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THE ATTORNEY GENERAL'S *NEWS BRIEFING*

PREPARED FOR THE OFFICE OF PUBLIC AFFAIRS, U.S. DEPARTMENT OF JUSTICE

TO: THE ATTORNEY GENERAL AND SENIOR STAFF

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TERRORISM NEWS:

FAA Official, FBI Agent Boost Prosecution Case At Moussaoui Trial. Former FAA security official Robert J. Cammaroto and former FBI Special Agent Aaron testified yesterday at the penalty phase of al Qaeda conspirator Zacarias Moussaoui's trial, and both said that airline security and law enforcement measures could have been taken that may have thwarted the 9/11 attacks had Moussaoui told FBI agents what he knew about al Qaeda's plans. News reports credit their testimony with getting the prosecution's case for the death penalty back on track after last week's witness-coaching incident the mixed testimony from the FBI's Harry Samit and Michael Rolince.

Under the headline "Case For Moussaoui Execution Seems Bolstered by 2 Witnesses," The New York Times (3/23, Lewis, 1.19M) reports, "The detailed testimony of the two witnesses provided the prosecution's strongest presentation to date at the trial." Cammaroto said, "We could have taken several steps," and listed "among others the banning of all knives, shifting resources like air marshals to domestic flights, ordering physical 'pat-downs' of passengers and making metal detectors more sensitive." Zebley "testified that information discovered after the attacks could have provided important leads beforehand. He noted that Mr. Moussaoui had received payments for his flight training from the same person who had sent money to some of the hijackers."

The Washington Post (3/23, Markon, Dwyer, 744K) adds that Cammaroto's "testimony was the initial step in the government's effort to rebuild its case," although he "acknowledged on cross-examination that in August 2001, the FAA was aware of al-Qaeda threats to hijack airplanes but had not increased airport security in response." Former Arizona flight school manager Margaret Chevrette also testified about providing flight training to hijacker Hani Hanjour and "recalled how she had expressed alarm about her student to the Federal Aviation Administration," which "did little in response" to her report that he lacked adequate English-language skills.

The Los Angeles Times (3/23, Serrano, 958K) reports, "Asked by Assistant U.S. Atty. David J. Novak how swiftly airport security officials would have reacted had Moussaoui revealed that the Sept. 11 hijackers planned to smuggle small knives aboard planes and then commandeer the cockpits, Cammaroto said: 'It could have been done fairly quickly. In a matter of hours.' But under cross-examination…Cammaroto conceded that in the late summer of 2001, the approach to airport security was far more relaxed than it is today."

Focusing on Chevette's testimony, the AP (3/23, Barakat) notes, "It was the second time this week jurors heard witnesses testify that people in positions of authority in the federal government responded either slowly, negatively — or not at all — to warnings about a possible terrorist attack."

Agence France-Presse (3/23) reports, "Prosecutors called both witnesses in a bid to prove that Moussaoui's should be executed because his 'lies' gave the September 11 suicide crews time to pull off their spectacular attacks, which killed nearly 3,000 people. … They showed Zebley a Statement of Facts, in which the Frenchman pleaded guilty last year to plotting with Al-Qaeda to fly planes into US buildings -- more than three years after he was accused of such a crime. … Just the fact that he was admitted Al-Qaeda member would have been enough to set of a nationwide search for accomplices, Zebley testified. … An admission that he was a trainee pilot would have sent agents to flight schools to track other would-be attackers and information on Al-Qaeda financiers could have helped them follow the money to those behind the plot."

Administration Seeks Dismissal Of Guantanamo Detainee Lawsuits. The Washington Post (3/23, A15, White, 744K) reports Bush Administration lawyers "argued yesterday that a new law forces the dismissal of more than 200 lawsuits filed in federal courts on behalf of detainees held at Guantanamo Bay, Cuba, urging" the US Court of Appeals for the District of Columbia "to instead adopt a far more limited process that still would give the prisoners access to judicial review." The court will "decide whether the Detainee Treatment Act of 2005 retroactively stripped the court of jurisdiction to hear habeas corpus cases challenging detentions at the military prison in Cuba. Lawyers representing the detainees argued that the new law does not apply to pending cases, while the government has maintained that all cases essentially should be wiped away."

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The AP (3/23, Locy) reports, "Judges David B. Sentelle and A. Raymond Randolph seemed willing to accept the administration's view that the act forces dismissal of more than 200 lawsuits filed in U.S. District Court here on behalf of over 300 detainees. … But no one on the panel appeared to agree with the administration's take on what would happen next if detainees sought to essentially transfer their challenges to the appeals court." The AP notes, "Gregory G. Katsas, a Justice Department lawyer, argued that judges would be limited to reviewing the sufficiency of the administrative hearings held by the military because the detainees - who are aliens held outside the United States - have no rights under the Constitution. … Sentelle was incredulous. He reminded Katsas of a 2004 Supreme Court decision that cleared the way for detainees to file court challenges to their detentions. … 'You are saying that every single one of their claims are going to fail,' Sentelle said. 'You are saying that all the Supreme Court did ... was give (detainees) a right to file a piece of paper that cannot possibly grant release.'"

Dismissed Juror Says US Hasn't Made Convincing Case In California Terror Trial. In what is widely-reported as a bad sign for federal prosecutors at the trial of Hamid Hayat – accused of attending a terror training camp in Pakistan – a juror dismissed yesterday told reporters, "I don't think at this point in time the government has made its case." In particular, Andrea Clabaugh felt that FBI agents "badgered" Hayat into confessing on the videotaped interrogation shown to jurors. Clabaugh was dismissed after she volunteered to the judge that she had inadvertently failed to reveal during jury selection that she had dated a California law enforcement officer.

The Los Angeles Times (3/22, Tempest, 958K) reports, "Clabaugh said she was troubled by the way FBI agents appeared to 'badger'" Hayat, adding "I felt that in some respects he was giving the information because they refused to believe that he didn't know anything." She also "said the agents appeared to be 'feeding names' to Hayat. 'I didn't see him volunteering anything,' Clabaugh said."

The Sacramento Bee (3/23, Walsh, 301K) adds that Clabaugh "said as she left the federal courthouse that, if she had to decide now, she would vote to acquit" Hayat. Addressing Hayat's conversations with FBI informant Naseem Khan about attending the terror camp, she said, "I got a picture of a young kid who wanted to impress an older man, but it doesn't mean those were things he would actually follow through on."

The San Francisco Chronicle (3/23, Bulwa) notes Claubaugh said of the FBI interrogation and Hayat's confession, "In my notes, I recall writing down something about the agents feeding him names. It didn't seem like Hamid actually volunteered anything." Additionally, Clabaugh said Khan "was just doing the job he was hired to do," and added that he "did not either help or hurt the case."

The AP (3/23, Thompson) reports Clabaugh said, "They've shown that Hamid was interested in acting against America and those ideas and thoughts, but they haven't proven that he actually attended a camp, that he took weapons training and that he (intended) to come back here and do anything." She added that Khan's "questioning was meant to entrap" Hayat.

The Lodi News-Sentinel (3/23, Bohm) also reports the story, under the headline "Former Hayat Juror: Government Has Not Proved Its Case."

Case Raises Questions About Reliance On FBI Undercover Informants. The Washington Post (3/23, A3, Geis, 744K) reports that the trial of Hamid and Umer Hayat "is the latest in a string of prosecutions brought since the Sept. 11, 2001, attacks under a law that criminalizes providing 'material support' to terrorists," which had yielded mixed success for federal prosecutors. "The Lodi case provides a rare, detailed look at how one FBI informant functioned and raises questions about the effectiveness of the government's strategy of infiltrating the community with an outsider. Defense lawyers say their clients' arrests were made in desperation because there wasn't any real terrorist activity to find in Lodi." The Post notes, "Naseem Khan's credibility suffered a blow last week when he maintained he had seen" Ayman al-Zawahiri and other terror suspects in Lodi.

Posada To Remain In Federal Detention. The Miami Herald (3/23, Corral, 323K) reports that ICE announced yesterday that "the U.S. government will not free Cuban exile militant Luis Posada Carriles, who has been detained in a federal immigration facility since May," and "is wanted by both the Cuban and Venezuelan governments for the 1976 bombing of a Cuban jetliner and a string of hotel bombings in Havana in 1997-98." However, "ICE left open the possibility that Posada could be freed at a later date and reiterated its intention to try to deport him to a country that is

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not Venezuela or Cuba." The AP (3/23, Anderson) and AFP (3/23) also report on the ICE ruling.

Judge Clears Posada As Witness At Florida Weapons Trial. The Miami Herald (3/23, Corral, Weaver, 323K) reports, "A U.S. district judge has authorized lawyers for Santiago Alvarez and Osvaldo Mitat, two friends of Posada who were arrested last year on federal weapons charges, to have Posada brought to South Florida by federal marshals in the next few weeks as a potential witness in the case. … Alvarez and Mitat's legal strategy seems to be partly focused on political arguments to help free the men," with defense attorneys planning to "argue that the FBI may have used Cuban intelligence to nab the two men. 'Sadly, the FBI and Castro's regime have a well-documented and regrettable history in this community,' the defense's motion seeking evidence states, noting that 'the FBI paid Cuban double agent, Juan Pablo Roque, over $6,720.42 for information regarding exile organizations' -- information that later led to the 1996 downing of the Brothers to the Rescue planes and the death of three Cuban-Americans and a Cuban exile."

Defense Department Mulls Formal Ban On Evidence From Torture. The New York Times (3/23, Shanker, 1.19M) reports Pentagon spokesman Bryan Whitman said "the Defense Department is considering a formal rule prohibiting the introduction of evidence obtained through torture at military tribunals for terror suspects detained at Guantánamo Bay, Cuba." The "introduction of evidence gained through torture is not expressly prohibited, although military prosecutors have said that such evidence would not be permitted." The AP (3/23, Burns) also reports this story.

British Prosecutors Say Al Qaeda Suspect Sought Atomic Bomb. The New York Times (3/23, Lyall, 1.19M) reports British prosecutors said one of seven defendants "accused of having links to Al Qaeda and plotting to carry out bomb attacks in Britain" had "inquired about buying an atomic bomb from Russian mafia figures in Belgium." Prosecutor David Waters said "the defendant, Salahuddin Amin, 30, had been asked by a man he met at a mosque in Luton, his hometown, to contact a third man, Abu Annis, about a 'radioisotope bomb.'" Annis "told him that 'they had made contact with the Russian mafia in Belgium and from the mafia they were trying to buy this bomb,' Mr. Waters said. While Mr. Amin later told the police that he did not believe it was likely that 'you can go and pick an atomic bomb up and use it,' the prosecutor said the incident was 'an indication as to Amin's position in, and his usefulness to, the organization.'"

Ridicule Seen As Effective Tool To Dismantle Terrorists' Ideology. In a USA Today op-ed (3/23), Hoover Institution fellow Peter Schweizer says, "Is America taking terrorists too seriously? In the wake of continued threats, that might seem like a ridiculous question. But in terms of the psychology of the war on terrorism, it's a question that needs to be asked." In a "brilliant new white paper on public diplomacy, Michael Waller, the Walter and Leonore Annenberg chair in International Communication at The Institute of World Politics, makes a strong case for America's employing a new powerful weapon against the terrorists: ridicule." History "teaches that ridicule weakens the moral and political capital of our enemies."

PATRIOT ACT:

Judge Holds Closed-Door Hearing In Passaro Case. The Raleigh (NC) News & Observer (3/23) reports, "A federal judge (in Raleigh, NC) held a closed-door hearing (on Wednesday) to decide what, if any, classified information David Passaro's defense lawyers can use at trial." The AP continues, "U.S. District Court Judge Terrence W. Boyle ordered the hearing closed from its start at 9 a.m. No media or members of the public were allowed into the courtroom. … Passaro's trial has been tentatively set to start next month." The AP adds, "Passaro, 39, a former Green Beret from Lillington, is charged with assault of Abdul Wali, a suspect in rocket attacks on a military outpost in Asadabad, Afghanistan. Passaro was part of a covert paramilitary team. Prosecutors say he beat Wali with a flashlight and punched and kicked him during an interrogation. Wali died during his third day in U.S. custody in June 2003. … Passaro was the first American charged in the aftermath of the prisoner-abuse scandals in Iraq and Afghanistan. He was also the first civilian charged under the USA Patriot Act, which extended the reach of stateside prosecutors to military bases overseas."

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HOMELAND RESPONSE:

Political Groups Claim FBI, Police Surveillance Have "Increased Markedly." Under the headline "FBI, Police Spying Is Rising, Groups Allege," The Christian Science Monitor (3/23, Marks, 61K) reports, "Political activists from New York to Colorado to California report that they believe police and FBI surveillance of their activities has increased markedly since…Congress approved the USA Patriot Act loosening some of the strictures on law enforcement," prompting the ACLU to file FOIA "requests for more than 150 groups and individuals in more than 20 states who believe their first amendment rights are being violated." The Monitor notes, "Local police and the FBI insist that none of their activities is aimed at chilling political speech."

Hale To Leave DHS In Early May. The Washington Post (3/23, D4, Barr, 744K) reports in its "Federal Diary" column that Janet Hale, undersecretary for management at the Department of Homeland Security, "will resign in early May." Hale "has been planning to leave the department for the past year but stayed on at the request of Secretary Michael Chertoff to help with his review of departmental operations, officials said." Hale "has been at the center of one of the biggest changes in the civil service in more than 50 years -- the department's plan to overhaul employee compensation and pay according to occupation, geographic location and job performance."

French Citizen Arrested After Throwing Package Over White House Gate. A French citizen was charged with disorderly conduct yesterday after he threw a bumble of papers over a gate of the White House. The Washington Post (3/23, B3, Wilber, Cauvin, 744K) reports that the incident forced police "to call in the bomb squad, seal the area and close off Lafayette Square, authorities said. The bundle turned out to contain nothing dangerous, but it took about an hour before authorities issued an all-clear."

Army Corps, FEMA Say Louisiana Levees Will Be Ready For Hurricane Season. The Washington Times (3/23, Hudson, 90K) reports, "Federal officials are working around the clock to complete repairs to Louisiana's levee system in time for the looming hurricane season." Paul Johnston, spokesman for the Army Corps of Engineers, said "half the work required" has been completed so far, but that "the other half can and will be finished in 10 weeks." R. David Paulison, acting director of the Federal Emergency Management Agency, said they "are going to be ready," and that he's been meeting "three times a week with Homeland Secretary Michael Chertoff as they reorganize the agency."

Last Of Children Reported Missing After Gulf Hurricanes Reunited With Family. Federal officials announced that all of the missing children displaced by Hurricane Katrina – over 5,000 – have been reunited with their families. However, the National Center for Missing and Exploited Children acknowledges there may still be missing children, and other agencies are still searching for children for whom they have not yet accounted.

ABC World News Tonight (3/22, story 2, 2:20, Osunsami, 8.78M) reported, "4-year-old Cortez Stewart has given the National Center for Missing Children a big reason to celebrate. According to their records, she's the last of up to 5,000 children that went missing after Hurricane Katrina." But "there are still a number of missing Gulf Coast children. But the different agencies looking for them haven't been working together to keep the numbers straight. The Find Family National Call Center, keeping count in Louisiana, are still searching for 104 children. 25 of them are toddlers. 29 of the children are between 6 and 10. Most of the children are 11 to 15 years old. Today, for the first time, they contacted other agencies and traded notes, hoping to solve a few cases."

NBC Nightly News (3/22, story 10, 0:30, Brown, 9.87M) reported, "A happy milestone to report tonight on the long road back from last year's devastating hurricane season: 5,192 children were reported missing after hurricanes Katrina and Rita. All but 12 were found alive and as of last week, all of them are back with their families. The National Center for Missing and Exploited Children worked with the FBI, FEMA, the Red Cross and other agencies to bring the children and their parents back together."

The Washington Times/AP (3/23, Plaisance) reports Stewart, who "was reunited with her mother and five siblings in Texas last week," was "the last of 5,192 Gulf Coast children listed as missing or displaced after the storms struck more than six months ago. The effort to reunite those youngsters became the largest child-recovery effort in US history. The National Center for Missing & Exploited Children worked with the FBI, Federal Emergency Management Agency, U.S. Postal Service, Red Cross and other agencies to reunite

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children separated from their parents or guardians when Katrina hit Aug. 29 and Rita followed Sept. 24."

Absentee Ballots To Play Major Role In New Orleans Elections. NBC Nightly News(3/22, story 11, 2:35, Brown, 9.87M) reported that in New Orleans, "There will be elections exactly a month from now for Mayor, City Council and several other municipal offices. There are more than 20 candidates for Mayor alone, and today was the last day to register to vote in those elections. And tonight, many are wondering will their votes count." NBC (Reid) added, "About 60% of New Orleans' pre-Katrina population still lives outside the city, forcing candidates to campaign in Houston, Dallas, Memphis and Atlanta, where at a candidate forum last weekend, prospective voters complained about Louisiana's refusal to set up polling places in other states, requiring out-of-state evacuees, most of whom are black, to vote by absentee ballot." Political analyst Silas Lee "says a flood of absentee ballots could lead to a fiasco." Silas Lee, political analyst: "My biggest fear is that this is a repeat of Florida 2000. We will not have chads, but we will have the question of voter participation and ballots being counted." Reid: "But election officials say they're doing all they can, from looser absentee ballot rules to an aggressive voter education campaign in eight states."

WAR NEWS:

Bush Continues Defense Of Iraq War. For the fifth day in a row, President Bush yesterday defended his Administration's Iraq policy, this time before an audience of military families in Wheeling, West Virginia. Bush's comments on Iraq received extensive media coverage, but not as much as much as in previous days. For example, while the story was covered by all three networks ABC mentioned his appearance in a larger story about media coverage of the war, while CBS and NBC mentioned it in very brief segments. In addition, some major newspapers covered Bush's trip to Wheeling, but they chose to focus on other parts of his remarks there -- USA Today (3/23, 2.31M) concentrates on his comments about his proposed nuclear deal with India, and the Washington Post (3/23, A1, Constable, 744K) notes Bush's comments about the trial of a Christian man in Afghanistan as part of a larger story on that issue. Likewise, the local Wheeling News-Register (3/23, McCabe) highlights Bush's remarks about the coal industry.

Many media reports this morning focus more on the "strategy" behind Bush's defense of his Iraq policies than on his arguments in Wheeling. CNN's The Situation Room (3/22, Bash) reported, "If you're looking for headlines in today's event, you're not going to find any. And that is really the point. The point at this event and what we've been seeing over the past several days is for the President to just keep talking about Iraq, keep communicating in a way that many people, even the President's supporters, say he simply has not done." Fox News' Special Report (3/22, Cameron) run a similar report, noting Bush "took questions and held court for more than an hour. Aides believe that the more they hear the President the better. … Aides say they are quite pleased by the question and answer sessions. And they plan many more of them.'"

The AP (3/23, Loven) reports, "Whether he's before a friendly West Virginia audience, a Cleveland club proud of its interrogation skills or a White House news conference…Bush is drawing on his plainspoken manner in freewheeling venues to defend his Iraq strategy." Yesterday, "the president bantered with the locals, his shoulders bouncing up and down as they do when he's pleased with his own jokes. Then he brought down the house with his trademark I-won't-back-down pledge." The AP quotes Wayne Fields, "a specialist in presidential rhetoric at Washington University in St. Louis," saying about the President's push for his Iraq polices, "The problem is that clearly he's doing this because of the polls and that adds a level of desperation."

ABC World News Tonight (3/22, story 3, 2:05, Vargas, 8.78M) reported Bush "spent another day trying to convince Americans that things are not as bad as they seem in Iraq." At the West Virginia event, Bush "heard this from the wife of a military journalist, who was just back from Iraq." Gayle Taylor, wife of military journalist: "It seems that our major media networks don't want to portray the good. They just want to focus…" Taylor's remarks were then drowned out by the cheers of the audience.

The CBS Evening News (3/22, story 7, 0:10, Schieffer, 7.66M) reported Bush "told an audience there that it is time for the Iraqi government to unify the country and for the Iraqi army to defend democracy." The New York Times (3/23, Bumiller, 1.19M) also focuses on that issue, in a story titled "Bush Pressing The Iraqis To Build A Governing Coalition Quickly." Bush, notes the Times, "did not repeat his widely published remark from a news conference on Tuesday suggesting that American forces would be in Iraq at least until 2009. … White House officials said Mr. Bush's remark was

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not an open-ended comment. 'The question was, Will there be zero, when will there be zero -- or no American troops in Iraq,' Scott McClellan, the White House press secretary, told reporters on Air Force One. Mr. Bush's response was that the decision would be made by 'future presidents and future governments of Iraq.'" NBC Nightly News (3/22, story 5, 0:30, Brown, 9.87M) reported Bush "said election year politics would have no impact on his decisions regarding how many US troops need to be in Iraq."

The Wheeling Intelligencer (3/23, McCloskey) reports Bush "said that while he has the duty of being commander-in-chief of US military forces, he also holds the responsibility of being 'educator-in-chief' and explaining to US citizens why he chose to send forces into Iraq." Said Bush, "'It doesn't matter whether you agree with my decision or not. … But all of us should agree with the fact that we have a remarkable country."

A number of print sources emphasize that the crowd was very supportive of Bush. The Wheeling Intelligencer (3/23, Townsend) reports, "Many people who attended President Bush's Wednesday appearance in Wheeling said they weren't sure what to expect from the speech and subsequent question-and-answer period, but several area residents said afterward that they were impressed with the chief executive's statements and responses." The Pittsburgh Post-Gazette (3/23, O'Toole, 261K) says "West Virginians cheered as President Bush maintained that the war in Iraq and his assertive foreign policy were 'laying the foundation of peace for a generation to come.'" The Post-Gazette also calls Bush's arguments about Iraq "familiar but impassioned."

The Washington Times (3/23, Dinan, 90K) reports the audience "was favorable. A man with two sons in the military told the president, 'I thank God you're our commander in chief.'" That "drew a standing ovation from the crowd." The Los Angeles Times (3/23, Gerstenzang, 958K) calls the audience "overwhelmingly friendly," and says Bush "used colloquial, often blunt, language as he reduced his arguments for the war to their most basic. 'We're not going to retreat in the face of thugs and assassins,' he vowed." The Times adds, "Unlike a similar speech and question-and-answer session two days earlier in Cleveland, where Bush faced polite but tough questions, he was bathed today in repeated rounds of applause. Audience members prefaced their questions with praise for his presidency." The President "responded by reaching out to the region's religious roots and saluting its contributions to the military."

The Wheeling Intelligencer (3/23, King) reports, "When the US president comes to a community for an official visit, local politicians show up to greet Air Force One — regardless of their political party." West Virginia Gov. Joe Manchin, a Democrat, "was among the first to shake…Bush's hand when he got off the plane Wednesday at the Ohio County Airport." Bush "acknowledged Manchin during his speech at the Capitol Music Hall. 'He's a good, decent man,' Bush said of Manchin."

Iraq Seen As Threatening Bush's Legacy. NBC last night also ran a story examining Iraq in the context of Bush's legacy. NBC Nightly News (3/22, story 6, 2:20, Gregory, 9.87M) reported, "George W. Bush has defined his Presidency by a war of his own choosing. His mission in the Middle East built on a doctrine of preemption has become the great gamble of his political capital." Critics "argue Mr. Bush had a vision with blinders. The war in Iraq was part of a larger struggle between good and evil, a war effort of biblical proportions says Kevin Phillips, the author of 'American Theocracy.'" But "three years later, reality in Iraq has cost the President even his most reliable support, as Mr. Bush's vision for democracy in that country now suffers from new fears of failure."

Reid Calls Bush "Dangerously Incompetent." The AP (3/23) reports, "Senate Democratic Leader Harry Reid called President Bush 'dangerously incompetent' on Wednesday and said the administration ought to be doing more to prevent increasing sectarian violence in Iraq. 'Where is (Secretary of State) Condoleezza Rice? Why isn't she over in the Middle East, as the chief diplomat of this country should be, trying to get the political forces to form a government over there?' Reid told The Associated Press." Reid "criticized Bush for a series of recent appearances in key political states in which the president defended his Iraq war policies. 'Why isn't he spending time with these leaders in the Middle East trying to get this government formed?' Reid said."

Cheney Rallies Soldiers, Families At Scott Air Force Base. The Collinsville Herald (3/22, Gerstenecker) reports Vice President Dick Cheney "is on a mission, and that assignment is to drum up support for America's war effort in Iraq. He did that Tuesday during an appearance at Scott Air Force Base." In remarks to an audience of 3,000 -- mostly military members and their family – Cheney "was articulate and wavered only slightly from his prepared, eight-page speech, which was interrupted 12 times by applause."

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Bush Uncle Made $2.7 Million From Sale Of Military Contracting Firm. The Los Angeles Times (3/23, Roche, 958K) reports that as President Bush "embarks on a new effort to shore up public support for the war in Iraq, an uncle of the commander in chief is collecting $2.7 million in cash and stock from the recent sale of a company that profited from the war." An SEC filing "shows that William H.T. Bush collected just under $1.9 million in cash plus stock valued at more than $800,000 from the sale of Engineered Support Systems Inc. to DRS Technologies of New Jersey. The $1.7-billion deal closed Jan. 31. Both firms have extensive military contracts."

Insurgent Attack On Police Station Thwarted. ABC World News Tonight (3/22, story 3, 2:05, Vargas, 8.78M) reported, "The second, brazen attack in as many days on an Iraqi police station. 60 insurgents stormed the station. This time, the attack was thwarted by Iraqi and US forces." The CBS Evening News (3/22, story 6, 0:15, Schieffer, 7.66M) reported, "In Iraq today, about 50 insurgents were captured after they attacked a police station. They struck a post southeast of Baghdad, killing four officers," but "the US and Iraqi troops and police reinforcements did move in and overwhelmed the attackers." The New York Times (3/23, Wong, 1.19M) also reports the story under the headline "Insurgents Shower Iraq Police Center With Mortar Shells," while USA Today/AP (3/23) and the Los Angeles Times (3/23, Boudreaux, 958K), among other sources, also run stories on the attack.

Shiite Pilgrims Killed. The Washington Post (3/23, A17, Anderson, 744K) mentions the police station incident in a story about "at least five Shiite Muslim pilgrims" who "were killed in Baghdad on Wednesday." Gunmen "fired on the pilgrims' vehicles as they were headed home from celebrating a major religious holiday. Their deaths were the latest in a four-week stretch of sectarian violence involving Shiite and Sunni Arabs."

Journalists Said To Face "Increasing" Threats To Safety As Well As Criticism. USA Today (3/23, Memmott, 2.31M) reports, "As they begin a fourth year covering the war in Iraq, journalists there face increasing threats to their safety and increasing criticism of their work." It "started as arguably the best-covered war in history: Hundreds of reporters traveled with the military as it invaded Iraq, and then hundreds more moved freely around the country as troops secured Baghdad. Today, it has become for some journalists the least-covered war. … To get to the news, they generally must either "embed" with U.S. or Iraqi forces, work the phones from their hotels or houses, send Iraqi staff to events or make carefully planned reporting trips protected by hired guards." Meanwhile, "high-profile critics are stepping up their complaints about the media's work." USA Today goes on to cite criticism from Defense Secretary Donald Rumsfeld and President Bush.

The Administration's claim that media coverage of negative developments in Iraq has drowned out progress made led ABC News to devote broadcast time or print to self-examination. ABC ran two segments examining its Iraq coverage, highlighting positive news stories it has reported and pointing out the dangers to journalists in the country. ABC World News Tonight (3/22, story 3, 2:05, Vargas, 8.78M) reported, "That the violence makes it increasingly difficult for reporters to travel the country in safety to get out and see as much as they'd like. 86 journalists have been killed since the US was invaded by Iraq. Earlier this year, our colleagues Bob Woodruff and Doug Vogt were badly injured in an attack on their convoy. They had been reporting on the capability of the new Iraqi security forces. But it's also true that we cover all kinds of stories in Iraq. The last story Bob filed before that attack was about a Baghdad ice cream parlor, a business that was flourishing in a very rough neighborhood." The news is "sometimes good. It is sometimes bad. It is almost always complicated."

ABC World News Tonight (3/22, story 4, 2:10, Tapper, 8.78M) reported on the development of Iraqi television comedies, noting "the lack of security in present-day Iraq means comedy can still quickly be overtaken by tragedy. While are cameras were rolling, the producer received terrible news. That's him grabbing the show's director and telling him that their boss, Amjad Hameed, just minutes before, had been assassinated." Within "moments, what had been a set full of fun and laughter was quickly replaced by fear."

Former CPA Officials Suggest "Switch" In Roles Between Jaafari, Talabani. Dan Senor and Roman Martinez, former advisers to the Bush administration who served in Iraq from April 2003 through June 2004, write in the Wall Street Journal (3/23, 2.11M) that "there is…a creative solution to the impasse" over the new Iraqi government: "Instead of sticking with Mr. Jaafari, the UIA and the other

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leading parties should consider a compromise that marks a clear break from the status quo. Mr. Jaafari could agree to become Iraq's new president, and Jalal Talabani, the current president and a Kurd, could become prime minister -- a switch." They add, "Such a deal would install an Iraqi leader genuinely capable of getting along with all ethnic and sectarian factions, allow Mr. Jaafari to save face by not losing out to a fellow Shiite, and show Sunni Arab politicians that their participation in last December's vote is paying political dividends."

Novak Says Corruption, Not Insurgency, Behind Iraq "Oil Crisis." Syndicated columnist Robert Novak writes in the Chicago Sun Times (3/23), "While the formal line in Washington and Baghdad blames insurgents for the oil crisis, US officials who are close to the situation gave me a totally different explanation. They blame corruption at every level, from the oil ministry on down, that is common to Iraq. … Everybody with any familiarity with this situation believes the only answer is that the new Iraqi government, still unformed three months after the election, must gain control over corruption."

Saddam's Foreign Minister Was Passing Information To CIA. CNN's The Situation Room (3/22, Blitzer) reported that "a key member of Saddam Hussein's regime was actually a secret source for information that was eventually passed on to the CIA. That man is Naji Sabri. He was Iraq's foreign minister at the time of the U.S.-led invasion. Sources tell CNN he supplied information to French intelligence that was then passed on to the United States before the U.S. invasion in 2003. The same sources say Sabri was actually paid about $100,000." The Washington Post (3/23, A17, Pincus, 744K) runs a similar report under the headline "Ex-Iraqi Official Unveiled As Spy." The Post says that "publicly Sabri was insisting that Iraq had no prohibited weapons of mass destruction. Privately, the sources said, he provided information that the Iraqi dictator had ambitions for a nuclear program but that it was not active, and that no biological weapons were being produced or stockpiled, although research was underway."

Army Dog Handler Gets Six-Month Sentence For Prisoner Abuse. The Washington Post (3/23, A15, White, 744K) reports, "Military jurors sentenced an Army dog handler to less than six months behind bars yesterday for using his Belgian shepherd to intimidate detainees at the Abu Ghraib prison in Iraq, one of the lightest sentences so far for a soldier implicated in the notorious abuse." Sgt. Michael J. Smith "was ordered to serve 179 days in confinement and to forfeit $2,250 in pay for convictions on five criminal counts, including maltreatment of detainees, dereliction of duty and an indecent act. Smith will also be reduced to the rank of private, E-1, and will receive a bad-conduct discharge at the end of his prison term, according to an Army spokeswoman at Fort Meade, where the court-martial ended yesterday." The jury "could have sent Smith to prison for as long as 8 1/2 years."

The New York Times (3/23, Schmitt, 1.19M) reports, "With the conviction on Tuesday of an Army dog handler, the military has now tried and found guilty another low-ranking soldier in connection with the pattern of abuses that first surfaced two years ago at Abu Ghraib prison in Iraq." But "once again, an attempt by defense lawyers to point a finger of responsibility at higher-ranking officers failed in the latest case to convince a military jury that ultimate responsibility for the abuses lay farther up the chain of command." The Washington Times/AP (3/23, Dishneau) also reports the story.

In an editorial titled "The Joy Of Being Blameless," the New York Times (3/23, 1.19M) says, "About the only high-ranking officer whose career has suffered over Abu Ghraib is Lt. Gen. Ricardo Sanchez, who was the commander in Iraq at the time. General Sanchez should certainly take responsibility, but he was also a victim of administration blunders." Sanchez "was vaulted inappropriately from head of the First Armored Division to overall commander because Mr. Bush declared 'mission accomplished': the war's over. He was then denied the staff, soldiers and equipment he needed to deal with the insurgency that quickly broke out and produced thousands of prisoners." Bush "has refused to hold himself or any of his top political appointees accountable for those catastrophic errors. Indeed, he has promoted many of them. And this is not an isolated problem. It's just one example, among many, of how this president's men run no risk of being blamed for anything that happens, not matter how egregious."

Service To Country Reported As Top Reason For Iraq Volunteer Service. The Washington Post (3/23, A21, 744K) excerpts an article by Shawn Dorman, titled "Iraq Service and Beyond," from the March issue of the Foreign Service Journal. Asked "what

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motivated you to volunteer for Iraq service," the "most frequently stated response was, in various iterations, 'to serve my country.' Many spoke of a desire to serve where they are most needed. Some respondents mentioned an additional hope that Iraq service would be career-enhancing, while others pointed to the financial incentives."

Herbert Notes Study Estimating War's Cost At "Possibly More Than $2 Trillion." Columnist Bob Herbert writes in the New York Times (3/23, 1.19M), "Bush's war in Iraq was never supposed to be particularly expensive. Administration types tossed out numbers like $50 billion and $60 billion. When Lawrence Lindsey, the president's chief economic adviser, said the war was likely to cost $100 billion to $200 billion, he was fired. Some in the White House tried to spread the fantasy that Iraqi oil revenues would pay for the war. … The president and his hot-for-war associates were as wrong about the money as they were about the weapons of mass destruction." He adds, "Now comes a study by Joseph Stiglitz, a Nobel Prize-winning economist at Columbia University, and a colleague, Linda Bilmes of the Kennedy School of Government at Harvard, that estimates the 'true costs' of the war at more than $1 trillion, and possibly more than $2 trillion." Bilmes "said that the $1 trillion we're spending on Iraq amounts to about $10,000 for every household in the US."

Bush, Rice Criticize Trial Of Afghan Christian Convert. The AP (3/22, Schweid) reports President Bush "called on Afghanistan on Wednesday to respect the religious freedom of an Afghan citizen on trial for his life for converting from Islam to Christianity." Assistant Secretary McCormack said Secretary Rice told Afghan Foreign Minister Abdullah Abdullah, in a previously scheduled meeting, that "she was deeply troubled by the case and called the prosecution 'contrary to universal democratic values.'" Bush and Rice's remarks "toughened the U.S. stance in a controversy that has spread beyond Southeast Asia, evoking statements of concern, for instance, in Germany and Italy." The AP notes the US has been careful not to call publicly for an end to the trial or the prisoner's release.

The Washington Times (3/23, Dinan, 90K) also quotes Bush saying yesterday "he was 'deeply' troubled by the trial in Afghanistan." The US State Department "on Tuesday was more tepid, calling the case a matter for Afghan authorities. Yesterday, Mr. Bush took a much firmer stance. 'We have got influence in Afghanistan, and we are going to use it to remind them that there are universal values,' he said."

On its website, Time (3/23, Karon) reports, "When a Christian believer in a nation wholly dependent on US support faces trial and possibly execution simply for embracing the same faith as the President of the United States, you'd think that country would be read the riot act. Instead, Washington's response to the trial in Afghanistan of Abdul Rahman has been rather muted."

The Washington Post (3/23, A1, Constable, 744K) runs a 1,500-word front-page story calling the case "a clash of values" and reporting that it "has unleashed a blizzard of condemnation from the West this week and exposed a conflict in values between Afghanistan, a conservative Muslim country, and the foreign countries that have helped defend and rebuild it in the four years since the fall of the Taliban."

The New York Times (3/23, Goodstein, 1.19M) runs a story titled "Allies Troubled By Afghan Threat To Christian Convert From Islam," reporting, "Officials from Germany, Italy and Canada, which all have troops serving in Afghanistan, have voiced their concerns to Mr. Karzai's government." The Italian foreign minister and deputy prime minister, Gianfranco Fini, "said Tuesday that he had received assurance that Mr. Rahman would not be executed, but he did not elaborate." The Council on American-Islamic Relations, based in Washington, "called for Mr. Rahman's release, saying that the Koran supported religious freedom and that Islam was never compulsory."

In an editorial titled "Outrage In Afghanistan," the New York Times (3/23, 1.19M) says, "What's the point of the United States' propping up the government of Afghanistan if it's not even going to pretend to respect basic human rights? President Bush himself said it was 'deeply troubling' that an Afghan man is facing the death penalty for converting from Islam to Christianity. In fact, the case is more than deeply troubling; it's barbaric, and we were glad that Mr. Bush promised yesterday to press for religious freedom in Afghanistan." The Times adds, "And maybe Afghanistan should also return to stoning women to death for adultery? The United States, Britain and every other country helping the Afghan government should take a hard look at its legal institutions."

Afghan Foreign Minister Sacked. The AP (3/22, Shah) reported Abdullah Abdullah, "the man who has held Afghanistan's foreign minister post since the fall of the Taliban regime four years ago will be replaced in a Cabinet

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reshuffle." The new Cabinet will include 26 instead of 27 ministers, eighteen of whom are continuing in government. The AP said Abdullah "has had close ties with Washington" and will be replaced by Rangeen Dadfar Spanta, a presidential adviser on foreign affairs. "The move had been long anticipated because of an apparent falling out between Abdullah and Karzai over how the ministry was directing foreign affairs."

Yale Criticized For Admitting Former Taliban Official. In a Wall Street Journal column (3/23), John Fund says Yale University has "for three weeks…refused to make any comment or defense beyond a vague 144-word statement about its decision to admit Sayed Rahmatullah Hashemi -- a former ambassador-at-large of the murderous Afghan Taliban -- as a special student." Yale professor David Gelernter said, "The intelligentsia haven't told Yalies what to think yet, because even they haven't made up their minds." Gelernter "clearly has: He calls the Taliban 'an evil and macabre terrorist group. . . . The fact that Hashemi didn't do actual killing does not absolve him. Goebbels didn't shoot anyone either.'"

US Seeking To Build Anti-Terrorist Forces In Saharan Africa. ABC last night examined the US military's effort to build a terrorist-fighting capacity among the African nations bordering or encompassed by the Sahara Desert, which is feared to have the potential to become a terrorist haven. ABC World News Tonight (3/22, story 6, 2:30, Vargas, 8.78M) reported, "US officials worry the poorly-policed, mostly-Muslim region, could become the next Afghanistan, a place where terrorists can take root. So, working with nine African countries, the US has launched an ambitious counterterrorism program there." ABC (Karl) added, "Throughout the Sahara Desert, America's elite Special Forces are at work. Training alongside Algerian commandos. Working with paratroopers in Niger, the poorest Muslim country in the world. And flying with the Mali army in skies not far from Timbuktu. The Pentagon plans to spend $500 million over the next five years dispatching Special Forces units throughout the Sahara, training North African armies to combat terrorists." Terrorists "from this region have been found in the ranks of foreign fighters in Iraq and Afghanistan. But the soldiers we met here said they don't think there's much of a threat out here in the desert."

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Kim Named Solicitor General For DC. The AP (3/23) reports, "Todd Kim has been appointed Solicitor General for the District of Columbia. … Mayor Anthony Williams announced Wednesdday that Kim will come over from the Justice Department on April third." The AP continues, "The solicitor general's office represents the District government in all appellate level court cases. Establishing the office is really a renaming of a branch of the D.C. Attorney General's office. … The measure is part of the mayor's continuing effort to reshape the District government to resemble state governments. The Office of Corporation Counsel was renamed the attorney general's office for the same reason in 2004."

CORPORATE SCANDALS:

Former Enron Treasurer Ties Lay, Skilling To Fraud Allegations. The Wall Street Journal (3/23, McWilliams, Davis) reports, "A high-ranking former Enron Corp. executive tied the company's former top executives, Kenneth Lay and Jeffrey Skilling, to activities at the heart of the government's conspiracy and fraud allegations -- approving the improper use of reserves, misleading investors and hiding losses." The Journal continues, "Describing his meetings with Messrs. Lay and Skilling, former company treasurer Ben Glisan Jr.3 alleged that the defendants authorized the use of accounting reserves to pad earnings and investment vehicles to hide losses. They also ignored calls to write down billions of dollars of soured investments, he alleged. … When Mr. Skilling was reviewing a plan in a 2000 board meeting to use Enron stock to hedge investments, he replied that he wouldn't recommend the plan 'except that it allowed him to circumvent accounting rules,' alleged Mr. Glisan. Mr. Lay's reaction to the idea was 'to giggle...in delight,' he added."

The AP (3/23, Hays) reports, "During a break in Glisan's testimony Wednesday afternoon, a visibly annoyed Lay told reporters, 'I've never heard so many lies in one day in my whole life.' Lay's wife, Linda, nodded her head and added, 'Unbelievable.'" The AP continues, "Glisan testified that Lay assigned him to feel out credit-rating agencies about how large some required accounting writedowns could be without jeopardizing Enron's rating. … 'That's backwards,' Glisan told jurors in the fraud and conspiracy trial of Lay and Skilling.

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'What should occur is we should take the charges that we needed to take and then deal with the consequences.' … Glisan said Lay and Skilling knew Enron, then a reputed powerhouse, was actually weak and faced multibillion-dollar losses and writedowns on poorly performing or overvalued assets."

The Houston Chronicle (3/23, FLOOD) reports that Glisan was the "last big gun the government is expected to call before it rests, possibly next week," and that his testimony "went to the heart of key defenses — that Lay and… Skilling didn't know about wrongdoing or massive financial problems at Enron and that the company fell because of a 'run on the bank' started by revelations of former CFO Andrew Fastow's secret thieving." The Chronicle adds, "An articulate and even-keeled Glisan testified that both Skilling and Lay knew a great deal about deep-seated financial woes at the company, signed off on improper deals and repeatedly misrepresented Enron's finances to the public. The defendants have said the company was in good shape and they didn't know about problems."

The New York Times (3/23, Barrionuevo) reports that Glisan "delivered stinging testimony on Wednesday that contradicted Mr. Lay's claims that he had been unaware of the company's crumbling financial picture and had not known about some of the illicit side deals involving top managers. … In a full day of questioning by prosecutors, Mr. Glisan said that Mr. Lay had lied to credit-rating agencies, employees and Wall Street analysts about the company's performance and need for more urgent action, even as he participated in internal discussions with managers about what to do about Enron's 'dire' financial situation. … Mr. Glisan offered the strongest testimony yet that there was a criminal conspiracy at Enron involving" Lay, Skilling and other top Enron managers "to manipulate earnings and mislead investors about mounting problems. … Mr. Glisan's appearance was considered critical because, like Mr. Fastow, his former boss, who testified earlier in the trial, Mr. Glisan was in the inner circle of top decision makers at Enron. … Mr. Glisan was also deeply involved in trying to rein in the mounting credit and liquidity crisis that enveloped the company in the four months before it collapsed into bankruptcy. . But unlike Mr. Fastow or any other major witness who has testified, Mr. Glisan could end up being the crucial witness in the trial. That is because Mr. Glisan, the only major Enron figure who has already been sentenced, is under no obligation to testify. He is unlikely to receive any consideration, like a shorter sentence, from the government in return for his testimony. He is on furlough from a minimum-security prison in Beaumont, Tex., while testifying."

Bloomberg (3/23, Calkins) reports, "Defense lawyers say prosecutors are seeking to criminalize normal business practices and that the two executives were victims of unscrupulous subordinates, such as Glisan's former boss, ex-Chief Financial Officer Andrew Fastow. … Glisan is in the middle of serving a five-year sentence for securities fraud in a federal prison east of Houston. He's testifying for a second day on furlough under an immunity agreement with prosecutors. He admitted falsifying Enron's reported financial results to make the company look more successful than it was."

Former Enron Task Force Head Drops In On Trial. The AP (3/23, Hays) reports, "The man who brought the indictment against former Enron Corp. Chief Executive Jeffrey Skilling visited his fraud and conspiracy trial Wednesday with a slew of law students in tow." The AP continues, "Sam Buell, a former prosecutor with the Justice Department's Enron Task Force who now teaches a course in corporate crime at the University of Texas School of Law, brought his students to sit in on the biggest fraud case to emerge from the recent era of corporate scandals. … 'I feel like this is a distant memory in my life,' Buell said, 'but it continues on. It gives you a sense of how epic these cases are. They just go on for years.'" The AP adds, "Buell was assigned to the task force at its inception in January 2002 and joined the university as a visiting professor after he stepped down in March 2004. He secured the government's indictment against Skilling a month before. … Skilling's co-defendant, Enron founder Kenneth Lay, was indicted in July 2004."

SEC Formalizes Accounting Probe Of Mills Corp. The Wall Street Journal (3/23, Chittum) reports, "The Securities and Exchange Commission has begun a formal investigation of Mills Corp. after more than two months of informal inquiry into accounting problems at the shopping-mall real-estate investment trust." The Journal continues, "The investigation, disclosed by the company in a filing late yesterday, turns up the heat on Mills management and may further pressure the company's stock, which is off about 54% from its high in August." The Journal adds, "The Arlington, Va., REIT has made numerous missteps in the past 13 months. In that time, it has restated earnings twice, delayed three earnings reports, written off 10 projects and fired almost 10% of its work force. … Mills shares have plunged by about

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21% since last Thursday on analyst downgrades and the disclosure that the company has uncovered five new areas of accounting problems, including ones that could have led to overstated earnings and revenue. The company is now reviewing about a dozen aspects of its books. … The Massachusetts attorney general and treasurer filed a motion Tuesday to become lead plaintiff in a class-action shareholder lawsuit against Mills, saying the state's pension fund has lost $5 million because of what it alleges was fraudulent activity by the company."

NEC Says Unit Employee Faked Deals, Inflated Revenue. The Wall Street Journal (3/23, Kachi) reports, "NEC Corp. said an internal investigation has found that an employee at its NEC Engineering Ltd. unit fabricated business deals for years, inflating sales figures by 36.3 billion yen, or about $309.5 million, from the fiscal year ended March 2002." The Journal continues, "The maker of computers and network equipment said that the 50-year-old employee at unlisted NEC Engineering conducted multiple fraudulent transactions in which he created fake deals between NEC Engineering and its suppliers and customers starting in March 2002. The management-level employee created phony documents to enable the transactions, NEC said." The Journal adds, "The company discovered the fraud in December. It said it would file a criminal complaint against the employee, who allegedly embezzled money from the transactions. … The news comes at a time when NEC is suffering from a falloff in profit as its chip and mobile-phone operations struggle amid increased competition. It posted group net profit of 20.78 billion yen for the quarter ended Dec. 31, down 47% from a year earlier."

Former Refco Director Seeks Payment Of Legal Fees. The Wall Street Journal (3/23, Rebello) reports, "Thomas H. Lee, who helped orchestrate Refco Inc.'s initial public offering of stock, says creditors of the commodity brokerage firm, now under bankruptcy protection, are 'improperly' trying to bar him from tapping Refco's insurance policies to pay his legal costs." The Journal continues, "Mr. Lee, who recently left the prominent private-equity firm named after him, Thomas H. Lee Partners, is petitioning the bankruptcy judge overseeing Refco's bankruptcy to get insurance payments to cover the legal costs of 14 lawsuits related to Refco's collapse. … Mr. Lee was a Refco director, as were other employees at Thomas H. Lee, which helped bring Refco public. He and other directors, including those who didn't work for the private-equity firm, are fighting the lawsuits, which center on claims that they should have known about the problems that led to Refco's implosion." The Journal adds, "Mr. Lee said Refco directors submitted claims to the brokerage's insurer, U.S. Specialty Insurance Co., which sought court permission to pay those costs. Refco's creditors committee objected."

Banks, Brokerage Firms Cracking Down On Strip Club Meetings. USA Today (3/23, O'Donnell) reports, "Some women on Wall Street want to know how it can be fair — or legal — for their managers and male colleagues to exclude them when they fraternize at strip clubs, often with the women's clients. Strip club clientele is hardly limited to Wall Street. Adult entertainment is enjoyed by men — and some women — in most every industry in the USA, and it's a tax-deductible business expense allowed by the IRS." USA continues, "Investment banks and brokerage firms are taking the lead in cracking down on the practice. The National Association of Securities Dealers and the New York Stock Exchange both recently proposed rules that would force firms to adopt business entertainment policies that cap amounts and specify appropriate venues. The move is expected to rule out company-paid or work-related strip club jaunts at the more than 5,000 brokerage firms in the USA. … The stock exchange and the NASD acted in large part because of lawsuits brought by female employees. The women who have sued say strip clubs are emblematic of a larger problem on Wall Street: a macho culture that leaves them behind in all areas."

Freddie Mac To Replace CFO. Freddie Mac has announced that it will replace its chief financial officer Martin Baumann. The Wall Street Journal (3/23, Hagerty, 2.11M) reports, "The move follows two embarrassing snags that have delayed the U.S. mortgage-finance company's effort to return to regular, timely reporting of results in the wake of a 2003 accounting scandal. In light of those snags, Mr. Baumann said in an interview, he and the company's top officers -- Chief Executive Richard Syron and Chief Operating Officer Eugene McQuade -- agreed that Freddie needed a finance chief with more expertise in upgrading the computer systems used to generate financial results."

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CRIMINAL LAW:

CIA Says It Can't Comply With Libby Request For Documents. Fox News' Special Report (3/22, Hume) reported, "The CIA says it cannot comply with a court order to provide former Cheney chief of staff Scooter Libby with documents he says he needs for his defense in his upcoming perjury case because, says the CIA, doing so would jeopardize national security. On March 10, a judge ordered the CIA to produce partially censored copies of the President's Daily Intelligence Briefings which Libby says shows he was preoccupied with many other policy matters at the time he may have disclosed the identity of Valerie Plame. But the CIA says devoting resources to completing the task by the court imposed deadline would quote would detract from the ability to provide the most our senior leaders of our government with critical intelligence information. If the agency refuses to comply, the case could be dismissed."

Administration Won't Exercise Executive Privilege On PDBs. In it "Washington Whispers" column on its web site, the Wall Street Journal (3/22, 2.11M) reported that the Bush Administration isn't planning to cite executive privilege for the Presidential Daily Briefings sought by former vice presidential aide I. Lewis Libby. Federal prosecutors "said in a court filing that since the judge has limited the production of the daily intelligence briefings to redacted documents and topic overviews that would be viewed only by Libby and four of his attorneys in a sealed room, 'there is a reasonable prospect that the government could avoid a blanket assertion of privilege and instead be able to comply with the court's order.'"

Judge Says Ryan Jurors Having Difficulty Reaching Verdict. In a story distributed by Knight Ridder, The Chicago Tribune (3/23, O'Connor, Bush, 643K) reports, "The federal jury in former Illinois Gov. George Ryan's trial has hit a stumbling block in its deliberations, the judge disclosed on its seventh day of deliberations Wednesday. After holding two lengthy closed-door sessions with lawyers in the case, U.S. District Judge Rebecca Pallmeyer said she planned to instruct jurors Thursday morning to continue on with their discussions." Pallmeyer told reporters "she had received two notes in the last two days from jurors 'that disclose their difficulties reaching a verdict, or at least difficulties in the context of their deliberations.'" The Chicago Sun-Times (3/23, Korecki) notes, "Pallmeyer on Wednesday twice met privately with lawyers in the case to discuss the matters. The second meeting stretched to 1-1/2 hours."

Prosecutors Play Incriminating FBI Wiretaps At Nevada Bribery Trial. KLAS-TV Las Vegas (3/22, Allen) reports, "Prosecutors played more FBI wiretaps Wednesday in the G-Sting political corruption case," which alleges former commissioners Dario Herrera and Mary Kincaid-Chauncey took bribes from strip club owner Mike Galardi through his lobbyist, Lance Malone. "For Mary Kincaid-Chauncey, some of those wiretaps may spell trouble. But Dario Herrera's defense team says they liked what they heard. In a July 2001 FBI wiretap, Galardi tells Malone "to give Mary Kincaid-Chauncey a message: 'Tell her I'm going to get her another five whenever she wants it.'"

Witness' Former Lawyer Corroborates Testimony Linking "Mafia Cops" To Mob. Newsday (3/23, DeStephano) reports, "The testimony of Burton Kaplan, a key government witness in the 'Mafia Cops' trial, was buttressed Wednesday by his former defense attorney, who said Kaplan admitted being the intermediary between the mob" and former NYPD detectives Louis Eppolito and Stephen Caracappa. Attorney Judd Burstein "said that he was first told by his client about Kaplan's alleged dealings with the former cops when it was known that former acting Luchese boss Anthony 'Gaspipe' Casso became a government witness. … 'He said "this was a big problem for me; I was the go-between Casso and the cops on this killing and other matters,"' Burstein remembered Kaplan saying." The New York Times (3/23, Feuer, 1.19M) adds the trial "turned yesterday to what may have been its weirdest witness yet, or at least most professionally complicated" with testimony from Burstein, who "bolstered the witness's account that he once served as the liaison between the detectives…and their patron in the mob." Under the headline "Att'y Burns 'Mafia Cops'," The New York Daily News (3/23, Marzulli, 729K) notes, "Eppolito lawyer Bruce Cutler suggested Burstein came forward because he had read media reports last summer that the judge might toss the case on a legal technicality. Another government witness, Steven Corso, testified yesterday how Eppolito was so desperate to raise cash for his screenplay business he was willing to launder drug money and involve his son Anthony in a drug deal."

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The New York Post (3/23, Haberman, 624K) reports Burstein testified that when Kaplan "picked up a copy of The Post on March 25, 1994, he got some exclusive news -- and instantly knew it was time to disappear. The drug-dealing mob associate was shaken after reading an exclusive report by Murray Weiss, which revealed that…Casso had hired two NYPD mob cops as hit men. Kaplan immediately told his lawyer about the report and feared he had to flee to China." The New York Sun (3/23, Capeci) also reports on Kaplan's and Burstein's testimony in its "Gang Land" column, under the headline "Devastating Testimony May Bury 'Mafia Cops'."

Prison Minister Backs Gotti Claim To Have Left Mob Life. The New York Post (3/22, Mangan, Smith, 624K) reported "corrections officer-turned-minister" Bobby Hargraves "is backing John 'Junior' Gotti's claim that he quit the Mafia in the late 1990s, saying Gotti repeatedly told him in jail – 'I'm not involved in that life, that life has been nothing but trouble for me.' .. Hargraves 'vividly' remembers up to five conversations with Gotti in which 'he said, "I'm no longer a part of that life anymore."' Gotti also avoided fellow Gambino crime family defendants in jail before pleading guilty in that case in 1999, and told Hargraves he was interested in moving his family to Canada, the ex-officer said."

Five Californians Arrested In Alleged $20 Million Medicare Fraud Scheme. The Los Angeles Times (3/22, Hong, 958K) reported, "Five Southern Californians were arrested Tuesday and charged with defrauding Medicare out of $20 million by recruiting patients for unnecessary medical treatment and then billing the agency for the services. An Altadena couple, two of their relatives and an associate are accused of 'beneficiary sharing' or 'patient rotating,' in which 'marketers' obtain data about Medicare beneficiaries and sell the information to clinics or diagnostic testing centers that then prepare fraudulent billings." The Pasadena Star News (3/22, Allen) added, "The FBI names Konstantin Grigoryan as leader of the group, which is said to have began its elaborate scheme in 1997. … The defendants further concealed their fraud by laundering their money 'into a maze of bank accounts of "management" and "consulting" companies, including a Panamanian shell corporation with a Swiss account,' the affidavit said."

The AP (3/22) noted, "Grigoryan, his wife Mayya and their son-in-law Eduard Gershelis were charged with conspiracy, health care fraud, Medicare kickbacks, money laundering and making false statements. Mayya Grigoryan's brother-in-law Aleksandr Treynker and a fifth defendant, Haroutyun Gulderyan, also face similar charges."

Federal Officials To Announce Louisiana Health Care Fraud Indictment Today. The Lafayette Daily Advertiser (3/23, Gagnet) reports, "Federal authorities have scheduled a news conference Thursday in Lafayette to announce a 95-count indictment alleging health care fraud." In addition to US Attorney Donald Washington, "representatives from the Federal Bureau of Investigation and the U.S. Department of Health and Human Services also will be present."

Former NFL Kicker Indicted For Insurance Fraud. The San Jose Mercury News (3/23, Foo) reports, "Ray Wersching, the retired San Francisco 49ers kicker who booted field goals in two Super Bowl victories, was indicted Wednesday on federal charges of embezzling $8 million from an insurance company and tax evasion." The News continues, "Wersching, 55, the owner of Ray Wersching Insurance Agency in Redwood City, is accused of diverting premiums earmarked for Farmers Insurance from 1997 to 2000. He is also alleged to have evaded paying taxes on $3.6 million in corporate income from 1999 to 2000." The News adds, "Wersching has been served with a summons to appear Monday in U.S. District Court in San Francisco before Magistrate Judge Bernard Zimmerman, said U.S. Department of Justice spokesman Luke Macaulay. … 'This action,' Insurance Commissioner John Garamendi said in a statement, 'makes it clear that in California, no one -- whether an average citizen or a former football star -- will escape prosecution if they are suspected of insurance fraud.'" The News notes, "Wersching, an ex-University of California football star, faces five allegations -- embezzlement; permitting a felon convicted of dishonesty to participate in an insurance business; failing to file a corporate tax return; and two counts of tax evasion."

Supreme Court Rules Warrant Needed When Household Divided On Search. The Supreme Court yesterday ruled on a perplexing 4th Amendment issue, whether police need a search warrant when one member of a household extends an invitation to them to enter a property but another household member refuses. The court ruled, 5-

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3, with Justice Samuel Alito not participating, that police must have consent from both parties to search without a warrant. NBC Nightly News (3/22, story 7, 2:00, P. Williams, 9.87M) reported, "The legal drama from Americus, Georgia sounds like an episode of 'Law and Order'. A couple that once lived in this house was in a rocky marriage. She called police and said her husband, Scott Randolph, used drugs. The police asked to come in. She said fine, he said no way. But the police went in anyhow, found evidence of cocaine and arrested him. Today, by a vote of five to three, the Supreme Court said the police had no right to enter. The decision said the normal rule allowing police without a warrant to conduct a search if they're invited in does not apply when another person at the door objects." Today's ruling "applies to homes, apartments, even college dorm rooms, but the person objecting must be at the door."

USA Today (3/23, Biskupic, 2.31M) reports the decision "drew a sharp dissent from Chief Justice John Roberts. He said the majority, led by the high court's more liberal justices, misapplied the Fourth Amendment's protection against unreasonable searches and set a rule based on 'random' circumstances." The ruling, written by Justice David Souter, "says that if police search a home after being invited in by one resident over the protest of another, the evidence that is seized cannot be used in court. The decision emphasized respect for privacy in the home." The New York Times (3/23, Greenhouse, 1.19M) says the case "drew back the curtain to reveal the strains behind the surface placidity and collegiality of the young Roberts court." The case "provoked…Roberts…to write his first dissenting opinion." The Times also reports that there was a "pointed, personal and acerbic tone" when "the justices expressed their disagreement over whether the Fourth Amendment's ban on unreasonable searches was violated" in the case. The Wall Street Journal (3/23, Bravin, 2.11M), Knight Ridder (3/23, Henderson), Washington Times (3/23, Taylor, 90K) the Washington Post (3/23, A1, Lane, 744K) and the Fulton County Daily Report (3/23, Palmer) also report on the ruling.

Maryland Prosecutor Seeks Death Penalty In Guard's Killing. The Baltimore Sun (3/23, Garland) reports, "Washington County's top prosecutor said Wednesday that he will seek the death penalty for a prison inmate who is accused of killing a correctional officer at a Hagerstown hospital." The Sun continues, "State's Attorney Charles P. Strong Jr. filed notice in Circuit Court that he will seek to have the inmate, Brandon Morris, put to death for the killing of Jeffery A. Wroten. … The death penalty applies because Morris, 20, 'committed the murder in furtherance of an escape' and because of other aggravating circumstances, the prosecutor wrote." The Sun adds, "Strong said he spoke with Wroten's family before making the decision because he wanted to make sure they understood that death penalty cases are often long, involved and intense. … Morris, of Baltimore, is accused of shooting Wroten in the face at Washington County Hospital on Jan. 26 as the officer lay on the floor, pleading for his life. The 44-year-old Wroten, who worked at Roxbury Correctional Institution, died the next day."

Treasury Department To Auction Items Received By Cunningham. The Treasury Department today will auction off items received by former Rep. Duke Cunningham as part of his bribery scheme. The Wall Street Journal (3/23, Solomon, Sanders, 2.11M) reports, "Auction officials won't disclose what they expect Mr. Cunningham's items to fetch."

The Washington Post (3/23, C1, Booth, 744K) reports, "The Cunningham Collection includes a dozen Oriental or Persian carpets (some machine-made), a few knickknacks and the furniture, which includes armoires and nightstands as well as" a "lingerie cabinet (like a wardrobe, with drawers inside) and the French commode (commode not being a toilet or chamber pot, but a style of chest of drawers that sits on low legs)."

Montgomery County Police Union's Web Site Draws Heated Comments. The Washington Post (3/23, A1, Londoño) reports, "What's up with the cop in Silver Spring who's ratting out colleagues? That was the question raised by a police officer who started a thread on the online message board of the Montgomery County police union on July 15, 2004." The Post continues, "Within minutes, a flurry of responses began pouring in to the site, one of many online forums that have changed the way police gripe and gossip. … They called the African American officer in question a 'rat,' a racist and a lazy cop who needed to 'be put in her place.' Then her husband -- the department's former diversity training teacher, who was brought in after the agency came under scrutiny over allegations of racial profiling -- was dragged into the online onslaught." The Post adds, "The message board was designed as a forum where officers could trade tips, complaints and light banter. But several

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officers say it has become an outlet for personal attacks -- often laced with racist language, sexual harassment and disparaging remarks about police supervisors, county leaders, immigrants and residents. … Copies of the messages from the password-protected Web site provided to The Post provide a rare glimpse of some officers talking among themselves. The authenticity of the messages, posted from 2004 to this year, was verified by officers with access to the site."

Prosecutors Try To Reinstate Some Charges Against DeLay. CNN's The Situation Room (3/22, Blitzer) reported, "In Texas, prosecutors are trying to bring back some of the charges against Congressman Tom DeLay that were dismissed last fall. They're asking an appeals court to restore one conspiracy charge against DeLay and part of another. DeLay still faces one money laundering charge in the campaign finance-related indictment against him. A ruling on the appeal isn't expected for at least another month. DeLay denies any wrongdoing." USA Today (3/23, Drinkard, 2.31M) reports DeLay's lawyer "had one primary wish Wednesday when he went before a Texas appeals court deliberating whether to reinstate a conspiracy charge against his client: Whatever you decide, do it soon." The Washington Post (3/23, A4, Moreno, 744K) also reports on the hearing.

The AP (3/23, Castro) reports DeLay "spent the day campaigning in what many consider his most serious election challenge since voters sent him to Congress in 1984. The Republican faces Democratic former Rep. Nick Lampson in November." The Washington Times (3/23, Aynesworth, 90K) runs a similar story under the headline "DeLay Campaigns As Lawyers Battle."

Baltimore City Council President Decries Probe. The Baltimore Sun (3/23, Donovan) reports, "Baltimore City Council President Sheila Dixon broke her silence Wednesday over an investigation into her ties to two city contractors by saying the state probe is 'trying to destroy my character.'" An initial round of subpoenas from Maryland State Prosecutor Robert A. Rohrbaugh "requested documents related to $600,000 of work awarded over the past six years -- most of the time without a contract -- to Dixon's former campaign chairman, Dale G. Clark, and his company, Ultimate Network Integration. A second batch of subpoenas…requested documents relating to Union Technologies, a company that employs the council president's sister, Janice Dixon, and has received city work from two major government contractors; Comcast, the city's cable television provider; and TeleCommunications Systems Inc., which manages the city's computer network." The probe began after The Sun reported last week "that Dixon might have breached the city's ethics law by not disclosing her sister's employment and by participating in public hearings and votes over the past two years that involved and benefited Utech."

Los Angeles Uses Injunctions To Curb Gangs. The Los Angeles Times (3/23, McGreevy, Banks) reports, "After more than a decade of successfully using restrictive court injunctions to battle dangerous street gangs, some Los Angeles officials now fear that key provisions have unfairly held back young people struggling to go straight." The Times continues, "Police Chief William J. Bratton said Wednesday that though he wants to expand the use of a tool that has proved effective in the city's fight against an estimated 39,000 hoodlums, he and City Atty. Rocky Delgadillo have agreed to first conduct a comprehensive evaluation of the injunction program. … 'We want to take a look at all of them, do a top-to-bottom review that will include making sure the appropriate people are [listed] in them, because some of these injunctions go back 13 years,' Bratton said." The Times adds, "City Councilwoman Janice Hahn, who represents a district plagued by some of the worst gang violence in the city, said the injunction program appears to be doing harm as well as good. … Hahn said that after she and Bratton attended a recent community meeting in Watts, she became concerned because no one has ever succeeded in getting removed from an injunction's official list of restricted gang members. … Young people covered by injunctions can have trouble getting jobs because the injunctions show up in employment background checks. Some have trouble getting to work or even school because they cannot ride in cars or buses if other gang members are present. … And they may be disqualified from participating in school sports if former associates play in the same league. … Critics say the injunctions sometimes target people who were never in a gang but had relatives or friends who were."

WPost Opposes Prosecution Of AIPAC Officials. An editorial in the Washington Post (3/23, A22, 744K) says the conviction of former AIPAC officials Steven J. Rosen and Keith Weissman, who are accused of conspiring

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to give national defense information to officials of the Israeli government, "would herald a dangerous aggrandizement of the government's power not merely to prosecute leaks but to force ordinary Americans to keep its secrets." The Post notes that "prosecutors have not accused either man of spying. Rather, the government has charged them under an old and vaguely worded law that prohibits people in possession of such information from disclosing it further." Prosecutors "have proceeded under a legal theory that must alarm anyone who values open debate."

CIVIL LAW:

Court Approves Equity Panel In Delphi Bankruptcy Case. Dow Jones (3/23) reports, "A federal court on Wednesday approved a request from a hedge fund seeking an official voice for equity holders in Delphi Corp.'s Chapter 11 case, departing from typical bankruptcy practice. … 'Clearly this company has extremely difficult problems to resolve,' and shareholders need a voice in that process, U.S. Bankruptcy Judge Robert Drain said." Dow Jones continues, "Appaloosa Management L.P., one of Delphi's largest shareholders with about 9% of its stock, has asked the auto parts maker to move ahead with a canceled shareholder meeting and wanted the court to appoint an official committee to represent stockholders in the case. Another money management firm that holds about 5% of Delphi's equity supported the motion. … Over a two-day trial, experts and attorneys for Delphi and Appaloosa argued widely differing positions about the company's prospects for reducing labor and retiree costs and how its securities would perform upon emergence from bankruptcy." Dow Jones notes, "Appaloosa attorney Thomas Lauria said he was happy Delphi's shareholders have a voice and said it seemed likely Appaloosa would fight for a seat on the committee when the US Trustee names its members. … Appaloosa has said any equity panel would closely monitor the case and be involved in negotiations or litigation involving the relationship between Delphi and its former parent General Motors Corp. … Appaloosa accumulated its Delphi stake after the company filed for bankruptcy protection and began its push for an official shareholder panel in November. The U.S. Trustee's Office - an arm of the Justice Department that normally appoints committees in bankruptcy case - was considering an equity committee request from Appaloosa but hadn't yet made a decision when the firm asked the court for a committee. The U.S. Trustee objected to Appaloosa's motion, as did the company's unsecured creditors committee."

GM, Delphi Offer Buyouts To Hourly Workers. General Motors and its major parts supplier, Delphi, yesterday offered 113,000 hourly workers a severance package ranging from $35,000-145,000. The companies' goal is to shed 30,000 hourly workers in order to reduce costs, and some analysts say the move will pay for itself by the second year, if not the first. The story is receiving extensive media coverage, including stories in most major newspapers. Last night all three networks led their newscasts with it. ABC World News Tonight (3/22, lead story, 2:55, Vargas, 8.78M) reported the strategy was a "bold move," a "drastic move to keep an ailing company afloat." ABC (Reynolds) added, "One industry analyst says it could mark the end of 20th century industrial America." Daniel Howes, business columnist, Detroit News: "Tens of thousands of UAW members of GM and Delphi are likely to retire or go away under this deal." The CBS Evening News (3/22, story 1, 3:10, Schieffer, 7.66M) and NBC Nightly News (3/22, lead story, 2:45, Brown, 9.87M) ran similar reports. NBC Nightly News (3/22, story 2, 2:00, Brown, 9.87M) also reported on the potential impact of the buyout plan on GM workers and their communities.

CIVIL RIGHTS:

Federal Judge Chastises LAPD For Failing To Comply With Reform Decree. The AP (3/23) reports, "A federal judge scolded city officials for failing to meet key provisions of a 2001 court consent decree to reform the Police Department." The AP continues, "The decree was the result of a settlement with the Justice Department and was designed to correct conditions that led to police corruption scandals involving officers beating and framing suspects and stealing evidence." The AP adds, "U.S. District Judge Gary A. Feess said city officials were trying to 'gut' a key provision and warned at a hearing Tuesday that he would likely extend the decree beyond its June 15 expiration date. … The judge chastised the LAPD for failing to implement a computer system required by the decree to serve as an early warning system by tracking officers' use of force, pursuits, collisions, citizen complaints and civil claims."

Navy Prayer Rule Draws Criticism. A new Navy rule encouraging chaplains to use only nonsectarian

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language outside divine service is drawing criticism saying the regulation of prayer services is a violation of the chaplains' First Amendment Rights. The Washington Times (3/23, Pfeiffer, 90K) reports, "Under new rules signed by Secretary of the Navy Donald C. Winter, chaplains of all faiths in the Navy are asked to consider the views of their audience before invoking specific religious beliefs in prayer. 'I'm very disappointed with the secretary of the Navy,' said Navy chaplain Lt. Gordon James Klingenschmitt. 'He's doing the opposite of what President Bush wants.' Klingenschmitt "is urging Mr. Bush to sign an executive order to allow military chaplains to pray according to their individual faith tradition."

WPost Says States Should Discontinue Use Of Diebold Voting Machines. An editorial in the New York Times (3/23, 1.19M) says, "Diebold, the electronic voting machine maker, suffered another sharp setback recently, when Maryland's House of Delegates voted 137-to-0 to drop its machines and switch to paper ballots. The vote came in the same week that Texas held elections marred by electronic voting troubles. Maryland's State Senate should join the House in voting to discontinue the use of the Diebold machines, and other states should follow Maryland's lead."

ANTITRUST:

Three Samsung Executives Plead Guilty In Price-Fixing Probe. The New York Times (3/23, Flynn) reports, "Three executives of Samsung, the largest supplier of computer memory for consumer electronics, have agreed to plead guilty and serve prison sentences in the United States for their roles in a price-fixing conspiracy, federal prosecutors said on Wednesday." The Times continues, "The plea agreements are the latest development in the Justice Department's three-and-a-half-year investigation of the volatile market for dynamic random access memory chips, the most common type of computer memory products, used in personal computers, printers and electronic devices like cellphones and digital cameras."

The Wall Street Journal (3/23, Anderson) reports, "The Justice Department said it has charged four companies and 12 individuals so far in its investigation, which has led to fines totaling more than $731 million. … The three Samsung executives, who will serve their jail time in the U.S., are Sun Woo Lee, senior manager of DRAM sales; Yeongho Kang, an associate director in the U.S.; and Young Woo Lee, sales director in Germany." The Journal adds, "Samsung Electronics, of South Korea, is the world's largest maker of DRAM components and has previously pleaded guilty and agreed to $300 million in fines in the price-fixing conspiracy." The Journal notes, "U.S. Attorney General Alberto Gonzales said, 'These pleas should send a clear message that we will hold accountable all conspirators, whether domestic or foreign, that harm American consumers through their illegal conduct.'"

The AP (3/23) reports, "Each executive agreed to pay a $250,000 fine, cooperate with federal authorities on the investigation and serve prison sentences ranging from seven to eight months for their role in a scheme to raise prices for dynamic random access memory, or DRAM, from 1999 to 2002. A federal judge in San Francisco must approve the deal."

Bloomberg (3/23, Rowley) reports, "Sun Woo Lee, Samsung's senior manager of sales for DRAM chips, agreed to serve an eight-month prison term, and the other two will serve seven months, the government said. … 'True deterrence occurs when guilty individuals serve jail terms and not just when corporations pay criminal fines,' Attorney General Alberto R. Gonzales said in a statement." Bloomberg adds, "The government said leading victims of the conspiracy include computer makers such as Dell Inc., Hewlett-Packard Co., International Business Machines Corp., Apple Computer Inc., Gateway Inc. and Compaq Computer Corp., now owned by Hewlett- Packard. … All three Samsung executives agreed to plead guilty to price fixing, the Justice Department said. The charges filed against them in federal court in San Francisco say the defendants attended meetings with competitors to discuss setting prices for DRAM chips. They also exchanged sales information to help the participating companies monitor compliance with the cartel agreements, court documents said."

The San Francisco Chronicle (3/23, Pimentel) reports, "In a statement, Samsung said the company is 'strongly committed to fair competition and ethical practices and forbids anti-competitive behavior.' … According to the Justice Department, the Samsung executives took part in meetings and agreements to sell DRAM chips 'at certain levels' to manufacturers."

MarketWatch (3/23, Schroeder), IDG News Service (3/23, Gross), and Yonhap News (South Korea) (3/23, Dong-min) also report on the pleas.

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FTC Could Resist Plavix Settlement. Dow Jones (3/23) reports, "The proposed settlement of patent-infringement litigation surrounding the blockbuster drug Plavix could run into regulatory resistance, but government enforcers might not have much muscle, legal experts and analysts say." Dow Jones continues, "Bristol-Myers Squibb Co. and Sanofi-Aventis said late Tuesday that they reached a settlement with Apotex Inc., a Toronto company that had sought to sell a generic version of Plavix, a blood thinner, before the expiration of a key patent. The settlement calls for Apotex to wait until 2011, under certain conditions, to begin selling generic Plavix through a license deal. Bristol- Myers and Sanofi also would make undisclosed payments to Apotex." Dow Jones adds, "The settlement is subject to antitrust review and clearance by the Federal Trade Commission. Some analysts and legal experts believe the FTC might try to challenge the deal because it calls for Apotex to wait as much as five years before selling generic Plavix, and Bristol-Myers and Sanofi have agreed to pay Apotex. … The companies said in a statement that the agreement wasn't an act of collusion to keep a generic drug off the market, but they acknowledged that there's 'significant risk' they would be unable to obtain the required antitrust clearance. … The FTC has taken a dim view of similar drug patent-infringement settlements in the past because it believed they could harm consumers by delaying the introduction of cheaper, generic alternatives to branded prescription drugs."

Dell To Purchase Alienware. The Wall Street Journal (3/23, Lawton) reports, "Dell Inc. said it agreed to buy closely held Alienware Corp., a maker of high-end personal computers favored by gamers." The Journal continues, "Terms were not disclosed. But the deal is considered a significant strategy shift for Dell, which rarely makes acquisitions and has tended to focus more on machines purchased by businesses." The Journal adds, "While Dell has transformed the PC business by focusing on direct sales and streamlined manufacturing, Alienware has built a loyal following among computer users willing to pay a premium for powerful machines with sleek designs and odd colors such as 'cyborg green.' … The transaction also is being closely watched in the semiconductor industry. Dell, which has its own line of gaming PCs, exclusively uses chips from Intel. But Alienware also uses chips from rival Advanced Micro Devices Inc. … A Dell spokesman said Miami-based Alienware, which will be run as a separate subsidiary, can continue to do so. 'They will sell their own products, and they will continue to use AMD as part of that,' he said."

Microsoft Takes New Tack To Avoid EU Sanctions. The AP (3/23, Casert) reports, "Microsoft Corp. today offered 'free, unlimited technical support' to rivals interested in making their software work with the software giant's servers, saying it wanted to comply with a landmark EU antitrust ruling. … 'We are committed to doing everything in our power to address the (European) Commission's concerns,' Microsoft General Counsel Brad Smith said in a statement." The AP continues, "A spokesman for the EU's antitrust office said the Microsoft offer 'seems to be a constructive proposal,' but said the company needed to make more efforts to fully fall in line with the EU's 2004 ruling. … 'Microsoft will naturally be well placed to answer questions from licensees on specific points of the technical documents,' EU spokesman Jonathan Todd said. … He insisted, however, that even two years after the ruling that forced Microsoft to share technical details with rivals, Microsoft's efforts remained insufficient."

The Financial Times (3/23, Buck) reports, "The latest concessions come in response to accusations by the Commission that Microsoft has failed to implement one of the key elements of its landmark ruling. … Brussels has told Microsoft that it has failed to provide complete and accurate inter-operability information about Windows to rival companies. It believes the information – which will be licensed in return for a fee – is needed so that other companies can develop server software that meshes with Windows-driven computers and servers."

The Wall Street Journal (3/23, Stern) reports, "An independent monitor in the regulatory case has found the documents provided by Microsoft needed a drastic overhaul to make them workable. The monitor, computer-science professor Neil Barrett, wrote a critical report about Microsoft's efforts to comply with the commission's ruling, saying he and a colleague had been unable to use Microsoft's instructions. … Microsoft, which has accused Mr. Barrett of being uninformed and colluding with its rivals, also pledged yesterday to do additional work on technical documentation. But it said five European computer-science professors believe existing documentation already meets requirements."

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EU To Confront France, Spain Over Energy Industry Protections. Bloomberg (3/23, Stearns) reports, "The European Union is set to confront France and Spain for protecting energy companies from foreign takeovers, raising the prospect of a clash among EU leaders at a meeting meant to revive a push for market integration." Bloomberg continues, "EU leaders meet this evening in Brussels for the first time since the French government arranged a merger between utilities Suez SA and Gaz de France SA to avert a possible bid for Suez by Italy's Enel SpA. The two-day summit also comes after the Spanish government imposed rules to hinder a takeover of power company Endesa SA by Germany's E.ON AG. … 'Member states are reluctant to accept the rules,' Loyola de Palacio, EU energy commissioner for five years until November 2004, said by telephone from Madrid two days ago. 'They are very proud when one of their companies goes abroad and makes a takeover but aren't very happy when somebody else makes a takeover in their country.'" Bloomberg adds, "National obstacles and monopolies in Europe's 250 billion-euro ($302 billion) electricity and natural-gas market threaten to boost bills for companies and consumers, curtail supply and undermine the economy. The fragmentation may also hinder efforts to prevent the 25-nation EU's dependency on energy imports from rising to 70 percent by 2030 from 50 percent now."

EU Ends Antitrust Dispute Over Soccer Broadcasts. The AP (3/23, Casert) reports, "The European Union closed a long-standing antitrust dispute with England's Premier League on Wednesday, forcing one the of richest leagues in the world to stop selling the rights to its live soccer matches exclusively to one TV channel. … 'The solution we have reached will benefit football fans while allowing the Premier League to maintain its timetable for the sale of its rights,' said EU Antitrust Commissioner Neelie Kroes, after the EU executive finalized the deal between both sides." The AP continues, "Under the agreement, live TV rights will be sold in six balanced packages with no one bidder being allowed to buy them all. … Premier League Chief Executive Richard Scudamore said the decision was 'a good outcome for supporters, whether in the stadium or watching our broadcasts.' … He added the Premier League 'believes that the conditions are now in place to create maximum interest for our audiovisual rights and to take the world's most popular domestic football competition from strength to strength.'" The AP notes, "British Sky Broadcasting Group PLC - a pay channel owned by media mogul Rupert Murdoch - has held the exclusive rights to the richest broadcast contract in European sport for the past 13 years. The satellite broadcaster dominates Britain's pay-TV market with close to 8 million subscribers."

ENVIRONMENT:

Bush Says Coal Reserves Key To Curing US "Addiction" To Foreign Oil. The Wheeling News-Register (3/23, McCabe) reports, "West Virginia's coal reserves could be one of the keys to curing the United States' 'addiction' and dependence on foreign oil, President Bush said Wednesday." During his remarks at the Capitol Music Hall in Wheeling, "underwritten by the Ogden Newspapers Inc. and other local sponsors and hosted by the Wheeling Area Chamber of Commerce, the president spoke of a brief meeting he had with Gov. Joe Manchin on the way downtown from the Wheeling-Ohio County Airport." During that meeting, "Manchin discussed coal liquefaction — a chemical process that turns coal into a fuel that can be used in vehicles -- as an alternative energy source for the nation." Said Bush, "First thing is, we've got a lot of coal, a 250-year supply of coal, which helps us on our electricity. And we're spending a lot of money on clean coal technology. The whole idea is to use taxpayers' money to develop a technology that will enable us to have zero-emission plants, which will help us achieve an environmental objective, as well as an energy independence objective."

Bush Administration To Release More Stringent Fuel Economy Rules. The CBS Evening News (3/22, story 3, 2:15, Orr, 7.66M) reported, "The Bush Administration is ready to slap fuel economy requirements on the largest gas guzzlers. While the proposal would affect all jumbo sport utility vehicles and vans, GM, which makes the popular Chevy Suburban and the ultra-trendy Hummer H2, would be hardest hit." Sources "say the rule, still being reviewed by the White House, would require the giant SUVs to get more than 20 miles per gallon by 2011. Currently, the Chevy Suburban and the GMC Yukon average 15 and the Hummer only 13." To "get these monsters to 20 miles a gallon, car makers would have to spend millions on redesign. Sticker prices would likely jump by a thousand dollars or more. However, the improved mileage could save drivers more than a billion dollars a year in gasoline costs, but the heaviest pickup trucks

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would still be exempt from the new gas mileage requirements and that loophole rankles auto industry watchdogs."

NBC Nightly News (3/22, story 3, 0:40, Brown, 9.87M) reported, "The bottom line: A fleet-wide average of 24 miles per gallon for light trucks, minivans, and SUVs. That's an increase of 1.8 miles per gallon."

Senate Aide Says Passing Administration Pollution Rules Is Tall Order. John Shanahan, majority counsel for the Senate Environment and Public Works Committee, told the National Coal Council yesterday that Congress would have a difficult time passing legislation this year to reinstate the Bush Administration anti-pollution regulations for coal burning power plants that were rejected by a federal appeals court last week. CQ (3/22, Evans) reported that Shanahan "said passing legislation to reinstate the administration's rules would be almost impossible in the Senate, where it takes 60 votes to break a filibuster. … The only possibility, he said, would be to attach language addressing the anti-pollution regulations to a larger, more important bill."

EPA Lists States With Worst Air Pollution, Cancer Risk. The CBS Evening News (3/22, story 4, 0:15, Schieffer, 7.66M) reported, "Car and truck exhaust fumes are a main source of pollutants cited in a new study of air quality and cancer risk. The EPA report says that New York, California and Oregon have the most polluted air and the highest risk of related cancer. The cleanest air in the country: Wyoming, South Dakota and Montana."

WSJournal Blasts Court Ruling On Bush Clean Air Strategy. An editorial in the Wall Street Journal (3/23, 2.11M) says that the DC Circuit Court of Appeals' decision last week to strike down "a major plank of the Bush Administration's clean air strategy" is "based on a bad reading of the law, and -- unless successfully challenged -- will lock the U.S. into an old-fashioned approach to regulation when better alternatives are available. … If the D.C. Circuit ruling stands, the Bush clean air strategy will lie in ruins, since it relies on a so-called 'cap-and-trade' pollution permit system to allow the market to figure out how best to achieve emission reductions." The Journal adds, "If the Bush Administration doesn't want to abandon its own policy, it has little choice but to fight back."

WPost Calls Decision "Common-Sense Ruling." An editorial in the Washington Post (3/23, A22, 744K) says, "One might hope that after its rebuke last week by the U.S. Court of Appeals for the D.C. Circuit, the Bush administration would reconsider its efforts to rewrite the rules governing power plant emissions. … Unfortunately, there is no particular reason to expect the administration to come to its senses in response. It is still trying to curtail enforcement against old coal-fired plants that fail to install new pollution-control technologies." The Post adds, "The court's common-sense ruling last week is a promising sign that its judges won't sit still for further efforts to ignore the law."

Wall Street Prepares For Bird Flu Pandemic. USA Today (3/23, Shell, 2.31M) reports, "Bird flu has yet to come even close to the USA's borders, but Wall Street analysts are already crafting advice on how investors can inoculate their portfolios if a pandemic breaks out." In response to growing fears, stock analysts have been "busy concocting what-if scenarios, handicapping winning and losing stock sectors, and educating clients in the science of bird flu." The newspaper says that "not since the SARS scare in Asia in spring 2003…has a health-related crisis put investors on edge."

Schools Told To Prepare For Bird Flu. The AP (3/23 Feller) reports, "The nation's schools, recognized incubators of respiratory diseases among children, are being told to plan for the possibility of an outbreak of bird flu. Federal health leaders say it is not alarmist or premature for schools to make preparations, such as finding ways to teach kids even if they've all been sent home." In North Carolina on Tuesday, Education Secretary Margaret Spellings "said schools must be aware that they may have to close their buildings—or that their schools may need to be used as makeshift hospitals, quarantine sites or vaccination centers."

Researchers Shed More Light On Bird Flu Spread Among Humans. The Wall Street Journal (3/23, A2, Regalado, 2.11M) reports, "Scientists have a new clue why the feared H5N1 strain of the avian-influenza virus hasn't spread easily among people." According to research published this week in the journal *Science* by teams in the US and the Netherlands, the virus "primarily infects cells deep in the human lung, possibly making it difficult for the germ to spread." In a separate study released yesterday by the journal *Nature*, a research group said that "to spread between humans, the virus would need to adapt in a way that enabled it to attach to a different type of molecule present in cells higher in the respiratory tract."

The Washington Post (3/23, A13, Brown, 744K) says the research "suggests that people need close and heavy

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exposure to the H5N1 virus for it to get into the lungs. But once it takes hold, it causes extensive damage." The New York Times (3/23, Wade, 1.19M) also reports on the findings.

China Agrees To Hand Over Bird Flu Samples. The Financial Times (3/23, Yeh) reports, "Chinese officials have promised to provide numerous bird flu virus samples to global health researchers, a rare move that will help accelerate research into the lethal disease," World Health Organization officials said Wednesday. The Times says "Beijing's compliance, if followed through, is a sign of more intimate cooperation with the global health community," and "reflects a change in attitude among Chinese government researchers, who at times have been reluctant to share samples for fear of not being recognized for any breakthrough findings published overseas."

Man Cleared In Theft Of Nevada Petroglyph Says He Wanted To Protect Art. The AP (3/23, Sonner) reports, "One of two men whose federal conviction for stealing American Indian artwork was overturned says the pair simply wanted to protect the ancient petroglyphs from encroaching development." The AP continues, "Carroll Mizell, who served 10 months in prison after being found guilty in June 2004 of stealing the rock art said 'we wanted to save the property. … My whole intent was to free these things so they wouldn't be destroyed,' Mizell told The Associated Press on Wednesday from Redmond, Ore. … 'We didn't do this because we wanted to put them on e-Bay,' he said." The AP adds, "The 9th U.S. Circuit Court of Appeals ruled Tuesday that the Justice Department failed to prove the rock art taken from a national forest on the edge of Reno had a market value of more than $1,000, a requirement for a felony conviction of government theft. … Mizell and John Ligon of Reno admitted during their federal court trial in Reno that they took three boulders with etchings of an archer and bighorn sheep from the Humboldt-Toiyabe National Forest. But they insisted they didn't know it was illegal, partly because there were no signs marking the site. … Forest Service officials believe the petroglyphs are at least 1,000 years old. They were located within a few hundred yards of backyards in a neighborhood in northwest Reno where hundreds of new homes are scheduled to be built. … Natalie Collins, a spokeswoman for the U.S. Attorney's Office in Las Vegas, said federal prosecutors are considering asking the appeals court to reconsider the case but they had no further comment."

New Hampshire Lawmakers Approve Eminent Domain Limits. The AP (3/23) reports, "New Hampshire lawmakers gave preliminary approval Wednesday to a constitutional amendment that would limit government's ability to seize private property." The AP continues, "The measure was prompted by a U.S. Supreme Court ruling last year that allowed New London, Conn., to take a group of older homes along the waterfront and turn them over to a developer who plans to build offices, a hotel and a convention center." The AP adds, "The state House and Senate voted overwhelmingly in favor of identical resolutions. For the measure to win approval, both chambers must pick one resolution and pass it. … Then the amendment would be put to a statewide vote, probably in November. Two-thirds approval would be needed for ratification. … The amendment would prohibit the taking of private property for use by private developers."

Virginia Lawmakers Criticized For Not Acting To Curb Eminent Domain. Jeremy Hopkins, counsel with Waldo & Lyle, P.C., a Virginia law firm that represents property owners in eminent domain cases, writes in the Washington Times (3/23), "The Supreme Court's infamous decision in Kelo v. City of New London, which allows the government to take property from one person simply to give it to another, caused most states to take action to prohibit such abuses. However, the General Assembly refuses to limit the power of eminent domain in Virginia. It ended its 2006 legislative session without passing legislation to eliminate the abuses in Kelo." Hopkins adds, "Virginians' own state agencies and local governments, as well as large private corporations that have the power of eminent domain, spare no expense in fighting to ensure that the General Assembly does not place any real restrictions on their power to take people's property. … Unless and until Virginians demand a constitutional amendment to place real restrictions on the General Assembly's power of eminent domain, no Virginian's home, farm or business will be secure."

Moore Says ESA Failing Property Owners. Stephen Moore writes in the Wall Street Journal (3/23, 2.11M) that the Endangered Species Act "tries to achieve the societal policy goal of saving species from extinction by imposing all of the costs on a hapless few. House Resources Committee Chairman Richard Pombo has sensibly proposed reforms that allow landowners to get fair compensation from the government if their land is depressed in value due to a

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wetlands or endangered species designation. That seems equitable: If society wants to preserve habitat for the common good, then the cost should be borne by all taxpayers, not individual landowners, who would no longer regard endangered species as an economic plague." Moore adds that the ESA "isn't just failing property owners but the very irreplaceable species it was designed to protect."

FBI/DEA/ATF/USMS:

Justice Department Announces Major Drug Smuggling Indictment. The CBS Evening News (3/22, story 10, 0:15, Schieffer) reported, "The US Justice Department announced the biggest drug trafficking indictment in history today. It charges 50 leaders of a Colombian rebel group with shipping $25 billion worth of cocaine around the world to finance their attacks and with murder and kidnapping. Only three of the 50 are in custody."

NBC Nightly News (3/22, story 8, 0:45, Brown) reported it is "being described by the Justice Department as the biggest narcotics trafficking indictment in American history. It accuses 50 people in Colombia's largest guerilla group, known as FARC, of sending more than $25 billion worth of cocaine into the United States and other countries."

In a widely distributed story, the AP (3/23, Sherman) reports, "The United States charged 50 leaders of Colombia's largest guerrilla group with sending more than $25 billion worth of cocaine around the world to finance their fight at home, a federal indictment that depicts the rebels as major narco-terrorists. … The indictment made public Wednesday in U.S. District Court said the leaders of the Revolutionary Armed Forces of Colombia, or FARC, ordered the killings of Colombian farmers who did not cooperate with the group, the kidnapping and killing of U.S. citizens and the downing of U.S. planes seeking to fumigate coca crops." The AP adds, "U.S. officials said the indictment strikes a blow against the group because it lays out the FARC's hierarchy and details of its operations. 'Members of the FARC do not want to face American justice,' Attorney General Alberto Gonzales said. … He acknowledged that 47 of those charged remain at large, probably in well-defended jungle strongholds that have so far proved beyond the reach of Colombian authorities."

The Los Angeles Times (3/23, Muskal) reports, "The U.S. will seek to extradite three of the defendants who are in custody in Colombia and offered rewards that total $75 million for information leading to the arrest of the others who are believed to be in areas controlled by the militia." The Times adds, "U.S. officials say FARC has sent about 60% of the cocaine imported into the U.S., then used the money to support its long-term insurgency against Colombia, now led by pro-U.S. President Alvaro Uribe. … 'This indictment strikes at the very heart of the FARC narcotics operation that has flooded our communities with cocaine,' said Atty. Gen. Alberto R. Gonzales. 'Because of unprecedented cooperation between United States and Colombian authorities, we are closer than ever before to reaching our goal of bringing the leaders of this narco-terrorist group to justice in the United States.' … Among the leaders being sought are the seven figures who sit on the FARC Secretariat, the militia's ruling body, and 17 members of the estado mayor, or governing council, U.S. officials said at a news conference this morning in Washington."

The New York Times (3/23, Forero) reports that the indictment accuses FARC "of being behind 50 percent of the world's cocaine trade and 60 percent of the cocaine exported to the United States. … 'We believe these men are responsible for not only manufacturing and exporting devastating amounts of cocaine, but enforcing their criminal regime with violence,' Mr. Gonzales said. … The practical impact is unclear, since 47 of the 50 commanders remain free in this vast country, leading thousands of fighters in the group's relentless effort to topple President Álvaro Uribe's government. Three are in Colombian custody, and the United States will seek their extradition, American officials said."

In the "Nation/Politics" section, The Washington Times (3/23, Seper) reports Tandy said, "From their jungle hideaway, the FARC uses the drug trade to bankroll terrorism in Colombia, finance attacks on innocent citizens and poison Americans. … Today's indictment challenges that lawlessness, and the FARC leadership should prepare to face the justice that they have long denied to so many."

Knight Ridder (3/23, Bachelet, Dudley) reports, "The indictment is likely to make it easier for the U.S. Congress to continue funding for Plan Colombia, a multibillion dollar effort to combat drug trafficking, and military aid for the conservative government of President Alvaro Uribe, one of the strongest U.S. allies in the region. … But analysts said it may not have much impact on an estimated 18,000-strong guerrilla force whose leaders are deeply entrenched in the far reaches of a country the size of France, flush with drug money and showing signs lately of recovering from a three-year-old military offensive." Knight Ridder notes that FARC "has long

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been known to collect payments from coca farmers and drug traffickers, as well as businessmen, cattle ranchers and shop owners, to finance its four-decades-old insurgency. … But the indictment unveiled by Attorney General Alberto Gonzales at a news conference in Washington alleges that the FARC has taken its involvement in the drug trade significantly further in recent years, earning as much as $25 billion. … 'The FARC has evolved into the world's largest supplier of cocaine and cocaine paste,' a semi-processed product that must be refined into cocaine, the indictment alleges. … 'This is the largest narcotics-trafficking indictment ever filed in U.S. history and fuels our hope to reduce narco-violence in Colombia and stem the tide of illegal drugs entering our country,' Gonzales said."

Bloomberg (3/23, Arthur) reports, "The Justice Department calls FARC, the largest guerrilla group in Colombia, a 'narco-terrorist' group and views it as one of the 'highest priority targets in our fight against illegal drug trafficking,' Gonzales said at a news conference in Washington." Bloomberg notes, "The U.S. State Department is offering rewards totaling more than $75 million for information leading to the capture of 24 of the FARC leaders charged in the indictment. … 'This the beginning of the process,' Gonzales said when asked the chances of capturing the 47 at-large FARC members. … Gonzales didn't rule out the use of U.S. troops in the battle against FARC. … 'We consider all options, all effective options,' he said."

CNN.com (3/23, Frieden) reports, "Among other allegations, the indictment states that the charged FARC leaders set the price at which Colombian coca farmers could sell cocaine paste, a raw form of the drug that was transported to jungle laboratories and turned into the finished product. … Farmers who undercut the price or otherwise violated FARC's strict cocaine policies, which also dictated to which buyers the farmers could sell, were punished severely, according to the indictment. … 'Colombian farmers who violated FARC rules were allegedly shot, stabbed, or dismembered alive, and the bodies of murdered farmers were cut open, filled with rocks and sunk in nearby rivers,' according to a DEA news release.U.S. pushes for extradition"

Agence France-Presse (3/23), the Financial Times (3/23, Johnson), Voice of America (3/23, Malone), UPI (3/23), and the BBC (3/23) also report on the indictments.

Network TV Coverage. The CBS Evening News (3/22, story 10, 0:15, Schieffer) reported, "The US Justice Department announced the biggest drug trafficking indictment in history today. It charges 50 leaders of a Colombian rebel group with shipping $25 billion worth of cocaine around the world to finance their attacks and with murder and kidnapping. Only three of the 50 are in custody."

NBC Nightly News (3/22, story 8, 0:45, Brown) reported, "Also in Washington today what is being described by the Justice Department as the biggest narcotics trafficking indictment in American history. It accuses 50 people in Colombia's largest guerilla group, known as FARC, of sending more than $25 billion worth of cocaine into the United States and other countries. This video shows government raids on some of the cocoa farms and jungle laboratories involved in the ring, which also allegedly kidnapped and killed American and Colombian citizens. Three of the ring leaders are in custody, but most of the others indicted today are fugitives."

Cable TV Coverage. CNN (3/22, 1:00 p.m.) reported, "Along with the war on terror there's a war on narco terror, and a major US offensive. Fifty leaders of a Colombian rebel group claim narco terrorists are being charged in Washington with sending this country $25 billion worth of cocaine. The rebel group, called FARC, is a designated terror organization, and Attorney General Alberto Gonzales says both countries will benefit by bringing it down. … Only three of the 50 indicted leaders are in custody."

FOX News (3/22, 5:00 p.m.) reported, "The United States has indicted the leaders of the Armed Forces of Columbia or FARC with trafficking in cocaine. The U.S. says it will seek the extradition of the suspects already in custody.

MSNBC (3/22, 1:00 p.m.) reported, "Fifty [leaders] of a Colombian narco-terrorist group. The group known as FARC is accused of using money from drug sales to fund terrorist operations in Colombia. The attorney general says the group imported more than $25 billion worth of coke into the United States and other countries."

BBC World News (3/22, 6:00 p.m.) reported, "The biggest drugs indictment of its kind in the US. Fifty Colombian rebels have been charged with importing devastating amounts of cocaine into the United States. The group is said to supply 50% of the world's cocaine and more than 60% of the cocaine that enters the US. The announcement was made by the US Attorney General, Alberto Gonzales. A federal indictment was unsealed today in Washington, D.C., charging 50 members of FARC's policy-making and operational leadership with importing more than

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$25 billion worth of cocaine into the United States and other countries."

PBS Coverage. NewsHour with Jim Lehrer (3/22, 6:00 p.m.) reported, "The U.S. justice department announced the indictment today of 50 rebels in Colombia for cocaine trafficking. It said their group, known as FARC, supplies most of the cocaine for the world and the U.S. Attorney General Gonzales acknowledged nearly all the suspects are at large. But he said it's clear they're worried. … The indictment said FARC has kidnapped and killed Americans and shot down U.S. planes trying to eradicate coca plants. The attorney general would not say if the indictment clears the way for U.S. troops to go after the rebel leaders, but he did not rule it out."

Local TV Coverage. WTVJ-TV, Miami-Ft. Lauderdale, Florida (3/22, 12:00 p.m.) reported, "Attorney General Gonzalez says 50 members of the narco terrorist group have been charged with importing more than $25 billion of cocaine into the U.S. and other countries. That's more than 60% of the cocaine that comes into this country. Three of the top FARC leaders charged today are already in custody in Colombia. … The remaining 47 are at large, hiding in the remote reaches of Colombia, surrounded by heavily-armed guerrillas."

KNSD-TV, San Diego (3/22, 4:30 p.m.) reported, "The U.S. Justice Department has indicted 50 leaders of a Colombian terrorist group. Authorities say the group supplies half the world's cocaine. According to the indictment, the Revolutionary Armed Forces Of Colombia or FARC imported more than $25 billion worth of cocaine into the U.S. and other [countries]. Authorities say the group also allegedly ordered the killings of farmers who refused to cooperate with them and kidnapped and killed U.S. citizens and others who got in their way."

KRIS-TV, Corpus Christi, Texas (3/22, 5:00 p.m.) reported, "Authorities say they're responsible for supplying half the world's cocaine. According to the indictment, the Revolutionary Armed Forces of Colombia or FARC imported more than 25-billion dollars worth of cocaine into the United States and other countries. Attorney General Alberto Gonzales said today's indictment is part of the U.S. push to pursue and prosecute drug dealers."

California Seeks To Get Medical Marijuana Lawsuit Dismissed. According to the AP (3/22), the state of California "has filed a motion seeking to dismiss a San Diego County lawsuit that challenges a decade-old law permitting in California the use of marijuana for medical purposes. The attorney general's office filed the court documents Tuesday. In them, the state contends county officials simply 'disliked' the law and that there was no legal reason for the court to consider the lawsuit."

San Diego's North County Times (3/22) reports, "The county of San Diego, in a move that angered local medical marijuana patients and marijuana advocacy groups, filed a lawsuit in December in federal court seeking to overturn the Compassionate Use Act, which allows the use of medicinal marijuana. The supervisors ---- who have collectively opposed the law since it was placed on the 1996 ballot ---- argue that it should be 'pre-empted' by federal law, which says that all marijuana use is illegal and that the drug has no medicinal value."

IMMIGRATION:

Clinton Says GOP Immigration Bill Would "Criminalize Good Samaritan," Jesus. The New York Times (3/23, Bernstein, 1.19M) reports, "Senator Hillary Rodham Clinton invoked the Bible yesterday to criticize a stringent border security measure that, among other things, would make it a federal crime to offer aid to illegal immigrants." The immigration bill to which she was referring was sponsored by Sen. Bill Frist. Said Clinton, "It is hard to believe that a Republican leadership that is constantly talking about values and about faith would put forth such a mean-spirited piece of legislation. … It is certainly not in keeping with my understanding of the Scripture because this bill would literally criminalize the Good Samaritan and probably even Jesus himself." The New York Post (3/23, Haberman, 624K) also reports on Clinton's comments, saying she "ratcheted up her talk about religion yesterday" and stated "a GOP-sponsored bill making it a felony to be in the United States illegally would have 'criminalized' Jesus."

Reid Says He Would Filibuster Frist Bill. Senate Majority Leader Bill Frist has proposed an immigration bill that would bypass the Judiciary Committee, which has been considering sweeping reforms, including a guest-worker program. The AP (3/23, Spagat) reports that Minority Leader Harry Reid "vowed Wednesday to do everything in his power, including filibuster, to thwart…Frist's proposed overhaul." Reid said immigration reform "must include heightened border enforcement, a 'guest worker' program and a 'path to citizenship' for the estimated 11 million people in the United

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States illegally." Frist's bill "sidesteps the question of temporary work permits." Reid said on CNN's The Situation Room (3/22), "America needs comprehensive immigration reform. I have spent the day down here with the people who are in the trenches, so to speak. They acknowledge that immigration is not one problem. It's not a guess-worker program only. It's not enforcement only. It's not only dealing with the 11 million people here who are undocumented. It's all of them. Now, we have to make sure that we deal with all of these."

Farmers Support "Carrots And Sticks" Approach To Immigration Reform. The New York Times (3/23, Porter, 1.19M) reports "the experience of farmers…underscores why most experts say that simply tightening the border with Mexico will not work." The Times adds, "To curb illegal immigration, they say, the government needs both carrots and sticks: legal work channels for future immigrants and the current population of workers unlawfully in the country along with a much more effective bar against hiring illegal labor."

Probe Finds Immigration Violations At Kentucky Restaurant. The Murray (KY) Ledger & Times (3/23, Taylor) reports, "An investigation last month into an indentured servitude complaint at Murray's Asian Buffet proved the allegation false, but five people were taken into custody for immigration violations." The L&T continues, "U.S. Immigration and Customs Enforcement spokeswoman Gail Montenegro said interviews conducted Feb. 8 at the Murray restaurant revealed no indication of human trafficking of indentured servitude. The federal investigators were responding to a complaint that workers were being held against their will. … Following the investigation, five people were taken into custody for immigration violations. Montenegro said that included one Mexican juvenile female, three Mexican adult males and one Chinese female." The L&T adds, "Montenegro didn't have the individuals' names because the ICE agent who worked on the case was traveling. Even so, she said the agency doesn't usually release names until people have been deported or if their identity is in the public's interest for safety reasons."

TAX:

DOJ Sues North Carolina Tax Preparers. The Charlotte Observer (3/23, Drummond) reports, "The U.S. Justice Department today filed lawsuits to stop two area tax preparers from preparing returns." The Observer continues, "The government said Jerry Adams and Demetria Adams prepared more than 1,600 tax returns in 2004 and 2005 at First Choice Tax Service, Precise Tax and D&S Tax Service in Charlotte and Shelby." The Observer adds, "In the suits filed in federal court in Charlotte, the government alleges the two understated wages and overstated credits for the past two years. The 'excessive refunds' cost the U.S. Treasury more than $3.8 million, the lawsuits claim. … The government wants the court to order the pair to turn over names, addresses and Social Security numbers of customers. … Since 2001, the Justice Department has sought and obtained injunctions against more than 160 tax return preparers and promoters."

KPMG Revises Terms Of Tax-Shelter Settlement Payout. The New York Times (3/23, Browning) reports, "The accounting firm KPMG said yesterday that it had reached a revised settlement with tax shelter investors, but warned that the reduced agreement could still fall apart." The Times continues, "The previous $195 million deal, brokered last September through Milberg Weiss Bershad & Schulman, the prominent class-action law firm, collapsed in recent months when nearly one in four eligible investors chose not to take part, saying that it did not offer them enough compensation. … Under the complex terms of the revised settlement, some 60 investors who chose not to join can come back in. But investors who are currently in the deal can now elect not to participate."

The Wall Street Journal (3/23, Reilly) reports, "Accounting giant KPMG LLP and law firm Sidley Austin LLP took a fresh stab at settling a class-action lawsuit related to the sale of questionable tax shelters. … The firms last month shelved a previous version of the settlement, which called for a $195 million payout to those who had bought the tax shelters, because too many people had opted out of the agreement." The Journal continues, "Under the new version of the settlement, filed yesterday in federal court in New Jersey, KPMG and Sidley Austin would pay no more than, but most likely far less than, the $195 million originally envisaged, as well as up to $30 million in legal fees. … KPMG, which sold the questionable tax shelters, will bear the brunt of this cost, while Chicago-based Sidley Austin, which gave legal advice on the shelters, will pay about 20%." The Journal adds, "The revised settlement terms would reduce the

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amount the firms will pay based on the number of plaintiffs who opt out. The amounts to be received by individuals won't necessarily decline because of this reduction. They would depend on the specific claims of each individual investor."

Consumer, Privacy Groups Criticize IRS Rules On Selling Taxpayer Data. Proposed IRS rules that would spell out how tax return preparers may legally sell financial information from their clients' returns are drawing fire from consumer groups and privacy advocates. The Washington Post (3/23, D1, Crenshaw, 744K) reports, "The proposal, issued in December, was billed by the IRS as improving privacy protections for taxpayers, detailing the steps for getting permission to use the information. But it has focused attention on a little-known fact: Although law forbids the unauthorized disclosure of taxpayer information, return-preparers have long been allowed to disclose it, even sell it, if they obtain their clients' permission." The rules "also specify what a preparer must do to get permission from a taxpayer to disclose return information, up to and including the entire return."

WSJournal Cites Revenue Data As Proof Of Tax Cuts' Success. An editorial in the Wall Street Journal (3/23, 2.11M) notes "the latest Treasury figures on booming federal tax revenue." The Journal says the revenue data "are further proof of the success of the Bush tax cuts of 2003. The fastest way to stop this revenue windfall, and blow an even larger hole in the deficit, would be to fail to extend the 15% tax rate on capital gains and dividends through 2010, thus assuring a huge tax increase after 2008."

CONGRESS-ADMINISTRATION:

Bush Seen As Fueling Speculation About Staff Changes. The New York Times (3/23, Nagourney, Bumiller, 1.19M) reports President Bush's "suggestion on Tuesday that he may add a new senior figure to his White House team raised questions about the future of" Chief of Staff Andrew H. Card Jr. and Deputy Chief of Staff Karl Rove, who have "increasingly been forced to fend off rebellious Congressional Republicans, complaints about the administration's competence and calls from within their party for an infusion of fresh thinking into the White House." Rove "told associates in recent days that he was confident he could resist calls to bring in new advisers." But Bush's "decision not to squelch speculation about such a move" did "nothing to restore diminished Republican confidence in a White House team that once promoted a reputation for efficiency, order and impeccable political instincts." Two GOP sources said "the names being suggested to the president included" HHS Secretary Michael O. Leavitt, former RNC Chairman Marc Racicot, former Commerce Secretary Donald L. Evans, former RNC Chairman Ed Gillespie, and former Reps. Thomas G. Loeffler and Bill Paxon. The Times adds in an interview last week, Card "defended Mr. Rove and…took the blame for any problems." For his part, Rove "dismissed the notion that he was fatigued or had lost his touch." The Times adds Rove "has assured worried Republicans that the party will endure just minor losses in the midterm elections. Associates said Mr. Rove appeared increasingly certain that he would not be indicted for his role in the leaking of a C.I.A. operative's name."

AARP Launches Ad Campaign To Push Medicare Drug Plan. In it "Washington Whispers" column on its web site, the Wall Street Journal (3/22, 2.11M) reported that the AARP has launched a new ad campaign encouraging seniors to sign up for the Medicare drug benefit. According to the Journal, "The print ads, featuring vignettes and photos of seniors saving money with the new coverage, target low-income people eligible for extra federal subsidies of their medication costs. The ads will appear in publications for seniors and minorities in communities with high numbers of low-income seniors who haven't yet signed up for the drug benefit."

Medicare, Medicaid Recipients' Personal Data Said To Be At Risk. USA Today (3/23, Appleby, 2.31M) reports Federal investigators say "medical and financial information gathered on millions of Americans by Medicare, Medicaid and other government programs is vulnerable to thieves or pranksters because of inadequate computer security." The Government Accountability Office says "'significant weaknesses in information security controls' increase the risk from those who would 'inadvertently or deliberately disclose, modify or destroy' sensitive data." Sen. Charles Grassley says, "Instead of firewalls to safeguard sensitive data, we have Swiss cheese."

Nelson Threatens Hold On Kempthorne Nomination. CQ (3/22, Tollefson) reports Florida Sen. Bill Nelson "is threatening to hold up the nomination of Idaho

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Gov. Dirk Kempthorne as Interior secretary in an effort to protect his state from offshore drilling." Kempthorne's supporters "are confident that they have the votes to override such a move," and he is "all but certain to earn the requisite votes when the Energy and Natural Resources Committee takes up his nomination in late March or early April, but senators can raise the bar for confirmation to 60 votes by placing a hold on the confirmation process when it moves to the floor."

Bush Presides Over Second-Longest Veto-Free Period. USA Today (3/23, Benedetto, 2.31M) reports President Bush "today becomes the longest-sitting president since Thomas Jefferson not to exercise his veto, surpassing James Monroe." Today is Bush's "1,889th day in office, and no veto is in sight. As of Wednesday, Congress had sent him 1,091 bills. He signed them all." Some analysts "say Bush's failure to use his veto shows an unwillingness to confront fellow Republicans who control Congress."

In an analysis story, USA Today (3/23, Benedetto, 2.31M) reports For most of his presidency, Congress has been dominated by fellow Republicans." Colby College professor G. Calvin Mackenzie said, "Presidents generally do not want to draw a line between themselves and their party." USA adds Bush "and the Republican Congress saw eye to eye on a string of major legislation, including five tax cuts, a bankruptcy overhaul bill, an energy bill, a Medicare prescription-drug plan, renewal of the USA Patriot Act and a bipartisan resolution to go to war in Iraq. Bush's defeats have often come over items Congress never passed."

Ryan Promotes Line-Item Veto Legislation. In a USA Today op-ed (3/23), Rep. Paul Ryan explains his proposal to give the President a line-item veto, saying, "We propose beefing up the president's existing authority to ask Congress to rescind wasteful spending items. Today, the president can make such a request, but Congress can just ignore it." Under the "bipartisan legislation, the president can sign a spending bill but put a temporary hold on any wasteful provision and request that Congress rescind it. After two days, any member of Congress could introduce the rescission proposal and it would have to be voted on within 10 legislative days, guaranteeing fast-track consideration."

Competitive Sourcing Seen As Failing To Meet White House Hopes. The Washington Post (3/23, A21, Lee, 744K) reports President Bush "called" competitive sourcing "his top management priority when he took office in 2001, saying federal workers should compete with contractors for as many as 850,000 government jobs that are considered commercial, jobs as diverse as janitorial services and computer network design." But the program has "gone far less smoothly, and far more slowly, than the White House had hoped, with fewer than 50,000 jobs studied by the end of 2005. And federal workers have won the job competitions more than 80 percent of the time."

Bill Would Exempt DC From Hatch Act. DC officials have proposed legislation that would exempt the city from enforcement of the Hatch Act and govern itself on the matter. The Washington Times (3/23, Doolittle, 90K) reports, "D.C. Delegate Eleanor Holmes Norton, a Democrat, introduced the bill with Rep. Thomas M. Davis III, Virginia Republican, last week. Their bill would exempt the District from the Hatch Act, a 1939 anti-corruption law designed to prohibit federal workers from participating in political campaigns." Enactment of the bill "is contingent upon the D.C. Council passing a bill similar to the Hatch Act. Mrs. Norton said she expects her bill to easily pass both the House and the Senate."

Effectiveness Of US Arab-Language TV Station Considered. The CBS Evening News (3/22, story 8, 3:45, Andrews, 7.66M) reported on al Hurra, the Arab-language TV station run by the US government for $70 million per year. Based in Virginia, al Hurra "launched two years ago as an antidote to al Jazeera, the influential Arabic channel that often specializes in anti-American views. Al Hurra's mission is to present news from an American perspective and promote democracy. Is this station a success?" Shibley Telhami, University of Maryland: "No." Andrews: Telhami "has done surveys in the Arab world that rank al Hurra dead last in news popularity. Most Arabs watch al Jazeera he says precisely because they want to hear what's wrong with American policy. Telhami believes the al Hurra message is dead on arrival." But the "real measure of al Hurra is whether the station is earning the United States more understanding or even more sympathy in the Arab world. Is al Hurra doing anything to win hearts and minds? Al Hurra has its own surveys showing that over 20 million Arabs watch at some point every week, and that most of them -- 70% -- find al Hurra's news credible, an achievement says the news director earned the hard way."

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Study Finds Most Americans View Muslims Favorably. A Pew study released yesterday finds that most Americans hold favorable views of Muslims, and nearly half say Islam does not encourage violence more than other religions. The Washington Times (3/23, Wetzstein, 90K) reports, that the study from the Pew forum on Religion and Public Life offers "hope that Muslims eventually will be accepted and integrated into American society as people of other faiths have been." However, the Times adds that "many Americans remain wary of Muslims and Islam."

NYTimes Says Campaign Finance Regulations Need Updating. An editorial in the New York Times (3/23, 1.19M) says the campaign finance reforms implemented after Watergate are "now badly in need of updating to keep pace with the big-money dynamics of private fund-raising, which has retightened its lock on politics. Don't expect much help from the current Congress, so clearly in thrall to special interests' campaign money."

OTHER NEWS:

Snow Predicts Wage Growth Will Accelerate. USA Today (3/23, Kirchhoff, 2.31M) reports, "Treasury Secretary John Snow predicted Wednesday that US wage growth would accelerate in coming months, as he tried to combat negative consumer attitudes about the economy and White House policies." In a meeting with reporters, Snow "said that as labor markets tighten -- with the unemployment rate falling to 4.8% in February from 6.3% in mid-2003 -- companies will boost compensation." USA Today adds, "Several measures of compensation, including hourly wage growth, have lagged behind inflation during much of the recovery from the 2001 recession. Average hourly wages rose 3.2% in 2005, while the consumer inflation rate was up 3.4%." There are "signs that wages are starting to pick up. The Labor Department said hourly wages for non-supervisory workers, about 80% of the workforce, rose 5 cents in February and 3.5% from February 2004."

The Washington Post (3/23, D3, Henderson, 744K) reports Snow also said "the income gap between rich and poor in the United States has shrunk in recent years. … The top 5 percent of Americans, ranked by income, earned 15.4 percent of the nation's after-tax income in 2003, down from 19 percent in 2000, Treasury figures show. The bottom 20 percent took home 2.5 percent of all U.S. after-tax income, up from 2.3 percent in 2000." But "much of the decline in inequality," adds the Post, "reflected the popping of the stock market bubble, which peaked in 2000, when executives pocketed fat bonuses and stockholders reaped huge profits from selling shares, according to economists inside and outside the Bush administration."

Stock Markets Rebound, Dow Reaches Highest Level In Almost Five Years. NBC Nightly News (3/22, story 4, 0:10, Brown, 9.87M) reported, "On Wall Street today, stocks finished higher. The Dow was up nearly 82 points [to close at 11,317.43]. The NASDAQ gained just over 9 points on the day [to close at 2,303.35]." The New York Times (3/23, News, 1.19M) reports the Dow Jones industrial average "rose yesterday to its highest level in almost five years as the outlook for corporate earnings improved." Also, the Standard & Poor's 500-stock index added 7.81 points, or 0.6 percent, to 1,305.04. USA Today (3/23, 2.31M) and the Wall Street Journal (3/23, Patterson, 2.11M), among other newspapers, also report the stock numbers.

S&P 500's Poor Performance Said To Undermine Bush "Ownership Society" Vision. Bloomberg (3/23, Murray) reports President George W. Bush has "tried to sell Americans on an 'ownership society' that would create more wealth -- and more Republicans in the process. The stock market hasn't accommodated." The Standard & Poor's 500 Index, "the benchmark for American equities -- is down 2.8 percent since Bush took office five years and two months ago. That's the worst performance during the same stage of any two-term administration in the past half century except that of Richard M. Nixon."

Republicans Don't Want Stem Cell Research To Be Wedge Issue. Bloomberg (3/23, Roberts) reports supporters of stem cell research "present a quandary for Republicans, who are split over whether to allow federal funding for research on new stem cells from human embryos. Senate Democrats plan to force a debate on the issue in the coming months and use it in the campaign leading up to the November elections." Republicans "plan their own debate over bioethics in an effort to limit the damage from letting stem cells become 'a wedge issue that divides Republicans,' Senate Majority Leader Bill Frist said in an interview."

Disabled Iraq Veteran Wins Democratic House Primary In Illinois. ABC World News Tonight (3/22, story 5, :30, Vargas, 8.78M) reported Tammy

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Duckworth, the Iraq veteran who lost her legs when her Blackhawk helicopter was hit by an RPG, won the Democratic primary for Illinois' 6th CD. Duckworth was "wooed by Democrats looking to get credibility on security issues." CNN's The Situation Room (3/22, Crowley) called Duckworth "the Polaris in a galaxy of Democratic hopes this election year, running in the once solidly Republican, now evolving, west suburbs of Chicago for a seat long held by Republican Henry Hyde." Duckworth "is a natural, a newcomer, young, female, an Iraqi war veteran who opposed the war and proudly served." The New York Times (3/23, Ruethling, 1.19M) reports "Duckworth's opponents in Tuesday's primary were critical of the amount of support and financing she received from outside the district."

The AP (3/23, Conrad) says Duckworth "is now leading the charge for the Fighting Democrats." In November, Duckworth "will face state Sen. Peter Roskam, a well-to-do lawyer and conservative from Wheaton who ran unopposed in the GOP primary. Roskam also drew support from Vice President Dick Cheney, who helped with a fundraiser that brought in an estimated $200,000." On its website, Time (3/23, Kerkenhoff) reports Republicans "are confident that Hyde's conservative legacy remains very much alive in the west suburban District. And they note that Roskam, while criticized as too far right for a district becoming more diverse, is a loyal Bush supporter running in a district that voted for him in 2004, even as the President handily lost the state as a whole." The Christian Science Monitor (3/23, Paulson, 61K) also says that "despite Duckworth's high profile -- and backing from party leaders such as Sen. Hillary Rodham Clinton, Sen. John Kerry, and Illinois Sens. Barack Obama and Richard Durbin -- taking the seat from the GOP will be tough, most analysts agree.

The Washington Post (3/23, A4, Lydersen, Goldfarb, 744K) reports, "Election officials here resumed counting ballots Wednesday after problems with new electronic voting machines around Cook County forced them to halt the count in a key local race in Tuesday's primary that also had voters casting ballots for governor and Congress. … The problems Tuesday night did not significantly affect tabulations for one of the nation's key congressional primaries." Illinois "has received more than $144 million in federal grants to comply with the Help America Vote Act, which Congress passed in 2002 in response to the controversy over the disputed election in South Florida in 2000."

Number Of Physicians Providing Charity Care Has Declined. A new study to be released today by the Center for Studying Health System Change, found that the proportion of American doctors providing charity care has declined over past decade. The Washington Post (3/23, A9, Connolly, 744K) reports, "In 2004-2005, 68 percent of doctors said they delivered some free or discounted care to low-income patients, down from the 76 percent recorded 10 years earlier" according to the study. The Post adds, "Overall, higher-paid specialists or doctors working in small private practices were more likely to provide charity care than internists, pediatricians or those employed by large managed-care companies, the survey found."

Duncan Says O'Malley Isn't Solving Baltimore Crime Problem. Maryland Democratic gubernatorial candidate Douglas M. Duncan writes in the Washington Post (3/23, A23, 744K) that "when it comes to crime, Baltimore is not healthy. … The mayor of Baltimore can't seem to crack the problem. He's on his fourth police commissioner, and the police department itself is dealing with a major scandal. The mayor openly spars with prosecutors when they need to be working together. And sadly, politics are being put ahead of people." Duncan adds, "Mayor Martin O'Malley repeatedly refers to a 40 percent decline in violent crime. Independent experts say it may be more like 23 percent. While campaigning in Montgomery County, O'Malley claimed it was 50 percent."

Brooks Says Many Republicans Believe Culture Matters Most. David Brooks writes in the New York Times (3/23, 1.19M), "The setbacks in Iraq, the failure to limit the size of government and plummeting poll numbers have changed the way Republicans talk and govern. If you wanted to put these changes in a nutshell, you'd say the Republicans have gone from soaring Bushian universalism to nervous, dumbed-down Huntingtonism. … Today, many Republicans have lost patience with Bush's high-minded creedal statements. Like the Harvard political scientist Samuel Huntington, they have come to believe that culture matters most. … In short, Republicans seem to have gone from believing that culture is nothing, to believing that culture is everything — from idealism to fatalism in the blink of an eye."

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INTERNATIONAL NEWS:

Rice Eyes Agreement On Iran Despite Roadblock. The AP (3/22, Sidoti) reported Secretary Rice "expressed confidence Wednesday that Russia and China would eventually resolve their differences with the United States and its European allies on how to pressure Iran to stop enriching uranium." A separate AP (3/22, Wadhams) piece said the slow pace of discussions this week "reflected just how much the United States and its European allies had failed to get Russia and China on board during a meeting of high-level diplomats in New York the night before. One council diplomat described that meeting as a setback for" US, UK and French" efforts to craft a tough council response to Iran, which the West believes is seeking nuclear weapons."

Another AP dispatch (3/23, Schweid) reports the Bush Administration "questioned on Wednesday the motives of Iran's Supreme leader Ayatollah Ali Khamenei in approving U.S.-proposed talks on Iraq, but did not shut the door entirely." State Department spokesman Sean McCormack said, "It is a matter of curious timing." He was "suggesting," adds the AP, that "Iran was trying to deflect international pressure from its nuclear programs now under critical discussion at the United Nations."

70% Of Americans Think Iran Building Nuclear Weapon. The Wall Street Journal (3/23, 2.11M) reports, "A large majority of Americans believe Iran is using its uranium research program to build a nuclear weapon, according to a recent Harris Interactive poll. About 85% of Americans say the US 'should be concerned' about Iran's nuclear research activities, according to the telephone survey of 2,435 U.S. adults." And "70% say they think Iran is using its research to build a nuclear weapon, the poll shows, while another 25% say they aren't sure."

More Commentary On Iraq. Nir Boms, vice president of the Center for Freedom in the Middle East, and Reza Bulorchi, executive director of the US Alliance for Democratic Iran, write in the Washington Times (3/23, 90K) that "the vast majority of Iranians are opposed to the theocratic regime's drive that has pushed their country to the verge of a military confrontation. An internal classified report prepared by a state-run polling center has reportedly concluded that only 31 percent of Iranians consider the nuclear program a 'national' project. The report adds that 86 percent of Iranians believe the nuclear energy is not worth entering a war."

Jim Hoagland writes in the Washington Post (3/23, A23, 744K), "Ask administration hard-liners about Iran's sudden acceptance of the US offer to talk about stability in Iraq and you hear this reaction: It's a booby trap. These hawks are right. Put the same question to moderates on the Bush team and this is the response: It's an opening in the confrontation and a necessary step toward an exit strategy for Iraq. The remarkable thing is that these doves are right, too." President Bush "must treat the Iranian decision to open discussions in Baghdad as trap and opportunity. It is both. The administration should pursue this small opening in the Iranian wall with discipline and attention to maintaining a united front with its European and Asian partners."

Bush, Rice, Burns Lobby For India Nuclear Pact. The AP (3/22, Schweid) reports President Bush made public comments Wednesday urging the US Congress "to approve a landmark plan to share nuclear technology with India — a deal that could be a tough sell to lawmakers." Bush "said India has proven itself over 30 years to be a non-proliferator." Secretary Rice will testify before Congress in support of the pact, which requires Congressional approval to exempt New Delhi from nuclear trade restriction laws. Under Secretary Burns made supportive public comments, and Assistant Secretaries Rademaker and Boucher will promote the plan to the Nuclear Suppliers Group in Vienna.

Pentagon Plan Would Base "Star Wars" Interceptors In UK. The Financial Times (3/23, Dinmore) reports Pentagon plans call for placing "interceptor missiles… in the UK as part of the US 'Star Wars' missile defence system." The plans are "likely to attract more unwelcome attention for prime minister Tony Blair's government over the nature of the transatlantic relationship." Lt Gen Trey Obering, "head of the Missile Defense Agency, disclosed at a military conference in Washington this week that the US had formally selected Britain as possible site for the interceptors in Europe." But Pentagon spokesman Bryan Whitman "said on Wednesday that negotiations had not taken place on basing interceptors in the UK."

Bahamas Trip Seems To Have Achieved Most Of Rice's Goals. The New York Times (3/23, Brinkley, 1.19M) reports Secretary Rice's two-day trip to the Bahamas "appeared to have cooled" regional leaders' "anger toward the United States but failed to persuade them to

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embrace the new government in Haiti." Rice had aimed "to persuade the other Caribbean nations to take forceful steps to help the new Haitian government stabilize the country and deal with its crushing problems. What she got was a commitment to readmit Haiti to the Caribbean Community of nations and a vague promise to help Haiti in the future." The Times says US relations with Caribbean nations "have been strained and embittered for two years" and "she and her aides said they realized that she had to come here to begin turning the situation around."

Senators' Promotion Of Trade, Freedom In Beijing Gets Mixed Reaction. The Washington Post (3/23, D1, Goodman, 744K) reports Senators Tom Coburn, Lindsey Graham and Charles Schumer "came to one of China's most prestigious universities on Wednesday, ostensibly to talk about trade. What they delivered was an expansive, almost evangelical campaign for American values -- one that received pushback from their audience of students and faculty." While touting trade, the senators, in what the Post calls "strikingly moral tones," said they will push Beijing "to liberalize not only its currency regime but also its political culture, using trade as a wedge for broader reform." The Post says this and other US efforts to achieve a free-floating yuan have "backfired in some quarters. Many here resent the specter of the world's lone superpower seemingly attempting to dictate how Beijing should manage its economy and the values that should govern Chinese society." The Post notes the high-level and opulent attention afforded the senators "attests to the gravity of the issue for China's leaders, who are cognizant of the angry mood in Washington." The New York Times (3/23, Kahn, 1.19M) makes a similar point in a story titled "China Tries To Charm Couple Of Senate Skeptics."

USA Today (3/23, Macleod, 2.31M) notes Graham and Schumer "are co-authors of a bill that proposes a 27.5% tariff on Chinese imports into the United States unless Beijing revalues its yuan currency at a higher exchange rate to the dollar."

Bush-Hu Meeting Previewed. Bloomberg (3/22) reported spokesman Scott McClellan said Wednesday that Chinese President Hu Jintao will meet President Bush at the White House on April 20 "to discuss the fight against terrorism and halting the spread of nuclear weapons."

China's Competitiveness Said To Have Eroded. Hong Kong-based Li & Fung group, one of the world's largest trade sourcing companies says the competitiveness of China's manufacturing industries has eroded over the past year. The Financial Times (3/23, Mitchell) reports that the firm "said price rises crept back into the Sino-US and EU supply chains last year, after at least six years of often 'severe deflation.' William Fung, Li & Fung managing director, reported an average 2-3 per cent increase in the once unbeatable China price its US and European clients were willing to pay."

China Announces Plans To Raise Taxes. The Chinese government yesterday announced plans to increase existing taxes and impose new ones in an effort to rein in the use of energy and timber and the gap between rich and poor. The New York Times (3/23, Bradsher, 1.19M) reports, "New or higher taxes will fall on vehicles with engines larger than two liters, disposable wooden chopsticks, planks for wood floors, luxury watches, golf clubs, golf balls and certain oil products." China's finance ministry announced the higher taxes Tuesday night in a statement that "offered another sign that some senior Chinese officials may be having second thoughts about the rapid growth of privately owned family vehicles, whose sales rose to 3.1 million last year from just 640,000 in 2000."

The Washington Times (3/23, Spencer, 90K) calls the 5% tax on disposable wooden chopsticks a sign that China's "growing environmental consciousness has hit the heart of its culture." The Finance Ministry "said chopstick production used up China's forests at a rate of 70 million cubic feet a year, a waste that it wanted to discourage." The Times adds, "A 10 percent tax on golf balls and clubs, part of a wider assault on luxury items, might seem to be unconnected, but there is growing concern in Beijing that many municipal drives to attract business by building golf courses are sacrificing land, trees and water supplies for what remains a relatively tiny market." The five-year plan "is a major effort by the government to reorder China's priorities after 25 years of dramatic economic growth and spread some of the benefits to ordinary people."

Chinese President Offers Advice To Combat Corruption, Cynicism. The communist Party propaganda apparatus has been spreading Chinese President Hu Jintao's advice to "do good and avoid evil" all over China. The Washington Post (3/23, A16, Cody, 744K) reports, "Hu's fatherly advice, in the form of eight do's and don'ts, was issued two weeks ago as an antidote to the corruption and cynicism spreading across China, a result of the often raw capitalism that has emerged during 25 years of dramatic economic

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change. Although his aphorisms may sound simplistic to Western ears – 'Work hard, don't be lazy' and 'Be honest, not profit-mongering' -- Chinese analysts said they are a response to a deep-seated desire among people here for a moral compass to guide them through the unsettling transformation."

China, Russia Face Talks Over Gas Prices. Beijing and Moscow face tough talks over prices in the wake of this week's announcement of the construction of two pipelines to carry natural gas from Russia to China within five years. The Financial Times (3/23, McGregor, Buckley) reports, "Sergei Lavrov, the Russian foreign minister, on Wednesday said Russia would sell the gas to China at the 'market price,' calculated according to the same formula linked to oil and diesel prices as for sales to Europe. But China has balked at signing long-term import gas contracts for the past three years as the price of the resource has risen along with that of oil, outstripping domestic rates which are kept artificially low."

Russia Wants Larger Role In China's Nuclear Industry. Meanwhile, Russia says it wants to play a greater role in china's nuclear power industry. The Wall Street Journal (3/23, Oster, 2.11M) report that Lavrov said yesterday that China "welcomes increased Russian participation in its nuclear-power sector, which is undergoing one of its biggest-ever expansions and one of the biggest nuclear rollouts in the industry's history. China has said it plans to build 30 or more nuclear reactors during the next 15 years. Currently, it has nine reactors at two plants."

Canada To Import Russian Natural Gas To Sell To US. In an effort to capitalize on natural gas shortages, Canada is planning to import liquefied natural gas (LNG) from Russia to be exported the US. The Washington Times (3/23, Mihailescu, 90K) reports, "The Canadian government recently approved a $1.5 billion joint venture of Petro-Canada and Russian giant Gazprom to build a plant near St. Petersburg in Russia to liquefy the gas and load it into giant tanker ships. The tankers would be unloaded in Quebec and the liquid converted back into gas that could be pumped through existing pipeline networks to U.S. customers. … The entire project could cost as much as $2 billion."

Latest Mad Cow Case Won't Affect Beef Talks With Japan. In it "Washington Whispers" column on its web site, the Wall Street Journal (3/22, 2.11M) reported that Japanese Ambassador Ryozo Kato says the discovery this month of a third case of mad cow disease in the US "won't affect the trade negotiations over beef with Japan because the Alabama cow was born before the US changed its animal-feed rules." Kato "declined to give any timetable for Japan to reopen its market, once the biggest for US beef."

State Department Warns Americans About Traveling To Italy This Spring. The State Department yesterday warned Americans to take precautions when traveling in Italy this spring, saying next month's elections will likely bring demonstrations in parts of the country. The AP (3/23) reports, "The department said Americans should avoid areas where crowds are expected to gather, take common sense precautions and closely follow media reports. The US considers Italy to be under a heightened threat by al-Qaida and other Islamic extremists for its participation in wars in Iraq and Afghanistan."

ETA Terrorists Announce "Permanent Cease-Fire." The New York Times (3/23, McLean, 1.19M) reports, "The militant Basque separatist group ETA, which has killed more than 800 people and terrorized Spanish society for nearly 40 years, on Wednesday announced a permanent cease-fire, saying that it would turn its attention to achieving independence for the Basque region of Spain through politics." The Times calls a ceasefire agreement "the paramount objective of successive Spanish governments since the establishment of democracy here in 1977." In a press conference, Prime Minister José Luis Rodríguez Zapatero "said it was important to treat the announcement with caution, echoing concerns of victims' groups, who urged politicians to remember what they described as ETA's history of deceit and unfulfilled promises."

The Financial Times (3/23, Crawford) notes, "ETA made no mention of surrendering or laying down arms. Mr Zapatero told parliament his government had greeted Eta's declaration with caution." The Times also reports, "The plight of the victims of terrorism, as well as ETA's demands for a political process culminating in a referendum on Basque independence, make peace talks particularly tricky for the Spanish government."

The Wall Street Journal (3/23, A4, Johnson, 2.11M) says the announcement opens "the door to what could be a profound change for Spain, much as the 1998 Good Friday agreement ushered in an eventual peace process for

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Northern Ireland." The Journal notes, "In contrast, the separatist movement in the northeastern region of Catalonia has been more successful at prying powers away from Madrid over the past quarter-century because it never resorted to terrorism, as the ETA often did." The AP (3/23, Letona), AFP (3/23), Wall Street Journal (3/23, Johnson, 2.11M), Los Angeles Times (3/23, Wilkinson, 958K), Washington Post (3/23, A16, Rolfe, Moore, 744K) and Christian Science Monitor (3/23, Ford, 61K) also report the story.

US Charges Colombian Rebels With Cocaine Trafficking. Attorney General Alberto Gonzales announced yesterday that a federal grand jury has indicted 50 commanders of a Colombian Marxist rebel group, accusing them of running a cocaine trafficking cartel. The New York Times (3/23, Forero, 1.19M) reports, "The indictment accuses the group, the Revolutionary Armed Forces of Colombia, of being behind 50 percent of the world's cocaine trade and 60 percent of the cocaine exported to the United States." The Times adds, "The practical impact is unclear, since 47 of the 50 commanders remain free in this vast country, leading thousands of fighters in the group's relentless effort to topple President Álvaro Uribe's government."

The Washington Times (3/23, Seper, 90K) reports, "The one-count indictment, handed up March 1 in U.S. District Court in Washington and unsealed yesterday, 'strikes at the very heart of the FARC narcotics operation,' said Attorney General Alberto R. Gonzales, adding that the terrorist-designated organization collected millions of dollars in cocaine proceeds and used the money to purchase weapons for its 42-year-long war against the Colombian government." Gonzales added that FARC "is one of the Justice Department's highest-priority targets in our fight against illegal drug trafficking."

UN Reform Effort Could Crumble. The Christian Science Monitor (3/23, LaFranchi, 61K) reports that the UN's effort at reform "risks crumbling into little more than a dashed hope. … Already, some countries see reform's principal promoter, Secretary-General Kofi Annan, as a lame duck: A new secretary-general will be elected later this year. A bigger impediment still is that even more countries harbor old suspicions about those pressing for reform - in particular the United States. These countries also feel scalded by so-far unsuccessful attempts to reform the powerful Security Council." The Monitor adds, "Hopes for the reforms were buoyed by last week's approval of a new human rights council. … But even the human rights reform, which is less bold than some powers including the US had advocated, suggests the difficult road ahead on other issues."

Muhammad Cartoons Spark Grass Roots Education Movement In Saudi Arabia. A diverse group of women, students, businessmen, lawyers and clerics in Saudi Arabia are working to educate non-Muslim co-workers and acquaintances about Islam and the prophet Muhammad. The Washington Post (3/23, A18, Ambah, 744K) reports that the grass roots movement has grown "across the kingdom since January, when anger over cartoons of Muhammad sparked riots in Europe and several Muslim countries." The activists' campaign "includes a continuing economic boycott of Denmark, where the cartoons were first published, and a project to produce television ads about the prophet for broadcast in Europe. College students are attempting to collect 1 million signatures to present to the Danish Embassy, and lawyers are studying ways to make insulting Islam and its prophet illegal."

Political Reform Tops Muslim Brotherhood's Agenda. Egypt's Muslim Brotherhood, which at 88 people is the largest opposition bloc in Egpyt's parliament since the monarchy's overthrow in 1952, has put "political reform" and "fighting corruption" at the top of its agenda. The Christian Science Monitor (3/23, Gauch, 61K) reports that "the spotlight is on the Muslim Brotherhood to see how this group adapts religion to their democratic ambitions. … Although the Brotherhood is still a minority in a parliament with overwhelming state party control, they are proving to be a strong, outspoken, and unified force, analysts say.'

Families Of Disappeared Provide Reminders Of Lebanese Civil War. The New York Times (3/23, Fattah, 1.19M) reports that "the families of more than 600 young men and women who disappeared during and after" Lebanon's civil war "have held a vigil in a park downtown for almost a year, demanding that the government investigate their cases. To many of them, the ceremony on Saturday was a signal that a door might be opening on one of the darkest chapters of the bloody civil war." The Times adds, "In a nation struggling to forget the war among its many religious groups, the Palestinians and regional powers, a war that

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claimed tens of thousands of lives from 1975 to 1990 and demolished half this city, the women are a reminder of how much remains unresolved."

Protesters Demand New Election In Belarus. The New York Times (3/23, Chivers, 1.19M) reports that since the rigged presidential election in Belarus on March 19, the country's capital "has seen a protest like none in 12 years of President Aleksandr G. Lukashenko's autocratic grip. For four consecutive days, protesters have defied warnings of arrest and bloodshed and stood in a corner of October Square to demand a new race. … The protesters see little chance of changes in government anytime soon."

German Chancellor Will Announce Domestic Agenda Soon. The New York Times (3/23, Bernstein, 1.19M) says German Chancellor Angela Merkel "has clearly made an extremely good impression in the four months since she took office." There is a "strong feeling" that her popularity is "because of her decision to advance very little in the way of a bold domestic agenda. That may be about to change. Three German states have elections on Sunday, after which Mrs. Merkel is expected to start her campaign to win major changes, tackling such chronic problems as high unemployment, economic stagnation and government deficits that exceed norms set for Germany's membership in the European Currency Union. That is when the political storm will stir."

UK Court Upholds School Ban On Muslim Gown. Britain's highest court rules yesterday that a secondary school was within its rights to bar a student from wearing a Muslim gown, known as a jilbab, instead of a regular school uniform. The New York Times (3/23, Lyall, 1.19M) reports, "Overturning a lower court ruling in favor of the student, Shabina Begum, a five-judge panel in the House of Lords pointed out that the school, Denbigh High School in Luton, had already taken great care to make its uniform acceptable to its students, 79 percent of whom are Muslim."

Journalist Says World Should Act In Unison On Hamas. Gideon Lichfield, the Jerusalem correspondent for The Economist, writes in the New York Times (3/23, 1.19M) that even the "most moderate" Palestinian "will rally to defend their democratically elected government if they see countries that profess to love democracy trying to destabilize it. That will reduce domestic pressure on Hamas to pursue peace. And if aid from elsewhere meanwhile props up the Palestinian Authority, Hamas can carry on this way indefinitely, playing countries off against one another." Lichfield adds that "whatever the world does about Hamas, it needs to do it in unison."

WSJournal Says World Does Not Seem Serious About Ending Sudan Conflict. An editorial in the Wall Street Journal (3/23, 2.11M) says that the US is "the only nation with the will and wallet to provide order in an otherwise Hobbesian world. However, that will and wallet are being stretched today in Iraq and elsewhere, and Mr. Bush is rightly wary of committing more American blood and treasure to a conflict in Sudan that the rest of the world doesn't seem serious about ending in any event. One lesson of Darfur is that there really are limits to American power, and in its absence the world's savages have freer reign."

THE BIG PICTURE:

Headlines From Today's Front Pages.

Los Angeles Times:

"Taking It On Blond Faith."
"GM, Delphi At Crossroads After Cost Cuts."
"Basque Separatist Group Ends Four-Decade War With Spain."
"On Paper, Leaving A Gang Is Difficult."
"Olmert Stands Firmly In Sharon's Shadow."
"MTA Squabbles Over Hue-Mongous Decision."
"A Varied Assault On Depression Yields Gains."

USA Today:

"GM Offers Buyouts To 126,000."
"Should Business Execs Meet At Strip Clubs?"
"1,889 Days And No Vetoes: Bush Gaining On Jefferson."

New York Times:

"G.M. Will Offer Buyouts To All Its Union Workers."
"Basque Fighters Set A Cease-Fire After 4 Decades."
"Roberts Dissent Reveals Strain Beneath Court's Placid Surface."
"In 50-Yard Square In Belarus, A Country Within."
"Iraq Abuse Trial Is Again Limited To Lower Ranks."
"Adopted In China, Seeking Identity In America."

Washington Post:

"Drugs Cure Depression In Half Of Patients."

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"Historic Union Deal Will Pare Down GM."
"For Afghans, Allies, A Clash Of Values."
"Officers' Site Sinks Into Outlet For Attacks."
"High Court Trims Police Power To Search Homes."
"At The Bake-Off, A Hundred Different Recipes For Dough."

Washington Times:
"Afghan Trial Of Christian 'Troubles' Bush."
"'No Choice': Soriano In Left."
"Colombian Rebels Face Drug Charges."
"China Can't See Forest For The Chopsticks."
"ADHD Panel Rejects Tough Drug Warnings."
"Last Child Reunited With Kin After Hurricanes."

Detroit Free Press:
"Plan For Survival."
"Teachers' Protest Over Pay Cancels Classes."

Atlanta Journal-Constitution:
"Special Duke Fan Pulls Rank."
"Reliance On Illegals Props Up Economy."
"Don't Fear The Blog, Kingston Tells GOP."
"Lessons On Religion Nothing New In Georgia Classrooms."

Houston Chronicle:
"A Warning Became A Prophecy."
"Sizing Up Vince."
"Glisan Chips Away At Lay, Skilling Defense."
"Mutated Gene Found To Lower 'Bad Cholesterol' In Luck Few."
"U.S. Indicts, Posts Rewards For 50 Colombian Drug Lords."

Story Lineup From Last Night's Network News:
ABC: GM Worker Buyout; Katrina-Missing Children; Bush-Iraq Speech; Iraq-Good News; Duckworth-House Primary; Algeria-Counter-Terror Program; Depression Treatment; China-Chopstick Tax; Central Park Coyote.
CBS: GM Worker Buyout; GM Buyout-Analysis; Bush Administration-Fuel Economy; EPA-Air Quality; Iraq-American KIA; Iraq-Captured Insurgents; Bush-Iraq Speech; Al Hurra-Credibility Debate; Chile-Bus Crash; Justice-Drug Bust; ADHD Drugs; Worker-Perfect Attendance; Central Park Coyote.
NBC: GM Worker Buyout; GM Buyout-Workers; Bush Administration-Fuel Economy; Stock Markets; Bush-Iraq Speech; Bush-Iraq Policy; Supreme Court-Home Searches; Justice-Drug Bust; ADHD Drugs; Hurricanes-Missing Children; New Orleans-Elections; Central Park Coyote; Worker-Perfect Attendance.

Story Lineup From This Morning's Radio News Broadcasts:
ABC: Afghanistan-Christian Convert Trial; Chile-Bus Accident; White House-Security Fence Breech; NY-Airplane Emergency Landing; NY-Graduate Student Murder Case.
CBS: Bush-New Fuel Economy Standards; GM-Labor Buyouts; Gas Prices; Chile-Bus Accident; Aruba-Missing Girl; Study-Smoking And Impotence.
NPR: Iraq-Police Patrol Attacked; Moussaoui Sentencing; TX-DeLay Prosecutors; Chile-Bus Accident; Army Dog Handler Sentenced; Colombian Rebels-Drug Indictment; GM-Labor Buyouts; Foreign Stock Markets.

WASHINGTON'S SCHEDULE:

Today's Events In Washington.
White House:

PRESIDENT BUSH — Participates in a meeting on immigration reform, Roosevelt Room, The White House. Pool at bottom; 10:45 a.m. Signs H.R. 1053, to authorize the extension of nondiscriminatory treatment to the product of Ukraine. room 350, Eisenhower EOB; 8 p.m. President and Mrs. Bush host a social dinner to honor the 300th birthday of Benjamin Franklin, Blue Room, The White House; President and Mrs. Bush attend entertainment, East Room, The White House.

VICE PRESIDENT CHENEY — Speaks at a dinner for Sen. Jon Kyl, Tucson.

US Senate: No Scheduled Events.

US House: No Scheduled Events.

Other: TAIWANESE NATIONALIST PARTY LEADER MA YING-JEOU _ Highlights: 10 a.m. Gives speech at Washington think tank. 7:15 p.m. Departs for San Francisco.

BORDER TRADE _ The Border Trade Alliance holds its 2006 International Conference on infrasatructure development and strategies for using it. Highlights: 9:15 a.m. Session on the FAST project in the Nogales, Ariz., area, with Arizona Transportation Director Victor Mendez. 12 p.m. Acting Assistant DHS Secretary Elaine Dezenski. 1:15 p.m. Session on new technologies to facilitate legitimate trade and travel at ports of entry. 3:15 p.m. Session on U.S.-Mexican infrastructure challenges and solutions. Location: Sheraton-Crystal City Hotel, 1800 Jefferson Davis Hwy., Arlington, Va.

WAL-MART PROTEST _ 8:30 a.m. The National Community Reinvestment Coalition holds a rally protesting

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Wal-Mart's application to establish an Industrial Loan Company. Location: Lafayette Square.

AFGHANISTAN-ABDULLAH _ 9:30 a.m. Dr. Abdullah Abdullah, Foreign Minister of Afghanistan, visits American University to deliver remarks on Afghanistan's strategic objectives. Location: American University, Ward 1, 4400 Massacusetts Ave., NW.

MEDICARE PART D _ 10 a.m. Americans United holds teleconference briefing on the Medicare Part D prescription drug plan. Contacts: Brad Woodhouse, 202-589-1565. Notes: Note that event now is a teleconference only. Dial in - 1-866-866-2244. Code – 86999.

COLORADO TAXPAYER BILL OF RIGHTS _ 11:30 a.m. The Center on Budget and Policy Priorities and the Economic Policy Institute hold a joint telephone briefing to discuss new studies examining the claim that Colorado's strong economy in the 1990s resulted from the state's Taxpayer Bill of Rights. Contacts: Shannon Spillane, 202-408-1080.

LINE ITEM VETO _ 12 p.m. The Center on Budget and Policy Priorities holds a telephone briefing on the administration's proposed line item veto bill. Contacts: Michelle Bazie, 202-408-1080.

MEDIA-SECRETS _ 12 p.m. - 1:30 p.m. The Washington DC Lawyer Chapter of the American Constitution Society Presents a forum, ``Classified Information and the Press: Do we have an 'Official Secrets Act." Participants are: Walter Pincus, Staff Writer, Washington Post; David Rivkin, Partner, Baker & Hostetler LLP; Lee Levine, Partner, Levine Sullivan & Koch, L.L.P.; Adjunct Professor, Georgetown University Law Center; Author, Newsgathering and the Law; and Lillie Coney, Associate Director, Electronic Privacy Information Center. Location: 1333 H St. NW, 10th Floor Program Room.

SARBANES _ 1 p.m. Sen. Paul Sarbanes addresses the Consumer Assembly of the Consumer Federation of America. Location: Washington Plaza Hotel, 10 Thomas Circle.

BORDER SECURITY _ 3 p.m. David Aguilar, Chief of the Office of Border Patrol at U.S. Customs and Border Protection (CBP) and John Torres, Acting Director of Detention and Removal Operations at U.S. Immigration and Customs Enforcement (ICE) will hold a pen and pad with reporters discussing the Secure Border Initiative (SBI), current operations, staffing, budget, detention and removal, and border security. Location: Press Conference Room, Ronald Reagan Building, 1300 Pennsylvania Ave. NW.

MILITARY TRIBUNALS _ 3 p.m. - 4:30 p.m. The American Enterprise Institute hosts a legal discussion on military tribunals for terror suspects in advance of the Supreme Courts' consideration on Hamdan vs. Rumsfeld on March 28th. With Jeremy Rabkin, Cornell University; Bradford Berenson, Sidley Austin Brown & Wood; and Daniel Collins, Munger, Tolles & Olson LLP. Location: Wohlstetter Conference Center, 12th floor, AEI, 1150 17th St. NW.

NATIONAL SECURITY COSTS _ 6 p.m. - 7:30 p.m. Gordon Adams, professor of the practice of international affairs and director of the Security Policy Studies Program at GW's Elliott School of International Affairs, speaks on ``$600 Billion and Counting: Is America Getting Better National Security for the Money?" Location: George Washington University, Elliott School of International Affairs, Room 602, Lindner Family Commons, 1957 E St. NW.

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THE ATTORNEY GENERAL'S *NEWS BRIEFING*

PREPARED FOR THE OFFICE OF PUBLIC AFFAIRS, U.S. DEPARTMENT OF JUSTICE

TO: THE ATTORNEY GENERAL AND SENIOR STAFF

DATE: THURSDAY, MARCH 23, 2006 7:45 AM EST

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TERRORISM NEWS:

FAA Official, FBI Agent Boost Prosecution Case At Moussaoui Trial. Former FAA security official Robert J. Cammaroto and former FBI Special Agent Aaron testified yesterday at the penalty phase of al Qaeda conspirator Zacarias Moussaoui's trial, and both said that airline security and law enforcement measures could have been taken that may have thwarted the 9/11 attacks had Moussaoui told FBI agents what he knew about al Qaeda's plans. News reports credit their testimony with getting the prosecution's case for the death penalty back on track after last week's witness-coaching incident the mixed testimony from the FBI's Harry Samit and Michael Rolince.

Under the headline "Case For Moussaoui Execution Seems Bolstered by 2 Witnesses," The New York Times (3/23, Lewis, 1.19M) reports, "The detailed testimony of the two witnesses provided the prosecution's strongest presentation to date at the trial." Cammaroto said, "We could have taken several steps," and listed "among others the banning of all knives, shifting resources like air marshals to domestic flights, ordering physical 'pat-downs' of passengers and making metal detectors more sensitive." Zebley "testified that information discovered after the attacks could have provided important leads beforehand. He noted that Mr. Moussaoui had received payments for his flight training from the same person who had sent money to some of the hijackers."

The Washington Post (3/23, Markon, Dwyer, 744K) adds that Cammaroto's "testimony was the initial step in the government's effort to rebuild its case," although he "acknowledged on cross-examination that in August 2001, the FAA was aware of al-Qaeda threats to hijack airplanes but had not increased airport security in response." Former Arizona flight school manager Margaret Chevrette also testified about providing flight training to hijacker Hani Hanjour and "recalled how she had expressed alarm about her student to the Federal Aviation Administration," which "did little in response" to her report that he lacked adequate English-language skills.

The Los Angeles Times (3/23, Serrano, 958K) reports, "Asked by Assistant U.S. Atty. David J. Novak how swiftly airport security officials would have reacted had Moussaoui revealed that the Sept. 11 hijackers planned to smuggle small knives aboard planes and then commandeer the cockpits, Cammaroto said: 'It could have been done fairly quickly. In a matter of hours.' But under cross-examination…Cammaroto conceded that in the late summer of 2001, the approach to airport security was far more relaxed than it is today."

Focusing on Chevette's testimony, the AP (3/23, Barakat) notes, "It was the second time this week jurors heard witnesses testify that people in positions of authority in the federal government responded either slowly, negatively — or not at all — to warnings about a possible terrorist attack."

Agence France-Presse (3/23) reports, "Prosecutors called both witnesses in a bid to prove that Moussaoui's should be executed because his 'lies' gave the September 11 suicide crews time to pull off their spectacular attacks, which killed nearly 3,000 people. … They showed Zebley a Statement of Facts, in which the Frenchman pleaded guilty last year to plotting with Al-Qaeda to fly planes into US buildings -- more than three years after he was accused of such a crime. … Just the fact that he was admitted Al-Qaeda member would have been enough to set of a nationwide search for accomplices, Zebley testified. … An admission that he was a trainee pilot would have sent agents to flight schools to track other would-be attackers and information on Al-Qaeda financiers could have helped them follow the money to those behind the plot."

Administration Seeks Dismissal Of Guantanamo Detainee Lawsuits. The Washington Post (3/23, A15, White, 744K) reports Bush Administration lawyers "argued yesterday that a new law forces the dismissal of more than 200 lawsuits filed in federal courts on behalf of detainees held at Guantanamo Bay, Cuba, urging" the US Court of Appeals for the District of Columbia "to instead adopt a far more limited process that still would give the prisoners access to judicial review." The court will "decide whether the Detainee Treatment Act of 2005 retroactively stripped the court of jurisdiction to hear habeas corpus cases challenging detentions at the military prison in Cuba. Lawyers representing the detainees argued that the new law does not apply to pending cases, while the government has maintained that all cases essentially should be wiped away."

The AP (3/23, Locy) reports, "Judges David B. Sentelle and A. Raymond Randolph seemed willing to accept the administration's view that the act forces dismissal of more than 200 lawsuits filed in U.S. District Court here on behalf of over 300 detainees. … But no one on the panel appeared to agree with the administration's take on what would happen next if detainees sought to essentially transfer their challenges to the appeals court." The AP notes, "Gregory G. Katsas, a Justice Department lawyer, argued that judges would be limited to reviewing the sufficiency of the administrative hearings held by the military because the detainees - who are aliens held outside the United States - have no rights under the Constitution. … Sentelle was incredulous. He reminded Katsas of a 2004 Supreme Court

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decision that cleared the way for detainees to file court challenges to their detentions. … 'You are saying that every single one of their claims are going to fail,' Sentelle said. 'You are saying that all the Supreme Court did ... was give (detainees) a right to file a piece of paper that cannot possibly grant release.'"

Dismissed Juror Says US Hasn't Made Convincing Case In California Terror Trial. In what is widely-reported as a bad sign for federal prosecutors at the trial of Hamid Hayat – accused of attending a terror training camp in Pakistan – a juror dismissed yesterday told reporters, "I don't think at this point in time the government has made its case." In particular, Andrea Clabaugh felt that FBI agents "badgered" Hayat into confessing on the videotaped interrogation shown to jurors. Clabaugh was dismissed after she volunteered to the judge that she had inadvertently failed to reveal during jury selection that she had dated a California law enforcement officer.

The Los Angeles Times (3/22, Tempest, 958K) reports, "Clabaugh said she was troubled by the way FBI agents appeared to 'badger'" Hayat, adding "I felt that in some respects he was giving the information because they refused to believe that he didn't know anything." She also "said the agents appeared to be 'feeding names' to Hayat. 'I didn't see him volunteering anything,' Clabaugh said."

The Sacramento Bee (3/23, Walsh, 301K) adds that Clabaugh "said as she left the federal courthouse that, if she had to decide now, she would vote to acquit" Hayat. Addressing Hayat's conversations with FBI informant Naseem Khan about attending the terror camp, she said, "I got a picture of a young kid who wanted to impress an older man, but it doesn't mean those were things he would actually follow through on."

The San Francisco Chronicle (3/23, Bulwa) notes Claubaugh said of the FBI interrogation and Hayat's confession, "In my notes, I recall writing down something about the agents feeding him names. It didn't seem like Hamid actually volunteered anything." Additionally, Clabaugh said Khan "was just doing the job he was hired to do," and added that he "did not either help or hurt the case."

The AP (3/23, Thompson) reports Clabaugh said, "They've shown that Hamid was interested in acting against America and those ideas and thoughts, but they haven't proven that he actually attended a camp, that he took weapons training and that he (intended) to come back here and do anything." She added that Khan's "questioning was meant to entrap" Hayat.

The Lodi News-Sentinel (3/23, Bohm) also reports the story, under the headline "Former Hayat Juror: Government Has Not Proved Its Case."

Case Raises Questions About Reliance On FBI Undercover Informants. The Washington Post (3/23, A3, Geis, 744K) reports that the trial of Hamid and Umer Hayat "is the latest in a string of prosecutions brought since the Sept. 11, 2001, attacks under a law that criminalizes providing 'material support' to terrorists," which had yielded mixed success for federal prosecutors. "The Lodi case provides a rare, detailed look at how one FBI informant functioned and raises questions about the effectiveness of the government's strategy of infiltrating the community with an outsider. Defense lawyers say their clients' arrests were made in desperation because there wasn't any real terrorist activity to find in Lodi." The Post notes, "Naseem Khan's credibility suffered a blow last week when he maintained he had seen" Ayman al-Zawahiri and other terror suspects in Lodi.

Posada To Remain In Federal Detention. The Miami Herald (3/23, Corral, 323K) reports that ICE announced yesterday that "the U.S. government will not free Cuban exile militant Luis Posada Carriles, who has been detained in a federal immigration facility since May," and "is wanted by both the Cuban and Venezuelan governments for the 1976 bombing of a Cuban jetliner and a string of hotel bombings in Havana in 1997-98." However, "ICE left open the possibility that Posada could be freed at a later date and reiterated its intention to try to deport him to a country that is not Venezuela or Cuba." The AP (3/23, Anderson) and AFP (3/23) also report on the ICE ruling.

Judge Clears Posada As Witness At Florida Weapons Trial. The Miami Herald (3/23, Corral, Weaver, 323K) reports, "A U.S. district judge has authorized lawyers for Santiago Alvarez and Osvaldo Mitat, two friends of Posada who were arrested last year on federal weapons charges, to have Posada brought to South Florida by federal marshals in the next few weeks as a potential witness in the case. … Alvarez and Mitat's legal strategy seems to be partly focused on political arguments to help free the men," with defense attorneys planning to "argue that the FBI may have used Cuban intelligence to nab the two men. 'Sadly, the FBI and Castro's regime have a well-documented and regrettable history in this community,' the defense's motion seeking evidence states, noting that 'the FBI paid Cuban double agent, Juan Pablo Roque, over $6,720.42 for information regarding exile organizations' -- information that later led to the 1996 downing of the Brothers to the Rescue planes and the death of three Cuban-Americans and a Cuban exile."

Defense Department Mulls Formal Ban On Evidence From Torture. The New York Times (3/23, Shanker, 1.19M) reports Pentagon spokesman Bryan Whitman said "the Defense Department is considering a formal rule prohibiting the introduction of evidence obtained through torture at military tribunals for terror suspects

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detained at Guantánamo Bay, Cuba." The "introduction of evidence gained through torture is not expressly prohibited, although military prosecutors have said that such evidence would not be permitted." The AP (3/23, Burns) also reports this story.

British Prosecutors Say Al Qaeda Suspect Sought Atomic Bomb. The New York Times (3/23, Lyall, 1.19M) reports British prosecutors said one of seven defendants "accused of having links to Al Qaeda and plotting to carry out bomb attacks in Britain" had "inquired about buying an atomic bomb from Russian mafia figures in Belgium." Prosecutor David Waters said "the defendant, Salahuddin Amin, 30, had been asked by a man he met at a mosque in Luton, his hometown, to contact a third man, Abu Annis, about a 'radioisotope bomb.'" Annis "told him that 'they had made contact with the Russian mafia in Belgium and from the mafia they were trying to buy this bomb,' Mr. Waters said. While Mr. Amin later told the police that he did not believe it was likely that 'you can go and pick an atomic bomb up and use it,' the prosecutor said the incident was 'an indication as to Amin's position in, and his usefulness to, the organization.'"

Ridicule Seen As Effective Tool To Dismantle Terrorists' Ideology. In a USA Today op-ed (3/23), Hoover Institution fellow Peter Schweizer says, "Is America taking terrorists too seriously? In the wake of continued threats, that might seem like a ridiculous question. But in terms of the psychology of the war on terrorism, it's a question that needs to be asked." In a "brilliant new white paper on public diplomacy, Michael Waller, the Walter and Leonore Annenberg chair in International Communication at The Institute of World Politics, makes a strong case for America's employing a new powerful weapon against the terrorists: ridicule." History "teaches that ridicule weakens the moral and political capital of our enemies."

PATRIOT ACT:

Judge Holds Closed-Door Hearing In Passaro Case. The Raleigh (NC) News & Observer (3/23) reports, "A federal judge (in Raleigh, NC) held a closed-door hearing (on Wednesday) to decide what, if any, classified information David Passaro's defense lawyers can use at trial." The AP continues, "U.S. District Court Judge Terrence W. Boyle ordered the hearing closed from its start at 9 a.m. No media or members of the public were allowed into the courtroom. … Passaro's trial has been tentatively set to start next month." The AP adds, "Passaro, 39, a former Green Beret from Lillington, is charged with assault of Abdul Wali, a suspect in rocket attacks on a military outpost in Asadabad, Afghanistan. Passaro was part of a covert paramilitary team. Prosecutors say he beat Wali with a flashlight and punched and kicked him during an interrogation. Wali died during his third day in U.S. custody in June 2003. … Passaro was the first American charged in the aftermath of the prisoner-abuse scandals in Iraq and Afghanistan. He was also the first civilian charged under the USA Patriot Act, which extended the reach of stateside prosecutors to military bases overseas."

HOMELAND RESPONSE:

Political Groups Claim FBI, Police Surveillance Have "Increased Markedly." Under the headline "FBI, Police Spying Is Rising, Groups Allege," The Christian Science Monitor (3/23, Marks, 61K) reports, "Political activists from New York to Colorado to California report that they believe police and FBI surveillance of their activities has increased markedly since…Congress approved the USA Patriot Act loosening some of the strictures on law enforcement," prompting the ACLU to file FOIA "requests for more than 150 groups and individuals in more than 20 states who believe their first amendment rights are being violated." The Monitor notes, "Local police and the FBI insist that none of their activities is aimed at chilling political speech."

Hale To Leave DHS In Early May. The Washington Post (3/23, D4, Barr, 744K) reports in its "Federal Diary" column that Janet Hale, undersecretary for management at the Department of Homeland Security, "will resign in early May." Hale "has been planning to leave the department for the past year but stayed on at the request of Secretary Michael Chertoff to help with his review of departmental operations, officials said." Hale "has been at the center of one of the biggest changes in the civil service in more than 50 years -- the department's plan to overhaul employee compensation and pay according to occupation, geographic location and job performance."

French Citizen Arrested After Throwing Package Over White House Gate. A French citizen was charged with disorderly conduct yesterday after he threw a bumble of papers over a gate of the White House. The Washington Post (3/23, B3, Wilber, Cauvin, 744K) reports that the incident forced police "to call in the bomb squad, seal the area and close off Lafayette Square, authorities said. The bundle turned out to contain nothing dangerous, but it took about an hour before authorities issued an all-clear."

Army Corps, FEMA Say Louisiana Levees Will Be Ready For Hurricane Season. The Washington Times (3/23, Hudson, 90K) reports, "Federal officials are

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working around the clock to complete repairs to Louisiana's levee system in time for the looming hurricane season." Paul Johnston, spokesman for the Army Corps of Engineers, said "half the work required" has been completed so far, but that "the other half can and will be finished in 10 weeks." R. David Paulison, acting director of the Federal Emergency Management Agency, said they "are going to be ready," and that he's been meeting "three times a week with Homeland Secretary Michael Chertoff as they reorganize the agency."

Last Of Children Reported Missing After Gulf Hurricanes Reunited With Family. Federal officials announced that all of the missing children displaced by Hurricane Katrina – over 5,000 – have been reunited with their families. However, the National Center for Missing and Exploited Children acknowledges there may still be missing children, and other agencies are still searching for children for whom they have not yet accounted.

ABC World News Tonight (3/22, story 2, 2:20, Osunsami, 8.78M) reported, "4-year-old Cortez Stewart has given the National Center for Missing Children a big reason to celebrate. According to their records, she's the last of up to 5,000 children that went missing after Hurricane Katrina." But "there are still a number of missing Gulf Coast children. But the different agencies looking for them haven't been working together to keep the numbers straight. The Find Family National Call Center, keeping count in Louisiana, are still searching for 104 children. 25 of them are toddlers. 29 of the children are between 6 and 10. Most of the children are 11 to 15 years old. Today, for the first time, they contacted other agencies and traded notes, hoping to solve a few cases."

NBC Nightly News (3/22, story 10, 0:30, Brown, 9.87M) reported, "A happy milestone to report tonight on the long road back from last year's devastating hurricane season: 5,192 children were reported missing after hurricanes Katrina and Rita. All but 12 were found alive and as of last week, all of them are back with their families. The National Center for Missing and Exploited Children worked with the FBI, FEMA, the Red Cross and other agencies to bring the children and their parents back together."

The Washington Times/AP (3/23, Plaisance) reports Stewart, who "was reunited with her mother and five siblings in Texas last week," was "the last of 5,192 Gulf Coast children listed as missing or displaced after the storms struck more than six months ago. The effort to reunite those youngsters became the largest child-recovery effort in US history. The National Center for Missing & Exploited Children worked with the FBI, Federal Emergency Management Agency, U.S. Postal Service, Red Cross and other agencies to reunite children separated from their parents or guardians when Katrina hit Aug. 29 and Rita followed Sept. 24."

Absentee Ballots To Play Major Role In New Orleans Elections. NBC Nightly News(3/22, story 11, 2:35, Brown, 9.87M) reported that in New Orleans, "There will be elections exactly a month from now for Mayor, City Council and several other municipal offices. There are more than 20 candidates for Mayor alone, and today was the last day to register to vote in those elections. And tonight, many are wondering will their votes count." NBC (Reid) added, "About 60% of New Orleans' pre-Katrina population still lives outside the city, forcing candidates to campaign in Houston, Dallas, Memphis and Atlanta, where at a candidate forum last weekend, prospective voters complained about Louisiana's refusal to set up polling places in other states, requiring out-of-state evacuees, most of whom are black, to vote by absentee ballot." Political analyst Silas Lee "says a flood of absentee ballots could lead to a fiasco." Silas Lee, political analyst: "My biggest fear is that this is a repeat of Florida 2000. We will not have chads, but we will have the question of voter participation and ballots being counted." Reid: "But election officials say they're doing all they can, from looser absentee ballot rules to an aggressive voter education campaign in eight states."

WAR NEWS:

Bush Continues Defense Of Iraq War. For the fifth day in a row, President Bush yesterday defended his Administration's Iraq policy, this time before an audience of military families in Wheeling, West Virginia. Bush's comments on Iraq received extensive media coverage, but not as much as much as in previous days. For example, while the story was covered by all three networks ABC mentioned his appearance in a larger story about media coverage of the war, while CBS and NBC mentioned it in very brief segments. In addition, some major newspapers covered Bush's trip to Wheeling, but they chose to focus on other parts of his remarks there -- USA Today (3/23, 2.31M) concentrates on his comments about his proposed nuclear deal with India, and the Washington Post (3/23, A1, Constable, 744K) notes Bush's comments about the trial of a Christian man in Afghanistan as part of a larger story on that issue. Likewise, the local Wheeling News-Register (3/23, McCabe) highlights Bush's remarks about the coal industry.

Many media reports this morning focus more on the "strategy" behind Bush's defense of his Iraq policies than on his arguments in Wheeling. CNN's The Situation Room (3/22, Bash) reported, "If you're looking for headlines in today's event, you're not going to find any. And that is really the point. The point at this event and what we've been seeing over the past several days is for the President to just keep talking about Iraq, keep communicating in a way that many people, even the President's supporters, say he simply has not done." Fox News' Special Report (3/22, Cameron) run a similar report, noting Bush "took questions and held court for more than an hour. Aides believe that the more they

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hear the President the better. … Aides say they are quite pleased by the question and answer sessions. And they plan many more of them.'"

The AP (3/23, Loven) reports, "Whether he's before a friendly West Virginia audience, a Cleveland club proud of its interrogation skills or a White House news conference…Bush is drawing on his plainspoken manner in freewheeling venues to defend his Iraq strategy." Yesterday, "the president bantered with the locals, his shoulders bouncing up and down as they do when he's pleased with his own jokes. Then he brought down the house with his trademark I-won't-back-down pledge." The AP quotes Wayne Fields, "a specialist in presidential rhetoric at Washington University in St. Louis," saying about the President's push for his Iraq polices, "The problem is that clearly he's doing this because of the polls and that adds a level of desperation."

ABC World News Tonight (3/22, story 3, 2:05, Vargas, 8.78M) reported Bush "spent another day trying to convince Americans that things are not as bad as they seem in Iraq." At the West Virginia event, Bush "heard this from the wife of a military journalist, who was just back from Iraq." Gayle Taylor, wife of military journalist: "It seems that our major media networks don't want to portray the good. They just want to focus…" Taylor's remarks were then drowned out by the cheers of the audience.

The CBS Evening News (3/22, story 7, 0:10, Schieffer, 7.66M) reported Bush "told an audience there that it is time for the Iraqi government to unify the country and for the Iraqi army to defend democracy." The New York Times (3/23, Bumiller, 1.19M) also focuses on that issue, in a story titled "Bush Pressing The Iraqis To Build A Governing Coalition Quickly." Bush, notes the Times, "did not repeat his widely published remark from a news conference on Tuesday suggesting that American forces would be in Iraq at least until 2009. … White House officials said Mr. Bush's remark was not an open-ended comment. 'The question was, Will there be zero, when will there be zero -- or no American troops in Iraq,' Scott McClellan, the White House press secretary, told reporters on Air Force One. Mr. Bush's response was that the decision would be made by 'future presidents and future governments of Iraq.'" NBC Nightly News (3/22, story 5, 0:30, Brown, 9.87M) reported Bush "said election year politics would have no impact on his decisions regarding how many US troops need to be in Iraq."

The Wheeling Intelligencer (3/23, McCloskey) reports Bush "said that while he has the duty of being commander-in-chief of US military forces, he also holds the responsibility of being 'educator-in-chief' and explaining to US citizens why he chose to send forces into Iraq." Said Bush, "'It doesn't matter whether you agree with my decision or not. … But all of us should agree with the fact that we have a remarkable country."

A number of print sources emphasize that the crowd was very supportive of Bush. The Wheeling Intelligencer (3/23, Townsend) reports, "Many people who attended President Bush's Wednesday appearance in Wheeling said they weren't sure what to expect from the speech and subsequent question-and-answer period, but several area residents said afterward that they were impressed with the chief executive's statements and responses." The Pittsburgh Post-Gazette (3/23, O'Toole, 261K) says "West Virginians cheered as President Bush maintained that the war in Iraq and his assertive foreign policy were 'laying the foundation of peace for a generation to come.'" The Post-Gazette also calls Bush's arguments about Iraq "familiar but impassioned."

The Washington Times (3/23, Dinan, 90K) reports the audience "was favorable. A man with two sons in the military told the president, 'I thank God you're our commander in chief.'" That "drew a standing ovation from the crowd." The Los Angeles Times (3/23, Gerstenzang, 958K) calls the audience "overwhelmingly friendly," and says Bush "used colloquial, often blunt, language as he reduced his arguments for the war to their most basic. 'We're not going to retreat in the face of thugs and assassins,' he vowed." The Times adds, "Unlike a similar speech and question-and-answer session two days earlier in Cleveland, where Bush faced polite but tough questions, he was bathed today in repeated rounds of applause. Audience members prefaced their questions with praise for his presidency." The President "responded by reaching out to the region's religious roots and saluting its contributions to the military."

The Wheeling Intelligencer (3/23, King) reports, "When the US president comes to a community for an official visit, local politicians show up to greet Air Force One — regardless of their political party." West Virginia Gov. Joe Manchin, a Democrat, "was among the first to shake…Bush's hand when he got off the plane Wednesday at the Ohio County Airport." Bush "acknowledged Manchin during his speech at the Capitol Music Hall. 'He's a good, decent man,' Bush said of Manchin."

Iraq Seen As Threatening Bush's Legacy. NBC last night also ran a story examining Iraq in the context of Bush's legacy. NBC Nightly News (3/22, story 6, 2:20, Gregory, 9.87M) reported, "George W. Bush has defined his Presidency by a war of his own choosing. His mission in the Middle East built on a doctrine of preemption has become the great gamble of his political capital." Critics "argue Mr. Bush had a vision with blinders. The war in Iraq was part of a larger struggle between good and evil, a war effort of biblical proportions says Kevin Phillips, the author of 'American Theocracy.'" But "three years later, reality in Iraq has cost the President even his most reliable support, as Mr. Bush's vision for democracy in that country now suffers from new fears of failure."

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Reid Calls Bush "Dangerously Incompetent." The AP (3/23) reports, "Senate Democratic Leader Harry Reid called President Bush 'dangerously incompetent' on Wednesday and said the administration ought to be doing more to prevent increasing sectarian violence in Iraq. 'Where is (Secretary of State) Condoleezza Rice? Why isn't she over in the Middle East, as the chief diplomat of this country should be, trying to get the political forces to form a government over there?' Reid told The Associated Press." Reid "criticized Bush for a series of recent appearances in key political states in which the president defended his Iraq war policies. 'Why isn't he spending time with these leaders in the Middle East trying to get this government formed?' Reid said."

Cheney Rallies Soldiers, Families At Scott Air Force Base. The Collinsville Herald (3/22, Gerstenecker) reports Vice President Dick Cheney "is on a mission, and that assignment is to drum up support for America's war effort in Iraq. He did that Tuesday during an appearance at Scott Air Force Base." In remarks to an audience of 3,000 -- mostly military members and their family – Cheney "was articulate and wavered only slightly from his prepared, eight-page speech, which was interrupted 12 times by applause."

Bush Uncle Made $2.7 Million From Sale Of Military Contracting Firm. The Los Angeles Times (3/23, Roche, 958K) reports that as President Bush "embarks on a new effort to shore up public support for the war in Iraq, an uncle of the commander in chief is collecting $2.7 million in cash and stock from the recent sale of a company that profited from the war." An SEC filing "shows that William H.T. Bush collected just under $1.9 million in cash plus stock valued at more than $800,000 from the sale of Engineered Support Systems Inc. to DRS Technologies of New Jersey. The $1.7-billion deal closed Jan. 31. Both firms have extensive military contracts."

Insurgent Attack On Police Station Thwarted. ABC World News Tonight (3/22, story 3, 2:05, Vargas, 8.78M) reported, "The second, brazen attack in as many days on an Iraqi police station. 60 insurgents stormed the station. This time, the attack was thwarted by Iraqi and US forces." The CBS Evening News (3/22, story 6, 0:15, Schieffer, 7.66M) reported, "In Iraq today, about 50 insurgents were captured after they attacked a police station. They struck a post southeast of Baghdad, killing four officers," but "the US and Iraqi troops and police reinforcements did move in and overwhelmed the attackers." The New York Times (3/23, Wong, 1.19M) also reports the story under the headline "Insurgents Shower Iraq Police Center With Mortar Shells," while USA Today/AP (3/23) and the Los Angeles Times (3/23, Boudreaux, 958K), among other sources, also run stories on the attack.

Shiite Pilgrims Killed. The Washington Post (3/23, A17, Anderson, 744K) mentions the police station incident in a story about "at least five Shiite Muslim pilgrims" who "were killed in Baghdad on Wednesday." Gunmen "fired on the pilgrims' vehicles as they were headed home from celebrating a major religious holiday. Their deaths were the latest in a four-week stretch of sectarian violence involving Shiite and Sunni Arabs."

Journalists Said To Face "Increasing" Threats To Safety As Well As Criticism. USA Today (3/23, Memmott, 2.31M) reports, "As they begin a fourth year covering the war in Iraq, journalists there face increasing threats to their safety and increasing criticism of their work." It "started as arguably the best-covered war in history: Hundreds of reporters traveled with the military as it invaded Iraq, and then hundreds more moved freely around the country as troops secured Baghdad. Today, it has become for some journalists the least-covered war. … To get to the news, they generally must either "embed" with U.S. or Iraqi forces, work the phones from their hotels or houses, send Iraqi staff to events or make carefully planned reporting trips protected by hired guards." Meanwhile, "high-profile critics are stepping up their complaints about the media's work." USA Today goes on to cite criticism from Defense Secretary Donald Rumsfeld and President Bush.

The Administration's claim that media coverage of negative developments in Iraq has drowned out progress made led ABC News to devote broadcast time or print to self-examination. ABC ran two segments examining its Iraq coverage, highlighting positive news stories it has reported and pointing out the dangers to journalists in the country. ABC World News Tonight (3/22, story 3, 2:05, Vargas, 8.78M) reported, "That the violence makes it increasingly difficult for reporters to travel the country in safety to get out and see as much as they'd like. 86 journalists have been killed since the US was invaded by Iraq. Earlier this year, our colleagues Bob Woodruff and Doug Vogt were badly injured in an attack on their convoy. They had been reporting on the capability of the new Iraqi security forces. But it's also true that we cover all kinds of stories in Iraq. The last story Bob filed before that attack was about a Baghdad ice cream parlor, a business that was flourishing in a very rough neighborhood." The news is "sometimes good. It is sometimes bad. It is almost always complicated."

ABC World News Tonight (3/22, story 4, 2:10, Tapper, 8.78M) reported on the development of Iraqi television comedies, noting "the lack of security in present-day Iraq means comedy can still quickly be overtaken by tragedy. While are cameras were rolling, the producer received terrible news. That's him grabbing the show's director and telling him that their boss, Amjad Hameed, just minutes before, had

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been assassinated." Within "moments, what had been a set full of fun and laughter was quickly replaced by fear."

Former CPA Officials Suggest "Switch" In Roles Between Jaafari, Talabani. Dan Senor and Roman Martinez, former advisers to the Bush administration who served in Iraq from April 2003 through June 2004, write in the Wall Street Journal (3/23, 2.11M) that "there is…a creative solution to the impasse" over the new Iraqi government: "Instead of sticking with Mr. Jaafari, the UIA and the other leading parties should consider a compromise that marks a clear break from the status quo. Mr. Jaafari could agree to become Iraq's new president, and Jalal Talabani, the current president and a Kurd, could become prime minister -- a switch." They add, "Such a deal would install an Iraqi leader genuinely capable of getting along with all ethnic and sectarian factions, allow Mr. Jaafari to save face by not losing out to a fellow Shiite, and show Sunni Arab politicians that their participation in last December's vote is paying political dividends."

Novak Says Corruption, Not Insurgency, Behind Iraq "Oil Crisis." Syndicated columnist Robert Novak writes in the Chicago Sun Times (3/23), "While the formal line in Washington and Baghdad blames insurgents for the oil crisis, US officials who are close to the situation gave me a totally different explanation. They blame corruption at every level, from the oil ministry on down, that is common to Iraq. … Everybody with any familiarity with this situation believes the only answer is that the new Iraqi government, still unformed three months after the election, must gain control over corruption."

Saddam's Foreign Minister Was Passing Information To CIA. CNN's The Situation Room (3/22, Blitzer) reported that "a key member of Saddam Hussein's regime was actually a secret source for information that was eventually passed on to the CIA. That man is Naji Sabri. He was Iraq's foreign minister at the time of the U.S.-led invasion. Sources tell CNN he supplied information to French intelligence that was then passed on to the United States before the U.S. invasion in 2003. The same sources say Sabri was actually paid about $100,000." The Washington Post (3/23, A17, Pincus, 744K) runs a similar report under the headline "Ex-Iraqi Official Unveiled As Spy." The Post says that "publicly Sabri was insisting that Iraq had no prohibited weapons of mass destruction. Privately, the sources said, he provided information that the Iraqi dictator had ambitions for a nuclear program but that it was not active, and that no biological weapons were being produced or stockpiled, although research was underway."

Army Dog Handler Gets Six-Month Sentence For Prisoner Abuse. The Washington Post (3/23, A15, White, 744K) reports, "Military jurors sentenced an Army dog handler to less than six months behind bars yesterday for using his Belgian shepherd to intimidate detainees at the Abu Ghraib prison in Iraq, one of the lightest sentences so far for a soldier implicated in the notorious abuse." Sgt. Michael J. Smith "was ordered to serve 179 days in confinement and to forfeit $2,250 in pay for convictions on five criminal counts, including maltreatment of detainees, dereliction of duty and an indecent act. Smith will also be reduced to the rank of private, E-1, and will receive a bad-conduct discharge at the end of his prison term, according to an Army spokeswoman at Fort Meade, where the court-martial ended yesterday." The jury "could have sent Smith to prison for as long as 8 1/2 years."

The New York Times (3/23, Schmitt, 1.19M) reports, "With the conviction on Tuesday of an Army dog handler, the military has now tried and found guilty another low-ranking soldier in connection with the pattern of abuses that first surfaced two years ago at Abu Ghraib prison in Iraq." But "once again, an attempt by defense lawyers to point a finger of responsibility at higher-ranking officers failed in the latest case to convince a military jury that ultimate responsibility for the abuses lay farther up the chain of command." The Washington Times/AP (3/23, Dishneau) also reports the story.

In an editorial titled "The Joy Of Being Blameless," the New York Times (3/23, 1.19M) says, "About the only high-ranking officer whose career has suffered over Abu Ghraib is Lt. Gen. Ricardo Sanchez, who was the commander in Iraq at the time. General Sanchez should certainly take responsibility, but he was also a victim of administration blunders." Sanchez "was vaulted inappropriately from head of the First Armored Division to overall commander because Mr. Bush declared 'mission accomplished': the war's over. He was then denied the staff, soldiers and equipment he needed to deal with the insurgency that quickly broke out and produced thousands of prisoners." Bush "has refused to hold himself or any of his top political appointees accountable for those catastrophic errors. Indeed, he has promoted many of them. And this is not an isolated problem. It's just one example, among many, of how this president's men run no risk of being blamed for anything that happens, not matter how egregious."

Service To Country Reported As Top Reason For Iraq Volunteer Service. The Washington Post (3/23, A21, 744K) excerpts an article by Shawn Dorman, titled "Iraq Service and Beyond," from the March issue of the Foreign Service Journal. Asked "what motivated you to volunteer for Iraq service," the "most frequently stated

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response was, in various iterations, 'to serve my country.' Many spoke of a desire to serve where they are most needed. Some respondents mentioned an additional hope that Iraq service would be career-enhancing, while others pointed to the financial incentives."

Herbert Notes Study Estimating War's Cost At "Possibly More Than $2 Trillion." Columnist Bob Herbert writes in the New York Times (3/23, 1.19M), "Bush's war in Iraq was never supposed to be particularly expensive. Administration types tossed out numbers like $50 billion and $60 billion. When Lawrence Lindsey, the president's chief economic adviser, said the war was likely to cost $100 billion to $200 billion, he was fired. Some in the White House tried to spread the fantasy that Iraqi oil revenues would pay for the war. … The president and his hot-for-war associates were as wrong about the money as they were about the weapons of mass destruction." He adds, "Now comes a study by Joseph Stiglitz, a Nobel Prize-winning economist at Columbia University, and a colleague, Linda Bilmes of the Kennedy School of Government at Harvard, that estimates the 'true costs' of the war at more than $1 trillion, and possibly more than $2 trillion." Bilmes "said that the $1 trillion we're spending on Iraq amounts to about $10,000 for every household in the US."

Bush, Rice Criticize Trial Of Afghan Christian Convert. The AP (3/22, Schweid) reports President Bush "called on Afghanistan on Wednesday to respect the religious freedom of an Afghan citizen on trial for his life for converting from Islam to Christianity." Assistant Secretary McCormack said Secretary Rice told Afghan Foreign Minister Abdullah Abdullah, in a previously scheduled meeting, that "she was deeply troubled by the case and called the prosecution 'contrary to universal democratic values.'" Bush and Rice's remarks "toughened the U.S. stance in a controversy that has spread beyond Southeast Asia, evoking statements of concern, for instance, in Germany and Italy." The AP notes the US has been careful not to call publicly for an end to the trial or the prisoner's release.

The Washington Times (3/23, Dinan, 90K) also quotes Bush saying yesterday "he was 'deeply' troubled by the trial in Afghanistan." The US State Department "on Tuesday was more tepid, calling the case a matter for Afghan authorities. Yesterday, Mr. Bush took a much firmer stance. 'We have got influence in Afghanistan, and we are going to use it to remind them that there are universal values,' he said."

On its website, Time (3/23, Karon) reports, "When a Christian believer in a nation wholly dependent on US support faces trial and possibly execution simply for embracing the same faith as the President of the United States, you'd think that country would be read the riot act. Instead, Washington's response to the trial in Afghanistan of Abdul Rahman has been rather muted."

The Washington Post (3/23, A1, Constable, 744K) runs a 1,500-word front-page story calling the case "a clash of values" and reporting that it "has unleashed a blizzard of condemnation from the West this week and exposed a conflict in values between Afghanistan, a conservative Muslim country, and the foreign countries that have helped defend and rebuild it in the four years since the fall of the Taliban."

The New York Times (3/23, Goodstein, 1.19M) runs a story titled "Allies Troubled By Afghan Threat To Christian Convert From Islam," reporting, "Officials from Germany, Italy and Canada, which all have troops serving in Afghanistan, have voiced their concerns to Mr. Karzai's government." The Italian foreign minister and deputy prime minister, Gianfranco Fini, "said Tuesday that he had received assurance that Mr. Rahman would not be executed, but he did not elaborate." The Council on American-Islamic Relations, based in Washington, "called for Mr. Rahman's release, saying that the Koran supported religious freedom and that Islam was never compulsory."

In an editorial titled "Outrage In Afghanistan," the New York Times (3/23, 1.19M) says, "What's the point of the United States' propping up the government of Afghanistan if it's not even going to pretend to respect basic human rights? President Bush himself said it was 'deeply troubling' that an Afghan man is facing the death penalty for converting from Islam to Christianity. In fact, the case is more than deeply troubling; it's barbaric, and we were glad that Mr. Bush promised yesterday to press for religious freedom in Afghanistan." The Times adds, "And maybe Afghanistan should also return to stoning women to death for adultery? The United States, Britain and every other country helping the Afghan government should take a hard look at its legal institutions."

Afghan Foreign Minister Sacked. The AP (3/22, Shah) reported Abdullah Abdullah, "the man who has held Afghanistan's foreign minister post since the fall of the Taliban regime four years ago will be replaced in a Cabinet reshuffle." The new Cabinet will include 26 instead of 27 ministers, eighteen of whom are continuing in government. The AP said Abdullah "has had close ties with Washington" and will be replaced by Rangeen Dadfar Spanta, a presidential adviser on foreign affairs. "The move had been long anticipated because of an apparent falling out between Abdullah and Karzai over how the ministry was directing foreign affairs."

Yale Criticized For Admitting Former Taliban Official. In a Wall Street Journal column (3/23), John Fund says Yale University has "for three weeks…refused to make

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any comment or defense beyond a vague 144-word statement about its decision to admit Sayed Rahmatullah Hashemi -- a former ambassador-at-large of the murderous Afghan Taliban -- as a special student." Yale professor David Gelernter said, "The intelligentsia haven't told Yalies what to think yet, because even they haven't made up their minds." Gelernter "clearly has: He calls the Taliban 'an evil and macabre terrorist group. . . . The fact that Hashemi didn't do actual killing does not absolve him. Goebbels didn't shoot anyone either.'"

US Seeking To Build Anti-Terrorist Forces In Saharan Africa. ABC last night examined the US military's effort to build a terrorist-fighting capacity among the African nations bordering or encompassed by the Sahara Desert, which is feared to have the potential to become a terrorist haven. ABC World News Tonight (3/22, story 6, 2:30, Vargas, 8.78M) reported, "US officials worry the poorly-policed, mostly-Muslim region, could become the next Afghanistan, a place where terrorists can take root. So, working with nine African countries, the US has launched an ambitious counterterrorism program there." ABC (Karl) added, "Throughout the Sahara Desert, America's elite Special Forces are at work. Training alongside Algerian commandos. Working with paratroopers in Niger, the poorest Muslim country in the world. And flying with the Mali army in skies not far from Timbuktu. The Pentagon plans to spend $500 million over the next five years dispatching Special Forces units throughout the Sahara, training North African armies to combat terrorists." Terrorists "from this region have been found in the ranks of foreign fighters in Iraq and Afghanistan. But the soldiers we met here said they don't think there's much of a threat out here in the desert."

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Kim Named Solicitor General For DC. The AP (3/23) reports, "Todd Kim has been appointed Solicitor General for the District of Columbia. … Mayor Anthony Williams announced Wednesdday that Kim will come over from the Justice Department on April third." The AP continues, "The solicitor general's office represents the District government in all appellate level court cases. Establishing the office is really a renaming of a branch of the D.C. Attorney General's office. … The measure is part of the mayor's continuing effort to reshape the District government to resemble state governments. The Office of Corporation Counsel was renamed the attorney general's office for the same reason in 2004."

CORPORATE SCANDALS:

Former Enron Treasurer Ties Lay, Skilling To Fraud Allegations. The Wall Street Journal (3/23, McWilliams, Davis) reports, "A high-ranking former Enron Corp. executive tied the company's former top executives, Kenneth Lay and Jeffrey Skilling, to activities at the heart of the government's conspiracy and fraud allegations -- approving the improper use of reserves, misleading investors and hiding losses." The Journal continues, "Describing his meetings with Messrs. Lay and Skilling, former company treasurer Ben Glisan Jr.3 alleged that the defendants authorized the use of accounting reserves to pad earnings and investment vehicles to hide losses. They also ignored calls to write down billions of dollars of soured investments, he alleged. … When Mr. Skilling was reviewing a plan in a 2000 board meeting to use Enron stock to hedge investments, he replied that he wouldn't recommend the plan 'except that it allowed him to circumvent accounting rules,' alleged Mr. Glisan. Mr. Lay's reaction to the idea was 'to giggle...in delight,' he added."

The AP (3/23, Hays) reports, "During a break in Glisan's testimony Wednesday afternoon, a visibly annoyed Lay told reporters, 'I've never heard so many lies in one day in my whole life.' Lay's wife, Linda, nodded her head and added, 'Unbelievable.'" The AP continues, "Glisan testified that Lay assigned him to feel out credit-rating agencies about how large some required accounting writedowns could be without jeopardizing Enron's rating. … 'That's backwards,' Glisan told jurors in the fraud and conspiracy trial of Lay and Skilling. 'What should occur is we should take the charges that we needed to take and then deal with the consequences.' … Glisan said Lay and Skilling knew Enron, then a reputed powerhouse, was actually weak and faced multibillion-dollar losses and writedowns on poorly performing or overvalued assets."

The Houston Chronicle (3/23, FLOOD) reports that Glisan was the "last big gun the government is expected to call before it rests, possibly next week," and that his testimony "went to the heart of key defenses — that Lay and… Skilling didn't know about wrongdoing or massive financial problems at Enron and that the company fell because of a 'run on the bank' started by revelations of former CFO Andrew Fastow's secret thieving." The Chronicle adds, "An articulate and even-keeled Glisan testified that both Skilling and Lay knew a great deal about deep-seated financial woes at the company, signed off on improper deals and repeatedly misrepresented Enron's finances to the public. The defendants have said the company was in good shape and they didn't know about problems."

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The New York Times (3/23, Barrionuevo) reports that Glisan "delivered stinging testimony on Wednesday that contradicted Mr. Lay's claims that he had been unaware of the company's crumbling financial picture and had not known about some of the illicit side deals involving top managers. … In a full day of questioning by prosecutors, Mr. Glisan said that Mr. Lay had lied to credit-rating agencies, employees and Wall Street analysts about the company's performance and need for more urgent action, even as he participated in internal discussions with managers about what to do about Enron's 'dire' financial situation. … Mr. Glisan offered the strongest testimony yet that there was a criminal conspiracy at Enron involving" Lay, Skilling and other top Enron managers "to manipulate earnings and mislead investors about mounting problems. … Mr. Glisan's appearance was considered critical because, like Mr. Fastow, his former boss, who testified earlier in the trial, Mr. Glisan was in the inner circle of top decision makers at Enron. … Mr. Glisan was also deeply involved in trying to rein in the mounting credit and liquidity crisis that enveloped the company in the four months before it collapsed into bankruptcy. . But unlike Mr. Fastow or any other major witness who has testified, Mr. Glisan could end up being the crucial witness in the trial. That is because Mr. Glisan, the only major Enron figure who has already been sentenced, is under no obligation to testify. He is unlikely to receive any consideration, like a shorter sentence, from the government in return for his testimony. He is on furlough from a minimum-security prison in Beaumont, Tex., while testifying."

Bloomberg (3/23, Calkins) reports, "Defense lawyers say prosecutors are seeking to criminalize normal business practices and that the two executives were victims of unscrupulous subordinates, such as Glisan's former boss, ex-Chief Financial Officer Andrew Fastow. … Glisan is in the middle of serving a five-year sentence for securities fraud in a federal prison east of Houston. He's testifying for a second day on furlough under an immunity agreement with prosecutors. He admitted falsifying Enron's reported financial results to make the company look more successful than it was."

Former Enron Task Force Head Drops In On Trial. The AP (3/23, Hays) reports, "The man who brought the indictment against former Enron Corp. Chief Executive Jeffrey Skilling visited his fraud and conspiracy trial Wednesday with a slew of law students in tow." The AP continues, "Sam Buell, a former prosecutor with the Justice Department's Enron Task Force who now teaches a course in corporate crime at the University of Texas School of Law, brought his students to sit in on the biggest fraud case to emerge from the recent era of corporate scandals. … 'I feel like this is a distant memory in my life,' Buell said, 'but it continues on. It gives you a sense of how epic these cases are. They just go on for years.'" The AP adds, "Buell was assigned to the task force at its inception in January 2002 and joined the university as a visiting professor after he stepped down in March 2004. He secured the government's indictment against Skilling a month before. … Skilling's co-defendant, Enron founder Kenneth Lay, was indicted in July 2004."

SEC Formalizes Accounting Probe Of Mills Corp. The Wall Street Journal (3/23, Chittum) reports, "The Securities and Exchange Commission has begun a formal investigation of Mills Corp. after more than two months of informal inquiry into accounting problems at the shopping-mall real-estate investment trust." The Journal continues, "The investigation, disclosed by the company in a filing late yesterday, turns up the heat on Mills management and may further pressure the company's stock, which is off about 54% from its high in August." The Journal adds, "The Arlington, Va., REIT has made numerous missteps in the past 13 months. In that time, it has restated earnings twice, delayed three earnings reports, written off 10 projects and fired almost 10% of its work force. … Mills shares have plunged by about 21% since last Thursday on analyst downgrades and the disclosure that the company has uncovered five new areas of accounting problems, including ones that could have led to overstated earnings and revenue. The company is now reviewing about a dozen aspects of its books. … The Massachusetts attorney general and treasurer filed a motion Tuesday to become lead plaintiff in a class-action shareholder lawsuit against Mills, saying the state's pension fund has lost $5 million because of what it alleges was fraudulent activity by the company."

NEC Says Unit Employee Faked Deals, Inflated Revenue. The Wall Street Journal (3/23, Kachi) reports, "NEC Corp. said an internal investigation has found that an employee at its NEC Engineering Ltd. unit fabricated business deals for years, inflating sales figures by 36.3 billion yen, or about $309.5 million, from the fiscal year ended March 2002." The Journal continues, "The maker of computers and network equipment said that the 50-year-old employee at unlisted NEC Engineering conducted multiple fraudulent transactions in which he created fake deals between NEC Engineering and its suppliers and customers starting in March 2002. The management-level employee created phony documents to enable the transactions, NEC said." The Journal adds, "The company discovered the fraud in December. It said it would file a criminal complaint against the employee, who allegedly embezzled money from the transactions. … The news comes at a time when NEC is suffering from a falloff in profit as its chip and mobile-phone operations struggle amid increased competition. It posted

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group net profit of 20.78 billion yen for the quarter ended Dec. 31, down 47% from a year earlier."

Former Refco Director Seeks Payment Of Legal Fees. The Wall Street Journal (3/23, Rebello) reports, "Thomas H. Lee, who helped orchestrate Refco Inc.'s initial public offering of stock, says creditors of the commodity brokerage firm, now under bankruptcy protection, are 'improperly' trying to bar him from tapping Refco's insurance policies to pay his legal costs." The Journal continues, "Mr. Lee, who recently left the prominent private-equity firm named after him, Thomas H. Lee Partners, is petitioning the bankruptcy judge overseeing Refco's bankruptcy to get insurance payments to cover the legal costs of 14 lawsuits related to Refco's collapse. … Mr. Lee was a Refco director, as were other employees at Thomas H. Lee, which helped bring Refco public. He and other directors, including those who didn't work for the private-equity firm, are fighting the lawsuits, which center on claims that they should have known about the problems that led to Refco's implosion." The Journal adds, "Mr. Lee said Refco directors submitted claims to the brokerage's insurer, U.S. Specialty Insurance Co., which sought court permission to pay those costs. Refco's creditors committee objected."

Banks, Brokerage Firms Cracking Down On Strip Club Meetings. USA Today (3/23, O'Donnell) reports, "Some women on Wall Street want to know how it can be fair — or legal — for their managers and male colleagues to exclude them when they fraternize at strip clubs, often with the women's clients. Strip club clientele is hardly limited to Wall Street. Adult entertainment is enjoyed by men — and some women — in most every industry in the USA, and it's a tax-deductible business expense allowed by the IRS." USA continues, "Investment banks and brokerage firms are taking the lead in cracking down on the practice. The National Association of Securities Dealers and the New York Stock Exchange both recently proposed rules that would force firms to adopt business entertainment policies that cap amounts and specify appropriate venues. The move is expected to rule out company-paid or work-related strip club jaunts at the more than 5,000 brokerage firms in the USA. … The stock exchange and the NASD acted in large part because of lawsuits brought by female employees. The women who have sued say strip clubs are emblematic of a larger problem on Wall Street: a macho culture that leaves them behind in all areas."

Freddie Mac To Replace CFO. Freddie Mac has announced that it will replace its chief financial officer Martin Baumann. The Wall Street Journal (3/23, Hagerty, 2.11M) reports, "The move follows two embarrassing snags that have delayed the U.S. mortgage-finance company's effort to return to regular, timely reporting of results in the wake of a 2003 accounting scandal. In light of those snags, Mr. Baumann said in an interview, he and the company's top officers -- Chief Executive Richard Syron and Chief Operating Officer Eugene McQuade -- agreed that Freddie needed a finance chief with more expertise in upgrading the computer systems used to generate financial results."

CRIMINAL LAW:

CIA Says It Can't Comply With Libby Request For Documents. Fox News' Special Report (3/22, Hume) reported, "The CIA says it cannot comply with a court order to provide former Cheney chief of staff Scooter Libby with documents he says he needs for his defense in his upcoming perjury case because, says the CIA, doing so would jeopardize national security. On March 10, a judge ordered the CIA to produce partially censored copies of the President's Daily Intelligence Briefings which Libby says shows he was preoccupied with many other policy matters at the time he may have disclosed the identity of Valerie Plame. But the CIA says devoting resources to completing the task by the court imposed deadline would quote would detract from the ability to provide the most our senior leaders of our government with critical intelligence information. If the agency refuses to comply, the case could be dismissed."

Administration Won't Exercise Executive Privilege On PDBs. In it "Washington Whispers" column on its web site, the Wall Street Journal (3/22, 2.11M) reported that the Bush Administration isn't planning to cite executive privilege for the Presidential Daily Briefings sought by former vice presidential aide I. Lewis Libby. Federal prosecutors "said in a court filing that since the judge has limited the production of the daily intelligence briefings to redacted documents and topic overviews that would be viewed only by Libby and four of his attorneys in a sealed room, 'there is a reasonable prospect that the government could avoid a blanket assertion of privilege and instead be able to comply with the court's order.'"

Judge Says Ryan Jurors Having Difficulty Reaching Verdict. In a story distributed by Knight Ridder, The Chicago Tribune (3/23, O'Connor, Bush, 643K) reports, "The federal jury in former Illinois Gov. George Ryan's trial has hit a stumbling block in its deliberations, the judge disclosed on its seventh day of deliberations Wednesday. After holding two lengthy closed-door sessions with lawyers in the case, U.S. District Judge Rebecca Pallmeyer said she planned to instruct jurors Thursday morning to continue on with their discussions." Pallmeyer told reporters "she had received two notes in the last two days from jurors 'that disclose their difficulties reaching a

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verdict, or at least difficulties in the context of their deliberations.'" The Chicago Sun-Times (3/23, Korecki) notes, "Pallmeyer on Wednesday twice met privately with lawyers in the case to discuss the matters. The second meeting stretched to 1-1/2 hours."

Prosecutors Play Incriminating FBI Wiretaps At Nevada Bribery Trial. KLAS-TV Las Vegas (3/22, Allen) reports, "Prosecutors played more FBI wiretaps Wednesday in the G-Sting political corruption case," which alleges former commissioners Dario Herrera and Mary Kincaid-Chauncey took bribes from strip club owner Mike Galardi through his lobbyist, Lance Malone. "For Mary Kincaid-Chauncey, some of those wiretaps may spell trouble. But Dario Herrera's defense team says they liked what they heard. In a July 2001 FBI wiretap, Galardi tells Malone "to give Mary Kincaid-Chauncey a message: 'Tell her I'm going to get her another five whenever she wants it.'"

Witness' Former Lawyer Corroborates Testimony Linking "Mafia Cops" To Mob. Newsday (3/23, DeStephano) reports, "The testimony of Burton Kaplan, a key government witness in the 'Mafia Cops' trial, was buttressed Wednesday by his former defense attorney, who said Kaplan admitted being the intermediary between the mob" and former NYPD detectives Louis Eppolito and Stephen Caracappa. Attorney Judd Burstein "said that he was first told by his client about Kaplan's alleged dealings with the former cops when it was known that former acting Luchese boss Anthony 'Gaspipe' Casso became a government witness. … 'He said "this was a big problem for me; I was the go-between Casso and the cops on this killing and other matters,"' Burstein remembered Kaplan saying." The New York Times (3/23, Feuer, 1.19M) adds the trial "turned yesterday to what may have been its weirdest witness yet, or at least most professionally complicated" with testimony from Burstein, who "bolstered the witness's account that he once served as the liaison between the detectives…and their patron in the mob." Under the headline "Att'y Burns 'Mafia Cops'," The New York Daily News (3/23, Marzulli, 729K) notes, "Eppolito lawyer Bruce Cutler suggested Burstein came forward because he had read media reports last summer that the judge might toss the case on a legal technicality. Another government witness, Steven Corso, testified yesterday how Eppolito was so desperate to raise cash for his screenplay business he was willing to launder drug money and involve his son Anthony in a drug deal."

The New York Post (3/23, Haberman, 624K) reports Burstein testified that when Kaplan "picked up a copy of The Post on March 25, 1994, he got some exclusive news -- and instantly knew it was time to disappear. The drug-dealing mob associate was shaken after reading an exclusive report by Murray Weiss, which revealed that…Casso had hired two NYPD mob cops as hit men. Kaplan immediately told his lawyer about the report and feared he had to flee to China." The New York Sun (3/23, Capeci) also reports on Kaplan's and Burstein's testimony in its "Gang Land" column, under the headline "Devastating Testimony May Bury 'Mafia Cops'."

Prison Minister Backs Gotti Claim To Have Left Mob Life. The New York Post (3/22, Mangan, Smith, 624K) reported "corrections officer-turned-minister" Bobby Hargraves "is backing John 'Junior' Gotti's claim that he quit the Mafia in the late 1990s, saying Gotti repeatedly told him in jail – 'I'm not involved in that life, that life has been nothing but trouble for me.' .. Hargraves 'vividly' remembers up to five conversations with Gotti in which 'he said, "I'm no longer a part of that life anymore."' Gotti also avoided fellow Gambino crime family defendants in jail before pleading guilty in that case in 1999, and told Hargraves he was interested in moving his family to Canada, the ex-officer said."

Five Californians Arrested In Alleged $20 Million Medicare Fraud Scheme. The Los Angeles Times (3/22, Hong, 958K) reported, "Five Southern Californians were arrested Tuesday and charged with defrauding Medicare out of $20 million by recruiting patients for unnecessary medical treatment and then billing the agency for the services. An Altadena couple, two of their relatives and an associate are accused of 'beneficiary sharing' or 'patient rotating,' in which 'marketers' obtain data about Medicare beneficiaries and sell the information to clinics or diagnostic testing centers that then prepare fraudulent billings." The Pasadena Star News (3/22, Allen) added, "The FBI names Konstantin Grigoryan as leader of the group, which is said to have began its elaborate scheme in 1997. … The defendants further concealed their fraud by laundering their money 'into a maze of bank accounts of "management" and "consulting" companies, including a Panamanian shell corporation with a Swiss account,' the affidavit said."

The AP (3/22) noted, "Grigoryan, his wife Mayya and their son-in-law Eduard Gershelis were charged with conspiracy, health care fraud, Medicare kickbacks, money laundering and making false statements. Mayya Grigoryan's brother-in-law Aleksandr Treynker and a fifth defendant, Haroutyun Gulderyan, also face similar charges."

Federal Officials To Announce Louisiana Health Care Fraud Indictment Today. The Lafayette Daily Advertiser (3/23, Gagnet) reports, "Federal authorities have scheduled a news conference Thursday in Lafayette to announce a 95-count indictment alleging health

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care fraud." In addition to US Attorney Donald Washington, "representatives from the Federal Bureau of Investigation and the U.S. Department of Health and Human Services also will be present."

Former NFL Kicker Indicted For Insurance Fraud. The San Jose Mercury News (3/23, Foo) reports, "Ray Wersching, the retired San Francisco 49ers kicker who booted field goals in two Super Bowl victories, was indicted Wednesday on federal charges of embezzling $8 million from an insurance company and tax evasion." The News continues, "Wersching, 55, the owner of Ray Wersching Insurance Agency in Redwood City, is accused of diverting premiums earmarked for Farmers Insurance from 1997 to 2000. He is also alleged to have evaded paying taxes on $3.6 million in corporate income from 1999 to 2000." The News adds, "Wersching has been served with a summons to appear Monday in U.S. District Court in San Francisco before Magistrate Judge Bernard Zimmerman, said U.S. Department of Justice spokesman Luke Macaulay. … 'This action,' Insurance Commissioner John Garamendi said in a statement, 'makes it clear that in California, no one -- whether an average citizen or a former football star -- will escape prosecution if they are suspected of insurance fraud.'" The News notes, "Wersching, an ex-University of California football star, faces five allegations -- embezzlement; permitting a felon convicted of dishonesty to participate in an insurance business; failing to file a corporate tax return; and two counts of tax evasion."

Supreme Court Rules Warrant Needed When Household Divided On Search. The Supreme Court yesterday ruled on a perplexing 4th Amendment issue, whether police need a search warrant when one member of a household extends an invitation to them to enter a property but another household member refuses. The court ruled, 5-3, with Justice Samuel Alito not participating, that police must have consent from both parties to search without a warrant. NBC Nightly News (3/22, story 7, 2:00, P. Williams, 9.87M) reported, "The legal drama from Americus, Georgia sounds like an episode of 'Law and Order'. A couple that once lived in this house was in a rocky marriage. She called police and said her husband, Scott Randolph, used drugs. The police asked to come in. She said fine, he said no way. But the police went in anyhow, found evidence of cocaine and arrested him. Today, by a vote of five to three, the Supreme Court said the police had no right to enter. The decision said the normal rule allowing police without a warrant to conduct a search if they're invited in does not apply when another person at the door objects." Today's ruling "applies to homes, apartments, even college dorm rooms, but the person objecting must be at the door."

USA Today (3/23, Biskupic, 2.31M) reports the decision "drew a sharp dissent from Chief Justice John Roberts. He said the majority, led by the high court's more liberal justices, misapplied the Fourth Amendment's protection against unreasonable searches and set a rule based on 'random' circumstances." The ruling, written by Justice David Souter, "says that if police search a home after being invited in by one resident over the protest of another, the evidence that is seized cannot be used in court. The decision emphasized respect for privacy in the home." The New York Times (3/23, Greenhouse, 1.19M) says the case "drew back the curtain to reveal the strains behind the surface placidity and collegiality of the young Roberts court." The case "provoked…Roberts…to write his first dissenting opinion." The Times also reports that there was a "pointed, personal and acerbic tone" when "the justices expressed their disagreement over whether the Fourth Amendment's ban on unreasonable searches was violated" in the case. The Wall Street Journal (3/23, Bravin, 2.11M), Knight Ridder (3/23, Henderson), Washington Times (3/23, Taylor, 90K) the Washington Post (3/23, A1, Lane, 744K) and the Fulton County Daily Report (3/23, Palmer) also report on the ruling.

Maryland Prosecutor Seeks Death Penalty In Guard's Killing. The Baltimore Sun (3/23, Garland) reports, "Washington County's top prosecutor said Wednesday that he will seek the death penalty for a prison inmate who is accused of killing a correctional officer at a Hagerstown hospital." The Sun continues, "State's Attorney Charles P. Strong Jr. filed notice in Circuit Court that he will seek to have the inmate, Brandon Morris, put to death for the killing of Jeffery A. Wroten. … The death penalty applies because Morris, 20, 'committed the murder in furtherance of an escape' and because of other aggravating circumstances, the prosecutor wrote." The Sun adds, "Strong said he spoke with Wroten's family before making the decision because he wanted to make sure they understood that death penalty cases are often long, involved and intense. … Morris, of Baltimore, is accused of shooting Wroten in the face at Washington County Hospital on Jan. 26 as the officer lay on the floor, pleading for his life. The 44-year-old Wroten, who worked at Roxbury Correctional Institution, died the next day."

Treasury Department To Auction Items Received By Cunningham. The Treasury Department today will auction off items received by former Rep. Duke Cunningham as part of his bribery scheme. The Wall Street Journal (3/23, Solomon, Sanders, 2.11M) reports, "Auction officials won't disclose what they expect Mr. Cunningham's items to fetch."

The Washington Post (3/23, C1, Booth, 744K) reports, "The Cunningham Collection includes a dozen Oriental or

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Persian carpets (some machine-made), a few knickknacks and the furniture, which includes armoires and nightstands as well as" a "lingerie cabinet (like a wardrobe, with drawers inside) and the French commode (commode not being a toilet or chamber pot, but a style of chest of drawers that sits on low legs)."

Montgomery County Police Union's Web Site Draws Heated Comments. The Washington Post (3/23, A1, Londoño) reports, "What's up with the cop in Silver Spring who's ratting out colleagues? That was the question raised by a police officer who started a thread on the online message board of the Montgomery County police union on July 15, 2004." The Post continues, "Within minutes, a flurry of responses began pouring in to the site, one of many online forums that have changed the way police gripe and gossip. … They called the African American officer in question a 'rat,' a racist and a lazy cop who needed to 'be put in her place.' Then her husband -- the department's former diversity training teacher, who was brought in after the agency came under scrutiny over allegations of racial profiling -- was dragged into the online onslaught." The Post adds, "The message board was designed as a forum where officers could trade tips, complaints and light banter. But several officers say it has become an outlet for personal attacks -- often laced with racist language, sexual harassment and disparaging remarks about police supervisors, county leaders, immigrants and residents. … Copies of the messages from the password-protected Web site provided to The Post provide a rare glimpse of some officers talking among themselves. The authenticity of the messages, posted from 2004 to this year, was verified by officers with access to the site."

Prosecutors Try To Reinstate Some Charges Against DeLay. CNN's The Situation Room (3/22, Blitzer) reported, "In Texas, prosecutors are trying to bring back some of the charges against Congressman Tom DeLay that were dismissed last fall. They're asking an appeals court to restore one conspiracy charge against DeLay and part of another. DeLay still faces one money laundering charge in the campaign finance-related indictment against him. A ruling on the appeal isn't expected for at least another month. DeLay denies any wrongdoing." USA Today (3/23, Drinkard, 2.31M) reports DeLay's lawyer "had one primary wish Wednesday when he went before a Texas appeals court deliberating whether to reinstate a conspiracy charge against his client: Whatever you decide, do it soon." The Washington Post (3/23, A4, Moreno, 744K) also reports on the hearing.

The AP (3/23, Castro) reports DeLay "spent the day campaigning in what many consider his most serious election challenge since voters sent him to Congress in 1984. The Republican faces Democratic former Rep. Nick Lampson in November." The Washington Times (3/23, Aynesworth, 90K) runs a similar story under the headline "DeLay Campaigns As Lawyers Battle."

Baltimore City Council President Decries Probe. The Baltimore Sun (3/23, Donovan) reports, "Baltimore City Council President Sheila Dixon broke her silence Wednesday over an investigation into her ties to two city contractors by saying the state probe is 'trying to destroy my character.'" An initial round of subpoenas from Maryland State Prosecutor Robert A. Rohrbaugh "requested documents related to $600,000 of work awarded over the past six years -- most of the time without a contract -- to Dixon's former campaign chairman, Dale G. Clark, and his company, Ultimate Network Integration. A second batch of subpoenas…requested documents relating to Union Technologies, a company that employs the council president's sister, Janice Dixon, and has received city work from two major government contractors; Comcast, the city's cable television provider; and TeleCommunications Systems Inc., which manages the city's computer network." The probe began after The Sun reported last week "that Dixon might have breached the city's ethics law by not disclosing her sister's employment and by participating in public hearings and votes over the past two years that involved and benefited Utech."

Los Angeles Uses Injunctions To Curb Gangs. The Los Angeles Times (3/23, McGreevy, Banks) reports, "After more than a decade of successfully using restrictive court injunctions to battle dangerous street gangs, some Los Angeles officials now fear that key provisions have unfairly held back young people struggling to go straight." The Times continues, "Police Chief William J. Bratton said Wednesday that though he wants to expand the use of a tool that has proved effective in the city's fight against an estimated 39,000 hoodlums, he and City Atty. Rocky Delgadillo have agreed to first conduct a comprehensive evaluation of the injunction program. … 'We want to take a look at all of them, do a top-to-bottom review that will include making sure the appropriate people are [listed] in them, because some of these injunctions go back 13 years,' Bratton said." The Times adds, "City Councilwoman Janice Hahn, who represents a district plagued by some of the worst gang violence in the city, said the injunction program appears to be doing harm as well as good. … Hahn said that after she and Bratton attended a recent community meeting in Watts, she became concerned because no one has ever succeeded in getting removed from an injunction's official list of restricted gang members. … Young people covered by injunctions can have trouble getting jobs because the injunctions show up in employment

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background checks. Some have trouble getting to work or even school because they cannot ride in cars or buses if other gang members are present. … And they may be disqualified from participating in school sports if former associates play in the same league. … Critics say the injunctions sometimes target people who were never in a gang but had relatives or friends who were."

WPost Opposes Prosecution Of AIPAC Officials. An editorial in the Washington Post (3/23, A22, 744K) says the conviction of former AIPAC officials Steven J. Rosen and Keith Weissman, who are accused of conspiring to give national defense information to officials of the Israeli government, "would herald a dangerous aggrandizement of the government's power not merely to prosecute leaks but to force ordinary Americans to keep its secrets." The Post notes that "prosecutors have not accused either man of spying. Rather, the government has charged them under an old and vaguely worded law that prohibits people in possession of such information from disclosing it further." Prosecutors "have proceeded under a legal theory that must alarm anyone who values open debate."

CIVIL LAW:

Court Approves Equity Panel In Delphi Bankruptcy Case. Dow Jones (3/23) reports, "A federal court on Wednesday approved a request from a hedge fund seeking an official voice for equity holders in Delphi Corp.'s Chapter 11 case, departing from typical bankruptcy practice. … 'Clearly this company has extremely difficult problems to resolve,' and shareholders need a voice in that process, U.S. Bankruptcy Judge Robert Drain said." Dow Jones continues, "Appaloosa Management L.P., one of Delphi's largest shareholders with about 9% of its stock, has asked the auto parts maker to move ahead with a canceled shareholder meeting and wanted the court to appoint an official committee to represent stockholders in the case. Another money management firm that holds about 5% of Delphi's equity supported the motion. … Over a two-day trial, experts and attorneys for Delphi and Appaloosa argued widely differing positions about the company's prospects for reducing labor and retiree costs and how its securities would perform upon emergence from bankruptcy." Dow Jones notes, "Appaloosa attorney Thomas Lauria said he was happy Delphi's shareholders have a voice and said it seemed likely Appaloosa would fight for a seat on the committee when the US Trustee names its members. … Appaloosa has said any equity panel would closely monitor the case and be involved in negotiations or litigation involving the relationship between Delphi and its former parent General Motors Corp. … Appaloosa accumulated its Delphi stake after the company filed for bankruptcy protection and began its push for an official shareholder panel in November. The U.S. Trustee's Office - an arm of the Justice Department that normally appoints committees in bankruptcy case - was considering an equity committee request from Appaloosa but hadn't yet made a decision when the firm asked the court for a committee. The U.S. Trustee objected to Appaloosa's motion, as did the company's unsecured creditors committee."

GM, Delphi Offer Buyouts To Hourly Workers. General Motors and its major parts supplier, Delphi, yesterday offered 113,000 hourly workers a severance package ranging from $35,000-145,000. The companies' goal is to shed 30,000 hourly workers in order to reduce costs, and some analysts say the move will pay for itself by the second year, if not the first. The story is receiving extensive media coverage, including stories in most major newspapers. Last night all three networks led their newscasts with it. ABC World News Tonight (3/22, lead story, 2:55, Vargas, 8.78M) reported the strategy was a "bold move," a "drastic move to keep an ailing company afloat." ABC (Reynolds) added, "One industry analyst says it could mark the end of 20th century industrial America." Daniel Howes, business columnist, Detroit News: "Tens of thousands of UAW members of GM and Delphi are likely to retire or go away under this deal." The CBS Evening News (3/22, story 1, 3:10, Schieffer, 7.66M) and NBC Nightly News (3/22, lead story, 2:45, Brown, 9.87M) ran similar reports. NBC Nightly News (3/22, story 2, 2:00, Brown, 9.87M) also reported on the potential impact of the buyout plan on GM workers and their communities.

CIVIL RIGHTS:

Federal Judge Chastises LAPD For Failing To Comply With Reform Decree. The AP (3/23) reports, "A federal judge scolded city officials for failing to meet key provisions of a 2001 court consent decree to reform the Police Department." The AP continues, "The decree was the result of a settlement with the Justice Department and was designed to correct conditions that led to police corruption scandals involving officers beating and framing suspects and stealing evidence." The AP adds, "U.S. District Judge Gary A. Feess said city officials were trying to 'gut' a key provision and warned at a hearing Tuesday that he would likely extend the decree beyond its June 15 expiration date. … The judge chastised the LAPD for failing to implement a computer system required by the decree to serve as an early warning system by tracking officers' use of force, pursuits, collisions, citizen complaints and civil claims."

Navy Prayer Rule Draws Criticism. A new Navy rule encouraging chaplains to use only nonsectarian

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language outside divine service is drawing criticism saying the regulation of prayer services is a violation of the chaplains' First Amendment Rights. The Washington Times (3/23, Pfeiffer, 90K) reports, "Under new rules signed by Secretary of the Navy Donald C. Winter, chaplains of all faiths in the Navy are asked to consider the views of their audience before invoking specific religious beliefs in prayer. 'I'm very disappointed with the secretary of the Navy,' said Navy chaplain Lt. Gordon James Klingenschmitt. 'He's doing the opposite of what President Bush wants.' Klingenschmitt "is urging Mr. Bush to sign an executive order to allow military chaplains to pray according to their individual faith tradition."

WPost Says States Should Discontinue Use Of Diebold Voting Machines. An editorial in the New York Times (3/23, 1.19M) says, "Diebold, the electronic voting machine maker, suffered another sharp setback recently, when Maryland's House of Delegates voted 137-to-0 to drop its machines and switch to paper ballots. The vote came in the same week that Texas held elections marred by electronic voting troubles. Maryland's State Senate should join the House in voting to discontinue the use of the Diebold machines, and other states should follow Maryland's lead."

ANTITRUST:

Three Samsung Executives Plead Guilty In Price-Fixing Probe. The New York Times (3/23, Flynn) reports, "Three executives of Samsung, the largest supplier of computer memory for consumer electronics, have agreed to plead guilty and serve prison sentences in the United States for their roles in a price-fixing conspiracy, federal prosecutors said on Wednesday." The Times continues, "The plea agreements are the latest development in the Justice Department's three-and-a-half-year investigation of the volatile market for dynamic random access memory chips, the most common type of computer memory products, used in personal computers, printers and electronic devices like cellphones and digital cameras."

The Wall Street Journal (3/23, Anderson) reports, "The Justice Department said it has charged four companies and 12 individuals so far in its investigation, which has led to fines totaling more than $731 million. … The three Samsung executives, who will serve their jail time in the U.S., are Sun Woo Lee, senior manager of DRAM sales; Yeongho Kang, an associate director in the U.S.; and Young Woo Lee, sales director in Germany." The Journal adds, "Samsung Electronics, of South Korea, is the world's largest maker of DRAM components and has previously pleaded guilty and agreed to $300 million in fines in the price-fixing conspiracy." The Journal notes, "U.S. Attorney General Alberto Gonzales said, 'These pleas should send a clear message that we will hold accountable all conspirators, whether domestic or foreign, that harm American consumers through their illegal conduct.'"

The AP (3/23) reports, "Each executive agreed to pay a $250,000 fine, cooperate with federal authorities on the investigation and serve prison sentences ranging from seven to eight months for their role in a scheme to raise prices for dynamic random access memory, or DRAM, from 1999 to 2002. A federal judge in San Francisco must approve the deal."

Bloomberg (3/23, Rowley) reports, "Sun Woo Lee, Samsung's senior manager of sales for DRAM chips, agreed to serve an eight-month prison term, and the other two will serve seven months, the government said. … 'True deterrence occurs when guilty individuals serve jail terms and not just when corporations pay criminal fines,' Attorney General Alberto R. Gonzales said in a statement." Bloomberg adds, "The government said leading victims of the conspiracy include computer makers such as Dell Inc., Hewlett-Packard Co., International Business Machines Corp., Apple Computer Inc., Gateway Inc. and Compaq Computer Corp., now owned by Hewlett- Packard. … All three Samsung executives agreed to plead guilty to price fixing, the Justice Department said. The charges filed against them in federal court in San Francisco say the defendants attended meetings with competitors to discuss setting prices for DRAM chips. They also exchanged sales information to help the participating companies monitor compliance with the cartel agreements, court documents said."

The San Francisco Chronicle (3/23, Pimentel) reports, "In a statement, Samsung said the company is 'strongly committed to fair competition and ethical practices and forbids anti-competitive behavior.' … According to the Justice Department, the Samsung executives took part in meetings and agreements to sell DRAM chips 'at certain levels' to manufacturers."

MarketWatch (3/23, Schroeder), IDG News Service (3/23, Gross), and Yonhap News (South Korea) (3/23, Dong-min) also report on the pleas.

FTC Could Resist Plavix Settlement. Dow Jones (3/23) reports, "The proposed settlement of patent-infringement litigation surrounding the blockbuster drug Plavix could run into regulatory resistance, but government enforcers might not have much muscle, legal experts and analysts say." Dow Jones continues, "Bristol-Myers Squibb Co. and Sanofi-Aventis said late Tuesday that they reached a settlement with Apotex Inc., a Toronto company that had sought to sell a generic version of Plavix, a blood thinner, before the expiration of a key patent. The settlement calls for Apotex to wait until 2011, under certain conditions, to begin selling generic Plavix through a license deal. Bristol- Myers and Sanofi also would make undisclosed payments to

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Apotex." Dow Jones adds, "The settlement is subject to antitrust review and clearance by the Federal Trade Commission. Some analysts and legal experts believe the FTC might try to challenge the deal because it calls for Apotex to wait as much as five years before selling generic Plavix, and Bristol-Myers and Sanofi have agreed to pay Apotex. … The companies said in a statement that the agreement wasn't an act of collusion to keep a generic drug off the market, but they acknowledged that there's 'significant risk' they would be unable to obtain the required antitrust clearance. … The FTC has taken a dim view of similar drug patent-infringement settlements in the past because it believed they could harm consumers by delaying the introduction of cheaper, generic alternatives to branded prescription drugs."

Dell To Purchase Alienware. The Wall Street Journal (3/23, Lawton) reports, "Dell Inc. said it agreed to buy closely held Alienware Corp., a maker of high-end personal computers favored by gamers." The Journal continues, "Terms were not disclosed. But the deal is considered a significant strategy shift for Dell, which rarely makes acquisitions and has tended to focus more on machines purchased by businesses." The Journal adds, "While Dell has transformed the PC business by focusing on direct sales and streamlined manufacturing, Alienware has built a loyal following among computer users willing to pay a premium for powerful machines with sleek designs and odd colors such as 'cyborg green.' … The transaction also is being closely watched in the semiconductor industry. Dell, which has its own line of gaming PCs, exclusively uses chips from Intel. But Alienware also uses chips from rival Advanced Micro Devices Inc. … A Dell spokesman said Miami-based Alienware, which will be run as a separate subsidiary, can continue to do so. 'They will sell their own products, and they will continue to use AMD as part of that,' he said."

Microsoft Takes New Tack To Avoid EU Sanctions. The AP (3/23, Casert) reports, "Microsoft Corp. today offered 'free, unlimited technical support' to rivals interested in making their software work with the software giant's servers, saying it wanted to comply with a landmark EU antitrust ruling. … 'We are committed to doing everything in our power to address the (European) Commission's concerns,' Microsoft General Counsel Brad Smith said in a statement." The AP continues, "A spokesman for the EU's antitrust office said the Microsoft offer 'seems to be a constructive proposal,' but said the company needed to make more efforts to fully fall in line with the EU's 2004 ruling. … 'Microsoft will naturally be well placed to answer questions from licensees on specific points of the technical documents,' EU spokesman Jonathan Todd said. … He insisted, however, that even two years after the ruling that forced Microsoft to share technical details with rivals, Microsoft's efforts remained insufficient."

The Financial Times (3/23, Buck) reports, "The latest concessions come in response to accusations by the Commission that Microsoft has failed to implement one of the key elements of its landmark ruling. … Brussels has told Microsoft that it has failed to provide complete and accurate inter-operability information about Windows to rival companies. It believes the information – which will be licensed in return for a fee – is needed so that other companies can develop server software that meshes with Windows-driven computers and servers."

The Wall Street Journal (3/23, Stern) reports, "An independent monitor in the regulatory case has found the documents provided by Microsoft needed a drastic overhaul to make them workable. The monitor, computer-science professor Neil Barrett, wrote a critical report about Microsoft's efforts to comply with the commission's ruling, saying he and a colleague had been unable to use Microsoft's instructions. … Microsoft, which has accused Mr. Barrett of being uninformed and colluding with its rivals, also pledged yesterday to do additional work on technical documentation. But it said five European computer-science professors believe existing documentation already meets requirements."

EU To Confront France, Spain Over Energy Industry Protections. Bloomberg (3/23, Stearns) reports, "The European Union is set to confront France and Spain for protecting energy companies from foreign takeovers, raising the prospect of a clash among EU leaders at a meeting meant to revive a push for market integration." Bloomberg continues, "EU leaders meet this evening in Brussels for the first time since the French government arranged a merger between utilities Suez SA and Gaz de France SA to avert a possible bid for Suez by Italy's Enel SpA. The two-day summit also comes after the Spanish government imposed rules to hinder a takeover of power company Endesa SA by Germany's E.ON AG. … 'Member states are reluctant to accept the rules,' Loyola de Palacio, EU energy commissioner for five years until November 2004, said by telephone from Madrid two days ago. 'They are very proud when one of their companies goes abroad and makes a takeover but aren't very happy when somebody else makes a takeover in their country.'" Bloomberg adds, "National obstacles and monopolies in Europe's 250 billion-euro ($302 billion) electricity and natural-gas market threaten to boost bills for companies and consumers, curtail supply and undermine the economy. The fragmentation may also hinder efforts to prevent the 25-nation EU's dependency on energy imports from rising to 70 percent by 2030 from 50 percent now."

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EU Ends Antitrust Dispute Over Soccer Broadcasts. The AP (3/23, Casert) reports, "The European Union closed a long-standing antitrust dispute with England's Premier League on Wednesday, forcing one the of richest leagues in the world to stop selling the rights to its live soccer matches exclusively to one TV channel. … 'The solution we have reached will benefit football fans while allowing the Premier League to maintain its timetable for the sale of its rights,' said EU Antitrust Commissioner Neelie Kroes, after the EU executive finalized the deal between both sides." The AP continues, "Under the agreement, live TV rights will be sold in six balanced packages with no one bidder being allowed to buy them all. … Premier League Chief Executive Richard Scudamore said the decision was 'a good outcome for supporters, whether in the stadium or watching our broadcasts.' … He added the Premier League 'believes that the conditions are now in place to create maximum interest for our audiovisual rights and to take the world's most popular domestic football competition from strength to strength.'" The AP notes, "British Sky Broadcasting Group PLC - a pay channel owned by media mogul Rupert Murdoch - has held the exclusive rights to the richest broadcast contract in European sport for the past 13 years. The satellite broadcaster dominates Britain's pay-TV market with close to 8 million subscribers."

ENVIRONMENT:

Bush Says Coal Reserves Key To Curing US "Addiction" To Foreign Oil. The Wheeling News-Register (3/23, McCabe) reports, "West Virginia's coal reserves could be one of the keys to curing the United States' 'addiction' and dependence on foreign oil, President Bush said Wednesday." During his remarks at the Capitol Music Hall in Wheeling, "underwritten by the Ogden Newspapers Inc. and other local sponsors and hosted by the Wheeling Area Chamber of Commerce, the president spoke of a brief meeting he had with Gov. Joe Manchin on the way downtown from the Wheeling-Ohio County Airport." During that meeting, "Manchin discussed coal liquefaction — a chemical process that turns coal into a fuel that can be used in vehicles -- as an alternative energy source for the nation." Said Bush, "First thing is, we've got a lot of coal, a 250-year supply of coal, which helps us on our electricity. And we're spending a lot of money on clean coal technology. The whole idea is to use taxpayers' money to develop a technology that will enable us to have zero-emission plants, which will help us achieve an environmental objective, as well as an energy independence objective."

Bush Administration To Release More Stringent Fuel Economy Rules. The CBS Evening News (3/22, story 3, 2:15, Orr, 7.66M) reported, "The Bush Administration is ready to slap fuel economy requirements on the largest gas guzzlers. While the proposal would affect all jumbo sport utility vehicles and vans, GM, which makes the popular Chevy Suburban and the ultra-trendy Hummer H2, would be hardest hit." Sources "say the rule, still being reviewed by the White House, would require the giant SUVs to get more than 20 miles per gallon by 2011. Currently, the Chevy Suburban and the GMC Yukon average 15 and the Hummer only 13." To "get these monsters to 20 miles a gallon, car makers would have to spend millions on redesign. Sticker prices would likely jump by a thousand dollars or more. However, the improved mileage could save drivers more than a billion dollars a year in gasoline costs, but the heaviest pickup trucks would still be exempt from the new gas mileage requirements and that loophole rankles auto industry watchdogs."

NBC Nightly News (3/22, story 3, 0:40, Brown, 9.87M) reported, "The bottom line: A fleet-wide average of 24 miles per gallon for light trucks, minivans, and SUVs. That's an increase of 1.8 miles per gallon."

Senate Aide Says Passing Administration Pollution Rules Is Tall Order. John Shanahan, majority counsel for the Senate Environment and Public Works Committee, told the National Coal Council yesterday that Congress would have a difficult time passing legislation this year to reinstate the Bush Administration anti-pollution regulations for coal burning power plants that were rejected by a federal appeals court last week. CQ (3/22, Evans) reported that Shanahan "said passing legislation to reinstate the administration's rules would be almost impossible in the Senate, where it takes 60 votes to break a filibuster. … The only possibility, he said, would be to attach language addressing the anti-pollution regulations to a larger, more important bill."

EPA Lists States With Worst Air Pollution, Cancer Risk. The CBS Evening News (3/22, story 4, 0:15, Schieffer, 7.66M) reported, "Car and truck exhaust fumes are a main source of pollutants cited in a new study of air quality and cancer risk. The EPA report says that New York, California and Oregon have the most polluted air and the highest risk of related cancer. The cleanest air in the country: Wyoming, South Dakota and Montana."

WSJournal Blasts Court Ruling On Bush Clean Air Strategy. An editorial in the Wall Street Journal (3/23, 2.11M) says that the DC Circuit Court of Appeals' decision last week to strike down "a major plank of the Bush Administration's clean air strategy" is "based on a bad reading of the law, and -- unless successfully challenged -- will lock the U.S. into an old-fashioned approach to regulation when better alternatives are available. … If the D.C. Circuit ruling stands, the Bush clean air strategy will lie in ruins, since it

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relies on a so-called 'cap-and-trade' pollution permit system to allow the market to figure out how best to achieve emission reductions." The Journal adds, "If the Bush Administration doesn't want to abandon its own policy, it has little choice but to fight back."

WPost Calls Decision "Common-Sense Ruling." An editorial in the Washington Post (3/23, A22, 744K) says, "One might hope that after its rebuke last week by the U.S. Court of Appeals for the D.C. Circuit, the Bush administration would reconsider its efforts to rewrite the rules governing power plant emissions. … Unfortunately, there is no particular reason to expect the administration to come to its senses in response. It is still trying to curtail enforcement against old coal-fired plants that fail to install new pollution-control technologies." The Post adds, "The court's common-sense ruling last week is a promising sign that its judges won't sit still for further efforts to ignore the law."

Wall Street Prepares For Bird Flu Pandemic. USA Today (3/23, Shell, 2.31M) reports, "Bird flu has yet to come even close to the USA's borders, but Wall Street analysts are already crafting advice on how investors can inoculate their portfolios if a pandemic breaks out." In response to growing fears, stock analysts have been "busy concocting what-if scenarios, handicapping winning and losing stock sectors, and educating clients in the science of bird flu." The newspaper says that "not since the SARS scare in Asia in spring 2003…has a health-related crisis put investors on edge."

Schools Told To Prepare For Bird Flu. The AP (3/23 Feller) reports, "The nation's schools, recognized incubators of respiratory diseases among children, are being told to plan for the possibility of an outbreak of bird flu. Federal health leaders say it is not alarmist or premature for schools to make preparations, such as finding ways to teach kids even if they've all been sent home." In North Carolina on Tuesday, Education Secretary Margaret Spellings "said schools must be aware that they may have to close their buildings—or that their schools may need to be used as makeshift hospitals, quarantine sites or vaccination centers."

Researchers Shed More Light On Bird Flu Spread Among Humans. The Wall Street Journal (3/23, A2, Regalado, 2.11M) reports, "Scientists have a new clue why the feared H5N1 strain of the avian-influenza virus hasn't spread easily among people." According to research published this week in the journal *Science* by teams in the US and the Netherlands, the virus "primarily infects cells deep in the human lung, possibly making it difficult for the germ to spread." In a separate study released yesterday by the journal *Nature*, a research group said that "to spread between humans, the virus would need to adapt in a way that enabled it to attach to a different type of molecule present in cells higher in the respiratory tract."

The Washington Post (3/23, A13, Brown, 744K) says the research "suggests that people need close and heavy exposure to the H5N1 virus for it to get into the lungs. But once it takes hold, it causes extensive damage." The New York Times (3/23, Wade, 1.19M) also reports on the findings.

China Agrees To Hand Over Bird Flu Samples. The Financial Times (3/23, Yeh) reports, "Chinese officials have promised to provide numerous bird flu virus samples to global health researchers, a rare move that will help accelerate research into the lethal disease," World Health Organization officials said Wednesday. The Times says "Beijing's compliance, if followed through, is a sign of more intimate cooperation with the global health community," and "reflects a change in attitude among Chinese government researchers, who at times have been reluctant to share samples for fear of not being recognized for any breakthrough findings published overseas."

Man Cleared In Theft Of Nevada Petroglyph Says He Wanted To Protect Art. The AP (3/23, Sonner) reports, "One of two men whose federal conviction for stealing American Indian artwork was overturned says the pair simply wanted to protect the ancient petroglyphs from encroaching development." The AP continues, "Carroll Mizell, who served 10 months in prison after being found guilty in June 2004 of stealing the rock art said 'we wanted to save the property. … My whole intent was to free these things so they wouldn't be destroyed,' Mizell told The Associated Press on Wednesday from Redmond, Ore. … 'We didn't do this because we wanted to put them on e-Bay,' he said." The AP adds, "The 9th U.S. Circuit Court of Appeals ruled Tuesday that the Justice Department failed to prove the rock art taken from a national forest on the edge of Reno had a market value of more than $1,000, a requirement for a felony conviction of government theft. … Mizell and John Ligon of Reno admitted during their federal court trial in Reno that they took three boulders with etchings of an archer and bighorn sheep from the Humboldt-Toiyabe National Forest. But they insisted they didn't know it was illegal, partly because there were no signs marking the site. … Forest Service officials believe the petroglyphs are at least 1,000 years old. They were located within a few hundred yards of backyards in a neighborhood in northwest Reno where hundreds of new homes are scheduled to be built. … Natalie Collins, a spokeswoman for the U.S. Attorney's Office in Las Vegas, said federal prosecutors are considering asking the appeals court to reconsider the case but they had no further comment."

New Hampshire Lawmakers Approve Eminent Domain Limits. The AP (3/23) reports, "New Hampshire lawmakers gave preliminary approval Wednesday to a

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constitutional amendment that would limit government's ability to seize private property." The AP continues, "The measure was prompted by a U.S. Supreme Court ruling last year that allowed New London, Conn., to take a group of older homes along the waterfront and turn them over to a developer who plans to build offices, a hotel and a convention center." The AP adds, "The state House and Senate voted overwhelmingly in favor of identical resolutions. For the measure to win approval, both chambers must pick one resolution and pass it. … Then the amendment would be put to a statewide vote, probably in November. Two-thirds approval would be needed for ratification. … The amendment would prohibit the taking of private property for use by private developers."

Virginia Lawmakers Criticized For Not Acting To Curb Eminent Domain. Jeremy Hopkins, counsel with Waldo & Lyle, P.C., a Virginia law firm that represents property owners in eminent domain cases, writes in the Washington Times (3/23), "The Supreme Court's infamous decision in Kelo v. City of New London, which allows the government to take property from one person simply to give it to another, caused most states to take action to prohibit such abuses. However, the General Assembly refuses to limit the power of eminent domain in Virginia. It ended its 2006 legislative session without passing legislation to eliminate the abuses in Kelo." Hopkins adds, "Virginians' own state agencies and local governments, as well as large private corporations that have the power of eminent domain, spare no expense in fighting to ensure that the General Assembly does not place any real restrictions on their power to take people's property. … Unless and until Virginians demand a constitutional amendment to place real restrictions on the General Assembly's power of eminent domain, no Virginian's home, farm or business will be secure."

Moore Says ESA Failing Property Owners. Stephen Moore writes in the Wall Street Journal (3/23, 2.11M) that the Endangered Species Act "tries to achieve the societal policy goal of saving species from extinction by imposing all of the costs on a hapless few. House Resources Committee Chairman Richard Pombo has sensibly proposed reforms that allow landowners to get fair compensation from the government if their land is depressed in value due to a wetlands or endangered species designation. That seems equitable: If society wants to preserve habitat for the common good, then the cost should be borne by all taxpayers, not individual landowners, who would no longer regard endangered species as an economic plague." Moore adds that the ESA "isn't just failing property owners but the very irreplaceable species it was designed to protect."

FBI/DEA/ATF/USMS:

Justice Department Announces Major Drug Smuggling Indictment. The CBS Evening News (3/22, story 10, 0:15, Schieffer) reported, "The US Justice Department announced the biggest drug trafficking indictment in history today. It charges 50 leaders of a Colombian rebel group with shipping $25 billion worth of cocaine around the world to finance their attacks and with murder and kidnapping. Only three of the 50 are in custody."

NBC Nightly News (3/22, story 8, 0:45, Brown) reported it is "being described by the Justice Department as the biggest narcotics trafficking indictment in American history. It accuses 50 people in Colombia's largest guerilla group, known as FARC, of sending more than $25 billion worth of cocaine into the United States and other countries."

In a widely distributed story, the AP (3/23, Sherman) reports, "The United States charged 50 leaders of Colombia's largest guerrilla group with sending more than $25 billion worth of cocaine around the world to finance their fight at home, a federal indictment that depicts the rebels as major narco-terrorists. … The indictment made public Wednesday in U.S. District Court said the leaders of the Revolutionary Armed Forces of Colombia, or FARC, ordered the killings of Colombian farmers who did not cooperate with the group, the kidnapping and killing of U.S. citizens and the downing of U.S. planes seeking to fumigate coca crops." The AP adds, "U.S. officials said the indictment strikes a blow against the group because it lays out the FARC's hierarchy and details of its operations. 'Members of the FARC do not want to face American justice,' Attorney General Alberto Gonzales said. … He acknowledged that 47 of those charged remain at large, probably in well-defended jungle strongholds that have so far proved beyond the reach of Colombian authorities."

The Los Angeles Times (3/23, Muskal) reports, "The U.S. will seek to extradite three of the defendants who are in custody in Colombia and offered rewards that total $75 million for information leading to the arrest of the others who are believed to be in areas controlled by the militia." The Times adds, "U.S. officials say FARC has sent about 60% of the cocaine imported into the U.S., then used the money to support its long-term insurgency against Colombia, now led by pro-U.S. President Alvaro Uribe. … 'This indictment strikes at the very heart of the FARC narcotics operation that has flooded our communities with cocaine,' said Atty. Gen. Alberto R. Gonzales. 'Because of unprecedented cooperation between United States and Colombian authorities, we are closer than ever before to reaching our goal of bringing the leaders of this narco-terrorist group to justice in the United States.' … Among the leaders being sought are the seven figures who sit on the FARC Secretariat, the militia's ruling

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body, and 17 members of the estado mayor, or governing council, U.S. officials said at a news conference this morning in Washington."

The New York Times (3/23, Forero) reports that the indictment accuses FARC "of being behind 50 percent of the world's cocaine trade and 60 percent of the cocaine exported to the United States. … 'We believe these men are responsible for not only manufacturing and exporting devastating amounts of cocaine, but enforcing their criminal regime with violence,' Mr. Gonzales said. … The practical impact is unclear, since 47 of the 50 commanders remain free in this vast country, leading thousands of fighters in the group's relentless effort to topple President Álvaro Uribe's government. Three are in Colombian custody, and the United States will seek their extradition, American officials said."

In the "Nation/Politics" section, The Washington Times (3/23, Seper) reports Tandy said, "From their jungle hideaway, the FARC uses the drug trade to bankroll terrorism in Colombia, finance attacks on innocent citizens and poison Americans. … Today's indictment challenges that lawlessness, and the FARC leadership should prepare to face the justice that they have long denied to so many."

Knight Ridder (3/23, Bachelet, Dudley) reports, "The indictment is likely to make it easier for the U.S. Congress to continue funding for Plan Colombia, a multibillion dollar effort to combat drug trafficking, and military aid for the conservative government of President Alvaro Uribe, one of the strongest U.S. allies in the region. … But analysts said it may not have much impact on an estimated 18,000-strong guerrilla force whose leaders are deeply entrenched in the far reaches of a country the size of France, flush with drug money and showing signs lately of recovering from a three-year-old military offensive." Knight Ridder notes that FARC "has long been known to collect payments from coca farmers and drug traffickers, as well as businessmen, cattle ranchers and shop owners, to finance its four-decades-old insurgency. … But the indictment unveiled by Attorney General Alberto Gonzales at a news conference in Washington alleges that the FARC has taken its involvement in the drug trade significantly further in recent years, earning as much as $25 billion. … 'The FARC has evolved into the world's largest supplier of cocaine and cocaine paste,' a semi-processed product that must be refined into cocaine, the indictment alleges. … 'This is the largest narcotics-trafficking indictment ever filed in U.S. history and fuels our hope to reduce narco-violence in Colombia and stem the tide of illegal drugs entering our country,' Gonzales said."

Bloomberg (3/23, Arthur) reports, "The Justice Department calls FARC, the largest guerrilla group in Colombia, a 'narco-terrorist' group and views it as one of the 'highest priority targets in our fight against illegal drug trafficking,' Gonzales said at a news conference in Washington." Bloomberg notes, "The U.S. State Department is offering rewards totaling more than $75 million for information leading to the capture of 24 of the FARC leaders charged in the indictment. … 'This the beginning of the process,' Gonzales said when asked the chances of capturing the 47 at-large FARC members. … Gonzales didn't rule out the use of U.S. troops in the battle against FARC. … 'We consider all options, all effective options,' he said."

CNN.com (3/23, Frieden) reports, "Among other allegations, the indictment states that the charged FARC leaders set the price at which Colombian coca farmers could sell cocaine paste, a raw form of the drug that was transported to jungle laboratories and turned into the finished product. … Farmers who undercut the price or otherwise violated FARC's strict cocaine policies, which also dictated to which buyers the farmers could sell, were punished severely, according to the indictment. … 'Colombian farmers who violated FARC rules were allegedly shot, stabbed, or dismembered alive, and the bodies of murdered farmers were cut open, filled with rocks and sunk in nearby rivers,' according to a DEA news release.U.S. pushes for extradition"

Agence France-Presse (3/23), the Financial Times (3/23, Johnson), Voice of America (3/23, Malone), UPI (3/23), and the BBC (3/23) also report on the indictments.

Network TV Coverage. The CBS Evening News (3/22, story 10, 0:15, Schieffer) reported, "The US Justice Department announced the biggest drug trafficking indictment in history today. It charges 50 leaders of a Colombian rebel group with shipping $25 billion worth of cocaine around the world to finance their attacks and with murder and kidnapping. Only three of the 50 are in custody."

NBC Nightly News (3/22, story 8, 0:45, Brown) reported, "Also in Washington today what is being described by the Justice Department as the biggest narcotics trafficking indictment in American history. It accuses 50 people in Colombia's largest guerilla group, known as FARC, of sending more than $25 billion worth of cocaine into the United States and other countries. This video shows government raids on some of the cocoa farms and jungle laboratories involved in the ring, which also allegedly kidnapped and killed American and Colombian citizens. Three of the ring leaders are in custody, but most of the others indicted today are fugitives."

Cable TV Coverage. CNN (3/22, 1:00 p.m.) reported, "Along with the war on terror there's a war on narco terror, and a major US offensive. Fifty leaders of a Colombian rebel group claim narco terrorists are being charged in Washington with sending this country $25 billion worth of cocaine. The rebel group, called FARC, is a designated terror organization, and Attorney General Alberto Gonzales says both countries will benefit by bringing it down. … Only three of the 50 indicted leaders are in custody."

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FOX News (3/22, 5:00 p.m.) reported, "The United States has indicted the leaders of the Armed Forces of Columbia or FARC with trafficking in cocaine. The U.S. says it will seek the extradition of the suspects already in custody.

MSNBC (3/22, 1:00 p.m.) reported, "Fifty [leaders] of a Colombian narco-terrorist group. The group known as FARC is accused of using money from drug sales to fund terrorist operations in Colombia. The attorney general says the group imported more than $25 billion worth of coke into the United States and other countries."

BBC World News (3/22, 6:00 p.m.) reported, "The biggest drugs indictment of its kind in the US. Fifty Colombian rebels have been charged with importing devastating amounts of cocaine into the United States. The group is said to supply 50% of the world's cocaine and more than 60% of the cocaine that enters the US. The announcement was made by the US Attorney General, Alberto Gonzales. A federal indictment was unsealed today in Washington, D.C., charging 50 members of FARC's policy-making and operational leadership with importing more than $25 billion worth of cocaine into the United States and other countries."

PBS Coverage. NewsHour with Jim Lehrer (3/22, 6:00 p.m.) reported, "The U.S. justice department announced the indictment today of 50 rebels in Colombia for cocaine trafficking. It said their group, known as FARC, supplies most of the cocaine for the world and the U.S. Attorney General Gonzales acknowledged nearly all the suspects are at large. But he said it's clear they're worried. … The indictment said FARC has kidnapped and killed Americans and shot down U.S. planes trying to eradicate coca plants. The attorney general would not say if the indictment clears the way for U.S. troops to go after the rebel leaders, but he did not rule it out."

Local TV Coverage. WTVJ-TV, Miami-Ft. Lauderdale, Florida (3/22, 12:00 p.m.) reported, "Attorney General Gonzalez says 50 members of the narco terrorist group have been charged with importing more than $25 billion of cocaine into the U.S. and other countries. That's more than 60% of the cocaine that comes into this country. Three of the top FARC leaders charged today are already in custody in Colombia. … The remaining 47 are at large, hiding in the remote reaches of Colombia, surrounded by heavily-armed guerrillas."

KNSD-TV, San Diego (3/22, 4:30 p.m.) reported, "The U.S. Justice Department has indicted 50 leaders of a Colombian terrorist group. Authorities say the group supplies half the world's cocaine. According to the indictment, the Revolutionary Armed Forces Of Colombia or FARC imported more than $25 billion worth of cocaine into the U.S. and other [countries]. Authorities say the group also allegedly ordered the killings of farmers who refused to cooperate with them and kidnapped and killed U.S. citizens and others who got in their way."

KRIS-TV, Corpus Christi, Texas (3/22, 5:00 p.m.) reported, "Authorities say they're responsible for supplying half the world's cocaine. According to the indictment, the Revolutionary Armed Forces of Colombia or FARC imported more than 25-billion dollars worth of cocaine into the United States and other countries. Attorney General Alberto Gonzales said today's indictment is part of the U.S. push to pursue and prosecute drug dealers."

California Seeks To Get Medical Marijuana Lawsuit Dismissed. According to the AP (3/22), the state of California "has filed a motion seeking to dismiss a San Diego County lawsuit that challenges a decade-old law permitting in California the use of marijuana for medical purposes. The attorney general's office filed the court documents Tuesday. In them, the state contends county officials simply 'disliked' the law and that there was no legal reason for the court to consider the lawsuit."

San Diego's North County Times (3/22) reports, "The county of San Diego, in a move that angered local medical marijuana patients and marijuana advocacy groups, filed a lawsuit in December in federal court seeking to overturn the Compassionate Use Act, which allows the use of medicinal marijuana. The supervisors ---- who have collectively opposed the law since it was placed on the 1996 ballot ---- argue that it should be 'pre-empted' by federal law, which says that all marijuana use is illegal and that the drug has no medicinal value."

IMMIGRATION:

Clinton Says GOP Immigration Bill Would "Criminalize Good Samaritan," Jesus. The New York Times (3/23, Bernstein, 1.19M) reports, "Senator Hillary Rodham Clinton invoked the Bible yesterday to criticize a stringent border security measure that, among other things, would make it a federal crime to offer aid to illegal immigrants." The immigration bill to which she was referring was sponsored by Sen. Bill Frist. Said Clinton, "It is hard to believe that a Republican leadership that is constantly talking about values and about faith would put forth such a mean-spirited piece of legislation. … It is certainly not in keeping with my understanding of the Scripture because this bill would literally criminalize the Good Samaritan and probably even Jesus himself." The New York Post (3/23, Haberman, 624K) also reports on Clinton's comments, saying she "ratcheted up her talk about religion yesterday" and stated "a GOP-sponsored bill making it a felony to be in the United States illegally would have 'criminalized' Jesus."

Reid Says He Would Filibuster Frist Bill. Senate Majority Leader Bill Frist has proposed an immigration bill that would bypass the Judiciary Committee, which has been

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considering sweeping reforms, including a guest-worker program. The AP (3/23, Spagat) reports that Minority Leader Harry Reid "vowed Wednesday to do everything in his power, including filibuster, to thwart…Frist's proposed overhaul." Reid said immigration reform "must include heightened border enforcement, a 'guest worker' program and a 'path to citizenship' for the estimated 11 million people in the United States illegally." Frist's bill "sidesteps the question of temporary work permits." Reid said on CNN's The Situation Room (3/22), "America needs comprehensive immigration reform. I have spent the day down here with the people who are in the trenches, so to speak. They acknowledge that immigration is not one problem. It's not a guess-worker program only. It's not enforcement only. It's not only dealing with the 11 million people here who are undocumented. It's all of them. Now, we have to make sure that we deal with all of these."

Farmers Support "Carrots And Sticks" Approach To Immigration Reform. The New York Times (3/23, Porter, 1.19M) reports "the experience of farmers…underscores why most experts say that simply tightening the border with Mexico will not work." The Times adds, "To curb illegal immigration, they say, the government needs both carrots and sticks: legal work channels for future immigrants and the current population of workers unlawfully in the country along with a much more effective bar against hiring illegal labor."

Probe Finds Immigration Violations At Kentucky Restaurant. The Murray (KY) Ledger & Times (3/23, Taylor) reports, "An investigation last month into an indentured servitude complaint at Murray's Asian Buffet proved the allegation false, but five people were taken into custody for immigration violations." The L&T continues, "U.S. Immigration and Customs Enforcement spokeswoman Gail Montenegro said interviews conducted Feb. 8 at the Murray restaurant revealed no indication of human trafficking of indentured servitude. The federal investigators were responding to a complaint that workers were being held against their will. … Following the investigation, five people were taken into custody for immigration violations. Montenegro said that included one Mexican juvenile female, three Mexican adult males and one Chinese female." The L&T adds, "Montenegro didn't have the individuals' names because the ICE agent who worked on the case was traveling. Even so, she said the agency doesn't usually release names until people have been deported or if their identity is in the public's interest for safety reasons."

TAX:

DOJ Sues North Carolina Tax Preparers. The Charlotte Observer (3/23, Drummond) reports, "The U.S. Justice Department today filed lawsuits to stop two area tax preparers from preparing returns." The Observer continues, "The government said Jerry Adams and Demetria Adams prepared more than 1,600 tax returns in 2004 and 2005 at First Choice Tax Service, Precise Tax and D&S Tax Service in Charlotte and Shelby." The Observer adds, "In the suits filed in federal court in Charlotte, the government alleges the two understated wages and overstated credits for the past two years. The 'excessive refunds' cost the U.S. Treasury more than $3.8 million, the lawsuits claim. … The government wants the court to order the pair to turn over names, addresses and Social Security numbers of customers. … Since 2001, the Justice Department has sought and obtained injunctions against more than 160 tax return preparers and promoters."

KPMG Revises Terms Of Tax-Shelter Settlement Payout. The New York Times (3/23, Browning) reports, "The accounting firm KPMG said yesterday that it had reached a revised settlement with tax shelter investors, but warned that the reduced agreement could still fall apart." The Times continues, "The previous $195 million deal, brokered last September through Milberg Weiss Bershad & Schulman, the prominent class-action law firm, collapsed in recent months when nearly one in four eligible investors chose not to take part, saying that it did not offer them enough compensation. … Under the complex terms of the revised settlement, some 60 investors who chose not to join can come back in. But investors who are currently in the deal can now elect not to participate."

The Wall Street Journal (3/23, Reilly) reports, "Accounting giant KPMG LLP and law firm Sidley Austin LLP took a fresh stab at settling a class-action lawsuit related to the sale of questionable tax shelters. … The firms last month shelved a previous version of the settlement, which called for a $195 million payout to those who had bought the tax shelters, because too many people had opted out of the agreement." The Journal continues, "Under the new version of the settlement, filed yesterday in federal court in New Jersey, KPMG and Sidley Austin would pay no more than, but most likely far less than, the $195 million originally envisaged, as well as up to $30 million in legal fees. … KPMG, which sold the questionable tax shelters, will bear the brunt of this cost, while Chicago-based Sidley Austin, which gave legal advice on the shelters, will pay about 20%." The Journal adds, "The revised settlement terms would reduce the amount the firms will pay based on the number of plaintiffs who opt out. The amounts to be received by individuals won't necessarily decline because of this reduction. They would depend on the specific claims of each individual investor."

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Consumer, Privacy Groups Criticize IRS Rules On Selling Taxpayer Data. Proposed IRS rules that would spell out how tax return preparers may legally sell financial information from their clients' returns are drawing fire from consumer groups and privacy advocates. The Washington Post (3/23, D1, Crenshaw, 744K) reports, "The proposal, issued in December, was billed by the IRS as improving privacy protections for taxpayers, detailing the steps for getting permission to use the information. But it has focused attention on a little-known fact: Although law forbids the unauthorized disclosure of taxpayer information, return-preparers have long been allowed to disclose it, even sell it, if they obtain their clients' permission." The rules "also specify what a preparer must do to get permission from a taxpayer to disclose return information, up to and including the entire return."

WSJournal Cites Revenue Data As Proof Of Tax Cuts' Success. An editorial in the Wall Street Journal (3/23, 2.11M) notes "the latest Treasury figures on booming federal tax revenue." The Journal says the revenue data "are further proof of the success of the Bush tax cuts of 2003. The fastest way to stop this revenue windfall, and blow an even larger hole in the deficit, would be to fail to extend the 15% tax rate on capital gains and dividends through 2010, thus assuring a huge tax increase after 2008."

CONGRESS-ADMINISTRATION:

Bush Seen As Fueling Speculation About Staff Changes. The New York Times (3/23, Nagourney, Bumiller, 1.19M) reports President Bush's "suggestion on Tuesday that he may add a new senior figure to his White House team raised questions about the future of" Chief of Staff Andrew H. Card Jr. and Deputy Chief of Staff Karl Rove, who have "increasingly been forced to fend off rebellious Congressional Republicans, complaints about the administration's competence and calls from within their party for an infusion of fresh thinking into the White House." Rove "told associates in recent days that he was confident he could resist calls to bring in new advisers." But Bush's "decision not to squelch speculation about such a move" did "nothing to restore diminished Republican confidence in a White House team that once promoted a reputation for efficiency, order and impeccable political instincts." Two GOP sources said "the names being suggested to the president included" HHS Secretary Michael O. Leavitt, former RNC Chairman Marc Racicot, former Commerce Secretary Donald L. Evans, former RNC Chairman Ed Gillespie, and former Reps. Thomas G. Loeffler and Bill Paxon. The Times adds in an interview last week, Card "defended Mr. Rove and…took the blame for any problems." For his part, Rove "dismissed the notion that he was fatigued or had lost his touch." The Times adds Rove "has assured worried Republicans that the party will endure just minor losses in the midterm elections. Associates said Mr. Rove appeared increasingly certain that he would not be indicted for his role in the leaking of a C.I.A. operative's name."

AARP Launches Ad Campaign To Push Medicare Drug Plan. In it "Washington Whispers" column on its web site, the Wall Street Journal (3/22, 2.11M) reported that the AARP has launched a new ad campaign encouraging seniors to sign up for the Medicare drug benefit. According to the Journal, "The print ads, featuring vignettes and photos of seniors saving money with the new coverage, target low-income people eligible for extra federal subsidies of their medication costs. The ads will appear in publications for seniors and minorities in communities with high numbers of low-income seniors who haven't yet signed up for the drug benefit."

Medicare, Medicaid Recipients' Personal Data Said To Be At Risk. USA Today (3/23, Appleby, 2.31M) reports Federal investigators say "medical and financial information gathered on millions of Americans by Medicare, Medicaid and other government programs is vulnerable to thieves or pranksters because of inadequate computer security." The Government Accountability Office says "'significant weaknesses in information security controls' increase the risk from those who would 'inadvertently or deliberately disclose, modify or destroy' sensitive data." Sen. Charles Grassley says, "Instead of firewalls to safeguard sensitive data, we have Swiss cheese."

Nelson Threatens Hold On Kempthorne Nomination. CQ (3/22, Tollefson) reports Florida Sen. Bill Nelson "is threatening to hold up the nomination of Idaho Gov. Dirk Kempthorne as Interior secretary in an effort to protect his state from offshore drilling." Kempthorne's supporters "are confident that they have the votes to override such a move," and he is "all but certain to earn the requisite votes when the Energy and Natural Resources Committee takes up his nomination in late March or early April, but senators can raise the bar for confirmation to 60 votes by placing a hold on the confirmation process when it moves to the floor."

Bush Presides Over Second-Longest Veto-Free Period. USA Today (3/23, Benedetto, 2.31M) reports President Bush "today becomes the longest-sitting president since Thomas Jefferson not to exercise his veto, surpassing James Monroe." Today is Bush's "1,889th day in office, and no veto is in sight. As of Wednesday, Congress had sent him

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1,091 bills. He signed them all." Some analysts "say Bush's failure to use his veto shows an unwillingness to confront fellow Republicans who control Congress."

In an analysis story, USA Today (3/23, Benedetto, 2.31M) reports For most of his presidency, Congress has been dominated by fellow Republicans." Colby College professor G. Calvin Mackenzie said, "Presidents generally do not want to draw a line between themselves and their party." USA adds Bush "and the Republican Congress saw eye to eye on a string of major legislation, including five tax cuts, a bankruptcy overhaul bill, an energy bill, a Medicare prescription-drug plan, renewal of the USA Patriot Act and a bipartisan resolution to go to war in Iraq. Bush's defeats have often come over items Congress never passed."

Ryan Promotes Line-Item Veto Legislation. In a USA Today op-ed (3/23), Rep. Paul Ryan explains his proposal to give the President a line-item veto, saying, "We propose beefing up the president's existing authority to ask Congress to rescind wasteful spending items. Today, the president can make such a request, but Congress can just ignore it." Under the "bipartisan legislation, the president can sign a spending bill but put a temporary hold on any wasteful provision and request that Congress rescind it. After two days, any member of Congress could introduce the rescission proposal and it would have to be voted on within 10 legislative days, guaranteeing fast-track consideration."

Competitive Sourcing Seen As Failing To Meet White House Hopes. The Washington Post (3/23, A21, Lee, 744K) reports President Bush "called" competitive sourcing "his top management priority when he took office in 2001, saying federal workers should compete with contractors for as many as 850,000 government jobs that are considered commercial, jobs as diverse as janitorial services and computer network design." But the program has "gone far less smoothly, and far more slowly, than the White House had hoped, with fewer than 50,000 jobs studied by the end of 2005. And federal workers have won the job competitions more than 80 percent of the time."

Bill Would Exempt DC From Hatch Act. DC officials have proposed legislation that would exempt the city from enforcement of the Hatch Act and govern itself on the matter. The Washington Times (3/23, Doolittle, 90K) reports, "D.C. Delegate Eleanor Holmes Norton, a Democrat, introduced the bill with Rep. Thomas M. Davis III, Virginia Republican, last week. Their bill would exempt the District from the Hatch Act, a 1939 anti-corruption law designed to prohibit federal workers from participating in political campaigns." Enactment of the bill "is contingent upon the D.C. Council passing a bill similar to the Hatch Act. Mrs. Norton said she expects her bill to easily pass both the House and the Senate."

Effectiveness Of US Arab-Language TV Station Considered. The CBS Evening News (3/22, story 8, 3:45, Andrews, 7.66M) reported on al Hurra, the Arab-language TV station run by the US government for $70 million per year. Based in Virginia, al Hurra "launched two years ago as an antidote to al Jazeera, the influential Arabic channel that often specializes in anti-American views. Al Hurra's mission is to present news from an American perspective and promote democracy. Is this station a success?" Shibley Telhami, University of Maryland: "No." Andrews: Telhami "has done surveys in the Arab world that rank al Hurra dead last in news popularity. Most Arabs watch al Jazeera he says precisely because they want to hear what's wrong with American policy. Telhami believes the al Hurra message is dead on arrival." But the "real measure of al Hurra is whether the station is earning the United States more understanding or even more sympathy in the Arab world. Is al Hurra doing anything to win hearts and minds? Al Hurra has its own surveys showing that over 20 million Arabs watch at some point every week, and that most of them -- 70% -- find al Hurra's news credible, an achievement says the news director earned the hard way."

Study Finds Most Americans View Muslims Favorably. A Pew study released yesterday finds that most Americans hold favorable views of Muslims, and nearly half say Islam does not encourage violence more than other religions. The Washington Times (3/23, Wetzstein, 90K) reports, that the study from the Pew forum on Religion and Public Life offers "hope that Muslims eventually will be accepted and integrated into American society as people of other faiths have been." However, the Times adds that "many Americans remain wary of Muslims and Islam."

NYTimes Says Campaign Finance Regulations Need Updating. An editorial in the New York Times (3/23, 1.19M) says the campaign finance reforms implemented after Watergate are "now badly in need of updating to keep pace with the big-money dynamics of private fund-raising, which has retightened its lock on politics. Don't expect much help from the current Congress, so clearly in thrall to special interests' campaign money."

OTHER NEWS:

Snow Predicts Wage Growth Will Accelerate. USA Today (3/23, Kirchhoff, 2.31M) reports, "Treasury Secretary John Snow predicted Wednesday that US wage growth would accelerate in coming months, as he tried to combat negative consumer attitudes about the economy and White House policies." In a meeting with reporters, Snow "said that as labor markets tighten -- with the unemployment

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rate falling to 4.8% in February from 6.3% in mid-2003 -- companies will boost compensation." USA Today adds, "Several measures of compensation, including hourly wage growth, have lagged behind inflation during much of the recovery from the 2001 recession. Average hourly wages rose 3.2% in 2005, while the consumer inflation rate was up 3.4%." There are "signs that wages are starting to pick up. The Labor Department said hourly wages for non-supervisory workers, about 80% of the workforce, rose 5 cents in February and 3.5% from February 2004."

The Washington Post (3/23, D3, Henderson, 744K) reports Snow also said "the income gap between rich and poor in the United States has shrunk in recent years. … The top 5 percent of Americans, ranked by income, earned 15.4 percent of the nation's after-tax income in 2003, down from 19 percent in 2000, Treasury figures show. The bottom 20 percent took home 2.5 percent of all U.S. after-tax income, up from 2.3 percent in 2000." But "much of the decline in inequality," adds the Post, "reflected the popping of the stock market bubble, which peaked in 2000, when executives pocketed fat bonuses and stockholders reaped huge profits from selling shares, according to economists inside and outside the Bush administration."

Stock Markets Rebound, Dow Reaches Highest Level In Almost Five Years. NBC Nightly News (3/22, story 4, 0:10, Brown, 9.87M) reported, "On Wall Street today, stocks finished higher. The Dow was up nearly 82 points [to close at 11,317.43]. The NASDAQ gained just over 9 points on the day [to close at 2,303.35]." The New York Times (3/23, News, 1.19M) reports the Dow Jones industrial average "rose yesterday to its highest level in almost five years as the outlook for corporate earnings improved." Also, the Standard & Poor's 500-stock index added 7.81 points, or 0.6 percent, to 1,305.04. USA Today (3/23, 2.31M) and the Wall Street Journal (3/23, Patterson, 2.11M), among other newspapers, also report the stock numbers.

S&P 500's Poor Performance Said To Undermine Bush "Ownership Society" Vision. Bloomberg (3/23, Murray) reports President George W. Bush has "tried to sell Americans on an 'ownership society' that would create more wealth -- and more Republicans in the process. The stock market hasn't accommodated." The Standard & Poor's 500 Index, "the benchmark for American equities -- is down 2.8 percent since Bush took office five years and two months ago. That's the worst performance during the same stage of any two-term administration in the past half century except that of Richard M. Nixon."

Republicans Don't Want Stem Cell Research To Be Wedge Issue. Bloomberg (3/23, Roberts) reports supporters of stem cell research "present a quandary for Republicans, who are split over whether to allow federal funding for research on new stem cells from human embryos. Senate Democrats plan to force a debate on the issue in the coming months and use it in the campaign leading up to the November elections." Republicans "plan their own debate over bioethics in an effort to limit the damage from letting stem cells become 'a wedge issue that divides Republicans,' Senate Majority Leader Bill Frist said in an interview."

Disabled Iraq Veteran Wins Democratic House Primary In Illinois. ABC World News Tonight (3/22, story 5, :30, Vargas, 8.78M) reported Tammy Duckworth, the Iraq veteran who lost her legs when her Blackhawk helicopter was hit by an RPG, won the Democratic primary for Illinois' 6th CD. Duckworth was "wooed by Democrats looking to get credibility on security issues." CNN's The Situation Room (3/22, Crowley) called Duckworth "the Polaris in a galaxy of Democratic hopes this election year, running in the once solidly Republican, now evolving, west suburbs of Chicago for a seat long held by Republican Henry Hyde." Duckworth "is a natural, a newcomer, young, female, an Iraqi war veteran who opposed the war and proudly served." The New York Times (3/23, Ruethling, 1.19M) reports "Duckworth's opponents in Tuesday's primary were critical of the amount of support and financing she received from outside the district."

The AP (3/23, Conrad) says Duckworth "is now leading the charge for the Fighting Democrats." In November, Duckworth "will face state Sen. Peter Roskam, a well-to-do lawyer and conservative from Wheaton who ran unopposed in the GOP primary. Roskam also drew support from Vice President Dick Cheney, who helped with a fundraiser that brought in an estimated $200,000." On its website, Time (3/23, Kerkenhoff) reports Republicans "are confident that Hyde's conservative legacy remains very much alive in the west suburban District. And they note that Roskam, while criticized as too far right for a district becoming more diverse, is a loyal Bush supporter running in a district that voted for him in 2004, even as the President handily lost the state as a whole." The Christian Science Monitor (3/23, Paulson, 61K) also says that "despite Duckworth's high profile -- and backing from party leaders such as Sen. Hillary Rodham Clinton, Sen. John Kerry, and Illinois Sens. Barack Obama and Richard Durbin -- taking the seat from the GOP will be tough, most analysts agree.

The Washington Post (3/23, A4, Lydersen, Goldfarb, 744K) reports, "Election officials here resumed counting ballots Wednesday after problems with new electronic voting machines around Cook County forced them to halt the count in a key local race in Tuesday's primary that also had voters casting ballots for governor and Congress. … The problems Tuesday night did not significantly affect tabulations for one of the nation's key congressional primaries." Illinois "has received more than $144 million in federal grants to comply with the Help America Vote Act, which Congress passed in

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2002 in response to the controversy over the disputed election in South Florida in 2000."

Number Of Physicians Providing Charity Care Has Declined. A new study to be released today by the Center for Studying Health System Change, found that the proportion of American doctors providing charity care has declined over past decade. The Washington Post (3/23, A9, Connolly, 744K) reports, "In 2004-2005, 68 percent of doctors said they delivered some free or discounted care to low-income patients, down from the 76 percent recorded 10 years earlier" according to the study. The Post adds, "Overall, higher-paid specialists or doctors working in small private practices were more likely to provide charity care than internists, pediatricians or those employed by large managed-care companies, the survey found."

Duncan Says O'Malley Isn't Solving Baltimore Crime Problem. Maryland Democratic gubernatorial candidate Douglas M. Duncan writes in the Washington Post (3/23, A23, 744K) that "when it comes to crime, Baltimore is not healthy. … The mayor of Baltimore can't seem to crack the problem. He's on his fourth police commissioner, and the police department itself is dealing with a major scandal. The mayor openly spars with prosecutors when they need to be working together. And sadly, politics are being put ahead of people." Duncan adds, "Mayor Martin O'Malley repeatedly refers to a 40 percent decline in violent crime. Independent experts say it may be more like 23 percent. While campaigning in Montgomery County, O'Malley claimed it was 50 percent."

Brooks Says Many Republicans Believe Culture Matters Most. David Brooks writes in the New York Times (3/23, 1.19M), "The setbacks in Iraq, the failure to limit the size of government and plummeting poll numbers have changed the way Republicans talk and govern. If you wanted to put these changes in a nutshell, you'd say the Republicans have gone from soaring Bushian universalism to nervous, dumbed-down Huntingtonism. … Today, many Republicans have lost patience with Bush's high-minded creedal statements. Like the Harvard political scientist Samuel Huntington, they have come to believe that culture matters most. … In short, Republicans seem to have gone from believing that culture is nothing, to believing that culture is everything — from idealism to fatalism in the blink of an eye."

INTERNATIONAL NEWS:

Rice Eyes Agreement On Iran Despite Roadblock. The AP (3/22, Sidoti) reported Secretary Rice "expressed confidence Wednesday that Russia and China would eventually resolve their differences with the United States and its European allies on how to pressure Iran to stop enriching uranium." A separate AP (3/22, Wadhams) piece said the slow pace of discussions this week "reflected just how much the United States and its European allies had failed to get Russia and China on board during a meeting of high-level diplomats in New York the night before. One council diplomat described that meeting as a setback for" US, UK and French" efforts to craft a tough council response to Iran, which the West believes is seeking nuclear weapons."

Another AP dispatch (3/23, Schweid) reports the Bush Administration "questioned on Wednesday the motives of Iran's Supreme leader Ayatollah Ali Khamenei in approving U.S.-proposed talks on Iraq, but did not shut the door entirely." State Department spokesman Sean McCormack said, "It is a matter of curious timing." He was "suggesting," adds the AP, that "Iran was trying to deflect international pressure from its nuclear programs now under critical discussion at the United Nations."

70% Of Americans Think Iran Building Nuclear Weapon. The Wall Street Journal (3/23, 2.11M) reports, "A large majority of Americans believe Iran is using its uranium research program to build a nuclear weapon, according to a recent Harris Interactive poll. About 85% of Americans say the US 'should be concerned' about Iran's nuclear research activities, according to the telephone survey of 2,435 U.S. adults." And "70% say they think Iran is using its research to build a nuclear weapon, the poll shows, while another 25% say they aren't sure."

More Commentary On Iraq. Nir Boms, vice president of the Center for Freedom in the Middle East, and Reza Bulorchi, executive director of the US Alliance for Democratic Iran, write in the Washington Times (3/23, 90K) that "the vast majority of Iranians are opposed to the theocratic regime's drive that has pushed their country to the verge of a military confrontation. An internal classified report prepared by a state-run polling center has reportedly concluded that only 31 percent of Iranians consider the nuclear program a 'national' project. The report adds that 86 percent of Iranians believe the nuclear energy is not worth entering a war."

Jim Hoagland writes in the Washington Post (3/23, A23, 744K), "Ask administration hard-liners about Iran's sudden acceptance of the US offer to talk about stability in Iraq and you hear this reaction: It's a booby trap. These hawks are right. Put the same question to moderates on the Bush team and this is the response: It's an opening in the confrontation and a necessary step toward an exit strategy for Iraq. The remarkable thing is that these doves are right, too." President Bush "must treat the Iranian decision to open discussions in Baghdad as trap and opportunity. It is both. The administration should pursue this small opening in the Iranian

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wall with discipline and attention to maintaining a united front with its European and Asian partners."

Bush, Rice, Burns Lobby For India Nuclear Pact. The AP (3/22, Schweid) reports President Bush made public comments Wednesday urging the US Congress "to approve a landmark plan to share nuclear technology with India — a deal that could be a tough sell to lawmakers." Bush "said India has proven itself over 30 years to be a non-proliferator." Secretary Rice will testify before Congress in support of the pact, which requires Congressional approval to exempt New Delhi from nuclear trade restriction laws. Under Secretary Burns made supportive public comments, and Assistant Secretaries Rademaker and Boucher will promote the plan to the Nuclear Suppliers Group in Vienna.

Pentagon Plan Would Base "Star Wars" Interceptors In UK. The Financial Times (3/23, Dinmore) reports Pentagon plans call for placing "interceptor missiles… in the UK as part of the US 'Star Wars' missile defence system." The plans are "likely to attract more unwelcome attention for prime minister Tony Blair's government over the nature of the transatlantic relationship." Lt Gen Trey Obering, "head of the Missile Defense Agency, disclosed at a military conference in Washington this week that the US had formally selected Britain as possible site for the interceptors in Europe." But Pentagon spokesman Bryan Whitman "said on Wednesday that negotiations had not taken place on basing interceptors in the UK."

Bahamas Trip Seems To Have Achieved Most Of Rice's Goals. The New York Times (3/23, Brinkley, 1.19M) reports Secretary Rice's two-day trip to the Bahamas "appeared to have cooled" regional leaders' "anger toward the United States but failed to persuade them to embrace the new government in Haiti." Rice had aimed "to persuade the other Caribbean nations to take forceful steps to help the new Haitian government stabilize the country and deal with its crushing problems. What she got was a commitment to readmit Haiti to the Caribbean Community of nations and a vague promise to help Haiti in the future." The Times says US relations with Caribbean nations "have been strained and embittered for two years" and "she and her aides said they realized that she had to come here to begin turning the situation around."

Senators' Promotion Of Trade, Freedom In Beijing Gets Mixed Reaction. The Washington Post (3/23, D1, Goodman, 744K) reports Senators Tom Coburn, Lindsey Graham and Charles Schumer "came to one of China's most prestigious universities on Wednesday, ostensibly to talk about trade. What they delivered was an expansive, almost evangelical campaign for American values -- one that received pushback from their audience of students and faculty." While touting trade, the senators, in what the Post calls "strikingly moral tones," said they will push Beijing "to liberalize not only its currency regime but also its political culture, using trade as a wedge for broader reform." The Post says this and other US efforts to achieve a free-floating yuan have "backfired in some quarters. Many here resent the specter of the world's lone superpower seemingly attempting to dictate how Beijing should manage its economy and the values that should govern Chinese society." The Post notes the high-level and opulent attention afforded the senators "attests to the gravity of the issue for China's leaders, who are cognizant of the angry mood in Washington." The New York Times (3/23, Kahn, 1.19M) makes a similar point in a story titled "China Tries To Charm Couple Of Senate Skeptics."

USA Today (3/23, Macleod, 2.31M) notes Graham and Schumer "are co-authors of a bill that proposes a 27.5% tariff on Chinese imports into the United States unless Beijing revalues its yuan currency at a higher exchange rate to the dollar."

Bush-Hu Meeting Previewed. Bloomberg (3/22) reported spokesman Scott McClellan said Wednesday that Chinese President Hu Jintao will meet President Bush at the White House on April 20 "to discuss the fight against terrorism and halting the spread of nuclear weapons."

China's Competitiveness Said To Have Eroded. Hong Kong-based Li & Fung group, one of the world's largest trade sourcing companies says the competitiveness of China's manufacturing industries has eroded over the past year. The Financial Times (3/23, Mitchell) reports that the firm "said price rises crept back into the Sino-US and EU supply chains last year, after at least six years of often 'severe deflation.' William Fung, Li & Fung managing director, reported an average 2-3 per cent increase in the once unbeatable China price its US and European clients were willing to pay."

China Announces Plans To Raise Taxes. The Chinese government yesterday announced plans to increase existing taxes and impose new ones in an effort to rein in the use of energy and timber and the gap between rich and poor. The New York Times (3/23, Bradsher, 1.19M) reports, "New or higher taxes will fall on vehicles with engines larger than two liters, disposable wooden chopsticks, planks for wood floors, luxury watches, golf clubs, golf balls and certain oil products." China's finance ministry announced the higher taxes Tuesday night in a statement that "offered another sign that some senior Chinese officials may be having second thoughts about the rapid growth of privately owned family vehicles, whose sales rose to 3.1 million last year from just 640,000 in 2000."

The Washington Times (3/23, Spencer, 90K) calls the 5% tax on disposable wooden chopsticks a sign that China's

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"growing environmental consciousness has hit the heart of its culture." The Finance Ministry "said chopstick production used up China's forests at a rate of 70 million cubic feet a year, a waste that it wanted to discourage." The Times adds, "A 10 percent tax on golf balls and clubs, part of a wider assault on luxury items, might seem to be unconnected, but there is growing concern in Beijing that many municipal drives to attract business by building golf courses are sacrificing land, trees and water supplies for what remains a relatively tiny market." The five-year plan "is a major effort by the government to reorder China's priorities after 25 years of dramatic economic growth and spread some of the benefits to ordinary people."

Chinese President Offers Advice To Combat Corruption, Cynicism. The communist Party propaganda apparatus has been spreading Chinese President Hu Jintao's advice to "do good and avoid evil" all over China. The Washington Post (3/23, A16, Cody, 744K) reports, "Hu's fatherly advice, in the form of eight do's and don'ts, was issued two weeks ago as an antidote to the corruption and cynicism spreading across China, a result of the often raw capitalism that has emerged during 25 years of dramatic economic change. Although his aphorisms may sound simplistic to Western ears – 'Work hard, don't be lazy' and 'Be honest, not profit-mongering' -- Chinese analysts said they are a response to a deep-seated desire among people here for a moral compass to guide them through the unsettling transformation."

China, Russia Face Talks Over Gas Prices. Beijing and Moscow face tough talks over prices in the wake of this week's announcement of the construction of two pipelines to carry natural gas from Russia to China within five years. The Financial Times (3/23, McGregor, Buckley) reports, "Sergei Lavrov, the Russian foreign minister, on Wednesday said Russia would sell the gas to China at the 'market price,' calculated according to the same formula linked to oil and diesel prices as for sales to Europe. But China has balked at signing long-term import gas contracts for the past three years as the price of the resource has risen along with that of oil, outstripping domestic rates which are kept artificially low."

Russia Wants Larger Role In China's Nuclear Industry. Meanwhile, Russia says it wants to play a greater role in china's nuclear power industry. The Wall Street Journal (3/23, Oster, 2.11M) report that Lavrov said yesterday that China "welcomes increased Russian participation in its nuclear-power sector, which is undergoing one of its biggest-ever expansions and one of the biggest nuclear rollouts in the industry's history. China has said it plans to build 30 or more nuclear reactors during the next 15 years. Currently, it has nine reactors at two plants."

Canada To Import Russian Natural Gas To Sell To US. In an effort to capitalize on natural gas shortages, Canada is planning to import liquefied natural gas (LNG) from Russia to be exported the US. The Washington Times (3/23, Mihailescu, 90K) reports, "The Canadian government recently approved a $1.5 billion joint venture of Petro-Canada and Russian giant Gazprom to build a plant near St. Petersburg in Russia to liquefy the gas and load it into giant tanker ships. The tankers would be unloaded in Quebec and the liquid converted back into gas that could be pumped through existing pipeline networks to U.S. customers. … The entire project could cost as much as $2 billion."

Latest Mad Cow Case Won't Affect Beef Talks With Japan. In it "Washington Whispers" column on its web site, the Wall Street Journal (3/22, 2.11M) reported that Japanese Ambassador Ryozo Kato says the discovery this month of a third case of mad cow disease in the US "won't affect the trade negotiations over beef with Japan because the Alabama cow was born before the US changed its animal-feed rules." Kato "declined to give any timetable for Japan to reopen its market, once the biggest for US beef."

State Department Warns Americans About Traveling To Italy This Spring. The State Department yesterday warned Americans to take precautions when traveling in Italy this spring, saying next month's elections will likely bring demonstrations in parts of the country. The AP (3/23) reports, "The department said Americans should avoid areas where crowds are expected to gather, take common sense precautions and closely follow media reports. The US considers Italy to be under a heightened threat by al-Qaida and other Islamic extremists for its participation in wars in Iraq and Afghanistan."

ETA Terrorists Announce "Permanent Cease-Fire." The New York Times (3/23, McLean, 1.19M) reports, "The militant Basque separatist group ETA, which has killed more than 800 people and terrorized Spanish society for nearly 40 years, on Wednesday announced a permanent cease-fire, saying that it would turn its attention to achieving independence for the Basque region of Spain through politics." The Times calls a ceasefire agreement "the paramount objective of successive Spanish governments since the establishment of democracy here in 1977." In a press conference, Prime Minister José Luis Rodríguez Zapatero "said it was important to treat the announcement with caution, echoing concerns of victims' groups, who urged politicians to remember what they described as ETA's history of deceit and unfulfilled promises."

The Financial Times (3/23, Crawford) notes, "ETA made no mention of surrendering or laying down arms. Mr Zapatero told parliament his government had greeted Eta's declaration with caution." The Times also reports, "The plight

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of the victims of terrorism, as well as ETA's demands for a political process culminating in a referendum on Basque independence, make peace talks particularly tricky for the Spanish government."

The Wall Street Journal (3/23, A4, Johnson, 2.11M) says the announcement opens "the door to what could be a profound change for Spain, much as the 1998 Good Friday agreement ushered in an eventual peace process for Northern Ireland." The Journal notes, "In contrast, the separatist movement in the northeastern region of Catalonia has been more successful at prying powers away from Madrid over the past quarter-century because it never resorted to terrorism, as the ETA often did." The AP (3/23, Letona), AFP (3/23), Wall Street Journal (3/23, Johnson, 2.11M), Los Angeles Times (3/23, Wilkinson, 958K), Washington Post (3/23, A16, Rolfe, Moore, 744K) and Christian Science Monitor (3/23, Ford, 61K) also report the story.

US Charges Colombian Rebels With Cocaine Trafficking. Attorney General Alberto Gonzales announced yesterday that a federal grand jury has indicted 50 commanders of a Colombian Marxist rebel group, accusing them of running a cocaine trafficking cartel. The New York Times (3/23, Forero, 1.19M) reports, "The indictment accuses the group, the Revolutionary Armed Forces of Colombia, of being behind 50 percent of the world's cocaine trade and 60 percent of the cocaine exported to the United States." The Times adds, "The practical impact is unclear, since 47 of the 50 commanders remain free in this vast country, leading thousands of fighters in the group's relentless effort to topple President Álvaro Uribe's government."

The Washington Times (3/23, Seper, 90K) reports, "The one-count indictment, handed up March 1 in U.S. District Court in Washington and unsealed yesterday, 'strikes at the very heart of the FARC narcotics operation,' said Attorney General Alberto R. Gonzales, adding that the terrorist-designated organization collected millions of dollars in cocaine proceeds and used the money to purchase weapons for its 42-year-long war against the Colombian government." Gonzales added that FARC "is one of the Justice Department's highest-priority targets in our fight against illegal drug trafficking."

UN Reform Effort Could Crumble. The Christian Science Monitor (3/23, LaFranchi, 61K) reports that the UN's effort at reform "risks crumbling into little more than a dashed hope. … Already, some countries see reform's principal promoter, Secretary-General Kofi Annan, as a lame duck: A new secretary-general will be elected later this year. A bigger impediment still is that even more countries harbor old suspicions about those pressing for reform - in particular the United States. These countries also feel scalded by so-far unsuccessful attempts to reform the powerful Security Council." The Monitor adds, "Hopes for the reforms were buoyed by last week's approval of a new human rights council. … But even the human rights reform, which is less bold than some powers including the US had advocated, suggests the difficult road ahead on other issues."

Muhammad Cartoons Spark Grass Roots Education Movement In Saudi Arabia. A diverse group of women, students, businessmen, lawyers and clerics in Saudi Arabia are working to educate non-Muslim co-workers and acquaintances about Islam and the prophet Muhammad. The Washington Post (3/23, A18, Ambah, 744K) reports that the grass roots movement has grown "across the kingdom since January, when anger over cartoons of Muhammad sparked riots in Europe and several Muslim countries." The activists' campaign "includes a continuing economic boycott of Denmark, where the cartoons were first published, and a project to produce television ads about the prophet for broadcast in Europe. College students are attempting to collect 1 million signatures to present to the Danish Embassy, and lawyers are studying ways to make insulting Islam and its prophet illegal."

Political Reform Tops Muslim Brotherhood's Agenda. Egypt's Muslim Brotherhood, which at 88 people is the largest opposition bloc in Egpyt's parliament since the monarchy's overthrow in 1952, has put "political reform" and "fighting corruption" at the top of its agenda. The Christian Science Monitor (3/23, Gauch, 61K) reports that "the spotlight is on the Muslim Brotherhood to see how this group adapts religion to their democratic ambitions. … Although the Brotherhood is still a minority in a parliament with overwhelming state party control, they are proving to be a strong, outspoken, and unified force, analysts say.'

Families Of Disappeared Provide Reminders Of Lebanese Civil War. The New York Times (3/23, Fattah, 1.19M) reports that "the families of more than 600 young men and women who disappeared during and after" Lebanon's civil war "have held a vigil in a park downtown for almost a year, demanding that the government investigate their cases. To many of them, the ceremony on Saturday was a signal that a door might be opening on one of the darkest chapters of the bloody civil war." The Times adds, "In a nation struggling to forget the war among its many religious groups, the Palestinians and regional powers, a war that claimed tens of thousands of lives from 1975 to 1990 and demolished half this city, the women are a reminder of how much remains unresolved."

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Protesters Demand New Election In Belarus. The New York Times (3/23, Chivers, 1.19M) reports that since the rigged presidential election in Belarus on March 19, the country's capital "has seen a protest like none in 12 years of President Aleksandr G. Lukashenko's autocratic grip. For four consecutive days, protesters have defied warnings of arrest and bloodshed and stood in a corner of October Square to demand a new race. … The protesters see little chance of changes in government anytime soon."

German Chancellor Will Announce Domestic Agenda Soon. The New York Times (3/23, Bernstein, 1.19M) says German Chancellor Angela Merkel "has clearly made an extremely good impression in the four months since she took office." There is a "strong feeling" that her popularity is "because of her decision to advance very little in the way of a bold domestic agenda. That may be about to change. Three German states have elections on Sunday, after which Mrs. Merkel is expected to start her campaign to win major changes, tackling such chronic problems as high unemployment, economic stagnation and government deficits that exceed norms set for Germany's membership in the European Currency Union. That is when the political storm will stir."

UK Court Upholds School Ban On Muslim Gown. Britain's highest court rules yesterday that a secondary school was within its rights to bar a student from wearing a Muslim gown, known as a jilbab, instead of a regular school uniform. The New York Times (3/23, Lyall, 1.19M) reports, "Overturning a lower court ruling in favor of the student, Shabina Begum, a five-judge panel in the House of Lords pointed out that the school, Denbigh High School in Luton, had already taken great care to make its uniform acceptable to its students, 79 percent of whom are Muslim."

Journalist Says World Should Act In Unison On Hamas. Gideon Lichfield, the Jerusalem correspondent for The Economist, writes in the New York Times (3/23, 1.19M) that even the "most moderate" Palestinian "will rally to defend their democratically elected government if they see countries that profess to love democracy trying to destabilize it. That will reduce domestic pressure on Hamas to pursue peace. And if aid from elsewhere meanwhile props up the Palestinian Authority, Hamas can carry on this way indefinitely, playing countries off against one another." Lichfield adds that "whatever the world does about Hamas, it needs to do it in unison."

WSJournal Says World Does Not Seem Serious About Ending Sudan Conflict. An editorial in the Wall Street Journal (3/23, 2.11M) says that the US is "the only nation with the will and wallet to provide order in an otherwise Hobbesian world. However, that will and wallet are being stretched today in Iraq and elsewhere, and Mr. Bush is rightly wary of committing more American blood and treasure to a conflict in Sudan that the rest of the world doesn't seem serious about ending in any event. One lesson of Darfur is that there really are limits to American power, and in its absence the world's savages have freer reign."

THE BIG PICTURE:

Headlines From Today's Front Pages.

Los Angeles Times:
"Taking It On Blond Faith."
"GM, Delphi At Crossroads After Cost Cuts."
"Basque Separatist Group Ends Four-Decade War With Spain."
"On Paper, Leaving A Gang Is Difficult."
"Olmert Stands Firmly In Sharon's Shadow."
"MTA Squabbles Over Hue-Mongous Decision."
"A Varied Assault On Depression Yields Gains."

USA Today:
"GM Offers Buyouts To 126,000."
"Should Business Execs Meet At Strip Clubs?"
"1,889 Days And No Vetoes: Bush Gaining On Jefferson."

New York Times:
"G.M. Will Offer Buyouts To All Its Union Workers."
"Basque Fighters Set A Cease-Fire After 4 Decades."
"Roberts Dissent Reveals Strain Beneath Court's Placid Surface."
"In 50-Yard Square In Belarus, A Country Within."
"Iraq Abuse Trial Is Again Limited To Lower Ranks."
"Adopted In China, Seeking Identity In America."

Washington Post:
"Drugs Cure Depression In Half Of Patients."
"Historic Union Deal Will Pare Down GM."
"For Afghans, Allies, A Clash Of Values."
"Officers' Site Sinks Into Outlet For Attacks."
"High Court Trims Police Power To Search Homes."
"At The Bake-Off, A Hundred Different Recipes For Dough."

Washington Times:
"Afghan Trial Of Christian 'Troubles' Bush."
"'No Choice': Soriano In Left."
"Colombian Rebels Face Drug Charges."
"China Can't See Forest For The Chopsticks."
"ADHD Panel Rejects Tough Drug Warnings."
"Last Child Reunited With Kin After Hurricanes."

Detroit Free Press:
"Plan For Survival."

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"Teachers' Protest Over Pay Cancels Classes."

Atlanta Journal-Constitution:
"Special Duke Fan Pulls Rank."
"Reliance On Illegals Props Up Economy."
"Don't Fear The Blog, Kingston Tells GOP."
"Lessons On Religion Nothing New In Georgia Classrooms."

Houston Chronicle:
"A Warning Became A Prophecy."
"Sizing Up Vince."
"Glisan Chips Away At Lay, Skilling Defense."
"Mutated Gene Found To Lower 'Bad Cholesterol' In Luck Few."
"U.S. Indicts, Posts Rewards For 50 Colombian Drug Lords."

Story Lineup From Last Night's Network News:
ABC: GM Worker Buyout; Katrina-Missing Children; Bush-Iraq Speech; Iraq-Good News; Duckworth-House Primary; Algeria-Counter-Terror Program; Depression Treatment; China-Chopstick Tax; Central Park Coyote.
CBS: GM Worker Buyout; GM Buyout-Analysis; Bush Administration-Fuel Economy; EPA-Air Quality; Iraq-American KIA; Iraq-Captured Insurgents; Bush-Iraq Speech; Al Hurra-Credibility Debate; Chile-Bus Crash; Justice-Drug Bust; ADHD Drugs; Worker-Perfect Attendance; Central Park Coyote.
NBC: GM Worker Buyout; GM Buyout-Workers; Bush Administration-Fuel Economy; Stock Markets; Bush-Iraq Speech; Bush-Iraq Policy; Supreme Court-Home Searches; Justice-Drug Bust; ADHD Drugs; Hurricanes-Missing Children; New Orleans-Elections; Central Park Coyote; Worker-Perfect Attendance.

Story Lineup From This Morning's Radio News Broadcasts:
ABC: Afghanistan-Christian Convert Trial; Chile-Bus Accident; White House-Security Fence Breech; NY-Airplane Emergency Landing; NY-Graduate Student Murder Case.
CBS: Bush-New Fuel Economy Standards; GM-Labor Buyouts; Gas Prices; Chile-Bus Accident; Aruba-Missing Girl; Study-Smoking And Impotence.
NPR: Iraq-Police Patrol Attacked; Moussaoui Sentencing; TX-DeLay Prosecutors; Chile-Bus Accident; Army Dog Handler Sentenced; Colombian Rebels-Drug Indictment; GM-Labor Buyouts; Foreign Stock Markets.

WASHINGTON'S SCHEDULE:

Today's Events In Washington.
White House:

PRESIDENT BUSH — Participates in a meeting on immigration reform, Roosevelt Room, The White House. Pool at bottom; 10:45 a.m. Signs H.R. 1053, to authorize the extension of nondiscriminatory treatment to the product of Ukraine. room 350, Eisenhower EOB; 8 p.m. President and Mrs. Bush host a social dinner to honor the 300th birthday of Benjamin Franklin, Blue Room, The White House; President and Mrs. Bush attend entertainment, East Room, The White House.

VICE PRESIDENT CHENEY — Speaks at a dinner for Sen. Jon Kyl, Tucson.

US Senate: No Scheduled Events.

US House: No Scheduled Events.

Other: TAIWANESE NATIONALIST PARTY LEADER MA YING-JEOU _ Highlights: 10 a.m. Gives speech at Washington think tank. 7:15 p.m. Departs for San Francisco.

BORDER TRADE _ The Border Trade Alliance holds its 2006 International Conference on infrasatructure development and strategies for using it. Highlights: 9:15 a.m. Session on the FAST project in the Nogales, Ariz., area, with Arizona Transportation Director Victor Mendez. 12 p.m. Acting Assistant DHS Secretary Elaine Dezenski. 1:15 p.m. Session on new technologies to facilitate legitimate trade and travel at ports of entry. 3:15 p.m. Session on U.S.-Mexican infrastructure challenges and solutions. Location: Sheraton-Crystal City Hotel, 1800 Jefferson Davis Hwy., Arlington, Va.

WAL-MART PROTEST _ 8:30 a.m. The National Community Reinvestment Coalition holds a rally protesting Wal-Mart's application to establish an Industrial Loan Company. Location: Lafayette Square.

AFGHANISTAN-ABDULLAH _ 9:30 a.m. Dr. Abdullah Abdullah, Foreign Minister of Afghanistan, visits American University to deliver remarks on Afghanistan's strategic objectives. Location: American University, Ward 1, 4400 Massacusetts Ave., NW.

MEDICARE PART D _ 10 a.m. Americans United holds teleconference briefing on the Medicare Part D prescription drug plan. Contacts: Brad Woodhouse, 202-589-1565. Notes: Note that event now is a teleconference only. Dial in - 1-866-866-2244. Code – 86999.

COLORADO TAXPAYER BILL OF RIGHTS _ 11:30 a.m. The Center on Budget and Policy Priorities and the Economic Policy Institute hold a joint telephone briefing to discuss new studies examining the claim that Colorado's strong economy in the 1990s resulted from the state's Taxpayer Bill of Rights. Contacts: Shannon Spillane, 202-408-1080.

LINE ITEM VETO _ 12 p.m. The Center on Budget and Policy Priorities holds a telephone briefing on the administration's proposed line item veto bill. Contacts: Michelle Bazie, 202-408-1080.

MEDIA-SECRETS _ 12 p.m. - 1:30 p.m. The Washington DC Lawyer Chapter of the American Constitution Society Presents a forum, ``Classified Information and the Press: Do we have an 'Official Secrets Act." Participants are:

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Walter Pincus, Staff Writer, Washington Post; David Rivkin, Partner, Baker & Hostetler LLP; Lee Levine, Partner, Levine Sullivan & Koch, L.L.P.; Adjunct Professor, Georgetown University Law Center; Author, Newsgathering and the Law; and Lillie Coney, Associate Director, Electronic Privacy Information Center. Location: 1333 H St. NW, 10th Floor Program Room.

SARBANES _ 1 p.m. Sen. Paul Sarbanes addresses the Consumer Assembly of the Consumer Federation of America. Location: Washington Plaza Hotel, 10 Thomas Circle.

BORDER SECURITY _ 3 p.m. David Aguilar, Chief of the Office of Border Patrol at U.S. Customs and Border Protection (CBP) and John Torres, Acting Director of Detention and Removal Operations at U.S. Immigration and Customs Enforcement (ICE) will hold a pen and pad with reporters discussing the Secure Border Initiative (SBI), current operations, staffing, budget, detention and removal, and border security. Location: Press Conference Room, Ronald Reagan Building, 1300 Pennsylvania Ave. NW.

MILITARY TRIBUNALS _ 3 p.m. - 4:30 p.m. The American Enterprise Institute hosts a legal discussion on military tribunals for terror suspects in advance of the Supreme Courts' consideration on Hamdan vs. Rumsfeld on March 28th. With Jeremy Rabkin, Cornell University; Bradford Berenson, Sidley Austin Brown & Wood; and Daniel Collins, Munger, Tolles & Olson LLP. Location: Wohlstetter Conference Center, 12th floor, AEI, 1150 17th St. NW.

NATIONAL SECURITY COSTS _ 6 p.m. - 7:30 p.m. Gordon Adams, professor of the practice of international affairs and director of the Security Policy Studies Program at GW's Elliott School of International Affairs, speaks on ``$600 Billion and Counting: Is America Getting Better National Security for the Money?" Location: George Washington University, Elliott School of International Affairs, Room 602, Lindner Family Commons, 1957 E St. NW.

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DEPARTMENT OF JUSTICE *NEWS CLIPS*

PREPARED FOR THE OFFICE OF PUBLIC AFFAIRS, US DEPARTMENT OF JUSTICE

TO: THE ATTORNEY GENERAL AND SENIOR STAFF

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TERRORISM NEWS:

Case For Moussaoui Execution Seems Bolstered By 2 Witnesses (NYT)

By Neil A. Lewis

The New York Times, March 23, 2006

ALEXANDRIA, Va., March 22 — The government's effort to have Zacarias Moussaoui executed for the Sept. 11 terrorist attacks, which has been troubled by serious problems over the last two weeks, appeared to have been bolstered significantly on Wednesday by the testimony of its final two witnesses.

A senior aviation security official at the time of the attacks in 2001 told the jury that several measures could have been put in place that might have foiled the plot if Mr. Moussaoui had disclosed what he knew about Al Qaeda's plans when he was arrested three weeks earlier.

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The security official, Robert J. Cammaroto, was followed on the witness stand by Aaron Zebley, an F.B.I. agent at the time of the attacks, whose testimony made similar points about law enforcement.

The detailed testimony of the two witnesses provided the prosecution's strongest presentation to date at the trial, which is being held solely to determine whether Mr. Moussaoui, who has already pleaded guilty, should be executed or remain in jail for the rest of his life. The testimony from the two followed several days of disarray in which the government's case nearly fell apart.

Two F.B.I. officials who testified this week for the prosecution seemed mainly to help the defense by reinforcing the notion that the bureau had dragged its feet in following up leads from agents in the field that Mr. Moussaoui had valuable information about an imminent hijacking plot.

The trial was disrupted last week after the disclosure that a lawyer for the Transportation Security Administration had improperly coached aviation security officials about how to testify. Judge Leonie M. Brinkema ruled that because of the actions of the lawyer, Carla J. Martin, the prosecution would be prohibited from calling those witnesses, a crippling blow to the government's case.

Judge Brinkema relented, however, and allowed prosecutors to try to find another, "untainted" aviation security witness to help make their argument. It was Mr. Cammaroto who appeared on the witness stand Wednesday afternoon as that substitute, and he briskly listed the steps the Federal Aviation Administration could have taken in the middle of August 2001 when Mr. Moussaoui was arrested on immigration charges in Minnesota, where he was learning to fly a jetliner.

At the time, Mr. Cammaroto was the F.A.A.'s official in charge of issuing security directives to United States airlines in response to the latest intelligence reports.

Under questioning by David J. Novak, a prosecutor, Mr. Cammaroto listed a half-dozen ways that airport security could have been increased if he had learned what Mr. Moussaoui acknowledged in his guilty plea last April: that he was an Al Qaeda member and that the group had discussed flying planes into buildings by disabling crews using short-bladed knives that were allowed on planes at the time.

"We could have taken several steps," Mr. Cammaroto said, listing among others the banning of all knives, shifting resources like air marshals to domestic flights, ordering physical "pat-downs" of passengers and making metal detectors more sensitive.

Gerald T. Zerkin, a public defender representing Mr. Moussaoui, suggested in his cross-examination that such security measures could not have been adopted quickly. Mr. Cammaroto acknowledged that the hiring of new air marshals would have taken months. But he said many of the steps could have been put in place within hours, and he cited the foiling of a multiple-plane hijack plot in the Philippines in 1995 as an example.

Mr. Zebley, the former F.B.I. agent, who has not yet been cross-examined, testified that information discovered after the attacks could have provided important leads beforehand. He noted that Mr. Moussaoui had received payments for his flight training from the same person who had sent money to some of the hijackers. He said that had Mr. Moussaoui told investigators at the time of his arrest about his paymaster and his intentions to commit a terrorist act, it would have been easy to trace the other payments made by the same man.

The prosecutors contend that even though Mr. Moussaoui was in jail at the time of the attacks, he is responsible because his lies allowed "his brothers to go forward." Mr. Moussaoui's lawyers, who are to begin making their case next week, have said in papers that the government should not be able to execute someone on the speculative theory that had he provided information, the attacks would not have occurred.

Prosecution Begins Rebuilding Moussaoui Case (WP)

By Jerry Markon And Timothy Dwyer

The Washington Post, March 23, 2006

If Zacarias Moussaoui had confessed that he was plotting with al-Qaeda to hijack an airplane, federal officials could have drastically boosted airport security in the days before the Sept. 11, 2001, terrorist attacks, an aviation security expert testified yesterday in federal court.

Robert Cammaroto, a Transportation Security Administration official, told jurors at Moussaoui's death penalty trial that the government has long issued urgent warnings to airlines when threats to aviation arise. The knowledge that Moussaoui had

trained at an al-Qaeda camp and was conspiring to take over a plane, he said, could have triggered intensified screening of passengers and luggage.

Asked if the government could have scrambled to find the short-bladed knives used by the Sept. 11 hijackers, Cammaroto told prosecutors: "We most certainly could have. That would have been a simple procedure."

The testimony was the initial step in the government's effort to rebuild its case for executing the only person convicted in the United States in the attacks on the World Trade Center and the Pentagon. Cammaroto was the first aviation security witness allowed to take the stand since a federal judge barred aviation witnesses and evidence because of misconduct by a government lawyer.

U.S. District Judge Leonie M. Brinkema issued her ruling last week after TSA lawyer Carla J. Martin violated a court order by sharing testimony and coaching witnesses. Brinkema modified the ruling on Friday, allowing the government to call witnesses not tainted by Martin's actions.

The testimony of Cammaroto, chief of commercial airports policy at TSA, is crucial to the government's key argument for Moussaoui's execution: that the Sept. 11 attacks could have been stopped if Moussaoui had not lied to the FBI when he was arrested in August 2001. Roughly half the government's case consists of aviation-related evidence.

Cammaroto, a former FAA official, acknowledged on cross-examination that in August 2001, the FAA was aware of al-Qaeda threats to hijack airplanes but had not increased airport security in response.

Moussaoui, 37, pleaded guilty last year to conspiring with al-Qaeda in the hijackings. A federal jury is determining whether he will die.

The aviation testimony came on a day of swirling emotion in the trial at U.S. District Court in Alexandria. The former manager of an Arizona flight school that trained one of the hijackers recalled how she had expressed alarm about her student to the Federal Aviation Administration -- and then cried after the Sept. 11 attacks when she suspected that he had flown one of the airliners.

Margaret Chevrette said she helped train hijacker Hani Hanjour at Pan Am International Flight Academy in Mesa, Ariz., near Phoenix, from late December 2000 until March 2001. She said that Hanjour was a poor pilot who spoke limited English and that she "worried that he was going to hurt himself or hurt someone else because he didn't have the skills" to fly a large jet.

Chevrette recalled driving to work after learning of the planes flying into buildings on Sept. 11. Investigators soon concluded that Hanjour had piloted the plane that hit the Pentagon.

Something "snapped," Chevrette told jurors.

"I already knew in my heart that Hani was a part of it," Chevrette said. "I remember crying all the way to work, knowing that our company helped do this."

As Chevrette spoke, her voice hoarse and breaking at times, two family members of Sept. 11 victims cried softly in the third row of the courtroom. Eleni Kousoulis, whose sister, Danielle, was killed at the World Trade Center, said later: "I don't blame her. I don't think anyone did anything intentional."

Chevrette said that she reported her concerns to the FAA during Hanjour's training, but that the agency did little in response. She said an FAA official who oversaw her school suggested she get an English interpreter for Hanjour, contrary to the agency's own regulations.

An FAA spokesman declined to comment.

Witness Lists FAA Measures Available For A Pre-9/11 Tip (LAT)

By Richard A. Serrano, Times Staff Writer

The Los Angeles Times, March 23, 2006

An agency official is the first to give aviation testimony after a federal attorney nearly derailed the sentencing trial of Zacarias Moussaoui.

ALEXANDRIA, Va. — A week after their case nearly imploded amid allegations of witness tampering, federal prosecutors began introducing aviation testimony Wednesday in Zacarias Moussaoui's sentencing trial, hoping to prove that had he cooperated, the Sept. 11 terrorist attacks could have been prevented.

Their first witness was Robert Cammaroto, chief of the Federal Aviation Administration's commercial airports policy division at the time of the attacks. He was allowed to testify on a limited basis after revelations last week that a Transportation Security Administration lawyer had improperly coached other federal aviation witnesses on their testimony.

Cammaroto listed security measures that could have been implemented had Moussaoui cooperated with the FBI after he was arrested in Minnesota for visa violations on Aug. 16, 2001.

For two hours, prosecutors methodically walked Cammaroto through his testimony. He told the court how the government could have responded to the Sept. 11 threat, and he offered new details on how the Federal Aviation Administration beefed up security when, in 1995, it was learned that Muslim extremists were plotting to blow up a dozen U.S. airliners over the Pacific Ocean.

Cammaroto spoke with authority and the experience of 25 years in the government security field — starting as an air traffic controller, moving on to become a federal air marshal and rising to a post as one of the FAA's top law enforcement officials.

Asked by Assistant U.S. Atty. David J. Novak how swiftly airport security officials would have reacted had Moussaoui revealed that the Sept. 11 hijackers planned to smuggle small knives aboard planes and then commandeer the cockpits, Cammaroto said:

"It could have been done fairly quickly. In a matter of hours."

But under cross-examination by defense lawyer Gerald T. Zerkin, Cammaroto conceded that in the late summer of 2001, the approach to airport security was far more relaxed than it is today.

Few people envisioned planes being hijacked on suicide missions, he said, and airport gate screening operations were less stringent. Passengers often were permitted to carry aboard such items as folding knives, bottles, screwdrivers and knitting needles.

Indeed, shown a security video of some of the Sept. 11 hijackers easily passing through checkpoints at Washington Dulles International Airport that morning, Cammaroto noted that only seven of the 19 had even been sent to a secondary screening, and none had been denied a seat.

"It seemed an act of desperation to blow yourself up" back then, Cammaroto said.

In the past, he said, hijackings mainly involved planes' diversion to Cuba or ransom demands. "We'd never had an incident where the bomber rode the bomb," he said.

The aviation testimony and evidence are central to the government's argument for executing Moussaoui. Prosecutors seek to convince the jury that Moussaoui knew enough about the Sept. 11 plot to help stop it.

But Moussaoui lied to the FBI and then refused to cooperate, sharply dividing the FBI about what to do with him.

The FBI never sought search warrants to open his belongings and learn more about why he was training on jumbo jet simulators in Minnesota.

The defense maintains that Moussaoui, who pleaded guilty to being a Sept. 11 conspirator last April, was a lone operator and never had any direct role or knowledge that four planes were going to be boarded that day, three of which reached targets in New York and Virginia.

With Moussaoui's survival at stake, the government's case nearly fell apart last week when it was discovered that TSA senior attorney Carla J. Martin had improperly influenced seven TSA and FAA witnesses for the government. U.S. District Judge Leonie M. Brinkema sharply limited the government's aviation testimony and evidence to just one or two witnesses, making Cammaroto's testimony all the more crucial.

The judge has yet to call Martin into the courtroom to explain her conduct.

Cammaroto described half a dozen security steps the FAA could have taken to try to head off the attacks. He said more officers could have been posted immediately at airport checkpoints, and small knives and other potential weapons could have been confiscated at the gates.

He said planes could have been searched before boarding to make sure previous passengers had not hidden bombs or weapons in overhead baggage bins or in lavatories.

Cammaroto said flight crews could have been warned to keep cockpit doors secure, and new no-fly lists could have been posted to stop the 19 hijackers from boarding planes.

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"We could have done much of this in the course of a couple of hours," he said.

He drew a parallel with the "Bojinka" plot, uncovered in 1995 in Manila, in which radical Islamists planned to hide liquid bombs on 12 U.S. planes and detonate them over the Pacific.

Just as they could have done to thwart the Sept. 11 conspiracy, Cammaroto said, officials alerted the airlines about the Bojinka conspiracy, stopped passengers from carrying open drink containers aboard, and sent bomb-sniffing dogs to the Philippines. More thorough pat-downs and other passenger searches also were initiated.

"As our intelligence improved, we were able to refine and refine and refine until we got closer to the mark," he said.

In the end, there were no attacks.

FAA Reportedly Dismissed Moussaoui Concern (AP-Y2)

By Matthew Barakat, Associated Press Writer

AP2, March 23, 2006

A manager at an Arizona flight school that trained one of the Sept. 11 pilot-hijackers testified at the Zacarias Moussaoui trial Wednesday that she called the Federal Aviation Administration with concerns over his qualifications for a pilot license, but her concerns were dismissed by an FAA official.

Margaret Chevrette, manager at the flight school, was testifying in the death-penalty trial of Moussaoui, who has confessed to being an al-Qaida terrorist.

It was the second time this week jurors heard witnesses testify that people in positions of authority in the federal government responded either slowly, negatively — or not at all — to warnings about a possible terrorist attack.

Chevrette said that the school's student, Hani Hanjour, lacked adequate English skills to gain his pilot's license. An FAA official responded to her concerns by suggesting that Hanjour could use an interpreter even though mastery of English is a requirement for a pilot.

Chevrette said that when the Sept. 11 attacks occurred, she knew Hanjour must have been involved.

"I remember crying all the way to work knowing our company helped to do this," she said.

Chevrette said that Hanjour's English was so bad that it took him eight hours to complete an oral exam that should've taken two hours.

Prosecutors in Moussaoui's trial were presenting testimony about the Sept. 11, 2001 pilot-hijackers' training in an apparent effort to show parallels between Moussaoui's flight training and that of other hijackers.

Two other pilot-hijackers from the Sept. 11 attacks abandoned a small airplane on a taxiway of Miami International Airport during their flight training, but their actions didn't attract serious scrutiny from federal officials, another witness said.

Daniel Pursell, a flight instructor at the school where hijackers Mohamed Atta and Marwan al-Shehhi received commercial pilot training testified that instructors at the school breathed "a collective sigh of relief" when Atta and al-Shehhi completed their training and left the school.

Pursell said that the Dec. 26, 2000, incident at the Miami airport was one of several problems the school had with the pair.

Pursell said the tower chief at the airport called the Florida school to berate school officials after the plane was left on the runway. The FAA never questioned Atta and al-Shehhi, Pursell said.

During testimony Tuesday, a terrorism supervisor in FBI headquarters dismissed as "hunches and suppositions" a field agent's concerns about Moussaoui in the weeks before Sept. 11.

The supervisor, Michael Rolince, testified that he had not even read an Aug. 18, 2001, memo written by Minneapolis agent Harry Samit, who arrested Moussaoui and was convinced from the outset that Moussaoui was a terrorist with plans to hijack aircraft.

Rolince, who headed the FBI's International Terrorism Operations section, said he was briefed on Moussaoui only twice by a subordinate in hallway conversations lasting less than a minute.

Rolince concluded that the bureau had a long way to go in building a case against Moussaoui, even though Samit had laid out in a nearly 30-page memo his reasons for believing that the bureau had built a sufficient case to launch an all-out investigation and obtain a search warrant for Moussaoui's possessions.

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"What Agent Samit's hunches and suppositions were is one thing," Rolince said. "What we knew was clearly something else."

Samit's memo proved prescient. He correctly predicted two of the six specific charges to which Moussaoui pleaded guilty: plotting international terrorism and air piracy.

Moussaoui is the only person in this country charged in connection with the Sept. 11 attacks. He pleaded guilty to conspiring with al-Qaida to hijack aircraft and other crimes, but he denies any role in Sept. 11. He says he was preparing for a possible future attack on the White House.

The sentencing trial now under way will determine Moussaoui's punishment: death or life in prison.

The FBI's actions in the time between Moussaoui's Aug. 16, 2001, arrest on immigration violations and Sept. 11, 2001, are key issues at Moussaoui's death-penalty trial. Prosecutors allege that if Moussaoui had revealed his plans for a terrorist attack, the FBI could have thwarted or at least minimized the attacks. To obtain a death penalty, prosecutors must prove that Moussaoui's actions caused the death of at least one person on Sept. 11.

The defense argues that nothing Moussaoui said after his arrest would have made any difference to the FBI because its bureaucratic intransigence rendered it incapable of reacting swiftly to Moussaoui's arrest under any circumstances.

U.S. District Judge Leonie Brinkema limited the scope of Rolince's testimony after the defense objected that he was trying to describe what the FBI would have done if it had known about Moussaoui's terrorist ties.

The defense argued that speculative testimony based on a hypothetical confession by Moussaoui unfairly implied that Moussaoui had some obligation to confess.

Brinkema allowed some limited hypothetical questioning but advised the jury: "Juries cannot decide cases on speculation. ... Nobody knows what would have happened."

Moussaoui Could Have Sparked Anti-terror Blitz : US Officials (AFP-Y2)

AFP, March 23, 2006

An aviation policy chief and an FBI terrorist hunter said the US government could have launched a pre-September 11 security blitz had Zacarias Moussaoui admitted Al-Qaeda planned to use airliners as missiles.

Former FBI agent Aaron Zebley testified in Moussaoui's death penalty trial that information from Moussaoui, arrested weeks before the world's deadliest terror strike in 2001, could have pinpointed Al-Qaeda financiers and alerted investigators terror cells were poised to strike.

Robert Cammarato, in charge of issuing government security directives to the airlines in 2001, said such data could prompted new security measures, sent air marshals from international to domestic flights and helped uncover the small knives used by September 11 hijackers.

Prosecutors called both witnesses in a bid to prove that Moussaoui's should be executed because his "lies" gave the September 11 suicide crews time to pull off their spectacular attacks, which killed nearly 3,000 people.

They showed Zebley a Statement of Facts, in which the Frenchman pleaded guilty last year to plotting with Al-Qaeda to fly planes into US buildings -- more than three years after he was accused of such a crime.

Just the fact that he was admitted Al-Qaeda member would have been enough to set of a nationwide search for accomplices, Zebley testified.

An admission that he was a trainee pilot would have sent agents to flight schools to track other would-be attackers and information on Al-Qaeda financiers could have helped them follow the money to those behind the plot.

"It was very specific information we could have run with," Zebley told the jury.

Cammarato, currently chief of commercial airports policy at the Transportation Safety Administration (TSA), said that in 2001, security experts believed hijackers were most likely to strike US airlines overseas, and there was no indication that "martyrdom operations" were in the offing.

"At that time we believed that a bombing situation would not involve a suicide aspect. There were no (scenarios) at the time, where the bomber rode the bomb," he said.

But information from Moussaoui could have alerted airport security staff to look for suicide pilots, and also to keep an eye out for small knives, later found in his belongings, which were also used on September 11.

Defence lawyers sought to blunt Cammarato's testimony by getting him to detail many changes in aviation security pre-and post-September 11, and cast doubt on prosecution claims a security overhaul could have quickly done.

Earlier, the manager of a US flight school told of the terrible moment she realised she helped to train Hani Hanjour, the September 11 hijacker who slammed a plane into the Pentagon.

"I knew in my heart that Hani was part of it," an emotional Peggy Chevrette said.

"On 9/11 my husband told me that a plane had gone into one of the Twin Towers, then before I left for work the second plane went in."

"On my way to work, the third plane had gone into the Pentagon. I just remembered crying all the way into work knowing that our company helped to do this."

Chevrette, manager of a Phoenix, Arizona flight school, said she phoned the Federal Aviation Administration (FAA) three times to express concerns that Hanjour's English and piloting skills that were so bad she thought he would injure himself or others. But no action was taken, she said.

On one occasion, the jury heard, Mohammed Atta, ringleader of the September 11 hijackers, stranded a small single engine plane on a taxiway at the Miami International Airport -- forcing a large jet to take avoiding action.

Prosecutors appeared to be hoping to tie Moussaoui's own quest to learn to fly in 2001 in Oklahoma and Minnesota to the hijackers' training.

But the testimony may also help prosecutors, because it shows that the hijackers sometimes bizarre antics in the air, as they learned to fly in the United States, did not lead to government action.

Moussaoui has said he was not part of the September 11 plot but was to take part in a follow up wave of attacks on the White House.

If he escapes the death penalty, he will get life in prison, without parole.

Impact Of Detainee Act Debated In Court (WP)

By Josh White

The Washington Post, March 23, 2006

Bush administration lawyers argued yesterday that a new law forces the dismissal of more than 200 lawsuits filed in federal courts on behalf of detainees held at Guantanamo Bay, Cuba, urging a federal appellate court to instead adopt a far more limited process that still would give the prisoners access to judicial review.

The U.S. Court of Appeals for the District of Columbia Circuit will decide whether the Detainee Treatment Act of 2005 retroactively stripped the court of jurisdiction to hear habeas corpus cases challenging detentions at the military prison in Cuba. Lawyers representing the detainees argued that the new law does not apply to pending cases, while the government has maintained that all cases essentially should be wiped away.

The Detainee Treatment Act was designed to pull what some senators believe are frivolous cases out of U.S. courts and instead grant detainees two other options: access to the federal appeals court to challenge the military determination that they are "enemy combatants" and the right to appeal verdicts reached in future military trials.

The three-judge appellate panel questioned government lawyers about the authority the court actually would have in its limited review role. Judge Judith W. Rogers asked whether the court would have the power to order a detainee's release if it found problems with a detainee's enemy combatant status as determined by a military Combatant Status Review Tribunal.

"Yes, subject to a few qualifications," said Gregory G. Katsas, a Justice Department lawyer. Katsas said the Defense Department would have the option of fixing any flawed process first. "If a CSRT determination is made, and that is that he is not an enemy combatant, that person is turned loose."

Judge A. Raymond Randolph likened the new court review process to a modification of habeas corpus rather than its abolition but said he sees no remedy for detainees in the new law. He said the new law appeared to shift habeas cases from the District Court to the Court of Appeals.

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Thomas B. Wilner, who was arguing on behalf of the detainees, said he would not object if the cases were transferred from one court to another.

But he said he worries that the law is unclear and might restrict the court from truly examining the facts of a detainee's combatant status.

Currently, the military is holding 10 detainees at Guantanamo Bay who have been cleared for release, and federal courts have been powerless to order them freed. There are about 490 detainees at Guantanamo Bay.

In a related matter, the Uyghur American Association is planning to file a brief with the the Supreme Court today supporting the release of two countrymen who remain at Guantanamo Bay despite having been cleared of ties to terrorism by the U.S. military. A U.S. District Court judge recently found that there is nothing to support holding the two Chinese Muslims but said he has no authority to order their release.

Attorneys for the Uighurs have taken the unusual step of asking the Supreme Court to rule before the appellate court enters a judgment, arguing that their clients uniquely face indefinite detention even though they are innocent.

In a draft of the brief provided to The Washington Post, the UAA urges the court to allow the Uighur detainees to join the Uighur community in the Washington area, where they would live in a form of parole.

Uighurs have been battling Beijing for a separate homeland in China and face torture or execution if repatriated there, according to the U.S. government. But U.S. officials have been unwilling to release the Uighurs in the United States and have not been able to find another country to accept them.

Also yesterday, Pentagon officials said that they are considering issuing a written instruction to military commissions at Guantanamo Bay that would formally ban the use of evidence obtained from detainees by torture in upcoming trials.

Bryan Whitman, a Pentagon spokesman, said prosecutors have agreed not to use such evidence, but officials are developing language to put it in writing.

Court To Decide Future Of Detainees' Suits (AP)

By TONI LOCY, ASSOCIATED PRESS WRITER

AP, March 23, 2006

WASHINGTON -- Faced with hundreds of claims by detainees at Guantanamo Bay, a federal appeals court pressed the Bush administration on Wednesday to say how much power judges will have to determine the legality of the detentions.

The three-judge panel is being asked to decide whether the Detainee Treatment Act, signed by President Bush on Dec. 30, retroactively voids hundreds of lawsuits by abolishing a right to challenge detentions that has been part of U.S. legal principles since the nation's founding.

Judges David B. Sentelle and A. Raymond Randolph seemed willing to accept the administration's view that the act forces dismissal of more than 200 lawsuits filed in U.S. District Court here on behalf of over 300 detainees.

But no one on the panel appeared to agree with the administration's take on what would happen next if detainees sought to essentially transfer their challenges to the appeals court.

Under the act, detainees can file petitions challenging determinations by military tribunals that they are "enemy combatants" who can be held without charges indefinitely. Those appeals must be filed with the U.S. Court of Appeals for the District of Columbia Circuit.

For the three judges, the big issue was how much power they and their fellow appeals court judges will have to examine the detainees' claims.

Gregory G. Katsas, a Justice Department lawyer, argued that judges would be limited to reviewing the sufficiency of the administrative hearings held by the military because the detainees - who are aliens held outside the United States - have no rights under the Constitution.

Sentelle was incredulous. He reminded Katsas of a 2004 Supreme Court decision that cleared the way for detainees to file court challenges to their detentions.

"You are saying that every single one of their claims are going to fail," Sentelle said. "You are saying that all the Supreme Court did ... was give (detainees) a right to file a piece of paper that cannot possibly grant release."

Judge Judith W. Rogers pushed Katsas to tell her whether the appeals court could order a detainee's release if it found that the military's hearing was flawed.

When Katsas launched into a lengthy answer, Sentelle became impatient and told the lawyer to answer yes or no.

Sentelle said the panel wanted to know whether the act says "turn him loose," if the appellate court finds problems in the military's proceedings.

Katsas said, "The short answer is yes." But he qualified it, saying the Defense Department would have the power to hold an administrative hearing to correct any deficiencies found by the appeals court.

The administration has claimed it indefinitely can hold detainees, even those who are acquitted of war crimes.

Only 10 detainees have been charged with terrorism and war crimes. Nearly 500 detainees are held at the Guantanamo Bay prison, which opened in January 2002 to hold suspected al-Qaida and Taliban operatives.

Thomas B. Wilner, a lawyer for the detainees, said he would support the detainee act if it allowed the appeals court to conduct in-depth reviews of the circumstances of a detainee's capture and detention.

Stephen H. Oleskey, who also represents detainees, told the panel that the administration does not want judges to delve too deeply into whether evidence used to hold prisoners was obtained by torture.

Meantime, a Pentagon official said Wednesday the Defense Department is considering a written rule barring use of evidence obtained by torture at criminal trials by military commission.

Until now, Pentagon officials had considered a written rule unnecessary because military prosecutors had promised such evidence would not be used at trial.

The Detainee Treatment Act was a compromise reached among Sens. Carl Levin, D-Mich., Lindsey Graham, R-S.C., and Jon Kyl, R-Ariz., to address criticism over the military's interrogations tactics and the lengthy detentions at Guantanamo.

Wilner said in court papers that Congress overstepped its authority and can bar legal challenges to detention only in cases of "rebellion" or "invasion."

"There is no rebellion or invasion," he wrote.

Ex-Juror Sees Flaws In Terror Plot Case (LAT)

By Rone Tempest

The Los Angeles Times, March 23, 2006

SACRAMENTO — A juror released today from duty in a federal terrorism trial said prosecutors have so far failed to prove the case against a 23-year-old Lodi man accused of attending a Pakistan training camp.

"I don't think at this point in time the government has made its case," said juror Andrea Clabaugh, 37, a Sacramento engineering company account manager.

The fact that the ex-juror remains unconvinced of guilt this late in the game is bad news for prosecutors, who expect to wrap up their case against Hamid Hayat and his father, Lodi ice cream vendor Umer Hayat, 48, early next week. The defense, which plans to present its own slate of expert witnesses, has yet to begin.

The younger Hayat is accused of attending a training camp in Pakistan's Northwest Frontier province in late 2003. Both men are accused of lying to federal agents about the camp.

Clabaugh said she was troubled by the way FBI agents appeared to "badger" defendant Hamid Hayat during a videotaped late-night interrogation last year at the end of which Hayat admitted attending a training camp in 2003.

"I felt that in some respects he was giving the information because they refused to believe that he didn't know anything," Clabaugh said. She said the agents appeared to be "feeding names" to Hayat.

"I didn't see him volunteering anything," Clabaugh said.

Clabaugh was dismissed shortly before noon today in a delayed ruling by U.S. District Judge Garland E. Burrell Jr. During the jury selection process, the juror failed to disclose that she once dated a Sacramento law enforcement officer. Calling it an oversight, she later volunteered the information and the judge decided to remove her from the panel.

Excused Juror Would Vote Innocent In Terror Case (SACBEE)

By Denny Walsh, Bee Staff Writer

The Sacramento Bee, March 23, 2006

A juror in the trial of Hamid Hayat on terror-related charges who was excused Wednesday said as she left the federal courthouse that, if she had to decide now, she would vote to acquit the Lodi man.

Andrea Clabaugh of Carmichael was excused after sitting as a member of the panel hearing the case against Hayat for nearly six weeks.

When the jury was chosen on Feb. 15, she forgot about dating a Sacramento County sheriff's deputy in 1995. Two weeks ago she recalled it and informed U.S. District Judge Garland E. Burrell Jr. and the attorneys. Defense lawyers wanted her replaced with an alternate at that time, but Burrell refused.

On Wednesday, after thinking about it for two weeks, the judge changed his mind.

"Beyond a reasonable doubt hasn't been proven at this point," Clabaugh, 39, said in a hallway interview with reporters.

The government is nearing the end of its case.

Prosecution of the 23-year-old Hayat is built primarily on a videotaped admission to FBI agents that he attended a terrorist training camp in Pakistan and initially lied about it when questioned by agents, and on secretly recorded conversations he had with Naseem Khan, an FBI informant.

"I felt like he was being badgered" by FBI agents, Clabaugh said of the confession. "I felt like he was giving them information because they refused to believe he didn't know anything. It seemed like he was fed names by the agents. It didn't seem like Hamid actually volunteered anything."

Regarding the conversations with Khan, she said, "I got a picture of a young kid who wanted to impress an older man, but it doesn't mean those were things he would actually follow through on."

She was referring to Hayat's statements to Khan that he wanted to attend a terrorist training camp in Pakistan and then fight jihad, or holy war, against the enemies of Islam. At the time of the 2003 conversations, Hayat was 20 and Khan was 29.

"As of this moment, the government has not proven its case to me," said Clabaugh, an account manager for a Sacramento structural engineering firm.

Excused Juror In Lodi Terror Case Skeptical About Alleged Confession (SFC)

By Demian Bulwa, Chronicle Staff Writer

San Francisco Chronicle, March 23, 2006

(03-22) 12:20 PST SACRAMENTO -- A juror excused today from the terrorism trial of a 23-year-old Lodi man said outside court that the government had not proved its point and expressed skepticism about an alleged confession that a prosecutor described as the "meat of the case."

"Beyond a reasonable doubt -- that hasn't been proven in my opinion," said Andrea Clabaugh, a 39-year-old Carmichael resident who works as an accounting manager at a structural engineering firm in Sacramento.

She said the judge in the federal trial had excused her after she disclosed that she had briefly dated a Sacramento County sheriff's deputy in 1995. Clabaugh had not made the disclosure during jury selection.

She was on the jury that will decide the fate of Hamid Hayat, who is accused of supporting terrorism by attending a training camp in late 2003 in his family's homeland of Pakistan. He is also charged with initially lying to FBI agents about it.

Hayat's 48 year-old father is being tried in the same courtroom on charges of lying, but in front of a separate jury.

Clabaugh expressed reservations about a five-hour videotaped confession that Hayat gave FBI agents last June after returning from a two-year trip to Pakistan. Prosecutors have described it as a clear admission of guilt.

Defense attorneys say Hayat never went to a training camp but, when pressured by agents, lied in an attempt to be helpful.

"In my notes, I recall writing down something about the agents feeding him names," Clabaugh said. "It didn't seem like Hamid actually volunteered anything.

"During those interrogations, it looked like he was being badgered," she said. "It felt to me that in some respects he was giving them information because they didn't believe him when he said he didn't know anything. He had to tell them something."

DOJ_NMG_0020096

Clabaugh said she had mixed feelings about the government's key witness, a 32-year-old informant named Naseem Khan who befriended Hayat in the summer of 2002 before secretly recording their conversations. At times, the conversations delved into anti-American sentiments.

Khan "was just doing the job he was hired to do," Clabaugh said.

However, she said, "I got a picture of a young kid (Hayat) who wanted to impress an older man. If he wanted to impress him, he'd have lots of opinions to share. It doesn't mean those are things that he would follow through on."

Clabaugh said Khan "did not either help or hurt the case."

As for Hayat, she said, he "doesn't look like someone I'd want to know."

"I've seen that this young man was interested in hurting possibly the U.S. or enemies of Islam," she said. "But I haven't seen anything to indicate he did anything they would have us believe he did."

Neither prosecutors nor defense attorneys would comment on Clabaugh's remarks.

Prosecutors have not completed presenting witnesses, and were in the midst of questioning an expert on Pakistani affairs when Clabaugh was dismissed. The defense has not yet presented its case.

Juror Leaves Terror Trial, Says Government Hasn't Proven Case (AP)

By Don Thompson

AP, March 23, 2006

SACRAMENTO - A juror who was dismissed Wednesday from the federal terrorism trial of a father and son from Lodi said prosecutors have so far failed to prove that the younger man attended an al-Qaida training camp.

Andrea Clabaugh, 39, was dismissed after revealing that she once dated a law enforcement official. Outside court, she told reporters that prosecutors had succeeded in portraying 23-year-old Hamid Hayat as anti-American but not as a trained terrorist.

"They've shown that Hamid was interested in acting against America and those ideas and thoughts, but they haven't proven that he actually attended a camp, that he took weapons training and that he (intended) to come back here and do anything," said Clabaugh, who lives in the Sacramento suburb of Carmichael. "At this point in time, I do not think the government has proven its case."

Her comments come as the government nears the end of its case against Hayat and his father, Umer Hayat, a 48-year-old ice cream truck driver.

Both men are accused of lying to the FBI about the son's suspected attendance at a terrorist training camp in Pakistan in 2003. Hamid Hayat also faces charges of providing material support to terrorists by attending the camp.

Prosecutors allege that he was awaiting orders to attack hospitals, banks and grocery stores after returning to the U.S. in May 2005. The Hayats were arrested in June and have pleaded not guilty. They are being tried at the same time but before separate juries.

Clabaugh, who sat on Hamid Hayat's jury, said she was removed because she dated a Sacramento County sheriff's deputy 11 years ago. She said she didn't recall that detail or consider it relevant during jury selection.

She told U.S. District Court Judge Garland Burrell Jr. about the relationship two weeks ago. He kept her on Hamid Hayat's jury but reconsidered and removed her Wednesday. She was immediately replaced with an alternate juror who has heard all the evidence.

Prosecutors and defense attorneys declined comment on the statements by Clabaugh, who said she does not know if other jurors share her views.

The government's case is built on confessions the Hayats gave separately during videotaped FBI interrogations and conversations Hamid Hayat had with an FBI informant who was secretly recording their discussions.

The Hayats' attorneys have argued that the confessions were made only after their clients were exhausted by hours of interrogation and were merely telling the agents what they thought they wanted to hear.

"I don't find the FBI interrogation damning. I felt like the FBI was leading," Clabaugh said. "Hamid was worn out and tired, and I could easily see where someone in that situation would tell them what they wanted to hear so they would be done."

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She said the government's informant, a 32-year-old convenience store worker from Oregon named Naseem Khan, also asked Hamid Hayat leading questions. Those questions focused on jihad, the Arabic term for holy war, as well as anti-American Pakistani political parties.

Clabaugh said she believed the questioning was meant to entrap the younger Hayat.

"Naseem Khan seemed to be the one who brought up the relevant topics the majority of the time," Clabaugh said. "Hamid Hayat could have been trying to impress this older man who was interested in this topic. I didn't see any proof."

The FBI began focusing on the Pakistani community in Lodi, an agricultural center about 35 miles south of Sacramento, shortly after the September 2001 terrorist attacks.

Khan arrived in December 2001, shortly after being recruited by the government. He began attending the local mosque, told area Muslims he worked for a computer company and struck up a friendship with Hamid Hayat.

Two local Muslim clerics were later deported to Pakistan on immigration violations but were never charged criminally in the federal government's probe.

Among the evidence presented by prosecutors is a scrapbook kept by Hamid Hayat. The book was full of Pakistani newspaper and magazine articles praising Afghanistan's Taliban government and Osama bin Laden. Many of the articles also expressed anti-American sentiments.

But Clabaugh said keeping such a scrapbook didn't seem unusual for someone who spent half his life in Pakistan and whose grandfather is a well-known political and religious figure there. Hamid Hayat is a U.S. citizen and his father is a naturalized citizen.

"It doesn't mean he's guilty, in my opinion. It means he's interested," Clabaugh said.

She said she was disappointed to leave the jury after spending four weeks hearing testimony.

"I would have liked to have seen it through," she said.

Also Wednesday, prosecutors presented an expert on Pakistani extremist groups in an attempt to give jurors background about the country's politics and Muslim culture.

They intend to complete their case early next week by introducing satellite photographs of a terrorist training camp in Pakistan. Defense attorneys say the government has no hard evidence that the younger Hayat actually attended the camp.

Hamid Hayat is being tried on three counts of lying to the FBI and separate charges of providing material support to terrorists. He faces up to 39 years in prison if convicted on all counts.

His father faces up to 16 years in prison if convicted of two counts of making false statements to the FBI.

California Town Is Latest Site Of U.S. Terrorism Prosecution (WP)

By Sonya Geis, Washington Post Staff Writer

The Washington Post, March 23, 2006

Allegation of 'Material Support' Was Used in Other Cases

LODI, Calif. -- Naseem Khan blended right into the Pakistani community when he moved to this quiet farming area south of Sacramento. An immigrant who spoke Pashto and Urdu, he had lived there briefly once before, made friends easily and attended the local mosque.

Today, Khan's anonymity is long gone. The convenience store clerk-turned-FBI informant is the star prosecution witness in the trial of Umer and Hamid Hayat, a father and son accused, respectively, of supporting terrorism and lying about it to the government.

Hamid Hayat, 23, faces charges of providing material support to terrorists for allegedly attending an al-Qaeda training camp in Pakistan, as well as for lying to investigators during an interrogation. In a joint trial, Umer Hayat, 48, an ice cream vendor, is accused of making false statements to the FBI to protect his son. Hamid Hayat faces as much as 39 years in prison; his father, 16.

The case is built on Khan's infiltration of Lodi's small Pakistani community from 2002 to 2005. Earlier this month, prosecutors put Khan, 32, on the stand, where he told jurors that Hamid Hayat had talked about attending a training camp. Jurors also saw videotapes of both defendants first denying and then admitting to investigators that Hamid Hayat had attended the camp.

But last week, Khan shocked observers of the trial by asserting that al-Qaeda's second-in-command had passed through Lodi in 1998 or 1999, raising doubts about his credibility that the defense has begun to exploit.

The Lodi case is the latest in a string of prosecutions brought since the Sept. 11, 2001, attacks under a law that criminalizes providing "material support" to terrorists.

The government's success with the previously obscure statute has been mixed. It has won convictions in high-profile cases in Northern Virginia, in Lackawanna, N.Y., and in the New York City trial of radical lawyer Lynne Stewart. It has lost prosecutions in Detroit, Idaho and Tampa.

The Lodi case provides a rare, detailed look at how one FBI informant functioned and raises questions about the effectiveness of the government's strategy of infiltrating the community with an outsider.

Defense lawyers say their clients' arrests were made in desperation because there wasn't any real terrorist activity to find in Lodi. They contend that Hamid Hayat was given to grandiose exaggerations. At trial, they played hours of the videotaped FBI interrogation, which appears to show the two men, whose English was limited, agreeing with FBI agents instead of offering information.

"They were after big fish," Umer Hayat's attorney, Johnny L. Griffin III, said of investigators. "They couldn't get the big fish, and they had to get someone."

Assistant U.S. Attorney Laura Ferris declined to comment.

The FBI paid Khan more than $200,000 to move to Lodi, a city of 56,000, according to court testimony. He took an apartment near the Lodi Muslim Mosque and befriended Hamid Hayat, a lean young man with a black goatee, imperfect English skills and few friends. Hayat had a sixth-grade education and followed Pakistani politics, including the movements of radicals, court testimony has shown.

Khan visited the Hayat home at least a dozen times and had lengthy phone conversations with Hamid Hayat, which he secretly recorded. Transcripts of those calls reveal that Khan talked with Hayat about girls, cricket and, over time, politics and terrorism. Khan feigned a radical streak and an interest in jihad.

In 2003, Hamid Hayat went to Pakistan but kept in touch with Khan. In transcripts of their phone calls, he told Khan that he planned to attend a militant training camp but sheepishly admitted he had not yet done so. Khan encouraged him, saying, "Be a man" and "You're wasting time."

"I was just making conversation with him," Khan told Hamid Hayat's lawyer at the trial this month. Under further questioning, Khan acknowledged that Hayat never told him he had attended the camp -- only that he would go in the future.

Under FBI interrogation, Hayat first denied, then acknowledged, that he had spent months at a training camp near Rawalpindi, Pakistan, that he said was run by al-Qaeda.

In June 2005, Hayat returned to the United States and was brought in for questioning. His father accompanied him, and both were arrested. They have been in jail ever since.

While Hamid Hayat was in Pakistan, Khan befriended two imams of the Lodi mosque, according to court testimony. They soon became suspicious and warned others to avoid him.

Several days after the Hayats were arrested, the two imams and one of their sons were detained on immigration violations. They were deported but not criminally charged.

One of the imams had been in conflict with another over the construction of a Muslim religious school. Some in Lodi suspect that political opponents reported the imams to the FBI.

Across the street from the Lodi mosque on a recent afternoon, children played basketball while men in traditional Pakistani dress watched over them or milled around the entrance to the mosque, a low-slung yellow building in a ramshackle neighborhood of single-family houses.

Taj Khan, a local activist and a 25-year resident of Lodi, said the investigation and prosecutions have wreaked havoc on the community. "People are scared. People are having nightmares, I'm being told," said Khan, who is not related to the FBI informant.

Taj Khan was part of a cross-cultural effort that sought to build bridges between Christians, Jews and Muslims in a town in which the Pakistani community dates to the 1930s. "This event has put a big lid on all that," he said. "This thing has set us back quite a few years."

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Naseem Khan's credibility suffered a blow last week when he maintained he had seen al-Qaeda's second-ranking leader, Ayman al-Zawahiri, at the mosque in 1998 or 1999 -- a statement that Brian Jenkins, an authority on terrorism at Rand Corp., calls "far-fetched."

FBI documents released last week show that Khan first made the assertion when agents approached him in 2001. At that time, Khan also told the FBI that he had seen Abdelkarim Hussein Mohamed al-Nasser, a suspect in a 1996 Saudi Arabia bombing, in Lodi, and Ahmed Mohammed Hamed Ali, a suspect in the 1998 bombings of U.S. embassies in Tanzania and Kenya, in Stockton, Calif., in 1999.

Terrorism experts believe that none of those suspects was in the United States at that time, though al-Zawahiri is known to have passed through the country on a fundraising trip in 1993.

The misstep for the prosecution shows one of the possible pitfalls of using confidential informants in terrorism cases, said Robert M. Chesney, a law professor at Wake Forest University in North Carolina.

"The FBI has been correctly critiqued for not having agents from these communities," he said. "Since they don't have them, they're going to informants . . . and with informants you often have credibility problems."

Chesney cautioned that "having an unexpected but clearly wrong thing being said doesn't help, but it's not dispositive, either." The videotaped confessions are still strong evidence, he said.

"I'm not a betting man, but if I was, I certainly wouldn't bet on the jury discounting confessions unless they've got some fairly specific facts that show their wills were overcome," he said.

Researcher Julie Tate contributed to this report.

Cuban Exile Militant Luis Posada Denied Release (MH)

By Oscar Corral

The Miami Herald, March 23, 2006

The U.S. government will not free Cuban exile militant Luis Posada Carriles, who has been detained in a federal immigration facility since May, according to U.S. Immigration and Customs Enforcement.

The government's decision was made public today, about a week shy of a 180-day deadline for deciding his custody status.

Posada, who is wanted by both the Cuban and Venezuelan governments for the 1976 bombing of a Cuban jetliner and a string of hotel bombings in Havana in 1997-98, was detained in Miami by federal authorities last May after sneaking into the United States.

"Following a routine custody review, as required by regulation, ICE has issued Mr. Posada an Interim Decision to Continue Detention," ICE said in a written statement. ``This letter advises Mr. Posada that his custody status has been reviewed, and it has been determined that he will not be released from the custody of ICE at this time. This interim decision is based on a review of Mr. Posada's case and consideration of the information Mr. Posada and his attorney submitted to ICE's reviewing officials."

Posada's lawyer, Eduardo Soto, told the Herald late last week that he planned to appeal -- through a writ of habeas corpus -- if the government decided not to free his client.

ICE left open the possibility that Posada could be freed at a later date and reiterated its intention to try to deport him to a country that is not Venezuela or Cuba.

"As appropriate, ICE will continue to review Mr. Posada's custody in light of any additional information that he may submit, collateral developments, and efforts to remove him to other countries," the statement noted. ``ICE continues to move forward to carry out Mr. Posada's removal from the United States. While an immigration judge granted Mr. Posada deferral of removal to Cuba and Venezuela based on the Convention Against Torture (CAT), that does not impede ICE from removing Mr. Posada to a third country."

Cuban Militant To Stay In U.S. Custody (AP)

By CURT ANDERSON, Associated Press Writer

AP, March 23, 2006

A Cuban militant accused of masterminding the 1976 bombing of a Cuban airliner will remain in U.S. immigration custody for the foreseeable future, but efforts to deport him to a country willing to accept him will continue, officials say.

Luis Posada Carriles was arrested in Miami in May after illegally entering the United States through Mexico. He is being held by U.S. Immigration and Customs Enforcement in El Paso, Texas.

ICE issued a statement saying that Posada will not be released from its custody "at this time" and that further review was needed to determine where he could be sent.

A federal immigration judge ruled last fall that Posada could not be deported to Cuba or Venezuela, citing the possibility he could be tortured.

That prohibition, according to the ICE statement, "does not impede ICE from removing Mr. Posada to a third country."

Posada's attorney in Miami, Eduardo Soto, said the agency's decision appears to be an attempt to keep Posada in custody indefinitely without just cause and that he plans to ask a federal court to free him.

"Obviously, this is going to come to a head very quickly here," Soto said. "They've got to show some likelihood that he is going to a third country or they have to release him."

His lawyers have said they want assurances that any third country would not then send him to Cuba or Venezuela.

Posada, a former CIA operative and a fervent foe of Cuban President Fidel Castro, is accused by Cuba and Venezuela of plotting the 1976 bombing while living in Venezuela. He has denied involvement in the bombing, which killed 73 people.

Posada escaped from a Venezuelan prison in 1985 while awaiting retrial on the airline bombing charges, and Venezuela has formally sought his extradition. He also has been linked to a series of 1997 bombings in Cuba, one of which killed an Italian tourist.

In 2004, Posada and three others were pardoned by Panama's president for their alleged roles in a plot to assassinate Castro during a conference in Panama in 2000. Some Cuban-Americans consider him a freedom fighter.

Meanwhile, a federal judge has ordered the U.S. Marshals Service to deliver Posada to Fort Lauderdale for the May trial of one of his close associates. Santiago Alvarez faces federal weapons charges involving a cache of machine guns, a grenade launcher, explosives and silencers.

US To Keep Cuban Airline Bombing Suspect In Custody (AFP-Y2)

AFP, March 23, 2006

The US authorities said that Luis Posada Carriles, who is wanted in Venezuela for the 1976 bombing of a Cuban airliner, would remain in US custody even though he has been ordered expelled.

The United States refuses to send Posada Carriles, a radical opponent of Cuban leader Fidel Castro and a former CIA agent, to Cuba or Venezuela citing fears that he would be tortured.

But it has also failed to find another third country that would accept Posada Carriles, 78, who is currently detained at an Immigration and Customs Enforcement (ICE) centre in El Paso, Texas.

"Following a routine custody review, as required by regulation, ICE has issued Mr. Posada an interim decision to continue detention," said an ICE statement.

"This letter advises Mr. Posada that his custody status has been reviewed and it has been determined that he will not be released from the custody of ICE at this time."

The agency said it "will continue to review Mr. Posada's custody in light of any additional information that he may submit, collateral developments, and efforts to remove him to other countries.

"ICE continues to move forward to carry out Mr. Posada's removal from the United States."

A judge ruled in September that Posada Carriles could not be sent to Cuba or Venezuela, in a decision based on the International Convention on Torture which prohibits extraditions to countries where there is a pattern of torture or flagrant human rights abuses.

Cuban and Venezuelan authorities have accused the US government of harbouring a known terrorist.

Posada Carriles was detained in Venezuela in 1976 following the bombing of a Cubana airlines plane that left 73 people dead.

Recently declassified US documents show that Posada Carriles worked for the CIA at least from 1965 until June 1976.

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In 1985 he fled a Venezuelan prison and turned up in El Salvador where he helped the US government ferry supplies to "Contra" rebels in Nicaragua.

He is accused of taking part in numerous plots to kill Castro, including one to assassinate the Cuban leader during an Ibero-American summit in Panama in 2000.

He was jailed for eight years in Panama but was pardoned last year and appeared to be laying low until reports began circulating that he had entered the United States.

In mid-April, he officially requested political asylum in the United States, putting the US government in an embarrassing situation because of his past activities.

Posada Won't Go Free; May Be Witness (MH)

By Oscar Corral And Jay Weaver

The Miami Herald, March 23, 2006

Enforcement statement

The U.S. government will not free Cuban exile militant Luis Posada Carriles, detained in a federal immigration facility in Texas since May, but he may be heading to South Florida anyway, according to court records.

A U.S. district judge has authorized lawyers for Santiago Alvarez and Osvaldo Mitat, two friends of Posada who were arrested last year on federal weapons charges, to have Posada brought to South Florida by federal marshals in the next few weeks as a potential witness in the case. Trial is set for May 8.

Posada "should be transported here sometime before the trial commences," said Arturo Hernandez, one of Alvarez's lawyers. ``As long as he is needed he will be here."

U.S. District Judge James Cohn signed the authorization for Posada's temporary transfer Friday. Posada is expected to help the defense lawyers' strategy to discredit a key government witness in the high-profile weapons case -- a witness they suspect of being an agent for communist Cuba who informed on the two defendants for the FBI.

The decision by U.S. Immigration and Customs Enforcement not to free Posada from custody was made public Wednesday -- about a week shy of a 180-day deadline for deciding his custody status, said Posada lawyer Eduardo Soto.

Posada, who is wanted by both the Cuban and Venezuelan governments for the 1976 bombing of a Cuban jetliner and a string of hotel bombings in Havana in 1997-98, was detained in Miami by federal authorities last May after sneaking into the United States. Venezuela wants Posada extradited to face charges for the jetliner tragedy. U.S. officials have yet to respond to that request.

Last year, an immigration judge ruled that the U.S. government cannot hand over Posada to either Cuba or Venezuela because he could be tortured. That leaves ICE with the option of finding a third country that's willing to take in Posada, who once worked for the CIA.

TRYING AGAIN

Soto said he plans to file a demand for Posada's release in federal court in Miami ``within the next 72 hours."

Soto maintains that the government can only keep Posada detained if officials can show that he is a danger to society or is likely to flee -- both situations the lawyer says are not not plausible.

"The only person that has to fear Luis Posada Carriles is Fidel Castro," Soto said.

ICE spokeswoman Barbara Gonzalez declined to comment when asked why Posada's release had been denied.

ICE left open the possibility that Posada could be freed at a later date and reiterated its intention to try to deport him to a country that is not Venezuela or Cuba. But Soto said that, to his knowledge, no third country has been identified as a potential destination for Posada.

"As appropriate, ICE will continue to review Mr. Posada's custody in light of any additional information that he may submit, collateral developments, and efforts to remove him to other countries," ICE noted in its statement. ``ICE continues to move forward to carry out Mr. Posada's removal from the United States. While an immigration judge granted Mr. Posada deferral of removal to Cuba and Venezuela based on the Convention Against Torture (CAT), that does not impede ICE from removing Mr. Posada to a third country."

CUBAN AGENT WITNESS?

Meanwhile, new court filings in the case of Alvarez and Mitat show that the government informant who tipped the FBI to the weapons cache, Gilberto Abascal, is expected to be the central witness for federal prosecutors. Defense attorneys say Abascal was an agent for Cuban leader Fidel Castro, who called for Alvarez's arrest in a speech just two days before he was brought into custody last November.

In seeking potential evidence from the government, the defense lawyers claim ``the FBI has documents that show that Cuba possessed information about Alvarez well before his arrest.

"They show that Cuba had inside information through an unregistered agent [Abascal] about a declared enemy [Alvarez]," wrote Hernandez, one of Alvarez's attorneys. ``The defense is entitled to this evidence that proves that Abascal is Cuba's inside man and that his testimony cannot be trusted."

Indeed, a major part of the defense's strategy will be to discredit Abascal.

"He's not a person to be believed, and he will be completely discredited at trial," Mitat's attorney, Dennis Kainen, said of Abascal.

Soto said that Alvarez's lawyers consulted with him before asking Posada to testify. Soto said Posada may be able to benefit from coming to South Florida because it could make it easier for Soto to argue for a change of venue for Posada if he is already here.

Alvarez and Mitat's legal strategy seems to be partly focused on political arguments to help free the men, who are charged with having machine guns, grenade launchers and other illegal guns. Alvarez and Mitat's attorneys argue that the FBI may have used Cuban intelligence to nab the two men.

"Sadly, the FBI and Castro's regime have a well-documented and regrettable history in this community," the defense's motion seeking evidence states, noting that "the FBI paid Cuban double agent, Juan Pablo Roque, over $6,720.42 for information regarding exile organizations" -- information that later led to the 1996 downing of the Brothers to the Rescue planes and the death of three Cuban-Americans and a Cuban exile.

Barring Evidence From Torture Is Considered (NYT)

By Thom Shanker

The New York Times, March 23, 2006

WASHINGTON, March 22 — The Defense Department is considering a formal rule prohibiting the introduction of evidence obtained through torture at military tribunals for terror suspects detained at Guantánamo Bay, Cuba, a Pentagon spokesman said Wednesday.

At present, the introduction of evidence gained through torture is not expressly prohibited, although military prosecutors have said that such evidence would not be permitted.

While Pentagon and military officials insist that the rules for detention of terror suspects at Guantánamo already bar torture, lawyers for some detainees have said that some of the more extreme interrogation measures are tantamount to torture.

"We have not, to this point, believed that a specific commission rule was necessary, and in fact to some degree would erroneously suggest that torture had actually occurred," said Bryan Whitman, a Pentagon spokesman.

At a morning meeting with reporters, Mr. Whitman said the Defense Department had decided to consider a "formal instruction" banning evidence gathered through torture, to "eliminate any doubt from people's minds."

Mr. Whitman said the department was honoring Article 15 of the United Nations Convention Against Torture.

The Wall Street Journal reported on Wednesday that the new rule would be released this week, although Mr. Whitman said no final decision had been made.

The Supreme Court has deferred action on the Bush administration's motion to dismiss a case challenging the constitutionality of the tribunals, officially called military commissions, that the government has established to try terror suspects now being held at the United States naval base at Guantánamo.

The justices agreed in November, over administration objections, to hear the case, and scheduled arguments for next week.

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Defense Department May Formally Bar Use Of Evidence Derived From Torture Against Terror Suspects (AP)

By Robert Burns, Ap Military Writer

AP, March 23, 2006

(AP) - WASHINGTON-The Defense Department is considering issuing a written rule barring the use of any evidence obtained through torture in the military trials of suspected terrorists at Guantanamo Bay, a spokesman said Wednesday.

Bryan Whitman, a senior Pentagon spokesman, said that up to now it had been the Pentagon's view that a written rule was unnecessary because the military prosecutors had already declared that such evidence would not be permitted. He reiterated that Pentagon policy bans the use of torture, although critics and some Guantanamo Bay prisoners have asserted that some interrogation methods amount to torture.

Ten detainees at Guantanamo Bay face terrorism charges before U.S. military tribunals - the first since the aftermath of World War II. The tribunals, officially called commissions, were set up for prisoners captured by U.S. forces and their allies, mostly in Afghanistan in the months following the U.S. invasion in October 2001.

"We have not, to this point, believed that a specific commission rule was necessary, and in fact to some degree would erroneously suggest that torture had actually occurred," Whitman said. "That said, we are taking a look at whether or not issuing a formal instruction ... that bars prosecutors from using this type of evidence is necessary" in order to "eliminate any doubt from people's minds" that the U.N. Convention Against Torture applies to the Guantanamo cases.

Lawyers for some Guantanamo Bay detainees have claimed that the military tribunals are illegal because they could consider evidence gained through torture or other forms of inhumane treatment of suspects.

The Wall Street Journal reported Wednesday that the new Pentagon rule had already been approved, though not yet publicly released. Whitman said that a Pentagon officially had incorrectly told the newspaper this, but that in fact final approval had not yet been given. The Journal said the new rule was expected to be made public this week.

On the Net:

U.S. Military Commissions at http://www.defenselink.mil/news/commissions.html

Briton Tried To Buy A-Bomb, Prosecution In Trial Contends (NYT)

By Sarah Lyall

The New York Times, March 23, 2006

LONDON, March 22 — The prosecution in the trial of seven men accused of having links to Al Qaeda and plotting to carry out bomb attacks in Britain said on Wednesday that one of the men had inquired about buying an atomic bomb from Russian mafia figures in Belgium.

On Wednesday, the second day of the trial, a prosecution lawyer, David Waters, said the defendant, Salahuddin Amin, 30, had been asked by a man he met at a mosque in Luton, his hometown, to contact a third man, Abu Annis, about a "radioisotope bomb."

When Mr. Amin did so, Mr. Annis told him that "they had made contact with the Russian mafia in Belgium and from the mafia they were trying to buy this bomb," Mr. Waters said. While Mr. Amin later told the police that he did not believe it was likely that "you can go and pick an atomic bomb up and use it," the prosecutor said the incident was "an indication as to Amin's position in, and his usefulness to, the organization."

The defendants, all British and 18 to 33 years old, are accused of conspiring to cause an explosion "likely to endanger life" and of other crimes related to possession of materials for making bombs. The men were arrested before they could carry out any plans, and before bombs ripped through the London subway system in July 2005.

But Mr. Waters said on Wednesday in the continuation of his opening statement that the defendants already had "most of the necessary components in hand" to build a bomb, including about 1,300 pounds of ammonium nitrate fertilizer and a smaller amount of aluminum powder, and that even having a nonspecific plan was evidence of guilt.

"It will hardly be in the public interest if the police had to wait for the explosion to take place and the deaths and damage to be caused before the perpetrators were guilty of a crime," he said.

The trial is expected to last several months. Six of the defendants — Omar Khyam, 24;, Waheed Mahmood, 33; Shujah-Ud-Din Mahmood, 18; Anthony Garcia, 27; Nabeel Hussain, 20; and Jawad Akbar, 22 — were arrested in police raids in March 2004, during which, the police said, the fertilizer was seized at a storage depot in West London. Mr. Amin was arrested in February 2005, when he arrived at Heathrow Airport on a flight from Islamabad, Pakistan. The men had been under surveillance, and their conversations had been monitored for months.

The prosecution contends that the men spoke admiringly of a bomb attack in Madrid in March 2004 and mused repeatedly about how and when to carry out similar attacks in Britain.

Mr. Waters said the men went to Pakistan for explosives training, disguising themselves as tourists. Back in Britain, he said, the defendants discussed potential targets, mentioning, for instance, the gas, water and electrical supplies, the Bluewater shopping center in Kent and a "big nightclub in central London."

The prosecutors say Mr. Akbar, is heard on one of the surveillance tapes saying that a nightclub would be a good target because "no one could put their hands up and say they are innocent — all those slags dancing around," using a slang term for loose women.

In the taped conversations cited by the prosecution, the defendants were sometimes unwittingly revelatory about themselves and their family lives. Mr. Akbar was taped speaking anxiously to his wife, fretting about two missing CD's marked with the word "Transco," the owner of the high-voltage electricity systems in England and Wales and the high-pressure gas system across Britain.

Mr. Mahmood, worked at the time for Morrison Utility Services, a contractor serving Transco in southeast England.

"You know what — if we get raided today, we're finished," Mr. Akbar is quoted by the prosecution as telling his wife. But then he refuses to tell her more. "The less you know, the better," he is quoted as saying. "Get your stuff and get into the kitchen."

An Effective Weapon Against Terrorists: Ridicule (USAT)

By Peter Schweizer

USA Today, March 23, 2006

Is America taking terrorists too seriously? In the wake of continued threats, that might seem like a ridiculous question. But in terms of the psychology of the war on terrorism, it's a question that needs to be asked.

In a brilliant new white paper on public diplomacy, Michael Waller, the Walter and Leonore Annenberg chair in International Communication at The Institute of World Politics, makes a strong case for America's employing a new powerful weapon against the terrorists: ridicule.

“Ridicule raises morale at home. Ridicule strips the enemy/adversary of his mystique and prestige. Ridicule erodes the enemy's claim to justice. Ridicule eliminates the enemy's image of invincibility. Directed properly at an enemy, ridicule can be a fate worse than death,” writes Waller.

History teaches that ridicule weakens the moral and political capital of our enemies. Ronald Reagan employed it with great effect during the Cold War. We all remember the “evil empire” speech, but what about the jokes? Two guys were standing in line at the vodka store. They were there for half an hour, then an hour, then an hour and a half. “I'm sick of this,” one finally said. “I'm going over to the Kremlin to shoot (Mikhail) Gorbachev.” The man left and returned about an hour later. “Well, did you shoot him?” “Heck no,” he responded. “The line up there is a lot longer than this one.”

Many of Reagan's comments reached the underground press in the Soviet Union, no doubt encouraging dissenters against communism. Reagan understood that sowing fear in the West was a potent weapon for Moscow. By laughing at communism, the spell of fear was broken. It was the same during World War II. A cartoon of Donald Duck mocking Hitler and Mein Kampf no doubt was demeaning to the Fhrer.

Thus far, the Bush administration's approach to fighting terrorists has been to demonize them. “Their vision of the world is dark and dim,” President Bush said in January at Kansas State University. “They have got desires to spread a totalitarian empire.” During his March 11 radio address, he said: “The enemy we face has proved to be brutal and relentless.”

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Certainly, their actions and goals warrant such treatment. But that alone is a tough strategy to maintain psychologically because it can be exhausting. As Waller writes: "Incessant, morbid portrayals of an individual, movement or mortal enemy might rally support for the American side, but they have a shelf-life that gets tired over time. Constant specters of unrelenting dangers risk sowing defeatism and chipping away at our own morale. Abroad, they risk making the U.S. look like a bully in some places and surrender the propaganda advantage to the other side."

By continuing to demonize our enemies, we elevate their political status in the eyes of those disaffected souls in the developing world who dislike the United States.

I'm not suggesting that Bush start cracking Osama bin Laden jokes. And we should not mock Islam. Reagan joked about communist leaders but never about the Russian people. What the Bush administration can do is mock the terrorists.

For example, we should note that these self-professed warriors hide while they pay impoverished young men and women to become human bombs. We should play up Osama's privileged background. We should highlight the terrorists' ridiculous failures. The reality is that much like Soviet officials, terrorists are full of grand illusions about themselves and their mission.

The war on terror has military, political and economic dimensions. But it also has a critical psychological component. The terrorists are not 10 feet tall. We should engage in a psychological war that brings these thugs down to size.

Peter Schweizer is a research fellow at the Hoover Institution and author of Do As I Say (Not As I Do): Profiles in Liberal Hypocrisy and Reagan's War.

PATRIOT ACT:

Judge Orders Closed-door Session In Passaro Case (RN&O)

Raleigh (NC) News & Observer, March 23, 2006

RALEIGH — A federal judge held a closed-door hearing today to decide what, if any, classified information David Passaro's defense lawyers can use at trial.

U.S. District Court Judge Terrence W. Boyle ordered the hearing closed from its start at 9 a.m. No media or members of the public were allowed into the courtroom.

Passaro's trial has been tentatively set to start next month.

Passaro, 39, a former Green Beret from Lillington, is charged with assault of Abdul Wali, a suspect in rocket attacks on a military outpost in Asadabad, Afghanistan. Passaro was part of a covert paramilitary team. Prosecutors say he beat Wali with a flashlight and punched and kicked him during an interrogation. Wali died during his third day in U.S. custody in June 2003.

Passaro was the first American charged in the aftermath of the prisoner-abuse scandals in Iraq and Afghanistan. He was also the first civilian charged under the USA Patriot Act, which extended the reach of stateside prosecutors to military bases overseas.

HOMELAND RESPONSE:

FBI, Police Spying Is Rising, Groups Allege (CSM)

By Alexandra Marks

The Christian Science Monitor, March 23, 2006

NEW YORK - Inside the Time's UP! office on Houston Street in Manhattan, pictures of people taking part in an environmental protest line an old refrigerator. In one, a man with short hair and a chiseled physique is talking on his cellphone. In another, a large man wields a video camera.

The people at Time's UP!, an environmental activist group, suspect these men are not protesters at all, but rather plainclothes police officers. "We say these people are spying, and they're definitely being assisted by the police if they're not police themselves," says Bill DiPaola, director of Time's UP!

Is that concern paranoia? Or is it skepticism in this post-9/11 era of increased surveillance?

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Political activists from New York to Colorado to California report that they believe police and FBI surveillance of their activities has increased markedly since the terror attacks 4-1/2 years ago since Congress approved the USA Patriot Act loosening some of the strictures on law enforcement. They include environmental groups like Time's UP!, peace activists in Pittsburgh, and even a police union protesting for higher wages in New York City.

To try to find out if law officers are spying on them, the American Civil Liberties Union has filed Freedom of Information requests for more than 150 groups and individuals in more than 20 states who believe their first amendment rights are being violated.

Time's UP! is one of the groups that says the alleged surveillance is aimed at intimidating them. They acknowledge public events can be watched by anyone but they're concerned police have crossed the line into inappropriate spying to discourage people's from publicly criticizing government policies.

Local police and the FBI insist that none of their activities is aimed at chilling political speech. All investigations are conducted under strict guidelines put in place after abuses were documented during the Civil Rights and antiwar movements of the 1960s and 1970s. Before any investigation of a political group proceeds, law officers require reasonable suspicion or information that an individual or a group is involved in criminal or terrorist-related activities.

"Our only interest is in preventing, disrupting, and defeating terrorist-related operations or criminal activity - and that's through appropriate investigations that are conducted in accordance with attorney general guidelines," says Bill Carter, an FBI spokesman.

Throughout American history, and particularly during times of conflict, the balance between civil rights and national security has shifted toward the latter and later come under scrutiny. From World War II through the cold war to the sociopolitical upheaval of the 1960s, repeated civil rights violations occurred in the name of national security - from people being imprisoned and denied jobs for their political statements to the infiltration of political groups.

"We're nowhere near there now. Throughout the 20th century, we ... built better protections against intrusions on constitutional rights," says Alasdair Roberts, professor at the Maxwell School in Syracuse University in New York and author of "Blacked Out: Government Secrecy in the Information Age. "Nevertheless we can't take these gains for granted, and we have to take these issues of surveillance seriously."

The FBI says peace and environmental activists are confusing legitimate investigation of potential terrorist or criminal activity with free-speech violations. Peace activists say law enforcement is misusing the fear of terrorism to impede legitimate speech.

One recent case involves the Thomas Merton Center for Peace and Justice in Pittsburgh. It says FBI documents it obtained prove that they were being watched in an investigation of antiwar activities. A heavily redacted memo states that the center holds "daily leaflet distribution activities" and is "a left-wing organization advocating, among many political causes, pacifism."

"The memo may say it's an international terrorism matter at the top, but when you read the text and the subject it's clearly an investigation of antiwar activity," says Jim Kleissler, of the Merton Center. "They clearly tried to link terrorism to public dissent."

Mr. Carter says that the investigation was not of the organization, but of an individual. Once it was determined that individual was not involved with the Merton Center it ended, he says.

The number of Joint Terrorism Task Forces (JTTF), cooperative teams of local, state, and federal officers, jumped from fewer than 30 prior to the 2001 terrorist attack to more than 80 today. The Merton Center says it was investigated under a JTTF jurisdiction. Professor Roberts says these JTTFs have the greatest potential for constitutional violations because much of their activity is classified offering little opportunity for public accountability.

"It's difficult to appraise whether the activities are reasonable or not unless there's a certain amount of transparency," he says. "Sometimes you can't reveal law enforcement activity, but it's generally possible to get a general broad outline of what it is."

In New York, the activists at Time's Up! say the police are using surveillance to intimidate them. Their members are part of a monthly pro-environment bike ride around the city, where sometimes hundreds of people show up. The police want the group to get a parade permit. Time's UP! argues that it's a spontaneous gathering that takes place in 400 cities around the world. The courts have so far sided with the protesters. The police say they're simply trying to maintain order and that plainclothes police are vital to that goal.

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Antiwar and anticorporate protesters have also filed suit against the NYPD, charging that plainclothes police behavior during the Republican National Convention in 2004 and at the World Economic Forum in 2002 was aggressive, intimidating, and designed to agitate the crowd. NYPD spokesman Paul Browne disagrees, saying the officers were there to maintain order.

"We don't want the chaos of an arrest spilling into the rest of the march," says Deputy Commissioner Browne, explaining that plainclothes officers mingle with the crowd. The goal is to allow them to identify and separate anarchists and others who may want the protest to turn violent from the lawful protesters.

The NYPD is also fending off a lawsuit from its own police officer's union. The Patrol Benevolent Association (PBA) says the NYPD sent Internal Affairs Bureau (IAB) investigators to take pictures of protesting officers during contract negotiations with the city.

"The concern is that they're trying to intimidate our members, the implication being that you could be disciplined for asserting your first amendment rights," says Michael Murray, a lawyer with the PBA.

The NYPD denies that and says the IAB officers were there to maintain order.

"If you're a cop and you're confronted with your union leader saying, 'Hey, step aside, we're the police,' that could put a cop in a difficult position," says Browne. "The IAB are there to ensure there's no misconduct by the police, they're the police that police the police."

Homeland Security's Management Undersecretary To Step Down (WP)

By Stephen Barr

The Washington Post, March 23, 2006

A top Homeland Security official who has worked for three years to meld 22 agencies into a Cabinet department will resign in early May.

Janet Hale , undersecretary for management at the Department of Homeland Security, has been planning to leave the department for the past year but stayed on at the request of Secretary Michael Chertoff to help with his review of departmental operations, officials said.

Chertoff, in announcing Hale's resignation yesterday, called her "a pioneer in the department." Hale said: "There are 180,000 dedicated men and women in this department who make the country safer every day. I am proud to have been part of that."

Hale has been at the center of one of the biggest changes in the civil service in more than 50 years -- the department's plan to overhaul employee compensation and pay according to occupation, geographic location and job performance. The plan also included new rules that would sharply curb union rights in the department.

The rules, which would limit topics that unions can bring to the negotiating table, prompted a federal lawsuit. The unions prevailed at U.S. District Court, and the department has appealed a judge's decision blocking a new labor-management system and tougher employee disciplinary procedures at the department.

When Hale arrived at the department in 2003, it did not have pencils or a Zip code. The management directorate, which now has almost 300 employees, began with five staff members. Today, 650 additional employees work on management and operations issues in the department.

In the past year, officials said, Hale's office has stood up a general ledger, which collects financial information each month from Department of Homeland Security bureaus, so the department can produce a consolidated financial statement. Hale's office also has overseen new procurement practices that have saved taxpayer dollars by avoiding unnecessary spending, officials said. The department also has pulled together many of its computer systems to improve information-sharing and business practices.

But the government's response to Hurricane Katrina reinforced perceptions that the department lacks solid leadership and continues to be snarled in bureaucratic red tape. Employee morale hit bottom in some surveys, apparently because of changes forced by the mega-merger.

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Sen. Susan M. Collins (R-Maine), who has investigated the Katrina response as chairman of the Senate Homeland Security and Governmental Affairs Committee, praised Hale for taking on "a historically difficult assignment." Hale "deserves the nation's thanks for helping to secure our homeland," Collins said.

Rep. Mike Rogers (R-Ala.), who chairs a House subcommittee that oversees department management issues, said Hale's resignation "simply adds to the challenges for a department already operating with far too many vacant senior positions."

Rogers said, "But I am also hopeful this helps highlight the pressing need for comprehensive legislation to strengthen the department's management and operations."

Colleen M. Kelley , president of the National Treasury Employees Union, said Hale "did express some willingness to listen to concerns of employees," but she urged Chertoff to take advantage of her departure to reassess plans for the department's new personnel system, known as MaxHR.

"It is high time they admit that MaxHR is not going anywhere good and is not going to be a success for the department," Kelley said.

Mark Roth , general counsel for the American Federation of Government Employees, said Hale "had an open-door policy, but unfortunately, many of the problems we brought through that open door were never resolved, and in a larger sense, the problems in DHS . . . will certainly continue long after Ms. Hale's departure. We wish her well."Retirements

John M. Evans , director of operations, Office of the Undersecretary of Defense (Comptroller), retires Friday after 33 years of federal service. He has worked on the comptroller staff for 17 years and has been a member of the Senior Executive Service since 1995.

Joseph J. Matt III , an oceanographer for the Navy, retired March 3 after more than 32 years of federal service. He spent more than 21 years with the director of naval intelligence on the chief of naval operations staff, serving as manager of charting and oceanography.

Man Held In White House Scare (WP)

By Del Quentin Wilber And Henri E. Cauvin

The Washington Post, March 23, 2006

A French citizen was arrested on disorderly conduct charges yesterday after he threw a bundle of papers over a gate of the White House, forcing police to call in the bomb squad, seal the area and close off Lafayette Square, authorities said.

The bundle turned out to contain nothing dangerous, but it took about an hour before authorities issued an all-clear.

The incident marked the second time that Cyrille Y. Morotte, 36, had caused trouble at the White House, authorities said. Morotte was taken into custody and deported after throwing another item over the White House fence in June 2004, authorities said. It was not clear yesterday how Morotte got back into the United States.

He was being held last night and probably will appear at a hearing in D.C. Superior Court today.

The episode began about 11 a.m., just after President Bush left the South Lawn of the White House grounds by helicopter for an event in Wheeling, W.Va.

Authorities said that Morotte threw the bundle of papers and plastic, which was held together by rubber bands, over the fence near the busy northwest gate on Pennsylvania Avenue NW. He was quickly arrested by Secret Service officers, who summoned the bomb squad to examine the package.

Police then shut down that area of the White House. They hustled some television reporters and camera crews, who typically deliver their reports from regular positions near the northwest gate, into the White House press room.

Authorities also closed Pennsylvania Avenue NW and Lafayette Square to pedestrians. The area draws a great deal of pedestrian traffic, especially in spring, when many school groups make trips to Washington.

The bomb squad used a robot to examine the bundle and determined about noon that it did not pose a threat. Secret Service spokesman Tom Mazur said that "normal protocols" were followed.

"We would be remiss if we didn't take these situations seriously," Mazur said.

It was not known yesterday why Morotte tossed the package over the fence. Authorities said he threw a backpack or other object over the fence in 2004. He was not charged with a crime in that incident but was deported afterward, authorities said.

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Federal immigration officials said they have placed a detainer on Morotte to ensure that he is turned over to them upon completion of any criminal proceedings. They said their investigation is continuing.

The White House has often attracted protesters and others who have tried to jump or throw objects over the fence. Mazur said the Secret Service did not have statistics on such incidents, adding that they were "not uncommon."

In November 2004, a Falls Church man who had been aiding the government in a terrorism investigation set himself on fire outside the northwest gate. A year later, a 48-year-old homeless man stabbed three tourists in Lafayette Square, causing minor injuries.

Crews Scramble To Fix Levees (WT)

By Audrey Hudson

The Washington Times, March 23, 2006

Federal officials are working around the clock to complete repairs to Louisiana's levee system in time for the looming hurricane season.

"We have a mandate to return the hurricane protection system to pre-Katrina levels by June 1," said Paul Johnston, spokesman for the Army Corps of Engineers, noting that the completion date coincides with the beginning of hurricane season. "The folks out there are really working like crazy. We've got folks pounding steel 24 hours a day."

More than 250 Army Corps officials and 1,500 construction workers have completed half the work required since the storm hit more than six months ago, but Mr. Johnston said the other half can and will be finished in 10 weeks.

"We did more than one year's work in just six months, and there's a tremendous amount of work to do in a very short period of time," Mr. Johnston said.

Aided by dry weather but hampered by a lack of manpower, crews repaired nearly 100 miles of the 169-mile-long levee system, which is being built at higher levels in many areas to protect New Orleans from another devastating storm.

"We are going to be ready," said R. David Paulison, acting director of the Federal Emergency Management Agency (FEMA), where officials are working weekends in preparation.

Mr. Paulison, who replaced embattled director Michael D. Brown, said he meets three times a week with Homeland Secretary Michael Chertoff as they reorganize the agency.

"We're picking through all of those lessons learned from Katrina, Rita and Wilma to get what worked and what didn't work to get it fixed quickly," Mr. Paulison said.

"Situational awareness," or eyes on the ground, is what worked for Wilma in Florida, where 300 FEMA officials were dispatched to the governor's homeland security office.

Mr. Chertoff told firefighters this week that the federal government will not override state and local officials and that department officials, including the Coast Guard and FEMA, will be coordinated locally this summer.

The most important first responders will be the people in the storm's path, Mr. Chertoff told the International Association of Fire Fighters legislative conference Monday in Washington.

People who choose to stay behind and weather the storm must have contingency plans and supplies to last 48 hours, Mr. Chertoff said.

"If people who are able-bodied and have the means don't take steps to sustain themselves in that first couple of days in an emergency ... then they are distracting responders and firefighters from helping those who simply don't have the ability to help themselves or don't have the means to help themselves," Mr. Chertoff said.

A system similar to that used by UPS is being put into place to track food, water and ice supplies in real time using Global Positioning System satellites, a lesson learned after Katrina. Mr. Paulison said officials previously had no way to contact drivers on the road to redirect supplies.

"Katrina was an overwhelming event, and the system was not set up to deal with a catastrophe of that size," Mr. Paulison said. "We have to be more nimble, more agile and less bureaucratic."

Last Child Reunited With Kin After Hurricanes (WT/AP)

By Stacey Plaisance, Associated Press

The Washington Times, March 23, 2006

NEW ORLEANS -- When 4-year-old Cortez Stewart was reunited with her mother and five siblings in Texas last week, it brought a happy ending to a long journey that began with the devastation of Hurricanes Katrina and Rita.

Cortez represented the last of 5,192 Gulf Coast children listed as missing or displaced after the storms struck more than six months ago. The effort to reunite those youngsters became the largest child-recovery effort in U.S. history.

The National Center for Missing & Exploited Children worked with the FBI, Federal Emergency Management Agency, U.S. Postal Service, Red Cross and other agencies to reunite children separated from their parents or guardians when Katrina hit Aug. 29 and Rita followed Sept. 24.

"I can't say that there aren't a few children that may have been missing and not reported to us, but we received more calls than anyone else did, and all our cases have been resolved," said Bob O'Brien, director of the center's missing children division.

In the months after Katrina, the agency received reports of 4,710 children missing or displaced in Louisiana, 339 in Mississippi and 39 in Alabama. In Louisiana, most of the reports were about children in the New Orleans area, where heavy flooding and frantic rescues separated families.

After Rita, another 28 children were reported missing or displaced in Louisiana; 76 were reported in Texas.

Of the more than 5,000 children from both storms, all but 12 were found alive. Most were found living with other relatives, family friends or other adults, Mr. O'Brien said.

Cortez, the final child, was reunited with her mother and five siblings in Houston on March 16. She hadn't seen her family since Katrina hit and was taken to a New Orleans hotel by her godmother.

The two were rescued by helicopter as floodwaters rose around the hotel, and they were eventually taken to Atlanta, Mr. O'Brien said. Meanwhile, Cortez's mother, Lisa Stewart, and her five other children were rescued by boat from their New Orleans home, taken to an interstate overpass and then to the Houston Astrodome, he said.

The family ended up in an apartment in Houston, not knowing whether Cortez and her godmother had made it out of New Orleans alive. Early efforts to reconnect the family were hampered by incorrect name spellings and other erroneous information, Mr. O'Brien said.

"Many agencies didn't have a good account of who they were helping," Mr. O'Brien said. "Moving them from shelter to shelter, by air, by bus, the transfers, people were separated. More than 411,000 were evacuated to more than 40 states, and it became very hard to track the movement."

The national center sent teams of volunteers to shelters in Louisiana, Mississippi, Alabama and Texas to take photos of evacuated children to post on the agency's Web site with information about the children to speed the reuniting effort.

The agency logged more than 34,000 phone calls starting in early September, when it established a missing persons hot line (888-544-5475) at the request of the U.S. Department of Justice. Of the missing children cases, 45 involved children who arrived at shelters with no parent or guardian. All of those cases were resolved by early October, Mr. O'Brien said.

Besides the missing children, more than 12,000 missing adults were reported to the agency's Katrina/Rita Missing Persons Hot Line and were referred to the National Center for Missing Adults. The FBI maintains a list of missing persons on its Web site (www.fbi.gov) that includes names and specific information about those who have yet to be found.

State authorities say roughly 1,900 people are still missing. It is suspected some may have washed to sea or remain buried by debris in New Orleans. Others have been found but haven't notified authorities, while some do not want to be found.

WAR NEWS:

President Urges Congress To OK Nuclear Pact With India (USA Today)

USA Today, March 23, 2006

President Bush urged Congress on Wednesday to approve a landmark plan to share nuclear technology with India. Bush said India has proved itself over 30 years to be a non-proliferator. “It's in our interest that India use nuclear power to power their economic growth because … there's a global connection between demand for fossil fuels elsewhere and price here,” Bush said in Wheeling, W.Va. In Washington, Undersecretary of State Nicholas Burns also urged lawmakers to approve the deal.

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Critics, including former senator Sam Nunn, a Georgia Democrat, are skeptical of the agreement, reached March 2 by Bush and Indian Prime Minister Manmohan Singh. It would require Congress to exempt India from U.S. laws that restrict trade with countries that have not submitted to full nuclear inspections. Among the concerns raised by Nunn, who played a leading role on military issues in Congress, was that the agreement would promote a regional arms race with China and Pakistan.

The Pentagon is considering issuing a written rule barring the use of any evidence obtained through torture in the military trials of suspected terrorists at Guantanamo Bay, Cuba, Pentagon spokesman Bryan Whitman said. Whitman said that up to now it had been the Pentagon's view that a written rule was unnecessary because the military prosecutors had already declared that such evidence would not be permitted. He reiterated that Pentagon policy bans the use of torture. Ten detainees at the U.S. military prison face terrorism charges before tribunals. Lawyers for some Guantanamo Bay detainees have claimed that the military tribunals are illegal because they could consider evidence gained through torture or other forms of inhumane treatment of suspects.

The Bush administration questioned the motives of Iran's supreme leader, Ayatollah Ali Khamenei, in approving U.S.-proposed talks on Iraq. “It is a matter of curious timing,” State Department spokesman Sean McCormack said. He said Iran might be trying to deflect international attention away from its nuclear programs, now under review at the United Nations. McCormack said a channel for communication between the United States and Iran remains open, but no meetings have been scheduled.

Khamenei's statement on Tuesday was the first confirmation that he supports holding talks. He warned, however, that the United States must not try to “bully” Iran. President Bush months ago initiated a diplomatic effort to hold talks with Iran over its activities in Iraq. The administration has accused Iran of supplying insurgents with weapons.

For Afghans, Allies, A Clash Of Values (WP)

By Pamela Constable

The Washington Post, March 23, 2006

The case of an Afghan man who could be prosecuted and even put to death for converting to Christianity has unleashed a blizzard of condemnation from the West this week and exposed a conflict in values between Afghanistan, a conservative Muslim country, and the foreign countries that have helped defend and rebuild it in the four years since the fall of the Taliban.

The case of Abdul Rahman, a longtime Christian convert who lived in Germany for years and was arrested last month in Kabul, has also highlighted the volatile debate within Afghanistan over the proper role of Islam in Afghan law and public policy as the country struggles to develop a democracy.

Diplomats from several countries said yesterday that Rahman, 41, now seems unlikely to be tried or executed. Prosecutors in Kabul said he might be mentally unfit to stand trial, a sign that the government may be seeking to avoid confronting its Western allies without giving ground on Islamic law, under which conversion to another religion is punishable by death.

But the case, the first of its kind since the radical Islamic Taliban movement was toppled in 2001 by a U.S.-led military invasion, continued to draw protests from the governments of Italy, Germany, Canada and other NATO nations, at a time when NATO forces are beginning to replace tens of thousands of U.S. troops as the principal defenders of Afghanistan against Taliban and al-Qaeda insurgents.

It also put pressure on President Bush, who visited Kabul last month to show support for Afghan President Hamid Karzai. A number of U.S. Christian and conservative groups demanded this week that Bush take action, and one organization accused him yesterday of propping up an Islamic fundamentalist regime in Kabul.

"This is an extremely sensitive issue here and an extremely serious issue back home," Abdullah, Afghanistan's foreign minister, said in an interview yesterday with Washington Post editors and reporters. "Every time we have a case, it is like an alarm. These contradictions will not go away with one or two cases."

Bush, on a visit to Wheeling, W.Va., said yesterday he was "deeply troubled" to learn of Rahman's possible prosecution. "That's not the universal application of the values that I talked about" while in Kabul, he said. He stopped short of calling for the case against Rahman to be dropped but said he would work with Karzai's government "to make sure that people are protected in their capacity to worship."

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Bush's comments were tougher than those made previously by administration officials. On Tuesday, a State Department spokesman urged the Afghan government to "conduct any legal proceedings in a transparent and fair manner." R. Nicholas Burns, the undersecretary of state for political affairs, said that the Afghan constitution "affords freedom of religion to all Afghans" and that the U.S. government hoped for a "satisfactory result" of the case.

The initial low-key response apparently infuriated Christian conservative groups. Tony Perkins, president of the Family Research Council, complained in a letter to Bush and Secretary of State Condoleezza Rice: "How can we congratulate ourselves for liberating Afghanistan from the rule of jihadists only to be ruled by radical Islamists who kill Christians? . . . Americans will not give their blood and treasure to prop up new Islamic fundamentalist regimes."

In another open letter to Bush, the U.S. Commission on International Religious Freedom said it was "the obligation of our government" to take action in the case. The group warned that in Afghanistan, there is no legal guarantee of religious freedom and the judiciary is instructed to enforce Islamic principles. "The door is open for a harsh, unfair or even abusive interpretation of religious orthodoxy to be officially imposed," it said.

Bush, a Christian, often talks about God, faith and respect for all religions, especially in relation to the war on terrorism. The White House has often portrayed Karzai as an example of a Muslim leader and ally who is working to hunt down Islamic terrorists and build a democracy based on the rule of law and human rights.

But Afghanistan is also a deeply traditional and tribal society, where 99 percent of the 25 million inhabitants are Muslims and no Christians worship openly. It is a capital crime under Afghan Islamic law to convert to Christianity, and prosecutors and judges in Kabul initially said Rahman might be sentenced to death.

The country's 2004 constitution, which was heavily debated and rewritten by Afghan officials after it was crafted with help from U.N. advisers, is an ambiguous document that endorses international human rights conventions but also says that no law shall contravene the principles of Islam.

"This case goes right to the heart of the contradictions in the constitution. Is Afghanistan a democracy that respects human rights and international norms, or is it an Islamic country with an extremely conservative judiciary?" said Alex Their, a senior rule of law adviser at the U.S. Institute of Peace. "The issues being raised will have an important impact on Afghanistan's ability to become a stable democracy."

Although Rahman is the first Afghan charged with converting since the fall of the Taliban, Afghan courts have recently prosecuted or harshly criticized individuals for other alleged anti-Islamic acts, including a presidential candidate in 2004 who questioned the right of Muslim men to have multiple wives and a magazine editor last year who challenged the doctrine that conversion from Islam is a capital offense.

The Supreme Court's chief justice, an elderly cleric named Fazl Hadi Shinwari, has issued religious decrees against such individuals. Karzai, a moderate who in Afghanistan is widely viewed as having ceded the judiciary to Islamic conservatives, renominated Shinwari this week. Abdullah, who was not renamed to his post in a cabinet shuffle this week, said the Afghan judiciary was in serious need of reform.

So far, the government has not invoked the extreme punishments ordained by Islamic law, or sharia , such as cutting off thieves' hands and stoning adulterers, which were frequently carried out by the Taliban and drew international condemnation. But most Afghans view Islamic law as absolute once it is invoked. And despite their gratitude for U.S. military and economic support, many remain leery of Western values and associate Christianity with fornication and drunkenness.

Under sharia, a convert to Christianity "should be given time to think," said Abdul Aziz, a professor of Islamic law who spoke by telephone from Kabul. "What he has done may damage Islamic society, so he should change his mind." If he does not, sharia prescribes the punishment of death. "Then, even a judge cannot change it. It is like doing a coup against the government," Aziz said. Rahman's case was brought by a public security court, not a regular criminal one.

The case against Rahman is complicated by personal aspects. His conversion was denounced by his family in Kabul after he was involved in a lawsuit and child custody fight with his former wife, and he has been described as perennially jobless and mentally unbalanced. He converted in 1990 while working with a Christian aid group in Pakistan and then moved to Germany, returning only recently.

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Comments made this week in Kabul by judges, prosecutors, neighbors and Rahman's relatives illustrated the strong emotional and religious feelings such a case can evoke. His father expressed shame and bewilderment at his conversion. Guards refused to let journalists visit him in a Kabul prison, and one said, "We will cut him into little pieces."

But yesterday, Rahman was briefly brought before the news media. According to a report by the BBC, he said: "I am not an infidel or a fugitive. I am a Christian. If they want to sentence me to death, I accept that."

Bush Touts Coal Use For Energy Independence (WHNR)

By John McCabe

Wheeling (WV) News-Register, March 23, 2006

WHEELING — West Virginia's coal reserves could be one of the keys to curing the United States' "addiction" and dependence on foreign oil, President Bush said Wednesday.

During his address at the Capitol Music Hall, underwritten by the Ogden Newspapers Inc. and other local sponsors and hosted by the Wheeling Area Chamber of Commerce, the president spoke of a brief meeting he had with Gov. Joe Manchin on the way downtown from the Wheeling-Ohio County Airport.

During that meeting with the president, Manchin discussed coal liquefaction — a chemical process that turns coal into a fuel that can be used in vehicles — as an alternative energy source for the nation.

"Joe talked to me about how we (could) use the natural resources of the state of West Virginia in such ways to become less dependent on oil," Bush said.

''First thing is, we've got a lot of coal, a 250-year supply of coal, which helps us on our electricity. And we're spending a lot of money on clean coal technology. The whole idea is to use taxpayers' money to develop a technology that will enable us to have zero-emission plants, which will help us achieve an environmental objective, as well as an energy independence objective," Bush said.

''Our natural resources would help make the country more independent" of foreign oil, Manchin said prior to Wednesday's event. If the state's coal reserves were liquefied, "we would have more liquid than Saudi Arabia."

Bush said with the global demand for oil increasing — which drives up the price at the pump — it is imperative that the country find alternative energy sources. As it stands now, "we get oil from parts of the world that don't like us ... which creates a national security issue. And, therefore, it is in our economic interest and national interest that we get off of our addiction to oil."

One of the alternative energy sources is nuclear power. The president endorsed its use as a "renewable source of energy that has ... zero greenhouse gas effect."

The use of batteries to power automobiles — particularly in the big cities, where the average commuter drives less than 40 miles per day — is another possibility in the near future.

"One of these days, I am told, that if we continue to stay focused in research, we're going to be able to have a pretty good-sized vehicle, plug it in, and drive 40 miles before you need to use any gasoline in your engine," Bush said. "That will ... reduce demand for gasoline, which reduces demand for crude oil.

"They've got what they call E85 that's 85 percent ethanol that's powering automobiles now. A whole new industry is beginning to grow. And the more we use alternative sources of energy, the less dependent we are on oil."

The president also praised Manchin for his forward-thinking on an issue of such national importance. "Joe is always thinking, and he's a practical fellow, which is sometimes not the case in government. But what he's saying is, can't we use our resources here, in a way, Mr. President, that helps you achieve a grand national objective, which is getting off Middle Eastern oil? And the answer is, yes, we can."

Bush Pulls Out The Stops To Save Ratings (AP-Y2)

By Jennifer Loven

AP2, March 22, 2006

Whether he's before a friendly West Virginia audience, a Cleveland club proud of its interrogation skills or a White House news conference, President Bush is drawing on his plainspoken manner in freewheeling venues to defend his Iraq strategy.

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Alternately serious and joking, charming and disarming in this war anniversary week, Bush is trying to counter election-year critics and reverse an approval ratings slide.

In Wheeling on Wednesday, the fifth day in a row Bush devoted his remarks to Iraq, the president bantered with the locals, his shoulders bouncing up and down as they do when he's pleased with his own jokes. Then he brought down the house with his trademark I-won't-back-down pledge.

"Let me put it to you this way: If I didn't think we'd succeed, I'd pull our troops out," Bush said. More than 2,000 supporters — including many active-duty military and their families — leapt from their seats and filled the gilded Capitol Music Hall with wild applause.

"I cannot look mothers and dads in the eye, I can't ask this good Marine to go into harm's way if I didn't believe, one, we're going to succeed, and, two, it's necessary for the security of the United States," Bush said.

Beginning with a speech last Monday in Washington. and with more planned to come, the president wants to convince Americans not only that there is reason for optimism about Iraq's future but that the situation now is better than the daily reports of strife make it appear.

With national polls showing he has a tough hill to climb — and the upcoming midterm congressional elections making Republicans nervous — Bush laces his remarks with nods to both Americans' worries and the grim realities on the ground in Iraq. The insurgency remains strong, sectarian violence is spiraling and talks to form a unity government seem stalemated.

The president said at least a half-dozen times here that he understands the concern about Iraq.

"There was some awful violence. Some reprisals taking place. And I can understand people saying, `Man, it's all going to — you know, it's not working out,'" he said.

But, Bush added, standing in front of three large blue-and-yellow "Plan for Victory" posters: "The way I like to put it is, they looked into the abyss as to whether or not they want a civil war or not and chose not to. That's not to say we don't have more work to do, and we do."

The crowd in Wheeling needed little convincing. Another standing ovation was prompted by a woman who asked Bush what could be done to keep the press from ignoring progress in Iraq.

"Our major media don't want to portray the good," she said. "If the American people could see it, there would never be another negative word about this conflict."

Bush declined the opportunity to tell the media what to publish.

"You're asking me to say something in front of all the cameras here. Help over there, will you?" he joshed. "Just got to keep talking. Word of mouth."

In Cleveland on Monday, Bush did his talking at the City Club. The questions got tough at the forum known for taking on world leaders, ranging from Iraq to his warrantless wiretapping program to a new nuclear deal with India. But the exchanges allowed Bush to make his case for the war, and earned him a few laughs and several rounds of enthusiastic applause along the way.

"Anybody work here in this town?" Bush joked at one point as the Cleveland questioning went on in an appearance that eventually went over 90 minutes.

On Tuesday, Bush called a news conference with the Washington media. But he rejected the formal East Room in favor of going toe-to-toe with reporters in the cramped, casual White House briefing room that better suits his style. The president bantered with an outspoken critic, journalist Helen Thomas, saying he "semi-regretted" calling on her, and he teasingly accused other reporters of falling asleep during his speeches.

The sessions follow a December blitz by Bush that succeeded in arresting an earlier fall in his approval ratings. This time, White House advisers hope the speaking events, even when they draw the kind of difficult questions that have occasionally come Bush's way this week, will showcase a president comfortable with his message, his strategy and his facts.

"It's one of the best chances he has to be effective, to change away from the Pollyanna-ish characterizations of it being all good news," said Bruce Buchanan, a University of Texas political scientist who has long observed Bush.

However, Wayne Fields, a specialist in presidential rhetoric at Washington University in St. Louis, said, "The problem is that clearly he's doing this because of the polls and that adds a level of desperation."

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Bush Pressing The Iraqis To Build A Governing Coalition Quickly (NYT)

By Elisabeth Bumiller

The New York Times, March 23, 2006

WHEELING, W.Va., March 22 — President Bush took his campaign to convince Americans that the United States is winning the war in Iraq to a former country music concert hall here on Wednesday and declared to applause, "If I didn't think we'd succeed, I'd pull our troops out."

Mr. Bush also said he was continuing to press the Iraqis to form a unity government. Two Shiite parties won parliamentary elections in January, and the United States has been pressing them to include Sunnis in important cabinet positions.

"I spoke to our ambassador today, and General Casey, via videoconferencing, and we talked about the need to make it clear to the Iraqis: it's time, it's time to get a government in place that can start leading this nation and listening to the will of the people," Mr. Bush told the crowd. He was referring to Ambassador Zalmay Khalilzad and Gen. George W. Casey Jr., the senior American commander in Iraq.

Mr. Bush did not repeat his widely published remark from a news conference on Tuesday suggesting that American forces would be in Iraq at least until 2009. On Wednesday, White House officials sought to play down the comment, saying Mr. Bush did not mean to imply that there would be 130,000 American troops in Iraq in 2009, as there are now.

White House officials said Mr. Bush's remark was not an open-ended comment. "The question was, Will there be zero, when will there be zero — or no American troops in Iraq," Scott McClellan, the White House press secretary, told reporters on Air Force One.

Mr. Bush's response was that the decision would be made by "future presidents and future governments of Iraq."

In Wheeling, the latest stop in Mr. Bush's effort to persuade an increasingly doubtful public about his course in Iraq, the president spent an hour and 20 minutes with a hand-held microphone on the stage of the Capitol Music Hall, a home for country singers for more than 70 years, which was closed at the end of last month. The local Chamber of Commerce handed out about 2,000 tickets for the events, and about 250 military families were invited.

Mr. Bush took questions from the crowd, but they were a lot softer than the sharp queries he got on Monday from the City Club of Cleveland, a nonpartisan group. West Virginia voters supported Mr. Bush in the 2000 and 2004 presidential elections.

One boy asked Mr. Bush if he liked living in the White House. Mr. Bush responded, yes, because he had a 45-second commute, the food was good, and the job was an honor.

He also said, alluding to the pressures and criticism of his tenure, that when "my buddies come up from Texas," they're "kind of looking at you like, man, are you O.K.?"

Mr. Bush said he told them yes.

"Educator-In-Chief" Speaks In Wheeling (WHINT)

By Joselyn King

Wheeling (WV) Intelligencer, March 23, 2006

WHEELING — The Iraqi people ultimately must "determine their own fate," and "as they stand up, we'll stand down," President Bush told an audience in downtown Wheeling Wednesday.

A capacity crowd of more than 2,000 — including many military veterans and their families — turned out for Bush's town hall forum on the War on Terror at the Capitol Music Hall.

The event was sponsored by the Ogden Newspapers Inc., Valley National Gases Inc., Paull Associates Insurance/Real Estate, EPS Industries Inc., Wheeling Island Racetrack and Gaming Center and Beyond Marketing.

Bush said that while he has the duty of being commander-in-chief of U.S. military forces, he also holds the responsibility of being ''educator-in-chief'' and explaining to U.S. citizens why he chose to send forces into Iraq.

''It doesn't matter whether you agree with my decision or not,'' Bush said. ''But all of us should agree with the fact that we have a remarkable country.''

He added that 75 percent of West Virginia's National Guard has now seen military action, and he thanked the veterans and their families for their sacrifices.

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Bush offered his explanation as to why these sacrifices are necessary.

''It's tough fighting, and it's tough fighting because we've got an enemy that's just cold-blooded,'' Bush said. ''They can't beat us militarily, but they can try to shake our will. They have said that it's just a matter of time, just a matter of time before the United States loses its nerve. I believe we're doing the right thing, and we're not going to retreat in the face of thugs and assassins.

''It's the Iraqis' fight. Ultimately, the Iraqis are going to have to determine their future. They made their decision politically. They voted. And these troops that we're training are going to have to stand up and defend their democracy. We've got to work, by the way, in 2006 to make sure the police are trained as adequately as the military. It's their choice to make. I like to put it this way — as they stand up, we'll stand down.''

As for whether he will reduce troop levels in the Middle East, Bush said it was something he is considering.

''But I'm going to make up my mind based upon the advice of the United States military that's in Iraq,'' he said. ''I'll be making up my mind about the troop levels based upon recommendations of those who are on the ground.

''I'm going to make up my mind based upon achieving a victory — not based upon polls, focus groups or election-year politics.''

Bush next addressed the issue of pre-war intelligence and how he had believed Saddam Hussein had weapons of mass destruction in Iraq and planned to use them.

''I know for a fact he had used weapons of mass destruction — he used them on his own people,'' Bush said of Hussein. ''Now, I thought he had weapons of mass destruction. Members of Congress thought he had weapons of mass destruction. The world thought he had weapons of mass destruction. That's why those nations voted in the Security Council'' to send troops into Iraq.

''Now I'm finding out what went wrong. One of the things you better make sure of when you're the president is that you're getting good intelligence. Obviously, the intelligence broke down. But (Hussein) had that capacity to make weapons of mass destruction. He had not only murdered his own people, but he had used weapons of mass destruction on his own people.''

It was also known that forces under Hussein were firing on U.S. aircraft, Bush said.

''This guy was a threat,'' he added. ''The way I viewed it was that it was Saddam Hussein's choice to disclose, disarm or face serious consequences. He made the choice, and then I was confronted with a choice. I made my choice. And the world is better off without Saddam Hussein in power.''

Bush also addressed the need for universal freedoms in the world, and he said he is upset that some countries aided by the U.S. continue to infringe upon human rights.

He spoke of a visit he made to Afghanistan and of meeting President Hamid Karzai.

"I like him ," Bush said of Karzai. "He's a good man. You can imagine what it's like to try to rebuild a country that had been occupied and then traumatized by the Taliban. They're coming around. They got elections. They had assembly elections. He, himself, was elected.

"We expect them to honor the universal principle of freedom," Bush added with reference to Afghanistan. "I'm troubled when I hear — deeply troubled — when I hear the fact that a person who has converted away from Islam may be held to account. That's not the universal application of the values that I talked about. I look forward to working with the government of that country to make sure that people are protected in their capacity to worship. "

Bush spoke directly to the crowd for about 45 minutes prior to taking questions from those in attendance.

He thanked John Anderson and Janis LaFont, employees of Valley National Gases, for a $100,000 check they presented him for the Katrina Relief Fund.

''I want to thank you all for doing this, and I want to thank the folks you work with for doing that,'' Bush said.

Many of the questions and comments for Bush were from those primarily supportive of the president and wishing to commend him.

One of the first questions came from West Virginia Gov. Joe Manchin, who asked Bush if the state's natural resources could better be put to use to help ease U.S. dependency on foreign oil. Manchin is a proponent of liquefying West Virginia's coal for use as gasoline. Bush quickly began to speak of nuclear energy and the use of ethanol.

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A Wheeling Park student followed Manchin's question with one regarding nuclear energy and whether the U.S. is guilty of a double standard in supporting India's effort toward nuclear energy, but not Iran's attempts.

Iranians ''are hostile to the United States and hostile to allies,'' Bush answered. ''We've got to be very careful about not letting them develop a weapon. ... Iran with a nuclear weapon is a threat, and it's dangerous, and we must not let them have a weapon.''

A local military recruiter asked Bush what he might say to encourage someone to serve their country. He responded he would tell them it was a good way to learn skills prior to college, and he added that people can also serve their country by volunteering.

A Wheeling firefighter asked Bush if he planned to send ''an army of sociologists'' to the Middle East to help change the mindset there so that those of differing religions are accepted. Bush responded the U.S. would work with friendly governments there and reinforce the universal idea of freedom of religion.

A young boy asked Bush if he enjoyed living in the White House. Bush told him he had ''enjoyed every second'' living there. He said he ''has a 45-second commute'' to the office, and he noted ''the food is good.''

Bush added that he often invites his friends from Texas to visit.

''I tell them what an honor it is to do this job,'' he said. ''They often ask, what's the job description? I say, 'Making decisions.' And I make a lot.

''You may not agree with the decision. But at the very minimum, I want you to understand that I make my decisions based upon some principles I hold dear. In order to make decisions, you have to be enthusiastic about your job, you have to be optimistic about the future and you have to stand for something. You can't be a president trying to search for what you believe in the midst of all the noise in Washington.''

Crowd Praises Bush's Speech (WHINT)

By Adam Townsend

Wheeling (WV) Intelligencer, March 23, 2006

WHEELING — Many people who attended President Bush's Wednesday appearance in Wheeling said they weren't sure what to expect from the speech and subsequent question-and-answer period, but several area residents said afterward that they were impressed with the chief executive's statements and responses.

"I want to know if he has any plans for addressing the congressmen who so negatively portray the war in Iraq," said St. Clairsville nurse practitioner Janel Trovato-Vass. She had her question for the president carefully written on a Post-it note she held as she waited to enter Capitol Music Hall. The line — dotted with the white caps of Marines in dress uniforms and the square-patterned camouflage of the Air National Guard — stretched for a few blocks as Secret Service officials checked everyone with metal detectors.

"Nobody's perfect, and he can't fix everything," Trovato-Vass continued. "I've supported George (W.) Bush as a Republican myself. (The President's visit) is pretty big for Wheeling."

Close behind Trovato-Vass were the members of the Wheeling Park High School Teen Age Republicans — a newly formed chapter of the national group.

The six members were part of the group seated in bleachers behind the president while he spoke on stage, and all were giddy with excitement as they waited in the morning chill in downtown Wheeling.

"We all started (the chapter) just this year," said Christina Fortunato, mentioning that the group had some help in getting seats on the stage. "My mom, Kathy Fortunato, is chairman for the (Ohio County) Republican Party."

"We hope this'll be a learning experience for all of us," added club member Kelly Kresen.

The theater seats began to fill up slowly as attendees filtered through Secret Service checkpoints while bomb-sniffing dogs inspected television cameras. Throughout the speech, the audience burst into applause at various statements by the president, who joked with the audience and explained his justification for the war in Iraq. At the end of the speech, Bush took a number of questions from members of the crowd.

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"I thought that it was a wonderful speech," said West Liberty professor Charles Davis as Bush descended from the stage to greet the audience members crowded around him. "This is my second time to see him. I don't always agree with him, but I support him and respect him."

Jolene Magle, one of the locals volunteering at the Capitol to help host the event, said the speech was everything she expected as a Bush supporter.

"He answered all the questions appropriately," she said. "We just love him. He's a faith-based man, and this is a faith-based community."

Indeed, one would have been hard pressed to find someone in the audience much less enthusiastic about the speech.

"George W. Bush is an amazing president because he stands firmly," said Wheeling Park senior and Student Council President Michael Bush. Michael Bush asked George W. Bush what his generation would be facing as its members assume the reins of power in the future.

"I asked him as 'one President Bush to another,'" Michael Bush said. "He got a kick out of that."

Supportive Crowd Hails Bush In W.Va. As President Defends Iraq Policy (PPG)

By James O'Toole

Pittsburgh Post-Gazette, March 23, 2006

WHEELING, W.Va. -- West Virginians cheered as President Bush maintained that the war in Iraq and his assertive foreign policy were "laying the foundation of peace for a generation to come."

In the face of increasing public uneasiness over the war, Bush came to the Capitol Music Hall yesterday continuing a renewed effort this week to shore up support for his administration's policies.

With familiar but impassioned arguments, Mr. Bush defended his decision to go to war and argued that his foreign policy goal of spreading democracy would lead to victory in Iraq and a more peaceful future for the Middle East.

For the third day in a row, the president answered questions on the war, this time before a markedly more supportive audience than he faced Monday at the Cleveland City Club or Tuesday in the White House press room.

Poll after poll in recent weeks have recorded bleak approval ratings for his job performance in general and his conduct of the war in particular.

But such sentiments were not apparent in the historic theater where the West Virginia audience, dotted with military families and men and women in uniforms, offered repeated applause and friendly questions. Mr. Bush, with a handheld microphone, strolled back and forth on a stage festooned with banners that read: "Plan for Victory."

While acknowledging flaws in pre-war intelligence, Mr. Bush sparked applause in a community where a local Air National Guard unit is awaiting deployment to Iraq as he said, "I viewed it was ... Saddam Hussein's choice, to disclose, disarm, or face serious consequences. ... And I made my choice and the world is better off without Saddam Hussein in power."

Defending what he portrayed as the broader principles underlying his foreign policy, Mr. Bush said, "An interesting debate in the world is whether or not freedom is universal. ... People say, 'There's old Bush imposing his values.'

"See, I believe freedom is universal. I believe liberty is a universal thought. It's not an American thought, it is a universal thought," he continued, arguing that the spread of democracy would promote a more peaceful world.

Mr. Bush elicited another ovation as he said, "Look, I'm an optimistic guy. I believe we will succeed. If I didn't believe we would succeed, I would pull our troops out."

While most of the session concentrated on Iraq, Mr. Bush also defended his proposed nuclear accord with India, warned that he would not accept Iran's designs on building nuclear weapons, and vowed to renew his frustrated campaign to transform Social Security.

Responding to one of the few challenging questions from the crowd, Mr. Bush denied that he was guilty of a double standard in his approach to India and Iran on nuclear weapons. He argued that India was a transparent democracy while Iran was not.

"They're certainly not a democracy. They are sponsors of terrorism," Mr. Bush said of Iran. "They have joined the [International Atomics Energy Agency], and yet we caught them cheating. In other words, they weren't upholding the agreements,

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and they started to try to enrich uranium in order to develop a weapons program. India is heading to the IAEA; the Iranians are ignoring IAEA."

West Virginia Gov. Joe Manchin put in a plug for the state's coal resources as he asked the president how the nation could use other fuels to promote energy independence.

"Joe is talking about spending research money on the gasification of coal, which then will lead to the [liquefaction]," Mr. Bush said. "And I believe we ought to attack this issue on all fronts, on a variety of fronts. I know we ought to use nuclear power. It is a renewable source of energy that has got zero greenhouse gas effect."

One questioner drew the crowd's loud endorsement with her complaint that the news media do not show enough of the good news of what is happening in Iraq.

"That's why I come out and speak. I spoke in Cleveland, gave a press conference yesterday -- spoke in Cleveland Monday," Mr. Bush said. "I'm going to continue doing what I'm doing to try to make sure people can hear ... why I make decisions, and as best as I can, explain why I'm optimistic we can succeed."

On his arrival at the Wheeling-Ohio County Airport, Mr. Bush tried to emphasize one positive outgrowth of the wars in Afghanistan and Iraq as he presented a volunteer service award to Kristen Holloway of Mt. Lebanon for her work in founding Operation Troop Appreciation, a non-profit group that distributes clothing, DVDs, musical instruments and other goods to GIs serving overseas.

The president plans to return to the region tomorrow to appear at a private fund-raising event for U.S. Sen. Rick Santorum.

Bush Urges Iraqis To Form A Government (WT)

By Stephen Dinan

The Washington Times, March 23, 2006

WHEELING, W.Va. -- President Bush yesterday said Iraqi politicians must get serious about forming a unity government and begin the job of running the country.

"It's time," Mr. Bush said. "It's time to get a government in place that can start leading this nation and listening to the will of the people."

Continuing his series of speeches on Iraq and the war on terror, Mr. Bush again praised Iraqis for stepping back from "the abyss" after the bombing of a Shi'ite mosque in Samarra last month.

But he told an audience of 2,000 at the Capitol Music Hall in Wheeling that just yesterday morning he instructed the U.S. ambassador to Iraq and Gen. George W. Casey Jr., the top U.S. commander there, to let the Iraqis know they now must step up.

A delegation of U.S. senators traveling in Iraq earlier this week also told interim Prime Minister Ibrahim al-Jaafari to get to work on forming a government.

"There's been too much dawdling while Baghdad is burning," said Sen. Carl Levin, Michigan Democrat. "They have got to decide if they want a nation. They cannot overly rely on us."

Iraqis went to the polls in December, though the results weren't certified until last month. Mr. Bush urged Iraqis to move quickly to form a unity government that would share power among the various factions.

"That's what the people want; otherwise, they wouldn't have gone to the polls, would they have?" he said.

It was the fifth consecutive day Mr. Bush has spoken on Iraq, beginning with his radio address Saturday and continuing with his statement on the third anniversary of the U.S. invasion Sunday, a war on terror speech Monday and a press conference Tuesday.

Although acknowledging that the U.S. made mistakes initially in its strategy for reconstruction and security, the president has not backed down from his decision to go to war nor his commitment to remain.

"I just got to tell you, I'm not weak and I'm not going to lose my nerve," he said. "I strongly believe that we're doing the right thing."

The White House said most of the tickets to the town hall-style event yesterday were distributed by the local chamber of commerce.

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The audience was favorable. A man with two sons in the military told the president, "I thank God you're our commander in chief." That drew a standing ovation from the crowd.

Another audience member drew a standing ovation when she blasted the press for not showing positive images that her husband, who she said served 13 months as a military broadcaster in Tikrit, brought back with him.

"It seems that our major media networks don't want to portray the good," she said.

Mr. Bush said he respected a free press and that it is his job to talk about progress in Iraq.

"I'm going to continue doing what I'm doing to try to make sure people can hear why I make decisions, and as best as I can, explain why I'm optimistic we can succeed," he said.

Bush Continues To Press Case For Iraq War (LAT)

By James Gerstenzang

The Los Angeles Times, March 23, 2006

WHEELING, W.Va — Before an overwhelmingly friendly audience in the rugged panhandle of West Virginia, President Bush said today he would pay no heed to "polls, focus groups or election year politics" in deciding how many troops to deploy in Iraq.

Speaking publicly on Iraq for the fifth consecutive day, the president used colloquial, often blunt, language as he reduced his arguments for the war to their most basic.

"We're not going to retreat in the face of thugs and assassins," he vowed.

Unlike a similar speech and question-and-answer session two days earlier in Cleveland, where Bush faced polite but tough questions, he was bathed today in repeated rounds of applause. Audience members prefaced their questions with praise for his presidency.

The president responded by reaching out to the region's religious roots and saluting its contributions to the military.

The town-hall-style program, in an aging theater in this bedraggled steel town, was part of a series the White House constructed to carry the president's message — that he understands the doubts that Americans are increasingly showing about the campaign in Iraq as it enters its fourth year, but that the fight is necessary to rid the country of terrorists who would use it as a base to attack the United States.

At a White House news conference Tuesday, Bush said he recognized that the war was costing him political capital he could have used to win support for domestic programs. He also suggested that American troops would still be in Iraq when his second term ends on Jan. 20, 2009. Today, he repeated his mantra that his decisions about troop levels would be based on the advice of commanders on the ground.

"I'm going to make up my mind based upon achieving a victory, not based upon polls, focus groups or election year politics," the president said.

Polls show that roughly 30% of the public says they approve of the job Bush is doing, the lowest level since he took office five years ago.

The president reminded his audience that the debates over the direction of the war had not weakened support in Congress for the military or for the people fighting the war. He said debate over his anti-terrorist policy was "healthy for our country … so long as we don't send the wrong signals to our troops."

The president spoke to about 2,500 people, most of them invited by the local Chamber of Commerce, in the 78-year-old Capitol Music Hall. When the questions began, he was able to relax and enjoy the decorations of gilt, red brocade and velvet.

The first person to take the microphone said Bush had a tough job fighting terrorism; the second said, "I thank God that you're our commander in chief." The audience stood and shouted approval.

Only one questioner challenged his policies, asking why he supported nuclear energy development in India but was putting roadblocks in Iran's way. The president said India was a democracy following international protocol, and Iran was thwarting inspections and other efforts to make sure it did not develop a nuclear weapon.

Other questions were posed by, among others, a National Guard recruiting commander who sought Bush's encouragement for would-be recruits and a Republican campaign director who sought words of support for his campaign. The

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president praised military volunteers but also recommended other forms of service to the country; he sidestepped the direct appeal for campaign support.

Another questioner was a woman whose husband was at her side in an Army uniform, having just returned from a 13-month tour in Tikrit, Saddam Hussein's hometown. She complained that national television had not shown the positive news about U.S. military accomplishments in Iraq.

The president encouraged her to keep spreading the word, by mouth and by the Internet. But he deflected her criticism of the news media, saying, "The minute we start trying to suppress our press, we look like the Taliban."

Politicos Turn Out For Bush (WHINT)

By Joselyn King

Wheeling (WV) Intelligencer, March 23, 2006

WHEELING — When the U.S. president comes to a community for an official visit, local politicians show up to greet Air Force One — regardless of their political party.

West Virginia Gov. Joe Manchin, a Democrat, was among the first to shake Republican President George W. Bush's hand when he got off the plane Wednesday at the Ohio County Airport. Bush then proceeded to the Capitol Music Hall in downtown Wheeling for a town hall forum.

"I believe anytime a president comes to the state on an official visit it's important for the governor to welcome him," Manchin said.

That Bush came to Wheeling to discuss the War on Terror also was a factor, he added. Manchin had with him data showing that West Virginia presently has 495 troops serving in the Middle East, and that 4,700 Mountain State residents had seen active duty since the terrorist attacks of Sept. 11, 2001. This accounts for 75 percent of the state's National Guard troops, according to Manchin.

"My main goal in being here is to support the troops and see whether they will be able to return safely," Manchin said. "I also want to talk to the president about high gas prices."

Manchin had hoped to get some time with Bush during the visit to discuss the potential for liquefying West Virginia's coal and using it as a national energy source.

Bush acknowledged Manchin during his speech at the Capitol Music Hall.

"He's a good, decent man," Bush said of Manchin. "He showed his heart during the mine tragedies. He represented the best of West Virginia. He showed great compassion, great concern. He asked the nation to pray on behalf of the families. We still must continue to pray for those who lost their loved ones.

Manchin "is a problem-solver, see. He said, 'We're going to deal with this issue head on.' And I appreciate your working closely with the federal government to make sure that there are safety regulations that work, that the inspection process works so that the miners here in this important state are able to do their job and their families can be secure in them doing their job," Bush continued.

Also on the tarmac greeting Bush was U.S. Rep. Shelley Moore Capito, R-W.Va., who always has accompanied Bush during his visits to the state.

She said she is continuing to support his policies in Iraq.

"We need to continue and complete the mission," Capito said. "When the Iraqis are ready to defend themselves, we can withdraw."

She added that she and other members of Congress now are hearing more from constituents who want the war to end, and they are questioning whether it is a winnable effort.

"These are questions I am asking," Capito said. "Members of Congress are feeling the same anxieties their constituents are."

Delegate Chris Wakim, R-Ohio — also a candidate for the U.S. House against incumbent U.S. Rep. Alan Mollohan, D-W.Va. — admitted that Bush's appearance in Wheeling "didn't hurt" his campaign. Wakim also used his military background to defend Bush's decision to go to war.

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"The president is here today to reinforce the idea that the war needs to be fought over there," Wakim said. "We need to take the terrorists off-base and keep them unbalanced.

"Attacking their supply lines and training facilities are fundamental principles of war," Wakim added. "If these can't be established, the enemy is off-guard."

Delegate Gil White, R-Ohio, said Bush's visit was positive for West Virginia.

"It is an honor for the chief executive to choose Wheeling as the venue for a discussion about the war," he said. "It's a showcase for West Virginia."

State Sen. Andy McKenzie, R-Ohio, added that Wheeling and West Virginia were getting exposure in the national media Wednesday morning.

"Regardless of your politics, the president's visiting is good exposure for a community," he said.

Accompanying McKenzie was his Senate colleague from Morgantown, Sen. Mike Oliverio, D-Monongalia. Oliverio said that while he is a Democrat, he had worked for the successful Supreme Court nomination of Justice Samuel Alito.

As such, the White House contacted him last week and asked him to attend Bush's speech.

In his speech, Bush told Oliverio he did a "great service to his country." He also mentioned that Oliverio had asked him not to hold it against him that he is a Democrat.

"Mike — first and foremost — we're all Americans," Bush told Oliverio.

Reid Criticizes President Bush As 'dangerously Incompetent' (AP)

By Kathleen Hennessey

The Associated Press, March 22, 2006

LAS VEGAS – Senate Democratic Leader Harry Reid called President Bush "dangerously incompetent" on Wednesday and said the administration ought to be doing more to prevent increasing sectarian violence in Iraq.

"Where is (Secretary of State) Condoleeza Rice? Why isn't she over in the Middle East, as the chief diplomat of this country should be, trying to get the political forces to form a government over there?" Reid told The Associated Press.

Reid said the U.S. was "failing three different ways in Iraq." Military efforts have lagged, the economy is crippled by decreased oil and electricity production, and attempts to form a representative government are behind schedule, he said.

Reid criticized Bush for a series of recent appearances in key political states in which the president defended his Iraq war policies.

"Why isn't he spending time with these leaders in the Middle East trying to get this government formed?" Reid said.

Reid described the conditions Iraq as "low-grade civil war."

"I don't know how you define civil war. We know they're killing an average of 50 Iraqis a day. At least it's a low-grade civil war, that's for sure," he said.

The Nevada senator's critical remarks about Bush came after a Las Vegas news conference on immigration reform. He was scheduled to appear later on the Mexico-California border to tout Democratic proposals for border security.

Reid also responded to comments the president made Tuesday when he said his successor in the White House would likely be responsible for deciding when U.S. troops leave Iraq.

"To me it shows how dangerously incompetent he is," Reid said. "'Stay the course, mission accomplished, bring 'em on,' the American people are sick of that. We need to change course in Iraq. ... I think the president burying his head in the sand is not going to do the trick."

Cheney Rallies Troops During Appearance At Scott Air Base (SLPD)

By Alan Lewis Gerstenecker, Collinsville Herald

St. Louis Post-Dispatch, March 22, 2006

Vice President Dick Cheney is on a mission, and that assignment is to drum up support for America's war effort in Iraq.

He did that Tuesday during an appearance at Scott Air Force Base.

Addressing more than 3,000 in a flag-adorned and camouflage-draped Hangar One, Cheney spoke for nearly 40 minutes to the nearly exclusively military and military-family crowd.

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"In all of you, I see the best of America, and I admire your commitment to discipline, duty, and service above self," he said. "It's a privilege to be in your company, and I bring the respect and good wishes of our commander in chief, President George W. Bush."

The statement was followed by a prolonged applause.

Clearly, Cheney was in his realm. He was articulate and wavered only slightly from his prepared, eight-page speech, which was interrupted 12 times by applause.

In recent days, he had denied he would resign as public opinion polls revealed support of the Bush Administration had fallen to just 37 percent, and the third anniversary of the war in Iraq had come and gone without signs of an end in sight.

Cheney appeared resilient, showing no signs of the ailing heart that has dogged him.

The former defense secretary-turned-vice president even joked about his familiarity with Scott Air Force Base.

"I first became intimately familiar with the work of Scott Air Force Base in the early 1990s, when I served as secretary of defense – the old days when I had real power and influence," he mused to scattered laughter.

After briefly delving into humor, Cheney went right back to the seriousness of rallying the troops in support of the war in Iraq.

"Our strategy in Iraq is clear," Cheney said. "Our tactics will remain flexible, and we'll keep at the task until we finish the job. Progress has not come easily, but it has been steady, and we can be confident going forward.

"As the Iraqi forces gain strength and experience, and as the political process advances, we'll be able to decrease troop levels without losing our capacity to defeat the terrorists. And, as always, decisions about troop levels will be driven by the conditions on the ground and the judgment of our commanders – not by artificial timelines set by politicians in Washington, D.C.," Cheney said, drawing the longest and loudest applause of his presentation.

Cheney was strong, urging the troops to stay the course.

"Recently, there have been some prominent voices advocating a sudden withdrawal of our forces from Iraq. Some have suggested that this war is not winnable ….. and a few seem almost eager to conclude that the whole struggle is already lost. But they are wrong. The only way to lose this fight is to quit – and that is not an option," Cheney said to another round of applause.

The vice president said the country has a different mindset now than it had five years ago.

"Every American serving in this war can be absolutely certain that the people of our country do not support a policy of passivity, resignation, and defeatism in the face of terror," Cheney said.

"The United States will never go back to the false comforts of the world before Sept. 11, 2001. Terrorist attacks are not caused by the use of strength. They are invited by the perception of weakness.

"In the past, terrorists hit America, and we didn't hit back hard enough. They came to believe that if they killed enough Americans, they could change our policies. And they are now trying to intimidate us into a policy of withdrawal and retreat. But this nation has made a decision: We will engage these enemies – facing them far from home, so we do not have to face them on the streets of our own cities," Cheney said, bringing to mind the resolve of Winston Churchill's "We-will-never-surrender" speech during World War II.

Cheney then defended President George Bush's authority to monitor phone conversations, now an attack point of those who say the president is overstepping his authority.

"We are talking here about a wartime measure, limited in scope to surveillance associated with terrorists ..... and conducted in a way that safeguards the civil liberties of the American people," Cheney said.

"It's important to note that leaders of Congress have been briefed more than a dozen times on the President's authorization, and on activities conducted under it. In addition, the entire program is reconsidered and reauthorized by the President every 45 days. He has reauthorized it more than 30 times since September 11th – and he has indicated his intent to do so as long as our nation faces a continuing threat from al-Qaeda and related organizations," Cheney said.

Waiting for Cheney's arrival, Hangar One was festival-like.

The U.S. Air Force Band of Mid-America performed for two hours, while soldiers with gifted voices sang pop hits leading up to the vice president and Col. Raymond Rottman, commander of the 375th Airlift Wing, leading in the singing of the Air Force Song.

After his speech, Cheney performed a re-enlistment ceremony for nine soldiers and the enlistment of a 10th.

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The soldiers are: Keith Moser, Dwayne Ledbetter, Morgan Dixon, Kholifa Kabia, Angela Grannis, Joseph Terrell, Rebecca Place, and Randall Lederman of the Air Force; Eric Ervin of the Marine Corps.; and new recruit Kyle McQuiston, who wore a suit to the ceremony.

"This is just great," said Rachael Whitlow, an Air Force Reservist and Civil Service worker at Scott. "I love our president, and I love my country. I'm here because I support the war. I understand others' rights to protest (the war). They have their opinion. I'm not against that. That's what freedom's all about."

Mascoutah High School student Chris Givens attended the event with his father, Senior Master Sgt. Bill Givens.

"It was pretty good, and I liked his speech," said Givens, a junior, who was wearing his purple letter jacket. Givens stood out in the crowd in his school colors in a sea of green camouflage.

"I like the fact he supports the military. Coming from a military family, I think that's important. I don't know whether I'm going to join the military, although I'm considering it."

Givens' mother, Susan, said it was important for her son's to attend the event.

"This is as good as any school lesson," Susan Givens said. "I felt like it was important that he get excused to be here today."

Bush's Uncle Earned Millions In War Firm Sale (LAT)

By Walter F. Roche Jr.

The Los Angeles Times, March 23, 2006

WASHINGTON — As President Bush embarks on a new effort to shore up public support for the war in Iraq, an uncle of the commander in chief is collecting $2.7 million in cash and stock from the recent sale of a company that profited from the war.

A report filed with the U.S. Securities and Exchange Commission shows that William H.T. Bush collected just under $1.9 million in cash plus stock valued at more than $800,000 from the sale of Engineered Support Systems Inc. to DRS Technologies of New Jersey.

The $1.7-billion deal closed Jan. 31. Both firms have extensive military contracts.

William Bush was a director of Engineered Support Systems. Recent SEC filings show he was paid cash and DRS stock in exchange for shares and options he obtained as a director.

Before DRS purchased it, Missouri-based ESSI experienced record growth as a result of expanded U.S. military contracts — many to supply U.S. efforts in Iraq and Afghanistan.

The contracts, some awarded on a no-bid basis, include a $77-million deal to refit military vehicles with armor for use in Iraq.

Other ESSI products used in the war include radar and detection services, field medical stations and field electrical generator units.

SEC filings show that two federal investigations of ESSI are underway. One inquiry involves a stop order from the government on the field generators. The order was issued because the units didn't operate properly.

The generator contract was a major source of revenue. SEC files show that ESSI did not tell stockholders about the stop order until last June, about seven months after it was issued.

During the interim, several ESSI executives, including Bush's uncle, cashed in stock and stock options worth millions of dollars, the filings show.

According to one recent filing, the SEC and the U.S. attorney in St. Louis are investigating the delayed disclosure and other matters.

Unnamed members of the ESSI board and corporate officers have been subpoenaed in the inquiry, according to documents.

SEC filings show that William Bush, 67, exercised options on 8,348 shares of ESSI stock on Jan. 18, 2005, about two months after the stop order was issued and six months before it was disclosed. He collected about $450,000 in cash.

Bush, known as "Uncle Bucky" in the president's family, joined ESSI's board in 2000, several months before his nephew became president.

He heads a St. Louis investment firm and is the youngest brother of former President George H.W. Bush.

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He declined to comment Wednesday. However, in an interview last year, he said he played no role in ESSI's winning federal contracts.

"I don't make any calls to the 202 [Washington, D.C.] area code," he said.

Patricia Williamson, a spokeswoman for DRS, would not comment on the status of the federal investigations.

The company has said it is cooperating in the probes, which also involve an ESSI insurance contract.

Insurgents Shower Iraq Police Center With Mortar Shells (NYT)

By Edward Wong

The New York Times, March 23, 2006

BAGHDAD, Iraq, March 22 — Insurgents on Wednesday laid siege to the headquarters of a police paramilitary unit near the capital, lobbing a volley of mortar shells that killed at least one senior officer and wounded at least five, Interior Ministry officials said.

In the predawn attack, 14 mortar shells hit a government center in the Sunni-dominated town of Salman Pak, 12 miles southeast of Baghdad; the Third Public Order Brigade, which is overwhelmingly Shiite, had been using the center as a base. Among local Sunni Arabs, the brigade has a reputation for torture and abuse.

The members of the paramilitary unit fought back Wednesday, killing at least five insurgents, a commander in Baghdad said. By nightfall, the police were holding at least 76 people for questioning.

On Tuesday, more than 200 insurgents stormed a police station in the town of Muqdadiya, in Diyala Province, freeing more than 30 prisoners and leaving the building a smoldering wreck. At least 18 police officers died. The governor of Diyala said he was investigating the police chief and other officers in the area, to see whether they were accomplices.

That highly coordinated strike raised serious questions about the effectiveness of the Iraqi police forces, at a time when President Bush and American commanders are hailing the growing abilities of the police.

The unit in Salman Pak appeared to have done better in repulsing attackers, though a deputy battalion commander, identified as Col. Ahmad Salim Daher of the Second Battalion, was killed.

The police initially detained 146 people, all Iraqis, and then released 70 after testing them for traces of explosives, said Maj. Gen. Mehdi Sabih Hashem al-Garawi, the commander of the 7,700-member Public Order Forces, which has four brigades operating in Baghdad and the Salman Pak area.

Salman Pak lies in an insurgent-plagued farming region where scores of bodies have turned up. Last year, the Third Public Order Brigade began cracking down. American military advisers had pushed for the removal of a brigade commander who the Americans believed oversaw the abuse and torture of detainees.

The tough tactics brought some quiet to Salman Pak, though the Sunni-led insurgency kept carrying out occasional attacks.

On Wednesday afternoon, insurgents in Baghdad attacked busloads of Shiite pilgrims in two different parts of the city. In all, at least 2 pilgrims were killed and 46 wounded. Police officers rushed to the scenes and fought the insurgents, and at least two officers were killed and four wounded.

A senior Shiite cleric, Hazem al-Aaraji, said on the Iraqiya television network that militiamen from the Mahdi Army had been sent to save the pilgrims, but that American forces had stopped them.

The pilgrims were among millions who had gone over the weekend to the southern city of Karbala to honor the death of Imam Hussein, the grandson of the Prophet Muhammad who was killed by an army in A.D. 680, sealing the Sunni-Shiite split.

In the port city of Basra, a concealed bomb exploded near a British military vehicle, killing an interpreter working for the British, officials said.

The border between Jordan and Iraq remained closed on Wednesday, as the two governments tried to deal with the scores of Palestinian refugees fleeing sectarian violence in Baghdad. The refugees were stopped by Jordanian border officials and stranded.

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Yara Sharif, a spokeswoman for the Amman office of the United Nations High Commissioner for Refugees, said a team from the agency was visiting the Palestinians and was expected back in the capital on Thursday to deliver its assessment. She said the group of refugees number 89. The Jordanian spokesman, Nasser Judeh, had initially reported the number above 100.

The agency, Ms. Sharif said, fears that if the violence in Iraq worsens, more Palestinians will flee toward the borders. The agency estimates that 34,000 Palestinians live in Iraq. Palestinians here fear retribution from vengeful Shiites because they are Sunni Arabs who were favored by Saddam Hussein.

Further details emerged Wednesday night about the fate of 34 Iraqi security workers who were abducted by uniformed men in central Baghdad on March 8. Sheik Muhsin Naif al-Faisal, one of the security company's owners and a former member of Parliament, said in a telephone interview from London that seven employees were released in recent days. He said he had no idea why his employees had been kidnapped, or who their captors were.

50 Gunmen Attempting To Overtake Prison Captured (USAT/AP)

By The Associated Press

USA Today, March 23, 2006

BAGHDAD — One day after a successful raid and jailbreak, insurgents laid siege to another prison facility Wednesday. Police said U.S. troops and a special Iraqi unit overwhelmed the gunmen and captured 50 of them at the detention center south of Baghdad.

The pre-dawn attack came a day after 100 Sunni gunmen freed 33 prisoners and wrecked the jail, police station and courthouse in Muqdadiyah. The town is northeast of the capital, about an hour's drive from the Iranian border.

Sixty militants participated in Wednesday's assault, which aimed to free more jailed insurgent fighters, police said.

Meanwhile, the United States' top military commander said he had underestimated the extent of Iraqi reluctance to form a government and end sectarian bloodshed.

“I think that I certainly did not understand the depth of fear that was generated by the decades of Saddam's rule,” said Gen. Peter Pace, chairman of the Joint Chiefs of Staff. “I think a lot of Iraqis have been in the wait-and-see mode longer than I thought they would.”

Pace said one solution was for the Iraqis to recruit more Sunnis into the army and for police forces to balance Shiite domination.

“A unit that has all (sects of) Iraqis embedded in it is better able to handle whatever kind of strife comes along,” Pace said.

The Bush administration views formation of a broad-based government as a first step in quelling violence and allowing the start of a withdrawal of American armed forces.

While the U.S. military has touted its progress in training the Iraqi army and police, a top expert on Iraq said the forces remained poorly matched against the insurgency and al-Qaeda.

“The police have almost no protected vehicles, few heavy weapons similar to those of insurgents, are often located in extremely vulnerable buildings and have weak communications. Corruption is a major issue,” Anthony Cordesman of the Center for Strategic & International Studies, a Washington think tank, wrote this week.

Wednesday's attack on the prison in Madain, 15 miles southeast of Baghdad, began with insurgents firing 10 mortar rounds. They later stormed the facility, which is run by the Interior Ministry.

Four police officers — including the commander of the special unit — died in a two-hour gunbattle, which was subdued after American forces arrived. Among the 50 captured, police said, was one Syrian.

The U.S. military did not respond to a request for comment about its role in the counterattack.

Madain is at the northern tip of Iraq's Sunni-dominated “Triangle of Death,” a farming region that has been rife with sectarian violence — retaliatory kidnappings and killings in the conflict between Sunnis and Shiites.

Police have discovered hundreds of corpses in the past four weeks, victims of religious militants conducting revenge killings. At least 21 bodies were found Wednesday, including those of 16 Shiite pilgrims discovered on a Baghdad highway, police said. Millions were returning home Wednesday at the conclusion of an important Shiite commemoration in the holy city of Karbala this week. Elsewhere:

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•In the northern town of Beiji, a mortar fell on a government facility that Deputy Prime Minister Ahmad Chalabi was visiting Wednesday, an aide told the Associated Press. Chalabi was not harmed and later returned to Baghdad, the aide said on condition of anonymity because he was not authorized to release the information.

Another Police Station Attacked (LAT)

By Richard Boudreaux

The Los Angeles Times, March 23, 2006

BAGHDAD — Heavily armed insurgents launched a frontal assault Wednesday on a police station near Baghdad, killing a battalion commander and three of his men in the second such large-scale operation in two days.

Meanwhile, separate rebel attacks on two vehicles in the capital killed 15 pilgrims returning from the southern city of Karbala — the deadliest incident of this week's annual mourning period observed by millions of Shiite Muslims.

The bloodshed demonstrated the continuing insurgent threat on multiple fronts. In the month since they blew up the Golden Mosque, a Shiite shrine in Samarra, Sunni Arab insurgents have been locked with Shiite militias in an escalating communal conflict that has led to the killing of hundreds of Iraqis of both sects, many of them unarmed and ambushed on the road or dragged from their homes in the night.

The bodies of 11 men were found Wednesday in various parts of Baghdad, some of them blindfolded and bearing signs of torture.

Insurgents also have staged daring attacks on Iraqi government and U.S. targets.

The latest was a predawn raid Wednesday by dozens of insurgents on the police facility in Madaen, 15 miles southeast of the capital. Their exact number was unclear because of the darkness. The city is at the northern tip of the so-called triangle of death, a mostly Sunni region rife with sectarian violence.

The Madaen attack was slightly smaller in scale than the dawn raid Tuesday on a judicial and police compound in Muqdadiya, 60 miles northeast of Baghdad, in which at least 17 policemen and guards were killed and 33 prisoners freed.

Emerging from a nearby palm grove, the attackers in Madaen fired 14 mortar rounds into the compound, which houses City Hall and a police battalion, triggering a two-hour shootout that lasted until daybreak, the Interior Ministry said.

The insurgents also fired grenade launchers and automatic rifles but failed to overrun the compound. In addition to the four police officers killed, five were wounded. There was no word on insurgent casualties.

Later in the day, police raided homes in the area and detained 76 men for questioning, the ministry said. One was identified as a Syrian who was carrying insurgent leaflets.

Iraqi police and soldiers have been stretched thin trying to guard the estimated 2 million black-clad pilgrims who walked to and from Karbala this week to mark the 40th and final day of the annual mourning period for Imam Hussein, grandson of the prophet Muhammad.

Insurgents with machine guns fired into a bus taking pilgrims home Wednesday through Baghdad's Sunni-dominated Amiriya district. Fourteen people were killed and 18 wounded, police said. Two police officers died in a shootout with the assailants.

One pilgrim was killed and 22 were wounded in a later attack on a pickup truck in the capital's Adil neighborhood, police said.

At least five other Iraqis were reported killed Wednesday, including an interpreter for two British soldiers whose foot patrol was hit by a roadside bomb blast in the southern city of Basra. Both soldiers were wounded.

Make The President Prime Minister . . . (WSJ)

By Dan Senor And Roman Martinez

The Wall Street Journal, March 23, 2006

Three months after Iraqis turned out in record numbers to vote, Iraq is still without a new government at the exact time it faces increasingly vicious sectarian violence. The core of the impasse is the selection of Iraq's next prime minister. The United Iraqi Alliance (UIA), the fractious coalition of religious Shiite parties that won the largest share of seats, is bitterly divided over its

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candidate. Last month, it renominated Ibrahim Jaafari, the incumbent prime minister. But the internal ballot was decided by a single vote, following a campaign which some claim was marred by threats of violence from the radical cleric Muqtada al-Sadr.

More importantly, a coalition of Kurdish, Sunni and secular-nationalist parties has united to oppose Mr. Jaafari's reappointment. Their threat to block his nomination carries real force, as Iraq's new constitution requires a two-thirds supermajority of parliament to approve the new government. Surprisingly, the UIA has offered only a tepid defense of its nominee, and Grand Ayatollah Ali al-Sistani has declined entreaties to intervene and unite the religious Shiites behind Mr. Jaafari.

There is, however, a creative solution to the impasse. Instead of sticking with Mr. Jaafari, the UIA and the other leading parties should consider a compromise that marks a clear break from the status quo. Mr. Jaafari could agree to become Iraq's new president, and Jalal Talabani, the current president and a Kurd, could become prime minister -- a switch. Such a deal would install an Iraqi leader genuinely capable of getting along with all ethnic and sectarian factions, allow Mr. Jaafari to save face by not losing out to a fellow Shiite, and show Sunni Arab politicians that their participation in last December's vote is paying political dividends.

Few doubt Mr. Talabani's capacity for leadership. Large and gregarious, with a dominant and energetic personality that belies his 72 years, he is widely regarded as Iraq's most talented retail politician. A lawyer who spent years fighting Saddam, he is a forceful advocate for moderation and democratic values. He is also among the handful of Iraqi leaders with the political stature to lead a true national-unity government. He could likely attract such disparate and talented figures as Ahmad Chalabi and former PM Ayad Allawi into his cabinet, in addition to technocrats from other political factions.

Objections to Mr. Talabani would center on ethnicity and religion, not ability. Ordinarily, Iraq's predominantly Arab population would think twice about elevating a Kurd to lead the government. But he could be the exception. In today's Iraq, intra-Arab (Shiite-Sunni) tensions have proven to be the most dangerous flashpoints, and Mr. Talabani is one of the few leaders who gets along with all groups. Indeed, in the recent Shiite-Sunni violence, he has played a key "shuttle diplomacy" role to lower tensions.

Elevating Mr. Talabani to Iraq's premiership would upend assumptions about religion as well. Since Iraq's liberation, conventional wisdom has had it that the premier must come from the long-suffering Shiite community. This was a logical starting point -- after all, the Shiites were marginalized under Saddam's dictatorship, despite making up roughly 60% of Iraq's population.But it no longer makes sense today. The political opposition to Mr. Jaafari's nomination is too strong to be ignored. One possible solution would be to replace him with another Shiite candidate from the UIA, such as Vice President Adil Abdel Mahdi. In sharp contrast to Mr. Jaafari, he is widely respected within leadership circles; he has close relations with the other political factions and is one of Iraq's most influential and effective backroom dealmakers.

But Mr. Mahdi is a member of the Supreme Council for Islamic Revolution in Iraq (Sciri), the chief rival to the Sadrists for political leadership of the Shiite community. He was also recently defeated by Mr. Jaafari in an internal UIA ballot. It is almost impossible to imagine that Mr. Jaafari -- whose self-regard is legendary -- would voluntarily step down in favor of his long-time rival. Mr. Mahdi could also be a difficult choice for Sunnis to accept, given Sciri's control over sectarian militias now accused of abusing human rights. Other candidates within the UIA simply lack the political heft to lead the Shiite coalition.

Yet a Talabani candidacy could allow each of the leading factions to claim a victory. Mr. Jaafari is well-suited to assume Iraq's presidency, a largely ceremonial role with little oversight of policy. He could give long and flowery public addresses, without the burden of responsibility for managing the day-to-day affairs. Mr. Mahdi, a close Talabani ally, could become deputy prime minister. His low-key, technocratic style would make him the ideal COO to Mr. Talabani's CEO.

By lowering the stakes in the UIA internal power struggle, a Kurdish PM could help promote political harmony within the Shiite community -- a key goal of its spiritual leader, Grand Ayatollah Sistani. The Shiite alliance would retain a majority of cabinet posts elsewhere in the government, in keeping with their share of the votes last December. Iraq's Sunni community would also welcome a Talabani-led government. Despite their longstanding fears of Kurdish separatism, Sunni leaders now see Shiite sectarianism as the greatest threat. Mr. Talabani's moderation would be viewed as a welcome development. Just as important, it would provide a clear deliverable for Sunni politicians to take to their voters, and would demonstrate the value of their decision to take part in last year's election.

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The time has come for Iraq's leaders to break out of the ethnic and sectarian straitjacket constraining talks over the new government. By uniting around a Talabani-led coalition government, Iraqi leaders can move to address the pressing security challenges now facing their country. The clock is ticking.

Messrs. Senor and Martinez, former advisers to the Bush administration, served in Iraq from April 2003 through June 2004.

No Headline. (CHIST)

By Robert Novak

Chicago Sun-Times, March 23, 2006

While officials privately debate whether communitarian violence in Iraq constitutes a low-grade civil war, there is no disagreement about the oil crisis there, which has little to do with the insurgency. Gasoline and home heating fuel are scarce and expensive, thanks to runaway corruption. This problem's difficulty and importance will test the new Iraqi government once it is organized.

Industry sources privately cite corruption as the reason for recent decisions by Turkey and Saudi Arabia to halt gasoline exports to Iraq for nonpayment of bills. That exacerbates a worsening situation where Iraq, one of the world's great petroleum producers, has to truck in gasoline from Kuwait.

While the formal line in Washington and Baghdad blames insurgents for the oil crisis, U.S. officials who are close to the situation gave me a totally different explanation. They blame corruption at every level, from the oil ministry on down, that is common to Iraq. It cannot be controlled by the Americans but is the responsibility of the long-delayed Iraqi government. Thus, oil is a microcosm of the overall conundrum in Iraq, where there are no good options for the Bush administration in dealing with a culture where honesty and efficiency historically have been rare.

The exhilaration in the Bush administration that the Anglo-American attack in 2003 had preserved the oil-producing capacity is as illusory as claims of victory three years ago. The fuel shortages in oil-rich Iraq are profound and growing worse, with endless lines at gasoline stations. That drives up prices to the equivalent of $15 for a cylinder of home fuel -- too expensive for the average Iraqi.

The best explanation for this was given to me by a non-political U.S. civil servant, an "Arabist" with vast experience in the region. He has been ordered definitively to say nothing and write nothing about oil in Iraq or anything else to do with the country. He spoke to me only if I would not identify him, by name or organization.

My source blamed corruption on an unimaginable level. "There is no system for turning on the oil in Iraq," he told me. "Everyone there is taking their cut. Everybody takes a little." It is corruption from top to bottom. At a time of an acute shortage in Iraq, oil is being surreptitiously sent across the border for gain.

Such corruption is familiar there. The situation is endemic in the brief, tragic history of Iraq. Since the discovery of the country's liquid wealth, government officials have been dipping into the proceeds. This was true during the monarchy and the successor governments, including Saddam Hussein's. The addiction to corruption also contributed to the United Nations oil-for-food scandal.

The immediate crying need of Iraq's oil industry three years after the invasion is for substantial investment in improvements for infrastructure and technology. It was assumed that once the dictatorial regime was displaced, money from all over the world would pour into Iraq. But there is no inclination by risk capital to put any money in enterprises that are bleeding money to corrupt officials throughout the government.

Everybody with any familiarity with this situation believes the only answer is that the new Iraqi government, still unformed three months after the election, must gain control over corruption. One former U.S. official with experience in Iraq says: "We really have no levers left to pull, except hope that the government we're backing becomes powerful enough to take on the crooks."

Sen. Chuck Hagel, a frequent visitor to Iraq, is well aware of this dilemma. "The future of Iraq is in the hands of the Iraqis," he told me. Hagel is not yet ready to call for a unilateral military withdrawal from Iraq, realizing that the dreary conditions there -- including the oil crisis -- would get worse if the United States disconnected today. The pocketing of oil revenues by corrupt bureaucrats will hardly be improved by a quick American exit.

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I erred in Monday's column when I wrote that President Bush was mistaken in saying the Hungarian National Day event he attended at the Capitol March 15 celebrated the 50th anniversary of Hungary's 1956 anti-Soviet rebellion. March 15 is actually the anniversary of the 1848 Hungarian Revolution, but the invitation to the president noted the Oct. 23, 1956, uprising.

Ex-Iraqi Official Unveiled As Spy (WP)

By Walter Pincus

The Washington Post, March 23, 2006

Deposed Iraqi leader Saddam Hussein's last foreign minister, Naji Sabri, was a paid spy for French intelligence, which later turned him over to the CIA to supply information about Iraq and its chemical, biological and nuclear weapons programs more than six months before the war began in March 2003, according to former senior intelligence officials.

Although some CIA officials met informally with Sabri, who traveled extensively outside Iraq, the French and the CIA used a third-country intermediary when attempting to get information from him about Hussein's inner circle and weapons programs, according to the retired officials who refused to be identified because the information is classified.

"It was never clear what he wanted," one former official familiar with the situation said of Sabri, "but we never paid him." Sabri's role in providing information to the United States was reported by NBC News on Tuesday.

Over the summer of 2002, Sabri, as foreign minister, negotiated the terms U.N. inspectors' return to Iraq, and in November 2002 he announced Hussein's acceptance of the proposal.

Publicly Sabri was insisting that Iraq had no prohibited weapons of mass destruction. Privately, the sources said, he provided information that the Iraqi dictator had ambitions for a nuclear program but that it was not active, and that no biological weapons were being produced or stockpiled, although research was underway.

When it came to chemical weapons, Sabri told his handler that some existed but they were not under military control, a former intelligence official familiar with the situation said. Another former official added: "He said he had been told Hussein had them dispersed among some of the loyal tribes."

At the time, the Bush administration was preparing for the coalition's invasion of Iraq and publicly insisting that Hussein had reconstituted nuclear programs and was concealing from United Nations inspectors both chemical and biological weapons in violation of Security Council resolutions. The White House, which was seeking a congressional resolution that would permit the use of force against Iraq, hoped Sabri would defect, the two former officials said.

"They wanted a big public defection, which would have been good for the policy," one official said. But Sabri comes from a prominent Iraqi family and defection was not an option, one of the former officials said.

The White House was far more interested in trying to get Sabri to defect than in the information he was providing on Iraq's weapons programs, in part because the intelligence community did not trust him, another former intelligence official said.

Sabri took office in fall 2001 after a major housecleaning of Hussein's foreign affairs team. A diplomat with an Iraqi Christian background, Sabri once taught English literature at Baghdad University and was director general of the information ministry during the Persian Gulf War. His brother was one of the Iraqi officials that Hussein had killed because of alleged disloyalty.

Sabri was described as "smart and smooth" by a U.N. official who dealt with him, and as "a type that appeals to Westerners." According to a former intelligence officer, Sabri went out of his way to spend time with Americans and others when he was a diplomatic official in Vienna.

In a speech in February 2004, then-CIA Director George J. Tenet referred to Sabri, although not by name, when he said the CIA had obtained information from "a source who had direct access to Saddam and his inner circle." Tenet said that source described Hussein as covertly seeking to get a nuclear weapon and having stockpiled chemical weapons while his scientists were only "dabbling" with biological weapons development with little success.

Army Dog Handler Gets Six Months In Prison (WP)

By Josh White

The Washington Post, March 23, 2006

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Military jurors sentenced an Army dog handler to less than six months behind bars yesterday for using his Belgian shepherd to intimidate detainees at the Abu Ghraib prison in Iraq, one of the lightest sentences so far for a soldier implicated in the notorious abuse.

Sgt. Michael J. Smith, 24, was ordered to serve 179 days in confinement and to forfeit $2,250 in pay for convictions on five criminal counts, including maltreatment of detainees, dereliction of duty and an indecent act. Smith will also be reduced to the rank of private, E-1, and will receive a bad-conduct discharge at the end of his prison term, according to an Army spokeswoman at Fort Meade, where the court-martial ended yesterday. The jury could have sent Smith to prison for as long as 8 1/2 years.

The sentence was the lightest given to any of the four military police soldiers who have gone to trial, rather than entered guilty pleas, for abuse at Abu Ghraib. The jury of four officers and three senior noncommissioned officers decided Smith's use of his military working dog was out of bounds but not especially egregious, acquitting him on half of the original charges. Smith was also the first soldier to have had the benefit of a senior officer testifying, with Col. Thomas M. Pappas taking some responsibility for ordering the use of dogs in interrogations in late 2003 without clearly defining rules for the aggressive tactic.

Former corporal Charles A. Graner Jr. received the longest sentence, 10 years, for abuse at Abu Ghraib that included piling naked detainees into a pyramid, and former private first class Lynndie R. England was sentenced to three years in prison for her role. They were both denied the opportunity to call senior officials from the prison in their defense. Former specialist Sabrina D. Harman also received six months after being found guilty at trial.

Several others pleaded guilty to abuse, with former staff sergeant Ivan L. Frederick receiving the longest sentence among them, 8 1/2 years. Pappas took an administrative punishment, which included an $8,000 fine and relief from command of the 205th Military Intelligence Brigade.

Smith's sentence is the second relatively short term handed down in recent months by a jury weighing abuse charges. In January, a military jury in Colorado convicted an interrogator of killing a detainee at a facility near the Syrian border while using an aggressive technique, but declined to sentence him to jail time after hearing testimony that superior officers had condoned the method.

In Smith's case, testimony reflected confusion at the prison about the use of dogs. Smith's dog, Marco, was shown in one of the well-publicized Abu Ghraib photographs, snarling just inches away from the face of a frightened detainee. Officers, including Pappas, acknowledged that the animals were brought in to help control prisoners, and others testified that the dogs were deterrents to detainee violence. Smith's defense attorneys said he was using the dog the way he was supposed to: allowing it to bark and snarl at detainees to scare them.

Prosecutors, however, said Smith was a "rogue" soldier who engaged in a contest with another dog handler to get detainees to soil themselves. They said last week that Smith never had authority to use his dog the way he did, and they likened him to a bad cop amusing himself at the expense of the detainees in his charge.

Sgt. Santos A. Cardona, another dog handler at the prison who was captured in a few pictures of alleged abuse, is scheduled to go to court-martial on similar charges in May. Among the charges Smith was acquitted of this week was abusing a detainee that Cardona is accused of mistreating in the same incident.

Harvey Volzer, a civilian lawyer who represents Cardona, said yesterday that he thinks top officials have pushed a policy of abuse for which front-line soldiers are taking the heat.

"I would like to see someone in command admit that they intended to end the war and gain Iraqi freedom more expeditiously by using the dogs to get better intelligence," Volzer said. "Instead, everyone from [President] Bush down is perfectly content to allow enlisted persons to be scapegoats for their actions."

Iraq Abuse Trial Is Again Limited To Lower Ranks (NYT)

By Eric Schmitt

The New York Times, March 23, 2006

With the conviction on Tuesday of an Army dog handler, the military has now tried and found guilty another low-ranking soldier in connection with the pattern of abuses that first surfaced two years ago at Abu Ghraib prison in Iraq.

But once again, an attempt by defense lawyers to point a finger of responsibility at higher-ranking officers failed in the latest case to convince a military jury that ultimate responsibility for the abuses lay farther up the chain of command.

Some military experts said one reason there had not been attempts to pursue charges up the military chain of command was that the military does not have anything tantamount to a district attorney's office, run by commanders with the authority to go after the cases.

"The real question is, who is the independent prosecutor who is liberated to pursue these cases," said Eugene Fidell, a specialist in military law. "There is no central prosecution office run by commanders. So you don't have a D.A. thinking, I'm going to follow this wherever it leads."

Among all the abuse cases that have reached military courts, the trial of the dog handler, Sgt. Michael J. Smith, had appeared to hold the greatest potential to assign accountability to high-ranking military and perhaps even civilian officials in Washington. Some military experts had thought the trial might finally explore the origins of the harsh interrogation techniques that were used at Abu Ghraib; at the Bagram detention center in Afghanistan; and at other sites where abuses occurred.

Sergeant Smith, who was convicted Tuesday for abusing detainees in Iraq with his black Belgian shepherd, had said he was merely following interrogation procedures approved by the chief intelligence officer at Abu Ghraib, Col. Thomas M. Pappas. In turn, Colonel Pappas had said he had been following guidance from Maj. Gen. Geoffrey D. Miller, commander of the military prison at Guantánamo Bay, Cuba, who in September 2003 visited Iraq to discuss ways to "set the conditions" for enhancing prison interrogations, as well as from superiors in Baghdad.

General Miller had been dispatched to Guantánamo Bay by Defense Secretary Donald H. Rumsfeld and the Joint Chiefs of Staff to improve the interrogation procedures and the quality of intelligence at the compound in Cuba.

But in Sergeant Smith's trial, General Miller was never called to testify. Colonel Pappas acknowledged that he had mistakenly authorized a one-time use of muzzled dogs to keep prisoners in order outside their cells, but he said that he had no idea that dog handlers were using unmuzzled dogs to terrorize detainees as part of the interrogation process. Colonel Pappas had previously been reprimanded and relieved of his command, but was permitted to testify under a grant of immunity.

Previous defendants who have tried and failed to win approval from military judges to summon high-ranking officers to explain their own role in abuse cases include Charles A. Graner Jr. and Lynndie R. England, two of the Army reservists who were convicted in 2005 for their misconduct at Abu Ghraib. In denying defense requests for testimony from witnesses including Mr. Rumsfeld and Lt. Gen. Ricardo Sanchez, formerly the top American commander in Iraq, an Army judge, Col. James Pohl, ruled that their actions did not have any direct bearing on the reservists' conduct.

In a telephone interview on Wednesday, Maj. Wayne Marotto, an Army spokesman, said that more than 600 accusations of detainee abuse in Iraq and Afghanistan since October 2001 had been investigated, and that 251 officers and enlisted soldiers had been punished in some way for misconduct related to prisoners. To date, the highest-ranking officer convicted in relation to the abuses is Capt. Shawn Martin of the Army, who was found guilty last March of kicking detainees and staging the mock execution of a prisoner. He was sentenced to 45 days in jail and fined $12,000.

Sergeant Smith had faced a maximum sentence of eight and a half years, but on Wednesday was sentenced to just under six months (179 days) in prison.

"A mere tap on the wrist for abusing prisoners gives the appearance that once again that the United States is not serious about its responsibility to discipline those convicted of human rights violations," Curt Goering, Amnesty International's senior deputy executive director for policy and programs, said in a statement.

Sergeant Smith will also be demoted to private, fined $2,250 and will be released from the Army with a bad-conduct discharge after serving his sentence.

Several generals and colonels have received career-ending reprimands and have been stripped of their commands, but there is no indication that other senior-level officers and civilian officials will ever be held accountable for the detainee abuses that took place in Iraq and Afghanistan.

The toughest official criticism Mr. Rumsfeld has faced was a relatively mild admonishment in August 2004 from a panel led by former Defense Secretary James R. Schlesinger, which faulted Mr. Rumsfeld for not exercising sufficient oversight.

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But when Mr. Schlesinger was asked at the time if Mr. Rumsfeld or other high-ranking officials should resign in an ultimate act of accountability, he said that the secretary's "resignation would be a boon for all of America's enemies." President Bush later declined to accept Mr. Rumsfeld's two offers to resign.

Congress has largely retreated from any meaningful effort to hold senior officials accountable. Last year, Senator John W. Warner, a Virginia Republican who heads the Armed Services Committee, vowed to hold hearings on senior-level accountability. But Mr. Warner later backed off his promise, saying it would have to wait until judicial and nonjudicial proceedings were exhausted, a process that could take several more months.

The Senate Armed Services Committee has delayed General Miller's scheduled retirement, and Mr. Warner said in an interview on Tuesday that he would call both Colonel Pappas and General Miller to testify before the committee once all court proceedings that could involve them are complete.

Two other cases may yield new information. Army officials are still reviewing a possible criminal case against Lt. Col. Steven L. Jordan, another former senior intelligence officer at Abu Ghraib.

The trial of a second dog handler, Sgt. Santos A. Cardona, is scheduled to begin on May 22, and it may offer another occasion for defense lawyers to try to direct blame at higher levels. Sergeant Cardona's lawyer, Harvey Volzer, said in a telephone interview on Wednesday that his defense would include information not revealed in Sergeant Smith's trial. Mr. Volzer said he would seek to have Mr. Rumsfeld, Gen. John P. Abizaid, the commander of American forces in the Mideast, and General Sanchez all testify at Sergeant Cardona's trial.

Army Dog Handler Gets 6 Months For Iraq Abuse (WT/AP)

By David Dishneau, Associated Press

The Washington Times, March 23, 2006

FORT MEADE, Md. -- An Army dog handler was sentenced yesterday to nearly six months in prison for tormenting Abu Ghraib prisoners with his snarling Belgian shepherd.

Sgt. Michael J. Smith, 24, of Fort Lauderdale, Fla., was ordered to serve 179 days in prison and was reduced to the rank of private. He also will forfeit $750 per month of his pay for three months and receive a bad-conduct discharge after his release from prison.

Under military law, a prison sentence and a bad-conduct discharge requires Smith to forfeit all pay during his time in prison, despite the jury's sentence, said Lt. Col. Bobbi Davis, a military legal specialist.

Smith had faced up to 8½ years in prison after his conviction Tuesday on five of the 13 offenses with which he was charged.

The jury convicted Smith of conspiring with another dog handler to try to frighten detainees into soiling themselves and directing his dog to lick peanut butter off of other soldiers' bodies.

In closing arguments, prosecutors urged the panel of four officers and three senior noncommissioned officers to send Smith to prison for at least three years, followed by a bad-conduct discharge. Maj. Matthew Miller, a prosecution lawyer, said such a sentence would send a message that such actions will not be tolerated.

"Every soldier must understand that individual acts of misconduct have strategic implications," Maj. Miller said. "This is a global war on terror. It is a global battle for the hearts and minds of people all over the world."

But the defense said Smith should serve no jail time and instead be returned to his family and his unit. Capt. Scott Rolle, Smith's attorney, told the jury that while Smith made mistakes at Abu Ghraib, he also is "a hero," decorated for saving the lives of other U.S. soldiers during a mortar attack.

Smith appeared unrepentant about the abuse charges when he addressed the jury Tuesday, shortly after he was convicted.

"Soldiers are not supposed to be soft and cuddly," he said.

He said he wished he had gotten his orders in writing for self-protection because soldiers who do not "end up in a heap of trouble."

The relatively light sentence surprised Eugene R. Fidell, president of the National Institute of Military Justice in the District, who said he thought Smith would get years, not months, of confinement.

"I think people around the world are going to be scratching their heads at that sentence," he said. "The conduct of which this soldier was convicted is highly offensive, and if this is all one gets, it's not impunity, but it's getting real close."

Nine other soldiers have been convicted of abusing prisoners at Abu Ghraib, in many cases by forcing them to assume painful positions and humiliate themselves sexually while being photographed. Former Cpl. Charles Graner Jr. received the longest sentence -- 10 years in prison. Lynndie England, 23, a reservist photographed giving a thumbs-up in front of naked prisoners, is serving three years behind bars.

The Joy Of Being Blameless (NYT)

The New York Times, March 23, 2006

The contrast could not have been more stark, nor the message more clear. On the day that a court-martial imposed justice on a 24-year-old Army sergeant for tormenting detainees at Abu Ghraib with his dog, President Bush said once again that Defense Secretary Donald Rumsfeld, whose benighted policies and managerial incompetence led to the prisoner abuse scandal, was doing a "fine job" and should stay at his post.

We've seen this sorry pattern for nearly two years now, since the Abu Ghraib horrors first shocked the world: President Bush has clung to the fiction that the abuse of prisoners was just the work of a few rotten apples, despite report after report after report demonstrating that it was organized and systematic, and flowed from policies written by top officials in his administration.

Just this week, Eric Schmitt and Carolyn Marshall provided a bloodcurdling account in the Times of how a Special Operations unit converted an Iraqi military base into a torture chamber, even using prisoners as paintball targets, in its frenzy to counter a widely predicted insurgency for which Mr. Rumsfeld had refused to prepare. In early 2004, an 18-year-old man suspected of selling cars to members of a terrorist network was arrested and beaten repeatedly. Another man said he had been forced to strip, punched in the spine until he fainted, put in front of an air-conditioner while cold water was poured on him and kicked in the stomach until he vomited. His crime? His father had worked for Saddam Hussein.

These accounts are tragically familiar. The names and dates change, but the basic pattern is the same, including the fact that this bestiality produced little or no useful intelligence. The Bush administration decided to go outside the law to deal with prisoners, and soldiers carried out that policy. Those who committed these atrocities deserve the punishment they are getting, but virtually all high-ranking soldiers have escaped unscathed. And not a single policy maker has been called to account.

Col. Thomas Pappas, the former intelligence chief at Abu Ghraib, testified at the dog handler's trial that the use of dogs had grown out of conversations he had had with military jailers from Guantánamo Bay led by Maj. Gen. Geoffrey Miller, who had been sent to Iraq to instruct soldiers there in the interrogation techniques refined at Gitmo under Mr. Rumsfeld's torture-is-legal policy. Colonel Pappas said General Miller had explained how to use the "Arab fear of dogs" to set up interrogations.

What of General Miller? He invoked his right against self-incrimination to avoid testifying, and Time magazine reported this week that he was exonerated by an Army whitewash. Apparently he was not responsible for the actions of soldiers operating under rules he put in place.

About the only high-ranking officer whose career has suffered over Abu Ghraib is Lt. Gen. Ricardo Sanchez, who was the commander in Iraq at the time. General Sanchez should certainly take responsibility, but he was also a victim of administration blunders.

General Sanchez was vaulted inappropriately from head of the First Armored Division to overall commander because Mr. Bush declared "mission accomplished": the war's over. He was then denied the staff, soldiers and equipment he needed to deal with the insurgency that quickly broke out and produced thousands of prisoners.

Mr. Bush has refused to hold himself or any of his top political appointees accountable for those catastrophic errors. Indeed, he has promoted many of them. And this is not an isolated problem. It's just one example, among many, of how this president's men run no risk of being blamed for anything that happens, not matter how egregious.

Desire To 'Serve My Country' Cited By Volunteers For Duty In Iraq (WP)

The Washington Post, March 23, 2006

Almost 1,000 members of the U.S. Foreign Service have volunteered for duty in Iraq since 2003. The Foreign Service Journal, the magazine of the American Foreign Service Association, recently surveyed active-duty Foreign Service officers

(FSOs) about their tour there. Fifty-seven who replied served or currently serve in Iraq either at the embassy in Baghdad or elsewhere in the country. Here are some of their responses, as excerpted from an article in the March issue by Shawn Dorman, titled "Iraq Service and Beyond."

What motivated you to volunteer for Iraq service?

The most frequently stated response was, in various iterations, "to serve my country." Many spoke of a desire to serve where they are most needed. Some respondents mentioned an additional hope that Iraq service would be career-enhancing, while others pointed to the financial incentives.

How does the way you work in Iraq differ from the way you worked at other posts?

The three top ways working in Iraq differs from other places, according to the respondents, are: the level of danger, the extreme work hours and the non-integrated command structure between the embassy, the military and the Iraq Reconstruction Management Office.

Another factor raised by many survey respondents was the impact of having so many appointees and contractors at the mission, many of whom have never served in an embassy or overseas before.

One officer notes the difference by describing a trip to the Red Zone he had just taken the day before to meet with an Iraqi contact. (The Red Zone is all of Iraq outside the protected central-Baghdad area known unofficially as the Green Zone and officially as the International Zone.)

"I traveled to the meeting with three armored vehicles and 14 fully-armed contractors in assault gear as my personal security escort. I was met by six more of the same at the site who had secured the building before my arrival. As we entered Check Point One on our return to the International Zone, a car bomb detonated at Check Point Two, killing two and injuring many more. Timing is everything."

Many respondents commented on the "extreme" work hours. It is clear that the pace in Baghdad is frenetic and the flow of incoming taskings is relentless.

"The day begins at 8 a.m. or before, with meetings scheduled as late as 8 p.m.," explains an FSO serving in Baghdad. "People routinely work until 11 p.m., and there never seems to be a break. It creates a kind of Vegas casino atmosphere where you don't know if it's night or day outside because the activity level is constant. We have Friday 'off' but since Washington works on Friday, we need to be here then as well."

Are you able to do your job effectively, as one might expect at another post if you had the same portfolio? Can you see or talk to the people you need to? Can you communicate effectively with them (i.e., in Arabic, English)?

The most common response to the question about effectiveness was a conditional yes. The security situation is by far the most limiting factor. This includes both the difficulty of arranging meetings outside the Green Zone and the restrictions resulting from traveling to those meetings with armed guards.

"Extreme perseverance, determination and stubbornness are required to overcome the myriad of difficulties of performing diplomatic duties," writes an FSO serving in Baghdad. "However, often security restrictions keep us overly locked down and in a bubble, where we cannot accurately track or influence events."

Do security precautions limit your ability to do your job, and if so, how?

"It is not possible to leave the Green Zone without bodyguards," says an FSO serving in Baghdad, "and it is necessary to request them at least two days prior to any trip out. Many times security conditions will make it necessary to cancel or postpone a planned trip. The heavy security presence that accompanies us into the Red Zone also puts a damper on meetings. These security precautions are, however, absolutely necessary. This is a war zone and there are people out there who are actively trying to kill us. Anyone who doubts the need for the security precautions in place should be immediately removed from the mission."

"Security limits my ability to work," writes one officer serving in Baghdad. "Iraqis don't want me to visit their ministry with my personal security detail in town because that makes them a target. At the same time it is such a hassle to put in for and be approved for a Personal Security Detail and to coordinate the movement. There is very little flexibility, so no spontaneous action is ever possible."

Is housing adequate and sufficiently secure?

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Housing security is described by respondents as a significant problem for Foreign Service personnel serving in Baghdad who are not with USAID. Without being specific (though respondents were very specific) about the security problems, suffice it to say that most respondents feel that the trailers -- informally referred to as "hooches" -- are unsafe.

"Not only is housing inadequate," writes an FSO serving in Baghdad, "[but] basic privacy is not respected. The housing contractor, KBR, regularly goes into private housing for inspections without notice. Three such recent 'inspections' to my hooch did not result in needed repairs. When there is indirect mortar or rocket fire (a fairly common occurrence), the announcement tells us to seek cover under our beds (eight-inch clearance) or under our flimsy desks. I certainly do not feel safe when the entire hooch shakes violently from a nearby hit (five occurrences during four months so far)."

Many positions in Iraq have been and continue to be filled by non-career appointees, contractors and detailees from outside the Foreign Service. What has been the impact of this?

Out of some 2,000-plus people working on the U.S. embassy compound in Baghdad, fewer than 200 are career Foreign Service. Of course, at many embassies, State and the other foreign affairs agencies are a minority compared to the other federal agencies represented, but there is no other embassy in the world that is host to so many non-Foreign Service employees, political appointees and contractors.

"Frankly, I think a lot of the political appointees were disasters," writes an officer who served in Baghdad and other Iraqi cities. "They seemed to be ideologues rather than diplomats. A lot of the contractors and other detailees I met seemed quite capable."

Do you believe that Iraq service has helped or not helped your career? How?

Service in Iraq may give a boost for employees when they come up for review for promotion, but no conclusion could be drawn from the input we received on this question. For many people it is too early to tell what Iraq service will do for their career.

George Bush's Trillion-Dollar War (NYT)

By Bob Herbert

The New York Times, March 23, 2006

Call it the trillion-dollar war.

George W. Bush's war in Iraq was never supposed to be particularly expensive. Administration types tossed out numbers like $50 billion and $60 billion. When Lawrence Lindsey, the president's chief economic adviser, said the war was likely to cost $100 billion to $200 billion, he was fired.

Some in the White House tried to spread the fantasy that Iraqi oil revenues would pay for the war. Paul Wolfowitz, the former deputy defense secretary and a fanatical hawk, told Congress that Iraq was "a country that can really finance its own reconstruction, and relatively soon."

The president and his hot-for-war associates were as wrong about the money as they were about the weapons of mass destruction.

Now comes a study by Joseph Stiglitz, a Nobel Prize-winning economist at Columbia University, and a colleague, Linda Bilmes of the Kennedy School of Government at Harvard, that estimates the "true costs" of the war at more than $1 trillion, and possibly more than $2 trillion.

"Even taking a conservative approach and assuming all U.S. troops return by 2010, we believe the true costs exceed a trillion dollars," the authors say.

The study was released earlier this year but has not gotten much publicity. The analysis by Professors Stiglitz and Bilmes goes beyond the immediate costs of combat operations to include other direct and indirect costs of the war that, in some cases, the government will have to shoulder for many years.

These costs, the study says, "include disability payments to veterans over the course of their lifetimes, the cost of replacing military equipment and munitions, which are being consumed at a faster-than-normal rate, the cost of medical treatment for returning Iraqi war veterans, particularly the more than 7,000 [service members] with brain, spinal, amputation and other serious injuries, and the cost of transporting returning troops back to their home bases."

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The study also notes that Defense Department expenditures that were not directly appropriated for Iraq have grown by more than 5 percent since the war began. But a portion of that increase has been spent "on support for the war in Iraq, including significantly higher recruitment costs, such as nearly doubling the number of recruiters, paying recruitment bonuses of up to $40,000 for new enlistees and paying special bonuses and other benefits, up to $150,000 for current Special Forces troops that re-enlist."

"Another cost to the government," the study says, "is the interest on the money that it has borrowed to finance the war."

Among the things taken into account by the study are some of the difficult-to-quantify but very real costs inflicted by the war on the American economy and society, such as the effect of the war on oil prices, and the economic loss that results from the many thousands of Americans wounded and killed in the war.

The study does not address the substantial costs of the war borne by Iraq or by any other countries besides the United States.

In an interview, Mr. Stiglitz said that about $560 billion, which is a little more than half of the study's conservative estimate of the cost of the war, would have been enough to "fix" Social Security for the next 75 years. If one were thinking in terms of promoting democracy in the Middle East, he said, the money being spent on the war would have been enough to finance a "mega-mega-mega-Marshall Plan," which would have been "so much more" effective than the invasion of Iraq.

It's not easy to explain just how much money $1 trillion really is. Imagine a stack of bills worth $1 million that is roughly six inches high. (Think big denominations — a mix of $100 bills and $1,000 bills, mostly $1,000's.) If the six-inch stack were enlarged to the point where it was worth $1 billion, it would be as tall as the Washington Monument, about 500 feet. If it were worth $1 trillion, the stack would be 95 miles high.

Ms. Bilmes said that the $1 trillion we're spending on Iraq amounts to about $10,000 for every household in the U.S.

At his press conference on Tuesday, President Bush made it clear that whatever the cost, American forces would not be leaving Iraq soon. When asked whether a day would come when there were no U.S. forces in Iraq, he said that decision would be made by future presidents and future governments of Iraq.

The meter's running. We're at a trillion dollars, and counting.

Bush, Rice Express Concern For Afghan (AP)

By Barry Schweid

AP, March 22, 2006

President Bush called on Afghanistan on Wednesday to respect the religious freedom of an Afghan citizen on trial for his life for converting from Islam to Christianity.

"We expect them to honor the universal principle of freedom," Bush said in a statement in Wheeling, W.Va., preceding a speech on Iraq. "I'm troubled when I hear, deeply troubled when I hear, the fact that a person who converted away from Islam may be held to account."

While not demanding that the trial be stopped and the defendant released, Bush said he wanted to make sure that "people are protected in their capacity to worship."

Secretary of State Condoleezza Rice followed up with a meeting with Afghan Foreign Minister Abdullah Abdullah, whose government is an ally of the United States in the war on terror.

She told him she was deeply troubled by the case and called the prosecution "contrary to universal democratic values," State Department spokesman Sean McCormack said.

Rice also told Abdullah that those values include freedom of religion, which the United States fought for in Afghanistan and elsewhere, McCormack said.

And she told the foreign minister that the case ran contrary to the Afghan constitution.

The statements by Bush and Rice toughened the U.S. stance in a controversy that has spread beyond Southeast Asia, evoking statements of concern, for instance, in Germany and Italy.

On Tuesday, administration officials expressed respect for Afghanistan's sovereignty while also registering their concern over the case.

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The case involves a 41-year-old Afghan man, Abdul Rahman, who converted from Islam and was arrested last month after his family accused him of becoming a Christian. The conversion is a crime under Afghanistan's Islamic laws.

Abdullah made no statement after his meeting with Rice, which was not listed on her public schedule.

Here for strategic talks, Abdullah said Tuesday he hoped "through our constitutional process there will be a satisfactory result." He did not say whether he thought the defendant would be found innocent.

On Wednesday, the Afghan embassy responded to expressions of concern with a statement saying the Kabul government "is fully aware of and pursuing the best way to resolve Mr. Rahman's case judicially."

"It's too early to draw a conclusion about the punishment," the statement said.

But it said Rahman's mental fitness was being evaluated by the judicial system and that results may end the proceedings.

Michael Cromartie, chair of the U.S. Commission on International Religious Freedom, said in a statement he had written to Bush to express concern about the trial and the threatened execution of Rahman.

Cromartie told the president that the prosecutor had called Rahman "a microbe (who) should be cut off and removed from the rest of Muslim society and should be killed."

The Council on American-Islamic Relations issued a statement calling for Rahman's release. "Religious decisions should be matters of personal choice, not a cause for state intervention," the Muslim civil liberties group said.

Afghan Trial Of Christian 'Troubles' Bush (WT)

By Stephen Dinan

The Washington Times, March 23, 2006

WHEELING, W. Va. -- President Bush yesterday said he was "deeply" troubled by the trial in Afghanistan of a Christian who could face execution for converting from Islam and vowed to pressure the Afghan government on the matter.

"It is deeply troubling that a country we helped liberate would hold a person to account because they chose a particular religion over another," Mr. Bush said.

Abdul Rahman could face the death penalty for rejecting Islam. He converted to Christianity 16 years ago while working for a Christian aid organization in Pakistan, but it just came to light recently during a custody battle over his two children.

While nations such as Italy and Germany lodged strong protests earlier this week against the trial, the U.S. State Department on Tuesday was more tepid, calling the case a matter for Afghan authorities.

Yesterday, Mr. Bush took a much firmer stance.

"We have got influence in Afghanistan, and we are going to use it to remind them that there are universal values," he said.

It appeared yesterday that Afghanistan was looking for a way out of the international furor over the matter. The Associated Press, reporting from Kabul, Afghanistan, quoted a prosecutor as saying Mr. Rahman may be mentally unfit for trial.

"We think he could be mad. He is not a normal person. He doesn't talk like a normal person," said the prosecutor, Sarinwal Zamari, while the AP also quoted a religious adviser to President Hamid Karzai as saying that Mr. Rahman will have an exam and that if he is deemed unfit, the case against him would be dropped.

Afghan Foreign Minister Abdullah Abdullah on Tuesday said that he understood American concerns but that the matterwas a legal one and the government "has nothing to do with it."

Prosecutors said the case against Mr. Rahman would be dropped if he converted back to Islam, but he has refused. The state-sponsored Afghan Independent Human Rights Commission has said Mr. Rahman violated Islamic law by converting to another religion and should be punished.

The trial has become a cause for Christians worldwide and for conservative groups in the United States, who demanded that the U.S. government intervene.

"Americans have not given their lives so that Christians can be put to death," said Tony Perkins, president of the Family Research Council.

The Council on American-Islamic Relations, an American Muslim advocacy group, also joined the call for Mr. Rahman to be released.

"Islam advocates both freedom of religion and freedom of conscience," the group said.

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The trial could be a stumbling block for Mr. Bush, who is traveling across the U.S. arguing that freedom and democracy are universal values and modern civil societies can rise from formerly oppressed Middle Eastern nations.

He has talked about allowing nations to form democracies in their own style, and often points to Japan's development of a "Japanese-style democracy" after World War II as a model.

But an Afghanistan-style democracy that includes trials of Christian converts is unacceptable to Mr. Bush's supporters.

"How can we congratulate ourselves for liberating Afghanistan from the rule of jihadists only to be ruled by radical Islamists who kill Christians?" Mr. Perkins said.

Speaking in Wheeling at a town-hall-style event yesterday, Mr. Bush raised the issue himself, saying he was "deeply troubled."

But a firefighter in the audience challenged Mr. Bush to go further and reminded him that hundreds of firefighters died in the September 11 attacks by al Qaeda, whose leader, Osama bin Laden, was based in Afghanistan with the permission of the ruling Taliban.

"Do you have an army of sociologists to go over there and change that country, or are you hoping that in a couple decades that we can change the mind-set over there?" the firefighter asked.

"We can solve this problem by working closely with the government that we've got contacts with -- and will," Mr. Bush said. "We'll deal with this issue diplomatically and remind people that there is something as universal as being able to choose religion."

Being Christian In Afghanistan (TIME)

By Tony Karon

Time, March 22, 2006

When a Christian believer in a nation wholly dependent on U.S. support faces trial and possibly execution simply for embracing the same faith as the President of the United States, you'd think that country would be read the riot act. Instead, Washington's response to the trial in Afghanistan of Abdul Rahman has been rather muted. President Bush said Wednesday he was deeply troubled by the case and said he expected Afghanistan to "honor the universal principle of freedom." Undersecretary of State for Political Affairs Nicholas Burns has urged the Afghan authorities to follow what he said was their own constitution's commitment to the principle of freedom of worship, but added that the U.S. was not going to get involved in the case. "This is a case that is not under the competence of the United States," he said. "It is under the competence of the Afghan authorities. We hope that the Afghan constitution is going to be upheld, and in our view, if it is upheld, he will be found to be innocent."

Perhaps, but there's hardly any certainty over that outcome — even in the new Afghanistan liberated from the rule of the Taliban, personal status issues are governed by Islamic Sharia law rather than a civil code. And it's not clear how a conflict between Sharia and the Afghan constitution's embrace of U.N. Human Rights conventions that guarantee freedom of worship would be resolved. The country's chief justice, Fazl Hadi Shinwari, has no secular legal education, and had previously been the head of a Council of Islamic Scholars. He is also a close associate of Abdul-Rabb al-Rassul Sayyaf, by a mujahedeen warlord-turned-legislator who once had close ties with Osama bin Laden.

Rahman, 41, who converted to Christianity 16 years ago, has been charged in a case arising out of a custody dispute. He may avoid conviction, however, not because of constitutional provisions for freedom of religion, but because both the judge and prosecutors have questioned his sanity and his fitness to stand trial. "We think he could be mad," prosecutor Sarinwal Zamari told the AP. "He does not talk like a normal person." Rahman earlier told the court, "They want to sentence me to death and I accept it, but I am not a deserter and not an infidel. I am a Christian, which means I believe in the Trinity."

The subdued response of the Bush Administration, and the neutral stance taken by President Hamid Karzai, who has stressed that the matter must be left to the courts, underscores the political sensitivity of the case. Even after the Taliban's ouster, much of Afghanistan's political life is dominated by conservative Islamists. And successive Afghan governments have come out strongly against proselytizing by Christian missionary groups — they're willing to accept aid, but are hostile to any attempt to secure converts. That may fly in the face of the principle of religious freedom, just as the furor over the Danish cartoons challenged the principle of freedom of speech, but there's little doubt that any appearance of Western powers seeking to defend

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the right of Christians to proselytize in Muslim lands would touch off a similar response in places such as Afghanistan and Pakistan, frontline allies in the war on terror. The Abdul Rahman case highlights the limits on the freedom the U.S. has brought to Afghanistan, and will raise the ire of the Evangelical Christian political base of the GOP. But Washington will also be aware that the current political order may be as good as it gets right now, in terms of an Afghan government allied with the West. And if the priority is saving Mr. Rahman's life and preserving his freedom, turning the case into a "clash of civilizations" battle of wills may not be the most effective strategy.

Allies Troubled By Afghan Threat To Christian Convert From Islam (NYT)

By Laurie Goodstein

The New York Times, March 23, 2006

The case of an Afghan man who could face the death penalty in his country for converting to Christianity from Islam has prompted a swift international outcry. President Bush said yesterday that he was "deeply troubled," and leaders of three other nations with troops in Afghanistan also voiced objections.

The convert, Abdul Rahman, has been accused of apostasy and jailed, but not formally charged. In the United States this week, Christian talk shows and advocacy groups rallied their supporters, who flooded the White House and the Afghanistan Embassy with complaints.

The embassy released a statement yesterday saying that it was "too early" to draw conclusions, and that a judge was now "evaluating questions raised about the mental fitness of Mr. Rahman." The embassy said the results of that evaluation "may end the proceedings."

Mr. Rahman told a preliminary hearing in Afghanistan last week that he converted to Christianity about 15 years ago while working with a Christian aid group helping refugees. When he recently sought custody of his children from his parents, family members reported his conversion.

The prosecutor in the case called Mr. Rahman "a microbe" who "should be killed."

Although an American invasion overthrew the Taliban government four years ago, there are still judges who hold radical interpretations of Shariah, or Islamic law.

The case presents a challenge for President Hamid Karzai's government, which is dependent on foreign troops and foreign aid but insistent on the independence of its courts.

Mr. Bush, in a visit to Wheeling, W.Va., yesterday to rally support for the war in Iraq, said: "I'm troubled when I hear — deeply troubled when I hear that a person who has converted away from Islam may be held to account. That's not the universal application of the values that I talked about."

The United States Commission on International Religious Freedom, a bipartisan government group that works closely with the State Department, has previously warned that the Afghan Constitution does not adequately protect religious freedoms, said Tad Stahnke, the commission's deputy director for policy.

Officials from Germany, Italy and Canada, which all have troops serving in Afghanistan, have voiced their concerns to Mr. Karzai's government. The Italian foreign minister and deputy prime minister, Gianfranco Fini, said Tuesday that he had received assurance that Mr. Rahman would not be executed, but he did not elaborate.

The Council on American-Islamic Relations, based in Washington, called for Mr. Rahman's release, saying that the Koran supported religious freedom and that Islam was never compulsory. CAIR said its position was endorsed by the Fiqh Council of North America, a committee of Islamic legal scholars.

Karzai Shuffles Cabinet

By The New York Times

KABUL, Afghanistan, March 22 — President Hamid Karzai has proposing seven new names for his 25-member cabinet, officials said Wednesday.

Abdullah, Mr. Karzai's foreign minister for four years, was replaced by Rangeen Dadfar Spanta, Mr. Karzai's adviser on foreign affairs.

Outrage In Afghanistan (NYT)

The New York Times, March 23, 2006

What's the point of the United States' propping up the government of Afghanistan if it's not even going to pretend to respect basic human rights? President Bush himself said it was "deeply troubling" that an Afghan man is facing the death penalty for converting from Islam to Christianity.

In fact, the case is more than deeply troubling; it's barbaric, and we were glad that Mr. Bush promised yesterday to press for religious freedom in Afghanistan. The Afghan man, Abdul Rahman, was arrested two weeks ago. His parents reported him to the police for converting to Christianity 16 years earlier while working for a Christian aid organization in Peshawar, Pakistan. He was hauled before a judge, where he said he had no regrets. "If he doesn't revert back to Islam, he's going to receive the death penalty, according to the law," an Afghan Supreme Court judge told Agence France-Presse.

And maybe Afghanistan should also return to stoning women to death for adultery? The United States, Britain and every other country helping the Afghan government should take a hard look at its legal institutions. Muslim leaders would also do well to condemn this strongly; those who continue to hold the teachings of Islam hostage to intolerance do grievous harm to their religion.

There appears to be a move afoot to declare Mr. Rahman mentally incompetent as a way to avoid the mess. That would be a cheap trick because the law would remain on the books. Afghanistan is not the only American ally that enforces cruel religious laws. But this is a country that was liberated from the Taliban by American troops and whose tenuous peace is enforced by those troops. If Afghanistan wants to return to the Taliban days, it can do so without the help of the United States.

Afghan Foreign Minister To Be Replaced (AP)

By Amir Shah, Associated Press Writer

AP, March 23, 2006

The man who has held Afghanistan's foreign minister post since the fall of the Taliban regime four years ago will be replaced in a Cabinet reshuffle, officials said Wednesday.

The changes are subject to parliament approval and will be presented to the body this week, said Khaleeq Ahmed, spokesman for President Hamid Karzai. The Cabinet is to be trimmed from 27 members to 26. Fourteen ministers have kept their jobs, four changed portfolios while eight are new faces, according to a list from Karzai's office.

Foreign Minister Abdullah Abdullah, who has had close ties with Washington, will be replaced by Rangeen Dadfar Spanta, a presidential adviser on foreign affairs. The move had been long anticipated because of an apparent falling out between Abdullah and Karzai over how the ministry was directing foreign affairs, observers say.

A senior Afghan official said the change was intended to make the Foreign Ministry more active in promoting the country's interests and in hopes of improving relations with other nations. He spoke on condition of anonymity because of the sensitivity of the matter.

Afghanistan's relations with neighboring Pakistan have deteriorated significantly in recent months because of a dispute over the movement of militants back and forth across their long, largely unguarded border.

Ties with another neighbor, Iran, have also been strained because of Karzai canceling a trip there in late January, allegedly because of pressure from the United States.

The incoming interior minister, Zarar Ahmad Moqbil, has been acting interior minister since September. The incumbent minister for women's affairs, Masooda Jalal, will be replaced by Surya Rahim Subhrang, a women's rights activist.

Among the key ministers who will keep their jobs are Counternarcotics Minister Habibullah Qaderi, Defense Minister Abdul Rahim Wardak and Economy Minister Amin Farhang.

Taliban Man At Yale (WSJ)

By John H. Fund

The Wall Street Journal, March 23, 2006

Something is very wrong at our elite universities. Last month Larry Summers resigned as president of Harvard; today Libyan dictator Moammar Gadhafi will speak by video to a conference at Columbia University that his regime is cosponsoring. (Columbia won't answer questions about how much funding it got from Libya or what implied strings were attached.) Then

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there's Yale, which for three weeks has refused to make any comment or defense beyond a vague 144-word statement about its decision to admit Sayed Rahmatullah Hashemi -- a former ambassador-at-large of the murderous Afghan Taliban -- as a special student.

The three backers of the foundation that, along with Yale, is subsidizing Mr. Hashemi's tuition have told the Yale Daily News that they are withdrawing their support. But the university remains mute and paralyzed. "The intelligentsia haven't told Yalies what to think yet, because even they haven't made up their minds," says Yale professor David Gelernter. He clearly has: He calls the Taliban "an evil and macabre terrorist group. . . . The fact that Hashemi didn't do actual killing does not absolve him. Goebbels didn't shoot anyone either."

Universities are places where free inquiry, debate and information sharing are supposed to be guiding lights. In reality, the ivory towers too often now resemble dark castles, which raise their drawbridges at the first hint of criticism or scrutiny. Never has the moat separating elite universities from the rest of America been wider than in the case of Yale's Taliban Man.

In justifying its grant of a place to Mr. Hashemi, Yale has cited his approval by the State Department. And Yale's sole official statement says it hopes "his courses help him understand the broader context for the conflicts that led to the creation of the Taliban and to its fall. . . . Universities are places that must strive to increase understanding." That justification is unsettling to two women who will join voices at Yale tonight. Natalie Healy lost her Navy SEAL son Dan in Afghanistan last year when a Taliban rocket hit his helicopter. Ms. Healy, who notes that her son had four children of his own, is appalled at Yale's new student. "Lots of people could benefit from a Yale education, so why reward this man who was part of the group that killed Dan?" she told me. "I want to tell [Yale President] Richard Levin that his not allowing ROTC on campus is one thing, but welcoming a former member of the Taliban is deeply insulting to families who have children fighting them right now."

Ten days ago Ms. Healy met Malalai Joya, a member of Afghanistan's parliament, when she spoke near her home in Exeter, N.H. Tonight, Ms. Joya will speak at Yale on behalf of the Afghan Women's Mission. She is appalled that many people have forgotten the crimes of the Taliban, and was surprised to hear that Mr. Hashemi, who, like her, is 27 years old, is attending Yale. "He should apologize to my people and expose what he and others did under the Taliban," she told me. "He knew very well what criminal acts they committed; he was not too young to know. It would be better if he faced a court of justice than be a student at Yale University." * * *

Mr. Hashemi probably won't be attending Ms. Joya's lecture tonight. He has dodged reporters for three weeks, ever since his presence at Yale was revealed in a cover story in the New York Times Magazine. Some claim he has fully repented his Taliban past, but in his sole recent interview -- with the Times of London -- he acknowledged he'd done poorly in his class "Terrorism: Past, Present and Future," attributing that to his disgust with the textbooks: "They would say the Taliban were the same as al Qaeda." At the same time, Mr. Hashemi won't explain an essay he wrote late last year in which he called Israel "an American al Qaeda" aimed at the Arab world. When asked about the Taliban's public executions in Kabul's soccer stadium, he quipped: "There were also executions happening in Texas."

Given his record as a Taliban apologist, Mr. Hashemi has told friends he is stunned Yale didn't look more closely into his curriculum vitae. "I could have ended up in Guantanamo Bay," he told the New York Times. So how did he end up in the Ivy League? Questions start at the State Department's door. Sen. John Cornyn of Texas, chairman of the Judiciary Committee's border security panel, has asked the State Department and Homeland Security Secretary Michael Chertoff to explain exactly how Mr. Hashemi got an F-1 student visa. Yale's decision tree is clearer. Richard Shaw, Yale's dean of undergraduate admissions until he took the same post at Stanford last year, told the New York Times that Yale had another foreigner of Mr. Hashemi's caliber apply but "we lost him to Harvard" and "I didn't want that to happen again." Mr. Shaw won't return phone calls now, but emails he's exchanged with others offer insights into his thinking.

The day after the New York Times profile appeared, Haym Benaroya, a professor at Rutgers, wrote to Mr. Shaw expressing disbelief that Mr. Hashemi, who has a fourth-grade education and a high school equivalency certificate, could be at Yale. Mr. Shaw replied that he indeed had "non-traditional roots [and] very little formal education but personal accomplishments that had significant impact." Mr. Benaroya was stupefied; did Mr. Shaw mean accomplishments that had a "positive impact, not terroristic and totalitarian impact"? Mr. Shaw responded: "Correct, and potential to make a positive difference in seeking ways towards peace and democracy. An education is a way toward understanding the complex nuances of world politics."

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Back in the early 1990s, when he was dean of Yale College, Yale history professor Don Kagan warned about what he called the university's "mutual massage" between value-neutral professors and soft-minded students. He is even more critical now: "The range of debate on campus is more narrow than ever today, and the Taliban incident is a wake-up call that moral relativism is totally unexamined here. The ability of students to even think clearly about patriotism and values is being undermined by faculty members who believe that at heart every problem has a U.S. origin." Mr. Kagan isn't optimistic that Yale will respond to outside pressure. "They have a $15 billion endowment, and I know Yale's governing board is handpicked to lick the boots of the president," he told me. "The only way Yale officials can be embarrassed is if a major donor publicly declares he is no longer giving to them. Otherwise, they simply don't care what the outside world thinks."

But there may be one other source of worry for Yale. Mr. Hashemi told the New York Times that he will apply next month for sophomore status in Yale's full-degree program starting next fall. An admissions official told me Yale's plan all along was to do just that if his grades were acceptable. But next week, Yale will mail out 19,300 rejection letters to those who applied to be in its class of 2010. "I can't imagine it'll be easy for Yale to convince those it rejects that the Taliban student isn't taking a place they could have had," a former Yale administrator told me.

Former Yale president Benno Schmidt says admitting Mr. Hashemi is an exercise in "amorality and cynicism." He told me that "diversity simply cannot be allowed to trump all moral considerations."

It's not as if Yale can't muster moral indignation. Yale is divesting from Sudan, responding to pressure from student activists and labor unions. But when it comes to a former Taliban official, there is a desire to move on.

A case in point is Amy Aaland, executive director of Yale's Slifka Center for Jewish Life, where Mr. Hashemi takes his meals (Kosher complies with Islamic dietary laws). When I asked her if any of the revelations about his past disturb her, she noted that he was "very, very young" when he had been a Taliban official, and that "it's not like the Taliban attacked this country." I asked about the Taliban's decree in May 2001 that all non-Muslims -- chiefly Hindus -- had to wear yellow badges. The order, reminiscent of the Nazis, was met with global censure. A reporter then in Kabul recalls Mr. Hashemi had no trouble defending the decree as a protection for minorities against punishment by the religious police "until I pointed out it also required non-Muslims to move out of housing they shared with Muslims within three days; he didn't have a coherent response to that." Ms. Aaland absorbed all that I told her, and replied: "I don't expect learning to happen overnight." She still thought that "just living here, [Mr. Hashemi] can learn values and ideals from our society."

There is a line beyond which tolerance and political correctness become willful blindness. Eli Muller, a reporter for the Yale Daily News, was stunned back in 2000 when the lies of another Taliban spokesman who visited Yale "went nearly unchallenged." He concluded that the "moral overconfidence of Yale students makes them subject to manipulation by people who are genuinely evil." Today, you can say that about more than just some naïve students. You can add the administrators who abdicated their moral responsibility and admitted Mr. Hashemi.

Mr. Fund is a columnist for OpinionJournal.com.

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D.C. Gets A Solicitor General (AP)

AP, March 23, 2006

WASHINGTON (AP) - Todd Kim has been appointed Solicitor General for the District of Columbia.

Mayor Anthony Williams announced Wednesdday that Kim will come over from the Justice Department on April third.

The solicitor general's office represents the District government in all appellate level court cases. Establishing the office is really a renaming of a branch of the D.C. Attorney General's office.

The measure is part of the mayor's continuing effort to reshape the District government to resemble state governments. The Office of Corporation Counsel was renamed the attorney general's office for the same reason in 2004.

Attorney General Robert Spagnoletti says it's critical that civil and criminal appeals be handled effectively.

CORPORATE SCANDALS:

Enron Ex-Treasurer Ties Lay, Skilling To Charges (WSJ)

By Gary McWilliams And Ann Davis

The Wall Street Journal, March 23, 2006

HOUSTON -- A high-ranking former Enron Corp. executive tied the company's former top executives, Kenneth Lay1 and Jeffrey Skilling2, to activities at the heart of the government's conspiracy and fraud allegations -- approving the improper use of reserves, misleading investors and hiding losses.

Describing his meetings with Messrs. Lay and Skilling, former company treasurer Ben Glisan Jr.3 alleged that the defendants authorized the use of accounting reserves to pad earnings and investment vehicles to hide losses. They also ignored calls to write down billions of dollars of soured investments, he alleged. (Excerpts from Glisan testimony4)

When Mr. Skilling was reviewing a plan in a 2000 board meeting to use Enron stock to hedge investments, he replied that he wouldn't recommend the plan "except that it allowed him to circumvent accounting rules," alleged Mr. Glisan. Mr. Lay's reaction to the idea was "to giggle...in delight," he added.

Mr. Glisan pleaded guilty to conspiracy to commit wire and securities fraud and is serving a five-year prison sentence. He is expected to be extensively challenged when defense attorneys begin questioning him Thursday morning.

Late Wednesday, Mr. Glisan testified he was told by two Enron executives of verbal "side" agreements guaranteeing an investment fund controlled by Enron's then-chief financial officer would not lose money on transactions with Enron. He said that Chief Accounting Officer Richard Causey told him that Mr. Skilling had reviewed the side deals.

Mr. Glisan said he took notes on several such verbal agreements while acting as a middleman between the executives who negotiated them: Mr. Causey and the chief financial officer, Andrew Fastow5. Government attorneys showed the jury copies of the notes as well as Mr. Glisan's calendar entries that mentioned the side deals. Mr. Glisan testified that those deals were improper because they weren't documented in official Enron contracts. The government has argued that the side deals invalidated the transactions, which were used to bolster Enron's finances.

The former treasurer also alleged that in the fall of 2001, Mr. Lay vetoed having Enron take any write-downs larger than $1 billion in its troubled telecommunications, retail energy and international-power operations. Mr. Lay feared that a larger write-down would trigger a credit-rating downgrade that would cripple its money-making trading business, Mr. Glisan said.

He also testified that Mr. Skilling had earlier in the year estimated that the value of several Enron businesses had declined by as much as $5 billion, but concluded the company's finances were too fragile to support a full write-down. Mr. Skilling resigned in August 2001 and Mr. Lay was told of the needed write-downs at management meetings that month, Mr. Glisan said.

At a September 2001 management meeting, presided over by Mr. Lay, executives discussed a litany of business woes, with one saying "he was glad he didn't have a gun or he would shoot himself," testified Mr. Glisan. Several executives proposed no longer using "structured finance" transactions to meet earnings targets, he said, but Mr. Lay replied that " 'we rely on these; they are imperative to hit our numbers and we're going to keep doing them.' "

As treasurer, Mr. Glisan helped raise equity and debt to finance the company's businesses. He testified that one of his jobs that fall was to "probe" the credit-rating agencies to see how much of a write-down Enron could take without losing its investment-grade credit rating.

After learning that the rating companies wouldn't tolerate greater than a $1 billion write-down, which the company subsequently announced for the third quarter of 2001, Mr. Lay agreed to personally call two rating agencies, Mr. Glisan said. Mr. Lay promised the ratings officials that Enron would be taking no further write-downs beyond the $1 billion, even though he had been told by company executives that further write-downs were unavoidable, Mr. Glisan said.

Glisan: Lay Worried About Enron Problems (AP)

By Kristen Hays

AP, March 23, 2006

DOJ_NMG_0020145

HOUSTON -- Enron Corp. founder Kenneth Lay worried in 2001 that the company's mounting financial problems would jeopardize its credit rating and inquired about managing its accounting to avoid a downgrade, a former Enron treasurer testified Wednesday.

Testimony by former Treasurer Ben Glisan Jr., which began late Tuesday and has outlined a series of what he said were public fabrications by Lay and former Chief Executive Officer Jeffrey Skilling about the health of the company, struck a nerve with Lay.

During a break in Glisan's testimony Wednesday afternoon, a visibly annoyed Lay told reporters, "I've never heard so many lies in one day in my whole life." Lay's wife, Linda, nodded her head and added, "Unbelievable."

Glisan testified that Lay assigned him to feel out credit-rating agencies about how large some required accounting writedowns could be without jeopardizing Enron's rating.

"That's backwards," Glisan told jurors in the fraud and conspiracy trial of Lay and Skilling. "What should occur is we should take the charges that we needed to take and then deal with the consequences."

Glisan said Lay and Skilling knew Enron, then a reputed powerhouse, was actually weak and faced multibillion-dollar losses and writedowns on poorly performing or overvalued assets.

Skilling abruptly resigned in mid-August 2001, Lay resumed as CEO, and those problems grew, Glisan said. The company tumbled into bankruptcy proceedings in December 2001.

Glisan also said Lay and Skilling misled Wall Street in 2001 about the nature of Enron's business, describing it as a "logistics" company rather than as an energy trader.

Glisan said "logistics" indicated Enron made money by delivering commodities and could sustain its growth. A trader is vulnerable to market volatility and therefore a more risky investment, which Glisan said could translate into a lower credit rating and stock price.

"Mr. Skilling said the market does not like trading companies, and it was important to articulate our strategy as being a logistics company and stay away from the term 'trading company' or 'traders,'" Glisan said, describing Skilling's instructions to top executives before Enron held an analyst conference in January 2001.

Skilling lawyer Daniel Petrocelli was to begin Glisan's cross-examination on Thursday, followed by Bruce Collins, one of Lay's lawyers.

Glisan, a onetime protege of former Enron Chief Financial Officer Andrew Fastow, is the last major government witness in its case against Lay and Skilling. The defense teams are expected to begin presentation next week of their evidence _ which they say will include testimony from Lay and Skilling. Lay lawyer Michael Ramsey said that of the two defendants, Skilling would likely take the stand first.

Glisan, in the eighth week of the trial, corroborated testimony from earlier government witnesses _ including Fastow _ who also said Lay and Skilling repeatedly lied to investors about Enron's financial strength. He often referred to notes he kept in 2001 of conversations and meetings.

The defendants claim there was no fraud at Enron and negative publicity coupled with diminished market confidence fueled the company's failure.

Glisan is halfway through a five-year prison sentence for creating fraudulent financial structures known as Raptors, which he said Enron used to house poor assets and investments and hide losses. He pleaded guilty to conspiracy in September 2003 and was immediately incarcerated because he hadn't yet begun to cooperate with prosecutors.

Prosecutors contend Lay and Skilling knew about the Raptors and how they were used.

"Ultimately how was Raptor used by Enron?" prosecutor Kathryn Ruemmler asked.

"To help Enron avoid losses that it should have taken," Glisan replied.

Glisan described his presentation of the first of the Raptors to the finance committee of Enron's board in May 2000. Then-Chief Accounting Officer Richard Causey explained that the structure had some "accounting risk," but outside auditors had approved it. Then he said Lay giggled.

"In what sense?" prosecutor Kathryn Ruemmler asked.

"In delight," Glisan replied.

At that, Lay turned to his daughter, Elizabeth Vittor, one of the lawyers at the defense table, and said, "I giggled?"

"Did they accept the number one risk of the deal, which was accounting scrutiny?" the prosecutor asked, referring to directors at the meeting, including Lay and Skilling.

"Yes," Glisan said.

Glisan was among Fastow subordinates who participated in one of the scams the ex-CFO ran to skim millions from Enron. The young treasurer invested $5,800 in a deal that brought him a $1 million return within weeks. He said Fastow framed the windfall as compensation for Glisan helping make Fastow look good, and Fastow assured him that Skilling had approved the deal. Glisan didn't talk to Skilling about it.

Fastow was pushed out of Enron in late October 2001, and Glisan told jurors he told Lay about his windfall from a Fastow scheme and offered to resign.

He said Lay told him "the worst thing I could do at the moment was resign," so he stayed _ but he was fired less than two weeks later.

Glisan said he regretted accepting the $1 million, but regretted other actions at Enron more.

"At the end of the day, all the other actions I and others took at Enron impacted investors far more greatly," he said.

Fastow pleaded guilty to two counts of conspiracy in January 2004 and agreed to serve the maximum 10-year term. He is to be sentenced in June.

Glisan also told jurors Wednesday that Lay wanted to prevent a credit downgrade because it would make it more expensive for Enron to borrow millions to support its trading operation and could force debt repayment when little cash was available. It also would alert Wall Street to looming financial problems.

Prosecutors contend Lay hid bad news from debt-rating agencies to maintain an investment-grade rating.

Glisan said his gentle inquiries with credit-rating agencies revealed that Enron could report a charge of up to $1 billion without prompting a downgrade.

In mid-October, the company announced that amount _ not the multibillion dollars in actual charges that executives had discussed internally _ when it released third-quarter 2001 earnings, with Lay telling analysts that all the financial cards were on the table and core businesses were strong.

But scrutiny increased from analysts and credit rating agencies as Enron's share price continued to drop and investors fled rather than accept the company's continued assurances.

"We were an economically weak and strained company that had systematically hidden that weakness for a long period of time," Glisan said.

Lay is facing seven charges, including improperly avoiding writedowns and lying to outside auditors. Skilling's 31 counts include misusing reserves and signing misleading letters to auditors vouching for Enron's financial statements.

Associated Press Writer Michael Graczyk contributed to this report.

Glisan Testimony Takes Aim At Ex-Enron Bosses (HC)

By MARY FLOOD

Houston Chronicle, March 23, 2006

Former Enron Treasurer Ben Glisan Jr. spent today corroborating prior testimony against his former bosses, piling on new accusations and attacking their defenses to multiple conspiracy and fraud charges.

The last big gun the government is expected to call before it rests, possibly next week, Glisan clearly angered former Chairman Ken Lay at whom much of the day's testimony was directed.

"I've never heard so many lies in one day in my life," Lay said angrily as he and his wife Linda exited the courtroom during an afternoon break. "And you can quote me on that!"

Glisan's testimony went to the heart of key defenses — that Lay and former CEO Jeff Skilling didn't know about wrongdoing or massive financial problems at Enron and that the company fell because of a "run on the bank" started by revelations of former CFO Andrew Fastow's secret thieving.

An articulate and even-keeled Glisan testified that both Skilling and Lay knew a great deal about deep-seated financial woes at the company, signed off on improper deals and repeatedly misrepresented Enron's finances to the public. The defendants have said the company was in good shape and they didn't know about problems.

Glisan also indicated that a "run on the bank" was imminent because the company had been touting failing businesses, hiding losses, keeping assets overvalued by billions and had excessive debt. He said analysts were beginning to catch on.

Things were so bad, the 40-year-old prison inmate told the jury, that at a management meeting in The Woodlands in September 2001, all Lay and others heard was a litany of woes from broadband and retail division losses to overvalued international assets to use of improper use of reserves.

"It was ugly," Glisan recalled. He said wholesale trading division executive John Lavorato stated "he was glad we didn't have a gun or he would shoot himself."

This was one of many meetings Glisan recounted in which he said Lay heard about all the bad news but later turned around and misrepresented the company's finances to analysts, investors, employees and even credit rating agencies

Glisan said Lay directed him, near the end of the third quarter of 2001, to gently approach credit rating agencies to see how many of the billions of dollars in over valued assets the company could admit to Wall Street without losing its investment grade credit rating. That credit rating allowed Enron to continue to voraciously borrow money and operate its energy trading business, which required trust in its ability to pay.

"That's backwards," Glisan said. "What should occur is we should take the charges that we needed to take and then deal with the consequence with rating agencies and investors."

Glisan said that when he learned $1 billion was about all Enron could write off "they asked me to get more," he said of Lay and another executive. "There was no way to do that."

He said the company did write off $1 billion in losses in that quarter in addition to taking a $1.2 billion equity hit, which he said was misrepresented to the public.

Glisan testified that Lay lied when he gave assurances to credit rating agencies that there were no more big write-downs the company might need to take.

Lay also knew better, Glisan said, when at the same time Lay told the public that the equity hit was because the Raptor financial hedging vehicles were being unwound. Glisan said Lay knew it was a far more potentially reputation-damaging accounting error that caused the loss.

Answering questions all day from prosecutor Kathryn Ruemmler, Glisan said he designed the Raptor vehicles, that were run through his mentor Fastow's side company LJM and used to hedge some of Enron's investment. He said they were used "to help Enron avoid losses that it should have taken."

Glisan said he worked through the idea with Skilling and when they presented it to a finance committee meeting in May 2000 "Skilling said this was not a deal that he would recommend except for the fact that it allowed him to circumvent the accounting rules."

It was explained, Glisan said, that one of the risks of these deals was "accounting scrutiny." Glisan told Ruemmler that upon learning about the financial structures Lay "giggled."

"In what way?" Ruemmler asked.

"In delight," Glisan said.

Glisan's testimony touched on and corroborated testimony from many other witnesses, including Fastow. He knew of the "global galactic" agreement Fastow had with the chief accounting officer to commemorate illegal oral side deals, Glisan talked about how the reserves from trading profits were being improperly used to fill earnings holes and how Enron wanted to hide that it was really a trading company.

He said that in October 2001, around the time Fastow came under fire and was put on leave, he confessed to Lay in a private meeting that he had "invested" $5,800 in a Fastow scheme and got back about $1 million. Fastow stole that and $18 million more in a deal called Southampton. Glisan offered to resign.

"What did Mr. Lay say?" Ruemmler asked.

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"That I shouldn't. That he thought my participation was OK and that the worst thing I could do now was resign," Glisan recounted.

Glisan said he deeply regretted taking the $1 million, but regretted other actions at Enron more.

"At the end of the day, all the other actions I and others entered into at Enron impacted investors more greatly," he said. It was shortly after his confession to Lay that Glisan was fired from Enron in November 2001.

The Clear Lake man is midway through a five-year prison sentence after pleading guilty to one count of conspiracy to commit wire and securities fraud for his work on the Raptors. He invoked his right against self-incrimination and was granted immunity against every crime but perjury by U.S. District Judge Sim Lake.

Glisan is currently on furlough to his home from his minimum security prison in Beaumont and has been here about six times to talk to the government. He agreed to help the government after he testified in the Enron Nigerian barge case. But he did so only after they agreed to get him into a minimum security facility and be sure he could get time-off credit for an alcohol rehabilitation program.

Jurors were reasonably attentive to Glisan, though the 12 jurors and four alternates seem to be dragging from their perky first six weeks or so. This is the eighth week of the trial.

The defense attorneys are sure to make much of Glisan's motive to get a shorter sentence in a less restrictive prison in return for helping the government. The cross-examination is scheduled to begin today.

A calmer Lay, on leaving the courthouse today told reporters: "The truth will start tomorrow. We'll be alright."

Jury Told Lay Lied On Enron (NYT)

By Alexei Barrionuevo

The New York Times, March 23, 2006

HOUSTON, March 22 — In seven weeks of court testimony, prosecutors landed only glancing blows against Kenneth L. Lay, a former chief executive of Enron who is on trial for criminal conspiracy and fraud. Mr. Lay's luck may have run out in Week 8.

Ben F. Glisan Jr., Enron's former treasurer, delivered stinging testimony on Wednesday that contradicted Mr. Lay's claims that he had been unaware of the company's crumbling financial picture and had not known about some of the illicit side deals involving top managers.

In a full day of questioning by prosecutors, Mr. Glisan said that Mr. Lay had lied to credit-rating agencies, employees and Wall Street analysts about the company's performance and need for more urgent action, even as he participated in internal discussions with managers about what to do about Enron's "dire" financial situation.

Mr. Glisan offered the strongest testimony yet that there was a criminal conspiracy at Enron involving Mr. Lay; Jeffrey K. Skilling, also a former Enron chief executive; and other top managers to manipulate earnings and mislead investors about mounting problems.

Mr. Glisan described one previously undisclosed meeting in which, he said, Mr. Lay had refused to accept his resignation when he admitted making a $1 million profit in a kickback scheme set up by a former chief financial officer, Andrew S. Fastow. Mr. Lay's response, Mr. Glisan testified, had been that his participation in the scheme, known as the Southampton deal, was "O.K." and that it would be the "worst" time for him to resign.

A few weeks later, Mr. Glisan was fired, along with another Enron employee who had participated in the scheme.

Mr. Glisan first took the stand late Tuesday in a much-anticipated appearance. Mr. Glisan, 40, is the government's last major witness in the trial of Mr. Skilling and Mr. Lay, who are accused of conspiring to defraud Enron while enriching themselves.

Mr. Glisan's appearance was considered critical because, like Mr. Fastow, his former boss, who testified earlier in the trial, Mr. Glisan was in the inner circle of top decision makers at Enron.

Mr. Glisan was also deeply involved in trying to rein in the mounting credit and liquidity crisis that enveloped the company in the four months before it collapsed into bankruptcy.

But unlike Mr. Fastow or any other major witness who has testified, Mr. Glisan could end up being the crucial witness in the trial. That is because Mr. Glisan, the only major Enron figure who has already been sentenced, is under no obligation to testify.

He is unlikely to receive any consideration, like a shorter sentence, from the government in return for his testimony. He is on furlough from a minimum-security prison in Beaumont, Tex., while testifying.

He has served more than half of a five-year sentence. He pleaded guilty to conspiring to commit fraud through his work on the Raptors financing vehicles, which he admitted were used to burnish Enron's financial statements by hiding hundreds of millions of dollars of losses.

Mr. Glisan also provided strong testimony on Wednesday against Mr. Skilling. He said Mr. Fastow had told him that Mr. Skilling had signed off on "bear hug" side deals, guarantees that off-the-books partnerships would not lose money by investing in Enron assets — deals that helped Enron meet its earnings targets.

Mr. Glisan also said Mr. Fastow had discussed with him a three-page "Global Galactic" document that supposedly recorded the side deals with Mr. Skilling and others.

Mr. Glisan pleaded guilty to one count of a 26-count indictment and is testifying under an immunity agreement. On Wednesday, he admitted other crimes, including participating in the Southampton partnership. He recounted how Mr. Fastow had turned Mr. Glisan's $5,826 investment into a $1 million profit in just two months. He said Mr. Fastow had assuaged his concerns about the propriety of the deal by saying it had been cleared with Mr. Skilling. Later, when the $1 million check was wired into his account, Mr. Glisan said, he knew the deal "did not make sense."

But Mr. Glisan did not do anything about it, choosing out of greed, he said, to stay silent and consider the payment as compensation for his work on the Raptors transactions, which Mr. Fastow had credited with helping burnish Mr. Fastow's reputation as chief financial officer.

Finally, after Mr. Fastow was forced to resign in large part because of his participation in off-the-books partnerships, Mr. Glisan was concerned enough, he said, to tell Mr. Lay about Southampton and offer to resign. "His response was I shouldn't, that my participation was O.K. and the worst thing I could do is resign."

But lawyers from outside the company continued to look into the deals, and by Nov. 7 Mr. Glisan had been forced to resign.

"I deeply regret" the Southampton deal, he said. But he said he regretted other actions more, actions that "affected Enron investors far more greatly."

Those included the Raptors transactions, which Mr. Glisan said he designed in 2000 to help Enron improve its reported earnings by hiding losses. Mr. Glisan said he fully described the Raptors to Mr. Skilling in two meetings in the spring of 2000. Mr. Skilling then took the idea to the board's finance committee for approval.

Mr. Glisan said he expressed his own reservations that the structures would not survive scrutiny by outside accountants. But, he said, Mr. Skilling said it was not a device he would normally recommend, "except that it would allow us to circumvent accounting rules."

Mr. Glisan said he had told the finance committee that the Raptors had "no economic value." But when Mr. Lay heard of their potential to help Enron meet its earnings, Mr. Glisan said, he giggled "in delight."

Also on Wednesday, Mr. Glisan testified about the many problems facing Enron just as Mr. Skilling was resigning as chief executive in August 2001. By then, Mr. Glisan said, both Mr. Skilling and Mr. Lay knew Enron's international assets contained $1 billion in embedded losses.

Mr. Glisan testified that after Mr. Skilling resigned, Mr. Lay and the new Enron president, Greg Whalley, asked Mr. Glisan to look into how large a write-off of the troubled assets the company could take without affecting its credit rating, critical to Enron's ability to continue to borrow and do business as an energy trader. Mr. Glisan came back with a $1 billion figure, he said.

"It was backward," he said. "We should have taken the charges we needed to take and deal with the consequences with our ratings agencies."

Then, on Sept. 6 and 7, managers met at a retreat just outside Houston. The retreat soon devolved into an agonizing discussion about Enron's deepening problems, including the overvalued international assets, about $1 billion in losses in the broadband unit and another $1 billion in losses in Azurix, a division that had unsuccessfully tried to push the company into the global water business.

A discussion among business unit managers became so depressing that one manager, John Lavorato, who headed the wholesale energy unit, sarcastically said that "he was glad he didn't have a gun or he would shoot himself," Mr. Glisan said.

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"It was ugly," Mr. Glisan said. "We were struggling greatly."

The managers also debated the use of "aggressive accounting," Mr. Glisan said. Mr. Lavorato suggested that Enron was using it far too often and that its auditor, Arthur Andersen, "should not be the standard and would agree to anything," Mr. Glisan testified.

Richard A. Causey, the chief accounting officer, grew upset, saying that he, not the accounting firm, was the standard, and that Mr. Lavorato's unit had benefited the most through use of "the most aggressive accounting at the company."

Mr. Lay, also at the retreat, defended the use of structured finance transactions like the LJM partnership and the Raptors, saying, "They are imperative for us to hit our numbers and we will continue to do them."

A month later, in October, Mr. Lay tried to assure employees at a large meeting that Enron would not rely on such transactions anymore, that "plain vanilla is just fine," statements that Mr. Glisan said were misleading.

Also that October, with credit rating agencies threatening to downgrade Enron's bonds, Mr. Lay personally assured Ronald Barone, an analyst at Standard & Poor's, that Enron would not write down any more assets beyond a planned $1 billion write-down. But Mr. Glisan said that Mr. Lay knew that several international assets, including power plants in India and Brazil, still needed to be written down soon.

Mr. Glisan said Mr. Lay had also lied to Mr. Barone about the nature of a $1.2 billion shareholder equity reduction. Mr. Lay had asked Mr. Glisan earlier how the charge should be characterized, and, on advice from Mr. Causey, Mr. Glisan said, they "constructed the story" to report the reduction as an unwinding of the Raptor transactions rather than the truth — that it was a result of an accounting error — to avoid scrutiny in the market.

"I understand, that makes perfect sense," Mr. Lay said, according to Mr. Glisan. "That's why I asked the question."

Lay Knew About Billions In Enron Losses, Witness Says (Update1) (BLOOM)

By Andrew Dunn Laurel Brubaker Calkins

Bloomberg, March 23, 2006

March 22 (Bloomberg) -- Former Enron Corp. Chairman Kenneth Lay hid billions of dollars in losses from investors to avoid triggering a lower credit rating, an ex-treasurer testified at Lay's criminal trial.

Enron's assets were worth at least $3.5 billion less than their stated value by the summer of 2001, former Treasurer Benjamin F. Glisan Jr. testified. Lay attended many meetings at which the losses were discussed, Glisan told jurors today at the fraud trial of Lay and former Chief Executive Officer Jeffrey Skilling in Houston.

``Ultimately, each of these problems were known at very senior levels, including the office of the chairman," said Glisan, 40. ``Many had grown over a long period of time."

Lay, 63, and Skilling, 52, are charged with orchestrating a fraud that led to Enron's collapse, and face at least 25 years in prison if convicted on charges that they conspired to deceive investors and enrich themselves by keeping Enron stock prices inflated.

Lay told employees, investors and credit-rating companies throughout the late summer of 2001 and into the autumn that Enron was strong and that money-losing projects remained viable, Glisan said. The Houston-based company went bankrupt in December 2001.

Defense lawyers say prosecutors are seeking to criminalize normal business practices and that the two executives were victims of unscrupulous subordinates, such as Glisan's former boss, ex-Chief Financial Officer Andrew Fastow.

`Get More'

Glisan is in the middle of serving a five-year sentence for securities fraud in a federal prison east of Houston. He's testifying for a second day on furlough under an immunity agreement with prosecutors. He admitted falsifying Enron's reported financial results to make the company look more successful than it was.

Lay and former Chief Operating Officer Greg Whalley ordered Glisan in August 2001 to determine how big a loss the company could report without having its credit rating cut, Glisan said. When Glisan told them that Enron could report a $1 billion charge without suffering a rating cut, Lay and Whalley ``asked me to go get more," he testified.

``We had gently probed the rating agencies," Glisan said. ``You can't get on the phone and ask them how big a charge can we take without losing our rating."

Glisan said he and another employee, Tim Despain, tried to ``replicate" agency analysis and then present credit raters such as Moody's Corp. with a ``story." In Fall of 2001, ``we had to construct a story that would satisfy Moody's concerns" about the size of the risks the traders were taking.

The Dahbol Plant

Lay lied about problems with Enron's Dahbol power plant in India, Glisan told the jury. In early August 2001, he said, Lay had been told that at best the company would have to record a $500 million loss on the plant. A month later, Lay told employees, ``We still expect to recover most or all of the costs of Dahbol."

``Was that statement by Mr. Lay true?" Assistant U.S. Attorney Kathryn Ruemmler asked Glisan.

``No," Glisan said.

In October, Enron told credit-rating company Standard & Poor's Inc. that it was taking a charge of $1 billion. Shortly before the agency voted to retain Enron's BBB+ rating, Lay told S&P managing director Ronald Barone that no more charges were expected, Barone testified yesterday.

`Significantly Larger'

The losses were ``significantly larger," Glisan said today. Azurix Corp., Enron's water company, was overvalued by $1 billion and management wanted to ``liquidate" it, Glisan said. While Lay was telling the public Enron's Brazilian electric utility was ``a good asset," internally it was viewed as ``very bad," Glisan said, having declined in value ``somewhere in the neighborhood of $1 billion," Glisan said.

Enron Broadband Services, valued at about $1 billion, ``was no longer viable" and Lay knew it, Glisan testified. He said today he was sitting next to Lay during his phone call with S&P's Barone.

Enron had more than $68 billion in market value before it sought bankruptcy protection, wiping out thousands of jobs and at least $1 billion in retirement funds almost overnight. Investors suing over the collapse of what was once the U.S.'s seventh-largest corporation claim accounting fraud led to at least $25 billion in losses.

Legal experts have partially blamed partnerships and hedging vehicles created by Fastow for Enron's meltdown. Skilling's and Lay's defense teams claim Fastow, who already has pleaded guilty to fraud charges stemming from Enron's demise, stole at least $25 million from the company in connection with partnership-related deals.

The case is U.S. v. Skilling, 04-cr-25, U.S. District Court, Southern District of Texas (Houston).

Former Prosecutor Drops In On Enron Trial (AP)

By KRISTEN HAYS, AP Business Writer

AP, March 23, 2006

HOUSTON (AP) - The man who brought the indictment against former Enron Corp. Chief Executive Jeffrey Skilling visited his fraud and conspiracy trial Wednesday with a slew of law students in tow.

Sam Buell, a former prosecutor with the Justice Department's Enron Task Force who now teaches a course in corporate crime at the University of Texas School of Law, brought his students to sit in on the biggest fraud case to emerge from the recent era of corporate scandals.

"I feel like this is a distant memory in my life," Buell said, "but it continues on. It gives you a sense of how epic these cases are. They just go on for years."

Buell was assigned to the task force at its inception in January 2002 and joined the university as a visiting professor after he stepped down in March 2004. He secured the government's indictment against Skilling a month before.

Skilling's co-defendant, Enron founder Kenneth Lay, was indicted in July 2004.

"I miss the opportunity to try this case a little bit. It's the white-collar trial of the century," Buell said. "But it can completely capture your life. It's trial by ordeal, not just for the defendants."

Buell helped prosecute Arthur Andersen LLP in 2002 on an obstruction of justice charge for destroying tons of Enron-related documents in the fall of 2001 as regulators began investigating the energy company's finances. The U.S. Supreme Court

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overturned that conviction last year, citing vague jury instructions that allowed jurors to convict without finding criminal intent behind document destruction.

Buell and his students on Wednesday observed testimony from former Enron Treasurer Ben Glisan Jr., who corroborated previous witnesses linking Lay and Skilling to a web of lies about Enron's health. Glisan pleaded guilty to conspiracy in September 2003 and is halfway through a five-year prison term.

Matt Nickson, a third-year law student, said he was impressed with what he saw, but he had no predictions of the outcome.

"I don't like to judge. My tendency is not to want to condemn people," he said.

Skilling faces 31 counts of fraud, conspiracy, insider trading and lying to auditors, while Lay faces seven counts of fraud and conspiracy. The government contends both lied repeatedly about Enron's financial strength when they allegedly knew the company was propped up by accounting tricks.

The two defendants counter that there was no fraud at Enron, they did nothing wrong, and negative publicity as well as diminished market confidence drove the company into bankruptcy protection in December 2001.

Mills Draws Formal SEC Probe Into Its Accounting Practices (WSJ)

By Ryan Chittum

The Wall Street Journal, March 23, 2006

The Securities and Exchange Commission has begun a formal investigation of Mills Corp. after more than two months of informal inquiry into accounting problems at the shopping-mall real-estate investment trust.

The investigation, disclosed by the company in a filing late yesterday, turns up the heat on Mills management and may further pressure the company's stock, which is off about 54% from its high in August.

Mills couldn't be reached for comment.

The Arlington, Va., REIT has made numerous missteps in the past 13 months. In that time, it has restated earnings twice, delayed three earnings reports, written off 10 projects and fired almost 10% of its work force.

Mills shares have plunged by about 21% since last Thursday on analyst downgrades and the disclosure that the company has uncovered five new areas of accounting problems, including ones that could have led to overstated earnings and revenue. The company is now reviewing about a dozen aspects of its books. Its shares fell 12 cents to $30.42 as of 4 p.m. in New York Stock Exchange composite trading.

The Massachusetts attorney general and treasurer filed a motion Tuesday to become lead plaintiff in a class-action shareholder lawsuit against Mills, saying the state's pension fund has lost $5 million because of what it alleges was fraudulent activity by the company.

A formal inquiry gives the SEC the power to subpoena company officials and documents.

"I would say up until now you could have argued that the accounting restatements and write-offs were perhaps sloppy management," said Greg Andrews, a REIT analyst at Green Street Advisors, a Newport Beach, Calif., real-estate research firm. "But with the news from a week ago and a formal SEC inquiry... the chance that there's a real fire here is much greater."

The company also said Friday, as expected, that it wouldn't be able to file its annual report in time to meet an SEC deadline and that it wasn't able to give any guidance on when the report might be forthcoming.

A cash crunch may be coming for the company, analysts have said. They estimate that Mills isn't earning enough money to cover its dividend and that it may have to cut it soon. It also needs financing to continue work on its development pipeline. It has faced a work stoppage on a project in Chicago because of contractor demands for prepayment.

NEC Says Employee At Unit Faked Deals, Inflated Revenue (WSJ)

By Hiroyuki Kachi

The Wall Street Journal, March 23, 2006

TOKYO -- NEC Corp. said an internal investigation has found that an employee at its NEC Engineering Ltd. unit fabricated business deals for years, inflating sales figures by 36.3 billion yen, or about $309.5 million, from the fiscal year ended March 2002.

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The maker of computers and network equipment said that the 50-year-old employee at unlisted NEC Engineering conducted multiple fraudulent transactions in which he created fake deals between NEC Engineering and its suppliers and customers starting in March 2002. The management-level employee created phony documents to enable the transactions, NEC said.

The company discovered the fraud in December. It said it would file a criminal complaint against the employee, who allegedly embezzled money from the transactions.

The news comes at a time when NEC is suffering from a falloff in profit as its chip and mobile-phone operations struggle amid increased competition. It posted group net profit of 20.78 billion yen for the quarter ended Dec. 31, down 47% from a year earlier.

Market participants, however, played down the impact of the inflated earnings, partly because the fake deals didn't involve the company on a wider scale.

A decline in NEC shares was short-lived. In trading on the Tokyo Stock Exchange, NEC shares closed up 1.9% at 740 yen yesterday after falling to an intraday low of 708 yen.

"It is regrettable that the company didn't provide details to the public soon" after the situation was discovered, wrote Hiroshi Yoshihara, an analyst at Merrill Lynch in Tokyo, in a report.

But because such fraud has only a slight impact on his outlook on NEC earnings, "We hope the false transactions will help accelerate reform steps," at NEC under the helm of its incoming president, Kaoru Yano, he said.

NEC said it has set aside provisions to cushion the negative impact for this fiscal year, ending in March, thus, "We don't expect a big impact," from the accounting fraud, said an NEC spokesman.

For this fiscal year alone, the amount of inflated sales at NEC Engineering is estimated at 13.3 billion yen, with an inflated operating profit of 3.4 billion yen.

From the fiscal year ended March 2002, the inflated operating profit at NEC Engineering was 9.3 billion yen. But the NEC spokesman said the company may revise its past earnings statements after discussions with accountants.

With about 2,500 workers, NEC Engineering is a system-solution provider in the NEC group. It reported sales of 82.5 billion yen for the fiscal year ended March 2005.

For the full fiscal year, NEC projects a group net profit of 60 billion yen, an operating profit of 100 billion yen and revenue of 4.93 trillion yen.

Refco Ex-Director Seeks Payment Of Legal Fees (WSJ)

By Joseph Rebello

The Wall Street Journal, March 23, 2006

Thomas H. Lee, who helped orchestrate Refco Inc.'s initial public offering of stock, says creditors of the commodity brokerage firm, now under bankruptcy protection, are "improperly" trying to bar him from tapping Refco's insurance policies to pay his legal costs.

Mr. Lee, who recently left the prominent private-equity firm named after him, Thomas H. Lee Partners, is petitioning the bankruptcy judge overseeing Refco's bankruptcy to get insurance payments to cover the legal costs of 14 lawsuits related to Refco's collapse.

Mr. Lee was a Refco director, as were other employees at Thomas H. Lee, which helped bring Refco public. He and other directors, including those who didn't work for the private-equity firm, are fighting the lawsuits, which center on claims that they should have known about the problems that led to Refco's implosion.

Mr. Lee said Refco directors submitted claims to the brokerage's insurer, U.S. Specialty Insurance Co., which sought court permission to pay those costs. Refco's creditors committee objected.

"There is no basis whatsoever to deny the respondents access to the insurance that was put in place for the exact purpose of recovering the respondents' defense costs," Mr. Lee said in papers filed with the U.S. Bankruptcy Court in Manhattan Monday.

Mr. Lee's firm, Thomas H. Lee Partners, bought a majority stake in Refco for more than $500 million in 2004 and took the company public in August of last year. Shortly after the IPO, however, Refco claimed that its then chief executive, Phillip Bennett,

had hidden more than $430 million in bad debt, and that sent the company into a fatal tailspin. Refco entered Chapter 11 bankruptcy proceedings last October and is in the process of winding down its operations. Mr. Bennett is now fighting criminal fraud charges.

Mr. Lee's old firm has had several dust-ups with Refco's creditors, who have sought to investigate the firm's role at Refco as it headed for collapse. Refco's creditors committee has contended in court papers that "there are substantial questions to be answered concerning the structure, cost and effects of the investment in Refco by Thomas H. Lee Partners in June of 2004, and Refco's IPO in August of 2005."

A hearing on the insurance payments is scheduled for today. In addition to that matter, Judge Robert D. Drain will also consider whether the portion of the case related to Refco's offshore business should continue to be heard under Chapter 11 of the federal bankruptcy code, which grants protection from creditors and time to reorganize the company, or instead be reclassified under Chapter 7 of the bankruptcy code, as requested by some of the brokerage's creditors. Chapter 7 would lead to liquidation of Refco's remaining assets.

Also today, Mr. Bennett is scheduled to appear in federal court, where lawyers will discuss discovery related to his criminal case and Judge Naomi Reice Buchwald may begin efforts to set a trial date.

Defense attorneys are expected to ask the judge to compel the government to reveal the exact focus of its case against Mr. Bennett. Federal prosecutors in New York produced more than 1.3 million pages of documents as part of their case.

Should Business Execs Meet At Strip Clubs? (USAT)

By Jayne O'Donnell

USA Today, March 23, 2006

NEW YORK — Wearing a scanty blue gown with rhinestone clasps, Nicolette Hart explains how she can make up to $2,500 a night with investment bankers and their clients in a Manhattan strip club's private rooms.

She writhes and rubs her nearly naked body against as many as seven men, doing “lap dances” for $400 an hour. (The room costs an additional $200 for the hour.) Hart, who once worked for a venture-capital firm, always asks what brought the men together. They often say they're having a meeting.

“I say, ‘You're having a business meeting in a strip club?' ” Hart says in an interview in the dressing room at Rick's Cabaret here.

It's not just strippers who have questions. Some women on Wall Street want to know how it can be fair — or legal — for their managers and male colleagues to exclude them when they fraternize at strip clubs, often with the women's clients. Strip club clientele is hardly limited to Wall Street. Adult entertainment is enjoyed by men — and some women — in most every industry in the USA, and it's a tax-deductible business expense allowed by the IRS.

Investment banks and brokerage firms are taking the lead in cracking down on the practice. The National Association of Securities Dealers and the New York Stock Exchange both recently proposed rules that would force firms to adopt business entertainment policies that cap amounts and specify appropriate venues. The move is expected to rule out company-paid or work-related strip club jaunts at the more than 5,000 brokerage firms in the USA.

The stock exchange and the NASD acted in large part because of lawsuits brought by female employees. The women who have sued say strip clubs are emblematic of a larger problem on Wall Street: a macho culture that leaves them behind in all areas.

“There are two levels of discrimination: the frat house environment in the office and the deeply embedded practices that are just starting to be uncovered, like the distribution of accounts, business leads and promotions,” says Hydie Sumner, a financial consultant who was awarded $2.2 million in 2004 after suing Merrill Lynch for gender discrimination. “When ‘business activities' involve the strip club, golf course or hunting ranches … discrimination is often perpetuated as those in power support and advance those with like minds and tastes.”

Ultimately, some believe, other industries will be affected. “This is going to have a trickle-down effect,” says Aliza Herzberg, a New York employment lawyer who represents many manufacturing and small-business clients. “Companies will try to make taking clients to strip clubs, which is very common, a thing of the past — just like the three-martini lunch.”

It was a Fidelity Investments trader's 2003 bachelor party, paid for by brokerage firms including Jeffries & Co., that prompted NASD to consider tightening its rules. The party allegedly included dwarf-tossing and paid female escorts, according to news accounts and investigators.

"We're not happy that (business entertaining) seems to have been an area where firms were not paying sufficient attention," says NASD Vice Chairman Mary Schapiro. "I thought sensitivity to issues like this would have been greater than it was."

NYSE Executive Vice President Grace Vogel says the goal is to ban entertainment that's inappropriate or excessive. Final versions of the rules, likely in weeks, must be approved by the Securities and Exchange Commission before taking effect. Brokerage firms that don't enact or enforce business entertainment policies could face actions ranging from censure to expulsion.

Many companies now have policies that restrict any behavior that excludes certain employees, even if they don't specifically mention strip clubs, Las Vegas employment lawyer Barry Kellman says.

"Financial services has taken the biggest hit (from lawsuits), but the more buttoned-up industries would have greater concern about this than, for example, the entertainment industry," Kellman says.

Earlier this month, Manhattan strip club Scores settled a lawsuit over a contested $241,000 bill racked up by the former CEO of St. Louis information technology company Savvis. Robert McCormick resigned amid an investigation into the bill, which was charged to his corporate American Express card. Several sexual harassment lawsuits have been filed in recent weeks by women who say male co-workers at the freight logistics company C.H. Robinson frequented strip clubs and openly discussed strippers in the office.

Attorney Rohit Sabharwal, a Rick's regular, says he often takes clients of his small law firm with him and such entertaining was common when he was at a large firm, too. "Nobody really objects," Sabharwal says. "I think it's a lot more civilized in the law profession. I don't think women have a problem succeeding in law firms."

But back on Wall Street, Vogel says the rulemakers had "uncanny timing":

•In the fall, Morgan Stanley fired three salesmen and a researcher who took clients to a strip club. The company instituted a no-strip-club policy in October 2002, two years before it paid $54 million to settle a sex discrimination lawsuit. The lawsuit was brought by the Equal Employment Opportunity Commission and a former institutional equities saleswoman who said she was excluded from client outings to strip clubs and other places.

•Six female employees filed a sex discrimination class-action complaint in federal district court against German investment bank Dresdner Kleinwort Wasserstein in January. Jyoti Ruta, a director in the institutional equities division here, says she was excluded from a trip to a strip club and from other client events.

•Last April, a jury found in Laura Zubulake's favor in a sex discrimination and retaliation lawsuit against UBS and awarded her $29 million. In October, the parties settled the lawsuit privately. Zubulake, a former director in international equities, alleged in the lawsuit that she was not considered for promotion, was removed from client responsibilities, was undermined professionally and was excluded from client outings. Trial testimony alleged she had been invited to a bottomless club by a manager. UBS says it has policies on business entertainment and "appropriate professional conduct."

Several financial companies say the proposed rules are too burdensome. John Goodwin of Albuquerque-based Goodwin Browning & Luna Securities, complained to NASD that it is "legislating morality."

But female plaintiffs and their lawyers say business entertaining can be as important as what goes on in the office. Attorney Piper Hoffman, who represented Morgan Stanley plaintiff Allison Schieffelin, says that on Wall Street, "Who you know can translate into how much business you bring into your company."

In her lawsuit, Schieffelin says she learned two clients were invited by male colleagues to attend a weekend in Las Vegas approved by their manager. When she asked why she wasn't included, she was told it was "because the men would be uncomfortable participating in sexually oriented entertainment with a woman colleague present, especially one who knew their wives," according to the lawsuit.

"It's not a question of morality," says attorney Wayne Outten, who also represented Schieffelin. "It's the disparity in opportunity for those who are excluded."

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Ruta, who still works at Dresdner while she fights her sex discrimination lawsuit, is about to have her second child. She says her problems at the investment bank started when she returned the last time from maternity leave and found she had a new boss. She began being excluded from outings with clients, including to the strip club and wine tastings, and lost out on deals and promotions because of it.

"I've always conducted myself professionally and ethically," Ruta says. "The night when I was told to leave because the clients would like to go to a strip club was very, very upsetting."

Dresdner's attorneys recently filed a motion to expunge the strip club and other "scandalous allegations" because they don't relate to the core "pay and promotion" case. Ruta's lawyer, Douglas Wigdor, says, "When it comes to deciding bonuses, it's all discretionary, and the male supervisor is going to give the money to the guys he hangs out with."

Alden Cass, a Manhattan-based psychologist who works with financial executives, says strip clubs hold a special attraction on Wall Street. He attributes it to the business' highs and lows and tendency to tie people's identities to how much they earn. He says many of his male clients find strippers more understanding than their wives.

"When things are great at work, some of them do feel entitled to have things when they want them," Cass says. "The allure is, 'Someone is going to listen to me on my terms.' "

Rick's owner, Eric Langan, says that when people ask him whether a dancer's breasts or buttocks are more important, he answers that "her brain" and personality count more. Dancers who might not merit a second look outside on Sixth Avenue can earn as much as $200,000 a year by "really listening" to down-in-the-dumps bankers and stockbrokers. He says about a third of his business comes from Wall Street.

NASD's Schapiro says that when it comes to strip clubs, "One of the things that is powerful about the new rules is that they are going to force every firm to make the decision whether that's an appropriate place to do business."

Nicolette Hart worries the new rules could affect her business, because "a lot of guys do expense it" and "try to be big shots to impress their clients any way possible."

Mike Paul of the New York-based reputation management firm MGP & Associates PR, says strip clubs would be a hard habit for Wall Streeters to break. "The bottom line — and you won't get any company to say it — is that Wall Street and strip clubs are ingrained together and have been for a long time."

Langan doesn't think new rules will have a big effect: "They'll just break out personal credit cards. Most of them don't care about a $3,000 or a $5,000 bill at a club."

Ruta says that as long as managers aren't taking male employees and neither managers nor employees are treating clients, she doesn't care who goes to strip clubs.

"The real problem I have with it is that it is unprofessional and exclusionary," she says. "But whatever people want to do on their own free time is fine."

Freddie Mac Finance Chief To Resign (WSJ)

By James R. Hagerty

The Wall Street Journal, March 23, 2006

Freddie Mac said it will replace its chief financial officer, Martin F. Baumann, just three months after offering him a $2 million retention bonus.

The move follows two embarrassing snags that have delayed the U.S. mortgage-finance company's effort to return to regular, timely reporting of results in the wake of a 2003 accounting scandal. In light of those snags, Mr. Baumann said in an interview, he and the company's top officers -- Chief Executive Richard Syron and Chief Operating Officer Eugene McQuade -- agreed that Freddie needed a finance chief with more expertise in upgrading the computer systems used to generate financial results.

Freddie launched a search for a successor to Mr. Baumann, who is 58 years old, and said Mr. McQuade would handle the finance-chief duties in the interim, effective immediately. As recently as December, the company was seeking to keep Mr. Baumann in golden handcuffs. Freddie agreed then to pay him $1 million in cash and another $1 million in stock if he remained

in his post through the end of 2007. Yesterday Freddie said Mr. Baumann would still receive those payments, plus $540,000 of severance pay. He will remain an adviser at the company through May.

Mr. Baumann joined Freddie in April 2003, shortly after the company discovered accounting violations designed to smooth out earnings growth. He said he initially had a two-year contract, later extended for a year. "It feels like six years with the amount of work we got done," Mr. Baumann said.

Mr. Baumann has long complained that Freddie was saddled with antiquated computer systems for financial reporting. The company had nearly returned to a normal quarterly reporting schedule by last August. But then it found miscalculations of interest earned on mortgage-backed securities. As a result, Freddie announced in November that it would have to reduce its net income for last year's first half by $220 million.

Earlier this month, Freddie suffered a second glitch when it had to delay plans for reporting results for all of 2005 until May from March. The company said it needed more time to put into effect a new method for valuing assets and obligations related to its business of guaranteeing payments on home mortgages.

These setbacks led to "frank conversations" with Messrs. Syron and McQuade, Mr. Baumann said, and to the conclusion that the company needed a finance chief with more experience in updating creaky computer systems. Mr. Baumann said that his strongest suits are accounting policy and financial reporting and that he believes he has restored "integrity" to the company's accounting. David R. Palombi, Freddie's chief spokesman, said the company has "consistently said we need to get the job done right and done as quickly as practical....The change announced today is the best way to meet those objectives."

Mr. Baumann said he had no firm plans. "I'm ready to do something else," he said, perhaps involving charitable work or public service.

Freddie said Mr. Baumann's resignation isn't expected to affect the company's plan to release results for 2005 in May.

CRIMINAL LAW:

Washington Wire (WSJ.com)

Wall Street Journal, March 22, 2006

Question of Privilege

The Bush administration apparently isn't planning to cite executive privilege for the super-secret Presidential Daily Briefings sought by former vice presidential aide I. Lewis Libby.

In the past, the administration has come under fire for exerting executive privilege on a whole host of issues ranging from energy-industry meetings to the papers of Supreme Court nominees. But this time is different. Federal prosecutors said in a court filing that since the judge has limited the production of the daily intelligence briefings to redacted documents and topic overviews that would be viewed only by Libby and four of his attorneys in a sealed room, "there is a reasonable prospect that the government could avoid a blanket assertion of privilege and instead be able to comply with the court's order."

Libby, the former chief of staff for Vice President Dick Cheney, has argued that he needs copies of the daily briefings to help prepare his defense against charges that he lied and obstructed justice in the investigation into whether a CIA agent's identity was purposely leaked to the media. Through his legal team, he contends that the documents, which list the high-profile, sensitive matters he dealt with daily, would help show that any misstatements were due to distraction, not lying.

Still, the filing and an accompanying CIA affidavit noted it would take the CIA, which prepared the daily intelligence briefings for the president, until mid-June to pull together redacted documents. It's unclear if the delay will affect the start of the trial, now set for early January. –Anne Marie Squeo

Jurors In Former Illinois Governor's Trial Struggle To Reach Verdict (KRT)

By Matt O'connor And Rudolph Bush

Knight Ridder, March 23, 2006

CHICAGO - The federal jury in former Illinois Gov. George Ryan's trial has hit a stumbling block in its deliberations, the judge disclosed on its seventh day of deliberations Wednesday.

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After holding two lengthy closed-door sessions with lawyers in the case, U.S. District Judge Rebecca Pallmeyer said she planned to instruct jurors Thursday morning to continue on with their discussions.

In brief remarks to reporters, Pallmeyer said she had received two notes in the last two days from jurors "that disclose their difficulties reaching a verdict, or at least difficulties in the context of their deliberations."

The judge said she would keep the jurors' notes under seal because "they relate to some personal difficulties."

"And that's the reason that I think, for the integrity of the process and to encourage the jurors to be as open and hard working as they have been, I think the appropriate course here is to keep their communications to me, at least at this time, a private matter," she said.

Lawyers in the case are barred from commenting to reporters because of a gag order instituted by Pallmeyer in the final days of the marathon trial.

Ryan is on trial with Lawrence Warner, a lobbyist, on charges that the former governor steered millions of dollars in state contracts and leases to Warner and other friends in return for vacations, gifts and other benefits. Both deny wrongdoing.

The seriousness of the impasse was apparent when U.S. Attorney Patrick Fitzgerald and First Assistant U.S. Attorney Gary Shapiro waited for a lengthy period as lawyers in the case met privately in chambers with the judge for more than an hour.

Jurors had heard more than five months of testimony and argument, so the fact that deliberations had reached into a second week didn't strike courtroom observers as unusual.

But clearly the jury has reached some sort of impasse.

There have been few, if any, public signs of turmoil with jurors meeting in a back room out of public sight.

On Tuesday, a TV producer stationed outside Pallmeyer's courtroom overheard a juror tell other jurors as they boarded a public elevator that the name-calling had to stop.

Jurors have been seen in recent days walking up flights of stairs at the high-rise Dirksen U.S. Courthouse, but it wasn't clear if their purpose was solely to get some exercise or out of any frustration over the turn in the deliberations.

The first sign of trouble came in the late morning Wednesday when Pallmeyer summoned the lawyers to her chambers. The judge's staff had previously notified the news media when the jury had raised questions, but no word was issued before Wednesday's events.

Reporters who have been camped out in and around the courtroom during the deliberations realized something was up when lawyers in the case suddenly arrived at the courtroom and proceeded into the judge's chambers.

After about a 20-minute private meeting, Pallmeyer emerged into the courtroom and announced to reporters that she had received a note from jurors shortly before saying they were having "some difficulties" with their deliberations.

The judge said she and the lawyers would come up with "an appropriate response" to the jury's note.

It appeared that jurors may not have deliberated for about a 2 1/2-hour chunk of time after delivering the note to the judge.

By 3 p.m., prosecutors and lawyers for Ryan and Warner returned to Pallmeyer's chambers. The private meeting lasted almost an hour and a half.

While the meeting took place, jurors wrapped up deliberations for the day at their usual quitting time of about 4 p.m. and left the courthouse.

At the conclusion of her private meeting with the lawyers, Pallmeyer again stepped into the courtroom to make a short public announcement, revealing for the first time that there had in fact been two notes from jurors in the last two days about the difficulties in deliberations.

The judge said she and the lawyers had drafted a response to the jurors' concerns "that they need to keep on with their responsibilities."

Pallmeyer said she would make the response to jurors public after it was delivered to them when they resume deliberations at 9:30 a.m. Thursday.

The judge has sealed her closed-door discussions with the lawyers as well as the jurors' two most recent notes.

News 'Personal Difficulties' Grip Ryan Jury (CHIST)

By NATASHA KORECKI, Federal Courts Reporter

Chicago Sun-Times, March 23, 2006

The 12 jurors deciding former Gov. George Ryan's fate are having "personal difficulties" as they try to reach a verdict.

Jurors on Wednesday gave U.S. District Judge Rebecca Pallmeyer a note telling her they're having problems -- apparently with one another -- as they deliberate.

In open court, Pallmeyer said she received "two notes from the jurors that disclose their difficulties reaching a verdict or at least difficulties in the context of their deliberations."

She said she'll give them a note today explaining "they need to keep on with their responsibilities."

Rumors of hung jury

Pallmeyer on Wednesday twice met privately with lawyers in the case to discuss the matters. The second meeting stretched to 1-1/2 hours.

While rumors of a hung jury spread quickly through the courthouse, Pallmeyer wouldn't disclose specifics of their concerns, saying she would likely do so after a verdict is reached -- appearing confident that one would be reached.

On Wednesday, the seventh day of their deliberations, jurors at times were fractured into smaller groups, showing up in various places in the courthouse and appearing not to be deliberating much.

At one point well after a lunch break, four Ryan jurors took an elevator to a different courtroom floor than where deliberations are taking place. They walked to the end of the hallway on that floor and talked quietly among themselves. That same group was seen stepping in and out of the stairwell at various points during the day, and others, too, were seen coming and going.

Notes under seal for now

But at 4 p.m. when their talks ended for the day, all 12 panel members left at the same time and appeared to be getting along. They're due back this morning to continue deliberations.

Pallmeyer said she will keep the two notes under seal, unlike other jury questions that she has publicly released. She said she plans to unseal just about everything once a verdict is reached.

"They relate to some personal difficulties, and that's the reason that I think, for the integrity of the process and to encourage the jurors to be as open and hardworking as they have been, I think the appropriate course here is to keep their communications to me, at least at this time, a private matter," Pallmeyer said.

The jury, made up of six men and six women, is sifting through countless documents that came in during the nearly six-month trial. They are weighing a 22-count indictment of racketeering, false statements and tax evasion against Ryan, 72, and racketeering and extortion charges against his co-defendant, Lawrence Warner, 67.

G-Sting Wiretaps May Spell Trouble For Kincaid-Chauncey (KLAS-TV)

KLAS-TV, March 23, 2006

Prosecutors played more FBI wiretaps Wednesday in the G-Sting political corruption case. They allege two county commissioners took bribes from strip club owner Mike Galardi through his lobbyist to vote in favor of the Galardi's club. They are trying to establish a pattern of contact between Galardi's lobbyist, Lance Malone, and former commissioners Dario Herrera and Mary Kincaid-Chauncey.

Federal prosecutors played portions of 67 wiretaps that were recorded as a result of the G-Sting investigation. For Mary Kincaid-Chauncey, some of those wiretaps may spell trouble. But Dario Herrera's defense team says they liked what they heard.

In a July 2001 FBI wiretap, Mike Galardi tells his lobbyist, Lance Malone, to give Mary Kincaid-Chauncey a message: "Tell her I'm going to get her another five whenever she wants it." Prosecutors say that mean $5,000. Days later, Kincaid-Chauncey left a message on Galardi's voice mail: "Thanks so much for all your help."

What was Kincaid-Chauncey thanking Galardi for? The former county commissioner said, "I don't remember, I can't remember what I said last week. I have no idea."

Dario Herrera's lawyers are pleased with what they heard from Wednesday's wiretap evidence. Phone call after phone call of Mike Galardi complaining to Lance Malone. Herrera refuses to help them in opening Galardi's strip club, Jaguars.

Jerry Bernstein, Herrera's attorney, said, "I think what you hear is a lot of frustration on the part of Michael Galardi and Lance Malone with the fact Dario Herrera is an honest public official. That's what you hear. Some of it is really, really bad stuff particularly when Erin Kenny gets herself cranked up."

Kenny, another former commissioner who admitted taking money from Galardi, was upset in July of 2001 that Herrera wouldn't help Galardi overcome licensing issues for Jaguars, and said in various wiretaps: "That prick. He is a son of a (expletive). I'm so pissed off at him right now, I'm going to (expletive) him in the worst way." And, "I will destroy him."

The wiretap evidence the G-Sting jury heard Wednesday is just the beginning. Over an 18-month period the FBI recorded 44,000 different conversations, which equals 4,000 hours of wiretaps.

The G-Sting trial resumes Thursday morning, Mar. 23 at 8:30. At that time the jury will hear more wiretaps.

Lawyer Supports Testimony Against 'Mob Cops' (NSDY)

By Anthony M. Destefano, Newsday Staff Writer

Long Island Newsday, March 23, 2006

The testimony of Burton Kaplan, a key government witness in the "Mafia Cops" trial, was buttressed Wednesday by his former defense attorney, who said Kaplan admitted being the intermediary between the mob and two cops.

Attorney Judd Burstein, who represented Kaplan until 1999, said that he was first told by his client about Kaplan's alleged dealings with the former cops when it was known that former acting Luchese boss Anthony "Gaspipe" Casso became a government witness.

Testifying as a prosecution witness in the racketeering trial of ex-NYPD detectives Louis Eppolito, 57, and Stephen Caracappa, 64, Burstein said he called Kaplan in March 1994 immediately after learning through the legal grapevine that Casso was working for the government.

After the New York Post ran a story on March 25, 1994 about Casso claiming two unnamed cops carried out a murder for him, Burstein testified that Kaplan became very concerned.

"He said 'this was a big problem for me; I was the go-between Casso and the cops on this killing and other matters,'" Burstein remembered Kaplan saying.

Kaplan said he was going to leave New York City, something Burstein advised against. The Post article was about the murder of Gambino soldier Edward Lino on Nov. 6, 1992. The next day, March 26, 1994, the Daily News ran a similar story and ran a picture of Eppolito, Burstein told the jury.

Judge Jack Weinstein sustained a defense objection about the suggestion that Caracappa was mentioned in the story. However, Eppolito's lawyer, Bruce Cutler, didn't object.

On cross examination by Cutler, Burstein indicated that he had only Kaplan's word to go on about his alleged role as an intermediary between Casso and the police.

Later, Stephen Corso, a corrupt accountant who is a federal witness, described how he talked with Eppolito about getting a small quantity of methamphetamine in late 2004. Prosecutors then played a video showing Eppolito's son Anthony and another man passing the drug to Corso for $900.

However, in another recording, Louis Eppolito is heard upbraiding Corso. "I got a panic call from my son and I'm very, very -- -- upset," said Eppolito. "So don't [contact] him or Guido anymore. No more."

Lawyer For Earlier Witness Testifies For Prosecution (NYT)

By Alan Feuer

The New York Times, March 23, 2006

Thus far, the witnesses at the trial of two retired detectives accused of killing for the mob have included an old marijuana dealer, a murderous mob boss, a suntanned C.P.A. and a grieving Brooklyn mother whose son was mistakenly shot outside her house one Christmas Day.

Nonetheless, the federal trial in Brooklyn turned yesterday to what may have been its weirdest witness yet, or at least most professionally complicated: the former lawyer for a government witness. His attorney-client privilege waived, the lawyer bolstered

the witness's account that he once served as the liaison between the detectives, Louis Eppolito and Stephen Caracappa, and their patron in the mob.

The lawyer, Judd Burstein, talked like one — using phrases like "the sum and substance of my testimony" and trying to avoid what a prosecutor called "humongous lawyer answers" to his questions.

It was a strange sight to watch Mr. Burstein, who has practiced law for more than 20 years, answer questions on direct examination, then under cross-examination, put to him by other lawyers.

There were lawyers for the prosecution, lawyers for the defense, lawyers in the gallery, a lawyer on the bench — and then Mr. Burstein, a man whom prosecutors called to corroborate the testimony of Burton Kaplan, his former client, who is serving a 27-year term for marijuana sales.

Last week, Mr. Kaplan had told the jury that from 1986 to 1993, he acted as "the safety spot" between the two detectives and the No. 2 man in the Luchese crime family, Anthony Casso. Mr. Casso, sick with vengeance at a 1986 attempt on his life, paid the defendants, Mr. Kaplan said, to kill seven rivals on his behalf.

Mr. Burstein, engaged happily in civil practice these days, leaned comfortably in the witness chair as he told the jury that in 1994 Mr. Kaplan called him in a panic when a newspaper reported that Mr. Casso was cooperating with the authorities, a move that threatened everyone involved.

"He said there was an article in The New York Post about Anthony Casso having used two New York City cops to order killings," Mr. Burstein said, "and he said, 'This is a big problem for me — I was the go-between.' "

The afternoon saw one of those jarring juxtapositions that are frequent in the trial. Steven Corso, the suntanned C.P.A., reappeared and told how in February 2005 the defendants had agreed one night at dinner to help get drugs for some "Hollywood punks" who were coming to Las Vegas and who Mr. Eppolito, living in Nevada writing screenplays, wanted to impress.

Mr. Corso, as the defense has pointed out, is a tax cheat, thief and government witness who moved through Las Vegas, secretly recording strippers, gangsters and the two defendants as they talked about the "punks" that night.

"Two are famous," Mr. Corso said, according to a transcript. This was followed by an answer any struggling writer might have made: "How famous?" Mr. Eppolito asked.

Two days later, the lawman's son and a friend took an ounce of methamphetamine to Mr. Corso's office, where agents in a nearby room recorded them taking $900 for the drugs.

The transaction is important from a legal point of view because it lets the prosecution argue that the two detectives were engaged in a continuing conspiracy that stretched from murder in the 1980's to a drug deal just last year.

Two months earlier, Mr. Corso had recorded the detective in another scene of writerly angst. He asked Mr. Eppolito if he might take laundered money as an investment in his script, but the lawman cut him off.

"Did you finish reading that?" the anxious writer asked.

"I've been busy," Mr. Corso said.

Att'y Burns 'Mafia Cops' (NYDN)

By JOHN MARZULLI, DAILY NEWS STAFF WRITER

New York Daily News, March 23, 2006

Backs middleman claim

A topnotch defense attorney turned prosecution witness yesterday at the Mafia cops trial, backing up ex-client Burton Kaplan's claim he was the middleman between the mob and two allegedly crooked detectives.

In an unusual move, lawyer Judd Burstein went to prosecutors last year and suggested they ask Kaplan to waive his attorney-client privilege now that he was the government's chief witness in the Mafia cops case.

He agreed, paving the way for Burstein to corroborate Kaplan's testimony linking ex-cops Louis Eppolito and Stephen Caracappa to numerous gangland killings when they were on the force.

The lawyer said he began representing Kaplan in 1985.

"It never even crossed my mind that he had a propensity toward violence," said Burstein, a noted defender who has handled mob, white-collar and big-money divorce cases.

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Then after published reports in 1994 that Luchese crime family capo Anthony (Gaspipe) Casso was spilling his guts about two dirty cops on his payroll, Kaplan revealed a dark secret to his lawyer.

"He said, 'This is a big problem for me,'" Burstein said. "'I was the go-between for Casso and these two cops.'"

Kaplan adamantly refused to cooperate - even after he drew a 27-year sentence for drug trafficking - until 2004, when he thought Eppolito or Caracappa was going to rat him out.

Eppolito lawyer Bruce Cutler suggested Burstein came forward because he had read media reports last summer that the judge might toss the case on a legal technicality.

Another government witness, Steven Corso, testified yesterday how Eppolito was so desperate to raise cash for his screenplay business he was willing to launder drug money and involve his son Anthony in a drug deal.

Corso, a crooked accountant working undercover, wanted to buy designer drugs for some investors he claimed were coming to Las Vegas, where Eppolito and Caracappa had moved after retiring from the NYPD.

"Tony can handle that for you," Eppolito told Corso, who even recorded Eppolito in a hospital where the ex-cop was recovering from heart surgery.

Where the money was coming from was of no issue to Eppolito, according to recordings played yesterday.

"Do you care what [the investor] does for a living?" Corso asks Eppolito on one tape.

"If this is the biggest drug dealer in the United States, I don't give a f--k," Eppolito responds, adding, "If you said to me, 'Lou, I wanna introduce you to Jack Smith, he wants to invest in this film,' [and] he says '$75,000 comes in a f-----g shoebox,' that's fine with me, I don't care."

POST SCOOP SENT MOB RAT RUNNING (NYPOST)

By Zach Haberman

The New York Post, March 23, 2006

When Burton Kaplan picked up a copy of The Post on March 25, 1994, he got some exclusive news - and instantly knew it was time to disappear.

The drug-dealing mob associate was shaken after reading an exclusive report by Murray Weiss, which revealed that busted Luchese boss Anthony "Gaspipe" Casso had hired two NYPD mob cops as hit men.

Kaplan immediately told his lawyer about the report and feared he had to flee to China, testimony revealed at the racketeering trial of the two cops.

"He said there was an article in the New York Post about Anthony Casso having used two New York City cops to order killings," Kaplan's former attorney, Judd Burstein, testified yesterday. "[Kaplan] said, 'This is a big problem for me. I was the go-between.' "

Kaplan - the star witness in the gangland racketeering trial for former NYPD detectives Louis Eppolito and Stephen Caracappa - testified last week that he relayed orders from Casso to the detectives, including requests for inside police information and murder contracts.

Kaplan said the two detectives even personally carried out a hit on Gambino crime family member Eddie Lino.

The stool pigeon also said that he eventually went on the lam in 1994 - fleeing not to China, but to Mexico and later Oregon and Las Vegas.

Last week, Kaplan said he paid the cops to kill Lino, because he had been involved in a failed hit on Casso.

But at the time, the gangster Casso was planning to testify that Gambino boss John Gotti personally asked him to carry out the hit on Lino, who had apparently become a liability because he was doing drugs.

Casso had never met the two cops. But Kaplan said last week that the boss figured out who they were from Eppolito's book, "Mafia Cop," in the early 1990s.

He saw a picture of the two former partners in the book and remembered spotting two men who looked like them years earlier, when the cops allegedly served as backup to another mobster during a kidnapping.

The government eventually determined that the volatile Casso was a lousy witness, and he never testified. Kaplan eventually came out of hiding, only to be busted for selling pot.

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Also yesterday, jurors heard a tape made in Las Vegas last year by wire-wearing informant Steven Corso, who had conversations with the rogue detectives.

During a dinner with Eppolito and Caracappa, the crooked accountant said he had some famous clients from Hollywood who wanted to invest in a movie the ex-cop hoped to produce - and that they wanted a bunch of drugs to party with.

"I got these guys," Corso said. "Two are famous. They're coming in this weekend . . . these are the guys that are gonna invest [in the film]. These guys, being young, like to party."

"Tony can take care of that for you," Eppolito said, referring to his son, Anthony. "My son can bring 'em to all the places, the top places [nightclubs.]"

"Well . . . they don't wanna go to the, the places," Corso said. "They want me to get 'em either ecstasy or speed."

Defense attorney Bruce Cutler asked Corso if the FBI put him up to bringing up drugs during the dinner in an effort to make the cops look bad.

"The FBI did not tell me to inject it, they told me to throw it out there and see what happens," Corso said.

Eppolito also said that he liked doing business better with Jews than Italians.

"There's no better way," he said. "The Jews say, you're Jewish, he's Jewish, he's Jewish, he's Jewish. There's four of us, that's a quarter each, we all get a quarter.

"[The way] Italians do it is, I want 65 cents, I'll give you a dime, I'll give him three cents, I'll give him seven, but I make sure I get the most."

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JAILER REV. A MAN OF GOTTI (NYPOST)

By Dan Mangan And Kati Cornell Smith

The New York Post, March 23, 2006

EXCLUSIVE

A corrections officer-turned-minister is backing John "Junior" Gotti's claim that he quit the Mafia in the late 1990s, saying Gotti repeatedly told him in jail - "I'm not involved in that life, that life has been nothing but trouble for me."

"This is the truth, this is what he said," recalled Bobby Hargraves, 45, who was working in the Westchester County Jail in Valhalla in 1998 when Gotti was there awaiting a racketeering trial.

Hargraves "vividly" remembers up to five conversations with Gotti in which "he said, 'I'm no longer a part of that life anymore.' " Gotti also avoided fellow Gambino crime family defendants in jail before pleading guilty in that case in 1999, and told Hargraves he was interested in moving his family to Canada, the ex-officer said.

Hargraves, who retired last summer after 22 years as a corrections officer to become full-time pastor of a Poughkeepsie church, shared his account with The Post yesterday.

His story was welcomed by Gotti's lawyers, who argue that the son of "Dapper Don" John Gotti is not guilty of pending racketeering charges because he left the mob before July 1999. That would mean the five-year statute of limitations on those charges would have expired by the time he was indicted in 2004.

"I think the guy could be a very valuable witness," said Gotti's lawyer, Charles Carnesi, adding that his client remembers being counseled by Hargraves on religious matters. "I'm definitely interested in speaking with him."

A jury earlier this month hung, reportedly 8-4, in favor of Gotti's acquittal, after hearing testimony from lawyer Ron Kuby and a Gambino crime family associate that Junior told them in 1998 that he was leaving the Mafia. Prosecutors plan to retry Gotti on the charges - including the 1992 kidnapping of Kuby's radio co-host, Curtis Sliwa.

Hargraves did not testify at the last trial or at a prior one that also ended in a hung jury. But he likely will be called to the witness stand at a third trial.

"[Gotti] said, 'I want you to know I never killed anyone, I'm very active in my church, I give to my church,' " recalled Hargraves, who said Gotti bears a tattoo of Christ wearing a crown of thorns.

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Officials Accuse 5 Of Bilking Medicare (LAT)

By Peter Y. Hong, Times Staff Writer

The Los Angeles Times, March 23, 2006

An Altadena couple, relatives and an associate submitted fraudulent bills to the agency, federal authorities say.

Five Southern Californians were arrested Tuesday and charged with defrauding Medicare out of $20 million by recruiting patients for unnecessary medical treatment and then billing the agency for the services.

An Altadena couple, two of their relatives and an associate are accused of "beneficiary sharing" or "patient rotating," in which "marketers" obtain data about Medicare beneficiaries and sell the information to clinics or diagnostic testing centers that then prepare fraudulent billings.

The group, led by Konstantin Mikhaylovich Grigoryan, 56, of Altadena, allegedly conducted the fraudulent activity through 12 Los Angeles-area medical providers they controlled since 1997.

The providers purportedly conducted diagnostic examinations, such as ultrasound and blood tests, and then billed Medicare for patients' visits between 2000 and 2005 — regardless of whether medical services were received, authorities said.

The ring would fabricate test results to ensure that the patients' files could withstand an audit by Medicare, according to a criminal complaint unsealed Tuesday.

The U.S. attorney's office charged Grigoryan; his wife, Mayya Leonidovna Grigoryan, 54; Eduard Gershelis, 34, of Los Angeles, the couple's son-in-law; Aleksandr Treynker, 48, of Canoga Park, Mayya Grigoryan's brother-in-law; and Haroutyun Gulderyan, 36, of Tujunga with conspiracy, healthcare fraud, Medicare kickbacks, making false statements to a Medicare provider and money laundering.

The complaint alleges that Medicare was forced to pay out at least $20 million in fraudulent claims. Much of the money was deposited into bank accounts for "management" and "consulting" companies, including a Panamanian shell corporation with a Swiss account.

The Grigoryans and Gershelis are being held without bail, authorities said. Treynker will be allowed to remain on home detention after posting a $150,000 bond. Gulderyan's bail hearing was postponed until Thursday.

Anthony Solis, an attorney for Konstantin Grigoryan, said Tuesday he did not yet have sufficient information to comment on the charges.

5 Charged In Massive Fraud Case (PASASN)

By Marshall Allen, Staff Writer

Pasadena Star News, March 23, 2006

Altadena man suspected head of Medicare scheme

ALTADENA - An Altadena couple and three associates were arrested Tuesday morning on federal charges of bilking Medicare of more than $20 million through a "massive and well-organized conspiracy," authorities said.

Ukrainian immigrants Konstantin Mikhaylovich Grigoryan, 56, and his wife, Mayya Leonidovna Grigoryan, 54, own a home in the 700 block of Millard Canyon Road in Altadena, according to an FBI affidavit in support of their arrest.

The defendants allegedly operated a dozen Los Angeles-area clinics and diagnostic-testing facilities that claimed to be run by physicians but actually existed to defraud Medicare, the FBI said.

The Medicare beneficiaries were brought to the fraudulent healthcare providers by "cappers," marketers who sold the patients' information for fraudulent billing or were paid a kickback for bringing patients to the facilities, authorities said. The patients were bused to facilities including H.G. Diagnostics, at 720 N. Lake Ave., Suite 4, in Pasadena, from all over Los Angeles County, and sometimes from as far away as San Diego or San Jose, authorities said.

Once the patients arrived, the Medicare providers billed their Medicare numbers on the dates of their visit, and other dates, regardless of whether services were provided, the affidavit said. When no services were rendered, the conspirators would fabricate tests so the files could withstand an audit, the FBI said.

The 12 Medicare providers also shared the patients' Medicare numbers, in what the FBI called a "patient sharing" or "patient rotating" scheme. For example, the affidavit says 10 providers billed Medicare for the same 11 beneficiaries. Between 2000 and 2005, the scheme netted at least $20 million, the FBI said.

The other three defendants are Eduard Gershelis, 34, of Los Angeles, who is also the Grigoryans' son-in-law; Aleksandr Treynker, 48, of Canoga Park, who is Mayya Grigoryan's brother-in-law; and Haroutyun Gulderyan, 36, of Tujunga.

The defendants are charged with conspiracy, healthcare

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fraud, Medicare kickbacks, false statements as to a Medicare Part B provider and money laundering.

The FBI names Konstantin Grigoryan as leader of the group, which is said to have began its elaborate scheme in 1997. The defendants allegedly masked their common ownership and control of the medical providers, in violation of Medicare regulations. The defendants further concealed their fraud by laundering their money "into a maze of bank accounts of `management' and `consulting' companies, including a Panamanian shell corporation with a Swiss account," the affidavit said.

Konstantin Grigoryan has a past conviction in state court for two counts of receiving illegal payments in 2001, the affidavit said. He was charged then with arranging kickbacks in exchange for referring patients, and as part of a plea agreement received three years' probation. He was also barred from participation in state or federal healthcare programs.

Gershelis, Gulderyan and Treynker all have previous convictions in state court for the same crime, court records show.

The FBI says the money trail further implicates the defendants. A review of bank records shows large checks - often totaling hundreds of thousands of dollars - flowing from the 12 Medicare providers to four companies held in the names of the defendants, the affidavit said.

The case is the result of an ongoing investigation by the FBI, U.S. Department of Health and Human Services, Office of the Inspector General and IRS-Criminal Investigation Division.

Five People Arrested In $20 Million Medicare Fraud Scheme (MERCN)

The San Jose Mercury News, March 23, 2006

LOS ANGELES - Five people were arrested Tuesday on charges they bilked more than $20 million in Medicare payments for tests that were unnecessary or never performed.

Federal prosecutors said Konstantin Grigoryan, 56, of Altadena oversaw the fraud scheme from 1997 to 2005. He and four others are accused of recruiting Medicare beneficiaries and taking them to a dozen doctor's offices and medical laboratories in Los Angeles, prosecutors said.

The offices then submitted bogus claims for diagnostic tests, ultrasound exams and other services, according to a criminal complaint unsealed Tuesday. The Medicare beneficiaries were paid for the use of their Medicare numbers, and the fraud ring fabricated test results to fool Medicare auditors.

The complaint also alleged that most of the money that Medicare paid out for the fraudulent claims between 2000 and 2005 was deposited into bank accounts for fake management and consulting companies.

Grigoryan, his wife Mayya and their son-in-law Eduard Gershelis were charged with conspiracy, health care fraud, Medicare kickbacks, money laundering and making false statements.

Mayya Grigoryan's brother-in-law Aleksandr Treynker and a fifth defendant, Haroutyun Gulderyan, also face similar charges.

All five made their initial court appearances Tuesday afternoon. The Grigoryans and Gershelis were ordered held without bond. Treynker was ordered released on $150,000 bond. Gulderyan's bond hearing was postponed to Thursday.

Attorneys for Konstantin Grigoryan and Gulderyan had no immediate comment on the charges. Lawyers for their co-defendants could not be reached.

A call to assistant U.S. attorney Bruce Searby, who is prosecuting the case, was not immediately returned.

Indictments Connected To Health Care Fraud Expected Thursday (LAFDA)

Lafayette Daily Advertiser, March 23, 2006

Federal authorities have scheduled a news conference Thursday in Lafayette to announce a 95-count indictment alleging health care fraud.

Few other details were available this afternoon; U.S. Attorney Donald Washington was in court, and his office staff could not comment. Clerk of Court employees said as of 4 p.m., there were no indictments handed down from the grand jury this week.

The news conference is scheduled for 10 a.m. Thursday in the federal courthouse on Lafayette Street.

Representatives from the Federal Bureau of Investigation and the U.S. Department of Health and Human Services also will be present.

Former 49ers Kicker Indicted For $8M Insurance Fraud (MERCN)

By Rodney Foo

The San Jose Mercury News, March 23, 2006

Ray Wersching, the retired San Francisco 49ers kicker who booted field goals in two Super Bowl victories, was indicted Wednesday on federal charges of embezzling $8 million from an insurance company and tax evasion.

Wersching, 55, the owner of Ray Wersching Insurance Agency in Redwood City, is accused of diverting premiums earmarked for Farmers Insurance from 1997 to 2000. He is also alleged to have evaded paying taxes on $3.6 million in corporate income from 1999 to 2000.

Wersching has been served with a summons to appear Monday in U.S. District Court in San Francisco before Magistrate Judge Bernard Zimmerman, said U.S. Department of Justice spokesman Luke Macaulay.

``This action," Insurance Commissioner John Garamendi said in a statement, ``makes it clear that in California, no one -- whether an average citizen or a former football star -- will escape prosecution if they are suspected of insurance fraud."

Wersching, an ex-University of California football star, faces five allegations -- embezzlement; permitting a felon convicted of dishonesty to participate in an insurance business; failing to file a corporate tax return; and two counts of tax evasion.

The penalties carry a range of prison sentences from one to 10 years, and fines of $250,000 plus restitution.

The Mercury News was unable to reach Wersching for comment.

The indictment ends a five-year investigation conducted by the state justice department, the FBI, the California Department of Insurance, and the Internal Revenue Service.

Authorities allege Wersching diverted money from premiums to be paid to Farmers into his own company's account.

Wersching had opened the insurance agency in February 1995, and a month later hired Mary Ann Locke, also known as Mary Ann Diaz, giving her a 50 percent stake in the firm.

In March 2001, Farmer's ended its affiliation with Wersching. Locke left the company two months later.

Locke had been convicted of forgery in 1992, Macaulay said.

Last year, Locke was arraigned in federal court on insurance fraud, wire fraud and money laundering, related to the embezzlement scheme. She used the money to pay Nevada casinos for gambling debts, state insurance department officials said.

Wersching's troubles stand in stark contrast to his accomplishments on the gridiron.

He played 15 years in the NFL -- four of them with the San Diego Chargers -- before retiring from the 49ers after the 1987 season. He was a member of the 1981 and 1984 championship teams. He still holds the record for most career field goals in Super Bowls, five. Wersching trails only legendary 49er wide receiver Jerry Rice as the team's leading scorer.

The accusations stunned those who knew Wersching.

``There was never a more respected guy on the team," said Dr. Harry Edwards, a staff consultant with the 49ers for the past 20 years. ``He was a guy they leaned on in tight games to get it done and nine times out of 10, he got it done.

``From what I know of him, I could not begin to fathom what could possibly have brought him to this situation. I hope that whatever is the reality of it, that he gets through this thing."

John McVay, who served as 49ers general manager when Wersching was with the team, said, ``This is a good man and he has been for a lot of years. Knowing him, this just doesn't add up. Maybe somebody else did something and dumped it all in his lap. The Ray Wersching I know wouldn't do that kind of stuff."

FBI agent LaRae Quy said the investigation is continuing.

``We're still looking to see who might be involved and to what extent," she said.

Court: No Police Search If One Resident Says 'yes,' Other 'no' (USAT)

By Joan Biskupic

USA Today, March 23, 2006

WASHINGTON — A divided Supreme Court ruled Wednesday that police may not enter a home to conduct a search if one resi-dent gives permission but the other says no.

The 5-3 decision in a Georgia drug case that involved a feuding husband and wife drew a sharp dissent from Chief Justice John Roberts. He said the majority, led by the high court's more liberal justices, misapplied the Fourth Amendment's protection against unreasonable searches and set a rule based on "random" circumstances.

The ruling, written by Justice David Souter, says that if police search a home after being invited in by one resident over the protest of another, the evidence that is seized cannot be used in court. The decision emphasized respect for privacy in the home.

The ruling ensures that a straw coated with what police said appeared to be cocaine that was found in a bedroom at the home of Scott Fitz Randolph cannot be used in any prosecution of him. During a domestic dispute, Randolph's wife, Janet, had called police to their house in Americus. After telling the officer that her husband used drugs, she led the officer to the straw. Scott Randolph had refused an officer's request to allow a search.

Souter referred to social custom and property law that gives spouses and co-tenants equal claim on who enters a person's property. He said no guest would enter at one occupant's invitation if another occupant told the guest to stay out — and police, absent a search warrant, should not either.

"There is no common understanding that one co-tenant generally has a right or authority to prevail over the express wishes of another," Souter wrote, "whether the issue is the color of the curtains or invitations to outsiders."

The ruling was narrowly crafted to affect only situations in which the objecting tenant is present and there is no evidence of abuse or other circumstances that would justify an immediate entry by police.

However, the decision reverses a pattern among lower U.S. courts that had favored police if one resident allowed the search over the objections of another.

Wednesday's decision affirmed a ruling by the Georgia Supreme Court that favored Scott Randolph. The ruling had blocked his trial on cocaine possession charges from going forward.

Souter was joined by the court's three other more liberal justices, John Paul Stevens, Ruth Bader Ginsburg and Stephen Breyer, and by Justice Anthony Kennedy, a moderate conservative at the court's ideological center. Dissenting with Roberts were fellow conservatives Antonin Scalia and Clarence Thomas. New Justice Samuel Alito was not on the court when the case was argued, so he did not take part in the ruling.

In his dissent, Roberts said people who share a home have a reduced expectation of privacy and assume the risk that another resident might agree to a search by police. He said the ruling could endanger spouses who are abused and want police to come in a home, but do not make clear to police that a threat exists.

Thomas dissented separately, saying the action at the Randolph house should not be considered a police search because the wife led the officer to the evidence.

Thomas Goldstein, who represented Randolph, praised the decision as an affirmation of the Fourth Amendment's privacy protection. Russ Willard, spokesman for the Georgia attorney general's office, called the ruling a "roadblock" to law enforcement and said it could diminish officers' ability to investigate domestic disputes.

Roberts Dissent Reveals Strain Beneath Court's Placid Surface (NYT)

By Linda Greenhouse

The New York Times, March 23, 2006

WASHINGTON, March 22 — A Supreme Court decision on Wednesday in an uncelebrated criminal case did more than resolve a dispute over whether the police can search a home without a warrant when one occupant gives consent but another objects.

More than any other case so far, the decision, which answered that question in the negative by a vote of 5 to 3, drew back the curtain to reveal the strains behind the surface placidity and collegiality of the young Roberts court.

It was not only that this case, out of 32 decided since the term began in October, provoked Chief Justice John G. Roberts Jr. to write his first dissenting opinion. He had cast two earlier dissenting votes, and had to write a dissenting opinion eventually.

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And although there has been much commentary on the court's unusually high proportion of unanimous opinions, 22 so far compared with only 27 in all of the last term, few people expected that rate to continue as the court disposed of its easiest cases and moved into the heart of the term.

Rather, what was striking about the decision in Georgia v. Randolph, No. 04-1067, was the pointed, personal and acerbic tone in which the justices expressed their disagreement over whether the Fourth Amendment's ban on unreasonable searches was violated when the police in Americus, Ga., arriving at a house to investigate a domestic dispute, accepted the wife's invitation to look for evidence of her husband's cocaine use.

The dueling opinions themselves were relatively straightforward; as has often been the case in the court's recent past, although not so far this term, the justices revealed their real feelings in the footnotes.

Writing for the majority, Justice David H. Souter said the search was unreasonable, given the vocal objection of the husband, Scott Randolph. True, Justice Souter said, the court had long permitted one party to give consent to a search of shared premises under what is known as the "co-occupant consent rule." But he said that rule should be limited to the context in which it was first applied, the absence of the person who later objected.

The presence of the objecting person changed everything, Justice Souter said, noting that it defied "widely shared social expectations" for someone to come to the door of a dwelling and to cross the threshold at one occupant's invitation if another objected.

"Without some very good reason, no sensible person would go inside under those conditions," he said.

"We have, after all, lived our whole national history with an understanding of the ancient adage that a man's home is his castle," Justice Souter said. "Disputed permission is thus no match for this central value of the Fourth Amendment."

Justices John Paul Stevens, Anthony M. Kennedy and Ruth Bader Ginsburg joined the majority opinion, as did Justice Stephen G. Breyer, who explained himself in a concurring opinion notable for its ambivalent tone. Justice Samuel A. Alito Jr. did not vote, as he was not a member of the court when the case was argued.

The dissenters, in addition to Chief Justice Roberts, were Justices Antonin Scalia and Clarence Thomas. In his opinion, the chief justice took aim at the majority's description of social custom, as well as its reliance on that description to reshape "a great deal of established Fourth Amendment law."

Every lower federal court to have considered the issue, as well as most state courts, had concluded that one party's consent was sufficient. The Georgia Supreme Court, in its 2004 decision that the justices affirmed, was in the minority, ruling in this case that the evidence of Mr. Randolph's cocaine use was inadmissible.

"The fact is that a wide variety of differing social situations can readily be imagined, giving rise to quite different social expectations," Chief Justice Roberts said. For example, he continued, "a guest who came to celebrate an occupant's birthday, or one who had traveled some distance for a particular reason, might not readily turn away simply because of a roommate's objection."

Noting that "the possible scenarios are limitless," he said, "Such shifting expectations are not a promising foundation on which to ground a constitutional rule, particularly because the majority has no support for its basic assumption — that an invited guest encountering two disagreeing co-occupants would flee — beyond a hunch about how people would typically act in an atypical situation."

The majority missed the point, the chief justice said; the fact is that someone choosing to share space has also, already, chosen to share privacy.

"Our common social expectations may well be that the other person will not, in turn, share what we have shared with them with another — including the police," he said, "but that is the risk we take in sharing."

That was the analysis, and then came the footnotes.

Justice Souter, usually mild-mannered to a fault, said in Footnote 4 that "in the dissent's view, the centuries of special protection for the privacy of the home are over." By invoking a "false equation" between inviting the police into the home and reporting a secret, he said, the chief justice "suggests a deliberate intent to devalue the importance of the privacy of a dwelling place."

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Chief Justice Roberts responded in turn. The majority had mischaracterized his position on privacy and "seems a bit overwrought," he said in a footnote.

In a concluding paragraph of his dissent, he said: "The majority reminds us, in high tones, that a man's home is his castle, but even under the majority's rule, it is not his castle if he happens to be absent, asleep in the keep or otherwise engaged when the constable arrives at the gate. Then it is his co-owner's castle."

Justice Souter also attacked as a "red herring" a warning by Chief Justice Roberts that the rule the court was adopting would hamper the ability of the police to protect victims of domestic violence.

Justice Souter said the law was clear on the right of the police, despite any objection, to enter a home to protect a crime victim. But that issue "has nothing to do with the question in this case," he said.

The discussion by Chief Justice Roberts of the implications for domestic violence cases might have been an effort to win, or a failed effort to hold, the vote of Justice Breyer.

When the case was argued on Nov. 8, Justice Breyer raised the issue of domestic abuse. Addressing Mr. Randolph's lawyer, Thomas C. Goldstein, he said, "I haven't seen anything on your side that wouldn't prevent many cases of domestic spousal abuse from being investigated." He added, "Quite frankly, it bothers me a lot."

In his concurring opinion on Wednesday, Justice Breyer noted that in this case, the police were searching "solely for evidence," and domestic abuse was not at issue. While he pronounced himself satisfied by "the case-specific nature of the court's holding," he said the outcome might well be different in the context of domestic abuse, in which police entry even over one spouse's objection could be reasonable.

This case was the oldest undecided case on the court's docket, and it is likely that Justice Breyer's vote was in play until the final stages. One indication was Chief Justice Roberts's reference in his opinion to Justice Breyer's having joined "what becomes the majority opinion," an odd present-tense locution suggesting that the outcome had once been otherwise.

The case also produced dueling opinions by Justice Stevens, concurring, and Justice Scalia, in dissent, over how a true believer in interpreting the Constitution in light of the framers' original understanding would have resolved the issue. There was a tone more of banter than anger to this exchange between the old adversaries, as if after some months of forced and unaccustomed unanimity, they were now free once again to acknowledge their differences.

Supreme Court Strengthens Protection Against Searches (WSJ)

By Jess Bravin

The Wall Street Journal, March 23, 2006

WASHINGTON -- Strengthening Fourth Amendment protections against warrantless searches, the Supreme Court ruled that police can't enter a house over a resident's objection simply because a second occupant invites them in.

Chief Justice John Roberts led the three dissenters, reflecting his longstanding deference to police.

The opinions recalled debates that have marked the court since the 1950s, when, under Chief Justice Earl Warren, it began imposing rules to deter police misconduct. Justice Samuel Alito sat out because the case was argued before his confirmation, but he has written elsewhere of his disagreement with Warren Court criminal-procedure cases.

The ruling by Justice David Souter was grounded in those doctrines, which have limited warrantless searches when a third party, such as a landlord or hotel clerk, has let police into an absent tenant's quarters. "We have, after all, lived our whole national history with an understanding of 'the ancient adage that a man's home is his castle,'" Justice Souter wrote, citing a 1958 opinion by his predecessor, Justice William Brennan.

Yesterday's case originated with a 2001 marital dispute in Americus, Ga. Janet Randolph told police that her husband, Scott, used cocaine and that the house held "drug evidence." Mr. Randolph refused when an officer asked permission to search the premises. The officer turned to Mrs. Randolph, who led him to Mr. Randolph's bedroom, where the officer found a drinking straw with cocaine residue.

The Georgia Supreme Court ruled the search violated the Fourth Amendment, which bars "unreasonable searches and seizures" of "persons, houses, papers and effects." The state appealed.

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Although the Constitution generally provides that police obtain a warrant before conducting a search, there are "reasonable" exceptions, such as to prevent imminent harm or if the party consents.

"The constant element...is the great significance given to widely shared social expectations," Justice Souter wrote. "There is no common understanding that one co-tenant" can "prevail over the express wishes of another, whether the issue is the color of the curtains or invitations to outsiders." Few visitors would enter a house at "one occupant's invitation...when a fellow tenant stood there saying, 'stay out.'" That distinguished the case from a 1974 Supreme Court decision allowing one tenant to let police search while a co-tenant wasn't home. People who share housing "understand that any one of them may admit visitors, with the consequence that a guest obnoxious to one may nevertheless be admitted in his absence by another," he wrote.

Chief Justice Roberts's dissent said "the court creates constitutional law by surmising what is typical when a social guest encounters an entirely atypical situation." Many "social conventions may shape expectations about how we act when another shares with us what is otherwise private," he wrote. But "if an individual shares information, papers, or places with another, he assumes the risk that the other person will in turn share access to that information or those papers or places with the government."

Supreme Court Puts Constraints On House Searches With Co-tenants (KRT)

By Stephen Henderson

Knight Ridder, March 22, 2006

WASHINGTON - Recognizing that a man's home is, indeed, his castle, the Supreme Court said Wednesday that police can't search a house without a warrant if one occupant invites them in but another objects to their presence.

Writing for a sharply divided court, Justice David Souter said the ruling's logic was drawn from common social courtesies. The vote in the case was 5-3; Justice Samuel Alito, who wasn't on the court when the case was argued, didn't vote.

"There is no common understanding that one co-tenant generally has a right or authority to prevail over the express wishes of another, whether the issue is the color of the curtains or invitations to outsiders," Souter wrote. Under the Fourth Amendment, which protects against unreasonable searches, police who come knocking without a warrant can't bypass consent any more easily than a salesman or other guest could, he said. Justices John Paul Stevens, Anthony Kennedy, Ruth Bader Ginsburg and Stephen Breyer joined Souter in the majority.

The ruling could have wide-ranging implications for authorities, who regularly confront the question of how and when someone has sufficiently waived his or her privacy rights to justify a search.

The ruling also inspired the first written dissent from Chief Justice John G. Roberts.

Roberts accused the court of falsely reading a social assumption into the Constitution - "that an invited guest who arrives at the door of a shared residence, and is greeted by a disagreeable co-occupant shouting `stay out,' would simply go away."

Roberts said that different social situations could produce different outcomes.

"Such shifting expectations are not a promising foundation on which to ground a constitutional rule," Roberts wrote. Justices Antonin Scalia and Clarence Thomas also dissented.

Roberts also disagreed with another of the court's assumptions: that a person who chooses to live with someone else has the same expectations of privacy as a person who chooses to live alone.

"Even in our most private relationships, our observable actions and possessions are private at the discretion of those around us," Roberts wrote. Someone who lives with others "assume the risk that those who have access to and control over his shared property might consent to a search."

The case arose from a domestic dispute involving spouses Scott and Janet Randolph in Americus, Ga. When police showed to resolve things, Janet Randolph told them that her husband had drugs in their home and agreed to let the officers inside to look for evidence.

Scott Randolph objected, but the police went ahead on Janet Randolph's word; she led them to drug paraphernalia in the couple's bedroom.

Scott Randolph later tried to have the evidence tossed out because he said the search was illegal. A lower court agreed with him and the justices were asked to decide the matter finally.

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The court had never directly confronted the issue of two people, both present at a home, giving different answers to a request for a search.

Souter noted that the court has long decided whether warrantless searches are "reasonable" by looking to the expectations that people would have in normal social situations.

The court also has ruled before that if only one occupant is present when police ask to search, that person's consent is sufficient, even if other occupants who weren't present later object to the search.

In the Randolph case, however, Souter said the social expectations were clear.

"A caller standing at the door of shared premises would have no confidence that one occupant's invitation was a sufficiently good reason to enter when a fellow tenant stood there saying, `Stay out,'" Souter wrote. "Without some very good reason, no sensible person would go inside under those conditions."

Souter made clear, though, that the court was drawing a fine line: A co-occupant's objection is relevant only if the person is at the door, voicing his or her wishes to the police. Someone who's not on the premises, or even asleep in a bedroom, "loses out," Souter said.

That thinking was the focus of Roberts' dissent.

"That the rule is so random in its application confirms that it bears no real relation to the privacy protected by the Fourth Amendment," Roberts wrote. "What the majority's rule protects is not so much privacy as the good luck of a co-owner who just happens to be present at the door when the police arrive."

Roberts also said that the court's ruling would have undesirable effects on victims of domestic violence.

"The majority's rule apparently forbids police from entering to assist with a domestic dispute if the abuser whose behavior prompted the request for police assistance objects," he said, echoing concerns that Breyer had raised during oral arguments.

Breyer, however, sided with the court majority and wrote separately to address the questions about domestic violence.

Breyer said police responding to instances of domestic abuse are often dealing with "emergency" situations in which normal search rules wouldn't apply.

Other justices also weighed in.

Stevens wrote a concurrence using the case to point out what he saw as a flaw in Scalia's preferred method of resolving cases, which is to divine the "original" meaning of constitutional provisions.

The Randolph case, Stevens said, could be resolved only by looking at "evolving" social standards. Only in modern times have women been recognized as equal partners in households, Stevens said. When the Fourth Amendment was written, "only the consent of the husband would matter" because women had lesser rights.

Scalia wrote to respond specifically to Stevens' charge. What had changed, he noted, were laws governing property rights, not the meaning of the Fourth Amendment.

Stevens had confused the "original import of the Fourth Amendment with the background sources of law to which the Amendment, on its original meaning, referred."

Thomas also dissented, saying the circumstances in Randolph's case weren't a search at all, but an instance of a spouse of a suspected criminal leading police to potential evidence and as such were beyond the reach of the Fourth Amendment's protection against illegal searches.

Divided Justices Reject Searches If Consent Is Split (WT)

By Guy Taylor

The Washington Times, March 23, 2006

A split Supreme Court yesterday ruled that Georgia police acted unconstitutionally when they searched a home without a warrant after one occupant agreed to the search but another refused.

The court ruled 5-3 that warrantless searches may be allowed under the Fourth Amendment if a home's occupant gives consent -- but not when a second occupant "is present at the scene and expressly refuses to consent."

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Justices John Paul Stevens, Anthony M. Kennedy, Ruth Bader Ginsburg, Steven G. Breyer and David H. Souter formed the majority. Chief Justice John G. Roberts Jr., in his first written dissent since being confirmed five months ago, disagreed, saying the ruling will damage investigations of domestic violence.

"The cost of affording such random protection is great, as demonstrated by the recurring cases in which abused spouses seek to authorize police entry into a home they share with a nonconsenting abuser," the new chief said.

Justice Antonin Scalia joined the dissent, and he and Justice Clarence Thomas wrote dissents of their own. Justice Samuel A. Alito Jr. abstained because the case was argued before he was confirmed.

The varied opinions marked the first major high court split since the confirmation of Chief Justice Roberts. Calling the new chief's concern a "red herring," the majority asserted the case had "no bearing on the capacity of the police to protect domestic victims."

"No question has been raised, or reasonably could be, about the authority of the police to enter a dwelling to protect a resident from domestic violence," Justice Souter wrote for the majority.

"It would be silly to suggest that the police would commit a tort by entering ... to determine whether violence (or the threat of violence) has just occurred or is about to (or soon will) occur, however much a spouse or other co-tenant objected."

The case involved a 2001 search of Janet and Scott Randolph's home. Mrs. Randolph had called police to complain that after a domestic dispute, her husband had taken their son away. When police arrived, she said Mr. Randolph was a cocaine user.

Mr. Randolph returned while police were still there, and Mrs. Randolph repeated her complaints about her husband's drug use and said there was evidence of it in the house.

Mr. Randolph denied this, saying that, in fact, it was Mrs. Randolph with the drug problem. When police asked whether they could look around without a warrant, Mr. Randolph "unequivocally refused," according to court papers. Mrs. Randolph, however, consented, leading an officer to a room where he found "a section of a drinking straw with a powdery residue he suspected was cocaine."

Mr. Randolph was indicted on charges of possession of cocaine. A state trial court denied his motion to suppress the evidence as products of a warrantless search unauthorized by consent. But the Georgia Court of Appeals and the Georgia Supreme Court reversed the denial, ruling in favor of Mr. Randolph that a warrantless search is invalid if an occupant refuses it, regardless of whether a second occupant gives consent.

High Court Trims Police Power To Search Homes (WP)

By Charles Lane

The Washington Post, March 23, 2006

The Supreme Court narrowed police search powers yesterday, ruling that officers must have a warrant to look for evidence in a couple's home unless both partners present agree to let them in.

The 5 to 3 decision sparked a sharp exchange among the justices. The majority portrayed the decision as striking a blow for privacy rights and gender equality; dissenters said it could undermine police efforts against domestic violence, the victims of which are often women.

The ruling upholds a 2004 decision of the Georgia Supreme Court but still makes a significant change in the law nationwide, because most other lower federal and state courts had previously said that police could search with the consent of one of two adults living together.

Now, officers must first ask a judicial officer for a warrant in such cases. Quarrels between husbands and wives, or boyfriends and girlfriends, keep police busy around the country; in the District, almost half of the 39,000 violent crime calls officers answered in 2000 involved alleged domestic violence.

Justice David H. Souter's majority opinion said that the consent of one partner is not enough, because of "widely shared social expectations" that adults living together each have veto power over who can come into their shared living space. That makes a warrantless search based on only one partner's consent "unreasonable" and, therefore, unconstitutional.

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"[T]here is no common understanding that one co-tenant generally has a right or authority to prevail over the express wishes of another, whether the issue is the color of the curtains or invitations to outsiders," Souter wrote.

Chief Justice John G. Roberts Jr., writing his first dissent since joining the court in October, said the ruling's "cost" would be "great," especially in domestic dispute situations.

Roberts wrote that the ruling made no sense, given that the court had previously said it is constitutional for police to enter a house with the permission of one partner when the other is asleep or absent. Those rulings were unchanged by yesterday's decision.

Just by agreeing to live with someone else, a co-tenant has surrendered a good deal of the privacy that the Constitution's Fourth Amendment was designed to protect, Roberts noted.

"The majority's rule apparently forbids police from entering to assist with a domestic dispute if the abuser whose behavior prompted the request for police assistance objects," he wrote.

But Souter called that argument a "red herring," saying that the police would still have legal authority to enter homes where one partner was truly in danger.

"[T]his case has no bearing on the capacity of the police to protect domestic victims," Souter wrote. "No question has been raised, or reasonably could be, about the authority of the police to enter a dwelling to protect a resident from domestic violence; so long as they have good reason to believe such a threat exists."

Souter said Roberts was guilty of declaring that "the centuries of special protection for the privacy of the home are over."

Souter's opinion was joined by Justices John Paul Stevens, Anthony M. Kennedy, Ruth Bader Ginsburg and Stephen G. Breyer.

Breyer backed Souter with a separate opinion noting that his decisive fifth vote was cast on the understanding that Souter's analysis applies to cases such as this one, Georgia v. Randolph , No. 04-1607, in which the police were searching for evidence of a crime, rather than intervening in a violent dispute.

"[T]oday's decision will not adversely affect ordinary law enforcement practices," Breyer wrote.

The case arose out of a 2001 quarrel over child custody at the home of Janet and Scott Randolph in Americus, Ga. When officers arrived, she told them where they could find his cocaine. An officer asked Scott Randolph for permission to search the house. He refused, but Janet Randolph said yes -- and led them to a straw covered in cocaine crystals. Scott Randolph was arrested and indicted on charges of cocaine possession.

Georgia's Supreme Court ultimately ruled that the evidence should be suppressed because it was gathered without a warrant.

Justices Antonin Scalia and Clarence Thomas also dissented. Justice Samuel A. Alito Jr. did not vote because he was not yet on the court in November, when the case was argued.

The main battle between Souter and Roberts was accompanied by a skirmish between Stevens and Scalia, who used the case as an opportunity to make points in the court's long-running dispute over Scalia's view that the Constitution should be interpreted in light of the Framers' original intent.

In a brief concurring opinion, Stevens noted that the court's ruling was based on the concept that neither a husband nor a wife is "master" of the house in the eyes of the law. But at the time the Bill of Rights was drafted, he wrote, only a husband's consent or objection would have been taken into account.

Thus, he wrote, "this case illustrates why even the most dedicated adherent to an approach . . . that places primary reliance on a search for original understanding would recognize the relevance of changes in our society."

Scalia fired back at "Justice Stevens' 'attempted critique' of originalism,' " arguing that the court's ruling would probably not benefit women.

"Given the usual patterns of domestic violence," he noted, "how often can police be expected to encounter the situation in which a man urges them to enter the home while a woman simultaneously demands they stay out?"

In Case Involving Disbarred Attorney, High Court Draws 'Fine Line' On Police Searches (LAW)

By Alyson M. Palmer, Fulton County Daily Report

Fulton County Daily Report, March 23, 2006

A man's home is still his castle, the U.S. Supreme Court ruled Wednesday, declaring a Georgia woman couldn't give away her husband's Fourth Amendment rights.

In a 5-3 decision that backed up a previous ruling by the Georgia Supreme Court, the U.S. high court said that one household occupant's permission for police to enter the home does not give law enforcement an exception to the warrant requirement if another occupant stands in the doorway and protests that entry.

The decision has broad implications for police searches across the nation and prompted the first dissent written by Chief Justice John G. Roberts Jr., who warned his colleagues may have made it difficult for abused spouses to obtain police assistance.

A disbarred Americus, Ga., attorney was at the center of the case. After police were called to his home when he and his wife quarreled, both accused each other of using illegal drugs. When police asked if they could search the home, Scott Fitz Randolph said no while his wife said yes. Police then searched the home and found what appeared to be cocaine. In the subsequent criminal case, Randolph moved to suppress the evidence.

Writing for the majority, Justice David H. Souter said "the ancient adage that a man's home is his castle" dictated the court's ruling in Randolph's favor. Justices Anthony M. Kennedy, John Paul Stevens, Ruth Bader Ginsburg and Stephen G. Breyer joined the majority.

"Since the co-tenant wishing to open the door to a third party has no recognized authority in law or social practice to prevail over a present and objecting co-tenant," wrote Souter, "his disputed invitation, without more, gives a police officer no better claim to reasonableness in entering than the officer would have in the absence of any consent at all." Georgia v. Randolph, No. 04-1067.

Acknowledging it was "drawing a fine line," the majority said, on the other hand, if the "potential objector" to the search is "nearby" but is "not invited to take part in the threshold colloquy," then the co-tenant's permission to search provides police a way around the Fourth Amendment's warrant requirement.

Roberts, joined by Justice Antonin Scalia, criticized that "fine line" as giving "protection on a random and happenstance basis, protecting, for example, a co-occupant who happens to be at the front door when the other occupant consents to a search, but not one napping or watching television in the next room."

Justice Clarence Thomas penned his own dissent.

Souter suggested police still could enter a home over an occupant's objection in an emergency situation "so long as they have good reason to believe such a threat exists." The case decided Wednesday involved a domestic dispute, but the spouse invited police in to search for drugs, not to protect her.

In July 2001, Americus police responded to a call about a disturbance between Randolph and his estranged wife at the Americus house where Randolph lived. Randolph had worked as a criminal defense lawyer but was disbarred in 2001 for mishandling a bankruptcy case.

With the couple accusing each other of drug use, police asked to search the home and got consent from the wife, but not Randolph. Police then found what appeared to be cocaine. After he was indicted by Sumter County on cocaine possession, Randolph unsuccessfully moved the trial court to suppress the evidence police took from the house.

Represented by Wilbur T. Gamble of Collier & Gamble of Dawson in the Georgia courts, Randolph appealed to the Georgia Supreme Court.

In a 4-3 decision issued in 2004 and written by Justice Robert Benham, the state high court agreed with Randolph that the trial court should have granted the motion to suppress.

"The Georgia Supreme Court got it exactly right, and that is, when you're at home, you have rights in your house," said Thomas C. Goldstein, a Supreme Court veteran with the Washington firm of Goldstein & Howe who successfully argued the case for Randolph at the U.S. Supreme Court.

"At the same time, if you're away, your roommates or your spouse can let the police in, but when you're home, it's your castle."

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The state of Georgia thought otherwise and appealed to the U.S. Supreme Court, arguing that when people live together, they have a reduced expectation of privacy.

Georgia, represented by Senior Assistant Attorney General Paula K. Smith at oral argument, received backing from the U.S. Department of Justice.

Russ Willard, a spokesperson for Georgia Attorney General Thurbert Baker, lambasted the decision. "Today's decision throws yet another poorly defined roadblock in front of law enforcement trying to carry out their responsibilities and, as the dissent points out, hamstrings police in their ability to intervene in domestic violence situations where a spouse is sufficiently in fear to have summoned police in the first instance."

The Supreme Court's lineup showed Roberts "is a very solid law and order vote," with Kennedy "in the position of swing vote," said Goldstein.

"I don't think [Roberts'] position was a surprise," said Pamela S. Karlan, a professor and associate dean at Stanford Law School who worked on Randolph's Supreme Court brief, along with Atlanta attorney Donald F. Samuel of Garland, Samuel & Loeb. She added the appointment of Roberts likely did not change the outcome, given that former Chief Justice William H. Rehnquist was "not generally solicitous" of Fourth Amendment claims.

Samuel A. Alito Jr., did not participate in the decision; he did not take the bench until after the court heard arguments in November.

Jeffrey A. Lamken, of Baker Botts in Washington, who filed an amicus brief for the National Association of Criminal Defense Lawyers supporting Randolph's argument, cautioned against drawing too many inferences from how the justices split, calling Fourth Amendment cases "unpredictable animals."

Death Penalty Sought In Guard's Killing (BSUN)

By Greg Garland

The Baltimore Sun, March 23, 2006

Washington County's top prosecutor said Wednesday that he will seek the death penalty for a prison inmate who is accused of killing a correctional officer at a Hagerstown hospital.

State's Attorney Charles P. Strong Jr. filed notice in Circuit Court that he will seek to have the inmate, Brandon Morris, put to death for the killing of Jeffery A. Wroten.

The death penalty applies because Morris, 20, "committed the murder in furtherance of an escape" and because of other aggravating circumstances, the prosecutor wrote.

Strong said he spoke with Wroten's family before making the decision because he wanted to make sure they understood that death penalty cases are often long, involved and intense.

"If successful at the trial level, these cases can involve many, many years of appeals and other challenges," Strong said. He said his decision "is consistent with the evidence and with the support of the family."

Morris, of Baltimore, is accused of shooting Wroten in the face at Washington County Hospital on Jan. 26 as the officer lay on the floor, pleading for his life. The 44-year-old Wroten, who worked at Roxbury Correctional Institution, died the next day.

Morris was being treated at the hospital for what authorities have said they believe was a self-inflicted injury -- a sewing needle jammed into his abdomen. Wroten had been assigned to guard him.

Attorney Michael R. Morrissette, the public defender who represents Morris, declined to comment Wednesday on Strong's decision. "The Office of the Public Defender would prefer to do its talking in the courtroom," he said.

In Maryland, both sides in a death penalty case have an automatic right to have a case tried in a different venue from where the crime occurred -- a right the defense is expected to exercise in the high-profile Morris case.

According to court papers Strong filed this week, authorities have not been able to determine how Morris got free of his restraints, enabling him to knock Wroten to the floor and take his weapon from him.

Under state prison policies, inmates under guard are supposed to be shackled to hospital beds. However, restraints are sometimes removed for an inmate to use the bathroom or when a doctor orders removal for medical reasons.

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A nurse responding to the noise of the scuffle arrived to find Morris crouched on top of Wroten, and saw the inmate fire the gun in Wroten's face at close range, according to court papers.

Authorities have said Morris fled the hospital in a taxi he allegedly commandeered at gunpoint. He was captured less than an hour later.

Antiques Obtained Through A Bribery Are Put On Block (WSJ)

By Deborah Solomon And Peter Sanders

The Wall Street Journal, March 23, 2006

A defense contractor seeking to bribe California Congressman Randall "Duke" Cunningham shelled out $12,000 in November 2001 for a cache of antiques, including four armoires, a leaded-glass cabinet and a massive buffet, all of which were delivered to Mr. Cunningham's home.

Today, those items and dozens more of Mr. Cunningham's ill-gotten furnishings will be up for grabs when some of the scandal's spoils hit the auction block.

The auction, handled by the Treasury Department, is part of the government's criminal proceedings against Mr. Cunningham, a Republican from San Diego, who was sentenced this month to eight years in prison after pleading guilty to accepting more than $2.4 million in cars, homes, furnishings and other bribes in exchange for steering Pentagon contracts to two defense contractors. As part of the plea deal, Mr. Cunningham forfeited many items he received from several "co-conspirators," who government officials say lavished money and gifts on the former congressman.

Today, Mr. Cunningham's collection of antique furniture and Oriental rugs is in a warehouse south of Compton, Calif., where they will be auctioned today. The sale includes three antique commodes, including two from the 1800s, two silver candelabras and oak hutches, one with multicolored glass doors adorned with carved lion heads and brass rings. Also on the block are eight Oriental rugs, along with three antique oak doors with multicolored glass panels. Buyers can bid for Mr. Cunningham's bed, a cherry-wood Stickley sleigh bed that prosecutors say was bought, along with a brown leather sofa, for $6,632.

Auction officials won't disclose what they expect Mr. Cunningham's items to fetch; any money raised will go to the U.S. Treasury Asset forfeiture fund. "People pay top dollar to dealers and unfortunately a lot of the stuff doesn't have as strong a resale value," says Victor Wiener, an independent appraiser with Wiener Wolf Associates in New York. On top of that, Mr. Wiener says, Mr. Cunningham's items aren't that impressive.

"If one is taking payment of objects in lieu of cash you better be sure you're getting a real bargain as opposed to paying too much," he says. Given what Mr. Cunningham received, Mr. Wiener says, "I would have taken the cash."

Poetic Justice: These Bribes Are Going, Going, Gone (WP)

By William Booth

The Washington Post, March 23, 2006

RANCHO DOMINGUEZ, Calif. -- Behold! The disgraced congressman's silver-plated, five-light candelabrum with matching "bobbishes" (that would be Lot No. 61) out on the auction block in this cavernous and cold warehouse east of the Port of Los Angeles.

See! His most intimate household items set out for crass inspection and actual touching by the viewing public, like some kind of garage sale of infamy -- the 1920s lingerie cabinet with the scratched drawers, the 19th-century Louis-Phillipe commode with the cracked (but professionally restored) black marble top, the red-and-blue wool Oriental rug . . . with a stain in the center. The stuff is all just there, plop, sharing space with other criminally gotten gains, seized from or forfeited by his fellow felons, the cigarette smugglers, software pirates, credit card frauds and drug traffickers.

Is it sad or is it justly delicious? For today all will be sold to the highest bidder -- the physical evidence of the corruption incarnate that earlier this month sent former representative Randy "Duke" Cunningham -- the eight-term, 64-year-old, blustery conservative Republican lawmaker -- from the better suburbs of San Diego to eight years and four months in federal prison for accepting $2.4 million in bribes from defense contractors and evading more than $1 million in taxes.

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Alas, the "Duke-Stir" (as his boat-bribe at the Capital Yacht Club was named) will blubber for mercy while on camera no more -- or at least not for seven years and a month (the 85 percent federal minimum for time to be served). History will judge the man and his crimes. On Tuesday, Jean Marc Garcell was judging Cunningham's taste in carpets.

"I've got my eye on Number 63," Garcell says, planning to return Thursday to wave his paddle and bid. He is coy about how much he thinks the red, blue and ivory rug will fetch, because the commercial pilot doesn't want to tip his hand, but he concedes it may garner $10,000 or more. "It's Iranian, 200 knots, and," Garcell lowers his voice, "handmade. And that's huuuuge."

Question: Does notoriety increase the value of an antique? Meaning, is a greater price placed upon a leaded glass Tiffany-style lamp because it was once owned by a congressman who got defense contractors to pay for his daughter's graduation party and actually jotted down a "bribe menu" on his own House of Representatives stationery ($18 million in government defense contracts in exchange for $50,000, for example) -- a crime that prosecutors described in their sentencing filing as a "malversation . . . unprecedented in the long history of Congress" (wow) -- or does it make the stuff worth less, because it's creepy?

"It is possible some would be interested in the items for their, mmm, historical interest," says Angie Ortanez, a criminal investigator and press officer with the Internal Revenue Service, which along with the FBI ran Cunningham to ground and will split the proceeds of the seized-property auction.

Potential buyer Garcell is not moved one way or the other by the previous owner. "But yes, to some of my good Democratic friends, I'll tell them," he says. A kind of party favor.

"A wild card." That's how Britney Sheehan of EG&G Technical Services, which runs the auction, describes the provenance issue regarding the Duke loot. Sheehan cannot reveal what the minimum bids must be for any item, nor what she and her appraisers think the stuff is worth, because such information may smack of inside trading, collusion and bid-rigging (and there's been quite enough of that, thank you very much).

The Cunninghamanalia (Lots 61 through 95) is against one warehouse wall, but his criminal proceeds are surrounded by a crazy quilt of other goods nabbed at the ports by Customs or seized by other federal law-enforcement agents. So there are black lace bras beside engine blocks. A wood carving of the Last Supper. A box of plastic pretzels. Cases of single-malt scotch. Lots of flip-flops. Baggies filled with cultured black pearls from Tahiti. Cartons of off-brand cigarettes (Bronco Ultra Lights). And a silver Ferrari.

Drug dealer, huh?

"Actually, a software pirate," Sheehan says.

The Cunningham Collection includes a dozen Oriental or Persian carpets (some machine-made), a few knickknacks and the furniture, which includes armoires and nightstands as well as the aforementioned lingerie cabinet (like a wardrobe, with drawers inside) and the French commode (commode not being a toilet or chamber pot, but a style of chest of drawers that sits on low legs).

How to put this?

The congressman's tastes were eclectic and a little ostentatious. The man drove a Rolls (a bribe). His furnishings have a similar plea for attention: They shout "antique," even when they are reproductions.

A former Navy fighter pilot he may have been (he named one of his bribe-laundering companies Top Gun Enterprises); his personal style veered toward large, dark, wood Frenchy pieces, with lots of marble and mirror and stained glass, and a certain amount of decorative flourish. In a previous Washington Post article, the reporters described Cunningham's taste as "surprisingly delicate." We might amend that as "surprisingly fussy."

"I'd call it ornate," Sheehan says.

We stood to admire his 32-foot-long Oriental runner. Thirty-two feet is one long runner. "And you don't see any of the creases that would indicate it was used on a stairway," Sheehan says. So we're talking long hallways. (Was the man was just begging to be caught?) Also, a hodgepodge of periods are represented. "You've got your French provincial and art deco and modern and some things that look like Americana," Sheehan says. Naturally, you'd have to see it all together at his mansion (bought with bribe money) down in Rancho Santa Fe to see if the artwork and throw pillows brought it all together.

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Among those inspecting Cunningham's forfeitures were several citizens who were not aware that they once belonged to a former congressman, and when reminded about the scandal, still it didn't ring a bell.

Janice Sherwood was accompanying her husband, who "loves government seizures," and she said the Cunningham collection made her mad ("the country's at war") but did not completely surprise, along the lines of "they're all crooks." Would she like to bid? Nope, not her style. "I like brighter colors, lighter woods," Sherwood says.

Officers' Site Sinks Into Outlet For Attacks (WP)

By Ernesto Londoño

The Washington Post, March 23, 2006

What's up with the cop in Silver Spring who's ratting out colleagues? That was the question raised by a police officer who started a thread on the online message board of the Montgomery County police union on July 15, 2004.

Within minutes, a flurry of responses began pouring in to the site, one of many online forums that have changed the way police gripe and gossip.

They called the African American officer in question a "rat," a racist and a lazy cop who needed to "be put in her place." Then her husband -- the department's former diversity training teacher, who was brought in after the agency came under scrutiny over allegations of racial profiling -- was dragged into the online onslaught.

"Let him jump out and scream profiling at me on a traffic stop," a writer identified only as "Irish Cop 4 Life" wrote. "The only profile he's going to see is mine driving him into the pavement by his racist skull!!!"

The message board was designed as a forum where officers could trade tips, complaints and light banter. But several officers say it has become an outlet for personal attacks -- often laced with racist language, sexual harassment and disparaging remarks about police supervisors, county leaders, immigrants and residents.

Copies of the messages from the password-protected Web site provided to The Post provide a rare glimpse of some officers talking among themselves. The authenticity of the messages, posted from 2004 to this year, was verified by officers with access to the site.

The officer attacked in July 2004 was Cpl. Sonia Pruitt, identified on the site not only by her name but also her professional particulars: badge No. 1134, Silver Spring station, central business district. She said the attack stemmed from a misunderstanding of an innocuous episode involving an officer she believed did not follow proper procedure during an arrest.

The threat about her husband would have been jarring in any context, Pruitt said. But coming from one of her colleagues -- only Montgomery County police officers have access to the forum -- it was downright bloodcurdling.

"Who's to say a guy with a gun wouldn't hurt my husband on a traffic stop?" she asked.

Officers concerned about what they describe as a spate of increasingly odious exchanges say union leaders and police supervisors have largely ignored their complaints. The union president said the site is deliberately uncensored, but he said he discourages its use as an outlet for personal attacks, harassment and racist language.

Police Chief J. Thomas Manger said he has known for some time that some officers were unhappy with the message boards, but he said he was unaware of the nature of the offensive threads until a reporter read him a sample.

"I'm very disappointed to know that we have a handful of employees that would write some of the things that are written in this forum," Manger said. "I know it does not reflect 99 percent of our employees. I will not tolerate any unlawful or improper conduct by any police department employee in the course of their duties."

Five officers interviewed for this story said they think the uncivil messages are the work of a loud minority and do not reflect the values of most officers. But they say the messages offer a disturbing look into the minds of some of their colleagues, and they say they worry that the postings might influence rookies.

"If you treat your brothers and sisters like this," said Detective Terry Ridgley, president of the department's black officers association, "how can we expect you to treat members of the community with respect?"

The county's immigrants, a segment of the population whose trust the police department has worked hard to gain, have frequently been the target of offensive messages.

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A January thread that started with a message about a sign at a district station turned into a rant about the county's changing demographics. One officer identified only as "4D" -- the Wheaton district station -- wrote: "Half of the district NO HABLA!!!! COMPRENDE??" Another poster using the pseudonym "SE HABLA AWE SCREW IT, HANDS UP PACO" responded later in the thread, which had "lg'nant" as a subject line: "HALF, TRY 90 PERCENT . . . BEANERS GO HOME."

A February thread started by an officer looking for "a good painter that would be cheap" led to messages about the Minutemen, an anti-illegal immigration group that recently started scouting day laborer sites in the county.

"Casa de Maryland should be done away with, as should any safehaven for illegals," one writer, identified only as "." offered, referring to a group that assists immigrants in the county. "In 20 years you'll have 150 channels of Telemundo, and you'll be paying for English-language channels -- and you'll be at the day laborer center, waiting for a pick-up."

Another poster, who said he was a Hispanic officer, shot back: "This is the trash I have to deal [with] in this department everyday and it's getting really old. Cut it off. Next time when you call a signal 13" -- code for an officer in distress -- "or help for translation look around and see who's backing you up. Be safe."

Non-Hispanic immigrants have also been trounced on the site. In August 2004, officers criticized a group of African immigrants who protested after a Montgomery officer fatally shot Peter Ayompeuh Njang, 25, a Cameroonian immigrant, on Aug. 12 in Silver Spring.

"What I'd like to know is how many of the protesters are illegals, and how many will be arriving to the demonstration in unregistered, uninsured vehicles with someone else's credit card," one officer identified as "Status Quo" wrote.

Race and demographics are not the only volatile subjects on the boards. There have been sexually explicit postings. One depicted a fictional incident involving a female police commander in SWAT gear demanding sex from a female job applicant. Another posted under the name of a sergeant described how he masturbated while driving.

Message boards frequented by law enforcement officials have proliferated rapidly in recent years, said Chip DeBlock, a detective with the Tampa Police Department who started http://www.leoaffairs.com , a site that hosts more than 150 message boards for law enforcement communities, which he said gets more than 4 million hits per month.

DeBlock said the forums allow officers from different states to swap tips, discuss procedures and speak frankly to management -- frequently emboldened by anonymity.

Keeping the exchanges civil on the leoaffairs.com boards has required the help of 150 volunteer moderators.

In recent years, officers in Baltimore, New York and Detroit have been fired or suspended for running Web sites with online message boards that got out of hand, according to news accounts of those cases. In 2002, 24 District police officers were suspended after an investigation into the use of squad car computers to send offensive or threatening e-mail.

Montgomery officers say the union has declined to require posters to identity themselves on the message boards, a simple step they say would tame the content.

Walter Bader, president of the county's Fraternal Order of Police lodge, said some of the egregious messages could be the work of nonunion members who may have hacked into the site to undermine the union.

"We don't censor it, we don't actively monitor it," Bader said. "It's free speech, it's 2006, it's technology. I don't agree with some of what I see on there. I don't think people should slander each other. But we're in a free country. We should embrace free speech."

Montgomery officers say the command staff has known about the forum for several months but has not publicly denounced the destructive content. Although the department has no oversight over the board, officers said, commanders could easily restrict access to it from work computers.

"I'm ashamed of my department if they allow this to go on," said Eric Mason, a detective with the department's major crimes unit.

DeLay Attorney Wants Court's Decision Quickly (USAT)

By Jim Drinkard

USA Today, March 23, 2006

DOJ_NMG_0020180

Rep. Tom DeLay's lawyer had one primary wish Wednesday when he went before a Texas appeals court deliberating whether to reinstate a conspiracy charge against his client: Whatever you decide, do it soon.

"It is important to us to get this over with as quickly as possible," Dick DeGuerin, the attorney, said in an interview. He represents the former House majority leader in a case alleging that DeLay raised corporate money and funneled it illegally to Republican state legislative candidates in 2002.

Wednesday's arguments focused on a narrow legal point: whether the conspiracy statute applied to state election law in 2002, when DeLay and political consultants close to him worked to help Republicans take control of the state House. DeLay has said he has done nothing wrong.

Judge Pat Priest ruled last fall that the conspiracy law didn't apply until 2003 after the Legislature acted to clarify the statute. He dismissed the conspiracy charge and let stand related money-laundering charges. Prosecutors argued Wednesday that the conspiracy law had always been applicable and that the Legislature acted only to make that clearer.

A ruling isn't likely before next month. If the prosecutors lose, they could appeal to the Texas Court of Criminal Appeals, the state's highest court for criminal cases, further delaying final disposition of the indictment.

DeGuerin said he hopes for a summer trial that will clear the issue away before DeLay faces the voters. Travis County District Attorney Ronnie Earle, he contended, wants "to stall long enough to have him under indictment in November." Earle, a Democrat, has denied he has partisan motives.

The damage from the indictment is already significant. DeLay gave up his House leadership post in January and endured a challenge in his own party's primary election this month.

The legal proceedings are a reminder of the minefield that DeLay faces until Election Day, the make-or-break moment in his 28-year life in politics.

There's not only the money-laundering case brought by Earle. Perhaps more serious for DeLay is a spreading corruption investigation of Washington lobbyist Jack Abramoff, whom DeLay once described as "one of my closest and dearest friends."

That investigation has brought a guilty plea from Michael Scanlon, a former DeLay press secretary, who is cooperating with prosecutors as they pursue other indictments.

Whether that evidence leads to direct charges against DeLay may not be known for months. That uncertainty complicates his re-election campaign, says Earl Black, a political scientist at Rice University in Houston.

"It's going to be an ongoing up-and-down situation for as far ahead as the eye can see," Black says. "None of it is good for DeLay."

"No one knows when this is going to end," says Richard Cullen, the lawyer representing DeLay in the Abramoff matter. "DeLay is confident that when it ends, the prosecutors will conclude that he's done nothing wrong."

The redrawn map of Texas congressional districts that DeLay engineered in 2003 has added to his own jeopardy even as it is helping his Republican colleagues in the House of Representatives. His suburban Houston district remains distinctly Republican, although less so than before the remapping. The change has been magnified by a migration of Asians, blacks and Hispanics into the district.

A CNN/USA TODAY/Gallup Poll in DeLay's district in December found signs of trouble. Among registered voters, 36% said they would vote for DeLay, 49% for an unspecified Democrat.

Fifty-two percent said they had an unfavorable view of their congressman. Asked about the legal charges against him, 55% said they are "definitely" or "probably" true.

For DeLay's Democratic opponent in November, former representative Nick Lampson, the race is as much payback as comeback. Lampson of Beaumont lost his old seat as a result of DeLay's new map.

The race has gained national interest, and both sides will draw financial support from outside Texas, possibly eclipsing the $10 million record for spending in a House race set in California in 2000.

"It will be a slugfest," Black says, and "a referendum on DeLay."

DeLay wasn't anywhere near the Austin courtroom Wednesday. He was in his district, campaigning.

Lawyer For DeLay Urges Ruling Soon (WP)

By Sylvia Moreno

The Washington Post, March 23, 2006

AUSTIN, March 22 -- The arguments before the state 3rd Court of Appeals on Wednesday were about whether a felony charge of conspiracy to violate the Texas Election Code should be reinstated against former House majority leader Tom DeLay (R-Tex.). But the underlying issue was politics.

In a thinly veiled reference to DeLay's bid for reelection this year while under indictment on state money-laundering and conspiracy charges, the congressman's attorney asked the three-judge panel to rule quickly.

"Justice delayed is justice denied in this case," Houston lawyer Dick DeGuerin said in his opening remarks. "I ask you treat this case with dispatch and render decision forthwith."

DeGuerin later told reporters the criminal case against DeLay has clearly affected not only his reign as majority leader but also his quest to win a 12th term to Congress this year. DeLay was forced to step down from his leadership post upon being indicted in September on charges stemming from the 2002 election cycle.

With a trial looming sometime in 2006, Republicans permanently replaced DeLay last month by electing Rep. John A. Boehner of Ohio as majority leader.

Earlier this month, DeLay faced an unusually large field of opponents in the Republican primary in his suburban Houston district. Although he handily won the four-way race, he faces a much tougher general election. He did not attend Wednesday's hearing but spent the day in his district.

"He's going to have an extremely well-funded opponent in November," DeGuerin said, predicting a large infusion of money into the campaign of DeLay's Democratic opponent, former representative Nick Lampson.

"I think we're going to see the outside money come into this race. It will make 2002 and 2003 pale by comparison," DeGuerin said. "The November elections are coming up. That's very important."

The case before the 3rd Court of Appeals was brought by Travis County District Attorney Ronnie Earle, who is attempting to reinstate against DeLay a felony charge of conspiracy to violate the state election code. The charge was dismissed in December by Senior District Court Judge Pat Priest, who concluded the election-code allegation was not covered by Texas's conspiracy law until 2003, a year after Earle said the violation occurred.

Priest left standing charges of money laundering. Both indictments stem from allegations that DeLay and two political associates funneled $190,000 in illegal corporate donations to Republican candidates for the Texas House of Representatives in 2002. Those contributions helped Republicans gain control of the state legislature. In 2003, at DeLay's behest, the legislature approved a congressional redistricting plan that sent more Republicans from Texas to Congress in the 2004 election.

The arguments Wednesday, presented by Assistant District Attorney Rick Reed and rebutted by DeGuerin, focused on technical legal questions -- an exchange that DeGuerin joked afterward was as exciting as "watching paint dry."

Addressing reporters, Earle said he believes both sides had had an opportunity to more fully explain their positions. "I will say that to violate the election laws of Texas is a crime . . . and we will await the court's decision," he said.

It was unclear when the appeals court will rule. Priest is awaiting resolution of the appeal until proceeding with DeLay's trial on the money-laundering charge. Also before the trial starts, Priest will have to decide several motions by DeLay's lawyer, including a request to move the trial to DeLay's home town of Sugar Land.

Prosecutors Want DeLay Charges Reinstated (AP-Y2)

By April Castro

AP2, March 22, 2006

Prosecutors argued before a Texas appeals court Wednesday that some of the criminal charges against Rep. Tom Delay (news, bio, voting record) should be reinstated.

A lower court judge dismissed a conspiracy charge against DeLay in December, agreeing with defense arguments that a conspiracy law did not cover election code violations when the alleged offense was committed.

But prosecutors said Wednesday that Texas' prohibition on using corporate money in political campaigns is a felony and should be subject to the state's criminal conspiracy law.

The three-judge panel of the Texas 3rd Court of Appeals was not expected to rule for at least a month.

DeLay, who is trying to win re-election to Congress while under indictment, did not attend the hearing, where attorneys mostly focused on technical legal questions.

He spent the day campaigning in what many consider his most serious election challenge since voters sent him to Congress in 1984. The Republican faces Democratic former Rep. Nick Lampson in November.

"I let the lawyers worry about that stuff," he said while entering a country club to deliver a five-minute speech to the Rotary Club of Sugar Land. "I'm here focused on my district and focused on the election."

DeLay is accused of funneling illegal corporate donations to Republican candidates for the Texas House. The Republicans went on to win control of the Legislature in 2002 and pushed through a DeLay-engineered redistricting plan that helped Texas send more Republicans to Congress in 2004.

Because of the dispute, no trial date has been set.

DeLay Campaigns As Lawyers Battle (WT)

By Hugh Aynesworth

The Washington Times, March 23, 2006

DALLAS -- U.S. Rep. Tom DeLay campaigned in his southwest Houston area district yesterday while his attorneys battled for him before an Austin appeals court.

"I let the lawyers worry about that stuff," he said to reporters as he entered a Sugar Land Rotary Club meeting, where he made a brief campaign speech.

Meanwhile in Austin, Dick DeGuerin, Mr. DeLay's lead attorney, argued that two state conspiracy charges against his client should not be reinstated -- charges that were dropped by state District Judge Pat Priest several weeks ago.

Those charges were part of wide-ranging indictments surrounding Mr. DeLay's role in using corporate funds to help Republicans win control of the Texas Legislature in 2002 and then win several congressional races two years afterward.

Judge Priest ruled that one indictment dealing with purported election-code conspiracy was improper because the conspiracy part of the code was not operative at the time of the reputed infractions. The judge also dropped part of another conspiracy count, but left intact other money-laundering charges and one for conspiracy to launder money.

Mr. DeGuerin argued that contributions from corporations and other sources were kept in separate accounts and -- despite the fact that the exact amount of the $190,000 in question was sent to Washington, then back to Republican candidates in Texas -- the money was never intended to be a trade-off for support of the Texas candidates.

In a brief filed earlier, Mr. DeGuerin accused the state of appealing Judge Priest's decision "to avoid trial and the embarrassment of an acquittal in this politically motivated prosecution."

Mr. DeLay, attempting to win his House seat a 12th time in Texas' 22nd District, faces former congressman Nick Lampson, a well-financed Democrat, in November. He has campaigned harder in this election than ever before -- partly because of the uncertainty surrounding his legal problems.

"I'm focused on my district and focused on the election," he said, but added: "It's been almost 120 days that this frivolous appeal has been before the 3rd Circuit Court. I would hope that they would come to a speedy resolution on a matter that, I think, would take a first-year law student an hour to make a ruling on."

Much of the presentation yesterday dealt with technicalities of the state election code. The state's offering yesterday was handled by Travis County Assistant District Attorney Richard Reed.

The appeals court is expected to make a decision within a month.

Judge Priest has left Mr. DeLay's trial date in limbo until this appeal process has straightened out the eventual charges.

Dixon Sees Organized Effort To Discredit Her (BSUN)

By Doug Donovan

The Baltimore Sun, March 23, 2006

Baltimore City Council President Sheila Dixon broke her silence Wednesday over an investigation into her ties to two city contractors by saying the state probe is "trying to destroy my character."

Since state prosecutors began their investigation 10 days ago, Dixon and her staff had said only "no comment" but had pledged to cooperate with Maryland State Prosecutor Robert A. Rohrbaugh's investigators.

But after the city's Board of Estimates met Wednesday, Dixon directly responded to reporters' questions.

"In my heart, I did nothing intentional in any of this," she said. "This has legs on it that's trying to destroy my character. I would never do anything to the citizens of Baltimore, as hard as I work."

A few minutes later, as she walked out of the meeting room in City Hall, she said, "My character is being discredited." Asked whether she thinks there is an organized effort to discredit her character, she said, "Yes, I do."

Dixon declined a request to elaborate on her comments shortly after the meeting.

Bobbie Walton, executive director of Common Cause Maryland, a public interest watchdog group, said she was disappointed with Dixon's comments.

"I wonder who she thinks is out to get her," Walton said. "It's hard to take responsibility for your own behavior sometimes. And it's much easier to think that 'they' are out to get you."

It might be difficult for public officials to abide by the rules that govern their positions, Walton said, but "you still have to do it."

City Solicitor Ralph S. Tyler has confirmed that prosecutors have issued grand jury subpoenas for documents from six city agencies: the Board of Estimates, the City Council, the Office of Council Services, the Minority and Women's Business Opportunity Office, Mayor Martin O'Malley's Office of Minority Business Development and the mayor's Finance Department.

Officials with at least three companies that have done work for the city or have tried to win government contracts -- Comcast, Early Morning Software of Baltimore and Snell Enterprises of Columbia -- have confirmed that they have received subpoenas. A fourth company, Sysnet of America in Prince George's County, is scheduled to meet with prosecutors.

The first round of subpoenas, delivered at the start of last week, requested documents related to $600,000 of work awarded over the past six years -- most of the time without a contract -- to Dixon's former campaign chairman, Dale G. Clark, and his company, Ultimate Network Integration.

A second batch of subpoenas, delivered at the end of last week, requested documents relating to Union Technologies, a company that employs the council president's sister, Janice Dixon, and has received city work from two major government contractors; Comcast, the city's cable television provider; and TeleCommunications Systems Inc., which manages the city's computer network.

A TCS spokesman said the Annapolis company had not received a subpoena. The president of Utech has not returned phone calls. Its registered agent, attorney Claude Edward Hitchcock, has declined to comment.

Clark has said that he has not received a subpoena.

The investigations began after recent articles in The Sun detailed questions about city work awarded to Clark's company and Union Technologies.

Last month, The Sun reported that Dixon might have breached the city's ethics law by not disclosing her sister's employment and by participating in public hearings and votes over the past two years that involved and benefited Utech.

After The Sun's article about Dixon's connections to Utech, the city stripped the company of its official minority certification, which had qualified it to be hired by companies seeking to meet Baltimore's minority subcontracting goals.

Utech lost the certification because the business opportunity office found that its downtown office was nothing more than a telephone and a mailbox. The head of the office said he would review whether Utech performed work under its TCS contract with the city.

The Sun also reported that Clark's company, which has the same address as Union Technologies, signed a contract with Dixon

in February 2000 to manage the council's computer system. The Board of Estimates, which Dixon chairs and O'Malley controls, approved the one-year deal a month later.

When the contract expired in March 2001, Clark did not obtain another one for five years while the city continued to make payments to him totaling $500,000. O'Malley's finance officials have not been able to determine why or how Clark was paid without a contract.

City procurement rules require that the Board of Estimates approve all contracts of more than $5,000.

Clark continued to get paid for the work after the city awarded a contract to another company in May 2005. He left the council president's office Feb. 28, just before The Sun published a report detailing the arrangement.

Dixon disciplined two staff members over the Clark matter, and her spokesman called the situation a "major oversight."

"She probably did the right thing to discipline her staff members," Walton said. "But you have to take responsibility for your own behavior too."

On Paper, Leaving A Gang Is Difficult (LAT)

By Patrick Mcgreevy And Sandy Banks, Times Staff Writers

The Los Angeles Times, March 23, 2006

L.A. uses injunctions to fight thugs, but those who go straight find it's hard to get off the list.

After more than a decade of successfully using restrictive court injunctions to battle dangerous street gangs, some Los Angeles officials now fear that key provisions have unfairly held back young people struggling to go straight.

Police Chief William J. Bratton said Wednesday that though he wants to expand the use of a tool that has proved effective in the city's fight against an estimated 39,000 hoodlums, he and City Atty. Rocky Delgadillo have agreed to first conduct a comprehensive evaluation of the injunction program.

"We want to take a look at all of them, do a top-to-bottom review that will include making sure the appropriate people are [listed] in them, because some of these injunctions go back 13 years," Bratton said.

City Councilwoman Janice Hahn, who represents a district plagued by some of the worst gang violence in the city, said the injunction program appears to be doing harm as well as good.

Hahn said that after she and Bratton attended a recent community meeting in Watts, she became concerned because no one has ever succeeded in getting removed from an injunction's official list of restricted gang members.

Young people covered by injunctions can have trouble getting jobs because the injunctions show up in employment background checks. Some have trouble getting to work or even school because they cannot ride in cars or buses if other gang members are present.

And they may be disqualified from participating in school sports if former associates play in the same league.

Critics say the injunctions sometimes target people who were never in a gang but had relatives or friends who were.

Bratton "heard loud and clear from the community that there is a gray area of young people who had one foot in, but have really tried to turn their lives around, are going to school, have jobs and are looking for a second chance," Hahn said. "But the fact that their names are on the list makes it problematic to do that."

On Wednesday, Hahn sent a letter to Bratton, Delgadillo and Police Commission President John W. Mack, asking that they meet with her April 11 to discuss the evaluation.

Her call for changes in the injunctions was seen by some as ironic given that her brother, former Mayor and longtime City Atty. James K. Hahn, pioneered the use of gang injunctions.

The use of injunctions has made Los Angeles a model for anti-gang efforts. Mayors from across the country are coming to Los Angeles next week to hear about the program at a summit sponsored by the U.S. Conference of Mayors.

The injunctions typically identify gang members and prohibit them from associating in public or loitering in certain neighborhoods. And they allow for enhanced penalties for members who trespass, gamble, violate curfew, commit vandalism or break other laws.

Members may not possess weapons, spray-paint cans used in graffiti or open containers of alcohol.

They also are enjoined from being near anyone selling or possessing drugs, which may be difficult if drug dealers operate in front of their homes, civil rights attorneys say.

Community leaders, including Silvia Beltran of the gang-intervention program Homies Unidos, say there are many examples of people being improperly included in injunctions.

Beltran said she knows one young man who graduated from Cal State Los Angeles and was working on a master's degree at USC when he was charged with violating an old injunction.

The man won dismissal of the charge in criminal court, and might sue the city to get his name off the list.

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"He denies that he was an active gang member," Beltran said. "But he grew up in the neighborhood, and it's easy to be included."

Over the years, about 2,000 to 3,000 people have been served with gang injunctions and therefore are subject to restrictions, said Assistant City Atty. Marty Vranicar. He said about 350 gang members have been prosecuted for violating injunctions, and many have been sent to jail.

If police suspect someone is a gang member not listed in the original injunction, the city can still serve them and add their name to a list kept by the LAPD's gang enforcement unit.

Mark Harvis, a deputy public defender who has handled many gang cases, said that part of the city's policy is fundamentally unfair because the person served with an injunction often does not know why he is being included. Harvis said there also is no process for appealing the inclusion.

Delgadillo firmly defended the current standard for getting out of a gang injunction, although he also said Wednesday that he is open to refining the program. "Gangs are an epidemic in the city of Los Angeles" Delgadillo said, adding that injunctions "do have an effect."

Bratton said he believes that gang injunctions are one reason violent crime is down 6.4% so far this year in Los Angeles.

The city has 26 civil gang injunctions covering 36 gangs, and more are imminent, said Contessa Mankiewicz, a spokeswoman for the city attorney.

Since the first injunction was obtained in 1993 against the Blythe Street gang in Van Nuys, gangs occupying more than 60 square miles of territory in the city of Los Angeles — 13% of its total area — have been made subject to civil injunctions.

In many injunctions, a number of gang members are identified by name in the court papers, but the injunction also includes dozens of "John Does" to be named later.

Once the permanent injunction is issued, officers can identify gang associates and include their names in a database that makes them subject to the injunction's restrictions.

Injunctions rely, at least in part, on the state's Cal/Gang database, a computerized list of people considered to be gang members based on criteria that include identification by informants, gang tattoos, style of dress, arrest record and associations.

That database has been criticized by law enforcement officials and civil rights activists for being outdated and overly broad.

"We found people in that database whose information came from 20-year-old [confidential] gang cards," said civil rights attorney Connie Rice. "Middle-class citizens who own homes, work, have children, haven't been involved in gangs for years and years and years…. The problem is, there's no exit ramp. You can get on, but you can't get off."

Civil rights attorney Carol Sobel, who has challenged a gang injunction in court, said it appears some people have been added to the database just because they were stopped and interviewed by the police for being near known gang members.

City officials say injunctions contain escape avenues for gang members who are no longer active.

Most are like the injunction against the Grape Street Crips, which allows those identified to ask to be excluded if they publicly renounce their gang membership and sign a sworn statement that they have not associated with other gang members for at least three years and not had run-ins with the law in that same period.

The alleged gang member must also have been employed or attended school and made consistent progress, both for at least 18 months before the renunciation.

Bratton acknowledged that if a former gang member lives in a housing project populated by gang members, he might find it impossible to escape being seen in their company.

The review will also look at the requirement for people to publicly renounce their gang membership, Bratton said, adding there may be an alternative.

"That is the biggest hurdle I have heard people talk about," Bratton said. "Is there a potential danger in doing that? That's an element of the review."

*

(INFOBOX BELOW)

At a glance

Q: How many gang members are in Los Angeles?

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A: About 39,000, according to the city attorney's office. Gang members commit about 7,000 crimes a year, including about 300 murders.

Q: How many gangs have been cited by injunctions?

A: Thirty-six gangs have been named in 26 injunctions.

Q: How do injunctions work?

A: If gang members are known to be causing trouble, the city can ask a judge to declare them a criminal street gang and a public nuisance. Much like restraining orders, the civil court rulings impose various restrictions. Violators can be fined $1,000 or jailed for up to six months.

Q: What conduct is typically prohibited?

A: Members must obey all laws and avoid using drugs and alcohol. They cannot publicly associate, block parking, intimidate people, carry illegal weapons or vandalism tools, loiter, act as lookouts or so-called "hooks," trespass, gamble, obstruct traffic, violate curfew or approach vehicles.

Source: Los Angeles city attorney's office

Dangerous Prosecution (WP)

The Washington Post, March 23, 2006

THE UNITED STATES has never had an Official Secrets Act -- a law that would forbid anyone, even a private citizen, from disclosing information the government wants to keep under wraps. But if the Justice Department has its way in the prosecution of two former officials of the American Israel Public Affairs Committee (AIPAC), it will effectively have created one -- without even going to Congress for a change in the law. The case against Steven J. Rosen and Keith Weissman is heading toward trial. Their conviction would herald a dangerous aggrandizement of the government's power not merely to prosecute leaks but to force ordinary Americans to keep its secrets.

Mr. Rosen and Mr. Weissman are accused of conspiring to give national defense information to people not authorized to receive it -- including officials of the Israeli government, a Post reporter and other officials at AIPAC. Despite the suggestive tenor of the indictment, prosecutors have not accused either man of spying. Rather, the government has charged them under an old and vaguely worded law that prohibits people in possession of such information from disclosing it further.

The reach of this law, which dates from the World War I era, has never been clear. By its terms, it would seem to require every person to protect the government's secrets -- a principle hardly in keeping with the American system of robust public debate. While it is reasonable for the government to demand that its employees and contractors protect the information it entrusts to them, it's not okay to criminalize discussions among people who do not work, directly or indirectly, for the government. Traditionally, the government has treaded carefully with this law, using it sparingly even against government employees.

The AIPAC case marks a dangerous break with that tradition. We do not defend the alleged actions of Mr. Rosen and Mr. Weissman, whom AIPAC fired. According to the indictment, they received classified information from Pentagon analyst Lawrence A. Franklin and passed it to the Israeli Embassy. The indictment alleges similar behavior in the past. But the government isn't even trying to prove spying charges. Instead, prosecutors have proceeded under a legal theory that must alarm anyone who values open debate.

Under the government's reading of the law, there is no reason why newspaper reporters who publish classified information could not face charges. Nor, indeed, would anything protect activists who brought secrets to members of Congress. Under the government's theory, in fact, countless conversations and publications that take place every day are criminal acts. The government makes this point explicitly in its briefs: While acknowledging that a prosecution of "an actual member of the press for publishing classified information" would "raise legitimate and serious issues," it says that "[there] plainly is no exemption in the statutes for the press, let alone lobbyists like the defendants." You don't have to anticipate an immediate raft of prosecutions of such people to appreciate the danger of a precedent that would permit it.

CIVIL LAW:

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Court Agrees To Appoint Equity Panel In Delphi Ch.11 Case (DOW)

Dow Jones, March 23, 2006

NEW YORK -(Dow Jones)- A federal court on Wednesday approved a request from a hedge fund seeking an official voice for equity holders in Delphi Corp.'s (DPH) (DPHIQ) Chapter 11 case, departing from typical bankruptcy practice.

"Clearly this company has extremely difficult problems to resolve," and shareholders need a voice in that process, U.S. Bankruptcy Judge Robert Drain said.

Appaloosa Management L.P., one of Delphi's largest shareholders with about 9% of its stock, has asked the auto parts maker to move ahead with a canceled shareholder meeting and wanted the court to appoint an official committee to represent stockholders in the case. Another money management firm that holds about 5% of Delphi's equity supported the motion.

Over a two-day trial, experts and attorneys for Delphi and Appaloosa argued widely differing positions about the company's prospects for reducing labor and retiree costs and how its securities would perform upon emergence from bankruptcy.

"I respect (the judge's) determination," Delphi lawyer Jack Butler said. "The judge wanted to provide for limited equity representation in a very complex situation."

Appaloosa attorney Thomas Lauria said he was happy Delphi's shareholders have a voice and said it seemed likely Appaloosa would fight for a seat on the committee when the US Trustee names its members.

During the trial, Appaloosa said Delphi's financial situation isn't as dire as management makes it out to be and there will be money left over for existing stockholders after Delphi pays off its secured and unsecured creditors. An expert hired by the investment fund, headed by David Tepper, projects Delphi will have 2006 EBITDA of $100 million and an equity value of up to $6 billion, once it cuts labor and retiree costs through its reorganization.

Delphi, for its part, argued it is "hopelessly insolvent" - with $6 billion more in liabilities than assets - so an equity committee isn't warranted because its stock will be worthless. The company filed for Chapter 11 in October 2005. Its January monthly operating report filed with the U.S. Bankruptcy Court in Manhattan listed assets of $13.8 billion and liabilities of $20.2 billion.

Under the Bankruptcy Code, equity holders are last in line to receive a payout and can't receive any recovery unless all other creditors in the case are paid in full, so naming an official committee solely to represent equity is considered unusual. Official committees in Chapter 11 cases have their legal fees paid by the debtor company, so they regularly face opposition from creditors.

During the contentious hearing, Judge Drain said he wasn't pleased by some of Appaloosa's legal tactics, particularly efforts to suppress the testimony of two of Delphi's expert witnesses and complaints about not receiving company data to which Drain determined they weren't entitled. He said Appaloosa's conduct during the litigation gave him "very serious pause," over appointing an equity committee.

Delphi's Butler wouldn't comment on whether the company would oppose Appaloosa's appointment to the panel.

Appaloosa has said any equity panel would closely monitor the case and be involved in negotiations or litigation involving the relationship between Delphi and its former parent General Motors Corp. (GM) (GM).

Appaloosa accumulated its Delphi stake after the company filed for bankruptcy protection and began its push for an official shareholder panel in November. The U.S. Trustee's Office - an arm of the Justice Department that normally appoints committees in bankruptcy case - was considering an equity committee request from Appaloosa but hadn't yet made a decision when the firm asked the court for a committee. The U.S. Trustee objected to Appaloosa's motion, as did the company's unsecured creditors committee.

Judge Drain said the equity panel can't immediately hire investment bankers and accountants. Drain wants to limit costs and doesn't want arguments over valuation of the company until after it works out its union issues.

Shares of GM were higher earlier Wednesday, while Delphi stock was down substantially, after the announcement of a three-part deal among GM, Delphi and the United Auto Workers union that provides for early retirement buyouts for thousands of workers. The plan would offer 13,000 Delphi workers payouts of up to $35,000 each for retiring early, for which GM has agreed to cover the bill. The pact could save the companies billions in labor costs - after the up-front payouts to early retirees - through workforce reductions.

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However, a broader labor agreement is still lacking at Delphi so a strike by union workers is still possible when Delphi seeks to have its labor agreements rejected through the bankruptcy case - which it says it will do by the end of the month without a new collective bargaining agreement in place.

A hearing on the partial labor deal is scheduled for April 7, according to an attorney.

-By Christopher Scinta, Dow Jones Newswires; 201-938-5218

CIVIL RIGHTS:

Judge Scolds LAPD For Decree 'failure' (AP)

AP, March 23, 2006

LOS ANGELES (AP) -- A federal judge scolded city officials for failing to meet key provisions of a 2001 court consent decree to reform the Police Department.

The decree was the result of a settlement with the Justice Department and was designed to correct conditions that led to police corruption scandals involving officers beating and framing suspects and stealing evidence.

U.S. District Judge Gary A. Feess said city officials were trying to "gut" a key provision and warned at a hearing Tuesday that he would likely extend the decree beyond its June 15 expiration date.

The judge chastised the LAPD for failing to implement a computer system required by the decree to serve as an early warning system by tracking officers' use of force, pursuits, collisions, citizen complaints and civil claims.

"There is no way the consent decree can expire given the failure," Feess said.

Gerald L. Chaleff, the LAPD's civilian manager of the consent decree, said at least 122 of 146 provisions for which the Police Department is solely responsible have been "substantially complied with."

Navy Rule On Prayer Ignites A Debate (WT)

By Eric Pfeiffer

The Washington Times, March 23, 2006

A new Navy policy that encourages chaplains to use only "nonsectarian" language outside of divine services has prompted criticism that regulating prayer services violates the chaplains' First Amendment rights.

Under new rules signed by Secretary of the Navy Donald C. Winter, chaplains of all faiths in the Navy are asked to consider the views of their audience before invoking specific religious beliefs in prayer.

"I'm very disappointed with the secretary of the Navy," said Navy chaplain Lt. Gordon James Klingenschmitt. "He's doing the opposite of what President Bush wants."

Navy spokesman Lt. William Marks says Lt. Klingenschmitt has exaggerated the policy's reach.

"The only thing we ask is that chaplains be inclusive of the people in their audience," Lt. Marks said.

"We've never said they can't invoke Jesus in their prayers. You aren't going to get into trouble for that."

Lt. Klingenschmitt is urging Mr. Bush to sign an executive order to allow military chaplains to pray according to their individual faith tradition. He said that if the president decides not to sign such an order, he might sue the Navy.

The Navy policy appears to be similar to that of the Air Force, which reads, "nondenominational, inclusive prayer or a moment of silence may be appropriate for military ceremonies."

The rule change completes an evolution of the Navy's official policy toward religious language.

In 1998, former Chief of Navy Chaplains Byron Holderby submitted a "memo of suggestion" that chaplains who wish to use sectarian language withdraw from events such as evening prayer services aboard Navy ships.

On Feb. 21, Mr. Winter quietly signed the regulation making the suggestion official Navy policy.

Yesterday, Lt. Klingenschmitt filed a "formal whistleblower complaint" against Mr. Winter and Chief of Navy Chaplains Rear Adm. Louis V. Iasiello.

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The complaint was sent to Senate Armed Services Committee members Hillary Rodham Clinton, New York Democrat, and James M. Inhofe, Oklahoma Republican. Lt. Klingenschmitt, a New York native, says Mrs. Clinton has already written a letter to the Navy on his behalf.

Reps. Thomas M. Reynolds, New York Republican, and Walter B. Jones, North Carolina Republican, received copies of the complaint as well.

"We have been working on Chaplain Klingenschmitt's behalf since last May," Reynolds spokesman L.D. Platt said. "The congressman is not satisfied so far with what the Navy has come back with."

Mr. Reynolds is the chaplain's congressman.

Mr. Jones, a member of the House Armed Services Committee, told The Washington Times this week that his office has been working with the office of panel Chairman Duncan Hunter, California Republican, to try to rectify the situation.

"Mr. Hunter wants to help us with this issue," Mr. Jones said.

He also said aides are working on language, which he hopes Mr. Hunter will present to Defense Secretary Donald H. Rumsfeld in an effort to resolve the problem administratively.

Mr. Jones said he won't give up on the issue.

"We're talking about the First Amendment rights of all chaplains."

In summer 2004, an optional worship service performed by Lt. Klingenschmitt, described as a "Christian memorial service," on the USS Anzio reportedly offended a minority of those in attendance.

"There are 350 men on my ship. Fifty attended the service -- including wives and family, about 80 total," Lt. Klingenschmitt said.

After complaints from some in attendance, Lt. Klingenschmitt received a "poor fitness" mark on his permanent record which he is fighting to have removed.

"They did a survey of the ship afterwards, and 84 percent of the crew said they believe the chaplain cares for all denominations," Lt. Klingenschmitt said. "Even though some people complained, I figured I had an 84 percent approval rating."

Common Sense In Maryland (NYT)

The New York Times, March 23, 2006

Diebold, the electronic voting machine maker, suffered another sharp setback recently, when Maryland's House of Delegates voted 137-to-0 to drop its machines and switch to paper ballots. The vote came in the same week that Texas held elections marred by electronic voting troubles. Maryland's State Senate should join the House in voting to discontinue the use of the Diebold machines, and other states should follow Maryland's lead.

Maryland was one of the first states to embrace Diebold. But Maryland voters and elected officials have grown increasingly disenchanted as evidence has mounted that the machines cannot be trusted. In 2004, security experts from RABA Technologies told the state legislature that they had been able to hack into the machines in a way that would make it possible to steal an election. Senator Barbara Mikulski, a Democrat, informed the State Board of Elections in 2004 that voters had complained to her that machines had mysteriously omitted the Senate race.

The Maryland House's bill calls for replacing the Diebold machines with optical scanning machines for this fall's elections. Gov. Robert Ehrlich Jr., once a Diebold supporter, has said he'll sign the bill if the State Senate agrees. Optical scanning machines would be a vast improvement. Voters using them fill out paper ballots, which are scanned electronically. Those ballots are a permanent record that can (and should) be used to double-check the machine results. Although time is short, Maryland should be able to get optical scanning machines operating by the fall. Even though the Board of Elections has been resisting the proposal, that should not stop the General Assembly and the governor from fighting for machines that voters will trust.

The Maryland House voted days after Texas held an election with the sort of disturbing electronic voting glitches that have by now become common. In Tarrant County, as many as 100,000 extra votes appeared on the machines — election officials insisted that they knew which ones to eliminate to make the results correct. In a hotly contested Congressional race in another part of the state, results were delayed by programming errors in the machines used in two crucial counties.

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Many states have passed laws requiring paper records for electronic voting. What is happening in Maryland is important, because not a single member of the House stood behind the once popular Diebold machines. It is just the latest indication that common sense is starting to prevail in the battle over electronic voting.

ANTITRUST:

3 To Plead Guilty In Samsung Price-Fixing Case (NYT)

By Laurie J. Flynn

The New York Times, March 23, 2006

SAN FRANCISCO, March 22 — Three executives of Samsung, the largest supplier of computer memory for consumer electronics, have agreed to plead guilty and serve prison sentences in the United States for their roles in a price-fixing conspiracy, federal prosecutors said on Wednesday.

The plea agreements are the latest development in the Justice Department's three-and-a-half-year investigation of the volatile market for dynamic random access memory chips, the most common type of computer memory products, used in personal computers, printers and electronic devices like cellphones and digital cameras.

Samsung of South Korea, along with its rivals — Infineon Technologies of Germany, Elpida of Japan and Hynix Semiconductor of South Korea — were accused of conspiring to fix DRAM prices from April 1999 to June 2002.

The Samsung executives are the third group of individuals to agree to prison terms; their sentences are similar to those of four Hynix executives announced this month.

Sun Woo Lee, Samsung's senior manager of DRAM Sales, agreed to serve eight months; Yeongho Kang, associate director, DRAM marketing in Samsung's United States subsidiary, will serve seven months; and Young Woo Lee, sales director for Samsung's subsidiary in Germany, agreed to serve seven months. Like the Hynix executives, each executive agreed to pay a $250,000 fine.

In November 2005, Samsung agreed to a $300 million fine related to the investigation. With the latest settlement, 4 companies and 12 individuals have been charged, with fines totaling more than $731 million.

The latest developments illustrate the growing emphasis the Justice Department is placing on prison sentences as a deterrent in antitrust cases.

"These pleas should send a clear message," the attorney general, Alberto R. Gonzales, said in a statement, "that we will hold accountable all conspirators, whether domestic or foreign, that harm American consumers through their illegal conduct."

The Justice Department had named six American companies that were harmed by the price fixing, all of them large customers of DRAM chips: Dell, Compaq Computer, Hewlett-Packard, Apple Computer, I.B.M. and Gateway.

Hynix, the world's second-largest DRAM manufacturer, agreed to pay a $185 million fine in May 2005. In October 2004, Infineon agreed to a $160 million fine. In January, Elpida agreed to a fine of $84 million.

In December 2004, four Infineon executives pleaded guilty to price fixing and served jail terms ranging from four to six months. Each executive also paid a $250,000 fine.

Three Executives From Samsung To Serve Jail Time (WSJ)

By Mark H. Anderson

The Wall Street Journal, March 23, 2006

WASHINGTON -- Three Samsung Electronics Co. executives pleaded guilty and agreed to jail time over their role in an international conspiracy to fix prices for dynamic-random-access-memory components, the U.S. Department of Justice said.

The Justice Department said it has charged four companies and 12 individuals so far in its investigation, which has led to fines totaling more than $731 million.

The three Samsung executives, who will serve their jail time in the U.S., are Sun Woo Lee, senior manager of DRAM sales; Yeongho Kang, an associate director in the U.S.; and Young Woo Lee, sales director in Germany.

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Samsung Electronics, of South Korea, is the world's largest maker of DRAM components and has previously pleaded guilty and agreed to $300 million in fines in the price-fixing conspiracy.

U.S. Attorney General Alberto Gonzales said, "These pleas should send a clear message that we will hold accountable all conspirators, whether domestic or foreign, that harm American consumers through their illegal conduct."

Each Samsung executive also has agreed to pay a $250,000 fine and to cooperate in the antitrust division's investigation of the DRAM industry.

According to a one-count felony charge filed in federal court in San Francisco, at various times from April 1, 1999, to June 15, 2002, the three Samsung employees conspired with employees from other memory makers to fix the prices of DRAMs sold to certain computer and server manufacturers in the U.S.

The Justice Department said the conspiracy directly affected sales to U.S. computer makers Dell Inc., Hewlett-Packard Co., Compaq Computer Corp., International Business Machines Corp., Apple Computer Inc. and Gateway Inc.

In addition to Samsung, other companies charged with price-fixing in the DRAM investigation include South Korea's Hynix Semiconductor Inc., Japanese manufacturer Elpida Memory Inc. and Germany's Infineon Technologies AG.

Three Samsung Executives Plead Guilty For Role In Chip Price-fixing Scheme (FINDLAW/AP)

AP, March 23, 2006

(AP) - SAN FRANCISCO-Three executives from South Korea's Samsung Electronics Co. Ltd. agreed to plead guilty and serve jail time for participating in a conspiracy to fix the price of computer memory chips, the U.S. Justice Department said Wednesday.

Each executive agreed to pay a $250,000 (â‚¬207,142) fine, cooperate with federal authorities on the investigation and serve prison sentences ranging from seven to eight months for their role in a scheme to raise prices for dynamic random access memory, or DRAM, from 1999 to 2002. A federal judge in San Francisco must approve the deal.

"These pleas should send a clear message that we will hold accountable all conspirators, whether domestic or foreign, that harm American consumers through their illegal conduct," Attorney General Alberto Gonzales said in a statement.

So far, the long-running Justice Department investigation has resulted to more than $731 million (â‚¬606 million) in fines and charges against 12 individuals and four companies, including, Samsung, Elpida Memory Inc., Infineon Technologies AG and Hynix Semiconductor Inc.

The Korean Samsung executives who agreed to the guilty pleas are Sun Woo Lee, senior manager of DRAM sales; Yeongho Kang, associate director of DRAM marketing for Samsung's U.S. subsidiary; and Young Woo Lee, sales director for the company's German subsidiary.

Samsung, the world's largest maker of DRAM chips, said in a statement Wednesday that the company was "strongly committed to fair competition and ethical practices and forbids anticompetitive behavior."

Prosecutors say the global conspiracy drove up the price of DRAM chips, which are the most commonly used product for storing and retrieving information in computers and electronic devices.

Companies such as Dell Inc., Compaq Computer Corp., Hewlett-Packard Co., Apple Computer Inc., International Business Machines Corp. and Gateway Inc. had to raise PC prices or reduce the amount of memory installed on their systems to compensate for the higher costs.

Three Samsung Executives To Admit Price-Fixing Roles (Update3) (BLOOM)

By James Rowley

Bloomberg, March 23, 2006

March 22 (Bloomberg) -- Three executives of Samsung Electronics Co., which was fined $300 million for fixing the price of electronic chips used in cellular phones and computers, agreed to serve prison time for their roles in the global conspiracy, the U.S. Justice Department said.

The executives of South Korea-based Samsung, the world's largest maker of memory chips, will plead guilty to participating in a scheme that included four other makers of dynamic random access memory, or DRAM, chips, said the department in Washington.

Sun Woo Lee, Samsung's senior manager of sales for DRAM chips, agreed to serve an eight-month prison term, and the other two will serve seven months, the government said. Each executive also agreed to pay a $250,000 fine and cooperate with the investigation.

``True deterrence occurs when guilty individuals serve jail terms and not just when corporations pay criminal fines," Attorney General Alberto R. Gonzales said in a statement.

The investigation has resulted in the convictions of two other companies besides Samsung and an agreement by a third to plead guilty, the Justice Department said. So far, the investigation has netted $731 million in criminal fines.

In all, 12 individuals have been charged. A fifth company, Micron Technology Inc., wasn't prosecuted for its participation in the cartel in return for alerting prosecutors to the scheme.

Leading Victims

The government said leading victims of the conspiracy include computer makers such as Dell Inc., Hewlett-Packard Co., International Business Machines Corp., Apple Computer Inc., Gateway Inc. and Compaq Computer Corp., now owned by Hewlett- Packard.

U.S. sales of DRAM chips totaled $7.7 billion, the Justice Department said. The chips are also used to make digital music players, video game consoles, printers and telecommunications equipment.

All three Samsung executives agreed to plead guilty to price fixing, the Justice Department said. The charges filed against them in federal court in San Francisco say the defendants attended meetings with competitors to discuss setting prices for DRAM chips. They also exchanged sales information to help the participating companies monitor compliance with the cartel agreements, court documents said.

The two executives who agreed to serve seven-month prison terms are Yeongho Kang, associate director of DRAM marketing for Samsung's U.S. unit, and Young Woo Lee, its sales director in Europe.

Active Investigation

``These are the first executives of Samsung to plead guilty to fixing prices in what is still an active investigation," Thomas O. Barnett, the Justice Department's antitrust chief, said in a statement. ``We will continue our efforts to bring to justice other domestic and foreign-based executives who were involved with fixing DRAM prices."

On March 15, four executives of Hynix Semiconductor Inc., which was fined $185 million, were sentenced to prison terms ranging from five to eight months and fined $250,000 each.

Four executives of Germany's Infineon Technologies AG, which was fined $160 million, pleaded guilty in December 2004 and served prison terms of four to six months.

Alfred Censullo, a regional sales manager for Micron, pleaded guilty to obstructing the government's investigation and was sentenced to six months of home detention.

Another DRAM chipmaker, Japan-based Elpida Memory Inc., agreed in January to plead guilty to participating in the conspiracy and pay an $84 million fine.

In a statement, Samsung's U.S. unit, Samsung Semiconductor Inc., said the company ``is strongly committed to fair competition and ethical practices and forbids anti-competitive behavior."

Samsung Execs To Serve Jail Time In Chip Price-fixing (SFC)

By Benjamin Pimentel, Chronicle Staff Writer

San Francisco Chronicle, March 23, 2006

Three Samsung Electronics executives will serve up to eight months in jail for their roles in a worldwide memory chip price-fixing conspiracy, the U.S. Department of Justice said Wednesday.

The executives agreed to plead guilty to taking part in a scam to manipulate prices on dynamic random access memory chips, or DRAM, sold to computer makers such as Hewlett-Packard, IBM and Apple from 1999 to 2002.

The Korean manufacturer had earlier agreed to plead guilty to federal charges and pay a $300 million fine, the second largest criminal antitrust penalty in U.S. history.

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Sentenced to 7 months in prison were Yeongho Kang, associate director for DRAM marketing, for Samsung's U.S. subsidiary and Young Woo Lee, sales director for Samsung's German subsidiary.

Sun Woo Lee, Samsung's senior manager of DRAM sales, will serve 8 months.

Each executive will also pay $250,000 fine and agreed to cooperate with the Justice Department's antitrust division in its ongoing probe of the DRAM industry.

In a statement, Samsung said the company is "strongly committed to fair competition and ethical practices and forbids anti-competitive behavior."

"True deterrence cocurs when guilty individuals serve jail terms, and not just when corporations pay criminal fees," Attorney General Alberto Gonzales said in a statement. "These pleas should send a clear message that we will hold accountable all conspirators, whether domestic or foreign, that harm American consumers through their illegal conduct."

According to the Justice Department, the Samsung executives took part in meetings and agreements to sell DRAM chips "at certain levels" to manufacturers.

DRAM chips are used in personal computers, laptops, workstations, servers, digital cameras and mobile phones.

The pleas and sentences must still be approved by the U.S. District Court in San Francisco.

The DRAM price-fixing case has led to charges filed against four companies, including Hynix Semiconductor Inc. and Infineon, and fines up more than $731 million.

The investigation, which was led by the San Francisco office of the Justice Department's antitrust division, has also led to charges filed against 12 individuals, including the Samsung executives, the Justice Department said.

Samsung Executives Plead Guilty To Chip Price-fixing (MRKTWTCH)

By Robert Schroeder, MarketWatch

MarketWatch, March 23, 2006

Three more caught in U.S. chip price-fixing probe

WASHINGTON (MarketWatch) -- Three Samsung Electronics executives pleaded guilty to fixing the price of microchips, becoming the latest individuals to be caught in a U.S. probe, the Justice Department said Wednesday.

The announcement regarding South Korea's Samsung (SSNGY: news) brings the total number of charges in the government's ongoing investigation into price-fixing and microchips to four companies and 12 individuals.

The three executives will serve jail time in the U.S. for their roles in a global conspiracy to fix the prices of dynamic random access memory, or DRAM, chips between April 1999 and June 2002. They'll also each pay a $250,000 fine.

On March 1, the Justice Department said four executives at Korea-based Hynix Semiconductor Inc. (HXSCF: news) pleaded guilty and agreed to jail time for their roles in the conspiracy.

The government has collected more than $731 million in fines related to the probe.

The individuals named Wednesday by the Justice Department are Sun Woo Lee, Samsung's senior manager of DRAM sales; Yeongho Kang, associate director of DRAM marketing for Samsung's U.S. subsidiary; and Young Woo Lee, sales director for Samsung's subsidiary in Germany.

Attorney General Alberto Gonzales said the jail sentences should deter future conspiracies.

"True deterrence occurs when guilty individuals serve jail terms, and not just when corporations pay criminal fines," Gonzales said in a statement.

The Samsung executives also agreed to assist the Justice Department in the ongoing investigation.

Robert Schroeder is a reporter for MarketWatch in Washington.

Samsung Execs Plead Guilty To DRAM Price Fixing (IDG)

By Grant Gross, IDG News Service

IDG News Service, March 23, 2006

The three Samsung executives conspired with other DRAM makers to fix prices, which affected sales to several U.S. computer makers, it was charged

Three executives from Samsung Electronics, the largest manufacturer of DRAM (dynamic random access memory), have agreed to plead guilty and serve jail time for participating in a worldwide conspiracy to fix DRAM prices, the U.S. Department of Justice (DOJ) announced Wednesday.

Sun Woo Lee, Samsung's senior manager of DRAM sales, agreed to a sentence of eight months in U.S. prison. Yeongho Kang, associate director of DRAM Marketing, for Samsung's U.S. subsidiary, and Young Woo Lee, sales director for Samsung's German subsidiary, both agreed to serve seven months, the DOJ said.

The three also agreed to each pay a $250,000 fine and cooperate with the DOJ's ongoing DRAM investigation. The South Korean executives each face one felony count for violating the U.S. Sherman Antitrust Act.

"True deterrence occurs when guilty individuals serve jail terms, and not just when corporations pay criminal fines," U.S. Attorney General Alberto Gonzales said in a statement. "These pleas should send a clear message that we will hold accountable all conspirators, whether domestic or foreign, that harm American consumers through their illegal conduct."

The pleas and sentences are subject to the approval by the U.S. District Court in San Francisco.

DRAM is the most commonly used semiconductor memory product, and is used in PCs, laptops, servers, printers, hard disk drives, mobile phones, digital cameras, game consoles, and other devices. There were about $7.7 billion in DRAM sales in the U.S. in 2004, the DOJ said.

Between April 1999 and June 2002, the three Samsung executives conspired with employees of other DRAM makers to fix prices, according to the charges filed Wednesday. The conspiracy affected sales to several U.S. computer makers, including Dell (Profile, Products, Articles) Inc., Hewlett-Packard Co., IBM (Profile, Products, Articles) Corp., and Apple Computer (Profile, Products, Articles) Inc.

Including Wednesday's charges, the DOJ has charged four companies and 12 individuals and assessed fines of more than $731 million in a wide-ranging DRAM price-fixing investigation. The fines add up to the second largest total ever collected by the DOJ in a single price-fixing investigation.

The first charges in the investigation came in December 2003, and earlier this month, four executives from Hynix Semiconductor (Profile, Products, Articles) Inc. agreed to plead guilty.

Samsung was ordered in November 2005 to pay a $300 million criminal fine. Hynix, the world's second-largest DRAM manufacturer, was ordered in May 2005 to pay $185 million. Elpida Memory of Japan agreed in January to pay $84 million. And Infineon of Germany agreed in October 2004 to pay $160 million.

Samsung Executives To Serve Jail In U.S. For DRAM Price-fixing (YONHAP)

By Lee Dong-min

Yonhap News (South Korea), March 23, 2006

WASHINGTON, March 22 (Yonhap) -- Three South Korean executives of Samsung Electronics agreed Wednesday to serve jail time in the United States after pleading guilty to fixing DRAM prices, the U.S. Justice Department said.

The three men will serve between seven and eight months and pay US$250,000 in fines, the department said. They have agreed to cooperate in the department antitrust division's investigation of the DRAM industry, it said.

The Samsung officials are the second group of South Korean industry executives to be jailed for price fixing. Earlier this month, four executives of Hynix pleaded guilty to the same charges and agreed to jail time in the U.S. Their sentences are between five and eight months.

Samsung is the world's largest producer of DRAM, or dynamic random access memory, a computer component providing high-speed storage and retrieval of electronic information. Hynix is the second largest.

Samsung Electronics pleaded guilty to price-fixing and was fined $300 million in November last year. Its employees were not protected by the plea.

"True deterrence occurs when guilty individuals serve jail terms, and not just when corporations pay criminal fines," Attorney General Alberto Gonzales said about the Samsung case.

"These pleas should send a clear message that we will hold accountable all conspirators, whether domestic or foreign, that harm American consumers through their illegal conduct."

The three Samsung officials were identified as Lee Sun-woo, the company's senior manager of DRAM sales, to serve eight months; Kang Yeong-ho, associate director of DRAM marketing, seven months; and Lee Young-woo, sales director for Samsung's German subsidiary, seven months.

Their charges including communications with competitors to set DRAM prices sold to certain customers and exchanging information on DRAM sales to monitor and enforce adherence to agreed-upon prices.

The department's antitrust division has been leading the investigation, still ongoing, that to date has led to charges against four companies, 12 individuals and fines totaling more than $731 million.

"At various times during the period from April 1, 1999, to June 15, 2002, these three Samsung employees conspired with unnamed employees from other memory makers to fix the prices of DRAM sold to certain computer and server manufacturers in the United States," the department said.

The collusion directly affected sales to U.S. computer firms such as Dell, Compaq , IBM, Apple Computer, and Hewlett-Packard, it said.

Plavix Settlement Could Run Into FTC Resistance (DOW)

Dow Jones, March 23, 2006

The proposed settlement of patent-infringement litigation surrounding the blockbuster drug Plavix could run into regulatory resistance, but government enforcers might not have much muscle, legal experts and analysts say.

Bristol-Myers Squibb Co. (BMY) (BMY) and Sanofi-Aventis (SNY) (SNY) said late Tuesday that they reached a settlement with Apotex Inc., a Toronto company that had sought to sell a generic version of Plavix, a blood thinner, before the expiration of a key patent. The settlement calls for Apotex to wait until 2011, under certain conditions, to begin selling generic Plavix through a license deal. Bristol- Myers and Sanofi also would make undisclosed payments to Apotex.

The settlement is subject to antitrust review and clearance by the Federal Trade Commission. Some analysts and legal experts believe the FTC might try to challenge the deal because it calls for Apotex to wait as much as five years before selling generic Plavix, and Bristol-Myers and Sanofi have agreed to pay Apotex.

The companies said in a statement that the agreement wasn't an act of collusion to keep a generic drug off the market, but they acknowledged that there's "significant risk" they would be unable to obtain the required antitrust clearance. A Bristol-Myers spokeswoman declined to provide further details, and Sanofi officials couldn't be reached for this story.

Despite the regulatory concerns, investors appeared confident the deal would get the necessary approvals, lifting Bristol-Myers shares 12% to $25.63 and Sanofi's American Depositary Shares 9.3% to $47.76.

FTC Review

The FTC has taken a dim view of similar drug patent-infringement settlements in the past because it believed they could harm consumers by delaying the introduction of cheaper, generic alternatives to branded prescription drugs.

"If there were ever a deal the FTC would appear set to challenge, we believe this seems to be it," CIBC World Markets analyst Elliot Wilbur wrote in a research note Wednesday. CIBC doesn't cover Bristol-Myers or Sanofi and didn't provide any financial disclosures for them.

But the FTC hasn't been so successful in blocking such deals. Last year, for instance, a federal appeals court in Atlanta dismissed FTC charges that Schering-Plough Corp. (SGP) (SGP) illegally delayed the introduction of a generic version of its K-Dur 20 potassium supplement in its settlement of patent litigation with generic challengers.

The federal court ruled that a payment by a brand-name pharmaceutical company to a generic competitor cannot be the sole basis for a violation of antitrust law.

The FTC has a policy of not commenting on whether it will investigate settlements, agency spokesman Mitchell Katz said Wednesday.

A provision of a 2003 federal law requires drug companies to provide advance notice to the FTC of proposed settlements of patent disputes. The requirement is designed to give the FTC a chance to review them and raise any objections it might have, either in court or through an administrative action. But the law doesn't require the FTC to formally approve such settlements.

Still, the FTC has obtained settlements in some of its investigations into branded-generic patent agreements. For instance, it probed an agreement between Abbott Laboratories (ABT) (ABT) and generic drug maker Geneva Pharmaceuticals Inc. regarding Geneva's plan to launch a generic version of Hytrin, a treatment for enlarged prostate symptoms. In 2000, Abbott agreed in a settlement with the FTC not to enter into similar deals in the future without notifying the FTC or getting court approval.

On the other hand, the FTC hasn't objected to some deals, including one last year settling a patent dispute between Wyeth (WYE) and Teva Pharmaceutical Industries Ltd. (TEVA) (TEVA) over Wyeth's (WYE) Effexor antidepressant.

"This area of the law is still somewhat unsettled," said Arthur Lerner, an antitrust attorney with Crowell & Moring in Washington who previously worked for the FTC. "Obviously a lot of these cases turn on specific facts. And there may be certain facts about [the Plavix] case that make it different from the Schering-Plough (SGP) case."

Possible Red Flag

One attorney who represents generic drug companies suggested the Plavix settlement could raise a red flag.

"Apotex is willing to wait about five years," said Steve Sklar, an attorney with Leydig, Voit & Mayer in Chicago. "They must be getting something for it, and something they think is enough to make them happy." Sklar's firm represents Watson Pharmaceuticals Inc. (WPI) (WPI) in a separate patent dispute over Plavix. The case is pending.

Apotex argued that a key patent for Plavix, which was issued in 1989, was invalid because its claims were covered by a prior Sanofi patent, issued in 1985 and expired in 2003. Apotex also argued the 1989 patent was unenforceable because Sanofi misled the U.S. Patent and Trademark Office when seeking the patent.

Bristol-Myers and Sanofi say the active ingredient in Plavix - clopidogrel bisulfate - wasn't covered by the 1985 patent, and they deny misleading the patent office.

Bear Stearns analyst John Boris views potential FTC scrutiny as a "substantial hurdle." Boris noted that the Wyeth-Teva deal that escaped FTC action last year didn't involve a "discrete" payment by Wyeth (WYE), and a generic Effexor is being allowed on the market two to seven years earlier than key patents for Effexor expire.

Boris noted that Bristol-Myers and Sanofi are making payments to Apotex, and the deal appears to allow generic Plavix on the market only eight months earlier than patent expiration. Boris doesn't own Bristol-Myers shares; his firm has received non-investment-banking compensation from the company in the past 12 months.

Friedman Billings Ramsey analyst David Moskowitz, however, thinks the settlement will meet the "pro-consumer and pro-competitive tests" because generic Plavix would be launched earlier than patent expiration, and other generic companies can continue to challenge the Plavix patent, preserving competition. Moskowitz doesn't own Bristol-Myers shares; his firm hasn't provided investment-banking services to the company recently.

Bristol-Myers and Sanofi said in a press release they have approached Dr. Reddy's Laboratories (RDY) (RDY) about a possible settlement of its generic challenge to Plavix.

In a question-and-answer section on Sanofi's Web site, the companies tried to address some of the concerns that might be raised in an FTC review. In addition to saying Apotex wasn't a case of collusion, they noted that the Toronto company will be allowed to enter the market before the patent expires.

The companies said the reserves they expect to establish during the first quarter for payments to Apotex aren't expected to be material. Additional reserves may be recorded in the future.

-Peter Loftus; Dow Jones Newswires; 215-656-8289; peter.loftus@dowjones.com

Dell Agrees To Buy Alienware (WSJ)

By Christopher Lawton

The Wall Street Journal, March 23, 2006

Dell Inc. said it agreed to buy closely held Alienware Corp., a maker of high-end personal computers favored by gamers.

Terms were not disclosed. But the deal is considered a significant strategy shift for Dell, which rarely makes acquisitions and has tended to focus more on machines purchased by businesses.

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While Dell has transformed the PC business by focusing on direct sales and streamlined manufacturing, Alienware has built a loyal following among computer users willing to pay a premium for powerful machines with sleek designs and odd colors such as "cyborg green."

The transaction also is being closely watched in the semiconductor industry. Dell, which has its own line of gaming PCs, exclusively uses chips from Intel. But Alienware also uses chips from rival Advanced Micro Devices Inc.

A Dell spokesman said Miami-based Alienware, which will be run as a separate subsidiary, can continue to do so. "They will sell their own products, and they will continue to use AMD as part of that," he said.

Roger Kay, an analyst with Endpoint Technologies Associates Inc., estimates that Alienware is on track to post revenues this year of about $220 million, and is No. 1 among companies focused solely on the profitable gaming niche. But other companies in the market, including VoodooPC and Falcoln Northwest, are also believed to be growing quickly.

Rahul Sood, VoodooPC's president and chief of technology, predicted the Dell-Alienware deal in an online posting earlier this month. He said the transaction "will bring more awareness to the PC gaming industry, and it will certainly open new doors with new customers for us. I think it's a pretty tremendous thing."

In recent years Dell, Gateway Inc. and other big players have targeted the lucrative market for videogaming PCs. Dell revamped its XPS line in 2001 to feature high-powered, high-priced computers to better compete with companies like Alienware and VoodooPC. On Wednesday, Dell unveiled the latest in this line, with a price tag at nearly $10,000.

Dell said it is taking orders on the XPS 600 Renegade. The machine, first unveiled at the Consumer Electronics Show in Las Vegas in January, has four Nvidia Corp. graphic processor units on a single card and can be equipped with dual hard drives, features that allow it to render more complex graphics.

The XPS is part of the niche category of "gaming PCs" that include souped up graphics capabilities and usually carry much higher price tags than traditional PCs. For example, with the Renegade, "instead of using traditional weapons, gamers can pull down the roof on their enemies, crushing them in a pile of collapsing debris," explained Dell in a press release.

The XPS 600 -- which Dell said is available in "limited quantities" -- is painted with a flame design and will include a 30-inch widescreen high-resolution LCD monitor for $9,930. Customers can add special "discrete physics" controllers to the XPS 400 and XPS 600 for $1,239 and $2,039, respectively. Customers can order the machine through Dell's Web site.

Alienware's least expensive laptops and desktops start at around $700, but the top-of-the-line, liquid-cooled ALX models can approach $10,000 when fully tricked out with dual-core processors, hard drives that can store up to a terabyte of data, and state-of-the-art graphics cards. An average Alienware PC costs about $3,000 to $4,000, hundreds of dollars more than similarly configured machines from mainstream manufacturers.

Microsoft Offers Unlimited Tech Support For Rivals Interested In Windows Software (AP)

By Raf Casert

AP, March 23, 2006

BRUSSELS, Belgium - (AP) -- Microsoft Corp. today offered "free, unlimited technical support" to rivals interested in making their software work with the software giant's servers, saying it wanted to comply with a landmark EU antitrust ruling.

"We are committed to doing everything in our power to address the (European) Commission's concerns," Microsoft General Counsel Brad Smith said in a statement.

A spokesman for the EU's antitrust office said the Microsoft offer "seems to be a constructive proposal," but said the company needed to make more efforts to fully fall in line with the EU's 2004 ruling.

"Microsoft will naturally be well placed to answer questions from licensees on specific points of the technical documents," EU spokesman Jonathan Todd said.

He insisted, however, that even two years after the ruling that forced Microsoft to share technical details with rivals, Microsoft's efforts remained insufficient.

The EU levied a record $603 million fine against Microsoft in March 2004. It also ordered the company to share code with rivals and to offer a version of Windows without the Media Player software.

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Microsoft is appealing the ruling, and the case will be heard in late April by the European Court of First Instance, the EU's second-highest court.

Microsoft Takes New Action On EU Sanctions (FT)

By Tobias Buck

Financial Times, March 23, 2006

Microsoft has made a fresh attempt to escape antitrust fines of up to €2m ($2.4m) a day, telling the European Commission on Wednesday that it will take further steps to comply with the regulator's March 2004 competition ruling.

Microsoft said it would offer rival companies "unlimited, free technical assistance" to help them develop products that work smoothly with the group's ubiquitous Windows operating system. It would even send its software experts to other companies' offices to help them in the process, Microsoft added.

The latest concessions come in response to accusations by the Commission that Microsoft has failed to implement one of the key elements of its landmark ruling.

Brussels has told Microsoft that it has failed to provide complete and accurate inter-operability information about Windows to rival companies. It believes the information – which will be licensed in return for a fee – is needed so that other companies can develop server software that meshes with Windows-driven computers and servers.

The Commission on Wednesday reacted cautiously to Microsoft's latest move, welcoming the initiative while stressing that the group had so far failed to draw up complete and accurate documentation. "At first sight it seems to be a constructive proposal. However, technical support is only helpful once the documentation has reached certain quality standards," a spokesman said.

Both the Commission and Microsoft's industry rivals have said the documentation supplied so far is highly inadequate and would not allow companies to develop inter-operable products. They accuse the group of dragging its feet, and point out that it is more than two years since the Commission made its ruling.

Microsoft maintains that the quality of its technical documentation already ex-ceeds industry standards, but that it is willing to go even further to meet the Commission's concerns.

Wednesday's moves expanded on Microsoft's earlier offer of 500 hours of free technical assistance, and reflects the group's belief that any shortcomings in its documentation can best be resolved through direct contacts between software engineers.

In addition, Microsoft said it had submitted a workplan to Professor Neil Barrett, the Commission's technical adviser in the case, outlining improvements to the actual documentation. These include better navigation and more illustrations.

Microsoft's move comes just one week before a two-day internal Commission hearing on the case.

Microsoft Makes A New Offer To EU (WSJ)

By Gabriella Stern

The Wall Street Journal, March 23, 2006

BRUSSELS -- Microsoft Corp. said it will make "unlimited" technical support available to rival companies trying to write software to mesh with its products, as part of its efforts to reach agreement with the European Union's antitrust regulators.

In 2004, the European Commission ordered Microsoft to make its Windows protocols available to rival software makers. Since then, the commission has accused Microsoft, Redmond, Wash., of failing to comply with the antitrust ruling. The company faces €100 million ($121 million) or more in new fines from the European body, the European Union's executive arm, and has been engaged in a public-relations battle leading up to a pivotal court hearing in the case.

"We are committed to doing everything in our power to address the Commission's concerns," Microsoft General Counsel Brad Smith said. Yesterday's offer upped the company's previous one of 500 hours of technical support.

European Commission antitrust spokesman Jonathan Todd said the commission hadn't received details of the new proposal and said it seemed "constructive." Mr. Todd added that any technical documentation Microsoft makes widely available to competitors "is only helpful once the documentation has reached a certain quality standard."

So far, Mr. Todd said, the commission feels Microsoft's documentation hasn't met the requirements the commission laid out in 2004.

An independent monitor in the regulatory case has found the documents provided by Microsoft needed a drastic overhaul to make them workable. The monitor, computer-science professor Neil Barrett, wrote a critical report about Microsoft's efforts to comply with the commission's ruling, saying he and a colleague had been unable to use Microsoft's instructions.

Microsoft, which has accused Mr. Barrett of being uninformed and colluding with its rivals, also pledged yesterday to do additional work on technical documentation. But it said five European computer-science professors believe existing documentation already meets requirements.

EU Set For Summit Clash Over Protectionism In Energy Industry (BLOOM)

By Jonathan Stearns

Bloomberg, March 23, 2006

March 23 (Bloomberg) -- The European Union is set to confront France and Spain for protecting energy companies from foreign takeovers, raising the prospect of a clash among EU leaders at a meeting meant to revive a push for market integration.

EU leaders meet this evening in Brussels for the first time since the French government arranged a merger between utilities Suez SA and Gaz de France SA to avert a possible bid for Suez by Italy's Enel SpA. The two-day summit also comes after the Spanish government imposed rules to hinder a takeover of power company Endesa SA by Germany's E.ON AG.

``Member states are reluctant to accept the rules," Loyola de Palacio, EU energy commissioner for five years until November 2004, said by telephone from Madrid two days ago. ``They are very proud when one of their companies goes abroad and makes a takeover but aren't very happy when somebody else makes a takeover in their country."

National obstacles and monopolies in Europe's 250 billion-euro ($302 billion) electricity and natural-gas market threaten to boost bills for companies and consumers, curtail supply and undermine the economy. The fragmentation may also hinder efforts to prevent the 25-nation EU's dependency on energy imports from rising to 70 percent by 2030 from 50 percent now.

Jose Barroso, the president of the European Commission, the EU's executive arm, is fighting to enforce existing free-market rules and win more powers. In a March 8 package of proposals to be discussed at this evening's summit dinner, he called for a common energy regulator, the right to manage emergency oil and gas stocks and the authority to negotiate an energy accord with Russia, supplier of a quarter of Europe's gas.

European Dimension

``The commission is right to be proposing a new European dimension of energy policy," Katinka Barysch, chief economist at the London-based Centre for European Reform, said by phone two weeks ago. ``The European angle is secondary for member states like France, which is sad. It will take time to make progress."

The grip of Europe's national governments on energy policy persists after they ceded powers in areas such as antitrust, trade and interest rates. Like defense, governments treat energy as a strategic issue where EU-wide cooperation is limited and national discretionary power isn't.

Seeking to crack this bastion of national sovereignty, Barroso says common action is more urgent than ever. He cites European economic growth that has trailed the U.S. pace most of the past decade, energy-price rises over the past two years and a disruption of Russian gas supplies in January.

Choice of Suppliers

Barroso's more immediate task is to prevent protectionism from undermining a hard-fought agreement by EU lawmakers in 2003 to give electricity and gas customers a choice of suppliers. This legislation, due to take full effect next year, is inciting cross-border takeovers and political resistance to them.

``We can't build barriers against each other," Barroso told a March 21 press conference in Brussels. ``It's absurd. Economic nationalism was never a solution and is even less so today."

The commission is probing whether the governments of French Prime Minister Dominique de Villepin and Spanish Prime Minister Jose Luis Rodriguez Zapatero violated the EU's single-market rules.

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In addition to vetting mergers, the commission has the power to file lawsuits against governments at the European Court of Justice. EU Internal-Market Commissioner Charlie McCreevy said two days ago the commission would ``soon'' start legal action against Spain for favoring Barcelona-based Gas Natural SDG SA over E.ON in the fight for Endesa.

`Unprecedented Assault'

Graham Watson, leader of the pro-business Liberal group in the European Parliament, says the commission faces an ``unprecedented assault on the internal market'' by national governments.

``The commission is going to be tested in this climate,'' Watson told the Strasbourg, France-based EU assembly on March 15. ``The commission must hold firm.''

Barroso's bid for more commission control of national energy stocks revives a plan that De Palacio failed to push through and is already facing resistance from member states. So too is his plan for a single regulator.

National energy ministers opposed the proposal for a European watchdog at a March 14 meeting, saying member states need to keep control and focus on aligning national regulatory systems.

Disunity over energy within the EU threatens to undermine Barroso's plans outside the region. He wants an EU-Russia energy agreement that would give European companies access to the Russian market, boosting investment and capacity there.

OAO Gazprom, the world's biggest gas producer, is the monopoly operator of Russia's gas network and also has a monopoly on exports. Russian President Vladimir Putin has defended Gazprom's role and he stood firm at a March 17 meeting with Barroso in Moscow.

``We certainly don't agree on everything,'' said Barroso. ``On access to networks within Russia, President Putin feels that, for the time being at least, that cannot be guaranteed.''

EU Trade Commissioner Peter Mandelson said Europe lost leverage to open Russia's energy market to European companies by endorsing the country's accession to the World Trade Organization in 2004 without gaining concessions in this area.

``There was a case at the time of the WTO negotiation to incorporate energy into this,'' Mandelson told reporters in Brussels two days ago. ``With hindsight, it might have been preferable to do so.''

EU Closes Dispute With Premier League (AP)

By RAF CASERT, Associated Press Writer

AP, March 23, 2006

The European Union closed a long-standing antitrust dispute with England's Premier League on Wednesday, forcing one the of richest leagues in the world to stop selling the rights to its live soccer matches exclusively to one TV channel.

"The solution we have reached will benefit football fans while allowing the Premier League to maintain its timetable for the sale of its rights," said EU Antitrust Commissioner Neelie Kroes, after the EU executive finalized the deal between both sides.

Under the agreement, live TV rights will be sold in six balanced packages with no one bidder being allowed to buy them all.

Premier League Chief Executive Richard Scudamore said the decision was "a good outcome for supporters, whether in the stadium or watching our broadcasts."

He added the Premier League "believes that the conditions are now in place to create maximum interest for our audiovisual rights and to take the world's most popular domestic football competition from strength to strength."

British Sky Broadcasting Group PLC - a pay channel owned by media mogul Rupert Murdoch - has held the exclusive rights to the richest broadcast contract in European sport for the past 13 years. The satellite broadcaster dominates Britain's pay-TV market with close to 8 million subscribers.

Kroes's office said the new commitments made until the end of the 2012-2013 season "will increase the availability of media rights, and improve the prospect of competition in providing services to consumers."

Packages will be sold to the highest standalone bidder for each package.

The agreement will allow the Premier League to prepare its bidding process for rights as of 2007. It will be monitored by a trustee named by the Commission.

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"The Commission could impose a fine amounting to 10 percent of FA Premier League's total worldwide turnover if it breaks its commitments," the statement from Kroes's office said.

BSkyB's nearest rival, cable operator NTL Inc., has already said the deal does not go far enough to deliver a level playing field and said the EU head office had ignored the "pubs and clubs" market which it said needed a critical mass of at least half of all matches to be economically viable.

Irish sports channel Setanta has also said it is interested in bidding. The deal also opens up rights for mobile phone broadcasts to more bidders.

The League's 20 clubs were worried that renegotiating the contract would cause big losses and drive some of them toward bankruptcy. Even Britain's wealthiest club - Manchester United - draws about a third of its income from broadcast rights.

In 2003, the Premier League awarded a 1.024 billion pound ($1.7 billion) exclusive deal to BSkyB from 2004 to 2007.

The EU complained that there was too little soccer left for free TV but it agreed to BSkyB's keeping its monopoly until 2007 on the condition that the 2007-2010 contract would offer substantial packages to a second bidder.

ENVIRONMENT:

Clean Air Craziness (WSJ)

The Wall Street Journal, March 23, 2006

Last Friday the D.C. Circuit Court of Appeals struck down a major plank of the Bush Administration's clean air strategy. The ruling is being cheered by Democrats and some self-styled environmentalists. But it's based on a bad reading of the law, and -- unless successfully challenged -- will lock the U.S. into an old-fashioned approach to regulation when better alternatives are available.

At issue is how to interpret a set of 1970s-era rules known as New Source Review (NSR). As the name itself suggests, the rules were intended to compel new power plants and refineries to install the latest in pollution-control technology. No less an authority than former Carter Energy Secretary Jim Schlesinger attests to this understanding, as do about 20 years of interpretive practice by the Environmental Protection Agency.

But in the late 1990s the Clinton Administration unilaterally decided it didn't like the fact that many older facilities had been "grandfathered" (its word), and decided that even routine maintenance like replacing a steam duct created "new" pollution sources, thereby triggering expensive NSR requirements. Among the utilities hauled into court were the government's own Tennessee Valley Authority and Detroit Edison -- the latter for installing more efficient (i.e., less polluting) turbines.

The Bush Administration understood the problems with the EPA's shifting stance, and in 2003 it issued new rules clarifying what constitutes "routine maintenance" and what triggers NSR. But in a sadly typical case of policy dissonance, it declined to rein in EPA and Justice Department bureaucrats who were still pursuing lawsuits under the Clinton-era interpretation.

That schizophrenic behavior has been having consequences in court. Last year Alabama-based federal Judge Virginia Hopkins threw out the bureaucrats' case against Alabama Power Co. in a ruling that upheld the Bush 2003 interpretation of NSR. She also chided the government for "the anomaly of utilities, like APC, being prosecuted for conduct that, if engaged in now, would not be prosecuted. Put another way, this action is a sport, which is not exactly what one would expect to find in a national regulatory enforcement program."

What happened last week was simply that another court decided to read this "anomaly" another way. The D.C. Circuit declared that the "plain language" of the Clean Air Act requires that all modifications and maintenance activities be seen as triggering NSR requirements. But that judgment implies 20 years of NSR misinterpretation before Clinton. The conclusion isn't entirely surprising, however, since in attempting to preserve the viability of the Clinton-era enforcement cases, the Bush Administration did not argue for the 2003 NSR clarification as forcefully as it could.

If the D.C. Circuit ruling stands, the Bush clean air strategy will lie in ruins, since it relies on a so-called "cap-and-trade" pollution permit system to allow the market to figure out how best to achieve emission reductions. Requiring every power plant making a repair to install the most expensive pollution-control technology would gut the incentive for such trading.

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If the Bush Administration doesn't want to abandon its own policy, it has little choice but to fight back. For starters it should go ahead and issue the final piece of the NSR reform it's been working on, the so-called Emission Increase Rule. And if the Administration wants to win on appeal, the smart move would be to drop its internal policy contradictions and finally kill the Clinton-era NSR lawsuits, which can't be justified under the rules it will be trying to defend.

New Source Rebuke (WP)

The Washington Post, March 23, 2006

ONE MIGHT HOPE that after its rebuke last week by the U.S. Court of Appeals for the D.C. Circuit, the Bush administration would reconsider its efforts to rewrite the rules governing power plant emissions. The three-judge panel included two of the court's more liberal judges and one of President Bush's most controversial recent conservative appointees, Janice Rogers Brown.

The panel threw out the Environmental Protection Agency's rule on what is called New Source Review as flatly at odds with the Clean Air Act. Unfortunately, there is no particular reason to expect the administration to come to its senses in response. It is still trying to curtail enforcement against old coal-fired plants that fail to install new pollution-control technologies.

Legally, New Source Review does not pose a hard question. The clean-air law, the relevant part of which was passed in 1977, did not require every plant to immediately retrofit with pollution-control technologies. But it did require that plants install new pollution-fighting equipment when they made "any physical change" that increased pollution output. This law went largely unenforced until the Clinton administration, which filed a number of actions against companies that had not complied. On taking office, the Bush administration -- while not dropping the lawsuits -- tried a different approach: rewriting the rules.

Under the new rule, which has been blocked by the court since its release in 2003, "any physical change" does not really mean any physical change, only a change that exceeds 20 percent of the replacement value of the plant or changes its basic design somehow. Anything short of that gets excluded as "routine maintenance." The court, quite rightly, was having none of it. "Only in a Humpty Dumpty world," wrote Judge Judith W. Rogers, could the government ignore Congress's use of a word such as "any." In other words, the Clean Air Act, including the provisions the administration doesn't like, means what it says.

Yet the administration may not have finished trying to read this law out of existence -- or, at least, into a more timid existence. It is still trying to redefine the other essential feature of a plant modification that triggers New Source Review: that the modification "increases" the amount of pollution the plant emits. Again, this seems like a straightforward matter. It increases it if the amount after the change exceeds the amount before it, right? Wrong -- at least according to the administration, which wants to define "increase" in terms of the emissions a plant is potentially capable of spewing rather than the actual amount of spewing it does. The D.C. Circuit -- the court whose interpretations bind the agency -- already rejected this interpretation in another case last year, making the proposed EPA policy seem simply lawless. The court's common-sense ruling last week is a promising sign that its judges won't sit still for further efforts to ignore the law.

Wall Street Lays Plans In Case Bird Flu Strikes (USAT)

By Adam Shell

USA Today, March 23, 2006

NEW YORK — Bird flu has yet to come even close to the USA's borders, but Wall Street analysts are already crafting advice on how investors can inoculate their portfolios if a pandemic breaks out.

Not since the SARS scare in Asia in spring 2003 — when Hong Kong stocks plunged 10% in six weeks before rebounding after the virus stopped spreading — has a health-related crisis put investors on edge.

Wall Street, which makes its living betting on what the future may look like, has been busy concocting what-if scenarios, handicapping winning and losing stock sectors, and educating clients in the science of bird flu. Recent ink devoted to the H5N1 virus:

•Special report. Citigroup recently sent clients a comprehensive 46-page report on bird flu that includes a brief history of the virus, risk factors and stock picks. The report was compiled by stock strategists, economists, government policy experts, epidemiologists and currency analysts from Europe, Japan, Australia and the USA.

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•Stocks to watch. TrendMacro, an investment strategy firm that caters to big institutional investors, created an Avian Flu Index in October that now consists of 17 health care stocks that develop vaccines, anti-virals and other products likely to be in great demand if the avian flu scare morphs from a mere threat to deadly killer.

•First of a series. David Kotok, chief investment officer at Cumberland Advisors, on Friday released the first in a series of reports that will focus on the financial risks and psychological impact on investors.

"We thought it was important to get ahead of the curve on something that's going to become of increasing concern to the capital markets as the disease spreads," says Paul Heldman, senior health policy analyst at Citigroup.

Avian flu primarily affects poultry but on rare occasions can infect humans, says the World Health Organization. More than 100 people have died from the virus since 2003, WHO says.

Earlier this week, U.S. government officials said migrating birds infected with avian flu may reach the USA within months. The virus has already spread across Europe, Asia and Africa.

The fear is that H5N1 will adapt into a strain that can be transmitted from human to human. If a fully contagious virus emerges, its global spread is considered inevitable because people will lack immunity to the virus, WHO says. Given inadequate supplies of medicines to fight the virus, large numbers of deaths could occur. So could massive economic and social disruptions.

That's why Wall Street has added bird flu to its list of market negatives that include terrorism, protectionism, rising interest rates and Iran's nuclear ambitions.

"Why should investors care about the risk of a pandemic? Because the risk of a planetwide outbreak is very real. It's happened before," says Donald Luskin, chief investment officer at TrendMacro.

The 20th century had three influenza pandemics:

The Spanish Flu in 1918 killed an estimated 50 million people, WHO says. The Dow Jones industrial average suffered a maximum loss of 11.1% in the peak death period, according to data compiled by Ned Davis Research (NDR).

The Asian Flu in 1957 and the Hong Kong Flu in 1968 resulted in estimated deaths of 2 million and 1 million, respectively, says WHO. The Dow fell almost 14% in 1957 and nearly 9% in 1968, NDR says.

How stocks do this time depends on what plays out:

•Best-case scenario. Markets will cheer if the virus never becomes transmissible from human to human. In that case, Luskin says, investors can make money investing in companies that make vaccines and testing therapies.

Examples, he says, include Gilead Sciences, the inventor of the anti-viral drug Tamiflu, which is being stockpiled by governments around the globe; Hemispherx Biopharma, which is seeking final approval for its anti-viral drug Ampligen; and Sinovac Biotech, a Chinese vaccine maker.

•SARS-like scenario. A mild pandemic that is contained could add up to a buying opportunity, says Citigroup's Heldman. Many of the stocks likely to decline from flu-related panic selling, such as airlines (Continental), hotels (Hilton) and shopping malls (Simon Property) would likely enjoy rebounds.

•Worst-case scenario. That's if a full pandemic hits, the economy shuts down, people die. Airlines, hotels and other businesses that involve travel or crowds will fall sharply. Citigroup says shares of drug companies, vaccine makers, and hospital and health care stocks (Tenet, Community Hospitals) will rise. Home entertainment providers, such as Blockbuster, should fare well. So, too, could safe investments such as Treasury bonds and cash.

But, "The losers will come under severe pressure," says Heldman. Adds Luskin: "It will be like Hurricane Katrina on a global scale."

Woody Dorsey, behavioral market strategist at Market Semiotics, says the fact that the virus can spread quickly and cause widespread havoc means it is likely to be more damaging to the economy and financial markets than a terrorist attack or severe hurricane.

"We're moving into a 'bio-era' where computer viruses, physical viruses and fear move around the world quickly," he says. "It's the downside of globalization."

Schools Told To Prepare For Bird Flu (WP)

By Ben Feller

The Washington Post, March 23, 2006

WASHINGTON -- The nation's schools, recognized incubators of respiratory diseases among children, are being told to plan for the possibility of an outbreak of bird flu.

Federal health leaders say it is not alarmist or premature for schools to make preparations, such as finding ways to teach kids even if they've all been sent home.

School boards and superintendents have gotten used to emergency planning for student violence, terrorism or severe weather. Pandemic preparation, though, is a new one.

They have a lot to think over, top government officials said Tuesday.

Who coordinates decisions on closing schools or quarantining kids? If classes shut down for weeks, how will a district keep kids from falling behind? Who will keep the payroll running, or ease the fear of parents, or provide food to children who count on school meals?

"Those are the kinds of issues that I don't think people have spent a lot of time talking about yet," said Stephen Bounds, director of legal and policy services for the Maryland Association of School Boards.

"But if New Orleans and Katrina taught us nothing else, it taught us you need to be thinking about things ahead of time _ and preparing for the worst," Bounds said.

The urgency is about bird flu, the name for the deadly H5N1 strain of the avian flu.

It remains primarily a contagious bird disease. Typically spread from direct contact with contaminated birds, it has infected more than 170 people and killed roughly 100. None of those cases occurred in the United States, but officials say bird flu is likely to arrive this year in birds.

As outbreaks have hit Africa, Asia and Europe, officials have launched campaigns to educate the public. To help stop the spread of the disease, farmers have killed tens of millions of chickens and turkeys.

Experts fear the virus could change into a form that passes easily among people.

In North Carolina on Tuesday, Education Secretary Margaret Spellings joined Health and Human Services Secretary Mike Leavitt to encourage schools to prepare. Spellings said schools must be aware that they may have to close their buildings _ or that their schools may need to be used as makeshift hospitals, quarantine sites or vaccination centers.

The government has created checklists on preparation and response steps, specialized for preschools, grade schools, high schools and colleges. The dominant theme is the need for coordination among local, state and federal officials.

Some of the advice is common sense, like urging students to wash their hands and cover their mouths when they cough or sneeze to keep infection from spreading. Other steps would take schools considerable time to figure out, such as legal and communication issues.

"I don't think that the issue of bird flu has resonated yet," said Reg Weaver, president of the National Education Association, which represents many of the country's teachers.

Weaver praised the federal government for providing guidance that can be plugged into a school district's crisis plan. But the sudden urgency on bird flu, he said, should not steal attention from the daily struggles schools face, like trying to keep their classrooms safe.

Children age 5 to 18 tend to be the biggest spreaders of flu viruses in the community, experts say. Schools may be ordered to close to prevent spreading the disease.

In Massachusetts, school administrators are considering using an automated phone bank to announce homework assignments and update parents. Another plan would use the Internet for communication between students and their teachers.

But those plans are limited, and many places have had budget cuts in technology, said Tom Scott, executive director of the Massachusetts Association of School Superintendents. "I don't think we're anywhere near having a systemic way of approaching this," he said.

Any school closing may not be for only a day or two. A shutdown would probably have to last a month or longer to be effective, said flu specialist Ira Longini, a faculty member at the Fred Hutchinson Cancer Research Center and a professor at the University of Washington in Seattle.

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"The school itself plays a big role," said Longini. "It's just a massive mixing ground for respiratory illness."

At the college level, the American Council on Education, a higher education umbrella group, has alerted thousands of college presidents about the need to prepare for bird flu.

Federal health leaders have advised each college to establish a pandemic response team and plan for outbreak scenarios that could close or quarantine their campuses.

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On The Net:

Pandemic Flu school checklists: http://www.pandemicflu.gov/plan/tab5.html

A Clue Is Found On Why Bird Flu Is Slow To Spread Among Humans (WSJ)

By Antonio Regalado

The Wall Street Journal, March 23, 2006

Scientists have a new clue why the feared H5N1 strain of the avian-influenza virus hasn't spread easily among people.

According to research published this week by teams in the U.S. and the Netherlands, the bird virus primarily infects cells deep in the human lung, possibly making it difficult for the germ to spread.

The H5N1 avian-flu virus was first detected in Hong Kong in 1997, and has since claimed millions of birds and more than 100 human lives.

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The virus has continued to spread across the globe and has been detected in birds in both Europe and Africa, although not yet in the U.S.

Humans have very limited immunity to such avian viruses, and health authorities say that if the bird-flu virus begins to spread between people, it could spark a global outbreak of deadly respiratory disease.

That hasn't happened, and the new findings may help explain why.

Using tissues from human cadavers, researchers at the Erasmus Medical Center in Rotterdam studied which cells the bird virus would become attached to. According to Thijs Kuiken, a veterinary pathologist who directed the research, H5N1 attached to cells deep in the lung, but not cells in the throat, where human-flu viruses multiply. The study appears in the journal Science.

Dr. Kuiken called the finding a possible explanation for why the avian virus doesn't jump easily between people. "It must reach the lower respiratory tract to replicate, and it's harder to spread by coughing and sneezing," he said.

Other doctors questioned that conclusion, saying that patients with such infections were likely to cough more heavily. "I don't think it directly affects the transmissibility just because it's in the lower respiratory tract," said Nikki Shindo, an influenza expert at the World Health Organization who has studied human cases, most recently in Turkey.

Dr. Shindo said that if the virus has to reach deep into the lung before causing an infection, that could make it harder to catch.

In a separate study released yesterday by the journal Nature, a research group headed by Yoshihiro Kawaoka of the University of Wisconsin-Madison reached similar conclusions after analyzing the specific molecules on human cells to which influenza viruses attach.

They found that molecules preferred by H5N1 are expressed mostly by cells deep in the lung. To spread between humans, the virus would need to adapt in a way that enabled it to attach to a different type of molecule present in cells higher in the respiratory tract.

"This restriction may contribute to the inefficient human-to-human transmission of H5N1 viruses seen to date," Dr. Kawaoka wrote in his report.

Researchers Shed More Light On Bird Flu (WP)

By David Brown

DOJ_NMG_0020206

The Washington Post, March 23, 2006

Two research teams have independently discovered explanations for the chief features of the H5N1 bird flu virus -- its difficulty infecting humans, and the deadly effects when it does.

Unlike influenza viruses that are passed easily between people, H5N1 has a hard time attaching to cells in the nose, throat and upper airways. But it readily attaches to cells deep in the lungs.

This suggests that people need close and heavy exposure to the H5N1 virus for it to get into the lungs. But once it takes hold, it causes extensive damage to the machinery of respiration -- the cells and air spaces where oxygen is exchanged for carbon dioxide.

That scenario mimics the clinical experience of many of the 184 human cases of bird flu that have been officially recorded since late 2003. More than half have been fatal.

"This is information that we need to know -- fundamental and exciting," said Robert G. Webster, a leading flu virologist at St. Jude Children's Research Hospital in Memphis. He was not a member of either of the research groups, one of which published its results in yesterday's issue of the journal Nature, and the other online in Science.

Influenza infection occurs through a series of steps, with a key early one involving hemagglutinin, a protein that coats the virus's outer envelope. That protein attaches to sugar molecules that lie on the surface of many cells.

Virologists have known for years that human flu viruses attach through a sugar "linkage" designated alpha 2,6. The vast family of avian flu viruses favors a linkage with a different shape, designated alpha 2,3.

A research team led by Kyoko Shinya at the University of Wisconsin and the University of Tokyo looked at what cells in the human respiratory tract contain which linkage. They found that alpha 2,6 -- the receptor for human flu -- predominated in the nose and down the airways to the microscopic passageways that lead to the air sacs, or alveoli. At that point, cells with the alpha 2,3 linkage -- the receptor for bird viruses -- become common. Human viruses attached to the upper airways, while avian viruses attached to cells deep in the lungs.

The Japanese researchers, who published their findings in Nature, also tested an H5N1 virus taken from a person who died of bird flu in Hong Kong in 2003. That microbe's hemagglutinin recognized both the human and bird linkages, and it attached to cells from nose to lung. Most H5N1 samples isolated from people do not generally follow that pattern. The ability to bind to alpha 2,6 human receptors is one of several features that would have to become dominant for the H5N1 virus to become easily transmitted from human to human.

In the other paper, Thijs Kuiken and colleagues at Erasmus Medical Center in the Netherlands exposed H5N1 to blocks of tissue taken from all along the respiratory tree. They found the bird virus attached predominantly to cells at the entrance to the air sacs and in them, as well as to immune-system cells called alveolar macrophages that patrol the area.

This same pattern was seen in cats and ferrets. (Ferrets have traditionally been considered the species whose flu infections most closely mimic those of humans.) In mice, however, the pattern was reversed. H5N1 attached best to cells in the windpipe, not the lung -- suggesting mice are not the best animal model for research on this strain.

In many of the fatal H5N1 infections, people's lungs were filled with fluid, the result of an out-of-control inflammatory reaction. Kuiken speculated that bird flu's affinity for macrophages -- which can release inflammatory chemicals -- may be part of the reason.

Studies Suggest Avian Flu Pandemic Isn't Imminent (NYT)

By Nicholas Wade

The New York Times, March 23, 2006

Two groups of researchers, in Japan and in Holland, say they have discovered why the avian flu virus is rarely if ever transmitted from one person to another.

The reason, the researchers propose, is that the cells bearing the type of receptor the avian virus is known to favor are clustered in the deepest branches of the human respiratory tract, keeping it from spreading by coughs and sneezes. Human flu viruses typically infect cells in the upper respiratory tract.

DOJ_NMG_0020207

The avian virus would need to accumulate many mutations in its genetic material before it could become a pandemic strain, said Yoshihiro Kawaoka, a virologist at the University of Tokyo and the University of Wisconsin.

According to a University of Wisconsin news release approved by Dr. Kawaoka, "The finding suggests that scientists and public health agencies worldwide may have more time to prepare for an eventual pandemic."

Dr. Kawaoka's finding is published in today's issue of Nature, and a similar finding, by Thijs Kuiken and colleagues at the Erasmus Medical Center in Rotterdam, appears in this week's Science.

Flu experts already knew that people who contract the current avian flu virus, a type known as A(H5N1) or H5 for short, are infected in the lower lung.

Paul A. Offit, a virologist at the Children's Hospital of Philadelphia, said the new reports helped explain why the H5 virus, though it can infect people, does not easily spread from one person to another.

Virologists agree that a flu pandemic will happen sooner or later as one of the 16 types of flu virus in the animal world, probably one that infects birds, will manage to switch hosts, and grow and spread in humans. But they differ over whether H5 is the likeliest candidate to make such a switch. Previous pandemics have been caused only by H1- (the 1918 pandemic), H2- (the 1957 Asian flu) or H3-type viruses (the Hong Kong flu of 1968).

The H5 strain of avian flu has so far failed to develop a pandemic form. Some virologists fear it may need only better transmissibility. The new findings suggest that the virus could acquire such a property by switching its preference from the cell receptor found in the lower lung, known as alpha 2-3, to the receptor found on cells in the upper airways, known as alpha 2-6.

A team of scientists at the Scripps Research Institute reported in Science last week that only a couple of mutations might be needed to enable the H5 virus to make this switch to the alpha 2-6 receptor. This is the about same number of mutations made by the H1, H2 and H3 viruses when they adapted to infect people. Since viruses mutate fast, a two-mutation step is not such a big hurdle.

Because the H5 virus has killed about half of the 187 people it has infected, "a lot of its genes are already optimized for virulence," said James C. Paulson, a member of the Scripps team. For H5 to become pandemic, "the key gene that needs to be mutated is the HA gene," he said, referring to the hemagglutinin gene that makes the protein probe used by the virus to latch onto a cell's receptor sites.

Though H5 may seem only a couple of steps from transmissibility among people, many virologists believe mutations in several other genes would be necessary as well, even though those changes are not yet well understood.

Viruses find it difficult to switch hosts, and though they may quite often cause outbreaks in just a few individuals, "viruses that produce a self-sustaining chain of transmission in the new host appear rare," Dr. Kawaoka writes in the current Annual Review of Microbiology. "Most of these transfers are dead ends," he said.

The H5 virus has been present in the human population since the late 1950's, said Dr. Offit of Children's Hospital, but has never acquired the full set of mutations needed to set off a pandemic. Such epidemiological evidence "should make us feel safe that there's a substantial barrier," he said, noting the small number of people who have been infected.

Dr. Offit said it was a good thing to worry about the next flu pandemic, given that about three can be expected every century. "What's not good is to try to sell the public on their fear of pandemic flu being this particular bird flu, since if it's not, crying wolf will lose you credibility," he said.

Peter Palese, a virologist at the Mount Sinai School of Medicine, said he did not believe the H5 virus could infect people except when they were exposed to large doses, for example, by sleeping in the same room as chickens. "I feel strongly that H5 has been around in humans for a long time and never caused a pandemic, suggesting that this is not the virus which is likely to be the next pandemic," he said.

But like Dr. Offit, Dr. Palese said he fully supported plans for better preparations for the next flu pandemic, whatever its source. "People have to understand we are not really prepared should it come," he said.

China Agrees To Hand Over Bird Flu Samples (FT)

By Andrew Yeh In Beijing

Financial Times, March 23, 2006

DOJ_NMG_0020208

Chinese officials have promised to provide numerous bird flu virus samples to global health researchers, a rare move that will help accelerate research into the lethal disease, World Health Organisation officials said on Wednesday.

For several months, Beijing has been willing to share genetic sequencing information with international health officials but provided only a few live virus samples. But WHO representatives said the Chinese government had pledged to share more animal and human viruses with greater frequency.

Beijing's compliance, if followed through, is a sign of more intimate cooperation with the global health community.

The move reflects a change in attitude among Chinese government researchers, who at times have been reluctant to share samples for fear of not being recognised for any breakthrough findings published overseas.

The WHO expects to receive shipments of up to 20 samples of wild birds and poultry infected by the H5N1 virus within a few weeks, according to Julie Hall, a Beijing-based infectious disease expert with the organisation.

Shigeru Omi, WHO's western Pacific director, said greater exchange of H5N1 information was crucial since the disease is "very changeable".

Western health authorities argue that the swapping of bird flu virus samples is imperative as long as pandemic risks exist, and improves the chances of developing a prototype vaccine.

The disease has killed 103 people worldwide since 2003, according to the WHO. Even as most cases have come from contact with birds, many fear the virus may mutate into a form that can spread with greater efficiency.

Since 2004, with bird flu spreading more quickly in Asia, Beijing has provided only a handful of animal virus samples to the WHO.

The new samples being promised are expected to be analysed at advanced laboratories around the world, and will likely be injected into mice and ferrets, to study the antibodies those animals produce.

The WHO is at the same time seeking to get new human virus samples from the health ministry in China, which has reported 15 human cases to date. China's Centre for Disease Control and Prevention provided the WHO with two human virus strains at the end of last year.

Chinese researchers have similarly requested reciprocal sharing of viruses from other countries and global organisations. After the Sars outbreak in 2003, Beijing has been determined to improve its scientific research innovation.

"China has the high capacity to do much of the work themselves," said Dr Hall, who noted that China's earlier resistance to sharing viruses is now "behind us".

Man Cleared Of Nevada Petroglyph Theft Says 'my Life Was Trashed' (AP)

By SCOTT SONNER, ASSOCIATED PRESS

AP, March 23, 2006

RENO, Nev. (AP) - One of two men whose federal conviction for stealing American Indian artwork was overturned says the pair simply wanted to protect the ancient petroglyphs from encroaching development.

Carroll Mizell, who served 10 months in prison after being found guilty in June 2004 of stealing the rock art said "we wanted to save the property.

"My whole intent was to free these things so they wouldn't be destroyed," Mizell told The Associated Press on Wednesday from Redmond, Ore.

"We didn't do this because we wanted to put them on e-Bay," he said.

The 9th U.S. Circuit Court of Appeals ruled Tuesday that the Justice Department failed to prove the rock art taken from a national forest on the edge of Reno had a market value of more than $1,000, a requirement for a felony conviction of government theft.

Mizell and John Ligon of Reno admitted during their federal court trial in Reno that they took three boulders with etchings of an archer and bighorn sheep from the Humboldt-Toiyabe National Forest. But they insisted they didn't know it was illegal, partly because there were no signs marking the site.

Forest Service officials believe the petroglyphs are at least 1,000 years old. They were located within a few hundred yards of backyards in a neighborhood in northwest Reno where hundreds of new homes are scheduled to be built.

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Natalie Collins, a spokeswoman for the U.S. Attorney's Office in Las Vegas, said federal prosecutors are considering asking the appeals court to reconsider the case but they had no further comment.

Mizell said he did not feel vindicated by the ruling.

"This is crazy what I've been through and now they say, `Oh, we made a mistake?'" said Mizell, an artist who lived in Van Nuys, Calif., and Reno, but now works as a glass blower in Oregon.

"My name was trashed in the community. I was made out to be a thief, man - like I'm a rock thief, I attacked the Indian culture. It was as if we might as well just gone and dug up some graves the way they treated us," he said.

"I've done 10 months in prison. I've seen two shrinks who have me on two types of meds to cope with it."

The men were arrested after a neighbor saw a news account of the theft and notified police that the boulders - one weighing 300 pounds - were being used as landscaping in Ligon's front yard.

"John said, `Let's put them there.' I said we needed to give them to an Indian museum and I made some calls to do that," he said.

David Houston, Mizell's lawyer, made the same argument during the trial.

"There are times people will take artifacts knowingly to sell on the black market. ... loot or raid or rob a site of antiquities for the purpose of knowingly taking artifacts to their home or to a secret place where they and they alone can view it. This is not that kind of case," Houston told the jury.

Mizell wanted to "protect these rocks. ... to avoid having the developers literally chew them up and spit them out," he said.

In their ruling, the 9th Circuit judges said prosecutors could not use evidence of the archaeological value of the petroglyphs to prove a government theft charge that hinged on a "market value" of more than $1,000.

A Forest Service archaeologist testified at the trial that the petroglyphs had an archaeological value of about $8,000, and William Dancing Feather, cultural resources coordinator for the Washoe Tribe, said the tribe considered the petroglyphs a priceless treasure.

N.H. Lawmakers Approve Limits On Eminent Domain (AP)

The Associated Press

AP, March 23, 2006

New Hampshire lawmakers gave preliminary approval Wednesday to a constitutional amendment that would limit government's ability to seize private property.

The measure was prompted by a U.S. Supreme Court ruling last year that allowed New London, Conn., to take a group of older homes along the waterfront and turn them over to a developer who plans to build offices, a hotel and a convention center.

The state House and Senate voted overwhelmingly in favor of identical resolutions. For the measure to win approval, both chambers must pick one resolution and pass it.

Then the amendment would be put to a statewide vote, probably in November. Two-thirds approval would be needed for ratification.

The amendment would prohibit the taking of private property for use by private developers.

After the high court's eminent domain ruling, activists tried to seize Supreme Court Justice David Souter's 200-year-old New Hampshire farmhouse in retaliation for voting with the majority.

Earlier this month, voters in the town of Weare decided to leave Souter's house alone and instead urged the Legislature to take action.

Special Interests Vs. Virginia Taxpayers (WT)

By Jeremy Hopkins

The Washington Times, March 23, 2006

Just as the fox cannot be trusted to protect the hen house, the Virginia General Assembly once again proved it cannot be trusted to protect Virginians' private property.

The Supreme Court's infamous decision in Kelo v. City of New London, which allows the government to take property from one person simply to give it to another, caused most states to take action to prohibit such abuses. However, the General

Assembly refuses to limit the power of eminent domain in Virginia. It ended its 2006 legislative session without passing legislation to eliminate the abuses in Kelo.

The General Assembly's refusal to protect Virginia property owners is even more troublesome given Virginia's track record. The abuses in Kelo are not new to Virginians. In 2003, the Virginia Supreme Court allowed the City of Hampton to take Frank and Dora Ottofaro's property and give 82 percent of the Ottofaros' property to a private developer. In 2005, the Norfolk Redevelopment and Housing Authority attempted to take a small-business owner's property to build a parking lot for the Coca-Cola company, which owned the adjacent property.

The most egregious abuse occurred in Halifax County, where the County Board of Supervisors took one man's property solely to construct a paved driveway for the man's neighbor. In that case, a politically connected family asked the board to take its neighbor's property to construct a paved driveway to serve the family's property. The family then cut the board a check for the purchase price of the neighbor's property.

The driveway, which adds great value to the family's property, serves only the family and its visitors. The driveway extends 4/10 of a mile and dead-ends into the family's property. The Halifax County Circuit Court ruled that Virginia law does not prohibit such takings.

Not only has the General Assembly refused to correct such abuses, it also continues to carelessly dispense the power of eminent domain to countless entities, both public and private. Most representatives cannot name a fraction of the entities that can take Virginians' homes, farms and businesses. The General Assembly has even given mosquito-control commissions the power to take Virginians' property. The result of the General Assembly's delegations of power is that Virginians' homes, farms, and businesses are now subject to the whim of unelected and unaccountable bureaucrats and corporate officials who wield immense power over the property of individual Virginians.

The only thing more disturbing than the number of entities able to take Virginians' property is the amount of power the General Assembly has given many of these same entities. The Virginia Code allows housing authorities to take one man's home simply because his neighbor's property is "blighted." In other words, if your neighbor fails to maintain his home, the housing authority can take your home. The absurdity of such laws is amplified by city charters such as Norfolk's, which allows the city to take property "for any purposes of the city." The charter even allows the city to sell or transfer property it takes to any person it desires, without restriction.

Why does the General Assembly refuse to protect property owners? The answer is simple: politics. While property owners are busy working to pay their taxes and provide for their families, a strong condemning authority lobby has seized Virginia representatives. Unlike the average citizen, condemning authorities have ample time and resources to employ lobbyists, bureaucrats and other officials dedicated to mustering the support of Virginia representatives.

Virginians' own state agencies and local governments, as well as large private corporations that have the power of eminent domain, spare no expense in fighting to ensure that the General Assembly does not place any real restrictions on their power to take people's property. It is ironic that the government often spends the very tax dollars collected from property owners themselves to lobby against the owners. In essence, Virginia property owners involuntarily fund the denial of their own property rights.

In addition to its strong and politically connected lobby, condemning authorities give thousands of dollars in campaign contributions to Virginia representatives. Aside from straightforward contributions, many of the representatives are lawyers who either personally or through their law firms rake in thousands of dollars representing condemning authorities.

Many of the lawmakers with this apparent conflict of interest hold key positions on the committees affecting any potential eminent-domain reform.

These representatives often kill any legitimate eminent-domain reform bills or render such bills meaningless before the bills ever leave committee and get to the floor of their respective houses.

With this said, the division over eminent domain reform is not Republican vs. Democrat. The only division is the takers vs. the taken from. In other words, the division is special interests vs. grass-roots, the politically connected vs. the politically disconnected, or the government (to include private corporations with the governmental power of eminent domain) vs. the people. Unfortunately for Virginians, the General Assembly -- whose own actions and careless delegations of power created the abuses in Virginia -- continues to side with the takers.

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Unless and until Virginians demand a constitutional amendment to place real restrictions on the General Assembly's power of eminent domain, no Virginian's home, farm or business will be secure.

Jeremy Hopkins is of counsel with Waldo & Lyle, P.C., a Virginia law firm that represents property owners in eminent domain cases.

Of Mice And Men (WSJ)

By Stephen Moore

The Wall Street Journal, March 23, 2006

DENVER -- Here in Colorado, the hottest political issue of the day may not be the war in Iraq or the out-of-control federal budget, but rather the plight of a tiny mouse. Back in 1998, a frisky eight-inch rodent known as the Preble's meadow jumping mouse gained protective status under the 1973 Endangered Species Act (ESA). What has Coloradans hot under the collar is that some 31,000 acres of local government and privately owned land in the state and stretching into Wyoming -- an area larger than the District of Columbia -- was essentially quarantined from all development so as not to disrupt the mouse's natural habitat. Even the Fish and Wildlife Service concedes that the cost to these land owners could reach $183 million.

What we have here is arguably the most contentious dispute over the economic impact of the ESA since the famous early-'90s clash between the timber industry and the environmentalist lobby over the "endangered" listing of the spotted owl in the Northwest. That dispute eventually forced the closure of nearly 200 mills and the loss of thousands of jobs. Last week the war over the fate of the Preble's mouse escalated when a coalition of enraged homeowners, developers and farmers petitioned the Department of the Interior to have the mouse immediately delisted as "endangered" because of reliance on faulty data.

The property-rights coalition would seem to have a fairly persuasive case based on the latest research on the mouse. It turns out that not only is the mouse not endangered, it isn't even a unique species.

The man who is almost singlehandedly responsible for exposing the truth about the Preble's mouse is Rob Roy Ramey, a biologist and lifelong conservationist, who used to serve as a curator at the Denver Museum of Nature and Science. Mr. Ramey's research -- published last year in the peer-reviewed journal Animal Conservation -- concluded that the Preble's mouse "is not a valid subspecies based on physical features and genetics." The scientist who conducted the original research classifying Preble's as unique now agrees with Mr. Ramey's assessment. Even scientists who defend extending the mouse's "endangered" status admit that it is 99.5% genetically similar to other strains of mice.

Nor is the mouse on the road to extinction. "The more people look for these mice, the more they find. Every time scientists do a new count, we find more of the Preble's mouse," Mr. Ramey says. It's now been found inhabiting twice as many distinct areas as once thought. These are mice, after all, and the one thing rodents are proficient at is breeding. The full species of the meadow jumping mouse, far from being rare, can be found over half the land area of North America.

"The federal government has effectively shut off tens of millions of dollars of economic development," complains coalition spokesman Kent Holsinger, "based on saving a species that we now know doesn't even exist." But green groups and Department of Interior bureaucrats, who regard the ESA as a sacred pact -- the modern-day equivalent of Noah's Ark, as former Interior Secretary Bruce Babbitt called it -- pledge to fight any change in status.

Not surprisingly, Mr. Ramey has been accused of being "dishonest," a "whore for industry" and a "shill for the Bush administration." Under intense political pressure from environmental activists, he was removed from his curator's job at the museum. "I've been nearly stampeded by a herd of agitated elephants in Africa and suspended from some of the highest cliffs in North America, but nothing prepared me for the viciousness of the attacks from the environmentalist lobby," he tells me.

Meanwhile, the Preble's mouse continues to impose huge costs on local communities. One water district in Colorado was recently required to build two tunnels for the mice under a man-made pond to spare the critters the inconvenience of having to scurry around it. Regulators asked local officials if it would be feasible to grow grass in the tunnels for the mice, which was only slightly less absurd than padding the mouse thoroughfares with red carpet. The extra cost to the water project to make it mouse-friendly? More than $1 million. The Fish and Wildlife Service also has the authority to assess penalties on property owners if they even inadvertently spoil mouse habitat. Owners can even be fined if their cats do what cats do: chase and apprehend mice.

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A comprehensive 2003 survey found that more than one in four land owners impacted by the Preble's mouse regulation "admitted to actively degrading habitat following the species listing in 1998." This is often precisely what happens in these situations: Because most of 1,500 or so species that have been listed as threatened since 1972 are anything but, people have no respect for the designation and attempt to force the species away from their land. They call it "shoot 'em, shovel 'em and shut up." For truly endangered species, the ESA is a disaster.

Many individuals have been so strong-armed by federal bureaucrats that they have come to believe -- with good reason -- that the original and widely supported intent of the ESA has been subverted into a back-door means to slam the brakes on economic development. "It's a cost-free way for the government and the greens to impose land-use control on property owners," says R.J. Smith, an ESA expert at the Competitive Enterprise Institute.

Therein lies the crux of the problem. The law tries to achieve the societal policy goal of saving species from extinction by imposing all of the costs on a hapless few. House Resources Committee Chairman Richard Pombo has sensibly proposed reforms that allow landowners to get fair compensation from the government if their land is depressed in value due to a wetlands or endangered species designation. That seems equitable: If society wants to preserve habitat for the common good, then the cost should be borne by all taxpayers, not individual landowners, who would no longer regard endangered species as an economic plague.

If anything good can come out of the Preble's mouse fiasco in Colorado, it will be that it has awakened Congress to the reality that the ESA isn't just failing property owners but the very irreplaceable species it was designed to protect.

Mr. Moore is a member of The Wall Street Journal's editorial board.

FBI/DEA/ATF/USMS:

U.S. Indicts Colombia Guerrilla Leaders (AP)

By Mark Sherman

AP, March 23, 2006

WASHINGTON - The United States charged 50 leaders of Colombia's largest guerrilla group with sending more than $25 billion worth of cocaine around the world to finance their fight at home, a federal indictment that depicts the rebels as major narco-terrorists.

The indictment made public Wednesday in U.S. District Court said the leaders of the Revolutionary Armed Forces of Colombia, or FARC, ordered the killings of Colombian farmers who did not cooperate with the group, the kidnapping and killing of U.S. citizens and the downing of U.S. planes seeking to fumigate coca crops.

U.S. officials said the indictment strikes a blow against the group because it lays out the FARC's hierarchy and details of its operations. "Members of the FARC do not want to face American justice," Attorney General Alberto Gonzales said.

He acknowledged that 47 of those charged remain at large, probably in well-defended jungle strongholds that have so far proved beyond the reach of Colombian authorities.

The FARC supplies more than half the world's cocaine and 60 percent of the drug that enters the United States, the indictment said. "The FARC's fingerprint is on most of the cocaine sold in America's neighborhoods," said the head of the Drug Enforcement Administration, Karen Tandy.

Washington-based experts on Colombia said the actual numbers probably are lower, but are significant. Right-wing paramilitary groups also are heavily involved in the cocaine trade, the experts and the indictment said.

The FARC uses proceeds from the cocaine trade to purchase weapons in its four-decade fight to overthrow the Colombian government, the indictment said. A grand jury returned the indictment on March 1; it remained under seal until Wednesday.

The U.S. and the European Union have designated the FARC a terrorist organization.

Colombia President Alvaro Uribe, Washington's closest ally in South America, has waged an aggressive fight against the FARC and stepped up efforts to eradicate his country's coca crop. Uribe faces re-election in May and has been leading in the polls.

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The U.S. has spent more than $3 billion since 2000 to reduce Colombia's coca crop and the flow of cocaine to this country. The results have been lackluster, said John Walsh, senior analyst at the Washington Office on Latin America, a think tank.

The indictment is intended to show that U.S.-Colombian cooperation is "successfully getting at the drug-trafficking industry and attacking drug financing," Walsh said.

Phillip McLean, a former American diplomat who now is at the Center for Strategic and International Studies, said he expects the charges will influence the debate in Colombia between those who view the FARC as a traditional guerrilla group with a political agenda and those who see it as a criminal organization.

"This indictment clearly puts the weight on the side of those who say these guys are bandits," said McLean, who served in Colombia in the 1980s and recently returned from a trip there.

The State Department said it would pay up to $75 million in rewards for information leading to the arrest of 24 FARC leaders named in the indictment.

Three others charged in the drug conspiracy are in custody in Colombia and U.S. officials said they would seek to have them extradited. They are: Jorge Enrique Rodriguez Mendieta, Erminso Cuevas Cabrera and Juan Jose Martinez Vega, authorities said.

More than 400 Colombians have been extradited to the United States to face criminal charges, officials said. Two accused FARC leaders already are awaiting trial in Washington on narcotics charges.

The FARC is holding more than 60 hostages, including three U.S. defense contractors kidnapped in February 2003, when their small plane crashed in the jungles of southern Colombia during an anti-narcotics mission.

U.S. Indicts 50 Colombians For Cocaine Trafficking (LAT)

By Michael Muskal, Times Staff Writer

The Los Angeles Times, March 23, 2006

The United States has indicted 50 top leaders of the leading leftist militia in Colombia on drug charges of sending more than $25 billion worth of cocaine abroad.

In a one-count indictment unsealed this morning, a federal grand jury has charged 50 leaders of the Revolutionary Armed Forces of Colombia, known by its Spanish initials as FARC. The U.S. will seek to extradite three of the defendants who are in custody in Colombia and offered rewards that total $75 million for information leading to the arrest of the others who are believed to be in areas controlled by the militia.

U.S. officials say FARC has sent about 60% of the cocaine imported into the U.S., then used the money to support its long-term insurgency against Colombia, now led by pro-U.S. President Alvaro Uribe.

"This indictment strikes at the very heart of the FARC narcotics operation that has flooded our communities with cocaine," said Atty. Gen. Alberto R. Gonzales. "Because of unprecedented cooperation between United States and Colombian authorities, we are closer than ever before to reaching our goal of bringing the leaders of this narco-terrorist group to justice in the United States."

Among the leaders being sought are the seven figures who sit on the FARC Secretariat, the militia's ruling body, and 17 members of the estado mayor, or governing council, U.S. officials said at a news conference this morning in Washington.

"The Department of State's Narcotics Rewards Program has successfully targeted the Cali, Medellin and Norte del Valle cartels in Colombia, bringing many of their top leaders to justice," said Anne Patterson, assistant Secretary of State for International Narcotics and Law Enforcement. "The FARC, responsible for much of the cocaine trafficked to the United States, is now in our sights."

Formed in the mid-1960s, FARC is Latin America's oldest leftist insurgency, with perhaps as many as 17,000 fighters. It has engaged in tactics from kidnappings to battles with Colombia troops.

FARC's ties to drug-running have long been established. Colombia has received about $4 billion in U.S. aid to fight FARC since 2000. On Dec. 31, 2004, Simon Trinidad, the highest-ranking FARC leader ever captured, was extradited to the United States on drug charges.

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Uribe is credited with improving security in Colombia, where the number of kidnappings and massacres are down. He was able to push through a constitutional amendment abolishing a one-term limit on presidents so that he can run again in May.

The indictment outlines FARC's efforts to collect millions of dollars in cocaine proceeds and use the money to purchase weapons.

"The defendants also allegedly ordered FARC members to kidnap and murder U.S. citizens to discourage the U.S. government from disrupting the FARC's cocaine-trafficking activities," the Justice Department said.

The indictment also alleged that FARC leaders "authorized their members to shoot down U.S. fumigation planes, and plotted to retaliate against U.S. law enforcement officers who were conducting the investigation into the FARC's narcotics activities."

Gonzales said the three in custody are Jorge Enrique Rodriguez Mendieta, also known as "Ivan Vargas," Erminso Cuevas Cabrera, who uses the name "Mincho," and Juan Jose Martinez Vega, whose pseudonyms include "Gentil Alvis Patino" and "Chiguiro."

If convicted the defendants could face a minimum of 10 years in prison.

U.S. Indicts 50 Leaders Of Colombian Rebels In Cocaine Trafficking (NYT)

By Juan Forero

The New York Times, March 23, 2006

BOGOTÁ, Colombia, March 22 — A federal grand jury in Washington has indicted 50 commanders of Colombia's largest Marxist rebel group, accusing them of running an extensive cocaine trafficking cartel that protects its operations through widespread killings and intimidation, Attorney General Alberto R. Gonzales announced Wednesday.

The indictment accuses the group, the Revolutionary Armed Forces of Colombia, of being behind 50 percent of the world's cocaine trade and 60 percent of the cocaine exported to the United States.

"We believe these men are responsible for not only manufacturing and exporting devastating amounts of cocaine, but enforcing their criminal regime with violence," Mr. Gonzales said.

The practical impact is unclear, since 47 of the 50 commanders remain free in this vast country, leading thousands of fighters in the group's relentless effort to topple President Álvaro Uribe's government. Three are in Colombian custody, and the United States will seek their extradition, American officials said.

The indictment says rebel commanders ordered their fighters to shoot down crop dusters and to kidnap and kill American citizens, in an effort to dissuade policy makers in Washington from continuing to sponsor a fumigation campaign against the coca plant, from whose leaves cocaine is made.

Some charges in the document may be hard to prove, like those linking commanders to drug operations years ago when the rebel group was believed to be far less involved in the cocaine trade.

But high-ranking Colombian government officials interviewed in Bogotá on Wednesday welcomed the indictment, saying it demonstrated the Bush administration's long-term commitment to Mr. Uribe, the United States' closest ally in Latin America.

"We see this as a recognition of the clear relationship between terrorism and narcotrafficking," said Defense Minister Camilo Ospina. "This shows that a big decision has been made to carry out the final battle against narcotrafficking and terrorism."

The indictment came just days after a coalition of pro-government parties took control of Colombia's 268-member Congress, a decisive political victory for Mr. Uribe. The victory strengthens his chances of winning re-election in May and gives him the political leverage to follow through with his agenda, including aggressively fighting the rebel group with Colombia's Washington-backed army.

With billions of dollars in backing from the United States, Colombia has sprayed much of its drug-crop acreage and carried out army offensives against the rebels. The chief of the national police, Jorge Daniel Castro, said Wednesday in an interview that the group was "in a defensive position" as a result of the military offensives and the fumigation. "We're seeing that they don't have the capacity that they had before," he said.

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But the group continues to control wide swaths of territory and has been increasingly active in neighboring Ecuador and Venezuela, where it operates camps for its fighters and traffics cocaine. The group also continues to attack civilians; last month, rebel commandos burst into a meeting in the town of Rivera, southwest of Bogotá, and gunned down nine council members.

Cynthia Arnson, a Colombia expert who is director of the Latin America program at the Woodrow Wilson International Center for Scholars in Washington, noted that it remained difficult to gauge whether the group had suffered big setbacks or had voluntarily withdrawn into the jungle. "This indictment," she said, "could be the beginning of an enormous political and diplomatic offensive to capitalize on whatever military momentum has been achieved."

Mr. Gonzales did not elaborate on what American officials would do to go after individual commanders but said that there were "effective options" and "they all remain on the table." The State Department said it would provide rewards of up to $5 million for information leading to the arrests of members of the rebel group's governing seven-member secretariat.

The leader of the group is Pedro Antonio Marín — better known by his nom de guerre, Manuel Marulanda — a former chicken farmer who first took up arms in the 1950's during Colombia's internecine political conflict of that era. He later helped found the rebel group, turning a peasant army into the richest, best-equipped Marxist insurgency in Latin America.

The indictment offers a look at how the group went from leveling taxes on farmers who grew coca to operating clandestine airstrips and helping to build an international cocaine distribution network. It also details the brutality used by the group to enforce its dominance of the drug trade. It says commanders ordered the killing of farmworkers who did not comply with the group's rules, in some cases dismembering them or filling their corpses with rocks and sinking them in rivers.

Colombian Rebels Face Drug Charges (WT)

By Jerry Seper, The Washington Times

The Washington Times, March 23, 2006

Fifty leaders of the leftist Revolutionary Armed Forces of Colombia (FARC) have been named in a federal grand jury indictment on charges of exporting more than $25 billion worth of cocaine, half the world's illicit supply, in the largest U.S. drug-trafficking case.

"From their jungle hideaway, the FARC uses the drug trade to bankroll terrorism in Colombia, finance attacks on innocent citizens and poison Americans," said U.S. Drug Enforcement Administration (DEA) chief Karen P. Tandy. "Today's indictment challenges that lawlessness, and the FARC leadership should prepare to face the justice that they have long denied to so many."

Mrs. Tandy said the indictment "addresses and decimates the entire leadership of the FARC."

The one-count indictment, handed up March 1 in U.S. District Court in Washington and unsealed yesterday, "strikes at the very heart of the FARC narcotics operation," said Attorney General Alberto R. Gonzales, adding that the terrorist-designated organization collected millions of dollars in cocaine proceeds and used the money to purchase weapons for its 42-year-long war against the Colombian government.

FARC "is one of the Justice Department's highest-priority targets in our fight against illegal drug trafficking," Mr. Gonzales said. "For years, this group has controlled the production and distribution of massive amounts of cocaine that ends up in America's communities. Members of the FARC do not want to face American justice."

Three of the charged FARC leaders -- Jorge Enrique Rodriguez Mendieta, Erminso Cuevas Cabrera and Juan Jose Martinez Vega -- are in custody in Colombia, and the U.S. will seek their extradition to face trial in the United States. More than 400 Colombians have been extradited to the United States to face criminal charges, and two accused FARC leaders are awaiting trial in Washington.

Andres Pastrana, Colombia's ambassador to the U.S., said the indictment was based on evidence gathered by American officials who worked "in very close collaboration with Colombian authorities."

"Colombia is one of the main victims of the global war on drugs. Thousands of innocent citizens, journalists, judges, politicians, soldiers and police officers have given their lives to this cause," said Mr. Pastrana, a former Colombian president who was kidnapped by the Medellin drug cartel during his 1988 race for Bogota mayor and later rescued by police. "Colombia has been and remains deeply committed to defeating the drug trade."

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FARC has about 17,000 members and controls wide areas of the country, so rounding up the other 47 indicted leaders will be a difficult task. The State Department announced rewards yesterday of $75 million for information leading to the capture of 24 of the leaders still at large, all members of FARC's governing council.

In addition to half the world's supply of cocaine, FARC was responsible for more than 60 percent of the drug that enters the United States every year, Mrs. Tandy said, adding that the organization controlled every aspect of its production and distribution, even setting the prices paid to Colombian farmers for coca paste, the raw material used to produce cocaine.

According to the indictment, the FARC leaders used terrorism and violence to further their cocaine-trafficking activities, ordering the deaths of Colombian farmers who sold coca paste to non-FARC buyers. It said the farmers who violated FARC rules were shot, stabbed or dismembered alive, their bodies cut open, filled with rocks and sunk in nearby rivers.

The indictment also said the FARC leaders also ordered the kidnap and killing of Americans to discourage the U.S. government from disrupting the organization's cocaine-trafficking activities. It also said the FARC leaders authorized their members to shoot down U.S. fumigation planes and plotted to retaliate against U.S. law-enforcement officers conducting investigations into FARC's narcotics activities.

Three U.S. contractors are among 60 hostages being held by FARC.

The indictment said:

•Rodriguez Mendieta, also known as "Ivan Vargas," was a member of the FARC's leadership council and commander of its 24th Front unit. He is accused of directing the purchase of cocaine paste and transmitting billions of Colombian pesos in cocaine profits to FARC officials, and the indictment said he ordered the slayings of eight farmers, including several whom he personally dismembered alive.

•Cuevas Cabrera, who also was called "Mincho," was a FARC associate who managed cocaine laboratories for the organization's 14th Front unit, where he supervised the production and distribution of hundreds of thousands of kilograms of cocaine. He has been in custody since 2004.

•Martinez Vega, also known as "Chiguiro," was a FARC associate who provided large quantities of arms and ammunition to the organization in exchange for thousands of kilograms of cocaine. He was arrested on drug charges in Venezuela and turned over to Colombian authorities in early 2005.

U.S. Indicts Leaders Of Colombian Guerrillas On Trafficking Charges (KRT)

By Pablo Bachelet And Steven Dudley

Knight Ridder, March 23, 2006

BOGOTA, Colombia - In an unprecedented legal move, the U.S. government Wednesday indicted the entire top leadership and 43 other commanders of Colombia's FARC guerrillas on charges of running a $25 billion drug trafficking network responsible for 60 percent of the cocaine on U.S. streets.

Accused in the indictment were Pedro Antonio Marin, aka Manuel ``Sureshot" Marulanda, legendary leader of Latin America's largest and oldest leftist guerrilla organization, and all six other members of its ruling secretariat.

The indictment is likely to make it easier for the U.S. Congress to continue funding for Plan Colombia, a multibillion dollar effort to combat drug trafficking, and military aid for the conservative government of President Alvaro Uribe, one of the strongest U.S. allies in the region.

But analysts said it may not have much impact on an estimated 18,000-strong guerrilla force whose leaders are deeply entrenched in the far reaches of a country the size of France, flush with drug money and showing signs lately of recovering from a three-year-old military offensive.

If captured, however, the FARC leaders would face possible extradition to the United States to be tried on charges that could keep them in prison in the U.S. for decades.

The Revolutionary Armed Forces of Colombia, or FARC, has long been known to collect payments from coca farmers and drug traffickers, as well as businessmen, cattle ranchers and shop owners, to finance its four-decades-old insurgency.

But the indictment unveiled by Attorney General Alberto Gonzales at a news conference in Washington alleges that the FARC has taken its involvement in the drug trade significantly further in recent years, earning as much as $25 billion.

``The FARC has evolved into the world's largest supplier of cocaine and cocaine paste," a semi-processed product that must be refined into cocaine, the indictment alleges.

``This is the largest narcotics-trafficking indictment ever filed in U.S. history and fuels our hope to reduce narco-violence in Colombia and stem the tide of illegal drugs entering our country," Gonzales said.

The indictment seemed to signal a major shift in the United States' view of the guerrillas. While previous statements by U.S. officials linked specific FARC members to drug trafficking, the new charges implicate the entire FARC command structure in an organized cartel and is the first to mention Marulanda and his fellow top commanders as the masterminds.

In addition to the secretariat members, the indictment names 20 members of the FARC's military ``high command" and numerous lower-ranking commanders. In all, 50 people were indicted, including Pedro Aldana, who is believed to have died some time back. Only three are already jailed in Colombia. Two other FARC members not mentioned in the indictment have already been extradited to face drug and other charges in Washington.

U.S. officials said they would offer up to $5 million for information leading to the capture of the higher ranking rebels and $2.5 million for 17 others.

Andres Pastrana, former president of Colombia and now its ambassador in Washington, said his country would work with U.S. and other officials ``to bring justice to individuals and groups who are proven to be involved in drug trafficking."

The State Department includes the FARC in its list of terrorist organizations because of some of its tactics, but Drug Enforcement Administration chief Karen Tandy said drug trafficking was its economic lifeline.

``Make no mistake; they're not just ordinary drug traffickers," Tandy said. ``To call them that would be something akin to calling Al Capone a tax cheat."

The 42-page indictment includes a description of the FARC's makeup, command structure and a detailed history of its alleged involvement in the cocaine trade.

It states that FARC developed in the 1990s into a ``broker" between coca farmers and cocaine distributors. Eventually, it declared itself the sole buyer of semi-processed coca paste and developed its own distribution network. Farmers and buyers who did not follow FARC orders were sometimes executed, including some who were ``dismembered alive."

The sweeping allegations make no mention of the FARC's claims to be fighting to spread education, wealth and health to the one half of Colombia's 45 million people that lives below the poverty line, referring to it solely as a drug trafficking network.

But not all analysts agree with the U.S. assessment of its massive role in drug trafficking.

While the FARC is undoubtedly heavily involved in drug trafficking, including distribution networks through countries like Venezuela and Mexico, criminal cartels still control the vast majority of drug routes leading into the United States and Europe, analysts said.

``This seems more like the work of Uribe lobbyists than that of an investigation," said Ricardo Vargas, head of the Colombian drug think-tank Andean Action and a longtime FARC-watcher.

Analysts also speculated that Washington and Bogota may be trying to use the threat of extradition to coerce a peace settlement with the FARC, something they did successfully with right-wing paramilitary groups. Several paramilitary leaders indicted for drug trafficking in the United States face extradition if they do not comply with a peace accord now under negotiation with the Uribe government.

But the powerful FARC, which has been fighting the government for the past 42 years, may not heel to such pressures.

``We should not be confused, that because extradition worked with the paramilitaries, it will work with the FARC," said Sergio Jaramillo, director of the think tank Ideas For Peace. ``It's a double-edged sword. If one is not careful, one may end up making a peace agreement in Colombia impossible."

Colombian Rebels Charged In U.S. With Cocaine Trade (Update1) (BLOOM)

By Bill Arthur

Bloomberg, March 23, 2006

March 22 (Bloomberg) -- A federal grand jury indicted 50 members of a Colombian rebel group on charges of importing more than $25 billion worth of cocaine into the U.S. and other countries, the Justice Department said.

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Three of the 50 members of the Revolutionary Armed Forces of Colombia, known as FARC, are in custody in Colombia, and the U.S. is seeking their extradition, U.S. Attorney General Alberto Gonzales said. The others are ``at large, hiding in the remote reaches of Colombia surrounded by heavily armed FARC loyalists," he said.

The Justice Department calls FARC, the largest guerrilla group in Colombia, a ``narco-terrorist" group and views it as one of the ``highest priority targets in our fight against illegal drug trafficking," Gonzales said at a news conference in Washington.

FARC engages in kidnapping, murder and other crimes, including threats against U.S. agents, to continue its hold on cocaine traffic, the Justice Department said.

According to the indictment handed up March 1 and unsealed today, the group supplies more than half of the world's cocaine and more than 60 percent of the cocaine that enters the U.S. Today's case is ``the largest narcotics-trafficking indictment ever filed in U.S. history," Gonzales said.

The U.S. State Department is offering rewards totaling more than $75 million for information leading to the capture of 24 of the FARC leaders charged in the indictment.

``This the beginning of the process," Gonzales said when asked the chances of capturing the 47 at-large FARC members. ``That's all I can say about that."

Gonzales didn't rule out the use of U.S. troops in the battle against FARC.

``We consider all options, all effective options,' he said. ``They all remain on the table."

U.S. Indicts 50 Colombians It Calls 'narcoterrorists' (CNN)

By Terry Frieden

CNN.com, March 23, 2006

FARC rebels accused of exporting $25 billion worth of cocaine

WASHINGTON (CNN) -- Fifty leaders of the Colombian rebel group FARC, described as "narcoterrorists" by U.S. authorities, have been indicted in Washington for allegedly exporting more than $25 billion worth of cocaine to the U.S. and other countries, Justice Department officials announced Wednesday.

Among other allegations, the indictment states that the charged FARC leaders set the price at which Colombian coca farmers could sell cocaine paste, a raw form of the drug that was transported to jungle laboratories and turned into the finished product.

Farmers who undercut the price or otherwise violated FARC's strict cocaine policies, which also dictated to which buyers the farmers could sell, were punished severely, according to the indictment.

"Colombian farmers who violated FARC rules were allegedly shot, stabbed, or dismembered alive, and the bodies of murdered farmers were cut open, filled with rocks and sunk in nearby rivers," according to a DEA news release.U.S. pushes for extradition

Three of the FARC leaders already are in Colombian custody, and the United States will seek their extradition to face drug-trafficking charges, Attorney General Alberto Gonzales said at a Justice Department news conference in Washington.

They have been identified as Jorge Enrique Rodriguez Mendieta, Erminso Cuevas Cabrera and Juan Jose Martinez Vega, all of whom were arrested more than a year ago by Colombian or Venezuelan authorities.

Rodriguez Mendieta and Cuevas Cabrera are charged with overseeing the distribution of thousands of kilograms of cocaine and cocaine paste, while Martinez Vega is charged with trading arms for cocaine, said a Justice Department news release.

"Rodriguez Mendieta is also alleged to have ordered the murder of at least eight farmers, including several whom he personally dismembered alive, and to have plotted to retaliate against United States law enforcement officers who were conducting the narcotics-trafficking investigation that led to the charges announced today," according to the news release.

To date, about 400 Colombians have been extradited to the United States to face drug-trafficking and other criminal charges.

FARC -- the Spanish acronym for Revolutionary Armed Forces of Colombia -- is responsible for supplying more than half of the world's illicit cocaine and more than 60 percent of the cocaine smuggled into the United States, authorities said.

"This indictment strikes at the very heart of the FARC narcotics operation that has flooded our communities with cocaine," Gonzales said in a written statement. He said that Wednesday's announcement represented "the largest narcotics-trafficking indictment ever filed in U.S. history."

Expressing confidence that the indictment will mark "the beginning of the end" for the FARC drug-trafficking operation, DEA Administrator Karen Tandy said, "This is the FARC's worst fear, facing American justice."

In addition to the one-count indictment, State Department officials Wednesday announced rewards totaling more than $75 million for information leading to the capture of dozens of FARC leaders, including 24 of the 47 remaining indicted fugitives.U.S.: FARC a terror group

The FARC has been a high-level target of U.S. law enforcement officials in recent years, as its role in cocaine trafficking, extortions and kidnappings has escalated.

The DEA estimates the organization includes at least 12,000 armed combatants and an unknown number of supporters, mostly in rural Colombia. The group is largely funded by Americans, who pay $25 billion a year for 2,500 tons of Colombian cocaine, Tandy said.

"The FARC's fingerprint is on most of the cocaine sold in American neighborhoods," Tandy said in a written statement. "To put that in perspective, that's approximately $3 billion more than the annual budget of the Department of Justice."

In Colombia, the FARC is second only to oil companies in terms of annual revenue, she said.

The leftist rebel group was formed in the 1960s and has been engaged in a long struggle to overthrow the U.S.-backed government in Bogota. The United States considers FARC a terrorist organization.

In addition to the 50 leaders whose indictments were announced Wednesday, another Colombian rebel leader known as Simon Trinidad is scheduled to go on trial in June in Washington. Extradited to the United States in 2004, he is charged in connection with the murder and kidnapping of U.S. citizens whose plane went down in FARC-controlled territory of Colombia.

Three U.S. citizens aboard that plane survived and have been in FARC custody for more than three years. The DEA said that since 1980, the FARC has kidnapped more than 100 individuals and murdered 13 U.S. citizens, including three U.S. missionaries who were executed in 1999.

Nayibe Rojas Valderama, a leading female FARC leader known in Colombia as Sonia, is also awaiting trial on drug-trafficking charges in Washington.

US Charges Colombian Rebel Leaders Over Global Cocaine Trade (AFP-Y2)

Agence France-Presse, March 23, 2006

The US government charged 50 leaders of Colombia's main left-wing rebel group with smuggling "devastating amounts" of cocaine into the United States and reaping billions of dollars from global trafficking.

"This is the largest narcotics trafficking indictment ever filed in US history and fuels our hope to reduce narco violence in Colombia and stem the tide of illegal drugs entering our country," US Attorney General Alberto Gonzales told reporters here in announcing the charges.

The charges said the Revolutionary Armed Forces of Colombia (FARC) is behind 50 percent of the world's cocaine trade and 60 percent of the cocaine trafficked into the United States.

Gonzales said the US government will seek the immediate extradition of three of the charged FARC leaders who are currently in custody in Colombia.

He said the remaining 47 are at large, "hiding in the remote reaches of Colombia," and he announced a reward program for information leading to their capture.

"This indictment is a product of unprecedented cooperation between our nations," Gonzales said, praising the work of Colombian law enforcement agents as well as officials from the US Drug Enforcement Administration, the Internal Revenue Service and US immigration and customs agents.

"The Revolutionary Armed Forces of Colombia, or FARC, is one of the Justice Department's highest-priority targets in our fight against illegal drug trafficking," he said.

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Gonzales said that in addition to importing more than 25 billion dollars' worth of cocaine into the United States and other countries, the FARC has also shot, stabbed or dismembered alive farmers who did not comply with the group, and kidnapped and murdered Colombian and US nationals.

The group is also accused of shooting down fumigation planes.

50 Farc Leaders On Cocaine Charges (FT)

By Jenny Johnson

Financial Times, March 23, 2006

Fifty leaders of the Revolutionary Armed Forces of Colombia (Farc), the Colombian rebel group, have been indicted on charges of importing$25bn worth of cocaine into the US since 1985, theUS Department of Justice announced yesterday.

"This is the largest drug trafficking indictment in US history," said Alberto Gonzales, US attorney-general.

Three of the leaders named by the federal grand jury in Washington are in custody in Colombia and await extradition to theUS.

The one-count indictment offers more than $75min rewards for information that leads to the capture of the remaining top members of the organisation. Jenny Johnson, Washington

US Indicts Colombian Rebel Leaders (VOA)

By Jim Malone

Voice of America, March 23, 2006

The United States is charging 50 members of Colombia's largest rebel group with using the proceeds from the sale of $25 billion worth of cocaine to finance their anti-government operations at home.

Alberto Gonzales speaks to media about indictment against FARC members, March 22, 2006 The indictment targets 50 members of Colombia's main leftist rebel group, the Revolutionary Armed Forces of Colombia, or FARC.

The FARC has been fighting the Colombian government for more than 40 years and has been branded a terrorist group by the United States and the European Union.

The indictment was made public in a federal court in Washington and announced at a news conference by Attorney General Alberto Gonzales.

"This is the largest narcotics-trafficking indictment ever filed in U.S. history and fuels our hope to reduce narco-violence in Colombia and stem the tide of illegal drugs entering our country," Gonzales said.

According to the indictment, the FARC provides more than half of the world's cocaine and is responsible for 60 percent of the drug that enters the United States.

U.S. officials allege that the group uses the proceeds from $25 billion worth of drug sales around the world to buy weapons in its fight against the Colombian government.

"We believe these men are responsible for not only manufacturing and exporting devastating amounts of cocaine, but enforcing their criminal regime with violence. For instance, the indictment alleges that farmers who did not comply with FARC rules were shot, stabbed and even dismembered alive," Gonzales said.

Gonzales says three FARC members are in custody in Colombia and that the United States will seek their extradition. He says the other 47 remain at large, probably in FARC jungle strongholds inside Colombia. E-mail This Article

50 Indicted In Alleged Cocaine Operation (WT/UPI)

The Washington Times, March 23, 2006

Fifty leaders of a Colombian rebel group have been indicted for allegedly exporting $25 billion worth of cocaine to the United States and other countries.

The U.S. Justice Department announcement of the indictments in Washington, D.C., labeled the suspects as "narcoterrorists," CNN reported Wednesday.

Three of those charged were already in custody in Colombia, U.S. Attorney General Alberto Gonzales said, and the United States will seek their extradition to face drug trafficking charges.

The three suspects in custody -- Jorge Enrique Rodriguez Mendieta, Erminso Cuevas Cabrera and Juan Jose Martinez Vega -- were arrested more than a year ago, CNN said.

Justice Department officials said Wednesday that FARC -- the Revolutionary Armed Forces of Colombia -- is responsible for supplying more than half of the world's illicit cocaine, and more than 60 percent of the cocaine smuggled into the United States.

U.S. State Department officials announced rewards totaling more than $75 million for information leading to the capture of dozens of FARC leaders, including 24 of the 47 remaining fugitives named in the indictment.

US Charges Colombia Rebel Leaders (BBC)

BBC, March 23, 2006

Only three of the 50 indicted are in custody in the US Fifty leaders of Colombia's largest rebel group, Farc, have been charged in the US with exporting $25bn (£14bn) of cocaine around the world.

The indictment in Washington includes Farc founder Pedro Antonio Marin - who is not one of three members of the group being held in custody in the US.

The US regards the Farc as a terrorist group, and says it uses cocaine money to buy weapons for its insurgency.

The Farc has been fighting Colombia's government for more than four decades.

Rewards

The BBC's Jeremy McDermott in Colombia says the indictment is part of a campaign by the US and Colombian governments to paint Farc (Revolutionary Armed Forces of Colombia) as nothing more than a drugs trafficking cartel and terrorist organisation.

But the Farc, our correspondent says, present themselves as an insurgent movement fighting against what they call the puppet and fascist regime of President Alvaro Uribe.

The indictment alleges the Farc leaders ordered the kidnapping and killing of US citizens and the killing of Colombian farmers who resisted the group.

It says the Farc supplies more than half the world's cocaine.

Drug Enforcement Agency chief Karen Tandy said: "The Farc's fingerprint is on most of the cocaine sold in America's neighbourhoods."

The US state department has put up $75m in rewards for information leading to the capture of 24 of the named Farc leaders.

Hundreds of Colombians have previously been extradited to the US to face charges.

Our correspondent says the US announcement will only harden rebel animosity towards the US and towards Mr Uribe, whom the rebels accuse of taking orders from the White House.

State Seeks Dismissal Of San Diego's Medical Marijuana Suit (AP)

AP, March 23, 2006

SAN DIEGO, (AP) --The state has filed a motion seeking to dismiss a San Diego County lawsuit that challenges a decade-old law permitting in California the use of marijuana for medical purposes.

The attorney general's office filed the court documents Tuesday. In them, the state contends county officials simply "disliked" the law and that there was no legal reason for the court to consider the lawsuit.

In December, county supervisors sued the state of California and its director of health services in federal court, saying federal law that prohibits marijuana use trumps the state law.

California approved the use of marijuana for medical purposes with the passage of Proposition 215, which won 55 percent of votes cast in 1996.

San Diego is the only California county that has ignored a state requirement that counties issue identification cards to registered medical marijuana users and maintain a registry of people who apply for the cards.

County attorneys switched the lawsuit from federal to state court last month to avoid bringing the case to the 9th U.S. Circuit Court of Appeals, which in recent rulings sided with medical marijuana supporters.

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State Asks Court To Toss SD County Medical Marijuana Suit (NCT)

By By: GIG CONAUGHTON, Staff Writer

North County Times, March 23, 2006

NORTH COUNTY ---- State officials formally asked judges to throw out San Diego County's precedent-setting lawsuit seeking to overturn California's 10-year-old medical marijuana law, saying that the only controversy over the law was in the minds of county supervisors.

State Attorney General Bill Lockyer's office argued in motions filed Tuesday in Superior Court that San Diego County supervisors simply "disliked" California's voter-approved "Compassionate Use Act," and that there was no legal reason for the courts to entertain their lawsuit.

Nathan Barankin, spokesman for Lockyer, said that the state's position was essentially that the county's lawsuit was simply a request for the courts to rule on the legality of California's law, and involved no actual parties in dispute.

"Because courts can only hear cases that involve real factual disputes between opposing parties, and because there is no actual dispute here, such a request for an advisory opinion requires dismissal of the charges," Barankin said.

He said the courts could rule on the state's motion in May.

The county of San Diego, in a move that angered local medical marijuana patients and marijuana advocacy groups, filed a lawsuit in December in federal court seeking to overturn the Compassionate Use Act, which allows the use of medicinal marijuana.

The supervisors ---- who have collectively opposed the law since it was placed on the 1996 ballot ---- argue that it should be "pre-empted" by federal law, which says that all marijuana use is illegal and that the drug has no medicinal value.

San Diego County lawyers abruptly switched the lawsuit from federal to state court in February, as a tactical move in the hopes of avoiding the U.S. Ninth Circuit Court of Appeals, which has been more friendly to marijuana supporters than to opponents in recent rulings.

County officials have been waiting for the state's response ever since, but did not return calls Tuesday.

However, county Counsel John Sansone said Monday that he would not be surprised if the state asked for a "demurrer," a motion to throw out the county's lawsuit.

San Diego County officials and marijuana advocacy groups say the lawsuit is precedent-setting because it marks the first time a county has sued to overturn any of the medical marijuana laws approved by voters in 11 states.

Barankin, meanwhile, said Tuesday that the attorney general's office also filed a motion Tuesday asking the courts to throw out San Bernardino County's medical marijuana challenge.

San Bernardino supervisors, in a show of support for San Diego County, filed their own lawsuit shortly after San Diego County's action.

San Diego County's board has largely ignored California's medical marijuana law since it was passed in 1996, and was actually chastised by its own grand jury in 2005 for doing "nothing" to help implement the law.

However, late last year, the state ordered counties to create an identification card and registration program to help medical marijuana patients ---- and law enforcement officials ---- by clearly identifying who could use the drug legally under state law.

But, by a 3-2 vote, with Supervisors Greg Cox and Ron Roberts opposed, the board voted in December to defy the state's orders.

Shortly after that, the board voted 4-0, with Roberts absent, to actually sue to try to overturn the Compassionate Use Act itself, and named the state Department of Health Services and department Director Sandra Shewry as defendants.

But the state's motion Tuesday argued that the county artificially created an issue for the courts to review the Compassionate Use Act.

"San Diego's political leadership cannot create a ripe controversy by threatening to disobey the law," the motion stated.

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Clinton Cites Bible To Attack Immigration Bill (NYT)

By Nina Bernstein

The New York Times, March 23, 2006

Senator Hillary Rodham Clinton invoked the Bible yesterday to criticize a stringent border security measure that, among other things, would make it a federal crime to offer aid to illegal immigrants.

"It is hard to believe that a Republican leadership that is constantly talking about values and about faith would put forth such a mean-spirited piece of legislation," she said of the measure, which was passed by the House of Representatives in December and mirrored a companion Senate bill introduced last week by Senator Bill Frist, a Tennessee Republican and the majority leader.

"It is certainly not in keeping with my understanding of the Scripture because this bill would literally criminalize the Good Samaritan and probably even Jesus himself," she said. "We need to sound the alarm about what is being done in the Congress."

Mrs. Clinton, who is running for re-election this year and is leading in polls for the Democratic presidential nomination, spoke at a news conference in Manhattan with more than 30 immigrant leaders after meeting with them privately.

The meeting took place in an atmosphere of mounting urgency, as the United States Conference of Catholic Bishops called on its flock to oppose the measure, and tens of thousands of immigrants around the country stepped up a series of protest rallies in anticipation of a Senate vote on competing immigration bills next week.

Mr. Frist's bill, like the House measure, would make it a crime to be in the United States without proper papers and would add guards and fencing along the Mexican border, and speed deportation.

Some versions, including one proposed by Senator Arlen Spector of Pennsylvania, chairman of the Judiciary Committee, would expand the definition of alien smuggling to include help to illegal immigrants already here.

Mr. Frist has set a Monday deadline for the Senate Judiciary Committee to complete its own, broader version of immigration legislation, which could include "a path to earned citizenship" for illegal residents who qualify, and a guest worker program for foreigners, as well as new enforcement provisions. But even if a committee bill emerges in time, unless a majority of the committee's Republicans vote for it, he has vowed that he will not let it reach the Senate floor. Instead, Mr. Frist, who is also considered a 2008 presidential contender, said he would seek a vote on his bill, without debate.

Mrs. Clinton had been criticized by some immigrant activists for saying little about the issue until March 8, and then speaking at an Irish-only rally, rather than at a forum more representative of immigrants. But yesterday all seemed forgiven.

Three elected officials, all Democrats — Representatives José E. Serrano and Nydia Velásquez, and City Council member John C. Liu — shared the lectern to denounce the criminal penalties in the Congressional proposals.

Mrs. Clinton said she and New York's other senator, Charles E. Schumer, were trying to build momentum toward a bipartisan bill that would include a legalization provision that many Republicans would support in defiance of Mr. Frist. But any form of legalization is anathema to supporters of the House measure, co-sponsored by two Republican representatives, Peter King of Long Island, and F. James Sensenbrenner of Wisconsin.

Mrs. Clinton said, "We want the outcome to be that they're on the wrong side of politics as well as on the wrong side of history and American values."

Mr. King has accused church leaders of "committing the sin of hypocrisy" in their campaign to sway Congress and Catholic voters, and of giving illegal immigrants an incentive to cross the border.

Asked about the political price that could be paid by politicians who defy the groundswell of anger in border areas where illegal immigration has meant mounting costs for health care, education and law enforcement, Mrs. Clinton shot back that not only border areas were affected, but also many communities in New York, especially on Long Island and in Westchester County.

"I have a lot of sympathy," she said, emphasizing her support for an overhaul that includes federal assistance to local communities, as well as better enforcement. "That's why we need comprehensive immigration reform. Taking a harsh position is not going to solve the problem."

GOP WOULD HAVE BOOTED JESUS: HILL (NYPOST)

By Maggie Haberman

DOJ_NMG_0020224

The New York Post, March 23, 2006

Sen. Hillary Rodham Clinton ratcheted up her talk about religion yesterday - saying a GOP-sponsored bill making it a felony to be in the United States illegally would have "criminalized" Jesus.

Clinton, who's considered the Democratic front-runner for the 2008 White House race, made the comments at a hastily scheduled news conference about the House-passed bill aimed at illegal immigrants.

Clinton blasted Republican leadership, which "is constantly talking about values and about faith [but put] forth such a mean-spirited piece of legislation."

"It is certainly not in keeping with my understanding of the Scriptures," she added.

"Because this bill would literally criminalize the Good Samaritan and probably even Jesus himself."

The House bill passed last December.

Clinton said, "Many of us think it's a political bill" - but didn't back any of the competing Senate versions.

"We want the outcome to be that [backers of the House bill are] on the wrong side of the politics, as well as the wrong side of history and American values," she said.

She added that she would support a bill that includes stronger border controls.

She also called for employers who exploit illegal immigrants to face penalties.

In addition, she wants to set up a system to allow illegal immigrants currently living in this country to earn their citizenship.

Reid Threatens Filibuster As Immigration Showdown Looms (AP)

By Ellito Spagat

The AP, March 22, 2006

SAN DIEGO -- As the Senate prepares to tackle the most sweeping immigration reforms in years, a top Democrat vowed Wednesday to do everything in his power, including filibuster, to thwart Majority Leader Bill Frist's proposed overhaul.

Minority Leader Harry Reid, D-Nev., said he would "use every procedural means at my disposal" to prevent Frist from bypassing the Judiciary Committee. Frist, R-Tenn., has made clear the Senate will take up his proposal next week if the 18-member committee fails to complete a broader bill.

"If Leader Frist brings a bill to the floor that does not have the approval of the Judiciary Committee, it will not get out of the Senate," Reid told reporters at the San Ysidro border crossing, a few steps from Tijuana, Mexico.

Bob Stevenson, a spokesman for Frist, did not immediately respond to a call Wednesday evening.

Reid said the overhaul must include heightened border enforcement, a "guest worker" program and a "path to citizenship" for the estimated 11 million people in the United States illegally. He called legislation by Sens. Edward Kennedy, D-Mass., and John McCain, R-Ariz., a "good place to start."

President Bush, in a State of the Union address two years ago, urged Congress to create a worker program under which participants could gain legal status for a specific time and then be required to return home. It would not provide an automatic path to citizenship.

Frist, who has presidential ambitions for 2008, unveiled a bill last week that sidesteps the question of temporary work permits. It would tighten borders, punish employers who hire illegal immigrants and provide more visas.

The House passed a bill in December that makes it a felony for illegal immigrants to be in the United States, imposes new penalties on employers who hire them and erects fencing along 700 miles of the U.S.-Mexico border. It has no temporary worker program.

Amid the looming showdown, Reid met Wednesday with hotel workers at the Mandalay Bay Resort & Casino in Las Vegas in an effort to highlight contributions that immigrants make to the economy. He flew to San Diego for a helicopter tour and briefing by Border Patrol officials.

He planned to visit the longest cross-border tunnel discovered along the U.S.-Mexico border -- a 2,400-foot secret passage that linked warehouses in San Diego and Tijuana. Authorities said they discovered more than two tons of marijuana inside the tunnel in January.

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Reid also was scheduled to meet with California business, labor, religious and local government leaders to discuss immigration.

Who Will Work The Farms? (NYT)

By Eduardo Porter

The New York Times, March 23, 2006

KINSTON, N.C. — In the plainspoken manner common to her fellow farmers, Faylene Whitaker has a message for members of Congress struggling to overhaul the nation's immigration law.

"We would rather use legal workers," said Ms. Whitaker, who grows tobacco, tomatoes and other crops on the 500-acre farm she and her husband own in the Piedmont region of North Carolina. But "if we don't get a reasonable guest worker program we are going to hire illegals."

Ms. Whitaker knows what she is talking about. Indeed, she is one of the few farmers in the United States to employ legal immigrant guest workers. Others are not exactly lining up to join the program.

The experience of farmers like Ms. Whitaker underscores why most experts say that simply tightening the border with Mexico will not work.

To curb illegal immigration, they say, the government needs both carrots and sticks: legal work channels for future immigrants and the current population of workers unlawfully in the country along with a much more effective bar against hiring illegal labor.

"The punch line is, guest workers are going to cost you more money," said Phil Martin, professor of agricultural and resource economics at the University of California, Davis. For a guest worker program to work, he added, "the prerequisite is you have to have illegal immigration under control."

When immigration rules were last overhauled in 1986 — legalizing more than three million unlawful immigrants and supposedly banning the employment of illegal workers in the future — Congress allowed for a vast seasonal guest worker plan. It was intended to ensure that farmers could continue to get the cheaper foreign labor they wanted, but in a legally acceptable way.

It has not worked out. Despite expectations that growers would flock to the guest worker program, named H-2A, it never took off: fewer than 25,000 farm workers came to the United States on temporary guest worker visas in 2004, the last year with figures available.

It is not as if growers do not need the foreign labor: according to farmers' own estimates, about 70 percent of the 1.2 million hired workers tilling fields and picking crops are illegal immigrants.

What went wrong? Despite the ostensible sanctions against businesses that hire illegal workers, few employers were ever punished. So rather than go through the more complex process of importing temporary workers legally, most chose the cheaper and generally risk-free route of hiring illegal migrants who presented themselves with forged papers.

Congress is once again debating how to cut off illegal immigration but this time it has to deal with as many as 11 million unlawful immigrants in the United States.

Some lawmakers are talking about erecting a high wall along the entire 2,000-mile border separating the United States from Mexico. Others are pushing to declare all immigrants here illegally felons who would never be allowed to take up legal residence in the United States.

But as long as the government looks the other way while employers are allowed to fill their demands for cheap labor from a deep pool of foreigners desperate to find work, hundreds of thousands more are expected to manage one way or another to cross the border illegally every year in search of jobs.

"If there is a need for workers, they will find a way in, if you don't have a method for satisfying the legitimate needs of American employers," said Senator Arlen Specter, Republican from Pennsylvania and chairman of the Judiciary Committee, which has been trying to hammer out a new immigration bill to present to the full Senate as early as next Monday.

But this time, Mr. Specter added, any new law must contain tougher sanctions against an employer who "knowingly hires someone that is not here legally."

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Like most employers of cheap labor, North Carolina's growers say they need immigrant workers to stay afloat. "We need a guest worker program because somebody's got to work," said Kendall Hill, who grows tobacco, sweet potatoes and other crops on 4,000 acres here in Kinston.

He gazes across the flat dirt of his farm toward the sheds that will house up to 120 immigrant H-2A workers at the peak of the sweet potato harvest in September. "If not for Mexican workers," he adds, "this country would be in chaos."

As for illegal immigrants, many say that they would welcome a plan that allowed them to work legally in the United States and return to their families in Mexico every year.

Arturo Martínez Mendoza, an illegal immigrant harvesting mustard for $1.25 a box on a farm near Faison, said he had even tried to get into the program. "It was full," he said, "so I came in as a wetback."

José Aharón Rivera Medrano, an H-2A worker from Mexico's northern state of Durango, has worked on Mr. Hill's farm 10 months each year for the last 11 years. He is happy about the higher wages of $500 to $600 a week he receives under the guest worker program than if he were working illegally, but the most important thing, he said, "is that you don't risk your life crossing the border."

According to Leticia Zavala, southern organizing director for the union known as the Farm Labor Organizing Committee, there is a waiting list of 17,000 Mexican workers who have come to North Carolina in the past and would like to return.

But the guest worker program has failed to bridge the gap between the farmers and the workers. Farmers complain that the program is simply too expensive. It sets a floor for pay — a regional average of the wages in several farm occupations — that will rise this year to $8.51 an hour from $8.24 in 2005. Farmers must also house the workers and pay workers' compensation.

Moreover, after a lawsuit spearheaded by the union against North Carolina growers, a state court ordered farmers to pay all recruitment costs, including the H-2A visa, recruiters' fees and round-trip transportation from home — adding up to some $900 a worker.

"I've been 10 years on the program but I'm reaching the point of diminishing returns," said Sam Crews, who employs six guest workers on his North Carolina tobacco farm near the border with Virginia.

The guest worker plan has some advantages for growers: legal workers are more dependable than illegal ones, they say. And it relieves them of any lingering fears that their harvest might be in jeopardy if immigration authorities conduct raids that disrupt the supply of illegal workers.

Yet growers have so many other complaints about the program that many are simply dropping out. To be entitled to use guest workers, they must certify to the Labor Department that they cannot find American workers for the job, a process that they say is overly onerous.

And once non-H-2A immigrant workers are brought out of the shadows, farmers who employ legal guest workers often find themselves being sued over working conditions by immigrants' rights groups and other foes of the program.

Bruce Goldstein, executive director of the Farm Workers Justice Fund in Washington, which has brought lawsuits against farmers, says there are good reasons for such lawsuits.

"Farmers under the H-2A program are being sued when they violate the law," Mr. Goldstein said. "They frequently violate the law. And employers have tremendous bargaining power over workers who are too fearful to challenge unfair or illegal conduct."

For many farmers, then, illegal immigrants simply provide a cheaper alternative that involves far less bother than the guest worker program. North Carolina farmers can harvest their crops paying $6 to $6.50 an hour — no workers comp, no recruitment fees — to "green card" workers or "otherwise documented" workers. Those are euphemisms for immigrants unlawfully in the United States, who typically show up with a fake green card to get a job.

"Workers provide us with ID and Social Security cards to keep me in compliance and keep them in compliance, but I have no clue of their provenance," said one Wilson County tobacco, cotton and sweet potato farmer who spoke only on condition of anonymity to avoid exposing his work force to scrutiny from the authorities.

Farmers in North Carolina still employ more legal guest workers than in any other state, but their numbers are dwindling. At their peak in 2000, over 1,000 farmers in the growers' association employed 10,000 guest workers. This year, about 500 farmers are left, and they will import only about 5,000 workers.

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Some of those missing farmers were driven out by increased competition in the global tobacco market. Others have simply switched to illegal immigrant workers. And if things do not change, many farmers say, the system may well disappear altogether.

"When the H-2A program prices itself out, I'm not growing anything else," said Lee Whicker, who employs a dozen guest workers on his tobacco farm near Fayetteville. "I'm done with it."

Investigation Finds Violations Of U.S. Immigration Laws (MURRAYLT)

By KRISTIN TAYLOR, Staff Writer

Murray (KY) Ledger & Times, March 23, 2006

An investigation last month into an indentured servitude complaint at Murray's Asian Buffet proved the allegation false, but five people were taken into custody for immigration violations.

U.S. Immigration and Customs Enforcement spokeswoman Gail Montenegro said interviews conducted Feb. 8 at the Murray restaurant revealed no indication of human trafficking of indentured servitude. The federal investigators were responding to a complaint that workers were being held against their will.

A manager at Asian Buffet was not available for comment before press time today.

Following the investigation, five people were taken into custody for immigration violations. Montenegro said that included one Mexican juvenile female, three Mexican adult males and one Chinese female.

Montenegro didn't have the individuals' names because the ICE agent who worked on the case was traveling. Even so, she said the agency doesn't usually release names until people have been deported or if their identity is in the public's interest for safety reasons.

&#8220I don't know what happened to them," she said in a telephone interview from her Chicago office. &#8220They were probably served with some paperwork and had or have a hearing before a judge."

The federal immigration court is part of the U.S. Justice Department.

TAX:

IRS Sues Local Tax Preparers (CO)

By Mike Drummond

The Charlotte Observer, March 23, 2006

The U.S. Justice Department today filed lawsuits to stop two area tax preparers from preparing returns.

The government said Jerry Adams and Demetria Adams prepared more than 1,600 tax returns in 2004 and 2005 at First Choice Tax Service, Precise Tax and D&S Tax Service in Charlotte and Shelby.

In the suits filed in federal court in Charlotte, the government alleges the two understated wages and overstated credits for the past two years. The "excessive refunds" cost the U.S. Treasury more than $3.8 million, the lawsuits claim.

The government wants the court to order the pair to turn over names, addresses and Social Security numbers of customers.

Today's action comes within weeks of the April 17 tax filing deadline, and is part of the government's crackdown on "corrupt tax preparers." Since 2001, the Justice Department has sought and obtained injunctions against more than 160 tax return preparers and promoters.

KPMG Revises Settlement On Tax Shelters (NYT)

By Lynnley Browning

The New York Times, March 23, 2006

The accounting firm KPMG said yesterday that it had reached a revised settlement with tax shelter investors, but warned that the reduced agreement could still fall apart.

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The previous $195 million deal, brokered last September through Milberg Weiss Bershad & Schulman, the prominent class-action law firm, collapsed in recent months when nearly one in four eligible investors chose not to take part, saying that it did not offer them enough compensation.

Under the complex terms of the revised settlement, some 60 investors who chose not to join can come back in. But investors who are currently in the deal can now elect not to participate.

KPMG did not place any numbers on the revised proposal. But given the number of opt-outs in the original deal, the final amount available is unlikely to exceed $155 million, and may drop to $125 million or lower, according to lawyers who read its proposed terms.

"There's going to be drastic reduction in the amount of money that is ultimately paid out," said Michael J. Avenatti, a lawyer in Santa Monica, Calif., who represents wealthy investors who opposed the original deal. Mr. Avenatti, who also represents an informal group of lawyers who oppose the deal, declined to say whether he would advise clients to participate in the new deal.

Lawyers for KPMG filed papers yesterday in the United States District Court in Newark, asking a federal judge to set a hearing in late May to approve the revised deal.

The reduced settlement is a setback for Milberg Weiss. The law firm had stood to earn $30 million from the original settlement, but will now reduce its fee by 25 percent of the value of the claims by opt-outs.

KPMG is struggling to put its tax shelter woes behind it as aggrieved investors in the shelters are now seeking in separate compensation greater than what the settlement offers. In August, the firm reached a $456 million deferred-prosecution agreement with federal prosecutors over certain questionable shelters.

The civil class-action settlement is intended to return to investors the fees that they paid both to KPMG and to the law firm of Sidley Austin Brown & Wood for four shelters known as Flip, Opis, Blips and SOS. The law firm, which provided legal opinions blessing the shelters as legitimate — when they were not, in the eyes of the Internal Revenue Service — will still pay about 20 percent of the final settlement's costs.

Under the new deal's complicated formula, the original $195 million will be reduced by 65 percent of the total claims from investors who choose not to participate. KPMG will determine the size of those claims.

A KPMG spokesman said yesterday that "this amended stipulation allows us to continue pursuing a fair and reasonable settlement of this matter."

But Edmundo O. Ramirez, a lawyer in McAllen, Tex., said yesterday that "the very complicated formula is going to put a lot of lawyers off." Mr. Ramirez has negotiated sizable private settlements in recent years with KPMG on behalf of former investors in tax shelters.

The 60 or so opt-outs in the original settlement typically have claims far higher than the average $750,000 available to each investor under the terms of the old settlement. Mr. Avenatti said that some former clients had paid tens of millions of dollars to KPMG and Sidley Austin Brown & Wood for shelters that did not pass muster with the I.R.S. and that the new deal was not going to significantly change the amount of money they could recuperate.

Outside Audit KPMG Revises Terms Of Payout In Big Tax-Shelter Settlement (WSJ)

By David Reilly

The Wall Street Journal, March 23, 2006

Accounting giant KPMG LLP and law firm Sidley Austin LLP took a fresh stab at settling a class-action lawsuit related to the sale of questionable tax shelters.

The firms last month shelved a previous version of the settlement, which called for a $195 million payout to those who had bought the tax shelters, because too many people had opted out of the agreement.

Under the new version of the settlement, filed yesterday in federal court in New Jersey, KPMG and Sidley Austin would pay no more than, but most likely far less than, the $195 million originally envisaged, as well as up to $30 million in legal fees.

KPMG, which sold the questionable tax shelters, will bear the brunt of this cost, while Chicago-based Sidley Austin, which gave legal advice on the shelters, will pay about 20%.

The revised settlement terms would reduce the amount the firms will pay based on the number of plaintiffs who opt out. The amounts to be received by individuals won't necessarily decline because of this reduction. They would depend on the specific claims of each individual investor.

In a statement, a KPMG spokesman said, "The amendment of the original settlement allows us to continue pursuing a fair and reasonable settlement of this matter."

Melvin Weiss, senior and founding partner at Milberg Weiss Bershad & Schulman LLP, which is lead counsel for the class-action plaintiffs, said that individuals who think they can get a better deal on their own can "go try. I think quite frankly that this is a very fair settlement from a lot of angles."

A spokeswoman for Sidley Austin declined to comment on the case.

If the new agreement successfully revives the proposed settlement, it could be another important step by a major accounting firm to put behind it troubles stemming from the go-go days of the late 1990s. The Big Four firms -- PricewaterhouseCoopers LLP, Deloitte & Touche LLP, KPMG and Ernst & Young LLP -- have spent millions to make amends for misdeeds from this period.

In KPMG's case, the price of putting the past behind it has been particularly high. The revised tax-shelter settlement follows a deferred-prosecution agreement the firm entered into last year with the Justice Department that called for KPMG to pay $465 million. Plus, the firm still faces damage claims from tax-shelter clients who opted out of the settlement and plan to pursue their cases individually.

Still, the potential settlement would bring closure to most of the tax-shelter issues KPMG faces and allow the firm to start moving beyond that chapter in its history.

The ultimate amount to be paid by KPMG and Sidley Austin under the new settlement agreement will be based on a formula that fluctuates depending on the number of tax-shelter buyers who agree to take part. Of the 284 who originally joined the class-action suit, 61 had opted out of the previous settlement, claiming it didn't pay enough.

The new settlement addresses some technical objections raised by some of those who opted out, but doesn't increase the amount on offer. That means some investors are likely to continue opting out.

"The proposed amount to be paid is entirely insufficient," said Michael Avenatti, a lawyer at Greene Broillet & Wheeler LLP who represents two investors who earlier opted out of the proposed settlement and who won't rejoin the agreement. Mr. Avenatti said his clients disagreed with the settlement because KPMG could expect to pay much more if it tried cases individually.

The attorney estimated that, under the proposed new payment formula, KPMG and Sidley Austin could shell out between $130 million to $150 million. He estimates the legal fees alone for trying the cases individually would amount to $500 million, and any punitive damages would cost the accounting and law firm more.

KPMG declined to comment on the projected payout.

In addition to possibly lowering the amount KPMG and Sidley Austin will pay, attorneys for the class-action plaintiffs could also receive less than the $30 million fee set aside under the original agreement.

Sale Of Data By Tax Preparers Draws Protests (WP)

By Albert B. Crenshaw

The Washington Post, March 23, 2006

Consumer groups and privacy advocates are attacking proposed Internal Revenue Service rules that would spell out how tax-return preparers may legally sell financial information and other data from their clients' returns.

It has long been a principle of tax administration that no unauthorized person can get such information and that this assurance encourages taxpayers to file honest and complete returns. That notion is still a "fundamental underpinning" of IRS practice, Commissioner Mark W. Everson said yesterday in an interview.

The proposal, issued in December, was billed by the IRS as improving privacy protections for taxpayers, detailing the steps for getting permission to use the information. But it has focused attention on a little-known fact: Although law forbids the unauthorized disclosure of taxpayer information, return-preparers have long been allowed to disclose it, even sell it, if they obtain their clients' permission. Once the information goes out the door, taxpayers have little control over what happens to it.

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The problem, said Evan Hendricks, publisher of the Privacy Times newsletter and other publications on privacy, is that "information about you is valuable in general, and the more detailed . . . it is, the more valuable it is."

"The real danger here is that there's going to be lot of incentive" for preparers to obtain the permission surreptitiously, such as by spreading a lot of papers in front of clients and asking them to sign them all, Hendricks said.

Jean Ann Fox of the Consumer Federation of America said that under the new rules, taxpayers could be duped into releasing their information and run the "risk of having that information in a database somewhere." That is "dangerous," she said, and "essentially turns tax-return information into a commodity for the highest bidder."

The IRS said in proposing the new rules that it was updating regulations dating from the 1970s that had not contemplated electronic transmission and other business practices, including the "offshoring" of some tax-preparation work by some firms.

"Our concern was [preparers] were interpreting the regulations in a way to say [clients] don't need to know that their returns are being prepared in India; it's all by the same firm," Everson said. "There's no doubt in my mind taxpayers are entitled to know if their return is being prepared overseas."

The rules also specify what a preparer must do to get permission from a taxpayer to disclose return information, up to and including the entire return. Specific language is required when a preparer requests permission and also in the form given to the taxpayer to sign.

There is also language for obtaining the taxpayer's permission to use the information within the preparer's company or group of related companies. And there is a procedure for obtaining a taxpayer's "signature" electronically.

The IRS proposal says that a preparer, for example, might ask permission to disclose that a client contributed to an IRA or that he would be getting a refund. Such information could be sold to a bank.

Several large tax-preparation companies have told the IRS that they oppose the new rules because they would make it too difficult for them to obtain permission to sell clients' information.

As the government's priorities have shifted to national security and revenue collection, there is more debate over how strict privacy rules should be.

The IRS recently awarded the first contracts to private debt collectors, a strategy authorized by Congress to increase collection of unpaid taxes. The debt collectors are barred from having tax information beyond what is owed, but critics say they worry about other information leaking out and possible abuse by collectors.

Everson said the private collectors "extend the reach" of the IRS and are subject to the same privacy rules as agency employees.

He said calls for increased access to IRS data in areas such as immigration enforcement or federal procurement should be debated carefully. While there might be public-policy benefits in one area, there might also be "a damaging impact" on tax collections, he said.

Last week, Everson himself "teed up" the issue of the different ways corporations report income to the IRS and financial regulators.

"We have two systems that are in conflict with each other -- book accounting and tax return preparation. Book accounting seeks to maximize earnings to drive up share value; tax return preparation seeks to drive down earnings, reduce taxes and maximize cash flow," he said.

"Clearly, tax compliance would be helped by great transparency," such as disclosure of corporate returns or parts of them , "but there are very real public-policy interests [in] continuing privacy. It comes down to weighting various factors," Everson said.

Beltway Windfall (WSJ)

The Wall Street Journal, March 23, 2006

The next time some Washington potentate moans about the budget deficit, tell him not to blame the taxpayers. They're already doing their part to reduce it, as the latest Treasury figures on booming federal tax revenue show.

In the first five months of Fiscal 2006, through February, overall revenue continued to surge, growing at an overall rate of 10.3%, or an $81 billion increase from the year ago period, to $871 billion. That builds on the astonishing 15% , or $274 billion, revenue increase for all of 2005, which various fiscal wisemen assured us would fall off dramatically. Apparently not.

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This year's double-digit increase is roughly triple the rate of inflation, reflecting strong gains in business profits and individual wages and bonuses -- both signs of a vibrant underlying economy. Corporate income taxes are up 30% so far this year, while individual income tax payments have climbed by 10.3% through February.

The bad news continues to be federal spending, with overall government outlays up 7.6%, or $76 billion, to $1.09 trillion. Defense spending is up 7.5%, but Medicare is growing at a 10.4% pace, which promises only to increase as the prescription drug benefit kicks in. As ever, the elephant in the budget is entitlement spending on seniors.

Economist Michael Darda points out that overall spending has risen at a 6.6% annual pace since 2001, or more than double the 3.1% average rate of increase between 1993 and 2000. If spending in this decade had merely stayed at the 1990s's pace, the budget would already be in surplus by $143 billion, according to Mr. Darda's calculations. Some of this increase has been in defense, which was necessary after the rapid declines in security spending during the Clinton years. But the failure of GOP fiscal governance has been in spending on both guns and butter.

As for taxes, the revenue data are further proof of the success of the Bush tax cuts of 2003. The fastest way to stop this revenue windfall, and blow an even larger hole in the deficit, would be to fail to extend the 15% tax rate on capital gains and dividends through 2010, thus assuring a huge tax increase after 2008. The fear of such a tax hike is already weighing on investors and stock-market valuations. So what are GOP House-Senate tax conferees waiting for?

CONGRESS-ADMINISTRATION:

Are Late Innings The Time For A Relief Pitcher? (NYT)

By Adam Nagourney And Elisabeth Bumiller

The New York Times, March 23, 2006

WASHINGTON, March 22 — President Bush's suggestion on Tuesday that he may add a new senior figure to his White House team raised questions about the future of two of his closest and most powerful aides, Andrew H. Card Jr. and Karl Rove, as they struggle to put Mr. Bush's White House back on course.

Mr. Rove, his senior strategist, and Mr. Card, his chief of staff, have increasingly been forced to fend off rebellious Congressional Republicans, complaints about the administration's competence and calls from within their party for an infusion of fresh thinking into the White House.

Mr. Rove told associates in recent days that he was confident he could resist calls to bring in new advisers. Still, Mr. Bush's decision not to squelch speculation about such a move — "Well, I'm not going to announce it right now," he said Tuesday at his news conference, with Mr. Rove watching — did nothing to restore diminished Republican confidence in a White House team that once promoted a reputation for efficiency, order and impeccable political instincts.

Two Republicans close to the White House who insisted on anonymity to discuss advice they give to Mr. Bush's inner circle said the names being suggested to the president included Michael O. Leavitt, secretary of health and human services; Marc Racicot, former chairman of the Republican National Committee; Donald L. Evans, a former commerce secretary; and Ed Gillespie, a former chairman of the Republican Party who shepherded Mr. Bush's two Supreme Court nominations through the Senate.

The list also includes two former members of Congress with ties to Mr. Bush, Thomas G. Loeffler of Texas and Bill Paxon of New York.

It is not clear what role a new appointee would take on, or whether Mr. Bush, known for his loyalty, would be able to make a change without diminishing the standing of Mr. Card and Mr. Rove. Nor is it certain that Mr. Bush will even make a change.

Although Mr. Card is the focus of much of the criticism about the White House's performance, much of the talk here has focused on Mr. Rove, who has long been seen as the pre-eminent strategist of his generation and who for more than a year has been deputy chief of staff for policy.

"He's losing strategic power," James A. Thurber, director of the Center for Congressional and Presidential Studies at the School of Public Affairs at American University, said of Mr. Rove. "It's just decaying, and the decay rate is very fast at this point. Lame-duck presidencies that have people who have been there for many years have many problems."

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Republicans outside the White House said Wednesday that they had pushed Mr. Bush not to replace Mr. Rove, but rather to bring in someone at the same level or above, perhaps as minister without portfolio. One Republican said Mr. Bush should view it as replacing a top-notch pitcher struggling in the later innings of a baseball game, rather than as a vote of no-confidence in a friend.

Mr. Card said Mr. Rove, technically at least beneath him in rank, though perhaps not in influence, was an essential staff member.

"He is smart, efficient, diligent, competent and relevant," Mr. Card said.

He defended Mr. Rove and, in an interview last week, took the blame for any problems.

"I take responsibility for everything that has not happened well," Mr. Card said. "I am the staffer responsible for the staff. When people are frustrated, they should be frustrated at me. It's my job."

In a brief interview, Mr. Rove dismissed the notion that he was fatigued or had lost his touch.

"We're all energized," Mr. Rove said. "Whether we're on our game or not — I'm an idiot one day and a genius the next — that's the way it is. You can't pay attention to that."

The developments reflect a sharp change in Mr. Rove's standing in particular, 16 months after he guided Mr. Bush to re-election and was rewarded with more authority.

Mr. Bush's approval ratings are at record lows. Republicans in Congress are refusing to take direction from this White House on a host of issues, while candidates for office have in a few cases avoided appearances with the president.

Mr. Rove's hopes of achieving a permanent Republican majority in Congress, long a defining goal, have given way to holding working House and Senate majorities.

With some notable exceptions, in particular, the confirmation of two conservative Supreme Court nominees, the White House has suffered a series of defeats in Congress.

"An ingredient that's missing right now in the White House is that sense of urgency, that passion, that intensity," said Senator John Thune, Republican of South Dakota. "When you've had horses there that you've been riding for a long time, you kind of need to change them once in a while."

Rich Bond, a former chairman of the Republican National Committee, said that without the focus of a campaign, the White House had lost its edge.

"I can't imagine the Dubai ports deal occurring in the mindset of the re-election," Mr. Bond said. "I can't imagine the Cheney hunting incident being handled in the same way in the mindset of the re-election."

By most accounts inside and outside the administration, Mr. Rove is relentlessly cheerful, presenting himself as an optimistic face in a gloomy White House. One person who met Mr. Rove said he attributed Mr. Bush's problems more to external events, in particular Hurricane Katrina and Iraq, than to anything the White House did wrong.

Mr. Rove has assured worried Republicans that the party will endure just minor losses in the midterm elections. Associates said Mr. Rove appeared increasingly certain that he would not be indicted for his role in the leaking of a C.I.A. operative's name.

"I am just amazed at his ability to multitask and stay on top of his game," Mr. Card said. "I certainly haven't seen any distraction over the past four or five months."

Mr. Rove is operating as impishly as ever. At a party at the British Embassy when Mr. Bush and Mr. Card were on their way to India, Mr. Rove was asked by a group of guests how things were going.

"Everybody's away, so I'm running the country," Mr. Rove replied, playing off his caricature as an all-powerful behind-the-scenes puppet master.

It is a role that White House officials argue has always been exaggerated. Many Republicans now say that just as Mr. Rove should not be excessively credited with the successes of the first term, he should not be overly blamed for its failures in the second.

Security Of Medicare Info Questioned (USAT)

By Julie Appleby

USA Today, March 23, 2006

DOJ_NMG_0020233

Medical and financial information gathered on millions of Americans by Medicare, Medicaid and other government programs is vulnerable to thieves or pranksters because of inadequate computer security, federal investigators say.

"Significant weaknesses in information security controls" increase the risk from those who would "inadvertently or deliberately disclose, modify or destroy" sensitive data, the U.S. Government Accountability Office says.

The soon-to-be-released GAO review focuses on the Department of Health and Human Services (HHS), whose agencies use computer systems to pay more than a billion Medicare claims worth more than $290 billion each year, track medical research at the National Institutes of Health and manage Food and Drug Administration programs.

"Instead of firewalls to safeguard sensitive data, we have Swiss cheese," says Sen. Chuck Grassley, R-Iowa, chairman of the Senate Finance Committee, which requested the report. Grassley's office says Medicare keeps a variety of information on beneficiaries, including Social Security numbers, addresses, birth dates and medical conditions.

In a written response in the report, HHS officials said investigators do "not provide an accurate or complete appraisal" of its security programs and fail to note a 2005 effort that resulted in a reduction of 57% in reportable deficiencies.

"The frequent use of the word 'significant' to describe control weaknesses … evokes a negative connotation that is not reflective of the progress or current state of HHS' information security program," the department said.

The review comes as the federal government is pushing computer technology as key to improving medical quality and slowing costs. In fiscal 2005, HHS will spend nearly $5 billion on information technology, the report says, much of it to help process Medicare payments to doctors and hospitals.

Investigators for the GAO reviewed management and audit reports from 2004 and 2005 that outline security practices at 13 HHS divisions and found:

•Anti-virus software not installed or up to date.

•Lack of adequate control over computer passwords.

•Employees and contractors serving without background checks.

•Inadequate physical controls to prevent spying or theft, such as non-working surveillance cameras and unrestricted access to a data center.

"Fundamentally, it's an organization that is behind in making security part of its regular operations," says Alan Paller, who has seen the report but was not involved in writing it. Paller is research director at security firm the SANS Institute in Bethesda, Md. "It's very dangerous for health care data."

1,889 Days And No Vetoes: Bush Gaining On Jefferson (USAT)

By Richard Benedetto

USA Today, March 23, 2006

WASHINGTON — President Bush today becomes the longest-sitting president since Thomas Jefferson not to exercise his veto, surpassing James Monroe.

Monroe was in office 1,888 days before he vetoed his first bill on May 4, 1822, a measure to impose a toll on the first federal highway. Jefferson never exercised his veto during two terms in 1801-09.

Today is Bush's 1,889th day in office, and no veto is in sight. As of Wednesday, Congress had sent him 1,091 bills. He signed them all.

Bush came close to a veto last month when Congress threatened to block a deal to turn over operations at ports in six states to a company owned by the Arab emirate of Dubai. He threatened a veto, but he avoided a showdown when the Dubai company decided to sell that part of its business to American interests.

"After that, we're not likely to hear a veto threat from him that much again," says G. Calvin Mackenzie, government professor at Maine's Colby College.

Some analysts say Bush's failure to use his veto shows an unwillingness to confront fellow Republicans who control Congress. "He doesn't want to fight battles unnecessarily and create a distance between himself and his party," says Mark Rozell, a George Mason University political scientist who has studied presidential vetoes.

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Others say Bush's avoidance of the veto is a sign of strength. “Bush and his party are so close on most issues that there's no need to veto,” Mackenzie says.

Rep. Rahm Emanuel, D-Ill., scoffs at that: “This is a rubber-stamp Congress. Why would he veto anything?”

Still others say it is a matter of Bush's management style. “He's a CEO kind of guy. He gives his orders, delegates the negotiating to others and is willing to live with the outcome,” says Robert McClure, a political scientist at Syracuse University's Maxwell School.

Bush has used veto threats to shape bills more to his liking. For example, the House wanted $370 billion for last year's highway bill; the Senate, $318 billion. Bush drew the line at $256 billion, then compromised at $286.4 billion, more than he wanted but far below the House and Senate levels.

Bush said Tuesday that the veto threat has helped him reduce the rate of domestic spending: “One reason why I haven't vetoed any appropriation bills is because they met the benchmarks we've set.”

Congress Friendly, So Who Needs Veto? (USAT)

By Richard Benedetto

USA Today, March 23, 2006

WASHINGTON — President Bush has not vetoed a single bill while he has been in office. But then, why would he? For most of his presidency, Congress has been dominated by fellow Republicans.

“Presidents generally do not want to draw a line between themselves and their party,” says G. Calvin Mackenzie, professor of government at Colby College.

That didn't stop many of Bush's predecessors, though, especially Democrats, who had hundreds of veto fights with Democratic-led congresses.

Jimmy Carter vetoed bills from a Democratic Congress 31 times, Lyndon Johnson 30 times, John Kennedy 21 times. Harry Truman, who had a Democratic Congress for six of his nearly eight years in office, vetoed 250 bills. Franklin D. Roosevelt, who had a Democratic Congress for all of his more than 12 years in office, issued a record 635 vetoes, and only nine of them were overriden.

Reasons varied. Carter quarreled with fellow Democrats over issues such as military spending and an oil-import fee. FDR frequently fought over the proper allocation of power between Congress and the president. “There was a flurry of legislative activity in the Roosevelt years, and there were many factions in the Democratic Party which seldom spoke with one voice. So there was a lot of disagreement,” says Mark Rozell, a George Mason University political scientist.

Other than Bush, the only postwar Republican president to have a Republican-controlled Congress was Dwight Eisenhower, and then only for two years, in 1953-54. He vetoed 29 bills in that time.

Bill Clinton was more similar to Bush in how he handled a Congress of his own party. Clinton had a Democratic Congress his first two years in office, and he never vetoed a bill in that time. After Republicans took control in 1995, however, he issued 37 vetoes.

Bush and the Republican Congress saw eye to eye on a string of major legislation, including five tax cuts, a bankruptcy overhaul bill, an energy bill, a Medicare prescription-drug plan, renewal of the USA Patriot Act and a bipartisan resolution to go to war in Iraq.

Bush's defeats have often come over items Congress never passed. Examples include Bush's proposal to overhaul Social Security and to open the Arctic National Wildlife Refuge to oil and gas drilling.

On spending bills where Bush and congressional Republicans disagreed, the differences were usually worked out, or narrowed enough that Bush chose not to use his veto. “Congress has lived within the spending limits that the president has called for,” White House press secretary Scott McClellan says.

For now, analysts say, there doesn't appear to be anything looming that would provoke Bush to change his no-veto habit — except the possibility that Democrats could grab control of the House or the Senate in this fall's elections.

If that happens, says Fred McClure, legislative director for Bush's father, George H.W. Bush, “he will have to do a lot of heavy lifting. He may have to use the veto threat a lot more, and he may have to exercise his veto for the first time.”

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Line-item Veto Can Cut Pork (USAT)

By Paul Ryan

USA Today, March 23, 2006

U.S. taxpayers deserve to have Congress justify how it spends their money. This is the simple idea behind giving the president a modified, constitutional version of the line-item veto.

By shining the light of day on budgeting in Washington and holding members of Congress accountable for spending they insert into legislation, we can reduce wasteful pork-barrel spending.

To do this, we propose beefing up the president's existing authority to ask Congress to rescind wasteful spending items. Today, the president can make such a request, but Congress can just ignore it. During Ronald Reagan's presidency, for example, Congress failed to act on more than $25 billion in rescission requests by the administration.

Under our bipartisan legislation, the president can sign a spending bill but put a temporary hold on any wasteful provision and request that Congress rescind it. After two days, any member of Congress could introduce the rescission proposal and it would have to be voted on within 10 legislative days, guaranteeing fast-track consideration.

Unlike the line-item veto the Supreme Court struck down in 1998, this keeps the lawmaking power in Congress, where it belongs. For spending to be rescinded, it must pass both the House of Representatives and Senate by a simple majority, then be signed into law by the president. This upholds the process envisioned by the Founding Fathers.

We do not pretend that this step alone would balance the budget, but it would be an important component of a broader drive to restore fiscal discipline to Washington and rein in unnecessary pork-barrel spending.

If a member of Congress has included legitimate spending in a bill, it should be defensible on its merits, apart from the larger legislation to which it is attached. If a “bridge to nowhere” or other pork project can't be justified, then it deserves to be removed.

In any responsible business, employees who charge expenses to the company must be able to justify these expenditures. Members of Congress are the people's employees, and we should be held to the same standard.

Rep. Paul Ryan, R-Wis., is prime sponsor of the House line-item veto legislation.

Competitive Sourcing (WP)

By Christopher Lee

The Washington Post, March 23, 2006

Remember competitive sourcing? That's President Bush's initiative to examine whether jobs done by federal employees could be performed more efficiently by private contractors.

Bush called it his top management priority when he took office in 2001, saying federal workers should compete with contractors for as many as 850,000 government jobs that are considered commercial, jobs as diverse as janitorial services and computer network design.

It has gone far less smoothly, and far more slowly, than the White House had hoped, with fewer than 50,000 jobs studied by the end of 2005. And federal workers have won the job competitions more than 80 percent of the time.

Even so, many federal employees still quake at the prospect of their jobs moving to the private sector. The latest example came yesterday at Walter Reed Army Medical Center, where about 70 people protested plans to contract out the jobs of 350 workers, including carpenters, electricians and security employees.

The workers and their union, the American Federation of Government Employees, say their winning bid was unfairly tossed out; that the job competition, announced during the Clinton administration, took longer than regulations allow; and that the Army, in breaking the deadlines, spent money not authorized by Congress.

"We're going to continue fighting this legislatively," said John Threlkeld, an AFGE lobbyist.

Management agreed yesterday to put off a decision for several months. Even if the workers save their jobs, their worries won't end. The historic hospital in Northwest Washington is scheduled to be shut down in 2011 as part of the federal base-closing process.

DOJ_NMG_0020236

Bills Eye Substitute For Federal Hatch Act (WT)

By Amy Doolittle

The Washington Times, March 23, 2006

District officials have proposed legislation to Congress and the D.C. Council that would exempt the city from federal enforcement of the Hatch Act and allow it to govern itself in that matter.

The bills, which regulate the way city government employees can participate in local politics, are another step toward District statehood, officials say.

D.C. Delegate Eleanor Holmes Norton, a Democrat, introduced the bill with Rep. Thomas M. Davis III, Virginia Republican, last week. Their bill would exempt the District from the Hatch Act, a 1939 anti-corruption law designed to prohibit federal workers from participating in political campaigns.

Mrs. Norton said her bill offers a win-win arrangement for federal and District governments.

"It gives D.C. a long-awaited home-rule victory without the Congress losing anything," she said. "It's very difficult to see an argument against it, frankly."

Mrs. Norton, the District's nonvoting member of Congress, said that under current law the federal government is forced to oversee and prosecute Hatch Act violations within the District.

"In this case, you free one of the offices of the federal government up from overseeing a local jurisdiction," she said.

Enactment of Mrs. Norton's bill is contingent upon the D.C. Council passing a bill similar to the Hatch Act. Mrs. Norton said she expects her bill to easily pass both the House and the Senate.

In response to Mrs. Norton, D.C. Council Chairman Linda W. Cropp, a Democrat who is running for mayor, introduced an employee political activity bill that would give the D.C. Board of Elections and Ethics and the office of the D.C. Attorney General oversight of District violations.

"The whole point of this is more self-government," said Charlotte Brookings-Hudson, general counsel for the D.C. Council, who authored the bill. "If we want to have this law we can impose it on ourselves. We are no longer an agency of the federal government. They gave us limited home rule and they kept certain things, but now that we can show that we can govern ourselves we should do so."

Currently, the Office of Special Counsel (OSC) is the only government entity that oversees and prosecutes federal Hatch Act cases in the District.

All U.S. states, including Maryland and Virginia, have their own versions of the Hatch Act but are also subject to oversight by the federal government.

The OSC currently has 103 cases pending. Forty-one of those involve federal officials and 62 involve state and local officials. It was not clear how many of those cases are from the District.

Mrs. Cropp's bill is similar to the federal Hatch Act, and includes rules against District employees using official authority to interfere with an election and a ban against soliciting and receiving funds for a political organization or candidate while on government property.

It also bans employees from giving out lists of names or addresses of District employees to fundraisers.

It does not, however, ban employees from receiving funds while off government property or ban employees from giving out lists of names or addresses for government contractors to fundraisers.

"The purpose of this is to impose a local law on this area that protects our employees from being forced to engage in political activities," said Charlotte Brookings-Hudson, general counsel for the D.C. Council. "It's local legislation to protect the rights of employees, not contractors."

Since D.C. Mayor Anthony A. Williams took office in 1999, there have been a number of complaints to the D.C. Office of Campaign Financing and the OSC regarding the use of the executive office for political activities.

The most recent was a 2004 complaint against Mr. Williams' Chief of Staff Kelvin J. Robinson. That complaint said in 2002, Mr. Robinson asked D.C. employees to volunteer to work on the mayor's re-election campaign. Mr. Robinson resigned to take a private sector job several days before that complaint was filed.

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Mr. Williams said he supports Mrs. Cropp and Mrs. Norton's bills because they further the cause of home rule in the District. He said that any history of government corruption in the District should not block the city from governing itself.

Other cities and states who have also experienced government corruption in the past, such as Chicago or New York, are allowed to govern themselves, he said.

"The Hatch Act currently treats us as an agency of the federal government," he said. "We are not, whether ... someone may want us to be, we are not. And we fiercely resist being seen as an agency of the federal government and we should be given the same latitude and autonomy with our local affairs as any other city in the country."

Americans View Muslims Favorably (WT)

By Cheryl Wetzstein

The Washington Times, March 23, 2006

Most Americans hold favorable views of American Muslims, and almost half say Islam doesn't encourage violence more than other religions, according to a study released yesterday at an international interfaith conference.

These findings offer hope that Muslims eventually will be accepted and integrated into American society as people of other faiths have been, said Luis Lugo, director of the Pew Forum on Religion and Public Life, which conducted the study.

However, many Americans remain wary of Muslims and Islam, Mr. Lugo said. More personal friendships and education should improve chances for interreligious relations.

Nearly all of yesterday's conference speakers decried terrorism by "extremists" and "radicals."

The Pew findings were presented at the International Conference on Faith and Service in Washington, which featured conciliatory messages from leaders of Christian, Jewish and Muslim faiths; Indonesian scholar and special envoy Alwi Shihab; and Karen Hughes, the State Department's undersecretary for public diplomacy.

Catholics and Jews were once objects of "widespread and often institutionalized discrimination" in America, Mr. Lugo said. But by 2005, three-quarters of Americans viewed these religions favorably.

Such findings "strongly suggest that the United States has the capacity to overcome historical religious divisions and prejudices," he said.

The findings also showed that 60 percent of Americans think recent terrorist attacks represent a conflict with "a small radical group," not "the people of Islam."

Mrs. Hughes also spoke yesterday about the Afghan man who is facing death for converting to Christianity.

"This case clearly violates the universal freedom held dear by democratic people throughout the world, and we believe it violates the Afghan Constitution, which guarantees the right of an individual to freedom of religion," she said. "We are deeply concerned and have expressed those concerns to the Afghan government."

Islamic doctrine says there "shall be no compulsion in religion" and says people of all faiths should be allowed to practice their religion unmolested, said Imam Feisal Abdul Rauf, head of the American Society for Muslim Advancement. "It is a travesty of Islamic law and Islamic thought" that these principles are violated today.

The Candidates' Money Race (NYT)

The New York Times, March 23, 2006

As a cash-flow marathon, the 2008 presidential race is already under way, with fund-raising trumping innovative ideas and political experts predicting the death of public financing. This is a little-noticed American tragedy, as politics slips back toward the Watergate era. That was when the scandal of easy-money corruption prompted Congress to create the historic option of public election subsidies.

That worthy reform is now badly in need of updating to keep pace with the big-money dynamics of private fund-raising, which has retightened its lock on politics. Don't expect much help from the current Congress, so clearly in thrall to special interests' campaign money. In the last presidential contest, President Bush and Senator John Kerry set furious records for private fund-raising — netting more than $250 million each — for the campaign primaries. Intent on dominating the political landscape, they rejected the public alternative, which would have limited spending to a mere $44 million each. But they both took the subsidies for the general election, each accepting a $74 million spending limit.

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Even that path is now threatened as political consultants sense a billion-dollar duel looming for the next election. The cost of running for the White House inflates with each ballot, and campaign strategists estimate that the entry stakes for the 2008 race could approach $100 million, just to be taken seriously. No wonder aspirants are already trolling California, Texas and other wholesale donor precincts as hungrily as the retail voter tableaus of Iowa and New Hampshire.

OTHER NEWS:

Treasury Secretary Expects Wage Growth To Increase (USAT)

By Sue Kirchhoff

USA Today, March 23, 2006

WASHINGTON — Treasury Secretary John Snow predicted Wednesday that U.S. wage growth would accelerate in coming months, as he tried to combat negative consumer attitudes about the economy and White House policies.

In a meeting with reporters, Snow said that as labor markets tighten — with the unemployment rate falling to 4.8% in February from 6.3% in mid-2003 — companies will boost compensation.

"Can (average Americans) expect to have more money in their pockets going forward? I think the answer is unequivocally, 'yes,' " Snow said.

Several measures of compensation, including hourly wage growth, have lagged behind inflation during much of the recovery from the 2001 recession. Average hourly wages rose 3.2% in 2005, while the consumer inflation rate was up 3.4%.

There are signs that wages are starting to pick up. The Labor Department said hourly wages for non-supervisory workers, about 80% of the workforce, rose 5 cents in February and 3.5% from February 2004.

"There's only very, very early sort of indications of" rising wage growth, says Nariman Behravesh of Global Insight. "There is still a fair amount of slack in the labor market."

Mark Zandi of Moody's Economy.com adds that while hourly wages show some gains, higher-paid workers are pulling up the average. Wages for lower-income earners still trail inflation.

Snow's comments came as recent polls show Americans are pessimistic about President Bush's economic policies. A survey by the Pew Research Center for the People & the Press earlier this month found 34% of the public approved of Bush's handling of the economy, while 57% disapproved.

In addition to the short-term wage picture, economists including former Fed chairman Alan Greenspan are concerned about a decades-long trend of rising U.S. income inequality. Snow said improved education was needed to address the issue in the long term.

On related issues, Snow said the White House would "engage" with Congress if lawmakers wanted to raise the minimum wage, at $5.15 an hour since 1997. While Snow expressed concern a higher minimum wage could have an impact on hiring, economic literature on the topic is mixed.

Snow said he did not think Americans had taken on too much debt to finance consumption, calling the data benign.

Zandi disagrees. "The folks in the bottom half of the distribution of wealth, the debt level is high, and it's going to become onerous as interest rates rise."

Income Gap Narrower By Treasury's Measure (WP)

By Nell Henderson

The Washington Post, March 23, 2006

The income gap between rich and poor in the United States has shrunk in recent years, Treasury Secretary John W. Snow said yesterday, addressing an issue frequently raised by critics of President Bush's economic policies this election year.

"There has been a decline in the inequality" from a high point in 2000 through 2003, the most recent year for which figures are available, Snow said during a meeting with reporters yesterday, referring to Treasury data based on tax returns.

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The top 5 percent of Americans, ranked by income, earned 15.4 percent of the nation's after-tax income in 2003, down from 19 percent in 2000, Treasury figures show. The bottom 20 percent took home 2.5 percent of all U.S. after-tax income, up from 2.3 percent in 2000.

But much of the decline in inequality during that period reflected the popping of the stock market bubble, which peaked in 2000, when executives pocketed fat bonuses and stockholders reaped huge profits from selling shares, according to economists inside and outside the Bush administration. The fall in stock prices during those years disproportionately affected high-income households and helped compress the distribution of income.

The Treasury data, which include profit from the sale of stocks and other capital gains, also show that the gap was still larger in 2003 than in 1990, when the top 5 percent of earners took home 12.9 percent of the nation's income.

And census data, which do not include capital gains, show that income inequality grew from 2000 to 2003 and increased again in 2004, continuing a quarter-century trend.

Administration critics said the income figures in 2000 were an anomaly, reflecting the overheated stock market. "If you look at it over a longer period, the trend toward rising income inequality has continued unabated," said Leonard E. Burman, a former Clinton administration Treasury official who is a senior fellow at the Urban Institute.

President Bush's tax cuts in 2001 and 2003 made income inequality "a lot worse," Burman said.

President Bush's approval rating has been falling, making Republicans nervous about the congressional elections this year. A Washington Post-ABC News Poll conducted this month found that 51 percent of respondents disapproved of how Bush is handling the economy, and 62 percent said he does not understand "the problems of people like" themselves.

Snow attributed those poll numbers to a lag between recent improvements in the economy and people's perceptions of that strength, overlaid by anxieties about the war on terrorism, high gasoline prices and unease about the implications of globalization for U.S. workers.

The economy has grown at a robust pace for the past two years, consumer spending is rising and businesses are hiring, he said, calling those indicators "the poll that counts."

Snow acknowledged that the income gap has grown over recent decades.

Family income inequality declined from 1946 through 1969, census data show. Inequality increased slowly from 1970 through 1979 and "has increased somewhat faster since then," wrote Frank Levy, an economics professor at the Massachusetts Institute of Technology, in an analysis posted on the Census Bureau's Web site.

In 2000, the median household income for the top 20 percent of earners was 14 times the comparable figure for the bottom 20 percent, census figures show. By 2003, the top group earned 14.7 times more; by 2004; it earned 14.8 times more. All the census figures are adjusted for inflation. The median is the midpoint, at which half of all families earn more and half earn less.

Snow also asserted that the economic recovery from the 2001 recession is "a little better" than the rebound from the 1990-91 recession. He pointed to Treasury data showing that median household income had declined each year from a peak in 2000 through 2004, the most recent year for which figures are available. He noted that the drop was shallower than a similar slide during the four years after income peaked in 1989.

But census data also show that median household income declined for three consecutive years after the 2001 recession ended; income declined for just two years after the earlier recession and was rising by the third, noted Lee Price, research director of the Economic Policy Institute.

"Things are still not improving for average people," Price said, noting that the income figures are adjusted for inflation, which has flared in recent years as energy prices have risen. "Because inflation picked up, people in the middle are not getting ahead."

Dow Up 81, Hitting Highest Level In Nearly Five Years (NYT/BLOOM)

By Bloomberg News

The New York Times, March 23, 2006

By Bloomberg News

DOJ_NMG_0020240

The Dow Jones industrial average rose yesterday to its highest level in almost five years as the outlook for corporate earnings improved.

Auto stocks gained after General Motors' announcement of a plan to reduce labor costs through employee buyouts. Bristol-Myers Squibb surged after reaching a settlement to delay a generic version of its biggest-selling drug. Morgan Stanley rose as its profit beat analysts' estimates.

Lower oil prices also helped stocks bounce back from the decline shares posted earlier in the week amid concern that the Federal Reserve would keep raising interest rates to curb inflation.

The Dow average gained 81.96 points, or 0.7 percent, to 11,317.43, the highest since May 2001. The Standard & Poor's 500-stock index added 7.81 points, or 0.6 percent, to 1,305.04.

Technology stocks trailed the advance as a delay in the next version of Microsoft's Windows program led to the stock's biggest decline since July. The Nasdaq composite index, which gets 42 percent of its value from computer-related shares, gained 9.12 points, or 0.4 percent, to 2,303.35.

The market slid earlier this week as a speech by the Federal Reserve chairman, Ben S. Bernanke, and a report on producer prices rekindled interest rate concern. The central bank meets Tuesday to decide whether to raise a benchmark rate a 15th consecutive time.

Stock indexes rebounded yesterday as investors chose to focus on the improving outlook for the auto and drug industries.

G.M., the world's largest automaker, offered a one-time buyout to factory employees and reached an agreement with its biggest parts supplier, Delphi, to entice thousands more workers to retire. The deal with the United Automobile Workers reduces the chances of G.M.'s being sent into bankruptcy by a strike at Delphi.

G.M. shares added only a penny, to $22.01, but shares of other companies involved in autos showed bigger gains. Lear, the largest supplier of auto-interior parts, rose 87 cents, to $18.18. Johnson Controls, the largest automotive-seat maker, rose 59 cents to $77.44. And Ford Motor gained 10 cents, to $8.15.

Bristol-Myers surged $2.41, or 11 percent, to $25.24, for the largest gain in the S.&P. 500. Bristol and Sanofi-Aventis reached a settlement with Apotex that keeps a generic version of the blood thinner Plavix off the market until 2011. Sanofi-Aventis American depository receipts gained $4.20, to $47.88. The Amex pharmaceutical index had its biggest jump since Jan. 3, climbing 2 percent.

Morgan Stanley gained $1.53, to $61.94, after it said fiscal first-quarter net income rose 17 percent on revenue from buying and selling stocks and fixed-income securities. Per-share profit was $1.54 in the three months ended Feb. 28, exceeding the highest analyst estimate in a survey by Thomson Financial.

Microsoft fell 59 cents, or 2.1 percent, to $27.15, for the worst performance in the Dow average, after the company announced that the Vista version of Windows would be delayed.

Apple Computer, which makes computers that run on a different operating system, fell 14 cents, to $61.67.

Nike, the largest athletic-shoe maker, added $1.87, to $86.82. The company said fiscal third-quarter net income rose 19 percent as the new Air Max 360 sneaker helped increase United States sales. Profit for the quarter that ended Feb. 28 was $1.24 a share, exceeding the $1.10 average estimate of analysts surveyed by Thomson.

About 11 stocks rose for every 4 that fell on the New York Stock Exchange. Almost 1.49 billion shares changed hands on the Big Board, 9.8 percent fewer than the three-month average.

The price of the benchmark 10-year Treasury note rose 5/32, to 9814/32. The yield, which moves in the opposite direction from the price, was 4.70 percent, down from 4.72 percent on Tuesday.

After Slump, Dow Hits Nearly 5-year High (USAT/BLOOM)

By Bloomberg News

USA Today, March 23, 2006

NEW YORK — Stocks snapped a two-day slump Wednesday amid growing confidence rising earnings will outweigh increasing interest rates.

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The Dow Jones industrial average gained 81.96 points to 11,317.43, highest since May 21, 2001, putting it up 5.6% this year. The Dow is on pace for a better than 24% gain this year.

Boosted by advertising, steel and footwear stocks, the Standard & Poor's 500 index added 7.81 points to 1305.04. The index is up 4.5% this year.

And despite the unexpected delay of Microsoft's next version of the Windows operating system until January, the tech-heavy Nasdaq composite index gained 9.12 points to 2303.35. The Nasdaq is up 4.4% this year. Shares of Microsoft, though, fell 59 cents to $27.15.

Automakers and parts suppliers were strong following General Motors' announcement of a plan to reduce labor costs through employee buyouts (stories, 1A, 1B). Company-specific news also helped boost Bristol-Myers Squibb, Morgan Stanley and FedEx.

Lower oil prices also helped stocks recover after falling earlier in the week amid concern that the Federal Reserve will keep raising short-term interest rates to curb inflation.

"We have felt all along profits would come in better than expected" in 2006, says Keith Wirtz, chief investment officer at Fifth Third Asset Management.

And despite the strong rise in stock values this year, some think there's still upside. "Stocks are not expensive," says Doug Sandler, chief equity strategist at Wachovia Securities. "There's no reason to believe we can't go higher. I don't see inflation as a threat at all."

Morgan Stanley rose $1.53 to $61.94. The investment bank said quarterly net income rose 17%, exceeding the highest analyst estimate in a survey by Thomson Financial.

•Bristol-Myers gained $2.41 to $25.24 after it and Sanofi-Aventis reached a settlement with Apotex that keeps a generic version of their blood thinner off the market until 2011. The blood thinner, Plavix, is Bristol-Myers' biggest-selling drug.

•FedEx rose $1.22 to $114.44. The No. 2 U.S. package-shipping company said fiscal third-quarter profit rose 35%, more than analysts expected, as strong demand enabled FedEx to raise prices.

•Juniper Networks lost 37 cents to $18.99. Banc of America Securities analyst Tim Long said the No. 2 maker of equipment that directs Internet traffic may "struggle" to gain market share required to meet estimates this year.

Stocks Rise As Rates Decline (WSJ)

By Scott Patterson

The Wall Street Journal, March 23, 2006

The interest-rate tap dance on Wall Street continued Wednesday, leaving stocks higher and rates lower.

The Dow Jones Industrial Average gained 81.96 points to 11317.43, the first time it closed above 11300 since May 2001. The Dow is now about 20 points shy of a six-year high, a level it neared by 10 points in a strong rally in the final hour of trading.

Basic materials companies such as Caterpillar and financials such as J.P. Morgan Chase, which tend to benefit from low rates and economic growth, helped lead the rally. Shares of General Motors jumped earlier on reports that its auto-parts supplier Delphi has reached an agreement1 with the United Auto Workers union and GM on an early retirement plan for employees. But it moved lower at the end of the day.

Rising rates knocked stocks lower earlier this week, amid concerns over a speech given by Federal Reserve Chairman Ben Bernanke on bond yields. A report showing a bigger-than-expected increase in core wholesale prices also led to concerns that the Fed would have to push rates higher than most hope to keep inflation in check.

Wednesday, though, yields declined as bonds rallied on continued debate among investors about the meaning of Mr. Bernanke's speech. The rally Wednesday provided a sense that bond yields are contained, at least for now.

Stocks are up "because the bond market is rallying, and there's confidence that earnings are going to continue to grow," said Kent Engelke, capital markets strategist Anderson & Strudwick. "If rates are contained and we have solid economic growth, we're going to see pretty good earnings" in the rest of 2006, he said. Fears that earnings growth will wane sharply in the latter half of the year have led to skepticism that stocks will continue to climb.

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Technology stocks were weak after Microsoft said it would delay the release2 of its new Windows Vista operating system for consumers until January 2007. Microsoft fell 2.5%. While the Nasdaq Composite Index spent most of the morning in negative territory, it clawed higher toward the end of regular trading, rising 9.12 points to 2303.35.

Computer makers such as Dell, Hewlett-Packard and Gateway had been banking on a rush of holiday sales as computer users snapped up new machines tricked out with Vista's bells and whistles. Microsoft plans to release the Vista operating system to large business customers in November.

The Standard & Poor's 500-stock index rose 7.81 to 1305.04. Light, sweet crude-oil fell 57 cents to $61.77 a barrel on the New York Mercantile Exchange despite a report by the Energy Department that crude-oil inventories declined by 1.3 million barrels last week, when analysts were expecting a 2.8 million barrel increase.

Meanwhile, Biogen Idec shares were flat after it said the Food and Drug Administration will extend its review of its key multiple sclerosis drug Tysabri by up to 90 days, a setback for the company which wanted to reintroduce the drug to the U.S. market in June. Shares of its Irish partner Elan slipped 3.7%.

Shares of Bristol-Myers Squibb and Sanofi-Aventis rallied after the companies said they had reached a settlement for Canadian drug maker Apotex to delay9 its generic version of blood-thinning drug, Plavix, until 2011. Bristol-Myers' shares rose 11%, and Sanofi gained 9%.

In major market action:

Stocks rose10. On the New York Stock Exchange, where 1.5 billion shares traded, 2,272 stocks rose and 1,031 fell. On the Nasdaq Stock Market, where 1.7 billion shares traded, 1,779 rose and 1,187 declined.

Bonds advanced11. The benchmark 10-year Treasury gained 4/32 point, or $1.25 cents for every $1,000 invested, to yield 4.705%. The 30-year bond added 10/32 to yield 4.75%. Yields move inversely to prices.

The dollar was mixed.12 It traded at 117.07 yen, down from 117.30 yen late Tuesday, while the euro fell to $1.2074 from $1.2087.

Stock Performance Undercuts Bush's Vision Of Ownership Society (BLOOM)

By Brendan Murray

Bloomberg, March 23, 2006

March 23 (Bloomberg) -- President George W. Bush has tried to sell Americans on an ``ownership society'' that would create more wealth -- and more Republicans in the process. The stock market hasn't accommodated.

The Standard & Poor's 500 Index -- the benchmark for American equities -- is down 2.8 percent since Bush took office five years and two months ago. That's the worst performance during the same stage of any two-term administration in the past half century except that of Richard M. Nixon.

The market's performance is undermining a central goal of White House Deputy Chief of Staff Karl Rove, Bush's chief political adviser. Borrowing from Margaret Thatcher's privatization push in the U.K. in the 1980s, Rove's theory is that if more Americans make their own financial decisions and the last vestiges of a welfare state are dismantled, a culture of ownership will spring up. The ranks of Republican voters, the idea goes, will swell along with it.

``The ownership society looked very attractive on paper,'' said Jacob Hacker, a political science professor at Yale University in New Haven, Connecticut. ``But once you flesh out the changes, people become very concerned because they are already fearful that their economic security is slipping away,''

Those fears are playing out as campaigns are getting underway for the November congressional elections.

``I don't see many Republicans stressing it, emphasizing it or raising it during the campaign,'' said U.S. Representative Peter King, a Republican from New York. While younger voters may be more willing to accept risk, ``the older you get, the harder it is to fully accept this shift.''

Outside Threats

Some of the insecurity stems from the quarterly statements that many Americans are getting for their 401(k) retirement funds and other accounts. Stocks are stammering at the same time government statistics on jobs, productivity and gross domestic product are showing economic strength and continued growth.

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Since the Sept. 11 terrorist attacks and the war in Iraq, exuberance about the economy has been overtaken by gnawing unease about the future, according to Robert Solow, 1987 winner of the Nobel Prize for economics and professor emeritus at Massachusetts Institute of Technology in Cambridge.

``Investors are worried that something is going to blow up tomorrow -- they just think it's a crazy world," Solow said.

Harvard economist Robert Barro points to a ``lingering geopolitical risk and this sense in the financial markets that there is this probability of something really terrible happening related to international terrorism."

Performance Factors

Anxiety about terrorism and the war isn't the only reason stocks have struggled to keep pace. Companies still are shedding excess plants and equipment built up during the boom years of the 1990s. At the same time, low inflation and the globalization of markets means companies can't raise prices at will.

The S&P 500 index during the past half-century has risen on average 8.1 percent a year. The index rose 3 percent last year, when Federal Reserve figures show corporate profits reached a record of about $1.3 trillion. In 1999, a year the S&P 500 rose 20 percent, corporate profits were $806 billion.

By comparison with other two-term administrations of the past half-century, the index grew 153.6 percent at this point during the presidency of Bill Clinton, 79.7 percent for Ronald Reagan, 61.9 percent under Dwight D. Eisenhower and 45.4 percent during the Kennedy-Johnson administration. At the same stage in Nixon's presidency the S&P dropped 4.1 percent.

Risk Concerns

Concern about market risks meant Bush last year had to backpedal from a centerpiece of his ownership campaign -- adding private investment accounts to the Social Security system. His other plans, such as having individuals use tax-free accounts to pay for medical costs, may face a similar fate as the Republican congressional majority shies away from programs that shift more decisions and risks to consumers who've demonstrated they want neither.

``Republicans don't want to go anywhere near the ownership society" in an election year, said Hacker, author of the book ``The Great Risk Shift," which is scheduled for publication in August. ``You're going to see very little attention to these larger themes."

Last year, the ownership society was the centerpiece of Bush's domestic agenda. He crisscrossed the country, getting applause for his oft-repeated desire to see ``ownership spread throughout all our society."

This year, Bush didn't utter the word ownership in his Jan. 31 State of the Union. In speeches around the country he has have downplayed themes of personal responsibility and expanding the ``investor class." Instead, he focuses on maintaining the ``competitiveness" of the American economy, providing consumers with more ``transparency" on health-care costs and reaking a U.S. ``addiction" to oil.

Timing

The idea of giving individuals a greater stake in the economy ``is broadly appealing, but it works best when the market is clearly performing well and rising," said James Lucier, senior analyst with Prudential Equity Group LLC in Washington.

Not all is bleak on the ownership front. As Bush frequently points out in speeches, the home ownership rate rose to a record of 69.2 percent under his administration, from 67.5 percent when he took office. The value of mortgages stood at $8.66 trillion at the end of 2005, from $5.22 trillion in 2001, Federal Reserve figures show, while individual stock holdings have fallen to $6.08 trillion, down from $6.72 trillion 2001.

Stocks may continue to remain short of previous highs. The consensus forecast of 15 equity strategists surveyed by Bloomberg News in early March is for an S&P 500 index to finish the year at 1,353, which would be an 8.4 percent gain for the year. That's still below the high of 1,383 during Bush's tenure reached on Jan. 31, 2001 -- about a month before the economy slipped into recession.

Stocks would be 10 percent to 15 percent higher without the geopolitical risks that stem from the Bush administration's foreign policies, said Allen Sinai, chief global economist at Decision Economics Inc. He predicts the S&P 500 index -- whose 3 percent rise last year when ranked globally bested only China, Malaysia and Venezuela's stock markets -- will rise to as high as 1,375 this year, from yesterday's close of 1,305.

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``In the midst of a very nice business expansion, there is a kind of pall in the attitudes of Americans about how this administration is performing," Sinai said.

Republican Split On Stem Cells Creates `Wedge' Issue (Update1) (BLOOM)

By William Roberts

Bloomberg, March 23, 2006

March 22 (Bloomberg) -- In 2002, when he was an 18-year-old freshman at the U.S. Air Force Academy, Jeff McCaffrey was paralyzed from the waist down in a car accident. A Catholic and opponent of abortion, McCaffrey is now an ardent campaigner for research using stem cells from human embryos.

``I have no moral qualms," said McCaffrey. ``It is simply cells," he said in a telephone interview. ``Scientists can make those stem cells that are blank turn into spinal cells and heal my injury."

People such as McCaffrey present a quandary for Republicans, who are split over whether to allow federal funding for research on new stem cells from human embryos. Senate Democrats plan to force a debate on the issue in the coming months and use it in the campaign leading up to the November elections.

Republicans plan their own debate over bioethics in an effort to limit the damage from letting stem cells become ``a wedge issue that divides Republicans," Senate Majority Leader Bill Frist said in an interview.

Republicans in the past often have benefited from such ``wedge issues" -- subjects that divide Democrats' constituencies, such as gun control, abortion and gay marriage. Stem-cell research may be one of the first wedge issues that hurts Republicans more because of President George W. Bush's stand against it; polls show a majority of the public disagrees with him.

``Stem-cell research could define '06 Senate races," to the advantage of Democrats, said Phil Singer, a spokesman for the Democratic Senatorial Campaign Committee.

Bush's Ban

Bush has prohibited federal funding for any research using material from newly created human embryos since 2001. While Frist has promised to bring a measure before the Senate to overturn Bush's ban, a plan to begin debate this month has been stalled.

Scientists inject embryonic cells with genetic material, creating regenerative tissue that in theory could be implanted in patients to cure diseases from Parkinson's to juvenile diabetes. The Republican Party's evangelical Christian base is opposed to the research because human embryos are destroyed in the process.

``We have great qualms about the moral nature of this practice," said Carrie Gordon Earle, a bioethics analyst at Focus on the Family, a Christian advocacy group. The Colorado Springs, Colorado-based organization opposes the potential use of human embryos for research.

``You are destroying human entities," Earle said.

Brownback's Effort

Kansas Republican Senator Sam Brownback is pushing for a week-long debate in the Senate on bioethics in which opponents of such stem-cell research can promote legislation to block it. Brownback said he thinks he has the 51 votes needed to pass such a measure.

``These are the ones you just have to state a truth and stand by it," he said. ``It's human life. And I mean, that has to be stood up for."

Frist said his goal ``is to be able to consider a range of bills and amendments" during any bioethics debate.

A number of Senate Republicans, including Arlen Specter of Pennsylvania and Orrin Hatch of Utah, have joined forces with Democrats including Edward Kennedy of Massachusetts and Tom Harkin of Iowa to push the overturn of Bush's ban.

``Some Republicans are on the wrong side of the issue, obviously," Harkin said. ``There may be some more that are just holding back, but when push comes to shove they will vote with us."

Patient groups such as the Parkinson's Action Network and the Coalition for Advancement of Medical Research, both based in Washington, recently began mobilizing members to push for a Senate vote.

Basic Research

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At issue in the debate is how much funding the U.S. puts into basic research into stem cells. Under Bush's 2007 budget, the National Institutes of Health would spend $605 million on stem-cell research, of which almost 95 percent would go to work in adult stem cells and animal stem cells.

Only $38 million would be directed to research using some of the 21 existing-stem cell lines available under Bush's 2001 executive order. Scientists say those lines have been corrupted by mouse cultures and are therefore useless for potential human therapies.

``As a result, very little research using human embryonic cells is going on here in the U.S.," said William Neaves, director of the Stowers Institute for Medical Research in Kansas City, which was endowed with $2 billion by Jim Stowers, founder of the American Century Cos. mutual funds.

`Falling Far Behind'

The U.S. is ``at significant risk of falling far behind" other nations such as Great Britain, Israel and Singapore, Neaves said.

In a poll by the Gallup Organization conducted August 5-7, 56 percent of the 1,004 people surveyed supported research on newly created stem cells from human embryos. Even people who ``take conservative positions on social issues, when they are faced with a choice between traditional values and advancement of medical research, generally opt for the latter," said Andrew Kohut, director of the Washington-based Pew Research Center.

Some states are taking action to fund research on their own. California passed a ballot measure to pump $3 billion into stem- cell research over 10 years. Wisconsin, Connecticut, New Jersey, New York, Massachusetts and Maryland have all passed laws supporting and funding embryonic stem-cell research.

In Missouri, a group funded by Stowers is pushing a ballot measure that would legalize research using stem cells from human embryos, Neaves said. Focus on the Family's Earle said Christian groups will use television, radio and mail in an effort to defeat the measure in November.

``A `no' vote is a whole lot easier to get, especially on a controversial issue." Earle said.

Talent's Switch

Jim Talent, the Republican senator from the state who is running for re-election this year, last month abandoned his support for legislation that would ban embryonic stem-cell research, including cloning. He now backs research into producing stem cells without cloning or destroying human embryos.

McCaffrey has left the Air Force Academy and is now at the University of Missouri, where he's forming a student group to support stem-cell research.

``I want to use stem cells to save lives and better lives," he said. ``I believe we have a moral obligation to find cures. It is the greater good."

Iraq War Veteran Wins Congressional Primary (NYT)

By Gretchen Ruethling

The New York Times, March 23, 2006

CHICAGO, March 22 — L. Tammy Duckworth, a retired Army major who lost her legs in Iraq and has the backing of some of the Democratic Party's national leaders, declared victory on Wednesday in a close Congressional primary in suburban Chicago, setting up a carefully watched race for the seat of Representative Henry J. Hyde, a Republican who is retiring after 32 years.

Problems with Chicago's and Cook County's new voting system — installed to solve problems with the old punch-card method — also left a hard-fought county race up in the air for nearly a day after the polls closed. Finally, late Wednesday afternoon, Forrest Claypool conceded his challenge to the incumbent Cook County Board president, John H. Stroger Jr.

In the gubernatorial primary, Illinois Treasurer Judy Baar Topinka narrowly edged a conservative rival to clinch the Republican nomination and earn a chance to challenge Democratic Gov. Rod Blagojevich in November.

In the Sixth District Congressional primary, unofficial results showed Ms. Duckworth winning 44 percent of the vote, with her main opponent, Christine Cegelis, winning 40 percent. A third candidate, Lindy Scott, took 16 percent.

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"My service to this country and my service in Iraq are a testament to my patriotism and my dedication," Ms. Duckworth said in a telephone interview on Wednesday. "I am so gratified that there is such tremendous energy in this district, that people feel there is a viable alternative for the first time in 32 years."

Ms. Duckworth, 38, lost her legs when a rocket-propelled grenade hit the helicopter she was piloting in Iraq in November 2004. She announced her candidacy in December after she was released from rehabilitation and active duty.

"Three months ago, nobody knew who I was," said Ms. Duckworth, who has received widespread support from leading Democrats like Senators Hillary Rodham Clinton of New York and John Kerry of Massachusetts, and vows to focus on education, health care and jobs. "It has been a whirlwind."

Ms. Duckworth's opponents in Tuesday's primary were critical of the amount of support and financing she received from outside the district. Ms. Duckworth will face State Senator Peter J. Roskam in November. Mr. Roskam also has national support, from Republican Party leaders, including Vice President Dick Cheney, who visited Illinois last week to raise money for him.

In the Cook County Board race, Mr. Claypool, who was running against Mr. Stroger as a reformer looking to end patronage in county government, told his supporters on Wednesday at campaign headquarters, "You brought us so close to victory against the old Democratic machine."

He added, "We were challenging virtually all the power brokers in Cook County and Chicago, but we ran a real grass-roots campaign."

Mr. Stroger, 76, remains hospitalized in serious but stable condition after suffering a stroke last week.

Mr. Claypool's concession came while election officials were manually counting ballots after problems with a new voting system left 13 percent of the votes uncounted.

In unofficial returns, Mr. Stroger was leading Mr. Claypool by more than 21,000 votes, 52 percent to 48 percent. Mr. Claypool said it was obvious that the remaining ballots, many of which were cast in predominately African-American precincts where Mr. Stroger has strong support, would not change the balance.

"We strongly believe that we have won," Bruce Washington, Mr. Stroger's campaign manager, said at a news conference on Wednesday afternoon. "We're just going through the process here of counting the remaining ballots."

The ballot problem comes two years after more than 5,000 provisional ballots cast in a primary election here were disqualified, mainly because of technical errors.

Ex-Army Pilot Gets Ill. House Nomination (AP)

By Dennis Conrad

The Associated Press, March 22, 2006

Tammy Duckworth, a former Army helicopter pilot who lost both legs in a grenade attack in Iraq, is now leading the charge for the Fighting Democrats.

Duckworth narrowly won the Democratic nomination for Congress in a primary race Tuesday for the House seat held by Republican Rep. Henry Hyde (news, bio, voting record), who is retiring after 32 years. She is the best-known of the Iraq war veterans who want to go to Capitol Hill this year.

"My experience in Iraq made me realize, and during the recovery, that I could have died," said Duckworth, who was wounded in 2004 and now gets around by using either a wheelchair or metal prosthetic limbs and a cane. "And I just had to do more with my life."

About 10 veterans of the current fighting in Iraq and Afghanistan are candidates for Congress, all but one of them a Democrat. The Fighting Democrats, as they are being called, contend their battlefield experience will allow them to criticize the war without being written off as naive and weak on defense.

Duckworth, a 38-year-old major in the Illinois Army National Guard, has strong backing from big-name national Democrats, some of whom recruited her to run in the traditionally Republican district in Chicago's suburbs.

On the campaign trail, she has portrayed U.S. involvement in Iraq as a mistake. She has faulted U.S. intelligence and accused American politicians of making poor decisions.

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But she has nothing but praise for the U.S. fighting men and women in Iraq and Afghanistan, and has cautioned against quick withdrawal.

"I just thought that we never should have invaded Iraq. We should have gone after Osama bin Laden and our enemies in Afghanistan who attacked us on our soil here in the United States," she said in suburban Downers Grove on Wednesday after edging out businesswoman Christine Cegelis for the nomination.

At the same time, Duckworth, who is married to a captain in the Illinois National Guard, said: "I was proud to serve. I'd do it tomorrow. I'm still in the Army National Guard. If my unit were deployed, I would go again. I think it is important to do your duty."

Larry Sabato, director of the Center for Politics at the University of Virginia, said he would be surprised if Duckworth won in November. But "she serves a function for Democrats even if she loses," by helping the Democrats compete with the Republicans on the issue of national security.

Similarly, Stephen Hess, a professor of media and public affairs at The George Washington University, said that most of the veterans seeking House seats this cycle are "running in places where they're sacrificial lambs."

In November, Duckworth will face state Sen. Peter Roskam, a well-to-do lawyer and conservative from Wheaton who ran unopposed in the GOP primary. Roskam also drew support from Vice President Dick Cheney, who helped with a fundraiser that brought in an estimated $200,000.

"How much is this going to be a national election? Clearly, the Republicans will hope it's not. `All politics is local will be their mantra,'" Hess said.

For her part, Duckworth has tried to talk about more than just the war.

"I think we need to stop giving money to oil companies at a time we are cutting funding for education," she said. "We need to stop giving tax cuts to the very wealthiest Americans."

She does acknowledge what some critics say privately: That she would not have become a candidate had it not been for her catastrophic injury.

Had she not been wounded, she said, she would have started a nonprofit agency or gone back to her job at Rotary International's world headquarters in Evanston, where she was a staff supervisor and was working at the same time on a doctorate on Southeast Asia's economies and public health.

An Iraq Veteran Begins Her Journey To Congress (TIME)

By Eric Ferkenhoff

Time, March 22, 2006

Ever since veteran Republican representative Henry Hyde announced last year that he would not be seeking another term in Congress, Democrats have viewed his suburban Chicago district as one of the key battlegrounds in their effort to take back the House in 2006. Almost immediately party heavyweights like Senators Barack Obama of Illinois and Hillary Clinton of New York and House Democratic Leader Nancy Pelosi started lending their support and helping raise loads of cash for one of the nation's most closely watched races. And with the Iraq War increasingly seen as a winning issue for the Dems, they recruited wounded Iraq War veteran Tammy Duckworth to run for the seat.

On Tuesday, their strategy began to pay off. Duckworth, a 38-year-old former major with the Illinois National Guard who lost both legs during a grenade attack on her helicopter, appeared to have eked out a primary victory over her challenger, tech entrepreneur and two-time candidate Christine Cegelis, by garnering 44% of the vote to Cegelis's 40%. Duckworth will now face a high-stakes fall race against conservative state Sen. Peter Roskam, who himself has had big names like Vice President Dick Cheney helping him amass a war chest topping $1 million.

For his three decades in Congress Hyde, who brought clout and many political goodies to his District, had been an unbeatable incumbent. So when he decided to end his storied career on Capitol Hill, Dems viewed it as an especially promising opening. And with a greater mix of young people and minorities, especially Hispanics, moving to the area, Dems believe the district is trending in their favor.

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Republicans are confident that Hyde's conservative legacy remains very much alive in the west suburban District. And they note that Roskam, while criticized as too far right for a district becoming more diverse, is a loyal Bush supporter running in a district that voted for him in 2004, even as the President handily lost the state as a whole.

Duckworth is one of several veterans of the war in Iraq to enter the political fray this election, and some have questioned whether Democrats—namely Democratic Congressional Campaign Committee Chairman Rahm Emanuel, the Illinois representative who is thought to have personally recruited Duckworth-were exploiting a veteran wracked with emotional and physical scars. Duckworth dismisses such talk, as well as the notion that the race is about national issues like the war. "I've been under much more stress when people's lives are on the line," she said."This I can handle."

That may be, but whether she can actually deliver the district to the Democrats will depend on how well she can translate her combat experience into political know-how. "My service gives me an insight that other candidates won't have, and my injuries give me a platform," she said. "But that's all it is, a platform. If there was no substance to me—[issues] like education, the health care, the jobs—I'd fall off that platform very quickly."

Iraq War Veteran Wins Her First Political Battle (CSM)

By Amanda Paulson

The Christian Science Monitor, March 23, 2006

CHICAGO - Iraq war veteran Tammy Duckworth edged out opponents in the Democratic primary Tuesday, setting up an intriguing congressional contest. The upbeat vet - who didn't begin her campaign until mid-December - will face Republican Peter Roskam in November in a bid to replace retiring Rep. Henry Hyde (R), who has represented Illinois's Sixth District since 1975.

Ms. Duckworth is the most visible of seven Democratic Iraq war vets running for Congress this year. Her candidacy has attracted much national attention due to her compelling personal story - she lost both legs and partial use of one arm when her helicopter was shot down in November 2004 - and the district in which she's running. Located in Chicago's western suburbs, the Sixth District has long been overwhelmingly Republican but is changing, and Democrats are now eyeing it.

George W. Bush won the district with just 53 percent of the vote in 2000 and 2004, and in the last House contest Democrat Christine Cegelis took an impressive 44 percent of the vote against Mr. Hyde.

Despite Duckworth's high profile - and backing from party leaders such as Sen. Hillary Rodham Clinton, Sen. John Kerry, and Illinois Sens. Barack Obama and Richard Durbin - taking the seat from the GOP will be tough, most analysts agree.

"The thing she'll have going for her is the publicity, and it appears she can raise the requisite amount of money from national sources," says Dick Simpson, a political scientist at the University of Illinois in Chicago and a former Chicago alderman. But in a district that is still largely Republican, he says, Duckworth will have to win over both the Democrats who backed her primary opponents as well as independents and some Republicans. Among GOP voters, "she'll be helped most by her status as a veteran," he says.

Duckworth barely bested Ms. Cegelis on Tuesday, winning by a margin of less than 4 percent. She was criticized during the campaign as being a candidate recruited by outside politicians who lives three miles outside the district and who lacks grass-roots support.

But Duckworth's backers see the victory and her impressive fundraising as signs that she can wage a tough campaign. Even in traditionally GOP districts, "someone who's an Iraq war veteran or a military veteran will make them stop and listen," says Mike Lyon, director of the Band of Brothers political action committee, which is working on behalf of 57 war veterans running for Congress as Democrats.

Machine Woes Slow Vote-Counting In Illinois (WP)

By Kari Lydersen And Zachary A. Goldfarb

The Washington Post, March 23, 2006

CHICAGO, March 22 -- Election officials here resumed counting ballots Wednesday after problems with new electronic voting machines around Cook County forced them to halt the count in a key local race in Tuesday's primary that also had voters casting ballots for governor and Congress.

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The election was one of the first major tests of how well states and localities, seeking to comply with new federal law, have replaced outdated voting machines with modern, more accurate technology that is more accessible to disabled people.

The problems Tuesday night did not significantly affect tabulations for one of the nation's key congressional primaries. Late tallies showed that Iraq war veteran Tammy Duckworth narrowly won the Democratic nomination for Illinois's 6th District, where Republican Rep. Henry J. Hyde is retiring. But results for an important local race, the Democratic nomination for the Cook County Board president, were delayed until Wednesday.

Illinois has received more than $144 million in federal grants to comply with the Help America Vote Act, which Congress passed in 2002 in response to the controversy over the disputed election in South Florida in 2000. Some of that grant went to pay for a $50 million new system of optical-scan and touch-screen machines in Cook County, manufactured by Sequoia Voting Systems of Oakland, Calif.

"It didn't work as well as we would have liked, but it did work," said Chicago Board of Election Commissioners spokesman Tom Leach.

Election reform advocates have been raising concerns for months about the security and implementation of new voting technology. But some officials said Wednesday that the technology generally worked well and the problems that occurred here were not surprising, given the thousands of poll workers who had to learn the new system, one of the most complex in the nation.

Paul S. DeGregorio, chairman of the federal Election Assistance Commission who was in Chicago to observe the election, characterized the problems as "growing pains." He said that as states hold primaries in coming months, "there will be complicating issues with new equipment, but we'll work through them," with the goal of having the kinks worked out by the November general elections.

The biggest hurdle Tuesday appeared to be that poll workers at 365 of the more than 3,000 sites had trouble electronically transmitting final tabulations to the main elections office downtown. Officials stopped counting and ordered elections judges to bring ballots and memory cartridges to the office.

The judges started to arrive at 1 p.m. Wednesday. About 40 judges there received lengthy instructions on tabulating and, if necessary, recounting the ballots.

Cheryl Kawa, a veteran Democratic election judge, said: "It's reminding me of the day of the chads. It's overwhelming."

She wasn't disappointed in election officials or the system, though. "They're all human; they're doing the best they can."

Despite the problems, Leach was confident that all votes would be counted, and he pledged to get to the bottom of the problem. "We'll go back to every one of those 365 precincts and find out: Was it human error or was it mechanical error?" he said. "Not one voter was sent away, and not one voter was disenfranchised."

Proportion Of Doctors Giving Charity Care Declines (WP)

By Ceci Connolly

The Washington Post, March 23, 2006

The proportion of U.S. physicians providing charity care has steadily declined over the past decade, even as the number of Americans without health insurance has risen significantly, a new study finds, suggesting that government health programs and clinics will face increased demand.

In 2004-2005, 68 percent of doctors said they delivered some free or discounted care to low-income patients, down from the 76 percent recorded 10 years earlier, according to a national survey being released today by the Center for Studying Health System Change. The center, a nonpartisan research group funded primarily by the Robert Wood Johnson Foundation, noted that the number of uninsured people climbed to 45.5 million in 2004.

"One of the striking things about this is that the decrease is pretty much across the board," said lead author Peter J. Cunningham. Charity care declined regardless "of specialty, type of practice, size of practice or part of the country."

Overall, higher-paid specialists or doctors working in small private practices were more likely to provide charity care than internists, pediatricians or those employed by large managed-care companies, the survey found.

Nearly 80 percent of surgeons reported providing free care, largely because they spend more time in hospitals, which are required by law to treat indigent patients. Pediatricians, on the other hand, probably saw less demand for charity care because

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higher percentages of children receive care through government programs. Although the number of physicians providing charity care has remained stable, the proportion has fallen because there are many more doctors practicing medicine.

Less charity care in the doctor's office means more demands on hospital emergency rooms and more patients who simply go without care, said Cunningham, who oversaw the survey of 6,600 physicians. In a related study, the center found that a declining number of uninsured Americans received routine medical care. In 2003, 46 percent of people without health insurance had a regular doctor, down from 52 percent in 1996.

Busy schedules, reduced reimbursement rates and high medical-school debt appear to be contributing to the problem.

"Physicians are still committed to charity care," said J. Edward Hill, president of the American Medical Association. "Time pressures for physicians have increased enormously, and there have been income drops."

At a time when insurers are clamping down on reimbursements, most young doctors carry an average medical-school debt of $119,000, he said. And although charity care has dipped, Hill, a family physician from Mississippi, stressed that "nearly 70 percent" of doctors still offer some.

Until recently, the nonprofit Family and Child Services Inc. of Washington relied on a network of volunteer doctors to provide free checkups to needy children heading to summer camp. But now, "that service just isn't available," said Charlotte L. McConnell, the group's executive director.

Time pressures and fear of lawsuits are the two most common reasons doctors give McConnell. "My sense is they have to do a certain volume to cover their expanding costs, especially in D.C. to cover [malpractice] insurance," she said.

In Texas, President Bush's home state, "volunteer charity care is nonexistent," said Sherry L. Hill, chief executive of the Community Health Centers of South Central Texas Inc. "It is the rare physician that will donate a day or an afternoon or morning."

Last year, 7,000 patients made 25,000 visits to the centers' clinics, more than triple the number served in 1999, she said. The clients, 70 percent of whom are uninsured, all work -- as farmers, ranchers, domestic help or gas station attendants.

At a dinner meeting with local doctors, Hill, who is not related to the AMA president, asked if anyone would volunteer to be a substitute when the center's staff physicians went on vacation. "I didn't get a taker in the group," she said.

The real problem, said the AMA's Hill, is the steadily rising number of people with little or no health insurance.

"The solution is fair coverage for all," he said. "We've got to wake up in this country and decide we're going to solve that problem."

Since taking office, Bush has added or expanded 865 federally funded community health centers, serving about 14.6 million patients this year, said Bill Hall, a spokesman for the Department of Health and Human Services.

"They've been expanding, but they are not universally available across the country," and most of the community health centers offer limited services, Cunningham said.

Who Will Make Baltimore Safe? (WP)

By Douglas M. Duncan

The Washington Post, March 23, 2006

Too often in Maryland politics we see jurisdictional squabbling and turf battles. We see fights between the Washington suburbs and the Baltimore region, or the Eastern Shore and Western Maryland. Such squabbles are not productive; in fact, they are roadblocks to progress. But one thing is clear: All residents of Maryland have a stake in our state's largest city. We cannot have a healthy Maryland until we have a healthy Baltimore. And when it comes to crime, Baltimore is not healthy.

In 2003 Baltimore was the second-most dangerous big city in America. Today it remains so. Per capita homicide rates have actually increased since 2000. Baltimore is six times as deadly as New York and three times as deadly as Los Angeles. In 2004 only three major cities reported increases in homicides: Detroit, St. Louis and Baltimore. While other cities have had historic declines in homicides and violent crime, Baltimore has not had similar success. And while there has been progress in the Inner Harbor, far too many neighborhoods are still racked with crime.

The mayor of Baltimore can't seem to crack the problem. He's on his fourth police commissioner, and the police department itself is dealing with a major scandal. The mayor openly spars with prosecutors when they need to be working together. And sadly, politics are being put ahead of people. The Baltimore Sun recently reported that the crime numbers being

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kept by the city may not be accurate. A WBAL-TV series in Baltimore revealed dramatic instances of crimes not being reported. Solid, sound information is the bedrock of crime fighting and prevention.

But instead of solutions, we're seeing political posturing. Mayor Martin O'Malley repeatedly refers to a 40 percent decline in violent crime. Independent experts say it may be more like 23 percent. While campaigning in Montgomery County, O'Malley claimed it was 50 percent. He labels calls for independent audits as political stunts. But somehow O'Malley's 1999 audit of crime -- conducted by consultants he hired -- is considered by the mayor to be above reproach. Some, however, question whether it was used to overstate the reduction in crime.

Gov. Robert L. Ehrlich Jr. is calling for an audit -- but only of five jurisdictions, which gives the appearance of politicization in an election year. While this is a step in the right direction, a statewide audit is the only way to get an accurate assessment of crime in Maryland.

Who's thinking about the people of Baltimore?

Given all the recent reports that have come out about the suspect crime numbers, several members of the General Assembly have introduced a bill for a comprehensive, independent audit of crime across the state, not just in five jurisdictions. I urge swift passage of this bill. The first step in solving a problem is assessing the problem.

I recently stood with Baltimore's top prosecutor and other leaders and released a comprehensive plan to reduce crime across the state. It calls for 1,000 more police officers on the streets, but that's just a start. It calls for more drug treatment and the expansion of currently successful drug courts. It calls for better pre-release services and expanding Operation Restart, which helps put people's lives back on track when they get out of jail. There are new laws to crack down on gangs and combat sexual predators. And, perhaps most important, the plan would commit resources to community crime task forces. These task forces would bring together law enforcement, community groups and other agencies in Maryland to target efforts in high-crime areas. Sometimes a housing agency can shut down a crack house faster than the police can. Or the health department can shut down a restaurant that is also a front for crime faster than the courts. By pooling community knowledge and efforts, we can improve communities faster.

It's a blueprint for the first step in achieving a healthy Baltimore, and a healthy Maryland.

Some have said I am engaged in "Baltimore bashing." They need to ask themselves who is doing the real disservice to the good people of Baltimore: those who talk honestly and openly about the problems and lay out strategies to solve them, or those who engage in constant political posturing and continue to describe rosy scenarios while people still live in fear?

I believe education is the long-term solution to reducing crime and improving the quality of life in Maryland. But families cannot be asked to wait for safer neighborhoods. Children deserve safe streets today.

The writer is Montgomery County executive and a candidate for the Democratic nomination for governor of Maryland.

A Vision, Bruised And Dented (NYT)

By David Brooks

The New York Times, March 23, 2006

The big question in Democratic circles is, Who can win? The big question in Republican circles is, What do we believe? The setbacks in Iraq, the failure to limit the size of government and plummeting poll numbers have changed the way Republicans talk and govern.

If you wanted to put these changes in a nutshell, you'd say the Republicans have gone from soaring Bushian universalism to nervous, dumbed-down Huntingtonism.

Just over a year ago, Republicans were thrilling to the lofty sentiments of President Bush's second inaugural: that freedom is God's gift to humanity, that people everywhere hunger for liberty. To explain his efforts to democratize the Middle East, Bush hit all the high notes of the American creed, while not dwelling much on the intricacies and stubbornness of foreign cultures.

Today, many Republicans have lost patience with Bush's high-minded creedal statements. Like the Harvard political scientist Samuel Huntington, they have come to believe that culture matters most. Lofty notions about universal liberty splinter on the shoals of Arab customs. Heartfelt convictions about reducing the size of government disintegrate inside the culture of

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Washington. Many Republicans have lost faith in efforts to transform patterns of behavior, and come to believe that we shouldn't exaggerate how much we can change.

In the realm of foreign affairs, we have seen the rise of what Richard Lowry of National Review calls the " 'To Hell With Them' Hawks." These, Lowry writes, "are conservatives who are comfortable using force abroad, but have little patience for a deep entanglement with the Muslim world, which they consider unredeemable, or at least not worth the strenuous effort of trying to redeem." They look at car bombs and cartoon riots and wonder whether Islam is really a religion of peace. They look at the mayhem in the Middle East and just want to withdraw. After all, in his book "The Clash of Civilizations," Huntington didn't want to change the Muslim world — he just called for less contact with it.

In the field of immigration, Republican sentiment seems to be shifting away from the idea that the United States is a universal nation, where immigrants come from across the world to work, rise and join in the pursuit of happiness. Now Republican rhetoric emphasizes how alien immigrant culture is; how slowly the Mexicans assimilate, if at all; how much disorder and strain their presence creates.

There is a chance that in the next few weeks, the G.O.P. will walk off a cliff on the subject of immigration. In the desperate effort to win back their base, Republican senators may follow Bill Frist and embrace a draconian enforcement-only immigration bill (which will lose them Florida and the Southwest for a generation).

Finally, there is the issue of domestic poverty. Hurricane Katrina rekindled a brief resurgence of compassionate conservatism, at least for President Bush. But Republicans in Congress were having none of it. They appropriated the money they had to, but they had no confidence that the federal government could do anything effective to transform the culture of poverty: the out-of-wedlock births, the family breakdowns and so on.

In short, Republicans seem to have gone from believing that culture is nothing, to believing that culture is everything — from idealism to fatalism in the blink of an eye.

Recently, I've spilled a lot of ink stressing the importance of culture as we think about poverty, development and foreign affairs. But it's dismaying to see so many Republicans veer overboard into a vulgarized version of Huntingtonist cultural determinism.

European conservatives from Edmund Burke to Michael Oakeshott usefully remind us of the power of culture and tradition. But American conservatives — from Hamilton to Reagan — have never taken that path precisely because they believe in the power of the American creed, precisely because they have an Enlightenment faith in the power of reason to change minds.

Whether in Iraq or the barrio, history is not a prison. Culture shapes people, but cultures are changeable.

Fortunately, there is a great Republican leader who understood the balance between culture and creed: Abraham Lincoln. In this spring of Republican discontent, his approach and governing method will make a good subject for a future column.

Correction

Last Sunday, I wrote that Plato used the word "eros" to signify the appetitive part of the soul. This isn't the first time I've been led astray by the power of eros. The correct word is "epithymia."

INTERNATIONAL NEWS:

Rice Optimistic About Iran Diplomacy (AP)

By Liz Sidoti

AP, March 22, 2006

Secretary of State Condoleezza Rice expressed confidence Wednesday that Russia and China would eventually resolve their differences with the United States and its European allies on how to pressure Iran to stop enriching uranium.

"Sometimes diplomacy takes a little bit of time, but we're working very hard on that," Rice told reporters during a visit here.

The top U.S. diplomat said she is not worried about a delay in efforts at the United Nations to write a statement addressing Iran's disputed nuclear program. Russia and China's opposition to a tough statement stalled talks with high-level diplomats this week at the United Nations.

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The intention all along, Rice said, was to come up with a vehicle to allow the international community "to speak strongly to Iran that it has no other course but to return to negotiations, suspend its programs and agree to a civil nuclear arrangement" that would alleviate possible risks of weaponization.

"We will come up with a vehicle, I am quite certain of that," she said. "We have work still to do. This is the natural course of diplomacy. If it takes a little longer, I'm not really concerned about that."

The United States, Britain and France have failed to get Russia and China to agree that the U.N. Security Council should approve a statement reiterating demands by the U.N. nuclear watchdog organization, the International Atomic Energy Agency, that Iran suspend its uranium enrichment efforts.

The process can be used to generate nuclear power or make nuclear weapons. The United States and its European allies contend that Iran seeks the ability to make bombs. Iran insists its nuclear program is peaceful and is intended only for civilian energy production.

Russia and China strongly oppose language backed by the U.S. and Europeans that would call for a report in 14 days on Iran's compliance with the IAEA's demands. Russia and China want Iran to have more time and want the IAEA to keep the lead in pressuring Iran.

Rice spoke while in the Bahamas to meet with 14 foreign ministers and the secretary general of the Caribbean Community and Common Market, a regional trade bloc known as Caricom.

On the agenda were discussions of how the United States could work with the Caribbean countries to urge democratic change, enhance economies, strengthen security and improve disaster preparedness.

The brief Caribbean trip also was intended to alleviate friction between the Bush administration and Caribbean leaders over the ouster of former Haitian President Jean-Bertrand Aristide in 2004.

"This is part of her effort to get this relationship back where it should be," said Tom Shannon, assistant secretary of state for the Western Hemisphere. "I think we're just about there."

Caribbean leaders have accused the United States of being an accomplice in Aristide's toppling. He fled Haiti amid a bloody rebellion and his supporters contend the United States forced him from office. The Bush administration says he left voluntarily.

U.S. troops were sent to Haiti after Aristide's departure and remained there until U.N. peacekeepers were deployed. By the end of 2006, the United States will have provided $500 million in aid to Haiti over three years.

Caricom suspended Haiti's membership shortly after Aristide fled, refusing to recognize an interim government the group called unconstitutional.

Recently, the group has said Haiti will be allowed to rejoin if recent presidential and parliamentary elections are deemed free and fair.

Rice was urging the group to fully restore its relationship with Haiti and help stabilize the country as its new government tries to overcome two decades of democratic failure and widespread political violence.

U.S. officials say the group not only pulled away from Haiti over the past two years but also separated itself from international efforts to strengthen the Western Hemisphere's poorest country.

Aside from a previous visit to Haiti, the trip was Rice's first to the Caribbean as the top U.S. diplomat and the Bush administration considered it the next step toward a solid policy agenda between Caribbean countries and the United States.

Previously, Rice met with the Caribbean foreign ministers in June in Ft. Lauderdale, Fla., and again in September at the United Nations.

Nations Seek To Break Deadlock Over Iran (AP)

By Nick Wadhams

AP, March 22, 2006

U.N. Security Council members sought to break a deadlock over Iran's suspect nuclear program Wednesday after Britain and France could not get Russia and China to agree on how to pressure Tehran to stop enriching uranium, diplomats said.

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Nonetheless, U.S. Secretary of State Condoleezza Rice said she was confident that the council could come to an agreement.

"We will come up with a vehicle, I am quite certain of that," Rice said during a trip to the Bahamas. "We have work still to do. This is the natural course of diplomacy. If it takes a little longer, I'm not really concerned about that."

As Rice spoke, the five veto-wielding members of the Security Council — Britain, China, France, Russia and the United States — convened at the U.S. mission to the U.N. but reported no new progress in formulating a council statement.

The lack of progress, which followed a decision to scrap full council discussions Tuesday, reflected just how much the United States and its European allies had failed to get Russia and China on board during a meeting of high-level diplomats in New York the night before.

One council diplomat described that meeting as a setback for British, French and American efforts to craft a tough council response to Iran, which the West believes is seeking nuclear weapons. Russia and China are firm in their belief that any Security Council action should be mild.

"We're trying to get back on track from where we were before last night's meetings," the diplomat said on condition of anonymity because the talks were confidential. "The Russians and the Chinese came in guns ablazing."

President Bush stressed that Iran should never be allowed to have a nuclear weapon, and said that diplomacy continued.

"We're dealing with this issue diplomatically by having the Germans and the French and the British send a clear message to the Iranians, with our strong backing, that you will not have the capacity to make a weapon, to know how to make a weapon," Bush told an audience in Wheeling, W. Va.

"Iran with a nuclear weapon is a threat and it's dangerous, and we must not let them have a weapon."

The United States and its European allies want the Security Council to approve a statement reiterating demands by the U.N. nuclear watchdog, the International Atomic Energy Agency, that Iran suspend uranium enrichment, the process that can be used to generate nuclear power or make nuclear weapons.

Iran insists its program is for generating electricity.

Diplomats said the Russians and Chinese have not budged from their opposition to tough language seeking a report in 14 days on Iran's compliance with the IAEA demands. Moscow and Beijing have said that is not enough time, with China suggesting 30-45 days.

Russia and China also want the IAEA to keep the main role in cajoling Iran on uranium enrichment. They have raised concerns that pushing Iran too hard could lead to its withdrawal from the Nuclear Nonproliferation Treaty and expulsion of IAEA inspectors.

Monday's meeting had been intended to discuss broad strategy and a first council response. Britain, for example, has proposed offering Iran a package of unspecified incentives as a way of getting Russia and China to agree to the threat of tougher council measures later on.

But the sides made little headway, emerging only to express concern that Iran had not yet met IAEA demands.

The lack of any significant movement after 10 days could lead the Western nations to abandon the presidential statement, which requires the consensus of all 15 council members, in favor of a resolution, a council diplomat said on condition of anonymity because the issue had not been raised with members yet.

That would put Russia and China in the position of having to approve, abstain or veto action against Iran.

Negotiations between Iran and France, Germany and Britain, acting on behalf of the European Union, collapsed in August after Tehran rejected an incentives package offered in return for a permanent end to uranium enrichment.

Its subsequent moves to develop full-blown enrichment capabilities led the IAEA's 35-nation board to ask for Security Council involvement earlier this year.

White House Questions Iran's OK On Talks (AP)

By Barry Schweid

AP, March 22, 2006

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The Bush administration questioned on Wednesday the motives of Iran's Supreme leader Ayatollah Ali Khamenei in approving U.S.-proposed talks on Iraq, but did not shut the door entirely.

"It is a matter of curious timing," State Department spokesman Sean McCormack said, suggesting Iran was trying to deflect international pressure from its nuclear programs now under criticial discussion at the United Nations.

While a "channel" for communication between the United States and Iran remains open, he said, no meetings have been scheduled.

Khamenei's statement on Tuesday was the first confirmation that he supports having talks. He also warned the United States must not try to "bully" Iran.

President Bush months ago initiated a diplomatic effort to hold talks with Iran over its activities in Iraq. The administration considers Iran meddlesome and accuses it of supporting insurgent militia with weapons.

When Iran last week signaled its willingess to talk, however, Bush's national security adviser, Steven J. Hadley, dismissed the overture as a play designed to divert pressure and attention from nuclear programs the United States and its European allies charge are designed to develop nuclear weapons.

In similar reaction on Wednesday, McCormack said: "I find it very interesting that the Iranian regime has chosen this particular time to seek to communicate with the United States government through this channel of communication, where this channel of communication has been open for some time."

The spokesman went on: "We think it has more to do with Iran's desire to decrease the pressure on the regime and to divert attention from the ongoing discussions about the topic of Iran's nuclear program that we're watching unfold up in New York.

"We think it has more to do with that and less to do with an actual desire to communicate with the United States government on issues concerning Iraq."

Most Americans Believe Iran Is Building A Nuclear Weapon (WSJ)

By The Wall Street Journal Online

The Wall Street Journal, March 23, 2006

A large majority of Americans believe Iran is using its uranium research program to build a nuclear weapon, according to a recent Harris Interactive poll.

About 85% of Americans say the U.S. "should be concerned" about Iran's nuclear research activities, according to the telephone survey of 2,435 U.S. adults. And 70% say they think Iran is using its research to build a nuclear weapon, the poll shows, while another 25% say they aren't sure.

The U.S. and its European allies are currently seeking a statement from the U.N. Security Council1 to reiterate demands by the International Atomic Energy Agency that Iran suspend uranium enrichment, the process that can be used to generate nuclear power or make nuclear weapons.

But the poll shows Americans are mostly divided on whether the U.S. should have the backing of the U.N. in working to prevent Iran from building nuclear weapons.

Nearly half of U.S. adults, or 47%, say the U.S. "should only act with support from the United Nations," while 38% say the U.S. "can act alone, but it would be better to have support from the United Nations."

Only 8% say the U.S. would be "perfectly justified to act alone."

Here are full results of the poll: "Recently Iran said it was going to restart its nuclear technology research. Do you think this should be a concern for the U.S. or not?"

Base: All adults * * * "Do you believe that Iran is using this research to try and build a nuclear weapon?"

Base: All adults * * * "In working to prevent Iran from building nuclear weapons, to what extent should the U.S. act alone, without support from the United Nations?"

Base: All adults

Methodology:

Harris Interactive conducted this online survey in the U.S., March 8-14, 2006, among a nationwide cross section of 2,435 adults. Figures for age, gender, race/ethnicity, education, income and region were weighted where necessary to align with

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population proportions. Propensity score weighting was also used to adjust for respondents' propensity to be online. In theory, with probability samples of this size, one can say with 95% certainty that the overall results have a sampling error of =/- 3 percentage points of what they would be if the entire U.S. adult population had been polled with complete accuracy. This online sample is not a probability sample.

About Harris Interactive - Harris Interactive is a world-wide market research and consulting firm, best known for The Harris Poll and its use of the Internet to conduct scientifically accurate market research. For more information, see www.harrisinteractive.com2. To become a participant in The Harris Poll Online and join future online surveys, see www.harrispollonline.com3.

Iranians In Fear Of Fear (WT)

By Nir Boms And Reza Bulorchi

The Washington Times, March 23, 2006

Following two decades of Tehran's lies and three years of international wishful thinking, Iran's nuclear case was finally brought to the hands of the U.N. Security Council. In the meantime the mullahcracy in Tehran has been gearing itself for another phase of international standoff.

On the same day Tehran declared "the Russian proposal is no longer on our agenda." the Sunday Telegraph reported that Iran has built a secret underground emergency command center in north Tehran as "they prepare for a confrontation with the West over their illicit nuclear program."

Hojatol-Islam Mohsen Gharavian, a disciple of the ultraconservative Ayatollah Mesbah Yazdi, was reported in February to have approved the use of atomic weapons against the "enemies of Islam." Meanwhile, the theocratic regime's shrinking loyal base is mobilized for staged rallies in front of European embassies and nuclear facilities to give an appearance of national legitimacy.

The mullahs' nuclear drive has no doubt enraged Iranians -- but for reasons far different from what the mullahs may admit.

For years, the mullahs have proven to be the biggest enemy of Iranians. The regime carried out summary executions of thousands of political prisoners in what is known as the 1988 massacre that followed a fatwa by Ayatollah Khomeini. Even pregnant prisoners were not spared. Last year, Mohammad Abbaspour, a member of the social committee of Iranian parliament, said "Today 90 percent of people are under the poverty line". The foreign debt has reached almost 30 percent of Iran's GDP. Thousands of Iranians have sold their kidneys to make the ends meet. Some families have even traded their young daughters to human traffickers. Iran's massive flux of rising oil income has only helped to finance a gigantic multi-faceted WMD program and a growing infrastructure of terror around the Middle East.

Indeed, the vast majority of Iranians are opposed to the theocratic regime's drive that has pushed their country to the verge of a military confrontation. An internal classified report prepared by a state-run polling center has reportedly concluded that only 31 percent of Iranians consider the nuclear program a "national' project. The report adds that 86 percent of Iranians believe the nuclear energy is not worth entering a war.

More importantly, however, Iranians have paid the highest price to derail the mullahs' nuclear weapons program. While satellite imagery and inspections by the International Atomic Energy Agency (IAEA) contributed to getting a sense of the extent of Iran's nuclear drive, it was the Iranian opposition that played the key role in exposing the mullahs' nuclear secrets. The National Council of Resistance of Iran, the major opposition coalition, revealed in August 2002 that Tehran was building two new secret nuclear facilities in the cities of Arak and Natanz. In February 2003, Iran admitted to the existence of two sites, a development that set in motion the IAEA resolution to report Iran to the U.N. Security Council.

It has become increasingly difficult for the mullahs to cast their atomic drive as an "Iranian" program while the Iranian opposition is at the center of the campaign against it. And to hit back at the opposition, mullahs chose their usual route. Several days before the IAEA meeting, prison officials announced that if the nuclear case were ever referred to the Security Council, they would unleash their wrath on political prisoners.

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And that threat became a chilling reality just a day after the IAEA vote. Hojjat Zamani, 31, a political prisoner and a member of MEK (an affiliate of the opposition coalition), was snatched from his cell by prison guards and hanged at dawn on Feb. 7, according to Amnesty International. More prisoners are feared to be facing a similar fate.

The Zamini case shows that Iran's drive for nuclear weapons is the flip side of its campaign of suppression at home. This year alone, more than 30 individuals have been executed -- many in public -- or sentenced to death. The daring strike of Tehran transit workers was brutally crushed, as was the peaceful but defiant stand of several thousands Sufi Muslims last week. Meanwhile, Elham Afroten, a 20-year-old female journalist, is reported incarcerated since Jan. 23 and badly mistreated for allegedly placing a satirical article comparing Ayatollah Khomeini to the AIDS virus.

Iran's theocracy will do anything to instill fear; which is why it will do everything to get the nukes. And when it succeeds, one can easily imagine what would a regime that cares so little about its own citizens may do to the citizens of the "infidel" world. For the sake of the world and for the sake of the Iranian people -- the mullahs must not be given that nuclear choice.

Nir Boms is the vice president of the Center for Freedom in the Middle East. Reza Bulorchi is the executive director of the U.S. Alliance for Democratic Iran.

Opening With A Trap Door (WP)

By Jim Hoagland

The Washington Post, March 23, 2006

Ask administration hard-liners about Iran's sudden acceptance of the U.S. offer to talk about stability in Iraq and you hear this reaction: It's a booby trap. These hawks are right.

Put the same question to moderates on the Bush team and this is the response: It's an opening in the confrontation and a necessary step toward an exit strategy for Iraq. The remarkable thing is that these doves are right, too.

President Bush must treat the Iranian decision to open discussions in Baghdad as trap and opportunity. It is both. The administration should pursue this small opening in the Iranian wall with discipline and attention to maintaining a united front with its European and Asian partners. They are Iran's immediate targets.

The Iranians will certainly suggest to Europe, Japan and India that the United States is dealing behind its allies' backs to protect its interests in Iraq. The Iranians are masters at playing on others' divisions, often by inviting them to exploit simulated divisions on the Iranian side. Thus the endless arguments over Iran's "moderates."

The Bush team must make the Baghdad talks one insulated part of a coordinated three-pronged approach to Iran. Contacts with Iran must be managed as hard-nosed diplomacy that will go to the brink -- but not be carried over it by bluster and inflexibility.

The White House rightly insists that the Baghdad talks be limited to practical steps for defusing the crisis in Iraq. Discussion in Baghdad of Iran's nuclear ambitions, now under scrutiny in the U.N. Security Council, or other broad topics would undermine the allied unity that has brought the complaint against Iran this far.

The State Department hopes to get a declaration from the Security Council in about two weeks that ostensibly gives the Iranians a final chance to suspend their nuclear enrichment program and return to negotiations with the European Union and Russia.

The statement is in fact a necessary step toward new U.N. negotiations over a resolution imposing sanctions on Iran. "The Europeans need to show their publics that they have jumped through all the hoops" before threatening sanctions, a U.S. official says. Washington is cooperating in this approach.

To reduce the danger that Iran will use the Baghdad talks as a divisive ploy, the United States should now join -- and lead -- the negotiating effort over enrichment. After the move to talk to Iran in Baghdad, the Bush administration cannot remain a silent, outside partner at the top rung of the negotiating ladder. And U.S. direct involvement provides the only hope of getting the Iranians back to the table.

The threat of sanctions has already triggered a counterthreat from Iran to use oil as a weapon. Washington must lead in establishing a credible international emergency energy-sharing program to confront that bad-case scenario. "We have to say to

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the Iranians together that we will endure a cold winter or two but they will be harmed even more by an oil boycott," says a senior European politician who has studied Iranian negotiating behavior extensively.

U.S. officials recognize that U.N. action might not be sufficient or even forthcoming. They now speak of a "diplomatic coalition of the willing" to pursue sanctions and other measures against Iran if the U.N. effort falters. But that coalition must be forged through diplomatic leadership and the sharing of the negotiating burden.

Such sharing can be reinforced in a third layer of contacts in this policy of engaging Iran, with intense skepticism. The United States should support efforts by the U.N. special representative to Iraq, Ashraf Jehangir Qazi, to establish a contact group of regional states that would meet regularly -- in Baghdad.

Regional "meetings outside Baghdad don't work at this stage," Qazi told U.S. officials he visited this week in Washington in a refreshing burst of candor. Having senior diplomats from Egypt, Syria, Jordan and other Persian Gulf countries -- including Iran -- wrestle concretely with Iraq's daily problems could usefully supplement the U.S.-Iranian talks.

The experts say that Iran is six to nine months away from mastering the centrifuge process of enrichment, the key step in a 5- to 10-year process of building a nuclear bomb. Talking to the Iranians at three interlocking levels is the best way to determine whether there is any realistic hope of deflecting them from enrichment or deterring them if they get the bomb -- and what happens if the answer to both is no.

Bush must reshape Ronald Reagan's attitude toward Mikhail Gorbachev: Don't trust, do verify at every step of the way. First, there must be something to verify.

Bush Presses For India Nuclear Pact (AP)

By Barry Schweid

AP, March 22, 2006

President Bush urged Congress on Wednesday to approve a landmark plan to share nuclear technology with India — a deal that could be a tough sell to lawmakers.

Bush said India has proven itself over 30 years to be a non-proliferator.

"It's in our interest that India use nuclear power to power their economic growth because ... there's a global connection between demand for fossil fuels elsewhere and price here," Bush said in Wheeling, W.Va., where he gave remarks centered on Iraq and the war on terror.

In Washington, Undersecretary of State Nicholas Burns also urged lawmakers to approve the deal. "India can be trusted," he said.

Critics, including former Sen. Sam Nunn, D-Ga., are skeptical of the agreement reached March 2 by Bush and Indian Prime Minister Manmohan Singh of India.

It requires Congress to exempt India from U.S. laws that restrict trade with countries, such as India, that have not submitted to full nuclear inspections.

Among concerns raised by Nunn, who played a leading role on military issues in Congress, were that the agreement would promote a regional arms race with China and Pakistan and make it more difficult for the United States to win support for sanctions against such countries as Iran and North Korea.

Burns said "we take his views very seriously." But, Burns said at a news conference, "we're far better off" having India submit to supervision under the agreement than having the country isolated.

He added that "India is a country that does not proliferate."

"We are going to make a convincing case," Burns said.

Legislation to implement the plan was introduced last week. Burns said Secretary of State Condoleezza Rice would testify in support of the measure.

Also, two assistant secretaries of state, Richard Boucher and Stephen Rademaker, were sent to Vienna to promote the plan with the Nuclear Suppliers Group, an assembly of 35 nations that export nuclear technology.

"India is accepting international verification," he said. "India is accepting international inspection. Who can argue with that?"

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He said the agreement reflects "the emergence of a new global partnership between India and the United States."

Burns said it should cause no problem with Pakistan, traditionally a rival of India, and that the United States maintains good, although different, relations with Pakistan.

Pakistan on Tuesday successfully test-fired a cruise missile that can carry a nuclear warhead and hit targets within a 310-mile range, the army said.

Both Pakistan and India are nuclear-capable nations.

UK Chosen As Possible 'Star Wars' Site (FT)

By Guy Dinmore In Washington

Financial Times, March 23, 2006

Interceptor missiles could be placed in the UK as part of the US "Star Wars" missile defence system, according to plans revealed by the Pentagon.

The moves are likely to attract more unwelcome attention for prime minister Tony Blair's government over the nature of the transatlantic relationship.

Lt Gen Trey Obering, head of the Missile Defense Agency, disclosed at a military conference in Washington this week that the US had formally selected Britain as possible site for the interceptors in Europe.

However, Bryan Whitman, Pentagon spokesman, said on Wednesday that negotiations had not taken place on basing interceptors in the UK. "[There has been] no planning, no approach, no request, and no invitation."

Poland and the Czech Republic were already known as candidates, while Hungary has apparently been dropped. The Bush administration wanted to make a single choice soon, analysts said.

The ballistic missile defence system, which involves putting interceptors in Europe by 2010, is intended to protect the US from missile attack with land, sea, air and space-based assets.

The programme has cost $90bn since 1985 and the Pentagon plans to spend another $58bn in the next six years, according to a recent congressional report, which also highlighted test failures and criticised cost overruns and lack of transparency.

Britain already plays a crucial role in the defence of the US through the early-warning radar system at the Fylingdales base in northern England. The two sides signed a memorandum of understanding on ballistic missile defence in 2003.

Rumours of secret deals to place interceptors in the UK have been around for some time. In October 2004, Geoff Hoon, then UK defence secretary, told parliament any such decision would "be open to scrutiny and debate in the normal way" but that specific parliamentary approval would not be required.

Lt Gen Obering said the mission was to develop an "integrated layered" system that would also protect US allies.

The UK would be the "third site" for interceptors after Fort Greely in Alaska and Vandenberg Air Force Base in California.

Placing interceptors in the UK would raise the risk of Britain itself coming under attack, warns the British American Security Information Council (Basic), an independent defence watchdog.

Ian Davis, executive director of Basic, said it was inconceivable that the US would have announced the UK as a possible location without having discussed the issue with London. He thought eastern Europe was a more likely choice.

There was no immediate comment from UK officials.

Additional reporting by Demetri Sevastopulo in Washington

Rice Reduces Caribbean Ire, But Falls Short On Aid To Haiti (NYT)

By Joel Brinkley

The New York Times, March 23, 2006

NASSAU, the Bahamas, March 22 — After two days of meetings with Caribbean leaders, Secretary of State Condoleezza Rice appeared to have cooled some of their anger toward the United States but failed to persuade them to embrace the new government in Haiti, United States officials said Wednesday.

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One goal of her visit here was to persuade the other Caribbean nations to take forceful steps to help the new Haitian government stabilize the country and deal with its crushing problems. What she got was a commitment to readmit Haiti to the Caribbean Community of nations and a vague promise to help Haiti in the future.

"Where do we go in the future?" asked Fred Mitchell, the Bahamian foreign minister and chairman of the Caribbean Community. "We remain engaged" with Haiti "and will continue to review the matter."

Relations between the United States and the Caribbean Community, known as Caricom, have been strained and embittered for two years, in part because of opposition here to the war in Iraq but also because of the role of the United States in Haiti. Many Caribbean leaders contend that the United States forced President Jean-Bertrand Aristide from power in 2004.

Before this visit, Ms. Rice met twice with groups of Caribbean foreign ministers, once during an Organization of American States meeting last spring and again at the United Nations in September, but she and her aides said they realized that she had to come here to begin turning the situation around. "We intend not just to continue our relationship but to deepen and broaden" it, she said Wednesday at a news conference with Mr. Mitchell. Several of the Caribbean foreign ministers listened in the front row as she spoke.

A joint statement said Ms. Rice "agreed to strengthen cooperation with a view to enhancing Caricom-U.S. relations." While language like that is common in such statements, United States officials said they were encouraged by the reception the Caribbean leaders gave Ms. Rice.

One said, "We are now on the same page." There was no indication, however, that the Caribbean leaders had softened their position on the war in Iraq.

The United States officials were less pleased with commitments by Caricom countries to help Haiti.

"I didn't hear them," a senior administration official said.

At the news conference, Ms. Rice reminded the Caribbean leaders that "we all have a tremendous stake in the development of a democratic Haiti that can be self-supporting."

If Haiti falls into chaos once again, she added, "that can have an effect on this region and, in fact, an effect on the United States."

René Préval, who was elected president on Feb. 7, is to form a government this spring.

Schooling China In The American Way (WP)

By Peter S. Goodman

The Washington Post, March 23, 2006

BEIJING, March 22 -- Three United States senators came to one of China's most prestigious universities on Wednesday, ostensibly to talk about trade. What they delivered was an expansive, almost evangelical campaign for American values -- one that received pushback from their audience of students and faculty.

The senators talked about an unfair advantage they say Chinese exporters enjoy over American firms because of the low-value currency. They implored China to adopt the norms of global trade. In strikingly moral tones, they pledged Washington's resolve to pressure China to liberalize not only its currency regime but also its political culture, using trade as a wedge for broader reform.

Tom Coburn (R-Okla.) told the Tsinghua University audience that his model of leadership is "a man by the name of Jesus." He later quoted Martin Luther King Jr. as he urged China to do "the right thing" on trade policy.

Lindsey O. Graham (R-S.C.) told the students that, post-9/11, Americans are committed to taking on whatever battles seem imperative -- China's cheap currency, along with al-Qaeda.

"In my country, we're very arrogant, and I admit to it," Graham said. "You have to understand that Americans have for 200 years fought and died not just for our freedom, but for other people's freedoms."

Charles E. Schumer, the New York Democrat who has led the drive to force China to raise the value of its currency, the yuan, said economic reform leads toward a free society. "I believe it is inevitable that China will have much more freedom," he said.

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But when the time came for questions, the reaction from students and faculty -- though polite and reserved -- revealed how the American campaign for a free-floating Chinese currency has backfired in some quarters. Many here resent the specter of the world's lone superpower seemingly attempting to dictate how Beijing should manage its economy and the values that should govern Chinese society.

A 21-year-old architecture student who gave his name as Albert rejected the idea that the civil liberties the senators suggested have universal appeal.

"Have you ever thought that it is probably the freedom of speech that you guys promote that finally resulted in this terrorist attack," he said, calling 9/11 an act of "revenge" for American offenses against Islam. "In China, we have promoted the harmony that would have prevented this kind of attack."

Schumer leapt from his chair. "I don't think you understand the concept of freedom of speech," he said. "It is our American understanding that freedom leads to stability."

Economist Li Daokui, a member of Tsinghua's faculty, told the senators that he lived in the United States for more than 15 years and "loves the country." But he warned them that the senators' pressure for change was provoking a defensive response from those who might otherwise be friendly to reform.

"Democracy, personal liberties and freedom of speech: These are ideals," Li said. "My worry is that if some people press things too quickly, you will undermine the whole process."

He questioned whether a revaluing of China's currency would create any jobs in the United States.

A man in a blue suit demanded to know how many U.S. senators -- now moving toward a vote on a trade bill that could have great consequences here -- have ever visited his country. "Many Americans are not very well informed of the real situation in China," he said.

Schumer, Graham and Coburn are in China for five days for what they say is an examination of the forces at play before they decide whether to proceed with a vote on the bill at the end of the month. With China's President Hu Jintao scheduled to visit the United States in April and a U.S. Treasury Department report in the works that could brand China a currency manipulator, the Schumer-Graham bill has become a key front in an increasingly tense trade relationship between the countries. It would apply 27.5 percent tariffs to all Chinese-made goods if China does not substantially revalue the currency.

The bill has gained momentum as China's trade surplus with the United States has grown, swelling to $200 billion last year. But many economists assert that even a significant revaluation would do little to alter the trade balance, noting that many of the goods China exports, such as clothing and furniture, have not been made in large quantities in the United States for years. Others called the trip political posturing.

But the reception the senators are receiving attests to the gravity of the issue for China's leaders, who are cognizant of the angry mood in Washington. The senators dined Wednesday night with Zhou Xiaochuan, the governor of the People's Bank of China. They were to meet Thursday with Vice Premier Wu Yi.

The senators said they were here to discuss not only the currency but also China's failure to crack down on routine theft of intellectual property (from pirated Hollywood movies to counterfeit pharmaceuticals), as well as barriers to foreign investment here. The currency issue "has become a metaphor for the whole trade relationship," Schumer said.

China has been emphasizing the difficulties it faces in freeing its currencies, particularly the risk that it could slow economic growth. That message has already gained some sympathy from the U.S. visitors.

"I've learned that you've got 700 million people who need employment, that the interior of your country is not developed," Graham told the students. "I've learned in coming here that for you to change your system very quickly would be very hard for your country. I understand that better now."

Schumer and Graham said they were very impressed by assertions by Chinese officials that they have come to see a free-floating currency as being in their own interest, though they will need to move gradually. "We walk away from this meeting seeing that they are not mouthing it," Schumer said. "They believe."

The senators will also walk away with an appreciation for the pageantry that China uses to great effect in winning over visitors -- even those who come with unpleasant business. On Tuesday night, after an official dinner in the Great Hall of the People, the senators buzzed over the experience.

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"It was the most awesome room," Graham said.

"It wasn't your typical Chinese food," added Schumer. "It was amazing stuff, not your usual stuff. And they went easy on us. No sea slugs. No jellyfish."

But if China's culinary achievements left a favorable impression, Schumer was less impressed by the political culture. On Wednesday, as he spoke at the university, he asked for a show of hands from those believing that "freedom is the eventual right path for China to be on." Perhaps a dozen of the 50 or so people in the room tentatively raised hands.

How many disagreed? Five hands went up. How many people were unsure? No one raised a hand, leaving a silent majority expressing no sentiment at all.

"It's still a very controlled society," Schumer said as he boarded the bus that would take him past countless new skyscrapers and on to the five-star St. Regis Hotel. "They've got a ways to go."

China Tries To Charm Couple Of Senate Skeptics (NYT)

By Joseph Kahn

The New York Times, March 23, 2006

BEIJING, March 22 — Global Times, a tabloid newspaper in China's capital, usually offers its readers a rich diet of nationalist propaganda on subjects like Japanese war crimes and American hegemony.

So it is telling that it devoted its front page on Tuesday to respectful, even admiring, coverage of the China visit of two United States senators, Charles E. Schumer of New York and Lindsey Graham of South Carolina, who have attacked Beijing for "illegal currency manipulation," "mercantilism" and "failure to play by the rules."

The senators, the paper said, "have sent a positive signal by coming to China to see for themselves."

"It is not like earlier times when members of Congress relied on hearsay or their own imagination when they criticized China," the article said.

With a banquet in the Great Hall of the People, a roster of top-level meetings and fawning attention in the state-run press, China wants to win over Mr. Schumer and Mr. Graham.

The reason seems clear: At a time of rising economic nationalism in the United States, highlighted by the rejection of the Dubai ports deal, the Beijing leadership fears that a bill drafted by the senators to impose a 27.5 percent tariff on Chinese exports to the United States has a chance to become law. That would upend economic relations between the world's richest nation and its fastest-growing rival.

The bill would impose the tariffs unless Beijing substantially revalued its currency, the yuan, which critics say the government keeps artificially low. It has met firm opposition from some business leaders and economists, who say they fear a trade war, but it garnered 67 votes in a nonbinding tally in the Senate recently and may come up for a formal vote as soon as March 31.

"They know it's for real," Mr. Schumer said before a private dinner with China's central bank governor on Wednesday evening. "Believe me, the people who are seeing us wouldn't be seeing us if they didn't think it's for real."

The bill and the senators' high-level reception are among the signs that Chinese-American economic relations have become fraught with tensions that trade experts and members of Congress say are the most politically volatile since the fight over China's entry to the World Trade Organization in the late 1990's.

The Bush administration has warned China that its big trade surplus with the United States and industrial-scale violations of American trademarks and copyrights threaten the nations' fast-growing trade ties.

Commerce Secretary Carlos Gutierrez, who will visit China next week, said that unless steps were taken to address American complaints soon, "the administration and the American people may be forced to reassess our bilateral relationship."

Members of Congress have raised the alarm about China's threat to United States manufacturers and workers many times before. But Bush administration officials say the potential for a sustained protest has grown in tandem with China's rising economic power.

China's trade surplus with the United States hit $201 billion last year, a record for any trading partner and an increase of 24 percent from 2004.

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Beijing has controlled its currency within a narrow band around 8 yuan to the dollar, a level that critics say gives it an artificial trade advantage. Despite American pressure, China has allowed its currency to appreciate just 3 percent since it broke a formal, fixed peg to the dollar last July.

China is defending itself against the onslaught, but gingerly. Prime Minister Wen Jiabao, meeting a group of foreign business leaders this week, urged them to convey the message that "it is unfair for the U.S. to scapegoat China for its own structural problems," according to people who attended the meeting.

But Mr. Wen and other top leaders are also trying to improve the atmosphere before President Hu Jintao's first official visit to the United States, scheduled for mid-April. They have promised to tighten enforcement of intellectual property rights and to move steadily toward a more market-driven exchange rate for the yuan, also called the renminbi.

One test of whether Beijing can tame protectionist pressures will be the five-day trip by Mr. Schumer, a Democrat, and Mr. Graham, a Republican, which ends Saturday. The two were joined by Senator Tom Coburn, an Oklahoma Republican, who supports their tariff bill.

The senators declined to say if they had heard anything during their trip to change their minds about the bill. But Mr. Graham said he was "very impressed" with a presentation by a senior economic planner on Wednesday. Mr. Schumer said he had picked up signals "that they are taking the currency where it needs to go, though I'm not sure if they will get there fast enough."

Neither senator has much experience in economic diplomacy. They are lawyers who were not widely noted for their focus on trade, currencies or China before introducing the tariff bill.

Mr. Schumer says his trip to Beijing, Shanghai and Hong Kong is not only the first time he has visited China, but also the first time he has taken an official trip abroad in his 25 years in Congress.

"I'm a homebody," he said. "But somebody has the right to ask, How can you do this if you don't come to China? So we came to China."

Beijing's reaction to their request was cool at first, they said. Mr. Graham joked that of China's 1.3 billion people, "All of them were out of town the week of our visit." Their visas did not come through until shortly before they planned to travel.

But then China laid out a red carpet. They were treated to a banquet in the Hong Kong Room of the Great Hall of the People, the sprawling Stalinist-style meeting hall in Tiananmen Square. They were served dishes that Mr. Schumer, who says his favorite Washington restaurant is Hunan Dynasty on Capitol Hill, pronounced "extraordinary, just extraordinary."

Though they did not get time with Mr. Hu or Mr. Wen, the list of top officials who agreed to meet them is expansive, especially for visitors who do not meet the Chinese leadership's preference for "old friends," or people who have proved sensitive to the Communist Party's interests.

Li Zhaoxing, the foreign minister; Wu Yi, a vice premier and the chief economic troubleshooter; Zhou Xiaochuan, the central bank governor; and Bo Xilai, the commerce minister, are among those on their schedule.

The general sentiment in Beijing is that the threat of the Schumer-Graham tariff can still be headed off. A high tariff would result in "unaccountable losses" to the American economy, because consumers and businesses depend on cheap Chinese imports, said Liu Baocheng, of the Sino-U.S. School of International Management at the University of International Business and Economics in Beijing.

But after the collapse of the Dubai deal, which Mr. Schumer helped bring about, and the failure last summer of a major Chinese energy company's bid to take over the American oil company Unocal, China has grown fearful of surging economic nationalism in the United States.

Mr. Liu said the decision to play host to Mr. Schumer and Mr. Graham took a page from China's courtship of Newt Gingrich, the former House speaker. "He was once an advocate of the China threat, but a visit to China turned him into an opponent of that theory," Mr. Liu told The Beijing Morning News.

Much of what the senators were told by government leaders appears to be a recitation of themes — China's mounting internal social problems, its desire to move toward a fully convertible currency, its plans to stimulate domestic consumption — that officials have repeated many times in recent months. But Mr. Schumer said: "They're not just mouthing it. They really believe it."

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On Wednesday they got a presentation on currency reform from Zhu Zhixin, a top official of the National Development and Reform Commission, a central planning body.

Mr. Schumer said he had pressed Mr. Zhu to address the imbalances between the United States, which is thought to consume beyond its means, and China, which is thought to consume too little relative to its rising wealth. The official pulled out a page from China's newly enacted 11th five-year plan that made the same point.

"It was a golden moment for us," Mr. Schumer said. "He said this was the right way to go. They just had to figure out how to get there."

Senators In China For Talks On Currency Exchange Rate (USAT)

By Calum Macleod

USA Today, March 23, 2006

BEIJING — The co-authors of a Senate bill to punish Chinese currency manipulation say they are learning plenty on a fact-finding mission to China, but still seek more progress toward a fairer exchange rate.

"This is a defining moment for Sino-U.S. relations," warned Sen. Lindsey Graham, R-S.C., in Beijing on Wednesday. "If we can't solve the currency problem, we'll take a giant step backward."

The stakes are huge. China's trade surplus with the USA passed $200 billion last year. That imbalance costs American jobs and is driven by a deliberately undervalued currency, argue Graham and Sen. Charles Schumer, D-N.Y.

The two senators are co-authors of a bill that proposes a 27.5% tariff on Chinese imports into the United States unless Beijing revalues its yuan currency at a higher exchange rate to the dollar.

The yuan, formally known as the renminbi, or "people's currency," currently trades at 8.03 to the dollar, a figure some U.S. critics, including Graham and Schumer, believe is below its real value if it were allowed to float freely on global currency markets.

Chairman Mao Zedong still stares out from most Chinese banknotes, though last week, government advisers in Beijing proposed replacing him with Deng Xiaoping, the reformer who ripped up the Maoist textbook and began the economic reforms that have transformed the Chinese economy.

The Chinese have recovered their capitalist instincts so sharply that, "in competition, you'll beat the socks off us," Graham said to an elite group of MBA students at Beijing's prestigious Tsinghua University. "But let's make sure we play by the same rules."

Change to the currency rate "is not a panacea" for the trade imbalance, Schumer said at the same forum, "but we expect a basic fairness … that will make the global system work."

The congressional delegation, which also includes Sen. Tom Coburn, R-Okla., is in the Chinese capital to see how China works and inform its leaders about rising U.S. anger about what the U.S. sees as unfair trade practices.

"China's cultural wealth, history, intellect, family values and work ethic — nothing can stop China," Coburn said. "We are here to avert a problem, not create one."

The meeting with students Wednesday allowed a more relaxed setting to exchange views with China's future business leaders.

"How many of the 67 senators (who passed a preliminary vote on the tariff bill last year) have been to China?" asked Liu Weiping, an MBA student and CEO of an environmental website. "China has a good reputation and does abide by international principles."

Following further meetings with Chinese government officials, the senators will announce whether they will press ahead with the vote on the tariff bill when they return to Washington. The trip concludes with stops in booming Shanghai and Hong Kong.

China's Hu, Bush To Meet On Terrorism, Nuclear Issues April 20 (BLOOM)

By Cassie M. Chew

Bloomberg, March 23, 2006

March 22 -- Chinese President Hu Jintao and U.S. President George W. Bush will discuss the fight against terrorism and halting the spread of nuclear weapons when they meet April 20 in Washington, a Bush spokesman said.

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The two leaders will discuss areas of mutual interest and will seek ``to make progress in resolving outstanding differences,'' spokesman Scott McClellan told reporters traveling with the president today to Wheeling, West Virginia.

Hu originally was scheduled to meet with Bush in the U.S. last year. That visit was postponed after Hurricane Katrina devastated the U.S. Gulf Coast.

Democrats and Republicans in Congress are putting pressure on the president to address the trade imbalance between the two nations, which reached a record $201.6 billion last year.

Senators Lindsey Graham, a South Carolina Republican, and Charles Schumer, a New York Democrat, are in Beijing to talk with Chinese officials about trade and the valuation of China's currency. The two lawmakers are threatening to introduce legislation that would impose a 27.5 percent tariff on Chinese imports unless the Chinese government loosens its fixed exchange rate and allows its currency to rise.

Graham said at a news conference in Beijing earlier today that he is ``increasingly hopeful'' that China will move toward a market-based currency.

China on July 21 reset the value of the yuan, a denomination of China's currency, the renminbi, at 8.11 to the dollar, a 2.1 percent appreciation from the pegged level where it had been held since 1995, and linked its value to a basket of currencies including the euro and yen.

China's Competitiveness 'on The Decline' (FT)

By Tom Mitchell

Financial Times, March 23, 2006

The competitiveness of China's manufacturing industries has suffered serious erosion over the past year, according to one of the world's largest trade sourcing companies.

Hong Kong-based Li & Fung group, which manages a $7.1bn a year trading business, said price rises crept back into the Sino-US and EU supply chains last year, after at least six years of often "severe deflation".

William Fung, Li & Fung managing director, reported an average 2-3 per cent increase in the once unbeatable China price its US and European clients were willing to pay. He pointed to a "double-digit" rise in Chinese labour costs, the revaluation of the renminbi and higher oil and energy costs for the shift.

"China's costs are all going up," Mr Fung said. "It is no longer the most cost-effective country in the region...Anything [sourced] from China has a higher inflation component than from other places around the world."

Beneficiaries of China's rising prices have included textile and garment manufacturers in India, Bangladesh and Cambodia, which were expected to lose orders to China after the quota regime governing textile production expired in January 2005.

They were saved, however, by a combination of anti-surge "safeguards" imposed by the US and EU on selected Chinese textile exports in the second half of last year, as well as rising cost pressures in China. "[The safeguards] stopped China in its tracks in terms of textiles," Mr Fung said.

"In Bangladesh factories are so overbooked – it's like China used to be," added Bruce Rockowitz, the president of Li & Fung's trading arm, who oversees sourcing operations on four continents.

The inflationary pressure extends to all product categories sourced by Li & Fung, ranging from fashion accessories and furnishings to sporting and travel goods.

Li & Fung, which used to buy 90 per cent of its non-apparel products from China, has seen 25 per cent of this "hardgoods" business migrate to cheaper locations in south and southeast Asia. It sells about 70 per cent of its sourced goods in the US, and another 20 per cent in Europe.

At its results briefing on Wednesday, Li & Fung reported an 18 per cent increase in group turnover to HK$55.6bn ($7.1bn), with net profit up 20 per cent to HK$1.79bn.

The company also recorded a rare up-tick in its "total margin", which represents the difference between what it pays China-based factories and what it charges overseas retailers. The margin rose to 10.7 per cent from 9.6 per cent.

China Raises Taxes To Curb Use Of Energy And Timber (NYT)

DOJ_NMG_0020266

By Keith Bradsher

The New York Times, March 23, 2006

HONG KONG, Thursday, March 23 — The Chinese government announced plans on Wednesday to increase existing taxes and impose new ones on April 1 for everything from gas-guzzling vehicles to chopsticks in a move to rein in rising use of energy and timber and the widening gap between rich and poor.

New or higher taxes will fall on vehicles with engines larger than two liters, disposable wooden chopsticks, planks for wood floors, luxury watches, golf clubs, golf balls and certain oil products.

China's finance ministry disclosed the higher taxes Tuesday night in a statement that was reported Wednesday morning by the official New China News Agency. The statement offered another sign that some senior Chinese officials may be having second thoughts about the rapid growth of privately owned family vehicles, whose sales rose to 3.1 million last year from just 640,000 in 2000.

"In recent years, car ownership in China has grown rapidly and fuel consumption has risen considerably, and this highlights the conflict between supply and demand of oil resources," the statement said. "At the same time, pollution caused by motor cars has become the main source of pollution in big and medium-size cities."

The finance ministry is imposing a 5 percent tax on chopsticks and floor planks, citing a need to conserve timber. Environmentalists around the world have been warning that China's voracious demand for wood was contributing to the clear-cutting of many forests, especially in Southeast Asia.

The production of disposable wooden chopsticks consumes two million cubic meters (70.6 million cubic feet) of timber each year, the ministry said. Plastic chopsticks, which can be washed and reused, will not be subject to the new tax.

A new tax of 10 percent on yachts, golf clubs and golf balls, and a 20 percent tax on luxury watches, is squarely aimed at China's emerging elite of wealthy industrialists and well-connected Communist officials.

China's yacht market is still in its infancy, as military restrictions on ocean traffic and commercial restrictions on river traffic have limited yachts to lakes — although a few entrepreneurs have been able to get around the rules to cruise on the Yangtze River near Shanghai.

Chinese officials have periodically assailed golf, especially when villages and farms are demolished with little compensation to make way for new golf courses.

The biggest commercial effect of the new taxes is likely to fall on sport utility vehicles and luxury sedans. China is reducing its tax on vehicles with engines of 1 to 1.5 liters to 3 percent from 5 percent, while leaving the rate unchanged for slightly more powerful engines. The tax rate will rise to 20 percent, from 8 percent now, for vehicles with engines larger than four liters.

The taxes are likely to affect foreign automakers, especially American manufacturers, more than Chinese companies, which tend to make models with smaller engines.

The big question for automakers is how much of the tax to pass on to consumers, since the tax is collected from the manufacturers. With a week and a half remaining until the new tax takes effect, marketing executives scrambled on Wednesday to assess the impact and no automaker immediately raised prices.

"We are doing the calculations and assessing the impact, and on the other hand watching the actions of our competitors," said Kenneth Hsu, a spokesman for the China operations of Ford Motor, which sell everything from compact cars with 1.6-liter engines to Lincoln Navigator full-size S.U.V.'s with 5.4-liter engines.

Trevor Hale, a DaimlerChrysler spokesman, said the company offered fuel-efficient engines; many Mercedes sedans sold in China have considerably smaller engines than models sold in the United States.

Chinese officials considered and rejected a tax system based on gas mileage instead of engine displacement. That approach would have benefited foreign automakers who possess better technology that permits them to squeeze more power out of the same size engine than purely Chinese manufacturers can.

General Motors China welcomed the new taxes on Thursday but voiced a reservation: "While we believe the new measure will be more environmentally friendly and help lower energy consumption in China, we think it would be more reasonable to base the tax rate on the actual fuel consumption of a vehicle instead of the size of its engine displacement, which is a widely accepted practice worldwide."

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Yale Zhang, an analyst in the Shanghai office of CSM Worldwide, a big automotive consulting firm based in the Detroit suburbs, said that Chinese automakers had growing influence in policy debates and that the new rules might lead to a proliferation of vehicles with engines a hundredth of a liter below the thresholds for higher taxes.

Chinese regulators have already imposed stringent fuel-economy regulations that take effect for all vehicles sold after July 1, and have said that they are considering a separate gas-guzzler tax for models that do not comply. The finance ministry's statement on the tax increases on April 1 made no mention of such a gas-guzzler tax, however, and finance ministry officials could not be reached for elaboration.

The finance ministry also announced a modest new tax of a penny (0.1 yuan) a liter for aviation fuel and 2 cents (0.2 yuan) a liter for naptha, solvents and lubricants, but said it would not collect the new aviation fuel tax for now and would collec t only 30 percent of the new tax on naptha, solvents and lubricants.

Applying taxes on oil products but not collecting them while prices are high could set a precedent for how China handles taxes on gasoline and diesel. Chinese officials have said repeatedly that they would like to raise fuel taxes to encourage conservation, but do not want to act while world oil prices are close to record levels.

On April 1, China will also lower its tax on motorcycles with engines under 250 cubic centimeters to 3 percent from 10 percent, while leaving the tax unchanged at 10 percent for motorcycles with larger engines.

Western manufacturers like Harley-Davidson are trying to break into the Chinese market with powerful bikes, while Chinese manufacturers like Lifan mainly produce less powerful models.

China Can't See Forest For The Chopsticks (WT)

By Richard Spencer, London Daily Telegraph

The Washington Times, March 23, 2006

BEIJING -- China's growing environmental consciousness has hit the heart of its culture, with the government yesterday announcing a 5 percent tax on disposable wooden chopsticks.

The Finance Ministry said chopstick production used up China's forests at a rate of 70 million cubic fe et a year, a waste that it wanted to discourage.

Chopsticks were not the only targets of the regulations, an early fruit of the government's new five-year plan, which stresses energy conservation, efficient use of resources and an end to the environmental despoliation that has accompanied its rapid growth.

Wooden floor panels, another high consumer of wood, and even yachts, of which there are few in China, also will fall under the consumption tax.

A 10 percent tax on golf balls and clubs, part of a wider assault on luxury items, might seem to be unconnected, but there is growing concern in Beijing that many municipal drives to attract business by building golf courses are sacrificing land, tree s and water supplies for what remains a relatively tiny market.

The five-year plan is a major effort by the government to reorder China's priorities after 25 years of dramatic economic growth and spread some of the benefits to ordinary people.

The tax on chopsticks is slated to take effect April 1.

China sells 10 billion boxes of wooden chopsticks a year domestically and exports about 6 billion boxes annually, the China Daily newspaper said.

In an effort to curb the use of bigger cars, automobiles with 2.2-liter engines and larger will be hit with a 9 percent to 20 percent tax, up from the current 8 percent.

Taxes on cars with smaller engines would remain at 3 percent to 5 percent to encourage their use.

Oil-based products also will be taxed to reduce energy use. The tax on solvents and lubricants will be about 2.5 cents per liter, or about 10 cents per gallon.

Companies, however, will have to pay only 30 percent of the tax on the oil products to reduce the impact on industry.

Eight-Step Program For What Ails China (WP)

By Edward Cody

DOJ_NMG_0020268

The Washington Post, March 23, 2006

BEIJING -- On bus-stop billboards, newspaper front pages and television news broadcasts, in school classrooms, factory study groups and student counseling sessions, at forums and meetings all across China, the Communist Party propaganda apparatus has been spreading the word from President Hu Jintao: Do good and avoid evil.

Hu's fatherly advice, in the form of eight do's and don'ts, was issued two weeks ago as an antidote to the corruption and cynicism spreading across China, a result of the often raw capitalism that has emerged during 25 years of dramatic economic change. Although his aphorisms may sound simplistic to Western ears -- "Work hard, don't be lazy" and "Be honest, not profit-mongering" -- Chinese analysts said they are a response to a deep-seated desire among people here for a moral compass to guide them through the unsettling transformation.

"There is a feeling that things have been going wrong," said Kang Xiaoguang, a social sciences researcher at the Chinese Academy of Science. "So when I hear him say that, I say, 'Good. It should have been said a long time ago.' "

Many Chinese would agree. The Communist Party's traditional values of egalitarianism and service to the poor have largely faded away, they complain, in favor of a get-rich ideology that blurs the distinction between officials and entrepreneurs. The strait-laced morals of Mao Zedong's time, they note, have relaxed to the point that bribes are part of doing business and prostitution is practiced openly. In addition, the party's reputation for corrupt land seizures has contributed heavily to often violent peasant unrest, making the need to re-burnish the government's legitimacy more urgent.

Since taking over as party leader and president three years ago, Hu has been reaching for the right formula. Under his orders, the party has been engaged in an 18-month retraining program to fire up its 70 million members. Hu has declared that the country must pursue "scientific development," taking environmental and social concerns into account as the economy grows. And he repeatedly has urged China's 1.3 billion people to create a "harmonious society," in which competing interest groups, such as farmers and businessmen, settle differences without conflict.

"It is a step-by-step program," Kang said. "I think he has a blueprint in his heart."

Some party analysts have suggested Hu's preaching is not enough, that the country should slow the pace of economic reforms and reemphasize the benefits that came with socialism, such as health care and guaranteed employment. Hu and his premier, Wen Jiabao, have resisted the calls, which some analysts say have more to do with jockeying for position than genuine policy disagreements. But the two leaders have clearly indicated they believe headlong economic growth should be tempered by greater concern for the people left behind, particularly farmers.

Having risen through the ranks in the Communist Youth League, with its Boy Scout-like code, Hu, 63, seems to have turned naturally toward a campaign appealing for cleaner living as part of the answer to corruption and cynicism. In a speech last year to cadres training at the Central Party School, he suggested that the solution lies in renewing traditional Marxist thought, revisiting the best of Mao Zedong's policies and reviving ancient Chinese culture, including Confucianism. Of the three, Kang said, Hu looks to Chinese culture as the most likely to provide moral values.

So when he sat down with a group of delegates to the National People's Congress on March 4, Hu harked back to a long Chinese tradition that stipulates leaders are supposed to urge moral conduct on their followers. "Love the motherland, do not harm it," he said. "Be disciplined and law-abiding, not chaotic and lawless."

In all, he recited eight such rules, which he called "the eight glories and the eight shames." The official New China News Agency called them "a perfect amalgamation of traditional Chinese values and modern virtues." The People's Political Consultative Conference, the other house in China's bicameral legislature, passed a resolution saying, "Let it be a paragon and common practice of the times."

The official People's Daily newspaper quickly filled with statements from Communist Party cadres describing Hu's ideas as marvelous and saying they were starting programs to teach the eight do's and don'ts through schools, workplace meetings and popular performances.

"The characteristics of the economic and social development of our country in this period made it necessary to set out the socialist view on glories and shames," the People's Daily said in a front-page editorial Saturday. "The dramatic changes in society, rapid economic development and culture clashes have had an effect on people's ideology, living style and value system.

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The facts prove that without a healthy social conduct and good moral standards the overall national strength will not grow and the people will not be able to stand among other peoples of the world proudly no matter how developed the economy is."

The official China Central Television, playing its part, broadcast daily reports on Hu's meaning and how enthusiastically his ideas were being welcomed across the country. Outdoor advertising also made them available for viewing across the capital; a poster version was printed as well, distributed gratis for those who wanted to see the do's and don'ts on their walls.

Students at Beijing's Fang Cao Di Elementary School were visited by senior officials -- the children called them "Hu Jintao leaders" -- who had them memorize all eight aphorisms. Ren Tanyong, head of the Propaganda Department in Changsha, the Hunan provincial capital, announced that he was setting up a special program so the city's youth would get the message. Several professors and school administrators were quoted as saying Hu's eight lessons were just the thing for China's spoiled young generation.

But Huang Weiting, deputy editor of the party's Seeking Truth magazine, said party officials should be looking at themselves as well. "It's a cadre problem," he said in an interview.

"Eight glories and eight shames are not only a requirement for youth, but also for every citizen," he wrote this week in the party's Discipline Inspection newspaper. "Especially party members and cadres should take the lead."

Despite the noise generated by party propaganda organs, some Chinese questioned whether Hu's preaching would ever reach officials in the small towns and villages where disenchantment with the party is strongest. "It won't even get to provincial capitals," said Kang, the social scientist.

Even in Beijing, a group of recent graduates from prestigious Peking University, all of whom work in government-connected jobs, said they had not heard of the eight aphorisms after more than a week of the campaign. And in Inner Mongolia's distant Tongliao City, Bai Lianhua, a 46-year-old homemaker, said in a telephone conversation that she had no idea what they were.

"I guess it's the same kind of thing as the harmonious society, right?" she said.

Moscow And Beijing Face Tough Talks On Gas Prices (FT)

By Richard McGregor And Neil Buckley

Financial Times, March 23, 2006

Beijing and Moscow face difficult negotiations over prices to realise this week's high-profile announcement of the construction of two pipelines to carry natural gas from Russia to energy-hungry China within five years.

The deal, signed on Tuesday, formed the centrepiece of the state visit by Vladimir Putin, Russia's president, to Beijing, designed to cement strategic energy co-operation between the two countries.

Sergei Lavrov, the Russian foreign minister, on Wednesday said Russia would sell the gas to China at the "market price", calculated according to the same formula linked to oil and diesel prices as for sales to Europe.

But China has balked at signing long-term import gas contracts for the past three years as the price of the resource has risen along with that of oil, outstripping domestic rates which are kept artificially low.

China's failure to import more gas has left a number of newly built gas-fired turbines idle, as power producers have turned to plentiful and cheap coal.

"Coal is going to be the predominantly competing fuel, and this raises the issue of how much gas is going to get used in China," said John Harris, in the Beijing office of Cera, the energy consultancy.

But the cost of pipeline gas should be cheaper than that of liquefied natural gas, where price rises have been highest, leaving industry executives confident a deal can be struck. "The pipeline gas will be competitive," said Victor Vekselberg, the director of gas at TNK-BP, whose field will provide the resource for one of the pipelines.

Despite Chinese frustrations over the difficulty of securing concrete energy deals with Russia, the summit between Mr Putin and Hu Jintao, China's president, their fifth meeting in the last 12 months, has strengthened bilateral ties.

Two-way trade, dominated by Russian sales of arms, oil and logs and Chinese exports of manufactured goods, is rising rapidly and is being complemented by closer political ties.

Mr Putin said Russia wanted to promote co-operation in civil aviation, machinery manufacturing and anti-terrorism, as well as learning from China about how to operate free-trade zones.

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But Mr Putin made no firm commitment about one of the projects most sought by China, the construction of an oil pipeline to the Chinese city of Daqing.

"If the project could be implemented, which I have no doubt about, it will help improve [Russia's] oil supply to China," Mr Putin said.

The signing of a number of agreements during the visit by the president and a large business delegation was "encouraging", said Bobo Lo, the head of the Russia and Eurasia programme at Chatham House in London.

"But there is a world of difference between signing agreements and actually proceeding with them," he said.

Russia-based analysts also warned that Beijing and Moscow had signed apparently ambitious energy agreements before, with limited results. They added that, since the texts of this week's agreements had not been published, it was difficult to gauge the level of commitment of each side.

Stephen O'Sullivan, head of research at Deutsche UFG in Moscow, said several factors might prevent or delay the bringing of reserves from both west and east Siberia to China. He said the cost of constructing the pipelines could be burdensome, especially if China drove a hard bargain on gas prices.

Russia has concerns about becoming too dependent on its former cold war rival in Asia. But the agreements could still foreshadow what Dmitry Trenin, a foreign policy specialist at the Carnegie Moscow Centre think-tank, believes will be a much closer relationship between the two countries.

The Kremlin, says Mr Trenin, is growing weary of western criticisms of Russia's clampdown on democracy. China, on the other hand, is unlikely to complain about Mr Putin's authoritarian tendencies.

Moscow Courts Beijing Over Nuclear Power (WSJ)

By Shai Oster

The Wall Street Journal, March 23, 2006

BEIJING -- Russia said it wants to play a greater role in developing China's fast-growing nuclear-power industry, in another sign of closer energy cooperation between the two countries.

Russian Foreign Minister Sergey Lavrov said yesterday that China welcomes increased Russian participation in its nuclear-power sector, which is undergoing one of its biggest-ever expansions and one of the biggest nuclear rollouts in the industry's history. China has said it plans to build 30 or more nuclear reactors during the next 15 years. Currently, it has nine reactors at two plants.

Mr. Lavrov's comments to reporters came on the final day of a two-day summit between Russian President Vladimir Putin and Chinese President Hu Jintao. On Tuesday, Russia pledged to sharply increase oil and gas exports to China.

Chinese officials couldn't be reached for comment on Mr. Lavrov's remarks, but Russian officials point to participation by Russia's AtomStroyExport -- which operates under the umbrella of Russia's atomic-energy agency -- in the first round of bidding to build four reactors in China valued at $1 billion to $2 billion each. The other two companies short-listed are Westinghouse Electric Co. and France's state-owned Areva. Overall, deals to build China's nuclear plants are potentially worth tens of billions of dollars.

China has decided to dramatically increase the number of its nuclear-power plants as it seeks to reduce its dependence on Middle East oil and diversify its energy sources to sate the demands of its rapidly expanding economy. The country has plenty of its own, cheap coal, but Chinese leaders worry that using high-polluting coal to fire its power plants is coming at too great a cost to the environment. Increasingly, they see nuclear power as a cleaner alternative.

Sergei Kiriyenko, head of Russia's atomic-energy agency, accompanied President Putin on his trip to China. He made a stop at China's newest nuclear-power plant, the Tianwan station, which is north of Shanghai and built jointly with the Russians.

The Russian visit comes just as the country's competitors to build the four Chinese reactors -- which will be located in the eastern province of Zhejiang and the southern province of Guangdong -- appear to have hit snags. China was originally expected to decide on the winning bid in December, but negotiations have dragged on.

Industry observers and analysts say the Chinese government is unhappy about the sale of Westinghouse to Japan-based Toshiba Corp. in February. Relations between China and Japan have grown increasingly tense, and the Chinese are reluctant to

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have sensitive technology controlled by the Japanese, the observers say. Westinghouse has said it expects a decision from Chinese officials soon.

France's Areva, meanwhile, is resisting Chinese demands to transfer more of its technology, they say. Last week, French Finance Minister Thierry Breton said Areva is still in the race.

Russia's expression of interest in helping build up China's nuclear-power industry comes a day after President Putin said Russia plans to construct two pipelines to bring natural gas to China and another pipeline to bring oil.

China, one of the world's fastest-growing energy consumers, has for years sought more direct supplies from its northern neighbor, which is the world's largest gas producer and second-largest oil producer. But the bulk of Russia's export channels face westward, and Moscow has been slow to turn toward Asian markets. China currently gets no gas and only a small fraction of its oil supplies from Russia.

Tuesday's deals represent a big step forward in Beijing's efforts to secure more energy supplies from Russia, but some questions remain. Some analysts said they doubt Russia has enough oil to supply both China and Japan. China's pipeline would be built as part of a longer pipeline bound for Russia's Pacific coast, from where Moscow could supply Japan.

And Russia and China have yet to reach any agreement over the price for any gas sales. Russian officials say Beijing will pay the same prices as Europe is charged. But those prices are much higher than China can stomach, analysts say. High international prices have recently forced China to delay other plans to import natural gas. Executives working on the deal also point out that major technical challenges lie ahead in building the pipelines, which would eventually carry about half as much gas as Russia currently supplies Europe.

"This agreement is a significant milestone. But the question remains, where do we go next?" asks Alastair Ferguson, deputy executive director of OAO TNK-BP Holding, BP PLC's Russian joint venture.

Ottawa To Buy Russian Natural Gas, Sell It To U.S. (WT)

By Andrea R. Mihailescu

The Washington Times, March 23, 2006

Canada is planning to capitalize on shortages of natural gas, exacerbated by last year's hurricanes, by importing vast quantities of liquefied natural gas (LNG) from Russia to be exported to the United States.

The Canadian government recently approved a $1.5 billion joint venture of Petro-Canada and Russian giant Gazprom to build a plant near St. Petersburg in Russia to liquefy the gas and load it into giant tanker ships.

The tankers would be unloaded in Quebec and the liquid converted back into gas that could be pumped through existing pipeline networks to U.S. customers.

"LNG is going to be a big part of the future of the gas market in North America," said Ron Brenneman, president and chief executive officer of Petro-Canada.

"As this project moves forward, we will be in an excellent position to import long-term gas supply, not only from Russia but from other parts of the world as well. We see this agreement as an important part of our overall growth strategy," he said.

The entire project could cost as much as $2 billion.

The United States, a growing natural-gas consumer, saw a decline in production in 2005 by about 4 percent, in large part because of the major disruptions to infrastructure in the Gulf of Mexico from Hurricanes Katrina and Rita, according to the U.S. Energy Information Administration (EIA).

The United States looks to secure long-term supplies, but it lacks facilities to import the liquid and convert it back into gas.

"Russia may have questions on the timing and availability of U.S. East Coast regasification facilities to handle imports, and the Canadians have expressed an interest in building a regasification facility in the Northeast that would serve New England markets," said Frank A. Verrastro, senior fellow at the Center for Strategic and International Studies, a Washington think tank.

Unlike oil, which is a globally traded commodity shipped by tanker from producers thousands of miles away to consumers, natural gas has traditionally been a continental market, with suppliers and consumers linked by pipelines crisscrossing North America.

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Liquefied natural gas is cooled to minus 300 degrees Fahrenheit to condense it into a liquid state, making it more cost efficient to transport over long distances.

As the third-largest producer after Russia and the United States, Canada exported about 3.5 trillion cubic feet of gas to the United States in 2003.

This accounted for nearly all of Canada's natural-gas exports, but represented just 16 percent of U.S. natural-gas consumption, according to the EIA.

The two companies reached a deal during talks between Alexei Miller, chief executive officer of Gazprom, and Mr. Brenneman of Calgary's Petro-Canada, said Sergei Kupriyanov, Gazprom's spokesman.

For several years now, Gazprom has been looking for a partner to construct an LNG plant in the Baltic port of Ust-Luga in the St. Petersburg region.

But Gazprom will need to secure supplies for its St. Petersburg LNG plant before this project can materialize successfully. The company is exploring a couple suppliers.

Industry analysts fear that Petro-Canada faces several hurdles before it can import natural gas into Canada. It faces regulatory obstacles at its Gros-Cacouna regasification facility in Quebec and long-term supplies need to be secured for the deal to be profitable.

The Baltic plant, which is expected to have an annual processing capacity of between 5 million and 7 million tons, could become operational as early as 2010.

State Dept. Warns Americans Visiting Italy (AP)

AP, March 22, 2006

The State Department warned Americans on Wednesday to take precautions this spring when traveling in Italy, saying next month's parliamentary elections are likely to bring demonstrations in parts of the country.

"Demonstrations may be large, but even peaceful demonstrations have the potential to escalate into violence," the announcement said.

The department said Americans should avoid areas where crowds are expected to gather, take common sense precautions and closely follow media reports.

The U.S. considers Italy to be under a heightened threat by al-Qaida and other Islamic extremists for its participation in wars in Iraq and Afghanistan.

Basque Fighters Set A Cease-Fire After Four Decades (NYT)

By Renwick McLean

The New York Times, March 23, 2006

SEVILLE, Spain, March 22 — The militant Basque separatist group ETA, which has killed more than 800 people and terrorized Spanish society for nearly 40 years, on Wednesday announced a permanent cease-fire, saying that it would turn its attention to achieving independence for the Basque region of Spain through politics.

A permanent cease-fire, which the group said would take effect on Friday, has been the paramount objective of successive Spanish governments since the establishment of democracy here in 1977.

"This could be the beginning of the end," Prime Minister José Luis Rodríguez Zapatero said in a rare appearance before reporters in Madrid.

But Mr. Zapatero also said it was important to treat the announcement with caution, echoing concerns of victims' groups, who urged politicians to remember what they described as ETA's history of deceit and unfulfilled promises.

"This government will tackle this new situation with prudence, with calm," he said, "fully aware that after so many years of suffering, we have a tough, long, difficult road ahead of us."

The government is expected to begin preparing for negotiations with ETA, which Mr. Zapatero promised in May to open if the group agreed to renounce violence permanently.

The negotiations are expected to focus on Basque demands for more autonomy and on persuading ETA to hand over its weapons and disband. Mr. Zapatero would not say on Wednesday when the talks would begin.

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ETA, whose acronym stands for Basque Homeland and Liberty in the Basque language, has called cease-fires before, but never in such categorical terms, explicitly describing the move as permanent.

The group made the announcement in a statement sent to Radio Euskadi, a Basque radio station, on Wednesday morning. Three ETA members later appeared on Basque public television, their heads covered with white veils and black berets, to read the statement to the public.

"The objective of our decision is to advance the democratic process," the statement says. "Overcoming the conflict is possible, here and now. That is the desire and the will of ETA."

Juan Avilés, director of the Institute for the Investigation of National Security, a research and teaching organization in Madrid, said the announcement represented a victory for Mr. Zapatero, who he said had taken a big political risk in declaring that he was willing to negotiate with ETA if it agreed to give up violence.

"But the big question is what did the government offer to get this," he said in a telephone interview. "There surely were contacts of some kind between the government and ETA beforehand."

The government has said repeatedly that it has not made contact with ETA to negotiate a cease-fire.

ETA's statement on Wednesday included a call for all of its members to abandon violence, but Spanish government officials said they could not rule out the possibility that splinter groups might ignore the cease-fire.

But they said that was unlikely, citing the structured and hierarchical nature of ETA. "That is not a serious source of concern right now," said an official in the prime minister's offices who spoke on the condition of anonymity because he was not authorized to speak publicly about the cease-fire. "The conditions are favorable enough that the possibility of further violence is not being seriously contemplated."

ETA was founded in 1959 with the goal of establishing an independent Basque state encompassing sections of northern Spain and southern France.

After one of its members fatally shot a Civil Guard officer in 1968, the group made attacks that, over the years, killed 817 people, including nearly 350 civilians, according to figures from the Interior Ministry. The attacks have included assassinations of politicians, car bombs placed outside police stations and indiscriminate bombings in parks and shopping centers.

ETA's last fatal attack was in May 2003, and the organization is widely considered to be weaker now than at any point in its history. Scores of arrests over the past two years have thinned its leadership ranks and led some investigators to contend that ETA no longer has the capacity to carry out large attacks.

Investigators had been saying for more than a year that the main question was when ETA would renounce violence, not if.

Speculation that a cease-fire was near grew in recent months, fueled by statements by Spanish officials, in public and private, hinting that a cease-fire was imminent.

Nevertheless, ETA continued to bomb businesses, parks and other public spaces, including three attacks this month, as part of what investigators call an extortion campaign to persuade companies and business executives to give the group money. These bombings, usually preceded by a warning by telephone to local authorities or newspapers, appeared intended to avoid serious injuries.

The group's embrace of violence, investigators said, might also have wavered after the train bombings in Madrid on March 11, 2004. The public outrage after those attacks, which killed 191 people and are thought to have been carried out by Islamic militants, possibly convinced ETA that terrorism was not politically profitable, these investigators say.

Spanish PM Welcomes Eta Ceasefire (FT)

By Leslie Crawford

Financial Times, March 23, 2006

José Luis Rodríguez Zapatero, the Spanish prime minister, on Wednesday heralded the start of a “long and difficult peace process”, after Eta, the violent separatist group, declared a permanent ceasefire in its 38-year war for an independent Basque state.

Eta said the ceasefire would begin on Friday. “The aim of this decision is to drive a democratic process in the Basque country…in which our rights as a people are recognised,” the outlawed group said in a statement.

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Eta made no mention of surrendering or laying down arms. Mr Zapatero told parliament his government had greeted Eta's declaration with caution.

"After so many years of horror and terror, any peace process will be long and difficult," he said.

"We are all duty-bound to take part and I hope I can count on all political parties in this matter. Where before we were united in the shock of horror, I hope we will now be united in hope."

Eta has killed 812 people in the course of its long, low-intensity guerrilla war. Many more Basques have lived for years with Eta death threats, while businessmen have suffered extortion in the guise of "revolutionary taxes".

The plight of the victims of terrorism, as well as Eta's demands for a political process culminating in a referendum on Basque independence, make peace talks particularly tricky for the Spanish government.

Mr Zapatero, who last month heralded "the beginning of the end of Eta", said he would take his time before deciding whether Eta's statement offered sufficient guarantees to launch peace talks.

In May last year, parliament voted to authorise negotiations should Eta declare an unconditional and permanent end to violence.

While some Socialist leaders interpreted Eta's statement as a farewell to arms, the opposition Popular party, which opposes peace talks with Eta, remained unconvinced.

Mariano Rajoy, Popular party leader, warned the government not to be fooled by a mere "pause in Eta's criminal activities".

Mr Rajoy was Spain's interior minister when Eta declared "an indefinite ceasefire" in 1998. At the time, Mr Rajoy denounced the truce as a trap – a breathing space to allow Eta to regroup and rearm.

Eta resumed killing14 months later after tentative contacts between the Popular party government and Eta collapsed.

Nevertheless, Eta's announcement was greeted with optimism in the Basque country.

"The fact that Eta has announced a permanent ceasefire is good news," said Joseba Arregi, a former member of the Basque regional government and a target of Eta death threats. "I see it as a sign of Eta's weakness: that as a fighting force , it is spent. In a very large measure, peace has already arrived."

In spite of a recent spate of minor bomb attacks, Eta has not killed anyone since May 2003. Close cooperation between Spanish and French security forces, and the infiltration of Eta by Spanish undercover agents, paralysed the separatist group and led to more than 400 arrests in the past three years.

With most of Eta's senior cadres now in jail, the separatist group had come to be regarded as an irritant, rather than as a serious security threat.

Basque Group Declares Cease-Fire With Spain (WSJ)

By Keith Johnson

The Wall Street Journal, March 23, 2006

MADRID -- The Basque terrorist group ETA declared a permanent cease-fire, opening the door to what could be a profound change for Spain, much as the 1998 Good Friday agreement ushered in an eventual peace process for Northern Ireland.

For decades, Madrid has struggled to contain separatist aspirations in the Basque Country. Last year, the Spanish Parliament rejected a Basque plan to create a semi-independent state; the region already enjoys more self-rule than almost any other part of Europe.

In contrast, the separatist movement in the northeastern region of Catalonia has been more successful at prying powers away from Madrid over the past quarter-century because it never resorted to terrorism, as the ETA often did. Just this week, after nearly a year of heated negotiations with the national government, Catalonia inked a regional governing charter that gives it an array of new powers.

The Spanish government has promised in the past to enter talks on the political future of the Basque Country if the ETA were to renounce violence. Prime Minister José Luis Rodríguez Zapatero's readiness to negotiate greater autonomy for rebellious regions, including Catalonia and the Basque Country, may have encouraged ETA to lay down its arms, political analysts say.

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While welcoming the cease-fire, Gustavo de Aristegui, a Basque Popular Party deputy in Parliament and former Interior Ministry official, said he wanted to know "what concessions the government may have made" to persuade the ETA to declare the truce. In the past, Mr. Zapatero said the government would consider a range of concessions, including partial amnesties for ETA prisoners. Yesterday, government officials said there had been no formal contacts with ETA.

Mr. Zapatero said yesterday he would take his time to decide how to proceed. He said the government has received the ETA's announcement with "caution and prudence" and called the cease-fire "the beginning of the end" to ETA violence.

Still, Mariano Rajoy, leader of Spain's center-right Popular Party, the main opposition party, said ETA's announcement "is a pause, not a disavowal, of violence."

The ETA's declaration, delivered in a filmed statement by three of its operatives, was the group's first-ever promise to permanently lay down arms, after two short cease-fires in the past two decades. ETA said the cease-fire was intended to promote "a democratic process" for the greater Basque Country, which includes a swath of southwestern France as well as other parts of Spain.

During its 45-year campaign for Basque independence, the ETA killed more than 800 people, extorted business owners, silenced debate and dominated small-town politics. But its influence and popular support declined sharply after the Sept. 11, 2001, terrorist attacks on New York and Washington sparked global outrage. The March 11, 2004, train bombings in Madrid, which the conservative government initially blamed on the ETA, further eroded support for its armed struggle. The group's last deadly attack took place almost three years ago.

Spain's problems with Basque terrorism have drawn frequent parallels with the Irish Republican Army's 30-year campaign to drive the British out of Northern Ireland, a conflict that cost more than 3,000 lives.

Yesterday, Spanish Defense Minister José Bono invoked the Irish peace process that began with the IRA's announcement of a complete cease-fire in 1994, but which was undermined by mutual mistrust, further violent attacks and the IRA's refusal to fully disarm.

Last year -- 12 years after the first cease-fire -- the IRA declared its war over and destroyed weapons in earnest, although splinter groups -- and deep distrust between the province's Catholics and Protestants -- remain.

Basque ETA Announces Permanent Cease-Fire (AP)

By Alberto Letona

AP, March 22, 2006

The Basque militant group ETA ended a decades-long campaign of terror, announcing a permanent cease-fire Wednesday that closes the door on one of Western Europe's last armed separatist movements.

In a videotaped statement, three shrouded ETA members said they were laying down their weapons to promote democracy in the northern Spanish region. The news prompted jubilation across Spain, where ordinary citizens say they can hardly believe the end has come for a group blamed for more than 800 deaths and $15.5 billion in damage since the 1960s.

Prime Minister Jose Luis Rodriguez Zapatero, who has made granting more rule to Spain's regions a key goal, expressed caution and hope at ETA's statement. He was evasive when asked if he would start negotiating with ETA under an offer he made last year, contingent on the group renouncing violence.

"Any peace process after so many years of horror and terror will be long and difficult," he told parliament. Zapatero said that until now, Spain's political parties had been joined in pain over ETA violence. "Now I trust we will be joined in hope."

The cease-fire was seen as a huge victory for Zapatero, but his critics maintained a hard line, saying they would fight to ensure the government does not give too much away.

"One cannot pay a political price for peace. If we were to do so, terrorism would have won," said Mariano Rajoy, leader of the conservative opposition Popular Party.

ETA, established in the late 1960s, campaigned to carve out an independent Basque homeland in northern Spain and southwest France.

The video showed three people seated at a table in front of an ETA flag, their faces covered by beige masks and all wearing Basque berets. The figure in the middle, a woman, read the statement.

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ETA "has decided to declare a permanent cease-fire as of March 24, 2006," the statement said. "The aim of (the cease-fire) is to promote a democratic process in the Basque country and to build a new framework in which our rights as a people will be recognized."

The statement was sent to several Basque media outlets, including the radical Basque newspaper Gara. The newspaper said Wednesday it also was in possession of another, complementary ETA statement, but would not publish it or comment on it until Thursday.

The announcement set off quiet celebrations around the country.

"It's the news we were waiting for many years. It's the best news I have received lately," said Jose Felix Urbano, 52, an administrative worker in Vitoria, capital of the Basque region. "I hope that from here on I can live in a normal country."

Barbara Durkhop, the widow of ETA victim Enrique Casas, killed in 1984, said she was hopeful but nervous.

"The first thing I thought was that now there will be no more deaths," she told Spanish television station Quatro. "This could pave the way, once and for all, to the peace process that we have waited for so long."

In Madrid, there was shock, and a bit of caution.

"It's amazing! I hope to God it's true," said Sandra Dorada, a 29-year-old postal worker. "But they (ETA) have said this before and it wasn't true."

The Bush administration's initial reaction was positive. "Any decisive steps taken by ETA to give up violence should be welcomed," State Department spokesman Sean McCormack said.

Speculation about an end to ETA's armed campaign has been building for months, despite a recent wave of small-scale bombings.

The prime minister has offered to hold talks with Basque separatist leaders once ETA agreed to lay down its arms, and parliament backed the move in a resolution passed in May.

Asked Wednesday if ETA's announcement meant the government can now open talks with ETA, Zapatero said: "I will take my time to study the parliamentary resolution. It is essential for proceeding safely."

ETA has announced cease-fires in the past but never one it has called permanent.

Many Spaniards believed that after the March 11, 2004, terrorist attacks in Madrid, carried out by Islamic extremists, ETA had effectively been stymied. The idea is that popular revulsion over terrorism made more deadly violence politically unthinkable.

Over the years, ETA has mostly targeted security force members, although in the 1990s it increasingly began to kill politicians. In 1995, in one of its most audacious plots, it tried to assassinate Jose Maria Aznar, then an opposition leader who would go on to become prime minister. Nobody was seriously injured.

ETA stands for Euskadi Ta Azkatasuna, Basque Homeland and Freedom.

Basque Separatists Announce Ceasefire, Ending Bloody Struggle (AFP)

AFP, March 22, 2006

The armed Basque separatist group ETA announced a permanent ceasefire to meet the Spanish government's key condition for peace talks, nearly four decades after starting an armed conflict that has killed more than 800 people

In a statement on Basque television read out by one of three hooded figures against a backdrop of ETA symbols, the movement said its ceasefire would take effect from Friday.

Spanish Prime Minister Jose Luis Rodriguez Zapatero welcomed the step and said Spaniards were now "united by hope," while warning that "a long road lies ahead" to cement lasting peace.

"We will react with prudence to reach the end of this historic drama," he added.

ETA's long struggle for an independent Basque homeland, which has cost untold billions of euros in economic damage to the region, was one of Western Europe's last armed internal conflicts, and was often compared to the decades of sectarian unrest in Northern Ireland.

"The aim of this decision is to launch a democratic process in the Basque country," ETA said in its broadcast.

"At the end of this process, Basque citizens will be able to have a voice and the power to decide their future," it went on.

"An end to the conflict is possible today and now. This is the hope and desire of ETA."

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ETA is blamed for more than 800 deaths in its campaign to create an independent state covering Spain's northern Basque region and parts of southwestern France.

Spain's first deputy prime minister Maria Teresa Fernandez de la Vega said the Socialist government hoped the ceasefire meant the "beginning of the end" of violence.

"This is good news for all Spaniards," she added, promising the government would "work with all political forces" to achieve peace, while also advising prudence.

Basque regional leader Juan Jose Ibarretxe spoke of an "historic day" and added he was putting out feelers, including to ETA's banned political mouthpiece Batasuna, for roundtable talks on the next stage of the region's development.

"The moment has arrived for Basque society to build its future in peace," Ibarretxe added.

But the main conservative opposition Popular Party was trenchant in its response, while some victims' associations were also sceptical.

Former Spanish prime minister Jose Maria Aznar slammed the government for having what he termed a "defeatist vision" of dealing with terrorists who wanted to bring down democracy, but he did not mention the ceasefire itself.

Previous ceasefires and truces lasted no more than months, and Aznar's successor as PP leader, Mariano Rajoy, said that as ETA had not announced it was disbanding its statement was "not a renunciation of criminal activity."

Francisco Jose Alcaraz, chairman of the conservative Association of Victims of Terrorism (AVT), warned of the possibility of a "trap".

"The ceasefire is not definitive -- ETA placed conditions in its statement such as self-determination through an electoral consultation or referendum," Alcaraz said.

Anti-terrorist judge Baltasar Garzon told Cadena Ser radio he believed that "the government has an obligation to explore all necessary and legal means of achieving peace."

Although ETA's last fatal attack was in May 2003, it has continued to wage low-level violence with car bombs, attacks on public buildings and extortion of businesses.

The organisation has been severely weakened by heightened cooperation between French and Spanish police which resulted in a recent wave of arrests.

Analysts also say the new climate after the March 11, 2004, train bombings in Madrid also helped swing attitudes against violence.

Spain's then conservative government initially blamed ETA for that carnage, which killed 191 people, before evidence emerged that Islamic extremists were responsible.

The parallel with Northern Ireland has long been held up as an example for the Basque region to follow.

There, the Irish Republican Army, which had been fighting against British rule, declared a ceasefire in 1997 that led directly to the Good Friday peace accords the following year which set up a power-sharing government.

The IRA has since renounced violence for good.

Gerry Adams, leader of Sinn Fein, the IRA's political wing, who has often engaged with Basque leaders in recent years, welcomed ETA's move.

"ETA's announcement provides all sides to the conflict with an opportunity of historic proportions," he said in a statement.

Basque Separatist Group Ends Four-Decade War With Spain (LAT)

By Tracy Wilkinson

The Los Angeles Times, March 23, 2006

MADRID — The Basque separatist group ETA declared a "permanent" cease-fire Wednesday and pledged to step away from decades of violence, a major breakthrough that could end one of Europe's last armed conflicts.

The announcement came at a time of military and political weakness for the militant organization that for nearly 40 years has fought for independence from Spain and claimed hundreds of lives in bombings and sabotage.

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It follows a fierce crackdown under the previous Spanish government and a period of rumored negotiation, officially denied, with the current one. ETA has also seen its support fade amid public outrage over deadly bombings in Madrid two years ago by Islamic radicals.

"This is very good news for all Spaniards," Vice President Maria Teresa Fernandez de la Vega said as reports of the truce swept the country. Urging "prudence," she added, "We very much hope this is the beginning of the end."

Reactions cleaved along political lines in this bitterly polarized country. The Socialist government of Prime Minister Jose Luis Rodriguez Zapatero responded with cautious elation, but the conservative opposition noted that the Basque group's move fell short of surrender and claimed that it was nothing more than a ruse.

Ordinary Spaniards were full of tentative hope.

ETA declared the cease-fire, effective Friday, through a videotaped statement released about midday and broadcast on Basque and Spanish television. Unlike two previous cease-fires that collapsed after several months of negotiations, this declaration uses the term "permanent" and sets no conditions.

In the announcement, three members of the guerrilla group, wearing white masks and the black berets typical of the Basque Country, sat at a table with a cloth bearing the words Euskal Herria, or the Basque homeland, and the group's coat of arms. Behind them hung a banner with the ETA insignia of a snake twisted around an ax. The statement was read, unusually, by a woman, who sat in the middle.

The group said its purpose was to "drive the democratic process" in the Basque Country that ensures "the development of all political options."

"ETA has shown its desire and will that the process now begun should reach a conclusion and thus achieve true democracy in the Basque Country, overcoming long years of violence and constructing a peace based on justice," the statement said.

A referendum in 1979 established the Basque Autonomous Community on the Bay of Biscay near the French border, comprising the provinces of Alava, Vizcaya and Guipuzcoa. It has its own police force, education and healthcare system.

Basques, who number about 2.2 million in Spain, are descendants of what may be one of the oldest ethnic groups in Europe. Polls indicate that about half favor a more independent state more loosely associated with Spain. Many who advocate statehood, however, do not support ETA's violent ways.

ETA — an acronym for Euskadi Ta Askatasuna, or Basque Homeland and Freedom in the Basque language — declared cease-fires in 1989 and 1998, but negotiations that followed collapsed.

But this announcement may have a different outcome, analysts say, because of the arrest and imprisonment of senior ETA leaders, the capture of a major arsenal and the banning of its political wing. Polls have shown a widening weariness of violence in the Basque Country and growing rejection of bloodshed.

"There can never be a total guarantee, but what's clear is that [the cease-fire] is a solid base for a peace process," said Gorka Espiau Idoiaga, director of Elkarri, a Basque organization in the city of Bilbao that promotes dialogue. "They are showing a will to disappear and end the violence. It is extraordinary."

Espiau, a senior fellow at the Washington-based U.S. Institute of Peace, noted that the wording of the communique released Wednesday emulated the language of the landmark 1994 statement by the Irish Republican Army.

In addition, it was the first time the Basque separatists had used the word "permanent" in a truce pledge.

ETA, a secretive organization that was founded during the dictatorship of Gen. Francisco Franco, has killed more than 800 people in attacks since 1968, including police officers, mayors and politicians. Hundreds more, among them journalists, justices and intellectuals, have been threatened.

The last ETA attack to cause a death was in May 2003, although more than 100 people have been injured in bombings since. The group had resorted to an intense campaign of blackmail and extorted a fortune from businessmen, bankers and even premier chefs who feared attacks on their property.

Any negotiations with ETA would include numerous difficult issues, such as the disarming of its cadres and the fate of its members held in Spanish prisons.

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"Any peace process, after so many years of horror and terror, will be long and difficult," Zapatero, the prime minister, said during a special session of parliament Wednesday afternoon.

He called for unity among all political parties and repeatedly used the words "calm," "caution" and "prudence," language aimed at deflecting critics who suggest he has been too soft on independence-minded factions.

Mariano Rajoy, leader of the main opposition Popular Party, attacked ETA's declaration, noting that it did not renounce all criminal activity or ask for forgiveness from its many victims. Without such gestures, entering into talks with ETA would amount to rewarding terrorism, he said.

At parliament, lawmakers gathered around TV screens to watch the 1 p.m. broadcast of the ETA statement.

In San Sebastian, a major seaside Basque city and scene of much violence, the mayor and city hall officials toasted with the local version of champagne: "For peace and those who are absent." National TV broke into regular programming to provide nonstop coverage, including recapitulations of the years of bloodshed. Gara, a Basque newspaper, published a special edition.

In Madrid, the word on seemingly everyone's lips was Ojalá — "Let's hope."

Juan Jose Ibarretxe, the president of the Basque territory, called the ETA declaration historic.

"ETA has finally listened to Basque society, which demands an end to all criminal activity," said Ibarretxe, a nationalist who advocates separation from Spain through peaceful means.

Families of ETA victims greeted the news with mixed emotion.

"I've got this knot in my stomach that tells me it might not be true, but my first thoughts are maybe, finally, there will be no more dead," Barbara Durkhop, the widow of a Socialist official shot dead in 1984, told Spanish television.

The government that preceded Zapatero's was especially harsh on the separatists. Former Prime Minister Jose Maria Aznar, who early in his career survived an ETA assassination attempt, sent police troops against ETA, outlawed politicians sympathetic to the group, closed its newspaper and deliberately dispersed its jailed members to prisons far from families and support groups.

Aznar maintained that a military crackdown alone would end nationalistic violence, and he succeeded in persuading the Bush administration to officially label ETA a terrorist organization.

With surveillance equipment provided by the CIA, as well as new cooperation with France, Aznar's crackdown succeeded in crippling ETA.

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(INFOBOX BELOW)

Separatist struggle

Key events in the history of ETA:

• 1959 — Is founded by dissident student members of the Basque Nationalist Party.

• 1961 — Attempts to derail a train carrying supporters of dictator Gen. Francisco Franco.

• 1973 — Kills Prime Minister Luis Carrero Blanco in a bombing in Madrid.

• 1987 — Apologizes after car bomb in parking lot of a Barcelona store kills 21 and injures 45.

• 1989 — Announces temporary cease-fire to help ultimately unsuccessful peace talks in Algeria.

• 1995 — Attempts to kill conservative opposition leader and future Prime Minister Jose Maria Aznar with car bomb.

• 1997 — Kidnaps small-town politician Miguel Angel Blanco and demands its imprisoned members be brought to Basque jails. His slaying triggers widespread demonstrations in Spain.

• 1998 — Announces an open-ended cease-fire. It ends 14 months later after one round of talks with the Aznar government.

• 2003 — Kills two police officers in Sanguesa in the northern region of Navarra, the group's last deadly attack. Supreme Court outlaws radical Batasuna party linked to ETA.

• 2004 — Police arrest more than 130 suspected ETA members, including alleged leader Mikel Antza, after Madrid train bombings kill 191 people. The attack is later attributed to Muslim radicals.

• 2005 — Announces it will no longer kill elected members of political parties. Parliament backs Socialist Prime Minister Jose Luis Rodriguez Zapatero's offer of talks with ETA if it renounces violence.

• March 22, 2006 — Declares permanent cease-fire.

DOJ_NMG_0020280

Source: Associated Press

Basque Separatists Declare A 'Permanent Cease-Fire' (WP)

By Pamela Rolfe And Molly Moore

The Washington Post, March 23, 2006

MADRID, March 22 -- The Basque paramilitary group ETA on Wednesday announced a "permanent cease-fire," signaling a possible end to one of Europe's longest-running armed conflicts, four decades of bombings and assassinations aimed at creating an independent Basque homeland on the border of Spain and France.

In a video delivered to a Basque television station, a woman clad in combat fatigues, white face mask and black beret said that ETA was ready to shift from violence to "a democratic process in which our rights as people will be recognized." Flanked by two people in identical masks and dress, the woman said the cease-fire would begin Friday.

"Any peace process after so many years of horror and terror will be long and difficult," Prime Minister Jose Luis Rodriguez Zapatero told the Spanish parliament in an address carried live on national and international television.

Victims of ETA's violence expressed skepticism that the group would adhere to a cease-fire, noting it had broken past truces. "With the perspective of a memory of 45 years of murders interspersed with announced truces and cease-fires, it's clear that ETA is trying to trick us again," said Daniel Portero, who heads an ETA victims' organization. His father, a regional attorney general, was assassinated by the group in 2002.

For centuries, the scenic mountainous region straddling the borders of northern Spain and southern France has been home to the Basque people, who have a distinct language and culture. Since ancient times they have struggled to preserve their independence.

The ETA name is an abbreviation of Basque language words meaning Basque Homeland and Freedom. The group was founded in the late 1950s as a student movement opposed to the dictatorship of Gen. Francisco Franco. In the 1960s, it switched to increasingly violent tactics.

Under current Spanish law, the Spanish Basque region already has broad autonomy. But the small, secretive ETA has demanded nothing less than full independence.

Rumors of an imminent ETA cease-fire had surfaced in recent weeks. It had been widely reported in Spanish political and media circles that intermediaries for the government and ETA had been conducting secret negotiations to set the stage for the announcement.

"ETA has shown its desire and will that the process now begun should achieve true democracy in the Basque country, overcoming long years of violence and constructing a peace based on justice," the ETA statement said. "Here and now, it is possible to overcome the conflict."

What set this cease-fire announcement apart from those in the past was the use of the term "permanent cease-fire" for the first time.

After the Sept. 11, 2001, attacks, the United States and European Union labeled ETA a terrorist organization. The Spanish government, then led by Prime Minister Jose Maria Aznar, along with neighboring France, launched a major crackdown on ETA leaders and their financing networks, weakening the organization.

Some political observers said ETA's traditional base of support eroded after the March 11, 2004, Madrid train bombings, which killed 191 people. Though investigators concluded that Islamic radicals carried out the attacks, they so horrified the nation that some ETA sympathizers turned against the group because of its use of similar tactics.

ETA has kept up sporadic waves of bombings, including several in the past three weeks. But no one has been killed in an attack since 2003, in part because the group has frequently telephoned warnings and occasionally has written "Danger, Bomb" on explosive devices, according to Spanish news reports.

Previous Spanish governments resisted any efforts to launch a peace process. But the Socialist prime minister, Zapatero, who won election in 2004, has been more open to talks and to allowing more regional autonomy. He has supported, for instance, a measure that would allow the northeastern region of Catalonia greater independence. His supporters say similar legislation for the Basque country could give the separatists a peaceful alternative to violence.

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Last year, the Spanish parliament voted to allow talks with ETA if the group agreed to renounce violence and disarm. Wednesday's announcement did not mention laying down arms.

"This announcement was expected and is welcome, but be careful with the wording," said Antonio Elorza, who has studied ETA as a professor of political science at Madrid's Complutense University. " 'Permanent' is not definitive. . . . The congress gave the government permission to negotiate with ETA as long as the goal was disarmament. That is not what this statement says."

Mariano Rajoy, president of the opposition Popular Party, largely dismissed the announcement in comments to parliament Wednesday afternoon.

"This cease-fire now is a pause, not a renouncing of criminal activity," he said. "It means a reaffirmation of a will to continue existing. They don't regret anything and they don't ask forgiveness of the victims of terrorism."

In a rare news conference, the banned Batasuna party -- accused by previous governments of being the political wing of ETA -- urged the Spanish and French governments to "open a new political stage." Pernando Barrena, a leader of the organization, described the cease-fire as "a great opportunity."

Reactions on the streets of Spain were both hopeful and skeptical.

"It's a great thing," said Olatz Herrera, 20, a Basque studying in Madrid. "I hope the government negotiates with them. It's a key opportunity. You have to try everything to end the violence."

"It would be wonderful," said Mari Angeles Gomez, 54. "I hope it's true. But you can't trust ETA."

Basque Separatists Call Cease-fire (CSM)

By Peter Ford

The Christian Science Monitor, March 23, 2006

PARIS - The Basque separatist group ETA's declaration Wednesday of a permanent cease-fire offers the prospect of an end to one of Europe's longest running civil conflicts, and a new constitutional future for Spain that could reshape the country's political map.

But the group's videotaped statement, aired on Spanish TV, marks only the first step toward resolving Madrid's thorniest challenge.

"The government's position is one of caution and prudence," Prime Minister Jose Luis Rodriguez Zapatero told parliament, responding to ETA's announcement. "Any peace process after so many years of horror and terror will be long and difficult."

The statement from ETA, which has been fighting for 40 years for an independent Basque state, explained the cease-fire - which goes into effect Friday - as a bid to "promote a democratic process in the Basque country ... in which our rights as a people will be recognized." The government, it warned "must recognize the results of this democratic process with no type of limitation."

Politicians had been speculating for weeks that the armed group, which has killed more than 800 people, was about to announce an end to its violent struggle. The government had repeatedly refused to open talks with ETA until it renounced the use of force.

Deputy Prime Minister Maria Teresa Fernandez de la Vega told the Senate Wednesday that the authorities would "work with all political forces" to bring peace to the Basque country, in Spain's Northeast. She said she hoped the cease-fire marked "the beginning of the end" of ETA, which stands for "Basque Homeland and Freedom" in the Basque language.

ETA has demanded that the Spanish government recognize the Basque country's right to declare independence, if a referendum in the region backs such a decision. Though Mr. Zapatero has ruled out such a move, his government has shown more tolerance of regional separatists than previous administrations.

On Tuesday, the Spanish parliament approved a new relationship between the central government and Catalonia, recognizing it as "a nation." Some observers suggested that the vote encouraged ETA to hope for a similar, or better, deal if it renounces violence. Last year, parliament authorized the government to hold talks with ETA, which is listed as a terrorist organization by the European Union and the United States, on the condition the group laid down its arms.

"If I was in ETA I would be optimistic" about the outcome of expected negotiations, says Florentino Portero, an analyst at the Strategic Studies Group, a think tank in Madrid. "Zapatero is a new generation of politician with a radically new way of conceiving of the state" as a confederation of sovereign regions.

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On the streets of the Basque city of Bilbao, some citizens welcomed the news of the cease-fire. "I am very happy this has happened," says Inaki Muniain, a hotel receptionist, by phone. "This gives us hope that things will get better and that ETA will disappear or end up as a political party."

Echoing that optimism, Juan Avilés, expert in terrorism and security at the Universidad Nacional a Distancia "It's good news. It could really be the end of ETA's terrorism. You always have to be cautious when talking about terrorists, but I believe that this declaration could be the end of the nightmare that we've lived for almost 40 years."

Others were more cautious. "I don't believe it at all," scoffs Nestor Diez Seisdedos, a quality-control inspector at an electrical appliance factory in Barakaldo, also reached by phone. "It will last a while but it certainly isn't permanent."

Some analysts shared that skepticism. "ETA will maintain the peace as long as they consider it opportune," says Rafael Badarji, a security analyst with the conservative Foundation for Analysis and Social Studies in Madrid. "When it stops serving their aims they will pick up their weapons again."

Mr. Badarji says that ETA declared a cease-fire because "It believes ... its objectives will be better served politically than through force." After the Al Qaeda attack in Madrid on March 11, 2004, political violence such as ETA had used for decades appeared counterproductive. ETA has not launched any fatal attacks since 2003.

The Spanish police, supported by their French colleagues in the Basque regions across the French border, have also enjoyed considerable success in recent years. They have arrested over 750 ETA members, including top leader Mikel Antza, since 2000.

Wednesday's ETA video, showing three people sitting at a table in front of the ETA flag, their faces covered by masks and all wearing Basque berets, made no mention of any weapons handover. Nor did it offer to end the ETA practice of raising "revolutionary taxes" from Basque businessmen who have long complained of extortion.

The statement demanded that the Spanish and French governments "set aside repression," seen as a bid to persuade them to stop hunting ETA members.

One of the trickiest issues in any negotiations that the government opens with ETA will be the fate of the group's prisoners. ETA is expected to follow the example of other rebel military organizations from Northern Ireland to South Africa in demanding freedom for jailed comrades.

Such a move would doubtless be fiercely resisted by relatives of ETA's hundreds of victims, and by the conservative opposition People's Party. Party leader Mariano Rajoy accused Zapatero of "betraying the dead" when the Prime Minister first offered in 2005 to enter talks with ETA if it laid down its arms.

• Lisa Abend in Madrid and Asel Llana contributed to this article. ETA basics

• What is ETA?

ETA stands for Euskadi ta Askatasuna, which means "Basque Homeland and Freedom." The group's aim is to establish an independent state for the Basque people, who have lived along the Spanish-French border since the Stone Age.

• When was the group formed?

ETA was formed in 1959 in response to Spanish dictator General Franco's suppression of Basque language and culture. When Franco died in 1975, the Basque Country was granted semi-autonomy. ETA wanted full independence.

• Whom does it target?

In its 40-year history, ETA has killed more than 800 people. Most of its attacks have been bombings or shootings, mainly targeting Spanish government institutions and personnel. The group is labeled as a terrorist organization by the United States and the European Union.

• Has it tried political means?

It has a political wing, Batasuna, but the Spanish government banned Batasuna in 2003. Since that year, ETA has not carried out any deadly attacks. It was originally blamed for the 2004 Madrid bombings, but Al Qaeda was found to be responsible.

Sources: Council on Foreign Relations; Institute for Counterterrorism; US State Department; and BBC.

Colombian Rebels Face Drug Charges (WT)

By Jerry Seper

DOJ_NMG_0020283

The Washington Times, March 23, 2006

Fifty leaders of the leftist Revolutionary Armed Forces of Colombia (FARC) have been named in a federal grand jury indictment on charges of exporting more than $25 billion worth of cocaine, half the world's illicit supply, in the largest U.S. drug-trafficking case.

"From their jungle hideaway, the FARC uses the drug trade to bankroll terrorism in Colombia, finance attacks on innocent citizens and poison Americans," said U.S. Drug Enforcement Administration (DEA) chief Karen P. Tandy. "Today's indictment challenges that lawlessness, and the FARC leadership should prepare to face the justice that they have long denied to so many."

Mrs. Tandy said the indictment "addresses and decimates the entire leadership of the FARC."

The one-count indictment, handed up March 1 in U.S. District Court in Washington and unsealed yesterday, "strikes at the very heart of the FARC narcotics operation," said Attorney General Alberto R. Gonzales, adding that the terrorist-designated organization collected millions of dollars in cocaine proceeds and used the money to purchase weapons for its 42-year-long war against the Colombian government.

FARC "is one of the Justice Department's highest-priority targets in our fight against illegal drug trafficking," Mr. Gonzales said. "For years, this group has controlled the production and distribution of massive amounts of cocaine that ends up in America's communities. Members of the FARC do not want to face American justice."

Three of the charged FARC leaders -- Jorge Enrique Rodriguez Mendieta, Erminso Cuevas Cabrera and Juan Jose Martinez Vega -- are in custody in Colombia, and the U.S. will seek their extradition to face trial in the United States. More than 400 Colombians have been extradited to the United States to face criminal charges, and two accused FARC leaders are awaiting trial in Washington.

Andres Pastrana, Colombia's ambassador to the U.S., said the indictment was based on evidence gathered by American officials who worked "in very close collaboration with Colombian authorities."

"Colombia is one of the main victims of the global war on drugs. Thousands of innocent citizens, journalists, judges, politicians, soldiers and police officers have given their lives to this cause," said Mr. Pastrana, a former Colombian president who was kidnapped by the Medellin drug cartel during his 1988 race for Bogota mayor and later rescued by police. "Colombia has been and remains deeply committed to defeating the drug trade."

FARC has about 17,000 members and controls wide areas of the country, so rounding up the other 47 indicted leaders will be a difficult task. The State Department announced rewards yesterday of $75 million for information leading to the capture of 24 of the leaders still at large, all members of FARC's governing council.

In addition to half the world's supply of cocaine, FARC was responsible for more than 60 percent of the drug that enters the United States every year, Mrs. Tandy said, adding that the organization controlled every aspect of its production and distribution, even setting the prices paid to Colombian farmers for coca paste, the raw material used to produce cocaine.

According to the indictment, the FARC leaders used terrorism and violence to further their cocaine-trafficking activities, ordering the deaths of Colombian farmers who sold coca paste to non-FARC buyers. It said the farmers who violated FARC rules were shot, stabbed or dismembered alive, their bodies cut open, filled with rocks and sunk in nearby rivers.

The indictment also said the FARC leaders also ordered the kidnap and killing of Americans to discourage the U.S. government from disrupting the organization's cocaine-trafficking activities. It also said the FARC leaders authorized their members to shoot down U.S. fumigation planes and plotted to retaliate against U.S. law-enforcement officers conducting investigations into FARC's narcotics activities.

Three U.S. contractors are among 60 hostages being held by FARC.

The indictment said:

•Rodriguez Mendieta, also known as "Ivan Vargas," was a member of the FARC's leadership council and commander of its 24th Front unit. He is accused of directing the purchase of cocaine paste and transmitting billions of Colombian pesos in cocaine profits to FARC officials, and the indictment said he ordered the slayings of eight farmers, including several whom he personally dismembered alive.

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•Cuevas Cabrera, who also was called "Mincho," was a FARC associate who managed cocaine laboratories for the organization's 14th Front unit, where he supervised the production and distribution of hundreds of thousands of kilograms of cocaine. He has been in custody since 2004.

•Martinez Vega, also known as "Chiguiro," was a FARC associate who provided large quantities of arms and ammunition to the organization in exchange for thousands of kilograms of cocaine. He was arrested on drug charges in Venezuela and turned over to Colombian authorities in early 2005.

Why UN Reform Effort Could Fizzle (CSM)

By Howard LaFranchi

The Christian Science Monitor, March 23, 2006

UNITED NATIONS, N.Y. - This was to be a year of reform of the United Nations. But what some global leaders have called "the opportunity of a generation" - to better match the preeminent global institution with the challenges of the 21st century - risks crumbling into little more than a dashed hope.

Despite President Bush's challenge to the UN to be "relevant," and even after the weaknesses exposed by the oil-for-food scandal, old tugs of war are slowing momentum at a crucial moment in the UN's calendar.

Already, some countries see reform's principal promoter, Secretary-General Kofi Annan, as a lame duck: A new secretary-general will be elected later this year. A bigger impediment still is that even more countries harbor old suspicions about those pressing for reform - in particular the United States. These countries also feel scalded by so-far unsuccessful attempts to reform the powerful Security Council.

"The reforms on the table really get to the meat of the matter, which is changing an institution envisioned for the post-World War II period to work in a very changed world," says Edward Luck, a UN expert at Columbia University in New York. "The challenge now is that after so much attention to expanding the Security Council, this package sounds like leftovers - when it's really the meat and potatoes of reform."

Hopes for the reforms were buoyed by last week's approval of a new human rights council. It replaces the discredited human rights commission - a change world leaders had demanded last fall. General Assembly President Jan Eliasson says that getting the human rights issue done opens the way to focusing on the big management questions.

But even the human rights reform, which is less bold than some powers including the US had advocated, suggests the difficult road ahead on other issues - especially those that the power-jealous General Assembly of 191 countries considers power grabs by dominant members.

South Africa, for example, is already warning of efforts to bypass the Assembly with reforms that would concentrate more power in the secretariat and Security Council, where developed countries dominate. South Africa leads the "Group of 77" developing countries that holds particular sway in the General Assembly. Proposals focus on management

When Mr. Annan unveiled his overhaul package to the General Assembly earlier this month, he outlined 23 initiatives in six areas that he said focus on urgent management reforms.

Under leadership reform, for example, Annan calls for the job of deputy secretary-general to be expanded and elevated to become something like the general manager of the secretariat. Since the oil-for-food scandal, which cast a black cloud over his management skills, Annan has often noted that the "SG" is expected to be both the world's top diplomat and manager of its largest international institution, an almost superhuman task.

Other proposed reforms include:

• Improving and tightening UN procurement of goods and services.

• Making staff mobility a prerequisite for employment and a condition of promotion.

• Relocating and outsourcing some costly services, such as translation.

• Streamlining the budgetary process and expanding the secretary-general's authority to redeploy posts and funds.

What Annan's recommendations do not include is creation of the post of chief financial officer. That was a key recommendation of the independent inquiry committee, headed by former Federal Reserve Chairman Paul Volcker, that

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investigated where the oil-for-food program set up for Iraq went wrong. Annan says the need for such a post is "obviated" by other financial oversight reforms he proposes.

Still, Annan's package received at least initial encouraging words from the US. And that is good, reform proponents say, because a UN transformation needs strong support from the world's only superpower.

"This set of reforms identifies the big difference between the UN today and [upon its founding] in 1945, because now it's at least as much a doer as it is a convener" of forums and conferences, says Lee Feinstein, an expert on the UN at the Council on Foreign Relations in Washington.

Annan notes that the UN has evolved from an organization mainly holding conferences in New York to one focusing on development and health. Moreover, its $10 billion budget goes overwhelmingly to support more than 80,000 peacekeepers currently deployed around the globe. "This reform could strengthen some of these 'doing' activities," Mr. Feinstein adds, "but the truth is that a lot depends on the US and how much it puts into getting this done." Ambivalence toward the US

Yet many countries are ambivalent about the American role in the institution, especially after the US was perceived to bully its way into a war with Iraq that the UN did not want.

"The context for this debate is the huge asymmetry in power in the world between the US and the rest, and it has the potential to bring everything to a standstill," says Mr. Luck of Columbia. "It's a situation that leaves the US between a rock and a hard place," he adds, "because the world wants the US involved but also accuses it of trying to dominate the UN if it is too supportive or changes are too radical."

Suspicions of the US are not limited to developing countries. Kenneth Roth, executive director of Human Rights Watch, says a lack of US engagement in the reform process leads to speculation that some US officials "want to produce a UN failure to demonstrate that the UN can't reform - and thus should be abandoned."

Islamic Activism Sweeps Saudi Arabia (WP)

By Faiza Saleh Ambah

The Washington Post, March 23, 2006

JIDDAH, Saudi Arabia -- More than a dozen women in black cloaks, some with colorful head scarves, others with only their eyes visible through slits in black veils, filed into the dining room after sunset prayers. They sat around a long table set up with paper, pencils and thermoses of Arabic coffee, across from a small group of men, including that evening's guest, Sadeg al-Malki.

The women -- homemakers, physicians and college students -- had sought out Malki, a consultant at the Islamic Education Foundation, because they wanted help on a project they were embarking on: how to talk to non-Muslim co-workers and acquaintances about Islam and the prophet Muhammad.

The women, who have since taken several mini-courses with Malki on discussing their religion with non-Muslims, are part of a loosely knit grass-roots movement that has sprung up across the kingdom since January, when anger over cartoons of Muhammad sparked riots in Europe and several Muslim countries. The movement is made up of a diverse cross section of women, students, businessmen, lawyers and clerics, all campaigning under the banner of Nusrat al-Rasool, or Victory for the Prophet.

The activists' campaign includes a continuing economic boycott of Denmark, where the cartoons were first published, and a project to produce television ads about the prophet for broadcast in Europe. College students are attempting to collect 1 million signatures to present to the Danish Embassy, and lawyers are studying ways to make insulting Islam and its prophet illegal. A number of businessmen have launched competitions with prize money of more than $50,000 for the best essays on Muhammad. This month, several clerics and heads of local committees will travel to neighboring Kuwait and Bahrain to brainstorm with Islamic activists there.

Though in its early stages, the grass-roots movement is a demonstration of how, in this region, activism within a religious context is capable of motivating and energizing a wide swath of society in a way that politics cannot. It is also a study of the ways in which deeply felt religious disputes, when not handled by governments, cut their own path, pushing people to take matters into their hands.

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Muhammad Kawther, a young activist who heads Youth Together for an Islamic Renaissance, believes the cartoon controversy was a godsend for his group. The activists were just starting out, putting together their first project -- CDs urging young people to perform their five daily prayers -- when anger over the cartoons erupted. Dropping everything else, they decided on a campaign to collect 1 million signatures in support of the prophet.

Inexperienced and a little apprehensive at first, they approached several malls for permission to set up booths there. Sensing the public mood, mall owners not only agreed but gave them free access and advertising. They also allowed them to bring in chanters to sing the praises of the prophet, the first open public performances in this conservative country.

Three weeks into the campaign, Together had gathered 70,000 signatures, dozens of new supporters and, most valuable of all, a ton of practical experience.

"I learned how to deal with the public, with people of different ages and from different social levels," said Rayan al-Khilewi, who emceed the group's children's competition on facts about the prophet. "I learned how to deal with the media, and I actually did a live television feed."

Khilewi, a 20-year-old marketing student and taekwondo aficionado, had been strolling the mall with his family when he heard something he'd never heard at a shopping center before: Islamic songs being broadcast through a loudspeaker. Drawn by the a cappella chants, Khilewi, a religious Muslim, hurriedly followed the tune, which led him to the group's booth. He joined on the spot.

"For years I had been looking for a way to be active, to do something meaningful, and this was the first time I had found it," he said. "I have Denmark to thank for that."

Many who have become involved in activism since the cartoon crisis have echoed Khilewi's sentiment, saying the cartoons have shown them how much they love the prophet and forced them to do something about it.

Malki, the Islamic Education Authority consultant and also co-founder of the Faith in Diversity Institute, based in Owings Mills, Md., says the cartoons have created a new kind of activism. "People don't just want to talk, they want to do something," Malki said. "No state can stop, or think to stop, this activism. It's widespread, it's strong, and because of the love people feel for the prophet, it's also very emotional."

The two-hour lecture Malki gave in a noisy dining room packed mainly with women was winding down when he told the group he wanted to read them something from the Bible. He picked up his leather-bound King James version, well-thumbed with yellow bits of paper sticking out, leafed through it and started to read from the Book of Isaiah: "And the book is delivered to him that is not learned, saying, read this, I pray thee; and he saith, I am not learned."

There was stunned silence in the room, a palpable astonishment as the listeners understood the passage to foreshadow Muhammad, who was illiterate before he became a prophet. A few whispered, "God is great," and several young men and women wiped tears from their eyes.

Sulaiman al-Buthi, a Riyadh-based spokesman for the International Committee for the Defense of the Final Prophet, says this religious but peaceful activism could put an end to violence and drive groups like al-Qaeda out of business. Analysts have long said that a lack of democracy and civic institutions in the Middle East is part of the appeal of extremist groups, which offer one of the only options for disaffected youth.

But Buthi said he was "very optimistic about this movement, this cartoon intifada. It has given people opportunities to take matters into their own hands and do something positive for their religion. It's generating a very potent feeling, and it's capable of destroying the pull and influence of groups like al-Qaeda."

On the other hand, lawyer and writer Bassem Alem says he believes that the cartoons were only a trigger within the context of an already burgeoning region-wide Islamic resurgence. People "look around and they see Islamists winning in Egypt and Palestine and Morocco," he said, referring to elections in those places. "They feel empowered, and this is just one more manifestation of that."

Alem says that people took matters into their own hands because their governments were not doing enough to assuage their anger. He also contends these ad hoc committees will supplant Western-style civic institutions. "The methodologies for setting up civic institutions here failed because they were a Western model," he said. "These indigenous movements will take root because they are based on our beliefs and real needs."

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Kawther, back at his father's office, which serves as Together's headquarters, was more reflective. "Islam has gone through many phases, up and down," said the stocky young man with a dark patch on his forehead that comes from regular prayers. "For it to be strong again, for a new Islamic renaissance, the youth have to be involved, and that's why we're doing this."

At the Seirafi mega-mall, where Together had set up signing booths and several computers and helped passersby send more than 5,000 e-mails to Denmark, two 12-year-old boys were handing out brochures that explained the campaign and urged people to follow the example of the prophet by becoming more devout. One of the group's members, law student Abdul-Ilah Bawazir, picked up the microphone to address the hundreds of shoppers, men to one side, veiled women to the other, who had stopped to watch that evening's performance of the Heraa group of Islamic chanters.

"We are all here for one reason," he said to the crowd. "To show solidarity with the prophet. Now that you've enjoyed the show, please take a minute and sign your name in support of the finest of messengers, prophet Muhammad. We want the world to know how much we love our prophet and how much we're willing to sacrifice for him."

Egypt's Opposition Targets Reforms (CSM)

By Sarah Gauch

The Christian Science Monitor, March 23, 2006

CAIRO - During heated parliamentary debates last week on the government's annual policy statement, Hussein Ibrahim, a parliamentarian for the fundamentalist Muslim Brotherhood party, lashed out with an impassioned plea for reform.

"It does not bode well for political life, especially when it comes to advancing freedom of expression, of movement, and freedom to join parties," he said.

He continued to castigate the government's human rights record, pointing to international reports that detail "horror stories about torture in police stations, cases in which prisoners have disappeared from jails and innocent citizens have been forced to admit to crimes they didn't commit."

Mr. Ibrahim is deputy head of an 88-person bloc of Muslim Brotherhood members elected to parliament in elections last November. The largest opposition bloc in this 454-seat parliament since the monarchy's 1952 overthrow, the Brotherhood has put political reform and fighting government corruption on the top of their agenda.

With fundamentalist Islamic movements across the Middle East gaining political influence, including the Iraqi Shiites, Lebanese Hizbullah, and Palestinian Hamas, the spotlight is on the Muslim Brotherhood to see how this group adapts religion to their democratic ambitions.

As an outlawed group, the Brotherhood ran as independents in last fall's elections, campaigning under the slogan "Islam is the Solution." But the Brotherhood's parliamentary activities seem to have gotten under the government's skin in recent weeks. Police have arrested about two dozen members in what the Brotherhood and analysts say is an effort to remind this group who is boss, despite its large parliamentary bloc.

The arrests are also part of a general government backtracking on political reforms. Last year's parliamentary elections were marred by widespread violence, largely instigated by police and government supporters. The government also recently postponed local council elections for two years, to avoid another Muslim Brotherhood election victory, many believe.

Although the Brotherhood is still a minority in a parliament with overwhelming state party control, they are proving to be a strong, outspoken, and unified force, analysts say.

"Already they are making a difference in parliament," says Diaa Rashwan, senior researcher at the Al Ahram Center for Political and Strategic Studies. "For the first time in years, the [ruling] National Democratic Party is feeling that it is not alone and that there's this dedicated, unified 20-percent bloc in the opposition."

Since the Brotherhood's surprise victory, many have questioned what role this group would play and what difference it could make in a parliament with an overwhelming ruling party majority. Observers also wondered to what extent the Brotherhood's Islamic agenda, which calls for strict application of Islamic law, would take a back seat to more recent calls for political reform.

So far, the speeches and activities of Brotherhood parliamentarians emphasize political reform. Their agenda includes demands widely backed by democratic activists: changing legislation that allows journalists to face prison sentences for libel,

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granting independence to Egypt's judges, and canceling a 25-year-old emergency law that forbids gatherings of more than five people.

"We need economic reform and development, in education and health, but we can't realize this until we have political reform," says Mohamed el-Katatny, the head of the Muslim Brotherhood's parliamentary bloc. The government, meanwhile, emphasizes economic reform with slower-paced political reform.

Not everyone, however, is convinced of the Brotherhood's commitment to democratic change.

"There is a problem of trust when they speak about democracy," says Mahmoud Abaza, chairman of the opposition Wafd's parliamentary bloc. "For 15 years their credo was application of Islamic law. Just in the last two to three years they joined the demand for democracy."

Muslim Brotherhood members, however, argue that Islam encompasses political change. "There is no contradiction between political reform and Islam," says Brotherhood MP Ibrahim. "Human rights come from Islam. Fighting corruption comes from Islam. All these issues stem from Islam."

Some government officials and analysts also complain that the Brotherhood lacks a concrete political program. "The Muslim Brotherhood did not come up with a position on privatization or subsidies or education or health, on any of the major challenges facing this country, compared to this government, which is committed to a program," said Egyptian Prime Minister Ahmed Nazif, speaking to a group of businesspeople in Cairo last Monday.

The Muslim Brotherhood may have its critics, but still the group has come a long way since its beginnings in 1928, eventually giving rise to dozens of extremist Islamic groups, including Hamas and Al Qaeda. In 1954, the Brotherhood was banned after a string of violent attacks,

The ruling National Democratic Party (NDP), however, still maintains a two-thirds majority, giving it alone the right to pass legislation and change the Constitution. Nevertheless, the Brotherhood, together with the also outspoken secular opposition with 12 seats, can still use the parliament as a forum for their opinions.

In any case the Brotherhood says these arrests merely empower them. "We are used to being arrested," says MP Hassan Hamdy Aly. "This won't stop us. It just makes us stronger."

Where Even Grisly News Can Offer A Kind Of Comfort (NYT)

By Hassan M. Fattah

The New York Times, March 23, 2006

BEIRUT, Lebanon, March 19 — As a military band played a dirge, the coffins that flowed out of Beirut's central military hospital on Saturday morning put some lingering questions to rest, but raised many others.

Inside them lay the skeletons of Lebanon's civil war: the remains of men who had disappeared, only to be uncovered last November in a mass grave on the grounds of the Defense Ministry headquarters, a discovery that confirmed persistent rumors.

The bodies, identified by DNA tests, were handed over to the men's families on Saturday, concluding a wrenching 15-year search for their whereabouts.

For a handful of women like Saide Khawand, Audett Salem and Samia Abdullah, the ceremony was a bittersweet victory, but still not an end to their own search.

They and others like them, the families of more than 600 young men and women who disappeared during and after the war, have held a vigil in a park downtown for almost a year, demanding that the government investigate their cases. To many of them, the ceremony on Saturday was a signal that a door might be opening on one of the darkest chapters of the bloody civil war.

"This was just the tip of the iceberg," said Ghazi Aad, an organizer and director for Support of Lebanese in Detention and Exile, a group known as Solide that is leading the campaign to publicize the issue. "We have documented several mass graves in Lebanon."

In a nation struggling to forget the war among its many religious groups, the Palestinians and regional powers, a war that claimed tens of thousands of lives from 1975 to 1990 and demolished half this city, the women are a reminder of how much remains unresolved.

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Last April, shortly before Syria withdrew its soldiers from Lebanon under international pressure, the women pitched a tent in Jibran Khalil Jibran Park near the United Nations offices here, hoping to remind Lebanese and the international community of their plight. These unlikely activists now sit daily in the tent, which is outfitted with beds, a television and a refrigerator, and take turns camping overnight. On any given day, they can be seen playing bridge, preparing meals and finding consolation.

"We've been asking and chasing and kissing hands, but got nothing," Mrs. Khawand said. She has been searching for her brother since he was taken by Syrian security agents in 1992. "We are just asking them to bring him to us, in any condition, just bring him to us."

Most of them are homemakers, many from middle-class families, and represent a cross section of Lebanon's many sects.

Mrs. Khawand last saw her brother, a member of the mostly Maronite Christian Phalangist Party, as he left his house, when he was surrounded by men she believed were Syrian security guards. Mrs. Salem lost both her son, Richard, and daughter, Christine, as they were coming back from the Hamra shopping district one day in 1985; she believes they were kidnapped in an attempt to force the family out of its Beirut apartment. Ms. Abdullah has continued the search for her brother Emad, a member of the Palestine Liberation Organization, who was taken hostage on the way back from a wedding in 1984.

Hope comes in ways small and large for these women, whose faces only hint at the years of pain and despair. Every now and then, they may receive word from released detainees who have seen their relatives in prison.

In 2003, Ms. Abdullah received what she believes was a letter from her brother, written with a matchstick, telling her he was sick. And over the years, some of the women say, they have been able to squeeze details out of officials who would occasionally confirm whether their relatives were alive, but that was all.

The subject of prisoners is a touchy one in a country where some politicians who now speak of democracy were warlords decades ago, with militias that kidnapped people for money or political gain. Many of the prisoners ended up in Syrian custody, the women contend, while others landed in makeshift militia prisons and were never seen again.

"We have thousands of Lebanese who disappeared during the war, many of them at the hands of the militias, and today many of their warlords are in government," said Mr. Aad, the organizer at Solide. "So they don't want to discuss the issue. They have swept the dirt under the rug, but it's still there. And that's why this is something of a Pandora's box."

Of the 10 bodies buried on Saturday, seven were Lebanese Army soldiers led by Gen. Michel Aoun, who fought the last battle of the civil war in 1990 against the Syrian forces that controlled the country until last year. Another 10 bodies found in the mass grave have yet to be identified. Many parents of missing soldiers have given samples for DNA checks in recent weeks, but only reluctantly, possibly fearing what they might learn.

In December, authorities uncovered another mass grave on the grounds of the former Syrian security headquarters in Anjar, where some 28 bodies were found but have yet to be identified. Mr. Aad believes there are numerous other burial sites scattered around the country, left by either Syrian forces, Lebanese militias or Palestinian fighters.

Acting Interior Minister Ahmad Fatfat said the ceremonial burial of the exhumed bodies was "an important signal to the Lebanese people" and "underscores a desire for reconciliation." He added that DNA tests were continuing and that efforts were under way to uncover other such graves. "When the truth comes out, it's far better than denying the reality."

But as the mothers stood in the front row of the funeral procession on Saturday, some seemed to grapple with the likelihood that their own children might be dead too.

"They gave their children the dignity they deserved," Ms. Abdullah said. "And now we want the same for ours."

In 50-Yard Square In Belarus, A Country Within (NYT)

By C. J. Chivers

The New York Times, March 23, 2006

MINSK, Belarus, March 22 — By midnight, as the temperature dropped ever lower and morning twilight was still five hours off, the core of Belarus's public opposition assumed its shape in the darkness.

It was about 300 people, arms interlocked and forming a small, dense square, stomping on the frozen ground under a police cadre's contemptuous gaze. Behind them, inside their human box, another group of demonstrators held their banned flags

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overhead, a thicket of banners over 20 small tents. At any moment, the demonstrators said, they expected the police to rush forward, beat them with clubs and drag them off to the detention cells. And then their protest would end in blood.

All of them said they were ready. "They may attack and beat us and inflict great trauma," said Stepan Svidersky, 18, a student. "But we have already achieved a result: We have shown our country that we are not afraid to stand against arbitrary rule."

Since a rigged presidential election on March 19, the capital of Belarus has seen a protest like none in 12 years of President Aleksandr G. Lukashenko's autocratic grip. For four consecutive days, protesters have defied warnings of arrest and bloodshed and stood in a corner of October Square to demand a new race.

Their numbers rise to several thousand each evening, as they form a rally and impromptu dance party on the edge of an ice rink, and then dwindle, hour by hour, until midnight, when this core stands through the night, in two lines, to hold the place for the next day.

It is a frigid, risky vigil, given the Belarussian weather and the government's history of reflexive brutality against those who dare to stand and call for better lives than Mr. Lukashenko's island of Soviet nostalgia and corruption has been able, or willing, to provide.

Mostly they are young men in their 20's. A few look too young to shave. But since Tuesday night, when the opposition's leaders began to disagree about how best to proceed in their effort to unseat a president they do not recognize, this all-night core has become an independent force in a quixotic struggle.

Their influence emerged when one of Mr. Lukashenko's two principal challengers, Aleksandr V. Kazulin, urged the protesters to disband Tuesday night and save themselves before the police crackdown.

"There is no sense in keeping them on the square," Mr. Kazulin said. "We should think about our children, protect them, and not keep them in front of us."

The protesters refused to go. And they rejected the label of "children," applied to them by Mr. Kazulin, as well as by Mr. Lukashenko, as they crowded together in the plummeting cold. They formed their two lines, one facing out of the camp, to warn of any advance by the police, the other facing inward, to keep an eye on the behavior of the demonstrators, ensuring that no provocateurs had slipped inside.

After midnight, they occupied a portion of Belarus, a country of 10 million people the size of Kansas, that was no larger than a 50-yard square.

It was a country within. They danced on its cold stone. They handed out tea. They said they would not give it up.

"We consider this camp to be the only means to defend our position," Vitaly Korotysh, 22, one of the coordinators of the rally, said at 3:30 a.m. "If necessary it will stand for years. And if they break it up, I think on the next day the people will be back."

It is too soon to know whether this is foolishness or resolve.

But their position has been supported by Aleksandr Milinkevich, the second-place finisher in the election, with 6 percent of the vote, far behind the incumbent's 82.6 percent, which the protesters see as a cynical fraud.

Mr. Milinkevich has said he will be with the demonstrators until the end, whatever shape events may take. It all could end with a dwindling of interest, he said, or in state violence. But inevitably, he said, the feelings here will grow.

"We live in a country of total fear, and very few people are brave enough to come out like this," he said, standing in front of the ranks at 4 a.m., as the temperature dropped to 10 degrees. "This action destroys fear inside the country because it tells people it is possible to fight for your own destiny."

The protesters see little chance of changes in government anytime soon. To the extent that this is a revolution, Mr. Milinkevich often says, it is a revolution not on the streets but in the mind.

In many ways the students are following in the footsteps of the people's movement that overturned a rigged presidential vote in Ukraine in 2004. How widely the feeling is spreading is unclear, but they have left their camp and posted rallying cries on the Internet. They have sent text messages by mobile phones to their friends. And they venture away a few hours a day — risking arrest when alone or in small groups away from the foreign photographers and news crews here — urging others to join them.

They hope for a large rally on Saturday, a day of celebration of a short-lived Republic of Belarus in 1918 that the government does not recognize and that Mr. Lukashenko despises. Since this year's celebration happens to fall on a Saturday, potential opposition supporters will not be at work.

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But their efforts have been squelched so far by the arrests of protesters leaving the square and by state television coverage that has portrayed them as homosexual, drunk and, in the words of one riot police commander, "pathetic."

But ultimately, Mr. Milinkevich said, a message exists here that cannot be missed by Mr. Lukashenko and his security apparatus, which retains the name K.G.B. "We are not cattle anymore," he said.

That sentiment was repeatedly expressed in the darkness, as demonstrators made clear it was not merely the election they protested, but the entire form of government Mr. Lukashenko has built.

They attacked the government's arbitrary detentions and its smothering of political and economic freedoms, including the freedoms of assembly and speech. And they condemned the paired inefficiency and corruption that they said were at the center of the administration. Although some Western countries, including the United States, have aided opposition groups here with training, financing and political support, the demonstrators on the square speak of an organic anger, fueled by the injustice and inequities within Belarus.

"Those who have a higher education understand that Lukashenko is a commodity profiteer," said Maxim Grechkoyedov, 25, an engineer who said that the government accepted natural gas from Moscow at below-market prices, part of Russia's subsidy of the Belarussian state, and then sold a portion at market prices, keeping the difference for the president and the elite.

Mr. Grechkoyedov said the protesters were here because they were part of Belarus's "lost generation," those who have attended universities since the Soviet Union's disintegration, and have languished in low-paying jobs and under repression for their adult lives.

Many have had enough, he said; Europe is not supposed to be like this.

An opposition has been born. It is small, but one sign of its early resolve is that almost everyone who stands until dawn not only gives his or her last name for publication, but also insists that it be written down, knowing then that the authorities will see who they are.

"I am tired of the lies," said Aleksandr Zhukov, 21, a student. "I am no longer afraid."

He stood in the darkness, shifting his weight from one cold foot to the other, waiting for whatever comes next.

German Leader Nears The End Of Her Political Honeymoon (NYT)

By Richard Bernstein

The New York Times, March 23, 2006

BERLIN, March 22 — Call her the emerging star of European politics, but also ask: Will Germany let it last?

With personal approval ratings of about 75 percent at home and expressions of admiration from places as far apart as Washington and Moscow, Chancellor Angela Merkel has clearly made an extremely good impression in the four months since she took office.

Her ratings are especially impressive given that she ran such a lackluster campaign last year that she almost lost a national election she had been expected to win by a large margin. This inauspicious beginning forced her into a coalition with the Social Democrats, the main left-of-center rival of her Christian Democrats.

But Mrs. Merkel, the first woman to serve as chancellor, has used her first months to project an image of good sense and quiet competence, and the mood in Germany is probably better than it has been in several years. Consumer confidence is up, and the conspicuous gloom that afflicted the last months of Ms. Merkel's predecessor, Gerhard Schröder, has been lifting.

Yet there is a strong feeling that Mrs. Merkel's popularity is not so much because she is showing strength and determination as Germany's leader, but rather because of her decision to advance very little in the way of a bold domestic agenda. That may be about to change.

Three German states have elections on Sunday, after which Mrs. Merkel is expected to start her campaign to win major changes, tackling such chronic problems as high unemployment, economic stagnation and government deficits that exceed norms set for Germany's membership in the European Currency Union. That is when the political storm will stir.

"She has done a good job insofar as she hasn't made any mistakes," said Uwe Andersen, a political science professor at Ruhr University in Bochum. "But we'll have to see how she does on the really big reforms after the state elections before we can judge if she is doing well in a positive sense, rather than just not making mistakes."

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So far Mrs. Merkel seems to have chosen to make her mark as a sort of super foreign minister, not as a domestic policy chieftain — and in Germany, the foreign minister has always been popular.

"Merkel still acts as if other people are responsible for the country's problems," the weekly magazine Der Spiegel wrote a few days ago. "She still hasn't started to govern," the magazine continued, echoing an opinion widely voiced here.

Reinhard Schlinkert, the chairman of the Institute for Market and Policy Research, citing poll numbers from late February, said, "About two-thirds of Germans say she won't be able to manage unemployment, and two-thirds say she won't manage the country's financial problems. It's a very insecure situation.

"Everybody hopes that the new coalition will do better for Germany, but the people have heard so many times that things will change that now they're sitting back and waiting for results."

Governing in a coalition with her formal rivals, the Social Democrats, is far from what Mrs. Merkel wanted when she campaigned for office last year. But the existence of the coalition and the paramount goal of keeping it strong and stable has protected her, at least in these early stages, from Germany's normal political squabbling.

For one thing, Mrs. Merkel herself, bound by the compromise formulas of her coalition, could not have pressed a maximalist program for change even if she had wanted to. At the same time the Social Democrats, who would lose major parts of their labor union constituency if they supported maximalist changes, have been reluctant to criticize her, lest political infighting weaken the coalition.

All that has given Mrs. Merkel a strong start, one that contrasts with the weakness of her counterparts in other European capitals.

The French are in an uproar, and President Jacques Chirac, in office for 11 years, is seen as a lame duck. The Italians' buccaneering prime minister, Silvio Berlusconi, after five stormy years, is behind in the polls two and a half weeks before national elections. In Britain, Prime Minister Tony Blair has been beset by a long series of political battles and demands for him to cede his office to his colleague and rival in the Labor Party, Gordon Brown.

Ahead of the state elections on Sunday, polls indicate that Mrs. Merkel's Christian Democrats will win two of them. In the third state, Rhineland-Palatinate, Mrs. Merkel is probably hoping to lose to Social Democrats, so they will not be tempted to rebel against their role in the national coalition.

To start addressing perennial German economic problems, Mrs. Merkel will have to turn away from her concentration on foreign policy. In her first months in office, she spent a lot of time announcing herself to foreign partners, visiting Warsaw, Washington, Paris, London, Jerusalem and Moscow.

In addition, only a few weeks after she took office, she played a central role in breaking an acrimonious stalemate over the budget of the European Union, which enhanced her standing at home as a figure to be contended with on the European scene.

As the former Social Democratic Defense Minister Peter Struck said, referring to Mrs. Merkel's return from diplomatic triumph to face domestic reality, "The red carpet time for Mrs. Merkel is over."

Britain Upholds School Ban On A Muslim Gown (NYT)

By Sarah Lyall

The New York Times, March 23, 2006

LONDON, March 22 — Britain's highest court ruled Wednesday that a secondary school was within its rights to bar a female student from wearing a jilbab, a loose, ankle-length gown, instead of the regular school uniform.

Overturning a lower court ruling in favor of the student, Shabina Begum, a five-judge panel in the House of Lords pointed out that the school, Denbigh High School in Luton, had already taken great care to make its uniform acceptable to its students, 79 percent of whom are Muslim.

"The school was entitled to consider that the rules about uniform were necessary for the protection of the rights and freedoms of others," one of the judges, Lord Hoffmann, said in his written opinion.

The issue of what sort of religious dress, if any, is appropriate in state-run schools has become increasingly divisive in Europe, where the wishes of Muslim populations are often at odds with the rules set down by secular governments. In France, the

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hijab, the head scarf worn by many Muslim girls and women, and other "conspicuous" religious symbols are banned from schools.

In 2005, the European Court of Human Rights ruled that a university in Turkey was within its rights to ban head scarves, saying that it was justified in avoiding giving preference to any one religion.

By such standards, the British policy is comparatively liberal. Girls at Denbigh, for instance, have a wide choice of uniform — a skirt, pants or the shalwar kameez, a flowing pants-and-tunic combination considered acceptable by many Muslims — and they can also wear head scarves. Three nearby schools allow students to wear the jilbab.

But Denbigh, a coeducational school with 1,000 students, had argued that permitting Ms. Begum, now 17, to wear the jilbab could prove divisive, possibly leading to arguments among students about whether it represented a more devout adherence to Islam. In addition, the school said, the jilbab is too constricting and would pose safety risks.

Tahir Alam, the education spokesman for the Muslim Council of Britain, a lobbying group, told Bloomberg News that the safety argument was "an excuse, really."

"You have to ask yourself," he said, "how many people have fallen over and died because they tripped on their jilbab."

In their unanimous ruling, the judges said Denbigh had "taken immense pains to devise a uniform policy that respected Muslim beliefs," laying down rules that "were as far from being mindless as uniform rules could ever be" and that were apparently "acceptable to mainstream Muslim opinion."

Ms. Begum sued the school in 2002 after it insisted that she wear the required uniform, which, she told the BBC on Wednesday, she believed "did not satisfy Islamic clothing." Represented by Cherie Booth, a human rights lawyer and the wife of Prime Minister Tony Blair, she argued that the school had denied her the right to practice her religion.

Speaking of the jilbab, which covers the entire body except for the hands and face, she told the BBC, "I feel that it is an obligation upon Muslim women to wear this, although there are other opinions."

Ms. Begum said she was "saddened and disappointed" by the ruling. "I still don't see why I was told to go home from school when I was just practicing my religion," she said.

As a result of Denbigh's policy, Ms. Begum spent two years out of school. She now attends another school where the jilbab is permitted.

A spokesman for the Department of Education said it welcomed the ruling as reinforcement of its view that schools should be allowed to set their own uniform policies.

Cuba On The West Bank (NYT)

By Gideon Lichfield

The New York Times, March 23, 2006

Jerusalem

FOR two months, the world has dithered over how to get a Palestinian authority run by Hamas to recognize Israel and renounce violence, and over how much aid and official contact to maintain until it does. The diplomats' refrain was that once Hamas appointed a cabinet, things would be clearer.

Last weekend, Hamas did name a cabinet. But knowing who has which job has not made things clearer, nor will the Israeli election on March 28. The dispute runs too deep.

American and European bans on aiding or communicating with terrorist organizations, if followed strictly, can stop a lot of money from reaching the Palestinians. But there are creative ways around such restrictions. You can relabel some budget support and development assistance "essential humanitarian aid," send it through third parties like the United Nations or World Bank, or pay it directly to contractors and service providers.

In conversations with officials from various countries, two positions, crudely speaking, emerge. The first, predictably more common among American and Israeli policy makers, says that outside powers should strangle Hamas so that it either moderates or dies. The other, which finds more favor with Europeans, says to keep as much aid flowing as possible, perhaps with incentives for good behavior and sanctions for bad.

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Sound familiar? It should. The same debate has been raging for decades about another small, impoverished and controversial place: Cuba. The United States doggedly insists that Fidel Castro's repressive regime must be boycotted to make it collapse. Europeans and Canadians prefer encouraging gradual change through "constructive engagement."

The result is that an unrepentant Mr. Castro is enjoying his 48th year in power, using the American boycott as a political prop and the rest of the world as an economic prop. Talk to Cubans and two things soon become clear: the main reason any of them support Mr. Castro is for his heroic stand against the Yanqui bully, and the main reason Cubans don't starve is that tourists and foreign joint-venture businesses pump money into the economy.

Something similar could happen with Hamas. A poll out this week found that 75 percent of Palestinians want Hamas to "engage Israel in peace negotiations." But even the most moderate will rally to defend their democratically elected government if they see countries that profess to love democracy trying to destabilize it. That will reduce domestic pressure on Hamas to pursue peace. And if aid from elsewhere meanwhile props up the Palestinian Authority, Hamas can carry on this way indefinitely, playing countries off against one another.

Is either approach to Hamas the right one? The first looks like a very long shot. Even if all the financial taps were closed, Hamas's popular support might drain away only slowly, and probably toward even more radical extremists, turning Palestinian areas into something more like Iraq. And because Hamas can call on the Muslim world for help, closing all the taps is well-nigh impossible. Any boycott will therefore probably lead to a Cuba-like situation.

An argument for keeping the aid going is that only a stable and strong authority can impose order on the fractious Palestinian clans and militant groups, and such order is essential to fulfilling the Palestinian side of any peace deal. Hamas has given more hints of its willingness to moderate its positions in the past month than Mr. Castro usually gives in a decade. Last week, Ismail Haniya, the authority's prime minister-designate, said that Hamas could hold talks on a Palestinian state confined to the pre-1967 borders if Israel first committed to those borders.

That, however, is not enough of a guarantee for Israel. If Hamas in fact harbors long-term plans to destroy the Jewish state, as some fear, then such statements are ploys to give it time to build up its strength. In that case, unrestricted foreign aid will make it more dangerous.

There is only way to find out whether and how Hamas can change. Outside powers should design a policy that combines carrots and sticks, offering both Hamas and Israel incentives to move gradually in the right direction, but preserving some safeguards in case they fail to do so.

That is easy to say and extremely hard to do. But the main point is that whatever the world does about Hamas, it needs to do it in unison — or face indefinite deadlock, as with Cuba.

Hobbes In Sudan (WSJ)

The Wall Street Journal, March 23, 2006

At places like Davos and Harvard, the world's sages rarely stop fretting about the dangers of a too powerful America. Well, if you want to know what the world looks like without U.S. leadership, Exhibit A is Darfur in Sudan.

Today's leading authority on Darfur is the political philosopher Thomas Hobbes, who prophesied a world "nasty, brutish and short." At least 200,000 civilians have been killed in the past three years and two million more have become refugees. The source of the problem is the Arab rulers in Khartoum, who have pursued an ethnic cleansing campaign against black Muslims in western Sudan. They've equipped the Janjaweed Arab tribesmen to do the dirty work, and that militia is now attacking civilians across the border in Chad, creating 20,000 more refugees.

To his credit, Kofi Annan started shouting about the problem two years ago, and former Secretary of State Colin Powell labeled it "genocide" not long after that. The U.N.'s mighty peace-making machinery then started to roll and . . . nothing. The Chinese (who have close commercial ties to Khartoum) and Russians have blocked any serious intervention. Arab members of the Security Council have also opposed any attempt to single out Khartoum.

The Arab League -- so quick to denounce Danish cartoons -- has also stymied any global intervention to stop the murder of their fellow Muslims. Here's League Secretary General Amr Musa earlier this month: "In Sudan, there is a problem related to

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Darfur. We will listen to the Sudanese state minister to explain to us the developments in the issue of Darfur . . ." The League plans to hold its meeting next week -- in Khartoum.

The African Union has at least sent 7,000 troops to the region, but they are under-funded and under-equipped to enforce a truce that Sudan blatantly flouts. But the African failure is also political. In January the Union held its own summit in Khartoum, and next year it plans to award Sudan its presidency. The rule seems to be never to say a discouraging word about other African leaders, no matter how murderous.

As for Europe, France would be ideal to lead an intervention force. The French have military bases in neighboring Chad and could establish a no-fly zone to stop Janjaweed bombing. However, Paris is already occupied with another intervention in the Ivory Coast, and with its own business interests in Sudan isn't volunteering in any case.

Amid this global abdication, Mr. Annan finally decided last month to call in the American cavalry. He visited the White House and, with media fanfare, all but begged President Bush to do something. Despite U.S. obligations in Afghanistan, Iraq and many other places, Mr. Bush responded by proposing an expanded U.N. peacekeeping force under "NATO stewardship."

But Sudan President Omar al-Beshir quickly played to type and withdrew support for a U.N. force. He also threatened that "Darfur will become the graveyard for the United Nations and foreign intervention." And rather than stand up to such threats, U.N. envoy to Sudan Jan Pronk has wilted. He's now talking up intelligence about al Qaeda terrorists in Khartoum who could retaliate against U.N. peacekeepers. And he's warning against any NATO intervention without Security Council approval -- as if that would be forthcoming. All of this is a repeat of the same feckless U.N. pattern we've seen in Bosnia, Kosovo and Iraq.

So that leaves . . . guess who? The cowboy President, the American unilateralists, the Yankee imperialists -- or, to put it another way, the only nation with the will and wallet to provide order in an otherwise Hobbesian world. However, that will and wallet are being stretched today in Iraq and elsewhere, and Mr. Bush is rightly wary of committing more American blood and treasure to a conflict in Sudan that the rest of the world doesn't seem serious about ending in any event. One lesson of Darfur is that there really are limits to American power, and in its absence the world's savages have freer reign.

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DEPARTMENT OF JUSTICE *NEWS CLIPS*

PREPARED FOR THE OFFICE OF PUBLIC AFFAIRS, US DEPARTMENT OF JUSTICE

TO: THE ATTORNEY GENERAL AND SENIOR STAFF

DATE: THURSDAY, MARCH 23, 2006 7:45 AM EST

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TERRORISM NEWS:

Case For Moussaoui Execution Seems Bolstered By 2 Witnesses (NYT)

By Neil A. Lewis

The New York Times, March 23, 2006

ALEXANDRIA, Va., March 22 — The government's effort to have Zacarias Moussaoui executed for the Sept. 11 terrorist attacks, which has been troubled by serious problems over the last two weeks, appeared to have been bolstered significantly on Wednesday by the testimony of its final two witnesses.

A senior aviation security official at the time of the attacks in 2001 told the jury that several measures could have been put in place that might have foiled the plot if Mr. Moussaoui had disclosed what he knew about Al Qaeda's plans when he was arrested three weeks earlier.

The security official, Robert J. Cammaroto, was followed on the witness stand by Aaron Zebley, an F.B.I. agent at the time of the attacks, whose testimony made similar points about law enforcement.

The detailed testimony of the two witnesses provided the prosecution's strongest presentation to date at the trial, which is being held solely to determine whether Mr. Moussaoui, who has already pleaded guilty, should be executed or remain in jail for the rest of his life. The testimony from the two followed several days of disarray in which the government's case nearly fell apart.

Two F.B.I. officials who testified this week for the prosecution seemed mainly to help the defense by reinforcing the notion that the bureau had dragged its feet in following up leads from agents in the field that Mr. Moussaoui had valuable information about an imminent hijacking plot.

The trial was disrupted last week after the disclosure that a lawyer for the Transportation Security Administration had improperly coached aviation security officials about how to testify. Judge Leonie M. Brinkema ruled that because of the actions of the lawyer, Carla J. Martin, the prosecution would be prohibited from calling those witnesses, a crippling blow to the government's case.

Judge Brinkema relented, however, and allowed prosecutors to try to find another, "untainted" aviation security witness to help make their argument. It was Mr. Cammaroto who appeared on the witness stand Wednesday afternoon as that substitute, and he briskly listed the steps the Federal Aviation Administration could have taken in the middle of August 2001 when Mr. Moussaoui was arrested on immigration charges in Minnesota, where he was learning to fly a jetliner.

At the time, Mr. Cammaroto was the F.A.A.'s official in charge of issuing security directives to United States airlines in response to the latest intelligence reports.

Under questioning by David J. Novak, a prosecutor, Mr. Cammaroto listed a half-dozen ways that airport security could have been increased if he had learned what Mr. Moussaoui acknowledged in his guilty plea last April: that he was an Al Qaeda member and that the group had discussed flying planes into buildings by disabling crews using short-bladed knives that were allowed on planes at the time.

"We could have taken several steps," Mr. Cammaroto said, listing among others the banning of all knives, shifting resources like air marshals to domestic flights, ordering physical "pat-downs" of passengers and making metal detectors more sensitive.

Gerald T. Zerkin, a public defender representing Mr. Moussaoui, suggested in his cross-examination that such security measures could not have been adopted quickly. Mr. Cammaroto acknowledged that the hiring of new air marshals would have taken months. But he said many of the steps could have been put in place within hours, and he cited the foiling of a multiple-plane hijack plot in the Philippines in 1995 as an example.

Mr. Zebley, the former F.B.I. agent, who has not yet been cross-examined, testified that information discovered after the attacks could have provided important leads beforehand. He noted that Mr. Moussaoui had received payments for his flight training from the same person who had sent money to some of the hijackers. He said that had Mr. Moussaoui told investigators at the time of his arrest about his paymaster and his intentions to commit a terrorist act, it would have been easy to trace the other payments made by the same man.

DOJ_NMG_0020300

The prosecutors contend that even though Mr. Moussaoui was in jail at the time of the attacks, he is responsible because his lies allowed "his brothers to go forward." Mr. Moussaoui's lawyers, who are to begin making their case next week, have said in papers that the government should not be able to execute someone on the speculative theory that had he provided information, the attacks would not have occurred.

Prosecution Begins Rebuilding Moussaoui Case (WP)

By Jerry Markon And Timothy Dwyer

The Washington Post, March 23, 2006

If Zacarias Moussaoui had confessed that he was plotting with al-Qaeda to hijack an airplane, federal officials could have drastically boosted airport security in the days before the Sept. 11, 2001, terrorist attacks, an aviation security expert testified yesterday in federal court.

Robert Cammaroto, a Transportation Security Administration official, told jurors at Moussaoui's death penalty trial that the government has long issued urgent warnings to airlines when threats to aviation arise. The knowledge that Moussaoui had trained at an al-Qaeda camp and was conspiring to take over a plane, he said, could have triggered intensified screening of passengers and luggage.

Asked if the government could have scrambled to find the short-bladed knives used by the Sept. 11 hijackers, Cammaroto told prosecutors: "We most certainly could have. That would have been a simple procedure."

The testimony was the initial step in the government's effort to rebuild its case for executing the only person convicted in the United States in the attacks on the World Trade Center and the Pentagon. Cammaroto was the first aviation security witness allowed to take the stand since a federal judge barred aviation witnesses and evidence because of misconduct by a government lawyer.

U.S. District Judge Leonie M. Brinkema issued her ruling last week after TSA lawyer Carla J. Martin violated a court order by sharing testimony and coaching witnesses. Brinkema modified the ruling on Friday, allowing the government to call witnesses not tainted by Martin's actions.

The testimony of Cammaroto, chief of commercial airports policy at TSA, is crucial to the government's key argument for Moussaoui's execution: that the Sept. 11 attacks could have been stopped if Moussaoui had not lied to the FBI when he was arrested in August 2001. Roughly half the government's case consists of aviation-related evidence.

Cammaroto, a former FAA official, acknowledged on cross-examination that in August 2001, the FAA was aware of al-Qaeda threats to hijack airplanes but had not increased airport security in response.

Moussaoui, 37, pleaded guilty last year to conspiring with al-Qaeda in the hijackings. A federal jury is determining whether he will die.

The aviation testimony came on a day of swirling emotion in the trial at U.S. District Court in Alexandria. The former manager of an Arizona flight school that trained one of the hijackers recalled how she had expressed alarm about her student to the Federal Aviation Administration -- and then cried after the Sept. 11 attacks when she suspected that he had flown one of the airliners.

Margaret Chevrette said she helped train hijacker Hani Hanjour at Pan Am International Flight Academy in Mesa, Ariz., near Phoenix, from late December 2000 until March 2001. She said that Hanjour was a poor pilot who spoke limited English and that she "worried that he was going to hurt himself or hurt someone else because he didn't have the skills" to fly a large jet.

Chevrette recalled driving to work after learning of the planes flying into buildings on Sept. 11. Investigators soon concluded that Hanjour had piloted the plane that hit the Pentagon.

Something "snapped," Chevrette told jurors.

"I already knew in my heart that Hani was a part of it," Chevrette said. "I remember crying all the way to work, knowing that our company helped do this."

As Chevrette spoke, her voice hoarse and breaking at times, two family members of Sept. 11 victims cried softly in the third row of the courtroom. Eleni Kousoulis, whose sister, Danielle, was killed at the World Trade Center, said later: "I don't blame her. I don't think anyone did anything intentional."

Chevrette said that she reported her concerns to the FAA during Hanjour's training, but that the agency did little in response. She said an FAA official who oversaw her school suggested she get an English interpreter for Hanjour, contrary to the agency's own regulations.

An FAA spokesman declined to comment.

Witness Lists FAA Measures Available For A Pre-9/11 Tip (LAT)

By Richard A. Serrano, Times Staff Writer

The Los Angeles Times, March 23, 2006

An agency official is the first to give aviation testimony after a federal attorney nearly derailed the sentencing trial of Zacarias Moussaoui.

ALEXANDRIA, Va. — A week after their case nearly imploded amid allegations of witness tampering, federal prosecutors began introducing aviation testimony Wednesday in Zacarias Moussaoui's sentencing trial, hoping to prove that had he cooperated, the Sept. 11 terrorist attacks could have been prevented.

Their first witness was Robert Cammaroto, chief of the Federal Aviation Administration's commercial airports policy division at the time of the attacks. He was allowed to testify on a limited basis after revelations last week that a Transportation Security Administration lawyer had improperly coached other federal aviation witnesses on their testimony.

Cammaroto listed security measures that could have been implemented had Moussaoui cooperated with the FBI after he was arrested in Minnesota for visa violations on Aug. 16, 2001.

For two hours, prosecutors methodically walked Cammaroto through his testimony. He told the court how the government could have responded to the Sept. 11 threat, and he offered new details on how the Federal Aviation Administration beefed up security when, in 1995, it was learned that Muslim extremists were plotting to blow up a dozen U.S. airliners over the Pacific Ocean.

Cammaroto spoke with authority and the experience of 25 years in the government security field — starting as an air traffic controller, moving on to become a federal air marshal and rising to a post as one of the FAA's top law enforcement officials.

Asked by Assistant U.S. Atty. David J. Novak how swiftly airport security officials would have reacted had Moussaoui revealed that the Sept. 11 hijackers planned to smuggle small knives aboard planes and then commandeer the cockpits, Cammaroto said:

"It could have been done fairly quickly. In a matter of hours."

But under cross-examination by defense lawyer Gerald T. Zerkin, Cammaroto conceded that in the late summer of 2001, the approach to airport security was far more relaxed than it is today.

Few people envisioned planes being hijacked on suicide missions, he said, and airport gate screening operations were less stringent. Passengers often were permitted to carry aboard such items as folding knives, bottles, screwdrivers and knitting needles.

Indeed, shown a security video of some of the Sept. 11 hijackers easily passing through checkpoints at Washington Dulles International Airport that morning, Cammaroto noted that only seven of the 19 had even been sent to a secondary screening, and none had been denied a seat.

"It seemed an act of desperation to blow yourself up" back then, Cammaroto said.

In the past, he said, hijackings mainly involved planes' diversion to Cuba or ransom demands. "We'd never had an incident where the bomber rode the bomb," he said.

The aviation testimony and evidence are central to the government's argument for executing Moussaoui. Prosecutors seek to convince the jury that Moussaoui knew enough about the Sept. 11 plot to help stop it.

But Moussaoui lied to the FBI and then refused to cooperate, sharply dividing the FBI about what to do with him.

The FBI never sought search warrants to open his belongings and learn more about why he was training on jumbo jet simulators in Minnesota.

The defense maintains that Moussaoui, who pleaded guilty to being a Sept. 11 conspirator last April, was a lone operator and never had any direct role or knowledge that four planes were going to be boarded that day, three of which reached targets in New York and Virginia.

With Moussaoui's survival at stake, the government's case nearly fell apart last week when it was discovered that TSA senior attorney Carla J. Martin had improperly influenced seven TSA and FAA witnesses for the government. U.S. District Judge Leonie M. Brinkema sharply limited the government's aviation testimony and evidence to just one or two witnesses, making Cammaroto's testimony all the more crucial.

The judge has yet to call Martin into the courtroom to explain her conduct.

Cammaroto described half a dozen security steps the FAA could have taken to try to head off the attacks. He said more officers could have been posted immediately at airport checkpoints, and small knives and other potential weapons could have been confiscated at the gates.

He said planes could have been searched before boarding to make sure previous passengers had not hidden bombs or weapons in overhead baggage bins or in lavatories.

Cammaroto said flight crews could have been warned to keep cockpit doors secure, and new no-fly lists could have been posted to stop the 19 hijackers from boarding planes.

"We could have done much of this in the course of a couple of hours," he said.

He drew a parallel with the "Bojinka" plot, uncovered in 1995 in Manila, in which radical Islamists planned to hide liquid bombs on 12 U.S. planes and detonate them over the Pacific.

Just as they could have done to thwart the Sept. 11 conspiracy, Cammaroto said, officials alerted the airlines about the Bojinka conspiracy, stopped passengers from carrying open drink containers aboard, and sent bomb-sniffing dogs to the Philippines. More thorough pat-downs and other passenger searches also were initiated.

"As our intelligence improved, we were able to refine and refine and refine until we got closer to the mark," he said.

In the end, there were no attacks.

FAA Reportedly Dismissed Moussaoui Concern (AP-Y2)

By Matthew Barakat, Associated Press Writer

AP2, March 23, 2006

A manager at an Arizona flight school that trained one of the Sept. 11 pilot-hijackers testified at the Zacarias Moussaoui trial Wednesday that she called the Federal Aviation Administration with concerns over his qualifications for a pilot license, but her concerns were dismissed by an FAA official.

Margaret Chevrette, manager at the flight school, was testifying in the death-penalty trial of Moussaoui, who has confessed to being an al-Qaida terrorist.

It was the second time this week jurors heard witnesses testify that people in positions of authority in the federal government responded either slowly, negatively — or not at all — to warnings about a possible terrorist attack.

Chevrette said that the school's student, Hani Hanjour, lacked adequate English skills to gain his pilot's license. An FAA official responded to her concerns by suggesting that Hanjour could use an interpreter even though mastery of English is a requirement for a pilot.

Chevrette said that when the Sept. 11 attacks occurred, she knew Hanjour must have been involved.

"I remember crying all the way to work knowing our company helped to do this," she said.

Chevrette said that Hanjour's English was so bad that it took him eight hours to complete an oral exam that should've taken two hours.

Prosecutors in Moussaoui's trial were presenting testimony about the Sept. 11, 2001 pilot-hijackers' training in an apparent effort to show parallels between Moussaoui's flight training and that of other hijackers.

Two other pilot-hijackers from the Sept. 11 attacks abandoned a small airplane on a taxiway of Miami International Airport during their flight training, but their actions didn't attract serious scrutiny from federal officials, another witness said.

Daniel Pursell, a flight instructor at the school where hijackers Mohamed Atta and Marwan al-Shehhi received commercial pilot training testified that instructors at the school breathed "a collective sigh of relief" when Atta and al-Shehhi completed their training and left the school.

Pursell said that the Dec. 26, 2000, incident at the Miami airport was one of several problems the school had with the pair.

Pursell said the tower chief at the airport called the Florida school to berate school officials after the plane was left on the runway. The FAA never questioned Atta and al-Shehhi, Pursell said.

During testimony Tuesday, a terrorism supervisor in FBI headquarters dismissed as "hunches and suppositions" a field agent's concerns about Moussaoui in the weeks before Sept. 11.

The supervisor, Michael Rolince, testified that he had not even read an Aug. 18, 2001, memo written by Minneapolis agent Harry Samit, who arrested Moussaoui and was convinced from the outset that Moussaoui was a terrorist with plans to hijack aircraft.

Rolince, who headed the FBI's International Terrorism Operations section, said he was briefed on Moussaoui only twice by a subordinate in hallway conversations lasting less than a minute.

Rolince concluded that the bureau had a long way to go in building a case against Moussaoui, even though Samit had laid out in a nearly 30-page memo his reasons for believing that the bureau had built a sufficient case to launch an all-out investigation and obtain a search warrant for Moussaoui's possessions.

"What Agent Samit's hunches and suppositions were is one thing," Rolince said. "What we knew was clearly something else."

Samit's memo proved prescient. He correctly predicted two of the six specific charges to which Moussaoui pleaded guilty: plotting international terrorism and air piracy.

Moussaoui is the only person in this country charged in connection with the Sept. 11 attacks. He pleaded guilty to conspiring with al-Qaida to hijack aircraft and other crimes, but he denies any role in Sept. 11. He says he was preparing for a possible future attack on the White House.

The sentencing trial now under way will determine Moussaoui's punishment: death or life in prison.

The FBI's actions in the time between Moussaoui's Aug. 16, 2001, arrest on immigration violations and Sept. 11, 2001, are key issues at Moussaoui's death-penalty trial. Prosecutors allege that if Moussaoui had revealed his plans for a terrorist attack, the FBI could have thwarted or at least minimized the attacks. To obtain a death penalty, prosecutors must prove that Moussaoui's actions caused the death of at least one person on Sept. 11.

The defense argues that nothing Moussaoui said after his arrest would have made any difference to the FBI because its bureaucratic intransigence rendered it incapable of reacting swiftly to Moussaoui's arrest under any circumstances.

U.S. District Judge Leonie Brinkema limited the scope of Rolince's testimony after the defense objected that he was trying to describe what the FBI would have done if it had known about Moussaoui's terrorist ties.

The defense argued that speculative testimony based on a hypothetical confession by Moussaoui unfairly implied that Moussaoui had some obligation to confess.

Brinkema allowed some limited hypothetical questioning but advised the jury: "Juries cannot decide cases on speculation. ... Nobody knows what would have happened."

Moussaoui Could Have Sparked Anti-terror Blitz : US Officials (AFP-Y2)

AFP, March 23, 2006

An aviation policy chief and an FBI terrorist hunter said the US government could have launched a pre-September 11 security blitz had Zacarias Moussaoui admitted Al-Qaeda planned to use airliners as missiles.

Former FBI agent Aaron Zebley testified in Moussaoui's death penalty trial that information from Moussaoui, arrested weeks before the world's deadliest terror strike in 2001, could have pinpointed Al-Qaeda financiers and alerted investigators terror cells were poised to strike.

Robert Cammarato, in charge of issuing government security directives to the airlines in 2001, said such data could prompted new security measures, sent air marshals from international to domestic flights and helped uncover the small knives used by September 11 hijackers.

Prosecutors called both witnesses in a bid to prove that Moussaoui's should be executed because his "lies" gave the September 11 suicide crews time to pull off their spectacular attacks, which killed nearly 3,000 people.

They showed Zebley a Statement of Facts, in which the Frenchman pleaded guilty last year to plotting with Al-Qaeda to fly planes into US buildings -- more than three years after he was accused of such a crime.

Just the fact that he was admitted Al-Qaeda member would have been enough to set of a nationwide search for accomplices, Zebley testified.

An admission that he was a trainee pilot would have sent agents to flight schools to track other would-be attackers and information on Al-Qaeda financiers could have helped them follow the money to those behind the plot.

"It was very specific information we could have run with," Zebley told the jury.

Cammarato, currently chief of commercial airports policy at the Transportation Safety Administration (TSA), said that in 2001, security experts believed hijackers were most likely to strike US airlines overseas, and there was no indication that "martyrdom operations" were in the offing.

"At that time we believed that a bombing situation would not involve a suicide aspect. There were no (scenarios) at the time, where the bomber rode the bomb," he said.

But information from Moussaoui could have alerted airport security staff to look for suicide pilots, and also to keep an eye out for small knives, later found in his belongings, which were also used on September 11.

Defence lawyers sought to blunt Cammarato's testimony by getting him to detail many changes in aviation security pre-and post-September 11, and cast doubt on prosecution claims a security overhaul could have quickly done.

Earlier, the manager of a US flight school told of the terrible moment she realised she helped to train Hani Hanjour, the September 11 hijacker who slammed a plane into the Pentagon.

"I knew in my heart that Hani was part of it," an emotional Peggy Chevrette said.

"On 9/11 my husband told me that a plane had gone into one of the Twin Towers, then before I left for work the second plane went in."

"On my way to work, the third plane had gone into the Pentagon. I just remembered crying all the way into work knowing that our company helped to do this."

Chevrette, manager of a Phoenix, Arizona flight school, said she phoned the Federal Aviation Administration (FAA) three times to express concerns that Hanjour's English and piloting skills that were so bad she thought he would injure himself or others. But no action was taken, she said.

On one occasion, the jury heard, Mohammed Atta, ringleader of the September 11 hijackers, stranded a small single engine plane on a taxiway at the Miami International Airport -- forcing a large jet to take avoiding action.

Prosecutors appeared to be hoping to tie Moussaoui's own quest to learn to fly in 2001 in Oklahoma and Minnesota to the hijackers' training.

But the testimony may also help prosecutors, because it shows that the hijackers sometimes bizarre antics in the air, as they learned to fly in the United States, did not lead to government action.

Moussaoui has said he was not part of the September 11 plot but was to take part in a follow up wave of attacks on the White House.

If he escapes the death penalty, he will get life in prison, without parole.

Impact Of Detainee Act Debated In Court (WP)

By Josh White

The Washington Post, March 23, 2006

Bush administration lawyers argued yesterday that a new law forces the dismissal of more than 200 lawsuits filed in federal courts on behalf of detainees held at Guantanamo Bay, Cuba, urging a federal appellate court to instead adopt a far more limited process that still would give the prisoners access to judicial review.

The U.S. Court of Appeals for the District of Columbia Circuit will decide whether the Detainee Treatment Act of 2005 retroactively stripped the court of jurisdiction to hear habeas corpus cases challenging detentions at the military prison in Cuba. Lawyers representing the detainees argued that the new law does not apply to pending cases, while the government has maintained that all cases essentially should be wiped away.

The Detainee Treatment Act was designed to pull what some senators believe are frivolous cases out of U.S. courts and instead grant detainees two other options: access to the federal appeals court to challenge the military determination that they are "enemy combatants" and the right to appeal verdicts reached in future military trials.

The three-judge appellate panel questioned government lawyers about the authority the court actually would have in its limited review role. Judge Judith W. Rogers asked whether the court would have the power to order a detainee's release if it found problems with a detainee's enemy combatant status as determined by a military Combatant Status Review Tribunal.

"Yes, subject to a few qualifications," said Gregory G. Katsas, a Justice Department lawyer. Katsas said the Defense Department would have the option of fixing any flawed process first. "If a CSRT determination is made, and that is that he is not an enemy combatant, that person is turned loose."

Judge A. Raymond Randolph likened the new court review process to a modification of habeas corpus rather than its abolition but said he sees no remedy for detainees in the new law. He said the new law appeared to shift habeas cases from the District Court to the Court of Appeals.

Thomas B. Wilner, who was arguing on behalf of the detainees, said he would not object if the cases were transferred from one court to another.

But he said he worries that the law is unclear and might restrict the court from truly examining the facts of a detainee's combatant status.

Currently, the military is holding 10 detainees at Guantanamo Bay who have been cleared for release, and federal courts have been powerless to order them freed. There are about 490 detainees at Guantanamo Bay.

In a related matter, the Uyghur American Association is planning to file a brief with the the Supreme Court today supporting the release of two countrymen who remain at Guantanamo Bay despite having been cleared of ties to terrorism by the U.S. military. A U.S. District Court judge recently found that there is nothing to support holding the two Chinese Muslims but said he has no authority to order their release.

Attorneys for the Uighurs have taken the unusual step of asking the Supreme Court to rule before the appellate court enters a judgment, arguing that their clients uniquely face indefinite detention even though they are innocent.

In a draft of the brief provided to The Washington Post, the UAA urges the court to allow the Uighur detainees to join the Uighur community in the Washington area, where they would live in a form of parole.

Uighurs have been battling Beijing for a separate homeland in China and face torture or execution if repatriated there, according to the U.S. government. But U.S. officials have been unwilling to release the Uighurs in the United States and have not been able to find another country to accept them.

Also yesterday, Pentagon officials said that they are considering issuing a written instruction to military commissions at Guantanamo Bay that would formally ban the use of evidence obtained from detainees by torture in upcoming trials.

Bryan Whitman, a Pentagon spokesman, said prosecutors have agreed not to use such evidence, but officials are developing language to put it in writing.

Court To Decide Future Of Detainees' Suits (AP)

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By TONI LOCY, ASSOCIATED PRESS WRITER

AP, March 23, 2006

WASHINGTON -- Faced with hundreds of claims by detainees at Guantanamo Bay, a federal appeals court pressed the Bush administration on Wednesday to say how much power judges will have to determine the legality of the detentions.

The three-judge panel is being asked to decide whether the Detainee Treatment Act, signed by President Bush on Dec. 30, retroactively voids hundreds of lawsuits by abolishing a right to challenge detentions that has been part of U.S. legal principles since the nation's founding.

Judges David B. Sentelle and A. Raymond Randolph seemed willing to accept the administration's view that the act forces dismissal of more than 200 lawsuits filed in U.S. District Court here on behalf of over 300 detainees.

But no one on the panel appeared to agree with the administration's take on what would happen next if detainees sought to essentially transfer their challenges to the appeals court.

Under the act, detainees can file petitions challenging determinations by military tribunals that they are "enemy combatants" who can be held without charges indefinitely. Those appeals must be filed with the U.S. Court of Appeals for the District of Columbia Circuit.

For the three judges, the big issue was how much power they and their fellow appeals court judges will have to examine the detainees' claims.

Gregory G. Katsas, a Justice Department lawyer, argued that judges would be limited to reviewing the sufficiency of the administrative hearings held by the military because the detainees - who are aliens held outside the United States - have no rights under the Constitution.

Sentelle was incredulous. He reminded Katsas of a 2004 Supreme Court decision that cleared the way for detainees to file court challenges to their detentions.

"You are saying that every single one of their claims are going to fail," Sentelle said. "You are saying that all the Supreme Court did ... was give (detainees) a right to file a piece of paper that cannot possibly grant release."

Judge Judith W. Rogers pushed Katsas to tell her whether the appeals court could order a detainee's release if it found that the military's hearing was flawed.

When Katsas launched into a lengthy answer, Sentelle became impatient and told the lawyer to answer yes or no.

Sentelle said the panel wanted to know whether the act says "turn him loose," if the appellate court finds problems in the military's proceedings.

Katsas said, "The short answer is yes." But he qualified it, saying the Defense Department would have the power to hold an administrative hearing to correct any deficiencies found by the appeals court.

The administration has claimed it indefinitely can hold detainees, even those who are acquitted of war crimes.

Only 10 detainees have been charged with terrorism and war crimes. Nearly 500 detainees are held at the Guantanamo Bay prison, which opened in January 2002 to hold suspected al-Qaida and Taliban operatives.

Thomas B. Wilner, a lawyer for the detainees, said he would support the detainee act if it allowed the appeals court to conduct in-depth reviews of the circumstances of a detainee's capture and detention.

Stephen H. Oleskey, who also represents detainees, told the panel that the administration does not want judges to delve too deeply into whether evidence used to hold prisoners was obtained by torture.

Meantime, a Pentagon official said Wednesday the Defense Department is considering a written rule barring use of evidence obtained by torture at criminal trials by military commission.

Until now, Pentagon officials had considered a written rule unnecessary because military prosecutors had promised such evidence would not be used at trial.

The Detainee Treatment Act was a compromise reached among Sens. Carl Levin, D-Mich., Lindsey Graham, R-S.C., and Jon Kyl, R-Ariz., to address criticism over the military's interrogations tactics and the lengthy detentions at Guantanamo.

Wilner said in court papers that Congress overstepped its authority and can bar legal challenges to detention only in cases of "rebellion" or "invasion."

"There is no rebellion or invasion," he wrote.

Ex-Juror Sees Flaws In Terror Plot Case (LAT)

By Rone Tempest

The Los Angeles Times, March 23, 2006

SACRAMENTO — A juror released today from duty in a federal terrorism trial said prosecutors have so far failed to prove the case against a 23-year-old Lodi man accused of attending a Pakistan training camp.

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"I don't think at this point in time the government has made its case," said juror Andrea Clabaugh, 37, a Sacramento engineering company account manager.

The fact that the ex-juror remains unconvinced of guilt this late in the game is bad news for prosecutors, who expect to wrap up their case against Hamid Hayat and his father, Lodi ice cream vendor Umer Hayat, 48, early next week. The defense, which plans to present its own slate of expert witnesses, has yet to begin.

The younger Hayat is accused of attending a training camp in Pakistan's Northwest Frontier province in late 2003. Both men are accused of lying to federal agents about the camp.

Clabaugh said she was troubled by the way FBI agents appeared to "badger" defendant Hamid Hayat during a videotaped late-night interrogation last year at the end of which Hayat admitted attending a training camp in 2003.

"I felt that in some respects he was giving the information because they refused to believe that he didn't know anything," Clabaugh said. She said the agents appeared to be "feeding names" to Hayat.

"I didn't see him volunteering anything," Clabaugh said.

Clabaugh was dismissed shortly before noon today in a delayed ruling by U.S. District Judge Garland E. Burrell Jr. During the jury selection process, the juror failed to disclose that she once dated a Sacramento law enforcement officer. Calling it an oversight, she later volunteered the information and the judge decided to remove her from the panel.

Excused Juror Would Vote Innocent In Terror Case (SACBEE)

By Denny Walsh, Bee Staff Writer

The Sacramento Bee, March 23, 2006

A juror in the trial of Hamid Hayat on terror-related charges who was excused Wednesday said as she left the federal courthouse that, if she had to decide now, she would vote to acquit the Lodi man.

Andrea Clabaugh of Carmichael was excused after sitting as a member of the panel hearing the case against Hayat for nearly six weeks.

When the jury was chosen on Feb. 15, she forgot about dating a Sacramento County sheriff's deputy in 1995. Two weeks ago she recalled it and informed U.S. District Judge Garland E. Burrell Jr. and the attorneys. Defense lawyers wanted her replaced with an alternate at that time, but Burrell refused.

On Wednesday, after thinking about it for two weeks, the judge changed his mind.

"Beyond a reasonable doubt hasn't been proven at this point," Clabaugh, 39, said in a hallway interview with reporters.

The government is nearing the end of its case.

Prosecution of the 23-year-old Hayat is built primarily on a videotaped admission to FBI agents that he attended a terrorist training camp in Pakistan and initially lied about it when questioned by agents, and on secretly recorded conversations he had with Naseem Khan, an FBI informant.

"I felt like he was being badgered" by FBI agents, Clabaugh said of the confession. "I felt like he was giving them information because they refused to believe he didn't know anything. It seemed like he was fed names by the agents. It didn't seem like Hamid actually volunteered anything."

Regarding the conversations with Khan, she said, "I got a picture of a young kid who wanted to impress an older man, but it doesn't mean those were things he would actually follow through on."

She was referring to Hayat's statements to Khan that he wanted to attend a terrorist training camp in Pakistan and then fight jihad, or holy war, against the enemies of Islam. At the time of the 2003 conversations, Hayat was 20 and Khan was 29.

"As of this moment, the government has not proven its case to me," said Clabaugh, an account manager for a Sacramento structural engineering firm.

Excused Juror In Lodi Terror Case Skeptical About Alleged Confession (SFC)

By Demian Bulwa, Chronicle Staff Writer

San Francisco Chronicle, March 23, 2006

(03-22) 12:20 PST SACRAMENTO -- A juror excused today from the terrorism trial of a 23-year-old Lodi man said outside court that the government had not proved its point and expressed skepticism about an alleged confession that a prosecutor described as the "meat of the case."

"Beyond a reasonable doubt -- that hasn't been proven in my opinion," said Andrea Clabaugh, a 39-year-old Carmichael resident who works as an accounting manager at a structural engineering firm in Sacramento.

She said the judge in the federal trial had excused her after she disclosed that she had briefly dated a Sacramento County sheriff's deputy in 1995. Clabaugh had not made the disclosure during jury selection.

She was on the jury that will decide the fate of Hamid Hayat, who is accused of supporting terrorism by attending a training camp in late 2003 in his family's homeland of Pakistan. He is also charged with initially lying to FBI agents about it.

Hayat's 48 year-old father is being tried in the same courtroom on charges of lying, but in front of a separate jury.

Clabaugh expressed reservations about a five-hour videotaped confession that Hayat gave FBI agents last June after returning from a two-year trip to Pakistan. Prosecutors have described it as a clear admission of guilt.

Defense attorneys say Hayat never went to a training camp but, when pressured by agents, lied in an attempt to be helpful.

"In my notes, I recall writing down something about the agents feeding him names," Clabaugh said. "It didn't seem like Hamid actually volunteered anything.

"During those interrogations, it looked like he was being badgered," she said. "It felt to me that in some respects he was giving them information because they didn't believe him when he said he didn't know anything. He had to tell them something."

Clabaugh said she had mixed feelings about the government's key witness, a 32-year-old informant named Naseem Khan who befriended Hayat in the summer of 2002 before secretly recording their conversations. At times, the conversations delved into anti-American sentiments.

Khan "was just doing the job he was hired to do," Clabaugh said.

However, she said, "I got a picture of a young kid (Hayat) who wanted to impress an older man. If he wanted to impress him, he'd have lots of opinions to share. It doesn't mean those are things that he would follow through on."

Clabaugh said Khan "did not either help or hurt the case."

As for Hayat, she said, he "doesn't look like someone I'd want to know."

"I've seen that this young man was interested in hurting possibly the U.S. or enemies of Islam," she said. "But I haven't seen anything to indicate he did anything they would have us believe he did."

Neither prosecutors nor defense attorneys would comment on Clabaugh's remarks.

Prosecutors have not completed presenting witnesses, and were in the midst of questioning an expert on Pakistani affairs when Clabaugh was dismissed. The defense has not yet presented its case.

Juror Leaves Terror Trial, Says Government Hasn't Proven Case (AP)

By Don Thompson

AP, March 23, 2006

SACRAMENTO - A juror who was dismissed Wednesday from the federal terrorism trial of a father and son from Lodi said prosecutors have so far failed to prove that the younger man attended an al-Qaida training camp.

Andrea Clabaugh, 39, was dismissed after revealing that she once dated a law enforcement official. Outside court, she told reporters that prosecutors had succeeded in portraying 23-year-old Hamid Hayat as anti-American but not as a trained terrorist.

"They've shown that Hamid was interested in acting against America and those ideas and thoughts, but they haven't proven that he actually attended a camp, that he took weapons training and that he (intended) to come back here and do anything," said Clabaugh, who lives in the Sacramento suburb of Carmichael. "At this point in time, I do not think the government has proven its case."

Her comments come as the government nears the end of its case against Hayat and his father, Umer Hayat, a 48-year-old ice cream truck driver.

Both men are accused of lying to the FBI about the son's suspected attendance at a terrorist training camp in Pakistan in 2003. Hamid Hayat also faces charges of providing material support to terrorists by attending the camp.

Prosecutors allege that he was awaiting orders to attack hospitals, banks and grocery stores after returning to the U.S. in May 2005. The Hayats were arrested in June and have pleaded not guilty. They are being tried at the same time but before separate juries.

Clabaugh, who sat on Hamid Hayat's jury, said she was removed because she dated a Sacramento County sheriff's deputy 11 years ago. She said she didn't recall that detail or consider it relevant during jury selection.

She told U.S. District Court Judge Garland Burrell Jr. about the relationship two weeks ago. He kept her on Hamid Hayat's jury but reconsidered and removed her Wednesday. She was immediately replaced with an alternate juror who has heard all the evidence.

Prosecutors and defense attorneys declined comment on the statements by Clabaugh, who said she does not know if other jurors share her views.

The government's case is built on confessions the Hayats gave separately during videotaped FBI interrogations and conversations Hamid Hayat had with an FBI informant who was secretly recording their discussions.

The Hayats' attorneys have argued that the confessions were made only after their clients were exhausted by hours of interrogation and were merely telling the agents what they thought they wanted to hear.

"I don't find the FBI interrogation damning. I felt like the FBI was leading," Clabaugh said. "Hamid was worn out and tired, and I could easily see where someone in that situation would tell them what they wanted to hear so they would be done."

She said the government's informant, a 32-year-old convenience store worker from Oregon named Naseem Khan, also asked Hamid Hayat leading questions. Those questions focused on jihad, the Arabic term for holy war, as well as anti-American Pakistani political parties.

Clabaugh said she believed the questioning was meant to entrap the younger Hayat.

"Naseem Khan seemed to be the one who brought up the relevant topics the majority of the time," Clabaugh said. "Hamid Hayat could have been trying to impress this older man who was interested in this topic. I didn't see any proof."

The FBI began focusing on the Pakistani community in Lodi, an agricultural center about 35 miles south of Sacramento, shortly after the September 2001 terrorist attacks.

Khan arrived in December 2001, shortly after being recruited by the government. He began attending the local mosque, told area Muslims he worked for a computer company and struck up a friendship with Hamid Hayat.

Two local Muslim clerics were later deported to Pakistan on immigration violations but were never charged criminally in the federal government's probe.

Among the evidence presented by prosecutors is a scrapbook kept by Hamid Hayat. The book was full of Pakistani newspaper and magazine articles praising Afghanistan's Taliban government and Osama bin Laden. Many of the articles also expressed anti-American sentiments.

But Clabaugh said keeping such a scrapbook didn't seem unusual for someone who spent half his life in Pakistan and whose grandfather is a well-known political and religious figure there. Hamid Hayat is a U.S. citizen and his father is a naturalized citizen.

"It doesn't mean he's guilty, in my opinion. It means he's interested," Clabaugh said.

She said she was disappointed to leave the jury after spending four weeks hearing testimony.

"I would have liked to have seen it through," she said.

Also Wednesday, prosecutors presented an expert on Pakistani extremist groups in an attempt to give jurors background about the country's politics and Muslim culture.

They intend to complete their case early next week by introducing satellite photographs of a terrorist training camp in Pakistan. Defense attorneys say the government has no hard evidence that the younger Hayat actually attended the camp.

Hamid Hayat is being tried on three counts of lying to the FBI and separate charges of providing material support to terrorists. He faces up to 39 years in prison if convicted on all counts.

His father faces up to 16 years in prison if convicted of two counts of making false statements to the FBI.

California Town Is Latest Site Of U.S. Terrorism Prosecution (WP)

By Sonya Geis, Washington Post Staff Writer

The Washington Post, March 23, 2006

Allegation of 'Material Support' Was Used in Other Cases

LODI, Calif. -- Naseem Khan blended right into the Pakistani community when he moved to this quiet farming area south of Sacramento. An immigrant who spoke Pashto and Urdu, he had lived there briefly once before, made friends easily and attended the local mosque.

Today, Khan's anonymity is long gone. The convenience store clerk-turned-FBI informant is the star prosecution witness in the trial of Umer and Hamid Hayat, a father and son accused, respectively, of supporting terrorism and lying about it to the government.

Hamid Hayat, 23, faces charges of providing material support to terrorists for allegedly attending an al-Qaeda training camp in Pakistan, as well as for lying to investigators during an interrogation. In a joint trial, Umer Hayat, 48, an ice cream vendor, is accused of making false statements to the FBI to protect his son. Hamid Hayat faces as much as 39 years in prison; his father, 16.

The case is built on Khan's infiltration of Lodi's small Pakistani community from 2002 to 2005. Earlier this month, prosecutors put Khan, 32, on the stand, where he told jurors that Hamid Hayat had talked about attending a training camp. Jurors also saw videotapes of both defendants first denying and then admitting to investigators that Hamid Hayat had attended the camp.

But last week, Khan shocked observers of the trial by asserting that al-Qaeda's second-in-command had passed through Lodi in 1998 or 1999, raising doubts about his credibility that the defense has begun to exploit.

The Lodi case is the latest in a string of prosecutions brought since the Sept. 11, 2001, attacks under a law that criminalizes providing "material support" to terrorists.

The government's success with the previously obscure statute has been mixed. It has won convictions in high-profile cases in Northern Virginia, in Lackawanna, N.Y., and in the New York City trial of radical lawyer Lynne Stewart. It has lost prosecutions in Detroit, Idaho and Tampa.

The Lodi case provides a rare, detailed look at how one FBI informant functioned and raises questions about the effectiveness of the government's strategy of infiltrating the community with an outsider.

Defense lawyers say their clients' arrests were made in desperation because there wasn't any real terrorist activity to find in Lodi. They contend that Hamid Hayat was given to grandiose exaggerations. At trial, they played hours of the videotaped FBI interrogation, which appears to show the two men, whose English was limited, agreeing with FBI agents instead of offering information.

"They were after big fish," Umer Hayat's attorney, Johnny L. Griffin III, said of investigators. "They couldn't get the big fish, and they had to get someone."

Assistant U.S. Attorney Laura Ferris declined to comment.

The FBI paid Khan more than $200,000 to move to Lodi, a city of 56,000, according to court testimony. He took an apartment near the Lodi Muslim Mosque and befriended Hamid Hayat, a lean young man with a black goatee, imperfect English skills and few friends. Hayat had a sixth-grade education and followed Pakistani politics, including the movements of radicals, court testimony has shown.

Khan visited the Hayat home at least a dozen times and had lengthy phone conversations with Hamid Hayat, which he secretly recorded. Transcripts of those calls reveal that Khan talked with Hayat about girls, cricket and, over time, politics and terrorism. Khan feigned a radical streak and an interest in jihad.

In 2003, Hamid Hayat went to Pakistan but kept in touch with Khan. In transcripts of their phone calls, he told Khan that he planned to attend a militant training camp but sheepishly admitted he had not yet done so. Khan encouraged him, saying, "Be a man" and "You're wasting time."

"I was just making conversation with him," Khan told Hamid Hayat's lawyer at the trial this month. Under further questioning, Khan acknowledged that Hayat never told him he had attended the camp -- only that he would go in the future.

Under FBI interrogation, Hayat first denied, then acknowledged, that he had spent months at a training camp near Rawalpindi, Pakistan, that he said was run by al-Qaeda.

In June 2005, Hayat returned to the United States and was brought in for questioning. His father accompanied him, and both were arrested. They have been in jail ever since.

While Hamid Hayat was in Pakistan, Khan befriended two imams of the Lodi mosque, according to court testimony. They soon became suspicious and warned others to avoid him.

Several days after the Hayats were arrested, the two imams and one of their sons were detained on immigration violations. They were deported but not criminally charged.

One of the imams had been in conflict with another over the construction of a Muslim religious school. Some in Lodi suspect that political opponents reported the imams to the FBI.

Across the street from the Lodi mosque on a recent afternoon, children played basketball while men in traditional Pakistani dress watched over them or milled around the entrance to the mosque, a low-slung yellow building in a ramshackle neighborhood of single-family houses.

Taj Khan, a local activist and a 25-year resident of Lodi, said the investigation and prosecutions have wreaked havoc on the community. "People are scared. People are having nightmares, I'm being told," said Khan, who is not related to the FBI informant.

Taj Khan was part of a cross-cultural effort that sought to build bridges between Christians, Jews and Muslims in a town in which the Pakistani community dates to the 1930s. "This event has put a big lid on all that," he said. "This thing has set us back quite a few years."

Naseem Khan's credibility suffered a blow last week when he maintained he had seen al-Qaeda's second-ranking leader, Ayman al-Zawahiri, at the mosque in 1998 or 1999 -- a statement that Brian Jenkins, an authority on terrorism at Rand Corp., calls "far-fetched."

FBI documents released last week show that Khan first made the assertion when agents approached him in 2001. At that time, Khan also told the FBI that he had seen Abdelkarim Hussein Mohamed al-Nasser, a suspect in a 1996 Saudi Arabia bombing, in Lodi, and Ahmed Mohammed Hamed Ali, a suspect in the 1998 bombings of U.S. embassies in Tanzania and Kenya, in Stockton, Calif., in 1999.

Terrorism experts believe that none of those suspects was in the United States at that time, though al-Zawahiri is known to have passed through the country on a fundraising trip in 1993.

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The misstep for the prosecution shows one of the possible pitfalls of using confidential informants in terrorism cases, said Robert M. Chesney, a law professor at Wake Forest University in North Carolina.

"The FBI has been correctly critiqued for not having agents from these communities," he said. "Since they don't have them, they're going to informants . . . and with informants you often have credibility problems."

Chesney cautioned that "having an unexpected but clearly wrong thing being said doesn't help, but it's not dispositive, either." The videotaped confessions are still strong evidence, he said.

"I'm not a betting man, but if I was, I certainly wouldn't bet on the jury discounting confessions unless they've got some fairly specific facts that show their wills were overcome," he said.

Researcher Julie Tate contributed to this report.

Cuban Exile Militant Luis Posada Denied Release (MH)

By Oscar Corral

The Miami Herald, March 23, 2006

The U.S. government will not free Cuban exile militant Luis Posada Carriles, who has been detained in a federal immigration facility since May, according to U.S. Immigration and Customs Enforcement.

The government's decision was made public today, about a week shy of a 180-day deadline for deciding his custody status.

Posada, who is wanted by both the Cuban and Venezuelan governments for the 1976 bombing of a Cuban jetliner and a string of hotel bombings in Havana in 1997-98, was detained in Miami by federal authorities last May after sneaking into the United States.

"Following a routine custody review, as required by regulation, ICE has issued Mr. Posada an Interim Decision to Continue Detention," ICE said in a written statement. ``This letter advises Mr. Posada that his custody status has been reviewed, and it has been determined that he will not be released from the custody of ICE at this time. This interim decision is based on a review of Mr. Posada's case and consideration of the information Mr. Posada and his attorney submitted to ICE's reviewing officials."

Posada's lawyer, Eduardo Soto, told the Herald late last week that he planned to appeal -- through a writ of habeas corpus -- if the government decided not to free his client.

ICE left open the possibility that Posada could be freed at a later date and reiterated its intention to try to deport him to a country that is not Venezuela or Cuba.

"As appropriate, ICE will continue to review Mr. Posada's custody in light of any additional information that he may submit, collateral developments, and efforts to remove him to other countries," the statement noted. ``ICE continues to move forward to carry out Mr. Posada's removal from the United States. While an immigration judge granted Mr. Posada deferral of removal to Cuba and Venezuela based on the Convention Against Torture (CAT), that does not impede ICE from removing Mr. Posada to a third country."

Cuban Militant To Stay In U.S. Custody (AP)

By CURT ANDERSON, Associated Press Writer

AP, March 23, 2006

A Cuban militant accused of masterminding the 1976 bombing of a Cuban airliner will remain in U.S. immigration custody for the foreseeable future, but efforts to deport him to a country willing to accept him will continue, officials say.

Luis Posada Carriles was arrested in Miami in May after illegally entering the United States through Mexico. He is being held by U.S. Immigration and Customs Enforcement in El Paso, Texas.

ICE issued a statement saying that Posada will not be released from its custody "at this time" and that further review was needed to determine where he could be sent.

A federal immigration judge ruled last fall that Posada could not be deported to Cuba or Venezuela, citing the possibility he could be tortured.

That prohibition, according to the ICE statement, "does not impede ICE from removing Mr. Posada to a third country."

Posada's attorney in Miami, Eduardo Soto, said the agency's decision appears to be an attempt to keep Posada in custody indefinitely without just cause and that he plans to ask a federal court to free him.

"Obviously, this is going to come to a head very quickly here," Soto said. "They've got to show some likelihood that he is going to a third country or they have to release him."

His lawyers have said they want assurances that any third country would not then send him to Cuba or Venezuela.

Posada, a former CIA operative and a fervent foe of Cuban President Fidel Castro, is accused by Cuba and Venezuela of plotting the 1976 bombing while living in Venezuela. He has denied involvement in the bombing, which killed 73 people.

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Posada escaped from a Venezuelan prison in 1985 while awaiting retrial on the airline bombing charges, and Venezuela has formally sought his extradition. He also has been linked to a series of 1997 bombings in Cuba, one of which killed an Italian tourist.

In 2004, Posada and three others were pardoned by Panama's president for their alleged roles in a plot to assassinate Castro during a conference in Panama in 2000. Some Cuban-Americans consider him a freedom fighter.

Meanwhile, a federal judge has ordered the U.S. Marshals Service to deliver Posada to Fort Lauderdale for the May trial of one of his close associates. Santiago Alvarez faces federal weapons charges involving a cache of machine guns, a grenade launcher, explosives and silencers.

US To Keep Cuban Airline Bombing Suspect In Custody (AFP-Y2)

AFP, March 23, 2006

The US authorities said that Luis Posada Carriles, who is wanted in Venezuela for the 1976 bombing of a Cuban airliner, would remain in US custody even though he has been ordered expelled.

The United States refuses to send Posada Carriles, a radical opponent of Cuban leader Fidel Castro and a former CIA agent, to Cuba or Venezuela citing fears that he would be tortured.

But it has also failed to find another third country that would accept Posada Carriles, 78, who is currently detained at an Immigration and Customs Enforcement (ICE) centre in El Paso, Texas.

"Following a routine custody review, as required by regulation, ICE has issued Mr. Posada an interim decision to continue detention," said an ICE statement.

"This letter advises Mr. Posada that his custody status has been reviewed and it has been determined that he will not be released from the custody of ICE at this time."

The agency said it "will continue to review Mr. Posada's custody in light of any additional information that he may submit, collateral developments, and efforts to remove him to other countries.

"ICE continues to move forward to carry out Mr. Posada's removal from the United States."

A judge ruled in September that Posada Carriles could not be sent to Cuba or Venezuela, in a decision based on the International Convention on Torture which prohibits extraditions to countries where there is a pattern of torture or flagrant human rights abuses.

Cuban and Venezuelan authorities have accused the US government of harbouring a known terrorist.

Posada Carriles was detained in Venezuela in 1976 following the bombing of a Cubana airlines plane that left 73 people dead.

Recently declassified US documents show that Posada Carriles worked for the CIA at least from 1965 until June 1976.

In 1985 he fled a Venezuelan prison and turned up in El Salvador where he helped the US government ferry supplies to "Contra" rebels in Nicaragua.

He is accused of taking part in numerous plots to kill Castro, including one to assassinate the Cuban leader during an Ibero-American summit in Panama in 2000.

He was jailed for eight years in Panama but was pardoned last year and appeared to be laying low until reports began circulating that he had entered the United States.

In mid-April, he officially requested political asylum in the United States, putting the US government in an embarrassing situation because of his past activities.

Posada Won't Go Free; May Be Witness (MH)

By Oscar Corral And Jay Weaver

The Miami Herald, March 23, 2006

Enforcement statement

The U.S. government will not free Cuban exile militant Luis Posada Carriles, detained in a federal immigration facility in Texas since May, but he may be heading to South Florida anyway, according to court records.

A U.S. district judge has authorized lawyers for Santiago Alvarez and Osvaldo Mitat, two friends of Posada who were arrested last year on federal weapons charges, to have Posada brought to South Florida by federal marshals in the next few weeks as a potential witness in the case. Trial is set for May 8.

Posada "should be transported here sometime before the trial commences," said Arturo Hernandez, one of Alvarez's lawyers. ``As long as he is needed he will be here."

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U.S. District Judge James Cohn signed the authorization for Posada's temporary transfer Friday. Posada is expected to help the defense lawyers' strategy to discredit a key government witness in the high-profile weapons case -- a witness they suspect of being an agent for communist Cuba who informed on the two defendants for the FBI.

The decision by U.S. Immigration and Customs Enforcement not to free Posada from custody was made public Wednesday -- about a week shy of a 180-day deadline for deciding his custody status, said Posada lawyer Eduardo Soto.

Posada, who is wanted by both the Cuban and Venezuelan governments for the 1976 bombing of a Cuban jetliner and a string of hotel bombings in Havana in 1997-98, was detained in Miami by federal authorities last May after sneaking into the United States. Venezuela wants Posada extradited to face charges for the jetliner tragedy. U.S. officials have yet to respond to that request.

Last year, an immigration judge ruled that the U.S. government cannot hand over Posada to either Cuba or Venezuela because he could be tortured. That leaves ICE with the option of finding a third country that's willing to take in Posada, who once worked for the CIA.

TRYING AGAIN

Soto said he plans to file a demand for Posada's release in federal court in Miami ``within the next 72 hours."

Soto maintains that the government can only keep Posada detained if officials can show that he is a danger to society or is likely to flee -- both situations the lawyer says are not not plausible.

"The only person that has to fear Luis Posada Carriles is Fidel Castro," Soto said.

ICE spokeswoman Barbara Gonzalez declined to comment when asked why Posada's release had been denied.

ICE left open the possibility that Posada could be freed at a later date and reiterated its intention to try to deport him to a country that is not Venezuela or Cuba. But Soto said that, to his knowledge, no third country has been identified as a potential destination for Posada.

"As appropriate, ICE will continue to review Mr. Posada's custody in light of any additional information that he may submit, collateral developments, and efforts to remove him to other countries," ICE noted in its statement. ``ICE continues to move forward to carry out Mr. Posada's removal from the United States. While an immigration judge granted Mr. Posada deferral of removal to Cuba and Venezuela based on the Convention Against Torture (CAT), that does not impede ICE from removing Mr. Posada to a third country."

CUBAN AGENT WITNESS?

Meanwhile, new court filings in the case of Alvarez and Mitat show that the government informant who tipped the FBI to the weapons cache, Gilberto Abascal, is expected to be the central witness for federal prosecutors. Defense attorneys say Abascal was an agent for Cuban leader Fidel Castro, who called for Alvarez's arrest in a speech just two days before he was brought into custody last November.

In seeking potential evidence from the government, the defense lawyers claim ``the FBI has documents that show that Cuba possessed information about Alvarez well before his arrest.

"They show that Cuba had inside information through an unregistered agent [Abascal] about a declared enemy [Alvarez]," wrote Hernandez, one of Alvarez's attorneys. ``The defense is entitled to this evidence that proves that Abascal is Cuba's inside man and that his testimony cannot be trusted."

Indeed, a major part of the defense's strategy will be to discredit Abascal.

"He's not a person to be believed, and he will be completely discredited at trial," Mitat's attorney, Dennis Kainen, said of Abascal.

Soto said that Alvarez's lawyers consulted with him before asking Posada to testify. Soto said Posada may be able to benefit from coming to South Florida because it could make it easier for Soto to argue for a change of venue for Posada if he is already here.

Alvarez and Mitat's legal strategy seems to be partly focused on political arguments to help free the men, who are charged with having machine guns, grenade launchers and other illegal guns. Alvarez and Mitat's attorneys argue that the FBI may have used Cuban intelligence to nab the two men.

"Sadly, the FBI and Castro's regime have a well-documented and regrettable history in this community," the defense's motion seeking evidence states, noting that "the FBI paid Cuban double agent, Juan Pablo Roque, over $6,720.42 for information regarding exile organizations" -- information that later led to the 1996 downing of the Brothers to the Rescue planes and the death of three Cuban-Americans and a Cuban exile.

Barring Evidence From Torture Is Considered (NYT)

By Thom Shanker

The New York Times, March 23, 2006

WASHINGTON, March 22 — The Defense Department is considering a formal rule prohibiting the introduction of evidence obtained through torture at military tribunals for terror suspects detained at Guantánamo Bay, Cuba, a Pentagon spokesman said Wednesday.

At present, the introduction of evidence gained through torture is not expressly prohibited, although military prosecutors have said that such evidence would not be permitted.

While Pentagon and military officials insist that the rules for detention of terror suspects at Guantánamo already bar torture, lawyers for some detainees have said that some of the more extreme interrogation measures are tantamount to torture.

"We have not, to this point, believed that a specific commission rule was necessary, and in fact to some degree would erroneously suggest that torture had actually occurred," said Bryan Whitman, a Pentagon spokesman.

At a morning meeting with reporters, Mr. Whitman said the Defense Department had decided to consider a "formal instruction" banning evidence gathered through torture, to "eliminate any doubt from people's minds."

Mr. Whitman said the department was honoring Article 15 of the United Nations Convention Against Torture.

The Wall Street Journal reported on Wednesday that the new rule would be released this week, although Mr. Whitman said no final decision had been made.

The Supreme Court has deferred action on the Bush administration's motion to dismiss a case challenging the constitutionality of the tribunals, officially called military commissions, that the government has established to try terror suspects now being held at the United States naval base at Guantánamo.

The justices agreed in November, over administration objections, to hear the case, and scheduled arguments for next week.

Defense Department May Formally Bar Use Of Evidence Derived From Torture Against Terror Suspects (AP)

By Robert Burns, Ap Military Writer

AP, March 23, 2006

(AP) - WASHINGTON-The Defense Department is considering issuing a written rule barring the use of any evidence obtained through torture in the military trials of suspected terrorists at Guantanamo Bay, a spokesman said Wednesday.

Bryan Whitman, a senior Pentagon spokesman, said that up to now it had been the Pentagon's view that a written rule was unnecessary because the military prosecutors had already declared that such evidence would not be permitted. He reiterated that Pentagon policy bans the use of torture, although critics and some Guantanamo Bay prisoners have asserted that some interrogation methods amount to torture.

Ten detainees at Guantanamo Bay face terrorism charges before U.S. military tribunals - the first since the aftermath of World War II. The tribunals, officially called commissions, were set up for prisoners captured by U.S. forces and their allies, mostly in Afghanistan in the months following the U.S. invasion in October 2001.

"We have not, to this point, believed that a specific commission rule was necessary, and in fact to some degree would erroneously suggest that torture had actually occurred," Whitman said. "That said, we are taking a look at whether or not issuing a formal instruction ... that bars prosecutors from using this type of evidence is necessary" in order to "eliminate any doubt from people's minds" that the U.N. Convention Against Torture applies to the Guantanamo cases.

Lawyers for some Guantanamo Bay detainees have claimed that the military tribunals are illegal because they could consider evidence gained through torture or other forms of inhumane treatment of suspects.

The Wall Street Journal reported Wednesday that the new Pentagon rule had already been approved, though not yet publicly released. Whitman said that a Pentagon officially had incorrectly told the newspaper this, but that in fact final approval had not yet been given. The Journal said the new rule was expected to be made public this week.

On the Net:

U.S. Military Commissions at http://www.defenselink.mil/news/commissions.html

Briton Tried To Buy A-Bomb, Prosecution In Trial Contends (NYT)

By Sarah Lyall

The New York Times, March 23, 2006

LONDON, March 22 — The prosecution in the trial of seven men accused of having links to Al Qaeda and plotting to carry out bomb attacks in Britain said on Wednesday that one of the men had inquired about buying an atomic bomb from Russian mafia figures in Belgium.

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On Wednesday, the second day of the trial, a prosecution lawyer, David Waters, said the defendant, Salahuddin Amin, 30, had been asked by a man he met at a mosque in Luton, his hometown, to contact a third man, Abu Annis, about a "radioisotope bomb."

When Mr. Amin did so, Mr. Annis told him that "they had made contact with the Russian mafia in Belgium and from the mafia they were trying to buy this bomb," Mr. Waters said. While Mr. Amin later told the police that he did not believe it was likely that "you can go and pick an atomic bomb up and use it," the prosecutor said the incident was "an indication as to Amin's position in, and his usefulness to, the organization."

The defendants, all British and 18 to 33 years old, are accused of conspiring to cause an explosion "likely to endanger life" and of other crimes related to possession of materials for making bombs. The men were arrested before they could carry out any plans, and before bombs ripped through the London subway system in July 2005.

But Mr. Waters said on Wednesday in the continuation of his opening statement that the defendants already had "most of the necessary components in hand" to build a bomb, including about 1,300 pounds of ammonium nitrate fertilizer and a smaller amount of aluminum powder, and that even having a nonspecific plan was evidence of guilt.

"It will hardly be in the public interest if the police had to wait for the explosion to take place and the deaths and damage to be caused before the perpetrators were guilty of a crime," he said.

The trial is expected to last several months. Six of the defendants — Omar Khyam, 24;, Waheed Mahmood, 33; Shujah-Ud-Din Mahmood, 18; Anthony Garcia, 27; Nabeel Hussain, 20; and Jawad Akbar, 22 — were arrested in police raids in March 2004, during which, the police said, the fertilizer was seized at a storage depot in West London. Mr. Amin was arrested in February 2005, when he arrived at Heathrow Airport on a flight from Islamabad, Pakistan. The men had been under surveillance, and their conversations had been monitored for months.

The prosecution contends that the men spoke admiringly of a bomb attack in Madrid in March 2004 and mused repeatedly about how and when to carry out similar attacks in Britain.

Mr. Waters said the men went to Pakistan for explosives training, disguising themselves as tourists. Back in Britain, he said, the defendants discussed potential targets, mentioning, for instance, the gas, water and electrical supplies, the Bluewater shopping center in Kent and a "big nightclub in central London."

The prosecutors say Mr. Akbar, is heard on one of the surveillance tapes saying that a nightclub would be a good target because "no one could put their hands up and say they are innocent — all those slags dancing around," using a slang term for loose women.

In the taped conversations cited by the prosecution, the defendants were sometimes unwittingly revelatory about themselves and their family lives. Mr. Akbar was taped speaking anxiously to his wife, fretting about two missing CD's marked with the word "Transco," the owner of the high-voltage electricity systems in England and Wales and the high-pressure gas system across Britain.

Mr. Mahmood, worked at the time for Morrison Utility Services, a contractor serving Transco in southeast England.

"You know what — if we get raided today, we're finished," Mr. Akbar is quoted by the prosecution as telling his wife. But then he refuses to tell her more. "The less you know, the better," he is quoted as saying. "Get your stuff and get into the kitchen."

An Effective Weapon Against Terrorists: Ridicule (USAT)

By Peter Schweizer

USA Today, March 23, 2006

Is America taking terrorists too seriously? In the wake of continued threats, that might seem like a ridiculous question. But in terms of the psychology of the war on terrorism, it's a question that needs to be asked.

In a brilliant new white paper on public diplomacy, Michael Waller, the Walter and Leonore Annenberg chair in International Communication at The Institute of World Politics, makes a strong case for America's employing a new powerful weapon against the terrorists: ridicule.

“Ridicule raises morale at home. Ridicule strips the enemy/adversary of his mystique and prestige. Ridicule erodes the enemy's claim to justice. Ridicule eliminates the enemy's image of invincibility. Directed properly at an enemy, ridicule can be a fate worse than death,” writes Waller.

History teaches that ridicule weakens the moral and political capital of our enemies. Ronald Reagan employed it with great effect during the Cold War. We all remember the “evil empire” speech, but what about the jokes? Two guys were standing in line at the vodka store. They were there for half an hour, then an hour, then an hour and a half. “I'm sick of this,” one finally said. “I'm going over to the Kremlin to shoot (Mikhail) Gorbachev.” The man left and returned about an hour later. “Well, did you shoot him?” “Heck no,” he responded. “The line up there is a lot longer than this one.”

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Many of Reagan's comments reached the underground press in the Soviet Union, no doubt encouraging dissenters against communism. Reagan understood that sowing fear in the West was a potent weapon for Moscow. By laughing at communism, the spell of fear was broken. It was the same during World War II. A cartoon of Donald Duck mocking Hitler and Mein Kampf no doubt was demeaning to the Fhrer.

Thus far, the Bush administration's approach to fighting terrorists has been to demonize them. “Their vision of the world is dark and dim,” President Bush said in January at Kansas State University. “They have got desires to spread a totalitarian empire.” During his March 11 radio address, he said: “The enemy we face has proved to be brutal and relentless.”

Certainly, their actions and goals warrant such treatment. But that alone is a tough strategy to maintain psychologically because it can be exhausting. As Waller writes: “Incessant, morbid portrayals of an individual, movement or mortal enemy might rally support for the American side, but they have a shelf-life that gets tired over time. Constant specters of unrelenting dangers risk sowing defeatism and chipping away at our own morale. Abroad, they risk making the U.S. look like a bully in some places and surrender the propaganda advantage to the other side.”

By continuing to demonize our enemies, we elevate their political status in the eyes of those disaffected souls in the developing world who dislike the United States.

I'm not suggesting that Bush start cracking Osama bin Laden jokes. And we should not mock Islam. Reagan joked about communist leaders but never about the Russian people. What the Bush administration can do is mock the terrorists.

For example, we should note that these self-professed warriors hide while they pay impoverished young men and women to become human bombs. We should play up Osama's privileged background. We should highlight the terrorists' ridiculous failures. The reality is that much like Soviet officials, terrorists are full of grand illusions about themselves and their mission.

The war on terror has military, political and economic dimensions. But it also has a critical psychological component. The terrorists are not 10 feet tall. We should engage in a psychological war that brings these thugs down to size.

Peter Schweizer is a research fellow at the Hoover Institution and author of Do As I Say (Not As I Do): Profiles in Liberal Hypocrisy and Reagan's War.

PATRIOT ACT:

Judge Orders Closed-door Session In Passaro Case (RN&O)

Raleigh (NC) News & Observer, March 23, 2006

RALEIGH — A federal judge held a closed-door hearing today to decide what, if any, classified information David Passaro’s defense lawyers can use at trial.

U.S. District Court Judge Terrence W. Boyle ordered the hearing closed from its start at 9 a.m. No media or members of the public were allowed into the courtroom.

Passaro’s trial has been tentatively set to start next month.

Passaro, 39, a former Green Beret from Lillington, is charged with assault of Abdul Wali, a suspect in rocket attacks on a military outpost in Asadabad, Afghanistan. Passaro was part of a covert paramilitary team. Prosecutors say he beat Wali with a flashlight and punched and kicked him during an interrogation. Wali died during his third day in U.S. custody in June 2003.

Passaro was the first American charged in the aftermath of the prisoner-abuse scandals in Iraq and Afghanistan. He was also the first civilian charged under the USA Patriot Act, which extended the reach of stateside prosecutors to military bases overseas.

HOMELAND RESPONSE:

FBI, Police Spying Is Rising, Groups Allege (CSM)

By Alexandra Marks

The Christian Science Monitor, March 23, 2006

NEW YORK - Inside the Time's UP! office on Houston Street in Manhattan, pictures of people taking part in an environmental protest line an old refrigerator. In one, a man with short hair and a chiseled physique is talking on his cellphone. In another, a large man wields a video camera.

The people at Time's UP!, an environmental activist group, suspect these men are not protesters at all, but rather plainclothes police officers. "We say these people are spying, and they're definitely being assisted by the police if they're not police themselves," says Bill DiPaola, director of Time's UP!

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Is that concern paranoia? Or is it skepticism in this post-9/11 era of increased surveillance?

Political activists from New York to Colorado to California report that they believe police and FBI surveillance of their activities has increased markedly since the terror attacks 4-1/2 years ago since Congress approved the USA Patriot Act loosening some of the strictures on law enforcement. They include environmental groups like Time's UP!, peace activists in Pittsburgh, and even a police union protesting for higher wages in New York City.

To try to find out if law officers are spying on them, the American Civil Liberties Union has filed Freedom of Information requests for more than 150 groups and individuals in more than 20 states who believe their first amendment rights are being violated.

Time's UP! is one of the groups that says the alleged surveillance is aimed at intimidating them. They acknowledge public events can be watched by anyone but they're concerned police have crossed the line into inappropriate spying to discourage people's from publicly criticizing government policies.

Local police and the FBI insist that none of their activities is aimed at chilling political speech. All investigations are conducted under strict guidelines put in place after abuses were documented during the Civil Rights and antiwar movements of the 1960s and 1970s. Before any investigation of a political group proceeds, law officers require reasonable suspicion or information that an individual or a group is involved in criminal or terrorist-related activities.

"Our only interest is in preventing, disrupting, and defeating terrorist-related operations or criminal activity - and that's through appropriate investigations that are conducted in accordance with attorney general guidelines," says Bill Carter, an FBI spokesman.

Throughout American history, and particularly during times of conflict, the balance between civil rights and national security has shifted toward the latter and later come under scrutiny. From World War II through the cold war to the sociopolitical upheaval of the 1960s, repeated civil rights violations occurred in the name of national security - from people being imprisoned and denied jobs for their political statements to the infiltration of political groups.

"We're nowhere near there now. Throughout the 20th century, we ... built better protections against intrusions on constitutional rights," says Alasdair Roberts, professor at the Maxwell School in Syracuse University in New York and author of "Blacked Out: Government Secrecy in the Information Age. "Nevertheless we can't take these gains for granted, and we have to take these issues of surveillance seriously."

The FBI says peace and environmental activists are confusing legitimate investigation of potential terrorist or criminal activity with free-speech violations. Peace activists say law enforcement is misusing the fear of terrorism to impede legitimate speech.

One recent case involves the Thomas Merton Center for Peace and Justice in Pittsburgh. It says FBI documents it obtained prove that they were being watched in an investigation of antiwar activities. A heavily redacted memo states that the center holds "daily leaflet distribution activities" and is "a left-wing organization advocating, among many political causes, pacifism."

"The memo may say it's an international terrorism matter at the top, but when you read the text and the subject it's clearly an investigation of antiwar activity," says Jim Kleissler, of the Merton Center. "They clearly tried to link terrorism to public dissent."

Mr. Carter says that the investigation was not of the organization, but of an individual. Once it was determined that individual was not involved with the Merton Center it ended, he says.

The number of Joint Terrorism Task Forces (JTTF), cooperative teams of local, state, and federal officers, jumped from fewer than 30 prior to the 2001 terrorist attack to more than 80 today. The Merton Center says it was investigated under a JTTF jurisdiction. Professor Roberts says these JTTFs have the greatest potential for constitutional violations because much of their activity is classified offering little opportunity for public accountability.

"It's difficult to appraise whether the activities are reasonable or not unless there's a certain amount of transparency," he says. "Sometimes you can't reveal law enforcement activity, but it's generally possible to get a general broad outline of what it is."

In New York, the activists at Time's Up! say the police are using surveillance to intimidate them. Their members are part of a monthly pro-environment bike ride around the city, where sometimes hundreds of people show up. The police want the group to get a parade permit. Time's UP! argues that it's a spontaneous gathering that takes place in 400 cities around the world. The courts have so far sided with the protesters. The police say they're simply trying to maintain order and that plainclothes police are vital to that goal.

Antiwar and anticorporate protesters have also filed suit against the NYPD, charging that plainclothes police behavior during the Republican National Convention in 2004 and at the World Economic Forum in 2002 was aggressive, intimidating, and designed to agitate the crowd. NYPD spokesman Paul Browne disagrees, saying the officers were there to maintain order.

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"We don't want the chaos of an arrest spilling into the rest of the march," says Deputy Commissioner Browne, explaining that plainclothes officers mingle with the crowd. The goal is to allow them to identify and separate anarchists and others who may want the protest to turn violent from the lawful protesters.

The NYPD is also fending off a lawsuit from its own police officer's union. The Patrol Benevolent Association (PBA) says the NYPD sent Internal Affairs Bureau (IAB) investigators to take pictures of protesting officers during contract negotiations with the city.

"The concern is that they're trying to intimidate our members, the implication being that you could be disciplined for asserting your first amendment rights," says Michael Murray, a lawyer with the PBA.

The NYPD denies that and says the IAB officers were there to maintain order.

"If you're a cop and you're confronted with your union leader saying, 'Hey, step aside, we're the police,' that could put a cop in a difficult position," says Browne. "The IAB are there to ensure there's no misconduct by the police, they're the police that police the police."

Homeland Security's Management Undersecretary To Step Down (WP)

By Stephen Barr

The Washington Post, March 23, 2006

A top Homeland Security official who has worked for three years to meld 22 agencies into a Cabinet department will resign in early May.

Janet Hale , undersecretary for management at the Department of Homeland Security, has been planning to leave the department for the past year but stayed on at the request of Secretary Michael Chertoff to help with his review of departmental operations, officials said.

Chertoff, in announcing Hale's resignation yesterday, called her "a pioneer in the department." Hale said: "There are 180,000 dedicated men and women in this department who make the country safer every day. I am proud to have been part of that."

Hale has been at the center of one of the biggest changes in the civil service in more than 50 years -- the department's plan to overhaul employee compensation and pay according to occupation, geographic location and job performance. The plan also included new rules that would sharply curb union rights in the department.

The rules, which would limit topics that unions can bring to the negotiating table, prompted a federal lawsuit. The unions prevailed at U.S. District Court, and the department has appealed a judge's decision blocking a new labor-management system and tougher employee disciplinary procedures at the department.

When Hale arrived at the department in 2003, it did not have pencils or a Zip code. The management directorate, which now has almost 300 employees, began with five staff members. Today, 650 additional employees work on management and operations issues in the department.

In the past year, officials said, Hale's office has stood up a general ledger, which collects financial information each month from Department of Homeland Security bureaus, so the department can produce a consolidated financial statement. Hale's office also has overseen new procurement practices that have saved taxpayer dollars by avoiding unnecessary spending, officials said. The department also has pulled together many of its computer systems to improve information-sharing and business practices.

But the government's response to Hurricane Katrina reinforced perceptions that the department lacks solid leadership and continues to be snarled in bureaucratic red tape. Employee morale hit bottom in some surveys, apparently because of changes forced by the mega-merger.

Sen. Susan M. Collins (R-Maine), who has investigated the Katrina response as chairman of the Senate Homeland Security and Governmental Affairs Committee, praised Hale for taking on "a historically difficult assignment." Hale "deserves the nation's thanks for helping to secure our homeland," Collins said.

Rep. Mike Rogers (R-Ala.), who chairs a House subcommittee that oversees department management issues, said Hale's resignation "simply adds to the challenges for a department already operating with far too many vacant senior positions."

Rogers said, "But I am also hopeful this helps highlight the pressing need for comprehensive legislation to strengthen the department's management and operations."

Colleen M. Kelley , president of the National Treasury Employees Union, said Hale "did express some willingness to listen to concerns of employees," but she urged Chertoff to take advantage of her departure to reassess plans for the department's new personnel system, known as MaxHR.

"It is high time they admit that MaxHR is not going anywhere good and is not going to be a success for the department," Kelley said.

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Mark Roth , general counsel for the American Federation of Government Employees, said Hale "had an open-door policy, but unfortunately, many of the problems we brought through that open door were never resolved, and in a larger sense, the problems in DHS . . . will certainly continue long after Ms. Hale's departure. We wish her well."Retirements

John M. Evans , director of operations, Office of the Undersecretary of Defense (Comptroller), retires Friday after 33 years of federal service. He has worked on the comptroller staff for 17 years and has been a member of the Senior Executive Service since 1995.

Joseph J. Matt III , an oceanographer for the Navy, retired March 3 after more than 32 years of federal service. He spent more than 21 years with the director of naval intelligence on the chief of naval operations staff, serving as manager of charting and oceanography.

Man Held In White House Scare (WP)

By Del Quentin Wilber And Henri E. Cauvin

The Washington Post, March 23, 2006

A French citizen was arrested on disorderly conduct charges yesterday after he threw a bundle of papers over a gate of the White House, forcing police to call in the bomb squad, seal the area and close off Lafayette Square, authorities said.

The bundle turned out to contain nothing dangerous, but it took about an hour before authorities issued an all-clear.

The incident marked the second time that Cyrille Y. Morotte, 36, had caused trouble at the White House, authorities said. Morotte was taken into custody and deported after throwing another item over the White House fence in June 2004, authorities said. It was not clear yesterday how Morotte got back into the United States.

He was being held last night and probably will appear at a hearing in D.C. Superior Court today.

The episode began about 11 a.m., just after President Bush left the South Lawn of the White House grounds by helicopter for an event in Wheeling, W.Va.

Authorities said that Morotte threw the bundle of papers and plastic, which was held together by rubber bands, over the fence near the busy northwest gate on Pennsylvania Avenue NW. He was quickly arrested by Secret Service officers, who summoned the bomb squad to examine the package.

Police then shut down that area of the White House. They hustled some television reporters and camera crews, who typically deliver their reports from regular positions near the northwest gate, into the White House press room.

Authorities also closed Pennsylvania Avenue NW and Lafayette Square to pedestrians. The area draws a great deal of pedestrian traffic, especially in spring, when many school groups make trips to Washington.

The bomb squad used a robot to examine the bundle and determined about noon that it did not pose a threat. Secret Service spokesman Tom Mazur said that "normal protocols" were followed.

"We would be remiss if we didn't take these situations seriously," Mazur said.

It was not known yesterday why Morotte tossed the package over the fence. Authorities said he threw a backpack or other object over the fence in 2004. He was not charged with a crime in that incident but was deported afterward, authorities said.

Federal immigration officials said they have placed a detainer on Morotte to ensure that he is turned over to them upon completion of any criminal proceedings. They said their investigation is continuing.

The White House has often attracted protesters and others who have tried to jump or throw objects over the fence. Mazur said the Secret Service did not have statistics on such incidents, adding that they were "not uncommon."

In November 2004, a Falls Church man who had been aiding the government in a terrorism investigation set himself on fire outside the northwest gate. A year later, a 48-year-old homeless man stabbed three tourists in Lafayette Square, causing minor injuries.

Crews Scramble To Fix Levees (WT)

By Audrey Hudson

The Washington Times, March 23, 2006

Federal officials are working around the clock to complete repairs to Louisiana's levee system in time for the looming hurricane season.

"We have a mandate to return the hurricane protection system to pre-Katrina levels by June 1," said Paul Johnston, spokesman for the Army Corps of Engineers, noting that the completion date coincides with the beginning of hurricane season. "The folks out there are really working like crazy. We've got folks pounding steel 24 hours a day."

More than 250 Army Corps officials and 1,500 construction workers have completed half the work required since the storm hit more than six months ago, but Mr. Johnston said the other half can and will be finished in 10 weeks.

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"We did more than one year's work in just six months, and there's a tremendous amount of work to do in a very short period of time," Mr. Johnston said.

Aided by dry weather but hampered by a lack of manpower, crews repaired nearly 100 miles of the 169-mile-long levee system, which is being built at higher levels in many areas to protect New Orleans from another devastating storm.

"We are going to be ready," said R. David Paulison, acting director of the Federal Emergency Management Agency (FEMA), where officials are working weekends in preparation.

Mr. Paulison, who replaced embattled director Michael D. Brown, said he meets three times a week with Homeland Secretary Michael Chertoff as they reorganize the agency.

"We're picking through all of those lessons learned from Katrina, Rita and Wilma to get what worked and what didn't work to get it fixed quickly," Mr. Paulison said.

"Situational awareness," or eyes on the ground, is what worked for Wilma in Florida, where 300 FEMA officials were dispatched to the governor's homeland security office.

Mr. Chertoff told firefighters this week that the federal government will not override state and local officials and that department officials, including the Coast Guard and FEMA, will be coordinated locally this summer.

The most important first responders will be the people in the storm's path, Mr. Chertoff told the International Association of Fire Fighters legislative conference Monday in Washington.

People who choose to stay behind and weather the storm must have contingency plans and supplies to last 48 hours, Mr. Chertoff said.

"If people who are able-bodied and have the means don't take steps to sustain themselves in that first couple of days in an emergency ... then they are distracting responders and firefighters from helping those who simply don't have the ability to help themselves or don't have the means to help themselves," Mr. Chertoff said.

A system similar to that used by UPS is being put into place to track food, water and ice supplies in real time using Global Positioning System satellites, a lesson learned after Katrina. Mr. Paulison said officials previously had no way to contact drivers on the road to redirect supplies.

"Katrina was an overwhelming event, and the system was not set up to deal with a catastrophe of that size," Mr. Paulison said. "We have to be more nimble, more agile and less bureaucratic."

Last Child Reunited With Kin After Hurricanes (WT/AP)

By Stacey Plaisance, Associated Press

The Washington Times, March 23, 2006

NEW ORLEANS -- When 4-year-old Cortez Stewart was reunited with her mother and five siblings in Texas last week, it brought a happy ending to a long journey that began with the devastation of Hurricanes Katrina and Rita.

Cortez represented the last of 5,192 Gulf Coast children listed as missing or displaced after the storms struck more than six months ago. The effort to reunite those youngsters became the largest child-recovery effort in U.S. history.

The National Center for Missing & Exploited Children worked with the FBI, Federal Emergency Management Agency, U.S. Postal Service, Red Cross and other agencies to reunite children separated from their parents or guardians when Katrina hit Aug. 29 and Rita followed Sept. 24.

"I can't say that there aren't a few children that may have been missing and not reported to us, but we received more calls than anyone else did, and all our cases have been resolved," said Bob O'Brien, director of the center's missing children division.

In the months after Katrina, the agency received reports of 4,710 children missing or displaced in Louisiana, 339 in Mississippi and 39 in Alabama. In Louisiana, most of the reports were about children in the New Orleans area, where heavy flooding and frantic rescues separated families.

After Rita, another 28 children were reported missing or displaced in Louisiana; 76 were reported in Texas.

Of the more than 5,000 children from both storms, all but 12 were found alive. Most were found living with other relatives, family friends or other adults, Mr. O'Brien said.

Cortez, the final child, was reunited with her mother and five siblings in Houston on March 16. She hadn't seen her family since Katrina hit and was taken to a New Orleans hotel by her godmother.

The two were rescued by helicopter as floodwaters rose around the hotel, and they were eventually taken to Atlanta, Mr. O'Brien said. Meanwhile, Cortez's mother, Lisa Stewart, and her five other children were rescued by boat from their New Orleans home, taken to an interstate overpass and then to the Houston Astrodome, he said.

The family ended up in an apartment in Houston, not knowing whether Cortez and her godmother had made it out of New Orleans alive. Early efforts to reconnect the family were hampered by incorrect name spellings and other erroneous information, Mr. O'Brien said.

"Many agencies didn't have a good account of who they were helping," Mr. O'Brien said. "Moving them from shelter to shelter, by air, by bus, the transfers, people were separated. More than 411,000 were evacuated to more than 40 states, and it became very hard to track the movement."

The national center sent teams of volunteers to shelters in Louisiana, Mississippi, Alabama and Texas to take photos of evacuated children to post on the agency's Web site with information about the children to speed the reuniting effort.

The agency logged more than 34,000 phone calls starting in early September, when it established a missing persons hot line (888-544-5475) at the request of the U.S. Department of Justice. Of the missing children cases, 45 involved children who arrived at shelters with no parent or guardian. All of those cases were resolved by early October, Mr. O'Brien said.

Besides the missing children, more than 12,000 missing adults were reported to the agency's Katrina/Rita Missing Persons Hot Line and were referred to the National Center for Missing Adults. The FBI maintains a list of missing persons on its Web site (www.fbi.gov) that includes names and specific information about those who have yet to be found.

State authorities say roughly 1,900 people are still missing. It is suspected some may have washed to sea or remain buried by debris in New Orleans. Others have been found but haven't notified authorities, while some do not want to be found.

WAR NEWS:

President Urges Congress To OK Nuclear Pact With India (USA Today)

USA Today, March 23, 2006

President Bush urged Congress on Wednesday to approve a landmark plan to share nuclear technology with India. Bush said India has proved itself over 30 years to be a non-proliferator. “It's in our interest that India use nuclear power to power their economic growth because … there's a global connection between demand for fossil fuels elsewhere and price here,” Bush said in Wheeling, W.Va. In Washington, Undersecretary of State Nicholas Burns also urged lawmakers to approve the deal.

Critics, including former senator Sam Nunn, a Georgia Democrat, are skeptical of the agreement, reached March 2 by Bush and Indian Prime Minister Manmohan Singh. It would require Congress to exempt India from U.S. laws that restrict trade with countries that have not submitted to full nuclear inspections. Among the concerns raised by Nunn, who played a leading role on military issues in Congress, was that the agreement would promote a regional arms race with China and Pakistan.

The Pentagon is considering issuing a written rule barring the use of any evidence obtained through torture in the military trials of suspected terrorists at Guantanamo Bay, Cuba, Pentagon spokesman Bryan Whitman said. Whitman said that up to now it had been the Pentagon's view that a written rule was unnecessary because the military prosecutors had already declared that such evidence would not be permitted. He reiterated that Pentagon policy bans the use of torture. Ten detainees at the U.S. military prison face terrorism charges before tribunals. Lawyers for some Guantanamo Bay detainees have claimed that the military tribunals are illegal because they could consider evidence gained through torture or other forms of inhumane treatment of suspects.

The Bush administration questioned the motives of Iran's supreme leader, Ayatollah Ali Khamenei, in approving U.S.-proposed talks on Iraq. “It is a matter of curious timing,” State Department spokesman Sean McCormack said. He said Iran might be trying to deflect international attention away from its nuclear programs, now under review at the United Nations. McCormack said a channel for communication between the United States and Iran remains open, but no meetings have been scheduled.

Khamenei's statement on Tuesday was the first confirmation that he supports holding talks. He warned, however, that the United States must not try to “bully” Iran. President Bush months ago initiated a diplomatic effort to hold talks with Iran over its activities in Iraq. The administration has accused Iran of supplying insurgents with weapons.

For Afghans, Allies, A Clash Of Values (WP)

By Pamela Constable

The Washington Post, March 23, 2006

The case of an Afghan man who could be prosecuted and even put to death for converting to Christianity has unleashed a blizzard of condemnation from the West this week and exposed a conflict in values between Afghanistan, a conservative Muslim country, and the foreign countries that have helped defend and rebuild it in the four years since the fall of the Taliban.

The case of Abdul Rahman, a longtime Christian convert who lived in Germany for years and was arrested last month in Kabul, has also highlighted the volatile debate within Afghanistan over the proper role of Islam in Afghan law and public policy as the country struggles to develop a democracy.

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Diplomats from several countries said yesterday that Rahman, 41, now seems unlikely to be tried or executed. Prosecutors in Kabul said he might be mentally unfit to stand trial, a sign that the government may be seeking to avoid confronting its Western allies without giving ground on Islamic law, under which conversion to another religion is punishable by death.

But the case, the first of its kind since the radical Islamic Taliban movement was toppled in 2001 by a U.S.-led military invasion, continued to draw protests from the governments of Italy, Germany, Canada and other NATO nations, at a time when NATO forces are beginning to replace tens of thousands of U.S. troops as the principal defenders of Afghanistan against Taliban and al-Qaeda insurgents.

It also put pressure on President Bush, who visited Kabul last month to show support for Afghan President Hamid Karzai. A number of U.S. Christian and conservative groups demanded this week that Bush take action, and one organization accused him yesterday of propping up an Islamic fundamentalist regime in Kabul.

"This is an extremely sensitive issue here and an extremely serious issue back home," Abdullah, Afghanistan's foreign minister, said in an interview yesterday with Washington Post editors and reporters. "Every time we have a case, it is like an alarm. These contradictions will not go away with one or two cases."

Bush, on a visit to Wheeling, W.Va., said yesterday he was "deeply troubled" to learn of Rahman's possible prosecution. "That's not the universal application of the values that I talked about" while in Kabul, he said. He stopped short of calling for the case against Rahman to be dropped but said he would work with Karzai's government "to make sure that people are protected in their capacity to worship."

Bush's comments were tougher than those made previously by administration officials. On Tuesday, a State Department spokesman urged the Afghan government to "conduct any legal proceedings in a transparent and fair manner." R. Nicholas Burns, the undersecretary of state for political affairs, said that the Afghan constitution "affords freedom of religion to all Afghans" and that the U.S. government hoped for a "satisfactory result" of the case.

The initial low-key response apparently infuriated Christian conservative groups. Tony Perkins, president of the Family Research Council, complained in a letter to Bush and Secretary of State Condoleezza Rice: "How can we congratulate ourselves for liberating Afghanistan from the rule of jihadists only to be ruled by radical Islamists who kill Christians? . . . Americans will not give their blood and treasure to prop up new Islamic fundamentalist regimes."

In another open letter to Bush, the U.S. Commission on International Religious Freedom said it was "the obligation of our government" to take action in the case. The group warned that in Afghanistan, there is no legal guarantee of religious freedom and the judiciary is instructed to enforce Islamic principles. "The door is open for a harsh, unfair or even abusive interpretation of religious orthodoxy to be officially imposed," it said.

Bush, a Christian, often talks about God, faith and respect for all religions, especially in relation to the war on terrorism. The White House has often portrayed Karzai as an example of a Muslim leader and ally who is working to hunt down Islamic terrorists and build a democracy based on the rule of law and human rights.

But Afghanistan is also a deeply traditional and tribal society, where 99 percent of the 25 million inhabitants are Muslims and no Christians worship openly. It is a capital crime under Afghan Islamic law to convert to Christianity, and prosecutors and judges in Kabul initially said Rahman might be sentenced to death.

The country's 2004 constitution, which was heavily debated and rewritten by Afghan officials after it was crafted with help from U.N. advisers, is an ambiguous document that endorses international human rights conventions but also says that no law shall contravene the principles of Islam.

"This case goes right to the heart of the contradictions in the constitution. Is Afghanistan a democracy that respects human rights and international norms, or is it an Islamic country with an extremely conservative judiciary?" said Alex Their, a senior rule of law adviser at the U.S. Institute of Peace. "The issues being raised will have an important impact on Afghanistan's ability to become a stable democracy."

Although Rahman is the first Afghan charged with converting since the fall of the Taliban, Afghan courts have recently prosecuted or harshly criticized individuals for other alleged anti-Islamic acts, including a presidential candidate in 2004 who questioned the right of Muslim men to have multiple wives and a magazine editor last year who challenged the doctrine that conversion from Islam is a capital offense.

The Supreme Court's chief justice, an elderly cleric named Fazl Hadi Shinwari, has issued religious decrees against such individuals. Karzai, a moderate who in Afghanistan is widely viewed as having ceded the judiciary to Islamic conservatives, renominated Shinwari this week. Abdullah, who was not renamed to his post in a cabinet shuffle this week, said the Afghan judiciary was in serious need of reform.

So far, the government has not invoked the extreme punishments ordained by Islamic law, or sharia , such as cutting off thieves' hands and stoning adulterers, which were frequently carried out by the Taliban and drew international condemnation.

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But most Afghans view Islamic law as absolute once it is invoked. And despite their gratitude for U.S. military and economic support, many remain leery of Western values and associate Christianity with fornication and drunkenness.

Under sharia, a convert to Christianity "should be given time to think," said Abdul Aziz, a professor of Islamic law who spoke by telephone from Kabul. "What he has done may damage Islamic society, so he should change his mind." If he does not, sharia prescribes the punishment of death. "Then, even a judge cannot change it. It is like doing a coup against the government," Aziz said. Rahman's case was brought by a public security court, not a regular criminal one.

The case against Rahman is complicated by personal aspects. His conversion was denounced by his family in Kabul after he was involved in a lawsuit and child custody fight with his former wife, and he has been described as perennially jobless and mentally unbalanced. He converted in 1990 while working with a Christian aid group in Pakistan and then moved to Germany, returning only recently.

Comments made this week in Kabul by judges, prosecutors, neighbors and Rahman's relatives illustrated the strong emotional and religious feelings such a case can evoke. His father expressed shame and bewilderment at his conversion. Guards refused to let journalists visit him in a Kabul prison, and one said, "We will cut him into little pieces."

But yesterday, Rahman was briefly brought before the news media. According to a report by the BBC, he said: "I am not an infidel or a fugitive. I am a Christian. If they want to sentence me to death, I accept that."

Bush Touts Coal Use For Energy Independence (WHNR)

By John McCabe

Wheeling (WV) News-Register, March 23, 2006

WHEELING — West Virginia's coal reserves could be one of the keys to curing the United States' "addiction" and dependence on foreign oil, President Bush said Wednesday.

During his address at the Capitol Music Hall, underwritten by the Ogden Newspapers Inc. and other local sponsors and hosted by the Wheeling Area Chamber of Commerce, the president spoke of a brief meeting he had with Gov. Joe Manchin on the way downtown from the Wheeling-Ohio County Airport.

During that meeting with the president, Manchin discussed coal liquefaction — a chemical process that turns coal into a fuel that can be used in vehicles — as an alternative energy source for the nation.

"Joe talked to me about how we (could) use the natural resources of the state of West Virginia in such ways to become less dependent on oil," Bush said.

''First thing is, we've got a lot of coal, a 250-year supply of coal, which helps us on our electricity. And we're spending a lot of money on clean coal technology. The whole idea is to use taxpayers' money to develop a technology that will enable us to have zero-emission plants, which will help us achieve an environmental objective, as well as an energy independence objective," Bush said.

''Our natural resources would help make the country more independent" of foreign oil, Manchin said prior to Wednesday's event. If the state's coal reserves were liquefied, "we would have more liquid than Saudi Arabia."

Bush said with the global demand for oil increasing — which drives up the price at the pump — it is imperative that the country find alternative energy sources. As it stands now, "we get oil from parts of the world that don't like us ... which creates a national security issue. And, therefore, it is in our economic interest and national interest that we get off of our addiction to oil."

One of the alternative energy sources is nuclear power. The president endorsed its use as a "renewable source of energy that has ... zero greenhouse gas effect."

The use of batteries to power automobiles — particularly in the big cities, where the average commuter drives less than 40 miles per day — is another possibility in the near future.

"One of these days, I am told, that if we continue to stay focused in research, we're going to be able to have a pretty good-sized vehicle, plug it in, and drive 40 miles before you need to use any gasoline in your engine," Bush said. "That will ... reduce demand for gasoline, which reduces demand for crude oil.

"They've got what they call E85 that's 85 percent ethanol that's powering automobiles now. A whole new industry is beginning to grow. And the more we use alternative sources of energy, the less dependent we are on oil."

The president also praised Manchin for his forward-thinking on an issue of such national importance. "Joe is always thinking, and he's a practical fellow, which is sometimes not the case in government. But what he's saying is, can't we use our resources here, in a way, Mr. President, that helps you achieve a grand national objective, which is getting off Middle Eastern oil? And the answer is, yes, we can."

Bush Pulls Out The Stops To Save Ratings (AP-Y2)

By Jennifer Loven

DOJ_NMG_0020323

AP2, March 22, 2006

Whether he's before a friendly West Virginia audience, a Cleveland club proud of its interrogation skills or a White House news conference, President Bush is drawing on his plainspoken manner in freewheeling venues to defend his Iraq strategy.

Alternately serious and joking, charming and disarming in this war anniversary week, Bush is trying to counter election-year critics and reverse an approval ratings slide.

In Wheeling on Wednesday, the fifth day in a row Bush devoted his remarks to Iraq, the president bantered with the locals, his shoulders bouncing up and down as they do when he's pleased with his own jokes. Then he brought down the house with his trademark I-won't-back-down pledge.

"Let me put it to you this way: If I didn't think we'd succeed, I'd pull our troops out," Bush said. More than 2,000 supporters — including many active-duty military and their families — leapt from their seats and filled the gilded Capitol Music Hall with wild applause.

"I cannot look mothers and dads in the eye, I can't ask this good Marine to go into harm's way if I didn't believe, one, we're going to succeed, and, two, it's necessary for the security of the United States," Bush said.

Beginning with a speech last Monday in Washington. and with more planned to come, the president wants to convince Americans not only that there is reason for optimism about Iraq's future but that the situation now is better than the daily reports of strife make it appear.

With national polls showing he has a tough hill to climb — and the upcoming midterm congressional elections making Republicans nervous — Bush laces his remarks with nods to both Americans' worries and the grim realities on the ground in Iraq. The insurgency remains strong, sectarian violence is spiraling and talks to form a unity government seem stalemated.

The president said at least a half-dozen times here that he understands the concern about Iraq.

"There was some awful violence. Some reprisals taking place. And I can understand people saying, `Man, it's all going to — you know, it's not working out,'" he said.

But, Bush added, standing in front of three large blue-and-yellow "Plan for Victory" posters: "The way I like to put it is, they looked into the abyss as to whether or not they want a civil war or not and chose not to. That's not to say we don't have more work to do, and we do."

The crowd in Wheeling needed little convincing. Another standing ovation was prompted by a woman who asked Bush what could be done to keep the press from ignoring progress in Iraq.

"Our major media don't want to portray the good," she said. "If the American people could see it, there would never be another negative word about this conflict."

Bush declined the opportunity to tell the media what to publish.

"You're asking me to say something in front of all the cameras here. Help over there, will you?" he joshed. "Just got to keep talking. Word of mouth."

In Cleveland on Monday, Bush did his talking at the City Club. The questions got tough at the forum known for taking on world leaders, ranging from Iraq to his warrantless wiretapping program to a new nuclear deal with India. But the exchanges allowed Bush to make his case for the war, and earned him a few laughs and several rounds of enthusiastic applause along the way.

"Anybody work here in this town?" Bush joked at one point as the Cleveland questioning went on in an appearance that eventually went over 90 minutes.

On Tuesday, Bush called a news conference with the Washington media. But he rejected the formal East Room in favor of going toe-to-toe with reporters in the cramped, casual White House briefing room that better suits his style. The president bantered with an outspoken critic, journalist Helen Thomas, saying he "semi-regretted" calling on her, and he teasingly accused other reporters of falling asleep during his speeches.

The sessions follow a December blitz by Bush that succeeded in arresting an earlier fall in his approval ratings. This time, White House advisers hope the speaking events, even when they draw the kind of difficult questions that have occasionally come Bush's way this week, will showcase a president comfortable with his message, his strategy and his facts.

"It's one of the best chances he has to be effective, to change away from the Pollyanna-ish characterizations of it being all good news," said Bruce Buchanan, a University of Texas political scientist who has long observed Bush.

However, Wayne Fields, a specialist in presidential rhetoric at Washington University in St. Louis, said, "The problem is that clearly he's doing this because of the polls and that adds a level of desperation."

Bush Pressing The Iraqis To Build A Governing Coalition Quickly (NYT)

By Elisabeth Bumiller

The New York Times, March 23, 2006

DOJ_NMG_0020324

WHEELING, W.Va., March 22 — President Bush took his campaign to convince Americans that the United States is winning the war in Iraq to a former country music concert hall here on Wednesday and declared to applause, "If I didn't think we'd succeed, I'd pull our troops out."

Mr. Bush also said he was continuing to press the Iraqis to form a unity government. Two Shiite parties won parliamentary elections in January, and the United States has been pressing them to include Sunnis in important cabinet positions.

"I spoke to our ambassador today, and General Casey, via videoconferencing, and we talked about the need to make it clear to the Iraqis: it's time, it's time to get a government in place that can start leading this nation and listening to the will of the people," Mr. Bush told the crowd. He was referring to Ambassador Zalmay Khalilzad and Gen. George W. Casey Jr., the senior American commander in Iraq.

Mr. Bush did not repeat his widely published remark from a news conference on Tuesday suggesting that American forces would be in Iraq at least until 2009. On Wednesday, White House officials sought to play down the comment, saying Mr. Bush did not mean to imply that there would be 130,000 American troops in Iraq in 2009, as there are now.

White House officials said Mr. Bush's remark was not an open-ended comment. "The question was, Will there be zero, when will there be zero — or no American troops in Iraq," Scott McClellan, the White House press secretary, told reporters on Air Force One.

Mr. Bush's response was that the decision would be made by "future presidents and future governments of Iraq."

In Wheeling, the latest stop in Mr. Bush's effort to persuade an increasingly doubtful public about his course in Iraq, the president spent an hour and 20 minutes with a hand-held microphone on the stage of the Capitol Music Hall, a home for country singers for more than 70 years, which was closed at the end of last month. The local Chamber of Commerce handed out about 2,000 tickets for the events, and about 250 military families were invited.

Mr. Bush took questions from the crowd, but they were a lot softer than the sharp queries he got on Monday from the City Club of Cleveland, a nonpartisan group. West Virginia voters supported Mr. Bush in the 2000 and 2004 presidential elections.

One boy asked Mr. Bush if he liked living in the White House. Mr. Bush responded, yes, because he had a 45-second commute, the food was good, and the job was an honor.

He also said, alluding to the pressures and criticism of his tenure, that when "my buddies come up from Texas," they're "kind of looking at you like, man, are you O.K.?"

Mr. Bush said he told them yes.

"Educator-In-Chief" Speaks In Wheeling (WHINT)

By Joselyn King

Wheeling (WV) Intelligencer, March 23, 2006

WHEELING — The Iraqi people ultimately must "determine their own fate," and "as they stand up, we'll stand down," President Bush told an audience in downtown Wheeling Wednesday.

A capacity crowd of more than 2,000 — including many military veterans and their families — turned out for Bush's town hall forum on the War on Terror at the Capitol Music Hall.

The event was sponsored by the Ogden Newspapers Inc., Valley National Gases Inc., Paull Associates Insurance/Real Estate, EPS Industries Inc., Wheeling Island Racetrack and Gaming Center and Beyond Marketing.

Bush said that while he has the duty of being commander-in-chief of U.S. military forces, he also holds the responsibility of being "educator-in-chief" and explaining to U.S. citizens why he chose to send forces into Iraq.

"It doesn't matter whether you agree with my decision or not," Bush said. "But all of us should agree with the fact that we have a remarkable country."

He added that 75 percent of West Virginia's National Guard has now seen military action, and he thanked the veterans and their families for their sacrifices.

Bush offered his explanation as to why these sacrifices are necessary.

"It's tough fighting, and it's tough fighting because we've got an enemy that's just cold-blooded," Bush said. "They can't beat us militarily, but they can try to shake our will. They have said that it's just a matter of time, just a matter of time before the United States loses its nerve. I believe we're doing the right thing, and we're not going to retreat in the face of thugs and assassins.

"It's the Iraqis' fight. Ultimately, the Iraqis are going to have to determine their future. They made their decision politically. They voted. And these troops that we're training are going to have to stand up and defend their democracy. We've got to work, by the way, in 2006 to make sure the police are trained as adequately as the military. It's their choice to make. I like to put it this way — as they stand up, we'll stand down."

As for whether he will reduce troop levels in the Middle East, Bush said it was something he is considering.

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‘‘But I’m going to make up my mind based upon the advice of the United States military that’s in Iraq,’’ he said. ‘‘I’ll be making up my mind about the troop levels based upon recommendations of those who are on the ground.

‘‘I’m going to make up my mind based upon achieving a victory — not based upon polls, focus groups or election-year politics.’’

Bush next addressed the issue of pre-war intelligence and how he had believed Saddam Hussein had weapons of mass destruction in Iraq and planned to use them.

‘‘I know for a fact he had used weapons of mass destruction — he used them on his own people,’’ Bush said of Hussein. ‘‘Now, I thought he had weapons of mass destruction. Members of Congress thought he had weapons of mass destruction. The world thought he had weapons of mass destruction. That’s why those nations voted in the Security Council’’ to send troops into Iraq.

‘‘Now I’m finding out what went wrong. One of the things you better make sure of when you’re the president is that you’re getting good intelligence. Obviously, the intelligence broke down. But (Hussein) had that capacity to make weapons of mass destruction. He had not only murdered his own people, but he had used weapons of mass destruction on his own people.’’

It was also known that forces under Hussein were firing on U.S. aircraft, Bush said.

‘‘This guy was a threat,’’ he added. ‘‘The way I viewed it was that it was Saddam Hussein’s choice to disclose, disarm or face serious consequences. He made the choice, and then I was confronted with a choice. I made my choice. And the world is better off without Saddam Hussein in power.’’

Bush also addressed the need for universal freedoms in the world, and he said he is upset that some countries aided by the U.S. continue to infringe upon human rights.

He spoke of a visit he made to Afghanistan and of meeting President Hamid Karzai.

“I like him ,” Bush said of Karzai. “He’s a good man. You can imagine what it’s like to try to rebuild a country that had been occupied and then traumatized by the Taliban. They’re coming around. They got elections. They had assembly elections. He, himself, was elected.

“We expect them to honor the universal principle of freedom,” Bush added with reference to Afghanistan. “I’m troubled when I hear — deeply troubled — when I hear the fact that a person who has converted away from Islam may be held to account. That’s not the universal application of the values that I talked about. I look forward to working with the government of that country to make sure that people are protected in their capacity to worship. “

Bush spoke directly to the crowd for about 45 minutes prior to taking questions from those in attendance.

He thanked John Anderson and Janis LaFont, employees of Valley National Gases, for a $100,000 check they presented him for the Katrina Relief Fund.

‘‘I want to thank you all for doing this, and I want to thank the folks you work with for doing that,’’ Bush said.

Many of the questions and comments for Bush were from those primarily supportive of the president and wishing to commend him.

One of the first questions came from West Virginia Gov. Joe Manchin, who asked Bush if the state’s natural resources could better be put to use to help ease U.S. dependency on foreign oil. Manchin is a proponent of liquefying West Virginia’s coal for use as gasoline. Bush quickly began to speak of nuclear energy and the use of ethanol.

A Wheeling Park student followed Manchin’s question with one regarding nuclear energy and whether the U.S. is guilty of a double standard in supporting India’s effort toward nuclear energy, but not Iran’s attempts.

Iranians ‘‘are hostile to the United States and hostile to allies,’’ Bush answered. ‘‘We’ve got to be very careful about not letting them develop a weapon. ... Iran with a nuclear weapon is a threat, and it’s dangerous, and we must not let them have a weapon.’’

A local military recruiter asked Bush what he might say to encourage someone to serve their country. He responded he would tell them it was a good way to learn skills prior to college, and he added that people can also serve their country by volunteering.

A Wheeling firefighter asked Bush if he planned to send ‘‘an army of sociologists’’ to the Middle East to help change the mindset there so that those of differing religions are accepted. Bush responded the U.S. would work with friendly governments there and reinforce the universal idea of freedom of religion.

A young boy asked Bush if he enjoyed living in the White House. Bush told him he had ‘‘enjoyed every second’’ living there. He said he ‘‘has a 45-second commute’’ to the office, and he noted ‘‘the food is good.’’

Bush added that he often invites his friends from Texas to visit.

‘‘I tell them what an honor it is to do this job,’’ he said. ‘‘They often ask, what’s the job description? I say, ’Making decisions.’ And I make a lot.

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"You may not agree with the decision. But at the very minimum, I want you to understand that I make my decisions based upon some principles I hold dear. In order to make decisions, you have to be enthusiastic about your job, you have to be optimistic about the future and you have to stand for something. You can't be a president trying to search for what you believe in the midst of all the noise in Washington."

Crowd Praises Bush's Speech (WHINT)

By Adam Townsend

Wheeling (WV) Intelligencer, March 23, 2006

WHEELING — Many people who attended President Bush's Wednesday appearance in Wheeling said they weren't sure what to expect from the speech and subsequent question-and-answer period, but several area residents said afterward that they were impressed with the chief executive's statements and responses.

"I want to know if he has any plans for addressing the congressmen who so negatively portray the war in Iraq," said St. Clairsville nurse practitioner Janel Trovato-Vass. She had her question for the president carefully written on a Post-it note she held as she waited to enter Capitol Music Hall. The line — dotted with the white caps of Marines in dress uniforms and the square-patterned camouflage of the Air National Guard — stretched for a few blocks as Secret Service officials checked everyone with metal detectors.

"Nobody's perfect, and he can't fix everything," Trovato-Vass continued. "I've supported George (W.) Bush as a Republican myself. (The President's visit) is pretty big for Wheeling."

Close behind Trovato-Vass were the members of the Wheeling Park High School Teen Age Republicans — a newly formed chapter of the national group.

The six members were part of the group seated in bleachers behind the president while he spoke on stage, and all were giddy with excitement as they waited in the morning chill in downtown Wheeling.

"We all started (the chapter) just this year," said Christina Fortunato, mentioning that the group had some help in getting seats on the stage. "My mom, Kathy Fortunato, is chairman for the (Ohio County) Republican Party."

"We hope this'll be a learning experience for all of us," added club member Kelly Kresen.

The theater seats began to fill up slowly as attendees filtered through Secret Service checkpoints while bomb-sniffing dogs inspected television cameras. Throughout the speech, the audience burst into applause at various statements by the president, who joked with the audience and explained his justification for the war in Iraq. At the end of the speech, Bush took a number of questions from members of the crowd.

"I thought that it was a wonderful speech," said West Liberty professor Charles Davis as Bush descended from the stage to greet the audience members crowded around him. "This is my second time to see him. I don't always agree with him, but I support him and respect him."

Jolene Magle, one of the locals volunteering at the Capitol to help host the event, said the speech was everything she expected as a Bush supporter.

"He answered all the questions appropriately," she said. "We just love him. He's a faith-based man, and this is a faith-based community."

Indeed, one would have been hard pressed to find someone in the audience much less enthusiastic about the speech.

"George W. Bush is an amazing president because he stands firmly," said Wheeling Park senior and Student Council President Michael Bush. Michael Bush asked George W. Bush what his generation would be facing as its members assume the reins of power in the future.

"I asked him as 'one President Bush to another,'" Michael Bush said. "He got a kick out of that."

Supportive Crowd Hails Bush In W.Va. As President Defends Iraq Policy (PPG)

By James O'Toole

Pittsburgh Post-Gazette, March 23, 2006

WHEELING, W.Va. -- West Virginians cheered as President Bush maintained that the war in Iraq and his assertive foreign policy were "laying the foundation of peace for a generation to come."

In the face of increasing public uneasiness over the war, Bush came to the Capitol Music Hall yesterday continuing a renewed effort this week to shore up support for his administration's policies.

With familiar but impassioned arguments, Mr. Bush defended his decision to go to war and argued that his foreign policy goal of spreading democracy would lead to victory in Iraq and a more peaceful future for the Middle East.

For the third day in a row, the president answered questions on the war, this time before a markedly more supportive audience than he faced Monday at the Cleveland City Club or Tuesday in the White House press room.

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Poll after poll in recent weeks have recorded bleak approval ratings for his job performance in general and his conduct of the war in particular.

But such sentiments were not apparent in the historic theater where the West Virginia audience, dotted with military families and men and women in uniforms, offered repeated applause and friendly questions. Mr. Bush, with a handheld microphone, strolled back and forth on a stage festooned with banners that read: "Plan for Victory."

While acknowledging flaws in pre-war intelligence, Mr. Bush sparked applause in a community where a local Air National Guard unit is awaiting deployment to Iraq as he said, "I viewed it was ... Saddam Hussein's choice, to disclose, disarm, or face serious consequences. ... And I made my choice and the world is better off without Saddam Hussein in power."

Defending what he portrayed as the broader principles underlying his foreign policy, Mr. Bush said, "An interesting debate in the world is whether or not freedom is universal. ... People say, 'There's old Bush imposing his values.'

"See, I believe freedom is universal. I believe liberty is a universal thought. It's not an American thought, it is a universal thought," he continued, arguing that the spread of democracy would promote a more peaceful world.

Mr. Bush elicited another ovation as he said, "Look, I'm an optimistic guy. I believe we will succeed. If I didn't believe we would succeed, I would pull our troops out."

While most of the session concentrated on Iraq, Mr. Bush also defended his proposed nuclear accord with India, warned that he would not accept Iran's designs on building nuclear weapons, and vowed to renew his frustrated campaign to transform Social Security.

Responding to one of the few challenging questions from the crowd, Mr. Bush denied that he was guilty of a double standard in his approach to India and Iran on nuclear weapons. He argued that India was a transparent democracy while Iran was not.

"They're certainly not a democracy. They are sponsors of terrorism," Mr. Bush said of Iran. "They have joined the [International Atomics Energy Agency], and yet we caught them cheating. In other words, they weren't upholding the agreements, and they started to try to enrich uranium in order to develop a weapons program. India is heading to the IAEA; the Iranians are ignoring IAEA."

West Virginia Gov. Joe Manchin put in a plug for the state's coal resources as he asked the president how the nation could use other fuels to promote energy independence.

"Joe is talking about spending research money on the gasification of coal, which then will lead to the [liquefaction]," Mr. Bush said. "And I believe we ought to attack this issue on all fronts, on a variety of fronts. I know we ought to use nuclear power. It is a renewable source of energy that has got zero greenhouse gas effect."

One questioner drew the crowd's loud endorsement with her complaint that the news media do not show enough of the good news of what is happening in Iraq.

"That's why I come out and speak. I spoke in Cleveland, gave a press conference yesterday -- spoke in Cleveland Monday," Mr. Bush said. "I'm going to continue doing what I'm doing to try to make sure people can hear ... why I make decisions, and as best as I can, explain why I'm optimistic we can succeed."

On his arrival at the Wheeling-Ohio County Airport, Mr. Bush tried to emphasize one positive outgrowth of the wars in Afghanistan and Iraq as he presented a volunteer service award to Kristen Holloway of Mt. Lebanon for her work in founding Operation Troop Appreciation, a non-profit group that distributes clothing, DVDs, musical instruments and other goods to GIs serving overseas.

The president plans to return to the region tomorrow to appear at a private fund-raising event for U.S. Sen. Rick Santorum.

Bush Urges Iraqis To Form A Government (WT)

By Stephen Dinan

The Washington Times, March 23, 2006

WHEELING, W.Va. -- President Bush yesterday said Iraqi politicians must get serious about forming a unity government and begin the job of running the country.

"It's time," Mr. Bush said. "It's time to get a government in place that can start leading this nation and listening to the will of the people."

Continuing his series of speeches on Iraq and the war on terror, Mr. Bush again praised Iraqis for stepping back from "the abyss" after the bombing of a Shi'ite mosque in Samarra last month.

But he told an audience of 2,000 at the Capitol Music Hall in Wheeling that just yesterday morning he instructed the U.S. ambassador to Iraq and Gen. George W. Casey Jr., the top U.S. commander there, to let the Iraqis know they now must step up.

A delegation of U.S. senators traveling in Iraq earlier this week also told interim Prime Minister Ibrahim al-Jaafari to get to work on forming a government.

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"There's been too much dawdling while Baghdad is burning," said Sen. Carl Levin, Michigan Democrat. "They have got to decide if they want a nation. They cannot overly rely on us."

Iraqis went to the polls in December, though the results weren't certified until last month. Mr. Bush urged Iraqis to move quickly to form a unity government that would share power among the various factions.

"That's what the people want; otherwise, they wouldn't have gone to the polls, would they have?" he said.

It was the fifth consecutive day Mr. Bush has spoken on Iraq, beginning with his radio address Saturday and continuing with his statement on the third anniversary of the U.S. invasion Sunday, a war on terror speech Monday and a press conference Tuesday.

Although acknowledging that the U.S. made mistakes initially in its strategy for reconstruction and security, the president has not backed down from his decision to go to war nor his commitment to remain.

"I just got to tell you, I'm not weak and I'm not going to lose my nerve," he said. "I strongly believe that we're doing the right thing."

The White House said most of the tickets to the town hall-style event yesterday were distributed by the local chamber of commerce.

The audience was favorable. A man with two sons in the military told the president, "I thank God you're our commander in chief." That drew a standing ovation from the crowd.

Another audience member drew a standing ovation when she blasted the press for not showing positive images that her husband, who she said served 13 months as a military broadcaster in Tikrit, brought back with him.

"It seems that our major media networks don't want to portray the good," she said.

Mr. Bush said he respected a free press and that it is his job to talk about progress in Iraq.

"I'm going to continue doing what I'm doing to try to make sure people can hear why I make decisions, and as best as I can, explain why I'm optimistic we can succeed," he said.

Bush Continues To Press Case For Iraq War (LAT)

By James Gerstenzang

The Los Angeles Times, March 23, 2006

WHEELING, W.Va — Before an overwhelmingly friendly audience in the rugged panhandle of West Virginia, President Bush said today he would pay no heed to "polls, focus groups or election year politics" in deciding how many troops to deploy in Iraq.

Speaking publicly on Iraq for the fifth consecutive day, the president used colloquial, often blunt, language as he reduced his arguments for the war to their most basic.

"We're not going to retreat in the face of thugs and assassins," he vowed.

Unlike a similar speech and question-and-answer session two days earlier in Cleveland, where Bush faced polite but tough questions, he was bathed today in repeated rounds of applause. Audience members prefaced their questions with praise for his presidency.

The president responded by reaching out to the region's religious roots and saluting its contributions to the military.

The town-hall-style program, in an aging theater in this bedraggled steel town, was part of a series the White House constructed to carry the president's message — that he understands the doubts that Americans are increasingly showing about the campaign in Iraq as it enters its fourth year, but that the fight is necessary to rid the country of terrorists who would use it as a base to attack the United States.

At a White House news conference Tuesday, Bush said he recognized that the war was costing him political capital he could have used to win support for domestic programs. He also suggested that American troops would still be in Iraq when his second term ends on Jan. 20, 2009. Today, he repeated his mantra that his decisions about troop levels would be based on the advice of commanders on the ground.

"I'm going to make up my mind based upon achieving a victory, not based upon polls, focus groups or election year politics," the president said.

Polls show that roughly 30% of the public says they approve of the job Bush is doing, the lowest level since he took office five years ago.

The president reminded his audience that the debates over the direction of the war had not weakened support in Congress for the military or for the people fighting the war. He said debate over his anti-terrorist policy was "healthy for our country … so long as we don't send the wrong signals to our troops."

The president spoke to about 2,500 people, most of them invited by the local Chamber of Commerce, in the 78-year-old Capitol Music Hall. When the questions began, he was able to relax and enjoy the decorations of gilt, red brocade and velvet.

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The first person to take the microphone said Bush had a tough job fighting terrorism; the second said, "I thank God that you're our commander in chief." The audience stood and shouted approval.

Only one questioner challenged his policies, asking why he supported nuclear energy development in India but was putting roadblocks in Iran's way. The president said India was a democracy following international protocol, and Iran was thwarting inspections and other efforts to make sure it did not develop a nuclear weapon.

Other questions were posed by, among others, a National Guard recruiting commander who sought Bush's encouragement for would-be recruits and a Republican campaign director who sought words of support for his campaign. The president praised military volunteers but also recommended other forms of service to the country; he sidestepped the direct appeal for campaign support.

Another questioner was a woman whose husband was at her side in an Army uniform, having just returned from a 13-month tour in Tikrit, Saddam Hussein's hometown. She complained that national television had not shown the positive news about U.S. military accomplishments in Iraq.

The president encouraged her to keep spreading the word, by mouth and by the Internet. But he deflected her criticism of the news media, saying, "The minute we start trying to suppress our press, we look like the Taliban."

Politicos Turn Out For Bush (WHINT)

By Joselyn King

Wheeling (WV) Intelligencer, March 23, 2006

WHEELING — When the U.S. president comes to a community for an official visit, local politicians show up to greet Air Force One — regardless of their political party.

West Virginia Gov. Joe Manchin, a Democrat, was among the first to shake Republican President George W. Bush's hand when he got off the plane Wednesday at the Ohio County Airport. Bush then proceeded to the Capitol Music Hall in downtown Wheeling for a town hall forum.

"I believe anytime a president comes to the state on an official visit it's important for the governor to welcome him," Manchin said.

That Bush came to Wheeling to discuss the War on Terror also was a factor, he added. Manchin had with him data showing that West Virginia presently has 495 troops serving in the Middle East, and that 4,700 Mountain State residents had seen active duty since the terrorist attacks of Sept. 11, 2001. This accounts for 75 percent of the state's National Guard troops, according to Manchin.

"My main goal in being here is to support the troops and see whether they will be able to return safely," Manchin said. "I also want to talk to the president about high gas prices."

Manchin had hoped to get some time with Bush during the visit to discuss the potential for liquefying West Virginia's coal and using it as a national energy source.

Bush acknowledged Manchin during his speech at the Capitol Music Hall.

"He's a good, decent man," Bush said of Manchin. "He showed his heart during the mine tragedies. He represented the best of West Virginia. He showed great compassion, great concern. He asked the nation to pray on behalf of the families. We still must continue to pray for those who lost their loved ones.

Manchin "is a problem-solver, see. He said, 'We're going to deal with this issue head on.' And I appreciate your working closely with the federal government to make sure that there are safety regulations that work, that the inspection process works so that the miners here in this important state are able to do their job and their families can be secure in them doing their job," Bush continued.

Also on the tarmac greeting Bush was U.S. Rep. Shelley Moore Capito, R-W.Va., who always has accompanied Bush during his visits to the state.

She said she is continuing to support his policies in Iraq.

"We need to continue and complete the mission," Capito said. "When the Iraqis are ready to defend themselves, we can withdraw."

She added that she and other members of Congress now are hearing more from constituents who want the war to end, and they are questioning whether it is a winnable effort.

"These are questions I am asking," Capito said. "Members of Congress are feeling the same anxieties their constituents are."

Delegate Chris Wakim, R-Ohio — also a candidate for the U.S. House against incumbent U.S. Rep. Alan Mollohan, D-W.Va. — admitted that Bush's appearance in Wheeling "didn't hurt" his campaign. Wakim also used his military background to defend Bush's decision to go to war.

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"The president is here today to reinforce the idea that the war needs to be fought over there," Wakim said. "We need to take the terrorists off-base and keep them unbalanced.

"Attacking their supply lines and training facilities are fundamental principles of war," Wakim added. "If these can't be established, the enemy is off-guard."

Delegate Gil White, R-Ohio, said Bush's visit was positive for West Virginia.

"It is an honor for the chief executive to choose Wheeling as the venue for a discussion about the war," he said. "It's a showcase for West Virginia."

State Sen. Andy McKenzie, R-Ohio, added that Wheeling and West Virginia were getting exposure in the national media Wednesday morning.

"Regardless of your politics, the president's visiting is good exposure for a community," he said.

Accompanying McKenzie was his Senate colleague from Morgantown, Sen. Mike Oliverio, D-Monongalia. Oliverio said that while he is a Democrat, he had worked for the successful Supreme Court nomination of Justice Samuel Alito.

As such, the White House contacted him last week and asked him to attend Bush's speech.

In his speech, Bush told Oliverio he did a "great service to his country." He also mentioned that Oliverio had asked him not to hold it against him that he is a Democrat.

"Mike — first and foremost — we're all Americans," Bush told Oliverio.

Reid Criticizes President Bush As 'dangerously Incompetent' (AP)

By Kathleen Hennessey

The Associated Press, March 22, 2006

LAS VEGAS – Senate Democratic Leader Harry Reid called President Bush "dangerously incompetent" on Wednesday and said the administration ought to be doing more to prevent increasing sectarian violence in Iraq.

"Where is (Secretary of State) Condoleeza Rice? Why isn't she over in the Middle East, as the chief diplomat of this country should be, trying to get the political forces to form a government over there?" Reid told The Associated Press.

Reid said the U.S. was "failing three different ways in Iraq." Military efforts have lagged, the economy is crippled by decreased oil and electricity production, and attempts to form a representative government are behind schedule, he said.

Reid criticized Bush for a series of recent appearances in key political states in which the president defended his Iraq war policies.

"Why isn't he spending time with these leaders in the Middle East trying to get this government formed?" Reid said.

Reid described the conditions Iraq as "low-grade civil war."

"I don't know how you define civil war. We know they're killing an average of 50 Iraqis a day. At least it's a low-grade civil war, that's for sure," he said.

The Nevada senator's critical remarks about Bush came after a Las Vegas news conference on immigration reform. He was scheduled to appear later on the Mexico-California border to tout Democratic proposals for border security.

Reid also responded to comments the president made Tuesday when he said his successor in the White House would likely be responsible for deciding when U.S. troops leave Iraq.

"To me it shows how dangerously incompetent he is," Reid said. "'Stay the course, mission accomplished, bring 'em on,' the American people are sick of that. We need to change course in Iraq. ... I think the president burying his head in the sand is not going to do the trick."

Cheney Rallies Troops During Appearance At Scott Air Base (SLPD)

By Alan Lewis Gerstenecker, Collinsville Herald

St. Louis Post-Dispatch, March 22, 2006

Vice President Dick Cheney is on a mission, and that assignment is to drum up support for America's war effort in Iraq.

He did that Tuesday during an appearance at Scott Air Force Base.

Addressing more than 3,000 in a flag-adorned and camouflage-draped Hangar One, Cheney spoke for nearly 40 minutes to the nearly exclusively military and military-family crowd.

"In all of you, I see the best of America, and I admire your commitment to discipline, duty, and service above self," he said. "It's a privilege to be in your company, and I bring the respect and good wishes of our commander in chief, President George W. Bush."

The statement was followed by a prolonged applause.

Clearly, Cheney was in his realm. He was articulate and wavered only slightly from his prepared, eight-page speech, which was interrupted 12 times by applause.

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In recent days, he had denied he would resign as public opinion polls revealed support of the Bush Administration had fallen to just 37 percent, and the third anniversary of the war in Iraq had come and gone without signs of an end in sight.

Cheney appeared resilient, showing no signs of the ailing heart that has dogged him.

The former defense secretary-turned-vice president even joked about his familiarity with Scott Air Force Base.

"I first became intimately familiar with the work of Scott Air Force Base in the early 1990s, when I served as secretary of defense – the old days when I had real power and influence," he mused to scattered laughter.

After briefly delving into humor, Cheney went right back to the seriousness of rallying the troops in support of the war in Iraq.

"Our strategy in Iraq is clear," Cheney said. "Our tactics will remain flexible, and we'll keep at the task until we finish the job. Progress has not come easily, but it has been steady, and we can be confident going forward.

"As the Iraqi forces gain strength and experience, and as the political process advances, we'll be able to decrease troop levels without losing our capacity to defeat the terrorists. And, as always, decisions about troop levels will be driven by the conditions on the ground and the judgment of our commanders – not by artificial timelines set by politicians in Washington, D.C.," Cheney said, drawing the longest and loudest applause of his presentation.

Cheney was strong, urging the troops to stay the course.

"Recently, there have been some prominent voices advocating a sudden withdrawal of our forces from Iraq. Some have suggested that this war is not winnable ….. and a few seem almost eager to conclude that the whole struggle is already lost. But they are wrong. The only way to lose this fight is to quit – and that is not an option," Cheney said to another round of applause.

The vice president said the country has a different mindset now than it had five years ago.

"Every American serving in this war can be absolutely certain that the people of our country do not support a policy of passivity, resignation, and defeatism in the face of terror," Cheney said.

"The United States will never go back to the false comforts of the world before Sept. 11, 2001. Terrorist attacks are not caused by the use of strength. They are invited by the perception of weakness.

"In the past, terrorists hit America, and we didn't hit back hard enough. They came to believe that if they killed enough Americans, they could change our policies. And they are now trying to intimidate us into a policy of withdrawal and retreat. But this nation has made a decision: We will engage these enemies – facing them far from home, so we do not have to face them on the streets of our own cities," Cheney said, bringing to mind the resolve of Winston Churchill's "We-will-never-surrender" speech during World War II.

Cheney then defended President George Bush's authority to monitor phone conversations, now an attack point of those who say the president is overstepping his authority.

"We are talking here about a wartime measure, limited in scope to surveillance associated with terrorists ..… and conducted in a way that safeguards the civil liberties of the American people," Cheney said.

"It's important to note that leaders of Congress have been briefed more than a dozen times on the President's authorization, and on activities conducted under it. In addition, the entire program is reconsidered and reauthorized by the President every 45 days. He has reauthorized it more than 30 times since September 11th – and he has indicated his intent to do so as long as our nation faces a continuing threat from al-Qaeda and related organizations," Cheney said.

Waiting for Cheney's arrival, Hangar One was festival-like.

The U.S. Air Force Band of Mid-America performed for two hours, while soldiers with gifted voices sang pop hits leading up to the vice president and Col. Raymond Rottman, commander of the 375th Airlift Wing, leading in the singing of the Air Force Song.

After his speech, Cheney performed a re-enlistment ceremony for nine soldiers and the enlistment of a 10th.

The soldiers are: Keith Moser, Dwayne Ledbetter, Morgan Dixon, Kholifa Kabia, Angela Grannis, Joseph Terrell, Rebecca Place, and Randall Lederman of the Air Force; Eric Ervin of the Marine Corps.; and new recruit Kyle McQuiston, who wore a suit to the ceremony.

"This is just great," said Rachael Whitlow, an Air Force Reservist and Civil Service worker at Scott. "I love our president, and I love my country. I'm here because I support the war. I understand others' rights to protest (the war). They have their opinion. I'm not against that. That's what freedom's all about."

Mascoutah High School student Chris Givens attended the event with his father, Senior Master Sgt. Bill Givens.

"It was pretty good, and I liked his speech," said Givens, a junior, who was wearing his purple letter jacket. Givens stood out in the crowd in his school colors in a sea of green camouflage.

"I like the fact he supports the military. Coming from a military family, I think that's important. I don't know whether I'm going to join the military, although I'm considering it."

Givens' mother, Susan, said it was important for her son's to attend the event.

"This is as good as any school lesson," Susan Givens said. "I felt like it was important that he get excused to be here today."

Bush's Uncle Earned Millions In War Firm Sale (LAT)

By Walter F. Roche Jr.

The Los Angeles Times, March 23, 2006

WASHINGTON — As President Bush embarks on a new effort to shore up public support for the war in Iraq, an uncle of the commander in chief is collecting $2.7 million in cash and stock from the recent sale of a company that profited from the war.

A report filed with the U.S. Securities and Exchange Commission shows that William H.T. Bush collected just under $1.9 million in cash plus stock valued at more than $800,000 from the sale of Engineered Support Systems Inc. to DRS Technologies of New Jersey.

The $1.7-billion deal closed Jan. 31. Both firms have extensive military contracts.

William Bush was a director of Engineered Support Systems. Recent SEC filings show he was paid cash and DRS stock in exchange for shares and options he obtained as a director.

Before DRS purchased it, Missouri-based ESSI experienced record growth as a result of expanded U.S. military contracts — many to supply U.S. efforts in Iraq and Afghanistan.

The contracts, some awarded on a no-bid basis, include a $77-million deal to refit military vehicles with armor for use in Iraq.

Other ESSI products used in the war include radar and detection services, field medical stations and field electrical generator units.

SEC filings show that two federal investigations of ESSI are underway. One inquiry involves a stop order from the government on the field generators. The order was issued because the units didn't operate properly.

The generator contract was a major source of revenue. SEC files show that ESSI did not tell stockholders about the stop order until last June, about seven months after it was issued.

During the interim, several ESSI executives, including Bush's uncle, cashed in stock and stock options worth millions of dollars, the filings show.

According to one recent filing, the SEC and the U.S. attorney in St. Louis are investigating the delayed disclosure and other matters.

Unnamed members of the ESSI board and corporate officers have been subpoenaed in the inquiry, according to documents.

SEC filings show that William Bush, 67, exercised options on 8,348 shares of ESSI stock on Jan. 18, 2005, about two months after the stop order was issued and six months before it was disclosed. He collected about $450,000 in cash.

Bush, known as "Uncle Bucky" in the president's family, joined ESSI's board in 2000, several months before his nephew became president.

He heads a St. Louis investment firm and is the youngest brother of former President George H.W. Bush.

He declined to comment Wednesday. However, in an interview last year, he said he played no role in ESSI's winning federal contracts.

"I don't make any calls to the 202 [Washington, D.C.] area code," he said.

Patricia Williamson, a spokeswoman for DRS, would not comment on the status of the federal investigations.

The company has said it is cooperating in the probes, which also involve an ESSI insurance contract.

Insurgents Shower Iraq Police Center With Mortar Shells (NYT)

By Edward Wong

The New York Times, March 23, 2006

BAGHDAD, Iraq, March 22 — Insurgents on Wednesday laid siege to the headquarters of a police paramilitary unit near the capital, lobbing a volley of mortar shells that killed at least one senior officer and wounded at least five, Interior Ministry officials said.

In the predawn attack, 14 mortar shells hit a government center in the Sunni-dominated town of Salman Pak, 12 miles southeast of Baghdad; the Third Public Order Brigade, which is overwhelmingly Shiite, had been using the center as a base. Among local Sunni Arabs, the brigade has a reputation for torture and abuse.

The members of the paramilitary unit fought back Wednesday, killing at least five insurgents, a commander in Baghdad said. By nightfall, the police were holding at least 76 people for questioning.

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On Tuesday, more than 200 insurgents stormed a police station in the town of Muqdadiya, in Diyala Province, freeing more than 30 prisoners and leaving the building a smoldering wreck. At least 18 police officers died. The governor of Diyala said he was investigating the police chief and other officers in the area, to see whether they were accomplices.

That highly coordinated strike raised serious questions about the effectiveness of the Iraqi police forces, at a time when President Bush and American commanders are hailing the growing abilities of the police.

The unit in Salman Pak appeared to have done better in repulsing attackers, though a deputy battalion commander, identified as Col. Ahmad Salim Daher of the Second Battalion, was killed.

The police initially detained 146 people, all Iraqis, and then released 70 after testing them for traces of explosives, said Maj. Gen. Mehdi Sabih Hashem al-Garawi, the commander of the 7,700-member Public Order Forces, which has four brigades operating in Baghdad and the Salman Pak area.

Salman Pak lies in an insurgent-plagued farming region where scores of bodies have turned up. Last year, the Third Public Order Brigade began cracking down. American military advisers had pushed for the removal of a brigade commander who the Americans believed oversaw the abuse and torture of detainees.

The tough tactics brought some quiet to Salman Pak, though the Sunni-led insurgency kept carrying out occasional attacks.

On Wednesday afternoon, insurgents in Baghdad attacked busloads of Shiite pilgrims in two different parts of the city. In all, at least 2 pilgrims were killed and 46 wounded. Police officers rushed to the scenes and fought the insurgents, and at least two officers were killed and four wounded.

A senior Shiite cleric, Hazem al-Aaraji, said on the Iraqiya television network that militiamen from the Mahdi Army had been sent to save the pilgrims, but that American forces had stopped them.

The pilgrims were among millions who had gone over the weekend to the southern city of Karbala to honor the death of Imam Hussein, the grandson of the Prophet Muhammad who was killed by an army in A.D. 680, sealing the Sunni-Shiite split.

In the port city of Basra, a concealed bomb exploded near a British military vehicle, killing an interpreter working for the British, officials said.

The border between Jordan and Iraq remained closed on Wednesday, as the two governments tried to deal with the scores of Palestinian refugees fleeing sectarian violence in Baghdad. The refugees were stopped by Jordanian border officials and stranded.

Yara Sharif, a spokeswoman for the Amman office of the United Nations High Commissioner for Refugees, said a team from the agency was visiting the Palestinians and was expected back in the capital on Thursday to deliver its assessment. She said the group of refugees number 89. The Jordanian spokesman, Nasser Judeh, had initially reported the number above 100.

The agency, Ms. Sharif said, fears that if the violence in Iraq worsens, more Palestinians will flee toward the borders. The agency estimates that 34,000 Palestinians live in Iraq. Palestinians here fear retribution from vengeful Shiites because they are Sunni Arabs who were favored by Saddam Hussein.

Further details emerged Wednesday night about the fate of 34 Iraqi security workers who were abducted by uniformed men in central Baghdad on March 8. Sheik Muhsin Naif al-Faisal, one of the security company's owners and a former member of Parliament, said in a telephone interview from London that seven employees were released in recent days. He said he had no idea why his employees had been kidnapped, or who their captors were.

50 Gunmen Attempting To Overtake Prison Captured (USAT/AP)

By The Associated Press

USA Today, March 23, 2006

BAGHDAD — One day after a successful raid and jailbreak, insurgents laid siege to another prison facility Wednesday. Police said U.S. troops and a special Iraqi unit overwhelmed the gunmen and captured 50 of them at the detention center south of Baghdad.

The pre-dawn attack came a day after 100 Sunni gunmen freed 33 prisoners and wrecked the jail, police station and courthouse in Muqdadiyah. The town is northeast of the capital, about an hour's drive from the Iranian border.

Sixty militants participated in Wednesday's assault, which aimed to free more jailed insurgent fighters, police said.

Meanwhile, the United States' top military commander said he had underestimated the extent of Iraqi reluctance to form a government and end sectarian bloodshed.

“I think that I certainly did not understand the depth of fear that was generated by the decades of Saddam's rule,” said Gen. Peter Pace, chairman of the Joint Chiefs of Staff. “I think a lot of Iraqis have been in the wait-and-see mode longer than I thought they would.”

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Pace said one solution was for the Iraqis to recruit more Sunnis into the army and for police forces to balance Shiite domination.

"A unit that has all (sects of) Iraqis embedded in it is better able to handle whatever kind of strife comes along," Pace said.

The Bush administration views formation of a broad-based government as a first step in quelling violence and allowing the start of a withdrawal of American armed forces.

While the U.S. military has touted its progress in training the Iraqi army and police, a top expert on Iraq said the forces remained poorly matched against the insurgency and al-Qaeda.

"The police have almost no protected vehicles, few heavy weapons similar to those of insurgents, are often located in extremely vulnerable buildings and have weak communications. Corruption is a major issue," Anthony Cordesman of the Center for Strategic & International Studies, a Washington think tank, wrote this week.

Wednesday's attack on the prison in Madain, 15 miles southeast of Baghdad, began with insurgents firing 10 mortar rounds. They later stormed the facility, which is run by the Interior Ministry.

Four police officers — including the commander of the special unit — died in a two-hour gunbattle, which was subdued after American forces arrived. Among the 50 captured, police said, was one Syrian.

The U.S. military did not respond to a request for comment about its role in the counterattack.

Madain is at the northern tip of Iraq's Sunni-dominated "Triangle of Death," a farming region that has been rife with sectarian violence — retaliatory kidnappings and killings in the conflict between Sunnis and Shiites.

Police have discovered hundreds of corpses in the past four weeks, victims of religious militants conducting revenge killings. At least 21 bodies were found Wednesday, including those of 16 Shiite pilgrims discovered on a Baghdad highway, police said. Millions were returning home Wednesday at the conclusion of an important Shiite commemoration in the holy city of Karbala this week. Elsewhere:

·In the northern town of Beiji, a mortar fell on a government facility that Deputy Prime Minister Ahmad Chalabi was visiting Wednesday, an aide told the Associated Press. Chalabi was not harmed and later returned to Baghdad, the aide said on condition of anonymity because he was not authorized to release the information.

Another Police Station Attacked (LAT)

By Richard Boudreaux

The Los Angeles Times, March 23, 2006

BAGHDAD — Heavily armed insurgents launched a frontal assault Wednesday on a police station near Baghdad, killing a battalion commander and three of his men in the second such large-scale operation in two days.

Meanwhile, separate rebel attacks on two vehicles in the capital killed 15 pilgrims returning from the southern city of Karbala — the deadliest incident of this week's annual mourning period observed by millions of Shiite Muslims.

The bloodshed demonstrated the continuing insurgent threat on multiple fronts. In the month since they blew up the Golden Mosque, a Shiite shrine in Samarra, Sunni Arab insurgents have been locked with Shiite militias in an escalating communal conflict that has led to the killing of hundreds of Iraqis of both sects, many of them unarmed and ambushed on the road or dragged from their homes in the night.

The bodies of 11 men were found Wednesday in various parts of Baghdad, some of them blindfolded and bearing signs of torture.

Insurgents also have staged daring attacks on Iraqi government and U.S. targets.

The latest was a predawn raid Wednesday by dozens of insurgents on the police facility in Madaen, 15 miles southeast of the capital. Their exact number was unclear because of the darkness. The city is at the northern tip of the so-called triangle of death, a mostly Sunni region rife with sectarian violence.

The Madaen attack was slightly smaller in scale than the dawn raid Tuesday on a judicial and police compound in Muqdadiya, 60 miles northeast of Baghdad, in which at least 17 policemen and guards were killed and 33 prisoners freed.

Emerging from a nearby palm grove, the attackers in Madaen fired 14 mortar rounds into the compound, which houses City Hall and a police battalion, triggering a two-hour shootout that lasted until daybreak, the Interior Ministry said.

The insurgents also fired grenade launchers and automatic rifles but failed to overrun the compound. In addition to the four police officers killed, five were wounded. There was no word on insurgent casualties.

Later in the day, police raided homes in the area and detained 76 men for questioning, the ministry said. One was identified as a Syrian who was carrying insurgent leaflets.

Iraqi police and soldiers have been stretched thin trying to guard the estimated 2 million black-clad pilgrims who walked to and from Karbala this week to mark the 40th and final day of the annual mourning period for Imam Hussein, grandson of the prophet Muhammad.

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Insurgents with machine guns fired into a bus taking pilgrims home Wednesday through Baghdad's Sunni-dominated Amiriya district. Fourteen people were killed and 18 wounded, police said. Two police officers died in a shootout with the assailants.

One pilgrim was killed and 22 were wounded in a later attack on a pickup truck in the capital's Adil neighborhood, police said.

At least five other Iraqis were reported killed Wednesday, including an interpreter for two British soldiers whose foot patrol was hit by a roadside bomb blast in the southern city of Basra. Both soldiers were wounded.

Make The President Prime Minister . . . (WSJ)

By Dan Senor And Roman Martinez

The Wall Street Journal, March 23, 2006

Three months after Iraqis turned out in record numbers to vote, Iraq is still without a new government at the exact time it faces increasingly vicious sectarian violence. The core of the impasse is the selection of Iraq's next prime minister. The United Iraqi Alliance (UIA), the fractious coalition of religious Shiite parties that won the largest share of seats, is bitterly divided over its candidate. Last month, it renominated Ibrahim Jaafari, the incumbent prime minister. But the internal ballot was decided by a single vote, following a campaign which some claim was marred by threats of violence from the radical cleric Muqtada al-Sadr.

More importantly, a coalition of Kurdish, Sunni and secular-nationalist parties has united to oppose Mr. Jaafari's reappointment. Their threat to block his nomination carries real force, as Iraq's new constitution requires a two-thirds supermajority of parliament to approve the new government. Surprisingly, the UIA has offered only a tepid defense of its nominee, and Grand Ayatollah Ali al-Sistani has declined entreaties to intervene and unite the religious Shiites behind Mr. Jaafari.

There is, however, a creative solution to the impasse. Instead of sticking with Mr. Jaafari, the UIA and the other leading parties should consider a compromise that marks a clear break from the status quo. Mr. Jaafari could agree to become Iraq's new president, and Jalal Talabani, the current president and a Kurd, could become prime minister -- a switch. Such a deal would install an Iraqi leader genuinely capable of getting along with all ethnic and sectarian factions, allow Mr. Jaafari to save face by not losing out to a fellow Shiite, and show Sunni Arab politicians that their participation in last December's vote is paying political dividends.

Few doubt Mr. Talabani's capacity for leadership. Large and gregarious, with a dominant and energetic personality that belies his 72 years, he is widely regarded as Iraq's most talented retail politician. A lawyer who spent years fighting Saddam, he is a forceful advocate for moderation and democratic values. He is also among the handful of Iraqi leaders with the political stature to lead a true national-unity government. He could likely attract such disparate and talented figures as Ahmad Chalabi and former PM Ayad Allawi into his cabinet, in addition to technocrats from other political factions.

Objections to Mr. Talabani would center on ethnicity and religion, not ability. Ordinarily, Iraq's predominantly Arab population would think twice about elevating a Kurd to lead the government. But he could be the exception. In today's Iraq, intra-Arab (Shiite-Sunni) tensions have proven to be the most dangerous flashpoints, and Mr. Talabani is one of the few leaders who gets along with all groups. Indeed, in the recent Shiite-Sunni violence, he has played a key "shuttle diplomacy" role to lower tensions.

Elevating Mr. Talabani to Iraq's premiership would upend assumptions about religion as well. Since Iraq's liberation, conventional wisdom has had it that the premier must come from the long-suffering Shiite community. This was a logical starting point -- after all, the Shiites were marginalized under Saddam's dictatorship, despite making up roughly 60% of Iraq's population.But it no longer makes sense today. The political opposition to Mr. Jaafari's nomination is too strong to be ignored. One possible solution would be to replace him with another Shiite candidate from the UIA, such as Vice President Adil Abdel Mahdi. In sharp contrast to Mr. Jaafari, he is widely respected within leadership circles; he has close relations with the other political factions and is one of Iraq's most influential and effective backroom dealmakers.

But Mr. Mahdi is a member of the Supreme Council for Islamic Revolution in Iraq (Sciri), the chief rival to the Sadrists for political leadership of the Shiite community. He was also recently defeated by Mr. Jaafari in an internal UIA ballot. It is almost impossible to imagine that Mr. Jaafari -- whose self-regard is legendary -- would voluntarily step down in favor of his long-time rival. Mr. Mahdi could also be a difficult choice for Sunnis to accept, given Sciri's control over sectarian militias now accused of abusing human rights. Other candidates within the UIA simply lack the political heft to lead the Shiite coalition.

Yet a Talabani candidacy could allow each of the leading factions to claim a victory. Mr. Jaafari is well-suited to assume Iraq's presidency, a largely ceremonial role with little oversight of policy. He could give long and flowery public addresses, without the burden of responsibility for managing the day-to-day affairs. Mr. Mahdi, a close Talabani ally, could become deputy prime minister. His low-key, technocratic style would make him the ideal COO to Mr. Talabani's CEO.

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By lowering the stakes in the UIA internal power struggle, a Kurdish PM could help promote political harmony within the Shiite community -- a key goal of its spiritual leader, Grand Ayatollah Sistani. The Shiite alliance would retain a majority of cabinet posts elsewhere in the government, in keeping with their share of the votes last December. Iraq's Sunni community would also welcome a Talabani-led government. Despite their longstanding fears of Kurdish separatism, Sunni leaders now see Shiite sectarianism as the greatest threat. Mr. Talabani's moderation would be viewed as a welcome development. Just as important, it would provide a clear deliverable for Sunni politicians to take to their voters, and would demonstrate the value of their decision to take part in last year's election.

The time has come for Iraq's leaders to break out of the ethnic and sectarian straitjacket constraining talks over the new government. By uniting around a Talabani-led coalition government, Iraqi leaders can move to address the pressing security challenges now facing their country. The clock is ticking.

Messrs. Senor and Martinez, former advisers to the Bush administration, served in Iraq from April 2003 through June 2004.

No Headline. (CHIST)

By Robert Novak

Chicago Sun-Times, March 23, 2006

While officials privately debate whether communitarian violence in Iraq constitutes a low-grade civil war, there is no disagreement about the oil crisis there, which has little to do with the insurgency. Gasoline and home heating fuel are scarce and expensive, thanks to runaway corruption. This problem's difficulty and importance will test the new Iraqi government once it is organized.

Industry sources privately cite corruption as the reason for recent decisions by Turkey and Saudi Arabia to halt gasoline exports to Iraq for nonpayment of bills. That exacerbates a worsening situation where Iraq, one of the world's great petroleum producers, has to truck in gasoline from Kuwait.

While the formal line in Washington and Baghdad blames insurgents for the oil crisis, U.S. officials who are close to the situation gave me a totally different explanation. They blame corruption at every level, from the oil ministry on down, that is common to Iraq. It cannot be controlled by the Americans but is the responsibility of the long-delayed Iraqi government. Thus, oil is a microcosm of the overall conundrum in Iraq, where there are no good options for the Bush administration in dealing with a culture where honesty and efficiency historically have been rare.

The exhilaration in the Bush administration that the Anglo-American attack in 2003 had preserved the oil-producing capacity is as illusory as claims of victory three years ago. The fuel shortages in oil-rich Iraq are profound and growing worse, with endless lines at gasoline stations. That drives up prices to the equivalent of $15 for a cylinder of home fuel -- too expensive for the average Iraqi.

The best explanation for this was given to me by a non-political U.S. civil servant, an "Arabist" with vast experience in the region. He has been ordered definitively to say nothing and write nothing about oil in Iraq or anything else to do with the country. He spoke to me only if I would not identify him, by name or organization.

My source blamed corruption on an unimaginable level. "There is no system for turning on the oil in Iraq," he told me. "Everyone there is taking their cut. Everybody takes a little." It is corruption from top to bottom. At a time of an acute shortage in Iraq, oil is being surreptitiously sent across the border for gain.

Such corruption is familiar there. The situation is endemic in the brief, tragic history of Iraq. Since the discovery of the country's liquid wealth, government officials have been dipping into the proceeds. This was true during the monarchy and the successor governments, including Saddam Hussein's. The addiction to corruption also contributed to the United Nations oil-for-food scandal.

The immediate crying need of Iraq's oil industry three years after the invasion is for substantial investment in improvements for infrastructure and technology. It was assumed that once the dictatorial regime was displaced, money from all over the world would pour into Iraq. But there is no inclination by risk capital to put any money in enterprises that are bleeding money to corrupt officials throughout the government.

Everybody with any familiarity with this situation believes the only answer is that the new Iraqi government, still unformed three months after the election, must gain control over corruption. One former U.S. official with experience in Iraq says: "We really have no levers left to pull, except hope that the government we're backing becomes powerful enough to take on the crooks."

Sen. Chuck Hagel, a frequent visitor to Iraq, is well aware of this dilemma. "The future of Iraq is in the hands of the Iraqis," he told me. Hagel is not yet ready to call for a unilateral military withdrawal from Iraq, realizing that the dreary conditions there -- including the oil crisis -- would get worse if the United States disconnected today. The pocketing of oil revenues by corrupt bureaucrats will hardly be improved by a quick American exit.

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I erred in Monday's column when I wrote that President Bush was mistaken in saying the Hungarian National Day event he attended at the Capitol March 15 celebrated the 50th anniversary of Hungary's 1956 anti-Soviet rebellion. March 15 is actually the anniversary of the 1848 Hungarian Revolution, but the invitation to the president noted the Oct. 23, 1956, uprising.

Ex-Iraqi Official Unveiled As Spy (WP)

By Walter Pincus

The Washington Post, March 23, 2006

Deposed Iraqi leader Saddam Hussein's last foreign minister, Naji Sabri, was a paid spy for French intelligence, which later turned him over to the CIA to supply information about Iraq and its chemical, biological and nuclear weapons programs more than six months before the war began in March 2003, according to former senior intelligence officials.

Although some CIA officials met informally with Sabri, who traveled extensively outside Iraq, the French and the CIA used a third-country intermediary when attempting to get information from him about Hussein's inner circle and weapons programs, according to the retired officials who refused to be identified because the information is classified.

"It was never clear what he wanted," one former official familiar with the situation said of Sabri, "but we never paid him." Sabri's role in providing information to the United States was reported by NBC News on Tuesday.

Over the summer of 2002, Sabri, as foreign minister, negotiated the terms U.N. inspectors' return to Iraq, and in November 2002 he announced Hussein's acceptance of the proposal.

Publicly Sabri was insisting that Iraq had no prohibited weapons of mass destruction. Privately, the sources said, he provided information that the Iraqi dictator had ambitions for a nuclear program but that it was not active, and that no biological weapons were being produced or stockpiled, although research was underway.

When it came to chemical weapons, Sabri told his handler that some existed but they were not under military control, a former intelligence official familiar with the situation said. Another former official added: "He said he had been told Hussein had them dispersed among some of the loyal tribes."

At the time, the Bush administration was preparing for the coalition's invasion of Iraq and publicly insisting that Hussein had reconstituted nuclear programs and was concealing from United Nations inspectors both chemical and biological weapons in violation of Security Council resolutions. The White House, which was seeking a congressional resolution that would permit the use of force against Iraq, hoped Sabri would defect, the two former officials said.

"They wanted a big public defection, which would have been good for the policy," one official said. But Sabri comes from a prominent Iraqi family and defection was not an option, one of the former officials said.

The White House was far more interested in trying to get Sabri to defect than in the information he was providing on Iraq's weapons programs, in part because the intelligence community did not trust him, another former intelligence official said.

Sabri took office in fall 2001 after a major housecleaning of Hussein's foreign affairs team. A diplomat with an Iraqi Christian background, Sabri once taught English literature at Baghdad University and was director general of the information ministry during the Persian Gulf War. His brother was one of the Iraqi officials that Hussein had killed because of alleged disloyalty.

Sabri was described as "smart and smooth" by a U.N. official who dealt with him, and as "a type that appeals to Westerners." According to a former intelligence officer, Sabri went out of his way to spend time with Americans and others when he was a diplomatic official in Vienna.

In a speech in February 2004, then-CIA Director George J. Tenet referred to Sabri, although not by name, when he said the CIA had obtained information from "a source who had direct access to Saddam and his inner circle." Tenet said that source described Hussein as covertly seeking to get a nuclear weapon and having stockpiled chemical weapons while his scientists were only "dabbling" with biological weapons development with little success.

Army Dog Handler Gets Six Months In Prison (WP)

By Josh White

The Washington Post, March 23, 2006

Military jurors sentenced an Army dog handler to less than six months behind bars yesterday for using his Belgian shepherd to intimidate detainees at the Abu Ghraib prison in Iraq, one of the lightest sentences so far for a soldier implicated in the notorious abuse.

Sgt. Michael J. Smith, 24, was ordered to serve 179 days in confinement and to forfeit $2,250 in pay for convictions on five criminal counts, including maltreatment of detainees, dereliction of duty and an indecent act. Smith will also be reduced to the

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rank of private, E-1, and will receive a bad-conduct discharge at the end of his prison term, according to an Army spokeswoman at Fort Meade, where the court-martial ended yesterday. The jury could have sent Smith to prison for as long as 8 1/2 years.

The sentence was the lightest given to any of the four military police soldiers who have gone to trial, rather than entered guilty pleas, for abuse at Abu Ghraib. The jury of four officers and three senior noncommissioned officers decided Smith's use of his military working dog was out of bounds but not especially egregious, acquitting him on half of the original charges. Smith was also the first soldier to have had the benefit of a senior officer testifying, with Col. Thomas M. Pappas taking some responsibility for ordering the use of dogs in interrogations in late 2003 without clearly defining rules for the aggressive tactic.

Former corporal Charles A. Graner Jr. received the longest sentence, 10 years, for abuse at Abu Ghraib that included piling naked detainees into a pyramid, and former private first class Lynndie R. England was sentenced to three years in prison for her role. They were both denied the opportunity to call senior officials from the prison in their defense. Former specialist Sabrina D. Harman also received six months after being found guilty at trial.

Several others pleaded guilty to abuse, with former staff sergeant Ivan L. Frederick receiving the longest sentence among them, 8 1/2 years. Pappas took an administrative punishment, which included an $8,000 fine and relief from command of the 205th Military Intelligence Brigade.

Smith's sentence is the second relatively short term handed down in recent months by a jury weighing abuse charges. In January, a military jury in Colorado convicted an interrogator of killing a detainee at a facility near the Syrian border while using an aggressive technique, but declined to sentence him to jail time after hearing testimony that superior officers had condoned the method.

In Smith's case, testimony reflected confusion at the prison about the use of dogs. Smith's dog, Marco, was shown in one of the well-publicized Abu Ghraib photographs, snarling just inches away from the face of a frightened detainee. Officers, including Pappas, acknowledged that the animals were brought in to help control prisoners, and others testified that the dogs were deterrents to detainee violence. Smith's defense attorneys said he was using the dog the way he was supposed to: allowing it to bark and snarl at detainees to scare them.

Prosecutors, however, said Smith was a "rogue" soldier who engaged in a contest with another dog handler to get detainees to soil themselves. They said last week that Smith never had authority to use his dog the way he did, and they likened him to a bad cop amusing himself at the expense of the detainees in his charge.

Sgt. Santos A. Cardona, another dog handler at the prison who was captured in a few pictures of alleged abuse, is scheduled to go to court-martial on similar charges in May. Among the charges Smith was acquitted of this week was abusing a detainee that Cardona is accused of mistreating in the same incident.

Harvey Volzer, a civilian lawyer who represents Cardona, said yesterday that he thinks top officials have pushed a policy of abuse for which front-line soldiers are taking the heat.

"I would like to see someone in command admit that they intended to end the war and gain Iraqi freedom more expeditiously by using the dogs to get better intelligence," Volzer said. "Instead, everyone from [President] Bush down is perfectly content to allow enlisted persons to be scapegoats for their actions."

Iraq Abuse Trial Is Again Limited To Lower Ranks (NYT)

By Eric Schmitt

The New York Times, March 23, 2006

With the conviction on Tuesday of an Army dog handler, the military has now tried and found guilty another low-ranking soldier in connection with the pattern of abuses that first surfaced two years ago at Abu Ghraib prison in Iraq.

But once again, an attempt by defense lawyers to point a finger of responsibility at higher-ranking officers failed in the latest case to convince a military jury that ultimate responsibility for the abuses lay farther up the chain of command.

Some military experts said one reason there had not been attempts to pursue charges up the military chain of command was that the military does not have anything tantamount to a district attorney's office, run by commanders with the authority to go after the cases.

"The real question is, who is the independent prosecutor who is liberated to pursue these cases," said Eugene Fidell, a specialist in military law. "There is no central prosecution office run by commanders. So you don't have a D.A. thinking, I'm going to follow this wherever it leads."

Among all the abuse cases that have reached military courts, the trial of the dog handler, Sgt. Michael J. Smith, had appeared to hold the greatest potential to assign accountability to high-ranking military and perhaps even civilian officials in Washington. Some military experts had thought the trial might finally explore the origins of the harsh interrogation techniques that were used at Abu Ghraib; at the Bagram detention center in Afghanistan; and at other sites where abuses occurred.

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Sergeant Smith, who was convicted Tuesday for abusing detainees in Iraq with his black Belgian shepherd, had said he was merely following interrogation procedures approved by the chief intelligence officer at Abu Ghraib, Col. Thomas M. Pappas. In turn, Colonel Pappas had said he had been following guidance from Maj. Gen. Geoffrey D. Miller, commander of the military prison at Guantánamo Bay, Cuba, who in September 2003 visited Iraq to discuss ways to "set the conditions" for enhancing prison interrogations, as well as from superiors in Baghdad.

General Miller had been dispatched to Guantánamo Bay by Defense Secretary Donald H. Rumsfeld and the Joint Chiefs of Staff to improve the interrogation procedures and the quality of intelligence at the compound in Cuba.

But in Sergeant Smith's trial, General Miller was never called to testify. Colonel Pappas acknowledged that he had mistakenly authorized a one-time use of muzzled dogs to keep prisoners in order outside their cells, but he said that he had no idea that dog handlers were using unmuzzled dogs to terrorize detainees as part of the interrogation process. Colonel Pappas had previously been reprimanded and relieved of his command, but was permitted to testify under a grant of immunity.

Previous defendants who have tried and failed to win approval from military judges to summon high-ranking officers to explain their own role in abuse cases include Charles A. Graner Jr. and Lynndie R. England, two of the Army reservists who were convicted in 2005 for their misconduct at Abu Ghraib. In denying defense requests for testimony from witnesses including Mr. Rumsfeld and Lt. Gen. Ricardo Sanchez, formerly the top American commander in Iraq, an Army judge, Col. James Pohl, ruled that their actions did not have any direct bearing on the reservists' conduct.

In a telephone interview on Wednesday, Maj. Wayne Marotto, an Army spokesman, said that more than 600 accusations of detainee abuse in Iraq and Afghanistan since October 2001 had been investigated, and that 251 officers and enlisted soldiers had been punished in some way for misconduct related to prisoners. To date, the highest-ranking officer convicted in relation to the abuses is Capt. Shawn Martin of the Army, who was found guilty last March of kicking detainees and staging the mock execution of a prisoner. He was sentenced to 45 days in jail and fined $12,000.

Sergeant Smith had faced a maximum sentence of eight and a half years, but on Wednesday was sentenced to just under six months (179 days) in prison.

"A mere tap on the wrist for abusing prisoners gives the appearance that once again that the United States is not serious about its responsibility to discipline those convicted of human rights violations," Curt Goering, Amnesty International's senior deputy executive director for policy and programs, said in a statement.

Sergeant Smith will also be demoted to private, fined $2,250 and will be released from the Army with a bad-conduct discharge after serving his sentence.

Several generals and colonels have received career-ending reprimands and have been stripped of their commands, but there is no indication that other senior-level officers and civilian officials will ever be held accountable for the detainee abuses that took place in Iraq and Afghanistan.

The toughest official criticism Mr. Rumsfeld has faced was a relatively mild admonishment in August 2004 from a panel led by former Defense Secretary James R. Schlesinger, which faulted Mr. Rumsfeld for not exercising sufficient oversight.

But when Mr. Schlesinger was asked at the time if Mr. Rumsfeld or other high-ranking officials should resign in an ultimate act of accountability, he said that the secretary's "resignation would be a boon for all of America's enemies." President Bush later declined to accept Mr. Rumsfeld's two offers to resign.

Congress has largely retreated from any meaningful effort to hold senior officials accountable. Last year, Senator John W. Warner, a Virginia Republican who heads the Armed Services Committee, vowed to hold hearings on senior-level accountability. But Mr. Warner later backed off his promise, saying it would have to wait until judicial and nonjudicial proceedings were exhausted, a process that could take several more months.

The Senate Armed Services Committee has delayed General Miller's scheduled retirement, and Mr. Warner said in an interview on Tuesday that he would call both Colonel Pappas and General Miller to testify before the committee once all court proceedings that could involve them are complete.

Two other cases may yield new information. Army officials are still reviewing a possible criminal case against Lt. Col. Steven L. Jordan, another former senior intelligence officer at Abu Ghraib.

The trial of a second dog handler, Sgt. Santos A. Cardona, is scheduled to begin on May 22, and it may offer another occasion for defense lawyers to try to direct blame at higher levels. Sergeant Cardona's lawyer, Harvey Volzer, said in a telephone interview on Wednesday that his defense would include information not revealed in Sergeant Smith's trial. Mr. Volzer said he would seek to have Mr. Rumsfeld, Gen. John P. Abizaid, the commander of American forces in the Mideast, and General Sanchez all testify at Sergeant Cardona's trial.

Army Dog Handler Gets 6 Months For Iraq Abuse (WT/AP)

By David Dishneau, Associated Press

The Washington Times, March 23, 2006

FORT MEADE, Md. -- An Army dog handler was sentenced yesterday to nearly six months in prison for tormenting Abu Ghraib prisoners with his snarling Belgian shepherd.

Sgt. Michael J. Smith, 24, of Fort Lauderdale, Fla., was ordered to serve 179 days in prison and was reduced to the rank of private. He also will forfeit $750 per month of his pay for three months and receive a bad-conduct discharge after his release from prison.

Under military law, a prison sentence and a bad-conduct discharge requires Smith to forfeit all pay during his time in prison, despite the jury's sentence, said Lt. Col. Bobbi Davis, a military legal specialist.

Smith had faced up to 8½ years in prison after his conviction Tuesday on five of the 13 offenses with which he was charged.

The jury convicted Smith of conspiring with another dog handler to try to frighten detainees into soiling themselves and directing his dog to lick peanut butter off of other soldiers' bodies.

In closing arguments, prosecutors urged the panel of four officers and three senior noncommissioned officers to send Smith to prison for at least three years, followed by a bad-conduct discharge. Maj. Matthew Miller, a prosecution lawyer, said such a sentence would send a message that such actions will not be tolerated.

"Every soldier must understand that individual acts of misconduct have strategic implications," Maj. Miller said. "This is a global war on terror. It is a global battle for the hearts and minds of people all over the world."

But the defense said Smith should serve no jail time and instead be returned to his family and his unit. Capt. Scott Rolle, Smith's attorney, told the jury that while Smith made mistakes at Abu Ghraib, he also is "a hero," decorated for saving the lives of other U.S. soldiers during a mortar attack.

Smith appeared unrepentant about the abuse charges when he addressed the jury Tuesday, shortly after he was convicted.

"Soldiers are not supposed to be soft and cuddly," he said.

He said he wished he had gotten his orders in writing for self-protection because soldiers who do not "end up in a heap of trouble."

The relatively light sentence surprised Eugene R. Fidell, president of the National Institute of Military Justice in the District, who said he thought Smith would get years, not months, of confinement.

"I think people around the world are going to be scratching their heads at that sentence," he said. "The conduct of which this soldier was convicted is highly offensive, and if this is all one gets, it's not impunity, but it's getting real close."

Nine other soldiers have been convicted of abusing prisoners at Abu Ghraib, in many cases by forcing them to assume painful positions and humiliate themselves sexually while being photographed. Former Cpl. Charles Graner Jr. received the longest sentence -- 10 years in prison. Lynndie England, 23, a reservist photographed giving a thumbs-up in front of naked prisoners, is serving three years behind bars.

The Joy Of Being Blameless (NYT)

The New York Times, March 23, 2006

The contrast could not have been more stark, nor the message more clear. On the day that a court-martial imposed justice on a 24-year-old Army sergeant for tormenting detainees at Abu Ghraib with his dog, President Bush said once again that Defense Secretary Donald Rumsfeld, whose benighted policies and managerial incompetence led to the prisoner abuse scandal, was doing a "fine job" and should stay at his post.

We've seen this sorry pattern for nearly two years now, since the Abu Ghraib horrors first shocked the world: President Bush has clung to the fiction that the abuse of prisoners was just the work of a few rotten apples, despite report after report after report demonstrating that it was organized and systematic, and flowed from policies written by top officials in his administration.

Just this week, Eric Schmitt and Carolyn Marshall provided a bloodcurdling account in the Times of how a Special Operations unit converted an Iraqi military base into a torture chamber, even using prisoners as paintball targets, in its frenzy to counter a widely predicted insurgency for which Mr. Rumsfeld had refused to prepare. In early 2004, an 18-year-old man suspected of selling cars to members of a terrorist network was arrested and beaten repeatedly. Another man said he had been forced to strip, punched in the spine until he fainted, put in front of an air-conditioner while cold water was poured on him and kicked in the stomach until he vomited. His crime? His father had worked for Saddam Hussein.

These accounts are tragically familiar. The names and dates change, but the basic pattern is the same, including the fact that this bestiality produced little or no useful intelligence. The Bush administration decided to go outside the law to deal with prisoners, and soldiers carried out that policy. Those who committed these atrocities deserve the punishment they are getting, but virtually all high-ranking soldiers have escaped unscathed. And not a single policy maker has been called to account.

Col. Thomas Pappas, the former intelligence chief at Abu Ghraib, testified at the dog handler's trial that the use of dogs had grown out of conversations he had had with military jailers from Guantánamo Bay led by Maj. Gen. Geoffrey Miller, who had been sent to Iraq to instruct soldiers there in the interrogation techniques refined at Gitmo under Mr. Rumsfeld's torture-is-legal policy. Colonel Pappas said General Miller had explained how to use the "Arab fear of dogs" to set up interrogations.

What of General Miller? He invoked his right against self-incrimination to avoid testifying, and Time magazine reported this week that he was exonerated by an Army whitewash. Apparently he was not responsible for the actions of soldiers operating under rules he put in place.

About the only high-ranking officer whose career has suffered over Abu Ghraib is Lt. Gen. Ricardo Sanchez, who was the commander in Iraq at the time. General Sanchez should certainly take responsibility, but he was also a victim of administration blunders.

General Sanchez was vaulted inappropriately from head of the First Armored Division to overall commander because Mr. Bush declared "mission accomplished": the war's over. He was then denied the staff, soldiers and equipment he needed to deal with the insurgency that quickly broke out and produced thousands of prisoners.

Mr. Bush has refused to hold himself or any of his top political appointees accountable for those catastrophic errors. Indeed, he has promoted many of them. And this is not an isolated problem. It's just one example, among many, of how this president's men run no risk of being blamed for anything that happens, not matter how egregious.

Desire To 'Serve My Country' Cited By Volunteers For Duty In Iraq (WP)

The Washington Post, March 23, 2006

Almost 1,000 members of the U.S. Foreign Service have volunteered for duty in Iraq since 2003. The Foreign Service Journal, the magazine of the American Foreign Service Association, recently surveyed active-duty Foreign Service officers (FSOs) about their tour there. Fifty-seven who replied served or currently serve in Iraq either at the embassy in Baghdad or elsewhere in the country. Here are some of their responses, as excerpted from an article in the March issue by Shawn Dorman, titled "Iraq Service and Beyond."

What motivated you to volunteer for Iraq service?

The most frequently stated response was, in various iterations, "to serve my country." Many spoke of a desire to serve where they are most needed. Some respondents mentioned an additional hope that Iraq service would be career-enhancing, while others pointed to the financial incentives.

How does the way you work in Iraq differ from the way you worked at other posts?

The three top ways working in Iraq differs from other places, according to the respondents, are: the level of danger, the extreme work hours and the non-integrated command structure between the embassy, the military and the Iraq Reconstruction Management Office.

Another factor raised by many survey respondents was the impact of having so many appointees and contractors at the mission, many of whom have never served in an embassy or overseas before.

One officer notes the difference by describing a trip to the Red Zone he had just taken the day before to meet with an Iraqi contact. (The Red Zone is all of Iraq outside the protected central-Baghdad area known unofficially as the Green Zone and officially as the International Zone.)

"I traveled to the meeting with three armored vehicles and 14 fully-armed contractors in assault gear as my personal security escort. I was met by six more of the same at the site who had secured the building before my arrival. As we entered Check Point One on our return to the International Zone, a car bomb detonated at Check Point Two, killing two and injuring many more. Timing is everything."

Many respondents commented on the "extreme" work hours. It is clear that the pace in Baghdad is frenetic and the flow of incoming taskings is relentless.

"The day begins at 8 a.m. or before, with meetings scheduled as late as 8 p.m.," explains an FSO serving in Baghdad. "People routinely work until 11 p.m., and there never seems to be a break. It creates a kind of Vegas casino atmosphere where you don't know if it's night or day outside because the activity level is constant. We have Friday 'off' but since Washington works on Friday, we need to be here then as well."

Are you able to do your job effectively, as one might expect at another post if you had the same portfolio? Can you see or talk to the people you need to? Can you communicate effectively with them (i.e., in Arabic, English)?

The most common response to the question about effectiveness was a conditional yes. The security situation is by far the most limiting factor. This includes both the difficulty of arranging meetings outside the Green Zone and the restrictions resulting from traveling to those meetings with armed guards.

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"Extreme perseverance, determination and stubbornness are required to overcome the myriad of difficulties of performing diplomatic duties," writes an FSO serving in Baghdad. "However, often security restrictions keep us overly locked down and in a bubble, where we cannot accurately track or influence events."

Do security precautions limit your ability to do your job, and if so, how?

"It is not possible to leave the Green Zone without bodyguards," says an FSO serving in Baghdad, "and it is necessary to request them at least two days prior to any trip out. Many times security conditions will make it necessary to cancel or postpone a planned trip. The heavy security presence that accompanies us into the Red Zone also puts a damper on meetings. These security precautions are, however, absolutely necessary. This is a war zone and there are people out there who are actively trying to kill us. Anyone who doubts the need for the security precautions in place should be immediately removed from the mission."

"Security limits my ability to work," writes one officer serving in Baghdad. "Iraqis don't want me to visit their ministry with my personal security detail in town because that makes them a target. At the same time it is such a hassle to put in for and be approved for a Personal Security Detail and to coordinate the movement. There is very little flexibility, so no spontaneous action is ever possible."

Is housing adequate and sufficiently secure?

Housing security is described by respondents as a significant problem for Foreign Service personnel serving in Baghdad who are not with USAID. Without being specific (though respondents were very specific) about the security problems, suffice it to say that most respondents feel that the trailers -- informally referred to as "hooches" -- are unsafe.

"Not only is housing inadequate," writes an FSO serving in Baghdad, "[but] basic privacy is not respected. The housing contractor, KBR, regularly goes into private housing for inspections without notice. Three such recent 'inspections' to my hooch did not result in needed repairs. When there is indirect mortar or rocket fire (a fairly common occurrence), the announcement tells us to seek cover under our beds (eight-inch clearance) or under our flimsy desks. I certainly do not feel safe when the entire hooch shakes violently from a nearby hit (five occurrences during four months so far)."

Many positions in Iraq have been and continue to be filled by non-career appointees, contractors and detailees from outside the Foreign Service. What has been the impact of this?

Out of some 2,000-plus people working on the U.S. embassy compound in Baghdad, fewer than 200 are career Foreign Service. Of course, at many embassies, State and the other foreign affairs agencies are a minority compared to the other federal agencies represented, but there is no other embassy in the world that is host to so many non-Foreign Service employees, political appointees and contractors.

"Frankly, I think a lot of the political appointees were disasters," writes an officer who served in Baghdad and other Iraqi cities. "They seemed to be ideologues rather than diplomats. A lot of the contractors and other detailees I met seemed quite capable."

Do you believe that Iraq service has helped or not helped your career? How?

Service in Iraq may give a boost for employees when they come up for review for promotion, but no conclusion could be drawn from the input we received on this question. For many people it is too early to tell what Iraq service will do for their career.

George Bush's Trillion-Dollar War (NYT)

By Bob Herbert

The New York Times, March 23, 2006

Call it the trillion-dollar war.

George W. Bush's war in Iraq was never supposed to be particularly expensive. Administration types tossed out numbers like $50 billion and $60 billion. When Lawrence Lindsey, the president's chief economic adviser, said the war was likely to cost $100 billion to $200 billion, he was fired.

Some in the White House tried to spread the fantasy that Iraqi oil revenues would pay for the war. Paul Wolfowitz, the former deputy defense secretary and a fanatical hawk, told Congress that Iraq was "a country that can really finance its own reconstruction, and relatively soon."

The president and his hot-for-war associates were as wrong about the money as they were about the weapons of mass destruction.

Now comes a study by Joseph Stiglitz, a Nobel Prize-winning economist at Columbia University, and a colleague, Linda Bilmes of the Kennedy School of Government at Harvard, that estimates the "true costs" of the war at more than $1 trillion, and possibly more than $2 trillion.

"Even taking a conservative approach and assuming all U.S. troops return by 2010, we believe the true costs exceed a trillion dollars," the authors say.

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The study was released earlier this year but has not gotten much publicity. The analysis by Professors Stiglitz and Bilmes goes beyond the immediate costs of combat operations to include other direct and indirect costs of the war that, in some cases, the government will have to shoulder for many years.

These costs, the study says, "include disability payments to veterans over the course of their lifetimes, the cost of replacing military equipment and munitions, which are being consumed at a faster-than-normal rate, the cost of medical treatment for returning Iraqi war veterans, particularly the more than 7,000 [service members] with brain, spinal, amputation and other serious injuries, and the cost of transporting returning troops back to their home bases."

The study also notes that Defense Department expenditures that were not directly appropriated for Iraq have grown by more than 5 percent since the war began. But a portion of that increase has been spent "on support for the war in Iraq, including significantly higher recruitment costs, such as nearly doubling the number of recruiters, paying recruitment bonuses of up to $40,000 for new enlistees and paying special bonuses and other benefits, up to $150,000 for current Special Forces troops that re-enlist."

"Another cost to the government," the study says, "is the interest on the money that it has borrowed to finance the war."

Among the things taken into account by the study are some of the difficult-to-quantify but very real costs inflicted by the war on the American economy and society, such as the effect of the war on oil prices, and the economic loss that results from the many thousands of Americans wounded and killed in the war.

The study does not address the substantial costs of the war borne by Iraq or by any other countries besides the United States.

In an interview, Mr. Stiglitz said that about $560 billion, which is a little more than half of the study's conservative estimate of the cost of the war, would have been enough to "fix" Social Security for the next 75 years. If one were thinking in terms of promoting democracy in the Middle East, he said, the money being spent on the war would have been enough to finance a "mega-mega-mega-Marshall Plan," which would have been "so much more" effective than the invasion of Iraq.

It's not easy to explain just how much money $1 trillion really is. Imagine a stack of bills worth $1 million that is roughly six inches high. (Think big denominations — a mix of $100 bills and $1,000 bills, mostly $1,000's.) If the six-inch stack were enlarged to the point where it was worth $1 billion, it would be as tall as the Washington Monument, about 500 feet. If it were worth $1 trillion, the stack would be 95 miles high.

Ms. Bilmes said that the $1 trillion we're spending on Iraq amounts to about $10,000 for every household in the U.S.

At his press conference on Tuesday, President Bush made it clear that whatever the cost, American forces would not be leaving Iraq soon. When asked whether a day would come when there were no U.S. forces in Iraq, he said that decision would be made by future presidents and future governments of Iraq.

The meter's running. We're at a trillion dollars, and counting.

Bush, Rice Express Concern For Afghan (AP)

By Barry Schweid

AP, March 22, 2006

President Bush called on Afghanistan on Wednesday to respect the religious freedom of an Afghan citizen on trial for his life for converting from Islam to Christianity.

"We expect them to honor the universal principle of freedom," Bush said in a statement in Wheeling, W.Va., preceding a speech on Iraq. "I'm troubled when I hear, deeply troubled when I hear, the fact that a person who converted away from Islam may be held to account."

While not demanding that the trial be stopped and the defendant released, Bush said he wanted to make sure that "people are protected in their capacity to worship."

Secretary of State Condoleezza Rice followed up with a meeting with Afghan Foreign Minister Abdullah Abdullah, whose government is an ally of the United States in the war on terror.

She told him she was deeply troubled by the case and called the prosecution "contrary to universal democratic values," State Department spokesman Sean McCormack said.

Rice also told Abdullah that those values include freedom of religion, which the United States fought for in Afghanistan and elsewhere, McCormack said.

And she told the foreign minister that the case ran contrary to the Afghan constitution.

The statements by Bush and Rice toughened the U.S. stance in a controversy that has spread beyond Southeast Asia, evoking statements of concern, for instance, in Germany and Italy.

On Tuesday, administration officials expressed respect for Afghanistan's sovereignty while also registering their concern over the case.

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The case involves a 41-year-old Afghan man, Abdul Rahman, who converted from Islam and was arrested last month after his family accused him of becoming a Christian. The conversion is a crime under Afghanistan's Islamic laws.

Abdullah made no statement after his meeting with Rice, which was not listed on her public schedule.

Here for strategic talks, Abdullah said Tuesday he hoped "through our constitutional process there will be a satisfactory result." He did not say whether he thought the defendant would be found innocent.

On Wednesday, the Afghan embassy responded to expressions of concern with a statement saying the Kabul government "is fully aware of and pursuing the best way to resolve Mr. Rahman's case judicially."

"It's too early to draw a conclusion about the punishment," the statement said.

But it said Rahman's mental fitness was being evaluated by the judicial system and that results may end the proceedings.

Michael Cromartie, chair of the U.S. Commission on International Religious Freedom, said in a statement he had written to Bush to express concern about the trial and the threatened execution of Rahman.

Cromartie told the president that the prosecutor had called Rahman "a microbe (who) should be cut off and removed from the rest of Muslim society and should be killed."

The Council on American-Islamic Relations issued a statement calling for Rahman's release. "Religious decisions should be matters of personal choice, not a cause for state intervention," the Muslim civil liberties group said.

Afghan Trial Of Christian 'Troubles' Bush (WT)

By Stephen Dinan

The Washington Times, March 23, 2006

WHEELING, W. Va. -- President Bush yesterday said he was "deeply" troubled by the trial in Afghanistan of a Christian who could face execution for converting from Islam and vowed to pressure the Afghan government on the matter.

"It is deeply troubling that a country we helped liberate would hold a person to account because they chose a particular religion over another," Mr. Bush said.

Abdul Rahman could face the death penalty for rejecting Islam. He converted to Christianity 16 years ago while working for a Christian aid organization in Pakistan, but it just came to light recently during a custody battle over his two children.

While nations such as Italy and Germany lodged strong protests earlier this week against the trial, the U.S. State Department on Tuesday was more tepid, calling the case a matter for Afghan authorities.

Yesterday, Mr. Bush took a much firmer stance.

"We have got influence in Afghanistan, and we are going to use it to remind them that there are universal values," he said.

It appeared yesterday that Afghanistan was looking for a way out of the international furor over the matter. The Associated Press, reporting from Kabul, Afghanistan, quoted a prosecutor as saying Mr. Rahman may be mentally unfit for trial.

"We think he could be mad. He is not a normal person. He doesn't talk like a normal person," said the prosecutor, Sarinwal Zamari, while the AP also quoted a religious adviser to President Hamid Karzai as saying that Mr. Rahman will have an exam and that if he is deemed unfit, the case against him would be dropped.

Afghan Foreign Minister Abdullah Abdullah on Tuesday said that he understood American concerns but that the matterwas a legal one and the government "has nothing to do with it."

Prosecutors said the case against Mr. Rahman would be dropped if he converted back to Islam, but he has refused. The state-sponsored Afghan Independent Human Rights Commission has said Mr. Rahman violated Islamic law by converting to another religion and should be punished.

The trial has become a cause for Christians worldwide and for conservative groups in the United States, who demanded that the U.S. government intervene.

"Americans have not given their lives so that Christians can be put to death," said Tony Perkins, president of the Family Research Council.

The Council on American-Islamic Relations, an American Muslim advocacy group, also joined the call for Mr. Rahman to be released.

"Islam advocates both freedom of religion and freedom of conscience," the group said.

The trial could be a stumbling block for Mr. Bush, who is traveling across the U.S. arguing that freedom and democracy are universal values and modern civil societies can rise from formerly oppressed Middle Eastern nations.

He has talked about allowing nations to form democracies in their own style, and often points to Japan's development of a "Japanese-style democracy" after World War II as a model.

But an Afghanistan-style democracy that includes trials of Christian converts is unacceptable to Mr. Bush's supporters.

"How can we congratulate ourselves for liberating Afghanistan from the rule of jihadists only to be ruled by radical Islamists who kill Christians?" Mr. Perkins said.

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Speaking in Wheeling at a town-hall-style event yesterday, Mr. Bush raised the issue himself, saying he was "deeply troubled."

But a firefighter in the audience challenged Mr. Bush to go further and reminded him that hundreds of firefighters died in the September 11 attacks by al Qaeda, whose leader, Osama bin Laden, was based in Afghanistan with the permission of the ruling Taliban.

"Do you have an army of sociologists to go over there and change that country, or are you hoping that in a couple decades that we can change the mind-set over there?" the firefighter asked.

"We can solve this problem by working closely with the government that we've got contacts with -- and will," Mr. Bush said. "We'll deal with this issue diplomatically and remind people that there is something as universal as being able to choose religion."

Being Christian In Afghanistan (TIME)

By Tony Karon

Time, March 22, 2006

When a Christian believer in a nation wholly dependent on U.S. support faces trial and possibly execution simply for embracing the same faith as the President of the United States, you'd think that country would be read the riot act. Instead, Washington's response to the trial in Afghanistan of Abdul Rahman has been rather muted. President Bush said Wednesday he was deeply troubled by the case and said he expected Afghanistan to "honor the universal principle of freedom." Undersecretary of State for Political Affairs Nicholas Burns has urged the Afghan authorities to follow what he said was their own constitution's commitment to the principle of freedom of worship, but added that the U.S. was not going to get involved in the case. "This is a case that is not under the competence of the United States," he said. "It is under the competence of the Afghan authorities. We hope that the Afghan constitution is going to be upheld, and in our view, if it is upheld, he will be found to be innocent."

Perhaps, but there's hardly any certainty over that outcome — even in the new Afghanistan liberated from the rule of the Taliban, personal status issues are governed by Islamic Sharia law rather than a civil code. And it's not clear how a conflict between Sharia and the Afghan constitution's embrace of U.N. Human Rights conventions that guarantee freedom of worship would be resolved. The country's chief justice, Fazl Hadi Shinwari, has no secular legal education, and had previously been the head of a Council of Islamic Scholars. He is also a close associate of Abdul-Rabb al-Rassul Sayyaf, by a mujahedeen warlord-turned-legislator who once had close ties with Osama bin Laden.

Rahman, 41, who converted to Christianity 16 years ago, has been charged in a case arising out of a custody dispute. He may avoid conviction, however, not because of constitutional provisions for freedom of religion, but because both the judge and prosecutors have questioned his sanity and his fitness to stand trial. "We think he could be mad," prosecutor Sarinwal Zamari told the AP. "He does not talk like a normal person." Rahman earlier told the court, "They want to sentence me to death and I accept it, but I am not a deserter and not an infidel. I am a Christian, which means I believe in the Trinity."

The subdued response of the Bush Administration, and the neutral stance taken by President Hamid Karzai, who has stressed that the matter must be left to the courts, underscores the political sensitivity of the case. Even after the Taliban's ouster, much of Afghanistan's political life is dominated by conservative Islamists. And successive Afghan governments have come out strongly against proselytizing by Christian missionary groups — they're willing to accept aid, but are hostile to any attempt to secure converts. That may fly in the face of the principle of religious freedom, just as the furor over the Danish cartoons challenged the principle of freedom of speech, but there's little doubt that any appearance of Western powers seeking to defend the right of Christians to proselytize in Muslim lands would touch off a similar response in places such as Afghanistan and Pakistan, frontline allies in the war on terror. The Abdul Rahman case highlights the limits on the freedom the U.S. has brought to Afghanistan, and will raise the ire of the Evangelical Christian political base of the GOP. But Washington will also be aware that the current political order may be as good as it gets right now, in terms of an Afghan government allied with the West. And if the priority is saving Mr. Rahman's life and preserving his freedom, turning the case into a "clash of civilizations" battle of wills may not be the most effective strategy.

Allies Troubled By Afghan Threat To Christian Convert From Islam (NYT)

By Laurie Goodstein

The New York Times, March 23, 2006

The case of an Afghan man who could face the death penalty in his country for converting to Christianity from Islam has prompted a swift international outcry. President Bush said yesterday that he was "deeply troubled," and leaders of three other nations with troops in Afghanistan also voiced objections.

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The convert, Abdul Rahman, has been accused of apostasy and jailed, but not formally charged. In the United States this week, Christian talk shows and advocacy groups rallied their supporters, who flooded the White House and the Afghanistan Embassy with complaints.

The embassy released a statement yesterday saying that it was "too early" to draw conclusions, and that a judge was now "evaluating questions raised about the mental fitness of Mr. Rahman." The embassy said the results of that evaluation "may end the proceedings."

Mr. Rahman told a preliminary hearing in Afghanistan last week that he converted to Christianity about 15 years ago while working with a Christian aid group helping refugees. When he recently sought custody of his children from his parents, family members reported his conversion.

The prosecutor in the case called Mr. Rahman "a microbe" who "should be killed."

Although an American invasion overthrew the Taliban government four years ago, there are still judges who hold radical interpretations of Shariah, or Islamic law.

The case presents a challenge for President Hamid Karzai's government, which is dependent on foreign troops and foreign aid but insistent on the independence of its courts.

Mr. Bush, in a visit to Wheeling, W.Va., yesterday to rally support for the war in Iraq, said: "I'm troubled when I hear — deeply troubled when I hear that a person who has converted away from Islam may be held to account. That's not the universal application of the values that I talked about."

The United States Commission on International Religious Freedom, a bipartisan government group that works closely with the State Department, has previously warned that the Afghan Constitution does not adequately protect religious freedoms, said Tad Stahnke, the commission's deputy director for policy.

Officials from Germany, Italy and Canada, which all have troops serving in Afghanistan, have voiced their concerns to Mr. Karzai's government. The Italian foreign minister and deputy prime minister, Gianfranco Fini, said Tuesday that he had received assurance that Mr. Rahman would not be executed, but he did not elaborate.

The Council on American-Islamic Relations, based in Washington, called for Mr. Rahman's release, saying that the Koran supported religious freedom and that Islam was never compulsory. CAIR said its position was endorsed by the Fiqh Council of North America, a committee of Islamic legal scholars.

Karzai Shuffles Cabinet

By The New York Times

KABUL, Afghanistan, March 22 — President Hamid Karzai has proposing seven new names for his 25-member cabinet, officials said Wednesday.

Abdullah, Mr. Karzai's foreign minister for four years, was replaced by Rangeen Dadfar Spanta, Mr. Karzai's adviser on foreign affairs.

Outrage In Afghanistan (NYT)

The New York Times, March 23, 2006

What's the point of the United States' propping up the government of Afghanistan if it's not even going to pretend to respect basic human rights? President Bush himself said it was "deeply troubling" that an Afghan man is facing the death penalty for converting from Islam to Christianity.

In fact, the case is more than deeply troubling; it's barbaric, and we were glad that Mr. Bush promised yesterday to press for religious freedom in Afghanistan. The Afghan man, Abdul Rahman, was arrested two weeks ago. His parents reported him to the police for converting to Christianity 16 years earlier while working for a Christian aid organization in Peshawar, Pakistan. He was hauled before a judge, where he said he had no regrets. "If he doesn't revert back to Islam, he's going to receive the death penalty, according to the law," an Afghan Supreme Court judge told Agence France-Presse.

And maybe Afghanistan should also return to stoning women to death for adultery? The United States, Britain and every other country helping the Afghan government should take a hard look at its legal institutions. Muslim leaders would also do well to condemn this strongly; those who continue to hold the teachings of Islam hostage to intolerance do grievous harm to their religion.

There appears to be a move afoot to declare Mr. Rahman mentally incompetent as a way to avoid the mess. That would be a cheap trick because the law would remain on the books. Afghanistan is not the only American ally that enforces cruel religious laws. But this is a country that was liberated from the Taliban by American troops and whose tenuous peace is enforced by those troops. If Afghanistan wants to return to the Taliban days, it can do so without the help of the United States.

Afghan Foreign Minister To Be Replaced (AP)

DOJ_NMG_0020347

By Amir Shah, Associated Press Writer

AP, March 23, 2006

The man who has held Afghanistan's foreign minister post since the fall of the Taliban regime four years ago will be replaced in a Cabinet reshuffle, officials said Wednesday.

The changes are subject to parliament approval and will be presented to the body this week, said Khaleeq Ahmed, spokesman for President Hamid Karzai. The Cabinet is to be trimmed from 27 members to 26. Fourteen ministers have kept their jobs, four changed portfolios while eight are new faces, according to a list from Karzai's office.

Foreign Minister Abdullah Abdullah, who has had close ties with Washington, will be replaced by Rangeen Dadfar Spanta, a presidential adviser on foreign affairs. The move had been long anticipated because of an apparent falling out between Abdullah and Karzai over how the ministry was directing foreign affairs, observers say.

A senior Afghan official said the change was intended to make the Foreign Ministry more active in promoting the country's interests and in hopes of improving relations with other nations. He spoke on condition of anonymity because of the sensitivity of the matter.

Afghanistan's relations with neighboring Pakistan have deteriorated significantly in recent months because of a dispute over the movement of militants back and forth across their long, largely unguarded border.

Ties with another neighbor, Iran, have also been strained because of Karzai canceling a trip there in late January, allegedly because of pressure from the United States.

The incoming interior minister, Zarar Ahmad Moqbil, has been acting interior minister since September. The incumbent minister for women's affairs, Masooda Jalal, will be replaced by Surya Rahim Subhrang, a women's rights activist.

Among the key ministers who will keep their jobs are Counternarcotics Minister Habibullah Qaderi, Defense Minister Abdul Rahim Wardak and Economy Minister Amin Farhang.

Taliban Man At Yale (WSJ)

By John H. Fund

The Wall Street Journal, March 23, 2006

Something is very wrong at our elite universities. Last month Larry Summers resigned as president of Harvard; today Libyan dictator Moammar Gadhafi will speak by video to a conference at Columbia University that his regime is cosponsoring. (Columbia won't answer questions about how much funding it got from Libya or what implied strings were attached.) Then there's Yale, which for three weeks has refused to make any comment or defense beyond a vague 144-word statement about its decision to admit Sayed Rahmatullah Hashemi -- a former ambassador-at-large of the murderous Afghan Taliban -- as a special student.

The three backers of the foundation that, along with Yale, is subsidizing Mr. Hashemi's tuition have told the Yale Daily News that they are withdrawing their support. But the university remains mute and paralyzed. "The intelligentsia haven't told Yalies what to think yet, because even they haven't made up their minds," says Yale professor David Gelernter. He clearly has: He calls the Taliban "an evil and macabre terrorist group. . . . The fact that Hashemi didn't do actual killing does not absolve him. Goebbels didn't shoot anyone either."

Universities are places where free inquiry, debate and information sharing are supposed to be guiding lights. In reality, the ivory towers too often now resemble dark castles, which raise their drawbridges at the first hint of criticism or scrutiny. Never has the moat separating elite universities from the rest of America been wider than in the case of Yale's Taliban Man.

In justifying its grant of a place to Mr. Hashemi, Yale has cited his approval by the State Department. And Yale's sole official statement says it hopes "his courses help him understand the broader context for the conflicts that led to the creation of the Taliban and to its fall. . . . Universities are places that must strive to increase understanding." That justification is unsettling to two women who will join voices at Yale tonight. Natalie Healy lost her Navy SEAL son Dan in Afghanistan last year when a Taliban rocket hit his helicopter. Ms. Healy, who notes that her son had four children of his own, is appalled at Yale's new student. "Lots of people could benefit from a Yale education, so why reward this man who was part of the group that killed Dan?" she told me. "I want to tell [Yale President] Richard Levin that his not allowing ROTC on campus is one thing, but welcoming a former member of the Taliban is deeply insulting to families who have children fighting them right now."

Ten days ago Ms. Healy met Malalai Joya, a member of Afghanistan's parliament, when she spoke near her home in Exeter, N.H. Tonight, Ms. Joya will speak at Yale on behalf of the Afghan Women's Mission. She is appalled that many people have forgotten the crimes of the Taliban, and was surprised to hear that Mr. Hashemi, who, like her, is 27 years old, is attending Yale. "He should apologize to my people and expose what he and others did under the Taliban," she told me. "He knew very well what criminal acts they committed; he was not too young to know. It would be better if he faced a court of justice than be a student at Yale University." * * *

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Mr. Hashemi probably won't be attending Ms. Joya's lecture tonight. He has dodged reporters for three weeks, ever since his presence at Yale was revealed in a cover story in the New York Times Magazine. Some claim he has fully repented his Taliban past, but in his sole recent interview -- with the Times of London -- he acknowledged he'd done poorly in his class "Terrorism: Past, Present and Future," attributing that to his disgust with the textbooks: "They would say the Taliban were the same as al Qaeda." At the same time, Mr. Hashemi won't explain an essay he wrote late last year in which he called Israel "an American al Qaeda" aimed at the Arab world. When asked about the Taliban's public executions in Kabul's soccer stadium, he quipped: "There were also executions happening in Texas."

Given his record as a Taliban apologist, Mr. Hashemi has told friends he is stunned Yale didn't look more closely into his curriculum vitae. "I could have ended up in Guantanamo Bay," he told the New York Times. So how did he end up in the Ivy League? Questions start at the State Department's door. Sen. John Cornyn of Texas, chairman of the Judiciary Committee's border security panel, has asked the State Department and Homeland Security Secretary Michael Chertoff to explain exactly how Mr. Hashemi got an F-1 student visa. Yale's decision tree is clearer. Richard Shaw, Yale's dean of undergraduate admissions until he took the same post at Stanford last year, told the New York Times that Yale had another foreigner of Mr. Hashemi's caliber apply but "we lost him to Harvard" and "I didn't want that to happen again." Mr. Shaw won't return phone calls now, but emails he's exchanged with others offer insights into his thinking.

The day after the New York Times profile appeared, Haym Benaroya, a professor at Rutgers, wrote to Mr. Shaw expressing disbelief that Mr. Hashemi, who has a fourth-grade education and a high school equivalency certificate, could be at Yale. Mr. Shaw replied that he indeed had "non-traditional roots [and] very little formal education but personal accomplishments that had significant impact." Mr. Benaroya was stupefied; did Mr. Shaw mean accomplishments that had a "positive impact, not terroristic and totalitarian impact"? Mr. Shaw responded: "Correct, and potential to make a positive difference in seeking ways towards peace and democracy. An education is a way toward understanding the complex nuances of world politics."

Back in the early 1990s, when he was dean of Yale College, Yale history professor Don Kagan warned about what he called the university's "mutual massage" between value-neutral professors and soft-minded students. He is even more critical now: "The range of debate on campus is more narrow than ever today, and the Taliban incident is a wake-up call that moral relativism is totally unexamined here. The ability of students to even think clearly about patriotism and values is being undermined by faculty members who believe that at heart every problem has a U.S. origin." Mr. Kagan isn't optimistic that Yale will respond to outside pressure. "They have a $15 billion endowment, and I know Yale's governing board is handpicked to lick the boots of the president," he told me. "The only way Yale officials can be embarrassed is if a major donor publicly declares he is no longer giving to them. Otherwise, they simply don't care what the outside world thinks."

But there may be one other source of worry for Yale. Mr. Hashemi told the New York Times that he will apply next month for sophomore status in Yale's full-degree program starting next fall. An admissions official told me Yale's plan all along was to do just that if his grades were acceptable. But next week, Yale will mail out 19,300 rejection letters to those who applied to be in its class of 2010. "I can't imagine it'll be easy for Yale to convince those it rejects that the Taliban student isn't taking a place they could have had," a former Yale administrator told me.

Former Yale president Benno Schmidt says admitting Mr. Hashemi is an exercise in "amorality and cynicism." He told me that "diversity simply cannot be allowed to trump all moral considerations."

It's not as if Yale can't muster moral indignation. Yale is divesting from Sudan, responding to pressure from student activists and labor unions. But when it comes to a former Taliban official, there is a desire to move on.

A case in point is Amy Aaland, executive director of Yale's Slifka Center for Jewish Life, where Mr. Hashemi takes his meals (Kosher complies with Islamic dietary laws). When I asked her if any of the revelations about his past disturb her, she noted that he was "very, very young" when he had been a Taliban official, and that "it's not like the Taliban attacked this country." I asked about the Taliban's decree in May 2001 that all non-Muslims -- chiefly Hindus -- had to wear yellow badges. The order, reminiscent of the Nazis, was met with global censure. A reporter then in Kabul recalls Mr. Hashemi had no trouble defending the decree as a protection for minorities against punishment by the religious police "until I pointed out it also required non-Muslims to move out of housing they shared with Muslims within three days; he didn't have a coherent response to that." Ms. Aaland absorbed all that I told her, and replied: "I don't expect learning to happen overnight." She still thought that "just living here, [Mr. Hashemi] can learn values and ideals from our society."

There is a line beyond which tolerance and political correctness become willful blindness. Eli Muller, a reporter for the Yale Daily News, was stunned back in 2000 when the lies of another Taliban spokesman who visited Yale "went nearly unchallenged." He concluded that the "moral overconfidence of Yale students makes them subject to manipulation by people who are genuinely evil." Today, you can say that about more than just some naïve students. You can add the administrators who abdicated their moral responsibility and admitted Mr. Hashemi.

Mr. Fund is a columnist for OpinionJournal.com.

DOJ:

D.C. Gets A Solicitor General (AP)

AP, March 23, 2006

WASHINGTON (AP) - Todd Kim has been appointed Solicitor General for the District of Columbia.

Mayor Anthony Williams announced Wednesdday that Kim will come over from the Justice Department on April third.

The solicitor general's office represents the District government in all appellate level court cases. Establishing the office is really a renaming of a branch of the D.C. Attorney General's office.

The measure is part of the mayor's continuing effort to reshape the District government to resemble state governments. The Office of Corporation Counsel was renamed the attorney general's office for the same reason in 2004.

Attorney General Robert Spagnoletti says it's critical that civil and criminal appeals be handled effectively.

CORPORATE SCANDALS:

Enron Ex-Treasurer Ties Lay, Skilling To Charges (WSJ)

By Gary McWilliams And Ann Davis

The Wall Street Journal, March 23, 2006

HOUSTON -- A high-ranking former Enron Corp. executive tied the company's former top executives, Kenneth Lay1 and Jeffrey Skilling2, to activities at the heart of the government's conspiracy and fraud allegations -- approving the improper use of reserves, misleading investors and hiding losses.

Describing his meetings with Messrs. Lay and Skilling, former company treasurer Ben Glisan Jr.3 alleged that the defendants authorized the use of accounting reserves to pad earnings and investment vehicles to hide losses. They also ignored calls to write down billions of dollars of soured investments, he alleged. (Excerpts from Glisan testimony4)

When Mr. Skilling was reviewing a plan in a 2000 board meeting to use Enron stock to hedge investments, he replied that he wouldn't recommend the plan "except that it allowed him to circumvent accounting rules," alleged Mr. Glisan. Mr. Lay's reaction to the idea was "to giggle...in delight," he added.

Mr. Glisan pleaded guilty to conspiracy to commit wire and securities fraud and is serving a five-year prison sentence. He is expected to be extensively challenged when defense attorneys begin questioning him Thursday morning.

Late Wednesday, Mr. Glisan testified he was told by two Enron executives of verbal "side" agreements guaranteeing an investment fund controlled by Enron's then-chief financial officer would not lose money on transactions with Enron. He said that Chief Accounting Officer Richard Causey told him that Mr. Skilling had reviewed the side deals.

Mr. Glisan said he took notes on several such verbal agreements while acting as a middleman between the executives who negotiated them: Mr. Causey and the chief financial officer, Andrew Fastow5. Government attorneys showed the jury copies of the notes as well as Mr. Glisan's calendar entries that mentioned the side deals. Mr. Glisan testified that those deals were improper because they weren't documented in official Enron contracts. The government has argued that the side deals invalidated the transactions, which were used to bolster Enron's finances.

The former treasurer also alleged that in the fall of 2001, Mr. Lay vetoed having Enron take any write-downs larger than $1 billion in its troubled telecommunications, retail energy and international-power operations. Mr. Lay feared that a larger write-down would trigger a credit-rating downgrade that would cripple its money-making trading business, Mr. Glisan said.

He also testified that Mr. Skilling had earlier in the year estimated that the value of several Enron businesses had declined by as much as $5 billion, but concluded the company's finances were too fragile to support a full write-down. Mr. Skilling resigned in August 2001 and Mr. Lay was told of the needed write-downs at management meetings that month, Mr. Glisan said.

At a September 2001 management meeting, presided over by Mr. Lay, executives discussed a litany of business woes, with one saying "he was glad he didn't have a gun or he would shoot himself," testified Mr. Glisan. Several executives proposed no longer using "structured finance" transactions to meet earnings targets, he said, but Mr. Lay replied that " 'we rely on these; they are imperative to hit our numbers and we're going to keep doing them.' "

As treasurer, Mr. Glisan helped raise equity and debt to finance the company's businesses. He testified that one of his jobs that fall was to "probe" the credit-rating agencies to see how much of a write-down Enron could take without losing its investment-grade credit rating.

After learning that the rating companies wouldn't tolerate greater than a $1 billion write-down, which the company subsequently announced for the third quarter of 2001, Mr. Lay agreed to personally call two rating agencies, Mr. Glisan said. Mr.

Lay promised the ratings officials that Enron would be taking no further write-downs beyond the $1 billion, even though he had been told by company executives that further write-downs were unavoidable, Mr. Glisan said.

Glisan: Lay Worried About Enron Problems (AP)

By Kristen Hays

AP, March 23, 2006

HOUSTON -- Enron Corp. founder Kenneth Lay worried in 2001 that the company's mounting financial problems would jeopardize its credit rating and inquired about managing its accounting to avoid a downgrade, a former Enron treasurer testified Wednesday.

Testimony by former Treasurer Ben Glisan Jr., which began late Tuesday and has outlined a series of what he said were public fabrications by Lay and former Chief Executive Officer Jeffrey Skilling about the health of the company, struck a nerve with Lay.

During a break in Glisan's testimony Wednesday afternoon, a visibly annoyed Lay told reporters, "I've never heard so many lies in one day in my whole life." Lay's wife, Linda, nodded her head and added, "Unbelievable."

Glisan testified that Lay assigned him to feel out credit-rating agencies about how large some required accounting writedowns could be without jeopardizing Enron's rating.

"That's backwards," Glisan told jurors in the fraud and conspiracy trial of Lay and Skilling. "What should occur is we should take the charges that we needed to take and then deal with the consequences."

Glisan said Lay and Skilling knew Enron, then a reputed powerhouse, was actually weak and faced multibillion-dollar losses and writedowns on poorly performing or overvalued assets.

Skilling abruptly resigned in mid-August 2001, Lay resumed as CEO, and those problems grew, Glisan said. The company tumbled into bankruptcy proceedings in December 2001.

Glisan also said Lay and Skilling misled Wall Street in 2001 about the nature of Enron's business, describing it as a "logistics" company rather than as an energy trader.

Glisan said "logistics" indicated Enron made money by delivering commodities and could sustain its growth. A trader is vulnerable to market volatility and therefore a more risky investment, which Glisan said could translate into a lower credit rating and stock price.

"Mr. Skilling said the market does not like trading companies, and it was important to articulate our strategy as being a logistics company and stay away from the term 'trading company' or 'traders,'" Glisan said, describing Skilling's instructions to top executives before Enron held an analyst conference in January 2001.

Skilling lawyer Daniel Petrocelli was to begin Glisan's cross-examination on Thursday, followed by Bruce Collins, one of Lay's lawyers.

Glisan, a onetime protege of former Enron Chief Financial Officer Andrew Fastow, is the last major government witness in its case against Lay and Skilling. The defense teams are expected to begin presentation next week of their evidence _ which they say will include testimony from Lay and Skilling. Lay lawyer Michael Ramsey said that of the two defendants, Skilling would likely take the stand first.

Glisan, in the eighth week of the trial, corroborated testimony from earlier government witnesses _ including Fastow _ who also said Lay and Skilling repeatedly lied to investors about Enron's financial strength. He often referred to notes he kept in 2001 of conversations and meetings.

The defendants claim there was no fraud at Enron and negative publicity coupled with diminished market confidence fueled the company's failure.

Glisan is halfway through a five-year prison sentence for creating fraudulent financial structures known as Raptors, which he said Enron used to house poor assets and investments and hide losses. He pleaded guilty to conspiracy in September 2003 and was immediately incarcerated because he hadn't yet begun to cooperate with prosecutors.

Prosecutors contend Lay and Skilling knew about the Raptors and how they were used.

"Ultimately how was Raptor used by Enron?" prosecutor Kathryn Ruemmler asked.

"To help Enron avoid losses that it should have taken," Glisan replied.

Glisan described his presentation of the first of the Raptors to the finance committee of Enron's board in May 2000. Then-Chief Accounting Officer Richard Causey explained that the structure had some "accounting risk," but outside auditors had approved it. Then he said Lay giggled.

"In what sense?" prosecutor Kathryn Ruemmler asked.

"In delight," Glisan replied.

At that, Lay turned to his daughter, Elizabeth Vittor, one of the lawyers at the defense table, and said, "I giggled?"

"Did they accept the number one risk of the deal, which was accounting scrutiny?" the prosecutor asked, referring to directors at the meeting, including Lay and Skilling.

"Yes," Glisan said.

Glisan was among Fastow subordinates who participated in one of the scams the ex-CFO ran to skim millions from Enron. The young treasurer invested $5,800 in a deal that brought him a $1 million return within weeks. He said Fastow framed the windfall as compensation for Glisan helping make Fastow look good, and Fastow assured him that Skilling had approved the deal. Glisan didn't talk to Skilling about it.

Fastow was pushed out of Enron in late October 2001, and Glisan told jurors he told Lay about his windfall from a Fastow scheme and offered to resign.

He said Lay told him "the worst thing I could do at the moment was resign," so he stayed _ but he was fired less than two weeks later.

Glisan said he regretted accepting the $1 million, but regretted other actions at Enron more.

"At the end of the day, all the other actions I and others took at Enron impacted investors far more greatly," he said.

Fastow pleaded guilty to two counts of conspiracy in January 2004 and agreed to serve the maximum 10-year term. He is to be sentenced in June.

Glisan also told jurors Wednesday that Lay wanted to prevent a credit downgrade because it would make it more expensive for Enron to borrow millions to support its trading operation and could force debt repayment when little cash was available. It also would alert Wall Street to looming financial problems.

Prosecutors contend Lay hid bad news from debt-rating agencies to maintain an investment-grade rating.

Glisan said his gentle inquiries with credit-rating agencies revealed that Enron could report a charge of up to $1 billion without prompting a downgrade.

In mid-October, the company announced that amount _ not the multibillion dollars in actual charges that executives had discussed internally _ when it released third-quarter 2001 earnings, with Lay telling analysts that all the financial cards were on the table and core businesses were strong.

But scrutiny increased from analysts and credit rating agencies as Enron's share price continued to drop and investors fled rather than accept the company's continued assurances.

"We were an economically weak and strained company that had systematically hidden that weakness for a long period of time," Glisan said.

Lay is facing seven charges, including improperly avoiding writedowns and lying to outside auditors. Skilling's 31 counts include misusing reserves and signing misleading letters to auditors vouching for Enron's financial statements.

Associated Press Writer Michael Graczyk contributed to this report.

Glisan Testimony Takes Aim At Ex-Enron Bosses (HC)

By MARY FLOOD

Houston Chronicle, March 23, 2006

Former Enron Treasurer Ben Glisan Jr. spent today corroborating prior testimony against his former bosses, piling on new accusations and attacking their defenses to multiple conspiracy and fraud charges.

The last big gun the government is expected to call before it rests, possibly next week, Glisan clearly angered former Chairman Ken Lay at whom much of the day's testimony was directed.

"I've never heard so many lies in one day in my life," Lay said angrily as he and his wife Linda exited the courtroom during an afternoon break. "And you can quote me on that!"

Glisan's testimony went to the heart of key defenses — that Lay and former CEO Jeff Skilling didn't know about wrongdoing or massive financial problems at Enron and that the company fell because of a "run on the bank" started by revelations of former CFO Andrew Fastow's secret thieving.

An articulate and even-keeled Glisan testified that both Skilling and Lay knew a great deal about deep-seated financial woes at the company, signed off on improper deals and repeatedly misrepresented Enron's finances to the public. The defendants have said the company was in good shape and they didn't know about problems.

Glisan also indicated that a "run on the bank" was imminent because the company had been touting failing businesses, hiding losses, keeping assets overvalued by billions and had excessive debt. He said analysts were beginning to catch on.

Things were so bad, the 40-year-old prison inmate told the jury, that at a management meeting in The Woodlands in September 2001, all Lay and others heard was a litany of woes from broadband and retail division losses to overvalued international assets to use of improper use of reserves.

"It was ugly," Glisan recalled. He said wholesale trading division executive John Lavorato stated "he was glad we didn't have a gun or he would shoot himself."

This was one of many meetings Glisan recounted in which he said Lay heard about all the bad news but later turned around and misrepresented the company's finances to analysts, investors, employees and even credit rating agencies

Glisan said Lay directed him, near the end of the third quarter of 2001, to gently approach credit rating agencies to see how many of the billions of dollars in over valued assets the company could admit to Wall Street without losing its investment grade credit rating. That credit rating allowed Enron to continue to voraciously borrow money and operate its energy trading business, which required trust in its ability to pay.

"That's backwards," Glisan said. "What should occur is we should take the charges that we needed to take and then deal with the consequence with rating agencies and investors."

Glisan said that when he learned $1 billion was about all Enron could write off "they asked me to get more," he said of Lay and another executive. "There was no way to do that."

He said the company did write off $1 billion in losses in that quarter in addition to taking a $1.2 billion equity hit, which he said was misrepresented to the public.

Glisan testified that Lay lied when he gave assurances to credit rating agencies that there were no more big write-downs the company might need to take.

Lay also knew better, Glisan said, when at the same time Lay told the public that the equity hit was because the Raptor financial hedging vehicles were being unwound. Glisan said Lay knew it was a far more potentially reputation-damaging accounting error that caused the loss.

Answering questions all day from prosecutor Kathryn Ruemmler, Glisan said he designed the Raptor vehicles, that were run through his mentor Fastow's side company LJM and used to hedge some of Enron's investment. He said they were used "to help Enron avoid losses that it should have taken."

Glisan said he worked through the idea with Skilling and when they presented it to a finance committee meeting in May 2000 "Skilling said this was not a deal that he would recommend except for the fact that it allowed him to circumvent the accounting rules."

It was explained, Glisan said, that one of the risks of these deals was "accounting scrutiny." Glisan told Ruemmler that upon learning about the financial structures Lay "giggled."

"In what way?" Ruemmler asked.

"In delight," Glisan said.

Glisan's testimony touched on and corroborated testimony from many other witnesses, including Fastow. He knew of the "global galactic" agreement Fastow had with the chief accounting officer to commemorate illegal oral side deals, Glisan talked about how the reserves from trading profits were being improperly used to fill earnings holes and how Enron wanted to hide that it was really a trading company.

He said that in October 2001, around the time Fastow came under fire and was put on leave, he confessed to Lay in a private meeting that he had "invested" $5,800 in a Fastow scheme and got back about $1 million. Fastow stole that and $18 million more in a deal called Southampton. Glisan offered to resign.

"What did Mr. Lay say?" Ruemmler asked.

"That I shouldn't. That he thought my participation was OK and that the worst thing I could do now was resign," Glisan recounted.

Glisan said he deeply regretted taking the $1 million, but regretted other actions at Enron more.

"At the end of the day, all the other actions I and others entered into at Enron impacted investors more greatly," he said. It was shortly after his confession to Lay that Glisan was fired from Enron in November 2001.

The Clear Lake man is midway through a five-year prison sentence after pleading guilty to one count of conspiracy to commit wire and securities fraud for his work on the Raptors. He invoked his right against self-incrimination and was granted immunity against every crime but perjury by U.S. District Judge Sim Lake.

Glisan is currently on furlough to his home from his minimum security prison in Beaumont and has been here about six times to talk to the government. He agreed to help the government after he testified in the Enron Nigerian barge case. But he did so only after they agreed to get him into a minimum security facility and be sure he could get time-off credit for an alcohol rehabilitation program.

Jurors were reasonably attentive to Glisan, though the 12 jurors and four alternates seem to be dragging from their perky first six weeks or so. This is the eighth week of the trial.

The defense attorneys are sure to make much of Glisan's motive to get a shorter sentence in a less restrictive prison in return for helping the government. The cross-examination is scheduled to begin today.

A calmer Lay, on leaving the courthouse today told reporters: "The truth will start tomorrow. We'll be alright."

Jury Told Lay Lied On Enron (NYT)

By Alexei Barrionuevo

The New York Times, March 23, 2006

HOUSTON, March 22 — In seven weeks of court testimony, prosecutors landed only glancing blows against Kenneth L. Lay, a former chief executive of Enron who is on trial for criminal conspiracy and fraud. Mr. Lay's luck may have run out in Week 8.

Ben F. Glisan Jr., Enron's former treasurer, delivered stinging testimony on Wednesday that contradicted Mr. Lay's claims that he had been unaware of the company's crumbling financial picture and had not known about some of the illicit side deals involving top managers.

In a full day of questioning by prosecutors, Mr. Glisan said that Mr. Lay had lied to credit-rating agencies, employees and Wall Street analysts about the company's performance and need for more urgent action, even as he participated in internal discussions with managers about what to do about Enron's "dire" financial situation.

Mr. Glisan offered the strongest testimony yet that there was a criminal conspiracy at Enron involving Mr. Lay; Jeffrey K. Skilling, also a former Enron chief executive; and other top managers to manipulate earnings and mislead investors about mounting problems.

Mr. Glisan described one previously undisclosed meeting in which, he said, Mr. Lay had refused to accept his resignation when he admitted making a $1 million profit in a kickback scheme set up by a former chief financial officer, Andrew S. Fastow. Mr. Lay's response, Mr. Glisan testified, had been that his participation in the scheme, known as the Southampton deal, was "O.K." and that it would be the "worst" time for him to resign.

A few weeks later, Mr. Glisan was fired, along with another Enron employee who had participated in the scheme.

Mr. Glisan first took the stand late Tuesday in a much-anticipated appearance. Mr. Glisan, 40, is the government's last major witness in the trial of Mr. Skilling and Mr. Lay, who are accused of conspiring to defraud Enron while enriching themselves.

Mr. Glisan's appearance was considered critical because, like Mr. Fastow, his former boss, who testified earlier in the trial, Mr. Glisan was in the inner circle of top decision makers at Enron.

Mr. Glisan was also deeply involved in trying to rein in the mounting credit and liquidity crisis that enveloped the company in the four months before it collapsed into bankruptcy.

But unlike Mr. Fastow or any other major witness who has testified, Mr. Glisan could end up being the crucial witness in the trial. That is because Mr. Glisan, the only major Enron figure who has already been sentenced, is under no obligation to testify. He is unlikely to receive any consideration, like a shorter sentence, from the government in return for his testimony. He is on furlough from a minimum-security prison in Beaumont, Tex., while testifying.

He has served more than half of a five-year sentence. He pleaded guilty to conspiring to commit fraud through his work on the Raptors financing vehicles, which he admitted were used to burnish Enron's financial statements by hiding hundreds of millions of dollars of losses.

Mr. Glisan also provided strong testimony on Wednesday against Mr. Skilling. He said Mr. Fastow had told him that Mr. Skilling had signed off on "bear hug" side deals, guarantees that off-the-books partnerships would not lose money by investing in Enron assets — deals that helped Enron meet its earnings targets.

Mr. Glisan also said Mr. Fastow had discussed with him a three-page "Global Galactic" document that supposedly recorded the side deals with Mr. Skilling and others.

Mr. Glisan pleaded guilty to one count of a 26-count indictment and is testifying under an immunity agreement. On Wednesday, he admitted other crimes, including participating in the Southampton partnership. He recounted how Mr. Fastow had turned Mr. Glisan's $5,826 investment into a $1 million profit in just two months. He said Mr. Fastow had assuaged his concerns about the propriety of the deal by saying it had been cleared with Mr. Skilling. Later, when the $1 million check was wired into his account, Mr. Glisan said, he knew the deal "did not make sense."

But Mr. Glisan did not do anything about it, choosing out of greed, he said, to stay silent and consider the payment as compensation for his work on the Raptors transactions, which Mr. Fastow had credited with helping burnish Mr. Fastow's reputation as chief financial officer.

Finally, after Mr. Fastow was forced to resign in large part because of his participation in off-the-books partnerships, Mr. Glisan was concerned enough, he said, to tell Mr. Lay about Southampton and offer to resign. "His response was I shouldn't, that my participation was O.K. and the worst thing I could do is resign."

But lawyers from outside the company continued to look into the deals, and by Nov. 7 Mr. Glisan had been forced to resign.

"I deeply regret" the Southampton deal, he said. But he said he regretted other actions more, actions that "affected Enron investors far more greatly."

Those included the Raptors transactions, which Mr. Glisan said he designed in 2000 to help Enron improve its reported earnings by hiding losses. Mr. Glisan said he fully described the Raptors to Mr. Skilling in two meetings in the spring of 2000. Mr. Skilling then took the idea to the board's finance committee for approval.

Mr. Glisan said he expressed his own reservations that the structures would not survive scrutiny by outside accountants. But, he said, Mr. Skilling said it was not a device he would normally recommend, "except that it would allow us to circumvent accounting rules."

Mr. Glisan said he had told the finance committee that the Raptors had "no economic value." But when Mr. Lay heard of their potential to help Enron meet its earnings, Mr. Glisan said, he giggled "in delight."

Also on Wednesday, Mr. Glisan testified about the many problems facing Enron just as Mr. Skilling was resigning as chief executive in August 2001. By then, Mr. Glisan said, both Mr. Skilling and Mr. Lay knew Enron's international assets contained $1 billion in embedded losses.

Mr. Glisan testified that after Mr. Skilling resigned, Mr. Lay and the new Enron president, Greg Whalley, asked Mr. Glisan to look into how large a write-off of the troubled assets the company could take without affecting its credit rating, critical to Enron's ability to continue to borrow and do business as an energy trader. Mr. Glisan came back with a $1 billion figure, he said.

"It was backward," he said. "We should have taken the charges we needed to take and deal with the consequences with our ratings agencies."

Then, on Sept. 6 and 7, managers met at a retreat just outside Houston. The retreat soon devolved into an agonizing discussion about Enron's deepening problems, including the overvalued international assets, about $1 billion in losses in the broadband unit and another $1 billion in losses in Azurix, a division that had unsuccessfully tried to push the company into the global water business.

A discussion among business unit managers became so depressing that one manager, John Lavorato, who headed the wholesale energy unit, sarcastically said that "he was glad he didn't have a gun or he would shoot himself," Mr. Glisan said.

"It was ugly," Mr. Glisan said. "We were struggling greatly."

The managers also debated the use of "aggressive accounting," Mr. Glisan said. Mr. Lavorato suggested that Enron was using it far too often and that its auditor, Arthur Andersen, "should not be the standard and would agree to anything," Mr. Glisan testified.

Richard A. Causey, the chief accounting officer, grew upset, saying that he, not the accounting firm, was the standard, and that Mr. Lavorato's unit had benefited the most through use of "the most aggressive accounting at the company."

Mr. Lay, also at the retreat, defended the use of structured finance transactions like the LJM partnership and the Raptors, saying, "They are imperative for us to hit our numbers and we will continue to do them."

A month later, in October, Mr. Lay tried to assure employees at a large meeting that Enron would not rely on such transactions anymore, that "plain vanilla is just fine," statements that Mr. Glisan said were misleading.

Also that October, with credit rating agencies threatening to downgrade Enron's bonds, Mr. Lay personally assured Ronald Barone, an analyst at Standard & Poor's, that Enron would not write down any more assets beyond a planned $1 billion write-down. But Mr. Glisan said that Mr. Lay knew that several international assets, including power plants in India and Brazil, still needed to be written down soon.

Mr. Glisan said Mr. Lay had also lied to Mr. Barone about the nature of a $1.2 billion shareholder equity reduction. Mr. Lay had asked Mr. Glisan earlier how the charge should be characterized, and, on advice from Mr. Causey, Mr. Glisan said, they "constructed the story" to report the reduction as an unwinding of the Raptor transactions rather than the truth— that it was a result of an accounting error — to avoid scrutiny in the market.

"I understand, that makes perfect sense," Mr. Lay said, according to Mr. Glisan. "That's why I asked the question."

Lay Knew About Billions In Enron Losses, Witness Says (Update1) (BLOOM)

By Andrew Dunn Laurel Brubaker Calkins

Bloomberg, March 23, 2006

March 22 (Bloomberg) -- Former Enron Corp. Chairman Kenneth Lay hid billions of dollars in losses from investors to avoid triggering a lower credit rating, an ex-treasurer testified at Lay's criminal trial.

Enron's assets were worth at least $3.5 billion less than their stated value by the summer of 2001, former Treasurer Benjamin F. Glisan Jr. testified. Lay attended many meetings at which the losses were discussed, Glisan told jurors today at the fraud trial of Lay and former Chief Executive Officer Jeffrey Skilling in Houston.

``Ultimately, each of these problems were known at very senior levels, including the office of the chairman," said Glisan, 40. ``Many had grown over a long period of time."

Lay, 63, and Skilling, 52, are charged with orchestrating a fraud that led to Enron's collapse, and face at least 25 years in prison if convicted on charges that they conspired to deceive investors and enrich themselves by keeping Enron stock prices inflated.

Lay told employees, investors and credit-rating companies throughout the late summer of 2001 and into the autumn that Enron was strong and that money-losing projects remained viable, Glisan said. The Houston-based company went bankrupt in December 2001.

Defense lawyers say prosecutors are seeking to criminalize normal business practices and that the two executives were victims of unscrupulous subordinates, such as Glisan's former boss, ex-Chief Financial Officer Andrew Fastow.

`Get More'

Glisan is in the middle of serving a five-year sentence for securities fraud in a federal prison east of Houston. He's testifying for a second day on furlough under an immunity agreement with prosecutors. He admitted falsifying Enron's reported financial results to make the company look more successful than it was.

Lay and former Chief Operating Officer Greg Whalley ordered Glisan in August 2001 to determine how big a loss the company could report without having its credit rating cut, Glisan said. When Glisan told them that Enron could report a $1 billion charge without suffering a rating cut, Lay and Whalley ``asked me to go get more," he testified.

``We had gently probed the rating agencies," Glisan said. ``You can't get on the phone and ask them how big a charge can we take without losing our rating."

Glisan said he and another employee, Tim Despain, tried to ``replicate" agency analysis and then present credit raters such as Moody's Corp. with a ``story." In Fall of 2001, ``we had to construct a story that would satisfy Moody's concerns" about the size of the risks the traders were taking.

The Dahbol Plant

Lay lied about problems with Enron's Dahbol power plant in India, Glisan told the jury. In early August 2001, he said, Lay had been told that at best the company would have to record a $500 million loss on the plant. A month later, Lay told employees, ``We still expect to recover most or all of the costs of Dahbol."

``Was that statement by Mr. Lay true?" Assistant U.S. Attorney Kathryn Ruemmler asked Glisan.

``No," Glisan said.

In October, Enron told credit-rating company Standard & Poor's Inc. that it was taking a charge of $1 billion. Shortly before the agency voted to retain Enron's BBB+ rating, Lay told S&P managing director Ronald Barone that no more charges were expected, Barone testified yesterday.

`Significantly Larger'

The losses were ``significantly larger," Glisan said today. Azurix Corp., Enron's water company, was overvalued by $1 billion and management wanted to ``liquidate" it, Glisan said. While Lay was telling the public Enron's Brazilian electric utility was ``a good asset," internally it was viewed as ``very bad," Glisan said, having declined in value ``somewhere in the neighborhood of $1 billion," Glisan said.

Enron Broadband Services, valued at about $1 billion, ``was no longer viable" and Lay knew it, Glisan testified. He said today he was sitting next to Lay during his phone call with S&P's Barone.

Enron had more than $68 billion in market value before it sought bankruptcy protection, wiping out thousands of jobs and at least $1 billion in retirement funds almost overnight. Investors suing over the collapse of what was once the U.S.'s seventh-largest corporation claim accounting fraud led to at least $25 billion in losses.

Legal experts have partially blamed partnerships and hedging vehicles created by Fastow for Enron's meltdown. Skilling's and Lay's defense teams claim Fastow, who already has pleaded guilty to fraud charges stemming from Enron's demise, stole at least $25 million from the company in connection with partnership-related deals.

The case is U.S. v. Skilling, 04-cr-25, U.S. District Court, Southern District of Texas (Houston).

Former Prosecutor Drops In On Enron Trial (AP)

By KRISTEN HAYS, AP Business Writer

AP, March 23, 2006

HOUSTON (AP) - The man who brought the indictment against former Enron Corp. Chief Executive Jeffrey Skilling visited his fraud and conspiracy trial Wednesday with a slew of law students in tow.

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Sam Buell, a former prosecutor with the Justice Department's Enron Task Force who now teaches a course in corporate crime at the University of Texas School of Law, brought his students to sit in on the biggest fraud case to emerge from the recent era of corporate scandals.

"I feel like this is a distant memory in my life," Buell said, "but it continues on. It gives you a sense of how epic these cases are. They just go on for years."

Buell was assigned to the task force at its inception in January 2002 and joined the university as a visiting professor after he stepped down in March 2004. He secured the government's indictment against Skilling a month before.

Skilling's co-defendant, Enron founder Kenneth Lay, was indicted in July 2004.

"I miss the opportunity to try this case a little bit. It's the white-collar trial of the century," Buell said. "But it can completely capture your life. It's trial by ordeal, not just for the defendants."

Buell helped prosecute Arthur Andersen LLP in 2002 on an obstruction of justice charge for destroying tons of Enron-related documents in the fall of 2001 as regulators began investigating the energy company's finances. The U.S. Supreme Court overturned that conviction last year, citing vague jury instructions that allowed jurors to convict without finding criminal intent behind document destruction.

Buell and his students on Wednesday observed testimony from former Enron Treasurer Ben Glisan Jr., who corroborated previous witnesses linking Lay and Skilling to a web of lies about Enron's health. Glisan pleaded guilty to conspiracy in September 2003 and is halfway through a five-year prison term.

Matt Nickson, a third-year law student, said he was impressed with what he saw, but he had no predictions of the outcome.

"I don't like to judge. My tendency is not to want to condemn people," he said.

Skilling faces 31 counts of fraud, conspiracy, insider trading and lying to auditors, while Lay faces seven counts of fraud and conspiracy. The government contends both lied repeatedly about Enron's financial strength when they allegedly knew the company was propped up by accounting tricks.

The two defendants counter that there was no fraud at Enron, they did nothing wrong, and negative publicity as well as diminished market confidence drove the company into bankruptcy protection in December 2001.

Mills Draws Formal SEC Probe Into Its Accounting Practices (WSJ)

By Ryan Chittum

The Wall Street Journal, March 23, 2006

The Securities and Exchange Commission has begun a formal investigation of Mills Corp. after more than two months of informal inquiry into accounting problems at the shopping-mall real-estate investment trust.

The investigation, disclosed by the company in a filing late yesterday, turns up the heat on Mills management and may further pressure the company's stock, which is off about 54% from its high in August.

Mills couldn't be reached for comment.

The Arlington, Va., REIT has made numerous missteps in the past 13 months. In that time, it has restated earnings twice, delayed three earnings reports, written off 10 projects and fired almost 10% of its work force.

Mills shares have plunged by about 21% since last Thursday on analyst downgrades and the disclosure that the company has uncovered five new areas of accounting problems, including ones that could have led to overstated earnings and revenue. The company is now reviewing about a dozen aspects of its books. Its shares fell 12 cents to $30.42 as of 4 p.m. in New York Stock Exchange composite trading.

The Massachusetts attorney general and treasurer filed a motion Tuesday to become lead plaintiff in a class-action shareholder lawsuit against Mills, saying the state's pension fund has lost $5 million because of what it alleges was fraudulent activity by the company.

A formal inquiry gives the SEC the power to subpoena company officials and documents.

"I would say up until now you could have argued that the accounting restatements and write-offs were perhaps sloppy management," said Greg Andrews, a REIT analyst at Green Street Advisors, a Newport Beach, Calif., real-estate research firm. "But with the news from a week ago and a formal SEC inquiry... the chance that there's a real fire here is much greater."

The company also said Friday, as expected, that it wouldn't be able to file its annual report in time to meet an SEC deadline and that it wasn't able to give any guidance on when the report might be forthcoming.

A cash crunch may be coming for the company, analysts have said. They estimate that Mills isn't earning enough money to cover its dividend and that it may have to cut it soon. It also needs financing to continue work on its development pipeline. It has faced a work stoppage on a project in Chicago because of contractor demands for prepayment.

NEC Says Employee At Unit Faked Deals, Inflated Revenue (WSJ)

By Hiroyuki Kachi

The Wall Street Journal, March 23, 2006

TOKYO -- NEC Corp. said an internal investigation has found that an employee at its NEC Engineering Ltd. unit fabricated business deals for years, inflating sales figures by 36.3 billion yen, or about $309.5 million, from the fiscal year ended March 2002.

The maker of computers and network equipment said that the 50-year-old employee at unlisted NEC Engineering conducted multiple fraudulent transactions in which he created fake deals between NEC Engineering and its suppliers and customers starting in March 2002. The management-level employee created phony documents to enable the transactions, NEC said.

The company discovered the fraud in December. It said it would file a criminal complaint against the employee, who allegedly embezzled money from the transactions.

The news comes at a time when NEC is suffering from a falloff in profit as its chip and mobile-phone operations struggle amid increased competition. It posted group net profit of 20.78 billion yen for the quarter ended Dec. 31, down 47% from a year earlier.

Market participants, however, played down the impact of the inflated earnings, partly because the fake deals didn't involve the company on a wider scale.

A decline in NEC shares was short-lived. In trading on the Tokyo Stock Exchange, NEC shares closed up 1.9% at 740 yen yesterday after falling to an intraday low of 708 yen.

"It is regrettable that the company didn't provide details to the public soon" after the situation was discovered, wrote Hiroshi Yoshihara, an analyst at Merrill Lynch in Tokyo, in a report.

But because such fraud has only a slight impact on his outlook on NEC earnings, "We hope the false transactions will help accelerate reform steps," at NEC under the helm of its incoming president, Kaoru Yano, he said.

NEC said it has set aside provisions to cushion the negative impact for this fiscal year, ending in March, thus, "We don't expect a big impact," from the accounting fraud, said an NEC spokesman.

For this fiscal year alone, the amount of inflated sales at NEC Engineering is estimated at 13.3 billion yen, with an inflated operating profit of 3.4 billion yen.

From the fiscal year ended March 2002, the inflated operating profit at NEC Engineering was 9.3 billion yen. But the NEC spokesman said the company may revise its past earnings statements after discussions with accountants.

With about 2,500 workers, NEC Engineering is a system-solution provider in the NEC group. It reported sales of 82.5 billion yen for the fiscal year ended March 2005.

For the full fiscal year, NEC projects a group net profit of 60 billion yen, an operating profit of 100 billion yen and revenue of 4.93 trillion yen.

Refco Ex-Director Seeks Payment Of Legal Fees (WSJ)

By Joseph Rebello

The Wall Street Journal, March 23, 2006

Thomas H. Lee, who helped orchestrate Refco Inc.'s initial public offering of stock, says creditors of the commodity brokerage firm, now under bankruptcy protection, are "improperly" trying to bar him from tapping Refco's insurance policies to pay his legal costs.

Mr. Lee, who recently left the prominent private-equity firm named after him, Thomas H. Lee Partners, is petitioning the bankruptcy judge overseeing Refco's bankruptcy to get insurance payments to cover the legal costs of 14 lawsuits related to Refco's collapse.

Mr. Lee was a Refco director, as were other employees at Thomas H. Lee, which helped bring Refco public. He and other directors, including those who didn't work for the private-equity firm, are fighting the lawsuits, which center on claims that they should have known about the problems that led to Refco's implosion.

Mr. Lee said Refco directors submitted claims to the brokerage's insurer, U.S. Specialty Insurance Co., which sought court permission to pay those costs. Refco's creditors committee objected.

"There is no basis whatsoever to deny the respondents access to the insurance that was put in place for the exact purpose of recovering the respondents' defense costs," Mr. Lee said in papers filed with the U.S. Bankruptcy Court in Manhattan Monday.

Mr. Lee's firm, Thomas H. Lee Partners, bought a majority stake in Refco for more than $500 million in 2004 and took the company public in August of last year. Shortly after the IPO, however, Refco claimed that its then chief executive, Phillip Bennett, had hidden more than $430 million in bad debt, and that sent the company into a fatal tailspin. Refco entered Chapter 11

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bankruptcy proceedings last October and is in the process of winding down its operations. Mr. Bennett is now fighting criminal fraud charges.

Mr. Lee's old firm has had several dust-ups with Refco's creditors, who have sought to investigate the firm's role at Refco as it headed for collapse. Refco's creditors committee has contended in court papers that "there are substantial questions to be answered concerning the structure, cost and effects of the investment in Refco by Thomas H. Lee Partners in June of 2004, and Refco's IPO in August of 2005."

A hearing on the insurance payments is scheduled for today. In addition to that matter, Judge Robert D. Drain will also consider whether the portion of the case related to Refco's offshore business should continue to be heard under Chapter 11 of the federal bankruptcy code, which grants protection from creditors and time to reorganize the company, or instead be reclassified under Chapter 7 of the bankruptcy code, as requested by some of the brokerage's creditors. Chapter 7 would lead to liquidation of Refco's remaining assets.

Also today, Mr. Bennett is scheduled to appear in federal court, where lawyers will discuss discovery related to his criminal case and Judge Naomi Reice Buchwald may begin efforts to set a trial date.

Defense attorneys are expected to ask the judge to compel the government to reveal the exact focus of its case against Mr. Bennett. Federal prosecutors in New York produced more than 1.3 million pages of documents as part of their case.

Should Business Execs Meet At Strip Clubs? (USAT)

By Jayne O'Donnell

USA Today, March 23, 2006

NEW YORK — Wearing a scanty blue gown with rhinestone clasps, Nicolette Hart explains how she can make up to $2,500 a night with investment bankers and their clients in a Manhattan strip club's private rooms.

She writhes and rubs her nearly naked body against as many as seven men, doing “lap dances” for $400 an hour. (The room costs an additional $200 for the hour.) Hart, who once worked for a venture-capital firm, always asks what brought the men together. They often say they're having a meeting.

“I say, ‘You're having a business meeting in a strip club?' ” Hart says in an interview in the dressing room at Rick's Cabaret here.

It's not just strippers who have questions. Some women on Wall Street want to know how it can be fair — or legal — for their managers and male colleagues to exclude them when they fraternize at strip clubs, often with the women's clients. Strip club clientele is hardly limited to Wall Street. Adult entertainment is enjoyed by men — and some women — in most every industry in the USA, and it's a tax-deductible business expense allowed by the IRS.

Investment banks and brokerage firms are taking the lead in cracking down on the practice. The National Association of Securities Dealers and the New York Stock Exchange both recently proposed rules that would force firms to adopt business entertainment policies that cap amounts and specify appropriate venues. The move is expected to rule out company-paid or work-related strip club jaunts at the more than 5,000 brokerage firms in the USA.

The stock exchange and the NASD acted in large part because of lawsuits brought by female employees. The women who have sued say strip clubs are emblematic of a larger problem on Wall Street: a macho culture that leaves them behind in all areas.

“There are two levels of discrimination: the frat house environment in the office and the deeply embedded practices that are just starting to be uncovered, like the distribution of accounts, business leads and promotions,” says Hydie Sumner, a financial consultant who was awarded $2.2 million in 2004 after suing Merrill Lynch for gender discrimination. “When ‘business activities' involve the strip club, golf course or hunting ranches … discrimination is often perpetuated as those in power support and advance those with like minds and tastes.”

Ultimately, some believe, other industries will be affected. “This is going to have a trickle-down effect,” says Aliza Herzberg, a New York employment lawyer who represents many manufacturing and small-business clients. “Companies will try to make taking clients to strip clubs, which is very common, a thing of the past — just like the three-martini lunch.”

It was a Fidelity Investments trader's 2003 bachelor party, paid for by brokerage firms including Jeffries & Co., that prompted NASD to consider tightening its rules. The party allegedly included dwarf-tossing and paid female escorts, according to news accounts and investigators.

“We're not happy that (business entertaining) seems to have been an area where firms were not paying sufficient attention,” says NASD Vice Chairman Mary Schapiro. “I thought sensitivity to issues like this would have been greater than it was.”

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NYSE Executive Vice President Grace Vogel says the goal is to ban entertainment that's inappropriate or excessive. Final versions of the rules, likely in weeks, must be approved by the Securities and Exchange Commission before taking effect. Brokerage firms that don't enact or enforce business entertainment policies could face actions ranging from censure to expulsion.

Many companies now have policies that restrict any behavior that excludes certain employees, even if they don't specifically mention strip clubs, Las Vegas employment lawyer Barry Kellman says.

"Financial services has taken the biggest hit (from lawsuits), but the more buttoned-up industries would have greater concern about this than, for example, the entertainment industry," Kellman says.

Earlier this month, Manhattan strip club Scores settled a lawsuit over a contested $241,000 bill racked up by the former CEO of St. Louis information technology company Savvis. Robert McCormick resigned amid an investigation into the bill, which was charged to his corporate American Express card. Several sexual harassment lawsuits have been filed in recent weeks by women who say male co-workers at the freight logistics company C.H. Robinson frequented strip clubs and openly discussed strippers in the office.

Attorney Rohit Sabharwal, a Rick's regular, says he often takes clients of his small law firm with him and such entertaining was common when he was at a large firm, too. "Nobody really objects," Sabharwal says. "I think it's a lot more civilized in the law profession. I don't think women have a problem succeeding in law firms."

But back on Wall Street, Vogel says the rulemakers had "uncanny timing":

·In the fall, Morgan Stanley fired three salesmen and a researcher who took clients to a strip club. The company instituted a no-strip-club policy in October 2002, two years before it paid $54 million to settle a sex discrimination lawsuit. The lawsuit was brought by the Equal Employment Opportunity Commission and a former institutional equities saleswoman who said she was excluded from client outings to strip clubs and other places.

·Six female employees filed a sex discrimination class-action complaint in federal district court against German investment bank Dresdner Kleinwort Wasserstein in January. Jyoti Ruta, a director in the institutional equities division here, says she was excluded from a trip to a strip club and from other client events.

·Last April, a jury found in Laura Zubulake's favor in a sex discrimination and retaliation lawsuit against UBS and awarded her $29 million. In October, the parties settled the lawsuit privately. Zubulake, a former director in international equities, alleged in the lawsuit that she was not considered for promotion, was removed from client responsibilities, was undermined professionally and was excluded from client outings. Trial testimony alleged she had been invited to a bottomless club by a manager. UBS says it has policies on business entertainment and "appropriate professional conduct."

Several financial companies say the proposed rules are too burdensome. John Goodwin of Albuquerque-based Goodwin Browning & Luna Securities, complained to NASD that it is "legislating morality."

But female plaintiffs and their lawyers say business entertaining can be as important as what goes on in the office. Attorney Piper Hoffman, who represented Morgan Stanley plaintiff Allison Schieffelin, says that on Wall Street, "Who you know can translate into how much business you bring into your company."

In her lawsuit, Schieffelin says she learned two clients were invited by male colleagues to attend a weekend in Las Vegas approved by their manager. When she asked why she wasn't included, she was told it was "because the men would be uncomfortable participating in sexually oriented entertainment with a woman colleague present, especially one who knew their wives," according to the lawsuit.

"It's not a question of morality," says attorney Wayne Outten, who also represented Schieffelin. "It's the disparity in opportunity for those who are excluded."

Ruta, who still works at Dresdner while she fights her sex discrimination lawsuit, is about to have her second child. She says her problems at the investment bank started when she returned the last time from maternity leave and found she had a new boss. She began being excluded from outings with clients, including to the strip club and wine tastings, and lost out on deals and promotions because of it.

"I've always conducted myself professionally and ethically," Ruta says. "The night when I was told to leave because the clients would like to go to a strip club was very, very upsetting."

Dresdner's attorneys recently filed a motion to expunge the strip club and other "scandalous allegations" because they don't relate to the core "pay and promotion" case. Ruta's lawyer, Douglas Wigdor, says, "When it comes to deciding bonuses, it's all discretionary, and the male supervisor is going to give the money to the guys he hangs out with."

Alden Cass, a Manhattan-based psychologist who works with financial executives, says strip clubs hold a special attraction on Wall Street. He attributes it to the business' highs and lows and tendency to tie people's identities to how much they earn. He says many of his male clients find strippers more understanding than their wives.

"When things are great at work, some of them do feel entitled to have things when they want them," Cass says. "The allure is, 'Someone is going to listen to me on my terms.' "

Rick's owner, Eric Langan, says that when people ask him whether a dancer's breasts or buttocks are more important, he answers that “her brain” and personality count more. Dancers who might not merit a second look outside on Sixth Avenue can earn as much as $200,000 a year by “really listening” to down-in-the-dumps bankers and stockbrokers. He says about a third of his business comes from Wall Street.

NASD's Schapiro says that when it comes to strip clubs, “One of the things that is powerful about the new rules is that they are going to force every firm to make the decision whether that's an appropriate place to do business.”

Nicolette Hart worries the new rules could affect her business, because “a lot of guys do expense it” and “try to be big shots to impress their clients any way possible.”

Mike Paul of the New York-based reputation management firm MGP & Associates PR, says strip clubs would be a hard habit for Wall Streeters to break. “The bottom line — and you won't get any company to say it — is that Wall Street and strip clubs are ingrained together and have been for a long time.”

Langan doesn't think new rules will have a big effect: “They'll just break out personal credit cards. Most of them don't care about a $3,000 or a $5,000 bill at a club.”

Ruta says that as long as managers aren't taking male employees and neither managers nor employees are treating clients, she doesn't care who goes to strip clubs.

“The real problem I have with it is that it is unprofessional and exclusionary,” she says. “But whatever people want to do on their own free time is fine.”

Freddie Mac Finance Chief To Resign (WSJ)

By James R. Hagerty

The Wall Street Journal, March 23, 2006

Freddie Mac said it will replace its chief financial officer, Martin F. Baumann, just three months after offering him a $2 million retention bonus.

The move follows two embarrassing snags that have delayed the U.S. mortgage-finance company's effort to return to regular, timely reporting of results in the wake of a 2003 accounting scandal. In light of those snags, Mr. Baumann said in an interview, he and the company's top officers -- Chief Executive Richard Syron and Chief Operating Officer Eugene McQuade -- agreed that Freddie needed a finance chief with more expertise in upgrading the computer systems used to generate financial results.

Freddie launched a search for a successor to Mr. Baumann, who is 58 years old, and said Mr. McQuade would handle the finance-chief duties in the interim, effective immediately. As recently as December, the company was seeking to keep Mr. Baumann in golden handcuffs. Freddie agreed then to pay him $1 million in cash and another $1 million in stock if he remained in his post through the end of 2007. Yesterday Freddie said Mr. Baumann would still receive those payments, plus $540,000 of severance pay. He will remain an adviser at the company through May.

Mr. Baumann joined Freddie in April 2003, shortly after the company discovered accounting violations designed to smooth out earnings growth. He said he initially had a two-year contract, later extended for a year. "It feels like six years with the amount of work we got done," Mr. Baumann said.

Mr. Baumann has long complained that Freddie was saddled with antiquated computer systems for financial reporting. The company had nearly returned to a normal quarterly reporting schedule by last August. But then it found miscalculations of interest earned on mortgage-backed securities. As a result, Freddie announced in November that it would have to reduce its net income for last year's first half by $220 million.

Earlier this month, Freddie suffered a second glitch when it had to delay plans for reporting results for all of 2005 until May from March. The company said it needed more time to put into effect a new method for valuing assets and obligations related to its business of guaranteeing payments on home mortgages.

These setbacks led to "frank conversations" with Messrs. Syron and McQuade, Mr. Baumann said, and to the conclusion that the company needed a finance chief with more experience in updating creaky computer systems. Mr. Baumann said that his strongest suits are accounting policy and financial reporting and that he believes he has restored "integrity" to the company's accounting. David R. Palombi, Freddie's chief spokesman, said the company has "consistently said we need to get the job done right and done as quickly as practical....The change announced today is the best way to meet those objectives."

Mr. Baumann said he had no firm plans. "I'm ready to do something else," he said, perhaps involving charitable work or public service.

Freddie said Mr. Baumann's resignation isn't expected to affect the company's plan to release results for 2005 in May.

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CRIMINAL LAW:

Washington Wire (WSJ.com)

Wall Street Journal, March 22, 2006

Question of Privilege

The Bush administration apparently isn't planning to cite executive privilege for the super-secret Presidential Daily Briefings sought by former vice presidential aide I. Lewis Libby.

In the past, the administration has come under fire for exerting executive privilege on a whole host of issues ranging from energy-industry meetings to the papers of Supreme Court nominees. But this time is different. Federal prosecutors said in a court filing that since the judge has limited the production of the daily intelligence briefings to redacted documents and topic overviews that would be viewed only by Libby and four of his attorneys in a sealed room, "there is a reasonable prospect that the government could avoid a blanket assertion of privilege and instead be able to comply with the court's order."

Libby, the former chief of staff for Vice President Dick Cheney, has argued that he needs copies of the daily briefings to help prepare his defense against charges that he lied and obstructed justice in the investigation into whether a CIA agent's identity was purposely leaked to the media. Through his legal team, he contends that the documents, which list the high-profile, sensitive matters he dealt with daily, would help show that any misstatements were due to distraction, not lying.

Still, the filing and an accompanying CIA affidavit noted it would take the CIA, which prepared the daily intelligence briefings for the president, until mid-June to pull together redacted documents. It's unclear if the delay will affect the start of the trial, now set for early January. –Anne Marie Squeo

Jurors In Former Illinois Governor's Trial Struggle To Reach Verdict (KRT)

By Matt O'connor And Rudolph Bush

Knight Ridder, March 23, 2006

CHICAGO - The federal jury in former Illinois Gov. George Ryan's trial has hit a stumbling block in its deliberations, the judge disclosed on its seventh day of deliberations Wednesday.

After holding two lengthy closed-door sessions with lawyers in the case, U.S. District Judge Rebecca Pallmeyer said she planned to instruct jurors Thursday morning to continue on with their discussions.

In brief remarks to reporters, Pallmeyer said she had received two notes in the last two days from jurors "that disclose their difficulties reaching a verdict, or at least difficulties in the context of their deliberations."

The judge said she would keep the jurors' notes under seal because "they relate to some personal difficulties."

"And that's the reason that I think, for the integrity of the process and to encourage the jurors to be as open and hard working as they have been, I think the appropriate course here is to keep their communications to me, at least at this time, a private matter," she said.

Lawyers in the case are barred from commenting to reporters because of a gag order instituted by Pallmeyer in the final days of the marathon trial.

Ryan is on trial with Lawrence Warner, a lobbyist, on charges that the former governor steered millions of dollars in state contracts and leases to Warner and other friends in return for vacations, gifts and other benefits. Both deny wrongdoing.

The seriousness of the impasse was apparent when U.S. Attorney Patrick Fitzgerald and First Assistant U.S. Attorney Gary Shapiro waited for a lengthy period as lawyers in the case met privately in chambers with the judge for more than an hour.

Jurors had heard more than five months of testimony and argument, so the fact that deliberations had reached into a second week didn't strike courtroom observers as unusual.

But clearly the jury has reached some sort of impasse.

There have been few, if any, public signs of turmoil with jurors meeting in a back room out of public sight.

On Tuesday, a TV producer stationed outside Pallmeyer's courtroom overheard a juror tell other jurors as they boarded a public elevator that the name-calling had to stop.

Jurors have been seen in recent days walking up flights of stairs at the high-rise Dirksen U.S. Courthouse, but it wasn't clear if their purpose was solely to get some exercise or out of any frustration over the turn in the deliberations.

The first sign of trouble came in the late morning Wednesday when Pallmeyer summoned the lawyers to her chambers. The judge's staff had previously notified the news media when the jury had raised questions, but no word was issued before Wednesday's events.

Reporters who have been camped out in and around the courtroom during the deliberations realized something was up when lawyers in the case suddenly arrived at the courtroom and proceeded into the judge's chambers.

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After about a 20-minute private meeting, Pallmeyer emerged into the courtroom and announced to reporters that she had received a note from jurors shortly before saying they were having "some difficulties" with their deliberations.

The judge said she and the lawyers would come up with "an appropriate response" to the jury's note.

It appeared that jurors may not have deliberated for about a 2 1/2-hour chunk of time after delivering the note to the judge.

By 3 p.m., prosecutors and lawyers for Ryan and Warner returned to Pallmeyer's chambers. The private meeting lasted almost an hour and a half.

While the meeting took place, jurors wrapped up deliberations for the day at their usual quitting time of about 4 p.m. and left the courthouse.

At the conclusion of her private meeting with the lawyers, Pallmeyer again stepped into the courtroom to make a short public announcement, revealing for the first time that there had in fact been two notes from jurors in the last two days about the difficulties in deliberations.

The judge said she and the lawyers had drafted a response to the jurors' concerns "that they need to keep on with their responsibilities."

Pallmeyer said she would make the response to jurors public after it was delivered to them when they resume deliberations at 9:30 a.m. Thursday.

The judge has sealed her closed-door discussions with the lawyers as well as the jurors' two most recent notes.

News 'Personal Difficulties' Grip Ryan Jury (CHIST)

By NATASHA KORECKI, Federal Courts Reporter

Chicago Sun-Times, March 23, 2006

The 12 jurors deciding former Gov. George Ryan's fate are having "personal difficulties" as they try to reach a verdict.

Jurors on Wednesday gave U.S. District Judge Rebecca Pallmeyer a note telling her they're having problems -- apparently with one another -- as they deliberate.

In open court, Pallmeyer said she received "two notes from the jurors that disclose their difficulties reaching a verdict or at least difficulties in the context of their deliberations."

She said she'll give them a note today explaining "they need to keep on with their responsibilities."

Rumors of hung jury

Pallmeyer on Wednesday twice met privately with lawyers in the case to discuss the matters. The second meeting stretched to 1-1/2 hours.

While rumors of a hung jury spread quickly through the courthouse, Pallmeyer wouldn't disclose specifics of their concerns, saying she would likely do so after a verdict is reached -- appearing confident that one would be reached.

On Wednesday, the seventh day of their deliberations, jurors at times were fractured into smaller groups, showing up in various places in the courthouse and appearing not to be deliberating much.

At one point well after a lunch break, four Ryan jurors took an elevator to a different courtroom floor than where deliberations are taking place. They walked to the end of the hallway on that floor and talked quietly among themselves. That same group was seen stepping in and out of the stairwell at various points during the day, and others, too, were seen coming and going.

Notes under seal for now

But at 4 p.m. when their talks ended for the day, all 12 panel members left at the same time and appeared to be getting along. They're due back this morning to continue deliberations.

Pallmeyer said she will keep the two notes under seal, unlike other jury questions that she has publicly released. She said she plans to unseal just about everything once a verdict is reached.

"They relate to some personal difficulties, and that's the reason that I think, for the integrity of the process and to encourage the jurors to be as open and hardworking as they have been, I think the appropriate course here is to keep their communications to me, at least at this time, a private matter," Pallmeyer said.

The jury, made up of six men and six women, is sifting through countless documents that came in during the nearly six-month trial. They are weighing a 22-count indictment of racketeering, false statements and tax evasion against Ryan, 72, and racketeering and extortion charges against his co-defendant, Lawrence Warner, 67.

G-Sting Wiretaps May Spell Trouble For Kincaid-Chauncey (KLAS-TV)

KLAS-TV, March 23, 2006

Prosecutors played more FBI wiretaps Wednesday in the G-Sting political corruption case. They allege two county commissioners took bribes from strip club owner Mike Galardi through his lobbyist to vote in favor of the Galardi's club. They are

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trying to establish a pattern of contact between Galardi's lobbyist, Lance Malone, and former commissioners Dario Herrera and Mary Kincaid-Chauncey.

Federal prosecutors played portions of 67 wiretaps that were recorded as a result of the G-Sting investigation. For Mary Kincaid-Chauncey, some of those wiretaps may spell trouble. But Dario Herrera's defense team says they liked what they heard.

In a July 2001 FBI wiretap, Mike Galardi tells his lobbyist, Lance Malone, to give Mary Kincaid-Chauncey a message: "Tell her I'm going to get her another five whenever she wants it." Prosecutors say that mean $5,000. Days later, Kincaid-Chauncey left a message on Galardi's voice mail: "Thanks so much for all your help."

What was Kincaid-Chauncey thanking Galardi for? The former county commissioner said, "I don't remember, I can't remember what I said last week. I have no idea."

Dario Herrera's lawyers are pleased with what they heard from Wednesday's wiretap evidence. Phone call after phone call of Mike Galardi complaining to Lance Malone. Herrera refuses to help them in opening Galardi's strip club, Jaguars.

Jerry Bernstein, Herrera's attorney, said, "I think what you hear is a lot of frustration on the part of Michael Galardi and Lance Malone with the fact Dario Herrera is an honest public official. That's what you hear. Some of it is really, really bad stuff particularly when Erin Kenny gets herself cranked up."

Kenny, another former commissioner who admitted taking money from Galardi, was upset in July of 2001 that Herrera wouldn't help Galardi overcome licensing issues for Jaguars, and said in various wiretaps: "That prick. He is a son of a (expletive). I'm so pissed off at him right now, I'm going to (expletive) him in the worst way." And, "I will destroy him."

The wiretap evidence the G-Sting jury heard Wednesday is just the beginning. Over an 18-month period the FBI recorded 44,000 different conversations, which equals 4,000 hours of wiretaps.

The G-Sting trial resumes Thursday morning, Mar. 23 at 8:30. At that time the jury will hear more wiretaps.

Lawyer Supports Testimony Against 'Mob Cops' (NSDY)

By Anthony M. Destefano, Newsday Staff Writer

Long Island Newsday, March 23, 2006

The testimony of Burton Kaplan, a key government witness in the "Mafia Cops" trial, was buttressed Wednesday by his former defense attorney, who said Kaplan admitted being the intermediary between the mob and two cops.

Attorney Judd Burstein, who represented Kaplan until 1999, said that he was first told by his client about Kaplan's alleged dealings with the former cops when it was known that former acting Luchese boss Anthony "Gaspipe" Casso became a government witness.

Testifying as a prosecution witness in the racketeering trial of ex-NYPD detectives Louis Eppolito, 57, and Stephen Caracappa, 64, Burstein said he called Kaplan in March 1994 immediately after learning through the legal grapevine that Casso was working for the government.

After the New York Post ran a story on March 25, 1994 about Casso claiming two unnamed cops carried out a murder for him, Burstein testified that Kaplan became very concerned.

"He said 'this was a big problem for me; I was the go-between Casso and the cops on this killing and other matters,'" Burstein remembered Kaplan saying.

Kaplan said he was going to leave New York City, something Burstein advised against. The Post article was about the murder of Gambino soldier Edward Lino on Nov. 6, 1992. The next day, March 26, 1994, the Daily News ran a similar story and ran a picture of Eppolito, Burstein told the jury.

Judge Jack Weinstein sustained a defense objection about the suggestion that Caracappa was mentioned in the story. However, Eppolito's lawyer, Bruce Cutler, didn't object.

On cross examination by Cutler, Burstein indicated that he had only Kaplan's word to go on about his alleged role as an intermediary between Casso and the police.

Later, Stephen Corso, a corrupt accountant who is a federal witness, described how he talked with Eppolito about getting a small quantity of methamphetamine in late 2004. Prosecutors then played a video showing Eppolito's son Anthony and another man passing the drug to Corso for $900.

However, in another recording, Louis Eppolito is heard upbraiding Corso. "I got a panic call from my son and I'm very, very -- -- upset," said Eppolito. "So don't [contact] him or Guido anymore. No more."

Lawyer For Earlier Witness Testifies For Prosecution (NYT)

By Alan Feuer

The New York Times, March 23, 2006

DOJ_NMG_0020364

Thus far, the witnesses at the trial of two retired detectives accused of killing for the mob have included an old marijuana dealer, a murderous mob boss, a suntanned C.P.A. and a grieving Brooklyn mother whose son was mistakenly shot outside her house one Christmas Day.

Nonetheless, the federal trial in Brooklyn turned yesterday to what may have been its weirdest witness yet, or at least most professionally complicated: the former lawyer for a government witness. His attorney-client privilege waived, the lawyer bolstered the witness's account that he once served as the liaison between the detectives, Louis Eppolito and Stephen Caracappa, and their patron in the mob.

The lawyer, Judd Burstein, talked like one — using phrases like "the sum and substance of my testimony" and trying to avoid what a prosecutor called "humongous lawyer answers" to his questions.

It was a strange sight to watch Mr. Burstein, who has practiced law for more than 20 years, answer questions on direct examination, then under cross-examination, put to him by other lawyers.

There were lawyers for the prosecution, lawyers for the defense, lawyers in the gallery, a lawyer on the bench — and then Mr. Burstein, a man whom prosecutors called to corroborate the testimony of Burton Kaplan, his former client, who is serving a 27-year term for marijuana sales.

Last week, Mr. Kaplan had told the jury that from 1986 to 1993, he acted as "the safety spot" between the two detectives and the No. 2 man in the Luchese crime family, Anthony Casso. Mr. Casso, sick with vengeance at a 1986 attempt on his life, paid the defendants, Mr. Kaplan said, to kill seven rivals on his behalf.

Mr. Burstein, engaged happily in civil practice these days, leaned comfortably in the witness chair as he told the jury that in 1994 Mr. Kaplan called him in a panic when a newspaper reported that Mr. Casso was cooperating with the authorities, a move that threatened everyone involved.

"He said there was an article in The New York Post about Anthony Casso having used two New York City cops to order killings," Mr. Burstein said, "and he said, 'This is a big problem for me — I was the go-between.' "

The afternoon saw one of those jarring juxtapositions that are frequent in the trial. Steven Corso, the suntanned C.P.A., reappeared and told how in February 2005 the defendants had agreed one night at dinner to help get drugs for some "Hollywood punks" who were coming to Las Vegas and who Mr. Eppolito, living in Nevada writing screenplays, wanted to impress.

Mr. Corso, as the defense has pointed out, is a tax cheat, thief and government witness who moved through Las Vegas, secretly recording strippers, gangsters and the two defendants as they talked about the "punks" that night.

"Two are famous," Mr. Corso said, according to a transcript. This was followed by an answer any struggling writer might have made: "How famous?" Mr. Eppolito asked.

Two days later, the lawman's son and a friend took an ounce of methamphetamine to Mr. Corso's office, where agents in a nearby room recorded them taking $900 for the drugs.

The transaction is important from a legal point of view because it lets the prosecution argue that the two detectives were engaged in a continuing conspiracy that stretched from murder in the 1980's to a drug deal just last year.

Two months earlier, Mr. Corso had recorded the detective in another scene of writerly angst. He asked Mr. Eppolito if he might take laundered money as an investment in his script, but the lawman cut him off.

"Did you finish reading that?" the anxious writer asked.

"I've been busy," Mr. Corso said.

Att'y Burns 'Mafia Cops' (NYDN)

By JOHN MARZULLI, DAILY NEWS STAFF WRITER

New York Daily News, March 23, 2006

Backs middleman claim

A topnotch defense attorney turned prosecution witness yesterday at the Mafia cops trial, backing up ex-client Burton Kaplan's claim he was the middleman between the mob and two allegedly crooked detectives.

In an unusual move, lawyer Judd Burstein went to prosecutors last year and suggested they ask Kaplan to waive his attorney-client privilege now that he was the government's chief witness in the Mafia cops case.

He agreed, paving the way for Burstein to corroborate Kaplan's testimony linking ex-cops Louis Eppolito and Stephen Caracappa to numerous gangland killings when they were on the force.

The lawyer said he began representing Kaplan in 1985.

"It never even crossed my mind that he had a propensity toward violence," said Burstein, a noted defender who has handled mob, white-collar and big-money divorce cases.

Then after published reports in 1994 that Luchese crime family capo Anthony (Gaspipe) Casso was spilling his guts about two dirty cops on his payroll, Kaplan revealed a dark secret to his lawyer.

"He said, 'This is a big problem for me,'" Burstein said. "'I was the go-between for Casso and these two cops.'"

Kaplan adamantly refused to cooperate - even after he drew a 27-year sentence for drug trafficking - until 2004, when he thought Eppolito or Caracappa was going to rat him out.

Eppolito lawyer Bruce Cutler suggested Burstein came forward because he had read media reports last summer that the judge might toss the case on a legal technicality.

Another government witness, Steven Corso, testified yesterday how Eppolito was so desperate to raise cash for his screenplay business he was willing to launder drug money and involve his son Anthony in a drug deal.

Corso, a crooked accountant working undercover, wanted to buy designer drugs for some investors he claimed were coming to Las Vegas, where Eppolito and Caracappa had moved after retiring from the NYPD.

"Tony can handle that for you," Eppolito told Corso, who even recorded Eppolito in a hospital where the ex-cop was recovering from heart surgery.

Where the money was coming from was of no issue to Eppolito, according to recordings played yesterday.

"Do you care what [the investor] does for a living?" Corso asks Eppolito on one tape.

"If this is the biggest drug dealer in the United States, I don't give a f--k," Eppolito responds, adding, "If you said to me, 'Lou, I wanna introduce you to Jack Smith, he wants to invest in this film,' [and] he says '$75,000 comes in a f-----g shoebox,' that's fine with me, I don't care."

POST SCOOP SENT MOB RAT RUNNING (NYPOST)

By Zach Haberman

The New York Post, March 23, 2006

When Burton Kaplan picked up a copy of The Post on March 25, 1994, he got some exclusive news - and instantly knew it was time to disappear.

The drug-dealing mob associate was shaken after reading an exclusive report by Murray Weiss, which revealed that busted Luchese boss Anthony "Gaspipe" Casso had hired two NYPD mob cops as hit men.

Kaplan immediately told his lawyer about the report and feared he had to flee to China, testimony revealed at the racketeering trial of the two cops.

"He said there was an article in the New York Post about Anthony Casso having used two New York City cops to order killings," Kaplan's former attorney, Judd Burstein, testified yesterday. "[Kaplan] said, 'This is a big problem for me. I was the go-between.' "

Kaplan - the star witness in the gangland racketeering trial for former NYPD detectives Louis Eppolito and Stephen Caracappa - testified last week that he relayed orders from Casso to the detectives, including requests for inside police information and murder contracts.

Kaplan said the two detectives even personally carried out a hit on Gambino crime family member Eddie Lino.

The stool pigeon also said that he eventually went on the lam in 1994 - fleeing not to China, but to Mexico and later Oregon and Las Vegas.

Last week, Kaplan said he paid the cops to kill Lino, because he had been involved in a failed hit on Casso.

But at the time, the gangster Casso was planning to testify that Gambino boss John Gotti personally asked him to carry out the hit on Lino, who had apparently become a liability because he was doing drugs.

Casso had never met the two cops. But Kaplan said last week that the boss figured out who they were from Eppolito's book, "Mafia Cop," in the early 1990s.

He saw a picture of the two former partners in the book and remembered spotting two men who looked like them years earlier, when the cops allegedly served as backup to another mobster during a kidnapping.

The government eventually determined that the volatile Casso was a lousy witness, and he never testified. Kaplan eventually came out of hiding, only to be busted for selling pot.

Also yesterday, jurors heard a tape made in Las Vegas last year by wire-wearing informant Steven Corso, who had conversations with the rogue detectives.

During a dinner with Eppolito and Caracappa, the crooked accountant said he had some famous clients from Hollywood who wanted to invest in a movie the ex-cop hoped to produce - and that they wanted a bunch of drugs to party with.

"I got these guys," Corso said. "Two are famous. They're coming in this weekend . . . these are the guys that are gonna invest [in the film]. These guys, being young, like to party."

"Tony can take care of that for you," Eppolito said, referring to his son, Anthony. "My son can bring 'em to all the places, the top places [nightclubs.]"

"Well . . . they don't wanna go to the, the places," Corso said. "They want me to get 'em either ecstasy or speed."

Defense attorney Bruce Cutler asked Corso if the FBI put him up to bringing up drugs during the dinner in an effort to make the cops look bad.

"The FBI did not tell me to inject it, they told me to throw it out there and see what happens," Corso said.

Eppolito also said that he liked doing business better with Jews than Italians.

"There's no better way," he said. "The Jews say, you're Jewish, he's Jewish, he's Jewish, he's Jewish. There's four of us, that's a quarter each, we all get a quarter.

"[The way] Italians do it is, I want 65 cents, I'll give you a dime, I'll give him three cents, I'll give him seven, but I make sure I get the most."

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JAILER REV. A MAN OF GOTTI (NYPOST)

By Dan Mangan And Kati Cornell Smith

The New York Post, March 23, 2006

EXCLUSIVE

A corrections officer-turned-minister is backing John "Junior" Gotti's claim that he quit the Mafia in the late 1990s, saying Gotti repeatedly told him in jail - "I'm not involved in that life, that life has been nothing but trouble for me."

"This is the truth, this is what he said," recalled Bobby Hargraves, 45, who was working in the Westchester County Jail in Valhalla in 1998 when Gotti was there awaiting a racketeering trial.

Hargraves "vividly" remembers up to five conversations with Gotti in which "he said, 'I'm no longer a part of that life anymore.' " Gotti also avoided fellow Gambino crime family defendants in jail before pleading guilty in that case in 1999, and told Hargraves he was interested in moving his family to Canada, the ex-officer said.

Hargraves, who retired last summer after 22 years as a corrections officer to become full-time pastor of a Poughkeepsie church, shared his account with The Post yesterday.

His story was welcomed by Gotti's lawyers, who argue that the son of "Dapper Don" John Gotti is not guilty of pending racketeering charges because he left the mob before July 1999. That would mean the five-year statute of limitations on those charges would have expired by the time he was indicted in 2004.

"I think the guy could be a very valuable witness," said Gotti's lawyer, Charles Carnesi, adding that his client remembers being counseled by Hargraves on religious matters. "I'm definitely interested in speaking with him."

A jury earlier this month hung, reportedly 8-4, in favor of Gotti's acquittal, after hearing testimony from lawyer Ron Kuby and a Gambino crime family associate that Junior told them in 1998 that he was leaving the Mafia. Prosecutors plan to retry Gotti on the charges - including the 1992 kidnapping of Kuby's radio co-host, Curtis Sliwa.

Hargraves did not testify at the last trial or at a prior one that also ended in a hung jury. But he likely will be called to the witness stand at a third trial.

"[Gotti] said, 'I want you to know I never killed anyone, I'm very active in my church, I give to my church,' " recalled Hargraves, who said Gotti bears a tattoo of Christ wearing a crown of thorns.

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Officials Accuse 5 Of Bilking Medicare (LAT)

By Peter Y. Hong, Times Staff Writer

The Los Angeles Times, March 23, 2006

An Altadena couple, relatives and an associate submitted fraudulent bills to the agency, federal authorities say.

Five Southern Californians were arrested Tuesday and charged with defrauding Medicare out of $20 million by recruiting patients for unnecessary medical treatment and then billing the agency for the services.

An Altadena couple, two of their relatives and an associate are accused of "beneficiary sharing" or "patient rotating," in which "marketers" obtain data about Medicare beneficiaries and sell the information to clinics or diagnostic testing centers that then prepare fraudulent billings.

The group, led by Konstantin Mikhaylovich Grigoryan, 56, of Altadena, allegedly conducted the fraudulent activity through 12 Los Angeles-area medical providers they controlled since 1997.

The providers purportedly conducted diagnostic examinations, such as ultrasound and blood tests, and then billed Medicare for patients' visits between 2000 and 2005 — regardless of whether medical services were received, authorities said.

The ring would fabricate test results to ensure that the patients' files could withstand an audit by Medicare, according to a criminal complaint unsealed Tuesday.

The U.S. attorney's office charged Grigoryan; his wife, Mayya Leonidovna Grigoryan, 54; Eduard Gershelis, 34, of Los Angeles, the couple's son-in-law; Aleksandr Treynker, 48, of Canoga Park, Mayya Grigoryan's brother-in-law; and Haroutyun Gulderyan, 36, of Tujunga with conspiracy, healthcare fraud, Medicare kickbacks, making false statements to a Medicare provider and money laundering.

The complaint alleges that Medicare was forced to pay out at least $20 million in fraudulent claims. Much of the money was deposited into bank accounts for "management" and "consulting" companies, including a Panamanian shell corporation with a Swiss account.

The Grigoryans and Gershelis are being held without bail, authorities said. Treynker will be allowed to remain on home detention after posting a $150,000 bond. Gulderyan's bail hearing was postponed until Thursday.

Anthony Solis, an attorney for Konstantin Grigoryan, said Tuesday he did not yet have sufficient information to comment on the charges.

5 Charged In Massive Fraud Case (PASASN)

By Marshall Allen, Staff Writer

Pasadena Star News, March 23, 2006

Altadena man suspected head of Medicare scheme

ALTADENA - An Altadena couple and three associates were arrested Tuesday morning on federal charges of bilking Medicare of more than $20 million through a "massive and well-organized conspiracy," authorities said.

Ukrainian immigrants Konstantin Mikhaylovich Grigoryan, 56, and his wife, Mayya Leonidovna Grigoryan, 54, own a home in the 700 block of Millard Canyon Road in Altadena, according to an FBI affidavit in support of their arrest.

The defendants allegedly operated a dozen Los Angeles-area clinics and diagnostic-testing facilities that claimed to be run by physicians but actually existed to defraud Medicare, the FBI said.

The Medicare beneficiaries were brought to the fraudulent healthcare providers by "cappers," marketers who sold the patients' information for fraudulent billing or were paid a kickback for bringing patients to the facilities, authorities said. The patients were bused to facilities including H.G. Diagnostics, at 720 N. Lake Ave., Suite 4, in Pasadena, from all over Los Angeles County, and sometimes from as far away as San Diego or San Jose, authorities said.

Once the patients arrived, the Medicare providers billed their Medicare numbers on the dates of their visit, and other dates, regardless of whether services were provided, the affidavit said. When no services were rendered, the conspirators would fabricate tests so the files could withstand an audit, the FBI said.

The 12 Medicare providers also shared the patients' Medicare numbers, in what the FBI called a "patient sharing" or "patient rotating" scheme. For example, the affidavit says 10 providers billed Medicare for the same 11 beneficiaries. Between 2000 and 2005, the scheme netted at least $20 million, the FBI said.

The other three defendants are Eduard Gershelis, 34, of Los Angeles, who is also the Grigoryans' son-in-law; Aleksandr Treynker, 48, of Canoga Park, who is Mayya Grigoryan's brother-in-law; and Haroutyun Gulderyan, 36, of Tujunga.

The defendants are charged with conspiracy, healthcare

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fraud, Medicare kickbacks, false statements as to a Medicare Part B provider and money laundering.

The FBI names Konstantin Grigoryan as leader of the group, which is said to have began its elaborate scheme in 1997. The defendants allegedly masked their common ownership and control of the medical providers, in violation of Medicare regulations. The defendants further concealed their fraud by laundering their money "into a maze of bank accounts of `management' and `consulting' companies, including a Panamanian shell corporation with a Swiss account," the affidavit said.

Konstantin Grigoryan has a past conviction in state court for two counts of receiving illegal payments in 2001, the affidavit said. He was charged then with arranging kickbacks in exchange for referring patients, and as part of a plea agreement received three years' probation. He was also barred from participation in state or federal healthcare programs.

Gershelis, Gulderyan and Treynker all have previous convictions in state court for the same crime, court records show.

The FBI says the money trail further implicates the defendants. A review of bank records shows large checks - often totaling hundreds of thousands of dollars - flowing from the 12 Medicare providers to four companies held in the names of the defendants, the affidavit said.

The case is the result of an ongoing investigation by the FBI, U.S. Department of Health and Human Services, Office of the Inspector General and IRS-Criminal Investigation Division.

Five People Arrested In $20 Million Medicare Fraud Scheme (MERCN)

The San Jose Mercury News, March 23, 2006

LOS ANGELES - Five people were arrested Tuesday on charges they bilked more than $20 million in Medicare payments for tests that were unnecessary or never performed.

Federal prosecutors said Konstantin Grigoryan, 56, of Altadena oversaw the fraud scheme from 1997 to 2005. He and four others are accused of recruiting Medicare beneficiaries and taking them to a dozen doctor's offices and medical laboratories in Los Angeles, prosecutors said.

The offices then submitted bogus claims for diagnostic tests, ultrasound exams and other services, according to a criminal complaint unsealed Tuesday. The Medicare beneficiaries were paid for the use of their Medicare numbers, and the fraud ring fabricated test results to fool Medicare auditors.

The complaint also alleged that most of the money that Medicare paid out for the fraudulent claims between 2000 and 2005 was deposited into bank accounts for fake management and consulting companies.

Grigoryan, his wife Mayya and their son-in-law Eduard Gershelis were charged with conspiracy, health care fraud, Medicare kickbacks, money laundering and making false statements.

Mayya Grigoryan's brother-in-law Aleksandr Treynker and a fifth defendant, Haroutyun Gulderyan, also face similar charges.

All five made their initial court appearances Tuesday afternoon. The Grigoryans and Gershelis were ordered held without bond. Treynker was ordered released on $150,000 bond. Gulderyan's bond hearing was postponed to Thursday.

Attorneys for Konstantin Grigoryan and Gulderyan had no immediate comment on the charges. Lawyers for their co-defendants could not be reached.

A call to assistant U.S. attorney Bruce Searby, who is prosecuting the case, was not immediately returned.

Indictments Connected To Health Care Fraud Expected Thursday (LAFDA)

Lafayette Daily Advertiser, March 23, 2006

Federal authorities have scheduled a news conference Thursday in Lafayette to announce a 95-count indictment alleging health care fraud.

Few other details were available this afternoon; U.S. Attorney Donald Washington was in court, and his office staff could not comment. Clerk of Court employees said as of 4 p.m., there were no indictments handed down from the grand jury this week.

The news conference is scheduled for 10 a.m. Thursday in the federal courthouse on Lafayette Street.

Representatives from the Federal Bureau of Investigation and the U.S. Department of Health and Human Services also will be present.

Former 49ers Kicker Indicted For $8M Insurance Fraud (MERCN)

By Rodney Foo

The San Jose Mercury News, March 23, 2006

Ray Wersching, the retired San Francisco 49ers kicker who booted field goals in two Super Bowl victories, was indicted Wednesday on federal charges of embezzling $8 million from an insurance company and tax evasion.

Wersching, 55, the owner of Ray Wersching Insurance Agency in Redwood City, is accused of diverting premiums earmarked for Farmers Insurance from 1997 to 2000. He is also alleged to have evaded paying taxes on $3.6 million in corporate income from 1999 to 2000.

Wersching has been served with a summons to appear Monday in U.S. District Court in San Francisco before Magistrate Judge Bernard Zimmerman, said U.S. Department of Justice spokesman Luke Macaulay.

``This action," Insurance Commissioner John Garamendi said in a statement, ``makes it clear that in California, no one -- whether an average citizen or a former football star -- will escape prosecution if they are suspected of insurance fraud."

Wersching, an ex-University of California football star, faces five allegations -- embezzlement; permitting a felon convicted of dishonesty to participate in an insurance business; failing to file a corporate tax return; and two counts of tax evasion.

The penalties carry a range of prison sentences from one to 10 years, and fines of $250,000 plus restitution.

The Mercury News was unable to reach Wersching for comment.

The indictment ends a five-year investigation conducted by the state justice department, the FBI, the California Department of Insurance, and the Internal Revenue Service.

Authorities allege Wersching diverted money from premiums to be paid to Farmers into his own company's account.

Wersching had opened the insurance agency in February 1995, and a month later hired Mary Ann Locke, also known as Mary Ann Diaz, giving her a 50 percent stake in the firm.

In March 2001, Farmer's ended its affiliation with Wersching. Locke left the company two months later.

Locke had been convicted of forgery in 1992, Macaulay said.

Last year, Locke was arraigned in federal court on insurance fraud, wire fraud and money laundering, related to the embezzlement scheme. She used the money to pay Nevada casinos for gambling debts, state insurance department officials said.

Wersching's troubles stand in stark contrast to his accomplishments on the gridiron.

He played 15 years in the NFL -- four of them with the San Diego Chargers -- before retiring from the 49ers after the 1987 season. He was a member of the 1981 and 1984 championship teams. He still holds the record for most career field goals in Super Bowls, five. Wersching trails only legendary 49er wide receiver Jerry Rice as the team's leading scorer.

The accusations stunned those who knew Wersching.

``There was never a more respected guy on the team," said Dr. Harry Edwards, a staff consultant with the 49ers for the past 20 years. ``He was a guy they leaned on in tight games to get it done and nine times out of 10, he got it done.

``From what I know of him, I could not begin to fathom what could possibly have brought him to this situation. I hope that whatever is the reality of it, that he gets through this thing."

John McVay, who served as 49ers general manager when Wersching was with the team, said, ``This is a good man and he has been for a lot of years. Knowing him, this just doesn't add up. Maybe somebody else did something and dumped it all in his lap. The Ray Wersching I know wouldn't do that kind of stuff."

FBI agent LaRae Quy said the investigation is continuing.

``We're still looking to see who might be involved and to what extent," she said.

Court: No Police Search If One Resident Says 'yes,' Other 'no' (USAT)

By Joan Biskupic

USA Today, March 23, 2006

WASHINGTON — A divided Supreme Court ruled Wednesday that police may not enter a hometo conduct a search if one resi-dent gives permission but theother says no.

The 5-3 decision in a Georgia drug case that involved a feuding husband and wife drew a sharp dissent from Chief Justice John Roberts. He said the majority, led by the high court's more liberal justices, misapplied the Fourth Amendment's protection against unreasonable searches and set a rule based on "random" circumstances.

The ruling, written by Justice David Souter, says that if police search a home after being invited in byone resident over the protest ofanother, the evidence that is seized cannot be used in court. Thedecision emphasized respect for privacy in the home.

The ruling ensures that a straw coated with what police said appeared to be cocaine that was found in a bedroom at the home of Scott Fitz Randolph cannot be used in any prosecution of him. During a domestic dispute, Randolph's wife, Janet, had called police to their house in Americus. After telling the officer that her husband used drugs, she led the officer to the straw. Scott Randolph had refused an officer's request to allow a search.

Souter referred to social custom and property law that gives spouses and co-tenants equal claim on who enters a person's property. He said no guest would enter at one occupant's invitation if another occupant told the guest to stay out — and police, absent a search warrant, should not either.

"There is no common understanding that one co-tenant generally has a right or authority to prevail over the express wishes of another," Souter wrote, "whether the issue is the color of the curtains or invitations to outsiders."

The ruling was narrowly crafted to affect only situations in which the objecting tenant is present and there isno evidence of abuseor other circumstances that would justify an immediate entry by police.

However, the decision reverses a pattern among lower U.S. courts that had favored police if one resident allowed the search over the objections of another.

Wednesday's decision affirmed a ruling by the Georgia Supreme Court that favored Scott Randolph. The ruling had blocked his trial on cocaine possession charges from going forward.

Souter was joined by the court's three other more liberal justices, John Paul Stevens, Ruth Bader Ginsburg and Stephen Breyer, and by Justice Anthony Kennedy, a moderate conservative at the court's ideological center. Dissenting with Roberts were fellow conservatives Antonin Scalia and Clarence Thomas. New Justice Samuel Alito was not on the court when the case was argued, so he did not take part in the ruling.

In his dissent, Roberts said people who share a home have a reduced expectation of privacy and assume the risk that another resident might agree to a search by police. He said the ruling could endanger spouses who are abused and want police to come in a home, but do not make clear to police that a threat exists.

Thomas dissented separately, saying the action at the Randolph house should not be considered a police search because the wife led the officer to the evidence.

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Thomas Goldstein, who represented Randolph, praised the decision as an affirmation of the Fourth Amendment's privacy protection. Russ Willard, spokesman for the Georgia attorney general's office, called the ruling a “roadblock” to law enforcement and said it could diminish officers' ability to investigate domestic disputes.

Roberts Dissent Reveals Strain Beneath Court's Placid Surface (NYT)

By Linda Greenhouse

The New York Times, March 23, 2006

WASHINGTON, March 22 — A Supreme Court decision on Wednesday in an uncelebrated criminal case did more than resolve a dispute over whether the police can search a home without a warrant when one occupant gives consent but another objects.

More than any other case so far, the decision, which answered that question in the negative by a vote of 5 to 3, drew back the curtain to reveal the strains behind the surface placidity and collegiality of the young Roberts court.

It was not only that this case, out of 32 decided since the term began in October, provoked Chief Justice John G. Roberts Jr. to write his first dissenting opinion. He had cast two earlier dissenting votes, and had to write a dissenting opinion eventually. And although there has been much commentary on the court's unusually high proportion of unanimous opinions, 22 so far compared with only 27 in all of the last term, few people expected that rate to continue as the court disposed of its easiest cases and moved into the heart of the term.

Rather, what was striking about the decision in Georgia v. Randolph, No. 04-1067, was the pointed, personal and acerbic tone in which the justices expressed their disagreement over whether the Fourth Amendment's ban on unreasonable searches was violated when the police in Americus, Ga., arriving at a house to investigate a domestic dispute, accepted the wife's invitation to look for evidence of her husband's cocaine use.

The dueling opinions themselves were relatively straightforward; as has often been the case in the court's recent past, although not so far this term, the justices revealed their real feelings in the footnotes.

Writing for the majority, Justice David H. Souter said the search was unreasonable, given the vocal objection of the husband, Scott Randolph. True, Justice Souter said, the court had long permitted one party to give consent to a search of shared premises under what is known as the "co-occupant consent rule." But he said that rule should be limited to the context in which it was first applied, the absence of the person who later objected.

The presence of the objecting person changed everything, Justice Souter said, noting that it defied "widely shared social expectations" for someone to come to the door of a dwelling and to cross the threshold at one occupant's invitation if another objected.

"Without some very good reason, no sensible person would go inside under those conditions," he said.

"We have, after all, lived our whole national history with an understanding of the ancient adage that a man's home is his castle," Justice Souter said. "Disputed permission is thus no match for this central value of the Fourth Amendment."

Justices John Paul Stevens, Anthony M. Kennedy and Ruth Bader Ginsburg joined the majority opinion, as did Justice Stephen G. Breyer, who explained himself in a concurring opinion notable for its ambivalent tone. Justice Samuel A. Alito Jr. did not vote, as he was not a member of the court when the case was argued.

The dissenters, in addition to Chief Justice Roberts, were Justices Antonin Scalia and Clarence Thomas. In his opinion, the chief justice took aim at the majority's description of social custom, as well as its reliance on that description to reshape "a great deal of established Fourth Amendment law."

Every lower federal court to have considered the issue, as well as most state courts, had concluded that one party's consent was sufficient. The Georgia Supreme Court, in its 2004 decision that the justices affirmed, was in the minority, ruling in this case that the evidence of Mr. Randolph's cocaine use was inadmissible.

"The fact is that a wide variety of differing social situations can readily be imagined, giving rise to quite different social expectations," Chief Justice Roberts said. For example, he continued, "a guest who came to celebrate an occupant's birthday, or one who had traveled some distance for a particular reason, might not readily turn away simply because of a roommate's objection."

Noting that "the possible scenarios are limitless," he said, "Such shifting expectations are not a promising foundation on which to ground a constitutional rule, particularly because the majority has no support for its basic assumption — that an invited guest encountering two disagreeing co-occupants would flee — beyond a hunch about how people would typically act in an atypical situation."

The majority missed the point, the chief justice said; the fact is that someone choosing to share space has also, already, chosen to share privacy.

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"Our common social expectations may well be that the other person will not, in turn, share what we have shared with them with another — including the police," he said, "but that is the risk we take in sharing."

That was the analysis, and then came the footnotes.

Justice Souter, usually mild-mannered to a fault, said in Footnote 4 that "in the dissent's view, the centuries of special protection for the privacy of the home are over." By invoking a "false equation" between inviting the police into the home and reporting a secret, he said, the chief justice "suggests a deliberate intent to devalue the importance of the privacy of a dwelling place."

Chief Justice Roberts responded in turn. The majority had mischaracterized his position on privacy and "seems a bit overwrought," he said in a footnote.

In a concluding paragraph of his dissent, he said: "The majority reminds us, in high tones, that a man's home is his castle, but even under the majority's rule, it is not his castle if he happens to be absent, asleep in the keep or otherwise engaged when the constable arrives at the gate. Then it is his co-owner's castle."

Justice Souter also attacked as a "red herring" a warning by Chief Justice Roberts that the rule the court was adopting would hamper the ability of the police to protect victims of domestic violence.

Justice Souter said the law was clear on the right of the police, despite any objection, to enter a home to protect a crime victim. But that issue "has nothing to do with the question in this case," he said.

The discussion by Chief Justice Roberts of the implications for domestic violence cases might have been an effort to win, or a failed effort to hold, the vote of Justice Breyer.

When the case was argued on Nov. 8, Justice Breyer raised the issue of domestic abuse. Addressing Mr. Randolph's lawyer, Thomas C. Goldstein, he said, "I haven't seen anything on your side that wouldn't prevent many cases of domestic spousal abuse from being investigated." He added, "Quite frankly, it bothers me a lot."

In his concurring opinion on Wednesday, Justice Breyer noted that in this case, the police were searching "solely for evidence," and domestic abuse was not at issue. While he pronounced himself satisfied by "the case-specific nature of the court's holding," he said the outcome might well be different in the context of domestic abuse, in which police entry even over one spouse's objection could be reasonable.

This case was the oldest undecided case on the court's docket, and it is likely that Justice Breyer's vote was in play until the final stages. One indication was Chief Justice Roberts's reference in his opinion to Justice Breyer's having joined "what becomes the majority opinion," an odd present-tense locution suggesting that the outcome had once been otherwise.

The case also produced dueling opinions by Justice Stevens, concurring, and Justice Scalia, in dissent, over how a true believer in interpreting the Constitution in light of the framers' original understanding would have resolved the issue. There was a tone more of banter than anger to this exchange between the old adversaries, as if after some months of forced and unaccustomed unanimity, they were now free once again to acknowledge their differences.

Supreme Court Strengthens Protection Against Searches (WSJ)

By Jess Bravin

The Wall Street Journal, March 23, 2006

WASHINGTON -- Strengthening Fourth Amendment protections against warrantless searches, the Supreme Court ruled that police can't enter a house over a resident's objection simply because a second occupant invites them in.

Chief Justice John Roberts led the three dissenters, reflecting his longstanding deference to police.

The opinions recalled debates that have marked the court since the 1950s, when, under Chief Justice Earl Warren, it began imposing rules to deter police misconduct. Justice Samuel Alito sat out because the case was argued before his confirmation, but he has written elsewhere of his disagreement with Warren Court criminal-procedure cases.

The ruling by Justice David Souter was grounded in those doctrines, which have limited warrantless searches when a third party, such as a landlord or hotel clerk, has let police into an absent tenant's quarters. "We have, after all, lived our whole national history with an understanding of 'the ancient adage that a man's home is his castle,'" Justice Souter wrote, citing a 1958 opinion by his predecessor, Justice William Brennan.

Yesterday's case originated with a 2001 marital dispute in Americus, Ga. Janet Randolph told police that her husband, Scott, used cocaine and that the house held "drug evidence." Mr. Randolph refused when an officer asked permission to search the premises. The officer turned to Mrs. Randolph, who led him to Mr. Randolph's bedroom, where the officer found a drinking straw with cocaine residue.

The Georgia Supreme Court ruled the search violated the Fourth Amendment, which bars "unreasonable searches and seizures" of "persons, houses, papers and effects." The state appealed.

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Although the Constitution generally provides that police obtain a warrant before conducting a search, there are "reasonable" exceptions, such as to prevent imminent harm or if the party consents.

"The constant element...is the great significance given to widely shared social expectations," Justice Souter wrote. "There is no common understanding that one co-tenant" can "prevail over the express wishes of another, whether the issue is the color of the curtains or invitations to outsiders." Few visitors would enter a house at "one occupant's invitation...when a fellow tenant stood there saying, 'stay out.'" That distinguished the case from a 1974 Supreme Court decision allowing one tenant to let police search while a co-tenant wasn't home. People who share housing "understand that any one of them may admit visitors, with the consequence that a guest obnoxious to one may nevertheless be admitted in his absence by another," he wrote.

Chief Justice Roberts's dissent said "the court creates constitutional law by surmising what is typical when a social guest encounters an entirely atypical situation." Many "social conventions may shape expectations about how we act when another shares with us what is otherwise private," he wrote. But "if an individual shares information, papers, or places with another, he assumes the risk that the other person will in turn share access to that information or those papers or places with the government."

Supreme Court Puts Constraints On House Searches With Co-tenants (KRT)

By Stephen Henderson

Knight Ridder, March 22, 2006

WASHINGTON - Recognizing that a man's home is, indeed, his castle, the Supreme Court said Wednesday that police can't search a house without a warrant if one occupant invites them in but another objects to their presence.

Writing for a sharply divided court, Justice David Souter said the ruling's logic was drawn from common social courtesies. The vote in the case was 5-3; Justice Samuel Alito, who wasn't on the court when the case was argued, didn't vote.

"There is no common understanding that one co-tenant generally has a right or authority to prevail over the express wishes of another, whether the issue is the color of the curtains or invitations to outsiders," Souter wrote. Under the Fourth Amendment, which protects against unreasonable searches, police who come knocking without a warrant can't bypass consent any more easily than a salesman or other guest could, he said. Justices John Paul Stevens, Anthony Kennedy, Ruth Bader Ginsburg and Stephen Breyer joined Souter in the majority.

The ruling could have wide-ranging implications for authorities, who regularly confront the question of how and when someone has sufficiently waived his or her privacy rights to justify a search.

The ruling also inspired the first written dissent from Chief Justice John G. Roberts.

Roberts accused the court of falsely reading a social assumption into the Constitution - "that an invited guest who arrives at the door of a shared residence, and is greeted by a disagreeable co-occupant shouting `stay out,' would simply go away."

Roberts said that different social situations could produce different outcomes.

"Such shifting expectations are not a promising foundation on which to ground a constitutional rule," Roberts wrote. Justices Antonin Scalia and Clarence Thomas also dissented.

Roberts also disagreed with another of the court's assumptions: that a person who chooses to live with someone else has the same expectations of privacy as a person who chooses to live alone.

"Even in our most private relationships, our observable actions and possessions are private at the discretion of those around us," Roberts wrote. Someone who lives with others "assume the risk that those who have access to and control over his shared property might consent to a search."

The case arose from a domestic dispute involving spouses Scott and Janet Randolph in Americus, Ga. When police showed to resolve things, Janet Randolph told them that her husband had drugs in their home and agreed to let the officers inside to look for evidence.

Scott Randolph objected, but the police went ahead on Janet Randolph's word; she led them to drug paraphernalia in the couple's bedroom.

Scott Randolph later tried to have the evidence tossed out because he said the search was illegal. A lower court agreed with him and the justices were asked to decide the matter finally.

The court had never directly confronted the issue of two people, both present at a home, giving different answers to a request for a search.

Souter noted that the court has long decided whether warrantless searches are "reasonable" by looking to the expectations that people would have in normal social situations.

The court also has ruled before that if only one occupant is present when police ask to search, that person's consent is sufficient, even if other occupants who weren't present later object to the search.

In the Randolph case, however, Souter said the social expectations were clear.

"A caller standing at the door of shared premises would have no confidence that one occupant's invitation was a sufficiently good reason to enter when a fellow tenant stood there saying, `Stay out,'" Souter wrote. "Without some very good reason, no sensible person would go inside under those conditions."

Souter made clear, though, that the court was drawing a fine line: A co-occupant's objection is relevant only if the person is at the door, voicing his or her wishes to the police. Someone who's not on the premises, or even asleep in a bedroom, "loses out," Souter said.

That thinking was the focus of Roberts' dissent.

"That the rule is so random in its application confirms that it bears no real relation to the privacy protected by the Fourth Amendment," Roberts wrote. "What the majority's rule protects is not so much privacy as the good luck of a co-owner who just happens to be present at the door when the police arrive."

Roberts also said that the court's ruling would have undesirable effects on victims of domestic violence.

"The majority's rule apparently forbids police from entering to assist with a domestic dispute if the abuser whose behavior prompted the request for police assistance objects," he said, echoing concerns that Breyer had raised during oral arguments.

Breyer, however, sided with the court majority and wrote separately to address the questions about domestic violence.

Breyer said police responding to instances of domestic abuse are often dealing with "emergency" situations in which normal search rules wouldn't apply.

Other justices also weighed in.

Stevens wrote a concurrence using the case to point out what he saw as a flaw in Scalia's preferred method of resolving cases, which is to divine the "original" meaning of constitutional provisions.

The Randolph case, Stevens said, could be resolved only by looking at "evolving" social standards. Only in modern times have women been recognized as equal partners in households, Stevens said. When the Fourth Amendment was written, "only the consent of the husband would matter" because women had lesser rights.

Scalia wrote to respond specifically to Stevens' charge. What had changed, he noted, were laws governing property rights, not the meaning of the Fourth Amendment.

Stevens had confused the "original import of the Fourth Amendment with the background sources of law to which the Amendment, on its original meaning, referred."

Thomas also dissented, saying the circumstances in Randolph's case weren't a search at all, but an instance of a spouse of a suspected criminal leading police to potential evidence and as such were beyond the reach of the Fourth Amendment's protection against illegal searches.

Divided Justices Reject Searches If Consent Is Split (WT)

By Guy Taylor

The Washington Times, March 23, 2006

A split Supreme Court yesterday ruled that Georgia police acted unconstitutionally when they searched a home without a warrant after one occupant agreed to the search but another refused.

The court ruled 5-3 that warrantless searches may be allowed under the Fourth Amendment if a home's occupant gives consent -- but not when a second occupant "is present at the scene and expressly refuses to consent."

Justices John Paul Stevens, Anthony M. Kennedy, Ruth Bader Ginsburg, Steven G. Breyer and David H. Souter formed the majority. Chief Justice John G. Roberts Jr., in his first written dissent since being confirmed five months ago, disagreed, saying the ruling will damage investigations of domestic violence.

"The cost of affording such random protection is great, as demonstrated by the recurring cases in which abused spouses seek to authorize police entry into a home they share with a nonconsenting abuser," the new chief said.

Justice Antonin Scalia joined the dissent, and he and Justice Clarence Thomas wrote dissents of their own. Justice Samuel A. Alito Jr. abstained because the case was argued before he was confirmed.

The varied opinions marked the first major high court split since the confirmation of Chief Justice Roberts. Calling the new chief's concern a "red herring," the majority asserted the case had "no bearing on the capacity of the police to protect domestic victims."

"No question has been raised, or reasonably could be, about the authority of the police to enter a dwelling to protect a resident from domestic violence," Justice Souter wrote for the majority.

"It would be silly to suggest that the police would commit a tort by entering ... to determine whether violence (or the threat of violence) has just occurred or is about to (or soon will) occur, however much a spouse or other co-tenant objected."

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The case involved a 2001 search of Janet and Scott Randolph's home. Mrs. Randolph had called police to complain that after a domestic dispute, her husband had taken their son away. When police arrived, she said Mr. Randolph was a cocaine user.

Mr. Randolph returned while police were still there, and Mrs. Randolph repeated her complaints about her husband's drug use and said there was evidence of it in the house.

Mr. Randolph denied this, saying that, in fact, it was Mrs. Randolph with the drug problem. When police asked whether they could look around without a warrant, Mr. Randolph "unequivocally refused," according to court papers. Mrs. Randolph, however, consented, leading an officer to a room where he found "a section of a drinking straw with a powdery residue he suspected was cocaine."

Mr. Randolph was indicted on charges of possession of cocaine. A state trial court denied his motion to suppress the evidence as products of a warrantless search unauthorized by consent. But the Georgia Court of Appeals and the Georgia Supreme Court reversed the denial, ruling in favor of Mr. Randolph that a warrantless search is invalid if an occupant refuses it, regardless of whether a second occupant gives consent.

High Court Trims Police Power To Search Homes (WP)

By Charles Lane

The Washington Post, March 23, 2006

The Supreme Court narrowed police search powers yesterday, ruling that officers must have a warrant to look for evidence in a couple's home unless both partners present agree to let them in.

The 5 to 3 decision sparked a sharp exchange among the justices. The majority portrayed the decision as striking a blow for privacy rights and gender equality; dissenters said it could undermine police efforts against domestic violence, the victims of which are often women.

The ruling upholds a 2004 decision of the Georgia Supreme Court but still makes a significant change in the law nationwide, because most other lower federal and state courts had previously said that police could search with the consent of one of two adults living together.

Now, officers must first ask a judicial officer for a warrant in such cases. Quarrels between husbands and wives, or boyfriends and girlfriends, keep police busy around the country; in the District, almost half of the 39,000 violent crime calls officers answered in 2000 involved alleged domestic violence.

Justice David H. Souter's majority opinion said that the consent of one partner is not enough, because of "widely shared social expectations" that adults living together each have veto power over who can come into their shared living space. That makes a warrantless search based on only one partner's consent "unreasonable" and, therefore, unconstitutional.

"[T]here is no common understanding that one co-tenant generally has a right or authority to prevail over the express wishes of another, whether the issue is the color of the curtains or invitations to outsiders," Souter wrote.

Chief Justice John G. Roberts Jr., writing his first dissent since joining the court in October, said the ruling's "cost" would be "great," especially in domestic dispute situations.

Roberts wrote that the ruling made no sense, given that the court had previously said it is constitutional for police to enter a house with the permission of one partner when the other is asleep or absent. Those rulings were unchanged by yesterday's decision.

Just by agreeing to live with someone else, a co-tenant has surrendered a good deal of the privacy that the Constitution's Fourth Amendment was designed to protect, Roberts noted.

"The majority's rule apparently forbids police from entering to assist with a domestic dispute if the abuser whose behavior prompted the request for police assistance objects," he wrote.

But Souter called that argument a "red herring," saying that the police would still have legal authority to enter homes where one partner was truly in danger.

"[T]his case has no bearing on the capacity of the police to protect domestic victims," Souter wrote. "No question has been raised, or reasonably could be, about the authority of the police to enter a dwelling to protect a resident from domestic violence; so long as they have good reason to believe such a threat exists."

Souter said Roberts was guilty of declaring that "the centuries of special protection for the privacy of the home are over."

Souter's opinion was joined by Justices John Paul Stevens, Anthony M. Kennedy, Ruth Bader Ginsburg and Stephen G. Breyer.

Breyer backed Souter with a separate opinion noting that his decisive fifth vote was cast on the understanding that Souter's analysis applies to cases such as this one, Georgia v. Randolph , No. 04-1607, in which the police were searching for evidence of a crime, rather than intervening in a violent dispute.

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"[T]oday's decision will not adversely affect ordinary law enforcement practices," Breyer wrote.

The case arose out of a 2001 quarrel over child custody at the home of Janet and Scott Randolph in Americus, Ga. When officers arrived, she told them where they could find his cocaine. An officer asked Scott Randolph for permission to search the house. He refused, but Janet Randolph said yes -- and led them to a straw covered in cocaine crystals. Scott Randolph was arrested and indicted on charges of cocaine possession.

Georgia's Supreme Court ultimately ruled that the evidence should be suppressed because it was gathered without a warrant.

Justices Antonin Scalia and Clarence Thomas also dissented. Justice Samuel A. Alito Jr. did not vote because he was not yet on the court in November, when the case was argued.

The main battle between Souter and Roberts was accompanied by a skirmish between Stevens and Scalia, who used the case as an opportunity to make points in the court's long-running dispute over Scalia's view that the Constitution should be interpreted in light of the Framers' original intent.

In a brief concurring opinion, Stevens noted that the court's ruling was based on the concept that neither a husband nor a wife is "master" of the house in the eyes of the law. But at the time the Bill of Rights was drafted, he wrote, only a husband's consent or objection would have been taken into account.

Thus, he wrote, "this case illustrates why even the most dedicated adherent to an approach . . . that places primary reliance on a search for original understanding would recognize the relevance of changes in our society."

Scalia fired back at "Justice Stevens' 'attempted critique' of originalism,' " arguing that the court's ruling would probably not benefit women.

"Given the usual patterns of domestic violence," he noted, "how often can police be expected to encounter the situation in which a man urges them to enter the home while a woman simultaneously demands they stay out?"

In Case Involving Disbarred Attorney, High Court Draws 'Fine Line' On Police Searches (LAW)

By Alyson M. Palmer, Fulton County Daily Report

Fulton County Daily Report, March 23, 2006

A man's home is still his castle, the U.S. Supreme Court ruled Wednesday, declaring a Georgia woman couldn't give away her husband's Fourth Amendment rights.

In a 5-3 decision that backed up a previous ruling by the Georgia Supreme Court, the U.S. high court said that one household occupant's permission for police to enter the home does not give law enforcement an exception to the warrant requirement if another occupant stands in the doorway and protests that entry.

The decision has broad implications for police searches across the nation and prompted the first dissent written by Chief Justice John G. Roberts Jr., who warned his colleagues may have made it difficult for abused spouses to obtain police assistance.

A disbarred Americus, Ga., attorney was at the center of the case. After police were called to his home when he and his wife quarreled, both accused each other of using illegal drugs. When police asked if they could search the home, Scott Fitz Randolph said no while his wife said yes. Police then searched the home and found what appeared to be cocaine. In the subsequent criminal case, Randolph moved to suppress the evidence.

Writing for the majority, Justice David H. Souter said "the ancient adage that a man's home is his castle" dictated the court's ruling in Randolph's favor. Justices Anthony M. Kennedy, John Paul Stevens, Ruth Bader Ginsburg and Stephen G. Breyer joined the majority.

"Since the co-tenant wishing to open the door to a third party has no recognized authority in law or social practice to prevail over a present and objecting co-tenant," wrote Souter, "his disputed invitation, without more, gives a police officer no better claim to reasonableness in entering than the officer would have in the absence of any consent at all." Georgia v. Randolph, No. 04-1067.

Acknowledging it was "drawing a fine line," the majority said, on the other hand, if the "potential objector" to the search is "nearby" but is "not invited to take part in the threshold colloquy," then the co-tenant's permission to search provides police a way around the Fourth Amendment's warrant requirement.

Roberts, joined by Justice Antonin Scalia, criticized that "fine line" as giving "protection on a random and happenstance basis, protecting, for example, a co-occupant who happens to be at the front door when the other occupant consents to a search, but not one napping or watching television in the next room."

Justice Clarence Thomas penned his own dissent.

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Souter suggested police still could enter a home over an occupant's objection in an emergency situation "so long as they have good reason to believe such a threat exists." The case decided Wednesday involved a domestic dispute, but the spouse invited police in to search for drugs, not to protect her.

In July 2001, Americus police responded to a call about a disturbance between Randolph and his estranged wife at the Americus house where Randolph lived. Randolph had worked as a criminal defense lawyer but was disbarred in 2001 for mishandling a bankruptcy case.

With the couple accusing each other of drug use, police asked to search the home and got consent from the wife, but not Randolph. Police then found what appeared to be cocaine. After he was indicted by Sumter County on cocaine possession, Randolph unsuccessfully moved the trial court to suppress the evidence police took from the house.

Represented by Wilbur T. Gamble of Collier & Gamble of Dawson in the Georgia courts, Randolph appealed to the Georgia Supreme Court.

In a 4-3 decision issued in 2004 and written by Justice Robert Benham, the state high court agreed with Randolph that the trial court should have granted the motion to suppress.

"The Georgia Supreme Court got it exactly right, and that is, when you're at home, you have rights in your house," said Thomas C. Goldstein, a Supreme Court veteran with the Washington firm of Goldstein & Howe who successfully argued the case for Randolph at the U.S. Supreme Court.

"At the same time, if you're away, your roommates or your spouse can let the police in, but when you're home, it's your castle."

The state of Georgia thought otherwise and appealed to the U.S. Supreme Court, arguing that when people live together, they have a reduced expectation of privacy.

Georgia, represented by Senior Assistant Attorney General Paula K. Smith at oral argument, received backing from the U.S. Department of Justice.

Russ Willard, a spokesperson for Georgia Attorney General Thurbert Baker, lambasted the decision. "Today's decision throws yet another poorly defined roadblock in front of law enforcement trying to carry out their responsibilities and, as the dissent points out, hamstrings police in their ability to intervene in domestic violence situations where a spouse is sufficiently in fear to have summoned police in the first instance."

The Supreme Court's lineup showed Roberts "is a very solid law and order vote," with Kennedy "in the position of swing vote," said Goldstein.

"I don't think [Roberts'] position was a surprise," said Pamela S. Karlan, a professor and associate dean at Stanford Law School who worked on Randolph's Supreme Court brief, along with Atlanta attorney Donald F. Samuel of Garland, Samuel & Loeb. She added the appointment of Roberts likely did not change the outcome, given that former Chief Justice William H. Rehnquist was "not generally solicitous" of Fourth Amendment claims.

Samuel A. Alito Jr., did not participate in the decision; he did not take the bench until after the court heard arguments in November.

Jeffrey A. Lamken, of Baker Botts in Washington, who filed an amicus brief for the National Association of Criminal Defense Lawyers supporting Randolph's argument, cautioned against drawing too many inferences from how the justices split, calling Fourth Amendment cases "unpredictable animals."

Death Penalty Sought In Guard's Killing (BSUN)

By Greg Garland

The Baltimore Sun, March 23, 2006

Washington County's top prosecutor said Wednesday that he will seek the death penalty for a prison inmate who is accused of killing a correctional officer at a Hagerstown hospital.

State's Attorney Charles P. Strong Jr. filed notice in Circuit Court that he will seek to have the inmate, Brandon Morris, put to death for the killing of Jeffery A. Wroten.

The death penalty applies because Morris, 20, "committed the murder in furtherance of an escape" and because of other aggravating circumstances, the prosecutor wrote.

Strong said he spoke with Wroten's family before making the decision because he wanted to make sure they understood that death penalty cases are often long, involved and intense.

"If successful at the trial level, these cases can involve many, many years of appeals and other challenges," Strong said. He said his decision "is consistent with the evidence and with the support of the family."

Morris, of Baltimore, is accused of shooting Wroten in the face at Washington County Hospital on Jan. 26 as the officer lay on the floor, pleading for his life. The 44-year-old Wroten, who worked at Roxbury Correctional Institution, died the next day.

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Morris was being treated at the hospital for what authorities have said they believe was a self-inflicted injury -- a sewing needle jammed into his abdomen. Wroten had been assigned to guard him.

Attorney Michael R. Morrissette, the public defender who represents Morris, declined to comment Wednesday on Strong's decision. "The Office of the Public Defender would prefer to do its talking in the courtroom," he said.

In Maryland, both sides in a death penalty case have an automatic right to have a case tried in a different venue from where the crime occurred -- a right the defense is expected to exercise in the high-profile Morris case.

According to court papers Strong filed this week, authorities have not been able to determine how Morris got free of his restraints, enabling him to knock Wroten to the floor and take his weapon from him.

Under state prison policies, inmates under guard are supposed to be shackled to hospital beds. However, restraints are sometimes removed for an inmate to use the bathroom or when a doctor orders removal for medical reasons.

A nurse responding to the noise of the scuffle arrived to find Morris crouched on top of Wroten, and saw the inmate fire the gun in Wroten's face at close range, according to court papers.

Authorities have said Morris fled the hospital in a taxi he allegedly commandeered at gunpoint. He was captured less than an hour later.

Antiques Obtained Through A Bribery Are Put On Block (WSJ)

By Deborah Solomon And Peter Sanders

The Wall Street Journal, March 23, 2006

A defense contractor seeking to bribe California Congressman Randall "Duke" Cunningham shelled out $12,000 in November 2001 for a cache of antiques, including four armoires, a leaded-glass cabinet and a massive buffet, all of which were delivered to Mr. Cunningham's home.

Today, those items and dozens more of Mr. Cunningham's ill-gotten furnishings will be up for grabs when some of the scandal's spoils hit the auction block.

The auction, handled by the Treasury Department, is part of the government's criminal proceedings against Mr. Cunningham, a Republican from San Diego, who was sentenced this month to eight years in prison after pleading guilty to accepting more than $2.4 million in cars, homes, furnishings and other bribes in exchange for steering Pentagon contracts to two defense contractors. As part of the plea deal, Mr. Cunningham forfeited many items he received from several "co-conspirators," who government officials say lavished money and gifts on the former congressman.

Today, Mr. Cunningham's collection of antique furniture and Oriental rugs is in a warehouse south of Compton, Calif., where they will be auctioned today. The sale includes three antique commodes, including two from the 1800s, two silver candelabras and oak hutches, one with multicolored glass doors adorned with carved lion heads and brass rings. Also on the block are eight Oriental rugs, along with three antique oak doors with multicolored glass panels. Buyers can bid for Mr. Cunningham's bed, a cherry-wood Stickley sleigh bed that prosecutors say was bought, along with a brown leather sofa, for $6,632.

Auction officials won't disclose what they expect Mr. Cunningham's items to fetch; any money raised will go to the U.S. Treasury Asset forfeiture fund. "People pay top dollar to dealers and unfortunately a lot of the stuff doesn't have as strong a resale value," says Victor Wiener, an independent appraiser with Wiener Wolf Associates in New York. On top of that, Mr. Wiener says, Mr. Cunningham's items aren't that impressive.

"If one is taking payment of objects in lieu of cash you better be sure you're getting a real bargain as opposed to paying too much," he says. Given what Mr. Cunningham received, Mr. Wiener says, "I would have taken the cash."

Poetic Justice: These Bribes Are Going, Going, Gone (WP)

By William Booth

The Washington Post, March 23, 2006

RANCHO DOMINGUEZ, Calif. -- Behold! The disgraced congressman's silver-plated, five-light candelabrum with matching "bobbishes" (that would be Lot No. 61) out on the auction block in this cavernous and cold warehouse east of the Port of Los Angeles.

See! His most intimate household items set out for crass inspection and actual touching by the viewing public, like some kind of garage sale of infamy -- the 1920s lingerie cabinet with the scratched drawers, the 19th-century Louis-Phillipe commode with the cracked (but professionally restored) black marble top, the red-and-blue wool Oriental rug . . . with a stain in the center. The stuff is all just there, plop, sharing space with other criminally gotten gains, seized from or forfeited by his fellow felons, the cigarette smugglers, software pirates, credit card frauds and drug traffickers.

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Is it sad or is it justly delicious? For today all will be sold to the highest bidder -- the physical evidence of the corruption incarnate that earlier this month sent former representative Randy "Duke" Cunningham -- the eight-term, 64-year-old, blustery conservative Republican lawmaker -- from the better suburbs of San Diego to eight years and four months in federal prison for accepting $2.4 million in bribes from defense contractors and evading more than $1 million in taxes.

Alas, the "Duke-Stir" (as his boat-bribe at the Capital Yacht Club was named) will blubber for mercy while on camera no more -- or at least not for seven years and a month (the 85 percent federal minimum for time to be served). History will judge the man and his crimes. On Tuesday, Jean Marc Garcell was judging Cunningham's taste in carpets.

"I've got my eye on Number 63," Garcell says, planning to return Thursday to wave his paddle and bid. He is coy about how much he thinks the red, blue and ivory rug will fetch, because the commercial pilot doesn't want to tip his hand, but he concedes it may garner $10,000 or more. "It's Iranian, 200 knots, and," Garcell lowers his voice, "handmade. And that's huuuuge."

Question: Does notoriety increase the value of an antique? Meaning, is a greater price placed upon a leaded glass Tiffany-style lamp because it was once owned by a congressman who got defense contractors to pay for his daughter's graduation party and actually jotted down a "bribe menu" on his own House of Representatives stationery ($18 million in government defense contracts in exchange for $50,000, for example) -- a crime that prosecutors described in their sentencing filing as a "malversation . . . unprecedented in the long history of Congress" (wow) -- or does it make the stuff worth less, because it's creepy?

"It is possible some would be interested in the items for their, mmm, historical interest," says Angie Ortanez, a criminal investigator and press officer with the Internal Revenue Service, which along with the FBI ran Cunningham to ground and will split the proceeds of the seized-property auction.

Potential buyer Garcell is not moved one way or the other by the previous owner. "But yes, to some of my good Democratic friends, I'll tell them," he says. A kind of party favor.

"A wild card." That's how Britney Sheehan of EG&G Technical Services, which runs the auction, describes the provenance issue regarding the Duke loot. Sheehan cannot reveal what the minimum bids must be for any item, nor what she and her appraisers think the stuff is worth, because such information may smack of inside trading, collusion and bid-rigging (and there's been quite enough of that, thank you very much).

The Cunninghamanalia (Lots 61 through 95) is against one warehouse wall, but his criminal proceeds are surrounded by a crazy quilt of other goods nabbed at the ports by Customs or seized by other federal law-enforcement agents. So there are black lace bras beside engine blocks. A wood carving of the Last Supper. A box of plastic pretzels. Cases of single-malt scotch. Lots of flip-flops. Baggies filled with cultured black pearls from Tahiti. Cartons of off-brand cigarettes (Bronco Ultra Lights). And a silver Ferrari.

Drug dealer, huh?

"Actually, a software pirate," Sheehan says.

The Cunningham Collection includes a dozen Oriental or Persian carpets (some machine-made), a few knickknacks and the furniture, which includes armoires and nightstands as well as the aforementioned lingerie cabinet (like a wardrobe, with drawers inside) and the French commode (commode not being a toilet or chamber pot, but a style of chest of drawers that sits on low legs).

How to put this?

The congressman's tastes were eclectic and a little ostentatious. The man drove a Rolls (a bribe). His furnishings have a similar plea for attention: They shout "antique," even when they are reproductions.

A former Navy fighter pilot he may have been (he named one of his bribe-laundering companies Top Gun Enterprises); his personal style veered toward large, dark, wood Frenchy pieces, with lots of marble and mirror and stained glass, and a certain amount of decorative flourish. In a previous Washington Post article, the reporters described Cunningham's taste as "surprisingly delicate." We might amend that as "surprisingly fussy."

"I'd call it ornate," Sheehan says.

We stood to admire his 32-foot-long Oriental runner. Thirty-two feet is one long runner. "And you don't see any of the creases that would indicate it was used on a stairway," Sheehan says. So we're talking long hallways. (Was the man was just begging to be caught?) Also, a hodgepodge of periods are represented. "You've got your French provincial and art deco and modern and some things that look like Americana," Sheehan says. Naturally, you'd have to see it all together at his mansion (bought with bribe money) down in Rancho Santa Fe to see if the artwork and throw pillows brought it all together.

Among those inspecting Cunningham's forfeitures were several citizens who were not aware that they once belonged to a former congressman, and when reminded about the scandal, still it didn't ring a bell.

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Janice Sherwood was accompanying her husband, who "loves government seizures," and she said the Cunningham collection made her mad ("the country's at war") but did not completely surprise, along the lines of "they're all crooks." Would she like to bid? Nope, not her style. "I like brighter colors, lighter woods," Sherwood says.

Officers' Site Sinks Into Outlet For Attacks (WP)

By Ernesto Londoño

The Washington Post, March 23, 2006

What's up with the cop in Silver Spring who's ratting out colleagues? That was the question raised by a police officer who started a thread on the online message board of the Montgomery County police union on July 15, 2004.

Within minutes, a flurry of responses began pouring in to the site, one of many online forums that have changed the way police gripe and gossip.

They called the African American officer in question a "rat," a racist and a lazy cop who needed to "be put in her place." Then her husband -- the department's former diversity training teacher, who was brought in after the agency came under scrutiny over allegations of racial profiling -- was dragged into the online onslaught.

"Let him jump out and scream profiling at me on a traffic stop," a writer identified only as "Irish Cop 4 Life" wrote. "The only profile he's going to see is mine driving him into the pavement by his racist skull!!!"

The message board was designed as a forum where officers could trade tips, complaints and light banter. But several officers say it has become an outlet for personal attacks -- often laced with racist language, sexual harassment and disparaging remarks about police supervisors, county leaders, immigrants and residents.

Copies of the messages from the password-protected Web site provided to The Post provide a rare glimpse of some officers talking among themselves. The authenticity of the messages, posted from 2004 to this year, was verified by officers with access to the site.

The officer attacked in July 2004 was Cpl. Sonia Pruitt, identified on the site not only by her name but also her professional particulars: badge No. 1134, Silver Spring station, central business district. She said the attack stemmed from a misunderstanding of an innocuous episode involving an officer she believed did not follow proper procedure during an arrest.

The threat about her husband would have been jarring in any context, Pruitt said. But coming from one of her colleagues -- only Montgomery County police officers have access to the forum -- it was downright bloodcurdling.

"Who's to say a guy with a gun wouldn't hurt my husband on a traffic stop?" she asked.

Officers concerned about what they describe as a spate of increasingly odious exchanges say union leaders and police supervisors have largely ignored their complaints. The union president said the site is deliberately uncensored, but he said he discourages its use as an outlet for personal attacks, harassment and racist language.

Police Chief J. Thomas Manger said he has known for some time that some officers were unhappy with the message boards, but he said he was unaware of the nature of the offensive threads until a reporter read him a sample.

"I'm very disappointed to know that we have a handful of employees that would write some of the things that are written in this forum," Manger said. "I know it does not reflect 99 percent of our employees. I will not tolerate any unlawful or improper conduct by any police department employee in the course of their duties."

Five officers interviewed for this story said they think the uncivil messages are the work of a loud minority and do not reflect the values of most officers. But they say the messages offer a disturbing look into the minds of some of their colleagues, and they say they worry that the postings might influence rookies.

"If you treat your brothers and sisters like this," said Detective Terry Ridgley, president of the department's black officers association, "how can we expect you to treat members of the community with respect?"

The county's immigrants, a segment of the population whose trust the police department has worked hard to gain, have frequently been the target of offensive messages.

A January thread that started with a message about a sign at a district station turned into a rant about the county's changing demographics. One officer identified only as "4D" -- the Wheaton district station -- wrote: "Half of the district NO HABLA!!!! COMPRENDE??" Another poster using the pseudonym "SE HABLA AWE SCREW IT, HANDS UP PACO" responded later in the thread, which had "Ig'nant" as a subject line: "HALF, TRY 90 PERCENT . . . BEANERS GO HOME."

A February thread started by an officer looking for "a good painter that would be cheap" led to messages about the Minutemen, an anti-illegal immigration group that recently started scouting day laborer sites in the county.

"Casa de Maryland should be done away with, as should any safehaven for illegals," one writer, identified only as "." offered, referring to a group that assists immigrants in the county. "In 20 years you'll have 150 channels of Telemundo, and you'll be paying for English-language channels -- and you'll be at the day laborer center, waiting for a pick-up."

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Another poster, who said he was a Hispanic officer, shot back: "This is the trash I have to deal [with] in this department everyday and it's getting really old. Cut it off. Next time when you call a signal 13" -- code for an officer in distress -- "or help for translation look around and see who's backing you up. Be safe."

Non-Hispanic immigrants have also been trounced on the site. In August 2004, officers criticized a group of African immigrants who protested after a Montgomery officer fatally shot Peter Ayompeuh Njang, 25, a Cameroonian immigrant, on Aug. 12 in Silver Spring.

"What I'd like to know is how many of the protesters are illegals, and how many will be arriving to the demonstration in unregistered, uninsured vehicles with someone else's credit card," one officer identified as "Status Quo" wrote.

Race and demographics are not the only volatile subjects on the boards. There have been sexually explicit postings. One depicted a fictional incident involving a female police commander in SWAT gear demanding sex from a female job applicant. Another posted under the name of a sergeant described how he masturbated while driving.

Message boards frequented by law enforcement officials have proliferated rapidly in recent years, said Chip DeBlock, a detective with the Tampa Police Department who started http://www.leoaffairs.com , a site that hosts more than 150 message boards for law enforcement communities, which he said gets more than 4 million hits per month.

DeBlock said the forums allow officers from different states to swap tips, discuss procedures and speak frankly to management -- frequently emboldened by anonymity.

Keeping the exchanges civil on the leoaffairs.com boards has required the help of 150 volunteer moderators.

In recent years, officers in Baltimore, New York and Detroit have been fired or suspended for running Web sites with online message boards that got out of hand, according to news accounts of those cases. In 2002, 24 District police officers were suspended after an investigation into the use of squad car computers to send offensive or threatening e-mail.

Montgomery officers say the union has declined to require posters to identity themselves on the message boards, a simple step they say would tame the content.

Walter Bader, president of the county's Fraternal Order of Police lodge, said some of the egregious messages could be the work of nonunion members who may have hacked into the site to undermine the union.

"We don't censor it, we don't actively monitor it," Bader said. "It's free speech, it's 2006, it's technology. I don't agree with some of what I see on there. I don't think people should slander each other. But we're in a free country. We should embrace free speech."

Montgomery officers say the command staff has known about the forum for several months but has not publicly denounced the destructive content. Although the department has no oversight over the board, officers said, commanders could easily restrict access to it from work computers.

"I'm ashamed of my department if they allow this to go on," said Eric Mason, a detective with the department's major crimes unit.

DeLay Attorney Wants Court's Decision Quickly (USAT)

By Jim Drinkard

USA Today, March 23, 2006

Rep. Tom DeLay's lawyer had one primary wish Wednesday when he went before a Texas appeals court deliberating whether to reinstate a conspiracy charge against his client: Whatever you decide, do it soon.

“It is important to us to get this over with as quickly as possible,” Dick DeGuerin, the attorney, said in an interview. He represents the former House majority leader in a case alleging that DeLay raised corporate money and funneled it illegally to Republican state legislative candidates in 2002.

Wednesday's arguments focused on a narrow legal point: whether the conspiracy statute applied to state election law in 2002, when DeLay and political consultants close to him worked to help Republicans take control of the state House. DeLay has said he has done nothing wrong.

Judge Pat Priest ruled last fall that the conspiracy law didn't apply until 2003 after the Legislature acted to clarify the statute. He dismissed the conspiracy charge and let stand related money-laundering charges. Prosecutors argued Wednesday that the conspiracy law had always been applicable and that the Legislature acted only to make that clearer.

A ruling isn't likely before next month. If the prosecutors lose, they could appeal to the Texas Court of Criminal Appeals, the state's highest court for criminal cases, further delaying final disposition of the indictment.

DeGuerin said he hopes for a summer trial that will clear the issue away before DeLay faces the voters. Travis County District Attorney Ronnie Earle, he contended, wants “to stall long enough to have him under indictment in November.” Earle, a Democrat, has denied he has partisan motives.

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The damage from the indictment is already significant. DeLay gave up his House leadership post in January and endured a challenge in his own party's primary election this month.

The legal proceedings are a reminder of the minefield that DeLay faces until Election Day, the make-or-break moment in his 28-year life in politics.

There's not only the money-laundering case brought by Earle. Perhaps more serious for DeLay is a spreading corruption investigation of Washington lobbyist Jack Abramoff, whom DeLay once described as “one of my closest and dearest friends.”

That investigation has brought a guilty plea from Michael Scanlon, a former DeLay press secretary, who is cooperating with prosecutors as they pursue other indictments.

Whether that evidence leads to direct charges against DeLay may not be known for months. That uncertainty complicates his re-election campaign, says Earl Black, a political scientist at Rice University in Houston.

“It's going to be an ongoing up-and-down situation for as far ahead as the eye can see,” Black says. “None of it is good for DeLay.”

“No one knows when this is going to end,” says Richard Cullen, the lawyer representing DeLay in the Abramoff matter. “DeLay is confident that when it ends, the prosecutors will conclude that he's done nothing wrong.”

The redrawn map of Texas congressional districts that DeLay engineered in 2003 has added to his own jeopardy even as it is helping his Republican colleagues in the House of Representatives. His suburban Houston district remains distinctly Republican, although less so than before the remapping. The change has been magnified by a migration of Asians, blacks and Hispanics into the district.

A CNN/USA TODAY/Gallup Poll in DeLay's district in December found signs of trouble. Among registered voters, 36% said they would vote for DeLay, 49% for an unspecified Democrat.

Fifty-two percent said they had an unfavorable view of their congressman. Asked about the legal charges against him, 55% said they are “definitely” or “probably” true.

For DeLay's Democratic opponent in November, former representative Nick Lampson, the race is as much payback as comeback. Lampson of Beaumont lost his old seat as a result of DeLay's new map.

The race has gained national interest, and both sides will draw financial support from outside Texas, possibly eclipsing the $10 million record for spending in a House race set in California in 2000.

“It will be a slugfest,” Black says, and “a referendum on DeLay.”

DeLay wasn't anywhere near the Austin courtroom Wednesday. He was in his district, campaigning.

Lawyer For DeLay Urges Ruling Soon (WP)

By Sylvia Moreno

The Washington Post, March 23, 2006

AUSTIN, March 22 -- The arguments before the state 3rd Court of Appeals on Wednesday were about whether a felony charge of conspiracy to violate the Texas Election Code should be reinstated against former House majority leader Tom DeLay (R-Tex.). But the underlying issue was politics.

In a thinly veiled reference to DeLay's bid for reelection this year while under indictment on state money-laundering and conspiracy charges, the congressman's attorney asked the three-judge panel to rule quickly.

"Justice delayed is justice denied in this case," Houston lawyer Dick DeGuerin said in his opening remarks. "I ask you treat this case with dispatch and render decision forthwith."

DeGuerin later told reporters the criminal case against DeLay has clearly affected not only his reign as majority leader but also his quest to win a 12th term to Congress this year. DeLay was forced to step down from his leadership post upon being indicted in September on charges stemming from the 2002 election cycle.

With a trial looming sometime in 2006, Republicans permanently replaced DeLay last month by electing Rep. John A. Boehner of Ohio as majority leader.

Earlier this month, DeLay faced an unusually large field of opponents in the Republican primary in his suburban Houston district. Although he handily won the four-way race, he faces a much tougher general election. He did not attend Wednesday's hearing but spent the day in his district.

"He's going to have an extremely well-funded opponent in November," DeGuerin said, predicting a large infusion of money into the campaign of DeLay's Democratic opponent, former representative Nick Lampson.

"I think we're going to see the outside money come into this race. It will make 2002 and 2003 pale by comparison," DeGuerin said. "The November elections are coming up. That's very important."

The case before the 3rd Court of Appeals was brought by Travis County District Attorney Ronnie Earle, who is attempting to reinstate against DeLay a felony charge of conspiracy to violate the state election code. The charge was dismissed in

December by Senior District Court Judge Pat Priest, who concluded the election-code allegation was not covered by Texas's conspiracy law until 2003, a year after Earle said the violation occurred.

Priest left standing charges of money laundering. Both indictments stem from allegations that DeLay and two political associates funneled $190,000 in illegal corporate donations to Republican candidates for the Texas House of Representatives in 2002. Those contributions helped Republicans gain control of the state legislature. In 2003, at DeLay's behest, the legislature approved a congressional redistricting plan that sent more Republicans from Texas to Congress in the 2004 election.

The arguments Wednesday, presented by Assistant District Attorney Rick Reed and rebutted by DeGuerin, focused on technical legal questions -- an exchange that DeGuerin joked afterward was as exciting as "watching paint dry."

Addressing reporters, Earle said he believes both sides had had an opportunity to more fully explain their positions. "I will say that to violate the election laws of Texas is a crime . . . and we will await the court's decision," he said.

It was unclear when the appeals court will rule. Priest is awaiting resolution of the appeal until proceeding with DeLay's trial on the money-laundering charge. Also before the trial starts, Priest will have to decide several motions by DeLay's lawyer, including a request to move the trial to DeLay's home town of Sugar Land.

Prosecutors Want DeLay Charges Reinstated (AP-Y2)

By April Castro

AP2, March 22, 2006

Prosecutors argued before a Texas appeals court Wednesday that some of the criminal charges against Rep. Tom Delay (news, bio, voting record) should be reinstated.

A lower court judge dismissed a conspiracy charge against DeLay in December, agreeing with defense arguments that a conspiracy law did not cover election code violations when the alleged offense was committed.

But prosecutors said Wednesday that Texas' prohibition on using corporate money in political campaigns is a felony and should be subject to the state's criminal conspiracy law.

The three-judge panel of the Texas 3rd Court of Appeals was not expected to rule for at least a month.

DeLay, who is trying to win re-election to Congress while under indictment, did not attend the hearing, where attorneys mostly focused on technical legal questions.

He spent the day campaigning in what many consider his most serious election challenge since voters sent him to Congress in 1984. The Republican faces Democratic former Rep. Nick Lampson in November.

"I let the lawyers worry about that stuff," he said while entering a country club to deliver a five-minute speech to the Rotary Club of Sugar Land. "I'm here focused on my district and focused on the election."

DeLay is accused of funneling illegal corporate donations to Republican candidates for the Texas House. The Republicans went on to win control of the Legislature in 2002 and pushed through a DeLay-engineered redistricting plan that helped Texas send more Republicans to Congress in 2004.

Because of the dispute, no trial date has been set.

DeLay Campaigns As Lawyers Battle (WT)

By Hugh Aynesworth

The Washington Times, March 23, 2006

DALLAS -- U.S. Rep. Tom DeLay campaigned in his southwest Houston area district yesterday while his attorneys battled for him before an Austin appeals court.

"I let the lawyers worry about that stuff," he said to reporters as he entered a Sugar Land Rotary Club meeting, where he made a brief campaign speech.

Meanwhile in Austin, Dick DeGuerin, Mr. DeLay's lead attorney, argued that two state conspiracy charges against his client should not be reinstated -- charges that were dropped by state District Judge Pat Priest several weeks ago.

Those charges were part of wide-ranging indictments surrounding Mr. DeLay's role in using corporate funds to help Republicans win control of the Texas Legislature in 2002 and then win several congressional races two years afterward.

Judge Priest ruled that one indictment dealing with purported election-code conspiracy was improper because the conspiracy part of the code was not operative at the time of the reputed infractions. The judge also dropped part of another conspiracy count, but left intact other money-laundering charges and one for conspiracy to launder money.

Mr. DeGuerin argued that contributions from corporations and other sources were kept in separate accounts and -- despite the fact that the exact amount of the $190,000 in question was sent to Washington, then back to Republican candidates in Texas -- the money was never intended to be a trade-off for support of the Texas candidates.

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In a brief filed earlier, Mr. DeGuerin accused the state of appealing Judge Priest's decision "to avoid trial and the embarrassment of an acquittal in this politically motivated prosecution."

Mr. DeLay, attempting to win his House seat a 12th time in Texas' 22nd District, faces former congressman Nick Lampson, a well-financed Democrat, in November. He has campaigned harder in this election than ever before -- partly because of the uncertainty surrounding his legal problems.

"I'm focused on my district and focused on the election," he said, but added: "It's been almost 120 days that this frivolous appeal has been before the 3rd Circuit Court. I would hope that they would come to a speedy resolution on a matter that, I think, would take a first-year law student an hour to make a ruling on."

Much of the presentation yesterday dealt with technicalities of the state election code. The state's offering yesterday was handled by Travis County Assistant District Attorney Richard Reed.

The appeals court is expected to make a decision within a month.

Judge Priest has left Mr. DeLay's trial date in limbo until this appeal process has straightened out the eventual charges.

Dixon Sees Organized Effort To Discredit Her (BSUN)

By Doug Donovan

The Baltimore Sun, March 23, 2006

Baltimore City Council President Sheila Dixon broke her silence Wednesday over an investigation into her ties to two city contractors by saying the state probe is "trying to destroy my character."

Since state prosecutors began their investigation 10 days ago, Dixon and her staff had said only "no comment" but had pledged to cooperate with Maryland State Prosecutor Robert A. Rohrbaugh's investigators.

But after the city's Board of Estimates met Wednesday, Dixon directly responded to reporters' questions.

"In my heart, I did nothing intentional in any of this," she said. "This has legs on it that's trying to destroy my character. I would never do anything to the citizens of Baltimore, as hard as I work."

A few minutes later, as she walked out of the meeting room in City Hall, she said, "My character is being discredited." Asked whether she thinks there is an organized effort to discredit her character, she said, "Yes, I do."

Dixon declined a request to elaborate on her comments shortly after the meeting.

Bobbie Walton, executive director of Common Cause Maryland, a public interest watchdog group, said she was disappointed with Dixon's comments.

"I wonder who she thinks is out to get her," Walton said. "It's hard to take responsibility for your own behavior sometimes. And it's much easier to think that 'they' are out to get you."

It might be difficult for public officials to abide by the rules that govern their positions, Walton said, but "you still have to do it."

City Solicitor Ralph S. Tyler has confirmed that prosecutors have issued grand jury subpoenas for documents from six city agencies: the Board of Estimates, the City Council, the Office of Council Services, the Minority and Women's Business Opportunity Office, Mayor Martin O'Malley's Office of Minority Business Development and the mayor's Finance Department.

Officials with at least three companies that have done work for the city or have tried to win government contracts -- Comcast, Early Morning Software of Baltimore and Snell Enterprises of Columbia -- have confirmed that they have received subpoenas. A fourth company, Sysnet of Ameri ca in Prince George's County, is scheduled to meet with prosecutors.

The first round of subpoenas, delivered at the start of last week, requested documents related to $600,000 of work awarded over the past six years -- most of the time without a contract -- to Dixon's former campaign chairman, Dale G. Clark, and his company, Ultimate Network Integration.

A second batch of subpoenas, delivered at the end of last week, requested documents relating to Union Technologies, a company that employs the council president's sister, Janice Dixon, and has received city work from two major government contractors; Comcast, the city's cable television provider; and TeleCommunications Systems Inc., which man ages the city's computer network.

A TCS spokesman said the Annapolis company had not received a subpoena. The president of Utech has not returned phone calls. Its registered agent, attorney Claude Edward Hitchcock, has declined to comment.

Clark has said that he has not received a subpoena.

The investigations began after recent articles in The Sun detailed questions about city work awarded to Clark's company and Union Technologies.

Last month, The Sun reported that Dixon might have breached the city's ethics law by not disclosing her sister's employment and by participating in public hearings and votes over the past two years that involved and benefited Utech.

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After The Sun's article about Dixon's connections to Utech, the city stripped the company of its official minority certification, which had qualified it to be hired by companies seeking to meet Baltimore's minority subcontracting goals.

Utech lost the certification because the business opportunity office found that its downtown office was nothing more than a telephone and a mailbox. The head of the office said he would review whether Utech performed work under its TCS contract with the city.

The Sun also reported that Clark's company, which has the same address as Union Technologies, signed a contract with Dixon

in February 2000 to manage the council's computer system. The Board of Estimates, which Dixon chairs and O'Malley controls, approved the one-year deal a month later.

When the contract expired in March 2001, Clark did not obtain another one for five years while the city continued to make payments to him totaling $500,000. O'Malley's finance officials have not been able to determine why or how Clark was paid without a contract.

City procurement rules require that the Board of Estimates approve all contracts of more than $5,000.

Clark continued to get paid for the work after the city awarded a contract to another company in May 2005. He left the council president's office Feb. 28, just before The Sun published a report detailing the arrangement.

Dixon disciplined two staff members over the Clark matter, and her spokesman called the situation a "major oversight."

"She probably did the right thing to discipline her staff members," Walton said. "But you have to take responsibility for your own behavior too."

On Paper, Leaving A Gang Is Difficult (LAT)

By Patrick Mcgreevy And Sandy Banks, Times Staff Writers

The Los Angeles Times, March 23, 2006

L.A. uses injunctions to fight thugs, but those who go straight find it's hard to get off the list.

After more than a decade of successfully using restrictive court injunctions to battle dangerous street gangs, some Los Angeles officials now fear that key provisions have unfairly held back young people struggling to go straight.

Police Chief William J. Bratton said Wednesday that though he wants to expand the use of a tool that has proved effective in the city's fight against an estimated 39,000 hoodlums, he and City Atty. Rocky Delgadillo have agreed to first conduct a comprehensive evaluation of the injunction program.

"We want to take a look at all of them, do a top-to-bottom review that will include making sure the appropriate people are [listed] in them, because some of these injunctions go back 13 years," Bratton said.

City Councilwoman Janice Hahn, who represents a district plagued by some of the worst gang violence in the city, said the injunction program appears to be doing harm as well as good.

Hahn said that after she and Bratton attended a recent community meeting in Watts, she became concerned because no one has ever succeeded in getting removed from an injunction's official list of restricted gang members.

Young people covered by injunctions can have trouble getting jobs because the injunctions show up in employment background checks. Some have trouble getting to work or even school because they cannot ride in cars or buses if other gang members are present.

And they may be disqualified from participating in school sports if former associates play in the same league.

Critics say the injunctions sometimes target people who were never in a gang but had relatives or friends who were.

Bratton "heard loud and clear from the community that there is a gray area of young people who had one foot in, but have really tried to turn their lives around, are going to school, have jobs and are looking for a second chance," Hahn said. "But the fact that their names are on the list makes it problematic to do that."

On Wednesday, Hahn sent a letter to Bratton, Delgadillo and Police Commission President John W. Mack, asking that they meet with her April 11 to discuss the evaluation.

Her call for changes in the injunctions was seen by some as ironic given that her brother, former Mayor and longtime City Atty. James K. Hahn, pioneered the use of gang injunctions.

The use of injunctions has made Los Angeles a model for anti-gang efforts. Mayors from across the country are coming to Los Angeles next week to hear about the program at a summit sponsored by the U.S. Conference of Mayors.

The injunctions typically identify gang members and prohibit them from associating in public or loitering in certain neighborhoods. And they allow for enhanced penalties for members who trespass, gamble, violate curfew, commit vandalism or break other laws.

Members may not possess weapons, spray-paint cans used in graffiti or open containers of alcohol.

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They also are enjoined from being near anyone selling or possessing drugs, which may be difficult if drug dealers operate in front of their homes, civil rights attorneys say.

Community leaders, including Silvia Beltran of the gang-intervention program Homies Unidos, say there are many examples of people being improperly included in injunctions.

Beltran said she knows one young man who graduated from Cal State Los Angeles and was working on a master's degree at USC when he was charged with violating an old injunction.

The man won dismissal of the charge in criminal court, and might sue the city to get his name off the list.

"He denies that he was an active gang member," Beltran said. "But he grew up in the neighborhood, and it's easy to be included."

Over the years, about 2,000 to 3,000 people have been served with gang injunctions and therefore are subject to restrictions, said Assistant City Atty. Marty Vranicar. He said about 350 gang members have been prosecuted for violating injunctions, and many have been sent to jail.

If police suspect someone is a gang member not listed in the original injunction, the city can still serve them and add their name to a list kept by the LAPD's gang enforcement unit.

Mark Harvis, a deputy public defender who has handled many gang cases, said that part of the city's policy is fundamentally unfair because the person served with an injunction often does not know why he is being included. Harvis said there also is no process for appealing the inclusion.

Delgadillo firmly defended the current standard for getting out of a gang injunction, although he also said Wednesday that he is open to refining the program. "Gangs are an epidemic in the city of Los Angeles" Delgadillo said, adding that injunctions "do have an effect."

Bratton said he believes that gang injunctions are one reason violent crime is down 6.4% so far this year in Los Angeles.

The city has 26 civil gang injunctions covering 36 gangs, and more are imminent, said Contessa Mankiewicz, a spokeswoman for the city attorney.

Since the first injunction was obtained in 1993 against the Blythe Street gang in Van Nuys, gangs occupying more than 60 square miles of territory in the city of Los Angeles — 13% of its total area — have been made subject to civil injunctions.

In many injunctions, a number of gang members are identified by name in the court papers, but the injunction also includes dozens of "John Does" to be named later.

Once the permanent injunction is issued, officers can identify gang associates and include their names in a database that makes them subject to the injunction's restrictions.

Injunctions rely, at least in part, on the state's Cal/Gang database, a computerized list of people considered to be gang members based on criteria that include identification by informants, gang tattoos, style of dress, arrest record and associations.

That database has been criticized by law enforcement officials and civil rights activists for being outdated and overly broad.

"We found people in that database whose information came from 20-year-old [confidential] gang cards," said civil rights attorney Connie Rice. "Middle-class citizens who own homes, work, have children, haven't been involved in gangs for years and years and years…. The problem is, there's no exit ramp. You can get on, but you can't get off."

Civil rights attorney Carol Sobel, who has challenged a gang injunction in court, said it appears some people have been added to the database just because they were stopped and interviewed by the police for being near known gang members.

City officials say injunctions contain escape avenues for gang members who are no longer active.

Most are like the injunction against the Grape Street Crips, which allows those identified to ask to be excluded if they publicly renounce their gang membership and sign a sworn statement that they have not associated with other gang members for at least three years and not had run-ins with the law in that same period.

The alleged gang member must also have been employed or attended school and made consistent progress, both for at least 18 months before the renunciation.

Bratton acknowledged that if a former gang member lives in a housing project populated by gang members, he might find it impossible to escape being seen in their company.

The review will also look at the requirement for people to publicly renounce their gang membership, Bratton said, adding there may be an alternative.

"That is the biggest hurdle I have heard people talk about," Bratton said. "Is there a potential danger in doing that? That's an element of the review."

*

(INFOBOX BELOW)

At a glance

Q: How many gang members are in Los Angeles?

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A: About 39,000, according to the city attorney's office. Gang members commit about 7,000 crimes a year, including about 300 murders.

Q: How many gangs have been cited by injunctions?

A: Thirty-six gangs have been named in 26 injunctions.

Q: How do injunctions work?

A: If gang members are known to be causing trouble, the city can ask a judge to declare them a criminal street gang and a public nuisance. Much like restraining orders, the civil court rulings impose various restrictions. Violators can be fined $1,000 or jailed for up to six months.

Q: What conduct is typically prohibited?

A: Members must obey all laws and avoid using drugs and alcohol. They cannot publicly associate, block parking, intimidate people, carry illegal weapons or vandalism tools, loiter, act as lookouts or so-called "hooks," trespass, gamble, obstruct traffic, violate curfew or approach vehicles.

Source: Los Angeles city attorney's office

Dangerous Prosecution (WP)

The Washington Post, March 23, 2006

THE UNITED STATES has never had an Official Secrets Act -- a law that would forbid anyone, even a private citizen, from disclosing information the government wants to keep under wraps. But if the Justice Department has its way in the prosecution of two former officials of the American Israel Public Affairs Committee (AIPAC), it will effectively have created one -- without even going to Congress for a change in the law. The case against Steven J. Rosen and Keith Weissman is heading toward trial. Their conviction would herald a dangerous aggrandizement of the government's power not merely to prosecute leaks but to force ordinary Americans to keep its secrets.

Mr. Rosen and Mr. Weissman are accused of conspiring to give national defense information to people not authorized to receive it -- including officials of the Israeli government, a Post reporter and other officials at AIPAC. Despite the suggestive tenor of the indictment, prosecutors have not accused either man of spying. Rather, the government has charged them under an old and vaguely worded law that prohibits people in possession of such information from disclosing it further.

The reach of this law, which dates from the World War I era, has never been clear. By its terms, it would seem to require every person to protect the government's secrets -- a principle hardly in keeping with the American system of robust public debate. While it is reasonable for the government to demand that its employees and contractors protect the information it entrusts to them, it's not okay to criminalize discussions among people who do not work, directly or indirectly, for the government. Traditionally, the government has treaded carefully with this law, using it sparingly even against government employees.

The AIPAC case marks a dangerous break with that tradition. We do not defend the alleged actions of Mr. Rosen and Mr. Weissman, whom AIPAC fired. According to the indictment, they received classified information from Pentagon analyst Lawrence A. Franklin and passed it to the Israeli Embassy. The indictment alleges similar behavior in the past. But the government isn't even trying to prove spying charges. Instead, prosecutors have proceeded under a legal theory that must alarm anyone who values open debate.

Under the government's reading of the law, there is no reason why newspaper reporters who publish classified information could not face charges. Nor, indeed, would anything protect activists who brought secrets to members of Congress. Under the government's theory, in fact, countless conversations and publications that take place every day are criminal acts. The government makes this point explicitly in its briefs: While acknowledging that a prosecution of "an actual member of the press for publishing classified information" would "raise legitimate and serious issues," it says that "[there] plainly is no exemption in the statutes for the press, let alone lobbyists like the defendants." You don't have to anticipate an immediate raft of prosecutions of such people to appreciate the danger of a precedent that would permit it.

CIVIL LAW:

Court Agrees To Appoint Equity Panel In Delphi Ch.11 Case (DOW)

Dow Jones, March 23, 2006

NEW YORK -(Dow Jones)- A federal court on Wednesday approved a request from a hedge fund seeking an official voice for equity holders in Delphi Corp.'s (DPH) (DPHIQ) Chapter 11 case, departing from typical bankruptcy practice.

"Clearly this company has extremely difficult problems to resolve," and shareholders need a voice in that process, U.S. Bankruptcy Judge Robert Drain said.

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Appaloosa Management L.P., one of Delphi's largest shareholders with about 9% of its stock, has asked the auto parts maker to move ahead with a canceled shareholder meeting and wanted the court to appoint an official committee to represent stockholders in the case. Another money management firm that holds about 5% of Delphi's equity supported the motion.

Over a two-day trial, experts and attorneys for Delphi and Appaloosa argued widely differing positions about the company's prospects for reducing labor and retiree costs and how its securities would perform upon emergence from bankruptcy.

"I respect (the judge's) determination," Delphi lawyer Jack Butler said. "The judge wanted to provide for limited equity representation in a very complex situation."

Appaloosa attorney Thomas Lauria said he was happy Delphi's shareholders have a voice and said it seemed likely Appaloosa would fight for a seat on the committee when the US Trustee names its members.

During the trial, Appaloosa said Delphi's financial situation isn't as dire as management makes it out to be and there will be money left over for existing stockholders after Delphi pays off its secured and unsecured creditors. An expert hired by the investment fund, headed by David Tepper, projects Delphi will have 2006 EBITDA of $100 million and an equity value of up to $6 billion, once it cuts labor and retiree costs through its reorganization.

Delphi, for its part, argued it is "hopelessly insolvent" - with $6 billion more in liabilities than assets - so an equity committee isn't warranted because its stock will be worthless. The company filed for Chapter 11 in October 2005. Its January monthly operating report filed with the U.S. Bankruptcy Court in Manhattan listed assets of $13.8 billion and liabilities of $20.2 billion.

Under the Bankruptcy Code, equity holders are last in line to receive a payout and can't receive any recovery unless all other creditors in the case are paid in full, so naming an official committee solely to represent equity is considered unusual. Official committees in Chapter 11 cases have their legal fees paid by the debtor company, so they regularly face opposition from creditors.

During the contentious hearing, Judge Drain said he wasn't pleased by some of Appaloosa's legal tactics, particularly efforts to suppress the testimony of two of Delphi's expert witnesses and complaints about not receiving company data to which Drain determined they weren't entitled. He said Appaloosa's conduct during the litigation gave him "very serious pause," over appointing an equity committee.

Delphi's Butler wouldn't comment on whether the company would oppose Appaloosa's appointment to the panel.

Appaloosa has said any equity panel would closely monitor the case and be involved in negotiations or litigation involving the relationship between Delphi and its former parent General Motors Corp. (GM) (GM).

Appaloosa accumulated its Delphi stake after the company filed for bankruptcy protection and began its push for an official shareholder panel in November. The U.S. Trustee's Office - an arm of the Justice Department that normally appoints committees in bankruptcy case - was considering an equity committee request from Appaloosa but hadn't yet made a decision when the firm asked the court for a committee. The U.S. Trustee objected to Appaloosa's motion, as did the company's unsecured creditors committee.

Judge Drain said the equity panel can't immediately hire investment bankers and accountants. Drain wants to limit costs and doesn't want arguments over valuation of the company until after it works out its union issues.

Shares of GM were higher earlier Wednesday, while Delphi stock was down substantially, after the announcement of a three-part deal among GM, Delphi and the United Auto Workers union that provides for early retirement buyouts for thousands of workers. The plan would offer 13,000 Delphi workers payouts of up to $35,000 each for retiring early, for which GM has agreed to cover the bill. The pact could save the companies billions in labor costs - after the up-front payouts to early retirees - through workforce reductions.

However, a broader labor agreement is still lacking at Delphi so a strike by union workers is still possible when Delphi seeks to have its labor agreements rejected through the bankruptcy case - which it says it will do by the end of the month without a new collective bargaining agreement in place.

A hearing on the partial labor deal is scheduled for April 7, according to an attorney.

-By Christopher Scinta, Dow Jones Newswires; 201-938-5218

CIVIL RIGHTS:

Judge Scolds LAPD For Decree 'failure' (AP)

AP, March 23, 2006

LOS ANGELES (AP) -- A federal judge scolded city officials for failing to meet key provisions of a 2001 court consent decree to reform the Police Department.

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The decree was the result of a settlement with the Justice Department and was designed to correct conditions that led to police corruption scandals involving officers beating and framing suspects and stealing evidence.

U.S. District Judge Gary A. Feess said city officials were trying to "gut" a key provision and warned at a hearing Tuesday that he would likely extend the decree beyond its June 15 expiration date.

The judge chastised the LAPD for failing to implement a computer system required by the decree to serve as an early warning system by tracking officers' use of force, pursuits, collisions, citizen complaints and civil claims.

"There is no way the consent decree can expire given the failure," Feess said.

Gerald L. Chaleff, the LAPD's civilian manager of the consent decree, said at least 122 of 146 provisions for which the Police Department is solely responsible have been "substantially complied with."

Navy Rule On Prayer Ignites A Debate (WT)

By Eric Pfeiffer

The Washington Times, March 23, 2006

A new Navy policy that encourages chaplains to use only "nonsectarian" language outside of divine services has prompted criticism that regulating prayer services violates the chaplains' First Amendment rights.

Under new rules signed by Secretary of the Navy Donald C. Winter, chaplains of all faiths in the Navy are asked to consider the views of their audience before invoking specific religious beliefs in prayer.

"I'm very disappointed with the secretary of the Navy," said Navy chaplain Lt. Gordon James Klingenschmitt. "He's doing the opposite of what President Bush wants."

Navy spokesman Lt. William Marks says Lt. Klingenschmitt has exaggerated the policy's reach.

"The only thing we ask is that chaplains be inclusive of the people in their audience," Lt. Marks said.

"We've never said they can't invoke Jesus in their prayers. You aren't going to get into trouble for that."

Lt. Klingenschmitt is urging Mr. Bush to sign an executive order to allow military chaplains to pray according to their individual faith tradition. He said that if the president decides not to sign such an order, he might sue the Navy.

The Navy policy appears to be similar to that of the Air Force, which reads, "nondenominational, inclusive prayer or a moment of silence may be appropriate for military ceremonies."

The rule change completes an evolution of the Navy's official policy toward religious language.

In 1998, former Chief of Navy Chaplains Byron Holderby submitted a "memo of suggestion" that chaplains who wish to use sectarian language withdraw from events such as evening prayer services aboard Navy ships.

On Feb. 21, Mr. Winter quietly signed the regulation making the suggestion official Navy policy.

Yesterday, Lt. Klingenschmitt filed a "formal whistleblower complaint" against Mr. Winter and Chief of Navy Chaplains Rear Adm. Louis V. Iasiello.

The complaint was sent to Senate Armed Services Committee members Hillary Rodham Clinton, New York Democrat, and James M. Inhofe, Oklahoma Republican. Lt. Klingenschmitt, a New York native, says Mrs. Clinton has already written a letter to the Navy on his behalf.

Reps. Thomas M. Reynolds, New York Republican, and Walter B. Jones, North Carolina Republican, received copies of the complaint as well.

"We have been working on Chaplain Klingenschmitt's behalf since last May," Reynolds spokesman L.D. Platt said. "The congressman is not satisfied so far with what the Navy has come back with."

Mr. Reynolds is the chaplain's congressman.

Mr. Jones, a member of the House Armed Services Committee, told The Washington Times this week that his office has been working with the office of panel Chairman Duncan Hunter, California Republican, to try to rectify the situation.

"Mr. Hunter wants to help us with this issue," Mr. Jones said.

He also said aides are working on language, which he hopes Mr. Hunter will present to Defense Secretary Donald H. Rumsfeld in an effort to resolve the problem administratively.

Mr. Jones said he won't give up on the issue.

"We're talking about the First Amendment rights of all chaplains."

In summer 2004, an optional worship service performed by Lt. Klingenschmitt, described as a "Christian memorial service," on the USS Anzio reportedly offended a minority of those in attendance.

"There are 350 men on my ship. Fifty attended the service -- including wives and family, about 80 total," Lt. Klingenschmitt said.

After complaints from some in attendance, Lt. Klingenschmitt received a "poor fitness" mark on his permanent record which he is fighting to have removed.

"They did a survey of the ship afterwards, and 84 percent of the crew said they believe the chaplain cares for all denominations," Lt. Klingenschmitt said. "Even though some people complained, I figured I had an 84 percent approval rating."

Common Sense In Maryland (NYT)

The New York Times, March 23, 2006

Diebold, the electronic voting machine maker, suffered another sharp setback recently, when Maryland's House of Delegates voted 137-to-0 to drop its machines and switch to paper ballots. The vote came in the same week that Texas held elections marred by electronic voting troubles. Maryland's State Senate should join the House in voting to discontinue the use of the Diebold machines, and other states should follow Maryland's lead.

Maryland was one of the first states to embrace Diebold. But Maryland voters and elected officials have grown increasingly disenchanted as evidence has mounted that the machines cannot be trusted. In 2004, security experts from RABA Technologies told the state legislature that they had been able to hack into the machines in a way that would make it possible to steal an election. Senator Barbara Mikulski, a Democrat, informed the State Board of Elections in 2004 that voters had complained to her that machines had mysteriously omitted the Senate race.

The Maryland House's bill calls for replacing the Diebold machines with optical scanning machines for this fall's elections. Gov. Robert Ehrlich Jr., once a Diebold supporter, has said he'll sign the bill if the State Senate agrees. Optical scanning machines would be a vast improvement. Voters using them fill out paper ballots, which are scanned electronically. Those ballots are a permanent record that can (and should) be used to double-check the machine results. Although time is short, Maryland should be able to get optical scanning machines operating by the fall. Even though the Board of Elections has been resisting the proposal, that should not stop the General Assembly and the governor from fighting for machines that voters will trust.

The Maryland House voted days after Texas held an election with the sort of disturbing electronic voting glitches that have by now become common. In Tarrant County, as many as 100,000 extra votes appeared on the machines — election officials insisted that they knew which ones to eliminate to make the results correct. In a hotly contested Congressional race in another part of the state, results were delayed by programming errors in the machines used in two crucial counties.

Many states have passed laws requiring paper records for electronic voting. What is happening in Maryland is important, because not a single member of the House stood behind the once popular Diebold machines. It is just the latest indication that common sense is starting to prevail in the battle over electronic voting.

ANTITRUST:

3 To Plead Guilty In Samsung Price-Fixing Case (NYT)

By Laurie J. Flynn

The New York Times, March 23, 2006

SAN FRANCISCO, March 22 — Three executives of Samsung, the largest supplier of computer memory for consumer electronics, have agreed to plead guilty and serve prison sentences in the United States for their roles in a price-fixing conspiracy, federal prosecutors said on Wednesday.

The plea agreements are the latest development in the Justice Department's three-and-a-half-year investigation of the volatile market for dynamic random access memory chips, the most common type of computer memory products, used in personal computers, printers and electronic devices like cellphones and digital cameras.

Samsung of South Korea, along with its rivals — Infineon Technologies of Germany, Elpida of Japan and Hynix Semiconductor of South Korea — were accused of conspiring to fix DRAM prices from April 1999 to June 2002.

The Samsung executives are the third group of individuals to agree to prison terms; their sentences are similar to those of four Hynix executives announced this month.

Sun Woo Lee, Samsung's senior manager of DRAM Sales, agreed to serve eight months; Yeongho Kang, associate director, DRAM marketing in Samsung's United States subsidiary, will serve seven months; and Young Woo Lee, sales director for Samsung's subsidiary in Germany, agreed to serve seven months. Like the Hynix executives, each executive agreed to pay a $250,000 fine.

In November 2005, Samsung agreed to a $300 million fine related to the investigation. With the latest settlement, 4 companies and 12 individuals have been charged, with fines totaling more than $731 million.

The latest developments illustrate the growing emphasis the Justice Department is placing on prison sentences as a deterrent in antitrust cases.

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"These pleas should send a clear message," the attorney general, Alberto R. Gonzales, said in a statement, "that we will hold accountable all conspirators, whether domestic or foreign, that harm American consumers through their illegal conduct."

The Justice Department had named six American companies that were harmed by the price fixing, all of them large customers of DRAM chips: Dell, Compaq Computer, Hewlett-Packard, Apple Computer, I.B.M. and Gateway.

Hynix, the world's second-largest DRAM manufacturer, agreed to pay a $185 million fine in May 2005. In October 2004, Infineon agreed to a $160 million fine. In January, Elpida agreed to a fine of $84 million.

In December 2004, four Infineon executives pleaded guilty to price fixing and served jail terms ranging from four to six months. Each executive also paid a $250,000 fine.

Three Executives From Samsung To Serve Jail Time (WSJ)

By Mark H. Anderson

The Wall Street Journal, March 23, 2006

WASHINGTON -- Three Samsung Electronics Co. executives pleaded guilty and agreed to jail time over their role in an international conspiracy to fix prices for dynamic-random-access-memory components, the U.S. Department of Justice said.

The Justice Department said it has charged four companies and 12 individuals so far in its investigation, which has led to fines totaling more than $731 million.

The three Samsung executives, who will serve their jail time in the U.S., are Sun Woo Lee, senior manager of DRAM sales; Yeongho Kang, an associate director in the U.S.; and Young Woo Lee, sales director in Germany.

Samsung Electronics, of South Korea, is the world's largest maker of DRAM components and has previously pleaded guilty and agreed to $300 million in fines in the price-fixing conspiracy.

U.S. Attorney General Alberto Gonzales said, "These pleas should send a clear message that we will hold accountable all conspirators, whether domestic or foreign, that harm American consumers through their illegal conduct."

Each Samsung executive also has agreed to pay a $250,000 fine and to cooperate in the antitrust division's investigation of the DRAM industry.

According to a one-count felony charge filed in federal court in San Francisco, at various times from April 1, 1999, to June 15, 2002, the three Samsung employees conspired with employees from other memory makers to fix the prices of DRAMs sold to certain computer and server manufacturers in the U.S.

The Justice Department said the conspiracy directly affected sales to U.S. computer makers Dell Inc., Hewlett-Packard Co., Compaq Computer Corp., International Business Machines Corp., Apple Computer Inc. and Gateway Inc.

In addition to Samsung, other companies charged with price-fixing in the DRAM investigation include South Korea's Hynix Semiconductor Inc., Japanese manufacturer Elpida Memory Inc. and Germany's Infineon Technologies AG.

Three Samsung Executives Plead Guilty For Role In Chip Price-fixing Scheme (FINDLAW/AP)

AP, March 23, 2006

(AP) - SAN FRANCISCO-Three executives from South Korea's Samsung Electronics Co. Ltd. agreed to plead guilty and serve jail time for participating in a conspiracy to fix the price of computer memory chips, the U.S. Justice Department said Wednesday.

Each executive agreed to pay a $250,000 (â‚¬207,142) fine, cooperate with federal authorities on the investigation and serve prison sentences ranging from seven to eight months for their role in a scheme to raise prices for dynamic random access memory, or DRAM, from 1999 to 2002. A federal judge in San Francisco must approve the deal.

"These pleas should send a clear message that we will hold accountable all conspirators, whether domestic or foreign, that harm American consumers through their illegal conduct," Attorney General Alberto Gonzales said in a statement.

So far, the long-running Justice Department investigation has resulted to more than $731 million (â‚¬606 million) in fines and charges against 12 individuals and four companies, including, Samsung, Elpida Memory Inc., Infineon Technologies AG and Hynix Semiconductor Inc.

The Korean Samsung executives who agreed to the guilty pleas are Sun Woo Lee, senior manager of DRAM sales; Yeongho Kang, associate director of DRAM marketing for Samsung's U.S. subsidiary; and Young Woo Lee, sales director for the company's German subsidiary.

Samsung, the world's largest maker of DRAM chips, said in a statement Wednesday that the company was "strongly committed to fair competition and ethical practices and forbids anticompetitive behavior."

Prosecutors say the global conspiracy drove up the price of DRAM chips, which are the most commonly used product for storing and retrieving information in computers and electronic devices.

Companies such as Dell Inc., Compaq Computer Corp., Hewlett-Packard Co., Apple Computer Inc., International Business Machines Corp. and Gateway Inc. had to raise PC prices or reduce the amount of memory installed on their systems to compensate for the higher costs.

Three Samsung Executives To Admit Price-Fixing Roles (Update3) (BLOOM)

By James Rowley

Bloomberg, March 23, 2006

March 22 (Bloomberg) -- Three executives of Samsung Electronics Co., which was fined $300 million for fixing the price of electronic chips used in cellular phones and computers, agreed to serve prison time for their roles in the global conspiracy, the U.S. Justice Department said.

The executives of South Korea-based Samsung, the world's largest maker of memory chips, will plead guilty to participating in a scheme that included four other makers of dynamic random access memory, or DRAM, chips, said the department in Washington.

Sun Woo Lee, Samsung's senior manager of sales for DRAM chips, agreed to serve an eight-month prison term, and the other two will serve seven months, the government said. Each executive also agreed to pay a $250,000 fine and cooperate with the investigation.

``True deterrence occurs when guilty individuals serve jail terms and not just when corporations pay criminal fines," Attorney General Alberto R. Gonzales said in a statement.

The investigation has resulted in the convictions of two other companies besides Samsung and an agreement by a third to plead guilty, the Justice Department said. So far, the investigation has netted $731 million in criminal fines.

In all, 12 individuals have been charged. A fifth company, Micron Technology Inc., wasn't prosecuted for its participation in the cartel in return for alerting prosecutors to the scheme.

Leading Victims

The government said leading victims of the conspiracy include computer makers such as Dell Inc., Hewlett-Packard Co., International Business Machines Corp., Apple Computer Inc., Gateway Inc. and Compaq Computer Corp., now owned by Hewlett- Packard.

U.S. sales of DRAM chips totaled $7.7 billion, the Justice Department said. The chips are also used to make digital music players, video game consoles, printers and telecommunications equipment.

All three Samsung executives agreed to plead guilty to price fixing, the Justice Department said. The charges filed against them in federal court in San Francisco say the defendants attended meetings with competitors to discuss setting prices for DRAM chips. They also exchanged sales information to help the participating companies monitor compliance with the cartel agreements, court documents said.

The two executives who agreed to serve seven-month prison terms are Yeongho Kang, associate director of DRAM marketing for Samsung's U.S. unit, and Young Woo Lee, its sales director in Europe.

Active Investigation

``These are the first executives of Samsung to plead guilty to fixing prices in what is still an active investigation," Thomas O. Barnett, the Justice Department's antitrust chief, said in a statement. ``We will continue our efforts to bring to justice other domestic and foreign-based executives who were involved with fixing DRAM prices."

On March 15, four executives of Hynix Semiconductor Inc., which was fined $185 million, were sentenced to prison terms ranging from five to eight months and fined $250,000 each.

Four executives of Germany's Infineon Technologies AG, which was fined $160 million, pleaded guilty in December 2004 and served prison terms of four to six months.

Alfred Censullo, a regional sales manager for Micron, pleaded guilty to obstructing the government's investigation and was sentenced to six months of home detention.

Another DRAM chipmaker, Japan-based Elpida Memory Inc., agreed in January to plead guilty to participating in the conspiracy and pay an $84 million fine.

In a statement, Samsung's U.S. unit, Samsung Semiconductor Inc., said the company ``is strongly committed to fair competition and ethical practices and forbids anti-competitive behavior."

Samsung Execs To Serve Jail Time In Chip Price-fixing (SFC)

By Benjamin Pimentel, Chronicle Staff Writer

San Francisco Chronicle, March 23, 2006

Three Samsung Electronics executives will serve up to eight months in jail for their roles in a worldwide memory chip price-fixing conspiracy, the U.S. Department of Justice said Wednesday.

The executives agreed to plead guilty to taking part in a scam to manipulate prices on dynamic random access memory chips, or DRAM, sold to computer makers such as Hewlett-Packard, IBM and Apple from 1999 to 2002.

The Korean manufacturer had earlier agreed to plead guilty to federal charges and pay a $300 million fine, the second largest criminal antitrust penalty in U.S. history.

Sentenced to 7 months in prison were Yeongho Kang, associate director for DRAM marketing, for Samsung's U.S. subsidiary and Young Woo Lee, sales director for Samsung's German subsidiary.

Sun Woo Lee, Samsung's senior manager of DRAM sales, will serve 8 months.

Each executive will also pay $250,000 fine and agreed to cooperate with the Justice Department's antitrust division in its ongoing probe of the DRAM industry.

In a statement, Samsung said the company is "strongly committed to fair competition and ethical practices and forbids anti-competitive behavior."

"True deterrence cocurs when guilty individuals serve jail terms, and not just when corporations pay criminal fees," Attorney General Alberto Gonzales said in a statement. "These pleas should send a clear message that we will hold accountable all conspirators, whether domestic or foreign, that harm American consumers through their illegal conduct."

According to the Justice Department, the Samsung executives took part in meetings and agreements to sell DRAM chips "at certain levels" to manufacturers.

DRAM chips are used in personal computers, laptops, workstations, servers, digital cameras and mobile phones.

The pleas and sentences must still be approved by the U.S. District Court in San Francisco.

The DRAM price-fixing case has led to charges filed against four companies, including Hynix Semiconductor Inc. and Infineon, and fines up more than $731 million.

The investigation, which was led by the San Francisco office of the Justice Department's antitrust division, has also led to charges filed against 12 individuals, including the Samsung executives, the Justice Department said.

Samsung Executives Plead Guilty To Chip Price-fixing (MRKTWTCH)

By Robert Schroeder, MarketWatch

MarketWatch, March 23, 2006

Three more caught in U.S. chip price-fixing probe

WASHINGTON (MarketWatch) -- Three Samsung Electronics executives pleaded guilty to fixing the price of microchips, becoming the latest individuals to be caught in a U.S. probe, the Justice Department said Wednesday.

The announcement regarding South Korea's Samsung (SSNGY: news) brings the total number of charges in the government's ongoing investigation into price-fixing and microchips to four companies and 12 individuals.

The three executives will serve jail time in the U.S. for their roles in a global conspiracy to fix the prices of dynamic random access memory, or DRAM, chips between April 1999 and June 2002. They'll also each pay a $250,000 fine.

On March 1, the Justice Department said four executives at Korea-based Hynix Semiconductor Inc. (HXSCF: news) pleaded guilty and agreed to jail time for their roles in the conspiracy.

The government has collected more than $731 million in fines related to the probe.

The individuals named Wednesday by the Justice Department are Sun Woo Lee, Samsung's senior manager of DRAM sales; Yeongho Kang, associate director of DRAM marketing for Samsung's U.S. subsidiary; and Young Woo Lee, sales director for Samsung's subsidiary in Germany.

Attorney General Alberto Gonzales said the jail sentences should deter future conspiracies.

"True deterrence occurs when guilty individuals serve jail terms, and not just when corporations pay criminal fines," Gonzales said in a statement.

The Samsung executives also agreed to assist the Justice Department in the ongoing investigation.

Robert Schroeder is a reporter for MarketWatch in Washington.

Samsung Execs Plead Guilty To DRAM Price Fixing (IDG)

By Grant Gross, IDG News Service

IDG News Service, March 23, 2006

The three Samsung executives conspired with other DRAM makers to fix prices, which affected sales to several U.S. computer makers, it was charged

Three executives from Samsung Electronics, the largest manufacturer of DRAM (dynamic random access memory), have agreed to plead guilty and serve jail time for participating in a worldwide conspiracy to fix DRAM prices, the U.S. Department of Justice (DOJ) announced Wednesday.

Sun Woo Lee, Samsung's senior manager of DRAM sales, agreed to a sentence of eight months in U.S. prison. Yeongho Kang, associate director of DRAM Marketing, for Samsung's U.S. subsidiary, and Young Woo Lee, sales director for Samsung's German subsidiary, both agreed to serve seven months, the DOJ said.

The three also agreed to each pay a $250,000 fine and cooperate with the DOJ's ongoing DRAM investigation. The South Korean executives each face one felony count for violating the U.S. Sherman Antitrust Act.

"True deterrence occurs when guilty individuals serve jail terms, and not just when corporations pay criminal fines," U.S. Attorney General Alberto Gonzales said in a statement. "These pleas should send a clear message that we will hold accountable all conspirators, whether domestic or foreign, that harm American consumers through their illegal conduct."

The pleas and sentences are subject to the approval by the U.S. District Court in San Francisco.

DRAM is the most commonly used semiconductor memory product, and is used in PCs, laptops, servers, printers, hard disk drives, mobile phones, digital cameras, game consoles, and other devices. There were about $7.7 billion in DRAM sales in the U.S. in 2004, the DOJ said.

Between April 1999 and June 2002, the three Samsung executives conspired with employees of other DRAM makers to fix prices, according to the charges filed Wednesday. The conspiracy affected sales to several U.S. computer makers, including Dell (Profile, Products, Articles) Inc., Hewlett-Packard Co., IBM (Profile, Products, Articles) Corp., and Apple Computer (Profile, Products, Articles) Inc.

Including Wednesday's charges, the DOJ has charged four companies and 12 individuals and assessed fines of more than $731 million in a wide-ranging DRAM price-fixing investigation. The fines add up to the second largest total ever collected by the DOJ in a single price-fixing investigation.

The first charges in the investigation came in December 2003, and earlier this month, four executives from Hynix Semiconductor (Profile, Products, Articles) Inc. agreed to plead guilty.

Samsung was ordered in November 2005 to pay a $300 million criminal fine. Hynix, the world's second-largest DRAM manufacturer, was ordered in May 2005 to pay $185 million. Elpida Memory of Japan agreed in January to pay $84 million. And Infineon of Germany agreed in October 2004 to pay $160 million.

Samsung Executives To Serve Jail In U.S. For DRAM Price-fixing (YONHAP)

By Lee Dong-min

Yonhap News (South Korea), March 23, 2006

WASHINGTON, March 22 (Yonhap) -- Three South Korean executives of Samsung Electronics agreed Wednesday to serve jail time in the United States after pleading guilty to fixing DRAM prices, the U.S. Justice Department said.

The three men will serve between seven and eight months and pay US$250,000 in fines, the department said. They have agreed to cooperate in the department antitrust division's investigation of the DRAM industry, it said.

The Samsung officials are the second group of South Korean industry executives to be jailed for price fixing. Earlier this month, four executives of Hynix pleaded guilty to the same charges and agreed to jail time in the U.S. Their sentences are between five and eight months.

Samsung is the world's largest producer of DRAM, or dynamic random access memory, a computer component providing high-speed storage and retrieval of electronic information. Hynix is the second largest.

Samsung Electronics pleaded guilty to price-fixing and was fined $300 million in November last year. Its employees were not protected by the plea.

"True deterrence occurs when guilty individuals serve jail terms, and not just when corporations pay criminal fines," Attorney General Alberto Gonzales said about the Samsung case.

"These pleas should send a clear message that we will hold accountable all conspirators, whether domestic or foreign, that harm American consumers through their illegal conduct."

The three Samsung officials were identified as Lee Sun-woo, the company's senior manager of DRAM sales, to serve eight months; Kang Yeong-ho, associate director of DRAM marketing, seven months; and Lee Young-woo, sales director for Samsung's German subsidiary, seven months.

Their charges including communications with competitors to set DRAM prices sold to certain customers and exchanging information on DRAM sales to monitor and enforce adherence to agreed-upon prices.

The department's antitrust division has been leading the investigation, still ongoing, that to date has led to charges against four companies, 12 individuals and fines totaling more than $731 million.

"At various times during the period from April 1, 1999, to June 15, 2002, these three Samsung employees conspired with unnamed employees from other memory makers to fix the prices of DRAM sold to certain computer and server manufacturers in the United States," the department said.

The collusion directly affected sales to U.S. computer firms such as Dell, Compaq , IBM, Apple Computer, and Hewlett-Packard, it said.

Plavix Settlement Could Run Into FTC Resistance (DOW)

Dow Jones, March 23, 2006

The proposed settlement of patent-infringement litigation surrounding the blockbuster drug Plavix could run into regulatory resistance, but government enforcers might not have much muscle, legal experts and analysts say.

Bristol-Myers Squibb Co. (BMY) (BMY) and Sanofi-Aventis (SNY) (SNY) said late Tuesday that they reached a settlement with Apotex Inc., a Toronto company that had sought to sell a generic version of Plavix, a blood thinner, before the expiration of a key patent. The settlement calls for Apotex to wait until 2011, under certain conditions, to begin selling generic Plavix through a license deal. Bristol- Myers and Sanofi also would make undisclosed payments to Apotex.

The settlement is subject to antitrust review and clearance by the Federal Trade Commission. Some analysts and legal experts believe the FTC might try to challenge the deal because it calls for Apotex to wait as much as five years before selling generic Plavix, and Bristol-Myers and Sanofi have agreed to pay Apotex.

The companies said in a statement that the agreement wasn't an act of collusion to keep a generic drug off the market, but they acknowledged that there's "significant risk" they would be unable to obtain the required antitrust clearance. A Bristol-Myers spokeswoman declined to provide further details, and Sanofi officials couldn't be reached for this story.

Despite the regulatory concerns, investors appeared confident the deal would get the necessary approvals, lifting Bristol-Myers shares 12% to $25.63 and Sanofi's American Depositary Shares 9.3% to $47.76.

FTC Review

The FTC has taken a dim view of similar drug patent-infringement settlements in the past because it believed they could harm consumers by delaying the introduction of cheaper, generic alternatives to branded prescription drugs.

"If there were ever a deal the FTC would appear set to challenge, we believe this seems to be it," CIBC World Markets analyst Elliot Wilbur wrote in a research note Wednesday. CIBC doesn't cover Bristol-Myers or Sanofi and didn't provide any financial disclosures for them.

But the FTC hasn't been so successful in blocking such deals. Last year, for instance, a federal appeals court in Atlanta dismissed FTC charges that Schering-Plough Corp. (SGP) (SGP) illegally delayed the introduction of a generic version of its K-Dur 20 potassium supplement in its settlement of patent litigation with generic challengers.

The federal court ruled that a payment by a brand-name pharmaceutical company to a generic competitor cannot be the sole basis for a violation of antitrust law.

The FTC has a policy of not commenting on whether it will investigate settlements, agency spokesman Mitchell Katz said Wednesday.

A provision of a 2003 federal law requires drug companies to provide advance notice to the FTC of proposed settlements of patent disputes. The requirement is designed to give the FTC a chance to review them and raise any objections it might have, either in court or through an administrative action. But the law doesn't require the FTC to formally approve such settlements.

Still, the FTC has obtained settlements in some of its investigations into branded-generic patent agreements. For instance, it probed an agreement between Abbott Laboratories (ABT) (ABT) and generic drug maker Geneva Pharmaceuticals Inc. regarding Geneva's plan to launch a generic version of Hytrin, a treatment for enlarged prostate symptoms. In 2000, Abbott agreed in a settlement with the FTC not to enter into similar deals in the future without notifying the FTC or getting court approval.

On the other hand, the FTC hasn't objected to some deals, including one last year settling a patent dispute between Wyeth (WYE) and Teva Pharmaceutical Industries Ltd. (TEVA) (TEVA) over Wyeth's (WYE) Effexor antidepressant.

"This area of the law is still somewhat unsettled," said Arthur Lerner, an antitrust attorney with Crowell & Moring in Washington who previously worked for the FTC. "Obviously a lot of these cases turn on specific facts. And there may be certain facts about [the Plavix] case that make it different from the Schering-Plough (SGP) case."

Possible Red Flag

One attorney who represents generic drug companies suggested the Plavix settlement could raise a red flag.

"Apotex is willing to wait about five years," said Steve Sklar, an attorney with Leydig, Voit & Mayer in Chicago. "They must be getting something for it, and something they think is enough to make them happy." Sklar's firm represents Watson Pharmaceuticals Inc. (WPI) (WPI) in a separate patent dispute over Plavix. The case is pending.

Apotex argued that a key patent for Plavix, which was issued in 1989, was invalid because its claims were covered by a prior Sanofi patent, issued in 1985 and expired in 2003. Apotex also argued the 1989 patent was unenforceable because Sanofi misled the U.S. Patent and Trademark Office when seeking the patent.

Bristol-Myers and Sanofi say the active ingredient in Plavix - clopidogrel bisulfate - wasn't covered by the 1985 patent, and they deny misleading the patent office.

Bear Stearns analyst John Boris views potential FTC scrutiny as a "substantial hurdle." Boris noted that the Wyeth-Teva deal that escaped FTC action last year didn't involve a "discrete" payment by Wyeth (WYE), and a generic Effexor is being allowed on the market two to seven years earlier than key patents for Effexor expire.

Boris noted that Bristol-Myers and Sanofi are making payments to Apotex, and the deal appears to allow generic Plavix on the market only eight months earlier than patent expiration. Boris doesn't own Bristol-Myers shares; his firm has received non-investment-banking compensation from the company in the past 12 months.

Friedman Billings Ramsey analyst David Moskowitz, however, thinks the settlement will meet the "pro-consumer and pro-competitive tests" because generic Plavix would be launched earlier than patent expiration, and other generic companies can continue to challenge the Plavix patent, preserving competition. Moskowitz doesn't own Bristol-Myers shares; his firm hasn't provided investment-banking services to the company recently.

Bristol-Myers and Sanofi said in a press release they have approached Dr. Reddy's Laboratories (RDY) (RDY) about a possible settlement of its generic challenge to Plavix.

In a question-and-answer section on Sanofi's Web site, the companies tried to address some of the concerns that might be raised in an FTC review. In addition to saying Apotex wasn't a case of collusion, they noted that the Toronto company will be allowed to enter the market before the patent expires.

The companies said the reserves they expect to establish during the first quarter for payments to Apotex aren't expected to be material. Additional reserves may be recorded in the future.

-Peter Loftus; Dow Jones Newswires; 215-656-8289; peter.loftus@dowjones.com

Dell Agrees To Buy Alienware (WSJ)

By Christopher Lawton

The Wall Street Journal, March 23, 2006

Dell Inc. said it agreed to buy closely held Alienware Corp., a maker of high-end personal computers favored by gamers.

Terms were not disclosed. But the deal is considered a significant strategy shift for Dell, which rarely makes acquisitions and has tended to focus more on machines purchased by businesses.

While Dell has transformed the PC business by focusing on direct sales and streamlined manufacturing, Alienware has built a loyal following among computer users willing to pay a premium for powerful machines with sleek designs and odd colors such as "cyborg green."

The transaction also is being closely watched in the semiconductor industry. Dell, which has its own line of gaming PCs, exclusively uses chips from Intel. But Alienware also uses chips from rival Advanced Micro Devices Inc.

A Dell spokesman said Miami-based Alienware, which will be run as a separate subsidiary, can continue to do so. "They will sell their own products, and they will continue to use AMD as part of that," he said.

Roger Kay, an analyst with Endpoint Technologies Associates Inc., estimates that Alienware is on track to post revenues this year of about $220 million, and is No. 1 among companies focused solely on the profitable gaming niche. But other companies in the market, including VoodooPC and Falcoln Northwest, are also believed to be growing quickly.

Rahul Sood, VoodooPC's president and chief of technology, predicted the Dell-Alienware deal in an online posting earlier this month. He said the transaction "will bring more awareness to the PC gaming industry, and it will certainly open new doors with new customers for us. I think it's a pretty tremendous thing."

In recent years Dell, Gateway Inc. and other big players have targeted the lucrative market for videogaming PCs. Dell revamped its XPS line in 2001 to feature high-powered, high-priced computers to better compete with companies like Alienware and VoodooPC. On Wednesday, Dell unveiled the latest in this line, with a price tag at nearly $10,000.

Dell said it is taking orders on the XPS 600 Renegade. The machine, first unveiled at the Consumer Electronics Show in Las Vegas in January, has four Nvidia Corp. graphic processor units on a single card and can be equipped with dual hard drives, features that allow it to render more complex graphics.

The XPS is part of the niche category of "gaming PCs" that include souped up graphics capabilities and usually carry much higher price tags than traditional PCs. For example, with the Renegade, "instead of using traditional weapons, gamers can pull down the roof on their enemies, crushing them in a pile of collapsing debris," explained Dell in a press release.

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The XPS 600 -- which Dell said is available in "limited quantities" -- is painted with a flame design and will include a 30-inch widescreen high-resolution LCD monitor for $9,930. Customers can add special "discrete physics" controllers to the XPS 400 and XPS 600 for $1,239 and $2,039, respectively. Customers can order the machine through Dell's Web site.

Alienware's least expensive laptops and desktops start at around $700, but the top-of-the-line, liquid-cooled ALX models can approach $10,000 when fully tricked out with dual-core processors, hard drives that can store up to a terabyte of data, and state-of-the-art graphics cards. An average Alienware PC costs about $3,000 to $4,000, hundreds of dollars more than similarly configured machines from mainstream manufacturers.

Microsoft Offers Unlimited Tech Support For Rivals Interested In Windows Software (AP)

By Raf Casert

AP, March 23, 2006

BRUSSELS, Belgium - (AP) -- Microsoft Corp. today offered "free, unlimited technical support" to rivals interested in making their software work with the software giant's servers, saying it wanted to comply with a landmark EU antitrust ruling.

"We are committed to doing everything in our power to address the (European) Commission's concerns," Microsoft General Counsel Brad Smith said in a statement.

A spokesman for the EU's antitrust office said the Microsoft offer "seems to be a constructive proposal," but said the company needed to make more efforts to fully fall in line with the EU's 2004 ruling.

"Microsoft will naturally be well placed to answer questions from licensees on specific points of the technical documents," EU spokesman Jonathan Todd said.

He insisted, however, that even two years after the ruling that forced Microsoft to share technical details with rivals, Microsoft's efforts remained insufficient.

The EU levied a record $603 million fine against Microsoft in March 2004. It also ordered the company to share code with rivals and to offer a version of Windows without the Media Player software.

Microsoft is appealing the ruling, and the case will be heard in late April by the European Court of First Instance, the EU's second-highest court.

Microsoft Takes New Action On EU Sanctions (FT)

By Tobias Buck

Financial Times, March 23, 2006

Microsoft has made a fresh attempt to escape antitrust fines of up to €2m ($2.4m) a day, telling the European Commission on Wednesday that it will take further steps to comply with the regulator's March 2004 competition ruling.

Microsoft said it would offer rival companies "unlimited, free technical assistance" to help them develop products that work smoothly with the group's ubiquitous Windows operating system. It would even send its software experts to other companies' offices to help them in the process, Microsoft added.

The latest concessions come in response to accusations by the Commission that Microsoft has failed to implement one of the key elements of its landmark ruling.

Brussels has told Microsoft that it has failed to provide complete and accurate inter-operability information about Windows to rival companies. It believes the information – which will be licensed in return for a fee – is needed so that other companies can develop server software that meshes with Windows-driven computers and servers.

The Commission on Wednesday reacted cautiously to Microsoft's latest move, welcoming the initiative while stressing that the group had so far failed to draw up complete and accurate documentation. "At first sight it seems to be a constructive proposal. However, technical support is only helpful once the documentation has reached certain quality standards," a spokesman said.

Both the Commission and Microsoft's industry rivals have said the documentation supplied so far is highly inadequate and would not allow companies to develop inter-operable products. They accuse the group of dragging its feet, and point out that it is more than two years since the Commission made its ruling.

Microsoft maintains that the quality of its technical documentation already ex-ceeds industry standards, but that it is willing to go even further to meet the Commission's concerns.

Wednesday's moves expanded on Microsoft's earlier offer of 500 hours of free technical assistance, and reflects the group's belief that any shortcomings in its documentation can best be resolved through direct contacts between software engineers.

In addition, Microsoft said it had submitted a workplan to Professor Neil Barrett, the Commission's technical adviser in the case, outlining improvements to the actual documentation. These include better navigation and more illustrations.

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Microsoft's move comes just one week before a two-day internal Commission hearing on the case.

Microsoft Makes A New Offer To EU (WSJ)

By Gabriella Stern

The Wall Street Journal, March 23, 2006

BRUSSELS -- Microsoft Corp. said it will make "unlimited" technical support available to rival companies trying to write software to mesh with its products, as part of its efforts to reach agreement with the European Union's antitrust regulators.

In 2004, the European Commission ordered Microsoft to make its Windows protocols available to rival software makers. Since then, the commission has accused Microsoft, Redmond, Wash., of failing to comply with the antitrust ruling. The company faces €100 million ($121 million) or more in new fines from the European body, the European Union's executive arm, and has been engaged in a public-relations battle leading up to a pivotal court hearing in the case.

"We are committed to doing everything in our power to address the Commission's concerns," Microsoft General Counsel Brad Smith said. Yesterday's offer upped the company's previous one of 500 hours of technical support.

European Commission antitrust spokesman Jonathan Todd said the commission hadn't received details of the new proposal and said it seemed "constructive." Mr. Todd added that any technical documentation Microsoft makes widely available to competitors "is only helpful once the documentation has reached a certain quality standard."

So far, Mr. Todd said, the commission feels Microsoft's documentation hasn't met the requirements the commission laid out in 2004.

An independent monitor in the regulatory case has found the documents provided by Microsoft needed a drastic overhaul to make them workable. The monitor, computer-science professor Neil Barrett, wrote a critical report about Microsoft's efforts to comply with the commission's ruling, saying he and a colleague had been unable to use Microsoft's instructions.

Microsoft, which has accused Mr. Barrett of being uninformed and colluding with its rivals, also pledged yesterday to do additional work on technical documentation. But it said five European computer-science professors believe existing documentation already meets requirements.

EU Set For Summit Clash Over Protectionism In Energy Industry (BLOOM)

By Jonathan Stearns

Bloomberg, March 23, 2006

March 23 (Bloomberg) -- The European Union is set to confront France and Spain for protecting energy companies from foreign takeovers, raising the prospect of a clash among EU leaders at a meeting meant to revive a push for market integration.

EU leaders meet this evening in Brussels for the first time since the French government arranged a merger between utilities Suez SA and Gaz de France SA to avert a possible bid for Suez by Italy's Enel SpA. The two-day summit also comes after the Spanish government imposed rules to hinder a takeover of power company Endesa SA by Germany's E.ON AG.

``Member states are reluctant to accept the rules," Loyola de Palacio, EU energy commissioner for five years until November 2004, said by telephone from Madrid two days ago. ``They are very proud when one of their companies goes abroad and makes a takeover but aren't very happy when somebody else makes a takeover in their country."

National obstacles and monopolies in Europe's 250 billion-euro ($302 billion) electricity and natural-gas market threaten to boost bills for companies and consumers, curtail supply and undermine the economy. The fragmentation may also hinder efforts to prevent the 25-nation EU's dependency on energy imports from rising to 70 percent by 2030 from 50 percent now.

Jose Barroso, the president of the European Commission, the EU's executive arm, is fighting to enforce existing free-market rules and win more powers. In a March 8 package of proposals to be discussed at this evening's summit dinner, he called for a common energy regulator, the right to manage emergency oil and gas stocks and the authority to negotiate an energy accord with Russia, supplier of a quarter of Europe's gas.

European Dimension

``The commission is right to be proposing a new European dimension of energy policy," Katinka Barysch, chief economist at the London-based Centre for European Reform, said by phone two weeks ago. ``The European angle is secondary for member states like France, which is sad. It will take time to make progress."

The grip of Europe's national governments on energy policy persists after they ceded powers in areas such as antitrust, trade and interest rates. Like defense, governments treat energy as a strategic issue where EU-wide cooperation is limited and national discretionary power isn't.

Seeking to crack this bastion of national sovereignty, Barroso says common action is more urgent than ever. He cites European economic growth that has trailed the U.S. pace most of the past decade, energy-price rises over the past two years and a disruption of Russian gas supplies in January.

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Choice of Suppliers

Barroso's more immediate task is to prevent protectionism from undermining a hard-fought agreement by EU lawmakers in 2003 to give electricity and gas customers a choice of suppliers. This legislation, due to take full effect next year, is inciting cross-border takeovers and political resistance to them.

``We can't build barriers against each other,'' Barroso told a March 21 press conference in Brussels. ``It's absurd. Economic nationalism was never a solution and is even less so today.''

The commission is probing whether the governments of French Prime Minister Dominique de Villepin and Spanish Prime Minister Jose Luis Rodriguez Zapatero violated the EU's single-market rules.

In addition to vetting mergers, the commission has the power to file lawsuits against governments at the European Court of Justice. EU Internal-Market Commissioner Charlie McCreevy said two days ago the commission would ``soon'' start legal action against Spain for favoring Barcelona-based Gas Natural SDG SA over E.ON in the fight for Endesa.

`Unprecedented Assault'

Graham Watson, leader of the pro-business Liberal group in the European Parliament, says the commission faces an ``unprecedented assault on the internal market'' by national governments.

``The commission is going to be tested in this climate,'' Watson told the Strasbourg, France-based EU assembly on March 15. ``The commission must hold firm.''

Barroso's bid for more commission control of national energy stocks revives a plan that De Palacio failed to push through and is already facing resistance from member states. So too is his plan for a single regulator.

National energy ministers opposed the proposal for a European watchdog at a March 14 meeting, saying member states need to keep control and focus on aligning national regulatory systems.

Disunity over energy within the EU threatens to undermine Barroso's plans outside the region. He wants an EU-Russia energy agreement that would give European companies access to the Russian market, boosting investment and capacity there.

OAO Gazprom, the world's biggest gas producer, is the monopoly operator of Russia's gas network and also has a monopoly on exports. Russian President Vladimir Putin has defended Gazprom's role and he stood firm at a March 17 meeting with Barroso in Moscow.

``We certainly don't agree on everything,'' said Barroso. ``On access to networks within Russia, President Putin feels that, for the time being at least, that cannot be guaranteed.''

EU Trade Commissioner Peter Mandelson said Europe lost leverage to open Russia's energy market to European companies by endorsing the country's accession to the World Trade Organization in 2004 without gaining concessions in this area.

``There was a case at the time of the WTO negotiation to incorporate energy into this,'' Mandelson told reporters in Brussels two days ago. ``With hindsight, it might have been preferable to do so.''

EU Closes Dispute With Premier League (AP)

By RAF CASERT, Associated Press Writer

AP, March 23, 2006

The European Union closed a long-standing antitrust dispute with England's Premier League on Wednesday, forcing one the of richest leagues in the world to stop selling the rights to its live soccer matches exclusively to one TV channel.

"The solution we have reached will benefit football fans while allowing the Premier League to maintain its timetable for the sale of its rights," said EU Antitrust Commissioner Neelie Kroes, after the EU executive finalized the deal between both sides.

Under the agreement, live TV rights will be sold in six balanced packages with no one bidder being allowed to buy them all.

Premier League Chief Executive Richard Scudamore said the decision was "a good outcome for supporters, whether in the stadium or watching our broadcasts."

He added the Premier League "believes that the conditions are now in place to create maximum interest for our audiovisual rights and to take the world's most popular domestic football competition from strength to strength."

British Sky Broadcasting Group PLC - a pay channel owned by media mogul Rupert Murdoch - has held the exclusive rights to the richest broadcast contract in European sport for the past 13 years. The satellite broadcaster dominates Britain's pay-TV market with close to 8 million subscribers.

Kroes's office said the new commitments made until the end of the 2012-2013 season "will increase the availability of media rights, and improve the prospect of competition in providing services to consumers."

Packages will be sold to the highest standalone bidder for each package.

The agreement will allow the Premier League to prepare its bidding process for rights as of 2007. It will be monitored by a trustee named by the Commission.

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"The Commission could impose a fine amounting to 10 percent of FA Premier League's total worldwide turnover if it breaks its commitments," the statement from Kroes's office said.

BSkyB's nearest rival, cable operator NTL Inc., has already said the deal does not go far enough to deliver a level playing field and said the EU head office had ignored the "pubs and clubs" market which it said needed a critical mass of at least half of all matches to be economically viable.

Irish sports channel Setanta has also said it is interested in bidding. The deal also opens up rights for mobile phone broadcasts to more bidders.

The League's 20 clubs were worried that renegotiating the contract would cause big losses and drive some of them toward bankruptcy. Even Britain's wealthiest club - Manchester United - draws about a third of its income from broadcast rights.

In 2003, the Premier League awarded a 1.024 billion pound ($1.7 billion) exclusive deal to BSkyB from 2004 to 2007.

The EU complained that there was too little soccer left for free TV but it agreed to BSkyB's keeping its monopoly until 2007 on the condition that the 2007-2010 contract would offer substantial packages to a second bidder.

ENVIRONMENT:

Clean Air Craziness (WSJ)

The Wall Street Journal, March 23, 2006

Last Friday the D.C. Circuit Court of Appeals struck down a major plank of the Bush Administration's clean air strategy. The ruling is being cheered by Democrats and some self-styled environmentalists. But it's based on a bad reading of the law, and -- unless successfully challenged -- will lock the U.S. into an old-fashioned approach to regulation when better alternatives are available.

At issue is how to interpret a set of 1970s-era rules known as New Source Review (NSR). As the name itself suggests, the rules were intended to compel new power plants and refineries to install the latest in pollution-control technology. No less an authority than former Carter Energy Secretary Jim Schlesinger attests to this understanding, as do about 20 years of interpretive practice by the Environmental Protection Agency.

But in the late 1990s the Clinton Administration unilaterally decided it didn't like the fact that many older facilities had been "grandfathered" (its word), and decided that even routine maintenance like replacing a steam duct created "new" pollution sources, thereby triggering expensive NSR requirements. Among the utilities hauled into court were the government's own Tennessee Valley Authority and Detroit Edison -- the latter for installing more efficient (i.e., less polluting) turbines.

The Bush Administration understood the problems with the EPA's shifting stance, and in 2003 it issued new rules clarifying what constitutes "routine maintenance" and what triggers NSR. But in a sadly typical case of policy dissonance, it declined to rein in EPA and Justice Department bureaucrats who were still pursuing lawsuits under the Clinton-era interpretation.

That schizophrenic behavior has been having consequences in court. Last year Alabama-based federal Judge Virginia Hopkins threw out the bureaucrats' case against Alabama Power Co. in a ruling that upheld the Bush 2003 interpretation of NSR. She also chided the government for "the anomaly of utilities, like APC, being prosecuted for conduct that, if engaged in now, would not be prosecuted. Put another way, this action is a sport, which is not exactly what one would expect to find in a national regulatory enforcement program."

What happened last week was simply that another court decided to read this "anomaly" another way. The D.C. Circuit declared that the "plain language" of the Clean Air Act requires that all modifications and maintenance activities be seen as triggering NSR requirements. But that judgment implies 20 years of NSR misinterpretation before Clinton. The conclusion isn't entirely surprising, however, since in attempting to preserve the viability of the Clinton-era enforcement cases, the Bush Administration did not argue for the 2003 NSR clarification as forcefully as it could.

If the D.C. Circuit ruling stands, the Bush clean air strategy will lie in ruins, since it relies on a so-called "cap-and-trade" pollution permit system to allow the market to figure out how best to achieve emission reductions. Requiring every power plant making a repair to install the most expensive pollution-control technology would gut the incentive for such trading.

If the Bush Administration doesn't want to abandon its own policy, it has little choice but to fight back. For starters it should go ahead and issue the final piece of the NSR reform it's been working on, the so-called Emission Increase Rule. And if the Administration wants to win on appeal, the smart move would be to drop its internal policy contradictions and finally kill the Clinton-era NSR lawsuits, which can't be justified under the rules it will be trying to defend.

New Source Rebuke (WP)

The Washington Post, March 23, 2006

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ONE MIGHT HOPE that after its rebuke last week by the U.S. Court of Appeals for the D.C. Circuit, the Bush administration would reconsider its efforts to rewrite the rules governing power plant emissions. The three-judge panel included two of the court's more liberal judges and one of President Bush's most controversial recent conservative appointees, Janice Rogers Brown.

The panel threw out the Environmental Protection Agency's rule on what is called New Source Review as flatly at odds with the Clean Air Act. Unfortunately, there is no particular reason to expect the administration to come to its senses in response. It is still trying to curtail enforcement against old coal-fired plants that fail to install new pollution-control technologies.

Legally, New Source Review does not pose a hard question. The clean-air law, the relevant part of which was passed in 1977, did not require every plant to immediately retrofit with pollution-control technologies. But it did require that plants install new pollution-fighting equipment when they made "any physical change" that increased pollution output. This law went largely unenforced until the Clinton administration, which filed a number of actions against companies that had not complied. On taking office, the Bush administration -- while not dropping the lawsuits -- tried a different approach: rewriting the rules.

Under the new rule, which has been blocked by the court since its release in 2003, "any physical change" does not really mean any physical change, only a change that exceeds 20 percent of the replacement value of the plant or changes its basic design somehow. Anything short of that gets excluded as "routine maintenance." The court, quite rightly, was having none of it. "Only in a Humpty Dumpty world," wrote Judge Judith W. Rogers, could the government ignore Congress's use of a word such as "any." In other words, the Clean Air Act, including the provisions the administration doesn't like, means what it says.

Yet the administration may not have finished trying to read this law out of existence -- or, at least, into a more timid existence. It is still trying to redefine the other essential feature of a plant modification that triggers New Source Review: that the modification "increases" the amount of pollution the plant emits. Again, this seems like a straightforward matter. It increases it if the amount after the change exceeds the amount before it, right? Wrong -- at least according to the administration, which wants to define "increase" in terms of the emissions a plant is potentially capable of spewing rather than the actual amount of spewing it does. The D.C. Circuit -- the court whose interpretations bind the agency -- already rejected this interpretation in another case last year, making the proposed EPA policy seem simply lawless. The court's common-sense ruling last week is a promising sign that its judges won't sit still for further efforts to ignore the law.

Wall Street Lays Plans In Case Bird Flu Strikes (USAT)

By Adam Shell

USA Today, March 23, 2006

NEW YORK — Bird flu has yet to come even close to the USA's borders, but Wall Street analysts are already crafting advice on how investors can inoculate their portfolios if a pandemic breaks out.

Not since the SARS scare in Asia in spring 2003 — when Hong Kong stocks plunged 10% in six weeks before rebounding after the virus stopped spreading — has a health-related crisis put investors on edge.

Wall Street, which makes its living betting on what the future may look like, has been busy concocting what-if scenarios, handicapping winning and losing stock sectors, and educating clients in the science of bird flu. Recent ink devoted to the H5N1 virus:

·Special report. Citigroup recently sent clients a comprehensive 46-page report on bird flu that includes a brief history of the virus, risk factors and stock picks. The report was compiled by stock strategists, economists, government policy experts, epidemiologists and currency analysts from Europe, Japan, Australia and the USA.

·Stocks to watch. TrendMacro, an investment strategy firm that caters to big institutional investors, created an Avian Flu Index in October that now consists of 17 health care stocks that develop vaccines, anti-virals and other products likely to be in great demand if the avian flu scare morphs from a mere threat to deadly killer.

·First of a series. David Kotok, chief investment officer at Cumberland Advisors, on Friday released the first in a series of reports that will focus on the financial risks and psychological impact on investors.

“We thought it was important to get ahead of the curve on something that's going to become of increasing concern to the capital markets as the disease spreads,” says Paul Heldman, senior health policy analyst at Citigroup.

Avian flu primarily affects poultry but on rare occasions can infect humans, says the World Health Organization. More than 100 people have died from the virus since 2003, WHO says.

Earlier this week, U.S. government officials said migrating birds infected with avian flu may reach the USA within months. The virus has already spread across Europe, Asia and Africa.

The fear is that H5N1 will adapt into a strain that can be transmitted from human to human. If a fully contagious virus emerges, its global spread is considered inevitable because people will lack immunity to the virus, WHO says. Given inadequate supplies of medicines to fight the virus, large numbers of deaths could occur. So could massive economic and social disruptions.

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That's why Wall Street has added bird flu to its list of market negatives that include terrorism, protectionism, rising interest rates and Iran's nuclear ambitions.

“Why should investors care about the risk of a pandemic? Because the risk of a planetwide outbreak is very real. It's happened before,” says Donald Luskin, chief investment officer at TrendMacro.

The 20th century had three influenza pandemics:

The Spanish Flu in 1918 killed an estimated 50 million people, WHO says. The Dow Jones industrial average suffered a maximum loss of 11.1% in the peak death period, according to data compiled by Ned Davis Research (NDR).

The Asian Flu in 1957 and the Hong Kong Flu in 1968 resulted in estimated deaths of 2 million and 1 million, respectively, says WHO. The Dow fell almost 14% in 1957 and nearly 9% in 1968, NDR says.

How stocks do this time depends on what plays out:

·Best-case scenario. Markets will cheer if the virus never becomes transmissible from human to human. In that case, Luskin says, investors can make money investing in companies that make vaccines and testing therapies.

Examples, he says, include Gilead Sciences, the inventor of the anti-viral drug Tamiflu, which is being stockpiled by governments around the globe; Hemispherx Biopharma, which is seeking final approval for its anti-viral drug Ampligen; and Sinovac Biotech, a Chinese vaccine maker.

·SARS-like scenario. A mild pandemic that is contained could add up to a buying opportunity, says Citigroup's Heldman. Many of the stocks likely to decline from flu-related panic selling, such as airlines (Continental), hotels (Hilton) and shopping malls (Simon Property) would likely enjoy rebounds.

·Worst-case scenario. That's if a full pandemic hits, the economy shuts down, people die. Airlines, hotels and other businesses that involve travel or crowds will fall sharply. Citigroup says shares of drug companies, vaccine makers, and hospital and health care stocks (Tenet, Community Hospitals) will rise. Home entertainment providers, such as Blockbuster, should fare well. So, too, could safe investments such as Treasury bonds and cash.

But, “The losers will come under severe pressure,” says Heldman. Adds Luskin: “It will be like Hurricane Katrina on a global scale.”

Woody Dorsey, behavioral market strategist at Market Semiotics, says the fact that the virus can spread quickly and cause widespread havoc means it is likely to be more damaging to the economy and financial markets than a terrorist attack or severe hurricane.

“We're moving into a ‘bio-era' where computer viruses, physical viruses and fear move around the world quickly,” he says. “It's the downside of globalization.”

Schools Told To Prepare For Bird Flu (WP)

By Ben Feller

The Washington Post, March 23, 2006

WASHINGTON -- The nation's schools, recognized incubators of respiratory diseases among children, are being told to plan for the possibility of an outbreak of bird flu.

Federal health leaders say it is not alarmist or premature for schools to make preparations, such as finding ways to teach kids even if they've all been sent home.

School boards and superintendents have gotten used to emergency planning for student violence, terrorism or severe weather. Pandemic preparation, though, is a new one.

They have a lot to think over, top government officials said Tuesday.

Who coordinates decisions on closing schools or quarantining kids? If classes shut down for weeks, how will a district keep kids from falling behind? Who will keep the payroll running, or ease the fear of parents, or provide food to children who count on school meals?

"Those are the kinds of issues that I don't think people have spent a lot of time talking about yet," said Stephen Bounds, director of legal and policy services for the Maryland Association of School Boards.

"But if New Orleans and Katrina taught us nothing else, it taught us you need to be thinking about things ahead of time _ and preparing for the worst," Bounds said.

The urgency is about bird flu, the name for the deadly H5N1 strain of the avian flu.

It remains primarily a contagious bird disease. Typically spread from direct contact with contaminated birds, it has infected more than 170 people and killed roughly 100. None of those cases occurred in the United States, but officials say bird flu is likely to arrive this year in birds.

As outbreaks have hit Africa, Asia and Europe, officials have launched campaigns to educate the public. To help stop the spread of the disease, farmers have killed tens of millions of chickens and turkeys.

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Experts fear the virus could change into a form that passes easily among people.

In North Carolina on Tuesday, Education Secretary Margaret Spellings joined Health and Human Services Secretary Mike Leavitt to encourage schools to prepare. Spellings said schools must be aware that they may have to close their buildings _ or that their schools may need to be used as makeshift hospitals, quarantine sites or vaccination centers.

The government has created checklists on preparation and response steps, specialized for preschools, grade schools, high schools and colleges. The dominant theme is the need for coordination among local, state and federal officials.

Some of the advice is common sense, like urging students to wash their hands and cover their mouths when they cough or sneeze to keep infection from spreading. Other steps would take schools considerable time to figure out, such as legal and communication issues.

"I don't think that the issue of bird flu has resonated yet," said Reg Weaver, president of the National Education Association, which represents many of the country's teachers.

Weaver praised the federal government for providing guidance that can be plugged into a school district's crisis plan. But the sudden urgency on bird flu, he said, should not steal attention from the daily struggles schools face, like trying to keep their classrooms safe.

Children age 5 to 18 tend to be the biggest spreaders of flu viruses in the community, experts say. Schools may be ordered to close to prevent spreading the disease.

In Massachusetts, school administrators are considering using an automated phone bank to announce homework assignments and update parents. Another plan would use the Internet for communication between students and their teachers.

But those plans are limited, and many places have had budget cuts in technology, said Tom Scott, executive director of the Massachusetts Association of School Superintendents. "I don't think we're anywhere near having a systemic way of approaching this," he said.

Any school closing may not be for only a day or two. A shutdown would probably have to last a month or longer to be effective, said flu specialist Ira Longini, a faculty member at the Fred Hutchinson Cancer Research Center and a professor at the University of Washington in Seattle.

"The school itself plays a big role," said Longini. "It's just a massive mixing ground for respiratory illness."

At the college level, the American Council on Education, a higher education umbrella group, has alerted thousands of college presidents about the need to prepare for bird flu.

Federal health leaders have advised each college to establish a pandemic response team and plan for outbreak scenarios that could close or quarantine their campuses.

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On The Net:

Pandemic Flu school checklists: http://www.pandemicflu.gov/plan/tab5.html

A Clue Is Found On Why Bird Flu Is Slow To Spread Among Humans (WSJ)

By Antonio Regalado

The Wall Street Journal, March 23, 2006

Scientists have a new clue why the feared H5N1 strain of the avian-influenza virus hasn't spread easily among people.

According to research published this week by teams in the U.S. and the Netherlands, the bird virus primarily infects cells deep in the human lung, possibly making it difficult for the germ to spread.

The H5N1 avian-flu virus was first detected in Hong Kong in 1997, and has since claimed millions of birds and more than 100 human lives.

PREVENTING A PANDEMIC

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· See an FAQ on avian flu3, an interactive global map4 and track the latest developments in the Avian Flu News Tracker5.

· Plus, see complete coverage6.

The virus has continued to spread across the globe and has been detected in birds in both Europe and Africa, although not yet in the U.S.

Humans have very limited immunity to such avian viruses, and health authorities say that if the bird-flu virus begins to spread between people, it could spark a global outbreak of deadly respiratory disease.

That hasn't happened, and the new findings may help explain why.

Using tissues from human cadavers, researchers at the Erasmus Medical Center in Rotterdam studied which cells the bird virus would become attached to. According to Thijs Kuiken, a veterinary pathologist who directed the research, H5N1 attached to cells deep in the lung, but not cells in the throat, where human-flu viruses multiply. The study appears in the journal Science.

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Dr. Kuiken called the finding a possible explanation for why the avian virus doesn't jump easily between people. "It must reach the lower respiratory tract to replicate, and it's harder to spread by coughing and sneezing," he said.

Other doctors questioned that conclusion, saying that patients with such infections were likely to cough more heavily. "I don't think it directly affects the transmissibility just because it's in the lower respiratory tract," said Nikki Shindo, an influenza expert at the World Health Organization who has studied human cases, most recently in Turkey.

Dr. Shindo said that if the virus has to reach deep into the lung before causing an infection, that could make it harder to catch.

In a separate study released yesterday by the journal Nature, a research group headed by Yoshihiro Kawaoka of the University of Wisconsin-Madison reached similar conclusions after analyzing the specific molecules on human cells to which influenza viruses attach.

They found that molecules preferred by H5N1 are expressed mostly by cells deep in the lung. To spread between humans, the virus would need to adapt in a way that enabled it to attach to a different type of molecule present in cells higher in the respiratory tract.

"This restriction may contribute to the inefficient human-to-human transmission of H5N1 viruses seen to date," Dr. Kawaoka wrote in his report.

Researchers Shed More Light On Bird Flu (WP)

By David Brown

The Washington Post, March 23, 2006

Two research teams have independently discovered explanations for the chief features of the H5N1 bird flu virus -- its difficulty infecting humans, and the deadly effects when it does.

Unlike influenza viruses that are passed easily between people, H5N1 has a hard time attaching to cells in the nose, throat and upper airways. But it readily attaches to cells deep in the lungs.

This suggests that people need close and heavy exposure to the H5N1 virus for it to get into the lungs. But once it takes hold, it causes extensive damage to the machinery of respiration -- the cells and air spaces where oxygen is exchanged for carbon dioxide.

That scenario mimics the clinical experience of many of the 184 human cases of bird flu that have been officially recorded since late 2003. More than half have been fatal.

"This is information that we need to know -- fundamental and exciting," said Robert G. Webster, a leading flu virologist at St. Jude Children's Research Hospital in Memphis. He was not a member of either of the research groups, one of which published its results in yesterday's issue of the journal Nature, and the other online in Science.

Influenza infection occurs through a series of steps, with a key early one involving hemagglutinin, a protein that coats the virus's outer envelope. That protein attaches to sugar molecules that lie on the surface of many cells.

Virologists have known for years that human flu viruses attach through a sugar "linkage" designated alpha 2,6. The vast family of avian flu viruses favors a linkage with a different shape, designated alpha 2,3.

A research team led by Kyoko Shinya at the University of Wisconsin and the University of Tokyo looked at what cells in the human respiratory tract contain which linkage. They found that alpha 2,6 -- the receptor for human flu -- predominated in the nose and down the airways to the microscopic passageways that lead to the air sacs, or alveoli. At that point, cells with the alpha 2,3 linkage -- the receptor for bird viruses -- become common. Human viruses attached to the upper airways, while avian viruses attached to cells deep in the lungs.

The Japanese researchers, who published their findings in Nature, also tested an H5N1 virus taken from a person who died of bird flu in Hong Kong in 2003. That microbe's hemagglutinin recognized both the human and bird linkages, and it attached to cells from nose to lung. Most H5N1 samples isolated from people do not generally follow that pattern. The ability to bind to alpha 2,6 human receptors is one of several features that would have to become dominant for the H5N1 virus to become easily transmitted from human to human.

In the other paper, Thijs Kuiken and colleagues at Erasmus Medical Center in the Netherlands exposed H5N1 to blocks of tissue taken from all along the respiratory tree. They found the bird virus attached predominantly to cells at the entrance to the air sacs and in them, as well as to immune-system cells called alveolar macrophages that patrol the area.

This same pattern was seen in cats and ferrets. (Ferrets have traditionally been considered the species whose flu infections most closely mimic those of humans.) In mice, however, the pattern was reversed. H5N1 attached best to cells in the windpipe, not the lung -- suggesting mice are not the best animal model for research on this strain.

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In many of the fatal H5N1 infections, people's lungs were filled with fluid, the result of an out-of-control inflammatory reaction. Kuiken speculated that bird flu's affinity for macrophages -- which can release inflammatory chemicals -- may be part of the reason.

Studies Suggest Avian Flu Pandemic Isn't Imminent (NYT)

By Nicholas Wade

The New York Times, March 23, 2006

Two groups of researchers, in Japan and in Holland, say they have discovered why the avian flu virus is rarely if ever transmitted from one person to another.

The reason, the researchers propose, is that the cells bearing the type of receptor the avian virus is known to favor are clustered in the deepest branches of the human respiratory tract, keeping it from spreading by coughs and sneezes. Human flu viruses typically infect cells in the upper respiratory tract.

The avian virus would need to accumulate many mutations in its genetic material before it could become a pandemic strain, said Yoshihiro Kawaoka, a virologist at the University of Tokyo and the University of Wisconsin.

According to a University of Wisconsin news release approved by Dr. Kawaoka, "The finding suggests that scientists and public health agencies worldwide may have more time to prepare for an eventual pandemic."

Dr. Kawaoka's finding is published in today's issue of Nature, and a similar finding, by Thijs Kuiken and colleagues at the Erasmus Medical Center in Rotterdam, appears in this week's Science.

Flu experts already knew that people who contract the current avian flu virus, a type known as A(H5N1) or H5 for short, are infected in the lower lung.

Paul A. Offit, a virologist at the Children's Hospital of Philadelphia, said the new reports helped explain why the H5 virus, though it can infect people, does not easily spread from one person to another.

Virologists agree that a flu pandemic will happen sooner or later as one of the 16 types of flu virus in the animal world, probably one that infects birds, will manage to switch hosts, and grow and spread in humans. But they differ over whether H5 is the likeliest candidate to make such a switch. Previous pandemics have been caused only by H1- (the 1918 pandemic), H2- (the 1957 Asian flu) or H3-type viruses (the Hong Kong flu of 1968).

The H5 strain of avian flu has so far failed to develop a pandemic form. Some virologists fear it may need only better transmissibility. The new findings suggest that the virus could acquire such a property by switching its preference from the cell receptor found in the lower lung, known as alpha 2-3, to the receptor found on cells in the upper airways, known as alpha 2-6.

A team of scientists at the Scripps Research Institute reported in Science last week that only a couple of mutations might be needed to enable the H5 virus to make this switch to the alpha 2-6 receptor. This is the about same number of mutations made by the H1, H2 and H3 viruses when they adapted to infect people. Since viruses mutate fast, a two-mutation step is not such a big hurdle.

Because the H5 virus has killed about half of the 187 people it has infected, "a lot of its genes are already optimized for virulence," said James C. Paulson, a member of the Scripps team. For H5 to become pandemic, "the key gene that needs to be mutated is the HA gene," he said, referring to the hemagglutinin gene that makes the protein probe used by the virus to latch onto a cell's receptor sites.

Though H5 may seem only a couple of steps from transmissibility among people, many virologists believe mutations in several other genes would be necessary as well, even though those changes are not yet well understood.

Viruses find it difficult to switch hosts, and though they may quite often cause outbreaks in just a few individuals, "viruses that produce a self-sustaining chain of transmission in the new host appear rare," Dr. Kawaoka writes in the current Annual Review of Microbiology. "Most of these transfers are dead ends," he said.

The H5 virus has been present in the human population since the late 1950's, said Dr. Offit of Children's Hospital, but has never acquired the full set of mutations needed to set off a pandemic. Such epidemiological evidence "should make us feel safe that there's a substantial barrier," he said, noting the small number of people who have been infected.

Dr. Offit said it was a good thing to worry about the next flu pandemic, given that about three can be expected every century. "What's not good is to try to sell the public on their fear of pandemic flu being this particular bird flu, since if it's not, crying wolf will lose you credibility," he said.

Peter Palese, a virologist at the Mount Sinai School of Medicine, said he did not believe the H5 virus could infect people except when they were exposed to large doses, for example, by sleeping in the same room as chickens. "I feel strongly that H5 has been around in humans for a long time and never caused a pandemic, suggesting that this is not the virus which is likely to be the next pandemic," he said.

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But like Dr. Offit, Dr. Palese said he fully supported plans for better preparations for the next flu pandemic, whatever its source. "People have to understand we are not really prepared should it come," he said.

China Agrees To Hand Over Bird Flu Samples (FT)

By Andrew Yeh In Beijing

Financial Times, March 23, 2006

Chinese officials have promised to provide numerous bird flu virus samples to global health researchers, a rare move that will help accelerate research into the lethal disease, World Health Organisation officials said on Wednesday.

For several months, Beijing has been willing to share genetic sequencing information with international health officials but provided only a few live virus samples. But WHO representatives said the Chinese government had pledged to share more animal and human viruses with greater frequency.

Beijing's compliance, if followed through, is a sign of more intimate cooperation with the global health community.

The move reflects a change in attitude among Chinese government researchers, who at times have been reluctant to share samples for fear of not being recognised for any breakthrough findings published overseas.

The WHO expects to receive shipments of up to 20 samples of wild birds and poultry infected by the H5N1 virus within a few weeks, according to Julie Hall, a Beijing-based infectious disease expert with the organisation.

Shigeru Omi, WHO's western Pacific director, said greater exchange of H5N1 information was crucial since the disease is "very changeable".

Western health authorities argue that the swapping of bird flu virus samples is imperative as long as pandemic risks exist, and improves the chances of developing a prototype vaccine.

The disease has killed 103 people worldwide since 2003, according to the WHO. Even as most cases have come from contact with birds, many fear the virus may mutate into a form that can spread with greater efficiency.

Since 2004, with bird flu spreading more quickly in Asia, Beijing has provided only a handful of animal virus samples to the WHO.

The new samples being promised are expected to be analysed at advanced laboratories around the world, and will likely be injected into mice and ferrets, to study the antibodies those animals produce.

The WHO is at the same time seeking to get new human virus samples from the health ministry in China, which has reported 15 human cases to date. China's Centre for Disease Control and Prevention provided the WHO with two human virus strains at the end of last year.

Chinese researchers have similarly requested reciprocal sharing of viruses from other countries and global organisations. After the Sars outbreak in 2003, Beijing has been determined to improve its scientific research innovation.

"China has the high capacity to do much of the work themselves," said Dr Hall, who noted that China's earlier resistance to sharing viruses is now "behind us".

Man Cleared Of Nevada Petroglyph Theft Says 'my Life Was Trashed' (AP)

By SCOTT SONNER, ASSOCIATED PRESS

AP, March 23, 2006

RENO, Nev. (AP) - One of two men whose federal conviction for stealing American Indian artwork was overturned says the pair simply wanted to protect the ancient petroglyphs from encroaching development.

Carroll Mizell, who served 10 months in prison after being found guilty in June 2004 of stealing the rock art said "we wanted to save the property.

"My whole intent was to free these things so they wouldn't be destroyed," Mizell told The Associated Press on Wednesday from Redmond, Ore.

"We didn't do this because we wanted to put them on e-Bay," he said.

The 9th U.S. Circuit Court of Appeals ruled Tuesday that the Justice Department failed to prove the rock art taken from a national forest on the edge of Reno had a market value of more than $1,000, a requirement for a felony conviction of government theft.

Mizell and John Ligon of Reno admitted during their federal court trial in Reno that they took three boulders with etchings of an archer and bighorn sheep from the Humboldt-Toiyabe National Forest. But they insisted they didn't know it was illegal, partly because there were no signs marking the site.

Forest Service officials believe the petroglyphs are at least 1,000 years old. They were located within a few hundred yards of backyards in a neighborhood in northwest Reno where hundreds of new homes are scheduled to be built.

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Natalie Collins, a spokeswoman for the U.S. Attorney's Office in Las Vegas, said federal prosecutors are considering asking the appeals court to reconsider the case but they had no further comment.

Mizell said he did not feel vindicated by the ruling.

"This is crazy what I've been through and now they say, `Oh, we made a mistake?'" said Mizell, an artist who lived in Van Nuys, Calif., and Reno, but now works as a glass blower in Oregon.

"My name was trashed in the community. I was made out to be a thief, man - like I'm a rock thief, I attacked the Indian culture. It was as if we might as well just gone and dug up some graves the way they treated us," he said.

"I've done 10 months in prison. I've seen two shrinks who have me on two types of meds to cope with it."

The men were arrested after a neighbor saw a news account of the theft and notified police that the boulders - one weighing 300 pounds - were being used as landscaping in Ligon's front yard.

"John said, `Let's put them there.' I said we needed to give them to an Indian museum and I made some calls to do that," he said.

David Houston, Mizell's lawyer, made the same argument during the trial.

"There are times people will take artifacts knowingly to sell on the black market. ... loot or raid or rob a site of antiquities for the purpose of knowingly taking artifacts to their home or to a secret place where they and they alone can view it. This is not that kind of case," Houston told the jury.

Mizell wanted to "protect these rocks. ... to avoid having the developers literally chew them up and spit them out," he said.

In their ruling, the 9th Circuit judges said prosecutors could not use evidence of the archaeological value of the petroglyphs to prove a government theft charge that hinged on a "market value" of more than $1,000.

A Forest Service archaeologist testified at the trial that the petroglyphs had an archaeological value of about $8,000, and William Dancing Feather, cultural resources coordinator for the Washoe Tribe, said the tribe considered the petroglyphs a priceless treasure.

N.H. Lawmakers Approve Limits On Eminent Domain (AP)

The Associated Press

AP, March 23, 2006

New Hampshire lawmakers gave preliminary approval Wednesday to a constitutional amendment that would limit government's ability to seize private property.

The measure was prompted by a U.S. Supreme Court ruling last year that allowed New London, Conn., to take a group of older homes along the waterfront and turn them over to a developer who plans to build offices, a hotel and a convention center.

The state House and Senate voted overwhelmingly in favor of identical resolutions. For the measure to win approval, both chambers must pick one resolution and pass it.

Then the amendment would be put to a statewide vote, probably in November. Two-thirds approval would be needed for ratification.

The amendment would prohibit the taking of private property for use by private developers.

After the high court's eminent domain ruling, activists tried to seize Supreme Court Justice David Souter's 200-year-old New Hampshire farmhouse in retaliation for voting with the majority.

Earlier this month, voters in the town of Weare decided to leave Souter's house alone and instead urged the Legislature to take action.

Special Interests Vs. Virginia Taxpayers (WT)

By Jeremy Hopkins

The Washington Times, March 23, 2006

Just as the fox cannot be trusted to protect the hen house, the Virginia General Assembly once again proved it cannot be trusted to protect Virginians' private property.

The Supreme Court's infamous decision in Kelo v. City of New London, which allows the government to take property from one person simply to give it to another, caused most states to take action to prohibit such abuses. However, the General Assembly refuses to limit the power of eminent domain in Virginia. It ended its 2006 legislative session without passing legislation to eliminate the abuses in Kelo.

The General Assembly's refusal to protect Virginia property owners is even more troublesome given Virginia's track record. The abuses in Kelo are not new to Virginians. In 2003, the Virginia Supreme Court allowed the City of Hampton to take Frank and Dora Ottofaro's property and give 82 percent of the Ottofaros' property to a private developer. In 2005, the Norfolk

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Redevelopment and Housing Authority attempted to take a small-business owner's property to build a parking lot for the Coca-Cola company, which owned the adjacent property.

The most egregious abuse occurred in Halifax County, where the County Board of Supervisors took one man's property solely to construct a paved driveway for the man's neighbor. In that case, a politically connected family asked the board to take its neighbor's property to construct a paved driveway to serve the family's property. The family then cut the board a check for the purchase price of the neighbor's property.

The driveway, which adds great value to the family's property, serves only the family and its visitors. The driveway extends 4/10 of a mile and dead-ends into the family's property. The Halifax County Circuit Court ruled that Virginia law does not prohibit such takings.

Not only has the General Assembly refused to correct such abuses, it also continues to carelessly dispense the power of eminent domain to countless entities, both public and private. Most representatives cannot name a fraction of the entities that can take Virginians' homes, farms and businesses. The General Assembly has even given mosquito-control commissions the power to take Virginians' property. The result of the General Assembly's delegations of power is that Virginians' homes, farms, and businesses are now subject to the whim of unelected and unaccountable bureaucrats and corporate officials who wield immense power over the property of individual Virginians.

The only thing more disturbing than the number of entities able to take Virginians' property is the amount of power the General Assembly has given many of these same entities. The Virginia Code allows housing authorities to take one man's home simply because his neighbor's property is "blighted." In other words, if your neighbor fails to maintain his home, the housing authority can take your home. The absurdity of such laws is amplified by city charters such as Norfolk's, which allows the city to take property "for any purposes of the city." The charter even allows the city to sell or transfer property it takes to any person it desires, without restriction.

Why does the General Assembly refuse to protect property owners? The answer is simple: politics. While property owners are busy working to pay their taxes and provide for their families, a strong condemning authority lobby has seized Virginia representatives. Unlike the average citizen, condemning authorities have ample time and resources to employ lobbyists, bureaucrats and other officials dedicated to mustering the support of Virginia representatives.

Virginians' own state agencies and local governments, as well as large private corporations that have the power of eminent domain, spare no expense in fighting to ensure that the General Assembly does not place any real restrictions on their power to take people's property. It is ironic that the government often spends the very tax dollars collected from property owners themselves to lobby against the owners. In essence, Virginia property owners involuntarily fund the denial of their own property rights.

In addition to its strong and politically connected lobby, condemning authorities give thousands of dollars in campaign contributions to Virginia representatives. Aside from straightforward contributions, many of the representatives are lawyers who either personally or through their law firms rake in thousands of dollars representing condemning authorities.

Many of the lawmakers with this apparent conflict of interest hold key positions on the committees affecting any potential eminent-domain reform.

These representatives often kill any legitimate eminent-domain reform bills or render such bills meaningless before the bills ever leave committee and get to the floor of their respective houses.

With this said, the division over eminent domain reform is not Republican vs. Democrat. The only division is the takers vs. the taken from. In other words, the division is special interests vs. grass-roots, the politically connected vs. the politically disconnected, or the government (to include private corporations with the governmental power of eminent domain) vs. the people. Unfortunately for Virginians, the General Assembly -- whose own actions and careless delegations of power created the abuses in Virginia -- continues to side with the takers.

Unless and until Virginians demand a constitutional amendment to place real restrictions on the General Assembly's power of eminent domain, no Virginian's home, farm or business will be secure.

Jeremy Hopkins is of counsel with Waldo & Lyle, P.C., a Virginia law firm that represents property owners in eminent domain cases.

Of Mice And Men (WSJ)

By Stephen Moore

The Wall Street Journal, March 23, 2006

DENVER -- Here in Colorado, the hottest political issue of the day may not be the war in Iraq or the out-of-control federal budget, but rather the plight of a tiny mouse. Back in 1998, a frisky eight-inch rodent known as the Preble's meadow jumping mouse gained protective status under the 1973 Endangered Species Act (ESA). What has Coloradans hot under the collar is

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that some 31,000 acres of local government and privately owned land in the state and stretching into Wyoming -- an area larger than the District of Columbia -- was essentially quarantined from all development so as not to disrupt the mouse's natural habitat. Even the Fish and Wildlife Service concedes that the cost to these land owners could reach $183 million.

What we have here is arguably the most contentious dispute over the economic impact of the ESA since the famous early-'90s clash between the timber industry and the environmentalist lobby over the "endangered" listing of the spotted owl in the Northwest. That dispute eventually forced the closure of nearly 200 mills and the loss of thousands of jobs. Last week the war over the fate of the Preble's mouse escalated when a coalition of enraged homeowners, developers and farmers petitioned the Department of the Interior to have the mouse immediately delisted as "endangered" because of reliance on faulty data.

The property-rights coalition would seem to have a fairly persuasive case based on the latest research on the mouse. It turns out that not only is the mouse not endangered, it isn't even a unique species.

The man who is almost singlehandedly responsible for exposing the truth about the Preble's mouse is Rob Roy Ramey, a biologist and lifelong conservationist, who used to serve as a curator at the Denver Museum of Nature and Science. Mr. Ramey's research -- published last year in the peer-reviewed journal Animal Conservation -- concluded that the Preble's mouse "is not a valid subspecies based on physical features and genetics." The scientist who conducted the original research classifying Preble's as unique now agrees with Mr. Ramey's assessment. Even scientists who defend extending the mouse's "endangered" status admit that it is 99.5% genetically similar to other strains of mice.

Nor is the mouse on the road to extinction. "The more people look for these mice, the more they find. Every time scientists do a new count, we find more of the Preble's mouse," Mr. Ramey says. It's now been found inhabiting twice as many distinct areas as once thought. These are mice, after all, and the one thing rodents are proficient at is breeding. The full species of the meadow jumping mouse, far from being rare, can be found over half the land area of North America.

"The federal government has effectively shut off tens of millions of dollars of economic development," complains coalition spokesman Kent Holsinger, "based on saving a species that we now know doesn't even exist." But green groups and Department of Interior bureaucrats, who regard the ESA as a sacred pact -- the modern-day equivalent of Noah's Ark, as former Interior Secretary Bruce Babbitt called it -- pledge to fight any change in status.

Not surprisingly, Mr. Ramey has been accused of being "dishonest," a "whore for industry" and a "shill for the Bush administration." Under intense political pressure from environmental activists, he was removed from his curator's job at the museum. "I've been nearly stampeded by a herd of agitated elephants in Africa and suspended from some of the highest cliffs in North America, but nothing prepared me for the viciousness of the attacks from the environmentalist lobby," he tells me.

Meanwhile, the Preble's mouse continues to impose huge costs on local communities. One water district in Colorado was recently required to build two tunnels for the mice under a man-made pond to spare the critters the inconvenience of having to scurry around it. Regulators asked local officials if it would be feasible to grow grass in the tunnels for the mice, which was only slightly less absurd than padding the mouse thoroughfares with red carpet. The extra cost to the water project to make it mouse-friendly? More than $1 million. The Fish and Wildlife Service also has the authority to assess penalties on property owners if they even inadvertently spoil mouse habitat. Owners can even be fined if their cats do what cats do: chase and apprehend mice.

A comprehensive 2003 survey found that more than one in four land owners impacted by the Preble's mouse regulation "admitted to actively degrading habitat following the species listing in 1998." This is often precisely what happens in these situations: Because most of 1,500 or so species that have been listed as threatened since 1972 are anything but, people have no respect for the designation and attempt to force the species away from their land. They call it "shoot 'em, shovel 'em and shut up." For truly endangered species, the ESA is a disaster.

Many individuals have been so strong-armed by federal bureaucrats that they have come to believe -- with good reason -- that the original and widely supported intent of the ESA has been subverted into a back-door means to slam the brakes on economic development. "It's a cost-free way for the government and the greens to impose land-use control on property owners," says R.J. Smith, an ESA expert at the Competitive Enterprise Institute.

Therein lies the crux of the problem. The law tries to achieve the societal policy goal of saving species from extinction by imposing all of the costs on a hapless few. House Resources Committee Chairman Richard Pombo has sensibly proposed reforms that allow landowners to get fair compensation from the government if their land is depressed in value due to a wetlands or endangered species designation. That seems equitable: If society wants to preserve habitat for the common good, then the cost should be borne by all taxpayers, not individual landowners, who would no longer regard endangered species as an economic plague.

If anything good can come out of the Preble's mouse fiasco in Colorado, it will be that it has awakened Congress to the reality that the ESA isn't just failing property owners but the very irreplaceable species it was designed to protect.

Mr. Moore is a member of The Wall Street Journal's editorial board.

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FBI/DEA/ATF/USMS:

U.S. Indicts Colombia Guerrilla Leaders (AP)

By Mark Sherman

AP, March 23, 2006

WASHINGTON - The United States charged 50 leaders of Colombia's largest guerrilla group with sending more than $25 billion worth of cocaine around the world to finance their fight at home, a federal indictment that depicts the rebels as major narco-terrorists.

The indictment made public Wednesday in U.S. District Court said the leaders of the Revolutionary Armed Forces of Colombia, or FARC, ordered the killings of Colombian farmers who did not cooperate with the group, the kidnapping and killing of U.S. citizens and the downing of U.S. planes seeking to fumigate coca crops.

U.S. officials said the indictment strikes a blow against the group because it lays out the FARC's hierarchy and details of its operations. "Members of the FARC do not want to face American justice," Attorney General Alberto Gonzales said.

He acknowledged that 47 of those charged remain at large, probably in well-defended jungle strongholds that have so far proved beyond the reach of Colombian authorities.

The FARC supplies more than half the world's cocaine and 60 percent of the drug that enters the United States, the indictment said. "The FARC's fingerprint is on most of the cocaine sold in America's neighborhoods," said the head of the Drug Enforcement Administration, Karen Tandy.

Washington-based experts on Colombia said the actual numbers probably are lower, but are significant. Right-wing paramilitary groups also are heavily involved in the cocaine trade, the experts and the indictment said.

The FARC uses proceeds from the cocaine trade to purchase weapons in its four-decade fight to overthrow the Colombian government, the indictment said. A grand jury returned the indictment on March 1; it remained under seal until Wednesday.

The U.S. and the European Union have designated the FARC a terrorist organization.

Colombia President Alvaro Uribe, Washington's closest ally in South America, has waged an aggressive fight against the FARC and stepped up efforts to eradicate his country's coca crop. Uribe faces re-election in May and has been leading in the polls.

The U.S. has spent more than $3 billion since 2000 to reduce Colombia's coca crop and the flow of cocaine to this country. The results have been lackluster, said John Walsh, senior analyst at the Washington Office on Latin America, a think tank.

The indictment is intended to show that U.S.-Colombian cooperation is "successfully getting at the drug-trafficking industry and attacking drug financing," Walsh said.

Phillip McLean, a former American diplomat who now is at the Center for Strategic and International Studies, said he expects the charges will influence the debate in Colombia between those who view the FARC as a traditional guerrilla group with a political agenda and those who see it as a criminal organization.

"This indictment clearly puts the weight on the side of those who say these guys are bandits," said McLean, who served in Colombia in the 1980s and recently returned from a trip there.

The State Department said it would pay up to $75 million in rewards for information leading to the arrest of 24 FARC leaders named in the indictment.

Three others charged in the drug conspiracy are in custody in Colombia and U.S. officials said they would seek to have them extradited. They are: Jorge Enrique Rodriguez Mendieta, Erminso Cuevas Cabrera and Juan Jose Martinez Vega, authorities said.

More than 400 Colombians have been extradited to the United States to face criminal charges, officials said. Two accused FARC leaders already are awaiting trial in Washington on narcotics charges.

The FARC is holding more than 60 hostages, including three U.S. defense contractors kidnapped in February 2003, when their small plane crashed in the jungles of southern Colombia during an anti-narcotics mission.

U.S. Indicts 50 Colombians For Cocaine Trafficking (LAT)

By Michael Muskal, Times Staff Writer

The Los Angeles Times, March 23, 2006

The United States has indicted 50 top leaders of the leading leftist militia in Colombia on drug charges of sending more than $25 billion worth of cocaine abroad.

In a one-count indictment unsealed this morning, a federal grand jury has charged 50 leaders of the Revolutionary Armed Forces of Colombia, known by its Spanish initials as FARC. The U.S. will seek to extradite three of the defendants who are in

custody in Colombia and offered rewards that total $75 million for information leading to the arrest of the others who are believed to be in areas controlled by the militia.

U.S. officials say FARC has sent about 60% of the cocaine imported into the U.S., then used the money to support its long-term insurgency against Colombia, now led by pro-U.S. President Alvaro Uribe.

"This indictment strikes at the very heart of the FARC narcotics operation that has flooded our communities with cocaine," said Atty. Gen. Alberto R. Gonzales. "Because of unprecedented cooperation between United States and Colombian authorities, we are closer than ever before to reaching our goal of bringing the leaders of this narco-terrorist group to justice in the United States."

Among the leaders being sought are the seven figures who sit on the FARC Secretariat, the militia's ruling body, and 17 members of the estado mayor, or governing council, U.S. officials said at a news conference this morning in Washington.

"The Department of State's Narcotics Rewards Program has successfully targeted the Cali, Medellin and Norte del Valle cartels in Colombia, bringing many of their top leaders to justice," said Anne Patterson, assistant Secretary of State for International Narcotics and Law Enforcement. "The FARC, responsible for much of the cocaine trafficked to the United States, is now in our sights."

Formed in the mid-1960s, FARC is Latin America's oldest leftist insurgency, with perhaps as many as 17,000 fighters. It has engaged in tactics from kidnappings to battles with Colombia troops.

FARC's ties to drug-running have long been established. Colombia has received about $4 billion in U.S. aid to fight FARC since 2000. On Dec. 31, 2004, Simon Trinidad, the highest-ranking FARC leader ever captured, was extradited to the United States on drug charges.

Uribe is credited with improving security in Colombia, where the number of kidnappings and massacres are down. He was able to push through a constitutional amendment abolishing a one-term limit on presidents so that he can run again in May.

The indictment outlines FARC's efforts to collect millions of dollars in cocaine proceeds and use the money to purchase weapons.

"The defendants also allegedly ordered FARC members to kidnap and murder U.S. citizens to discourage the U.S. government from disrupting the FARC's cocaine-trafficking activities," the Justice Department said.

The indictment also alleged that FARC leaders "authorized their members to shoot down U.S. fumigation planes, and plotted to retaliate against U.S. law enforcement officers who were conducting the investigation into the FARC's narcotics activities."

Gonzales said the three in custody are Jorge Enrique Rodriguez Mendieta, also known as "Ivan Vargas," Erminso Cuevas Cabrera, who uses the name "Mincho," and Juan Jose Martinez Vega, whose pseudonyms include "Gentil Alvis Patino" and "Chiguiro."

If convicted the defendants could face a minimum of 10 years in prison.

U.S. Indicts 50 Leaders Of Colombian Rebels In Cocaine Trafficking (NYT)

By Juan Forero

The New York Times, March 23, 2006

BOGOTÁ, Colombia, March 22 — A federal grand jury in Washington has indicted 50 commanders of Colombia's largest Marxist rebel group, accusing them of running an extensive cocaine trafficking cartel that protects its operations through widespread killings and intimidation, Attorney General Alberto R. Gonzales announced Wednesday.

The indictment accuses the group, the Revolutionary Armed Forces of Colombia, of being behind 50 percent of the world's cocaine trade and 60 percent of the cocaine exported to the United States.

"We believe these men are responsible for not only manufacturing and exporting devastating amounts of cocaine, but enforcing their criminal regime with violence," Mr. Gonzales said.

The practical impact is unclear, since 47 of the 50 commanders remain free in this vast country, leading thousands of fighters in the group's relentless effort to topple President Álvaro Uribe's government. Three are in Colombian custody, and the United States will seek their extradition, American officials said.

The indictment says rebel commanders ordered their fighters to shoot down crop dusters and to kidnap and kill American citizens, in an effort to dissuade policy makers in Washington from continuing to sponsor a fumigation campaign against the coca plant, from whose leaves cocaine is made.

Some charges in the document may be hard to prove, like those linking commanders to drug operations years ago when the rebel group was believed to be far less involved in the cocaine trade.

But high-ranking Colombian government officials interviewed in Bogotá on Wednesday welcomed the indictment, saying it demonstrated the Bush administration's long-term commitment to Mr. Uribe, the United States' closest ally in Latin America.

"We see this as a recognition of the clear relationship between terrorism and narcotrafficking," said Defense Minister Camilo Ospina. "This shows that a big decision has been made to carry out the final battle against narcotrafficking and terrorism."

The indictment came just days after a coalition of pro-government parties took control of Colombia's 268-member Congress, a decisive political victory for Mr. Uribe. The victory strengthens his chances of winning re-election in May and gives him the political leverage to follow through with his agenda, including aggressively fighting the rebel group with Colombia's Washington-backed army.

With billions of dollars in backing from the United States, Colombia has sprayed much of its drug-crop acreage and carried out army offensives against the rebels. The chief of the national police, Jorge Daniel Castro, said Wednesday in an interview that the group was "in a defensive position" as a result of the military offensives and the fumigation. "We're seeing that they don't have the capacity that they had before," he said.

But the group continues to control wide swaths of territory and has been increasingly active in neighboring Ecuador and Venezuela, where it operates camps for its fighters and traffics cocaine. The group also continues to attack civilians; last month, rebel commandos burst into a meeting in the town of Rivera, southwest of Bogotá, and gunned down nine council members.

Cynthia Arnson, a Colombia expert who is director of the Latin America program at the Woodrow Wilson International Center for Scholars in Washington, noted that it remained difficult to gauge whether the group had suffered big setbacks or had voluntarily withdrawn into the jungle. "This indictment," she said, "could be the beginning of an enormous political and diplomatic offensive to capitalize on whatever military momentum has been achieved."

Mr. Gonzales did not elaborate on what American officials would do to go after individual commanders but said that there were "effective options" and "they all remain on the table." The State Department said it would provide rewards of up to $5 million for information leading to the arrests of members of the rebel group's governing seven-member secretariat.

The leader of the group is Pedro Antonio Marín — better known by his nom de guerre, Manuel Marulanda — a former chicken farmer who first took up arms in the 1950's during Colombia's internecine political conflict of that era. He later helped found the rebel group, turning a peasant army into the richest, best-equipped Marxist insurgency in Latin America.

The indictment offers a look at how the group went from leveling taxes on farmers who grew coca to operating clandestine airstrips and helping to build an international cocaine distribution network. It also details the brutality used by the group to enforce its dominance of the drug trade. It says commanders ordered the killing of farmworkers who did not comply with the group's rules, in some cases dismembering them or filling their corpses with rocks and sinking them in rivers.

Colombian Rebels Face Drug Charges (WT)

By Jerry Seper, The Washington Times

The Washington Times, March 23, 2006

Fifty leaders of the leftist Revolutionary Armed Forces of Colombia (FARC) have been named in a federal grand jury indictment on charges of exporting more than $25 billion worth of cocaine, half the world's illicit supply, in the largest U.S. drug-trafficking case.

"From their jungle hideaway, the FARC uses the drug trade to bankroll terrorism in Colombia, finance attacks on innocent citizens and poison Americans," said U.S. Drug Enforcement Administration (DEA) chief Karen P. Tandy. "Today's indictment challenges that lawlessness, and the FARC leadership should prepare to face the justice that they have long denied to so many."

Mrs. Tandy said the indictment "addresses and decimates the entire leadership of the FARC."

The one-count indictment, handed up March 1 in U.S. District Court in Washington and unsealed yesterday, "strikes at the very heart of the FARC narcotics operation," said Attorney General Alberto R. Gonzales, adding that the terrorist-designated organization collected millions of dollars in cocaine proceeds and used the money to purchase weapons for its 42-year-long war against the Colombian government.

FARC "is one of the Justice Department's highest-priority targets in our fight against illegal drug trafficking," Mr. Gonzales said. "For years, this group has controlled the production and distribution of massive amounts of cocaine that ends up in America's communities. Members of the FARC do not want to face American justice."

Three of the charged FARC leaders -- Jorge Enrique Rodriguez Mendieta, Erminso Cuevas Cabrera and Juan Jose Martinez Vega -- are in custody in Colombia, and the U.S. will seek their extradition to face trial in the United States. More than 400 Colombians have been extradited to the United States to face criminal charges, and two accused FARC leaders are awaiting trial in Washington.

Andres Pastrana, Colombia's ambassador to the U.S., said the indictment was based on evidence gathered by American officials who worked "in very close collaboration with Colombian authorities."

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"Colombia is one of the main victims of the global war on drugs. Thousands of innocent citizens, journalists, judges, politicians, soldiers and police officers have given their lives to this cause," said Mr. Pastrana, a former Colombian president who was kidnapped by the Medellin drug cartel during his 1988 race for Bogota mayor and later rescued by police. "Colombia has been and remains deeply committed to defeating the drug trade."

FARC has about 17,000 members and controls wide areas of the country, so rounding up the other 47 indicted leaders will be a difficult task. The State Department announced rewards yesterday of $75 million for information leading to the capture of 24 of the leaders still at large, all members of FARC's governing council.

In addition to half the world's supply of cocaine, FARC was responsible for more than 60 percent of the drug that enters the United States every year, Mrs. Tandy said, adding that the organization controlled every aspect of its production and distribution, even setting the prices paid to Colombian farmers for coca paste, the raw material used to produce cocaine.

According to the indictment, the FARC leaders used terrorism and violence to further their cocaine-trafficking activities, ordering the deaths of Colombian farmers who sold coca paste to non-FARC buyers. It said the farmers who violated FARC rules were shot, stabbed or dismembered alive, their bodies cut open, filled with rocks and sunk in nearby rivers.

The indictment also said the FARC leaders also ordered the kidnap and killing of Americans to discourage the U.S. government from disrupting the organization's cocaine-trafficking activities. It also said the FARC leaders authorized their members to shoot down U.S. fumigation planes and plotted to retaliate against U.S. law-enforcement officers conducting investigations into FARC's narcotics activities.

Three U.S. contractors are among 60 hostages being held by FARC.

The indictment said:

·Rodriguez Mendieta, also known as "Ivan Vargas," was a member of the FARC's leadership council and commander of its 24th Front unit. He is accused of directing the purchase of cocaine paste and transmitting billions of Colombian pesos in cocaine profits to FARC officials, and the indictment said he ordered the slayings of eight farmers, including several whom he personally dismembered alive.

·Cuevas Cabrera, who also was called "Mincho," was a FARC associate who managed cocaine laboratories for the organization's 14th Front unit, where he supervised the production and distribution of hundreds of thousands of kilograms of cocaine. He has been in custody since 2004.

·Martinez Vega, also known as "Chiguiro," was a FARC associate who provided large quantities of arms and ammunition to the organization in exchange for thousands of kilograms of cocaine. He was arrested on drug charges in Venezuela and turned over to Colombian authorities in early 2005.

U.S. Indicts Leaders Of Colombian Guerrillas On Trafficking Charges (KRT)

By Pablo Bachelet And Steven Dudley

Knight Ridder, March 23, 2006

BOGOTA, Colombia - In an unprecedented legal move, the U.S. government Wednesday indicted the entire top leadership and 43 other commanders of Colombia's FARC guerrillas on charges of running a $25 billion drug trafficking network responsible for 60 percent of the cocaine on U.S. streets.

Accused in the indictment were Pedro Antonio Marin, aka Manuel ``Sureshot'' Marulanda, legendary leader of Latin America's largest and oldest leftist guerrilla organization, and all six other members of its ruling secretariat.

The indictment is likely to make it easier for the U.S. Congress to continue funding for Plan Colombia, a multibillion dollar effort to combat drug trafficking, and military aid for the conservative government of President Alvaro Uribe, one of the strongest U.S. allies in the region.

But analysts said it may not have much impact on an estimated 18,000-strong guerrilla force whose leaders are deeply entrenched in the far reaches of a country the size of France, flush with drug money and showing signs lately of recovering from a three-year-old military offensive.

If captured, however, the FARC leaders would face possible extradition to the United States to be tried on charges that could keep them in prison in the U.S. for decades.

The Revolutionary Armed Forces of Colombia, or FARC, has long been known to collect payments from coca farmers and drug traffickers, as well as businessmen, cattle ranchers and shop owners, to finance its four-decades-old insurgency.

But the indictment unveiled by Attorney General Alberto Gonzales at a news conference in Washington alleges that the FARC has taken its involvement in the drug trade significantly further in recent years, earning as much as $25 billion.

``The FARC has evolved into the world's largest supplier of cocaine and cocaine paste,'' a semi-processed product that must be refined into cocaine, the indictment alleges.

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``This is the largest narcotics-trafficking indictment ever filed in U.S. history and fuels our hope to reduce narco-violence in Colombia and stem the tide of illegal drugs entering our country," Gonzales said.

The indictment seemed to signal a major shift in the United States' view of the guerrillas. While previous statements by U.S. officials linked specific FARC members to drug trafficking, the new charges implicate the entire FARC command structure in an organized cartel and is the first to mention Marulanda and his fellow top commanders as the masterminds.

In addition to the secretariat members, the indictment names 20 members of the FARC's military ``high command" and numerous lower-ranking commanders. In all, 50 people were indicted, including Pedro Aldana, who is believed to have died some time back. Only three are already jailed in Colombia. Two other FARC members not mentioned in the indictment have already been extradited to face drug and other charges in Washington.

U.S. officials said they would offer up to $5 million for information leading to the capture of the higher ranking rebels and $2.5 million for 17 others.

Andres Pastrana, former president of Colombia and now its ambassador in Washington, said his country would work with U.S. and other officials ``to bring justice to individuals and groups who are proven to be involved in drug trafficking."

The State Department includes the FARC in its list of terrorist organizations because of some of its tactics, but Drug Enforcement Administration chief Karen Tandy said drug trafficking was its economic lifeline.

``Make no mistake; they're not just ordinary drug traffickers," Tandy said. ``To call them that would be something akin to calling Al Capone a tax cheat."

The 42-page indictment includes a description of the FARC's makeup, command structure and a detailed history of its alleged involvement in the cocaine trade.

It states that FARC developed in the 1990s into a ``broker" between coca farmers and cocaine distributors. Eventually, it declared itself the sole buyer of semi-processed coca paste and developed its own distribution network. Farmers and buyers who did not follow FARC orders were sometimes executed, including some who were ``dismembered alive."

The sweeping allegations make no mention of the FARC's claims to be fighting to spread education, wealth and health to the one half of Colombia's 45 million people that lives below the poverty line, referring to it solely as a drug trafficking network.

But not all analysts agree with the U.S. assessment of its massive role in drug trafficking.

While the FARC is undoubtedly heavily involved in drug trafficking, including distribution networks through countries like Venezuela and Mexico, criminal cartels still control the vast majority of drug routes leading into the United States and Europe, analysts said.

``This seems more like the work of Uribe lobbyists than that of an investigation," said Ricardo Vargas, head of the Colombian drug think-tank Andean Action and a longtime FARC-watcher.

Analysts also speculated that Washington and Bogota may be trying to use the threat of extradition to coerce a peace settlement with the FARC, something they did successfully with right-wing paramilitary groups. Several paramilitary leaders indicted for drug trafficking in the United States face extradition if they do not comply with a peace accord now under negotiation with the Uribe government.

But the powerful FARC, which has been fighting the government for the past 42 years, may not heel to such pressures.

``We should not be confused, that because extradition worked with the paramilitaries, it will work with the FARC," said Sergio Jaramillo, director of the think tank Ideas For Peace. ``It's a double-edged sword. If one is not careful, one may end up making a peace agreement in Colombia impossible."

Colombian Rebels Charged In U.S. With Cocaine Trade (Update1) (BLOOM)

By Bill Arthur

Bloomberg, March 23, 2006

March 22 (Bloomberg) -- A federal grand jury indicted 50 members of a Colombian rebel group on charges of importing more than $25 billion worth of cocaine into the U.S. and other countries, the Justice Department said.

Three of the 50 members of the Revolutionary Armed Forces of Colombia, known as FARC, are in custody in Colombia, and the U.S. is seeking their extradition, U.S. Attorney General Alberto Gonzales said. The others are ``at large, hiding in the remote reaches of Colombia surrounded by heavily armed FARC loyalists," he said.

The Justice Department calls FARC, the largest guerrilla group in Colombia, a ``narco-terrorist" group and views it as one of the ``highest priority targets in our fight against illegal drug trafficking," Gonzales said at a news conference in Washington.

FARC engages in kidnapping, murder and other crimes, including threats against U.S. agents, to continue its hold on cocaine traffic, the Justice Department said.

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According to the indictment handed up March 1 and unsealed today, the group supplies more than half of the world's cocaine and more than 60 percent of the cocaine that enters the U.S. Today's case is ``the largest narcotics-trafficking indictment ever filed in U.S. history," Gonzales said.

The U.S. State Department is offering rewards totaling more than $75 million for information leading to the capture of 24 of the FARC leaders charged in the indictment.

``This the beginning of the process," Gonzales said when asked the chances of capturing the 47 at-large FARC members. ``That's all I can say about that."

Gonzales didn't rule out the use of U.S. troops in the battle against FARC.

``We consider all options, all effective options,' he said. ``They all remain on the table."

U.S. Indicts 50 Colombians It Calls 'narcoterrorists' (CNN)

By Terry Frieden

CNN.com, March 23, 2006

FARC rebels accused of exporting $25 billion worth of cocaine

WASHINGTON (CNN) -- Fifty leaders of the Colombian rebel group FARC, described as "narcoterrorists" by U.S. authorities, have been indicted in Washington for allegedly exporting more than $25 billion worth of cocaine to the U.S. and other countries, Justice Department officials announced Wednesday.

Among other allegations, the indictment states that the charged FARC leaders set the price at which Colombian coca farmers could sell cocaine paste, a raw form of the drug that was transported to jungle laboratories and turned into the finished product.

Farmers who undercut the price or otherwise violated FARC's strict cocaine policies, which also dictated to which buyers the farmers could sell, were punished severely, according to the indictment.

"Colombian farmers who violated FARC rules were allegedly shot, stabbed, or dismembered alive, and the bodies of murdered farmers were cut open, filled with rocks and sunk in nearby rivers," according to a DEA news release.U.S. pushes for extradition

Three of the FARC leaders already are in Colombian custody, and the United States will seek their extradition to face drug-trafficking charges, Attorney General Alberto Gonzales said at a Justice Department news conference in Washington.

They have been identified as Jorge Enrique Rodriguez Mendieta, Erminso Cuevas Cabrera and Juan Jose Martinez Vega, all of whom were arrested more than a year ago by Colombian or Venezuelan authorities.

Rodriguez Mendieta and Cuevas Cabrera are charged with overseeing the distribution of thousands of kilograms of cocaine and cocaine paste, while Martinez Vega is charged with trading arms for cocaine, said a Justice Department news release.

"Rodriguez Mendieta is also alleged to have ordered the murder of at least eight farmers, including several whom he personally dismembered alive, and to have plotted to retaliate against United States law enforcement officers who were conducting the narcotics-trafficking investigation that led to the charges announced today," according to the news release.

To date, about 400 Colombians have been extradited to the United States to face drug-trafficking and other criminal charges.

FARC -- the Spanish acronym for Revolutionary Armed Forces of Colombia -- is responsible for supplying more than half of the world's illicit cocaine and more than 60 percent of the cocaine smuggled into the United States, authorities said.

"This indictment strikes at the very heart of the FARC narcotics operation that has flooded our communities with cocaine," Gonzales said in a written statement. He said that Wednesday's announcement represented "the largest narcotics-trafficking indictment ever filed in U.S. history."

Expressing confidence that the indictment will mark "the beginning of the end" for the FARC drug-trafficking operation, DEA Administrator Karen Tandy said, "This is the FARC's worst fear, facing American justice."

In addition to the one-count indictment, State Department officials Wednesday announced rewards totaling more than $75 million for information leading to the capture of dozens of FARC leaders, including 24 of the 47 remaining indicted fugitives.U.S.: FARC a terror group

The FARC has been a high-level target of U.S. law enforcement officials in recent years, as its role in cocaine trafficking, extortions and kidnappings has escalated.

The DEA estimates the organization includes at least 12,000 armed combatants and an unknown number of supporters, mostly in rural Colombia. The group is largely funded by Americans, who pay $25 billion a year for 2,500 tons of Colombian cocaine, Tandy said.

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"The FARC's fingerprint is on most of the cocaine sold in American neighborhoods," Tandy said in a written statement. "To put that in perspective, that's approximately $3 billion more than the annual budget of the Department of Justice."

In Colombia, the FARC is second only to oil companies in terms of annual revenue, she said.

The leftist rebel group was formed in the 1960s and has been engaged in a long struggle to overthrow the U.S.-backed government in Bogota. The United States considers FARC a terrorist organization.

In addition to the 50 leaders whose indictments were announced Wednesday, another Colombian rebel leader known as Simon Trinidad is scheduled to go on trial in June in Washington. Extradited to the United States in 2004, he is charged in connection with the murder and kidnapping of U.S. citizens whose plane went down in FARC-controlled territory of Colombia.

Three U.S. citizens aboard that plane survived and have been in FARC custody for more than three years. The DEA said that since 1980, the FARC has kidnapped more than 100 individuals and murdered 13 U.S. citizens, including three U.S. missionaries who were executed in 1999.

Nayibe Rojas Valderama, a leading female FARC leader known in Colombia as Sonia, is also awaiting trial on drug-trafficking charges in Washington.

US Charges Colombian Rebel Leaders Over Global Cocaine Trade (AFP-Y2)

Agence France-Presse, March 23, 2006

The US government charged 50 leaders of Colombia's main left-wing rebel group with smuggling "devastating amounts" of cocaine into the United States and reaping billions of dollars from global trafficking.

"This is the largest narcotics trafficking indictment ever filed in US history and fuels our hope to reduce narco violence in Colombia and stem the tide of illegal drugs entering our country," US Attorney General Alberto Gonzales told reporters here in announcing the charges.

The charges said the Revolutionary Armed Forces of Colombia (FARC) is behind 50 percent of the world's cocaine trade and 60 percent of the cocaine trafficked into the United States.

Gonzales said the US government will seek the immediate extradition of three of the charged FARC leaders who are currently in custody in Colombia.

He said the remaining 47 are at large, "hiding in the remote reaches of Colombia," and he announced a reward program for information leading to their capture.

"This indictment is a product of unprecedented cooperation between our nations," Gonzales said, praising the work of Colombian law enforcement agents as well as officials from the US Drug Enforcement Administration, the Internal Revenue Service and US immigration and customs agents.

"The Revolutionary Armed Forces of Colombia, or FARC, is one of the Justice Department's highest-priority targets in our fight against illegal drug trafficking," he said.

Gonzales said that in addition to importing more than 25 billion dollars' worth of cocaine into the United States and other countries, the FARC has also shot, stabbed or dismembered alive farmers who did not comply with the group, and kidnapped and murdered Colombian and US nationals.

The group is also accused of shooting down fumigation planes.

50 Farc Leaders On Cocaine Charges (FT)

By Jenny Johnson

Financial Times, March 23, 2006

Fifty leaders of the Revolutionary Armed Forces of Colombia (Farc), the Colombian rebel group, have been indicted on charges of importing$25bn worth of cocaine into the US since 1985, theUS Department of Justice announced yesterday.

"This is the largest drug trafficking indictment in US history," said Alberto Gonzales, US attorney-general.

Three of the leaders named by the federal grand jury in Washington are in custody in Colombia and await extradition to theUS.

The one-count indictment offers more than $75min rewards for information that leads to the capture of the remaining top members of the organisation. Jenny Johnson, Washington

US Indicts Colombian Rebel Leaders (VOA)

By Jim Malone

Voice of America, March 23, 2006

The United States is charging 50 members of Colombia's largest rebel group with using the proceeds from the sale of $25 billion worth of cocaine to finance their anti-government operations at home.

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Alberto Gonzales speaks to media about indictment against FARC members, March 22, 2006 The indictment targets 50 members of Colombia's main leftist rebel group, the Revolutionary Armed Forces of Colombia, or FARC.

The FARC has been fighting the Colombian government for more than 40 years and has been branded a terrorist group by the United States and the European Union.

The indictment was made public in a federal court in Washington and announced at a news conference by Attorney General Alberto Gonzales.

"This is the largest narcotics-trafficking indictment ever filed in U.S. history and fuels our hope to reduce narco-violence in Colombia and stem the tide of illegal drugs entering our country," Gonzales said.

According to the indictment, the FARC provides more than half of the world's cocaine and is responsible for 60 percent of the drug that enters the United States.

U.S. officials allege that the group uses the proceeds from $25 billion worth of drug sales around the world to buy weapons in its fight against the Colombian government.

"We believe these men are responsible for not only manufacturing and exporting devastating amounts of cocaine, but enforcing their criminal regime with violence. For instance, the indictment alleges that farmers who did not comply with FARC rules were shot, stabbed and even dismembered alive," Gonzales said.

Gonzales says three FARC members are in custody in Colombia and that the United States will seek their extradition. He says the other 47 remain at large, probably in FARC jungle strongholds inside Colombia. E-mail This Article

50 Indicted In Alleged Cocaine Operation (WT/UPI)

The Washington Times, March 23, 2006

Fifty leaders of a Colombian rebel group have been indicted for allegedly exporting $25 billion worth of cocaine to the United States and other countries.

The U.S. Justice Department announcement of the indictments in Washington, D.C., labeled the suspects as "narcoterrorists," CNN reported Wednesday.

Three of those charged were already in custody in Colombia, U.S. Attorney General Alberto Gonzales said, and the United States will seek their extradition to face drug trafficking charges.

The three suspects in custody -- Jorge Enrique Rodriguez Mendieta, Erminso Cuevas Cabrera and Juan Jose Martinez Vega -- were arrested more than a year ago, CNN said.

Justice Department officials said Wednesday that FARC -- the Revolutionary Armed Forces of Colombia -- is responsible for supplying more than half of the world's illicit cocaine, and more than 60 percent of the cocaine smuggled into the United States.

U.S. State Department officials announced rewards totaling more than $75 million for information leading to the capture of dozens of FARC leaders, including 24 of the 47 remaining fugitives named in the indictment.

US Charges Colombia Rebel Leaders (BBC)

BBC, March 23, 2006

Only three of the 50 indicted are in custody in the US Fifty leaders of Colombia's largest rebel group, Farc, have been charged in the US with exporting $25bn (£14bn) of cocaine around the world.

The indictment in Washington includes Farc founder Pedro Antonio Marin - who is not one of three members of the group being held in custody in the US.

The US regards the Farc as a terrorist group, and says it uses cocaine money to buy weapons for its insurgency.

The Farc has been fighting Colombia's government for more than four decades.

Rewards

The BBC's Jeremy McDermott in Colombia says the indictment is part of a campaign by the US and Colombian governments to paint Farc (Revolutionary Armed Forces of Colombia) as nothing more than a drugs trafficking cartel and terrorist organisation.

But the Farc, our correspondent says, present themselves as an insurgent movement fighting against what they call the puppet and fascist regime of President Alvaro Uribe.

The indictment alleges the Farc leaders ordered the kidnapping and killing of US citizens and the killing of Colombian farmers who resisted the group.

It says the Farc supplies more than half the world's cocaine.

Drug Enforcement Agency chief Karen Tandy said: "The Farc's fingerprint is on most of the cocaine sold in America's neighbourhoods."

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The US state department has put up $75m in rewards for information leading to the capture of 24 of the named Farc leaders.

Hundreds of Colombians have previously been extradited to the US to face charges.

Our correspondent says the US announcement will only harden rebel animosity towards the US and towards Mr Uribe, whom the rebels accuse of taking orders from the White House.

State Seeks Dismissal Of San Diego's Medical Marijuana Suit (AP)

AP, March 23, 2006

SAN DIEGO, (AP) --The state has filed a motion seeking to dismiss a San Diego County lawsuit that challenges a decade-old law permitting in California the use of marijuana for medical purposes.

The attorney general's office filed the court documents Tuesday. In them, the state contends county officials simply "disliked" the law and that there was no legal reason for the court to consider the lawsuit.

In December, county supervisors sued the state of California and its director of health services in federal court, saying federal law that prohibits marijuana use trumps the state law.

California approved the use of marijuana for medical purposes with the passage of Proposition 215, which won 55 percent of votes cast in 1996.

San Diego is the only California county that has ignored a state requirement that counties issue identification cards to registered medical marijuana users and maintain a registry of people who apply for the cards.

County attorneys switched the lawsuit from federal to state court last month to avoid bringing the case to the 9th U.S. Circuit Court of Appeals, which in recent rulings sided with medical marijuana supporters.

State Asks Court To Toss SD County Medical Marijuana Suit (NCT)

By By: GIG CONAUGHTON, Staff Writer

North County Times, March 23, 2006

NORTH COUNTY ---- State officials formally asked judges to throw out San Diego County's precedent-setting lawsuit seeking to overturn California's 10-year-old medical marijuana law, saying that the only controversy over the law was in the minds of county supervisors.

State Attorney General Bill Lockyer's office argued in motions filed Tuesday in Superior Court that San Diego County supervisors simply "disliked" California's voter-approved "Compassionate Use Act," and that there was no legal reason for the courts to entertain their lawsuit.

Nathan Barankin, spokesman for Lockyer, said that the state's position was essentially that the county's lawsuit was simply a request for the courts to rule on the legality of California's law, and involved no actual parties in dispute.

"Because courts can only hear cases that involve real factual disputes between opposing parties, and because there is no actual dispute here, such a request for an advisory opinion requires dismissal of the charges," Barankin said.

He said the courts could rule on the state's motion in May.

The county of San Diego, in a move that angered local medical marijuana patients and marijuana advocacy groups, filed a lawsuit in December in federal court seeking to overturn the Compassionate Use Act, which allows the use of medicinal marijuana.

The supervisors ---- who have collectively opposed the law since it was placed on the 1996 ballot ---- argue that it should be "pre-empted" by federal law, which says that all marijuana use is illegal and that the drug has no medicinal value.

San Diego County lawyers abruptly switched the lawsuit from federal to state court in February, as a tactical move in the hopes of avoiding the U.S. Ninth Circuit Court of Appeals, which has been more friendly to marijuana supporters than to opponents in recent rulings.

County officials have been waiting for the state's response ever since, but did not return calls Tuesday.

However, county Counsel John Sansone said Monday that he would not be surprised if the state asked for a "demurrer," a motion to throw out the county's lawsuit.

San Diego County officials and marijuana advocacy groups say the lawsuit is precedent-setting because it marks the first time a county has sued to overturn any of the medical marijuana laws approved by voters in 11 states.

Barankin, meanwhile, said Tuesday that the attorney general's office also filed a motion Tuesday asking the courts to throw out San Bernardino County's medical marijuana challenge.

San Bernardino supervisors, in a show of support for San Diego County, filed their own lawsuit shortly after San Diego County's action.

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San Diego County's board has largely ignored California's medical marijuana law since it was passed in 1996, and was actually chastised by its own grand jury in 2005 for doing "nothing" to help implement the law.

However, late last year, the state ordered counties to create an identification card and registration program to help medical marijuana patients ---- and law enforcement officials ---- by clearly identifying who could use the drug legally under state law.

But, by a 3-2 vote, with Supervisors Greg Cox and Ron Roberts opposed, the board voted in December to defy the state's orders.

Shortly after that, the board voted 4-0, with Roberts absent, to actually sue to try to overturn the Compassionate Use Act itself, and named the state Department of Health Services and department Director Sandra Shewry as defendants.

But the state's motion Tuesday argued that the county artificially created an issue for the courts to review the Compassionate Use Act.

"San Diego's political leadership cannot create a ripe controversy by threatening to disobey the law," the motion stated.

Contact staff writer Gig Conaughton at (760) 739-6696 or gconaughton@nctimes.com.

IMMIGRATION:

Clinton Cites Bible To Attack Immigration Bill (NYT)

By Nina Bernstein

The New York Times, March 23, 2006

Senator Hillary Rodham Clinton invoked the Bible yesterday to criticize a stringent border security measure that, among other things, would make it a federal crime to offer aid to illegal immigrants.

"It is hard to believe that a Republican leadership that is constantly talking about values and about faith would put forth such a mean-spirited piece of legislation," she said of the measure, which was passed by the House of Representatives in December and mirrored a companion Senate bill introduced last week by Senator Bill Frist, a Tennessee Republican and the majority leader.

"It is certainly not in keeping with my understanding of the Scripture because this bill would literally criminalize the Good Samaritan and probably even Jesus himself," she said. "We need to sound the alarm about what is being done in the Congress."

Mrs. Clinton, who is running for re-election this year and is leading in polls for the Democratic presidential nomination, spoke at a news conference in Manhattan with more than 30 immigrant leaders after meeting with them privately.

The meeting took place in an atmosphere of mounting urgency, as the United States Conference of Catholic Bishops called on its flock to oppose the measure, and tens of thousands of immigrants around the country stepped up a series of protest rallies in anticipation of a Senate vote on competing immigration bills next week.

Mr. Frist's bill, like the House measure, would make it a crime to be in the United States without proper papers and would add guards and fencing along the Mexican border, and speed deportation.

Some versions, including one proposed by Senator Arlen Spector of Pennsylvania, chairman of the Judiciary Committee, would expand the definition of alien smuggling to include help to illegal immigrants already here.

Mr. Frist has set a Monday deadline for the Senate Judiciary Committee to complete its own, broader version of immigration legislation, which could include "a path to earned citizenship" for illegal residents who qualify, and a guest worker program for foreigners, as well as new enforcement provisions. But even if a committee bill emerges in time, unless a majority of the committee's Republicans vote for it, he has vowed that he will not let it reach the Senate floor. Instead, Mr. Frist, who is also considered a 2008 presidential contender, said he would seek a vote on his bill, without debate.

Mrs. Clinton had been criticized by some immigrant activists for saying little about the issue until March 8, and then speaking at an Irish-only rally, rather than at a forum more representative of immigrants. But yesterday all seemed forgiven.

Three elected officials, all Democrats — Representatives José E. Serrano and Nydia Velásquez, and City Council member John C. Liu — shared the lectern to denounce the criminal penalties in the Congressional proposals.

Mrs. Clinton said she and New York's other senator, Charles E. Schumer, were trying to build momentum toward a bipartisan bill that would include a legalization provision that many Republicans would support in defiance of Mr. Frist. But any form of legalization is anathema to supporters of the House measure, co-sponsored by two Republican representatives, Peter King of Long Island, and F. James Sensenbrenner of Wisconsin.

Mrs. Clinton said, "We want the outcome to be that they're on the wrong side of politics as well as on the wrong side of history and American values."

Mr. King has accused church leaders of "committing the sin of hypocrisy" in their campaign to sway Congress and Catholic voters, and of giving illegal immigrants an incentive to cross the border.

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Asked about the political price that could be paid by politicians who defy the groundswell of anger in border areas where illegal immigration has meant mounting costs for health care, education and law enforcement, Mrs. Clinton shot back that not only border areas were affected, but also many communities in New York, especially on Long Island and in Westchester County.

"I have a lot of sympathy," she said, emphasizing her support for an overhaul that includes federal assistance to local communities, as well as better enforcement. "That's why we need comprehensive immigration reform. Taking a harsh position is not going to solve the problem."

GOP WOULD HAVE BOOTED JESUS: HILL (NYPOST)

By Maggie Haberman

The New York Post, March 23, 2006

Sen. Hillary Rodham Clinton ratcheted up her talk about religion yesterday - saying a GOP-sponsored bill making it a felony to be in the United States illegally would have "criminalized" Jesus.

Clinton, who's considered the Democratic front-runner for the 2008 White House race, made the comments at a hastily scheduled news conference about the House-passed bill aimed at illegal immigrants.

Clinton blasted Republican leadership, which "is constantly talking about values and about faith [but put] forth such a mean-spirited piece of legislation."

"It is certainly not in keeping with my understanding of the Scriptures," she added.

"Because this bill would literally criminalize the Good Samaritan and probably even Jesus himself."

The House bill passed last December.

Clinton said, "Many of us think it's a political bill" - but didn't back any of the competing Senate versions.

"We want the outcome to be that [backers of the House bill are] on the wrong side of the politics, as well as the wrong side of history and American values," she said.

She added that she would support a bill that includes stronger border controls.

She also called for employers who exploit illegal immigrants to face penalties.

In addition, she wants to set up a system to allow illegal immigrants currently living in this country to earn their citizenship.

Reid Threatens Filibuster As Immigration Showdown Looms (AP)

By Ellito Spagat

The AP, March 22, 2006

SAN DIEGO -- As the Senate prepares to tackle the most sweeping immigration reforms in years, a top Democrat vowed Wednesday to do everything in his power, including filibuster, to thwart Majority Leader Bill Frist's proposed overhaul.

Minority Leader Harry Reid, D-Nev., said he would "use every procedural means at my disposal" to prevent Frist from bypassing the Judiciary Committee. Frist, R-Tenn., has made clear the Senate will take up his proposal next week if the 18-member committee fails to complete a broader bill.

"If Leader Frist brings a bill to the floor that does not have the approval of the Judiciary Committee, it will not get out of the Senate," Reid told reporters at the San Ysidro border crossing, a few steps from Tijuana, Mexico.

Bob Stevenson, a spokesman for Frist, did not immediately respond to a call Wednesday evening.

Reid said the overhaul must include heightened border enforcement, a "guest worker" program and a "path to citizenship" for the estimated 11 million people in the United States illegally. He called legislation by Sens. Edward Kennedy, D-Mass., and John McCain, R-Ariz., a "good place to start."

President Bush, in a State of the Union address two years ago, urged Congress to create a worker program under which participants could gain legal status for a specific time and then be required to return home. It would not provide an automatic path to citizenship.

Frist, who has presidential ambitions for 2008, unveiled a bill last week that sidesteps the question of temporary work permits. It would tighten borders, punish employers who hire illegal immigrants and provide more visas.

The House passed a bill in December that makes it a felony for illegal immigrants to be in the United States, imposes new penalties on employers who hire them and erects fencing along 700 miles of the U.S.-Mexico border. It has no temporary worker program.

Amid the looming showdown, Reid met Wednesday with hotel workers at the Mandalay Bay Resort & Casino in Las Vegas in an effort to highlight contributions that immigrants make to the economy. He flew to San Diego for a helicopter tour and briefing by Border Patrol officials.

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He planned to visit the longest cross-border tunnel discovered along the U.S.-Mexico border -- a 2,400-foot secret passage that linked warehouses in San Diego and Tijuana. Authorities said they discovered more than two tons of marijuana inside the tunnel in January.

Reid also was scheduled to meet with California business, labor, religious and local government leaders to discuss immigration.

Who Will Work The Farms? (NYT)

By Eduardo Porter

The New York Times, March 23, 2006

KINSTON, N.C. — In the plainspoken manner common to her fellow farmers, Faylene Whitaker has a message for members of Congress struggling to overhaul the nation's immigration law.

"We would rather use legal workers," said Ms. Whitaker, who grows tobacco, tomatoes and other crops on the 500-acre farm she and her husband own in the Piedmont region of North Carolina. But "if we don't get a reasonable guest worker program we are going to hire illegals."

Ms. Whitaker knows what she is talking about. Indeed, she is one of the few farmers in the United States to employ legal immigrant guest workers. Others are not exactly lining up to join the program.

The experience of farmers like Ms. Whitaker underscores why most experts say that simply tightening the border with Mexico will not work.

To curb illegal immigration, they say, the government needs both carrots and sticks: legal work channels for future immigrants and the current population of workers unlawfully in the country along with a much more effective bar against hiring illegal labor.

"The punch line is, guest workers are going to cost you more money," said Phil Martin, professor of agricultural and resource economics at the University of California, Davis. For a guest worker program to work, he added, "the prerequisite is you have to have illegal immigration under control."

When immigration rules were last overhauled in 1986 — legalizing more than three million unlawful immigrants and supposedly banning the employment of illegal workers in the future — Congress allowed for a vast seasonal guest worker plan. It was intended to ensure that farmers could continue to get the cheaper foreign labor they wanted, but in a legally acceptable way.

It has not worked out. Despite expectations that growers would flock to the guest worker program, named H-2A, it never took off: fewer than 25,000 farm workers came to the United States on temporary guest worker visas in 2004, the last year with figures available.

It is not as if growers do not need the foreign labor: according to farmers' own estimates, about 70 percent of the 1.2 million hired workers tilling fields and picking crops are illegal immigrants.

What went wrong? Despite the ostensible sanctions against businesses that hire illegal workers, few employers were ever punished. So rather than go through the more complex process of importing temporary workers legally, most chose the cheaper and generally risk-free route of hiring illegal migrants who presented themselves with forged papers.

Congress is once again debating how to cut off illegal immigration but this time it has to deal with as many as 11 million unlawful immigrants in the United States.

Some lawmakers are talking about erecting a high wall along the entire 2,000-mile border separating the United States from Mexico. Others are pushing to declare all immigrants here illegally felons who would never be allowed to take up legal residence in the United States.

But as long as the government looks the other way while employers are allowed to fill their demands for cheap labor from a deep pool of foreigners desperate to find work, hundreds of thousands more are expected to manage one way or another to cross the border illegally every year in search of jobs.

"If there is a need for workers, they will find a way in, if you don't have a method for satisfying the legitimate needs of American employers," said Senator Arlen Specter, Republican from Pennsylvania and chairman of the Judiciary Committee, which has been trying to hammer out a new immigration bill to present to the full Senate as early as next Monday.

But this time, Mr. Specter added, any new law must contain tougher sanctions against an employer who "knowingly hires someone that is not here legally."

Like most employers of cheap labor, North Carolina's growers say they need immigrant workers to stay afloat. "We need a guest worker program because somebody's got to work," said Kendall Hill, who grows tobacco, sweet potatoes and other crops on 4,000 acres here in Kinston.

He gazes across the flat dirt of his farm toward the sheds that will house up to 120 immigrant H-2A workers at the peak of the sweet potato harvest in September. "If not for Mexican workers," he adds, "this country would be in chaos."

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As for illegal immigrants, many say that they would welcome a plan that allowed them to work legally in the United States and return to their families in Mexico every year.

Arturo Martínez Mendoza, an illegal immigrant harvesting mustard for $1.25 a box on a farm near Faison, said he had even tried to get into the program. "It was full," he said, "so I came in as a wetback."

José Aharón Rivera Medrano, an H-2A worker from Mexico's northern state of Durango, has worked on Mr. Hill's farm 10 months each year for the last 11 years. He is happy about the higher wages of $500 to $600 a week he receives under the guest worker program than if he were working illegally, but the most important thing, he said, "is that you don't risk your life crossing the border."

According to Leticia Zavala, southern organizing director for the union known as the Farm Labor Organizing Committee, there is a waiting list of 17,000 Mexican workers who have come to North Carolina in the past and would like to return.

But the guest worker program has failed to bridge the gap between the farmers and the workers. Farmers complain that the program is simply too expensive. It sets a floor for pay — a regional average of the wages in several farm occupations — that will rise this year to $8.51 an hour from $8.24 in 2005. Farmers must also house the workers and pay workers' compensation.

Moreover, after a lawsuit spearheaded by the union against North Carolina growers, a state court ordered farmers to pay all recruitment costs, including the H-2A visa, recruiters' fees and round-trip transportation from home — adding up to some $900 a worker.

"I've been 10 years on the program but I'm reaching the point of diminishing returns," said Sam Crews, who employs six guest workers on his North Carolina tobacco farm near the border with Virginia.

The guest worker plan has some advantages for growers: legal workers are more dependable than illegal ones, they say. And it relieves them of any lingering fears that their harvest might be in jeopardy if immigration authorities conduct raids that disrupt the supply of illegal workers.

Yet growers have so many other complaints about the program that many are simply dropping out. To be entitled to use guest workers, they must certify to the Labor Department that they cannot find American workers for the job, a process that they say is overly onerous.

And once non-H-2A immigrant workers are brought out of the shadows, farmers who employ legal guest workers often find themselves being sued over working conditions by immigrants' rights groups and other foes of the program.

Bruce Goldstein, executive director of the Farm Workers Justice Fund in Washington, which has brought lawsuits against farmers, says there are good reasons for such lawsuits.

"Farmers under the H-2A program are being sued when they violate the law," Mr. Goldstein said. "They frequently violate the law. And employers have tremendous bargaining power over workers who are too fearful to challenge unfair or illegal conduct."

For many farmers, then, illegal immigrants simply provide a cheaper alternative that involves far less bother than the guest worker program. North Carolina farmers can harvest their crops paying $6 to $6.50 an hour — no workers comp, no recruitment fees — to "green card" workers or "otherwise documented" workers. Those are euphemisms for immigrants unlawfully in the United States, who typically show up with a fake green card to get a job.

"Workers provide us with ID and Social Security cards to keep me in compliance and keep them in compliance, but I have no clue of their provenance," said one Wilson County tobacco, cotton and sweet potato farmer who spoke only on condition of anonymity to avoid exposing his work force to scrutiny from the authorities.

Farmers in North Carolina still employ more legal guest workers than in any other state, but their numbers are dwindling. At their peak in 2000, over 1,000 farmers in the growers' association employed 10,000 guest workers. This year, about 500 farmers are left, and they will import only about 5,000 workers.

Some of those missing farmers were driven out by increased competition in the global tobacco market. Others have simply switched to illegal immigrant workers. And if things do not change, many farmers say, the system may well disappear altogether.

"When the H-2A program prices itself out, I'm not growing anything else," said Lee Whicker, who employs a dozen guest workers on his tobacco farm near Fayetteville. "I'm done with it."

Investigation Finds Violations Of U.S. Immigration Laws (MURRAYLT)

By KRISTIN TAYLOR, Staff Writer

Murray (KY) Ledger & Times, March 23, 2006

An investigation last month into an indentured servitude complaint at Murray's Asian Buffet proved the allegation false, but five people were taken into custody for immigration violations.

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U.S. Immigration and Customs Enforcement spokeswoman Gail Montenegro said interviews conducted Feb. 8 at the Murray restaurant revealed no indication of human trafficking of indentured servitude. The federal investigators were responding to a complaint that workers were being held against their will.

A manager at Asian Buffet was not available for comment before press time today.

Following the investigation, five people were taken into custody for immigration violations. Montenegro said that included one Mexican juvenile female, three Mexican adult males and one Chinese female.

Montenegro didn't have the individuals' names because the ICE agent who worked on the case was traveling. Even so, she said the agency doesn't usually release names until people have been deported or if their identity is in the public's interest for safety reasons.

&#8220I don't know what happened to them," she said in a telephone interview from her Chicago office. &#8220They were probably served with some paperwork and had or have a hearing before a judge."

The federal immigration court is part of the U.S. Justice Department.

TAX:

IRS Sues Local Tax Preparers (CO)

By Mike Drummond

The Charlotte Observer, March 23, 2006

The U.S. Justice Department today filed lawsuits to stop two area tax preparers from preparing returns.

The government said Jerry Adams and Demetria Adams prepared more than 1,600 tax returns in 2004 and 2005 at First Choice Tax Service, Precise Tax and D&S Tax Service in Charlotte and Shelby.

In the suits filed in federal court in Charlotte, the government alleges the two understated wages and overstated credits for the past two years. The "excessive refunds" cost the U.S. Treasury more than $3.8 million, the lawsuits claim.

The government wants the court to order the pair to turn over names, addresses and Social Security numbers of customers.

Today's action comes within weeks of the April 17 tax filing deadline, and is part of the government's crackdown on "corrupt tax preparers." Since 2001, the Justice Department has sought and obtained injunctions against more than 160 tax return preparers and promoters.

KPMG Revises Settlement On Tax Shelters (NYT)

By Lynnley Browning

The New York Times, March 23, 2006

The accounting firm KPMG said yesterday that it had reached a revised settlement with tax shelter investors, but warned that the reduced agreement could still fall apart.

The previous $195 million deal, brokered last September through Milberg Weiss Bershad & Schulman, the prominent class-action law firm, collapsed in recent months when nearly one in four eligible investors chose not to take part, saying that it did not offer them enough compensation.

Under the complex terms of the revised settlement, some 60 investors who chose not to join can come back in. But investors who are currently in the deal can now elect not to participate.

KPMG did not place any numbers on the revised proposal. But given the number of opt-outs in the original deal, the final amount available is unlikely to exceed $155 million, and may drop to $125 million or lower, according to lawyers who read its proposed terms.

"There's going to be drastic reduction in the amount of money that is ultimately paid out," said Michael J. Avenatti, a lawyer in Santa Monica, Calif., who represents wealthy investors who opposed the original deal. Mr. Avenatti, who also represents an informal group of lawyers who oppose the deal, declined to say whether he would advise clients to participate in the new deal.

Lawyers for KPMG filed papers yesterday in the United States District Court in Newark, asking a federal judge to set a hearing in late May to approve the revised deal.

The reduced settlement is a setback for Milberg Weiss. The law firm had stood to earn $30 million from the original settlement, but will now reduce its fee by 25 percent of the value of the claims by opt-outs.

KPMG is struggling to put its tax shelter woes behind it as aggrieved investors in the shelters are now seeking in separate compensation greater than what the settlement offers. In August, the firm reached a $456 million deferred-prosecution agreement with federal prosecutors over certain questionable shelters.

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The civil class-action settlement is intended to return to investors the fees that they paid both to KPMG and to the law firm of Sidley Austin Brown & Wood for four shelters known as Flip, Opis, Blips and SOS. The law firm, which provided legal opinions blessing the shelters as legitimate — when they were not, in the eyes of the Internal Revenue Service — will still pay about 20 percent of the final settlement's costs.

Under the new deal's complicated formula, the original $195 million will be reduced by 65 percent of the total claims from investors who choose not to participate. KPMG will determine the size of those claims.

A KPMG spokesman said yesterday that "this amended stipulation allows us to continue pursuing a fair and reasonable settlement of this matter."

But Edmundo O. Ramirez, a lawyer in McAllen, Tex., said yesterday that "the very complicated formula is going to put a lot of lawyers off." Mr. Ramirez has negotiated sizable private settlements in recent years with KPMG on behalf of former investors in tax shelters.

The 60 or so opt-outs in the original settlement typically have claims far higher than the average $750,000 available to each investor under the terms of the old settlement. Mr. Avenatti said that some former clients had paid tens of millions of dollars to KPMG and Sidley Austin Brown & Wood for shelters that did not pass muster with the I.R.S. and that the new deal was not going to significantly change the amount of money they could recuperate.

Outside Audit KPMG Revises Terms Of Payout In Big Tax-Shelter Settlement (WSJ)

By David Reilly

The Wall Street Journal, March 23, 2006

Accounting giant KPMG LLP and law firm Sidley Austin LLP took a fresh stab at settling a class-action lawsuit related to the sale of questionable tax shelters.

The firms last month shelved a previous version of the settlement, which called for a $195 million payout to those who had bought the tax shelters, because too many people had opted out of the agreement.

Under the new version of the settlement, filed yesterday in federal court in New Jersey, KPMG and Sidley Austin would pay no more than, but most likely far less than, the $195 million originally envisaged, as well as up to $30 million in legal fees.

KPMG, which sold the questionable tax shelters, will bear the brunt of this cost, while Chicago-based Sidley Austin, which gave legal advice on the shelters, will pay about 20%.

The revised settlement terms would reduce the amount the firms will pay based on the number of plaintiffs who opt out. The amounts to be received by individuals won't necessarily decline because of this reduction. They would depend on the specific claims of each individual investor.

In a statement, a KPMG spokesman said, "The amendment of the original settlement allows us to continue pursuing a fair and reasonable settlement of this matter."

Melvin Weiss, senior and founding partner at Milberg Weiss Bershad & Schulman LLP, which is lead counsel for the class-action plaintiffs, said that individuals who think they can get a better deal on their own can "go try. I think quite frankly that this is a very fair settlement from a lot of angles."

A spokeswoman for Sidley Austin declined to comment on the case.

If the new agreement successfully revives the proposed settlement, it could be another important step by a major accounting firm to put behind it troubles stemming from the go-go days of the late 1990s. The Big Four firms -- PricewaterhouseCoopers LLP, Deloitte & Touche LLP, KPMG and Ernst & Young LLP -- have spent millions to make amends for misdeeds from this period.

In KPMG's case, the price of putting the past behind it has been particularly high. The revised tax-shelter settlement follows a deferred-prosecution agreement the firm entered into last year with the Justice Department that called for KPMG to pay $465 million. Plus, the firm still faces damage claims from tax-shelter clients who opted out of the settlement and plan to pursue their cases individually.

Still, the potential settlement would bring closure to most of the tax-shelter issues KPMG faces and allow the firm to start moving beyond that chapter in its history.

The ultimate amount to be paid by KPMG and Sidley Austin under the new settlement agreement will be based on a formula that fluctuates depending on the number of tax-shelter buyers who agree to take part. Of the 284 who originally joined the class-action suit, 61 had opted out of the previous settlement, claiming it didn't pay enough.

The new settlement addresses some technical objections raised by some of those who opted out, but doesn't increase the amount on offer. That means some investors are likely to continue opting out.

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"The proposed amount to be paid is entirely insufficient," said Michael Avenatti, a lawyer at Greene Broillet & Wheeler LLP who represents two investors who earlier opted out of the proposed settlement and who won't rejoin the agreement. Mr. Avenatti said his clients disagreed with the settlement because KPMG could expect to pay much more if it tried cases individually.

The attorney estimated that, under the proposed new payment formula, KPMG and Sidley Austin could shell out between $130 million to $150 million. He estimates the legal fees alone for trying the cases individually would amount to $500 million, and any punitive damages would cost the accounting and law firm more.

KPMG declined to comment on the projected payout.

In addition to possibly lowering the amount KPMG and Sidley Austin will pay, attorneys for the class-action plaintiffs could also receive less than the $30 million fee set aside under the original agreement.

Sale Of Data By Tax Preparers Draws Protests (WP)

By Albert B. Crenshaw

The Washington Post, March 23, 2006

Consumer groups and privacy advocates are attacking proposed Internal Revenue Service rules that would spell out how tax-return preparers may legally sell financial information and other data from their clients' returns.

It has long been a principle of tax administration that no unauthorized person can get such information and that this assurance encourages taxpayers to file honest and complete returns. That notion is still a "fundamental underpinning" of IRS practice, Commissioner Mark W. Everson said yesterday in an interview.

The proposal, issued in December, was billed by the IRS as improving privacy protections for taxpayers, detailing the steps for getting permission to use the information. But it has focused attention on a little-known fact: Although law forbids the unauthorized disclosure of taxpayer information, return-preparers have long been allowed to disclose it, even sell it, if they obtain their clients' permission. Once the information goes out the door, taxpayers have little control over what happens to it.

The problem, said Evan Hendricks, publisher of the Privacy Times newsletter and other publications on privacy, is that "information about you is valuable in general, and the more detailed . . . it is, the more valuable it is."

"The real danger here is that there's going to be lot of incentive" for preparers to obtain the permission surreptitiously, such as by spreading a lot of papers in front of clients and asking them to sign them all, Hendricks said.

Jean Ann Fox of the Consumer Federation of America said that under the new rules, taxpayers could be duped into releasing their information and run the "risk of having that information in a database somewhere." That is "dangerous," she said, and "essentially turns tax-return information into a commodity for the highest bidder."

The IRS said in proposing the new rules that it was updating regulations dating from the 1970s that had not contemplated electronic transmission and other business practices, including the "offshoring" of some tax-preparation work by some firms.

"Our concern was [preparers] were interpreting the regulations in a way to say [clients] don't need to know that their returns are being prepared in India; it's all by the same firm," Everson said. "There's no doubt in my mind taxpayers are entitled to know if their return is being prepared overseas."

The rules also specify what a preparer must do to get permission from a taxpayer to disclose return information, up to and including the entire return. Specific language is required when a preparer requests permission and also in the form given to the taxpayer to sign.

There is also language for obtaining the taxpayer's permission to use the information within the preparer's company or group of related companies. And there is a procedure for obtaining a taxpayer's "signature" electronically.

The IRS proposal says that a preparer, for example, might ask permission to disclose that a client contributed to an IRA or that he would be getting a refund. Such information could be sold to a bank.

Several large tax-preparation companies have told the IRS that they oppose the new rules because they would make it too difficult for them to obtain permission to sell clients' information.

As the government's priorities have shifted to national security and revenue collection, there is more debate over how strict privacy rules should be.

The IRS recently awarded the first contracts to private debt collectors, a strategy authorized by Congress to increase collection of unpaid taxes. The debt collectors are barred from having tax information beyond what is owed, but critics say they worry about other information leaking out and possible abuse by collectors.

Everson said the private collectors "extend the reach" of the IRS and are subject to the same privacy rules as agency employees.

He said calls for increased access to IRS data in areas such as immigration enforcement or federal procurement should be debated carefully. While there might be public-policy benefits in one area, there might also be "a damaging impact" on tax collections, he said.

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Last week, Everson himself "teed up" the issue of the different ways corporations report income to the IRS and financial regulators.

"We have two systems that are in conflict with each other -- book accounting and tax return preparation. Book accounting seeks to maximize earnings to drive up share value; tax return preparation seeks to drive down earnings, reduce taxes and maximize cash flow," he said.

"Clearly, tax compliance would be helped by great transparency," such as disclosure of corporate returns or parts of them, "but there are very real public-policy interests [in] continuing privacy. It comes down to weighting various factors," Everson said.

Beltway Windfall (WSJ)

The Wall Street Journal, March 23, 2006

The next time some Washington potentate moans about the budget deficit, tell him not to blame the taxpayers. They're already doing their part to reduce it, as the latest Treasury figures on booming federal tax revenue show.

In the first five months of Fiscal 2006, through February, overall revenue continued to surge, growing at an overall rate of 10.3%, or an $81 billion increase from the year ago period, to $871 billion. That builds on the astonishing 15%, or $274 billion, revenue increase for all of 2005, which various fiscal wisemen assured us would fall off dramatically. Apparently not.

This year's double-digit increase is roughly triple the rate of inflation, reflecting strong gains in business profits and individual wages and bonuses -- both signs of a vibrant underlying economy. Corporate income taxes are up 30% so far this year, while individual income tax payments have climbed by 10.3% through February.

The bad news continues to be federal spending, with overall government outlays up 7.6%, or $76 billion, to $1.09 trillion. Defense spending is up 7.5%, but Medicare is growing at a 10.4% pace, which promises only to increase as the prescription drug benefit kicks in. As ever, the elephant in the budget is entitlement spending on seniors.

Economist Michael Darda points out that overall spending has risen at a 6.6% annual pace since 2001, or more than double the 3.1% average rate of increase between 1993 and 2000. If spending in this decade had merely stayed at the 1990s's pace, the budget would already be in surplus by $143 billion, according to Mr. Darda's calculations. Some of this increase has been in defense, which was necessary after the rapid declines in security spending during the Clinton years. But the failure of GOP fiscal governance has been in spending on both guns and butter.

As for taxes, the revenue data are further proof of the success of the Bush tax cuts of 2003. The fastest way to stop this revenue windfall, and blow an even larger hole in the deficit, would be to fail to extend the 15% tax rate on capital gains and dividends through 2010, thus assuring a huge tax increase after 2008. The fear of such a tax hike is already weighing on investors and stock-market valuations. So what are GOP House-Senate tax conferees waiting for?

CONGRESS-ADMINISTRATION:

Are Late Innings The Time For A Relief Pitcher? (NYT)

By Adam Nagourney And Elisabeth Bumiller

The New York Times, March 23, 2006

WASHINGTON, March 22 — President Bush's suggestion on Tuesday that he may add a new senior figure to his White House team raised questions about the future of two of his closest and most powerful aides, Andrew H. Card Jr. and Karl Rove, as they struggle to put Mr. Bush's White House back on course.

Mr. Rove, his senior strategist, and Mr. Card, his chief of staff, have increasingly been forced to fend off rebellious Congressional Republicans, complaints about the administration's competence and calls from within their party for an infusion of fresh thinking into the White House.

Mr. Rove told associates in recent days that he was confident he could resist calls to bring in new advisers. Still, Mr. Bush's decision not to squelch speculation about such a move — "Well, I'm not going to announce it right now," he said Tuesday at his news conference, with Mr. Rove watching — did nothing to restore diminished Republican confidence in a White House team that once promoted a reputation for efficiency, order and impeccable political instincts.

Two Republicans close to the White House who insisted on anonymity to discuss advice they give to Mr. Bush's inner circle said the names being suggested to the president included Michael O. Leavitt, secretary of health and human services; Marc Racicot, former chairman of the Republican National Committee; Donald L. Evans, a former commerce secretary; and Ed Gillespie, a former chairman of the Republican Party who shepherded Mr. Bush's two Supreme Court nominations through the Senate.

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The list also includes two former members of Congress with ties to Mr. Bush, Thomas G. Loeffler of Texas and Bill Paxon of New York.

It is not clear what role a new appointee would take on, or whether Mr. Bush, known for his loyalty, would be able to make a change without diminishing the standing of Mr. Card and Mr. Rove. Nor is it certain that Mr. Bush will even make a change.

Although Mr. Card is the focus of much of the criticism about the White House's performance, much of the talk here has focused on Mr. Rove, who has long been seen as the pre-eminent strategist of his generation and who for more than a year has been deputy chief of staff for policy.

"He's losing strategic power," James A. Thurber, director of the Center for Congressional and Presidential Studies at the School of Public Affairs at American University, said of Mr. Rove. "It's just decaying, and the decay rate is very fast at this point. Lame-duck presidencies that have people who have been there for many years have many problems."

Republicans outside the White House said Wednesday that they had pushed Mr. Bush not to replace Mr. Rove, but rather to bring in someone at the same level or above, perhaps as minister without portfolio. One Republican said Mr. Bush should view it as replacing a top-notch pitcher struggling in the later innings of a baseball game, rather than as a vote of no-confidence in a friend.

Mr. Card said Mr. Rove, technically at least beneath him in rank, though perhaps not in influence, was an essential staff member.

"He is smart, efficient, diligent, competent and relevant," Mr. Card said.

He defended Mr. Rove and, in an interview last week, took the blame for any problems.

"I take responsibility for everything that has not happened well," Mr. Card said. "I am the staffer responsible for the staff. When people are frustrated, they should be frustrated at me. It's my job."

In a brief interview, Mr. Rove dismissed the notion that he was fatigued or had lost his touch.

"We're all energized," Mr. Rove said. "Whether we're on our game or not — I'm an idiot one day and a genius the next — that's the way it is. You can't pay attention to that."

The developments reflect a sharp change in Mr. Rove's standing in particular, 16 months after he guided Mr. Bush to re-election and was rewarded with more authority.

Mr. Bush's approval ratings are at record lows. Republicans in Congress are refusing to take direction from this White House on a host of issues, while candidates for office have in a few cases avoided appearances with the president.

Mr. Rove's hopes of achieving a permanent Republican majority in Congress, long a defining goal, have given way to holding working House and Senate majorities.

With some notable exceptions, in particular, the confirmation of two conservative Supreme Court nominees, the White House has suffered a series of defeats in Congress.

"An ingredient that's missing right now in the White House is that sense of urgency, that passion, that intensity," said Senator John Thune, Republican of South Dakota. "When you've had horses there that you've been riding for a long time, you kind of need to change them once in a while."

Rich Bond, a former chairman of the Republican National Committee, said that without the focus of a campaign, the White House had lost its edge.

"I can't imagine the Dubai ports deal occurring in the mindset of the re-election," Mr. Bond said. "I can't imagine the Cheney hunting incident being handled in the same way in the mindset of the re-election."

By most accounts inside and outside the administration, Mr. Rove is relentlessly cheerful, presenting himself as an optimistic face in a gloomy White House. One person who met Mr. Rove said he attributed Mr. Bush's problems more to external events, in particular Hurricane Katrina and Iraq, than to anything the White House did wrong.

Mr. Rove has assured worried Republicans that the party will endure just minor losses in the midterm elections. Associates said Mr. Rove appeared increasingly certain that he would not be indicted for his role in the leaking of a C.I.A. operative's name.

"I am just amazed at his ability to multitask and stay on top of his game," Mr. Card said. "I certainly haven't seen any distraction over the past four or five months."

Mr. Rove is operating as impishly as ever. At a party at the British Embassy when Mr. Bush and Mr. Card were on their way to India, Mr. Rove was asked by a group of guests how things were going.

"Everybody's away, so I'm running the country," Mr. Rove replied, playing off his caricature as an all-powerful behind-the-scenes puppet master.

It is a role that White House officials argue has always been exaggerated. Many Republicans now say that just as Mr. Rove should not be excessively credited with the successes of the first term, he should not be overly blamed for its failures in the second.

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Security Of Medicare Info Questioned (USAT)

By Julie Appleby

USA Today, March 23, 2006

Medical and financial information gathered on millions of Americans by Medicare, Medicaid and other government programs is vulnerable to thieves or pranksters because of inadequate computer security, federal investigators say.

"Significant weaknesses in information security controls" increase the risk from those who would "inadvertently or deliberately disclose, modify or destroy" sensitive data, the U.S. Government Accountability Office says.

The soon-to-be-released GAO review focuses on the Department of Health and Human Services (HHS), whose agencies use computer systems to pay more than a billion Medicare claims worth more than $290 billion each year, track medical research at the National Institutes of Health and manage Food and Drug Administration programs.

"Instead of firewalls to safeguard sensitive data, we have Swiss cheese," says Sen. Chuck Grassley, R-Iowa, chairman of the Senate Finance Committee, which requested the report. Grassley's office says Medicare keeps a variety of information on beneficiaries, including Social Security numbers, addresses, birth dates and medical conditions.

In a written response in the report, HHS officials said investigators do "not provide an accurate or complete appraisal" of its security programs and fail to note a 2005 effort that resulted in a reduction of 57% in reportable deficiencies.

"The frequent use of the word 'significant' to describe control weaknesses … evokes a negative connotation that is not reflective of the progress or current state of HHS' information security program," the department said.

The review comes as the federal government is pushing computer technology as key to improving medical quality and slowing costs. In fiscal 2005, HHS will spend nearly $5 billion on information technology, the report says, much of it to help process Medicare payments to doctors and hospitals.

Investigators for the GAO reviewed management and audit reports from 2004 and 2005 that outline security practices at 13 HHS divisions and found:

·Anti-virus software not installed or up to date.

·Lack of adequate control over computer passwords.

·Employees and contractors serving without background checks.

·Inadequate physical controls to prevent spying or theft, such as non-working surveillance cameras and unrestricted access to a data center.

"Fundamentally, it's an organization that is behind in making security part of its regular operations," says Alan Paller, who has seen the report but was not involved in writing it. Paller is research director at security firm the SANS Institute in Bethesda, Md. "It's very dangerous for health care data."

1,889 Days And No Vetoes: Bush Gaining On Jefferson (USAT)

By Richard Benedetto

USA Today, March 23, 2006

WASHINGTON — President Bush today becomes the longest-sitting president since Thomas Jefferson not to exercise his veto, surpassing James Monroe.

Monroe was in office 1,888 days before he vetoed his first bill on May 4, 1822, a measure to impose a toll on the first federal highway. Jefferson never exercised his veto during two terms in 1801-09.

Today is Bush's 1,889th day in office, and no veto is in sight. As of Wednesday, Congress had sent him 1,091 bills. He signed them all.

Bush came close to a veto last month when Congress threatened to block a deal to turn over operations at ports in six states to a company owned by the Arab emirate of Dubai. He threatened a veto, but he avoided a showdown when the Dubai company decided to sell that part of its business to American interests.

"After that, we're not likely to hear a veto threat from him that much again," says G. Calvin Mackenzie, government professor at Maine's Colby College.

Some analysts say Bush's failure to use his veto shows an unwillingness to confront fellow Republicans who control Congress. "He doesn't want to fight battles unnecessarily and create a distance between himself and his party," says Mark Rozell, a George Mason University political scientist who has studied presidential vetoes.

Others say Bush's avoidance of the veto is a sign of strength. "Bush and his party are so close on most issues that there's no need to veto," Mackenzie says.

Rep. Rahm Emanuel, D-Ill., scoffs at that: "This is a rubber-stamp Congress. Why would he veto anything?"

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Still others say it is a matter of Bush's management style. “He's a CEO kind of guy. He gives his orders, delegates the negotiating to others and is willing to live with the outcome,” says Robert McClure, a political scientist at Syracuse University's Maxwell School.

Bush has used veto threats to shape bills more to his liking. For example, the House wanted $370 billion for last year's highway bill; the Senate, $318 billion. Bush drew the line at $256 billion, then compromised at $286.4 billion, more than he wanted but far below the House and Senate levels.

Bush said Tuesday that the veto threat has helped him reduce the rate of domestic spending: “One reason why I haven't vetoed any appropriation bills is because they met the benchmarks we've set.”

Congress Friendly, So Who Needs Veto? (USAT)

By Richard Benedetto

USA Today, March 23, 2006

WASHINGTON — President Bush has not vetoed a single bill while he has been in office. But then, why would he? For most of his presidency, Congress has been dominated by fellow Republicans.

“Presidents generally do not want to draw a line between themselves and their party,” says G. Calvin Mackenzie, professor of government at Colby College.

That didn't stop many of Bush's predecessors, though, especially Democrats, who had hundreds of veto fights with Democratic-led congresses.

Jimmy Carter vetoed bills from a Democratic Congress 31 times, Lyndon Johnson 30 times, John Kennedy 21 times. Harry Truman, who had a Democratic Congress for six of his nearly eight years in office, vetoed 250 bills. Franklin D. Roosevelt, who had a Democratic Congress for all of his more than 12 years in office, issued a record 635 vetoes, and only nine of them were overriden.

Reasons varied. Carter quarreled with fellow Democrats over issues such as military spending and an oil- import fee. FDR frequently fought over the proper allocation of power between Congress and the president. “There was a flurry of legislative activity in the Roosevelt years, and there were many factions in the Democratic Party which seldom spoke with one voice. So there was a lot of disagreement,” says Mark Rozell, a George Mason University political scientist.

Other than Bush, the only postwar Republican president to have a Republican-controlled Congress was Dwight Eisenhower, and then only for two years, in 1953-54. He vetoed 29 bills in that time.

Bill Clinton was more similar to Bush in how he handled a Congress of his own party. Clinton had a Democratic Congress his first two years in office, and he never vetoed a bill in that time. After Republicans took control in 1995, however, he issued 37 vetoes.

Bush and the Republican Congress saw eye to eye on a string of major legislation, including five tax cuts, a bankruptcy overhaul bill, an energy bill, a Medicare prescription-drug plan, renewal of the USA Patriot Act and a bipartisan resolution to go to war in Iraq.

Bush's defeats have often come over items Congress never passed. Examples include Bush's proposal to overhaul Social Security and to open the Arctic National Wildlife Refuge to oil and gas drilling.

On spending bills where Bush and congressional Republicans disagreed, the differences were usually worked out, or narrowed enough that Bush chose not to use his veto. “Congress has lived within the spending limits that the president has called for,” White House press secretary Scott McClellan says.

For now, analysts say, there doesn't appear to be anything looming that would provoke Bush to change his no-veto habit — except the possibility that Democrats could grab control of the House or the Senate in this fall's elections.

If that happens, says Fred McClure, legislative director for Bush's father, George H.W. Bush, “he will have to do a lot of heavy lifting. He may have to use the veto threat a lot more, and he may have to exercise his veto for the first time.”

Line-item Veto Can Cut Pork (USAT)

By Paul Ryan

USA Today, March 23, 2006

U.S. taxpayers deserve to have Congress justify how it spends their money. This is the simple idea behind giving the president a modified, constitutional version of the line-item veto.

By shining the light of day on budgeting in Washington and holding members of Congress accountable for spending they insert into legislation, we can reduce wasteful pork-barrel spending.

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To do this, we propose beefing up the president's existing authority to ask Congress to rescind wasteful spending items. Today, the president can make such a request, but Congress can just ignore it. During Ronald Reagan's presidency, for example, Congress failed to act on more than $25 billion in rescission requests by the administration.

Under our bipartisan legislation, the president can sign a spending bill but put a temporary hold on any wasteful provision and request that Congress rescind it. After two days, any member of Congress could introduce the rescission proposal and it would have to be voted on within 10 legislative days, guaranteeing fast-track consideration.

Unlike the line-item veto the Supreme Court struck down in 1998, this keeps the lawmaking power in Congress, where it belongs. For spending to be rescinded, it must pass both the House of Representatives and Senate by a simple majority, then be signed into law by the president. This upholds the process envisioned by the Founding Fathers.

We do not pretend that this step alone would balance the budget, but it would be an important component of a broader drive to restore fiscal discipline to Washington and rein in unnecessary pork-barrel spending.

If a member of Congress has included legitimate spending in a bill, it should be defensible on its merits, apart from the larger legislation to which it is attached. If a “bridge to nowhere” or other pork project can't be justified, then it deserves to be removed.

In any responsible business, employees who charge expenses to the company must be able to justify these expenditures. Members of Congress are the people's employees, and we should be held to the same standard.

Rep. Paul Ryan, R-Wis., is prime sponsor of the House line-item veto legislation.

Competitive Sourcing (WP)

By Christopher Lee

The Washington Post, March 23, 2006

Remember competitive sourcing? That's President Bush's initiative to examine whether jobs done by federal employees could be performed more efficiently by private contractors.

Bush called it his top management priority when he took office in 2001, saying federal workers should compete with contractors for as many as 850,000 government jobs that are considered commercial, jobs as diverse as janitorial services and computer network design.

It has gone far less smoothly, and far more slowly, than the White House had hoped, with fewer than 50,000 jobs studied by the end of 2005. And federal workers have won the job competitions more than 80 percent of the time.

Even so, many federal employees still quake at the prospect of their jobs moving to the private sector. The latest example came yesterday at Walter Reed Army Medical Center, where about 70 people protested plans to contract out the jobs of 350 workers, including carpenters, electricians and security employees.

The workers and their union, the American Federation of Government Employees, say their winning bid was unfairly tossed out; that the job competition, announced during the Clinton administration, took longer than regulations allow; and that the Army, in breaking the deadlines, spent money not authorized by Congress.

"We're going to continue fighting this legislatively," said John Threlkeld, an AFGE lobbyist.

Management agreed yesterday to put off a decision for several months. Even if the workers save their jobs, their worries won't end. The historic hospital in Northwest Washington is scheduled to be shut down in 2011 as part of the federal base-closing process.

Bills Eye Substitute For Federal Hatch Act (WT)

By Amy Doolittle

The Washington Times, March 23, 2006

District officials have proposed legislation to Congress and the D.C. Council that would exempt the city from federal enforcement of the Hatch Act and allow it to govern itself in that matter.

The bills, which regulate the way city government employees can participate in local politics, are another step toward District statehood, officials say.

D.C. Delegate Eleanor Holmes Norton, a Democrat, introduced the bill with Rep. Thomas M. Davis III, Virginia Republican, last week. Their bill would exempt the District from the Hatch Act, a 1939 anti-corruption law designed to prohibit federal workers from participating in political campaigns.

Mrs. Norton said her bill offers a win-win arrangement for federal and District governments.

"It gives D.C. a long-awaited home-rule victory without the Congress losing anything," she said. "It's very difficult to see an argument against it, frankly."

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Mrs. Norton, the District's nonvoting member of Congress, said that under current law the federal government is forced to oversee and prosecute Hatch Act violations within the District.

"In this case, you free one of the offices of the federal government up from overseeing a local jurisdiction," she said.

Enactment of Mrs. Norton's bill is contingent upon the D.C. Council passing a bill similar to the Hatch Act. Mrs. Norton said she expects her bill to easily pass both the House and the Senate.

In response to Mrs. Norton, D.C. Council Chairman Linda W. Cropp, a Democrat who is running for mayor, introduced an employee political activity bill that would give the D.C. Board of Elections and Ethics and the office of the D.C. Attorney General oversight of District violations.

"The whole point of this is more self-government," said Charlotte Brookings-Hudson, general counsel for the D.C. Council, who authored the bill. "If we want to have this law we can impose it on ourselves. We are no longer an agency of the federal government. They gave us limited home rule and they kept certain things, but now that we can show that we can govern ourselves we should do so."

Currently, the Office of Special Counsel (OSC) is the only government entity that oversees and prosecutes federal Hatch Act cases in the District.

All U.S. states, including Maryland and Virginia, have their own versions of the Hatch Act but are also subject to oversight by the federal government.

The OSC currently has 103 cases pending. Forty-one of those involve federal officials and 62 involve state and local officials. It was not clear how many of those cases are from the District.

Mrs. Cropp's bill is similar to the federal Hatch Act, and includes rules against District employees using official authority to interfere with an election and a ban against soliciting and receiving funds for a political organization or candidate while on government property.

It also bans employees from giving out lists of names or addresses of District employees to fundraisers.

It does not, however, ban employees from receiving funds while off government property or ban employees from giving out lists of names or addresses for government contractors to fundraisers.

"The purpose of this is to impose a local law on this area that protects our employees from being forced to engage in political activities," said Charlotte Brookings-Hudson, general counsel for the D.C. Council. "It's local legislation to protect the rights of employees, not contractors."

Since D.C. Mayor Anthony A. Williams took office in 1999, there have been a number of complaints to the D.C. Office of Campaign Financing and the OSC regarding the use of the executive office for political activities.

The most recent was a 2004 complaint against Mr. Williams' Chief of Staff Kelvin J. Robinson. That complaint said in 2002, Mr. Robinson asked D.C. employees to volunteer to work on the mayor's re-election campaign. Mr. Robinson resigned to take a private sector job several days before that complaint was filed.

Mr. Williams said he supports Mrs. Cropp and Mrs. Norton's bills because they further the cause of home rule in the District. He said that any history of government corruption in the District should not block the city from governing itself.

Other cities and states who have also experienced government corruption in the past, such as Chicago or New York, are allowed to govern themselves, he said.

"The Hatch Act currently treats us as an agency of the federal government," he said. "We are not, whether ... someone may want us to be, we are not. And we fiercely resist being seen as an agency of the federal government and we should be given the same latitude and autonomy with our local affairs as any other city in the country."

Americans View Muslims Favorably (WT)

By Cheryl Wetzstein

The Washington Times, March 23, 2006

Most Americans hold favorable views of American Muslims, and almost half say Islam doesn't encourage violence more than other religions, according to a study released yesterday at an international interfaith conference.

These findings offer hope that Muslims eventually will be accepted and integrated into American society as people of other faiths have been, said Luis Lugo, director of the Pew Forum on Religion and Public Life, which conducted the study.

However, many Americans remain wary of Muslims and Islam, Mr. Lugo said. More personal friendships and education should improve chances for interreligious relations.

Nearly all of yesterday's conference speakers decried terrorism by "extremists" and "radicals."

The Pew findings were presented at the International Conference on Faith and Service in Washington, which featured conciliatory messages from leaders of Christian, Jewish and Muslim faiths; Indonesian scholar and special envoy Alwi Shihab; and Karen Hughes, the State Department's undersecretary for public diplomacy.

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Catholics and Jews were once objects of "widespread and often institutionalized discrimination" in America, Mr. Lugo said. But by 2005, three-quarters of Americans viewed these religions favorably.

Such findings "strongly suggest that the United States has the capacity to overcome historical religious divisions and prejudices," he said.

The findings also showed that 60 percent of Americans think recent terrorist attacks represent a conflict with "a small radical group," not "the people of Islam."

Mrs. Hughes also spoke yesterday about the Afghan man who is facing death for converting to Christianity.

"This case clearly violates the universal freedom held dear by democratic people throughout the world, and we believe it violates the Afghan Constitution, which guarantees the right of an individual to freedom of religion," she said. "We are deeply concerned and have expressed those concerns to the Afghan government."

Islamic doctrine says there "shall be no compulsion in religion" and says people of all faiths should be allowed to practice their religion unmolested, said Imam Feisal Abdul Rauf, head of the American Society for Muslim Advancement. "It is a travesty of Islamic law and Islamic thought" that these principles are violated today.

The Candidates' Money Race (NYT)

The New York Times, March 23, 2006

As a cash-flow marathon, the 2008 presidential race is already under way, with fund-raising trumping innovative ideas and political experts predicting the death of public financing. This is a little-noticed American tragedy, as politics slips back toward the Watergate era. That was when the scandal of easy-money corruption prompted Congress to create the historic option of public election subsidies.

That worthy reform is now badly in need of updating to keep pace with the big-money dynamics of private fund-raising, which has retightened its lock on politics. Don't expect much help from the current Congress, so clearly in thrall to special interests' campaign money. In the last presidential contest, President Bush and Senator John Kerry set furious records for private fund-raising — netting more than $250 million each — for the campaign primaries. Intent on dominating the political landscape, they rejected the public alternative, which would have limited spending to a mere $44 million each. But they both took the subsidies for the general election, each accepting a $74 million spending limit.

Even that path is now threatened as political consultants sense a billion-dollar duel looming for the next election. The cost of running for the White House inflates with each ballot, and campaign strategists estimate that the entry stakes for the 2008 race could approach $100 million, just to be taken seriously. No wonder aspirants are already trolling California, Texas and other wholesale donor precincts as hungrily as the retail voter tableaus of Iowa and New Hampshire.

OTHER NEWS:

Treasury Secretary Expects Wage Growth To Increase (USAT)

By Sue Kirchhoff

USA Today, March 23, 2006

WASHINGTON — Treasury Secretary John Snow predicted Wednesday that U.S. wage growth would accelerate in coming months, as he tried to combat negative consumer attitudes about the economy and White House policies.

In a meeting with reporters, Snow said that as labor markets tighten — with the unemployment rate falling to 4.8% in February from 6.3% in mid-2003 — companies will boost compensation.

“Can (average Americans) expect to have more money in their pockets going forward? I think the answer is unequivocally, ‘yes,' ” Snow said.

Several measures of compensation, including hourly wage growth, have lagged behind inflation during much of the recovery from the 2001 recession. Average hourly wages rose 3.2% in 2005, while the consumer inflation rate was up 3.4%.

There are signs that wages are starting to pick up. The Labor Department said hourly wages for non-supervisory workers, about 80% of the workforce, rose 5 cents in February and 3.5% from February 2004.

“There's only very, very early sort of indications of” rising wage growth, says Nariman Behravesh of Global Insight. “There is still a fair amount of slack in the labor market.”

Mark Zandi of Moody's Economy.com adds that while hourly wages show some gains, higher-paid workers are pulling up the average. Wages for lower-income earners still trail inflation.

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Snow's comments came as recent polls show Americans are pessimistic about President Bush's economic policies. A survey by the Pew Research Center for the People & the Press earlier this month found 34% of the public approved of Bush's handling of the economy, while 57% disapproved.

In addition to the short-term wage picture, economists including former Fed chairman Alan Greenspan are concerned about a decades-long trend of rising U.S. income inequality. Snow said improved education was needed to address the issue in the long term.

On related issues, Snow said the White House would "engage" with Congress if lawmakers wanted to raise the minimum wage, at $5.15 an hour since 1997. While Snow expressed concern a higher minimum wage could have an impact on hiring, economic literature on the topic is mixed.

Snow said he did not think Americans had taken on too much debt to finance consumption, calling the data benign.

Zandi disagrees. "The folks in the bottom half of the distribution of wealth, the debt level is high, and it's going to become onerous as interest rates rise."

Income Gap Narrower By Treasury's Measure (WP)

By Nell Henderson

The Washington Post, March 23, 2006

The income gap between rich and poor in the United States has shrunk in recent years, Treasury Secretary John W. Snow said yesterday, addressing an issue frequently raised by critics of President Bush's economic policies this election year.

"There has been a decline in the inequality" from a high point in 2000 through 2003, the most recent year for which figures are available, Snow said during a meeting with reporters yesterday, referring to Treasury data based on tax returns.

The top 5 percent of Americans, ranked by income, earned 15.4 percent of the nation's after-tax income in 2003, down from 19 percent in 2000, Treasury figures show. The bottom 20 percent took home 2.5 percent of all U.S. after-tax income, up from 2.3 percent in 2000.

But much of the decline in inequality during that period reflected the popping of the stock market bubble, which peaked in 2000, when executives pocketed fat bonuses and stockholders reaped huge profits from selling shares, according to economists inside and outside the Bush administration. The fall in stock prices during those years disproportionately affected high-income households and helped compress the distribution of income.

The Treasury data, which include profit from the sale of stocks and other capital gains, also show that the gap was still larger in 2003 than in 1990, when the top 5 percent of earners took home 12.9 percent of the nation's income.

And census data, which do not include capital gains, show that income inequality grew from 2000 to 2003 and increased again in 2004, continuing a quarter-century trend.

Administration critics said the income figures in 2000 were an anomaly, reflecting the overheated stock market. "If you look at it over a longer period, the trend toward rising income inequality has continued unabated," said Leonard E. Burman, a former Clinton administration Treasury official who is a senior fellow at the Urban Institute.

President Bush's tax cuts in 2001 and 2003 made income inequality "a lot worse," Burman said.

President Bush's approval rating has been falling, making Republicans nervous about the congressional elections this year. A Washington Post-ABC News Poll conducted this month found that 51 percent of respondents disapproved of how Bush is handling the economy, and 62 percent said he does not understand "the problems of people like" themselves.

Snow attributed those poll numbers to a lag between recent improvements in the economy and people's perceptions of that strength, overlaid by anxieties about the war on terrorism, high gasoline prices and unease about the implications of globalization for U.S. workers.

The economy has grown at a robust pace for the past two years, consumer spending is rising and businesses are hiring, he said, calling those indicators "the poll that counts."

Snow acknowledged that the income gap has grown over recent decades.

Family income inequality declined from 1946 through 1969, census data show. Inequality increased slowly from 1970 through 1979 and "has increased somewhat faster since then," wrote Frank Levy, an economics professor at the Massachusetts Institute of Technology, in an analysis posted on the Census Bureau's Web site.

In 2000, the median household income for the top 20 percent of earners was 14 times the comparable figure for the bottom 20 percent, census figures show. By 2003, the top group earned 14.7 times more; by 2004; it earned 14.8 times more. All the census figures are adjusted for inflation. The median is the midpoint, at which half of all families earn more and half earn less.

Snow also asserted that the economic recovery from the 2001 recession is "a little better" than the rebound from the 1990-91 recession. He pointed to Treasury data showing that median household income had declined each year from a peak in 2000

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through 2004, the most recent year for which figures are available. He noted that the drop was shallower than a similar slide during the four years after income peaked in 1989.

But census data also show that median household income declined for three consecutive years after the 2001 recession ended; income declined for just two years after the earlier recession and was rising by the third, noted Lee Price, research director of the Economic Policy Institute.

"Things are still not improving for average people," Price said, noting that the income figures are adjusted for inflation, which has flared in recent years as energy prices have risen. "Because inflation picked up, people in the middle are not getting ahead."

Dow Up 81, Hitting Highest Level In Nearly Five Years (NYT/BLOOM)

By Bloomberg News

The New York Times, March 23, 2006

By Bloomberg News

The Dow Jones industrial average rose yesterday to its highest level in almost five years as the outlook for corporate earnings improved.

Auto stocks gained after General Motors' announcement of a plan to reduce labor costs through employee buyouts. Bristol-Myers Squibb surged after reaching a settlement to delay a generic version of its biggest-selling drug. Morgan Stanley rose as its profit beat analysts' estimates.

Lower oil prices also helped stocks bounce back from the decline shares posted earlier in the week amid concern that the Federal Reserve would keep raising interest rates to curb inflation.

The Dow average gained 81.96 points, or 0.7 percent, to 11,317.43, the highest since May 2001. The Standard & Poor's 500-stock index added 7.81 points, or 0.6 percent, to 1,305.04.

Technology stocks trailed the advance as a delay in the next version of Microsoft's Windows program led to the stock's biggest decline since July. The Nasdaq composite index, which gets 42 percent of its value from computer-related shares, gained 9.12 points, or 0.4 percent, to 2,303.35.

The market slid earlier this week as a speech by the Federal Reserve chairman, Ben S. Bernanke, and a report on producer prices rekindled interest rate concern. The central bank meets Tuesday to decide whether to raise a benchmark rate a 15th consecutive time.

Stock indexes rebounded yesterday as investors chose to focus on the improving outlook for the auto and drug industries.

G.M., the world's largest automaker, offered a one-time buyout to factory employees and reached an agreement with its biggest parts supplier, Delphi, to entice thousands more workers to retire. The deal with the United Automobile Workers reduces the chances of G.M.'s being sent into bankruptcy by a strike at Delphi.

G.M. shares added only a penny, to $22.01, but shares of other companies involved in autos showed bigger gains. Lear, the largest supplier of auto-interior parts, rose 87 cents, to $18.18. Johnson Controls, the largest automotive-seat maker, rose 59 cents to $77.44. And Ford Motor gained 10 cents, to $8.15.

Bristol-Myers surged $2.41, or 11 percent, to $25.24, for the largest gain in the S.&P. 500. Bristol and Sanofi-Aventis reached a settlement with Apotex that keeps a generic version of the blood thinner Plavix off the market until 2011. Sanofi-Aventis American depository receipts gained $4.20, to $47.88. The Amex pharmaceutical index had its biggest jump since Jan. 3, climbing 2 percent.

Morgan Stanley gained $1.53, to $61.94, after it said fiscal first-quarter net income rose 17 percent on revenue from buying and selling stocks and fixed-income securities. Per-share profit was $1.54 in the three months ended Feb. 28, exceeding the highest analyst estimate in a survey by Thomson Financial.

Microsoft fell 59 cents, or 2.1 percent, to $27.15, for the worst performance in the Dow average, after the company announced that the Vista version of Windows would be delayed.

Apple Computer, which makes computers that run on a different operating system, fell 14 cents, to $61.67.

Nike, the largest athletic-shoe maker, added $1.87, to $86.82. The company said fiscal third-quarter net income rose 19 percent as the new Air Max 360 sneaker helped increase United States sales. Profit for the quarter that ended Feb. 28 was $1.24 a share, exceeding the $1.10 average estimate of analysts surveyed by Thomson.

About 11 stocks rose for every 4 that fell on the New York Stock Exchange. Almost 1.49 billion shares changed hands on the Big Board, 9.8 percent fewer than the three-month average.

The price of the benchmark 10-year Treasury note rose 5/32, to 9814/32. The yield, which moves in the opposite direction from the price, was 4.70 percent, down from 4.72 percent on Tuesday.

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After Slump, Dow Hits Nearly 5-year High (USAT/BLOOM)

By Bloomberg News

USA Today, March 23, 2006

NEW YORK — Stocks snapped a two-day slump Wednesday amid growing confidence rising earnings will outweigh increasing interest rates.

The Dow Jones industrial average gained 81.96 points to 11,317.43, highest since May 21, 2001, putting it up 5.6% this year. The Dow is on pace for a better than 24% gain this year.

Boosted by advertising, steel and footwear stocks, the Standard & Poor's 500 index added 7.81 points to 1305.04. The index is up 4.5% this year.

And despite the unexpected delay of Microsoft's next version of the Windows operating system until January, the tech-heavy Nasdaq composite index gained 9.12 points to 2303.35. The Nasdaq is up 4.4% this year. Shares of Microsoft, though, fell 59 cents to $27.15.

Automakers and parts suppliers were strong following General Motors' announcement of a plan to reduce labor costs through employee buyouts (stories, 1A, 1B). Company-specific news also helped boost Bristol-Myers Squibb, Morgan Stanley and FedEx.

Lower oil prices also helped stocks recover after falling earlier in the week amid concern that the Federal Reserve will keep raising short-term interest rates to curb inflation.

"We have felt all along profits would come in better than expected" in 2006, says Keith Wirtz, chief investment officer at Fifth Third Asset Management.

And despite the strong rise in stock values this year, some think there's still upside. "Stocks are not expensive," says Doug Sandler, chief equity strategist at Wachovia Securities. "There's no reason to believe we can't go higher. I don't see inflation as a threat at all."

Morgan Stanley rose $1.53 to $61.94. The investment bank said quarterly net income rose 17%, exceeding the highest analyst estimate in a survey by Thomson Financial.

·Bristol-Myers gained $2.41 to $25.24 after it and Sanofi-Aventis reached a settlement with Apotex that keeps a generic version of their blood thinner off the market until 2011. The blood thinner, Plavix, is Bristol-Myers' biggest-selling drug.

·FedEx rose $1.22 to $114.44. The No. 2 U.S. package-shipping company said fiscal third-quarter profit rose 35%, more than analysts expected, as strong demand enabled FedEx to raise prices.

·Juniper Networks lost 37 cents to $18.99. Banc of America Securities analyst Tim Long said the No. 2 maker of equipment that directs Internet traffic may "struggle" to gain market share required to meet estimates this year.

Stocks Rise As Rates Decline (WSJ)

By Scott Patterson

The Wall Street Journal, March 23, 2006

The interest-rate tap dance on Wall Street continued Wednesday, leaving stocks higher and rates lower.

The Dow Jones Industrial Average gained 81.96 points to 11317.43, the first time it closed above 11300 since May 2001. The Dow is now about 20 points shy of a six-year high, a level it neared by 10 points in a strong rally in the final hour of trading.

Basic materials companies such as Caterpillar and financials such as J.P. Morgan Chase, which tend to benefit from low rates and economic growth, helped lead the rally. Shares of General Motors jumped earlier on reports that its auto-parts supplier Delphi has reached an agreement1 with the United Auto Workers union and GM on an early retirement plan for employees. But it moved lower at the end of the day.

Rising rates knocked stocks lower earlier this week, amid concerns over a speech given by Federal Reserve Chairman Ben Bernanke on bond yields. A report showing a bigger-than-expected increase in core wholesale prices also led to concerns that the Fed would have to push rates higher than most hope to keep inflation in check.

Wednesday, though, yields declined as bonds rallied on continued debate among investors about the meaning of Mr. Bernanke's speech. The rally Wednesday provided a sense that bond yields are contained, at least for now.

Stocks are up "because the bond market is rallying, and there's confidence that earnings are going to continue to grow," said Kent Engelke, capital markets strategist Anderson & Strudwick. "If rates are contained and we have solid economic growth, we're going to see pretty good earnings" in the rest of 2006, he said. Fears that earnings growth will wane sharply in the latter half of the year have led to skepticism that stocks will continue to climb.

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Technology stocks were weak after Microsoft said it would delay the release2 of its new Windows Vista operating system for consumers until January 2007. Microsoft fell 2.5%. While the Nasdaq Composite Index spent most of the morning in negative territory, it clawed higher toward the end of regular trading, rising 9.12 points to 2303.35.

Computer makers such as Dell, Hewlett-Packard and Gateway had been banking on a rush of holiday sales as computer users snapped up new machines tricked out with Vista's bells and whistles. Microsoft plans to release the Vista operating system to large business customers in November.

The Standard & Poor's 500-stock index rose 7.81 to 1305.04. Light, sweet crude-oil fell 57 cents to $61.77 a barrel on the New York Mercantile Exchange despite a report by the Energy Department that crude-oil inventories declined by 1.3 million barrels last week, when analysts were expecting a 2.8 million barrel increase.

Meanwhile, Biogen Idec shares were flat after it said the Food and Drug Administration will extend its review of its key multiple sclerosis drug Tysabri by up to 90 days, a setback for the company which wanted to reintroduce the drug to the U.S. market in June. Shares of its Irish partner Elan slipped 3.7%.

Shares of Bristol-Myers Squibb and Sanofi-Aventis rallied after the companies said they had reached a settlement for Canadian drug maker Apotex to delay9 its generic version of blood-thinning drug, Plavix, until 2011. Bristol-Myers' shares rose 11%, and Sanofi gained 9%.

In major market action:

Stocks rose10. On the New York Stock Exchange, where 1.5 billion shares traded, 2,272 stocks rose and 1,031 fell. On the Nasdaq Stock Market, where 1.7 billion shares traded, 1,779 rose and 1,187 declined.

Bonds advanced11. The benchmark 10-year Treasury gained 4/32 point, or $1.25 cents for every $1,000 invested, to yield 4.705%. The 30-year bond added 10/32 to yield 4.75%. Yields move inversely to prices.

The dollar was mixed.12 It traded at 117.07 yen, down from 117.30 yen late Tuesday, while the euro fell to $1.2074 from $1.2087.

Stock Performance Undercuts Bush's Vision Of Ownership Society (BLOOM)

By Brendan Murray

Bloomberg, March 23, 2006

March 23 (Bloomberg) -- President George W. Bush has tried to sell Americans on an ``ownership society'' that would create more wealth -- and more Republicans in the process. The stock market hasn't accommodated.

The Standard & Poor's 500 Index -- the benchmark for American equities -- is down 2.8 percent since Bush took office five years and two months ago. That's the worst performance during the same stage of any two-term administration in the past half century except that of Richard M. Nixon.

The market's performance is undermining a central goal of White House Deputy Chief of Staff Karl Rove, Bush's chief political adviser. Borrowing from Margaret Thatcher's privatization push in the U.K. in the 1980s, Rove's theory is that if more Americans make their own financial decisions and the last vestiges of a welfare state are dismantled, a culture of ownership will spring up. The ranks of Republican voters, the idea goes, will swell along with it.

``The ownership society looked very attractive on paper,'' said Jacob Hacker, a political science professor at Yale University in New Haven, Connecticut. ``But once you flesh out the changes, people become very concerned because they are already fearful that their economic security is slipping away,''

Those fears are playing out as campaigns are getting underway for the November congressional elections.

``I don't see many Republicans stressing it, emphasizing it or raising it during the campaign,'' said U.S. Representative Peter King, a Republican from New York. While younger voters may be more willing to accept risk, ``the older you get, the harder it is to fully accept this shift.''

Outside Threats

Some of the insecurity stems from the quarterly statements that many Americans are getting for their 401(k) retirement funds and other accounts. Stocks are stammering at the same time government statistics on jobs, productivity and gross domestic product are showing economic strength and continued growth.

Since the Sept. 11 terrorist attacks and the war in Iraq, exuberance about the economy has been overtaken by gnawing unease about the future, according to Robert Solow, 1987 winner of the Nobel Prize for economics and professor emeritus at Massachusetts Institute of Technology in Cambridge.

``Investors are worried that something is going to blow up tomorrow -- they just think it's a crazy world,'' Solow said.

Harvard economist Robert Barro points to a ``lingering geopolitical risk and this sense in the financial markets that there is this probability of something really terrible happening related to international terrorism.''

Performance Factors

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Anxiety about terrorism and the war isn't the only reason stocks have struggled to keep pace. Companies still are shedding excess plants and equipment built up during the boom years of the 1990s. At the same time, low inflation and the globalization of markets means companies can't raise prices at will.

The S&P 500 index during the past half-century has risen on average 8.1 percent a year. The index rose 3 percent last year, when Federal Reserve figures show corporate profits reached a record of about $1.3 trillion. In 1999, a year the S&P 500 rose 20 percent, corporate profits were $806 billion.

By comparison with other two-term administrations of the past half-century, the index grew 153.6 percent at this point during the presidency of Bill Clinton, 79.7 percent for Ronald Reagan, 61.9 percent under Dwight D. Eisenhower and 45.4 percent during the Kennedy-Johnson administration. At the same stage in Nixon's presidency the S&P dropped 4.1 percent.

Risk Concerns

Concern about market risks meant Bush last year had to backpedal from a centerpiece of his ownership campaign -- adding private investment accounts to the Social Security system. His other plans, such as having individuals use tax-free accounts to pay for medical costs, may face a similar fate as the Republican congressional majority shies away from programs that shift more decisions and risks to consumers who've demonstrated they want neither.

``Republicans don't want to go anywhere near the ownership society'' in an election year, said Hacker, author of the book ``The Great Risk Shift,'' which is scheduled for publication in August. ``You're going to see very little attention to these larger themes.''

Last year, the ownership society was the centerpiece of Bush's domestic agenda. He crisscrossed the country, getting applause for his oft-repeated desire to see ``ownership spread throughout all our society.''

This year, Bush didn't utter the word ownership in his Jan. 31 State of the Union. In speeches around the country he has have downplayed themes of personal responsibility and expanding the ``investor class.'' Instead, he focuses on maintaining the ``competitiveness'' of the American economy, providing consumers with more ``transparency'' on health-care costs and reaking a U.S. ``addiction'' to oil.

Timing

The idea of giving individuals a greater stake in the economy ``is broadly appealing, but it works best when the market is clearly performing well and rising,'' said James Lucier, senior analyst with Prudential Equity Group LLC in Washington.

Not all is bleak on the ownership front. As Bush frequently points out in speeches, the home ownership rate rose to a record of 69.2 percent under his administration, from 67.5 percent when he took office. The value of mortgages stood at $8.66 trillion at the end of 2005, from $5.22 trillion in 2001, Federal Reserve figures show, while individual stock holdings have fallen to $6.08 trillion, down from $6.72 trillion 2001.

Stocks may continue to remain short of previous highs. The consensus forecast of 15 equity strategists surveyed by Bloomberg News in early March is for an S&P 500 index to finish the year at 1,353, which would be an 8.4 percent gain for the year. That's still below the high of 1,383 during Bush's tenure reached on Jan. 31, 2001 -- about a month before the economy slipped into recession.

Stocks would be 10 percent to 15 percent higher without the geopolitical risks that stem from the Bush administration's foreign policies, said Allen Sinai, chief global economist at Decision Economics Inc. He predicts the S&P 500 index -- whose 3 percent rise last year when ranked globally bested only China, Malaysia and Venezuela's stock markets -- will rise to as high as 1,375 this year, from yesterday's close of 1,305.

``In the midst of a very nice business expansion, there is a kind of pall in the attitudes of Americans about how this administration is performing,'' Sinai said.

Republican Split On Stem Cells Creates `Wedge' Issue (Update1) (BLOOM)

By William Roberts

Bloomberg, March 23, 2006

March 22 (Bloomberg) -- In 2002, when he was an 18-year-old freshman at the U.S. Air Force Academy, Jeff McCaffrey was paralyzed from the waist down in a car accident. A Catholic and opponent of abortion, McCaffrey is now an ardent campaigner for research using stem cells from human embryos.

``I have no moral qualms,'' said McCaffrey. ``It is simply cells,'' he said in a telephone interview. ``Scientists can make those stem cells that are blank turn into spinal cells and heal my injury.''

People such as McCaffrey present a quandary for Republicans, who are split over whether to allow federal funding for research on new stem cells from human embryos. Senate Democrats plan to force a debate on the issue in the coming months and use it in the campaign leading up to the November elections.

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Republicans plan their own debate over bioethics in an effort to limit the damage from letting stem cells become ``a wedge issue that divides Republicans," Senate Majority Leader Bill Frist said in an interview.

Republicans in the past often have benefited from such ``wedge issues" -- subjects that divide Democrats' constituencies, such as gun control, abortion and gay marriage. Stem-cell research may be one of the first wedge issues that hurts Republicans more because of President George W. Bush's stand against it; polls show a majority of the public disagrees with him.

``Stem-cell research could define '06 Senate races," to the advantage of Democrats, said Phil Singer, a spokesman for the Democratic Senatorial Campaign Committee.

Bush's Ban

Bush has prohibited federal funding for any research using material from newly created human embryos since 2001. While Frist has promised to bring a measure before the Senate to overturn Bush's ban, a plan to begin debate this month has been stalled.

Scientists inject embryonic cells with genetic material, creating regenerative tissue that in theory could be implanted in patients to cure diseases from Parkinson's to juvenile diabetes. The Republican Party's evangelical Christian base is opposed to the research because human embryos are destroyed in the process.

``We have great qualms about the moral nature of this practice," said Carrie Gordon Earle, a bioethics analyst at Focus on the Family, a Christian advocacy group. The Colorado Springs, Colorado-based organization opposes the potential use of human embryos for research.

``You are destroying human entities," Earle said.

Brownback's Effort

Kansas Republican Senator Sam Brownback is pushing for a week-long debate in the Senate on bioethics in which opponents of such stem-cell research can promote legislation to block it. Brownback said he thinks he has the 51 votes needed to pass such a measure.

``These are the ones you just have to state a truth and stand by it," he said. ``It's human life. And I mean, that has to be stood up for."

Frist said his goal ``is to be able to consider a range of bills and amendments" during any bioethics debate.

A number of Senate Republicans, including Arlen Specter of Pennsylvania and Orrin Hatch of Utah, have joined forces with Democrats including Edward Kennedy of Massachusetts and Tom Harkin of Iowa to push the overturn of Bush's ban.

``Some Republicans are on the wrong side of the issue, obviously," Harkin said. ``There may be some more that are just holding back, but when push comes to shove they will vote with us."

Patient groups such as the Parkinson's Action Network and the Coalition for Advancement of Medical Research, both based in Washington, recently began mobilizing members to push for a Senate vote.

Basic Research

At issue in the debate is how much funding the U.S. puts into basic research into stem cells. Under Bush's 2007 budget, the National Institutes of Health would spend $605 million on stem-cell research, of which almost 95 percent would go to work in adult stem cells and animal stem cells.

Only $38 million would be directed to research using some of the 21 existing-stem cell lines available under Bush's 2001 executive order. Scientists say those lines have been corrupted by mouse cultures and are therefore useless for potential human therapies.

``As a result, very little research using human embryonic cells is going on here in the U.S.," said William Neaves, director of the Stowers Institute for Medical Research in Kansas City, which was endowed with $2 billion by Jim Stowers, founder of the American Century Cos. mutual funds.

`Falling Far Behind'

The U.S. is ``at significant risk of falling far behind" other nations such as Great Britain, Israel and Singapore, Neaves said.

In a poll by the Gallup Organization conducted August 5-7, 56 percent of the 1,004 people surveyed supported research on newly created stem cells from human embryos. Even people who ``take conservative positions on social issues, when they are faced with a choice between traditional values and advancement of medical research, generally opt for the latter," said Andrew Kohut, director of the Washington-based Pew Research Center.

Some states are taking action to fund research on their own. California passed a ballot measure to pump $3 billion into stem- cell research over 10 years. Wisconsin, Connecticut, New Jersey, New York, Massachusetts and Maryland have all passed laws supporting and funding embryonic stem-cell research.

In Missouri, a group funded by Stowers is pushing a ballot measure that would legalize research using stem cells from human embryos, Neaves said. Focus on the Family's Earle said Christian groups will use television, radio and mail in an effort to defeat the measure in November.

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``A `no' vote is a whole lot easier to get, especially on a controversial issue." Earle said.

Talent's Switch

Jim Talent, the Republican senator from the state who is running for re-election this year, last month abandoned his support for legislation that would ban embryonic stem-cell research, including cloning. He now backs research into producing stem cells without cloning or destroying human embryos.

McCaffrey has left the Air Force Academy and is now at the University of Missouri, where he's forming a student group to support stem-cell research.

``I want to use stem cells to save lives and better lives," he said. ``I believe we have a moral obligation to find cures. It is the greater good."

Iraq War Veteran Wins Congressional Primary (NYT)

By Gretchen Ruethling

The New York Times, March 23, 2006

CHICAGO, March 22 — L. Tammy Duckworth, a retired Army major who lost her legs in Iraq and has the backing of some of the Democratic Party's national leaders, declared victory on Wednesday in a close Congressional primary in suburban Chicago, setting up a carefully watched race for the seat of Representative Henry J. Hyde, a Republican who is retiring after 32 years.

Problems with Chicago's and Cook County's new voting system — installed to solve problems with the old punch-card method — also left a hard-fought county race up in the air for nearly a day after the polls closed. Finally, late Wednesday afternoon, Forrest Claypool conceded his challenge to the incumbent Cook County Board president, John H. Stroger Jr.

In the gubernatorial primary, Illinois Treasurer Judy Baar Topinka narrowly edged a conservative rival to clinch the Republican nomination and earn a chance to challenge Democratic Gov. Rod Blagojevich in November.

In the Sixth District Congressional primary, unofficial results showed Ms. Duckworth winning 44 percent of the vote, with her main opponent, Christine Cegelis, winning 40 percent. A third candidate, Lindy Scott, took 16 percent.

"My service to this country and my service in Iraq are a testament to my patriotism and my dedication," Ms. Duckworth said in a telephone interview on Wednesday. "I am so gratified that there is such tremendous energy in this district, that people feel there is a viable alternative for the first time in 32 years."

Ms. Duckworth, 38, lost her legs when a rocket-propelled grenade hit the helicopter she was piloting in Iraq in November 2004. She announced her candidacy in December after she was released from rehabilitation and active duty.

"Three months ago, nobody knew who I was," said Ms. Duckworth, who has received widespread support from leading Democrats like Senators Hillary Rodham Clinton of New York and John Kerry of Massachusetts, and vows to focus on education, health care and jobs. "It has been a whirlwind."

Ms. Duckworth's opponents in Tuesday's primary were critical of the amount of support and financing she received from outside the district. Ms. Duckworth will face State Senator Peter J. Roskam in November. Mr. Roskam also has national support, from Republican Party leaders, including Vice President Dick Cheney, who visited Illinois last week to raise money for him.

In the Cook County Board race, Mr. Claypool, who was running against Mr. Stroger as a reformer looking to end patronage in county government, told his supporters on Wednesday at campaign headquarters, "You brought us so close to victory against the old Democratic machine."

He added, "We were challenging virtually all the power brokers in Cook County and Chicago, but we ran a real grass-roots campaign."

Mr. Stroger, 76, remains hospitalized in serious but stable condition after suffering a stroke last week.

Mr. Claypool's concession came while election officials were manually counting ballots after problems with a new voting system left 13 percent of the votes uncounted.

In unofficial returns, Mr. Stroger was leading Mr. Claypool by more than 21,000 votes, 52 percent to 48 percent. Mr. Claypool said it was obvious that the remaining ballots, many of which were cast in predominately African-American precincts where Mr. Stroger has strong support, would not change the balance.

"We strongly believe that we have won," Bruce Washington, Mr. Stroger's campaign manager, said at a news conference on Wednesday afternoon. "We're just going through the process here of counting the remaining ballots."

The ballot problem comes two years after more than 5,000 provisional ballots cast in a primary election here were disqualified, mainly because of technical errors.

Ex-Army Pilot Gets Ill. House Nomination (AP)

By Dennis Conrad

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The Associated Press, March 22, 2006

Tammy Duckworth, a former Army helicopter pilot who lost both legs in a grenade attack in Iraq, is now leading the charge for the Fighting Democrats.

Duckworth narrowly won the Democratic nomination for Congress in a primary race Tuesday for the House seat held by Republican Rep. Henry Hyde (news, bio, voting record), who is retiring after 32 years. She is the best-known of the Iraq war veterans who want to go to Capitol Hill this year.

"My experience in Iraq made me realize, and during the recovery, that I could have died," said Duckworth, who was wounded in 2004 and now gets around by using either a wheelchair or metal prosthetic limbs and a cane. "And I just had to do more with my life."

About 10 veterans of the current fighting in Iraq and Afghanistan are candidates for Congress, all but one of them a Democrat. The Fighting Democrats, as they are being called, contend their battlefield experience will allow them to criticize the war without being written off as naive and weak on defense.

Duckworth, a 38-year-old major in the Illinois Army National Guard, has strong backing from big-name national Democrats, some of whom recruited her to run in the traditionally Republican district in Chicago's suburbs.

On the campaign trail, she has portrayed U.S. involvement in Iraq as a mistake. She has faulted U.S. intelligence and accused American politicians of making poor decisions.

But she has nothing but praise for the U.S. fighting men and women in Iraq and Afghanistan, and has cautioned against quick withdrawal.

"I just thought that we never should have invaded Iraq. We should have gone after Osama bin Laden and our enemies in Afghanistan who attacked us on our soil here in the United States," she said in suburban Downers Grove on Wednesday after edging out businesswoman Christine Cegelis for the nomination.

At the same time, Duckworth, who is married to a captain in the Illinois National Guard, said: "I was proud to serve. I'd do it tomorrow. I'm still in the Army National Guard. If my unit were deployed, I would go again. I think it is important to do your duty."

Larry Sabato, director of the Center for Politics at the University of Virginia, said he would be surprised if Duckworth won in November. But "she serves a function for Democrats even if she loses," by helping the Democrats compete with the Republicans on the issue of national security.

Similarly, Stephen Hess, a professor of media and public affairs at The George Washington University, said that most of the veterans seeking House seats this cycle are "running in places where they're sacrificial lambs."

In November, Duckworth will face state Sen. Peter Roskam, a well-to-do lawyer and conservative from Wheaton who ran unopposed in the GOP primary. Roskam also drew support from Vice President Dick Cheney, who helped with a fundraiser that brought in an estimated $200,000.

"How much is this going to be a national election? Clearly, the Republicans will hope it's not. `All politics is local will be their mantra,'" Hess said.

For her part, Duckworth has tried to talk about more than just the war.

"I think we need to stop giving money to oil companies at a time we are cutting funding for education," she said. "We need to stop giving tax cuts to the very wealthiest Americans."

She does acknowledge what some critics say privately: That she would not have become a candidate had it not been for her catastrophic injury.

Had she not been wounded, she said, she would have started a nonprofit agency or gone back to her job at Rotary International's world headquarters in Evanston, where she was a staff supervisor and was working at the same time on a doctorate on Southeast Asia's economies and public health.

An Iraq Veteran Begins Her Journey To Congress (TIME)

By Eric Ferkenhoff

Time, March 22, 2006

Ever since veteran Republican representative Henry Hyde announced last year that he would not be seeking another term in Congress, Democrats have viewed his suburban Chicago district as one of the key battlegrounds in their effort to take back the House in 2006. Almost immediately party heavyweights like Senators Barack Obama of Illinois and Hillary Clinton of New York and House Democratic Leader Nancy Pelosi started lending their support and helping raise loads of cash for one of the nation's most closely watched races. And with the Iraq War increasingly seen as a winning issue for the Dems, they recruited wounded Iraq War veteran Tammy Duckworth to run for the seat.

On Tuesday, their strategy began to pay off. Duckworth, a 38-year-old former major with the Illinois National Guard who lost both legs during a grenade attack on her helicopter, appeared to have eked out a primary victory over her challenger, tech

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entrepreneur and two-time candidate Christine Cegelis, by garnering 44% of the vote to Cegelis's 40%. Duckworth will now face a high-stakes fall race against conservative state Sen. Peter Roskam, who himself has had big names like Vice President Dick Cheney helping him amass a war chest topping $1 million.

For his three decades in Congress Hyde, who brought clout and many political goodies to his District, had been an unbeatable incumbent. So when he decided to end his storied career on Capitol Hill, Dems viewed it as an especially promising opening. And with a greater mix of young people and minorities, especially Hispanics, moving to the area, Dems believe the district is trending in their favor.

Republicans are confident that Hyde's conservative legacy remains very much alive in the west suburban District. And they note that Roskam, while criticized as too far right for a district becoming more diverse, is a loyal Bush supporter running in a district that voted for him in 2004, even as the President handily lost the state as a whole.

Duckworth is one of several veterans of the war in Iraq to enter the political fray this election, and some have questioned whether Democrats—namely Democratic Congressional Campaign Committee Chairman Rahm Emanuel, the Illinois representative who is thought to have personally recruited Duckworth-were exploiting a veteran wracked with emotional and physical scars. Duckworth dismisses such talk, as well as the notion that the race is about national issues like the war. "I've been under much more stress when people's lives are on the line," she said."This I can handle."

That may be, but whether she can actually deliver the district to the Democrats will depend on how well she can translate her combat experience into political know-how. "My service gives me an insight that other candidates won't have, and my injuries give me a platform," she said. "But that's all it is, a platform. If there was no substance to me—[issues] like education, the health care, the jobs—I'd fall off that platform very quickly."

Iraq War Veteran Wins Her First Political Battle (CSM)

By Amanda Paulson

The Christian Science Monitor, March 23, 2006

CHICAGO - Iraq war veteran Tammy Duckworth edged out opponents in the Democratic primary Tuesday, setting up an intriguing congressional contest. The upbeat vet - who didn't begin her campaign until mid-December - will face Republican Peter Roskam in November in a bid to replace retiring Rep. Henry Hyde (R), who has represented Illinois's Sixth District since 1975.

Ms. Duckworth is the most visible of seven Democratic Iraq war vets running for Congress this year. Her candidacy has attracted much national attention due to her compelling personal story - she lost both legs and partial use of one arm when her helicopter was shot down in November 2004 - and the district in which she's running. Located in Chicago's western suburbs, the Sixth District has long been overwhelmingly Republican but is changing, and Democrats are now eyeing it.

George W. Bush won the district with just 53 percent of the vote in 2000 and 2004, and in the last House contest Democrat Christine Cegelis took an impressive 44 percent of the vote against Mr. Hyde.

Despite Duckworth's high profile - and backing from party leaders such as Sen. Hillary Rodham Clinton, Sen. John Kerry, and Illinois Sens. Barack Obama and Richard Durbin - taking the seat from the GOP will be tough, most analysts agree.

"The thing she'll have going for her is the publicity, and it appears she can raise the requisite amount of money from national sources," says Dick Simpson, a political scientist at the University of Illinois in Chicago and a former Chicago alderman. But in a district that is still largely Republican, he says, Duckworth will have to win over both the Democrats who backed her primary opponents as well as independents and some Republicans. Among GOP voters, "she'll be helped most by her status as a veteran," he says.

Duckworth barely bested Ms. Cegelis on Tuesday, winning by a margin of less than 4 percent. She was criticized during the campaign as being a candidate recruited by outside politicians who lives three miles outside the district and who lacks grass-roots support.

But Duckworth's backers see the victory and her impressive fundraising as signs that she can wage a tough campaign. Even in traditionally GOP districts, "someone who's an Iraq war veteran or a military veteran will make them stop and listen," says Mike Lyon, director of the Band of Brothers political action committee, which is working on behalf of 57 war veterans running for Congress as Democrats.

Machine Woes Slow Vote-Counting In Illinois (WP)

By Kari Lydersen And Zachary A. Goldfarb

The Washington Post, March 23, 2006

CHICAGO, March 22 -- Election officials here resumed counting ballots Wednesday after problems with new electronic voting machines around Cook County forced them to halt the count in a key local race in Tuesday's primary that also had voters casting ballots for governor and Congress.

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The election was one of the first major tests of how well states and localities, seeking to comply with new federal law, have replaced outdated voting machines with modern, more accurate technology that is more accessible to disabled people.

The problems Tuesday night did not significantly affect tabulations for one of the nation's key congressional primaries. Late tallies showed that Iraq war veteran Tammy Duckworth narrowly won the Democratic nomination for Illinois's 6th District, where Republican Rep. Henry J. Hyde is retiring. But results for an important local race, the Democratic nomination for the Cook County Board president, were delayed until Wednesday.

Illinois has received more than $144 million in federal grants to comply with the Help America Vote Act, which Congress passed in 2002 in response to the controversy over the disputed election in South Florida in 2000. Some of that grant went to pay for a $50 million new system of optical-scan and touch-screen machines in Cook County, manufactured by Sequoia Voting Systems of Oakland, Calif.

"It didn't work as well as we would have liked, but it did work," said Chicago Board of Election Commissioners spokesman Tom Leach.

Election reform advocates have been raising concerns for months about the security and implementation of new voting technology. But some officials said Wednesday that the technology generally worked well and the problems that occurred here were not surprising, given the thousands of poll workers who had to learn the new system, one of the most complex in the nation.

Paul S. DeGregorio, chairman of the federal Election Assistance Commission who was in Chicago to observe the election, characterized the problems as "growing pains." He said that as states hold primaries in coming months, "there will be complicating issues with new equipment, but we'll work through them," with the goal of having the kinks worked out by the November general elections.

The biggest hurdle Tuesday appeared to be that poll workers at 365 of the more than 3,000 sites had trouble electronically transmitting final tabulations to the main elections office downtown. Officials stopped counting and ordered elections judges to bring ballots and memory cartridges to the office.

The judges started to arrive at 1 p.m. Wednesday. About 40 judges there received lengthy instructions on tabulating and, if necessary, recounting the ballots.

Cheryl Kawa, a veteran Democratic election judge, said: "It's reminding me of the day of the chads. It's overwhelming."

She wasn't disappointed in election officials or the system, though. "They're all human; they're doing the best they can."

Despite the problems, Leach was confident that all votes would be counted, and he pledged to get to the bottom of the problem. "We'll go back to every one of those 365 precincts and find out: Was it human error or was it mechanical error?" he said. "Not one voter was sent away, and not one voter was disenfranchised."

Proportion Of Doctors Giving Charity Care Declines (WP)

By Ceci Connolly

The Washington Post, March 23, 2006

The proportion of U.S. physicians providing charity care has steadily declined over the past decade, even as the number of Americans without health insurance has risen significantly, a new study finds, suggesting that government health programs and clinics will face increased demand.

In 2004-2005, 68 percent of doctors said they delivered some free or discounted care to low-income patients, down from the 76 percent recorded 10 years earlier, according to a national survey being released today by the Center for Studying Health System Change. The center, a nonpartisan research group funded primarily by the Robert Wood Johnson Foundation, noted that the number of uninsured people climbed to 45.5 million in 2004.

"One of the striking things about this is that the decrease is pretty much across the board," said lead author Peter J. Cunningham. Charity care declined regardless "of specialty, type of practice, size of practice or part of the country."

Overall, higher-paid specialists or doctors working in small private practices were more likely to provide charity care than internists, pediatricians or those employed by large managed-care companies, the survey found.

Nearly 80 percent of surgeons reported providing free care, largely because they spend more time in hospitals, which are required by law to treat indigent patients. Pediatricians, on the other hand, probably saw less demand for charity care because higher percentages of children receive care through government programs. Although the number of physicians providing charity care has remained stable, the proportion has fallen because there are many more doctors practicing medicine.

Less charity care in the doctor's office means more demands on hospital emergency rooms and more patients who simply go without care, said Cunningham, who oversaw the survey of 6,600 physicians. In a related study, the center found that a declining number of uninsured Americans received routine medical care. In 2003, 46 percent of people without health insurance had a regular doctor, down from 52 percent in 1996.

Busy schedules, reduced reimbursement rates and high medical-school debt appear to be contributing to the problem.

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"Physicians are still committed to charity care," said J. Edward Hill, president of the American Medical Association. "Time pressures for physicians have increased enormously, and there have been income drops."

At a time when insurers are clamping down on reimbursements, most young doctors carry an average medical-school debt of $119,000, he said. And although charity care has dipped, Hill, a family physician from Mississippi, stressed that "nearly 70 percent" of doctors still offer some.

Until recently, the nonprofit Family and Child Services Inc. of Washington relied on a network of volunteer doctors to provide free checkups to needy children heading to summer camp. But now, "that service just isn't available," said Charlotte L. McConnell, the group's executive director.

Time pressures and fear of lawsuits are the two most common reasons doctors give McConnell. "My sense is they have to do a certain volume to cover their expanding costs, especially in D.C. to cover [malpractice] insurance," she said.

In Texas, President Bush's home state, "volunteer charity care is nonexistent," said Sherry L. Hill, chief executive of the Community Health Centers of South Central Texas Inc. "It is the rare physician that will donate a day or an afternoon or morning."

Last year, 7,000 patients made 25,000 visits to the centers' clinics, more than triple the number served in 1999, she said. The clients, 70 percent of whom are uninsured, all work -- as farmers, ranchers, domestic help or gas station attendants.

At a dinner meeting with local doctors, Hill, who is not related to the AMA president, asked if anyone would volunteer to be a substitute when the center's staff physicians went on vacation. "I didn't get a taker in the group," she said.

The real problem, said the AMA's Hill, is the steadily rising number of people with little or no health insurance.

"The solution is fair coverage for all," he said. "We've got to wake up in this country and decide we're going to solve that problem."

Since taking office, Bush has added or expanded 865 federally funded community health centers, serving about 14.6 million patients this year, said Bill Hall, a spokesman for the Department of Health and Human Services.

"They've been expanding, but they are not universally available across the country," and most of the community health centers offer limited services, Cunningham said.

Who Will Make Baltimore Safe? (WP)

By Douglas M. Duncan

The Washington Post, March 23, 2006

Too often in Maryland politics we see jurisdictional squabbling and turf battles. We see fights between the Washington suburbs and the Baltimore region, or the Eastern Shore and Western Maryland. Such squabbles are not productive; in fact, they are roadblocks to progress. But one thing is clear: All residents of Maryland have a stake in our state's largest city. We cannot have a healthy Maryland until we have a healthy Baltimore. And when it comes to crime, Baltimore is not healthy.

In 2003 Baltimore was the second-most dangerous big city in America. Today it remains so. Per capita homicide rates have actually increased since 2000. Baltimore is six times as deadly as New York and three times as deadly as Los Angeles. In 2004 only three major cities reported increases in homicides: Detroit, St. Louis and Baltimore. While other cities have had historic declines in homicides and violent crime, Baltimore has not had similar success. And while there has been progress in the Inner Harbor, far too many neighborhoods are still racked with crime.

The mayor of Baltimore can't seem to crack the problem. He's on his fourth police commissioner, and the police department itself is dealing with a major scandal. The mayor openly spars with prosecutors when they need to be working together. And sadly, politics are being put ahead of people. The Baltimore Sun recently reported that the crime numbers being kept by the city may not be accurate. A WBAL-TV series in Baltimore revealed dramatic instances of crimes not being reported. Solid, sound information is the bedrock of crime fighting and prevention.

But instead of solutions, we're seeing political posturing. Mayor Martin O'Malley repeatedly refers to a 40 percent decline in violent crime. Independent experts say it may be more like 23 percent. While campaigning in Montgomery County, O'Malley claimed it was 50 percent. He labels calls for independent audits as political stunts. But somehow O'Malley's 1999 audit of crime -- conducted by consultants he hired -- is considered by the mayor to be above reproach. Some, however, question whether it was used to overstate the reduction in crime.

Gov. Robert L. Ehrlich Jr. is calling for an audit -- but only of five jurisdictions, which gives the appearance of politicization in an election year. While this is a step in the right direction, a statewide audit is the only way to get an accurate assessment of crime in Maryland.

Who's thinking about the people of Baltimore?

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Given all the recent reports that have come out about the suspect crime numbers, several members of the General Assembly have introduced a bill for a comprehensive, independent audit of crime across the state, not just in five jurisdictions. I urge swift passage of this bill. The first step in solving a problem is assessing the problem.

I recently stood with Baltimore's top prosecutor and other leaders and released a comprehensive plan to reduce crime across the state. It calls for 1,000 more police officers on the streets, but that's just a start. It calls for more drug treatment and the expansion of currently successful drug courts. It calls for better pre-release services and expanding Operation Restart, which helps put people's lives back on track when they get out of jail. There are new laws to crack down on gangs and combat sexual predators. And, perhaps most important, the plan would commit resources to community crime task forces. These task forces would bring together law enforcement, community groups and other agencies in Maryland to target efforts in high-crime areas. Sometimes a housing agency can shut down a crack house faster than the police can. Or the health department can shut down a restaurant that is also a front for crime faster than the courts. By pooling community knowledge and efforts, we can improve communities faster.

It's a blueprint for the first step in achieving a healthy Baltimore, and a healthy Maryland.

Some have said I am engaged in "Baltimore bashing." They need to ask themselves who is doing the real disservice to the good people of Baltimore: those who talk honestly and openly about the problems and lay out strategies to solve them, or those who engage in constant political posturing and continue to describe rosy scenarios while people still live in fear?

I believe education is the long-term solution to reducing crime and improving the quality of life in Maryland. But families cannot be asked to wait for safer neighborhoods. Children deserve safe streets today.

The writer is Montgomery County executive and a candidate for the Democratic nomination for governor of Maryland.

A Vision, Bruised And Dented (NYT)

By David Brooks

The New York Times, March 23, 2006

The big question in Democratic circles is, Who can win? The big question in Republican circles is, What do we believe? The setbacks in Iraq, the failure to limit the size of government and plummeting poll numbers have changed the way Republicans talk and govern.

If you wanted to put these changes in a nutshell, you'd say the Republicans have gone from soaring Bushian universalism to nervous, dumbed-down Huntingtonism.

Just over a year ago, Republicans were thrilling to the lofty sentiments of President Bush's second inaugural: that freedom is God's gift to humanity, that people everywhere hunger for liberty. To explain his efforts to democratize the Middle East, Bush hit all the high notes of the American creed, while not dwelling much on the intricacies and stubbornness of foreign cultures.

Today, many Republicans have lost patience with Bush's high-minded creedal statements. Like the Harvard political scientist Samuel Huntington, they have come to believe that culture matters most. Lofty notions about universal liberty splinter on the shoals of Arab customs. Heartfelt convictions about reducing the size of government disintegrate inside the culture of Washington. Many Republicans have lost faith in efforts to transform patterns of behavior, and come to believe that we shouldn't exaggerate how much we can change.

In the realm of foreign affairs, we have seen the rise of what Richard Lowry of National Review calls the " 'To Hell With Them' Hawks." These, Lowry writes, "are conservatives who are comfortable using force abroad, but have little patience for a deep entanglement with the Muslim world, which they consider unredeemable, or at least not worth the strenuous effort of trying to redeem." They look at car bombs and cartoon riots and wonder whether Islam is really a religion of peace. They look at the mayhem in the Middle East and just want to withdraw. After all, in his book "The Clash of Civilizations," Huntington didn't want to change the Muslim world — he just called for less contact with it.

In the field of immigration, Republican sentiment seems to be shifting away from the idea that the United States is a universal nation, where immigrants come from across the world to work, rise and join in the pursuit of happiness. Now Republican rhetoric emphasizes how alien immigrant culture is; how slowly the Mexicans assimilate, if at all; how much disorder and strain their presence creates.

There is a chance that in the next few weeks, the G.O.P. will walk off a cliff on the subject of immigration. In the desperate effort to win back their base, Republican senators may follow Bill Frist and embrace a draconian enforcement-only immigration bill (which will lose them Florida and the Southwest for a generation).

Finally, there is the issue of domestic poverty. Hurricane Katrina rekindled a brief resurgence of compassionate conservatism, at least for President Bush. But Republicans in Congress were having none of it. They appropriated the money they had to, but they had no confidence that the federal government could do anything effective to transform the culture of poverty: the out-of-wedlock births, the family breakdowns and so on.

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In short, Republicans seem to have gone from believing that culture is nothing, to believing that culture is everything — from idealism to fatalism in the blink of an eye.

Recently, I've spilled a lot of ink stressing the importance of culture as we think about poverty, development and foreign affairs. But it's dismaying to see so many Republicans veer overboard into a vulgarized version of Huntingtonist cultural determinism.

European conservatives from Edmund Burke to Michael Oakeshott usefully remind us of the power of culture and tradition. But American conservatives — from Hamilton to Reagan — have never taken that path precisely because they believe in the power of the American creed, precisely because they have an Enlightenment faith in the power of reason to change minds.

Whether in Iraq or the barrio, history is not a prison. Culture shapes people, but cultures are changeable.

Fortunately, there is a great Republican leader who understood the balance between culture and creed: Abraham Lincoln. In this spring of Republican discontent, his approach and governing method will make a good subject for a future column.

Correction

Last Sunday, I wrote that Plato used the word "eros" to signify the appetitive part of the soul. This isn't the first time I've been led astray by the power of eros. The correct word is "epithymia."

INTERNATIONAL NEWS:

Rice Optimistic About Iran Diplomacy (AP)

By Liz Sidoti

AP, March 22, 2006

Secretary of State Condoleezza Rice expressed confidence Wednesday that Russia and China would eventually resolve their differences with the United States and its European allies on how to pressure Iran to stop enriching uranium.

"Sometimes diplomacy takes a little bit of time, but we're working very hard on that," Rice told reporters during a visit here.

The top U.S. diplomat said she is not worried about a delay in efforts at the United Nations to write a statement addressing Iran's disputed nuclear program. Russia and China's opposition to a tough statement stalled talks with high-level diplomats this week at the United Nations.

The intention all along, Rice said, was to come up with a vehicle to allow the international community "to speak strongly to Iran that it has no other course but to return to negotiations, suspend its programs and agree to a civil nuclear arrangement" that would alleviate possible risks of weaponization.

"We will come up with a vehicle, I am quite certain of that," she said. "We have work still to do. This is the natural course of diplomacy. If it takes a little longer, I'm not really concerned about that."

The United States, Britain and France have failed to get Russia and China to agree that the U.N. Security Council should approve a statement reiterating demands by the U.N. nuclear watchdog organization, the International Atomic Energy Agency, that Iran suspend its uranium enrichment efforts.

The process can be used to generate nuclear power or make nuclear weapons. The United States and its European allies contend that Iran seeks the ability to make bombs. Iran insists its nuclear program is peaceful and is intended only for civilian energy production.

Russia and China strongly oppose language backed by the U.S. and Europeans that would call for a report in 14 days on Iran's compliance with the IAEA's demands. Russia and China want Iran to have more time and want the IAEA to keep the lead in pressuring Iran.

Rice spoke while in the Bahamas to meet with 14 foreign ministers and the secretary general of the Caribbean Community and Common Market, a regional trade bloc known as Caricom.

On the agenda were discussions of how the United States could work with the Caribbean countries to urge democratic change, enhance economies, strengthen security and improve disaster preparedness.

The brief Caribbean trip also was intended to alleviate friction between the Bush administration and Caribbean leaders over the ouster of former Haitian President Jean-Bertrand Aristide in 2004.

"This is part of her effort to get this relationship back where it should be," said Tom Shannon, assistant secretary of state for the Western Hemisphere. "I think we're just about there."

Caribbean leaders have accused the United States of being an accomplice in Aristide's toppling. He fled Haiti amid a bloody rebellion and his supporters contend the United States forced him from office. The Bush administration says he left voluntarily.

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U.S. troops were sent to Haiti after Aristide's departure and remained there until U.N. peacekeepers were deployed. By the end of 2006, the United States will have provided $500 million in aid to Haiti over three years.

Caricom suspended Haiti's membership shortly after Aristide fled, refusing to recognize an interim government the group called unconstitutional.

Recently, the group has said Haiti will be allowed to rejoin if recent presidential and parliamentary elections are deemed free and fair.

Rice was urging the group to fully restore its relationship with Haiti and help stabilize the country as its new government tries to overcome two decades of democratic failure and widespread political violence.

U.S. officials say the group not only pulled away from Haiti over the past two years but also separated itself from international efforts to strengthen the Western Hemisphere's poorest country.

Aside from a previous visit to Haiti, the trip was Rice's first to the Caribbean as the top U.S. diplomat and the Bush administration considered it the next step toward a solid policy agenda between Caribbean countries and the United States.

Previously, Rice met with the Caribbean foreign ministers in June in Ft. Lauderdale, Fla., and again in September at the United Nations.

Nations Seek To Break Deadlock Over Iran (AP)

By Nick Wadhams

AP, March 22, 2006

U.N. Security Council members sought to break a deadlock over Iran's suspect nuclear program Wednesday after Britain and France could not get Russia and China to agree on how to pressure Tehran to stop enriching uranium, diplomats said.

Nonetheless, U.S. Secretary of State Condoleezza Rice said she was confident that the council could come to an agreement.

"We will come up with a vehicle, I am quite certain of that," Rice said during a trip to the Bahamas. "We have work still to do. This is the natural course of diplomacy. If it takes a little longer, I'm not really concerned about that."

As Rice spoke, the five veto-wielding members of the Security Council — Britain, China, France, Russia and the United States — convened at the U.S. mission to the U.N. but reported no new progress in formulating a council statement.

The lack of progress, which followed a decision to scrap full council discussions Tuesday, reflected just how much the United States and its European allies had failed to get Russia and China on board during a meeting of high-level diplomats in New York the night before.

One council diplomat described that meeting as a setback for British, French and American efforts to craft a tough council response to Iran, which the West believes is seeking nuclear weapons. Russia and China are firm in their belief that any Security Council action should be mild.

"We're trying to get back on track from where we were before last night's meetings," the diplomat said on condition of anonymity because the talks were confidential. "The Russians and the Chinese came in guns ablazing."

President Bush stressed that Iran should never be allowed to have a nuclear weapon, and said that diplomacy continued.

"We're dealing with this issue diplomatically by having the Germans and the French and the British send a clear message to the Iranians, with our strong backing, that you will not have the capacity to make a weapon, to know how to make a weapon," Bush told an audience in Wheeling, W. Va.

"Iran with a nuclear weapon is a threat and it's dangerous, and we must not let them have a weapon."

The United States and its European allies want the Security Council to approve a statement reiterating demands by the U.N. nuclear watchdog, the International Atomic Energy Agency, that Iran suspend uranium enrichment, the process that can be used to generate nuclear power or make nuclear weapons.

Iran insists its program is for generating electricity.

Diplomats said the Russians and Chinese have not budged from their opposition to tough language seeking a report in 14 days on Iran's compliance with the IAEA demands. Moscow and Beijing have said that is not enough time, with China suggesting 30-45 days.

Russia and China also want the IAEA to keep the main role in cajoling Iran on uranium enrichment. They have raised concerns that pushing Iran too hard could lead to its withdrawal from the Nuclear Nonproliferation Treaty and expulsion of IAEA inspectors.

Monday's meeting had been intended to discuss broad strategy and a first council response. Britain, for example, has proposed offering Iran a package of unspecified incentives as a way of getting Russia and China to agree to the threat of tougher council measures later on.

But the sides made little headway, emerging only to express concern that Iran had not yet met IAEA demands.

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The lack of any significant movement after 10 days could lead the Western nations to abandon the presidential statement, which requires the consensus of all 15 council members, in favor of a resolution, a council diplomat said on condition of anonymity because the issue had not been raised with members yet.

That would put Russia and China in the position of having to approve, abstain or veto action against Iran.

Negotiations between Iran and France, Germany and Britain, acting on behalf of the European Union, collapsed in August after Tehran rejected an incentives package offered in return for a permanent end to uranium enrichment.

Its subsequent moves to develop full-blown enrichment capabilities led the IAEA's 35-nation board to ask for Security Council involvement earlier this year.

White House Questions Iran's OK On Talks (AP)

By Barry Schweid

AP, March 22, 2006

The Bush administration questioned on Wednesday the motives of Iran's Supreme leader Ayatollah Ali Khamenei in approving U.S.-proposed talks on Iraq, but did not shut the door entirely.

"It is a matter of curious timing," State Department spokesman Sean McCormack said, suggesting Iran was trying to deflect international pressure from its nuclear programs now under criticial discussion at the United Nations.

While a "channel" for communication between the United States and Iran remains open, he said, no meetings have been scheduled.

Khamenei's statement on Tuesday was the first confirmation that he supports having talks. He also warned the United States must not try to "bully" Iran.

President Bush months ago initiated a diplomatic effort to hold talks with Iran over its activities in Iraq. The administration considers Iran meddlesome and accuses it of supporting insurgent militia with weapons.

When Iran last week signaled its willingess to talk, however, Bush's national security adviser, Steven J. Hadley, dismissed the overture as a play designed to divert pressure and attention from nuclear programs the United States and its European allies charge are designed to develop nuclear weapons.

In similar reaction on Wednesday, McCormack said: "I find it very interesting that the Iranian regime has chosen this particular time to seek to communicate with the United States government through this channel of communication, where this channel of communication has been open for some time."

The spokesman went on: "We think it has more to do with Iran's desire to decrease the pressure on the regime and to divert attention from the ongoing discussions about the topic of Iran's nuclear program that we're watching unfold up in New York.

"We think it has more to do with that and less to do with an actual desire to communicate with the United States government on issues concerning Iraq."

Most Americans Believe Iran Is Building A Nuclear Weapon (WSJ)

By The Wall Street Journal Online

The Wall Street Journal, March 23, 2006

A large majority of Americans believe Iran is using its uranium research program to build a nuclear weapon, according to a recent Harris Interactive poll.

About 85% of Americans say the U.S. "should be concerned" about Iran's nuclear research activities, according to the telephone survey of 2,435 U.S. adults. And 70% say they think Iran is using its research to build a nuclear weapon, the poll shows, while another 25% say they aren't sure.

The U.S. and its European allies are currently seeking a statement from the U.N. Security Council1 to reiterate demands by the International Atomic Energy Agency that Iran suspend uranium enrichment, the process that can be used to generate nuclear power or make nuclear weapons.

But the poll shows Americans are mostly divided on whether the U.S. should have the backing of the U.N. in working to prevent Iran from building nuclear weapons.

Nearly half of U.S. adults, or 47%, say the U.S. "should only act with support from the United Nations," while 38% say the U.S. "can act alone, but it would be better to have support from the United Nations."

Only 8% say the U.S. would be "perfectly justified to act alone."

Here are full results of the poll: "Recently Iran said it was going to restart its nuclear technology research. Do you think this should be a concern for the U.S. or not?"

Base: All adults * * * "Do you believe that Iran is using this research to try and build a nuclear weapon?"

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Base: All adults * * * "In working to prevent Iran from building nuclear weapons, to what extent should the U.S. act alone, without support from the United Nations?"

Base: All adults

Methodology:

Harris Interactive conducted this online survey in the U.S., March 8-14, 2006, among a nationwide cross section of 2,435 adults. Figures for age, gender, race/ethnicity, education, income and region were weighted where necessary to align with population proportions. Propensity score weighting was also used to adjust for respondents' propensity to be online. In theory, with probability samples of this size, one can say with 95% certainty that the overall results have a sampling error of =/- 3 percentage points of what they would be if the entire U.S. adult population had been polled with complete accuracy. This online sample is not a probability sample.

About Harris Interactive - Harris Interactive is a world-wide market research and consulting firm, best known for The Harris Poll and its use of the Internet to conduct scientifically accurate market research. For more information, see www.harrisinteractive.com2. To become a participant in The Harris Poll Online and join future online surveys, see www.harrispollonline.com3.

Iranians In Fear Of Fear (WT)

By Nir Boms And Reza Bulorchi

The Washington Times, March 23, 2006

Following two decades of Tehran's lies and three years of international wishful thinking, Iran's nuclear case was finally brought to the hands of the U.N. Security Council. In the meantime the mullahcracy in Tehran has been gearing itself for another phase of international standoff.

On the same day Tehran declared "the Russian proposal is no longer on our agenda." the Sunday Telegraph reported that Iran has built a secret underground emergency command center in north Tehran as "they prepare for a confrontation with the West over their illicit nuclear program."

Hojatol-Islam Mohsen Gharavian, a disciple of the ultraconservative Ayatollah Mesbah Yazdi, was reported in February to have approved the use of atomic weapons against the "enemies of Islam." Meanwhile, the theocratic regime's shrinking loyal base is mobilized for staged rallies in front of European embassies and nuclear facilities to give an appearance of national legitimacy.

The mullahs' nuclear drive has no doubt enraged Iranians -- but for reasons far different from what the mullahs may admit.

For years, the mullahs have proven to be the biggest enemy of Iranians. The regime carried out summary executions of thousands of political prisoners in what is known as the 1988 massacre that followed a fatwa by Ayatollah Khomeini. Even pregnant prisoners were not spared. Last year, Mohammad Abbaspour, a member of the social committee of Iranian parliament, said "Today 90 percent of people are under the poverty line". The foreign debt has reached almost 30 percent of Iran's GDP. Thousands of Iranians have sold their kidneys to make the ends meet. Some families have even traded their young daughters to human traffickers. Iran's massive flux of rising oil income has only helped to finance a gigantic multi-faceted WMD program and a growing infrastructure of terror around the Middle East.

Indeed, the vast majority of Iranians are opposed to the theocratic regime's drive that has pushed their country to the verge of a military confrontation. An internal classified report prepared by a state-run polling center has reportedly concluded that only 31 percent of Iranians consider the nuclear program a "national' project. The report adds that 86 percent of Iranians believe the nuclear energy is not worth entering a war.

More importantly, however, Iranians have paid the highest price to derail the mullahs' nuclear weapons program. While satellite imagery and inspections by the International Atomic Energy Agency (IAEA) contributed to getting a sense of the extent of Iran's nuclear drive, it was the Iranian opposition that played the key role in exposing the mullahs' nuclear secrets. The National Council of Resistance of Iran, the major opposition coalition, revealed in August 2002 that Tehran was building two new secret nuclear facilities in the cities of Arak and Natanz. In February 2003, Iran admitted to the existence of two sites, a development that set in motion the IAEA resolution to report Iran to the U.N. Security Council.

It has become increasingly difficult for the mullahs to cast their atomic drive as an "Iranian" program while the Iranian opposition is at the center of the campaign against it. And to hit back at the opposition, mullahs chose their usual route. Several days before the IAEA meeting, prison officials announced that if the nuclear case were ever referred to the Security Council, they would unleash their wrath on political prisoners.

And that threat became a chilling reality just a day after the IAEA vote. Hojjat Zamani, 31, a political prisoner and a member of MEK (an affiliate of the opposition coalition), was snatched from his cell by prison guards and hanged at dawn on Feb. 7, according to Amnesty International. More prisoners are feared to be facing a similar fate.

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The Zamini case shows that Iran's drive for nuclear weapons is the flip side of its campaign of suppression at home. This year alone, more than 30 individuals have been executed -- many in public -- or sentenced to death. The daring strike of Tehran transit workers was brutally crushed, as was the peaceful but defiant stand of several thousands Sufi Muslims last week. Meanwhile, Elham Afroten, a 20-year-old female journalist, is reported incarcerated since Jan. 23 and badly mistreated for allegedly placing a satirical article comparing Ayatollah Khomeini to the AIDS virus.

Iran's theocracy will do anything to instill fear; which is why it will do everything to get the nukes. And when it succeeds, one can easily imagine what would a regime that cares so little about its own citizens may do to the citizens of the "infidel" world. For the sake of the world and for the sake of the Iranian people -- the mullahs must not be given that nuclear choice.

Nir Boms is the vice president of the Center for Freedom in the Middle East. Reza Bulorchi is the executive director of the U.S. Alliance for Democratic Iran.

Opening With A Trap Door (WP)

By Jim Hoagland

The Washington Post, March 23, 2006

Ask administration hard-liners about Iran's sudden acceptance of the U.S. offer to talk about stability in Iraq and you hear this reaction: It's a booby trap. These hawks are right.

Put the same question to moderates on the Bush team and this is the response: It's an opening in the confrontation and a necessary step toward an exit strategy for Iraq. The remarkable thing is that these doves are right, too.

President Bush must treat the Iranian decision to open discussions in Baghdad as trap and opportunity. It is both. The administration should pursue this small opening in the Iranian wall with discipline and attention to maintaining a united front with its European and Asian partners. They are Iran's immediate targets.

The Iranians will certainly suggest to Europe, Japan and India that the United States is dealing behind its allies' backs to protect its interests in Iraq. The Iranians are masters at playing on others' divisions, often by inviting them to exploit simulated divisions on the Iranian side. Thus the endless arguments over Iran's "moderates."

The Bush team must make the Baghdad talks one insulated part of a coordinated three-pronged approach to Iran. Contacts with Iran must be managed as hard-nosed diplomacy that will go to the brink -- but not be carried over it by bluster and inflexibility.

The White House rightly insists that the Baghdad talks be limited to practical steps for defusing the crisis in Iraq. Discussion in Baghdad of Iran's nuclear ambitions, now under scrutiny in the U.N. Security Council, or other broad topics would undermine the allied unity that has brought the complaint against Iran this far.

The State Department hopes to get a declaration from the Security Council in about two weeks that ostensibly gives the Iranians a final chance to suspend their nuclear enrichment program and return to negotiations with the European Union and Russia.

The statement is in fact a necessary step toward new U.N. negotiations over a resolution imposing sanctions on Iran. "The Europeans need to show their publics that they have jumped through all the hoops" before threatening sanctions, a U.S. official says. Washington is cooperating in this approach.

To reduce the danger that Iran will use the Baghdad talks as a divisive ploy, the United States should now join -- and lead -- the negotiating effort over enrichment. After the move to talk to Iran in Baghdad, the Bush administration cannot remain a silent, outside partner at the top rung of the negotiating ladder. And U.S. direct involvement provides the only hope of getting the Iranians back to the table.

The threat of sanctions has already triggered a counterthreat from Iran to use oil as a weapon. Washington must lead in establishing a credible international emergency energy-sharing program to confront that bad-case scenario. "We have to say to the Iranians together that we will endure a cold winter or two but they will be harmed even more by an oil boycott," says a senior European politician who has studied Iranian negotiating behavior extensively.

U.S. officials recognize that U.N. action might not be sufficient or even forthcoming. They now speak of a "diplomatic coalition of the willing" to pursue sanctions and other measures against Iran if the U.N. effort falters. But that coalition must be forged through diplomatic leadership and the sharing of the negotiating burden.

Such sharing can be reinforced in a third layer of contacts in this policy of engaging Iran, with intense skepticism. The United States should support efforts by the U.N. special representative to Iraq, Ashraf Jehangir Qazi, to establish a contact group of regional states that would meet regularly -- in Baghdad.

Regional "meetings outside Baghdad don't work at this stage," Qazi told U.S. officials he visited this week in Washington in a refreshing burst of candor. Having senior diplomats from Egypt, Syria, Jordan and other Persian Gulf countries -- including Iran -- wrestle concretely with Iraq's daily problems could usefully supplement the U.S.-Iranian talks.

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The experts say that Iran is six to nine months away from mastering the centrifuge process of enrichment, the key step in a 5- to 10-year process of building a nuclear bomb. Talking to the Iranians at three interlocking levels is the best way to determine whether there is any realistic hope of deflecting them from enrichment or deterring them if they get the bomb -- and what happens if the answer to both is no.

Bush must reshape Ronald Reagan's attitude toward Mikhail Gorbachev: Don't trust, do verify at every step of the way. First, there must be something to verify.

Bush Presses For India Nuclear Pact (AP)

By Barry Schweid

AP, March 22, 2006

President Bush urged Congress on Wednesday to approve a landmark plan to share nuclear technology with India — a deal that could be a tough sell to lawmakers.

Bush said India has proven itself over 30 years to be a non-proliferator.

"It's in our interest that India use nuclear power to power their economic growth because ... there's a global connection between demand for fossil fuels elsewhere and price here," Bush said in Wheeling, W.Va., where he gave remarks centered on Iraq and the war on terror.

In Washington, Undersecretary of State Nicholas Burns also urged lawmakers to approve the deal. "India can be trusted," he said.

Critics, including former Sen. Sam Nunn, D-Ga., are skeptical of the agreement reached March 2 by Bush and Indian Prime Minister Manmohan Singh of India.

It requires Congress to exempt India from U.S. laws that restrict trade with countries, such as India, that have not submitted to full nuclear inspections.

Among concerns raised by Nunn, who played a leading role on military issues in Congress, were that the agreement would promote a regional arms race with China and Pakistan and make it more difficult for the United States to win support for sanctions against such countries as Iran and North Korea.

Burns said "we take his views very seriously." But, Burns said at a news conference, "we're far better off" having India submit to supervision under the agreement than having the country isolated.

He added that "India is a country that does not proliferate."

"We are going to make a convincing case," Burns said.

Legislation to implement the plan was introduced last week. Burns said Secretary of State Condoleezza Rice would testify in support of the measure.

Also, two assistant secretaries of state, Richard Boucher and Stephen Rademaker, were sent to Vienna to promote the plan with the Nuclear Suppliers Group, an assembly of 35 nations that export nuclear technology.

"India is accepting international verification," he said. "India is accepting international inspection. Who can argue with that?"

He said the agreement reflects "the emergence of a new global partnership between India and the United States."

Burns said it should cause no problem with Pakistan, traditionally a rival of India, and that the United States maintains good, although different, relations with Pakistan.

Pakistan on Tuesday successfully test-fired a cruise missile that can carry a nuclear warhead and hit targets within a 310-mile range, the army said.

Both Pakistan and India are nuclear-capable nations.

UK Chosen As Possible 'Star Wars' Site (FT)

By Guy Dinmore In Washington

Financial Times, March 23, 2006

Interceptor missiles could be placed in the UK as part of the US "Star Wars" missile defence system, according to plans revealed by the Pentagon.

The moves are likely to attract more unwelcome attention for prime minister Tony Blair's government over the nature of the transatlantic relationship.

Lt Gen Trey Obering, head of the Missile Defense Agency, disclosed at a military conference in Washington this week that the US had formally selected Britain as possible site for the interceptors in Europe.

However, Bryan Whitman, Pentagon spokesman, said on Wednesday that negotiations had not taken place on basing interceptors in the UK. "[There has been] no planning, no approach, no request, and no invitation."

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Poland and the Czech Republic were already known as candidates, while Hungary has apparently been dropped. The Bush administration wanted to make a single choice soon, analysts said.

The ballistic missile defence system, which involves putting interceptors in Europe by 2010, is intended to protect the US from missile attack with land, sea, air and space-based assets.

The programme has cost $90bn since 1985 and the Pentagon plans to spend another $58bn in the next six years, according to a recent congressional report, which also highlighted test failures and criticised cost overruns and lack of transparency.

Britain already plays a crucial role in the defence of the US through the early-warning radar system at the Fylingdales base in northern England. The two sides signed a memorandum of understanding on ballistic missile defence in 2003.

Rumours of secret deals to place interceptors in the UK have been around for some time. In October 2004, Geoff Hoon, then UK defence secretary, told parliament any such decision would "be open to scrutiny and debate in the normal way" but that specific parliamentary approval would not be required.

Lt Gen Obering said the mission was to develop an "integrated layered" system that would also protect US allies.

The UK would be the "third site" for interceptors after Fort Greely in Alaska and Vandenberg Air Force Base in California.

Placing interceptors in the UK would raise the risk of Britain itself coming under attack, warns the British American Security Information Council (Basic), an independent defence watchdog.

Ian Davis, executive director of Basic, said it was inconceivable that the US would have announced the UK as a possible location without having discussed the issue with London. He thought eastern Europe was a more likely choice.

There was no immediate comment from UK officials.

Additional reporting by Demetri Sevastopulo in Washington

Rice Reduces Caribbean Ire, But Falls Short On Aid To Haiti (NYT)

By Joel Brinkley

The New York Times, March 23, 2006

NASSAU, the Bahamas, March 22 — After two days of meetings with Caribbean leaders, Secretary of State Condoleezza Rice appeared to have cooled some of their anger toward the United States but failed to persuade them to embrace the new government in Haiti, United States officials said Wednesday.

One goal of her visit here was to persuade the other Caribbean nations to take forceful steps to help the new Haitian government stabilize the country and deal with its crushing problems. What she got was a commitment to readmit Haiti to the Caribbean Community of nations and a vague promise to help Haiti in the future.

"Where do we go in the future?" asked Fred Mitchell, the Bahamian foreign minister and chairman of the Caribbean Community. "We remain engaged" with Haiti "and will continue to review the matter."

Relations between the United States and the Caribbean Community, known as Caricom, have been strained and embittered for two years, in part because of opposition here to the war in Iraq but also because of the role of the United States in Haiti. Many Caribbean leaders contend that the United States forced President Jean-Bertrand Aristide from power in 2004.

Before this visit, Ms. Rice met twice with groups of Caribbean foreign ministers, once during an Organization of American States meeting last spring and again at the United Nations in September, but she and her aides said they realized that she had to come here to begin turning the situation around. "We intend not just to continue our relationship but to deepen and broaden" it, she said Wednesday at a news conference with Mr. Mitchell. Several of the Caribbean foreign ministers listened in the front row as she spoke.

A joint statement said Ms. Rice "agreed to strengthen cooperation with a view to enhancing Caricom-U.S. relations." While language like that is common in such statements, United States officials said they were encouraged by the reception the Caribbean leaders gave Ms. Rice.

One said, "We are now on the same page." There was no indication, however, that the Caribbean leaders had softened their position on the war in Iraq.

The United States officials were less pleased with commitments by Caricom countries to help Haiti.

"I didn't hear them," a senior administration official said.

At the news conference, Ms. Rice reminded the Caribbean leaders that "we all have a tremendous stake in the development of a democratic Haiti that can be self-supporting."

If Haiti falls into chaos once again, she added, "that can have an effect on this region and, in fact, an effect on the United States."

René Préval, who was elected president on Feb. 7, is to form a government this spring.

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Schooling China In The American Way (WP)

By Peter S. Goodman

The Washington Post, March 23, 2006

BEIJING, March 22 -- Three United States senators came to one of China's most prestigious universities on Wednesday, ostensibly to talk about trade. What they delivered was an expansive, almost evangelical campaign for American values -- one that received pushback from their audience of students and faculty.

The senators talked about an unfair advantage they say Chinese exporters enjoy over American firms because of the low-value currency. They implored China to adopt the norms of global trade. In strikingly moral tones, they pledged Washington's resolve to pressure China to liberalize not only its currency regime but also its political culture, using trade as a wedge for broader reform.

Tom Coburn (R-Okla.) told the Tsinghua University audience that his model of leadership is "a man by the name of Jesus." He later quoted Martin Luther King Jr. as he urged China to do "the right thing" on trade policy.

Lindsey O. Graham (R-S.C.) told the students that, post-9/11, Americans are committed to taking on whatever battles seem imperative -- China's cheap currency, along with al-Qaeda.

"In my country, we're very arrogant, and I admit to it," Graham said. "You have to understand that Americans have for 200 years fought and died not just for our freedom, but for other people's freedoms."

Charles E. Schumer, the New York Democrat who has led the drive to force China to raise the value of its currency, the yuan, said economic reform leads toward a free society. "I believe it is inevitable that China will have much more freedom," he said.

But when the time came for questions, the reaction from students and faculty -- though polite and reserved -- revealed how the American campaign for a free-floating Chinese currency has backfired in some quarters. Many here resent the specter of the world's lone superpower seemingly attempting to dictate how Beijing should manage its economy and the values that should govern Chinese society.

A 21-year-old architecture student who gave his name as Albert rejected the idea that the civil liberties the senators suggested have universal appeal.

"Have you ever thought that it is probably the freedom of speech that you guys promote that finally resulted in this terrorist attack," he said, calling 9/11 an act of "revenge" for American offenses against Islam. "In China, we have promoted the harmony that would have prevented this kind of attack."

Schumer leapt from his chair. "I don't think you understand the concept of freedom of speech," he said. "It is our American understanding that freedom leads to stability."

Economist Li Daokui, a member of Tsinghua's faculty, told the senators that he lived in the United States for more than 15 years and "loves the country." But he warned them that the senators' pressure for change was provoking a defensive response from those who might otherwise be friendly to reform.

"Democracy, personal liberties and freedom of speech: These are ideals," Li said. "My worry is that if some people press things too quickly, you will undermine the whole process."

He questioned whether a revaluing of China's currency would create any jobs in the United States.

A man in a blue suit demanded to know how many U.S. senators -- now moving toward a vote on a trade bill that could have great consequences here -- have ever visited his country. "Many Americans are not very well informed of the real situation in China," he said.

Schumer, Graham and Coburn are in China for five days for what they say is an examination of the forces at play before they decide whether to proceed with a vote on the bill at the end of the month. With China's President Hu Jintao scheduled to visit the United States in April and a U.S. Treasury Department report in the works that could brand China a currency manipulator, the Schumer-Graham bill has become a key front in an increasingly tense trade relationship between the countries. It would apply 27.5 percent tariffs to all Chinese-made goods if China does not substantially revalue the currency.

The bill has gained momentum as China's trade surplus with the United States has grown, swelling to $200 billion last year. But many economists assert that even a significant revaluation would do little to alter the trade balance, noting that many of the goods China exports, such as clothing and furniture, have not been made in large quantities in the United States for years. Others called the trip political posturing.

But the reception the senators are receiving attests to the gravity of the issue for China's leaders, who are cognizant of the angry mood in Washington. The senators dined Wednesday night with Zhou Xiaochuan, the governor of the People's Bank of China. They were to meet Thursday with Vice Premier Wu Yi.

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The senators said they were here to discuss not only the currency but also China's failure to crack down on routine theft of intellectual property (from pirated Hollywood movies to counterfeit pharmaceuticals), as well as barriers to foreign investment here. The currency issue "has become a metaphor for the whole trade relationship," Schumer said.

China has been emphasizing the difficulties it faces in freeing its currencies, particularly the risk that it could slow economic growth. That message has already gained some sympathy from the U.S. visitors.

"I've learned that you've got 700 million people who need employment, that the interior of your country is not developed," Graham told the students. "I've learned in coming here that for you to change your system very quickly would be very hard for your country. I understand that better now."

Schumer and Graham said they were very impressed by assertions by Chinese officials that they have come to see a free-floating currency as being in their own interest, though they will need to move gradually. "We walk away from this meeting seeing that they are not mouthing it," Schumer said. "They believe."

The senators will also walk away with an appreciation for the pageantry that China uses to great effect in winning over visitors -- even those who come with unpleasant business. On Tuesday night, after an official dinner in the Great Hall of the People, the senators buzzed over the experience.

"It was the most awesome room," Graham said.

"It wasn't your typical Chinese food," added Schumer. "It was amazing stuff, not your usual stuff. And they went easy on us. No sea slugs. No jellyfish."

But if China's culinary achievements left a favorable impression, Schumer was less impressed by the political culture. On Wednesday, as he spoke at the university, he asked for a show of hands from those believing that "freedom is the eventual right path for China to be on." Perhaps a dozen of the 50 or so people in the room tentatively raised hands.

How many disagreed? Five hands went up. How many people were unsure? No one raised a hand, leaving a silent majority expressing no sentiment at all.

"It's still a very controlled society," Schumer said as he boarded the bus that would take him past countless new skyscrapers and on to the five-star St. Regis Hotel. "They've got a ways to go."

China Tries To Charm Couple Of Senate Skeptics (NYT)

By Joseph Kahn

The New York Times, March 23, 2006

BEIJING, March 22 — Global Times, a tabloid newspaper in China's capital, usually offers its readers a rich diet of nationalist propaganda on subjects like Japanese war crimes and American hegemony.

So it is telling that it devoted its front page on Tuesday to respectful, even admiring, coverage of the China visit of two United States senators, Charles E. Schumer of New York and Lindsey Graham of South Carolina, who have attacked Beijing for "illegal currency manipulation," "mercantilism" and "failure to play by the rules."

The senators, the paper said, "have sent a positive signal by coming to China to see for themselves."

"It is not like earlier times when members of Congress relied on hearsay or their own imagination when they criticized China," the article said.

With a banquet in the Great Hall of the People, a roster of top-level meetings and fawning attention in the state-run press, China wants to win over Mr. Schumer and Mr. Graham.

The reason seems clear: At a time of rising economic nationalism in the United States, highlighted by the rejection of the Dubai ports deal, the Beijing leadership fears that a bill drafted by the senators to impose a 27.5 percent tariff on Chinese exports to the United States has a chance to become law. That would upend economic relations between the world's richest nation and its fastest-growing rival.

The bill would impose the tariffs unless Beijing substantially revalued its currency, the yuan, which critics say the government keeps artificially low. It has met firm opposition from some business leaders and economists, who say they fear a trade war, but it garnered 67 votes in a nonbinding tally in the Senate recently and may come up for a formal vote as soon as March 31.

"They know it's for real," Mr. Schumer said before a private dinner with China's central bank governor on Wednesday evening. "Believe me, the people who are seeing us wouldn't be seeing us if they didn't think it's for real."

The bill and the senators' high-level reception are among the signs that Chinese-American economic relations have become fraught with tensions that trade experts and members of Congress say are the most politically volatile since the fight over China's entry to the World Trade Organization in the late 1990's.

The Bush administration has warned China that its big trade surplus with the United States and industrial-scale violations of American trademarks and copyrights threaten the nations' fast-growing trade ties.

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Commerce Secretary Carlos Gutierrez, who will visit China next week, said that unless steps were taken to address American complaints soon, "the administration and the American people may be forced to reassess our bilateral relationship."

Members of Congress have raised the alarm about China's threat to United States manufacturers and workers many times before. But Bush administration officials say the potential for a sustained protest has grown in tandem with China's rising economic power.

China's trade surplus with the United States hit $201 billion last year, a record for any trading partner and an increase of 24 percent from 2004.

Beijing has controlled its currency within a narrow band around 8 yuan to the dollar, a level that critics say gives it an artificial trade advantage. Despite American pressure, China has allowed its currency to appreciate just 3 percent since it broke a formal, fixed peg to the dollar last July.

China is defending itself against the onslaught, but gingerly. Prime Minister Wen Jiabao, meeting a group of foreign business leaders this week, urged them to convey the message that "it is unfair for the U.S. to scapegoat China for its own structural problems," according to people who attended the meeting.

But Mr. Wen and other top leaders are also trying to improve the atmosphere before President Hu Jintao's first official visit to the United States, scheduled for mid-April. They have promised to tighten enforcement of intellectual property rights and to move steadily toward a more market-driven exchange rate for the yuan, also called the renminbi.

One test of whether Beijing can tame protectionist pressures will be the five-day trip by Mr. Schumer, a Democrat, and Mr. Graham, a Republican, which ends Saturday. The two were joined by Senator Tom Coburn, an Oklahoma Republican, who supports their tariff bill.

The senators declined to say if they had heard anything during their trip to change their minds about the bill. But Mr. Graham said he was "very impressed" with a presentation by a senior economic planner on Wednesday. Mr. Schumer said he had picked up signals "that they are taking the currency where it needs to go, though I'm not sure if they will get there fast enough."

Neither senator has much experience in economic diplomacy. They are lawyers who were not widely noted for their focus on trade, currencies or China before introducing the tariff bill.

Mr. Schumer says his trip to Beijing, Shanghai and Hong Kong is not only the first time he has visited China, but also the first time he has taken an official trip abroad in his 25 years in Congress.

"I'm a homebody," he said. "But somebody has the right to ask, How can you do this if you don't come to China? So we came to China."

Beijing's reaction to their request was cool at first, they said. Mr. Graham joked that of China's 1.3 billion people, "All of them were out of town the week of our visit." Their visas did not come through until shortly before they planned to travel.

But then China laid out a red carpet. They were treated to a banquet in the Hong Kong Room of the Great Hall of the People, the sprawling Stalinist-style meeting hall in Tiananmen Square. They were served dishes that Mr. Schumer, who says his favorite Washington restaurant is Hunan Dynasty on Capitol Hill, pronounced "extraordinary, just extraordinary."

Though they did not get time with Mr. Hu or Mr. Wen, the list of top officials who agreed to meet them is expansive, especially for visitors who do not meet the Chinese leadership's preference for "old friends," or people who have proved sensitive to the Communist Party's interests.

Li Zhaoxing, the foreign minister; Wu Yi, a vice premier and the chief economic troubleshooter; Zhou Xiaochuan, the central bank governor; and Bo Xilai, the commerce minister, are among those on their schedule.

The general sentiment in Beijing is that the threat of the Schumer-Graham tariff can still be headed off. A high tariff would result in "unaccountable losses" to the American economy, because consumers and businesses depend on cheap Chinese imports, said Liu Baocheng, of the Sino-U.S. School of International Management at the University of International Business and Economics in Beijing.

But after the collapse of the Dubai deal, which Mr. Schumer helped bring about, and the failure last summer of a major Chinese energy company's bid to take over the American oil company Unocal, China has grown fearful of surging economic nationalism in the United States.

Mr. Liu said the decision to play host to Mr. Schumer and Mr. Graham took a page from China's courtship of Newt Gingrich, the former House speaker. "He was once an advocate of the China threat, but a visit to China turned him into an opponent of that theory," Mr. Liu told The Beijing Morning News.

Much of what the senators were told by government leaders appears to be a recitation of themes — China's mounting internal social problems, its desire to move toward a fully convertible currency, its plans to stimulate domestic consumption — that officials have repeated many times in recent months. But Mr. Schumer said: "They're not just mouthing it. They really believe it."

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On Wednesday they got a presentation on currency reform from Zhu Zhixin, a top official of the National Development and Reform Commission, a central planning body.

Mr. Schumer said he had pressed Mr. Zhu to address the imbalances between the United States, which is thought to consume beyond its means, and China, which is thought to consume too little relative to its rising wealth. The official pulled out a page from China's newly enacted 11th five-year plan that made the same point.

"It was a golden moment for us," Mr. Schumer said. "He said this was the right way to go. They just had to figure out how to get there."

Senators In China For Talks On Currency Exchange Rate (USAT)

By Calum Macleod

USA Today, March 23, 2006

BEIJING — The co-authors of a Senate bill to punish Chinese currency manipulation say they are learning plenty on a fact-finding mission to China, but still seek more progress toward a fairer exchange rate.

"This is a defining moment for Sino-U.S. relations," warned Sen. Lindsey Graham, R-S.C., in Beijing on Wednesday. "If we can't solve the currency problem, we'll take a giant step backward."

The stakes are huge. China's trade surplus with the USA passed $200 billion last year. That imbalance costs American jobs and is driven by a deliberately undervalued currency, argue Graham and Sen. Charles Schumer, D-N.Y.

The two senators are co-authors of a bill that proposes a 27.5% tariff on Chinese imports into the United States unless Beijing revalues its yuan currency at a higher exchange rate to the dollar.

The yuan, formally known as the renminbi, or "people's currency," currently trades at 8.03 to the dollar, a figure some U.S. critics, including Graham and Schumer, believe is below its real value if it were allowed to float freely on global currency markets.

Chairman Mao Zedong still stares out from most Chinese banknotes, though last week, government advisers in Beijing proposed replacing him with Deng Xiaoping, the reformer who ripped up the Maoist textbook and began the economic reforms that have transformed the Chinese economy.

The Chinese have recovered their capitalist instincts so sharply that, "in competition, you'll beat the socks off us," Graham said to an elite group of MBA students at Beijing's prestigious Tsinghua University. "But let's make sure we play by the same rules."

Change to the currency rate "is not a panacea" for the trade imbalance, Schumer said at the same forum, "but we expect a basic fairness … that will make the global system work."

The congressional delegation, which also includes Sen. Tom Coburn, R-Okla., is in the Chinese capital to see how China works and inform its leaders about rising U.S. anger about what the U.S. sees as unfair trade practices.

"China's cultural wealth, history, intellect, family values and work ethic — nothing can stop China," Coburn said. "We are here to avert a problem, not create one."

The meeting with students Wednesday allowed a more relaxed setting to exchange views with China's future business leaders.

"How many of the 67 senators (who passed a preliminary vote on the tariff bill last year) have been to China?" asked Liu Weiping, an MBA student and CEO of an environmental website. "China has a good reputation and does abide by international principles."

Following further meetings with Chinese government officials, the senators will announce whether they will press ahead with the vote on the tariff bill when they return to Washington. The trip concludes with stops in booming Shanghai and Hong Kong.

China's Hu, Bush To Meet On Terrorism, Nuclear Issues April 20 (BLOOM)

By Cassie M. Chew

Bloomberg, March 23, 2006

March 22 -- Chinese President Hu Jintao and U.S. President George W. Bush will discuss the fight against terrorism and halting the spread of nuclear weapons when they meet April 20 in Washington, a Bush spokesman said.

The two leaders will discuss areas of mutual interest and will seek ``to make progress in resolving outstanding differences,'' spokesman Scott McClellan told reporters traveling with the president today to Wheeling, West Virginia.

Hu originally was scheduled to meet with Bush in the U.S. last year. That visit was postponed after Hurricane Katrina devastated the U.S. Gulf Coast.

Democrats and Republicans in Congress are putting pressure on the president to address the trade imbalance between the two nations, which reached a record $201.6 billion last year.

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Senators Lindsey Graham, a South Carolina Republican, and Charles Schumer, a New York Democrat, are in Beijing to talk with Chinese officials about trade and the valuation of China's currency. The two lawmakers are threatening to introduce legislation that would impose a 27.5 percent tariff on Chinese imports unless the Chinese government loosens its fixed exchange rate and allows its currency to rise.

Graham said at a news conference in Beijing earlier today that he is ``increasingly hopeful'' that China will move toward a market-based currency.

China on July 21 reset the value of the yuan, a denomination of China's currency, the renminbi, at 8.11 to the dollar, a 2.1 percent appreciation from the pegged level where it had been held since 1995, and linked its value to a basket of currencies including the euro and yen.

China's Competitiveness 'on The Decline' (FT)

By Tom Mitchell

Financial Times, March 23, 2006

The competitiveness of China's manufacturing industries has suffered serious erosion over the past year, according to one of the world's largest trade sourcing companies.

Hong Kong-based Li & Fung group, which manages a $7.1bn a year trading business, said price rises crept back into the Sino-US and EU supply chains last year, after at least six years of often "severe deflation".

William Fung, Li & Fung managing director, reported an average 2-3 per cent increase in the once unbeatable China price its US and European clients were willing to pay. He pointed to a "double-digit" rise in Chinese labour costs, the revaluation of the renminbi and higher oil and energy costs for the shift.

"China's costs are all going up," Mr Fung said. "It is no longer the most cost-effective country in the region...Anything [sourced] from China has a higher inflation component than from other places around the world."

Beneficiaries of China's rising prices have included textile and garment manufacturers in India, Bangladesh and Cambodia, which were expected to lose orders to China after the quota regime governing textile production expired in January 2005.

They were saved, however, by a combination of anti-surge "safeguards" imposed by the US and EU on selected Chinese textile exports in the second half of last year, as well as rising cost pressures in China. "[The safeguards] stopped China in its tracks in terms of textiles," Mr Fung said.

"In Bangladesh factories are so overbooked – it's like China used to be," added Bruce Rockowitz, the president of Li & Fung's trading arm, who oversees sourcing operations on four continents.

The inflationary pressure extends to all product categories sourced by Li & Fung, ranging from fashion accessories and furnishings to sporting and travel goods.

Li & Fung, which used to buy 90 per cent of its non-apparel products from China, has seen 25 per cent of this "hardgoods" business migrate to cheaper locations in south and southeast Asia. It sells about 70 per cent of its sourced goods in the US, and another 20 per cent in Europe.

At its results briefing on Wednesday, Li & Fung reported an 18 per cent increase in group turnover to HK$55.6bn ($7.1bn), with net profit up 20 per cent to HK$1.79bn.

The company also recorded a rare up-tick in its "total margin", which represents the difference between what it pays China-based factories and what it charges overseas retailers. The margin rose to 10.7 per cent from 9.6 per cent.

China Raises Taxes To Curb Use Of Energy And Timber (NYT)

By Keith Bradsher

The New York Times, March 23, 2006

HONG KONG, Thursday, March 23 — The Chinese government announced plans on Wednesday to increase existing taxes and impose new ones on April 1 for everything from gas-guzzling vehicles to chopsticks in a move to rein in rising use of energy and timber and the widening gap between rich and poor.

New or higher taxes will fall on vehicles with engines larger than two liters, disposable wooden chopsticks, planks for wood floors, luxury watches, golf clubs, golf balls and certain oil products.

China's finance ministry disclosed the higher taxes Tuesday night in a statement that was reported Wednesday morning by the official New China News Agency. The statement offered another sign that some senior Chinese officials may be having second thoughts about the rapid growth of privately owned family vehicles, whose sales rose to 3.1 million last year from just 640,000 in 2000.

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"In recent years, car ownership in China has grown rapidly and fuel consumption has risen considerably, and this highlights the conflict between supply and demand of oil resources," the statement said. "At the same time, pollution caused by motor cars has become the main source of pollution in big and medium-size cities."

The finance ministry is imposing a 5 percent tax on chopsticks and floor planks, citing a need to conserve timber. Environmentalists around the world have been warning that China's voracious demand for wood was contributing to the clear-cutting of many forests, especially in Southeast Asia.

The production of disposable wooden chopsticks consumes two million cubic meters (70.6 million cubic feet) of timber each year, the ministry said. Plastic chopsticks, which can be washed and reused, will not be subject to the new tax.

A new tax of 10 percent on yachts, golf clubs and golf balls, and a 20 percent tax on luxury watches, is squarely aimed at China's emerging elite of wealthy industrialists and well-connected Communist officials.

China's yacht market is still in its infancy, as military restrictions on ocean traffic and commercial restrictions on river traffic have limited yachts to lakes — although a few entrepreneurs have been able to get around the rules to cruise on the Yangtze River near Shanghai.

Chinese officials have periodically assailed golf, especially when villages and farms are demolished with little compensation to make way for new golf courses.

The biggest commercial effect of the new taxes is likely to fall on sport utility vehicles and luxury sedans. China is reducing its tax on vehicles with engines of 1 to 1.5 liters to 3 percent from 5 percent, while leaving the rate unchanged for slightly more powerful engines. The tax rate will rise to 20 percent, from 8 percent now, for vehicles with engines larger than four liters.

The taxes are likely to affect foreign automakers, especially American manufacturers, more than Chinese companies, which tend to make models with smaller engines.

The big question for automakers is how much of the tax to pass on to consumers, since the tax is collected from the manufacturers. With a week and a half remaining until the new tax takes effect, marketing executives scrambled on Wednesday to assess the impact and no automaker immediately raised prices.

"We are doing the calculations and assessing the impact, and on the other hand watching the actions of our competitors," said Kenneth Hsu, a spokesman for the China operations of Ford Motor, which sell everything from compact cars with 1.6-liter engines to Lincoln Navigator full-size S.U.V.'s with 5.4-liter engines.

Trevor Hale, a DaimlerChrysler spokesman, said the company offered fuel-efficient engines; many Mercedes sedans sold in China have considerably smaller engines than models sold in the United States.

Chinese officials considered and rejected a tax system based on gas mileage instead of engine displacement. That approach would have benefited foreign automakers who possess better technology that permits them to squeeze more power out of the same size engine than purely Chinese manufacturers can.

General Motors China welcomed the new taxes on Thursday but voiced a reservation: "While we believe the new measure will be more environmentally friendly and help lower energy consumption in China, we think it would be more reasonable to base the tax rate on the actual fuel consumption of a vehicle instead of the size of its engine displacement, which is a widely accepted practice worldwide."

Yale Zhang, an analyst in the Shanghai office of CSM Worldwide, a big automotive consulting firm based in the Detroit suburbs, said that Chinese automakers had growing influence in policy debates and that the new rules might lead to a proliferation of vehicles with engines a hundredth of a liter below the thresholds for higher taxes.

Chinese regulators have already imposed stringent fuel-economy regulations that take effect for all vehicles sold after July 1, and have said that they are considering a separate gas-guzzler tax for models that do not comply. The finance ministry's statement on the tax increases on April 1 made no mention of such a gas-guzzler tax, however, and finance ministry officials could not be reached for elaboration.

The finance ministry also announced a modest new tax of a penny (0.1 yuan) a liter for aviation fuel and 2 cents (0.2 yuan) a liter for naptha, solvents and lubricants, but said it would not collect the new aviation fuel tax for now and would collect only 30 percent of the new tax on naptha, solvents and lubricants.

Applying taxes on oil products but not collecting them while prices are high could set a precedent for how China handles taxes on gasoline and diesel. Chinese officials have said repeatedly that they would like to raise fuel taxes to encourage conservation, but do not want to act while world oil prices are close to record levels.

On April 1, China will also lower its tax on motorcycles with engines under 250 cubic centimeters to 3 percent from 10 percent, while leaving the tax unchanged at 10 percent for motorcycles with larger engines.

Western manufacturers like Harley-Davidson are trying to break into the Chinese market with powerful bikes, while Chinese manufacturers like Lifan mainly produce less powerful models.

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China Can't See Forest For The Chopsticks (WT)

By Richard Spencer, London Daily Telegraph

The Washington Times, March 23, 2006

BEIJING -- China's growing environmental consciousness has hit the heart of its culture, with the government yesterday announcing a 5 percent tax on disposable wooden chopsticks.

The Finance Ministry said chopstick production used up China's forests at a rate of 70 million cubic feet a year, a waste that it wanted to discourage.

Chopsticks were not the only targets of the regulations, an early fruit of the government's new five-year plan, which stresses energy conservation, efficient use of resources and an end to the environmental despoliation that has accompanied its rapid growth.

Wooden floor panels, another high consumer of wood, and even yachts, of which there are few in China, also will fall under the consumption tax.

A 10 percent tax on golf balls and clubs, part of a wider assault on luxury items, might seem to be unconnected, but there is growing concern in Beijing that many municipal drives to attract business by building golf courses are sacrificing land, trees and water supplies for what remains a relatively tiny market.

The five-year plan is a major effort by the government to reorder China's priorities after 25 years of dramatic economic growth and spread some of the benefits to ordinary people.

The tax on chopsticks is slated to take effect April 1.

China sells 10 billion boxes of wooden chopsticks a year domestically and exports about 6 billion boxes annually, the China Daily newspaper said.

In an effort to curb the use of bigger cars, automobiles with 2.2-liter engines and larger will be hit with a 9 percent to 20 percent tax, up from the current 8 percent.

Taxes on cars with smaller engines would remain at 3 percent to 5 percent to encourage their use.

Oil-based products also will be taxed to reduce energy use. The tax on solvents and lubricants will be about 2.5 cents per liter, or about 10 cents per gallon.

Companies, however, will have to pay only 30 percent of the tax on the oil products to reduce the impact on industry.

Eight-Step Program For What Ails China (WP)

By Edward Cody

The Washington Post, March 23, 2006

BEIJING -- On bus-stop billboards, newspaper front pages and television news broadcasts, in school classrooms, factory study groups and student counseling sessions, at forums and meetings all across China, the Communist Party propaganda apparatus has been spreading the word from President Hu Jintao: Do good and avoid evil.

Hu's fatherly advice, in the form of eight do's and don'ts, was issued two weeks ago as an antidote to the corruption and cynicism spreading across China, a result of the often raw capitalism that has emerged during 25 years of dramatic economic change. Although his aphorisms may sound simplistic to Western ears -- "Work hard, don't be lazy" and "Be honest, not profit-mongering" -- Chinese analysts said they are a response to a deep-seated desire among people here for a moral compass to guide them through the unsettling transformation.

"There is a feeling that things have been going wrong," said Kang Xiaoguang, a social sciences researcher at the Chinese Academy of Science. "So when I hear him say that, I say, 'Good. It should have been said a long time ago.' "

Many Chinese would agree. The Communist Party's traditional values of egalitarianism and service to the poor have largely faded away, they complain, in favor of a get-rich ideology that blurs the distinction between officials and entrepreneurs. The strait-laced morals of Mao Zedong's time, they note, have relaxed to the point that bribes are part of doing business and prostitution is practiced openly. In addition, the party's reputation for corrupt land seizures has contributed heavily to often violent peasant unrest, making the need to re-burnish the government's legitimacy more urgent.

Since taking over as party leader and president three years ago, Hu has been reaching for the right formula. Under his orders, the party has been engaged in an 18-month retraining program to fire up its 70 million members. Hu has declared that the country must pursue "scientific development," taking environmental and social concerns into account as the economy grows. And he repeatedly has urged China's 1.3 billion people to create a "harmonious society," in which competing interest groups, such as farmers and businessmen, settle differences without conflict.

"It is a step-by-step program," Kang said. "I think he has a blueprint in his heart."

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Some party analysts have suggested Hu's preaching is not enough, that the country should slow the pace of economic reforms and reemphasize the benefits that came with socialism, such as health care and guaranteed employment. Hu and his premier, Wen Jiabao, have resisted the calls, which some analysts say have more to do with jockeying for position than genuine policy disagreements. But the two leaders have clearly indicated they believe headlong economic growth should be tempered by greater concern for the people left behind, particularly farmers.

Having risen through the ranks in the Communist Youth League, with its Boy Scout-like code, Hu, 63, seems to have turned naturally toward a campaign appealing for cleaner living as part of the answer to corruption and cynicism. In a speech last year to cadres training at the Central Party School, he suggested that the solution lies in renewing traditional Marxist thought, revisiting the best of Mao Zedong's policies and reviving ancient Chinese culture, including Confucianism. Of the three, Kang said, Hu looks to Chinese culture as the most likely to provide moral values.

So when he sat down with a group of delegates to the National People's Congress on March 4, Hu harked back to a long Chinese tradition that stipulates leaders are supposed to urge moral conduct on their followers. "Love the motherland, do not harm it," he said. "Be disciplined and law-abiding, not chaotic and lawless."

In all, he recited eight such rules, which he called "the eight glories and the eight shames." The official New China News Agency called them "a perfect amalgamation of traditional Chinese values and modern virtues." The People's Political Consultative Conference, the other house in China's bicameral legislature, passed a resolution saying, "Let it be a paragon and common practice of the times."

The official People's Daily newspaper quickly filled with statements from Communist Party cadres describing Hu's ideas as marvelous and saying they were starting programs to teach the eight do's and don'ts through schools, workplace meetings and popular performances.

"The characteristics of the economic and social development of our country in this period made it necessary to set out the socialist view on glories and shames," the People's Daily said in a front-page editorial Saturday. "The dramatic changes in society, rapid economic development and culture clashes have had an effect on people's ideology, living style and value system. The facts prove that without a healthy social conduct and good moral standards the overall national strength will not grow and the people will not be able to stand among other peoples of the world proudly no matter how developed the economy is."

The official China Central Television, playing its part, broadcast daily reports on Hu's meaning and how enthusiastically his ideas were being welcomed across the country. Outdoor advertising also made them available for viewing across the capital; a poster version was printed as well, distributed gratis for those who wanted to see the do's and don'ts on their walls.

Students at Beijing's Fang Cao Di Elementary School were visited by senior officials -- the children called them "Hu Jintao leaders" -- who had them memorize all eight aphorisms. Ren Tanyong, head of the Propaganda Department in Changsha, the Hunan provincial capital, announced that he was setting up a special program so the city's youth would get the message. Several professors and school administrators were quoted as saying Hu's eight lessons were just the thing for China's spoiled young generation.

But Huang Weiting, deputy editor of the party's Seeking Truth magazine, said party officials should be looking at themselves as well. "It's a cadre problem," he said in an interview.

"Eight glories and eight shames are not only a requirement for youth, but also for every citizen," he wrote this week in the party's Discipline Inspection newspaper. "Especially party members and cadres should take the lead."

Despite the noise generated by party propaganda organs, some Chinese questioned whether Hu's preaching would ever reach officials in the small towns and villages where disenchantment with the party is strongest. "It won't even get to provincial capitals," said Kang, the social scientist.

Even in Beijing, a group of recent graduates from prestigious Peking University, all of whom work in government-connected jobs, said they had not heard of the eight aphorisms after more than a week of the campaign. And in Inner Mongolia's distant Tongliao City, Bai Lianhua, a 46-year-old homemaker, said in a telephone conversation that she had no idea what they were.

"I guess it's the same kind of thing as the harmonious society, right?" she said.

Moscow And Beijing Face Tough Talks On Gas Prices (FT)

By Richard McGregor And Neil Buckley

Financial Times, March 23, 2006

Beijing and Moscow face difficult negotiations over prices to realise this week's high-profile announcement of the construction of two pipelines to carry natural gas from Russia to energy-hungry China within five years.

The deal, signed on Tuesday, formed the centrepiece of the state visit by Vladimir Putin, Russia's president, to Beijing, designed to cement strategic energy co-operation between the two countries.

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Sergei Lavrov, the Russian foreign minister, on Wednesday said Russia would sell the gas to China at the "market price", calculated according to the same formula linked to oil and diesel prices as for sales to Europe.

But China has balked at signing long-term import gas contracts for the past three years as the price of the resource has risen along with that of oil, outstripping domestic rates which are kept artificially low.

China's failure to import more gas has left a number of newly built gas-fired turbines idle, as power producers have turned to plentiful and cheap coal.

"Coal is going to be the predominantly competing fuel, and this raises the issue of how much gas is going to get used in China," said John Harris, in the Beijing office of Cera, the energy consultancy.

But the cost of pipeline gas should be cheaper than that of liquefied natural gas, where price rises have been highest, leaving industry executives confident a deal can be struck. "The pipeline gas will be competitive," said Victor Vekselberg, the director of gas at TNK-BP, whose field will provide the resource for one of the pipelines.

Despite Chinese frustrations over the difficulty of securing concrete energy deals with Russia, the summit between Mr Putin and Hu Jintao, China's president, their fifth meeting in the last 12 months, has strengthened bilateral ties.

Two-way trade, dominated by Russian sales of arms, oil and logs and Chinese exports of manufactured goods, is rising rapidly and is being complemented by closer political ties.

Mr Putin said Russia wanted to promote co-operation in civil aviation, machinery manufacturing and anti-terrorism, as well as learning from China about how to operate free-trade zones.

But Mr Putin made no firm commitment about one of the projects most sought by China, the construction of an oil pipeline to the Chinese city of Daqing.

"If the project could be implemented, which I have no doubt about, it will help improve [Russia's] oil supply to China," Mr Putin said.

The signing of a number of agreements during the visit by the president and a large business delegation was "encouraging", said Bobo Lo, the head of the Russia and Eurasia programme at Chatham House in London.

"But there is a world of difference between signing agreements and actually proceeding with them," he said.

Russia-based analysts also warned that Beijing and Moscow had signed apparently ambitious energy agreements before, with limited results. They added that, since the texts of this week's agreements had not been published, it was difficult to gauge the level of commitment of each side.

Stephen O'Sullivan, head of research at Deutsche UFG in Moscow, said several factors might prevent or delay the bringing of reserves from both west and east Siberia to China. He said the cost of constructing the pipelines could be burdensome, especially if China drove a hard bargain on gas prices.

Russia has concerns about becoming too dependent on its former cold war rival in Asia. But the agreements could still foreshadow what Dmitry Trenin, a foreign policy specialist at the Carnegie Moscow Centre think-tank, believes will be a much closer relationship between the two countries.

The Kremlin, says Mr Trenin, is growing weary of western criticisms of Russia's clampdown on democracy. China, on the other hand, is unlikely to complain about Mr Putin's authoritarian tendencies.

Moscow Courts Beijing Over Nuclear Power (WSJ)

By Shai Oster

The Wall Street Journal, March 23, 2006

BEIJING -- Russia said it wants to play a greater role in developing China's fast-growing nuclear-power industry, in another sign of closer energy cooperation between the two countries.

Russian Foreign Minister Sergey Lavrov said yesterday that China welcomes increased Russian participation in its nuclear-power sector, which is undergoing one of its biggest-ever expansions and one of the biggest nuclear rollouts in the industry's history. China has said it plans to build 30 or more nuclear reactors during the next 15 years. Currently, it has nine reactors at two plants.

Mr. Lavrov's comments to reporters came on the final day of a two-day summit between Russian President Vladimir Putin and Chinese President Hu Jintao. On Tuesday, Russia pledged to sharply increase oil and gas exports to China.

Chinese officials couldn't be reached for comment on Mr. Lavrov's remarks, but Russian officials point to participation by Russia's AtomStroyExport -- which operates under the umbrella of Russia's atomic-energy agency -- in the first round of bidding to build four reactors in China valued at $1 billion to $2 billion each. The other two companies short-listed are Westinghouse Electric Co. and France's state-owned Areva. Overall, deals to build China's nuclear plants are potentially worth tens of billions of dollars.

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China has decided to dramatically increase the number of its nuclear-power plants as it seeks to reduce its dependence on Middle East oil and diversify its energy sources to sate the demands of its rapidly expanding economy. The country has plenty of its own, cheap coal, but Chinese leaders worry that using high-polluting coal to fire its power plants is coming at too great a cost to the environment. Increasingly, they see nuclear power as a cleaner alternative.

Sergei Kiriyenko, head of Russia's atomic-energy agency, accompanied President Putin on his trip to China. He made a stop at China's newest nuclear-power plant, the Tianwan station, which is north of Shanghai and built jointly with the Russians.

The Russian visit comes just as the country's competitors to build the four Chinese reactors -- which will be located in the eastern province of Zhejiang and the southern province of Guangdong -- appear to have hit snags. China was originally expected to decide on the winning bid in December, but negotiations have dragged on.

Industry observers and analysts say the Chinese government is unhappy about the sale of Westinghouse to Japan-based Toshiba Corp. in February. Relations between China and Japan have grown increasingly tense, and the Chinese are reluctant to have sensitive technology controlled by the Japanese, the observers say. Westinghouse has said it expects a decision from Chinese officials soon.

France's Areva, meanwhile, is resisting Chinese demands to transfer more of its technology, they say. Last week, French Finance Minister Thierry Breton said Areva is still in the race.

Russia's expression of interest in helping build up China's nuclear-power industry comes a day after President Putin said Russia plans to construct two pipelines to bring natural gas to China and another pipeline to bring oil.

China, one of the world's fastest-growing energy consumers, has for years sought more direct supplies from its northern neighbor, which is the world's largest gas producer and second-largest oil producer. But the bulk of Russia's export channels face westward, and Moscow has been slow to turn toward Asian markets. China currently gets no gas and only a small fraction of its oil supplies from Russia.

Tuesday's deals represent a big step forward in Beijing's efforts to secure more energy supplies from Russia, but some questions remain. Some analysts said they doubt Russia has enough oil to supply both China and Japan. China's pipeline would be built as part of a longer pipeline bound for Russia's Pacific coast, from where Moscow could supply Japan.

And Russia and China have yet to reach any agreement over the price for any gas sales. Russian officials say Beijing will pay the same prices as Europe is charged. But those prices are much higher than China can stomach, analysts say. High international prices have recently forced China to delay other plans to import natural gas. Executives working on the deal also point out that major technical challenges lie ahead in building the pipelines, which would eventually carry about half as much gas as Russia currently supplies Europe.

"This agreement is a significant milestone. But the question remains, where do we go next?" asks Alastair Ferguson, deputy executive director of OAO TNK-BP Holding, BP PLC's Russian joint venture.

Ottawa To Buy Russian Natural Gas, Sell It To U.S. (WT)

By Andrea R. Mihailescu

The Washington Times, March 23, 2006

Canada is planning to capitalize on shortages of natural gas, exacerbated by last year's hurricanes, by importing vast quantities of liquefied natural gas (LNG) from Russia to be exported to the United States.

The Canadian government recently approved a $1.5 billion joint venture of Petro-Canada and Russian giant Gazprom to build a plant near St. Petersburg in Russia to liquefy the gas and load it into giant tanker ships.

The tankers would be unloaded in Quebec and the liquid converted back into gas that could be pumped through existing pipeline networks to U.S. customers.

"LNG is going to be a big part of the future of the gas market in North America," said Ron Brenneman, president and chief executive officer of Petro-Canada.

"As this project moves forward, we will be in an excellent position to import long-term gas supply, not only from Russia but from other parts of the world as well. We see this agreement as an important part of our overall growth strategy," he said.

The entire project could cost as much as $2 billion.

The United States, a growing natural-gas consumer, saw a decline in production in 2005 by about 4 percent, in large part because of the major disruptions to infrastructure in the Gulf of Mexico from Hurricanes Katrina and Rita, according to the U.S. Energy Information Administration (EIA).

The United States looks to secure long-term supplies, but it lacks facilities to import the liquid and convert it back into gas.

"Russia may have questions on the timing and availability of U.S. East Coast regasification facilities to handle imports, and the Canadians have expressed an interest in building a regasification facility in the Northeast that would serve New England markets," said Frank A. Verrastro, senior fellow at the Center for Strategic and International Studies, a Washington think tank.

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Unlike oil, which is a globally traded commodity shipped by tanker from producers thousands of miles away to consumers, natural gas has traditionally been a continental market, with suppliers and consumers linked by pipelines crisscrossing North America.

Liquefied natural gas is cooled to minus 300 degrees Fahrenheit to condense it into a liquid state, making it more cost efficient to transport over long distances.

As the third-largest producer after Russia and the United States, Canada exported about 3.5 trillion cubic feet of gas to the United States in 2003.

This accounted for nearly all of Canada's natural-gas exports, but represented just 16 percent of U.S. natural-gas consumption, according to the EIA.

The two companies reached a deal during talks between Alexei Miller, chief executive officer of Gazprom, and Mr. Brenneman of Calgary's Petro-Canada, said Sergei Kupriyanov, Gazprom's spokesman.

For several years now, Gazprom has been looking for a partner to construct an LNG plant in the Baltic port of Ust-Luga in the St. Petersburg region.

But Gazprom will need to secure supplies for its St. Petersburg LNG plant before this project can materialize successfully. The company is exploring a couple suppliers.

Industry analysts fear that Petro-Canada faces several hurdles before it can import natural gas into Canada. It faces regulatory obstacles at its Gros-Cacouna regasification facility in Quebec and long-term supplies need to be secured for the deal to be profitable.

The Baltic plant, which is expected to have an annual processing capacity of between 5 million and 7 million tons, could become operational as early as 2010.

State Dept. Warns Americans Visiting Italy (AP)

AP, March 22, 2006

The State Department warned Americans on Wednesday to take precautions this spring when traveling in Italy, saying next month's parliamentary elections are likely to bring demonstrations in parts of the country.

"Demonstrations may be large, but even peaceful demonstrations have the potential to escalate into violence," the announcement said.

The department said Americans should avoid areas where crowds are expected to gather, take common sense precautions and closely follow media reports.

The U.S. considers Italy to be under a heightened threat by al-Qaida and other Islamic extremists for its participation in wars in Iraq and Afghanistan.

Basque Fighters Set A Cease-Fire After Four Decades (NYT)

By Renwick McLean

The New York Times, March 23, 2006

SEVILLE, Spain, March 22 — The militant Basque separatist group ETA, which has killed more than 800 people and terrorized Spanish society for nearly 40 years, on Wednesday announced a permanent cease-fire, saying that it would turn its attention to achieving independence for the Basque region of Spain through politics.

A permanent cease-fire, which the group said would take effect on Friday, has been the paramount objective of successive Spanish governments since the establishment of democracy here in 1977.

"This could be the beginning of the end," Prime Minister José Luis Rodríguez Zapatero said in a rare appearance before reporters in Madrid.

But Mr. Zapatero also said it was important to treat the announcement with caution, echoing concerns of victims' groups, who urged politicians to remember what they described as ETA's history of deceit and unfulfilled promises.

"This government will tackle this new situation with prudence, with calm," he said, "fully aware that after so many years of suffering, we have a tough, long, difficult road ahead of us."

The government is expected to begin preparing for negotiations with ETA, which Mr. Zapatero promised in May to open if the group agreed to renounce violence permanently.

The negotiations are expected to focus on Basque demands for more autonomy and on persuading ETA to hand over its weapons and disband. Mr. Zapatero would not say on Wednesday when the talks would begin.

ETA, whose acronym stands for Basque Homeland and Liberty in the Basque language, has called cease-fires before, but never in such categorical terms, explicitly describing the move as permanent.

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The group made the announcement in a statement sent to Radio Euskadi, a Basque radio station, on Wednesday morning. Three ETA members later appeared on Basque public television, their heads covered with white veils and black berets, to read the statement to the public.

"The objective of our decision is to advance the democratic process," the statement says. "Overcoming the conflict is possible, here and now. That is the desire and the will of ETA."

Juan Avilés, director of the Institute for the Investigation of National Security, a research and teaching organization in Madrid, said the announcement represented a victory for Mr. Zapatero, who he said had taken a big political risk in declaring that he was willing to negotiate with ETA if it agreed to give up violence.

"But the big question is what did the government offer to get this," he said in a telephone interview. "There surely were contacts of some kind between the government and ETA beforehand."

The government has said repeatedly that it has not made contact with ETA to negotiate a cease-fire.

ETA's statement on Wednesday included a call for all of its members to abandon violence, but Spanish government officials said they could not rule out the possibility that splinter groups might ignore the cease-fire.

But they said that was unlikely, citing the structured and hierarchical nature of ETA. "That is not a serious source of concern right now," said an official in the prime minister's offices who spoke on the condition of anonymity because he was not authorized to speak publicly about the cease-fire. "The conditions are favorable enough that the possibility of further violence is not being seriously contemplated."

ETA was founded in 1959 with the goal of establishing an independent Basque state encompassing sections of northern Spain and southern France.

After one of its members fatally shot a Civil Guard officer in 1968, the group made attacks that, over the years, killed 817 people, including nearly 350 civilians, according to figures from the Interior Ministry. The attacks have included assassinations of politicians, car bombs placed outside police stations and indiscriminate bombings in parks and shopping centers.

ETA's last fatal attack was in May 2003, and the organization is widely considered to be weaker now than at any point in its history. Scores of arrests over the past two years have thinned its leadership ranks and led some investigators to contend that ETA no longer has the capacity to carry out large attacks.

Investigators had been saying for more than a year that the main question was when ETA would renounce violence, not if.

Speculation that a cease-fire was near grew in recent months, fueled by statements by Spanish officials, in public and private, hinting that a cease-fire was imminent.

Nevertheless, ETA continued to bomb businesses, parks and other public spaces, including three attacks this month, as part of what investigators call an extortion campaign to persuade companies and business executives to give the group money. These bombings, usually preceded by a warning by telephone to local authorities or newspapers, appeared intended to avoid serious injuries.

The group's embrace of violence, investigators said, might also have wavered after the train bombings in Madrid on March 11, 2004. The public outrage after those attacks, which killed 191 people and are thought to have been carried out by Islamic militants, possibly convinced ETA that terrorism was not politically profitable, these investigators say.

Spanish PM Welcomes Eta Ceasefire (FT)

By Leslie Crawford

Financial Times, March 23, 2006

José Luis Rodríguez Zapatero, the Spanish prime minister, on Wednesday heralded the start of a “long and difficult peace process”, after Eta, the violent separatist group, declared a permanent ceasefire in its 38-year war for an independent Basque state.

Eta said the ceasefire would begin on Friday. “The aim of this decision is to drive a democratic process in the Basque country…in which our rights as a people are recognised,” the outlawed group said in a statement.

Eta made no mention of surrendering or laying down arms. Mr Zapatero told parliament his government had greeted Eta’s declaration with caution.

“After so many years of horror and terror, any peace process will be long and difficult,” he said.

“We are all duty-bound to take part and I hope I can count on all political parties in this matter. Where before we were united in the shock of horror, I hope we will now be united in hope.”

Eta has killed 812 people in the course of its long, low-intensity guerrilla war. Many more Basques have lived for years with Eta death threats, while businessmen have suffered extortion in the guise of “revolutionary taxes”.

The plight of the victims of terrorism, as well as Eta’s demands for a political process culminating in a referendum on Basque independence, make peace talks particularly tricky for the Spanish government.

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Mr Zapatero, who last month heralded "the beginning of the end of Eta", said he would take his time before deciding whether Eta's statement offered sufficient guarantees to launch peace talks.

In May last year, parliament voted to authorise negotiations should Eta declare an unconditional and permanent end to violence.

While some Socialist leaders interpreted Eta's statement as a farewell to arms, the opposition Popular party, which opposes peace talks with Eta, remained unconvinced.

Mariano Rajoy, Popular party leader, warned the government not to be fooled by a mere "pause in Eta's criminal activities".

Mr Rajoy was Spain's interior minister when Eta declared "an indefinite ceasefire" in 1998. At the time, Mr Rajoy denounced the truce as a trap – a breathing space to allow Eta to regroup and rearm.

Eta resumed killing14 months later after tentative contacts between the Popular party government and Eta collapsed.

Nevertheless, Eta's announcement was greeted with optimism in the Basque country.

"The fact that Eta has announced a permanent ceasefire is good news," said Joseba Arregi, a former member of the Basque regional government and a target of Eta death threats. "I see it as a sign of Eta's weakness: that as a fighting force, it is spent. In a very large measure, peace has already arrived."

In spite of a recent spate of minor bomb attacks, Eta has not killed anyone since May 2003. Close cooperation between Spanish and French security forces, and the infiltration of Eta by Spanish undercover agents, paralysed the separatist group and led to more than 400 arrests in the past three years.

With most of Eta's senior cadres now in jail, the separatist group had come to be regarded as an irritant, rather than as a serious security threat.

Basque Group Declares Cease-Fire With Spain (WSJ)

By Keith Johnson

The Wall Street Journal, March 23, 2006

MADRID -- The Basque terrorist group ETA declared a permanent cease-fire, opening the door to what could be a profound change for Spain, much as the 1998 Good Friday agreement ushered in an eventual peace process for Northern Ireland.

For decades, Madrid has struggled to contain separatist aspirations in the Basque Country. Last year, the Spanish Parliament rejected a Basque plan to create a semi-independent state; the region already enjoys more self-rule than almost any other part of Europe.

In contrast, the separatist movement in the northeastern region of Catalonia has been more successful at prying powers away from Madrid over the past quarter-century because it never resorted to terrorism, as the ETA often did. Just this week, after nearly a year of heated negotiations with the national government, Catalonia inked a regional governing charter that gives it an array of new powers.

The Spanish government has promised in the past to enter talks on the political future of the Basque Country if the ETA were to renounce violence. Prime Minister José Luis Rodríguez Zapatero's readiness to negotiate greater autonomy for rebellious regions, including Catalonia and the Basque Country, may have encouraged ETA to lay down its arms, political analysts say.

While welcoming the cease-fire, Gustavo de Aristegui, a Basque Popular Party deputy in Parliament and former Interior Ministry official, said he wanted to know "what concessions the government may have made" to persuade the ETA to declare the truce. In the past, Mr. Zapatero said the government would consider a range of concessions, including partial amnesties for ETA prisoners. Yesterday, government officials said there had been no formal contacts with ETA.

Mr. Zapatero said yesterday he would take his time to decide how to proceed. He said the government has received the ETA's announcement with "caution and prudence" and called the cease-fire "the beginning of the end" to ETA violence.

Still, Mariano Rajoy, leader of Spain's center-right Popular Party, the main opposition party, said ETA's announcement "is a pause, not a disavowal, of violence."

The ETA's declaration, delivered in a filmed statement by three of its operatives, was the group's first-ever promise to permanently lay down arms, after two short cease-fires in the past two decades. ETA said the cease-fire was intended to promote "a democratic process" for the greater Basque Country, which includes a swath of southwestern France as well as other parts of Spain.

During its 45-year campaign for Basque independence, the ETA killed more than 800 people, extorted business owners, silenced debate and dominated small-town politics. But its influence and popular support declined sharply after the Sept. 11, 2001, terrorist attacks on New York and Washington sparked global outrage. The March 11, 2004, train bombings in Madrid,

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which the conservative government initially blamed on the ETA, further eroded support for its armed struggle. The group's last deadly attack took place almost three years ago.

Spain's problems with Basque terrorism have drawn frequent parallels with the Irish Republican Army's 30-year campaign to drive the British out of Northern Ireland, a conflict that cost more than 3,000 lives.

Yesterday, Spanish Defense Minister José Bono invoked the Irish peace process that began with the IRA's announcement of a complete cease-fire in 1994, but which was undermined by mutual mistrust, further violent attacks and the IRA's refusal to fully disarm.

Last year -- 12 years after the first cease-fire -- the IRA declared its war over and destroyed weapons in earnest, although splinter groups -- and deep distrust between the province's Catholics and Protestants -- remain.

Basque ETA Announces Permanent Cease-Fire (AP)

By Alberto Letona

AP, March 22, 2006

The Basque militant group ETA ended a decades-long campaign of terror, announcing a permanent cease-fire Wednesday that closes the door on one of Western Europe's last armed separatist movements.

In a videotaped statement, three shrouded ETA members said they were laying down their weapons to promote democracy in the northern Spanish region. The news prompted jubilation across Spain, where ordinary citizens say they can hardly believe the end has come for a group blamed for more than 800 deaths and $15.5 billion in damage since the 1960s.

Prime Minister Jose Luis Rodriguez Zapatero, who has made granting more rule to Spain's regions a key goal, expressed caution and hope at ETA's statement. He was evasive when asked if he would start negotiating with ETA under an offer he made last year, contingent on the group renouncing violence.

"Any peace process after so many years of horror and terror will be long and difficult," he told parliament. Zapatero said that until now, Spain's political parties had been joined in pain over ETA violence. "Now I trust we will be joined in hope."

The cease-fire was seen as a huge victory for Zapatero, but his critics maintained a hard line, saying they would fight to ensure the government does not give too much away.

"One cannot pay a political price for peace. If we were to do so, terrorism would have won," said Mariano Rajoy, leader of the conservative opposition Popular Party.

ETA, established in the late 1960s, campaigned to carve out an independent Basque homeland in northern Spain and southwest France.

The video showed three people seated at a table in front of an ETA flag, their faces covered by beige masks and all wearing Basque berets. The figure in the middle, a woman, read the statement.

ETA "has decided to declare a permanent cease-fire as of March 24, 2006," the statement said. "The aim of (the cease-fire) is to promote a democratic process in the Basque country and to build a new framework in which our rights as a people will be recognized."

The statement was sent to several Basque media outlets, including the radical Basque newspaper Gara. The newspaper said Wednesday it also was in possession of another, complementary ETA statement, but would not publish it or comment on it until Thursday.

The announcement set off quiet celebrations around the country.

"It's the news we were waiting for many years. It's the best news I have received lately," said Jose Felix Urbano, 52, an administrative worker in Vitoria, capital of the Basque region. "I hope that from here on I can live in a normal country."

Barbara Durkhop, the widow of ETA victim Enrique Casas, killed in 1984, said she was hopeful but nervous.

"The first thing I thought was that now there will be no more deaths," she told Spanish television station Quatro. "This could pave the way, once and for all, to the peace process that we have waited for so long."

In Madrid, there was shock, and a bit of caution.

"It's amazing! I hope to God it's true," said Sandra Dorada, a 29-year-old postal worker. "But they (ETA) have said this before and it wasn't true."

The Bush administration's initial reaction was positive. "Any decisive steps taken by ETA to give up violence should be welcomed," State Department spokesman Sean McCormack said.

Speculation about an end to ETA's armed campaign has been building for months, despite a recent wave of small-scale bombings.

The prime minister has offered to hold talks with Basque separatist leaders once ETA agreed to lay down its arms, and parliament backed the move in a resolution passed in May.

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Asked Wednesday if ETA's announcement meant the government can now open talks with ETA, Zapatero said: "I will take my time to study the parliamentary resolution. It is essential for proceeding safely."

ETA has announced cease-fires in the past but never one it has called permanent.

Many Spaniards believed that after the March 11, 2004, terrorist attacks in Madrid, carried out by Islamic extremists, ETA had effectively been stymied. The idea is that popular revulsion over terrorism made more deadly violence politically unthinkable.

Over the years, ETA has mostly targeted security force members, although in the 1990s it increasingly began to kill politicians. In 1995, in one of its most audacious plots, it tried to assassinate Jose Maria Aznar, then an opposition leader who would go on to become prime minister. Nobody was seriously injured.

ETA stands for Euskadi Ta Azkatasuna, Basque Homeland and Freedom.

Basque Separatists Announce Ceasefire, Ending Bloody Struggle (AFP)

AFP, March 22, 2006

The armed Basque separatist group ETA announced a permanent ceasefire to meet the Spanish government's key condition for peace talks, nearly four decades after starting an armed conflict that has killed more than 800 people

In a statement on Basque television read out by one of three hooded figures against a backdrop of ETA symbols, the movement said its ceasefire would take effect from Friday.

Spanish Prime Minister Jose Luis Rodriguez Zapatero welcomed the step and said Spaniards were now "united by hope," while warning that "a long road lies ahead" to cement lasting peace.

"We will react with prudence to reach the end of this historic drama," he added.

ETA's long struggle for an independent Basque homeland, which has cost untold billions of euros in economic damage to the region, was one of Western Europe's last armed internal conflicts, and was often compared to the decades of sectarian unrest in Northern Ireland.

"The aim of this decision is to launch a democratic process in the Basque country," ETA said in its broadcast.

"At the end of this process, Basque citizens will be able to have a voice and the power to decide their future," it went on.

"An end to the conflict is possible today and now. This is the hope and desire of ETA."

ETA is blamed for more than 800 deaths in its campaign to create an independent state covering Spain's northern Basque region and parts of southwestern France.

Spain's first deputy prime minister Maria Teresa Fernandez de la Vega said the Socialist government hoped the ceasefire meant the "beginning of the end" of violence.

"This is good news for all Spaniards," she added, promising the government would "work with all political forces" to achieve peace, while also advising prudence.

Basque regional leader Juan Jose Ibarretxe spoke of an "historic day" and added he was putting out feelers, including to ETA's banned political mouthpiece Batasuna, for roundtable talks on the next stage of the region's development.

"The moment has arrived for Basque society to build its future in peace," Ibarretxe added.

But the main conservative opposition Popular Party was trenchant in its response, while some victims' associations were also sceptical.

Former Spanish prime minister Jose Maria Aznar slammed the government for having what he termed a "defeatist vision" of dealing with terrorists who wanted to bring down democracy, but he did not mention the ceasefire itself.

Previous ceasefires and truces lasted no more than months, and Aznar's successor as PP leader, Mariano Rajoy, said that as ETA had not announced it was disbanding its statement was "not a renunciation of criminal activity."

Francisco Jose Alcaraz, chairman of the conservative Association of Victims of Terrorism (AVT), warned of the possibility of a "trap".

"The ceasefire is not definitive -- ETA placed conditions in its statement such as self-determination through an electoral consultation or referendum," Alcaraz said.

Anti-terrorist judge Baltasar Garzon told Cadena Ser radio he believed that "the government has an obligation to explore all necessary and legal means of achieving peace."

Although ETA's last fatal attack was in May 2003, it has continued to wage low-level violence with car bombs, attacks on public buildings and extortion of businesses.

The organisation has been severely weakened by heightened cooperation between French and Spanish police which resulted in a recent wave of arrests.

Analysts also say the new climate after the March 11, 2004, train bombings in Madrid also helped swing attitudes against violence.

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Spain's then conservative government initially blamed ETA for that carnage, which killed 191 people, before evidence emerged that Islamic extremists were responsible.

The parallel with Northern Ireland has long been held up as an example for the Basque region to follow.

There, the Irish Republican Army, which had been fighting against British rule, declared a ceasefire in 1997 that led directly to the Good Friday peace accords the following year which set up a power-sharing government.

The IRA has since renounced violence for good.

Gerry Adams, leader of Sinn Fein, the IRA's political wing, who has often engaged with Basque leaders in recent years, welcomed ETA's move.

"ETA's announcement provides all sides to the conflict with an opportunity of historic proportions," he said in a statement.

Basque Separatist Group Ends Four-Decade War With Spain (LAT)

By Tracy Wilkinson

The Los Angeles Times, March 23, 2006

MADRID — The Basque separatist group ETA declared a "permanent" cease-fire Wednesday and pledged to step away from decades of violence, a major breakthrough that could end one of Europe's last armed conflicts.

The announcement came at a time of military and political weakness for the militant organization that for nearly 40 years has fought for independence from Spain and claimed hundreds of lives in bombings and sabotage.

It follows a fierce crackdown under the previous Spanish government and a period of rumored negotiation, officially denied, with the current one. ETA has also seen its support fade amid public outrage over deadly bombings in Madrid two years ago by Islamic radicals.

"This is very good news for all Spaniards," Vice President Maria Teresa Fernandez de la Vega said as reports of the truce swept the country. Urging "prudence," she added, "We very much hope this is the beginning of the end."

Reactions cleaved along political lines in this bitterly polarized country. The Socialist government of Prime Minister Jose Luis Rodriguez Zapatero responded with cautious elation, but the conservative opposition noted that the Basque group's move fell short of surrender and claimed that it was nothing more than a ruse.

Ordinary Spaniards were full of tentative hope.

ETA declared the cease-fire, effective Friday, through a videotaped statement released about midday and broadcast on Basque and Spanish television. Unlike two previous cease-fires that collapsed after several months of negotiations, this declaration uses the term "permanent" and sets no conditions.

In the announcement, three members of the guerrilla group, wearing white masks and the black berets typical of the Basque Country, sat at a table with a cloth bearing the words Euskal Herria, or the Basque homeland, and the group's coat of arms. Behind them hung a banner with the ETA insignia of a snake twisted around an ax. The statement was read, unusually, by a woman, who sat in the middle.

The group said its purpose was to "drive the democratic process" in the Basque Country that ensures "the development of all political options."

"ETA has shown its desire and will that the process now begun should reach a conclusion and thus achieve true democracy in the Basque Country, overcoming long years of violence and constructing a peace based on justice," the statement said.

A referendum in 1979 established the Basque Autonomous Community on the Bay of Biscay near the French border, comprising the provinces of Alava, Vizcaya and Guipuzcoa. It has its own police force, education and healthcare system.

Basques, who number about 2.2 million in Spain, are descendants of what may be one of the oldest ethnic groups in Europe. Polls indicate that about half favor a more independent state more loosely associated with Spain. Many who advocate statehood, however, do not support ETA's violent ways.

ETA — an acronym for Euskadi Ta Askatasuna, or Basque Homeland and Freedom in the Basque language — declared cease-fires in 1989 and 1998, but negotiations that followed collapsed.

But this announcement may have a different outcome, analysts say, because of the arrest and imprisonment of senior ETA leaders, the capture of a major arsenal and the banning of its political wing. Polls have shown a widening weariness of violence in the Basque Country and growing rejection of bloodshed.

"There can never be a total guarantee, but what's clear is that [the cease-fire] is a solid base for a peace process," said Gorka Espiau Idoiaga, director of Elkarri, a Basque organization in the city of Bilbao that promotes dialogue. "They are showing a will to disappear and end the violence. It is extraordinary."

Espiau, a senior fellow at the Washington-based U.S. Institute of Peace, noted that the wording of the communique released Wednesday emulated the language of the landmark 1994 statement by the Irish Republican Army.

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In addition, it was the first time the Basque separatists had used the word "permanent" in a truce pledge.

ETA, a secretive organization that was founded during the dictatorship of Gen. Francisco Franco, has killed more than 800 people in attacks since 1968, including police officers, mayors and politicians. Hundreds more, among them journalists, justices and intellectuals, have been threatened.

The last ETA attack to cause a death was in May 2003, although more than 100 people have been injured in bombings since. The group had resorted to an intense campaign of blackmail and extorted a fortune from businessmen, bankers and even premier chefs who feared attacks on their property.

Any negotiations with ETA would include numerous difficult issues, such as the disarming of its cadres and the fate of its members held in Spanish prisons.

"Any peace process, after so many years of horror and terror, will be long and difficult," Zapatero, the prime minister, said during a special session of parliament Wednesday afternoon.

He called for unity among all political parties and repeatedly used the words "calm," "caution" and "prudence," language aimed at deflecting critics who suggest he has been too soft on independence-minded factions.

Mariano Rajoy, leader of the main opposition Popular Party, attacked ETA's declaration, noting that it did not renounce all criminal activity or ask for forgiveness from its many victims. Without such gestures, entering into talks with ETA would amount to rewarding terrorism, he said.

At parliament, lawmakers gathered around TV screens to watch the 1 p.m. broadcast of the ETA statement.

In San Sebastian, a major seaside Basque city and scene of much violence, the mayor and city hall officials toasted with the local version of champagne: "For peace and those who are absent." National TV broke into regular programming to provide nonstop coverage, including recapitulations of the years of bloodshed. Gara, a Basque newspaper, published a special edition.

In Madrid, the word on seemingly everyone's lips was Ojalá — "Let's hope."

Juan Jose Ibarretxe, the president of the Basque territory, called the ETA declaration historic.

"ETA has finally listened to Basque society, which demands an end to all criminal activity," said Ibarretxe, a nationalist who advocates separation from Spain through peaceful means.

Families of ETA victims greeted the news with mixed emotion.

"I've got this knot in my stomach that tells me it might not be true, but my first thoughts are maybe, finally, there will be no more dead," Barbara Durkhop, the widow of a Socialist official shot dead in 1984, told Spanish television.

The government that preceded Zapatero's was especially harsh on the separatists. Former Prime Minister Jose Maria Aznar, who early in his career survived an ETA assassination attempt, sent police troops against ETA, outlawed politicians sympathetic to the group, closed its newspaper and deliberately dispersed its jailed members to prisons far from families and support groups.

Aznar maintained that a military crackdown alone would end nationalistic violence, and he succeeded in persuading the Bush administration to officially label ETA a terrorist organization.

With surveillance equipment provided by the CIA, as well as new cooperation with France, Aznar's crackdown succeeded in crippling ETA.

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(INFOBOX BELOW)

Separatist struggle

Key events in the history of ETA:

· 1959 — Is founded by dissident student members of the Basque Nationalist Party.

· 1961 — Attempts to derail a train carrying supporters of dictator Gen. Francisco Franco.

· 1973 — Kills Prime Minister Luis Carrero Blanco in a bombing in Madrid.

· 1987 — Apologizes after car bomb in parking lot of a Barcelona store kills 21 and injures 45.

· 1989 — Announces temporary cease-fire to help ultimately unsuccessful peace talks in Algeria.

· 1995 — Attempts to kill conservative opposition leader and future Prime Minister Jose Maria Aznar with car bomb.

· 1997 — Kidnaps small-town politician Miguel Angel Blanco and demands its imprisoned members be brought to Basque jails. His slaying triggers widespread demonstrations in Spain.

· 1998 — Announces an open-ended cease-fire. It ends 14 months later after one round of talks with the Aznar government.

· 2003 — Kills two police officers in Sanguesa in the northern region of Navarra, the group's last deadly attack. Supreme Court outlaws radical Batasuna party linked to ETA.

· 2004 — Police arrest more than 130 suspected ETA members, including alleged leader Mikel Antza, after Madrid train bombings kill 191 people. The attack is later attributed to Muslim radicals.

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· 2005 — Announces it will no longer kill elected members of political parties. Parliament backs Socialist Prime Minister Jose Luis Rodriguez Zapatero's offer of talks with ETA if it renounces violence.

· March 22, 2006 — Declares permanent cease-fire.

Source: Associated Press

Basque Separatists Declare A 'Permanent Cease-Fire' (WP)

By Pamela Rolfe And Molly Moore

The Washington Post, March 23, 2006

MADRID, March 22 -- The Basque paramilitary group ETA on Wednesday announced a "permanent cease-fire," signaling a possible end to one of Europe's longest-running armed conflicts, four decades of bombings and assassinations aimed at creating an independent Basque homeland on the border of Spain and France.

In a video delivered to a Basque television station, a woman clad in combat fatigues, white face mask and black beret said that ETA was ready to shift from violence to "a democratic process in which our rights as people will be recognized." Flanked by two people in identical masks and dress, the woman said the cease-fire would begin Friday.

"Any peace process after so many years of horror and terror will be long and difficult," Prime Minister Jose Luis Rodriguez Zapatero told the Spanish parliament in an address carried live on national and international television.

Victims of ETA's violence expressed skepticism that the group would adhere to a cease-fire, noting it had broken past truces. "With the perspective of a memory of 45 years of murders interspersed with announced truces and cease-fires, it's clear that ETA is trying to trick us again," said Daniel Portero, who heads an ETA victims' organization. His father, a regional attorney general, was assassinated by the group in 2002.

For centuries, the scenic mountainous region straddling the borders of northern Spain and southern France has been home to the Basque people, who have a distinct language and culture. Since ancient times they have struggled to preserve their independence.

The ETA name is an abbreviation of Basque language words meaning Basque Homeland and Freedom. The group was founded in the late 1950s as a student movement opposed to the dictatorship of Gen. Francisco Franco. In the 1960s, it switched to increasingly violent tactics.

Under current Spanish law, the Spanish Basque region already has broad autonomy. But the small, secretive ETA has demanded nothing less than full independence.

Rumors of an imminent ETA cease-fire had surfaced in recent weeks. It had been widely reported in Spanish political and media circles that intermediaries for the government and ETA had been conducting secret negotiations to set the stage for the announcement.

"ETA has shown its desire and will that the process now begun should achieve true democracy in the Basque country, overcoming long years of violence and constructing a peace based on justice," the ETA statement said. "Here and now, it is possible to overcome the conflict."

What set this cease-fire announcement apart from those in the past was the use of the term "permanent cease-fire" for the first time.

After the Sept. 11, 2001, attacks, the United States and European Union labeled ETA a terrorist organization. The Spanish government, then led by Prime Minister Jose Maria Aznar, along with neighboring France, launched a major crackdown on ETA leaders and their financing networks, weakening the organization.

Some political observers said ETA's traditional base of support eroded after the March 11, 2004, Madrid train bombings, which killed 191 people. Though investigators concluded that Islamic radicals carried out the attacks, they so horrified the nation that some ETA sympathizers turned against the group because of its use of similar tactics.

ETA has kept up sporadic waves of bombings, including several in the past three weeks. But no one has been killed in an attack since 2003, in part because the group has frequently telephoned warnings and occasionally has written "Danger, Bomb" on explosive devices, according to Spanish news reports.

Previous Spanish governments resisted any efforts to launch a peace process. But the Socialist prime minister, Zapatero, who won election in 2004, has been more open to talks and to allowing more regional autonomy. He has supported, for instance, a measure that would allow the northeastern region of Catalonia greater independence. His supporters say similar legislation for the Basque country could give the separatists a peaceful alternative to violence.

Last year, the Spanish parliament voted to allow talks with ETA if the group agreed to renounce violence and disarm. Wednesday's announcement did not mention laying down arms.

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"This announcement was expected and is welcome, but be careful with the wording," said Antonio Elorza, who has studied ETA as a professor of political science at Madrid's Complutense University. " 'Permanent' is not definitive. . . . The congress gave the government permission to negotiate with ETA as long as the goal was disarmament. That is not what this statement says."

Mariano Rajoy, president of the opposition Popular Party, largely dismissed the announcement in comments to parliament Wednesday afternoon.

"This cease-fire now is a pause, not a renouncing of criminal activity," he said. "It means a reaffirmation of a will to continue existing. They don't regret anything and they don't ask forgiveness of the victims of terrorism."

In a rare news conference, the banned Batasuna party -- accused by previous governments of being the political wing of ETA -- urged the Spanish and French governments to "open a new political stage." Pernando Barrena, a leader of the organization, described the cease-fire as "a great opportunity."

Reactions on the streets of Spain were both hopeful and skeptical.

"It's a great thing," said Olatz Herrera, 20, a Basque studying in Madrid. "I hope the government negotiates with them. It's a key opportunity. You have to try everything to end the violence."

"It would be wonderful," said Mari Angeles Gomez, 54. "I hope it's true. But you can't trust ETA."

Basque Separatists Call Cease-fire (CSM)

By Peter Ford

The Christian Science Monitor, March 23, 2006

PARIS - The Basque separatist group ETA's declaration Wednesday of a permanent cease-fire offers the prospect of an end to one of Europe's longest running civil conflicts, and a new constitutional future for Spain that could reshape the country's political map.

But the group's videotaped statement, aired on Spanish TV, marks only the first step toward resolving Madrid's thorniest challenge.

"The government's position is one of caution and prudence," Prime Minister Jose Luis Rodriguez Zapatero told parliament, responding to ETA's announcement. "Any peace process after so many years of horror and terror will be long and difficult."

The statement from ETA, which has been fighting for 40 years for an independent Basque state, explained the cease-fire - which goes into effect Friday - as a bid to "promote a democratic process in the Basque country ... in which our rights as a people will be recognized." The government, it warned "must recognize the results of this democratic process with no type of limitation."

Politicians had been speculating for weeks that the armed group, which has killed more than 800 people, was about to announce an end to its violent struggle. The government had repeatedly refused to open talks with ETA until it renounced the use of force.

Deputy Prime Minister Maria Teresa Fernandez de la Vega told the Senate Wednesday that the authorities would "work with all political forces" to bring peace to the Basque country, in Spain's Northeast. She said she hoped the cease-fire marked "the beginning of the end" of ETA, which stands for "Basque Homeland and Freedom" in the Basque language.

ETA has demanded that the Spanish government recognize the Basque country's right to declare independence, if a referendum in the region backs such a decision. Though Mr. Zapatero has ruled out such a move, his government has shown more tolerance of regional separatists than previous administrations.

On Tuesday, the Spanish parliament approved a new relationship between the central government and Catalonia, recognizing it as "a nation." Some observers suggested that the vote encouraged ETA to hope for a similar, or better, deal if it renounces violence. Last year, parliament authorized the government to hold talks with ETA, which is listed as a terrorist organization by the European Union and the United States, on the condition the group laid down its arms.

"If I was in ETA I would be optimistic" about the outcome of expected negotiations, says Florentino Portero, an analyst at the Strategic Studies Group, a think tank in Madrid. "Zapatero is a new generation of politician with a radically new way of conceiving of the state" as a confederation of sovereign regions.

On the streets of the Basque city of Bilbao, some citizens welcomed the news of the cease-fire. "I am very happy this has happened," says Inaki Muniain, a hotel receptionist, by phone. "This gives us hope that things will get better and that ETA will disappear or end up as a political party."

Echoing that optimism, Juan Avilés, expert in terrorism and security at the Universidad Nacional a Distancia "It's good news. It could really be the end of ETA's terrorism. You always have to be cautious when talking about terrorists, but I believe that this declaration could be the end of the nightmare that we've lived for almost 40 years."

Others were more cautious. "I don't believe it at all," scoffs Nestor Diez Seisdedos, a quality-control inspector at an electrical appliance factory in Barakaldo, also reached by phone. "It will last a while but it certainly isn't permanent."

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Some analysts shared that skepticism. "ETA will maintain the peace as long as they consider it opportune," says Rafael Badarji, a security analyst with the conservative Foundation for Analysis and Social Studies in Madrid. "When it stops serving their aims they will pick up their weapons again."

Mr. Badarji says that ETA declared a cease-fire because "It believes ... its objectives will be better served politically than through force." After the Al Qaeda attack in Madrid on March 11, 2004, political violence such as ETA had used for decades appeared counterproductive. ETA has not launched any fatal attacks since 2003.

The Spanish police, supported by their French colleagues in the Basque regions across the French border, have also enjoyed considerable success in recent years. They have arrested over 750 ETA members, including top leader Mikel Antza, since 2000.

Wednesday's ETA video, showing three people sitting at a table in front of the ETA flag, their faces covered by masks and all wearing Basque berets, made no mention of any weapons handover. Nor did it offer to end the ETA practice of raising "revolutionary taxes" from Basque businessmen who have long complained of extortion.

The statement demanded that the Spanish and French governments "set aside repression," seen as a bid to persuade them to stop hunting ETA members.

One of the trickiest issues in any negotiations that the government opens with ETA will be the fate of the group's prisoners. ETA is expected to follow the example of other rebel military organizations from Northern Ireland to South Africa in demanding freedom for jailed comrades.

Such a move would doubtless be fiercely resisted by relatives of ETA's hundreds of victims, and by the conservative opposition People's Party. Party leader Mariano Rajoy accused Zapatero of "betraying the dead" when the Prime Minister first offered in 2005 to enter talks with ETA if it laid down its arms.

· Lisa Abend in Madrid and Asel Llana contributed to this article. ETA basics

· What is ETA?

ETA stands for Euskadi ta Askatasuna, which means "Basque Homeland and Freedom." The group's aim is to establish an independent state for the Basque people, who have lived along the Spanish-French border since the Stone Age.

· When was the group formed?

ETA was formed in 1959 in response to Spanish dictator General Franco's suppression of Basque language and culture. When Franco died in 1975, the Basque Country was granted semi-autonomy. ETA wanted full independence.

· Whom does it target?

In its 40-year history, ETA has killed more than 800 people. Most of its attacks have been bombings or shootings, mainly targeting Spanish government institutions and personnel. The group is labeled as a terrorist organization by the United States and the European Union.

· Has it tried political means?

It has a political wing, Batasuna, but the Spanish government banned Batasuna in 2003. Since that year, ETA has not carried out any deadly attacks. It was originally blamed for the 2004 Madrid bombings, but Al Qaeda was found to be responsible.

Sources: Council on Foreign Relations; Institute for Counterterrorism; US State Department; and BBC.

Colombian Rebels Face Drug Charges (WT)

By Jerry Seper

The Washington Times, March 23, 2006

Fifty leaders of the leftist Revolutionary Armed Forces of Colombia (FARC) have been named in a federal grand jury indictment on charges of exporting more than $25 billion worth of cocaine, half the world's illicit supply, in the largest U.S. drug-trafficking case.

"From their jungle hideaway, the FARC uses the drug trade to bankroll terrorism in Colombia, finance attacks on innocent citizens and poison Americans," said U.S. Drug Enforcement Administration (DEA) chief Karen P. Tandy. "Today's indictment challenges that lawlessness, and the FARC leadership should prepare to face the justice that they have long denied to so many."

Mrs. Tandy said the indictment "addresses and decimates the entire leadership of the FARC."

The one-count indictment, handed up March 1 in U.S. District Court in Washington and unsealed yesterday, "strikes at the very heart of the FARC narcotics operation," said Attorney General Alberto R. Gonzales, adding that the terrorist-designated organization collected millions of dollars in cocaine proceeds and used the money to purchase weapons for its 42-year-long war against the Colombian government.

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FARC "is one of the Justice Department's highest-priority targets in our fight against illegal drug trafficking," Mr. Gonzales said. "For years, this group has controlled the production and distribution of massive amounts of cocaine that ends up in America's communities. Members of the FARC do not want to face American justice."

Three of the charged FARC leaders -- Jorge Enrique Rodriguez Mendieta, Erminso Cuevas Cabrera and Juan Jose Martinez Vega -- are in custody in Colombia, and the U.S. will seek their extradition to face trial in the United States. More than 400 Colombians have been extradited to the United States to face criminal charges, and two accused FARC leaders are awaiting trial in Washington.

Andres Pastrana, Colombia's ambassador to the U.S., said the indictment was based on evidence gathered by American officials who worked "in very close collaboration with Colombian authorities."

"Colombia is one of the main victims of the global war on drugs. Thousands of innocent citizens, journalists, judges, politicians, soldiers and police officers have given their lives to this cause," said Mr. Pastrana, a former Colombian president who was kidnapped by the Medellin drug cartel during his 1988 race for Bogota mayor and later rescued by police. "Colombia has been and remains deeply committed to defeating the drug trade."

FARC has about 17,000 members and controls wide areas of the country, so rounding up the other 47 indicted leaders will be a difficult task. The State Department announced rewards yesterday of $75 million for information leading to the capture of 24 of the leaders still at large, all members of FARC's governing council.

In addition to half the world's supply of cocaine, FARC was responsible for more than 60 percent of the drug that enters the United States every year, Mrs. Tandy said, adding that the organization controlled every aspect of its production and distribution, even setting the prices paid to Colombian farmers for coca paste, the raw material used to produce cocaine.

According to the indictment, the FARC leaders used terrorism and violence to further their cocaine-trafficking activities, ordering the deaths of Colombian farmers who sold coca paste to non-FARC buyers. It said the farmers who violated FARC rules were shot, stabbed or dismembered alive, their bodies cut open, filled with rocks and sunk in nearby rivers.

The indictment also said the FARC leaders also ordered the kidnap and killing of Americans to discourage the U.S. government from disrupting the organization's cocaine-trafficking activities. It also said the FARC leaders authorized their members to shoot down U.S. fumigation planes and plotted to retaliate against U.S. law-enforcement officers conducting investigations into FARC's narcotics activities.

Three U.S. contractors are among 60 hostages being held by FARC.

The indictment said:

·Rodriguez Mendieta, also known as "Ivan Vargas," was a member of the FARC's leadership council and commander of its 24th Front unit. He is accused of directing the purchase of cocaine paste and transmitting billions of Colombian pesos in cocaine profits to FARC officials, and the indictment said he ordered the slayings of eight farmers, including several whom he personally dismembered alive.

·Cuevas Cabrera, who also was called "Mincho," was a FARC associate who managed cocaine laboratories for the organization's 14th Front unit, where he supervised the production and distribution of hundreds of thousands of kilograms of cocaine. He has been in custody since 2004.

·Martinez Vega, also known as "Chiguiro," was a FARC associate who provided large quantities of arms and ammunition to the organization in exchange for thousands of kilograms of cocaine. He was arrested on drug charges in Venezuela and turned over to Colombian authorities in early 2005.

Why UN Reform Effort Could Fizzle (CSM)

By Howard LaFranchi

The Christian Science Monitor, March 23, 2006

UNITED NATIONS, N.Y. - This was to be a year of reform of the United Nations. But what some global leaders have called "the opportunity of a generation" - to better match the preeminent global institution with the challenges of the 21st century - risks crumbling into little more than a dashed hope.

Despite President Bush's challenge to the UN to be "relevant," and even after the weaknesses exposed by the oil-for-food scandal, old tugs of war are slowing momentum at a crucial moment in the UN's calendar.

Already, some countries see reform's principal promoter, Secretary-General Kofi Annan, as a lame duck: A new secretary-general will be elected later this year. A bigger impediment still is that even more countries harbor old suspicions about those pressing for reform - in particular the United States. These countries also feel scalded by so-far unsuccessful attempts to reform the powerful Security Council.

"The reforms on the table really get to the meat of the matter, which is changing an institution envisioned for the post-World War II period to work in a very changed world," says Edward Luck, a UN expert at Columbia University in New York. "The

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challenge now is that after so much attention to expanding the Security Council, this package sounds like leftovers - when it's really the meat and potatoes of reform."

Hopes for the reforms were buoyed by last week's approval of a new human rights council. It replaces the discredited human rights commission - a change world leaders had demanded last fall. General Assembly President Jan Eliasson says that getting the human rights issue done opens the way to focusing on the big management questions.

But even the human rights reform, which is less bold than some powers including the US had advocated, suggests the difficult road ahead on other issues - especially those that the power-jealous General Assembly of 191 countries considers power grabs by dominant members.

South Africa, for example, is already warning of efforts to bypass the Assembly with reforms that would concentrate more power in the secretariat and Security Council, where developed countries dominate. South Africa leads the "Group of 77" developing countries that holds particular sway in the General Assembly. Proposals focus on management

When Mr. Annan unveiled his overhaul package to the General Assembly earlier this month, he outlined 23 initiatives in six areas that he said focus on urgent management reforms.

Under leadership reform, for example, Annan calls for the job of deputy secretary-general to be expanded and elevated to become something like the general manager of the secretariat. Since the oil-for-food scandal, which cast a black cloud over his management skills, Annan has often noted that the "SG" is expected to be both the world's top diplomat and manager of its largest international institution, an almost superhuman task.

Other proposed reforms include:

· Improving and tightening UN procurement of goods and services.

· Making staff mobility a prerequisite for employment and a condition of promotion.

· Relocating and outsourcing some costly services, such as translation.

· Streamlining the budgetary process and expanding the secretary-general's authority to redeploy posts and funds.

What Annan's recommendations do not include is creation of the post of chief financial officer. That was a key recommendation of the independent inquiry committee, headed by former Federal Reserve Chairman Paul Volcker, that investigated where the oil-for-food program set up for Iraq went wrong. Annan says the need for such a post is "obviated" by other financial oversight reforms he proposes.

Still, Annan's package received at least initial encouraging words from the US. And that is good, reform proponents say, because a UN transformation needs strong support from the world's only superpower.

"This set of reforms identifies the big difference between the UN today and [upon its founding] in 1945, because now it's at least as much a doer as it is a convener" of forums and conferences, says Lee Feinstein, an expert on the UN at the Council on Foreign Relations in Washington.

Annan notes that the UN has evolved from an organization mainly holding conferences in New York to one focusing on development and health. Moreover, its $10 billion budget goes overwhelmingly to support more than 80,000 peacekeepers currently deployed around the globe. "This reform could strengthen some of these 'doing' activities," Mr. Feinstein adds, "but the truth is that a lot depends on the US and how much it puts into getting this done." Ambivalence toward the US

Yet many countries are ambivalent about the American role in the institution, especially after the US was perceived to bully its way into a war with Iraq that the UN did not want.

"The context for this debate is the huge asymmetry in power in the world between the US and the rest, and it has the potential to bring everything to a standstill," says Mr. Luck of Columbia. "It's a situation that leaves the US between a rock and a hard place," he adds, "because the world wants the US involved but also accuses it of trying to dominate the UN if it is too supportive or changes are too radical."

Suspicions of the US are not limited to developing countries. Kenneth Roth, executive director of Human Rights Watch, says a lack of US engagement in the reform process leads to speculation that some US officials "want to produce a UN failure to demonstrate that the UN can't reform - and thus should be abandoned."

Islamic Activism Sweeps Saudi Arabia (WP)

By Faiza Saleh Ambah

The Washington Post, March 23, 2006

JIDDAH, Saudi Arabia -- More than a dozen women in black cloaks, some with colorful head scarves, others with only their eyes visible through slits in black veils, filed into the dining room after sunset prayers. They sat around a long table set up with paper, pencils and thermoses of Arabic coffee, across from a small group of men, including that evening's guest, Sadeg al-Malki.

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The women -- homemakers, physicians and college students -- had sought out Malki, a consultant at the Islamic Education Foundation, because they wanted help on a project they were embarking on: how to talk to non-Muslim co-workers and acquaintances about Islam and the prophet Muhammad.

The women, who have since taken several mini-courses with Malki on discussing their religion with non-Muslims, are part of a loosely knit grass-roots movement that has sprung up across the kingdom since January, when anger over cartoons of Muhammad sparked riots in Europe and several Muslim countries. The movement is made up of a diverse cross section of women, students, businessmen, lawyers and clerics, all campaigning under the banner of Nusrat al-Rasool, or Victory for the Prophet.

The activists' campaign includes a continuing economic boycott of Denmark, where the cartoons were first published, and a project to produce television ads about the prophet for broadcast in Europe. College students are attempting to collect 1 million signatures to present to the Danish Embassy, and lawyers are studying ways to make insulting Islam and its prophet illegal. A number of businessmen have launched competitions with prize money of more than $50,000 for the best essays on Muhammad. This month, several clerics and heads of local committees will travel to neighboring Kuwait and Bahrain to brainstorm with Islamic activists there.

Though in its early stages, the grass-roots movement is a demonstration of how, in this region, activism within a religious context is capable of motivating and energizing a wide swath of society in a way that politics cannot. It is also a study of the ways in which deeply felt religious disputes, when not handled by governments, cut their own path, pushing people to take matters into their hands.

Muhammad Kawther, a young activist who heads Youth Together for an Islamic Renaissance, believes the cartoon controversy was a godsend for his group. The activists were just starting out, putting together their first project -- CDs urging young people to perform their five daily prayers -- when anger over the cartoons erupted. Dropping everything else, they decided on a campaign to collect 1 million signatures in support of the prophet.

Inexperienced and a little apprehensive at first, they approached several malls for permission to set up booths there. Sensing the public mood, mall owners not only agreed but gave them free access and advertising. They also allowed them to bring in chanters to sing the praises of the prophet, the first open public performances in this conservative country.

Three weeks into the campaign, Together had gathered 70,000 signatures, dozens of new supporters and, most valuable of all, a ton of practical experience.

"I learned how to deal with the public, with people of different ages and from different social levels," said Rayan al-Khilewi, who emceed the group's children's competition on facts about the prophet. "I learned how to deal with the media, and I actually did a live television feed."

Khilewi, a 20-year-old marketing student and taekwondo aficionado, had been strolling the mall with his family when he heard something he'd never heard at a shopping center before: Islamic songs being broadcast through a loudspeaker. Drawn by the a cappella chants, Khilewi, a religious Muslim, hurriedly followed the tune, which led him to the group's booth. He joined on the spot.

"For years I had been looking for a way to be active, to do something meaningful, and this was the first time I had found it," he said. "I have Denmark to thank for that."

Many who have become involved in activism since the cartoon crisis have echoed Khilewi's sentiment, saying the cartoons have shown them how much they love the prophet and forced them to do something about it.

Malki, the Islamic Education Authority consultant and also co-founder of the Faith in Diversity Institute, based in Owings Mills, Md., says the cartoons have created a new kind of activism. "People don't just want to talk, they want to do something," Malki said. "No state can stop, or think to stop, this activism. It's widespread, it's strong, and because of the love people feel for the prophet, it's also very emotional."

The two-hour lecture Malki gave in a noisy dining room packed mainly with women was winding down when he told the group he wanted to read them something from the Bible. He picked up his leather-bound King James version, well-thumbed with yellow bits of paper sticking out, leafed through it and started to read from the Book of Isaiah: "And the book is delivered to him that is not learned, saying, read this, I pray thee; and he saith, I am not learned."

There was stunned silence in the room, a palpable astonishment as the listeners understood the passage to foreshadow Muhammad, who was illiterate before he became a prophet. A few whispered, "God is great," and several young men and women wiped tears from their eyes.

Sulaiman al-Buthi, a Riyadh-based spokesman for the International Committee for the Defense of the Final Prophet, says this religious but peaceful activism could put an end to violence and drive groups like al-Qaeda out of business. Analysts have long said that a lack of democracy and civic institutions in the Middle East is part of the appeal of extremist groups, which offer one of the only options for disaffected youth.

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But Buthi said he was "very optimistic about this movement, this cartoon intifada. It has given people opportunities to take matters into their own hands and do something positive for their religion. It's generating a very potent feeling, and it's capable of destroying the pull and influence of groups like al-Qaeda."

On the other hand, lawyer and writer Bassem Alem says he believes that the cartoons were only a trigger within the context of an already burgeoning region-wide Islamic resurgence. People "look around and they see Islamists winning in Egypt and Palestine and Morocco," he said, referring to elections in those places. "They feel empowered, and this is just one more manifestation of that."

Alem says that people took matters into their own hands because their governments were not doing enough to assuage their anger. He also contends these ad hoc committees will supplant Western-style civic institutions. "The methodologies for setting up civic institutions here failed because they were a Western model," he said. "These indigenous movements will take root because they are based on our beliefs and real needs."

Kawther, back at his father's office, which serves as Together's headquarters, was more reflective. "Islam has gone through many phases, up and down," said the stocky young man with a dark patch on his forehead that comes from regular prayers. "For it to be strong again, for a new Islamic renaissance, the youth have to be involved, and that's why we're doing this."

At the Seirafi mega-mall, where Together had set up signing booths and several computers and helped passersby send more than 5,000 e-mails to Denmark, two 12-year-old boys were handing out brochures that explained the campaign and urged people to follow the example of the prophet by becoming more devout. One of the group's members, law student Abdul-Ilah Bawazir, picked up the microphone to address the hundreds of shoppers, men to one side, veiled women to the other, who had stopped to watch that evening's performance of the Heraa group of Islamic chanters.

"We are all here for one reason," he said to the crowd. "To show solidarity with the prophet. Now that you've enjoyed the show, please take a minute and sign your name in support of the finest of messengers, prophet Muhammad. We want the world to know how much we love our prophet and how much we're willing to sacrifice for him."

Egypt's Opposition Targets Reforms (CSM)

By Sarah Gauch

The Christian Science Monitor, March 23, 2006

CAIRO - During heated parliamentary debates last week on the government's annual policy statement, Hussein Ibrahim, a parliamentarian for the fundamentalist Muslim Brotherhood party, lashed out with an impassioned plea for reform.

"It does not bode well for political life, especially when it comes to advancing freedom of expression, of movement, and freedom to join parties," he said.

He continued to castigate the government's human rights record, pointing to international reports that detail "horror stories about torture in police stations, cases in which prisoners have disappeared from jails and innocent citizens have been forced to admit to crimes they didn't commit."

Mr. Ibrahim is deputy head of an 88-person bloc of Muslim Brotherhood members elected to parliament in elections last November. The largest opposition bloc in this 454-seat parliament since the monarchy's 1952 overthrow, the Brotherhood has put political reform and fighting government corruption on the top of their agenda.

With fundamentalist Islamic movements across the Middle East gaining political influence, including the Iraqi Shiites, Lebanese Hizbullah, and Palestinian Hamas, the spotlight is on the Muslim Brotherhood to see how this group adapts religion to their democratic ambitions.

As an outlawed group, the Brotherhood ran as independents in last fall's elections, campaigning under the slogan "Islam is the Solution." But the Brotherhood's parliamentary activities seem to have gotten under the government's skin in recent weeks. Police have arrested about two dozen members in what the Brotherhood and analysts say is an effort to remind this group who is boss, despite its large parliamentary bloc.

The arrests are also part of a general government backtracking on political reforms. Last year's parliamentary elections were marred by widespread violence, largely instigated by police and government supporters. The government also recently postponed local council elections for two years, to avoid another Muslim Brotherhood election victory, many believe.

Although the Brotherhood is still a minority in a parliament with overwhelming state party control, they are proving to be a strong, outspoken, and unified force, analysts say.

"Already they are making a difference in parliament," says Diaa Rashwan, senior researcher at the Al Ahram Center for Political and Strategic Studies. "For the first time in years, the [ruling] National Democratic Party is feeling that it is not alone and that there's this dedicated, unified 20-percent bloc in the opposition."

Since the Brotherhood's surprise victory, many have questioned what role this group would play and what difference it could make in a parliament with an overwhelming ruling party majority. Observers also wondered to what extent the

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Brotherhood's Islamic agenda, which calls for strict application of Islamic law, would take a back seat to more recent calls for political reform.

So far, the speeches and activities of Brotherhood parliamentarians emphasize political reform. Their agenda includes demands widely backed by democratic activists: changing legislation that allows journalists to face prison sentences for libel, granting independence to Egypt's judges, and canceling a 25-year-old emergency law that forbids gatherings of more than five people.

"We need economic reform and development, in education and health, but we can't realize this until we have political reform," says Mohamed el-Katatny, the head of the Muslim Brotherhood's parliamentary bloc. The government, meanwhile, emphasizes economic reform with slower-paced political reform.

Not everyone, however, is convinced of the Brotherhood's commitment to democratic change.

"There is a problem of trust when they speak about democracy," says Mahmoud Abaza, chairman of the opposition Wafd's parliamentary bloc. "For 15 years their credo was application of Islamic law. Just in the last two to three years they joined the demand for democracy."

Muslim Brotherhood members, however, argue that Islam encompasses political change. "There is no contradiction between political reform and Islam," says Brotherhood MP Ibrahim. "Human rights come from Islam. Fighting corruption comes from Islam. All these issues stem from Islam."

Some government officials and analysts also complain that the Brotherhood lacks a concrete political program. "The Muslim Brotherhood did not come up with a position on privatization or subsidies or education or health, on any of the major challenges facing this country, compared to this government, which is committed to a program," said Egyptian Prime Minister Ahmed Nazif, speaking to a group of businesspeople in Cairo last Monday.

The Muslim Brotherhood may have its critics, but still the group has come a long way since its beginnings in 1928, eventually giving rise to dozens of extremist Islamic groups, including Hamas and Al Qaeda. In 1954, the Brotherhood was banned after a string of violent attacks,

The ruling National Democratic Party (NDP), however, still maintains a two-thirds majority, giving it alone the right to pass legislation and change the Constitution. Nevertheless, the Brotherhood, together with the also outspoken secular opposition with 12 seats, can still use the parliament as a forum for their opinions.

In any case the Brotherhood says these arrests merely empower them. "We are used to being arrested," says MP Hassan Hamdy Aly. "This won't stop us. It just makes us stronger."

Where Even Grisly News Can Offer A Kind Of Comfort (NYT)

By Hassan M. Fattah

The New York Times, March 23, 2006

BEIRUT, Lebanon, March 19 — As a military band played a dirge, the coffins that flowed out of Beirut's central military hospital on Saturday morning put some lingering questions to rest, but raised many others.

Inside them lay the skeletons of Lebanon's civil war: the remains of men who had disappeared, only to be uncovered last November in a mass grave on the grounds of the Defense Ministry headquarters, a discovery that confirmed persistent rumors.

The bodies, identified by DNA tests, were handed over to the men's families on Saturday, concluding a wrenching 15-year search for their whereabouts.

For a handful of women like Saide Khawand, Audett Salem and Samia Abdullah, the ceremony was a bittersweet victory, but still not an end to their own search.

They and others like them, the families of more than 600 young men and women who disappeared during and after the war, have held a vigil in a park downtown for almost a year, demanding that the government investigate their cases. To many of them, the ceremony on Saturday was a signal that a door might be opening on one of the darkest chapters of the bloody civil war.

"This was just the tip of the iceberg," said Ghazi Aad, an organizer and director for Support of Lebanese in Detention and Exile, a group known as Solide that is leading the campaign to publicize the issue. "We have documented several mass graves in Lebanon."

In a nation struggling to forget the war among its many religious groups, the Palestinians and regional powers, a war that claimed tens of thousands of lives from 1975 to 1990 and demolished half this city, the women are a reminder of how much remains unresolved.

Last April, shortly before Syria withdrew its soldiers from Lebanon under international pressure, the women pitched a tent in Jibran Khalil Jibran Park near the United Nations offices here, hoping to remind Lebanese and the international community of

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their plight. These unlikely activists now sit daily in the tent, which is outfitted with beds, a television and a refrigerator, and take turns camping overnight. On any given day, they can be seen playing bridge, preparing meals and finding consolation.

"We've been asking and chasing and kissing hands, but got nothing," Mrs. Khawand said. She has been searching for her brother since he was taken by Syrian security agents in 1992. "We are just asking them to bring him to us, in any condition, just bring him to us."

Most of them are homemakers, many from middle-class families, and represent a cross section of Lebanon's many sects.

Mrs. Khawand last saw her brother, a member of the mostly Maronite Christian Phalangist Party, as he left his house, when he was surrounded by men she believed were Syrian security guards. Mrs. Salem lost both her son, Richard, and daughter, Christine, as they were coming back from the Hamra shopping district one day in 1985; she believes they were kidnapped in an attempt to force the family out of its Beirut apartment. Ms. Abdullah has continued the search for her brother Emad, a member of the Palestine Liberation Organization, who was taken hostage on the way back from a wedding in 1984.

Hope comes in ways small and large for these women, whose faces only hint at the years of pain and despair. Every now and then, they may receive word from released detainees who have seen their relatives in prison.

In 2003, Ms. Abdullah received what she believes was a letter from her brother, written with a matchstick, telling her he was sick. And over the years, some of the women say, they have been able to squeeze details out of officials who would occasionally confirm whether their relatives were alive, but that was all.

The subject of prisoners is a touchy one in a country where some politicians who now speak of democracy were warlords decades ago, with militias that kidnapped people for money or political gain. Many of the prisoners ended up in Syrian custody, the women contend, while others landed in makeshift militia prisons and were never seen again.

"We have thousands of Lebanese who disappeared during the war, many of them at the hands of the militias, and today many of their warlords are in government," said Mr. Aad, the organizer at Solide. "So they don't want to discuss the issue. They have swept the dirt under the rug, but it's still there. And that's why this is something of a Pandora's box."

Of the 10 bodies buried on Saturday, seven were Lebanese Army soldiers led by Gen. Michel Aoun, who fought the last battle of the civil war in 1990 against the Syrian forces that controlled the country until last year. Another 10 bodies found in the mass grave have yet to be identified. Many parents of missing soldiers have given samples for DNA checks in recent weeks, but only reluctantly, possibly fearing what they might learn.

In December, authorities uncovered another mass grave on the grounds of the former Syrian security headquarters in Anjar, where some 28 bodies were found but have yet to be identified. Mr. Aad believes there are numerous other burial sites scattered around the country, left by either Syrian forces, Lebanese militias or Palestinian fighters.

Acting Interior Minister Ahmad Fatfat said the ceremonial burial of the exhumed bodies was "an important signal to the Lebanese people" and "underscores a desire for reconciliation." He added that DNA tests were continuing and that efforts were under way to uncover other such graves. "When the truth comes out, it's far better than denying the reality."

But as the mothers stood in the front row of the funeral procession on Saturday, some seemed to grapple with the likelihood that their own children might be dead too.

"They gave their children the dignity they deserved," Ms. Abdullah said. "And now we want the same for ours."

In 50-Yard Square In Belarus, A Country Within (NYT)

By C. J. Chivers

The New York Times, March 23, 2006

MINSK, Belarus, March 22 — By midnight, as the temperature dropped ever lower and morning twilight was still five hours off, the core of Belarus's public opposition assumed its shape in the darkness.

It was about 300 people, arms interlocked and forming a small, dense square, stomping on the frozen ground under a police cadre's contemptuous gaze. Behind them, inside their human box, another group of demonstrators held their banned flags overhead, a thicket of banners over 20 small tents. At any moment, the demonstrators said, they expected the police to rush forward, beat them with clubs and drag them off to the detention cells. And then their protest would end in blood.

All of them said they were ready. "They may attack and beat us and inflict great trauma," said Stepan Svidersky, 18, a student. "But we have already achieved a result: We have shown our country that we are not afraid to stand against arbitrary rule."

Since a rigged presidential election on March 19, the capital of Belarus has seen a protest like none in 12 years of President Aleksandr G. Lukashenko's autocratic grip. For four consecutive days, protesters have defied warnings of arrest and bloodshed and stood in a corner of October Square to demand a new race.

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Their numbers rise to several thousand each evening, as they form a rally and impromptu dance party on the edge of an ice rink, and then dwindle, hour by hour, until midnight, when this core stands through the night, in two lines, to hold the place for the next day.

It is a frigid, risky vigil, given the Belarussian weather and the government's history of reflexive brutality against those who dare to stand and call for better lives than Mr. Lukashenko's island of Soviet nostalgia and corruption has been able, or willing, to provide.

Mostly they are young men in their 20's. A few look too young to shave. But since Tuesday night, when the opposition's leaders began to disagree about how best to proceed in their effort to unseat a president they do not recognize, this all-night core has become an independent force in a quixotic struggle.

Their influence emerged when one of Mr. Lukashenko's two principal challengers, Aleksandr V. Kazulin, urged the protesters to disband Tuesday night and save themselves before the police crackdown.

"There is no sense in keeping them on the square," Mr. Kazulin said. "We should think about our children, protect them, and not keep them in front of us."

The protesters refused to go. And they rejected the label of "children," applied to them by Mr. Kazulin, as well as by Mr. Lukashenko, as they crowded together in the plummeting cold. They formed their two lines, one facing out of the camp, to warn of any advance by the police, the other facing inward, to keep an eye on the behavior of the demonstrators, ensuring that no provocateurs had slipped inside.

After midnight, they occupied a portion of Belarus, a country of 10 million people the size of Kansas, that was no larger than a 50-yard square.

It was a country within. They danced on its cold stone. They handed out tea. They said they would not give it up.

"We consider this camp to be the only means to defend our position," Vitaly Korotysh, 22, one of the coordinators of the rally, said at 3:30 a.m. "If necessary it will stand for years. And if they break it up, I think on the next day the people will be back."

It is too soon to know whether this is foolishness or resolve.

But their position has been supported by Aleksandr Milinkevich, the second-place finisher in the election, with 6 percent of the vote, far behind the incumbent's 82.6 percent, which the protesters see as a cynical fraud.

Mr. Milinkevich has said he will be with the demonstrators until the end, whatever shape events may take. It all could end with a dwindling of interest, he said, or in state violence. But inevitably, he said, the feelings here will grow.

"We live in a country of total fear, and very few people are brave enough to come out like this," he said, standing in front of the ranks at 4 a.m., as the temperature dropped to 10 degrees. "This action destroys fear inside the country because it tells people it is possible to fight for your own destiny."

The protesters see little chance of changes in government anytime soon. To the extent that this is a revolution, Mr. Milinkevich often says, it is a revolution not on the streets but in the mind.

In many ways the students are following in the footsteps of the people's movement that overturned a rigged presidential vote in Ukraine in 2004. How widely the feeling is spreading is unclear, but they have left their camp and posted rallying cries on the Internet. They have sent text messages by mobile phones to their friends. And they venture away a few hours a day — risking arrest when alone or in small groups away from the foreign photographers and news crews here — urging others to join them.

They hope for a large rally on Saturday, a day of celebration of a short-lived Republic of Belarus in 1918 that the government does not recognize and that Mr. Lukashenko despises. Since this year's celebration happens to fall on a Saturday, potential opposition supporters will not be at work.

But their efforts have been squelched so far by the arrests of protesters leaving the square and by state television coverage that has portrayed them as homosexual, drunk and, in the words of one riot police commander, "pathetic."

But ultimately, Mr. Milinkevich said, a message exists here that cannot be missed by Mr. Lukashenko and his security apparatus, which retains the name K.G.B. "We are not cattle anymore," he said.

That sentiment was repeatedly expressed in the darkness, as demonstrators made clear it was not merely the election they protested, but the entire form of government Mr. Lukashenko has built.

They attacked the government's arbitrary detentions and its smothering of political and economic freedoms, including the freedoms of assembly and speech. And they condemned the paired inefficiency and corruption that they said were at the center of the administration. Although some Western countries, including the United States, have aided opposition groups here with training, financing and political support, the demonstrators on the square speak of an organic anger, fueled by the injustice and inequities within Belarus.

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"Those who have a higher education understand that Lukashenko is a commodity profiteer," said Maxim Grechkoyedov, 25, an engineer who said that the government accepted natural gas from Moscow at below-market prices, part of Russia's subsidy of the Belarussian state, and then sold a portion at market prices, keeping the difference for the president and the elite.

Mr. Grechkoyedov said the protesters were here because they were part of Belarus's "lost generation," those who have attended universities since the Soviet Union's disintegration, and have languished in low-paying jobs and under repression for their adult lives.

Many have had enough, he said; Europe is not supposed to be like this.

An opposition has been born. It is small, but one sign of its early resolve is that almost everyone who stands until dawn not only gives his or her last name for publication, but also insists that it be written down, knowing then that the authorities will see who they are.

"I am tired of the lies," said Aleksandr Zhukov, 21, a student. "I am no longer afraid."

He stood in the darkness, shifting his weight from one cold foot to the other, waiting for whatever comes next.

German Leader Nears The End Of Her Political Honeymoon (NYT)

By Richard Bernstein

The New York Times, March 23, 2006

BERLIN, March 22 — Call her the emerging star of European politics, but also ask: Will Germany let it last?

With personal approval ratings of about 75 percent at home and expressions of admiration from places as far apart as Washington and Moscow, Chancellor Angela Merkel has clearly made an extremely good impression in the four months since she took office.

Her ratings are especially impressive given that she ran such a lackluster campaign last year that she almost lost a national election she had been expected to win by a large margin. This inauspicious beginning forced her into a coalition with the Social Democrats, the main left-of-center rival of her Christian Democrats.

But Mrs. Merkel, the first woman to serve as chancellor, has used her first months to project an image of good sense and quiet competence, and the mood in Germany is probably better than it has been in several years. Consumer confidence is up, and the conspicuous gloom that afflicted the last months of Ms. Merkel's predecessor, Gerhard Schröder, has been lifting.

Yet there is a strong feeling that Mrs. Merkel's popularity is not so much because she is showing strength and determination as Germany's leader, but rather because of her decision to advance very little in the way of a bold domestic agenda. That may be about to change.

Three German states have elections on Sunday, after which Mrs. Merkel is expected to start her campaign to win major changes, tackling such chronic problems as high unemployment, economic stagnation and government deficits that exceed norms set for Germany's membership in the European Currency Union. That is when the political storm will stir.

"She has done a good job insofar as she hasn't made any mistakes," said Uwe Andersen, a political science professor at Ruhr University in Bochum. "But we'll have to see how she does on the really big reforms after the state elections before we can judge if she is doing well in a positive sense, rather than just not making mistakes."

So far Mrs. Merkel seems to have chosen to make her mark as a sort of super foreign minister, not as a domestic policy chieftain — and in Germany, the foreign minister has always been popular.

"Merkel still acts as if other people are responsible for the country's problems," the weekly magazine Der Spiegel wrote a few days ago. "She still hasn't started to govern," the magazine continued, echoing an opinion widely voiced here.

Reinhard Schlinkert, the chairman of the Institute for Market and Policy Research, citing poll numbers from late February, said, "About two-thirds of Germans say she won't be able to manage unemployment, and two-thirds say she won't manage the country's financial problems. It's a very insecure situation.

"Everybody hopes that the new coalition will do better for Germany, but the people have heard so many times that things will change that now they're sitting back and waiting for results."

Governing in a coalition with her formal rivals, the Social Democrats, is far from what Mrs. Merkel wanted when she campaigned for office last year. But the existence of the coalition and the paramount goal of keeping it strong and stable has protected her, at least in these early stages, from Germany's normal political squabbling.

For one thing, Mrs. Merkel herself, bound by the compromise formulas of her coalition, could not have pressed a maximalist program for change even if she had wanted to. At the same time the Social Democrats, who would lose major parts of their labor union constituency if they supported maximalist changes, have been reluctant to criticize her, lest political infighting weaken the coalition.

All that has given Mrs. Merkel a strong start, one that contrasts with the weakness of her counterparts in other European capitals.

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The French are in an uproar, and President Jacques Chirac, in office for 11 years, is seen as a lame duck. The Italians' buccaneering prime minister, Silvio Berlusconi, after five stormy years, is behind in the polls two and a half weeks before national elections. In Britain, Prime Minister Tony Blair has been beset by a long series of political battles and demands for him to cede his office to his colleague and rival in the Labor Party, Gordon Brown.

Ahead of the state elections on Sunday, polls indicate that Mrs. Merkel's Christian Democrats will win two of them. In the third state, Rhineland-Palatinate, Mrs. Merkel is probably hoping to lose to Social Democrats, so they will not be tempted to rebel against their role in the national coalition.

To start addressing perennial German economic problems, Mrs. Merkel will have to turn away from her concentration on foreign policy. In her first months in office, she spent a lot of time announcing herself to foreign partners, visiting Warsaw, Washington, Paris, London, Jerusalem and Moscow.

In addition, only a few weeks after she took office, she played a central role in breaking an acrimonious stalemate over the budget of the European Union, which enhanced her standing at home as a figure to be contended with on the European scene.

As the former Social Democratic Defense Minister Peter Struck said, referring to Mrs. Merkel's return from diplomatic triumph to face domestic reality, "The red carpet time for Mrs. Merkel is over."

Britain Upholds School Ban On A Muslim Gown (NYT)

By Sarah Lyall

The New York Times, March 23, 2006

LONDON, March 22 — Britain's highest court ruled Wednesday that a secondary school was within its rights to bar a female student from wearing a jilbab, a loose, ankle-length gown, instead of the regular school uniform.

Overturning a lower court ruling in favor of the student, Shabina Begum, a five-judge panel in the House of Lords pointed out that the school, Denbigh High School in Luton, had already taken great care to make its uniform acceptable to its students, 79 percent of whom are Muslim.

"The school was entitled to consider that the rules about uniform were necessary for the protection of the rights and freedoms of others," one of the judges, Lord Hoffmann, said in his written opinion.

The issue of what sort of religious dress, if any, is appropriate in state-run schools has become increasingly divisive in Europe, where the wishes of Muslim populations are often at odds with the rules set down by secular governments. In France, the hijab, the head scarf worn by many Muslim girls and women, and other "conspicuous" religious symbols are banned from schools.

In 2005, the European Court of Human Rights ruled that a university in Turkey was within its rights to ban head scarves, saying that it was justified in avoiding giving preference to any one religion.

By such standards, the British policy is comparatively liberal. Girls at Denbigh, for instance, have a wide choice of uniform — a skirt, pants or the shalwar kameez, a flowing pants-and-tunic combination considered acceptable by many Muslims — and they can also wear head scarves. Three nearby schools allow students to wear the jilbab.

But Denbigh, a coeducational school with 1,000 students, had argued that permitting Ms. Begum, now 17, to wear the jilbab could prove divisive, possibly leading to arguments among students about whether it represented a more devout adherence to Islam. In addition, the school said, the jilbab is too constricting and would pose safety risks.

Tahir Alam, the education spokesman for the Muslim Council of Britain, a lobbying group, told Bloomberg News that the safety argument was "an excuse, really."

"You have to ask yourself," he said, "how many people have fallen over and died because they tripped on their jilbab."

In their unanimous ruling, the judges said Denbigh had "taken immense pains to devise a uniform policy that respected Muslim beliefs," laying down rules that "were as far from being mindless as uniform rules could ever be" and that were apparently "acceptable to mainstream Muslim opinion."

Ms. Begum sued the school in 2002 after it insisted that she wear the required uniform, which, she told the BBC on Wednesday, she believed "did not satisfy Islamic clothing." Represented by Cherie Booth, a human rights lawyer and the wife of Prime Minister Tony Blair, she argued that the school had denied her the right to practice her religion.

Speaking of the jilbab, which covers the entire body except for the hands and face, she told the BBC, "I feel that it is an obligation upon Muslim women to wear this, although there are other opinions."

Ms. Begum said she was "saddened and disappointed" by the ruling. "I still don't see why I was told to go home from school when I was just practicing my religion," she said.

As a result of Denbigh's policy, Ms. Begum spent two years out of school. She now attends another school where the jilbab is permitted.

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A spokesman for the Department of Education said it welcomed the ruling as reinforcement of its view that schools should be allowed to set their own uniform policies.

Cuba On The West Bank (NYT)

By Gideon Lichfield

The New York Times, March 23, 2006

Jerusalem

FOR two months, the world has dithered over how to get a Palestinian authority run by Hamas to recognize Israel and renounce violence, and over how much aid and official contact to maintain until it does. The diplomats' refrain was that once Hamas appointed a cabinet, things would be clearer.

Last weekend, Hamas did name a cabinet. But knowing who has which job has not made things clearer, nor will the Israeli election on March 28. The dispute runs too deep.

American and European bans on aiding or communicating with terrorist organizations, if followed strictly, can stop a lot of money from reaching the Palestinians. But there are creative ways around such restrictions. You can relabel some budget support and development assistance "essential humanitarian aid," send it through third parties like the United Nations or World Bank, or pay it directly to contractors and service providers.

In conversations with officials from various countries, two positions, crudely speaking, emerge. The first, predictably more common among American and Israeli policy makers, says that outside powers should strangle Hamas so that it either moderates or dies. The other, which finds more favor with Europeans, says to keep as much aid flowing as possible, perhaps with incentives for good behavior and sanctions for bad.

Sound familiar? It should. The same debate has been raging for decades about another small, impoverished and controversial place: Cuba. The United States doggedly insists that Fidel Castro's repressive regime must be boycotted to make it collapse. Europeans and Canadians prefer encouraging gradual change through "constructive engagement."

The result is that an unrepentant Mr. Castro is enjoying his 48th year in power, using the American boycott as a political prop and the rest of the world as an economic prop. Talk to Cubans and two things soon become clear: the main reason any of them support Mr. Castro is for his heroic stand against the Yanqui bully, and the main reason Cubans don't starve is that tourists and foreign joint-venture businesses pump money into the economy.

Something similar could happen with Hamas. A poll out this week found that 75 percent of Palestinians want Hamas to "engage Israel in peace negotiations." But even the most moderate will rally to defend their democratically elected government if they see countries that profess to love democracy trying to destabilize it. That will reduce domestic pressure on Hamas to pursue peace. And if aid from elsewhere meanwhile props up the Palestinian Authority, Hamas can carry on this way indefinitely, playing countries off against one another.

Is either approach to Hamas the right one? The first looks like a very long shot. Even if all the financial taps were closed, Hamas's popular support might drain away only slowly, and probably toward even more radical extremists, turning Palestinian areas into something more like Iraq. And because Hamas can call on the Muslim world for help, closing all the taps is well-nigh impossible. Any boycott will therefore probably lead to a Cuba-like situation.

An argument for keeping the aid going is that only a stable and strong authority can impose order on the fractious Palestinian clans and militant groups, and such order is essential to fulfilling the Palestinian side of any peace deal. Hamas has given more hints of its willingness to moderate its positions in the past month than Mr. Castro usually gives in a decade. Last week, Ismail Haniya, the authority's prime minister-designate, said that Hamas could hold talks on a Palestinian state confined to the pre-1967 borders if Israel first committed to those borders.

That, however, is not enough of a guarantee for Israel. If Hamas in fact harbors long-term plans to destroy the Jewish state, as some fear, then such statements are ploys to give it time to build up its strength. In that case, unrestricted foreign aid will make it more dangerous.

There is only way to find out whether and how Hamas can change. Outside powers should design a policy that combines carrots and sticks, offering both Hamas and Israel incentives to move gradually in the right direction, but preserving some safeguards in case they fail to do so.

That is easy to say and extremely hard to do. But the main point is that whatever the world does about Hamas, it needs to do it in unison — or face indefinite deadlock, as with Cuba.

Hobbes In Sudan (WSJ)

The Wall Street Journal, March 23, 2006

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At places like Davos and Harvard, the world's sages rarely stop fretting about the dangers of a too powerful America. Well, if you want to know what the world looks like without U.S. leadership, Exhibit A is Darfur in Sudan.

Today's leading authority on Darfur is the political philosopher Thomas Hobbes, who prophesied a world "nasty, brutish and short." At least 200,000 civilians have been killed in the past three years and two million more have become refugees. The source of the problem is the Arab rulers in Khartoum, who have pursued an ethnic cleansing campaign against black Muslims in western Sudan. They've equipped the Janjaweed Arab tribesmen to do the dirty work, and that militia is now attacking civilians across the border in Chad, creating 20,000 more refugees.

To his credit, Kofi Annan started shouting about the problem two years ago, and former Secretary of State Colin Powell labeled it "genocide" not long after that. The U.N.'s mighty peace-making machinery then started to roll and . . . nothing. The Chinese (who have close commercial ties to Khartoum) and Russians have blocked any serious intervention. Arab members of the Security Council have also opposed any attempt to single out Khartoum.

The Arab League -- so quick to denounce Danish cartoons -- has also stymied any global intervention to stop the murder of their fellow Muslims. Here's League Secretary General Amr Musa earlier this month: "In Sudan, there is a problem related to Darfur. We will listen to the Sudanese state minister to explain to us the developments in the issue of Darfur . . ." The League plans to hold its meeting next week -- in Khartoum.

The African Union has at least sent 7,000 troops to the region, but they are under-funded and under-equipped to enforce a truce that Sudan blatantly flouts. But the African failure is also political. In January the Union held its own summit in Khartoum, and next year it plans to award Sudan its presidency. The rule seems to be never to say a discouraging word about other African leaders, no matter how murderous.

As for Europe, France would be ideal to lead an intervention force. The French have military bases in neighboring Chad and could establish a no-fly zone to stop Janjaweed bombing. However, Paris is already occupied with another intervention in the Ivory Coast, and with its own business interests in Sudan isn't volunteering in any case.

Amid this global abdication, Mr. Annan finally decided last month to call in the American cavalry. He visited the White House and, with media fanfare, all but begged President Bush to do something. Despite U.S. obligations in Afghanistan, Iraq and many other places, Mr. Bush responded by proposing an expanded U.N. peacekeeping force under "NATO stewardship."

But Sudan President Omar al-Beshir quickly played to type and withdrew support for a U.N. force. He also threatened that "Darfur will become the graveyard for the United Nations and foreign intervention." And rather than stand up to such threats, U.N. envoy to Sudan Jan Pronk has wilted. He's now talking up intelligence about al Qaeda terrorists in Khartoum who could retaliate against U.N. peacekeepers. And he's warning against any NATO intervention without Security Council approval -- as if that would be forthcoming. All of this is a repeat of the same feckless U.N. pattern we've seen in Bosnia, Kosovo and Iraq.

So that leaves . . . guess who? The cowboy President, the American unilateralists, the Yankee imperialists -- or, to put it another way, the only nation with the will and wallet to provide order in an otherwise Hobbesian world. However, that will and wallet are being stretched today in Iraq and elsewhere, and Mr. Bush is rightly wary of committing more American blood and treasure to a conflict in Sudan that the rest of the world doesn't seem serious about ending in any event. One lesson of Darfur is that there really are limits to American power, and in its absence the world's savages have freer reign.

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Williams, Jan

From: Williams, Jan

Sent: Thursday, March 23, 2006 10:02 AM

To: Williams, Jan; Horvath, Jane (JMD); Garrett, Paul; Cushmac, Anne Marie; Davis, Michael; Fuentes, Maria; Balfe, Robert; Biskupic, Steven (USAWIE); Bogden, Daniel (USANV); Brooks, Susan; Brownlee, John (USAVAW); Buchanan, MaryBeth (USAPAW); Canary, Leura G. (USAALM); Charlton, Paul (USAAZ); Chiara, Margaret M. (USAMIW); Christie, Christopher (USANJ); Colantuono, Thomas P. (USANH); Connolly, Colm (USADE); Corrente, Robert (USARI); Cummins, Bud (USAARE); Dugas, David R. (USALAM); Fitzgerald, Patrick J. (USAILN); Garcia, H; Garcia, Michael J (SDNY); Graves, Todd (USAMOW); Greenlee, Jim (USAMSN); Heavican, Michael (USANE); Heffelfinger, Tom (USAMN); Huber, David L. (USAKYW); Iglesias, David C. (USANM); Immergut, Karin (USAOR); Jenkins, Anthony; Kubo, Ed (USAHI); Lam, Carol (USACAS); Lampton, Dunn (USAMSS); Larson, Charles (USAIAN); Letten, James (USALAE); 'Lockhart, Gregory'; Marino, Thomas (USAPAM); Martin, Alice (USAALN); Mauskopf, Roslynn; McDevitt, Jim A. (USAWAE); McKay, John (USAWAW); Mead, Matthew H. (USAWY); Meehan, Patrick (USAPAE); Melgren, Eric (USAKS); Mercer, Bill (USAMT); Miller, Gregory (USAFLN); Moss, Thomas (USAID); Murphy, Stephen J. (USAMIE); Nahmias, David (USAGAN); O'Connor, Kevin (USACT); 'O'Melia, Michael (USAAZ)'; Orwig, Matt (USATXE); Perez, Paul (USAFLM); Rapadas, Leonardo; Roper, Richard (USATXN); Rosenstein, Rod (USAMD); Ryan, Kevin (USACAN); Scott, McGregor (USACAE); Shappert, Gretchen (USANCW); Sperling, Sheldon J. (USAOKE); Suddaby, Glenn T. (USANYN); Sullivan, Michael (USAMA); Sutton, Johnny K. (USATXW); Vines, Jim (USATNM); Wagoner, Anna Mills S. (USANCM); Wainstein, Kenneth; Washington, Donald (USALAW); Whitaker, Matt (USAIAS); White, Greg (USAOHN); Whitney, Frank (USANCE); Wood, Lisa (USAGAS); Wood, Maxwell; Wrigley, Drew (USAND); Yang, Debra Wong
(USACAC); '/o=USDOJ/ou=CRT/cn=Recipients/cn=Mailboxes/cn=wsanchez'; Bradbury, Steve; Brand, Rachel; Clark, John (USMS); Clement, Paul D; Fisher, Alice; Flores, Robert; Gillis, John; Herraiz, Domingo S.; Keisler, Peter D (CIV); Kim, Wan (CRT); Leonhart, Michele M.; McCallum, Robert (SMO); McNulty, Paul J; Moschella, William; O'Connor, Eileen J. (AAG/TAX); Schofield, Regina; Spagnoli, Deborah A. (USPC); Tamargo, Mauricio J; Tandy, Karen P (DEA); Wooldridge, Sue Ellen (ENRD); '/o=USDOJ/ou=USAPAE/cn=Recipients/cn=Mailboxes/cn=SMalloy'; Agarwal, Asheesh (CIV); Akers, Eric J.; Ames, Andrew; Barnett, Thomas O.; Battle, Michael (USAEO); Beach, Andrew; Beck, Cherith (USAARE); 'Bianco, Joseph F.'; Blomquist, Kathleen M; Boardman, Michelle; Boote, John; Bottner, Andrea; Bounds, Ryan W (OLP); Bucholtz, Jeffrey (CIV); 'Burch, Victoria'; Chambers, Shane P; Clinger, James H; Cohen, Brian; Cohn, Jonathan (CIV); Comisac, Rena (CRT); Cook, Elisebeth C; Cook, Marita L. (USAWY); Cooperstein, Theodore M; Coppenger, Chesed L. (TAX); Costigan, Michael; Coughlin, Robert; Curtis, O. Benton; Daley, Cybele; 'David, Matt'; Dhillon, Uttam; Dummermuth, Matt (USAVAE); Eisenberg, John; Elwood, Courtney; Elwood, John; Flaherty, Connor; Freeman, Sharee (CRT); Friedrich, Matthew; 'Gambatesa, Donald (USMS)'; Garre, Gregory G; Glut, Martha (USANE); 'Gober, Chris'; 'Golden, Lois'; Goodling, Monica; Gorsuch, Neil M; 'Greg Harris'; Hagle, Timothy; 'Harris, Gregory'; Henke, Tracy (SMO); Hertling, Richard; 'Hofer, Patrick F. (TAX)'; Hoisington, Jana;

Holland, Eric W; Irving, John (ODAG); Jaffer, Jamil N; Jezierski, Crystal; Jordan, Theresa (USADE); Jungeblut, Neal P.; Katsas, Gregory (CIV); Keehner, Laura; Kessler, Elizabeth A; 'Korn, Jennifer'; Lesch, Jaclyn; Little, Kimani (CRT); Longlet, Benjamin; Lonick, Saundra; Luckinbill, Trent W.; Macklin, Kristi R; MacLean, Alex (CRT); Magnuson, Cynthia; Marshall, C. Kevin; Martinson, Wanda; Masoudi, Gerald; McArthur, Patrick; McDonald, Bruce; McFarland, Steven T (ODAG); McIntosh, Brent; McKee, Cindy (USAKS); McKeown, Matt (ENRD); McKnight, Cynthia M (CRT); McNally, Edward; McNeil, Tucker (OPA); Mercer, Bill (ODAG); Meron, Daniel (CIV); Metcalf, Mark H (CRT); Miranda, Matthew; Monheim, Thomas; Moore, Miriam (ODAG); Morrison, Richard T. (TAX); Murphy, Sean; 'Neumayr, Mary (ENRD)'; Nichols, Carl (CIV); Nichols, Grant W; Nowacki, John; OConnell, James; Otis, Lee L; Otis, William G.; Pagliocca, Theresa; Parsky, Laura; Peabody, Payson R. (TAX); Peed, Carl; Potter, Janet; Racicot, Tim (USAMT); Reyes, Luis (SMO); Roe, Price (OCIO); Roehrkasse, Brian; 'Roper, Matt M'; Rosenberg, Chuck; Rowe, Kiri; Sampson, Kyle; Schlozman, Brad (CRT); Schmitt, Glenn; Schwartz, Arthur; Scolinos, Tasia; Seidel, Rebecca; Selim, George (CRS); Sellers, Kiahna (OAG); Smith, Kimberly A; Sours, Raquel; Strug, Kerri; Swenson, Lily F; Taylor, Bruce A.; Tenpas, Ronald J (ODAG); Todd, Gordon (SMO); Tomlinson, Linda (USANH); Turner, Donald J. (USAPAM); Tzitzon, Nicholas; Underhill, Deborah; Vargas, Omar (CRT); Voris, Natalie (USAEO); Warren, Julie; Woodruff, William; Lewis, Matthew; Nelson, Ryan (ENRD); Becker, Grace (CRT); Masugi, Ken (OPA); Boente, Dana J. (TAX); Nash, Stuart (ODAG); Oldham, Jeffrey L; Pacold, Martha M; Purpura, Michael M (ODAG); Rowan, Patrick (ODAG); Senger, Jeffrey M; Taylor, Jeffrey (OAG); Webb, Lauren; White, Clifford; Murray, Fred F. (TAX); Becker, Grace (CRT); Quinn, Cameron (CRT)

Subject: The Morning Update: 3/23/06

Attachments: tmp.htm

Importance: Low

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From Today's Morning Headlines

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The Iraqi people have made very clear that their intentions are for a free democratic Iraq. In three different elections last year, they made that crystal clear to the Iraqi leadership. At the same time though David, we do have to put this into proper context. Iraq for the first time in more than 30 years is dealing with things that here in America we take for granted - the very habits of democracy. So on the one hand, we can understand why it's taking them some time. But on the other hand, it's critically important that they move quickly. Because what the enemy is trying to do David, is to sow sectarian violence to try to lose confidence in the Iraqi leadership by these continued horrific acts of violence. It's critically important that we push the Iraqi leadership as quickly as possible. But we also want them to make the right decisions. So it's a delicate balancing act." (NBC's "Today Show," 3/23/06)

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Yesterday From The White House

President Discusses War On Terror, Progress In Iraq In West Virginia <http://www.whitehouse.gov/news/releases/2006/03/20060322-3.html>

* In Focus: Renewal In Iraq <http://www.whitehouse.gov/infocus/iraq/>

* In Focus: National Security <http://www.whitehouse.gov/infocus/nationalsecurity/>

President To Welcome Chinese President Hu Jintao To The White House <http://www.whitehouse.gov/news/releases/2006/03/20060322.html>

Press Gaggle By Scott McClellan <http://www.whitehouse.gov/news/releases/2006/03/20060322-1.html>

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Sent: Thursday, March 23, 2006 2:12 PM
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Subject: 3/23/06 Civil Division News

Impact of Detainee Act Debated in Court; Panel to Decide Whether It Has Jurisdiction Over Bids for Freedom

Arar tells EU investigators of ordeal he suffered under U.S. rendition policy

Macedonia obstructs CIA probe- EU lawmaker

U.S. files to take over lawsuit against Gabelli

Book on Chicago housing case a primer for Baltimore

Google's Privacy Win Could Be Pyrrhic Victory; Google won what will likely be just the first battle in a continuing war over requests for its search information

Man facing new charges for Web pharmacy

ACLU Challenges Drugs-Related Ban on U.S. Student Aid

Librarian Is Still John Doe, Despite Patriot Act Revision

Indonesian Christian gets asylum chance

Nevada files new federal lawsuit in Yucca Mountain fight

Washington Post

March 23, 2006

Impact of Detainee Act Debated in Court; Panel to Decide Whether It Has Jurisdiction Over Bids for Freedom

By Josh White
Washington Post Staff Writer

Bush administration lawyers argued yesterday that a new law forces the dismissal of more than 200 lawsuits filed in federal courts on behalf of detainees held at Guantanamo Bay, Cuba, urging a federal appellate court to instead adopt a far more limited process that still would give the prisoners access to judicial review.

The U.S. Court of Appeals for the District of Columbia Circuit will decide whether the Detainee Treatment Act of 2005 retroactively stripped the court of jurisdiction to hear habeas corpus cases challenging detentions at the military prison in Cuba. Lawyers representing the detainees argued that the new law does not apply to pending cases, while the government has maintained that all cases essentially should be wiped away.

The Detainee Treatment Act was designed to pull what some senators believe are frivolous cases out of U.S. courts and instead grant detainees two other options: access to the federal appeals court to challenge the military determination that they are "enemy combatants" and the right to appeal verdicts reached in future military trials.

The three-judge appellate panel questioned government lawyers about the authority the court actually would have in its limited review role. Judge Judith W. Rogers asked whether the court would have the power to order a detainee's release if it found problems with a detainee's enemy combatant status as determined by a military Combatant Status Review Tribunal.

"Yes, subject to a few qualifications," said Gregory G. Katsas, a Justice Department lawyer. Katsas said the Defense Department would have the option of fixing any flawed process first. "If a CSRT determination is made, and that is that he is not an enemy combatant, that person is turned loose."

Judge A. Raymond Randolph likened the new court review process to a modification of habeas corpus rather than its abolition but said he sees no remedy for detainees in the new law. He said the new law appeared to shift habeas cases from the District Court to the Court of Appeals.

Thomas B. Wilner, who was arguing on behalf of the detainees, said he would not object if the cases were transferred from one court to another.

But he said he worries that the law is unclear and might restrict the court from truly examining the facts of a detainee's combatant status.

Currently, the military is holding 10 detainees at Guantanamo Bay who have been cleared for release, and federal courts have been powerless to order them freed. There are about 490 detainees at Guantanamo Bay.

In a related matter, the Uyghur American Association is planning to file a brief with the the Supreme Court today supporting the release of two countrymen who remain at Guantanamo Bay despite having been cleared of ties to terrorism by the U.S. military. A U.S. District Court judge recently found that there is nothing to support holding the two Chinese Muslims but said he has no authority to order their release.

Attorneys for the Uighurs have taken the unusual step of asking the Supreme Court to rule before the appellate court enters a judgment, arguing that their clients uniquely face indefinite detention even though they are innocent.

In a draft of the brief provided to The Washington Post, the UAA urges the court to allow the Uighur detainees to join the Uighur community in the Washington area, where they would live in a form of parole.

Uighurs have been battling Beijing for a separate homeland in China and face torture or execution if repatriated there, according to the U.S. government. But U.S. officials have been unwilling to release the Uighurs in the United States and have not been able to find another country to accept them.

Also yesterday, Pentagon officials said that they are considering issuing a written instruction to military commissions at Guantanamo Bay that would formally ban the use of evidence obtained from detainees by torture in upcoming trials.

Bryan Whitman, a Pentagon spokesman, said prosecutors have agreed not to use such evidence, but officials are developing language to put it in writing.

END

AP

3/23/06

Arar tells EU investigators of ordeal he suffered under U.S. rendition policy

JAN SLIVA

BRUSSELS, Belgium (AP) - Maher Arar told an investigative committee of the European Parliament on Thursday that he was kidnapped in New York and deported by U.S. authorities via Rome and Jordan to Syria, where he was tortured for 10 months.

Arar, an Ottawa telecommunications engineer who holds dual Syrian-Canadian citizenship, was travelling on a Canadian passport when he was grabbed at a New York airport in September 2002 during a stopover on his way home to Canada from vacation in Tunisia. He said he was sent to Syria for interrogation on suspicion of being a member of al-Qaida, an allegation he denied.

"I am a victim of extraordinary rendition," Arar told the EU committee. "I am not a terrorist, I don't know anyone from al-Qaida. I have never been to Afghanistan."

Arar testified to an EU parliamentary committee investigating whether CIA agents shipped prisoners through European airports to secret detention centres.

The Italian connection was of particular interest to the committee, which is investigating whether Europe's human rights treaties were violated in the alleged extraordinary renditions by U.S. authorities.

Clandestine detention centres and secret flights via of from Europe to countries where suspects could face torture would breach the continent's human rights conventions.

In Canada, the former Liberal government launched a judicial inquiry into the role Canadian officials may have played in Arar's detention. That report is due before summer.

Arar told the EU committee that FBI agents took his passport, put him in chains on both his wrists and ankles and asked him to voluntarily to go to Syria. He refused and, after several days of being interrogated in New York, he said he was driven to New Jersey and put on a luxurious private jet that stopped over in Rome before landing in Amman, Jordan.

"I overheard them saying they belonged to a special removal unit," he said.

Arar said he could see on the airport's in-flight screen showing the trajectory of the flight that it landed in Rome, adding he overheard officials saying the plane's next stop would be Athens, Greece. He said the plane refuelled in Rome and tall person in a civilian suit guarded it on the tarmac.

Once in Syria, Arar said he was detained in a small cell with no light and was beaten and tortured. He said he also heard other people being tortured.

"I though my heart would go out of my chest,' " he said of the suffering he endured.

Arar said that over time he "became aware" that a German citizen was detained in the same compound in a nearby cell. He said the German had been rendered from Morocco to Syria.

Arar's testimony followed a similar story told by a Kuwaiti-born German citizen who said he was kidnapped in Macedonia and flown to Afghanistan for torturing.

The EU assembly is trying to get first-hand testimony from people who say there were kidnapped by U.S. intelligence agents to get a better picture of the U.S. extraordinary rendition flights.

A group of committee members plans to travel to the United States in early May to speak to U.S. officials about alleged cases of extraordinary rendition, officials said. EU legislators will also go to Macedonia April 27-29 to speak the to authorities there about the case of the Kuwaiti-born German.

Prior to the hearing, Arar said he hoped his trip to Europe, his first abroad since being freed from a Syrian prison in 2003, would help prevent others from suffering a similar fate.

"I am testifying so the world will know that the U.S. government abducted me for no reason in New York and sent me to Syria, where I was tortured and the U.S. government knew this was a common practice," Arar said in a statement released Wednesday by the Center for Constitutional Rights. The New York-based legal and educational group represents Arar in his bid to sue the U.S. government.

"I have always said I do not want anyone else to endure the torture I experienced, and that is why I am testifying, . . . " Arar said.

Under a practice known as extraordinary rendition, U.S. authorities detain people suspected of having terrorist links and send them to other countries for interrogation in the hope of extracting information to support their suspicion. Washington says it does not condone torture, but many countries involved in the rendition process routinely mete out rough treatment to detainees.

Arar's initial attempt to sue the U.S. government was rebuffed by a U.S. court.

However, Maria LaHood, a Center for Constitutional Rights lawyer, said an appeal is planned. "The court gave a green light to the administration to outsource torture in the name of national security," she said. "Mr. Arar will not be silenced."

END

Reuters

Thu 23 Mar 2006

Macedonia obstructs CIA probe- EU lawmaker

BRUSSELS (Reuters) - Macedonian Interior Minister Ljubomir Mihailovski has refused to meet EU lawmakers investigating allegations of a CIA abduction in his country, a senior EU lawmaker said on Thursday.

Khaled el-Masri, a German citizen of Lebanese origin, alleges he was arrested by CIA agents in Macedonia on December 31, 2003, flown to Afghanistan, held there for months in 2004 as a terrorist suspect, and tortured.

A group of EU lawmakers plan to visit Macedonia on April 27-29 to gather more information on this case, as part of their probe into the allegations made last year by rights groups and newspapers that the CIA abducted prisoners in Europe, flew them to other countries and ran secret prisons in the bloc.

"I have just learnt, to my regret, that the Macedonian Minister of the Interior, Ljubomir Mihailovski, does not want to meet the delegation of the European Parliament's temporary committee," said Claudio Fava, the Italian socialist who is rapporteur to the investigation committee.

"To find the truth about this case and about other likely cases of 'extraordinary rendition' is both a political and a moral obligation -- for our committee or for any European country, without exception," Fava said in a statement.

Nobody at the Macedonian mission to the EU was immediately available for comment.

The European Parliament's committee, created in January to probe the CIA allegations, has no legal or judicial powers and cannot impose any visit or meeting.

El-Masri's hearing before the committee in Strasbourg last week highlighted political tensions among members as lawmakers from the main conservative group of the European Parliament challenged his allegations and said he had no proof.

Fava and other liberal and ecologist deputies accused the conservatives of trying to undermine the work of the committee.

An interim report by a separate investigation by Europe's top rights watchdog the Council of Europe concluded this month that European states need tougher laws to guarantee oversight of foreign agents. But it produced no hard evidence of wrongdoing by the CIA, which Washington has denied.

END

Reuters

3/23/06

U.S. files to take over lawsuit against Gabelli

NEW YORK, March 22 (Reuters) - The Justice Department filed an expected motion to take over a lawsuit against investor Mario Gabelli in a case that alleges he obtained ill-gotten gains from the government, the U.S. Attorney's Office said on Wednesday.

The motion, filed March 17 in Manhattan federal court, comes after a prosecutor two weeks ago said the government would move to take over a 5-year-old lawsuit against Gabelli and other defendants, one of Wall Street's best-known money managers, and others.

In a complaint filed on Monday, the U.S. Justice Department said it would bring additional claims against the defendants in a case related to the auction of wireless telephone licenses in the 1990s.

The government accused Gabelli of unjust enrichment, demanded a jury trial and said it would seek damages on three charges, which would be tripled under U.S. law.

Other penalties against the defendants were also demanded, the complaint signed by U.S. Attorney Michael Garcia said. The government dismissed 10 defendants from the case.

Judge Paul Crotty, who is presiding over the case, did not immediately rule on the government's request.

The Justice Department said it should be permitted to intervene in the case because of a November ruling that said only the government, and not the lawyer who accused the defendants of fraud, could force the disgorgement of profits.

A memorandum filed in support of its petition also said that the government had new and ample evidence showing that Gabelli set up sham corporations to hide the fact he controlled them. The government also said it learned that Gabelli had charged fees that had never been disclosed to the entities.

Lawyers for Gabelli and other defendants have until April 3 to respond to the motion, and the government has until April 10 to rebut those arguments, a spokeswoman for the U.S. Attorney's Office said.

The suit claims that Gabelli and other defendants, including Gabelli-controlled Lynch Interactive Corp. <LICT.PK>, misled the Federal Communications Commission to gain wireless telephone licenses at a discount during FCC auctions in the 1990s.

DOJ_NMG_0020496

Gabelli has vowed to fight the charges and said the case is without merit. Lynch has said it was always compliant with the law and FCC regulations.

GAMCO Investors Inc. <GBL.N>, a money management firm that was formerly named after Gabelli, is not a defendant in the suit. Gabelli is chairman and chief executive of GAMCO.

END

Baltimore Sun

March 23, 2005

Book on Chicago housing case a primer for Baltimore

Eric Siegel -- Urban Chronicles

With the second phase of Baltimore's public housing desegregation case set to begin Monday, I spent part of last weekend reading Alexander Polikoff's recently published book, Waiting for Gautreaux.

The book, whose title is a play on words on Samuel Beckett's existential play Waiting for Godot, is an account of Chicago's Gautreaux housing case, the granddaddy of housing desegregation cases. Polikoff was the principal lawyer for public housing residents.

The Gautreaux case looms in the background of the Baltimore case, in which U.S. District Judge Marvin J. Garbis ruled last year that the U.S. Department of Housing and Urban Development violated fair-housing laws by failing to take a regional approach to the desegregation of public housing in the city and is now holding a bench trial to decide what to do about it.

Filed in 1966, Gautreaux took until 1998 to reach its eventually agreed-upon goal of helping 7,100 Chicago public housing families move to economically and racially integrated areas of the Chicago metropolitan area.

It's not just that Gautreaux led to a 1976 U.S. Supreme Court decision that said metropolitan solutions were permissible in housing discrimination cases.

Lawyers for Baltimore's black public housing residents and for HUD have invoked the Chicago case in their pretrial briefs -- though to different ends.

Public housing residents' lawyers -- who are calling for 6,750 "housing opportunities" to be created over 10 years, mostly in well-off suburban areas -- write: "In straining to argue that no vestiges of prior violations exist, HUD pretends that Gautreaux was never decided."

HUD's lawyers contend that the remedy proposed by the plaintiffs, which include a requirement that half of federal funds go toward the creation of such housing, "far exceed the permissible scope of any remedy contemplated under ... Gautreaux."

Like Gautreaux, the Baltimore public housing case, Carmen Thompson et al v. United States Department of Housing and Urban Development et al, raises policy and legal questions. To wit: Is it better to spend more money housing fewer poor people but dispersing them more widely through more affluent communities where access to better schools and jobs give them a better chance for success? Or is it better to house more people in less expensive areas, thereby perpetuating the concentration of poverty and its attendant ills with which we are all too familiar?

Polikoff's book, which is published by Northwestern University Press and subtitled A Story of Segregation, Housing and the Black Ghetto, provides some insights and answers.

Written from the perspective of a staunch advocate -- he concludes with a call for a nationwide mobility program modeled after that adopted in Gautreaux -- Polikoff's book is hardly a polemic.

Whatever your views on the cases, or the results they seek to achieve, Waiting for Gautreaux works as a memoir of a litigator involved in a high-profile, complex lawsuit and a history of federal housing policy through the prism of a landmark legal case.

DOJ_NMG_0020497

Polikoff offers behind-the-scenes accounts of his team's legal strategy over the course of the lawsuit. They range from items as seemingly mundane as the decision to put tenant leader Dorothy Gautreaux's name first on the list of plaintiffs ("a case usually becomes known by the first name on the list of plaintiffs, and we were attracted by the unusual Gautreaux name") to ones as monumental as midcourse adjustments in arguments that needed to be made after the Supreme Court's 1974 ruling that regional approaches could not be used in school desegregation cases. Especially interesting is the rush to craft a final settlement with HUD in the waning days of the Carter administration.

Most fascinating is the narrative of how the case unfolded against the backdrop of changing federal housing policy. It began at the height of the civil rights movement, during the Rev. Martin Luther King Jr.'s push for "open housing," and achieved its goal amid the HOPE VI redevelopments that turned public housing high-rises into mixed-income communities. Included is a recounting of the strident opposition of some eastern Baltimore County politicians and residents to the aborted Moving to Opportunity program in 1994 --which has become an infamous footnote to federal housing history.

There are ample lessons for Baltimore in the book. One example: The assistance to Chicago's public housing families came mostly from persuading landlords to accept special vouchers provided by HUD and not the construction of permanent housing units.

Also telling is Polikoff's assessment that the Gautreaux program "could be viewed as a glass half-full or half-empty." He observes that a "non-negligible number" of families were helped to move to better areas, but notes that the number amounted to only a fifth of Chicago's public housing families.

But the most important lesson may be that Gautreaux eventually succeeded in achieving its goal -- though it took 32 years from the time the suit was filed.

Baltimore's Thompson case has been going on for 11 years.

By the measure of Gautreaux, the Baltimore case could have a long way to go.

END

Information Week

March 22, 2006

Google's Privacy Win Could Be Pyrrhic Victory; Google won what will likely be just the first battle in a continuing war over requests for its search information

By Thomas Claburn, InformationWeek

Google scored a partial victory in its battle to keep its search data out of the hands of the government. It may be a costly win.

Federal judge James Ware ruled last week that Google must turn over 50,000 URLs from its index to the government, but not users' search queries. Last August, the Department of Justice sought all the URLs in Google's index and two months worth of search queries.

The government hopes to use Google's data to prove that Internet filters can't effectively shield minors from adult material online. In so doing, it aims to reinstate the 1998 Child Online Protection Act (COPA), which was blocked by the courts when the ACLU and other groups challenged the constitutionality of the law.

In a blog post, Nicole Wong, associate general counsel of Google characterized the decision as "...a clear victory for our users and for our company... Because we resisted the subpoena, the Department of Justice will not receive any search queries and only a small fraction of the URLs it originally requested."

"What Google did here was actually a brave and important thing," says Stephen Ryan, a partner at law firm Manatt Phelps & Phillips in Washington D.C. "They challenged what the government was doing and the government had to cut down, in its negotiations and in the court's ruling, what they had to turn over."

AOL, MSN, and Yahoo have said that they complied with the government's requests in a limited way and did not violate their privacy policies in the process. But staking out the middle ground between spinelessness and sedition hasn't proven to be a public relations coup.

Google's resistance, however, has provided some redemption following the flack it took for cooperating with the Chinese government's censorship requests. "From a branding standpoint, they've done something quite important," says Ryan.

Even so, Ryan says the issues raised in this case are not going to go away. "The Justice Department, under its current management, has an almost insatiable desire for different pieces of information and they're going to continue to seek those under any authority that they have," he observes. "I think Google will pay a tremendous price for having challenged the DoJ... The Department of Justice has a long memory for these things."

Part of that promise likely will be future lawsuits. In his ruling, Ware anticipates that the pornography study the government intends to conduct will be challenged based on the incompleteness of the sample data provided by Google, resulting in discovery efforts by other litigants. He writes, "[T]his Court is concerned that a narrow sample of Google's proprietary index and query log, while in itself not likely to lead to the disclosure of confidential information, may act as the thin blade of the wedge in exposing Google to potential disclosure of its confidential commercial information."

It's a safe bet: As long as search engines have revealing data, lawyers will come. In January, Microsoft acknowledged that it has already complied with a second subpoena from the Department of Justice as well as one from the ACLU about the company's Web filter and parental control product development.

Aden Fine, staff attorney for the ACLU, says he expects that his organization and the other plaintiffs hoping to halt COPA will need more information from the four search companies. "We have already told AOL that it's likely we will need to do that discovery if the government relies on information provided by AOL regarding its search engine," he says. "And we've also so informed Microsoft."

Google had better hope its winning streak continues.

END

AP

3/23/06

Man facing new charges for Web pharmacy

By STEVE KARNOWSKI
Associated Press Writer

MINNEAPOLIS (AP) - The owner of an Internet pharmacy shut down by the federal government faces serious new charges of conspiring to kill a witness who was expected to testify against him, prosecutors announced Wednesday.

Christopher William Smith was charged with one count of conspiracy to tamper with a witness and one count of endeavoring to obstruct justice, according to a grand jury indictment unsealed Wednesday as Smith made his first court appearance on the new charges, the U.S. attorney's office said in a news release.

According to the indictment, Smith called an acquaintance from jail March 4 and allegedly stated he intended to threaten and intimidate a witness he expected would testify against him in his upcoming trial on drug and other charges. The indictment alleges Smith also said he intended to have the witness or the witness' family killed.

It was one of several calls made by Smith to numbers not linked with his defense attorney that officials at the Sherburne County Jail monitored and recorded, the prosecutors' statement said.

Smith's lawyer, Joe Friedberg, declined comment on the new charges.

Smith, of Prior Lake, a notorious computer spammer known as Rizler, and other co-defendants were already scheduled to go on trial Oct. 2 on a host of charges connected with his Burnsville-based Internet pharmacy business Xpress Pharmacy Direct, which federal authorities shut down last May. He was 25 at the time.

Prosecutors allege his operations generated more than $20 million in illegal sales of the narcotic pain reliever hydrocodone without valid prescriptions.

He was arrested after returning to the United States from the Dominican Republic, where prosecutors say he was trying to set up a new operation in violation of a judge's order. He went free on bail briefly, until he was jailed for violating the conditions of his release. He has pleaded not guilty to the original charges.

The maximum potential penalties on the new charges are life in prison for conspiracy to tamper with a witness, and 20 years for endeavoring to obstruct justice. The actual sentence, if he's convicted on those counts, would be up to the judge and would probably be less.

END

Bloomberg

3/22/06

ACLU Challenges Drugs-Related Ban on U.S. Student Aid

(Bloomberg) -- The American Civil Liberties Union filed suit seeking to overturn a U.S. law that makes students ineligible for federally backed college loans once they have been convicted on a drug charge.

The suit, filed today in U.S. District Court in South Dakota, contends the law enacted in 1998 violates due-process and double-jeopardy provisions of the U.S. Constitution. It names U.S. Education Secretary Margaret Spellings as the defendant. The department has no comment on the case, spokesman Chad Colby said.

The law discriminates against poorer students who rely on federal aid to pay tuition, said South Dakota college senior Kraig Selken, one of three plaintiffs in the case. Selken, who lost his student aid after a marijuana conviction, said students have a harder time improving their lives because of the law.

``The thing that it ends up being aimed at is just to deter education,'' Selken, a 21-year-old history major at Northern State University in Aberdeen, South Dakota, said in an interview. ``It's not about deterring drug use.''

The federal government spends more than $78 billion a year on student financial aid. Nearly two-thirds of the nation's 19 million undergraduate students receive some type of assistance, according to the U.S. Department of Education.

Students Using Drugs

The suit, filed by the New York-based ACLU on behalf of Selken and other students, asks the court to suspend enforcement of the law. The law affects ``thousands'' of students, the ACLU said, without being more specific.

The author of the law, Representative Mark Souder, a Republican of Indiana, said U.S. taxpayers shouldn't subsidize students ``who are frittering away their educations by dealing or using drugs.''

``If students want to pay for their educations themselves and use drugs while doing so, that's one thing,'' Souder said in a written response to a request for comment. ``If they expect to receive taxpayer funds while using drugs, that's something else.''

Former New Mexico Governor Gary Johnson said the law is part of a misguided policy that emphasizes punishment over treatment. The approach produces more violence and drives addicts to lower- cost, dangerous narcotics like methamphetamines, he said.

What Is Dangerous?

``There needs to be an understanding of what is dangerous regarding these drugs, and what is dangerous nine out of 10 times has to do with prohibition,'' Johnson said in an interview. A Republican, he is on the board of Students for Sensible Drug Policy, a Washington-based advocacy group and one of the plaintiffs in the ACLU lawsuit.

Selken, who has a grade-point average better than 3.0, pleaded guilty in October 2005 to a misdemeanor possession charge after police found a ``small amount'' of marijuana in a house he shared with two other students, the ACLU said in its complaint.

He was sentenced to 60 days in jail, with 57 days suspended on condition of treatment, and fined $250 plus $147 in lab costs, Selken said. He was required to attend a drug-treatment course.

The law allows students to resume receiving financial aid if they attend a treatment program that includes two random drug tests. Selken said his court-ordered punishment didn't require the random tests, and he now must pay $2,600 to re-take the course with the random tests, to keep his student loan.

Tuition

Tuition at Northern State University costs about $1,500 a semester, most of which Selken covered with federal aid, supplemented by his job as a restaurant waiter. Losing that aid will delay his plans to become a teacher or a lawyer, he said.

The treatment exemption is of little value to many students, said Wolf, the ACLU's lead attorney in the case.

``Many of them can't even get into such a program because the waiting lists are so long,'' Wolf said.

The law was applied by the Department of Education to cover students with prior convictions. Under that policy, the law affected 35,000 students, Wolf said. Congress last month revised the law, saying it applies only to convictions occurring while the student is in school.

The case is Students For Sensible Drug Policy Foundation v. Spellings, CIV. 06-3007, U.S. District Court for the Northern District of South Dakota.

END

DOJ_NMG_0020500

New York Times

March 21, 2006

Librarian Is Still John Doe, Despite Patriot Act Revision

By ALISON LEIGH COWAN

The hotel ballroom was packed as a sensibly dressed, well-read crowd from around the country gathered in San Antonio on Jan. 21 to celebrate one of their own.

Yet, as many expected, the guest of honor was a no-show, despite the $500 intellectual freedom prize that awaited.

Attendees at an American Library Association gathering blamed Washington for the empty chair. Lawmakers may be giving themselves credit for having improved safeguards on civil liberties when they reauthorized the nation's antiterrorism law, otherwise known as the USA Patriot Act, earlier this month.

But many librarians and civil liberties lawyers say the revisions did nothing to enable the guest of honor to take the stage and discuss the Patriot Act without risk of prosecution.

Known as John Doe in court filings, the guest of honor was the Connecticut librarian who was visited by the Federal Bureau of Investigation last year and presented with what is known as a national security letter demanding patron records.

The subpoena, issued as part of a counterterrorism investigation, not only barred him from disclosing the target of the inquiry, but also forbade him and others at his place of work to ever discuss the letter or even to acknowledge its receipt.

Though some 30,000 national security letters are issued a year without arousing public protest, the librarian was reluctant to comply because of professional ethics aimed at keeping library records confidential.

On the advice of the American Civil Liberties Union, his employer went to court to challenge the constitutionality of the subpoena, the provisions of the Patriot Act that broadened the use of national security letters after Sept. 11, 2001, and the order permanently forbidding discussion of the F.B.I.'s demand.

As the Bush administration pushed for the act to be reauthorized, a handful of Democratic and Republican lawmakers argued that it went too far in encroaching on civil liberties. In the end, they persuaded the White House to accept a compromise that placed library records beyond the reach of a national security letter if they were gathered by libraries operating in what many people understand to be their traditional roles.

The final bill also gave recipients of national security letters the explicit right to consult lawyers.

While those concessions have allowed lawmakers to say that new safeguards on civil liberties have been put in place, another powerful provision in the Patriot Act, known as Section 215, remains on the books. It gives law enforcement another confidential way to demand information but has seldom been used because it requires judicial approval. National security letters, in contrast, require merely the signature of an F.B.I. official.

Between Section 215 and the new language governing national security letters, some opponents of the new version of the Patriot Act are skeptical that the revisions will provide much protection against unwanted invasions of privacy or infringements on free speech.

"The revised law provides almost no protection whatsoever for libraries," said Ann Beeson, the civil liberties union lawyer representing the organization that brought the suit in Connecticut. "It's virtually meaningless."

The section of the new law that addresses "privacy protection for library patrons" states that library records are beyond the reach of national security letters so long as the library is not operating as an "electronic communication service." Elsewhere, that term is defined as "any service which provides to users thereof the ability to send or receive wire or electronic communications."

But much of what a modern library does courses through its computers. Patrons can research topics on the Web. They can even reserve books from home. "A national security letter can be used to get any library record that is maintained via an electronic communication service," Ms. Beeson said. "That definitely includes Internet access and e-mail records and can also include patron borrowing records."

The new law does establish the recipient's right to challenge the nondisclosure orders that typically accompany national security letters and Section 215 requests. But the recipient would have to wait a year before raising the question anew if the government continued to assert the need for secrecy.

"If you're a business that has resources to challenge it every year, you can," Ms. Beeson said. But she said a judge would be hard pressed to rule against a government request to keep the information secret for reasons of national security. In the Connecticut John Doe's case, she said, "nothing in the new law permits John Doe to disclose his identity."

Though government lawyers demanded that John Doe's identity be shielded in court filings, the government failed to completely conceal the name in those filings, which revealed the plaintiff to be the Library Connection of Windsor, Conn., a nonprofit organization that provides back-office services to some two dozen libraries in the Hartford area.

Eager to testify publicly about the Patriot Act, the group's officers won the right last summer to identify their organization as the recipient of a national security letter after Judge Janet C. Hall of Federal District Court in Bridgeport found that the government had unjustly imposed a prior restraint on free speech. But her decision was stayed while the government appealed, and the United States Court of Appeals for the Second Circuit, in Manhattan, has yet to rule.

"I am rather appalled that our country's laws silence John Doe and require him to remain anonymous for standing by his professional ethics, for standing up for the principle that it is nobody's business what you read, or listen to, or look at in the library but yours," Judith F. Krug, the executive director of the Freedom to Read Foundation, told the crowd in San Antonio, as she accepted the University of Illinois's annual Robert B. Downs Intellectual Freedom Award in John Doe's absence.

Alice S. Knapp, a Stamford librarian who is this year's president of the Connecticut Library Association, said she was there "taking pictures left and right." But the Library Connection's executive director, George Christian, and the vice president of its board, Peter Chase, did not attend. Mr. Chase's absence was especially odd since he was to be the Connecticut Library Association's advocate on intellectual freedom this year.

Without commenting on John Doe's likely identity, Ms. Knapp confirmed that she had assumed many of Mr. Chase's speaking duties this year. For moral support, she has been nominating John Doe for other awards.

"We nominate them for everything we can," Ms. Knapp said. "Never mind the pressure they're under. Just the sheer act of bravery to decide not to comply and to decide to make an issue of it was incredibly huge, and within the library community, there is a lot of respect for them."

END

AP

Wed, Mar. 22, 2006

Indonesian Christian gets asylum chance

LARRY NEUMEISTER
Associated Press

NEW YORK - A court has given an Indonesian citizen a new chance at asylum after his claim of religious persecution was rejected because his grasp of Christianity seemed shaky.

The 2nd U.S. Circuit Court of Appeals resurrected Yose Rizal's claim in a decision Tuesday. During an immigration hearing after his February 2000 appeal for asylum, Rizal told government lawyers that Jesus was crucified in Bethlehem, not Jerusalem, and did not know which disciples wrote the New Testament.

An immigration judge then asked Rizal who prepared the Ten Commandments, but Rizal answered Jesus instead of Moses. Later, Rizal said he had learned "what's good and what's evil" and enjoyed hearing preachers at church.

The appeals court wrote that "history and common sense make amply clear" that people who identify with a religion but lack detailed knowledge about it can still be persecuted for their religious affiliation.

Rizal, 37, of New York City, filed the claim nine months after he came to the United States. He said in an affidavit that he was harassed and discriminated against by Muslims, including friends and relatives.

In the 1990s, a co-worker called Rizal a "dirty Christian" and punched him in the face, and he was beaten by three people and fired by his boss when he refused to become a Muslim, he said.

In August 1998, some Muslim leaders declared that all Christians should convert to Islam or be killed, Rizal said. Three months later, his church was one of 20 in Jakarta burned by Muslims, he said.

The appeals court said the immigration judge in Rizal's case had ignored most of his claims and did not consider relevant evidence.

A spokesperson for government lawyers who handled the case did not immediately return a telephone message Wednesday.

H. Raymond Fasano, Rizal's lawyer, called the appeals decision "far-reaching."

"This case opens the door for people who may not have a sophisticated understanding of their faith," he said.

DOJ_NMG_0020502

Fasano said the reopening of the case will likely allow his client to stay in the United States on the grounds that he has since married a U.S. citizen.

The pair, Fasano said, met at church.

END

AP

Thursday, March 23, 2006

Nevada files new federal lawsuit in Yucca Mountain fight

By: KEN RITTER - Associated Press

LAS VEGAS -- Nevada filed a lawsuit Wednesday accusing the federal Energy Department of withholding documents that state officials say will show the planned Yucca Mountain nuclear waste repository can't be built safely.

The complaint, filed in U.S. District Court in Reno, is the fourth federal lawsuit the state has pending against the plan to bury 77,000 tons of the nation's radioactive waste in Nevada.

The suit seeks the release of a 2004 draft application prepared by contractors for a Nuclear Regulatory Commission license to open the repository.

"The federal government is required by law to share its important Yucca information with the host state, and we are entitled to such information under the Freedom of Information Act as well," Nevada Attorney General George Chanos said in a statement. "But DOE has refused to provide Nevada with this most important document."

An Energy Department spokesman in Washington, D.C., said the agency has made public on an Internet network "millions of pages of information" about the Yucca Mountain project, but was under no legal obligation to release its draft license application.

"Once the license application is submitted to the (Nuclear Regulatory Commission), it will be made public," spokesman Craig Stevens said in a statement e-mailed to The Associated Press.

"This department and this administration remain committed to the licensing, construction, and operation of Yucca Mountain as the nation's permanent geologic repository for spent nuclear fuel," Stevens said. "This lawsuit will not deter us."

The state's three-page complaint lists measures that Chanos said Nevada has taken to secure the draft license application, including requests by Gov. Kenny Guinn to the secretary of energy and to President Bush; subpoenaed demands from Rep. Jon Porter, R-Nev.; litigation before the Nuclear Regulatory Commission licensing hearing board; a Freedom of Information Act request; and Energy Department administrative appeals.

All those requests were rebuffed, Chanos said.

"What are they trying to hide?" he said. "If the repository is safe, you'd think they'd be anxious to prove it."

Bob Loux, chief of Nevada's Agency for Nuclear Projects and administrator of the state fight against the repository, said the state believes the document will show that the repository cannot meet Environmental Protection Agency radiation safety standards.

The Energy Department had planned to open the repository by 2010. But it missed a self-imposed deadline to apply for a license by the end of 2004, and licensing hearings are expected to take several years.

Last week, the acting director of the Energy Department's Office of Civilian Radioactive Waste Management that oversees the project said the site should open in the next decade.

The process has been stalled by budget shortages, opposition by Nevada lawmakers including Senate Minority Leader Harry Reid, a controversy over whether scientists falsified quality assurance data and by a court-ordered rewrite of EPA radiation standards.

The U.S. Court of Appeals for the District of Columbia Circuit, which ordered stricter standards, also heard oral arguments last October and is expected to rule soon on a state claim that the Energy Department overstepped its authority, violated environmental rules and needs to rewrite its plan for shipping nuclear waste to Yucca Mountain.

Nevada also has asked the court to review Nuclear Regulatory Commission rulings, and another lawsuit is pending in U.S. District Court in Las Vegas that would deny state groundwater supplies to the arid desert site, 90 miles northwest of Las Vegas.

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Image not available for this document, ID: 0.7.10316.15213-000003

USDOJ- Office of Public Affairs

From:	USDOJ- Office of Public Affairs
Sent:	Friday, March 24, 2006 9:53 AM
To:	USDOJ- Office of Public Affairs
Subject:	Attorney General's News Briefing for Friday, March 24, 2006
Attachments:	agnb060324.pdf; agnb060324.doc

THE ATTORNEY GENERAL'S *NEWS BRIEFING*

PREPARED FOR THE OFFICE OF PUBLIC AFFAIRS, U.S. DEPARTMENT OF JUSTICE

TO: THE ATTORNEY GENERAL AND SENIOR STAFF

DATE: FRIDAY, MARCH 24, 2006 7:45 AM EST

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TERRORISM NEWS:

Moussaoui Prosecutors Conclude Case With Testimony From FBI Agent. Finishing presentation of their case at the penalty phase of al Qaeda conspirator Zacarias Moussaoui's trial yesterday, prosecutors called former FBI Special Agent Aaron Zebley, who testified that the FBI could have conducted an investigation that might have led to the 9/11 hijackers, had Moussaoui admitted when he was arrested in August 2001 that he had received wire transfers from al Qaeda.

NBC Nightly News (3/23, story 4, 2:00, Brown) reported that "so far, the trial has exposed new details on how many clues the FBI ignored in the weeks before the 9/11 attacks." NBC (Williams) added Zebley testified that if Moussaoui "had admitted when he was arrested that a man in the United Arab Emirates wired him thousands of dollars," then "finding out who else was wired money from the same person and checking their phone and bank records could have put agents on the trail of 11 of the 19 hijackers." But "tough questioning from Moussaoui's lawyers has raised doubts about how aggressively the FBI would have actually pursued those leads." Attorney General Alberto Gonzales "says the government has learned its very painful lessons." Gonzales: "And we obviously are more sensitive today about threats to the United States. And we believe that we have better procedures, better infrastructure to share information."

In a widely-distributed story, the AP (3/24, Sniffen) reports, "U.S. District Judge Leonie Brinkema, who has told the jury it cannot decide Moussaoui's punishment 'on speculation,' barred Zebley from explicitly asserting what the FBI would have accomplished had he confessed," but "Zebley gave prosecutors their strongest testimony in a week when many of their witnesses ended up buttressing the

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defense." However, on cross-examination, defense lawyer Edward MacMahon "got Zebley to acknowledge that nothing in the confession or in FBI evidence gathered since then shows any contact between Moussaoui and the 9/11 hijackers."

AFP (3/24) adds, "MacMahon later challenged Zebley's assessments, as tempers frayed at the start of his cross-examination asking: 'So the FBI needs a confession from an Al-Qaeda terrorist to launch an investigation?' Brinkema then intervened, telling MacMahon and Zebley, who now works as a prosecutor at the Alexandria, Virginia, courthouse hosting the trial, to take a deep breath, 'calm down' and take a lunch break."

Under the headline "FBI Agent Says 9/11 Plot Was Within Grasp," The Los Angeles Times (3/24, Serrano) notes, "Zebley conceded that FBI does not believe Moussaoui was supposed to have been aboard one of the planes. 'There never was a 20th hijacker,' Zebley said. But he added, 'the plot was to get as many conspirators in the U.S. as possible.'"

The Washington Post (3/24, Markon, Dwyer) reports that as Moussaoui was being led from court after Zebley's testimony, he shouted, "I will testify, whether you want it or not!" although "it was unclear whether he was addressing his attorneys, with whom he does not speak and who have been against his taking the stand. But what was clear was that the case…could take yet another dramatic turn. Moussaoui is known for his courtroom outbursts, and even his attorneys don't know what he will say."

Meanwhile, The New York Times (3/24, Lewis) notes, "The trial, which will resume on Monday, offers the possibility of three dramatic moments in short order. First, the court may hear from Carla J. Martin, the Transportation Security Administration lawyer whose improper coaching of witnesses nearly derailed the trial. Then…the jury is expected to have the extraordinary experience of hearing testimony gathered in the United States' secret overseas detention system," as defense lawyers introduce testimony from al Qaeda terrorists Khalid Shaikh Mohammed, Ramzi bin al-Shibh and Mohammed Al-Qahtani.

Voice of America (3/24, Malone) reports, "Earlier this week, Attorney General Alberto Gonzales said the government has learned a lot of lessons from the 9/11 attacks, including how to respond more quickly to threat information gathered by agents in the field. … 'I am not going to comment on anything related to the trial,' Gonzales says. 'What I will say is that we obviously are more sensitive today about threats to the United States and we believe that we have better procedures, better infrastructure to share information.'"

Testifying For Defense, Former FBI Agent Recalls CIA Failure To Alert FBI About Hijackers. The AP (3/24, Sniffen) also reports, "The first defense witness, former FBI agent Erik Rigler, summarized a Justice Department inspector general report that criticized the CIA for keeping" intelligence that 9/11 hijackers Nawaf al-Hazmi and Khalid al-Mindhar had entered the US "from the FBI for so long and the FBI for assigning pursuit of the pair to one inexperienced, young agent. It said the pair was on Thailand's watchlist in January, 2000, but not on a U.S. watchlist until August, 2001."

Analyst Denounces Civilian Trials Of Moussaoui, Saddam As "Charades." In a Washington Times (3/24) op-ed, DC-based terrorism analyst and author Eric Leskly writes, "The charades in Alexandria and Baghdad last week are final confirmation that the Bush administration has grievously erred in trying the Zacarias Moussaoui and Saddam Hussein cases in civilian courts instead of military tribunals. By attempting to use the trials as public-relations tools to demonstrate fair judicial process, the administration has disregarded the fact the clear and present danger posed by al Qaeda and the Iraqi insurgency require harsher procedures and penalties than those afforded by traditional criminal prosecution." And as Moussaoui and Saddam "use the trials instead to preach to their followers and sympathizers," the "botched cases may have even strengthened our enemies."

Trial Is Difficult For Victims' Family Members To Watch. The AP (3/24, Lester) reports, "The U.S. government's failure to act on repeated warnings before the Sept. 11 terrorist attack had Geraldine Davie fighting back tears as she talked about her 22-year-old daughter's death in the collapse of the World Trade Center. .. 'They all let us down,' Davie said Wednesday evening, voicing a sentiment shared by many of the victims' family members who are monitoring the sentencing trial of admitted al-Qaida conspirator Zacarias Moussaoui." The AP continues, "Victims' family members also had to watch the federal judge consider scuttling the prosecution's bid for the death penalty after learning last week that a government lawyer improperly coached witnesses. Some prosecution witnesses gave testimony about government missteps that the defense turned to its advantage. … 'Certainly, the case now is not as strong as it could be,' said Bill McGinly, of Vienna, Va., who lost a son in the attack on the World Trade Center. McGinly wants to see Moussaoui get the death penalty." The AP adds, "The

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court proceedings have been painful for victims' family members like Davie, whose daughter, Amy O'Doherty, was working at an investment firm at the World Trade Center in New York Cit; McGinly, whose son Mark worked at the trade center; and Eleni Kousoulis, whose sister Danielle worked at the same investment firm as O'Doherty. … 'The government knew a lot, if they had just paid more attention,' said Kousoulis of Merion, Pa. Even if government investigators couldn't prevent the attacks altogether, she said, they might have saved some lives."

In NSA Suit, Judge Rules Against Portland FBI Custody Of Classified Document. The AP (3/24, Fought) reports that in the lawsuit filed by the Al-Haramain Islamic Foundation challenging NSA surveillance of the charity's director in Saudi Arabia and two lawyers in the US, US District Judge Garr King ruled this week that "a secret document" about the NSA procedures in the case "will be held in a secure facility in Seattle while the judge and lawyers try to figure out how to keep it under wraps in Portland." King said that the classified documents "shouldn't be held at the local office of the FBI," despite the fact "the FBI office is the only place in Portland that has a facility that meets specifications for what the government calls 'sensitive compartmented information.'" The AP adds, "Anthony Coppolino of the U.S. Justice Department said the document wouldn't be altered if the FBI had it and said King could have it in a closed envelope, perhaps signing the seal to guard against unauthorized opening." But King said in a teleconference with lawyers in the case, "I'm not indicating there would be any problem with them, but they are a defendant so I don't think it's appropriate that they have custody of it."

Judge Denies Request For NSA Surveillance Information In Illegal Money Transfer Case. The AP (3/24, Thompson) reports U.S. District Judge William Skretny in Buffalo has ruled that "the government does not have to tell three men accused of illegally sending $3.5 million to Yemen whether secret wiretaps were used to investigate them, a judge has ruled. Without explanation…Skretny denied the defense request for information in a one-page decision dated Tuesday." The AP notes "Mohamed Albanna, Ali Elbaneh and Ali Albanna are charged with running an unlicensed business that delivered money from Yemeni-Americans in western New York to relatives overseas."

Former Pakistani Police Chief Describes Camps In Terms Similar To Hayat. The AP (3/24, Thompson) reports that at the trial of Umer and Hamid Hayat yesterday, former Pakistani police chief Hassan Abbas, who is now an author living in Massachusetts, "described a terrorist-training camp in Pakistan in an account similar to that given by" Hamid Hayat "during a lengthy interrogation by FBI agents last June." The AP notes, "Prosecutors have no hard evidence that Hamid Hayat actually attended such a camp. By putting Abbas on the stand, they sought to give jurors details about the kinds of training camps they claim Hamid Hayat attended. … Abbas, who was paid about $35,000 for his research and testimony…has been on the stand since Wednesday, testifying about Pakistani culture, religion and politics."

Hayat Attorney Accuses Prosecutors Of Coaching Abbas During Cross-Examination. KXTV-TV Sacramento (3/23, Kobely) reports, "During defense questioning of expert witness Hassan Abbas, attorneys for Umer and Hamid Hayat argued that the wording of prosecution objections to defense questions were actually signals to Abbas about how to answer the question. … Defense attorney Wazhma Mojaddidi suggested that Abbas had worked out a system with prosecutors that if they objected to a line of defense questioning using the terms 'ambiguous' or 'vague,' that it was actually a signal for how Abbas should answer. Judge Garland Burrell immediately demanded attorneys approach the bench but after discussion, let the line of questioning continue."

US May Be Holding Pakistani Journalist. The Los Angeles Times (3/24, Ali, Zaidi, 958K) reports the family of Pakistani journalist Hayatullah Khan, who was "kidnapped in December, said Thursday that they believe he could be in U.S. custody." Khan was "abducted at gunpoint in the volatile North Waziristan tribal region Dec. 5 by armed, masked men whom a witness at the time described as dressed like fighters from the ousted Taliban regime of Afghanistan. But Ihsanullah Khan, the victim's brother, said that senior officials from Pakistan's intelligence agencies had told the family that Hayatullah was now beyond their jurisdiction." Ihsanullah Khan said, "We were told a few days ago that Mr. Khan was no longer in their possession. He might be somewhere in Pakistan or the United States being grilled for his possible links with Al Qaeda."

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PATRIOT ACT:

Bush Says He Is Not Bound By Patriot Act Oversight Requirement. The Boston Globe (3/24, Savage) reports, "When President Bush signed the reauthorization of the USA Patriot Act this month, he included an addendum saying that he did not feel obliged to obey requirements that he inform Congress about how the FBI was using the act's expanded police powers." In a signing statement issued after the signing ceremony for the bill, Bush "said that he did not consider himself bound to tell Congress how the Patriot Act powers were being used and that, despite the law's requirements, he could withhold the information if he decided that disclosure would 'impair foreign relations, national security, the deliberative process of the executive, or the performance of the executive's constitutional duties.'"

FBI Confirms Use Of Patriot Act In Nevada Corruption Probe. The Las Vegas Review-Journal (3/23, Packer) reports, "Federal authorities confirmed in court Wednesday that they used the Patriot Act to access bank records while investigating alleged political corruption involving former Clark County commissioners and strip club owner Michael Galardi." The Review-Journal continues, "The Patriot Act, enacted after Sept. 11, 2001, as a tool to fight terrorism, included provisions that allowed authorities to access personal financial records more easily. … During the federal trial against former county Commissioners Mary Kincaid-Chauncey and Dario Herrera, defense attorneys revealed Wednesday that FBI agents had used the Patriot Act to track financial transactions executed by individuals involved in the case. … 'The Patriot Act made it easier for you to identify the bank accounts,' attorney Jerry Bernstein said during cross-examination of former FBI agent Joe Dickey." The Review-Journal adds, "Dickey said the government would have had to subpoena some 10,000 financial institutions nationwide had it not relied on the law. … One portion of the law directed the U.S. Treasury Department to streamline for law enforcement access to financial records. Law enforcement can send a suspect's name to the department and receive back a list of each financial institution that does business with the individual. … 'It simply helped us identify where banks were. It didn't give us information,' Dickey said of the Patriot Act provision. … That was just one tool federal agents used as they pieced together their case against Kincaid-Chauncey, Herrera, Galardi and former Commissioners Lance Malone and Erin Kenny." The AP (3/23) also reports this story.

Indiana Advocacy Groups Angered By FBI Agent's Challenge Of Patriot Act Criticism. The South Bend (IN) Tribune (3/24, Draeger) reports that after reading of negative comments made about the Patriot Act at a recent forum in Three Oaks, Ind., St. Joseph FBI Special Agent Al DiBrito "challenged Chellie Pingree's criticism…and tried to track down the head of the national nonpartisan group Common Cause, to set her straight. … DiBrito reportedly said Pingree was 'way off base' in her comments…and suggested the" League of Women Voters "should've invited the FBI to speak at the March 14 panel." In a March 21 letter to FBI Director Robert Mueller, Pingree and local League of Women Voters president Susan Gilbert wrote, "When the country has far more pressing security and terror concerns, we question the FBI using precious resources hounding leaders of two of the most distinguished citizen advocacy organizations in the country. Is this the kind of behavior citizen activists can expect from the FBI? To us, it smacks of intimidation." However, Michigan FBI Assistant SAC William Kowalski "defended DiBrito's phone call and said it's unfortunate that it was perceived as being threatening. The purpose of the call was to 'offer an opportunity to get out accurate information about the Patriot Act and how it is utilized to combat terrorism,' Kowalski said."

HOMELAND RESPONSE:

US Hiring Hong Kong Firm To Run Radiation Detector In US Port. The AP (3/24, Bridis, Solomon) reports, "In the aftermath of the Dubai ports dispute, the Bush administration is hiring a Hong Kong conglomerate to help detect nuclear materials inside cargo passing through the Bahamas to the United States and elsewhere." The Administration "acknowledges the no-bid contract with Hutchison Whampoa Ltd. represents the first time a foreign company will be involved in running a sophisticated U.S. radiation detector at an overseas port without American customs agents present." The Administration "is negotiating a second no-bid contract for a Philippine company to install radiation detectors in its home country, according to documents obtained by The Associated Press."

Israeli Firm Withdraws Offer To Buy US Firm Over Security Questions. The Wall Street Journal/AP (3/24) reports, "Leading Israeli software company Check Point

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Software Technologies Ltd. abandoned plans to buy smaller U.S. rival Sourcefire Inc. for $225 million because of security objections raised by the Bush administration." The Israeli firm "formally withdrew its proposal near the conclusion of a rare, full-blown investigation by a U.S. review panel after the Ramat Gan, Israel-based company was told U.S. officials feared the transaction could endanger some of government's most sensitive computer systems."

State Department Criticized For Chinese Computer Deal. The New York Times (3/24, Brasher, 1.19M) reports, "A State Department purchase of more than 15,000 computers built by the Lenovo Group of China is starting to draw criticism in the latest sign of American unease about the role of foreign companies in the American economy." Assistant Secretary McCormack "said at the department's daily media briefing on Wednesday that the computers were intended for unclassified systems and would be serviced by the former I.B.M. division." The Times notes a broad spectrum of US groups oppose the contracts, and says some of these "critics warn that the deal could help China spy on American embassies and American intelligence-gathering activities, using hardware and software planted in the computers."

ICE Teaming With Law-Enforcement In "Tri-Border Area" To Tackle Terror Fundraising. The Washington Times (3/24, Seper, 90K) reports, "US Immigration and Customs Enforcement (ICE) agents have teamed up with law-enforcement authorities in Argentina, Brazil and Paraguay to combat money laundering and other financial crimes in a remote and lawless region known as the 'Tri-Border Area.' Department of Homeland Security Assistant Secretary Julie L. Myers, who heads ICE, said multigovernment 'trade transparency units' will investigate and prosecute crimes including money laundering, terrorist financing, contraband smuggling and tax evasion." The area is described by US law-enforcement authorities as "a source of fundraising for radical Islamic groups, including Hezbollah, Hamas and al Qaeda, and the US government has worked cooperatively with governments in the region to disrupt fundraising activity."

NYTimes Criticizes Chertoff Over Chemical Plant Security Proposals. Under the headline "Secretary Of Homeland Insecurity," the New York Times (3/24, 1.19M) editorializes, "Sometimes it's hard to understand just how Michael Chertoff understands his title, secretary of homeland security." In speaking to the chemical industry Tuesday, Chertoff "did not chastise the industry for failing to protect chemical plants adequately" and "seemed perfectly content to defer on key security matters to an industry that contributes heavily to Republican campaigns but has proved to be dangerously unwilling to take public safety seriously." The Times states that Chertoff "should be speaking to the American people about his support for strong chemical plant security rules, not speaking to the chemical industry about his support for weak ones."

"Government Fixated On Doomsday" Still Drawing Up New Orders Of Succession. The Washington Post (3/24, A17, Baker, 744K) reports that in what was "at least the fifth time since the start of last year that an executive branch agency has created or revised an order of succession," the President "this week endorsed a new order of succession for the National Archives and Records Administration detailing down to the 10th level who would assume command in a national emergency." The Post adds, "In a government fixated on doomsday scenarios, officials "still busy themselves with the macabre exercise of figuring out who would be on top should the worst happen." The lineup changes sometimes "reflect one official moving up the chart at the expense of colleagues," while others involve "even more brazen power plays intended to put rivals in their places."

Silverstein's Ground Zero Brinkmanship Seen As Frequently Used Strategy. The New York Times (3/24, Bagli, 1.19M) reports on the failed negotiations between developer Larry Silverstein and the Port Authority over the rebuilding of ground zero in lower Manhattan, adding, "A look at Mr. Silverstein's long career in real estate and the negotiating style that has defined it suggests that, when it comes to making deals, it is almost never over. Not surprising, then, despite last week's ugly negotiating episode, Mr. Silverstein's team has been talking through back channels with the other side this week." Silverstein has said "he fully expects to be back at the table within days to sign a deal that preserves his control over a major part of ground zero, a site that many consider sacred ground. State officials hope to resume face-to-face negotiations with him, too, but not until there is a fairly detailed agreement."

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Paulison Working To Get FEMA Ready For Upcoming Hurricane Season. Under the headline "Acting Director Gives FEMA Focus," the Washington Times (3/24, Hudson, 90K) reports that acting FEMA Director R. David Paulison's "maligned agency is now planning for the hurricane season that officially begins June 1 as it continues to aid 800,000 families affected by last year's storms that damaged 90,000 square miles." He says, "The major lesson we learned is that FEMA was not ready to handle a catastrophe the size of Katrina, and we now know we have to be ready to respond to a major catastrophe such as an earthquake or terrorist attack, to evacuate hundreds of thousands or millions of people and be able to feed them, house them, and take care of them. We're putting a system in place to do just that." The Times adds that FEMA "faces many challenges, not only in housing, but also in communication, logistics, tracking supplies and learning about problems on the ground."

Louisiana Call Center Tracking Hurricane Victims Who Don't Want To Be Found. The Washington Post (3/24, A3, Ringle, 744K) reports that Louisiana's Find Family National Call Center is finding that "hundreds" of those reported missing after Hurricane Katrina "have used the storm and the nationwide diaspora it triggered to escape a troubled or painful past." The center has also "taken over from the Orleans Parish coroner's office most of the work of identifying the unclaimed dead." The center's deputy director, Henry Yennie "expects both the search for the missing and the identification of the dead to accelerate in the coming weeks because of the recent allocation of funds for obtaining access to a highly specialized LexisNexis online search."

Accusations Of Impropriety Among Volunteers Raise New Questions About Red Cross. The New York Times (3/24, Strom, 1.19M) reports, "The American Red Cross…is investigating wide ranging accusations of impropriety among volunteers after" Hurricane Katrina, including "improper diversion of relief supplies, failure to follow required Red Cross procedures in tracking and distributing supplies, and use of felons as volunteers in the disaster area in violation of Red Cross rules." While the charity "has drawn harsh criticism for failures in responding to Hurricane Katrina and for failing to address longstanding governance problems, the concerns raised by volunteers pose new questions about the organization's ability to prevent fraud and theft and protect its resources amid the chaos of a major disaster."

Barbara Bush Donation To Katrina Fund Raises Eyebrows. The Washington Post (3/24, A17, Kamen, 744K) reports in its "In the Loop" column that "the Houston Chronicle reports that former first lady Barbara Bush donated a chunk of money -- it's unknown how much -- to the Bush-Clinton Katrina Fund 'with specific instructions that the money be spent with an educational software company owned by her son Neil.'"

WAR NEWS:

Congressional Probe Of Pre-War Iraq Intelligence Likely Issue In 2006. With the congressional investigation into the Bush Administration's use of pre-war Iraq intelligence nearing fruition on several fronts, the conclusions are expected to quickly become a partisan issue in the 2006 midterm elections. If the Democrats are able to flip one of the chambers of Congress, they are expected to use the majority power to subpoena Administration officials. The Wall Street Journal (3/24, A4, Solomon, 2.11M) says the congressional reports "will include topics like predictions before the war on how a post-Saddam Iraq might look and whether the Bush administration was duped by Iraqis with a vested interest in war, like Deputy Prime Minister Ahmed Chalabi." But Republicans "have set no timetable for issuing reports on their probe into what some Democrats consider the most explosive questions: Whether political appointees at the Pentagon deliberately distorted intelligence and subverted analysis by the Central Intelligence Agency to gin up support for the invasion."

Bush Defense Of Iraq Policies Sparks Praise, Criticism. In his Wall Street Journal column (3/24, A10), Daniel Henninger says, "For those of us who've complained for more than two years that this White House was ill-serving the troops in Iraq by not making the public case for Iraq, that changed this week in Wheeling, W.Va." It "was an astounding, bravura performance. In fact, I'll pay him the highest possible compliment: It was Clintonesque." But there are "two obvious questions: Where's this guy been? And, to quote a long-ago factory boss, Is it a day late and a dollar short?"

Meanwhile, in his Washington Post column (3/24, A19), David Ignatius says the "polls suggest that Bush is losing the ability to communicate effectively about the issue that matters most to him. He has a better story on Iraq than many people seem to appreciate: Iraqi politicians are in fact coming

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together toward a government of national unity; Iraqi troops are improving their performance; substantial reductions in the number of U.S. troops are likely this year." But all the "speeches and rallies and white papers of the past few months have reflected a recognition that the public will support the war so long as it feels there is a coherent strategy for victory. That's why you hear the phrase 'plan for victory' repeated so often, like a mantra to convince the public that American soldiers aren't dying in a lost cause. But it's not working, and the president owes it to the troops, above all, to figure out a better way to communicate."

Also in the Washington Post column (3/24, A19), E.J. Dionne says, "Is President Bush the leader of our government, or is he just a right-wing talk-show host? The question comes to mind after Bush's news conference this week in which he sounded like someone who has no control over the government he is in charge of. His words were those of a pundit inveighing against the evils of bureaucrats." But when "their own government fails," Bush and his fellow Republicans "turn around and use their incompetence to argue that government can never work anyway, so you might as well keep electing conservatives to have less government. It's an ideological Catch-22. Even their failures prove they are right."

Krauthammer Sees Debate Over Iraqi "Civil War" As Spurious. In his Washington Post column (3/24, A19), Charles Krauthammer says, "This whole debate about civil war" in Iraq "is surreal. What is the insurgency if not a war supported by one (minority) part of Iraqi society fighting to prevent the birth of the new Iraqi state supported by another (majority) part of Iraqi society? By definition that is civil war, and there's nothing new about it." Krauthammer adds, "Is it not our entire counterinsurgency strategy to get Iraqis who believe in the new Iraq to fight Iraqis who want to restore Baathism or impose Taliban-like rule?"

US Opinion On Third Anniversary Of Iraq War Examined. USA Today (3/24, 2.31M) ran a sampling of newspaper editorials on the third anniversary of the Iraq war. The San Francisco Bay Guardian said, "(President) Bush's insistence on staying the course is starting to sound like Richard Nixon's secret plan to end the Vietnam War." The Wall Street Journal said, "The desire among so many of our political elites to repudiate Bush and his foreign policy is creating a dangerous public pessimism that could yet lead to defeat -- a defeat whose price would be paid by all Americans, and for years to come."

Rumsfeld Says US Still Plans Troop Reductions. The Washington Times (3/24, Scarborough, 90K) reports Defense Secretary Donald H. Rumsfeld said "commanders are planning further troop reductions in Iraq despite ongoing violence that has killed hundreds of civilians after the February bombing of the Shi'ite Golden Mosque." Asked about President Bush's remark "that U.S. troops will be in Iraq until at least 2009, the year he leaves office, Mr. Rumsfeld said there could still be Americans training the Iraqi security forces (ISF). It was a clear signal that the defense secretary expects that by that time the United States' combat role will be greatly reduced."

Bush Funding Request For Iraq Bases Raises Questions About Troop Commitments. The Los Angeles Times (3/24, Spiegel, 958K) reports that even as "military planners look to withdraw significant numbers of American troops from Iraq in the coming year, the Bush administration continues to request hundreds of millions of dollars for large bases there, raising concerns over whether they are intended as permanent sites for U.S. forces." Congressional questions "about the future of the bases have been prompted by the new emergency spending bill for military operations in Iraq and Afghanistan, which overwhelmingly passed the House of Representatives last week with $67.6 billion in funding for the war effort, including the base money." Lawmakers are "demanding that the Pentagon explain its plans for the bases, and they unanimously passed a provision blocking the use of funds for base agreements with the Iraqi government."

Reconstruction Official Says Iraqis Must End Reliance On US Funds. USA Today (3/24, Frank, 2.31M) reports Daniel Speckhard, director of the Iraq Reconstruction Management Office, said "the Iraqi government can no longer count on U.S. funds and must rely on its own money and cash from other Persian Gulf nations to complete the massive undertaking" or rebuilding. While "hundreds of projects have been completed, but the top U.S. auditor for the program has criticized it for cost overruns, corruption, understaffing and bureaucratic infighting."

Three Hostages Rescued In Iraq. Three Christian peace activists were rescued from their captors in Iraq yesterday after a captured insurgent provided intelligence that led coalition troops to their location. The story was covered by each of the networks last night, and was the lead on CBS. The CBS Evening News (3/23, story 1, 3:00,

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Schieffer, 7.66M) reported, "Ironically," the peace activists "had gone to Iraq to investigate alleged abuses against Iraqi prisoners and when the body of American Tom Fox was found earlier this month, there was not much hope the others would be found alive. Today, acting on a tip, British and US forces stormed a house and freed them without firing a shot." CBS (Logan) added, "With these hostages safe, thoughts immediately turn to another American hostage, Jill Carroll, who is still missing."

ABC World News Tonight (3/23, story 2, 2:10, Harris, 8.78M) reported, "US General Rick Lynch says a break came last night when coalition forces detained two individuals, one of whom told them where the hostages were in a house west of Baghdad." Of the "19 Americans taken hostage, 6 are still missing, including reporter Jill Carroll." The hostages "who were freed today belong to a Christian peace group which has blamed the kidnapping on what it calls America's illegal occupation of Iraq. Today, a spokesman wasn't even willing to give coalition forces credit for his colleague's rescue."

NBC Nightly News (3/23, story 2, 2:10, Engel, 9.87M) reported, "The freed hostages had new information today about the fate of American Tom Fox. Fox, they said, was separated from them 40 days ago. His tortured body was discovered in Baghdad earlier this month." British hostage Norman Kember, "who had said he didn't want a military rescue operation, tonight admitted, 'It's good to be free.'"

The Washington Post (3/24, Anderson, 744K) reports "circumstances of the rescue operation, which was spearheaded by the British, were being closely held." Doug Pritchard, co-director of Christian Peacemaker Teams, "said in a televised news conference in Toronto that no shots were fired and no captors were present at the time of the rescue. He declined to divulge the source of his information." British Foreign Secretary Jack Straw "later confirmed the absence of gunfire." The New York Times (3/24, Semple, 1.19M) says "Thursday's rescue, by a force that included American and British troops, represented one of the few times that military action in Iraq has played a decisive role in a hostage release." But "within hours, a surge of four car bombings, including a suicide attack, struck Baghdad, killing at least 23 people, wounding at least 48 and tempering the military's euphoria from the morning's success."

The AP (3/23, Mroue) reports "the US ambassador and the top American military spokesman held out hope the operation on the outskirts of Baghdad could lead to a break in the captivity of American reporter Jill Carroll, a freelance writer for The Christian Science Monitor who was abducted Jan. 7." The Christian Science Monitor (3/24, Peterson, 61K) reports "Carroll's family said Thursday that they were 'thrilled' to hear of the CPT members' release. 'Although their case is unrelated to Jill's, their release gives us new hope that Jill, too, will soon be freed. We send our best wishes to these three men and their families, knowing that their reunion will be a joyful one.'" They added that "we are also thinking of the family of Tom Fox at this time and send them our heartfelt sympathy." The Los Angeles Times (3/24, Bodreaux, 958K) runs a similar story.

US Military Trains Soldiers To Prepare For Kidnapping. The CBS Evening News (3/23, story 2, 2:20, MacVicar, 7.66M) reported, "The risk of kidnap is so high that the US military commissioned this training video to be shown to US soldiers. The tape, obtained by CBS News, covers everything from the moment of capture to what could be months of isolation and possible endings. Death is never mentioned." Former hostage, British journalist Phil Sands, said "the kidnap scene was all too familiar."

Bombings Kill 56 Iraqis, One US Soldier. ABC World News Tonight (3/23, story 3, :15, Vargas, 8.78M) reported, "Insurgents carried out a third attack on a police station in three days there. More than two dozen people were killed in the bombing. But no prisoners escape escaped. In attacks across the country today, 56 Iraqis and one US soldier were killed." The CBS Evening News (3/23, story 3, 0:15, Schieffer, 7.66M) reported, "A powerful car bomb hit a market outside the Shiite mosque in Baghdad, killing at least six."

US Military Spokesman Says 75% Of Attacks Occur In Three Provinces. USA Today/AP (3/24) reports, "A US military spokesman in Iraq said Thursday that major violence is largely confined to three of 18 provinces." The US military spokesman, Maj. Gen. Rick Lynch, said, "There is not widespread violence across Iraq. There is not. Seventy-five percent of the attacks still take place in Baghdad, al-Anbar or Salah al-Din (provinces). And in the other 15 provinces, they all averaged less than six attacks a day, and 12 of those provinces averaged less than two attacks a day." He said "attacks nationwide were averaging 75 a day."

Respect For Law, Rights Comes Slowly For Iraqi Security Forces. The New York Times (3/24, Wong, 1.19M) reports on the "challenge facing the American military as it tries to train the Iraqi security forces to respect the

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rule of law." US troops "are no longer simply teaching counterinsurgency techniques; they are trying to school the Iraqis in battling a Sunni-led rebellion without resorting to the tactics of a 'dirty war,' involving abductions, torture and murder." The "legacy of Abu Ghraib hampers the American military. But the need to instill respect for human rights has gained a new urgency as Iraq grapples with the threat of full-scale civil war and continuing sectarian bloodletting."

Iraqi Exiles Divided Over Country's Future. Iraqis who fled Saddam Hussein's regime in the '80's and '90's have more optimistic views of the country's future than those who have sought asylum in the US since the regime's end. The Wall Street Journal (3/24, A1, Dreazen, 2.11M) reports, "Debate over the war in Iraq has erupted in communities of Iraqi exiles across the U.S., dividing families. The conflict is pitting longtime exiles who fled Mr. Hussein's Iraq -- many of whom support the war -- against newer arrivals who have left the country since the U.S.-led invasion in March 2003."

Troops' Experience In Iraq Seen As Microcosm Of US Policy. NBC Nightly News (3/23, story 3, 2:45, Boettcher, 9.87M) reported on the experience of the Alpha Company, 2nd Battalion, 4th Infantry Division in Iraq, which "learned a lesson" in its deployment to Iraq. It is "easier getting to an objective than leaving it. It's the same on the grand scale. Invading Iraq was relatively easy. Leaving it is proving more difficult."

US Increases Pressure On Karzai Over Christian Convert's Fate. An Afghan court is considering the case of Abdul Rachman, an Afghan who converted to Christianity 16 years ago and faces death penalty. The Rahman case has the potential to create a rift with the US and other Western nations, and Secretary of State Condoleezza Rice has asked President Hamid Karzai to intervene. However, the Washington Post (3/24, A14, 744K) and Washington Times (3/24, Cooney, 90K) run an AP story reporting "senior Muslim clerics demanded Thursday that an Afghan man on trial for converting from Islam to Christianity be executed, warning that if the government caves in to Western pressure and frees him, they will incite people to 'pull him into pieces.'" Moreover, the New York Times (3/24, Wafa, Rohde, 1.19M) reports "the judge presiding over the prosecution of an Afghan man facing death for converting from Islam to Christianity said Thursday that he would resist any interference, despite mounting international condemnation." Maulavi Muhaiuddin Baloch, "Karzai's adviser on religious affairs, said that the case belonged in the court and that Afghanistan's judiciary was independent."

The story was covered by each of the networks, and was the lead on both ABC and NBC. NBC Nightly News (3/23, lead story, 2:45, Seigenthaler, 9.87M) reported, "Today, a senior Muslim cleric in Afghanistan said Rahman should be beheaded. The controversy prompted the Secretary of State Condoleezza Rice to make a call to Afghanistan's President Hamid Karzai today." Condoleezza Rice, Secretary of State: "There is no more fundamental issue for the United States than freedom of religion and religious conscience." Seigenthaler: "With the deaths of 221 US servicemen and women who fought to oust the Taliban, and 23,000 American troops still on the ground in Afghanistan, the question that many are asking tonight is shouldn't the United States have something to say about whether Rahman is executed?" Tony Perkins, Family Research Council: "I just cannot begin to comprehend that Americans would give up their money and their sons and daughters to a regime that would execute Christians." Seigenthaler: "The Rahman case presents new political problems for President Bush." Larry Sabato, University of Virginia: "This is really President Bush's worst nightmare because it takes his base and divides it at a time when he can least afford it because he's already so low in the polls."

ABC World News Tonight (3/23, lead story, 2:45, Cuomo, 8.78M) reported, "There has been considerable foreign pressure on President Karzai to rectify the situation. And late today, the Canadian Prime Minister announced that Mr. Karzai had given assurances that Rahman will not be executed. But also today, the judge in the case said he would not bow from foreign pressure."

The CBS Evening News (3/23, story 4, 0:50, Schieffer, 7.66M) reported, "Secretary of State Condoleezza Rice took the unusual step of phoning Afghan President Karzai and later spoke with reporters at the State Department." Condoleezza Rice, Secretary of State: "People must have a right to conscience and religious conscience. This is a very deeply concerning development in Afghanistan, and we have raised it at the highest levels." AFP (3/24) reports Rice "said she phoned Karzai specifically to hammer home 'in the strongest possible terms' Washington's concern over the proceedings against Abdul Rahman, who was arrested two weeks ago under Islamic Sharia law."

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The Los Angeles Times (3/24, Richter, 958K) also reports the story, saying the "is further heightening tensions between the West and the Islamic world." USA Today (3/24, Slavin, 2.31M) reports Gary Bauer, president of American Values, "said US officials have to be 'clear and bold' in talking about the case. 'This whole enterprise is an effort to bring democratic principles to that part of the world. That means more than elections, it means religious pluralism.'" Bauer "sent an e-mail Wednesday to a quarter of a million supporters saying that the execution of the convert, Abdul Rahman, 'would very likely result in a complete collapse in support for the war.'" James Zogby, president of the Arab American Institute in Washington, "worries that the case will intensify tensions between Christians and Muslims."

US Training African Paratroopers To Counter Possible Terror Threats. ABC World News Tonight (3/23, story 7, 2:55, Karl, 8.78M) reported on the US Special Forces effort to train the militaries of African nations in the Sahara region to effectively counter possible terrorist threats. In Niger, US troops are training that country's paratroopers, earning significant good will in the process. The "land-locked, desert nation is short of resources, but full of spirit. The country's pride, its paratroopers." Maradi, Niger's "third-largest city has an airport, but no airplanes. Most of these men haven't parachuted for four years. But on this day, US Special Forces are giving them a chance to jump." A team "of 12 US Army Special Forces, some of America's best-trained soldiers, have spent a couple months here. Part of a Pentagon program to train North African armies to combat terrorism." For "these soldiers, and for the people watching below, it's also quite simply a thrill. If nothing else, the US Special Forces have made some friends in Niger."

General Suggests Conventional ICBMs As Deterrent To Terrorists. The Washington Times (3/24, Gertz, Scarborough, 90K) reports in its "Inside the Ring" column, "The United States could use a force of intercontinental ballistic missiles with conventional warheads because nuclear weapons may not deter terrorists and rogue states, the general in charge of the U.S. Strategic Command says. Marine Corps Gen. James E. Cartwright told a Pentagon-sponsored missile defense conference on Monday that 'it's very difficult for a nuclear weapon to be a credible deterrent against an extremist.'"

Report Says Defense Department To Run Short Of Missile Scientists. USA Today (3/24, Kelley, 2.31M) reports a study released this week by the Defense Science Board says "the Pentagon risks running out of scientists to operate and upgrade the nation's arsenal of intercontinental nuclear and conventional missiles." The reports says that as "the nation's veteran engineers and scientists retire, the military will lose much of its expertise in long-range missile technology, the report says. That means the Air Force and Navy, which operate most of the 1960s-vintage missiles, will be unable to cope with system failures or develop improved weapons."

Albright Says "Good Vs Evil" Dichotomy "Doesn't Work." In an op-ed in the Financial Times (3/24), former Secretary Albright says the Administration's "newly unveiled national security strategy might well be subtitled 'The Irony of Iran.'" Tehran's "radical government has been vastly strengthened by the invasion of Iraq. This is more tragedy than strategy, and it reflects the Manichean approach this administration has taken to the world." Albright calls the division of the world into good and evil camps "fiction. The administration's penchant for painting its perceived adversaries with the same sweeping brush has led to a series of unintended consequences." She says the Administration "is now divided between those who understand this complexity and those who do not," and suggests the US tackle difficult problems as a way to end tyranny, renounce aggression towards Iran, and address political realities in the Middle East. The Los Angeles Times (3/24, 958K) also runs Albright's op-ed.

Muslim Criticism Of Preemption Doctrine Examined. In a USA Today op-ed (3/24), Yale University fellow Irshad Manji says, "Honesty demands that Muslims in the USA judge the doctrine of pre-emption by a single standard. That requires making a choice. We can accept what the prophet did as necessary and guided by God, in which case we can't be shocked when the president makes a similar case for his policy. Or we can acknowledge that the prophet Mohammed's pre-emptive assaults on Jews were morally wrong, in which case we've got credibility when slamming the Bush doctrine."

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Schlozman Named Interim US Attorney For Western Missouri. The Springfield (MO) News-Leader (3/24) reports, "Bradley J. Schlozman was appointed today as interim U.S. attorney for the Western District of Missouri, the Justice Department said. … The interim appointee replaces Todd P. Graves, whose last day is Friday." The News-Leader continues, "Graves announced his resignation earlier this month, after nearly five years of prosecuting federal cases in western Missouri. Graves has said he plans to return to private practice and become more involved in politics. … Schlozman will be there until President Bush appoints a permanent replacement, probably by summer, a U.S. Attorney spokesman said."

The AP (3/24) reports, "Schlozman most recently was principal deputy assistant attorney general for the Civil Rights Division of the Department of Justice, where he supervised a unit that included more than 700 employees - 356 of them attorneys. … Schlozman has been with the Department of Justice since 2001. He is originally from Overland Park, Kan., and graduated with a degree in history from the University of Pennsylvania."

Flynn Begins Work As Western New York US Attorney. The Buffalo News (3/24) reports, "Terrance P. Flynn began work Wednesday as U.S. attorney for Western New York." The News continues, "The U.S. Justice Department said the Buffalo lawyer was sworn in as U.S. attorney this week, after being confirmed by the U.S. Senate. … President Bush nominated Flynn for the job last December, after Michael A. Battle accepted a Washington position as Justice Department liaison with its U.S. attorneys nationwide."

CORPORATE SCANDALS:

Enron Defense Attorneys Attack Former Treasurer's Credibility. The New York Times (3/24, Barrionuevo, Bajaj) reports, "Defense lawyers began an aggressive cross-examination of Enron's former treasurer today in attempt to show the tough tactics used by the government to induce cooperative testimony from a lower-level officer against the failed energy company's onetime top executives." The Times continues, "Trying to sow seeds of doubt in the jury's mind about the damaging testimony that the treasurer, Ben F. Glisan Jr. gave against his former bosses, Jeffrey K. Skilling and Kenneth L. Lay, on Wednesday, a defense lawyer asked him today about his interactions with federal investigators and the time he spent in solitary confinement. The questioning yielded revealing details about how the government conducted its investigation and pursued officials involved in the biggest corporate scandal of the decade so far." The Times adds, "Mr. Glisan presents an interesting challenge for the defense because unlike other witnesses who have been called by the prosecution, he has little incentive to cooperate with the government. Mr. Glisan, 40, does not have a plea deal with prosecutors and is more than halfway through serving a five-year prison sentence after pleading guilty to one count of conspiracy to commit wire fraud. … He is testifying under a grant of immunity from the judge for other crimes he may have committed at Enron, but Mr. Glisan could face obstruction of justice and perjury charges if he lies on the stand."

The Wall Street Journal (3/24, McWilliams, Davis) reports that Glisan had testified that Skilling and Lay "approved accounting manipulations that allowed Enron to increase earnings and hide losses while telling investors its energy businesses were a success. Under cross-examination, Mr. Glisan backed away from some of his characterizations. Mr. Glisan pleaded guilty to an Enron-related conspiracy to commit wire and securities fraud and is serving a five-year prison sentence." The Journal continues, "Wednesday, Mr. Glisan described meetings with the two executives where, he said, they approved the improper use of reserves, misled investors and hid losses. He testified to the use of 'side deals' to insulate an investment partnership run by Andrew Fastow, Enron's former chief financial officer, from losses in its Enron dealings. … Mr. Glisan said when presented with a plan to create an investment vehicle that relied on Enron shares to hedge investments, Mr. Skilling said he wouldn't routinely approve such a vehicle, except that it allowed the company 'to circumvent accounting rules.' Yesterday, Mr. Glisan backed off from the phrase, saying he wasn't testifying to Mr. Skilling's exact words. Mr. Glisan also admitted recommending Mr. Skilling approve the investment vehicles and said he never told the former president or other executives that the hedges would be improper. … 'You lied all day yesterday, didn't you?' asked Daniel Petrocelli, lead defense attorney for Mr. Skilling. Mr. Glisan said that he told Mr. Skilling the investment vehicle didn't transfer economic

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risk, a violation of accounting rules, and that it could draw the scrutiny of the Securities and Exchange Commission. Mr. Petrocelli argued that the investment vehicles were approved by the company's outside auditor, attorneys and others. He suggested that while the two executives made optimistic statements in the summer and fall of 2001, they did so in the best interests of Enron stockholders."

The Washington Post (3/24, D1, Johnson) reports that Glisan "insisted that the company's financial problems were mounting even as (Lay) displayed optimism to the public. … 'What we were telling banks, rating agencies and investors was inconsistent with economic reality,' Glisan said." The Post notes, "Discrediting Glisan…is paramount to the defense case. Prosecutors used Glisan to remind the jury of their central allegations and to corroborate testimony by more personally tainted witnesses, including former finance chief Andrew S. Fastow. While Glisan shifted in his seat, repeatedly sought to clarify statements by Petrocelli and sometimes laughed in frustration during cross-examination, he did not lose his composure. However, he did retreat from some of the language he used to describe Lay's and Skilling's actions."

US Indicts Seven In Bank Of Alamo Probe. The Jackson (TN) Sun (3/24) reports, "A federal investigation into the 2002 failure of the Bank of Alamo has led to the indictments of at least seven people, according to a release from the U.S. Justice Department." The Sun continues, "On Wednesday, a federal grand jury returned indictments accusing them of various charges of conspiracy, money laundering and bank fraud, according to the release." The Sun adds, "Those named in the indictment include: Claude M. Conley, director and chairman of the Bank of Alamo Board of Directors; John Sanders, president and chief executive officer of the bank; Lazaria Saveh, William Saveh and George Eivazzadeh. The indictment says the defendants made 'and caused to be made false and fraudulent statements in the books and records of the bank.' … The indictment said the false statements were made to cover up loans made to William Saveh in excess of the bank's legal lending limit and to conceal from the Federal Deposit Insurance Corp. and state regulators the true financial condition of the Bank of Alamo."

Some Doubt Need For Third Quattrone Trial. The New York Times (3/24, Creswell) reports, "What do John A. Gotti; Cendant's former chief executive, Walter A. Forbes; and Frank P. Quattrone, the former investment banker, all have in common? … As vastly different as those three cases are, they may all be threepeats, with each facing the prospect of a third trial in federal court." The Times continues, "For Mr. Quattrone, that prospect emerged on Monday after a federal appeals court overturned his 2004 conviction on obstruction of justice charges. … The ruling faulted the judge's instructions to the jury, saying that they had failed to adequately require jurors to establish that Mr. Quattrone intended to thwart a government investigation. But the appeals panel did not reject the quality of the evidence presented in the government's case, which could bolster prosecutors' decision to retry Mr. Quattrone. … 'It was thrown out because of flawed jury instructions, so I don't think we'll see the government walk away from this case,' said Robert A. Mintz, a former prosecutor and now a partner at McCarter & English." The Times notes, "But much has changed since the United States attorney's office in Manhattan began its investigation of Mr. Quattrone in 2001. The prosecutors who brought the original case have left for private practice at prestigious Manhattan law firms. By some estimates, the office has already spent thousands of hours and millions of dollars in two trials to reach a guilty verdict against Mr. Quattrone, the son of a Philadelphia garment worker who rose to become the most powerful banker in Silicon Valley during the height of the dot-com boom. … Because of the passage of time — and in the wake of a number of high-profile white-collar convictions in recent years, including Martha Stewart, Bernard J. Ebbers of WorldCom and John J. Rigas of Adelphia Communications — some lawyers wonder whether there is a need to put Mr. Quattrone's feet to the fire once again."

Judge May Set Trial Date For Former Qwest CEO. The Wall Street Journal (3/24, Young) reports, "A U.S. district-court judge in Denver today is expected to set a trial date for Joseph Nacchio, the former Qwest Communications International Inc. chief executive charged with 42 counts of criminal insider trading." The Journal continues, "Judge Edward Nottingham may also rule on defense arguments for dismissal of the charges, which carry a potential prison sentence of 10 years for each count and a financial penalty of more than $100 million. … U.S. Attorney William Leone alleges Mr. Nacchio illegally sold $101 million worth of the Denver-based phone company's stock in 2001 when he knew the company wasn't doing as well as it had led investors to believe. The defense says prosecutors have presented a

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flimsy and flawed case." The Journal adds, "Attempts to have the charges dismissed are commonplace and carry virtually no risk for defendants, and they are rarely entirely successful, say white-collar-crime attorneys not involved in the case. … Herbert Stern, Mr. Nacchio's attorney, says his client had nothing more than vaguely worded, speculative warnings from other executives that the company might not meet financial targets if business didn't improve. That isn't the same as knowing that the company has actually faltered, according to court filings by the defense. The defense also argues that the information Mr. Nacchio had was, by definition, not significant since the prosecution hasn't claimed that it needed to be disclosed to investors."

SEC Probe Leads To Refco Files. The Wall Street Journal (3/24, Mollenkamp, McDonald) reports, "Authorities and some creditors of Refco Inc. want to know more about money the brokerage firm shuttled between some of its business units in the days before it filed for bankrupty protection." The Journal continues, "They may be able to learn some important details from Christopher Sugrue, a New York money manager and past employee of Refco, which imploded just weeks after its August initial public offering when Refco disclosed that its former chief executive, Phillip Bennett, had hidden bad debts." The Journal adds, "U.S. securities regulators have been seeking information regarding such business dealings with Refco. And lawyers working for Refco unsecured creditors have sought information from Mr. Sugrue because of what court filings by those creditors describe as a 'close relationship' between the 35-year-old Long Island native and Refco, where Mr. Sugrue was an executive before he helped launch PlusFunds Group Inc. … After Refco filed for Chapter 11 bankruptcy-court protection Oct. 17, the Securities and Exchange Commission visited PlusFunds' Manhattan offices and asked for a battery of records, according to a report attached to a sworn statement by S. David Peress, a crisis consultant hired by PlusFunds."

Sarbanes Defends Sarbanes-Oxley Law. In remarks to the Consumer Federation of America, Sen. Paul Sarbanes offered a defense of the Sarbanes-Oxley corporate governance law and suggested efforts to roll it back are on shay legal ground. The Wall Street Journal (3/24, Hughes, 2.11M) reports, "Critics have asserted the law was enacted hastily and created too many burdens for companies. … 'It's asserted by some that the law was enacted in haste,' Mr. Sarbanes said. 'I think this is an affront to the hard work and the common sense of the members of Congress who shaped the legislation, moved it through their respective houses and voted for it. We had an extremely thorough, careful set of hearings.'"

CRIMINAL LAW:

Judge Launches Probe Of Ryan Juror Over Questionnaire. The Chicago Tribune (3/24, Gibson, O'Connor, Heinzmann) reports, "A federal judge launched an investigation into a juror in the George Ryan trial Thursday hours after the Tribune reported to court officials that public records appear to show the man had hidden a felony DUI conviction from the court during jury selection." The Tribune continues, "The revelation cast a shadow over the historic prosecution of the former governor, and could potentially lead to a motion for a mistrial or form grounds for the juror's dismissal with deliberations already underway. … Court records matching the suburban juror's name and other identifying information show a conviction for aggravated drunken driving-a felony-while Ryan was secretary of state in 1995." The Tribune adds, "In a sworn questionnaire filled out by potential jurors before the trial's start last September, the juror answered 'no' when asked if he, a close friend or relative had ever been charged or accused of a crime. … State records also show that the driving privileges for a man matching the juror's name had been revoked or suspended on numerous occasions during Ryan's term as secretary of state as well. … On the questionnaire, the juror denied having any 'bad experience' with the secretary of state's office and passed on a chance to discuss anything privately with the judge. … The latest twist in the marathon trial came amid indications of dissension in the jury in its second week of deliberations and as the judge warned jurors to treat one another 'with dignity and respect.'" The Chicago Sun-Times (3/24, Korecki) notes that US District Judge Rebecca Pallmeyer dismissed jurors yesterday afternoon and said that they will return Monday morning to continue deliberations. The Sun-Times adds that earlier yesterday, "Pallmeyer admonished jurors in a letter to treat one another 'with dignity and respect' and to stop breaking off into smaller groups."

The AP (3/34, Robinson) also reports on the incident and adds, "Los Angeles-based jury consultant Phil Anthony, chief executive officer of DecisionQuest Inc., said in a telephone interview Thursday that based on the turmoil of the

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last few days 'I suspect that this jury is not going to reach a decision.' But he said that might be prevented if Pallmeyer took strong action to refocus the jury."

Philadelphia Businessman Pleads Guilty To Bribing Mariano. The AP (3/24) reports Reinaldo Pastrana, "a businessman friend" of City Councilman Rick Mariano, "pleaded guilty Thursday to paying the councilman's health-club dues in exchange for help with a city land deal." Pastrana "did not cooperate in the case against…Mariano, who was convicted last week of 18 of 22 bribery and fraud counts. Pastrana paid $5,400 for Mariano's membership fees, while Mariano helped him acquire a city property for $100,000, far below its appraised value." The Philadelphia Inquirer (3/24, Shiffman, 423K) notes, "Last year, after the FBI investigation became public, the councilman gave the developer a backdated check to make it appear as if he had repaid him, prosecutor Kenya Mann said in a court filing. But, she said, Mariano also told Pastrana not to cash the check because he didn't have enough money in his bank account."

Murder Victim's Mother Testifies At "Mafia Cops" Trial, But Does Not Identify Defendants. Newsday (3/24, DeStefano) reports, "Betty Hydell, the murder victim's mother who helped jump-start the investigation into the so-called 'Mafia Cops,' testified Thursday but did not identify the two defendants as the men with badges who came looking for her son the day he disappeared. Hydell, whose son James went missing in September 1986, also didn't testify about how she had reportedly recognized the face of…Louis Eppolito, some years later on a television talk show," as defense lawyers had expected." But The New York Post (3/24, Haberman, 624K) notes, "Hydell was not asked to identify or whether she recognized" Eppolito or Caracappa," although "she said of the two stakeout cops: 'One was the big one, one was the little one.'" The New York Daily News (3/24, Marzulli, 729K) also reports on Hydell's testimony, under the headline "Testimony Against Mafia Cops A Dud."

Meanwhile, The New York Times (3/24, Feuer, 1.19M) reports that earlier yesterday, Steven Corso, "tax cheat, thief and disgraced accountant," was cross examined by Eppolito lawyer Bruce Cutler, after spending "the last two days…telling jurors that the two detectives moved to Las Vegas in the early 1990's and committed a smattering of federal crimes." Cutler "sought to paint the 50-year-old Mr. Corso as a debauched and profligate government pawn: a man, he said, who left $600,000 in 'unpaid lines of credit at various and sundry casinos.'"

Four In New York Arrested On Fraud Charges In Russian Pipeline Sting. Newsday (3/24, Kessler) reports, "The only thing that was real yesterday was the Republic of Buryatia. Four alleged con men believed they were about to collect $3 billion yesterday from a wealthy Nassau County hedge fund operator for the 'construction' of an oil pipeline through that obscure Siberian region, federal officials said. But the four…ended up being arrested on fraud charges by federal agents on Long Island, in Montana and in Georgia." Newsday notes, "The hedge fund operator was an unidentified Long Island man who had pleaded guilty to securities fraud and worked on sting operations for the FBI and the U.S. Postal Inspection Service to get a lighter sentence, according to court documents."

FBI Sting Leads To Indictment Of Michigan Man On Child Porn Charges. The AP (3/24) reports, "U.S. Attorney Stephen Murphy on Thursday announced child pornography charges against a Flint man and said he was launching a new initiative to crack down on what he said is a growing Internet trade in such images." Alan Sain "was indicted Wednesday on charges that he enticed, coerced and used a child to engage in sexually explicit conduct and produced pictures of the acts. … In an affidavit that accompanied an initial complaint against Sain filed last week, FBI Special Agent Jennie McGlynn Emmons described posting a profile on several Yahoo! interest groups she said were associated with child exploitation. Emmons said Sain contacted her, chatted online with her and sent her child pornography."

The Detroit News (3/24, Egan) reports, "The U.S. attorney's office will seek maximum penalties for all who abuse or exploit children as part of a new initiative announced Thursday to fight child pornography." The News continues, "U.S. Attorney Stephen Murphy said he has assigned seven assistant attorneys, led by Assistant Attorney John O'Brien, to become experts on child exploitation cases. … Murphy's office also will work more closely with other federal, state and local law enforcement agencies and will launch an Internet safety and awareness program in local schools, he said at a news conference in Detroit. … 'If we can't do all we can to protect (children), then we can't do

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much,' Murphy said. 'We intend to put these sick individuals in jail for as long as we possibly can.'"

Former Georgia Scout Leader Sentenced To Probation For Child Porn Possession. The AP (3/24) reports Samuel J. Port of Ball Ground, Georgia, "who served more than five years as a Boy Scout troop leader"was "sentenced Wednesday in federal court to eight years probation and six months of home confinement for possessing dozens of video clips of child pornography, according to a news release from the U.S. Attorney's office in Atlanta. Port came to the attention of the FBI after he brought in his employer-owned computer for maintenance, according to the release. … The FBI did a forensic scan of Port's computer and discovered more than 100 movie clips containing pornography related to young boys."

Four Charged In Nigeria E-Mail Scam. CNET News (3/23, Broache) reports, "A quartet of suspected e-mail scammers--three of them Nigerian citizens--could face scores of years in prison if convicted on fraud and conspiracy charges, the U.S. Justice Department said Thursday." CNET continues, "A grand jury in Brooklyn, N.Y., on Wednesday charged Nnamdi Chizuba Anisiobi, Anthony Friday Ehis, Kesandu Egwuonwu and another unnamed defendant with one count of conspiracy, eight counts of wire fraud and one count of mail fraud. Anisiobi also faces one count of bank fraud." CNET adds, "According to the Justice Department's charges, New York-based victims of the e-mail scams lost more than $1.2 million to the fraudsters. … Their schemes resembled a popular fraud ploy, sometimes called a 419 scam, or an advance-fee scheme, that has dogged the African nation. Their perpetrators typically send letters and e-mails to thousands of victims, offering a large sum of money and attempt to dupe them into paying fees beforehand. The criminals then pocket the cash and shirk their end of the fake bargain."

US To Seek Death Penalty For New York Drug Kingpin. The AP (3/23, Hays) reports, "The murder conspiracy trial of a notorious crack kingpin with ties to the rap music industry was postponed on Thursday after prosecutors told a judge that the Department of Justice wants him and his four co-defendants to face the death penalty." The AP continues, "U.S. District Judge Frederic Bloch rescheduled the trial of Kenneth 'Supreme' McGriff, previously set for April 3, for April 17. He said he would rule by April 10 on the government's death penalty request." The AP adds, "At a hearing in federal court in Brooklyn, defense attorney David Ruhnke called the government's request an 11th-hour 'sham' imposed by a pro-death penalty Justice Department and designed to buy prosecutors more time to prepare their case. He argued that the allegations don't meet the federal standards for a capital case. … Seeking death for defendant Nicole Brown — accused of being a lookout in the 2001 retaliation slaying of a rapper known as E-Money Bags — in particular 'is simply absurd,' he said." The AP notes, "Prosecutor Carolyn Pokorny insisted the request was legitimate, saying, 'It's something that got a really close look in Washington.' … McGriff was founder of the Supreme Team, once one of the city's most violent drug crews. Investigators allege that after he finished serving about nine years for drug conspiracy in 1997 he set about reviving his drug-dealing operation."

Oklahoma Doctor Indicted On Medicare Billing Fraud Charges. The Alva (OK) Review-Courier (3/24) reports Alva Dr. Gregory Glase Pinegar was indicted Thursday on charges of "fraudulently billing Medicare for the administration of significantly more medication than was actually given to his patients. … Dr. Pinegar is a family practice physician operating his own medical offices in Alva, Oklahoma, who served approximately 300 Medicare eligible patients. The indictment focuses on two prescription medications: Procrit and Remicade." The Review-Courier notes, "The case is the result of an investigation conducted by the Office of Inspector General for the U.S. Department of Health and Human Services and the Federal Bureau of Investigation."

Internet Sports Wagering Gaining In Popularity. The Las Vegas Sun (3/24, Benston) reports, "Online, or 'offshore' sports books might seem irrelevant in a town with dozens of sports books and more than 35 on the (Las Vegas) Strip alone. … That couldn't be further from the truth." The Sun continues, "Online sports betting sites aren't just flourishing in the rest of the country, where sports books are illegal everywhere except Nevada. Internet sites have found a hot spot in Nevada and especially in Las Vegas, home to one of the biggest concentration of gamblers and a place where bettors come from all over the world to hone their skills. … No one knows how much of this year's estimated $118 billion in online sports book bets will be made

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by Nevadans. … But experts say it's a large and growing number of people that includes many pros and even more amateurs who follow sports. … Sportingbet, which is headquartered in London and operates its computer servers from the Caribbean island of Antigua, isn't a law-abiding company, according to the Justice Department. Online sports betting also is considered illegal in Nevada, which prevents the transmission and placement of wagers by entities that aren't licensed by the state Gaming Control Board and Nevada Gaming Commission. … The Justice Department says Internet gambling is illegal in the United States based on a law known as the Wire Act. Some legal experts say the law, intended to combat illegal bookmaking by the Mafia in the 1960s, is outdated and doesn't apply to traditional casino games and poker games played online. But they generally agree that sports books are on much shakier legal ground."

FBI Agent Warns NCAA Basketball Players About Gambling. The CBS Evening News (3/23, story 8, 2:30, Schieffer, 7.66M) reported, "The NCAA men's college basketball tournament is down to the so-called Sweet 16 teams," and "by now, many of the teams have gotten the pep talks from their coaches and another talk from the FBI." CBS (Acosta) added, "Before the West Virginia Mountaineers took to practice court, they had a little sit-down with the FBI." Special Agent Tom Metz: "We have a lot of people out there, whether knowingly or not, who want to be your friends. Unfortunately they want to be your friends for the wrong reasons." Acosta: "Special Agent Tom Metz was invited by the NCAA to explain how gambling on sport, especially on their own team, could ruin their lives." Metz: "What we're trying to say the student athlete is they have a lot to lose." Acosta: "West Virginia coach John Beilein welcomed the FBI's visit." Beilein: "I wished they listened to me that attentively at some of our meetings, because our guys were on the edge of their seats." Metz's meeting with the WVU players was posted yesterday on the Web sites of CBS affiliates across the country, such as KDKA-TV Pittsburgh.

Former Insurance Financier Resentenced To Federal Prison. The AP (3/24, Apuzzo) reports, "A federal judge ordered Martin Frankel on Thursday to serve the same sentence he got in 2004 for stealing $200 million from insurance companies — nearly 17 years in a federal prison." The AP continues, "The former financier was ordered resentenced after a Supreme Court ruling last year gave judges more leeway in their use of sentencing guidelines. … During a brief hearing in U.S. District Court, Judge Ellen B. Burns said she saw no reason to alter the sentence. … 'It seemed to me, that was the appropriate sentence to impose,' she said." The AP adds, "Frankel, 51, wearing baggy brown prison scrubs and large glasses, stroked a long gray beard that he grew in prison as Burns reread the 200-month sentence. He spoke only briefly, asking Burns to note that he is at risk in prison. … Burns said she would. Defense attorney William Koch elaborated after court, saying the highly publicized case, which inspired two books, made Frankel 'particularly vulnerable' to physical assaults in prison. … He will be eligible for release in 2015, according to the U.S. Bureau of Prisons. Frankel is serving his sentence at the federal prison in Otisville, N.Y. … Frankel was convicted of taking over and looting insurance companies in Arkansas, Mississippi, Oklahoma, Missouri and Tennessee."

US Files Charges In Penny-Stock Mob Case. The Wall Street Journal (3/24, Bray) reports, "Men the government identifies as members of the reputed Colombo and Luchese organized-crime families were charged with manipulating the market for penny stocks as part of a broader racketeering case in Brooklyn." The Journal continues, "In an indictment unsealed yesterday, the Justice Department's U.S. attorney's office in Brooklyn alleged that at least six of 10 men the Federal Bureau of Investigation arrested on racketeering charges secretly controlled at least 15 branch offices of brokerage firms in the New York City boroughs of Brooklyn, Manhattan and Staten Island, through which the men ran a scheme to artificially inflate the price of the stocks." The Journal adds, "Prosecutors said brokers misrepresented prospects of certain stocks to potential investors in exchange for large commissions. They said the defendants then sold their holdings in those stocks at inflated values, costing investors $20 million."

Pennsylvania Woman Says She Was Held Captive For 10 Years. The New York Times (3/24, Urbina) reports, "A girl who vanished more than 10 years ago was reunited yesterday with her mother in a Pittsburgh suburb two days after confiding to a store owner that she was being held captive, the police said." The woman, Tanya Nicole Kach, now 24, "was 14 when she was reported missing on Feb. 10, 1996, after walking out of her father's house, two miles from where she said she had lived in secrecy. … 'We're investigating this further, but I have to tell you there is still a lot

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we need to figure out,' said Charles Moffatt, superintendent of the Allegheny County Police Department." The Times adds, "Ms. Kach said she had been living against her will with Thomas Hose, 48, a security guard at Cornell Intermediate School in McKeesport, where Ms. Kach was an eighth grader when she was reported missing, Mr. Moffatt said. For the first four years of captivity, she told the police, she was never permitted to leave the two-bedroom house, and Mr. Hose threatened to kill her if she told anyone about her captivity."

USA Today (3/24, Dorell) reports, "Allegheny County Police Superintendent Charles Moffatt said Kach was a runaway and had been living at the home of a security guard from her middle school who held her indoors for four years. He told her she was stupid and unwanted by anyone but him, Kach said. She was just 2 miles from her father's house she had fled in McKeesport, Pa. … Thomas Hose, 48, was suspended from his job Thursday and arrested on charges of statutory sexual assault and involuntary deviate sexual intercourse. His lawyer, James Ecker, said Hose did not hold the girl against her will."

Evidence Of Pellicano's Wiretapping Used In Suit. The New York Times (3/24, Halbfinger, Weiner) reports, "A screenwriter and his lawyer talk on the phone. They are in the heat of legal battle with a big-time producer over the profits from a hit movie. The lawyer says which of their arguments he thinks are strongest and how much he thinks their opponents will agree to pay in a settlement. … Unbeknownst to both of them, Anthony Pellicano is listening in, and taking notes, court filings say." The Times continues, "Mr. Pellicano, the celebrity detective charged with wiretapping and conspiracy in the biggest Hollywood scandal in generations, stands accused of intercepting conversations of scores of unwitting people, many involved in high-profile lawsuits. … But what the federal indictment of Mr. Pellicano failed to spell out was just how he put his wiretaps to use." The Times adds, "Now, the first direct evidence of eavesdropping by Mr. Pellicano has surfaced in newly filed court documents: excerpts of what prosecutors have described as Mr. Pellicano's summaries of conversations he intercepted in 2001 between Vincent Zenga, a screenwriter and producer known as Bo, and his lawyer, Gregory S. Dovel, during their contentious suit against the influential Hollywood executive Brad Grey, now head of Paramount Pictures."

Pentagon Orders Inquiry Into Cunningham Earmarks. Undersecretary of Defense Stephen Carbone has ordered an internal inquiry into how funding earmarked by former Rep. Duke Cunningham resulted in contracts for MZM Inc. to do work for the Pentagon's intelligence agency, the Counterintelligence Field Activity. The Washington Post (3/24, A6, Pincus, 744K) reports that Cunningham pleaded guilty to tax evasion and taking bribes from contractors including the MZM's former president of Mitchell J. Wade, who "pleaded guilty last month to bribery-related charges and to making illegal campaign contributions to Cunningham and other legislators."

Government Raises $94,000 At Auction Of Cunningham Property. The government yesterday auctioned some of Rep. Randy Cunningham's ill-gotten gains yesterday, raising $94,000 to pay for his restitution and back taxes. The story was covered by ABC and NBC late in their newscasts.

ABC World News Tonight (3/23, story 11, 1:30, Vargas, 8.78M) reported, "Here today in California, the government auctioned off the trappings of luxury that caught Representative Randy Cunningham in the worst corruption scandal Congress has ever known. The eight-term Republican is in prison for accepting $2.5 million in bribes and cheating on his taxes." The government "is also selling Cunningham's yacht and multi-million dollar mansion to pay his back taxes and restitution for his crimes. For the buyers, there was a measure of satisfaction, in seeing the treasures of a tainted politician on the auction bloc."

NBC Nightly News (3/23, story 11, 0:30, Brown, 9.87M) reported, "The loot included Persian rugs marble top antique tables, and ornate furniture, much of it given to Cunningham by defense contractors in exchange for steering business their way. At the end of the day, the auction brought in a modest $94,000."

The New York Times (3/24, Broder, 1.19M) reports that the 35 items "brought the government $94,625, about two-thirds of the $150,000 that the military contractors who gave the items to Mr. Cunningham as bribes reportedly paid for them." Proceeds from the auction "will go to the Internal Revenue Service's criminal investigation division and the Federal Bureau of Investigation, two of the agencies that investigated Mr. Cunningham's crimes."

The Los Angeles Times (3/23, Suarez, Perry, 958K) reported on its web site that the auction "drew little response this morning, despite heavy advance publicity. Few among

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the hundreds of people who showed up at the regular IRS auction at a cavernous warehouse in Rancho Dominguez were aware that the infamous politician's belongings were available."

Asian Gang Member Convicted Of 2002 Virginia Slaying. The Washington Post (3/24, B1, Jackman) reports, "An Asian gang member who shot and killed a rival gang member in 2002, then fled to Canada for more than two years, was convicted yesterday of first-degree murder by a Fairfax County jury." The Post continues, "The jury then recommended that Henh Ngo, 22, of Springfield be sentenced to 26 years in prison -- 23 years for murder and three years for using a gun during a felony. Fairfax Circuit Court Judge Jane Marum Roush will sentence Ngo on May 25. Under Virginia law, she may not increase but could decrease the jury's recommended sentence." The Post adds, "Prosecutors told the jury that members of a gang called Asian Young and Dangerous, or AYD, jumped and pummeled two members of the gang Asian Dragon Family, or ADF, at Springfield Mall in mid-December 2002. One of the victims in that case was Ngo, then 19 years old and well-known in the gang community as 'Phi Lu,' or 'Fat Guy,' witnesses testified."

DC Development Firm Executive Indicted In Deepening Corruption Probe. The Washington Times (3/24, McElhatton) reports, "The financial officer for one of the District's most prominent development companies has been indicted on conspiracy and federal tax-evasion charges." The Times continues, "The charges against John E. Brownell, chief financial officer for Douglas Development Corp., come months after federal authorities indicted company President Douglas Jemal and two other executives amid an investigation into corruption in the city's Office of Property Management." The Times adds, "Mr. Brownell's attorney, Barry Coburn, said yesterday his client disputes the indictment, which was filed Tuesday. … 'We are very disappointed that the U.S. Attorney's Office has seen fit to indict Mr. Brownell, and we look forward to the opportunity to vindicate him at trial,' he said. … The 18-page indictment states Mr. Brownell received 'secret payments' from the company president and another individual at the company, identified only as 'Conspirator A.' Mr. Jemal is the company president. … Prosecutors said Mr. Brownell failed to file federal income-tax returns from 1994 to 1998 and that he evaded paying income taxes from 1998 to 2003. … A U.S. Attorney's Office spokesman said yesterday the conspiracy and tax-evasion charges against Mr. Brownell each carry a maximum of five years in prison."

Social Security Card Forgery Seen As Increasing Problem. NBC Nightly News (3/23, story 9, 2:30, Lewis, 9.87M) reported, "This undercover video, shot by agents of the Federal Immigration and Customs Enforcement Service, was used to help convict this man of forging Social Security cards and other government IDs, a practice that often victimizes innocent people, like 2-year-old Tyler Lybbert of Draper, Utah." Someone else "was using a Social Security number identical to Tyler's, part of a mushrooming problem in this country involving the making and selling of phony IDs." Kevin Jeffrey, special agent, Immigration and Customs enforcement: "The document vendors themselves, they just make up random numbers." Lewis: "Special Agent Kevin Jeffrey of Immigration and Customs Enforcement says computers make it easy for the forgers. … He says Los Angeles, with its huge population of illegal immigrants, is the counterfeit document capital of America."

Baltimore, DC Cardinals Lobby Against Maryland Sex Abuse Bills. The Washington Post (3/24, B5, Murphy) reports, "Roman Catholic Church officials are putting a full-court press on Maryland legislators to reject bills that would extend the time allowed for victims of childhood sex abuse to file lawsuits against abusers and their employers." The Post continues, "Cardinal Theodore E. McCarrick of the Washington archdiocese and Cardinal William H. Keeler of the Baltimore archdiocese have gotten involved, expressing opposition to the bills to House Judiciary Committee members directly or through intermediaries. The archdioceses also have hired a prominent Annapolis lobbying firm, Schwartz & Metz, to supplement the efforts of the Maryland Catholic Conference, their regular lobbying arm. … 'Almost everyone on the committee has acknowledged to me that the church has called them or called their ministers about the bill, and they are meeting with every member of the committee, including me,' said Del. Pauline H. Menes (D-Prince George's), the bills' principal sponsor." The Post notes, "Under Maryland law, lawsuits by childhood abuse victims can be filed until the victim is 25. The two bills would significantly ease that restriction. One would let victims file suit until they are 42; the other would open a two-year window during which victims of any age could sue. … Supporters say

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the bills are needed because victims typically do not report the abuse until they are in their thirties or forties. Church officials say it would be hard for defendants to present an adequate defense decades after an alleged incident, and they note that Maryland has no time limit on criminal charges against a child abuser."

CIVIL LAW:

Groups Say School Districts Not Complying With Bush Education Law. The Washington Times (3/24, Price, 90K) reports two national groups "promoting education reform have filed complaints against two California public-school systems, charging that they are violating federal law by not telling parents of children in failing schools about transfer options." The "joint complaints of the Alliance for School Choice and the Coalition on Urban Renewal and Education were filed yesterday against the Los Angeles Unified School District -- California's largest -- and the Compton Unified School District." The groups "say the districts are not complying with terms of the No Child Left Behind Act in that they are forcing many students to remain in low-performing schools for years and are not notifying parents that the federal law gives them the right to transfer their children to better-performing public schools."

Spellings Criticized Over Enforcement Of NCLB. The Wall Street Journal (3/24, A10, 2.11M) says in an editorial that "the California districts singled out in the filing aren't the only ones skirting the law. Similar violations have been reported in Baltimore, Chicago, Detroit, New York and elsewhere. A Government Accountability Office report from 2004 found that some three million children in 5,300 schools nationwide were eligible for choice under NCLB, but only about 1% were exercising the option." But the "reason school districts have been able to get away with this behavior is that no one is holding their feet to the fire. Education Secretary Margaret Spellings has chosen to hand out exemptions or look the other way instead of enforcing the law."

CIVIL RIGHTS:

Texas Youth Commission Seeks DOJ Help In Prison Probes. The Brownsville (TX) Herald (3/24, Pierson) reports, "The Texas Youth Commission has asked the U.S. Department of Justice for help in assessing the way it reports and investigates abuse against youth in state juvenile prisons." The Herald continues, "If TYC does not turn the tide of abuse, the state may face legal action, an American Civil Liberties Un-ion representative told a Texas House committee on Wednesday." The Herald adds, "Dwight Harris, executive director of TYC, asked the Justice Department on Thursday for help, after a months-long investigation by Rio Grande Valley Freedom Newspapers about the seven-year trend of increasing abuse against youth. … Findings published in The Brownsville Herald on Sunday showed that by 2005, three of every 100 youth in the TYC were being abused physically, a seven-fold increase from 1999. Injuries by youth against officers increased 70 percent in five years."

Judge Orders Federal Monitor For Virgin Islands Prison. The St Thomas (VI) Source (3/24, Probasco) reports, "A U.S. district judge found the V.I. government in contempt Thursday and ordered a federal monitor to fix 'constitutional violations' at the Golden Grove prison in St. Croix." The Source continues, "Judge George W. Cannon Jr. said the Virgin Islands was in violation of a 1986 order to resolve unconstitutional medical, sanitation and safety conditions at the prison, where an inmate Tuesday was stabbed to death and five others were injured in a brawl. … In his 32-page order, Cannon wrote, 'the court concludes that there are continuing and ongoing constitutional violations of the rights of individuals held at Golden Grove Adult Correctional Facility and Detention Center, and (the) defendants are in contempt of the court's orders.'" The Source adds, "Attorneys for the U.S. Justice Department asked Cannon to appoint the federal monitor, called a special master, to resolve lingering problems at the prison, calling conditions there 'deplorable.' … V.I. Attorney General Kerry Drue argued that the prison was improving and a special master was not needed."

Title IX Lawsuit Against University Of Colorado Again Rejected By U.S. Judge. The AP (3/24, Banda) reports, "A federal judge rejected a request to revive the lawsuit at the heart of the University of Colorado recruiting scandal, saying Thursday that two women who claimed they were sexually assaulted by athletes had not proven their claim against the school was valid. Attorneys for the women immediately promised an appeal." The claimants alleged the school violated Title IX by "fostering an atmosphere that led to their alleged assaults at a 2001 off-

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campus party." U.S. District Judge Robert Blackburn "tossed out the lawsuit a year ago, and said Thursday the women had not changed his mind after arguing there was new evidence showing coaches and trainers were aware of similar problems before the alleged assaults."

Reporting Sex Harassment At Naval Academy Gains Respect. The Washington Post (3/24, B8, Rivera) reports, "Midshipmen who report sexual harassment at the U.S. Naval Academy are increasingly viewed with respect by other midshipmen, and more students believe the campus provides a positive environment for women, a new survey shows." The Post continues, "Academy officials say the responses represent big leaps forward in how male and female students view academy culture. The results also come as reports of sexual assault at the academy have been increasing, in part because of an effort to encourage victims to report incidents, officials say." The Post adds, "About 3,000 midshipmen -- most of the sophomore, junior and senior classes -- responded to the academy's annual quality of life and values survey in October. Asked whether midshipmen at the Annapolis college who report sexual harassment are respected, resented or neither, 65 percent of women said 'respected.' Just 5 percent said 'resented.' … Two years ago, 66 percent of women checked 'resented' to the same question. … Fifty-six percent of men also said 'respected.' It was the first time in at least the last five surveys, the only data available yesterday, in which the majority of both sexes answered positively."

Fairfax County Officer Will Not Be Charged In Fatal Shooting. The Washington Post (3/24, B5, Jackman) reports, "The Fairfax County police officer who shot an unarmed man to death in January will not be charged with a crime, the county's chief prosecutor announced yesterday, and the man's family angrily responded by claiming that a civilian in the same situation would have been arrested." The Post continues, "From the start, Fairfax police declared that the killing of Salvatore J. Culosi, 37, was an accident and that the SWAT officer who fired had done so unintentionally. Fairfax Commonwealth's Attorney Robert F. Horan Jr. said that when a person fires a gun without malice and unintentionally kills someone, 'they do not commit a crime.' … 'I feel for the family of the victim in this case,' Horan said. 'You have to. But I also feel for the police officer. This is a good police officer. Fine record, almost 17 years. He's as shattered by this as any good police officer should be.'" The Post adds, "The officer is Deval V. Bullock, 40, a longtime member of Fairfax's SWAT team, numerous sources familiar with the case said. … Bernard DiMuro, the Culosi family's attorney, said: 'A pointed gun with a finger on the trigger is not an accident. There is no doubt that had the shooter not been a police officer, he would have been charged criminally, and a jury would have decided the issue.' He said Horan could have charged the officer with second-degree murder or manslaughter. … The Culosis also questioned whether the police could fairly investigate themselves and whether Horan had received a complete investigation. The family sent a letter to the Fairfax Board of Supervisors asking it to review the case, and to review police policies on the use of force and the use of SWAT teams as well."

Gay Marriage Issues Advancing In Courts, Legislatures. While gay rights advocates are pushing the legalization of gay marriage in state courts, gay marriage opponents seeking to ban the unions are gaining ground in state legislatures. USA Today (3/24, Biskupic, 2.31M) reports "The contrasting strategies reflect how judges have begun to show a willingness to expand the rights of same-sex couples at a time when many state lawmakers — and most Americans — are cool to the idea." USA adds, "Several key developments are likely soon. The top state courts in Washington state and New Jersey have heard arguments brought by gay men and lesbians. Either court could open the door to a second state joining Massachusetts in allowing same-sex marriages. … Meanwhile, the Alliance for Marriage and other groups against same-sex marriage hope to win legislative ballot initiatives this year in Alabama, Idaho, South Carolina, South Dakota, Tennessee, Virginia and Wisconsin. The measures would amend state constitutions to ban same-sex marriages."

Lawsuits Challenge Policies Against Same Sex Marriage. A separate story in USA Today (3/24, Biskupic, 2.31M) reports on lawsuits "challenging policies against same-sex marriages. … The lawsuits, sponsored by the American Civil Liberties Union and gay rights groups such as Lambda Legal, utilize carefully selected plaintiffs and locales. They argue that particular state constitutions contain a right to same-sex marriage. The lawsuits were inspired largely by a 2003 ruling by Massachusetts' highest court that led to that state being the first to legalize such unions. … Such lawsuits are awaiting rulings by the top state courts in Washington

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state and New Jersey. Similar lawsuits are making their way through state courts in California, Connecticut, Iowa, Maryland and New York."

American Muslims Getting More Involved In Civil, Political Life. The 9/11 attacks have had what USA Today (3/24, Lawrence, 2.31M) calls "double-edged impact on the political emergence of American Muslims. They are up against more stereotyping and backlash," and at the same time, the attacks "jolted Muslims into realizing that they needed to make themselves known to their neighbors and heard by their government. They are voting, running for office and getting more involved in civic and political life at every level, from PTAs and school boards to town councils and state legislatures." USA adds, "This large-scale entry of Muslims into public life is not only testing the courage of Muslim candidates and the tolerance of voters. It's also prompting politicians to take notice of a community that has growing clout and is open to appeals from both parties."

Abortion Law Could See Shift With Change In "Undue Burden" Standard. Knight Ridder (3/24, Henderson) reports, "The latest high-profile battle in the abortion wars may prove to be a sideshow to a monumental shift in abortion law that could take place this fall." Knight Ridder continues, "South Dakota legislators enacted a sweeping ban on abortion last month that will retest the strength of Roe v. Wade, the landmark 1973 Supreme Court decision that overturned all state laws banning or restricting abortion. Other states are threatening to follow suit as anti-abortion activists flex what they think is new muscle: two new Supreme Court justices who are thought to be less sympathetic to abortion rights." Knight Ridder adds, "Legal experts say the courts almost certainly will strike down South Dakota's ban in short order. But this fall, when the Supreme Court considers the federal ban on late-term abortions, the justices could make it easier for state legislators to pass stringent restrictions on abortion without much fear that the courts might overturn them. … The high court could force those who challenge abortion restrictions to prove that restrictive laws prevent a significant number of women from getting abortions. Currently, the courts bar restrictions if it's plausible that they could impose burdens on women seeking abortions. … Such a ruling would validate many abortion laws that can't now survive court scrutiny, and in some states it would render abortion all but inaccessible to many women. … All this could happen without the court even touching on the core debate over abortion rights."

Montgomery County Police Chief Urges Closing Of Union's Internet Forum. The Washington Post (3/24, Londoño) reports, "Montgomery County Police Chief J. Thomas Manger called on the department's union yesterday to take down an online message board that some police officers have used as a forum for disparaging, and sometimes racist, remarks about colleagues, supervisors, immigrants and other members of the community." The Post continues, "The union said it would not shut down the board, saying that it serves a legitimate purpose and that doing so would curtail officers' right to free speech. … The offensive messages were roundly condemned by county officials and community leaders." The Post adds, "Some of the messages, copies of which were published in The Washington Post yesterday, refer to Latino immigrants as 'beaners.' Others make sexual references to female officers and disparage some officers as 'racists.'"

Women-Led Hedge Fund Hit With Pregnancy-Bias Suit. The Wall Street Journal (3/24, Dugan) reports, "E. Lee Hennessee became one of the most prominent women in the hedge-fund business, building a booming firm counseling rich clients. But how woman-friendly is her firm? … The question was raised by a former employee in a lawsuit filed Wednesday in New York state court against Ms. Hennessee; her husband, Charles Gradante; and their firm, Hennessee Group LLC." The Journal continues, "Leeana Piscopo, a 29-year-old former senior vice president, claims that she was fired in January after revealing she was pregnant. The father: Hennessee's public-relations manager, Alex Smith-Ryland, who is also 29. … The lawsuit was the latest of many pregnancy-related cases against employers. The U.S. Equal Employment Opportunity Commission, along with state and local agencies, last year received 4,449 complaints from employees complaining of bias after pregnancy -- a jump of 31% from 1992. Last year, EEOC reaped $11.6 million in rewards in pregnancy-related cases. One reason, says the agency: Women are increasingly attempting to juggle career and family at the same time that companies are increasing workloads."

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ANTITRUST:

Court Rejects Injunction Against Stolt Antitrust Indictment. The AP (3/24) reports, "Trading of Stolt-Nielsen SA's shares was halted Thursday, after a federal appeals court reversed a lower court injunction blocking the Department of Justice from indicting the chemical transportation company and its officials for alleged antitrust violations." The AP continues, "The injunction stopping the Department of Justice from prosecuting Stolt-Nielsen -- a company that cooperated with the government in criminal antitrust prosecutions in the international carrier industry -- was issued by a District Court judge in January 2005." The AP adds, "That injunction came after a decision by the Department of Justice to kick Stolt-Nielsen out of the government's Corporate Leniency Program for allegedly continuing illegal anticompetitive activity longer than it admitted. … The two-judge panel of the Third Circuit Court of Appeals said that the District Court did not have the authority to enforce an amnesty agreement before an indictment. The appeals court remanded the case back to the lower court and did not address the merits of the company's amnesty defense. … Stolt-Nielsen said it plans to file a petition for a rehearing."

Bayer Makes $19.73 Billion Bid For Schering. The Wall Street Journal (3/24, Whalen, Singer, Esterl) reports, "Bayer AG's friendly bid for fellow German drug maker Schering AG, which tops a hostile bid by Merck KGaA, is aimed at creating a pharmaceutical giant capable of competing with U.S. and European rivals, which have eclipsed Germany's once-mighty drug industry." The Journal continues, "Schering said its executive board backed Bayer's offer, valued at €16.34 billion ($19.73 billion), making it unlikely another bidder will emerge. If approved by Schering's shareholders, the two companies plan to combine their prescription-drug businesses into a new firm called Bayer-Schering Pharmaceuticals with anticipated sales of more than €9 billion a year and headquarters in Berlin. … Bayer-Schering Pharmaceuticals' revenue would exceed that of Schering-Plough Corp. of the U.S., which is unrelated to the German Schering. Bayer also has a large over-the-counter drug business and, including Schering's prescription drug operations, Bayer would become one of the world's biggest drug makers."

The New York Times (3/24, Landler) reports, "Schering, based in Berlin, said it would recommend the offer to its shareholders, an indication that Bayer was likely to complete the takeover unless Merck raised its bid or yet another suitor entered the fray. An executive close to Merck said it would assess the offer before deciding how to respond. … For Bayer, the deal is a striking return to its roots. Bayer has struggled in drugs since the recall of its anticholesterol treatment Baycol over safety concerns in 2001, and it tried fruitlessly a few years ago to find a partner for its troubled pharmaceutical business. … Although health care products now account for less than 40 percent of Bayer's annual revenues, which were about $30.5 billion last year, the Schering acquisition could make health care the largest part of Bayer, with projected sales of $18 billion a year."

The Financial Times (3/24, Saigol, Weismann) reports, "The Bayer/Schering deal will not preclude Merck from returning with a higher offer. Although Merck has not ruled out sweetening its terms, Wilhelm Simson, chairman of Merck's supervisory board, has said the company would first wait to see if other bidders came forward. … Merck had planned to finance its bid through a combination of bank debt, cash, a rights issue, and a €1bn investment from the Merck family and has said it is committed to maintaining its investment-grade rating." The Times notes, "Bayer, which, invented aspirin more than 100 years ago, is headed by Werner Wenning, chief executive. During the past 18 months, it has bought the over-the-counter drugs unit of Roche, the Swiss drugs company, and spun off the bulk of its chemicals operations as a new listed entity called Lanxess. … The group has also placed its hopes in bringing to market new home-made patented drugs, with US regulators giving a potential blockbuster anti-cancer drug the green light late last year."

Dow Jones (3/23, McGrath, Schrimpff) reports, "Bayer said the deal would be funded through liquidity of around EUR3 billion and a credit line provided by Credit Suisse and Citigroup, which would later be refinanced through bank loans and debt. The planned equity capital measures will total EUR4 billion, it added. Further financing would be raised through the sale of plastics units H.C. Starck and Wolff Walsrode units."

DOJ Clears EnergySolutions, Duratek Merger To Proceed. The Salt Lake Tribune (3/24, Fahys) reports, "The US Justice Department has decided

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there are no further antitrust issues to consider in the merger of Salt Lake City-based EnergySolutions with Duratek Inc. Maryland-based Duratek said Thursday that a month-long waiting period mandated by the Hart-Scott-Rodino Act of 1976 -- an antitrust regulation that automatically triggers a 30-day review whenever an investor seeks to acquire either a 15 percent stake, or a stake valued at more than $15 million, in a particular security -- ended this week without any indication the Justice Department wants more time to review the merger, which will create the nation's largest full-service nuclear waste company." Even so, the Tribune notes, the $396 million deal, remains months from approval. "Publicly traded Duratek needs shareholder approval, and a vote has not been scheduled yet, said Diane R. Brown, who leads the company's investor relations."

EU Approves Time Warner-CBS Venture. The AP (3/24) reports, "European Union antitrust regulators cleared the Warner Bros. network's 50-50 joint venture with CBS Corp.'s UPN television network on Thursday, saying there were no competition concerns on the plan for the European market." The AP continues, "The two networks will combine to form a new broadcast network called CW. They decided to join forces after struggling in the U.S. ratings." The AP adds, "The venture was fast-tracked for approval by the EU, meaning it saw no significant antitrust problems and received no complaints from rivals."

Medtronic Patent Dispute Fuels Debate On Guidant Impact. Dow Jones (3/24, Kamp) reports, "Medtronic Inc.'s recent purchase of the rights to certain patents covering stent medical devices could inject the company into the acquisition saga involving rivals Boston Scientific Corp., Guidant Corp. and Abbott Laboratories Inc. … That's because Medtronic believes a key Guidant stent product infringes on those patents, and Guidant's product plays a key role in the company's coming acquisition by Boston Scientific and Abbott. Medtronic and a Citigroup analyst made a case Thursday for the patents' validity." Dow Jones adds, "There is argument, though, about whether the latest patent claims bear watching or simply mix with the chaff in the competitive $5 billion to $6 billion stent business. The sector sees frequent litigation as companies jockey for position, and other analysts who weighed in Thursday suggested the latest Medtronic suit is more of the same. … At issue are stents, tiny tubes that prop open arteries, and Medtronic's purchase in February of patent rights for bare-metal stents from a private Canadian company called Evysio. Medtronic the same month filed in the U.S. District Court for the Northern District of California claiming, among other things, that Guidant's 'Vision' stent violated the patents."

Boston Scientific Makes Antitrust Pledges To EU. Dow Jones (3/24) reports, "Boston Scientific Corp. said late Thursday it has made certain commitments to the European Commission as part of its antitrust review of Boston Scientific's acquisition of Guidant Corp." Dow Jones adds, "The details of the commitments are confidential, Boston Scientific said, but are not material to the deal and will become public when the EC completes its review and announces its decision. … The commitments extend the normal five-week EC review period to up to seven weeks, meaning that the review will finish no later than April 13."

Lucent In Merger Talks With Alcatel. The New York Times (3/24, Sorkin, Belson) reports, "Lucent Technologies, the phone equipment maker that became a symbol of last decade's boom-and-bust cycle in telecommunications, is in negotiations to be acquired by Alcatel of France for about $12.6 billion, people close to the discussions said last night." The Times continues, "The two companies confirmed the talks last night in a statement, saying they were 'engaged in discussions about a potential merger of equals.'" The Times adds, "After several years of mergers on a huge scale among telephone companies — local, long-distance and wireless — a deal for Lucent would be the first big step toward a shakeout among the companies that make the equipment for the phone service providers. … The prospect of a big trans-Atlantic deal comes at a time when foreign takeovers have been political flashpoints in both Washington and Paris. A Dubai company's acquisition of some United States port terminals created an uproar in Congress, while the French government has sought to thwart cross-border takeovers in energy and pharmaceuticals."

The Wall Street Journal (3/24, Berman, Silver, Latour) reports, "A linkup between the two, anticipated since a deal attempt failed five years ago, could help both realize substantial cost savings and likely would kick off a new round of consolidation among the already-pressured companies that supply equipment to phone companies. … Lucent Technologies Chief Executive Patricia Russo would be the chief executive of the combined company, people familiar with the matter said. And the two firms would have equal

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representation of a new board of directors, these people add." The Journal adds, "Given the cultural and logistical challenges, moreover, a merger could prove to be among the more complicated recent couplings in the industry. With protectionist sentiment growing in both the U.S. and Europe, a merger could prove a critical test of cross-border cooperation for the French and U.S. governments. … Consolidation pressure has been growing in the equipment business amid a wave of telecom deals and the emergence of more-efficient technologies. That has limited the amount of money that big phone companies have to spend on equipment. The result has been too many equipment makers chasing a limited amount of business."

Christian Group Backs Off Infringement Case Against Parody Blogger. USA Today (3/24, Swartz) reports, "A Christian group that promotes heterosexuality Thursday quietly dropped its beef against a blogger who poked fun at it." USA continues, "Exodus International initially claimed the altered image of one of its billboards by Justin Watt infringed its copyright. But Exodus is no longer pursuing the matter after Watt stopped using its 'watermark' logo, Exodus President Alan Chambers said." USA adds, "Watt, operator of the Justinsomnia blog, says he exercised free speech when he parodied the Exodus billboard, which says, 'Gay? Unhappy? www.exodus.to.' Wyatt re-created the billboard on his site so it read, 'Straight? Unhappy? www.gay.com.'" USA adds, "(Exodus uses '.to' as its domain suffix because '.com' was not available.)" USA notes, "Watt, 26, a Web developer in Northern California who enlisted the aid of the American Civil Liberties Union and high-powered law firm Fenwick & West, has posted his blog for four years. He posted the parody Sept. 19 because he found Exodus' message "offensive." A lawyer representing Exodus sent Watt a cease-and-desist letter on March 2. … The dust-up has made Watt a cause célbre among bloggers. More than 40 other websites now carry the spoof."

Private Equity Firm Set To Bid On 12 Knight Ridder Newspapers. The Washington Post (3/24, D3, Levingston) reports, "The Yucaipa Cos., a Los Angeles-based private equity investment firm, plans to bid Tuesday for the 12 Knight Ridder Inc. newspapers put up for sale by McClatchy Co." The Post continues, "Yucaipa would not say how much it intends to offer for the papers, including the Philadelphia Inquirer, the San Jose Mercury News and the Akron Beacon Journal." The Post adds, "The papers became available after McClatchy last week bought the Knight Ridder chain of 32 papers and announced it would divest itself of 12 dailies in what it said were slower-growth markets. … Robert Hall, a Yucaipa adviser and former publisher of the Inquirer and Philadelphia Daily News, said the firm would make its bid Tuesday, when preliminary offers are due. He added that, if successful, the private fund would take a long-term approach to its investment, freeing the papers from having to meet the pressures of Wall Street. … Other bidders are possible. Analysts expect Gannett Co., the nation's largest newspaper publisher, to submit offers for at least some of the dailies. Gannett would not comment on its plans but its top executives, speaking in New York yesterday, indicated the company was studying the situation."

WPost Says Maryland Lawmakers, Electric Utility Should Level With Public. An editorial in the Washington Post (3/24, A18, 744K) says that Maryland lawmakers and its electric power industry were "reckless" in the state's "current tumult over residential electricity bills." The Post adds that "both the utility and the lawmakers should level with the public by explaining that sharply higher electric bills -- even if they exact their pain gradually rather than all at once -- are a fact of life for the near term. To pretend otherwise is to ignore the market, and reality."

ENVIRONMENT:

US Charges Utah Refinery With Pollution Violations. The AP (3/24, Hummel) reports, "A Pennsylvania-based metals refinery and two of its managers have been indicted on federal charges of polluting water and conspiring to violate environmental laws, the U.S. Department of Justice said Thursday." The AP continues, "Johnson Matthey Inc. and John David McKelvie, director of gold and silver operations for North America and Europe and former general manager at the West Valley City plant, and Paul Card Greaves, former plant manager, were indicted by a federal grand jury Wednesday night. … They are accused of violating environmental laws by concealing high levels of the chemical element selenium found in waste water from the metals refinery, according to court documents." The AP adds, "Johnson Matthey, based in Wayne, Pa., has a gold and silver refining plant in West Valley City, a suburb of Salt Lake City. … The company is accused of releasing larger amounts of

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selenium than it was allowed by permit into sewers. The indictment alleges that the company exceeded its monthly limit on selenium discharges 12 times between January 2000 and May 2002. … The waste water from the refinery is processed by a treatment plant that empties water into the Jordan River and the Great Salt Lake, which are part of a shorebird reserve where millions of migratory birds stop each year. … 'The defendants are charged with not only illegally discharging contaminated waste water, but also engaging in a concerted effort to cover it up,' Granta Y. Nakayama, an assistant administrator for the Environmental Protection Agency, said in a statement."

Nevada Files Another Suit In Yucca Fight. The AP (3/24, Ritter) reports, "Nevada sued the federal government Wednesday, accusing it of withholding documents that show the planned Yucca Mountain nuclear dump cannot safely hold the nation's radioactive waste." The AP continues, "The complaint, filed in Reno, is the fourth federal lawsuit the state has pending against the plan to bury 77,000 tons of nuclear waste in the Nevada desert, 90 miles northwest of Las Vegas." The AP adds, "The case seeks the release of a draft application prepared by contractors seeking a Nuclear Regulatory Commission license to open the dump. … 'The federal government is required by law to share its important Yucca information with the host state, and we are entitled to such information under the Freedom of Information Act as well,' Nevada Attorney General George Chanos said in a statement. … An Energy Department spokesman in Washington said the agency has made public on the Internet millions of pages about the project, but was under no legal obligation to release the draft application."

GAO Says Yucca Mountain Questions Have Not Been Put To Rest. A GAO report says the Energy Department's reorganization of the Yucca Mountain nuclear waster dump project has yet to put questions about the quality of scientific and engineering work to rest and may create new issues. The AP (3/23, Werner) reported, "Among the problems cited by the GAO was high turnover of project managers. Nine of 17 key management positions have turned over since 2001, the GAO said, and the director of quality assurance was among them. The report also said that despite substantial time and money spent resolving quality assurance issues, the Energy Department has not developed effective management tools to detect and solve problems. The report recommended strengthening quality guidelines and analysis of problems."

EPA Relaxing Some Diesel Emission Standards. The EPA is relaxing some emission standards for diesel cars in an effort to get more the fuel efficient vehicles on the road. The Wall Street Journal (3/24, Meckler, 2.11M) reports, "The EPA said that over time, the new standards will be better for the environment because auto makers that opt for the exemption will be required to engineer their cars to stay clean longer. Diesel manufacturers praised the move, calling it a narrow exception that will give a boost to a promising technology." However, "environmentalists complain that the change allows diesel cars, which produce more pollution than gasoline-powered cars, to spew more smog-causing nitrogen oxide, at least at the beginning. They also argued that the rule change sets a bad precedent by allowing cars that use one particular technology to meet different standards."

Meatpacker Sues USDA Over Mad Cow Testing. A Kansas meatpacker has sued the federal government for refusing to allow it to test for mad cow disease in every animal it slaughters. Creekstone Farms Premium Beef says its Japanese customers want the testing, but the company's lawsuit says the USDA threatened criminal prosecution if the company conducts the tests. The AP (3/23, Quaid) reported, "Private companies certified by the department make screening tests used to detect mad cow disease. The department says it has sole authority over the sale and use of the tests. Department officials say they oppose 100 percent testing because it does not ensure food safety. The disease is difficult to detect in younger animals, which are the source of most beef."

FBI/DEA/ATF/USMS:

In Ongoing Feud, Weld Recounts D'Amato's Expletive-Laced Letter About Mueller. The New York Times (3/24, Chan, Roberts, 1.19M) reports that in the ongoing political feud between former Sen. Alfonse D'Amato and New York gubernatorial candidate, and former Massachusetts governor, William Weld, "Yesterday, Mr. Weld struck back in force, telling how their feud dated at least to a 1996 encounter in which Mr. D'Amato gave him $750,000 in donations for his Senate campaign" and included "an

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expletive-laced warning: that Mr. Weld distance himself from Robert S. Mueller III, who…oversaw a federal fraud investigation of Mr. D'Amato's brother, Armand, in the early 1990's. 'If I ever see that expletive Mueller at an expletive fund-raiser, I'm going to get every expletive dollar of this back out of your hide,' Mr. Weld…quoted Mr. D'Amato as saying." D'Amato "yesterday vigorously denied that the encounter had taken place and said he had not even met Mr. Weld until recently," but "newspaper articles indicate that Mr. D'Amato introduced Mr. Weld at a 1996 Republican fund-raiser."

The New York Daily News (3/24, Saltonstall, 729K) reports on D'Amato's alleged remark about Mueller and notes, "The comment drew a blistering response yesterday from D'Amato, who called Weld's version of events a 'vicious, preposterous story.' 'He must be rather desperate,' D'Amato said." Newsday (3/24, Madore) also reports on the feud and D'Amato's alleged comment about Mueller, under the headline "Weld On D'Amato: There's Bad Blood." The New York Post (3/24, , 624K) notes D'Amato's alleged comment about Mueller at the end of its story on the feud, which focuses on Weld's attack on his opponent in the governor's race, New York Attorney General Eliot Spitzer, comparing Spitzer to Mike Dukakis.

IG Report Finds Meth-Fighting Grants Missing Mark. The AP (3/24, Sherman) reports, "Some states with significant methamphetamine problems have not received their share of federal money because the bulk of a grant program was steered by lawmakers to favored projects in their districts, the Justice Department inspector general said Thursday." The AP continues, "More than $179 million in anti-meth money administered by the department - 84 percent of the grant funds - has been earmarked, as the practice is known, by members of Congress for programs in their states and districts, Inspector General Glenn A. Fine said. … 'As a result of the significant use of congressional earmarks in this program, funding is not always directed to the areas of the country with the most significant meth problem,' Fine said report examining the grant program from 1998 to 2005." The AP adds, "The Bush administration has proposed ending most meth-related earmarks in the budget for 2007. Lawmakers have indicated they are unlikely to go along. … Fine also faulted Justice's Office of Community Oriented Policing Services, or COPS, for its oversight of the program. The audit said there was a lack of coordination between officials in the COPS office, weaknesses in the database used to manage and track grants and insufficient and inconsistent monitoring of recipients of the money." The AP (3/24) includes a sidebar to this story, detailing meth lab seizures by state.

US FARC Indictments Criticized. The UK's Scotsman (3/24) reports the U.S. "has declared judicial war on Colombian rebels, issuing indictments for 50 guerrilla leaders, accusing them of running the world's biggest drug cartel and shipping £14 billion worth of cocaine." The Scotsman adds, "Many believe the U.S. indictment will simply harden guerrilla resolve. 'It is a total closing off of the possibility of negotiations with the FARC,' said Ricardo Vargas of Andean Action, a Bogota-based think tank."

The AP (3/24) reports analysts say the U.S. government's "loudly trumpeted drug indictments against 50 top leaders of Colombia's largest rebel group aren't likely to faze the insurgents…they could even make it harder for Colombia to reach peace. … 'It is a mistake to treat the FARC like a drug cartel because it ignores the fact that the principle goal of the FARC is not to make money from drug-trafficking but to take political power through violence,' said Alfredo Rangel, a respected Colombian military analyst."

32 Charged In Drug Investigation. The Shelbyville (TN) Times-Gazette (3/23) reports federal authorities "charged a total of 32 people, including seven from Shelbyville, with drug trafficking offenses in what is described as a major illicit organization with tentacles stretching from Mexico to Memphis to southern Middle Tennessee. … All were charged with conspiring to distribute five kilograms or more of cocaine and 100 kilograms or more of marijuana from June 2005 through March 2006. … Primary agencies involved in the ongoing investigation include the Drug Enforcement Administration."

Authorities Seek To Seize Tennessee Lottery Winnings Linked To Drug Proceeds. The Memphis Commercial Appeal (3/24) reports, "Rayford Andre Pratcher may have waited too long to spend his $66,666 lottery winnings. Federal authorities who went through a Northeast Memphis apartment last August looking for drugs came up with the check in his name and now argue he must give it up. 'The defendant, One Tennessee Lottery Check #1031779, is traceable to drug proceeds and subject to forfeiture,' Asst. U.S. Atty. Christopher Cotten said in papers filed this week in federal court." The Commercial Appeal

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says during a search, DEA agents found drug residue on the check made out to Pratcher.

Medical Marijuana Battle Heads Back To Court. The AP (3/23, Kravets) reports, "Each time the U.S. Supreme Court has ruled on medical marijuana, the justices have come down against allowing the sick and dying to use the drug to ease their symptoms and possibly prolong life. But the door has never been fully closed." The AP continues, "This week, a federal appeals court in California will hear arguments in the latest round of legal wrangling over the issue. … The case to be argued before the 9th U.S. Circuit Court of Appeals on Monday narrows the matter to the so-called right to life theory: that marijuana should be allowed if it is the only viable option to keep a patient alive or free of excruciating pain.It would apply only to the sickest patients and their suppliers, regardless of whether they live in one of the 11 mostly Western states authorizing medical marijuana. … 'A victory would affect people who are very seriously ill, facing death or great physical suffering,' said Randy Barnett, a Boston University law school professor working on the case." The AP notes, "The case was brought by Angel Raich, a 40-year-old mother of two from Oakland who suffers from scoliosis, a brain tumor, chronic nausea and other ailments. She uses marijuana every couple of hours to ease her pain and bolster a nonexistent appetite. … 'There is no fundamental right to distribute, cultivate or possess marijuana,' Assistant U.S. Attorney Mark Quinlivan, the government's lead medical marijuana attorney, wrote to the appeals court."

City Council Allows Collectives To Grow Marijuana. The San Mateo County (CA) Times (3/23) reports from South San Francisco that the City Council on Wednesday night approved the first Peninsula measure on marijuana that regulates where it can be grown and how people can get it for medicinal use. On a unanimous vote, the council decided to amend the city code on the cultivation of medical marijuana. The new rules outlaw storefront pot clubs but allow patients to collectively grow cannabis at least 500 feet from residential areas."

New Yorkers Said To Support Legalizing Medical Marijuana. In a story titled, "Reefer Relief," the Long Island Press (3/23) reports, "More than 75 percent of New York voters support legalizing weed to help the seriously ill, provided it's under the supervision of a physician who prescribes it, according to a study conducted last year by the Siena Research Institute at Siena College in Loudonville, N.Y. … After the Supreme Court ruled last June that the U.S. Drug Enforcement Agency (DEA) was within its rights to seize marijuana plants grown for medical use in California, there was a chilling effect on states dabbling with prescription pot."

Maryland US Attorney Launches Anti-Gun Crime Program. The Washington Post (3/24, B4, Castaneda) reports, "Maryland U.S. Attorney Rod J. Rosenstein announced yesterday the start of a joint federal-local initiative designed to crack down on gun crimes in Prince George's County, where the vast majority of last year's record number of homicides were committed with firearms." The Post continues, "At a news conference at the U.S. District Courthouse in Greenbelt, Rosenstein said that under the program -- Prince George's EXILE -- federal and Prince George's law enforcement officials will collaborate more closely to identify and investigate violent offenders who use firearms, to crack down on illegal gun traffickers and to use the threat of tough federal sentencing laws to pressure defendants to plead guilty to gun crimes in state court. … Similar programs are in place or have been used in other cites, including Baltimore and Richmond. … 'We have too many criminals walking the streets with guns,' said Rosenstein, flanked by more than a dozen local and federal law enforcement officials. 'Our goal is not just to prosecute gun crimes. Our goal is to deter violent crime.'" The Post notes, "To underscore what Rosenstein called an unprecedented level of cooperation in the local initiative between federal and local authorities, the federal prosecutor was joined at the news conference by Prince George's State's Attorney Glenn F. Ivey, Police Chief Melvin C. High and representatives from the FBI, the Bureau of Alcohol, Tobacco, Firearms and Explosives, the Drug Enforcement Administration, the office of Gov. Robert L. Ehrlich Jr. (R), the state Division of Parole and Probation and other agencies."

Nevada Officials Puzzled By Increase In Youths With Guns. The Las Vegas Sun (3/24, Kihara) reports, "Juvenile justice officials can't seem to explain a recent spike in juveniles arrested on gun-related charges. … In February there were 779 minors charged with gun-related offenses, up from 442 in February 2005, according to the county statistics. … But there's no reason for the 76 percent increase - there hasn't been a corresponding rise in anything that would provide a clear answer. … 'There is no set pattern

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- it's across the board,' said District Judge William Voy, who handles juvenile cases. 'You get kids in gangs, and then you get kids with no gang affiliations whatsoever. It almost seems to be some fascination with guns.'" The Sun adds, "The numbers have taken juvenile justice officials by surprise. They've seen minors arrested for shooting off guns in the air to impress their friends, carrying guns to school to show off or for protection, stealing guns and using guns in burglaries or robberies. … Darnell Couthen, spokesman for the Clark County School District police, said that the minors who are arrested for a gun-related offense span all socio-economic backgrounds and areas, from Cheyenne to Green Valley High School. … The Clark County School District also saw an increase in the number of guns officers confiscated. During the 2003-04 school year, the district confiscated 84 guns, up from 72 the year before."

Marshals Arrest Man Sought On Drug, Weapons Charges. The Lexington Herald-Leader (KY) (3/24) reports, "Authorities arrested this morning a 20-year-old Lexington man who escaped from police in January after they allegedly discovered drugs and weapons in a car he was driving." The Herald-Leader continues, "Lexington police and U.S. marshals surrounded Tiquan Anderson's home on Radcliffe Road, off Russell Cave Road, in hopes of capturing the alleged drug dealer, a news release from the U.S. Marshals Service said. Authorities said they arrested Anderson without incident as he left his home through a back door. … He is charged with trafficking in a controlled substance, and fleeing and evading police, the release said."

IMMIGRATION:

Bush Urges Support For Guest Worker Program, Urges "Civil" Debate. Following a meeting with representatives of various groups interested in immigration reform, President Bush yesterday highlighted his support for a guest worker program as a counterpart to greater border enforcement. Bush also urged that the debate over immigration reform must be done "in a civil way" that "brings dignity to the process." Fox News' Special Report (3/23, Hume) reported that Bush "tried to head off what he fears may be a bitter battle in Congress over immigration reform by inviting interested parties to the White House and calling for the kind of debate that he thinks might produce a bill he can actually sign." Fox (Cameron) added that Bush "surrounded himself at the White House as diverse as the Salvation Army and US Chamber of Commerce. He urged lawmakers to watch their rhetoric and respect people of all backgrounds." The story received no coverage from the network newscasts.

Media coverage of Bush's remarks highlights GOP divisions on the immigration issue and the high degree of acrimony that appears to surround the debate. Some reports also portray the story as facing the upcoming debate from a politically weak position. For example, in a front-page story titled "Bush Is Facing A Difficult Path On Immigration," the New York Times (3/24, Bumiller, 1.19M) reports Bush "has lost control of his own party on the issue, as many Republicans object to his call for a temporary guest-worker program, insisting instead that the focus be on shutting down the flow of illegal immigrants from Mexico. It is not clear how much help he will get from Democrats in an election year. … In short, Mr. Bush is facing another test of his remaining powers as president." Bush "finds himself caught between two of his most important constituencies: business owners and managers on the one hand, conservatives on the other."

Also on its front page, the Washington Post (3/24, A1, Weisman, VandeHei, 744K) analyzes the political dimension of the debate, and says "Bush's effort to secure lawful employment opportunities for illegal immigrants is evolving into an early battle of the 2008 presidential campaign, as his would-be White House successors jockey for position ahead of next week's immigration showdown in the Senate." Senate Majority Leader Bill Frist "is threatening to bring a new immigration bill to the Senate floor early next week. It would tighten control of the nation's borders without creating the guest-worker program the president wants." Meanwhile, Sen. John McCain, "is promoting Bush's call for tougher border security and the guest-worker program as he embraces the president to shore up his standing with Republican leaders." And in the House, Rep. Tom Tancredo "is garnering support for a long-shot presidential bid with his fierce anti-immigration rhetoric." In addition, "after weeks of sitting on the sidelines, Sen. Hillary Rodham…jumped into the immigration debate Wednesday. She declared that Republican efforts to criminalize undocumented workers and their support networks 'would literally criminalize the good Samaritan and probably even Jesus himself.'" The New York Daily News (3/24, Bazinet, McAuliff, 729K) says Bush's call for a "civil" debate was "an apparent swipe at…Clinton. … A White House official said the President was well aware of Clinton's

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biblical broadside when he spoke, but Team Bush didn't want to single her out and give her the spotlight."

Moreover, said CNN's The Situation Room (3/23, Henry), Democrats "are doing everything they can to exploit this divide within the Republican Party" over the guest worker proposal. After the President's remarks, Sen. Edward Kennedy "put out a statement applauding the President, a rare move by Kennedy, applauding him for talking about the guest worker provisions." Kennedy said that "if, in fact, there are no guest worker provisions in the final product, this will be hollow reform."

CNN's The Situation Room (3/23, Blitzer) reported that Bush and Congress "are on the verge of a potentially bitter fight over illegal immigration." The Washington Times (3/24, Hurt, Dinan, 90K) says that "even as President Bush called for a 'civil' debate," a "confrontation was brewing on Capitol Hill with some Republicans saying Mr. Bush must stop demonizing them and Democrats vowing to fight the Senate majority leader's bill." Rep. J.D. Hayworth, "a top voice calling for better enforcement, said while he took Mr. Bush at his word, civility is a 'two-way street' and the White House must stop attacking Republicans who disagree with it. 'If I had any advice for my friends at the White House, I think it would be to really reconsider posturing every disagreement as some sort of new political [or] psychological malady,' Mr. Hayworth said."

The Los Angeles Times (3/24, Gerstenzang, Gaouette, 958K) says "the vitriol on immigration far exceeds the language surrounding other significant but less emotional policy controversies, including changes in tax laws and the prescription drug benefit that has been added to Medicare." Bush is quoted saying, "It's important that we have a serious debate, one that discusses the issues. But I urge members of Congress and I urge people who like to comment on this issue to make sure the rhetoric is in accord with our traditions. … When we conduct this debate, it must be done in a civil way. It must be done in a way that brings dignity to the process. It must be done in a way that doesn't pit one group of people against another."

Meanwhile, CQ (3/23, Crowley) reported "sparring over immigration policy legislation intensified…in anticipation of next week's contentious Senate debate on the issue." Although Congress "remains in recess this week, Judiciary Chairman Arlen Specter, R-Pa., and staffers worked in Washington to hammer out an agreement. 'There's no agreement yet,' a Republican Judiciary Committee aide said. 'Negotiations are continuing.'"

However, the Washington Post (3/24, A18, 744K) editorializes that "the Senate Judiciary Committee, which had been bogged down for several weeks trying to produce an immigration bill, appears to have reached a consensus. The deal doesn't solve all of the problems, but it does at least try to solve the most difficult: the fate of the estimated 12 million people who live in this country illegally." The Post adds, "In its essence, the compromise -- patterned on a proposal by Sens. John McCain (R-Ariz.) and Edward M. Kennedy (D-Mass.) -- allows undocumented workers living here to apply for residency permits, on the condition that they prove they are employed and pay a hefty fine for breaking the law. They would then go to the back of the green card line -- behind those applying legally -- and wait for citizenship. … This is, of course, a very fragile sort of agreement. … Still, a breakthrough is a breakthrough, however fragile, and the senators on the Judiciary Committee, led by Arlen Specter (R-Pa.), are to be commended for reaching it."

Bush's remarks received some local TV coverage across the nation, much of it focusing on his call for civility. For example, KVOA-TV Tucson (3/23) reported "Bush called for a 'civil debate' as the illegal immigration dispute heats-up." WCVB-TV Boston (3/23) reported the President is "pushing for enforcement and a plan that matches willing workers with willing employers. The Senate Majority Leader seems to be side-stepping that plan."

WAGA-TV Atlanta (3/23) reported, Bush and Congress are on the verge of a potentially bitter fight over illegal immigration. Today the President met with leaders in the immigration debate and urged them to tone down the rhetoric. The President wants Congress to create a guest worker program that would offer certain working illegal immigrants temporary legal status but many Republicans refuse to endorse it."

Meanwhile, KENS-TV San Antonio (3/23) reported, "The President's pitch today may also be aimed at muting criticism from Mexico that Mr. Bush hasn't tried hard enough to keep his first-term reform pledges. He'll be meeting outgoing Mexican President Fox in Cancun next week."

Clinton's Comments Spark Commentary. Fox News' Special Report (3/23, Hume) reported that Clinton and many of her fellow Democrats are "dead-set against" a bill that has passed the House and a similar bill in the Senate that "would amount to a crackdown on illegal immigration at the

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border and inside this country. … What the President wants is some of that, but he also wants a guest worker program." Asked whether the President will get what he wants, NPR's Juan Williams said, "I think the President has a good shot here, but the reason is because I think he has is the strong backing of the business community." And referring to Sen. Clinton's statement Wednesday that a provision in the House immigration reform bill "would literally criminalize the Good Samaritan and probably even Jesus himself," Bill O'Reilly said on Fox News' O'Reilly Factor (3/23) that Clinton "is opposing the tough law and favors business as usual. Her website says she wants more cooperation with Mexico, more high tech for Border Patrol agents: The usual gibberish, with all due respect."

Thousands Participate In "Day Without Latinos" March In Milwaukee. The Milwaukee Journal Sentinel (3/24, Johnson, Spice, 266K) reports "a mile-long swath of peaceful protesters marched into" Milwaukee's downtown Thursday in response to the House immigration bill. "Hundreds of students took the day off school; businesses around southeastern Wisconsin closed; and thousands of workers left their jobs in support of the event billed as 'A Day Without Latinos.'" A number of speakers focused on the bill's sponsor, Rep. Jim Sensenbrenner, "for criticism, including Sheila Cochran of the Milwaukee County Labor Council, who called the bill 'wrong-spirited, wrongheaded and just plain wrong.'"

TAX:

Proposed IRS Rule Highlights Vulnerability Of Tax Return Information. The CBS Evening News (3/23, story 7, 2:20, Orr, 7.66M) reported, "Since 1974, tax laws have allowed" tax preparers to "sell your information, but only if you sign one of these, a form giving your permission. That's not a problem for people who intentionally sign the form in an effort to, say, secure a loan or qualify for a mortgage. But critics say shady tax services could trick customers into unwittingly signing away their identities." The issue "is coming to light now because of an IRS effort to improve taxpayer protections. New proposed rules would require permission papers to carry this explicit IRS warning: 'Once your tax return information is disclosed…per your consent…we have no control…' over what happens to the information."

Oregon Taxpayers To Get Refunds As State Services Face Cuts. Oregon's coffers are seeing almost $700 million in unanticipated tax revenue, which under a one-of-a-kind law must be refunded to individual taxpayers and corporations instead of being sent by the state. The Wall Street Journal (3/24, Solomon, 2.11M) reports that "residents and companies that do business in Oregon will receive refunds or credits, even as the state struggles to fill a $172 million funding gap for its human-services division and a $57 million shortfall for public schools in Portland, where as many as 14 schools might be shuttered." The situation is prompting cries from labor unions, school officials and "any residents to end the tax 'kicker' for corporations -- and posing a challenge for [Gov. Ted] Kulongoski, a Democrat up for re-election in November. Mr. Kulongoski, whose approval rating hovers at around 38%, faces a primary challenge from two Democrats, both of whom have called for an end to the corporate kicker."

WSJournal Criticizes Spitzer's Treatment Of H&R Block. An editorial in the Wall Street Journal (3/24, 2.11M) criticizes New York Attorney General Eliot Spitzer's treatment of H&R Block, saying Spitzer "is once again threatening to use his power to ruin a company before it even steps into a courtroom. Not that his accusations appear to have much to do with the law in any event." The Journal adds that Spitzer's "detachment from the struggles of working people is no excuse for launching a political attack on a law-abiding company."

CONGRESS-ADMINISTRATION:

7.2 Million Seniors Have Signed Up For Medicare Drug Benefit. USA Today (3/24, 2.31M) reports, "About 1.9 million elderly and disabled people signed up for the new Medicare drug benefit over the past month, meaning 7.2 million have taken steps to enroll since the program began Jan. 1, the program's chief said Thursday. An additional 20 million people have been enrolled automatically because they participate in other government programs, such as Medicaid, or because they have drug coverage through a former employer." Mark McClellan, administrator for the Centers for Medicare and Medicaid Services, "said the total is expected to continue rising until the May 15 enrollment deadline."

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CQ (3/23, Schuler) reports Health and Human Services Secretary Michael O. Leavitt "said the number of beneficiaries who had signed up individually for the drug plan now totals 7.2 million. 'We are very pleased that more and more people with Medicare are taking advantage of this important benefit. Strong and steady enrollment has continued this month,' Leavitt said."

The AP (3/24, Freking) says "the latest enrollment figures were released as polling showed that older people have mixed views about the program. About 44 percent of those surveyed approve of the new benefit. About 41 percent disapprove and 15 percent are undecided, according to The Pew Research Center for the People and the Press. The margin of error was plus or minus 3 percentage points."

The Wall Street Journal (3/24, Lueck, 2.11M) reports that meanwhile, "congressional Democrats released a report illustrating problems beneficiaries sometimes face when trying to obtain certain medications under the plans. In a survey of the plans available in Rep. Henry Waxman's California district, Democratic staff from the House Committee on Government Reform found that most plans require patients to get prior authorization or try other medications before getting coverage for some commonly prescribed drugs." It also "found that many drug-plan representatives didn't give accurate or full descriptions of the restrictions. It is 'nearly impossible for seniors to learn' the terms of plan restrictions 'until after they have subscribed and been denied drug access,' the report said."

Wealthier Seniors To Pay Larger Share For Doctor Visits. The Washington Times (3/24, Fagan, 90K) reports, "Starting next year, wealthier seniors will have to pay a greater share of the cost of their doctor visits because of a provision in the 2003 Medicare prescription drug legislation." Medicare Part B "covers outpatient services such as doctor visits, physical therapy and X-rays. All seniors who choose the coverage pay 25 percent of their monthly Part B premium, with the government picking up the remaining 75 percent. The seniors' monthly portion was $78.20 last year and rose to $88.50 this year." Beginning next year, "wealthier seniors will have to pay an increasingly higher percent of their Part B premium costs."

Democrats See "Fundamental Constitutional Problem" With Deficit Reduction Bill. The AP (3/24) reports, "House Democrats want President Bush to say whether he knew of what they call a 'fundamental constitutional problem' with the $39 billion deficit reduction package he signed last month." A letter to Bush, signed by House Democratic Leader Nancy Pelosi and Rep. Henry Waxman and "released Thursday, is the latest challenge to a bill that was passed in slightly different forms by the House and Senate before it was sent to Bush." The Democrats wrote, "A bill is not law unless the same version is passed by both the House and the Senate and signed by the president."

Administration Seeks To Revive Domestic Agenda. The Wall Street Journal (3/24, Harwood, 2.11M) reports in its "Washington Wire" column, "Team Bush scrambles to revive domestic agenda. President's acknowledgment of political capital spent on war reflects slipping prospects on other fronts. Senate Finance Chairman Grassley predicts uphill fight for even scaled-down version of expanded health savings accounts." The Journal adds, "A senior Bush adviser sees delay…as best chance for winning immigrant guest-worker program. Both chambers have sidetracked Bush's proposed Medicare savings; extension of dividend and capital-gains tax cuts remains in doubt."

Appeals Court Nominee Asks Bush To Withdraw Nomination. The Washington Post (3/24, A4, News, 744K) reports presidential aide Erin Healy said Henry W. Saad, "one of President Bush's appeals court nominees blocked by Senate Democrats, withdrew his name from consideration." Democrats have "accused Saad, a Michigan appeals court judge, of being hostile to employment-discrimination claims and lawsuits by consumers."

CQ (3/23, Perine) reports, "Michigan's two Democratic senators, Carl Levin and Debbie Stabenow, objected to Saad's nomination, as well as those of three other nominees to the 6th Circuit, because Republicans blocked two of President Bill Clinton's nominees to that court." Saad "contributed to his own problems in 2003, when he sent an e-mail message to Stabenow that criticized her for blocking his nomination. He later apologized and said he had not meant for the senator to receive the e-mail."

Bush Presented Volunteer Service Award In West Virginia. The Wheeling News Register (3/23) reported that upon landing at Wheeling-Ohio County Airport in West Virginia Wednesday, President Bush presented the President's Volunteer Service Award to Kristen Holloway of

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Pittsburgh, Pa. Holloway "is the founder and president of Operation Troop Appreciation, a non-profit organization dedicated to supporting deployed troops fighting the War on Terrorism in Iraq, Afghanistan, Kuwait, and Africa."

Bush Has Gone 1,889 Days Without Vetoing Legislation. CNN's The Situation Room (3/23, Blitzer) reported that President Bush has "now gone 1,889 days in office without using his veto power. He's surpassed President James Monroe's vetoless streak by a single day, and he may be going for Thomas Jefferson's record. The third president of the United States never vetoed legislation during his entire two terms. President Bush has had a GOP-led House and Senate for most of his five-plus years in office. That helps account for the fact that he signed all 1,091 bills sent to his desk."

Head Of Pension Agency To Step Down. USA Today (3/24, Kirchhoff, 2.31M) reports, "The head of the federal agency that insures the private pensions of 44 million Americans said Thursday he would step down on May 31, forcing the White House to find a new leader amid a rash of pension plan insolvencies." Bradley Belt, executive director of the Pension Benefit Guaranty Corp. for the past two years," announced his resignation in a letter to President Bush. He did not indicate what he planned to do after leaving the agency, and PBGC staff said they could not elaborate."

The Wall Street Journal (3/24, Schroeder, 2.11M) says the resignation comes "amid continuing turmoil in the traditional retirement-benefit system." Belt, "a former senior staff member at the Senate Banking Committee and the Securities and Exchange Commission, has been at odds with administration officials on the PBGC's board over his desire to take a larger role in the pension debate, according to people with knowledge of the situation. The board includes the secretaries of Treasury, Commerce and Labor, who have been taking the lead in pressing the administration's pension proposals." CQ (3/23) says Belt announced his departure "as House and Senate lawmakers are negotiating a final version of pension overhaul legislation (HR 2830). Aimed at forcing companies to better fund their pension plans, the legislation would increase funding requirements for pension plans and adjust the way companies evaluate their plan liabilities."

Pension Reform Bill Seen As Undermining Goal Of Strengthening Funds. The Financial Times (3/24, Cohen) reports employers will "be able to slash their contributions to underfunded pension schemes by tens of billions of dollars over the next five years under proposed legislation before Congress that was expected to have the opposite effect." The legislation was "proposed by the White House last year to lessen the risk of a taxpayer bailout of the Pension Benefit Guaranty Corporation, a federal safety net for pension schemes." But an analysis "prepared this week by the Joint Committee on Taxation" shows "The Pension Security and Transparency Act of 2005 would bring at least $10bn in additional tax revenue as employers reduce pension contributions on which they would have been eligible for tax relief."

OPM Director Considering Pay Changes For IGs, ALJs. The Washington Post (3/24, D4, Barr, 744K) reports in its "Federal Diary" column that Linda Springer, director of the OPM, has been presented with options on how to address pay inequities faced by some IGs. Springer said efforts are also underway to "rethink the pay rules for administrative law judges," and she expects "to be sorting out compensation proposals for both groups in coming weeks. At issue is a Bush administration principle that job performance should be a factor in setting pay for government employees and whether that principle can be applied to IGs and ALJs without damaging or weakening their independence." Springer said revamping pay practices for both groups "will probably require congressional approval, Springer said."

First Lady Urged To Persuade Bush To Make Changes In His Administration. In the Washington Post (3/24, C1, 744K) Sally Quinn writes a letter to First Lady Laura Bush in which she urges her to tell the President "the truth." Quinn writes, "With three years to go in this presidency, something has to change. You've always been there when he needed you. You got him to stop drinking. You campaigned hard for him at the end of the first campaign. Your own poll numbers are off the charts. You need to persuade him to make changes, and to do it in a way that the people believe he means it. Remember, it's your legacy, too."

Document Details Cheney Travel Needs. The New York Times (3/24, Bumiller, 1.19M) reports the Smoking Gun Website yesterday posted a document titled "Vice Presidential Downtime Requirements" that was "and confirmed as authentic by Mr. Cheney's office. The document listed 13 requirements. Among them were these:

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All televisions sets in Mr. Cheney's hotel suite should be tuned to Fox News, all lights should be on, and the thermostat set at 68 degrees."

CNN's The Situation Room (3/23, Blitzer) reported that Cheney's office "had some very specific requests of the advance team, particularly when it comes to the setup of the Vice President's hotel rooms." CNN (Tatton) added, "Diet Sprite and Fox News. Those are two of the requirements, according to this document posted on The Smoking Gun."

The Washington Post (3/24, Argetsinger, Roberts, 744K) reports in its "Reliable Source" column that the document includes "No over-the-top demands, just a few specific requests." The Post adds, "And, if the hotel wants to leave a gift in the suite, the bills should be unmarked . . . kidding! Seriously, though, the advance team needs to know about any hotel gift for the vice president."

Republicans Angry, Ambivalent About Party's Performance In Congress. According to Knight Ridder (3/23, Thomma, Kuhnhenn) that many Republicans are angry and ambivalent about their party's job performance as Washington's majority party. Knight Ridder notes, "If enough disgruntled Republicans sit out the midterm elections - when voter turnout typically is low and victory goes to the party whose base is most passionate - Republican incumbents could lose in close contests." Democrats "need to gain only 15 of 435 seats to take control of the U.S. House of Representatives, and six of the 33 that are up this year to take the 100-member Senate. And if they win either house of Congress, President Bush will become the lamest of lame ducks for his final two years in power."

Congress Putting Ethics Reform Proposals On Back Burner. The Christian Science Monitor (3/24, Chaddock, 61K) reports the "prospects for robust ethics reform in the 109th Congress are dimming, even as the criminal probes that prompted it are intensifying. It's a political calculation that could cost lawmakers in this fall's elections, if they misread the degree to which voters care about bribery inside the Beltway." As recently "as January, lobby reform bills were top priorities in both the House and Senate, but now are encountering strong resistance. In the Senate, Republican leaders pulled the lobby bill off the floor over an unrelated amendment on the Dubai ports deal. In the House, GOP leaders are split over how aggressively to restrict lawmaker travel paid for by private entities."

Attorneys For Former Lobbyists Question Espionage Act. The Washington Post (3/24, A6, Pincus, 744K) reports the Federal judge "presiding over the prosecution of two former lobbyists has focused attention on the imprecise nature of the law they are charged with breaking, the 1917 Espionage Act that restricts the dissemination of national defense information that could harm U.S. interests." Today, "attorneys for the former lobbyists, Steve Rosen and Keith Weissman, will argue for dismissal of the indictment based in part on the claim that the Espionage Act was meant to cover spying, not the possession of leaked classified information, particularly leaked information possessed and transmitted by people who are not government employees."

Washington Said To Be Awash With Quasi-Apocalyptic Warnings. The Washington Post (3/24, A2, Milbank, 744K) reports Washington "was about one horseman short of an apocalypse yesterday," noting there were congressional hearings on avian flu, a National Press Club news conference on mad cow disease, and a National Economists Club meeting on global warming. The Post adds, "Have a nice doomsday? Possibly. When President Bush went to Cleveland on Monday, a questioner asked him about a claim 'that members of your administration have reached out to prophetic Christians who see the war in Iraq and the rise of terrorism as signs of the apocalypse. Do you believe this, that the war in Iraq and the rise of terrorism are signs of the apocalypse?'" Bush said, "I haven't really thought of it that way. The first I've heard of that, by the way." The Post adds, "But maybe not the last, if yesterday's collection of end-of-days warnings was any indication."

Krugman Says Snow Should Stop "Repeating Administration Talking Points." Paul Krugman's column in the New York Times (3/24, 1.19M) today is a letter to Treasury Secretary John Snow in which the columnist says, "I'm glad that you've started talking about income inequality, which in recent years has reached levels not seen since before World War II. But if you want to be credible on the subject, you need to make some changes in your approach. … Of course, my suggestions about how to improve your credibility would force you to stop repeating administration talking points. But you're the secretary of the Treasury. Your job is to make economic policy, not to spout propaganda. Oh, wait."

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Robinson Expresses "Pity" For Allen. Eugene Robinson writes in the Washington Post (3/24, A19, 744K), "Would it be fair to cheer [Claude] Allen's downfall just because he held a highly visible post in an administration that is reviled by most African Americans? No, but there's more: He made his name in black conservative circles by serving as a top aide to Jesse Helms, the old buzzard from North Carolina. … So, yes, when Allen was arrested on felony theft charges, my first reaction was smug satisfaction. But then I told myself: Don't hate. The proper reaction is pity, on every level."

OTHER NEWS:

Sales Of Existing Homes Unexpectedly High. ABC World News Tonight (3/23, story 8, :20, Vargas, 8.78M) reported, "There's a report today that shows new strength in the housing market. Sales of existing homes surged an unexpected 5.2% last month, the biggest gain in two years." USA Today (3/24, Knox, 2.31M) reports "buyers took advantage of warm weather and kicked off the spring home-shopping season early, the National Association of Realtors said Thursday. March, typically a strong month, is also looking good in many regions, boosting the case for a soft landing rather than a sudden plunge." The New York Times (3/24, Bajaj, 1.19M) reports the story under the headline "Defying Trend, An Upturn In Home Sales," and says "analysts, who had expected sales to fall to a pace of 6.5 million, cautioned that the increase could not yet be considered a turning point. Several other real estate gauges, including mortgage applications, interest rates and pending home sales, have indicated that sales are slowing." The Wall Street Journal (3/24, Dunham, 2.11M) runs a similar story.

Stock Markets Close Lower. NBC Nightly News (3/23, story 10, 0:10, Brown, 9.87M) reported, "On Wall Street today stocks finished lower. The Dow lost more than 47 points [to close at 11,270.29]. The NASDAQ was down just over 3 points [to close at 2,300.15]." The Wall Street Journal (3/24, Patterson, 2.11M) reports the Standard & Poor's 500-stock index slid 3.37 to 1301.67. The New York Times (3/24, News, 1.19M) says stocks fell "after oil prices jumped and an increase in home sales added to concern that the Federal Reserve might keep lifting interest rates."

Bernanke Says Reduced Foreign Investment, Lower Dollar Not Worrisome. Bloomberg (3/24, Lanman) reports Federal Reserve Chairman Ben S. Bernanke "said a possible decline in the dollar because of less foreign investment wouldn't have a 'worrisome' effect on the U.S. economy." In a March 21 letter to Rep. Harold Ford, Bernanke said it "isn't clear that faster economic growth in emerging markets would cause investors to shift capital to those countries and away from the US. Should that happen, 'it might be associated with a decline in the value of the dollar and a narrowing of the US trade deficit.'"

DC Judges Form Rock Band. The Washington Post (3/24, B1, Cauvin) reports, "Stoic stewards of the Constitution by day in D.C. Superior Court, they are by night (or weekend, or whenever they feel the urge) Deaf Dog and the Indictments -- a guitar-heavy group of seven music-loving judges, anchored by the lone civilian among them, a ponytailed shrink on drums." The Post continues, "Strutting onto the stage Saturday afternoon in Blues Brothers-black, Dawgg (aka Judge William Jackson) and the rest of the Indictments had more space than they needed -- 100 or so people were spread out in an auditorium built for lots more." The Post adds, "All they had were a couple of songs and a curious name, hatched in an early rehearsal, when a few of the musicians thought they had found a real fan -- Canan's German shepherd, Chapin, who was never put off by the racket that chased everyone else away. Canan had to break it to his brethren that Chapin was deaf. But he didn't doubt her devotion, and so was born the name, Deaf Dog and the Indictments. … Maybe it was the pangs of middle and not-so-middle age sounding a call to their inner youth. Or perhaps they wanted a break from all the pain and conflict they see in court: the murder cases Canan tried as a judge in criminal court, the dysfunctional lives that Jackson saw as head of the domestic violence courts or just the indignity of having a deranged defendant hurl a trash can into your head, as happened to John Campbell when he was assigned to a criminal court. … Whatever it was, the band lived to play again, starting at D.C. Superior Court, where it was the surprise entertainment for the employee awards ceremony last fall."

Democratic Strategists Believe Conditions Are Perfect For Female Candidates. Democratic strategists believe conditions are "perfect" for female Democratic candidates this year. Democratic women are running campaigns in almost half of the 24 most competitive House races. The New York Times (3/24, Toner,

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1.19M) reports that Republicans "dismiss this theory." The Times adds, "By the time it is over, this midterm election may offer some hints on the kind of climate that awaits Senator Hillary Rodham Clinton of New York if she runs for president in 2008."

Minimum Wage Could Be Election Issue. The Wall Street Journal (3/24, Harwood, 2.11M) reports in its "Washington Wire" column, "Minimum wage emerges as election-year flashpoint. Treasury Secretary Snow's remarks on income inequality fuel debate. … Commerce Secretary Gutierrez also signals openness to an increase if Congress pursues the issue 'thoughtfully...and not emotionally.' … Strategist Carville advises Democrats to block pay raise for Congress until average worker's wages rise."

Rendell, Swann Even In Pennsylvania Governor's Race. Pennsylvania's Democratic Gov. Ed Rendell is running even with Republican Challenger, former Pittsburgh Steeler Lynn Swann, according to recent polls. The Washington Times (3/24, Lambro, 90K) reports that Rendell "was expected to have little trouble winning another four years in office, until the charismatic Football Hall of Fame wide receiver and ABC Sports commentator entered the contest in January, sweeping his rivals from the race for the GOP nomination and making the former Philadelphia mayor and national Democratic chairman look suddenly vulnerable." Rendell "has seen his voter-approval scores fall below 50 percent, after his disastrous signing of a legislator pay-raise bill last year that triggered protests from voters and was later rescinded."

Study Examines Effects Of Prayer When Used In Conjunction With Medicine. A front page story in the Washington Post (3/24, A1, Stein, 744K) reports that prayer "is the most common complement to mainstream medicine, far outpacing acupuncture, herbs, vitamins and other alternative remedies. … The outpouring of spiritual healing has inspired a small group of researchers to attempt to use the tools of modern science to test the power of prayer to cure others. The results have been mixed and highly controversial. Skeptics say the work is a deeply flawed and misguided waste of money that irresponsibly attempts to validate the supernatural with science. And some believers say it is pointless to try to divine the workings of God with experiments devised by mortals."

AEI Scholar Says US Poor Are Doing Better. Douglas Besharov, the Jacobs scholar in social welfare studies at the American Enterprise Institute, writes in the Wall Street Journal (3/24, 2.11M), "Each year the Census Bureau calculates the nation's poverty rate, based on the number of people with incomes below the official poverty line, about $20,000 for a family of four in 2004. Since last year's poverty rate of 12.7% was essentially equal to the 1968 rate of 12.8%, it seems that little progress has been made. But many analysts -- on the right and the left -- have pointed out that, by many other measures, poor people's physical and material well-being is considerably better now than in the late '60s. How else to explain why so many poor now have color TV (93%) and air conditioning (50%), and own their own homes (46%)?" Besharov adds that while "about 15 million people are below the poverty line and millions more just above it," millions of low income Americans "are living better lives than they did before."

Isolationists Said To Still Be Minority In US. In a New York Times op-ed (3/24), pollster Andrew Kohut says "recent opinion surveys affirm that isolationist sentiment has increased in recent years," but while "these trends represent significant shifts in attitudes, it would be a mistake to conclude that this country is becoming isolationist. There is no sign that most Americans want the United States to turn its back on the world or that anti-foreign sentiment in this country is rising. Discontent with Mr. Bush's policies, notably on Iraq, has led to widespread public frustration. And while it has also created more isolationists, they remain a minority."

Rice Warns Security Council Holdouts There "Can't Be Any Stalling" On Iran. The AP (3/24, Gearan) reports, "Secretary of State Condoleezza Rice issued a veiled warning Thursday to holdouts in a diplomatic impasse at the United Nations over Iran's disputed nuclear program. 'There can't be any stalling,' Rice said in response to a question about U.S. efforts to get Russia and China to sign on to a strongly worded rebuke to Tehran." Russia and China "have refused to back a UN Security Council statement proposed by Britain, France and the United States demanding Iran suspend uranium enrichment."

US Officials Worried Iran Closer Than Believed To Nuclear Weapons. Knight Ridder (3/24, Landay, Strobel) reports, "US officials are concerned that Iran may be closer than they previously believed to mastering the process for

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producing fuel for a nuclear weapon. Their unease stems from a recent briefing at which UN International Atomic Energy Agency experts reported that Iran was close to operating a test network of 164 machines, called centrifuges, that spin uranium hexafluoride gas into enriched uranium, US officials and a foreign diplomat said." Knight Ridder adds, "Depending on its duration, the process produces low enriched uranium for power plants and highly enriched uranium for nuclear weapons."

US Ambassador Accuses Iran Of Interfering In Iraq. The Washington Post (3/24, Finer, Knickermeyer, 744K) reports an interview with US Ambassador Zalmay Khalilzad in which he said "Iran is publicly professing its support for Iraq's stalemated political process while its military and intelligence services back outlawed militias and insurgent groups." He went to say, "Iranian agents train and arm Shiite Muslim militias such as the Mahdi Army, linked to one of Iraq's most powerful clerics…and also work closely with Sunni Arab-led insurgent forces including Ansar al-Sunna, blamed for dozens of deadly attacks on Iraqi and American soldiers and Shiite civilians." The Post says Khalilzad's "accusations" were made "as the United States and Iran -- two feuding foreign powers with dominant roles in Iraqi affairs -- have expressed willingness to hold talks aimed at stabilizing the beleaguered country."

Olmert Demands Loyalty On Separation Plan Ahead Of Election. The AP (3/23, Federman) reported Acting Israeli Prime Minister Ehud Olmert "sent his strongest signal yet that hard-line parties won't be welcome in the next government if his party wins next week's election." Olmert's remarks indicated "coalition partners must be on board with his plan to withdraw from most of the West Bank." The AP says hard-line Kadima opponents "say the go-it-alone approach, which would involve uprooting dozens of Jewish settlements in the West Bank, amounts to a surrender to Palestinian violence." The AP says, "It appears increasingly likely that [Olmert[will join forces with the dovish Labor and Meretz parties, while leaving the hawkish parties, including Likud, in the opposition."

The Financial Times (3/24, Morris) reports on jockeying for the Finance Minister post. Although Olmert "has declared his intention to keep the treasury for one of his own," a strong showing by Labor "could put pressure on Mr Olmert to surrender the treasury to Amir Peretz, its leader."

Asian Governments Intensifying Watch For North Korean Counterfeit $100 Bills. Governments around Asia are stepping up surveillance for high-quality counterfeit American 4100 bills, which the US alleges are made by North Korea. The Washington Post (3/24, D5, Fairclough, 744K) reports, "The fake $100 bills," dubbed "supernotes," have "turned up in the United States, Philippines, Taiwan and elsewhere over the past two years."

North Korea Condemns US-South Korea Drills. Upcoming joint US-south Korean military exercises will be met with an unspecified "strong measure of self defense," North Korea warned yesterday. The AP (3/24, Kim) reports that North Korea condemned the drill "as saber-rattling for a pre-emptive nuclear attack on the North." In a statement carried on the North's Korean Central News Agency, North Korea's Foreign Ministry said, "Now that the US intention to stifle the DPRK has become very clear, the DPRK will react to it with a strong measure for self-defense." The North "has long claimed the US is bent on invading the country, condemning the annual military drill as a 'rehearsal' for an attack."

Rumsfeld Says US Should Maintain Wartime Command In South Korea. Defense Secretary Donald Rumsfeld said yesterday that the US must retain command of South Korea's military unit until the South's forces are strong enough to maintain stability on the peninsula. The AP (3/24, Mann) reports, "In a Pentagon news briefing, Rumsfeld said South Korea has brought up the idea, and 'everyone agrees that 55 years after the war, it's reasonable that the South Korean forces would increasingly take on more and more responsibility.' Asked whether he thought the change in command structure could start this year, Rumsfeld replied: 'No, no, I don't at all.'"

Senators More Optimistic About US-China Trade Relations. USA Today (3/24, MacLeod, 2.31M) reports, "The US senators pushing a bill to punish Chinese currency policies said Thursday they were more optimistic Beijing will revalue the yuan. But they refused to rule out pushing for a vote after they return to Washington to impose tariffs on all Chinese imports into the USA." Sen. Chuck Schumer said, "The jury is still out. … We still need some concrete signs of movement." He also said "there is a real possibility the Chinese government and people see it in their interest to let the yuan float." However, "he got no firm indication of when the currency would be allowed to fluctuate

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on global markets." Sen. Lindsey Graham said, "The clock is ticking on this currency issue."

The Wall Street Journal (3/24, Dean, 2.11M) headlines its story "US Senators Offer Hope To China On Tariffs," and reports the senators "said they are more optimistic about US-China trade relations after a trip to China's capital." But "the lawmakers stopped short of a commitment to put off a vote on their legislation, scheduled for next week." The Washington Post (3/24, D5, Goodman, 744K) runs a similar report, titled "Senators Hopeful Of Compromise On Yuan," and quotes Schumer saying, "We're feeling better." The Christian Science Monitor (3/24, Marquand, 61K) also reports on the senators' trip, under the headline "On China Visit, US Senators Tone Down Tariff Talk."

Journalist Says China Harvests Inmate Organs For Domestic, Foreign Sale. The Washington Times (3/24, Gertz, 90K) reports, "A Chinese journalist has uncovered a secret detention center in northern China that is being used by a hospital to harvest human organs for sale to domestic and international buyers." Jin Zhong, "a pseudonym for the journalist who fled China recently," also said in an interview that "a failed Chinese intelligence operation led to the 2004 death of a Japanese diplomat who committed suicide rather than give up secrets."

Chinese Official Casts Doubt On Whether Jailed NYTimes Researcher Will Be Released. The New York Times (3/24, Yardley, 1.19M) reports, "The United States on Thursday continued to press China about the status of a jailed researcher for The New York Times, but the uncertainty about his fate deepened as a Chinese government spokesman appeared to cast doubt on whether he would soon be released." The case against Zhao Yan, "a Chinese researcher in the Beijing bureau of The Times, was withdrawn last Friday by a court order." But "the Chinese authorities have since remained silent about the status of Mr. Zhao, and he is still behind bars. Asked on Thursday afternoon about the case, the Foreign Ministry spokesman, Qin Gang, criticized foreign news organizations for making 'irresponsible statements,' and he then offered a cryptic response. … 'From what I have learned, the actual situation is not like what you are talking about.'" In an editorial, the New York Times (3/24, 1.19M) says "it should be clear to the Chinese authorities that American leaders and the international news media are not going to forget this case. Mr. Zhao's plight should remain on the agenda for President Hu Jintao's first official visit to Washington next month."

Japan Suspends Loans To China. The Financial Times (3/24, Pilling) reports, "Japan has suspended decisions on new yen loans to China, blaming its increasingly strained ties with its biggest trading partner and former wartime adversary." The move, although "largely symbolic, marks a fresh low in relations between Asia's two biggest powers, which have been dogged by disputes over territory and natural resources." The Times adds, "Ties have worsened in recent years because of annual visits by Junichiro Koizumi, Japan's prime minister, to Tokyo's Yasukuni shrine, where 14 war criminals are honoured alongside millions of war dead." The Washington Times/AP (3/24, Inagaki) says "criticism is mounting in Japan that China's booming economy no longer needs the handouts."

Meanwhile, the Washington Post (3/24, A12, Faiola, 744K) reports that "with Japan seeking to shed a half-century of pacifism and reassert itself in world affairs, and China acquiring vastly larger economic and military might, relations between the two are as tense as they have been at any time since World War II." The Post adds, "Nowhere is their contest more visible than here in Taiwan, which China regards as a renegade province that must be reunified with the mainland, by force if necessary. In recent months, Japan has made a series of unprecedented overtures toward Taiwan, which was a Japanese colony from 1895 to 1945. In Tokyo, leading politicians are increasingly adopting the view that Japan must come to the island's aid in the event of Chinese aggression."

More Commentary On China. Jaushieh Joseph Wu, the Minister of Mainland Affairs in the Council of Taiwan, writes in the Washington Times (3/24, 90K), "During his visit to Japan in November 2005, President George W. Bush said that by embracing freedom at all levels, Taiwan has delivered prosperity to its people and created a free and democratic society. For Taiwanese who lived through the four decades of authoritarianism and martial law under the Chinese Nationalist Party (KMT), Mr. Bush's words were no less an official recognition of what Taiwan has fought hard to achieve over the past few decades." Bush's "comments late last year were an encouragement to Taiwan. Taiwan is now refining its democracy, the better to be a beacon for democracy activists in China to follow, and in this endeavor Taiwan deserves US support."

US Freezes Assets Of Some Lebanese Media Companies. The AP (3/24, Aversa) reports, "The Bush administration moved Thursday to freeze the

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assets of several Lebanese media outlets, alleging that they helped raised money and recruits for Hezbollah's terrorist network." The Treasury Department's action "is against al Manar, a satellite TV operator, al Nour Radio and their parent company, the Lebanese Media Group. Any assets found in the United States belonging to these three outlets will be frozen and Americans are forbidden from doing business with them." The department alleges that "al Manar and al Nour Radio are the 'media arms' of Hezbollah."

US, Venezuela Agree To Allow Resumption Of Flights. The AP (3/23, Toothaker) reported remarks by US Ambassador William Brownfield that the US "and Venezuela have reached a temporary agreement that will avoid a proposed ban on flights by most U.S. airlines to the South American country." Caracas continues to seek a lifting of the FAA's safety ban on Venezuelan airlines flying to the US.

US Travel Warning Becomes An Issue In Italian Campaign. The New York Times (3/24, Fisher, 1.19M) reports, "An American travel advisory on possible dangers in Italy ballooned on Thursday into an issue in the close national election campaign here, with opposition politicians suggesting that the advisory could be used as ammunition against them." While PM Silvio Berlusconi "immediately seized on the advisory" and blamed it on center-left protesters, Romano Prodi "was concerned enough by the implication that leftist demonstrators constituted a threat that he called the American ambassador, Ronald Spogli, for an explanation."

Anti-Lukashenko Protest Ends With Non-Violent Arrests. The New York Times (3/24, Chivers, 1.19M) reports riot police entered a Minsk, Belarus, square early Friday and arrested "hundreds of antigovernment protesters," who "stood their ground while the officers dismounted and jogged into place in lines, cutting off any chance of escape." There were no reports of violence associated with the arrests. The Times notes the "small encampment had been a potent attraction in a police state that has never tolerated dissent," and goes on to say that Belarus still "operates like a Soviet anachronism." The Wall Street Journal (3/24, Cullison, A4, 2.11M) reports the arrest of "the ragtag symbol of opposition further highlights the obstacles faced by the region's pro-democracy groups, despite the success of such efforts in Ukraine and Georgia." Divergent media reporting was also noted: "Western television had been broadcasting the evening crowds. But here in Belarus, footage beamed to millions of homes by state-run television showed the desolate early morning, when the few protesters…meandered…amid piles of garbage." The Washington Times/AP (3/24, Heintz) also reports the story.

Bush Signs Bill Ending Trade Restrictions On Ukraine. The AP (3/24) reports, "President Bush signed a law Thursday that ended Cold War-era trade restrictions on Ukraine, opening the way for the former Soviet republic to join the World Trade Organization." The measure "frees Ukraine from a 1974 measure called the Jackson-Vanik Amendment, which links trade benefits to the emigration and human rights policies of former or current communist states."

"Soviet-Style Apparatchiks" Poised for Come-Back In Weekend Elections. The Washington Times (3/24, Feduschak, 90K) reports, "Political allies who stood side by side during Ukraine's 2004 'Orange Revolution' are waging war against each other in such a divisive campaign that the Soviet-style apparatchiks they had ousted are poised for a comeback in elections this weekend." Opinion polls "show that the party of Viktor Yanukovych, who won the presidency in an election in 2004 only to lose to Viktor Yushchenko in a court-ordered second vote, will win about a third of the seats Sunday, becoming the biggest single bloc in Ukraine's 450-seat parliament." The New York Times (3/24, Myers, 1.19M) also reports on the situation in the Ukraine, under the headline "Ethnic And Cultural Divisions Haunt Ukraine Before Vote."

De Villepin To Talk To French Unions. The Financial Times (3/24, Arnold) reports, "Dominique de Villepin invited trade unions to talks over his unpopular employment law on Thursday 'with no strings attached', a move cautiously accepted by five unions and widely interpreted as a climbdown by the embattled French premier." The appeal "came as Mr de Villepin faced accusations that his refusal to consider changing the law had provoked an unnecessary crisis, with critics suspecting he had allowed his presidential ambitions to override his political judgment." The New York Times (3/24, Smith, 1.19M) says France's "most powerful labor union federations agreed Thursday to meet…de Villepin on Friday."

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NBC Nightly News (3/23, story 5, 0:20, Brown, 9.87M) reported, "In Paris today, and all across France, tens of thousands of students took to the streets, demanding a fair chance at a job and protesting a new law that could make it easier to fire younger workers. Their protests turned violent when a small group set cars on fire, looted stores, and threw chunks of concrete at police." The Washington Post (3/24, A1, Moore, 744K) reports it was "just the scene the French government had been dreading: burning cars seven blocks from the Eiffel Tower, shop windows smashed along one of the capital's toniest streets, and columns of helmeted riot police advancing across the greensward of a prominent tourist venue. … Thursday's violence came at the end of a demonstration by tens of thousands of high school and college students protesting a new job law." The unrest "intensified a political crisis that now threatens to unravel President Jacques Chirac's government -- much the way previous French governments have been felled by strikes and street protests when they attempted even modest reforms of the country's costly welfare state."

Russia Seeks To Secure WTO Membership Before G-8 Summit. Russia is pushing to enter the WTO before it hosts that G-8 summit this summer. The Washington Times (3/24, Zarocostas, 90K) reports, "The talks can certainly "close before the G-8 summit," said Robert Vastine, president of the influential U.S. Coalition of Service Industries, a Washington-based umbrella group that represents major services corporations. But he indicated the ball is squarely in President Vladimir Putin's court."

EU Countries Consider Requiring Immigrants To Sign Contracts. Germany, Britain France, Poland, Spain and Italy, the six largest countries in the European Union, are considering having immigrants sign a contract that would require they learn their adopted country's language and social norms or risk being expelled. The Financial Times (3/24, Williamson) reports, "The so-called integration contract is still to be discussed with the other 19 EU member states. Nicolas Sarkozy, French interior minister, proposed it during a meeting of ministers from the 'G6' countries…in Heiligendamm, a luxury resort on Germany's Baltic coast."

Chirac Storms Out Of EU Summit; Merkel Warns Against Protectionism. The Financial Times (3/24, Parker, Smyth) reports French President Jacques Chirac "stormed out" of an EU summit meeting because a French business leader began speaking in English. "Mr Chirac's boycott reflected the tensions surrounding the two-day economic summit, which comes against a backdrop of French street protests over labour market reform and claims that Paris is engaged in protectionism of its energy market. The French president was not in the room to hear Mr Seillière urging leaders to 'resist national protectionism in order to avoid a negative domino effect.'" The Times notes German Chancellor Angela Merkel "issued a thinly veiled warning to France and Spain to open their energy markets, as the dispute over protectionism overshadowed the start of the summit." She "said Europe needed continent-wide industrial champions, and that attempts" to protect national energy firms "made nonsense of the EU's single market."

US Doctor Volunteering In Chad Profiled. NBC Nightly News (3/23, story 12, 2:30, Curry, 9.87M) profiles Dr. Peter Reynaud, who "volunteers for Doctors Without Borders where few dare to go -- the increasingly dangerous border between Darfur, Sudan, and Chad. Almost daily come new reports of violence against blacks, blamed on the Janjaweed, Arab militias the US says are supported by the government of Sudan." Despite "all the ugliness and violence he's experienced, the horror he's seen, Reynaud says he considers himself fortunate to be in this hospital now." Dr. Reynaud: "I think that these are big problems. But I think coming here and working here, I'm working for the world that I want to live in."

Peru's Humala Called "Openly Hostile" Toward Private Sector. Mary Anastasia O'Grady writes in the Wall Street Journal (3/24, 2.11M) that investors are "spooked" because Peruvian presidential candidate Ollanta Humala, who appears likely to win the election two weeks form now, "is openly hostile toward the private sector. … His avowed intent to stick it to the private-sector -- with an emphasis on mineral and natural gas rights -- frightens investors." O'Grady adds that "what is nearly certain, if he makes it to the presidency, is that his tenure will increase property-rights insecurity and damage Peru's recent growth spurt. There can be no doubt that Peruvians face a crucial choice next month and that another Latin country is in danger

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of succumbing to yet another bout of corporatist authoritarianism."

Democracy Seen As Possible In Non-Western Nations. Amartya Sen, the 1998 Nobel laureate in economics, writes in the Wall Street Journal (3/24, 2.11M), "While it is easy enough to understand the widespread -- and increasing -- doubts about armed intervention allegedly aimed at jump-starting democracy in Iraq through largely foreign and military planning, it would be quite a leap from there to become skeptical of the general possibility of the emergence of democracy in any country that is currently nondemocratic. It is worth remembering that democracy has developed well enough in many countries in Asia, Africa and Latin America, and in the case of some, such as South Africa, even foreign assistance to local democratic movements (for example through economic boycott) has positively helped."

WPost Calls "Serious Peace Force" In Sudan Unlikely. An editorial in the Washington Post (3/24, A18, 744K) says that despite President Bush's words, "the odds of deploying a serious peace force" in Sudan "have receded," because Sudan's government "has threatened violent resistance to a muscular deployment. And Sudan's bluster carries more weight than Mr. Bush's statements. … So Mr. Bush's call for a more serious deployment has been buried for the moment. No peacekeeping force is going to be strong enough to shoot its way into Darfur to establish peace; it will require some form of assent from Sudan's government."

THE BIG PICTURE:

Headlines From Today's Front Pages.

Los Angeles Times:

"Bush's Requests For Iraqi Base Funding Make Some Wary Of Extended Stay."
"Playing After A Big Loss."
"Near Santa Monica's Glitz, The Grit Of A Different Life."
"Release Of Westerners In Iraq Is Bittersweet."
"White House Presses Afghans Not To Punish Christian Convert."
"A Plan To Spread Homeless Countywide."
"China's Chopstick Tax Seems Dim To Some."

USA Today:

"Costs To Rebuild Shifting To Iraqis."
"Battles Escalate Over Gay Marriage."
"American Muslims Are Gaining A Foothold In Politics."

New York Times:

"Red Cross Sifting Internal Charges Over Katrina Aid."
"Women Wage Key Campaigns For Democrats."
"Bush Is Facing A Difficult Path On Immigration."
"Challenge For U.S.: Iraq's Handling Of Detainees."
"Talks For Lucent May Signal End For 90's Symbol."
"Military Lab Puts Name On A Long-Lost Airman."

Washington Post:

"Immigration Debate Is Shaped By '08 Election."
"Dozing Operator Blamed In Rail Crash."
"Protest Turns Violent In Heart Of Paris."
"Researchers Look At Prayer And Healing."
"Chief In Md. Urges Close Of Internet Police Forum."
"Three Abducted Peace Activists Rescued In Iraq."

Washington Times:

"Sweet 16 Games: Priceless."
"Clerics Insist On Execution Of Convert."
"Bush Seeks 'Civil' Immigration Debate."
"Rumsfeld Vows Iraq Drawdown Will Continue."
"Hecht's Facility To Be Shuttered And Sold In '07."

Detroit Free Press:

"Greektown Casino Plan Puts Hotel Atop Garage."
"Karmanos Unfiltered: View From The Top."
"GM's Big Challenge: Operate Smaller."

Atlanta Journal-Constitution:

"No Early Start For UGA Tailgaters."
"House Passes Bill on Illegals."
"Hartsfield's New Ride."
"Pipeline Bill Lives Despite Advice."

Houston Chronicle:

"Poll: Locals Evacuee-Weary."
"1 In 6 City Workers Receive Bonuses."
"Hostages Are Freed Without A Shot."
"Defense Pecks At Glisan's Story, Accuses Him Of Lying."
"Nighttime Drama On Open Sea As Deadly Fire Hits Cruise Ship."

Story Lineup From Last Night's Network News:

ABC: Afghanistan-Christian Convert; Iraq-Hostages Freed; Iraq-Police Attacked; Home Insurance Cancellations; Cruise Ship Fire; CO-Train Safety Test; North Africa-Counter-

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Terrorism; Housing Sales Up; Housing-Long Commutes; Old Tortoise Dies; Cunningham Auction.

CBS: Iraq-Hostages Freed; Iraq-Former Hostage; Iraq Violence; Afghanistan-Christian Convert; Cruise Ship Fire; Chile-Bus Crash; Tax Preparers-Information Selling; NCAA Tournament-Gambling; GM-Finance Division Sale; Exxon Valdez-Alaskan Town; Global Warming-Icequakes.

NBC: Afghanistan-Christian Convert; Iraq-Hostages Freed; Iraq-American Battalion; Moussaoui Trial; France-Protests; Cruise Ship Fire; Chile-Bus Crash; Baton Rouge-Overcrowding; ID Theft; Stock Markets; Cunningham Auction; Chad-Medical Volunteer.

Story Lineup From This Morning's Radio News Broadcasts:

ABC: TN-Minister Murdered; Moussaoui Sentencing; US Mad Cow Testing.

CBS: TN-Minister Murdered; Milwaukee-Missing Boys; Southwest-Hay Shortage; Report-Gay Adoption; NCAA tournament; Bonds-Steroid Allegations.

NPR: Iraq-Peace Activists Rescued; Iran-Nuclear Program; Study-Sea Levels; Jamaica-Cruise Ship Fire; Moussaoui Sentencing; China-Golf; Foreign Stock Markets.

WASHINGTON'S SCHEDULE:

Today's Events In Washington.

White House:

PRESIDENT BUSH — Participates in a celebration of Green Independence Day, Room 450, Eisenhower EOB; speaks at a Mike Sodrel for Congress and Indiana Victgory 2006 reception, Indianapolis; attends Santorum 2006 reception, private residence, Sewickley Heights, Pa.

VICE PRESIDENT CHENEY — Speaks at a luncheon for Rep. Ric Keller, Orlando Marriott Downtown.

US Senate: No Scheduled Events.

US House: No Scheduled Events.

Other: TAX REFORM _ 9 a.m. - 3:30 p.m. The Center for American Progress holds a day-long conference with academic and policy experts from around the country who will highlight options for reforming the tax code. Location: Center for American Progress, 1333 H St. NW, 10th Floor.

SCOTUS NOMINATION PROCESS _ 9 a.m. - 4:15 p.m. The Joan Shorenstein Center on the Press, Politics and Public Policy John F. Kennedy School of Government, Harvard University, sponsors a conference on ``The Role of the Press, Political Parties and Interest Groups in the Supreme Court Nomination Process." 10:45 a.m. - 12:30 p.m. Panel on ``Preparing for the Fight Over President Bush's First Supreme Court Nomination, the O'Connor Resignation, and the Roberts Nomination," with Judy Woodruff, PBS and Linda Greenhouse, New York Times; Brad Berenson, formerly, Associate White House Counsel Ron Brownstein, Los Angeles Times; Stephanie Cutter, former senior adviser to Senator Edward M. Kennedy; Doug Kendall, Community Rights Counsel; Manuel Miranda, Third Branch Conference; Ralph Neas, People for the American Way; Grover Norquist, Americans for Tax Reform; Michael E. O'Neill, Chief Counsel, Senate Judiciary Committee. 2:30 p.m. - 4:15 p.m. Panel on ``The Nominations of Harriet E. Miers and Samuel Alito," with Judy Woodruff, PBS; Jeffrey Toobin, The New Yorker; Nan Aron, Alliance for Justice; Dan Balz, Washington Post; Rachel Brand, Assistant Attorney General for the Office of Legal Policy; Walter E. Dellinger III, Duke University Law School; Helaine Greenfeld, Senior Nominations Counsel, Senate Judiciary Committee; Wade Henderson, Leadership Conference on Civil Rights; others. Location: National Press Club.

PENTAGON-IRAQ BRIEFING _ 9 a.m. Army Lt. Gen. Martin Dempsey, commander of Multi-National Security Transition Command-Iraq, will brief live from Iraq to give an update of the development, training and equipping of Iraqi Security Forces. Location: DOD Briefing Studio, Pentagon 2E579.

HAITI _ 9:30 a.m. The US Institute of Peace holds an event on Haiti's security, with Amb. Timothy Carney, Commissioner Mark Kroeker of the UN Department of Peace Operations, and Carl Alexandre of the Justice Department. Location: 2nd floor conference room, 1200 17th St. NW.

NEW ORLEANS ELECTION _ 10 a.m. Civil rights organization and political and religious leaders hold a news conference to announce steps to secure a fair election in New Orleans next month. Location: National Press Club.

DEAN _ 12:15 p.m. DNC Chairman Howard Dean speaks to the American Federation of Teachers conference on healthcare. Location: Hyatt Regency-Washington on Captiol Hill, 400 New Jersey Ave. NW.

IMMIGRATION _ 2 p.m. The National Immigration Forum holds a telephone briefing on Senate Judiciary Committee immigration legislation under consideration next week. Contacts: Douglas Rivlin, 202-347-0040 ext 5989.

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Notes: Callin number: 800-811-0667; ask for the immigration briefing.

MILITARY-IRAQI VIEW _ 2 p.m. Army Brig. Gen. Anthony Cucolo hosts a media roundtable to discuss a U.S. Joint Forces Command unclassified historical report in book form released today on the Iraqi view of coalition military operations conducted in Iraq. The report was done by by U.S. Joint Forces Command's Joint Center for Operational Analysis, the Iraqi Perspective Project. The Project is a research effort focused on coalition military operations in Iraq from March to May 2003. It focused on the perspectives of the Iraqi civilian and military leadership involved in major combat operations gathered through interviews conducted during the fall and winter of 2003/2004, and an extensive review of Iraqi historical documents done in the months since then. The project is the first such effort by the U.S. government to understand the views of an enemy military force since World War II, when the U.S. government conducted a comprehensive review of recovered German and Japanese documents, along with interviews of key military and civilian leadership. Location: Room 2C554, Pentagon.

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THE ATTORNEY GENERAL'S *NEWS BRIEFING*

PREPARED FOR THE OFFICE OF PUBLIC AFFAIRS, U.S. DEPARTMENT OF JUSTICE

TO: THE ATTORNEY GENERAL AND SENIOR STAFF

DATE: FRIDAY, MARCH 24, 2006 7:45 AM EST

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TERRORISM NEWS:

Moussaoui Prosecutors Conclude Case With Testimony From FBI Agent. Finishing presentation of their case at the penalty phase of al Qaeda conspirator Zacarias Moussaoui's trial yesterday, prosecutors called former FBI Special Agent Aaron Zebley, who testified that the FBI could have conducted an investigation that might have led to the 9/11 hijackers, had Moussaoui admitted when he was arrested in August 2001 that he had received wire transfers from al Qaeda.

NBC Nightly News (3/23, story 4, 2:00, Brown) reported that "so far, the trial has exposed new details on how many clues the FBI ignored in the weeks before the 9/11 attacks." NBC (Williams) added Zebley testified that if Moussaoui "had admitted when he was arrested that a man in the United Arab Emirates wired him thousands of dollars," then "finding out who else was wired money from the same person and checking their phone and bank records could have put agents on the trail of 11 of the 19 hijackers." But "tough questioning from Moussaoui's lawyers has raised doubts about how aggressively the FBI would have actually pursued those leads." Attorney General Alberto Gonzales "says the government has learned its very painful lessons." Gonzales: "And we obviously are more sensitive today about threats to the United States. And we believe that we have better procedures, better infrastructure to share information."

In a widely-distributed story, the AP (3/24, Sniffen) reports, "U.S. District Judge Leonie Brinkema, who has told the jury it cannot decide Moussaoui's punishment 'on speculation,' barred Zebley from explicitly asserting what the FBI would have accomplished had he confessed," but "Zebley gave prosecutors their strongest testimony in a week when many of their witnesses ended up buttressing the defense." However, on cross-examination, defense lawyer Edward MacMahon "got Zebley to acknowledge that nothing in the confession or in FBI evidence gathered since then shows any contact between Moussaoui and the 9/11 hijackers."

AFP (3/24) adds, "MacMahon later challenged Zebley's assessments, as tempers frayed at the start of his cross-examination asking: 'So the FBI needs a confession from an Al-Qaeda terrorist to launch an investigation?' Brinkema then intervened, telling MacMahon and Zebley, who now works as a prosecutor at the Alexandria, Virginia, courthouse hosting the trial, to take a deep breath, 'calm down' and take a lunch break."

Under the headline "FBI Agent Says 9/11 Plot Was Within Grasp," The Los Angeles Times (3/24, Serrano) notes, "Zebley conceded that FBI does not believe Moussaoui was supposed to have been aboard one of the planes. 'There never was a 20th hijacker,' Zebley said. But he added, 'the plot was to get as many conspirators in the U.S. as possible.'"

The Washington Post (3/24, Markon, Dwyer) reports that as Moussaoui was being led from court after Zebley's testimony, he shouted, "I will testify, whether you want it or not!" although "it was unclear whether he was addressing his attorneys, with whom he does not speak and who have been against his taking the stand. But what was clear was that the case…could take yet another dramatic turn. Moussaoui is known for his courtroom outbursts, and even his attorneys don't know what he will say."

Meanwhile, The New York Times (3/24, Lewis) notes, "The trial, which will resume on Monday, offers the possibility of three dramatic moments in short order. First, the court may hear from Carla J. Martin, the Transportation Security Administration lawyer whose improper coaching of witnesses nearly derailed the trial. Then…the jury is expected to have the extraordinary experience of hearing testimony gathered in the United States' secret overseas detention system," as defense lawyers introduce testimony from al Qaeda terrorists Khalid Shaikh Mohammed, Ramzi bin al-Shibh and Mohammed Al-Qahtani.

Voice of America (3/24, Malone) reports, "Earlier this week, Attorney General Alberto Gonzales said the government has learned a lot of lessons from the 9/11 attacks, including how to respond more quickly to threat information gathered by agents in the field. … 'I am not going to comment on anything related to the trial,' Gonzales says. 'What I will say is that we obviously are more sensitive today about threats to the United States and we believe that we have better procedures, better infrastructure to share information.'"

Testifying For Defense, Former FBI Agent Recalls CIA Failure To Alert FBI About Hijackers. The AP (3/24, Sniffen) also reports, "The first defense witness, former FBI agent Erik Rigler, summarized a Justice Department

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inspector general report that criticized the CIA for keeping" intelligence that 9/11 hijackers Nawaf al-Hazmi and Khalid al-Mindhar had entered the US "from the FBI for so long and the FBI for assigning pursuit of the pair to one inexperienced, young agent. It said the pair was on Thailand's watchlist in January, 2000, but not on a U.S. watchlist until August, 2001."

Analyst Denounces Civilian Trials Of Moussaoui, Saddam As "Charades." In a Washington Times (3/24) op-ed, DC-based terrorism analyst and author Eric Leskly writes, "The charades in Alexandria and Baghdad last week are final confirmation that the Bush administration has grievously erred in trying the Zacarias Moussaoui and Saddam Hussein cases in civilian courts instead of military tribunals. By attempting to use the trials as public-relations tools to demonstrate fair judicial process, the administration has disregarded the fact the clear and present danger posed by al Qaeda and the Iraqi insurgency require harsher procedures and penalties than those afforded by traditional criminal prosecution." And as Moussaoui and Saddam "use the trials instead to preach to their followers and sympathizers," the "botched cases may have even strengthened our enemies."

Trial Is Difficult For Victims' Family Members To Watch. The AP (3/24, Lester) reports, "The U.S. government's failure to act on repeated warnings before the Sept. 11 terrorist attack had Geraldine Davie fighting back tears as she talked about her 22-year-old daughter's death in the collapse of the World Trade Center. .. 'They all let us down,' Davie said Wednesday evening, voicing a sentiment shared by many of the victims' family members who are monitoring the sentencing trial of admitted al-Qaida conspirator Zacarias Moussaoui." The AP continues, "Victims' family members also had to watch the federal judge consider scuttling the prosecution's bid for the death penalty after learning last week that a government lawyer improperly coached witnesses. Some prosecution witnesses gave testimony about government missteps that the defense turned to its advantage. … 'Certainly, the case now is not as strong as it could be,' said Bill McGinly, of Vienna, Va., who lost a son in the attack on the World Trade Center. McGinly wants to see Moussaoui get the death penalty." The AP adds, "The court proceedings have been painful for victims' family members like Davie, whose daughter, Amy O'Doherty, was working at an investment firm at the World Trade Center in New York Cit; McGinly, whose son Mark worked at the trade center; and Eleni Kousoulis, whose sister Danielle worked at the same investment firm as O'Doherty. … 'The government knew a lot, if they had just paid more attention,' said Kousoulis of Merion, Pa. Even if government investigators couldn't prevent the attacks altogether, she said, they might have saved some lives."

In NSA Suit, Judge Rules Against Portland FBI Custody Of Classified Document. The AP (3/24, Fought) reports that in the lawsuit filed by the Al-Haramain Islamic Foundation challenging NSA surveillance of the charity's director in Saudi Arabia and two lawyers in the US, US District Judge Garr King ruled this week that "a secret document" about the NSA procedures in the case "will be held in a secure facility in Seattle while the judge and lawyers try to figure out how to keep it under wraps in Portland." King said that the classified documents "shouldn't be held at the local office of the FBI," despite the fact "the FBI office is the only place in Portland that has a facility that meets specifications for what the government calls 'sensitive compartmented information.'" The AP adds, "Anthony Coppolino of the U.S. Justice Department said the document wouldn't be altered if the FBI had it and said King could have it in a closed envelope, perhaps signing the seal to guard against unauthorized opening." But King said in a teleconference with lawyers in the case, "I'm not indicating there would be any problem with them, but they are a defendant so I don't think it's appropriate that they have custody of it."

Judge Denies Request For NSA Surveillance Information In Illegal Money Transfer Case. The AP (3/24, Thompson) reports U.S. District Judge William Skretny in Buffalo has ruled that "the government does not have to tell three men accused of illegally sending $3.5 million to Yemen whether secret wiretaps were used to investigate them, a judge has ruled. Without explanation…Skretny denied the defense request for information in a one-page decision dated Tuesday." The AP notes "Mohamed Albanna, Ali Elbaneh and Ali Albanna are charged with running an unlicensed business that delivered money from Yemeni-Americans in western New York to relatives overseas."

Former Pakistani Police Chief Describes Camps In Terms Similar To Hayat. The AP (3/24, Thompson) reports that at the trial of Umer and Hamid Hayat yesterday, former Pakistani police chief Hassan Abbas, who is now an author living in Massachusetts, "described a terrorist-training camp in Pakistan in an account similar to that given by" Hamid Hayat "during a lengthy interrogation by FBI agents last June." The AP notes, "Prosecutors have no hard evidence that Hamid Hayat actually attended such a camp. By putting Abbas on the stand, they sought to give jurors details about the kinds of training camps they claim Hamid Hayat attended. … Abbas, who was paid about $35,000 for his research and testimony…has been on the stand since Wednesday, testifying about Pakistani culture, religion and politics."

Hayat Attorney Accuses Prosecutors Of Coaching Abbas During Cross-Examination. KXTV-TV Sacramento

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(3/23, Kobely) reports, "During defense questioning of expert witness Hassan Abbas, attorneys for Umer and Hamid Hayat argued that the wording of prosecution objections to defense questions were actually signals to Abbas about how to answer the question. … Defense attorney Wazhma Mojaddidi suggested that Abbas had worked out a system with prosecutors that if they objected to a line of defense questioning using the terms 'ambiguous' or 'vague,' that it was actually a signal for how Abbas should answer. Judge Garland Burrell immediately demanded attorneys approach the bench but after discussion, let the line of questioning continue."

US May Be Holding Pakistani Journalist. The Los Angeles Times (3/24, Ali, Zaidi, 958K) reports the family of Pakistani journalist Hayatullah Khan, who was "kidnapped in December, said Thursday that they believe he could be in U.S. custody." Khan was "abducted at gunpoint in the volatile North Waziristan tribal region Dec. 5 by armed, masked men whom a witness at the time described as dressed like fighters from the ousted Taliban regime of Afghanistan. But Ihsanullah Khan, the victim's brother, said that senior officials from Pakistan's intelligence agencies had told the family that Hayatullah was now beyond their jurisdiction." Ihsanullah Khan said, "We were told a few days ago that Mr. Khan was no longer in their possession. He might be somewhere in Pakistan or the United States being grilled for his possible links with Al Qaeda."

PATRIOT ACT:

Bush Says He Is Not Bound By Patriot Act Oversight Requirement. The Boston Globe (3/24, Savage) reports, "When President Bush signed the reauthorization of the USA Patriot Act this month, he included an addendum saying that he did not feel obliged to obey requirements that he inform Congress about how the FBI was using the act's expanded police powers." In a signing statement issued after the signing ceremony for the bill, Bush "said that he did not consider himself bound to tell Congress how the Patriot Act powers were being used and that, despite the law's requirements, he could withhold the information if he decided that disclosure would 'impair foreign relations, national security, the deliberative process of the executive, or the performance of the executive's constitutional duties.'"

FBI Confirms Use Of Patriot Act In Nevada Corruption Probe. The Las Vegas Review-Journal (3/23, Packer) reports, "Federal authorities confirmed in court Wednesday that they used the Patriot Act to access bank records while investigating alleged political corruption involving former Clark County commissioners and strip club owner Michael Galardi." The Review-Journal continues, "The Patriot Act, enacted after Sept. 11, 2001, as a tool to fight terrorism, included provisions that allowed authorities to access personal financial records more easily. … During the federal trial against former county Commissioners Mary Kincaid-Chauncey and Dario Herrera, defense attorneys revealed Wednesday that FBI agents had used the Patriot Act to track financial transactions executed by individuals involved in the case. … 'The Patriot Act made it easier for you to identify the bank accounts,' attorney Jerry Bernstein said during cross-examination of former FBI agent Joe Dickey." The Review-Journal adds, "Dickey said the government would have had to subpoena some 10,000 financial institutions nationwide had it not relied on the law. … One portion of the law directed the U.S. Treasury Department to streamline for law enforcement access to financial records. Law enforcement can send a suspect's name to the department and receive back a list of each financial institution that does business with the individual. … 'It simply helped us identify where banks were. It didn't give us information,' Dickey said of the Patriot Act provision. … That was just one tool federal agents used as they pieced together their case against Kincaid-Chauncey, Herrera, Galardi and former Commissioners Lance Malone and Erin Kenny." The AP (3/23) also reports this story.

Indiana Advocacy Groups Angered By FBI Agent's Challenge Of Patriot Act Criticism. The South Bend (IN) Tribune (3/24, Draeger) reports that after reading of negative comments made about the Patriot Act at a recent forum in Three Oaks, Ind., St. Joseph FBI Special Agent Al DiBrito "challenged Chellie Pingree's criticism…and tried to track down the head of the national nonpartisan group Common Cause, to set her straight. … DiBrito reportedly said Pingree was 'way off base' in her comments…and suggested the" League of Women Voters "should've invited the FBI to speak at the March 14 panel." In a March 21 letter to FBI Director Robert Mueller, Pingree and local League of Women Voters president Susan Gilbert wrote, "When the country has far more pressing security and terror concerns, we question the FBI using precious resources hounding leaders of two of the most distinguished citizen advocacy organizations in the country. Is this the kind of behavior citizen activists can expect from the FBI? To us, it smacks of intimidation." However, Michigan FBI Assistant SAC William Kowalski "defended DiBrito's phone call and said it's unfortunate that it was perceived as being threatening. The purpose of the call was to 'offer an opportunity to get out accurate information about the Patriot Act and how it is utilized to combat terrorism,' Kowalski said."

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HOMELAND RESPONSE:

US Hiring Hong Kong Firm To Run Radiation Detector In US Port. The AP (3/24, Bridis, Solomon) reports, "In the aftermath of the Dubai ports dispute, the Bush administration is hiring a Hong Kong conglomerate to help detect nuclear materials inside cargo passing through the Bahamas to the United States and elsewhere." The Administration "acknowledges the no-bid contract with Hutchison Whampoa Ltd. represents the first time a foreign company will be involved in running a sophisticated U.S. radiation detector at an overseas port without American customs agents present." The Administration "is negotiating a second no-bid contract for a Philippine company to install radiation detectors in its home country, according to documents obtained by The Associated Press."

Israeli Firm Withdraws Offer To Buy US Firm Over Security Questions. The Wall Street Journal/AP (3/24) reports, "Leading Israeli software company Check Point Software Technologies Ltd. abandoned plans to buy smaller U.S. rival Sourcefire Inc. for $225 million because of security objections raised by the Bush administration." The Israeli firm "formally withdrew its proposal near the conclusion of a rare, full-blown investigation by a U.S. review panel after the Ramat Gan, Israel-based company was told U.S. officials feared the transaction could endanger some of government's most sensitive computer systems."

State Department Criticized For Chinese Computer Deal. The New York Times (3/24, Brasher, 1.19M) reports, "A State Department purchase of more than 15,000 computers built by the Lenovo Group of China is starting to draw criticism in the latest sign of American unease about the role of foreign companies in the American economy." Assistant Secretary McCormack "said at the department's daily media briefing on Wednesday that the computers were intended for unclassified systems and would be serviced by the former I.B.M. division." The Times notes a broad spectrum of US groups oppose the contracts, and says some of these "critics warn that the deal could help China spy on American embassies and American intelligence-gathering activities, using hardware and software planted in the computers."

ICE Teaming With Law-Enforcement In "Tri-Border Area" To Tackle Terror Fundraising. The Washington Times (3/24, Seper, 90K) reports, "US Immigration and Customs Enforcement (ICE) agents have teamed up with law-enforcement authorities in Argentina, Brazil and Paraguay to combat money laundering and other financial crimes in a remote and lawless region known as the 'Tri-Border Area.' Department of Homeland Security Assistant Secretary Julie L. Myers, who heads ICE, said multigovernment 'trade transparency units' will investigate and prosecute crimes including money laundering, terrorist financing, contraband smuggling and tax evasion." The area is described by US law-enforcement authorities as "a source of fundraising for radical Islamic groups, including Hezbollah, Hamas and al Qaeda, and the US government has worked cooperatively with governments in the region to disrupt fundraising activity."

NYTimes Criticizes Chertoff Over Chemical Plant Security Proposals. Under the headline "Secretary Of Homeland Insecurity," the New York Times (3/24, 1.19M) editorializes, "Sometimes it's hard to understand just how Michael Chertoff understands his title, secretary of homeland security." In speaking to the chemical industry Tuesday, Chertoff "did not chastise the industry for failing to protect chemical plants adequately" and "seemed perfectly content to defer on key security matters to an industry that contributes heavily to Republican campaigns but has proved to be dangerously unwilling to take public safety seriously." The Times states that Chertoff "should be speaking to the American people about his support for strong chemical plant security rules, not speaking to the chemical industry about his support for weak ones."

"Government Fixated On Doomsday" Still Drawing Up New Orders Of Succession. The Washington Post (3/24, A17, Baker, 744K) reports that in what was "at least the fifth time since the start of last year that an executive branch agency has created or revised an order of succession," the President "this week endorsed a new order of succession for the National Archives and Records Administration detailing down to the 10th level who would assume command in a national emergency." The Post adds, "In a government fixated on doomsday scenarios, officials "still busy themselves with the macabre exercise of figuring out who would be on top should the worst happen." The lineup changes sometimes "reflect one official moving up the chart at the expense of colleagues," while others involve "even more brazen power plays intended to put rivals in their places."

Silverstein's Ground Zero Brinkmanship Seen As Frequently Used Strategy. The New York Times (3/24, Bagli, 1.19M) reports on the failed negotiations between developer Larry Silverstein and the Port Authority over the rebuilding of ground zero in lower Manhattan, adding, "A look at Mr. Silverstein's long career in real estate and the negotiating style that has defined it suggests that, when it comes to making deals, it is almost never over. Not surprising, then, despite last week's ugly negotiating episode,

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Mr. Silverstein's team has been talking through back channels with the other side this week." Silverstein has said "he fully expects to be back at the table within days to sign a deal that preserves his control over a major part of ground zero, a site that many consider sacred ground. State officials hope to resume face-to-face negotiations with him, too, but not until there is a fairly detailed agreement."

Paulison Working To Get FEMA Ready For Upcoming Hurricane Season. Under the headline "Acting Director Gives FEMA Focus," the Washington Times (3/24, Hudson, 90K) reports that acting FEMA Director R. David Paulison's "maligned agency is now planning for the hurricane season that officially begins June 1 as it continues to aid 800,000 families affected by last year's storms that damaged 90,000 square miles." He says, "The major lesson we learned is that FEMA was not ready to handle a catastrophe the size of Katrina, and we now know we have to be ready to respond to a major catastrophe such as an earthquake or terrorist attack, to evacuate hundreds of thousands or millions of people and be able to feed them, house them, and take care of them. We're putting a system in place to do just that." The Times adds that FEMA "faces many challenges, not only in housing, but also in communication, logistics, tracking supplies and learning about problems on the ground."

Louisiana Call Center Tracking Hurricane Victims Who Don't Want To Be Found. The Washington Post (3/24, A3, Ringle, 744K) reports that Louisiana's Find Family National Call Center is finding that "hundreds" of those reported missing after Hurricane Katrina "have used the storm and the nationwide diaspora it triggered to escape a troubled or painful past." The center has also "taken over from the Orleans Parish coroner's office most of the work of identifying the unclaimed dead." The center's deputy director, Henry Yennie "expects both the search for the missing and the identification of the dead to accelerate in the coming weeks because of the recent allocation of funds for obtaining access to a highly specialized LexisNexis online search."

Accusations Of Impropriety Among Volunteers Raise New Questions About Red Cross. The New York Times (3/24, Strom, 1.19M) reports, "The American Red Cross…is investigating wide ranging accusations of impropriety among volunteers after" Hurricane Katrina, including "improper diversion of relief supplies, failure to follow required Red Cross procedures in tracking and distributing supplies, and use of felons as volunteers in the disaster area in violation of Red Cross rules." While the charity "has drawn harsh criticism for failures in responding to Hurricane Katrina and for failing to address longstanding governance problems, the concerns raised by volunteers pose new questions about the organization's ability to prevent fraud and theft and protect its resources amid the chaos of a major disaster."

Barbara Bush Donation To Katrina Fund Raises Eyebrows. The Washington Post (3/24, A17, Kamen, 744K) reports in its "In the Loop" column that "the Houston Chronicle reports that former first lady Barbara Bush donated a chunk of money -- it's unknown how much -- to the Bush-Clinton Katrina Fund 'with specific instructions that the money be spent with an educational software company owned by her son Neil.'"

WAR NEWS:

Congressional Probe Of Pre-War Iraq Intelligence Likely Issue In 2006. With the congressional investigation into the Bush Administration's use of pre-war Iraq intelligence nearing fruition on several fronts, the conclusions are expected to quickly become a partisan issue in the 2006 midterm elections. If the Democrats are able to flip one of the chambers of Congress, they are expected to use the majority power to subpoena Administration officials. The Wall Street Journal (3/24, A4, Solomon, 2.11M) says the congressional reports "will include topics like predictions before the war on how a post-Saddam Iraq might look and whether the Bush administration was duped by Iraqis with a vested interest in war, like Deputy Prime Minister Ahmed Chalabi." But Republicans "have set no timetable for issuing reports on their probe into what some Democrats consider the most explosive questions: Whether political appointees at the Pentagon deliberately distorted intelligence and subverted analysis by the Central Intelligence Agency to gin up support for the invasion."

Bush Defense Of Iraq Policies Sparks Praise, Criticism. In his Wall Street Journal column (3/24, A10), Daniel Henninger says, "For those of us who've complained for more than two years that this White House was ill-serving the troops in Iraq by not making the public case for Iraq, that changed this week in Wheeling, W.Va." It "was an astounding, bravura performance. In fact, I'll pay him the highest possible compliment: It was Clintonesque." But there are "two obvious questions: Where's this guy been? And, to quote a long-ago factory boss, Is it a day late and a dollar short?"

Meanwhile, in his Washington Post column (3/24, A19), David Ignatius says the "polls suggest that Bush is losing the ability to communicate effectively about the issue that matters most to him. He has a better story on Iraq than many people seem to appreciate: Iraqi politicians are in fact coming together toward a government of national unity; Iraqi troops are improving their performance; substantial reductions in the number of U.S. troops are likely this year." But all the "speeches and rallies and white papers of the past few

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months have reflected a recognition that the public will support the war so long as it feels there is a coherent strategy for victory. That's why you hear the phrase 'plan for victory' repeated so often, like a mantra to convince the public that American soldiers aren't dying in a lost cause. But it's not working, and the president owes it to the troops, above all, to figure out a better way to communicate."

Also in the Washington Post column (3/24, A19), E.J. Dionne says, "Is President Bush the leader of our government, or is he just a right-wing talk-show host? The question comes to mind after Bush's news conference this week in which he sounded like someone who has no control over the government he is in charge of. His words were those of a pundit inveighing against the evils of bureaucrats." But when "their own government fails," Bush and his fellow Republicans "turn around and use their incompetence to argue that government can never work anyway, so you might as well keep electing conservatives to have less government. It's an ideological Catch-22. Even their failures prove they are right."

Krauthammer Sees Debate Over Iraqi "Civil War" As Spurious. In his Washington Post column (3/24, A19), Charles Krauthammer says, "This whole debate about civil war" in Iraq "is surreal. What is the insurgency if not a war supported by one (minority) part of Iraqi society fighting to prevent the birth of the new Iraqi state supported by another (majority) part of Iraqi society? By definition that is civil war, and there's nothing new about it." Krauthammer adds, "Is it not our entire counterinsurgency strategy to get Iraqis who believe in the new Iraq to fight Iraqis who want to restore Baathism or impose Taliban-like rule?"

US Opinion On Third Anniversary Of Iraq War Examined. USA Today (3/24, 2.31M) ran a sampling of newspaper editorials on the third anniversary of the Iraq war. The San Francisco Bay Guardian said, "(President) Bush's insistence on staying the course is starting to sound like Richard Nixon's secret plan to end the Vietnam War." The Wall Street Journal said, "The desire among so many of our political elites to repudiate Bush and his foreign policy is creating a dangerous public pessimism that could yet lead to defeat -- a defeat whose price would be paid by all Americans, and for years to come."

Rumsfeld Says US Still Plans Troop Reductions. The Washington Times (3/24, Scarborough, 90K) reports Defense Secretary Donald H. Rumsfeld said "commanders are planning further troop reductions in Iraq despite ongoing violence that has killed hundreds of civilians after the February bombing of the Shi'ite Golden Mosque." Asked about President Bush's remark "that U.S. troops will be in Iraq until at least 2009, the year he leaves office, Mr. Rumsfeld said there could still be Americans training the Iraqi security forces (ISF). It was a clear signal that the defense secretary expects that by that time the United States' combat role will be greatly reduced."

Bush Funding Request For Iraq Bases Raises Questions About Troop Commitments. The Los Angeles Times (3/24, Spiegel, 958K) reports that even as "military planners look to withdraw significant numbers of American troops from Iraq in the coming year, the Bush administration continues to request hundreds of millions of dollars for large bases there, raising concerns over whether they are intended as permanent sites for U.S. forces." Congressional questions "about the future of the bases have been prompted by the new emergency spending bill for military operations in Iraq and Afghanistan, which overwhelmingly passed the House of Representatives last week with $67.6 billion in funding for the war effort, including the base money." Lawmakers are "demanding that the Pentagon explain its plans for the bases, and they unanimously passed a provision blocking the use of funds for base agreements with the Iraqi government."

Reconstruction Official Says Iraqis Must End Reliance On US Funds. USA Today (3/24, Frank, 2.31M) reports Daniel Speckhard, director of the Iraq Reconstruction Management Office, said "the Iraqi government can no longer count on U.S. funds and must rely on its own money and cash from other Persian Gulf nations to complete the massive undertaking" or rebuilding. While "hundreds of projects have been completed, but the top U.S. auditor for the program has criticized it for cost overruns, corruption, understaffing and bureaucratic infighting."

Three Hostages Rescued In Iraq. Three Christian peace activists were rescued from their captors in Iraq yesterday after a captured insurgent provided intelligence that led coalition troops to their location. The story was covered by each of the networks last night, and was the lead on CBS. The CBS Evening News (3/23, story 1, 3:00, Schieffer, 7.66M) reported, "Ironically," the peace activists "had gone to Iraq to investigate alleged abuses against Iraqi prisoners and when the body of American Tom Fox was found earlier this month, there was not much hope the others would be found alive. Today, acting on a tip, British and US forces stormed a house and freed them without firing a shot." CBS (Logan) added, "With these hostages safe, thoughts immediately turn to another American hostage, Jill Carroll, who is still missing."

ABC World News Tonight (3/23, story 2, 2:10, Harris, 8.78M) reported, "US General Rick Lynch says a break came last night when coalition forces detained two individuals, one of whom told them where the hostages were in a house west of Baghdad." Of the "19 Americans taken hostage, 6 are still missing, including reporter Jill Carroll." The hostages "who were freed today belong to a Christian peace group which has blamed the kidnapping on what it calls America's illegal

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occupation of Iraq. Today, a spokesman wasn't even willing to give coalition forces credit for his colleague's rescue."

NBC Nightly News (3/23, story 2, 2:10, Engel, 9.87M) reported, "The freed hostages had new information today about the fate of American Tom Fox. Fox, they said, was separated from them 40 days ago. His tortured body was discovered in Baghdad earlier this month." British hostage Norman Kember, "who had said he didn't want a military rescue operation, tonight admitted, 'It's good to be free.'"

The Washington Post (3/24, Anderson, 744K) reports "circumstances of the rescue operation, which was spearheaded by the British, were being closely held." Doug Pritchard, co-director of Christian Peacemaker Teams, "said in a televised news conference in Toronto that no shots were fired and no captors were present at the time of the rescue. He declined to divulge the source of his information." British Foreign Secretary Jack Straw "later confirmed the absence of gunfire." The New York Times (3/24, Semple, 1.19M) says "Thursday's rescue, by a force that included American and British troops, represented one of the few times that military action in Iraq has played a decisive role in a hostage release." But "within hours, a surge of four car bombings, including a suicide attack, struck Baghdad, killing at least 23 people, wounding at least 48 and tempering the military's euphoria from the morning's success."

The AP (3/23, Mroue) reports "the US ambassador and the top American military spokesman held out hope the operation on the outskirts of Baghdad could lead to a break in the captivity of American reporter Jill Carroll, a freelance writer for The Christian Science Monitor who was abducted Jan. 7." The Christian Science Monitor (3/24, Peterson, 61K) reports "Carroll's family said Thursday that they were 'thrilled' to hear of the CPT members' release. 'Although their case is unrelated to Jill's, their release gives us new hope that Jill, too, will soon be freed. We send our best wishes to these three men and their families, knowing that their reunion will be a joyful one.'" They added that "we are also thinking of the family of Tom Fox at this time and send them our heartfelt sympathy." The Los Angeles Times (3/24, Bodreaux, 958K) runs a similar story.

US Military Trains Soldiers To Prepare For Kidnapping. The CBS Evening News (3/23, story 2, 2:20, MacVicar, 7.66M) reported, "The risk of kidnap is so high that the US military commissioned this training video to be shown to US soldiers. The tape, obtained by CBS News, covers everything from the moment of capture to what could be months of isolation and possible endings. Death is never mentioned." Former hostage, British journalist Phil Sands, said "the kidnap scene was all too familiar."

Bombings Kill 56 Iraqis, One US Soldier. ABC World News Tonight (3/23, story 3, :15, Vargas, 8.78M) reported, "Insurgents carried out a third attack on a police station in three days there. More than two dozen people were killed in the bombing. But no prisoners escape escaped. In attacks across the country today, 56 Iraqis and one US soldier were killed." The CBS Evening News (3/23, story 3, 0:15, Schieffer, 7.66M) reported, "A powerful car bomb hit a market outside the Shiite mosque in Baghdad, killing at least six."

US Military Spokesman Says 75% Of Attacks Occur In Three Provinces. USA Today/AP (3/24) reports, "A US military spokesman in Iraq said Thursday that major violence is largely confined to three of 18 provinces." The US military spokesman, Maj. Gen. Rick Lynch, said, "There is not widespread violence across Iraq. There is not. Seventy-five percent of the attacks still take place in Baghdad, al-Anbar or Salah al-Din (provinces). And in the other 15 provinces, they all averaged less than six attacks a day, and 12 of those provinces averaged less than two attacks a day." He said "attacks nationwide were averaging 75 a day."

Respect For Law, Rights Comes Slowly For Iraqi Security Forces. The New York Times (3/24, Wong, 1.19M) reports on the "challenge facing the American military as it tries to train the Iraqi security forces to respect the rule of law." US troops "are no longer simply teaching counterinsurgency techniques; they are trying to school the Iraqis in battling a Sunni-led rebellion without resorting to the tactics of a 'dirty war,' involving abductions, torture and murder." The "legacy of Abu Ghraib hampers the American military. But the need to instill respect for human rights has gained a new urgency as Iraq grapples with the threat of full-scale civil war and continuing sectarian bloodletting."

Iraqi Exiles Divided Over Country's Future. Iraqis who fled Saddam Hussein's regime in the '80's and '90's have more optimistic views of the country's future than those who have sought asylum in the US since the regime's end. The Wall Street Journal (3/24, A1, Dreazen, 2.11M) reports, "Debate over the war in Iraq has erupted in communities of Iraqi exiles across the U.S., dividing families. The conflict is pitting longtime exiles who fled Mr. Hussein's Iraq -- many of whom support the war -- against newer arrivals who have left the country since the U.S.-led invasion in March 2003."

Troops' Experience In Iraq Seen As Microcosm Of US Policy. NBC Nightly News (3/23, story 3, 2:45, Boettcher, 9.87M) reported on the experience of the Alpha Company, 2nd Battalion, 4th Infantry Division in Iraq, which "learned a lesson" in its deployment to Iraq. It is "easier getting to an objective than leaving it. It's the same on the grand scale. Invading Iraq was relatively easy. Leaving it is proving more difficult."

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US Increases Pressure On Karzai Over Christian Convert's Fate. An Afghan court is considering the case of Abdul Rachman, an Afghan who converted to Christianity 16 years ago and faces death penalty. The Rahman case has the potential to create a rift with the US and other Western nations, and Secretary of State Condoleezza Rice has asked President Hamid Karzai to intervene. However, the Washington Post (3/24, A14, 744K) and Washington Times (3/24, Cooney, 90K) run an AP story reporting "senior Muslim clerics demanded Thursday that an Afghan man on trial for converting from Islam to Christianity be executed, warning that if the government caves in to Western pressure and frees him, they will incite people to 'pull him into pieces.'" Moreover, the New York Times (3/24, Wafa, Rohde, 1.19M) reports "the judge presiding over the prosecution of an Afghan man facing death for converting from Islam to Christianity said Thursday that he would resist any interference, despite mounting international condemnation." Maulavi Muhaiuddin Baloch, "Karzai's adviser on religious affairs, said that the case belonged in the court and that Afghanistan's judiciary was independent."

The story was covered by each of the networks, and was the lead on both ABC and NBC. NBC Nightly News (3/23, lead story, 2:45, Seigenthaler, 9.87M) reported, "Today, a senior Muslim cleric in Afghanistan said Rahman should be beheaded. The controversy prompted the Secretary of State Condoleezza Rice to make a call to Afghanistan's President Hamid Karzai today." Condoleezza Rice, Secretary of State: "There is no more fundamental issue for the United States than freedom of religion and religious conscience." Seigenthaler: "With the deaths of 221 US servicemen and women who fought to oust the Taliban, and 23,000 American troops still on the ground in Afghanistan, the question that many are asking tonight is shouldn't the United States have something to say about whether Rahman is executed?" Tony Perkins, Family Research Council: "I just cannot begin to comprehend that Americans would give up their money and their sons and daughters to a regime that would execute Christians." Seigenthaler: "The Rahman case presents new political problems for President Bush." Larry Sabato, University of Virginia: "This is really President Bush's worst nightmare because it takes his base and divides it at a time when he can least afford it because he's already so low in the polls."

ABC World News Tonight (3/23, lead story, 2:45, Cuomo, 8.78M) reported, "There has been considerable foreign pressure on President Karzai to rectify the situation. And late today, the Canadian Prime Minister announced that Mr. Karzai had given assurances that Rahman will not be executed. But also today, the judge in the case said he would not bow from foreign pressure."

The CBS Evening News (3/23, story 4, 0:50, Schieffer, 7.66M) reported, "Secretary of State Condoleezza Rice took the unusual step of phoning Afghan President Karzai and later spoke with reporters at the State Department." Condoleezza Rice, Secretary of State: "People must have a right to conscience and religious conscience. This is a very deeply concerning development in Afghanistan, and we have raised it at the highest levels." AFP (3/24) reports Rice "said she phoned Karzai specifically to hammer home 'in the strongest possible terms' Washington's concern over the proceedings against Abdul Rahman, who was arrested two weeks ago under Islamic Sharia law."

The Los Angeles Times (3/24, Richter, 958K) also reports the story, saying the "is further heightening tensions between the West and the Islamic world." USA Today (3/24, Slavin, 2.31M) reports Gary Bauer, president of American Values, "said US officials have to be 'clear and bold' in talking about the case. 'This whole enterprise is an effort to bring democratic principles to that part of the world. That means more than elections, it means religious pluralism.'" Bauer "sent an e-mail Wednesday to a quarter of a million supporters saying that the execution of the convert, Abdul Rahman, 'would very likely result in a complete collapse in support for the war.'" James Zogby, president of the Arab American Institute in Washington, "worries that the case will intensify tensions between Christians and Muslims."

US Training African Paratroopers To Counter Possible Terror Threats. ABC World News Tonight (3/23, story 7, 2:55, Karl, 8.78M) reported on the US Special Forces effort to train the militaries of African nations in the Sahara region to effectively counter possible terrorist threats. In Niger, US troops are training that country's paratroopers, earning significant good will in the process. The "land-locked, desert nation is short of resources, but full of spirit. The country's pride, its paratroopers." Maradi, Niger's "third-largest city has an airport, but no airplanes. Most of these men haven't parachuted for four years. But on this day, US Special Forces are giving them a chance to jump." A team "of 12 US Army Special Forces, some of America's best-trained soldiers, have spent a couple months here. Part of a Pentagon program to train North African armies to combat terrorism." For "these soldiers, and for the people watching below, it's also quite simply a thrill. If nothing else, the US Special Forces have made some friends in Niger."

General Suggests Conventional ICBMs As Deterrent To Terrorists. The Washington Times (3/24, Gertz, Scarborough, 90K) reports in its "Inside the Ring" column, "The United States could use a force of intercontinental ballistic missiles with conventional warheads because nuclear weapons may not deter terrorists and rogue

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states, the general in charge of the U.S. Strategic Command says. Marine Corps Gen. James E. Cartwright told a Pentagon-sponsored missile defense conference on Monday that 'it's very difficult for a nuclear weapon to be a credible deterrent against an extremist.'"

Report Says Defense Department To Run Short Of Missile Scientists. USA Today (3/24, Kelley, 2.31M) reports a study released this week by the Defense Science Board says "the Pentagon risks running out of scientists to operate and upgrade the nation's arsenal of intercontinental nuclear and conventional missiles." The reports says that as "the nation's veteran engineers and scientists retire, the military will lose much of its expertise in long-range missile technology, the report says. That means the Air Force and Navy, which operate most of the 1960s-vintage missiles, will be unable to cope with system failures or develop improved weapons."

Albright Says "Good Vs Evil" Dichotomy "Doesn't Work." In an op-ed in the Financial Times (3/24), former Secretary Albright says the Administration's "newly unveiled national security strategy might well be subtitled 'The Irony of Iran.'" Tehran's "radical government has been vastly strengthened by the invasion of Iraq. This is more tragedy than strategy, and it reflects the Manichean approach this administration has taken to the world." Albright calls the division of the world into good and evil camps "fiction. The administration's penchant for painting its perceived adversaries with the same sweeping brush has led to a series of unintended consequences." She says the Administration "is now divided between those who understand this complexity and those who do not," and suggests the US tackle difficult problems as a way to end tyranny, renounce aggression towards Iran, and address political realities in the Middle East. The Los Angeles Times (3/24, 958K) also runs Albright's op-ed.

Muslim Criticism Of Preemption Doctrine Examined. In a USA Today op-ed (3/24), Yale University fellow Irshad Manji says, "Honesty demands that Muslims in the USA judge the doctrine of pre-emption by a single standard. That requires making a choice. We can accept what the prophet did as necessary and guided by God, in which case we can't be shocked when the president makes a similar case for his policy. Or we can acknowledge that the prophet Mohammed's pre-emptive assaults on Jews were morally wrong, in which case we've got credibility when slamming the Bush doctrine."

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Schlozman Named Interim US Attorney For Western Missouri. The Springfield (MO) News-Leader (3/24) reports, "Bradley J. Schlozman was appointed today as interim U.S. attorney for the Western District of Missouri, the Justice Department said. … The interim appointee replaces Todd P. Graves, whose last day is Friday." The News-Leader continues, "Graves announced his resignation earlier this month, after nearly five years of prosecuting federal cases in western Missouri. Graves has said he plans to return to private practice and become more involved in politics. … Schlozman will be there until President Bush appoints a permanent replacement, probably by summer, a U.S. Attorney spokesman said."

The AP (3/24) reports, "Schlozman most recently was principal deputy assistant attorney general for the Civil Rights Division of the Department of Justice, where he supervised a unit that included more than 700 employees - 356 of them attorneys. … Schlozman has been with the Department of Justice since 2001. He is originally from Overland Park, Kan., and graduated with a degree in history from the University of Pennsylvania."

Flynn Begins Work As Western New York US Attorney. The Buffalo News (3/24) reports, "Terrance P. Flynn began work Wednesday as U.S. attorney for Western New York." The News continues, "The U.S. Justice Department said the Buffalo lawyer was sworn in as U.S. attorney this week, after being confirmed by the U.S. Senate. … President Bush nominated Flynn for the job last December, after Michael A. Battle accepted a Washington position as Justice Department liaison with its U.S. attorneys nationwide."

CORPORATE SCANDALS:

Enron Defense Attorneys Attack Former Treasurer's Credibility. The New York Times (3/24, Barrionuevo, Bajaj) reports, "Defense lawyers began an aggressive cross-examination of Enron's former treasurer today in attempt to show the tough tactics used by the government to induce cooperative testimony from a lower-level officer against the failed energy company's onetime top executives." The Times continues, "Trying to sow seeds of doubt in the jury's mind about the damaging testimony that the treasurer, Ben F. Glisan Jr. gave against his former bosses, Jeffrey K. Skilling and Kenneth L. Lay, on Wednesday, a defense lawyer asked him today about his interactions with federal investigators and the time he spent in solitary confinement. The questioning yielded revealing details about how the government conducted its investigation and pursued officials involved in the biggest corporate scandal of the decade so far." The Times adds, "Mr. Glisan presents an interesting challenge for the defense because unlike other witnesses who have been called by the

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prosecution, he has little incentive to cooperate with the government. Mr. Glisan, 40, does not have a plea deal with prosecutors and is more than halfway through serving a five-year prison sentence after pleading guilty to one count of conspiracy to commit wire fraud. … He is testifying under a grant of immunity from the judge for other crimes he may have committed at Enron, but Mr. Glisan could face obstruction of justice and perjury charges if he lies on the stand."

The Wall Street Journal (3/24, McWilliams, Davis) reports that Glisan had testified that Skilling and Lay "approved accounting manipulations that allowed Enron to increase earnings and hide losses while telling investors its energy businesses were a success. Under cross-examination, Mr. Glisan backed away from some of his characterizations. Mr. Glisan pleaded guilty to an Enron-related conspiracy to commit wire and securities fraud and is serving a five-year prison sentence." The Journal continues, "Wednesday, Mr. Glisan described meetings with the two executives where, he said, they approved the improper use of reserves, misled investors and hid losses. He testified to the use of 'side deals' to insulate an investment partnership run by Andrew Fastow, Enron's former chief financial officer, from losses in its Enron dealings. … Mr. Glisan said when presented with a plan to create an investment vehicle that relied on Enron shares to hedge investments, Mr. Skilling said he wouldn't routinely approve such a vehicle, except that it allowed the company 'to circumvent accounting rules.' Yesterday, Mr. Glisan backed off from the phrase, saying he wasn't testifying to Mr. Skilling's exact words. Mr. Glisan also admitted recommending Mr. Skilling approve the investment vehicles and said he never told the former president or other executives that the hedges would be improper. … 'You lied all day yesterday, didn't you?' asked Daniel Petrocelli, lead defense attorney for Mr. Skilling. Mr. Glisan said that he told Mr. Skilling the investment vehicle didn't transfer economic risk, a violation of accounting rules, and that it could draw the scrutiny of the Securities and Exchange Commission. Mr. Petrocelli argued that the investment vehicles were approved by the company's outside auditor, attorneys and others. He suggested that while the two executives made optimistic statements in the summer and fall of 2001, they did so in the best interests of Enron stockholders."

The Washington Post (3/24, D1, Johnson) reports that Glisan "insisted that the company's financial problems were mounting even as (Lay) displayed optimism to the public. … 'What we were telling banks, rating agencies and investors was inconsistent with economic reality,' Glisan said." The Post notes, "Discrediting Glisan…is paramount to the defense case. Prosecutors used Glisan to remind the jury of their central allegations and to corroborate testimony by more personally tainted witnesses, including former finance chief Andrew S. Fastow. While Glisan shifted in his seat, repeatedly sought to clarify statements by Petrocelli and sometimes laughed in frustration during cross-examination, he did not lose his composure. However, he did retreat from some of the language he used to describe Lay's and Skilling's actions."

US Indicts Seven In Bank Of Alamo Probe. The Jackson (TN) Sun (3/24) reports, "A federal investigation into the 2002 failure of the Bank of Alamo has led to the indictments of at least seven people, according to a release from the U.S. Justice Department." The Sun continues, "On Wednesday, a federal grand jury returned indictments accusing them of various charges of conspiracy, money laundering and bank fraud, according to the release." The Sun adds, "Those named in the indictment include: Claude M. Conley, director and chairman of the Bank of Alamo Board of Directors; John Sanders, president and chief executive officer of the bank; Lazaria Saveh, William Saveh and George Eivazzadeh. The indictment says the defendants made 'and caused to be made false and fraudulent statements in the books and records of the bank.' … The indictment said the false statements were made to cover up loans made to William Saveh in excess of the bank's legal lending limit and to conceal from the Federal Deposit Insurance Corp. and state regulators the true financial condition of the Bank of Alamo."

Some Doubt Need For Third Quattrone Trial. The New York Times (3/24, Creswell) reports, "What do John A. Gotti; Cendant's former chief executive, Walter A. Forbes; and Frank P. Quattrone, the former investment banker, all have in common? … As vastly different as those three cases are, they may all be threepeats, with each facing the prospect of a third trial in federal court." The Times continues, "For Mr. Quattrone, that prospect emerged on Monday after a federal appeals court overturned his 2004 conviction on obstruction of justice charges. … The ruling faulted the judge's instructions to the jury, saying that they had failed to adequately require jurors to establish that Mr. Quattrone intended to thwart a government investigation. But the appeals panel did not reject the quality of the evidence presented in the government's case, which could bolster prosecutors' decision to retry Mr. Quattrone. … 'It was thrown out because of flawed jury instructions, so I don't think we'll see the government walk away from this case,' said Robert A. Mintz, a former prosecutor and now a partner at McCarter & English." The Times notes, "But much has changed since the United States attorney's office in Manhattan began its investigation of Mr. Quattrone in 2001. The prosecutors who brought the original case have left for private practice at prestigious Manhattan law firms. By some estimates, the office has already spent thousands of hours and millions of dollars in two trials to reach a guilty verdict

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against Mr. Quattrone, the son of a Philadelphia garment worker who rose to become the most powerful banker in Silicon Valley during the height of the dot-com boom. … Because of the passage of time — and in the wake of a number of high-profile white-collar convictions in recent years, including Martha Stewart, Bernard J. Ebbers of WorldCom and John J. Rigas of Adelphia Communications — some lawyers wonder whether there is a need to put Mr. Quattrone's feet to the fire once again."

Judge May Set Trial Date For Former Qwest CEO. The Wall Street Journal (3/24, Young) reports, "A U.S. district-court judge in Denver today is expected to set a trial date for Joseph Nacchio, the former Qwest Communications International Inc. chief executive charged with 42 counts of criminal insider trading." The Journal continues, "Judge Edward Nottingham may also rule on defense arguments for dismissal of the charges, which carry a potential prison sentence of 10 years for each count and a financial penalty of more than $100 million. … U.S. Attorney William Leone alleges Mr. Nacchio illegally sold $101 million worth of the Denver-based phone company's stock in 2001 when he knew the company wasn't doing as well as it had led investors to believe. The defense says prosecutors have presented a flimsy and flawed case." The Journal adds, "Attempts to have the charges dismissed are commonplace and carry virtually no risk for defendants, and they are rarely entirely successful, say white-collar-crime attorneys not involved in the case. … Herbert Stern, Mr. Nacchio's attorney, says his client had nothing more than vaguely worded, speculative warnings from other executives that the company might not meet financial targets if business didn't improve. That isn't the same as knowing that the company has actually faltered, according to court filings by the defense. The defense also argues that the information Mr. Nacchio had was, by definition, not significant since the prosecution hasn't claimed that it needed to be disclosed to investors."

SEC Probe Leads To Refco Files. The Wall Street Journal (3/24, Mollenkamp, McDonald) reports, "Authorities and some creditors of Refco Inc. want to know more about money the brokerage firm shuttled between some of its business units in the days before it filed for bankrupty protection." The Journal continues, "They may be able to learn some important details from Christopher Sugrue, a New York money manager and past employee of Refco, which imploded just weeks after its August initial public offering when Refco disclosed that its former chief executive, Phillip Bennett, had hidden bad debts." The Journal adds, "U.S. securities regulators have been seeking information regarding such business dealings with Refco. And lawyers working for Refco unsecured creditors have sought information from Mr. Sugrue because of what court filings by those creditors describe as a 'close relationship' between the 35-year-old Long Island native and Refco, where Mr. Sugrue was an executive before he helped launch PlusFunds Group Inc. … After Refco filed for Chapter 11 bankruptcy-court protection Oct. 17, the Securities and Exchange Commission visited PlusFunds' Manhattan offices and asked for a battery of records, according to a report attached to a sworn statement by S. David Peress, a crisis consultant hired by PlusFunds."

Sarbanes Defends Sarbanes-Oxley Law. In remarks to the Consumer Federation of America, Sen. Paul Sarbanes offered a defense of the Sarbanes-Oxley corporate governance law and suggested efforts to roll it back are on shay legal ground. The Wall Street Journal (3/24, Hughes, 2.11M) reports, "Critics have asserted the law was enacted hastily and created too many burdens for companies. … 'It's asserted by some that the law was enacted in haste,' Mr. Sarbanes said. 'I think this is an affront to the hard work and the common sense of the members of Congress who shaped the legislation, moved it through their respective houses and voted for it. We had an extremely thorough, careful set of hearings.'"

CRIMINAL LAW:

Judge Launches Probe Of Ryan Juror Over Questionnaire. The Chicago Tribune (3/24, Gibson, O'Connor, Heinzmann) reports, "A federal judge launched an investigation into a juror in the George Ryan trial Thursday hours after the Tribune reported to court officials that public records appear to show the man had hidden a felony DUI conviction from the court during jury selection." The Tribune continues, "The revelation cast a shadow over the historic prosecution of the former governor, and could potentially lead to a motion for a mistrial or form grounds for the juror's dismissal with deliberations already underway. … Court records matching the suburban juror's name and other identifying information show a conviction for aggravated drunken driving-a felony-while Ryan was secretary of state in 1995." The Tribune adds, "In a sworn questionnaire filled out by potential jurors before the trial's start last September, the juror answered 'no' when asked if he, a close friend or relative had ever been charged or accused of a crime. … State records also show that the driving privileges for a man matching the juror's name had been revoked or suspended on numerous occasions during Ryan's term as secretary of state as well. … On the questionnaire, the juror denied having any 'bad experience' with the secretary of state's office and passed on a chance to discuss anything privately with the judge. … The latest twist in the marathon trial came amid indications of dissension in the jury in its second week of deliberations and as the judge warned jurors to treat one

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another 'with dignity and respect.'" The Chicago Sun-Times (3/24, Korecki) notes that US District Judge Rebecca Pallmeyer dismissed jurors yesterday afternoon and said that they will return Monday morning to continue deliberations. The Sun-Times adds that earlier yesterday, "Pallmeyer admonished jurors in a letter to treat one another 'with dignity and respect' and to stop breaking off into smaller groups."

The AP (3/34, Robinson) also reports on the incident and adds, "Los Angeles-based jury consultant Phil Anthony, chief executive officer of DecisionQuest Inc., said in a telephone interview Thursday that based on the turmoil of the last few days 'I suspect that this jury is not going to reach a decision.' But he said that might be prevented if Pallmeyer took strong action to refocus the jury."

Philadelphia Businessman Pleads Guilty To Bribing Mariano. The AP (3/24) reports Reinaldo Pastrana, "a businessman friend" of City Councilman Rick Mariano, "pleaded guilty Thursday to paying the councilman's health-club dues in exchange for help with a city land deal." Pastrana "did not cooperate in the case against…Mariano, who was convicted last week of 18 of 22 bribery and fraud counts. Pastrana paid $5,400 for Mariano's membership fees, while Mariano helped him acquire a city property for $100,000, far below its appraised value." The Philadelphia Inquirer (3/24, Shiffman, 423K) notes, "Last year, after the FBI investigation became public, the councilman gave the developer a backdated check to make it appear as if he had repaid him, prosecutor Kenya Mann said in a court filing. But, she said, Mariano also told Pastrana not to cash the check because he didn't have enough money in his bank account."

Murder Victim's Mother Testifies At "Mafia Cops" Trial, But Does Not Identify Defendants. Newsday (3/24, DeStefano) reports, "Betty Hydell, the murder victim's mother who helped jump-start the investigation into the so-called 'Mafia Cops,' testified Thursday but did not identify the two defendants as the men with badges who came looking for her son the day he disappeared. Hydell, whose son James went missing in September 1986, also didn't testify about how she had reportedly recognized the face of…Louis Eppolito, some years later on a television talk show," as defense lawyers had expected." But The New York Post (3/24, Haberman, 624K) notes, "Hydell was not asked to identify or whether she recognized" Eppolito or Caracappa," although "she said of the two stakeout cops: 'One was the big one, one was the little one.'" The New York Daily News (3/24, Marzulli, 729K) also reports on Hydell's testimony, under the headline "Testimony Against Mafia Cops A Dud."

Meanwhile, The New York Times (3/24, Feuer, 1.19M) reports that earlier yesterday, Steven Corso, "tax cheat, thief and disgraced accountant," was cross examined by Eppolito lawyer Bruce Cutler, after spending "the last two days…telling jurors that the two detectives moved to Las Vegas in the early 1990's and committed a smattering of federal crimes." Cutler "sought to paint the 50-year-old Mr. Corso as a debauched and profligate government pawn: a man, he said, who left $600,000 in 'unpaid lines of credit at various and sundry casinos.'"

Four In New York Arrested On Fraud Charges In Russian Pipeline Sting. Newsday (3/24, Kessler) reports, "The only thing that was real yesterday was the Republic of Buryatia. Four alleged con men believed they were about to collect $3 billion yesterday from a wealthy Nassau County hedge fund operator for the 'construction' of an oil pipeline through that obscure Siberian region, federal officials said. But the four…ended up being arrested on fraud charges by federal agents on Long Island, in Montana and in Georgia." Newsday notes, "The hedge fund operator was an unidentified Long Island man who had pleaded guilty to securities fraud and worked on sting operations for the FBI and the U.S. Postal Inspection Service to get a lighter sentence, according to court documents."

FBI Sting Leads To Indictment Of Michigan Man On Child Porn Charges. The AP (3/24) reports, "U.S. Attorney Stephen Murphy on Thursday announced child pornography charges against a Flint man and said he was launching a new initiative to crack down on what he said is a growing Internet trade in such images." Alan Sain "was indicted Wednesday on charges that he enticed, coerced and used a child to engage in sexually explicit conduct and produced pictures of the acts. … In an affidavit that accompanied an initial complaint against Sain filed last week, FBI Special Agent Jennie McGlynn Emmons described posting a profile on several Yahoo! interest groups she said were associated with child exploitation. Emmons said Sain contacted her, chatted online with her and sent her child pornography."

The Detroit News (3/24, Egan) reports, "The U.S. attorney's office will seek maximum penalties for all who abuse or exploit children as part of a new initiative announced Thursday to fight child pornography." The News continues, "U.S. Attorney Stephen Murphy said he has assigned seven assistant attorneys, led by Assistant Attorney John O'Brien, to become experts on child exploitation cases. … Murphy's office also will work more closely with other federal, state and local law enforcement agencies and will launch an Internet safety and awareness program in local schools, he said at a news conference in Detroit. … 'If we can't do all we can to protect (children), then we can't do much,' Murphy said. 'We

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intend to put these sick individuals in jail for as long as we possibly can.'"

Former Georgia Scout Leader Sentenced To Probation For Child Porn Possession. The AP (3/24) reports Samuel J. Port of Ball Ground, Georgia, "who served more than five years as a Boy Scout troop leader"was "sentenced Wednesday in federal court to eight years probation and six months of home confinement for possessing dozens of video clips of child pornography, according to a news release from the U.S. Attorney's office in Atlanta. Port came to the attention of the FBI after he brought in his employer-owned computer for maintenance, according to the release. … The FBI did a forensic scan of Port's computer and discovered more than 100 movie clips containing pornography related to young boys."

Four Charged In Nigeria E-Mail Scam. CNET News (3/23, Broache) reports, "A quartet of suspected e-mail scammers--three of them Nigerian citizens--could face scores of years in prison if convicted on fraud and conspiracy charges, the U.S. Justice Department said Thursday." CNET continues, "A grand jury in Brooklyn, N.Y., on Wednesday charged Nnamdi Chizuba Anisiobi, Anthony Friday Ehis, Kesandu Egwuonwu and another unnamed defendant with one count of conspiracy, eight counts of wire fraud and one count of mail fraud. Anisiobi also faces one count of bank fraud." CNET adds, "According to the Justice Department's charges, New York-based victims of the e-mail scams lost more than $1.2 million to the fraudsters. … Their schemes resembled a popular fraud ploy, sometimes called a 419 scam, or an advance-fee scheme, that has dogged the African nation. Their perpetrators typically send letters and e-mails to thousands of victims, offering a large sum of money and attempt to dupe them into paying fees beforehand. The criminals then pocket the cash and shirk their end of the fake bargain."

US To Seek Death Penalty For New York Drug Kingpin. The AP (3/23, Hays) reports, "The murder conspiracy trial of a notorious crack kingpin with ties to the rap music industry was postponed on Thursday after prosecutors told a judge that the Department of Justice wants him and his four co-defendants to face the death penalty." The AP continues, "U.S. District Judge Frederic Bloch rescheduled the trial of Kenneth 'Supreme' McGriff, previously set for April 3, for April 17. He said he would rule by April 10 on the government's death penalty request." The AP adds, "At a hearing in federal court in Brooklyn, defense attorney David Ruhnke called the government's request an 11th-hour 'sham' imposed by a pro-death penalty Justice Department and designed to buy prosecutors more time to prepare their case. He argued that the allegations don't meet the federal standards for a capital case. … Seeking death for defendant Nicole Brown — accused of being a lookout in the 2001 retaliation slaying of a rapper known as E-Money Bags — in particular 'is simply absurd,' he said." The AP notes, "Prosecutor Carolyn Pokorny insisted the request was legitimate, saying, 'It's something that got a really close look in Washington.' … McGriff was founder of the Supreme Team, once one of the city's most violent drug crews. Investigators allege that after he finished serving about nine years for drug conspiracy in 1997 he set about reviving his drug-dealing operation."

Oklahoma Doctor Indicted On Medicare Billing Fraud Charges. The Alva (OK) Review-Courier (3/24) reports Alva Dr. Gregory Glase Pinegar was indicted Thursday on charges of "fraudulently billing Medicare for the administration of significantly more medication than was actually given to his patients. … Dr. Pinegar is a family practice physician operating his own medical offices in Alva, Oklahoma, who served approximately 300 Medicare eligible patients. The indictment focuses on two prescription medications: Procrit and Remicade." The Review-Courier notes, "The case is the result of an investigation conducted by the Office of Inspector General for the U.S. Department of Health and Human Services and the Federal Bureau of Investigation."

Internet Sports Wagering Gaining In Popularity. The Las Vegas Sun (3/24, Benston) reports, "Online, or 'offshore' sports books might seem irrelevant in a town with dozens of sports books and more than 35 on the (Las Vegas) Strip alone. … That couldn't be further from the truth." The Sun continues, "Online sports betting sites aren't just flourishing in the rest of the country, where sports books are illegal everywhere except Nevada. Internet sites have found a hot spot in Nevada and especially in Las Vegas, home to one of the biggest concentration of gamblers and a place where bettors come from all over the world to hone their skills. … No one knows how much of this year's estimated $118 billion in online sports book bets will be made by Nevadans. … But experts say it's a large and growing number of people that includes many pros and even more amateurs who follow sports. … Sportingbet, which is headquartered in London and operates its computer servers from the Caribbean island of Antigua, isn't a law-abiding company, according to the Justice Department. Online sports betting also is considered illegal in Nevada, which prevents the transmission and placement of wagers by entities that aren't licensed by the state Gaming Control Board and Nevada Gaming Commission. … The Justice Department says Internet gambling is illegal in the United States based on a law known as the Wire Act. Some legal experts say the law, intended to combat illegal bookmaking by the Mafia in the 1960s, is

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outdated and doesn't apply to traditional casino games and poker games played online. But they generally agree that sports books are on much shakier legal ground."

FBI Agent Warns NCAA Basketball Players About Gambling. The CBS Evening News (3/23, story 8, 2:30, Schieffer, 7.66M) reported, "The NCAA men's college basketball tournament is down to the so-called Sweet 16 teams," and "by now, many of the teams have gotten the pep talks from their coaches and another talk from the FBI." CBS (Acosta) added, "Before the West Virginia Mountaineers took to practice court, they had a little sit-down with the FBI." Special Agent Tom Metz: "We have a lot of people out there, whether knowingly or not, who want to be your friends. Unfortunately they want to be your friends for the wrong reasons." Acosta: "Special Agent Tom Metz was invited by the NCAA to explain how gambling on sport, especially on their own team, could ruin their lives." Metz: "What we're trying to say the student athlete is they have a lot to lose." Acosta: "West Virginia coach John Beilein welcomed the FBI's visit." Beilein: "I wished they listened to me that attentively at some of our meetings, because our guys were on the edge of their seats." Metz's meeting with the WVU players was posted yesterday on the Web sites of CBS affiliates across the country, such as KDKA-TV Pittsburgh.

Former Insurance Financier Resentenced To Federal Prison. The AP (3/24, Apuzzo) reports, "A federal judge ordered Martin Frankel on Thursday to serve the same sentence he got in 2004 for stealing $200 million from insurance companies — nearly 17 years in a federal prison." The AP continues, "The former financier was ordered resentenced after a Supreme Court ruling last year gave judges more leeway in their use of sentencing guidelines. … During a brief hearing in U.S. District Court, Judge Ellen B. Burns said she saw no reason to alter the sentence. … 'It seemed to me, that was the appropriate sentence to impose,' she said." The AP adds, "Frankel, 51, wearing baggy brown prison scrubs and large glasses, stroked a long gray beard that he grew in prison as Burns reread the 200-month sentence. He spoke only briefly, asking Burns to note that he is at risk in prison. … Burns said she would. Defense attorney William Koch elaborated after court, saying the highly publicized case, which inspired two books, made Frankel 'particularly vulnerable' to physical assaults in prison. … He will be eligible for release in 2015, according to the U.S. Bureau of Prisons. Frankel is serving his sentence at the federal prison in Otisville, N.Y. … Frankel was convicted of taking over and looting insurance companies in Arkansas, Mississippi, Oklahoma, Missouri and Tennessee."

US Files Charges In Penny-Stock Mob Case. The Wall Street Journal (3/24, Bray) reports, "Men the government identifies as members of the reputed Colombo and Luchese organized-crime families were charged with manipulating the market for penny stocks as part of a broader racketeering case in Brooklyn." The Journal continues, "In an indictment unsealed yesterday, the Justice Department's U.S. attorney's office in Brooklyn alleged that at least six of 10 men the Federal Bureau of Investigation arrested on racketeering charges secretly controlled at least 15 branch offices of brokerage firms in the New York City boroughs of Brooklyn, Manhattan and Staten Island, through which the men ran a scheme to artificially inflate the price of the stocks." The Journal adds, "Prosecutors said brokers misrepresented prospects of certain stocks to potential investors in exchange for large commissions. They said the defendants then sold their holdings in those stocks at inflated values, costing investors $20 million."

Pennsylvania Woman Says She Was Held Captive For 10 Years. The New York Times (3/24, Urbina) reports, "A girl who vanished more than 10 years ago was reunited yesterday with her mother in a Pittsburgh suburb two days after confiding to a store owner that she was being held captive, the police said." The woman, Tanya Nicole Kach, now 24, "was 14 when she was reported missing on Feb. 10, 1996, after walking out of her father's house, two miles from where she said she had lived in secrecy. … 'We're investigating this further, but I have to tell you there is still a lot we need to figure out,' said Charles Moffatt, superintendent of the Allegheny County Police Department." The Times adds, "Ms. Kach said she had been living against her will with Thomas Hose, 48, a security guard at Cornell Intermediate School in McKeesport, where Ms. Kach was an eighth grader when she was reported missing, Mr. Moffatt said. For the first four years of captivity, she told the police, she was never permitted to leave the two-bedroom house, and Mr. Hose threatened to kill her if she told anyone about her captivity."

USA Today (3/24, Dorell) reports, "Allegheny County Police Superintendent Charles Moffatt said Kach was a runaway and had been living at the home of a security guard from her middle school who held her indoors for four years. He told her she was stupid and unwanted by anyone but him, Kach said. She was just 2 miles from her father's house she had fled in McKeesport, Pa. … Thomas Hose, 48, was suspended from his job Thursday and arrested on charges of statutory sexual assault and involuntary deviate sexual intercourse. His lawyer, James Ecker, said Hose did not hold the girl against her will."

Evidence Of Pellicano's Wiretapping Used In Suit. The New York Times (3/24, Halbfinger, Weiner) reports, "A screenwriter and his lawyer talk on the phone. They are in the heat of legal battle with a big-time producer

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over the profits from a hit movie. The lawyer says which of their arguments he thinks are strongest and how much he thinks their opponents will agree to pay in a settlement. … Unbeknownst to both of them, Anthony Pellicano is listening in, and taking notes, court filings say." The Times continues, "Mr. Pellicano, the celebrity detective charged with wiretapping and conspiracy in the biggest Hollywood scandal in generations, stands accused of intercepting conversations of scores of unwitting people, many involved in high-profile lawsuits. … But what the federal indictment of Mr. Pellicano failed to spell out was just how he put his wiretaps to use." The Times adds, "Now, the first direct evidence of eavesdropping by Mr. Pellicano has surfaced in newly filed court documents: excerpts of what prosecutors have described as Mr. Pellicano's summaries of conversations he intercepted in 2001 between Vincent Zenga, a screenwriter and producer known as Bo, and his lawyer, Gregory S. Dovel, during their contentious suit against the influential Hollywood executive Brad Grey, now head of Paramount Pictures."

Pentagon Orders Inquiry Into Cunningham Earmarks. Undersecretary of Defense Stephen Carbone has ordered an internal inquiry into how funding earmarked by former Rep. Duke Cunningham resulted in contracts for MZM Inc. to do work for the Pentagon's intelligence agency, the Counterintelligence Field Activity. The Washington Post (3/24, A6, Pincus, 744K) reports that Cunningham pleaded guilty to tax evasion and taking bribes from contractors including the MZM's former president of Mitchell J. Wade, who "pleaded guilty last month to bribery-related charges and to making illegal campaign contributions to Cunningham and other legislators."

Government Raises $94,000 At Auction Of Cunningham Property. The government yesterday auctioned some of Rep. Randy Cunningham's ill-gotten gains yesterday, raising $94,000 to pay for his restitution and back taxes. The story was covered by ABC and NBC late in their newscasts.

ABC World News Tonight (3/23, story 11, 1:30, Vargas, 8.78M) reported, "Here today in California, the government auctioned off the trappings of luxury that caught Representative Randy Cunningham in the worst corruption scandal Congress has ever known. The eight-term Republican is in prison for accepting $2.5 million in bribes and cheating on his taxes." The government "is also selling Cunningham's yacht and multi-million dollar mansion to pay his back taxes and restitution for his crimes. For the buyers, there was a measure of satisfaction, in seeing the treasures of a tainted politician on the auction bloc."

NBC Nightly News (3/23, story 11, 0:30, Brown, 9.87M) reported, "The loot included Persian rugs marble top antique tables, and ornate furniture, much of it given to Cunningham by defense contractors in exchange for steering business their way. At the end of the day, the auction brought in a modest $94,000."

The New York Times (3/24, Broder, 1.19M) reports that the 35 items "brought the government $94,625, about two-thirds of the $150,000 that the military contractors who gave the items to Mr. Cunningham as bribes reportedly paid for them." Proceeds from the auction "will go to the Internal Revenue Service's criminal investigation division and the Federal Bureau of Investigation, two of the agencies that investigated Mr. Cunningham's crimes."

The Los Angeles Times (3/23, Suarez, Perry, 958K) reported on its web site that the auction "drew little response this morning, despite heavy advance publicity. Few among the hundreds of people who showed up at the regular IRS auction at a cavernous warehouse in Rancho Dominguez were aware that the infamous politician's belongings were available."

Asian Gang Member Convicted Of 2002 Virginia Slaying. The Washington Post (3/24, B1, Jackman) reports, "An Asian gang member who shot and killed a rival gang member in 2002, then fled to Canada for more than two years, was convicted yesterday of first-degree murder by a Fairfax County jury." The Post continues, "The jury then recommended that Henh Ngo, 22, of Springfield be sentenced to 26 years in prison -- 23 years for murder and three years for using a gun during a felony. Fairfax Circuit Court Judge Jane Marum Roush will sentence Ngo on May 25. Under Virginia law, she may not increase but could decrease the jury's recommended sentence." The Post adds, "Prosecutors told the jury that members of a gang called Asian Young and Dangerous, or AYD, jumped and pummeled two members of the gang Asian Dragon Family, or ADF, at Springfield Mall in mid-December 2002. One of the victims in that case was Ngo, then 19 years old and well-known in the gang community as 'Phi Lu,' or 'Fat Guy,' witnesses testified."

DC Development Firm Executive Indicted In Deepening Corruption Probe. The Washington Times (3/24, McElhatton) reports, "The financial officer for one of the District's most prominent development companies has been indicted on conspiracy and federal tax-evasion charges." The Times continues, "The charges against John E. Brownell, chief financial officer for Douglas Development Corp., come months after federal authorities indicted company President Douglas Jemal and two other executives amid an investigation into corruption in the city's Office of Property Management." The Times adds, "Mr. Brownell's attorney, Barry Coburn, said yesterday his client disputes the

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indictment, which was filed Tuesday. … 'We are very disappointed that the U.S. Attorney's Office has seen fit to indict Mr. Brownell, and we look forward to the opportunity to vindicate him at trial,' he said. … The 18-page indictment states Mr. Brownell received 'secret payments' from the company president and another individual at the company, identified only as 'Conspirator A.' Mr. Jemal is the company president. … Prosecutors said Mr. Brownell failed to file federal income-tax returns from 1994 to 1998 and that he evaded paying income taxes from 1998 to 2003. … A U.S. Attorney's Office spokesman said yesterday the conspiracy and tax-evasion charges against Mr. Brownell each carry a maximum of five years in prison."

Social Security Card Forgery Seen As Increasing Problem. NBC Nightly News (3/23, story 9, 2:30, Lewis, 9.87M) reported, "This undercover video, shot by agents of the Federal Immigration and Customs Enforcement Service, was used to help convict this man of forging Social Security cards and other government IDs, a practice that often victimizes innocent people, like 2-year-old Tyler Lybbert of Draper, Utah." Someone else "was using a Social Security number identical to Tyler's, part of a mushrooming problem in this country involving the making and selling of phony IDs." Kevin Jeffrey, special agent, Immigration and Customs enforcement: "The document vendors themselves, they just make up random numbers." Lewis: "Special Agent Kevin Jeffrey of Immigration and Customs Enforcement says computers make it easy for the forgers. … He says Los Angeles, with its huge population of illegal immigrants, is the counterfeit document capital of America."

Baltimore, DC Cardinals Lobby Against Maryland Sex Abuse Bills. The Washington Post (3/24, B5, Murphy) reports, "Roman Catholic Church officials are putting a full-court press on Maryland legislators to reject bills that would extend the time allowed for victims of childhood sex abuse to file lawsuits against abusers and their employers." The Post continues, "Cardinal Theodore E. McCarrick of the Washington archdiocese and Cardinal William H. Keeler of the Baltimore archdiocese have gotten involved, expressing opposition to the bills to House Judiciary Committee members directly or through intermediaries. The archdioceses also have hired a prominent Annapolis lobbying firm, Schwartz & Metz, to supplement the efforts of the Maryland Catholic Conference, their regular lobbying arm. … 'Almost everyone on the committee has acknowledged to me that the church has called them or called their ministers about the bill, and they are meeting with every member of the committee, including me,' said Del. Pauline H. Menes (D-Prince George's), the bills' principal sponsor." The Post notes, "Under Maryland law, lawsuits by childhood abuse victims can be filed until the victim is 25. The two bills would significantly ease that restriction. One would let victims file suit until they are 42; the other would open a two-year window during which victims of any age could sue. … Supporters say the bills are needed because victims typically do not report the abuse until they are in their thirties or forties. Church officials say it would be hard for defendants to present an adequate defense decades after an alleged incident, and they note that Maryland has no time limit on criminal charges against a child abuser."

CIVIL LAW:

Groups Say School Districts Not Complying With Bush Education Law. The Washington Times (3/24, Price, 90K) reports two national groups "promoting education reform have filed complaints against two California public-school systems, charging that they are violating federal law by not telling parents of children in failing schools about transfer options." The "joint complaints of the Alliance for School Choice and the Coalition on Urban Renewal and Education were filed yesterday against the Los Angeles Unified School District -- California's largest -- and the Compton Unified School District." The groups "say the districts are not complying with terms of the No Child Left Behind Act in that they are forcing many students to remain in low-performing schools for years and are not notifying parents that the federal law gives them the right to transfer their children to better-performing public schools."

Spellings Criticized Over Enforcement Of NCLB. The Wall Street Journal (3/24, A10, 2.11M) says in an editorial that "the California districts singled out in the filing aren't the only ones skirting the law. Similar violations have been reported in Baltimore, Chicago, Detroit, New York and elsewhere. A Government Accountability Office report from 2004 found that some three million children in 5,300 schools nationwide were eligible for choice under NCLB, but only about 1% were exercising the option." But the "reason school districts have been able to get away with this behavior is that no one is holding their feet to the fire. Education Secretary Margaret Spellings has chosen to hand out exemptions or look the other way instead of enforcing the law."

CIVIL RIGHTS:

Texas Youth Commission Seeks DOJ Help In Prison Probes. The Brownsville (TX) Herald (3/24, Pierson) reports, "The Texas Youth Commission has asked the U.S. Department of Justice for help in assessing the way it reports and investigates abuse against youth in state juvenile prisons." The Herald continues, "If TYC does not turn

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the tide of abuse, the state may face legal action, an American Civil Liberties Un-ion representative told a Texas House committee on Wednesday." The Herald adds, "Dwight Harris, executive director of TYC, asked the Justice Department on Thursday for help, after a months-long investigation by Rio Grande Valley Freedom Newspapers about the seven-year trend of increasing abuse against youth. … Findings published in The Brownsville Herald on Sunday showed that by 2005, three of every 100 youth in the TYC were being abused physically, a seven-fold increase from 1999. Injuries by youth against officers increased 70 percent in five years."

Judge Orders Federal Monitor For Virgin Islands Prison. The St Thomas (VI) Source (3/24, Probasco) reports, "A U.S. district judge found the V.I. government in contempt Thursday and ordered a federal monitor to fix 'constitutional violations' at the Golden Grove prison in St. Croix." The Source continues, "Judge George W. Cannon Jr. said the Virgin Islands was in violation of a 1986 order to resolve unconstitutional medical, sanitation and safety conditions at the prison, where an inmate Tuesday was stabbed to death and five others were injured in a brawl. … In his 32-page order, Cannon wrote, 'the court concludes that there are continuing and ongoing constitutional violations of the rights of individuals held at Golden Grove Adult Correctional Facility and Detention Center, and (the) defendants are in contempt of the court's orders.'" The Source adds, "Attorneys for the U.S. Justice Department asked Cannon to appoint the federal monitor, called a special master, to resolve lingering problems at the prison, calling conditions there 'deplorable.' … V.I. Attorney General Kerry Drue argued that the prison was improving and a special master was not needed."

Title IX Lawsuit Against University Of Colorado Again Rejected By U.S. Judge. The AP (3/24, Banda) reports, "A federal judge rejected a request to revive the lawsuit at the heart of the University of Colorado recruiting scandal, saying Thursday that two women who claimed they were sexually assaulted by athletes had not proven their claim against the school was valid. Attorneys for the women immediately promised an appeal." The claimants alleged the school violated Title IX by "fostering an atmosphere that led to their alleged assaults at a 2001 off-campus party." U.S. District Judge Robert Blackburn "tossed out the lawsuit a year ago, and said Thursday the women had not changed his mind after arguing there was new evidence showing coaches and trainers were aware of similar problems before the alleged assaults."

Reporting Sex Harassment At Naval Academy Gains Respect. The Washington Post (3/24, B8, Rivera) reports, "Midshipmen who report sexual harassment at the U.S. Naval Academy are increasingly viewed with respect by other midshipmen, and more students believe the campus provides a positive environment for women, a new survey shows." The Post continues, "Academy officials say the responses represent big leaps forward in how male and female students view academy culture. The results also come as reports of sexual assault at the academy have been increasing, in part because of an effort to encourage victims to report incidents, officials say." The Post adds, "About 3,000 midshipmen -- most of the sophomore, junior and senior classes -- responded to the academy's annual quality of life and values survey in October. Asked whether midshipmen at the Annapolis college who report sexual harassment are respected, resented or neither, 65 percent of women said 'respected.' Just 5 percent said 'resented.' … Two years ago, 66 percent of women checked 'resented' to the same question. … Fifty-six percent of men also said 'respected.' It was the first time in at least the last five surveys, the only data available yesterday, in which the majority of both sexes answered positively."

Fairfax County Officer Will Not Be Charged In Fatal Shooting. The Washington Post (3/24, B5, Jackman) reports, "The Fairfax County police officer who shot an unarmed man to death in January will not be charged with a crime, the county's chief prosecutor announced yesterday, and the man's family angrily responded by claiming that a civilian in the same situation would have been arrested." The Post continues, "From the start, Fairfax police declared that the killing of Salvatore J. Culosi, 37, was an accident and that the SWAT officer who fired had done so unintentionally. Fairfax Commonwealth's Attorney Robert F. Horan Jr. said that when a person fires a gun without malice and unintentionally kills someone, 'they do not commit a crime.' … 'I feel for the family of the victim in this case,' Horan said. 'You have to. But I also feel for the police officer. This is a good police officer. Fine record, almost 17 years. He's as shattered by this as any good police officer should be.'" The Post adds, "The officer is Deval V. Bullock, 40, a longtime member of Fairfax's SWAT team, numerous sources familiar with the case said. … Bernard DiMuro, the Culosi family's attorney, said: 'A pointed gun with a finger on the trigger is not an accident. There is no doubt that had the shooter not been a police officer, he would have been charged criminally, and a jury would have decided the issue.' He said Horan could have charged the officer with second-degree murder or manslaughter. … The Culosis also questioned whether the police could fairly investigate themselves and whether Horan had received a complete investigation. The family sent a

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letter to the Fairfax Board of Supervisors asking it to review the case, and to review police policies on the use of force and the use of SWAT teams as well."

Gay Marriage Issues Advancing In Courts, Legislatures. While gay rights advocates are pushing the legalization of gay marriage in state courts, gay marriage opponents seeking to ban the unions are gaining ground in state legislatures. USA Today (3/24, Biskupic, 2.31M) reports "The contrasting strategies reflect how judges have begun to show a willingness to expand the rights of same-sex couples at a time when many state lawmakers — and most Americans — are cool to the idea." USA adds, "Several key developments are likely soon. The top state courts in Washington state and New Jersey have heard arguments brought by gay men and lesbians. Either court could open the door to a second state joining Massachusetts in allowing same-sex marriages. … Meanwhile, the Alliance for Marriage and other groups against same-sex marriage hope to win legislative ballot initiatives this year in Alabama, Idaho, South Carolina, South Dakota, Tennessee, Virginia and Wisconsin. The measures would amend state constitutions to ban same-sex marriages."

Lawsuits Challenge Policies Against Same Sex Marriage. A separate story in USA Today (3/24, Biskupic, 2.31M) reports on lawsuits "challenging policies against same-sex marriages. … The lawsuits, sponsored by the American Civil Liberties Union and gay rights groups such as Lambda Legal, utilize carefully selected plaintiffs and locales. They argue that particular state constitutions contain a right to same-sex marriage. The lawsuits were inspired largely by a 2003 ruling by Massachusetts' highest court that led to that state being the first to legalize such unions. … Such lawsuits are awaiting rulings by the top state courts in Washington state and New Jersey. Similar lawsuits are making their way through state courts in California, Connecticut, Iowa, Maryland and New York."

American Muslims Getting More Involved In Civil, Political Life. The 9/11 attacks have had what USA Today (3/24, Lawrence, 2.31M) calls "double-edged impact on the political emergence of American Muslims. They are up against more stereotyping and backlash," and at the same time, the attacks "jolted Muslims into realizing that they needed to make themselves known to their neighbors and heard by their government. They are voting, running for office and getting more involved in civic and political life at every level, from PTAs and school boards to town councils and state legislatures." USA adds, "This large-scale entry of Muslims into public life is not only testing the courage of Muslim candidates and the tolerance of voters. It's also prompting politicians to take notice of a community that has growing clout and is open to appeals from both parties."

Abortion Law Could See Shift With Change In "Undue Burden" Standard. Knight Ridder (3/24, Henderson) reports, "The latest high-profile battle in the abortion wars may prove to be a sideshow to a monumental shift in abortion law that could take place this fall." Knight Ridder continues, "South Dakota legislators enacted a sweeping ban on abortion last month that will retest the strength of Roe v. Wade, the landmark 1973 Supreme Court decision that overturned all state laws banning or restricting abortion. Other states are threatening to follow suit as anti-abortion activists flex what they think is new muscle: two new Supreme Court justices who are thought to be less sympathetic to abortion rights." Knight Ridder adds, "Legal experts say the courts almost certainly will strike down South Dakota's ban in short order. But this fall, when the Supreme Court considers the federal ban on late-term abortions, the justices could make it easier for state legislators to pass stringent restrictions on abortion without much fear that the courts might overturn them. … The high court could force those who challenge abortion restrictions to prove that restrictive laws prevent a significant number of women from getting abortions. Currently, the courts bar restrictions if it's plausible that they could impose burdens on women seeking abortions. … Such a ruling would validate many abortion laws that can't now survive court scrutiny, and in some states it would render abortion all but inaccessible to many women. … All this could happen without the court even touching on the core debate over abortion rights."

Montgomery County Police Chief Urges Closing Of Union's Internet Forum. The Washington Post (3/24, Londoño) reports, "Montgomery County Police Chief J. Thomas Manger called on the department's union yesterday to take down an online message board that some police officers have used as a forum for disparaging, and sometimes racist, remarks about colleagues, supervisors, immigrants and other members of the community." The Post continues, "The union said it would not shut down the board, saying that it serves a legitimate purpose and that doing so would curtail officers' right to free speech. … The offensive messages were roundly condemned by county officials and community leaders." The Post adds, "Some of the messages, copies of which were published in The Washington Post yesterday, refer to Latino immigrants as 'beaners.' Others make sexual references to female officers and disparage some officers as 'racists.'"

Women-Led Hedge Fund Hit With Pregnancy-Bias Suit. The Wall Street Journal (3/24, Dugan) reports,

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"E. Lee Hennessee became one of the most prominent women in the hedge-fund business, building a booming firm counseling rich clients. But how woman-friendly is her firm? … The question was raised by a former employee in a lawsuit filed Wednesday in New York state court against Ms. Hennessee; her husband, Charles Gradante; and their firm, Hennessee Group LLC." The Journal continues, "Leeana Piscopo, a 29-year-old former senior vice president, claims that she was fired in January after revealing she was pregnant. The father: Hennessee's public-relations manager, Alex Smith-Ryland, who is also 29. … The lawsuit was the latest of many pregnancy-related cases against employers. The U.S. Equal Employment Opportunity Commission, along with state and local agencies, last year received 4,449 complaints from employees complaining of bias after pregnancy -- a jump of 31% from 1992. Last year, EEOC reaped $11.6 million in rewards in pregnancy-related cases. One reason, says the agency: Women are increasingly attempting to juggle career and family at the same time that companies are increasing workloads."

ANTITRUST:

Court Rejects Injunction Against Stolt Antitrust Indictment. The AP (3/24) reports, "Trading of Stolt-Nielsen SA's shares was halted Thursday, after a federal appeals court reversed a lower court injunction blocking the Department of Justice from indicting the chemical transportation company and its officials for alleged antitrust violations." The AP continues, "The injunction stopping the Department of Justice from prosecuting Stolt-Nielsen -- a company that cooperated with the government in criminal antitrust prosecutions in the international carrier industry -- was issued by a District Court judge in January 2005." The AP adds, "That injunction came after a decision by the Department of Justice to kick Stolt-Nielsen out of the government's Corporate Leniency Program for allegedly continuing illegal anticompetitive activity longer than it admitted. … The two-judge panel of the Third Circuit Court of Appeals said that the District Court did not have the authority to enforce an amnesty agreement before an indictment. The appeals court remanded the case back to the lower court and did not address the merits of the company's amnesty defense. … Stolt-Nielsen said it plans to file a petition for a rehearing."

Bayer Makes $19.73 Billion Bid For Schering. The Wall Street Journal (3/24, Whalen, Singer, Esterl) reports, "Bayer AG's friendly bid for fellow German drug maker Schering AG, which tops a hostile bid by Merck KGaA, is aimed at creating a pharmaceutical giant capable of competing with U.S. and European rivals, which have eclipsed Germany's once-mighty drug industry." The Journal continues, "Schering said its executive board backed Bayer's offer, valued at €16.34 billion ($19.73 billion), making it unlikely another bidder will emerge. If approved by Schering's shareholders, the two companies plan to combine their prescription-drug businesses into a new firm called Bayer-Schering Pharmaceuticals with anticipated sales of more than €9 billion a year and headquarters in Berlin. … Bayer-Schering Pharmaceuticals' revenue would exceed that of Schering-Plough Corp. of the U.S., which is unrelated to the German Schering. Bayer also has a large over-the-counter drug business and, including Schering's prescription drug operations, Bayer would become one of the world's biggest drug makers."

The New York Times (3/24, Landler) reports, "Schering, based in Berlin, said it would recommend the offer to its shareholders, an indication that Bayer was likely to complete the takeover unless Merck raised its bid or yet another suitor entered the fray. An executive close to Merck said it would assess the offer before deciding how to respond. … For Bayer, the deal is a striking return to its roots. Bayer has struggled in drugs since the recall of its anticholesterol treatment Baycol over safety concerns in 2001, and it tried fruitlessly a few years ago to find a partner for its troubled pharmaceutical business. … Although health care products now account for less than 40 percent of Bayer's annual revenues, which were about $30.5 billion last year, the Schering acquisition could make health care the largest part of Bayer, with projected sales of $18 billion a year."

The Financial Times (3/24, Saigol, Weismann) reports, "The Bayer/Schering deal will not preclude Merck from returning with a higher offer. Although Merck has not ruled out sweetening its terms, Wilhelm Simson, chairman of Merck's supervisory board, has said the company would first wait to see if other bidders came forward. … Merck had planned to finance its bid through a combination of bank debt, cash, a rights issue, and a €1bn investment from the Merck family and has said it is committed to maintaining its investment-grade rating." The Times notes, "Bayer, which, invented aspirin more than 100 years ago, is headed by Werner Wenning, chief executive. During the past 18 months, it has bought the over-the-counter drugs unit of Roche, the Swiss drugs company, and spun off the bulk of its chemicals operations as a new listed entity called Lanxess. … The group has also placed its hopes in bringing to market new home-made patented drugs, with US regulators giving a potential blockbuster anti-cancer drug the green light late last year."

Dow Jones (3/23, McGrath, Schrimpff) reports, "Bayer said the deal would be funded through liquidity of around EUR3 billion and a credit line provided by Credit Suisse and Citigroup, which would later be refinanced through bank loans and debt. The planned equity capital measures will total

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EUR4 billion, it added. Further financing would be raised through the sale of plastics units H.C. Starck and Wolff Walsrode units."

DOJ Clears EnergySolutions, Duratek Merger To Proceed. The Salt Lake Tribune (3/24, Fahys) reports, "The US Justice Department has decided there are no further antitrust issues to consider in the merger of Salt Lake City-based EnergySolutions with Duratek Inc. Maryland-based Duratek said Thursday that a month-long waiting period mandated by the Hart-Scott-Rodino Act of 1976 -- an antitrust regulation that automatically triggers a 30-day review whenever an investor seeks to acquire either a 15 percent stake, or a stake valued at more than $15 million, in a particular security -- ended this week without any indication the Justice Department wants more time to review the merger, which will create the nation's largest full-service nuclear waste company." Even so, the Tribune notes, the $396 million deal, remains months from approval. "Publicly traded Duratek needs shareholder approval, and a vote has not been scheduled yet, said Diane R. Brown, who leads the company's investor relations."

EU Approves Time Warner-CBS Venture. The AP (3/24) reports, "European Union antitrust regulators cleared the Warner Bros. network's 50-50 joint venture with CBS Corp.'s UPN television network on Thursday, saying there were no competition concerns on the plan for the European market." The AP continues, "The two networks will combine to form a new broadcast network called CW. They decided to join forces after struggling in the U.S. ratings." The AP adds, "The venture was fast-tracked for approval by the EU, meaning it saw no significant antitrust problems and received no complaints from rivals."

Medtronic Patent Dispute Fuels Debate On Guidant Impact. Dow Jones (3/24, Kamp) reports, "Medtronic Inc.'s recent purchase of the rights to certain patents covering stent medical devices could inject the company into the acquisition saga involving rivals Boston Scientific Corp., Guidant Corp. and Abbott Laboratories Inc. … That's because Medtronic believes a key Guidant stent product infringes on those patents, and Guidant's product plays a key role in the company's coming acquisition by Boston Scientific and Abbott. Medtronic and a Citigroup analyst made a case Thursday for the patents' validity." Dow Jones adds, "There is argument, though, about whether the latest patent claims bear watching or simply mix with the chaff in the competitive $5 billion to $6 billion stent business. The sector sees frequent litigation as companies jockey for position, and other analysts who weighed in Thursday suggested the latest Medtronic suit is more of the same. … At issue are stents, tiny tubes that prop open arteries, and Medtronic's purchase in February of patent rights for bare-metal stents from a private Canadian company called Evysio. Medtronic the same month filed in the U.S. District Court for the Northern District of California claiming, among other things, that Guidant's 'Vision' stent violated the patents."

Boston Scientific Makes Antitrust Pledges To EU. Dow Jones (3/24) reports, "Boston Scientific Corp. said late Thursday it has made certain commitments to the European Commission as part of its antitrust review of Boston Scientific's acquisition of Guidant Corp." Dow Jones adds, "The details of the commitments are confidential, Boston Scientific said, but are not material to the deal and will become public when the EC completes its review and announces its decision. … The commitments extend the normal five-week EC review period to up to seven weeks, meaning that the review will finish no later than April 13."

Lucent In Merger Talks With Alcatel. The New York Times (3/24, Sorkin, Belson) reports, "Lucent Technologies, the phone equipment maker that became a symbol of last decade's boom-and-bust cycle in telecommunications, is in negotiations to be acquired by Alcatel of France for about $12.6 billion, people close to the discussions said last night." The Times continues, "The two companies confirmed the talks last night in a statement, saying they were 'engaged in discussions about a potential merger of equals.'" The Times adds, "After several years of mergers on a huge scale among telephone companies — local, long-distance and wireless — a deal for Lucent would be the first big step toward a shakeout among the companies that make the equipment for the phone service providers. … The prospect of a big trans-Atlantic deal comes at a time when foreign takeovers have been political flashpoints in both Washington and Paris. A Dubai company's acquisition of some United States port terminals created an uproar in Congress, while the French government has sought to thwart cross-border takeovers in energy and pharmaceuticals."

The Wall Street Journal (3/24, Berman, Silver, Latour) reports, "A linkup between the two, anticipated since a deal attempt failed five years ago, could help both realize substantial cost savings and likely would kick off a new round of consolidation among the already-pressured companies that supply equipment to phone companies. … Lucent Technologies Chief Executive Patricia Russo would be the chief executive of the combined company, people familiar with the matter said. And the two firms would have equal representation of a new board of directors, these people add." The Journal adds, "Given the cultural and logistical challenges, moreover, a merger could prove to be among the more complicated recent couplings in the industry. With protectionist sentiment growing in both the U.S. and Europe, a merger could prove a critical test of cross-border cooperation for the French and U.S. governments. …

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Consolidation pressure has been growing in the equipment business amid a wave of telecom deals and the emergence of more-efficient technologies. That has limited the amount of money that big phone companies have to spend on equipment. The result has been too many equipment makers chasing a limited amount of business."

Christian Group Backs Off Infringement Case Against Parody Blogger. USA Today (3/24, Swartz) reports, "A Christian group that promotes heterosexuality Thursday quietly dropped its beef against a blogger who poked fun at it." USA continues, "Exodus International initially claimed the altered image of one of its billboards by Justin Watt infringed its copyright. But Exodus is no longer pursuing the matter after Watt stopped using its 'watermark' logo, Exodus President Alan Chambers said." USA adds, "Watt, operator of the Justinsomnia blog, says he exercised free speech when he parodied the Exodus billboard, which says, 'Gay? Unhappy? www.exodus.to.' Wyatt re-created the billboard on his site so it read, 'Straight? Unhappy? www.gay.com.'" USA adds, "(Exodus uses '.to' as its domain suffix because '.com' was not available.)" USA notes, "Watt, 26, a Web developer in Northern California who enlisted the aid of the American Civil Liberties Union and high-powered law firm Fenwick & West, has posted his blog for four years. He posted the parody Sept. 19 because he found Exodus' message "offensive." A lawyer representing Exodus sent Watt a cease-and-desist letter on March 2. … The dust-up has made Watt a cause célbre among bloggers. More than 40 other websites now carry the spoof."

Private Equity Firm Set To Bid On 12 Knight Ridder Newspapers. The Washington Post (3/24, D3, Levingston) reports, "The Yucaipa Cos., a Los Angeles-based private equity investment firm, plans to bid Tuesday for the 12 Knight Ridder Inc. newspapers put up for sale by McClatchy Co." The Post continues, "Yucaipa would not say how much it intends to offer for the papers, including the Philadelphia Inquirer, the San Jose Mercury News and the Akron Beacon Journal." The Post adds, "The papers became available after McClatchy last week bought the Knight Ridder chain of 32 papers and announced it would divest itself of 12 dailies in what it said were slower-growth markets. … Robert Hall, a Yucaipa adviser and former publisher of the Inquirer and Philadelphia Daily News, said the firm would make its bid Tuesday, when preliminary offers are due. He added that, if successful, the private fund would take a long-term approach to its investment, freeing the papers from having to meet the pressures of Wall Street. … Other bidders are possible. Analysts expect Gannett Co., the nation's largest newspaper publisher, to submit offers for at least some of the dailies. Gannett would not comment on its plans but its top executives, speaking in New York yesterday, indicated the company was studying the situation."

WPost Says Maryland Lawmakers, Electric Utility Should Level With Public. An editorial in the Washington Post (3/24, A18, 744K) says that Maryland lawmakers and its electric power industry were "reckless" in the state's "current tumult over residential electricity bills." The Post adds that "both the utility and the lawmakers should level with the public by explaining that sharply higher electric bills -- even if they exact their pain gradually rather than all at once -- are a fact of life for the near term. To pretend otherwise is to ignore the market, and reality."

ENVIRONMENT:

US Charges Utah Refinery With Pollution Violations. The AP (3/24, Hummel) reports, "A Pennsylvania-based metals refinery and two of its managers have been indicted on federal charges of polluting water and conspiring to violate environmental laws, the U.S. Department of Justice said Thursday." The AP continues, "Johnson Matthey Inc. and John David McKelvie, director of gold and silver operations for North America and Europe and former general manager at the West Valley City plant, and Paul Card Greaves, former plant manager, were indicted by a federal grand jury Wednesday night. … They are accused of violating environmental laws by concealing high levels of the chemical element selenium found in waste water from the metals refinery, according to court documents." The AP adds, "Johnson Matthey, based in Wayne, Pa., has a gold and silver refining plant in West Valley City, a suburb of Salt Lake City. … The company is accused of releasing larger amounts of selenium than it was allowed by permit into sewers. The indictment alleges that the company exceeded its monthly limit on selenium discharges 12 times between January 2000 and May 2002. … The waste water from the refinery is processed by a treatment plant that empties water into the Jordan River and the Great Salt Lake, which are part of a shorebird reserve where millions of migratory birds stop each year. … 'The defendants are charged with not only illegally discharging contaminated waste water, but also engaging in a concerted effort to cover it up,' Granta Y. Nakayama, an assistant administrator for the Environmental Protection Agency, said in a statement."

Nevada Files Another Suit In Yucca Fight. The AP (3/24, Ritter) reports, "Nevada sued the federal government Wednesday, accusing it of withholding documents that show the planned Yucca Mountain nuclear dump cannot safely hold the nation's radioactive waste." The AP continues, "The complaint, filed in Reno, is the fourth

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federal lawsuit the state has pending against the plan to bury 77,000 tons of nuclear waste in the Nevada desert, 90 miles northwest of Las Vegas." The AP adds, "The case seeks the release of a draft application prepared by contractors seeking a Nuclear Regulatory Commission license to open the dump. … 'The federal government is required by law to share its important Yucca information with the host state, and we are entitled to such information under the Freedom of Information Act as well,' Nevada Attorney General George Chanos said in a statement. … An Energy Department spokesman in Washington said the agency has made public on the Internet millions of pages about the project, but was under no legal obligation to release the draft application."

GAO Says Yucca Mountain Questions Have Not Been Put To Rest. A GAO report says the Energy Department's reorganization of the Yucca Mountain nuclear waster dump project has yet to put questions about the quality of scientific and engineering work to rest and may create new issues. The AP (3/23, Werner) reported, "Among the problems cited by the GAO was high turnover of project managers. Nine of 17 key management positions have turned over since 2001, the GAO said, and the director of quality assurance was among them. The report also said that despite substantial time and money spent resolving quality assurance issues, the Energy Department has not developed effective management tools to detect and solve problems. The report recommended strengthening quality guidelines and analysis of problems."

EPA Relaxing Some Diesel Emission Standards. The EPA is relaxing some emission standards for diesel cars in an effort to get more the fuel efficient vehicles on the road. The Wall Street Journal (3/24, Meckler, 2.11M) reports, "The EPA said that over time, the new standards will be better for the environment because auto makers that opt for the exemption will be required to engineer their cars to stay clean longer. Diesel manufacturers praised the move, calling it a narrow exception that will give a boost to a promising technology." However, "environmentalists complain that the change allows diesel cars, which produce more pollution than gasoline-powered cars, to spew more smog-causing nitrogen oxide, at least at the beginning. They also argued that the rule change sets a bad precedent by allowing cars that use one particular technology to meet different standards."

Meatpacker Sues USDA Over Mad Cow Testing. A Kansas meatpacker has sued the federal government for refusing to allow it to test for mad cow disease in every animal it slaughters. Creekstone Farms Premium Beef says its Japanese customers want the testing, but the company's lawsuit says the USDA threatened criminal prosecution if the company conducts the tests. The AP (3/23, Quaid) reported, "Private companies certified by the department make screening tests used to detect mad cow disease. The department says it has sole authority over the sale and use of the tests. Department officials say they oppose 100 percent testing because it does not ensure food safety. The disease is difficult to detect in younger animals, which are the source of most beef."

FBI/DEA/ATF/USMS:

In Ongoing Feud, Weld Recounts D'Amato's Expletive-Laced Letter About Mueller. The New York Times (3/24, Chan, Roberts, 1.19M) reports that in the ongoing political feud between former Sen. Alfonse D'Amato and New York gubernatorial candidate, and former Massachusetts governor, William Weld, "Yesterday, Mr. Weld struck back in force, telling how their feud dated at least to a 1996 encounter in which Mr. D'Amato gave him $750,000 in donations for his Senate campaign" and included "an expletive-laced warning: that Mr. Weld distance himself from Robert S. Mueller III, who…oversaw a federal fraud investigation of Mr. D'Amato's brother, Armand, in the early 1990's. 'If I ever see that expletive Mueller at an expletive fund-raiser, I'm going to get every expletive dollar of this back out of your hide,' Mr. Weld…quoted Mr. D'Amato as saying." D'Amato "yesterday vigorously denied that the encounter had taken place and said he had not even met Mr. Weld until recently," but "newspaper articles indicate that Mr. D'Amato introduced Mr. Weld at a 1996 Republican fund-raiser."

The New York Daily News (3/24, Saltonstall, 729K) reports on D'Amato's alleged remark about Mueller and notes, "The comment drew a blistering response yesterday from D'Amato, who called Weld's version of events a 'vicious, preposterous story.' 'He must be rather desperate,' D'Amato said." Newsday (3/24, Madore) also reports on the feud and D'Amato's alleged comment about Mueller, under the headline "Weld On D'Amato: There's Bad Blood." The New York Post (3/24, , 624K) notes D'Amato's alleged comment about Mueller at the end of its story on the feud, which focuses on Weld's attack on his opponent in the governor's race, New York Attorney General Eliot Spitzer, comparing Spitzer to Mike Dukakis.

IG Report Finds Meth-Fighting Grants Missing Mark. The AP (3/24, Sherman) reports, "Some states with significant methamphetamine problems have not received their share of federal money because the bulk of a grant program was steered by lawmakers to favored projects in their districts, the Justice Department inspector general said Thursday." The AP continues, "More than $179 million in anti-meth money administered by the department - 84 percent of the grant funds - has been earmarked, as the practice is

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known, by members of Congress for programs in their states and districts, Inspector General Glenn A. Fine said. … 'As a result of the significant use of congressional earmarks in this program, funding is not always directed to the areas of the country with the most significant meth problem,' Fine said report examining the grant program from 1998 to 2005." The AP adds, "The Bush administration has proposed ending most meth-related earmarks in the budget for 2007. Lawmakers have indicated they are unlikely to go along. … Fine also faulted Justice's Office of Community Oriented Policing Services, or COPS, for its oversight of the program. The audit said there was a lack of coordination between officials in the COPS office, weaknesses in the database used to manage and track grants and insufficient and inconsistent monitoring of recipients of the money." The AP (3/24) includes a sidebar to this story, detailing meth lab seizures by state.

US FARC Indictments Criticized. The UK's Scotsman (3/24) reports the U.S. "has declared judicial war on Colombian rebels, issuing indictments for 50 guerrilla leaders, accusing them of running the world's biggest drug cartel and shipping £14 billion worth of cocaine." The Scotsman adds, "Many believe the U.S. indictment will simply harden guerrilla resolve. 'It is a total closing off of the possibility of negotiations with the FARC,' said Ricardo Vargas of Andean Action, a Bogota-based think tank."

The AP (3/24) reports analysts say the U.S. government's "loudly trumpeted drug indictments against 50 top leaders of Colombia's largest rebel group aren't likely to faze the insurgents…they could even make it harder for Colombia to reach peace. … 'It is a mistake to treat the FARC like a drug cartel because it ignores the fact that the principle goal of the FARC is not to make money from drug-trafficking but to take political power through violence,' said Alfredo Rangel, a respected Colombian military analyst."

32 Charged In Drug Investigation. The Shelbyville (TN) Times-Gazette (3/23) reports federal authorities "charged a total of 32 people, including seven from Shelbyville, with drug trafficking offenses in what is described as a major illicit organization with tentacles stretching from Mexico to Memphis to southern Middle Tennessee. … All were charged with conspiring to distribute five kilograms or more of cocaine and 100 kilograms or more of marijuana from June 2005 through March 2006. … Primary agencies involved in the ongoing investigation include the Drug Enforcement Administration."

Authorities Seek To Seize Tennessee Lottery Winnings Linked To Drug Proceeds. The Memphis Commercial Appeal (3/24) reports, "Rayford Andre Pratcher may have waited too long to spend his $66,666 lottery winnings. Federal authorities who went through a Northeast Memphis apartment last August looking for drugs came up with the check in his name and now argue he must give it up. 'The defendant, One Tennessee Lottery Check #1031779, is traceable to drug proceeds and subject to forfeiture,' Asst. U.S. Atty. Christopher Cotten said in papers filed this week in federal court." The Commercial Appeal says during a search, DEA agents found drug residue on the check made out to Pratcher.

Medical Marijuana Battle Heads Back To Court. The AP (3/23, Kravets) reports, "Each time the U.S. Supreme Court has ruled on medical marijuana, the justices have come down against allowing the sick and dying to use the drug to ease their symptoms and possibly prolong life. But the door has never been fully closed." The AP continues, "This week, a federal appeals court in California will hear arguments in the latest round of legal wrangling over the issue. … The case to be argued before the 9th U.S. Circuit Court of Appeals on Monday narrows the matter to the so-called right to life theory: that marijuana should be allowed if it is the only viable option to keep a patient alive or free of excruciating pain.It would apply only to the sickest patients and their suppliers, regardless of whether they live in one of the 11 mostly Western states authorizing medical marijuana. … 'A victory would affect people who are very seriously ill, facing death or great physical suffering,' said Randy Barnett, a Boston University law school professor working on the case." The AP notes, "The case was brought by Angel Raich, a 40-year-old mother of two from Oakland who suffers from scoliosis, a brain tumor, chronic nausea and other ailments. She uses marijuana every couple of hours to ease her pain and bolster a nonexistent appetite. … 'There is no fundamental right to distribute, cultivate or possess marijuana,' Assistant U.S. Attorney Mark Quinlivan, the government's lead medical marijuana attorney, wrote to the appeals court."

City Council Allows Collectives To Grow Marijuana. The San Mateo County (CA) Times (3/23) reports from South San Francisco that the City Council on Wednesday night approved the first Peninsula measure on marijuana that regulates where it can be grown and how people can get it for medicinal use. On a unanimous vote, the council decided to amend the city code on the cultivation of medical marijuana. The new rules outlaw storefront pot clubs but allow patients to collectively grow cannabis at least 500 feet from residential areas."

New Yorkers Said To Support Legalizing Medical Marijuana. In a story titled, "Reefer Relief," the Long Island Press (3/23) reports, "More than 75 percent of New York voters support legalizing weed to help the seriously ill, provided it's under the supervision of a physician who prescribes it, according to a study conducted last year by the

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Siena Research Institute at Siena College in Loudonville, N.Y. … After the Supreme Court ruled last June that the U.S. Drug Enforcement Agency (DEA) was within its rights to seize marijuana plants grown for medical use in California, there was a chilling effect on states dabbling with prescription pot."

Maryland US Attorney Launches Anti-Gun Crime Program. The Washington Post (3/24, B4, Castaneda) reports, "Maryland U.S. Attorney Rod J. Rosenstein announced yesterday the start of a joint federal-local initiative designed to crack down on gun crimes in Prince George's County, where the vast majority of last year's record number of homicides were committed with firearms." The Post continues, "At a news conference at the U.S. District Courthouse in Greenbelt, Rosenstein said that under the program -- Prince George's EXILE -- federal and Prince George's law enforcement officials will collaborate more closely to identify and investigate violent offenders who use firearms, to crack down on illegal gun traffickers and to use the threat of tough federal sentencing laws to pressure defendants to plead guilty to gun crimes in state court. … Similar programs are in place or have been used in other cites, including Baltimore and Richmond. … 'We have too many criminals walking the streets with guns,' said Rosenstein, flanked by more than a dozen local and federal law enforcement officials. 'Our goal is not just to prosecute gun crimes. Our goal is to deter violent crime.'" The Post notes, "To underscore what Rosenstein called an unprecedented level of cooperation in the local initiative between federal and local authorities, the federal prosecutor was joined at the news conference by Prince George's State's Attorney Glenn F. Ivey, Police Chief Melvin C. High and representatives from the FBI, the Bureau of Alcohol, Tobacco, Firearms and Explosives, the Drug Enforcement Administration, the office of Gov. Robert L. Ehrlich Jr. (R), the state Division of Parole and Probation and other agencies."

Nevada Officials Puzzled By Increase In Youths With Guns. The Las Vegas Sun (3/24, Kihara) reports, "Juvenile justice officials can't seem to explain a recent spike in juveniles arrested on gun-related charges. … In February there were 779 minors charged with gun-related offenses, up from 442 in February 2005, according to the county statistics. … But there's no reason for the 76 percent increase - there hasn't been a corresponding rise in anything that would provide a clear answer. … 'There is no set pattern - it's across the board,' said District Judge William Voy, who handles juvenile cases. 'You get kids in gangs, and then you get kids with no gang affiliations whatsoever. It almost seems to be some fascination with guns.'" The Sun adds, "The numbers have taken juvenile justice officials by surprise. They've seen minors arrested for shooting off guns in the air to impress their friends, carrying guns to school to show off or for protection, stealing guns and using guns in burglaries or robberies. … Darnell Couthen, spokesman for the Clark County School District police, said that the minors who are arrested for a gun-related offense span all socio-economic backgrounds and areas, from Cheyenne to Green Valley High School. … The Clark County School District also saw an increase in the number of guns officers confiscated. During the 2003-04 school year, the district confiscated 84 guns, up from 72 the year before."

Marshals Arrest Man Sought On Drug, Weapons Charges. The Lexington Herald-Leader (KY) (3/24) reports, "Authorities arrested this morning a 20-year-old Lexington man who escaped from police in January after they allegedly discovered drugs and weapons in a car he was driving." The Herald-Leader continues, "Lexington police and U.S. marshals surrounded Tiquan Anderson's home on Radcliffe Road, off Russell Cave Road, in hopes of capturing the alleged drug dealer, a news release from the U.S. Marshals Service said. Authorities said they arrested Anderson without incident as he left his home through a back door. … He is charged with trafficking in a controlled substance, and fleeing and evading police, the release said."

IMMIGRATION:

Bush Urges Support For Guest Worker Program, Urges "Civil" Debate. Following a meeting with representatives of various groups interested in immigration reform, President Bush yesterday highlighted his support for a guest worker program as a counterpart to greater border enforcement. Bush also urged that the debate over immigration reform must be done "in a civil way" that "brings dignity to the process." Fox News' Special Report (3/23, Hume) reported that Bush "tried to head off what he fears may be a bitter battle in Congress over immigration reform by inviting interested parties to the White House and calling for the kind of debate that he thinks might produce a bill he can actually sign." Fox (Cameron) added that Bush "surrounded himself at the White House as diverse as the Salvation Army and US Chamber of Commerce. He urged lawmakers to watch their rhetoric and respect people of all backgrounds." The story received no coverage from the network newscasts.

Media coverage of Bush's remarks highlights GOP divisions on the immigration issue and the high degree of acrimony that appears to surround the debate. Some reports also portray the story as facing the upcoming debate from a politically weak position. For example, in a front-page story titled "Bush Is Facing A Difficult Path On Immigration," the New York Times (3/24, Bumiller, 1.19M) reports Bush "has

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lost control of his own party on the issue, as many Republicans object to his call for a temporary guest-worker program, insisting instead that the focus be on shutting down the flow of illegal immigrants from Mexico. It is not clear how much help he will get from Democrats in an election year. … In short, Mr. Bush is facing another test of his remaining powers as president." Bush "finds himself caught between two of his most important constituencies: business owners and managers on the one hand, conservatives on the other."

Also on its front page, the Washington Post (3/24, A1, Weisman, VandeHei, 744K) analyzes the political dimension of the debate, and says "Bush's effort to secure lawful employment opportunities for illegal immigrants is evolving into an early battle of the 2008 presidential campaign, as his would-be White House successors jockey for position ahead of next week's immigration showdown in the Senate." Senate Majority Leader Bill Frist "is threatening to bring a new immigration bill to the Senate floor early next week. It would tighten control of the nation's borders without creating the guest-worker program the president wants." Meanwhile, Sen. John McCain, "is promoting Bush's call for tougher border security and the guest-worker program as he embraces the president to shore up his standing with Republican leaders." And in the House, Rep. Tom Tancredo "is garnering support for a long-shot presidential bid with his fierce anti-immigration rhetoric." In addition, "after weeks of sitting on the sidelines, Sen. Hillary Rodham…jumped into the immigration debate Wednesday. She declared that Republican efforts to criminalize undocumented workers and their support networks 'would literally criminalize the good Samaritan and probably even Jesus himself.'" The New York Daily News (3/24, Bazinet, McAuliff, 729K) says Bush's call for a "civil" debate was "an apparent swipe at…Clinton. … A White House official said the President was well aware of Clinton's biblical broadside when he spoke, but Team Bush didn't want to single her out and give her the spotlight."

Moreover, said CNN's The Situation Room (3/23, Henry), Democrats "are doing everything they can to exploit this divide within the Republican Party" over the guest worker proposal. After the President's remarks, Sen. Edward Kennedy "put out a statement applauding the President, a rare move by Kennedy, applauding him for talking about the guest worker provisions." Kennedy said that "if, in fact, there are no guest worker provisions in the final product, this will be hollow reform."

CNN's The Situation Room (3/23, Blitzer) reported that Bush and Congress "are on the verge of a potentially bitter fight over illegal immigration." The Washington Times (3/24, Hurt, Dinan, 90K) says that "even as President Bush called for a 'civil' debate," a "confrontation was brewing on Capitol Hill with some Republicans saying Mr. Bush must stop demonizing them and Democrats vowing to fight the Senate majority leader's bill." Rep. J.D. Hayworth, "a top voice calling for better enforcement, said while he took Mr. Bush at his word, civility is a 'two-way street' and the White House must stop attacking Republicans who disagree with it. 'If I had any advice for my friends at the White House, I think it would be to really reconsider posturing every disagreement as some sort of new political [or] psychological malady,' Mr. Hayworth said."

The Los Angeles Times (3/24, Gerstenzang, Gaouette, 958K) says "the vitriol on immigration far exceeds the language surrounding other significant but less emotional policy controversies, including changes in tax laws and the prescription drug benefit that has been added to Medicare." Bush is quoted saying, "It's important that we have a serious debate, one that discusses the issues. But I urge members of Congress and I urge people who like to comment on this issue to make sure the rhetoric is in accord with our traditions. … When we conduct this debate, it must be done in a civil way. It must be done in a way that brings dignity to the process. It must be done in a way that doesn't pit one group of people against another."

Meanwhile, CQ (3/23, Crowley) reported "sparring over immigration policy legislation intensified…in anticipation of next week's contentious Senate debate on the issue." Although Congress "remains in recess this week, Judiciary Chairman Arlen Specter, R-Pa., and staffers worked in Washington to hammer out an agreement. 'There's no agreement yet,' a Republican Judiciary Committee aide said. 'Negotiations are continuing.'"

However, the Washington Post (3/24, A18, 744K) editorializes that "the Senate Judiciary Committee, which had been bogged down for several weeks trying to produce an immigration bill, appears to have reached a consensus. The deal doesn't solve all of the problems, but it does at least try to solve the most difficult: the fate of the estimated 12 million people who live in this country illegally." The Post adds, "In its essence, the compromise -- patterned on a proposal by Sens. John McCain (R-Ariz.) and Edward M. Kennedy (D-Mass.) -- allows undocumented workers living here to apply for residency permits, on the condition that they prove they are employed and pay a hefty fine for breaking the law. They would then go to the back of the green card line -- behind those applying legally -- and wait for citizenship. … This is, of course, a very fragile sort of agreement. … Still, a breakthrough is a breakthrough, however fragile, and the senators on the Judiciary Committee, led by Arlen Specter (R-Pa.), are to be commended for reaching it."

Bush's remarks received some local TV coverage across the nation, much of it focusing on his call for civility. For example, KVOA-TV Tucson (3/23) reported "Bush called for a 'civil debate' as the illegal immigration dispute heats-up." WCVB-TV Boston (3/23) reported the President is "pushing for enforcement and a plan that matches willing workers with

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willing employers. The Senate Majority Leader seems to be side-stepping that plan."

WAGA-TV Atlanta (3/23) reported, Bush and Congress are on the verge of a potentially bitter fight over illegal immigration. Today the President met with leaders in the immigration debate and urged them to tone down the rhetoric. The President wants Congress to create a guest worker program that would offer certain working illegal immigrants temporary legal status but many Republicans refuse to endorse it."

Meanwhile, KENS-TV San Antonio (3/23) reported, "The President's pitch today may also be aimed at muting criticism from Mexico that Mr. Bush hasn't tried hard enough to keep his first-term reform pledges. He'll be meeting outgoing Mexican President Fox in Cancun next week."

Clinton's Comments Spark Commentary. Fox News' Special Report (3/23, Hume) reported that Clinton and many of her fellow Democrats are "dead-set against" a bill that has passed the House and a similar bill in the Senate that "would amount to a crackdown on illegal immigration at the border and inside this country. … What the President wants is some of that, but he also wants a guest worker program." Asked whether the President will get what he wants, NPR's Juan Williams said, "I think the President has a good shot here, but the reason is because I think he has is the strong backing of the business community." And referring to Sen. Clinton's statement Wednesday that a provision in the House immigration reform bill "would literally criminalize the Good Samaritan and probably even Jesus himself," Bill O'Reilly said on Fox News' O'Reilly Factor (3/23) that Clinton "is opposing the tough law and favors business as usual. Her website says she wants more cooperation with Mexico, more high tech for Border Patrol agents: The usual gibberish, with all due respect."

Thousands Participate In "Day Without Latinos" March In Milwaukee. The Milwaukee Journal Sentinel (3/24, Johnson, Spice, 266K) reports "a mile-long swath of peaceful protesters marched into" Milwaukee's downtown Thursday in response to the House immigration bill. "Hundreds of students took the day off school; businesses around southeastern Wisconsin closed; and thousands of workers left their jobs in support of the event billed as 'A Day Without Latinos.'" A number of speakers focused on the bill's sponsor, Rep. Jim Sensenbrenner, "for criticism, including Sheila Cochran of the Milwaukee County Labor Council, who called the bill 'wrong-spirited, wrongheaded and just plain wrong.'"

TAX:

Proposed IRS Rule Highlights Vulnerability Of Tax Return Information. The CBS Evening News (3/23, story 7, 2:20, Orr, 7.66M) reported, "Since 1974, tax laws have allowed" tax preparers to "sell your information, but only if you sign one of these, a form giving your permission. That's not a problem for people who intentionally sign the form in an effort to, say, secure a loan or qualify for a mortgage. But critics say shady tax services could trick customers into unwittingly signing away their identities." The issue "is coming to light now because of an IRS effort to improve taxpayer protections. New proposed rules would require permission papers to carry this explicit IRS warning: 'Once your tax return information is disclosed…per your consent…we have no control…' over what happens to the information."

Oregon Taxpayers To Get Refunds As State Services Face Cuts. Oregon's coffers are seeing almost $700 million in unanticipated tax revenue, which under a one-of-a-kind law must be refunded to individual taxpayers and corporations instead of being sent by the state. The Wall Street Journal (3/24, Solomon, 2.11M) reports that "residents and companies that do business in Oregon will receive refunds or credits, even as the state struggles to fill a $172 million funding gap for its human-services division and a $57 million shortfall for public schools in Portland, where as many as 14 schools might be shuttered." The situation is prompting cries from labor unions, school officials and "any residents to end the tax 'kicker' for corporations -- and posing a challenge for [Gov. Ted] Kulongoski, a Democrat up for re-election in November. Mr. Kulongoski, whose approval rating hovers at around 38%, faces a primary challenge from two Democrats, both of whom have called for an end to the corporate kicker."

WSJournal Criticizes Spitzer's Treatment Of H&R Block. An editorial in the Wall Street Journal (3/24, 2.11M) criticizes New York Attorney General Eliot Spitzer's treatment of H&R Block, saying Spitzer "is once again threatening to use his power to ruin a company before it even steps into a courtroom. Not that his accusations appear to have much to do with the law in any event." The Journal adds that Spitzer's "detachment from the struggles of working people is no excuse for launching a political attack on a law-abiding company."

CONGRESS-ADMINISTRATION:

7.2 Million Seniors Have Signed Up For Medicare Drug Benefit. USA Today (3/24, 2.31M) reports, "About 1.9 million elderly and disabled people signed up for the new Medicare drug benefit over the past month, meaning 7.2 million have taken steps to enroll since the program began Jan. 1, the program's chief said Thursday.

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An additional 20 million people have been enrolled automatically because they participate in other government programs, such as Medicaid, or because they have drug coverage through a former employer." Mark McClellan, administrator for the Centers for Medicare and Medicaid Services, "said the total is expected to continue rising until the May 15 enrollment deadline."

CQ (3/23, Schuler) reports Health and Human Services Secretary Michael O. Leavitt "said the number of beneficiaries who had signed up individually for the drug plan now totals 7.2 million. 'We are very pleased that more and more people with Medicare are taking advantage of this important benefit. Strong and steady enrollment has continued this month,' Leavitt said."

The AP (3/24, Freking) says "the latest enrollment figures were released as polling showed that older people have mixed views about the program. About 44 percent of those surveyed approve of the new benefit. About 41 percent disapprove and 15 percent are undecided, according to The Pew Research Center for the People and the Press. The margin of error was plus or minus 3 percentage points."

The Wall Street Journal (3/24, Lueck, 2.11M) reports that meanwhile, "congressional Democrats released a report illustrating problems beneficiaries sometimes face when trying to obtain certain medications under the plans. In a survey of the plans available in Rep. Henry Waxman's California district, Democratic staff from the House Committee on Government Reform found that most plans require patients to get prior authorization or try other medications before getting coverage for some commonly prescribed drugs." It also "found that many drug-plan representatives didn't give accurate or full descriptions of the restrictions. It is 'nearly impossible for seniors to learn' the terms of plan restrictions 'until after they have subscribed and been denied drug access,' the report said."

Wealthier Seniors To Pay Larger Share For Doctor Visits. The Washington Times (3/24, Fagan, 90K) reports, "Starting next year, wealthier seniors will have to pay a greater share of the cost of their doctor visits because of a provision in the 2003 Medicare prescription drug legislation." Medicare Part B "covers outpatient services such as doctor visits, physical therapy and X-rays. All seniors who choose the coverage pay 25 percent of their monthly Part B premium, with the government picking up the remaining 75 percent. The seniors' monthly portion was $78.20 last year and rose to $88.50 this year." Beginning next year, "wealthier seniors will have to pay an increasingly higher percent of their Part B premium costs."

Democrats See "Fundamental Constitutional Problem" With Deficit Reduction Bill. The AP (3/24) reports, "House Democrats want President Bush to say whether he knew of what they call a 'fundamental constitutional problem' with the $39 billion deficit reduction package he signed last month." A letter to Bush, signed by House Democratic Leader Nancy Pelosi and Rep. Henry Waxman and "released Thursday, is the latest challenge to a bill that was passed in slightly different forms by the House and Senate before it was sent to Bush." The Democrats wrote, "A bill is not law unless the same version is passed by both the House and the Senate and signed by the president."

Administration Seeks To Revive Domestic Agenda. The Wall Street Journal (3/24, Harwood, 2.11M) reports in its "Washington Wire" column, "Team Bush scrambles to revive domestic agenda. President's acknowledgment of political capital spent on war reflects slipping prospects on other fronts. Senate Finance Chairman Grassley predicts uphill fight for even scaled-down version of expanded health savings accounts." The Journal adds, "A senior Bush adviser sees delay…as best chance for winning immigrant guest-worker program. Both chambers have sidetracked Bush's proposed Medicare savings; extension of dividend and capital-gains tax cuts remains in doubt."

Appeals Court Nominee Asks Bush To Withdraw Nomination. The Washington Post (3/24, A4, News, 744K) reports presidential aide Erin Healy said Henry W. Saad, "one of President Bush's appeals court nominees blocked by Senate Democrats, withdrew his name from consideration." Democrats have "accused Saad, a Michigan appeals court judge, of being hostile to employment-discrimination claims and lawsuits by consumers."

CQ (3/23, Perine) reports, "Michigan's two Democratic senators, Carl Levin and Debbie Stabenow, objected to Saad's nomination, as well as those of three other nominees to the 6th Circuit, because Republicans blocked two of President Bill Clinton's nominees to that court." Saad "contributed to his own problems in 2003, when he sent an e-mail message to Stabenow that criticized her for blocking his nomination. He later apologized and said he had not meant for the senator to receive the e-mail."

Bush Presented Volunteer Service Award In West Virginia. The Wheeling News Register (3/23) reported that upon landing at Wheeling-Ohio County Airport in West Virginia Wednesday, President Bush presented the President's Volunteer Service Award to Kristen Holloway of Pittsburgh, Pa. Holloway "is the founder and president of Operation Troop Appreciation, a non-profit organization dedicated to supporting deployed troops fighting the War on Terrorism in Iraq, Afghanistan, Kuwait, and Africa."

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Bush Has Gone 1,889 Days Without Vetoing Legislation. CNN's The Situation Room (3/23, Blitzer) reported that President Bush has "now gone 1,889 days in office without using his veto power. He's surpassed President James Monroe's vetoless streak by a single day, and he may be going for Thomas Jefferson's record. The third president of the United States never vetoed legislation during his entire two terms. President Bush has had a GOP-led House and Senate for most of his five-plus years in office. That helps account for the fact that he signed all 1,091 bills sent to his desk."

Head Of Pension Agency To Step Down. USA Today (3/24, Kirchhoff, 2.31M) reports, "The head of the federal agency that insures the private pensions of 44 million Americans said Thursday he would step down on May 31, forcing the White House to find a new leader amid a rash of pension plan insolvencies." Bradley Belt, executive director of the Pension Benefit Guaranty Corp. for the past two years," announced his resignation in a letter to President Bush. He did not indicate what he planned to do after leaving the agency, and PBGC staff said they could not elaborate."

The Wall Street Journal (3/24, Schroeder, 2.11M) says the resignation comes "amid continuing turmoil in the traditional retirement-benefit system." Belt, "a former senior staff member at the Senate Banking Committee and the Securities and Exchange Commission, has been at odds with administration officials on the PBGC's board over his desire to take a larger role in the pension debate, according to people with knowledge of the situation. The board includes the secretaries of Treasury, Commerce and Labor, who have been taking the lead in pressing the administration's pension proposals." CQ (3/23) says Belt announced his departure "as House and Senate lawmakers are negotiating a final version of pension overhaul legislation (HR 2830). Aimed at forcing companies to better fund their pension plans, the legislation would increase funding requirements for pension plans and adjust the way companies evaluate their plan liabilities."

Pension Reform Bill Seen As Undermining Goal Of Strengthening Funds. The Financial Times (3/24, Cohen) reports employers will "be able to slash their contributions to underfunded pension schemes by tens of billions of dollars over the next five years under proposed legislation before Congress that was expected to have the opposite effect." The legislation was "proposed by the White House last year to lessen the risk of a taxpayer bailout of the Pension Benefit Guaranty Corporation, a federal safety net for pension schemes." But an analysis "prepared this week by the Joint Committee on Taxation" shows "The Pension Security and Transparency Act of 2005 would bring at least $10bn in additional tax revenue as employers reduce pension contributions on which they would have been eligible for tax relief."

OPM Director Considering Pay Changes For IGs, ALJs. The Washington Post (3/24, D4, Barr, 744K) reports in its "Federal Diary" column that Linda Springer, director of the OPM, has been presented with options on how to address pay inequities faced by some IGs. Springer said efforts are also underway to "rethink the pay rules for administrative law judges," and she expects "to be sorting out compensation proposals for both groups in coming weeks. At issue is a Bush administration principle that job performance should be a factor in setting pay for government employees and whether that principle can be applied to IGs and ALJs without damaging or weakening their independence." Springer said revamping pay practices for both groups "will probably require congressional approval, Springer said."

First Lady Urged To Persuade Bush To Make Changes In His Administration. In the Washington Post (3/24, C1, 744K) Sally Quinn writes a letter to First Lady Laura Bush in which she urges her to tell the President "the truth." Quinn writes, "With three years to go in this presidency, something has to change. You've always been there when he needed you. You got him to stop drinking. You campaigned hard for him at the end of the first campaign. Your own poll numbers are off the charts. You need to persuade him to make changes, and to do it in a way that the people believe he means it. Remember, it's your legacy, too."

Document Details Cheney Travel Needs. The New York Times (3/24, Bumiller, 1.19M) reports the Smoking Gun Website yesterday posted a document titled "Vice Presidential Downtime Requirements" that was "and confirmed as authentic by Mr. Cheney's office. The document listed 13 requirements. Among them were these: All televisions sets in Mr. Cheney's hotel suite should be tuned to Fox News, all lights should be on, and the thermostat set at 68 degrees."

CNN's The Situation Room (3/23, Blitzer) reported that Cheney's office "had some very specific requests of the advance team, particularly when it comes to the setup of the Vice President's hotel rooms." CNN (Tatton) added, "Diet Sprite and Fox News. Those are two of the requirements, according to this document posted on The Smoking Gun."

The Washington Post (3/24, Argetsinger, Roberts, 744K) reports in its "Reliable Source" column that the document includes "No over-the-top demands, just a few specific requests." The Post adds, "And, if the hotel wants to leave a gift in the suite, the bills should be unmarked . . . kidding! Seriously, though, the advance team needs to know about any hotel gift for the vice president."

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Republicans Angry, Ambivalent About Party's Performance In Congress. According to Knight Ridder (3/23, Thomma, Kuhnhenn) that many Republicans are angry and ambivalent about their party's job performance as Washington's majority party. Knight Ridder notes, "If enough disgruntled Republicans sit out the midterm elections - when voter turnout typically is low and victory goes to the party whose base is most passionate - Republican incumbents could lose in close contests." Democrats "need to gain only 15 of 435 seats to take control of the U.S. House of Representatives, and six of the 33 that are up this year to take the 100-member Senate. And if they win either house of Congress, President Bush will become the lamest of lame ducks for his final two years in power."

Congress Putting Ethics Reform Proposals On Back Burner. The Christian Science Monitor (3/24, Chaddock, 61K) reports the "prospects for robust ethics reform in the 109th Congress are dimming, even as the criminal probes that prompted it are intensifying. It's a political calculation that could cost lawmakers in this fall's elections, if they misread the degree to which voters care about bribery inside the Beltway." As recently "as January, lobby reform bills were top priorities in both the House and Senate, but now are encountering strong resistance. In the Senate, Republican leaders pulled the lobby bill off the floor over an unrelated amendment on the Dubai ports deal. In the House, GOP leaders are split over how aggressively to restrict lawmaker travel paid for by private entities."

Attorneys For Former Lobbyists Question Espionage Act. The Washington Post (3/24, A6, Pincus, 744K) reports the Federal judge "presiding over the prosecution of two former lobbyists has focused attention on the imprecise nature of the law they are charged with breaking, the 1917 Espionage Act that restricts the dissemination of national defense information that could harm U.S. interests." Today, "attorneys for the former lobbyists, Steve Rosen and Keith Weissman, will argue for dismissal of the indictment based in part on the claim that the Espionage Act was meant to cover spying, not the possession of leaked classified information, particularly leaked information possessed and transmitted by people who are not government employees."

Washington Said To Be Awash With Quasi-Apocalyptic Warnings. The Washington Post (3/24, A2, Milbank, 744K) reports Washington "was about one horseman short of an apocalypse yesterday," noting there were congressional hearings on avian flu, a National Press Club news conference on mad cow disease, and a National Economists Club meeting on global warming. The Post adds, "Have a nice doomsday? Possibly. When President Bush went to Cleveland on Monday, a questioner asked him about a claim 'that members of your administration have reached out to prophetic Christians who see the war in Iraq and the rise of terrorism as signs of the apocalypse. Do you believe this, that the war in Iraq and the rise of terrorism are signs of the apocalypse?'" Bush said, "I haven't really thought of it that way. The first I've heard of that, by the way." The Post adds, "But maybe not the last, if yesterday's collection of end-of-days warnings was any indication."

Krugman Says Snow Should Stop "Repeating Administration Talking Points." Paul Krugman's column in the New York Times (3/24, 1.19M) today is a letter to Treasury Secretary John Snow in which the columnist says, "I'm glad that you've started talking about income inequality, which in recent years has reached levels not seen since before World War II. But if you want to be credible on the subject, you need to make some changes in your approach. … Of course, my suggestions about how to improve your credibility would force you to stop repeating administration talking points. But you're the secretary of the Treasury. Your job is to make economic policy, not to spout propaganda. Oh, wait."

Robinson Expresses "Pity" For Allen. Eugene Robinson writes in the Washington Post (3/24, A19, 744K), "Would it be fair to cheer [Claude] Allen's downfall just because he held a highly visible post in an administration that is reviled by most African Americans? No, but there's more: He made his name in black conservative circles by serving as a top aide to Jesse Helms, the old buzzard from North Carolina. … So, yes, when Allen was arrested on felony theft charges, my first reaction was smug satisfaction. But then I told myself: Don't hate. The proper reaction is pity, on every level."

OTHER NEWS:

Sales Of Existing Homes Unexpectedly High. ABC World News Tonight (3/23, story 8, :20, Vargas, 8.78M) reported, "There's a report today that shows new strength in the housing market. Sales of existing homes surged an unexpected 5.2% last month, the biggest gain in two years." USA Today (3/24, Knox, 2.31M) reports "buyers took advantage of warm weather and kicked off the spring home-shopping season early, the National Association of Realtors said Thursday. March, typically a strong month, is also looking good in many regions, boosting the case for a soft landing rather than a sudden plunge." The New York Times (3/24, Bajaj, 1.19M) reports the story under the headline "Defying Trend, An Upturn In Home Sales," and says "analysts, who had expected sales to fall to a pace of 6.5

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million, cautioned that the increase could not yet be considered a turning point. Several other real estate gauges, including mortgage applications, interest rates and pending home sales, have indicated that sales are slowing." The Wall Street Journal (3/24, Dunham, 2.11M) runs a similar story.

Stock Markets Close Lower. NBC Nightly News (3/23, story 10, 0:10, Brown, 9.87M) reported, "On Wall Street today stocks finished lower. The Dow lost more than 47 points [to close at 11,270.29]. The NASDAQ was down just over 3 points [to close at 2,300.15]." The Wall Street Journal (3/24, Patterson, 2.11M) reports the Standard & Poor's 500-stock index slid 3.37 to 1301.67. The New York Times (3/24, News, 1.19M) says stocks fell "after oil prices jumped and an increase in home sales added to concern that the Federal Reserve might keep lifting interest rates."

Bernanke Says Reduced Foreign Investment, Lower Dollar Not Worrisome. Bloomberg (3/24, Lanman) reports Federal Reserve Chairman Ben S. Bernanke "said a possible decline in the dollar because of less foreign investment wouldn't have a 'worrisome' effect on the U.S. economy." In a March 21 letter to Rep. Harold Ford, Bernanke said it "isn't clear that faster economic growth in emerging markets would cause investors to shift capital to those countries and away from the US. Should that happen, 'it might be associated with a decline in the value of the dollar and a narrowing of the US trade deficit.'"

DC Judges Form Rock Band. The Washington Post (3/24, B1, Cauvin) reports, "Stoic stewards of the Constitution by day in D.C. Superior Court, they are by night (or weekend, or whenever they feel the urge) Deaf Dog and the Indictments -- a guitar-heavy group of seven music-loving judges, anchored by the lone civilian among them, a ponytailed shrink on drums." The Post continues, "Strutting onto the stage Saturday afternoon in Blues Brothers-black, Dawgg (aka Judge William Jackson) and the rest of the Indictments had more space than they needed -- 100 or so people were spread out in an auditorium built for lots more." The Post adds, "All they had were a couple of songs and a curious name, hatched in an early rehearsal, when a few of the musicians thought they had found a real fan -- Canan's German shepherd, Chapin, who was never put off by the racket that chased everyone else away. Canan had to break it to his brethren that Chapin was deaf. But he didn't doubt her devotion, and so was born the name, Deaf Dog and the Indictments. … Maybe it was the pangs of middle and not-so-middle age sounding a call to their inner youth. Or perhaps they wanted a break from all the pain and conflict they see in court: the murder cases Canan tried as a judge in criminal court, the dysfunctional lives that Jackson saw as head of the domestic violence courts or just the indignity of having a deranged defendant hurl a trash can into your head, as happened to John Campbell when he was assigned to a criminal court. … Whatever it was, the band lived to play again, starting at D.C. Superior Court, where it was the surprise entertainment for the employee awards ceremony last fall."

Democratic Strategists Believe Conditions Are Perfect For Female Candidates. Democratic strategists believe conditions are "perfect" for female Democratic candidates this year. Democratic women are running campaigns in almost half of the 24 most competitive House races. The New York Times (3/24, Toner, 1.19M) reports that Republicans "dismiss this theory." The Times adds, "By the time it is over, this midterm election may offer some hints on the kind of climate that awaits Senator Hillary Rodham Clinton of New York if she runs for president in 2008."

Minimum Wage Could Be Election Issue. The Wall Street Journal (3/24, Harwood, 2.11M) reports in its "Washington Wire" column, "Minimum wage emerges as election-year flashpoint. Treasury Secretary Snow's remarks on income inequality fuel debate. … Commerce Secretary Gutierrez also signals openness to an increase if Congress pursues the issue 'thoughtfully...and not emotionally.' … Strategist Carville advises Democrats to block pay raise for Congress until average worker's wages rise."

Rendell, Swann Even In Pennsylvania Governor's Race. Pennsylvania's Democratic Gov. Ed Rendell is running even with Republican Challenger, former Pittsburgh Steeler Lynn Swann, according to recent polls. The Washington Times (3/24, Lambro, 90K) reports that Rendell "was expected to have little trouble winning another four years in office, until the charismatic Football Hall of Fame wide receiver and ABC Sports commentator entered the contest in January, sweeping his rivals from the race for the GOP nomination and making the former Philadelphia mayor and national Democratic chairman look suddenly vulnerable." Rendell "has seen his voter-approval scores fall below 50 percent, after his disastrous signing of a legislator pay-raise bill last year that triggered protests from voters and was later rescinded."

Study Examines Effects Of Prayer When Used In Conjunction With Medicine. A front page story in the Washington Post (3/24, A1, Stein, 744K) reports that prayer "is the most common complement to mainstream medicine, far outpacing acupuncture, herbs, vitamins and other alternative remedies. … The outpouring of spiritual healing has inspired a small group of researchers to attempt to use the tools of modern science to test the power of prayer to cure others. The results have been mixed and highly controversial. Skeptics say the work is a deeply flawed and

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misguided waste of money that irresponsibly attempts to validate the supernatural with science. And some believers say it is pointless to try to divine the workings of God with experiments devised by mortals."

AEI Scholar Says US Poor Are Doing Better. Douglas Besharov, the Jacobs scholar in social welfare studies at the American Enterprise Institute, writes in the Wall Street Journal (3/24, 2.11M), "Each year the Census Bureau calculates the nation's poverty rate, based on the number of people with incomes below the official poverty line, about $20,000 for a family of four in 2004. Since last year's poverty rate of 12.7% was essentially equal to the 1968 rate of 12.8%, it seems that little progress has been made. But many analysts -- on the right and the left -- have pointed out that, by many other measures, poor people's physical and material well-being is considerably better now than in the late '60s. How else to explain why so many poor now have color TV (93%) and air conditioning (50%), and own their own homes (46%)?" Besharov adds that while "about 15 million people are below the poverty line and millions more just above it," millions of low income Americans "are living better lives than they did before."

Isolationists Said To Still Be Minority In US. In a New York Times op-ed (3/24), pollster Andrew Kohut says "recent opinion surveys affirm that isolationist sentiment has increased in recent years," but while "these trends represent significant shifts in attitudes, it would be a mistake to conclude that this country is becoming isolationist. There is no sign that most Americans want the United States to turn its back on the world or that anti-foreign sentiment in this country is rising. Discontent with Mr. Bush's policies, notably on Iraq, has led to widespread public frustration. And while it has also created more isolationists, they remain a minority."

Rice Warns Security Council Holdouts There "Can't Be Any Stalling" On Iran. The AP (3/24, Gearan) reports, "Secretary of State Condoleezza Rice issued a veiled warning Thursday to holdouts in a diplomatic impasse at the United Nations over Iran's disputed nuclear program. 'There can't be any stalling,' Rice said in response to a question about U.S. efforts to get Russia and China to sign on to a strongly worded rebuke to Tehran." Russia and China "have refused to back a UN Security Council statement proposed by Britain, France and the United States demanding Iran suspend uranium enrichment."

US Officials Worried Iran Closer Than Believed To Nuclear Weapons. Knight Ridder (3/24, Landay, Strobel) reports, "US officials are concerned that Iran may be closer than they previously believed to mastering the process for producing fuel for a nuclear weapon. Their unease stems from a recent briefing at which UN International Atomic Energy Agency experts reported that Iran was close to operating a test network of 164 machines, called centrifuges, that spin uranium hexafluoride gas into enriched uranium, US officials and a foreign diplomat said." Knight Ridder adds, "Depending on its duration, the process produces low enriched uranium for power plants and highly enriched uranium for nuclear weapons."

US Ambassador Accuses Iran Of Interfering In Iraq. The Washington Post (3/24, Finer, Knickermeyer, 744K) reports an interview with US Ambassador Zalmay Khalilzad in which he said "Iran is publicly professing its support for Iraq's stalemated political process while its military and intelligence services back outlawed militias and insurgent groups." He went to say, "Iranian agents train and arm Shiite Muslim militias such as the Mahdi Army, linked to one of Iraq's most powerful clerics…and also work closely with Sunni Arab-led insurgent forces including Ansar al-Sunna, blamed for dozens of deadly attacks on Iraqi and American soldiers and Shiite civilians." The Post says Khalilzad's "accusations" were made "as the United States and Iran -- two feuding foreign powers with dominant roles in Iraqi affairs -- have expressed willingness to hold talks aimed at stabilizing the beleaguered country."

Olmert Demands Loyalty On Separation Plan Ahead Of Election. The AP (3/23, Federman) reported Acting Israeli Prime Minister Ehud Olmert "sent his strongest signal yet that hard-line parties won't be welcome in the next government if his party wins next week's election." Olmert's remarks indicated "coalition partners must be on board with his plan to withdraw from most of the West Bank." The AP says hard-line Kadima opponents "say the go-it-alone approach, which would involve uprooting dozens of Jewish settlements in the West Bank, amounts to a surrender to Palestinian violence." The AP says, "It appears increasingly likely that [Olmert[will join forces with the dovish Labor and Meretz parties, while leaving the hawkish parties, including Likud, in the opposition."

The Financial Times (3/24, Morris) reports on jockeying for the Finance Minister post. Although Olmert "has declared his intention to keep the treasury for one of his own," a strong showing by Labor "could put pressure on Mr Olmert to surrender the treasury to Amir Peretz, its leader."

Asian Governments Intensifying Watch For North Korean Counterfeit $100 Bills. Governments around Asia are stepping up surveillance for high-quality counterfeit American 4100 bills, which the US alleges are made by North Korea. The Washington Post (3/24, D5, Fairclough, 744K) reports, "The fake $100 bills," dubbed "supernotes," have "turned up in the United States, Philippines, Taiwan and elsewhere over the past two years."

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North Korea Condemns US-South Korea Drills. Upcoming joint US-south Korean military exercises will be met with an unspecified "strong measure of self defense," North Korea warned yesterday. The AP (3/24, Kim) reports that North Korea condemned the drill "as saber-rattling for a pre-emptive nuclear attack on the North." In a statement carried on the North's Korean Central News Agency, North Korea's Foreign Ministry said, "Now that the US intention to stifle the DPRK has become very clear, the DPRK will react to it with a strong measure for self-defense." The North "has long claimed the US is bent on invading the country, condemning the annual military drill as a 'rehearsal' for an attack."

Rumsfeld Says US Should Maintain Wartime Command In South Korea. Defense Secretary Donald Rumsfeld said yesterday that the US must retain command of South Korea's military unit until the South's forces are strong enough to maintain stability on the peninsula. The AP (3/24, Mann) reports, "In a Pentagon news briefing, Rumsfeld said South Korea has brought up the idea, and 'everyone agrees that 55 years after the war, it's reasonable that the South Korean forces would increasingly take on more and more responsibility.' Asked whether he thought the change in command structure could start this year, Rumsfeld replied: 'No, no, I don't at all.'"

Senators More Optimistic About US-China Trade Relations. USA Today (3/24, MacLeod, 2.31M) reports, "The US senators pushing a bill to punish Chinese currency policies said Thursday they were more optimistic Beijing will revalue the yuan. But they refused to rule out pushing for a vote after they return to Washington to impose tariffs on all Chinese imports into the USA." Sen. Chuck Schumer said, "The jury is still out. … We still need some concrete signs of movement." He also said "there is a real possibility the Chinese government and people see it in their interest to let the yuan float." However, "he got no firm indication of when the currency would be allowed to fluctuate on global markets." Sen. Lindsey Graham said, "The clock is ticking on this currency issue."

The Wall Street Journal (3/24, Dean, 2.11M) headlines its story "US Senators Offer Hope To China On Tariffs," and reports the senators "said they are more optimistic about US-China trade relations after a trip to China's capital." But "the lawmakers stopped short of a commitment to put off a vote on their legislation, scheduled for next week." The Washington Post (3/24, D5, Goodman, 744K) runs a similar report, titled "Senators Hopeful Of Compromise On Yuan," and quotes Schumer saying, "We're feeling better." The Christian Science Monitor (3/24, Marquand, 61K) also reports on the senators' trip, under the headline "On China Visit, US Senators Tone Down Tariff Talk."

Journalist Says China Harvests Inmate Organs For Domestic, Foreign Sale. The Washington Times (3/24, Gertz, 90K) reports, "A Chinese journalist has uncovered a secret detention center in northern China that is being used by a hospital to harvest human organs for sale to domestic and international buyers." Jin Zhong, "a pseudonym for the journalist who fled China recently," also said in an interview that "a failed Chinese intelligence operation led to the 2004 death of a Japanese diplomat who committed suicide rather than give up secrets."

Chinese Official Casts Doubt On Whether Jailed NYTimes Researcher Will Be Released. The New York Times (3/24, Yardley, 1.19M) reports, "The United States on Thursday continued to press China about the status of a jailed researcher for The New York Times, but the uncertainty about his fate deepened as a Chinese government spokesman appeared to cast doubt on whether he would soon be released." The case against Zhao Yan, "a Chinese researcher in the Beijing bureau of The Times, was withdrawn last Friday by a court order." But "the Chinese authorities have since remained silent about the status of Mr. Zhao, and he is still behind bars. Asked on Thursday afternoon about the case, the Foreign Ministry spokesman, Qin Gang, criticized foreign news organizations for making 'irresponsible statements,' and he then offered a cryptic response. … 'From what I have learned, the actual situation is not like what you are talking about.'" In an editorial, the New York Times (3/24, 1.19M) says "it should be clear to the Chinese authorities that American leaders and the international news media are not going to forget this case. Mr. Zhao's plight should remain on the agenda for President Hu Jintao's first official visit to Washington next month."

Japan Suspends Loans To China. The Financial Times (3/24, Pilling) reports, "Japan has suspended decisions on new yen loans to China, blaming its increasingly strained ties with its biggest trading partner and former wartime adversary." The move, although "largely symbolic, marks a fresh low in relations between Asia's two biggest powers, which have been dogged by disputes over territory and natural resources." The Times adds, "Ties have worsened in recent years because of annual visits by Junichiro Koizumi, Japan's prime minister, to Tokyo's Yasukuni shrine, where 14 war criminals are honoured alongside millions of war dead." The Washington Times/AP (3/24, Inagaki) says "criticism is mounting in Japan that China's booming economy no longer needs the handouts."

Meanwhile, the Washington Post (3/24, A12, Faiola, 744K) reports that "with Japan seeking to shed a half-century of pacifism and reassert itself in world affairs, and China acquiring vastly larger economic and military might, relations between the two are as tense as they have been at any time since World War II." The Post adds, "Nowhere is their contest more visible than here in Taiwan, which China

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regards as a renegade province that must be reunified with the mainland, by force if necessary. In recent months, Japan has made a series of unprecedented overtures toward Taiwan, which was a Japanese colony from 1895 to 1945. In Tokyo, leading politicians are increasingly adopting the view that Japan must come to the island's aid in the event of Chinese aggression."

More Commentary On China. Jaushieh Joseph Wu, the Minister of Mainland Affairs in the Council of Taiwan, writes in the Washington Times (3/24, 90K), "During his visit to Japan in November 2005, President George W. Bush said that by embracing freedom at all levels, Taiwan has delivered prosperity to its people and created a free and democratic society. For Taiwanese who lived through the four decades of authoritarianism and martial law under the Chinese Nationalist Party (KMT), Mr. Bush's words were no less an official recognition of what Taiwan has fought hard to achieve over the past few decades." Bush's "comments late last year were an encouragement to Taiwan. Taiwan is now refining its democracy, the better to be a beacon for democracy activists in China to follow, and in this endeavor Taiwan deserves US support."

US Freezes Assets Of Some Lebanese Media Companies. The AP (3/24, Aversa) reports, "The Bush administration moved Thursday to freeze the assets of several Lebanese media outlets, alleging that they helped raised money and recruits for Hezbollah's terrorist network." The Treasury Department's action "is against al Manar, a satellite TV operator, al Nour Radio and their parent company, the Lebanese Media Group. Any assets found in the United States belonging to these three outlets will be frozen and Americans are forbidden from doing business with them." The department alleges that "al Manar and al Nour Radio are the 'media arms' of Hezbollah."

US, Venezuela Agree To Allow Resumption Of Flights. The AP (3/23, Toothaker) reported remarks by US Ambassador William Brownfield that the US "and Venezuela have reached a temporary agreement that will avoid a proposed ban on flights by most U.S. airlines to the South American country." Caracas continues to seek a lifting of the FAA's safety ban on Venezuelan airlines flying to the US.

US Travel Warning Becomes An Issue In Italian Campaign. The New York Times (3/24, Fisher, 1.19M) reports, "An American travel advisory on possible dangers in Italy ballooned on Thursday into an issue in the close national election campaign here, with opposition politicians suggesting that the advisory could be used as ammunition against them." While PM Silvio Berlusconi "immediately seized on the advisory" and blamed it on center-left protesters, Romano Prodi "was concerned enough by the implication that leftist demonstrators constituted a threat that he called the American ambassador, Ronald Spogli, for an explanation."

Anti-Lukashenko Protest Ends With Non-Violent Arrests. The New York Times (3/24, Chivers, 1.19M) reports riot police entered a Minsk, Belarus, square early Friday and arrested "hundreds of antigovernment protesters," who "stood their ground while the officers dismounted and jogged into place in lines, cutting off any chance of escape." There were no reports of violence associated with the arrests. The Times notes the "small encampment had been a potent attraction in a police state that has never tolerated dissent," and goes on to say that Belarus still "operates like a Soviet anachronism." The Wall Street Journal (3/24, Cullison, A4, 2.11M) reports the arrest of "the ragtag symbol of opposition further highlights the obstacles faced by the region's pro-democracy groups, despite the success of such efforts in Ukraine and Georgia." Divergent media reporting was also noted: "Western television had been broadcasting the evening crowds. But here in Belarus, footage beamed to millions of homes by state-run television showed the desolate early morning, when the few protesters…meandered…amid piles of garbage." The Washington Times/AP (3/24, Heintz) also reports the story.

Bush Signs Bill Ending Trade Restrictions On Ukraine. The AP (3/24) reports, "President Bush signed a law Thursday that ended Cold War-era trade restrictions on Ukraine, opening the way for the former Soviet republic to join the World Trade Organization." The measure "frees Ukraine from a 1974 measure called the Jackson-Vanik Amendment, which links trade benefits to the emigration and human rights policies of former or current communist states."

"Soviet-Style Apparatchiks" Poised for Come-Back In Weekend Elections. The Washington Times (3/24, Feduschak, 90K) reports, "Political allies who stood side by side during Ukraine's 2004 'Orange Revolution' are waging war against each other in such a divisive campaign that the Soviet-style apparatchiks they had ousted are poised for a comeback in elections this weekend." Opinion polls "show that the party of Viktor Yanukovych, who won the presidency in an election in 2004 only to lose to Viktor Yushchenko in a court-ordered second vote, will win about a third of the seats Sunday, becoming the biggest single bloc in Ukraine's 450-seat parliament." The New York Times (3/24, Myers, 1.19M) also reports on the situation in the Ukraine, under the headline "Ethnic And Cultural Divisions Haunt Ukraine Before Vote."

De Villepin To Talk To French Unions. The Financial Times (3/24, Arnold) reports, "Dominique de Villepin

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invited trade unions to talks over his unpopular employment law on Thursday 'with no strings attached', a move cautiously accepted by five unions and widely interpreted as a climbdown by the embattled French premier." The appeal "came as Mr de Villepin faced accusations that his refusal to consider changing the law had provoked an unnecessary crisis, with critics suspecting he had allowed his presidential ambitions to override his political judgment." The New York Times (3/24, Smith, 1.19M) says France's "most powerful labor union federations agreed Thursday to meet…de Villepin on Friday."

NBC Nightly News (3/23, story 5, 0:20, Brown, 9.87M) reported, "In Paris today, and all across France, tens of thousands of students took to the streets, demanding a fair chance at a job and protesting a new law that could make it easier to fire younger workers. Their protests turned violent when a small group set cars on fire, looted stores, and threw chunks of concrete at police." The Washington Post (3/24, A1, Moore, 744K) reports it was "just the scene the French government had been dreading: burning cars seven blocks from the Eiffel Tower, shop windows smashed along one of the capital's toniest streets, and columns of helmeted riot police advancing across the greensward of a prominent tourist venue. … Thursday's violence came at the end of a demonstration by tens of thousands of high school and college students protesting a new job law." The unrest "intensified a political crisis that now threatens to unravel President Jacques Chirac's government -- much the way previous French governments have been felled by strikes and street protests when they attempted even modest reforms of the country's costly welfare state."

Russia Seeks To Secure WTO Membership Before G-8 Summit. Russia is pushing to enter the WTO before it hosts that G-8 summit this summer. The Washington Times (3/24, Zarocostas, 90K) reports, "The talks can certainly "close before the G-8 summit," said Robert Vastine, president of the influential U.S. Coalition of Service Industries, a Washington-based umbrella group that represents major services corporations. But he indicated the ball is squarely in President Vladimir Putin's court."

EU Countries Consider Requiring Immigrants To Sign Contracts. Germany, Britain France, Poland, Spain and Italy, the six largest countries in the European Union, are considering having immigrants sign a contract that would require they learn their adopted country's language and social norms or risk being expelled. The Financial Times (3/24, Williamson) reports, "The so-called integration contract is still to be discussed with the other 19 EU member states. Nicolas Sarkozy, French interior minister, proposed it during a meeting of ministers from the 'G6' countries…in Heiligendamm, a luxury resort on Germany's Baltic coast."

Chirac Storms Out Of EU Summit; Merkel Warns Against Protectionism. The Financial Times (3/24, Parker, Smyth) reports French President Jacques Chirac "stormed out" of an EU summit meeting because a French business leader began speaking in English. "Mr Chirac's boycott reflected the tensions surrounding the two-day economic summit, which comes against a backdrop of French street protests over labour market reform and claims that Paris is engaged in protectionism of its energy market. The French president was not in the room to hear Mr Seillière urging leaders to 'resist national protectionism in order to avoid a negative domino effect.'" The Times notes German Chancellor Angela Merkel "issued a thinly veiled warning to France and Spain to open their energy markets, as the dispute over protectionism overshadowed the start of the summit." She "said Europe needed continent-wide industrial champions, and that attempts" to protect national energy firms "made nonsense of the EU's single market."

US Doctor Volunteering In Chad Profiled. NBC Nightly News (3/23, story 12, 2:30, Curry, 9.87M) profiles Dr. Peter Reynaud, who "volunteers for Doctors Without Borders where few dare to go -- the increasingly dangerous border between Darfur, Sudan, and Chad. Almost daily come new reports of violence against blacks, blamed on the Janjaweed, Arab militias the US says are supported by the government of Sudan." Despite "all the ugliness and violence he's experienced, the horror he's seen, Reynaud says he considers himself fortunate to be in this hospital now." Dr. Reynaud: "I think that these are big problems. But I think coming here and working here, I'm working for the world that I want to live in."

Peru's Humala Called "Openly Hostile" Toward Private Sector. Mary Anastasia O'Grady writes in the Wall Street Journal (3/24, 2.11M) that investors are "spooked" because Peruvian presidential candidate Ollanta Humala, who appears likely to win the election two weeks form now, "is openly hostile toward the private sector. … His avowed intent to stick it to the private-sector -- with an emphasis on mineral and natural gas rights -- frightens investors." O'Grady adds that "what is nearly certain, if he makes it to the presidency, is that his tenure will increase property-rights insecurity and damage Peru's recent growth spurt. There can be no doubt that Peruvians face a crucial choice next month and that another Latin country is in danger of succumbing to yet another bout of corporatist authoritarianism."

Democracy Seen As Possible In Non-Western Nations. Amartya Sen, the 1998 Nobel laureate in

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economics, writes in the Wall Street Journal (3/24, 2.11M), "While it is easy enough to understand the widespread -- and increasing -- doubts about armed intervention allegedly aimed at jump-starting democracy in Iraq through largely foreign and military planning, it would be quite a leap from there to become skeptical of the general possibility of the emergence of democracy in any country that is currently nondemocratic. It is worth remembering that democracy has developed well enough in many countries in Asia, Africa and Latin America, and in the case of some, such as South Africa, even foreign assistance to local democratic movements (for example through economic boycott) has positively helped."

WPost Calls "Serious Peace Force" In Sudan Unlikely. An editorial in the Washington Post (3/24, A18, 744K) says that despite President Bush's words, "the odds of deploying a serious peace force" in Sudan "have receded," because Sudan's government "has threatened violent resistance to a muscular deployment. And Sudan's bluster carries more weight than Mr. Bush's statements. … So Mr. Bush's call for a more serious deployment has been buried for the moment. No peacekeeping force is going to be strong enough to shoot its way into Darfur to establish peace; it will require some form of assent from Sudan's government."

THE BIG PICTURE:

Headlines From Today's Front Pages.

Los Angeles Times:
"Bush's Requests For Iraqi Base Funding Make Some Wary Of Extended Stay."
"Playing After A Big Loss."
"Near Santa Monica's Glitz, The Grit Of A Different Life."
"Release Of Westerners In Iraq Is Bittersweet."
"White House Presses Afghans Not To Punish Christian Convert."
"A Plan To Spread Homeless Countywide."
"China's Chopstick Tax Seems Dim To Some."

USA Today:
"Costs To Rebuild Shifting To Iraqis."
"Battles Escalate Over Gay Marriage."
"American Muslims Are Gaining A Foothold In Politics."

New York Times:
"Red Cross Sifting Internal Charges Over Katrina Aid."
"Women Wage Key Campaigns For Democrats."
"Bush Is Facing A Difficult Path On Immigration."
"Challenge For U.S.: Iraq's Handling Of Detainees."
"Talks For Lucent May Signal End For 90's Symbol."
"Military Lab Puts Name On A Long-Lost Airman."

Washington Post:
"Immigration Debate Is Shaped By '08 Election."
"Dozing Operator Blamed In Rail Crash."
"Protest Turns Violent In Heart Of Paris."
"Researchers Look At Prayer And Healing."
"Chief In Md. Urges Close Of Internet Police Forum."
"Three Abducted Peace Activists Rescued In Iraq."

Washington Times:
"Sweet 16 Games: Priceless."
"Clerics Insist On Execution Of Convert."
"Bush Seeks 'Civil' Immigration Debate."
"Rumsfeld Vows Iraq Drawdown Will Continue."
"Hecht's Facility To Be Shuttered And Sold In '07."

Detroit Free Press:
"Greektown Casino Plan Puts Hotel Atop Garage."
"Karmanos Unfiltered: View From The Top."
"GM's Big Challenge: Operate Smaller."

Atlanta Journal-Constitution:
"No Early Start For UGA Tailgaters."
"House Passes Bill on Illegals."
"Hartsfield's New Ride."
"Pipeline Bill Lives Despite Advice."

Houston Chronicle:
"Poll: Locals Evacuee-Weary."
"1 In 6 City Workers Receive Bonuses."
"Hostages Are Freed Without A Shot."
"Defense Pecks At Glisan's Story, Accuses Him Of Lying."
"Nighttime Drama On Open Sea As Deadly Fire Hits Cruise Ship."

Story Lineup From Last Night's Network News:
ABC: Afghanistan-Christian Convert; Iraq-Hostages Freed; Iraq-Police Attacked; Home Insurance Cancellations; Cruise Ship Fire; CO-Train Safety Test; North Africa-Counter-Terrorism; Housing Sales Up; Housing-Long Commutes; Old Tortoise Dies; Cunningham Auction.
CBS: Iraq-Hostages Freed; Iraq-Former Hostage; Iraq Violence; Afghanistan-Christian Convert; Cruise Ship Fire; Chile-Bus Crash; Tax Preparers-Information Selling; NCAA Tournament-Gambling; GM-Finance Division Sale; Exxon Valdez-Alaskan Town; Global Warming-Icequakes.
NBC: Afghanistan-Christian Convert; Iraq-Hostages Freed; Iraq-American Battalion; Moussaoui Trial; France-Protests; Cruise Ship Fire; Chile-Bus Crash; Baton Rouge-Overcrowding; ID Theft; Stock Markets; Cunningham Auction; Chad-Medical Volunteer.

Story Lineup From This Morning's Radio News Broadcasts:
ABC: TN-Minister Murdered; Moussaoui Sentencing; US Mad Cow Testing.

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CBS: TN-Minister Murdered; Milwaukee-Missing Boys; Southwest-Hay Shortage; Report-Gay Adoption; NCAA tournament; Bonds-Steroid Allegations.
NPR: Iraq-Peace Activists Rescued; Iran-Nuclear Program; Study-Sea Levels; Jamaica-Cruise Ship Fire; Moussaoui Sentencing; China-Golf; Foreign Stock Markets.

WASHINGTON'S SCHEDULE:

Today's Events In Washington.

White House:

PRESIDENT BUSH — Participates in a celebration of Green Independence Day, Room 450, Eisenhower EOB; speaks at a Mike Sodrel for Congress and Indiana Victgory 2006 reception, Indianapolis; attends Santorum 2006 reception, private residence, Sewickley Heights, Pa.

VICE PRESIDENT CHENEY — Speaks at a luncheon for Rep. Ric Keller, Orlando Marriott Downtown.

US Senate: No Scheduled Events.

US House: No Scheduled Events.

Other: TAX REFORM _ 9 a.m. - 3:30 p.m. The Center for American Progress holds a day-long conference with academic and policy experts from around the country who will highlight options for reforming the tax code. Location: Center for American Progress, 1333 H St. NW, 10th Floor.

SCOTUS NOMINATION PROCESS _ 9 a.m. - 4:15 p.m. The Joan Shorenstein Center on the Press, Politics and Public Policy John F. Kennedy School of Government, Harvard University, sponsors a conference on ``The Role of the Press, Political Parties and Interest Groups in the Supreme Court Nomination Process." 10:45 a.m. - 12:30 p.m. Panel on ``Preparing for the Fight Over President Bush's First Supreme Court Nomination, the O'Connor Resignation, and the Roberts Nomination," with Judy Woodruff, PBS and Linda Greenhouse, New York Times; Brad Berenson, formerly, Associate White House Counsel Ron Brownstein, Los Angeles Times; Stephanie Cutter, former senior adviser to Senator Edward M. Kennedy; Doug Kendall, Community Rights Counsel; Manuel Miranda, Third Branch Conference; Ralph Neas, People for the American Way; Grover Norquist, Americans for Tax Reform; Michael E. O'Neill, Chief Counsel, Senate Judiciary Committee. 2:30 p.m. - 4:15 p.m. Panel on ``The Nominations of Harriet E. Miers and Samuel Alito," with Judy Woodruff, PBS; Jeffrey Toobin, The New Yorker; Nan Aron, Alliance for Justice; Dan Balz, Washington Post; Rachel Brand, Assistant Attorney General for the Office of Legal Policy; Walter E. Dellinger III, Duke University Law School; Helaine Greenfeld, Senior Nominations Counsel, Senate Judiciary Committee; Wade Henderson, Leadership Conference on Civil Rights; others. Location: National Press Club.

PENTAGON-IRAQ BRIEFING _ 9 a.m. Army Lt. Gen. Martin Dempsey, commander of Multi-National Security Transition Command-Iraq, will brief live from Iraq to give an update of the development, training and equipping of Iraqi Security Forces. Location: DOD Briefing Studio, Pentagon 2E579.

HAITI _ 9:30 a.m. The US Institute of Peace holds an event on Haiti's security, with Amb. Timothy Carney, Commissioner Mark Kroeker of the UN Department of Peace Operations, and Carl Alexandre of the Justice Department. Location: 2nd floor conference room, 1200 17th St. NW.

NEW ORLEANS ELECTION _ 10 a.m. Civil rights organization and political and religious leaders hold a news conference to announce steps to secure a fair election in New Orleans next month. Location: National Press Club.

DEAN _ 12:15 p.m. DNC Chairman Howard Dean speaks to the American Federation of Teachers conference on healthcare. Location: Hyatt Regency-Washington on Captiol Hill, 400 New Jersey Ave. NW.

IMMIGRATION _ 2 p.m. The National Immigration Forum holds a telephone briefing on Senate Judiciary Committee immigration legislation under consideration next week. Contacts: Douglas Rivlin, 202-347-0040 ext 5989. Notes: Callin number: 800-811-0667; ask for the immigration briefing.

MILITARY-IRAQI VIEW _ 2 p.m. Army Brig. Gen. Anthony Cucolo hosts a media roundtable to discuss a U.S. Joint Forces Command unclassified historical report in book form released today on the Iraqi view of coalition military operations conducted in Iraq. The report was done by by U.S. Joint Forces Command's Joint Center for Operational Analysis, the Iraqi Perspective Project. The Project is a research effort focused on coalition military operations in Iraq from March to May 2003. It focused on the perspectives of the Iraqi civilian and military leadership involved in major combat operations gathered through interviews conducted during the fall and winter of 2003/2004, and an extensive review of Iraqi historical documents done in the months since then. The project is the first such effort by the U.S. government to understand the views of an enemy military force since World War II, when the U.S. government conducted a comprehensive review of recovered German and Japanese documents, along with interviews of key military and civilian leadership. Location: Room 2C554, Pentagon.

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DEPARTMENT OF JUSTICE *NEWS CLIPS*

PREPARED FOR THE OFFICE OF PUBLIC AFFAIRS, US DEPARTMENT OF JUSTICE

TO: THE ATTORNEY GENERAL AND SENIOR STAFF

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TERRORISM NEWS:

Moussaoui Prosecutors Close With FBI Agent (AP-Y2)

By Michael J. Sniffen

AP2, March 23, 2006

Prosecutors wrapped up their case for executing Zacarias Moussaoui with a former FBI agent's testimony Thursday that the bureau could have identified 11 of the Sept. 11 hijackers if the al-Qaida conspirator had confessed when he was arrested a month before the suicide attacks.

Before court-appointed defense attorneys could begin their case, Moussaoui announced loudly as he left for a recess that he would testify in his own behalf.

"I will testify, Zerkin, whether you want it or not," he said, referring to one of his lawyers, Gerald Zerkin. The 37-year-old Frenchman, who is the only person charged in this country in connection with the 2001 attacks, has refused to cooperate with his lawyers.

Former FBI agent Aaron Zebley testified that Moussaoui's admission, when he pleaded guilty last April, that he received more than $14,000 in wire transfers from a man using the name Ahad Sabet could have allowed the FBI to go through Western

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Union, cell phone, calling-card and motor vehicle records, as well as leases and other business materials to identify most of the 19 hijackers who flew jetliners into the World Trade Center, the Pentagon and a Pennsylvania field.

U.S. District Judge Leonie Brinkema, who has told the jury it cannot decide Moussaoui's punishment "on speculation," barred Zebley from explicitly asserting what the FBI would have accomplished had he confessed when arrested Aug. 16, 2001.

But Zebley gave prosecutors their strongest testimony in a week when many of their witnesses ended up buttressing the defense argument that the FBI and Federal Aviation Administration badly bungled better intelligence about 9/11 than Moussaoui had in the summer of 2001.

Zebley implied that Moussaoui's lies when arrested while taking pilot lessons in Minnesota foreclosed several avenues of investigation that might have saved at least one of the nearly 3,000 lives lost on 9/11.

"We could have set about finding the hijackers," Zebley said.

For the first hour of more than two hours on the stand Thursday, Zebley had jurors leaning forward to follow his explanation of how FBI agents moved from the data in records of one money transfer by Western Union, through incoming and outgoing calls to a phone number listed on the Western Union record, to the businesses that were called from all those phone numbers, to home addresses listed on business and bank transaction records, to leases and driver's licenses and other IDs recorded by landlords. He said the identities of 11 of the hijackers were learned by these methods within weeks after the attacks and these records existed in August, 2001.

On cross-examination, defense lawyer Edward MacMahon pointed out that neither Moussaoui's statements after arrest nor anything found in a post-9/11 search of his possessions gave away that he got that money transfer by wire. The defense has argued that under the Fifth Amendment Moussaoui had no obligation to incriminate himself when arrested.

MacMahon asked why the FBI didn't launch a full criminal investigation of Moussaoui in August 2001 based on 70 appeals to Washington by arresting agent Harry Samit who warned that Moussaoui was a terrorist training to hijack an airliner.

"The FBI has to have a confession ... before anybody listens?" MacMahon asked.

Zebley replied that Samit did not know all the details in Moussaoui's 2005 confession.

MacMahon got Zebley to acknowledge that nothing in the confession or in FBI evidence gathered since then shows any contact between Moussaoui and the 9/11 hijackers, who lived, trained and traveled together in small groups. Moussaoui pleaded guilty to conspiring with al-Qaida to fly planes into U.S. buildings. But he says he had nothing to do with 9/11 and was training to fly a 747 jetliner into the White House as part of a possible later attack.

MacMahon brought out that the CIA knew in March 2000 that two of the 9/11 hijackers — Nawaf al-Hazmi and Khalid al-Mindhar — had entered the United States in 2000 after attending a conference with Osama bin Laden associates in Malaysia. He showed that the CIA finally told the FBI on Aug. 23, 2001, that the pair were in the United States, and that the FBI sent a message marked "routine" on Aug. 28 asking its New York office to look for them. On Sept. 10, 2001, the FBI New York office asked the Los Angeles office to check for them in hotels there, according an FBI document MacMahon introduced.

"What could have been done if the U.S. government had tracked al-Hazmi and al-Mindhar in the summer of 2001?" MacMahon asked. "We'll never know, right?"

Zebley conceded that point.

The first defense witness, former FBI agent Erik Rigler, summarized a Justice Department inspector general report that criticized the CIA for keeping the al-Hazmi and al-Mindhar intelligence from the FBI for so long and the FBI for assigning pursuit of the pair to one inexperienced, young agent. It said the pair was on Thailand's watchlist in January, 2000, but not on a U.S. watchlist until August, 2001.

Earlier in the trial, Samit said he spent four weeks warning his bosses about the radical Islamic student pilot. He said "criminal negligence" and bureaucratic resistance by FBI headquarters agents blocked "a serious opportunity to stop the 9/11 attacks."

This sentencing trial will determine whether Moussaoui is executed or imprisoned for life.

Meanwhile, Transportation Security Administration lawyer Carla J. Martin, who improperly coached witnesses in the case, was subpoenaed for a Monday hearing, but her legal advisers were considering trying to block the appearance, according to a lawyer familiar with the case. Brinkema said there might be an early Monday hearing.

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Moussaoui Prosecution Rests Case After Key FBI Testimony (AFP-Y2)

AFP, March 23, 2006

US prosecutors rested their death penalty case against Zacarias Moussaoui after their key witness said most of the September 11 hijackers could have been found had Moussaoui confessed his Al-Qaeda links before the attacks.

Former FBI agent Aaron Zebley said he used Moussaoui's guilty plea last year to build a web of telephone records, wire transfers and financial data, linking him to the same Al-Qaeda financiers behind the September 11 suicide crews.

His evidence fleshed out the central point behind the prosecution drive for Moussaoui's execution -- namely that had investigators known in August 2001, what they knew in April 2005, they may have been able to stop the attacks.

"Was that information available to the FBI in August 2001?" prosecutor Robert Spencer asked Zebley, at the climax of his testimony.

"It could have been," Zebley replied, earning an immediate objection from Defense Counsel Edward MacMahon.

"Ultimate issue in the case," MacMahon said, an objection upheld by Judge Leonie Brinkema.

MacMahon later challenged Zebley's assessments, as tempers frayed at the start of his cross-examination asking: "So the FBI needs a confession from an Al-Qaeda terrorist to launch an investigation?"

Brinkema then intervened, telling MacMahon and Zebley, who now works as a prosecutor at the Alexandria, Virginia, courthouse hosting the trial, to take a deep breath, "calm down" and take a lunch break.

Zebley testified that financial wire information found in a notebook owned by Moussaoui, details of his money transactions, phone card information and a listing of flight schools could have helped crack the 9/11 plot.

Investigators did not discover those details until after September 11, because FBI bosses concluded -- despite the fears of one agent that Moussaoui was a terrorist who might hijack a plane -- that his answers while in custody in August 2001, did not merit a warrant to search his belongings.

Agents could have unravelled the puzzle from a 14,000 dollar transfer to Moussaoui from Germany, which left a trail to the United Arab Emirates, and back to the September 11 hijackers training in Florida, Zebley said.

Eleven of the 19 hijackers could have been found, Zebley said, including the presumed ringleader of the four hijacking gangs, Mohammad Atta.

Flight school advertising found in Moussaoui's possession could have led to the discovery of Hani Hanjour, the pilot who slammed a plane into the Pentagon and had been at simulator school in Phoenix, Arizona, he said.

According to Zebley, the 11 hijackers could have been traced because they were using their real names.

"What could you have done with these 11 names?" Spencer asked.

"We would have set about finding them of course," Zebley said, adding that the FBI, US intelligence and federal aviation officials could have been alerted.

The US Secret Service could also have been involved as Moussaoui had threatened to fly a jumbo jet into the White House.

But MacMahon later took aim at the prosecution case that had information been gleaned from Moussaoui, most of the hijackers could have been found, playing down links Zebley testified were evident between Moussaoui and the four suicide gangs.

The defense lawyer established under cross examination that Moussaoui had never called the telephone number in the United Arab Emirates associated with the Al-Qaeda money transfers.

He also got Zebley to say that Moussaoui had never called any of the 9/11 hijackers, did not know any of the prospective targets or the date for any of the attacks.

Moussaoui, a Frenchman of Moroccan descent, pleaded guilty last April to conspiring with Al-Qaeda to fly airliners into US buildings in connection to September 11. But he has said he was not to be part of the September 11 strike, but a follow up attack targeting the White House.

Jurors are being asked to decide whether Moussaoui should be executed or sent to prison for life.

After the prosecution rested its case, the judge immediately took the court into a closed session, not involving the jury, without saying what would be discussed.

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As he was led from the court, into another chamber where the closed hearing was to take place, Moussaoui raised his hand and shouted at his court appointed lawyers with whom he has refused to cooperate.

"I will testify Zerkin, whether you like it or not, I will testify," he shouted, referring to Gerald Zerkin, a member of his defense team.

FBI Agent Says 9/11 Plot Was Within Grasp (LAT)

By Richard A. Serrano

The Los Angeles Times, March 24, 2006

ALEXANDRIA, Va. — Federal prosecutors completed their case Thursday in the sentencing trial of Zacarias Moussaoui with a former FBI agent who said that if Moussaoui had cooperated after his arrest in August 2001, 11 of the 19 hijackers could have been located fairly quickly and stopped before the terror attacks of Sept. 11.

The testimony set the stage for the French terrorist to take the witness stand in his own defense next week.

"I will testify!" Moussaoui shouted to his lawyers after the government presented its last witness. "Whether you want it or not, I will testify!"

His four court-appointed lawyers have urged him not to take the stand, fearing his volatile temper and oft-expressed hatred for Americans will only encourage the jury to sentence him to death.

The government's final witness was Aaron Zebley, one of the FBI's two chief case agents on the Moussaoui investigation, who now works as an assistant U.S. attorney.

He identified a series of phone calls, Western Union money transfers and other evidence linking Moussaoui to Al Qaeda handlers in Germany and the United Arab Emirates. Those same handlers coordinated the movements of the 19 Sept. 11 hijackers in the U.S.

Zebley said that if Moussaoui had told the FBI about these money transfers, agents could have identified 11 of the hijackers and stopped them before they reached the airports in Boston, Washington and Newark, N.J., on the morning of Sept. 11.

"We could have set about finding them, obviously," Zebley said. "We could have shared this information with our law enforcement partners on the federal, state and local levels. We could have shared this with our intelligence partners too, and the Secret Service."

Moussaoui pleaded guilty in April to having a role in the Sept. 11 conspiracy. He said he was handpicked by Al Qaeda front man Osama bin Laden to come to the U.S., take pilot lessons and eventually fly a jet into the White House.

On Sept. 11, three planes struck the two World Trade Center towers in New York and the Pentagon in Washington. A fourth plane, which went down in a western Pennsylvania field after passengers tried to reclaim the jetliner, is believed to have been headed toward either the White House or the U.S. Capitol.

Zebley also testified that had Moussaoui allowed the FBI to inspect his belongings, agents would have found lists of flight schools, including the jet simulator school he was attending in Eagan, Minn., and other pilot training facilities in south Florida where some of the hijackers learned to fly.

"We could have got to those flight schools and looked for people like the defendant," Zebley said. "Somebody rushing through flight school and onto jet simulators. Someone with a Middle Eastern name. We'd be looking for people who look like the defendant."

But under cross-examination, Zebley admitted that there were key elements of the Sept. 11 plot that appeared completely unknown to Moussaoui.

None of Moussaoui's possessions carried the names of any of the hijackers. All of the flight tickets purchased by the hijackers were bought after Moussaoui was arrested, indicating he did not know the date for the attacks. And there also was no proof that Moussaoui knew which buildings and structures were being targeted.

Zebley conceded that FBI does not believe Moussaoui was supposed to have been aboard one of the planes. "There never was a 20th hijacker," Zebley said. But he added, "the plot was to get as many conspirators in the U.S. as possible."

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Zebley concluded a troubled prosecution case in which several other FBI witnesses conceded that the bureau had ignored repeated warnings about a looming terrorist attack. And the government's case was hurt when a federal lawyer improperly coached several prospective witnesses familiar with aviation security.

The lawyer, Carla Martin of the Transportation Security Administration, has been subpoenaed to appear Monday before U.S. District Judge Leonie M. Brinkema to explain her conduct. The judge barred the "tainted" witnesses from testifying.

The defense began its case late Thursday by calling Eric Rigler, a former FBI special agent who now runs a criminal justice consulting firm in Texas. Rigler led the jury through the FBI's many "missed opportunities" to detect the plot, as laid out in a report by the Justice Department's inspector general.

The defense is trying to show that even if Moussaoui had cooperated with the FBI, its agents made so many mistakes in the weeks before Sept. 11 that it would be unfair to blame the massive loss of life on the defendant, who was in jail when the attacks occurred.

Moussaoui Shouts His Intention To Take The Stand (WP)

By Jerry Markon And Timothy Dwyer

The Washington Post, March 24, 2006

Prosecutors concluded their argument yesterday that Zacarias Moussaoui is eligible for the death penalty, and the al-Qaeda operative made it clear in his typically theatrical style that he intends to take the stand.

"I will testify, whether you want it or not!" Moussaoui yelled as he was escorted from the courtroom by federal marshals. "I will testify!"

It was unclear whether he was addressing his attorneys, with whom he does not speak and who have been against his taking the stand. But what was clear was that the case against the only person convicted in the United States on charges stemming from the Sept. 11, 2001, attacks could take yet another dramatic turn. Moussaoui is known for his courtroom outbursts, and even his attorneys don't know what he will say. Sources familiar with the case said Moussaoui is expected to testify, but he has been told he must adhere to courtroom decorum.

The courtroom theatrics came as Moussaoui's lawyers subpoenaed a government lawyer whose misconduct nearly derailed the death penalty trial, sources familiar with the case said yesterday. Carla J. Martin has been told to show up at U.S. District Court in Alexandria on Monday, the sources said.

Martin would risk being found in contempt of court if she ignored the order, but once there she could invoke her Fifth Amendment right against self-incrimination and refuse to testify. She declined to testify at a hearing last week. Her attorney, Roscoe C. Howard Jr., did not return repeated telephone calls. Defense attorneys would not comment, but legal experts said that it is unlikely they could persuade U.S. District Judge Leonie M. Brinkema to allow the jury to hear about what she has called "egregious" conduct by Martin.

The actions of Martin, a Transportation Security Administration lawyer, halted the case last week after she violated a court order by sharing testimony and contacting witnesses. Brinkema initially reacted by barring all aviation witnesses and testimony, an action that severely damaged the prosecution's case. Testimony resumed Monday after Brinkema allowed testimony from aviation witnesses untainted by contact with Martin.

Moussaoui, 37, pleaded guilty last year to conspiring with al-Qaeda in the attacks on the World Trade Center and Pentagon. His sentencing hearing is divided into two parts. Jurors first must vote on whether Moussaoui is eligible for the death penalty. If they find he is, a second phase would include testimony from family members of Sept. 11 victims. Jurors then would determine whether Moussaoui should be executed.

Prosecutors yesterday concluded their argument that Moussaoui is eligible for the death penalty because, even though he was in jail on Sept. 11, his lies to the FBI prevented agents from stopping the attacks.

The trial has been cloaked in secrecy at times because of extensive classified information, and yesterday was no different. Defense lawyers typically ask the judge to throw out a case when the prosecution completes its evidence, and Moussaoui's lawyers had prepared such a motion. It was not made in open court, however, and when prosecutors rested their case yesterday, Brinkema convened a sealed hearing in a separate courtroom.

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Immediately after the hearing ended, the defense began its case. Sources said later that Brinkema had rejected a defense motion that the case not be allowed to go to the jury.

The two sides yesterday waged a battle of dueling PowerPoint presentations through testimony from two former FBI agents. The final prosecution witness, Aaron Zebley, portrayed the government as a precise investigative machine that immediately would have reacted to the knowledge that Moussaoui was a terrorist operative plotting an attack. Moussaoui was arrested in Minnesota in August 2001, and prosecutors say he lied to the FBI about his plan to fly a plane into the White House.

"Could you have done this in August of 2001?" Assistant U.S. Attorney Robert A. Spencer kept asking Zebley, as Zebley tried to demonstrate how a single cellphone number on a Western Union wire transfer to Moussaoui could have led to phone, bank and other records -- which would have enabled investigators to track down at least 11 of the 19 hijackers.

Zebley, who left the FBI last year to become an assistant U.S. attorney, each time answered, "Yes."

The first defense witness, retired FBI agent Eric Rigler, walked jurors through a Justice Department inspector general's report from 2004 that criticized the government for failing to detect two hijackers who entered the United States in 2000. Khalid al-Mihdhar and Nawaf al-Hazmi at one point lived with an FBI informant in San Diego. The inspector general found that the CIA had known the two were in the country and were al-Qaeda operatives but delayed telling the FBI for more than a year.

Prosecution Of Moussaoui Finishes Up (NYT)

By Neil A. Lewis

The New York Times, March 24, 2006

ALEXANDRIA, Va., March 23 — Prosecutors on Thursday finished presenting their case that Zacarias Moussaoui should be executed for the deaths that occurred on Sept. 11, 2001, offering evidence linking him to the paymaster of Al Qaeda who provided money to most of the 19 hijackers who died in the plot.

The trial, which will resume on Monday, offers the possibility of three dramatic moments in short order. First, the court may hear from Carla J. Martin, the Transportation Security Administration lawyer whose improper coaching of witnesses nearly derailed the trial.

Then, as Mr. Moussaoui's lawyers pick up the arguments they began Thursday afternoon, the jury is expected to have the extraordinary experience of hearing testimony gathered in the United States' secret overseas detention system.

Defense lawyers plan to have people recite the testimony of some of the most valuable captives, including Khalid Shaikh Mohammed, the mastermind of the Sept. 11 attacks, and Ramzi bin al-Shibh, the operation's paymaster, who are imprisoned under American supervision. There also might be testimony read from Mohammed Al-Qahtani, a prisoner at Guantánamo Bay, Cuba, who is believed by many to have been the missing "20th hijacker."

Sometime after the attacks, senior Justice Department officials identified Mr. Moussaoui, a 37-year-old Frenchman of Moroccan heritage, as the 20th hijacker, surmising that he was to have been aboard the plane that crashed in Pennsylvania with four hijackers aboard. The other three planes each had five hijackers.

Government officials have since dropped that assertion, and prosecutors have argued that Mr. Moussaoui should be executed because he hid what he knew about plots to fly airplanes into buildings when he was arrested, before the attacks, on immigration charges in Minnesota, where he was learning to fly jetliners.

The third dramatic event is the testimony of Mr. Moussaoui himself sometime next week. Judge Leonie M. Brinkema first granted permission for him to represent himself but revoked it after he would not heed her instructions and had outbursts.

Now Mr. Moussaoui does not speak to his lawyers and has reviled them in comments to the court.

Mr. Moussaoui, who has sat quietly through the last two weeks of the trial, usually leaves the courtroom with some shouted slogan praising Osama bin Laden or cursing the United States. On Thursday, he offered a new statement, saying, "I will testify whether you want it or not."

The arrangement to get testimony from the high-level detainees who are Qaeda members came after intense negotiations among the defense, the government and the court.

Prosecutors ended their presentation with the testimony of a former F.B.I. agent, Aaron Zebley. Mr. Zebley, now a federal prosecutor, linked Mr. Moussaoui to the hijackers by way of Mr. bin al-Shibh and money he sent from Germany. He

acknowledged in cross-examination by Edward B. MacMahon Jr., a lawyer for Mr. Moussaoui, that there was no evidence that Mr. Moussaoui had telephoned or met with any of the hijackers.

Ex-FBI Agent Says Moussaoui Deception Prevented Probe (VOA)

By Jim Malone

Voice of America, March 24, 2006

Zacarias Moussaoui, foreground, listening to his defense lawyer Edward MacMahon question FBI special agent Harry SamitA former FBI agent testified Thursday that investigators may have been able track down some of the September 11 hijackers if Zacarias Moussaoui had confessed his role with al-Qaida before the 2001 attacks. Moussaoui is the convicted al-Qaida terrorist now on trial for his life in a federal court in Alexandria, Virginia, just outside Washington.

Former FBI agent Aaron Zebley testified that had Moussaoui confessed his links with al-Qaida before the 9/11 attacks, the authorities might have been able to trace money transfers and telephone calls to al-Qaida financiers who were in touch with some of those who hijacked airliners on September 11.

Zebley said it was possible that the FBI could have traced a $14,000 wire transfer to Moussaoui that came from Germany, which might have led to financial backers also in contact with at least five of the 19 hijackers.

Prosecutors argue that Moussaoui should be put to death because he withheld information from investigators after his arrest in Minnesota three weeks before the 9/11 attacks.

Defense lawyers contend the FBI and other U.S. government agencies would not have been able to do much to prevent the attacks even if Moussaoui had admitted earlier that he was an al-Qaida operative.

Earlier this week, Attorney General Alberto Gonzales said the government has learned a lot of lessons from the 9/11 attacks, including how to respond more quickly to threat information gathered by agents in the field.

"I am not going to comment on anything related to the trial," Gonzales says. "What I will say is that we obviously are more sensitive today about threats to the United States and we believe that we have better procedures, better infrastructure to share information."

Moussaoui pleaded guilty last year to terror and conspiracy charges. He said he was not part of the 9/11 conspiracy but was planning to be part of a second wave of attacks using planes that were to go after other high-profile targets, including the White House.

The jury in the case has two choices. Either sentence Moussaoui to death or send him to prison for life. E-mail This Article

Terror Trials And Poor PR (WT)

By Eric Leskly

The Washington Times, March 24, 2006

The charades in Alexandria and Baghdad last week are final confirmation that the Bush administration has grievously erred in trying the Zacarias Moussaoui and Saddam Hussein cases in civilian courts instead of military tribunals. By attempting to use the trials as public-relations tools to demonstrate fair judicial process, the administration has disregarded the fact the clear and present danger posed by al Qaeda and the Iraqi insurgency require harsher procedures and penalties than those afforded by traditional criminal prosecution. Furthermore, both defendants have repeatedly rejected the validity of our judicial process, and use the trials instead to preach to their followers and sympathizers. Thus, instead of enhancing American national security, these botched cases may have even strengthened our enemies.

Does the United States owe due process of civilian law to Moussaoui or Saddam? The answer is clearly and emphatically no. In wartime, a government is not obliged to provide enemy combatants the privileges and protections associated with a civilian criminal trial.

It was a mistake to assume that our commitment to due process -- and our desire to showcase this to the world -- would substitute for the unflinching and uncompromising fortitude necessary to mete justice in these extraordinary situations. While civilian criminal procedure presumes innocence until proven guilty, it also presupposes the defendant's acceptance of the inherent power of the court. As Hobbes observed in Leviathan: "Before the names of Just and Unjust can have place, there must be some coercive power." In current circumstances, that is exactly the logic behind a military tribunal.

There is clear justification for trying Moussaoui and Saddam through military commission. The United States is at war with both al Qaeda and the insurgency in Iraq, a remnant of Saddam's regime. Both defendants were captured in the course of the war and violated the laws of armed conflict: Moussaoui, who is not a US citizen, conspired in the attacks on US civilians; Hussein tortured and used chemical weapons against his own people.

The ineptitude evidenced by the Moussaoui sentencing demonstrates why the judicial system is not equipped to handle terrorists. The current focus on TSA attorney Carla Martin, who in her stupidity violated Judge Leonie Brinkema's order and shared transcripts with key federal witnesses, should not detract from the main issue of whether Moussaoui deserves the death penalty for his confessed role in the September 11 attacks.

In fact, the system had failed much earlier in this trial. Since its outset, Moussaoui repeatedly stated his contempt for the court and said that he was using the trial as means to preach al Qaeda's platform through the media. As early as 2003, Moussaoui made the incredulous demand to call captive al-Qaeda members as witnesses, including September 11 mastermind Khalid Shaikh Mohammed.

We can be thankful only that these events took place after Moussaoui had already confessed: a mistrial would have been almost certain if Miss Martin's behavior occurred during the actual trial. Some legal analysts have already begun to consider the frightening possibility that the government's incompetence could lead to a full acquittal, and that Moussaoui could yet go free.

The farce that has become Saddam's trial is even more disturbing because of its harmful effect on U.S. national security. By empowered the insurgency, the trial has increased the risk to U.S. troops and compromised our mission in Iraq. The court has inadvertedly given Saddam a bully pulpit; the man who was once a captured by U.S. forces at gunpoint in a foxhole now boasts that he is still the president of Iraq and openly praises the insurgency. "Unite and resist the invaders and their backers," he addressed the insurgents last week. "In my eyes, you are the resistance to the American invasion." It is all too clear that Saddam does not see himself as defeated.

Unlike the Nazis at Nuremberg, who had suffered complete and total defeat at the hands of the Allies, Saddam actually believes that he is the legitimate ruler of Iraq who could return to power if the U.S. were to leave. Doubts about the U.S. commitment to Iraq only strengthen this defiance. If he thinks the U.S. might leave Iraq behind with his case before the still incompetent Iraqi judicial system, why should he not continue delaying his trial with these outbursts?

In order to fulfill its vow to bring justice to our enemies, the administration needs to regain the offensive in prosecuting captives in the war on terror and stop trying to use these cases as tools to enhance American image abroad. The Battle Hymn of the Republic alludes to justice as a "terrible swift sword." Our public relations will be better served through this metaphor than by the failed attempts to treat terrorists or despots "fairly." In dealing with our cruelest of adversaries, military justice may be the only sensible course.

Eric Leskly is a terror analyst and writer based in Washington.

Moussaoui Trial Difficult For Victims' Kin (AP)

By Will Lester, Associated Press Writer

AP, March 24, 2006

(AP) - ALEXANDRIA, Va.-The U.S. government's failure to act on repeated warnings before the Sept. 11 terrorist attack had Geraldine Davie fighting back tears as she talked about her 22-year-old daughter's death in the collapse of the World Trade Center.

"They all let us down," Davie said Wednesday evening, voicing a sentiment shared by many of the victims' family members who are monitoring the sentencing trial of admitted al-Qaida conspirator Zacarias Moussaoui.

Davie and other family members of Sept. 11 victims heard the FBI agent who arrested Moussaoui testify early this week that his bosses in Washington failed to heed his warnings that he said would have given the government "a serious opportunity to stop the 9/11 attacks."

Victims' family members also had to watch the federal judge consider scuttling the prosecution's bid for the death penalty after learning last week that a government lawyer improperly coached witnesses. Some prosecution witnesses gave testimony about government missteps that the defense turned to its advantage.

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"Certainly, the case now is not as strong as it could be," said Bill McGinly, of Vienna, Va., who lost a son in the attack on the World Trade Center. McGinly wants to see Moussaoui get the death penalty.

"I would be much more comfortable to see him off the face of the earth," said McGinly, who held out hope that federal prosecutors would get their case back on track. "It's not over 'til it's over."

The court proceedings have been painful for victims' family members like Davie, whose daughter, Amy O'Doherty, was working at an investment firm at the World Trade Center in New York Cit; McGinly, whose son Mark worked at the trade center; and Eleni Kousoulis, whose sister Danielle worked at the same investment firm as O'Doherty.

"The government knew a lot, if they had just paid more attention," said Kousoulis of Merion, Pa. Even if government investigators couldn't prevent the attacks altogether, she said, they might have saved some lives.

As for Moussaoui, Kousoulis said she doesn't care if he gets the death penalty or life in prison. "I think him rotting in jail is worse," she said.

Family members like Kousoulis and Davie were less bothered by the prosecution's recent troubles than the government's missteps revealed in testimony this week that, if handled differently, might have saved their loved ones.

What is valuable, Davie said, is "to know the history of the events in detail without political overlays."

"There are facts being presented here without the bluster of politicians getting in the way," she said. "This is what we've needed from the beginning. This is important."

Mystery Document In Wiretap Suit Sent To Seattle For Safekeeping (AP)

By TIM FOUGHT, The Associated Press

AP, March 23, 2006

PORTLAND, Ore. (AP) — A secret document in an Oregon lawsuit challenging President Bush's domestic wiretapping program will be held in a secure facility in Seattle while the judge and lawyers try to figure out how to keep it under wraps in Portland.

U.S. District Judge Garr King decided this week that the document couldn't be held securely in a federal courthouse in Portland, and shouldn't be held at the local office of the FBI, a defendant in the case.

In a telephone conference that offered few clues about the document, King said it would go to a secure facility at the U.S. attorney's office in Seattle, but he hoped it eventually could be edited and held in Oregon as the suit progresses.

A government lawyer said, however, the document would be so black with redactions that it couldn't be understood.

A transcript of the telephone conference was made available to The Associated Press by Steven Goldberg, a civil rights attorney who filed the lawsuit last February.

The lawsuit alleges that the National Security Agency illegally wiretapped electronic communications between a local chapter of the Al-Haramain Islamic Foundation and Wendell Belew and Asim Ghafoor, both attorneys in Washington, D.C.

It contends the NSA did not follow procedures required by the Foreign Intelligence Surveillance Act, or FISA, and failed to obtain a court order authorizing electronic surveillance of the charity and its attorneys. Lawyers for the plaintiffs have said they can't spell out the facts that support their suit because those details are classified.

The conference over the document arose because the FBI office is the only place in Portland that has a facility that meets specifications for what the government calls "sensitive compartmented information," according to the telephone conference transcript.

Such secure rooms, called SCIFs, often are used in trials dealing with classified information. They are overseen by court security officers who monitor lawyers reviewing documents. Lawyers generally aren't allowed to copy anything or take notes out.

Goldberg said it would be inappropriate for the FBI to have custody because "we're dealing with a document that may involve criminal behavior by that defendant."

Anthony Coppolino of the U.S. Justice Department said the document wouldn't be altered if the FBI had it and said King could have it in a closed envelope, perhaps signing the seal to guard against unauthorized opening.

The judge, however, said the FBI wouldn't be a suitable custodian.

"I'm not indicating there would be any problem with them, but they are a defendant so I don't think it's appropriate that they have custody of it," King said.

But the judge also decided against the idea of constructing a special secure facility for the case after Coppolino said "these facilities cost thousands, if not millions, and take months and months to create."

King expressed hope that he and others could consult with security experts and "the originator" of the document "to see if something less secure would be satisfactory."

Coppolino told King that editing the document wouldn't be possible "without redactions of the document to the point where the content wouldn't be — would not be understandable."

In a separate development, The Oregonian newspaper reported Thursday that it had filed suit last week seeking documents in the case.

"If the government is committing crimes against its citizens, the public is entitled to know the nature of the crimes," said the newspaper's attorney, Charles Hinkle.

Government Won't Have To Say Whether Secret Wiretaps Used (AP)

By CAROLYN THOMPSON, Associated Press Writer

AP, March 23, 2006

BUFFALO, N.Y. -- The government doesn't have to tell three men accused of illegally sending $3.5 million to Yemen whether secret wiretaps were used to investigate them, a judge ruled.

Lawyers for Mohamed Albanna, Ali Elbaneh and Ali Albanna requested the information as they defend the men against charges of running an unlicensed business that delivered money from Yemeni-Americans in western New York to relatives overseas.

The defendants already know that investigators used at least six court-approved wiretaps to monitor their telephones, fax machines and cellular phones in 2002 and 2003. But attorneys sought information on whether investigators also eavesdropped on phone and e-mail conversations without a judge's permission following recent disclosures that President Bush allowed such searches in attempts to sniff out terrorist plots.

The Lackawanna men were charged in December 2002 following an investigation by the Joint Terrorism Task Force. None has been accused of having any involvement in terrorism.

U.S. District Judge William Skretny, in an order dated Tuesday, denied the defense request for information without explanation. In his one-page decision, Skretny said he had reviewed the government's classified response to the January request in private.

Defense attorneys did not immediately return calls seeking comment Thursday.

In court documents, a Justice Department official said the Lackawanna men were among "a number of federal criminal defendants in cases across the country (who) have formally requested information concerning the terrorist surveillance program recently described by the President."

The department has lawyers working on the requests on a daily basis, an affidavit said.

The Albannas and Elbaneh were charged on the heels of the arrests of the Lackawanna Six, a group of Yemeni-American men convicted of attending an al-Qaida training camp in Afghanistan in the spring of 2001, and as authorities sought to trace financing of the group's travels.

Albanna, who runs a candy and cigarette wholesale business and is a leader in the American-Muslim community, previously has defended the young men, who are now serving prison sentences ranging from seven to 10 years.

Federal law enacted after the Sept. 11, 2001, terrorist attacks requires money transmitting businesses like the one allegedly run by Albanna to register with the U.S. Treasury Department and to be licensed by the state in which they do business.

Government Expert In Lodi Terror Case Describes Pakistani Camps (AP)

By Don Thompson

AP, March 24, 2006

SACRAMENTO - A former Pakistani police chief on Thursday described a terrorist-training camp in Pakistan in an account similar to that given by a Lodi man who is standing trial on federal terrorism charges.

Hassan Abbas, now an author and lecturer living in Massachusetts, told jurors about a camp in a mountainous region of Pakistan once operated by Jaish-e-Mohammed, an extremist political party that has been banned.

The camp was in a region near Balakot, a town also mentioned by defendant Hamid Hayat during a lengthy interrogation by FBI agents last June, Abbas said. Hayat, 23, is accused of training at an al-Qaida camp in Pakistan in 2003 and returning to his home in the Central Valley town of Lodi to plot attacks inside the U.S.

His father, Umer Hayat, a 48-year-old ice cream vendor, is accused of knowing his son attended the camp and lying about it. They are being tried at the same time but before separate juries.

Prosecutors have no hard evidence that Hamid Hayat actually attended such a camp. By putting Abbas on the stand, they sought to give jurors details about the kinds of training camps they claim Hamid Hayat attended.

When the trial resumes next week, prosecutors are expected to introduce satellite photos they claim show a terror training camp in Pakistan.

Abbas, who was paid about $35,000 for his research and testimony, worked as a police chief and police administrator in Pakistan from 1996-2001 and has been on the stand since Wednesday, testifying about Pakistani culture, religion and politics.

He said the extremist group trained a large number of people for jihad, or holy war, primarily for the conflict with India over the Kashmir region.

While the Pakistani government says it cracked down on such training camps after the 2001 terror attacks in the U.S., Abbas said "dozens and dozens" of them operated between 2000 and 2005.

They were run by various political and religious organizations that attracted Muslims from around the world, Abbas told jurors. Most trained hundreds of people at a time, sequestering them for weeks and drilling them on the use of weapons, he said.

That conflicts with some of the Hayats' own statements to the FBI, which were captured on videotape. Umer Hayat, for example, said he saw a thousand terrorists training in a huge underground room, and Hamid Hayat said he frequently visited a nearby town after a day of training.

Defense attorneys claim Hamid Hayat intended only to attend a Muslim religious school during his roughly two years in Pakistan.

Abbas said between 5 percent and 15 percent of Pakistan's more than 20,000 religious schools, or madrassahs, serve as recruiting grounds for jihadi training camps.

The Hayats were arrested last June, shortly after Hamid Hayat returned from Pakistan, and have pleaded not guilty.

Hamid Hayat faces up to 39 years in prison if he is convicted of three counts of lying to the FBI and separate charges of providing material support to terrorists. His father faces up to 16 years in prison if convicted of two counts of making false statements to the FBI.

Hayat Defense Accuses Witness Was "Cued" By Prosecutors (KXTV-TV)

KXTV-TV, March 24, 2006

An expert on Pakistani society was accused of being coached by federal prosecutors Thursday during testimony in the trial of two Lodi men accused of lying to federal investigators about ties to terrorism.

During defense questioning of expert witness Hassan Abbas, attorneys for Umer and Hamid Hayat argued that the wording of prosecution objections to defense questions were actually signals to Abbas about how to answer the question. Abbas is an author and Fellow at the Kennedy School of Government in Boston, Massachusetts.

Defense attorney Wazhma Mojaddidi suggested that Abbas had worked out a system with prosecutors that if they objected to a line of defense questioning using the terms "ambiguous" or "vague," that it was actually a signal for how Abbas should answer. Judge Garland Burrell immediately demanded attorneys approach the bench but after discussion, let the line of questioning continue.

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Abbas testified that the defense raised the objection over personal notes he had made for himself over proper court conduct, including what to do if he didn't understand a question or needed a question rephrased or repeated. Abbas said prosecutors did offer advice on how to respond to defense questions, although they only advised him to be brief and objective.

Umer Hayat's jury was dismissed after Abbas' testimony, but jurors for Hamid Hayat remained to hear further questioning of chief prosecution witness and FBI informant Nassem Khan. Mojaddidi questioned Khan about his relationship with his FBI handlers, including the dates of his first meetings with the FBI, and when he was first paid for his work as an informant.

Hamid Hayat, 23, is charged with lying to federal investigators about undergoing terrorist training in Pakistan. His father, Umer Hayat, 48, is also charged with lying to FBI agents about his son's training.

The Hayats, both U.S. citizens, have pleaded not guilty.

U.S. May Be Holding Pakistani Journalist (LAT)

By Zulfiqar Ali And Mubashir Zaidi

The Los Angeles Times, March 24, 2006

PESHAWAR, Pakistan — The family of a Pakistani journalist kidnapped in December said Thursday that they believe he could be in U.S. custody.

Hayatullah Khan was abducted at gunpoint in the volatile North Waziristan tribal region Dec. 5 by armed, masked men whom a witness at the time described as dressed like fighters from the ousted Taliban regime of Afghanistan. But Ihsanullah Khan, the victim's brother, said that senior officials from Pakistan's intelligence agencies had told the family that Hayatullah was now beyond their jurisdiction.

"We were told a few days ago that Mr. Khan was no longer in their possession. He might be somewhere in Pakistan or the United States being grilled for his possible links with Al Qaeda," Ihsanullah Khan said, citing information passed to him by unnamed intelligence officials.

"Earlier these [officials] told us that Hayatullah was fine and we should not worry about him. But now they say that Hayatullah might be in U.S. officials' custody," he said.

In Washington, a Pentagon spokesman said the report could not be confirmed.

Hayatullah Khan came to wide public attention when he reported allegations that a suspected Al Qaeda operative and four other people in the town of Asoray, including a 7-year-old boy, had been killed by a U.S. missile attack — not an accidental munitions explosion, as Pakistani officials had asserted.

Khan quoted local tribesmen as saying that the mud-brick compound where Egyptian Abu Hamza Rabia died Dec. 1 had been hit by an air-launched missile. He photographed metal fragments at the compound that appeared to bear markings identifying them as remnants of a U.S. laser-guided Hellfire missile. He was working for the European Pressphoto Agency and two Pakistani newspapers when he was kidnapped in the town of Mir Ali, which, like Asoray, is near the Afghan border.

Pakistani officials insisted that the compound had not been attacked. American counterterrorism operations in Pakistan are a matter of great sensitivity for the government of President Pervez Musharraf, whom some accuse of being too accommodating of U.S. interests.

Authorities say that Khan's abduction was not related to any news report but rather sprang from a personal matter. His family said they have had no contact from his kidnappers.

They also deny that Khan had any connection to Al Qaeda or the Taliban.

Ihsanullah Khan said intelligence officials told him his brother "was being grilled by the U.S. to confirm the death of Hamza Rabia in the missile attack."

Meanwhile, the Pakistani government Thursday lodged a protest with Afghanistan over the killings of 17 Pakistani men near the border town of Spin Buldak, in Afghanistan's Kandahar province, on Wednesday. Afghan authorities described the men as Taliban rebels.

Pakistani Foreign Office spokeswoman Tasneem Aslam said that the Afghan ambassador in Islamabad was summoned to hear an official protest over the incident. "We have asked Afghan authorities to investigate the matter and tell us how these innocent Pakistani civilians were killed by Afghan forces," she said.

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Pakistan's interior minister, Aftab Sherpao, said that the 17 Pakistani tribesmen "went to Afghanistan to take part in Nowruz, a religious festival of the Shiites, but were killed by Afghan forces in a fake encounter and were labeled as Taliban."

The bodies were brought back to Chaman and Quetta in Pakistan and buried Thursday.

The incident has further fueled tensions between the neighboring countries following weeks of back-and-forth accusations of border infiltrations.

Afghan President Hamid Karzai last month handed over a list of Taliban leaders who Afghan authorities believed were in Pakistan.

PATRIOT ACT:

Bush Shuns Patriot Act Requirement (BOS)

By Charlie Savage

The Boston Globe, March 24, 2006

WASHINGTON -- When President Bush signed the reauthorization of the USA Patriot Act this month, he included an addendum saying that he did not feel obliged to obey requirements that he inform Congress about how the FBI was using the act's expanded police powers.

The bill contained several oversight provisions intended to make sure the FBI did not abuse the special terrorism-related powers to search homes and secretly seize papers. The provisions require Justice Department officials to keep closer track of how often the FBI uses the new powers and in what type of situations. Under the law, the administration would have to provide the information to Congress by certain dates.

Bush signed the bill with fanfare at a White House ceremony March 9, calling it "a piece of legislation that's vital to win the war on terror and to protect the American people." But after the reporters and guests had left, the White House quietly issued a "signing statement," an official document in which a president lays out his interpretation of a new law.

In the statement, Bush said that he did not consider himself bound to tell Congress how the Patriot Act powers were being used and that, despite the law's requirements, he could withhold the information if he decided that disclosure would "impair foreign relations, national security, the deliberative process of the executive, or the performance of the executive's constitutional duties."

Bush wrote: "The executive branch shall construe the provisions . . . that call for furnishing information to entities outside the executive branch . . . in a manner consistent with the president's constitutional authority to supervise the unitary executive branch and to withhold information . . . "

The statement represented the latest in a string of high-profile instances in which Bush has cited his constitutional authority to bypass a law.

After The New York Times disclosed in December that Bush had authorized the military to conduct electronic surveillance of Americans' international phone calls and e-mails without obtaining warrants, as required by law, Bush said his wartime powers gave him the right to ignore the warrant law.

And when Congress passed a law forbidding the torture of any detainee in US custody, Bush signed the bill but issued a signing statement declaring that he could bypass the law if he believed using harsh interrogation techniques was necessary to protect national security.

Past presidents occasionally used such signing statements to describe their interpretations of laws, but Bush has expanded the practice. He has also been more assertive in claiming the authority to override provisions he thinks intrude on his power, legal scholars said.

Bush's expansive claims of the power to bypass laws have provoked increased grumbling in Congress. Members of both parties have pointed out that the Constitution gives the legislative branch the power to write the laws and the executive branch the duty to "faithfully execute" them.

Several senators have proposed bills to bring the warrantless surveillance program under the law. One Democrat, Senator Russell Feingold of Wisconsin, has gone so far as to propose censuring Bush, saying he has broken the wiretapping law.

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Bush's signing statement on the USA Patriot Act nearly went unnoticed.

Senator Patrick J. Leahy, Democrat of Vermont, inserted a statement into the record of the Senate Judiciary Committee objecting to Bush's interpretation of the Patriot Act, but neither the signing statement nor Leahy's objection received coverage from in the mainstream news media, Leahy's office said.

Yesterday, Leahy said Bush's assertion that he could ignore the new provisions of the Patriot Act -- provisions that were the subject of intense negotiations in Congress -- represented "nothing short of a radical effort to manipulate the constitutional separation of powers and evade accountability and responsibility for following the law."

"The president's signing statements are not the law, and Congress should not allow them to be the last word," Leahy said in a prepared statement. "The president's constitutional duty is to faithfully execute the laws as written by the Congress, not cherry-pick the laws he decides he wants to follow. It is our duty to ensure, by means of congressional oversight, that he does so."

The White House dismissed Leahy's concerns, saying Bush's signing statement was simply "very standard language" that is "used consistently with provisions like these where legislation is requiring reports from the executive branch or where disclosure of information is going to be required."

"The signing statement makes clear that the president will faithfully execute the law in a manner that is consistent with the Constitution," said White House spokeswoman Dana Perino. "The president has welcomed at least seven Inspector General reports on the Patriot Act since it was first passed, and there has not been one verified abuse of civil liberties using the Patriot Act."

David Golove, a New York University law professor who specializes in executive power issues, said the statement may simply be "bluster" and does not necessarily mean that the administration will conceal information about its use of the Patriot Act.

But, he said, the statement illustrates the administration's "mind-bogglingly expansive conception" of executive power, and its low regard for legislative power.

"On the one hand, they deny that Congress even has the authority to pass laws on these subjects like torture and eavesdropping, and in addition to that, they say that Congress is not even entitled to get information about anything to do with the war on terrorism," Golove said.

FBI Confirms Patriot Act's Use In Corruption Probe (LVRJ)

By ADRIENNE PACKER, REVIEW-JOURNAL

Las Vegas Review-Journal, March 23, 2006

Federal authorities confirmed in court Wednesday that they used the Patriot Act to access bank records while investigating alleged political corruption involving former Clark County commissioners and strip club owner Michael Galardi.

The Patriot Act, enacted after Sept. 11, 2001, as a tool to fight terrorism, included provisions that allowed authorities to access personal financial records more easily.

During the federal trial against former county Commissioners Mary Kincaid-Chauncey and Dario Herrera, defense attorneys revealed Wednesday that FBI agents had used the Patriot Act to track financial transactions executed by individuals involved in the case.

"The Patriot Act made it easier for you to identify the bank accounts," attorney Jerry Bernstein said during cross-examination of former FBI agent Joe Dickey.

Dickey said the government would have had to subpoena some 10,000 financial institutions nationwide had it not relied on the law.

One portion of the law directed the U.S. Treasury Department to streamline for law enforcement access to financial records. Law enforcement can send a suspect's name to the department and receive back a list of each financial institution that does business with the individual.

"It simply helped us identify where banks were. It didn't give us information," Dickey said of the Patriot Act provision.

That was just one tool federal agents used as they pieced together their case against Kincaid-Chauncey, Herrera, Galardi and former Commissioners Lance Malone and Erin Kenny.

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After Malone lost a bid for re-election in 2000, Galardi hired him as a lobbyist. Soon, authorities allege, Malone began to deliver cash bribes from Galardi to Herrera, Kincaid-Chauncey and Kenny. In exchange for the money, the three commissioners worked on Galardi's behalf, authorities say.

Kenny and Galardi pleaded guilty to the bribery charges and are government witnesses.

For more than a year, FBI agents took turns sitting in a computer room monitoring intercepted conversations from Malone's and Galardi's phones, which were bugged in June 2001.

The wiretaps and surveillance stakeouts led to a May 2003 federal indictment.

On Wednesday, FBI agents played for jurors nearly 70 intercepted phone calls and two surveillance tapes. The calls focused on a period in 2001 when Malone, Galardi and Kenny frantically worked to push through several issues that county administrators were considering or that were scheduled to go before commissioners.

During several conversations, Malone and Herrera suggested they "hook up." Prosecutors claim the phrase is code for meeting to deliver or accept cash from Galardi. But defense attorneys say it's merely slang for getting together.

The conversations indicated that Malone and Galardi had a tight relationship with Kenny, who consistently acted behind the scenes and during meetings to promote votes that benefited Galardi's two businesses under county jurisdiction, Leopard Lounge and Jaguars.

At one point, Kenny took a call from Malone despite being occupied.

"I'm in the bathroom, to tell you the truth," she said. "Wait a minute, hold it, I had to flush."

During the summer of 2001, Galardi grew increasingly impatient with interim County Building Department Director Ron Lynn. Lynn was slow in responding to a "red tag" that had been placed on Galardi's Jaguars club. The tag meant that the building did not meet county codes and that construction had been stopped.

Malone told Galardi that both Herrera and Kincaid-Chauncey had agreed to help expedite permits for Jaguars. Neither commissioner called Lynn, according to the tapes played.

But in August 2001, Herrera called Malone and asked if they could "hook up." Galardi voiced his displeasure with Herrera because the commissioner had not been active in pushing forward matters important to Galardi.

"He's got some balls, huh ... he's done nothing for us," Galardi told Malone during an Aug. 10, 2001, phone call. "If he did something for us, I wouldn't mind. But he doesn't do shit."

Frustrated by Lynn, Kenny, Malone and Galardi tried to torpedo his bid to become permanent director of the Building Department. Malone and Kenny tried to get Herrera to vote against Lynn's promotion. Commissioner Myrna Williams and Kincaid-Chauncey were already on board, according to Kenny.

"If he (Herrera) tells Mike he's gonna do it, he can't not," Kenny told Malone. "He needs to be told he can't support Ron."

Malone also met with Kincaid-Chauncey that month. FBI agents videotaped them leaving an Applebee's restaurant. The two sat in Kincaid-Chauncey's car for four minutes. During that time, she used Malone's phone to call Galardi and left this message: "Thanks for all your help. I really appreciate it."

Although prosecutors suggested that Kincaid-Chauncey had accepted money from Malone in the car, her attorney, Richard Wright, noted that there was no recording or personal observation of what had happened inside the car.

"We could speculate all day as to what they talked about," Wright said.

In 2001, Galardi was struggling to obtain a liquor license for Jaguars.

Las Vegas police Capt. Daniel Patrick Barry had expressed concerns about Galardi's suitability to hold a privileged license because of past brushes with law enforcement and the fact that strippers at his clubs had been cited for soliciting prostitution.

FBI Agent Christopher Byers testified Wednesday that Barry was directed by the federal government to appear at commission meetings to appeal a Galardi license.

"In essence, it's a technique to spur conversations on the wire," Byers said, referring to the phone calls that federal agents were intercepting.

Meanwhile, Malone worked to gain Herrera's support for Galardi's liquor license.

"I'd like to hook up with you today or early tomorrow," Malone told Herrera on Aug. 28, 2001. Herrera agreed to meet Galardi and Malone at P.F. Chang's China Bistro that night, on the eve of the vote.

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After their dinner, Malone called Kenny to say, "Dario will be there to help out."

Herrera broke an ankle playing basketball the morning of the meeting. He did not attend the meeting but participated in the vote over the phone and hung up immediately after Galardi was awarded a temporary license.

After the vote, Malone called Galardi and bragged about securing the license despite concerns voiced by the Police Department.

"So now who's got the most stroke, baby," Malone said.

That night, Galardi called Herrera.

"You're the man, brother. ... Thanks for takin' care of me. Let's hook up tonight," Galardi said.

Dickey said FBI agents took surveillance video of the dinner at P.F. Changs. But Herrera's attorney questioned why a well-known public figure like his client would conduct corrupt business in a busy restaurant.

"Did it appear they were trying to hide the fact they were trying to have dinner together?" Bernstein asked.

In August 2001, Galardi and Malone discovered that Scores, a popular New York topless club, had plans to open a cabaret in a building in Las Vegas that was formerly the Sporting House fitness center.

Galardi mulled ways to prevent Scores from getting a liquor license. He considered buying a nearby bar because county law includes distance requirements for establishments that sell liquor.

"Let's get them denied," Galardi said of the Scores owners. "Let's get Erin on it and Mary and Dario."

In September 2001, Galardi sought a zoning approval for Jaguars, scheduled to be heard Sept. 19 of that year, and an extension for his liquor license at Jaguars, scheduled to be heard that Sept. 25.

"We have to call all of them," Galardi told Malone. "Call Dario up and tell him we need him there on the 19th and 25th. We'll take care of him."

In June and July 2001, Malone and Kenny lobbied commissioners and incoming Clark County Manager Thom Reilly to hire Malone as director of the county's Parks and Recreation Department. Malone told Kenny that Kincaid-Chauncey supported the move, according to phone calls.

But other county staff members, including Barbara Wagner, who was Malone's assistant when he was a commissioner, appeared to be surprised that he would be considered for the position. When Malone told Wagner he might be offered the job, she replied: "Get out ... are you crazy? Why?"

"What's nice about it is it pays pretty well," Malone told Wagner, according to the recorded conversation played in court Wednesday.

Malone, Kenny and Galardi panicked when Herrera contacted a member of the local media and revealed the plan to hire Malone. They feared the media would learn that Malone worked for Galardi and figure out that Kenny also had connections to the strip club owner.

"They're all over the Mike Galardi thing; my name is all over that," Kenny told Malone. She then tried to recall whether her financial records reflected contributions from Galardi. "I don't think they do, I don't think they do."

Malone then backed off from lobbying county officials on the parks position, canceling a meeting with Commissioner Bruce Woodbury.

"We have to hope this thing flippin' dies on the vine," Malone told Galardi during a July 13, 2001, conversation. "I've gotta back out quickly so this thing will die."

FBI agent Byers will remain on the witness stand while prosecutors play about 250 intercepted phone calls, which is the core of their case against the former commissioners.

Feds Used Patriot Act To Investigate Clark County Commissioners (AP)

AP, March 23, 2006

LAS VEGAS (AP) - Federal investigators used the Patriot Act to obtain financial records while probing whether a strip club owner was funneling money and gifts to Clark County commissioners, according to testimony in an ongoing corruption trial.

The act, enacted as a terrorism-fighting tool after Sept. 11, 2001, included provisions that let authorities obtain from the U.S. Treasury Department a list of each financial institution doing business with an individual.

FBI agent Joe Dickey testified Wednesday that the government used the provision to collect evidence against former county commissioners Mary Kincaid-Chauncey and Dario Herrera, who are being tried on corruption charges.

"It simply helped us identify where banks were," Dickey said. "It didn't give us information."

The government would have had to subpoena 10,000 financial institutions nationwide had it not relied on a Patriot Act provision directing the U.S. Treasury Department to give law enforcement greater access to financial records, Dickey said.

Herrera, 32, and Kincaid-Chauncey, 67, have pleaded not guilty in U.S. District Court in Las Vegas to federal charges of conspiracy, wire fraud and extortion under color of official right. Each could face 45 years in prison if convicted.

Government prosecutors allege former commission colleague Lance Malone, who worked as a lobbyist for strip club owner Michael Galardi, bribed Herrera, Kincaid-Chauncey and another former commissioner, Erin Kenny, to support laws favorable to three Galardi clubs in the Las Vegas area.

Kenny and Galardi pleaded guilty to bribery charges and have agreed to testify for the prosecution. Malone has pleaded not guilty. He is due for trial in August.

FBI agents spent more than a year monitoring Malone's and Galardi's phones, which were bugged in June 2001.

On Wednesday, FBI agents played for jurors nearly 70 intercepted phone calls and two surveillance tapes. The calls focused on a period in 2001 when Malone, Galardi and Kenny are accused of voting on matters relating to Galardi's businesses.

During several conversations, Malone and Herrera suggested they "hook up" - a term prosecutors allege was code for meeting to deliver or accept cash from Galardi.

Defense lawyers say it was merely slang for meeting.

Malone also met with Kincaid-Chauncey, who FBI agents videotaped leaving an Applebee's restaurant and sitting in Kincaid-Chauncey's car for four minutes while she used Malone's phone to call Galardi and leave a message.

"Thanks for all your help," she told the club owner. "I really appreciate it."

Although prosecutors suggested that Kincaid-Chauncey accepted money from Malone in the car, her lawyer, Richard Wright, said had no proof had happened inside the car.

Prosecutors planned to play for jurors about 250 intercepted phone calls, which provide the core of their case against the former commissioners.

Information from: Las Vegas Review-Journal, http://www.lvrj.com

Citizen Groups Balk At FBI Response To Forum (SOUTHBT)

By CAROL DRAEGER, Tribune Staff Writer

South Bend (IN) Tribune, March 24, 2006

Government agency calls for another debate

THREE OAKS — A recent open meetings forum in Three Oaks was apparently too open for the FBI.

A St. Joseph federal agent challenged Chellie Pingree's criticism of the Patriot Act and tried to track down the head of the national nonpartisan group Common Cause, to set her straight.

After reading Pingree's comments in a local newspaper account, agent Al DiBrito called the League of Women Voters of Berrien and Cass counties, league president Susan Gilbert said.

DiBrito reportedly said Pingree was "way off base" in her comments about the Patriot Act and suggested the league should've invited the FBI to speak at the March 14 panel, Gilbert said.

DiBrito's phone call has infuriated the National League of Women Voters and Common Cause.

"When the country has far more pressing security and terror concerns, we question the FBI using precious resources hounding leaders of two of the most distinguished citizen advocacy organizations in the country," Pingree and Gilbert wrote in a letter this week to FBI Director Robert Mueller.

"Is this the kind of behavior citizen activists can expect from the FBI? To us, it smacks of intimidation," they said in their March 21 letter.

William Kowalski, assistant special agent in charge of the FBI for the state of Michigan, defended DiBrito's phone call and said it's unfortunate that it was perceived as being threatening.

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The purpose of the call was to "offer an opportunity to get out accurate information about the Patriot Act and how it is utilized to combat terrorism," Kowalski said.

It was really an offer for an open debate, Kowalski said, explaining that it's not uncommon for state FBI agents and employees of the U.S. attorney's office to be invited to forums to explain the Patriot Act and how the government uses it.

Pingree's comments were made at a public forum during national Sunshine Week, a time when the media and citizens' groups urge openness in government. Pingree was one of four panelists — including the Michigan editor of The Tribune, a communications professor and a Berrien County prosecutor — who spoke at the event, sponsored by the local League of Women Voters.

During the forum Pingree accused the Bush administration of using the Patriot Act to strip away freedoms in the name of national security.

"Government wants to act in secrecy to invade your privacy," she said, referring to the controversial wiretap measure President George Bush favors.

Pingree, a former school board member and state lawmaker in Maine, said during the Clinton Administration a presumption of openness prevailed.

She credited Clinton's Attorney General, Janet Reno, for the policy.

The Reno philosophy, she said, was starkly different from the nondisclosure directives of former Bush Attorney General John Ashcroft.

Calls to DiBrito's office on Thursday were referred to Kowalski's office in Detroit.

DiBrito also reportedly told Gilbert that an assistant U.S. attorney in Grand Rapids would be in touch with her to give her the real story on the Patriot Act.

Gilbert said it's unclear if DiBrito was simply "personally irritated" by Pingree's comments or whether "he's acting on some order to look for anything subversive to take action on."

Kowalski vehemently denied the subversive allegation.

"That is certainly not the case," he said. "There is plenty of dissent out there and our intent is not to stifle debate."

Kowalski said DiBrito merely acted out of a desire to ensure that both sides of the Patriot Act debate are explained to the public.

Kowalski said it's not the criticism that is at issue; it's the lack of balance at the forum.

"The more debate we have the more people understand what the Department of Justice and the FBI are trying to do to protect their freedom under the Patriot Act," he said.

"We would like to participate in another forum," he added.

HOMELAND RESPONSE:

U.S. Hiring Hong Kong Co. To Scan Nukes (AP-Y2)

By Ted Bridis And John Solomon

AP2, March 23, 2006

In the aftermath of the Dubai ports dispute, the Bush administration is hiring a Hong Kong conglomerate to help detect nuclear materials inside cargo passing through the Bahamas to the United States and elsewhere.

The administration acknowledges the no-bid contract with Hutchison Whampoa Ltd. represents the first time a foreign company will be involved in running a sophisticated U.S. radiation detector at an overseas port without American customs agents present.

Freeport in the Bahamas is 65 miles from the U.S. coast, where cargo would be likely to be inspected again. The contract is currently being finalized.

The administration is negotiating a second no-bid contract for a Philippine company to install radiation detectors in its home country, according to documents obtained by The Associated Press. At dozens of other overseas ports, foreign governments are primarily responsible for scanning cargo.

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While President Bush recently reassured Congress that foreigners would not manage security at U.S. ports, the Hutchison deal in the Bahamas illustrates how the administration is relying on foreign companies at overseas ports to safeguard cargo headed to the United States.

Hutchison Whampoa is the world's largest ports operator and among the industry's most-respected companies. It was an early adopter of U.S. anti-terror measures. But its billionaire chairman, Li Ka-Shing, also has substantial business ties to China's government that have raised U.S. concerns over the years.

"Li Ka-Shing is pretty close to a lot of senior leaders of the Chinese government and the Chinese Communist Party," said Larry M. Wortzel, head of a U.S. government commission that studies China security and economic issues. But Wortzel said Hutchison operates independently from Beijing, and he described Li as "a very legitimate international businessman."

"One can conceive legitimate security concerns and would hope either the Homeland Security Department or the intelligence services of the United States work very hard to satisfy those concerns," Wortzel said.

Three years ago, the Bush administration effectively blocked a Hutchison subsidiary from buying part of a bankrupt U.S. telecommunications company, Global Crossing Ltd., on national security grounds.

And a U.S. military intelligence report, once marked "secret," cited Hutchison in 1999 as a potential risk for smuggling arms and other prohibited materials into the United States from the Bahamas.

Hutchison's port operations in the Bahamas and Panama "could provide a conduit for illegal shipments of technology or prohibited items from the West to the PRC (People's Republic of China), or facilitate the movement of arms and other prohibited items into the Americas," the now-declassified assessment said.

The CIA currently has no security concerns about Hutchison's port operations, and the administration believes the pending deal with the foreign company would be safe, officials said.

Supervised by Bahamian customs officials, Hutchison employees will drive the towering, truck-like radiation scanner that moves slowly over large cargo containers and scans them for radiation that might be emitted by plutonium or a radiological weapon.

Any positive reading would set off alarms monitored simultaneously by Bahamian customs inspectors at Freeport and by U.S. Customs and Border Protection officials working at an anti-terrorism center 800 miles away in northern Virginia. Any alarm would prompt a closer inspection of the cargo, and there are multiple layers of security to prevent tampering, officials said.

"The equipment operates itself," said Bryan Wilkes, a spokesman for the U.S. National Nuclear Security Administration, the agency negotiating the contract. "It's not going to be someone standing at the controls pressing buttons and flipping switches."

A lawmaker who helped lead the opposition to the Dubai ports deal isn't so confident. Neither are some security experts. They question whether the U.S. should pay a foreign company with ties to China to keep radioactive material out of the United States.

"Giving a no-bid contract to a foreign company to carry out the most sensitive security screening for radioactive materials at ports abroad raises many questions," said Sen. Charles Schumer (news, bio, voting record), D-N.Y.

A low-paid employee with access to the screening equipment could frustrate international security by studying how the equipment works and which materials set off its alarms, warned a retired U.S. Customs investigator who specialized in smuggling cases.

"Money buys a lot of things," Robert Sheridan said. "The fact that foreign workers would have access to how the United States screens various containers for nuclear material and how this technology scrutinizes the containers — all those things allow someone with a nefarious intention to thwart the screening."

Other experts discounted concerns. They cited Hutchison's reputation as a leading ports company and said the United States inevitably must rely for some security on large commercial operators in the global maritime industry.

"We must not allow an unwarranted fear of foreign ownership or involvement in offshore operations to impair our ability to protect against nuclear weapons being smuggled into this country," said Sen. Norm Coleman (news, bio, voting record), R-Minn., a member of the Senate Committee on Homeland Security and Governmental Affairs. "We must work with these foreign companies."

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A former Coast Guard commander, Stephen Flynn, said foreign companies sometimes prove more trustworthy — and susceptible to U.S. influence — than governments.

"It's a very fragile system," Flynn said. Foreign companies "recognize the U.S. has the capacity and willingness to exercise a kill switch if something goes wrong."

A spokesman for Hutchison's ports subsidiary, Anthony Tam, said the company "is a strong supporter in port security initiatives."

"In the case of the Bahamas, our local personnel are working alongside with U.S. customs officials to identify and inspect U.S.-bound containers that could be carrying radioactive materials," Tam said.

However, there are no U.S. customs agents checking any cargo containers at the Hutchison port in Freeport. Under the contract, no U.S. officials would be stationed permanently in the Bahamas with the radiation scanner.

The administration is finalizing the contract amid a national debate over maritime security sparked by the furor over now-abandoned plans by Dubai-owned DP World to take over significant operations at major U.S. ports.

Hutchison operates the sprawling Freeport Container Port on Grand Bahama Island. Its subsidiary, Hutchison Port Holdings, has operations in more than 20 countries but none in the United States.

Contract documents, obtained by The Associated Press, indicate Hutchison will be paid roughly $6 million. The contract is for one year with options for three years.

The Energy Department's National Nuclear Security Administration is negotiating the Bahamas contract under a $121 million security program it calls the "second line of defense." Wilkes, the NNSA spokesman, said the Bahamian government dictated that the U.S. give the contract to Hutchison.

"It's their country, their port. The driver of the mobile carrier is the contractor selected by their government. We had no say or no choice," he said. "We are fortunate to have allies who are signing these agreements with us."

Some security experts said that is a weak explanation in the Bahamas, with its close reliance on the United States. The administration could insist that the Bahamas permit U.S. Customs agents to operate at the port, said Albert Santoli, an expert on national security issues in Asia and the Pacific.

"Why would they not accept that?" said Santoli, a former national security aide to Rep. Dana Rohrabacher (news, bio, voting record), R-Calif. "There is an interest in the Bahamas and every other country in the region to make sure the U.S. stays safe and strong. That's how this should be negotiated."

Flynn, the former Coast Guard commander, agreed the Bahamas would readily accept such a proposal but said the U.S. is short of trained customs agents to send overseas.

Contract documents obtained by the AP show at least one other foreign company is involved in the U.S. radiation-detection program.

A separate, no-bid $4 million contract the Bush administration is negotiating would pay a Manila-based company, International Container Terminal Services Inc., to install radiation detectors at the Philippines' largest port.

The U.S. says the Manila company is not being paid to operate the radiation monitors once they are installed. But two International Container executives and a senior official at the government's Philippine Nuclear Research Institute said the company will run the detectors on behalf of the institute and the country's customs bureau. U.S. officials said they will investigate further how the Filipinos plan to use the equipment.

Check Point Software Withdraws Deal Over U.S. Security Concerns (WSJ/AP)

By The Associated Press

The Wall Street Journal, March 24, 2006

WASHINGTON -- Leading Israeli software company Check Point Software Technologies Ltd. abandoned plans to buy smaller U.S. rival Sourcefire Inc. for $225 million because of security objections raised by the Bush administration.

Check Point Ltd. formally withdrew its proposal near the conclusion of a rare, full-blown investigation by a U.S. review panel after the Ramat Gan, Israel-based company was told U.S. officials feared the transaction could endanger some of government's most sensitive computer systems.

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The investigation was carried out by the same U.S. review panel that approved the now-abandoned ports deal involving Dubai-owned DP World.

Lawyers for Check Point offered to attach conditions to the sale that executives believed were onerous, but were intended to satisfy concerns expressed by the Committee on Foreign Investments in the United States, a person familiar with the process said. But no agreement could be reached.

The Federal Bureau of Investigation and Defense Department objected partly over specialized intrusion detection software known as "Snort," which guards some classified U.S. military and intelligence computers. Snort's author is a senior executive at Sourcefire, which is based in Columbia, Md.

In private meetings between the review panel and Check Point, officials from the FBI and Pentagon objected to permitting any foreign company to acquire sensitive Sourcefire technology for preventing hacker break-ins and monitoring data traffic, an executive familiar with the discussions previously said. This executive spoke on condition of anonymity because government negotiations are supposed to remain confidential.

Under the sale, announced Oct. 6, Check Point would own all Sourcefire patents, source-code blueprints for its software and the expertise of employees.

The review panel privately notified Check Point on Feb. 6 it intended to fully investigate the transaction's security risks, the executive said. That was days before the furor erupted over the Dubai ports deal. Check Point disclosed the news to investors Feb. 13, but the announcement drew little attention despite escalating scrutiny and interest in Washington over such reviews.

Sourcefire's protection and monitoring technology builds on the popularity of Snort, which was created by its chief technology officer and is distributed free.

Unlike Sourcefire's commercial products, Snort's blueprints are open for inspection to assure it works as advertised. This makes it popular inside the U.S. intelligence community, even alongside more mainstream security products from Cisco Systems Inc. or Juniper Networks Inc.

State Department Is Criticized For Purchasing Chinese PC's (NYT)

By Keith Bradsher

The New York Times, March 24, 2006

HONG KONG, March 23 — A State Department purchase of more than 15,000 computers built by the Lenovo Group of China is starting to draw criticism in the latest sign of American unease about the role of foreign companies in the American economy.

The computers, worth more than $13 million, are coming from factories in Raleigh, N.C., and Monterrey, Mexico, that were part of the personal computer division that Lenovo purchased from I.B.M. last May. Sean McCormack, a State Department spokesman, said at the department's daily media briefing on Wednesday that the computers were intended for unclassified systems and would be serviced by the former I.B.M. division.

The computer contracts are drawing heat from a diverse group of liberal and conservative critics who have been warning about China's growing power for years. These critics have been encouraged by the Congressional scrutiny given to a plan by a company controlled by the royal family of Dubai in the United Arab Emirates to acquire operations at six American ports; the company has since agreed to give up those operations.

The critics warn that the deal could help China spy on American embassies and American intelligence-gathering activities, using hardware and software planted in the computers.

"The opportunities for intelligence gains by the Chinese are phenomenal," said Michael R. Wessel, a member of the United States-China Economic and Security Review Commission, which was created by Congress to monitor and report on the bilateral relationship. Larry M. Wortzel, the commission's chairman, said in an interview two weeks ago that while he would not be concerned if Airbus moved an aircraft production line to China, he would be worried if Lenovo ever started to sell computers to American government agencies involved in foreign affairs. Responding on Thursday to the Lenovo deal, he predicted that, "Members of Congress, I think, will react very strongly when they see a deal like this come through."

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Lenovo is a publicly traded company controlled by Legend Holdings, which was started with Chinese government backing in 1984; the government-controlled Chinese Academy of Sciences now holds 65 percent of Legend, while Legend's employees own the rest. Lenovo declined on Thursday to comment on the computer sales to the State Department.

Word of the computer deal began to trickle out on Monday when a Lenovo distributor, CDW Government, a wholly owned subsidiary of the CDW Corporation, sent a press release to members of the business news media announcing its contracts to help the State Department modernize its information technology systems. CDW, based in Vernon Hills, Ill., said that it had been carrying out an $11.65 million contract to supply the State Department with more than 15,000 Lenovo ThinkCentre M51 desktop computers, plus a $1.35 million contract to provide nearly 1,000 Lenovo ThinkCentre M51 minitower computers.

Max R. Peterson II, the vice president of federal sales at CDW Government, said in a telephone interview that the State Department had approved a list of specific computer models, including the Lenovo models, and had asked computer systems integrators to bid for contracts to meet the department's needs and make their own choices among approved models. CDW won the contracts and chose to begin delivering 500 Lenovo computers a week starting in November, he said.

Chinese ownership of Lenovo was never discussed with the State Department through the contract process and the computer deliveries, Mr. Peterson said.

He noted that the Committee on Foreign Investment in the United States had approved the Lenovo acquisition of the I.B.M. division.

Teams To Target Financial Crimes (WT)

By Jerry Seper

The Washington Times, March 24, 2006

U.S. Immigration and Customs Enforcement (ICE) agents have teamed up with law-enforcement authorities in Argentina, Brazil and Paraguay to combat money laundering and other financial crimes in a remote and lawless region known as the "Tri-Border Area."

Department of Homeland Security Assistant Secretary Julie L. Myers, who heads ICE, said multigovernment "trade transparency units" will investigate and prosecute crimes including money laundering, terrorist financing, contraband smuggling and tax evasion.

The United States has determined that the Tri-Border Area is a source of fundraising for radical Islamic groups, including Hezbollah, Hamas and al Qaeda, and the U.S. government has worked cooperatively with governments in the region to disrupt fundraising activity.

U.S. law-enforcement authorities describe the Tri-Border Area as South America's busiest contraband and smuggling center, where billions of dollars annually are generated from arms trafficking, drug smuggling, counterfeiting and other crimes.

"The new units will not only help authorities in these nations combat domestic financial crimes, but will also enhance the ability of the United States to target money-laundering rings that operate both in South America and the United States," Mrs. Myers said.

The Tri-Border Area is flanked by the freewheeling cities of Puerto Iguazu in Argentina, Foz do Iguazu in Brazil and Ciudad del Este in Paraguay, where drug dealers and terrorists reportedly meet and where counterterrorism investigators worldwide have intensified their focus since the September 11, 2001, attacks in the United States because of the growing presence of Islamic radicals.

Argentina's Secretariat of State Intelligence first reported in 1999 that members of the al Qaeda terrorist network were in the region to coordinate terrorism training and to plan attacks with Hezbollah against U.S. targets.

U.S. intelligence officials have been concerned that an alliance with Hezbollah would give al Qaeda a new base close to the United States for attacks.

The Treasury Department has described the Tri-Border Area as a "clear example" of where Islamic groups gather to "finance terrorist activities."

The department has said members of al Qaeda, Egypt's Al-Gamaa Islamiya, the Islamic Jihad and Hezbollah have drawn some of their funding from activities in the area.

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The FBI sent agents to the region in 2002 after a poster of Iguazu Falls, the area's major tourist attraction, was found inside an al Qaeda bunker in Afghanistan.

Mrs. Myers said earlier efforts by the agency and other foreign governments to combat trade-based money laundering have yielded successful results, including an investigation into a $20 million gold export subsidy scheme in 2004 that led to the prosecution of 20 New York jewelers for money laundering.

Secretary Of Homeland Insecurity (NYT)

The New York Times, March 24, 2006

Sometimes it's hard to understand just how Michael Chertoff understands his title, secretary of homeland security. Take this week, when Mr. Chertoff appeared before executives of the chemical industry, whose plants remain one of the nation's greatest vulnerabilities more than four years after 9/11. Mr. Chertoff did not chastise the industry for failing to protect chemical plants adequately. He proposed weak federal safety standards. He did not even fully embrace a recently introduced bipartisan Senate bill that would create meaningful standards.

Instead, Mr. Chertoff seemed perfectly content to defer on key security matters to an industry that contributes heavily to Republican campaigns but has proved to be dangerously unwilling to take public safety seriously.

A terrorist attack on a chlorine plant could put hundreds of thousands of lives at risk. Yet, incredibly, the federal government has failed to enact reasonable safety standards for chemical plants. Despite all of the nice things the administration has been saying about the industry lately, it has not taken care of the problem on its own. Many plants lack perimeter fencing, lights and security guards. Too often, they use extremely dangerous chemicals close to high-density populations, when safer substances could be substituted.

It should be obvious to anyone concerned about public safety that the nation needs strong, mandatory government rules to reduce these dangers. Yet in his speech, Mr. Chertoff favored leaving crucial security decisions up to the chemical companies — a formula that puts too much weight on not inconveniencing industry, and too little on protecting the public.

Mr. Chertoff said requiring the industry to use safer chemicals would be "mission creep" — even though that would be precisely the kind of precautionary step that should be a core part of his department's mission. Mr. Chertoff also spoke approvingly of "pre-emption," the notion that if federal chemical plant safety rules are adopted, they should be written in a way that will invalidate tougher rules adopted at the state level. Pre-emption is high on the industry's wish list, but it is not in the public interest.

Senators Susan Collins, Republican of Maine, and Joseph Lieberman, Democrat of Connecticut, have come up with a bill that would direct the Homeland Security Department to develop mandatory safety standards for chemical plants. If the bill becomes law, the plants that do not comply with the government's rules could be shut down. The Collins-Lieberman bill is not perfect, but it would be an important start. It is disheartening that Mr. Chertoff is not fully endorsing the measure and pushing Congress to pass it.

Mr. Chertoff has been heavily criticized for his performance during Hurricane Katrina. We hoped that reaction would at least prompt the department to be more aggressive about eliminating obvious domestic security threats. He should be speaking to the American people about his support for strong chemical plant security rules, not speaking to the chemical industry about his support for weak ones.

Power Plays? Payback Time? Agencies Realign Their Stars (WP)

By Peter Baker

The Washington Post, March 24, 2006

If a terrorist attack wiped out the top layer of government, the law has a plan for who would step in: Without the president or vice president, a succession of congressional leaders and Cabinet secretaries stand in line to assume control of the country.

But forget about the presidency. What about the National Archives? Who would take charge of the nation's files in case of a catastrophe?

Fortunately, the White House has an answer. President Bush this week endorsed a new order of succession for the National Archives and Records Administration detailing down to the 10th level who would assume command in a national

emergency. If the top nine guys are gone, it turns out, the director of the Jimmy Carter Library and Museum takes over. That's right -- 25 years after leaving office, Carter, in the form of his top librarian, would return to power, of a sort.

In a government fixated on doomsday scenarios, the White House memo issued Wednesday was at least the fifth time since the start of last year that an executive branch agency has created or revised an order of succession. Many departments rushed to draft emergency plans in the aftermath of the Sept. 11, 2001, terrorist attacks. But nearly four years later, government officials in agencies such as the budget and personnel offices still busy themselves with the macabre exercise of figuring out who would be on top should the worst happen.

"It's kind of a sign of the thinking of government that there are so many high-level people at all these agencies that you need to have an order of succession," said Paul C. Light, a government specialist at New York University. "At the risk of being flip, the question would not be 'Who's in charge at these agencies?' but 'Who cares who's in charge at these agencies?' "

Evidently people at the agencies. Some of the recent lineups reflect one official moving up the chart at the expense of colleagues. Others seem to be even more brazen power plays intended to put rivals in their places. In case there are any doubts, the succession orders make plain which associate director stands above which other associate director in an agency pecking order.

All of this, of course, stems from the serious post-9/11 concern about the government's ability to keep running after an attack using nuclear, chemical or biological weapons. Long before 2001, a single member of the Cabinet was kept away from the U.S. Capitol during the president's State of the Union address to ensure that a senior executive would survive should disaster strike. But Sept. 11 brought home how rudimentary plans for continuity of government really were.

After the attacks, Bush activated a shadow government, dispatching about 100 senior civilian managers to live and work secretly in fortified locations outside Washington on a 24-hour basis. Vice President Cheney famously retreated to "undisclosed locations."

Congress, on the other hand, has debated and debated without coming up with its own plan. The House passed a bill last year, just as it did the year before, requiring states to hold elections within 49 days if 100 or more of the 435 House seats are empty, only to have the idea languish in the Senate, where critics favor immediate temporary appointments.

But at least the National Archives has a plan. Under this week's memo, if the archivist and his deputy are unable to serve, power devolves to the assistant archivist for administration, followed by the assistant archivist for records services and then the assistant archivist for regional records services and so on down the line.

"It's good to know they're taking care of this because, without a Congress, they've got someone to chronicle the abuses of the martial-law state," said Rep. Brian Baird (D-Wash.), who has proposed a constitutional amendment permitting governors to name interim House members in case of mass casualties.

Baird laughed but then added that the archives plan makes sense: "One of the best ways to deter terrorist attack is to be so protected in terms of maintaining government continuity that you could say, 'Go ahead, take your best shot.' What a powerful message it would be to be able to have your government up and going within days."

Others said the White House has more important issues to tackle. "We have huge problems with presidential succession," said Rep. Brad Sherman (D-Calif.), "and knowing who is head of the archives is not my number one concern." Sherman has proposed removing the House speaker and Senate president pro tempore from the presidential succession because putting either in the Oval Office could represent a radical departure from who voters thought they were electing.

The new archives plan supersedes one issued in March 2002, and the main effect seems to be demoting the assistant archivist for information services from third in line of succession to seventh.

A memo issued for the Office of Personnel Management last year bumped the agency's general counsel ahead of the chief of staff and the communications director up to fourth in line from 10th. Now serving as 10th is the associate director for human capital leadership and merit systems accountability.

Defense Secretary Donald H. Rumsfeld rewrote his succession plan in December to put his inner circle closer to the top, placing Undersecretary for Intelligence Stephen A. Cambone right behind Deputy Secretary Gordon R. England, and effectively demoting the secretaries of the Army, Air Force and Navy.

The new national intelligence director, John D. Negroponte, has issued his first succession chart.

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In Atlanta, Jay Hakes, director of the Jimmy Carter library, said he figured he was tapped to be part of the archives' succession because he works outside Washington but in a city with a significant federal presence.

He said he has not been mapping out what he would do with his power should the occasion arise. "I don't spend a lot of time thinking about it," Hakes said. "But I think this is a case where being overprepared is better than being underprepared."

Master Of Slow And Deliberate At Ground Zero (NYT)

By Charles V. Bagli

The New York Times, March 24, 2006

A half-hour before a midnight deadline, the developer Larry A. Silverstein strode into the conference room on the 15th floor of the Port Authority's Park Avenue offices, took off his coat and gulped down two cups of coffee, ready for the next round of talks about the future of ground zero.

State officials and Port Authority executives said later that they thought the late-night session on March 14 would complete the grueling negotiations that had dragged on for months, including 18 hours of bargaining earlier that day.

So they were shocked by the proposal Mr. Silverstein delivered. They said he was once again raising issues that the Port Authority of New York and New Jersey, the owner of the 16-acre site, had declared off the table. They said Mr. Silverstein was, among other things, seeking tens of millions of dollars in additional financial concessions.

Kenneth J. Ringler, the authority's executive director, stormed into the conference room, telling Mr. Silverstein and his entourage, "It's over."

Over? A look at Mr. Silverstein's long career in real estate and the negotiating style that has defined it suggests that, when it comes to making deals, it is almost never over. Not surprising, then, despite last week's ugly negotiating episode, Mr. Silverstein's team has been talking through back channels with the other side this week.

Mr. Silverstein has said he fully expects to be back at the table within days to sign a deal that preserves his control over a major part of ground zero, a site that many consider sacred ground. State officials hope to resume face-to-face negotiations with him, too, but not until there is a fairly detailed agreement.

Mr. Silverstein, 74, adopted his stubborn "negotiate till they drop" style a half-century ago while working in his father's tiny real estate shop on Lower Broadway. It has caused frustration over the years, but ultimately it has made him a multimillionaire. He got his start as what is known in the trade as a syndicator, someone who rounds up investors to buy a building, operates it for a fee while taking a stake for himself, and puts up little or none of his own money.

What has distinguished him is a penchant for endless negotiations to enhance his position. His partner in the 50's and 60's, Bernard H. Mendik, regaled friends decades later with stories about going to an afternoon closing on the purchase of a building with Mr. Silverstein. "But at midnight, Larry still had two or three issues," several friends recall Mr. Mendik saying, half jokingly. "You could not close a deal."

Those comments might be dismissed as the residue of resentments caused by the end of their partnership, which shattered after Mr. Mendik, who died in May 2001, divorced Mr. Silverstein's sister. Still, even Mr. Silverstein's friends do not describe him much differently.

One of them, Jonathan L. Mechanic, an influential real estate lawyer, represented the Academy of Sciences, which leased space at the developer's recently completed tower at 7 World Trade Center.

"It's wasn't the quickest road to completion," Mr. Mechanic said of the discussions, "but completion did occur. He's a tenacious negotiator. He's also an optimist about his ability to consummate a transaction. But he doesn't give anything away."

Mr. Silverstein very much disagrees with the common take on his negotiating style. "I don't view it that way," he said Wednesday. "I look back on a lifetime of transactions consummated. I learned a long time ago that negotiation is a matter of give and take."

His name never quite made it into the pantheon of New York developers like Durst, Rudin, Resnick and Speyer. His greatest triumph came in July 2001 when, as a dark-horse contestant, he outmaneuvered more powerful developers with more resources to take control of the World Trade Center in one of the biggest real estate deals of all time. Terrorists brought down the towers two months later.

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Now at that very site, his negotiating style has state officials making him a scapegoat for failure. Last week, Gov. George E. Pataki, the developer's principal political ally at ground zero, charged that Mr. Silverstein had failed to bargain in good faith. Charles A. Gargano, vice chairman of the Port Authority and the governor's chief economic development official, called him "greedy."

Civic leaders have complained that Mr. Silverstein has treated the complex negotiations like any other deal, ignoring the keen public interest. "Clearly this is not any ordinary development project and this is not any ordinary lease," said Robert D. Yaro, president of the Regional Plan Association. "The public's expectations for this site, the emotions and the global focus here, is unlike any other project. To suggest that this is just another real estate deal misses the point."

Mr. Silverstein heatedly disputed that criticism.

"That's ridiculous," he said. "It's easy to point fingers at somebody who's not at fault. The only motivation here is to rebuild. I believe that's important for the city and the region."

He blames the Port Authority and other government entities for the delays.

"We've been here for five years, and the only thing we have to show for it," he said, "is 7 World Trade Center." He built the original 47-story tower in the 80's. After it was destroyed on Sept. 11, he was tenacious in battling with both his insurer and his landlord to rebuild it. But his stubborn streak also came into play. He insisted on setting rents that were 40 percent higher than the average for the downtown market. A 2002 plan to make the Port Authority the anchor tenant fell apart when he asked for twice the rent it had paid in the old trade center. Today, less than one-fifth of the tower is leased.

Ground zero has been a complex matter involving the sometimes competing interests of the families of victims, insurers, the Port Authority, and state and city officials. At one point or another, Mr. Silverstein has tangled with all of them.

The latest drama was prompted by the scheduled groundbreaking in April for the Freedom Tower, the largest, most symbolic and least economically viable of the five towers planned for the site. In addition, state and city officials and Port Authority executives came to realize that the project would cost more than $7 billion, while there was only $2.9 billion in insurance money available.

Mr. Silverstein insists to this day that he can do the entire job, but he has failed to convince Port Authority executives, the Pataki administration, or Mayor Michael R. Bloomberg. The mayor has raised the possibility that Mr. Silverstein would run out of money in 2009 after building only two towers, default on his lease and walk away from a half-finished project with tens of millions in profit.

Mr. Bloomberg called for a major realignment at ground zero, pointing out that in 2003 Mr. Silverstein and his investors were repaid most if not all the money they had invested in the original deal. The developer himself put up only $14 million in a deal valued at $3.2 billion.

"He's playing with the house's money and, nothing wrong with that, but let's not feel too bad here," Mr. Bloomberg said on his weekly radio show last Friday.

Mr. Silverstein rejected an initial proposal from the authority to split up the site, saying he did not want to surrender the most valuable parcels at ground zero. Five hours before the negotiations came to an impasse on March 14, both sides say they were close to a deal that would have had the authority taking control of the Freedom Tower and another building site, Site 5. More important, there had been progress on a financial arrangement.

After the impasse, Mr. Silverstein submitted a new version of the deal that both sides had nearly adopted, but state and authority officials say it included a new demand: he wanted the authority's second site back.

Mr. Ringler of the authority met Wednesday and yesterday with Mr. Silverstein's lawyer, Martin Lipton, to discuss going back to the original framework. A third session is planned for today.

On Wednesday, Mr. Silverstein was conceding nothing, talking as if his control of the entire site is not in jeopardy.

"Everybody so desperately wants to see this move forward and get it done," he said. "The Freedom Tower is moving forward as we promised."

Acting Director Gives FEMA Focus (WT)

By Audrey Hudson

DOJ_NMG_0020621

The Washington Times, March 24, 2006

The Federal Emergency Management Agency is on a mission destined for disaster. Planning, that is.

Acting Director R. David Paulison admits that the agency he inherited after Hurricanes Katrina and Rita was not up to the task of handling the fallout of those storms, let alone an earthquake or terrorist attack.

"It overwhelmed everyone -- the system was not set up to deal with a catastrophe of that size," Mr. Paulison told The Washington Times.

Created 27 years ago, the Federal Emergency Management Agency, or FEMA, was revered for its heroic response to natural disasters such as floods, earthquakes, tornados or hurricanes.

But in the days after Katrina's destruction of New Orleans, FEMA became a four-letter word for the victims and critics in Congress, leading to the sudden dismissal of its embattled director, Michael D. Brown.

The maligned agency is now planning for the hurricane season that officially begins June 1 as it continues to aid 800,000 families affected by last year's storms that damaged 90,000 square miles.

"This was the largest migration in the history of the United States -- larger than the Civil War, larger than the [Depression-era] Dust Bowl. Normally, we house [3,000 to 5,000] disaster victims a year. We went way beyond that, and we had to make up the rules as we went along," Mr. Paulison said.

"The major lesson we learned is that FEMA was not ready to handle a catastrophe the size of Katrina, and we now know we have to be ready to respond to a major catastrophe such as an earthquake or terrorist attack, to evacuate hundreds of thousands or millions of people and be able to feed them, house them, and take care of them. We're putting a system in place to do just that," he said.

Mr. Paulison saw many of the same shortfalls on the national level that he dealt with when 30,000 homes were destroyed by Hurricane Andrew in 1992, which struck Florida just two weeks after he was promoted to fire chief of Miami-Dade County.

FEMA now is hiring 1,500 employees for the ongoing disaster recovery and more first responders and has spent $40 billion so far.

His position as acting director allows him to focus on mammoth preparation plans rather than a potential political battle on Capitol Hill to be formally confirmed as FEMA chief.

When asked whether he wants the job permanently, Mr. Paulison said, "I agreed to take the job after Mike Brown left and agreed to help us get through the next hurricane season, and right now, I just want to get FEMA back on track. I serve at the pleasure of the president."

Mr. Paulison was chief of the U.S. Fire Administration when Homeland Security Secretary Michael Chertoff recommended him for the job.

His first order of business in September was to get victims off cots and out of the Louisiana Superdome and the New Orleans Convention Center. Once 85,000 evacuees were settled into hotel rooms in every state, including Hawaii and Alaska, many did not want to leave, and attempts since December to move evacuees into short-term housing brought more negative publicity.

"It's nice for a couple of weeks, but they've been there six months now, and a hotel room is no place to raise a family," Mr. Paulison said.

With only a few hundred evacuees still in hotels -- most of whom are handicapped, disabled or too destitute to move on -- there is no deadline, and evacuees are being handled on a case-by-case basis.

"These people lost everything -- their home, their job, everything they owned, including their neighborhoods. We wanted to be sensitive to their needs and make concessions," Mr. Paulison said.

The agency faces many challenges, not only in housing, but also in communication, logistics, tracking supplies and learning about problems on the ground.

The Search For Katrina's Victims Finds Some Missing By Choice (WP)

By Ken Ringle

The Washington Post, March 24, 2006

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NEW ORLEANS -- By Louisiana's latest official count, 1,292 people are known to have died in the state because of Hurricane Katrina.

About 1,280 -- the number changes daily -- remain missing.

Hundreds of people were sucked into the Gulf of Mexico by Katrina's retreating tsunami-like storm surge and will never be found. But the state-run, federally funded Find Family National Call Center is discovering that hundreds of others have used the storm and the nationwide diaspora it triggered to escape a troubled or painful past. They do not want to be found.

The center's 90 or so workers immerse themselves daily in tracking missing wives and fleeing felons, reburying exhumed coffins, prying unknowingly into the dark family secrets of confused parentage and dealing with the anonymous dead whom no one seems able -- or willing -- to claim.

Even now, nearly seven months after Katrina, the Find Family phone bank fields 120 to 150 calls a day about relatives or loved ones who vanished in the storm or its aftermath. The vast majority of those being sought are discovered among the thousands of names in American Red Cross or Federal Emergency Management Agency databases that track the whereabouts around the country of evacuees from the storm. The overall number of people missing has been dropping steadily, if slowly, since the storm. More than 10,000 were originally on the list.

"But every day, too, we get one or two we can't find anywhere -- truly missing people, whose absence has only now been discovered," said Henry Yennie, the former mental health executive who serves as the center's deputy director. There were 21 such names reported between March 6 and March 10.

Why has it taken so long to report them?

It's a function of New Orleans's population "being exploded all over the country," Yennie said in a telephone interview from Baton Rouge. "I don't think any of us can begin to appreciate the extent of this disruption Katrina caused in the lives of these evacuees. You lose your house. You lose your job. You lose your community and the personal networks you used to keep track of your extended family and your friends. And you wind up somewhere like a shelter in Montana."

In such cases, he said, evacuees may have quickly tried to locate members of their immediate family but have taken months to realize that they never asked anyone about a distant cousin or a neighbor they never really knew well.

Then, too, in a large low-income population, which would include many evacuees, Yennie said, "you have a fair number of people who live marginal lives at the edge of society. Often they live alone. Sometimes they're mentally ill. Frequently they have no living relatives. They aren't part of any network."

He added: "There was one deceased fellow we found who was in his fifties. He had lived in the same place for 35 years and once taught at a bartender college. But we couldn't find anyone in his neighborhood who knew anything about him. We eventually identified him through DNA."

Immediately after Katrina, Yennie said, the Find Family center had nearly 150 people fielding calls round the clock. Most were evacuees themselves -- pastors, social workers, funeral directors, mental health workers -- working out of a long-vacant supermarket building in the Gateway Shopping Center in Baton Rouge. As the months have gone by and after more than 9,400 of the missing have been located, the work has eased to 12-hour days. It has also, Yennie said, become more specialized.

"We have a dentist who has done amazing identification with dentistry, working just from pictures people showed him. We have a whole gaggle of volunteer geneticists who help us assemble family trees for DNA matchups. We have technicians who have gathered DNA samples for us from as far away as Afghanistan. And we have mathematicians who help gauge the probabilities that those matchups are accurate."

But the work, he said, has led his workers into disturbing and unexpected areas. "We tracked one parolee to New York, but when we got him on the phone he threatened to kill the person who found him. He didn't want to be found."

The trackers have also learned more than they wanted to know about family relations. More than a few women, he said, have used the opportunity to escape from abusive domestic relationships. "They beg us not to report their whereabouts to the person tracking them. And we don't," Yennie said. "We only promise that, if we find someone, we'll give them the phone number of the person who asked us to look for them."

In the case of fugitives from the law -- people running from alimony or child support payments or other debts -- Yennie said the center gets the advice of law enforcement personnel on its staff.

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But the most unexpected challenge, he said, has been in dealing with the wearying complexity of family relationships and with unwanted discoveries about bloodlines. DNA identification, he said, often depends on painstakingly tracking a consistent genetic pattern within a family. In more than a few cases, searchers have been told by family members that all the siblings have the same father, only for the DNA evidence to show otherwise.

Yennie said the staff keeps such information confidential.

"Our purpose is to find people, not to violate their privacy. We don't want to learn this stuff. We just want to find or identify people and move on," he said.

Of those still missing, fewer than 50 are children, Yennie said. Slightly more than half are African American men. Most are more than 50 years old.

In addition to tracking the living, the Find Family center has taken over from the Orleans Parish coroner's office most of the work of identifying the unclaimed dead. Yennie said the center has been unable to find any way to identify 26 bodies. Tentative identification has been established for about 46. About 100 bodies have been positively identified, but the families have no resources to claim them and are awaiting government aid to help with burials.

Yennie expects both the search for the missing and the identification of the dead to accelerate in the coming weeks because of the recent allocation of funds for obtaining access to a highly specialized LexisNexis online search. He also cited the help of more law enforcement personnel experienced in tracking fugitives. Within six months, he said, there should be enough time and manpower to go street by street through New Orleans with census records and to finally nail down Katrina's cost in lives.

In the meantime, he and the call center crew have been given the macabre chore of reburying those exhumed by Katrina from graveyards -- coffins found afloat or broken amid the wreckage of the storm.

The most bizarre such case, he said, came not from New Orleans but from farther west near the coastal town of Cameron, where Hurricane Rita left behind a casket. The dead man was from the Cameron graveyard, where he had been buried in the 1950s. In 1957, Hurricane Audrey had dug up the casket and carried it out of the cemetery. It had been sunk somewhere in a salt marsh east of town until Rita came ashore and resurrected it again.

"He'd been lost there underwater nearly 50 years," Yennie said. "There were barnacles on his coffin."

Red Cross Sifting Internal Charges Over Katrina Aid (NYT)

By Stephanie Strom

The New York Times, March 24, 2006

The American Red Cross, the largest recipient of donations after Hurricane Katrina, is investigating wide ranging accusations of impropriety among volunteers after the disaster.

John F. McGuire, the interim president and chief executive of the Red Cross, and Senator Charles E. Grassley, the Iowa Republican who is chairman of the Senate Finance Committee, said some of the actions might have been criminal.

The accusations include improper diversion of relief supplies, failure to follow required Red Cross procedures in tracking and distributing supplies, and use of felons as volunteers in the disaster area in violation of Red Cross rules.

There are no known official estimates of the cash or the value of supplies that might have been misappropriated, but volunteers who have come forward with accusations said the amount was in the millions of dollars. The Red Cross received roughly 60 percent of the $3.6 billion that Americans donated for hurricane relief. Mr. McGuire said the investigation started "a number of weeks ago" and was continuing.

"We're in the middle of this, and we're looking at a range of possible problems," he said, "from issues between a few people that are really nothing other than bad will, to failure to follow good management principles and Red Cross procedures that have caused a lot of waste, to criminal activity."

He said the organization would do everything in its power to hold wrongdoers accountable. "We need to bring this through to the proper and right conclusion," he said. "We owe that to donors and the people who needed our services."

Among the specific problems identified by volunteers were the disappearance of rented cars, generators and some 3,000 of 9,000 air mattresses donated by a private company, as well as the unauthorized possession of Red Cross computer equipment that could be used to add money to debit cards and manipulate databases.

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Mr. McGuire said the investigation was being conducted by a team from the Red Cross ethics and compliance department. Because the inquiry is continuing, he said that he could not respond to specific accusations. When it is completed, he said, any finding of criminal activity will be turned over to the law enforcement authorities.

A telephone call to the attorney general's office in Louisiana was not returned, and there was no response to an e-mail message to an official in the Department of Homeland Security who had been contacted by a volunteer looking into the accusations several months ago at the request of the Red Cross.

In interviews over the last two weeks, more than a dozen Red Cross volunteers from around the country described an organization that had virtually no cost controls, little oversight of its inventory and no mechanism for basic background checks on volunteers given substantial responsibility.

Though there was little direct evidence of criminal activity, the volunteers said the magnitude of the missing goods had convinced them that Red Cross operations were being manipulated for private gain.

"I can't find any other reason for what was going on," said Anne Tolmachoff, a volunteer from Louisiana. "Otherwise, it just didn't make any sense."

While the Red Cross has drawn harsh criticism for failures in responding to Hurricane Katrina and for failing to address longstanding governance problems, the concerns raised by volunteers pose new questions about the organization's ability to prevent fraud and theft and protect its resources amid the chaos of a major disaster.

Senator Grassley has threatened to rewrite or revoke the organization's charter if it does not thoroughly overhaul its operations. This is the second time Mr. Grassley has prodded the Red Cross to get its house in order. He first made demands after the attacks of Sept. 11, 2001, but his effort sputtered as a result of other pressing matters, like the war in Iraq.

"The allegations from Red Cross volunteers are wide-ranging and include possible criminal misconduct," said Mr. Grassley, who in February demanded to know what the Red Cross was doing to address complaints from volunteers. "The Red Cross needs to change its mind-set so it addresses volunteers' concerns swiftly and appropriately, regardless of whether a Senate committee chairman is asking questions."

In one case cited by volunteers, a kitchen manager swapped 300 prepared meals for parking spaces for Red Cross emergency response vehicles without creating any record of the transaction.

"When a swap takes place, those products become untraceable," said Jerome H. Nickerson Jr., a Maryland lawyer who in mid-November was assigned by the Red Cross, as a volunteer, to look into accusations of theft and fraud in the disaster area. "It's the disaster relief equivalent of money laundering."

Mr. Nickerson and his partner in the inquiry, Michael A. Wolters, a security guard from Wisconsin who uncovered wrongdoing during an earlier three-week tour in Texas shortly after Hurricane Katrina, filed a report on Dec. 5 with the safety and security division at Red Cross headquarters. In it, they cited "a breathtaking systematic failure" by senior managers to enforce inventory control procedures and "outright contempt for well-established internal fiscal controls."

But they said the report had been ignored until a reporter for The New York Times began speaking with other volunteers who had seen similar questionable actions.

Mr. McGuire said the organization had pursued every tip about potential wrongdoing and noted that it had an internal hot line, called Concerned Connection, that volunteers could use.

"The vast majority are misconceptions or cases of 'I don't like somebody, so I'm going to say something,' " he said. "The key for us is to know whether we've got a problem in the Red Cross system and procedures, whether we've got well-intentioned people who just wasted stuff or whether we have a criminal problem."

Still, several volunteers said Red Cross managers in the disaster area had pooh-poohed their concerns and intervened to prevent them from documenting the problems they had encountered.

Willie A. Taylor, a volunteer from Michigan who owns a computer business, said he was part of a team that was asked to use a computer system to track every item from the time it was ordered until it was delivered to the end user.

He said the program revealed that roughly half of the "greenies," the requisition forms used to track supplies as they move through the system, could not be reconciled, meaning the supplies could not be accounted for.

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"They asked me to do this," Mr. Taylor said, "we came up with a bulletproof process — and then they squashed it when it showed how big the problem was."

Mr. Taylor and others said they suspected that some volunteers were manipulating the flaws in the distribution system for their own benefit.

The Red Cross had 235,000 volunteers working in the hurricane disaster area, more than five times the previous peak of 40,000, and the sheer number wreaked havoc with the normal vetting process, the volunteers said.

For instance, the Red Cross prohibits anyone with a criminal record from working in a disaster area. "We do background checks on our D.S.H.R. volunteers," Mr. McGuire said, referring to the Disaster Services Human Resources division. "But we did not do them on some of our spontaneous volunteers."

Several of those volunteers had criminal records. For example, a volunteer working in the security unit in Baton Rouge, La., Kathleen Collins-Fowler, reported on Nov. 7 that the authorities in New York had issued an arrest warrant for Joe Tominaro, a volunteer then working in New Orleans, on grand larceny charges. According to New York State Department of Corrections records, Mr. Tominaro has twice served prison time for car theft and possession of stolen goods and is on parole.

Yet he signed on as a Red Cross volunteer and opened a distribution center in Marrero, La., without authorization from the Red Cross logistics division, which is in charge of such matters.

He then rang up a $17,936 bill installing eight industrial fans and an evaporative cooler and moving the cooler a week later to another wall. He was given at least $800 in cash and more than $2,000 was loaded onto his staff debit card, according to records included in Mr. Nickerson's and Mr. Wolters's report. The Red Cross gave him 11 cellphones and two automobiles while he was in the disaster area, even though New York had revoked his license.

Mr. Tominaro did not respond to an e-mail message sent to an address listed on his volunteer records.

On Nov. 2, two volunteers reported their concerns about Mr. Tominaro to Gary Niki, a senior official in the security and safety department at headquarters.

A day later, Ms. Collins-Fowler reported, Mr. Niki ordered that Mr. Tominaro's staff card remain active until further notice. It was suspended, however, on Nov. 7.

Another volunteer falsely passed himself off as a New York City police officer, a criminal offense, and was buying equipment for local law enforcement officials using his staff card, according to the report.

Volunteers said the breadth of the misallocation of supplies made them suspect foul play. Every volunteer interviewed had an example of supplies appearing in places where they were not needed or where the distribution point seemed to be ad hoc.

For instance, Robert M. Cooke, a volunteer serving as bulk distribution manager, was baffled to find industrial-size cans of diced chicken at a middle school in New Orleans.

Mr. Cooke said the school was not an official distribution site and the neighborhood around the school lacked utility service, so the likely recipients of the chicken would have no way to cook it, let alone store such large quantities.

"Those cans were supposed to go to Red Cross kitchens, where they could be properly cooked and prepared," he said.

Mr. Taylor similarly was puzzled by the distribution of supplies in Cameron Parish when he was in charge of bulk distribution. "We were giving out bleach, paper towels and mops, but the houses there were devastated," he said. "We should have been giving out wheelbarrows, hacksaws and other repair equipment."

Moreover, Mr. Taylor said, volunteers at the site did not seem to know who the recipients were. "People were driving up and picking up stuff and driving off, and my question was, how do you know that these people live in this area and need what you're giving them?" he said. "They basically shrugged at me."

Mr. Taylor and Mr. Cooke, who do not know each other, said the scope of the disaster, as well as poor training of the volunteers, explained some but not all of the problems they saw.

"It's a really bad system, of course, because you couldn't account for everything, but there was some funny stuff going on, too," Mr. Taylor said. "People were definitely taking advantage of the huge flaws in accountability."

Mired In Diplo-Gobbledygook (WP)

By Al Kamen

DOJ_NMG_0020626

The Washington Post, March 24, 2006

For many of us, diplo-speak is merely jargon-laden, meaningless or gibberish. And that's even when the individual words are actually in English.

But things became worse than usual last week when some Capitol Hill types received a letter from Secretary of State Condoleezza Rice urging lawmakers to "support . . . legislative changes that would broaden and deepen our emerging strategic partnership with India."

During President Bush 's trip to India, she wrote, the two countries "agreed to work cooperatively in areas as diverse as agriculture, defense, health . . . and enhanced defense cooperation." But the "major achievement" was the "historic agreement on civil nuclear cooperation," she said, attaching a 21-page electronic file explaining the "many benefits for the United States."

The "nukes for mangos" agreement has sparked intense and bipartisan condemnation. For example, former GOP presidential candidate Patrick J. Buchanan said that "the U.S. negotiators capitulated to all of India's demands, lest Bush leave New Delhi with nothing to show for a trip halfway around the world but an agreement to import mangos." (Buchanan apparently is unaware of how incredibly tasty those Indian mangos are.) Former senator Sam Nunn (D-Ga.) said the agreement "certainly does not curb in any way the proliferation of weapons-grade nuclear material." Others claimed the deal undermines the Non-Proliferation Treaty.

Not at all, Rice wrote the lawmakers. "This is a strong net gain for our non-proliferation agenda." Then there was this on Page 20:

Segiphu $lvndgh? Well. Can't argue with that.Win-Win Situation?

The Bush folks have always been keen on family values. Now the Houston Chronicle reports that former first lady Barbara Bush donated a chunk of money -- it's unknown how much -- to the Bush-Clinton Katrina Fund "with specific instructions that the money be spent with an educational software company owned by her son Neil."

"Since then, the Ignite Learning program has been given to eight [Houston] area schools that took in substantial numbers of Hurricane Katrina evacuees," the Chronicle reported Wednesday.

"Mrs. Bush wanted to do something specifically for education and specifically for the thousands of students flooding into the Houston schools," Jean Becker , President George H.W. Bush 's chief of staff, told the paper. She knew that the Houston school district "was using this software program, and she's very excited about this program, so she wanted to make it possible for them to expand the use of this program."

Unclear how the charitable deduction works out on this fine move.Bush Q&Praise

President Bush , who's been touting his Iraq policy across the country this week, "is at his best when he's answering real and difficult questions from a cross section of Americans," White House communications director Nicolle Wallace said a few days ago.

So some congressional Democrats were wondering whether his Q&A on Wednesday in Wheeling, W.Va., must have shown him at his worst.

"I thank God that you're our commander in chief," one questioner began. "You're a man for our times. . . . And I'm a supporter of yours. . . . And God bless you, and I thank you for your service."

Then another hardball from the audience: "Do you like living in the White House?"

Another listener fired: "I want to let you know that every service at our church, you are by name lifted up in prayer -- and you and your staff and all of our leaders. And we believe in you. We are behind you. And we cannot thank you enough for what you've done to shape our country. . . ."

Bush was earning his salary that day.

WAR NEWS:

Battle Looms Over Use Of Prewar Iraq Intelligence (WSJ)

By Jay Solomon

The Wall Street Journal, March 24, 2006

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WASHINGTON -- The long-simmering battle over the Bush administration's use of prewar Iraq intelligence is about to flare again.

Republicans controlling the congressional investigation say they will finish by next week a spate of reports on how the White House used intelligence headed into the March 2003 invasion of Iraq. They will include topics like predictions before the war on how a post-Saddam Iraq might look and whether the Bush administration was duped by Iraqis with a vested interest in war, like Deputy Prime Minister Ahmed Chalabi.

But they have set no timetable for issuing reports on their probe into what some Democrats consider the most explosive questions: Whether political appointees at the Pentagon deliberately distorted intelligence and subverted analysis by the Central Intelligence Agency to gin up support for the invasion.

"There were a lot of mistakes in the lead-up to the war, and if we don't look at all the issues we won't get a complete picture of what happened," says Wendy Morigi, a spokeswoman for the vice chairman of the Senate Select Committee on Intelligence, Democratic Sen. John D. Rockefeller IV of West Virginia. "The role of the former Undersecretary of Defense's office is an area of concern."

Some people familiar with the Senate investigation say politics may overshadow substance on the matter. "I think people will be surprised when these things come out because the buildup has been made that there's some smoking gun," says William Duhnke, Republican staff director of the Senate Select Committee on Intelligence. "This has all outstripped the reality."

Last fall, Democrats briefly shut down the Senate amid protests that the majority party was delaying the intelligence investigation. This year, they are gearing up to make it an issue in the November elections -- and an argument for changing control of Congress to bring about tougher oversight of the Bush administration's intelligence activities. Democrats' ability to subpoena current and former Bush administration officials, as well as gain access to many still-classified documents, they say, could significantly change future intelligence investigations.

"There's so much that still needs to come out," says Maurice Hinchey, a Democratic Congressman from New York who has sought for months to force the White House to release documents related to prewar intelligence. "A change in either house could completely change the nature of the game."

Even before U.S. forces toppled Saddam Hussein in March 2003, some critics said the White House tried to justify the invasion by distorting the magnitude of Iraq's weapons programs and alleged ties to the al Qaeda terrorist network. That June, the Senate Intelligence Committee initiated its first review of the U.S. government's pre-Iraq war intelligence activities, with a focus on the "quantity and quality" of the intelligence gathered by U.S. agencies. The report, completed a year later, absolved the White House of seeking to influence or distort information gathering on Iraq.

The Senate Intelligence panel, however, decided to widen the original investigation to focus more on how the White House used the intelligence, rather than just how it was collected. Democrats originally sought to complete the Phase II probe before the 2004 presidential election, but the pace has been slowed by disagreements between the parties over the scope and mechanics of the five-part study.

Democrats have criticized the Intelligence Committee's chairman, Kansas Republican Pat Roberts, who also is being accused of blocking calls for a congressional probe into the White House's domestic-wiretapping program, which President Bush confirmed late last year.

In announcing last week his timetable for completing the next series of reports, Mr. Roberts took some shots at his opponents. "Much has been said over the last few months about the committee's progress on Phase II," he said. "Notwithstanding the minority's public cries of 'delay,' Phase II has been ongoing, ..." he added.

The three near-completed studies, he said, focus on the Bush administration's use of intelligence provided by an Iraqi exile group, Mr. Chalabi's Iraqi National Congress; postwar findings on prewar assessments of Iraq's alleged WMD program and terrorism links; and prewar assessments about postwar Iraq's political and security environment.

Sen. Roberts's office says a fourth section also is imminent, comparing whether statements by President Bush and other senior U.S. officials about Iraq's WMD programs and alleged links to al Qaeda heading into the war were supported by U.S. intelligence.

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But Mr. Roberts didn't offer a timetable for completing the fifth and final section of the investigation, which looks into activities before the war by the office of former Undersecretary of Defense for Policy Douglas Feith.

Former Bush administration officials say Mr. Feith's office circulated reports that overstated the links between Mr. Hussein and al Qaeda. Mr. Feith's office also faces questions about whether it subverted proper intelligence-gathering channels by engaging in activities normally conducted by the CIA.

A number of officials who worked on assembling intelligence on Iraq before the war say Mr. Feith's operations at the Pentagon were important in shaping the debate on Iraq. They said the office had strong links to the White House and the Office of the Vice President and that it could set an extremely aggressive tone on the question of whether Mr. Hussein had a relationship with al Qaeda, even if the facts didn't necessarily support the claims.

"What the operation under Feith was doing was trying to collate anything that showed a link" between Baghdad and al Qaeda, says Paul Pillar, who served as the CIA's National Intelligence Officer for the Near East and South Asia during the first Bush term. Mr. Pillar recently accused the White House of skewing intelligence reporting on Iraq to justify the invasion. "They'd disregard everything that came from other sources. It was just a matter of collecting and sifting," he says.

Mr. Feith said yesterday that charges his office had engaged in improper intelligence activities were groundless. "My office did not engage in intelligence collection. ... The intelligence we used came from the intelligence community itself," he said. He added that his office rigorously vetted information that both the Senate Select Committee on Intelligence and a White House-sponsored panel investigating intelligence failures called for.

Democrats have been pushing for the Senate's Intelligence Committee to do an independent study of Mr. Feith's operations; the Pentagon's Inspector General currently is conducting an internal review of them. Sen. Roberts and Republicans have decided to defer to the Pentagon's internal report before further investigation. The Pentagon review began in November, but a spokesman for the Inspector General said he could offer no time frame for its completion.

Communication Breakdown (WP)

By David Ignatius

The Washington Post, March 24, 2006

Now it gets painful for George W. Bush. Iraq is wrapped around his presidency as tightly as Vietnam was around Lyndon Johnson's. Bush keeps telling the country he has a plan for victory, but the polls suggest the public doesn't believe it. Those big "Plan for Victory" signs at his rally in Wheeling, W.Va., this week read more like an exhortation than a statement of fact.

Bush has lacked the tragic sensibility found in many of our great presidents. He works so hard at his show of easy informality that you rarely sense the inner man and the anguish that must be there. Watching him, you know he's wound tight even as he tries to act loose. The locker-room nicknames and the exaggerated Texas mannerisms are part of the enforced informality. The longer he stays in Washington, the more pronounced his Texas manner of droppin' his g's. It's a kind of camouflage, but it's wearing thin. This is not a president at ease.

When Bush speaks about the struggle of his presidency, it sometimes sounds as if he's talking to the mirror. Take this week's long, thinking-out-loud news conference: "I believe that my job is to go out and explain to people what's on my mind. That's why I'm having this press conference, see? I'm telling you what's on my mind. And what's on my mind is winning the war on terror." He's ready to lead, he insists; he has made a vow to the American people. To whom are these comments directed, if not himself?

The polls suggest that Bush is losing the ability to communicate effectively about the issue that matters most to him. He has a better story on Iraq than many people seem to appreciate: Iraqi politicians are in fact coming together toward a government of national unity; Iraqi troops are improving their performance; substantial reductions in the number of U.S. troops are likely this year. But to many Americans, judging by the polls, Bush's assertions sound like a broken record. His optimism comes across as happy talk.

Bush works hard to disguise it, but one senses the same inner conflict that afflicted Johnson as Vietnam began to go bad. In "The Best and the Brightest," David Halberstam described LBJ's torment: "He was a good enough politician to know what had gone wrong and what he was in for and what it meant to his dreams, but he could not turn back, he could not admit that he had

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made a mistake. He could not lose and thus he had to plunge forward." But, recalls Halberstam, "instead of leading, he was immobilized, surrounded, seeing critics everywhere."

It's a dangerous situation. If Bush loses his ability to convince the country that his war aims make sense, America may be forced into a hasty withdrawal that will have devastating repercussions. To avoid this outcome and maintain its strategy of a measured handoff to Iraqi forces, the administration must bridge what in Johnson's day was known as the "credibility gap." Bush could shake up his team and add new voices that can speak more convincingly to the public. Or he could reach out to moderate Democrats who support a bipartisan foreign policy, if there are any who haven't been chased off by Karl Rove. Or he could give a larger communications role to the uniformed military. The generals won't like being political frontmen, but they may prefer it to a collapse of support for the war.

On my most recent trip to Iraq, I took along a short book titled "Every War Must End," written in the 1970s by Fred Ikle, who later became a defense official in the Reagan administration. It's a haunting book, whose basic message is that starting wars is far easier than stopping them. "Cutting one's losses, although a common notion in everyday life, appears to be a particularly difficult decision for a government to reach in seeking to end a prolonged and unsuccessful war," Ikle wrote.

Ask senior military commanders what they think about Bush and they will tell you they love his toughness -- but wish the White House could communicate its Iraq strategy better. Bush has tried. All the speeches and rallies and white papers of the past few months have reflected a recognition that the public will support the war so long as it feels there is a coherent strategy for victory. That's why you hear the phrase "plan for victory" repeated so often, like a mantra to convince the public that American soldiers aren't dying in a lost cause.

But it's not working, and the president owes it to the troops, above all, to figure out a better way to communicate.

In Charge, Except They're Not (WP)

By E. J. Dionne Jr.

The Washington Post, March 24, 2006

Is President Bush the leader of our government, or is he just a right-wing talk-show host?

The question comes to mind after Bush's news conference this week in which he sounded like someone who has no control over the government he is in charge of. His words were those of a pundit inveighing against the evils of bureaucrats.

"Obviously," said the critic in chief, "there are some times when government bureaucracies haven't responded the way we wanted them to, and like citizens, you know, I don't like that at all." Yes, and if you can't do something about it, who can?

Bush went on: "I mean, I think, for example, of the trailers sitting down in Arkansas. Like many citizens, they're wondering why they're down there, you know. How come we've got 11,000?"

Bush was talking about 10,777 mobile homes ordered up to provide housing for the victims of Hurricane Katrina. As Rep. Mike Ross put it in an interview, most of these "brand-new, fully furnished homes are sitting in a hay meadow in Hope, Arkansas," and are "a symbol of what's wrong with this administration and what's wrong with FEMA."

Ross, a Democrat whose district includes that hay meadow, has been running a one-man crusade since December to get the homes moved to where they could actually provide shelter for those left homeless by the storm. The Federal Emergency Management Agency let the homes sit there because its regulations don't permit the use of such structures in a flood plain.

That raises at least two questions: Why did FEMA spend anywhere from $300 million to $430 million -- the numbers are in dispute -- to buy homes that didn't meet its own regulations? Alternatively, why can't it alter its regulations at least temporarily to use the homes where they are desperately needed?

Nearly three months after Ross first complained about the homes sitting in the field -- and nearly six weeks after Fox News reported the story and CNN broadcast an extensive account -- Bush seemed perplexed. He insisted that he was asking Homeland Security Secretary Michael Chertoff to get to the bottom of the deal.

"So I've asked Chertoff to find out," Bush said. "What are you going to do with them? I mean, the taxpayers aren't interested in 11,000 trailers just sitting there. Do something with them. And so I share that sense of frustration when a big government is unable to, you know -- sends wrong signals to taxpayers. But our people are good, hardworking people."

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Hold on: The president of the United States runs the "big government" he's attacking. This is mysterious. If Bush's "good, hardworking people" aren't responsible for the problem, the villains of the piece must be alien creatures created by some strange beast called Big Government.

Ross reports that 300 of the homes were finally moved last month and that 5,000 are supposed to be moved soon to Katrina victims. That still leaves a lot of homes. FEMA has said they will be stored for future disasters.

This episode is important because it is representative of a corrosive style of politics. Bush and many of his fellow Republicans have done a good business over the years running against the ills of Big Government. They are so much in the habit of trashing government that even when they are in charge of things -- remember, Republicans have controlled the White House and both houses of Congress for all but 18 months since 2001 -- they pretend they are not.

And when their own government fails, they turn around and use their incompetence to argue that government can never work anyway, so you might as well keep electing conservatives to have less government. It's an ideological Catch-22. Even their failures prove they are right.

On the same day Bush was pushing off accountability for the mobile home fiasco, another politician was giving his voters some very bad news -- and taking responsibility for fixing the problem.

Gov. Jon Corzine of New Jersey announced that his state's fiscal situation was a mess, and he proposed a budget that simultaneously raised taxes, cut programs and walked away from some of his own campaign promises. "New Jerseyans believe that telling the truth is always better than hiding from it, even when it hurts," said Corzine, a Democrat. "And boy, does this budget hurt."

I'll leave it to New Jersey's budget experts to parse the details of Corzine's fiscal plan. But it's definitely bracing when a politician skips all the rhetoric about big or small government and just tries to fix the thing.

Of Course It's A Civil War (WP)

By Charles Krauthammer

The Washington Post, March 24, 2006

Today's big debate over Iraq seems to be: Is there or is there not a civil war? Yes, say the defeatists, citing former prime minister Ayad Allawi, a man with an ax to grind against the current (elected) government, which excluded him.

No, not really, not yet, not quite, say U.S. officials and commanders, as well as Iraq's president, also hardly the most neutral of observers.

This debate appears to be important because the perception that there has been an outbreak of civil war following the Samarra bombing pushed some waverers to jump ship on their support for the war. Most famous of these is William F. Buckley Jr., who after Samarra declared that it is time for "the acknowledgment of defeat." Defeat? Yes, because of the inability of the Iraqi people to "suspend internal divisions" to allow a new democratic order to emerge.

This whole debate about civil war is surreal. What is the insurgency if not a war supported by one (minority) part of Iraqi society fighting to prevent the birth of the new Iraqi state supported by another (majority) part of Iraqi society?

By definition that is civil war, and there's nothing new about it. As I noted here in November 2004: "People keep warning about the danger of civil war. This is absurd. There already is a civil war. It is raging before our eyes. Problem is, only one side" -- the Sunni insurgency -- "is fighting it."

Indeed, until very recently that has been the case: ex-Baathist insurgents (aided by the foreign jihadists) fighting on one side, with the United States fighting back in defense of a new Iraq dominated by Shiites and Kurds.

Now all of a sudden everyone is shocked to find Iraqis going after Iraqis. But is it not our entire counterinsurgency strategy to get Iraqis who believe in the new Iraq to fight Iraqis who want to restore Baathism or impose Taliban-like rule? Does not everyone who wishes us well support the strategy of standing up the Iraqis so we can stand down? And does that not mean getting the Iraqis to fight the civil war themselves?

Hence the gradual transfer of war-making responsibility. Hence the decline of American casualties. Hence the rise of Iraqi casualties.

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What we don't want to see is the private militias taking the law into their own hands. The army, by all accounts, has remained cohesive, with relatively good discipline. The problem is the police forces, which have been infiltrated by some of the Mahdi Army and other freelance Shiite vigilantes.

We cannot allow parts of the police apparatus to become instruments of Moqtada al-Sadr or other private interests. And not just because they act viciously and vindictively but also because their insubordination and independence are a threat to the very stability of the new Iraqi state.

But let's put this in perspective. First, this kind of private revenge attack has been going on at a low level since the beginning of the insurgency. Second, it does have the effect of concentrating Sunni minds on the price of their continuing support for the random, large-scale and heretofore unanswered slaughter of Shiites that they either actively or passively support.

And, third, if the private militias are the problem, it is a focused and relatively narrow problem. Creating discipline and central control over the security services is a more manageable issue than all-out Hobbesian conflict.

The principal issue, and measure of our success, is the shaping of disciplined and effective security forces. And that is why the political negotiations that have been dragging on are so critical. It is the political track that must secure leadership for both the defense and interior ministries that is nonsectarian and committed to a unitary force whose members do not answer to private warlords.

Civil wars are not eternal. This war will end not with an Appomattox instrument of surrender. It will end when a critical mass of Sunnis stops supporting the insurgency and throws its lot in with the new Iraq.

How does this happen? The stick is military -- the increased cost in Sunni blood of continuing the fight. But the carrot is political -- a place at the table for those Sunnis, some of whom are represented in parliament, who are prepared to abandon the insurgency for a share of power, a share of oil income, and a sense of security and dignity in the new Iraq.

This is doable. That is not to say it will be done. It is to say that those who have decided that because of "civil war" it cannot be done have been unreasonably panicked by something that has been with us all along.

Iraq A Foolish Act Or Chance For Freedom? (USAT)

USA Today, March 24, 2006

What people are saying about third anniversary of Iraq war:

The San Francisco Bay Guardian, in an editorial: "The air of unreality in Washington, D.C., is, well, unreal. ... Vice President Cheney proclaimed that the war in Iraq is going well, that the insurgency had reached 'a stage of desperation' — and that the prediction that Americans would be greeted as liberators was 'basically accurate.' There's no civil war, the administration insists, no catastrophic political failure, no evidence that the war is well on its way to becoming the new Vietnam (War). No, Cheney insists, the problem is just the overcritical news media. For the record, more than 2,300 (U.S.) soldiers are dead. So are as many as 37,000 Iraqis. Countless more have been maimed, lost limbs, seen their lives destroyed. And three years after the invasion, there is no end in sight. ... And (President) Bush's insistence on staying the course is starting to sound like Richard Nixon's secret plan to end the Vietnam War."

The Wall Street Journal, in an editorial: "The third anniversary of U.S. military action to liberate Iraq has brought with it a relentless stream of media and political pessimism that is unwarranted by the facts and threatens to become a self-fulfilling prophesy if it goes unchallenged. ... One doesn't have to be a dreamy-eyed optimist about democracy to recognize that toppling Saddam Hussein was a milestone in slowing the spread of (weapons of mass destruction). ... The Middle East is now undergoing a political evolution in which the clear majority, even if skeptical of U.S. motives, agrees with the goal of more democracy and accountable government. ... But the desire among so many of our political elites to repudiate Bush and his foreign policy is creating a dangerous public pessimism that could yet lead to defeat — a defeat whose price would be paid by all Americans, and for years to come."

Portsmouth (N.H.) Herald, in an editorial: "For Iraq to truly succeed, we need to be committed to full-scale nation-building, but we do not have the resources, troops or finances to make it happen. And there's certainly no political will to do this mission on anything but the cheap. We have in one sense won the military portion of this struggle, but it's a Pyrrhic victory at best — nation-

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building depends on dealing with deep-seated cultural, political, social and economic tensions, and this administration has proven itself consistently incompetent in dealing with those realities."

Dan Darling, counterterrorism consultant for the Manhattan Institute's Center for Policing Terrorism, writing online for The Weekly Standard magazine: "When the Iraqi regime collapsed in April 2003, few observers saw reason to mourn the loss of Saddam's brutal dictatorship. While a great deal of information about the former Iraqi regime's assorted atrocities has been uncovered since the invasion, newly released documents go even further in demonstrating its manifest depravity. ... It is important that we enumerate the atrocities carried out under Saddam's auspices. Those who died at the hands of his regime deserve nothing less."

The Albuquerque Tribune, in an editorial: "It is time for those symbolic Iraqi purple fingers of democracy to become Iraqi trigger fingers. There simply is no way around the blunt fact that the Iraqi people now must assume responsibility for their own security. What happens from here is up to them, not us. ... We must all agree that the fight for Iraq is no longer ours to win or lose. ... It's not our country. It's theirs. If it is to survive as a democracy, Iraqis will have to fight for their country, their families and themselves. ... If democracy is to be born in the Islamic Middle East, in Iraq, it must be midwifed by the Iraqi people, because they want it — more than anything, more even than life itself for some who, like their American benefactors, surely will have to pay the ultimate price. Freedom is not cheap. Too many Americans already have paid the price for it on behalf of the Iraqi people. We wish the Iraqis well. But it is time to find out if the Iraqi people are willing to pay that price themselves. It is their country to rule by the vote or to lose to tyranny."

Rumsfeld Vows Iraq Drawdown Will Continue (WT)

By Rowan Scarborough

The Washington Times, March 24, 2006

Defense Secretary Donald H. Rumsfeld said yesterday that commanders are planning further troop reductions in Iraq despite ongoing violence that has killed hundreds of civilians after the February bombing of the Shi'ite Golden Mosque.

Asked about President Bush's remark Tuesday that U.S. troops will be in Iraq until at least 2009, the year he leaves office, Mr. Rumsfeld said there could still be Americans training the Iraqi security forces (ISF). It was a clear signal that the defense secretary expects that by that time the United States' combat role will be greatly reduced.

Mr. Bush provided no context for his remark about troops in Iraq in 2009, leaving some with the impression that substantial cuts will not happen, as commanders have promised. And it stirred more complaints from Democrats that the administration is not shifting anti-insurgent responsibilities from Americans to Iraqi combatants fast enough.

Mr. Rumsfeld's careful remarks yesterday seemed designed to reset the debate to an assumption of gradual troop cuts that began in January, if conditions permit.

"I would anticipate, as we've said, that as the Iraqi security forces continue to take over more and more responsibility, we'll continue to reduce down our forces, and that any stress on the force would be eased rather than increased," he told reporters at the Pentagon.

Pressed about the Bush prediction, he said, "We may be helping to train and equip some forces in Iraq in 2009. Are we making plans to do that? We're making plans to assist the Iraqis and the Afghans in training and equipping their forces so that they can take over the responsibility. And as the president said, it's conditions-based. I'm not going to get into speculating about specific numbers or on specific dates."

There are about 133,000 U.S. troops in Iraq, down from 160,000 during the December parliamentary elections. Army Gen. George W. Casey Jr., the top American commander in Iraq, said in late December that the level should be down to about 130,000 by the end of this month. He is contemplating further cuts this year, depending on the maturation of the Iraqi forces, which stand at about 270,000 personnel.

Mr. Rumsfeld added, "We anticipate that they'll go down. And the reason we anticipate they'll go down is because we think the government will be formed, and it will meet with reasonable acceptance and that the Iraqi security forces will continue to be performing well and that we will continue to pass over battle space, bases and responsibility to the Iraqi security forces."

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In Baghdad, Army Maj. Gen. Rick Lynch tried to dispel various reports that stepped-up sectarian violence has plunged Iraq into total chaos.CQ He said al Qaeda in Iraq, led by Jordanian-born Abu Musab Zarqawi, continues to try to provoke a civil war by killing civilians. The Feb. 22 bombing of the Golden Mosque in Samarra triggered much of the recent killings.

But "there is not widespread violence across Iraq," Gen. Lynch said. "There is not. Seventy-five percent of the attacks still take place in Baghdad, Al Anbar [in the west] or Salahuddin [north of Baghdad]. And in the other 15 provinces, they all average less than six attacks a day, and 12 of those provinces average less than two attacks a day. So the idea that Baghdad is the center of gravity for the enemy's operations is indeed a valid idea, but the concern that all of Iraq is experiencing widespread violence is incorrect."

Mr. Rumsfeld, a member of Mr. Bush's original Cabinet, continues to face questions from the press about whether he will continue in office, despite repeated endorsements from the president. Some Democrats periodically call on him to resign for what they say was botched war planning.

Yesterday, a reporter quoted a column from New York Times pundit Maureen Dowd, who regularly expresses disdain for Mr. Bush. She wrote that Mr. Rumsfeld no longer carries the clout he once did.

"If you believe everything you read in Maureen Dowd, you better get a life," Mr. Rumsfeld responded.

Bush's Requests For Iraqi Base Funding Make Some Wary Of Extended Stay (LAT)

By Peter Spiegel

The Los Angeles Times, March 24, 2006

WASHINGTON — Even as military planners look to withdraw significant numbers of American troops from Iraq in the coming year, the Bush administration continues to request hundreds of millions of dollars for large bases there, raising concerns over whether they are intended as permanent sites for U.S. forces.

Questions on Capitol Hill about the future of the bases have been prompted by the new emergency spending bill for military operations in Iraq and Afghanistan, which overwhelmingly passed the House of Representatives last week with $67.6 billion in funding for the war effort, including the base money.

Although the House approved the measure, lawmakers are demanding that the Pentagon explain its plans for the bases, and they unanimously passed a provision blocking the use of funds for base agreements with the Iraqi government.

"It's the kind of thing that incites terrorism," Rep. Ron Paul (R-Texas) said of long-term or permanent U.S. bases in countries such as Iraq.

Paul, a critic of the war, is co-sponsoring a bipartisan bill that would make it official policy not to maintain such bases in Iraq. He noted that Al Qaeda leader Osama bin Laden cited U.S. military bases in Saudi Arabia as grounds for the Sept. 11 terrorist attacks.

The debate in Congress comes as concerns grow over how long the U.S. intends to keep forces in Iraq, a worry amplified when President Bush earlier this week said that a complete withdrawal of troops from Iraq would not occur during his term.

Long-term U.S. bases in Iraq would also be problematic in the Middle East, where they could lend credence to charges that the U.S. motive for the invasion was to seize land and oil. And they could also feed debate about the appropriate U.S. relationship with Iraq after Baghdad's new government fully assumes control.

State Department and Pentagon officials have insisted that the bases being constructed in Iraq will eventually be handed over to the Iraqi government.

Zalmay Khalilzad, the American ambassador to Baghdad, said on Iraqi television last week that the U.S. had "no goal of establishing permanent bases in Iraq."

And Pentagon spokesman Army Lt. Col. Barry Venable said, "We're building permanent bases in Iraq for Iraqis."

But the seemingly definitive administration statements mask a semantic distinction: Although officials say they are not building permanent U.S. bases, they decline to say whether they will seek a deal with the new Iraqi government to allow long-term troop deployments.

Asked at a congressional hearing last week whether he could "make an unequivocal commitment" that the U.S. officials would not seek to establish permanent bases in Iraq, Army Gen. John P. Abizaid, the commander in charge of all U.S. forces in

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the Middle East and Central Asia, replied, "The policy on long-term presence in Iraq hasn't been formulated." Venable, the Pentagon spokesman, said it was "premature and speculative" to discuss long-term base agreements before the permanent Iraqi government had been put in place.

All told, the United States has set up 110 forward operating bases in Iraq, and the Pentagon says about 34 of them already have been turned over to the Iraqi government, part of an ongoing effort to gradually strengthen Iraqi security forces.

Bush is under political pressure to reduce the number of U.S. troops before midterm congressional elections, and the Pentagon is expected to decide soon whether the next major deployment will reflect a significant reduction in forces.

But despite the potential force reductions and the base handovers, the spending has continued.

Dov Zakheim, who oversaw the Pentagon's emergency spending requests as the department's budget chief until 2004, said critics might be reading too much into the costly emergency spending, needed to protect U.S. forces from insurgent attacks and provide better conditions for deployed troops.

The spending "doesn't necessarily connote permanence," Zakheim said. "God knows it's a tough enough environment anyway."

The bulk of the Pentagon's emergency spending for military construction over the last three years in Iraq has focused on three or four large-scale air and logistics bases that dot the center of the country.

The administration is seeking $348 million for base construction as part of its 2006 emergency war funding bill. The Senate has not yet acted on the request.

By far the most funding has gone to a mammoth facility north of Baghdad in Balad, which includes an air base and a logistics center. The U.S. Central Command said it intended to use the base as the military's primary hub in the region as it gradually hands off Baghdad airport to civilian authorities.

Through the end last year, the administration spent about $230 million in emergency funds on the Balad base, and its new request includes $17.8 million for new roads that can accommodate hulking military vehicles and a 12.4-mile-long, 13-foot-high security fence.

The nonpartisan Congressional Research Service noted in a report last year that many of the funds already spent, including for the facilities at Balad, suggested a longer-term U.S. presence.

Projects at the base include an $18-million aircraft parking ramp and a $15-million airfield lighting system that has allowed commanders to make Balad a strategic air center for the region; a $2.9-million Special Operations compound, isolated from the rest of the base and complete with landing pads for helicopters and airplanes, where classified payloads can be delivered; and a $7-million mail distribution building.

Other bases also are being developed in ways that could lend them to permanent use.

This year's request also includes $110 million for Tallil air base outside the southeastern city of Nasiriya, a sprawling facility in the shadow of the ruins of the biblical city of Ur. Only $11 million has been spent so far, but the administration's new request appears to envision Tallil as another major transportation hub, with new roads, a new dining hall for 6,000 troops — about two Army brigades — and a new center to organize and support large supply convoys.

The administration also has spent $50 million for Camp Taji, an Army base north of Baghdad, and $46.3 million on Al Asad air base in the western desert.

These large bases are being built at the same time that hundreds of millions of dollars are being spent on separate bases for the growing Iraqi military. According to the U.S. Central Command and data obtained from the Army Corps of Engineers, for example, about $165 million has been spent to build an Iraqi base near the southern town of Numaniya and more than $150 million for a northern base at the old Iraqi army's Al Kasik facility.

The big numbers have begun to cause consternation in congressional appropriations committees, which are demanding more accountability from Pentagon officials on military construction in the region.

The House Appropriations Committee approved the president's newest funding bill this month with a strongly worded warning. In a report accompanying the legislation, the committee noted that it had already approved about $1.3 billion in emergency spending for war-related construction, but that the recently declared "long war" on terrorism should allow more oversight of plans for bases in the region.

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It "has become clear in recent years that these expeditionary operations can result in substantial military construction expenditures of a magnitude normally associated with permanent bases," the committee reported.

Rep. James T. Walsh (R-N.Y.), chairman of the House subcommittee that oversees military construction, said his panel was concerned that money the Pentagon was ostensibly seeking for short-term emergency needs actually was going to projects that were not urgent but long-term in nature.

Walsh pointed to a $167-million request to build a series of roads in Iraq that bypass major cities, a proposal the administration said was needed to decrease the convoys' exposure to roadside bombs, known as improvised explosive devices, or IEDs. Walsh's subcommittee cut the budget for the project to $60 million. He said the project sounded "more like road construction" than it did a strategy to protect troops from IEDs.

The Appropriations Committee also inserted a ban on spending any of the new money on facilities in Iraq until the U.S. Central Command submitted a master plan for bases in the region. Abizaid, in congressional testimony last week, said such a plan was in the process of getting final Pentagon approval for release to the committee. But he noted: "The master plan is fairly clear on everything except for Iraq and Afghanistan, which I don't have policy guidance for long term."

Without such detail, it might prove impossible for congressional appropriators to get a firm idea of how the administration views the future of the U.S. presence on big bases in Iraq.

In any event, said Zakheim, the former Pentagon budget officer, projects that expand bases' ability to handle American cargo and warplanes will eventually be of use to the Iraqi government.

"Just because the Iraqis don't have an air force now doesn't mean they won't have it several years down the road," he said.

But critics said it was all the more reason for the administration to stop being vague about the future.

"The Iraqis believe we came for their oil and we're going to put bases on top of their oil," said Rep. Tom Allen (D-Maine), a critic of the administration's approach. "As long as the vast majority of Iraqis believe we want to be there indefinitely, those who are opposed to us are going to fight harder and those who are with us are going to be less enthusiastic."

Times staff writer Doug Smith contributed to this report.

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(INFOBOX BELOW)

On the rise

Here are four of the bases in Iraq for which the Bush administration has planned upgrades. Money spent through 2005 was granted through emergency spending bills since 2003:

1. Al Asad air base

By some accounts the second largest military air center in Iraq and the main supply base for troops in Al Anbar Province, which includes the insurgent strongholds of Fallouja and Ramadi. It houses about 17,000 troops, including a large contingent of Marines.

Spending: Unknown*

Bush 2006 request: $46.3 million

2. Balad air base

The U.S. military's main air transportation and supply hub in Iraq, with two giant runways. Also known as Camp Anaconda, it is the largest support base in the country, with about 22,500 troops and several thousand contractors.

Spending: $228.7 million*

Bush 2006 request: $17.8 million.

3. Camp Taji

One of the largest facilities for U.S. ground forces in Iraq, the base also serves as home to about 15,000 Iraqi security forces. It has the largest military shopping center (PX) in the country.

Spending: $49.6 million*

Bush 2006 request: None

4. Tallil air base

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An increasingly important air and transportation hub, with a growing population of coalition troops and contractors. It has become a key stopping point for supply convoys moving north from Kuwait and is close to one of the Iraqi army's main training facilities.

Spending: $10.8 million*

Bush 2006 request: $110.3 million

*Through 2005

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Sources: U.S. Central Command, Congressional Research Service, Global Security.org

Costs To Rebuild Shifting To Iraqis (USAT)

By Thomas Frank

USA Today, March 24, 2006

BAGHDAD — The head of the U.S. program to rebuild Iraq said Thursday that the Iraqi government can no longer count on U.S. funds and must rely on its own money and cash from other Persian Gulf nations to complete the massive undertaking.

"The Iraqi government needs to build up its capability to do its own capital budget investment," Daniel Speckhard, director of the Iraq Reconstruction Management Office, told reporters.

Speckhard's remarks signal the unwinding of an extensive rebuilding campaign intended to stabilize Iraq and neutralize insurgents after the U.S.-led invasion in 2003. The $21 billion U.S.-funded program set out to fix or build schools, roads, clinics, ports, bridges, government offices, phone networks, power plants and water systems.

The program also was to train Iraqis in accounting, farming, teaching, nursing, banking and other areas.

Hundreds of projects have been completed, but the top U.S. auditor for the program has criticized it for cost overruns, corruption, understaffing and bureaucratic infighting. Stuart Bowen, special inspector general for Iraqi reconstruction, told Congress last month:

•Electrical capacity is below prewar levels.

•Only 49 of 136 planned water projects will be finished.

•300 of 425 electricity projects will be completed.

As much as $5.6 billion for projects was reallocated to tackle "security needs driven by a lethal and persistent insurgency," Bowen said.

U.S. reconstruction officials once aimed to create public-works jobs for 1.5 million Iraqis. The U.S. Agency for International Development said last week that 77,000 have been created.

Anthony Cordesman, a Middle East expert at the Center for Strategic and International Studies in Washington, called the U.S. plan "a dismal failure. It hasn't met any of its goals. It's left a legacy of half-built projects" that Iraq can't maintain.

Funding reconstruction will pose a huge challenge for Iraq. Its main revenue source — oil production — has been hurt by sabotage to key facilities.

Speckhard said "significant challenges remain." He said the rebuilding program sought to "kick-start the economy" and "lay a foundation" Iraq could build on with its own money, private investment and other international aid, particularly from the Gulf region.

Speckhard said per capita income has risen from $500 a year before the war to $1,200 today. He said Iraqis have started 30,000 businesses in the past year.

Iraq's deputy finance minister, Kamal Field al-Basri, said it was "reasonable" for the United States to cut funding for rebuilding after spending $21 billion. "We should be very much dependent on ourselves," al-Basri said in an interview. He said Iraq needs to increase its capacity to produce oil, which generates 93% of government's revenue, to pay for rebuilding.

The Center for Strategic and Budgetary Assessments, a Washington defense-policy research group, said last month that Iraq has little oil revenue left after paying for day-to-day government operations, social services, security and repairs to oil infrastructure.

A Military Raid Frees 3 Hostages Held In Iraq (NYT)

DOJ_NMG_0020637

By Kirk Semple

The New York Times, March 24, 2006

BAGHDAD, Iraq, March 23 — Acting on a tip from a detainee, a multinational military force stormed a house in western Baghdad early Thursday and rescued two Canadians and a Briton who had been held hostage by a shadowy guerrilla group for four months.

James Loney, 41, and Harmeet Singh Sooden, 32, both from Canada, and Norman Kember, 74, from Britain, were discovered bound yet unguarded, officials reported. The three were whisked to the fortified Green Zone and debriefed by the authorities, officials said, but did not address the news media.

The men, all antiwar advocates working for Christian Peacemaker Teams, had been captured Nov. 26 along with an American colleague, Tom Fox, 54, of Clear Brook, Va., whose body was discovered March 9 wrapped in plastic and dumped on a trash pile in western Baghdad. Mr. Fox had been tortured, handcuffed and shot, the police said.

Thursday's rescue, by a force that included American and British troops, represented one of the few times that military action in Iraq has played a decisive role in a hostage release.

But within hours, a surge of four car bombings, including a suicide attack, struck Baghdad, killing at least 23 people, wounding at least 48 and tempering the military's euphoria from the morning's success.

The attacks followed five days in which there had been no incidents in the capital involving car bombs, or suicide bombs, according to a senior American military spokesman, who insisted that the relative lull was a result of expanded security operations.

But the convergence of the devastating attacks, coming in the span of about four hours, suggested that the guerrillas' ability to operate in the capital remained unfettered.

"As you're well aware, today he surged," acknowledged Maj. Gen. Rick Lynch, the military spokesman, using his preferred pronoun to describe the amorphous insurgency. "He still has that capability."

Military commanders jealously guarded details of the morning's rescue, saying they did not want to compromise continuing operations.

General Lynch said a detainee captured Wednesday night had provided the authorities with information that guided them to the house where the three hostages were being held. The captives were found unguarded, their kidnappers having vanished, General Lynch said.

Jack Straw, the British foreign secretary, said that Mr. Kember was in "reasonable" condition but that the two Canadians had to be hospitalized.

Prime Minister Stephen Harper of Canada thanked American and British authorities for their "exceptional" role in the rescue. But he refused to confirm reports that Canadians took part in the operation, citing national security concerns despite, a statement by Mr. Straw thanking the Royal Canadian Mounted Police and "other agencies from Canada" for their role in the mission.

The rescue operation, while unusual, was not unprecedented. Last September, responding again to a tip from a detainee, American forces rescued two hostages, an American and an Iraqi, from an isolated farmhouse south of Baghdad. The American, Roy Hallums, had been working as a contractor for a Saudi company when he was kidnapped in 2004.

Last June, Iraqi troops raided a house in Baghdad and freed an Australian hostage, Douglas Wood, from nearly seven weeks of captivity. But according to some officials, the troops stumbled across Mr. Wood while on a routine search operation.

The Rev. Alan Betteridge, president of the Baptist Peace Fellowship and a friend of Mr. Kember's for more than 40 years, told the BBC that "it's tremendously good and so unexpected after the killing of Tom Fox a couple of weeks ago, when we really did fear that each one would be killed eventually."

Christian Peacemaker Teams — which is based in Chicago and Toronto and grew out of a collection of churches, including those of the Mennonites and the Quakers — sends groups of Christians to conflict zones to promote peace and human rights. The four advocates were captured while driving to meet with Sunni Arab leaders in western Baghdad.

The eruption of car bombings on Thursday began about 9 a.m., when a car exploded in Karada, an upscale neighborhood, as a police patrol passed by, an official with the Interior Ministry said. One civilian was wounded.

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An hour later, someone set off a charge planted in a vehicle parked in the predominantly Sunni Arab neighborhood of Adhamiya, the official said. The explosion, which apparently was aimed at a passing police patrol, killed three policemen and wounded five others.

Around 11 a.m., a suicide bomber detonated a car packed with explosives at the entrance to the headquarters of the Interior Ministry's major crimes unit in central Baghdad, killing 10 policemen and 5 civilians and wounding 32 others, including policemen and civilians, the ministry official reported.

Five more people were killed and 10 wounded, according to the authorities, when a second car bomb exploded about 1:15 p.m. near an outdoor market and a Shiite mosque in western Baghdad.

U.S., British Forces Rescue Iraq Hostages (AP-Y2)

By Bassem Mroue

AP2, March 23, 2006

Without firing a shot, U.S. and British forces stormed a house Thursday and freed three Christian peace activists who were bound but unguarded, ending a four-month hostage ordeal that saw an American in the group killed and dumped along a railroad track.

The U.S. ambassador and the top American military spokesman held out hope the operation on the outskirts of Baghdad could lead to a break in the captivity of American reporter Jill Carroll, a freelance writer for The Christian Science Monitor who was abducted Jan. 7.

The military spokesman, Maj. Gen. Rick Lynch, said the 8 a.m. rescue of the Briton and two Canadians from a "kidnapping cell" was based on information divulged by a man during interrogation only three hours earlier. The man was captured by U.S. forces on Wednesday night.

A senior Iraqi military officer told The Associated Press, however, that the operation had been under way for two days in the Abu Ghraib suburb west of Baghdad, site of the notorious prison. The officer, who spoke on condition of anonymity because of the sensitivity of his position, said U.S. and British forces refused to give him other details.

Canadian Prime Minister Stephen Harper said Canadian forces also took part in the rescue operation, although their precise role was unclear.

But the joyful news was tempered by violence that raged throughout Iraq as the day wore on. Fifty-eight people were killed in execution-style slayings, bombings and gun battles. For the third straight day, Sunni insurgents hit a major police and jail facility — this time with a suicide car bombing that killed 25 in central Baghdad.

Lynch claimed a reinforced U.S. and Iraqi security presence in the capital had prevented car bombings on five recent consecutive days, but acknowledged that attacks "surged today."

No kidnappers were present when the troops broke into the house where the peace activists were discovered with their hands tied.

"They were bound, they were together, there were no kidnappers in the areas," Lynch told a news briefing.

The freed men were Canadians James Loney, 41, and Harmeet Singh Sooden, 32, and Briton Norman Kember, 74. The men — members of the Chicago-based Christian Peacemaker Teams — were kidnapped Nov. 26 along with an American colleague, Tom Fox, 54.

Fox's body was found this month, shot and dumped in western Baghdad.

"We remember with tears Tom Fox," group co-director Doug Pritchard said in Toronto. "We had longed for the day when all four men would be released together. Our gladness today is bittersweet by the fact that Tom is not alive to join his colleagues in the celebration."

The three freed members of Christian Peacemaker Teams were taken to a hospital for observation in Baghdad but were released in good condition, the organization said from the Iraqi capital.

British Embassy spokeswoman Lisa Glover said the men would be flown out of Baghdad in the next few days. She said Kember was in "reasonable condition" and spent the day "relaxing and talking to British authorities."

Kember's wife, Pat, said she had spoken with her husband on the phone.

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"He was very, very pleased to be free, but he was very emotional in talking to me. I think he must be very worried about me and the family," she told New Zealand's Radio Live in an interview replayed by the British Broadcasting Corp.

Speaking from her north London home, she said his decision to go to Iraq was "a bit silly," but added "I knew that he felt he must do something and he's getting old, and if he (didn't) do something ... it would be too late."

Loney's brother, Ed, told CBC television that his mother had spoken with James on the phone and that he sounded "fantastic" though "he's lost quite a bit of weight."

"He's alert and he was asking how we were doing and said he was sorry for the whole situation," Ed Loney said. "My mom said, 'Don't worry about it — just get home and we'll talk about all that stuff when you get here.' "

He told CNN that he later spoke directly with his brother, who was "having a lovely chicken dinner with potatoes and a nice soup" and "told me about being rescued and seeing the light of day and smelling the outside air."

Ed Loney also said his brother told him he was well taken care of.

"He was always warm and always fed and things like that. He was more worried about boredom. ... I think that was probably the worst part of it, from what he said."

The Christian Peacemaker Teams volunteers have been in Iraq since October 2002, investigating allegations of abuse against Iraqi detainees by coalition forces. The group says its teams promote peaceful solutions in conflict zones.

Pritchard called for coalition forces to leave the country.

"We believe that the illegal occupation of Iraq by Multinational Forces is the root cause of the insecurity which led to this kidnapping and so much pain and suffering in Iraq," he said.

The kidnapped men were shown as prisoners in several videos, the most recent a silent clip dated Feb. 28 in which Loney, Kember and Sooden appeared without Fox, whose body was found March 10.

The previously unknown Swords of Righteousness Brigades claimed responsibility for the kidnappings.

"As we study who could conduct these kinds of operations there seems to be a kidnapping cell that has been robust over the last several months in conducting these kind of kidnappings," Lynch said.

While many insurgent groups and the al-Qaida in Iraq terrorist organization have kidnapped and often killed foreigners in Iraq, there also is a heavy criminal element involved in such crimes. Thousands of Iraqis have been kidnapped for ransom and some Westerners are believed to have been grabbed by those criminal gangs as well.

Often, it is believed, kidnappers take hostages only for the purposes of selling them into captivity to larger, more organized criminal gangs or insurgent organizations.

The last hostage to be freed in a military operation was Douglas Wood, an Australian rescued in west Baghdad by U.S. and Iraqi forces on June 15, 2005, after 47 days in captivity.

Lynch said there was no new information on Carroll that "I can discuss at this time." But, he said: "There are other operations that continue probably as a result of what we're finding at this time. So you've got to give us the opportunity to work through that."

Carroll has appeared in three videotapes delivered by her kidnappers to Arab television stations, and the deadline her captors set for killing her passed weeks ago without word about her fate.

"My expectation and hope is that the released hostages and the associated activities, in terms of information gathered, could help us bring about her release as well," U.S. Ambassador Zalmay Khalilzad said in an interview with Fox News.

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On the Net:

Christian Peacemaker Teams: http://www.cpt.org/

Christian Peacemakers Celebrate Release (CSM)

By Scott Peterson

The Christian Science Monitor, March 24, 2006

BAGHDAD - An anxious vigil turned to joy for Christian peace activists in Iraq Thursday, as three of their kidnapped colleagues were freed by US, British, and Iraqi forces west of Baghdad.

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"It's great to be free," Mr. Kember said, according to a British Embassy statement. "I'm looking forward to getting back to the UK."

The hostages' four-month ordeal ended without a shot being fired, as coalition forces pursued intelligence gained from a detainee. The three men - Briton Norman Kember and Canadians James Loney and Harmeet Singh Sooden of the Chicago-based Christian Peacemaker Teams (CPT) - were found alone and unguarded.

Concern for the Peacemakers' fate had mounted after the body of American Tom Fox, kidnapped with the others on Nov. 26 by a group calling itself the Swords of Righteousness Brigade, was found earlier this month.

"It's pretty momentous for us, because after Tom's death we heard nothing at all," says Maxine Nash of CPT in Baghdad. "Until that point, we had been very hopeful. Given who we are, we thought people would respect that and release people. That was our lowest point."

US military spokesman Maj. Gen. Rick Lynch said Thursday that coalition forces had acted within three hours of receiving "actionable intelligence" from a detainee about the hostages' location.

"From the time we found the intelligence to the time we released the hostages, was three hours," General Lynch said. The captives were bound, but "there were no kidnappers in the area."

Wire agencies reported Interior Ministry sources as saying that the captives were found northwest of Baghdad in an area known for insurgent activity.

British Foreign Secretary Jack Straw said the operation was conducted after "weeks and weeks of very careful work." Defense chief John Reid said that British units "spearheaded" the operation.

"We had longed for the day when all four men would be released together," the CPT codirector Doug Pritchard said in Toronto. "Our gladness today is bittersweet due to the fact that Tom is not alive to join his colleagues in this celebration."

"They knew that their only protection was in the power of the love of God and of their Iraqi and international co-workers," Mr. Pritchard said. "We believe that the illegal occupation of Iraq by multinational forces is the root cause of the insecurity which led to this kidnapping, and so much pain and suffering in Iraq. The occupation must end."

Insurgents and gangs have kidnapped more than 250 foreigners - among them Jill Carroll, a freelance writer for The Christian Science Monitor, who began her 76th day of captivity Thursday. Thousands of Iraqis have been kidnapped, most for ransom; 40 foreign hostages have been killed.

Ms. Carroll's family said Thursday that they were "thrilled" to hear of the CPT members' release. "Although their case is unrelated to Jill's, their release gives us new hope that Jill, too, will soon be freed. We send our best wishes to these three men and their families, knowing that their reunion will be a joyful one." They added that "we are also thinking of the family of Tom Fox at this time and send them our heartfelt sympathy."

The release came on a violent day in Baghdad, with a string of bombs killing at least 33 people.

The CPT team was kidnapped while planning to visit the Muslim Scholars Association group, run by hard-line Sunni cleric Harith al-Dari. The kidnappers put out a video demanding that all prisoners be released by Dec. 8, or the captives would be killed.

A second video on Jan. 28 warned of a "last chance" and showed the wan hostages. A third video in March raised alarm because Mr. Fox was absent. His body was found three days later.

"When you don't know the 'why,' you start wondering, and that leads to other [negative] thoughts," says Ms. Nash. "So we are just so happy."

The Peacemaker Teams, in Iraq since October 2002, have continued their work during the past four months. All are aware of the risks. "We can't be peacemakers with half a heart," CPT member Cathy Breen told the BBC in Amman, Jordan. "We have to take risks."

Release Of Westerners In Iraq Is Bittersweet (LAT)

By Richard Boudreaux

The Los Angeles Times, March 24, 2006

DOJ_NMG_0020641

BAGHDAD — Aided by a tip from an Iraqi prisoner, a British-led military operation Thursday rescued three Westerners whose abductors had held them hostage since November, killed their American colleague, and finally left them tied up in an empty house.

No shots were fired and no kidnappers were present when a force of British, U.S. and Canadian troops raided the house on Baghdad's rural outskirts and found the three members of the Christian Peacemaker Teams organization in good condition, said Army Maj. Gen. Rick Lynch, a U.S. military spokesman.

The activists — Norman Kember, 74, of Britain, and Canadians James Loney, 41, and Harmeet Singh Sooden, 32 — were seized by gunmen in Baghdad on Nov. 26 along with the American, Tom Fox, 54. The kidnappers demanded the release of all Iraqi prisoners.

Fox's body was found March 9, with multiple bullet wounds in the head and chest. The corpse had been left in a garbage dump near a railway line in a western neighborhood of the capital.

"We had longed for the day when all four men would be released together," said Doug Pritchard, Toronto-based codirector of the Christian Peacemaker Teams group, which describes its mission as reducing violence and protecting human rights in war zones. "Our gladness today is made bittersweet by the fact that Tom is not alive to join his colleagues in the celebration."

The news was also tempered by continuing insurgent bombings and sectarian killings that on Thursday left at least 56 Iraqis dead.

Kidnappings by insurgents and criminal gangs have plagued Iraq since the U.S.-led invasion three years ago to topple Saddam Hussein. At least 430 foreigners, including 41 U.S. citizens, have been taken hostage and seven are still being held, including Jill Carroll, an American freelance writer for the Christian Science Monitor who was abducted Jan. 7.

"We'll work as hard as we can to bring about the release of the remaining hostages," U.S. Ambassador Zalmay Khalilzad told Fox News television channel.

He said the rescue of the activists, "in terms of information gathered, could help us bring about Miss Carroll's release as well."

The hostage rescue Thursday was the first brought about by a military operation in Iraq since June.

The mission, led by a British Special Air Services team, "follows weeks and weeks of very careful work by military and coalition personnel in Iraq and many civilians as well," British Foreign Secretary Jack Straw said in London.

U.S. military spokesman Lynch, speaking to reporters in Baghdad, said the operation was put together in three hours after a prisoner being interrogated by American forces pinpointed the location of the hostages. Iraqi officials said it was a house on the capital's northwestern outskirts.

Lynch said he was reluctant to give details because "there are other operations that continue, probably as a result of what we're finding at this time."

The freed hostages were taken to the Green Zone, Baghdad's fortified administrative center, for hospital checkups followed by debriefings at the British Embassy, where they were expected to stay until leaving Iraq to rejoin their families.

"It's great to be free," Kember told his hosts, embassy spokeswoman Lisa Glover said.

"They looked good and told us they had not been abused or beaten," said Peggy Gish, who visited the men with two fellow Christian Peacemaker Teams activists still working in Iraq. She said the freed captives had lost weight after months of inadequate food.

Gish said the freed hostages told their colleagues Thursday that Fox had been separated from them in early February, about a month before his body was found. They did not learn of their American colleague's death until after their release, she said.

"They're dealing with that blow on top of all the emotion of being free," Gish said. "At this point, they're overwhelmed, trying to absorb what has happened."

She said the men's captors had held them together in a large room and sometimes allowed them to jog inside it for exercise. They were handcuffed and blindfolded part of the time, she said.

Loney's brother Ed said the activist told their mother by phone that he had lost 20 pounds in captivity.

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"She said he sounded fantastic," Ed Loney told CBC Radio. "He was alert and was asking how we were doing. He said he was kind of sorry about the whole situation."

Members of the organization, headquartered in Toronto and Chicago, have traveled to conflict zones across the world over the last 20 years, motivated by a religiously inspired belief in nonviolence.

In Iraq, they work with human rights organizations, investigating allegations of abuse against Iraqi detainees by U.S. and British forces, and help with cleanup and rebuilding efforts in war-torn cities.

Christian Peacemaker Teams has spoken out often against the U.S. and British military presence here. Even after those forces rescued its activists, the organization, in a statement, reiterated its belief that "the illegal occupation of Iraq by Multinational Forces is the root cause of the insecurity which led to this kidnapping and so much pain and suffering in Iraq."

The four men were abducted while driving to their headquarters after visiting Sunni Muslim clerics in Baghdad.

The Swords of Righteousness Brigade, a previously unknown group, announced it was holding the men. Although the kidnappers demanded freedom for prisoners, it was never clear to the authorities whether the group was a criminal gang or part of the anti-government insurgency.

The four men appeared as captives in several videos before the most recent one, a silent clip dated Feb. 28, showed Loney, Kember and Sooden without Fox.

In Thursday's violence, the Interior Ministry said, 15 police officers and 10 civilians were killed when a suicide bomber set off his explosives-laden car at a checkpoint outside its Major Crimes division headquarters in Baghdad.

It was the Sunni-led insurgency's third deadly attack on a police facility in three days.

A second car bomb killed eight people at a market near a Shiite Muslim mosque in Shurta Khamsa, a neighborhood in southwest Baghdad.

Fifty-seven people were reported wounded in the two explosions.

Violence Concentrated In Three Iraqi Provinces, U.S. General Says (USAT/AP)

By The Associated Press

USA Today, March 24, 2006

BAGHDAD — A U.S. military spokesman in Iraq said Thursday that major violence is largely confined to three of 18 provinces. Fighting raged on with at least 58 people killed in execution-style slayings, bombings and gunbattles.

For the third straight day, Sunni insurgents hit a major police and jail facility. This time a suicide car bombing killed 25 in central Baghdad. The attacker detonated his explosives at the entrance to the Interior Ministry Major Crimes unit, killing 10 civilians and 15 policemen.

Also Thursday, U.S. and British forces stormed a house west of Baghdad and freed three Christian anti-war activists held hostage since Nov. 26.

The U.S. military spokesman, Maj. Gen. Rick Lynch, said the rescue of the Briton and two Canadians was based on information divulged by a man during interrogation three hours earlier. That man was captured by U.S. forces Wednesday night.

The freed men were Canadians James Loney, 41, and Harmeet Singh Sooden, 32, and Briton Norman Kember, 74. The men — members of the Chicago-based Christian Peacemaker Teams — were kidnapped along with an American colleague, Tom Fox, 54.

Fox's body was found this month, shot and dumped in western Baghdad.

The U.S. military announced late Thursday that it was in the second day of an operation with Iraqi soldiers “to disrupt anti-Iraqi forces and to find and destroy terrorist caches … west of Baghdad.”

The military statement said 1,400 personnel were involved in the operation and had captured “two persons of high-value interest and 16 suspected terrorists.” Two large weapons caches also were discovered, the military said.

Lynch hoped the operation could lead to a break in the captivity of American Jill Carroll, a freelance writer for The Christian Science Monitor abducted Jan. 7.

He said there was no new information on Carroll that “I can discuss at this time.” But, he said, “there are other operations that continue probably as a result of what we're finding at this time. So you've got to give us the opportunity to work through that.”

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In a rundown of recent military activity, Lynch told reporters that most Iraqi violence was focused in three central provinces, including Baghdad.

"There is not widespread violence across Iraq. There is not. Seventy-five percent of the attacks still take place in Baghdad, al-Anbar or Salah al-Din (provinces). And in the other 15 provinces, they all averaged less than six attacks a day, and 12 of those provinces averaged less than two attacks a day."

He said attacks nationwide were averaging 75 a day.

As Iraqi soldiers and police have begun patrolling more territory, U.S. forces have become less visible and less easy to target. The nature of the violence has shifted from assaults on American troops to battles rooted in conflict between Sunni and Shiite Muslims.

More than 1,000 people have died violently in Iraq, mainly in and around Baghdad, in the month since an important Shiite shrine was destroyed by bombers Feb. 22 in Samarra, a city north of Baghdad in Salah al-Din province.

Besides the attack on the police facility, 33 other deaths were reported, including 15 more bodies found scattered through Baghdad and Fallujah, a former insurgent stronghold in Anbar province, west of the capital.

Also Thursday, Gen. Peter Pace, chairman of the Joint Chiefs of Staff, said the military should say when it pays foreign journalists for favorable news, and the Defense Department should review policies that let it secretly pay Iraqi media.

Challenge For U.S.: Iraq's Handling Of Detainees (NYT)

By Edward Wong

The New York Times, March 24, 2006

CAMP JUSTICE, Iraq — The blindfolded detainees in the dingy hallway line up in groups of five for their turn to see a judge, like schoolchildren outside the principal's office.

Each meeting lasts a few minutes. The judge rules whether the detainee will go free, face trial or be held longer at this Iraqi base in northern Baghdad. But Firas Sabri Ali, squeezed into a fetid cell just hundreds of yards from the judge's office, has watched the inmates come and go for four months without his name ever being called.

He is jailed, along with two brothers and his father, solely as collateral, he says. The Iraqi forces are hunting another brother, suspected of being an insurgent. The chief American medic here says that he believes Mr. Ali to be innocent but that it is up to the Iraqi police to decide whether to free him. The Iraqis acknowledged that they were holding Mr. Ali until they captured his brother.

"I hope they catch him, because then I'll be released," said Mr. Ali, 38, a soft-spoken man who until his arrest worked for a British security company to support his wife and three sons. "They said, 'You must wait.' I told them: 'There's no law. This is injustice.' "

Such is the challenge facing the American military as it tries to train the Iraqi security forces to respect the rule of law. Three years after the invasion of Iraq, American troops are no longer simply teaching counterinsurgency techniques; they are trying to school the Iraqis in battling a Sunni-led rebellion without resorting to the tactics of a "dirty war," involving abductions, torture and murder.

The legacy of Abu Ghraib hampers the American military. But the need to instill respect for human rights has gained a new urgency as Iraq grapples with the threat of full-scale civil war and continuing sectarian bloodletting. It is not uncommon now for dozens of bodies, with hands bound and gunshot wounds to the heads, to surface across Baghdad on any given day.

The Americans are pushing the Shiite-dominated Iraqi forces to ask judges for arrest warrants, restrain their use of force and ensure detainees' rights.

The Iraqi officers at this base, the headquarters of the Public Order Forces, a police paramilitary division with a history of torture and abuse, are gradually changing their behavior, American military advisers say. Cases of detainee abuse have declined in recent months, they say.

But detainees can still languish for months without any hope of a legal appeal because of a shortage of judges or, in the case of Mr. Ali, an unwillingness by the Iraqi police to allow detainees to see a judge. Overcrowding is chronic, because the Justice Ministry has been slow in building new prisons.

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"The tradition in this country of a law enforcement agency that had absolute power over people, we've got to break them of that," said Maj. Andrew Creel, the departing joint operations officer here. "I think it'll take years. You can't change a cultural mind-set overnight."

Control of the Interior Ministry, which oversees the police, has become one of the stumbling blocks in forming the new national government, with Sunni Arab politicians accusing Shiite leaders of running militias and death squads from the ministry.

Last fall the American military raided at least two police prisons where it said detainees had been abused. This year's State Department human rights report noted that the police, especially the paramilitary forces, had been accused of torture and killings.

Those forces number 17,500. This base — in the heart of Kadhimiya, just blocks away from a golden-domed Shiite shrine — serves as the headquarters for one of the two major paramilitary branches, the 7,700-member Public Order Forces. An 11-member American military team began advising the Iraqi commanders here last spring. It moved into the base in October and is now handing over its duties to a new team.

Here, 650 prisoners are packed into four spartan rooms. They complain of a lack of food and regular access to showers and toilets. A foul odor wafts from each holding pen. To cope with the overcrowded conditions, the police converted the dining hall into a cell; the three other areas were originally built as storage rooms.

Camp Justice was never meant to hold prisoners for more than a few weeks. Iraqi law says prisoners to be tried are to be transferred to a Justice Ministry penitentiary after interrogation. But the ministry has been unable to build enough jails to keep pace with arrests. It has 10 centers across Iraq, which hold 7,500 detainees, and an additional 7 are expected to be built, a ministry spokesman said.

So the detainee population at temporary police prisons like the one here, separate from those of the Justice Ministry, has ballooned to more than 10,000 in Baghdad alone, spread across a shadowy network of about 10 centers, an Interior Ministry official said.

That has ignited concerns among American officials. But Col. Gordon Davis Jr., the head of Camp Justice's departing advisory team, praised the Iraqi commander here, Maj. Gen. Mehdi Sabih Hashem al-Garawi, for showing a willingness to embrace human rights. The general has, for instance, assigned the Iraqi division's only medic to look after the detainees.

"I won't say he's gone 180, but he's realized that the best way of getting information is not to beat or abuse detainees," Colonel Davis said as he stood in the operations room, the walls plastered with maps of Baghdad.

"The current generation has been brought up with a certain code and a certain tolerance for abuse," he said in another interview. "They've got to be constantly worked on."

The academy for recruits to the Public Order Forces has increased the time spent on human rights training to 20 hours from about eight last October, the colonel said.

Lt. Col. Dhia al-Shammari, the chief interrogator and a supervisor of detainee operations, said: "Beating or insults, any policeman can do. Professionals don't use them. This is not allowed, and I myself reject it."

Certain Public Order units have had fearsome reputations, and residents of Baghdad and nearby towns have complained of abuse and torture. From April to June of last year, American advisers found prisoners with bruises at the headquarters of the Second Brigade every couple of weeks, Colonel Davis said.

When confronted with incidents of abuse, the colonel said, the Iraqi brigade commander told the Americans, "Are you more worried about our enemies or about us?"

That officer was replaced at the urging of the Americans. So was a commander of the Third Brigade, in Salman Pak. Prisoner abuse has been relatively rare here at the division level, the advisers say, and became even scarcer after the American team moved in last fall. Before that, the advisers had been living at an American base. If the Americans saw a bruised prisoner back then, they often kept quiet for fear of alienating the Iraqi officers, said Master Sgt. Joseph Kaiser, a medic who regularly examines the detainees.

Now the Americans can be more direct, advisers say. The Americans have trained a 32-man guard force. Sergeant Kaiser helps supervise the Iraqi medic who examines the detainees daily.

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The Iraqi division's intelligence chief "said we have to treat detainees, since they're subjected to visits by the press and human rights groups," said the medic, Hazem, 32, who declined to give his full name for security reasons. "He said to me, 'Your main job is to treat the patients, not to check if they're terrorists.' If I know they're terrorists and I'm told to kill them, I'd kill them. But I do what my job requires."

Checking on the Detainees

On a balmy afternoon, as Sergeant Kaiser walked up to a holding pen to make one of his daily health checks, a blindfolded man in a brown leather jacket squatted outside the metal door. The man was awaiting interrogation, said several guards with Kalashnikov rifles.

The guards went into the cell and brought out Mr. Ali, the man whose brother is being hunted by the Iraqi police. Dressed in a blue and pink tracksuit and a black ski cap, he shuffled up to the sergeant. Because Mr. Ali speaks English, he serves as an unofficial cellblock leader.

"How are the people inside?" Sergeant Kaiser asked.

"We need to have more food," Mr. Ali said. Mr. Ali said he dreaded the idea of American advisers leaving this base one day. "That's bad," he said, shaking his head. "That's very bad. We need the sergeant or another American officer here. When we see them we say, 'Please stay here.' "

A reporter asked Mr. Ali whether detainees had been abused or tortured. "Don't ask these questions," he said, lowering his voice. "You know that."

Sergeant Kaiser said that since September, when he joined the advisory team, he had found only "a few" cases of abuse. He recalled two that he had written up. Prisoners have been brought in with baton marks, he said, but they might have been resisting arrest.

Sergeant Kaiser and Mr. Ali stepped into the cell. Some sunlight streamed in through three small windows near the roof. Three ceiling fans whirred. The 140 detainees mostly sat up on blankets; there was not enough room for them to lie down without touching each other. By the door, one detainee used an electric hair clipper to shave the head of another. A man with glasses sat reading the Koran.

The detainees complained that family visits occurred only once every couple of months. The sick lay on blankets. Sergeant Kaiser gave medicine for diarrhea to a man in gray robes and tablets for oral fungus to an inmate with yellowing teeth. He poked at the torso of a man with rib pains.

"Some are innocent," said a guard, Sabah Ali, 21, as he looked around the room. "But some have given their confessions and they are guilty. Those who are innocent, we'll release them."

But those detainees sometimes end up waiting months before being freed, because the division prefers to release detainees in large groups.

Prisoners from the division's field units are funneled to this base "so you can exploit intelligence and take any opportunity for abuse out of the field," said Lt. Col. John Shattuck, the deputy commander of the advisory team.

Seeking Arrest Warrants

Since his appointment to Camp Justice in February, Judge Majid has come for several hours almost every day. He is a nervous man dressed in a dark suit who prefers that his full name not be printed.

Detainees are marched from cells in groups of five to see him in an office. The ringing of his cellphone can keep him up at all hours — he is expected to be on call around the clock to approve an arrest warrant if the Iraqi forces suddenly come up someone they want to detain.

Arrest warrants were mandated by Interior Ministry officials starting last July to provide some accountability, especially among the paramilitary forces. It is unclear, though, how closely field units stick to the requirement.

The Iraqi operations officer at Camp Justice says warrants are needed only for apprehending people on the Interior Ministry's wanted list, not for instances in which the police may be responding to a report of suspicious activity.

Colonel Davis says the warrant policy has had some effect. Because of it, and because the Iraqis are improving their intelligence gathering, the Public Order Forces no longer round up hundreds of people on each raid, he said. On a typical operation, he added, they may take in a dozen.

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After being brought here, the detainees are fingerprinted and have their retinas scanned. A photograph is taken, partly to record their condition at the time of arrest. The Americans have asked the Iraqis to deliver a daily report accounting for all detainees held throughout the division; one recent printout listed 896.

The law says detainees are entitled to have their cases reviewed by a judge every two weeks, but there are not enough judges, said Colonel Shammari, the chief interrogator.

The main question, one impossible to answer for now, is whether respect for rule of law will become deeply rooted in the Iraqi forces, despite a tradition of tyranny in this country, as the guerrilla war continues to rage.

Outside one of the prison cells, a blue-uniformed guard, Salim Abdul Hassan, 35, watched as his colleagues led blindfolded detainees to a row of outdoor toilets.

He said that the American training had been of great help, but that "it would be much better if the Iraqis worked on their own without the Americans."

"We wouldn't be tied down," he said. "Three-quarters of the terrorists ask for the help of the Americans. They want to be in the care of the Americans, not the Iraqis."

Houses Divided In U.S., Iraqi Exiles Clash Over View Of Nation's Future (WSJ)

By Yochi J. Dreazen

The Wall Street Journal, March 24, 2006

AURORA, Ill. -- Zaid Alaridh, the scion of a wealthy Shiite family, fled Saddam Hussein's crackdown on Iraq's Shiite population in 1982 and has lived in the U.S. ever since. The 40-year-old Mr. Alaridh hopes one day to return to his native land to open a technical college. He estimates it will be no more than five years before Iraq is safe enough that he can turn that dream into a reality.

His wife's sister, Ula Ibrahim, regularly tells him that he's being naive. Ms. Ibrahim, 25, says she fled to the U.S. last year after Islamic militants threatened to kill her for working with a women's rights group in Baghdad. She has a political-asylum hearing scheduled for next month, but plans to stay away from Iraq regardless of the outcome of her case.

"In five years Iraq will be the same as it is now, maybe worse," she says. "There is no future there."

Debate over the war in Iraq has erupted in communities of Iraqi exiles across the U.S., dividing families. The conflict is pitting longtime exiles who fled Mr. Hussein's Iraq -- many of whom support the war -- against newer arrivals who have left the country since the U.S.-led invasion in March 2003.

Iraqi government officials say hundreds of thousands of Iraqis have left over the past three years, to countries such as Australia, Syria, Jordan and Egypt. Thousands of Iraqis have come to the U.S., where an estimated 150,000 Iraqi-Americans live.

In another family, Harith Aziz Mansoor, 53, left Iraq in March 2005 after he says gunmen threatened to kill him for his work as a subcontractor on a U.S.-funded effort to rehabilitate a water-treatment plant. He applied for asylum while on a U.S.-sponsored trip to Las Vegas, received it a few months later, and is now living outside Detroit with his sister and her family. His sister has been in the U.S. for 12 years.

Mr. Mansoor says that many in the Iraqi exile community in Michigan, one of the nation's largest, were surprised by his descriptions of how difficult his life in Iraq had become. "They thought I was exaggerating," he says.

Depending on their history, members of exile families have sharply different assessments of Iraq's present and future. After gunmen broke into his home in Iraq and assaulted his family, mechanical engineer Laik Anis Kamel fled to the U.S. last year with his wife and daughter. They moved in with his brother-in-law, Atheer Karmo, a prosperous dentist in Dearborn, Mich., who left Iraq in 1990.

Mr. Karmo, 47, is a Republican Party donor who was among Iraqi exiles who met with then-Deputy Defense Secretary Paul Wolfowitz in Michigan shortly before the war. He continues to believe the war will eventually result in a democratic, peaceful Iraq. The 30-year-old Mr. Kamel, whose father died after the assault and whose daughter had a gun held to her head, says Iraq is irreparably broken.

"We are trying to forget everything that happened there," Mr. Kamel says.

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In the Alaridh family's four-bedroom house in Aurora, a suburb of Chicago, arguments erupt whenever the family watches TV images of Iraq or reads newspaper accounts of the war. Ms. Ibrahim argues that the country can't be saved in the foreseeable future. Her sister and her brother-in-law, Mr. Alaridh, contend the situation will improve.

"I lived everything -- the drama, the war, the occupation," Ms. Ibrahim says. Nodding toward Mr. Alaridh, she says: "He was in the U.S."

Mr. Alaridh grew up in Baghdad, at a time when high oil prices fueled a construction boom that briefly made Iraq among the most modern and developed countries in the Arab world. His father owned factories that made construction materials like plastic and metal piping, and became a wealthy man.

The family had a large, well-furnished house in an upscale neighborhood and always drove modern cars. They spent summers in Europe and drove to northern Iraq every few months for short vacations at resorts there.

All that began to change in 1980 with the outbreak of Iraq's bloody war with Iran. Mr. Hussein, concerned that Iraq's Shiite majority would join forces with Shiite-run Iran, ordered increasingly brutal crackdowns, forcing deportations of thousands of Shiite families. Mr. Alaridh says so many of the family's friends were deported that the men of his family sat around their houses wondering when their time would come, while the women gathered gold and jewels in preparation.

"My parents were always on edge, wondering if they were going to get the ax next," he says.

A Changed Country

By 1982, Iraq was a changed country. Mr. Alaridh's older brother was conscripted into the army and saw heavy fighting. Several of his cousins and an uncle were killed in the war. Desperate to keep him out of the army, his parents enrolled him in a college in Scotland at age 16. The next year, he moved to the U.S., settling with relatives.

Seventeen years passed before Mr. Alaridh returned to Iraq. In 1999, he flew to Baghdad for his sister's wedding. She introduced him to one of her best friends, Sura. He returned to Iraq the following year to marry her.

Mr. Alaridh brought his new wife back to Chicago. He found work as a network-systems engineer at ABN Amro, a Dutch bank, while she took a job elsewhere as a loan analyst.

By late 2002, with war in Iraq looking inevitable, Mr. Alaridh began mentally celebrating what he saw as the imminent liberation of his people. "Iraqis, given the right tools, could flourish, but Saddam had taken the tools away and closed the country off from the world," he says. "I knew they were going to at least get a chance at a better future."

Thousands of miles away in Iraq, his sister-in-law Ms. Ibrahim was also excited about prospects for change in her country. She had just graduated from Baghdad University with a degree in business administration. She hoped the U.S. invasion would result in a country where women could play an equal role.

After U.S. forces toppled Mr. Hussein, Ms. Ibrahim became one of the first employees of the Iraqi Independent Women's Group, founded by Maysoon al-Damluji, who had returned to Iraq after 22 years in exile in the United Kingdom. The group launched a magazine as well as classes about women's rights under Iraq's new constitution. Its weekly meetings attracted Arabs and Kurds, as well as both Muslims and Christians, Ms. Ibrahim says.

Ms. Ibrahim was chosen for a British-sponsored leadership training tour of Canada and England. In the spring of 2005, she and a handful of other Iraqi women spent two months traveling the countries for meetings with lawmakers, government officials, diplomats and academics.

Reaching into her purse during a recent meeting in her lawyer's Chicago office, Ms. Ibrahim removed two cherished artifacts. She opened a manila folder and took out a gold-embossed certificate from the Canadian Institute for Conflict Resolution, a degree she earned on the trip. A color photo in the folder showed her and the other women at a reception in Ottawa with the Iraqi ambassador to Canada.

"Those were the best days of my life," she said.

They were not to last. Religious fundamentalists in Iraq accused the group of collaborating with Western governments to secularize Iraqi women and began targeting members, she says. Two members were shot to death by masked gunmen, she says, and another member was forced to watch as insurgents executed her husband.

Closing In

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The violence began to close in on Ms. Ibrahim, who was in the U.S. in late 2005 visiting her sister and brother-in-law. Unknown men who knew specific details of her work, daily routine and overseas travel began calling her father at home in Iraq, threatening to kill her as soon as she returned, the family says. The family says the callers accused her of working for the U.S. and said she deserved death for talking about freedom for women. Still reeling from the kidnapping of his brother, Ms. Ibrahim's father begged her to stay out of the country. She has been in the U.S. since.

Her ties to Iraq are weakening. When the death threats kept coming, her parents and brother closed their businesses in Baghdad, abandoned their houses, and fled. Ms. Ibrahim's father and brother are now in Cairo, Egypt. Her mother, Ahlam, arrived in the U.S. in January and is living with the Alaridhs.

From her vantage point, Ms. Ibrahim sees a broken, blood-soaked Iraq, where she has no intention of ever returning. Mr. Alaridh believes that Ms. Ibrahim is too pessimistic. He says all countries have gone through periods of instability, and believes that Iraq, even if the violence persists for many years, still has a chance at a better future than it did under Mr. Hussein.

"Now there is a lot of chaos, and I see that, but it will change. If not in two years, than in 20 years, and if not in 20 years, than in 50 years," he says. "In my opinion, you have to look at the whole forest and not one tree. There is a bigger picture."

Indeed, Mr. Alaridh regularly thinks of returning to the country Ms. Ibrahim is determined to permanently escape. His elderly father has serious heart trouble, and Mr. Alaridh has gone to Iraq twice since the war to visit him. During his first trip, in August 2003, he says U.S. soldiers approached his car with guns drawn when they saw him videotaping in Baghdad; they put them down when he showed his U.S. passport. Still, he considered selling his home in Chicago and moving to Baghdad with his wife.

When he returned to Iraq in April 2004 for a month-long trip, he says he noticed how much Baghdad had deteriorated. He heard numerous explosions and constantly felt on edge. He was used to leaving his parents' house for long walks alone, but quickly felt that was too dangerous.

But Mr. Alaridh says he hasn't given up on Iraq. He and his wife had a baby in January and he wants to bring his daughter to Baghdad, so his parents can see her. And he continues to dream of opening a private technical college for Iraqis interested in computers or networking. Mr. Alaridh envisions sending talented Iraqis to U.S. high-tech firms for internships, and then bringing them back to Baghdad as teachers.

Still, he acknowledges that his optimism is being tested. One of Mr. Alaridh's brothers just fled to Egypt. His younger sister, who introduced him to his wife, now lives in Syria with her family. While he continues to think Iraq will have a bright future, he says: "It's getting harder and harder to believe."

Rice Presses Karzai On Convert's Life (WP/AP)

By Associated Press

The Washington Post, March 24, 2006

KABUL, Afghanistan, March 23 -- Senior Muslim clerics demanded Thursday that an Afghan man on trial for converting from Islam to Christianity be executed, warning that if the government caves in to Western pressure and frees him, they will incite people to "pull him into pieces."

In an unusual move, Secretary of State Condoleezza Rice telephoned President Hamid Karzai on Thursday seeking what she called a "satisfactory outcome" of the case of Abdul Rahman. The 41-year-old former medical aid worker faces the death penalty under Afghanistan's Islamic laws for becoming a Christian.

His trial has fired passions in this conservative Muslim nation and highlighted a conflict of values between Afghanistan and its Western backers.

"Rejecting Islam is insulting God. We will not allow God to be humiliated. This man must die," said cleric Abdul Raoulf, who is considered a moderate and was jailed three times for opposing the Taliban before the hard-line regime was ousted in 2001.

The trial, which began last week, has caused an international outcry. President Bush has said he is "deeply troubled" by the case and expects the country to "honor the universal principle of freedom."

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Rice told reporters in Washington on Thursday the case was "a very deeply concerning development" and she had "raised it in the strongest possible terms" with Karzai. "There is no more fundamental issue for the United States than freedom of religion and religious conscience," she said. "This country was founded on that basis, and it is at the heart of democracy."

German Chancellor Angela Merkel told reporters she had received assurances from Karzai in a telephone call that Rahman would not be sentenced to death.

"I have the impression that he has a firm willingness" to abide by human rights requirements, Merkel said of Karzai as she headed to pre-European Union summit talks. "I hope we will be able to resolve this."

Clerics Insist On Execution Of Convert (WT/AP)

By Daniel Cooney, Associated Press

The Washington Times, March 24, 2006

KABUL, Afghanistan -- Senior Muslim clerics demanded yesterday that an Afghan man on trial for converting from Islam to Christianity be executed, warning that if the government caves in to Western pressure and frees him, they will incite people to "pull him into pieces."

In an unusual move, Secretary of State Condoleezza Rice telephoned President Hamid Karzai yesterday seeking a "favorable resolution" of the case of Abdul Rahman.

The 41-year-old former medical aid worker faces the death penalty under Afghanistan's Islamic laws for becoming a Christian.

His trial has fired passions in this Muslim nation and highlighted a conflict of values between the West and Islam, which forbids those born as Muslims from converting to other religions.

"Rejecting Islam is insulting God. We will not allow God to be humiliated. This man must die," said cleric Abdul Raoulf, who is considered a moderate and was jailed three times for opposing the Taliban before the hard-line regime was ousted in 2001.

The trial, which began last week, has caused an international outcry. President Bush has said he is "deeply troubled" by the case and expects the country to "honor the universal principle of freedom."

Miss Rice's spokesman, Sean McCormack, said she told Mr. Karzai it is important for the Afghan people to know that freedom of religion is observed in their country. But in deference to the country's sovereignty, Miss Rice evidently did not demand specifically that the trial be halted and the defendant released.

"This is clearly an Afghan decision," Mr. McCormack said. "They are a sovereign country."

Canadian Prime Minister Stephen Harper said yesterday after speaking with Mr. Karzai that the Christian convert will not face the death penalty, Agence France-Presse reported from Ottawa.

"I phoned President Karzai personally yesterday to express our concern. He conveyed to me that we don't have to worry about any such eventual outcome," Mr. Harper told reporters.

Diplomats have said the Afghan government is searching for a way to drop the case. On Wednesday, authorities said Mr. Rahman is suspected of being mentally ill and would undergo psychological examinations to see whether he is fit to stand trial.

But three Sunni preachers and a Shi'ite one interviewed by the Associated Press in four of Kabul's most popular mosques said they do not think Mr. Rahman is insane.

"He is not crazy. He went in front of the media and confessed to being a Christian," said Hamidullah, chief cleric at Haji Yacob Mosque.

"The government is scared of the international community," he said. "But the people will kill him if he is freed."

Mr. Raoulf, who is a member of the country's main Islamic organization, the Afghan Ulama Council, agreed. "The government is playing games. The people will not be fooled."

"Cut off his head," he exclaimed, sitting in a courtyard outside Herati Mosque. "We will call on the people to pull him into pieces so there's nothing left."

He said the only way for Mr. Rahman to survive would be for him to go into exile.

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But Said Mirhossain Nasri, the top cleric at Hossainia Mosque, one of the largest Shi'ite places of worship in Kabul, said Mr. Rahman must not be allowed to leave the country.

"If he is allowed to live in the West, then others will claim to be Christian so they can too," he said. "We must set an example. ... He must be hanged."

Afghanistan's constitution is based on Shariah law, which is interpreted by many Muslims to require that any Muslim who rejects Islam be sentenced to death.

Hamidullah warned that if the government frees Mr. Rahman, "there will be an uprising" like one against Soviet occupying forces in the 1980s. "The government will lose the support of the people," he said.

Mr. Rahman is thought to have lived in Germany for nine years after converting to Christianity while working as a medical aid worker for an international Christian group helping Afghan refugees in Pakistan. He returned to Kabul in 2002.

Kabul Judge Rejects Calls To End Trial Of Christian Convert (NYT)

By Abdul Waheed Wafa And David Rohde

The New York Times, March 24, 2006

KABUL, Afghanistan, March 23 — The judge presiding over the prosecution of an Afghan man facing death for converting from Islam to Christianity said Thursday that he would resist any interference, despite mounting international condemnation.

A day after President Bush mentioned the case, Secretary of State Condoleezza Rice called President Hamid Karzai of Afghanistan to discuss it "in the strongest possible terms," said the State Department spokesman, Sean McCormack.

"She called specifically on this topic," Mr. McCormack said, "and she urged President Karzai's government to seek a favorable resolution to this case at the earliest possible moment."

But Ansarullah Maulavi Zada, the judge who heads the public security tribunal in Kabul, said, "There is no direct pressure on our court so far, but if it happens we will consider it interference."

He added that he expected to rule in the case in the next several days.

The case involves Abdul Rahman, 41, whose family opposed his attempt to regain custody of his two daughters and apparently told authorities last month that he had converted about 15 years ago. The resulting furor has exposed the unresolved tensions in the Bush administration's effort to meld democracy and conservative Islam in Afghanistan.

It also threatens to become a political liability for both the American and Afghan presidents.

For Mr. Bush, who finds support for his war effort in Iraq waning, the case could further alienate his political base among those in the Christian right, who have already accused the administration of putting too little pressure on Afghan officials.

For Mr. Karzai, the case traps him squarely between his Western backers and Afghanistan's conservative religious council, the Ulema, an important source of domestic support.

"The international community is saying you must stop this," said Barnett R. Rubin, a New York University professor and expert on Afghanistan. "The Ulema is saying, 'Are you an Islamic ruler?' "

The case illustrates a central contradiction of the compromise Constitution that Afghanistan adopted in 2004, which has been cited as an example for other Islamic countries. One passage declares Islam Afghanistan's supreme law, while another states that the country grants its citizens religious freedom.

In an intentional effort to avoid a standoff, the Constitution leaves certain crimes to be handled by religious judges, according to J. Alexander Thier of the Hoover Institution, who was an adviser on the Constitution. One such crime is converting from Islam to another religion.

Under conservative interpretations, a convert can be sentenced to death. Many moderate Muslims reject that interpretation as too severe. Afghanistan's laws are silent on the matter, and the country's criminal code does not specifically declare converting from Islam to Christianity a crime.

After meeting with Afghanistan's foreign minister, Abdullah, earlier this week, Ms. Rice called the minister into a second meeting on Thursday, according to Mr. McCormack, the department spokesman. In a 15-minute meeting, she told Mr. Abdullah (who uses only one name) that the prosecution was "contrary to universal democratic values," which include freedom of religion, Mr. McCormack said.

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The same message came from the White House, where President Bush's chief spokesman, Scott McClellan, said the case "clearly violates the universal freedoms that democracies around the world hold dear."

"And we are watching it very closely," he added.

On Wednesday, President Bush said Washington expected Afghan officials to "honor the universal principle of freedom." Germany, Italy, Canada and other countries that have deployed troops in Afghanistan have also issued statements of concern.

To Afghan prosecutors, the case appears equally clear cut. One described Mr. Rahman as a "microbe," said conversion is illegal under Islamic law, and requested the death penalty.

Mr. Rubin, of N.Y.U., said he believed most Afghans did not support putting Mr. Rahman to death.

A friend of Mr. Rahman, who did not want his name published, could only speculate on why Mr. Rahman had converted. The two men worked together at a government radio station during the war against the Moscow-backed Communist government in Afghanistan in the 1990's.

"Abdul Rahman was living in neighboring Pakistan when Afghanistan was governed by a Communist regime," the friend said. "He was working for a foreign aid organization and converted to Christianity in Pakistan, and over this issue his wife got divorced, as she was not happy to follow her husband."

Mr. Rahman recently returned to Afghanistan after failing to gain asylum in Belgium, the friend said. He is a poorly educated laborer, and questions have been raised about his mental competency.

In images broadcast on Afghan television, Mr. Rahman told reporters: "I am not an infidel. I am Christian. I believe in Jesus." Islam considers Jesus one in a line of prophets culminating in Muhammad.

Mr. Rahman's case is only the most prominent of recent years to show how religious conservatives try to exert their influence through Afghanistan's decrepit and corrupt judicial system. Conservative judges, who dominate many courts, have threatened to close Afghan television stations that broadcast material they deemed indecent and have charged journalists with publishing material they declared blasphemous.

This week, Mr. Karzai introduced a new slate of ministers and Supreme Court justices, a step intended to produce a more effective government and less conservative judiciary. The nominations require approval by Parliament, the first in 30 years.

Critics of Mr. Karzai have long accused him of appeasing religious conservatives and warlords. In the past, he has defused clashes with conservative judges by failing to implement their rulings or striking closed-door compromises with them.

But Mr. Rahman's case has attracted far more attention, and comes at a time when Afghans have grown increasingly critical of the international presence in their country, which they say has brought too few benefits and spawned enormous corruption.

"The people feel that they are so weak that they need all these foreigners there," Mr. Rubin said. "They hope they will help them, but they are establishing brothels in Kabul, they are drinking."

In the United States this week, Christian talk shows and advocacy groups rallied their supporters, who flooded the White House and the Afghanistan Embassy with complaints.

At the State Department briefing, Mr. McCormack denied that the administration had been slow to respond to the Rahman case. As soon as the department learned about it, "we stated our concerns immediately with the foreign minister," he said. "After our initial conversation with the Afghan government, we thought it was important that we spoke in the strongest possible terms in public on this issue."

Maulavi Muhaiuddin Baloch, Mr. Karzai's adviser on religious affairs, said that the case belonged in the court and that Afghanistan's judiciary was independent.

Fazil Ahmad Manawi, a former deputy chief justice, said: "It is a dilemma for Afghan courts. The international community's presence in Afghanistan, with military and financial support on one hand and the prestige of Afghan courts and religious people of Afghanistan on another hand, makes the issue very difficult."

If he is convicted, Mr. Rahman will be able to appeal his sentence to two higher courts. Maulavi Zada, the judge overseeing the case, said Thursday that the next court session would be held in several days. It was unclear whether Mr. Rahman would present any defense. To date, no lawyer in Kabul has been willing to represent him.

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Moderate Afghan officials are eager to quietly dispose of the case, but the vocal criticism from American and Western officials makes that more difficult, according to Mr. Rubin. One possible compromise would involve the court's declaring Mr. Rahman mentally ill and allowing him to leave the country.

US Steps Up Pressure Over Case Of Afghan Christian (AFP-Y2)

AFP, March 23, 2006

Secretary of State Condoleezza Rice phoned Afghan President Hamid Karzai to step up US pressure to free an Afghan man facing possible execution for converting from Islam to Christianity.

With the case drawing worldwide attention, the Afghan foreign minister expressed hope for a speedy resolution while Canada's prime minister said Karzai had promised him the man would not be executed.

Rice said she phoned Karzai specifically to hammer home "in the strongest possible terms" Washington's concern over the proceedings against Abdul Rahman, who was arrested two weeks ago under Islamic Sharia law.

"There is no more fundamental issue for the United States than freedom of religion and religious conscience," the chief US diplomat told reporters after talks with Greek Foreign Minister Theodora Bakoyannis.

"We look forward to, hopefully, a resolution of this in the near future," she said.

Rice had summoned visiting Afghan Foreign Minister Abdullah Abdullah to her office Wednesday evening for a 15-minute scolding only hours after President George W. Bush said he was "deeply troubled" by the case.

Rahman, 41, has been a Christian for 16 years. He was turned in by his parents after his return from Germany two weeks ago and faces the death penalty if he refuses to return to Islam.

White House spokesman Scott McClellan said Thursday the US administration was in "very close contact" with Kabul "to make sure that people's religious freedoms are protected."

In Ottawa, Canadian Prime Minister Stephen Harper said he telephoned Karzai on Wednesday to express concerned about a possible execution and "he conveyed to me that we don't have to worry about any such eventual outcome."

Karzai "assured me that what's alarmed most of us will be worked out quickly ... in a way that fully respects religious rights, religious freedoms and human rights," Harper added.

Karzai's government, which replaced the fundamentalist Taliban regime ousted by US-backed forces in 2001, showed indications of moving towards a settlement of Rahman's case.

Abdullah told a Washington university audience Thursday "it is in the national security interest of Afghanistan to find a viable solution" that upheld the country's values without eroding its world support.

He expressed hope for a resolution "very soon," adding, "We are fully aware of the sensitivity of this issue, and we know how important an issue it is for public opinion everywhere, for the friends of Afghanistan."

Afghanistan's Supreme Court and a judge handling the case have hinted at a solution, suggesting Rahman might not be mentally competent to face charges or that he could be given a chance to revert back to Islam.

US officials publicly called only for a "favorable resolution" of the matter without elaborating. But a US State Department official who asked not to be named confirmed Washington was seeking Rahman's outright release.

The Americans also saw the matter as test case for Kabul's post-Taliban government.

"We think that it is important for the Afghan people that this issue of freedom of religion, freedom of expression, which is enshrined in the Afghan constitution, be reaffirmed," said State Department spokesman Sean McCormack.

The religious controversy erupted barely three weeks after Bush made a surprise visit to Afghanistan to hail Karzai and the country's fledgling democracy.

Karzai was elected after US forces helped topple the Taliban in retaliation for harbouring the Al-Qaeda group blamed for the September 11, 2001 attacks on New York and the Pentagon.

Kabul is now a crucial ally in the continuing hunt for terrorist mastermind Osama bin Laden and other Al-Qaeda leaders believed to be holed up along the Afghan-Pakistani border.

Rahman was believed to be the first convert facing punishment under Afghanistan's Islamic Sharia law for refusing to return to Islam since the fall of the Taliban.

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The United Nations and NATO members Germany and Italy, which have troops in Afghanistan, have expressed concern over Rahman's trial and warned of a rift with Kabul.

Afghan Christian's Plight Draws U.S. Pressure Rice Calls Karzai As Convert Faces Possible Execution (USAT)

By Barbara Slavin

USA Today, March 24, 2006

The Bush administration Thursday intensified pressure on Afghanistan to spare a Christian convert in a case that has raised outrage among Christians in the USA.

Secretary of State Condoleezza Rice telephoned Afghan President Hamid Karzai to urge a "favorable resolution to this case at the earliest possible moment," State Department spokesman Sean McCormack said.

Gary Bauer, president of American Values, a conservative Christian group, said U.S. officials have to be "clear and bold" in talking about the case. "This whole enterprise is an effort to bring democratic principles to that part of the world. That means more than elections, it means religious pluralism."

Bauer sent an e-mail Wednesday to a quarter of a million supporters saying that the execution of the convert, Abdul Rahman, "would very likely result in a complete collapse in support for the war."

President Bush, who visited Afghanistan on March 1 and praised progress there, on Wednesday called the case "deeply troubling."

The unusual U.S. intervention reflects growing international outrage over the case. Rahman, 41, a former aid worker, was arrested last month and accused of apostasy — abandoning his faith — for converting to Christianity in 1990. Under Afghan Islamic law, he could face the death penalty.

Canadian Prime Minister Stephen Harper and German Chancellor Angela Merkel each said Thursday that Karzai had assured them that Rahman would not be put to death. Several influential Afghan Muslim clerics continued to insist that Rahman must die.

"We will not allow God to be humiliated," Abdul Raoulf, a member of the Ulama Council, Afghanistan's main clerical organization, told the Associated Press. "We will call on the people to pull him into pieces so there's nothing left."

Barnett Rubin, an expert on Afghanistan at New York University, predicted the case will be "finessed," probably by declaring Rahman mentally unfit for trial. However, it has put Karzai in a difficult position. "He cannot come out and say Islam is subordinate to" the wishes of the United States or the United Nations, Rubin said.

Although Karzai is pro-Western, the Afghan judiciary remains largely in the hands of fundamentalist Muslim clergy.

The Afghan Constitution, written with U.S. assistance, has contradictory provisions. Article 7 promises that Afghanistan will observe the U.N. charter and the Universal Declaration of Human Rights, which guarantees freedom of religion. Article 3 says that no law can contradict Islam.

While religious minorities are free to worship in Afghanistan, Muslims are barred from leaving their faith.

Khalid Abou el Fadl, an expert on Islamic law at UCLA, said that "contrary to popular belief" in the West, rejecting Islam is not a capital offense in most Muslim countries. Even where it is, he said, executions of converts have been rare.

He said there have been a half-dozen such executions in Saudi Arabia since the 1990s and a "couple" in Iran. He said the law was used to execute a political opponent of Sudan's leader in the 1980s. Fadl said the Afghan judiciary is using Rahman as a "test case."

The Rahman case has aroused concern among human rights groups. Ted Stahnke, policy director for the U.S. Commission on International Religious Freedom, an advisory body created by Congress, said that even if Rahman is spared, his arrest will have "a chilling affect on freedom in Afghanistan."

The commission sent Bush a letter urging the administration to "act vigorously on his (Rahman's) behalf." The letter said the arrest "indicates that religious extremists still have significant influence in Kabul, threatening not just the religious freedom of this one man, but the fundamental rights of each and every Afghan citizen."

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U.S.-led forces overthrew Afghanistan's Islamic Taliban regime in 2001 because it harbored al-Qaeda terrorists. Since then, the State Department says, the United States has spent $10.3 billion, not counting military operations, to assist Afghans.

The Pentagon says 221 U.S. military personnel have died in and around Afghanistan.

James Zogby, president of the Arab American Institute in Washington, worries that the case will intensify tensions between Christians and Muslims. It follows controversies over Danish cartoons lampooning the prophet Mohammed and a canceled deal for a Dubai company to take over some U.S. port operations. While it is right to protest the Rahman case, Zogby says, "unfortunately in many areas, Islam feels under attack."

Inside The Ring (WT)

By Bill Gertz And Rowan Scarborough

The Washington Times, March 24, 2006

Missile defense

The United States is close to completing a deal that will result in the creation of a third ground-based missile interceptor site in Europe. The candidate nations for the site that will hold 10 high-speed missile interceptors are Poland, the Czech Republic and Britain, a senior defense official tells us.

Negotiations for the site have been under way for some time and more than $100 million is already authorized for the site, which is part of the global U.S. missile defense system now oriented toward Asia.

The system of interceptors and sensors now has eight ground-based interceptors located at two U.S. sites — Fort Greely, Alaska, and Vandenberg Air Force Base, Calif. The European interceptor base will provide defenses against an Iranian missile attack on Europe, or possibly against the United States, if Tehran builds intercontinental missiles in the future.

Russia is expected to oppose the European interceptor base, viewing it as a threat to Moscow's missile force, although defense officials said the 10 interceptors would be no match for Russia's thousands of warheads.

Missile Defense Agency Director Lt. Gen. Henry Obering said during a speech at the fourth annual missile defense conference on Monday that the current limited missile defenses can thwart an attack from North Korea and that up to 12 interceptors will be added this year. "I am confident that if we had to use the system, the system would work," he said.

Conventional ICBMs

The United States could use a force of intercontinental ballistic missiles with conventional warheads because nuclear weapons may not deter terrorists and rogue states, the general in charge of the U.S. Strategic Command says.

Marine Corps Gen. James E. Cartwright told a Pentagon-sponsored missile defense conference on Monday that "it's very difficult for a nuclear weapon to be a credible deterrent against an extremist."

In addition to the "tyranny of distance" that makes it hard for military forces to get to an area of the world very quickly, there is also the problem of the inadequate speed of current conventional systems. Today's bombers need an hour to travel 500 miles, and ships take longer.

An ICBM, however, can cover 6,000 miles in minutes and the technology for adding precision guided, non-nuclear warheads is available now, Gen. Cartwright said. And the warhead does not need to be high-explosive. Just the kinetic impact of a long-range inert warhead can cause tremendous damage because of the high speed. The warheads are accurate enough to land within 12 feet of the target.

The conventional ICBMs are needed for the Pentagon's new "global strike" mission to attack terrorists, or those working on weapons of mass destruction, in addition to any nation states that the United State may confront in the 21st century, like China.

"Do we want a capability that is non-nuclear? That's the heart of the debate," Gen. Cartwright said.

Guitarist missileer

One of stars at the fourth annual missile defense conference held this week was Jeff "Skunk" Baxter, the famed guitarist for the Doobie Brothers and Steely Dan.

Mr. Baxter moonlights as a consultant to the Pentagon's Missile Defense Agency and a number of other federal and state agencies. His specialty is "thinking out of the box," something sorely needed for the U.S. defense and intelligence bureaucracy.

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Mr. Baxter describes himself as the "missile defense mascot" and was the moderator at a panel of news reporters at the conference to discuss press coverage of missile defenses.

"To me, missile defense is an imperative because of the incredible amount of blood and treasure that many of America's adversaries are investing in developing offensive ballistic capabilities," Mr. Baxter told us.

Tuesday night he played guitar during a reception sponsored by the Boeing Corp., playing a variety of guitars to highlight the history of the instrument.

At one point, he was joined on stage at the Pavilion Room of the Ronald Reagan International Trade Center building by Air Force Lt. Gen. Henry Obering, director of the Missile Defense Agency.

Mr. Baxter's favorite ax: A vintage D'Angelico jazz guitar that is considered the Stradivarius of guitars.

Salty language

The attorney for Navy Lt. Bryan Black, who is being court-martialed for using foul words in the presence of a female midshipman, has filed the final legal arguments in his bid to get the Naval Academy superintendent removed as the case's overseer.

Lawyer Charles Gittins filed papers with the U.S. Navy-Marine Corps Court of Criminal Appeals, asking it to disqualify Vice Adm. Rodney Rempt as what the military calls the "convening authority."

Mr. Gittins argues that Adm. Rempt is biased and is using the Black case as part of his drive to rid the campus of sexual harassment.

"Stung by official public criticism of his personal performance as the superintendent ... the superintendent made a decision to make an example of petitioner — he intended to conduct a public officer [nonjudicial punishment] hearing in order to reinforce and ramrod his apparently ineffective 'zero tolerance' policy regarding sexual harassment and sexual assault at the Naval Academy," Mr. Gittins said.

The attorney argued that it is highly unusual to hold such proceedings in public, which clearly signaled the admiral planned to convict him.

A Marine Corps officer who conducted an investigation of Lt. Black's behavior recommended he receive counseling and a non-punitive letter of caution. But Adm. Rempt overruled him and moved for nonjudicial punishment. Mr. Gittins said he rejected that option once he learned it would be staged in public and that midshipmen would be invited to watch.

The academy has declined to discuss the case. In a reply brief, the prosecution said, Lt. Black "fails to provide either evidence of any such statements or evidence of any sort that would show the [Adm. Rempt] has anything other than an official interest in [the] case."

Bowen's travels

Stuart W. Bowen Jr., the Bush administration's special inspector general for Iraq reconstruction, has been trotting the globe lately.

He made another trip from his Crystal City headquarters to Baghdad in preparation for a new report to Congress next month. He then tried to fit in some vacation time in Paris. But public officials were so eager to hear his views that he spent time briefing the French on reconstruction progress — and setbacks.

His briefings led to speculation in Paris that French companies may one day bid on contracts in Iraq. Iraq, for example, has no land-line telephone communications. Everything is done via cell and satellite phones. It will need a firm one day to rewire the country.

Mr. Bowen goes to Iraq one month out of three, and will return in May.

Report: U.S. Missile Science Slumping (USAT)

By Matt Kelley

USA Today, March 24, 2006

WASHINGTON — The Pentagon risks running out of scientists to operate and upgrade the nation's arsenal of intercontinental nuclear and conventional missiles, according to a report released this week by the Defense Science Board.

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As the nation's veteran engineers and scientists retire, the military will lose much of its expertise in long-range missile technology, the report says. That means the Air Force and Navy, which operate most of the 1960s-vintage missiles, will be unable to cope with system failures or develop improved weapons, the report says.

Not only are fewer American engineers and scientists choosing to work on missile technology, there are fewer of them altogether, the report says. Each year, about 70,000 Americans receive undergraduate and graduate science and engineering degrees that are defense related, compared with a combined 200,000 in China and India, the report says.

The government should pay higher salaries and offer other incentives to attract more experts into the strategic missile field, the report says.

A task force of five outside missile experts spent two years preparing the report at the Pentagon's request.

Although the board lacks the power to force the Pentagon to act, Lt. Gen. Frank Klotz, acting head of the Air Force Space Command, told a Senate committee this month that the Pentagon is trying to improve its recruiting and retention of missile experts. Space Command runs the intercontinental ballistic missile system.

The report does not give specifics on the number of experts who are retiring or the numbers needed to replace them, but it says about 20,000 research and development scientists and engineers work in the aerospace industry as a whole, down from more than 140,000 in the mid-1980s.

John Steinbruner, head of the Center for International and Security Studies at the University of Maryland, says few scientists want to work on long-range missiles because "it's not too hard to figure out that American security doesn't depend on this any more."

Instead, Steinbruner says, the Pentagon's priorities have shifted toward fighting terrorism and "low-intensity conflicts," such as the insurgency in Iraq.

The report, he says, sounds like the Pentagon advisory board is "just trying to keep the money flowing" and may be biased toward Cold War-era ballistic missile systems.

The report also questions a Pentagon plan to seek more than $500 million to replace nuclear warheads on some submarine-launched Trident ballistic missiles with conventional warheads. The Pentagon says those missiles could be used to strike fortified targets such as nuclear weapons facilities in rogue nations.

Converting the warheads on these missiles will be difficult, the report says, because the Pentagon lacks the necessary engineering skills. It adds that technical requirements for non-nuclear warheads are much different for long-range missiles from those for shorter-range missiles or nuclear weapons.

Foreign Policy Good Vs Evil Does Not Work (FT)

By Madeleine Albright

Financial Times, March 24, 2006

The Bush administration's newly unveiled national security strategy might well be subtitled "The Irony of Iran". Three years after the invasion of Iraq and the invention of the phrase "axis of evil", the administration now highlights the threat posed by Iran – whose radical government has been vastly strengthened by the invasion of Iraq. This is more tragedy than strategy, and it reflects the Manichean approach this administration has taken to the world.

It is sometimes convenient, for purposes of rhetorical effect, for national leaders to talk of a globe neatly divided into good and bad. It is quite another, however, to base the policies of the world's most powerful nation upon that fiction. The administration's penchant for painting its perceived adversaries with the same sweeping brush has led to a series of unintended consequences.

For years, the president has acted as if al-Qaeda, Saddam Hussein's followers and Iran's mullahs were parts of the same problem. Yet, in the 1980s, Mr Hussein's Iraq and Iran fought a brutal war. In the 1990s, al-Qaeda's allies murdered a group of Iranian diplomats. For years, Osama bin Laden ridiculed Mr Hussein, who persecuted Sunni and Shia religious leaders alike. When al-Qaeda struck America on September 11 2001, Iran condemned the attacks and later participated constructively in talks on Afghanistan. The top leaders in the new Iraq – chosen in elections that George W. Bush called "a magic moment in the

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history of liberty" – are friends of Iran. When the president invaded Iraq, he may have thought he was striking a blow for good over evil but the forces unleashed were considerably more complex.

The administration is now divided between those who understand this complexity and those who do not. On one side, there are ideologues, such as the vice-president, who apparently see Iraq as a useful precedent for Iran. Meanwhile, officials on the front lines in Iraq know they cannot succeed in assembling a workable government in that country without the tacit blessing of Iran; hence, last week's long overdue announcement of plans for a US-Iranian dialogue on Iraq – a dialogue that if properly executed might also lead to progress on other issues.

While this is not an administration known for taking advice, I offer three suggestions: the first is to understand that although we all want to "end tyranny in this world", that is a fantasy unless we begin to solve hard problems. Iraq is increasingly a gang war that can be solved in one of two ways: by one side imposing its will or by all the legitimate players having a piece of the power. The US is no longer able to control events in Iraq, but it can still play a useful role as referee.

Second, the US administration should disavow any plan for regime change in Iran; not because the regime should not be changed but because US endorsement of that goal only makes it less likely. In today's warped political environment, nothing strengthens a radical government more than Washington's overt antagonism. It is also common sense to presume that Iran will be less willing to co-operate in Iraq and to compromise on nuclear issues if it is being threatened with destruction. As for Iran's choleric and anti-Semitic new president, he will be swallowed up by internal rivals if he is not unwittingly propped up by external foes.

Third, the US administration must stop playing solitaire while Middle East and Persian Gulf leaders play poker. The president's "march of freedom" is not the big story in the Muslim world, where Shia Muslims suddenly have more power than they have had in 1,000 years; it is not the big story in Lebanon, where Iran is filling the vacuum left by Syria; it is not the story among Palestinians, who voted – in western eyes – freely, and wrongly; it is not even the big story in Iraq, where the top three factions in the recent elections were all supported by decidedly undemocratic militias.

In the long term, the future of the Middle East may well be determined by those in the region dedicated to the hard work of building democracy. I certainly hope so. But hope is not a policy. In the short term, we must recognise that the region will be shaped primarily by fairly ruthless power politics in which the clash between good and evil will be swamped by differences between Sunni and Shia, Arab and Persian, Arab and Kurd, Kurd and Turk, Hashemite and Saudi, secular and religious and, of course, Arab and Jew. This is the world, the president pledges in his national security strategy, that "America must continue to lead". Actually it is the world he must begin to address – before it is too late.

The writer was US secretary of state from 1997 to 2001

Good Versus Evil Isn't A Strategy (LAT)

By Madeleine Albright

The Los Angeles Times, March 24, 2006

THE BUSH administration's newly unveiled National Security Strategy might well be subtitled "The Irony of Iran." Three years after the invasion of Iraq and the invention of the phrase "axis of evil," the administration now highlights the threat posed by Iran — whose radical government has been vastly strengthened by the invasion of Iraq. This is more tragedy than strategy, and it reflects the Manichean approach this administration has taken to the world.

It is sometimes convenient, for purposes of rhetorical effect, for national leaders to talk of a globe neatly divided into good and bad. It is quite another, however, to base the policies of the world's most powerful nation upon that fiction. The administration's penchant for painting its perceived adversaries with the same sweeping brush has led to a series of unintended consequences.

For years, the president has acted as if Al Qaeda, Saddam Hussein's followers and Iran's mullahs were parts of the same problem. Yet, in the 1980s, Hussein's Iraq and Iran fought a brutal war. In the 1990s, Al Qaeda's allies murdered a group of Iranian diplomats. For years, Osama bin Laden ridiculed Hussein, who persecuted Sunni and Shiite religious leaders alike. When Al Qaeda struck the U.S. on 9/11, Iran condemned the attacks and later participated constructively in talks on Afghanistan. The top leaders in the new Iraq — chosen in elections that George W. Bush called "a magic moment in the history of liberty" —

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are friends of Iran. When the U.S. invaded Iraq, Bush may have thought he was striking a blow for good over evil, but the forces unleashed were considerably more complex.

The administration is now divided between those who understand this complexity and those who do not. On one side, there are ideologues, such as the vice president, who apparently see Iraq as a useful precedent for Iran. Meanwhile, officials on the front lines in Iraq know they cannot succeed in assembling a workable government in that country without the tacit blessing of Iran; hence, last week's long-overdue announcement of plans for a U.S.-Iranian dialogue on Iraq — a dialogue that if properly executed might also lead to progress on other issues.

Although this is not an administration known for taking advice, I offer three suggestions. The first is to understand that although we all want to "end tyranny in this world," that is a fantasy unless we begin to solve hard problems. Iraq is increasingly a gang war that can be solved in one of two ways: by one side imposing its will or by all the legitimate players having a piece of the power. The U.S. is no longer able to control events in Iraq, but it can be useful as a referee.

Second, the Bush administration should disavow any plan for regime change in Iran — not because the regime should not be changed but because U.S. endorsement of that goal only makes it less likely. In today's warped political environment, nothing strengthens a radical government more than Washington's overt antagonism. It also is common sense to presume that Iran will be less willing to cooperate in Iraq and to compromise on nuclear issues if it is being threatened with destruction. As for Iran's choleric and anti-Semitic new president, he will be swallowed up by internal rivals if he is not unwittingly propped up by external foes.

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In the long term, the future of the Middle East may well be determined by those in the region dedicated to the hard work of building democracy. I certainly hope so. But hope is not a policy. In the short term, we must recognize that the region will be shaped primarily by fairly ruthless power politics in which the clash between good and evil will be swamped by differences between Sunni and Shiite, Arab and Persian, Arab and Kurd, Kurd and Turk, Hashemite and Saudi, secular and religious and, of course, Arab and Jew. This is the world, the president pledges in his National Security Strategy, that "America must continue to lead." Actually, it is the world he must begin to address — before it is too late.

Madeleine Albright, Secretary Of State From 1997 To 2001, Is The Author Of "The Mighty And The Almighty -- Reflections on America, God, and World Affairs," to be published by Harper Collins in May.

Pre-emption Draws Surprising Consensus (USAT)

By Commentary by Irshad Manji

USA Today, March 24, 2006

Shocked. Appalled. Outraged.

These sentiments have been expressed by many Americans in response to the 2006 national security report. Released last week, the report affirmed President Bush's faith in pre-emptive action against potential threats to the United States.

While I think such faith is misguided, I'm enough of a historian to know that George W. Bush isn't alone in his approach. Other statesmen have shared his belief in pre-emption. Some of them are even lionized by Bush's harshest critics: Muslim-Americans.

Consider the prophet Mohammed himself. According to Muslim history, God's own messenger engaged in pre-emptive action against those whom he suspected of plotting against Islam. There's the well-known example of Jewish tribes who refused to take Mohammed as their prophet. After rumors intensified that these Jews were collaborating with Arab pagans to kill the prophet, Mohammed and his companions struck first. They exiled two of the tribes and later acted on a Muslim arbiter's opinion that a third tribe should be slaughtered.

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Self-defense, my fellow Muslims will insist. Bush has said the same about invading Iraq, but I don't see too many Muslims accepting that argument. Ah, but the president never had hard evidence for his claims. Fact is, neither did prophet Mohammed. He went on faith.

In drawing this comparison, I'm bound to be accused of besmirching the reputation of Islam's prophet and thereby joining the Danish cartoonists in infidel hell. But as many Americans believe that dissent is a patriotic duty, so I believe that self-criticism lives up to the best ideals of the Quran, Islam's holy book. One of its most beautiful verses tells us to "bear true witness, even if it be against yourselves, your parents, or your family." In other words, be honest, no matter whose feathers it ruffles.

Honesty demands that Muslims in the USA judge the doctrine of pre-emption by a single standard. That requires making a choice. We can accept what the prophet did as necessary and guided by God, in which case we can't be shocked when the president makes a similar case for his policy. Or we can acknowledge that the prophet Mohammed's pre-emptive assaults on Jews were morally wrong, in which case we've got credibility when slamming the Bush doctrine.

I don't deny that the Bush administration's record on freedom and human rights has been hypocritical. But I refuse to hand Muslim-American leaders any moral triumph as long as they validate for the prophet a sin that they castigate in the president.

Irshad Manji is a fellow at Yale University and author of The Trouble with Islam Today: A Muslim's Call for Reform in Her Faith.

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Schlozman Appointed As U.S. Attorney In Western Missouri (SPRINGNL)

News-Leader staff and wire reports

Springfield (MO) News-Leader, March 24, 2006

Bradley J. Schlozman was appointed today as interim U.S. attorney for the Western District of Missouri, the Justice Department said.

The interim appointee replaces Todd P. Graves, whose last day is Friday.

Graves announced his resignation earlier this month, after nearly five years of prosecuting federal cases in western Missouri. Graves has said he plans to return to private practice and become more involved in politics.

Schlozman will be there until President Bush appoints a permanent

replacement, probably by summer, a U.S. Attorney spokesman said.

Greene County Prosecuting Attorney Darrell Moore confirmed this week he is one of several people being considered for the job. His name was recommended for the job shortly after he filed to run for a third term as county prosecutor.

Sen. Christopher Bond is in charge of presenting one or several names for Bush¹s consideration, Moore said. The Bush appointee would still undergo a full confirmation process, he said.

Schlozman most recently was principal deputy assistant attorney general for the Civil Rights Division of the Department of Justice, where he supervised a unit that included more than 700 employees ‹ 356 of them attorneys.

The Civil Rights Division is responsible for enforcing federal civil rights statutes.

Schlozman has been with the Department of Justice since 2001.

He is originally from Overland Park, Kan., and graduated with a degree in history from the University of Pennsylvania.

He earned his law degree at George Washington University, after spending time as an intern at the U.S. attorney¹s office in western Missouri.

He has been in Washington, D.C., since 1999.

News-Leader reporter Kathleen O'Dell and the Associated Press contributed to this report.

Schlozman Appointed U.S. Attorney In Western Missouri (AP)

AP, March 24, 2006

KANSAS CITY, Mo. - Bradley J. Schlozman was appointed U.S. attorney for the Western District of Missouri on Thursday, the Justice Department said.

He succeeds Todd P. Graves, whose last day is Friday. Graves announced his resignation earlier this month, after nearly five years of prosecuting federal cases in western Missouri.

Schlozman most recently was principal deputy assistant attorney general for the Civil Rights Division of the Department of Justice, where he supervised a unit that included more than 700 employees - 356 of them attorneys.

The Civil Rights Division is responsible for enforcing federal civil rights statutes.

Schlozman has been with the Department of Justice since 2001. He is originally from Overland Park, Kan., and graduated with a degree in history from the University of Pennsylvania.

He earned his law degree at George Washington University, after spending time as an intern at the U.S. attorney's office in western Missouri. He has been in Washington, D.C., since 1999.

Graves has said he plans to return to private practice and become more involved in politics.

Flynn Begins Tenure As Local U.S. Attorney (BUFFNEWS)

Buffalo News, March 24, 2006

Terrance P. Flynn began work Wednesday as U.S. attorney for Western New York.

The U.S. Justice Department said the Buffalo lawyer was sworn in as U.S. attorney this week, after being confirmed by the U.S. Senate.

President Bush nominated Flynn for the job last December, after Michael A. Battle accepted a Washington position as Justice Department liaison with its U.S. attorneys nationwide.

Flynn, 42, is an alumnus of the University of Notre Dame and the University at Buffalo Law School. Before his appointment, he was a Buffalo trial attorney specializing in medical malpractice, products liability and other civil matters.

"It is truly an honor to be selected by President Bush to serve the citizens of this 17-county district," Flynn said.

CORPORATE SCANDALS:

Defense Tries To Raise Doubts About Enron's Ex-Treasurer (NYT)

By Alexei Barrionuevo And Vikas Bajaj

The New York Times, March 24, 2006

HOUSTON, March 23 — Defense lawyers began an aggressive cross-examination of Enron's former treasurer today in attempt to show the tough tactics used by the government to induce cooperative testimony from a lower-level officer against the failed energy company's onetime top executives.

Trying to sow seeds of doubt in the jury's mind about the damaging testimony that the treasurer, Ben F. Glisan Jr. gave against his former bosses, Jeffrey K. Skilling and Kenneth L. Lay, on Wednesday, a defense lawyer asked him today about his interactions with federal investigators and the time he spent in solitary confinement. The questioning yielded revealing details about how the government conducted its investigation and pursued officials involved in the biggest corporate scandal of the decade so far.

Mr. Glisan presents an interesting challenge for the defense because unlike other witnesses who have been called by the prosecution, he has little incentive to cooperate with the government. Mr. Glisan, 40, does not have a plea deal with prosecutors and is more than halfway through serving a five-year prison sentence after pleading guilty to one count of conspiracy to commit wire fraud.

He is testifying under a grant of immunity from the judge for other crimes he may have committed at Enron, but Mr. Glisan could face obstruction of justice and perjury charges if he lies on the stand.

Instead of questioning Mr. Glisan's ability to provide testimony unbiased by a deal with the government, as the defense has done with other prosecution witnesses, Mr. Skilling's lawyer, Daniel Petrocelli, sought to portray him as someone cowed by investigators.

Mr. Petrocelli asked him about an encounter between Mr. Glisan and Mr. Skilling on Feb. 14, 2004 at the federal courthouse here. Mr. Glisan, who had already started serving his sentence, was being escorted in shackles to testify before a

grand jury, and Mr. Skilling was being brought in handcuffs to be indicted. They both found themselves on the same elevator in an awkward silence.

"Do you believe for one second, sir, that that was a coincidence?" Mr. Petrocelli asked.

"I didn't believe that," Mr. Glisan said.

Under questioning, Mr. Glisan also said he was shocked to find himself assigned to a low-security prison, when his crime qualified him for a more-lenient minimum-security facility. He spent 10 to 11 days in solitary confinement, after which he was put in an 8-foot by 12-foot cell with two other inmates.

"It must have had an impact on you?" Mr. Petrocelli asked about the days in solitary confinement.

"It had an enormous impact," Mr. Glisan responded.

Mr. Glisan recounted how he had sought to strike a deal with the government soon after investigators started looking into Enron in late 2001. He met secretly with officials from the F.B.I, the Justice Department, the Securities and Exchange Commission and the Internal Revenue Service in Washington.

But investigators did not trust him and did not offer him a deal initially, and Mr. Glisan acknowledged that he lied to minimize his own involvement in the fraudulent financial transactions that moved liabilities off of Enron's books into questionable partnerships.

He had another chance to make a deal with the government about six months later, but he did not want to plead guilty to the fraud charges that investigators offered to him. Mr. Glisan ended up pleading guilty to one narrow crime and started serving his sentence in September 2003.

"They did not think I was credible at the time," he said today. "And I wanted to be done with my time so I wanted to get started" on a prison sentence.

On Wednesday, Mr. Glisan testified that Mr. Lay, who was Enron's chairman, and Mr. Skilling, a former chief executive, were aware of huge financial problems and irregularities, lied about them to outsiders, and urged managers to use aggressive accounting tactics to make the company look more prosperous than it really was.

Mr. Lay and Mr. Skilling, who are charged with fraud and conspiracy among other crimes, contend that the fraud at Enron was committed by a small group of finance executives and that the company perished because investors lost confidence in it.

A Former Treasurer Is Grilled Over His Testimony On Enron (WSJ)

By Gary McWilliams And Ann Davis

The Wall Street Journal, March 24, 2006

HOUSTON – A defense attorney for former Enron Corp. President Jeffrey Skilling painted a prosecution witness as a "snitch" who won a transfer to a minimum-security prison camp and received furloughs after agreeing to aid prosecutors.

The witness, former Enron Treasurer Ben Glisan Jr., had testified Mr. Skilling and former Enron Chairman Kenneth Lay approved accounting manipulations that allowed Enron to increase earnings and hide losses while telling investors its energy businesses were a success. Under cross-examination, Mr. Glisan backed away from some of his characterizations.

The witness, former Enron Treasurer Ben Glisan Jr., had testified Mr. Skilling and former Enron Chairman Kenneth Lay approved accounting manipulations that allowed Enron to increase earnings and hide losses while telling investors its energy businesses were a success. Under cross-examination, Mr. Glisan backed away from some of his characterizations. Mr. Glisan pleaded guilty to an Enron-related conspiracy to commit wire and securities fraud and is serving a five-year prison sentence. Messrs. Skilling and Lay are in the eighth week of their trial in U.S. District Court for alleged criminal conspiracy and fraud stemming from Enron's collapse.

Wednesday, Mr. Glisan described meetings with the two executives where, he said, they approved the improper use of reserves, misled investors and hid losses. He testified to the use of "side deals" to insulate an investment partnership run by Andrew Fastow, Enron's former chief financial officer, from losses in its Enron dealings.

Mr. Glisan said when presented with a plan to create an investment vehicle that relied on Enron shares to hedge investments, Mr. Skilling said he wouldn't routinely approve such a vehicle, except that it allowed the company "to circumvent accounting rules." Yesterday, Mr. Glisan backed off from the phrase, saying he wasn't testifying to Mr. Skilling's exact words. Mr.

Glisan also admitted recommending Mr. Skilling approve the investment vehicles and said he never told the former president or other executives that the hedges would be improper.

"You lied all day yesterday, didn't you?" asked Daniel Petrocelli, lead defense attorney for Mr. Skilling. Mr. Glisan said that he told Mr. Skilling the investment vehicle didn't transfer economic risk, a violation of accounting rules, and that it could draw the scrutiny of the Securities and Exchange Commission. Mr. Petrocelli argued that the investment vehicles were approved by the company's outside auditor, attorneys and others. He suggested that while the two executives made optimistic statements in the summer and fall of 2001, they did so in the best interests of Enron stockholders.

Lawyers for the two executives contend Enron was in good shape and collapsed not because of any fraud, but because of a loss of investor confidence. "If Enron hadn't gone bankrupt, we wouldn't be here, would we?" asked Mr. Petrocelli. Mr. Glisan responded: "That's hard to know."

Under questioning by Bruce Collins, an attorney for Mr. Lay, Mr. Glisan said he lacked notes to corroborate certain meetings he claimed to have had with Mr. Lay where they discussed steps to disguise finances. Mr. Collins said about 10 pages of more than 500 pages of notes by Mr. Glisan entered into evidence cited Mr. Lay. The defense has said many of the government's witnesses are testifying in the hopes of obtaining leniency. When imprisoned, Mr. Glisan said he was placed in solitary confinement at a "low-security" prison. He said that he worried about his "physical well-being" there and applied for a transfer but was denied. After testifying for the government, he applied again. He insisted there have been no deals struck to influence his testimony.

Defense Hits Enron Witness's Credibility (WP)

By Carrie Johnson

The Washington Post, March 24, 2006

HOUSTON, March 23 -- The prosecution's last major witness in the fraud trial of Enron Corp.'s former leaders endured six hours of hostile cross-examination Thursday, but former treasurer Ben F. Glisan Jr. insisted that the company's financial problems were mounting even as then-Chairman Kenneth L. Lay displayed optimism to the public.

"What we were telling banks, rating agencies and investors was inconsistent with economic reality," Glisan said.

Glisan, 40, provided some of the most compelling evidence to date against Lay and former chief executive Jeffrey K. Skilling in a confident turn on the witness stand under questioning by Assistant U.S. Attorney Kathryn H. Ruemmler. On Wednesday, he vividly described a company so unsettled by billions of dollars in losses that one executive said during a bleak September 2001 meeting that "he was glad he didn't have a gun, or he would shoot himself."

Lay discussed the company's "dire" financial condition internally but misrepresented its troubles to shareholders and employees, whom he told the company was "fundamentally strong" weeks after that meeting, Glisan testified. He claimed Skilling knowingly worked to circumvent accounting rules in a May 2000 deal and that Lay "giggled . . . in delight" at the approach.

Discrediting Glisan, described as the "cleanup hitter" and "closer" by Skilling lawyer Daniel M. Petrocelli, is paramount to the defense case. Prosecutors used Glisan to remind the jury of their central allegations and to corroborate testimony by more personally tainted witnesses, including former finance chief Andrew S. Fastow. While Glisan shifted in his seat, repeatedly sought to clarify statements by Petrocelli and sometimes laughed in frustration during cross-examination, he did not lose his composure. However, he did retreat from some of the language he used to describe Lay's and Skilling's actions.

The former Enron executive already has endured much worse than a combative cross-examination. He pleaded guilty to a single conspiracy charge in September 2003 and moved directly into prison, where he has spent 2 1/2 years. In some of the starkest testimony in this eight-week-long trial, Glisan talked about the two weeks he spent in solitary confinement and of his fears of being branded a "snitch" and facing physical threats from other prisoners. He will be eligible for release into home confinement in September.

Petrocelli hammered away Thursday at the central themes of the defense case. He accused Glisan of shading his testimony to win perks from the government, including half a dozen furloughs that allow him to spend time with his wife and two children. He pointed out that Glisan had no explicit notes or recordings implicating Skilling or Lay, just his own recollections. And he noted that Glisan had failed to win a deal with the government earlier because prosecutors doubted his credibility. Glisan

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previously acknowledged that during his tenure at Enron, he had improperly accepted $1 million on a fraudulent deal in which he invested less than $6,000.

In one passionate exchange, Petrocelli accused the witness of "criminalizing" remarks Skilling made about the accounting benefits of a business partnership in 2000. Defense lawyers told the eight-woman, four-man jury in opening statements that Enron was essentially a healthy business that collapsed amid a market panic fed by vindictive media and short sellers.

"I don't know that he used the word 'circumvent' but the take- away was . . . the only reason to do it was an accounting benefit," Glisan said.

"He didn't say that in front of anybody," the defense lawyer said.

"He didn't say it in that way," Glisan replied.

"I'm asking the questions," Petrocelli shot back.

The Associated Press reported that Lay lawyer Bruce Collins briefly cross-examined Glisan and was to continue Monday. He started off by challenging the former treasurer's assertion that Lay "giggled . . . in delight" after then-Chief Accounting Officer Richard A. Causey explained that a particular approach carried "accounting risk," but outside auditors had approved it. "I've gotten to know Mr. Lay pretty well. He may chuckle, but he doesn't giggle," Collins said. "I concede chuckle as opposed to giggle," Glisan said.

Testimony by Glisan, who had been known inside Enron as a "boy scout," merely underscored the importance of two crucial witnesses to come. Both Lay and Skilling are preparing to make their own case to the jury sometime after the defense case begins next week.

"You're going to see 'em early and you're going to see 'em often and you're going to see 'em for a long time on the stand," Lay's lawyer, Michael W. Ramsey, said outside the courthouse Wednesday.

Feds Indict 8 In Bank Of Alamo Case (JACKSUN)

Jackson (TN) Sun, March 24, 2006

Numerous loans went over bank's legal limit before its failure in 2002

A federal investigation into the 2002 failure of the Bank of Alamo has led to the indictments of at least seven people, according to a release from the U.S. Justice Department.

On Wednesday, a federal grand jury returned indictments accusing them of various charges of conspiracy, money laundering and bank fraud, according to the release.

Those named in the indictment include: Claude M. Conley, director and chairman of the Bank of Alamo Board of Directors; John Sanders, president and chief executive officer of the bank; Lazaria Saveh, William Saveh and George Eivazzadeh. The indictment says the defendants made "and caused to be made false and fraudulent statements in the books and records of the bank."

The indictment said the false statements were made to cover up loans made to William Saveh in excess of the bank's legal lending limit and to conceal from the Federal Deposit Insurance Corp. and state regulators the true financial condition of the Bank of Alamo.

Books and records of the bank reflected that loans made to Lazaria Saveh and George Eivazzadeh were actually loans made "at the direction of and for the use and benefit of" William Saveh, according to the release.

A separate indictment accuses William Saveh, Peggy Hooper, William Paul Maddox and William Vincent Maddox of bank fraud.

The Bank of Alamo was closed in 2002 and its assets seized by the FDIC.

About 200 accounts with the Bank of Alamo had an estimated $6 million of a total $55.3 million in the bank's deposits. The bank held $69.4 million in assets.

The FDIC insures up to $100,000 in bank accounts, but those 200 accounts all exceeded the limit.

When the FDIC ordered the bank's closing, FDIC spokesman Frank Gresock said the failure was caused by insolvency that was caused by a "high level of problem loans."

Conley could not be reached for comment Wednesday.

To Some, Need For Third Trial Of Ex-Banker Isn't Evident (NYT)

By Julie Creswell

The New York Times, March 24, 2006

What do John A. Gotti; Cendant's former chief executive, Walter A. Forbes; and Frank P. Quattrone, the former investment banker, all have in common?

As vastly different as those three cases are, they may all be threepeats, with each facing the prospect of a third trial in federal court.

For Mr. Quattrone, that prospect emerged on Monday after a federal appeals court overturned his 2004 conviction on obstruction of justice charges.

The ruling faulted the judge's instructions to the jury, saying that they had failed to adequately require jurors to establish that Mr. Quattrone intended to thwart a government investigation. But the appeals panel did not reject the quality of the evidence presented in the government's case, which could bolster prosecutors' decision to retry Mr. Quattrone.

"It was thrown out because of flawed jury instructions, so I don't think we'll see the government walk away from this case," said Robert A. Mintz, a former prosecutor and now a partner at McCarter & English.

But much has changed since the United States attorney's office in Manhattan began its investigation of Mr. Quattrone in 2001. The prosecutors who brought the original case have left for private practice at prestigious Manhattan law firms. By some estimates, the office has already spent thousands of hours and millions of dollars in two trials to reach a guilty verdict against Mr. Quattrone, the son of a Philadelphia garment worker who rose to become the most powerful banker in Silicon Valley during the height of the dot-com boom.

Because of the passage of time — and in the wake of a number of high-profile white-collar convictions in recent years, including Martha Stewart, Bernard J. Ebbers of WorldCom and John J. Rigas of Adelphia Communications — some lawyers wonder whether there is a need to put Mr. Quattrone's feet to the fire once again.

"Since his original indictment, the government and that office has notched up a number of victories," said Roman E. Darmer II, a former assistant United States attorney who worked in the Manhattan office until 1999. "I wonder if the moment has passed." And then there are others who wonder if the crime that Mr. Quattrone is accused of is worthy of the time, money and energy involved in a third trial.

"There are situations that demand retrial," said John K. Carroll, a former federal prosecutor now with the law firm Clifford Chance. "If the guy was the head of a crime family, or committed a crime where there are a lot of victims, or if the defendant is likely to commit the crime again, it is very hard for the government to walk away from those," he said. "In other circumstances where the individual is unlikely to commit the crime again or the alleged crime might be victimless, there isn't a self-evident need to pursue it once again."

Still, Mr. Carroll and other lawyers say they believe prosecutors will probably put Mr. Quattrone in front of a jury a third time because they believe their case remains strong and because they worry their tough stance on white-collar crime will be eroded if they allow Mr. Quattrone to walk away unscathed.

The United States attorney's office is saying only that it is considering its options. One of the most compelling factors behind the prosecutors' decision is which judge will take over the case. If the next judge is viewed as "pro-defense," that could affect the government's decision to pursue the case, said some former federal prosecutors.

"I can think of a couple of judges who would make it very difficult for the state," Mr. Darmer, the former assistant United States attorney, said.

Other lawyers say there is a possibility of a plea bargain with Mr. Quattrone.

A lawyer for Mr. Quattrone declined to comment.

Whatever happens, it will in the hands of Michael J. Garcia, who took office as the United States attorney for Manhattan last fall. Mr. Garcia spent a number of years prosecuting terrorism cases before joining the Commerce Department in 2001.

Later he took over the Bureau of Immigration and Customs Enforcement, where he was criticized for a budget shortfall and low morale in the division.

The office he now runs is the front line of the government's battle against white-collar crime. As such, it has a long history as a launching pad for ambitious lawyers who go on to careers in politics or at the leading law firms and corporations. Former New York Mayor Rudolph W. Giuliani, for example, first came to prominence in the 1980's as he chased a number of insider-trading cases.

Mr. Garcia's predecessor, David N. Kelley, is now a senior litigating partner at Cahill Gordon & Reindel. Before him was James B. Comey, who is general counsel of Lockheed Martin. One of the lead prosecutors in the Quattrone case, David B. Anders, a former assistant United States attorney, joined the litigation group at Wachtell, Lipton, Rosen & Katz late last year.

In his second trial (the first ended in a mistrial), Mr. Quattrone was convicted of two counts of obstruction and one count of witness-tampering after he forwarded a colleague's e-mail message in December 2000 urging employees to "clean up" their files after he was made aware of a government investigation involving his firm, Credit Suisse First Boston. Mr. Quattrone, 50, had faced 18 months in prison; he remained free pending the outcome of the appeal.

At the time, the Justice Department was investigating whether the investment bank was soliciting kickbacks from preferred investors for hot initial public offerings. Those investigations never resulted in charges against Mr. Quattrone. Credit Suisse First Boston agreed to pay $100 million to settle regulatory accusations that it had mishandled the allocation of stock offerings during the technology boom.

Prosecutors sought to portray Mr. Quattrone as a symbol of the excesses and greed that ran rampant on Wall Street in the late 1990's as executives and other insiders cashed in on the stock market's surge, often at the expense of Main Street shareholders.

Mr. Quattrone, who earned $120 million in 2000, is still a wealthy man. And his legal bills are still being paid by Credit Suisse, said a person briefed on the matter who is not authorized to speak publicly about the case. This person would not say how much has been spent to defend Mr. Quattrone so far, but added that what portion of those bills Mr. Quattrone would have to repay would be determined after the case was concluded.

As a result, prosecutors may be worried about the message they will send if they walk away from the case, some lawyers said.

C. Evan Stewart, a lawyer at Zuckerman Spaeder, who represented a former securities broker acquitted last summer of charges brought against him by Eliot Spitzer, the New York attorney general, wondered, "What message would be sent if the government washed its hands and said, 'Two times is it'? "

Nacchio Judge May Set Trial Date, Rule On Dismissal Request Today (WSJ)

By Shawn Young

The Wall Street Journal, March 24, 2006

A U.S. district-court judge in Denver today is expected to set a trial date for Joseph Nacchio, the former Qwest Communications International Inc. chief executive charged with 42 counts of criminal insider trading.

Judge Edward Nottingham may also rule on defense arguments for dismissal of the charges, which carry a potential prison sentence of 10 years for each count and a financial penalty of more than $100 million.

U.S. Attorney William Leone alleges Mr. Nacchio illegally sold $101 million worth of the Denver-based phone company's stock in 2001 when he knew the company wasn't doing as well as it had led investors to believe. The defense says prosecutors have presented a flimsy and flawed case.

Attempts to have the charges dismissed are commonplace and carry virtually no risk for defendants, and they are rarely entirely successful, say white-collar-crime attorneys not involved in the case.

Herbert Stern, Mr. Nacchio's attorney, says his client had nothing more than vaguely worded, speculative warnings from other executives that the company might not meet financial targets if business didn't improve. That isn't the same as knowing that the company has actually faltered, according to court filings by the defense. The defense also argues that the information Mr. Nacchio had was, by definition, not significant since the prosecution hasn't claimed that it needed to be disclosed to investors.

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"It's a pretty good argument to say the information wasn't material if it didn't need to be disclosed. It's an argument that has a lot of logical appeal," says Matt Jacobs, a partner at McDermott Will & Emery, a law firm based in Palo Alto, Calif., that isn't involved in the case.

But some other attorneys also not involved in the matter say they doubt the defense will persuade the judge to drop the case. "It's too cute by half," says Joseph Allerhand, a partner at Weil, Gotshal & Manges LLP in New York. Companies and executives aren't required to disclose every material fact in real time, says Mr. Allerhand. Such a requirement would make it impossible to run a business.

In its filings, the prosecution has argued that insiders can have material information they don't have to disclose, but if they do, they may not trade on it. Mr. Allerhand says a key issue at the trial is likely to be whether Mr. Nacchio knowingly violated rules that barred him from trading.

Qwest restated $2.5 billion in revenue and $2.2 billion in earnings for 2000 and 2001. Mr. Nacchio isn't accused of falsifying the company's books.

SEC Plumbs Money Firm's Files (WSJ)

By Carrick Mollenkamp And Ian McDonald

The Wall Street Journal, March 24, 2006

Authorities and some creditors of Refco Inc. want to know more about money the brokerage firm shuttled between some of its business units in the days before it filed for bankrupty protection.

They may be able to learn some important details from Christopher Sugrue, a New York money manager and past employee of Refco, which imploded just weeks after its August initial public offering when Refco disclosed that its former chief executive, Phillip Bennett, had hidden bad debts.

U.S. securities regulators have been seeking information regarding such business dealings with Refco. And lawyers working for Refco unsecured creditors have sought information from Mr. Sugrue because of what court filings by those creditors describe as a "close relationship" between the 35-year-old Long Island native and Refco, where Mr. Sugrue was an executive before he helped launch PlusFunds Group Inc.

After Refco filed for Chapter 11 bankruptcy-court protection Oct. 17, the Securities and Exchange Commission visited PlusFunds' Manhattan offices and asked for a battery of records, according to a report attached to a sworn statement by S. David Peress, a crisis consultant hired by PlusFunds.

In an interview, Mr. Peress said the firm is cooperating with "a compliance examination." Lawyers for Refco unsecured creditors also have asked for documents related to PlusFunds and Mr. Sugrue, according to court filings. A spokesman for the SEC declined to comment, but the court document that references the SEC request says: "The SEC has not made any suggestion that any action is contemplated involving [PlusFunds]."

Mr. Sugrue's own firm filed for bankruptcy-court protection earlier this month, after a wave of PlusFunds clients demanded their money when some of their cash transferred from Refco accounts was frozen. A portion of the money and trades Mr. Sugrue helped oversee for PlusFunds clients often processed through Refco's sprawling brokerage firm. Mr. Sugrue initially was able to prevent that money from being frozen by persuading Refco to transfer the funds from unregulated offshore accounts to regulated, onshore accounts.

Now PlusFunds is up for sale. Speaking by phone from Florida, where he was vacationing with his family at Disney World, Mr. Sugrue stressed that he did nothing wrong in the Refco matter. "I'll say that unequivocally," he said. Mr. Sugrue said his business "got caught up in a drive-by shooting."

Court filings by Refco creditors seeking to recover the money Mr. Sugrue had transferred to the onshore accounts cite ties between the money manager and Refco, including loans the brokerage firm provided last year to entities affiliated with Mr. Sugrue. Those loans were secured by equity in PlusFunds.

Before starting PlusFunds in 1998, Mr. Sugrue was a senior executive at Refco for more than five years, according to a biography in court papers. In addition to working with hedge funds on the firm's behalf, Mr. Sugrue helped negotiate the sale of 10% in Refco to Austrian bank Bawag P.S.K. in 1999. During that time, Refco was chaired by Thomas Dittmer, who later was

listed on a register of PlusFunds shareholders. Mr. Dittmer couldn't be reached for comment. Mr. Sugrue's knowledge of the inner workings of Refco were demonstrated in a tense exchange last October. Six days before Refco began bankruptcy proceedings, Mr. Sugrue burst into Refco's Manhattan office demanding that the brokerage firm move more than $300 million of PlusFunds' client money "to seg funds," according to a sworn statement by Refco Treasurer Matthew Hreben.

Specifically, Mr. Sugrue wanted his clients' money moved from Refco's unregulated Bermuda account, where it was mingled with Refco's money, to segregated, or "seg," accounts, where it presumably would be less vulnerable to Refco creditors. The money was moved the next day and soon sent to accounts at Lehman Brothers Holdings Inc., according to court papers and sworn statements by Refco employees.

Stanley S. Arkin, a lawyer for Mr. Sugrue, said his client should be given a "silver star" for looking out for his clients. Mr. Sugrue said his investors told him: "Thank God you went and got it. That's what you are supposed to do."

Yet Refco creditors got a federal court to freeze the money in the Lehman accounts, alleging in court papers that Mr. Sugrue was given preferential treatment. Those frozen accounts triggered the redemptions by PlusFunds' clients -- and the subsequent bankruptcy-court filing. The clients yanked more than $1 billion from the firms' funds -- about half their assets -- in the first two months of this year.

It is a quick reversal of fortune for Mr. Sugrue. Still on the board at PlusFunds, he is no longer an employee. "It feels like you got thrown out of the house you built," Mr. Sugrue said in the phone interview.

PlusFunds mainly offered funds designed to mimic the performance of Standard & Poor's hedge-fund indexes. The controversial money transferred from Refco was invested there to track 15 funds in S&P's Managed Futures index. PlusFunds' assets stood at more than $2.5 billion last summer.

After Mr. Sugrue started his fund firm, he continued to work closely with his old employer. Refco served as a clearing broker for several portfolios overseen by PlusFunds, according to court papers filed by Refco's creditors. And in 2003, Refco hired PlusFunds to manage a futures fund that did much of its trading through accounts at Refco, according to court filings by Refco creditors.

But the relationship extended beyond trading. Last spring, Refco Capital lent $158 million to Suffolk LLC, an entity affiliated with Mr. Sugrue, according to court papers filed by Refco creditors. Mr. Sugrue used the money to buy out minority shareholders of PlusFunds, the creditors say in court papers, adding that since then, Refco units lent another $50 million to entities related to Mr. Sugrue and other PlusFunds shareholders. Of that, $19.4 million went to an entity in which Mr. Sugrue is the sole member, court documents claim.

Several potential acquirers have emerged for PlusFunds, which will be auctioned off in April, according to public disclosures.

Separately, the federal bankruptcy judge overseeing Refco's bankruptcy proceedings ruled yesterday that Refco creditors investigating the brokerage firm's meltdown are entitled to documents from the underwriters of Refco's IPO. The judge also said former Refco directors, including private-equity investor Thomas H. Lee, should be allowed to collect on an insurance policy to cover legal expenses they incur in shareholder suits related to Refco's collapse.

A judge in a criminal case against Mr. Bennett, the former Refco CEO, set two trial dates yesterday -- Oct. 16, with a backup date of March 12, 2007. Mr. Bennett is fighting securities and fraud charges related to the Refco matter. The backup trial date was provided to accommodate Mr. Bennett's lawyer, Gary Naftalis.

Sarbanes-Oxley Sponsor Defends Measure, Attacks Rollback Effort (WSJ)

By Siobhan Hughes

The Wall Street Journal, March 24, 2006

WASHINGTON -- Sen. Paul Sarbanes offered a sweeping defense of the landmark corporate-governance law he co-authored and suggested that efforts to roll it back are on shaky legal footing.

"We need to remind those who complain that Congress overreacted or overreached in passing Sarbanes-Oxley of several crucial points," the Maryland Democrat said in remarks to the Consumer Federation of America.

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The Sarbanes-Oxley Act of 2002 created the Public Company Accounting Oversight Board, bringing the accounting industry under regulation for the first time. It also required public companies to hire outside auditors to monitor their processes for assuring the integrity of financial statements. The law followed accounting scandals that led Enron Corp. and WorldCom Inc., now part of Verizon Communications Inc., to file for the largest bankruptcy reorganizations in U.S. history.

Critics have asserted the law was enacted hastily and created too many burdens for companies. A conservative group has filed a civil lawsuit seeking to abolish the PCAOB. An advisory panel created by the Securities and Exchange Commission is calling for the exemption of the smallest 80% of public companies from a key internal-controls requirement of the law.

"It's asserted by some that the law was enacted in haste," Mr. Sarbanes said. "I think this is an affront to the hard work and the common sense of the members of Congress who shaped the legislation, moved it through their respective houses and voted for it. We had an extremely thorough, careful set of hearings."

Mr. Sarbanes -- who was chairman of the Senate Banking Committee when the law was enacted -- took particular exception to a lawsuit filed by the Free Enterprise Fund, a Washington, D.C., nonprofit group, that seeks to have the PCAOB declared unconstitutional.

"The structure was reviewed by the American law division of the Congressional Research Service and several distinguished professors of constitutional law," Mr. Sarbanes said, and "all approved of the structure."

CRIMINAL LAW:

Judge Investigating Ryan Trial Juror (CHIT)

By Ray Gibson, Matt O'connor And David Heinzmann, Tribune Staff Reporters

Chicago Tribune, March 24, 2006

A federal judge launched an investigation into a juror in the George Ryan trial Thursday hours after the Tribune reported to court officials that public records appear to show the man had hidden a felony DUI conviction from the court during jury selection.

The revelation cast a shadow over the historic prosecution of the former governor, and could potentially lead to a motion for a mistrial or form grounds for the juror's dismissal with deliberations already underway.

Court records matching the suburban juror's name and other identifying information show a conviction for aggravated drunken driving-a felony-while Ryan was secretary of state in 1995.

In a sworn questionnaire filled out by potential jurors before the trial's start last September, the juror answered "no" when asked if he, a close friend or relative had ever been charged or accused of a crime.

State records also show that the driving privileges for a man matching the juror's name had been revoked or suspended on numerous occasions during Ryan's term as secretary of state as well.

On the questionnaire, the juror denied having any "bad experience" with the secretary of state's office and passed on a chance to discuss anything privately with the judge.

The Tribune is not naming the juror because it is the newspaper's standard practice not to name a sitting member of a jury. The Tribune did not contact the juror for comment because doing so could violate a court order not to communicate with jurors during a trial.

The latest twist in the marathon trial came amid indications of dissension in the jury in its second week of deliberations and as the judge warned jurors to treat one another "with dignity and respect."

The Tribune uncovered court records matching the juror's name Wednesday night and notified U.S. District Chief Judge Charles Kocoras in a meeting in his chambers Thursday morning. Kocoros then went to meet with U.S. District Judge Rebecca Pallmeyer, who is presiding over the marathon trial.

By 2 p.m. Thursday, lawyers in the Ryan trial had been summoned to the Pallmeyer's chambers.

Half an hour later, the judge stepped into her courtroom and announced that she had sent jurors home early for the weekend in order to perform "a brief investigation" of a matter unrelated to jurors' recent difficulties in deliberations.

"This relates to another matter," Pallmeyer told reporters. "It does involve a juror. It does involve a personal matter regarding that juror."

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Jurors were dispatched an hour and a half early, but deliberations are scheduled to resume Monday morning. Jurors have deliberated for eight days.

Pallmeyer sealed all information about the investigation and a gag order in the case prevents attorneys from discussing it.

Court records that match the juror's name show an arrest for drunken driving on November 7, 1994, in Palatine. There was a guilty plea on July 25, 1995, in that case and a sentence of 60 days in jail and 30 months of probation imposed, according to the records. It was unclear if any time was served in jail.

In February 1996, the same man was charged with possession of a weapon by a convicted felon and with violating probation, records show.

In October 1996, those charges were reduced to misdemeanors-including reckless conduct and possession of a firearm with no Firearm Owners Identification Card-and the judge did not impose a jail term.

Penelope Campbell, a spokeswoman for the secretary of state's office, said a person matching the juror's name first obtained a driver's license in 1979 but never renewed it when it expired in 1982.

Yet that man continued to drive, records show.

While the secretary of state's office shows the man has only one conviction for driving under the influence, court records show at least three arrests for drunk driving.

That man's driving privileges have been revoked or suspended many times over the years, and he is currently under a six-year license revocation set to expire in mid-2007, Campbell said.

Potential jurors had to sign the questionnaires under penalty of perjury that their answers were "true and correct to the best of my knowledge and belief."

Legal experts said that if the juror is dismissed, the judge could bring in an alternate or even continue deliberations with 11 jurors.

The judge can go with 11 only if a juror is dismissed for "good cause," but lying on the jury form would suffice, said Andrew Leipold, law professor at the University of Illinois.

While the issue might seem ripe for appeal, the Supreme Court has ruled in a civil case that a party in the case must prove a juror's failure to disclose information caused an actual bias, experts said.

Defense lawyers could argue that the juror's conduct should lead to a mistrial, but several experts thought it would be an uphill fight. They noted that defense lawyers have approved the alternate jurors, making it hard to complain if one of the alternates steps in.

But Philip K. Anthony, chief executive of jury consulting firm Decision Quest, predicted that the revelation could result in a mistrial. The defense could argue "the entire panel has been contaminated by the views of this individual," he said.

But past cases show trials and verdicts can be salvaged.

One such case involved violinist Rachel Barton, who won a $30 million judgment from commuter rail service Metra after she fell under a train and suffered severe injuries. Metra unsuccessfully sought a new trial because one juror failed to reveal she filed a lawsuit against a retailer after injuring her hand.

"Typically, much of the resolution of issues like this is placed in the sound discretion of the trial judge," said attorney Robert Clifford, who represented Barton.

In Boston, prosecutors perform regular criminal background checks on jurors after fallout from a 2004 murder trial. After a jury acquitted one defendant, prosecutors learned five jurors concealed their criminal backgrounds.

Experienced trial lawyers in Chicago said lawyers typically don't do background checks on jurors in federal criminal cases, instead relying on an honor system. Anthony said it was also rare across the country.

The lawyers in the case have a duty to report any impropriety, such as a juror lying during jury selection, if they become aware of it, said Jean Rosenbluth, a law professor at the University of Southern California and a former federal prosecutor in Los Angeles.

"If [lawyers on the case] they had even a reason to think it, they would have an obligation to say something," Rosenbluth said.

The potential problems with one juror come amid signs the deliberations had broken down in recent days because of personal rancor.

Pallmeyer had spoken of "personal difficulties" in the deliberations and a juror was overheard Tuesday saying that name-calling had to stop.

In a note issued Thursday morning, Pallmeyer urged that jurors treat one another "with dignity and respect."

The judge also warned that deliberations must be conducted in the jury room with all 12 present and not in private discussions outside the jury room by clusters of jurors.

Ryan, 72, and co-defendant Lawrence Warner, 67, are charged with using Ryan's offices as secretary of state and governor to enrich themselves, mainly through corrupt state leases and lobbying contracts doled out to Warner.

Tribune staff reporters Rudolph Bush and Michael Higgins also contributed to this story.

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Judge To Ryan Jury: Get Along (CHIST)

By NATASHA KORECKI, Federal Courts Reporter

Chicago Sun-Times, March 24, 2006

Jurors deciding former Gov. George Ryan's criminal case were sent home early today as a "brief investigation" is under way relating to a personal jury matter, U.S. District Judge Rebecca Pallmeyer said.

Pallmeyer said the matter had nothing to do with previous jury notes that revealed discord within the 12-member panel. The judge did not reveal the new issue but told reporters in open court that deliberations were suspended as an undisclosed matter related to the jury is investigated.

She said she expects to release details tied to the new matter but for now kept the issue secret and said jurors will return at 9:30 a.m. Monday to continue their talks. They were dismissed at about 2:30 p.m., ending their eighth day of deliberations.

Earlier today, Pallmeyer admonished jurors in a letter to treat one another "with dignity and respect" and to stop breaking off into smaller groups.

The 12 jurors deciding former Gov. George Ryan's fate are having "personal difficulties" as they try to reach a verdict.

That was in response to two notes jurors sent the judge earlier this week in which they complained they were having "personal difficulties" as they deliberated whether Ryan and his codefendant, Lawrence Warner, are guilty of corruption-related charges.

Pallmeyer told jurors they're barred from discussing the case in smaller groups outside of the jury room, saying any such talk among any smaller groups is a violation of their sworn duty.

"Private discussions about this case outside the jury room among any smaller groups is a violation of your sworn duty," Pallmeyer

Today is the eighth day of deliberations. Jurors are only discussing the case Monday through Thursday and leave every day at 4 p.m.

She also told the jurors they had to follow the instructions on the law that she gave them.

Pallmeyer didn't release the contents of the jurors' notes. But her response indicated conflict brewing among the six men and six women.

"You 12 are the jurors selected to decide this case. In your deliberations, I expect you to treat your fellow jurors with dignity and respect," Pallmeyer wrote. "As I understand from your notes, you may be having some difficulties during your deliberations."

Ryan Jurors Urged To Show 'Dignity And Respect;' Judge Launches Fresh Probe (AP)

By Mike Robinson

AP, March 24, 2006

DOJ_NMG_0020671

CHICAGO - The judge at former Gov. George Ryan's racketeering and fraud trial urged stalled jurors Thursday to treat each other "with dignity and respect" and sent them home, saying she was ordering a fresh investigation of a personal matter involving one of them.

The eighth day of deliberations at the five-month trial was alive with speculation but few hard facts about just what kind of turmoil was going on behind the closed door of the jury room.

"In your deliberations, I expect you to treat your fellow jurors with dignity and respect," U.S. District Judge Rebecca R. Pallmeyer said in a note sent to the jury Thursday morning.

The three-paragraph note was a response to two notes sent earlier to Pallmeyer, which she is keeping under seal because they touch on "personal difficulties on the jury."

Her reply seemed to suggest harsh words may have been used among the jurors. It also cautioned them not to break off into separate factions in their search for a verdict.

"I remind you that any deliberations in this case must be conducted only in the jury room among all of you," Pallmeyer said. "Private discussions of this case outside the jury room among any smaller groups is a violation of your sworn duty."

About 2:30 p.m., Pallmeyer sent the jurors home for the weekend. The jurors haven't been meeting on Fridays.

She said the reason for the early quitting time - the jurors have been working until 4 p.m. - was the launching of "a brief investigation" that she said "does involve a juror - it does involve a personal matter regarding that juror."

Pallmeyer said little more except that the investigation "does not relate to the issues that were raised by the jurors in notes to me earlier in the week."

The Chicago Tribune reported on its Web site Thursday night that the investigation came after the newspaper notified court officials of public records that indicate a juror may not have disclosed a felony DUI conviction in 1995, when Ryan was secretary of state.

During jury selection last fall, the juror answered "no" when asked in a sworn questionnaire whether he ever had been charged with or accused of a crime, the newspaper reported. State records show a driver's license matching the juror's name was revoked or suspended multiple times while Ryan was secretary of state, the newspaper said.

The Tribune discovered the records matching the juror's name and other identifying information Wednesday night and met with U.S. District Chief Judge Charles P. Kocoras in his chambers Thursday morning, the newspaper reported. Kocoras then met with Pallmeyer, the paper said.

On top of that, Kocoras on Thursday barred any photos of the jurors within the courthouse - evidently an effort to take more pressure off the jury.

Ryan, 72, and businessman Larry Warner, 67, are charged in a 22-count indictment with racketeering, fraud and other offenses. Ryan is accused of steering big money state leases and contracts to Warner and other insiders when he was secretary of state and later the governor.

He was rewarded with free vacations and gifts, according to the indictment.

Ryan and Warner say nothing they did was illegal.

What happens in a jury room always is supposed to be secret and the secrecy surrounding this case is all the greater since Pallmeyer imposed a gag order.

But the jurors themselves are anything but a random selection of 12 ordinary Americans.

They all were screened and profiled by psychologists working for a consulting firm brought in by Winston & Strawn, the Loop law firm headed by former Gov. James R. Thompson that is defending Ryan free of charge.

Just how any factions have developed is impossible to see from the outside. There is wide diversity on the jury - black and white, male and female, blue collar and middle management.

Los Angeles-based jury consultant Phil Anthony, chief executive officer of DecisionQuest Inc., said in a telephone interview Thursday that based on the turmoil of the last few days "I suspect that this jury is not going to reach a decision."

But he said that might be prevented if Pallmeyer took strong action to refocus the jury.

Anthony said attorneys at a trial such as Ryan's often start by doing something akin to market research to determine if any defense is likely to result in an acquittal.

If the results are discouraging, they sometimes use jury consultants to isolate one juror who might hold out in their favor no matter what transpires, or perhaps find groups of jurors so antagonistic to each other that they would be unable to agree on any verdict.

In doing that, they routinely look at race, social standing, gender and psychological conflicts that have nothing to do with the evidence or testimony from the witness stand.

"The average jury-eligible American cannot separate their own biases, prejudices or filtering mechanisms from the underlying facts of any given case," he said. "It's human nature."

He shrugged off any suggestion such tactics might be at odds with the ideals of justice.

"This is life and death for the governor," he said. "So if you're the governor's lawyer, your charge is to do everything you can within the parameters of the law to win the case."

Businessman Admits Bribing Philadelphia Councilman (SCCD)

The State College Centre Daily, March 24, 2006

PHILADEPHIA - A businessman friend of a convicted city councilman pleaded guilty Thursday to paying the councilman's health-club dues in exchange for help with a city land deal.

Reinaldo Pastrana faces a possible prison sentence of 2 1/2 years to 37 months under federal guidelines after pleading to three bribery counts, Assistant U.S. Attorney Kenya Mann said. Pastrana's sentencing was set for June 22.

Pastrana, 47, of Philadelphia did not cooperate in the case against Councilman Rick Mariano, who was convicted last week of 18 of 22 bribery and fraud counts.

Pastrana paid $5,400 for Mariano's membership fees, while Mariano helped him acquire a city property for $100,000, far below its appraised value.

As part of the plea, Pastrana agreed to sell the property and use the proceeds to pay up to $250,000 in taxes that may be owed by him, his wife and his mother.

Pastrana was on parole for failing to pay state income tax at the time of his indictment and has since been incarcerated for violating probation, defense lawyer Brian McMonagle said.

Mariano Ally Pleads Guilty To Bribery (PHI)

By John Shiffman

The Philadelphia Inquirer, March 24, 2006

A Philadelphia real estate developer who paid City Councilman Rick Mariano's gym fees for three years in return for help obtaining city land at a huge discount pleaded guilty yesterday to bribery charges.

Reinaldo Pastrana became the fourth person convicted in the case. The councilman was convicted at trial last week. Two other defendants had previously pleaded guilty, and two more are scheduled to be tried next month.

In the Pastrana scheme, Mariano sponsored and voted for legislation that allowed the developer to purchase 1.4 acres of city-owned property at American and Somerset Streets in Fairhill for $100,000 - a quarter of its market value, officials said.

Two weeks after the mayor signed a bill authorizing the sale, Pastrana began to pay Mariano's gym fees at the Sporting Club at the Bellevue. In all, Pastrana paid three years' worth of dues, or about $5,400.

Last year, after the FBI investigation became public, the councilman gave the developer a backdated check to make it appear as if he had repaid him, prosecutor Kenya Mann said in a court filing. But, she said, Mariano also told Pastrana not to cash the check because he didn't have enough money in his bank account.

Pastrana, who admitted his involvement before the grand jury, pleaded guilty because "he now recognizes that what he did was wrong and wants to get on with his life," said his lawyer, Brian McMonagle.

Pastrana believed he had paid a fair price for the property, McMonagle said, and he paid for the councilman's gym membership because Mariano had asked him to do so.

"Mariano called him up and he couldn't say no," McMonagle told reporters after the guilty plea hearing. "Obviously, he knows now that this is considered part of a federal crime."

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Pastrana likely faces about three years in prison. As part of his plea agreement, he also agreed to sell another property to help pay an IRS debt of $250,000.

Mariano, meantime, spent his seventh day at the Federal Detention Center yesterday. U.S. District Judge Lawrence F. Stengel revoked bail after his conviction, pending a psychiatric evaluation to determine whether he poses a danger to himself or to others or is a flight risk.

The evaluation took place Wednesday. No date for a bail hearing has been set.

Mariano is scheduled to be sentenced July 6. Pastrana will be sentenced June 22. The two others who pleaded guilty, Vincent DiPentino and Joseph Pellecchia, are scheduled to be sentenced on May 30.

The two remaining defendants, Louis and Philip Chartock, father-and-son operators of Erie Steel Ltd., are scheduled to go to trial April 24.

Victim's Mother Testifies In 'Mob Cops' Case (NSDY)

By Anthony M. Destefano, Newsday Staff Writer

Long Island Newsday, March 24, 2006

Betty Hydell, the murder victim's mother who helped jump-start the investigation into the so-called "Mafia Cops," testified Thursday but did not identify the two defendants as the men with badges who came looking for her son the day he disappeared.

Hydell, whose son James went missing in September 1986, also didn't testify about how she had reportedly recognized the face of one of the defendants, Louis Eppolito, some years later on a television talk show.

Law enforcement sources have said it was Hydell's recognition of Eppolito's face on an episode of the Sally Jessy Raphael show that helped energize the investigation that ensnared Eppolito and another ex-NYPD detective, Ste- phen Caracappa, on racketeering charges.

Defense attorneys expected Hydell to recount how she reportedly remembered Eppolito's face as one of two men who drove by her Staten Island home looking for her son James the day he went missing. James Hydell, an associate of the mob, was believed to have been killed by former Luchese crime boss Anthony "Gaspipe" Casso. Eppolito, 57, and Caracappa, 64, are accused of being paid assassins for Casso.

In about 2003, Betty Hydell's call to a Brooklyn detective about the television show helped move the probe of Eppolito and Caracappa into high gear, officials said. Yesterday prosecutors wouldn't comment on their reasons for not questioning Hydell about the incident.

Instead, Hydell, under questioning by assistant U.S. attorney Robert Henoch, described -- but was not asked to identify -- two men who drove to her Staten Island neighborhood looking for James. She testified that she finally drove around the block and caught up with the pair, who were driving a powder blue car and whom she described as being "Italian." Hydell described the driver as being a big man with dark hair and wearing a gold neck chain and the other as dark-haired and thin. Eppolito once had dark hair and did have an affinity for jewelry, photographs show. Caracappa is thin and has dark gray hair.

The driver showed her a badge and Hydell said she told the pair that "you should tell people who you are and what you are doing."

'MOB' MA TURNS UP HEAT (NYPOST)

By Zach Haberman

The New York Post, March 24, 2006

SAYS COPS LOOK LIKE DUO THERE ON DAY SON VANISHED

The heartbroken mother of a murdered mobster testified yesterday that two detectives staking out her home on the day her son vanished looked like the accused Mafia cops.

Trembling nervously as she spoke, Betty Hydell said the shadowy duo told her they were cops, after their actions prompted her to confront them as they sat in a car on the fateful morning of Oct. 18, 1986.

"I asked who they were," she told jurors in Brooklyn federal court. "The driver pulled out a badge. I said, 'You should let people know who you are and what you are doing.' "

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Hydell was not asked to identify or whether she recognized former Detectives Louis Eppolito or Stephen Caracappa. But she said of the two stakeout cops: "One was the big one, one was the little one."

Eppolito is heavyset, while Caracappa is thin.

Prosecutors say Hydell's son, Jimmy, was one of eight victims of the alleged dirty duo, who stand accused of leaking information that led to Mafia murders and even carrying out one killing themselves.

Earlier in their racketeering trial, a witness said the two officers were paid $35,000 to kidnap Jimmy Hydell for Luchese crime-family big Anthony "Gaspipe" Casso, who believed the low-level thug had tried to kill him.

Casso wanted Hydell alive so he could kill him as slowly and painfully as possible, according to the witness, Burton Kaplan.

Betty Hydell's testimony was apparently meant to place the officers outside her Staten Island house - stalking her son - the day he vanished.

"He was going to Brooklyn," she recalled, leaning forward on her elbows and trembling slightly. She said her son didn't use his car for the trip, because his brother, Frankie, needed it.

Moments after Frankie left in the vehicle in the late morning, he noticed he was followed by a car with two men. Betty Hydell said Frankie returned immediately. When she looked out her window, she saw the men idling near the family's house.

She said she concocted a plan to uncover the men's identity. First, she told Frankie to drive off in the car - then she followed close behind in her car to see what would happen.

"I wanted to see if they would follow him," she said.

Sure enough, the men did, she testified. Betty called out to the shady pair when they pulled up next to her, asking who they were. She said their badges didn't phase her, since her son Jimmy was frequently the subject of police interest.

"I checked with [the Department of] Motor Vehicles and the plates did not belong to that car. I just assumed they were undercover cops," Betty Hydell recalled

She said she suspected something was wrong only when Jimmy did not turn up for dinner that night - after he had called to say he would be on time. When he wasn't home the next day, she was really worried.

"He never did that before," she testified. "He always came home."

Earlier in the trial, Kaplan said Jimmy Hydell had been turned over to Casso by mobster Frankie Santoro Jr.

Kaplan said the doomed man was delivered directly to Santoro by Eppolito and Caracappa, who had kidnapped him and stuffed him in the trunk of a car, after pretending to pull him over in a legitimate police stop.

The witness said Casso tortured Hydell, shooting him numerous times in places that would be painful - but not fatal. He said Hydell begged his killer to "dump his body in the street" so his mother could find it and collect insurance. Although Casso agreed to this, Hydell's body has never been found.

It had been expected the bereaved mom would link the two men she saw the day her son vanished to the accused cops by testifying she recognized Eppolito promoting his book, "Mafia Cop," on the Sally Jessy Raphael talk show in the 1990s. But she never mentioned the show. Instead, she abruptly left the stand without pointing out the two cops - and without being cross-examined.

Betty Hydell's recollections about the talk-show appearance were left out because it could not be determined if she saw Eppolito before or after his face started being connected to Casso in the press, sources said.

"I thought she was going to have to point them out," her daughter, Elizabeth Hydell, said outside court.

Eppolito's one-time goumada also the stand as a surprise witness.

Cabrini Cama was eyeballed up and down by Eppolito's wife, Fran, as she walked into the courtroom. Then she testified her Brooklyn home wasn't just where Eppolito committed adultery.

She said the bulging ex-detective once brought Kaplan there for a brief meeting, but did not know the topic of conversation.

Testimony Against Mafia Cops A Dud (NYDN)

By JOHN MARZULLI, DAILY NEWS STAFF WRITER

New York Daily News, March 24, 2006

Victim's ma holds back

The mother of murder victim James Hydell got her shot at the reputed Mafia cops in court yesterday - and fired blanks.

Betty Hydell, 68, was expected to identify Louis Eppolito and Steven Caracappa, her son's alleged killers, as the two men who had cased her Staten Island house on Oct. 18, 1986, the day he disappeared.

Hydell also had told an investigator from the Brooklyn district attorney's office that she recognized Eppolito in 1992 when he was promoting his autobiography on Sally Jesse Raphael's talk show.

But prosecutors apparently decided not to subject Hydell to tough cross-examination over conflicting statements she gave about the incident to the FBI and the Drug Enforcement Administration, because the evidence so far against the defendants appears to be strong.

Hydell, 68, told the jury only that she noticed two men in a blue car making passes by her home. She got in her car and drove up alongside their vehicle.

"I asked who they were," she told the Brooklyn Federal Court jury. "The driver pulled out a badge. I said, 'You should let people know who you are and what you're doing.' "

She described the driver as "the big one" wearing a white shirt and a necklace. The passenger was "the little one." Both appeared to be of Italian descent, she said.

Eppolito is stout, and Caracappa is rail thin. Hydell was not asked to identify them in court.

She went on to describe how the last contact from her son, James, was a collect call he made from a pay phone in Brooklyn about 2:40 p.m.

Authorities contend the cops were looking for James Hydell on orders from Luchese crime family underboss Anthony (Gaspipe) Casso, who had survived an assassination attempt by several gunmen, including Hydell.

Eppolito and Caracappa allegedly found Hydell outside a coin laundry in Brooklyn and turned him over to Casso, who tortured and killed him, officials said. His body has never been found.

Outside court, Betty Hydell's daughter, Liz, said she was "shocked" that her mother's testimony was so brief.

"I have no idea what's going on," she said. "I thought she was going to point him \[Eppolito\] out."

Eppolito's lawyer, Bruce Cutler, said he, too, was expecting the witness to make the connection to his client.

"It surprised me that the government didn't try to adduce that," he said.

Neither Cutler nor Caracappa's lawyer, Edward Hayes, asked her a single question on cross-examination.

Witness In Detectives' Trial Testifies About His Own Crimes (NYT)

By Alan Feuer

The New York Times, March 23, 2006

Steven Corso — tax cheat, thief and disgraced accountant — has spent the last two days at the racketeering trial of Louis Eppolito and Stephen Caracappa telling jurors that the two detectives moved to Las Vegas in the early 1990's and committed a smattering of federal crimes.

He testified that last year they helped arrange a 2-minute-19-second drug deal, in which Mr. Eppolito's son was secretly recorded selling an ounce of methamphetamine for $900. He also said that a few weeks later Mr. Eppolito, a struggling screenwriter, accepted $14,000 as an investment in a script he was looking to produce — money, the witness said, that supposedly came from a drug deal in Florida.

Today, Mr. Corso, with his pomaded hair and designer suit, underwent a bitter, if quizzical, cross-examination. He acknowledged he was the sort of man who would talk with his mouth full of bruschetta and who had first approached Mr. Eppolito by pretending to be interested in his daughter. He also admitted to stealing $5,329,566 from his former firm — money he said he had spent on a life style of "girlfriends, jewelry and going out."

Mr. Corso, the government's chief witness in the trial's Las Vegas phase, traveled through the city wearing a recorder and acting as an oral historian of its underworld — a sort of Studs Terkel of Las Vegas crime. His testimony — and his tapes — are crucial to the prosecution because they allow the government to argue that the two defendants engaged in a criminal conspiracy that stretched from Brooklyn murder in the 1980's to a Las Vegas drug deal just last year.

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Judge Jack B. Weinstein broached the topic of the statute of limitations — five years in a conspiracy case — before Mr. Corso took the stand. As prosecutors begin to wrap up their case, the judge said the issue was "coming to a head."

The first round of cross-examination was by Mr. Eppolito's lawyer, Bruce Cutler, who sought to paint the 50-year-old Mr. Corso as a debauched and profligate government pawn: a man, he said, who left $600,000 in "unpaid lines of credit at various and sundry casinos."

On Wednesday, Mr. Cutler, who has a taste for eloquent aggression, impugned Mr. Corso's professional conduct and patriotism, then lambasted him for having stooped so low as to record Mr. Eppolito while he was recovering from heart surgery in a hospital room.

LI Sting Halts Siberia Scheme (NSDY)

By Robert E. Kessler, Newsday Staff Writer

Long Island Newsday, March 24, 2006

Feds arrest 4 on fraud charges, alleging that they tried to bilk $3 billion from Nassau investor with a promise to build an oil pipeline in Russia

The only thing that was real yesterday was the Republic of Buryatia.

Four alleged con men believed they were about to collect $3 billion yesterday from a wealthy Nassau County hedge fund operator for the "construction" of an oil pipeline through that obscure Siberian region, federal officials said.

But the four - including two alleged bankers from a Georgia Indian tribe - ended up being arrested on fraud charges by federal agents on Long Island, in Montana and in Georgia. The agents were running a sting operation aimed at financial confidence men.

In several months of negotiations on Long Island, the four alleged confidence men claimed that they were the representatives of the Republic of Buryatia, whose government was planning to build a 2,500-mile oil pipeline through Siberia, according to Assistant U.S. Attorney James Miskiewicz and court records.

Initial collateral insuring the financial safety of the project was allegedly $10 billion in American treasury bonds that had been loaned to the republic by the U.S. government in the 1990s, Miskiewicz said. The men claimed the bonds were being used as leverage to get even more money for the "Trans Siberian Oil Pipeline." The hedge fund operator was promised very high rates of interest for his $3 billion, officials said.

Buryatia is an autonomous Russian region in southeastern Siberia with a population of about a million, many of whom are of Mongolian descent living as nomadic herders. But the alleged confidence men had no connection to Buryatia, nor had the U.S. government loaned the land the billions of dollars, officials said.

The hedge fund operator was an unidentified Long Island man who had pleaded guilty to securities fraud and worked on sting operations for the FBI and the U.S. Postal Inspection Service to get a lighter sentence, according to court documents.

During the course of the sting operation, the alleged confidence men produced documents supporting their role in the project and the existence of the $10 billion in various types of U.S. treasury financial instruments, but all of the documents were forged, officials said.

Rodney Sampson was arrested on Long Island yesterday when he came to meet with the hedge fund operator to finalize the $3-billion investment.

Sampson said he was the chief operating officer of the Magnolia International Bank and Trust in Atlanta, officials said. On its Web site, Magnolia identified itself as organized under the laws of the Nu Altamaha Yamassee Indian nation and serving as the central bank for that tribe and other Indian tribes. Officials said the Yamassee are not recognized by the federal government as an Indian tribe, and the bank was actually a one-page Web site with an address of a public housing project.

James Campbell Jr., of Clarinda, Iowa, also was arrested when he came to the Long Island meeting.

In Atlanta yesterday, federal agents arrested Emerson Corsey, the supposed chief financial officer of Magnolia; and in Whitefish, Mont., agents arrested John Juncal, who identified himself as Buryatia's counsel in the United States.

Sampson and Campbell were arraigned before Magistrate Michael Orenstein in U.S. District Court in Central Islip, where they were held without bail as flight risks.

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Campbell's attorney, Richard Miller of Islandia, and Sampson's attorney, federal public defender Michael Weil, declined to comment after the arraignment, as did prosecutor Miskiewicz.

Corsey and Juncal were scheduled to have hearings later in the day in Georgia and Montana.

Given the amount of money involved in the alleged fraud, the four face up to 20 years each in prison if convicted.

Flint Man Charged With Producing Child Pornography (AP)

AP, March 24, 2006

Prosecutors Will Seek Maximum Sentences, Avoid Plea Deals

DETROIT -- U.S. Attorney Stephen Murphy on Thursday announced child pornography charges against a Flint man and said he was launching a new initiative to crack down on what he said is a growing Internet trade in such images.

Alan Sain, 25, was indicted Wednesday on charges that he enticed, coerced and used a child to engage in sexually explicit conduct and produced pictures of the acts. He is also accused of transporting child pornography in interstate commerce and with possession of child pornography.

Sexual exploitation of children and transportation of child pornography are each punishable by up to 30 years in prison. Possession of child pornography is punishable by up to 10 years in prison.

In an affidavit that accompanied an initial complaint against Sain filed last week, FBI Special Agent Jennie McGlynn Emmons described posting a profile on several Yahoo! interest groups she said were associated with child exploitation. Emmons said Sain contacted her, chatted online with her and sent her child pornography.

Sain claimed he was the adult in the images and as proof offered a picture of what appeared to be the same couch as one visible in the pornographic images, according to Emmons' affidavit.

A message seeking comment was left Thursday for Sain's attorney.

In announcing the charges against Sain, Murphy also unveiled a new Child Protection Initiative out of his office, which covers the eastern district of Michigan.

Under the initiative, prosecutors in Murphy's office will seek the maximum sentences for child exploitation offenses and will not make plea deals. Seven assistant U.S. attorneys will be designated to receive special training on handling child exploitation cases, and an Internet safety program will be offered at local schools.

Murphy said the initiative was in the works before the Sain case and was "prompted by what I have (found) to be a disturbing uptick in the number of these cases that we're seeing."

Nationally, the illicit child pornography trade is estimated to do $3 billion in business annually, he said.

In Michigan, there are about 65 open child exploitation cases "and more in the pipeline from federal agencies." In 2000, when Murphy was an assistant U.S. attorney, the office had fewer than 10 such cases, he said.

"It's totally associated with the Internet," he said, adding that investigation of such crimes had also increased since that time.

U.S. Beefs Up Child Porn Fight (DEN)

Detroit News, March 24, 2006

U.S. Attorney's office will seek maximum penalties, including against a Clio man charged with abuse.

DETROIT -- The U.S. attorney's office will seek maximum penalties for all who abuse or exploit children as part of a new initiative announced Thursday to fight child pornography.

U.S. Attorney Stephen Murphy said he has assigned seven assistant attorneys, led by Assistant Attorney John O'Brien, to become experts on child exploitation cases.

Murphy's office also will work more closely with other federal, state and local law enforcement agencies and will launch an Internet safety and awareness program in local schools, he said at a news conference in Detroit.

"If we can't do all we can to protect (children), then we can't do much," Murphy said. "We intend to put these sick individuals in jail for as long as we possibly can."

Murphy also announced a three-count indictment against a Flint-area man on child pornography charges.

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Alan Sain, 28, of Clio is charged with enticing a child to engage in sexually explicit conduct, transmitting child pornography and possessing child pornography.

Sain, through e-mail contact with an undercover officer posing as a mother of a young girl, tried to set up a sexual encounter with the girl, officials said. Officials have evidence Sain abused a child or children and produced pornography himself, Murphy said.

But he would not comment on the age of the child or children allegedly involved or whether officials had been able to locate any of the children pictured in images Sain allegedly transmitted.

Sain, who is in custody and is to be arraigned in federal court in Flint on Monday, could not be reached for comment.

Under the policy announced Thursday, Murphy would seek a 30-year prison term on the enticement charge, which carries a minimum penalty of 15 years in prison upon conviction.

Murphy said child pornography is a $3 billion-a-year business and growing, with up to 3,000 child predators using the Internet at any given time. The eastern district of Michigan has 65 child exploitation cases under investigation, he said.

Former Scout Leader Sentenced For Child Porn (AP)

AP, March 24, 2006

ATLANTA (AP) — A north Georgia man who served more than five years as a Boy Scout troop leader has been sentenced to probation and home confinement for possessing dozens of video clips of child pornography, authorities said.

Samuel J. Port, 35, of Ball Ground, was sentenced Wednesday in federal court to eight years probation and six months of home confinement for possessing dozens of video clips of child pornography, according to a news release from the U.S. Attorney's office in Atlanta.

Port came to the attention of the FBI after he brought in his employer-owned computer for maintenance, according to the release. A service technician spotted the items on PORT's computer and notified authorities.

The FBI did a forensic scan of PORT's computer and discovered more than 100 movie clips containing pornography related to young boys. PORT, who has no children, had been active in a local boy scout troop for over five years, according to the release.

PORT was indicted in July 2005 and pleaded guilty in January to a single count of possessing child pornography. Assistant United States Attorney Robert C.I. McBurney prosecuted the case.

Four Men Charged In Nigeria E-mail Scam (CNET)

By Anne Broache, Staff Writer, CNET News.com

CNET News, March 23, 2006

A quartet of suspected e-mail scammers--three of them Nigerian citizens--could face scores of years in prison if convicted on fraud and conspiracy charges, the U.S. Justice Department said Thursday.

A grand jury in Brooklyn, N.Y., on Wednesday charged Nnamdi Chizuba Anisiobi, Anthony Friday Ehis, Kesandu Egwuonwu and another unnamed defendant with one count of conspiracy, eight counts of wire fraud and one count of mail fraud. Anisiobi also faces one count of bank fraud.

According to the Justice Department's charges, New York-based victims of the e-mail scams lost more than $1.2 million to the fraudsters.

Their schemes resembled a popular fraud ploy, sometimes called a 419 scam, or an advance-fee scheme, that has dogged the African nation. Their perpetrators typically send letters and e-mails to thousands of victims, offering a large sum of money and attempt to dupe them into paying fees beforehand. The criminals then pocket the cash and shirk their end of the fake bargain.

One incident described in the 27-page indictment involved a suspect who posed as a suffering throat-cancer patient native to the Southeast Asian nation of Brunei. He said he was too ill to distribute his cache of $55 million to charity and needed help, promising a 20 percent commission in return. But anyone who fell for the offer encountered a number of bogus "shipment" and processing fees numbering in the tens of thousands of dollars.

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Three of the suspects were first arrested in February in Amsterdam, where they were living at the time. They are being held by authorities until their extradition to the United States. The fourth suspect is a fugitive.

If convicted, they could face up to 20 years in prison for mail and wire fraud, 30 years for bank fraud, and five years for the conspiracy charge.

Dutch authorities, which initiated the investigation, are no strangers to dealing with suspected Nigerian scammers. In 2004, their bust of a suspected ring yielded 52 arrests.

Last year, a Nigerian court sentenced a woman to two-and-a-half years in prison after she pleaded guilty to conspiring in what was called the nation's biggest scam case ever--a $242 million fraud incident involving a Brazilian bank. The country has stepped up its focus on the problem in recent months, teaming up with Microsoft and British officials to spread warnings about scammers.

Prosecutors Seek Death Penalty Against Kingpin, Delaying NY Trial (AP)

By TOM HAYS, The Associated Press

AP, March 23, 2006

NEW YORK (AP) — The murder conspiracy trial of a notorious crack kingpin with ties to the rap music industry was postponed on Thursday after prosecutors told a judge that the Department of Justice wants him and his four co-defendants to face the death penalty.

U.S. District Judge Frederic Bloch rescheduled the trial of Kenneth "Supreme" McGriff, previously set for April 3, for April 17. He said he would rule by April 10 on the government's death penalty request.

At a hearing in federal court in Brooklyn, defense attorney David Ruhnke called the government's request an 11th-hour "sham" imposed by a pro-death penalty Justice Department and designed to buy prosecutors more time to prepare their case. He argued that the allegations don't meet the federal standards for a capital case.

Seeking death for defendant Nicole Brown — accused of being a lookout in the 2001 retaliation slaying of a rapper known as E-Money Bags — in particular "is simply absurd," he said.

Prosecutor Carolyn Pokorny insisted the request was legitimate, saying, "It's something that got a really close look in Washington."

McGriff was founder of the Supreme Team, once one of the city's most violent drug crews. Investigators allege that after he finished serving about nine years for drug conspiracy in 1997 he set about reviving his drug-dealing operation.

Cooperating witnesses have told investigators McGriff admitted killing E-Money Bags in Queens. He also allegedly arranged the Baltimore killing a month later of a suspected informant in his drug organization.

McGriff originally was indicted along with his friend Irving Lorenzo, founder of Murder Inc. and the producer of chart-topping acts like Ja Rule and Ashanti. After being granted a separate trial, Lorenzo and his brother Christopher Lorenzo were acquitted late last year of money laundering charges.

Prosecutors had said McGriff funneled more than $1 million in drug proceeds, much of it from Baltimore, through Murder Inc. in return for serving as the Lorenzos' protector and enforcer. A government witness who worked at the label testified he saw a "huge amount" of money delivered in shopping bags and a shoe box in 2000.

In court papers filed Thursday, prosecutors argued that McGriff deserved the death penalty because the killings were premeditated and because he has an extensive criminal record.

"The defendant poses risk of future dangerousness as manifested by a continued pattern of violence" and a "lack of remorse," the papers said.

Alva Doctor Indicted For Health Care Fraud (ALVARC)

Alva (OK) Review-Courier, March 24, 2006

Oklahoma City, Oklahoma — An Alva physician was indicted today for fraudulently billing Medicare for the administration of significantly more medication than was actually given to his patients. DR. GREGORY GLASE PINEGAR, 42, of Alva, Oklahoma, was charged with two counts of health care fraud by a federal grand jury indictment, which also seeks forfeiture of $422,838.57.

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Dr. Pinegar is a family practice physician operating his own medical offices in Alva, Oklahoma, who served approximately 300 Medicare eligible patients.

The indictment focuses on two prescription medications: Procrit and Remicade. Procrit is administered by injection and is primarily used to treat anemia in patients with serious kidney disease as well as anemia caused by certain medications, such as some types of chemotherapy and medications to treat HIV. Remicade is administered by intravenous infusions and primarily used to treat patients with moderate to severe Crohn's disease or used to reduce signs and symptoms of rheumatoid arthritis in adults.

The indictment alleges that after Dr. Pinegar or a nurse would give the Procrit injections or supervise the Remicade IV infusions, they would mark the amount of medication given on an office billing form.

Before his office sent the billing information to Medicare the indictment alleges, Dr. Pinegar would fraudulently alter the billing forms to show that his office had administered drugs that were not actually administered or that his office had administered drugs in quantities greater than actually administered.

Specifically, the indictment alleges that from January of 2000 through May of 2005, Dr. Pinegar's office ordered no more than approximately 7,400,000 units of Procrit from suppliers but billed Medicare for approximately 19,750,000 units, totaling $184,502.32.

The indictment also alleges that during that from January of 2003, through May of 2005, Dr. Pinegar's office ordered no more than approximately 49,600 milligrams of Remicade from suppliers but billed Medicare for approximately 112,110 milligrams, totaling $526,160.25.

If convicted, Pinegar faces up to ten years in prison, a fine of up to $250,000, mandatory restitution, and forfeiture of $422,838.57.

The case is the result of an investigation conducted by the Office of Inspector General for the U.S. Department of Health and Human Services and the Federal Bureau of Investigation.

This case is being prosecuted by Assistant U.S. Attorney Scott E. Williams.

The public is reminded that the indictment is merely an accusation and that the defendant is presumed innocent unless and until proven guilty.

Reference is made to the indictment for further information.

Betting The 'Net Internet Sports Wagering Gaining Popularity With Locals (LVS)

By Liz Benston, Las Vegas Sun

Las Vegas Sun, March 24, 2006

Before Steve Fezzik put money on today's Texas-West Virginia game in the national men's college basketball championship, the Las Vegas man did some comparison shopping online.

A quick search of Internet sports books revealed average offers for bets that the total points made during the game would fall under 132. But Fezzik, a handicapper and frequent sports bettor, already knew that a couple of Vegas casinos had better odds.

On Sunday, he bet $2,000 on the game to go under 134 at the Palms and put another $500 to go under 134.5 at the Las Vegas Hilton.

Online, or "offshore" sports books might seem irrelevant in a town with dozens of sports books and more than 35 on the Strip alone.

That couldn't be further from the truth.

Online sports betting sites aren't just flourishing in the rest of the country, where sports books are illegal everywhere except Nevada. Internet sites have found a hot spot in Nevada and especially in Las Vegas, home to one of the biggest concentration of gamblers and a place where bettors come from all over the world to hone their skills.

No one knows how much of this year's estimated $118 billion in online sports book bets will be made by Nevadans.

But experts say it's a large and growing number of people that includes many pros and even more amateurs who follow sports. Analysts expect the NCAA playoffs to attract at least $300 million in online bets, a 20 percent hike from last year. Some say

the event is closing the gap on the Super Bowl, the No. 1 betting event in the country, which generated an estimated $500 million in online wagers this year.

"Anyone who really knows what they're doing is going to consider betting offshore as well as in Vegas," Fezzik said.

While pros have largely gravitated online, Internet sports books, like the multitude of online poker sites that have sprung up in recent years, are largely the realm of occasional bettors.

Amateurs come out in force during March Madness, a 65-team, 64-game event that attracts hordes of fans who make sentimental bets that their college team will win - or at least beat the point spread.

"They make their picks for their office pool, and now that they've thought about it, they think Boston College will beat Pacific by eight points," said Alex Czajkowski, marketing director for the U.S. division of Sportingbet, the world's largest online sports book.

Sports books have become brand-conscious giants of Internet commerce. Some of the biggest are traded on the London Stock Exchange, where that country is in the process of legalizing online gambling. There's now a sports book for every taste. Costa Rican site Bodog.com uses ads with leggy models to market to casual sports and poker players, while Pinnacle Sports is heavy on numbers rather than art, attracting regulars or "sharpies."

Like other major Internet companies, Sportingbet has a full-fledged advertising campaign that consists of billboards and television ads in the United States. The company has a billboard in New York's Times Square and in several other major cities, including Las Vegas.

"Vegas is where all our customers go," Czajkowski said. "But you can't just jump on a plane to Vegas every time you want to place a bet."

Sportingbet, which is headquartered in London and operates its computer servers from the Caribbean island of Antigua, isn't a law-abiding company, according to the Justice Department. Online sports betting also is considered illegal in Nevada, which prevents the transmission and placement of wagers by entities that aren't licensed by the state Gaming Control Board and Nevada Gaming Commission.

The Justice Department says Internet gambling is illegal in the United States based on a law known as the Wire Act. Some legal experts say the law, intended to combat illegal bookmaking by the Mafia in the 1960s, is outdated and doesn't apply to traditional casino games and poker games played online. But they generally agree that sports books are on much shakier legal ground.

"I think the law is fairly clear that if you're accepting (sports wagers) from the U.S., you're probably violating the Wire Act," Las Vegas attorney and Internet gambling expert Tony Cabot said.

The law was clarified in 2000 when Jay Cohen became the first person to be convicted for running an offshore gambling operation that accepted bets from Americans. That case determined that the bets occurred both in the United States and Antigua, and that Cohen violated U.S. law.

That hasn't deterred Internet operators, who say they are licensed in foreign countries where the wagers are accepted.

After the Cohen case, the Justice Department began sending out letters to media companies that took Internet gambling ads saying they could be "aiding and abetting" illegal activity. The feds took it one step further with The Sporting News Internet and print publications. In January, the company agreed to a $7.2 million settlement with the government for advertising online gambling sites. The settlement requires the Sporting News to run public service radio ads telling listeners that online gambling is illegal. Those spots have run nationwide, including in Las Vegas.

Sportingbet and other operators have found creative ways to promote their wares in the United States, particularly around events like March Madness. The company has still had difficulty running television ads, even ads for the company's educational sports tips Web site, called sportsbook.net.

"The Department of Justice has scared media owners into submission," Czajkowski said. "That was a few years ago, and every now and then (the DOJ) will send a letter around or make a few calls. Everyone is still pretty jittery about it."

The company's preferred marketing method is billboards, which are grabbing the attention of potential customers while appearing to fall under the government's radar screen.

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BetOnSports, another top sports book, also has an aggressive ad campaign that includes billboards as well as taxicab signs, public transit posters and radio spots.

"It's been a struggle" to advertise under the Justice Department's watch, Betonsports.com spokesman Kevin Smith said. The company, also traded on the London Stock Exchange, is based in Costa Rica but is licensed in Antigua, where its computer servers take bets.

Instead of promoting a nongambling ".net" site like other Internet sites have done, the company's radio ads simply mention the "Betonsports" brand and an 800 number where callers can learn sports lingo and betting tips. That number is different from the number customers call to make a bet, Smith said.

Like any maturing industry, online books are aiming to grow by diversifying their businesses beyond just sports. Many now offer other casino games and have been particularly successful capitalizing on poker, which attracts many people who also bet sports.

"There's a great synergy between the two," Czajowski said. "People come online to play poker, and they're comfortable going and making a sports bet on the side."

Last year Sportingbet reconfigured its various Web brands so that customers can jump from one game or bet to another without registering all over again. Within seconds, customers can take their poker winnings and use that to bet on basketball, for example. Sites also are looking to expand beyond the United States, where business is expected to grow more slowly than other parts of the world in the years to come in part because of regulatory uncertainty.

Betonsports.com recently acquired an Asian sports book and is heating up its marketing efforts in Asia, one of the fastest-growing markets for gamblers, Smith said.

Meanwhile, sports fans across the United States are becoming more comfortable with online books in large part because of widespread televised broadcasts of poker tournaments and the mainstream appeal of online poker. Professional gamblers are abandoning longtime relationships with illegal bookies and gravitating online, experts say.

Illegal bookies maintain one key advantage: most accept bets without requiring the cash up front.

While bettors often pride themselves on their in-depth knowledge of a particular sport or even buy recommendations at hefty prices, a successful sports bet often turns on the difference between a point or even a half a point.

For bettors like Fezzik, that means refining their search for the best line - a search that's far easier to do online.

"You can drive around to 10 sports books in town and it'll take you three hours or you can look at 10 sports books online in three minutes," said Ted Sevransky, a local sports handicapper and radio personality known as "Teddy Covers."

Like the search for an undervalued stock, more sports bettors are approaching their bets like investments. Sports bettors now use sophisticated tools such as computer software that can post lines for more than 50 online sports books on one screen, allowing the bettor to find the best offer in seconds.

"The more sports books you visit the more chance you have of finding a game that's slightly misspriced," Sevransky said.

Searching for the best line most often separates the winners from the losers, Fezzik said. Online books will have better lines some of the time but not always, as in the case of the Texas-West Virginia game, he said.

"The most important aspect of sports betting is to get the best number," he said.

There's other advantages to betting online, gamblers say. Besides a shot at better odds, online sports books sometimes offer a reduced vigorish, or the fee bettors pay the casino to place a bet. While Las Vegas casinos typically offer $100 for every winning bet of $110, some Internet sites offer $100 on a $105 bet - a big difference for gamblers wagering hundreds or thousands of dollars at a pop.

Then there are other special offers, like million-dollar contests that are similar to casino contests but may offer bigger prizes because of the greater number of potential customers online promotions can attract.

Las Vegas casinos ultimately will benefit from the growth of online sports books, experts say.

"Ultimately it's good for the casinos," said Anthony Curtis, publisher of the Las Vegas Advisor consumer newsletter. "They'll get more players, more of them will come to Vegas, and when they're in Vegas, they'll make sports bets."

Czajkowski, a frequent visitor to Las Vegas, said online betting will never replace the real thing.

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"Online gamblers love coming to Vegas - you haven't lived until you've been to Vegas." Liz Benston can be reached at 259-4077 or at benston@lasvegassun.com.

NCAA Gets Proactive On Gambling (KDKA-TV)

KDKA-TV, March 24, 2006

(CBS) ATLANTA Before the West Virginia Mountaineers took the practice court Thursday, the team had a little sit-down — with the FBI.

Special agent Tom Metz was invited by the NCAA to explain to the players how gambling on sports, especially on games involving their own teams, could ruin their lives, reports CBS News correspondent Jim Acosta.

"You have a lot of people out there. They want to be your friends for the wrong reasons," Metz tells the West Virginia players, who face Texas on Thursday night in the Sweet 16 of the tournament.

"We are trying to say to the student-athlete [that] they have a lot to lose," Metz adds.

NCAA gambling official Rachel Newman-Baker told the players, "If it's an NCAA-sponsored sport at either the college or professional level, you would not be allowed to bet on it, OK?"

This year athletic officials expanded their anti-betting program from the tournament's Final Four teams to the Sweet 16. It's an admission that the problem is bigger than the NCAA once thought.

Three years ago, an NCAA survey found 29 percent of its Division I male athletes had bet on sports — and that 2 percent had actually been asked to throw a game. Forget the figures on the scoreboard, those are the numbers that make the NCAA nervous.

The NCAA's biggest fear is "point-shaving," where gamblers manipulate players into missing shots or playing weak defense in order to bring the final score within the "point spread" set by oddsmakers in Las Vegas, where betting on the games is legal. A difference of a couple of points in the final score can mean winning or losing hundreds of thousands of dollars.

Stevin Smith was sent to prison for shaving points at Arizona State University in the early 90s. "I made a hell of a mistake that cost me my NBA career," Smith says.

Smith plays now in Russia. In a rare interview, he told CBS News that the pre-game lectures will make a difference.

"That's something that should have happened a long time ago. I think it would have prevented some things. It would have prevented me from doing what I did ... had I known the consequences," Smith admits.

West Virginia coach John Beilein welcomed the FBI visit.

"I wish they listened to me that attentively in some of our meetings because our guys were on the edge of their seat," Beilein says.

Just in case, the NCAA stays in constant contact with gambling officials in Las Vegas, as well as with the FBI, to get the message across.

Former Financier Resentenced To Prison (AP)

By MATT APUZZO, Associated Press Writer

AP, March 24, 2006

NEW HAVEN, Conn. — A federal judge ordered Martin Frankel on Thursday to serve the same sentence he got in 2004 for stealing $200 million from insurance companies — nearly 17 years in a federal prison.

The former financier was ordered resentenced after a Supreme Court ruling last year gave judges more leeway in their use of sentencing guidelines.

During a brief hearing in U.S. District Court, Judge Ellen B. Burns said she saw no reason to alter the sentence.

"It seemed to me, that was the appropriate sentence to impose," she said.

Frankel, 51, wearing baggy brown prison scrubs and large glasses, stroked a long gray beard that he grew in prison as Burns reread the 200-month sentence. He spoke only briefly, asking Burns to note that he is at risk in prison.

Burns said she would. Defense attorney William Koch elaborated after court, saying the highly publicized case, which inspired two books, made Frankel "particularly vulnerable" to physical assaults in prison.

He will be eligible for release in 2015, according to the U.S. Bureau of Prisons. Frankel is serving his sentence at the federal prison in Otisville, N.Y.

Frankel was convicted of taking over and looting insurance companies in Arkansas, Mississippi, Oklahoma, Missouri and Tennessee.

He bought the insurance companies through a trust set up to hide his involvement, since he was barred from securities trading because of a similar scheme he committed years before in Ohio.

He claimed that he was investing the companies' assets, but instead stole the $200 million to pay for a two-house compound in Greenwich, luxury cars and several girlfriends, some of whom he met through ads for kinky sex.

Prosecutors said Frankel was motivated by greed, sexual desire and a lust for the high life.

Frankel fled the country in May 1999 shortly after a meeting with Mississippi regulators, who questioned his management of several insurance companies.

He was arrested in Germany four months later and pleaded guilty to 24 counts of fraud and racketeering in 2002.

U.S. Files Penny-Stock Mob Case (WSJ)

By Chad Bray

The Wall Street Journal, March 24, 2006

NEW YORK -- Men the government identifies as members of the reputed Colombo and Luchese organized-crime families were charged with manipulating the market for penny stocks as part of a broader racketeering case in Brooklyn.

In an indictment unsealed yesterday, the Justice Department's U.S. attorney's office in Brooklyn alleged that at least six of 10 men the Federal Bureau of Investigation arrested on racketeering charges secretly controlled at least 15 branch offices of brokerage firms in the New York City boroughs of Brooklyn, Manhattan and Staten Island, through which the men ran a scheme to artificially inflate the price of the stocks.

Prosecutors said brokers misrepresented prospects of certain stocks to potential investors in exchange for large commissions. They said the defendants then sold their holdings in those stocks at inflated values, costing investors $20 million.

Named in the indictment specifically as operating through the branch offices were John Baudanza, 36 years old; Jerry Degerolamo, 34; Arthur Gunning, 40; Craig Leszczak, 31; Craig Marino, 36, and Robert Podlog, 32. Also indicted and arrested were Ronald Giallanzo, 35; Vincent Rossetti, 40; Joseph Baudanza, 61; and Carmine Baudanza, 63. Charges range from racketeering and extortion to conspiracy and securities fraud.

Joel Winograd, a lawyer for Joseph Baudanza, said his client has asserted his innocence and believes the indictment is a "farce." "He awaits his day in court and he will be vindicated at the end of this proceeding," Mr. Winograd said. "He knows as much about stocks as Joseph Stalin."

Michael Rosen, a lawyer for Mr. Podlog, said the indictment is merely an allegation and everyone who is charged with a crime is presumed innocent. "Any federal judge will tell you the indictment is nothing," Mr. Rosen said. "Evidence comes from the witness stand. We have had no witnesses."

A lawyer for Mr. Marino declined to comment; lawyers for the others couldn't be reached for comment.

Prosecutors allege the prices of more than a dozen stocks were artificially manipulated. They included shares of:

Legends Sports Inc., Axxess Inc., HTTP Technology Inc., Learner's World Inc., Rollerball International Inc., SIMS Communications Inc., Flexweight Corp., Rick's Cabaret International Inc., Blini Hut Inc., Orex Gold Mines Corp., Motorsports USA, Evans Systems Inc., Silver Star Foods and America's Hedge Fund.

Many of the stocks, which were allegedly referred to as "house stocks" by the defendants, were traded on the OTC Bulletin Board or the Nasdaq small-cap stock market (later renamed Nasdaq Capital Market), the government said. They were mostly small companies, start-ups or companies that did no business at all, according to the indictment.

Woman, 24, Says Neighbor Held Her Captive For 10 Years (NYT)

By Ian Urbina

The New York Times, March 24, 2006

DOJ_NMG_0020685

A girl who vanished more than 10 years ago was reunited yesterday with her mother in a Pittsburgh suburb two days after confiding to a store owner that she was being held captive, the police said.

"I guess she just chose me to lean on," said Joe Sparico, owner of J. J.'s Deli Mart in McKeesport, Pa., where the young woman, Tanya Nicole Kach, broke into tears on Tuesday while telling him that she was living with a man against her will. "I'm just glad she's happy and home now."

Ms. Kach, now 24, was 14 when she was reported missing on Feb. 10, 1996, after walking out of her father's house, two miles from where she said she had lived in secrecy.

"We're investigating this further, but I have to tell you there is still a lot we need to figure out," said Charles Moffatt, superintendent of the Allegheny County Police Department.

Ms. Kach said she had been living against her will with Thomas Hose, 48, a security guard at Cornell Intermediate School in McKeesport, where Ms. Kach was an eighth grader when she was reported missing, Mr. Moffatt said. For the first four years of captivity, she told the police, she was never permitted to leave the two-bedroom house, and Mr. Hose threatened to kill her if she told anyone about her captivity.

Locked in his bedroom, she was often forced to use a metal can for a toilet, she said, and even though he shared the house with his parents and his 22-year-old son, he forbade anyone to let her out, Ms. Kach told Mr. Sparico. In later years, Ms. Kach said, she was allowed to leave during the day, but she said she never spoke about her situation because she believed Mr. Hose's threats.

"I was so scared that nobody would believe me," Ms. Kach told WTAE-TV on Wednesday from the home of her father, Jerry Kach, in Elizabeth, a Pittsburgh suburb.

Mr. Sparico said, "From the way she was shaking when she told me, I think she really believed he would do it."

On Tuesday, after growing close to Mr. Sparico and his family over eight months, she revealed her secret.

"If you go to a Web site for missing children, you will see a picture of me there," he said she told him.

Mr. Sparico's wife, Janet, said Ms. Kach had told her in recent days that when she was in the eighth grade her parents were going through a contentious divorce and that she was convinced neither parent wanted her, leading her to run away.

At the time, Ms. Kach said, she had a crush on Mr. Hose, and when she confided her plans to leave home, he offered to take her in, Ms. Sparico said. "After that, I guess he never let her go," she added.

It was unclear why Ms. Kach did not seek help sooner, Superintendent Moffatt said, "but in my view, that part doesn't much matter, because you can't be 14 and make an adult decision that you want to be involved with an adult in this way."

Mr. Hose's lawyer, James M. Ecker, said his client was innocent. Mr. Hose has been charged with one count of statutory sexual assault and three counts of involuntary deviate sexual intercourse and released on $200 bail. "I think if the police believed she was being held against her will or that she was physically abused, they would have charged him with kidnapping or abuse," Mr. Ecker said. "But they didn't."

A woman who answered the phone at Mr. Hose's house said she had no comment.

Ms. Sparico said of Ms. Kach, "She was always well put together, like a little Barbie doll, and I never saw any signs of physical abuse."

She added, "But I have spoken with her quite a bit and I think that she was really brainwashed by this guy."

After Ms. Kach told her secret to Mr. Sparico, he said he immediately called his son Shawn, a retired detective with the McKeesport police who had worked on Ms. Kach's case.

Interviewed by WTAE-TV, Ms. Kach's mother, Sherri Koehnke, said, "It's the best ending I could have thought about when I thought about what could have happened to her."

Daughter's Reappearance Answered Mother's Prayers (USAT)

By Oren Dorell

USA Today, March 24, 2006

For 10 years Sherri Koehnke of West Mifflin, Pa., bore the mystery of her daughter's disappearance in near silence. She cried in private, and only a handful of her friends knew that Tanya Kach went missing at age 14, said Koehnke's husband, Craig.

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Then the couple joined a church and, three weeks ago, Sherri Koehnke told the pastor and started praying for her daughter's return.

This week, Kach, now 24, turned up alive and well.

Allegheny County Police Superintendent Charles Moffatt said Kach was a runaway and had been living at the home of a security guard from her middle school who held her indoors for four years. He told her she was stupid and unwanted by anyone but him, Kach said. She was just 2 miles from her father's house she had fled in McKeesport, Pa.

Thomas Hose, 48, was suspended from his job Thursday and arrested on charges of statutory sexual assault and involuntary deviate sexual intercourse. His lawyer, James Ecker, said Hose did not hold the girl against her will.

Kach had been living under a different name, Nikki Allen, and later became a regular customer at J.J.'s Deli Mart in McKeesport, owner Joseph Sparico said.

"She just wanted to have somebody as a friend, somebody to talk to," Sparico said. "You've got to understand, this girl hadn't been in the outside world.

"I'd ask her questions about why she was there and why she was with an older gentleman," Sparico recalled.

On Tuesday, the neatly dressed blonde opened up. "She said 'I just want to find my father,' " Sparico said. " 'If you go on a website, you'll see that I've been missing for 10 years.' "

Sparico contacted the National Center for Missing and Exploited Children. Kach and her father, Jerry Kach, were reunited Wednesday. Sherri Koehnke and Tanya had talked with each other but not met as of Thursday evening.

Kach is among 14 missing children found alive after 10 or more years, according to the center.

"The Lord answered our prayers. It's just that simple," Craig Koehnke said.

Evidence Of Wiretaps Used In Suit (NYT)

By David M. Halbfinger and Allison Hope Weiner

The New York Times, March 24, 2006

LOS ANGELES, March 23 — A screenwriter and his lawyer talk on the phone. They are in the heat of legal battle with a big-time producer over the profits from a hit movie. The lawyer says which of their arguments he thinks are strongest and how much he thinks their opponents will agree to pay in a settlement.

A New Account of an Old Bank Account Unbeknownst to both of them, Anthony Pellicano is listening in, and taking notes, court filings say.

Mr. Pellicano, the celebrity detective charged with wiretapping and conspiracy in the biggest Hollywood scandal in generations, stands accused of intercepting conversations of scores of unwitting people, many involved in high-profile lawsuits.

But what the federal indictment of Mr. Pellicano failed to spell out was just how he put his wiretaps to use.

Now, the first direct evidence of eavesdropping by Mr. Pellicano has surfaced in newly filed court documents: excerpts of what prosecutors have described as Mr. Pellicano's summaries of conversations he intercepted in 2001 between Vincent Zenga, a screenwriter and producer known as Bo, and his lawyer, Gregory S. Dovel, during their contentious suit against the influential Hollywood executive Brad Grey, now head of Paramount Pictures.

No victim figures more prominently in the indictment than Mr. Zenga, who has been advised by prosecutors that his phone was wiretapped over three months in early 2001. At a pivotal point in that suit, prosecutors say, Mr. Pellicano obtained personal information illegally on seven people involved in the suit against Mr. Grey — including Mr. Zenga's lawyer, his wife, his brother and a former business partner.

Such information was often used to arrange a wiretap, and prosecutors have told Mr. Dovel and Mr. Zenga that Mr. Pellicano intercepted their calls, including some in which Mr. Dovel tipped his hand on their legal strategy.

Prosecutors, Mr. Dovel said, gave him a sampling of Mr. Pellicano's notes on those intercepts so the lawyer-client privilege could be waived, freeing the government to use the notes against Mr. Pellicano. Mr. Dovel, in turn, has incorporated those notes into an amended complaint, filed Thursday in California Superior Court in Los Angeles.

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Mr. Zenga's suit now accuses Mr. Pellicano; his accomplices; Mr. Grey; his company, Brillstein-Grey Entertainment; his lawyer, Bert Fields; and Mr. Fields's law firm, Greenberg Glusker Fields Claman Machtinger & Kinsella, of invasion of privacy, disclosure of confidential information and illegal wiretapping.

A spokeswoman for Mr. Grey, Janet Hill, called the complaint "meritless," saying, "Brad Grey has no knowledge of wiretapping or any other illegal conduct by Mr. Pellicano."

Mr. Fields has denied knowing of any illicit acts by Mr. Pellicano. His lawyer, John W. Keker, could not be reached. The lead prosecutor, Daniel A. Saunders, declined to comment.

"If any wiretapping took place, it was not done at the direction or with the knowledge of Greenberg Glusker or any attorney in that firm," said Brian A. Sun, a lawyer representing the firm. "We believe that like Mr. Zenga's first lawsuit, any claims in this lawsuit against Brillstein-Grey or Greenberg Glusker are wholly lacking in merit."

Steven F. Gruel, Mr. Pellicano's lawyer, said he had not seen the new complaint, but called it "puzzling" that the government had given evidence to Mr. Dovel that had yet to be shared with the criminal defendants.

The government has not presented any evidence that Mr. Pellicano turned his notes over to Mr. Grey or to any of his lawyers, none of whom have been charged.

In addition, any prosecution that relies on Mr. Zenga's credibility may start out at a serious disadvantage: Mr. Zenga was found by a California appeals court to have repeatedly lied — in his business dealings with Mr. Grey's company and under oath in the lawsuit. He asserted his Fifth Amendment right not to incriminate himself in refusing to answer hundreds of questions under oath, and was barred from testifying at trial; his suit against Mr. Grey was thrown out of court for lack of evidence.

The new lawsuit seeks to overturn the trial court's ruling. Mr. Zenga declined to comment for this article.

The dispute between Mr. Zenga and Mr. Grey grew out of Mr. Zenga's contention that he had made an oral agreement with Brillstein-Grey Entertainment to be producing partners in a film project that became the hit 2000 comedy "Scary Movie." In his lawsuit, Mr. Zenga claimed that Mr. Grey cut him out of an equal share of the movie's profits.

A New Account of an Old Bank Account Mr. Grey's lawyers argued that there was no such deal, and that Mr. Zenga had agreed in writing to take less money and misrepresented his credentials to Mr. Grey's company.

In his deposition in September 2000, Mr. Zenga was questioned extensively about his background, including his winning a screenwriting contest held by Hanover Square Productions in 1992. After denying under oath that he knew who ran Hanover Square, Mr. Zenga recanted a day later, saying he had been "overmedicated." Mr. Zenga admitted that he owned the company with a partner, Stacy Codikow, but insisted the contest was her project and that his only role in it was as an entrant.

The damage to Mr. Zenga's credibility was lasting, but the lawsuit continued. On Feb. 1, it was Mr. Zenga's turn to take testimony from Mr. Grey. Over three arduous days of questioning, Mr. Dovel challenged Mr. Grey on his own credentials as a movie producer, got him to acknowledge that he rarely investigated the backgrounds of those with whom he did business, and confronted him with an internal e-mail message in which Mr. Grey had appeared to acknowledge Mr. Zenga's partnership with Mr. Grey's company.

The deposition, which Mr. Grey's lawyers called "a calculated effort to bully" him, ended late on Feb. 5. The next day, prosecutors say, Mr. Pellicano had a police source illegally run background checks on Mr. Zenga and his brother, and on Feb. 13, had an accomplice at the phone company obtain information about Mr. Zenga.

Prosecutors say Mr. Pellicano also ran background checks on others in the Zenga case, including Mr. Dovel. They have not said when the wiretapping of Mr. Zenga's phone began, but Mr. Dovel was given notes, typewritten by Mr. Pellicano, of conversations beginning Feb. 14, 2001.

That day, Ms. Codikow, also represented by Mr. Dovel, was questioned under oath by Charles N. Shephard, a partner at Greenberg Glusker, who repeatedly asked where Hanover Square had done its banking. She said she had no idea. Minutes before her testimony was over, Mr. Shephard asked about another screenwriting competition called the Independent Filmmakers Program. She denied knowledge of it, then claimed she had only been one of its judges.

Mr. Dovel recalled that Ms. Codikow — who did not respond to a telephone message seeking comment — told him immediately afterward that she had lied, and had actually run the latter contest. Mr. Dovel said he urged her to tell the truth, but

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she refused. That night, Mr. Dovel said, he told Mr. Zenga of Ms. Codikow's admission, and how he would have to drop her as a client if she did not change her testimony.

Mr. Dovel then read aloud from Mr. Pellicano's summary of that conversation: "Bo does not trust Stacy and Greg may have to attack Stacy and if so, he can't represent her."

The rupture between Mr. Dovel and Ms. Codikow, discovered here by Mr. Pellicano, would soon come back to haunt Mr. Zenga.

Mr. Dovel said he and Mr. Zenga also discussed the questions about Hanover Square's bank account. The two men wondered aloud what bank records might show, Mr. Dovel said, and Mr. Zenga volunteered to begin the arduous process of getting old records from his bank.

As Mr. Zenga called his bank and said what he was looking for, Mr. Dovel said, Mr. Pellicano was monitoring his progress, as described in the investigator's summaries.

Mr. Dovel's partner, Julien A. Adams, asserted that through his eavesdropping, Mr. Pellicano had hit upon the key to tracking down the account. "If you sent out a subpoena through normal means, you wouldn't know how to ask for it," he said. "Because it was an old bank that had been bought by a new bank, at a branch that didn't exist anymore."

On Feb. 20, Mr. Grey's lawyers revealed that they had learned all they needed about Mr. Zenga's old account at the defunct branch of a bank that had since changed hands.

Also on Feb. 20, Mr. Dovel informed Ms. Codikow that he could no longer represent her. Six weeks later, Ms. Codikow, with a new lawyer, testified that Mr. Zenga was involved in the contest and that she lied about it only because he had pressured her to and she was afraid of him.

"When Pellicano came in, suddenly it was like a bomb exploded," Mr. Dovel said. "It was like they had access to everything. They were flipping witnesses. If they could take Stacy Codikow, a friend of Bo's, and next thing you know, she's openly lying — what else is he going to be able to accomplish?"

Pentagon Orders Investigation Of Cunningham's MZM Earmark (WP)

By Walter Pincus

The Washington Post, March 24, 2006

Undersecretary of Defense Stephen A. Cambone has ordered an internal study of how funding earmarked in a bill by then-Rep. Randy "Duke" Cunningham (R-Calif.) led to contracts for MZM Inc. to do work for the Pentagon's newest intelligence agency, the Counterintelligence Field Activity, a Defense Department spokesman said.

Cunningham pleaded guilty last November to tax evasion and taking bribes from contractors, including the former president of MZM, Mitchell J. Wade. Wade pleaded guilty last month to bribery-related charges and to making illegal campaign contributions to Cunningham and other legislators.

In documents filed in Cunningham's case, prosecutors said that in fiscal 2003 legislation, the congressman, who was a member of the House Permanent Select Committee on Intelligence, set aside, or earmarked, $6.3 million for work to be done "to benefit" the Counterintelligence Field Activity (CIFA), created in 2002. Federal prosecutors have been looking into whether Pentagon personnel committed crimes in awarding CIFA contracts to MZM.

Cmdr. Greg Hicks, a Pentagon spokesman, confirmed yesterday that Cambone has ordered an internal inquiry. Hicks said he was "unable to comment on MZM contracts or related matters since they are the subject of ongoing investigations by the appropriate organizations in the department and the U.S. government."

Hicks added that Cambone's request to CIFA focused on the undersecretary's "desire to understand the temporal relationship between the congressional earmark and contract actions taken by the department."

Court documents show that in at least one case Wade drafted the language of an earmark that Cunningham submitted, which later led to a contract for MZM. Wade also hired the son of the Defense Department official who had authority over a contract later given MZM, the documents show.

Meanwhile, new information continues to emerge about MZM and its activities.

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In 2004, three MZM employees served as staff consultants to the presidential commission investigating prewar Iraq intelligence, which was run by federal Judge Laurence H. Silberman and former senator Charles S. Robb (D-Va.). One of the three was retired Lt. Gen. James C. King, who then was a senior vice president of MZM for national security. King, who before joining MZM had been director of the National Imagery and Mapping Agency, played a consultant's role in the establishment of CIFA in 2002 before MZM received its first contracts from that agency.

The Silberman-Robb commission report in 2005 recommended that CIFA play a bigger role in the government's counterterrorism activities. In an interview, Silberman said King was not involved in the commission's recommendation that CIFA get more work. "That recommendation was not from King," Silberman said. And the other two MZM employees on the commission staff worked on FBI matters, not Pentagon issues, Silberman said.

Last year, MZM was purchased by the investment firm Veritas Capital, which changed its name to Athena Innovative Solutions Inc., with King as president. A spokesman for Athena said this month that neither King nor the company will comment on MZM or matters under investigation. The fact that MZM employees had worked with the commission has been written about on War and Piece and other Web logs.

Part Of Ex-Congressman's Ruined Life On Auction Block (NYT)

By John M. Broder

The New York Times, March 24, 2006

RANCHO DOMINGUEZ, Calif., March 23 — In a final indignity after a stunning fall, pieces of the ruined life of former Representative Randy Cunningham were auctioned off in a government warehouse here on Thursday morning.

A pair of candlesticks, a dozen Oriental rugs, three mirrored armoires, a marble-topped commode and a cedar-lined lingerie cabinet, 35 items in all, went under the auctioneer's gavel. They brought the government $94,625, about two-thirds of the $150,000 that the military contractors who gave the items to Mr. Cunningham as bribes reportedly paid for them.

The items were lined up against the back wall of the chilly warehouse, forlorn and out of place. They had been intended to furnish the California mansion in Rancho Santa Fe, north of San Diego, that Mr. Cunningham's co-conspirators helped him buy in exchange for lucrative Pentagon contracts.

Mr. Cunningham, 64, a Republican who is known as Duke, forfeited the house and furnishings as part of the plea deal he struck with the government in November. He still owes the government $1.85 million — the estimated value of the cash bribes he received — and another $1.8 million in back taxes and penalties.

He also owes the United States the next eight years and four months of his life in federal prison, the harshest sentence ever meted out to a current or former member of Congress. He is at the low-security Federal Correctional Institution in Butner, N.C., for medical evaluation and permanent assignment to a federal prison cell.

It was a woeful end to the sordid tale of a former Navy fighter ace and "Top Gun" instructor who sold his office, his reputation and his honor for a house, a boat, a Rolls-Royce and the items on the auction block on Thursday. Mr. Cunningham disposed of the car and the boat before the government charged him.

Tino and Tatia Metzger, a husband-and-wife team of real estate agents from Temecula, Calif., came to the auction to bid on a 2001 Mercedes-Benz S500 seized by the government in a case unrelated to Mr. Cunningham's. They did not know until they arrived that the notorious congressman's extorted furnishings were also to be sold. The Metzgers bought the lingerie cabinet (said to date from the 1920's) for $2,300 and a king-size cherry wood sleigh bed for $1,750.

Mr. Metzger said he hoped the criminal provenance of the lingerie cabinet brings it added value, or at least cachet as a conversation piece. "Maybe I can resell it on eBay for twice what we paid," he said. "The bed we just liked, and we're going to keep it."

The proceeds of the auction will go to the Internal Revenue Service's criminal investigation division and the Federal Bureau of Investigation, two of the agencies that investigated Mr. Cunningham's crimes.

Britney Sheehan, a spokeswoman for EG&G Technical Services, which conducted the auction, said the company could not vouch for the authenticity or the condition of any of the Cunningham loot on sale. The auction catalog notes that a number of

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the pieces of furniture have missing handles, cracked marble tops, loose molding and other damage. Some of the rugs are stained.

The auction was held in a warehouse complex in Rancho Dominguez, about 20 miles south of downtown Los Angeles.

A number of pieces sold for less than the government had hoped to get for them, although reserve prices were not published in advance. Some pieces may have fetched more than they were worth, according to some participants.

For example, Emilio Viscomi of Dana Point, Calif., the most aggressive of the bidders, paid $10,000 for a blue-bordered 10-by-13-foot rug described in the catalog as a handmade antique from Iran.

But David Javaheri, a rug dealer at the auction, said the rug was a modern Chinese machine-made piece. "In Iran, a rug dealer would kiss your hand if you paid him $300 and then pay to ship it to you," Mr. Javaheri said. Another rug merchant, Avner Kadosh, said it was not such a bad piece and was worth maybe $3,000. "I buy and sell these things all the time," he said.

Turnout for the auction was relatively strong, Ms. Sheehan said, with more than 500 bidders registered by the 9 a.m. start. She said they were drawn not by the allure or quality of Mr. Cunningham's possessions, but by the 20 cars, the cases of Scotch, the bags of cultured pearls, the gold-crusted Rolex watch and the cartons of contraband cigarettes taken from tax cheats, drug dealers and import-export racketeers.

Prosecutors described Mr. Cunningham's crimes as "a numbing betrayal on an epic scale." His principal co-conspirator in the case, Mitchell Wade, a military contractor, pleaded guilty in federal court to a number of charges, including paying Mr. Cunningham $1 million in bribes.

Phillip L. B. Halpern, an assistant United States attorney who helped prosecute Mr. Cunningham, said the auction was one way the government was trying to collect his debt to society.

"We're trying to ensure that the U.S. taxpayer doesn't have to suffer a loss because of the congressman's crimes," Mr. Halpern said. "The government is attempting to disgorge all of the congressman's ill-gotten gains."

Underwhelming Turnout For Ill-Gotten Booty (LAT)

By Kelly-anne Suarez And Tony Perry

The Los Angeles Times, March 24, 2006

Randy "Duke" Cunningham has commanded public attention for the last year as he fell from a position of power in Congress to disgrace and federal prison after he admitted taking $2.4 million in bribes.

The fascination appears to be over.

The much-ballyhooed Internal Revenue Service auction of the contents of Cunningham's San Diego County home — acquired largely as the wages of corruption — drew little response this morning, despite heavy advance publicity.

Few among the hundreds of people who showed up at the regular IRS auction at a cavernous warehouse in Rancho Dominguez were aware that the infamous politician's belongings were available. But by the end of the auction this afternoon, all 34 pieces from Cunningham's home had sold, for a total of $94,625.

Among the assets Cunningham forfeited were antique sideboards and French armoires.

The first to go was a Gorham pair of silver candelabras, which sold for $2,000. The buyer declined to comment.

The top Cunningham item was a large oriental rug that went for $10,000. The least expensive were three rattan panels that fetched a total of $225.

A chest of drawers for lingerie brought $2,300, a lamp $850, a nightstand $650, and an armoire $2,750.

Robert Ro of Fullerton said he was not aware that Cunningham's furniture was on sale. He said he came for rugs, but might bid on some of the Cunningham household goods.

"I think he got a better deal when he got those bribes," Ro said. "But hopefully I can get as good, if not better, here."

Billy and Christy Abney came from Bakersfield with their 1-year-old son looking for a car. They were not aware of the Cunningham items, but Christy quickly focused on the former congressman's rugs.

"I have a bad feeling we might be walking away with one of these rugs instead of the car we came for," Billy lamented.

There was lively interest in some of the other items up for auction, such as the diamond-encrusted Rolex and Cartier wristwatches, the 3,988 heating pads, and 156 bottles of Glenfiddich scotch that were not part of the Cunningham loot.

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There was a silver Mercedes-Benz up for bid (alas, the Ferrari Modena has been withdrawn).

The IRS splits the proceeds among the agencies that investigated the cases that led to the forfeitures.

This morning, so many media reporters were present that one auction aficionado said the prices were affected.

James Garofalo of Montebello, who described himself as a regular auction-goer, said he came for a brown leather couch from the Cunningham booty.

Garofalo said he had hoped to pay $300, but with all the hype, he was afraid the price would mushroom to more than $3,000.

"Don't the press have anything better to do with their time?" Garofalo groused.

Man Convicted In Gang Slaying In Annandale In 2002 (WP)

By Tom Jackman

The Washington Post, March 24, 2006

An Asian gang member who shot and killed a rival gang member in 2002, then fled to Canada for more than two years, was convicted yesterday of first-degree murder by a Fairfax County jury.

The jury then recommended that Henh Ngo, 22, of Springfield be sentenced to 26 years in prison -- 23 years for murder and three years for using a gun during a felony. Fairfax Circuit Court Judge Jane Marum Roush will sentence Ngo on May 25. Under Virginia law, she may not increase but could decrease the jury's recommended sentence.

Prosecutors told the jury that members of a gang called Asian Young and Dangerous, or AYD, jumped and pummeled two members of the gang Asian Dragon Family, or ADF, at Springfield Mall in mid-December 2002. One of the victims in that case was Ngo, then 19 years old and well-known in the gang community as "Phi Lu," or "Fat Guy," witnesses testified.

The Springfield Mall incident set the stage for a fatal confrontation outside the Happi Billiards & Cafe in Annandale on Dec. 27, 2002. Three members of AYD emerged from the pool hall about 10 p.m., two of them testified this week, and were eyed by members of ADF. The AYD members walked to their car and started to leave.

But the driver, Ngoc Quy Doan Nguyen, 21, stopped the car when he realized he'd left his glasses in the pool hall. While he darted inside, a man walked over and knocked on the car windows, trying to get the two passengers -- Phuc Nguyen and Hoan Le -- to speak to him. They ignored him, they testified.

Ngoc Nguyen then returned to the car. His friends said they watched as Henh Ngo walked around to the driver, asked if he were a member of AYD and fired one shot into Ngoc Nguyen's head. They said Ngo then fired two shots through the front windshield, missing them both, before fleeing.

The two young witnesses acknowledged that their first call was not to 911 but to another member of AYD, "Tiny." After calling police, they then notified another gang member while they waited for the police to arrive. Initially, one officer testified, Phuc Nguyen said he did not know who shot Ngoc Nguyen. The two are not related.

But once away from the crime scene, Assistant Commonwealth's Attorney John R. Murphy pointed out, both Phuc Nguyen and Le identified the shooter as Ngo, and both picked him out of photo lineups.

"They've always said 'Phi Lu' did it," Murphy told the jury, saying that they knew Ngo from previous encounters. "These two witnesses witnessed a horrible crime. They saw a young friend of theirs executed for revenge."

Ngo did not testify in his defense. He was arrested near Toronto in February 2005 by Canadian police, who said they were investigating him as a suspected drug dealer.

One of Ngo's attorneys, Peter D. Greenspun, said the actions of the two witnesses made it seem that they didn't really know who had killed their friend.

"You don't wait" to call police, Greenspun argued. "You don't call Tiny, you don't call Tony. You call 911 and you say, 'My friend was shot and it was Phi Lu. It was Phi Lu.' That's common sense."

The jury deliberated for about 5 1/2 hours before reaching its verdict.

Developer Corruption Probe Deepens (WT)

By Jim McElhatton

The Washington Times, March 24, 2006

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The financial officer for one of the District's most prominent development companies has been indicted on conspiracy and federal tax-evasion charges.

The charges against John E. Brownell, chief financial officer for Douglas Development Corp., come months after federal authorities indicted company President Douglas Jemal and two other executives amid an investigation into corruption in the city's Office of Property Management.

Mr. Brownell's attorney, Barry Coburn, said yesterday his client disputes the indictment, which was filed Tuesday.

"We are very disappointed that the U.S. Attorney's Office has seen fit to indict Mr. Brownell, and we look forward to the opportunity to vindicate him at trial," he said.

The 18-page indictment states Mr. Brownell received "secret payments" from the company president and another individual at the company, identified only as "Conspirator A." Mr. Jemal is the company president.

Prosecutors said Mr. Brownell failed to file federal income-tax returns from 1994 to 1998 and that he evaded paying income taxes from 1998 to 2003.

According to the indictment, Mr. Brownell understated his income from Douglas Development, reporting standard wages and earnings but failing to report tens of thousands of dollars in income each year.

A U.S. Attorney's Office spokesman said yesterday the conspiracy and tax-evasion charges against Mr. Brownell each carry a maximum of five years in prison.

In October, Mr. Jemal, his son, Norman, and Douglas Development leasing official Blake Esherick pleaded not guilty to charges they gave a D.C. official $25,000 and gifts for favorable leasing deals with the city.

Michael Lorusso, former deputy in the D.C. Office of Property Management, pleaded guilty last year to bribery charges and has been cooperating with prosecutors.

Prosecutors said the bribes included $1,000 for two pairs of cowboy boots, hotel stays in Las Vegas and private box tickets to Washington Wizards and Washington Capitals games.

In exchange, Mr. Lorusso helped arrange for the District to lease properties from Douglas Development, officials said.

Douglas and Norman Jemal each face 40 years in prison, and Mr. Esherick faces 45 years if convicted, prosecutors have said.

Douglas Jemal said that he, his son and Mr. Esherick dispute the charges and look forward to going to trial.

Cardinals In Baltimore, D.C. Lobby Against Sex Abuse Bills (WP)

By Caryle Murphy

The Washington Post, March 24, 2006

Roman Catholic Church officials are putting a full-court press on Maryland legislators to reject bills that would extend the time allowed for victims of childhood sex abuse to file lawsuits against abusers and their employers.

Cardinal Theodore E. McCarrick of the Washington archdiocese and Cardinal William H. Keeler of the Baltimore archdiocese have gotten involved, expressing opposition to the bills to House Judiciary Committee members directly or through intermediaries. The archdioceses also have hired a prominent Annapolis lobbying firm, Schwartz & Metz, to supplement the efforts of the Maryland Catholic Conference, their regular lobbying arm.

"Almost everyone on the committee has acknowledged to me that the church has called them or called their ministers about the bill, and they are meeting with every member of the committee, including me," said Del. Pauline H. Menes (D-Prince George's), the bills' principal sponsor.

Del. Carol S. Petzold (D-Montgomery) described the church's lobbying as "just short of frantic. It appears to be a very high priority with them."

Some lawmakers also reported that Montgomery County Executive Douglas M. Duncan had conveyed to them the church's concerns.

Susan Gibbs, spokeswoman for the Washington archdiocese, said that the church's lobbying was not unusual and that "we are doing the same kinds of things we do with any bill" that affects the church.

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Under Maryland law, lawsuits by childhood abuse victims can be filed until the victim is 25. The two bills would significantly ease that restriction. One would let victims file suit until they are 42; the other would open a two-year window during which victims of any age could sue.

Supporters say the bills are needed because victims typically do not report the abuse until they are in their thirties or forties. Church officials say it would be hard for defendants to present an adequate defense decades after an alleged incident, and they note that Maryland has no time limit on criminal charges against a child abuser.

Del. Samuel I. Rosenberg (D-Baltimore), a co-sponsor of the bills, said he was contacted by a local rabbi who had received a call from Keeler about the legislation and was relaying the cardinal's concerns. Rosenberg said the rabbi, whom he declined to name, reported that the cardinal was upset that Jewish lawmakers were sponsoring the bills. Rosenberg and Menes are Jewish.

"To make a point of the religion of the sponsor of a bill . . . was beneath contempt," Rosenberg said he told the rabbi.

Keeler is in Rome, and his spokesman said Wednesday and yesterday that he could not be reached for comment.

Del. Luiz R.S. Simmons (D-Montgomery) said Duncan, who is running for governor, telephoned him recently to say that McCarrick was "very concerned about the bills."

Duncan spokesman David Weaver said that McCarrick had spoken about the legislation with Duncan, who is Catholic, but that the cardinal "did not ask Doug to make calls on his behalf."

Baltimore Mayor Martin O'Malley, also a candidate for governor, said that church officials "have made me aware of their concerns about this issue" but that neither he nor city officials have become involved.

Committee member Anthony G. Brown (D-Prince George's), who is Catholic, said he and his wife were invited by McCarrick to "a social call" at the cardinal's residence a couple of weeks ago. They discussed several matters, including the bills extending the statue of limitations, said Brown, who is O'Malley's running mate.

CIVIL LAW:

Two Groups Say School Districts Violated U.S. Law (WT)

By Joyce Howard Price

The Washington Times, March 24, 2006

Two national groups promoting education reform have filed complaints against two California public-school systems, charging that they are violating federal law by not telling parents of children in failing schools about transfer options.

The joint complaints of the Alliance for School Choice and the Coalition on Urban Renewal and Education were filed yesterday against the Los Angeles Unified School District -- California's largest -- and the Compton Unified School District. Several families with children in failing schools in those districts joined in the complaints.

The groups say the districts are not complying with terms of the No Child Left Behind Act in that they are forcing many students to remain in low-performing schools for years and are not notifying parents that the federal law gives them the right to transfer their children to better-performing public schools.

Noting that the law calls for a cutoff of federal Title 1 education funds for school districts that do not provide students the opportunity to attend effective alternative schools, the organizations sent correspondence to U.S. Secretary of Education Margaret Spellings Wednesday, asking that she impose sanctions for noncompliance on both districts.

"The only possible sanction would be a cutoff of Title 1 funds, and that would be a very significant sanction," said Clint Bolick, president and general counsel of the Alliance for School Choice.

The groups concede that the problems that the students and parents are facing in the Los Angeles and Compton school systems are "the tip of a national iceberg."

Mr. Bolick cited a 2004 Government Accountability Office (GAO) report that found that more than 3 million children nationwide were eligible for public-school transfers under education law. But the report found that only about 30,000 students, or 1 percent, were transferred, he said. The law states that children are eligible for transfer to better schools after being in a failing school for two years.

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What's more, Mr. Bolick said, the GAO report found that more than 1,000 schools nationwide "have failed for at least six years." Failure is measured by a school's inability to meet the academic standards of the state it is in.

Repeated attempts yesterday to reach Los Angeles and Compton school officials for comment were unsuccessful.

The Alliance for School Choice acknowledges, "In virtually every large urban school district, the number of children eligible for transfers to better-performing public schools exceeds the seats available in such schools."

"As a consequence, even though lack of capacity is no defense, many school districts evade their obligations, thus far with no consequences," as sanctions for noncompliance with the transfer provisions of the No Child Left Behind law "go unused," the group added.

Spellings Test (WSJ)

The Wall Street Journal, March 24, 2006

The No Child Left Behind Act has taken its lumps from the education establishment, which loathes its testing and transparency measures. But the latest criticism of the law is more surprising, because it's coming from conservatives who are questioning the Bush Administration's commitment to enforcing its own law.

This week the Alliance for School Choice filed complaints against school districts in Los Angeles and Compton, California, where school officials have neglected to notify parents of their rights under NCLB. These districts have also failed to make transfer options available to kids in underperforming schools.

Under the 2001 law, schools that repeatedly fail to make "adequate yearly progress" as measured by state standards are required to give students the option to attend better schools within the district. To be sure, the California districts singled out in the filing aren't the only ones skirting the law. Similar violations have been reported in Baltimore, Chicago, Detroit, New York and elsewhere. A Government Accountability Office report from 2004 found that some three million children in 5,300 schools nationwide were eligible for choice under NCLB, but only about 1% were exercising the option.

Still, Los Angeles and Compton are among the worst cases of noncompliance, according to the Alliance, which filed the administrative actions with the school districts on behalf of several parents with children stuck in failing schools. In the 2003-04 school year less than two-tenths of one percent of eligible students in the Los Angeles Unified School District exercised their rights and actually transferred schools. In Compton, no students have received transfers.

"That only two out of every thousand families with children in failing schools would seek a better school for their children," says the complaint, "betrays the utter inadequacy of [the L.A. school district's] notification and explanation regarding school choice rights."

The complaint further alleges that these pitifully low transfer numbers are by design. While NCLB specifies when and how parents must be notified of their options, the school districts have deliberately dragged their feet and gone out of their way to confuse and discourage families. Tactics include, among other things, burying transfer notices in other material sent to homes; giving parents a very narrow time-frame -- say, a week -- in which to make up their mind; and forcing transfers to take place in the middle of a school year. This kind of obstructionism fits the pattern of public school officials around the country who are resisting every challenge to their control of school enrollments, curriculum and especially budgets.

The reason school districts have been able to get away with this behavior is that no one is holding their feet to the fire. Education Secretary Margaret Spellings has chosen to hand out exemptions or look the other way instead of enforcing the law. This benign neglect hurts most the very students that NCLB was designed to help. The GAO report found that 80% of children in failing schools were minority and 62% were low-income.

If the districts reject the Alliance complaints, they can be appealed to the state and then federal government. But Secretary Spellings needn't wait for that process and could take action against these recalcitrant districts and impose sanctions if necessary. Under the law, she has the authority to terminate federal funding and compel compliance but so far has been unwilling to use it.

Large urban school districts like the one in Los Angeles respond that the number of students eligible for transfer far exceeds the number of seats available in better schools within the district. But that's not an excuse for noncompliance; that's a reason to let students attend schools outside their public district, including charter schools and private schools.

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School districts have little incentive to initiate these reforms on their own, especially when federal enforcement is an empty threat. And if the Bush Administration isn't going to use its funding leverage to ensure that all children have a shot at a decent education, then No Child Left Behind has become yet another illusory reform.

CIVIL RIGHTS:

Youth Commission Asks Justice Department For Help (BROWNHER)

By ELIZABETH PIERSON, The Brownsville Herald

Brownsville (TX) Herald, March 24, 2006

AUSTIN — The Texas Youth Commission has asked the U.S. Department of Justice for help in assess-ing the way it reports and investigates abuse against youth in state juvenile prisons.

If TYC does not turn the tide of abuse, the state may face legal action, an American Civil Liberties Un-ion representative told a Texas House committee on Wednesday.

Dwight Harris, executive director of TYC, asked the Justice Department on Thursday for help, after a months-long investigation by Rio Grande Valley Freedom Newspapers about the seven-year trend of increasing abuse against youth.

Findings published in The Brownsville Herald on Sunday showed that by 2005, three of every 100 youth in the TYC were being abused physically, a seven-fold increase from 1999. Injuries by youth against officers increased 70 percent in five years.

Joy Anderson, chief of staff for TYC, said the request to the federal government was not spurred by any single event.

"It wasn't anything in particular," she said. "We just want to make sure that everything is being looked at. We think the more eyes, the more expertise that can look at the issues that are facing us, the better."

In simultaneous hearings on Wednesday, the House committees on juvenile justice and corrections heard from agency officials who said turnover and training problems are contributing to the abuse.

They also heard from juvenile correctional officers, who said agency policies give inmates the upper hand in the high-security facilities, and from parents of incarcerated youth, who said their children have been abused in the agency.

Many employees came from San Saba, the high-security facility in rural Central Texas where there was a 250 percent increase in injuries to staff members because of youth aggression from 2004 to 2005, worker's compensation records show. Youth abuse rates increased, too.

Juvenile Justice Chairman Rep. Harold Dutton, D-Houston, and many who testified cited findings of the Valley Freedom investigation when addressing the committee.

State Rep. Joaquin Castro, D-San Antonio, said he was particularly struck by findings that youth were taken out of view of security cameras before they were abused and that "minor infractions," such as a youth making a face, prompted an attack from an officer.

"I envision possibly a big bill coming out of this next session," Castro said after the hearing.

Many of the cases of abuse are similar to those that spurred by a years-long lawsuit against the TYC in the 1970s and dictated its current structure, said Lisa Graybill, legal director for ACLU of Texas.

It is too soon to say whether the state will face legal action, but the Legislature can prevent the possibil-ity by increasing staffing ratios and taking other actions to prevent abuse, she said.

"We're worried that, despite the good intentions of staff at TYC, the increase in the number of substan-tiated reports may indicate over time the kind of conditions that provoke that litigation," she said.

Harris' request to the DOJ went to its Office of Juvenile Justice and Delinquency Prevention. He ex-pects to hear a response within a month, he said.

Judge Orders Federal Monitor To Fix Violations At Golden Grove (STS)

By Mat Probasco

St Thomas (VI) Source, March 24, 2006

DOJ_NMG_0020696

March 23, 2006 -- A U.S. district judge found the V.I. government in contempt Thursday and ordered a federal monitor to fix "constitutional violations" at the Golden Grove prison in St. Croix.

Judge George W. Cannon Jr. said the Virgin Islands was in violation of a 1986 order to resolve unconstitutional medical, sanitation and safety conditions at the prison, where an inmate Tuesday was stabbed to death and five others were injured in a brawl.

In his 32-page order, Cannon wrote, "the court concludes that there are continuing and ongoing constitutional violations of the rights of individuals held at Golden Grove Adult Correctional Facility and Detention Center, and (the) defendants are in contempt of the court's orders."

Attorneys for the U.S. Justice Department asked Cannon to appoint the federal monitor, called a special master, to resolve lingering problems at the prison, calling conditions there "deplorable."

V.I. Attorney General Kerry Drue argued that the prison was improving and a special master was not needed.

Drue demoted then-Corrections Director Joseph Ponteen after he testified to myriad problems at the prison and described it as a "nightmare." Ponteen said he needed more money and 100 extra guards to improve conditions at the 600-inmate facility.

Neither Drue nor the U.S. Justice Department could be immediately reached for comment on Cannon's ruling.

The special master will report any violations at the prison to the court, where a judge may issue an order to fix them, Cannon said.

The U.S. and territorial governments have 20 days to submit names of five special master candidates. Cannon said they cannot be V.I. government employees.

Only a U.S. district judge can fire the special master, Cannon said.

A judge can dissolve the position if he or she thinks the territory is in compliance with the 1986 agreement and is capable of running the prison itself again.

"Substantial compliance means (the) defendants ... have consistently complied with this order ... and will continue to operate Golden Grove pursuant to this order ...," Cannon said.

He ordered the V.I. government to deposit $100,000 with the court to cover the special master's fees and expenses.

In a separate case, a federal judge in St. Thomas has twice found the V.I. government in contempt for failing to improve prison conditions as mandated by a settlement with the American Civil Liberties Union 11 years ago.

Those violations include imprisoning people found not guilty by reason of insanity or unfit to stand trial at Golden Grove or the Criminal Justice Complex in Charlotte Amalie.

Judge Won't Revive Colo. Title IX Lawsuit (AP)

By P. SOLOMON BANDA

AP, March 24, 2006

DENVER -- A federal judge rejected a request to revive the lawsuit at the heart of the University of Colorado recruiting scandal, saying Thursday that two women who claimed they were sexually assaulted by athletes had not proven their claim against the school was valid.

Attorneys for the women immediately promised an appeal.

The women have argued that the school violated federal Title IX gender equity law by fostering an atmosphere that led to their alleged assaults at a 2001 off-campus party. Police investigated but no sexual assault charges were filed.

U.S. District Judge Robert Blackburn tossed out the lawsuit a year ago, and said Thursday the women had not changed his mind after arguing there was new evidence showing coaches and trainers were aware of similar problems before the alleged assaults.

"There is much about the incidents evidenced in the record of this case that cries out for justice," the judge wrote. "There is no doubt that some of the harassment, abuse and assaults reflected in the record are shameful at best and criminal at worst.

"A cry for justice, however, does not mean that Title IX should be expanded to provide justice simply because the cry for justice has not been answered otherwise."

The women, Blackburn said, had not shown that Title IX would provide them "with the justice they seek."

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The recruiting scandal dominated headlines in Colorado and beyond for months. Gov. Bill Owens at one point appointed the attorney general to lead a grand jury investigation, which resulted in an indictment against a former football recruiting aide for soliciting a prostitute and misusing a school cell phone.

A separate probe, backed by the CU Board of Regents, concluded that drugs, alcohol and sex were used to entice blue chip recruits to the Boulder campus but said none of the activity was knowingly sanctioned by university officials.

The school responded by overhauling oversight of the athletic department and putting some of the most stringent policies in place for any football recruiting program. The fallout included the resignation of university President Elizabeth Hoffman and the departure of athletic director Dick Tharp. Football coach Gary Barnett stepped down last fall.

Pat O'Rourke, an attorney for the university, said the school expected the decision.

"The university is very pleased with Judge Blackburn's ruling holding that the university is committed to a safe and non-discriminatory environment for all its students and faculty," he said.

Attorneys for the women said they would appeal.

"We agree with the court in its conclusion that this is a case that cries out for justice, and we disagree with the court that the evidence that has developed over the past several years should not provide relief to the plaintiffs," attorneys Seth Benezra and Kim Hult said.

Reporting Incidents Of Sex Harassment Gains More Respect (WP)

By Ray Rivera

The Washington Post, March 24, 2006

Midshipmen who report sexual harassment at the U.S. Naval Academy are increasingly viewed with respect by other midshipmen, and more students believe the campus provides a positive environment for women, a new survey shows.

Academy officials say the responses represent big leaps forward in how male and female students view academy culture. The results also come as reports of sexual assault at the academy have been increasing, in part because of an effort to encourage victims to report incidents, officials say.

About 3,000 midshipmen -- most of the sophomore, junior and senior classes -- responded to the academy's annual quality of life and values survey in October. Asked whether midshipmen at the Annapolis college who report sexual harassment are respected, resented or neither, 65 percent of women said "respected." Just 5 percent said "resented."

Two years ago, 66 percent of women checked "resented" to the same question.

Fifty-six percent of men also said "respected." It was the first time in at least the last five surveys, the only data available yesterday, in which the majority of both sexes answered positively.

Asked whether the Naval Academy provides a positive environment for women, 62 percent of men and 44 percent of women said they agreed, also higher percentages for both than in any of the last five surveys. Twenty percent of women and 12 percent of men disagreed. The rest marked "neither."

Academy officials say they are encouraged by the results but that more work needs to be done. Government studies have repeatedly criticized the school's culture as being hostile to women since it began accepting them in 1976.

Those issues were recently cast in the spotlight again in two court cases. In the first, Lt. Bryan D. Black, an academy instructor, is facing a special court-martial on suspicion of using sexually offensive language in front of male and female midshipmen.

The second case involves Lamar S. Owens Jr., last season's starting quarterback, who is accused of raping a female midshipman in her dorm room in January. Neither case has gone to trial.

No Charges In Shooting Of Unarmed Man (WP)

By Tom Jackman

The Washington Post, March 24, 2006

The Fairfax County police officer who shot an unarmed man to death in January will not be charged with a crime, the county's chief prosecutor announced yesterday, and the man's family angrily responded by claiming that a civilian in the same situation would have been arrested.

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From the start, Fairfax police declared that the killing of Salvatore J. Culosi, 37, was an accident and that the SWAT officer who fired had done so unintentionally. Fairfax Commonwealth's Attorney Robert F. Horan Jr. said that when a person fires a gun without malice and unintentionally kills someone, "they do not commit a crime."

"I feel for the family of the victim in this case," Horan said. "You have to. But I also feel for the police officer. This is a good police officer. Fine record, almost 17 years. He's as shattered by this as any good police officer should be."

The officer is Deval V. Bullock, 40, a longtime member of Fairfax's SWAT team, numerous sources familiar with the case said. Bullock declined to comment when contacted earlier this week.

"My son is lying in a cemetery," said Anita Culosi, the victim's mother. "His whole life was ahead of him. That man pulled a trigger and shot my son dead. I can't handle that. It's just pathetic that they don't find something wrong with what they did to my boy."

Bernard DiMuro, the Culosi family's attorney, said: "A pointed gun with a finger on the trigger is not an accident. There is no doubt that had the shooter not been a police officer, he would have been charged criminally, and a jury would have decided the issue." He said Horan could have charged the officer with second-degree murder or manslaughter.

The Culosis also questioned whether the police could fairly investigate themselves and whether Horan had received a complete investigation. The family sent a letter to the Fairfax Board of Supervisors asking it to review the case, and to review police policies on the use of force and the use of SWAT teams as well.

Police spokeswoman Mary Ann Jennings said police are continuing to review their policies on the use of force and also on the use of SWAT teams in serving search warrants. Horan said he thought the use of SWAT teams by Fairfax police was appropriate.

Police had been investigating whether Culosi, an optometrist with offices in Manassas and Warrenton, was a sports bookmaker. An undercover officer had been placing bets with Culosi for nearly four months and arrived outside Culosi's townhouse in the Fair Lakes area on Jan. 24 to collect $1,500 in winnings, Horan said.

Culosi was standing next to the officer's car, on the passenger side, when the officer gave the sign for two SWAT officers to move in. They headed toward the car, one to arrest Culosi and one to protect the undercover officer, Horan said.

One officer pulled up in a car behind the undercover officer's. "As the officer came out, he was bringing his weapon up," Horan said. "In the course of bringing his weapon up, it discharged. He has no real explanation how."

Horan said the officer shouted the word "police" at Culosi. "Right after "police,' " Horan said, "it went pow."

Horan said the officer was aware that he should not have had a finger on the trigger and that he should not have had his .45-caliber H&K handgun pointed at anyone. "As he says, you keep your finger straight," Horan said. "He felt his finger was straight . . . but obviously his finger is not straight up. His finger has to be on the trigger."

Horan said the officer's gun was tested and was not at fault. He said the gun had a standard trigger pull and was modified only to add a flashlight on the barrel, but the flashlight was not in use.

Horan's decision not to pursue criminal charges does not affect any civil lawsuit the family might file, and DiMuro said one is likely.

The officer, originally placed on leave with pay, returned to work in an administrative job a couple of days after the shooting, Jennings said. Police said they will resume an internal investigation of the officer; they were prevented from interviewing him while the criminal probe was pending.

Horan said the accident "could have been based on the number of hours the officer was awake that day." He said the officer had started working at 5 a.m., overseeing a managed deer hunt in the Great Falls area aimed at thinning the deer population. Horan said the officer went home at noon that day, then returned to work at 8 p.m. Culosi was shot at 9:35 p.m.

Culosi's family members said they were launching a Web site, http://www.justiceforsal.com , to provide friends and the public with information about the case. "We are not going to sit by and allow this to happen to another citizen of Fairfax County," said Salvatore J. Culosi, the victim's father. "Our family will never understand this. And we will never be the same."

Battles Escalate Over Gay Marriage (USAT)

By Joan Biskupic

DOJ_NMG_0020699

USA Today, March 24, 2006

WASHINGTON — Gay rights advocates are pushing to legalize same-sex marriage with an unprecedented wave of lawsuits in state courts, while those seeking to ban such unions are gaining ground in state legislatures.

The contrasting strategies reflect how judges have begun to show a willingness to expand the rights of same-sex couples at a time when many state lawmakers — and most Americans — are cool to the idea.

Several key developments are likely soon. The top state courts in Washington state and New Jersey have heard arguments brought by gay men and lesbians. Either court could open the door to a second state joining Massachusetts in allowing same-sex marriages.

Other lawsuits backed by the ACLU, Lambda Legal and other gay rights groups are wending their way through courts in California, Connecticut, Iowa, Maryland and New York. The groups want courts to declare that same-sex couples have a right to marry based on state constitutional protections for equality and due process of law. The groups also hope to win legal precedents that could influence the U.S. Supreme Court to endorse a constitutional right to same-sex unions nationwide.

Meanwhile, the Alliance for Marriage and other groups against same-sex marriage hope to win legislative ballot initiatives this year in Alabama, Idaho, South Carolina, South Dakota, Tennessee, Virginia and Wisconsin. The measures would amend state constitutions to ban same-sex marriages.

Nineteen states have such bans. Most have been adopted since November 2003, when Massachusetts' highest state court said same-sex couples have a right to marry under state law. Massachusetts then became the first state to give marriage licenses to gay and lesbian couples.

The legislative moves against gay marriages aren't limited to the states. In June, the U.S. Senate is scheduled to begin debating a measure intended to lead to a U.S. constitutional amendment banning such marriages. The proposals in legislatures and in Congress partly reflect public-opinion polls, which for five years have indicated that about 60% of Americans oppose legalizing same-sex marriage.

The ACLU and others supporting same-sex marriages hope to turn public opinion by casting the ability to marry one's chosen partner as a basic right. They also are trying to tie their campaign with the efforts against bans on interracial marriage four decades ago.

A few judges, including Manhattan Judge Doris Ling-Cohan, have made such a link in backing same-sex marriages. Her ruling was reversed in December, however, by an appeals court that said the state has “a strong interest in fostering heterosexual marriage.”

Wave Of Lawsuits Targets Bans On Same-sex Marriage (USAT)

By Joan Biskupic

USA Today, March 24, 2006

WASHINGTON — Heather McDonnell and Carol Snyder of White Plains, N.Y., have been a couple for 16 years.

When Snyder was in the hospital for breast cancer surgery early in their relationship, McDonnell wanted to be at her side, just as a spouse would. And so McDonnell was — but only after she was first challenged by a nurse who did not think of her as family.

The episode, and others like it, prompted McDonnell, 52, an administrator at Sarah Lawrence College, and Snyder, a 61-year-old special education teacher, to join several other gay and lesbian couples in lawsuits challenging policies against same-sex marriages.

“There is nothing more universal in this country as saying you're married,” McDonnell says. “When you are at your most vulnerable … you need something like that.”

The lawsuits, sponsored by the American Civil Liberties Union and gay rights groups such as Lambda Legal, utilize carefully selected plaintiffs and locales. They argue that particular state constitutions contain a right to same-sex marriage.

The lawsuits were inspired largely by a 2003 ruling by Massachusetts' highest court that led to that state being the first to legalize such unions. David Buckel of Lambda Legal says the lawsuits are focused on states where public attitudes toward same-

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sex unions seem particularly friendly and where amending the state constitution to counter any ruling for same-sex marriage would be difficult.

Such lawsuits are awaiting rulings by the top state courts in Washington state and New Jersey. Similar lawsuits are making their way through state courts in California, Connecticut, Iowa, Maryland and New York. The lawsuits generally claim that the states' constitutions allow gay couples to marry on the same terms as heterosexuals.

The state-by-state approach is somewhat similar to the strategy gay rights groups used in recent years in a successful fight against laws that made sex between people of the same sex a crime.

However, before the U.S. Supreme Court invalidated such laws in 2003, many legislatures were lifting their bans on sodomy.

Gay marriage does not have that kind of legislative momentum. Nineteen states amended their constitutions to ban such marriages in recent years, and similar ballot initiatives will be before voters this year in seven other states.

Gay-marriage advocates are trying to link their effort with a 1967 U.S. Supreme Court ruling that rejected state bans on interracial marriages. A few state court judges have accepted that comparison.

"It was only less than 40 years ago that the U.S. Supreme Court held that anti-miscegenation statutes … violate the Constitution because they infringed on the freedom to marry a person of one's choice," Manhattan Judge Doris Ling-Cohan wrote last year. "Similarly, this court must so hold in the context of same-sex marriages."

Some courts that have rejected same-sex marriage have said the comparison to racial discrimination is inapt. In December, when a state appeals court in New York overruled Ling-Cohan's decision, it said the U.S. Supreme Court's ruling on interracial marriage arose from the "fundamental right to be free from racial discrimination" — and that there was no similar fundamental right to same-sex marriage.

That sentiment is in line with arguments made by groups that oppose such marriages. "The laws that once limited one's marriage partner on the basis of race were designed to build walls and keep blacks and whites apart," says Peter Sprigg of the Family Research Council. "But preserving the traditional definition of marriage brings men and women together."

Overall, the gay rights groups' strategy seeks to win state court rulings that could help change public attitudes and help prompt the U.S. Supreme Court to guarantee a right to gay marriage.

It's unclear how the court, under new Chief Justice John Roberts and with new Justice Samuel Alito, will view gay rights cases.

Critics of same-sex marriage, cite elected legislatures' moves against same-sex marriage while casting the current lawsuits as an attempt to make an end run around the will of the people.

"It's a race between these lawsuits and the (state constitutional) amendments" against same-sex marriage, says Matt Daniels, president of the Alliance for Marriage. Daniels' group is backing the state initiatives against same-sex marriage as well as a measure in the U.S. Senate that calls for a constitutional ban on such unions.

William Hohengarten, a Washington, D.C., lawyer who was part of the team that argued successfully against anti-sodomy laws at the Supreme Court in 2003, says winning cases in state courts is key for groups backing same-sex marriage. "It's important to have a number of states where same-sex marriage becomes a way of life … to help change public attitudes."

American Muslims Are Gaining A Foothold In Politics (USAT)

By Jill Lawrence

USA Today, March 24, 2006

TEANECK, N.J. — The mayor of nearby Prospect Park is a 30-year-old high school business teacher with a young son. He was a volunteer firefighter at 18 and has been active in his community ever since. But when he sought the mayor's office last fall, voters received anonymous fliers calling him a "betrayer" tied to the 9/11 terrorists.

Why? Because he is a Syrian-born Muslim named Mohamed Khairullah.

"I was worried for my family," Khairullah says. "Any crazy person could have just driven by and done something. But we just had faith and went on doing what we had to do." The result: He got the job, open because the previous mayor had moved away, and now is running to keep it.

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The 9/11 attacks have had a curious double-edged impact on the political emergence of American Muslims. They are up against more stereotyping and backlash, which they perceived recently in the furor over a Dubai company's thwarted plan to take over some port operations in several U.S. cities.

At the same time, the 9/11 attacks jolted Muslims into realizing that they needed to make themselves known to their neighbors and heard by their government. They are voting, running for office and getting more involved in civic and political life at every level, from PTAs and school boards to town councils and state legislatures. At least two — Texas Republicans Amir Omar and Ahmad Hassan — are running for U.S. Congress.

The Council on American-Islamic Relations (CAIR), which promotes Muslim political activity, has opened 23 of its 31 U.S. chapters since 9/11. In the 2004 election, two studies found, one in five Muslim voters were first-time voters.

"There was a silver lining. We became more public," says Aref Assaf, president of the New Jersey-based American Arab Forum.

This large-scale entry of Muslims into public life is not only testing the courage of Muslim candidates and the tolerance of voters. It's also prompting politicians to take notice of a community that has growing clout and is open to appeals from both parties.

American Muslims are hard to count. Many immigrants have Muslim names, but African-American Muslims often don't. For example, one of the highest-ranking Muslim officials in the country is North Carolina state Sen. Larry Shaw.

Based on tallies of mosque membership and Muslim names, several national organizations estimate there are 4.5 million to 6 million American Muslims. Most live in a dozen big states, giving them the potential to make a difference in tight races. Aslam Abdullah, editor of the weekly Muslim Observer newspaper, says there are about 15 close races for Congress in districts where Muslims are concentrated and could cast decisive votes.

Mosques, numbering more than 1,200 across the country, are "the grass-roots center of our political empowerment," Assaf says. They hold voter-registration drives and policy discussions. They invite candidates to speak, offering access to large crowds at Friday prayers.

Up to a third of American Muslims are African-Americans who vote mostly for Democrats. The rest come from Pakistan, India, Afghanistan, the Middle East and Africa. Many lived in dictatorships or theocracies and did not participate in politics in their homelands. "It is definitely a new idea," says Mohamed El Filali, outreach director of the Islamic Center of Passaic County in Paterson.

The immigrants are in tune with Republican conservatism on issues such as abortion, gay rights and religion, say analysts such as Georgetown University professor Zahid Bukhari. But they agree with Democrats on civil liberties and government social programs.

At this point, Muslims aren't firmly allied with either party. Bush won backing from Muslim leaders in 2000, before 9/11, and outperformed Democrat Al Gore among Muslim voters, polls and studies found. Four years later, dismayed by the Iraq invasion and what they saw as civil liberties abuses under the USA Patriot Act, the leaders endorsed Democrat John Kerry, and he won a majority of Muslim voters.

Sherine El-Abd, 60, an Egyptian immigrant and prominent Republican who lives in Clifton, N.J., personally tried to persuade a number of Muslims to switch back to Bush. It was, she admits, an uphill battle: "There were more that didn't go."

Analysts say the shift is likely to be temporary. "I wouldn't call it a realignment," CAIR research director Mohamed Nimer says. "What we've seen is just a one-time deal."

Muslims are comparable to Hispanics, a much larger swing voter group, in their diversity and their compatibility with positions of both parties. Analysts say they're also similar to Hispanics in that they are young and likely to wield increasing influence.

Mohamed Elibiary, president of the Freedom and Justice Foundation in Dallas, a statewide Muslim advocacy group, cites a 2002 Cornell University finding that 60% of the U.S. Muslim population is 30 or younger: "You have this huge bulge that over the next 10 years is going to mature politically" and be far more active.

His foundation gave that process a jump-start after 9/11. In June 2002, the group held a candidate forum at Texas Stadium, where the Dallas Cowboys play. It drew 7,000 Muslims and registered 2,000 new voters. "It was a reaction to … feeling like their

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loyalty to their country was being questioned," Elibiary says. "What could they do? Get politically engaged to prove how mainstream they are."

The ultimate form of involvement is running for office, and by that measure, Muslims are still recovering from 9/11. According to Hazem Kira of the California Civil Rights Alliance, in 2000 there was an "all-time high" of 700 candidates across the country. That plummeted to 70 in 2002 and rose to about 100 in 2004.

There are no statistics yet for 2006. Bukhari, co-director of a project called Muslims in the American Public Square, says grass-roots activity is pushing the trend upward. "Muslims are becoming more involved at the county and state level," he says. He says there are three Democrats running for county council and the state legislature in Montgomery County, Md., in suburban Washington, and "that never happened before."

Muslim immigrants who become candidates tend to be observant but not orthodox, and many have U.S. educations. "They are more Americanized," Assaf says.

Of this year's candidates, at least one — Khairullah — is divorced. At least one is a woman: Democrat Ferial Masry, a teacher making her second run for the California State Assembly from suburban Los Angeles. In Saudi Arabia, where she was born, women cannot vote.

Like Masry, whose district leans Republican, Muslims often run as underdogs. The Dallas Morning News endorsed Omar, son of Iranian and Palestinian immigrants, over two rivals in his GOP congressional primary. If he wins a runoff April 11, he'll face a popular Democratic incumbent in a Democratic district.

Khairullah, a Democrat, was in his second term on the Prospect Park Borough Council when the mayor moved away. The flier that said Khairullah should not be living in "our clean town," that contended he would "poison our thoughts" about America, did not stop his four fellow council members from picking him for the mayoral slot.

"They were disgusted by the letter," Khairullah says. "I've been living in the community the longest out of all the council members. The entire community knows me."

In the months before the 2000 election, Muslim leaders were worried about a law allowing the government to use secret evidence in immigration hearings. Leaders were ignored when they approached Gore, says Boston activist Tahir Ali, but Bush was accessible.

In the second presidential debate, Bush criticized the Secret Evidence Act as a form of racial profiling and said he supported repealing it "to make sure that Arab-Americans are treated with respect."

El-Abd, watching at home, says she cried with happiness when she heard Bush acknowledge her community. Ali, author of a book on the Muslim vote, says "we had to go with him" because he seemed responsive to Muslim concerns.

The euphoria of having helped elect a winner quickly dissipated as Bush invaded Iraq and expanded the government's investigative powers under the Patriot Act. Some Muslims refused to get a library card or register to vote, scared of "anything that will put them on a list (that) is retrievable" by the FBI, says Abdul Waheed, 59, a Pakistani immigrant running for Teaneck City Council.

Others were more angry than fearful. Assaf says he was "a lifelong Republican" who voted for Bush in 2000. Now he accuses Bush of a "post-9/11 frenzied attack on Islam" and "purely anti-Arab, anti-Islam" policies.

Ali is also having buyer's remorse, mostly over a war many Muslims tried to avert with calls to contain or oust Saddam Hussein in ways that wouldn't be so hard on ordinary Iraqis. "I go to a lot of communities, (and) people say, 'You are the reason we voted for Bush, and look at what happened,' " Ali says. "I'm feeling ashamed."

Elibiary stuck with Bush in 2004, mostly because he was lukewarm on Kerry. But he says Bush "is about as popular in the Muslim community as he is in the African-American community. Single digits."

That remains true even as Muslims say Bush was right to defend a Dubai-controlled company's plan to take over some U.S. port operations. "The Arabs are coming, the Arabs are coming," says Paterson councilman Aslon Goow, 47, a Syrian-American, mocking the uproar that killed the deal.

A self-described independent, Goow voted for Bush in 2000 and Kerry in 2004. When he ran for re-election to City Council in 2004, he said rumors spread that "because I was a Muslim, I was a terrorist." He says that may be why he won with fewer votes than the first time.

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Waheed, the Teaneck council hopeful, was doing business in a building across from the World Trade Center on 9/11. He saw bodies falling from the towers and escaped in a cab driven by a Sikh.

He'd had the same clients for decades; they knew he was Pakistani. A lot were friendly after 9/11, he says, but "there were a few customers who were not. You can sense certain things. Discomfort." He sighs. "Islam is the most misunderstood religion, and Muslims are the most misunderstood people."

Waheed says he is a Democrat, but "on certain issues, I have been in bed with the Republicans." Collecting signatures for the May 9 town council election outside a supermarket, he talks to voters about education, business development, preserving green space. In his baseball cap, holding his clipboard, he could be any candidate anywhere.

"I am running because I am very conscious of the issues of the town," he explains. "I am not running because I want to represent Muslims."

Change In `undue Burden' Standard Could Shift Abortion Law (KRT)

By Stephen Henderson

Knight Ridder, March 24, 2006

WASHINGTON - The latest high-profile battle in the abortion wars may prove to be a sideshow to a monumental shift in abortion law that could take place this fall.

South Dakota legislators enacted a sweeping ban on abortion last month that will retest the strength of Roe v. Wade, the landmark 1973 Supreme Court decision that overturned all state laws banning or restricting abortion. Other states are threatening to follow suit as anti-abortion activists flex what they think is new muscle: two new Supreme Court justices who are thought to be less sympathetic to abortion rights.

Legal experts say the courts almost certainly will strike down South Dakota's ban in short order. But this fall, when the Supreme Court considers the federal ban on late-term abortions, the justices could make it easier for state legislators to pass stringent restrictions on abortion without much fear that the courts might overturn them.

The high court could force those who challenge abortion restrictions to prove that restrictive laws prevent a significant number of women from getting abortions. Currently, the courts bar restrictions if it's plausible that they could impose burdens on women seeking abortions.

Such a ruling would validate many abortion laws that can't now survive court scrutiny, and in some states it would render abortion all but inaccessible to many women.

All this could happen without the court even touching on the core debate over abortion rights.

"Abortion restrictions could be revolutionarily increased without in any way overturning Roe v. Wade," said David Garrow, a professor at Cambridge University whose book on abortion, "Liberty and Sexuality," is considered one of the definitive accounts of how modern abortion law developed. "South Dakota is kindergarten simplistic by comparison, something the courts will just dispose of easily, and no one will be affected. This other issue would have real impact on women's ability to get abortions in states where the legislature doesn't want them to."

Jay Sekulow, the chief counsel to the American Center for Law and Justice in Washington, said the court seems primed to make a change, especially on matters as controversial as late-term abortions. His organization is representing several congressmen who want to preserve the late-term abortion ban. If the court changes the way abortion laws can be challenged, he said, "Increasingly, you'd see that legitimate restrictions would be enforced. It wouldn't be an all-or-nothing proposition."

The shift could happen if the justices endorse the thinking in a lower-court opinion in a partial-birth abortion case, which contains a little-noticed argument that the "undue burden" standard that the Supreme Court has imposed on all abortion laws has gotten out of control.

Now, the courts can strike down newly passed state abortion laws if a challenger can show that any part of the new law could place an "undue burden" on a substantial number of women.

Take, for example, a law that includes a requirement that teens get parental consent before getting abortions. A challenger can get the whole law struck down by arguing that it would make it too difficult for a small number of teens - such as those who are abused or estranged from their parents - to get abortions.

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This interpretation of the "undue burden" standard has made it easier for proponents of abortion rights to get the courts to invalidate scores of abortion laws without having to prove they were unconstitutional.

The nation's other laws generally must be challenged according to far more exacting standards that essentially require challengers to show that there's no possibility that the law could be constitutional.

The different standard for abortion laws has long been controversial at the Supreme Court, in lower courts and in legislatures.

Erwin Chemerinsky, a law professor and constitutional expert at Duke University, said the court had good reason to treat abortion laws differently.

Think of a teenager who's pregnant and hemorrhaging, or a pregnant woman in an abusive relationship, he said. "Should they have to go to court to prove they face an undue burden from regulations that require consent?" Chemerinsky asked. "The court is particularly concerned about small numbers of women being affected. They weren't concerned about proving the exact number to get a law enjoined."

A lower-court opinion in a late-term abortion case, however, has opened the door for the high court to reconsider its position.

Chief Judge John M. Walker Jr. of the 2nd Circuit Court of Appeals in New York addressed the different standards applied to abortion laws and explained why he thinks they should be changed.

"I can think of no other field of law that has been subject to such sweeping constitutionalization as the field of abortion," Walker wrote. The high court's decisions, he said, have made legislators "all but foreclosed from setting policy regulating the practice; instead, federal courts must give their constitutional blessing to nearly every increment of social regulation that touches upon abortion."

Abortion laws are struck down "based upon a speculative showing" that they might be unconstitutional, Walker said, and the justices have given unclear directions to lower courts in several abortion cases. He invited the high court to reconsider the matter.

That invitation may appeal to the high court's newest members, Chief Justice John G. Roberts and Justice Samuel Alito. Both are believed to be personally opposed to abortion, and both penned memos while working in the Reagan Justice Department urging legal strategies to curb abortions.

But both also have strong records as judges who respect established court precedents, and both suggested at their confirmation hearings that their votes would pose no immediate threat to established abortion laws.

Walker's opinion, however, offers a lawyerly, nonideological approach that could produce a fundamental change in abortion law without directly confronting established rulings. Indeed, Walker's misgivings about how the current scheme weakens legislators echo language that Roberts and Alito used in their Reagan-era memos.

Walker's opinion also may appeal to Justice Anthony Kennedy, who decried the different standards for abortion laws in a 2000 opinion on a Nebraska ban on late-term abortions.

Kennedy has voted to preserve core abortion rights but also has backed a broad array of state restrictions, including the Nebraska ban.

He lost that case because Justice Sandra Day O'Connor provided the winning vote to the opposite side. With O'Connor gone, Kennedy becomes the swing vote on the issue, and he could be attracted to a solution like Walker's, which retreats from the status quo without attacking core abortion rights.

Such a move also would dovetail nicely with a high court decision earlier this term that instructed a lower court to reconsider how to handle a challenge to a New Hampshire abortion restriction. The lower court had struck down the entire law using the lower standards that have applied to abortion laws.

"We had Kennedy on our side then, and I assume we have him now, but it's true that they have to find a way to get there, and this might be that way," said Sekulow of the American Center for Law and Justice. He'll file a brief urging the Supreme Court to uphold the federal late-term abortion ban, and he said that Walker's opinion could influence his efforts.

"That's one of the arguments we're looking closely at," he said.

Chief In Md. Urges Close Of Internet Police Forum (WP)

DOJ_NMG_0020705

By Ernesto Londoño

The Washington Post, March 24, 2006

Montgomery County Police Chief J. Thomas Manger called on the department's union yesterday to take down an online message board that some police officers have used as a forum for disparaging, and sometimes racist, remarks about colleagues, supervisors, immigrants and other members of the community.

The union said it would not shut down the board, saying that it serves a legitimate purpose and that doing so would curtail officers' right to free speech.

The offensive messages were roundly condemned by county officials and community leaders.

"Let me be very clear. There is no place in our police department . . . for racism, bigotry and hatred," County Executive Douglas M. Duncan (D) said. "As public servants, we not only take an oath to uphold the law, but we have a moral obligation to guarantee that the law is applied equally and fairly to everyone in our community."

Duncan said that if the union doesn't disable the message board, access to the site will be restricted from county workplaces.

Some of the messages, copies of which were published in The Washington Post yesterday, refer to Latino immigrants as "beaners." Others make sexual references to female officers and disparage some officers as "racists."

Margo Pave, an attorney for the Montgomery County Fraternal Order of Police, defended the message board and criticized the county's request that it be shut down.

"Certainly, if he wishes to approach us to talk about this, we can," she said, referring to Manger. "I don't think the proper channel for this discussion is through the press. They have our phone number. They can call."

Pave said the excerpts provided to The Post do not reflect the "bread and butter" of the discussions on the board, which she said has given officers, emboldened by anonymity, an opportunity to challenge their leaders and departmental policy.

"We neither censor or endorse what is on there," she said. She criticized the county's threat to block access to the site from county computers, saying that if Duncan "has that dim an opinion of free speech, I guess that's where he stands."

Manger did not respond to an interview request yesterday.

In a brief e-mail, he said yesterday's Post article misled readers because it "did not make it clear, whatsoever, that this is a private chat room, owned and operated by a private business. The reaction from the community demonstrated that they are left with the impression that the Police Dept. is the responsible organization."

Several community leaders and officers said yesterday that although they understand the department has no direct control over the board and its content, the command staff has largely ignored concerns about the messages.

Detective Terry Ridgley, president of the black officers association, said he met with Manger to bring the issue to his attention several months ago. He said Manger was attentive and seemed concerned but didn't ask to see the messages.

Portions of the messages from the password-protected forum -- which may be accessed only by union members -- were turned over to police internal affairs investigators in at least two instances, said Lt. Eric Burnett, a police spokesman. He said he could not disclose the outcome of those cases.

"I heard from a lot of officers who are happy that this finally came out," Ridgley said. He stressed that he doesn't think the offensive messages reflect the values and professionalism of the majority of officers. Many of them feel the vitriolic content has harmed morale and strained trust among officers, Ridgley said.

County Council member Phil Andrews (D-Gaithersburg-Rockville), who heads the council's public safety panel, called on the union to "begin policing themselves. Otherwise the despicable comments will tarnish the reputation of an excellent department."

Black and Latino leaders said they will schedule meetings with Manger to discuss the message board because they say he is responsible for the conduct of the county's officers.

"I'm flabbergasted," said Del. Ana Sol Gutierrez (D-Montgomery). "If there is one agency where Montgomery County cannot tolerate one iota of racism and xenophobia, it is our police department. Chief Manger must take immediate action to remove any police officer who hides behind the anonymity of the Internet to attack the immigrants, the minorities and women they are hired to protect."

Henry Hailstock, president of the Montgomery chapter of the NAACP, said he has met with at least 15 officers who approached him with concerns about some of the board's content. He said he holds Manger primarily responsible for what he described as a lackluster internal response to officers' concerns.

"He is the leader," Hailstock said. "There are some things management can do to let officers responsible for this know that it is not going to be tolerated and that if they're found doing this, they are going to be disciplined."

Kim Propeak, a spokeswoman for Casa of Maryland Inc., a group that has worked with the department to build trust between officers and the county's immigrants, said she is disheartened.

"I read that story, and I thought: We've just been set back 20 years," Propeak said. "I was outraged. I couldn't finish eating breakfast."

Hennessee, A Woman-Led Fund, Is Hit With Pregnancy-Bias Suit (WSJ)

By Ianthe Jeanne Dugan

The Wall Street Journal, March 24, 2006

NEW YORK -- E. Lee Hennessee became one of the most prominent women in the hedge-fund business, building a booming firm counseling rich clients. But how woman-friendly is her firm?

The question was raised by a former employee in a lawsuit filed Wednesday in New York state court against Ms. Hennessee; her husband, Charles Gradante; and their firm, Hennessee Group LLC.

Leeana Piscopo, a 29-year-old former senior vice president, claims that she was fired in January after revealing she was pregnant. The father: Hennessee's public-relations manager, Alex Smith-Ryland, who is also 29.

The lawsuit was the latest of many pregnancy-related cases against employers. The U.S. Equal Employment Opportunity Commission, along with state and local agencies, last year received 4,449 complaints from employees complaining of bias after pregnancy -- a jump of 31% from 1992. Last year, EEOC reaped $11.6 million in rewards in pregnancy-related cases. One reason, says the agency: Women are increasingly attempting to juggle career and family at the same time that companies are increasing workloads.

Ms. Piscopo, who joined Hennessee seven years ago, shortly after graduating from Manhattan College, says she told Mr. Gradante in early December that she was pregnant. He asked to see a doctor's note and changed her flexible schedule, according to Ms. Piscopo, who was the chief rules-compliance officer.

Mr. Gradante calls the charge "ridiculous" and said the company "bent over backward" to accommodate Ms. Piscopo.

"Lee Hennessee has been a role model for women on Wall Street," said Louis Pechman, an attorney for Hennessee Group. "The suggestion that she or Charles Gradante discriminated against Leeana is ridiculous. In fact, the evidence will show that she was treated very well during their seven-year relationship."

Ms. Piscopo claims that Ms. Hennessee screamed that one of the prospective parents had to leave the firm. Ms. Piscopo says she volunteered, because Mr. Smith-Ryland, an Australian citizen, could be deported if he lost his job.

Ms. Piscopo earned $100,000 a year, plus an annual bonus of 1.5% of the company's equity. Last year, that bonus would have been $22,000, but she says she didn't get it. Ms. Piscopo's attorney, Saul Zabell, says they are seeking "hundreds of thousands" in damages.

ANTITRUST:

Court Nixes Stolt-Nielsen Injunction (AP)

AP, March 24, 2006

Trading of Stolt-Nielsen Halted After Appeals Court Undoes Injunction Against Indictment

NEW YORK (AP) -- Trading of Stolt-Nielsen SA's shares was halted Thursday, after a federal appeals court reversed a lower court injunction blocking the Department of Justice from indicting the chemical transportation company and its officials for alleged antitrust violations.

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The injunction stopping the Department of Justice from prosecuting Stolt-Nielsen -- a company that cooperated with the government in criminal antitrust prosecutions in the international carrier industry -- was issued by a District Court judge in January 2005.

That injunction came after a decision by the Department of Justice to kick Stolt-Nielsen out of the government's Corporate Leniency Program for allegedly continuing illegal anticompetitive activity longer than it admitted.

The two-judge panel of the Third Circuit Court of Appeals said that the District Court did not have the authority to enforce an amnesty agreement before an indictment. The appeals court remanded the case back to the lower court and did not address the merits of the company's amnesty defense.

Stolt-Nielsen said it plans to file a petition for a rehearing.

Before being halted in afternoon trading, shares were down 86 cents, or 2.6 percent, to $32.40 on the Nasdaq. After trading resumed, shares were down $1.80 or 5.4 percent at $31.46. The stock has traded between $29.92 and $41.50 over the past year.

Bayer Joins Race To Build German Drug Titan (WSJ)

By Jeanne Whalen And Jason Singer and mike Esterl

The Wall Street Journal, March 24, 2006

Bayer AG's friendly bid for fellow German drug maker Schering AG, which tops a hostile bid by Merck KGaA, is aimed at creating a pharmaceutical giant capable of competing with U.S. and European rivals, which have eclipsed Germany's once-mighty drug industry.

Schering said its executive board backed Bayer's offer, valued at €16.34 billion ($19.73 billion), making it unlikely another bidder will emerge. If approved by Schering's shareholders, the two companies plan to combine their prescription-drug businesses into a new firm called Bayer-Schering Pharmaceuticals with anticipated sales of more than €9 billion a year and headquarters in Berlin. (See Schering statement.)

Bayer said it plans to cut 6,000 jobs, or 10% of the work force of the combined operations. "Bayer Healthcare and Schering have a combined work force of around 60,000 people," Bayer Chief Executive Werner Wenning told a telephone press conference Friday. "During the restructuring, of the combined businesses, there will be job cuts of around 6,000 employees in the upcoming years," he added.

Bayer-Schering Pharmaceuticals' revenue would exceed that of Schering-Plough Corp. of the U.S., which is unrelated to the German Schering. Bayer also has a large over-the-counter drug business and, including Schering's prescription drug operations, Bayer would become one of the world's biggest drug makers.

"We are convinced that merging the two companies will create a health-care heavyweight of international standing," Bayer's Mr. Wenning said in a statement late Thursday. "It is also the best way of reasserting the importance of Germany as a pharmaceutical industry base."

A successful bid from Bayer would leave Germany's Merck in a difficult position. The company had been hoping to bulk up its business to better compete in the global marketplace. Jon Baumhauer, a 62-year-old member of the Merck family and its chief representative, told journalists on the sidelines of a recent Merck news conference that Schering has always been Merck's "dream target" for expansion.

Bayer's offer of €86 a share, a 12% premium to Merck's, combined with "several other important commitments, is a good offer," said Hubertus Erlen, chairman of Schering's executive board. In Frankfurt Thursday, Schering's shares closed at €84.97, after rising 2.4% on speculation about a Bayer bid. Bayer's shares rose almost 3% to €34.75. In early trading Friday, Schering surged 4.7% to €89.00, while Bayer was up 1% at €35.10 on the Frankfurt exchange. Merck, meanwhile, was down just over 2% at €78.83.

"After intensive discussion, the management board has come to the assessment that, in view of this offer, it is probably impossible for Schering to maintain its independence," Mr. Erlen said. He said the combination would "together form an even more internationally competitive company."

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Germany was one of the birthplaces of the drug industry. Bayer, the inventor of tablet aspirin, traces its roots back to 1863 and Berlin-based Schering says it was founded in 1851. But both Merck and Schering lost their U.S. operations after the two World Wars, leading to the formation of Merck of the U.S. and Schering-Plough.

Germany remains home to several midsize drug companies. But the country's stature has diminished in recent decades as consolidation has created a handful of drug giants in the U.S., United Kingdom, Switzerland and France.

Bayer had total sales of €27.4 billion last year and net profit of €1.6 billion. Schering's sales last year rose 7% to €5.3 billion, while net profit rose 23% to €619 million.

Merck's hostile bid for its German rival, made last week, has enabled Bayer to play a white-knight role. Schering's board last week rejected Merck's bid of €77 a share, or €14.6 billion, as too low. Merck couldn't be reached for comment.

Bayer first approached Schering shortly after Merck made its March 13 offer, Klaus Kuhn, Bayer's chief financial officer, said in a telephone interview. Schering management would take a big role in running the combined pharmaceuticals division, giving them more clout -- and more jobs -- than would have been the case if Merck had acquired Schering, people familiar with the matter said. Still, if the deal goes through, Mr. Kuhn said he expects job cuts of around 6,000 people, or 10% of the combined firm's work force.

Bayer said it expects to achieve cost savings of €700 million annually after three years, 40% more than the annual €500 million Merck projected to save annually by 2009. But Bayer added that the savings will be damped by a €1 billion charge to cover restructuring costs.

Bayer of Leverkusen, Germany, is a big seller of over-the-counter medicines, including Aleve, Bayer aspirin and Alka-Seltzer. Its prescription-drug business is smaller, including Baypress for high blood pressure, Nexavar for renal-cell cancer and the anti-infectives Avalox and Cipro. Buying Schering would bolster Bayer's prescription-drug business, giving it access to contraceptives and a big-selling multiple-sclerosis drug.

Bayer's reputation and profit took a big hit in 2001 when the company was forced to recall its cholesterol drug Baycol after the drug was linked to dozens of deaths in the U.S. Bayer subsequently fought a costly legal battle with U.S. consumers.

Soon after the Baycol debacle the company undertook an extensive restructuring, splitting off part of its chemicals and plastics business and focusing operations on health care; pesticides and seeds; and material science, which includes polyurethanes.

Schering Gets Bid From Bayer (NYT)

By Mark Landler

The New York Times, March 24, 2006

In a bid that could help partly restore Germany's historic prominence in the pharmaceutical industry, the drug and chemical giant Bayer yesterday announced a nearly $20 billion offer for its smaller rival, Schering, topping a $17.9 billion offer by Merck of Germany.

Bayer, a 143-year-old company best known as the inventor of aspirin, said it would pay 86 euros ($103) a share in cash for Schering, which last week rebuffed an offer of 77 euros ($92) a share by Merck. Schering and Merck are German companies not related to the American drug giants Schering-Plough and Merck & Company.

Schering, based in Berlin, said it would recommend the offer to its shareholders, an indication that Bayer was likely to complete the takeover unless Merck raised its bid or yet another suitor entered the fray. An executive close to Merck said it would assess the offer before deciding how to respond.

For Bayer, the deal is a striking return to its roots. Bayer has struggled in drugs since the recall of its anticholesterol treatment Baycol over safety concerns in 2001, and it tried fruitlessly a few years ago to find a partner for its troubled pharmaceutical business.

Although health care products now account for less than 40 percent of Bayer's annual revenues, which were about $30.5 billion last year, the Schering acquisition could make health care the largest part of Bayer, with projected sales of $18 billion a year.

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Bayer's biggest business now is producing polyurethane, polycarbonates and other manufacturing materials, which accounted for about $13 billion in sales last year.

"We have for some time believed that Schering was the ideal partner for moving into specialty pharmaceuticals," Arthur Higgins, the chief executive of Bayer's health care division, said in a telephone interview. "We have two excellent German companies coming together."

Shares of Bayer rose 1.4 percent in Frankfurt yesterday, after rumors of an offer swirled through the market. That suggested that investors would welcome the combination, which would create the world's 12th- largest pharmaceutical company, and a top 10 producer of specialty drugs.

Schering is the world leader in oral contraceptives and also specializes in cancer drugs, while Bayer has recently focused its pharmaceutical research on cancer and cardiovascular drugs.

In New York, where news of the deal began circulating in midafternoon, Schering's American depository receipts rose nearly 7 percent, to close at $107.20. But Bayer's A.D.R.'s, while ending regular trading up 1.4 percent, to close at $41.69, fell nearly 3 percent in the after-hours market, as investors had time to digest the agreement's details.

Germany's fragmented drug industry is viewed as ripe for consolidation, having missed out on the wave of mergers that created global goliaths like GlaxoSmithKline, Sanofi-Aventis and Pfizer. Bayer, though Germany's largest pharmaceutical company, ranks only 16th globally.

Analysts had predicted a rival bid for Schering after Merck's unsolicited offer last week put the company into play. But few focused on Bayer, speculating instead about the Swiss drug giant Novartis.

Even now, some analysts question the logic of combining a drug specialist like Schering, with Bayer, a conglomerate that sells products as diverse as Alka-Seltzer and One-a-Day vitamins and agricultural chemicals.

"The only overlap they have is in oncology," said Andreas Burckhardt, a drug industry analyst at WestLB. "To justify such a higher bid, they're going to have to make more people redundant than Merck," he said, referring to job cuts.

Bayer said the merger could result in about 6,000 jobs being eliminated, roughly 10 percent of the combined work force. The company, which is based in the Rhine River town of Leverkusen, estimates it will reap 700 million euros ($837 million) in annual savings from the merger by 2009. Among the areas in which a Bayer-Schering combination would be valuable, Mr. Higgins said, was in the marketing of cancer drugs. Bayer recently introduced a kidney cancer drug in Britain, and expected to receive approval to sell it in the United States later this year. Schering has an established sales force for its portfolio of cancer drugs, which Bayer could exploit.

Bayer said it would finance the offer with existing cash and a line of bank credit. It would refinance that with equity, bonds and proceeds from the sale of two chemical units. The bid values Schering at 2.8 times sales and 11.6 times projected 2006 operating income.

"These are reasonable numbers for a pharma transaction," said Klaus Kühn, the chief financial officer of Bayer. "From a financial point of view, it makes sense."

Bayer has been overhauling itself more or less continually over the last several years. In 2004, it bought the over-the-counter drug business of Roche, signaling its intent to focus on health care. Last year, it spun off most of its chemicals business in a new publicly listed company, Lanxess.

To make this deal palatable to Schering employees and local politicians, Bayer said it would base its pharmaceutical division in Berlin, Schering's hometown. But Bayer will maintain its corporate headquarters in Leverkusen.

In a statement issued late yesterday, the chairman of Schering, Hubertus Erlen, said: "Both business are complementary and follow the same strategy. Together they will be even more competitive."

In an interview on Monday, however, Mr. Erlen had disputed the argument that Schering, as a specialty drug company with its own global sales force, would benefit by merging with a competitor.

"There are pharma markets where size and muscle is decisive," he said, "but this is different. This is going to highly specialized doctors. It is not a question of marketing muscle. It is a question of being the expert in that field."

Schering may also face hard questions from its employees, who rallied against the Merck bid on Tuesday. They said they favored staying independent, citing the prospect of job cuts as a danger in a takeover.

Bayer In $20bn Agreed Bid For Schering (FT)

By Lina Saigol And Gerrit Weismann

Financial Times, March 24, 2006

Bayer, the German pharmaceuticals and chemicals company, on Thursday night made an agreed €16.3bn all cash bid for Schering, thwarting a rival hostile offer of €14.6bn from Merck.

The deal would cement Bayer's dominant position as the most powerful German drugs company, but would leave family-controlled Merck and Altana struggling with weak product pipelines.

The maker of aspirin is understood to have approached Schering with a friendly "white knight" bid just days after Merck made its hostile bid, according to people close to the situation.

Merck launched a €77-a-share unsolicited offer for Schering on March 14, which valued its Berlin-based rival at €14.6bn. Shares in Schering rose 2.37 per cent to €84.97 on Thursday. Bayer's bid is for €86 a share.

Schering immediately rejected the bid as too low and hired Morgan Stanley and Dresdner Kleinwort Wasserstein to advise it on other alternatives. Merck is being advised by Deutsche Bank and Goldman Sachs.

The Bayer/Schering deal will not preclude Merck from returning with a higher offer. Although Merck has not ruled out sweetening its terms, Wilhelm Simson, chairman of Merck's supervisory board, has said the company would first wait to see if other bidders came forward.

Merck had planned to finance its bid through a combination of bank debt, cash, a rights issue, and a €1bn investment from the Merck family and has said it is committed to maintaining its investment-grade rating.

Schering is the world's largest maker of birth-control pills. It derives around 16 per cent of its sales from Betaseron, a multiple sclerosis treatment and also makes substances introduced into the body to make organs visible on X-rays.

However, both Bayer and Merck would be particularly interested in Schering's oncology business, which has treatments for breast, prostate and colorectal cancer at different stages. That division accounted for €197m in 2005.

Bayer, which, invented aspirin more than 100 years ago, is headed by Werner Wenning, chief executive. During the past 18 months, it has bought the over-the-counter drugs unit of Roche, the Swiss drugs company, and spun off the bulk of its chemicals operations as a new listed entity called Lanxess.

The group has also placed its hopes in bringing to market new home-made patented drugs, with US regulators giving a potential blockbuster anti-cancer drug the green light late last year.

Bayer rose 2.96 per cent to €34.75. Merck fell 2.85 per cent to €80.49. Schering, Bayer and Merck all declined to comment.

UPDATE: Bayer Launches White Knight Bid For Schering (DOW)

By Steve McGrath and Gangolf Schrimpff, Of DOW JONES NEWSWIRES

Dow Jones, March 23, 2006

LONDON -(Dow Jones)- German pharmaceutical and chemicals company Bayer AG (BAY) (BAY) Thursday confirmed it will make a EUR16.3 billion bid for rival Schering AG (SHR)(SHR), trumping a rival EUR14.6 billion bid by Merck KGaA (MRK.XE).

In a statement, Leverkusen-based Bayer said it would offer EUR86 a share in cash for Schering (SHR), topping Merck's (MRK) EUR77-a-share offer.

In a separate statement, Schering (SHR) said its board would recommend Bayer's offer. Schering (SHR) had rejected Merck's (MRK) approach, saying it didn't reflect its true value.

Schering's (SHR) shares rose more than 2% to EUR84.97 Thursday on speculation about a Bayer bid.

Earlier, the Wall Street Journal had reported, quoting people familiar with the matter, that Bayer would make a white-knight bid for Schering (SHR). Bayer has had an interest in Schering (SHR) for years, but Berlin-based Schering (SHR) had been unwilling to sell itself, the paper quoted the people as saying.

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Merck's (MRK) bid for Schering (SHR) was aimed at creating a German drug company of a scale that could compete with global rivals such as Pfizer Inc. (PFE) (PFE) of the U.S. and GlaxoSmithKline PLC (GSK) (GSK) of the U.K. A combination of Bayer and Schering (SHR) would create an even bigger company by sales.

The Wall Street Journal had said Bayer's bid may be made jointly with Siemens AG (SI) (SI), which is interested in Schering's (SHR) imaging business. However, there was no mention of this in Bayer's statement.

In its statement, Bayer said Schering's (SHR) business would be merged with its own health-care division to create a new listed unit, Bayer-Schering Pharmaceuticals, headquartered in Berlin. The takeover would boost Bayer's total annual sales to more than EUR15 billion and boost earnings, while Bayer-Schering Pharmaceuticals would have sales of more than EUR9 billion. The new unit's earnings before interest, tax, depreciation and amortization margin is targeted at 25%, up from 23% at Bayer's current Healthcare unit.

"The proposed takeover of Schering (SHR) is in line with our strategic objective to further grow our health-care business, especially in the area of pharmaceutical specialty products," Bayer Chief Executive Werner Wenning said in the statement.

Merck (MRK) was unavailable to comment late Thursday.

Bayer said it is targeting annual synergies of EUR700 million by the third year after completion of the deal. However, the deal will also result in one- time acquisition costs of EUR1 billion.

"In the mid term, the new company is expected to grow at least as fast as the market. Over the same period, we anticipate an average double-digit growth rate for underlying EBITDA," Bayer Healthcare Chairman Arthur Higgins said about Bayer-Schering Pharmaceuticals.

Wenning said the company would be a leader in gynecology, multiple sclerosis, hematology and contrast agents treatments.

Bayer said the deal would be funded through liquidity of around EUR3 billion and a credit line provided by Credit Suisse and Citigroup, which would later be refinanced through bank loans and debt. The planned equity capital measures will total EUR4 billion, it added. Further financing would be raised through the sale of plastics units H.C. Starck and Wolff Walsrode units.

Bayer said its offer has a minimum acceptance rate of 75% of Schering's (SHR)capital stock. It expects the deal to complete in the second quarter and to clear antitrust regulators without any problems.

Prior to Bayer's statement, analysts had expressed reservations about a possible Bayer bid for Schering (SHR). Landesbank Baden-Wuerttemberg's Ulle Woerner had said a takeover wouldn't fit Bayer's strategy, while another analyst, who requested anonymity, said there are few overlapping portfolios and therefore no major visible synergies. The unnamed analyst had noted a deal would strengthen Bayer's oncology operations.

Bayer is being advised by Credit Suisse and Greenhill in its bid for Schering (SHR).

Hazardous Waste Firms' Merger To Move Ahead (Salt Lake Tribune)

By Judy Fahys

Salt Lake Tribune, March 24, 2006

Antitrust review: The $396M deal involving EnergySolutions and Duratek does not cause federal antitrust objections

The U.S. Justice Department has decided there are no further antitrust issues to consider in the merger of Salt Lake City-based EnergySolutions with Duratek Inc.

Maryland-based Duratek said Thurs- day that a month-long waiting period mandated by the Hart-Scott-Rodino Act of 1976 - an antitrust regulation that automatically triggers a 30-day review whenever an investor seeks to acquire either a 15 percent stake, or a stake valued at more than $15 million, in a particular security - ended this week without any indication the Justice Department wants more time to review the merger, which will create the nation's largest full-service nuclear waste company.

However, the $396 million deal, announced Feb. 7, is still months from being complete. Publicly traded Duratek needs shareholder approval, and a vote has not been scheduled yet, said Diane R. Brown, who leads the company's investor relations.

In addition, EnergySolutions, formerly called Envirocare of Utah, must complete the bureaucratic process of transferring Duratek's licenses and permits with other states and the federal government into its name. With the merger, EnergySolutions will have more than 2,000 employees and operations in more than 40 states and England.

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It will operate the only two low-level radioactive waste facilities available for regulated waste from more than 30 states.

In Utah, EnergySolutions already has done the necessary paperwork, said Dane Finerfrock, director of the state Division of Radiation Control. "All of the licenses and permits EnergySolutions has with the department have already changed over," he said.

The company operates a mile-square radioactive and hazardous waste landfill about 80 miles west of Salt Lake City. A request to the state to double the site's size is pending and faces a lawsuit.

Meanwhile, EnergySolutions has amended its current license to switch equipment planned for the new acreage to the existing site. Another proposed change is to increase the amount of waste that can go into the disposal pits. Under its current license, EnergySolutions can stack waste about 44 feet above ground.

The mounds would be 75 feet off the ground if the amendment is approved, allowing the company to expand its Utah disposal capacity by growing up instead of out.

EU Regulators OK Time Warner-CBS Venture (AP)

AP, March 24, 2006

(AP) - BRUSSELS, Belgium-European Union antitrust regulators cleared the Warner Bros. network's 50-50 joint venture with CBS Corp.'s UPN television network on Thursday, saying there were no competition concerns on the plan for the European market.

The two networks will combine to form a new broadcast network called CW. They decided to join forces after struggling in the U.S. ratings.

The venture was fast-tracked for approval by the EU, meaning it saw no significant antitrust problems and received no complaints from rivals.

The EU has to approve mergers and acquisitions between companies with joint global revenue of more than 5 billion euros ($6 billion) a year or if at least two of the companies involved have more than 250 million euros ($300 million) revenue in Europe.

The UPN and WB networks faced tough competition from U.S. network rivals such as Walt Disney Co.'s ABC and General Electric Co.'s NBC. Time Warner Inc. is the parent of Warner Bros.

UPDATE: Medtronic Patents Fuel Debate On Guidant Impact (DOW)

By Jon Kamp, Of DOW JONES NEWSWIRES

Dow Jones, March 24, 2006

CHICAGO -(Dow Jones)- Medtronic Inc.'s (MDT) (MDT) recent purchase of the rights to certain patents covering stent medical devices could inject the company into the acquisition saga involving rivals Boston Scientific Corp. (BSX) (BSX), Guidant Corp. (GDT) (GDT) and Abbott Laboratories Inc. (ABT).

That's because Medtronic (MDT) believes a key Guidant (GDT) stent product infringes on those patents, and Guidant's (GDT) product plays a key role in the company's coming acquisition by Boston Scientific (BSX) and Abbott. Medtronic (MDT) and a Citigroup analyst made a case Thursday for the patents' validity.

There is argument, though, about whether the latest patent claims bear watching or simply mix with the chaff in the competitive $5 billion to $6 billion stent business. The sector sees frequent litigation as companies jockey for position, and other analysts who weighed in Thursday suggested the latest Medtronic (MDT) suit is more of the same.

"I just see this as a lot of competitive wrangling that's just not going to affect the market place for a very long time," said Phillip Nalbone, an analyst with RBC Capital Markets. He doesn't own shares of any of the companies in question, and his firm doesn't have banking relationships with the companies.

At issue are stents, tiny tubes that prop open arteries, and Medtronic's (MDT)purchase in February of patent rights for bare-metal stents from a private Canadian company called Evysio. Medtronic (MDT) the same month filed in the U.S. District Court for the Northern District of California claiming, among other things, that Guidant's (GDT) "Vision" stent violated the patents.

Vision is the underpinning for Guidant's (GDT) "Xience" drug-coated stent, which Boston Scientific (BSX) and Abbott plan to jointly sell, and is targeted for introduction in Europe this year. But, according to Citigroup analyst Matthew Dodds, Evysio has

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already made progress in ongoing litigation against the Vision stent in France, which suggests strength for the Medtronic (MDT)/Evysio case.

Any disruption for Vision could disrupt Xience, and, according to Dodds, Medtronic's (MDT) deep pockets are likely to carry the fight to other countries. A successful fight in Ireland where Vision is manufactured, for example, could put the Xience European launch at risk, Dodds said.

Medtronic (MDT) declined comment on where the case might go next. Scott Ward, president of Medtronic Vascular, said in an interview that Evysio's success to date in France "gives us some confidence" in the strength of its case.

Stent Battle

Dodds suggested in an early Thursday research note that Abbott was overpaying for Guidant's (GDT) cardiovascular business, given the potential for Xience delays, and that Abbott's willingness to overpay might show a lack of optimism in its own stent product. Dodds doesn't own shares of the companies in question.

Abbott closed down 22 cents at $43.88 Thursday, and traded as low as $43.16 early in Thursday's session. The medical device and pharmaceutical company refuted Dodds' suggestions in a statement.

"Abbott has a broad intellectual property portfolio and we are confident we will have freedom to operate in the drug-eluting stent market," spokesman Jonathon Hamilton said, relaying the statement. "In addition, we are working closely with regulatory agencies on our acquisition of Guidant's (GDT) vascular business, and we're confident that Abbott will enjoy the full benefits of the acquisition."

Boston is buying Guidant (GDT) for about $27 billion, or $80 a share for Guidant (GDT)holders. Abbott will play a major roll by buying Guidant's (GDT) vascular intervention and endovascular business for $4.1 billion, and by loaning Boston Scientific (BSX) $ 900 million and buying $1.4 billion in Boston Scientific (BSX) common stock.

Boston Scientific (BSX) wants to close the Guidant (GDT) deal in the first week of April, but said late Thursday the close could be delayed as late as April 13 by a European antitrust review.

Some analysts suggested Medtronic's (MDT) patent moves are really an effort to create bargaining chips to benefit its own stent project. Medtronic (MDT) is marketing a drug-coated stent internationally called Endeavor, and hopes to bring it to the U.S. in 2007. The catch for the company is that it doesn't have access to " rapid exchange," a key delivery system that's now the favored way to install stents.

If Medtronic (MDT) can create a strong case against Guidant's (GDT) product, it can later agree to drop that case in return for access to rapid exchange, said RBC's Nalbone and Larry Biegelsen, an analyst with Prudential Equity Group LLC. "They will seek to use it as a negotiating tool," Nalbone said.

Medtronic's (MDT) Ward declined comment on that assertion and the company's negotiating strategy. He said Medtronic (MDT) always prefers "negotiated settlements", and that it seeks a level playing field in the stent market.

J&J In The Fray

Dodds on Thursday also raised an issue, which he's raised before, concerning Johnson & Johnson's (JNJ) (JNJ) potential to disrupt the closing of the Boston Scientific (BSX)/Guidant (GDT) deal. J&J holds patents for the family of drugs used on the Guidant (GDT) and Abbott stents. The healthcare conglomerate's patents will likely be "strongly considered" by the Federal Trade Commission, "which is likely to make Boston's plan to close the Guidant (GDT) deal by April 3 unrealistic," Dodds said.

A J&J spokesman declined comment on whether the company, which had planned to buy Guidant (GDT) before Boston Scientific (BSX) won a bidding war, is seeking to disrupt the deal. Boston Scientific (BSX) spokesman Paul Donovan said the company doesn't see an impact from either patent issue.

"We have reviewed the intellectual property issues and are comfortable proceeding with the transaction," he said, relaying a company statement.

Boston Scientific (BSX) closed unchanged at $23.47 Thursday. Guidant (GDT) closed down 10 cents at $78.66.

Guidant (GDT) officials didn't comment on the patent issues.

-By Jon Kamp; Dow Jones Newswires; 312-750-4129; jon.kamp@dowjones.com

Boston Scientific Makes Antitrust Commitments To EC (DOW)

Dow Jones, March 24, 2006

Boston Scientific Corp. (BSX) (BSX) said late Thursday it has made certain commitments to the European Commission as part of its antitrust review of Boston Scientific's (BSX) acquisition of Guidant Corp (GDT) (GDT).

The details of the commitments are confidential, Boston Scientific (BSX) said, but are not material to the deal and will become public when the EC completes its review and announces its decision.

The commitments extend the normal five-week EC review period to up to seven weeks, meaning that the review will finish no later than April 13.

Boston Scientific (BSX) said its goal is still to close the deal during the first week of April.

-Gabriel Madway; 415-439-6456; AskNewswires@dowjones.com

Talks For Lucent May Signal End For 90's Symbol (NYT)

By Andrew Ross Sorkin And Ken Belson

The New York Times, March 24, 2006

Lucent Technologies, the phone equipment maker that became a symbol of last decade's boom-and-bust cycle in telecommunications, is in negotiations to be acquired by Alcatel of France for about $12.6 billion, people close to the discussions said last night.

The two companies confirmed the talks last night in a statement, saying they were "engaged in discussions about a potential merger of equals."

After several years of mergers on a huge scale among telephone companies — local, long-distance and wireless — a deal for Lucent would be the first big step toward a shakeout among the companies that make the equipment for the phone service providers.

The prospect of a big trans-Atlantic deal comes at a time when foreign takeovers have been political flashpoints in both Washington and Paris. A Dubai company's acquisition of some United States port terminals created an uproar in Congress, while the French government has sought to thwart cross-border takeovers in energy and pharmaceuticals.

People involved in the talks said the negotiations had advanced in the last week, but cautioned that they could still fall apart. These people said the disclosure of the talks could delay or derail any such deal.

The companies said last night that they would have "no further comment until an agreement is reached or the discussions are terminated."

The talks come nearly five years after the two companies called off what would have been a $22.8 billion merger. That aborted deal had been constructed as a merger of equals but fell apart after the companies could not agree on how much control Alcatel would have.

For Lucent, based in Murray Hill, N.J., a sale would be the last chapter in an extraordinary story of struggle. In 2002, the company was on the brink of collapse, but survived by eliminating thousands of jobs and cutting billions in debt.

Yet as Lucent has returned to profitability, the telecommunications landscape in the United States has radically changed. Lucent has lost many of its largest customers as the regional Bell phone companies gobbled up rivals, steeply reduced investment in their older copper-line networks and spent more on fiber optic equipment that has fallen in price.

Consolidation among the phone companies — this month's $67 billion deal between AT&T and BellSouth being the most recent — has raised expectations that at least some of the equipment makers that serve them will also merge.

Lucent and, to a lesser degree, Nortel Networks in Canada, have been considered the most likely takeover targets because of their depressed stock prices and lukewarm business prospects.

The outlook seemed worse in 2001, when Alcatel and Lucent discussed a merger. The two companies were then roughly equal in size, but were struggling as the collapse in spending on telecommunications equipment dragged down their earnings and stock prices. But Alcatel has emerged as the much stronger company, with a market value of nearly $20 billion.

To Alcatel, Lucent's most valuable asset would be its C.D.M.A. wireless technology used by Verizon Wireless and Sprint Nextel, two of the largest cellphone companies in the United States. Though only about a third of mobile phone subscribers

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worldwide rely on this technology, Verizon and Sprint have spent heavily to upgrade their networks to provide more next-generation data services.

Lucent's wireless business would complement Alcatel's leadership in broadband equipment, fiber optic networks and Internet television, all of which are growing quickly. Lucent's leading position in the American market would also dovetail with Alcatel's strength in Europe.

Though Alcatel would be eager to obtain Lucent's customers and leading position in the C.D.M.A. market, it could also risk inheriting some of the company's problems. Growth overseas has been uneven. For instance, Lucent sales in the last three months of 2005 fell more than 15 percent, in part because of weaker demand in China.

Lucent's roots go back to the age of the telegraph. It was the equipment-making arm of the American Telephone and Telegraph Company, and included the research and development unit Bell Laboratories, an intellectual powerhouse. In 1996, AT&T spun off Lucent in a $3 billion initial public offering. The stock quickly became a Wall Street favorite, rising to more than $63 a share and surpassing AT&T in market value by 1998.

In 2000, the company was caught wrong-footed by a sudden slowdown in demand for communications equipment and reported a series of disappointing quarterly results. Its chairman and chief executive was ousted, and the Securities and Exchange Commission began an inquiry into its accounting practices. The shares — which made up the nest eggs of thousands of Lucent employees — slid to a low of 58 cents in 2002.

Patricia F. Russo was named chief executive that year, and pulled the company back from the brink of collapse. In 2004, Lucent settled the S.E.C. investigation, agreeing to pay $25 million. But the recovery has been anything but robust; Lucent's shares closed yesterday at $2.82.

Alcatel has half its sales in Europe, but has been making a push in Asia and North America. Its chief operating officer and president, Michael Quigley, is an English-born Australian. He is expected to succeed Serge Tchuruk as chief executive when Mr. Tchuruk steps down in May.

Lucent, Alcatel Are Far Along In Merger Talks (WSJ)

By Dennis K. Berman, Sara Silver And Almar Latour

The Wall Street Journal, March 24, 2006

Lucent Technologies Inc. and France's Alcatel SA said they were in advanced talks on a merger that would create a trans-Atlantic equipment supplier with a market value of $33 billion in the rapidly consolidating telecommunications industry.

A linkup between the two, anticipated since a deal attempt failed five years ago, could help both realize substantial cost savings and likely would kick off a new round of consolidation among the already-pressured companies that supply equipment to phone companies.

Lucent Technologies Chief Executive Patricia Russo would be the chief executive of the combined company, people familiar with the matter said. And the two firms would have equal representation of a new board of directors, these people add.

Given the cultural and logistical challenges, moreover, a merger could prove to be among the more complicated recent couplings in the industry. With protectionist sentiment growing in both the U.S. and Europe, a merger could prove a critical test of cross-border cooperation for the French and U.S. governments.

In a joint statement late yesterday, the companies said: "We can confirm that Lucent and Alcatel are engaged in discussion about a merger of equals that is intended to be priced at market. There can be no assurances that any agreement will be reached or that a transaction will be consummated. We will have no further comment until an agreement is reached or the discussions are terminated."

Many details were unclear, including just how the two companies might pull off a "merger of equals" when they have such divergent valuations. Lucent has a market value of $12.6 billion, while Alcatel's market capitalization is $20.2 billion. The disparity suggests a deal may be structured as an acquisition of Lucent by Alcatel.

Consolidation pressure has been growing in the equipment business amid a wave of telecom deals and the emergence of more-efficient technologies. That has limited the amount of money that big phone companies have to spend on equipment. The result has been too many equipment makers chasing a limited amount of business.

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The industry's biggest suppliers -- which include such companies as Nokia Corp. and Motorola Inc. -- compete for contracts in nearly every corner of the globe, from Latin America to China. But their primacy in some markets is waning as suppliers from China flood into the developing world offering cut-rate equipment.

At the same time, the technology of transmitting phone calls, Internet data and TV signals often is regarded as a national resource to be protected from foreign meddling, and a Lucent-Alcatel deal could draw close scrutiny.

Lucent's telecom switches, for instance, are in phone hubs around the U.S. -- and are subject to routine wiretapping and monitoring of law enforcement. It also runs Bell Labs, a decades-old institution descended from the old AT&T Corp. that is the force behind some of the most innovative U.S. research into communications.

By merging with Lucent, Alcatel would greatly expand its presence in the U.S. market. Alcatel already is the world's leading seller of "digital subscriber line," or DSL, equipment, which U.S. phone companies have been buying to expand their broadband businesses. Lucent would give it a major share of the U.S. wireless-equipment market as well. Lucent is a leading maker of the technology used by several major carriers including Verizon Wireless, a joint venture between Vodafone Group PLC and Verizon Communications Inc., and Sprint Nextel Corp.

Telecom has seen a massive wave of consolidation during the past two years, with the announced value of U.S. deals alone exceeding $200 billion. Most recently, AT&T Inc. announced plans to buy BellSouth Corp. for $67 billion. Other transactions have included Verizon's acquisition of MCI Inc., and the earlier purchase of AT&T by SBC Communications Inc., which took the AT&T name.

The backdrop is a flood of new technologies and new competitors that have driven down the prices of traditional phone services while introducing a host of new services that are dramatically changing the way consumers and businesses communicate. While phone service over the Internet is taking off, for instance, the cable industry is making a big grab for the traditional residential landline business of telephone companies like Verizon and AT&T. In turn, phone companies are starting to offer television service over upgraded networks.

The changes are creating opportunities for some equipment makers. But they also pose challenges because improved efficiency enables carriers to replace huge switches and other pieces of equipment with computers and software.

There already has been some merger-and-acquisition activity in the equipment business. In October, Telefon AB L.M. Ericsson of Sweden agreed to acquire Marconi Corp., of London. In February, Cisco Systems Inc. completed an acquisition of Scientific-Atlanta, giving it a major beachhead in the cable TV, video-on-demand and emerging Internet television businesses. Motorola has plans to spend up to $1 billion to buy small companies.

Lucent, of Murray Hill, N.J., and Alcatel have come close to merging before. In the spring of 2001, they were on the verge of a $23.5 billion deal, hammered out among executives in a 16th-century castle outside of Paris. But Lucent, which had initiated the conversations, ultimately backed out because its management felt the deal was turning into a takeover rather than a merger of equals.

Shortly after the 2001 merger's collapse, Serge Tchuruk, Alcatel's chairman and chief executive, said the company's goal of becoming a bigger player in the U.S. market remained "absolutely essential." Alcatel has acquired a number of smaller U.S. data-networking players, but an acquisition of Lucent would be by far its largest deal here.

Of late, Alcatel's financial performance has been stronger than that of Lucent. In 2005, Alcatel posted sales of 13.1 billion ($15.8 billion), up from 12.2 billion in 2004, and net income of 930 million, compared with 576 million in 2004. After suffering with other equipment manufacturers from the telecom meltdown, it has been making a steady comeback thanks in part to streamlining, job reductions and asset sales. Mr. Tchuruk also has been trying to broaden the company's client base beyond the telecom industry.

Lucent's Ms. Russo also has been credited with a turnaround after the turmoil of the telecom bust, producing two years of stable growth partly by expanding in emerging markets. But most of the profit Lucent generated actually came from credits in its overfunded pension plans, not from operations. In its first fiscal quarter in 2006, the company booked a net loss of $104 million and a 12% decline in sales. Company officials said an anticipated increase in demand from telecom carriers didn't materialize at the end of last year.

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Christian Group Exodus Backs Off Infringement Case Against Blog Parody (USAT)

By Jon Swartz

USA Today, March 24, 2006

SAN FRANCISCO — A Christian group that promotes heterosexuality Thursday quietly dropped its beef against a blogger who poked fun at it.

Exodus International initially claimed the altered image of one of its billboards by Justin Watt infringed its copyright. But Exodus is no longer pursuing the matter after Watt stopped using its "watermark" logo, Exodus President Alan Chambers said.

Watt, operator of the Justinsomnia blog, says he exercised free speech when he parodied the Exodus billboard, which says, "Gay? Unhappy? www.exodus.to." Wyatt re-created the billboard on his site so it read, "Straight? Unhappy? www.gay.com."

(Exodus uses ".to" as its domain suffix because ".com" was not available.)

Watt, 26, a Web developer in Northern California who enlisted the aid of the American Civil Liberties Union and high-powered law firm Fenwick & West, has posted his blog for four years. He posted the parody Sept. 19 because he found Exodus' message "offensive." A lawyer representing Exodus sent Watt a cease-and-desist letter on March 2.

The dust-up has made Watt a cause célbre among bloggers. More than 40 other websites now carry the spoof.

Had the dispute escalated, it would have extended the debate over fair use of copyrighted material beyond print and electronic media and to blogs, says copyright attorney Tom Zellerbach.

Companies frequently ask websites to remove images and text out of concern they infringe copyrighted material. But high-profile cases involving bloggers have been rare, Zellerbach and other lawyers say.

The incident gained attention because Watt understood his rights and contacted an attorney, said ACLU lawyer Ann Brick, who represented him. "We don't know how often people get cease-and-desist letters and pull material without knowing their rights," she said.

"Just as the First Amendment allows Exodus to post its billboard, it gives Justin the right to post a parody," Brick said.

Private Equity Firm To Bid On 12 Newspapers (WP)

By Steven Levingston

The Washington Post, March 24, 2006

The Yucaipa Cos., a Los Angeles-based private equity investment firm, plans to bid Tuesday for the 12 Knight Ridder Inc. newspapers put up for sale by McClatchy Co.

Yucaipa would not say how much it intends to offer for the papers, including the Philadelphia Inquirer, the San Jose Mercury News and the Akron Beacon Journal.

The papers became available after McClatchy last week bought the Knight Ridder chain of 32 papers and announced it would divest itself of 12 dailies in what it said were slower-growth markets.

Robert Hall, a Yucaipa adviser and former publisher of the Inquirer and Philadelphia Daily News, said the firm would make its bid Tuesday, when preliminary offers are due. He added that, if successful, the private fund would take a long-term approach to its investment, freeing the papers from having to meet the pressures of Wall Street.

"Philosophically, Yucaipa has been a worker-friendly fund, a patient investor that will allow for a lesser return than maybe another investor looking for a five-year flip," Hall said. "It would give the papers the opportunity to reinvent themselves to grow in their markets."

Other bidders are possible. Analysts expect Gannett Co., the nation's largest newspaper publisher, to submit offers for at least some of the dailies. Gannett would not comment on its plans but its top executives, speaking in New York yesterday, indicated the company was studying the situation.

Gannett's president and chief executive, Craig A. Dubow, said in a presentation to a New York gathering of media analysts that the company had taken a hard look at the possibility of bidding for the entire Knight Ridder chain but decided to step back. "The others coming to market, we're going to take a look at those," he said, referring to the 12 papers for sale.

But because of its large number of holdings, Gannett's purchasing plans are complicated by regulatory issues. The company, which owns 91 daily papers and 21 television stations, could be constrained in eight or nine of the 12 markets where

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the papers are for sale. "There are lots of regulatory issues and no easy solutions," said Douglas H. McCorkindale, Gannett's chairman.

Lauren Rich Fine, an analyst at Merrill Lynch & Co., said in a recent report that she believed Gannett would not be interested in the larger papers in Philadelphia and San Jose but "would add selectively to its holdings at the right price."

Another potential bidder, MediaNews Group Inc., a private Denver-based newspaper chain, had no comment.

Yucaipa, headed by billionaire Ron Burkle, was founded in 1986 and has been involved in more than $30 billion in mergers and acquisitions. Former president Bill Clinton is a senior adviser to the firm.

The fund, which has been in discussions with the Newspaper Guild-CWA, a union that represents employees at most of the 12 papers, said it would encourage employees to take an investment stake in the company that would own the papers under its plan.

"Yucaipa will be the principal owners, and employee ownership is a key part going forward," Hall said. "Clearly, that's the intent."

Populism And Electric Bills (WP)

The Washington Post, March 24, 2006

IT'S HARD TO SAY who has been more reckless in Maryland's current tumult over residential electricity bills -- the lawmakers who froze rates six years ago while blithely believing all would end well in the long term or the utility that thought once the rate freeze expired, it could suddenly hoist prices by $734 a year for an average household without triggering political pandemonium. Add to that a passel of politicians competing with each other to sound more populist than thou, plus state utility regulators who give every appearance of being in cahoots with the utilities themselves, and there you have it: hypocrisy wrapped in wishful thinking inside a scandal.

The original sin was not the idea of deregulating Maryland's electric power industry but how the legislation was crafted in 1999. Eager to escape any responsibility for the consequences of their sensible vote to deregulate, the lawmakers locked in prices at 1993 levels -- minus 6.5 percent. That was unwise; world energy prices subsequently soared. But that was not all: The law allowed for the rates charged by the biggest of Maryland's electric utilities, Baltimore Gas and Electric Co., to be unfrozen this summer, right in the middle of an election year.

Some 1.2 million households -- in Baltimore as well as a surrounding chunk of central Maryland, including some in Montgomery County (read: a large portion of Maryland's electorate) -- would get hit by that $734 annual hike, a 72 percent increase. Having ignored the approaching tidal wave, Gov. Robert L. Ehrlich Jr. (R) suddenly took notice and announced, "Seventy-two percent will not stand." Democrats and Republicans in the legislature, including many who helped devise the poorly conceived legislation in the first place, shouted, "Hear, hear!"

The utility is correct, of course, that rates must rise to reflect the world energy market. It is also right that it is legally entitled to raise those rates commensurate with costs. But utilities also understand very well that they operate in a political environment. Faced with the nearly unanimous wrath of the Maryland General Assembly, as well as threats to roll back deregulation or block a planned merger with a Florida utility, BGE and its parent, Constellation Energy Group, are trying to come to terms with lawmakers.

Presumably they will strike a deal that defers the pain of higher prices by phasing in the increases over time and perhaps extending the caps for a year or two. Fortunately for all involved, the utility is fairly awash in extra cash these days, and that may help to seal a deal. But this time around, both the utility and the lawmakers should level with the public by explaining that sharply higher electric bills -- even if they exact their pain gradually rather than all at once -- are a fact of life for the near term. To pretend otherwise is to ignore the market, and reality.

ENVIRONMENT:

Utah Refinery Charged With Violating Environmental Laws (AP)

By Debbie Hummel

DOJ_NMG_0020719

AP, March 24, 2006

SALT LAKE CITY - A Pennsylvania-based metals refinery and two of its managers have been indicted on federal charges of polluting water and conspiring to violate environmental laws, the U.S. Department of Justice said Thursday.

Johnson Matthey Inc. and John David McKelvie, director of gold and silver operations for North America and Europe and former general manager at the West Valley City plant, and Paul Card Greaves, former plant manager, were indicted by a federal grand jury Wednesday night.

They are accused of violating environmental laws by concealing high levels of the chemical element selenium found in waste water from the metals refinery, according to court documents.

Johnson Matthey, based in Wayne, Pa., has a gold and silver refining plant in West Valley City, a suburb of Salt Lake City.

The company is accused of releasing larger amounts of selenium than it was allowed by permit into sewers. The indictment alleges that the company exceeded its monthly limit on selenium discharges 12 times between January 2000 and May 2002.

The waste water from the refinery is processed by a treatment plant that empties water into the Jordan River and the Great Salt Lake, which are part of a shorebird reserve where millions of migratory birds stop each year.

Selenium separated from gold and silver during the refining process. It is known to accumulate in living organisms and can harm people and cause reproductive problems in waterfowl, according to the indictment.

"The defendants are charged with not only illegally discharging contaminated waste water, but also engaging in a concerted effort to cover it up," Granta Y. Nakayama, an assistant administrator for the Environmental Protection Agency, said in a statement.

The indictment alleges that the company did several things to conceal higher pollutant levels including:

_Stopping the discharge of waste water when inspectors from the water treatment plant came to take water samples; submitting water to laboratories for testing and then only giving those with low selenium levels to the water treatment plant; and diluting waste water with fresh water from a hose to comply with its permit.

Attorneys for Johnson Matthey released a statement saying the company has cooperated fully in the government's investigation.

"Johnson Matthey has taken this matter and now takes these charges very seriously," Robert M. Talley, a company executive, said in a statement. "Johnson Matthey is proud of its standing as a leading global environmentally oriented company. It is important to bear in mind these charges are merely allegations."

The case is being prosecuted in U.S. District Court here by the Justice Department's environmental crime section.

Johnson Matthey and Greaves are charged with 12 counts each and McKelvie with 11 counts of discharging pollutants in excess of permit limits, court papers said.

McKelvie also is charged with seven counts of concealing high selenium levels by performing selective sampling. Johnson Matthey and Greaves are charged with 10 counts each of concealment and three counts each of rendering inaccurate a monitoring method by shutting off the waste water flow and diluting the water, court papers said.

Each of the counts carries a penalty of up to five years in prison and fines of $250,000 for individual defendants and $500,000 for corporate defendants.

Johnson Matthey has operations in 34 countries and employs about 7,400 people.

Nev. Files New Federal Suit In Yucca Fight (AP)

By Ken Ritter, Associated Press Writer

AP, March 24, 2006

(AP) - LAS VEGAS-Nevada sued the federal government Wednesday, accusing it of withholding documents that show the planned Yucca Mountain nuclear dump cannot safely hold the nation's radioactive waste.

The complaint, filed in Reno, is the fourth federal lawsuit the state has pending against the plan to bury 77,000 tons of nuclear waste in the Nevada desert, 90 miles northwest of Las Vegas.

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The case seeks the release of a draft application prepared by contractors seeking a Nuclear Regulatory Commission license to open the dump.

"The federal government is required by law to share its important Yucca information with the host state, and we are entitled to such information under the Freedom of Information Act as well," Nevada Attorney General George Chanos said in a statement.

An Energy Department spokesman in Washington said the agency has made public on the Internet millions of pages about the project, but was under no legal obligation to release the draft application.

Spokesman Craig Stevens said in an e-mail that the application would be made public once it is formally submitted to the NRC.

"This department and this administration remain committed to the licensing, construction, and operation of Yucca Mountain as the nation's permanent geologic repository for spent nuclear fuel," Stevens said. "This lawsuit will not deter us."

Bob Loux, chief of Nevada's Agency for Nuclear Projects, said the state believes the document will show the dump cannot meet radiation safety standards set by the Environmental Protection Agency.

The state's three-page complaint lists steps Nevada has taken to secure the draft application, including requests by Gov. Kenny Guinn to the secretary of energy and President Bush; subpoenas from Rep. Jon Porter, R-Nev.; litigation before the NRC licensing hearing board; a Freedom of Information Act request; and Energy Department administrative appeals.

All those requests were rebuffed, Chanos said.

"What are they trying to hide?" he said. "If the repository is safe, you'd think they'd be anxious to prove it."

The Energy Department had planned to open Yucca Mountain by 2010. But it missed a self-imposed deadline to apply for a license by the end of 2004, and licensing hearings are expected to take several years.

The process has been stalled by budget shortages, political opposition, a controversy over whether scientists falsified data and by a court-ordered rewrite of EPA radiation standards.

On the Net:

Yucca Mountain project: http://www.ymp.gov

Nevada's Agency for Nuclear Projects: http://www.state.nv.us/nucwaste

GAO: Quality Assurance Issues Dog Yucca (AP-Y2)

By Erica Werner

AP2, March 23, 2006

Progress toward opening the Yucca Mountain nuclear waste dump is still hindered by questions about the quality of scientific and engineering work, a year after allegations of fraud emerged, congressional investigators said Thursday.

The Energy Department's reorganization of the project has yet to put the problems to rest and may create new issues, said a report by the Government Accountability Office.

That could delay the Energy Department from applying to the Nuclear Regulatory Commission for a license to open the dump 90 miles northwest of Las Vegas, the report said. It's not likely that the dump, approved by Congress in 2002 to store 77,000 tons of the nation's most radioactive nuclear waste, could open before 2012.

"After more than 20 years of project work, DOE is again faced with substantial quality assurance and other challenges to submit a fully defensible license application to NRC," said the report, requested by Rep. Jon Porter (news, bio, voting record), R-Nev., who was releasing it Thursday at a press conference in Las Vegas.

Among the problems cited by the GAO was high turnover of project managers. Nine of 17 key management positions have turned over since 2001, the GAO said, and the director of quality assurance was among them.

The report also said that despite substantial time and money spent resolving quality assurance issues, the Energy Department has not developed effective management tools to detect and solve problems. The report recommended strengthening quality guidelines and analysis of problems.

Energy Department spokesman Craig Stevens said in a statement that the agency had either fixed these issues already, or was working on them.

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"This department remains committed to following our obligation under the law to license, construct and operate Yucca Mountain as the nation's permanent repository for spent nuclear fuel," Stevens said.

Last October, DOE announced a "new path forward" to improve Yucca Mountain by, among other things, redesigning waste storage containers to minimize handling of nuclear waste and designating an outside national lab to oversee scientific work. The report said it is too soon to determine whether this new effort has resolved quality assurance issues enough to move toward submitting a license application.

The Energy Department's inspector general is still conducting a criminal investigation into alleged document falsification by U.S. Geological Survey employees between 1998 and 2000. DOE is also still reviewing 14 million e-mails to see if they raise quality assurance concerns, and redoing the scientific work by the USGS hydrologists involved, who were studying the movement of water through the proposed dump site.

Over 50,000 tons of nuclear waste destined for the dump is now waiting at 72 sites around the country, mostly at commercial power plants.

EPA To Relax Diesel Regulations To Encourage Fuel-Efficiency (WSJ)

By Laura Meckler

The Wall Street Journal, March 24, 2006

WASHINGTON -- The Environmental Protection Agency is relaxing certain emission standards for diesel cars in an effort to get more of these fuel-efficient -- but still relatively dirty -- vehicles on the road.

The EPA said that over time, the new standards will be better for the environment because auto makers that opt for the exemption will be required to engineer their cars to stay clean longer. Diesel manufacturers praised the move, calling it a narrow exception that will give a boost to a promising technology.

"It's another option that allows another design on the market, thus increasing the amount of diesels eligible to be in the United States," said EPA spokesman John Millett.

But environmentalists complain that the change allows diesel cars, which produce more pollution than gasoline-powered cars, to spew more smog-causing nitrogen oxide, at least at the beginning. They also argued that the rule change sets a bad precedent by allowing cars that use one particular technology to meet different standards.

Diesel cars are considered promising by policy makers concerned about U.S. dependence on oil because they get significantly better mileage than their gasoline counterparts.

Manufacturers have struggled to develop the emissions-control technology comparable to that long used for gasoline-powered vehicles, a problem made tougher by the high levels of sulfur in diesel fuel. Beginning with the 2007 model year, the EPA will require auto makers to meet tougher emission standards for all vehicles, including diesel-powered ones.

But yesterday, the EPA said it would make it easier for light-duty diesel vehicles, which include cars as well as sport-utility vehicles, to pass its emissions tests for model years 2007 to 2009.

Meatpacker Sues Feds Over Mad Cow Test (AP-Y2)

By Libby Quaid

AP2, March 23, 2006

A Kansas meatpacker sued the government on Thursday for refusing to let the company test for mad cow disease in every animal it slaughters.

Creekstone Farms Premium Beef says it has Japanese customers who want comprehensive testing. The Agriculture Department threatened criminal prosecution if Creekstone did the tests, according to the company's lawsuit filed in U.S. District Court in Washington.

"We're not in any way saying that U.S. beef isn't safe; we believe it's the safest beef supply in the world, but that's not the issue," chief executive John Stewart said at a news conference.

"We're talking about consumers, and consumers want the product tested," Stewart said.

Testing for mad cow disease in the United States is controlled by the department, which tests about 1 percent of the 35 million cattle, or about 350,000, that are slaughtered each year. The department is planning to reduce that level of testing.

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Stewart said he was surprised at the plan to scale back testing. "Given the concerns internationally, I'm not so sure that's the right thing to do."

Private companies certified by the department make screening tests used to detect mad cow disease. The department says it has sole authority over the sale and use of the tests.

Department officials say they oppose 100 percent testing because it does not ensure food safety. The disease is difficult to detect in younger animals, which are the source of most beef.

Larger meatpackers worry that insistence from Japanese buyers would force them to do testing and that a suspect result might scare consumers away from eating beef.

It would cost about $20 per animal to do the tests, adding about 10 cents per pound to the cost of meat, according to Stewart.

Japan tests nearly all its cattle for mad cow disease. While individual companies there may want more testing in the U.S., Japan's government is not asking the U.S. to do the same.

For now, Japan has halted American beef shipments because inspectors in January found cuts of U.S. veal containing backbone, which is banned in Japan even though it's eaten in the U.S.

Japan had only recently lifted a ban on American beef imposed after the first U.S. case of mad cow disease in 2003. Until then, Japan was the top foreign buyer of American beef, accounting for around $1.4 billion in sales in 2003.

Creekstone cut production and laid off about 150 employees at its Arkansas City, Kan., plant because of the ban.

Stewart said Creekstone's customers understand the limitations of the tests. He added that he expects Japan to reopen its market regardless of whether Creekstone is allowed to test its cattle.

The medical name for mad cow disease, a brain-wasting ailment, is bovine spongiform encephalopathy, or BSE. In Humans, eating meat products contaminated with BSE is linked to more than 150 deaths worldwide, mostly in Britain, from a deadly human nerve disorder, variant Creutzfeldt-Jakob Disease.

There have been three cases of mad cow disease in the U.S. The first, in December 2003 in Washington state, was in a cow that had been imported from Canada. The second, last June, was in a Texas-born cow. The third was confirmed last week in an Alabama cow.

Japan has had two dozen cases of BSE.

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On the Net:

Creekstone Farms: http://www.creekstonefarmspremiumbeef.com/

Agriculture Department background on mad cow disease:

http://www.aphis.usda.gov/newsroom/hot_issues/bse.shtml

FBI/DEA/ATF/USMS:

D'Amato And Weld Locked In G.O.P. Feud (NYT)

By Sewell Chan And Sam Roberts

The New York Times, March 24, 2006

For the last few months, William F. Weld's bid to become governor of New York has had a sharp thorn in its side: the outspoken opposition of the onetime kingmaker of state Republican politics, former Senator Alfonse M. D'Amato, who has said that Mr. Weld is "without any real experience" in New York.

Yesterday, Mr. Weld struck back in force, telling how their feud dated at least to a 1996 encounter in which Mr. D'Amato gave him $750,000 in donations for his Senate campaign that year against John Kerry of Massachusetts. The donations, according to Mr. Weld, came with an expletive-laced warning: that Mr. Weld distance himself from Robert S. Mueller III, who as a Justice Department official oversaw a federal fraud investigation of Mr. D'Amato's brother, Armand, in the early 1990's.

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"If I ever see that expletive Mueller at an expletive fund-raiser, I'm going to get every expletive dollar of this back out of your hide," Mr. Weld, a former Massachusetts governor, quoted Mr. D'Amato as saying. Mr. Mueller, a friend of Mr. Weld's, has been the director of the F.B.I. since 2001.

Mr. D'Amato yesterday vigorously denied that the encounter had taken place and said he had not even met Mr. Weld until recently, at a Feb. 23 fund-raiser for Representative Vito J. Fossella. But newspaper articles indicate that Mr. D'Amato introduced Mr. Weld at a 1996 Republican fund-raiser in Washington.

The clash exposed in the most bare-knuckled form the searing divisions that have afflicted state Republicans as they seek to find credible candidates to run for governor and to challenge Senator Hillary Rodham Clinton in November.

Mr. D'Amato, who in 1994 helped shepherd a little-known George E. Pataki to the governor's mansion, has been openly praising the presumed Democratic front-runner for governor, Attorney General Eliot Spitzer, and yesterday he attacked Mr. Weld's stewardship of Decker College, a financially troubled Kentucky school that is the subject of a federal investigation.

"If he couldn't run Decker College — they had a multimillion-dollar criminal enterprise of swindling these poor kids trying to get an education — and if he didn't know that was taking place — I'm not suggesting he was part of the cabal — then why didn't he?" Mr. D'Amato said. "Does that recommend him to be governor?"A federal investigation about student loan fraud at Decker College, a bankrupt trade school, is continuing.

Mr. D'Amato added, "I don't intend to endorse Eliot Spitzer, but I will say, if asked, he's done a magnificent job as attorney general, better than any I have ever seen," he said.

The matter brought to the forefront once again an episode that haunted the Senate career of Mr. D'Amato, who served from 1981 to 1999: the investigation that resulted in the May 1993 mail fraud conviction of Armand P. D'Amato, the senator's brother, in connection with $120,500 he received from a military contractor to lobby the senator. The conviction was thrown out by an appellate court the following year.

During a breakfast yesterday organized by Crain's New York Business, Mr. Weld, who from 1986 to 1988 was an assistant attorney general in the Justice Department, said that in Washington in 1996, he visited Mr. D'Amato, who was the chairman of the National Republican Senatorial Committee, which raises money for Republican Senate candidates. "Through clenched teeth, he handed me a check for $750,000," Mr. Weld said of Mr. D'Amato.

Mr. Weld's challenge to Mr. Kerry was one of the most hotly contested Senate races that year. Mr. Weld said yesterday that after Mr. D'Amato handed him the check with the warning about Mr. Mueller (he did not specify which expletives Mr. D'Amato used), he began the following exchange:

"Well, why is that, Senator?"

"He investigated my brother, Armand, and prosecuted him."

"Well, but when was that, Senator? I'm not familiar with that."

"Well, it was whatever year it was — 1990-something."

"Well, actually, I left the Justice Department in March of 1988 and, sir — "

"It doesn't matter. He's your guy."

Denying any impropriety in taking the donation, Mr. Weld said he did not interpret it to mean that he would in any way distance himself from Mr. Mueller, to whom he has been close since at least 1982, when Mr. Weld, then the United States attorney in Boston, recruited Mr. Mueller to work for him. Mr. Weld said he came forward with the account yesterday because he remembered it when he was asked about it by a television reporter.

In response to Mr. Weld's account, Mr. D'Amato yesterday called Mr. Weld "a stranger to the truth" and adamantly denied that such an encounter ever occurred. "The conversation never took place," Mr. D'Amato said in a telephone interview. "This is an entire fictional, preposterous story. Not only did I never give Bill Weld a check in any amount, the N.R.S.C. is prohibited from writing a check for more than $17,500 to any individual candidate."

Mr. D'Amato said he did remember taking a phone call in 1996 from Mr. Weld, seeking the campaign committee's support. Craig Engle, who was the committee's general counsel from 1995 to 2000, said yesterday that he, too, could recall only a phone call and not a meeting. He said that under varying state rules, the committee was permitted to pay a campaign's bills and that over time the amounts in the Massachusetts race might have added up to $750,000.

Mr. D'Amato earlier urged Mr. Mueller to recuse himself from the Decker College investigation because of his ties to Mr. Weld, and Mr. Mueller agreed to do so on Jan. 24, "to avoid even the appearance of a conflict" of interest, according to a spokesman for the Federal Bureau of Investigation.

Mr. D'Amato suggested that his dislike for Mr. Weld preceded the investigation of his brother and dated from 1988, when Mr. Weld and five other officials resigned to distance themselves from Attorney General Edwin Meese III, who was under investigation. "Weld is a duplicitous guy who stabbed Ed Meese in the back," Mr. D'Amato said.

Mr. Weld said yesterday that the investigations had been "taking their toll on the department." Mr. Meese did not respond to messages left at his office in Washington and his home in McLean, Va.

The feud is the latest embarrassment for a state party that has already seen the implosion of Jeanine F. Pirro's bid to topple Senator Clinton and open Republican challenges to the leadership of Governor Pataki, who is not running for a fourth term.

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The dispute with Mr. D'Amato overshadowed Mr. Weld's speech, in which he unfavorably compared the leading Democratic candidate for governor, Mr. Spitzer, to Michael S. Dukakis, Mr. Weld's predecessor in Massachusetts. "Removing the burdens of taxation and removing the cost of doing business empowers our economy and leads to good-paying jobs," he said, adding that Mr. Spitzer and Mr. Dukakis put their "faith in government."

Mr. Spitzer's campaign spokeswoman, Christine L. Anderson, replied, "When the governor of Massachusetts finally gets around to doing his homework, he'll see that the problems we face require real solutions rather than stale political rhetoric."

D'Amato Threatened Me, Sez Weld (NYDN)

By DAVID SALTONSTALL, DAILY NEWS CITY HALL BUREAU CHIEF

New York Daily News, March 24, 2006

The odd feud between fellow Republicans Alfonse D'Amato and William Weld reignited yesterday, with Weld alleging D'Amato once aimed an expletive-laden threat at him during his 1996 Senate run in Massachusetts.

Weld, who is now running for governor of New York, told a business forum yesterday that D'Amato threatened to take $750,000 "out of [Weld's] hide" in 1996 if Weld took money from Weld pal Robert Mueller, now the head of the FBI.

At the time, D'Amato headed the national Republican Senatorial Campaign Committee, and Mueller was the federal prosecutor who helped convict D'Amato's brother, Armand, on mail fraud charges - a conviction the courts later overturned.

"Let me tell you something," Weld quoted D'Amato as saying. "If I ever see that expletive Mueller at an expletive fund-raiser, I am going to get every expletive dollar of this [$750,000 campaign check] back out of your hide."

The comment drew a blistering response yesterday from D'Amato, who called Weld's version of events a "vicious, preposterous story."

"He must be rather desperate," D'Amato said. "When you make up stories about people, it is not very nice."

D'Amato said he never met face-to-face with Weld in 1996 and that it would have been illegal under campaign finance laws for him to give Weld a single check for $750,000.

Weld's comments came after a speech before the Crain's New York Business Breakfast Forum in which the former Massachusetts governor cast himself as a tax-cutting fiscal conservative.

Weld On D'Amato: There's Bad Blood (NSDY)

By James T. Madore, Newsday Staff Writer

Long Island Newsday, March 24, 2006

Hopeful for GOP nod for governor divulges a 10-year-old conflict since trial of former senator's brother

William Weld, the leading Republican candidate for governor, acknowledged yesterday that "bad blood" exists between him and former Sen. Alfonse D'Amato, who remains a GOP power broker.

In his most detailed comments on the subject so far, Weld recounted an alleged, expletive-laced conversation 10 years ago in which D'Amato accused Weld of backing the federal prosecutor who investigated D'Amato's brother, Armand.

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Armand D'Amato, a prominent lawyer, was convicted in 1993 of mail fraud in connection with money that he received for lobbying the senator on behalf of a military contractor. An appeals court a year later overturned the conviction. The prosecutor was a Weld protege, Robert Mueller, now director of the Federal Bureau of Investigation.

Weld said yesterday that he left the Justice Department's criminal division in 1988, years before Armand D'Amato's prosecution. But Alfonse D'Amato threatened in 1996 to take back $750,000 from the Senate GOP fund given to Weld's failed bid to replace Sen. John Kerry (D-Mass.), if Mueller was involved in the campaign, according to Weld.

"There is bad blood there," he said at a business breakfast in Manhattan.

Alfonse D'Amato denied the conversation ever took place. "This entire story is fictitious and preposterous. I never gave Bill Weld a check for that amount," D'Amato said, adding that campaign finance rules at the time barred check sums in excess of $17,500 per candidate.

D'Amato has repeatedly criticized Weld's political aspirations in New York State and praised the Democratic front-runner for governor, state Attorney General Eliot Spitzer.

Weld, in turn, likened Spitzer to former Massachusetts governor Michael Dukakis, also a Democrat. Both men believe more government and higher taxes will fuel economic growth, Weld said. "New York doesn't need more spending; it needs to control spending," said the man who succeeded Dukakis in 1991 and remained the Bay State's leader until mid-1997.

"Clearly, the[former] governor of Massachusetts has a lot of homework to do on the problems facing our state," Spitzer campaign spokeswoman Christine Anderson responded. "When he finally gets around to it, he'll see that the problems we face require real solutions rather than stale political rhetoric."

Weld ended his speech by borrowing slogans from two Democrats, Nassau County Executive Thomas Suozzi and former New York Gov. Alfred E. Smith.

"To coin a phrase, which I think you heard two weeks ago, I know I can do it because I did it," Weld said, modifying a line from Suozzi's stump speech for governor. Suozzi spoke to the group on March 8.

Weld said, "And I would very much like the opportunity to be the happy warrior" - a stock phrase from Smith's successful campaigns in the early 20th century.

Despite efforts to portray the gubernatorial contest as between himself and Spitzer, Weld faced questions about his lack of money and popularity, even within Republican ranks. He refused to discuss the Conservative Party's embrace of rival John Faso, a lobbyist; no GOP candidate has won statewide office recently without receiving the Conservatives' endorsement.

Weld also revealed he is reluctant to campaign with President George W. Bush. "I think that might cause a distraction between the state and national issues," Weld said.

WELD'S 'D' WORD FOR ELIOT: DUKAKIS (NYPOST)

By Maggie Haberman

The New York Post, March 24, 2006

Republican gubernatorial hopeful William Weld lashed out at front-runner Eliot Spitzer yesterday, tagging him as a modern-day Mike Dukakis who likes big government.

"Like my predecessor in Massachusetts, Gov. Michael Dukakis, [Democrat Spitzer] puts his faith in government," Weld, the former Massachusetts governor who wants to face Spitzer in November, told a Crain's breakfast forum. "Mr. Spitzer continues to propose complex government schemes."

Dukakis lost the 1988 presidential election to George H.W. Bush in a landslide and didn't seek another gubernatorial term in 1990.

Spitzer campaign spokeswoman Christine Anderson said Weld "has a lot of homework to do on the problems facing our state."

Weld also ratcheted up his war of words with former Sen. Al D'Amato, who's had a strained relationship with Weld over his supposed role in a federal probe into D'Amato's brother years ago.

Current FBI Director Robert Mueller, a Weld friend and former colleague, also supposedly was involved in the probe.

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Weld told the crowd that in 1996, when he was in Massachusetts running for U.S. Senate, his campaign was given $750,000 from the National Republican Senatorial Committee that D'Amato headed.

But, he claimed, D'Amato added in expletive-laden terms that if he ever saw Mueller at a Weld fund-raiser, "I am going to get every dollar of this back out of your hide [because] he's your guy."

D'Amato yesterday called Weld a liar. "I never met Bill Weld until Feb. 23" this year, at a fund-raiser at Mayor Bloomberg's house, he said.

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Anti-meth Grants Sometimes Miss Mark (AP)

By MARK SHERMAN, Associated Press Writer

AP, March 24, 2006

WASHINGTON (AP) - Some states with significant methamphetamine problems have not received their share of federal money because the bulk of a grant program was steered by lawmakers to favored projects in their districts, the Justice Department inspector general said Thursday.

Web Extras Justice Department inspector general

More than $179 million in anti-meth money administered by the department - 84 percent of the grant funds - has been earmarked, as the practice is known, by members of Congress for programs in their states and districts, Inspector General Glenn A. Fine said.

"As a result of the significant use of congressional earmarks in this program, funding is not always directed to the areas of the country with the most significant meth problem," Fine said report examining the grant program from 1998 to 2005.

The Bush administration has proposed ending most meth-related earmarks in the budget for 2007. Lawmakers have indicated they are unlikely to go along.

One example cited by Fine: Missouri ranked second, behind California, in seizing 11,859 meth labs between 1998 and 2004. But it was tenth in grants received with $3.7 million.

Texas and Illinois were 10th and 11th in the number of labs seized, but 23rd and 25th, respectively, in money from the meth initiative.

Meanwhile, the Sioux City, Iowa, police department was given $10 million for a training program that Fine said was not focused on meth or any drug. Instead, "classes focused on enhancing general law enforcement skills, such as interviewing and self-defense," he said.

In Vermont, the State Police used more than half of their $2.4 million grant for a task force to combat heroin. In Hawaii, where police seized 76 meth labs over seven years, a nonprofit group used $8.4 million in money targeted at meth for a variety of anti-drug programs.

Fine also faulted Justice's Office of Community Oriented Policing Services, or COPS, for its oversight of the program. The audit said there was a lack of coordination between officials in the COPS office, weaknesses in the database used to manage and track grants and insufficient and inconsistent monitoring of recipients of the money.

In a response to the audit, COPS director Carl Peed said Fine's staff took an overly rigid view of the grant program's standards for awarding money. But Peed agreed that his office needed to improve its monitoring.

"The COPS office rightfully looks to the individual grantee to identify what its most pressing needs are," Peed said.

Meth Audit Glance (AP)

AP, March 24, 2006

A Justice Department list detailing the more than 80,000 methamphetamine lab seizures by state for 1998 through 2004, and more than $217 million in grants to states for 1998-2005 to combat methamphetamine labs.

State Lab Seizures, 1998-2004 Initiative Grants, 1998-2005

Ala. 1,207 $3,322,697

Alaska 189 0

Ariz. 1,807 2,819,823
Ark. 3,111 5,689,476
Calif. 13,377 78,883,788
Colo. 1,566 1,247,347
Conn. 4 0
Del. 7 0
D.C. 0 0
Fla. 713 495,036
Ga. 732 552,022
Guam 0 98,664
Hawaii 76 14,694,905
Idaho 687 798,240
Ill. 2,833 1,562,561
Ind. 3,663 3,900,117
Iowa 4,488 18,438,785
Kan. 3,756 6,419,454
Ky. 1,728 1,822,707
La. 372 2,455,856
Maine 8 0
Md. 10 0
Mass. 11 0
Mich. 881 222,222
Minn. 1,117 1,434,556
Miss. 1,511 5,009,056
Mo. 11,859 4,608,805
Mont. 337 3,239,983
Neb. 1,070 2,406,314
Nev. 1,167 1,278,580
N.H. 8 0
N.J. 10 0
N.M. 657 864,022
N.Y. 102 1,973,286
N.C. 512 681,990
N.D. 757 2,755,301
Ohio 547 794,800
Okla. 4,403 7,212,690
Ore. 2,826 4,773,328
Pa. 226 98,664
R.I. 4 0
S.C. 270 1,562,822
S.D. 129 2,090,788
Tenn. 3,631 2,863,181
Texas 2,924 1,359,343
Utah 992 7,015,250
Vt. 1 3,022,460
Va. 116 4,603,491

Wash. 6,356 13,817,228
W.Va. 266 222,222
Wis. 331 599,474
Wyo. 181 0

US Indicts FARC Over £14bn Cocaine Cartel (SCO)

By JEREMY MCDERMOTT

Scotsman, March 24, 2006

THE United States has declared judicial war on Colombian rebels, issuing indictments for 50 guerrilla leaders, accusing them of running the world's biggest drug cartel and shipping £14 billion worth of cocaine.

In an unprecedented legal action Alberto Gonzales, the US Attorney General, listed 50 members of the Revolutionary Armed forces of Colombia (FARC) that would be requested for extradition to face drugs trafficking charges.

"This is the largest narcotics trafficking indictment ever filed in US history, and fuels our hope to reduce narco-violence in Colombia and stem the tide of illegal drugs entering our country. We believe these men are responsible for not only manufacturing and exporting devastating amounts of cocaine, but enforcing their criminal regime with violence," Mr Gonzales said.

The indictment accuses the FARC of exporting 50 per cent of the world's cocaine trade and 60 percent of the cocaine arriving in the US, so far totalling 2,750 tons, which the Attorney General valued at £14 billion. Only three of those listed by the Attorney General are in custody, the remainder are still directing rebel units in the 40 percent of Colombia where the FARC hold sway. Rewards for the capture of the 47 FARC leaders still at large, totalling more than £42 million, were also offered by US authorities.

The Colombian government was elated at the news, which will not only ensure that US aid, currently running at some £400 million a year continues, but that any FARC commanders captured can be shipped directly northwards, avoiding further strains on the shaky Colombian justice system and trembling prison service.

"We see this as recognition of the clear relationship between terrorism and narcotrafficking," said Camilo Ospina, the Colobian defence minister. "This shows that a big decision has been made to carry out the final battle against narcotrafficking and terrorism."

Whilst the US has been deeply involved in Colombia's four-decade civil conflict for many years, matters became personal in February 2003 when the FARC shot down a US intelligence plane with four Americans and a Colombian on board. The Colombian and a wounded American were shot at the crash site and the three remaining US citizens dragged into guerrilla captivity. The rebels have said they will not be released until hundreds of FARC prisoners held in both Colombian and US jails, are freed.

Whilst nobody doubts that the FARC are deeply involved in drugs trafficking, there has been surprise at the extent of the US indictment, and the fact that right-wing paramilitaries, who are in a peace process with the government but are believed to be far more involved in drugs, do not receive a mention. Many observers see political rather than legal pressures behind the FARC indictment, something US authorities deny.

"Make no mistake; they're not just ordinary drug traffickers," said Karen Tandy, the head of the Drug Enforcement Administration (DEA). "To call them that would be something akin to calling Al Capone a tax cheat."

Many believe the US indictment will simply harden guerrilla resolve. "It is a total closing off of the possibility of negotiations with the FARC," said Ricardo Vargas of Andean Action, a Bogota-based think tank. "It will deepen the war."

Indictments Won't Faze FARC (AP)

AP, March 24, 2006

BOGOTA (AP) _ The U.S. government's loudly trumpted drug indictments against 50 top leaders of

Colombia's largest rebel group aren't likely to faze the insurgents – and analysts said Thursday they could even make it harder for Colombia to reach peace.

DOJ_NMG_0020729

The head of the U.S. Drug Enforcement Administration, Karen Tandy stood beside U.S. Attorney General Alberto Gonzales on Wednesday to announce the indictments and a combined USUS$77.5 million in reward money.

"Today is the beginning of the end for the FARC,'' Tandy said.

But the 17,000-strong FARC – the Revolutionary Armed Forces of Colombia _ already has been branded a ``terrorist organization'' by both the U.S. State Department and the European Union.

Its leaders already are wanted at home and abroad on dozens of charges including kidnapping, drug trafficking and homicide. Only three of the 50 newly indicted are in Colombian custody, and they are minor figures

And many analysts think its a blunder to overplay the FARC's involvement in the drug trade, at least if officials hope to lure the group into resuming peace talks.

"It is a mistake to treat the FARC like a drug cartel because it ignores the fact that the principle goal of the FARC is not to make money from drug-trafficking but to take political power through violence,'' said Alfredo Rangel, a respected Colombian military analyst.

The FARC has always denied its involvement in drug-trafficking, saying it merely taxes coca-growers as a means to finance its war on the Colombian state.

Seven From Shelbyville Charged In Drug Bust (STG)

By Brian Mosely

Shelbyville Times-Gazette, March 23, 2006

TULLAHOMA--Federal authorities charged a total of 32 people, including seven from Shelbyville, with drug trafficking offenses in what is described as a major illicit organization with tentacles stretching from Mexico to Memphis to southern Middle Tennessee.

Two 47 count indictments were returned by a federal grand jury in Chattanooga on March 14, according to James R. "Russ" Dedrick, acting United States Attorney of the Eastern District of Tennessee.

Those from Shelbyville facing charges are Joel Fernandez-Vargas, 37; Jose Vargas, 55; Ramiro Onofre, 26; Francisco Javier Fernandez, 29; Timothy Harris, 46; Oscar Alejandro Melgoza, 27; and Shannon Prosser, age 28.

All were charged with conspiring to distribute five kilograms or more of cocaine and 100 kilograms or more of marijuana from June 2005 through March 2006.

If convicted, the defendants face a mandatory minimum of 10 years to life on the conspiracy charge. Those charged with distribution face a sentence up to 20 years.

Fernandez-Vargas is charged with distribution of cocaine on two occasions and distributing methamphetamine once, Jose Vargas and Prosser are each charged with distributing cocaine on one occasion, and all of those charged are accused of using a telephone to facilitate the distribution of controlled substances.

The maximum punishment for the offenses involving the telephone is up to four years in jail on each count.

The other indictment involved 18 people primarily from Tullahoma who were also charged with conspiring to distribute five kilograms or more of cocaine and 100 kilograms or more of marijuana from December 2003 through March 2006.

Those arrested on Tuesday are scheduled to appear in United States District Court in Chattanooga today before Magistrate Judge William B. Carter.

Dedrick said he was proud of the cooperation between local, state and federal law enforcement to bring about the successful operation, including the Bedford County Sheriff's Department and the Shelbyville Police Department, who provided support.

The investigation has been ongoing for three years and picked up steam over the last few months, identifying multiple individuals and organizations involved in trafficking drugs in this area, with additional indictments promised. Over 100 officers were involved in the operation.

Dedrick indicated that there were other law enforcement operations ongoing that were rounding up suspects related to this alleged ring on Wednesday.

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Authorities seized about 4 pounds of cocaine and 200 pounds of pot, multiple guns, cash in addition to items seized in other parts of the country.

Primary agencies involved in the ongoing investigation include the Drug Enforcement Administration (DEA), Appalachian High Intensity Drug Trafficking Area (AHIDTA) Southeast Tennessee Task Force, (comprised of members of the Hamilton County Sheriff's Department, Chattanooga Police Department, Tennessee Bureau of Investigations, Tennessee Alcohol Beverage Commission) Tullahoma Police Department, Moore County Sheriff Department and the 17th Judicial District Task Force.

Also involved were a number of Tennessee sheriff and police departments as well as law enforcement from Dalton, Ga., the Tennessee National Guard, the Federal Bureau of Investigations (FBI), Department of Homeland Security, Bureau of Alcohol Tobacco and Firearms (ATF) and the Bureau of Immigration and Customs Enforcement.

Feds Seize Drug Suspect's Lottery Loot (CAP)

By Lawrence Buser

Commercial Appeal, March 24, 2006

Rayford Andre Pratcher may have waited too long to spend his $66,666 lottery winnings.

Federal authorities who went through a Northeast Memphis apartment last August looking for drugs came up with the check in his name and now argue he must give it up.

Advertisement

"The defendant, One Tennessee Lottery Check #1031779, is traceable to drug proceeds and subject to forfeiture," Asst. U.S. Atty. Christopher Cotten said in papers filed this week in federal court.

Pratcher, 32, has a long history of drug offenses and has pending charges involving possession with intent to sell cocaine, marijuana, methamphetamine and Ecstasy.

On Aug. 28 at a gas station on South Perkins, police arrested a man named Jon Oliver, 26, whose front pockets they said were bulging with marijuana and methamphetamines.

When more drugs were found in his black Ford Explorer, Drug Enforcement Administration agents were brought in and the man agreed to a search of his apartment on Vintage Drive near I-40 and Germantown Parkway.

Agents found 56 grams of marijuana, cocaine and methamphetamine residue and the lottery check -- which was in a safe.

It was made payable to Pratcher, and Oliver told authorities he was storing it for him since Pratcher has no address and "jumps from hotel to hotel," court documents say.

He told agents Pratcher was the guy who had gotten out of the Explorer just before Oliver's arrest earlier that day.

Tennessee Lottery officials said Pratcher was issued the five-figure check Aug. 24 after he won an instant game called Emerald Green.

Pratcher's drug case goes before U.S. Dist. Court Judge Samuel Mays today.

No date has been set for the lottery-loot showdown.

Renewed Bid For Medical Marijuana Back In Court (AP)

By DAVID KRAVETS, Associated Press

AP, March 23, 2006

SAN FRANCISCO (AP) - Each time the U.S. Supreme Court has ruled on medical marijuana, the justices have come down against allowing the sick and dying to use the drug to ease their symptoms and possibly prolong life. But the door has never been fully closed.

This week, a federal appeals court in California will hear arguments in the latest round of legal wrangling over the issue.

The case to be argued before the 9th U.S. Circuit Court of Appeals on Monday narrows the matter to the so-called right to life theory: that marijuana should be allowed if it is the only viable option to keep a patient alive or free of excruciating pain.

It would apply only to the sickest patients and their suppliers, regardless of whether they live in one of the 11 mostly Western states authorizing medical marijuana.

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"A victory would affect people who are very seriously ill, facing death or great physical suffering," said Randy Barnett, a Boston University law school professor working on the case.

The case was brought by Angel Raich, a 40-year-old mother of two from Oakland who suffers from scoliosis, a brain tumor, chronic nausea and other ailments. She uses marijuana every couple of hours to ease her pain and bolster a nonexistent appetite.

"She'd probably be dead without marijuana," said her doctor, Frank Lucido, who has recommended marijuana for some 3,000 patients. "Nothing else works."

The Bush administration says the lawsuit is without merit.

"There is no fundamental right to distribute, cultivate or possess marijuana," Assistant U.S. Attorney Mark Quinlivan, the government's lead medical marijuana attorney, wrote to the appeals court.

Voters in 1996 made California the first state to authorize patients to use marijuana with a doctor's recommendation. Ten other states have since followed suit, but the federal government says there is no medical value to the drug.

In 2001, the Supreme Court ruled that Raich's supplier, the Oakland Cannabis Buyer's Cooperative, could not lawfully dispense marijuana despite California voters approving its medical use.

Two years later, in a small victory for medical marijuana backers, the high court let stand a 9th Circuit decision saying doctors have a First Amendment right to discuss or recommend the drug to patients without the threat of federal sanctions.

But last June, the Supreme Court ruled the federal government could prosecute medical marijuana users and their suppliers.

In some states, federal agents have been sporadically arresting users and raiding so-called pot clubs that dole out the drug to patients.

Still, a footnote by Justice Clarence Thomas in his 2001 ruling left the legal questions surrounding medical marijuana unsettled and helped open the door to Monday's 9th Circuit hearing.

Thomas wrote that important underlying constitutional questions remain unresolved, such as Congress' ability to interfere with states experimenting with their own laws and whether Americans have a fundamental right to marijuana as a vehicle to stay alive and ease pain.

The justices answered the first part of that footnote in June, ruling in another case brought by Raich that patients living in states with medical marijuana laws could be prosecuted because Congress has classified marijuana as an illegal controlled substance.

That prompted Reps. Dana Rohrabacher, R-Calif., and Maurice Hinchey, D-N.Y., to propose legislation that would have blocked the Justice Department from prosecuting medical marijuana users in states where it is legal. The House balked at the measure 264-161. A Hinchey spokesman said the congressman will resurrect the proposal this summer.

Raich is back before the 9th Circuit, one step short of the Supreme Court, in a bid to settle the second part of Thomas' footnote.

Her lawyer, Barnett, is arguing the Constitution guarantees the gravely ill a right to available medication to keep them alive and relieve torturous pain.

Even if it is successful, the case would be unlikely to stop the raids on pot clubs or protect most users and suppliers. Raich herself was arrested last week for disorderly conduct after she demonstrated outside the Oakland federal courthouse over a recent raid on a medical marijuana dispensary.

Regardless of the outcome of her case, she said she will continue using marijuana to treat her symptoms, and will keep fighting to do so without the threat or fear of federal prosecution. She expects her case to go to the Supreme Court no matter the outcome.

"I am going to keep doing this until they stop me because this is not a medical cannabis case but a right to life case," she said. "The federal government can say who can live and who can die if I lose in the Supreme Court."

The case is Raich v. Gonzales, 03-15481.

Editors: David Kravets has been covering state and federal courts for more than a decade.

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Medical Pot Rules Get City Approval (SMCT)

By Todd R. Brown

San Mateo County (CA) Times, March 23, 2006

South City will ban clubs but allow collectives to grow plants

SOUTH SAN FRANCISCO — To some, it is a recreational intoxicant with milder health side effects than alcohol. To others, it is a moral scourge that Americans should "just say no" to. To still others, it is medicine, and the City Council on Wednesday night approved the first Peninsula measure on marijuana that regulates where it can be grown and how people can get it for medicinal use.

On a unanimous vote, the council decided to amend the city code on the cultivation of medical marijuana. The new rules outlaw storefront pot clubs but allow patients to collectively grow cannabis at least 500 feet from residential areas. The measure defines a caregiver who can provide marijuana to a patient as someone "who has consistently assumed responsibility for the housing, health or safety of that patient," not necessarily a physician. And it limits the number of patients per caregiver to 10.

"Without this, we have no control," said Councilwoman Karyl Matsumoto. "We're doing preventive (work) versus firefighting."

Police Sgt. Alan Normandy spearheaded the idea for the new rules last year after Tariq Alazraie, who runs the cannabis club Mason Street in San Francisco, proposed opening a club across the street from City Hall. In response, the council imposed a moratorium on cannabis clubs that was to expire in May of this year.

"We're putting the compassion back in the Compassionate Use Act by requiring that the caregiver actually care for the patient rather than just being a distributor of a substance," Normandy said earlier Wednesday, adding that Alazraie was helpful in sharing with him how Mason Street works.

The act, approved by 58 percent of California voters as Proposition 215 in 1996, allows doctors to prescribe marijuana to patients and lets caregivers administer the drug without fear of criminal prosecution. It specifies that patients can possess six mature cannabis plants, 12 immature plants and 8 ounces of dried marijuana, but leaves regulation of how to dispense it up to local governments.

The county works with the state through the Medical Marijuana Program, approved by voters as SB 420 in 2004, to provide patients and caregivers with I.D. cards to avoid arrest for drug possession or trafficking.

Chief Deputy District Attorney Steve Wagstaffe said he initially was wary of South City's plan when he thought it would legalize cannabis clubs that state law does not allow. The District Attorney's Office is set to prosecute Belmont resident Robert Simmons April 24 for allegedly running a pot club out of his home.

But Wagstaffe said because California voters support medical marijuana, his office wholly supports people organizing privately to grow the drug.

"We think it's something that the law does provide for," he said. "If South City's ordinance can fit within the law, we're supportive of it."

Federal law still outlaws any possession or use of marijuana, and the Drug Enforcement Agency maintains that illicit traffickers hide behind the California law. The DEA occasionally raids Bay Area pot clubs.

"We're required to comply with state law, not federal law," Normandy said, adding that South City's law is there to prevent pot clubs from taking advantage of the rules while making sure sick and dying patients get the pain relief they need. "It's certainly not designed to be an onerous thing. It keeps the honest people honest."

Reefer Relief (LIP)

By Timothy Bolger

Long Island Press, March 24, 2006

The Ongoing Battle to Legalize Medical Marijuana

At first glance, it would appear as if there is nothing that could get in the way of Jesse, an intimidating, 6-foot-plus, longhaired Nassau County man one could easily picture on a Harley or using a jackhammer. But since the 41-year-old salesman was diagnosed with multiple sclerosis (MS) in 1999, he has been injecting himself with some powerful drugs to slow the

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degeneration the incurable disease causes. The pain and side effects of those drugs can wear him down, so, to ease the discomfort while leading an otherwise normal family life with his wife and two kids, he smokes marijuana.

Jesse, who asked that we not use his real name, knows that he is breaking the law, but his doctors have endorsed the practice, and the results are irrefutable—so he takes the risk.

"For some of us, the answer seems so simple," Jesse says from behind light-blue tinted sunglasses. "Over the years it has cured what ails me."

He's not alone. There are an estimated 2,500 diagnosed AIDS patients in Nassau and Suffolk counties, according to the Long Island Association for AIDS Care. There are about 7,000 MS patients for the region, according to the Long Island chapter of the National Multiple Sclerosis Society. Cancer statistics are difficult to track, but about 1 in 3 women and about 1 in 2 men will be diagnosed with cancer before reaching age 85, according to Hewlett-based 1 in 9: The Long Island Breast Cancer Action Coalition.

Many patients suffering from these diseases, other conditions, or the side effects of their treatments, have touted marijuana's medicinal benefits. Medical marijuana speakeasies have surfaced in cities across the country—although sometimes they clash with authorities.

More than 75 percent of New York voters support legalizing weed to help the seriously ill, provided it's under the supervision of a physician who prescribes it, according to a study conducted last year by the Siena Research Institute at Siena College in Loudonville, N.Y. Statewide organizations, such as the New York State Nurses Association, Hospice and Palliative Care Association of New York State and the New York State Association of County Health Officials, have publicly stated their support for a medical marijuana law. Even local groups like 1 in 9 hope for a day when patients in need can toke up.

"If this is something that will ease their pain, then I'm all for it," says Geri Barish, president of 1 in 9. "We need to come out of the dark ages. If there are things out there that can help, we need to be able to take advantage of them."

Two bills currently before the New York State Legislature address the issue. But the ease of lumping the medical marijuana movement in with those who want Dutch-style legalization—in the Netherlands, adult possession and purchase of small amounts of marijuana is allowed—makes the issue difficult for politicians. The Assembly has been fighting over medical marijuana bills for eight years now, without passing a single one. But stories like Jesse's are hard to ignore, and even prostate cancer survivor and Senate Majority Leader Joseph Bruno (R-Brunswick) said last year he would allow the legislation to come before the Senate. Then again, he hasn't pushed it through. In the Senate, the bill has languished.

A marijuana dispensary for prescription pot users in CaliforniaCurrently 11 states allow marijuana for medical use: Alaska, California, Colorado, Hawaii, Maine, Montana, Nevada, Oregon, Rhode Island, Vermont and Washington. Arizona, which has a similar law, has no set program in place to administer marijuana that is prescribed. But last summer, the Supreme Court ruled that the federal right to prosecute marijuana users—even medicinal users in states that permit such use—trumps the states' right to help terminally ill constituents. The clash between federal and states' rights flared up again March 14, when federal agents raided the home of a 53-year-old California man and seized his small marijuana farm. Reports of excessive force prompted small protests in front of federal buildings in 20 cities in 11 Western states, and in Washington, according to the medical marijuana advocacy group Safe Access Now.

The issue is tough to get a consensus on federally. A proposal in the House of Representatives has failed to pass for five years in row. The Hinchey-Rohrabacher Amendment, named for Congressman Maurice Hinchey (D-Kingston), would prohibit the Department of Justice from prosecuting patients who use medical marijuana.

"The federal government should not intrude upon, let alone prosecute, patients who are using the substance in compliance with state law," Hinchey said in a statement.

Smoking in the Bathroom

In the 1980s, when the government first started taking seriously the idea of using pot to help patients, the National Institute on Drug Abuse provided marijuana to the New York State Department of Health for a study. One of the researchers, Dr. Vincent Vinciguerra, is now chief of medical oncology at North Shore University Hospital. His 1988 pilot study found that 78 percent of 56 patients who smoked the state-sponsored marijuana demonstrated control of chemotherapy-induced nausea and appetite loss.

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"It gave them the munchies, and they were actually eating better," Vinciguerra says. One patient that Vinciguerra has been seeing for about four years recently opted for cannabis, after all the other anti-nausea medications were no longer effective. This is a scenario Vinciguerra witnesses with a small percentage of the 80 to 90 patients he sees weekly.

"Most don't need it," he says, "but when it's helpful, it would be nice to be able to provide it."

Dr. Vincent Vinciguerra found proof that medical marijuana works.The silver-haired physician, who has closely followed the progression of relevant legislation, is confounded by his lack of access to this tool, saying, "we owe it to the patients" to be able to provide medical marijuana. "You would think that since the study had positive results that people would right away pick up on it and try to make it available to their patients," he says. "It was an important finding."

But he also acknowledges the deeply rooted fears about the social implications. Vinciguerra notes with a laugh that during the study, the only place to have the patients smoke their medicine was in a hospital bathroom, where the odors wafting under the door made visitors wonder what the doctors were up to.

Ironically, Jesse, who says that Rebif, his MS medicine, feels like "battery acid" in his veins, worries what would happen if the government did regulate the steady supply of marijuana he's found for himself.

"It's easy enough to get it as it is," Jesse says, adding that politicians would just create more red tape for him than it's worth.

Buzzkill

The issue of whether marijuana should be legalized for medicinal purposes is, according to some groups, being exploited by pro-pot organizations as a means of getting cannabis legalized. "I am not saying 'no' to cannabis medicine," says Steven Steiner, president of Dads and Mad Moms Against Drug Dealers (DAMMADD). "I want to see safe cannabis medicine."

Steiner, who spends his time lobbying for strict drug laws and lecturing young people about the dangers of drugs, is a polarizing personality in the war on drugs. The organization was formed after Steiner's son, Stevie, died from an overdose of OxyContin, a powerful pain medication the 19- year-old had obtained illegally. Steiner subsequently obtained funding for DAMMADD from major pharmaceutical companies, including Purdue Pharma, the makers of OxyContin.

Steiner's biggest problem with the movement to legalize medicinal marijuana is groups such as the Drug Policy Alliance (DPA), which calls itself the leading organization in the United States promoting alternatives to the war on drugs. Steiner says that groups like the DPA unfairly use the possible benefits of medical pot to get the drug legalized.

"These groups just want to make it OK to smoke marijuana, so they use people that are sick and use marijuana to make their case," says Steiner. "But they go dark when other alternatives are proposed."

One of the issues Steiner raises, should marijuana be legalized, is quality control. "Who is going to grow this marijuana? Who is responsible?" says Steiner, pointing to the death of well-known medical marijuana advocate Jane Weirick, who died in 2005, possibly from an allergic reaction to a pesticide she used while growing her pot.

"I smoked pot and drank when I was a teenager. So did my friends and brothers," says Steiner. "I am a hypocrite. But, we all learn as we get older. If my parents were privy to what I am privy to, maybe it would have made a difference."

To Steiner, the fact that the U.S. Food and Drug Administration and other governmental agencies have not given the green light to medical marijuana is a telltale sign that smoking pot if you are ill is just not a good idea. "Put it this way," he says, "if you ould smoke pot and cure cancer, it would have been approved by now."

Rolling Legislation

Finding government-sponsored marijuana isn't impossible, it's just a zigzag road. For Assemb. Richard Gottfried (D-Manhattan), this is one of his main issues. His proposal to legalize marijuana for medical purposes drew assemblymen as sponsors, including Thomas Alfano (R-Franklin Square), Bob Sweeny (D-Lindenhurst) and Harvey Weisenberg (D-Long Beach).

After the Supreme Court ruled last June that the U.S. Drug Enforcement Agency (DEA) was within its rights to seize marijuana plants grown for medical use in California, there was a chilling effect on states dabbling with prescription pot. Gottfried is now redrafting his legislation.

New York State Sen. Vincent Liebell (R-Brewster), who sponsored what he calls a "very, very limited and closely controlled" medical marijuana bill in the Senate last year, is waiting to see how Rhode Island—the first state to pass a medical marijuana law since the Supreme Court ruling in June—handles the issue. Liebell feels it's up to Congress to take the lead now.

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"Our amendment helps ensure that the humane approach is taken to help people relieve severe pain," Hinchey says. "Medical marijuana users are not criminals, but rather they are patients who are suffering from chronic pain or nausea and have exhausted all other medicines to treat their condition." There was a small glimmer of hope for Hinchey shortly following the Supreme Court decision last year, even though the bill didn't pass. The final count was 161 for and 264 against, which is so far the closest the proposal has come to passage, but still only 10 votes more than two years ago. "Progress on Capitol Hill is often incremental, and we'll continue to push for this amendment each year until it passes," he says.

Some experts fault political shortsightedness. "People don't want to pass this because they don't want to appear soft on crime," says Ruth Liebesman, legal aid director for the New York State chapter of the National Organization for the Reformation of Marijuana Laws (NORML) and a privately practicing criminal defense attorney. She points out that doctors can prescribe variations of cocaine and heroin, describing the inconsistency as "intellectual dishonesty."

So, until any further action is taken on these proposals, medicinal users are forced to maintain a low profile.

Pot Prohibition

As in the bootlegging days of Al Capone, when alcohol was illegal because of prohibition, clashes between DEA agents and medical marijuana advocates have

created a culture of speakeasies. In New York City, there are patients who organize and meet to share their medicine, but finding them isn't easy, unless you're a card-carrying member.

For the past decade, Dana Beal, an advocate with Cures Not Wars, which helps organize the annual Marijuana March early each May, has been providing ID cards to suffering patients who are helped by marijuana. The cards aren't sanctioned by any government agency, but are intended to help prevent patients from staying overnight in jail if they're caught with marijuana. The cards give police an option to issue an appearance ticket rather than make an arrest, Beal says.

He adds that "there are patients and they organize themselves and they meet, but we don't want them to end up like the paraplegic in California," referring to a DEA raid in 2002 on a woman paralyzed from the waist down.

While Beal's organization works on the front lines of the medical marijuana issue, the group's stance that marijuana should be fully decriminalized—for recreational as well as medicinal use—is where the line is drawn between groups like theirs and NORML. For this legislation, the advocates maintain it is purely medical marijuana they seek, with organizers from the Marijuana Policy Project (MPP), who support repealing penalties for marijuana possession, but limit their argument for the survival of the bill.

Local MMP lobbyist Vince Marone described significant political progress last year in New York State. He says that there are discussions to reintroduce the legislation, after the budget is passed on April 1 and policy issues can once again be debated. It is not an impossibility: New Jersey has similar pending legislation and Connecticut has come close to passing a bill. although persistence seems key. As of 2004, 13 states had laws allowing therapeutic research programs with federal cooperation, and 10 states, including New York, have symbolic laws, which would allow patients to possess prescription pot if federal law were ever to be changed, according to MMP.

But despite all of the progress, none of the users will be free of the paranoia that they will be charged as common criminals for simply trying to feel better.

New Program Aims To Reduce Gun Crimes (WP)

By Ruben Castaneda

The Washington Post, March 23, 2006

Maryland U.S. Attorney Rod J. Rosenstein announced yesterday the start of a joint federal-local initiative designed to crack down on gun crimes in Prince George's County, where the vast majority of last year's record number of homicides were committed with firearms.

At a news conference at the U.S. District Courthouse in Greenbelt, Rosenstein said that under the program -- Prince George's EXILE -- federal and Prince George's law enforcement officials will collaborate more closely to identify and investigate violent offenders who use firearms, to crack down on illegal gun traffickers and to use the threat of tough federal sentencing laws to pressure defendants to plead guilty to gun crimes in state court.

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Similar programs are in place or have been used in other cites, including Baltimore and Richmond.

"We have too many criminals walking the streets with guns," said Rosenstein, flanked by more than a dozen local and federal law enforcement officials. "Our goal is not just to prosecute gun crimes. Our goal is to deter violent crime."

To underscore what Rosenstein called an unprecedented level of cooperation in the local initiative between federal and local authorities, the federal prosecutor was joined at the news conference by Prince George's State's Attorney Glenn F. Ivey, Police Chief Melvin C. High and representatives from the FBI, the Bureau of Alcohol, Tobacco, Firearms and Explosives, the Drug Enforcement Administration, the office of Gov. Robert L. Ehrlich Jr. (R), the state Division of Parole and Probation and other agencies.

Ivey said 85 percent of the 173 homicides committed in Prince George's last year involved firearms. High said county police confiscated 1,427 firearms last year and are on pace to match that this year.

The threat of longer federal prison terms for gun offenses will be a key part of the initiative, Rosenstein said.

Federal prosecutors will provide Prince George's prosecutors with a letter informing defendants in gun crimes that they could face federal prosecution for weapons violations. The goal of such letters is to persuade defendants to plead guilty to firearms offenses in state court, where they could be sentenced to five years in prison.

Penalties for such offenses are stiffer in the federal system. Depending on the number of previous felony convictions, a defendant could be sentenced to life in prison for illegal possession of a firearm, Rosenstein said.

There is no parole in the federal system.

Rosenstein also said Prince George's offenders who are released from state prison after serving their sentences or being paroled will be handed brochures informing them that they face severe consequences if they are caught with an illegal firearm.

The initiative went into effect this month, Rosenstein said. He said it was too early to measure the results.

Officials Puzzled By Increase In Youths With Weapons (LVS)

By David Kihara, Las Vegas Sun

Las Vegas Sun, March 24, 2006

Juvenile justice officials can't seem to explain a recent spike in juveniles arrested on gun-related charges.

In February there were 779 minors charged with gun-related offenses, up from 442 in February 2005, according to the county statistics.

But there's no reason for the 76 percent increase - there hasn't been a corresponding rise in anything that would provide a clear answer.

"There is no set pattern - it's across the board," said District Judge William Voy, who handles juvenile cases. "You get kids in gangs, and then you get kids with no gang affiliations whatsoever. It almost seems to be some fascination with guns."

The numbers have taken juvenile justice officials by surprise. They've seen minors arrested for shooting off guns in the air to impress their friends, carrying guns to school to show off or for protection, stealing guns and using guns in burglaries or robberies.

Darnell Couthen, spokesman for the Clark County School District police, said that the minors who are arrested for a gun-related offense span all socio-economic backgrounds and areas, from Cheyenne to Green Valley High School.

"It's kids being stupid," Couthen said. "They act like they're tough."

The Clark County School District also saw an increase in the number of guns officers confiscated. During the 2003-04 school year, the district confiscated 84 guns, up from 72 the year before.

Metro Police referred calls on juveniles possessing guns to the county's Juvenile Justice Services.

Some communities have created programs to curb juvenile gun offenses with alternative sentencing programs. In Birmingham, Ala., for example, a special "gun court" was created in 1995 that sent kids to a boot camp instead of behind bars and required parents to attend a workshop to educate them on the dangers of guns.

Gun-related juvenile offenses declined 38.7 percent in Birmingham after the program began, according to the Justice Department.

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Although Clark County authorities can refer youths inappropriately firing off rifles on, say, BLM land to take classes on gun safety, there are no "gun court" programs for urban youths caught with a pistol in their school locker. They are arrested.

"The kids who have weapons in the community - we want to have an appropriate response," said Fritz Reese, assistant director of the Juvenile Justice Services Department. "We want them to know it's not OK to carry them around in the community." David Kihara can be reached at 259-2330 or at davidk@lasvegassun.com.

Police Arrest Man Sought Since Jan. 19 On Drug And Weapons Charges (LEXHL)

Lexington Herald-Leader (KY), March 24, 2006

Authorities arrested this morning a 20-year-old Lexington man who escaped from police in January after they allegedly discovered drugs and weapons in a car he was driving.

Lexington police and U.S. marshals surrounded Tiquan Anderson's home on Radcliffe Road, off Russell Cave Road, in hopes of capturing the alleged drug dealer, a news release from the U.S. Marshals Service said. Authorities said they arrested Anderson without incident as he left his home through a back door.

He is charged with trafficking in a controlled substance, and fleeing and evading police, the release said.

Authorities said they have been searching for Anderson since Jan. 19, when he was stopped by a Kentucky Vehicle Enforcement officer on a ramp connecting Interstate 75 and Winchester Road. After the officer discovered "a large amount" of weapons and drugs -- including a fully loaded AK-47 machine gun, cocaine and marijuana -- Anderson took off running, the release said.

He left behind two of his buddies, who were arrested, the release said. They were not identified.

"We are delighted to have Anderson in custody," said John Schickel, U.S. marshal for the Eastern District of Kentucky. "He has a long criminal history and is a dangerous person. Any time you can get someone like that off the street, we feel good."

IMMIGRATION:

Bush Is Facing A Difficult Path On Immigration (NYT)

By Elisabeth Bumiller

The New York Times, March 24, 2006

WASHINGTON, March 23 — In the days before the Sept. 11 terrorist attacks, immigration policy was going to be President Bush's signature issue. It was central to his thinking as the former governor of a border state, key to his relationship with President Vicente Fox of Mexico and essential in attracting new Hispanic voters to the Republican Party.

Five years later, Mr. Bush has at last realized some momentum on immigration policy, but it is probably not the activity he once anticipated.

He has lost control of his own party on the issue, as many Republicans object to his call for a temporary guest-worker program, insisting instead that the focus be on shutting down the flow of illegal immigrants from Mexico. It is not clear how much help he will get from Democrats in an election year.

The issue will come to the floor of the Senate next week, and the debate is shaping up as a free-for-all that will touch on economics, race and national identity.

At the end of next week, Mr. Bush is scheduled to meet with Mr. Fox in Cancún, Mexico. Immigration is likely to be a source of tension in their talks.

In short, Mr. Bush is facing another test of his remaining powers as president.

On Thursday, he called for calm in a White House meeting with groups pressing for changes in American immigration laws.

"I urge members of Congress and I urge people who like to comment on this issue to make sure the rhetoric is in accord with our traditions," the president said.

He added, in a warning to members of Congress, that "the debate must be done in a way that doesn't pit one group of people against another."

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The discussion has intensified as Mr. Bush finds himself caught between two of his most important constituencies: business owners and managers on the one hand, conservatives on the other.

Philosophically, the president, whose own sensibility on the issue was shaped by his experience as governor of Texas, says he is committed to a program that meets the needs of business: the creation of a pool of legal foreign workers for industries that have come to rely on low-wage labor.

Mr. Bush also brings to the debate a stated belief that the country benefits from the immigration of hardworking people and their dreams of becoming Americans. He often talks about the United States as a land of immigrants, and on Monday in Cleveland he said that "my only advice for the Congress and for people in the debate is, understand what made America."

But politically, Mr. Bush must satisfy his most conservative supporters. Many of them view illegal immigration as a strain on schools, the health care system and the economy, and some have warned that in their opinion the nation's cultural identity could be washed away by a flood of low-income Spanish-speaking workers.

For now, Mr. Bush is trying to navigate the storm with a proposal that tries to satisfy both groups: a toughened border enforcement plan coupled with a temporary guest-worker program that would allow some of the estimated 11 million illegal immigrants in the United States to register for legal status and remain here for as long as six years.

"Our government must enforce our borders; we've got plans in place to do so," Mr. Bush said on Thursday. "But part of enforcing our borders is to have a guest-worker program that encourages people to register their presence so that we know who they are, and says to them, if you're doing a job an American won't do, you're welcome here for a period of time to do that job."

Pollsters say the issue is still fluid among voters, although they expect public opinion to solidify during the coming debate in Congress and as Mr. Bush promotes his plan.

"He's got a very strong position with the bully pulpit," said David Winston, a Republican pollster, "but the dynamic of the issue at this point is that there is consensus around border security, but people have not come to a similar consensus about what to do with the 11 million in the country."

Two years ago, a New York Times/CBS News poll found that two-thirds of those surveyed said immigrants who had entered the country illegally should not be allowed to stay and work in the United States for three years, the initial period of stay in Mr. Bush's proposed guest-worker program. There was also little enthusiasm for any increase in immigration, with a plurality saying immigration should be decreased.

The poll was conducted shortly after Mr. Bush made his first major speech on his immigration plan.

"Many of you here today are Americans by choice, and you have followed in the paths of millions," Mr. Bush told a cheering, chanting crowd packed with Hispanic leaders in the East Room of the White House in January 2004. Every generation of immigrants, he added, "has reaffirmed the wisdom of remaining open to the talents and dreams of the world."

But critics said that Mr. Bush's guest-worker program did not go far enough, and that there was deportation, not a green card, at the end of the process. At the same time, his words angered many conservative Republicans, who said the plan amounted to amnesty.

Mr. Bush dropped his immigration proposals as too risky for his 2004 re-election campaign, but took them up again in 2005. By then, in an effort to calm conservatives, he had switched his tactics, emphasizing the national-security part of the plan.

"We're going to get control of our borders," he vowed in the East Room of the White House in October 2005 as he signed a $32 billion domestic security bill that had big increases for the Border Patrol.

This year, Mr. Bush has continued to push the issue and is closely watching what happens on Capitol Hill.

The House has passed an immigration bill that includes border security, not a guest-worker program. The action is now in the Senate, where it will resume next week.

There are a rash of competing immigration proposals on both sides, including one from Senator Arlen Specter, Republican of Pennsylvania, and another from Senator Edward M. Kennedy, Democrat of Massachusetts. The majority leader, Senator Bill Frist of Tennessee, has threatened to offer his own border-security-only bill if the Senate cannot come up with legislation on its own.

Immigration Debate Is Shaped By '08 Election (WP)

By Jonathan Weisman And Jim Vandehei

The Washington Post, March 24, 2006

President Bush's effort to secure lawful employment opportunities for illegal immigrants is evolving into an early battle of the 2008 presidential campaign, as his would-be White House successors jockey for position ahead of next week's immigration showdown in the Senate.

Bush called on Congress yesterday to tone down the increasingly sharp and divisive rhetoric over immigration, as he renewed his push for a guest-worker plan that would allow millions of illegal immigrants to continue working in the United States. But Bush's political sway is already weakened by public unease about the war in Iraq and by Republican divisions.

Senate Majority Leader Bill Frist (R-Tenn.), whom Bush helped elect as party leader, is threatening to bring a new immigration bill to the Senate floor early next week. It would tighten control of the nation's borders without creating the guest-worker program the president wants.

Meanwhile, Sen. John McCain (Ariz.), a rival of Frist's for the Republican nomination, is promoting Bush's call for tougher border security and the guest-worker program as he embraces the president to shore up his standing with Republican leaders. In the House, Rep. Tom Tancredo (R-Colo.) is garnering support for a long-shot presidential bid with his fierce anti-immigration rhetoric.

And after weeks of sitting on the sidelines, Sen. Hillary Rodham Clinton (D-N.Y.) jumped into the immigration debate Wednesday. She declared that Republican efforts to criminalize undocumented workers and their support networks "would literally criminalize the good Samaritan and probably even Jesus himself."

Presidential politics "makes it that much more difficult, of course," said Rep. Jim Kolbe (R-Ariz.), a strong Bush ally on the issue. "You would hope three years out that we could tamp that out and focus on the policy questions at stake, but maybe that's not possible."

For Republican presidential candidates, immigration offers up a difficult choice: Appeal to conservatives eager to clamp down on illegal immigration who could buoy your position in the primaries, or take a moderate stand to win independents and the growing Latino vote, which could be vital to winning the general election.

"The short-term politics of this are pretty clear. The long-term politics are pretty clear. And they're both at odds," said Mike Buttry, a spokesman for Sen. Chuck Hagel (Neb.), another potential GOP presidential candidate.

Senators had hoped to avoid such acrimony when the Judiciary Committee began drafting its immigration bill early this month. Committee Chairman Arlen Specter (R-Pa.) had vowed to write a bipartisan proposal that would bridge conservative demands for much tougher border enforcement with calls from both parties for a guest-worker program to meet the demand for unskilled labor and to address the 12 million illegal immigrants living in the United States.

But after progress slowed, Frist short-circuited the process. He announced that the Senate will take up border security and immigration enforcement measures on Tuesday -- without a guest-worker component -- if Specter cannot produce a bill by Monday.

Frist has not ruled out a guest-worker program. But conservatives' grumbling about the president's program found a Senate voice yesterday when Sen. Johnny Isakson (R-Ga.) announced that he will not accept such a program until "we have proven without a doubt that our borders are sealed and secure."

At the same time, Senate Minority Leader Harry M. Reid (D-Nev.) promised this week to filibuster Frist's enforcement-only bill.

"If the majority leader is . . . going to bring his own bill to the floor, dealing with only one of the problems we have with immigration, then I will use every procedural means at my disposal to stop that," Reid said on CNN.

The fight next week will test Republican unity on an issue with social, political and national security implications. Adding to the tumult will be House Republican leaders, who muscled through an immigration enforcement bill in December and plan a series of events in the coming days to trumpet border security.

The debate will also serve as a test of Bush's ability to sway an increasingly restive Republican Congress on an issue he has championed since his first term. In recent months, under pressure from GOP lawmakers, Bush has retreated from focusing mostly on the guest-worker program to giving equal billing to border security.

"But part of enforcing our borders is to have a guest-worker program that encourages people to register their presence so that we know who they are, and says to them, 'If you're doing a job an American won't do, you're welcome here for a period of time to do that job,' " Bush said after meeting with groups involved in the immigration fight.

The leading bills all seek to bolster border enforcement with more police on the frontier and more technology tracking illegal crossings. But a bill co-sponsored by McCain and Sen. Edward M. Kennedy (D-Mass.) breaks with Specter's proposal by offering an easier road to citizenship for illegal immigrants already in the country.

Specter also goes further to exact punishment on illegal immigrants who seek to obtain a guest-worker permit, and his measure could punish those who help illegal immigrants, even church groups that offer shelter. Frist has taken the border security and immigration enforcement provisions from Specter's bill, while leaving behind his guest-worker program.

Guest-worker proposals would allow businesses to offer special work visas to illegal immigrants already in the country if they can show that U.S. workers will not take the positions. The visas would last for up to six years under the leading Senate proposals, but senators are divided over whether workers would have to return to their home countries for a year before qualifying for a renewal.

White House aides said Bush remains deeply committed to the guest-worker program, despite resistance from conservatives, and is certain it will help expand the party's support in Florida and in the Southwest, which is emerging as a key battleground in national elections.

Former congressman Timothy J. Roemer (D-Ind.) said the debate over welfare reform in the 1990s should serve as the model for compromise on immigration today.

"The middle of the Republican Party and the Democratic Party have a responsibility to tackle and solve this issue," he said.

Kolbe said it is increasingly unlikely Congress will reach an agreement that could make it to the president's desk.

"I don't think this fire is easily extinguished," he said. "Rarely have I seen an issue that divides people so clearly, with so little possibility of seeking a middle ground."

W Chides Hil, Saying Be Nice On Immig Bill (NYDN)

By Kenneth R. Bazinet And Michael McAuliff

New York Daily News, March 24, 2006

President Bush took an apparent swipe at Sen. Hillary Clinton yesterday as he called for a civil debate over a controversial immigration reform bill.

The President's comments came a day after Clinton (D-N.Y.) said GOP immigration reform would make a criminal out of "Jesus himself."

"When we conduct this debate, it must be done in a civil way," Bush said after meeting with business and religious advocates on the issue yesterday.

"It must be done in a way that brings dignity to the process. It must be done in a way that doesn't pit one group of people against another," he said.

A White House official said the President was well aware of Clinton's biblical broadside when he spoke, but Team Bush didn't want to single her out and give her the spotlight.

Later in the day, White House spokesman Scott McClellan said: "I don't think he was trying to single anybody out. I think what he was trying to say is that he recognizes there are a lot of strong feelings on this issue, but that we need to find a way to move forward by working together."

Clinton's spokesman said her remarks have been civil.

A number of competing bills are floating around on Capitol Hill, and the Senate is set to begin the bruising political debate next week over the biggest proposed overhaul of immigration laws in two decades.

Clinton took particular aim at a measure sponsored by Reps. Pete King (R-L.I.) and James Sensenbrenner (R-Wis.) that currently would brand undocumented immigrants as felons, although the lawmakers insist that charge will only be a misdemeanor in the final law.

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Among the louder critics of the GOP proposals has been the Catholic Church, with Roger Cardinal Mahony of Los Angeles vowing his diocese wouldn't obey any laws that criminalize illegal aliens or the social service providers who help them. Brooklyn Bishop Nicholas DiMarzio has made similar comments.

King, a Catholic, slammed his own church yesterday as "un-Christian" for baselessly scaring the clergy and immigrants with doomsday scenarios.

"The Catholic Church is being totally fraudulent on this. If Cardinal Mahony spent as much time turning over information on pedophile priests as telling priests to violate the law on this, California would be a lot better than it is today," he told the Daily News Editorial Board.

"They're being totally un-Christian because they're talking about this being an evil bill, a meanspirited bill, that we're doing all this as subterfuge to lock them up," he said. "Now, we could lock them up for other reasons - with what they did with pedophilia and what they did to abuse kids in Catholic schools, we could have locked them up years ago."

Bush Seeks 'Civil' Immigration Debate (WT)

By Charles Hurt And Stephen Dinan

The Washington Times, March 24, 2006

Even as President Bush called for a "civil" debate on immigration yesterday, a confrontation was brewing on Capitol Hill with some Republicans saying Mr. Bush must stop demonizing them and Democrats vowing to fight the Senate majority leader's bill.

"When we conduct this debate it must be done in a civil way," Mr. Bush said after meeting with groups that support legalizing illegal aliens. "It must be done in a way that doesn't pit one group of people against another."

The president's spokesman said Mr. Bush wasn't singling out any group or person. But Rep. J.D. Hayworth, a top voice calling for better enforcement, said while he took Mr. Bush at his word, civility is a "two-way street" and the White House must stop attacking Republicans who disagree with it.

"If I had any advice for my friends at the White House, I think it would be to really reconsider posturing every disagreement as some sort of new political [or] psychological malady," Mr. Hayworth said.

He pointed to when Republican leaders said conservative opponents to Supreme Court nominee Harriet Miers were sexist, labeled opponents of the Dubai ports deal as Islamophobes and called members of the Minuteman Project that guarded the southern border "vigilantes."

Meanwhile, the Senate debate is turning pointed, with Republicans warning Senate Democrats that they will pay a political price if they block efforts to pass immigration legislation this year.

"It's discouraging that before the debate has even begun in the full Senate, the Democrat leadership is threatening to filibuster any legislation that doesn't include amnesty," said Sen. John Cornyn, Texas Republican who has offered immigration legislation. "This is not the way to improve our national security and keep Americans safe."

Earlier this week, Senate Minority Leader Harry Reid stood near the U.S.-Mexico border and threatened to "use every procedural means at my disposal" -- including a filibuster -- to thwart the border security legislation Majority Leader Bill Frist plans to begin debating Monday.

Mr. Reid said he's opposed to the bill because Mr. Frist is introducing it directly to the full Senate, bypassing the Senate Judiciary Committee.

"What we're bringing to the floor is a border security bill to secure the borders and protect people," Frist spokesman Bob Stevenson said. "To suggest that he would filibuster such a measure only weakens our position at a time when we're fighting a war on terror. It just fits into the Democrat strategy of delay and obstruct."

Also this week, Sen. Hillary Rodham Clinton promised to block any legislation that would make being in the U.S. illegally a felony, rather than the current civil offense. Such a move would be "mean-spirited," she said, and not in keeping with Republicans' professed belief in religious values.

"It is certainly not in keeping with my understanding of the Scriptures, because this bill would literally criminalize the Good Samaritan and probably even Jesus himself," she told a crowd in New York on Wednesday.

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Mr. Frist's Securing America's Borders Act, which he introduced late last week, would criminalize illegals, fund hundreds more border agents and build limited fencing. Though the bill does not include a guest-worker program, Mr. Frist has said he expects one to eventually be included through amendments on the floor.

Meanwhile, the Senate Judiciary Committee will continue wrangling over guest-worker proposals but few Senate observers are optimistic that they will agree on one.

Mr. Bush has called for a bill that includes both enforcement and a guest-worker program, though he has said new workers would be temporary and current illegal aliens would not get "automatic citizenship."

In his meeting with the lobby groups yesterday, Mr. Bush did not stake out a new position or clarify what "automatic citizenship" means, according to participants. But they said the president made it clear he will continue to highlight the issue and expects to play a major role when the House and Senate go to conference on immigration legislation.

After the meeting he made his plea for a measured debate.

"I urge members of Congress and I urge people who like to comment on this issue to make sure the rhetoric is in accord with our traditions," he said.

Groups on both sides of the debate said they interpreted the remarks as aimed at those who want better enforcement and oppose a guest-worker plan.

"Sadly, if he's talking to people who want to enforce immigration laws he's talking to the majority of Americans," said Rikki Horton, government relations associate at the Federation for American Immigration Reform.

Mr. Hayworth, at home while Congress is on recess, said what he sees at town-hall meetings in his Arizona district isn't "anger directed at a person or an ethnic group," but rather frustration at the federal government's failure to control the border and enforce the law.

Bush Calls For Civil Debate On Immigration Proposals (LAT)

By James Gerstenzang And Nicole Gaouette

The Los Angeles Times, March 24, 2006

WASHINGTON — President Bush on Thursday urged all sides in the immigration debate to tone down their rhetoric and engage in civil, respectful discussion as Congress nears action on an issue that has sharply divided the nation and the Republican Party.

The Senate is expected next week to consider legislative proposals to overhaul the nation's immigration laws, and key provisions — particularly those that would permit foreigners to work temporarily in the United States — have become the focus of disagreement on Capitol Hill, on conservative talk shows and at political meetings.

The vitriol on immigration far exceeds the language surrounding other significant but less emotional policy controversies, including changes in tax laws and the prescription drug benefit that has been added to Medicare.

"It's important that we have a serious debate, one that discusses the issues. But I urge members of Congress and I urge people who like to comment on this issue to make sure the rhetoric is in accord with our traditions," Bush said after meeting with supporters of his immigration proposal.

"When we conduct this debate, it must be done in a civil way. It must be done in a way that brings dignity to the process. It must be done in a way that doesn't pit one group of people against another."

The issue is politically sensitive for Bush and his fellow Republicans.

Increasing the Republican share of the Latino vote has been a key objective for Bush's chief political advisor, Karl Rove, as part of his strategy to solidify GOP control of the presidency and Congress.

Through the 2004 election, it appeared that Bush and Rove were succeeding.

In that contest, Bush picked up 45% of the Latino vote, according to Los Angeles Times exit polls, a gain of 7 percentage points from 2000. But a harsh debate over immigration could erase GOP gains among Latinos, give the party an anti-immigrant cast and prompt a backlash.

Perhaps the loudest congressional voice in the campaign to restrict immigration has been that of Rep. Tom Tancredo (R-Colo.).

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Reflecting the divisions within their party over immigration, Tancredo and Sen. Sam Brownback of Kansas — who on nearly all other issues wins strong support from conservatives — have taken opposite positions on allowing undocumented workers to remain in the United States while pursuing legalization of their status. Tancredo opposes it; Brownback favors it.

Asked about the president's request for civility, Tancredo's spokesman, Will Adams, offered no apology for his boss' views.

The congressman, Adams said, has "devoted his political career to immigration because he thinks it's essential to our national security and our economic security, and to who we are as Americans. Occasionally, the debate does get uncivil, but this is a product of it being so important."

But even the president's request that participants in the debate control their language drew finger-pointing.

Adams quoted his boss as saying: "With respect to the call to cool it down, Hillary Clinton said yesterday that the House bill would criminalize Jesus, so I assume the president is referring to her."

In a brief news conference Wednesday, Clinton (D-N.Y.) said that a bill the House approved in December "would literally criminalize not only every nondocumented immigrant in our country but every person who helped, assisted, reached out [or] otherwise responded in a humanitarian way to the needs of immigrants.

"It is certainly not in keeping with my understanding of the Scripture, because this bill would literally criminalize the good Samaritan and probably even Jesus himself," she said.

Her spokesman, Philippe Reines, said of the president's request Thursday: "Since Sen. Clinton has always discussed this important issue in a serious, civil and dignified manner, we assume that his admonition was directed elsewhere."

White House spokesman Scott McClellan offered no hints to suggest at whom the president was pointing — but there is no shortage of potential targets.

Anti-immigration activist Juan Mann, whose calls for stronger law enforcement appear on The Immigration Blog website, has written that Michael Chertoff, the secretary of Homeland Security, "has been dutifully peddling the Bush administration's ongoing promotion of the Big Lie that a 'guest worker program' is not an illegal-alien amnesty."

Chris Simcox, president of the Minuteman Civil Defense Corps, said Thursday in a news release that "America's national security is being held hostage by Democrat Party leaders who have placed the interests of millions of lawbreakers before secure borders and the expressed will of the American people. Our southern border is a virtual war zone."

The House version of immigration legislation focuses solely on border security and enforcement and does not address the guest worker program Bush favors.

It includes a provision that would bar health-care workers, educators and others to provide assistance to undocumented workers.

At a conference at the Capitol on Thursday, Anna Burger, chairwoman of Change to Win, a coalition that favors increased rights for immigrant workers, described the House measure as "an evil bill. It criminalizes children, all of us, those who are immigrants and those who help immigrants."

The Senate is scheduled to begin debating broader immigration legislation Monday. Republicans are deeply divided over whether the overhaul should address enforcement issues first, or whether to take a comprehensive approach and include a guest worker program and a way to deal with the estimated 12 million undocumented immigrants living and working in the United States.

One Step Forward (WP)

The Washington Post, March 24, 2006

"BREAKTHROUGH" is a word that should always be used with extreme care, at least when discussing immigration reform. Nevertheless, it may be warranted: The Senate Judiciary Committee, which had been bogged down for several weeks trying to produce an immigration bill, appears to have reached a consensus. The deal doesn't solve all of the problems, but it does at least try to solve the most difficult: the fate of the estimated 12 million people who live in this country illegally.

In its essence, the compromise -- patterned on a proposal by Sens. John McCain (R-Ariz.) and Edward M. Kennedy (D-Mass.) -- allows undocumented workers living here to apply for residency permits, on the condition that they prove they are employed and pay a hefty fine for breaking the law. They would then go to the back of the green card line -- behind those applying

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legally -- and wait for citizenship. President Bush has always said he would endorse such a solution as long as it doesn't look like an "amnesty" that rewards lawbreakers. During a news conference this week, he seemed to say that the Senate solution might be precisely that: "People who have been here need to get in line, like everybody else," he confirmed.

This is, of course, a very fragile sort of agreement. It hasn't been voted on, or even properly written down. It doesn't get to the issue of what to do about temporary workers who want to come here in the future, and it doesn't solve the border control issues either. Amazingly, some in the Senate and the House are still pushing to build a wall along the 2,000-mile U.S.-Mexico border, a project that -- aside from its unpleasant symbolism -- would cost billions of dollars (a 14-mile wall near San Diego cost $70 million alone), would deal with only part of the problem (40 percent of the undocumented are thought to have arrived in other ways), and would not prevent people from using tunnels and ladders to get across, as they do now.

Even more worrying are the complicated politics of making any immigration deal stick. Already, the immigration debate has become a forum for 2008 campaign jockeying, as possible presidential contender Sen. Bill Frist (R-Tenn.) tries to distance himself from possible presidential contender Mr. McCain, largely by sounding a much harder line on enforcement. Since the House doesn't seem to be in a mood to talk about anything but enforcement either, that bodes ill for anyone who wants a realistic solution to the problem of the undocumented. Still, a breakthrough is a breakthrough, however fragile, and the senators on the Judiciary Committee, led by Arlen Specter (R-Pa.), are to be commended for reaching it.

Thousands March For Immigrants (MJS)

By Mark Johnson And Linda Spice

Milwaukee Journal Sentinel, March 24, 2006

In one of Milwaukee's largest demonstrations in recent years, a mile-long swath of peaceful protesters marched into the city's downtown Thursday chanting, "¡Sí, se puede!" ("Yes, we can!"), carrying Mexican and American flags and signs condemning what they called "anti-immigrant" legislation.

Hundreds of students took the day off school; businesses around southeastern Wisconsin closed; and thousands of workers left their jobs in support of the event billed as "A Day Without Latinos."

Although march organizers put the crowd at 30,000, Milwaukee police estimated that there were between 10,000 and 15,000 marchers, said spokeswoman Anne E. Schwartz. She said there were no arrests.

The march, which culminated in a 90-minute rally in Zeidler Park, followed a similar event two weeks ago in Chicago that drew a crowd of up to 100,000 people.

"This is a historic day," declared Christine Neumann-Ortiz, executive director of Voces de la Frontera, an organization devoted to immigrant and worker rights issues.

"We have people from all walks of life. We have teachers. We have doctors. We have professionals. And, best of all, children. We wanted to recognize the workers who left their jobs today. There has been a strong show of solidarity," she said.

The event underscored both the growing political muscle of Latinos, America's fastest-growing minority, and the divisiveness of immigration issues in the post-9-11era.

One of the targets of Thursday's protest was a sweeping federal bill sponsored by U.S. Rep. Jim Sensenbrenner (R-Wis.) that would keep illegal immigrants in jail until they are processed for deportation, increase penalties for improper entry into the United States, and provide mandatory minimum sentences for illegal immigrants convicted of re-entering the U.S.

Several of the speakers Thursday singled out Sensenbrenner for criticism, including Sheila Cochran of the Milwaukee County Labor Council, who called the bill "wrong-spirited, wrongheaded and just plain wrong."

Xavier Marquez, president of the Racine group Students United for Immigrant Rights, called Sensenbrenner's bill "racist and divisive."

In a statement released later in the day, Sensenbrenner said, "The illegal alien rally held in Milwaukee today was an impressive show of force. But I do not believe that illegal aliens should receive legal government documents such as driver's licenses."

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He said many people "have tried to confuse the difference between legal and illegal immigration," and added that putting illegal immigrants on a path toward citizenship "would be a slap in the face to all those who have followed the law and have come to America legally."

As the marchers were gathering, the Milwaukee Common Council voted 11-1 to oppose Sensenbrenner's bill. Instead, they called on Congress to approve an immigration reform bill that would help illegal immigrants attain legal status, expand temporary work visas and tighten border security.

The House passed Sensenbrenner's bill. Both that measure and competing legislation sponsored by U.S. Sens. John McCain (R-Ariz.) and Ted Kennedy (D-Mass.) are awaiting Senate action.

Two Wisconsin measures also drew the ire of speakers at the rally, including a law signed two weeks ago by Gov. Jim Doyle that forces applicants for state driver's licenses to present proof of legal residency. The second measure, if approved and signed by the governor, would deny undocumented immigrants access to school lunches for their children, public medical services and public defenders in court.

A community coalition

The march and rally stitched together a coalition of political leaders, including Mayor Tom Barrett, U.S. Rep. Gwen Moore (D-Wis.) and state Rep. Pedro Colón (D-Milwaukee), as well as labor unions, business groups and religious leaders.

"I am a third-generation Mexican-American. I am not an undocumented immigrant, but I strongly support my undocumented immigrant brothers and sisters in their struggle for justice and their equal rights," said Marquez, the leader of Students United for Immigrant Rights.

"On the Statue of Liberty it says, 'Give me your tired, your hungry, your poor yearning for liberty,' and that's why we're here," said Michael Rosen, president of the local union representing teachers at Milwaukee Area Technical College.

He vowed, "We will not allow George Bush, we will not allow Congressman Sensenbrenner to pit one part of the working class against another part of the working class."

Milwaukee School Board member Jennifer Morales called on all members of the school community "to oppose any law that makes criminals of children." She encouraged school employees to continue to provide services children need, such as food, health care and education.

The march and rally drew many families.

Angel Silva, 13, missed classes at Bruce Guadalupe Middle School to attend the rally with his family, saying, "We're only students. We're not terrorists. We want to get our education and go on to be a good person and live our life well."

His younger brother, Marc Anthony DeLeon, 9, said he opposes the bill "that any immigrant children they can't have lunch at the schools. And we don't think that's right."

The boys' mother, Magdalena DeLeon, 33, of Milwaukee, is a fifth-generation Mexican-American whose family originally immigrated from Jalisco, Mexico. She said she discussed with her children the U.S. Constitution and Declaration of Independence.

"The United States of America was built and established for the freedom of people," she said. "We have to be united as one, liberty and justice for all mankind."

The signs the marchers carried drew heavily on emotion and appealed to values enshrined in the Declaration of Independence and the inscription on the Statue of Liberty.

A large cloth banner said, "Open the doors to citizenship. Immigration is an American experience." A sign showed a photograph of a child wearing a red graduation cap and gown, with the caption, "I'm not a criminal." Another sign said, "You let us fight and die for the country, but we're still not called American."

Several of the speakers were children, including Samantha Pastrana, who led the crowd in the Pledge of Allegiance.

TAX:

Oregon's Coffers Bulge But Services Suffer (WSJ)

By Deborah Solomon

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The Wall Street Journal, March 24, 2006

Earlier this month, Oregon Gov. Ted Kulongoski got some good news: The state's coffers were bulging with almost $700 million in unanticipated tax revenue.

But like a dieter in a pastry shop, Mr. Kulongoski can only dream about what he'd do with the extra cash. Under a one-of-a-kind Oregon law, the money must be refunded to individual taxpayers and corporations instead of going to the state.

As a result, residents and companies that do business in Oregon will receive refunds or credits, even as the state struggles to fill a $172 million funding gap for its human-services division and a $57 million shortfall for public schools in Portland, where as many as 14 schools might be shuttered.

The situation is roiling Oregon, prompting cries from labor unions, school officials and many residents to end the tax "kicker" for corporations -- and posing a challenge for Mr. Kulongoski, a Democrat up for re-election in November. Mr. Kulongoski, whose approval rating hovers at around 38%, faces a primary challenge from two Democrats, both of whom have called for an end to the corporate kicker. In a pair of setbacks, a large labor union endorsed one of his opponents, and the Oregon Education Association declined to back a candidate in the May primary.

The governor also says that the corporate kicker no longer makes sense for Oregon, and that the money should be redirected to the state to help pay for things like education and health care. He has been lobbying business to go along with the move, but faces opposition from state legislators, particularly Republicans who control the House, as well as from some business interests opposed to the idea.

"The dilemma for us is that we should be using those resources to rebuild what we lost in 2001-2003," when the state's revenue fell 20% below projections, Mr. Kulongoski said in an interview. "I wish we could call a timeout on both the corporate and individual kicker ... and give us the chance to rebuild what we've lost."

Like many states, Oregon is dealing with economic extremes, veering between a comfortable surplus and a dearth of cash while being required to balance its budget. States are coming off their worst fiscal crisis in decades, in which they slashed spending and borrowed money, and are seeing surpluses aided by the stronger economy.

Oregon is not the only state wrestling with a spending limit. Last year, Colorado voters agreed to temporarily suspend the state's spending cap after they were persuaded it was artificially depressing the state's economy. The Colorado Taxpayer Bill of Rights was more severe than Oregon's, because its cap on state spending allows for only inflation and population growth.

Oregon's situation has arisen from a spurt in corporate profits and an influx of jobs. The state, which has no sales tax, gets more than 90% of its general fund revenue from individual and corporate income taxes.

But the state's fiscal situation is complicated by the fact that voters have sought to limit spending. In 1979, Oregon voters approved a law stipulating that if the state's general-fund revenue exceeded budget estimates by 2% or more, the excess had to go back to taxpayers. The idea was to curb state spending by keeping excess money from falling into the hands of politicians. In 2000, the state's constitution was amended to include the kicker. Overall spending in the state has increased about 17% in the past five years, including more money for education and human services.

Because Oregon operates on a two-year budget, tax-revenue estimates can vary widely from the amount ultimately collected. When the current 2005-2007 budget was being prepared, Oregon -- like most states -- was coming off a severe economic downturn, leading to overly conservative revenue estimates. As a result, 2005-2007 revenues appear to be well ahead of estimates, fueled by higher corporate profits and more jobs in the state. The state estimates that $205 million in tax credits will go to corporations, while $450 million in refunds will go to individuals, and the amounts could grow before the end of fiscal 2007.

The situation was reversed in the 2001-2003 budget period, when collections fell below estimates, forcing the state to cut programs, including education. To help cover the shortfall, the state imposed a cigarette tax, tapped an education stability fund and borrowed money to help balance the budget.

"The kicker is just insane tax policy," says state Senate Majority Leader Kate Brown, a Democrat. "I know it hurts us at a national level in terms of our bond rating and in terms of being able to fund programs to stability."

Still, legislators aren't eager to tackle the issue during an election year. Mr. Kulongoski says he wants the Legislature to refer the issue to voters on the November ballot, but the Legislature isn't scheduled to meet again until January 2007. While members may hold a special session in May to address the health and education funding shortfalls, Republicans have indicated

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no interest in discussing the corporate kicker. Many Republicans in the state have taken a no-tax pledge and see rescinding the kicker as a de facto tax increase on business.

At the same time, business isn't united on the issue. While some business groups say they would agree to end the kicker, they don't agree on how the state should use the money. Some want it placed in a rainy-day fund, some want a simultaneous cut in capital-gains taxes, and others want the individual kicker abolished as part of any plan.

Jim Schweinhart, fiscal-policy lobbyist for Associated Oregon Industries, said the business community isn't interested in just handing the kicker back to the state's general fund. "The primary reason the kicker was voted on and put in the constitution was that it's a way to control spending," said Mr. Schweinhart, whose group represents mainly small businesses. "One of the problems we have here in Oregon is that in the '90s, the politicians took the money we got in the good times and spent, spent, spent."

J.L. Wilson, director of the National Federation of Independent Business-Oregon, said there is "no impetus from the business community to deal with this in a special session, and I think the Senate and House leadership respects that."

That could pose problems for Mr. Kulongoski's re-election campaign. "I think the governor is going to be forced to make this an issue," says Sen. Brown. Mr. Kulongoski said he would end the kicker "if I were king and I could just stop something right now." But he's limited in what he can do, and said he wants to work with the business community to make sure any repeal of the kicker is done correctly and enjoys broad support.

"I think that the business community understands why they should invest more in education, but there is a debate within the business community about what they should do with the money," he said. "My view is that in a global economy that's driven by technology, and where change and innovation is the order of the day, if you don't invest in education and skills training, you're going to be a second-rate state."

The Spitzer Savings Plan (WSJ)

The Wall Street Journal, March 24, 2006

New York Attorney General Eliot Spitzer has been struggling to counter the public perception that he has a "temperament" problem. If his recent treatment of H&R Block is anything to go by, he needs a few more anger management sessions.

Mr. Spitzer blew a gasket last Friday after Block CEO Mark Ernst had the temerity to deny, in an op-ed in this newspaper, the AG's charges that his company had fraudulently sold retirement savings plans. His Lord High Executioner threatened Block with "vast fines" for refusing to roll over. And he further warned that he might now find it more difficult to keep H&R Block "alive and viable" (read: corporate indictment), and promised to "dig deeper" into its affairs.

So rather than let a jury evaluate his charges, Mr. Spitzer is once again threatening to use his power to ruin a company before it even steps into a courtroom. Not that his accusations appear to have much to do with the law in any event. It has escaped no one that this is tax season, and, lo, Mr. Spitzer's target happens to be the nation's largest tax preparation firm. H&R Block has had a string of bad news -- including miscalculating its own state income taxes -- and may have seemed vulnerable to a hit-and-run settlement. Mr. Spitzer was clearly eager for such a painless victory, offering to settle for less than $30 million before filing his $250 million suit.

Block is resolutely defending its Express IRAs, and on the public record so far rightly so. Nearly 600,000 Block customers have used this product, which encourages low-income individuals to divert a portion of their tax refunds into Individual Retirement Accounts. Because Express IRAs have a minimum deposit requirement ($300) far below that of most competitors, and because the money is put into safe (albeit low-interest bearing) money market accounts, Mr. Spitzer claims most users are paying more in fees than they receive in interest and have thus been defrauded.

That must be news to the many Democrats and liberal think tanks plumping for precisely such accounts. As academic studies have long shown, savings tend to rise with income. Only about one in eight Americans in the bottom 20% of income levels have retirement accounts. Many don't work for companies that offer retirement plans, while the idea of making regular contributions can be daunting to households that survive paycheck to paycheck.

One popular response has been to let workers funnel tax refunds directly into private retirement accounts. Low- and moderate-income families receive large tax refunds (in 2001, they saw checks totaling some $78 billion, or $1,500 per family),

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and many of them view refunds as "extra" money to be put aside. Supporters include the Brookings Institution, the Pew Charitable Trusts, and House Democrats Rahm Emanuel and Jim Cooper -- who have sponsored legislation to require the IRS to set up direct-deposit procedures. Does Mr. Spitzer plan to subpoena all of them?

It was against this background that Block introduced its Express IRA in 2001. The company also hoped to exploit another Congressional initiative -- this one part of the Bush tax cuts -- called the Saver's Tax Credit. Anyone who earns up to $50,000 a year, pays taxes and contributes to a retirement plan gets a "match" from the government of up to 50%. Block has helped nearly half of its Express IRA clients claim this savings subsidy.

The company says its average Express IRA customer earns just $30,000 a year, 42% had previously never opened a savings account, and 20% lacked even a checking account. Yet even after Block's fees, 78% of accounts opened between 2001 and 2005 have had positive net tax savings and interest earnings. Express IRA accounts have accumulated some $360 million. They have also inspired more thrift. Roughly 23% of clients who made an initial refund contribution have since recontributed -- often at a higher amount. Some 40,000 clients are depositing an average of about $50 a month. And some 27,000 have accumulated enough to graduate to a brokerage account.

None of these facts made it into the Spitzer complaint, which cherrypicks data to paint a one-sided picture. While H&R Block has been selling its Express IRA for four years, Mr. Spitzer focused on accounts opened in 2002. That year marked the beginning of the nationwide Express IRA program -- before some clients could build up balances -- and was a time of very low interest rates. It was also the year before the Saver's Tax Credit kicked in, which has sent some $50 million in additional tax benefits to Express IRA users.

Thus Mr. Spitzer was able to claim that 79% of Express IRA customers had lost money. To reach this figure the AG also had to include clients who initially contributed a low amount and soon withdrew their money -- incurring a substantial federal tax penalty. In our book this is called consumer choice, and was to be expected given that many users were new savers under financial pressure. As for Block's fees, they remain among the lowest for IRA operators, which explains why the company says it is still losing money on this product.

All of this might be difficult to grasp for Mr. Spitzer, who can afford to invest in hedge funds to finance his comfortable lifestyle and retirement. But his detachment from the struggles of working people is no excuse for launching a political attack on a law-abiding company, the main benefit of which would be to foreclose a promising avenue for low-income savers.

CONGRESS-ADMINISTRATION:

Medicare Drug Plan Enrollment Tops 27M (USAT)

USA Today, March 24, 2006

About 1.9 million elderly and disabled people signed up for the new Medicare drug benefit over the past month, meaning 7.2 million have taken steps to enroll since the program began Jan. 1, the program's chief said Thursday. An additional 20 million people have been enrolled automatically because they participate in other government programs, such as Medicaid, or because they have drug coverage through a former employer. Those employers are getting a tax subsidy to continue providing the coverage. About 43 million people are eligible for the benefit.

Mark McClellan, administrator for the Centers for Medicare and Medicaid Services, said the total is expected to continue rising until the May 15 enrollment deadline. People who sign up after that date will probably have to pay higher premiums. Some members of Congress have proposed extending the deadline.

President Bush signed legislation that ends Cold War-era trade restrictions on Ukraine, opening the way for the former Soviet republic to join the World Trade Organization. The measure frees Ukraine from a 1974 law that links trade benefits to the emigration and human rights policies of former or current communist states.

The deal will “strengthen our ties with our good friend Ukraine and create new economic opportunities for our two countries,” Bush said at a White House ceremony. He said the United States supports Ukraine's goal of joining the 148-nation WTO this year and will help it resolve issues standing in the way of its entry. Removal of the U.S. trade restrictions was a necessary step to gain entry. “Ukraine is committed to economic freedom, democratic progress and open trade,” Bush said.

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Ukrainian President Viktor Yushchenko called the legislation “evidence of strategic partnership between the countries.” U.S. exports to Ukraine, including poultry and agriculture machinery, totaled $531.7 million in 2005. Imports from Ukraine, including steel and coke, totaled $1.1 billion.

Progress toward opening the Yucca Mountain nuclear waste dump in Nevada has been hindered by questions about the quality of scientific and engineering work, congressional investigators said. The Energy Department's reorganization of the project has not eliminated the problems and may create new issues, a report by the Government Accountability Office said.

The site, 90 miles northwest of Las Vegas, was approved by Congress in 2002 to store 77,000 tons of the nation's most radioactive nuclear waste. It's not likely to open before 2012. Energy Department spokesman Craig Stevens said the agency either has fixed the problems raised by the report or is working on them.

Feds Say 1.9M More Sign For Drug Benefit (AP-Y2)

By Kevin Freking

AP2, March 23, 2006

About 1.9 million elderly and disabled people signed up for the new Medicare drug benefit over the past month, meaning 7.2 million have taken steps to enroll since the program began Jan. 1. The number should keep rising, the program's chief says.

An additional 20 million people have been enrolled automatically because they participate in other government programs, such as Medicaid, or because they have drug coverage through their former employer. Those employers are getting a tax subsidy to continue providing the coverage.

About 43 million people are eligible for the benefit.

"Since January, we've seen a steady, increasing rate of enrollment, and we expect to continue seeing that until May 15," Mark McClellan, administrator for the Centers for Medicare and Medicaid Services, said Thursday.

That is the deadline for enrolling. People who sign up later probably will have to pay higher premiums; many members of Congress have proposed extending the deadline past May 15.

Health and Human Services Secretary Mike Leavitt gave no indication that he agreed with that idea. Indeed, he said people should not wait until just before the deadline to enroll.

"We're reaching out to seniors to suggest there will be a surge at the end. Human nature tells you that," Leavitt said. "What that means is we'll likely see a lot of people trying to sign up at the same time. They can avoid that rush by signing up now."

The latest enrollment figures were released as polling showed that older people have mixed views about the program.

About 44 percent of those surveyed approve of the new benefit. About 41 percent disapprove and 15 percent are undecided, according to The Pew Research Center for the People and the Press. The margin of error was plus or minus 3 percentage points.

While political supporters of the benefit can take solace in that more people like the benefit than dislike it, the numbers represent a dwindling of support since December.

It would appear that many of the people who were undecided before the benefit kicked in now have a negative view of the program. In the December survey, 45 percent approved, 34 percent disapproved and 21 percent were undecided.

Groups urging an overhaul of the program said Thursday that thousands of elderly and disabled people are continuing to call hot lines to complain. The organizations, part of a group called the Americans United Coalition, said the public will support politicians who promise major changes to the program.

Defending the program as it is now "looks to be a losing political proposition in 2006," Democratic pollster Guy Molyneux said.

Young people are most supportive of the program, according to the Pew Research Center's survey. Among those age 18 to 29, about 64 percent approve and 22 percent disapprove.

The least supportive are people 50 to 65; some 40 percent approved and 44 percent disapproved.

McClellan said polling from other groups also shows that a majority of older people who do sign up are glad they did.

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The elderly and disabled are eligible to enroll in a private drug plan or in a managed care plan, called Medicare Advantage, that will cover a portion of their drug costs. The government has estimated that the average participant will save about $1,100; the amount of savings varies depending upon a beneficiary's drug needs, income and the type of plan that they choose.

The updated enrollment figures failed to change the political debate about the program in Congress.

"While House Republicans are encouraging seniors to sign up for a program that would lower their drug cost, I'm disappointed that the Democrat leadership would demagogue the program and have seniors pay higher prescription drug prices," said House Speaker Dennis Hastert, R-Ill.

Democratic Sen. Jay Rockefeller of West Virginia said the Bush administration's effort "to equate numbers with success means that they are overlooking the crises of individuals still struggling to get the prescription drugs they need at an affordable price."

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On the Net:

Medicare: http://www.medicare.gov

Medicare Nears Its Enrollee Goal For Drug Benefit (WSJ)

By Sarah Lueck

The Wall Street Journal, March 24, 2006

WASHINGTON -- Nearly two million people signed up for Medicare's new drug coverage in the past month, bringing the total number of people who have enrolled individually to 7.2 million. In all, more than 27 million Medicare beneficiaries now have drug coverage.

But more than 40 million people are eligible for the drug coverage, and many of those who have yet to sign up are in a low-income bracket and would qualify for generous federal subsidies. Government officials said they are making an aggressive final push to get people to sign up by the May 15 deadline. Those who sign up afterward must pay higher premiums.

President Bush has defended the prescription-drug benefit as good for seniors and taxpayers, even if it has had start-up problems. To draw national attention to the enrollment effort, Mr. Bush and top health officials are expected to visit several cities. The administration is "well on the way" to reaching its stated goal of 28 million to 30 million enrollees, said Health and Human Services Secretary Michael Leavitt.

Meanwhile, congressional Democrats released a report illustrating problems beneficiaries sometimes face when trying to obtain certain medications under the plans. In a survey of the plans available in Rep. Henry Waxman's California district, Democratic staff from the House Committee on Government Reform found that most plans require patients to get prior authorization or try other medications before getting coverage for some commonly prescribed drugs.

It also found that many drug-plan representatives didn't give accurate or full descriptions of the restrictions. It is "nearly impossible for seniors to learn" the terms of plan restrictions "until after they have subscribed and been denied drug access," the report said.

The issue is particularly significant this month, when many people who have been able to get medications without restriction under 90-day transition policies now must switch drugs or get the plan's approval for their current medications.

Mark McClellan, head of the agency that runs Medicare, said many of the restrictions highlighted in the report are common methods used by private-sector insurers to steer customers to medications for which they have negotiated a better price. He said his agency hasn't yet received a large number of complaints about plans failing to provide information about prior authorization and other restrictions, but it would "act promptly" if that happens.

Part B To Cost Wealthy More (WT)

By Amy Fagan

The Washington Times, March 24, 2006

Starting next year, wealthier seniors will have to pay a greater share of the cost of their doctor visits because of a provision in the 2003 Medicare prescription drug legislation.

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"It's a change from traditional social insurance, there's no question about that," said Robert Moffitt, a health care policy analyst at the Heritage Foundation.

Medicare Part B covers outpatient services such as doctor visits, physical therapy and X-rays. All seniors who choose the coverage pay 25 percent of their monthly Part B premium, with the government picking up the remaining 75 percent. The seniors' monthly portion was $78.20 last year and rose to $88.50 this year.

Beginning next year, wealthier seniors will have to pay an increasingly higher percent of their Part B premium costs. Singles with annual incomes of $80,000 to $100,000 and couples with annual incomes of $160,000 to $200 ,000 will have to pick up 28 percent of the monthly premium cost. That share will rise to 35 percent by 2009. Singles with annual incomes more than $200,000 and couples with annual incomes more than $400,000 will pay 43 percent of the cost next year and 80 percent in 2009.

Supporters of the change say it is a matter of economics: Rising health care costs and retirements of baby boomers will strain the Medicare and Social Security systems, and it doesn't make sense for the government to pay the tab of the wealthy.

"The financial pressures facing Medicare are so severe that we cannot afford to treat everyone the same," Mr. Moffitt said.

The government now picks up the same tab for a retired librarian and billionaire developer Donald Trump, and there is simply "no way we can do that anymore," he said.

Some seniors groups oppose the change.

"Now that it has been legitimized, Medicare means-testing thresholds could be lowered by future Congresses, affecting a growing number of beneficiaries," said the National Active and Retired Federal Employees Association.

"It would significantly alter a founding principle of the program -- equality in Medicare benefits," said Sharon Benton, executive director of the Retired Enlisted Association's Senior Citizens League. "[It] opens the door for more means testing and much higher premium costs for retirees in the future."

Brookings Institution economist Gary Burtless said it will be difficult for the government to calculate seniors' annual incomes and that American workers pay taxes into Medicare based on how much they earn. Discovering upon retirement that they must pay a greater share for their doctor visits "may seem to a lot of people as sort of a double whammy," he said.

Mr. Burtless noted that a backlash of anger forced Congress to repeal a program created during the Reagan administration that provided catastrophic health coverage for seniors but applied means testing for wealthier Americans.

Part B means testing originally was to be phased in over five years, but Congress approved a budget-trimming bill late last year that expedited the plan.

Democrats Say Bush Violated Constitution (AP-Y2)

AP2, March 23, 2006

House Democrats want President Bush to say whether he knew of what they call a "fundamental constitutional problem" with the $39 billion deficit reduction package he signed last month.

A letter to Bush, signed by House Democratic Leader Nancy Pelosi and Rep. Henry Waxman (news, bio, voting record) of California and released Thursday, is the latest challenge to a bill that was passed in slightly different forms by the House and Senate before it was sent to Bush.

"A bill is not law unless the same version is passed by both the House and the Senate and signed by the president," top Democrats wrote to Bush. He signed it on Feb. 8.

The Senate version of the bill said Medicare can pay to rent some types of medical equipment for 13 months, as intended by congressional negotiators. A clerk erroneously wrote down 36 months before the bill was sent back to the House for a final vote, and that's what the House approved Feb. 1.

By the time the bill was shipped to Bush, the number was back to 13 months as passed by the Senate.

Recognizing the problem, the Senate passed a resolution hours after Bush signed the bill confirming that the measure transmitted to the president was "deemed the true enrollment reflecting the intention of the Congress." The White House considers the matter settled.

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Others do not. A liberal watchdog group, Public Citizen, filed a lawsuit Tuesday asking a federal court to throw the budget bill out. A Republican activist also has sued in federal court in Alabama.

Minimum Wage Emerges As Election Issue (WSJ)

By John Harwood

The Wall Street Journal, March 24, 2006

MINIMUM WAGE EMERGES as election-year flashpoint.

Treasury Secretary Snow's remarks on income inequality fuel debate. "We'll engage with" advocates of an increase, he says, while cautioning against pricing some workers out of labor market. The wage remains $5.15 an hour, a level set in 1997; relative to average wages, it's at its lowest point since 1949.

Commerce Secretary Gutierrez also signals openness to an increase if Congress pursues the issue "thoughtfully...and not emotionally." With Bush and Republicans politically weakened, Democratic Sen. Kennedy plans push for floor vote this spring on an increase to $7.25.

Strategist Carville advises Democrats to block pay raise for Congress until average worker's wages rise.

TEAM BUSH SCRAMBLES to revive domestic agenda.

President's acknowledgment of political capital spent on war reflects slipping prospects on other fronts. Senate Finance Chairman Grassley predicts uphill fight for even scaled-down version of expanded health savings accounts.

A senior Bush adviser sees delay -- pushing House-Senate conference until after midterm elections -- as best chance for winning immigrant guest-worker program. Both chambers have sidetracked Bush's proposed Medicare savings; extension of dividend and capital-gains tax cuts remains in doubt. Moderate Republicans, complains Heritage Foundation's Michael Franc, are "completely untethered" from party leaders.

REPUBLICANS MANEUVER to dodge political potholes.

Senate candidates DeWine of Ohio, Kennedy of Minnesota and Steele of Maryland avoid appearances with Bush. A top Republican legislator in Montana launches Senate bid, raising pressure on troubled incumbent Burns to retire.

"Most observers still believe the Senate will stay in GOP hands," says online exchange Intrade.com, but "traders may be ready to jump ship." Senate Democrats' campaign arm amasses twice the campaign cash of Republicans, but faces incumbents in six of seven most competitive races. On Web site FancyFord.com, Republicans mock Democrats' Tennessee candidate as an elitist playboy.

In New Jersey Monday, House Democrats begin push to split Republican base by touting stem-cell research.

LAYUP LINE: Notwithstanding lobby reform talk, NCAA gives some lawmakers an open shot at March Madness seats in Washington's Verizon Center. Governing body of major-college sports reserves about 20 tickets that public officials can buy at face value by calling its capital office. An NCAA spokesman says local government officials are eligible, too.

ATMOSPHERICS: Amid speculation about possible 2008 bid, Gore talks up new advocacy group on climate change. He also readies new book, "An Inconvenient Truth," and a movie dramatizing warnings on danger of government inaction. Gore didn't emphasize environmental issues in 2000; a close associate dismisses talk of another campaign as groundless.

WAL-MART RESISTS efforts in Congress to dramatically tighten port security in wake of Dubai-ports furor. The company argues examining all containers, or even a fixed percentage of them, could impede shipping and boost costs.

CHRISTIAN CAUSE: Rice presses President Karzai for "favorable resolution" in trial of Afghan man over his conversion to Christianity. Conservative writer Joel Rosenberg notes "the number of Afghan Christians is in the thousands and growing rapidly," while Senate leader Frist, a 2008 White House hopeful, blasts criminal charge as "ludicrous."

ADMINISTRATION TOUGHENS stance toward Iraqi factions.

U.S. officials, publicly and privately, criticize Iraqi leaders for haggling too long over key posts in new government. In policy shift, they include threat to cut financial support for Baghdad and Iraqi security forces if acceptable deal isn't quickly reached.

Ambassador Khalilzad leans on surprising proxies. Embassy and military officials say they use visiting U.S. lawmakers to convey some undiplomatic messages. Senate Armed Services Chairman Warner tells Prime Minister Jaafari that U.S. domestic support for Iraq mission may evaporate without a unity government soon.

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U.S. officials fear impasse worsens violence on the ground.

MINOR MEMOS: Assets of disgraced ex-Congressman Cunningham fetch $94,625 at auction overseen by Treasury, including $4,000 for a French provincial armoire and $2,200 for a Queen Anne-style beveled mirror...."Cheney Invites Helen Thomas on Hunting Trip" following her contentious press conference exchange with Bush, humorist Andy Borowitz reports.

Nominee For Appeals Court Withdraws (WP/BLOOM)

By Bloomberg News

The Washington Post, March 24, 2006

Henry W. Saad, one of President Bush's appeals court nominees blocked by Senate Democrats, withdrew his name from consideration, a presidential aide said yesterday.

Democrats have accused Saad, a Michigan appeals court judge, of being hostile to employment-discrimination claims and lawsuits by consumers.

"Judge Saad asked to have his nomination withdrawn, and we intend to honor that request," Bush spokeswoman Erin Healy said.

Saad's nomination to the Cincinnati-based U.S. Court of Appeals for the 6th Circuit was submitted to the Senate in January 2003, and he was renominated last year. His nomination was one of 10 blocked by Democrats, who used the filibuster, which allows unlimited debate, to prevent a Senate vote.

He was not included in a bipartisan agreement by 14 senators last year to avert a Senate showdown over the use of filibusters to block judicial nominees. The agreement allowed three of the 10 nominees to go to a vote.

Saad was rated "well qualified" by a "substantial" majority of the American Bar Association's committee that rates judicial nominees. Under Senate rules, Saad's nomination cannot be withdrawn until Congress returns Monday from its recess.

Bush Arrives, Defends Iraq War (IWNR)

The Intelligencer & Wheeling (WV) News-Regist, March 23, 2006

WHEELING — President George W. Bush's first official act upon touching down at the Wheeling-Ohio County Airport just before noon today was to present the President's Volunteer Service Award to Kristen Holloway of Pittsburgh, Pa.

The President and his entourage of Secret Service, White House staff and media, then traveled by motorcade south on W.Va. 2 into downtown Wheeling, where at press time President Bush was entering a town hall meeting on the the War on Terror.

Holloway is the founder and president of Operation Troop Appreciation.

To thank them for making a difference in the lives of others, President Bush has met with more than 480 individuals around the country, like Holloway, since March 2002.

Holloway is the founder and president of Operation Troop Appreciation, a non-profit organization dedicated to supporting deployed troops fighting the War on Terrorism in Iraq, Afghanistan, Kuwait, and Africa.

Since its inception in 2004, OTA has reached more than 10,000 troops with care packages tailored to meet each unit's specific requests.

Through fund-raising and in-kind donations, OTA volunteers have collected and sent DVDs, phone cards and sports equipment. All care packages also include a letter of thanks to each soldier in the unit.

In 2005, OTA received a request for musical instruments from the 463d Engineer Combat Battalion from Wheeling.

Operation Troop Appreciation sent 12 instruments, including acoustic guitars, a keyboard and drums that were used by troops at the Morale, Welfare and Recreation tent and chapel services at Camp Anaconda in Iraq.

In his January 2002 State of the Union Address, President Bush called on all Americans to make a difference in their communities through volunteer service.

He created USA Freedom Corps, an Office of the White House, to strengthen and expand volunteer service.

Americans are responding to the President's Call to Service. According to the Bureau of Labor Statistics, more than 65.4 million Americans volunteered in 2005. Go to www.volunteer.gov or call (877) 872-2677 to find an existing volunteer service opportunity in your area or to find more information about service programs, including national service programs such as the

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Peace Corps, AmeriCorps, Senior Corps, and Citizen Corps. USA Freedom Corps is also highlighting youth volunteer service. Visit www.volunteerkids.gov for games and ideas designed to show how America's youth are making a difference.

The President's Volunteer Service Award was created at the President's direction by the President's Council on Service and Civic Participation. The Award is available to youth ages 14 and under who have completed 50 or more hours of volunteer service; to individuals 15 and older who have completed 100 or more hours; and to families or groups who have completed 200 or more hours. For more information about the Award, please visit www.presidentialserviceawards.gov.

Pension Chief Tells Bush He's Resigning (USAT)

By Sue Kirchhoff

USA Today, March 24, 2006

WASHINGTON — The head of the federal agency that insures the private pensions of 44 million Americans said Thursday he would step down on May 31, forcing the White House to find a new leader amid a rash of pension plan insolvencies.

Bradley Belt, executive director of the Pension Benefit Guaranty Corp. for the past two years, announced his resignation in a letter to President Bush. He did not indicate what he planned to do after leaving the agency, and PBGC staff said they could not elaborate.

"This past two years has been a particularly tumultuous period for the PBGC, which has had to confront unprecedented operational, financial and policy challenges," Belt wrote.

The PBGC is funded through insurance premiums levied on companies that sponsor traditional pension plans, not by tax revenue.

As industries such as steel, retailing and airlines have tumbled into bankruptcy or been unable to meet pension obligations, the PBGC has had to take over their plans.

Defined-benefit pension plans are now underfunded by more than $400 billion. Congress is debating bills to restructure pension financing, including imposing higher premiums on companies that offer defined-benefit plans.

The bills would also shore up the PBGC. But the bills include controversial provisions, such as proposals to give airlines more time to increase funding their pension plans.

In a speech this month to the National Association of Business Economists, Belt warned that pension accounting rules allowed companies to defer or ignore costs too long, leading to problems.

Referring to current pension rules, Belt said it was as though "we have followed Alice down the White Rabbit's hole into a looking-glass world that is disconnected from economic reality."

The PBGC has only limited authority, given that it does not set pension pricing or accounting rules. Douglas Elliott, president of the Center on Federal Financial Institutions, which analyzes pension and other programs, says within those confines Belt was "an excellent administrator."

Pension Agency's Director Resigns (WSJ)

By Miichael Schroeder

The Wall Street Journal, March 24, 2006

WASHINGTON -- Amid continuing turmoil in the traditional retirement-benefit system, the director of the federal agency that insures company pensions announced plans to step down.

The unexpected announcement came as members of a House-Senate conference committee continue efforts to iron out differences on a pension overhaul bill. So many significant issues remain that the committee may not complete the final legislation by the April 7 deadline set by its chairman, Sen. Mike Enzi, a Wyoming Republican.

In a letter to President Bush, Bradley Belt said he would leave the Pension Benefit Guaranty Corp. at the end of May to pursue other opportunities. "The last two years have been a particularly tumultuous period for the PBGC, which has had to confront unprecedented operational, financial, and policy challenges," Mr. Belt said. (See the letter.)

Mr. Belt, a former senior staff member at the Senate Banking Committee and the Securities and Exchange Commission, has been at odds with administration officials on the PBGC's board over his desire to take a larger role in the pension debate,

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according to people with knowledge of the situation. The board includes the secretaries of Treasury, Commerce and Labor, who have been taking the lead in pressing the administration's pension proposals.

Mr. Belt is expected to be in demand for jobs in the private sector because of his two-year tenure during major upheaval in the pension system. While his departure may coincide with the completion of the pension bill, it still comes at a time when the administration may have difficulty recruiting a candidate to lead the agency.

With a growing number of steel, airline and automotive companies recently dumping their underfunded pension plans on the PBGC as part of the bankruptcy-court process, the agency's deficit ballooned to $22.8 billion last year. The PBGC's finances come from premiums paid by insured companies and assets it acquires from companies that terminate their pension plans. The agency doesn't use taxpayer funds.

In an attempt to head off a taxpayer bailout of the agency, the administration and Congress have pushed legislation that would shore up the PBGC's finances and require companies to fully fund their pension obligations.

The measures have numerous key provisions that conferees are having a difficult time reconciling in a final bill. One particular sticking point is whether to require companies that have junk-rated bonds to accelerate contributions into underfunded pensions.

Critics argue that this provision, and others, would cause more companies to freeze their traditional defined-benefit pension plans, in which participants are paid set amounts each month based on compensation and years of service, and replace them with defined-contribution plans such as 401(k) savings accounts..

Backlash Over New Pensions Legislation (FT)

By Norma Cohen

Financial Times, March 24, 2006

Employers will be able to slash their contributions to underfunded pension schemes by tens of billions of dollars over the next five years under proposed legislation before Congress that was expected to have the opposite effect.

The legislation was proposed by the White House last year to lessen the risk of a taxpayer bailout of the Pension Benefit Guaranty Corporation, a federal safety net for pension schemes.

According to an analysis prepared this week by the Joint Committee on Taxation, which does bipartisan technical work on legislation for Congress, The Pension Security and Transparency Act of 2005 would bring at least $10bn in additional tax revenue as employers reduce pension contributions on which they would have been eligible for tax relief.

Assuming an average corporate tax rate of 35 per cent, the data suggest a temporary but significant drop in employer payments into pension schemes over the next few years.

The analysis shows tax revenues will rise by $10.2bn under the House version of the bill, and by $12bn under the Senate's, between 2006-11 as a result of the weakened contribution requirements. Funding of pension schemes would reach a low ebb in 2008 under both versions, while tax relief for increased contributions would not begin to rise until 2011.

The PBGC saw its deficit widen to $22bn at the end of its last fiscal year. According to the Center on Federal Financial Institutions, a private think-tank, current and future losses caused by the underfunded schemes of insolvent employers could lead to a bailout of around $92bn in today's money.

Separately, Bradley Belt, executive director of the PBGC, announced on Thursday he intends to step down at the end of May "to pursue other opportunities". A spokesman for the PBGC declined to comment on Mr Belt's departure beyond the resignation letter.

In a speech two weeks ago, Mr Belt called for both congressional bills to be strengthened and warned that if "the end-product...is a bill that fails to improve on the current law, the president's senior advisers have said they will recommend a veto".

Both bills fall far short of the goals set out for legislation proposed last year by the White House, which had formally threatened a veto unless certain measures in either bill are altered.

Of particular note are provisions in the Senate version of the bill which allow the airline industry up to 20 years to fully fund its pension deficits and also give it much wider leeway in the assumptions it uses to determine whether or not company schemes are fully funded. According to Coffi, many of the congressman who passed the House bill did so on the understanding that

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special relief for the troubled airlines industry would be included in the final version that emerges from the Conference Committee.

So far, the PBGC has sustained losses of about $10bn arising from the pension schemes at US Airways and United Airways. Delta and Northwest Airlines, currently in bankruptcy, will add a further $11.2bn.

Coffi has said that offering relief to airlines is likely to spark pleas for similar relief from other hard-pressed industries. The PBGC has estimated that the entire US auto manufacturing industry - including tyre and rubber companies and auto parts suppliers - has has aggregate liabilities of $55bn to $60bn.

Meanwhile, other provisions have also strayed far from administration proposals aimed at limiting losses on the PBGC. In particular, both significantly ease the financing requirements for employers with the weakest credit ratings, the category of employer most likely to present a claim for pension benefits to the PBGC.

Suggested Changes To Pay Rules Raise Concerns About Fairness, Conflict Of Interest (WP)

By Stephen Barr

The Washington Post, March 24, 2006

The president's chief adviser on the civil service has been presented with options on how to address pay inequities faced by some inspectors general, and efforts also are underway to rethink the pay rules for administrative law judges.

Linda M. Springer , director of the Office of Personnel Management, said she expects to be sorting out compensation proposals for both groups in coming weeks. At issue is a Bush administration principle that job performance should be a factor in setting pay for government employees and whether that principle can be applied to IGs and ALJs without damaging or weakening their independence.

Revamping pay practices for both groups will probably require congressional approval, Springer said. "We've got to make sure we consider all the options carefully," she said, because any change "has got to stand up to the scrutiny that is given to a legislative proposal."

Pay has become a concern for inspectors general, particularly those who came to their jobs from the career civil service, because of a recent law that increased Senior Executive Service pay scales. The fiscal 2004 law also made SES annual pay raises dependent on performance evaluations and eliminated an annual, geographic-based adjustment.

The suggestion that salaries for inspectors general could hinge on a performance evaluation from their agency heads has raised issues of fairness and possible conflicts of interest, Springer said. IGs investigate their agencies for waste, fraud and mismanagement and report their findings to Congress. IG jobs are supposed to be viewed as independent and above partisan politics.

Inspectors general who came into their jobs from the career civil service and IGs who are presidential appointees but not career SES members are paid $143,000. In many cases, they supervise SES staffers who are eligible to earn salaries of up to $165,200. (There are 57 IGs whose jobs are established in law, and there are more than 6,000 career SES members.)

Salary levels were not adjusted for administrative law judges in the 2004 law, and their pay is capped at $152,000, including geographic-based adjustments. At the end of last year, congressional aides estimated that more than 1,000 of the 1,400 ALJs had hit the pay cap.

House members, such as Reps. Thomas M. Davis III (R-Va.) and Jon Porter (R-Nev.), have expressed interest in raising ALJ pay scale to foster recruitment and retention of judges and to relieve "pay compression."

The Bush administration has suggested that a new ALJ pay system include a method for measuring judges' job performance, but Springer said current law prohibits evaluations of ALJ performance. Administrative law judges hear disputes that involve decisions made by their agencies and seek to avoid creating perceptions that external pressures can sway their rulings.

Given the obstacles to making performance a key element in IG and ALJ pay decisions, Springer said, OPM will be open to alternatives that allow salaries to keep pace with adjustments provided to the SES.

Gregory H. Friedman , inspector general at the Energy Department, has worked with other IGs and has presented OPM with options for changing IG pay practices, Springer said. A meeting will be held soon with Friedman and officials at the Office of

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Management and Budget to discuss the options, she said. "Everyone agrees there is a problem and wants a solution," she added.

Springer said she had met with representatives for administrative law judges and had asked them to "come up with some options that will address the problem. When they do, we will have a meeting with them, and see where it will take us."Talk Shows

Bob Leins , a tax expert at the National Institute of Transition Planning, will be the guest on "Fedtalk" at 11 a.m. today on http://www.federalnewsradio.com and WFED radio (1050 AM).

David Wyld , professor of management at Southeastern Louisiana University; Paul Brinkley , deputy undersecretary of defense for business transformation; and Alan Estevez , assistant deputy undersecretary of defense for supply chain integration, will discuss radio frequency identification technology on "The IBM Business of Government Hour" at 9 a.m. Saturday on WJFK radio (106.7 FM).

From Her Lips To His Ear (WP)

By Sally Quinn

The Washington Post, March 24, 2006

Dear Laura,

It's time for you to act. Nancy Reagan did it. You can, too.

Things are falling apart. They always do in the second term. And when they do, there's only one person who can change things: the wife. You are the only one who can tell him the truth. You are smart, astute; you're not afraid of him and you love him.

I see you're going on Larry King tonight, and that's a good way to show your support and share your popularity. But your real work is behind the scenes.

The president's poll numbers have tanked. They are among the lowest of any president in history at this point in his term. So think back to Ronald Reagan's second term. He was mired in Iran-contra, his staff was exhausted, and their reaction to criticism was to dig in. Nancy managed to clean house, bring the White House back in touch with the outside world and, in doing so, allowed Reagan to clear his head, end the Cold War and "tear down that wall, Mr. Gorbachev." His polls skyrocketed, from a low of 42 to 68 percent when he left office.

Because of the nature of the Monica Lewinsky scandal, Hillary Clinton was unable to carry off the same trick. But you are perfectly positioned.

The biggest problem your husband has now is that so many top Republicans have turned against him. Without the support of his own party, it's pretty much impossible for him to run the country. After the way they went after him over the Dubai ports deal, you can imagine what they are saying about him privately.

Incompetent, unrealistic and insincere were a few of the words circulating at a private dinner recently. Referring to the president's refusal to seek advice on anything -- the war, the economy, foreign policy -- one of the most prominent Republicans in Washington called the situation so dire that he feared "the country would fall apart with another three years of this."

"They don't listen to anybody," said another prominent Republican who was close to the first President Bush.

To a person, every Republican and Democrat I talked to compared your husband to his father. W didn't come out on the winning end. "A real gent," "gracious," "responsive," "inclusive," "conciliatory" were words used to describe the senior Bush. Democrats told how he always returned their phone calls, sometimes at 2 a.m.

Now even Dad's former friends and advisers can't get through. "All of his father's old boys are out in the wilderness together," lamented one of them.

Here are some of the things you can do, collected from half a dozen senior Republicans:

· Make sure your husband hears outside opinions. The Iraq war is consuming his presidency and nobody has a good solution. This requires getting the best minds in the country together and listening to them. The recent photo op of the president with all the secretaries of state received much derision because, his critics say, the president didn't really want to hear what they had to say; he just wanted to look as if he did.

· Form an alliance with Karl Rove. Senior Republicans say he's interested in change. He takes the long view, and midterm elections are around the corner.

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· Convince the president that polls do matter. As former White House counselor David Gergen (the only person who would go on the record) put it: "Without the support of the people, you can't make the tough call on Iran or Iraq or any tough calls." And during an election year, members of Congress listen to their constituents.

· Tell him to throw out the Kool-Aid. "The White House is not a cult," said one high-ranking former White House staffer. "Everybody vibrates in harmony over there," complained another.

· Stress the importance of new blood. Nancy persuaded the president to get rid of Donald Regan and bring in Howard Baker, Frank Carlucci and Ken Duberstein. This doesn't have to be seen as a vote of no confidence in the staff as much as a reprieve. Chief of Staff Andy Card is one of the most well-liked people in Washington. But he has been on an inhuman schedule for five years, and he reportedly covets the job of Treasury secretary. "He is a wonderful, decent, nice guy, but you need an SOB in that job now," said one Republican who served in the Reagan administration.

"You don't need a kibitzer," said another. "You need somebody with credibility, integrity, someone known on the Hill and in the press with management capability."

· Tell George to listen to his Cabinet officers. Except for those in State and Defense, they are chopped liver, out of the loop, no seat at the table, John Snow in particular. Why have a secretary of the Treasury if you're not going to listen to him?

· Because the war is going so badly, a number of Republicans think it's time for Donald Rumsfeld to go. Even those who like him say that as the architect of the war, he is not the one to turn it around. Some suggest a conservative-leaning Democrat like Sam Nunn or Joe Lieberman would be a smart move. Whether it's the secretary of defense or some other job, perhaps you could persuade the president to bring in a Democrat. "That would give you protection against Democratic attacks and restore bipartisan spirit," said Gergen.

· And remind your husband to pay some attention to Congress. Republicans on the Hill feel excluded from the decision-making process. "Listen to Democrats, too," said a Republican. "They don't have horns."

Last week, Howard Baker suggested bringing in former senator Fred Thompson as a liaison to Congress, but many felt that wouldn't make a difference because it wasn't getting rid of anybody. "Anybody who really knows this crowd wouldn't take the job," said one former White House adviser.

· Tell him to take responsibility for his actions. In his news conference Tuesday, he gave different explanations for the war in Iraq, but never mentioned WMD. Even if he still believes invading Iraq was the right thing, he could still acknowledge that one of the reasons his administration gave at the time was wrong. That would go a long way toward clearing the air.

With three years to go in this presidency, something has to change. You've always been there when he needed you. You got him to stop drinking. You campaigned hard for him at the end of the first campaign. Your own poll numbers are off the charts. You need to persuade him to make changes, and to do it in a way that the people believe he means it.

Remember, it's your legacy, too.

Cheney's Needs On The Road: What, No NPR? (NYT)

By Elisabeth Bumiller

The New York Times, March 24, 2006

WASHINGTON, March 23 — Vice President Dick Cheney may be a rock star only to his most ardent Republican supporters, but he has on-the-road demands just like the Rolling Stones. Still, Mr. Cheney appears easier to please than Mick Jagger or Keith Richards.

At least that was the evidence from "Vice Presidential Downtime Requirements," the heading of a document posted Thursday on the Smoking Gun Web site and confirmed as authentic by Mr. Cheney's office.

The document listed 13 requirements. Among them were these: All televisions sets in Mr. Cheney's hotel suite should be tuned to Fox News, all lights should be on, and the thermostat set at 68 degrees. Mr. Cheney should have a queen- or king-size bed, a desk with a chair, a private bathroom, a container for ice, a microwave oven and a coffee pot, with decaf brewed before arrival.

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The vice president should also have four cans of caffeine-free Diet Sprite and four to six bottles of water. He must have the hotel restaurant menu, with a copy faxed ahead to his advance office. If his wife is with him, she should have two bottles of sparkling water, either Calistoga or Perrier.

For his reading material, Mr. Cheney should have The New York Times, USA Today, The Wall Street Journal and the local newspaper.

"The vice president maintains an active schedule, which requires regular travel throughout the United States and at times involves a hotel stay," said Jenny Mayfield, a spokeswoman for Mr. Cheney. "Our advance office provides guidelines for our volunteers in the field. This is just a routine little check list."

The downtime requirements said nothing about exercise equipment, but aides to Mr. Cheney have been spotted on his travels loading and unloading a stationary bicycle from Air Force Two.

The Reliable Source (WP)

By Amy Argetsinger and Roxanne Roberts

The Washington Post, March 24, 2006

Cheney's Creature Comforts

Like any big rock star, Dick Cheney needs a soothing environment after a long day on the road. Now we know just what he likes waiting in his hotel room.

The "Vice Presidential Downtime Requirements" published yesterday on the Smoking Gun is a list of the veep's home-away-from-home comforts provided to hotels by Cheney's advance team. (The Web site obtained a copy from a hotel employee.) No over-the-top demands, just a few specific requests:

· A queen- or king-size bed, desk and chair, and private bathroom.

· All lights turned on and the temperature set at a chilly 68 degrees.

· All televisions tuned to Fox News.

· A fresh pot of decaf, four cans of Caffeine-Free Diet Sprite, four to six bottles of water, and (if Lynne Cheney is traveling with her husband) two bottles of Calistoga or Perrier sparkling water.

· A microwave and hotel restaurant menu.

· The New York Times, USA Today, Wall Street Journal, a local paper and (yes!) The Washington Post. (The papers were a handwritten addition, so we don't know who put them on the list.)

· And, if the hotel wants to leave a gift in the suite, the bills should be unmarked . . . kidding! Seriously, though, the advance team needs to know about any hotel gift for the vice president.

Cheney's office confirmed that . . . well, he stays in hotels. "The vice president maintains an active schedule which requires regular travel throughout the United States and, at times, involves a hotel stay," said spokeswoman Jennifer Mayfield.Star Rises, and Al Falls Down

Can't put a price tag on infamy? Sure you can -- $94,625! That was the haul from yesterday's Los Angeles auction of disgraced ex-representative Randy "Duke" Cunningham's forfeited collection of furniture, rugs and other knickknacks he got as bribes from defense contractors. Some 1,300 gawkers turned out, more than 700 of whom registered to bid. The highest price, $10,000, was fetched by an Iranian "Mahi" design rug; the lowest, $225, went to a ratty-looking rattan screen, reports our colleague William Booth. In between were a leather couch ($2,100), a 32-foot Oriental carpet runner ($4,750) and a French Provincial armoire ($7,100). Proceeds go to the FBI and the IRS's criminal investigation branch.

Republican Fatigue Could Hurt The Party's Chances In November (TSSC/KRT)

By Steven Thomma And James Kuhnhenn, Knight Ridder

The State (SC), March 23, 2006

GOLDEN, Colo. - Brian Wareing has been a Republican all his life. But ask him how his party has done running the federal government and his complaints pile up: Immigration. Spending. Trade. He's had enough.

He won't vote for a Democrat in November's congressional elections. But he might vote for a third-party candidate - or he might not vote at all. "At this point, I couldn't vote for the Republican," the house painter from this Denver suburb said, with regret.

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Across the country this spring, many Republicans alternate between anger and ambivalence five years after their party seized power over the federal government and seven months before a pivotal election for control of Congress.

If enough disgruntled Republicans sit out the midterm elections - when voter turnout typically is low and victory goes to the party whose base is most passionate - Republican incumbents could lose in close contests such as the one in Golden.

Democrats need to gain only 15 of 435 seats to take control of the U.S. House of Representatives, and six of the 33 that are up this year to take the 100-member Senate. And if they win either house of Congress, President Bush will become the lamest of lame ducks for his final two years in power.

National trends suggest that's possible. Solid majorities of adults disapprove of Bush, the war in Iraq, the leadership of Congress and the direction of the country, according to a series of polls. Increasingly, the national mood seems to mirror 1994, when voters turned sour on President Clinton, rejected Democratic lawmakers and installed a Republican majority in Congress for the first time in 40 years.

Since Bush's second term started, his approval rating has dropped 16 percentage points among Republicans, 23 points among supporters of the Iraq war and 24 points among those who voted for him in 2004, according to a recent Pew Research Center survey.

The one shred of good news for the Republican Party now: Not many House and Senate contests appear all that competitive yet. Disillusionment with Bush and Iraq don't yet trump voters' local concerns in many states. And the threat of a Democratic Congress still could rally the Republican base.

But it's clear from dozens of interviews in key battlegrounds that Republican voters today lack the passion they brought to the 2002 midterm elections. And that gives Democrats an opportunity.

At a recent breakfast in Golden, one Republican after another put voices behind those numbers, complaining about Washington policies from the war in Iraq and the failure to stop illegal immigration to runaway federal spending. The cumulative effect led several to question whether they or like-minded party loyalists would vote next fall.

"I've been a Republican since I started voting," said John Burdan, a retired Air Force officer from Jefferson County, outside Denver. "Things are going terrible. I won't vote for a Democrat. But I might not vote for the Republican."

"Doesn't Bush know that Republicans are watching?" asked Jefferson County Commissioner Jim Congrove. "We're setting ourselves up for big defeats."

Golden is in Colorado's 7th Congressional District, where Republican Rep. Bob Beauprez is stepping aside to run for governor. When he won the open seat four years ago, it was the closest race in the country. Today Republican Rick O'Donnell faces the same evenly divided district, but with a much more hostile Republican base.

"The frustration I hear is that we have a Republican president and a Republican Congress, how come we can't reduce spending and how come we don't have secure borders," O'Donnell said.

He reminds them of Republican successes, such as the appointment of two Supreme Court justices. Still, he said, "so many Republicans at the base are frustrated. ... I'm spending more time on it than I otherwise would have. The troops are a little depressed."

"There's some fatigue among the average Republican," Denver Republican consultant Katy Atkinson said. "They're tired of it all. They're tired of scandals. They're tired of the White House. They're ready for change."

Said independent Denver pollster Floyd Ciruli: "The party is in trouble here. For their turnout machine to work, it has to have a popular president with key issues. I don't think they have that now."

For all that, Democratic efforts to make the elections a national referendum on Bush and the Republican Congress haven't taken hold. Local issues and personalities still dominate in most parts of the country. In some places, such as Connecticut, that helps Republicans. In others, such as Ohio, it hurts them.

Almost everywhere, it's easy to find Republicans who once were inspired by Bush and the Republican Congress and now seem dispirited.

In Florida, for example, a lukewarm attitude is pervasive in the Palm Beach district where Republican Rep. E. Clay Shaw Jr., a 13-term veteran, faces a tough re-election.

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"There are a lot of problems out there," said Republican David Boyer, a hotel employee from Hollywood, Fla. "Can a Republican do it? I doubt it. Can a Democrat do it? I doubt it. Who's to know who's right?"

In Connecticut, some Republicans fear that their party could be hurt by growing opposition to Bush and the Iraq war.

"We've seen some apathy in the Republican ranks," said John Crooks, a Republican alderman from Norwich. "It tends to slow down the Republican turnout."

"If the president is doing really well, I'll do better; if he's not doing really well, I'll do worse," said Rep. Christopher Shays, a nine-term incumbent Republican.

Shays worries that the mood might be similar to 1994, when voters felt they had to send a "wakeup call" to Clinton. "We're on the same path right now," he said.

Yet Connecticut Republicans such as Shays and Rep. Rob Simmons benefit from local issues, such as their success at keeping Groton's submarine base open, the popularity of Republican Gov. M. Jodi Rell, and the lawmakers' reputations for independence from the party's national leadership.

"I don't really understand George Bush," said Anthony Savas, a Republican and tugboat operator out of Norwalk, Conn., who opposes the Iraq war.

What about Shays? "He's not 100 percent Republican," Savas said. "He uses common sense in making his own decisions."

Outside Philadelphia, Republican voters are split over Bush, the war and how they'll vote next fall. They live in a district in which Republican Rep. Jim Gerlach is looking for a third term after two 51-49 percent wins, and a state in which polls show Republican Sen. Rick Santorum trailing in his race for re-election.

"We have hurt ourselves greatly," said Warren Moser, a retired executive from Chester County who opposes the Iraq war. "But this is one Republican who is still behind the president."

For Ken Enochs, a real estate broker from Norristown, Pa., anger over the war fuels his defection from the Republican Party. "It's about what is right," he said. "That goes across party lines."

In Ohio, anger at scandal-plagued Republican Gov. Bob Taft outweighs feelings about Bush or the national party.

"Taft has hurt Republicans," said Brian Kane, an optometrist and the president of the Painesville Rotary Club.

"He's really blown it," agreed Lou Falk, a retiree from Painesville, east of Cleveland. "There's been all kinds of scandals. It's going to have a ripple effect."

Just below the surface, many Ohio Republicans are as down on Sen. Mike DeWine, a Republican facing re-election, as Republican voters elsewhere are on Bush.

"I'm kind of neutral on both DeWine and (Republican Sen. George) Voinovich," said Richard Kretschman, an insurance agent from Concord Township, east of Cleveland. "He doesn't seem to stand out in my mind. I don't have anything negative to say about him. I just don't feel very positive."

Ethics Reform Stalling In Congress (CSM)

By Gail Russell Chaddock

The Christian Science Monitor, March 24, 2006

WASHINGTON - Prospects for robust ethics reform in the 109th Congress are dimming, even as the criminal probes that prompted it are intensifying.

It's a political calculation that could cost lawmakers in this fall's elections, if they misread the degree to which voters care about bribery inside the Beltway.

As recently as January, lobby reform bills were top priorities in both the House and Senate, but now are encountering strong resistance. In the Senate, Republican leaders pulled the lobby bill off the floor over an unrelated amendment on the Dubai ports deal. In the House, GOP leaders are split over how aggressively to restrict lawmaker travel paid for by private entities.

"Some members are pulling the blanket over their heads and hoping the storm will pass. For others, there is also a genuine belief that if you just jump in a spasm of reaction, you could do some things detrimental to a good deliberative process," says Norman Ornstein, a senior fellow at the American Enterprise Institute.

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When the last big ethics scandal broke on Capitol Hill in 1992, voter anger helped retire or defeat 77 incumbents with overdrafts on the House bank - and gave insurgent Republicans momentum to win control of the House in 1994.

For many members, kiting checks had been a perk of the job, like cheap haircuts or the franking privilege that allows them to send mail for free through the postal system. To the public, it was a signal that lawmakers didn't play by the rules they required of everyone else.

The stakes in the current corruption scandal run even deeper. At issue is whether lawmakers can be bought: exchanging favors for cash, luxury golf outings, a skybox seat at sporting events, or free meals.

Last week, a federal judge in Florida delayed sentencing former lobbyist Jack Abramoff until June, to give federal prosecutors more time with him to investigate corruption on Capitol Hill.

Mr. Abramoff's plea agreement cited only one lawmaker, Rep. Bob Ney (R) of Ohio - and not by name - as involved in corruption. But others with links to Abramoff are also paying a political price. This week, Sen. Conrad Burns (R) of Montana drew a strong GOP primary challenger, who cited Mr. Burns's ties to Abramoff as a reason for getting into the race. It fuels speculation that Burns will soon announce his retirement.

In another high-profile case, a Texas appeals court heard arguments this week on whether to reinstate a conspiracy charge against Rep. Tom DeLay (R), who resigned as House majority leader after indictment last September on campaign money laundering charges. Mr. DeLay, too, has drawn the strongest reelection challenge of his career. And Rep. Randy "Duke" Cunningham (R) of California was recently sentenced to eight years in prison for bribery.

Despite the headlines, reform proposals face an uphill battle in both the House and Senate. In February, the House took a first step by revoking floor and gym privileges for former members who are lobbyists. A pending GOP leadership draft imposes stricter lobbyist disclosure requirements. It also requires committee reports to identify the sponsors of earmarks - a move that makes it harder for lawmakers like former Representative Cunningham to slip favors for, say, defense contractors into spending bills.

But GOP leaders are at odds over proposed limits on privately funded travel. While Speaker Dennis Hastert favored a ban on all privately funded travel, the new majority leader, Rep. John Boehner of Ohio, and many GOP backbenchers opposed it. A draft GOP proposal would suspend such travel until January 2007.

"A lot of members have reacted negatively to the discussion draft, because it's going to result in a hard-to-defend status quo for the next seven months," says Michael Franc, vice president for governmental affairs at the Heritage Foundation. "At the same time, it's going to ban privately funded travel hosted by educational entities - the kind of educationally oriented travel that the average voter thinks is appropriate."

On the Senate side, there's support for more frequent lobbyist disclosure - including, for the first time, electronic disclosure. But many are chafing at blanket travel restrictions.

"Seventy percent of our cities and villages can be accessed only by air - and that very infrequently. Why should taxpayers pay when there is a corporate plane going with an empty seat - as long as it's disclosed," says Sen. Ted Stevens (R) of Alaska.

The key to whatever is passed will be enforcement, public-interest groups say. "In the end, what is going to be judged is whether there is enforcement of the laws. The key is disclosure and transparency," says Larry Noble, outgoing director of the Center for Responsive Politics.

Espionage Law's Merits Tied Into Ex-Lobbyists' Case (WP)

By Walter Pincus

The Washington Post, March 24, 2006

The federal judge presiding over the prosecution of two former lobbyists has focused attention on the imprecise nature of the law they are charged with breaking, the 1917 Espionage Act that restricts the dissemination of national defense information that could harm U.S. interests.

In January, U.S. District Judge T.S. Ellis III raised the possibility that the law may not be sensibly written, as he sentenced a former Defense Department employee, Lawrence A. Franklin, to 12 years in prison for giving classified information to the two former lobbyists for the American Israel Public Affairs Committee, or AIPAC.

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Despite the law's possible shortcomings, Ellis said in an unusual statement from the bench, it is up to Congress, not the court, to decide if the statute needs to be changed.

"The law says what it says," Ellis said. "The merits of the law really are committed to Congress. If it's not sensible, it ought to be changed. But they're . . . the body that changes it, not the judiciary."

Today, attorneys for the former lobbyists, Steve Rosen and Keith Weissman, will argue for dismissal of the indictment based in part on the claim that the Espionage Act was meant to cover spying, not the possession of leaked classified information, particularly leaked information possessed and transmitted by people who are not government employees. As stated in their Jan. 19 motion, attorneys say what Rosen and Weissman are charged with "is what members of the media, members of the Washington policy community, lobbyists and members of congressional staffs do perhaps hundreds of times every day."

The Espionage Act makes it illegal for an unauthorized person to have "unlawful possession" of "information relating to the national defense." As written, it does not require that such information be classified. To break the law, the people involved must also believe the information "could be used to the injury of the United States and to the advantage of any foreign nation." It also makes it illegal for people with such "unlawful possession" to communicate such information if they have "reason to believe" it could injure the United States or aid another country.

In response to the Rosen-Weissman motion, the Justice Department attorneys said in their motion that the defendants have doctorates and "would know that foreign officials, journalists and other persons with no current affiliation with the United States government would not be entitled to receive information related to our national defense."

Last August, in announcing the indictment, Deputy Attorney General Paul J. McNulty, then the U.S. attorney for the Eastern District of Virginia, said there was "a clear line in the law," and "those not authorized to receive classified information must resist the temptation to acquire it, no matter what their motivation may be."

The AIPAC case, which represents the first time nongovernment employees have been prosecuted under the 89-year-old Espionage Act for receiving leaks from a government official, has drawn increasing attention from First Amendment advocates and others concerned that it represents a sharp break from Justice Department practices.

At Franklin's sentencing, Ellis said any debate over the statute and "whether it's a sensible law" was "irrelevant" to Franklin's situation because he had clearly violated it. "That doesn't mean we shouldn't debate whether the law is a good law or not, as a people," he said, adding, "It doesn't mean that Congress shouldn't consider it. It's not for the court to say."

Happy Doomsday To You! (WP)

By Dana Milbank

The Washington Post, March 24, 2006

Washington was about one horseman short of an apocalypse yesterday.

It began with a breakfast meeting in a Senate office building where, over fruit salad and bagels, government and academic experts discussed the coming avian flu pandemic. "Currently it has a fatality rate of 56 percent," reported Nancy Cox, flu expert with the Centers for Disease Control and Prevention. "An increasing number of countries have reported human cases. The severe cases are really quite severe."

Pointing to slides of some nasty chest X-rays, she added: "Death from this particular pathogen is not a pleasant death."

Next: the mid-morning news conference on mad cow disease at the National Press Club. There, a beef producer explained why he is suing the government for not letting him test his cattle for bovine spongiform encephalopathy, an "invariably fatal, progressive, incurable, neurodegenerative disease" that can be transmitted to people. The feds say the testing is unnecessary, but the rancher, John Stewart, warned that "BSE is not understood enough today to really come to scientific conclusions."

For those who still had an appetite, there was a luncheon meeting of the National Economists Club at the Chinatown Garden restaurant on H Street, where Congressional Budget Office economist Bob Shackleton was explaining the "high-end" global-warming projections, which have Earth's temperature growing by five degrees Celsius -- nine degrees Fahrenheit -- this century.

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"That five degrees centigrade is the equivalent of the change that happened since the end of the last glaciation 18,000 years ago to now," he told the economists as they munched on fortune cookies and orange wedges. "Eighteen thousand years ago, there was a mile of ice over New York City and you could walk 100 miles out into the ocean and still be on land."

Have a nice doomsday? Possibly. When President Bush went to Cleveland on Monday, a questioner asked him about a claim "that members of your administration have reached out to prophetic Christians who see the war in Iraq and the rise of terrorism as signs of the apocalypse. Do you believe this, that the war in Iraq and the rise of terrorism are signs of the apocalypse?"

"I haven't really thought of it that way," the president said. "The first I've heard of that, by the way."

But maybe not the last, if yesterday's collection of end-of-days warnings was any indication.

On the fourth floor of the Russell Building on Capitol Hill, public health experts were so perplexed by the bird flu that they had trouble setting up the presentation. The start was delayed for about 15 minutes as organizers debated where best to place the lectern (Q: "Where do you suggest?" A: "Where do you suggest?").

Once underway, the experts, assembled by the Center for Strategic and International Studies, displayed a number of slides, some frightening (675,000 Americans dead from the 1918 flu), some technical ("vestigial esterase E region"), and some merely drawings of ducks, geese, pigs, horses and seals. But the message was, as pathologist Jeffrey Taubenberger of the Armed Forces Institute of Pathology put it, "we really don't understand a lot."

"If we take everything we know about influenza virology now, take everything I know about influenza virology now, and formulate a model of the next pandemic, it would look like this," Taubenberger said as he displayed a large question mark on the screen.

In fact, Taubenberger had evidence that the bird flu might have some difficulty mutating to a human form. But that did not entirely satisfy David Nabarro, the U.N. coordinator for influenza. "It's a very virulent and horrible virus," he said. "It has also moved into 20 countries during the last six weeks and I just checked the reports this morning: Overnight we have reports of it moving into the Gaza Strip and also moving into settlements in the West Bank."

Nabarro spoke of "mounting concern" across the world. "We are very vulnerable," he warned. "Most of us, I think, feel that it's best to be preparing to hunker down."

At the press club, John Stewart of Creekstone Farms Premium Beef was all done hunkering. Explaining his lawsuit against the Agriculture Department, he said the government wasn't testing enough animals for mad cow disease, so he wanted to do it himself. Stewart, just in from Kansas, said he was "surprised" USDA had cut back on testing. Sounding much like the influenza scientists, he said there are "question marks today about the science of this matter," and, besides, "consumers want the beef tested."

It was time for lunch in Chinatown. The CBO's Shackleton stood at a microphone stand in the middle of a room decorated by plastic and cardboard trinkets, as if delivering a toast to the economists assembled at banquet tables. There, the economist said something the Bush administration can't bring itself to say: "The problem of climate change stems mainly from the use of fossil fuels by human beings."

Shackleton said the likely temperature increase this century would be between one and five degrees Celsius, and the average rise in sea levels one to three feet. There is, he continued, "also the possibility of relatively abrupt shifts where the climate system could experience a dramatic shift."

The good news: We "won't be alive when most of the effectsoccur," he said.

The bad news: We all will have succumbed to bird flu and mad cow disease.

Letter To The Secretary (NYT)

By Paul Krugman

The New York Times, March 24, 2006

Dear John Snow, secretary of the Treasury:

I'm glad that you've started talking about income inequality, which in recent years has reached levels not seen since before World War II. But if you want to be credible on the subject, you need to make some changes in your approach.

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First, you shouldn't claim, as you seemed to earlier this week, that there's anything meaningful about the decline in some measures of inequality between 2000 and 2003. Every economist realizes that, as The Washington Post put it, "much of the decline in inequality during that period reflected the popping of the stock market bubble," which led to a large but temporary fall in the incomes of the richest Americans.

We don't have detailed data for more recent years yet, but the available indicators suggest that after 2003, incomes at the top and the overall level of inequality came roaring back. That surge in inequality explains why, despite your best efforts to talk up the economic numbers, most Americans are unhappy with the Bush economy.

I find it helpful to illustrate what's going on with a hypothetical example: say 10 middle-class guys are sitting in a bar. Then the richest guy leaves, and Bill Gates walks in.

Because the richest guy in the bar is now much richer than before, the average income in the bar soars. But the income of the nine men who aren't Bill Gates hasn't increased, and no amount of repeating "But average income is up!" will convince them that they're better off.

Now think about what happened in 2004 (the figures for 2005 aren't in yet, but it was almost certainly more of the same). The economy grew reasonably fast in 2004, but most families saw little if any improvement in their financial situation.

Instead, a small fraction of the population got much, much richer. For example, Forbes tells us that the compensation of chief executives at the 500 largest corporations rose 54 percent in 2004. In effect, Bill Gates walked into the bar. Average income rose, but only because of rising incomes at the top.

Speaking of executive compensation, Mr. Snow, it hurts your credibility when you say, as you did in a recent interview, that soaring pay for top executives reflects their productivity and that we should "trust the marketplace." Executive pay isn't set in the marketplace; it's set by boards that the executives themselves appoint. And executives' pay often bears little relationship to their performance.

You yourself, as you must know, are often cited as an example. When you were appointed to your present job, Forbes pointed out that the performance of the company you had run, CSX, was "middling at best." Nonetheless, you were "by far the highest-paid chief in the industry."

And the business careers of other prominent members of the administration, including the president and vice president, seem to demonstrate the truth of the adage that it's not what you know, it's who you know. So my advice on the question of executive pay is: don't go there.

Finally, you should stop denying that the Bush tax cuts favor the wealthy. I know that administration number-crunchers have produced calculations purporting to show that the tax cuts were tilted toward the middle class. But using the right measure — the effect of the tax cuts on after-tax income — the bias toward the haves and have-mores is unmistakable.

According to the nonpartisan Tax Policy Center, once the Bush tax cuts are fully phased in, they will raise the after-tax income of middle-income families by 2.3 percent. But they will raise the after-tax income of people like yourself, with incomes of more than $1 million, by 7.3 percent.

And those calculations don't take into account the indirect effects of tax cuts. If the tax cuts are made permanent, they'll eventually have to be offset by large spending cuts. In practical terms, that means cuts where the money is: in Social Security and Medicare benefits. Since middle-income Americans will feel the brunt of these cuts, yet received a relatively small tax break, they'll end up worse off. But the wealthy will be left considerably wealthier.

Of course, my suggestions about how to improve your credibility would force you to stop repeating administration talking points. But you're the secretary of the Treasury. Your job is to make economic policy, not to spout propaganda. Oh, wait.

Analyzing A Downfall (WP)

By Eugene Robinson

The Washington Post, March 24, 2006

I have to admit that when Claude Allen was arrested a couple of weeks ago for allegedly stealing merchandise from discount stores, my first reaction was pure schadenfreude. Until his resignation last month for the standard Washington non-reason -- to spend more time with his family -- Allen had been the highest-ranking African American on the White House staff, the

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president's top domestic policy adviser. I think it was "Saturday Night Live" that first came out with the obvious joke: Who knew that George W. Bush had a domestic policy adviser?

Would it be fair to cheer Allen's downfall just because he held a highly visible post in an administration that is reviled by most African Americans? No, but there's more: He made his name in black conservative circles by serving as a top aide to Jesse Helms, the old buzzard from North Carolina. I can't say anything else about Helms that's suitable for a family newspaper, so I'll just quote my colleague David S. Broder, who once called him "the last prominent unabashed white racist politician in this country."

Helms, you will recall, railed against a federal holiday for the Rev. Martin Luther King Jr. at a time when even old Strom Thurmond had gone over to the other side. Allen later said that was a "difficult" period in his association with Helms, but apparently not too difficult.

As if that weren't enough, during a bitter 1984 campaign Allen was caught spreading smarmy innuendo about Helms's opponent, Gov. James Hunt Jr., whispering to a reporter that Hunt was vulnerable because of links "with the queers."

So, yes, when Allen was arrested on felony theft charges, my first reaction was smug satisfaction. But then I told myself: Don't hate. The proper reaction is pity, on every level.

Police allege that on several occasions, Allen did the following: He went into a Target store near his home in the Maryland suburbs and bought some merchandise, then went to another Target, loaded a Target shopping bag with identical items and used the receipt from the first store to "return" the items for a refund -- in effect, getting a bunch of stuff for nothing.

The most expensive item Allen is alleged to have stolen is a $525 Bose home theater system; mostly, he's charged with taking cheap items such as a $60 jacket and a $25 pair of pants. Police say they have documented 25 instances of theft, and while the total value of the merchandise adds up to more than $5,000 -- and makes the alleged thefts a felony -- we're still talking small potatoes.

If what the police say is true, this graduate of Duke University Law School wasn't much of a criminal mastermind. Hadn't he ever heard of inventory control, or wondered what those ubiquitous bar codes are for? And why would a man who met several times a week with the president of the United States, and who earned $161,000 a year, risk everything to steal an $88 radio?

It sounds like a cry for help, and I have no idea what went so wrong in Allen's life. But I can imagine some of the strains and contradictions he had to live with.

I have respect for principled black conservatives -- I think they're wrong about many things, but I respect their right to be wrong. It's a fact of life, though, that they are isolated from the larger African American community by their political views. At times it must be very lonely.

And since black conservatives with credentials like Claude Allen's are relatively rare, they are in great demand and tend to rise fast. They have to balance their genuine political beliefs against the fact that the Jesse Helmses of the world love to have them around as window dressing so they can say, "Look, I'm not racist; here's this black person on my staff."

You could rationalize working for someone like Helms by telling yourself that you could do more good for the African American community from the inside, next to the seat of power, than from the outside. You could tell yourself you were advancing the interests of black people, even if most black people disagreed. You could ignore racism or pretend it was something else. You could tell yourself that you were making compromises and sacrifices for the greater good.

Finally, you could arrive at the White House, with a big job and regular access to the president. But it might be a White House where all the big decisions were made by just a few people, and you weren't one of them.

Then what?

OTHER NEWS:

Existing-home Sales Take Surprising Jump (USAT)

By Noelle Knox

USA Today, March 24, 2006

Sales of existing homes rose an unexpected 5.2% last month, ending a five-month losing streak, as buyers took advantage of warm weather and kicked off the spring home-shopping season early, the National Association of Realtors said Thursday.

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March, typically a strong month, is also looking good in many regions, boosting the case for a soft landing rather than a sudden plunge, in the hottest real estate markets. Early tallies from a dozen major cities across the country signal a buoyant March, though still below the levels of a year ago.

"There may be more demand out there than people who crunched the numbers had expected," said John Karevoll of DataQuick, who analyzed the sales reported so far this month for USA TODAY.

Even in Southern California, where doomsayers have predicted the market will tank, home sales remain healthy.

"What I'm seeing from the trenches is March is looking normal: Inventory has leveled off, and sales are steady," says Phil Romero, CEO of Century 21 Award-Superstars, which has offices in that region. "There are real negotiations on both sides, concessions by both parties."

Nevertheless, economists expect home sales to fall for the year overall, ending a five-year feeding frenzy for housing.

"It's a nice rebound, but we have to discount some of this because of the warm weather, particularly in the Northeast," said David Lereah, the NAR's chief economist. "We may give a little of this back in the next month or two."

Lereah has lowered his sales forecast for the year to a 5.7% drop because mortgage rates are rising faster than expected.

In February, buyers had to pay an average of 6.25% on a conventional 30-year, fixed-rate mortgage, up from 6.15% in January, according to Freddie Mac.

Home sales last month hit a seasonally adjusted annual pace of 6.91 million, down from January's upwardly revised rate of 6.57 million. The sales were red-hot in the Northeast, rising about 19%. In the Midwest, sales jumped 11%, followed by the West with a 5% increase. Only the South saw sales decline, falling nearly 3%.

"It was a little stronger than expected," said Nick Buss of PNC Bank.

The Commerce Department will release February's new-home sales today, and Buss said, "Given what we just saw out of existing-home sales, I wouldn't be surprised to see new-home sales slightly higher than January."

Nationwide, the median home price — half cost more, half less — was $209,000, up nearly 11% from February 2005. The condo market recovered from a dismal January, up about 9%. The median price: $214,300, up nearly 4% from last year.

Defying Trend, An Upturn In Home Sales (NYT)

By Vikas Bajaj

The New York Times, March 24, 2006

Sales of existing homes unexpectedly surged in February after falling for five months in a row, the National Association of Realtors reported yesterday, reflecting a lift related to unseasonably warm weather and signaling that the housing market is healthier than some experts had suggested.

Sales climbed 5.2 percent last month, to an annual pace of 6.91 million homes, after falling 8.9 percent in the previous five months. The nationwide median price — the point at which half the homes sold for more and half for less — climbed 10.6 percent from a year earlier, to $209,000.

The number of homes for sale, however, continued to climb, rising by 5.2 percent, to 3.03 million, which at the current pace of sales amounts to a 5.3-month supply of homes.

Analysts, who had expected sales to fall to a pace of 6.5 million, cautioned that the increase could not yet be considered a turning point. Several other real estate gauges, including mortgage applications, interest rates and pending home sales, have indicated that sales are slowing.

An unusually warm January appears to have played some role in the sharp increase in sales. Warmer weather allows more people to venture out, and sellers often use the opportunity to hold open houses. The association counts homes as sold at the closing, which typically happens one to two months after contracts are signed.

Sales jumped 19.2 percent in the Northeast, the biggest monthly increase ever recorded for the region, and 11.1 percent in the Midwest, the largest increase since 1992. Sales in the West climbed a more modest 5.1 percent, and they fell 2.5 percent in the South.

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Some analysts say the surge in February could mean home sales will be softer later this spring. Since August, sales of existing homes have fallen 4.2 percent. Mortgage applications for home purchases have fallen by about 16 percent in the last 12 months, according to the Mortgage Bankers Association of America.

Home prices were higher than last year in all regions but were rising at a slower pace than they were last year, especially compared with the peak spring and summer months, when it was not unusual to see increases of 13 percent to 15 percent nationally.

Agents and analysts report that prices have dropped in some hot markets, and that appeared to be attracting some buyers who had been wary of local housing bubbles.

"Before, we had lots of people who were looking, but they said they weren't going to buy because they said prices were going to go down," said Chobee Hoy, an agent in Brookline, Mass., near Boston. "And now we find ourselves in a very healthy market where people are not only looking at properties but making offers."

Others say they expect sales to remain strong in the coming months. "It was quiet, but the last few weeks have been brisk," said Bob Moulton, a mortgage broker on Long Island.

Sales of condominiums and co-ops, which fell more than single-family home sales in the last few months, were up 8.8 percent in February, while sales of single-family homes were up 4.7 percent.

Separately, the Labor Department reported that claims for unemployment insurance fell by 11,000, to 302,000, for the week that ended March 18. The number of outstanding claims for the week that ended on March 11, however, rose by 38,000, to 2.5 million. That was down by 7.5 percent from the comparable week a year earlier.

Home Sales Jump By 5.2%, Helped By Warm Weather (WSJ)

By Kemba J. Dunham

The Wall Street Journal, March 24, 2006

Sales of previously occupied homes jumped in February, but economists suspect that the data were distorted by unusually warm weather in some parts of the country.

The National Association of Realtors said sales of existing homes -- including single-family houses, townhouses, condominiums and cooperatives -- increased 5.2% to a seasonally adjusted annual rate of 6.91 million units in February. That is up from an upwardly revised pace of 6.57 million units in January. Sales of existing homes account for about 85% of the residential market.

David Lereah, the Realtors' chief economist, said warm weather in January prompted home buyers to shop in a month of normally scant sales. The Realtors' figures count home sales based on closings; many home sales that closed in February, were initiated in January. "Spring selling season started a little earlier because of the warm weather," Mr. Lereah said, "but I expect the numbers to come down a bit in the next few months."

Existing-home sales rose 19.2% in the Northeast and 11.1% in the Midwest -- areas where weather was unseasonably warm. Sales were up 5.1% in the West and declined 2.5% in the South.

Mortgage applications, an indicator of future home purchases, declined sharply last week, according to the Mortgage Bankers Association. The group's seasonally adjusted index of loan applications for home purchases stood at 393.6 in the week ended March 17, down 26% from the peak in June 2005.

At the same time, inventories of homes on the market continued to rise. The Realtors said there were 3.03 million existing homes available for sale at the end of February, up 5.2% from January. At the current sales pace, it would take 5.3 months to sell all homes available for sale. The last time inventories exceeded 5.1 months of sales was April 2003, when they reached 5.12 months of sales.

According to the Realtors' report, the national median price of an existing home for all housing types was $209,000 in February, up 10.6% from $189,000 a year earlier.

The reason for the sharp year-to-year median-price increase isn't clear. In some cases, it could reflect a changing mix of homes being sold. As mortgage rates rise, some lower-income home buyers may be priced out of the market, lifting average

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prices. According to Freddie Mac, the average rate on a 30-year conventional fixed-rate mortgage was 6.25% in February, up from 6.15% in January and 5.63% in February 2005.

Some economists note that because Realtors data look at year-to-year price comparisons, it is too early to see more recent price changes.

Separately, the Labor Department said the number of U.S. workers filing first-time applications for unemployment benefits declined 11,000 to 302,000 for the week ended March 18. The previous week's revised figure was 313,000. The four-week moving average was 303,500, an increase of 6,000 from the previous week's revised average of 297,500.

Black Gold Puts Blue Chips In Red (WSJ)

By Scott Patterson

The Wall Street Journal, March 24, 2006

Stocks ran up against a familiar foe Thursday: higher interest rates and oil prices.

The Dow Jones Industrial Average slid 47.14 points to 11270.29. The Dow Jones Transportation Average, which has been knocking against all-time highs, shed 2% amid a spike in oil prices. Airline stocks such as AMR, parent of American Airlines, and railroad companies such as Norfolk Southern led the decliners.

The Standard & Poor's 500-stock index slid 3.37 to 1301.67 and the Nasdaq Composite Index fell by 3.20 to 2300.15.

Light, sweet crude surged $2.14 to $63.91 a barrel on the New York Mercantile Exchange after oil traders continued to respond to a Wednesday report by the Energy Department that crude inventories declined last week.

Other factors likely driving energy prices higher were concerns about demand as the summer driving season nears and worries about supply disruptions from the threat of hurricane season, which starts in June.

Treasury bonds declined, sending yields higher, after a report by the National Association of Realtors showed existing-home sales in February rose by 5.2% to an annual rate of 6.91 million, higher than the 6.5-million pace expected.

The report boosted housing stocks, but the strong data raised concerns on Wall Street that the Federal Reserve may keep boosting short-term rates higher than most investors hope. The Philadelphia Housing Sector Index gained 2.1%.

Analysts said investors are becoming increasingly sensitive to interest rates as next week's meeting by the Fed draws closer. The Federal Open Market Committee meets on Monday and Tuesday and will issue the first decision on rates under new Fed chairman, Ben Bernanke.

"The uncertainty level is high ahead of Tuesday's FOMC meeting, so people are prone to more skittishness than normal," said Michael Panzner, head of sales trading at Rabo Securities USA.

Policy makers are widely expected to push up rates by a quarter percentage point to 4.75%, and investors will pay close attention to the accompanying statement for hints about plans for future monetary policy. Most market participants expect the Fed to boost rates one more time to 5% at their next meeting in May, then stop. But with the strong housing data, and the potential for other reports indicating a solid underpinning to the U.S. economy, investors remain uncertain about the potential for even more increases to rates.

"People are just confused, especially with the Fed meeting coming up next week," said Kenneth Tower, chief market strategist at CyberTrader. "The question about how much we have to worry about inflation and how much the Fed has to worry about inflation is the push-pull in the market today."

In another economic report, the Labor Department said that workers filing for unemployment claims fell 11,000 last week, more than expected. The four-week average of jobless claims rose above 300,000 for the first time in 10 weeks, indicating some softness in the labor market.

Meanwhile, shares of Adobe Systems fell nearly 1% after it issued a quarterly financial forecast after the bell yesterday that, at the low end, fell short of analysts' estimates. Shares of Yahoo climbed 3.5% after UBS upgraded the on-line search engine to "buy" from "neutral," citing valuation, the strength of branded advertising and potential to monetize searches.

In major market action:

Stocks declined. On the New York Stock Exchange, where 1.5 billion shares traded, 1,608 stocks rose and 1,681 fell. On the Nasdaq Stock Market, where 2 billion shares traded, 1,607 rose and 1,408 declined.

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Bonds fell. The benchmark 10-year Treasury slid 9/32 point, or $2.81 for every $1,000 invested, to yield 4.741%. The 30-year bond lost 14/32 to yield 4.753%. Yields move inversely to prices.

The dollar advanced. It traded at 117.94 yen, up from 116.90 yen late Wednesday, while the euro fell to $1.1973 from $1.2075.

Shares Slide As Price Of Oil Feeds Fears Of Higher Rates (NYT/BLOOM)

By Bloomberg News

The New York Times, March 24, 2006

Stocks fell yesterday after oil prices jumped and an increase in home sales added to concern that the Federal Reserve might keep lifting interest rates. The Dow Jones industrial average had its biggest loss in about three weeks.

Transportation shares tumbled amid crude oil's biggest advance this month and a lower profit forecast at YRC Worldwide, one of the largest American truckers.

The Dow fell 47.14 points, or 0.4 percent, to 11,270.29, retreating from the highest level since May 2001. The Standard & Poor's 500-stock index lost 3.37 points, or 0.3 percent, to 1,301.67. The Nasdaq composite index slid 3.20 points, or 0.1 percent, to 2,300.15.

The yield on the benchmark 10-year Treasury note was 4.73 percent, up from 4.70 percent. The price, which moves in the opposite direction, fell 9/32, to 98 5/32.

Remarks by the Fed chairman, Ben S. Bernanke, and a report on producer prices have increased speculation this week that the Fed will keep raising rates. Yesterday's data reinforced that concern.

The National Association of Realtors said sales of existing homes in February rose 5.2 percent, to an annual rate of 6.91 million. New-home sales figures are due today.

A separate report showed that first-time claims for unemployment benefits had dropped for the first time in four weeks, further suggesting economic strength.

Fed policy makers meet next week and may increase rates for a 15th consecutive time. The Fed's benchmark lending rate stands at 4.5 percent.

Crude oil for May delivery surged $2.14, or 3.5 percent, to $63.91 a barrel, its biggest gain this month. The Energy Department said Wednesday that inventories fell unexpectedly.

YRC Worldwide, which changed its name this year from the Yellow Roadway Corporation, plunged $6.73, or 15 percent, to $38.56. The company expects first-quarter profit of 65 cents to 70 cents a share, down from its January forecast of $1 to $1.05, because of a drop in orders from retailers and price competition.

Ryder System, the truck-leasing company, lost $1.35, to $44.56. Norfolk Southern, the railroad, slipped $1.84, to $52.89.

Carnival fell $2.54, or 5.1 percent, to $47.49, for one of the biggest retreats in the S.& P. 500. Carnival, the cruise operator, said first-quarter profit dropped 19 percent and it cut its annual forecast because of higher fuel costs.

KB Home rose $3.23, or 5 percent, to $67.82 for one of the biggest gains in the S.& P. 500. The company said fiscal first-quarter profit was $2.02 a share. Analysts surveyed by Thomson Financial had expected $1.96 for the quarter, which ended in February. KB Home also said orders fell 12 percent as rising mortgage rates cooled demand.

Jabil Circuit rose $4.51, or 12 percent, to $42.75. The company forecast profit this quarter of 43 cents a share on sales of as much as $2.6 billion.

Yahoo and Level 3 Communications rallied after analyst upgrades. Yahoo gained $1.08, to $31.83. Level 3 surged 57 cents, to $4.01.

Adobe Systems, the maker of graphic-design software, fell 29 cents, to $36.33. The company said sales in the fiscal second quarter would be $640 million to $670 million.

The forecast from Adobe followed Microsoft's announcement this week that it would delay the new version of its Windows software program. Microsoft lost 30 cents, or 1.1 percent, to $26.85.

Bernanke Says Dollar Risk From Less Capital Not `Worrisome' (BLOOM)

By Scott Lanman

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Bloomberg, March 24, 2006

March 23 (Bloomberg) -- Federal Reserve Chairman Ben S. Bernanke said a possible decline in the dollar because of less foreign investment wouldn't have a ``worrisome'' effect on the U.S. economy.

Bernanke said it isn't clear that faster economic growth in emerging markets would cause investors to shift capital to those countries and away from the U.S. Should that happen, ``it might be associated with a decline in the value of the dollar and a narrowing of the U.S. trade deficit,'' Bernanke wrote in a March 21 letter to Representative Harold Ford Jr., a Tennessee Democrat, which was released today.

Neither of those events, though, ``would be likely to threaten U.S. growth or boost inflation and interest rates to a worrisome extent.''

Overseas investors increased their holdings of U.S. stocks, bonds and other securities by a record $868 billion last year, which was equal to almost 7 percent of the economy, according to the Treasury Department. A decade ago, foreign investment in U.S. securities was a net $133 billion, or 1.8 percent of gross domestic product.

``Regardless of the future evolution of the dollar, the trade deficit, and the global economy, the Federal Reserve will continue to focus its policies on maintaining stable prices and maximum sustainable employment in the United States,'' Bernanke wrote.

The letter is one of a series of responses to lawmakers who requested additional comments from Bernanke after he testified before House and Senate committees Feb. 15-16. Bernanke, a former economics professor, succeeded Alan Greenspan as central bank chief on Feb. 1.

Consumer Loans

In another part of his response to Ford, Bernanke acknowledged that the series of increases in the Fed's benchmark interest rate haven't necessarily made it tougher for consumers and companies to get loans.

``The available evidence suggests that credit standards and a number of non-price lending terms for both households and businesses have eased,'' Bernanke wrote.

Bernanke told another lawmaker this week, Democratic Representative Brad Sherman of California, that the trade deficit needn't cause a ``precipitous decline'' in the dollar's value, though the ``possibility of a future disruptive correction of the U.S. trade deficit cannot be ruled out.''

All Rise, Rock And Roll (WP)

By Henri E. Cauvin

The Washington Post, March 24, 2006

They look like a bunch of mobsters.

They wear dark suits and darker sunglasses, have nicknames like Trash Can and Top Dog and brag about how they fought the law (and the law won).

The thing is: They are the law.

Stoic stewards of the Constitution by day in D.C. Superior Court, they are by night (or weekend, or whenever they feel the urge) Deaf Dog and the Indictments -- a guitar-heavy group of seven music-loving judges, anchored by the lone civilian among them, a ponytailed shrink on drums.

They aren't picky about where they play. All they ask for is a little space and a little bit of love.

The love might take some work tonight, when the band is to perform at the Fraternal Order of Police lodge -- in front of a crowd of cops, prosecutors and defense lawyers.

But it was in plentiful supply last weekend, when the band played its first show in months -- at the Armed Forces Retirement Home.

Strutting onto the stage Saturday afternoon in Blues Brothers-black, Dawgg (aka Judge William Jackson) and the rest of the Indictments had more space than they needed -- 100 or so people were spread out in an auditorium built for lots more.

"Let the good times roll," Dawgg announced, launching into the classic from B.B. King, as Dennis "Red Dog" Doyle on lead guitar let out a howl of approval.

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It was to be a trip back to the 1950s and '60s, with the music of Wilson Pickett, Ben E. King and, of course, The King himself.

Unsure what to make of their guests, more than a few of the retirement home's residents sat toward the back, as if they were at a Sunday service they feared might go on too long. Dancing in the aisles they were not, but with each song, the restlessness seemed to fade just a little bit.

Even a few fellow judges turned out, eager to see how the band had progressed since its debut last spring during a talent show at the judges' annual retreat.

No one had expected that gag gig in Cumberland, Md., to be the beginning of anything. But then something clicked. Russ "Top Dog" Canan, who had started it all, sent out an e-mail. Did anyone want to keep playing?

All they had were a couple of songs and a curious name, hatched in an early rehearsal, when a few of the musicians thought they had found a real fan -- Canan's German shepherd, Chapin, who was never put off by the racket that chased everyone else away. Canan had to break it to his brethren that Chapin was deaf. But he didn't doubt her devotion, and so was born the name, Deaf Dog and the Indictments.

Maybe it was the pangs of middle and not-so-middle age sounding a call to their inner youth. Or perhaps they wanted a break from all the pain and conflict they see in court: the murder cases Canan tried as a judge in criminal court, the dysfunctional lives that Jackson saw as head of the domestic violence courts or just the indignity of having a deranged defendant hurl a trash can into your head, as happened to John Campbell when he was assigned to a criminal court.

Whatever it was, the band lived to play again, starting at D.C. Superior Court, where it was the surprise entertainment for the employee awards ceremony last fall. It was a home crowd, to be sure, but even so, before long, the judges had hundreds of court employees clapping their hands and tapping their feet -- and asking themselves, "Who are these guys?"

Canan, now in civil court, was on rhythm guitar. So was John "Cartwheel" McCabe, who hears abuse and neglect cases. Doyle, who hears child support claims, was joined on lead guitar by Bill "Blue Dog" Nooter, who hears abuse and neglect cases.

Jackson, who dabbled in song as a college student, was lead vocalist for most of the band's set, pitching in with harmonica and tambourine when he was not singing. "Trash Can" Campbell, who sits in family court as well, was on bass guitar. Frank "Professor" Burgess, who hears probate and tax cases, was behind the keyboard.

And Marc Feldman, aka "Houndog," the ponytailed psychologist, was on drums. An old friend of Canan's from their days in a garage band two decades ago, Feldman was the drummer the group realized it would need if it was going to make a go of this thing.

Very much the producer, Feldman has made his home the band's clubhouse, and on a recent Sunday night the ground floor was a swarm of amplifiers, electrical cords and half-empty pizza boxes.

The beat of Van Morrison's "Brown Eyed Girl" drifted onto the quiet Northwest Washington street. "We knew we had arrived when one of the neighbors complained," joked Jackson, the front man whose fellow band members say has the soul of Otis Redding and the shtick of Jackie Mason.

For the judges, it's about fun. They can't play for money, or even for charity. So they play just to play, wherever they are welcome. The Washington Home, a nursing facility, was one stop on the tour. Children's Hospital was another.

"We all do outreach," Canan said, and that sense of civic obligation is part of it, he said. "And part of it is it's just fun, playing for folks, sharing the music."

Like the night a few months ago when they took the stage at the Grog and Tankard, the Glover Park tavern that is a regular stop for many up-and-coming bands.

For people who have such busy day jobs, they were surprisingly good, said Colin Hoss, the Grog's booking agent. "They had the entire crowd dancing," he said.

But those busy day jobs have a way of slowing down runaway success, and the band took a break for a few months. Emerging from their hiatus, Deaf Dog and the Indictments turned up at the Armed Forces Retirement Home to headline the home's spring break party.

There was Feldman roaring through Elvis's "Blue Suede Shoes," Jackson soulfully rendering Wilson Pickett's "Mustang Sally" and so on through a 12-song set.

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James Hart, a 77-year-old retired Air Force administrator, had heard about a bunch of judges claiming they were going to play the blues and some rock-and-roll, and was decidedly skeptical. "I said, 'I got to see this,' " he said.

But by the end, the band had won Hart over.

"They're entertainers," Hart said after telling the judges the same thing. "I told them they can quit their day jobs and go on the road."

Women Wage Key Campaigns For Democrats (NYT)

By Robin Toner

The New York Times, March 24, 2006

NARBERTH, Pa. — If the Democrats have their way, the 2006 Congressional elections will be the revenge of the mommy party.

Democratic women are running major campaigns in nearly half of the two dozen most competitive House races where their party hopes to pick up enough Republican seats to regain control of the House. Democratic strategists are betting that the voters' unrest and hunger for change — reflected consistently in public opinion polls — create the perfect conditions for their party's female candidates this year.

"In an environment where people are disgusted with politics in general, who represents clean and change?" asks Representative Rahm Emanuel of Illinois, the chairman of the Democratic Congressional Campaign Committee. "Women."

Republicans, who have prospered in recent elections by running as the guardians of national security and clearly hope to do so again, dismiss this theory. But it will ultimately be tested in places like this Philadelphia suburb, where Lois Murphy, a 43-year-old lawyer and Democratic activist, lost a Congressional campaign in 2004 by just two percentage points.

This time, as she challenges the same Republican incumbent, Representative Jim Gerlach, Ms. Murphy said in an interview in her campaign headquarters in Narberth, she senses an electorate that is "really, really" ready for change, tired of the ethics scandals, and convinced "that their government has been letting them down."

On whether her sex is a particular asset this year, Ms. Murphy replied, "I leave that to the political experts, which I am not."

But Ms. Murphy said that her agenda — ethics reform, fiscal responsibility, affordable health care, more sensitivity to the environment — was connecting with moderates in both political parties.

In another high-profile race, an open seat in Illinois's Sixth District in the Chicago suburbs, L. Tammy Duckworth, a former Army helicopter pilot who lost both legs in Iraq, locked up the Democratic nomination in a narrow primary victory on Tuesday — over another woman.

"It's about change on so many levels," said Ms. Duckworth of her campaign, which she said would focus heavily on the need to improve and expand health care. "If being a woman underscores that, makes it clear that I'm going to be an effective agent of change, that's great."

By the time it is over, this midterm election may offer some hints on the kind of climate that awaits Senator Hillary Rodham Clinton of New York if she runs for president in 2008. At a time when voters have grown accustomed to women as secretary of state, House minority leader, governor (there are currently eight) and the like, this year's campaign could provide insight into the power of gender stereotypes that have been charted by scholars and political experts over many years.

In the 435-seat House of Representatives, there are 67 women, 43 of them Democrats, 24 Republicans.

The seats for which Democratic women are running this year are among the 24 held by Republicans that are classified by the Cook Political Report, an independent analyst, as either "tossups" or "lean Republican" — a key measure of competitiveness. That is a fluid list this early in the campaign; many candidates have yet to make it through their primaries, and many races are still in a state of flux.

But Amy Walter, who tracks House races for Cook, said, "If you look at the top Republican targets this year, the success of Democratic women candidates will be very important in determining the number of Democratic pickups."

A net shift of 15 seats to Democrats from Republicans would turn over control of the House.

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For all the enthusiasm on the Democratic side, experts say this will not be another 1992-style "year of the woman," the breakthrough year when the number of women in the House and Senate jumped by more than half. There simply are not enough competitive or open seats to make that kind of change likely.

But the Center for American Women and Politics, at Rutgers, says early data suggests an increase in the number of women running for open seats this year, fueled by the Democrats, although several of these women still face contested primaries. It is far easier for challengers to win an open seat than to oust an incumbent.

"It's not about how many women are running," said Ellen Malcolm, the president of Emily's List, the Democratic women's fund-raising organization. "It's about how many women are running where they have real opportunities to win."

Moreover, Democratic strategists hope to frame these midterm races as a classic change-versus-status-quo election — which, they say, makes women, running as outsiders against a "culture of corruption," the perfect messengers.

Celinda Lake, a Democratic pollster working for three female House candidates this year, said, "If you want to communicate change, honesty, cleaning up Washington, not the same old good old boys in Washington, women are very good at communicating that."

Officials at the Democratic campaign committee said that along with Emily's List and other women's groups, they had made a point of encouraging and recruiting women as candidates this year.

"This didn't just happen," Mr. Emanuel said.

Republicans profess to be unworried about the new wave of female candidates for what is often described, sometimes disparagingly, as the "mommy party." (Supposedly, in the shorthand of political positioning, Democrats are more concerned with nurturing, caring and domestic policy, while the Republicans care more about security.)

"I'm as worried about Rahm Emanuel's women as I am about Rahm Emanuel's vets," said Carl Forti, spokesman for the National Republican Congressional Committee, referring dismissively to another group of candidates Democrats have focused on this year.

Mr. Forti argued that "in our strategy every race is local, based on local issues," and he added, "It doesn't matter whether the candidate is man, woman, green, purple, orange, red, whatever."

That approach is echoed by Mark Campbell, political director of the Gerlach campaign in Pennsylvania, who said of his race, "It will be a competitive campaign, and Jim Gerlach will ultimately win because his position on important issues more closely reflects the voters of the Sixth District than Ms. Murphy's."

As for her sex, Mr. Campbell said, "I think anyone who would vote for Lois Murphy because she's a woman would vote for her just because she's the Democrat running."

In recent weeks, the Gerlach and the Murphy campaigns have been pushing competing ethics plans and trading accusations over who is truly committed to the cause.

Linda DiVall, a longtime Republican pollster who has worked for many female candidates, also notes that sex stereotypes cut both ways among voters. For example, female candidates are often seen as vulnerable on national security, Ms. DiVall said, which could be a problem in a post-Sept. 11 world. Ms. Lake, the Democratic pollster, said the sex advantages (like honesty) and disadvantages (competence on foreign policy) have grown more marginal.

"They're not as new as they used to be," Ms. Lake said of women in politics.

Republicans have some high-profile women running for Congress this year, notably Martha Rainville, who stepped aside as adjutant general of the Vermont National Guard to seek her state's lone House seat.

But this year's candidates are disproportionately Democrats, part of a longstanding trend, said Kathleen Dolan, political scientist and author of "Voting for Women: How the Public Evaluates Women Candidates."

Among the most closely watched Democratic women this year are Diane Farrell, challenging Representative Christopher Shays in Connecticut; Gabrielle Giffords and Patty Weiss, vying for the Democratic nomination for an open seat representing the Tucson area; Patricia Madrid, the New Mexico attorney general challenging Representative Heather A. Wilson; Ms. Duckworth, the Iraqi war veteran, seeking the open seat outside Chicago; Francine Busby, running for the California seat left vacant by the bribery conviction of former Representative Randy Cunningham, and Ms. Murphy, challenging Mr. Gerlach in Pennsylvania.

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Emily's List, which essentially recommends female candidates who support abortion rights to its 100,000 members, reports a much heavier roster of House races than it carried two years ago. Getting recommended by Emily's List, whose members were responsible for $10 million in donations in 2004, is a major help to a campaign, candidates say.

Swann, Rendell Running Even In Pennsylvania Race (WT)

By Donald Lambro

The Washington Times, March 24, 2006

Democratic Gov. Edward G. Rendell of Pennsylvania, once considered a shoo-in for a second term, is running dead even against Republican and former Pittsburgh Steelers standout Lynn Swann, according to recent polls.

Mr. Rendell, one of his party's few big state governors, was expected to have little trouble winning another four years in office, until the charismatic Football Hall of Fame wide receiver and ABC Sports commentator entered the contest in January, sweeping his rivals from the race for the GOP nomination and making the former Philadelphia mayor and national Democratic chairman look suddenly vulnerable.

An independent statewide survey last week by Atlanta-based Strategic Vision found the governor and Mr. Swann running neck and neck, drawing 44 percent each, with 10 percent undecided and 2 percent supporting others. Should Mr. Swann win, he would be the first black governor in the state's history.

"What you have in Swann is a celebrity, like Arnold Schwarzenegger had out in California, who doesn't come across as a typical politician. That's helping him quite a bit. People want to like him and he comes across as very likeable," said David E. Johnson, Strategic Vision's pollster.

Mr. Swann exudes the kind of nonpolitical, outsider persona that an increasingly unhappy electorate seems to be looking for, Mr. Johnson said yesterday.

Mr. Rendell has seen his voter-approval scores fall below 50 percent, after his disastrous signing of a legislator pay-raise bill last year that triggered protests from voters and was later rescinded.

No Pennsylvania governor since World War II has been denied a second term, and Mr. Rendell is an effective campaigner who has amassed a $12.5 million war chest, compared with Mr. Swann's $1.2 million. Elections analyst Stuart Rothenberg still gives Mr. Rendell the "narrow advantage for now," but last week, he told his monthly newsletter subscribers that the governor is "more vulnerable."

"No other gubernatorial candidate in the country received the worldwide recognition that Lynn Swann did when his former team, the Pittsburgh Steelers, won the Super Bowl" after Mr. Swann walked out on the field in the pre-game ceremony, Mr. Rothenberg said.

Two big questions about Mr. Swann are how he will perform as a first-time candidate and how much of the heavily Democratic black vote he can draw away from Mr. Rendell.

"Every politician has to motivate his base to win, and Swann's base is the black vote. You can't beat Rendell without breaking into the numbers in Philadelphia and the suburbs, and the obvious way to do that is to take the black vote," said Clay Richards, assistant director of the Quinnipiac University Poll.

Mr. Swann is forming a campaign team that includes political adviser Mark Holman, former chief of staff to Republican Gov. Tom Ridge, and communications strategist Leonardo Alcivar, who worked for former New York Mayor Rudolph W. Giuliani.

Mr. Swann is running on the issue of tax cuts, particularly property taxes that have become a dominant issue in Pennsylvania, but has not laid out his full agenda.

Researchers Look At Prayer And Healing (WP)

By Rob Stein

The Washington Post, March 24, 2006

At the Fairfax Community Church in Virginia, the faithful regularly pray for ailing strangers. Same goes at the Adas Israel synagogue in Washington and the Islamic Center of Maryland in Gaithersburg.

In churches, mosques, ashrams, "healing rooms," prayer groups and homes nationwide, millions of Americans offer prayers daily to heal themselves, family, friends, co-workers and even people found through the Internet. Fueled by the upsurge in

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religious expression in the United States, prayer is the most common complement to mainstream medicine, far outpacing acupuncture, herbs, vitamins and other alternative remedies.

"Judaism, Christianity, Islam, Buddhism -- every religion believes in prayer for healing," said Paul Parker, a professor of theology and religion at Elmhurst College outside Chicago. "Some call it prayer, some call it cleansing the mind. The words or posture may vary. But in times of illness, all religions look towards their source of authority."

The outpouring of spiritual healing has inspired a small group of researchers to attempt to use the tools of modern science to test the power of prayer to cure others. The results have been mixed and highly controversial. Skeptics say the work is a deeply flawed and misguided waste of money that irresponsibly attempts to validate the supernatural with science. And some believers say it is pointless to try to divine the workings of God with experiments devised by mortals.

Proponents, however, maintain the research is valuable, given the large numbers of people who believe in the power of prayer to influence health. Surveys have found that perhaps half of Americans regularly pray for their own health, and at least a quarter have others pray for them.

"It's one of the most prevalent forms of healing. Open-minded scientists have a responsibility to look into this," said Marilyn J. Schlitz of the California Pacific Medical Center in San Francisco.

The contentious enterprise is at something of a crossroads. Two new studies are about to report no benefit of having people pray for the sick, the only study underway is nearing completion, and the largest, best-designed project is being published in two weeks. Its eagerly awaited findings could sound the death knell for the field, breathe new life into such efforts, or create new debate.

"I will guarantee you that study will have a very interesting impact on a lot of people's thinking," said Mitchell W. Krucoff of Duke University, who wrote an editorial that will accompany the closely guarded findings in the American Heart Journal. "But how you interpret the results will probably depend on your point of view."

Many studies done over the years indicate that the devout tend to be healthier. But the reasons remain far from clear. Healthy people may be more likely to join churches. The pious may lead more wholesome lifestyles. Churches, synagogues and mosques may help people take better care of themselves. The quiet meditation and incantations of praying, or the comfort of being prayed for, appears to lower blood pressure, reduce stress hormones, slow the heart rate and have other potentially beneficial effects.

But the most controversial research focuses on "intercessory" or "distant" prayer, which involves people trying to heal others through their intentions, thoughts or prayers, sometimes without the recipients knowing it. The federal government has spent $2.2 million in the past five years on studies of distant healing, which have also drawn support from private foundations.

San Francisco cardiologist Randolph Byrd, for example, conducted an experiment in which he asked born-again Christians to pray for 192 people hospitalized for heart problems, comparing them with 201 not targeted for prayer. No one knew which group they were in. He reported in 1988 that those who were prayed for needed fewer drugs and less help breathing.

William S. Harris of St. Luke's Hospital in Kansas City, Mo., and colleagues published similar results in 1999 from a study involving nearly 1,000 heart patients, about half of whom were prayed for without their knowledge.

But these and other studies have been called deeply flawed. They were, for example, analyzed in the most favorable way possible, looking at so many outcomes that the positive findings could easily have been the result of chance, critics say.

"It's called the sharpshooter's fallacy," said Richard Sloan, a behavioral researcher at Columbia University. "The sharpshooter empties the gun into the side of a barn and then draws the bull's-eye. In science, you have to predict in advance what effect you may have."

Other studies have been even more contentious, such as a 2001 project involving fertility patients that became mired in accusations of fraud.

"I would like to see us stop wasting precious research dollars putting religious practices to the test of science," Sloan said. "It's a waste of money, and it trivializes the religious experience."

Even some advocates of incorporating more prayer and spirituality into medicine agree.

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"I don't see how you could quantify prayer -- either the results of it or the substance of it," said the Rev. Raymond J. Lawrence of New York-Presbyterian Hospital/Columbia University Medical Center. "God is beyond the reach of science. It's absurd to think you could use it to examine God's play."

Perhaps most important, many scientists say, is that there is no rational explanation for how this kind of prayer might work.

"There's nothing we know about the physical universe that could account for how the prayers of someone in Washington, D.C., could influence the health of a group of people in Iowa -- nothing whatsoever," Sloan said.

But supporters say that much about medicine remains murky or is explained only over time. They say, for example, that it was relatively recently that scientists figured out how aspirin works, although it has been in use for centuries.

"Yesterday's science fiction often becomes tomorrow's science," said John A. Astin of the California Pacific Medical Center.

Proponents often cite a phenomenon from quantum physics, in which distant particles can affect each other's behavior in mysterious ways.

"When quantum physics was emerging, Einstein wrote about spooky interactions between particles at a distance," Krucoff said. "That's at least one very theoretical model that might support notions of distant prayer or distant healing."

Krucoff, a cardiologist, published a study last summer involving 748 heart patients at nine hospitals. That study failed overall to show any benefit. But Krucoff said he did find tantalizing hints that warrant follow-up: A subset of patients who had a second group of people praying that the prayers of the first group would be answered may have done better.

That underscores one of the many difficulties that critics and advocates say makes studying prayer problematic: There is no way to quantify the "dose," and no way to know whether people outside the study may be praying for its subjects, diluting the effects.

Two smaller, more recently completed studies illustrate yet another problem. Each involved about 150 patients with brain tumors or AIDS. Only some were targeted by "distant healing" and only some knew they were the recipients. But in addition to traditional prayers, many of the dozens of "healers" used other approaches, such as visualizing patients and sending a "healing intention" or "energy" or "light." Both studies, which will be published later this year, did not show any effect. But neither of the researchers who led them is advocating giving up, saying their studies may have been doomed by including too many healing variations.

The only ongoing study is also testing whether a spectrum of healers can help -- in this case, women who are recovering from reconstructive surgery after breast cancer. Doctors are inserting tiny tubes under the skin of about 90 women to measure the growth of collagen, which is necessary for healing, to see if those targeted by healers accumulate more than those who do not. The study will end this spring.

Krucoff and others say it is also important to study prayer as an adjunct -- not a replacement -- to standard medical care, to make sure it is safe.

"Human physiology is a very delicate equilibrium. When you throw energy you don't understand into this, it would be naive to think you could only do good," he said.

In the hope of shedding light on that and other questions, researchers are awaiting the results of the study led by Herbert Benson of Harvard University, which involved about 1,800 heart-bypass patients at six centers who were divided into three groups. Only some of them knew whether they were receiving prayer.

"What that study finds will help tell us which way to go -- whether there are intriguing findings or the book ought to be closed on this topic," said Harold Koenig of Duke University.

But researchers on both sides, as well as those who believe in prayer, say the results of that and other studies are unlikely to change many minds.

"I don't think it will alter my beliefs one way or the other," said Trish Lankowski, who started a healing room at Immanuel's Church in Silver Spring this past Sunday night. "I believe in the power of prayer wholeheartedly. I know it works."

Poor America (WSJ)

By Douglas Besharov

The Wall Street Journal, March 24, 2006

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Each year the Census Bureau calculates the nation's poverty rate, based on the number of people with incomes below the official poverty line, about $20,000 for a family of four in 2004. Since last year's poverty rate of 12.7% was essentially equal to the 1968 rate of 12.8%, it seems that little progress has been made. But many analysts -- on the right and the left -- have pointed out that, by many other measures, poor people's physical and material well-being is considerably better now than in the late '60s. How else to explain why so many poor now have color TV (93%) and air conditioning (50%), and own their own homes (46%)?

While many have proposed revising the official poverty measure, getting agreement is about as likely as Bush carrying Manhattan. The poverty line or its multiple is the basis of eligibility for dozens of government antipoverty programs, involving the distributions of hundreds of billions of dollars. Change it -- up or down -- and hundreds of thousands of people gain or lose benefits.

That's what makes a new data series by the Census Bureau, "The Effects of Government Taxes and Transfers on Income and Poverty: 2004," so significant. Developed after nine months of meetings between outside experts and senior government officials from the Census Bureau and other federal agencies, it allows us to get a better view of the resources available to low-income Americans.

First, the series gets a better fix on "market income" poverty -- poverty before taxes and means-tested transfers like cash welfare. (Although the Census Bureau counts it separately, Social Security, like pensions, is included as market income since it is "earned" during one's working years.) Now we can use the correct inflation adjustment, count the income of cohabitors and coresidents, and include the implicit income of home ownership. (The last mostly affects the elderly.) Finally, adding in government estimates of unreported income results in a market income poverty rate of about 7.9%, not the official rate of 12.7%. Second, as suggested by the name of the new data series, government transfer programs also reduce financial need. Taking into account welfare payments, food stamps and housing assistance (noncash benefits are presently not counted) results in a poverty rate of about 5.1% -- and even this excludes the value of Medicaid for the poor, roughly $2,000 per person.

Even with these calculations, about 15 million people are below the poverty line and millions more just above it. But the broader point must not be lost: Millions of low-income Americans are living better lives than they did before. Period.

Mr. Besharov is the Jacobs scholar in social welfare studies at the American Enterprise Institute.

Speak Softly And Carry A Smaller Stick (NYT)

By Andrew Kohut

The New York Times, March 24, 2006

WE shouldn't allow isolationism and protectionism to overwhelm us," said President Bush in his press conference on Tuesday, building on the concerns that he expressed in his State of the Union address about Americans turning inward.

Recent opinion surveys affirm that isolationist sentiment has increased in recent years. Notably, a survey by my center and the Council on Foreign Relations last fall reported that the percentage of the public who said that the United States should "mind its own business internationally and let other countries get along the best they can on their own" rose to levels seen during the mid-1970's, following the Vietnam War, and in the 1990's after the cold war ended. And a companion poll of opinion leaders found that they, too, had become less supportive of the United States playing a world leadership role.

But while these trends represent significant shifts in attitudes, it would be a mistake to conclude that this country is becoming isolationist. There is no sign that most Americans want the United States to turn its back on the world or that anti-foreign sentiment in this country is rising. Discontent with Mr. Bush's policies, notably on Iraq, has led to widespread public frustration. And while it has also created more isolationists, they remain a minority.

The number of Pew respondents agreeing that the United States should mind its own business and let other countries get along as best they can climbed to 42 percent last year from 34 percent in 2004. Agreement with this statement has been roughly this high only twice in the last four decades: in 1976 and in 1995. Now as then, however, most Americans continue to disagree with this sentiment. And huge majorities, including many who express some isolationist sentiments, believe that the United States should consider the views of its allies in making foreign policy, and they acknowledge America's leadership role in the world given its power.

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Polls also find no rise in broad-based anti-foreign sentiment. Americans, in fact, rate most countries more favorably than people in other countries rate the United States. For example, a February Gallup survey showed 54 percent of the public holding a favorable view of France and 79 percent a favorable opinion of Germany. In contrast, just 41 percent of the Germans and 43 percent of the French expressed favorable views of the United States in last year's Pew Global Attitudes Survey.

Further, there is no sign of increased alarm about rivals to the United States. Americans are less inclined now than in the past to view China as an adversary, and few express worries about its rising economic might. In addition, Americans favor a stronger European Union and closer relations with Europe. Fully 66 percent of Americans think the United States and Western European partnership on security and diplomatic matters should remain as close it has been the past. But only 26 percent of the French, 39 percent of the German and 42 percent of the British respondents felt the same way in our survey.

Even right after the uproar over the bid by a Dubai-based company to take over facilities in American ports, Americans continue to welcome foreign investment and are much less worried about foreign ownership of American companies than they were at the end of the 1980's. The rejection of the Dubai ports deal appears to reflect not xenophobia but a deep concern about Arab terrorism. While a narrow majority of respondents (53 percent) to a Pew survey last week expressed a negative view of foreign investors owning American companies, 70 percent did so in 1989, when high-profile acquisitions of American businesses by Japanese companies provoked widespread concern.

Moreover, by a 53 percent to 36 percent margin, Americans view foreign companies investing in the United States as a good thing. And more generally, two-thirds of Americans (66 percent) believe free trade is good for the United States. This view is largely unchanged since 2000, even though public concern about the outsourcing of American jobs has risen sharply.

All this shows that America's current mood is less a rejection of the rest of the world than it is a deep concern about terrorism and a growing wariness about America's own assertive foreign policy. In particular, there is little potential support for the use of force against Iran. And more generally, the American experience in Iraq has reduced support for pre-emptive wars. The belief that it is justifiable to use military force against countries that threaten us but have not attacked us fell from 67 percent in May 2003, when the war in Iraq seemed a success, to just 52 percent last fall.

Unfortunately, the uptick in isolationism has the potential for dangerous political consequences. In an election year, politicians in both parties (each of which has significant isolationist minorities) may feel mistakenly compelled to play to strong sentiments that do not reflect the beliefs of the majority, urging the United States to pull back on its global commitments, move away from free trade and close its borders. More dangerously in this age of terrorism, the president may well need to pursue policies that are assertive, if not costly. If he does, and even with the best of intentions, he may not find the requisite support.

Rice Won't Tolerate Stall Tactics On Iran (AP-Y2)

By Anne Gearan

AP2, March 23, 2006

Secretary of State Condoleezza Rice issued a veiled warning Thursday to holdouts in a diplomatic impasse at the United Nations over Iran's disputed nuclear program.

"There can't be any stalling," Rice said in response to a question about U.S. efforts to get Russia and China to sign on to a strongly worded rebuke to Tehran.

Russia and China have refused to back a U.N. Security Council statement proposed by Britain, France and the United States demanding Iran suspend uranium enrichment.

Talks among the permanent members of the Security Council have bogged down over the statement, which traditional Iranian allies or trade partners see as a prelude to sanctions they do not support.

Rice planned to call her Russian counterpart Friday to try to break the deadlock.

The Security Council statement was intended to be an opening move in what could be lengthy talks at the powerful U.N. body over how to stop Iran from building a nuclear bomb.

The statement was also meant to be an easier pill to swallow for Russia and China than would another option: A tough Security Council resolution.

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A presidential statement requires consensus from the body's 15 members. A resolution would be put to an up-or-down vote, meaning Russia and China would have to approve, abstain or veto action against Iran.

Rice indicated that the United States will not wait long before taking another tack.

"The international community has got to act," Rice said following a first meeting with the new Greek foreign minister, Theodora Bakoyannis.

"People are looking to the international community to show that this can, indeed, be dealt with diplomatically," Rice said. "We are committed to a diplomatic solution, but it has to be dealt with."

Russian deputy U.N. Ambassador Konstantin Dolgov said Russia was still under the assumption that the council was working toward a presidential statement, not a resolution.

"We are continuing negotiations in good faith and we hope that all our partners are doing likewise," Dolgov told The Associated Press.

The Iran nuclear file moved to the Security Council this month, with the support of veto-wielding members Russia and China. That was seen as a diplomatic victory for the United States, which had long sought to place Iran before the U.N. body for possible punishment.

Moscow and Beijing now insist the U.N. nuclear watchdog in Vienna, the International Atomic Energy Agency, play the lead role in clearing up suspicions over Iran's intentions.

"We think there is still an opportunity to get a compromise but a compromise that would send the right signal — endorse the IAEA, and help in the negotiation process which is going on and should go on," Dolgov said.

Iran says it is developing nuclear technology only to produce electricity, but the United States and its allies accuse the clerical regime of using civilian nuclear power as a cover to develop weapons.

"There is an erosion of confidence in Iran on this point, because they lied to the IAEA for 18 years," Rice said, referring to nuclear research and development activities that Iran kept hidden.

Russia and China have raised concerns that pushing Iran too hard could lead to its withdrawal from the Nuclear Nonproliferation Treaty and expulsion of IAEA inspectors.

Iran Closer To Producing Nuclear Weapons Fuel, U.S. Officials Worry (KRT)

By Jonathan S. Landay And Warren P. Strobel

Knight Ridder, March 23, 2006

WASHINGTON - U.S. officials are concerned that Iran may be closer than they previously believed to mastering the process for producing fuel for a nuclear weapon.

Their unease stems from a recent briefing at which U.N. International Atomic Energy Agency experts reported that Iran was close to operating a test network of 164 machines, called centrifuges, that spin uranium hexafluoride gas into enriched uranium, U.S. officials and a foreign diplomat said.

Depending on its duration, the process produces low enriched uranium for power plants and highly enriched uranium for nuclear weapons.

The report came amid a deadlock in two-week-old talks among the United States, Britain, France, Russia and China - the U.N. Security Council permanent members - on how to deal with Iran's nuclear program.

The IAEA and several European nations disputed the Bush administration's charges about Iraq's nuclear weapons program, but there's wider international agreement about Iran's nuclear efforts.

Should Iran quickly overcome the numerous technical obstacles to operating the test network, known as a cascade, it could accelerate the installation of an industrial-scale plant and begin producing highly enriched uranium much sooner than currently forecast, the U.S. officials and the diplomat said. They spoke on condition of anonymity because they weren't authorized to discuss the issue.

Based on the IAEA data, U.S. experts have concluded that "Iran could be as little as two to three years away from having nuclear weapons, with all the necessary caveats and assumptions and extrapolations about them overcoming technical hurdles," said one U.S. official. "Admittedly, those are significant assumptions."

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Publicly, the Bush administration estimates that 2011 is the soonest that Iran could produce a nuclear weapon.

"They are moving much quicker than everyone thought," said the diplomat, who didn't offer an estimate on how soon Iran might be able to produce highly enriched uranium.

He said there was evidence that Iran has moved large containers of uranium hexafluoride gas to Natanz, the main enrichment research site in central Iran, from a facility in Isfahan in preparation for starting the test network.

"I think it's fair to say that there's growing concern about what the Iranians may be up to," said a U.S. defense official.

David Albright, a former IAEA inspector who closely follows the issue, said he was skeptical that Iran could produce 25 kilograms (55 pounds) of highly enriched uranium - the quantity required for a warhead - by sometime in 2008.

Albright, the director of the independent Institute for Science and International Security, said his "worst-case scenario" was 2009, due to Iran's lack of experience in operating large numbers of centrifuges, the complexities involved and the potential for numerous problems.

Iran insists that its enrichment program is intended to make fuel for power plants, not for nuclear weapons, but it admits concealing the project for 18 years from IAEA inspectors.

Moreover, Tehran has failed to reveal to the IAEA all aspects of its program, including purchases of weapons-related nuclear know-how from a Pakistani-led smuggling ring that supplied the North Korean and Libyan weapons programs. Ayhan Evrensel, an IAEA spokesman, declined to comment for this article.

A diplomat close to the IAEA confirmed that by the end of last week, Iranian engineers had assembled all 164 centrifuges of the test cascade at Natanz as they'd planned to do. They still had to finish connecting all of the machines and then would need time to conduct tests of the piping and seals, this diplomat said by telephone from Vienna, Austria.

However, the diplomat, who asked to remain anonymous because of the sensitivity of the issue, said the development conformed to the agency's timeline and that IAEA experts didn't view it with alarm.

Britain and France, backed by the United States, have proposed a statement in the Security Council demanding that Iran suspend all uranium enrichment work and setting a 30-day deadline for an IAEA report on Tehran's compliance.

Russia and China, which have major financial stakes in oil-rich Iran, opposed the proposal, contending that it paved the way for the Security Council to impose sanctions on Iran.

The crisis erupted in January when Iran ended a more than two-year suspension of enrichment work in defiance of international objections. The IAEA board of governors voted in February to refer the matter to the Security Council after the agency found that it couldn't confirm the peaceful nature of the program.

According to information Tehran provided to the IAEA, Iranian engineers first fed uranium hexafluoride gas into single centrifuges, followed by cascades of 10 and 20 machines.

It has informed the IAEA that it plans to begin installing the first 3,000 centrifuges of a 50,000-machine industrial-scale plant in underground halls at Natanz in the last quarter of this year.

One U.S. official said that if Iranian engineers successfully operate the 164-machine cascade as quickly as they did the smaller assemblies, they could move up the installation of the first centrifuges of the underground plant to within the next "few months."

If all went smoothly, he continued, those machines could begin operating in 2007 and produce enough highly enriched uranium for one nuclear warhead within about one year.

"The anxiety level has risen significantly," he said. "Iran is closer that we thought they were to mastering the operation of a centrifuge cascade."

Envoy Accuses Iran Of Duplicity On Iraq (WP)

By Jonathan Finer And Ellen Knickmeyer

The Washington Post, March 24, 2006

BAGHDAD, March 23 -- Iran is publicly professing its support for Iraq's stalemated political process while its military and intelligence services back outlawed militias and insurgent groups, U.S. Ambassador Zalmay Khalilzad said Thursday.

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Iranian agents train and arm Shiite Muslim militias such as the Mahdi Army, linked to one of Iraq's most powerful clerics, Khalilzad said, and also work closely with Sunni Arab-led insurgent forces including Ansar al-Sunna, blamed for dozens of deadly attacks on Iraqi and American soldiers and Shiite civilians.

"Our judgment is that training and supplying, direct or indirect, takes place, and that there is also provision of financial resources to people, to militias, and that there is presence of people associated with Revolutionary Guard and with MOIS," the Afghan-born Khalilzad said, referring to Iran's main military force and its Ministry of Intelligence and Security.

Khalilzad's comments, made in an interview in his spacious office in Baghdad's fortified Green Zone, came as the United States and Iran -- two feuding foreign powers with dominant roles in Iraqi affairs -- have expressed willingness to hold talks aimed at stabilizing the beleaguered country. Iran, which borders Iraq to the east and whose theocratic government retains close ties with Iraq's Shiite political leaders, has repeatedly denied American accusations that it is a force for instability in Iraq. Instead, it has blamed the United States for the unrest.

The calls for dialogue over Iraq coincided with deliberations by the U.N. Security Council, of which the United States is a permanent member, over possible actions against Iran for its controversial nuclear program. Asked if any discussions had begun, Khalilzad said, "There is nothing new on that."

Khalilzad's remarks also coincided with stalled negotiations over the formation of Iraq's next government. Sunni Arab parties, pushing for more prominent ministerial posts from the Shiite religious parties that hold the largest share of the seats in parliament, have accused Iran of complicity in recent attacks on Sunnis by Shiite militias that have pushed the country toward civil war.

"The militias haven't been focused on decisively yet. . . . That will be tough," Khalilzad said. "More Iraqis in Baghdad are dying -- if you look at the recent period of two, three weeks -- from the militia attacks than from the terrorist car bombings."

Khalilzad expressed particular concern over Iran's ties to the Mahdi Army, an armed group loyal to the outspoken Shiite cleric Moqtada al-Sadr that the ambassador said was responsible for many of the recent killings, despite Sadr's public pleas for calm.

Sadr, who was charged by the former U.S. occupation authority with involvement in the killing of a rival religious leader soon after the U.S. invasion three years ago, has recently plunged into politics after waging two armed uprisings against U.S. forces in 2004.

But Khalilzad said the United States has had no face-to-face contact with the cleric, in his early thirties, whose followers hold more than 30 seats in the new parliament. "No, I don't talk to him, because we don't meet with Moqtada Sadr, but I have sent him messages publicly. . . . We engage him whatever way we can," said Khalilzad, who added that he and other embassy officials did meet with Sadr's political allies. "I think that our people advise me against it because there is an indictment against him."

An aide to Sadr, one of the most outspoken critics of the U.S. military presence in Iraq, said Thursday that the cleric would not meet with American officials until foreign troops are withdrawn from Iraq.

With negotiations to form a government deadlocked three months after the Dec. 15 legislative elections and Iraqis growing increasingly impatient, Khalilzad said he was stressing to Iraqi leaders that new authority is needed to quell instability.

"I am the one who's saying, 'The country is bleeding, you need to move,' " he said, adding that recent sessions with political leaders from various sides have brought at least one encouraging sign: The groups are now more willing to directly address each other's concerns without using Americans as intermediaries.

"I have been reduced -- and I am not complaining -- to an observer, which is a good thing," he said, dismissing the widely held belief that he is still the driving force for unity, cajoling rival groups to negotiate. "I think now I say that they are really politically moving toward a self-reliance."

Still, he said, a deep gulf remains between the country's Shiite and Sunni factions.

"Sunnis are concerned about having a say in the decision-making, while the Shia concern is that having a say in the decision-making should not obviate the results of the elections and should not create a situation in which decisions are so difficult to make that nothing happens because everyone needs to speak to everyone before anything is done," he said.

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Sunnis and others have called on Shiites to reconsider their choice -- backed by Sadr -- of the transitional prime minister, Ibrahim al-Jafari, to lead the new government. They also want the Shiites to ensure that the country's security ministries are not put in the hands of politicians tied to militias. The Shiite bloc has so far resisted both demands.

Asked if Shiites, who fell short of winning a parliamentary majority, would ever be willing to share enough power to allow a unified government to be formed, Khalilzad pointed to constitutional provisions that require a two-thirds vote for many of the functions of government to be carried out.

The Shiites "have no alternative" but to compromise, he said.

Israeli Acting PM Cautions Hard-Liners (AP)

By Josef Federman, Associated Press Writer

AP, March 24, 2006

Acting Prime Minister Ehud Olmert sent his strongest signal yet that hard-line parties won't be welcome in the next government if his party wins next week's election, saying in an interview published Thursday that coalition partners must be on board with his plan to withdraw from most of the West Bank.

Olmert, whose Kadima Party is expected to cruise to victory Tuesday, wants to draw Israel's final borders by 2010 — with or without a deal with the Palestinians. While holding a wide lead in opinion polls, Kadima is expected to still need help from smaller parties to form a majority coalition in the 120-seat parliament.

Olmert says he would prefer to reach a peace settlement with the Palestinians but is ready to take unilateral action if this is impossible. Hard-line opponents say the go-it-alone approach, which would involve uprooting dozens of Jewish settlements in the West Bank, amounts to a surrender to Palestinian violence.

"I want to emphasize, so that no one doubts it: I intend to implement this plan. Anyone who is not interested in seeing this plan implemented will not be in my coalition. I do not intend to compromise on the details of the plan. This is the plan and there is no other," Olmert told the Yediot Ahronot daily in an interview.

The comments gave an indication how Olmert's government would look if he wins the election. It appears increasingly likely that he will join forces with the dovish Labor and Meretz parties, while leaving the hawkish parties, including Likud, in the opposition.

Olmert also appeared to be sending a tough message to Avigdor Lieberman, leader of an increasingly powerful Russian immigrant party. Lieberman, a hard-line Jewish settler, has not ruled out joining an Olmert-led government but said he would not agree to further unilateral pullbacks.

Prime Minister Ariel Sharon, fed up with hard-line rebels in Likud, left the party last fall to form Kadima. Olmert quickly followed and was thrust into the party leadership when Sharon suffered a massive stroke in January.

Olmert's plan follows the unilateral approach devised by Sharon, who led Israel's withdrawal from the Gaza Strip last summer. With peacemaking frozen after several years of fighting, Sharon said pulling out of Gaza boosted security and helped guarantee a Jewish majority in areas under Israeli control.

The chances of renewing peace talks appear even more remote following the Islamic militant Hamas' victory in Palestinian legislative elections in January. Hamas, which has carried out dozens of suicide bombings in Israel, has refused international calls to renounce violence and recognize the Jewish state.

Veteran politician Shimon Peres, who is running as a Kadima candidate, said Thursday the party would prefer to reach a negotiated settlement with the Palestinians, although Hamas isn't a partner for peace. "Unilateralism is not our ideology or our first priority," Peres told reporters.

Under Olmert's plan, Israel's West Bank separation barrier would serve as the basis for a future border with the Palestinians. The plan would increase West Bank Jewish settlements on the Israeli side of the barrier, and uproot tens of thousands of Israeli settlers living on the eastern side.

The plan falls well short of Palestinian visions for a future state encompassing all of the West Bank and Gaza Strip with east Jerusalem as the capital.

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In a further sign of Olmert's plans, a party official Thursday disclosed details about Kadima's vision for Jerusalem, treading on ground that was taboo for decades — dividing the city in a peace agreement.

Otniel Schneller, a candidate for parliament, said Kadima is prepared to hand over Palestinian villages that have been incorporated into the city.

"If and when a Palestinian entity is established, with Jerusalem as its capital, it will be based on these villages," he said.

The pronouncement had added weight because of its source. Schneller is a former head of the council of West Bank and Gaza settlements, a body that hotly opposes any territorial compromise. Schneller stressed that Israel will not relinquish control of the Old City, home to Jewish, Muslim and Christian holy sites.

Israel captured east Jerusalem, along with the West Bank and Gaza Strip, in the 1967 Mideast war. It annexed the Arab neighborhoods and declaring the entire city its capital. The city's fate has been one of the greatest obstacles to a peace deal.

In violence Thursday, the Israeli army killed two Islamic Jihad militants in Gaza as they were planting a bomb along the fence between Israel and the Gaza Strip, the army and Palestinian security officials said.

Late Showing Puts Labour In Running For Finance Post (FT)

By Harvey Morris

Financial Times, March 24, 2006

Before a single ballot is cast in next week's Israeli election, politicians and analysts are already speculating on who will secure the finance portfolio in the coalition bargaining that will inevitably follow Tuesday's vote.

At stake is the stewardship of a high-growth economy that has spectacularly pulled itself out of recession since the last election in January 2003 but has so far failed to meet the needs of Israel's growing army of poor.

If, as expected, Ehud Olmert's centrist Kadima party secures the largest number of seats in the 120-member Knesset, the acting prime minister has declared his intention to keep the treasury for one of his own.

However, a strong second place for Labour, enjoying a late spurt in opinion polls in the closing days of the campaign, could put pressure on Mr Olmert to surrender the treasury to Amir Peretz, its leader.

Handing the finance portfolio to the former trade union boss, who put welfare and social issues at the top of his programme, might initially rattle markets that are looking for a continuation of the fiscal reform agenda initiated by Likud's Benjamin Netanyahu.

The Likud leader is bearing the brunt of a popular backlash against the negative effects of welfare cuts and other measures that he took as finance minister and he has failed to lift the former ruling party out of its poor third place in the polls.

However, analysts believe that, even under Mr Peretz, economic policy would stay fundamentally on its present course.

"Everybody understands the importance of maintaining growth," says Yaakov Fisher of Israel's I-Biz consultancy. "That is a lesson that Netanyahu taught, however much people might dislike him."

Under Mr Netanyahu, GDP grew by close to 4 per cent for eight consecutive quarters and the trend continued after he resigned from the cabinet last summer in protest against the Israeli withdrawal from the Gaza Strip. The Israeli economy ended 2005 with the third highest growth rate among members and associate members of the OECD.

Inflation is low, interest rates are steady and even Israel's high unemployment rates have fallen, while levels of participation in the labour force have risen.

Some sectors of society have nevertheless lost out in the overall recovery. Welfare cuts have particularly hurt low-income ultra-Orthodox, Arab and new immigrant communities.

A report published last year by the National Insurance Institute indicated that poverty rates had grown during Mr Netanyahu's tenure to include one in five Israelis, while the Central Bureau of Statistics reported that the gap between rich and poor had widened.

"The problem an incoming finance minister faces is how to deal with these social problems while maintaining growth," says Mr Fisher. "The trickle-down approach that Netanyahu promoted isn't the right one and even he is backing away from it."

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While all the main parties support a strong free-market economy, Labour's policy centres on boosting the minimum wage to the equivalent of around $1,000 (€830, £570) a month. The party says the minimum wage pledge is a red line Mr Peretz would not be prepared to cross.

Mr Olmert has been at the helm of the finance ministry since Mr Netanyahu quit. It was the portfolio he wanted when Ariel Sharon, prime minister, lured him back into national politics in 2003.

If he were obliged to surrender one of the senior cabinet posts to a coalition partner, he might opt to drop Shaul Mofaz, Kadima's defence minister, rather than sacrifice the treasury. A likely nominee would be Kadima's Meir Sheetrit, who briefly served as finance minister in 1999.

Mr Netanyahu has so far ruled out joining a coalition led by Mr Olmert, which means there is little prospect of him returning to a post in which he received market approval for the spending cuts and fiscal reforms credited with lifting Israel out of recession.

If the outcome of coalition bargaining meant the ministry going to Labour, Mr Peretz could take the post himself or nominate Avishai Braverman, a former World Bank economist whose entry into politics near the top of the party's electoral list has helped to temper its socialist image.

North Korea Might Be Exporting Fake $100 Bills (WP)

By Gordon Fairclough

The Washington Post, March 24, 2006

SHANGHAI -- China's central bank warned its lenders about an influx of high-quality counterfeit American $100 bills -- which the United States alleges are made by North Korea -- as the spread of the forgeries moves toward the center of a standoff between Washington and Pyongyang.

Governments around Asia are stepping up surveillance for the bogus currency, which law-enforcement officials have dubbed supernotes because they are so difficult to distinguish from genuine money.

The fake $100 bills have turned up in the United States, Philippines, Taiwan and elsewhere over the past two years. In January, supernotes were seized from a Chinese American in Hong Kong, according to U.S. officials.

The People's Bank of China said the supernotes "have flowed into our country from overseas" and urged lenders to be on the lookout for efforts to place counterfeit bills into circulation. The letter was sent this month to all commercial banks as well as its own branches.

North Korea, which shares a long border with China, may earn as much as $15 million to $25 million a year from counterfeiting, according to an advance copy of a report to be released Friday by the U.S. Congressional Research Service, which also says at least $45 million in supernotes has have been detected in circulation. That figure would represent a small proportion of the total amount of U.S. currency circulating in the world. But, U.S. officials say, any amount of counterfeiting can undermine confidence in the dollar.

Frustrated by the lack of progress in negotiations aimed at persuading North Korea to abandon its nuclear weapons and faced with a lack of international support for economic sanctions against the country, Washington increasingly is turning to law-enforcement actions to deal with Pyongyang.

The focus now is stanching the flow of fake currency and cracking down on other alleged illegal North Korean activities, often by going after the Chinese and Taiwanese organized-crime groups that, U.S. officials say, have become the conduits for Pyongyang's illicit products.

"This is state-sponsored criminal activity, and Washington's policy response is morphing," said Raphael Perl, one of the authors of the Congressional Research Service report. "The administration is moving towards taking on North Korea with laws and prosecutors."

The report, prepared for members of Congress and their staffs, raises the possibility of U.S. legal action against North Korean leader Kim Jong Il. But going after Kim remains unlikely, as the United States continues to pursue diplomatic efforts to curb North Korea's nuclear ambitions. Such a move would face opposition from U.S. ally South Korea, as well as China, both of which fear destabilizing North Korea.

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But the United States is going after others linked to North Korea's alleged illegal activities. Seizures of supernotes have grown as the result of better cooperation between U.S. law-enforcement officials and their counterparts in other countries, U.S. officials say.

In September, the U.S. Treasury Department designated a bank in the Chinese enclave of Macau as an institution of "primary money laundering concern," saying that it had helped North Korea launder money from illicit activities and place counterfeit money in circulation. The United States has proposed cutting off the bank, Banco Delta Asia, from contacts with the U.S. financial system, which has encouraged other lenders to sever ties with North Korea to avoid unwanted scrutiny from U.S. regulators. Banco Delta Asia has denied involvement in any illicit activities.

U.S. prosecutors also are moving to seize money in a Hong Kong bank account they say is linked to the sale of supernotes, as well as counterfeit cigarettes made in North Korea. The account is linked to the case of three men of Chinese descent who pleaded guilty in 2004 to conspiring to smuggle fake currency and cigarettes into the United States.

This week, the U.S. Secret Service said that about $15,000 in supernotes had passed through the Philippines last year, brought into the country by Chinese and Taiwanese nationals. A Secret Service official declined to identify the source of the notes, other than to say that they were from a country "the United States cannot go into."

North Korea Bristles At U.S.-South Drills (AP)

By Kwang-tae Kim

AP, March 23, 2006

North Korea warned Thursday it will react to upcoming joint U.S-South Korean joint military exercises with an unspecified "strong measure of self-defense," condemning the drill as saber-rattling for a pre-emptive nuclear attack on the North.

"Now that the U.S. intention to stifle the DPRK has become very clear, the DPRK will react to it with a strong measure for self-defense," a spokesman for the North's Foreign Ministry said in statement carried by the North's official Korean Central News Agency.

DPRK is a commonly used acronym for the North's official name, the Democratic People's Republic of Korea.

The weeklong exercises — dubbed RSOI and Foal Eagle — are scheduled to begin Saturday with 20,000 American troops, along with the aircraft carrier USS Abraham Lincoln, and an undisclosed number of South Korean soldiers.

The communist state has long claimed the U.S. is bent on invading the country, condemning the annual military drill as a "rehearsal" for an attack. The U.S. and South Korea characterize them as purely defensive.

"The U.S. decision to let carrier Abraham Lincoln and its task flotilla participate in the exercises goes to clearly indicate what reckless and dangerous phase the U.S. moves for a pre-emptive attack have reached," the spokesman said.

The spokesman also warned that U.S. sanctions against the North will not make Pyongyang change its stance. He didn't elaborate but the comment appeared to refer to the stalled talks on his country's nuclear weapons program.

The communist country has refused to resume the six-nation nuclear disarmament talks since November, demanding that Washington lift financial restrictions imposed on a Macau bank and North Korean companies for alleged complicity in counterfeiting and money laundering.

Earlier this month, U.S. and North Korean officials met in New York over the U.S. restrictions, but failed to produce any breakthrough. Washington says the financial actions are separate from the nuclear talks.

The North has said that the resumption of the six-party talks and resolution of the nuclear issue depends entirely on the U.S. attitude.

The talks — which involve the two Koreas, the U.S., Japan, China and Russia — produced a breakthrough accord in September when the North agreed to abandon its nuclear programs in exchange for aid and security assurances. But follow-up negotiations have stalled over the North's anger at U.S. sanctions.

Earlier this week, North Korea suggested it had the ability to launch a pre-emptive attack on the United States and said it had built atomic weapons to counter the U.S. nuclear threat.

The spokesman said the U.S.-South Korea drills would also adversely affect inter-Korean relations.

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North Korea has put off high-level talks with the South that had been planned in Pyongyang the same week as the March 25-31 exercises.

U.S. Retaining Wartime Command On S. Korea (AP-Y2)

By William C. Mann

AP2, March 23, 2006

Defense Secretary Donald H. Rumsfeld said Thursday the United States must retain wartime command of South Korea's military until that country's forces are strong enough to maintain stability on the Korean Peninsula.

South Korea's president has said he hopes an agreement to turn over wartime command can be negotiated this year. The effect of any change would be felt only if war should return to the peninsula.

In a Pentagon news briefing, Rumsfeld said South Korea has brought up the idea, and "everyone agrees that 55 years after the war, it's reasonable that the South Korean forces would increasingly take on more and more responsibility."

Asked whether he thought the change in command structure could start this year, Rumsfeld replied: "No, no, I don't at all."

South Korean President Roh Moo-hyun has been talking since January about negotiating a way for homegrown officers to recover wartime command of South Korea's military. He specified in a speech to cadets at the Korea Military Academy this month that he hoped the turnover would come this year.

An American general assumed command of South Korean forces in 1950, when the South Korean forces were subsumed into a U.S.-commanded U.N. force to repel invading North Koreans. A cease-fire in 1953 ended the fighting but not the state of war between North and South Korea. The South's military stayed under American command, although South Korean officers were given command during peacetime in 1994.

"The South Korean government has raised the question as to when might it be appropriate to transfer responsibility to the Korean command, and that is something that gets discussed," Rumsfeld said Thursday.

He said no time has been set for the turnover, but South Korean forces already are taking increasing responsibilities. "They're doing that," he said, "and as they continue to take on more and more responsibility, the United States will be able to reduce its troops."

He said he had not heard that Roh had suggested a 2006 agreement on a turnover, which he said will not happen.

His impression from conversations with Korean officials and cables he has read, Rumsfeld said, "is that they want the subject raised — which we do, too; we think that's just fine — and then we'd set about a path to see that the South Korean military evolves into a position where it would be appropriate for them to have that control."

The vital consideration is not to inject instability into the peninsula, Rumsfeld said. Before the Koreans can assume the responsibility, he said, they must "make investments and increase their capabilities."

Adm. Edmund P. Giambastiani Jr., vice chairman of the Joint Chiefs of Staff, said the U.S. commander in South Korea, Gen. Burwell Bell, is working to carry out the command status to achieve the goals Rumsfeld has set.

The 38th parallel on the Korean Peninsula, the cease-fire line that serves as a border between the communist-led North Korea and capitalist South Korea, has been described as the most militarized border in the world.

Until recently the United States had close to 40,000 troops in the South. That number is down to 29,500 now and is scheduled to decline to 25,000 by 2008.

Senators Optimistic On China Currency, But 'jury Still Out' (USAT)

By Calum Macleod

USA Today, March 24, 2006

BEIJING — The U.S. senators pushing a bill to punish Chinese currency policies said Thursday they were more optimistic Beijing will revalue the yuan. But they refused to rule out pushing for a vote after they return to Washington to impose tariffs on all Chinese imports into the USA.

"The jury is still out," Sen. Charles Schumer, D-N.Y., said here. "We still need some concrete signs of movement."

After three days of talks with Chinese officials, he said "there is a real possibility the Chinese government and people see it in their interest to let the yuan float." However, he got no firm indication of when the currency would be allowed to fluctuate on

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global markets. “The clock is ticking on this currency issue,” said Sen. Lindsey Graham, R-S.C., and co-author of the bill to put a 27.5% tariff on Chinese imports. “It must be a win-win, but the status quo is unacceptable.”

Graham and Schumer say China's undervalued currency means cheaper exports fuel a Sino-U.S. trade deficit that surpassed $200 billion in 2005. That figure represents “the largest trade imbalance in the history of man,” according to Craig Allen, minister-counselor for commercial affairs at the U.S. Embassy in Beijing.

Currency and trade will be key issues during talks next month between President Bush, whose administration opposes the Graham-Schumer bill, and Chinese President Hu Jintao, who makes his first U.S. visit as Chinese leader in mid-April, the White House announced Wednesday.

Dramatic change in the value of the yuan is unlikely, according to Chinese analysts. On Thursday, China's central bank issued a statement promising to keep the exchange rate basically stable, while pushing forward plans toward future flexibility.

“China's conditions are not ready (to allow the yuan to float),” says professor Li Yushi, deputy director of the Chinese Academy of International Trade and Economic Co-operation, under China's Ministry of Commerce. “Maybe in eight or 10 years' time. … There will only be gradual change before then.”

Exporters such as Yue Chi-hong in Dongguan, southern China's manufacturing powerhouse, are watching developments in Washington closely.

“The 27.5% tariff they propose would be a big blow for our business,” says Yue, senior merchandiser for the Future Company of Hong Kong, which annually sells 1.5 million pairs of shoes, worth $30 million, to the USA, including to Wal-Mart and Payless stores.

“Some 40% (to) 50% of shoes sold in America are made in China,” Yue said. “The American consumer benefits from our low labor costs and skilled workers.”

After stops in Shanghai and Hong Kong this weekend, the senators promised to consult with other senators and officials in Washington before deciding on the future of their bill.

U.S. Senators Offer Hope To China On Tariffs (WSJ)

By Jason Dean

The Wall Street Journal, March 24, 2006

BEIJING -- A pair of U.S. senators pushing sweeping tariffs aimed at Chinese imports said they are more optimistic about U.S.-China trade relations after a trip to China's capital. But the lawmakers stopped short of a commitment to put off a vote on their legislation, scheduled for next week.

Yesterday's comments from Sens. Charles Schumer, a New York Democrat, and Lindsey Graham, a South Carolina Republican, could ease concerns about the tariff bill, which some U.S. economists and business leaders have warned could seriously damage trade relations between the U.S. and China. The bill, scheduled for a vote March 31, would impose a 27.5% tariff on all Chinese imports within two years of passage if Beijing fails to sharply revalue its currency, which the lawmakers contend is kept artificially low.

"We are more optimistic that this can be worked out than we were in the past. But whether it will be, we're not certain yet," Mr. Schumer told reporters after three days of meetings with senior Chinese officials, including the central-bank chief and the commerce minister.

The senators said they will confer with colleagues and continue to talk with Chinese leaders by phone before deciding whether to move ahead with the vote.

The senators, along with other U.S. politicians, have argued that Beijing manipulates its currency to keep it undervalued by an estimated 15% to 40%, making Chinese exports artificially inexpensive and enlarging a U.S. trade deficit with China that ballooned to $201.63 billion last year, according to U.S. data. They first proposed their tariff legislation more than two years ago and have put off votes on it several times. Supporters of the bill contend it would pass the Senate and House with a strong enough majority to override any possible veto threat from the White House.

China's government has long said it intends to move toward a more-flexible exchange-rate system, but that the transition needs to be gradual. Last July, under heavy U.S. pressure, Beijing raised the yuan's value by 2.1% against the dollar and

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unpegged its exchange rate from the U.S. currency. The currency has appreciated by only about 1% more since then, including a slight surge in the days before Messrs. Schumer and Graham arrived.

Several U.S. business leaders have in recent days come out strongly against the legislation, saying it would be bad for U.S. companies and poison relations between the world's first- and fourth-largest economies. On Wednesday, Caterpillar Inc. Chief Executive Jim Owens issued a statement calling on legislators to reject tariff proposals. "Personally, I can think of no faster path to a world-wide recession than for the twin engines of the global economy -- the United States and China -- to turn against one another," he said.

Yesterday, James A. Baker III, a former U.S. secretary at the Treasury and State Department, said it would be advantageous for the yuan to adjust, but not "subject to threats from one of China's major trading partners." Protectionist legislation and sentiment are "a very serious thing today as far as the United States is concerned," Mr. Baker, now a partner in the law firm of Baker Botts, told a gathering of businesspeople in Hong Kong. "And I worry about it." (See related article1.)

This week's trip was the first time Messrs. Schumer and Graham visited mainland China, and both said they learned a great deal. Mr. Schumer said he was convinced Chinese leaders want to boost consumption in China, which has a savings rate many economists say is too high.

Mr. Graham said he was struck by the magnitude of China's problems -- for example, unemployment -- and how those issues weigh against sharp changes in currency policy. "I am more sensitive now than I was before to how hard it will be to move toward a floating currency," Mr. Graham said. But, he added, "I am more committed than ever to make sure that occurs," to ensure "harmony" in U.S.-China relations.

Senators Hopeful Of Compromise On Yuan (WP)

By Peter S. Goodman

The Washington Post, March 24, 2006

BEIJING, March 23 -- Two U.S. senators pressing legislation aimed at forcing China to substantially raise the value of its currency said Thursday that three days of meetings with high-level Chinese officials had left them hopeful that a compromise can be struck to avert trade conflict.

"We're feeling better," said Sen. Charles E. Schumer (D-N.Y.), standing alongside Sen. Lindsey O. Graham (R-S.C.) at an evening news conference. "We are more optimistic than we were when we came here. We have seen that the Chinese government and the Chinese people actually have a convergence with the American people on currency."

Despite those sentiments, neither senator was willing to postpone a looming vote on their bill, which would impose 27.5 percent tariffs on all Chinese exports to the United States unless China significantly raises the value of its currency, the yuan. Manufacturers in the United States blame an artificially cheap yuan for undercutting the prices of their products on world markets. The bill has gained the support of 67 senators. A formal vote could come as soon as March 31.

"We still need some concrete signs of movement," Schumer said, asserting that China must demonstrate its intent to allow the currency to float with the market "within a discrete and reasonable period of time." He refused to spell out which actions China must take to delay a vote, adding that his ultimate aim was not the passage of the bill but rather a solution negotiated by the Bush administration and the Chinese government.

Still, the senators' positive comments, coming after months of often-bellicose rhetoric, underscored how Chinese officials have at least partially won over their two primary critics in the U.S. Congress.

Tuesday, both senators said they came to Beijing to register the depth of U.S. anger toward China over unfair trading practices. "The currency issue is a defining moment in U.S.-China relations," Graham said.

Both senators pinpointed as a breakthrough assurances from Chinese officials that they intend to eventually allow their money to float freely as part of their continuing transition from communism to capitalism. Chinese officials have made such pledges for two years, while maintaining that it will happen gradually and on their own timetable.

Graham said he had been moved by testaments from Chinese officials that allowing the yuan to float could harm coastal factories, a crucial source of employment at a time of growing rural strife. "I think I'm more patient," Graham said. "It will take us longer than I thought."

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The high-profile reception the senators enjoyed highlights Beijing's adjustment to the realities in Washington, where trade frictions with China have blossomed into a significant political issue along with the bilateral trade balance -- more than $200 billion in China's favor at the end of last year.

China has bristled at charges that it is to blame for unemployment in the United States, asserting that it has been unfairly cast as a scapegoat.

After raising the value of the yuan against the dollar by 2 percent last July, Chinese officials have asserted that "currency stability" is now a primary goal, knocking down suggestions that another increase is in the works. Economists say the yuan is undervalued by 15 to 40 percent.

Analysts said China's welcome reflected a calculation that the bill could stir up anti-Chinese sentiments in the United States while threatening Chinese exports.

"The Chinese government certainly felt pressure from the American side," said Shen Dingli, an international relations expert at Fudan University in Shanghai. "China fears that if punitive tariffs are really imposed or the yuan is substantially revalued to its legitimate market value, then numerous exporters and manufacturers in China would go bankrupt and lay off workers."

Others said China's leaders effectively defanged its congressional critics for little more than the price of saying over the banquet table what they have already said in public. They added that China does not really fear the bill because it would hurt Americans as well as Chinese by jacking up the price of consumer goods on U.S. shelves and perhaps triggering recession.

"Both the Congress and the Bush administration are putting on a performance to please their constituents," said Mei Xinyu, a researcher at the Chinese Ministry of Commerce in Beijing. "Behind the tough stance and the pressure, China is cognizant of the fact that the United States has to pay a price in the worst outcome."

On China Visit, US Senators Tone Down Tariff Talk (CSM)

By Robert Marquand

The Christian Science Monitor, March 24, 2006

BEIJING - They came. They saw. But rather than conquer - they began a "process of careful rumination."

With a deadline looming on one of the US Senate's most drastic tariff proposals ever on China, the authors of the legislation, Charles Schumer (D) of New York and Lindsay Graham (R) of South Carolina, paid a visit to Beijing to talk tough and be aggressive. Until Thursday, when their attitudes seemed to change, they were going head to head with Chinese leaders in a bold bid to change China's currency rate, which they say is undervalued between 15 to 40 percent.

The bill is one of a series of moves in Washington to address the mounting trade deficit with China ahead of President Hu Jintao's visit to the White House April 20. Yet it appears that Senators Schumer and Graham, whose bill would levy a whopping 27.5 percent tariff on Chinese goods, may have blinked after three days of high-level briefings.

"I'm more optimistic that things can be worked out ... than when I came," Schumer said in a press briefing here. "It's been an eye-opening visit," he said, noting that reform in China appears to be both more complex, and further developed, than he realized. "We believe that there is a very real possibility that the Chinese government and the Chinese people see it in their interest to let the currency float ... but the jury is still out."

The two senators agreed that a Chinese offer to change the currency evaluation three percent was far short of their expectations. But the assurances they heard - and the deeper and broader picture of Chinese realities they had painted for them - were causing them to temporize about how hard to push for the upcoming March 31 bill.

That legislation, reflecting frustration on Capitol Hill with an estimated $204 billion trade imbalance with China, is strongly supported by 67 senators. The unlikely pairing of the Northern liberal and Southern conservative typifies sentiment in the Senate on China trade, and the two senators say they have the votes to override what would certainly be a White House veto.

For Chinese officials, the visit by Schumer, Graham, and Sen. Tom Coburn (R) of Oklahoma was itself seen as a small victory, and a chance to educate the American lawmakers on Chinese policies and problems through face-to-face meetings with Wu Yi, the vice premier, and Bo Xilai, the commerce minister.

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Chinese economists point out that tens of thousands of small- and medium-sized businesses operate on a 2 percent or less margin, and to massive reevaluate the currency could create economic and social instability. The same argument was made by Mr. Hu to President Bush when the two met last September.

Schumer and Graham said their interlocutors made a convincing case that China is moving gradually toward a floating currency, but top leaders agree that it is in China's long-term interest to adopt an international standard, and that the new 11th five-year plan adopted this month begins to make structural changes to accommodate floating currency.

Graham pointed out that he and Schumer are "not exactly political soulmates," and used their unlikely pairing to illustrate for the Chinese how serious the trade imbalance and currency evaluation question is in the US. "The status quo is not adequate.... If China is doing a better job, fine," said Graham. "But we need real and concrete evidence ... the clock is ticking."

Under the Schumer-Graham proposal, the actual tariff regime would not begin for at least two years, and the senators acknowledged that the 24-month time period was designed to "get something moving" before such strong measures kicked in.

Critics of the drastic tariff measures both in China and in the US say it has arisen too quickly and that its punitive measures are too harsh.

Schumer pointed out that the tariff bill has been under consideration for three years, and that charges it came overnight are incorrect.

"China and America are joined at the hip ... the US is the biggest market, and China is the largest exporter," Schumer said, adding that relations between the two can be positive. "But people are often reluctant to change ... on both sides, so we are creating an incentive to improve."

China Harvesting Inmates' Organs, Journalist Says (WT)

By Bill Gertz

The Washington Times, March 24, 2006

A Chinese journalist has uncovered a secret detention center in northern China that is being used by a hospital to harvest human organs for sale to domestic and international buyers.

Jin Zhong, a pseudonym for the journalist who fled China recently, also said in an interview that a failed Chinese intelligence operation led to the 2004 death of a Japanese diplomat who committed suicide rather than give up secrets.

On the prisoner abuse, Mr. Jin said he first learned of the harvesting operation between October and December and that the prisoners used were members of the outlawed Falun Gong religious group.

"This is murder, and murder sponsored by a state," said Mr. Jin, who in the past has been a contributor to a Japanese news agency. "It must be stopped."

Mr. Jin said he came across the underground detention center while researching the Chinese government's response to the Severe Acute Respiratory Syndrome (SARS).

A Chinese official was the first person to reveal that secret medical work was being done at the Liaoning Provincial Thrombosis Hospital of Integrated Chinese and Western Medicine, in Sujiatun, a suburb of Shenyang, the major city in northeastern China, he said.

Mr. Jin then said he found out that a large underground prison was built beneath the hospital and that members of the outlawed Falun Gong religious group were being held there. As many as 6,000 people are thought to be held prisoner at the underground facility, he said.

The hospital is harvesting the organs of the prisoners, including kidneys, livers, and eye parts, he said. The organs are then sold to people, from both China and abroad, who need medical organ transplants.

One source for Mr. Jin was the wife of a hospital doctor who was involved in the organ harvesting. The doctor suffered psychological problems as a result of the gruesome medical work and disclosed the secret activity. The Chinese woman also has fled to the United States.

Several other hospital workers also revealed details about the prisoner organ harvesting.

Mr. Jin said he had to hide his true identity after being threatened by Chinese government agents. He was arrested twice for his reporting and recently fled to the United States, where he hopes to seek political asylum.

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Mr. Jin said bodies of the prisoners were burned in the boiler room of the hospital and that boiler room workers had taken jewelry and watches from the dead and sold them. He said he has provided information about the organ harvesting to U.S. government officials, including members of Congress.

A Chinese Embassy spokesman could not be reached for comment.

Regarding the Japanese diplomat, Mr. Jin said he first learned of the intelligence operation in December. Japan's government protested the Chinese intelligence operation, which Beijing dismissed as a groundless accusation.

China Adds To Uncertainty Over Jailed Times Aide (NYT)

By Jim Yardley

The New York Times, March 24, 2006

BEIJING, March 23 — The United States on Thursday continued to press China about the status of a jailed researcher for The New York Times, but the uncertainty about his fate deepened as a Chinese government spokesman appeared to cast doubt on whether he would soon be released.

The case against Zhao Yan, 44, a Chinese researcher in the Beijing bureau of The Times, was withdrawn last Friday by a court order. His lawyer said the withdrawal of the charges against him — one count of fraud, another of disclosing state secrets to The Times — meant that Mr. Zhao would soon be released, possibly on an equivalent of bail.

But the Chinese authorities have since remained silent about the status of Mr. Zhao, and he is still behind bars. Asked on Thursday afternoon about the case, the Foreign Ministry spokesman, Qin Gang, criticized foreign news organizations for making "irresponsible statements," and he then offered a cryptic response.

"You ask if Zhao Yan will soon be released," Mr. Qin said during a regular news briefing for foreign reporters. "From what I have learned, the actual situation is not like what you are talking about."

Pressed for specifics, Mr. Qin refused to elaborate and also declined to identify the source of his information. "I think my information channel will be more authoritative than yours," he said.

The suggestive but vague comments underscored the confusion surrounding a case that has brought international criticism of China. Mr. Zhao has spent 18 months in prison without a hearing. His arrest is directly linked to a Sept. 7, 2004, article in The Times that disclosed an unexpected offer by former President Jiang Zemin to resign his final leadership post as chief of the military.

The article prompted a high-level government investigation to determine who had leaked the information about Mr. Jiang's offer.

Mr. Zhao has denied the charges, and The Times has also denied that he leaked any state secrets to the newspaper.

During the past week, American officials have met with their Chinese counterparts to try to clarify the status of his legal case and to press for his release. On Thursday, the State Department issued a new statement on the case, calling on China to release Mr. Zhao.

"We have repeatedly stated that we believe that Mr. Zhao should be released on the lack of merit of the case against him," the State Department said. "We urge China to honor its constitutional guarantees of freedom of expression."

Mo Shaoping, Mr. Zhao's lawyer, said he filed a second motion with Beijing prosecutors this week asking that his client be freed immediately. Mr. Mo repeated that the decision by prosecutors to withdraw the case meant that Mr. Zhao should be released. He said that prosecutors must introduce new charges based on new evidence if they intended to prosecute him in the future.

Some foreign and Chinese legal experts agree that the rationale used by prosecutors to withdraw the case was unusual. Prosecutors asked for the withdrawal to provide more time to investigate the lesser fraud charge. Such an explanation is usually given when prosecutors want to delay, not withdraw, a case. But legal experts say this unorthodox wording could have been an intentional way to drop the case without prosecutors or state security agents admitting error. It also could potentially allow for Mr. Zhao to be released, but on a restricted basis, akin to bail.

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On Thursday, prosecutors in Beijing told family members of Mr. Zhao that they were awaiting instructions from higher officials. Zhao Kun, an older sister of Mr. Zhao, visited the prosecutors' office on Wednesday and Thursday but was denied an audience with the authorities overseeing the case.

Ms. Zhao said she asked to meet with the chief prosecutor on Saturday, a day when the office schedules meetings between prosecutors and the public. But she said she was told that she would not be eligible for a meeting because the case against her brother had been withdrawn.

Another official in the office told Ms. Zhao that local prosecutors were not authorized to give her any information about the case.

A Chinese Journalist In Jail (NYT)

The New York Times, March 24, 2006

As China moves ahead steadily in the global marketplace, its ultimate success will depend not just on its buying power. Among other things, China must have a free press and a judicial system based on the rule of law rather than political power. One highly public test of both will be whether the Chinese authorities release Zhao Yan, who has been in jail for nearly 18 months on specious charges that he revealed state secrets to The New York Times.

Last week, the authorities appeared to withdraw the charges against Mr. Zhao, who is a researcher for the Times staff in China. But instead of releasing him quickly, as should have been the case, the Chinese government has been sending distressingly mixed signals about the status of Mr. Zhao. And he remains languishing in a Beijing jail.

Mr. Zhao, 44, is a seasoned journalist who was well known for covering rural issues before he joined the Times bureau in April 2004. He was arrested shortly after The Times published an article in September of that year predicting, correctly, that the former president, Jiang Zemin, would retire from his last official post.

The release of such information should not be a reason to jail any journalist anywhere, of course. But in any case, Mr. Zhao has denied that he gave the story to his colleagues, and Times editors have repeatedly assured the Chinese authorities that Mr. Zhao was not a source for the information about Mr. Jiang's retirement.

Mr. Zhao is not the only journalist unjustly jailed in China, and it is fair to say that our concern is heightened by his association with The Times. But his arrest shows how China can too easily use the courts to silence any journalist who crosses some unseen line of behavior and offends some unnamed person in power. It is an example of the government's need for a scapegoat when coverage about high officials or the Communist Party does not turn out as the leadership would have scripted it.

The United States authorities have taken up Mr. Zhao's cause. Most recently, the United States Embassy in Bejing issued a statement reiterating that he was wrongly arrested and indicted.

By now, it should be clear to the Chinese authorities that American leaders and the international news media are not going to forget this case. Mr. Zhao's plight should remain on the agenda for President Hu Jintao's first official visit to Washington next month. A better outcome would be for China to follow up on the withdrawal of the charges against Mr. Zhao and releasing him immediately.

Japan Suspends Loans To China On Strained Ties (FT)

By David Pilling In Tokyo

Financial Times, March 24, 2006

Japan has suspended decisions on new yen loans to China, blaming its increasingly strained ties with its biggest trading partner and former wartime adversary.

The move, although largely symbolic, marks a fresh low in relations between Asia's two biggest powers, which have been dogged by disputes over territory and natural resources.

Ties have worsened in recent years because of annual visits by Junichiro Koizumi, Japan's prime minister, to Tokyo's Yasukuni shrine, where 14 war criminals are honoured alongside millions of war dead.

Shinzo Abe, chief cabinet secretary, said on Thursday that Tokyo would "put off making a decision on yen loans for this fiscal year to China...because of various situations surrounding Sino-Japanese relations".

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However, Mr Abe, the frontrunner to succeed Mr Koizumi as prime minister in September, said the freeze signalled a delay, not a suspension, and that yen loans would continue with the aim of securing "future-oriented Sino-Japanese relations".

Japan announced last year that it was winding down aid to China from 2008, the year of the Beijing Olympics. However, this is the first time that a reduction or freeze in loans has been explicitly linked with politics.

Previously, Tokyo had argued that China no longer needed aid because of its growing economic might – an explanation that succeeded in muting Chinese protests.

Both India and Indonesia get more Japanese aid. Mr Abe is considered a hardliner on China because of his insistence on visiting the Yasukuni shrine and support for revising Japan's pacifist constitution.

Qin Gang, a spokesman for China's foreign ministry, said at a regular briefing in Beijing that the two countries were facing "a complicated situation and severe hardship in our relations".

He conceded that Japanese soft loans to China, which total more than ¥3,000bn ($25.7bn €21.2bn), had been beneficial. Much Chinese infrastructure in the thriving coastal cities has been built with Japanese money.

However, Mr Qin said the loans had also helped Japanese companies, a reference to Japan's practice of tying aid to work undertaken by domestic contractors.

"Such an agreement is mutually beneficial," he said. "It is not charity given by one country to another."

Many Japanese officials say privately that soft loans to China have not been properly recognised by the Chinese authorities. Japan's low-interest loans to China were ¥86bn in 2004, less than half the peak figure reached in 2000.

Meanwhile, Tsuneo Watanabe, chairman of the mass-circulation Yomiuri newspaper, said on Thursday that Japanese leaders had still not apologised properly for wartime atrocities.

Coming from one of Japan's most conservative newspapers, the statement is a reprimand to figures such as Mr Koizumi and Mr Abe for allowing relations with China to deteriorate so far.

"The great blame attaches to Japan for having been involved in a war of invasion," Mr Watanabe said. "It is incumbent on Japan to apologise, and it is unfortunate that our apologies in the past have been half-hearted."

Mr Watanabe said his newspaper could not support Mr Abe as the next prime minister unless he renounced "market fundamentalism", blamed for widening social divisions, and stopped visiting the Yasukuni shrine.

Japan Cuts Off Loans To China; Relations Chill (WT/AP)

By Kana Inagaki, Associated Press

The Washington Times, March 24, 2006

TOKYO -- Japan said yesterday it was freezing its loans to China through the end of this month because of worsening relations between the two nations, which increasingly have become economic rivals.

Criticism is mounting in Japan that China's booming economy no longer needs the handouts. The two also are squabbling over natural resources and the bitter legacy of World War II.

Chief Cabinet Secretary Shinzo Abe said Japan won't give any more of the loans to China during the current fiscal year, which ends next Friday. He said the government may release the loans again next month if the situation improves.

"We have decided to waive a plan to provide loans for fiscal 2005, considering the current situation surrounding the Japan-China relations," Mr. Abe said. "We will monitor future development in Japan-China relations while continuing discussion [on the loans] within the government."

China reacted coolly to news of the suspended loans, appealing for dialogue.

Chinese Foreign Ministry spokesman Qin Gang said the two countries are facing "a complicated situation, and we have severe hardship in our relations."

"We should have exchanges and consultations over the differences and problems, and properly resolve those issues," he said at a briefing. "On Japan's credit to China, we think this issue should also be resolved in line with this principle."

Ties between Japan and China have deteriorated in the past year as the two feud over maritime gas deposits near disputed islands in the East China Sea, interpretations of World War II history and other issues.

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The United States has expressed concern about the growing tensions between the two Asian powers and urged them to find common ground and overcome their differences for the sake of stability in the region.

"We have encouraged good relations between China and Japan, and even though there are difficulties in that relationship, China and Japan also share a lot of interest and, indeed, a lot of trade and commerce and a lot of economic relations," Secretary of State Condoleezza Rice said last Friday during a visit to Australia.

China reportedly proposed joint exploration of separate gas deposits, but Japan said it had no intention of jointly developing gas fields near the islands -- called Diaoyu by China and Senkaku by Japan.

Japan-Taiwan Ties Blossom As Regional Rivalry Grows (WP)

By Anthony Faiola

The Washington Post, March 24, 2006

TAIPEI, Taiwan -- Early rising seniors have gathered for years to exercise among the yellow lotus blossoms and fuchsia rhododendrons of Chiang Kai-shek Memorial Park, the sprawling gardens in this island's capital. Now local residents stretch their limbs in slow-moving tai chi routines amid a landscape distinctly altered by the addition of 450 cherry trees, a national symbol of Japan.

The trees, set in a park commemorating a leader who fought Japan during World War II, are among the first of more than 10,000 that Japanese and Taiwanese groups intend to plant across Taiwan. They are seen as emblems of the newly blooming relationship between the Pacific neighbors -- a tie that only underscores the competition for regional influence between Japan and China, East Asia's two major powers.

With Japan seeking to shed a half-century of pacifism and reassert itself in world affairs, and China acquiring vastly larger economic and military might, relations between the two are as tense as they have been at any time since World War II.

Nowhere is their contest more visible than here in Taiwan, which China regards as a renegade province that must be reunified with the mainland, by force if necessary. In recent months, Japan has made a series of unprecedented overtures toward Taiwan, which was a Japanese colony from 1895 to 1945. In Tokyo, leading politicians are increasingly adopting the view that Japan must come to the island's aid in the event of Chinese aggression.

Many analysts say they believe Japan's evolving interest in Taiwan could tilt the regional balance of power. The United States, which has diplomatic relations with mainland China, is nonetheless sworn by the Taiwan Relations Act of 1979 to defend the island territory if it is attacked.

"The peace and stability of the Taiwan Strait and security of the Asian Pacific region are the common concerns for not only Taiwan, but also Japan and the United States," Taiwanese President Chen Shui-bian said during an interview last week. Therefore, he said, "Japan has a requirement and an obligation to come to the defense of Taiwan."

Like many countries, Japan severed diplomatic ties with Taiwan in the 1970s in deference to Beijing's "one-China" policy. But lately, Japan has been less particular about its rule of maintaining a careful distance. Twice in the past two months, Japan's foreign minister, Taro Aso, has angered China by publicly referring to Taiwan as "a country." Last year, the Tokyo government dropped visa requirements for visitors from Taiwan. And Japanese and U.S. leaders have for the first time jointly declared protection of the Taiwan Strait a "common strategic objective."

In a less public gesture, Yoichi Nagano, formerly a general in the Japanese Ground Self-Defense Force, the army, is serving as the first military attaché at Tokyo's de facto embassy in Taipei, the Interchange Association. In an interview, Nagano said he conducts meetings with Taiwanese government and military figures and sends regular dispatches to Tokyo.

In 2004, a group of Japanese legislators formed a committee on Taiwanese security. This May, Tokyo is set to allow former president Lee Teng-hui, the Japanese-educated champion of Taiwanese democracy, to visit Japan for the second time in 18 months. So-called Track 2 meetings between Japanese and Taiwanese politicians, academics and retired military officials have intensified, according to officials in Taiwan and Japan.

These moves coincide with the rise to power in Japan of a new crop of hawks in the long-ruling Liberal Democratic Party headed by Prime Minister Junichiro Koizumi. During his five years in office, Koizumi has pushed aside rivals in the LDP who had long stressed the importance of maintaining a respectful distance from Taiwan.

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The shift also comes as China's military buildup is causing growing concern in Japan. The Beijing government boosted military spending by 15 percent this year. Tensions were particularly heightened after riots broke out across China last year against Japan's bid for a permanent seat on the U.N. Security Council and the publication in Japan of textbooks allegedly whitewashing the country's militarist past.

The Japanese view a potential Chinese takeover of Taiwan gravely. Such a move would give Beijing a perch for its missiles a mere 66 miles from Japanese territory while helping China to control the shipping lanes that carry the bulk of Middle East oil coming to Japan.

Japan has countered with uncharacteristic assertiveness. In November 2004, Japanese warships chased a Chinese submarine that had entered Japanese waters near Taiwan in what was widely seen as a test of Japan's resolve in defending the strategically sensitive zone.

Koizumi's government is also investing millions of dollars in a joint missile defense system with the United States. Some analysts say Taiwan could eventually become part of the system, turning it into a three-way defense against Chinese missiles.

Japan's pacifist constitution limits the country's ability to deploy its military abroad. But political leaders in both Japan and Taiwan are embracing a broad interpretation of a 1999 law allowing Japan to respond to threats in nearby waters. This, they say, could provide a legal basis for Japan to join the United States in responding to Chinese aggression.

Most of these leaders agree that Japan would be able to contribute rear-guard refueling, transportation and medical services and perhaps conduct search-and-rescue missions inside Taiwan. If Japanese ships or personnel providing such assistance were attacked, "it would mean war," said Tokuichiro Tamazawa, a leading LDP lawmaker long involved in the Taiwan issue.

Tadashi Ikeda, chief representative of the Interchange Association, Japan's unofficial embassy in Taipei, said Tokyo remained strongly in favor of a peaceful solution to the Taiwan issue. But, he added, "there has always been a question of what Japan would do" in the event of Chinese aggression. "Now the Taiwanese can say that both the U.S. and Japan are on their side."

U.S. officials have cautiously welcomed the more assertive Japanese stance. But they have also expressed concern that too sudden a shift could embolden Chen, Taiwan's president, to take steps toward formal independence that could ignite a cross-strait conflict.

China's relations with Japan have nose-dived since Koizumi took office and promptly began paying annual visits to Tokyo's Yasukuni Shrine, which honors Japan's 2.5 million military dead, including World War II criminals. Japan and China have also become embroiled in disputes over territorial claims and oil and gas drilling rights in the East China Sea.

Chen said in the interview last week that relations between Japan and Taiwan were at their closest since the two countries' 1972 diplomatic break. Chen said he hoped it would lead to a three-way "quasi-military alliance" among the United States, Japan and Taiwan.

In contrast with the Chinese and Koreans both North and South, many Taiwanese view the years of Japanese colonial rule in sympathetic terms. Older Taiwanese often delight in speaking Japanese, the official language of their youth. Imperial-era structures, including the elegant Presidential Office Building that was once the seat of the Japanese governor, have been painstakingly preserved and declared national treasures.

Japan and Taiwan are exchanging a record 2.3 million tourists each year, and Japan remains Taiwan's largest trading partner. Large Japanese department stores and fast-food chains dominate the Taipei cityscape.

"The Japanese built universities, roads and other infrastructure. They educated us, they turned us into a more modern society," said Hwang Kuan-hu, a national policy adviser to Chen. "We welcome Japan becoming more involved again with Taiwan."

Not everyone in Taiwan shares that sentiment, particularly members of the opposition Nationalist Party, which favors closer ties with China. Earlier this year, the party took offense when Japanese and Taiwanese groups jointly erected a monument in a Taipei suburb honoring thousands of aboriginal Taiwanese who died fighting for the Japanese Imperial Army in Southeast Asia. A few weeks later, most of the monument was ordered dismantled by local Nationalist Party officials.

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Ma Ying-jeou, the Nationalist Party chief who opinion polls indicate is the favorite to win Taiwan's 2008 presidential election, described the incident as a good example of the emotions that could be unleashed if the embrace of Japan goes too far.

Taiwanese who revel in the Japanese colonial years "are still brainwashed," Ma said. "It was not a just war, and Taiwan could have done better" without the citizens who now recall that period with fondness.

Beijing's Aggression (WT)

By Jaushieh Joseph Wu

The Washington Times, March 24, 2006

During his visit to Japan in November 2005, President George W. Bush said that by embracing freedom at all levels, Taiwan has delivered prosperity to its people and created a free and democratic society. For Taiwanese who lived through the four decades of authoritarianism and martial law under the Chinese Nationalist Party (KMT), Mr. Bush's words were no less an official recognition of what Taiwan has fought hard to achieve over the past few decades.

We, the Taiwanese people, understand and appreciate that the U.S. government has contributed significantly to our democratization. As Taiwan has now democratized, some in Washington have shifted their attention to other authoritarian battlegrounds. We've recently seen some of these defenders of liberty challenge giant American enterprises that are helping the Chinese regime. The Taiwanese people applauded this act, just as we cheered Mr. Bush's speech in Japan.

While some writers and other advocates of freedom continue to struggle on inside China, Taiwan is quietly helping by working hard to poke small holes in the "Great Firewall" with the hope that very soon information can freely flow to the Chinese people. Taiwan's own experience tells us that as long as there is outside support, freedom fighters will continue their battle from within against that seemingly invincible enemy, state control. The Taiwanese people stand firm together with members of Congress and these Chinese champions of liberty both in word and in deed.

Ironically, Taiwan, just like any other young democracy, still bears some trappings of the authoritarian dictatorship of the past. The national anthem of Taiwan is that of the KMT, and the emblem of the national flag is the KMT emblem. In addition, corporations such as China Airlines, China Ship Building, China Petroleum, and China Steel are actually Taiwan's state-owned corporations, not China's.

For any other newly democratized country, the issues mentioned above could be easily remedied. Unfortunately for Taiwan, these issues persist because China consistently threatens Taiwan with force when these issues are publicly discussed. But just like in any other democracy, these issues will not be ignored and will be open to public deliberation. Taiwan's government understands the sensitivity of these issues and has handled them with prudence, despite public opinion strongly being in favor of the continuation of political reform. Taiwan is deeply committed to maintaining peace and stability in the region.

In Taiwan today, there is a clear sense of insecurity despite pride in her democratic achievements. China is becoming increasingly more influential internationally and cleverly uses its power to marginalize and suffocate Taiwan. Taiwan cries out for help from time to time, but the results have been extremely disappointing. While Taiwan desires a free trade agreement with the U.S. to counter China's attempt to marginalize Taiwan economically, it has not materialized. While Taiwan worries about China's aggression, its defense budget continues to stall in the legislature. While the world is vulnerable to the spread of avian flu, the World Health Organization still excludes Taiwan.

Almost a year ago, China passed the Anti-Secession Law, which claimed Taiwan to be a part of China and legalized the use of non-peaceful means against Taiwan to enforce that claim. On the advice of the U.S. government, Taiwan offered a muted response to prevent conflict from erupting in the Taiwan Strait. But China's military threat increases, its attempts to suffocate Taiwan internationally grow stronger, and Taiwan becomes increasingly divided and internally weakened in facing China. Regrettably, none of what Taiwan needs to feel secure has been forthcoming.

China again threatened Taiwan when President Chen Shui-bian recently suggested ceasing the function of the National Unification Council (NUC) and its guidelines both remnants of the past regime. The NUC and its guidelines specify that the only course open to a democratic Taiwan is unification with authoritarian China, which goes against a fundamental and guiding

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democratic principle that the people have the right to determine their own destiny. Ceasing the NUC and the NUG is fully in line with democratic principles.

The Taiwanese government understands the United States' very legitimate concern over whether President Chen's actions constitute a unilateral change of the status quo. The status quo in the Taiwan Strait is that the two sides, China and Taiwan, are fully separate entities, neither having jurisdiction over the other, best exemplified by the democratization of Taiwan, which occurred without regard to what the state of affairs was across the strait. Taiwan fully supports U.S. policy because it is against Taiwan's interests to change what is indeed reality.

President Bush's comments late last year were an encouragement to Taiwan. Taiwan is now refining its democracy, the better to be a beacon for democracy activists in China to follow, and in this endeavor Taiwan deserves U.S. support.

Jaushieh Joseph Wu is the Minister of Mainland Affairs, Council of Taiwan.

U.S. Freezes Lebanese Media's Assets (AP-Y2)

By Jeannine Aversa

AP2, March 23, 2006

The Bush administration moved Thursday to freeze the assets of several Lebanese media outlets, alleging that they helped raised money and recruits for Hezbollah's terrorist network.

The Treasury Department's action is against al Manar, a satellite TV operator, al Nour Radio and their parent company, the Lebanese Media Group.

Any assets found in the United States belonging to these three outlets will be frozen and Americans are forbidden from doing business with them.

The department alleges that al Manar and al Nour Radio are the "media arms" of Hezbollah, a Lebanon-based group that the United States has designated as a terrorist organization.

"Al Manar and al Nour have supported fundraising and recruitment efforts by Hezbollah," the department said in a release. "Al Manar raised funds for Hezbollah through advertisements broadcast on the network and an accompanying website that requested donations for the terrorist organization."

Hezbollah leader Sheik Hassan Nasrallah also allegedly used al Manar and al Nour Radio to publicize an invitation for Lebanese citizens to volunteer for Hezbollah military training, the department said.

"Any entity maintained by a terrorist group — whether masquerading as a charity, a business or a media outlet — is as culpable as the terrorist group itself," said Stuart Levey, the Treasury Department's under secretary for terrorism and financial intelligence.

Al Manar also has provided support to other terrorist groups, including the Palestinian Islamic Jihad and al Aqsa Martyrs Brigade, the department alleged.

The department said Nasrallah, along with Hezbollah's executive council, managed and oversaw the budgets of al Manar and al Nour. Moreover, prominent Hezbollah members have been major shareholders in the Lebanese Media Group, the department alleged.

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On the Net:

Treasury Department's Office of Foreign Assets Control: http://www.ustreas.gov/offices/enforcement/ofac/

Venezuela, U.S. Reach Airline Agreement (AP)

By Christopher Toothaker, Associated Press Writer

AP, March 24, 2006

The United States and Venezuela have reached a temporary agreement that will avoid a proposed ban on flights by most U.S. airlines to the South American country, the U.S. ambassador said.

William Brownfield said Thursday that officials from both countries agreed to have the U.S. Federal Aviation Administration work with Venezuelan officials to improve local safety standards.

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Venezuelan authorities want the FAA to end safety restrictions that prevent Venezuelan airlines from flying to the United States and had warned that they would decide on March 30 whether to ban U.S. flights.

"I think our two governments have resolved, at least for the moment, the civil aviation problem. We have reached an agreement, the FAA is sending a technical team here to Venezuela," Brownfield told Venezuela's Globovision television channel.

The proposed ban would have prohibited all flights by Houston-based Continental Airlines Inc. and Atlanta-based Delta Air Lines Inc. It would have restricted some by AMR Corp.'s American Airlines, the largest U.S. carrier.

Brownfield had warned last week that Venezuelan flights to the United States would be banned if Venezuela prohibited flights by U.S. airlines.

In 1995, the FAA lowered Venezuela's carriers to category 2, forcing Venezuelan airlines to fly planes rented from U.S. companies or from airlines operating out of category 1 countries, such as neighboring Colombia.

The FAA also said Venezuela must tighten its airline safety procedures and downgraded its civil aviation authority, restricting flights because Venezuela allegedly didn't meet international safety standards.

Despite the restrictions, two Venezuelan lines still serve the United States using rented planes, Aeropostal and Santa Barbara.

Venezuela insists it has long since corrected any safety problems and recently invited FAA officials to inspect its airlines.

Officials at Venezuela's National Aviation Institute could not be immediately reached for comment regarding Brownfield's announcement.

American and Venezuela aviation officials met during an airline security conference in Montreal this week for talks aimed at avoiding the ban.

Assad Kotaite, head of the U.N. International Civil Aviation Organization, said a U.S. mission would visit Caracas early next month to maintain dialogue and assess Venezuela's progress since its last audit.

Thursday's announcement comes amid tense relations between Caracas and Washington.

A U.S. Advisory About Travel In Italy Becomes A Political Issue (NYT)

By Ian Fisher

The New York Times, March 24, 2006

ROME, March 23 — An American travel advisory on possible dangers in Italy ballooned on Thursday into an issue in the close national election campaign here, with opposition politicians suggesting that the advisory could be used as ammunition against them.

Silvio Berlusconi, the center-right prime minister who is battling to remain in office, immediately seized on the advisory, saying that the "security concerns" addressed in it were caused by demonstrators aligned with the center-left opposition.

"I have the right and the duty to underline the danger of the political left that wishes to bring party leaders to Parliament who want to snuff out our opinions by using violence," Mr. Berlusconi said in Rome.

The travel advisory, issued by the State Department on its Web site this week, warned Americans to avoid large crowds, mentioning specifically a violent demonstration on March 11 in Milan carried out by anti-globalization activists.

The advisory, not as serious as a more formal travel warning, also spoke of "the continuing threat of terrorist attacks" in Italy, and mentioned Al Qaeda specifically.

Romano Prodi, Mr. Berlusconi's main opponent, who is supported by several leftist parties, was concerned enough by the implication that leftist demonstrators constituted a threat that he called the American ambassador, Ronald Spogli, for an explanation on Thursday.

"He explained to me that it is standard practice, but I remain very surprised," Mr. Prodi said on Italian radio on Thursday, referring to Mr. Spogli. "Because a move like this, with the elections so close, can bring with it a sense of anguish and fear, and there is no need for that."

Ben Duffy, a spokesman for the American Embassy, said that while such advisories were not common in Western Europe, Washington had issued 70 such advisories in the past year. A similar one was issued earlier this year as a result of widespread rioting on the outskirts of Paris.

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Mr. Duffy said there was no intention for the embassy to become involved in Italian politics. The election is next month.

"We anticipated this as an issue," he said. "In Italy everything is about the campaign, and in fact this is done by the consular affairs bureau, an independent channel without regard to the political impact."

Belarus Protest Dispersed As Police Arrest Hundreds (NYT)

By C. J. Chivers

The New York Times, March 24, 2006

MINSK, Belarus, Friday, March 24 — Belarussian riot police officers arrested hundreds of antigovernment demonstrators early Friday morning in the central square of Minsk, ending five days of protests with a swift police action.

The police arrived on six large trucks just after 3 a.m., wearing black riot helmets and masks, and surrounded the small encampment in October Square.

The demonstrators, who had been protesting a rigged presidential election last Sunday, stood their ground while the officers dismounted and jogged into place in lines, cutting off any chance of escape.

For a few minutes, as the police awaited the final command, the demonstrators' loudspeaker worked, and one of their leaders ordered the protesters to sit down and hold hands before the police moved in.

They chanted, shouting "The police are with the people!" and "Truth! Truth! Truth!" but offered no resistance visible to journalists, who were ordered by the police to stand about 50 yards away.

The demonstrators were easily outmatched. The police carried away the first few protesters and loaded them onto trucks, and in a few minutes the remainder of the demonstrators, who appeared to be at least 300 strong, left in orderly columns and boarded waiting buses and trucks.

Some raised their fists in defiance as they boarded. The operation was over in less than 25 minutes.

The police sweep came a day after the government of President Aleksandr G. Lukashenko confirmed his overwhelming victory for a third term in office, with the election commission saying his final tally was 83 percent of the vote.

International observers have said the vote was neither free nor fair. The United States has condemned both Mr. Lukashenko and the election and called for a new vote, saying the campaign was conducted by a dictator in a climate of fear.

Mr. Lukashenko's main challenger, Aleksandr Milinkevich, was not in the camp as the police advanced. He denounced the action after visiting the detention center where the demonstrators were taken.

"This authoritarian government has once again shown its beastly face," he said in a telephone interview. "It has never been able to maintain a dialogue with the society. It knows only the language of violence and lies, and this is why its power is bankrupt."

He said he had no reports of beatings or injuries during the arrests, but added, "I do not know what is going on in the jail."

Another candidate, Aleksandr Kazulin, appeared at the square after the last demonstrators were taken away and cleaning crews were sifting through the broken remains of the camp.

He criticized the government's decision to end the peaceful act of civil disobedience, the likes of which had never been seen in Mr. Lukashenko's 12 years of autocratic rule.

Mr. Kazulin confronted a police official at the scene, Deputy Interior Minister Viktor Filistovich, and scolded him for resorting to police action. He then walked away, visibly angry.

"It is a disgrace," he said. "They did this mop-up in a cowardly way, at night."

The small encampment had been a potent attraction in a police state that has never tolerated dissent. Hundreds of protesters had stood all week in the wintry cold, singing songs and defying threats of violence and arrest.

And each evening they had been joined for several hours by other citizens, sometimes numbering in the low thousands.

The demonstrators had made it clear that they did not expect to unseat Mr. Lukashenko, whose presidency they regard as illegitimate, but hoped to inspire others to stand up for their rights in a country often called the last dictatorship in Europe.

Mr. Milinkevich had also said that what had been happening in Belarus was not merely a challenge to an election, but the start of an opposition movement that could eventually bring civil society and human rights to a country that operates like a Soviet anachronism.

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The demonstrators had planned a larger rally in the square for Saturday, but with much of their core group now in police custody, the prospects were uncertain.

It was also not clear, however, whether other opposition members were away from the square and eluded capture, just as it was not clear whether the police were rounding them up in the darkness.

At least 200 opposition members had already been arrested during the week, seized as they left the square and tried to reach their homes.

Mr. Milinkevich, who officially received 6.1 percent of the vote, said the protest on Saturday would still be held.

Belarus Protesters Struggle With State TV (WSJ)

By Alan Cullison

The Wall Street Journal, March 24, 2006

Lukashenko Foes In Minsk Encampment Bid to Rally Support

MINSK, Belarus -- Police in riot gear stormed a tent camp in this capital city early Friday morning, detaining oppositionists in a central square protesting President Alexander Lukashenko's victory in an election they say was rigged.

The arrests came after a half dozen police buses and 75 helmeted riot police with clubs pulled up to Oktyabrskaya Square about 3 a.m.

The police stood around for a few minutes and then barged into the tent camp. They wrestled about 40 to 50 of the demonstrators, who were resisting, into buses. The rest of the approximately 200 people were taken into custody without apparent resistance. By the end of the 10-15 minute operation, all of the protesters had been taken away.

The response by police to remove the ragtag symbol of opposition further highlights the obstacles faced by the region's pro-democracy groups, despite the success of such efforts in Ukraine and Georgia. Thousands of people had been converging on the square throughout the week, but, numbed by the cold, the number of protesters had been dwindling to a ragged ring of a few dozen by the morning.

Western television had been broadcasting the evening crowds. But here in Belarus, footage beamed to millions of homes by state-run television showed the desolate early morning, when the few protesters who had been braving the frosty night meandered near tents amid piles of garbage and beer bottles.

Oppositionists who have lived for 12 years under the authoritarian rule of Mr. Lukashenko are used to rough treatment from the state-controlled media, which had also lately labeled many of the opposition social and sexual deviants on the payroll of Western governments.

But the poor turnout of the defenders, who each night locked their arms and faced riot police, prompted a split in the country's opposition. Some had said the creation of the encampment was a tactical mistake that threatened to discredit their cause, and they wanted the tents dismantled.

They instead saw the nightly meetings held on the square as a better symbol for their movement, and had pinned hopes on a significant protester turnout tomorrow, a national holiday that is a traditional gathering time for opponents of Mr. Lukashenko.

Prior to the raid, Alexander Kozulin, a presidential candidate in the elections held Sunday, had publicly called for the tent city to be abandoned, saying it was an easy target for police. Mr. Kozulin said it was inhumane to ask youths -- the protesters were mostly college-age students -- to remain on their round-the-clock vigil in subfreezing temperatures.

Alexander Milinkevich, another presidential candidate who is considered the leader of the Belarussian opposition, had also said he would have preferred that the demonstrators go home, but he would support them as long as they wanted to stay. "This will end only with the decision of the youths themselves," he said.

Mr. Milinkevich had been making the rounds at the settlement each night, shaking hands with its defenders. Yesterday, before the police action, he said that although the demonstrations had been comparatively small and hadn't succeeded in achieving protesters' demands for new elections, they represented a big step forward. "Nobody had expected what has happened here," he told tent-camp residents.

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At the crux of the debate, the oppositionists said, was whether Belarus's opposition was mature enough to mount a movement like the one that occurred in neighboring Ukraine, in which a tent city on Independence Square in Kiev was a nucleus for demonstrations that reversed rigged presidential elections in 2004.

In Ukraine, the opposition received sustenance from business leaders, and the Kiev city government helped put up portable toilets for the campers.

In Minsk, campers were besieged by riot troops, who searched the bags of anyone heading toward the camp and often arrested those who tried to leave. Yesterday, a United Nations envoy called for the release of protesters. Police had closed down a makeshift latrine concealed under a tent pitched over a manhole cover.

More devastating, however, was that the encampment became an easy target for influential Belarussian government television. In Ukraine, oppositionists had their own television station, which elevated protesters and their leaders to hero status.

In Minsk, state-television coverage homed in on the tent city in its more desolate moments. What's more, television accused protesters of staying out all night because they are on the payrolls of Western governments. Much of the state-run information campaign against the opposition focused on the U.S., which has said it won't recognize the election results.

Prior to the police action, Oleg Manaev, head of an independent think tank in Minsk and a supporter of the opposition, said that at least a third of Belarussians have no access to media outside the government channels. "In smaller towns and villages, these reports are very much believed," he said.

Mr. Manaev said the blitzkrieg of bad publicity was probably one reason why the turnout for the demonstrations hadn't been enough to prompt hope for immediate change. While he supported the tent encampment, he had also hoped the opposition would come up with longer-term goals.

Police Break Up Belarus Protest (WT/AP)

By Jim Heintz, Associated Press

The Washington Times, March 24, 2006

MINSK, Belarus -- Police stormed the opposition tent camp in the Belarusian capital of Minsk early today, detaining scores of demonstrators who had spent a fourth night in a central square to protest President Alexander Lukashenko's victory in a disputed election.

The arrests came after a half dozen large police buses and 75 helmeted riot police with clubs pulled up to Oktyabrskaya Square in central Minsk about 3 a.m.

The police stood around for a few minutes and then barged into the tent camp filled with protesters.

An Associated Press reporter on the scene said they wrestled about 40 to 50 of the demonstrators, who were resisting, into buses. The rest of the 200 demonstrators were taken into custody without apparent resistance.

By the end of the 10- to 15-minute operation, all of the protesters had been taken away. All that remained were their tents -- kicked down during the raid -- their gear and garbage.

Police had been detaining opposition supporters and would-be protesters away from the square, but today's arrests marked the first time they had tried to forcefully eject the demonstrators en masse.

Their action followed opposition leader Alexander Milinkevich's warning yesterday that increased persecution would only strengthen protests against the authoritarian government.

This week's protests over the official figures giving a landslide win to Mr. Lukashenko have consistently attracted thousands nightly -- and more than 10,000 at the first one Sunday -- an exceptional number in the tightly controlled former Soviet nation, which has a history of swift, violent police dispersal of small rallies. A core of about 200 has held the square overnight.

But the numbers have been far too small to pose a real threat to the hard-line Belarusian leader's rule.

That has raised increasing questions about what the opposition movement's strategy is, or even if it has one. A rally called for tomorrow -- the anniversary of the declaration of the first independent Belarusian state, and a traditional day for opposition rallies -- is likely to be key in determining how much support the opposition has.

"March 25 will be an important day. ... On that day, we will make known the long-term plans of the opposition," Mr. Milinkevich said.

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Later, speaking to a nighttime crowd of about 3,000, he said, "The 25th will be a day of freedom for thousands and thousands of Belarusians. History has shown that the Belarusian fight for freedom has not gone unnoticed. We have come out into the square."

U.S. Ends Trade Restrictions On Ukraine (AP-Y2)

AP2, March 23, 2006

President Bush signed a law Thursday that ended Cold War-era trade restrictions on Ukraine, opening the way for the former Soviet republic to join the World Trade Organization.

The measure frees Ukraine from a 1974 measure called the Jackson-Vanik Amendment, which links trade benefits to the emigration and human rights policies of former or current communist states.

The new law is "going to strengthen our ties with our good friend Ukraine and create new economic opportunities for our two countries," Bush said at a White House ceremony attended by members of Congress who sponsored the legislation.

He said the bill would open new markets for American products and help Ukraine develop its economy and raise the living standards of its people.

Bush said the United States supports Ukraine's goal of joining the 148-nation WTO this year and will help it resolve issues standing in the way of its entry. Removal of the U.S. trade restrictions was a necessary step to gain entry.

"Ukraine is committed to economic freedom, democratic progress and open trade," he said.

Since 1993, the United States has annually granted Ukraine normal trade relations on a temporary basis.

Ukraine President Viktor Yushchenko, whose pro-Western government was elected in January, has welcomed the U.S. legislation, saying "consistent U.S. steps in support of Ukraine on the way of reform are evidence of strategic partnership between the countries."

U.S. exports to Ukraine, including poultry and agriculture machinery, totaled $531.7 million in 2005. Imports from Ukraine, including steel and coke used in making steel, totaled $1.1 billion.

Sen. Richard Lugar (news, bio, voting record), chairman of the Senate Foreign Relations Committee, said Ukraine has demonstrated a commitment to greater freedom and free market principles.

On Sunday, Ukraine's voters will be choosing from 45 parties to fill the single-chamber parliament. Some 7,605 candidates are running.

Yushchenko's job is not at stake, but those of his prime minister and Cabinet are, as new constitutional reforms come into effect that give Parliament more powers in shaping the government.

The pro-Western path adopted by Yushchenko could be slowed if pro-Russian Viktor Yanukovych makes a comeback Sunday, with goals such as membership in NATO by 2008 dropping off the screen in favor of closer ties with Moscow.

Yanukovych's political future had been written off after he was accused of trying to steal Ukraine's 2004 presidential election.

Infighting May Return Power To Soviet-era Party (WT)

By Natalia A. Feduschak

The Washington Times, March 24, 2006

KIEV -- Political allies who stood side by side during Ukraine's 2004 "Orange Revolution" are waging war against each other in such a divisive campaign that the Soviet-style apparatchiks they had ousted are poised for a comeback in elections this weekend.

Opinion polls show that the party of Viktor Yanukovych, who won the presidency in an election in 2004 only to lose to Viktor Yushchenko in a court-ordered second vote, will win about a third of the seats Sunday, becoming the biggest single bloc in Ukraine's 450-seat parliament.

The so-called "Orange coalition," which includes followers of Mr. Yushchenko and those of former Prime Minister Yulia Tymoshenko, has ruptured so badly that its ability to forge a postelection alliance is in doubt.

"We can say that Ukraine's post-Soviet era has decidedly ended with these elections," said Myron Wasylyk, an American who has advised politicians and businessmen in Ukraine for more than a decade. "This is the beginning of the democratic era."

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The vote is the first under constitutional changes adopted earlier this year that reduce presidential powers at the expense of a prime minister, to be elected in parliament.

Forty-four parties are vying for a presence in the legislature. The latest polls show the combined strength of the feuding Yushchenko and Tymoshenko parties at slightly less than that of the Yanukovych party.

Mr. Yushchenko and Mrs. Tymoshenko have been at odds since the president fired her as prime minister in the summer.

Mr. Yushchenko said the dismissal was prompted by infighting that followed the peaceful revolution that ushered in 2005.

The feud between former allies has helped Mr. Yanukovych, who has kept a low profile since his defeat in 2004 and has hired a U.S. public relations firm to advise his campaign. Still, Mr. Yanukovych is not trusted in many regions of Ukraine.

Many politicians and analysts say the forces of the Orange Revolution are fated to work together, even if they can't get along.

Foreign Minister Boris Tarasyuk told the Brookings Institution in Washington earlier this month, "We are confident that the pro-democracy forces will gain a clear majority."

"Despite the fragmentation between the pro-democracy political parties, their combined approval rating has even slightly grown. There should be no doubts that the pro-democracy parties are capable of bridging their differences and restoring the Orange coalition," he said.

Mr. Yushchenko's popularity has fallen since his inauguration last year. Supporters have accused him of weak leadership, mismanagement and failure to investigate crimes by former government officials, widely promised during the presidential campaign.

Still, during his tenure, Ukraine's relationship with the West has improved markedly.

Both the United States and the European Union granted Ukraine market-economy status, important steps in the country's bid to become a member of the World Trade Organization.

In Washington yesterday, President Bush signed legislation that ends Cold War-era trade restrictions on Ukraine. The measure frees Ukraine from a 1974 U.S. law that links trade benefits to the emigration and human rights policies of former or current communist states.

The new law is "going to strengthen our ties with our good friend Ukraine and create new economic opportunities for our two countries," Mr. Bush said at a White House ceremony attended by members of Congress who sponsored the legislation.

As the elections approach, Kiev is awash in the colors of the various parties running not only in parliamentary, but also regional and municipal elections on the same day.

About 3,500 election observers from Europe and the United States have arrived in Ukraine. Thus far, a high-ranking Western observer told journalists, the main problems in the elections have been technical and not political.

Ethnic And Cultural Divisions Haunt Ukraine Before Vote (NYT)

By Steven Lee Myers

The New York Times, March 24, 2006

SIMFEROPOL, Ukraine — There are few obstacles to speaking Russian here in Crimea since, after all, practically everyone speaks it at home, at school, at work.

Still there are those who complain that the language is under assault, that the courts issue rulings in Ukrainian, that Russian classics are now taught in schools as "foreign" literature, that a repressive government in the capital, Kiev, is bent on imposing a nationalistic identity on a place that was part of Russia until Nikita S. Khrushchev decreed otherwise in 1954 (and, to some here, should be again).

"Whatever we receive from Kiev is all in Ukrainian!" Yevgeny G. Bubnov, a member of Crimea's regional Parliament, complained in an interview as he explained why he sponsored a proposal to hold a referendum on whether to elevate Russian to official status in a country where, constitutionally, Ukrainian is the language of the land.

The federal government fiercely opposed Mr. Bubnov's proposal and ultimately rejected it. But the constitutional clash it threatened to create highlighted the stark ethnic and cultural divisions that continue to haunt Ukraine with the approach of the March 26 parliamentary elections — the first since the Orange Revolution a little more than a year ago.

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The referendum even raised questions about the status of Crimea itself — a lush peninsula of seaside resorts, vineyards and a largely Russian populace, whose political, economic and cultural affiliations are closer to Moscow than to Kiev.

And that, its critics say, was exactly the point.

"It is playing with the sentiments of the population that is still nostalgic for Soviet times, those who reacted painfully to the breakup of the Soviet Union," said Vladimir B. Shklar, the Crimean leader of Our Ukraine, the political party of the country's president, Viktor A. Yushchenko. The parliamentary elections are the first electoral test of Mr. Yushchenko's policies since he took office in January 2005, after mass protests against a fraudulent presidential election. According to the polls, at least, he is faring badly, with his bloc trailing the party led by the man he defeated, Viktor F. Yanukovich.

As in the presidential race, the main issues revolve around Russia, namely Ukraine's relations to Russia, its larger neighbor. Nowhere are those issues more charged than in Crimea, home not only to a majority of ethnic Russians but also to Russia's Black Sea Fleet, a source of tensions for nearly a decade.

As the election campaign began in earnest in January, a group of young people gathered with shovels on the isthmus that connects Crimea to the mainland to dig a symbolic trench. Few openly call for separatism, which is a federal crime, but several smaller parties and blocs are running on platforms calling for closer cooperation with Russia and even reunification.

One party based in Crimea even calls itself the Party of Putin's Politics. Its billboards show President Vladimir V. Putin's steely eyes fixed on the rugged Crimean landscape, promising a united future.

Mikhail Y. Pushia stood on a square the other day in Sevastopol, the deep-water port city on Crimea's southern bulge, campaigning for Natalia M. Vitrenko, the leader of a fiercely anti-American and anti-European bloc of parties that advocate a new union among the Slavic nations of Russia, Belarus and Ukraine.

With a union, he said, "all the problems would be solved."

The problems between Russia and Ukraine, of course, are considerable, largely because the ties that once united them are now a source of tension.

A New Year's dispute over the price of Russian natural gas, on which Ukraine is heavily dependent, prompted Russia to shut down supplies briefly, infuriating many Ukrainians.

Mr. Yushchenko's deal with Mr. Putin to end the crisis — with a complicated pricing system and a murky trading company — proved equally unpopular, however. Mr. Yanukovich argues that he could have negotiated lower prices because of his friendly relations with Russia.

In the wake of the gas dispute, Ukraine responded with threats to charge higher rent for the base in Sevastopol that houses the Black Sea Fleet's dozens of ships and 14,000 sailors under a lease set to expire in 2017. Russia now pays roughly $98 million a year; some Ukrainian officials have suggested that billions would be more appropriate.

In January, Ukraine occupied one of the fleet's lighthouses in Yalta, saying Russia was using it illegally, provoking a war of words and a new round of negotiations to defuse the confrontation. When student protesters began demonstrating at eight other lighthouses, the fleet bolstered security around them.

Russia's defense minister, Sergei B. Ivanov, warned that revising the terms of the lease would reopen a separate treaty that fixed the borders, which is what many here say they would like to see happen.

"This is a Russian city," said Aleksandr N. Mironov, an ethnic Russian who settled in Sevastopol after serving in the Soviet border troops.

Mr. Yanukovich's Party of Regions does not openly endorse such sentiments, but he has promised to make Russian a second official language and to improve economic and political relations with Russia, which have been strained since Mr. Yushchenko took office.

Mr. Yushchenko's supporters say that the language issue and the tensions over the naval base have been exaggerated with the intent to divide Ukrainians and ethnic Russians, who account for roughly two-thirds of Crimea's nearly two million people, as well as large majorities in the eastern Ukraine regions of Donetsk and Lugansk. Another predominately Russian city, Kharkiv, voted on March 6 to adopt Russian as a second official language in municipal affairs.

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Khrushchev's decision to cede Crimea to Ukraine mattered little during Soviet times, but immensely after the Soviet Union collapsed in 1991 and internal administrative borders became international boundaries. It was not until 1997 that Russia and Ukraine reached agreement on how to divide the fleet and to accept the current borders.

Despite impassioned oratory on each side, the prospects of an open conflict appear slight. But Mr. Yushchenko's supporters warn that Russia continues to interfere in Ukrainian politics on the hope that a friendlier government led by Mr. Yanukovich as a newly empowered prime minister could result in better terms for the fleet and for the Russians living here.

"This is not going to be solved until after the election," a Russian naval officer in Sevastopol said in an interview, speaking on condition of anonymity because he was not authorized to comment on what has become a diplomatic matter.

Petro O. Poroshenko, a tycoon closely allied with Mr. Yushchenko, complained recently that proponents of the language referendum were trying to turn Crimea into a client state of Russia.

"Look what happened in Abkhazia with Russian support," Mr. Poroshenko said, referring to the Black Sea region in Georgia that became a separatist enclave with Russian help after a bloody war in the early 1990's. "The land is almost as beautiful as the Crimea, and they have hundreds of thousands of refugees. There is no development."

Although the language issue has been defused for now, it has resonated deeply in Crimea, hardening support for Mr. Yanukovich, who won 81 percent of the vote here in the repeated second round of the disputed 2004 presidential race, and fanning resentments against Kiev.

The election, warned Vasily A. Kiselyov, the acting chairman of Crimea's Parliament and a Yanukovich stalwart, could lead to a new wave of large street protests, even tent camps, only this time against Mr. Yushchenko's government.

De Villepin Agrees To Talks With Unions (FT)

By Martin Arnold

Financial Times, March 24, 2006

Dominique de Villepin invited trade unions to talks over his unpopular employment law on Thursday "with no strings attached", a move cautiously accepted by five unions and widely interpreted as a climbdown by the embattled French premier.

The appeal came as Mr de Villepin faced accusations that his refusal to consider changing the law had provoked an unnecessary crisis, with critics suspecting he had allowed his presidential ambitions to override his political judgment.

The meeting could happen on Friday. But the offer for it came only after a long and reportedly heated meeting with President Jacques Chirac, fuelling rumours that the prime minister was ordered to back down.

The new law, which allows companies to fire people aged under 26 in the first two years of their contract without reason, has sparked widespread protests by students and workers which erupted into violence in central Paris yesterday.

Students condemn the "first job" contract, saying it would make them "the Kleenex generation", used and then discarded.

More rallies and strikes are planned for Tuesday.

Unions want the law withdrawn. François Chérèque, leader of the moderate CFDT union, said: "If the prime minister does not respond positively to our demand to withdraw the first job contract, we will end the conversation."

Critics suspect Mr de Villepin has fallen into the same trap as his hero Napoleon Bonaparte, ousted after leading France to military defeat at Waterloo.

Analysts, opposition Socialists and members of his own centre-right UMP party said he had tried to push reform too far, too fast, in pursuit of his personal ambitions.

"President Chirac has told him to back down as he was leading the country to the wall," said Dominique Moisi, a senior adviser at France's Institute for International Relations. "He tried to convince himself he could be France's Margaret Thatcher, but forgot he was only the number two."

Nicolas Sarkozy, the interior minister and Mr de Villepin's main centre-right rival for next year's presidential election, has distanced himself from the premier, suggesting he should have held more talks and sought a "more equitable" law.

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Unions Agree To Meet French Leader (NYT)

By Craig S. Smith

DOJ_NMG_0020807

The New York Times, March 24, 2006

PARIS, March 23 - France's most powerful labor union federations agreed Thursday to meet Prime Minister Dominique de Villepin on Friday to discuss the country's hotly contested new employment law, even as fires burned in Paris after another demonstration against the law.

Hundreds of thousands of students marched in protest against the new law in cities and towns across France, frequently clashing with the police. In Paris, demonstrators threw chunks of concrete at police officers, while three cars and a shoe store went up in flames in the city's exclusive Seventh Arrondissement. The police fired tear gas and scuffled with demonstrators in Rennes in the northwest and Marseille in the south after protests that drew thousands of marchers in those cities.

By late in the day, riot police forces began using paint guns to shoot vandalism suspects with red or green dye in order to identify them later. Several hundred people were reported arrested.

Mr. de Villepin wrote to French labor union federations early Thursday, appealing for talks on the new law, which the unions have opposed and want rescinded. The law, which the government says was meant to spur hiring, would allow employers to dismiss workers under 26 without cause during their first two years on the job. The law is currently under review by France's Constitutional Council. If approved by the council, it would go into effect next month.

François Bayrou, leader of the small Union for French Democracy, a center-right opposition party, said Mr. de Villepin must remain open to withdrawing the law. "The time has come, if we want to avoid mounting dangers and risks, to make this gesture," Mr. Bayrou said on France's Europe-1 radio.

France's five major union federations had earlier refused to talk to the government as long as the law remained on the books. In a statement released Thursday afternoon they said that in responding to Mr. de Villepin's latest appeal they repeated their demand that he rescind the law. They called a meeting Friday, before the meeting with Mr. de Villepin, of all organizations involved in fighting the new law and repeated their call for strikes and demonstrations next Tuesday.

Protest Turns Violent In Heart Of Paris (WP)

By Molly Moore

The Washington Post, March 24, 2006

PARIS, March 23 -- It was just the scene the French government had been dreading: burning cars seven blocks from the Eiffel Tower, shop windows smashed along one of the capital's toniest streets, and columns of helmeted riot police advancing across the greensward of a prominent tourist venue.

Antoil Ethuin, 48, stood outside the shattered windows of his Bike n' Roll rental shop Thursday, stunned by the destruction of the worst violence in two weeks of student protests in Paris and other French cities.

"My country is broken," said Ethuin, gazing at the smoldering automobile carcasses a few yards away and the carpet of glass shards, broken dishes and computer pieces covering the sidewalk in the heart of one of the city's most affluent neighborhoods. "I never imagined I would ever see this in Paris."

Thursday's violence came at the end of a demonstration by tens of thousands of high school and college students protesting a new job law. The unrest intensified a political crisis that now threatens to unravel President Jacques Chirac's government -- much the way previous French governments have been felled by strikes and street protests when they attempted even modest reforms of the country's costly welfare state.

Prime Minister Dominique de Villepin -- author of the contentious law that would make it easier for companies to both hire and fire young workers -- has scheduled an emergency meeting with the country's most influential labor unions Friday in an effort to defuse the crisis.

The demonstrations have underscored the widening divide between the French government and its people at a time when France is losing both economic and political clout on the global stage. Street protests and general strikes, often occurring in the spring, have long been an accepted political ritual in France, and they now have become a symbol of the country's inability to reform a stagnant economy hobbled by inflexible labor laws, high taxes and a corpulent welfare system.

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It is a crisis also facing other countries across Europe as governments of the left and the right have similarly attempted to alter their costly systems of generous health, unemployment and welfare benefits; most, like that of former German chancellor Gerhard Schroeder, have failed in the face of widespread resistance to change.

On Thursday afternoon, as a crowd of as many as 140,000 young people and others prepared to end their march in the large park fronting the gold-domed Hotel des Invalides housing Napoleon's tomb, gangs of hooded and masked youths darted out of side streets, setting cars ablaze, flipping others upside down, breaking store windows and throwing rocks and stones at police and firefighters, according to witnesses.

Riot police broke up the groups of rampaging youths with tear gas as acrid, black smoke filled narrow streets and billowed above the city skyline.

Police said 60 people were injured in the clashes, including 27 police officers, and 141 people were arrested.

The shellshocked owner of the Shanghai Restaurant overlooking the Esplanade des Invalides stood outside the jagged glass of his doorway, dejected and slump-shouldered. Broken dishes and pots of white and purple flowers littered the street. Inside, splintered chairs and table settings covered the restaurant floor.

Nearly a dozen stores, restaurants and apartment buildings were attacked and damaged. Firefighters struggled to extinguish the flames of three burned-out cars. Four other vehicles had been overturned or severely battered.

In the park across the street, hundreds of riot police clad in black uniforms and carrying shields advanced toward groups of suspected troublemakers against the backdrop of the Hotel des Invalides, the low-slung Foreign Ministry building and the golden statues standing sentry at the Invalides Bridge traversing the Seine River.

The attacks at the corner of Rue Saint Dominique and Rue Fabert, just a short walk from the Eiffel Tower in Paris's affluent and touristy 7th arrondissement, followed a pattern that has emerged in the last few days of marches.

While the demonstrations have been orderly and peaceful, groups of 200 to 300 youths who police say do not appear to be participating in the organized marches have appeared suddenly during concluding rallies, taunting police and creating havoc.

Police have speculated that the gangs may be from the poor suburban areas that erupted in riots last fall. In those disturbances, youths across France -- many of them immigrants or French-born children of immigrants -- burned thousands of cars and hundreds of public buildings and private businesses to protest government indifference to the joblessness and lack of social services in their communities. Little of that violence spilled over into Paris or other urban centers.

Both the suburban riots and the ongoing student demonstrations have been devastating to Chirac's government and could destroy the presidential aspirations of his party's two leading candidates -- Villepin and his rival, Interior Minister Nicolas Sarkozy.

Sarkozy was blamed for fueling last fall's riots with derogatory and inflammatory comments directed at youths in the suburban housing projects.

Villepin attempted to capitalize on Sarkozy's political misfortunes by pushing a law he said was intended to give companies greater incentive to hire young people. Now, many members of Villepin's party are distancing themselves from the prime minister. French newspapers on Thursday began reporting leaks from anonymous government officials that Chirac is threatening to fire Villepin if he does not resolve the crisis quickly.

The law, scheduled to take effect in April, would allow employers to fire workers under age 26 without cause during their first two years on the job.

Under existing law, it is impossible to fire even the most incompetent workers without huge financial liabilities for companies. College students, other young people and unions say the new law discriminates against the young by denying them the job security that older workers have.

Even as Ethuin, the bike rental shop owner, surveyed the damage along his block Thursday afternoon, he couldn't bring himself to criticize the young people whose demonstration brought the violence to his doorstep.

"They have no jobs," he said. "It's not their fault."

Moscow Presses For WTO Status (WT)

By John Zarocostas

The Washington Times, March 24, 2006

DOJ_NMG_0020809

GENEVA -- Russia is pressing to wrap up a 13-year bid to join the World Trade Organization before it hosts the Group of Eight summit this summer, subject to a series of U.S. commercial demands, senior diplomats and trade officials say.

The talks can certainly "close before the G-8 summit," said Robert Vastine, president of the influential U.S. Coalition of Service Industries, a Washington-based umbrella group that represents major services corporations.

But he indicated the ball is squarely in President Vladimir Putin's court.

"I see no sign of the U.S. letting down on its demands and I hope they remain firm," said Mr. Vastine, a former senior Treasury official.

One dispute involves financial services, especially insurance, with Washington insisting that foreign-controlled firms be allowed to establish branches in Russia.

Russia's push to enter the WTO follows a furious dispute with Washington this winter over natural gas supplies -- a row that for a brief period threatened to derail the WTO effort as well.

Russia cut off natural gas supplies to Ukraine, prompting Secretary of State Condoleezza Rice to accuse Russia of using its energy resources as a political weapon and suggest that Russia was not fit to lead the G-8.

"When you say you want to be ... responsible actor in the international economy, then you play by its rules," Miss Rice said at the time.

Russia's action plunged much of Western Europe into a mid-winter panic: The pipelines extend through Ukraine and gas supplies suddenly plummeted for much of the continent.

Russia quickly backed down, turned the gas back on and settled its differences with Ukraine.

With the entry of China into the WTO in December 2001, and Saudi Arabia last year, Russia is the only major global economic power outside the agency that oversees most world trade in goods and services worth over $11 trillion a year.

Russia's deputy trade minister and chief WTO negotiator, Maxim Medvedkov, is holding talks all this week in Geneva with Dorothy Dwoskin, assistant U.S. trade representative and chief U.S. negotiator.

In the gas dispute, Russia denied U.S. charges that its actions were politically motivated. In negotiations over joining the WTO, Russian Foreign Minister Sergei Lavrov turned the tables by accusing Washington of holding up talks for political reasons.

Mr. Vastine dismissed Mr. Lavrov's assertion in a telephone interview yesterday.

"That's just not true," he said, noting that the United States has a solid track record of isolating commercial agreements from political considerations.

Even in the aftermath of the September 11 terrorist attacks, Mr. Vastine said, Washington has managed to keep commercial dealings separate from broader political and strategic issues.

According to diplomatic sources close to the Kremlin, the Russians were rattled by the expedited economic and political treatment given recently by the Bush administration to neighboring Ukraine, which is also a candidate to join the 149-member WTO, and is expected to join ahead of Moscow.

The new ambassador from Ukraine is becoming a frequent visitor to the White House, where yesterday he was present as President Bush signed a landmark trade bill lifting Cold War sanctions on the former Soviet republic.

Russia is still subject to those same restrictions, under a law widely known as Jackson-Vanik, meaning it requires a presidential waiver to obtain normal tariff rates.

Issues holding back a U.S.-Russia deal to join the WTO include lack of progress related to intellectual property protection, demands for better market access for certain U.S. agricultural products and civil aircraft, branching rights for U.S. insurance companies and Russian agricultural subsidies.

A senior Russian official said the Kremlin has agreed to increase the maximum stake foreigners can have in the country's banking sector from 12.5 percent up to 50 percent,

Similarly for insurance the maximum stake foreigners can have in the sector, he said, would be increased from 25 percent to 50 percent.

To secure WTO entry, Russia has agreed to bring its average industrial tariffs down to single digits and to lower other trade and investment barriers to many sectors of its economy.

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Russia is to host the G-8 summit in St. Petersburg in July. Besides Russia, the group includes the United States, Britain, Canada, France, Germany, Japan and Italy.

EU Ministers Consider Immigrant 'contracts' (FT)

By Hugh Williamson

Financial Times, March 24, 2006

The six largest countries in the European Union are considering having immigrants sign a 'contract' that would require they learn the language of their adopted country and accept its social norms – or risk being expelled.

The so-called integration contract is still to be discussed with the other 19 EU member states. Nicolas Sarkozy, French interior minister, proposed it during a meeting of ministers from the 'G6' countries – Germany, Britain, France, Poland, Spain and Italy -- in Heiligendamm, a luxury resort on Germany's Baltic coast. His idea is based on draft procedures already being debated in France.

The ministers also agreed to form joint anti-terror police and forensic teams that could be dispatched within hours to locations in EU member states where a terrorist attack has occurred.

The contract proposal comes amid controversy in several EU member states over the appropriate steps to ensure foreigners accept local customs and speak the language.

In Holland, hopeful immigrants are being shown a film that includes images of a topless woman on a beach, two men kissing in a park, and ghettos as part of an entrance test covering the language and culture of Holland. And in Germany, two regional states have in recent months proposed starkly different tests to be completed by foreigners wishing to become German citizens.

Wolfgang Schäuble, German interior minister, said agreement was needed on differing forms of integration procedures – ranging from initial immigration to tests for full citizenship – but stressed that this was "a pressing challenge for the whole of the EU that must be addressed".

Spain's interior minister Jose Antonio Alsonso Suarez used the meeting to call on the EU to redraw its strategy towards illegal immigrants, from Africa in particular. He said EU institutions and funds were still geared largely to dealing with migrants from north Africa, while in reality thousands were now coming from other regions, especially in west Africa.

Charles Clarke, British interior minister, told the Financial Times he supported the move towards an integration contract, initially by asking experts from the G6 to review comparable procedures used in member states. He acknowledged that such an agreement could be used as a check that "new immigrants live up to the values of our society", with expulsions a possible consequence if they do not. Previous G6 proposals on migration and anti-terror issues have been endorsed by the entire EU.

On anti-terror measures, Mr Clarke said the joint teams "were unlikely to have a permanent base, but would be networked to respond quickly to an attack". He said that while Britain, for instance, could draw on institutional ties to other police forces after the terror attacks in London last year, other countries did not have such links, so quick response teams "could be very useful".

Tensions Rise As Chirac Walks Out On EU Forum (FT)

By George Parker And Chris Smyth

Financial Times, March 24, 2006

Jacques Chirac, French president, Thursday night stormed out of a European Union summit after a French industrialist began addressing leaders of the bloc in English.

Mr Chirac and two senior French ministers walked out in protest at the decision of Ernest-Antoine Seillière, head of the Unice employers organisation, to make a plea for economic reform in what he called "the language of business".

Mr Chirac's boycott re-flected the tensions surrounding the two-day economic summit, which comes against a backdrop of French street protests over labour market reform and claims that Paris is engaged in protectionism of its energy market. The French president was not in the room to hear Mr Seillière urging leaders to "resist national protectionism in order to avoid a negative domino effect".

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He returned after Mr Seillière had finished speaking. Angela Merkel, Germany's chancellor, on Thursday issued a thinly veiled warning to France and Spain to open their energy markets, as the dispute over protectionism overshadowed the start of the summit.

Ms Merkel said Europe needed continent-wide industrial champions, and that attempts by member states to ringfence their national energy companies made nonsense of the EU's single market. "We can only have an internal market when electricity flows freely and when we accept European champions and don't just think nationally," she said at the start of the meeting.

Ms Merkel's intervention came as the EU's 25 heads of government gathered for their first summit since the row over protectionism in the energy sector erupted earlier this month. She is among those continental leaders who believe a European energy policy is impossible unless member states agree to create a single electricity and gas market with cross-border grids and in-dustrial takeovers. She is annoyed with Spain, which is opposing a takeover of Endesa, the Spanish utility, by Eon of Germany.

Meanwhile Silvio Berlusconi, Italy's prime minister, has accused France of trying to block a takeover by Enel, the Italian utility, of Suez, its Franco-Belgian rival. Paris intervened by merging the state-owned Gaz de France with Suez. Mr Berlusconi said he would not create a row over the issue at the summit and that the matter now rested with the European Commission.

Wolfgang Schüssel, Austria's chancellor and the summit host, said the word "protectionism" did not come up at last night's summit dinner, and the endorsement of an EU energy policy represented an historic de-bate.

Leaders agreed to set up a "strategic energy review", an "energy efficiency action plan" and a "renewable energy road map", but there were disagreements on some of the more contentious aspects of the strategy.

The proposed energy policy, although supported in principle by member states, is already under strain.

Some capitals oppose a new European energy regulator to promote cross-border energy trading. Some also have doubts about the development of an EU emergency gas reserve. The economic summit comes at a time of concern in some European countries about globalisation.

The proposed French changes on Thursday won the backing of Joaquín Almunia, EU monetary affairs commissioner, who said the measure would help to reduce youth unemployment. "The new contract will help young French people get their first job and prove their worth," he said.

Will Peru Choose Another Path? (WSJ)

By Mary Anastasia O'Grady

The Wall Street Journal, March 24, 2006

Peruvian labor lawyer Isaac Humala's call, last Friday, for the release of the jailed leader of the Shining Path might be interpreted, in another time and place, as a cheesy publicity stunt by an aged communist.

After all, the 75-year-old Humala would seem to have long ago lost his revolutionary struggle in Peru, where the Shining Path's Maoist terrorism in the 1980s claimed the lives of so many indigenous peasants.

But Mr. Humala is no ordinary communist has-been. He is the father of Ollanta Humala, the candidate now leading in the presidential race that will be decided by voters in two weeks. The son immediately distanced himself from his father's rhetoric, but in the light of the candidate's own extremism, the country's history of left-wing military rule and the current Shining Path resurgence, Papa Humala's plea on behalf of a terrorist leader was disquieting.

Markets recognized the danger Monday after Peruvian opinion pollster Apoyo announced that Ollanta is now likely to place first on April 9 and is in a statistical dead heat with center-right candidate Lourdes Flores in a hypothetical second-round runoff between the two. The "Humala effect" sent the Lima Stock Exchange index down almost 4% and sparked a sell-off in the Peruvian sol as well. This is not the first time in recent months that markets have signaled panic about Ollanta. An earlier Humala surge provoked more than a 6% pullback in Lima's equity market in December.

The reason investors are spooked is simple: The former army officer's economic platform, though void of specifics, is openly hostile toward the private sector. In an interview last month published in Spain's ABC newspaper Ollanta described the aim of his nationalism as an effort to reclaim the country from its "neo-colonial" status. "Our natural resources" he said, "are committed to foreign capital and they do not yield any profit for us."

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His avowed intent to stick it to the private-sector -- with an emphasis on mineral and natural gas rights -- frightens investors. More troubling is the threat of a return to what effectively would be a left-wing military government in one of South America's fastest growing economies. Peru suffered that fate over a quarter-century ago, with disastrous results.

Ollanta didn't burst onto the Peruvian political scene only recently. The former lieutenant colonel has been agitating for power for years and even attempted a coup d'etat against Alberto Fujimori in 2000. We reported on him as a looming menace in June 2003, in a piece titled "Some Peruvians Fear a Return of Comandante Rule."

At that time, we cited observations by Enrique Ghersi, a Lima attorney and co-author of the global best-selling political treatise titled "The Other Path," about Ollanta's political career: "Notwithstanding that he took up arms in the last days of Fujimori, [he] has just been 'rewarded' with the post of military attaché in France. Huge blunder. Three of the last military dictators had the same job. After which they returned to Peru to lead a coup: Oscar R. Benavides, Luis M. Sanchez Cerro and Juan Velasco Alvarado. If history is not mistaken, Ollanta Humala perhaps could be next."

Mr. Ghersi noted that since the coup d'etat is no longer in vogue, the aspiring caudillo would be more likely to follow the example of Venezuelan President Hugo Chávez, who also engaged in a failed coup attempt, did time briefly in jail and emerged a popular hero. As if to fulfill the Ghersi prophecy, the Chávez-wannabe has already announced that, should he win, he will call for a rewriting of the constitution, a tactic Chávez used to tighten his grip on power.

In his interview with ABC, Ollanta confirmed his admiration for the Venezuelan. "We are both military men, we have risen up against a corrupt regime and we have both suffered imprisonment. I acknowledge that his government is nationalist and patriotic. In that sense, I see that he is on the right track."

This view of the world didn't come about accidentally. Though he is a well-to-do middle-class Limeño, Papa Isaac founded an ethno-nationalist movement whose goal it is to conduct a popular indigenous revolution. It was to this end, presumably, that he enrolled two of his young sons in the Peruvian military school. Ollanta's brother Antauro, a former army major, is now serving time for a 2005 attack on a police station in which four police officers were killed.

Ollanta's popularity, Mr. Ghersi noted in 2003, suggests that Peru may be following a Latin American trend toward "neomilitarism" with a "pronounced populist accent and a generous dose of communist infiltration." He wrote, "Fundamentally it represents the popular discontent that exists against democratic politics in Latin America."

The discontent is understandable. While it is true that the economy grew by 4% to 5% annually from 2002 to 2004 and an estimated 5.5% in 2005, a decade of such returns might be needed to convince voters that their lives are changing.

It is also true that booming mineral and farm prices tend to show up in the pockets of northern Peruvians. Mr. Ghersi noted to me in a phone interview on Monday that the more populated south has not participated as much in the country's economic growth. Moreover, Peruvian public education is controlled by a far-left teachers union that holds private ownership and profits to be almost criminal. With more than half the voters under the age of 25, the poll numbers are not surprising.

With the Shining Path now reportedly beginning to dominate the lucrative coca growing business among the indigenous population -- an important constituency for Ollanta, as it is for Bolivia's Evo Morales -- there is cause for grave concerns about regional stability.

There is still a chance that Ollanta will lose. And even if he wins, he will not have a bonanza as large as the one Chávez derives from high oil prices. But what is nearly certain, if he makes it to the presidency, is that his tenure will increase property-rights insecurity and damage Peru's recent growth spurt. There can be no doubt that Peruvians face a crucial choice next month and that another Latin country is in danger of succumbing to yet another bout of corporatist authoritarianism.

Democracy Isn't 'Western' (WSJ)

By Amartya Sen

The Wall Street Journal, March 24, 2006

"The fault, dear Brutus, is not in our stars, but in ourselves, that we are underlings." Culture too, like our stars, is often blamed for our failures. Attempts to build a better world capsize, it is alleged, in the high sea of cultural resistance. The determinism of culture is increasingly used in contemporary global discussions to generate pessimism about the feasibility of a democratic state, or of a flourishing economy, or of a tolerant society, wherever these conditions do not already obtain.

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Indeed, cultural stereotyping can have great effectiveness in fixing our way of thinking. When there is an accidental correlation between cultural prejudice and social observation (no matter how casual), a theory is born, and it may refuse to die even after the chance correlation has vanished without trace. For example, labored jokes against the Irish, which have had such currency in England, had the superficial appearance of fitting well with the depressing predicament of the Irish economy when it was doing quite badly. But when the Irish economy started growing astonishingly rapidly, for many years faster than any other European economy, the cultural stereotyping and its allegedly profound economic and social relevance were not junked as sheer rubbish. Theories have lives of their own, quite defiantly of the phenomenal world that can be actually observed.

Many have observed that in the '60s South Korea and Ghana had similar income per head, whereas within 30 years the former grew to be 15 times richer than the latter. This comparative history is immensely important to study and causally analyze, but the temptation to put much of the blame on Ghanaian or African culture (as is done by as astute an observer as Samuel Huntington) calls for some resistance. Mr. Huntington closes his contrast with a spectacular formula: "South Koreans valued thrift, investment, hard work, education, organization and discipline. Ghanaians had different values. In short, cultures count." Ghanaians, and perhaps many other Africans, seem doomed to stagnate, according to this analysis.

In fact, that cultural story is extremely deceptive. There were many important differences, other than any differences in cultural predispositions, between Ghana and Korea in the 1960s. First, the class structures in the two countries were quite different, with a very much bigger -- and proactive -- role of business classes in Korea. Second, the politics were very different, too, with the government in South Korea eager to play a prime-moving role in initiating societal reform and economic development in a way that was not true in Ghana. Third, the close relationship between the Korean economy and Japan, on the one hand, and the U.S., on the other, made a big difference, at least in the early stages of Korean economic expansion.

Fourth -- and perhaps most important -- by the 1960s South Korea had acquired a much higher literacy rate and a much more expanded school system than Ghana had. Korean massive progress in school education had been largely brought about in the post-World War II period, mainly through resolute public policy, and it could not be seen just as a reflection of cultural difference. This is not to suggest that cultural factors are irrelevant to the process of development, but they do not work in isolation from social, political and economic influences. Nor are they immutable.

The temptation of founding economic pessimism on cultural resistance is matched by the evident enchantment, even more common today, of basing political pessimism, particularly about democracy, on alleged cultural impossibilities. While it is easy enough to understand the widespread -- and increasing -- doubts about armed intervention allegedly aimed at jump-starting democracy in Iraq through largely foreign and military planning, it would be quite a leap from there to become skeptical of the general possibility of the emergence of democracy in any country that is currently nondemocratic. It is worth remembering that democracy has developed well enough in many countries in Asia, Africa and Latin America, and in the case of some, such as South Africa, even foreign assistance to local democratic movements (for example through economic boycott) has positively helped.

When it is asked whether Western countries can "impose" democracy on the non-Western world, even the language reflects a confusion centering on the idea of "imposition," since it implies a proprietary belief that democracy "belongs" to the West, taking it to be a quintessentially "Western" idea which has originated and flourished exclusively in the West. This is a thoroughly misleading way of understanding the history and the contemporary prospects of democracy.

Democracy, to use the old Millian phrase, is "government by discussion," and voting is only one part of a broader picture (an understanding that has, alas, received little recognition in post-intervention Iraq in the attempt to get straight to polling without the development of broad public reasoning and an independent civil society). There can be no doubt at all that the modern concepts of democracy and of public reasoning have been very deeply influenced by European and American analyses and experiences over the last few centuries (including the contributions of such theorists of democracy as Marquis de Condorcet, Jefferson, Madison and Tocqueville). But to extrapolate backward from these comparatively recent experiences to construct a quintessential and long-run dichotomy between the West and non-West would be deeply misleading. There is a long history of public reasoning across the world, and while it has gone through ups and downs everywhere, the sharp priority of liberal tolerance that has emerged in the West over the past three centuries reflects how social evolution can strengthen and consolidate one tendency to the exclusion -- or near exclusion -- of other tendencies.

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The belief in the allegedly "Western" nature of democracy is often linked to the early practice of voting and elections in Greece, especially in Athens. Democracy involves more than balloting, but even in the history of voting there would be a classificatory arbitrariness in defining civilizations in largely racial terms. In this way of looking at civilizational categories, no great difficulty is seen in considering the descendants of, say, Goths and Visigoths as proper inheritors of the Greek tradition ("they are all Europeans," we are told). But there is reluctance in taking note of the Greek intellectual links with other civilizations to the east or south of Greece, despite the greater interest that the Greeks themselves showed in talking to Iranians, or Indians, or Egyptians (rather than in chatting up the Ostrogoths).

Since traditions of public reasoning can be found in nearly all countries, modern democracy can build on the dialogic part of the common human inheritance. In his autobiography, Nelson Mandela describes how influenced he was, as a boy, by seeing the democratic nature of the proceedings of the meetings that were held in his home town: "Everyone who wanted to speak did so. It was democracy in its purest form. There may have been a hierarchy of importance among the speakers, but everyone was heard, chief and subject, warrior and medicine man, shopkeeper and farmer, landowner and laborer." Mr. Mandela could combine his modern ideas about democracy with emphasizing the supportive part of the native tradition, in a way that Gandhi had done in India, and that is the way cultures adapt and develop to respond to modernity. Mr. Mandela's quest for democracy and freedom did not emerge from any Western "imposition."

Similarly, the history of Muslims includes a variety of traditions, not all of which are just religious or "Islamic" in any obvious sense. The work of Arab and Iranian mathematicians, from the eighth century onward reflects a largely nonreligious tradition. Depending on politics, which varied between one Muslim ruler and another, there is also quite a history of tolerance and of public discussion, on which the pursuit of a modern democracy can draw. For example, the emperor Saladin, who fought valiantly for Islam in the Crusades in the 12th century, could offer, without any contradiction, an honored place in his Egyptian royal court to Maimonides, as that distinguished Jewish philosopher fled an intolerant Europe. When, at the turn of the 16th century, the heretic Giordano Bruno was burned at the stake in Campo dei Fiori in Rome, the Great Mughal emperor Akbar (who was born a Muslim and died a Muslim) had just finished, in Agra, his large project of legally codifying minority rights, including religious freedom for all, along with championing regular discussions between followers of Islam, Hinduism, Jainism, Judaism, Zoroastrianism and other beliefs (including atheism).

Cultural dynamics does not have to build something from absolutely nothing, nor need the future be rigidly tied to majoritarian beliefs today or the power of the contemporary orthodoxy. To see Iranian dissidents who want a fully democratic Iran not as Iranian advocates but as "ambassadors of Western values" would be to add insult to injury, aside from neglecting parts of Iranian history (including the practice of democracy in Susa or Shushan in southwest Iran 2,000 years ago). The diversity of the human past and the freedoms of the contemporary world give us much more choice than cultural determinists acknowledge. This is particularly important to emphasize since the illusion of cultural destiny can extract a heavy price in the continued impoverishment of human lives and liberties.

Mr. Sen, the 1998 Nobel laureate in economics, is the author of "Identity and Violence: The Illusion of Destiny," published next week by Norton.

Genocide's Neighbors (WP)

The Washington Post, March 24, 2006

AMONTH AGO President Bush called for doubling the peacekeeping force in the Sudanese region of Darfur and expanding the role of NATO countries in bolstering it. Since then, the case for intervention has only grown stronger: There have been fresh reports of death-squad attacks on civilians in Darfur and of violence spilling into neighboring Chad. But the odds of deploying a serious peace force have receded, despite the president's words. The reason is that Sudan's government, the chief sponsor of Sudan's genocide, has threatened violent resistance to a muscular deployment. And Sudan's bluster carries more weight than Mr. Bush's statements.

How can a weak African government get the better of a U.S. president? By persuading fellow governments to believe, or pretend to believe, that replacing the existing African Union troops in Darfur with a larger United Nations peace force would amount to a neocolonialist infringement of Sudanese sovereignty. Needless to say, this is absurd: The United Nations is not an

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imperialist front. The peacekeepers' purpose would be to save African lives. And the United Nations already has peacekeepers deployed in southern Sudan with the consent of the northern government. But the Sudanese nonetheless persuaded North African members of the African Union, notably Libya, Ethiopia and Egypt, to oppose a beefed-up U.N. force. Sudan's chief negotiator at the desultory Darfur peace talks accused African governments that supported a U.N. deployment of wanting to create "masters in the West and slaves in Africa."

It's a sobering reflection on rich countries' reputation that this sort of clash-of-civilizations broadside can work; it's outrageous that Egypt, a major recipient of U.S. foreign assistance, should lend a sympathetic ear to it. But Sudan's poisonous rhetoric persuaded the African Union to go back on previous indications that it would embrace an early transfer of responsibility from its own peacekeepers. The Africans now say that the earliest possible transfer of authority to the United Nations would be in September.

So Mr. Bush's call for a more serious deployment has been buried for the moment. No peacekeeping force is going to be strong enough to shoot its way into Darfur to establish peace; it will require some form of assent from Sudan's government. The way to get that assent is to put diplomatic pressure on Sudan, above all by achieving a consensus within the African Union in favor of a U.N. deployment. Now that there is no such consensus, the Sudanese feel free to threaten to turn Sudan into a "graveyard" for foreign fighters, and to underline the message by harassing foreign aid workers in Darfur. In the absence of effective peacekeepers, a senior U.N. official recently predicted "massively increased mortality."

Even if a U.N. deployment is off the table until this fall, the United States and its allies have other options. They can press for the enlargement of the existing African Union force and support it with better equipment and logistics. They can enforce a no-fly zone in Darfur, preventing Sudanese government helicopters from supporting ground attacks by the Janjaweed death squads. And they can demand that neighboring countries such as Libya and Egypt support these actions. Don't these Muslim countries care about the genocidal slaughter of Muslims?

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TO: THE ATTORNEY GENERAL AND SENIOR STAFF

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TERRORISM NEWS:

Moussaoui Prosecutors Close With FBI Agent (AP-Y2)

By Michael J. Sniffen

AP2, March 23, 2006

Prosecutors wrapped up their case for executing Zacarias Moussaoui with a former FBI agent's testimony Thursday that the bureau could have identified 11 of the Sept. 11 hijackers if the al-Qaida conspirator had confessed when he was arrested a month before the suicide attacks.

Before court-appointed defense attorneys could begin their case, Moussaoui announced loudly as he left for a recess that he would testify in his own behalf.

"I will testify, Zerkin, whether you want it or not," he said, referring to one of his lawyers, Gerald Zerkin. The 37-year-old Frenchman, who is the only person charged in this country in connection with the 2001 attacks, has refused to cooperate with his lawyers.

Former FBI agent Aaron Zebley testified that Moussaoui's admission, when he pleaded guilty last April, that he received more than $14,000 in wire transfers from a man using the name Ahad Sabet could have allowed the FBI to go through Western Union, cell phone, calling-card and motor vehicle records, as well as leases and other business materials to identify most of the 19 hijackers who flew jetliners into the World Trade Center, the Pentagon and a Pennsylvania field.

U.S. District Judge Leonie Brinkema, who has told the jury it cannot decide Moussaoui's punishment "on speculation," barred Zebley from explicitly asserting what the FBI would have accomplished had he confessed when arrested Aug. 16, 2001.

But Zebley gave prosecutors their strongest testimony in a week when many of their witnesses ended up buttressing the defense argument that the FBI and Federal Aviation Administration badly bungled better intelligence about 9/11 than Moussaoui had in the summer of 2001.

Zebley implied that Moussaoui's lies when arrested while taking pilot lessons in Minnesota foreclosed several avenues of investigation that might have saved at least one of the nearly 3,000 lives lost on 9/11.

"We could have set about finding the hijackers," Zebley said.

For the first hour of more than two hours on the stand Thursday, Zebley had jurors leaning forward to follow his explanation of how FBI agents moved from the data in records of one money transfer by Western Union, through incoming and outgoing calls to a phone number listed on the Western Union record, to the businesses that were called from all those phone numbers, to home addresses listed on business and bank transaction records, to leases and driver's licenses and other IDs recorded by landlords. He said the identities of 11 of the hijackers were learned by these methods within weeks after the attacks and these records existed in August, 2001.

On cross-examination, defense lawyer Edward MacMahon pointed out that neither Moussaoui's statements after arrest nor anything found in a post-9/11 search of his possessions gave away that he got that money transfer by wire. The defense has argued that under the Fifth Amendment Moussaoui had no obligation to incriminate himself when arrested.

MacMahon asked why the FBI didn't launch a full criminal investigation of Moussaoui in August 2001 based on 70 appeals to Washington by arresting agent Harry Samit who warned that Moussaoui was a terrorist training to hijack an airliner.

"The FBI has to have a confession ... before anybody listens?" MacMahon asked.

Zebley replied that Samit did not know all the details in Moussaoui's 2005 confession.

MacMahon got Zebley to acknowledge that nothing in the confession or in FBI evidence gathered since then shows any contact between Moussaoui and the 9/11 hijackers, who lived, trained and traveled together in small groups. Moussaoui pleaded guilty to conspiring with al-Qaida to fly planes into U.S. buildings. But he says he had nothing to do with 9/11 and was training to fly a 747 jetliner into the White House as part of a possible later attack.

MacMahon brought out that the CIA knew in March 2000 that two of the 9/11 hijackers — Nawaf al-Hazmi and Khalid al-Mindhar — had entered the United States in 2000 after attending a conference with Osama bin Laden associates in Malaysia. He showed that the CIA finally told the FBI on Aug. 23, 2001, that the pair were in the United States, and that the FBI sent a message marked "routine" on Aug. 28 asking its New York office to look for them. On Sept. 10, 2001, the FBI New York office asked the Los Angeles office to check for them in hotels there, according an FBI document MacMahon introduced.

"What could have been done if the U.S. government had tracked al-Hazmi and al-Mindhar in the summer of 2001?" MacMahon asked. "We'll never know, right?"

Zebley conceded that point.

The first defense witness, former FBI agent Erik Rigler, summarized a Justice Department inspector general report that criticized the CIA for keeping the al-Hazmi and al-Mindhar intelligence from the FBI for so long and the FBI for assigning pursuit

of the pair to one inexperienced, young agent. It said the pair was on Thailand's watchlist in January, 2000, but not on a U.S. watchlist until August, 2001.

Earlier in the trial, Samit said he spent four weeks warning his bosses about the radical Islamic student pilot. He said "criminal negligence" and bureaucratic resistance by FBI headquarters agents blocked "a serious opportunity to stop the 9/11 attacks."

This sentencing trial will determine whether Moussaoui is executed or imprisoned for life.

Meanwhile, Transportation Security Administration lawyer Carla J. Martin, who improperly coached witnesses in the case, was subpoenaed for a Monday hearing, but her legal advisers were considering trying to block the appearance, according to a lawyer familiar with the case. Brinkema said there might be an early Monday hearing.

Moussaoui Prosecution Rests Case After Key FBI Testimony (AFP-Y2)

AFP, March 23, 2006

US prosecutors rested their death penalty case against Zacarias Moussaoui after their key witness said most of the September 11 hijackers could have been found had Moussaoui confessed his Al-Qaeda links before the attacks.

Former FBI agent Aaron Zebley said he used Moussaoui's guilty plea last year to build a web of telephone records, wire transfers and financial data, linking him to the same Al-Qaeda financiers behind the September 11 suicide crews.

His evidence fleshed out the central point behind the prosecution drive for Moussaoui's execution -- namely that had investigators known in August 2001, what they knew in April 2005, they may have been able to stop the attacks.

"Was that information available to the FBI in August 2001?" prosecutor Robert Spencer asked Zebley, at the climax of his testimony.

"It could have been," Zebley replied, earning an immediate objection from Defense Counsel Edward MacMahon.

"Ultimate issue in the case," MacMahon said, an objection upheld by Judge Leonie Brinkema.

MacMahon later challenged Zebley's assessments, as tempers frayed at the start of his cross-examination asking: "So the FBI needs a confession from an Al-Qaeda terrorist to launch an investigation?"

Brinkema then intervened, telling MacMahon and Zebley, who now works as a prosecutor at the Alexandria, Virginia, courthouse hosting the trial, to take a deep breath, "calm down" and take a lunch break.

Zebley testified that financial wire information found in a notebook owned by Moussaoui, details of his money transactions, phone card information and a listing of flight schools could have helped crack the 9/11 plot.

Investigators did not discover those details until after September 11, because FBI bosses concluded -- despite the fears of one agent that Moussaoui was a terrorist who might hijack a plane -- that his answers while in custody in August 2001, did not merit a warrant to search his belongings.

Agents could have unravelled the puzzle from a 14,000 dollar transfer to Moussaoui from Germany, which left a trail to the United Arab Emirates, and back to the September 11 hijackers training in Florida, Zebley said.

Eleven of the 19 hijackers could have been found, Zebley said, including the presumed ringleader of the four hijacking gangs, Mohammad Atta.

Flight school advertising found in Moussaoui's possession could have led to the discovery of Hani Hanjour, the pilot who slammed a plane into the Pentagon and had been at simulator school in Phoenix, Arizona, he said.

According to Zebley, the 11 hijackers could have been traced because they were using their real names.

"What could you have done with these 11 names?" Spencer asked.

"We would have set about finding them of course," Zebley said, adding that the FBI, US intelligence and federal aviation officials could have been alerted.

The US Secret Service could also have been involved as Moussaoui had threatened to fly a jumbo jet into the White House.

But MacMahon later took aim at the prosecution case that had information been gleaned from Moussaoui, most of the hijackers could have been found, playing down links Zebley testified were evident between Moussaoui and the four suicide gangs.

The defense lawyer established under cross examination that Moussaoui had never called the telephone number in the United Arab Emirates associated with the Al-Qaeda money transfers.

He also got Zebley to say that Moussaoui had never called any of the 9/11 hijackers, did not know any of the prospective targets or the date for any of the attacks.

Moussaoui, a Frenchman of Moroccan descent, pleaded guilty last April to conspiring with Al-Qaeda to fly airliners into US buildings in connection to September 11. But he has said he was not to be part of the September 11 strike, but a follow up attack targeting the White House.

Jurors are being asked to decide whether Moussaoui should be executed or sent to prison for life.

After the prosecution rested its case, the judge immediately took the court into a closed session, not involving the jury, without saying what would be discussed.

As he was led from the court, into another chamber where the closed hearing was to take place, Moussaoui raised his hand and shouted at his court appointed lawyers with whom he has refused to cooperate.

"I will testify Zerkin, whether you like it or not, I will testify," he shouted, referring to Gerald Zerkin, a member of his defense team.

FBI Agent Says 9/11 Plot Was Within Grasp (LAT)

By Richard A. Serrano

The Los Angeles Times, March 24, 2006

ALEXANDRIA, Va. — Federal prosecutors completed their case Thursday in the sentencing trial of Zacarias Moussaoui with a former FBI agent who said that if Moussaoui had cooperated after his arrest in August 2001, 11 of the 19 hijackers could have been located fairly quickly and stopped before the terror attacks of Sept. 11.

The testimony set the stage for the French terrorist to take the witness stand in his own defense next week.

"I will testify!" Moussaoui shouted to his lawyers after the government presented its last witness. "Whether you want it or not, I will testify!"

His four court-appointed lawyers have urged him not to take the stand, fearing his volatile temper and oft-expressed hatred for Americans will only encourage the jury to sentence him to death.

The government's final witness was Aaron Zebley, one of the FBI's two chief case agents on the Moussaoui investigation, who now works as an assistant U.S. attorney.

He identified a series of phone calls, Western Union money transfers and other evidence linking Moussaoui to Al Qaeda handlers in Germany and the United Arab Emirates. Those same handlers coordinated the movements of the 19 Sept. 11 hijackers in the U.S.

Zebley said that if Moussaoui had told the FBI about these money transfers, agents could have identified 11 of the hijackers and stopped them before they reached the airports in Boston, Washington and Newark, N.J., on the morning of Sept. 11.

"We could have set about finding them, obviously," Zebley said. "We could have shared this information with our law enforcement partners on the federal, state and local levels. We could have shared this with our intelligence partners too, and the Secret Service."

Moussaoui pleaded guilty in April to having a role in the Sept. 11 conspiracy. He said he was handpicked by Al Qaeda front man Osama bin Laden to come to the U.S., take pilot lessons and eventually fly a jet into the White House.

On Sept. 11, three planes struck the two World Trade Center towers in New York and the Pentagon in Washington. A fourth plane, which went down in a western Pennsylvania field after passengers tried to reclaim the jetliner, is believed to have been headed toward either the White House or the U.S. Capitol.

Zebley also testified that had Moussaoui allowed the FBI to inspect his belongings, agents would have found lists of flight schools, including the jet simulator school he was attending in Eagan, Minn., and other pilot training facilities in south Florida where some of the hijackers learned to fly.

"We could have got to those flight schools and looked for people like the defendant," Zebley said. "Somebody rushing through flight school and onto jet simulators. Someone with a Middle Eastern name. We'd be looking for people who look like the defendant."

But under cross-examination, Zebley admitted that there were key elements of the Sept. 11 plot that appeared completely unknown to Moussaoui.

None of Moussaoui's possessions carried the names of any of the hijackers. All of the flight tickets purchased by the hijackers were bought after Moussaoui was arrested, indicating he did not know the date for the attacks. And there also was no proof that Moussaoui knew which buildings and structures were being targeted.

Zebley conceded that FBI does not believe Moussaoui was supposed to have been aboard one of the planes. "There never was a 20th hijacker," Zebley said. But he added, "the plot was to get as many conspirators in the U.S. as possible."

Zebley concluded a troubled prosecution case in which several other FBI witnesses conceded that the bureau had ignored repeated warnings about a looming terrorist attack. And the government's case was hurt when a federal lawyer improperly coached several prospective witnesses familiar with aviation security.

The lawyer, Carla Martin of the Transportation Security Administration, has been subpoenaed to appear Monday before U.S. District Judge Leonie M. Brinkema to explain her conduct. The judge barred the "tainted" witnesses from testifying.

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The defense began its case late Thursday by calling Eric Rigler, a former FBI special agent who now runs a criminal justice consulting firm in Texas. Rigler led the jury through the FBI's many "missed opportunities" to detect the plot, as laid out in a report by the Justice Department's inspector general.

The defense is trying to show that even if Moussaoui had cooperated with the FBI, its agents made so many mistakes in the weeks before Sept. 11 that it would be unfair to blame the massive loss of life on the defendant, who was in jail when the attacks occurred.

Moussaoui Shouts His Intention To Take The Stand (WP)

By Jerry Markon And Timothy Dwyer

The Washington Post, March 24, 2006

Prosecutors concluded their argument yesterday that Zacarias Moussaoui is eligible for the death penalty, and the al-Qaeda operative made it clear in his typically theatrical style that he intends to take the stand.

"I will testify, whether you want it or not!" Moussaoui yelled as he was escorted from the courtroom by federal marshals. "I will testify!"

It was unclear whether he was addressing his attorneys, with whom he does not speak and who have been against his taking the stand. But what was clear was that the case against the only person convicted in the United States on charges stemming from the Sept. 11, 2001, attacks could take yet another dramatic turn. Moussaoui is known for his courtroom outbursts, and even his attorneys don't know what he will say. Sources familiar with the case said Moussaoui is expected to testify, but he has been told he must adhere to courtroom decorum.

The courtroom theatrics came as Moussaoui's lawyers subpoenaed a government lawyer whose misconduct nearly derailed the death penalty trial, sources familiar with the case said yesterday. Carla J. Martin has been told to show up at U.S. District Court in Alexandria on Monday, the sources said.

Martin would risk being found in contempt of court if she ignored the order, but once there she could invoke her Fifth Amendment right against self-incrimination and refuse to testify. She declined to testify at a hearing last week. Her attorney, Roscoe C. Howard Jr., did not return repeated telephone calls. Defense attorneys would not comment, but legal experts said that it is unlikely they could persuade U.S. District Judge Leonie M. Brinkema to allow the jury to hear about what she has called "egregious" conduct by Martin.

The actions of Martin, a Transportation Security Administration lawyer, halted the case last week after she violated a court order by sharing testimony and contacting witnesses. Brinkema initially reacted by barring all aviation witnesses and testimony, an action that severely damaged the prosecution's case. Testimony resumed Monday after Brinkema allowed testimony from aviation witnesses untainted by contact with Martin.

Moussaoui, 37, pleaded guilty last year to conspiring with al-Qaeda in the attacks on the World Trade Center and Pentagon. His sentencing hearing is divided into two parts. Jurors first must vote on whether Moussaoui is eligible for the death penalty. If they find he is, a second phase would include testimony from family members of Sept. 11 victims. Jurors then would determine whether Moussaoui should be executed.

Prosecutors yesterday concluded their argument that Moussaoui is eligible for the death penalty because, even though he was in jail on Sept. 11, his lies to the FBI prevented agents from stopping the attacks.

The trial has been cloaked in secrecy at times because of extensive classified information, and yesterday was no different. Defense lawyers typically ask the judge to throw out a case when the prosecution completes its evidence, and Moussaoui's lawyers had prepared such a motion. It was not made in open court, however, and when prosecutors rested their case yesterday, Brinkema convened a sealed hearing in a separate courtroom.

Immediately after the hearing ended, the defense began its case. Sources said later that Brinkema had rejected a defense motion that the case not be allowed to go to the jury.

The two sides yesterday waged a battle of dueling PowerPoint presentations through testimony from two former FBI agents. The final prosecution witness, Aaron Zebley, portrayed the government as a precise investigative machine that immediately would have reacted to the knowledge that Moussaoui was a terrorist operative plotting an attack. Moussaoui was arrested in Minnesota in August 2001, and prosecutors say he lied to the FBI about his plan to fly a plane into the White House.

"Could you have done this in August of 2001?" Assistant U.S. Attorney Robert A. Spencer kept asking Zebley, as Zebley tried to demonstrate how a single cellphone number on a Western Union wire transfer to Moussaoui could have led to phone, bank and other records -- which would have enabled investigators to track down at least 11 of the 19 hijackers.

Zebley, who left the FBI last year to become an assistant U.S. attorney, each time answered, "Yes."

The first defense witness, retired FBI agent Eric Rigler, walked jurors through a Justice Department inspector general's report from 2004 that criticized the government for failing to detect two hijackers who entered the United States in 2000. Khalid

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al-Mihdhar and Nawaf al-Hazmi at one point lived with an FBI informant in San Diego. The inspector general found that the CIA had known the two were in the country and were al-Qaeda operatives but delayed telling the FBI for more than a year.

Prosecution Of Moussaoui Finishes Up (NYT)

By Neil A. Lewis

The New York Times, March 24, 2006

ALEXANDRIA, Va., March 23 — Prosecutors on Thursday finished presenting their case that Zacarias Moussaoui should be executed for the deaths that occurred on Sept. 11, 2001, offering evidence linking him to the paymaster of Al Qaeda who provided money to most of the 19 hijackers who died in the plot.

The trial, which will resume on Monday, offers the possibility of three dramatic moments in short order. First, the court may hear from Carla J. Martin, the Transportation Security Administration lawyer whose improper coaching of witnesses nearly derailed the trial.

Then, as Mr. Moussaoui's lawyers pick up the arguments they began Thursday afternoon, the jury is expected to have the extraordinary experience of hearing testimony gathered in the United States' secret overseas detention system.

Defense lawyers plan to have people recite the testimony of some of the most valuable captives, including Khalid Shaikh Mohammed, the mastermind of the Sept. 11 attacks, and Ramzi bin al-Shibh, the operation's paymaster, who are imprisoned under American supervision. There also might be testimony read from Mohammed Al-Qahtani, a prisoner at Guantánamo Bay, Cuba, who is believed by many to have been the missing "20th hijacker."

Sometime after the attacks, senior Justice Department officials identified Mr. Moussaoui, a 37-year-old Frenchman of Moroccan heritage, as the 20th hijacker, surmising that he was to have been aboard the plane that crashed in Pennsylvania with four hijackers aboard. The other three planes each had five hijackers.

Government officials have since dropped that assertion, and prosecutors have argued that Mr. Moussaoui should be executed because he hid what he knew about plots to fly airplanes into buildings when he was arrested, before the attacks, on immigration charges in Minnesota, where he was learning to fly jetliners.

The third dramatic event is the testimony of Mr. Moussaoui himself sometime next week. Judge Leonie M. Brinkema first granted permission for him to represent himself but revoked it after he would not heed her instructions and had outbursts.

Now Mr. Moussaoui does not speak to his lawyers and has reviled them in comments to the court.

Mr. Moussaoui, who has sat quietly through the last two weeks of the trial, usually leaves the courtroom with some shouted slogan praising Osama bin Laden or cursing the United States. On Thursday, he offered a new statement, saying, "I will testify whether you want it or not."

The arrangement to get testimony from the high-level detainees who are Qaeda members came after intense negotiations among the defense, the government and the court.

Prosecutors ended their presentation with the testimony of a former F.B.I. agent, Aaron Zebley. Mr. Zebley, now a federal prosecutor, linked Mr. Moussaoui to the hijackers by way of Mr. bin al-Shibh and money he sent from Germany. He acknowledged in cross-examination by Edward B. MacMahon Jr., a lawyer for Mr. Moussaoui, that there was no evidence that Mr. Moussaoui had telephoned or met with any of the hijackers.

Ex-FBI Agent Says Moussaoui Deception Prevented Probe (VOA)

By Jim Malone

Voice of America, March 24, 2006

Zacarias Moussaoui, foreground, listening to his defense lawyer Edward MacMahon question FBI special agent Harry SamitA former FBI agent testified Thursday that investigators may have been able track down some of the September 11 hijackers if Zacarias Moussaoui had confessed his role with al-Qaida before the 2001 attacks. Moussaoui is the convicted al-Qaida terrorist now on trial for his life in a federal court in Alexandria, Virginia, just outside Washington.

Former FBI agent Aaron Zebley testified that had Moussaoui confessed his links with al-Qaida before the 9/11 attacks, the authorities might have been able to trace money transfers and telephone calls to al-Qaida financiers who were in touch with some of those who hijacked airliners on September 11.

Zebley said it was possible that the FBI could have traced a $14,000 wire transfer to Moussaoui that came from Germany, which might have led to financial backers also in contact with at least five of the 19 hijackers.

Prosecutors argue that Moussaoui should be put to death because he withheld information from investigators after his arrest in Minnesota three weeks before the 9/11 attacks.

Defense lawyers contend the FBI and other U.S. government agencies would not have been able to do much to prevent the attacks even if Moussaoui had admitted earlier that he was an al-Qaida operative.

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Earlier this week, Attorney General Alberto Gonzales said the government has learned a lot of lessons from the 9/11 attacks, including how to respond more quickly to threat information gathered by agents in the field.

"I am not going to comment on anything related to the trial," Gonzales says. "What I will say is that we obviously are more sensitive today about threats to the United States and we believe that we have better procedures, better infrastructure to share information."

Moussaoui pleaded guilty last year to terror and conspiracy charges. He said he was not part of the 9/11 conspiracy but was planning to be part of a second wave of attacks using planes that were to go after other high-profile targets, including the White House.

The jury in the case has two choices. Either sentence Moussaoui to death or send him to prison for life. E-mail This Article

Terror Trials And Poor PR (WT)

By Eric Leskly

The Washington Times, March 24, 2006

The charades in Alexandria and Baghdad last week are final confirmation that the Bush administration has grievously erred in trying the Zacarias Moussaoui and Saddam Hussein cases in civilian courts instead of military tribunals. By attempting to use the trials as public-relations tools to demonstrate fair judicial process, the administration has disregarded the fact the clear and present danger posed by al Qaeda and the Iraqi insurgency require harsher procedures and penalties than those afforded by traditional criminal prosecution. Furthermore, both defendants have repeatedly rejected the validity of our judicial process, and use the trials instead to preach to their followers and sympathizers. Thus, instead of enhancing American national security, these botched cases may have even strengthened our enemies.

Does the United States owe due process of civilian law to Moussaoui or Saddam? The answer is clearly and emphatically no. In wartime, a government is not obliged to provide enemy combatants the privileges and protections associated with a civilian criminal trial.

It was a mistake to assume that our commitment to due process -- and our desire to showcase this to the world -- would substitute for the unflinching and uncompromising fortitude necessary to mete justice in these extraordinary situations. While civilian criminal procedure presumes innocence until proven guilty, it also presupposes the defendant's acceptance of the inherent power of the court. As Hobbes observed in Leviathan: "Before the names of Just and Unjust can have place, there must be some coercive power." In current circumstances, that is exactly the logic behind a military tribunal.

There is clear justification for trying Moussaoui and Saddam through military commission. The United States is at war with both al Qaeda and the insurgency in Iraq, a remnant of Saddam's regime. Both defendants were captured in the course of the war and violated the laws of armed conflict: Moussaoui, who is not a US citizen, conspired in the attacks on US civilians; Hussein tortured and used chemical weapons against his own people.

The ineptitude evidenced by the Moussaoui sentencing demonstrates why the judicial system is not equipped to handle terrorists. The current focus on TSA attorney Carla Martin, who in her stupidity violated Judge Leonie Brinkema's order and shared transcripts with key federal witnesses, should not detract from the main issue of whether Moussaoui deserves the death penalty for his confessed role in the September 11 attacks.

In fact, the system had failed much earlier in this trial. Since its outset, Moussaoui repeatedly stated his contempt for the court and said that he was using the trial as means to preach al Qaeda's platform through the media. As early as 2003, Moussaoui made the incredulous demand to call captive al-Qaeda members as witnesses, including September 11 mastermind Khalid Shaikh Mohammed.

We can be thankful only that these events took place after Moussaoui had already confessed: a mistrial would have been almost certain if Miss Martin's behavior occurred during the actual trial. Some legal analysts have already begun to consider the frightening possibility that the government's incompetence could lead to a full acquittal, and that Moussaoui could yet go free.

The farce that has become Saddam's trial is even more disturbing because of its harmful effect on U.S. national security. By empowered the insurgency, the trial has increased the risk to U.S. troops and compromised our mission in Iraq. The court has inadvertedly given Saddam a bully pulpit; the man who was once a captured by U.S. forces at gunpoint in a foxhole now boasts that he is still the president of Iraq and openly praises the insurgency. "Unite and resist the invaders and their backers," he addressed the insurgents last week. "In my eyes, you are the resistance to the American invasion." It is all too clear that Saddam does not see himself as defeated.

Unlike the Nazis at Nuremberg, who had suffered complete and total defeat at the hands of the Allies, Saddam actually believes that he is the legitimate ruler of Iraq who could return to power if the U.S. were to leave. Doubts about the U.S. commitment to Iraq only strengthen this defiance. If he thinks the U.S. might leave Iraq behind with his case before the still incompetent Iraqi judicial system, why should he not continue delaying his trial with these outbursts?

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In order to fulfill its vow to bring justice to our enemies, the administration needs to regain the offensive in prosecuting captives in the war on terror and stop trying to use these cases as tools to enhance American image abroad. The Battle Hymn of the Republic alludes to justice as a "terrible swift sword." Our public relations will be better served through this metaphor than by the failed attempts to treat terrorists or despots "fairly." In dealing with our cruelest of adversaries, military justice may be the only sensible course.

Eric Leskly is a terror analyst and writer based in Washington.

Moussaoui Trial Difficult For Victims' Kin (AP)

By Will Lester, Associated Press Writer

AP, March 24, 2006

(AP) - ALEXANDRIA, Va.-The U.S. government's failure to act on repeated warnings before the Sept. 11 terrorist attack had Geraldine Davie fighting back tears as she talked about her 22-year-old daughter's death in the collapse of the World Trade Center.

"They all let us down," Davie said Wednesday evening, voicing a sentiment shared by many of the victims' family members who are monitoring the sentencing trial of admitted al-Qaida conspirator Zacarias Moussaoui.

Davie and other family members of Sept. 11 victims heard the FBI agent who arrested Moussaoui testify early this week that his bosses in Washington failed to heed his warnings that he said would have given the government "a serious opportunity to stop the 9/11 attacks."

Victims' family members also had to watch the federal judge consider scuttling the prosecution's bid for the death penalty after learning last week that a government lawyer improperly coached witnesses. Some prosecution witnesses gave testimony about government missteps that the defense turned to its advantage.

"Certainly, the case now is not as strong as it could be," said Bill McGinly, of Vienna, Va., who lost a son in the attack on the World Trade Center. McGinly wants to see Moussaoui get the death penalty.

"I would be much more comfortable to see him off the face of the earth," said McGinly, who held out hope that federal prosecutors would get their case back on track. "It's not over 'til it's over."

The court proceedings have been painful for victims' family members like Davie, whose daughter, Amy O'Doherty, was working at an investment firm at the World Trade Center in New York Cit; McGinly, whose son Mark worked at the trade center; and Eleni Kousoulis, whose sister Danielle worked at the same investment firm as O'Doherty.

"The government knew a lot, if they had just paid more attention," said Kousoulis of Merion, Pa. Even if government investigators couldn't prevent the attacks altogether, she said, they might have saved some lives.

As for Moussaoui, Kousoulis said she doesn't care if he gets the death penalty or life in prison. "I think him rotting in jail is worse," she said.

Family members like Kousoulis and Davie were less bothered by the prosecution's recent troubles than the government's missteps revealed in testimony this week that, if handled differently, might have saved their loved ones.

What is valuable, Davie said, is "to know the history of the events in detail without political overlays."

"There are facts being presented here without the bluster of politicians getting in the way," she said. "This is what we've needed from the beginning. This is important."

Mystery Document In Wiretap Suit Sent To Seattle For Safekeeping (AP)

By TIM FOUGHT, The Associated Press

AP, March 23, 2006

PORTLAND, Ore. (AP) — A secret document in an Oregon lawsuit challenging President Bush's domestic wiretapping program will be held in a secure facility in Seattle while the judge and lawyers try to figure out how to keep it under wraps in Portland.

U.S. District Judge Garr King decided this week that the document couldn't be held securely in a federal courthouse in Portland, and shouldn't be held at the local office of the FBI, a defendant in the case.

In a telephone conference that offered few clues about the document, King said it would go to a secure facility at the U.S. attorney's office in Seattle, but he hoped it eventually could be edited and held in Oregon as the suit progresses.

A government lawyer said, however, the document would be so black with redactions that it couldn't be understood.

A transcript of the telephone conference was made available to The Associated Press by Steven Goldberg, a civil rights attorney who filed the lawsuit last February.

The lawsuit alleges that the National Security Agency illegally wiretapped electronic communications between a local chapter of the Al-Haramain Islamic Foundation and Wendell Belew and Asim Ghafoor, both attorneys in Washington, D.C.

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It contends the NSA did not follow procedures required by the Foreign Intelligence Surveillance Act, or FISA, and failed to obtain a court order authorizing electronic surveillance of the charity and its attorneys. Lawyers for the plaintiffs have said they can't spell out the facts that support their suit because those details are classified.

The conference over the document arose because the FBI office is the only place in Portland that has a facility that meets specifications for what the government calls "sensitive compartmented information," according to the telephone conference transcript.

Such secure rooms, called SCIFs, often are used in trials dealing with classified information. They are overseen by court security officers who monitor lawyers reviewing documents. Lawyers generally aren't allowed to copy anything or take notes out.

Goldberg said it would be inappropriate for the FBI to have custody because "we're dealing with a document that may involve criminal behavior by that defendant."

Anthony Coppolino of the U.S. Justice Department said the document wouldn't be altered if the FBI had it and said King could have it in a closed envelope, perhaps signing the seal to guard against unauthorized opening.

The judge, however, said the FBI wouldn't be a suitable custodian.

"I'm not indicating there would be any problem with them, but they are a defendant so I don't think it's appropriate that they have custody of it," King said.

But the judge also decided against the idea of constructing a special secure facility for the case after Coppolino said "these facilities cost thousands, if not millions, and take months and months to create."

King expressed hope that he and others could consult with security experts and "the originator" of the document "to see if something less secure would be satisfactory."

Coppolino told King that editing the document wouldn't be possible "without redactions of the document to the point where the content wouldn't be — would not be understandable."

In a separate development, The Oregonian newspaper reported Thursday that it had filed suit last week seeking documents in the case.

"If the government is committing crimes against its citizens, the public is entitled to know the nature of the crimes," said the newspaper's attorney, Charles Hinkle.

Government Won't Have To Say Whether Secret Wiretaps Used (AP)

By CAROLYN THOMPSON, Associated Press Writer

AP, March 23, 2006

BUFFALO, N.Y. -- The government doesn't have to tell three men accused of illegally sending $3.5 million to Yemen whether secret wiretaps were used to investigate them, a judge ruled.

Lawyers for Mohamed Albanna, Ali Elbaneh and Ali Albanna requested the information as they defend the men against charges of running an unlicensed business that delivered money from Yemeni-Americans in western New York to relatives overseas.

The defendants already know that investigators used at least six court-approved wiretaps to monitor their telephones, fax machines and cellular phones in 2002 and 2003. But attorneys sought information on whether investigators also eavesdropped on phone and e-mail conversations without a judge's permission following recent disclosures that President Bush allowed such searches in attempts to sniff out terrorist plots.

The Lackawanna men were charged in December 2002 following an investigation by the Joint Terrorism Task Force. None has been accused of having any involvement in terrorism.

U.S. District Judge William Skretny, in an order dated Tuesday, denied the defense request for information without explanation. In his one-page decision, Skretny said he had reviewed the government's classified response to the January request in private.

Defense attorneys did not immediately return calls seeking comment Thursday.

In court documents, a Justice Department official said the Lackawanna men were among "a number of federal criminal defendants in cases across the country (who) have formally requested information concerning the terrorist surveillance program recently described by the President."

The department has lawyers working on the requests on a daily basis, an affidavit said.

The Albannas and Elbaneh were charged on the heels of the arrests of the Lackawanna Six, a group of Yemeni-American men convicted of attending an al-Qaida training camp in Afghanistan in the spring of 2001, and as authorities sought to trace financing of the group's travels.

Albanna, who runs a candy and cigarette wholesale business and is a leader in the American-Muslim community, previously has defended the young men, who are now serving prison sentences ranging from seven to 10 years.

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Federal law enacted after the Sept. 11, 2001, terrorist attacks requires money transmitting businesses like the one allegedly run by Albanna to register with the U.S. Treasury Department and to be licensed by the state in which they do business.

Government Expert In Lodi Terror Case Describes Pakistani Camps (AP)

By Don Thompson

AP, March 24, 2006

SACRAMENTO - A former Pakistani police chief on Thursday described a terrorist-training camp in Pakistan in an account similar to that given by a Lodi man who is standing trial on federal terrorism charges.

Hassan Abbas, now an author and lecturer living in Massachusetts, told jurors about a camp in a mountainous region of Pakistan once operated by Jaish-e-Mohammed, an extremist political party that has been banned.

The camp was in a region near Balakot, a town also mentioned by defendant Hamid Hayat during a lengthy interrogation by FBI agents last June, Abbas said. Hayat, 23, is accused of training at an al-Qaida camp in Pakistan in 2003 and returning to his home in the Central Valley town of Lodi to plot attacks inside the U.S.

His father, Umer Hayat, a 48-year-old ice cream vendor, is accused of knowing his son attended the camp and lying about it. They are being tried at the same time but before separate juries.

Prosecutors have no hard evidence that Hamid Hayat actually attended such a camp. By putting Abbas on the stand, they sought to give jurors details about the kinds of training camps they claim Hamid Hayat attended.

When the trial resumes next week, prosecutors are expected to introduce satellite photos they claim show a terror training camp in Pakistan.

Abbas, who was paid about $35,000 for his research and testimony, worked as a police chief and police administrator in Pakistan from 1996-2001 and has been on the stand since Wednesday, testifying about Pakistani culture, religion and politics.

He said the extremist group trained a large number of people for jihad, or holy war, primarily for the conflict with India over the Kashmir region.

While the Pakistani government says it cracked down on such training camps after the 2001 terror attacks in the U.S., Abbas said "dozens and dozens" of them operated between 2000 and 2005.

They were run by various political and religious organizations that attracted Muslims from around the world, Abbas told jurors. Most trained hundreds of people at a time, sequestering them for weeks and drilling them on the use of weapons, he said.

That conflicts with some of the Hayats' own statements to the FBI, which were captured on videotape. Umer Hayat, for example, said he saw a thousand terrorists training in a huge underground room, and Hamid Hayat said he frequently visited a nearby town after a day of training.

Defense attorneys claim Hamid Hayat intended only to attend a Muslim religious school during his roughly two years in Pakistan.

Abbas said between 5 percent and 15 percent of Pakistan's more than 20,000 religious schools, or madrassahs, serve as recruiting grounds for jihadi training camps.

The Hayats were arrested last June, shortly after Hamid Hayat returned from Pakistan, and have pleaded not guilty.

Hamid Hayat faces up to 39 years in prison if he is convicted of three counts of lying to the FBI and separate charges of providing material support to terrorists. His father faces up to 16 years in prison if convicted of two counts of making false statements to the FBI.

Hayat Defense Accuses Witness Was "Cued" By Prosecutors (KXTV-TV)

KXTV-TV, March 24, 2006

An expert on Pakistani society was accused of being coached by federal prosecutors Thursday during testimony in the trial of two Lodi men accused of lying to federal investigators about ties to terrorism.

During defense questioning of expert witness Hassan Abbas, attorneys for Umer and Hamid Hayat argued that the wording of prosecution objections to defense questions were actually signals to Abbas about how to answer the question. Abbas is an author and Fellow at the Kennedy School of Government in Boston, Massachusetts.

Defense attorney Wazhma Mojaddidi suggested that Abbas had worked out a system with prosecutors that if they objected to a line of defense questioning using the terms "ambiguous" or "vague," that it was actually a signal for how Abbas should answer. Judge Garland Burrell immediately demanded attorneys approach the bench but after discussion, let the line of questioning continue.

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Abbas testified that the defense raised the objection over personal notes he had made for himself over proper court conduct, including what to do if he didn't understand a question or needed a question rephrased or repeated. Abbas said prosecutors did offer advice on how to respond to defense questions, although they only advised him to be brief and objective.

Umer Hayat's jury was dismissed after Abbas' testimony, but jurors for Hamid Hayat remained to hear further questioning of chief prosecution witness and FBI informant Nassem Khan. Mojaddidi questioned Khan about his relationship with his FBI handlers, including the dates of his first meetings with the FBI, and when he was first paid for his work as an informant.

Hamid Hayat, 23, is charged with lying to federal investigators about undergoing terrorist training in Pakistan. His father, Umer Hayat, 48, is also charged with lying to FBI agents about his son's training.

The Hayats, both U.S. citizens, have pleaded not guilty.

U.S. May Be Holding Pakistani Journalist (LAT)

By Zulfiqar Ali And Mubashir Zaidi

The Los Angeles Times, March 24, 2006

PESHAWAR, Pakistan — The family of a Pakistani journalist kidnapped in December said Thursday that they believe he could be in U.S. custody.

Hayatullah Khan was abducted at gunpoint in the volatile North Waziristan tribal region Dec. 5 by armed, masked men whom a witness at the time described as dressed like fighters from the ousted Taliban regime of Afghanistan. But Ihsanullah Khan, the victim's brother, said that senior officials from Pakistan's intelligence agencies had told the family that Hayatullah was now beyond their jurisdiction.

"We were told a few days ago that Mr. Khan was no longer in their possession. He might be somewhere in Pakistan or the United States being grilled for his possible links with Al Qaeda," Ihsanullah Khan said, citing information passed to him by unnamed intelligence officials.

"Earlier these [officials] told us that Hayatullah was fine and we should not worry about him. But now they say that Hayatullah might be in U.S. officials' custody," he said.

In Washington, a Pentagon spokesman said the report could not be confirmed.

Hayatullah Khan came to wide public attention when he reported allegations that a suspected Al Qaeda operative and four other people in the town of Asoray, including a 7-year-old boy, had been killed by a U.S. missile attack — not an accidental munitions explosion, as Pakistani officials had asserted.

Khan quoted local tribesmen as saying that the mud-brick compound where Egyptian Abu Hamza Rabia died Dec. 1 had been hit by an air-launched missile. He photographed metal fragments at the compound that appeared to bear markings identifying them as remnants of a U.S. laser-guided Hellfire missile. He was working for the European Pressphoto Agency and two Pakistani newspapers when he was kidnapped in the town of Mir Ali, which, like Asoray, is near the Afghan border.

Pakistani officials insisted that the compound had not been attacked. American counterterrorism operations in Pakistan are a matter of great sensitivity for the government of President Pervez Musharraf, whom some accuse of being too accommodating of U.S. interests.

Authorities say that Khan's abduction was not related to any news report but rather sprang from a personal matter. His family said they have had no contact from his kidnappers.

They also deny that Khan had any connection to Al Qaeda or the Taliban.

Ihsanullah Khan said intelligence officials told him his brother "was being grilled by the U.S. to confirm the death of Hamza Rabia in the missile attack."

Meanwhile, the Pakistani government Thursday lodged a protest with Afghanistan over the killings of 17 Pakistani men near the border town of Spin Buldak, in Afghanistan's Kandahar province, on Wednesday. Afghan authorities described the men as Taliban rebels.

Pakistani Foreign Office spokeswoman Tasneem Aslam said that the Afghan ambassador in Islamabad was summoned to hear an official protest over the incident. "We have asked Afghan authorities to investigate the matter and tell us how these innocent Pakistani civilians were killed by Afghan forces," she said.

Pakistan's interior minister, Aftab Sherpao, said that the 17 Pakistani tribesmen "went to Afghanistan to take part in Nowruz, a religious festival of the Shiites, but were killed by Afghan forces in a fake encounter and were labeled as Taliban."

The bodies were brought back to Chaman and Quetta in Pakistan and buried Thursday.

The incident has further fueled tensions between the neighboring countries following weeks of back-and-forth accusations of border infiltrations.

Afghan President Hamid Karzai last month handed over a list of Taliban leaders who Afghan authorities believed were in Pakistan.

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PATRIOT ACT:

Bush Shuns Patriot Act Requirement (BOS)

By Charlie Savage

The Boston Globe, March 24, 2006

WASHINGTON -- When President Bush signed the reauthorization of the USA Patriot Act this month, he included an addendum saying that he did not feel obliged to obey requirements that he inform Congress about how the FBI was using the act's expanded police powers.

The bill contained several oversight provisions intended to make sure the FBI did not abuse the special terrorism-related powers to search homes and secretly seize papers. The provisions require Justice Department officials to keep closer track of how often the FBI uses the new powers and in what type of situations. Under the law, the administration would have to provide the information to Congress by certain dates.

Bush signed the bill with fanfare at a White House ceremony March 9, calling it "a piece of legislation that's vital to win the war on terror and to protect the American people." But after the reporters and guests had left, the White House quietly issued a "signing statement," an official document in which a president lays out his interpretation of a new law.

In the statement, Bush said that he did not consider himself bound to tell Congress how the Patriot Act powers were being used and that, despite the law's requirements, he could withhold the information if he decided that disclosure would "impair foreign relations, national security, the deliberative process of the executive, or the performance of the executive's constitutional duties."

Bush wrote: "The executive branch shall construe the provisions . . . that call for furnishing information to entities outside the executive branch . . . in a manner consistent with the president's constitutional authority to supervise the unitary executive branch and to withhold information . . . "

The statement represented the latest in a string of high-profile instances in which Bush has cited his constitutional authority to bypass a law.

After The New York Times disclosed in December that Bush had authorized the military to conduct electronic surveillance of Americans' international phone calls and e-mails without obtaining warrants, as required by law, Bush said his wartime powers gave him the right to ignore the warrant law.

And when Congress passed a law forbidding the torture of any detainee in US custody, Bush signed the bill but issued a signing statement declaring that he could bypass the law if he believed using harsh interrogation techniques was necessary to protect national security.

Past presidents occasionally used such signing statements to describe their interpretations of laws, but Bush has expanded the practice. He has also been more assertive in claiming the authority to override provisions he thinks intrude on his power, legal scholars said.

Bush's expansive claims of the power to bypass laws have provoked increased grumbling in Congress. Members of both parties have pointed out that the Constitution gives the legislative branch the power to write the laws and the executive branch the duty to "faithfully execute" them.

Several senators have proposed bills to bring the warrantless surveillance program under the law. One Democrat, Senator Russell Feingold of Wisconsin, has gone so far as to propose censuring Bush, saying he has broken the wiretapping law.

Bush's signing statement on the USA Patriot Act nearly went unnoticed.

Senator Patrick J. Leahy, Democrat of Vermont, inserted a statement into the record of the Senate Judiciary Committee objecting to Bush's interpretation of the Patriot Act, but neither the signing statement nor Leahy's objection received coverage from in the mainstream news media, Leahy's office said.

Yesterday, Leahy said Bush's assertion that he could ignore the new provisions of the Patriot Act -- provisions that were the subject of intense negotiations in Congress -- represented "nothing short of a radical effort to manipulate the constitutional separation of powers and evade accountability and responsibility for following the law."

"The president's signing statements are not the law, and Congress should not allow them to be the last word," Leahy said in a prepared statement. "The president's constitutional duty is to faithfully execute the laws as written by the Congress, not cherry-pick the laws he decides he wants to follow. It is our duty to ensure, by means of congressional oversight, that he does so."

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The White House dismissed Leahy's concerns, saying Bush's signing statement was simply "very standard language" that is "used consistently with provisions like these where legislation is requiring reports from the executive branch or where disclosure of information is going to be required."

"The signing statement makes clear that the president will faithfully execute the law in a manner that is consistent with the Constitution," said White House spokeswoman Dana Perino. "The president has welcomed at least seven Inspector General reports on the Patriot Act since it was first passed, and there has not been one verified abuse of civil liberties using the Patriot Act."

David Golove, a New York University law professor who specializes in executive power issues, said the statement may simply be "bluster" and does not necessarily mean that the administration will conceal information about its use of the Patriot Act.

But, he said, the statement illustrates the administration's "mind-bogglingly expansive conception" of executive power, and its low regard for legislative power.

"On the one hand, they deny that Congress even has the authority to pass laws on these subjects like torture and eavesdropping, and in addition to that, they say that Congress is not even entitled to get information about anything to do with the war on terrorism," Golove said.

FBI Confirms Patriot Act's Use In Corruption Probe (LVRJ)

By ADRIENNE PACKER, REVIEW-JOURNAL

Las Vegas Review-Journal, March 23, 2006

Federal authorities confirmed in court Wednesday that they used the Patriot Act to access bank records while investigating alleged political corruption involving former Clark County commissioners and strip club owner Michael Galardi.

The Patriot Act, enacted after Sept. 11, 2001, as a tool to fight terrorism, included provisions that allowed authorities to access personal financial records more easily.

During the federal trial against former county Commissioners Mary Kincaid-Chauncey and Dario Herrera, defense attorneys revealed Wednesday that FBI agents had used the Patriot Act to track financial transactions executed by individuals involved in the case.

"The Patriot Act made it easier for you to identify the bank accounts," attorney Jerry Bernstein said during cross-examination of former FBI agent Joe Dickey.

Dickey said the government would have had to subpoena some 10,000 financial institutions nationwide had it not relied on the law.

One portion of the law directed the U.S. Treasury Department to streamline for law enforcement access to financial records. Law enforcement can send a suspect's name to the department and receive back a list of each financial institution that does business with the individual.

"It simply helped us identify where banks were. It didn't give us information," Dickey said of the Patriot Act provision.

That was just one tool federal agents used as they pieced together their case against Kincaid-Chauncey, Herrera, Galardi and former Commissioners Lance Malone and Erin Kenny.

After Malone lost a bid for re-election in 2000, Galardi hired him as a lobbyist. Soon, authorities allege, Malone began to deliver cash bribes from Galardi to Herrera, Kincaid-Chauncey and Kenny. In exchange for the money, the three commissioners worked on Galardi's behalf, authorities say.

Kenny and Galardi pleaded guilty to the bribery charges and are government witnesses.

For more than a year, FBI agents took turns sitting in a computer room monitoring intercepted conversations from Malone's and Galardi's phones, which were bugged in June 2001.

The wiretaps and surveillance stakeouts led to a May 2003 federal indictment.

On Wednesday, FBI agents played for jurors nearly 70 intercepted phone calls and two surveillance tapes. The calls focused on a period in 2001 when Malone, Galardi and Kenny frantically worked to push through several issues that county administrators were considering or that were scheduled to go before commissioners.

During several conversations, Malone and Herrera suggested they "hook up." Prosecutors claim the phrase is code for meeting to deliver or accept cash from Galardi. But defense attorneys say it's merely slang for getting together.

The conversations indicated that Malone and Galardi had a tight relationship with Kenny, who consistently acted behind the scenes and during meetings to promote votes that benefited Galardi's two businesses under county jurisdiction, Leopard Lounge and Jaguars.

At one point, Kenny took a call from Malone despite being occupied.

"I'm in the bathroom, to tell you the truth," she said. "Wait a minute, hold it, I had to flush."

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During the summer of 2001, Galardi grew increasingly impatient with interim County Building Department Director Ron Lynn. Lynn was slow in responding to a "red tag" that had been placed on Galardi's Jaguars club. The tag meant that the building did not meet county codes and that construction had been stopped.

Malone told Galardi that both Herrera and Kincaid-Chauncey had agreed to help expedite permits for Jaguars. Neither commissioner called Lynn, according to the tapes played.

But in August 2001, Herrera called Malone and asked if they could "hook up." Galardi voiced his displeasure with Herrera because the commissioner had not been active in pushing forward matters important to Galardi.

"He's got some balls, huh ... he's done nothing for us," Galardi told Malone during an Aug. 10, 2001, phone call. "If he did something for us, I wouldn't mind. But he doesn't do shit."

Frustrated by Lynn, Kenny, Malone and Galardi tried to torpedo his bid to become permanent director of the Building Department. Malone and Kenny tried to get Herrera to vote against Lynn's promotion. Commissioner Myrna Williams and Kincaid-Chauncey were already on board, according to Kenny.

"If he (Herrera) tells Mike he's gonna do it, he can't not," Kenny told Malone. "He needs to be told he can't support Ron."

Malone also met with Kincaid-Chauncey that month. FBI agents videotaped them leaving an Applebee's restaurant. The two sat in Kincaid-Chauncey's car for four minutes. During that time, she used Malone's phone to call Galardi and left this message: "Thanks for all your help. I really appreciate it."

Although prosecutors suggested that Kincaid-Chauncey had accepted money from Malone in the car, her attorney, Richard Wright, noted that there was no recording or personal observation of what had happened inside the car.

"We could speculate all day as to what they talked about," Wright said.

In 2001, Galardi was struggling to obtain a liquor license for Jaguars.

Las Vegas police Capt. Daniel Patrick Barry had expressed concerns about Galardi's suitability to hold a privileged license because of past brushes with law enforcement and the fact that strippers at his clubs had been cited for soliciting prostitution.

FBI Agent Christopher Byers testified Wednesday that Barry was directed by the federal government to appear at commission meetings to appeal a Galardi license.

"In essence, it's a technique to spur conversations on the wire," Byers said, referring to the phone calls that federal agents were intercepting.

Meanwhile, Malone worked to gain Herrera's support for Galardi's liquor license.

"I'd like to hook up with you today or early tomorrow," Malone told Herrera on Aug. 28, 2001. Herrera agreed to meet Galardi and Malone at P.F. Chang's China Bistro that night, on the eve of the vote.

After their dinner, Malone called Kenny to say, "Dario will be there to help out."

Herrera broke an ankle playing basketball the morning of the meeting. He did not attend the meeting but participated in the vote over the phone and hung up immediately after Galardi was awarded a temporary license.

After the vote, Malone called Galardi and bragged about securing the license despite concerns voiced by the Police Department.

"So now who's got the most stroke, baby," Malone said.

That night, Galardi called Herrera.

"You're the man, brother. ... Thanks for takin' care of me. Let's hook up tonight," Galardi said.

Dickey said FBI agents took surveillance video of the dinner at P.F. Changs. But Herrera's attorney questioned why a well-known public figure like his client would conduct corrupt business in a busy restaurant.

"Did it appear they were trying to hide the fact they were trying to have dinner together?" Bernstein asked.

In August 2001, Galardi and Malone discovered that Scores, a popular New York topless club, had plans to open a cabaret in a building in Las Vegas that was formerly the Sporting House fitness center.

Galardi mulled ways to prevent Scores from getting a liquor license. He considered buying a nearby bar because county law includes distance requirements for establishments that sell liquor.

"Let's get them denied," Galardi said of the Scores owners. "Let's get Erin on it and Mary and Dario."

In September 2001, Galardi sought a zoning approval for Jaguars, scheduled to be heard Sept. 19 of that year, and an extension for his liquor license at Jaguars, scheduled to be heard that Sept. 25.

"We have to call all of them," Galardi told Malone. "Call Dario up and tell him we need him there on the 19th and 25th. We'll take care of him."

In June and July 2001, Malone and Kenny lobbied commissioners and incoming Clark County Manager Thom Reilly to hire Malone as director of the county's Parks and Recreation Department. Malone told Kenny that Kincaid-Chauncey supported the move, according to phone calls.

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But other county staff members, including Barbara Wagner, who was Malone's assistant when he was a commissioner, appeared to be surprised that he would be considered for the position. When Malone told Wagner he might be offered the job, she replied: "Get out ... are you crazy? Why?"

"What's nice about it is it pays pretty well," Malone told Wagner, according to the recorded conversation played in court Wednesday.

Malone, Kenny and Galardi panicked when Herrera contacted a member of the local media and revealed the plan to hire Malone. They feared the media would learn that Malone worked for Galardi and figure out that Kenny also had connections to the strip club owner.

"They're all over the Mike Galardi thing; my name is all over that," Kenny told Malone. She then tried to recall whether her financial records reflected contributions from Galardi. "I don't think they do, I don't think they do."

Malone then backed off from lobbying county officials on the parks position, canceling a meeting with Commissioner Bruce Woodbury.

"We have to hope this thing flippin' dies on the vine," Malone told Galardi during a July 13, 2001, conversation. "I've gotta back out quickly so this thing will die."

FBI agent Byers will remain on the witness stand while prosecutors play about 250 intercepted phone calls, which is the core of their case against the former commissioners.

Feds Used Patriot Act To Investigate Clark County Commissioners (AP)

AP, March 23, 2006

LAS VEGAS (AP) - Federal investigators used the Patriot Act to obtain financial records while probing whether a strip club owner was funneling money and gifts to Clark County commissioners, according to testimony in an ongoing corruption trial.

The act, enacted as a terrorism-fighting tool after Sept. 11, 2001, included provisions that let authorities obtain from the U.S. Treasury Department a list of each financial institution doing business with an individual.

FBI agent Joe Dickey testified Wednesday that the government used the provision to collect evidence against former county commissioners Mary Kincaid-Chauncey and Dario Herrera, who are being tried on corruption charges.

"It simply helped us identify where banks were," Dickey said. "It didn't give us information."

The government would have had to subpoena 10,000 financial institutions nationwide had it not relied on a Patriot Act provision directing the U.S. Treasury Department to give law enforcement greater access to financial records, Dickey said.

Herrera, 32, and Kincaid-Chauncey, 67, have pleaded not guilty in U.S. District Court in Las Vegas to federal charges of conspiracy, wire fraud and extortion under color of official right. Each could face 45 years in prison if convicted.

Government prosecutors allege former commission colleague Lance Malone, who worked as a lobbyist for strip club owner Michael Galardi, bribed Herrera, Kincaid-Chauncey and another former commissioner, Erin Kenny, to support laws favorable to three Galardi clubs in the Las Vegas area.

Kenny and Galardi pleaded guilty to bribery charges and have agreed to testify for the prosecution. Malone has pleaded not guilty. He is due for trial in August.

FBI agents spent more than a year monitoring Malone's and Galardi's phones, which were bugged in June 2001.

On Wednesday, FBI agents played for jurors nearly 70 intercepted phone calls and two surveillance tapes. The calls focused on a period in 2001 when Malone, Galardi and Kenny are accused of voting on matters relating to Galardi's businesses.

During several conversations, Malone and Herrera suggested they "hook up" - a term prosecutors allege was code for meeting to deliver or accept cash from Galardi.

Defense lawyers say it was merely slang for meeting.

Malone also met with Kincaid-Chauncey, who FBI agents videotaped leaving an Applebee's restaurant and sitting in Kincaid-Chauncey's car for four minutes while she used Malone's phone to call Galardi and leave a message.

"Thanks for all your help," she told the club owner. "I really appreciate it."

Although prosecutors suggested that Kincaid-Chauncey accepted money from Malone in the car, her lawyer, Richard Wright, said had no proof had happened inside the car.

Prosecutors planned to play for jurors about 250 intercepted phone calls, which provide the core of their case against the former commissioners.

Information from: Las Vegas Review-Journal, http://www.lvrj.com

Citizen Groups Balk At FBI Response To Forum (SOUTHBT)

By CAROL DRAEGER, Tribune Staff Writer

South Bend (IN) Tribune, March 24, 2006

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Government agency calls for another debate

THREE OAKS — A recent open meetings forum in Three Oaks was apparently too open for the FBI.

A St. Joseph federal agent challenged Chellie Pingree's criticism of the Patriot Act and tried to track down the head of the national nonpartisan group Common Cause, to set her straight.

After reading Pingree's comments in a local newspaper account, agent Al DiBrito called the League of Women Voters of Berrien and Cass counties, league president Susan Gilbert said.

DiBrito reportedly said Pingree was "way off base" in her comments about the Patriot Act and suggested the league should've invited the FBI to speak at the March 14 panel, Gilbert said.

DiBrito's phone call has infuriated the National League of Women Voters and Common Cause.

"When the country has far more pressing security and terror concerns, we question the FBI using precious resources hounding leaders of two of the most distinguished citizen advocacy organizations in the country," Pingree and Gilbert wrote in a letter this week to FBI Director Robert Mueller.

"Is this the kind of behavior citizen activists can expect from the FBI? To us, it smacks of intimidation," they said in their March 21 letter.

William Kowalski, assistant special agent in charge of the FBI for the state of Michigan, defended DiBrito's phone call and said it's unfortunate that it was perceived as being threatening.

The purpose of the call was to "offer an opportunity to get out accurate information about the Patriot Act and how it is utilized to combat terrorism," Kowalski said.

It was really an offer for an open debate, Kowalski said, explaining that it's not uncommon for state FBI agents and employees of the U.S. attorney's office to be invited to forums to explain the Patriot Act and how the government uses it.

Pingree's comments were made at a public forum during national Sunshine Week, a time when the media and citizens' groups urge openness in government. Pingree was one of four panelists — including the Michigan editor of The Tribune, a communications professor and a Berrien County prosecutor — who spoke at the event, sponsored by the local League of Women Voters.

During the forum Pingree accused the Bush administration of using the Patriot Act to strip away freedoms in the name of national security.

"Government wants to act in secrecy to invade your privacy," she said, referring to the controversial wiretap measure President George Bush favors.

Pingree, a former school board member and state lawmaker in Maine, said during the Clinton Administration a presumption of openness prevailed.

She credited Clinton's Attorney General, Janet Reno, for the policy.

The Reno philosophy, she said, was starkly different from the nondisclosure directives of former Bush Attorney General John Ashcroft.

Calls to DiBrito's office on Thursday were referred to Kowalski's office in Detroit.

DiBrito also reportedly told Gilbert that an assistant U.S. attorney in Grand Rapids would be in touch with her to give her the real story on the Patriot Act.

Gilbert said it's unclear if DiBrito was simply "personally irritated" by Pingree's comments or whether "he's acting on some order to look for anything subversive to take action on."

Kowalski vehemently denied the subversive allegation.

"That is certainly not the case," he said. "There is plenty of dissent out there and our intent is not to stifle debate."

Kowalski said DiBrito merely acted out of a desire to ensure that both sides of the Patriot Act debate are explained to the public.

Kowalski said it's not the criticism that is at issue; it's the lack of balance at the forum.

"The more debate we have the more people understand what the Department of Justice and the FBI are trying to do to protect their freedom under the Patriot Act," he said.

"We would like to participate in another forum," he added.

HOMELAND RESPONSE:

U.S. Hiring Hong Kong Co. To Scan Nukes (AP-Y2)

By Ted Bridis And John Solomon

AP2, March 23, 2006

In the aftermath of the Dubai ports dispute, the Bush administration is hiring a Hong Kong conglomerate to help detect nuclear materials inside cargo passing through the Bahamas to the United States and elsewhere.

The administration acknowledges the no-bid contract with Hutchison Whampoa Ltd. represents the first time a foreign company will be involved in running a sophisticated U.S. radiation detector at an overseas port without American customs agents present.

Freeport in the Bahamas is 65 miles from the U.S. coast, where cargo would be likely to be inspected again. The contract is currently being finalized.

The administration is negotiating a second no-bid contract for a Philippine company to install radiation detectors in its home country, according to documents obtained by The Associated Press. At dozens of other overseas ports, foreign governments are primarily responsible for scanning cargo.

While President Bush recently reassured Congress that foreigners would not manage security at U.S. ports, the Hutchison deal in the Bahamas illustrates how the administration is relying on foreign companies at overseas ports to safeguard cargo headed to the United States.

Hutchison Whampoa is the world's largest ports operator and among the industry's most-respected companies. It was an early adopter of U.S. anti-terror measures. But its billionaire chairman, Li Ka-Shing, also has substantial business ties to China's government that have raised U.S. concerns over the years.

"Li Ka-Shing is pretty close to a lot of senior leaders of the Chinese government and the Chinese Communist Party," said Larry M. Wortzel, head of a U.S. government commission that studies China security and economic issues. But Wortzel said Hutchison operates independently from Beijing, and he described Li as "a very legitimate international businessman."

"One can conceive legitimate security concerns and would hope either the Homeland Security Department or the intelligence services of the United States work very hard to satisfy those concerns," Wortzel said.

Three years ago, the Bush administration effectively blocked a Hutchison subsidiary from buying part of a bankrupt U.S. telecommunications company, Global Crossing Ltd., on national security grounds.

And a U.S. military intelligence report, once marked "secret," cited Hutchison in 1999 as a potential risk for smuggling arms and other prohibited materials into the United States from the Bahamas.

Hutchison's port operations in the Bahamas and Panama "could provide a conduit for illegal shipments of technology or prohibited items from the West to the PRC (People's Republic of China), or facilitate the movement of arms and other prohibited items into the Americas," the now-declassified assessment said.

The CIA currently has no security concerns about Hutchison's port operations, and the administration believes the pending deal with the foreign company would be safe, officials said.

Supervised by Bahamian customs officials, Hutchison employees will drive the towering, truck-like radiation scanner that moves slowly over large cargo containers and scans them for radiation that might be emitted by plutonium or a radiological weapon.

Any positive reading would set off alarms monitored simultaneously by Bahamian customs inspectors at Freeport and by U.S. Customs and Border Protection officials working at an anti-terrorism center 800 miles away in northern Virginia. Any alarm would prompt a closer inspection of the cargo, and there are multiple layers of security to prevent tampering, officials said.

"The equipment operates itself," said Bryan Wilkes, a spokesman for the U.S. National Nuclear Security Administration, the agency negotiating the contract. "It's not going to be someone standing at the controls pressing buttons and flipping switches."

A lawmaker who helped lead the opposition to the Dubai ports deal isn't so confident. Neither are some security experts. They question whether the U.S. should pay a foreign company with ties to China to keep radioactive material out of the United States.

"Giving a no-bid contract to a foreign company to carry out the most sensitive security screening for radioactive materials at ports abroad raises many questions," said Sen. Charles Schumer (news, bio, voting record), D-N.Y.

A low-paid employee with access to the screening equipment could frustrate international security by studying how the equipment works and which materials set off its alarms, warned a retired U.S. Customs investigator who specialized in smuggling cases.

"Money buys a lot of things," Robert Sheridan said. "The fact that foreign workers would have access to how the United States screens various containers for nuclear material and how this technology scrutinizes the containers — all those things allow someone with a nefarious intention to thwart the screening."

Other experts discounted concerns. They cited Hutchison's reputation as a leading ports company and said the United States inevitably must rely for some security on large commercial operators in the global maritime industry.

"We must not allow an unwarranted fear of foreign ownership or involvement in offshore operations to impair our ability to protect against nuclear weapons being smuggled into this country," said Sen. Norm Coleman (news, bio, voting record), R-Minn.,

a member of the Senate Committee on Homeland Security and Governmental Affairs. "We must work with these foreign companies."

A former Coast Guard commander, Stephen Flynn, said foreign companies sometimes prove more trustworthy — and susceptible to U.S. influence — than governments.

"It's a very fragile system," Flynn said. Foreign companies "recognize the U.S. has the capacity and willingness to exercise a kill switch if something goes wrong."

A spokesman for Hutchison's ports subsidiary, Anthony Tam, said the company "is a strong supporter in port security initiatives."

"In the case of the Bahamas, our local personnel are working alongside with U.S. customs officials to identify and inspect U.S.-bound containers that could be carrying radioactive materials," Tam said.

However, there are no U.S. customs agents checking any cargo containers at the Hutchison port in Freeport. Under the contract, no U.S. officials would be stationed permanently in the Bahamas with the radiation scanner.

The administration is finalizing the contract amid a national debate over maritime security sparked by the furor over now-abandoned plans by Dubai-owned DP World to take over significant operations at major U.S. ports.

Hutchison operates the sprawling Freeport Container Port on Grand Bahama Island. Its subsidiary, Hutchison Port Holdings, has operations in more than 20 countries but none in the United States.

Contract documents, obtained by The Associated Press, indicate Hutchison will be paid roughly $6 million. The contract is for one year with options for three years.

The Energy Department's National Nuclear Security Administration is negotiating the Bahamas contract under a $121 million security program it calls the "second line of defense." Wilkes, the NNSA spokesman, said the Bahamian government dictated that the U.S. give the contract to Hutchison.

"It's their country, their port. The driver of the mobile carrier is the contractor selected by their government. We had no say or no choice," he said. "We are fortunate to have allies who are signing these agreements with us."

Some security experts said that is a weak explanation in the Bahamas, with its close reliance on the United States. The administration could insist that the Bahamas permit U.S. Customs agents to operate at the port, said Albert Santoli, an expert on national security issues in Asia and the Pacific.

"Why would they not accept that?" said Santoli, a former national security aide to Rep. Dana Rohrabacher (news, bio, voting record), R-Calif. "There is an interest in the Bahamas and every other country in the region to make sure the U.S. stays safe and strong. That's how this should be negotiated."

Flynn, the former Coast Guard commander, agreed the Bahamas would readily accept such a proposal but said the U.S. is short of trained customs agents to send overseas.

Contract documents obtained by the AP show at least one other foreign company is involved in the U.S. radiation-detection program.

A separate, no-bid $4 million contract the Bush administration is negotiating would pay a Manila-based company, International Container Terminal Services Inc., to install radiation detectors at the Philippines' largest port.

The U.S. says the Manila company is not being paid to operate the radiation monitors once they are installed. But two International Container executives and a senior official at the government's Philippine Nuclear Research Institute said the company will run the detectors on behalf of the institute and the country's customs bureau. U.S. officials said they will investigate further how the Filipinos plan to use the equipment.

Check Point Software Withdraws Deal Over U.S. Security Concerns (WSJ/AP)

By The Associated Press

The Wall Street Journal, March 24, 2006

WASHINGTON -- Leading Israeli software company Check Point Software Technologies Ltd. abandoned plans to buy smaller U.S. rival Sourcefire Inc. for $225 million because of security objections raised by the Bush administration.

Check Point Ltd. formally withdrew its proposal near the conclusion of a rare, full-blown investigation by a U.S. review panel after the Ramat Gan, Israel-based company was told U.S. officials feared the transaction could endanger some of government's most sensitive computer systems.

The investigation was carried out by the same U.S. review panel that approved the now-abandoned ports deal involving Dubai-owned DP World.

Lawyers for Check Point offered to attach conditions to the sale that executives believed were onerous, but were intended to satisfy concerns expressed by the Committee on Foreign Investments in the United States, a person familiar with the process said. But no agreement could be reached.

The Federal Bureau of Investigation and Defense Department objected partly over specialized intrusion detection software known as "Snort," which guards some classified U.S. military and intelligence computers. Snort's author is a senior executive at Sourcefire, which is based in Columbia, Md.

In private meetings between the review panel and Check Point, officials from the FBI and Pentagon objected to permitting any foreign company to acquire sensitive Sourcefire technology for preventing hacker break-ins and monitoring data traffic, an executive familiar with the discussions previously said. This executive spoke on condition of anonymity because government negotiations are supposed to remain confidential.

Under the sale, announced Oct. 6, Check Point would own all Sourcefire patents, source-code blueprints for its software and the expertise of employees.

The review panel privately notified Check Point on Feb. 6 it intended to fully investigate the transaction's security risks, the executive said. That was days before the furor erupted over the Dubai ports deal. Check Point disclosed the news to investors Feb. 13, but the announcement drew little attention despite escalating scrutiny and interest in Washington over such reviews.

Sourcefire's protection and monitoring technology builds on the popularity of Snort, which was created by its chief technology officer and is distributed free.

Unlike Sourcefire's commercial products, Snort's blueprints are open for inspection to assure it works as advertised. This makes it popular inside the U.S. intelligence community, even alongside more mainstream security products from Cisco Systems Inc. or Juniper Networks Inc.

State Department Is Criticized For Purchasing Chinese PC's (NYT)

By Keith Bradsher

The New York Times, March 24, 2006

HONG KONG, March 23 — A State Department purchase of more than 15,000 computers built by the Lenovo Group of China is starting to draw criticism in the latest sign of American unease about the role of foreign companies in the American economy.

The computers, worth more than $13 million, are coming from factories in Raleigh, N.C., and Monterrey, Mexico, that were part of the personal computer division that Lenovo purchased from I.B.M. last May. Sean McCormack, a State Department spokesman, said at the department's daily media briefing on Wednesday that the computers were intended for unclassified systems and would be serviced by the former I.B.M. division.

The computer contracts are drawing heat from a diverse group of liberal and conservative critics who have been warning about China's growing power for years. These critics have been encouraged by the Congressional scrutiny given to a plan by a company controlled by the royal family of Dubai in the United Arab Emirates to acquire operations at six American ports; the company has since agreed to give up those operations.

The critics warn that the deal could help China spy on American embassies and American intelligence-gathering activities, using hardware and software planted in the computers.

"The opportunities for intelligence gains by the Chinese are phenomenal," said Michael R. Wessel, a member of the United States-China Economic and Security Review Commission, which was created by Congress to monitor and report on the bilateral relationship. Larry M. Wortzel, the commission's chairman, said in an interview two weeks ago that while he would not be concerned if Airbus moved an aircraft production line to China, he would be worried if Lenovo ever started to sell computers to American government agencies involved in foreign affairs. Responding on Thursday to the Lenovo deal, he predicted that, "Members of Congress, I think, will react very strongly when they see a deal like this come through."

Lenovo is a publicly traded company controlled by Legend Holdings, which was started with Chinese government backing in 1984; the government-controlled Chinese Academy of Sciences now holds 65 percent of Legend, while Legend's employees own the rest. Lenovo declined on Thursday to comment on the computer sales to the State Department.

Word of the computer deal began to trickle out on Monday when a Lenovo distributor, CDW Government, a wholly owned subsidiary of the CDW Corporation, sent a press release to members of the business news media announcing its contracts to help the State Department modernize its information technology systems. CDW, based in Vernon Hills, Ill., said that it had been carrying out an $11.65 million contract to supply the State Department with more than 15,000 Lenovo ThinkCentre M51 desktop computers, plus a $1.35 million contract to provide nearly 1,000 Lenovo ThinkCentre M51 minitower computers.

Max R. Peterson II, the vice president of federal sales at CDW Government, said in a telephone interview that the State Department had approved a list of specific computer models, including the Lenovo models, and had asked computer systems integrators to bid for contracts to meet the department's needs and make their own choices among approved models. CDW won the contracts and chose to begin delivering 500 Lenovo computers a week starting in November, he said.

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Chinese ownership of Lenovo was never discussed with the State Department through the contract process and the computer deliveries, Mr. Peterson said.

He noted that the Committee on Foreign Investment in the United States had approved the Lenovo acquisition of the I.B.M. division.

Teams To Target Financial Crimes (WT)

By Jerry Seper

The Washington Times, March 24, 2006

U.S. Immigration and Customs Enforcement (ICE) agents have teamed up with law-enforcement authorities in Argentina, Brazil and Paraguay to combat money laundering and other financial crimes in a remote and lawless region known as the "Tri-Border Area."

Department of Homeland Security Assistant Secretary Julie L. Myers, who heads ICE, said multigovernment "trade transparency units" will investigate and prosecute crimes including money laundering, terrorist financing, contraband smuggling and tax evasion.

The United States has determined that the Tri-Border Area is a source of fundraising for radical Islamic groups, including Hezbollah, Hamas and al Qaeda, and the U.S. government has worked cooperatively with governments in the region to disrupt fundraising activity.

U.S. law-enforcement authorities describe the Tri-Border Area as South America's busiest contraband and smuggling center, where billions of dollars annually are generated from arms trafficking, drug smuggling, counterfeiting and other crimes.

"The new units will not only help authorities in these nations combat domestic financial crimes, but will also enhance the ability of the United States to target money-laundering rings that operate both in South America and the United States," Mrs. Myers said.

The Tri-Border Area is flanked by the freewheeling cities of Puerto Iguazu in Argentina, Foz do Iguazu in Brazil and Ciudad del Este in Paraguay, where drug dealers and terrorists reportedly meet and where counterterrorism investigators worldwide have intensified their focus since the September 11, 2001, attacks in the United States because of the growing presence of Islamic radicals.

Argentina's Secretariat of State Intelligence first reported in 1999 that members of the al Qaeda terrorist network were in the region to coordinate terrorism training and to plan attacks with Hezbollah against U.S. targets.

U.S. intelligence officials have been concerned that an alliance with Hezbollah would give al Qaeda a new base close to the United States for attacks.

The Treasury Department has described the Tri-Border Area as a "clear example" of where Islamic groups gather to "finance terrorist activities."

The department has said members of al Qaeda, Egypt's Al-Gamaa Islamiya, the Islamic Jihad and Hezbollah have drawn some of their funding from activities in the area.

The FBI sent agents to the region in 2002 after a poster of Iguazu Falls, the area's major tourist attraction, was found inside an al Qaeda bunker in Afghanistan.

Mrs. Myers said earlier efforts by the agency and other foreign governments to combat trade-based money laundering have yielded successful results, including an investigation into a $20 million gold export subsidy scheme in 2004 that led to the prosecution of 20 New York jewelers for money laundering.

Secretary Of Homeland Insecurity (NYT)

The New York Times, March 24, 2006

Sometimes it's hard to understand just how Michael Chertoff understands his title, secretary of homeland security. Take this week, when Mr. Chertoff appeared before executives of the chemical industry, whose plants remain one of the nation's greatest vulnerabilities more than four years after 9/11. Mr. Chertoff did not chastise the industry for failing to protect chemical plants adequately. He proposed weak federal safety standards. He did not even fully embrace a recently introduced bipartisan Senate bill that would create meaningful standards.

Instead, Mr. Chertoff seemed perfectly content to defer on key security matters to an industry that contributes heavily to Republican campaigns but has proved to be dangerously unwilling to take public safety seriously.

A terrorist attack on a chlorine plant could put hundreds of thousands of lives at risk. Yet, incredibly, the federal government has failed to enact reasonable safety standards for chemical plants. Despite all of the nice things the administration has been saying about the industry lately, it has not taken care of the problem on its own. Many plants lack perimeter fencing, lights and

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security guards. Too often, they use extremely dangerous chemicals close to high-density populations, when safer substances could be substituted.

It should be obvious to anyone concerned about public safety that the nation needs strong, mandatory government rules to reduce these dangers. Yet in his speech, Mr. Chertoff favored leaving crucial security decisions up to the chemical companies — a formula that puts too much weight on not inconveniencing industry, and too little on protecting the public.

Mr. Chertoff said requiring the industry to use safer chemicals would be "mission creep" — even though that would be precisely the kind of precautionary step that should be a core part of his department's mission. Mr. Chertoff also spoke approvingly of "pre-emption," the notion that if federal chemical plant safety rules are adopted, they should be written in a way that will invalidate tougher rules adopted at the state level. Pre-emption is high on the industry's wish list, but it is not in the public interest.

Senators Susan Collins, Republican of Maine, and Joseph Lieberman, Democrat of Connecticut, have come up with a bill that would direct the Homeland Security Department to develop mandatory safety standards for chemical plants. If the bill becomes law, the plants that do not comply with the government's rules could be shut down. The Collins-Lieberman bill is not perfect, but it would be an important start. It is disheartening that Mr. Chertoff is not fully endorsing the measure and pushing Congress to pass it.

Mr. Chertoff has been heavily criticized for his performance during Hurricane Katrina. We hoped that reaction would at least prompt the department to be more aggressive about eliminating obvious domestic security threats. He should be speaking to the American people about his support for strong chemical plant security rules, not speaking to the chemical industry about his support for weak ones.

Power Plays? Payback Time? Agencies Realign Their Stars (WP)

By Peter Baker

The Washington Post, March 24, 2006

If a terrorist attack wiped out the top layer of government, the law has a plan for who would step in: Without the president or vice president, a succession of congressional leaders and Cabinet secretaries stand in line to assume control of the country.

But forget about the presidency. What about the National Archives? Who would take charge of the nation's files in case of a catastrophe?

Fortunately, the White House has an answer. President Bush this week endorsed a new order of succession for the National Archives and Records Administration detailing down to the 10th level who would assume command in a national emergency. If the top nine guys are gone, it turns out, the director of the Jimmy Carter Library and Museum takes over. That's right -- 25 years after leaving office, Carter, in the form of his top librarian, would return to power, of a sort.

In a government fixated on doomsday scenarios, the White House memo issued Wednesday was at least the fifth time since the start of last year that an executive branch agency has created or revised an order of succession. Many departments rushed to draft emergency plans in the aftermath of the Sept. 11, 2001, terrorist attacks. But nearly four years later, government officials in agencies such as the budget and personnel offices still busy themselves with the macabre exercise of figuring out who would be on top should the worst happen.

"It's kind of a sign of the thinking of government that there are so many high-level people at all these agencies that you need to have an order of succession," said Paul C. Light, a government specialist at New York University. "At the risk of being flip, the question would not be 'Who's in charge at these agencies?' but 'Who cares who's in charge at these agencies?' "

Evidently people at the agencies. Some of the recent lineups reflect one official moving up the chart at the expense of colleagues. Others seem to be even more brazen power plays intended to put rivals in their places. In case there are any doubts, the succession orders make plain which associate director stands above which other associate director in an agency pecking order.

All of this, of course, stems from the serious post-9/11 concern about the government's ability to keep running after an attack using nuclear, chemical or biological weapons. Long before 2001, a single member of the Cabinet was kept away from the U.S. Capitol during the president's State of the Union address to ensure that a senior executive would survive should disaster strike. But Sept. 11 brought home how rudimentary plans for continuity of government really were.

After the attacks, Bush activated a shadow government, dispatching about 100 senior civilian managers to live and work secretly in fortified locations outside Washington on a 24-hour basis. Vice President Cheney famously retreated to "undisclosed locations."

Congress, on the other hand, has debated and debated without coming up with its own plan. The House passed a bill last year, just as it did the year before, requiring states to hold elections within 49 days if 100 or more of the 435 House seats are empty, only to have the idea languish in the Senate, where critics favor immediate temporary appointments.

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But at least the National Archives has a plan. Under this week's memo, if the archivist and his deputy are unable to serve, power devolves to the assistant archivist for administration, followed by the assistant archivist for records services and then the assistant archivist for regional records services and so on down the line.

"It's good to know they're taking care of this because, without a Congress, they've got someone to chronicle the abuses of the martial-law state," said Rep. Brian Baird (D-Wash.), who has proposed a constitutional amendment permitting governors to name interim House members in case of mass casualties.

Baird laughed but then added that the archives plan makes sense: "One of the best ways to deter terrorist attack is to be so protected in terms of maintaining government continuity that you could say, 'Go ahead, take your best shot.' What a powerful message it would be to be able to have your government up and going within days."

Others said the White House has more important issues to tackle. "We have huge problems with presidential succession," said Rep. Brad Sherman (D-Calif.), "and knowing who is head of the archives is not my number one concern." Sherman has proposed removing the House speaker and Senate president pro tempore from the presidential succession because putting either in the Oval Office could represent a radical departure from who voters thought they were electing.

The new archives plan supersedes one issued in March 2002, and the main effect seems to be demoting the assistant archivist for information services from third in line of succession to seventh.

A memo issued for the Office of Personnel Management last year bumped the agency's general counsel ahead of the chief of staff and the communications director up to fourth in line from 10th. Now serving as 10th is the associate director for human capital leadership and merit systems accountability.

Defense Secretary Donald H. Rumsfeld rewrote his succession plan in December to put his inner circle closer to the top, placing Undersecretary for Intelligence Stephen A. Cambone right behind Deputy Secretary Gordon R. England, and effectively demoting the secretaries of the Army, Air Force and Navy.

The new national intelligence director, John D. Negroponte, has issued his first succession chart.

In Atlanta, Jay Hakes, director of the Jimmy Carter library, said he figured he was tapped to be part of the archives' succession because he works outside Washington but in a city with a significant federal presence.

He said he has not been mapping out what he would do with his power should the occasion arise. "I don't spend a lot of time thinking about it," Hakes said. "But I think this is a case where being overprepared is better than being underprepared."

Master Of Slow And Deliberate At Ground Zero (NYT)

By Charles V. Bagli

The New York Times, March 24, 2006

A half-hour before a midnight deadline, the developer Larry A. Silverstein strode into the conference room on the 15th floor of the Port Authority's Park Avenue offices, took off his coat and gulped down two cups of coffee, ready for the next round of talks about the future of ground zero.

State officials and Port Authority executives said later that they thought the late-night session on March 14 would complete the grueling negotiations that had dragged on for months, including 18 hours of bargaining earlier that day.

So they were shocked by the proposal Mr. Silverstein delivered. They said he was once again raising issues that the Port Authority of New York and New Jersey, the owner of the 16-acre site, had declared off the table. They said Mr. Silverstein was, among other things, seeking tens of millions of dollars in additional financial concessions.

Kenneth J. Ringler, the authority's executive director, stormed into the conference room, telling Mr. Silverstein and his entourage, "It's over."

Over? A look at Mr. Silverstein's long career in real estate and the negotiating style that has defined it suggests that, when it comes to making deals, it is almost never over. Not surprising, then, despite last week's ugly negotiating episode, Mr. Silverstein's team has been talking through back channels with the other side this week.

Mr. Silverstein has said he fully expects to be back at the table within days to sign a deal that preserves his control over a major part of ground zero, a site that many consider sacred ground. State officials hope to resume face-to-face negotiations with him, too, but not until there is a fairly detailed agreement.

Mr. Silverstein, 74, adopted his stubborn "negotiate till they drop" style a half-century ago while working in his father's tiny real estate shop on Lower Broadway. It has caused frustration over the years, but ultimately it has made him a multimillionaire. He got his start as what is known in the trade as a syndicator, someone who rounds up investors to buy a building, operates it for a fee while taking a stake for himself, and puts up little or none of his own money.

What has distinguished him is a penchant for endless negotiations to enhance his position. His partner in the 50's and 60's, Bernard H. Mendik, regaled friends decades later with stories about going to an afternoon closing on the purchase of a building

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with Mr. Silverstein. "But at midnight, Larry still had two or three issues," several friends recall Mr. Mendik saying, half jokingly. "You could not close a deal."

Those comments might be dismissed as the residue of resentments caused by the end of their partnership, which shattered after Mr. Mendik, who died in May 2001, divorced Mr. Silverstein's sister. Still, even Mr. Silverstein's friends do not describe him much differently.

One of them, Jonathan L. Mechanic, an influential real estate lawyer, represented the Academy of Sciences, which leased space at the developer's recently completed tower at 7 World Trade Center.

"It's wasn't the quickest road to completion," Mr. Mechanic said of the discussions, "but completion did occur. He's a tenacious negotiator. He's also an optimist about his ability to consummate a transaction. But he doesn't give anything away."

Mr. Silverstein very much disagrees with the common take on his negotiating style. "I don't view it that way," he said Wednesday. "I look back on a lifetime of transactions consummated. I learned a long time ago that negotiation is a matter of give and take."

His name never quite made it into the pantheon of New York developers like Durst, Rudin, Resnick and Speyer. His greatest triumph came in July 2001 when, as a dark-horse contestant, he outmaneuvered more powerful developers with more resources to take control of the World Trade Center in one of the biggest real estate deals of all time. Terrorists brought down the towers two months later.

Now at that very site, his negotiating style has state officials making him a scapegoat for failure. Last week, Gov. George E. Pataki, the developer's principal political ally at ground zero, charged that Mr. Silverstein had failed to bargain in good faith. Charles A. Gargano, vice chairman of the Port Authority and the governor's chief economic development official, called him "greedy."

Civic leaders have complained that Mr. Silverstein has treated the complex negotiations like any other deal, ignoring the keen public interest. "Clearly this is not any ordinary development project and this is not any ordinary lease," said Robert D. Yaro, president of the Regional Plan Association. "The public's expectations for this site, the emotions and the global focus here, is unlike any other project. To suggest that this is just another real estate deal misses the point."

Mr. Silverstein heatedly disputed that criticism.

"That's ridiculous," he said. "It's easy to point fingers at somebody who's not at fault. The only motivation here is to rebuild. I believe that's important for the city and the region."

He blames the Port Authority and other government entities for the delays.

"We've been here for five years, and the only thing we have to show for it," he said, "is 7 World Trade Center." He built the original 47-story tower in the 80's. After it was destroyed on Sept. 11, he was tenacious in battling with both his insurer and his landlord to rebuild it. But his stubborn streak also came into play. He insisted on setting rents that were 40 percent higher than the average for the downtown market. A 2002 plan to make the Port Authority the anchor tenant fell apart when he asked for twice the rent it had paid in the old trade center. Today, less than one-fifth of the tower is leased.

Ground zero has been a complex matter involving the sometimes competing interests of the families of victims, insurers, the Port Authority, and state and city officials. At one point or another, Mr. Silverstein has tangled with all of them.

The latest drama was prompted by the scheduled groundbreaking in April for the Freedom Tower, the largest, most symbolic and least economically viable of the five towers planned for the site. In addition, state and city officials and Port Authority executives came to realize that the project would cost more than $7 billion, while there was only $2.9 billion in insurance money available.

Mr. Silverstein insists to this day that he can do the entire job, but he has failed to convince Port Authority executives, the Pataki administration, or Mayor Michael R. Bloomberg. The mayor has raised the possibility that Mr. Silverstein would run out of money in 2009 after building only two towers, default on his lease and walk away from a half-finished project with tens of millions in profit.

Mr. Bloomberg called for a major realignment at ground zero, pointing out that in 2003 Mr. Silverstein and his investors were repaid most if not all the money they had invested in the original deal. The developer himself put up only $14 million in a deal valued at $3.2 billion.

"He's playing with the house's money and, nothing wrong with that, but let's not feel too bad here," Mr. Bloomberg said on his weekly radio show last Friday.

Mr. Silverstein rejected an initial proposal from the authority to split up the site, saying he did not want to surrender the most valuable parcels at ground zero. Five hours before the negotiations came to an impasse on March 14, both sides say they were close to a deal that would have had the authority taking control of the Freedom Tower and another building site, Site 5. More important, there had been progress on a financial arrangement.

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After the impasse, Mr. Silverstein submitted a new version of the deal that both sides had nearly adopted, but state and authority officials say it included a new demand: he wanted the authority's second site back.

Mr. Ringler of the authority met Wednesday and yesterday with Mr. Silverstein's lawyer, Martin Lipton, to discuss going back to the original framework. A third session is planned for today.

On Wednesday, Mr. Silverstein was conceding nothing, talking as if his control of the entire site is not in jeopardy.

"Everybody so desperately wants to see this move forward and get it done," he said. "The Freedom Tower is moving forward as we promised."

Acting Director Gives FEMA Focus (WT)

By Audrey Hudson

The Washington Times, March 24, 2006

The Federal Emergency Management Agency is on a mission destined for disaster. Planning, that is.

Acting Director R. David Paulison admits that the agency he inherited after Hurricanes Katrina and Rita was not up to the task of handling the fallout of those storms, let alone an earthquake or terrorist attack.

"It overwhelmed everyone -- the system was not set up to deal with a catastrophe of that size," Mr. Paulison told The Washington Times.

Created 27 years ago, the Federal Emergency Management Agency, or FEMA, was revered for its heroic response to natural disasters such as floods, earthquakes, tornados or hurricanes.

But in the days after Katrina's destruction of New Orleans, FEMA became a four-letter word for the victims and critics in Congress, leading to the sudden dismissal of its embattled director, Michael D. Brown.

The maligned agency is now planning for the hurricane season that officially begins June 1 as it continues to aid 800,000 families affected by last year's storms that damaged 90,000 square miles.

"This was the largest migration in the history of the United States -- larger than the Civil War, larger than the [Depression-era] Dust Bowl. Normally, we house [3,000 to 5,000] disaster victims a year. We went way beyond that, and we had to make up the rules as we went along," Mr. Paulison said.

"The major lesson we learned is that FEMA was not ready to handle a catastrophe the size of Katrina, and we now know we have to be ready to respond to a major catastrophe such as an earthquake or terrorist attack, to evacuate hundreds of thousands or millions of people and be able to feed them, house them, and take care of them. We're putting a system in place to do just that," he said.

Mr. Paulison saw many of the same shortfalls on the national level that he dealt with when 30,000 homes were destroyed by Hurricane Andrew in 1992, which struck Florida just two weeks after he was promoted to fire chief of Miami-Dade County.

FEMA now is hiring 1,500 employees for the ongoing disaster recovery and more first responders and has spent $40 billion so far.

His position as acting director allows him to focus on mammoth preparation plans rather than a potential political battle on Capitol Hill to be formally confirmed as FEMA chief.

When asked whether he wants the job permanently, Mr. Paulison said, "I agreed to take the job after Mike Brown left and agreed to help us get through the next hurricane season, and right now, I just want to get FEMA back on track. I serve at the pleasure of the president."

Mr. Paulison was chief of the U.S. Fire Administration when Homeland Security Secretary Michael Chertoff recommended him for the job.

His first order of business in September was to get victims off cots and out of the Louisiana Superdome and the New Orleans Convention Center. Once 85,000 evacuees were settled into hotel rooms in every state, including Hawaii and Alaska, many did not want to leave, and attempts since December to move evacuees into short-term housing brought more negative publicity.

"It's nice for a couple of weeks, but they've been there six months now, and a hotel room is no place to raise a family," Mr. Paulison said.

With only a few hundred evacuees still in hotels -- most of whom are handicapped, disabled or too destitute to move on -- there is no deadline, and evacuees are being handled on a case-by-case basis.

"These people lost everything -- their home, their job, everything they owned, including their neighborhoods. We wanted to be sensitive to their needs and make concessions," Mr. Paulison said.

The agency faces many challenges, not only in housing, but also in communication, logistics, tracking supplies and learning about problems on the ground.

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The Search For Katrina's Victims Finds Some Missing By Choice (WP)

By Ken Ringle

The Washington Post, March 24, 2006

NEW ORLEANS -- By Louisiana's latest official count, 1,292 people are known to have died in the state because of Hurricane Katrina.

About 1,280 -- the number changes daily -- remain missing.

Hundreds of people were sucked into the Gulf of Mexico by Katrina's retreating tsunami-like storm surge and will never be found. But the state-run, federally funded Find Family National Call Center is discovering that hundreds of others have used the storm and the nationwide diaspora it triggered to escape a troubled or painful past. They do not want to be found.

The center's 90 or so workers immerse themselves daily in tracking missing wives and fleeing felons, reburying exhumed coffins, prying unknowingly into the dark family secrets of confused parentage and dealing with the anonymous dead whom no one seems able -- or willing -- to claim.

Even now, nearly seven months after Katrina, the Find Family phone bank fields 120 to 150 calls a day about relatives or loved ones who vanished in the storm or its aftermath. The vast majority of those being sought are discovered among the thousands of names in American Red Cross or Federal Emergency Management Agency databases that track the whereabouts around the country of evacuees from the storm. The overall number of people missing has been dropping steadily, if slowly, since the storm. More than 10,000 were originally on the list.

"But every day, too, we get one or two we can't find anywhere -- truly missing people, whose absence has only now been discovered," said Henry Yennie, the former mental health executive who serves as the center's deputy director. There were 21 such names reported between March 6 and March 10.

Why has it taken so long to report them?

It's a function of New Orleans's population "being exploded all over the country," Yennie said in a telephone interview from Baton Rouge. "I don't think any of us can begin to appreciate the extent of this disruption Katrina caused in the lives of these evacuees. You lose your house. You lose your job. You lose your community and the personal networks you used to keep track of your extended family and your friends. And you wind up somewhere like a shelter in Montana."

In such cases, he said, evacuees may have quickly tried to locate members of their immediate family but have taken months to realize that they never asked anyone about a distant cousin or a neighbor they never really knew well.

Then, too, in a large low-income population, which would include many evacuees, Yennie said, "you have a fair number of people who live marginal lives at the edge of society. Often they live alone. Sometimes they're mentally ill. Frequently they have no living relatives. They aren't part of any network."

He added: "There was one deceased fellow we found who was in his fifties. He had lived in the same place for 35 years and once taught at a bartender college. But we couldn't find anyone in his neighborhood who knew anything about him. We eventually identified him through DNA."

Immediately after Katrina, Yennie said, the Find Family center had nearly 150 people fielding calls round the clock. Most were evacuees themselves -- pastors, social workers, funeral directors, mental health workers -- working out of a long-vacant supermarket building in the Gateway Shopping Center in Baton Rouge. As the months have gone by and after more than 9,400 of the missing have been located, the work has eased to 12-hour days. It has also, Yennie said, become more specialized.

"We have a dentist who has done amazing identification with dentistry, working just from pictures people showed him. We have a whole gaggle of volunteer geneticists who help us assemble family trees for DNA matchups. We have technicians who have gathered DNA samples for us from as far away as Afghanistan. And we have mathematicians who help gauge the probabilities that those matchups are accurate."

But the work, he said, has led his workers into disturbing and unexpected areas. "We tracked one parolee to New York, but when we got him on the phone he threatened to kill the person who found him. He didn't want to be found."

The trackers have also learned more than they wanted to know about family relations. More than a few women, he said, have used the opportunity to escape from abusive domestic relationships. "They beg us not to report their whereabouts to the person tracking them. And we don't," Yennie said. "We only promise that, if we find someone, we'll give them the phone number of the person who asked us to look for them."

In the case of fugitives from the law -- people running from alimony or child support payments or other debts -- Yennie said the center gets the advice of law enforcement personnel on its staff.

But the most unexpected challenge, he said, has been in dealing with the wearying complexity of family relationships and with unwanted discoveries about bloodlines. DNA identification, he said, often depends on painstakingly tracking a consistent

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genetic pattern within a family. In more than a few cases, searchers have been told by family members that all the siblings have the same father, only for the DNA evidence to show otherwise.

Yennie said the staff keeps such information confidential.

"Our purpose is to find people, not to violate their privacy. We don't want to learn this stuff. We just want to find or identify people and move on," he said.

Of those still missing, fewer than 50 are children, Yennie said. Slightly more than half are African American men. Most are more than 50 years old.

In addition to tracking the living, the Find Family center has taken over from the Orleans Parish coroner's office most of the work of identifying the unclaimed dead. Yennie said the center has been unable to find any way to identify 26 bodies. Tentative identification has been established for about 46. About 100 bodies have been positively identified, but the families have no resources to claim them and are awaiting government aid to help with burials.

Yennie expects both the search for the missing and the identification of the dead to accelerate in the coming weeks because of the recent allocation of funds for obtaining access to a highly specialized LexisNexis online search. He also cited the help of more law enforcement personnel experienced in tracking fugitives. Within six months, he said, there should be enough time and manpower to go street by street through New Orleans with census records and to finally nail down Katrina's cost in lives.

In the meantime, he and the call center crew have been given the macabre chore of reburying those exhumed by Katrina from graveyards -- coffins found afloat or broken amid the wreckage of the storm.

The most bizarre such case, he said, came not from New Orleans but from farther west near the coastal town of Cameron, where Hurricane Rita left behind a casket. The dead man was from the Cameron graveyard, where he had been buried in the 1950s. In 1957, Hurricane Audrey had dug up the casket and carried it out of the cemetery. It had been sunk somewhere in a salt marsh east of town until Rita came ashore and resurrected it again.

"He'd been lost there underwater nearly 50 years," Yennie said. "There were barnacles on his coffin."

Red Cross Sifting Internal Charges Over Katrina Aid (NYT)

By Stephanie Strom

The New York Times, March 24, 2006

The American Red Cross, the largest recipient of donations after Hurricane Katrina, is investigating wide ranging accusations of impropriety among volunteers after the disaster.

John F. McGuire, the interim president and chief executive of the Red Cross, and Senator Charles E. Grassley, the Iowa Republican who is chairman of the Senate Finance Committee, said some of the actions might have been criminal.

The accusations include improper diversion of relief supplies, failure to follow required Red Cross procedures in tracking and distributing supplies, and use of felons as volunteers in the disaster area in violation of Red Cross rules.

There are no known official estimates of the cash or the value of supplies that might have been misappropriated, but volunteers who have come forward with accusations said the amount was in the millions of dollars. The Red Cross received roughly 60 percent of the $3.6 billion that Americans donated for hurricane relief. Mr. McGuire said the investigation started "a number of weeks ago" and was continuing.

"We're in the middle of this, and we're looking at a range of possible problems," he said, "from issues between a few people that are really nothing other than bad will, to failure to follow good management principles and Red Cross procedures that have caused a lot of waste, to criminal activity."

He said the organization would do everything in its power to hold wrongdoers accountable. "We need to bring this through to the proper and right conclusion," he said. "We owe that to donors and the people who needed our services."

Among the specific problems identified by volunteers were the disappearance of rented cars, generators and some 3,000 of 9,000 air mattresses donated by a private company, as well as the unauthorized possession of Red Cross computer equipment that could be used to add money to debit cards and manipulate databases.

Mr. McGuire said the investigation was being conducted by a team from the Red Cross ethics and compliance department. Because the inquiry is continuing, he said that he could not respond to specific accusations. When it is completed, he said, any finding of criminal activity will be turned over to the law enforcement authorities.

A telephone call to the attorney general's office in Louisiana was not returned, and there was no response to an e-mail message to an official in the Department of Homeland Security who had been contacted by a volunteer looking into the accusations several months ago at the request of the Red Cross.

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In interviews over the last two weeks, more than a dozen Red Cross volunteers from around the country described an organization that had virtually no cost controls, little oversight of its inventory and no mechanism for basic background checks on volunteers given substantial responsibility.

Though there was little direct evidence of criminal activity, the volunteers said the magnitude of the missing goods had convinced them that Red Cross operations were being manipulated for private gain.

"I can't find any other reason for what was going on," said Anne Tolmachoff, a volunteer from Louisiana. "Otherwise, it just didn't make any sense."

While the Red Cross has drawn harsh criticism for failures in responding to Hurricane Katrina and for failing to address longstanding governance problems, the concerns raised by volunteers pose new questions about the organization's ability to prevent fraud and theft and protect its resources amid the chaos of a major disaster.

Senator Grassley has threatened to rewrite or revoke the organization's charter if it does not thoroughly overhaul its operations. This is the second time Mr. Grassley has prodded the Red Cross to get its house in order. He first made demands after the attacks of Sept. 11, 2001, but his effort sputtered as a result of other pressing matters, like the war in Iraq.

"The allegations from Red Cross volunteers are wide-ranging and include possible criminal misconduct," said Mr. Grassley, who in February demanded to know what the Red Cross was doing to address complaints from volunteers. "The Red Cross needs to change its mind-set so it addresses volunteers' concerns swiftly and appropriately, regardless of whether a Senate committee chairman is asking questions."

In one case cited by volunteers, a kitchen manager swapped 300 prepared meals for parking spaces for Red Cross emergency response vehicles without creating any record of the transaction.

"When a swap takes place, those products become untraceable," said Jerome H. Nickerson Jr., a Maryland lawyer who in mid-November was assigned by the Red Cross, as a volunteer, to look into accusations of theft and fraud in the disaster area. "It's the disaster relief equivalent of money laundering."

Mr. Nickerson and his partner in the inquiry, Michael A. Wolters, a security guard from Wisconsin who uncovered wrongdoing during an earlier three-week tour in Texas shortly after Hurricane Katrina, filed a report on Dec. 5 with the safety and security division at Red Cross headquarters. In it, they cited "a breathtaking systematic failure" by senior managers to enforce inventory control procedures and "outright contempt for well-established internal fiscal controls."

But they said the report had been ignored until a reporter for The New York Times began speaking with other volunteers who had seen similar questionable actions.

Mr. McGuire said the organization had pursued every tip about potential wrongdoing and noted that it had an internal hot line, called Concerned Connection, that volunteers could use.

"The vast majority are misconceptions or cases of 'I don't like somebody, so I'm going to say something,' " he said. "The key for us is to know whether we've got a problem in the Red Cross system and procedures, whether we've got well-intentioned people who just wasted stuff or whether we have a criminal problem."

Still, several volunteers said Red Cross managers in the disaster area had pooh-poohed their concerns and intervened to prevent them from documenting the problems they had encountered.

Willie A. Taylor, a volunteer from Michigan who owns a computer business, said he was part of a team that was asked to use a computer system to track every item from the time it was ordered until it was delivered to the end user.

He said the program revealed that roughly half of the "greenies," the requisition forms used to track supplies as they move through the system, could not be reconciled, meaning the supplies could not be accounted for.

"They asked me to do this," Mr. Taylor said, "we came up with a bulletproof process — and then they squashed it when it showed how big the problem was."

Mr. Taylor and others said they suspected that some volunteers were manipulating the flaws in the distribution system for their own benefit.

The Red Cross had 235,000 volunteers working in the hurricane disaster area, more than five times the previous peak of 40,000, and the sheer number wreaked havoc with the normal vetting process, the volunteers said.

For instance, the Red Cross prohibits anyone with a criminal record from working in a disaster area. "We do background checks on our D.S.H.R. volunteers," Mr. McGuire said, referring to the Disaster Services Human Resources division. "But we did not do them on some of our spontaneous volunteers."

Several of those volunteers had criminal records. For example, a volunteer working in the security unit in Baton Rouge, La., Kathleen Collins-Fowler, reported on Nov. 7 that the authorities in New York had issued an arrest warrant for Joe Tominaro, a volunteer then working in New Orleans, on grand larceny charges. According to New York State Department of Corrections records, Mr. Tominaro has twice served prison time for car theft and possession of stolen goods and is on parole.

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Yet he signed on as a Red Cross volunteer and opened a distribution center in Marrero, La., without authorization from the Red Cross logistics division, which is in charge of such matters.

He then rang up a $17,936 bill installing eight industrial fans and an evaporative cooler and moving the cooler a week later to another wall. He was given at least $800 in cash and more than $2,000 was loaded onto his staff debit card, according to records included in Mr. Nickerson's and Mr. Wolters's report. The Red Cross gave him 11 cellphones and two automobiles while he was in the disaster area, even though New York had revoked his license.

Mr. Tominaro did not respond to an e-mail message sent to an address listed on his volunteer records.

On Nov. 2, two volunteers reported their concerns about Mr. Tominaro to Gary Niki, a senior official in the security and safety department at headquarters.

A day later, Ms. Collins-Fowler reported, Mr. Niki ordered that Mr. Tominaro's staff card remain active until further notice. It was suspended, however, on Nov. 7.

Another volunteer falsely passed himself off as a New York City police officer, a criminal offense, and was buying equipment for local law enforcement officials using his staff card, according to the report.

Volunteers said the breadth of the misallocation of supplies made them suspect foul play. Every volunteer interviewed had an example of supplies appearing in places where they were not needed or where the distribution point seemed to be ad hoc.

For instance, Robert M. Cooke, a volunteer serving as bulk distribution manager, was baffled to find industrial-size cans of diced chicken at a middle school in New Orleans.

Mr. Cooke said the school was not an official distribution site and the neighborhood around the school lacked utility service, so the likely recipients of the chicken would have no way to cook it, let alone store such large quantities.

"Those cans were supposed to go to Red Cross kitchens, where they could be properly cooked and prepared," he said.

Mr. Taylor similarly was puzzled by the distribution of supplies in Cameron Parish when he was in charge of bulk distribution. "We were giving out bleach, paper towels and mops, but the houses there were devastated," he said. "We should have been giving out wheelbarrows, hacksaws and other repair equipment."

Moreover, Mr. Taylor said, volunteers at the site did not seem to know who the recipients were. "People were driving up and picking up stuff and driving off, and my question was, how do you know that these people live in this area and need what you're giving them?" he said. "They basically shrugged at me."

Mr. Taylor and Mr. Cooke, who do not know each other, said the scope of the disaster, as well as poor training of the volunteers, explained some but not all of the problems they saw.

"It's a really bad system, of course, because you couldn't account for everything, but there was some funny stuff going on, too," Mr. Taylor said. "People were definitely taking advantage of the huge flaws in accountability."

Mired In Diplo-Gobbledygook (WP)

By Al Kamen

The Washington Post, March 24, 2006

For many of us, diplo-speak is merely jargon-laden, meaningless or gibberish. And that's even when the individual words are actually in English.

But things became worse than usual last week when some Capitol Hill types received a letter from Secretary of State Condoleezza Rice urging lawmakers to "support . . . legislative changes that would broaden and deepen our emerging strategic partnership with India."

During President Bush 's trip to India, she wrote, the two countries "agreed to work cooperatively in areas as diverse as agriculture, defense, health . . . and enhanced defense cooperation." But the "major achievement" was the "historic agreement on civil nuclear cooperation," she said, attaching a 21-page electronic file explaining the "many benefits for the United States."

The "nukes for mangos" agreement has sparked intense and bipartisan condemnation. For example, former GOP presidential candidate Patrick J. Buchanan said that "the U.S. negotiators capitulated to all of India's demands, lest Bush leave New Delhi with nothing to show for a trip halfway around the world but an agreement to import mangos." (Buchanan apparently is unaware of how incredibly tasty those Indian mangos are.) Former senator Sam Nunn (D-Ga.) said the agreement "certainly does not curb in any way the proliferation of weapons-grade nuclear material." Others claimed the deal undermines the Non-Proliferation Treaty.

Not at all, Rice wrote the lawmakers. "This is a strong net gain for our non-proliferation agenda." Then there was this on Page 20:

Segiphu $lvndgh? Well. Can't argue with that.Win-Win Situation?

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The Bush folks have always been keen on family values. Now the Houston Chronicle reports that former first lady Barbara Bush donated a chunk of money -- it's unknown how much -- to the Bush-Clinton Katrina Fund "with specific instructions that the money be spent with an educational software company owned by her son Neil."

"Since then, the Ignite Learning program has been given to eight [Houston] area schools that took in substantial numbers of Hurricane Katrina evacuees," the Chronicle reported Wednesday.

"Mrs. Bush wanted to do something specifically for education and specifically for the thousands of students flooding into the Houston schools," Jean Becker , President George H.W. Bush 's chief of staff, told the paper. She knew that the Houston school district "was using this software program, and she's very excited about this program, so she wanted to make it possible for them to expand the use of this program."

Unclear how the charitable deduction works out on this fine move.Bush Q&Praise

President Bush , who's been touting his Iraq policy across the country this week, "is at his best when he's answering real and difficult questions from a cross section of Americans," White House communications director Nicolle Wallace said a few days ago.

So some congressional Democrats were wondering whether his Q&A on Wednesday in Wheeling, W.Va., must have shown him at his worst.

"I thank God that you're our commander in chief," one questioner began. "You're a man for our times. . . . And I'm a supporter of yours. . . . And God bless you, and I thank you for your service."

Then another hardball from the audience: "Do you like living in the White House?"

Another listener fired: "I want to let you know that every service at our church, you are by name lifted up in prayer -- and you and your staff and all of our leaders. And we believe in you. We are behind you. And we cannot thank you enough for what you've done to shape our country. . . ."

Bush was earning his salary that day.

WAR NEWS:

Battle Looms Over Use Of Prewar Iraq Intelligence (WSJ)

By Jay Solomon

The Wall Street Journal, March 24, 2006

WASHINGTON -- The long-simmering battle over the Bush administration's use of prewar Iraq intelligence is about to flare again.

Republicans controlling the congressional investigation say they will finish by next week a spate of reports on how the White House used intelligence headed into the March 2003 invasion of Iraq. They will include topics like predictions before the war on how a post-Saddam Iraq might look and whether the Bush administration was duped by Iraqis with a vested interest in war, like Deputy Prime Minister Ahmed Chalabi.

But they have set no timetable for issuing reports on their probe into what some Democrats consider the most explosive questions: Whether political appointees at the Pentagon deliberately distorted intelligence and subverted analysis by the Central Intelligence Agency to gin up support for the invasion.

"There were a lot of mistakes in the lead-up to the war, and if we don't look at all the issues we won't get a complete picture of what happened," says Wendy Morigi, a spokeswoman for the vice chairman of the Senate Select Committee on Intelligence, Democratic Sen. John D. Rockefeller IV of West Virginia. "The role of the former Undersecretary of Defense's office is an area of concern."

Some people familiar with the Senate investigation say politics may overshadow substance on the matter. "I think people will be surprised when these things come out because the buildup has been made that there's some smoking gun," says William Duhnke, Republican staff director of the Senate Select Committee on Intelligence. "This has all outstripped the reality."

Last fall, Democrats briefly shut down the Senate amid protests that the majority party was delaying the intelligence investigation. This year, they are gearing up to make it an issue in the November elections -- and an argument for changing control of Congress to bring about tougher oversight of the Bush administration's intelligence activities. Democrats' ability to subpoena current and former Bush administration officials, as well as gain access to many still-classified documents, they say, could significantly change future intelligence investigations.

"There's so much that still needs to come out," says Maurice Hinchey, a Democratic Congressman from New York who has sought for months to force the White House to release documents related to prewar intelligence. "A change in either house could completely change the nature of the game."

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Even before U.S. forces toppled Saddam Hussein in March 2003, some critics said the White House tried to justify the invasion by distorting the magnitude of Iraq's weapons programs and alleged ties to the al Qaeda terrorist network. That June, the Senate Intelligence Committee initiated its first review of the U.S. government's pre-Iraq war intelligence activities, with a focus on the "quantity and quality" of the intelligence gathered by U.S. agencies. The report, completed a year later, absolved the White House of seeking to influence or distort information gathering on Iraq.

The Senate Intelligence panel, however, decided to widen the original investigation to focus more on how the White House used the intelligence, rather than just how it was collected. Democrats originally sought to complete the Phase II probe before the 2004 presidential election, but the pace has been slowed by disagreements between the parties over the scope and mechanics of the five-part study.

Democrats have criticized the Intelligence Committee's chairman, Kansas Republican Pat Roberts, who also is being accused of blocking calls for a congressional probe into the White House's domestic-wiretapping program, which President Bush confirmed late last year.

In announcing last week his timetable for completing the next series of reports, Mr. Roberts took some shots at his opponents. "Much has been said over the last few months about the committee's progress on Phase II," he said. "Notwithstanding the minority's public cries of 'delay,' Phase II has been ongoing, ..." he added.

The three near-completed studies, he said, focus on the Bush administration's use of intelligence provided by an Iraqi exile group, Mr. Chalabi's Iraqi National Congress; postwar findings on prewar assessments of Iraq's alleged WMD program and terrorism links; and prewar assessments about postwar Iraq's political and security environment.

Sen. Roberts's office says a fourth section also is imminent, comparing whether statements by President Bush and other senior U.S. officials about Iraq's WMD programs and alleged links to al Qaeda heading into the war were supported by U.S. intelligence.

But Mr. Roberts didn't offer a timetable for completing the fifth and final section of the investigation, which looks into activities before the war by the office of former Undersecretary of Defense for Policy Douglas Feith.

Former Bush administration officials say Mr. Feith's office circulated reports that overstated the links between Mr. Hussein and al Qaeda. Mr. Feith's office also faces questions about whether it subverted proper intelligence-gathering channels by engaging in activities normally conducted by the CIA.

A number of officials who worked on assembling intelligence on Iraq before the war say Mr. Feith's operations at the Pentagon were important in shaping the debate on Iraq. They said the office had strong links to the White House and the Office of the Vice President and that it could set an extremely aggressive tone on the question of whether Mr. Hussein had a relationship with al Qaeda, even if the facts didn't necessarily support the claims.

"What the operation under Feith was doing was trying to collate anything that showed a link" between Baghdad and al Qaeda, says Paul Pillar, who served as the CIA's National Intelligence Officer for the Near East and South Asia during the first Bush term. Mr. Pillar recently accused the White House of skewing intelligence reporting on Iraq to justify the invasion. "They'd disregard everything that came from other sources. It was just a matter of collecting and sifting," he says.

Mr. Feith said yesterday that charges his office had engaged in improper intelligence activities were groundless. "My office did not engage in intelligence collection. ... The intelligence we used came from the intelligence community itself," he said. He added that his office rigorously vetted information that both the Senate Select Committee on Intelligence and a White House-sponsored panel investigating intelligence failures called for.

Democrats have been pushing for the Senate's Intelligence Committee to do an independent study of Mr. Feith's operations; the Pentagon's Inspector General currently is conducting an internal review of them. Sen. Roberts and Republicans have decided to defer to the Pentagon's internal report before further investigation. The Pentagon review began in November, but a spokesman for the Inspector General said he could offer no time frame for its completion.

Communication Breakdown (WP)

By David Ignatius

The Washington Post, March 24, 2006

Now it gets painful for George W. Bush. Iraq is wrapped around his presidency as tightly as Vietnam was around Lyndon Johnson's. Bush keeps telling the country he has a plan for victory, but the polls suggest the public doesn't believe it. Those big "Plan for Victory" signs at his rally in Wheeling, W.Va., this week read more like an exhortation than a statement of fact.

Bush has lacked the tragic sensibility found in many of our great presidents. He works so hard at his show of easy informality that you rarely sense the inner man and the anguish that must be there. Watching him, you know he's wound tight even as he tries to act loose. The locker-room nicknames and the exaggerated Texas mannerisms are part of the enforced

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informality. The longer he stays in Washington, the more pronounced his Texas manner of droppin' his g's. It's a kind of camouflage, but it's wearing thin. This is not a president at ease.

When Bush speaks about the struggle of his presidency, it sometimes sounds as if he's talking to the mirror. Take this week's long, thinking-out-loud news conference: "I believe that my job is to go out and explain to people what's on my mind. That's why I'm having this press conference, see? I'm telling you what's on my mind. And what's on my mind is winning the war on terror." He's ready to lead, he insists; he has made a vow to the American people. To whom are these comments directed, if not himself?

The polls suggest that Bush is losing the ability to communicate effectively about the issue that matters most to him. He has a better story on Iraq than many people seem to appreciate: Iraqi politicians are in fact coming together toward a government of national unity; Iraqi troops are improving their performance; substantial reductions in the number of U.S. troops are likely this year. But to many Americans, judging by the polls, Bush's assertions sound like a broken record. His optimism comes across as happy talk.

Bush works hard to disguise it, but one senses the same inner conflict that afflicted Johnson as Vietnam began to go bad. In "The Best and the Brightest," David Halberstam described LBJ's torment: "He was a good enough politician to know what had gone wrong and what he was in for and what it meant to his dreams, but he could not turn back, he could not admit that he had made a mistake. He could not lose and thus he had to plunge forward." But, recalls Halberstam, "instead of leading, he was immobilized, surrounded, seeing critics everywhere."

It's a dangerous situation. If Bush loses his ability to convince the country that his war aims make sense, America may be forced into a hasty withdrawal that will have devastating repercussions. To avoid this outcome and maintain its strategy of a measured handoff to Iraqi forces, the administration must bridge what in Johnson's day was known as the "credibility gap." Bush could shake up his team and add new voices that can speak more convincingly to the public. Or he could reach out to moderate Democrats who support a bipartisan foreign policy, if there are any who haven't been chased off by Karl Rove. Or he could give a larger communications role to the uniformed military. The generals won't like being political frontmen, but they may prefer it to a collapse of support for the war.

On my most recent trip to Iraq, I took along a short book titled "Every War Must End," written in the 1970s by Fred Ikle, who later became a defense official in the Reagan administration. It's a haunting book, whose basic message is that starting wars is far easier than stopping them. "Cutting one's losses, although a common notion in everyday life, appears to be a particularly difficult decision for a government to reach in seeking to end a prolonged and unsuccessful war," Ikle wrote.

Ask senior military commanders what they think about Bush and they will tell you they love his toughness -- but wish the White House could communicate its Iraq strategy better. Bush has tried. All the speeches and rallies and white papers of the past few months have reflected a recognition that the public will support the war so long as it feels there is a coherent strategy for victory. That's why you hear the phrase "plan for victory" repeated so often, like a mantra to convince the public that American soldiers aren't dying in a lost cause.

But it's not working, and the president owes it to the troops, above all, to figure out a better way to communicate.

In Charge, Except They're Not (WP)

By E. J. Dionne Jr.

The Washington Post, March 24, 2006

Is President Bush the leader of our government, or is he just a right-wing talk-show host?

The question comes to mind after Bush's news conference this week in which he sounded like someone who has no control over the government he is in charge of. His words were those of a pundit inveighing against the evils of bureaucrats.

"Obviously," said the critic in chief, "there are some times when government bureaucracies haven't responded the way we wanted them to, and like citizens, you know, I don't like that at all." Yes, and if you can't do something about it, who can?

Bush went on: "I mean, I think, for example, of the trailers sitting down in Arkansas. Like many citizens, they're wondering why they're down there, you know. How come we've got 11,000?"

Bush was talking about 10,777 mobile homes ordered up to provide housing for the victims of Hurricane Katrina. As Rep. Mike Ross put it in an interview, most of these "brand-new, fully furnished homes are sitting in a hay meadow in Hope, Arkansas," and are "a symbol of what's wrong with this administration and what's wrong with FEMA."

Ross, a Democrat whose district includes that hay meadow, has been running a one-man crusade since December to get the homes moved to where they could actually provide shelter for those left homeless by the storm. The Federal Emergency Management Agency let the homes sit there because its regulations don't permit the use of such structures in a flood plain.

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That raises at least two questions: Why did FEMA spend anywhere from $300 million to $430 million -- the numbers are in dispute -- to buy homes that didn't meet its own regulations? Alternatively, why can't it alter its regulations at least temporarily to use the homes where they are desperately needed?

Nearly three months after Ross first complained about the homes sitting in the field -- and nearly six weeks after Fox News reported the story and CNN broadcast an extensive account -- Bush seemed perplexed. He insisted that he was asking Homeland Security Secretary Michael Chertoff to get to the bottom of the deal.

"So I've asked Chertoff to find out," Bush said. "What are you going to do with them? I mean, the taxpayers aren't interested in 11,000 trailers just sitting there. Do something with them. And so I share that sense of frustration when a big government is unable to, you know -- sends wrong signals to taxpayers. But our people are good, hardworking people."

Hold on: The president of the United States runs the "big government" he's attacking. This is mysterious. If Bush's "good, hardworking people" aren't responsible for the problem, the villains of the piece must be alien creatures created by some strange beast called Big Government.

Ross reports that 300 of the homes were finally moved last month and that 5,000 are supposed to be moved soon to Katrina victims. That still leaves a lot of homes. FEMA has said they will be stored for future disasters.

This episode is important because it is representative of a corrosive style of politics. Bush and many of his fellow Republicans have done a good business over the years running against the ills of Big Government. They are so much in the habit of trashing government that even when they are in charge of things -- remember, Republicans have controlled the White House and both houses of Congress for all but 18 months since 2001 -- they pretend they are not.

And when their own government fails, they turn around and use their incompetence to argue that government can never work anyway, so you might as well keep electing conservatives to have less government. It's an ideological Catch-22. Even their failures prove they are right.

On the same day Bush was pushing off accountability for the mobile home fiasco, another politician was giving his voters some very bad news -- and taking responsibility for fixing the problem.

Gov. Jon Corzine of New Jersey announced that his state's fiscal situation was a mess, and he proposed a budget that simultaneously raised taxes, cut programs and walked away from some of his own campaign promises. "New Jerseyans believe that telling the truth is always better than hiding from it, even when it hurts," said Corzine, a Democrat. "And boy, does this budget hurt."

I'll leave it to New Jersey's budget experts to parse the details of Corzine's fiscal plan. But it's definitely bracing when a politician skips all the rhetoric about big or small government and just tries to fix the thing.

Of Course It's A Civil War (WP)

By Charles Krauthammer

The Washington Post, March 24, 2006

Today's big debate over Iraq seems to be: Is there or is there not a civil war? Yes, say the defeatists, citing former prime minister Ayad Allawi, a man with an ax to grind against the current (elected) government, which excluded him.

No, not really, not yet, not quite, say U.S. officials and commanders, as well as Iraq's president, also hardly the most neutral of observers.

This debate appears to be important because the perception that there has been an outbreak of civil war following the Samarra bombing pushed some waverers to jump ship on their support for the war. Most famous of these is William F. Buckley Jr., who after Samarra declared that it is time for "the acknowledgment of defeat." Defeat? Yes, because of the inability of the Iraqi people to "suspend internal divisions" to allow a new democratic order to emerge.

This whole debate about civil war is surreal. What is the insurgency if not a war supported by one (minority) part of Iraqi society fighting to prevent the birth of the new Iraqi state supported by another (majority) part of Iraqi society?

By definition that is civil war, and there's nothing new about it. As I noted here in November 2004: "People keep warning about the danger of civil war. This is absurd. There already is a civil war. It is raging before our eyes. Problem is, only one side" -- the Sunni insurgency -- "is fighting it."

Indeed, until very recently that has been the case: ex-Baathist insurgents (aided by the foreign jihadists) fighting on one side, with the United States fighting back in defense of a new Iraq dominated by Shiites and Kurds.

Now all of a sudden everyone is shocked to find Iraqis going after Iraqis. But is it not our entire counterinsurgency strategy to get Iraqis who believe in the new Iraq to fight Iraqis who want to restore Baathism or impose Taliban-like rule? Does not everyone who wishes us well support the strategy of standing up the Iraqis so we can stand down? And does that not mean getting the Iraqis to fight the civil war themselves?

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Hence the gradual transfer of war-making responsibility. Hence the decline of American casualties. Hence the rise of Iraqi casualties.

What we don't want to see is the private militias taking the law into their own hands. The army, by all accounts, has remained cohesive, with relatively good discipline. The problem is the police forces, which have been infiltrated by some of the Mahdi Army and other freelance Shiite vigilantes.

We cannot allow parts of the police apparatus to become instruments of Moqtada al-Sadr or other private interests. And not just because they act viciously and vindictively but also because their insubordination and independence are a threat to the very stability of the new Iraqi state.

But let's put this in perspective. First, this kind of private revenge attack has been going on at a low level since the beginning of the insurgency. Second, it does have the effect of concentrating Sunni minds on the price of their continuing support for the random, large-scale and heretofore unanswered slaughter of Shiites that they either actively or passively support.

And, third, if the private militias are the problem, it is a focused and relatively narrow problem. Creating discipline and central control over the security services is a more manageable issue than all-out Hobbesian conflict.

The principal issue, and measure of our success, is the shaping of disciplined and effective security forces. And that is why the political negotiations that have been dragging on are so critical. It is the political track that must secure leadership for both the defense and interior ministries that is nonsectarian and committed to a unitary force whose members do not answer to private warlords.

Civil wars are not eternal. This war will end not with an Appomattox instrument of surrender. It will end when a critical mass of Sunnis stops supporting the insurgency and throws its lot in with the new Iraq.

How does this happen? The stick is military -- the increased cost in Sunni blood of continuing the fight. But the carrot is political -- a place at the table for those Sunnis, some of whom are represented in parliament, who are prepared to abandon the insurgency for a share of power, a share of oil income, and a sense of security and dignity in the new Iraq.

This is doable. That is not to say it will be done. It is to say that those who have decided that because of "civil war" it cannot be done have been unreasonably panicked by something that has been with us all along.

Iraq A Foolish Act Or Chance For Freedom? (USAT)

USA Today, March 24, 2006

What people are saying about third anniversary of Iraq war:

The San Francisco Bay Guardian, in an editorial: "The air of unreality in Washington, D.C., is, well, unreal. ... Vice President Cheney proclaimed that the war in Iraq is going well, that the insurgency had reached 'a stage of desperation' — and that the prediction that Americans would be greeted as liberators was 'basically accurate.' There's no civil war, the administration insists, no catastrophic political failure, no evidence that the war is well on its way to becoming the new Vietnam (War). No, Cheney insists, the problem is just the overcritical news media. For the record, more than 2,300 (U.S.) soldiers are dead. So are as many as 37,000 Iraqis. Countless more have been maimed, lost limbs, seen their lives destroyed. And three years after the invasion, there is no end in sight. ... And (President) Bush's insistence on staying the course is starting to sound like Richard Nixon's secret plan to end the Vietnam War."

The Wall Street Journal, in an editorial: "The third anniversary of U.S. military action to liberate Iraq has brought with it a relentless stream of media and political pessimism that is unwarranted by the facts and threatens to become a self-fulfilling prophesy if it goes unchallenged. ... One doesn't have to be a dreamy-eyed optimist about democracy to recognize that toppling Saddam Hussein was a milestone in slowing the spread of (weapons of mass destruction). ... The Middle East is now undergoing a political evolution in which the clear majority, even if skeptical of U.S. motives, agrees with the goal of more democracy and accountable government. ... But the desire among so many of our political elites to repudiate Bush and his foreign policy is creating a dangerous public pessimism that could yet lead to defeat — a defeat whose price would be paid by all Americans, and for years to come."

Portsmouth (N.H.) Herald, in an editorial: "For Iraq to truly succeed, we need to be committed to full-scale nation-building, but we do not have the resources, troops or finances to make it happen. And there's certainly no political will to do this mission on anything but the cheap. We have in one sense won the military portion of this struggle, but it's a Pyrrhic victory at best — nation-building depends on dealing with deep-seated cultural, political, social and economic tensions, and this administration has proven itself consistently incompetent in dealing with those realities."

Dan Darling, counterterrorism consultant for the Manhattan Institute's Center for Policing Terrorism, writing online for The Weekly Standard magazine: "When the Iraqi regime collapsed in April 2003, few observers saw reason to mourn the loss of Saddam's brutal dictatorship. While a great deal of information about the former Iraqi regime's assorted atrocities has been uncovered since the invasion, newly released documents go even further in demonstrating its manifest depravity. ... It is

important that we enumerate the atrocities carried out under Saddam's auspices. Those who died at the hands of his regime deserve nothing less."

The Albuquerque Tribune, in an editorial: "It is time for those symbolic Iraqi purple fingers of democracy to become Iraqi trigger fingers. There simply is no way around the blunt fact that the Iraqi people now must assume responsibility for their own security. What happens from here is up to them, not us. ... We must all agree that the fight for Iraq is no longer ours to win or lose. ... It's not our country. It's theirs. If it is to survive as a democracy, Iraqis will have to fight for their country, their families and themselves. ... If democracy is to be born in the Islamic Middle East, in Iraq, it must be midwifed by the Iraqi people, because they want it — more than anything, more even than life itself for some who, like their American benefactors, surely will have to pay the ultimate price. Freedom is not cheap. Too many Americans already have paid the price for it on behalf of the Iraqi people. We wish the Iraqis well. But it is time to find out if the Iraqi people are willing to pay that price themselves. It is their country to rule by the vote or to lose to tyranny."

Rumsfeld Vows Iraq Drawdown Will Continue (WT)

By Rowan Scarborough

The Washington Times, March 24, 2006

Defense Secretary Donald H. Rumsfeld said yesterday that commanders are planning further troop reductions in Iraq despite ongoing violence that has killed hundreds of civilians after the February bombing of the Shi'ite Golden Mosque.

Asked about President Bush's remark Tuesday that U.S. troops will be in Iraq until at least 2009, the year he leaves office, Mr. Rumsfeld said there could still be Americans training the Iraqi security forces (ISF). It was a clear signal that the defense secretary expects that by that time the United States' combat role will be greatly reduced.

Mr. Bush provided no context for his remark about troops in Iraq in 2009, leaving some with the impression that substantial cuts will not happen, as commanders have promised. And it stirred more complaints from Democrats that the administration is not shifting anti-insurgent responsibilities from Americans to Iraqi combatants fast enough.

Mr. Rumsfeld's careful remarks yesterday seemed designed to reset the debate to an assumption of gradual troop cuts that began in January, if conditions permit.

"I would anticipate, as we've said, that as the Iraqi security forces continue to take over more and more responsibility, we'll continue to reduce down our forces, and that any stress on the force would be eased rather than increased," he told reporters at the Pentagon.

Pressed about the Bush prediction, he said, "We may be helping to train and equip some forces in Iraq in 2009. Are we making plans to do that? We're making plans to assist the Iraqis and the Afghans in training and equipping their forces so that they can take over the responsibility. And as the president said, it's conditions-based. I'm not going to get into speculating about specific numbers or on specific dates."

There are about 133,000 U.S. troops in Iraq, down from 160,000 during the December parliamentary elections. Army Gen. George W. Casey Jr., the top American commander in Iraq, said in late December that the level should be down to about 130,000 by the end of this month. He is contemplating further cuts this year, depending on the maturation of the Iraqi forces, which stand at about 270,000 personnel.

Mr. Rumsfeld added, "We anticipate that they'll go down. And the reason we anticipate they'll go down is because we think the government will be formed, and it will meet with reasonable acceptance and that the Iraqi security forces will continue to be performing well and that we will continue to pass over battle space, bases and responsibility to the Iraqi security forces."

In Baghdad, Army Maj. Gen. Rick Lynch tried to dispel various reports that stepped-up sectarian violence has plunged Iraq into total chaos.CQ He said al Qaeda in Iraq, led by Jordanian-born Abu Musab Zarqawi, continues to try to provoke a civil war by killing civilians. The Feb. 22 bombing of the Golden Mosque in Samarra triggered much of the recent killings.

But "there is not widespread violence across Iraq," Gen. Lynch said. "There is not. Seventy-five percent of the attacks still take place in Baghdad, Al Anbar [in the west] or Salahuddin [north of Baghdad]. And in the other 15 provinces, they all average less than six attacks a day, and 12 of those provinces average less than two attacks a day. So the idea that Baghdad is the center of gravity for the enemy's operations is indeed a valid idea, but the concern that all of Iraq is experiencing widespread violence is incorrect."

Mr. Rumsfeld, a member of Mr. Bush's original Cabinet, continues to face questions from the press about whether he will continue in office, despite repeated endorsements from the president. Some Democrats periodically call on him to resign for what they say was botched war planning.

Yesterday, a reporter quoted a column from New York Times pundit Maureen Dowd, who regularly expresses disdain for Mr. Bush. She wrote that Mr. Rumsfeld no longer carries the clout he once did.

"If you believe everything you read in Maureen Dowd, you better get a life," Mr. Rumsfeld responded.

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Bush's Requests For Iraqi Base Funding Make Some Wary Of Extended Stay (LAT)

By Peter Spiegel

The Los Angeles Times, March 24, 2006

WASHINGTON — Even as military planners look to withdraw significant numbers of American troops from Iraq in the coming year, the Bush administration continues to request hundreds of millions of dollars for large bases there, raising concerns over whether they are intended as permanent sites for U.S. forces.

Questions on Capitol Hill about the future of the bases have been prompted by the new emergency spending bill for military operations in Iraq and Afghanistan, which overwhelmingly passed the House of Representatives last week with $67.6 billion in funding for the war effort, including the base money.

Although the House approved the measure, lawmakers are demanding that the Pentagon explain its plans for the bases, and they unanimously passed a provision blocking the use of funds for base agreements with the Iraqi government.

"It's the kind of thing that incites terrorism," Rep. Ron Paul (R-Texas) said of long-term or permanent U.S. bases in countries such as Iraq.

Paul, a critic of the war, is co-sponsoring a bipartisan bill that would make it official policy not to maintain such bases in Iraq. He noted that Al Qaeda leader Osama bin Laden cited U.S. military bases in Saudi Arabia as grounds for the Sept. 11 terrorist attacks.

The debate in Congress comes as concerns grow over how long the U.S. intends to keep forces in Iraq, a worry amplified when President Bush earlier this week said that a complete withdrawal of troops from Iraq would not occur during his term.

Long-term U.S. bases in Iraq would also be problematic in the Middle East, where they could lend credence to charges that the U.S. motive for the invasion was to seize land and oil. And they could also feed debate about the appropriate U.S. relationship with Iraq after Baghdad's new government fully assumes control.

State Department and Pentagon officials have insisted that the bases being constructed in Iraq will eventually be handed over to the Iraqi government.

Zalmay Khalilzad, the American ambassador to Baghdad, said on Iraqi television last week that the U.S. had "no goal of establishing permanent bases in Iraq."

And Pentagon spokesman Army Lt. Col. Barry Venable said, "We're building permanent bases in Iraq for Iraqis."

But the seemingly definitive administration statements mask a semantic distinction: Although officials say they are not building permanent U.S. bases, they decline to say whether they will seek a deal with the new Iraqi government to allow long-term troop deployments.

Asked at a congressional hearing last week whether he could "make an unequivocal commitment" that the U.S. officials would not seek to establish permanent bases in Iraq, Army Gen. John P. Abizaid, the commander in charge of all U.S. forces in the Middle East and Central Asia, replied, "The policy on long-term presence in Iraq hasn't been formulated." Venable, the Pentagon spokesman, said it was "premature and speculative" to discuss long-term base agreements before the permanent Iraqi government had been put in place.

All told, the United States has set up 110 forward operating bases in Iraq, and the Pentagon says about 34 of them already have been turned over to the Iraqi government, part of an ongoing effort to gradually strengthen Iraqi security forces.

Bush is under political pressure to reduce the number of U.S. troops before midterm congressional elections, and the Pentagon is expected to decide soon whether the next major deployment will reflect a significant reduction in forces.

But despite the potential force reductions and the base handovers, the spending has continued.

Dov Zakheim, who oversaw the Pentagon's emergency spending requests as the department's budget chief until 2004, said critics might be reading too much into the costly emergency spending, needed to protect U.S. forces from insurgent attacks and provide better conditions for deployed troops.

The spending "doesn't necessarily connote permanence," Zakheim said. "God knows it's a tough enough environment anyway."

The bulk of the Pentagon's emergency spending for military construction over the last three years in Iraq has focused on three or four large-scale air and logistics bases that dot the center of the country.

The administration is seeking $348 million for base construction as part of its 2006 emergency war funding bill. The Senate has not yet acted on the request.

By far the most funding has gone to a mammoth facility north of Baghdad in Balad, which includes an air base and a logistics center. The U.S. Central Command said it intended to use the base as the military's primary hub in the region as it gradually hands off Baghdad airport to civilian authorities.

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Through the end last year, the administration spent about $230 million in emergency funds on the Balad base, and its new request includes $17.8 million for new roads that can accommodate hulking military vehicles and a 12.4-mile-long, 13-foot-high security fence.

The nonpartisan Congressional Research Service noted in a report last year that many of the funds already spent, including for the facilities at Balad, suggested a longer-term U.S. presence.

Projects at the base include an $18-million aircraft parking ramp and a $15-million airfield lighting system that has allowed commanders to make Balad a strategic air center for the region; a $2.9-million Special Operations compound, isolated from the rest of the base and complete with landing pads for helicopters and airplanes, where classified payloads can be delivered; and a $7-million mail distribution building.

Other bases also are being developed in ways that could lend them to permanent use.

This year's request also includes $110 million for Tallil air base outside the southeastern city of Nasiriya, a sprawling facility in the shadow of the ruins of the biblical city of Ur. Only $11 million has been spent so far, but the administration's new request appears to envision Tallil as another major transportation hub, with new roads, a new dining hall for 6,000 troops — about two Army brigades — and a new center to organize and support large supply convoys.

The administration also has spent $50 million for Camp Taji, an Army base north of Baghdad, and $46.3 million on Al Asad air base in the western desert.

These large bases are being built at the same time that hundreds of millions of dollars are being spent on separate bases for the growing Iraqi military. According to the U.S. Central Command and data obtained from the Army Corps of Engineers, for example, about $165 million has been spent to build an Iraqi base near the southern town of Numaniya and more than $150 million for a northern base at the old Iraqi army's Al Kasik facility.

The big numbers have begun to cause consternation in congressional appropriations committees, which are demanding more accountability from Pentagon officials on military construction in the region.

The House Appropriations Committee approved the president's newest funding bill this month with a strongly worded warning. In a report accompanying the legislation, the committee noted that it had already approved about $1.3 billion in emergency spending for war-related construction, but that the recently declared "long war" on terrorism should allow more oversight of plans for bases in the region.

It "has become clear in recent years that these expeditionary operations can result in substantial military construction expenditures of a magnitude normally associated with permanent bases," the committee reported.

Rep. James T. Walsh (R-N.Y.), chairman of the House subcommittee that oversees military construction, said his panel was concerned that money the Pentagon was ostensibly seeking for short-term emergency needs actually was going to projects that were not urgent but long-term in nature.

Walsh pointed to a $167-million request to build a series of roads in Iraq that bypass major cities, a proposal the administration said was needed to decrease the convoys' exposure to roadside bombs, known as improvised explosive devices, or IEDs. Walsh's subcommittee cut the budget for the project to $60 million. He said the project sounded "more like road construction" than it did a strategy to protect troops from IEDs.

The Appropriations Committee also inserted a ban on spending any of the new money on facilities in Iraq until the U.S. Central Command submitted a master plan for bases in the region. Abizaid, in congressional testimony last week, said such a plan was in the process of getting final Pentagon approval for release to the committee. But he noted: "The master plan is fairly clear on everything except for Iraq and Afghanistan, which I don't have policy guidance for long term."

Without such detail, it might prove impossible for congressional appropriators to get a firm idea of how the administration views the future of the U.S. presence on big bases in Iraq.

In any event, said Zakheim, the former Pentagon budget officer, projects that expand bases' ability to handle American cargo and warplanes will eventually be of use to the Iraqi government.

"Just because the Iraqis don't have an air force now doesn't mean they won't have it several years down the road," he said.

But critics said it was all the more reason for the administration to stop being vague about the future.

"The Iraqis believe we came for their oil and we're going to put bases on top of their oil," said Rep. Tom Allen (D-Maine), a critic of the administration's approach. "As long as the vast majority of Iraqis believe we want to be there indefinitely, those who are opposed to us are going to fight harder and those who are with us are going to be less enthusiastic."

Times staff writer Doug Smith contributed to this report.

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(INFOBOX BELOW)

On the rise

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Here are four of the bases in Iraq for which the Bush administration has planned upgrades. Money spent through 2005 was granted through emergency spending bills since 2003:

1. Al Asad air base

By some accounts the second largest military air center in Iraq and the main supply base for troops in Al Anbar Province, which includes the insurgent strongholds of Fallouja and Ramadi. It houses about 17,000 troops, including a large contingent of Marines.

Spending: Unknown*

Bush 2006 request: $46.3 million

2. Balad air base

The U.S. military's main air transportation and supply hub in Iraq, with two giant runways. Also known as Camp Anaconda, it is the largest support base in the country, with about 22,500 troops and several thousand contractors.

Spending: $228.7 million*

Bush 2006 request: $17.8 million.

3. Camp Taji

One of the largest facilities for U.S. ground forces in Iraq, the base also serves as home to about 15,000 Iraqi security forces. It has the largest military shopping center (PX) in the country.

Spending: $49.6 million*

Bush 2006 request: None

4. Tallil air base

An increasingly important air and transportation hub, with a growing population of coalition troops and contractors. It has become a key stopping point for supply convoys moving north from Kuwait and is close to one of the Iraqi army's main training facilities.

Spending: $10.8 million*

Bush 2006 request: $110.3 million

*Through 2005

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Sources: U.S. Central Command, Congressional Research Service, Global Security.org

Costs To Rebuild Shifting To Iraqis (USAT)

By Thomas Frank

USA Today, March 24, 2006

BAGHDAD — The head of the U.S. program to rebuild Iraq said Thursday that the Iraqi government can no longer count on U.S. funds and must rely on its own money and cash from other Persian Gulf nations to complete the massive undertaking.

"The Iraqi government needs to build up its capability to do its own capital budget investment," Daniel Speckhard, director of the Iraq Reconstruction Management Office, told reporters.

Speckhard's remarks signal the unwinding of an extensive rebuilding campaign intended to stabilize Iraq and neutralize insurgents after the U.S.-led invasion in 2003. The $21 billion U.S.-funded program set out to fix or build schools, roads, clinics, ports, bridges, government offices, phone networks, power plants and water systems.

The program also was to train Iraqis in accounting, farming, teaching, nursing, banking and other areas.

Hundreds of projects have been completed, but the top U.S. auditor for the program has criticized it for cost overruns, corruption, understaffing and bureaucratic infighting. Stuart Bowen, special inspector general for Iraqi reconstruction, told Congress last month:

·Electrical capacity is below prewar levels.

·Only 49 of 136 planned water projects will be finished.

·300 of 425 electricity projects will be completed.

As much as $5.6 billion for projects was reallocated to tackle "security needs driven by a lethal and persistent insurgency," Bowen said.

U.S. reconstruction officials once aimed to create public-works jobs for 1.5 million Iraqis. The U.S. Agency for International Development said last week that 77,000 have been created.

Anthony Cordesman, a Middle East expert at the Center for Strategic and International Studies in Washington, called the U.S. plan "a dismal failure. It hasn't met any of its goals. It's left a legacy of half-built projects" that Iraq can't maintain.

Funding reconstruction will pose a huge challenge for Iraq. Its main revenue source — oil production — has been hurt by sabotage to key facilities.

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Speckhard said “significant challenges remain.” He said the rebuilding program sought to “kick-start the economy” and “lay a foundation” Iraq could build on with its own money, private investment and other international aid, particularly from the Gulf region.

Speckhard said per capita income has risen from $500 a year before the war to $1,200 today. He said Iraqis have started 30,000 businesses in the past year.

Iraq's deputy finance minister, Kamal Field al-Basri, said it was “reasonable” for the United States to cut funding for rebuilding after spending $21 billion. “We should be very much dependent on ourselves,” al-Basri said in an interview. He said Iraq needs to increase its capacity to produce oil, which generates 93% of government's revenue, to pay for rebuilding.

The Center for Strategic and Budgetary Assessments, a Washington defense-policy research group, said last month that Iraq has little oil revenue left after paying for day-to-day government operations, social services, security and repairs to oil infrastructure.

A Military Raid Frees 3 Hostages Held In Iraq (NYT)

By Kirk Semple

The New York Times, March 24, 2006

BAGHDAD, Iraq, March 23 — Acting on a tip from a detainee, a multinational military force stormed a house in western Baghdad early Thursday and rescued two Canadians and a Briton who had been held hostage by a shadowy guerrilla group for four months.

James Loney, 41, and Harmeet Singh Sooden, 32, both from Canada, and Norman Kember, 74, from Britain, were discovered bound yet unguarded, officials reported. The three were whisked to the fortified Green Zone and debriefed by the authorities, officials said, but did not address the news media.

The men, all antiwar advocates working for Christian Peacemaker Teams, had been captured Nov. 26 along with an American colleague, Tom Fox, 54, of Clear Brook, Va., whose body was discovered March 9 wrapped in plastic and dumped on a trash pile in western Baghdad. Mr. Fox had been tortured, handcuffed and shot, the police said.

Thursday's rescue, by a force that included American and British troops, represented one of the few times that military action in Iraq has played a decisive role in a hostage release.

But within hours, a surge of four car bombings, including a suicide attack, struck Baghdad, killing at least 23 people, wounding at least 48 and tempering the military's euphoria from the morning's success.

The attacks followed five days in which there had been no incidents in the capital involving car bombs, or suicide bombs, according to a senior American military spokesman, who insisted that the relative lull was a result of expanded security operations.

But the convergence of the devastating attacks, coming in the span of about four hours, suggested that the guerrillas' ability to operate in the capital remained unfettered.

"As you're well aware, today he surged," acknowledged Maj. Gen. Rick Lynch, the military spokesman, using his preferred pronoun to describe the amorphous insurgency. "He still has that capability."

Military commanders jealously guarded details of the morning's rescue, saying they did not want to compromise continuing operations.

General Lynch said a detainee captured Wednesday night had provided the authorities with information that guided them to the house where the three hostages were being held. The captives were found unguarded, their kidnappers having vanished, General Lynch said.

Jack Straw, the British foreign secretary, said that Mr. Kember was in "reasonable" condition but that the two Canadians had to be hospitalized.

Prime Minister Stephen Harper of Canada thanked American and British authorities for their "exceptional" role in the rescue. But he refused to confirm reports that Canadians took part in the operation, citing national security concerns despite, a statement by Mr. Straw thanking the Royal Canadian Mounted Police and "other agencies from Canada" for their role in the mission.

The rescue operation, while unusual, was not unprecedented. Last September, responding again to a tip from a detainee, American forces rescued two hostages, an American and an Iraqi, from an isolated farmhouse south of Baghdad. The American, Roy Hallums, had been working as a contractor for a Saudi company when he was kidnapped in 2004.

Last June, Iraqi troops raided a house in Baghdad and freed an Australian hostage, Douglas Wood, from nearly seven weeks of captivity. But according to some officials, the troops stumbled across Mr. Wood while on a routine search operation.

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The Rev. Alan Betteridge, president of the Baptist Peace Fellowship and a friend of Mr. Kember's for more than 40 years, told the BBC that "it's tremendously good and so unexpected after the killing of Tom Fox a couple of weeks ago, when we really did fear that each one would be killed eventually."

Christian Peacemaker Teams — which is based in Chicago and Toronto and grew out of a collection of churches, including those of the Mennonites and the Quakers — sends groups of Christians to conflict zones to promote peace and human rights. The four advocates were captured while driving to meet with Sunni Arab leaders in western Baghdad.

The eruption of car bombings on Thursday began about 9 a.m., when a car exploded in Karada, an upscale neighborhood, as a police patrol passed by, an official with the Interior Ministry said. One civilian was wounded.

An hour later, someone set off a charge planted in a vehicle parked in the predominantly Sunni Arab neighborhood of Adhamiya, the official said. The explosion, which apparently was aimed at a passing police patrol, killed three policemen and wounded five others.

Around 11 a.m., a suicide bomber detonated a car packed with explosives at the entrance to the headquarters of the Interior Ministry's major crimes unit in central Baghdad, killing 10 policemen and 5 civilians and wounding 32 others, including policemen and civilians, the ministry official reported.

Five more people were killed and 10 wounded, according to the authorities, when a second car bomb exploded about 1:15 p.m. near an outdoor market and a Shiite mosque in western Baghdad.

U.S., British Forces Rescue Iraq Hostages (AP-Y2)

By Bassem Mroue

AP2, March 23, 2006

Without firing a shot, U.S. and British forces stormed a house Thursday and freed three Christian peace activists who were bound but unguarded, ending a four-month hostage ordeal that saw an American in the group killed and dumped along a railroad track.

The U.S. ambassador and the top American military spokesman held out hope the operation on the outskirts of Baghdad could lead to a break in the captivity of American reporter Jill Carroll, a freelance writer for The Christian Science Monitor who was abducted Jan. 7.

The military spokesman, Maj. Gen. Rick Lynch, said the 8 a.m. rescue of the Briton and two Canadians from a "kidnapping cell" was based on information divulged by a man during interrogation only three hours earlier. The man was captured by U.S. forces on Wednesday night.

A senior Iraqi military officer told The Associated Press, however, that the operation had been under way for two days in the Abu Ghraib suburb west of Baghdad, site of the notorious prison. The officer, who spoke on condition of anonymity because of the sensitivity of his position, said U.S. and British forces refused to give him other details.

Canadian Prime Minister Stephen Harper said Canadian forces also took part in the rescue operation, although their precise role was unclear.

But the joyful news was tempered by violence that raged throughout Iraq as the day wore on. Fifty-eight people were killed in execution-style slayings, bombings and gun battles. For the third straight day, Sunni insurgents hit a major police and jail facility — this time with a suicide car bombing that killed 25 in central Baghdad.

Lynch claimed a reinforced U.S. and Iraqi security presence in the capital had prevented car bombings on five recent consecutive days, but acknowledged that attacks "surged today."

No kidnappers were present when the troops broke into the house where the peace activists were discovered with their hands tied.

"They were bound, they were together, there were no kidnappers in the areas," Lynch told a news briefing.

The freed men were Canadians James Loney, 41, and Harmeet Singh Sooden, 32, and Briton Norman Kember, 74. The men — members of the Chicago-based Christian Peacemaker Teams — were kidnapped Nov. 26 along with an American colleague, Tom Fox, 54.

Fox's body was found this month, shot and dumped in western Baghdad.

"We remember with tears Tom Fox," group co-director Doug Pritchard said in Toronto. "We had longed for the day when all four men would be released together. Our gladness today is bittersweet by the fact that Tom is not alive to join his colleagues in the celebration."

The three freed members of Christian Peacemaker Teams were taken to a hospital for observation in Baghdad but were released in good condition, the organization said from the Iraqi capital.

British Embassy spokeswoman Lisa Glover said the men would be flown out of Baghdad in the next few days. She said Kember was in "reasonable condition" and spent the day "relaxing and talking to British authorities."

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Kember's wife, Pat, said she had spoken with her husband on the phone.

"He was very, very pleased to be free, but he was very emotional in talking to me. I think he must be very worried about me and the family," she told New Zealand's Radio Live in an interview replayed by the British Broadcasting Corp.

Speaking from her north London home, she said his decision to go to Iraq was "a bit silly," but added "I knew that he felt he must do something and he's getting old, and if he (didn't) do something ... it would be too late."

Loney's brother, Ed, told CBC television that his mother had spoken with James on the phone and that he sounded "fantastic" though "he's lost quite a bit of weight."

"He's alert and he was asking how we were doing and said he was sorry for the whole situation," Ed Loney said. "My mom said, 'Don't worry about it — just get home and we'll talk about all that stuff when you get here.' "

He told CNN that he later spoke directly with his brother, who was "having a lovely chicken dinner with potatoes and a nice soup" and "told me about being rescued and seeing the light of day and smelling the outside air."

Ed Loney also said his brother told him he was well taken care of.

"He was always warm and always fed and things like that. He was more worried about boredom. ... I think that was probably the worst part of it, from what he said."

The Christian Peacemaker Teams volunteers have been in Iraq since October 2002, investigating allegations of abuse against Iraqi detainees by coalition forces. The group says its teams promote peaceful solutions in conflict zones.

Pritchard called for coalition forces to leave the country.

"We believe that the illegal occupation of Iraq by Multinational Forces is the root cause of the insecurity which led to this kidnapping and so much pain and suffering in Iraq," he said.

The kidnapped men were shown as prisoners in several videos, the most recent a silent clip dated Feb. 28 in which Loney, Kember and Sooden appeared without Fox, whose body was found March 10.

The previously unknown Swords of Righteousness Brigades claimed responsibility for the kidnappings.

"As we study who could conduct these kinds of operations there seems to be a kidnapping cell that has been robust over the last several months in conducting these kind of kidnappings," Lynch said.

While many insurgent groups and the al-Qaida in Iraq terrorist organization have kidnapped and often killed foreigners in Iraq, there also is a heavy criminal element involved in such crimes. Thousands of Iraqis have been kidnapped for ransom and some Westerners are believed to have been grabbed by those criminal gangs as well.

Often, it is believed, kidnappers take hostages only for the purposes of selling them into captivity to larger, more organized criminal gangs or insurgent organizations.

The last hostage to be freed in a military operation was Douglas Wood, an Australian rescued in west Baghdad by U.S. and Iraqi forces on June 15, 2005, after 47 days in captivity.

Lynch said there was no new information on Carroll that "I can discuss at this time." But, he said: "There are other operations that continue probably as a result of what we're finding at this time. So you've got to give us the opportunity to work through that."

Carroll has appeared in three videotapes delivered by her kidnappers to Arab television stations, and the deadline her captors set for killing her passed weeks ago without word about her fate.

"My expectation and hope is that the released hostages and the associated activities, in terms of information gathered, could help us bring about her release as well," U.S. Ambassador Zalmay Khalilzad said in an interview with Fox News.

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On the Net:

Christian Peacemaker Teams: http://www.cpt.org/

Christian Peacemakers Celebrate Release (CSM)

By Scott Peterson

The Christian Science Monitor, March 24, 2006

BAGHDAD - An anxious vigil turned to joy for Christian peace activists in Iraq Thursday, as three of their kidnapped colleagues were freed by US, British, and Iraqi forces west of Baghdad.

"It's great to be free," Mr. Kember said, according to a British Embassy statement. "I'm looking forward to getting back to the UK."

The hostages' four-month ordeal ended without a shot being fired, as coalition forces pursued intelligence gained from a detainee. The three men - Briton Norman Kember and Canadians James Loney and Harmeet Singh Sooden of the Chicago-based Christian Peacemaker Teams (CPT) - were found alone and unguarded.

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Concern for the Peacemakers' fate had mounted after the body of American Tom Fox, kidnapped with the others on Nov. 26 by a group calling itself the Swords of Righteousness Brigade, was found earlier this month.

"It's pretty momentous for us, because after Tom's death we heard nothing at all," says Maxine Nash of CPT in Baghdad. "Until that point, we had been very hopeful. Given who we are, we thought people would respect that and release people. That was our lowest point."

US military spokesman Maj. Gen. Rick Lynch said Thursday that coalition forces had acted within three hours of receiving "actionable intelligence" from a detainee about the hostages' location.

"From the time we found the intelligence to the time we released the hostages, was three hours," General Lynch said. The captives were bound, but "there were no kidnappers in the area."

Wire agencies reported Interior Ministry sources as saying that the captives were found northwest of Baghdad in an area known for insurgent activity.

British Foreign Secretary Jack Straw said the operation was conducted after "weeks and weeks of very careful work." Defense chief John Reid said that British units "spearheaded" the operation.

"We had longed for the day when all four men would be released together," the CPT codirector Doug Pritchard said in Toronto. "Our gladness today is bittersweet due to the fact that Tom is not alive to join his colleagues in this celebration."

"They knew that their only protection was in the power of the love of God and of their Iraqi and international co-workers," Mr. Pritchard said. "We believe that the illegal occupation of Iraq by multinational forces is the root cause of the insecurity which led to this kidnapping, and so much pain and suffering in Iraq. The occupation must end."

Insurgents and gangs have kidnapped more than 250 foreigners - among them Jill Carroll, a freelance writer for The Christian Science Monitor, who began her 76th day of captivity Thursday. Thousands of Iraqis have been kidnapped, most for ransom; 40 foreign hostages have been killed.

Ms. Carroll's family said Thursday that they were "thrilled" to hear of the CPT members' release. "Although their case is unrelated to Jill's, their release gives us new hope that Jill, too, will soon be freed. We send our best wishes to these three men and their families, knowing that their reunion will be a joyful one." They added that "we are also thinking of the family of Tom Fox at this time and send them our heartfelt sympathy."

The release came on a violent day in Baghdad, with a string of bombs killing at least 33 people.

The CPT team was kidnapped while planning to visit the Muslim Scholars Association group, run by hard-line Sunni cleric Harith al-Dari. The kidnappers put out a video demanding that all prisoners be released by Dec. 8, or the captives would be killed.

A second video on Jan. 28 warned of a "last chance" and showed the wan hostages. A third video in March raised alarm because Mr. Fox was absent. His body was found three days later.

"When you don't know the 'why,' you start wondering, and that leads to other [negative] thoughts," says Ms. Nash. "So we are just so happy."

The Peacemaker Teams, in Iraq since October 2002, have continued their work during the past four months. All are aware of the risks. "We can't be peacemakers with half a heart," CPT member Cathy Breen told the BBC in Amman, Jordan. "We have to take risks."

Release Of Westerners In Iraq Is Bittersweet (LAT)

By Richard Boudreaux

The Los Angeles Times, March 24, 2006

BAGHDAD — Aided by a tip from an Iraqi prisoner, a British-led military operation Thursday rescued three Westerners whose abductors had held them hostage since November, killed their American colleague, and finally left them tied up in an empty house.

No shots were fired and no kidnappers were present when a force of British, U.S. and Canadian troops raided the house on Baghdad's rural outskirts and found the three members of the Christian Peacemaker Teams organization in good condition, said Army Maj. Gen. Rick Lynch, a U.S. military spokesman.

The activists — Norman Kember, 74, of Britain, and Canadians James Loney, 41, and Harmeet Singh Sooden, 32 — were seized by gunmen in Baghdad on Nov. 26 along with the American, Tom Fox, 54. The kidnappers demanded the release of all Iraqi prisoners.

Fox's body was found March 9, with multiple bullet wounds in the head and chest. The corpse had been left in a garbage dump near a railway line in a western neighborhood of the capital.

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"We had longed for the day when all four men would be released together," said Doug Pritchard, Toronto-based codirector of the Christian Peacemaker Teams group, which describes its mission as reducing violence and protecting human rights in war zones. "Our gladness today is made bittersweet by the fact that Tom is not alive to join his colleagues in the celebration."

The news was also tempered by continuing insurgent bombings and sectarian killings that on Thursday left at least 56 Iraqis dead.

Kidnappings by insurgents and criminal gangs have plagued Iraq since the U.S.-led invasion three years ago to topple Saddam Hussein. At least 430 foreigners, including 41 U.S. citizens, have been taken hostage and seven are still being held, including Jill Carroll, an American freelance writer for the Christian Science Monitor who was abducted Jan. 7.

"We'll work as hard as we can to bring about the release of the remaining hostages," U.S. Ambassador Zalmay Khalilzad told Fox News television channel.

He said the rescue of the activists, "in terms of information gathered, could help us bring about Miss Carroll's release as well."

The hostage rescue Thursday was the first brought about by a military operation in Iraq since June.

The mission, led by a British Special Air Services team, "follows weeks and weeks of very careful work by military and coalition personnel in Iraq and many civilians as well," British Foreign Secretary Jack Straw said in London.

U.S. military spokesman Lynch, speaking to reporters in Baghdad, said the operation was put together in three hours after a prisoner being interrogated by American forces pinpointed the location of the hostages. Iraqi officials said it was a house on the capital's northwestern outskirts.

Lynch said he was reluctant to give details because "there are other operations that continue, probably as a result of what we're finding at this time."

The freed hostages were taken to the Green Zone, Baghdad's fortified administrative center, for hospital checkups followed by debriefings at the British Embassy, where they were expected to stay until leaving Iraq to rejoin their families.

"It's great to be free," Kember told his hosts, embassy spokeswoman Lisa Glover said.

"They looked good and told us they had not been abused or beaten," said Peggy Gish, who visited the men with two fellow Christian Peacemaker Teams activists still working in Iraq. She said the freed captives had lost weight after months of inadequate food.

Gish said the freed hostages told their colleagues Thursday that Fox had been separated from them in early February, about a month before his body was found. They did not learn of their American colleague's death until after their release, she said.

"They're dealing with that blow on top of all the emotion of being free," Gish said. "At this point, they're overwhelmed, trying to absorb what has happened."

She said the men's captors had held them together in a large room and sometimes allowed them to jog inside it for exercise. They were handcuffed and blindfolded part of the time, she said.

Loney's brother Ed said the activist told their mother by phone that he had lost 20 pounds in captivity.

"She said he sounded fantastic," Ed Loney told CBC Radio. "He was alert and was asking how we were doing. He said he was kind of sorry about the whole situation."

Members of the organization, headquartered in Toronto and Chicago, have traveled to conflict zones across the world over the last 20 years, motivated by a religiously inspired belief in nonviolence.

In Iraq, they work with human rights organizations, investigating allegations of abuse against Iraqi detainees by U.S. and British forces, and help with cleanup and rebuilding efforts in war-torn cities.

Christian Peacemaker Teams has spoken out often against the U.S. and British military presence here. Even after those forces rescued its activists, the organization, in a statement, reiterated its belief that "the illegal occupation of Iraq by Multinational Forces is the root cause of the insecurity which led to this kidnapping and so much pain and suffering in Iraq."

The four men were abducted while driving to their headquarters after visiting Sunni Muslim clerics in Baghdad.

The Swords of Righteousness Brigade, a previously unknown group, announced it was holding the men. Although the kidnappers demanded freedom for prisoners, it was never clear to the authorities whether the group was a criminal gang or part of the anti-government insurgency.

The four men appeared as captives in several videos before the most recent one, a silent clip dated Feb. 28, showed Loney, Kember and Sooden without Fox.

In Thursday's violence, the Interior Ministry said, 15 police officers and 10 civilians were killed when a suicide bomber set off his explosives-laden car at a checkpoint outside its Major Crimes division headquarters in Baghdad.

It was the Sunni-led insurgency's third deadly attack on a police facility in three days.

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A second car bomb killed eight people at a market near a Shiite Muslim mosque in Shurta Khamsa, a neighborhood in southwest Baghdad.

Fifty-seven people were reported wounded in the two explosions.

Violence Concentrated In Three Iraqi Provinces, U.S. General Says (USAT/AP)

By The Associated Press

USA Today, March 24, 2006

BAGHDAD — A U.S. military spokesman in Iraq said Thursday that major violence is largely confined to three of 18 provinces. Fighting raged on with at least 58 people killed in execution-style slayings, bombings and gunbattles.

For the third straight day, Sunni insurgents hit a major police and jail facility. This time a suicide car bombing killed 25 in central Baghdad. The attacker detonated his explosives at the entrance to the Interior Ministry Major Crimes unit, killing 10 civilians and 15 policemen.

Also Thursday, U.S. and British forces stormed a house west of Baghdad and freed three Christian anti-war activists held hostage since Nov. 26.

The U.S. military spokesman, Maj. Gen. Rick Lynch, said the rescue of the Briton and two Canadians was based on information divulged by a man during interrogation three hours earlier. That man was captured by U.S. forces Wednesday night.

The freed men were Canadians James Loney, 41, and Harmeet Singh Sooden, 32, and Briton Norman Kember, 74. The men — members of the Chicago-based Christian Peacemaker Teams — were kidnapped along with an American colleague, Tom Fox, 54.

Fox's body was found this month, shot and dumped in western Baghdad.

The U.S. military announced late Thursday that it was in the second day of an operation with Iraqi soldiers "to disrupt anti-Iraqi forces and to find and destroy terrorist caches … west of Baghdad."

The military statement said 1,400 personnel were involved in the operation and had captured "two persons of high-value interest and 16 suspected terrorists." Two large weapons caches also were discovered, the military said.

Lynch hoped the operation could lead to a break in the captivity of American Jill Carroll, a freelance writer for The Christian Science Monitor abducted Jan. 7.

He said there was no new information on Carroll that "I can discuss at this time." But, he said, "there are other operations that continue probably as a result of what we're finding at this time. So you've got to give us the opportunity to work through that."

In a rundown of recent military activity, Lynch told reporters that most Iraqi violence was focused in three central provinces, including Baghdad.

"There is not widespread violence across Iraq. There is not. Seventy-five percent of the attacks still take place in Baghdad, al-Anbar or Salah al-Din (provinces). And in the other 15 provinces, they all averaged less than six attacks a day, and 12 of those provinces averaged less than two attacks a day."

He said attacks nationwide were averaging 75 a day.

As Iraqi soldiers and police have begun patrolling more territory, U.S. forces have become less visible and less easy to target. The nature of the violence has shifted from assaults on American troops to battles rooted in conflict between Sunni and Shiite Muslims.

More than 1,000 people have died violently in Iraq, mainly in and around Baghdad, in the month since an important Shiite shrine was destroyed by bombers Feb. 22 in Samarra, a city north of Baghdad in Salah al-Din province.

Besides the attack on the police facility, 33 other deaths were reported, including 15 more bodies found scattered through Baghdad and Fallujah, a former insurgent stronghold in Anbar province, west of the capital.

Also Thursday, Gen. Peter Pace, chairman of the Joint Chiefs of Staff, said the military should say when it pays foreign journalists for favorable news, and the Defense Department should review policies that let it secretly pay Iraqi media.

Challenge For U.S.: Iraq's Handling Of Detainees (NYT)

By Edward Wong

The New York Times, March 24, 2006

CAMP JUSTICE, Iraq — The blindfolded detainees in the dingy hallway line up in groups of five for their turn to see a judge, like schoolchildren outside the principal's office.

Each meeting lasts a few minutes. The judge rules whether the detainee will go free, face trial or be held longer at this Iraqi base in northern Baghdad. But Firas Sabri Ali, squeezed into a fetid cell just hundreds of yards from the judge's office, has watched the inmates come and go for four months without his name ever being called.

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He is jailed, along with two brothers and his father, solely as collateral, he says. The Iraqi forces are hunting another brother, suspected of being an insurgent. The chief American medic here says that he believes Mr. Ali to be innocent but that it is up to the Iraqi police to decide whether to free him. The Iraqis acknowledged that they were holding Mr. Ali until they captured his brother.

"I hope they catch him, because then I'll be released," said Mr. Ali, 38, a soft-spoken man who until his arrest worked for a British security company to support his wife and three sons. "They said, 'You must wait.' I told them: 'There's no law. This is injustice.' "

Such is the challenge facing the American military as it tries to train the Iraqi security forces to respect the rule of law. Three years after the invasion of Iraq, American troops are no longer simply teaching counterinsurgency techniques; they are trying to school the Iraqis in battling a Sunni-led rebellion without resorting to the tactics of a "dirty war," involving abductions, torture and murder.

The legacy of Abu Ghraib hampers the American military. But the need to instill respect for human rights has gained a new urgency as Iraq grapples with the threat of full-scale civil war and continuing sectarian bloodletting. It is not uncommon now for dozens of bodies, with hands bound and gunshot wounds to the heads, to surface across Baghdad on any given day.

The Americans are pushing the Shiite-dominated Iraqi forces to ask judges for arrest warrants, restrain their use of force and ensure detainees' rights.

The Iraqi officers at this base, the headquarters of the Public Order Forces, a police paramilitary division with a history of torture and abuse, are gradually changing their behavior, American military advisers say. Cases of detainee abuse have declined in recent months, they say.

But detainees can still languish for months without any hope of a legal appeal because of a shortage of judges or, in the case of Mr. Ali, an unwillingness by the Iraqi police to allow detainees to see a judge. Overcrowding is chronic, because the Justice Ministry has been slow in building new prisons.

"The tradition in this country of a law enforcement agency that had absolute power over people, we've got to break them of that," said Maj. Andrew Creel, the departing joint operations officer here. "I think it'll take years. You can't change a cultural mind-set overnight."

Control of the Interior Ministry, which oversees the police, has become one of the stumbling blocks in forming the new national government, with Sunni Arab politicians accusing Shiite leaders of running militias and death squads from the ministry.

Last fall the American military raided at least two police prisons where it said detainees had been abused. This year's State Department human rights report noted that the police, especially the paramilitary forces, had been accused of torture and killings.

Those forces number 17,500. This base — in the heart of Kadhimiya, just blocks away from a golden-domed Shiite shrine — serves as the headquarters for one of the two major paramilitary branches, the 7,700-member Public Order Forces. An 11-member American military team began advising the Iraqi commanders here last spring. It moved into the base in October and is now handing over its duties to a new team.

Here, 650 prisoners are packed into four spartan rooms. They complain of a lack of food and regular access to showers and toilets. A foul odor wafts from each holding pen. To cope with the overcrowded conditions, the police converted the dining hall into a cell; the three other areas were originally built as storage rooms.

Camp Justice was never meant to hold prisoners for more than a few weeks. Iraqi law says prisoners to be tried are to be transferred to a Justice Ministry penitentiary after interrogation. But the ministry has been unable to build enough jails to keep pace with arrests. It has 10 centers across Iraq, which hold 7,500 detainees, and an additional 7 are expected to be built, a ministry spokesman said.

So the detainee population at temporary police prisons like the one here, separate from those of the Justice Ministry, has ballooned to more than 10,000 in Baghdad alone, spread across a shadowy network of about 10 centers, an Interior Ministry official said.

That has ignited concerns among American officials. But Col. Gordon Davis Jr., the head of Camp Justice's departing advisory team, praised the Iraqi commander here, Maj. Gen. Mehdi Sabih Hashem al-Garawi, for showing a willingness to embrace human rights. The general has, for instance, assigned the Iraqi division's only medic to look after the detainees.

"I won't say he's gone 180, but he's realized that the best way of getting information is not to beat or abuse detainees," Colonel Davis said as he stood in the operations room, the walls plastered with maps of Baghdad.

"The current generation has been brought up with a certain code and a certain tolerance for abuse," he said in another interview. "They've got to be constantly worked on."

The academy for recruits to the Public Order Forces has increased the time spent on human rights training to 20 hours from about eight last October, the colonel said.

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Lt. Col. Dhia al-Shammari, the chief interrogator and a supervisor of detainee operations, said: "Beating or insults, any policeman can do. Professionals don't use them. This is not allowed, and I myself reject it."

Certain Public Order units have had fearsome reputations, and residents of Baghdad and nearby towns have complained of abuse and torture. From April to June of last year, American advisers found prisoners with bruises at the headquarters of the Second Brigade every couple of weeks, Colonel Davis said.

When confronted with incidents of abuse, the colonel said, the Iraqi brigade commander told the Americans, "Are you more worried about our enemies or about us?"

That officer was replaced at the urging of the Americans. So was a commander of the Third Brigade, in Salman Pak. Prisoner abuse has been relatively rare here at the division level, the advisers say, and became even scarcer after the American team moved in last fall. Before that, the advisers had been living at an American base. If the Americans saw a bruised prisoner back then, they often kept quiet for fear of alienating the Iraqi officers, said Master Sgt. Joseph Kaiser, a medic who regularly examines the detainees.

Now the Americans can be more direct, advisers say. The Americans have trained a 32-man guard force. Sergeant Kaiser helps supervise the Iraqi medic who examines the detainees daily.

The Iraqi division's intelligence chief "said we have to treat detainees, since they're subjected to visits by the press and human rights groups," said the medic, Hazem, 32, who declined to give his full name for security reasons. "He said to me, 'Your main job is to treat the patients, not to check if they're terrorists.' If I know they're terrorists and I'm told to kill them, I'd kill them. But I do what my job requires."

Checking on the Detainees

On a balmy afternoon, as Sergeant Kaiser walked up to a holding pen to make one of his daily health checks, a blindfolded man in a brown leather jacket squatted outside the metal door. The man was awaiting interrogation, said several guards with Kalashnikov rifles.

The guards went into the cell and brought out Mr. Ali, the man whose brother is being hunted by the Iraqi police. Dressed in a blue and pink tracksuit and a black ski cap, he shuffled up to the sergeant. Because Mr. Ali speaks English, he serves as an unofficial cellblock leader.

"How are the people inside?" Sergeant Kaiser asked.

"We need to have more food," Mr. Ali said. Mr. Ali said he dreaded the idea of American advisers leaving this base one day. "That's bad," he said, shaking his head. "That's very bad. We need the sergeant or another American officer here. When we see them we say, 'Please stay here.' "

A reporter asked Mr. Ali whether detainees had been abused or tortured. "Don't ask these questions," he said, lowering his voice. "You know that."

Sergeant Kaiser said that since September, when he joined the advisory team, he had found only "a few" cases of abuse. He recalled two that he had written up. Prisoners have been brought in with baton marks, he said, but they might have been resisting arrest.

Sergeant Kaiser and Mr. Ali stepped into the cell. Some sunlight streamed in through three small windows near the roof. Three ceiling fans whirred. The 140 detainees mostly sat up on blankets; there was not enough room for them to lie down without touching each other. By the door, one detainee used an electric hair clipper to shave the head of another. A man with glasses sat reading the Koran.

The detainees complained that family visits occurred only once every couple of months. The sick lay on blankets. Sergeant Kaiser gave medicine for diarrhea to a man in gray robes and tablets for oral fungus to an inmate with yellowing teeth. He poked at the torso of a man with rib pains.

"Some are innocent," said a guard, Sabah Ali, 21, as he looked around the room. "But some have given their confessions and they are guilty. Those who are innocent, we'll release them."

But those detainees sometimes end up waiting months before being freed, because the division prefers to release detainees in large groups.

Prisoners from the division's field units are funneled to this base "so you can exploit intelligence and take any opportunity for abuse out of the field," said Lt. Col. John Shattuck, the deputy commander of the advisory team.

Seeking Arrest Warrants

Since his appointment to Camp Justice in February, Judge Majid has come for several hours almost every day. He is a nervous man dressed in a dark suit who prefers that his full name not be printed.

Detainees are marched from cells in groups of five to see him in an office. The ringing of his cellphone can keep him up at all hours — he is expected to be on call around the clock to approve an arrest warrant if the Iraqi forces suddenly come up someone they want to detain.

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Arrest warrants were mandated by Interior Ministry officials starting last July to provide some accountability, especially among the paramilitary forces. It is unclear, though, how closely field units stick to the requirement.

The Iraqi operations officer at Camp Justice says warrants are needed only for apprehending people on the Interior Ministry's wanted list, not for instances in which the police may be responding to a report of suspicious activity.

Colonel Davis says the warrant policy has had some effect. Because of it, and because the Iraqis are improving their intelligence gathering, the Public Order Forces no longer round up hundreds of people on each raid, he said. On a typical operation, he added, they may take in a dozen.

After being brought here, the detainees are fingerprinted and have their retinas scanned. A photograph is taken, partly to record their condition at the time of arrest. The Americans have asked the Iraqis to deliver a daily report accounting for all detainees held throughout the division; one recent printout listed 896.

The law says detainees are entitled to have their cases reviewed by a judge every two weeks, but there are not enough judges, said Colonel Shammari, the chief interrogator.

The main question, one impossible to answer for now, is whether respect for rule of law will become deeply rooted in the Iraqi forces, despite a tradition of tyranny in this country, as the guerrilla war continues to rage.

Outside one of the prison cells, a blue-uniformed guard, Salim Abdul Hassan, 35, watched as his colleagues led blindfolded detainees to a row of outdoor toilets.

He said that the American training had been of great help, but that "it would be much better if the Iraqis worked on their own without the Americans."

"We wouldn't be tied down," he said. "Three-quarters of the terrorists ask for the help of the Americans. They want to be in the care of the Americans, not the Iraqis."

Houses Divided In U.S., Iraqi Exiles Clash Over View Of Nation's Future (WSJ)

By Yochi J. Dreazen

The Wall Street Journal, March 24, 2006

AURORA, Ill. -- Zaid Alaridh, the scion of a wealthy Shiite family, fled Saddam Hussein's crackdown on Iraq's Shiite population in 1982 and has lived in the U.S. ever since. The 40-year-old Mr. Alaridh hopes one day to return to his native land to open a technical college. He estimates it will be no more than five years before Iraq is safe enough that he can turn that dream into a reality.

His wife's sister, Ula Ibrahim, regularly tells him that he's being naive. Ms. Ibrahim, 25, says she fled to the U.S. last year after Islamic militants threatened to kill her for working with a women's rights group in Baghdad. She has a political-asylum hearing scheduled for next month, but plans to stay away from Iraq regardless of the outcome of her case.

"In five years Iraq will be the same as it is now, maybe worse," she says. "There is no future there."

Debate over the war in Iraq has erupted in communities of Iraqi exiles across the U.S., dividing families. The conflict is pitting longtime exiles who fled Mr. Hussein's Iraq -- many of whom support the war -- against newer arrivals who have left the country since the U.S.-led invasion in March 2003.

Iraqi government officials say hundreds of thousands of Iraqis have left over the past three years, to countries such as Australia, Syria, Jordan and Egypt. Thousands of Iraqis have come to the U.S., where an estimated 150,000 Iraqi-Americans live.

In another family, Harith Aziz Mansoor, 53, left Iraq in March 2005 after he says gunmen threatened to kill him for his work as a subcontractor on a U.S.-funded effort to rehabilitate a water-treatment plant. He applied for asylum while on a U.S.-sponsored trip to Las Vegas, received it a few months later, and is now living outside Detroit with his sister and her family. His sister has been in the U.S. for 12 years.

Mr. Mansoor says that many in the Iraqi exile community in Michigan, one of the nation's largest, were surprised by his descriptions of how difficult his life in Iraq had become. "They thought I was exaggerating," he says.

Depending on their history, members of exile families have sharply different assessments of Iraq's present and future. After gunmen broke into his home in Iraq and assaulted his family, mechanical engineer Laik Anis Kamel fled to the U.S. last year with his wife and daughter. They moved in with his brother-in-law, Atheer Karmo, a prosperous dentist in Dearborn, Mich., who left Iraq in 1990.

Mr. Karmo, 47, is a Republican Party donor who was among Iraqi exiles who met with then-Deputy Defense Secretary Paul Wolfowitz in Michigan shortly before the war. He continues to believe the war will eventually result in a democratic, peaceful Iraq. The 30-year-old Mr. Kamel, whose father died after the assault and whose daughter had a gun held to her head, says Iraq is irreparably broken.

"We are trying to forget everything that happened there," Mr. Kamel says.

In the Alaridh family's four-bedroom house in Aurora, a suburb of Chicago, arguments erupt whenever the family watches TV images of Iraq or reads newspaper accounts of the war. Ms. Ibrahim argues that the country can't be saved in the foreseeable future. Her sister and her brother-in-law, Mr. Alaridh, contend the situation will improve.

"I lived everything -- the drama, the war, the occupation," Ms. Ibrahim says. Nodding toward Mr. Alaridh, she says: "He was in the U.S."

Mr. Alaridh grew up in Baghdad, at a time when high oil prices fueled a construction boom that briefly made Iraq among the most modern and developed countries in the Arab world. His father owned factories that made construction materials like plastic and metal piping, and became a wealthy man.

The family had a large, well-furnished house in an upscale neighborhood and always drove modern cars. They spent summers in Europe and drove to northern Iraq every few months for short vacations at resorts there.

All that began to change in 1980 with the outbreak of Iraq's bloody war with Iran. Mr. Hussein, concerned that Iraq's Shiite majority would join forces with Shiite-run Iran, ordered increasingly brutal crackdowns, forcing deportations of thousands of Shiite families. Mr. Alaridh says so many of the family's friends were deported that the men of his family sat around their houses wondering when their time would come, while the women gathered gold and jewels in preparation.

"My parents were always on edge, wondering if they were going to get the ax next," he says.

A Changed Country

By 1982, Iraq was a changed country. Mr. Alaridh's older brother was conscripted into the army and saw heavy fighting. Several of his cousins and an uncle were killed in the war. Desperate to keep him out of the army, his parents enrolled him in a college in Scotland at age 16. The next year, he moved to the U.S., settling with relatives.

Seventeen years passed before Mr. Alaridh returned to Iraq. In 1999, he flew to Baghdad for his sister's wedding. She introduced him to one of her best friends, Sura. He returned to Iraq the following year to marry her.

Mr. Alaridh brought his new wife back to Chicago. He found work as a network-systems engineer at ABN Amro, a Dutch bank, while she took a job elsewhere as a loan analyst.

By late 2002, with war in Iraq looking inevitable, Mr. Alaridh began mentally celebrating what he saw as the imminent liberation of his people. "Iraqis, given the right tools, could flourish, but Saddam had taken the tools away and closed the country off from the world," he says. "I knew they were going to at least get a chance at a better future."

Thousands of miles away in Iraq, his sister-in-law Ms. Ibrahim was also excited about prospects for change in her country. She had just graduated from Baghdad University with a degree in business administration. She hoped the U.S. invasion would result in a country where women could play an equal role.

After U.S. forces toppled Mr. Hussein, Ms. Ibrahim became one of the first employees of the Iraqi Independent Women's Group, founded by Maysoon al-Damluji, who had returned to Iraq after 22 years in exile in the United Kingdom. The group launched a magazine as well as classes about women's rights under Iraq's new constitution. Its weekly meetings attracted Arabs and Kurds, as well as both Muslims and Christians, Ms. Ibrahim says.

Ms. Ibrahim was chosen for a British-sponsored leadership training tour of Canada and England. In the spring of 2005, she and a handful of other Iraqi women spent two months traveling the countries for meetings with lawmakers, government officials, diplomats and academics.

Reaching into her purse during a recent meeting in her lawyer's Chicago office, Ms. Ibrahim removed two cherished artifacts. She opened a manila folder and took out a gold-embossed certificate from the Canadian Institute for Conflict Resolution, a degree she earned on the trip. A color photo in the folder showed her and the other women at a reception in Ottawa with the Iraqi ambassador to Canada.

"Those were the best days of my life," she said.

They were not to last. Religious fundamentalists in Iraq accused the group of collaborating with Western governments to secularize Iraqi women and began targeting members, she says. Two members were shot to death by masked gunmen, she says, and another member was forced to watch as insurgents executed her husband.

Closing In

The violence began to close in on Ms. Ibrahim, who was in the U.S. in late 2005 visiting her sister and brother-in-law. Unknown men who knew specific details of her work, daily routine and overseas travel began calling her father at home in Iraq, threatening to kill her as soon as she returned, the family says. The family says the callers accused her of working for the U.S. and said she deserved death for talking about freedom for women. Still reeling from the kidnapping of his brother, Ms. Ibrahim's father begged her to stay out of the country. She has been in the U.S. since.

Her ties to Iraq are weakening. When the death threats kept coming, her parents and brother closed their businesses in Baghdad, abandoned their houses, and fled. Ms. Ibrahim's father and brother are now in Cairo, Egypt. Her mother, Ahlam, arrived in the U.S. in January and is living with the Alaridhs.

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From her vantage point, Ms. Ibrahim sees a broken, blood-soaked Iraq, where she has no intention of ever returning. Mr. Alaridh believes that Ms. Ibrahim is too pessimistic. He says all countries have gone through periods of instability, and believes that Iraq, even if the violence persists for many years, still has a chance at a better future than it did under Mr. Hussein.

"Now there is a lot of chaos, and I see that, but it will change. If not in two years, than in 20 years, and if not in 20 years, than in 50 years," he says. "In my opinion, you have to look at the whole forest and not one tree. There is a bigger picture."

Indeed, Mr. Alaridh regularly thinks of returning to the country Ms. Ibrahim is determined to permanently escape. His elderly father has serious heart trouble, and Mr. Alaridh has gone to Iraq twice since the war to visit him. During his first trip, in August 2003, he says U.S. soldiers approached his car with guns drawn when they saw him videotaping in Baghdad; they put them down when he showed his U.S. passport. Still, he considered selling his home in Chicago and moving to Baghdad with his wife.

When he returned to Iraq in April 2004 for a month-long trip, he says he noticed how much Baghdad had deteriorated. He heard numerous explosions and constantly felt on edge. He was used to leaving his parents' house for long walks alone, but quickly felt that was too dangerous.

But Mr. Alaridh says he hasn't given up on Iraq. He and his wife had a baby in January and he wants to bring his daughter to Baghdad, so his parents can see her. And he continues to dream of opening a private technical college for Iraqis interested in computers or networking. Mr. Alaridh envisions sending talented Iraqis to U.S. high-tech firms for internships, and then bringing them back to Baghdad as teachers.

Still, he acknowledges that his optimism is being tested. One of Mr. Alaridh's brothers just fled to Egypt. His younger sister, who introduced him to his wife, now lives in Syria with her family. While he continues to think Iraq will have a bright future, he says: "It's getting harder and harder to believe."

Rice Presses Karzai On Convert's Life (WP/AP)

By Associated Press

The Washington Post, March 24, 2006

KABUL, Afghanistan, March 23 -- Senior Muslim clerics demanded Thursday that an Afghan man on trial for converting from Islam to Christianity be executed, warning that if the government caves in to Western pressure and frees him, they will incite people to "pull him into pieces."

In an unusual move, Secretary of State Condoleezza Rice telephoned President Hamid Karzai on Thursday seeking what she called a "satisfactory outcome" of the case of Abdul Rahman. The 41-year-old former medical aid worker faces the death penalty under Afghanistan's Islamic laws for becoming a Christian.

His trial has fired passions in this conservative Muslim nation and highlighted a conflict of values between Afghanistan and its Western backers.

"Rejecting Islam is insulting God. We will not allow God to be humiliated. This man must die," said cleric Abdul Raoulf, who is considered a moderate and was jailed three times for opposing the Taliban before the hard-line regime was ousted in 2001.

The trial, which began last week, has caused an international outcry. President Bush has said he is "deeply troubled" by the case and expects the country to "honor the universal principle of freedom."

Rice told reporters in Washington on Thursday the case was "a very deeply concerning development" and she had "raised it in the strongest possible terms" with Karzai. "There is no more fundamental issue for the United States than freedom of religion and religious conscience," she said. "This country was founded on that basis, and it is at the heart of democracy."

German Chancellor Angela Merkel told reporters she had received assurances from Karzai in a telephone call that Rahman would not be sentenced to death.

"I have the impression that he has a firm willingness" to abide by human rights requirements, Merkel said of Karzai as she headed to pre-European Union summit talks. "I hope we will be able to resolve this."

Clerics Insist On Execution Of Convert (WT/AP)

By Daniel Cooney, Associated Press

The Washington Times, March 24, 2006

KABUL, Afghanistan -- Senior Muslim clerics demanded yesterday that an Afghan man on trial for converting from Islam to Christianity be executed, warning that if the government caves in to Western pressure and frees him, they will incite people to "pull him into pieces."

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His trial has fired passions in this Muslim nation and highlighted a conflict of values between the West and Islam, which forbids those born as Muslims from converting to other religions.

"Rejecting Islam is insulting God. We will not allow God to be humiliated. This man must die," said cleric Abdul Raoulf, who is considered a moderate and was jailed three times for opposing the Taliban before the hard-line regime was ousted in 2001.

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Miss Rice's spokesman, Sean McCormack, said she told Mr. Karzai it is important for the Afghan people to know that freedom of religion is observed in their country. But in deference to the country's sovereignty, Miss Rice evidently did not demand specifically that the trial be halted and the defendant released.

"This is clearly an Afghan decision," Mr. McCormack said. "They are a sovereign country."

Canadian Prime Minister Stephen Harper said yesterday after speaking with Mr. Karzai that the Christian convert will not face the death penalty, Agence France-Presse reported from Ottawa.

"I phoned President Karzai personally yesterday to express our concern. He conveyed to me that we don't have to worry about any such eventual outcome," Mr. Harper told reporters.

Diplomats have said the Afghan government is searching for a way to drop the case. On Wednesday, authorities said Mr. Rahman is suspected of being mentally ill and would undergo psychological examinations to see whether he is fit to stand trial.

But three Sunni preachers and a Shi'ite one interviewed by the Associated Press in four of Kabul's most popular mosques said they do not think Mr. Rahman is insane.

"He is not crazy. He went in front of the media and confessed to being a Christian," said Hamidullah, chief cleric at Haji Yacob Mosque.

"The government is scared of the international community," he said. "But the people will kill him if he is freed."

Mr. Raoulf, who is a member of the country's main Islamic organization, the Afghan Ulama Council, agreed. "The government is playing games. The people will not be fooled."

"Cut off his head," he exclaimed, sitting in a courtyard outside Herati Mosque. "We will call on the people to pull him into pieces so there's nothing left."

He said the only way for Mr. Rahman to survive would be for him to go into exile.

But Said Mirhossain Nasri, the top cleric at Hossainia Mosque, one of the largest Shi'ite places of worship in Kabul, said Mr. Rahman must not be allowed to leave the country.

"If he is allowed to live in the West, then others will claim to be Christian so they can too," he said. "We must set an example. ... He must be hanged."

Afghanistan's constitution is based on Shariah law, which is interpreted by many Muslims to require that any Muslim who rejects Islam be sentenced to death.

Hamidullah warned that if the government frees Mr. Rahman, "there will be an uprising" like one against Soviet occupying forces in the 1980s. "The government will lose the support of the people," he said.

Mr. Rahman is thought to have lived in Germany for nine years after converting to Christianity while working as a medical aid worker for an international Christian group helping Afghan refugees in Pakistan. He returned to Kabul in 2002.

Kabul Judge Rejects Calls To End Trial Of Christian Convert (NYT)

By Abdul Waheed Wafa And David Rohde

The New York Times, March 24, 2006

KABUL, Afghanistan, March 23 — The judge presiding over the prosecution of an Afghan man facing death for converting from Islam to Christianity said Thursday that he would resist any interference, despite mounting international condemnation.

A day after President Bush mentioned the case, Secretary of State Condoleezza Rice called President Hamid Karzai of Afghanistan to discuss it "in the strongest possible terms," said the State Department spokesman, Sean McCormack.

"She called specifically on this topic," Mr. McCormack said, "and she urged President Karzai's government to seek a favorable resolution to this case at the earliest possible moment."

But Ansarullah Maulavi Zada, the judge who heads the public security tribunal in Kabul, said, "There is no direct pressure on our court so far, but if it happens we will consider it interference."

He added that he expected to rule in the case in the next several days.

The case involves Abdul Rahman, 41, whose family opposed his attempt to regain custody of his two daughters and apparently told authorities last month that he had converted about 15 years ago. The resulting furor has exposed the unresolved tensions in the Bush administration's effort to meld democracy and conservative Islam in Afghanistan.

It also threatens to become a political liability for both the American and Afghan presidents.

For Mr. Bush, who finds support for his war effort in Iraq waning, the case could further alienate his political base among those in the Christian right, who have already accused the administration of putting too little pressure on Afghan officials.

For Mr. Karzai, the case traps him squarely between his Western backers and Afghanistan's conservative religious council, the Ulema, an important source of domestic support.

"The international community is saying you must stop this," said Barnett R. Rubin, a New York University professor and expert on Afghanistan. "The Ulema is saying, 'Are you an Islamic ruler?' "

The case illustrates a central contradiction of the compromise Constitution that Afghanistan adopted in 2004, which has been cited as an example for other Islamic countries. One passage declares Islam Afghanistan's supreme law, while another states that the country grants its citizens religious freedom.

In an intentional effort to avoid a standoff, the Constitution leaves certain crimes to be handled by religious judges, according to J. Alexander Thier of the Hoover Institution, who was an adviser on the Constitution. One such crime is converting from Islam to another religion.

Under conservative interpretations, a convert can be sentenced to death. Many moderate Muslims reject that interpretation as too severe. Afghanistan's laws are silent on the matter, and the country's criminal code does not specifically declare converting from Islam to Christianity a crime.

After meeting with Afghanistan's foreign minister, Abdullah, earlier this week, Ms. Rice called the minister into a second meeting on Thursday, according to Mr. McCormack, the department spokesman. In a 15-minute meeting, she told Mr. Abdullah (who uses only one name) that the prosecution was "contrary to universal democratic values," which include freedom of religion, Mr. McCormack said.

The same message came from the White House, where President Bush's chief spokesman, Scott McClellan, said the case "clearly violates the universal freedoms that democracies around the world hold dear."

"And we are watching it very closely," he added.

On Wednesday, President Bush said Washington expected Afghan officials to "honor the universal principle of freedom." Germany, Italy, Canada and other countries that have deployed troops in Afghanistan have also issued statements of concern.

To Afghan prosecutors, the case appears equally clear cut. One described Mr. Rahman as a "microbe," said conversion is illegal under Islamic law, and requested the death penalty.

Mr. Rubin, of N.Y.U., said he believed most Afghans did not support putting Mr. Rahman to death.

A friend of Mr. Rahman, who did not want his name published, could only speculate on why Mr. Rahman had converted. The two men worked together at a government radio station during the war against the Moscow-backed Communist government in Afghanistan in the 1990's.

"Abdul Rahman was living in neighboring Pakistan when Afghanistan was governed by a Communist regime," the friend said. "He was working for a foreign aid organization and converted to Christianity in Pakistan, and over this issue his wife got divorced, as she was not happy to follow her husband."

Mr. Rahman recently returned to Afghanistan after failing to gain asylum in Belgium, the friend said. He is a poorly educated laborer, and questions have been raised about his mental competency.

In images broadcast on Afghan television, Mr. Rahman told reporters: "I am not an infidel. I am Christian. I believe in Jesus." Islam considers Jesus one in a line of prophets culminating in Muhammad.

Mr. Rahman's case is only the most prominent of recent years to show how religious conservatives try to exert their influence through Afghanistan's decrepit and corrupt judicial system. Conservative judges, who dominate many courts, have threatened to close Afghan television stations that broadcast material they deemed indecent and have charged journalists with publishing material they declared blasphemous.

This week, Mr. Karzai introduced a new slate of ministers and Supreme Court justices, a step intended to produce a more effective government and less conservative judiciary. The nominations require approval by Parliament, the first in 30 years.

Critics of Mr. Karzai have long accused him of appeasing religious conservatives and warlords. In the past, he has defused clashes with conservative judges by failing to implement their rulings or striking closed-door compromises with them.

But Mr. Rahman's case has attracted far more attention, and comes at a time when Afghans have grown increasingly critical of the international presence in their country, which they say has brought too few benefits and spawned enormous corruption.

"The people feel that they are so weak that they need all these foreigners there," Mr. Rubin said. "They hope they will help them, but they are establishing brothels in Kabul, they are drinking."

In the United States this week, Christian talk shows and advocacy groups rallied their supporters, who flooded the White House and the Afghanistan Embassy with complaints.

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At the State Department briefing, Mr. McCormack denied that the administration had been slow to respond to the Rahman case. As soon as the department learned about it, "we stated our concerns immediately with the foreign minister," he said. "After our initial conversation with the Afghan government, we thought it was important that we spoke in the strongest possible terms in public on this issue."

Maulavi Muhaiuddin Baloch, Mr. Karzai's adviser on religious affairs, said that the case belonged in the court and that Afghanistan's judiciary was independent.

Fazil Ahmad Manawi, a former deputy chief justice, said: "It is a dilemma for Afghan courts. The international community's presence in Afghanistan, with military and financial support on one hand and the prestige of Afghan courts and religious people of Afghanistan on another hand, makes the issue very difficult."

If he is convicted, Mr. Rahman will be able to appeal his sentence to two higher courts. Maulavi Zada, the judge overseeing the case, said Thursday that the next court session would be held in several days. It was unclear whether Mr. Rahman would present any defense. To date, no lawyer in Kabul has been willing to represent him.

Moderate Afghan officials are eager to quietly dispose of the case, but the vocal criticism from American and Western officials makes that more difficult, according to Mr. Rubin. One possible compromise would involve the court's declaring Mr. Rahman mentally ill and allowing him to leave the country.

US Steps Up Pressure Over Case Of Afghan Christian (AFP-Y2)

AFP, March 23, 2006

Secretary of State Condoleezza Rice phoned Afghan President Hamid Karzai to step up US pressure to free an Afghan man facing possible execution for converting from Islam to Christianity.

With the case drawing worldwide attention, the Afghan foreign minister expressed hope for a speedy resolution while Canada's prime minister said Karzai had promised him the man would not be executed.

Rice said she phoned Karzai specifically to hammer home "in the strongest possible terms" Washington's concern over the proceedings against Abdul Rahman, who was arrested two weeks ago under Islamic Sharia law.

"There is no more fundamental issue for the United States than freedom of religion and religious conscience," the chief US diplomat told reporters after talks with Greek Foreign Minister Theodora Bakoyannis.

"We look forward to, hopefully, a resolution of this in the near future," she said.

Rice had summoned visiting Afghan Foreign Minister Abdullah Abdullah to her office Wednesday evening for a 15-minute scolding only hours after President George W. Bush said he was "deeply troubled" by the case.

Rahman, 41, has been a Christian for 16 years. He was turned in by his parents after his return from Germany two weeks ago and faces the death penalty if he refuses to return to Islam.

White House spokesman Scott McClellan said Thursday the US administration was in "very close contact" with Kabul "to make sure that people's religious freedoms are protected."

In Ottawa, Canadian Prime Minister Stephen Harper said he telephoned Karzai on Wednesday to express concerned about a possible execution and "he conveyed to me that we don't have to worry about any such eventual outcome."

Karzai "assured me that what's alarmed most of us will be worked out quickly ... in a way that fully respects religious rights, religious freedoms and human rights," Harper added.

Karzai's government, which replaced the fundamentalist Taliban regime ousted by US-backed forces in 2001, showed indications of moving towards a settlement of Rahman's case.

Abdullah told a Washington university audience Thursday "it is in the national security interest of Afghanistan to find a viable solution" that upheld the country's values without eroding its world support.

He expressed hope for a resolution "very soon," adding, "We are fully aware of the sensitivity of this issue, and we know how important an issue it is for public opinion everywhere, for the friends of Afghanistan."

Afghanistan's Supreme Court and a judge handling the case have hinted at a solution, suggesting Rahman might not be mentally competent to face charges or that he could be given a chance to revert back to Islam.

US officials publicly called only for a "favorable resolution" of the matter without elaborating. But a US State Department official who asked not to be named confirmed Washington was seeking Rahman's outright release.

The Americans also saw the matter as test case for Kabul's post-Taliban government.

"We think that it is important for the Afghan people that this issue of freedom of religion, freedom of expression, which is enshrined in the Afghan constitution, be reaffirmed," said State Department spokesman Sean McCormack.

The religious controversy erupted barely three weeks after Bush made a surprise visit to Afghanistan to hail Karzai and the country's fledgling democracy.

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Karzai was elected after US forces helped topple the Taliban in retaliation for harbouring the Al-Qaeda group blamed for the September 11, 2001 attacks on New York and the Pentagon.

Kabul is now a crucial ally in the continuing hunt for terrorist mastermind Osama bin Laden and other Al-Qaeda leaders believed to be holed up along the Afghan-Pakistani border.

Rahman was believed to be the first convert facing punishment under Afghanistan's Islamic Sharia law for refusing to return to Islam since the fall of the Taliban.

The United Nations and NATO members Germany and Italy, which have troops in Afghanistan, have expressed concern over Rahman's trial and warned of a rift with Kabul.

Afghan Christian's Plight Draws U.S. Pressure Rice Calls Karzai As Convert Faces Possible Execution (USAT)

By Barbara Slavin

USA Today, March 24, 2006

The Bush administration Thursday intensified pressure on Afghanistan to spare a Christian convert in a case that has raised outrage among Christians in the USA.

Secretary of State Condoleezza Rice telephoned Afghan President Hamid Karzai to urge a "favorable resolution to this case at the earliest possible moment," State Department spokesman Sean McCormack said.

Gary Bauer, president of American Values, a conservative Christian group, said U.S. officials have to be "clear and bold" in talking about the case. "This whole enterprise is an effort to bring democratic principles to that part of the world. That means more than elections, it means religious pluralism."

Bauer sent an e-mail Wednesday to a quarter of a million supporters saying that the execution of the convert, Abdul Rahman, "would very likely result in a complete collapse in support for the war."

President Bush, who visited Afghanistan on March 1 and praised progress there, on Wednesday called the case "deeply troubling."

The unusual U.S. intervention reflects growing international outrage over the case. Rahman, 41, a former aid worker, was arrested last month and accused of apostasy — abandoning his faith — for converting to Christianity in 1990. Under Afghan Islamic law, he could face the death penalty.

Canadian Prime Minister Stephen Harper and German Chancellor Angela Merkel each said Thursday that Karzai had assured them that Rahman would not be put to death. Several influential Afghan Muslim clerics continued to insist that Rahman must die.

"We will not allow God to be humiliated," Abdul Raoulf, a member of the Ulama Council, Afghanistan's main clerical organization, told the Associated Press. "We will call on the people to pull him into pieces so there's nothing left."

Barnett Rubin, an expert on Afghanistan at New York University, predicted the case will be "finessed," probably by declaring Rahman mentally unfit for trial. However, it has put Karzai in a difficult position. "He cannot come out and say Islam is subordinate to" the wishes of the United States or the United Nations, Rubin said.

Although Karzai is pro-Western, the Afghan judiciary remains largely in the hands of fundamentalist Muslim clergy.

The Afghan Constitution, written with U.S. assistance, has contradictory provisions. Article 7 promises that Afghanistan will observe the U.N. charter and the Universal Declaration of Human Rights, which guarantees freedom of religion. Article 3 says that no law can contradict Islam.

While religious minorities are free to worship in Afghanistan, Muslims are barred from leaving their faith.

Khalid Abou el Fadl, an expert on Islamic law at UCLA, said that "contrary to popular belief" in the West, rejecting Islam is not a capital offense in most Muslim countries. Even where it is, he said, executions of converts have been rare.

He said there have been a half-dozen such executions in Saudi Arabia since the 1990s and a "couple" in Iran. He said the law was used to execute a political opponent of Sudan's leader in the 1980s. Fadl said the Afghan judiciary is using Rahman as a "test case."

The Rahman case has aroused concern among human rights groups. Ted Stahnke, policy director for the U.S. Commission on International Religious Freedom, an advisory body created by Congress, said that even if Rahman is spared, his arrest will have "a chilling affect on freedom in Afghanistan."

The commission sent Bush a letter urging the administration to "act vigorously on his (Rahman's) behalf." The letter said the arrest "indicates that religious extremists still have significant influence in Kabul, threatening not just the religious freedom of this one man, but the fundamental rights of each and every Afghan citizen."

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U.S.-led forces overthrew Afghanistan's Islamic Taliban regime in 2001 because it harbored al-Qaeda terrorists. Since then, the State Department says, the United States has spent $10.3 billion, not counting military operations, to assist Afghans.

The Pentagon says 221 U.S. military personnel have died in and around Afghanistan.

James Zogby, president of the Arab American Institute in Washington, worries that the case will intensify tensions between Christians and Muslims. It follows controversies over Danish cartoons lampooning the prophet Mohammed and a canceled deal for a Dubai company to take over some U.S. port operations. While it is right to protest the Rahman case, Zogby says, "unfortunately in many areas, Islam feels under attack."

Inside The Ring (WT)

By Bill Gertz And Rowan Scarborough

The Washington Times, March 24, 2006

Missile defense

The United States is close to completing a deal that will result in the creation of a third ground-based missile interceptor site in Europe. The candidate nations for the site that will hold 10 high-speed missile interceptors are Poland, the Czech Republic and Britain, a senior defense official tells us.

Negotiations for the site have been under way for some time and more than $100 million is already authorized for the site, which is part of the global U.S. missile defense system now oriented toward Asia.

The system of interceptors and sensors now has eight ground-based interceptors located at two U.S. sites — Fort Greely, Alaska, and Vandenberg Air Force Base, Calif. The European interceptor base will provide defenses against an Iranian missile attack on Europe, or possibly against the United States, if Tehran builds intercontinental missiles in the future.

Russia is expected to oppose the European interceptor base, viewing it as a threat to Moscow's missile force, although defense officials said the 10 interceptors would be no match for Russia's thousands of warheads.

Missile Defense Agency Director Lt. Gen. Henry Obering said during a speech at the fourth annual missile defense conference on Monday that the current limited missile defenses can thwart an attack from North Korea and that up to 12 interceptors will be added this year. "I am confident that if we had to use the system, the system would work," he said.

Conventional ICBMs

The United States could use a force of intercontinental ballistic missiles with conventional warheads because nuclear weapons may not deter terrorists and rogue states, the general in charge of the U.S. Strategic Command says.

Marine Corps Gen. James E. Cartwright told a Pentagon-sponsored missile defense conference on Monday that "it's very difficult for a nuclear weapon to be a credible deterrent against an extremist."

In addition to the "tyranny of distance" that makes it hard for military forces to get to an area of the world very quickly, there is also the problem of the inadequate speed of current conventional systems. Today's bombers need an hour to travel 500 miles, and ships take longer.

An ICBM, however, can cover 6,000 miles in minutes and the technology for adding precision guided, non-nuclear warheads is available now, Gen. Cartwright said. And the warhead does not need to be high-explosive. Just the kinetic impact of a long-range inert warhead can cause tremendous damage because of the high speed. The warheads are accurate enough to land within 12 feet of the target.

The conventional ICBMs are needed for the Pentagon's new "global strike" mission to attack terrorists, or those working on weapons of mass destruction, in addition to any nation states that the United State may confront in the 21st century, like China.

"Do we want a capability that is non-nuclear? That's the heart of the debate," Gen. Cartwright said.

Guitarist missileer

One of stars at the fourth annual missile defense conference held this week was Jeff "Skunk" Baxter, the famed guitarist for the Doobie Brothers and Steely Dan.

Mr. Baxter moonlights as a consultant to the Pentagon's Missile Defense Agency and a number of other federal and state agencies. His specialty is "thinking out of the box," something sorely needed for the U.S. defense and intelligence bureaucracy.

Mr. Baxter describes himself as the "missile defense mascot" and was the moderator at a panel of news reporters at the conference to discuss press coverage of missile defenses.

"To me, missile defense is an imperative because of the incredible amount of blood and treasure that many of America's adversaries are investing in developing offensive ballistic capabilities," Mr. Baxter told us.

Tuesday night he played guitar during a reception sponsored by the Boeing Corp., playing a variety of guitars to highlight the history of the instrument.

At one point, he was joined on stage at the Pavilion Room of the Ronald Reagan International Trade Center building by Air Force Lt. Gen. Henry Obering, director of the Missile Defense Agency.

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Mr. Baxter's favorite ax: A vintage D'Angelico jazz guitar that is considered the Stradivarius of guitars.

Salty language

The attorney for Navy Lt. Bryan Black, who is being court-martialed for using foul words in the presence of a female midshipman, has filed the final legal arguments in his bid to get the Naval Academy superintendent removed as the case's overseer.

Lawyer Charles Gittins filed papers with the U.S. Navy-Marine Corps Court of Criminal Appeals, asking it to disqualify Vice Adm. Rodney Rempt as what the military calls the "convening authority."

Mr. Gittins argues that Adm. Rempt is biased and is using the Black case as part of his drive to rid the campus of sexual harassment.

"Stung by official public criticism of his personal performance as the superintendent ... the superintendent made a decision to make an example of petitioner — he intended to conduct a public officer [nonjudicial punishment] hearing in order to reinforce and ramrod his apparently ineffective 'zero tolerance' policy regarding sexual harassment and sexual assault at the Naval Academy," Mr. Gittins said.

The attorney argued that it is highly unusual to hold such proceedings in public, which clearly signaled the admiral planned to convict him.

A Marine Corps officer who conducted an investigation of Lt. Black's behavior recommended he receive counseling and a non-punitive letter of caution. But Adm. Rempt overruled him and moved for nonjudicial punishment. Mr. Gittins said he rejected that option once he learned it would be staged in public and that midshipmen would be invited to watch.

The academy has declined to discuss the case. In a reply brief, the prosecution said, Lt. Black "fails to provide either evidence of any such statements or evidence of any sort that would show the [Adm. Rempt] has anything other than an official interest in [the] case."

Bowen's travels

Stuart W. Bowen Jr., the Bush administration's special inspector general for Iraq reconstruction, has been trotting the globe lately.

He made another trip from his Crystal City headquarters to Baghdad in preparation for a new report to Congress next month. He then tried to fit in some vacation time in Paris. But public officials were so eager to hear his views that he spent time briefing the French on reconstruction progress — and setbacks.

His briefings led to speculation in Paris that French companies may one day bid on contracts in Iraq. Iraq, for example, has no land-line telephone communications. Everything is done via cell and satellite phones. It will need a firm one day to rewire the country.

Mr. Bowen goes to Iraq one month out of three, and will return in May.

Report: U.S. Missile Science Slumping (USAT)

By Matt Kelley

USA Today, March 24, 2006

WASHINGTON — The Pentagon risks running out of scientists to operate and upgrade the nation's arsenal of intercontinental nuclear and conventional missiles, according to a report released this week by the Defense Science Board.

As the nation's veteran engineers and scientists retire, the military will lose much of its expertise in long-range missile technology, the report says. That means the Air Force and Navy, which operate most of the 1960s-vintage missiles, will be unable to cope with system failures or develop improved weapons, the report says.

Not only are fewer American engineers and scientists choosing to work on missile technology, there are fewer of them altogether, the report says. Each year, about 70,000 Americans receive undergraduate and graduate science and engineering degrees that are defense related, compared with a combined 200,000 in China and India, the report says.

The government should pay higher salaries and offer other incentives to attract more experts into the strategic missile field, the report says.

A task force of five outside missile experts spent two years preparing the report at the Pentagon's request.

Although the board lacks the power to force the Pentagon to act, Lt. Gen. Frank Klotz, acting head of the Air Force Space Command, told a Senate committee this month that the Pentagon is trying to improve its recruiting and retention of missile experts. Space Command runs the intercontinental ballistic missile system.

The report does not give specifics on the number of experts who are retiring or the numbers needed to replace them, but it says about 20,000 research and development scientists and engineers work in the aerospace industry as a whole, down from more than 140,000 in the mid-1980s.

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John Steinbruner, head of the Center for International and Security Studies at the University of Maryland, says few scientists want to work on long-range missiles because "it's not too hard to figure out that American security doesn't depend on this any more."

Instead, Steinbruner says, the Pentagon's priorities have shifted toward fighting terrorism and "low-intensity conflicts," such as the insurgency in Iraq.

The report, he says, sounds like the Pentagon advisory board is "just trying to keep the money flowing" and may be biased toward Cold War-era ballistic missile systems.

The report also questions a Pentagon plan to seek more than $500 million to replace nuclear warheads on some submarine-launched Trident ballistic missiles with conventional warheads. The Pentagon says those missiles could be used to strike fortified targets such as nuclear weapons facilities in rogue nations.

Converting the warheads on these missiles will be difficult, the report says, because the Pentagon lacks the necessary engineering skills. It adds that technical requirements for non-nuclear warheads are much different for long-range missiles from those for shorter-range missiles or nuclear weapons.

Foreign Policy Good Vs Evil Does Not Work (FT)

By Madeleine Albright

Financial Times, March 24, 2006

The Bush administration's newly unveiled national security strategy might well be subtitled "The Irony of Iran". Three years after the invasion of Iraq and the invention of the phrase "axis of evil", the administration now highlights the threat posed by Iran – whose radical government has been vastly strengthened by the invasion of Iraq. This is more tragedy than strategy, and it reflects the Manichean approach this administration has taken to the world.

It is sometimes convenient, for purposes of rhetorical effect, for national leaders to talk of a globe neatly divided into good and bad. It is quite another, however, to base the policies of the world's most powerful nation upon that fiction. The administration's penchant for painting its perceived adversaries with the same sweeping brush has led to a series of unintended consequences.

For years, the president has acted as if al-Qaeda, Saddam Hussein's followers and Iran's mullahs were parts of the same problem. Yet, in the 1980s, Mr Hussein's Iraq and Iran fought a brutal war. In the 1990s, al-Qaeda's allies murdered a group of Iranian diplomats. For years, Osama bin Laden ridiculed Mr Hussein, who persecuted Sunni and Shia religious leaders alike. When al-Qaeda struck America on September 11 2001, Iran condemned the attacks and later participated constructively in talks on Afghanistan. The top leaders in the new Iraq – chosen in elections that George W. Bush called "a magic moment in the history of liberty" – are friends of Iran. When the president invaded Iraq, he may have thought he was striking a blow for good over evil but the forces unleashed were considerably more complex.

The administration is now divided between those who understand this complexity and those who do not. On one side, there are ideologues, such as the vice-president, who apparently see Iraq as a useful precedent for Iran. Meanwhile, officials on the front lines in Iraq know they cannot succeed in assembling a workable government in that country without the tacit blessing of Iran; hence, last week's long overdue announcement of plans for a US-Iranian dialogue on Iraq – a dialogue that if properly executed might also lead to progress on other issues.

While this is not an administration known for taking advice, I offer three suggestions: the first is to understand that although we all want to "end tyranny in this world", that is a fantasy unless we begin to solve hard problems. Iraq is increasingly a gang war that can be solved in one of two ways: by one side imposing its will or by all the legitimate players having a piece of the power. The US is no longer able to control events in Iraq, but it can still play a useful role as referee.

Second, the US administration should disavow any plan for regime change in Iran; not because the regime should not be changed but because US endorsement of that goal only makes it less likely. In today's warped political environment, nothing strengthens a radical government more than Washington's overt antagonism. It is also common sense to presume that Iran will be less willing to co-operate in Iraq and to compromise on nuclear issues if it is being threatened with destruction. As for Iran's choleric and anti-Semitic new president, he will be swallowed up by internal rivals if he is not unwittingly propped up by external foes.

Third, the US administration must stop playing solitaire while Middle East and Persian Gulf leaders play poker. The president's "march of freedom" is not the big story in the Muslim world, where Shia Muslims suddenly have more power than they have had in 1,000 years; it is not the big story in Lebanon, where Iran is filling the vacuum left by Syria; it is not the story among Palestinians, who voted – in western eyes – freely, and wrongly; it is not even the big story in Iraq, where the top three factions in the recent elections were all supported by decidedly undemocratic militias.

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In the long term, the future of the Middle East may well be determined by those in the region dedicated to the hard work of building democracy. I certainly hope so. But hope is not a policy. In the short term, we must recognise that the region will be shaped primarily by fairly ruthless power politics in which the clash between good and evil will be swamped by differences between Sunni and Shia, Arab and Persian, Arab and Kurd, Kurd and Turk, Hashemite and Saudi, secular and religious and, of course, Arab and Jew. This is the world, the president pledges in his national security strategy, that “America must continue to lead”. Actually it is the world he must begin to address – before it is too late.

The writer was US secretary of state from 1997 to 2001

Good Versus Evil Isn't A Strategy (LAT)

By Madeleine Albright

The Los Angeles Times, March 24, 2006

THE BUSH administration's newly unveiled National Security Strategy might well be subtitled "The Irony of Iran." Three years after the invasion of Iraq and the invention of the phrase "axis of evil," the administration now highlights the threat posed by Iran — whose radical government has been vastly strengthened by the invasion of Iraq. This is more tragedy than strategy, and it reflects the Manichean approach this administration has taken to the world.

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For years, the president has acted as if Al Qaeda, Saddam Hussein's followers and Iran's mullahs were parts of the same problem. Yet, in the 1980s, Hussein's Iraq and Iran fought a brutal war. In the 1990s, Al Qaeda's allies murdered a group of Iranian diplomats. For years, Osama bin Laden ridiculed Hussein, who persecuted Sunni and Shiite religious leaders alike. When Al Qaeda struck the U.S. on 9/11, Iran condemned the attacks and later participated constructively in talks on Afghanistan. The top leaders in the new Iraq — chosen in elections that George W. Bush called "a magic moment in the history of liberty" — are friends of Iran. When the U.S. invaded Iraq, Bush may have thought he was striking a blow for good over evil, but the forces unleashed were considerably more complex.

The administration is now divided between those who understand this complexity and those who do not. On one side, there are ideologues, such as the vice president, who apparently see Iraq as a useful precedent for Iran. Meanwhile, officials on the front lines in Iraq know they cannot succeed in assembling a workable government in that country without the tacit blessing of Iran; hence, last week's long-overdue announcement of plans for a U.S.-Iranian dialogue on Iraq — a dialogue that if properly executed might also lead to progress on other issues.

Although this is not an administration known for taking advice, I offer three suggestions. The first is to understand that although we all want to "end tyranny in this world," that is a fantasy unless we begin to solve hard problems. Iraq is increasingly a gang war that can be solved in one of two ways: by one side imposing its will or by all the legitimate players having a piece of the power. The U.S. is no longer able to control events in Iraq, but it can be useful as a referee.

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In the long term, the future of the Middle East may well be determined by those in the region dedicated to the hard work of building democracy. I certainly hope so. But hope is not a policy. In the short term, we must recognize that the region will be shaped primarily by fairly ruthless power politics in which the clash between good and evil will be swamped by differences between Sunni and Shiite, Arab and Persian, Arab and Kurd, Kurd and Turk, Hashemite and Saudi, secular and religious and, of course, Arab and Jew. This is the world, the president pledges in his National Security Strategy, that "America must continue to lead." Actually, it is the world he must begin to address — before it is too late.

DOJ_NMG_0020874

Madeleine Albright, Secretary Of State From 1997 To 2001, Is The Author Of "The Mighty And The Almighty -- Reflections on America, God, and World Affairs," to be published by Harper Collins in May.

Pre-emption Draws Surprising Consensus (USAT)

By Commentary by Irshad Manji

USA Today, March 24, 2006

Shocked. Appalled. Outraged.

These sentiments have been expressed by many Americans in response to the 2006 national security report. Released last week, the report affirmed President Bush's faith in pre-emptive action against potential threats to the United States.

While I think such faith is misguided, I'm enough of a historian to know that George W. Bush isn't alone in his approach. Other statesmen have shared his belief in pre-emption. Some of them are even lionized by Bush's harshest critics: Muslim-Americans.

Consider the prophet Mohammed himself. According to Muslim history, God's own messenger engaged in pre-emptive action against those whom he suspected of plotting against Islam. There's the well-known example of Jewish tribes who refused to take Mohammed as their prophet. After rumors intensified that these Jews were collaborating with Arab pagans to kill the prophet, Mohammed and his companions struck first. They exiled two of the tribes and later acted on a Muslim arbiter's opinion that a third tribe should be slaughtered.

Self-defense, my fellow Muslims will insist. Bush has said the same about invading Iraq, but I don't see too many Muslims accepting that argument. Ah, but the president never had hard evidence for his claims. Fact is, neither did prophet Mohammed. He went on faith.

In drawing this comparison, I'm bound to be accused of besmirching the reputation of Islam's prophet and thereby joining the Danish cartoonists in infidel hell. But as many Americans believe that dissent is a patriotic duty, so I believe that self-criticism lives up to the best ideals of the Quran, Islam's holy book. One of its most beautiful verses tells us to "bear true witness, even if it be against yourselves, your parents, or your family." In other words, be honest, no matter whose feathers it ruffles.

Honesty demands that Muslims in the USA judge the doctrine of pre-emption by a single standard. That requires making a choice. We can accept what the prophet did as necessary and guided by God, in which case we can't be shocked when the president makes a similar case for his policy. Or we can acknowledge that the prophet Mohammed's pre-emptive assaults on Jews were morally wrong, in which case we've got credibility when slamming the Bush doctrine.

I don't deny that the Bush administration's record on freedom and human rights has been hypocritical. But I refuse to hand Muslim-American leaders any moral triumph as long as they validate for the prophet a sin that they castigate in the president.

Irshad Manji is a fellow at Yale University and author of The Trouble with Islam Today: A Muslim's Call for Reform in Her Faith.

DOJ:

Schlozman Appointed As U.S. Attorney In Western Missouri (SPRINGNL)

News-Leader staff and wire reports

Springfield (MO) News-Leader, March 24, 2006

Bradley J. Schlozman was appointed today as interim U.S. attorney for the Western District of Missouri, the Justice Department said.

The interim appointee replaces Todd P. Graves, whose last day is Friday.

Graves announced his resignation earlier this month, after nearly five years of prosecuting federal cases in western Missouri. Graves has said he plans to return to private practice and become more involved in politics.

Schlozman will be there until President Bush appoints a permanent

replacement, probably by summer, a U.S. Attorney spokesman said.

Greene County Prosecuting Attorney Darrell Moore confirmed this week he is one of several people being considered for the job. His name was recommended for the job shortly after he filed to run for a third term as county prosecutor.

Sen. Christopher Bond is in charge of presenting one or several names for Bush¹s consideration, Moore said. The Bush appointee would still undergo a full confirmation process, he said.

Schlozman most recently was principal deputy assistant attorney general for the Civil Rights Division of the Department of Justice, where he supervised a unit that included more than 700 employees ‹ 356 of them attorneys.

The Civil Rights Division is responsible for enforcing federal civil rights statutes.

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Schlozman has been with the Department of Justice since 2001.

He is originally from Overland Park, Kan., and graduated with a degree in history from the University of Pennsylvania.

He earned his law degree at George Washington University, after spending time as an intern at the U.S. attorney¹s office in western Missouri.

He has been in Washington, D.C., since 1999.

News-Leader reporter Kathleen O'Dell and the Associated Press contributed to this report.

Schlozman Appointed U.S. Attorney In Western Missouri (AP)

AP, March 24, 2006

KANSAS CITY, Mo. - Bradley J. Schlozman was appointed U.S. attorney for the Western District of Missouri on Thursday, the Justice Department said.

He succeeds Todd P. Graves, whose last day is Friday. Graves announced his resignation earlier this month, after nearly five years of prosecuting federal cases in western Missouri.

Schlozman most recently was principal deputy assistant attorney general for the Civil Rights Division of the Department of Justice, where he supervised a unit that included more than 700 employees - 356 of them attorneys.

The Civil Rights Division is responsible for enforcing federal civil rights statutes.

Schlozman has been with the Department of Justice since 2001. He is originally from Overland Park, Kan., and graduated with a degree in history from the University of Pennsylvania.

He earned his law degree at George Washington University, after spending time as an intern at the U.S. attorney's office in western Missouri. He has been in Washington, D.C., since 1999.

Graves has said he plans to return to private practice and become more involved in politics.

Flynn Begins Tenure As Local U.S. Attorney (BUFFNEWS)

Buffalo News, March 24, 2006

Terrance P. Flynn began work Wednesday as U.S. attorney for Western New York.

The U.S. Justice Department said the Buffalo lawyer was sworn in as U.S. attorney this week, after being confirmed by the U.S. Senate.

President Bush nominated Flynn for the job last December, after Michael A. Battle accepted a Washington position as Justice Department liaison with its U.S. attorneys nationwide.

Flynn, 42, is an alumnus of the University of Notre Dame and the University at Buffalo Law School. Before his appointment, he was a Buffalo trial attorney specializing in medical malpractice, products liability and other civil matters.

"It is truly an honor to be selected by President Bush to serve the citizens of this 17-county district," Flynn said.

CORPORATE SCANDALS:

Defense Tries To Raise Doubts About Enron's Ex-Treasurer (NYT)

By Alexei Barrionuevo And Vikas Bajaj

The New York Times, March 24, 2006

HOUSTON, March 23 — Defense lawyers began an aggressive cross-examination of Enron's former treasurer today in attempt to show the tough tactics used by the government to induce cooperative testimony from a lower-level officer against the failed energy company's onetime top executives.

Trying to sow seeds of doubt in the jury's mind about the damaging testimony that the treasurer, Ben F. Glisan Jr. gave against his former bosses, Jeffrey K. Skilling and Kenneth L. Lay, on Wednesday, a defense lawyer asked him today about his interactions with federal investigators and the time he spent in solitary confinement. The questioning yielded revealing details about how the government conducted its investigation and pursued officials involved in the biggest corporate scandal of the decade so far.

Mr. Glisan presents an interesting challenge for the defense because unlike other witnesses who have been called by the prosecution, he has little incentive to cooperate with the government. Mr. Glisan, 40, does not have a plea deal with prosecutors and is more than halfway through serving a five-year prison sentence after pleading guilty to one count of conspiracy to commit wire fraud.

He is testifying under a grant of immunity from the judge for other crimes he may have committed at Enron, but Mr. Glisan could face obstruction of justice and perjury charges if he lies on the stand.

Instead of questioning Mr. Glisan's ability to provide testimony unbiased by a deal with the government, as the defense has done with other prosecution witnesses, Mr. Skilling's lawyer, Daniel Petrocelli, sought to portray him as someone cowed by investigators.

Mr. Petrocelli asked him about an encounter between Mr. Glisan and Mr. Skilling on Feb. 14, 2004 at the federal courthouse here. Mr. Glisan, who had already started serving his sentence, was being escorted in shackles to testify before a grand jury, and Mr. Skilling was being brought in handcuffs to be indicted. They both found themselves on the same elevator in an awkward silence.

"Do you believe for one second, sir, that that was a coincidence?" Mr. Petrocelli asked.

"I didn't believe that," Mr. Glisan said.

Under questioning, Mr. Glisan also said he was shocked to find himself assigned to a low-security prison, when his crime qualified him for a more-lenient minimum-security facility. He spent 10 to 11 days in solitary confinement, after which he was put in an 8-foot by 12-foot cell with two other inmates.

"It must have had an impact on you?" Mr. Petrocelli asked about the days in solitary confinement.

"It had an enormous impact," Mr. Glisan responded.

Mr. Glisan recounted how he had sought to strike a deal with the government soon after investigators started looking into Enron in late 2001. He met secretly with officials from the F.B.I, the Justice Department, the Securities and Exchange Commission and the Internal Revenue Service in Washington.

But investigators did not trust him and did not offer him a deal initially, and Mr. Glisan acknowledged that he lied to minimize his own involvement in the fraudulent financial transactions that moved liabilities off of Enron's books into questionable partnerships.

He had another chance to make a deal with the government about six months later, but he did not want to plead guilty to the fraud charges that investigators offered to him. Mr. Glisan ended up pleading guilty to one narrow crime and started serving his sentence in September 2003.

"They did not think I was credible at the time," he said today. "And I wanted to be done with my time so I wanted to get started" on a prison sentence.

On Wednesday, Mr. Glisan testified that Mr. Lay, who was Enron's chairman, and Mr. Skilling, a former chief executive, were aware of huge financial problems and irregularities, lied about them to outsiders, and urged managers to use aggressive accounting tactics to make the company look more prosperous than it really was.

Mr. Lay and Mr. Skilling, who are charged with fraud and conspiracy among other crimes, contend that the fraud at Enron was committed by a small group of finance executives and that the company perished because investors lost confidence in it.

A Former Treasurer Is Grilled Over His Testimony On Enron (WSJ)

By Gary McWilliams And Ann Davis

The Wall Street Journal, March 24, 2006

HOUSTON – A defense attorney for former Enron Corp. President Jeffrey Skilling painted a prosecution witness as a "snitch" who won a transfer to a minimum-security prison camp and received furloughs after agreeing to aid prosecutors.

The witness, former Enron Treasurer Ben Glisan Jr., had testified Mr. Skilling and former Enron Chairman Kenneth Lay approved accounting manipulations that allowed Enron to increase earnings and hide losses while telling investors its energy businesses were a success. Under cross-examination, Mr. Glisan backed away from some of his characterizations.

The witness, former Enron Treasurer Ben Glisan Jr., had testified Mr. Skilling and former Enron Chairman Kenneth Lay approved accounting manipulations that allowed Enron to increase earnings and hide losses while telling investors its energy businesses were a success. Under cross-examination, Mr. Glisan backed away from some of his characterizations. Mr. Glisan pleaded guilty to an Enron-related conspiracy to commit wire and securities fraud and is serving a five-year prison sentence. Messrs. Skilling and Lay are in the eighth week of their trial in U.S. District Court for alleged criminal conspiracy and fraud stemming from Enron's collapse.

Wednesday, Mr. Glisan described meetings with the two executives where, he said, they approved the improper use of reserves, misled investors and hid losses. He testified to the use of "side deals" to insulate an investment partnership run by Andrew Fastow, Enron's former chief financial officer, from losses in its Enron dealings.

Mr. Glisan said when presented with a plan to create an investment vehicle that relied on Enron shares to hedge investments, Mr. Skilling said he wouldn't routinely approve such a vehicle, except that it allowed the company "to circumvent accounting rules." Yesterday, Mr. Glisan backed off from the phrase, saying he wasn't testifying to Mr. Skilling's exact words. Mr. Glisan also admitted recommending Mr. Skilling approve the investment vehicles and said he never told the former president or other executives that the hedges would be improper.

"You lied all day yesterday, didn't you?" asked Daniel Petrocelli, lead defense attorney for Mr. Skilling. Mr. Glisan said that he told Mr. Skilling the investment vehicle didn't transfer economic risk, a violation of accounting rules, and that it could draw the scrutiny of the Securities and Exchange Commission. Mr. Petrocelli argued that the investment vehicles were approved by the company's outside auditor, attorneys and others. He suggested that while the two executives made optimistic statements in the summer and fall of 2001, they did so in the best interests of Enron stockholders.

Lawyers for the two executives contend Enron was in good shape and collapsed not because of any fraud, but because of a loss of investor confidence. "If Enron hadn't gone bankrupt, we wouldn't be here, would we?" asked Mr. Petrocelli. Mr. Glisan responded: "That's hard to know."

Under questioning by Bruce Collins, an attorney for Mr. Lay, Mr. Glisan said he lacked notes to corroborate certain meetings he claimed to have had with Mr. Lay where they discussed steps to disguise finances. Mr. Collins said about 10 pages of more than 500 pages of notes by Mr. Glisan entered into evidence cited Mr. Lay. The defense has said many of the government's witnesses are testifying in the hopes of obtaining leniency. When imprisoned, Mr. Glisan said he was placed in solitary confinement at a "low-security" prison. He said that he worried about his "physical well-being" there and applied for a transfer but was denied. After testifying for the government, he applied again. He insisted there have been no deals struck to influence his testimony.

Defense Hits Enron Witness's Credibility (WP)

By Carrie Johnson

The Washington Post, March 24, 2006

HOUSTON, March 23 -- The prosecution's last major witness in the fraud trial of Enron Corp.'s former leaders endured six hours of hostile cross-examination Thursday, but former treasurer Ben F. Glisan Jr. insisted that the company's financial problems were mounting even as then-Chairman Kenneth L. Lay displayed optimism to the public.

"What we were telling banks, rating agencies and investors was inconsistent with economic reality," Glisan said.

Glisan, 40, provided some of the most compelling evidence to date against Lay and former chief executive Jeffrey K. Skilling in a confident turn on the witness stand under questioning by Assistant U.S. Attorney Kathryn H. Ruemmler. On Wednesday, he vividly described a company so unsettled by billions of dollars in losses that one executive said during a bleak September 2001 meeting that "he was glad he didn't have a gun, or he would shoot himself."

Lay discussed the company's "dire" financial condition internally but misrepresented its troubles to shareholders and employees, whom he told the company was "fundamentally strong" weeks after that meeting, Glisan testified. He claimed Skilling knowingly worked to circumvent accounting rules in a May 2000 deal and that Lay "giggled . . . in delight" at the approach.

Discrediting Glisan, described as the "cleanup hitter" and "closer" by Skilling lawyer Daniel M. Petrocelli, is paramount to the defense case. Prosecutors used Glisan to remind the jury of their central allegations and to corroborate testimony by more personally tainted witnesses, including former finance chief Andrew S. Fastow. While Glisan shifted in his seat, repeatedly sought to clarify statements by Petrocelli and sometimes laughed in frustration during cross-examination, he did not lose his composure. However, he did retreat from some of the language he used to describe Lay's and Skilling's actions.

The former Enron executive already has endured much worse than a combative cross-examination. He pleaded guilty to a single conspiracy charge in September 2003 and moved directly into prison, where he has spent 2 1/2 years. In some of the starkest testimony in this eight-week-long trial, Glisan talked about the two weeks he spent in solitary confinement and of his fears of being branded a "snitch" and facing physical threats from other prisoners. He will be eligible for release into home confinement in September.

Petrocelli hammered away Thursday at the central themes of the defense case. He accused Glisan of shading his testimony to win perks from the government, including half a dozen furloughs that allow him to spend time with his wife and two children. He pointed out that Glisan had no explicit notes or recordings implicating Skilling or Lay, just his own recollections. And he noted that Glisan had failed to win a deal with the government earlier because prosecutors doubted his credibility. Glisan previously acknowledged that during his tenure at Enron, he had improperly accepted $1 million on a fraudulent deal in which he invested less than $6,000.

In one passionate exchange, Petrocelli accused the witness of "criminalizing" remarks Skilling made about the accounting benefits of a business partnership in 2000. Defense lawyers told the eight-woman, four-man jury in opening statements that Enron was essentially a healthy business that collapsed amid a market panic fed by vindictive media and short sellers.

"I don't know that he used the word 'circumvent' but the take- away was . . . the only reason to do it was an accounting benefit," Glisan said.

"He didn't say that in front of anybody," the defense lawyer said.

"He didn't say it in that way," Glisan replied.

"I'm asking the questions," Petrocelli shot back.

The Associated Press reported that Lay lawyer Bruce Collins briefly cross-examined Glisan and was to continue Monday. He started off by challenging the former treasurer's assertion that Lay "giggled . . . in delight" after then-Chief Accounting Officer Richard A. Causey explained that a particular approach carried "accounting risk," but outside auditors had approved it. "I've gotten to know Mr. Lay pretty well. He may chuckle, but he doesn't giggle," Collins said. "I concede chuckle as opposed to giggle," Glisan said.

Testimony by Glisan, who had been known inside Enron as a "boy scout," merely underscored the importance of two crucial witnesses to come. Both Lay and Skilling are preparing to make their own case to the jury sometime after the defense case begins next week.

"You're going to see 'em early and you're going to see 'em often and you're going to see 'em for a long time on the stand," Lay's lawyer, Michael W. Ramsey, said outside the courthouse Wednesday.

Feds Indict 8 In Bank Of Alamo Case (JACKSUN)

Jackson (TN) Sun, March 24, 2006

Numerous loans went over bank's legal limit before its failure in 2002

A federal investigation into the 2002 failure of the Bank of Alamo has led to the indictments of at least seven people, according to a release from the U.S. Justice Department.

On Wednesday, a federal grand jury returned indictments accusing them of various charges of conspiracy, money laundering and bank fraud, according to the release.

Those named in the indictment include: Claude M. Conley, director and chairman of the Bank of Alamo Board of Directors; John Sanders, president and chief executive officer of the bank; Lazaria Saveh, William Saveh and George Eivazzadeh. The indictment says the defendants made "and caused to be made false and fraudulent statements in the books and records of the bank."

The indictment said the false statements were made to cover up loans made to William Saveh in excess of the bank's legal lending limit and to conceal from the Federal Deposit Insurance Corp. and state regulators the true financial condition of the Bank of Alamo.

Books and records of the bank reflected that loans made to Lazaria Saveh and George Eivazzadeh were actually loans made "at the direction of and for the use and benefit of" William Saveh, according to the release.

A separate indictment accuses William Saveh, Peggy Hooper, William Paul Maddox and William Vincent Maddox of bank fraud.

The Bank of Alamo was closed in 2002 and its assets seized by the FDIC.

About 200 accounts with the Bank of Alamo had an estimated $6 million of a total $55.3 million in the bank's deposits. The bank held $69.4 million in assets.

The FDIC insures up to $100,000 in bank accounts, but those 200 accounts all exceeded the limit.

When the FDIC ordered the bank's closing, FDIC spokesman Frank Gresock said the failure was caused by insolvency that was caused by a "high level of problem loans."

Conley could not be reached for comment Wednesday.

To Some, Need For Third Trial Of Ex-Banker Isn't Evident (NYT)

By Julie Creswell

The New York Times, March 24, 2006

What do John A. Gotti; Cendant's former chief executive, Walter A. Forbes; and Frank P. Quattrone, the former investment banker, all have in common?

As vastly different as those three cases are, they may all be threepeats, with each facing the prospect of a third trial in federal court.

For Mr. Quattrone, that prospect emerged on Monday after a federal appeals court overturned his 2004 conviction on obstruction of justice charges.

The ruling faulted the judge's instructions to the jury, saying that they had failed to adequately require jurors to establish that Mr. Quattrone intended to thwart a government investigation. But the appeals panel did not reject the quality of the evidence presented in the government's case, which could bolster prosecutors' decision to retry Mr. Quattrone.

"It was thrown out because of flawed jury instructions, so I don't think we'll see the government walk away from this case," said Robert A. Mintz, a former prosecutor and now a partner at McCarter & English.

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But much has changed since the United States attorney's office in Manhattan began its investigation of Mr. Quattrone in 2001. The prosecutors who brought the original case have left for private practice at prestigious Manhattan law firms. By some estimates, the office has already spent thousands of hours and millions of dollars in two trials to reach a guilty verdict against Mr. Quattrone, the son of a Philadelphia garment worker who rose to become the most powerful banker in Silicon Valley during the height of the dot-com boom.

Because of the passage of time — and in the wake of a number of high-profile white-collar convictions in recent years, including Martha Stewart, Bernard J. Ebbers of WorldCom and John J. Rigas of Adelphia Communications — some lawyers wonder whether there is a need to put Mr. Quattrone's feet to the fire once again.

"Since his original indictment, the government and that office has notched up a number of victories," said Roman E. Darmer II, a former assistant United States attorney who worked in the Manhattan office until 1999. "I wonder if the moment has passed." And then there are others who wonder if the crime that Mr. Quattrone is accused of is worthy of the time, money and energy involved in a third trial.

"There are situations that demand retrial," said John K. Carroll, a former federal prosecutor now with the law firm Clifford Chance. "If the guy was the head of a crime family, or committed a crime where there are a lot of victims, or if the defendant is likely to commit the crime again, it is very hard for the government to walk away from those," he said. "In other circumstances where the individual is unlikely to commit the crime again or the alleged crime might be victimless, there isn't a self-evident need to pursue it once again."

Still, Mr. Carroll and other lawyers say they believe prosecutors will probably put Mr. Quattrone in front of a jury a third time because they believe their case remains strong and because they worry their tough stance on white-collar crime will be eroded if they allow Mr. Quattrone to walk away unscathed.

The United States attorney's office is saying only that it is considering its options. One of the most compelling factors behind the prosecutors' decision is which judge will take over the case. If the next judge is viewed as "pro-defense," that could affect the government's decision to pursue the case, said some former federal prosecutors.

"I can think of a couple of judges who would make it very difficult for the state," Mr. Darmer, the former assistant United States attorney, said.

Other lawyers say there is a possibility of a plea bargain with Mr. Quattrone.

A lawyer for Mr. Quattrone declined to comment.

Whatever happens, it will in the hands of Michael J. Garcia, who took office as the United States attorney for Manhattan last fall. Mr. Garcia spent a number of years prosecuting terrorism cases before joining the Commerce Department in 2001.

Later he took over the Bureau of Immigration and Customs Enforcement, where he was criticized for a budget shortfall and low morale in the division.

The office he now runs is the front line of the government's battle against white-collar crime. As such, it has a long history as a launching pad for ambitious lawyers who go on to careers in politics or at the leading law firms and corporations. Former New York Mayor Rudolph W. Giuliani, for example, first came to prominence in the 1980's as he chased a number of insider-trading cases.

Mr. Garcia's predecessor, David N. Kelley, is now a senior litigating partner at Cahill Gordon & Reindel. Before him was James B. Comey, who is general counsel of Lockheed Martin. One of the lead prosecutors in the Quattrone case, David B. Anders, a former assistant United States attorney, joined the litigation group at Wachtell, Lipton, Rosen & Katz late last year.

In his second trial (the first ended in a mistrial), Mr. Quattrone was convicted of two counts of obstruction and one count of witness-tampering after he forwarded a colleague's e-mail message in December 2000 urging employees to "clean up" their files after he was made aware of a government investigation involving his firm, Credit Suisse First Boston. Mr. Quattrone, 50, had faced 18 months in prison; he remained free pending the outcome of the appeal.

At the time, the Justice Department was investigating whether the investment bank was soliciting kickbacks from preferred investors for hot initial public offerings. Those investigations never resulted in charges against Mr. Quattrone. Credit Suisse First Boston agreed to pay $100 million to settle regulatory accusations that it had mishandled the allocation of stock offerings during the technology boom.

Prosecutors sought to portray Mr. Quattrone as a symbol of the excesses and greed that ran rampant on Wall Street in the late 1990's as executives and other insiders cashed in on the stock market's surge, often at the expense of Main Street shareholders.

Mr. Quattrone, who earned $120 million in 2000, is still a wealthy man. And his legal bills are still being paid by Credit Suisse, said a person briefed on the matter who is not authorized to speak publicly about the case. This person would not say how much has been spent to defend Mr. Quattrone so far, but added that what portion of those bills Mr. Quattrone would have to repay would be determined after the case was concluded.

As a result, prosecutors may be worried about the message they will send if they walk away from the case, some lawyers said.

C. Evan Stewart, a lawyer at Zuckerman Spaeder, who represented a former securities broker acquitted last summer of charges brought against him by Eliot Spitzer, the New York attorney general, wondered, "What message would be sent if the government washed its hands and said, 'Two times is it'? "

Nacchio Judge May Set Trial Date, Rule On Dismissal Request Today (WSJ)

By Shawn Young

The Wall Street Journal, March 24, 2006

A U.S. district-court judge in Denver today is expected to set a trial date for Joseph Nacchio, the former Qwest Communications International Inc. chief executive charged with 42 counts of criminal insider trading.

Judge Edward Nottingham may also rule on defense arguments for dismissal of the charges, which carry a potential prison sentence of 10 years for each count and a financial penalty of more than $100 million.

U.S. Attorney William Leone alleges Mr. Nacchio illegally sold $101 million worth of the Denver-based phone company's stock in 2001 when he knew the company wasn't doing as well as it had led investors to believe. The defense says prosecutors have presented a flimsy and flawed case.

Attempts to have the charges dismissed are commonplace and carry virtually no risk for defendants, and they are rarely entirely successful, say white-collar-crime attorneys not involved in the case.

Herbert Stern, Mr. Nacchio's attorney, says his client had nothing more than vaguely worded, speculative warnings from other executives that the company might not meet financial targets if business didn't improve. That isn't the same as knowing that the company has actually faltered, according to court filings by the defense. The defense also argues that the information Mr. Nacchio had was, by definition, not significant since the prosecution hasn't claimed that it needed to be disclosed to investors.

"It's a pretty good argument to say the information wasn't material if it didn't need to be disclosed. It's an argument that has a lot of logical appeal," says Matt Jacobs, a partner at McDermott Will & Emery, a law firm based in Palo Alto, Calif., that isn't involved in the case.

But some other attorneys also not involved in the matter say they doubt the defense will persuade the judge to drop the case. "It's too cute by half," says Joseph Allerhand, a partner at Weil, Gotshal & Manges LLP in New York. Companies and executives aren't required to disclose every material fact in real time, says Mr. Allerhand. Such a requirement would make it impossible to run a business.

In its filings, the prosecution has argued that insiders can have material information they don't have to disclose, but if they do, they may not trade on it. Mr. Allerhand says a key issue at the trial is likely to be whether Mr. Nacchio knowingly violated rules that barred him from trading.

Qwest restated $2.5 billion in revenue and $2.2 billion in earnings for 2000 and 2001. Mr. Nacchio isn't accused of falsifying the company's books.

SEC Plumbs Money Firm's Files (WSJ)

By Carrick Mollenkamp And Ian McDonald

The Wall Street Journal, March 24, 2006

Authorities and some creditors of Refco Inc. want to know more about money the brokerage firm shuttled between some of its business units in the days before it filed for bankrupty protection.

They may be able to learn some important details from Christopher Sugrue, a New York money manager and past employee of Refco, which imploded just weeks after its August initial public offering when Refco disclosed that its former chief executive, Phillip Bennett, had hidden bad debts.

U.S. securities regulators have been seeking information regarding such business dealings with Refco. And lawyers working for Refco unsecured creditors have sought information from Mr. Sugrue because of what court filings by those creditors describe as a "close relationship" between the 35-year-old Long Island native and Refco, where Mr. Sugrue was an executive before he helped launch PlusFunds Group Inc.

After Refco filed for Chapter 11 bankruptcy-court protection Oct. 17, the Securities and Exchange Commission visited PlusFunds' Manhattan offices and asked for a battery of records, according to a report attached to a sworn statement by S. David Peress, a crisis consultant hired by PlusFunds.

In an interview, Mr. Peress said the firm is cooperating with "a compliance examination." Lawyers for Refco unsecured creditors also have asked for documents related to PlusFunds and Mr. Sugrue, according to court filings. A spokesman for the

SEC declined to comment, but the court document that references the SEC request says: "The SEC has not made any suggestion that any action is contemplated involving [PlusFunds]."

Mr. Sugrue's own firm filed for bankruptcy-court protection earlier this month, after a wave of PlusFunds clients demanded their money when some of their cash transferred from Refco accounts was frozen. A portion of the money and trades Mr. Sugrue helped oversee for PlusFunds clients often processed through Refco's sprawling brokerage firm. Mr. Sugrue initially was able to prevent that money from being frozen by persuading Refco to transfer the funds from unregulated offshore accounts to regulated, onshore accounts.

Now PlusFunds is up for sale. Speaking by phone from Florida, where he was vacationing with his family at Disney World, Mr. Sugrue stressed that he did nothing wrong in the Refco matter. "I'll say that unequivocally," he said. Mr. Sugrue said his business "got caught up in a drive-by shooting."

Court filings by Refco creditors seeking to recover the money Mr. Sugrue had transferred to the onshore accounts cite ties between the money manager and Refco, including loans the brokerage firm provided last year to entities affiliated with Mr. Sugrue. Those loans were secured by equity in PlusFunds.

Before starting PlusFunds in 1998, Mr. Sugrue was a senior executive at Refco for more than five years, according to a biography in court papers. In addition to working with hedge funds on the firm's behalf, Mr. Sugrue helped negotiate the sale of 10% in Refco to Austrian bank Bawag P.S.K. in 1999. During that time, Refco was chaired by Thomas Dittmer, who later was listed on a register of PlusFunds shareholders. Mr. Dittmer couldn't be reached for comment. Mr. Sugrue's knowledge of the inner workings of Refco were demonstrated in a tense exchange last October. Six days before Refco began bankruptcy proceedings, Mr. Sugrue burst into Refco's Manhattan office demanding that the brokerage firm move more than $300 million of PlusFunds' client money "to seg funds," according to a sworn statement by Refco Treasurer Matthew Hreben.

Specifically, Mr. Sugrue wanted his clients' money moved from Refco's unregulated Bermuda account, where it was mingled with Refco's money, to segregated, or "seg," accounts, where it presumably would be less vulnerable to Refco creditors. The money was moved the next day and soon sent to accounts at Lehman Brothers Holdings Inc., according to court papers and sworn statements by Refco employees.

Stanley S. Arkin, a lawyer for Mr. Sugrue, said his client should be given a "silver star" for looking out for his clients. Mr. Sugrue said his investors told him: "Thank God you went and got it. That's what you are supposed to do."

Yet Refco creditors got a federal court to freeze the money in the Lehman accounts, alleging in court papers that Mr. Sugrue was given preferential treatment. Those frozen accounts triggered the redemptions by PlusFunds' clients -- and the subsequent bankruptcy-court filing. The clients yanked more than $1 billion from the firms' funds -- about half their assets -- in the first two months of this year.

It is a quick reversal of fortune for Mr. Sugrue. Still on the board at PlusFunds, he is no longer an employee. "It feels like you got thrown out of the house you built," Mr. Sugrue said in the phone interview.

PlusFunds mainly offered funds designed to mimic the performance of Standard & Poor's hedge-fund indexes. The controversial money transferred from Refco was invested there to track 15 funds in S&P's Managed Futures index. PlusFunds' assets stood at more than $2.5 billion last summer.

After Mr. Sugrue started his fund firm, he continued to work closely with his old employer. Refco served as a clearing broker for several portfolios overseen by PlusFunds, according to court papers filed by Refco's creditors. And in 2003, Refco hired PlusFunds to manage a futures fund that did much of its trading through accounts at Refco, according to court filings by Refco creditors.

But the relationship extended beyond trading. Last spring, Refco Capital lent $158 million to Suffolk LLC, an entity affiliated with Mr. Sugrue, according to court papers filed by Refco creditors. Mr. Sugrue used the money to buy out minority shareholders of PlusFunds, the creditors say in court papers, adding that since then, Refco units lent another $50 million to entities related to Mr. Sugrue and other PlusFunds shareholders. Of that, $19.4 million went to an entity in which Mr. Sugrue is the sole member, court documents claim.

Several potential acquirers have emerged for PlusFunds, which will be auctioned off in April, according to public disclosures.

Separately, the federal bankruptcy judge overseeing Refco's bankruptcy proceedings ruled yesterday that Refco creditors investigating the brokerage firm's meltdown are entitled to documents from the underwriters of Refco's IPO. The judge also said former Refco directors, including private-equity investor Thomas H. Lee, should be allowed to collect on an insurance policy to cover legal expenses they incur in shareholder suits related to Refco's collapse.

A judge in a criminal case against Mr. Bennett, the former Refco CEO, set two trial dates yesterday -- Oct. 16, with a backup date of March 12, 2007. Mr. Bennett is fighting securities and fraud charges related to the Refco matter. The backup trial date was provided to accommodate Mr. Bennett's lawyer, Gary Naftalis.

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Sarbanes-Oxley Sponsor Defends Measure, Attacks Rollback Effort (WSJ)

By Siobhan Hughes

The Wall Street Journal, March 24, 2006

WASHINGTON -- Sen. Paul Sarbanes offered a sweeping defense of the landmark corporate-governance law he co-authored and suggested that efforts to roll it back are on shaky legal footing.

"We need to remind those who complain that Congress overreacted or overreached in passing Sarbanes-Oxley of several crucial points," the Maryland Democrat said in remarks to the Consumer Federation of America.

The Sarbanes-Oxley Act of 2002 created the Public Company Accounting Oversight Board, bringing the accounting industry under regulation for the first time. It also required public companies to hire outside auditors to monitor their processes for assuring the integrity of financial statements. The law followed accounting scandals that led Enron Corp. and WorldCom Inc., now part of Verizon Communications Inc., to file for the largest bankruptcy reorganizations in U.S. history.

Critics have asserted the law was enacted hastily and created too many burdens for companies. A conservative group has filed a civil lawsuit seeking to abolish the PCAOB. An advisory panel created by the Securities and Exchange Commission is calling for the exemption of the smallest 80% of public companies from a key internal-controls requirement of the law.

"It's asserted by some that the law was enacted in haste," Mr. Sarbanes said. "I think this is an affront to the hard work and the common sense of the members of Congress who shaped the legislation, moved it through their respective houses and voted for it. We had an extremely thorough, careful set of hearings."

Mr. Sarbanes -- who was chairman of the Senate Banking Committee when the law was enacted -- took particular exception to a lawsuit filed by the Free Enterprise Fund, a Washington, D.C., nonprofit group, that seeks to have the PCAOB declared unconstitutional.

"The structure was reviewed by the American law division of the Congressional Research Service and several distinguished professors of constitutional law," Mr. Sarbanes said, and "all approved of the structure."

CRIMINAL LAW:

Judge Investigating Ryan Trial Juror (CHIT)

By Ray Gibson, Matt O'connor And David Heinzmann, Tribune Staff Reporters

Chicago Tribune, March 24, 2006

A federal judge launched an investigation into a juror in the George Ryan trial Thursday hours after the Tribune reported to court officials that public records appear to show the man had hidden a felony DUI conviction from the court during jury selection.

The revelation cast a shadow over the historic prosecution of the former governor, and could potentially lead to a motion for a mistrial or form grounds for the juror's dismissal with deliberations already underway.

Court records matching the suburban juror's name and other identifying information show a conviction for aggravated drunken driving-a felony-while Ryan was secretary of state in 1995.

In a sworn questionnaire filled out by potential jurors before the trial's start last September, the juror answered "no" when asked if he, a close friend or relative had ever been charged or accused of a crime.

State records also show that the driving privileges for a man matching the juror's name had been revoked or suspended on numerous occasions during Ryan's term as secretary of state as well.

On the questionnaire, the juror denied having any "bad experience" with the secretary of state's office and passed on a chance to discuss anything privately with the judge.

The Tribune is not naming the juror because it is the newspaper's standard practice not to name a sitting member of a jury. The Tribune did not contact the juror for comment because doing so could violate a court order not to communicate with jurors during a trial.

The latest twist in the marathon trial came amid indications of dissension in the jury in its second week of deliberations and as the judge warned jurors to treat one another "with dignity and respect."

The Tribune uncovered court records matching the juror's name Wednesday night and notified U.S. District Chief Judge Charles Kocoras in a meeting in his chambers Thursday morning. Kocoros then went to meet with U.S. District Judge Rebecca Pallmeyer, who is presiding over the marathon trial.

By 2 p.m. Thursday, lawyers in the Ryan trial had been summoned to the Pallmeyer's chambers.

Half an hour later, the judge stepped into her courtroom and announced that she had sent jurors home early for the weekend in order to perform "a brief investigation" of a matter unrelated to jurors' recent difficulties in deliberations.

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"This relates to another matter," Pallmeyer told reporters. "It does involve a juror. It does involve a personal matter regarding that juror."

Jurors were dispatched an hour and a half early, but deliberations are scheduled to resume Monday morning. Jurors have deliberated for eight days.

Pallmeyer sealed all information about the investigation and a gag order in the case prevents attorneys from discussing it.

Court records that match the juror's name show an arrest for drunken driving on November 7, 1994, in Palatine. There was a guilty plea on July 25, 1995, in that case and a sentence of 60 days in jail and 30 months of probation imposed, according to the records. It was unclear if any time was served in jail.

In February 1996, the same man was charged with possession of a weapon by a convicted felon and with violating probation, records show.

In October 1996, those charges were reduced to misdemeanors-including reckless conduct and possession of a firearm with no Firearm Owners Identification Card-and the judge did not impose a jail term.

Penelope Campbell, a spokeswoman for the secretary of state's office, said a person matching the juror's name first obtained a driver's license in 1979 but never renewed it when it expired in 1982.

Yet that man continued to drive, records show.

While the secretary of state's office shows the man has only one conviction for driving under the influence, court records show at least three arrests for drunk driving.

That man's driving privileges have been revoked or suspended many times over the years, and he is currently under a six-year license revocation set to expire in mid-2007, Campbell said.

Potential jurors had to sign the questionnaires under penalty of perjury that their answers were "true and correct to the best of my knowledge and belief."

Legal experts said that if the juror is dismissed, the judge could bring in an alternate or even continue deliberations with 11 jurors.

The judge can go with 11 only if a juror is dismissed for "good cause," but lying on the jury form would suffice, said Andrew Leipold, law professor at the University of Illinois.

While the issue might seem ripe for appeal, the Supreme Court has ruled in a civil case that a party in the case must prove a juror's failure to disclose information caused an actual bias, experts said.

Defense lawyers could argue that the juror's conduct should lead to a mistrial, but several experts thought it would be an uphill fight. They noted that defense lawyers have approved the alternate jurors, making it hard to complain if one of the alternates steps in.

But Philip K. Anthony, chief executive of jury consulting firm Decision Quest, predicted that the revelation could result in a mistrial. The defense could argue "the entire panel has been contaminated by the views of this individual," he said.

But past cases show trials and verdicts can be salvaged.

One such case involved violinist Rachel Barton, who won a $30 million judgment from commuter rail service Metra after she fell under a train and suffered severe injuries. Metra unsuccessfully sought a new trial because one juror failed to reveal she filed a lawsuit against a retailer after injuring her hand.

"Typically, much of the resolution of issues like this is placed in the sound discretion of the trial judge," said attorney Robert Clifford, who represented Barton.

In Boston, prosecutors perform regular criminal background checks on jurors after fallout from a 2004 murder trial. After a jury acquitted one defendant, prosecutors learned five jurors concealed their criminal backgrounds.

Experienced trial lawyers in Chicago said lawyers typically don't do background checks on jurors in federal criminal cases, instead relying on an honor system. Anthony said it was also rare across the country.

The lawyers in the case have a duty to report any impropriety, such as a juror lying during jury selection, if they become aware of it, said Jean Rosenbluth, a law professor at the University of Southern California and a former federal prosecutor in Los Angeles.

"If [lawyers on the case] they had even a reason to think it, they would have an obligation to say something," Rosenbluth said.

The potential problems with one juror come amid signs the deliberations had broken down in recent days because of personal rancor.

Pallmeyer had spoken of "personal difficulties" in the deliberations and a juror was overheard Tuesday saying that name-calling had to stop.

In a note issued Thursday morning, Pallmeyer urged that jurors treat one another "with dignity and respect."

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The judge also warned that deliberations must be conducted in the jury room with all 12 present and not in private discussions outside the jury room by clusters of jurors.

Ryan, 72, and co-defendant Lawrence Warner, 67, are charged with using Ryan's offices as secretary of state and governor to enrich themselves, mainly through corrupt state leases and lobbying contracts doled out to Warner.

Tribune staff reporters Rudolph Bush and Michael Higgins also contributed to this story.

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Judge To Ryan Jury: Get Along (CHIST)

By NATASHA KORECKI, Federal Courts Reporter

Chicago Sun-Times, March 24, 2006

Jurors deciding former Gov. George Ryan's criminal case were sent home early today as a "brief investigation" is under way relating to a personal jury matter, U.S. District Judge Rebecca Pallmeyer said.

Pallmeyer said the matter had nothing to do with previous jury notes that revealed discord within the 12-member panel. The judge did not reveal the new issue but told reporters in open court that deliberations were suspended as an undisclosed matter related to the jury is investigated.

She said she expects to release details tied to the new matter but for now kept the issue secret and said jurors will return at 9:30 a.m. Monday to continue their talks. They were dismissed at about 2:30 p.m., ending their eighth day of deliberations.

Earlier today, Pallmeyer admonished jurors in a letter to treat one another "with dignity and respect" and to stop breaking off into smaller groups.

The 12 jurors deciding former Gov. George Ryan's fate are having "personal difficulties" as they try to reach a verdict.

That was in response to two notes jurors sent the judge earlier this week in which they complained they were having "personal difficulties" as they deliberated whether Ryan and his codefendant, Lawrence Warner, are guilty of corruption-related charges.

Pallmeyer told jurors they're barred from discussing the case in smaller groups outside of the jury room, saying any such talk among any smaller groups is a violation of their sworn duty.

"Private discussions about this case outside the jury room among any smaller groups is a violation of your sworn duty," Pallmeyer

Today is the eighth day of deliberations. Jurors are only discussing the case Monday through Thursday and leave every day at 4 p.m.

She also told the jurors they had to follow the instructions on the law that she gave them.

Pallmeyer didn't release the contents of the jurors' notes. But her response indicated conflict brewing among the six men and six women.

"You 12 are the jurors selected to decide this case. In your deliberations, I expect you to treat your fellow jurors with dignity and respect," Pallmeyer wrote. "As I understand from your notes, you may be having some difficulties during your deliberations."

Ryan Jurors Urged To Show 'Dignity And Respect;' Judge Launches Fresh Probe (AP)

By Mike Robinson

AP, March 24, 2006

CHICAGO - The judge at former Gov. George Ryan's racketeering and fraud trial urged stalled jurors Thursday to treat each other "with dignity and respect" and sent them home, saying she was ordering a fresh investigation of a personal matter involving one of them.

The eighth day of deliberations at the five-month trial was alive with speculation but few hard facts about just what kind of turmoil was going on behind the closed door of the jury room.

"In your deliberations, I expect you to treat your fellow jurors with dignity and respect," U.S. District Judge Rebecca R. Pallmeyer said in a note sent to the jury Thursday morning.

The three-paragraph note was a response to two notes sent earlier to Pallmeyer, which she is keeping under seal because they touch on "personal difficulties on the jury."

Her reply seemed to suggest harsh words may have been used among the jurors. It also cautioned them not to break off into separate factions in their search for a verdict.

"I remind you that any deliberations in this case must be conducted only in the jury room among all of you," Pallmeyer said. "Private discussions of this case outside the jury room among any smaller groups is a violation of your sworn duty."

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About 2:30 p.m., Pallmeyer sent the jurors home for the weekend. The jurors haven't been meeting on Fridays.

She said the reason for the early quitting time - the jurors have been working until 4 p.m. - was the launching of "a brief investigation" that she said "does involve a juror - it does involve a personal matter regarding that juror."

Pallmeyer said little more except that the investigation "does not relate to the issues that were raised by the jurors in notes to me earlier in the week."

The Chicago Tribune reported on its Web site Thursday night that the investigation came after the newspaper notified court officials of public records that indicate a juror may not have disclosed a felony DUI conviction in 1995, when Ryan was secretary of state.

During jury selection last fall, the juror answered "no" when asked in a sworn questionnaire whether he ever had been charged with or accused of a crime, the newspaper reported. State records show a driver's license matching the juror's name was revoked or suspended multiple times while Ryan was secretary of state, the newspaper said.

The Tribune discovered the records matching the juror's name and other identifying information Wednesday night and met with U.S. District Chief Judge Charles P. Kocoras in his chambers Thursday morning, the newspaper reported. Kocoras then met with Pallmeyer, the paper said.

On top of that, Kocoras on Thursday barred any photos of the jurors within the courthouse - evidently an effort to take more pressure off the jury.

Ryan, 72, and businessman Larry Warner, 67, are charged in a 22-count indictment with racketeering, fraud and other offenses. Ryan is accused of steering big money state leases and contracts to Warner and other insiders when he was secretary of state and later the governor.

He was rewarded with free vacations and gifts, according to the indictment.

Ryan and Warner say nothing they did was illegal.

What happens in a jury room always is supposed to be secret and the secrecy surrounding this case is all the greater since Pallmeyer imposed a gag order.

But the jurors themselves are anything but a random selection of 12 ordinary Americans.

They all were screened and profiled by psychologists working for a consulting firm brought in by Winston & Strawn, the Loop law firm headed by former Gov. James R. Thompson that is defending Ryan free of charge.

Just how any factions have developed is impossible to see from the outside. There is wide diversity on the jury - black and white, male and female, blue collar and middle management.

Los Angeles-based jury consultant Phil Anthony, chief executive officer of DecisionQuest Inc., said in a telephone interview Thursday that based on the turmoil of the last few days "I suspect that this jury is not going to reach a decision."

But he said that might be prevented if Pallmeyer took strong action to refocus the jury.

Anthony said attorneys at a trial such as Ryan's often start by doing something akin to market research to determine if any defense is likely to result in an acquittal.

If the results are discouraging, they sometimes use jury consultants to isolate one juror who might hold out in their favor no matter what transpires, or perhaps find groups of jurors so antagonistic to each other that they would be unable to agree on any verdict.

In doing that, they routinely look at race, social standing, gender and psychological conflicts that have nothing to do with the evidence or testimony from the witness stand.

"The average jury-eligible American cannot separate their own biases, prejudices or filtering mechanisms from the underlying facts of any given case," he said. "It's human nature."

He shrugged off any suggestion such tactics might be at odds with the ideals of justice.

"This is life and death for the governor," he said. "So if you're the governor's lawyer, your charge is to do everything you can within the parameters of the law to win the case."

Businessman Admits Bribing Philadelphia Councilman (SCCD)

The State College Centre Daily, March 24, 2006

PHILADEPHIA - A businessman friend of a convicted city councilman pleaded guilty Thursday to paying the councilman's health-club dues in exchange for help with a city land deal.

Reinaldo Pastrana faces a possible prison sentence of 2 1/2 years to 37 months under federal guidelines after pleading to three bribery counts, Assistant U.S. Attorney Kenya Mann said. Pastrana's sentencing was set for June 22.

Pastrana, 47, of Philadelphia did not cooperate in the case against Councilman Rick Mariano, who was convicted last week of 18 of 22 bribery and fraud counts.

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Pastrana paid $5,400 for Mariano's membership fees, while Mariano helped him acquire a city property for $100,000, far below its appraised value.

As part of the plea, Pastrana agreed to sell the property and use the proceeds to pay up to $250,000 in taxes that may be owed by him, his wife and his mother.

Pastrana was on parole for failing to pay state income tax at the time of his indictment and has since been incarcerated for violating probation, defense lawyer Brian McMonagle said.

Mariano Ally Pleads Guilty To Bribery (PHI)

By John Shiffman

The Philadelphia Inquirer, March 24, 2006

A Philadelphia real estate developer who paid City Councilman Rick Mariano's gym fees for three years in return for help obtaining city land at a huge discount pleaded guilty yesterday to bribery charges.

Reinaldo Pastrana became the fourth person convicted in the case. The councilman was convicted at trial last week. Two other defendants had previously pleaded guilty, and two more are scheduled to be tried next month.

In the Pastrana scheme, Mariano sponsored and voted for legislation that allowed the developer to purchase 1.4 acres of city-owned property at American and Somerset Streets in Fairhill for $100,000 - a quarter of its market value, officials said.

Two weeks after the mayor signed a bill authorizing the sale, Pastrana began to pay Mariano's gym fees at the Sporting Club at the Bellevue. In all, Pastrana paid three years' worth of dues, or about $5,400.

Last year, after the FBI investigation became public, the councilman gave the developer a backdated check to make it appear as if he had repaid him, prosecutor Kenya Mann said in a court filing. But, she said, Mariano also told Pastrana not to cash the check because he didn't have enough money in his bank account.

Pastrana, who admitted his involvement before the grand jury, pleaded guilty because "he now recognizes that what he did was wrong and wants to get on with his life," said his lawyer, Brian McMonagle.

Pastrana believed he had paid a fair price for the property, McMonagle said, and he paid for the councilman's gym membership because Mariano had asked him to do so.

"Mariano called him up and he couldn't say no," McMonagle told reporters after the guilty plea hearing. "Obviously, he knows now that this is considered part of a federal crime."

Pastrana likely faces about three years in prison. As part of his plea agreement, he also agreed to sell another property to help pay an IRS debt of $250,000.

Mariano, meantime, spent his seventh day at the Federal Detention Center yesterday. U.S. District Judge Lawrence F. Stengel revoked bail after his conviction, pending a psychiatric evaluation to determine whether he poses a danger to himself or to others or is a flight risk.

The evaluation took place Wednesday. No date for a bail hearing has been set.

Mariano is scheduled to be sentenced July 6. Pastrana will be sentenced June 22. The two others who pleaded guilty, Vincent DiPentino and Joseph Pellecchia, are scheduled to be sentenced on May 30.

The two remaining defendants, Louis and Philip Chartock, father-and-son operators of Erie Steel Ltd., are scheduled to go to trial April 24.

Victim's Mother Testifies In 'Mob Cops' Case (NSDY)

By Anthony M. Destefano, Newsday Staff Writer

Long Island Newsday, March 24, 2006

Betty Hydell, the murder victim's mother who helped jump-start the investigation into the so-called "Mafia Cops," testified Thursday but did not identify the two defendants as the men with badges who came looking for her son the day he disappeared.

Hydell, whose son James went missing in September 1986, also didn't testify about how she had reportedly recognized the face of one of the defendants, Louis Eppolito, some years later on a television talk show.

Law enforcement sources have said it was Hydell's recognition of Eppolito's face on an episode of the Sally Jessy Raphael show that helped energize the investigation that ensnared Eppolito and another ex-NYPD detective, Ste- phen Caracappa, on racketeering charges.

Defense attorneys expected Hydell to recount how she reportedly remembered Eppolito's face as one of two men who drove by her Staten Island home looking for her son James the day he went missing. James Hydell, an associate of the mob, was believed to have been killed by former Luchese crime boss Anthony "Gaspipe" Casso. Eppolito, 57, and Caracappa, 64, are accused of being paid assassins for Casso.

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In about 2003, Betty Hydell's call to a Brooklyn detective about the television show helped move the probe of Eppolito and Caracappa into high gear, officials said. Yesterday prosecutors wouldn't comment on their reasons for not questioning Hydell about the incident.

Instead, Hydell, under questioning by assistant U.S. attorney Robert Henoch, described -- but was not asked to identify -- two men who drove to her Staten Island neighborhood looking for James. She testified that she finally drove around the block and caught up with the pair, who were driving a powder blue car and whom she described as being "Italian." Hydell described the driver as being a big man with dark hair and wearing a gold neck chain and the other as dark-haired and thin. Eppolito once had dark hair and did have an affinity for jewelry, photographs show. Caracappa is thin and has dark gray hair.

The driver showed her a badge and Hydell said she told the pair that "you should tell people who you are and what you are doing."

'MOB' MA TURNS UP HEAT (NYPOST)

By Zach Haberman

The New York Post, March 24, 2006

SAYS COPS LOOK LIKE DUO THERE ON DAY SON VANISHED

The heartbroken mother of a murdered mobster testified yesterday that two detectives staking out her home on the day her son vanished looked like the accused Mafia cops.

Trembling nervously as she spoke, Betty Hydell said the shadowy duo told her they were cops, after their actions prompted her to confront them as they sat in a car on the fateful morning of Oct. 18, 1986.

"I asked who they were," she told jurors in Brooklyn federal court. "The driver pulled out a badge. I said, 'You should let people know who you are and what you are doing.' "

Hydell was not asked to identify or whether she recognized former Detectives Louis Eppolito or Stephen Caracappa. But she said of the two stakeout cops: "One was the big one, one was the little one."

Eppolito is heavyset, while Caracappa is thin.

Prosecutors say Hydell's son, Jimmy, was one of eight victims of the alleged dirty duo, who stand accused of leaking information that led to Mafia murders and even carrying out one killing themselves.

Earlier in their racketeering trial, a witness said the two officers were paid $35,000 to kidnap Jimmy Hydell for Luchese crime-family big Anthony "Gaspipe" Casso, who believed the low-level thug had tried to kill him.

Casso wanted Hydell alive so he could kill him as slowly and painfully as possible, according to the witness, Burton Kaplan.

Betty Hydell's testimony was apparently meant to place the officers outside her Staten Island house - stalking her son - the day he vanished.

"He was going to Brooklyn," she recalled, leaning forward on her elbows and trembling slightly. She said her son didn't use his car for the trip, because his brother, Frankie, needed it.

Moments after Frankie left in the vehicle in the late morning, he noticed he was followed by a car with two men. Betty Hydell said Frankie returned immediately. When she looked out her window, she saw the men idling near the family's house.

She said she concocted a plan to uncover the men's identity. First, she told Frankie to drive off in the car - then she followed close behind in her car to see what would happen.

"I wanted to see if they would follow him," she said.

Sure enough, the men did, she testified. Betty called out to the shady pair when they pulled up next to her, asking who they were. She said their badges didn't phase her, since her son Jimmy was frequently the subject of police interest.

"I checked with [the Department of] Motor Vehicles and the plates did not belong to that car. I just assumed they were undercover cops," Betty Hydell recalled

She said she suspected something was wrong only when Jimmy did not turn up for dinner that night - after he had called to say he would be on time. When he wasn't home the next day, she was really worried.

"He never did that before," she testified. "He always came home."

Earlier in the trial, Kaplan said Jimmy Hydell had been turned over to Casso by mobster Frankie Santoro Jr.

Kaplan said the doomed man was delivered directly to Santoro by Eppolito and Caracappa, who had kidnapped him and stuffed him in the trunk of a car, after pretending to pull him over in a legitimate police stop.

The witness said Casso tortured Hydell, shooting him numerous times in places that would be painful - but not fatal. He said Hydell begged his killer to "dump his body in the street" so his mother could find it and collect insurance. Although Casso agreed to this, Hydell's body has never been found.

It had been expected the bereaved mom would link the two men she saw the day her son vanished to the accused cops by testifying she recognized Eppolito promoting his book, "Mafia Cop," on the Sally Jessy Raphael talk show in the 1990s. But she

never mentioned the show. Instead, she abruptly left the stand without pointing out the two cops - and without being cross-examined.

Betty Hydell's recollections about the talk-show appearance were left out because it could not be determined if she saw Eppolito before or after his face started being connected to Casso in the press, sources said.

"I thought she was going to have to point them out," her daughter, Elizabeth Hydell, said outside court.

Eppolito's one-time goumada also the stand as a surprise witness.

Cabrini Cama was eyeballed up and down by Eppolito's wife, Fran, as she walked into the courtroom. Then she testified her Brooklyn home wasn't just where Eppolito committed adultery.

She said the bulging ex-detective once brought Kaplan there for a brief meeting, but did not know the topic of conversation.

Testimony Against Mafia Cops A Dud (NYDN)

By JOHN MARZULLI, DAILY NEWS STAFF WRITER

New York Daily News, March 24, 2006

Victim's ma holds back

The mother of murder victim James Hydell got her shot at the reputed Mafia cops in court yesterday - and fired blanks.

Betty Hydell, 68, was expected to identify Louis Eppolito and Steven Caracappa, her son's alleged killers, as the two men who had cased her Staten Island house on Oct. 18, 1986, the day he disappeared.

Hydell also had told an investigator from the Brooklyn district attorney's office that she recognized Eppolito in 1992 when he was promoting his autobiography on Sally Jesse Raphael's talk show.

But prosecutors apparently decided not to subject Hydell to tough cross-examination over conflicting statements she gave about the incident to the FBI and the Drug Enforcement Administration, because the evidence so far against the defendants appears to be strong.

Hydell, 68, told the jury only that she noticed two men in a blue car making passes by her home. She got in her car and drove up alongside their vehicle.

"I asked who they were," she told the Brooklyn Federal Court jury. "The driver pulled out a badge. I said, 'You should let people know who you are and what you're doing.' "

She described the driver as "the big one" wearing a white shirt and a necklace. The passenger was "the little one." Both appeared to be of Italian descent, she said.

Eppolito is stout, and Caracappa is rail thin. Hydell was not asked to identify them in court.

She went on to describe how the last contact from her son, James, was a collect call he made from a pay phone in Brooklyn about 2:40 p.m.

Authorities contend the cops were looking for James Hydell on orders from Luchese crime family underboss Anthony (Gaspipe) Casso, who had survived an assassination attempt by several gunmen, including Hydell.

Eppolito and Caracappa allegedly found Hydell outside a coin laundry in Brooklyn and turned him over to Casso, who tortured and killed him, officials said. His body has never been found.

Outside court, Betty Hydell's daughter, Liz, said she was "shocked" that her mother's testimony was so brief.

"I have no idea what's going on," she said. "I thought she was going to point him \[Eppolito\] out."

Eppolito's lawyer, Bruce Cutler, said he, too, was expecting the witness to make the connection to his client.

"It surprised me that the government didn't try to adduce that," he said.

Neither Cutler nor Caracappa's lawyer, Edward Hayes, asked her a single question on cross-examination.

Witness In Detectives' Trial Testifies About His Own Crimes (NYT)

By Alan Feuer

The New York Times, March 23, 2006

Steven Corso — tax cheat, thief and disgraced accountant — has spent the last two days at the racketeering trial of Louis Eppolito and Stephen Caracappa telling jurors that the two detectives moved to Las Vegas in the early 1990's and committed a smattering of federal crimes.

He testified that last year they helped arrange a 2-minute-19-second drug deal, in which Mr. Eppolito's son was secretly recorded selling an ounce of methamphetamine for $900. He also said that a few weeks later Mr. Eppolito, a struggling screenwriter, accepted $14,000 as an investment in a script he was looking to produce — money, the witness said, that supposedly came from a drug deal in Florida.

Today, Mr. Corso, with his pomaded hair and designer suit, underwent a bitter, if quizzical, cross-examination. He acknowledged he was the sort of man who would talk with his mouth full of bruschetta and who had first approached Mr. Eppolito

by pretending to be interested in his daughter. He also admitted to stealing $5,329,566 from his former firm — money he said he had spent on a life style of "girlfriends, jewelry and going out."

Mr. Corso, the government's chief witness in the trial's Las Vegas phase, traveled through the city wearing a recorder and acting as an oral historian of its underworld — a sort of Studs Terkel of Las Vegas crime. His testimony — and his tapes — are crucial to the prosecution because they allow the government to argue that the two defendants engaged in a criminal conspiracy that stretched from Brooklyn murder in the 1980's to a Las Vegas drug deal just last year.

Judge Jack B. Weinstein broached the topic of the statute of limitations — five years in a conspiracy case — before Mr. Corso took the stand. As prosecutors begin to wrap up their case, the judge said the issue was "coming to a head."

The first round of cross-examination was by Mr. Eppolito's lawyer, Bruce Cutler, who sought to paint the 50-year-old Mr. Corso as a debauched and profligate government pawn: a man, he said, who left $600,000 in "unpaid lines of credit at various and sundry casinos."

On Wednesday, Mr. Cutler, who has a taste for eloquent aggression, impugned Mr. Corso's professional conduct and patriotism, then lambasted him for having stooped so low as to record Mr. Eppolito while he was recovering from heart surgery in a hospital room.

LI Sting Halts Siberia Scheme (NSDY)

By Robert E. Kessler, Newsday Staff Writer

Long Island Newsday, March 24, 2006

Feds arrest 4 on fraud charges, alleging that they tried to bilk $3 billion from Nassau investor with a promise to build an oil pipeline in Russia

The only thing that was real yesterday was the Republic of Buryatia.

Four alleged con men believed they were about to collect $3 billion yesterday from a wealthy Nassau County hedge fund operator for the "construction" of an oil pipeline through that obscure Siberian region, federal officials said.

But the four - including two alleged bankers from a Georgia Indian tribe - ended up being arrested on fraud charges by federal agents on Long Island, in Montana and in Georgia. The agents were running a sting operation aimed at financial confidence men.

In several months of negotiations on Long Island, the four alleged confidence men claimed that they were the representatives of the Republic of Buryatia, whose government was planning to build a 2,500-mile oil pipeline through Siberia, according to Assistant U.S. Attorney James Miskiewicz and court records.

Initial collateral insuring the financial safety of the project was allegedly $10 billion in American treasury bonds that had been loaned to the republic by the U.S. government in the 1990s, Miskiewicz said. The men claimed the bonds were being used as leverage to get even more money for the "Trans Siberian Oil Pipeline." The hedge fund operator was promised very high rates of interest for his $3 billion, officials said.

Buryatia is an autonomous Russian region in southeastern Siberia with a population of about a million, many of whom are of Mongolian descent living as nomadic herders. But the alleged confidence men had no connection to Buryatia, nor had the U.S. government loaned the land the billions of dollars, officials said.

The hedge fund operator was an unidentified Long Island man who had pleaded guilty to securities fraud and worked on sting operations for the FBI and the U.S. Postal Inspection Service to get a lighter sentence, according to court documents.

During the course of the sting operation, the alleged confidence men produced documents supporting their role in the project and the existence of the $10 billion in various types of U.S. treasury financial instruments, but all of the documents were forged, officials said.

Rodney Sampson was arrested on Long Island yesterday when he came to meet with the hedge fund operator to finalize the $3-billion investment.

Sampson said he was the chief operating officer of the Magnolia International Bank and Trust in Atlanta, officials said. On its Web site, Magnolia identified itself as organized under the laws of the Nu Altamaha Yamassee Indian nation and serving as the central bank for that tribe and other Indian tribes. Officials said the Yamassee are not recognized by the federal government as an Indian tribe, and the bank was actually a one-page Web site with an address of a public housing project.

James Campbell Jr., of Clarinda, Iowa, also was arrested when he came to the Long Island meeting.

In Atlanta yesterday, federal agents arrested Emerson Corsey, the supposed chief financial officer of Magnolia; and in Whitefish, Mont., agents arrested John Juncal, who identified himself as Buryatia's counsel in the United States.

Sampson and Campbell were arraigned before Magistrate Michael Orenstein in U.S. District Court in Central Islip, where they were held without bail as flight risks.

Campbell's attorney, Richard Miller of Islandia, and Sampson's attorney, federal public defender Michael Weil, declined to comment after the arraignment, as did prosecutor Miskiewicz.

Corsey and Juncal were scheduled to have hearings later in the day in Georgia and Montana.

Given the amount of money involved in the alleged fraud, the four face up to 20 years each in prison if convicted.

Flint Man Charged With Producing Child Pornography (AP)

AP, March 24, 2006

Prosecutors Will Seek Maximum Sentences, Avoid Plea Deals

DETROIT -- U.S. Attorney Stephen Murphy on Thursday announced child pornography charges against a Flint man and said he was launching a new initiative to crack down on what he said is a growing Internet trade in such images.

Alan Sain, 25, was indicted Wednesday on charges that he enticed, coerced and used a child to engage in sexually explicit conduct and produced pictures of the acts. He is also accused of transporting child pornography in interstate commerce and with possession of child pornography.

Sexual exploitation of children and transportation of child pornography are each punishable by up to 30 years in prison. Possession of child pornography is punishable by up to 10 years in prison.

In an affidavit that accompanied an initial complaint against Sain filed last week, FBI Special Agent Jennie McGlynn Emmons described posting a profile on several Yahoo! interest groups she said were associated with child exploitation. Emmons said Sain contacted her, chatted online with her and sent her child pornography.

Sain claimed he was the adult in the images and as proof offered a picture of what appeared to be the same couch as one visible in the pornographic images, according to Emmons' affidavit.

A message seeking comment was left Thursday for Sain's attorney.

In announcing the charges against Sain, Murphy also unveiled a new Child Protection Initiative out of his office, which covers the eastern district of Michigan.

Under the initiative, prosecutors in Murphy's office will seek the maximum sentences for child exploitation offenses and will not make plea deals. Seven assistant U.S. attorneys will be designated to receive special training on handling child exploitation cases, and an Internet safety program will be offered at local schools.

Murphy said the initiative was in the works before the Sain case and was "prompted by what I have (found) to be a disturbing uptick in the number of these cases that we're seeing."

Nationally, the illicit child pornography trade is estimated to do $3 billion in business annually, he said.

In Michigan, there are about 65 open child exploitation cases "and more in the pipeline from federal agencies." In 2000, when Murphy was an assistant U.S. attorney, the office had fewer than 10 such cases, he said.

"It's totally associated with the Internet," he said, adding that investigation of such crimes had also increased since that time.

U.S. Beefs Up Child Porn Fight (DEN)

Detroit News, March 24, 2006

U.S. Attorney's office will seek maximum penalties, including against a Clio man charged with abuse.

DETROIT -- The U.S. attorney's office will seek maximum penalties for all who abuse or exploit children as part of a new initiative announced Thursday to fight child pornography.

U.S. Attorney Stephen Murphy said he has assigned seven assistant attorneys, led by Assistant Attorney John O'Brien, to become experts on child exploitation cases.

Murphy's office also will work more closely with other federal, state and local law enforcement agencies and will launch an Internet safety and awareness program in local schools, he said at a news conference in Detroit.

"If we can't do all we can to protect (children), then we can't do much," Murphy said. "We intend to put these sick individuals in jail for as long as we possibly can."

Murphy also announced a three-count indictment against a Flint-area man on child pornography charges.

Alan Sain, 28, of Clio is charged with enticing a child to engage in sexually explicit conduct, transmitting child pornography and possessing child pornography.

Sain, through e-mail contact with an undercover officer posing as a mother of a young girl, tried to set up a sexual encounter with the girl, officials said. Officials have evidence Sain abused a child or children and produced pornography himself, Murphy said.

But he would not comment on the age of the child or children allegedly involved or whether officials had been able to locate any of the children pictured in images Sain allegedly transmitted.

Sain, who is in custody and is to be arraigned in federal court in Flint on Monday, could not be reached for comment.

Under the policy announced Thursday, Murphy would seek a 30-year prison term on the enticement charge, which carries a minimum penalty of 15 years in prison upon conviction.

Murphy said child pornography is a $3 billion-a-year business and growing, with up to 3,000 child predators using the Internet at any given time. The eastern district of Michigan has 65 child exploitation cases under investigation, he said.

Former Scout Leader Sentenced For Child Porn (AP)

AP, March 24, 2006

ATLANTA (AP) — A north Georgia man who served more than five years as a Boy Scout troop leader has been sentenced to probation and home confinement for possessing dozens of video clips of child pornography, authorities said.

Samuel J. Port, 35, of Ball Ground, was sentenced Wednesday in federal court to eight years probation and six months of home confinement for possessing dozens of video clips of child pornography, according to a news release from the U.S. Attorney's office in Atlanta.

Port came to the attention of the FBI after he brought in his employer-owned computer for maintenance, according to the release. A service technician spotted the items on PORT's computer and notified authorities.

The FBI did a forensic scan of PORT's computer and discovered more than 100 movie clips containing pornography related to young boys. PORT, who has no children, had been active in a local boy scout troop for over five years, according to the release.

PORT was indicted in July 2005 and pleaded guilty in January to a single count of possessing child pornography. Assistant United States Attorney Robert C.I. McBurney prosecuted the case.

Four Men Charged In Nigeria E-mail Scam (CNET)

By Anne Broache, Staff Writer, CNET News.com

CNET News, March 23, 2006

A quartet of suspected e-mail scammers--three of them Nigerian citizens--could face scores of years in prison if convicted on fraud and conspiracy charges, the U.S. Justice Department said Thursday.

A grand jury in Brooklyn, N.Y., on Wednesday charged Nnamdi Chizuba Anisiobi, Anthony Friday Ehis, Kesandu Egwuonwu and another unnamed defendant with one count of conspiracy, eight counts of wire fraud and one count of mail fraud. Anisiobi also faces one count of bank fraud.

According to the Justice Department's charges, New York-based victims of the e-mail scams lost more than $1.2 million to the fraudsters.

Their schemes resembled a popular fraud ploy, sometimes called a 419 scam, or an advance-fee scheme, that has dogged the African nation. Their perpetrators typically send letters and e-mails to thousands of victims, offering a large sum of money and attempt to dupe them into paying fees beforehand. The criminals then pocket the cash and shirk their end of the fake bargain.

One incident described in the 27-page indictment involved a suspect who posed as a suffering throat-cancer patient native to the Southeast Asian nation of Brunei. He said he was too ill to distribute his cache of $55 million to charity and needed help, promising a 20 percent commission in return. But anyone who fell for the offer encountered a number of bogus "shipment" and processing fees numbering in the tens of thousands of dollars.

Three of the suspects were first arrested in February in Amsterdam, where they were living at the time. They are being held by authorities until their extradition to the United States. The fourth suspect is a fugitive.

If convicted, they could face up to 20 years in prison for mail and wire fraud, 30 years for bank fraud, and five years for the conspiracy charge.

Dutch authorities, which initiated the investigation, are no strangers to dealing with suspected Nigerian scammers. In 2004, their bust of a suspected ring yielded 52 arrests.

Last year, a Nigerian court sentenced a woman to two-and-a-half years in prison after she pleaded guilty to conspiring in what was called the nation's biggest scam case ever--a $242 million fraud incident involving a Brazilian bank. The country has stepped up its focus on the problem in recent months, teaming up with Microsoft and British officials to spread warnings about scammers.

Prosecutors Seek Death Penalty Against Kingpin, Delaying NY Trial (AP)

By TOM HAYS, The Associated Press

AP, March 23, 2006

DOJ_NMG_0020892

NEW YORK (AP) — The murder conspiracy trial of a notorious crack kingpin with ties to the rap music industry was postponed on Thursday after prosecutors told a judge that the Department of Justice wants him and his four co-defendants to face the death penalty.

U.S. District Judge Frederic Bloch rescheduled the trial of Kenneth "Supreme" McGriff, previously set for April 3, for April 17. He said he would rule by April 10 on the government's death penalty request.

At a hearing in federal court in Brooklyn, defense attorney David Ruhnke called the government's request an 11th-hour "sham" imposed by a pro-death penalty Justice Department and designed to buy prosecutors more time to prepare their case. He argued that the allegations don't meet the federal standards for a capital case.

Seeking death for defendant Nicole Brown — accused of being a lookout in the 2001 retaliation slaying of a rapper known as E-Money Bags — in particular "is simply absurd," he said.

Prosecutor Carolyn Pokorny insisted the request was legitimate, saying, "It's something that got a really close look in Washington."

McGriff was founder of the Supreme Team, once one of the city's most violent drug crews. Investigators allege that after he finished serving about nine years for drug conspiracy in 1997 he set about reviving his drug-dealing operation.

Cooperating witnesses have told investigators McGriff admitted killing E-Money Bags in Queens. He also allegedly arranged the Baltimore killing a month later of a suspected informant in his drug organization.

McGriff originally was indicted along with his friend Irving Lorenzo, founder of Murder Inc. and the producer of chart-topping acts like Ja Rule and Ashanti. After being granted a separate trial, Lorenzo and his brother Christopher Lorenzo were acquitted late last year of money laundering charges.

Prosecutors had said McGriff funneled more than $1 million in drug proceeds, much of it from Baltimore, through Murder Inc. in return for serving as the Lorenzos' protector and enforcer. A government witness who worked at the label testified he saw a "huge amount" of money delivered in shopping bags and a shoe box in 2000.

In court papers filed Thursday, prosecutors argued that McGriff deserved the death penalty because the killings were premeditated and because he has an extensive criminal record.

"The defendant poses risk of future dangerousness as manifested by a continued pattern of violence" and a "lack of remorse," the papers said.

Alva Doctor Indicted For Health Care Fraud (ALVARC)

Alva (OK) Review-Courier, March 24, 2006

Oklahoma City, Oklahoma — An Alva physician was indicted today for fraudulently billing Medicare for the administration of significantly more medication than was actually given to his patients. DR. GREGORY GLASE PINEGAR, 42, of Alva, Oklahoma, was charged with two counts of health care fraud by a federal grand jury indictment, which also seeks forfeiture of $422,838.57.

Dr. Pinegar is a family practice physician operating his own medical offices in Alva, Oklahoma, who served approximately 300 Medicare eligible patients.

The indictment focuses on two prescription medications: Procrit and Remicade. Procrit is administered by injection and is primarily used to treat anemia in patients with serious kidney disease as well as anemia caused by certain medications, such as some types of chemotherapy and medications to treat HIV. Remicade is administered by intravenous infusions and primarily used to treat patients with moderate to severe Crohn's disease or used to reduce signs and symptoms of rheumatoid arthritis in adults.

The indictment alleges that after Dr. Pinegar or a nurse would give the Procrit injections or supervise the Remicade IV infusions, they would mark the amount of medication given on an office billing form.

Before his office sent the billing information to Medicare the indictment alleges, Dr. Pinegar would fraudulently alter the billing forms to show that his office had administered drugs that were not actually administered or that his office had administered drugs in quantities greater than actually administered.

Specifically, the indictment alleges that from January of 2000 through May of 2005, Dr. Pinegar's office ordered no more than approximately 7,400,000 units of Procrit from suppliers but billed Medicare for approximately 19,750,000 units, totaling $184,502.32.

The indictment also alleges that during that from January of 2003, through May of 2005, Dr. Pinegar's office ordered no more than approximately 49,600 milligrams of Remicade from suppliers but billed Medicare for approximately 112,110 milligrams, totaling $526,160.25.

If convicted, Pinegar faces up to ten years in prison, a fine of up to $250,000, mandatory restitution, and forfeiture of $422,838.57.

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The case is the result of an investigation conducted by the Office of Inspector General for the U.S. Department of Health and Human Services and the Federal Bureau of Investigation.

This case is being prosecuted by Assistant U.S. Attorney Scott E. Williams.

The public is reminded that the indictment is merely an accusation and that the defendant is presumed innocent unless and until proven guilty.

Reference is made to the indictment for further information.

Betting The 'Net Internet Sports Wagering Gaining Popularity With Locals (LVS)

By Liz Benston, Las Vegas Sun

Las Vegas Sun, March 24, 2006

Before Steve Fezzik put money on today's Texas-West Virginia game in the national men's college basketball championship, the Las Vegas man did some comparison shopping online.

A quick search of Internet sports books revealed average offers for bets that the total points made during the game would fall under 132. But Fezzik, a handicapper and frequent sports bettor, already knew that a couple of Vegas casinos had better odds.

On Sunday, he bet $2,000 on the game to go under 134 at the Palms and put another $500 to go under 134.5 at the Las Vegas Hilton.

Online, or "offshore" sports books might seem irrelevant in a town with dozens of sports books and more than 35 on the Strip alone.

That couldn't be further from the truth.

Online sports betting sites aren't just flourishing in the rest of the country, where sports books are illegal everywhere except Nevada. Internet sites have found a hot spot in Nevada and especially in Las Vegas, home to one of the biggest concentration of gamblers and a place where bettors come from all over the world to hone their skills.

No one knows how much of this year's estimated $118 billion in online sports book bets will be made by Nevadans.

But experts say it's a large and growing number of people that includes many pros and even more amateurs who follow sports. Analysts expect the NCAA playoffs to attract at least $300 million in online bets, a 20 percent hike from last year. Some say the event is closing the gap on the Super Bowl, the No. 1 betting event in the country, which generated an estimated $500 million in online wagers this year.

"Anyone who really knows what they're doing is going to consider betting offshore as well as in Vegas," Fezzik said.

While pros have largely gravitated online, Internet sports books, like the multitude of online poker sites that have sprung up in recent years, are largely the realm of occasional bettors.

Amateurs come out in force during March Madness, a 65-team, 64-game event that attracts hordes of fans who make sentimental bets that their college team will win - or at least beat the point spread.

"They make their picks for their office pool, and now that they've thought about it, they think Boston College will beat Pacific by eight points," said Alex Czajkowski, marketing director for the U.S. division of Sportingbet, the world's largest online sports book.

Sports books have become brand-conscious giants of Internet commerce. Some of the biggest are traded on the London Stock Exchange, where that country is in the process of legalizing online gambling. There's now a sports book for every taste. Costa Rican site Bodog.com uses ads with leggy models to market to casual sports and poker players, while Pinnacle Sports is heavy on numbers rather than art, attracting regulars or "sharpies."

Like other major Internet companies, Sportingbet has a full-fledged advertising campaign that consists of billboards and television ads in the United States. The company has a billboard in New York's Times Square and in several other major cities, including Las Vegas.

"Vegas is where all our customers go," Czajkowski said. "But you can't just jump on a plane to Vegas every time you want to place a bet."

Sportingbet, which is headquartered in London and operates its computer servers from the Caribbean island of Antigua, isn't a law-abiding company, according to the Justice Department. Online sports betting also is considered illegal in Nevada, which prevents the transmission and placement of wagers by entities that aren't licensed by the state Gaming Control Board and Nevada Gaming Commission.

The Justice Department says Internet gambling is illegal in the United States based on a law known as the Wire Act. Some legal experts say the law, intended to combat illegal bookmaking by the Mafia in the 1960s, is outdated and doesn't apply to traditional casino games and poker games played online. But they generally agree that sports books are on much shakier legal ground.

"I think the law is fairly clear that if you're accepting (sports wagers) from the U.S., you're probably violating the Wire Act," Las Vegas attorney and Internet gambling expert Tony Cabot said.

The law was clarified in 2000 when Jay Cohen became the first person to be convicted for running an offshore gambling operation that accepted bets from Americans. That case determined that the bets occurred both in the United States and Antigua, and that Cohen violated U.S. law.

That hasn't deterred Internet operators, who say they are licensed in foreign countries where the wagers are accepted.

After the Cohen case, the Justice Department began sending out letters to media companies that took Internet gambling ads saying they could be "aiding and abetting" illegal activity. The feds took it one step further with The Sporting News Internet and print publications. In January, the company agreed to a $7.2 million settlement with the government for advertising online gambling sites. The settlement requires the Sporting News to run public service radio ads telling listeners that online gambling is illegal. Those spots have run nationwide, including in Las Vegas.

Sportingbet and other operators have found creative ways to promote their wares in the United States, particularly around events like March Madness. The company has still had difficulty running television ads, even ads for the company's educational sports tips Web site, called sportsbook.net.

"The Department of Justice has scared media owners into submission," Czajkowski said. "That was a few years ago, and every now and then (the DOJ) will send a letter around or make a few calls. Everyone is still pretty jittery about it."

The company's preferred marketing method is billboards, which are grabbing the attention of potential customers while appearing to fall under the government's radar screen.

BetOnSports, another top sports book, also has an aggressive ad campaign that includes billboards as well as taxicab signs, public transit posters and radio spots.

"It's been a struggle" to advertise under the Justice Department's watch, Betonsports.com spokesman Kevin Smith said. The company, also traded on the London Stock Exchange, is based in Costa Rica but is licensed in Antigua, where its computer servers take bets.

Instead of promoting a nongambling ".net" site like other Internet sites have done, the company's radio ads simply mention the "Betonsports" brand and an 800 number where callers can learn sports lingo and betting tips. That number is different from the number customers call to make a bet, Smith said.

Like any maturing industry, online books are aiming to grow by diversifying their businesses beyond just sports. Many now offer other casino games and have been particularly successful capitalizing on poker, which attracts many people who also bet sports.

"There's a great synergy between the two," Czajowski said. "People come online to play poker, and they're comfortable going and making a sports bet on the side."

Last year Sportingbet reconfigured its various Web brands so that customers can jump from one game or bet to another without registering all over again. Within seconds, customers can take their poker winnings and use that to bet on basketball, for example. Sites also are looking to expand beyond the United States, where business is expected to grow more slowly than other parts of the world in the years to come in part because of regulatory uncertainty.

Betonsports.com recently acquired an Asian sports book and is heating up its marketing efforts in Asia, one of the fastest-growing markets for gamblers, Smith said.

Meanwhile, sports fans across the United States are becoming more comfortable with online books in large part because of widespread televised broadcasts of poker tournaments and the mainstream appeal of online poker. Professional gamblers are abandoning longtime relationships with illegal bookies and gravitating online, experts say.

Illegal bookies maintain one key advantage: most accept bets without requiring the cash up front.

While bettors often pride themselves on their in-depth knowledge of a particular sport or even buy recommendations at hefty prices, a successful sports bet often turns on the difference between a point or even a half a point.

For bettors like Fezzik, that means refining their search for the best line - a search that's far easier to do online.

"You can drive around to 10 sports books in town and it'll take you three hours or you can look at 10 sports books online in three minutes," said Ted Sevransky, a local sports handicapper and radio personality known as "Teddy Covers."

Like the search for an undervalued stock, more sports bettors are approaching their bets like investments. Sports bettors now use sophisticated tools such as computer software that can post lines for more than 50 online sports books on one screen, allowing the bettor to find the best offer in seconds.

"The more sports books you visit the more chance you have of finding a game that's slightly misspriced," Sevransky said.

Searching for the best line most often separates the winners from the losers, Fezzik said. Online books will have better lines some of the time but not always, as in the case of the Texas-West Virginia game, he said.

"The most important aspect of sports betting is to get the best number," he said.

There's other advantages to betting online, gamblers say. Besides a shot at better odds, online sports books sometimes offer a reduced vigorish, or the fee bettors pay the casino to place a bet. While Las Vegas casinos typically offer $100 for every winning bet of $110, some Internet sites offer $100 on a $105 bet - a big difference for gamblers wagering hundreds or thousands of dollars at a pop.

Then there are other special offers, like million-dollar contests that are similar to casino contests but may offer bigger prizes because of the greater number of potential customers online promotions can attract.

Las Vegas casinos ultimately will benefit from the growth of online sports books, experts say.

"Ultimately it's good for the casinos," said Anthony Curtis, publisher of the Las Vegas Advisor consumer newsletter. "They'll get more players, more of them will come to Vegas, and when they're in Vegas, they'll make sports bets."

Czajkowski, a frequent visitor to Las Vegas, said online betting will never replace the real thing.

"Online gamblers love coming to Vegas - you haven't lived until you've been to Vegas." Liz Benston can be reached at 259-4077 or at benston@lasvegassun.com.

NCAA Gets Proactive On Gambling (KDKA-TV)

KDKA-TV, March 24, 2006

(CBS) ATLANTA Before the West Virginia Mountaineers took the practice court Thursday, the team had a little sit-down — with the FBI.

Special agent Tom Metz was invited by the NCAA to explain to the players how gambling on sports, especially on games involving their own teams, could ruin their lives, reports CBS News correspondent Jim Acosta.

"You have a lot of people out there. They want to be your friends for the wrong reasons," Metz tells the West Virginia players, who face Texas on Thursday night in the Sweet 16 of the tournament.

"We are trying to say to the student-athlete [that] they have a lot to lose," Metz adds.

NCAA gambling official Rachel Newman-Baker told the players, "If it's an NCAA-sponsored sport at either the college or professional level, you would not be allowed to bet on it, OK?"

This year athletic officials expanded their anti-betting program from the tournament's Final Four teams to the Sweet 16. It's an admission that the problem is bigger than the NCAA once thought.

Three years ago, an NCAA survey found 29 percent of its Division I male athletes had bet on sports — and that 2 percent had actually been asked to throw a game. Forget the figures on the scoreboard, those are the numbers that make the NCAA nervous.

The NCAA's biggest fear is "point-shaving," where gamblers manipulate players into missing shots or playing weak defense in order to bring the final score within the "point spread" set by oddsmakers in Las Vegas, where betting on the games is legal. A difference of a couple of points in the final score can mean winning or losing hundreds of thousands of dollars.

Stevin Smith was sent to prison for shaving points at Arizona State University in the early 90s. "I made a hell of a mistake that cost me my NBA career," Smith says.

Smith plays now in Russia. In a rare interview, he told CBS News that the pre-game lectures will make a difference.

"That's something that should have happened a long time ago. I think it would have prevented some things. It would have prevented me from doing what I did ... had I known the consequences," Smith admits.

West Virginia coach John Beilein welcomed the FBI visit.

"I wish they listened to me that attentively in some of our meetings because our guys were on the edge of their seat," Beilein says.

Just in case, the NCAA stays in constant contact with gambling officials in Las Vegas, as well as with the FBI, to get the message across.

Former Financier Resentenced To Prison (AP)

By MATT APUZZO, Associated Press Writer

AP, March 24, 2006

NEW HAVEN, Conn. — A federal judge ordered Martin Frankel on Thursday to serve the same sentence he got in 2004 for stealing $200 million from insurance companies — nearly 17 years in a federal prison.

The former financier was ordered resentenced after a Supreme Court ruling last year gave judges more leeway in their use of sentencing guidelines.

During a brief hearing in U.S. District Court, Judge Ellen B. Burns said she saw no reason to alter the sentence.

"It seemed to me, that was the appropriate sentence to impose," she said.

DOJ_NMG_0020896

Frankel, 51, wearing baggy brown prison scrubs and large glasses, stroked a long gray beard that he grew in prison as Burns reread the 200-month sentence. He spoke only briefly, asking Burns to note that he is at risk in prison.

Burns said she would. Defense attorney William Koch elaborated after court, saying the highly publicized case, which inspired two books, made Frankel "particularly vulnerable" to physical assaults in prison.

He will be eligible for release in 2015, according to the U.S. Bureau of Prisons. Frankel is serving his sentence at the federal prison in Otisville, N.Y.

Frankel was convicted of taking over and looting insurance companies in Arkansas, Mississippi, Oklahoma, Missouri and Tennessee.

He bought the insurance companies through a trust set up to hide his involvement, since he was barred from securities trading because of a similar scheme he committed years before in Ohio.

He claimed that he was investing the companies' assets, but instead stole the $200 million to pay for a two-house compound in Greenwich, luxury cars and several girlfriends, some of whom he met through ads for kinky sex.

Prosecutors said Frankel was motivated by greed, sexual desire and a lust for the high life.

Frankel fled the country in May 1999 shortly after a meeting with Mississippi regulators, who questioned his management of several insurance companies.

He was arrested in Germany four months later and pleaded guilty to 24 counts of fraud and racketeering in 2002.

U.S. Files Penny-Stock Mob Case (WSJ)

By Chad Bray

The Wall Street Journal, March 24, 2006

NEW YORK -- Men the government identifies as members of the reputed Colombo and Luchese organized-crime families were charged with manipulating the market for penny stocks as part of a broader racketeering case in Brooklyn.

In an indictment unsealed yesterday, the Justice Department's U.S. attorney's office in Brooklyn alleged that at least six of 10 men the Federal Bureau of Investigation arrested on racketeering charges secretly controlled at least 15 branch offices of brokerage firms in the New York City boroughs of Brooklyn, Manhattan and Staten Island, through which the men ran a scheme to artificially inflate the price of the stocks.

Prosecutors said brokers misrepresented prospects of certain stocks to potential investors in exchange for large commissions. They said the defendants then sold their holdings in those stocks at inflated values, costing investors $20 million.

Named in the indictment specifically as operating through the branch offices were John Baudanza, 36 years old; Jerry Degerolamo, 34; Arthur Gunning, 40; Craig Leszczak, 31; Craig Marino, 36, and Robert Podlog, 32. Also indicted and arrested were Ronald Giallanzo, 35; Vincent Rossetti, 40; Joseph Baudanza, 61; and Carmine Baudanza, 63. Charges range from racketeering and extortion to conspiracy and securities fraud.

Joel Winograd, a lawyer for Joseph Baudanza, said his client has asserted his innocence and believes the indictment is a "farce." "He awaits his day in court and he will be vindicated at the end of this proceeding," Mr. Winograd said. "He knows as much about stocks as Joseph Stalin."

Michael Rosen, a lawyer for Mr. Podlog, said the indictment is merely an allegation and everyone who is charged with a crime is presumed innocent. "Any federal judge will tell you the indictment is nothing," Mr. Rosen said. "Evidence comes from the witness stand. We have had no witnesses."

A lawyer for Mr. Marino declined to comment; lawyers for the others couldn't be reached for comment.

Prosecutors allege the prices of more than a dozen stocks were artificially manipulated. They included shares of:

Legends Sports Inc., Axxess Inc., HTTP Technology Inc., Learner's World Inc., Rollerball International Inc., SIMS Communications Inc., Flexweight Corp., Rick's Cabaret International Inc., Blini Hut Inc., Orex Gold Mines Corp., Motorsports USA, Evans Systems Inc., Silver Star Foods and America's Hedge Fund.

Many of the stocks, which were allegedly referred to as "house stocks" by the defendants, were traded on the OTC Bulletin Board or the Nasdaq small-cap stock market (later renamed Nasdaq Capital Market), the government said. They were mostly small companies, start-ups or companies that did no business at all, according to the indictment.

Woman, 24, Says Neighbor Held Her Captive For 10 Years (NYT)

By Ian Urbina

The New York Times, March 24, 2006

A girl who vanished more than 10 years ago was reunited yesterday with her mother in a Pittsburgh suburb two days after confiding to a store owner that she was being held captive, the police said.

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"I guess she just chose me to lean on," said Joe Sparico, owner of J. J.'s Deli Mart in McKeesport, Pa., where the young woman, Tanya Nicole Kach, broke into tears on Tuesday while telling him that she was living with a man against her will. "I'm just glad she's happy and home now."

Ms. Kach, now 24, was 14 when she was reported missing on Feb. 10, 1996, after walking out of her father's house, two miles from where she said she had lived in secrecy.

"We're investigating this further, but I have to tell you there is still a lot we need to figure out," said Charles Moffatt, superintendent of the Allegheny County Police Department.

Ms. Kach said she had been living against her will with Thomas Hose, 48, a security guard at Cornell Intermediate School in McKeesport, where Ms. Kach was an eighth grader when she was reported missing, Mr. Moffatt said. For the first four years of captivity, she told the police, she was never permitted to leave the two-bedroom house, and Mr. Hose threatened to kill her if she told anyone about her captivity.

Locked in his bedroom, she was often forced to use a metal can for a toilet, she said, and even though he shared the house with his parents and his 22-year-old son, he forbade anyone to let her out, Ms. Kach told Mr. Sparico. In later years, Ms. Kach said, she was allowed to leave during the day, but she said she never spoke about her situation because she believed Mr. Hose's threats.

"I was so scared that nobody would believe me," Ms. Kach told WTAE-TV on Wednesday from the home of her father, Jerry Kach, in Elizabeth, a Pittsburgh suburb.

Mr. Sparico said, "From the way she was shaking when she told me, I think she really believed he would do it."

On Tuesday, after growing close to Mr. Sparico and his family over eight months, she revealed her secret.

"If you go to a Web site for missing children, you will see a picture of me there," he said she told him.

Mr. Sparico's wife, Janet, said Ms. Kach had told her in recent days that when she was in the eighth grade her parents were going through a contentious divorce and that she was convinced neither parent wanted her, leading her to run away.

At the time, Ms. Kach said, she had a crush on Mr. Hose, and when she confided her plans to leave home, he offered to take her in, Ms. Sparico said. "After that, I guess he never let her go," she added.

It was unclear why Ms. Kach did not seek help sooner, Superintendent Moffatt said, "but in my view, that part doesn't much matter, because you can't be 14 and make an adult decision that you want to be involved with an adult in this way."

Mr. Hose's lawyer, James M. Ecker, said his client was innocent. Mr. Hose has been charged with one count of statutory sexual assault and three counts of involuntary deviate sexual intercourse and released on $200 bail. "I think if the police believed she was being held against her will or that she was physically abused, they would have charged him with kidnapping or abuse," Mr. Ecker said. "But they didn't."

A woman who answered the phone at Mr. Hose's house said she had no comment.

Ms. Sparico said of Ms. Kach, "She was always well put together, like a little Barbie doll, and I never saw any signs of physical abuse."

She added, "But I have spoken with her quite a bit and I think that she was really brainwashed by this guy."

After Ms. Kach told her secret to Mr. Sparico, he said he immediately called his son Shawn, a retired detective with the McKeesport police who had worked on Ms. Kach's case.

Interviewed by WTAE-TV, Ms. Kach's mother, Sherri Koehnke, said, "It's the best ending I could have thought about when I thought about what could have happened to her."

Daughter's Reappearance Answered Mother's Prayers (USAT)

By Oren Dorell

USA Today, March 24, 2006

For 10 years Sherri Koehnke of West Mifflin, Pa., bore the mystery of her daughter's disappearance in near silence. She cried in private, and only a handful of her friends knew that Tanya Kach went missing at age 14, said Koehnke's husband, Craig.

Then the couple joined a church and, three weeks ago, Sherri Koehnke told the pastor and started praying for her daughter's return.

This week, Kach, now 24, turned up alive and well.

Allegheny County Police Superintendent Charles Moffatt said Kach was a runaway and had been living at the home of a security guard from her middle school who held her indoors for four years. He told her she was stupid and unwanted by anyone but him, Kach said. She was just 2 miles from her father's house she had fled in McKeesport, Pa.

Thomas Hose, 48, was suspended from his job Thursday and arrested on charges of statutory sexual assault and involuntary deviate sexual intercourse. His lawyer, James Ecker, said Hose did not hold the girl against her will.

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Kach had been living under a different name, Nikki Allen, and later became a regular customer at J.J.'s Deli Mart in McKeesport, owner Joseph Sparico said.

"She just wanted to have somebody as a friend, somebody to talk to," Sparico said. "You've got to understand, this girl hadn't been in the outside world.

"I'd ask her questions about why she was there and why she was with an older gentleman," Sparico recalled.

On Tuesday, the neatly dressed blonde opened up. "She said 'I just want to find my father,' " Sparico said. " 'If you go on a website, you'll see that I've been missing for 10 years.' "

Sparico contacted the National Center for Missing and Exploited Children. Kach and her father, Jerry Kach, were reunited Wednesday. Sherri Koehnke and Tanya had talked with each other but not met as of Thursday evening.

Kach is among 14 missing children found alive after 10 or more years, according to the center.

"The Lord answered our prayers. It's just that simple," Craig Koehnke said.

Evidence Of Wiretaps Used In Suit (NYT)

By David M. Halbfinger and Allison Hope Weiner

The New York Times, March 24, 2006

LOS ANGELES, March 23 — A screenwriter and his lawyer talk on the phone. They are in the heat of legal battle with a big-time producer over the profits from a hit movie. The lawyer says which of their arguments he thinks are strongest and how much he thinks their opponents will agree to pay in a settlement.

A New Account of an Old Bank Account Unbeknownst to both of them, Anthony Pellicano is listening in, and taking notes, court filings say.

Mr. Pellicano, the celebrity detective charged with wiretapping and conspiracy in the biggest Hollywood scandal in generations, stands accused of intercepting conversations of scores of unwitting people, many involved in high-profile lawsuits.

But what the federal indictment of Mr. Pellicano failed to spell out was just how he put his wiretaps to use.

Now, the first direct evidence of eavesdropping by Mr. Pellicano has surfaced in newly filed court documents: excerpts of what prosecutors have described as Mr. Pellicano's summaries of conversations he intercepted in 2001 between Vincent Zenga, a screenwriter and producer known as Bo, and his lawyer, Gregory S. Dovel, during their contentious suit against the influential Hollywood executive Brad Grey, now head of Paramount Pictures.

No victim figures more prominently in the indictment than Mr. Zenga, who has been advised by prosecutors that his phone was wiretapped over three months in early 2001. At a pivotal point in that suit, prosecutors say, Mr. Pellicano obtained personal information illegally on seven people involved in the suit against Mr. Grey — including Mr. Zenga's lawyer, his wife, his brother and a former business partner.

Such information was often used to arrange a wiretap, and prosecutors have told Mr. Dovel and Mr. Zenga that Mr. Pellicano intercepted their calls, including some in which Mr. Dovel tipped his hand on their legal strategy.

Prosecutors, Mr. Dovel said, gave him a sampling of Mr. Pellicano's notes on those intercepts so the lawyer-client privilege could be waived, freeing the government to use the notes against Mr. Pellicano. Mr. Dovel, in turn, has incorporated those notes into an amended complaint, filed Thursday in California Superior Court in Los Angeles.

Mr. Zenga's suit now accuses Mr. Pellicano; his accomplices; Mr. Grey; his company, Brillstein-Grey Entertainment; his lawyer, Bert Fields; and Mr. Fields's law firm, Greenberg Glusker Fields Claman Machtinger & Kinsella, of invasion of privacy, disclosure of confidential information and illegal wiretapping.

A spokeswoman for Mr. Grey, Janet Hill, called the complaint "meritless," saying, "Brad Grey has no knowledge of wiretapping or any other illegal conduct by Mr. Pellicano."

Mr. Fields has denied knowing of any illicit acts by Mr. Pellicano. His lawyer, John W. Keker, could not be reached. The lead prosecutor, Daniel A. Saunders, declined to comment.

"If any wiretapping took place, it was not done at the direction or with the knowledge of Greenberg Glusker or any attorney in that firm," said Brian A. Sun, a lawyer representing the firm. "We believe that like Mr. Zenga's first lawsuit, any claims in this lawsuit against Brillstein-Grey or Greenberg Glusker are wholly lacking in merit."

Steven F. Gruel, Mr. Pellicano's lawyer, said he had not seen the new complaint, but called it "puzzling" that the government had given evidence to Mr. Dovel that had yet to be shared with the criminal defendants.

The government has not presented any evidence that Mr. Pellicano turned his notes over to Mr. Grey or to any of his lawyers, none of whom have been charged.

In addition, any prosecution that relies on Mr. Zenga's credibility may start out at a serious disadvantage: Mr. Zenga was found by a California appeals court to have repeatedly lied — in his business dealings with Mr. Grey's company and under oath

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in the lawsuit. He asserted his Fifth Amendment right not to incriminate himself in refusing to answer hundreds of questions under oath, and was barred from testifying at trial; his suit against Mr. Grey was thrown out of court for lack of evidence.

The new lawsuit seeks to overturn the trial court's ruling. Mr. Zenga declined to comment for this article.

The dispute between Mr. Zenga and Mr. Grey grew out of Mr. Zenga's contention that he had made an oral agreement with Brillstein-Grey Entertainment to be producing partners in a film project that became the hit 2000 comedy "Scary Movie." In his lawsuit, Mr. Zenga claimed that Mr. Grey cut him out of an equal share of the movie's profits.

A New Account of an Old Bank Account Mr. Grey's lawyers argued that there was no such deal, and that Mr. Zenga had agreed in writing to take less money and misrepresented his credentials to Mr. Grey's company.

In his deposition in September 2000, Mr. Zenga was questioned extensively about his background, including his winning a screenwriting contest held by Hanover Square Productions in 1992. After denying under oath that he knew who ran Hanover Square, Mr. Zenga recanted a day later, saying he had been "overmedicated." Mr. Zenga admitted that he owned the company with a partner, Stacy Codikow, but insisted the contest was her project and that his only role in it was as an entrant.

The damage to Mr. Zenga's credibility was lasting, but the lawsuit continued. On Feb. 1, it was Mr. Zenga's turn to take testimony from Mr. Grey. Over three arduous days of questioning, Mr. Dovel challenged Mr. Grey on his own credentials as a movie producer, got him to acknowledge that he rarely investigated the backgrounds of those with whom he did business, and confronted him with an internal e-mail message in which Mr. Grey had appeared to acknowledge Mr. Zenga's partnership with Mr. Grey's company.

The deposition, which Mr. Grey's lawyers called "a calculated effort to bully" him, ended late on Feb. 5. The next day, prosecutors say, Mr. Pellicano had a police source illegally run background checks on Mr. Zenga and his brother, and on Feb. 13, had an accomplice at the phone company obtain information about Mr. Zenga.

Prosecutors say Mr. Pellicano also ran background checks on others in the Zenga case, including Mr. Dovel. They have not said when the wiretapping of Mr. Zenga's phone began, but Mr. Dovel was given notes, typewritten by Mr. Pellicano, of conversations beginning Feb. 14, 2001.

That day, Ms. Codikow, also represented by Mr. Dovel, was questioned under oath by Charles N. Shephard, a partner at Greenberg Glusker, who repeatedly asked where Hanover Square had done its banking. She said she had no idea. Minutes before her testimony was over, Mr. Shephard asked about another screenwriting competition called the Independent Filmmakers Program. She denied knowledge of it, then claimed she had only been one of its judges.

Mr. Dovel recalled that Ms. Codikow — who did not respond to a telephone message seeking comment — told him immediately afterward that she had lied, and had actually run the latter contest. Mr. Dovel said he urged her to tell the truth, but she refused. That night, Mr. Dovel said, he told Mr. Zenga of Ms. Codikow's admission, and how he would have to drop her as a client if she did not change her testimony.

Mr. Dovel then read aloud from Mr. Pellicano's summary of that conversation: "Bo does not trust Stacy and Greg may have to attack Stacy and if so, he can't represent her."

The rupture between Mr. Dovel and Ms. Codikow, discovered here by Mr. Pellicano, would soon come back to haunt Mr. Zenga.

Mr. Dovel said he and Mr. Zenga also discussed the questions about Hanover Square's bank account. The two men wondered aloud what bank records might show, Mr. Dovel said, and Mr. Zenga volunteered to begin the arduous process of getting old records from his bank.

As Mr. Zenga called his bank and said what he was looking for, Mr. Dovel said, Mr. Pellicano was monitoring his progress, as described in the investigator's summaries.

Mr. Dovel's partner, Julien A. Adams, asserted that through his eavesdropping, Mr. Pellicano had hit upon the key to tracking down the account. "If you sent out a subpoena through normal means, you wouldn't know how to ask for it," he said. "Because it was an old bank that had been bought by a new bank, at a branch that didn't exist anymore."

On Feb. 20, Mr. Grey's lawyers revealed that they had learned all they needed about Mr. Zenga's old account at the defunct branch of a bank that had since changed hands.

Also on Feb. 20, Mr. Dovel informed Ms. Codikow that he could no longer represent her. Six weeks later, Ms. Codikow, with a new lawyer, testified that Mr. Zenga was involved in the contest and that she lied about it only because he had pressured her to and she was afraid of him.

"When Pellicano came in, suddenly it was like a bomb exploded," Mr. Dovel said. "It was like they had access to everything. They were flipping witnesses. If they could take Stacy Codikow, a friend of Bo's, and next thing you know, she's openly lying — what else is he going to be able to accomplish?"

Pentagon Orders Investigation Of Cunningham's MZM Earmark (WP)

By Walter Pincus

The Washington Post, March 24, 2006

Undersecretary of Defense Stephen A. Cambone has ordered an internal study of how funding earmarked in a bill by then-Rep. Randy "Duke" Cunningham (R-Calif.) led to contracts for MZM Inc. to do work for the Pentagon's newest intelligence agency, the Counterintelligence Field Activity, a Defense Department spokesman said.

Cunningham pleaded guilty last November to tax evasion and taking bribes from contractors, including the former president of MZM, Mitchell J. Wade. Wade pleaded guilty last month to bribery-related charges and to making illegal campaign contributions to Cunningham and other legislators.

In documents filed in Cunningham's case, prosecutors said that in fiscal 2003 legislation, the congressman, who was a member of the House Permanent Select Committee on Intelligence, set aside, or earmarked, $6.3 million for work to be done "to benefit" the Counterintelligence Field Activity (CIFA), created in 2002. Federal prosecutors have been looking into whether Pentagon personnel committed crimes in awarding CIFA contracts to MZM.

Cmdr. Greg Hicks, a Pentagon spokesman, confirmed yesterday that Cambone has ordered an internal inquiry. Hicks said he was "unable to comment on MZM contracts or related matters since they are the subject of ongoing investigations by the appropriate organizations in the department and the U.S. government."

Hicks added that Cambone's request to CIFA focused on the undersecretary's "desire to understand the temporal relationship between the congressional earmark and contract actions taken by the department."

Court documents show that in at least one case Wade drafted the language of an earmark that Cunningham submitted, which later led to a contract for MZM. Wade also hired the son of the Defense Department official who had authority over a contract later given MZM, the documents show.

Meanwhile, new information continues to emerge about MZM and its activities.

In 2004, three MZM employees served as staff consultants to the presidential commission investigating prewar Iraq intelligence, which was run by federal Judge Laurence H. Silberman and former senator Charles S. Robb (D-Va.). One of the three was retired Lt. Gen. James C. King, who then was a senior vice president of MZM for national security. King, who before joining MZM had been director of the National Imagery and Mapping Agency, played a consultant's role in the establishment of CIFA in 2002 before MZM received its first contracts from that agency.

The Silberman-Robb commission report in 2005 recommended that CIFA play a bigger role in the government's counterterrorism activities. In an interview, Silberman said King was not involved in the commission's recommendation that CIFA get more work. "That recommendation was not from King," Silberman said. And the other two MZM employees on the commission staff worked on FBI matters, not Pentagon issues, Silberman said.

Last year, MZM was purchased by the investment firm Veritas Capital, which changed its name to Athena Innovative Solutions Inc., with King as president. A spokesman for Athena said this month that neither King nor the company will comment on MZM or matters under investigation. The fact that MZM employees had worked with the commission has been written about on War and Piece and other Web logs.

Part Of Ex-Congressman's Ruined Life On Auction Block (NYT)

By John M. Broder

The New York Times, March 24, 2006

RANCHO DOMINGUEZ, Calif., March 23 — In a final indignity after a stunning fall, pieces of the ruined life of former Representative Randy Cunningham were auctioned off in a government warehouse here on Thursday morning.

A pair of candlesticks, a dozen Oriental rugs, three mirrored armoires, a marble-topped commode and a cedar-lined lingerie cabinet, 35 items in all, went under the auctioneer's gavel. They brought the government $94,625, about two-thirds of the $150,000 that the military contractors who gave the items to Mr. Cunningham as bribes reportedly paid for them.

The items were lined up against the back wall of the chilly warehouse, forlorn and out of place. They had been intended to furnish the California mansion in Rancho Santa Fe, north of San Diego, that Mr. Cunningham's co-conspirators helped him buy in exchange for lucrative Pentagon contracts.

Mr. Cunningham, 64, a Republican who is known as Duke, forfeited the house and furnishings as part of the plea deal he struck with the government in November. He still owes the government $1.85 million — the estimated value of the cash bribes he received — and another $1.8 million in back taxes and penalties.

He also owes the United States the next eight years and four months of his life in federal prison, the harshest sentence ever meted out to a current or former member of Congress. He is at the low-security Federal Correctional Institution in Butner, N.C., for medical evaluation and permanent assignment to a federal prison cell.

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It was a woeful end to the sordid tale of a former Navy fighter ace and "Top Gun" instructor who sold his office, his reputation and his honor for a house, a boat, a Rolls-Royce and the items on the auction block on Thursday. Mr. Cunningham disposed of the car and the boat before the government charged him.

Tino and Tatia Metzger, a husband-and-wife team of real estate agents from Temecula, Calif., came to the auction to bid on a 2001 Mercedes-Benz S500 seized by the government in a case unrelated to Mr. Cunningham's. They did not know until they arrived that the notorious congressman's extorted furnishings were also to be sold. The Metzgers bought the lingerie cabinet (said to date from the 1920's) for $2,300 and a king-size cherry wood sleigh bed for $1,750.

Mr. Metzger said he hoped the criminal provenance of the lingerie cabinet brings it added value, or at least cachet as a conversation piece. "Maybe I can resell it on eBay for twice what we paid," he said. "The bed we just liked, and we're going to keep it."

The proceeds of the auction will go to the Internal Revenue Service's criminal investigation division and the Federal Bureau of Investigation, two of the agencies that investigated Mr. Cunningham's crimes.

Britney Sheehan, a spokeswoman for EG&G Technical Services, which conducted the auction, said the company could not vouch for the authenticity or the condition of any of the Cunningham loot on sale. The auction catalog notes that a number of the pieces of furniture have missing handles, cracked marble tops, loose molding and other damage. Some of the rugs are stained.

The auction was held in a warehouse complex in Rancho Dominguez, about 20 miles south of downtown Los Angeles.

A number of pieces sold for less than the government had hoped to get for them, although reserve prices were not published in advance. Some pieces may have fetched more than they were worth, according to some participants.

For example, Emilio Viscomi of Dana Point, Calif., the most aggressive of the bidders, paid $10,000 for a blue-bordered 10-by-13-foot rug described in the catalog as a handmade antique from Iran.

But David Javaheri, a rug dealer at the auction, said the rug was a modern Chinese machine-made piece. "In Iran, a rug dealer would kiss your hand if you paid him $300 and then pay to ship it to you," Mr. Javaheri said. Another rug merchant, Avner Kadosh, said it was not such a bad piece and was worth maybe $3,000. "I buy and sell these things all the time," he said.

Turnout for the auction was relatively strong, Ms. Sheehan said, with more than 500 bidders registered by the 9 a.m. start. She said they were drawn not by the allure or quality of Mr. Cunningham's possessions, but by the 20 cars, the cases of Scotch, the bags of cultured pearls, the gold-crusted Rolex watch and the cartons of contraband cigarettes taken from tax cheats, drug dealers and import-export racketeers.

Prosecutors described Mr. Cunningham's crimes as "a numbing betrayal on an epic scale." His principal co-conspirator in the case, Mitchell Wade, a military contractor, pleaded guilty in federal court to a number of charges, including paying Mr. Cunningham $1 million in bribes.

Phillip L. B. Halpern, an assistant United States attorney who helped prosecute Mr. Cunningham, said the auction was one way the government was trying to collect his debt to society.

"We're trying to ensure that the U.S. taxpayer doesn't have to suffer a loss because of the congressman's crimes," Mr. Halpern said. "The government is attempting to disgorge all of the congressman's ill-gotten gains."

Underwhelming Turnout For Ill-Gotten Booty (LAT)

By Kelly-anne Suarez And Tony Perry

The Los Angeles Times, March 24, 2006

Randy "Duke" Cunningham has commanded public attention for the last year as he fell from a position of power in Congress to disgrace and federal prison after he admitted taking $2.4 million in bribes.

The fascination appears to be over.

The much-ballyhooed Internal Revenue Service auction of the contents of Cunningham's San Diego County home — acquired largely as the wages of corruption — drew little response this morning, despite heavy advance publicity.

Few among the hundreds of people who showed up at the regular IRS auction at a cavernous warehouse in Rancho Dominguez were aware that the infamous politician's belongings were available. But by the end of the auction this afternoon, all 34 pieces from Cunningham's home had sold, for a total of $94,625.

Among the assets Cunningham forfeited were antique sideboards and French armoires.

The first to go was a Gorham pair of silver candelabras, which sold for $2,000. The buyer declined to comment.

The top Cunningham item was a large oriental rug that went for $10,000. The least expensive were three rattan panels that fetched a total of $225.

A chest of drawers for lingerie brought $2,300, a lamp $850, a nightstand $650, and an armoire $2,750.

Robert Ro of Fullerton said he was not aware that Cunningham's furniture was on sale. He said he came for rugs, but might bid on some of the Cunningham household goods.

"I think he got a better deal when he got those bribes," Ro said. "But hopefully I can get as good, if not better, here."

Billy and Christy Abney came from Bakersfield with their 1-year-old son looking for a car. They were not aware of the Cunningham items, but Christy quickly focused on the former congressman's rugs.

"I have a bad feeling we might be walking away with one of these rugs instead of the car we came for," Billy lamented.

There was lively interest in some of the other items up for auction, such as the diamond-encrusted Rolex and Cartier wristwatches, the 3,988 heating pads, and 156 bottles of Glenfiddich scotch that were not part of the Cunningham loot.

There was a silver Mercedes-Benz up for bid (alas, the Ferrari Modena has been withdrawn).

The IRS splits the proceeds among the agencies that investigated the cases that led to the forfeitures.

This morning, so many media reporters were present that one auction aficionado said the prices were affected.

James Garofalo of Montebello, who described himself as a regular auction-goer, said he came for a brown leather couch from the Cunningham booty.

Garofalo said he had hoped to pay $300, but with all the hype, he was afraid the price would mushroom to more than $3,000.

"Don't the press have anything better to do with their time?" Garofalo groused.

Man Convicted In Gang Slaying In Annandale In 2002 (WP)

By Tom Jackman

The Washington Post, March 24, 2006

An Asian gang member who shot and killed a rival gang member in 2002, then fled to Canada for more than two years, was convicted yesterday of first-degree murder by a Fairfax County jury.

The jury then recommended that Henh Ngo, 22, of Springfield be sentenced to 26 years in prison -- 23 years for murder and three years for using a gun during a felony. Fairfax Circuit Court Judge Jane Marum Roush will sentence Ngo on May 25. Under Virginia law, she may not increase but could decrease the jury's recommended sentence.

Prosecutors told the jury that members of a gang called Asian Young and Dangerous, or AYD, jumped and pummeled two members of the gang Asian Dragon Family, or ADF, at Springfield Mall in mid-December 2002. One of the victims in that case was Ngo, then 19 years old and well-known in the gang community as "Phi Lu," or "Fat Guy," witnesses testified.

The Springfield Mall incident set the stage for a fatal confrontation outside the Happi Billiards & Cafe in Annandale on Dec. 27, 2002. Three members of AYD emerged from the pool hall about 10 p.m., two of them testified this week, and were eyed by members of ADF. The AYD members walked to their car and started to leave.

But the driver, Ngoc Quy Doan Nguyen, 21, stopped the car when he realized he'd left his glasses in the pool hall. While he darted inside, a man walked over and knocked on the car windows, trying to get the two passengers -- Phuc Nguyen and Hoan Le -- to speak to him. They ignored him, they testified.

Ngoc Nguyen then returned to the car. His friends said they watched as Henh Ngo walked around to the driver, asked if he were a member of AYD and fired one shot into Ngoc Nguyen's head. They said Ngo then fired two shots through the front windshield, missing them both, before fleeing.

The two young witnesses acknowledged that their first call was not to 911 but to another member of AYD, "Tiny." After calling police, they then notified another gang member while they waited for the police to arrive. Initially, one officer testified, Phuc Nguyen said he did not know who shot Ngoc Nguyen. The two are not related.

But once away from the crime scene, Assistant Commonwealth's Attorney John R. Murphy pointed out, both Phuc Nguyen and Le identified the shooter as Ngo, and both picked him out of photo lineups.

"They've always said 'Phi Lu' did it," Murphy told the jury, saying that they knew Ngo from previous encounters. "These two witnesses witnessed a horrible crime. They saw a young friend of theirs executed for revenge."

Ngo did not testify in his defense. He was arrested near Toronto in February 2005 by Canadian police, who said they were investigating him as a suspected drug dealer.

One of Ngo's attorneys, Peter D. Greenspun, said the actions of the two witnesses made it seem that they didn't really know who had killed their friend.

"You don't wait" to call police, Greenspun argued. "You don't call Tiny, you don't call Tony. You call 911 and you say, 'My friend was shot and it was Phi Lu. It was Phi Lu.' That's common sense."

The jury deliberated for about 5 1/2 hours before reaching its verdict.

Developer Corruption Probe Deepens (WT)

By Jim McElhatton

The Washington Times, March 24, 2006

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The financial officer for one of the District's most prominent development companies has been indicted on conspiracy and federal tax-evasion charges.

The charges against John E. Brownell, chief financial officer for Douglas Development Corp., come months after federal authorities indicted company President Douglas Jemal and two other executives amid an investigation into corruption in the city's Office of Property Management.

Mr. Brownell's attorney, Barry Coburn, said yesterday his client disputes the indictment, which was filed Tuesday.

"We are very disappointed that the U.S. Attorney's Office has seen fit to indict Mr. Brownell, and we look forward to the opportunity to vindicate him at trial," he said.

The 18-page indictment states Mr. Brownell received "secret payments" from the company president and another individual at the company, identified only as "Conspirator A." Mr. Jemal is the company president.

Prosecutors said Mr. Brownell failed to file federal income-tax returns from 1994 to 1998 and that he evaded paying income taxes from 1998 to 2003.

According to the indictment, Mr. Brownell understated his income from Douglas Development, reporting standard wages and earnings but failing to report tens of thousands of dollars in income each year.

A U.S. Attorney's Office spokesman said yesterday the conspiracy and tax-evasion charges against Mr. Brownell each carry a maximum of five years in prison.

In October, Mr. Jemal, his son, Norman, and Douglas Development leasing official Blake Esherick pleaded not guilty to charges they gave a D.C. official $25,000 and gifts for favorable leasing deals with the city.

Michael Lorusso, former deputy in the D.C. Office of Property Management, pleaded guilty last year to bribery charges and has been cooperating with prosecutors.

Prosecutors said the bribes included $1,000 for two pairs of cowboy boots, hotel stays in Las Vegas and private box tickets to Washington Wizards and Washington Capitals games.

In exchange, Mr. Lorusso helped arrange for the District to lease properties from Douglas Development, officials said.

Douglas and Norman Jemal each face 40 years in prison, and Mr. Esherick faces 45 years if convicted, prosecutors have said.

Douglas Jemal said that he, his son and Mr. Esherick dispute the charges and look forward to going to trial.

Cardinals In Baltimore, D.C. Lobby Against Sex Abuse Bills (WP)

By Caryle Murphy

The Washington Post, March 24, 2006

Roman Catholic Church officials are putting a full-court press on Maryland legislators to reject bills that would extend the time allowed for victims of childhood sex abuse to file lawsuits against abusers and their employers.

Cardinal Theodore E. McCarrick of the Washington archdiocese and Cardinal William H. Keeler of the Baltimore archdiocese have gotten involved, expressing opposition to the bills to House Judiciary Committee members directly or through intermediaries. The archdioceses also have hired a prominent Annapolis lobbying firm, Schwartz & Metz, to supplement the efforts of the Maryland Catholic Conference, their regular lobbying arm.

"Almost everyone on the committee has acknowledged to me that the church has called them or called their ministers about the bill, and they are meeting with every member of the committee, including me," said Del. Pauline H. Menes (D-Prince George's), the bills' principal sponsor.

Del. Carol S. Petzold (D-Montgomery) described the church's lobbying as "just short of frantic. It appears to be a very high priority with them."

Some lawmakers also reported that Montgomery County Executive Douglas M. Duncan had conveyed to them the church's concerns.

Susan Gibbs, spokeswoman for the Washington archdiocese, said that the church's lobbying was not unusual and that "we are doing the same kinds of things we do with any bill" that affects the church.

Under Maryland law, lawsuits by childhood abuse victims can be filed until the victim is 25. The two bills would significantly ease that restriction. One would let victims file suit until they are 42; the other would open a two-year window during which victims of any age could sue.

Supporters say the bills are needed because victims typically do not report the abuse until they are in their thirties or forties. Church officials say it would be hard for defendants to present an adequate defense decades after an alleged incident, and they note that Maryland has no time limit on criminal charges against a child abuser.

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Del. Samuel I. Rosenberg (D-Baltimore), a co-sponsor of the bills, said he was contacted by a local rabbi who had received a call from Keeler about the legislation and was relaying the cardinal's concerns. Rosenberg said the rabbi, whom he declined to name, reported that the cardinal was upset that Jewish lawmakers were sponsoring the bills. Rosenberg and Menes are Jewish.

"To make a point of the religion of the sponsor of a bill . . . was beneath contempt," Rosenberg said he told the rabbi.

Keeler is in Rome, and his spokesman said Wednesday and yesterday that he could not be reached for comment.

Del. Luiz R.S. Simmons (D-Montgomery) said Duncan, who is running for governor, telephoned him recently to say that McCarrick was "very concerned about the bills."

Duncan spokesman David Weaver said that McCarrick had spoken about the legislation with Duncan, who is Catholic, but that the cardinal "did not ask Doug to make calls on his behalf."

Baltimore Mayor Martin O'Malley, also a candidate for governor, said that church officials "have made me aware of their concerns about this issue" but that neither he nor city officials have become involved.

Committee member Anthony G. Brown (D-Prince George's), who is Catholic, said he and his wife were invited by McCarrick to "a social call" at the cardinal's residence a couple of weeks ago. They discussed several matters, including the bills extending the statue of limitations, said Brown, who is O'Malley's running mate.

CIVIL LAW:

Two Groups Say School Districts Violated U.S. Law (WT)

By Joyce Howard Price

The Washington Times, March 24, 2006

Two national groups promoting education reform have filed complaints against two California public-school systems, charging that they are violating federal law by not telling parents of children in failing schools about transfer options.

The joint complaints of the Alliance for School Choice and the Coalition on Urban Renewal and Education were filed yesterday against the Los Angeles Unified School District -- California's largest -- and the Compton Unified School District. Several families with children in failing schools in those districts joined in the complaints.

The groups say the districts are not complying with terms of the No Child Left Behind Act in that they are forcing many students to remain in low-performing schools for years and are not notifying parents that the federal law gives them the right to transfer their children to better-performing public schools.

Noting that the law calls for a cutoff of federal Title 1 education funds for school districts that do not provide students the opportunity to attend effective alternative schools, the organizations sent correspondence to U.S. Secretary of Education Margaret Spellings Wednesday, asking that she impose sanctions for noncompliance on both districts.

"The only possible sanction would be a cutoff of Title 1 funds, and that would be a very significant sanction," said Clint Bolick, president and general counsel of the Alliance for School Choice.

The groups concede that the problems that the students and parents are facing in the Los Angeles and Compton school systems are "the tip of a national iceberg."

Mr. Bolick cited a 2004 Government Accountability Office (GAO) report that found that more than 3 million children nationwide were eligible for public-school transfers under education law. But the report found that only about 30,000 students, or 1 percent, were transferred, he said. The law states that children are eligible for transfer to better schools after being in a failing school for two years.

What's more, Mr. Bolick said, the GAO report found that more than 1,000 schools nationwide "have failed for at least six years." Failure is measured by a school's inability to meet the academic standards of the state it is in.

Repeated attempts yesterday to reach Los Angeles and Compton school officials for comment were unsuccessful.

The Alliance for School Choice acknowledges, "In virtually every large urban school district, the number of children eligible for transfers to better-performing public schools exceeds the seats available in such schools."

"As a consequence, even though lack of capacity is no defense, many school districts evade their obligations, thus far with no consequences," as sanctions for noncompliance with the transfer provisions of the No Child Left Behind law "go unused," the group added.

Spellings Test (WSJ)

The Wall Street Journal, March 24, 2006

DOJ_NMG_0020905

The No Child Left Behind Act has taken its lumps from the education establishment, which loathes its testing and transparency measures. But the latest criticism of the law is more surprising, because it's coming from conservatives who are questioning the Bush Administration's commitment to enforcing its own law.

This week the Alliance for School Choice filed complaints against school districts in Los Angeles and Compton, California, where school officials have neglected to notify parents of their rights under NCLB. These districts have also failed to make transfer options available to kids in underperforming schools.

Under the 2001 law, schools that repeatedly fail to make "adequate yearly progress" as measured by state standards are required to give students the option to attend better schools within the district. To be sure, the California districts singled out in the filing aren't the only ones skirting the law. Similar violations have been reported in Baltimore, Chicago, Detroit, New York and elsewhere. A Government Accountability Office report from 2004 found that some three million children in 5,300 schools nationwide were eligible for choice under NCLB, but only about 1% were exercising the option.

Still, Los Angeles and Compton are among the worst cases of noncompliance, according to the Alliance, which filed the administrative actions with the school districts on behalf of several parents with children stuck in failing schools. In the 2003-04 school year less than two-tenths of one percent of eligible students in the Los Angeles Unified School District exercised their rights and actually transferred schools. In Compton, no students have received transfers.

"That only two out of every thousand families with children in failing schools would seek a better school for their children," says the complaint, "betrays the utter inadequacy of [the L.A. school district's] notification and explanation regarding school choice rights."

The complaint further alleges that these pitifully low transfer numbers are by design. While NCLB specifies when and how parents must be notified of their options, the school districts have deliberately dragged their feet and gone out of their way to confuse and discourage families. Tactics include, among other things, burying transfer notices in other material sent to homes; giving parents a very narrow time-frame -- say, a week -- in which to make up their mind; and forcing transfers to take place in the middle of a school year. This kind of obstructionism fits the pattern of public school officials around the country who are resisting every challenge to their control of school enrollments, curriculum and especially budgets.

The reason school districts have been able to get away with this behavior is that no one is holding their feet to the fire. Education Secretary Margaret Spellings has chosen to hand out exemptions or look the other way instead of enforcing the law. This benign neglect hurts most the very students that NCLB was designed to help. The GAO report found that 80% of children in failing schools were minority and 62% were low-income.

If the districts reject the Alliance complaints, they can be appealed to the state and then federal government. But Secretary Spellings needn't wait for that process and could take action against these recalcitrant districts and impose sanctions if necessary. Under the law, she has the authority to terminate federal funding and compel compliance but so far has been unwilling to use it.

Large urban school districts like the one in Los Angeles respond that the number of students eligible for transfer far exceeds the number of seats available in better schools within the district. But that's not an excuse for noncompliance; that's a reason to let students attend schools outside their public district, including charter schools and private schools.

School districts have little incentive to initiate these reforms on their own, especially when federal enforcement is an empty threat. And if the Bush Administration isn't going to use its funding leverage to ensure that all children have a shot at a decent education, then No Child Left Behind has become yet another illusory reform.

CIVIL RIGHTS:

Youth Commission Asks Justice Department For Help (BROWNHER)

By ELIZABETH PIERSON, The Brownsville Herald

Brownsville (TX) Herald, March 24, 2006

AUSTIN — The Texas Youth Commission has asked the U.S. Department of Justice for help in assess-ing the way it reports and investigates abuse against youth in state juvenile prisons.

If TYC does not turn the tide of abuse, the state may face legal action, an American Civil Liberties Un-ion representative told a Texas House committee on Wednesday.

Dwight Harris, executive director of TYC, asked the Justice Department on Thursday for help, after a months-long investigation by Rio Grande Valley Freedom Newspapers about the seven-year trend of increasing abuse against youth.

Findings published in The Brownsville Herald on Sunday showed that by 2005, three of every 100 youth in the TYC were being abused physically, a seven-fold increase from 1999. Injuries by youth against officers increased 70 percent in five years.

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Joy Anderson, chief of staff for TYC, said the request to the federal government was not spurred by any single event.

"It wasn't anything in particular," she said. "We just want to make sure that everything is being looked at. We think the more eyes, the more expertise that can look at the issues that are facing us, the better."

In simultaneous hearings on Wednesday, the House committees on juvenile justice and corrections heard from agency officials who said turnover and training problems are contributing to the abuse.

They also heard from juvenile correctional officers, who said agency policies give inmates the upper hand in the high-security facilities, and from parents of incarcerated youth, who said their children have been abused in the agency.

Many employees came from San Saba, the high-security facility in rural Central Texas where there was a 250 percent increase in injuries to staff members because of youth aggression from 2004 to 2005, worker's compensation records show. Youth abuse rates increased, too.

Juvenile Justice Chairman Rep. Harold Dutton, D-Houston, and many who testified cited findings of the Valley Freedom investigation when addressing the committee.

State Rep. Joaquin Castro, D-San Antonio, said he was particularly struck by findings that youth were taken out of view of security cameras before they were abused and that "minor infractions," such as a youth making a face, prompted an attack from an officer.

"I envision possibly a big bill coming out of this next session," Castro said after the hearing.

Many of the cases of abuse are similar to those that spurred by a years-long lawsuit against the TYC in the 1970s and dictated its current structure, said Lisa Graybill, legal director for ACLU of Texas.

It is too soon to say whether the state will face legal action, but the Legislature can prevent the possibil-ity by increasing staffing ratios and taking other actions to prevent abuse, she said.

"We're worried that, despite the good intentions of staff at TYC, the increase in the number of substan-tiated reports may indicate over time the kind of conditions that provoke that litigation," she said.

Harris' request to the DOJ went to its Office of Juvenile Justice and Delinquency Prevention. He ex-pects to hear a response within a month, he said.

Judge Orders Federal Monitor To Fix Violations At Golden Grove (STS)

By Mat Probasco

St Thomas (VI) Source, March 24, 2006

March 23, 2006 -- A U.S. district judge found the V.I. government in contempt Thursday and ordered a federal monitor to fix "constitutional violations" at the Golden Grove prison in St. Croix.

Judge George W. Cannon Jr. said the Virgin Islands was in violation of a 1986 order to resolve unconstitutional medical, sanitation and safety conditions at the prison, where an inmate Tuesday was stabbed to death and five others were injured in a brawl.

In his 32-page order, Cannon wrote, "the court concludes that there are continuing and ongoing constitutional violations of the rights of individuals held at Golden Grove Adult Correctional Facility and Detention Center, and (the) defendants are in contempt of the court's orders."

Attorneys for the U.S. Justice Department asked Cannon to appoint the federal monitor, called a special master, to resolve lingering problems at the prison, calling conditions there "deplorable."

V.I. Attorney General Kerry Drue argued that the prison was improving and a special master was not needed.

Drue demoted then-Corrections Director Joseph Ponteen after he testified to myriad problems at the prison and described it as a "nightmare." Ponteen said he needed more money and 100 extra guards to improve conditions at the 600-inmate facility.

Neither Drue nor the U.S. Justice Department could be immediately reached for comment on Cannon's ruling.

The special master will report any violations at the prison to the court, where a judge may issue an order to fix them, Cannon said.

The U.S. and territorial governments have 20 days to submit names of five special master candidates. Cannon said they cannot be V.I. government employees.

Only a U.S. district judge can fire the special master, Cannon said.

A judge can dissolve the position if he or she thinks the territory is in compliance with the 1986 agreement and is capable of running the prison itself again.

"Substantial compliance means (the) defendants ... have consistently complied with this order ... and will continue to operate Golden Grove pursuant to this order ...," Cannon said.

He ordered the V.I. government to deposit $100,000 with the court to cover the special master's fees and expenses.

In a separate case, a federal judge in St. Thomas has twice found the V.I. government in contempt for failing to improve prison conditions as mandated by a settlement with the American Civil Liberties Union 11 years ago.

Those violations include imprisoning people found not guilty by reason of insanity or unfit to stand trial at Golden Grove or the Criminal Justice Complex in Charlotte Amalie.

Judge Won't Revive Colo. Title IX Lawsuit (AP)

By P. SOLOMON BANDA

AP, March 24, 2006

DENVER -- A federal judge rejected a request to revive the lawsuit at the heart of the University of Colorado recruiting scandal, saying Thursday that two women who claimed they were sexually assaulted by athletes had not proven their claim against the school was valid.

Attorneys for the women immediately promised an appeal.

The women have argued that the school violated federal Title IX gender equity law by fostering an atmosphere that led to their alleged assaults at a 2001 off-campus party. Police investigated but no sexual assault charges were filed.

U.S. District Judge Robert Blackburn tossed out the lawsuit a year ago, and said Thursday the women had not changed his mind after arguing there was new evidence showing coaches and trainers were aware of similar problems before the alleged assaults.

"There is much about the incidents evidenced in the record of this case that cries out for justice," the judge wrote. "There is no doubt that some of the harassment, abuse and assaults reflected in the record are shameful at best and criminal at worst.

"A cry for justice, however, does not mean that Title IX should be expanded to provide justice simply because the cry for justice has not been answered otherwise."

The women, Blackburn said, had not shown that Title IX would provide them "with the justice they seek."

The recruiting scandal dominated headlines in Colorado and beyond for months. Gov. Bill Owens at one point appointed the attorney general to lead a grand jury investigation, which resulted in an indictment against a former football recruiting aide for soliciting a prostitute and misusing a school cell phone.

A separate probe, backed by the CU Board of Regents, concluded that drugs, alcohol and sex were used to entice blue chip recruits to the Boulder campus but said none of the activity was knowingly sanctioned by university officials.

The school responded by overhauling oversight of the athletic department and putting some of the most stringent policies in place for any football recruiting program. The fallout included the resignation of university President Elizabeth Hoffman and the departure of athletic director Dick Tharp. Football coach Gary Barnett stepped down last fall.

Pat O'Rourke, an attorney for the university, said the school expected the decision.

"The university is very pleased with Judge Blackburn's ruling holding that the university is committed to a safe and non-discriminatory environment for all its students and faculty," he said.

Attorneys for the women said they would appeal.

"We agree with the court in its conclusion that this is a case that cries out for justice, and we disagree with the court that the evidence that has developed over the past several years should not provide relief to the plaintiffs," attorneys Seth Benezra and Kim Hult said.

Reporting Incidents Of Sex Harassment Gains More Respect (WP)

By Ray Rivera

The Washington Post, March 24, 2006

Midshipmen who report sexual harassment at the U.S. Naval Academy are increasingly viewed with respect by other midshipmen, and more students believe the campus provides a positive environment for women, a new survey shows.

Academy officials say the responses represent big leaps forward in how male and female students view academy culture. The results also come as reports of sexual assault at the academy have been increasing, in part because of an effort to encourage victims to report incidents, officials say.

About 3,000 midshipmen -- most of the sophomore, junior and senior classes -- responded to the academy's annual quality of life and values survey in October. Asked whether midshipmen at the Annapolis college who report sexual harassment are respected, resented or neither, 65 percent of women said "respected." Just 5 percent said "resented."

Two years ago, 66 percent of women checked "resented" to the same question.

Fifty-six percent of men also said "respected." It was the first time in at least the last five surveys, the only data available yesterday, in which the majority of both sexes answered positively.

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Asked whether the Naval Academy provides a positive environment for women, 62 percent of men and 44 percent of women said they agreed, also higher percentages for both than in any of the last five surveys. Twenty percent of women and 12 percent of men disagreed. The rest marked "neither."

Academy officials say they are encouraged by the results but that more work needs to be done. Government studies have repeatedly criticized the school's culture as being hostile to women since it began accepting them in 1976.

Those issues were recently cast in the spotlight again in two court cases. In the first, Lt. Bryan D. Black, an academy instructor, is facing a special court-martial on suspicion of using sexually offensive language in front of male and female midshipmen.

The second case involves Lamar S. Owens Jr., last season's starting quarterback, who is accused of raping a female midshipman in her dorm room in January. Neither case has gone to trial.

No Charges In Shooting Of Unarmed Man (WP)

By Tom Jackman

The Washington Post, March 24, 2006

The Fairfax County police officer who shot an unarmed man to death in January will not be charged with a crime, the county's chief prosecutor announced yesterday, and the man's family angrily responded by claiming that a civilian in the same situation would have been arrested.

From the start, Fairfax police declared that the killing of Salvatore J. Culosi, 37, was an accident and that the SWAT officer who fired had done so unintentionally. Fairfax Commonwealth's Attorney Robert F. Horan Jr. said that when a person fires a gun without malice and unintentionally kills someone, "they do not commit a crime."

"I feel for the family of the victim in this case," Horan said. "You have to. But I also feel for the police officer. This is a good police officer. Fine record, almost 17 years. He's as shattered by this as any good police officer should be."

The officer is Deval V. Bullock, 40, a longtime member of Fairfax's SWAT team, numerous sources familiar with the case said. Bullock declined to comment when contacted earlier this week.

"My son is lying in a cemetery," said Anita Culosi, the victim's mother. "His whole life was ahead of him. That man pulled a trigger and shot my son dead. I can't handle that. It's just pathetic that they don't find something wrong with what they did to my boy."

Bernard DiMuro, the Culosi family's attorney, said: "A pointed gun with a finger on the trigger is not an accident. There is no doubt that had the shooter not been a police officer, he would have been charged criminally, and a jury would have decided the issue." He said Horan could have charged the officer with second-degree murder or manslaughter.

The Culosis also questioned whether the police could fairly investigate themselves and whether Horan had received a complete investigation. The family sent a letter to the Fairfax Board of Supervisors asking it to review the case, and to review police policies on the use of force and the use of SWAT teams as well.

Police spokeswoman Mary Ann Jennings said police are continuing to review their policies on the use of force and also on the use of SWAT teams in serving search warrants. Horan said he thought the use of SWAT teams by Fairfax police was appropriate.

Police had been investigating whether Culosi, an optometrist with offices in Manassas and Warrenton, was a sports bookmaker. An undercover officer had been placing bets with Culosi for nearly four months and arrived outside Culosi's townhouse in the Fair Lakes area on Jan. 24 to collect $1,500 in winnings, Horan said.

Culosi was standing next to the officer's car, on the passenger side, when the officer gave the sign for two SWAT officers to move in. They headed toward the car, one to arrest Culosi and one to protect the undercover officer, Horan said.

One officer pulled up in a car behind the undercover officer's. "As the officer came out, he was bringing his weapon up," Horan said. "In the course of bringing his weapon up, it discharged. He has no real explanation how."

Horan said the officer shouted the word "police" at Culosi. "Right after "police,' " Horan said, "it went pow."

Horan said the officer was aware that he should not have had a finger on the trigger and that he should not have had his .45-caliber H&K handgun pointed at anyone. "As he says, you keep your finger straight," Horan said. "He felt his finger was straight . . . but obviously his finger is not straight up. His finger has to be on the trigger."

Horan said the officer's gun was tested and was not at fault. He said the gun had a standard trigger pull and was modified only to add a flashlight on the barrel, but the flashlight was not in use.

Horan's decision not to pursue criminal charges does not affect any civil lawsuit the family might file, and DiMuro said one is likely.

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The officer, originally placed on leave with pay, returned to work in an administrative job a couple of days after the shooting, Jennings said. Police said they will resume an internal investigation of the officer; they were prevented from interviewing him while the criminal probe was pending.

Horan said the accident "could have been based on the number of hours the officer was awake that day." He said the officer had started working at 5 a.m., overseeing a managed deer hunt in the Great Falls area aimed at thinning the deer population. Horan said the officer went home at noon that day, then returned to work at 8 p.m. Culosi was shot at 9:35 p.m.

Culosi's family members said they were launching a Web site, http://www.justiceforsal.com , to provide friends and the public with information about the case. "We are not going to sit by and allow this to happen to another citizen of Fairfax County," said Salvatore J. Culosi, the victim's father. "Our family will never understand this. And we will never be the same."

Battles Escalate Over Gay Marriage (USAT)

By Joan Biskupic

USA Today, March 24, 2006

WASHINGTON — Gay rights advocates are pushing to legalize same-sex marriage with an unprecedented wave of lawsuits in state courts, while those seeking to ban such unions are gaining ground in state legislatures.

The contrasting strategies reflect how judges have begun to show a willingness to expand the rights of same-sex couples at a time when many state lawmakers — and most Americans — are cool to the idea.

Several key developments are likely soon. The top state courts in Washington state and New Jersey have heard arguments brought by gay men and lesbians. Either court could open the door to a second state joining Massachusetts in allowing same-sex marriages.

Other lawsuits backed by the ACLU, Lambda Legal and other gay rights groups are wending their way through courts in California, Connecticut, Iowa, Maryland and New York. The groups want courts to declare that same-sex couples have a right to marry based on state constitutional protections for equality and due process of law. The groups also hope to win legal precedents that could influence the U.S. Supreme Court to endorse a constitutional right to same-sex unions nationwide.

Meanwhile, the Alliance for Marriage and other groups against same-sex marriage hope to win legislative ballot initiatives this year in Alabama, Idaho, South Carolina, South Dakota, Tennessee, Virginia and Wisconsin. The measures would amend state constitutions to ban same-sex marriages.

Nineteen states have such bans. Most have been adopted since November 2003, when Massachusetts' highest state court said same-sex couples have a right to marry under state law. Massachusetts then became the first state to give marriage licenses to gay and lesbian couples.

The legislative moves against gay marriages aren't limited to the states. In June, the U.S. Senate is scheduled to begin debating a measure intended to lead to a U.S. constitutional amendment banning such marriages. The proposals in legislatures and in Congress partly reflect public-opinion polls, which for five years have indicated that about 60% of Americans oppose legalizing same-sex marriage.

The ACLU and others supporting same-sex marriages hope to turn public opinion by casting the ability to marry one's chosen partner as a basic right. They also are trying to tie their campaign with the efforts against bans on interracial marriage four decades ago.

A few judges, including Manhattan Judge Doris Ling-Cohan, have made such a link in backing same-sex marriages. Her ruling was reversed in December, however, by an appeals court that said the state has “a strong interest in fostering heterosexual marriage.”

Wave Of Lawsuits Targets Bans On Same-sex Marriage (USAT)

By Joan Biskupic

USA Today, March 24, 2006

WASHINGTON — Heather McDonnell and Carol Snyder of White Plains, N.Y., have been a couple for 16 years.

When Snyder was in the hospital for breast cancer surgery early in their relationship, McDonnell wanted to be at her side, just as a spouse would. And so McDonnell was — but only after she was first challenged by a nurse who did not think of her as family.

The episode, and others like it, prompted McDonnell, 52, an administrator at Sarah Lawrence College, and Snyder, a 61-year-old special education teacher, to join several other gay and lesbian couples in lawsuits challenging policies against same-sex marriages.

“There is nothing more universal in this country as saying you're married,” McDonnell says. “When you are at your most vulnerable … you need something like that.”

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The lawsuits, sponsored by the American Civil Liberties Union and gay rights groups such as Lambda Legal, utilize carefully selected plaintiffs and locales. They argue that particular state constitutions contain a right to same-sex marriage.

The lawsuits were inspired largely by a 2003 ruling by Massachusetts' highest court that led to that state being the first to legalize such unions. David Buckel of Lambda Legal says the lawsuits are focused on states where public attitudes toward same-sex unions seem particularly friendly and where amending the state constitution to counter any ruling for same-sex marriage would be difficult.

Such lawsuits are awaiting rulings by the top state courts in Washington state and New Jersey. Similar lawsuits are making their way through state courts in California, Connecticut, Iowa, Maryland and New York. The lawsuits generally claim that the states' constitutions allow gay couples to marry on the same terms as heterosexuals.

The state-by-state approach is somewhat similar to the strategy gay rights groups used in recent years in a successful fight against laws that made sex between people of the same sex a crime.

However, before the U.S. Supreme Court invalidated such laws in 2003, many legislatures were lifting their bans on sodomy.

Gay marriage does not have that kind of legislative momentum. Nineteen states amended their constitutions to ban such marriages in recent years, and similar ballot initiatives will be before voters this year in seven other states.

Gay-marriage advocates are trying to link their effort with a 1967 U.S. Supreme Court ruling that rejected state bans on interracial marriages. A few state court judges have accepted that comparison.

"It was only less than 40 years ago that the U.S. Supreme Court held that anti-miscegenation statutes … violate the Constitution because they infringed on the freedom to marry a person of one's choice," Manhattan Judge Doris Ling-Cohan wrote last year. "Similarly, this court must so hold in the context of same-sex marriages."

Some courts that have rejected same-sex marriage have said the comparison to racial discrimination is inapt. In December, when a state appeals court in New York overruled Ling-Cohan's decision, it said the U.S. Supreme Court's ruling on interracial marriage arose from the "fundamental right to be free from racial discrimination" — and that there was no similar fundamental right to same-sex marriage.

That sentiment is in line with arguments made by groups that oppose such marriages. "The laws that once limited one's marriage partner on the basis of race were designed to build walls and keep blacks and whites apart," says Peter Sprigg of the Family Research Council. "But preserving the traditional definition of marriage brings men and women together."

Overall, the gay rights groups' strategy seeks to win state court rulings that could help change public attitudes and help prompt the U.S. Supreme Court to guarantee a right to gay marriage.

It's unclear how the court, under new Chief Justice John Roberts and with new Justice Samuel Alito, will view gay rights cases.

Critics of same-sex marriage, cite elected legislatures' moves against same-sex marriage while casting the current lawsuits as an attempt to make an end run around the will of the people.

"It's a race between these lawsuits and the (state constitutional) amendments" against same-sex marriage, says Matt Daniels, president of the Alliance for Marriage. Daniels' group is backing the state initiatives against same-sex marriage as well as a measure in the U.S. Senate that calls for a constitutional ban on such unions.

William Hohengarten, a Washington, D.C., lawyer who was part of the team that argued successfully against anti-sodomy laws at the Supreme Court in 2003, says winning cases in state courts is key for groups backing same-sex marriage. "It's important to have a number of states where same-sex marriage becomes a way of life … to help change public attitudes."

American Muslims Are Gaining A Foothold In Politics (USAT)

By Jill Lawrence

USA Today, March 24, 2006

TEANECK, N.J. — The mayor of nearby Prospect Park is a 30-year-old high school business teacher with a young son. He was a volunteer firefighter at 18 and has been active in his community ever since. But when he sought the mayor's office last fall, voters received anonymous fliers calling him a "betrayer" tied to the 9/11 terrorists.

Why? Because he is a Syrian-born Muslim named Mohamed Khairullah.

"I was worried for my family," Khairullah says. "Any crazy person could have just driven by and done something. But we just had faith and went on doing what we had to do." The result: He got the job, open because the previous mayor had moved away, and now is running to keep it.

The 9/11 attacks have had a curious double-edged impact on the political emergence of American Muslims. They are up against more stereotyping and backlash, which they perceived recently in the furor over a Dubai company's thwarted plan to take over some port operations in several U.S. cities.

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At the same time, the 9/11 attacks jolted Muslims into realizing that they needed to make themselves known to their neighbors and heard by their government. They are voting, running for office and getting more involved in civic and political life at every level, from PTAs and school boards to town councils and state legislatures. At least two — Texas Republicans Amir Omar and Ahmad Hassan — are running for U.S. Congress.

The Council on American-Islamic Relations (CAIR), which promotes Muslim political activity, has opened 23 of its 31 U.S. chapters since 9/11. In the 2004 election, two studies found, one in five Muslim voters were first-time voters.

"There was a silver lining. We became more public," says Aref Assaf, president of the New Jersey-based American Arab Forum.

This large-scale entry of Muslims into public life is not only testing the courage of Muslim candidates and the tolerance of voters. It's also prompting politicians to take notice of a community that has growing clout and is open to appeals from both parties.

American Muslims are hard to count. Many immigrants have Muslim names, but African-American Muslims often don't. For example, one of the highest-ranking Muslim officials in the country is North Carolina state Sen. Larry Shaw.

Based on tallies of mosque membership and Muslim names, several national organizations estimate there are 4.5 million to 6 million American Muslims. Most live in a dozen big states, giving them the potential to make a difference in tight races. Aslam Abdullah, editor of the weekly Muslim Observer newspaper, says there are about 15 close races for Congress in districts where Muslims are concentrated and could cast decisive votes.

Mosques, numbering more than 1,200 across the country, are "the grass-roots center of our political empowerment," Assaf says. They hold voter-registration drives and policy discussions. They invite candidates to speak, offering access to large crowds at Friday prayers.

Up to a third of American Muslims are African-Americans who vote mostly for Democrats. The rest come from Pakistan, India, Afghanistan, the Middle East and Africa. Many lived in dictatorships or theocracies and did not participate in politics in their homelands. "It is definitely a new idea," says Mohamed El Filali, outreach director of the Islamic Center of Passaic County in Paterson.

The immigrants are in tune with Republican conservatism on issues such as abortion, gay rights and religion, say analysts such as Georgetown University professor Zahid Bukhari. But they agree with Democrats on civil liberties and government social programs.

At this point, Muslims aren't firmly allied with either party. Bush won backing from Muslim leaders in 2000, before 9/11, and outperformed Democrat Al Gore among Muslim voters, polls and studies found. Four years later, dismayed by the Iraq invasion and what they saw as civil liberties abuses under the USA Patriot Act, the leaders endorsed Democrat John Kerry, and he won a majority of Muslim voters.

Sherine El-Abd, 60, an Egyptian immigrant and prominent Republican who lives in Clifton, N.J., personally tried to persuade a number of Muslims to switch back to Bush. It was, she admits, an uphill battle: "There were more that didn't go."

Analysts say the shift is likely to be temporary. "I wouldn't call it a realignment," CAIR research director Mohamed Nimer says. "What we've seen is just a one-time deal."

Muslims are comparable to Hispanics, a much larger swing voter group, in their diversity and their compatibility with positions of both parties. Analysts say they're also similar to Hispanics in that they are young and likely to wield increasing influence.

Mohamed Elibiary, president of the Freedom and Justice Foundation in Dallas, a statewide Muslim advocacy group, cites a 2002 Cornell University finding that 60% of the U.S. Muslim population is 30 or younger: "You have this huge bulge that over the next 10 years is going to mature politically" and be far more active.

His foundation gave that process a jump-start after 9/11. In June 2002, the group held a candidate forum at Texas Stadium, where the Dallas Cowboys play. It drew 7,000 Muslims and registered 2,000 new voters. "It was a reaction to … feeling like their loyalty to their country was being questioned," Elibiary says. "What could they do? Get politically engaged to prove how mainstream they are."

The ultimate form of involvement is running for office, and by that measure, Muslims are still recovering from 9/11. According to Hazem Kira of the California Civil Rights Alliance, in 2000 there was an "all-time high" of 700 candidates across the country. That plummeted to 70 in 2002 and rose to about 100 in 2004.

There are no statistics yet for 2006. Bukhari, co-director of a project called Muslims in the American Public Square, says grass-roots activity is pushing the trend upward. "Muslims are becoming more involved at the county and state level," he says. He says there are three Democrats running for county council and the state legislature in Montgomery County, Md., in suburban Washington, and "that never happened before."

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Muslim immigrants who become candidates tend to be observant but not orthodox, and many have U.S. educations. “They are more Americanized,” Assaf says.

Of this year's candidates, at least one — Khairullah — is divorced. At least one is a woman: Democrat Ferial Masry, a teacher making her second run for the California State Assembly from suburban Los Angeles. In Saudi Arabia, where she was born, women cannot vote.

Like Masry, whose district leans Republican, Muslims often run as underdogs. The Dallas Morning News endorsed Omar, son of Iranian and Palestinian immigrants, over two rivals in his GOP congressional primary. If he wins a runoff April 11, he'll face a popular Democratic incumbent in a Democratic district.

Khairullah, a Democrat, was in his second term on the Prospect Park Borough Council when the mayor moved away. The flier that said Khairullah should not be living in “our clean town,” that contended he would “poison our thoughts” about America, did not stop his four fellow council members from picking him for the mayoral slot.

“They were disgusted by the letter,” Khairullah says. “I've been living in the community the longest out of all the council members. The entire community knows me.”

In the months before the 2000 election, Muslim leaders were worried about a law allowing the government to use secret evidence in immigration hearings. Leaders were ignored when they approached Gore, says Boston activist Tahir Ali, but Bush was accessible.

In the second presidential debate, Bush criticized the Secret Evidence Act as a form of racial profiling and said he supported repealing it “to make sure that Arab-Americans are treated with respect.”

El-Abd, watching at home, says she cried with happiness when she heard Bush acknowledge her community. Ali, author of a book on the Muslim vote, says “we had to go with him” because he seemed responsive to Muslim concerns.

The euphoria of having helped elect a winner quickly dissipated as Bush invaded Iraq and expanded the government's investigative powers under the Patriot Act. Some Muslims refused to get a library card or register to vote, scared of “anything that will put them on a list (that) is retrievable” by the FBI, says Abdul Waheed, 59, a Pakistani immigrant running for Teaneck City Council.

Others were more angry than fearful. Assaf says he was “a lifelong Republican” who voted for Bush in 2000. Now he accuses Bush of a “post-9/11 frenzied attack on Islam” and “purely anti-Arab, anti-Islam” policies.

Ali is also having buyer's remorse, mostly over a war many Muslims tried to avert with calls to contain or oust Saddam Hussein in ways that wouldn't be so hard on ordinary Iraqis. “I go to a lot of communities, (and) people say, ‘You are the reason we voted for Bush, and look at what happened,' ” Ali says. “I'm feeling ashamed.”

Elibiary stuck with Bush in 2004, mostly because he was lukewarm on Kerry. But he says Bush “is about as popular in the Muslim community as he is in the African-American community. Single digits.”

That remains true even as Muslims say Bush was right to defend a Dubai-controlled company's plan to take over some U.S. port operations. “The Arabs are coming, the Arabs are coming,” says Paterson councilman Aslon Goow, 47, a Syrian-American, mocking the uproar that killed the deal.

A self-described independent, Goow voted for Bush in 2000 and Kerry in 2004. When he ran for re-election to City Council in 2004, he said rumors spread that “because I was a Muslim, I was a terrorist.” He says that may be why he won with fewer votes than the first time.

Waheed, the Teaneck council hopeful, was doing business in a building across from the World Trade Center on 9/11. He saw bodies falling from the towers and escaped in a cab driven by a Sikh.

He'd had the same clients for decades; they knew he was Pakistani. A lot were friendly after 9/11, he says, but “there were a few customers who were not. You can sense certain things. Discomfort.” He sighs. “Islam is the most misunderstood religion, and Muslims are the most misunderstood people.”

Waheed says he is a Democrat, but “on certain issues, I have been in bed with the Republicans.” Collecting signatures for the May 9 town council election outside a supermarket, he talks to voters about education, business development, preserving green space. In his baseball cap, holding his clipboard, he could be any candidate anywhere.

“I am running because I am very conscious of the issues of the town,” he explains. “I am not running because I want to represent Muslims.”

Change In `undue Burden' Standard Could Shift Abortion Law (KRT)

By Stephen Henderson

Knight Ridder, March 24, 2006

WASHINGTON - The latest high-profile battle in the abortion wars may prove to be a sideshow to a monumental shift in abortion law that could take place this fall.

South Dakota legislators enacted a sweeping ban on abortion last month that will retest the strength of Roe v. Wade, the landmark 1973 Supreme Court decision that overturned all state laws banning or restricting abortion. Other states are threatening to follow suit as anti-abortion activists flex what they think is new muscle: two new Supreme Court justices who are thought to be less sympathetic to abortion rights.

Legal experts say the courts almost certainly will strike down South Dakota's ban in short order. But this fall, when the Supreme Court considers the federal ban on late-term abortions, the justices could make it easier for state legislators to pass stringent restrictions on abortion without much fear that the courts might overturn them.

The high court could force those who challenge abortion restrictions to prove that restrictive laws prevent a significant number of women from getting abortions. Currently, the courts bar restrictions if it's plausible that they could impose burdens on women seeking abortions.

Such a ruling would validate many abortion laws that can't now survive court scrutiny, and in some states it would render abortion all but inaccessible to many women.

All this could happen without the court even touching on the core debate over abortion rights.

"Abortion restrictions could be revolutionarily increased without in any way overturning Roe v. Wade," said David Garrow, a professor at Cambridge University whose book on abortion, "Liberty and Sexuality," is considered one of the definitive accounts of how modern abortion law developed. "South Dakota is kindergarten simplistic by comparison, something the courts will just dispose of easily, and no one will be affected. This other issue would have real impact on women's ability to get abortions in states where the legislature doesn't want them to."

Jay Sekulow, the chief counsel to the American Center for Law and Justice in Washington, said the court seems primed to make a change, especially on matters as controversial as late-term abortions. His organization is representing several congressmen who want to preserve the late-term abortion ban. If the court changes the way abortion laws can be challenged, he said, "Increasingly, you'd see that legitimate restrictions would be enforced. It wouldn't be an all-or-nothing proposition."

The shift could happen if the justices endorse the thinking in a lower-court opinion in a partial-birth abortion case, which contains a little-noticed argument that the "undue burden" standard that the Supreme Court has imposed on all abortion laws has gotten out of control.

Now, the courts can strike down newly passed state abortion laws if a challenger can show that any part of the new law could place an "undue burden" on a substantial number of women.

Take, for example, a law that includes a requirement that teens get parental consent before getting abortions. A challenger can get the whole law struck down by arguing that it would make it too difficult for a small number of teens - such as those who are abused or estranged from their parents - to get abortions.

This interpretation of the "undue burden" standard has made it easier for proponents of abortion rights to get the courts to invalidate scores of abortion laws without having to prove they were unconstitutional.

The nation's other laws generally must be challenged according to far more exacting standards that essentially require challengers to show that there's no possibility that the law could be constitutional.

The different standard for abortion laws has long been controversial at the Supreme Court, in lower courts and in legislatures.

Erwin Chemerinsky, a law professor and constitutional expert at Duke University, said the court had good reason to treat abortion laws differently.

Think of a teenager who's pregnant and hemorrhaging, or a pregnant woman in an abusive relationship, he said. "Should they have to go to court to prove they face an undue burden from regulations that require consent?" Chemerinsky asked. "The court is particularly concerned about small numbers of women being affected. They weren't concerned about proving the exact number to get a law enjoined."

A lower-court opinion in a late-term abortion case, however, has opened the door for the high court to reconsider its position.

Chief Judge John M. Walker Jr. of the 2nd Circuit Court of Appeals in New York addressed the different standards applied to abortion laws and explained why he thinks they should be changed.

"I can think of no other field of law that has been subject to such sweeping constitutionalization as the field of abortion," Walker wrote. The high court's decisions, he said, have made legislators "all but foreclosed from setting policy regulating the practice; instead, federal courts must give their constitutional blessing to nearly every increment of social regulation that touches upon abortion."

Abortion laws are struck down "based upon a speculative showing" that they might be unconstitutional, Walker said, and the justices have given unclear directions to lower courts in several abortion cases. He invited the high court to reconsider the matter.

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That invitation may appeal to the high court's newest members, Chief Justice John G. Roberts and Justice Samuel Alito. Both are believed to be personally opposed to abortion, and both penned memos while working in the Reagan Justice Department urging legal strategies to curb abortions.

But both also have strong records as judges who respect established court precedents, and both suggested at their confirmation hearings that their votes would pose no immediate threat to established abortion laws.

Walker's opinion, however, offers a lawyerly, nonideological approach that could produce a fundamental change in abortion law without directly confronting established rulings. Indeed, Walker's misgivings about how the current scheme weakens legislators echo language that Roberts and Alito used in their Reagan-era memos.

Walker's opinion also may appeal to Justice Anthony Kennedy, who decried the different standards for abortion laws in a 2000 opinion on a Nebraska ban on late-term abortions.

Kennedy has voted to preserve core abortion rights but also has backed a broad array of state restrictions, including the Nebraska ban.

He lost that case because Justice Sandra Day O'Connor provided the winning vote to the opposite side. With O'Connor gone, Kennedy becomes the swing vote on the issue, and he could be attracted to a solution like Walker's, which retreats from the status quo without attacking core abortion rights.

Such a move also would dovetail nicely with a high court decision earlier this term that instructed a lower court to reconsider how to handle a challenge to a New Hampshire abortion restriction. The lower court had struck down the entire law using the lower standards that have applied to abortion laws.

"We had Kennedy on our side then, and I assume we have him now, but it's true that they have to find a way to get there, and this might be that way," said Sekulow of the American Center for Law and Justice. He'll file a brief urging the Supreme Court to uphold the federal late-term abortion ban, and he said that Walker's opinion could influence his efforts.

"That's one of the arguments we're looking closely at," he said.

Chief In Md. Urges Close Of Internet Police Forum (WP)

By Ernesto Londoño

The Washington Post, March 24, 2006

Montgomery County Police Chief J. Thomas Manger called on the department's union yesterday to take down an online message board that some police officers have used as a forum for disparaging, and sometimes racist, remarks about colleagues, supervisors, immigrants and other members of the community.

The union said it would not shut down the board, saying that it serves a legitimate purpose and that doing so would curtail officers' right to free speech.

The offensive messages were roundly condemned by county officials and community leaders.

"Let me be very clear. There is no place in our police department . . . for racism, bigotry and hatred," County Executive Douglas M. Duncan (D) said. "As public servants, we not only take an oath to uphold the law, but we have a moral obligation to guarantee that the law is applied equally and fairly to everyone in our community."

Duncan said that if the union doesn't disable the message board, access to the site will be restricted from county workplaces.

Some of the messages, copies of which were published in The Washington Post yesterday, refer to Latino immigrants as "beaners." Others make sexual references to female officers and disparage some officers as "racists."

Margo Pave, an attorney for the Montgomery County Fraternal Order of Police, defended the message board and criticized the county's request that it be shut down.

"Certainly, if he wishes to approach us to talk about this, we can," she said, referring to Manger. "I don't think the proper channel for this discussion is through the press. They have our phone number. They can call."

Pave said the excerpts provided to The Post do not reflect the "bread and butter" of the discussions on the board, which she said has given officers, emboldened by anonymity, an opportunity to challenge their leaders and departmental policy.

"We neither censor or endorse what is on there," she said. She criticized the county's threat to block access to the site from county computers, saying that if Duncan "has that dim an opinion of free speech, I guess that's where he stands."

Manger did not respond to an interview request yesterday.

In a brief e-mail, he said yesterday's Post article misled readers because it "did not make it clear, whatsoever, that this is a private chat room, owned and operated by a private business. The reaction from the community demonstrated that they are left with the impression that the Police Dept. is the responsible organization."

Several community leaders and officers said yesterday that although they understand the department has no direct control over the board and its content, the command staff has largely ignored concerns about the messages.

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Detective Terry Ridgley, president of the black officers association, said he met with Manger to bring the issue to his attention several months ago. He said Manger was attentive and seemed concerned but didn't ask to see the messages.

Portions of the messages from the password-protected forum -- which may be accessed only by union members -- were turned over to police internal affairs investigators in at least two instances, said Lt. Eric Burnett, a police spokesman. He said he could not disclose the outcome of those cases.

"I heard from a lot of officers who are happy that this finally came out," Ridgley said. He stressed that he doesn't think the offensive messages reflect the values and professionalism of the majority of officers. Many of them feel the vitriolic content has harmed morale and strained trust among officers, Ridgley said.

County Council member Phil Andrews (D-Gaithersburg-Rockville), who heads the council's public safety panel, called on the union to "begin policing themselves. Otherwise the despicable comments will tarnish the reputation of an excellent department."

Black and Latino leaders said they will schedule meetings with Manger to discuss the message board because they say he is responsible for the conduct of the county's officers.

"I'm flabbergasted," said Del. Ana Sol Gutierrez (D-Montgomery). "If there is one agency where Montgomery County cannot tolerate one iota of racism and xenophobia, it is our police department. Chief Manger must take immediate action to remove any police officer who hides behind the anonymity of the Internet to attack the immigrants, the minorities and women they are hired to protect."

Henry Hailstock, president of the Montgomery chapter of the NAACP, said he has met with at least 15 officers who approached him with concerns about some of the board's content. He said he holds Manger primarily responsible for what he described as a lackluster internal response to officers' concerns.

"He is the leader," Hailstock said. "There are some things management can do to let officers responsible for this know that it is not going to be tolerated and that if they're found doing this, they are going to be disciplined."

Kim Propeak, a spokeswoman for Casa of Maryland Inc., a group that has worked with the department to build trust between officers and the county's immigrants, said she is disheartened.

"I read that story, and I thought: We've just been set back 20 years," Propeak said. "I was outraged. I couldn't finish eating breakfast."

Hennessee, A Woman-Led Fund, Is Hit With Pregnancy-Bias Suit (WSJ)

By Ianthe Jeanne Dugan

The Wall Street Journal, March 24, 2006

NEW YORK -- E. Lee Hennessee became one of the most prominent women in the hedge-fund business, building a booming firm counseling rich clients. But how woman-friendly is her firm?

The question was raised by a former employee in a lawsuit filed Wednesday in New York state court against Ms. Hennessee; her husband, Charles Gradante; and their firm, Hennessee Group LLC.

Leeana Piscopo, a 29-year-old former senior vice president, claims that she was fired in January after revealing she was pregnant. The father: Hennessee's public-relations manager, Alex Smith-Ryland, who is also 29.

The lawsuit was the latest of many pregnancy-related cases against employers. The U.S. Equal Employment Opportunity Commission, along with state and local agencies, last year received 4,449 complaints from employees complaining of bias after pregnancy -- a jump of 31% from 1992. Last year, EEOC reaped $11.6 million in rewards in pregnancy-related cases. One reason, says the agency: Women are increasingly attempting to juggle career and family at the same time that companies are increasing workloads.

Ms. Piscopo, who joined Hennessee seven years ago, shortly after graduating from Manhattan College, says she told Mr. Gradante in early December that she was pregnant. He asked to see a doctor's note and changed her flexible schedule, according to Ms. Piscopo, who was the chief rules-compliance officer.

Mr. Gradante calls the charge "ridiculous" and said the company "bent over backward" to accommodate Ms. Piscopo.

"Lee Hennessee has been a role model for women on Wall Street," said Louis Pechman, an attorney for Hennessee Group. "The suggestion that she or Charles Gradante discriminated against Leeana is ridiculous. In fact, the evidence will show that she was treated very well during their seven-year relationship."

Ms. Piscopo claims that Ms. Hennessee screamed that one of the prospective parents had to leave the firm. Ms. Piscopo says she volunteered, because Mr. Smith-Ryland, an Australian citizen, could be deported if he lost his job.

Ms. Piscopo earned $100,000 a year, plus an annual bonus of 1.5% of the company's equity. Last year, that bonus would have been $22,000, but she says she didn't get it. Ms. Piscopo's attorney, Saul Zabell, says they are seeking "hundreds of thousands" in damages.

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ANTITRUST:

Court Nixes Stolt-Nielsen Injunction (AP)

AP, March 24, 2006

Trading of Stolt-Nielsen Halted After Appeals Court Undoes Injunction Against Indictment

NEW YORK (AP) -- Trading of Stolt-Nielsen SA's shares was halted Thursday, after a federal appeals court reversed a lower court injunction blocking the Department of Justice from indicting the chemical transportation company and its officials for alleged antitrust violations.

The injunction stopping the Department of Justice from prosecuting Stolt-Nielsen -- a company that cooperated with the government in criminal antitrust prosecutions in the international carrier industry -- was issued by a District Court judge in January 2005.

That injunction came after a decision by the Department of Justice to kick Stolt-Nielsen out of the government's Corporate Leniency Program for allegedly continuing illegal anticompetitive activity longer than it admitted.

The two-judge panel of the Third Circuit Court of Appeals said that the District Court did not have the authority to enforce an amnesty agreement before an indictment. The appeals court remanded the case back to the lower court and did not address the merits of the company's amnesty defense.

Stolt-Nielsen said it plans to file a petition for a rehearing.

Before being halted in afternoon trading, shares were down 86 cents, or 2.6 percent, to $32.40 on the Nasdaq. After trading resumed, shares were down $1.80 or 5.4 percent at $31.46. The stock has traded between $29.92 and $41.50 over the past year.

Bayer Joins Race To Build German Drug Titan (WSJ)

By Jeanne Whalen And Jason Singer and mike Esterl

The Wall Street Journal, March 24, 2006

Bayer AG's friendly bid for fellow German drug maker Schering AG, which tops a hostile bid by Merck KGaA, is aimed at creating a pharmaceutical giant capable of competing with U.S. and European rivals, which have eclipsed Germany's once-mighty drug industry.

Schering said its executive board backed Bayer's offer, valued at €16.34 billion ($19.73 billion), making it unlikely another bidder will emerge. If approved by Schering's shareholders, the two companies plan to combine their prescription-drug businesses into a new firm called Bayer-Schering Pharmaceuticals with anticipated sales of more than €9 billion a year and headquarters in Berlin. (See Schering statement.)

Bayer said it plans to cut 6,000 jobs, or 10% of the work force of the combined operations. "Bayer Healthcare and Schering have a combined work force of around 60,000 people," Bayer Chief Executive Werner Wenning told a telephone press conference Friday. "During the restructuring, of the combined businesses, there will be job cuts of around 6,000 employees in the upcoming years," he added.

Bayer-Schering Pharmaceuticals' revenue would exceed that of Schering-Plough Corp. of the U.S., which is unrelated to the German Schering. Bayer also has a large over-the-counter drug business and, including Schering's prescription drug operations, Bayer would become one of the world's biggest drug makers.

"We are convinced that merging the two companies will create a health-care heavyweight of international standing," Bayer's Mr. Wenning said in a statement late Thursday. "It is also the best way of reasserting the importance of Germany as a pharmaceutical industry base."

A successful bid from Bayer would leave Germany's Merck in a difficult position. The company had been hoping to bulk up its business to better compete in the global marketplace. Jon Baumhauer, a 62-year-old member of the Merck family and its chief representative, told journalists on the sidelines of a recent Merck news conference that Schering has always been Merck's "dream target" for expansion.

Bayer's offer of €86 a share, a 12% premium to Merck's, combined with "several other important commitments, is a good offer," said Hubertus Erlen, chairman of Schering's executive board. In Frankfurt Thursday, Schering's shares closed at €84.97, after rising 2.4% on speculation about a Bayer bid. Bayer's shares rose almost 3% to €34.75. In early trading Friday, Schering surged 4.7% to €89.00, while Bayer was up 1% at €35.10 on the Frankfurt exchange. Merck, meanwhile, was down just over 2% at €78.83.

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"After intensive discussion, the management board has come to the assessment that, in view of this offer, it is probably impossible for Schering to maintain its independence," Mr. Erlen said. He said the combination would "together form an even more internationally competitive company."

Germany was one of the birthplaces of the drug industry. Bayer, the inventor of tablet aspirin, traces its roots back to 1863 and Berlin-based Schering says it was founded in 1851. But both Merck and Schering lost their U.S. operations after the two World Wars, leading to the formation of Merck of the U.S. and Schering-Plough.

Germany remains home to several midsize drug companies. But the country's stature has diminished in recent decades as consolidation has created a handful of drug giants in the U.S., United Kingdom, Switzerland and France.

Bayer had total sales of €27.4 billion last year and net profit of €1.6 billion. Schering's sales last year rose 7% to €5.3 billion, while net profit rose 23% to €619 million.

Merck's hostile bid for its German rival, made last week, has enabled Bayer to play a white-knight role. Schering's board last week rejected Merck's bid of €77 a share, or €14.6 billion, as too low. Merck couldn't be reached for comment.

Bayer first approached Schering shortly after Merck made its March 13 offer, Klaus Kuhn, Bayer's chief financial officer, said in a telephone interview. Schering management would take a big role in running the combined pharmaceuticals division, giving them more clout -- and more jobs -- than would have been the case if Merck had acquired Schering, people familiar with the matter said. Still, if the deal goes through, Mr. Kuhn said he expects job cuts of around 6,000 people, or 10% of the combined firm's work force.

Bayer said it expects to achieve cost savings of €700 million annually after three years, 40% more than the annual €500 million Merck projected to save annually by 2009. But Bayer added that the savings will be damped by a €1 billion charge to cover restructuring costs.

Bayer of Leverkusen, Germany, is a big seller of over-the-counter medicines, including Aleve, Bayer aspirin and Alka-Seltzer. Its prescription-drug business is smaller, including Baypress for high blood pressure, Nexavar for renal-cell cancer and the anti-infectives Avalox and Cipro. Buying Schering would bolster Bayer's prescription-drug business, giving it access to contraceptives and a big-selling multiple-sclerosis drug.

Bayer's reputation and profit took a big hit in 2001 when the company was forced to recall its cholesterol drug Baycol after the drug was linked to dozens of deaths in the U.S. Bayer subsequently fought a costly legal battle with U.S. consumers.

Soon after the Baycol debacle the company undertook an extensive restructuring, splitting off part of its chemicals and plastics business and focusing operations on health care; pesticides and seeds; and material science, which includes polyurethanes.

Schering Gets Bid From Bayer (NYT)

By Mark Landler

The New York Times, March 24, 2006

In a bid that could help partly restore Germany's historic prominence in the pharmaceutical industry, the drug and chemical giant Bayer yesterday announced a nearly $20 billion offer for its smaller rival, Schering, topping a $17.9 billion offer by Merck of Germany.

Bayer, a 143-year-old company best known as the inventor of aspirin, said it would pay 86 euros ($103) a share in cash for Schering, which last week rebuffed an offer of 77 euros ($92) a share by Merck. Schering and Merck are German companies not related to the American drug giants Schering-Plough and Merck & Company.

Schering, based in Berlin, said it would recommend the offer to its shareholders, an indication that Bayer was likely to complete the takeover unless Merck raised its bid or yet another suitor entered the fray. An executive close to Merck said it would assess the offer before deciding how to respond.

For Bayer, the deal is a striking return to its roots. Bayer has struggled in drugs since the recall of its anticholesterol treatment Baycol over safety concerns in 2001, and it tried fruitlessly a few years ago to find a partner for its troubled pharmaceutical business.

Although health care products now account for less than 40 percent of Bayer's annual revenues, which were about $30.5 billion last year, the Schering acquisition could make health care the largest part of Bayer, with projected sales of $18 billion a year.

Bayer's biggest business now is producing polyurethane, polycarbonates and other manufacturing materials, which accounted for about $13 billion in sales last year.

"We have for some time believed that Schering was the ideal partner for moving into specialty pharmaceuticals," Arthur Higgins, the chief executive of Bayer's health care division, said in a telephone interview. "We have two excellent German companies coming together."

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Shares of Bayer rose 1.4 percent in Frankfurt yesterday, after rumors of an offer swirled through the market. That suggested that investors would welcome the combination, which would create the world's 12th- largest pharmaceutical company, and a top 10 producer of specialty drugs.

Schering is the world leader in oral contraceptives and also specializes in cancer drugs, while Bayer has recently focused its pharmaceutical research on cancer and cardiovascular drugs.

In New York, where news of the deal began circulating in midafternoon, Schering's American depository receipts rose nearly 7 percent, to close at $107.20. But Bayer's A.D.R.'s, while ending regular trading up 1.4 percent, to close at $41.69, fell nearly 3 percent in the after-hours market, as investors had time to digest the agreement's details.

Germany's fragmented drug industry is viewed as ripe for consolidation, having missed out on the wave of mergers that created global goliaths like GlaxoSmithKline, Sanofi-Aventis and Pfizer. Bayer, though Germany's largest pharmaceutical company, ranks only 16th globally.

Analysts had predicted a rival bid for Schering after Merck's unsolicited offer last week put the company into play. But few focused on Bayer, speculating instead about the Swiss drug giant Novartis.

Even now, some analysts question the logic of combining a drug specialist like Schering, with Bayer, a conglomerate that sells products as diverse as Alka-Seltzer and One-a-Day vitamins and agricultural chemicals.

"The only overlap they have is in oncology," said Andreas Burckhardt, a drug industry analyst at WestLB. "To justify such a higher bid, they're going to have to make more people redundant than Merck," he said, referring to job cuts.

Bayer said the merger could result in about 6,000 jobs being eliminated, roughly 10 percent of the combined work force. The company, which is based in the Rhine River town of Leverkusen, estimates it will reap 700 million euros ($837 million) in annual savings from the merger by 2009. Among the areas in which a Bayer-Schering combination would be valuable, Mr. Higgins said, was in the marketing of cancer drugs. Bayer recently introduced a kidney cancer drug in Britain, and expected to receive approval to sell it in the United States later this year. Schering has an established sales force for its portfolio of cancer drugs, which Bayer could exploit.

Bayer said it would finance the offer with existing cash and a line of bank credit. It would refinance that with equity, bonds and proceeds from the sale of two chemical units. The bid values Schering at 2.8 times sales and 11.6 times projected 2006 operating income.

"These are reasonable numbers for a pharma transaction," said Klaus Kühn, the chief financial officer of Bayer. "From a financial point of view, it makes sense."

Bayer has been overhauling itself more or less continually over the last several years. In 2004, it bought the over-the-counter drug business of Roche, signaling its intent to focus on health care. Last year, it spun off most of its chemicals business in a new publicly listed company, Lanxess.

To make this deal palatable to Schering employees and local politicians, Bayer said it would base its pharmaceutical division in Berlin, Schering's hometown. But Bayer will maintain its corporate headquarters in Leverkusen.

In a statement issued late yesterday, the chairman of Schering, Hubertus Erlen, said: "Both business are complementary and follow the same strategy. Together they will be even more competitive."

In an interview on Monday, however, Mr. Erlen had disputed the argument that Schering, as a specialty drug company with its own global sales force, would benefit by merging with a competitor.

"There are pharma markets where size and muscle is decisive," he said, "but this is different. This is going to highly specialized doctors. It is not a question of marketing muscle. It is a question of being the expert in that field."

Schering may also face hard questions from its employees, who rallied against the Merck bid on Tuesday. They said they favored staying independent, citing the prospect of job cuts as a danger in a takeover.

Bayer In $20bn Agreed Bid For Schering (FT)

By Lina Saigol And Gerrit Weismann

Financial Times, March 24, 2006

Bayer, the German pharmaceuticals and chemicals company, on Thursday night made an agreed €16.3bn all cash bid for Schering, thwarting a rival hostile offer of €14.6bn from Merck.

The deal would cement Bayer's dominant position as the most powerful German drugs company, but would leave family-controlled Merck and Altana struggling with weak product pipelines.

The maker of aspirin is understood to have approached Schering with a friendly "white knight" bid just days after Merck made its hostile bid, according to people close to the situation.

Merck launched a €77-a-share unsolicited offer for Schering on March 14, which valued its Berlin-based rival at €14.6bn. Shares in Schering rose 2.37 per cent to €84.97 on Thursday. Bayer's bid is for €86 a share.

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Schering immediately rejected the bid as too low and hired Morgan Stanley and Dresdner Kleinwort Wasserstein to advise it on other alternatives. Merck is being advised by Deutsche Bank and Goldman Sachs.

The Bayer/Schering deal will not preclude Merck from returning with a higher offer. Although Merck has not ruled out sweetening its terms, Wilhelm Simson, chairman of Merck's supervisory board, has said the company would first wait to see if other bidders came forward.

Merck had planned to finance its bid through a combination of bank debt, cash, a rights issue, and a €1bn investment from the Merck family and has said it is committed to maintaining its investment-grade rating.

Schering is the world's largest maker of birth-control pills. It derives around 16 per cent of its sales from Betaseron, a multiple sclerosis treatment and also makes substances introduced into the body to make organs visible on X-rays.

However, both Bayer and Merck would be particularly interested in Schering's oncology business, which has treatments for breast, prostate and colorectal cancer at different stages. That division accounted for €197m in 2005.

Bayer, which, invented aspirin more than 100 years ago, is headed by Werner Wenning, chief executive. During the past 18 months, it has bought the over-the-counter drugs unit of Roche, the Swiss drugs company, and spun off the bulk of its chemicals operations as a new listed entity called Lanxess.

The group has also placed its hopes in bringing to market new home-made patented drugs, with US regulators giving a potential blockbuster anti-cancer drug the green light late last year.

Bayer rose 2.96 per cent to €34.75. Merck fell 2.85 per cent to €80.49. Schering, Bayer and Merck all declined to comment.

UPDATE: Bayer Launches White Knight Bid For Schering (DOW)

By Steve McGrath and Gangolf Schrimpff, Of DOW JONES NEWSWIRES

Dow Jones, March 23, 2006

LONDON -(Dow Jones)- German pharmaceutical and chemicals company Bayer AG (BAY) (BAY) Thursday confirmed it will make a EUR16.3 billion bid for rival Schering AG (SHR)(SHR), trumping a rival EUR14.6 billion bid by Merck KGaA (MRK.XE).

In a statement, Leverkusen-based Bayer said it would offer EUR86 a share in cash for Schering (SHR), topping Merck's (MRK) EUR77-a-share offer.

In a separate statement, Schering (SHR) said its board would recommend Bayer's offer. Schering (SHR) had rejected Merck's (MRK) approach, saying it didn't reflect its true value.

Schering's (SHR) shares rose more than 2% to EUR84.97 Thursday on speculation about a Bayer bid.

Earlier, the Wall Street Journal had reported, quoting people familiar with the matter, that Bayer would make a white-knight bid for Schering (SHR). Bayer has had an interest in Schering (SHR) for years, but Berlin-based Schering (SHR) had been unwilling to sell itself, the paper quoted the people as saying.

Merck's (MRK) bid for Schering (SHR) was aimed at creating a German drug company of a scale that could compete with global rivals such as Pfizer Inc. (PFE) (PFE) of the U.S. and GlaxoSmithKline PLC (GSK) (GSK) of the U.K. A combination of Bayer and Schering (SHR) would create an even bigger company by sales.

The Wall Street Journal had said Bayer's bid may be made jointly with Siemens AG (SI) (SI), which is interested in Schering's (SHR) imaging business. However, there was no mention of this in Bayer's statement.

In its statement, Bayer said Schering's (SHR) business would be merged with its own health-care division to create a new listed unit, Bayer-Schering Pharmaceuticals, headquartered in Berlin. The takeover would boost Bayer's total annual sales to more than EUR15 billion and boost earnings, while Bayer-Schering Pharmaceuticals would have sales of more than EUR9 billion. The new unit's earnings before interest, tax, depreciation and amortization margin is targeted at 25%, up from 23% at Bayer's current Healthcare unit.

"The proposed takeover of Schering (SHR) is in line with our strategic objective to further grow our health-care business, especially in the area of pharmaceutical specialty products," Bayer Chief Executive Werner Wenning said in the statement.

Merck (MRK) was unavailable to comment late Thursday.

Bayer said it is targeting annual synergies of EUR700 million by the third year after completion of the deal. However, the deal will also result in one- time acquisition costs of EUR1 billion.

"In the mid term, the new company is expected to grow at least as fast as the market. Over the same period, we anticipate an average double-digit growth rate for underlying EBITDA," Bayer Healthcare Chairman Arthur Higgins said about Bayer-Schering Pharmaceuticals.

Wenning said the company would be a leader in gynecology, multiple sclerosis, hematology and contrast agents treatments.

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Bayer said the deal would be funded through liquidity of around EUR3 billion and a credit line provided by Credit Suisse and Citigroup, which would later be refinanced through bank loans and debt. The planned equity capital measures will total EUR4 billion, it added. Further financing would be raised through the sale of plastics units H.C. Starck and Wolff Walsrode units.

Bayer said its offer has a minimum acceptance rate of 75% of Schering's (SHR)capital stock. It expects the deal to complete in the second quarter and to clear antitrust regulators without any problems.

Prior to Bayer's statement, analysts had expressed reservations about a possible Bayer bid for Schering (SHR). Landesbank Baden-Wuerttemberg's Ulle Woerner had said a takeover wouldn't fit Bayer's strategy, while another analyst, who requested anonymity, said there are few overlapping portfolios and therefore no major visible synergies. The unnamed analyst had noted a deal would strengthen Bayer's oncology operations.

Bayer is being advised by Credit Suisse and Greenhill in its bid for Schering (SHR).

Hazardous Waste Firms' Merger To Move Ahead (Salt Lake Tribune)

By Judy Fahys

Salt Lake Tribune, March 24, 2006

Antitrust review: The $396M deal involving EnergySolutions and Duratek does not cause federal antitrust objections

The U.S. Justice Department has decided there are no further antitrust issues to consider in the merger of Salt Lake City-based EnergySolutions with Duratek Inc.

Maryland-based Duratek said Thurs- day that a month-long waiting period mandated by the Hart-Scott-Rodino Act of 1976 - an antitrust regulation that automatically triggers a 30-day review whenever an investor seeks to acquire either a 15 percent stake, or a stake valued at more than $15 million, in a particular security - ended this week without any indication the Justice Department wants more time to review the merger, which will create the nation's largest full-service nuclear waste company.

However, the $396 million deal, announced Feb. 7, is still months from being complete. Publicly traded Duratek needs shareholder approval, and a vote has not been scheduled yet, said Diane R. Brown, who leads the company's investor relations.

In addition, EnergySolutions, formerly called Envirocare of Utah, must complete the bureaucratic process of transferring Duratek's licenses and permits with other states and the federal government into its name. With the merger, EnergySolutions will have more than 2,000 employees and operations in more than 40 states and England.

It will operate the only two low-level radioactive waste facilities available for regulated waste from more than 30 states.

In Utah, EnergySolutions already has done the necessary paperwork, said Dane Finerfrock, director of the state Division of Radiation Control. "All of the licenses and permits EnergySolutions has with the department have already changed over," he said.

The company operates a mile-square radioactive and hazardous waste landfill about 80 miles west of Salt Lake City. A request to the state to double the site's size is pending and faces a lawsuit.

Meanwhile, EnergySolutions has amended its current license to switch equipment planned for the new acreage to the existing site. Another proposed change is to increase the amount of waste that can go into the disposal pits. Under its current license, EnergySolutions can stack waste about 44 feet above ground.

The mounds would be 75 feet off the ground if the amendment is approved, allowing the company to expand its Utah disposal capacity by growing up instead of out.

EU Regulators OK Time Warner-CBS Venture (AP)

AP, March 24, 2006

(AP) - BRUSSELS, Belgium-European Union antitrust regulators cleared the Warner Bros. network's 50-50 joint venture with CBS Corp.'s UPN television network on Thursday, saying there were no competition concerns on the plan for the European market.

The two networks will combine to form a new broadcast network called CW. They decided to join forces after struggling in the U.S. ratings.

The venture was fast-tracked for approval by the EU, meaning it saw no significant antitrust problems and received no complaints from rivals.

The EU has to approve mergers and acquisitions between companies with joint global revenue of more than 5 billion euros ($6 billion) a year or if at least two of the companies involved have more than 250 million euros ($300 million) revenue in Europe.

The UPN and WB networks faced tough competition from U.S. network rivals such as Walt Disney Co.'s ABC and General Electric Co.'s NBC. Time Warner Inc. is the parent of Warner Bros.

UPDATE: Medtronic Patents Fuel Debate On Guidant Impact (DOW)

DOJ_NMG_0020921

By Jon Kamp, Of DOW JONES NEWSWIRES

Dow Jones, March 24, 2006

CHICAGO -(Dow Jones)- Medtronic Inc.'s (MDT) (MDT) recent purchase of the rights to certain patents covering stent medical devices could inject the company into the acquisition saga involving rivals Boston Scientific Corp. (BSX) (BSX), Guidant Corp. (GDT) (GDT) and Abbott Laboratories Inc. (ABT).

That's because Medtronic (MDT) believes a key Guidant (GDT) stent product infringes on those patents, and Guidant's (GDT) product plays a key role in the company's coming acquisition by Boston Scientific (BSX) and Abbott. Medtronic (MDT) and a Citigroup analyst made a case Thursday for the patents' validity.

There is argument, though, about whether the latest patent claims bear watching or simply mix with the chaff in the competitive $5 billion to $6 billion stent business. The sector sees frequent litigation as companies jockey for position, and other analysts who weighed in Thursday suggested the latest Medtronic (MDT) suit is more of the same.

"I just see this as a lot of competitive wrangling that's just not going to affect the market place for a very long time," said Phillip Nalbone, an analyst with RBC Capital Markets. He doesn't own shares of any of the companies in question, and his firm doesn't have banking relationships with the companies.

At issue are stents, tiny tubes that prop open arteries, and Medtronic's (MDT)purchase in February of patent rights for bare-metal stents from a private Canadian company called Evysio. Medtronic (MDT) the same month filed in the U.S. District Court for the Northern District of California claiming, among other things, that Guidant's (GDT) "Vision" stent violated the patents.

Vision is the underpinning for Guidant's (GDT) "Xience" drug-coated stent, which Boston Scientific (BSX) and Abbott plan to jointly sell, and is targeted for introduction in Europe this year. But, according to Citigroup analyst Matthew Dodds, Evysio has already made progress in ongoing litigation against the Vision stent in France, which suggests strength for the Medtronic (MDT)/Evysio case.

Any disruption for Vision could disrupt Xience, and, according to Dodds, Medtronic's (MDT) deep pockets are likely to carry the fight to other countries. A successful fight in Ireland where Vision is manufactured, for example, could put the Xience European launch at risk, Dodds said.

Medtronic (MDT) declined comment on where the case might go next. Scott Ward, president of Medtronic Vascular, said in an interview that Evysio's success to date in France "gives us some confidence" in the strength of its case.

Stent Battle

Dodds suggested in an early Thursday research note that Abbott was overpaying for Guidant's (GDT) cardiovascular business, given the potential for Xience delays, and that Abbott's willingness to overpay might show a lack of optimism in its own stent product. Dodds doesn't own shares of the companies in question.

Abbott closed down 22 cents at $43.88 Thursday, and traded as low as $43.16 early in Thursday's session. The medical device and pharmaceutical company refuted Dodds' suggestions in a statement.

"Abbott has a broad intellectual property portfolio and we are confident we will have freedom to operate in the drug-eluting stent market," spokesman Jonathon Hamilton said, relaying the statement. "In addition, we are working closely with regulatory agencies on our acquisition of Guidant's (GDT) vascular business, and we're confident that Abbott will enjoy the full benefits of the acquisition."

Boston is buying Guidant (GDT) for about $27 billion, or $80 a share for Guidant (GDT)holders. Abbott will play a major roll by buying Guidant's (GDT) vascular intervention and endovascular business for $4.1 billion, and by loaning Boston Scientific (BSX) $ 900 million and buying $1.4 billion in Boston Scientific (BSX) common stock.

Boston Scientific (BSX) wants to close the Guidant (GDT) deal in the first week of April, but said late Thursday the close could be delayed as late as April 13 by a European antitrust review.

Some analysts suggested Medtronic's (MDT) patent moves are really an effort to create bargaining chips to benefit its own stent project. Medtronic (MDT) is marketing a drug-coated stent internationally called Endeavor, and hopes to bring it to the U.S. in 2007. The catch for the company is that it doesn't have access to " rapid exchange," a key delivery system that's now the favored way to install stents.

If Medtronic (MDT) can create a strong case against Guidant's (GDT) product, it can later agree to drop that case in return for access to rapid exchange, said RBC's Nalbone and Larry Biegelsen, an analyst with Prudential Equity Group LLC. "They will seek to use it as a negotiating tool," Nalbone said.

Medtronic's (MDT) Ward declined comment on that assertion and the company's negotiating strategy. He said Medtronic (MDT) always prefers "negotiated settlements", and that it seeks a level playing field in the stent market.

J&J In The Fray

Dodds on Thursday also raised an issue, which he's raised before, concerning Johnson & Johnson's (JNJ) (JNJ) potential to disrupt the closing of the Boston Scientific (BSX)/Guidant (GDT) deal. J&J holds patents for the family of drugs used on the

Guidant (GDT) and Abbott stents. The healthcare conglomerate's patents will likely be "strongly considered" by the Federal Trade Commission, "which is likely to make Boston's plan to close the Guidant (GDT) deal by April 3 unrealistic," Dodds said.

A J&J spokesman declined comment on whether the company, which had planned to buy Guidant (GDT) before Boston Scientific (BSX) won a bidding war, is seeking to disrupt the deal. Boston Scientific (BSX) spokesman Paul Donovan said the company doesn't see an impact from either patent issue.

"We have reviewed the intellectual property issues and are comfortable proceeding with the transaction," he said, relaying a company statement.

Boston Scientific (BSX) closed unchanged at $23.47 Thursday. Guidant (GDT) closed down 10 cents at $78.66.

Guidant (GDT) officials didn't comment on the patent issues.

-By Jon Kamp; Dow Jones Newswires; 312-750-4129; jon.kamp@dowjones.com

Boston Scientific Makes Antitrust Commitments To EC (DOW)

Dow Jones, March 24, 2006

Boston Scientific Corp. (BSX) (BSX) said late Thursday it has made certain commitments to the European Commission as part of its antitrust review of Boston Scientific's (BSX) acquisition of Guidant Corp (GDT) (GDT).

The details of the commitments are confidential, Boston Scientific (BSX) said, but are not material to the deal and will become public when the EC completes its review and announces its decision.

The commitments extend the normal five-week EC review period to up to seven weeks, meaning that the review will finish no later than April 13.

Boston Scientific (BSX) said its goal is still to close the deal during the first week of April.

-Gabriel Madway; 415-439-6456; AskNewswires@dowjones.com

Talks For Lucent May Signal End For 90's Symbol (NYT)

By Andrew Ross Sorkin And Ken Belson

The New York Times, March 24, 2006

Lucent Technologies, the phone equipment maker that became a symbol of last decade's boom-and-bust cycle in telecommunications, is in negotiations to be acquired by Alcatel of France for about $12.6 billion, people close to the discussions said last night.

The two companies confirmed the talks last night in a statement, saying they were "engaged in discussions about a potential merger of equals."

After several years of mergers on a huge scale among telephone companies — local, long-distance and wireless — a deal for Lucent would be the first big step toward a shakeout among the companies that make the equipment for the phone service providers.

The prospect of a big trans-Atlantic deal comes at a time when foreign takeovers have been political flashpoints in both Washington and Paris. A Dubai company's acquisition of some United States port terminals created an uproar in Congress, while the French government has sought to thwart cross-border takeovers in energy and pharmaceuticals.

People involved in the talks said the negotiations had advanced in the last week, but cautioned that they could still fall apart. These people said the disclosure of the talks could delay or derail any such deal.

The companies said last night that they would have "no further comment until an agreement is reached or the discussions are terminated."

The talks come nearly five years after the two companies called off what would have been a $22.8 billion merger. That aborted deal had been constructed as a merger of equals but fell apart after the companies could not agree on how much control Alcatel would have.

For Lucent, based in Murray Hill, N.J., a sale would be the last chapter in an extraordinary story of struggle. In 2002, the company was on the brink of collapse, but survived by eliminating thousands of jobs and cutting billions in debt.

Yet as Lucent has returned to profitability, the telecommunications landscape in the United States has radically changed. Lucent has lost many of its largest customers as the regional Bell phone companies gobbled up rivals, steeply reduced investment in their older copper-line networks and spent more on fiber optic equipment that has fallen in price.

Consolidation among the phone companies — this month's $67 billion deal between AT&T and BellSouth being the most recent — has raised expectations that at least some of the equipment makers that serve them will also merge.

Lucent and, to a lesser degree, Nortel Networks in Canada, have been considered the most likely takeover targets because of their depressed stock prices and lukewarm business prospects.

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The outlook seemed worse in 2001, when Alcatel and Lucent discussed a merger. The two companies were then roughly equal in size, but were struggling as the collapse in spending on telecommunications equipment dragged down their earnings and stock prices. But Alcatel has emerged as the much stronger company, with a market value of nearly $20 billion.

To Alcatel, Lucent's most valuable asset would be its C.D.M.A. wireless technology used by Verizon Wireless and Sprint Nextel, two of the largest cellphone companies in the United States. Though only about a third of mobile phone subscribers worldwide rely on this technology, Verizon and Sprint have spent heavily to upgrade their networks to provide more next-generation data services.

Lucent's wireless business would complement Alcatel's leadership in broadband equipment, fiber optic networks and Internet television, all of which are growing quickly. Lucent's leading position in the American market would also dovetail with Alcatel's strength in Europe.

Though Alcatel would be eager to obtain Lucent's customers and leading position in the C.D.M.A. market, it could also risk inheriting some of the company's problems. Growth overseas has been uneven. For instance, Lucent sales in the last three months of 2005 fell more than 15 percent, in part because of weaker demand in China.

Lucent's roots go back to the age of the telegraph. It was the equipment-making arm of the American Telephone and Telegraph Company, and included the research and development unit Bell Laboratories, an intellectual powerhouse. In 1996, AT&T spun off Lucent in a $3 billion initial public offering. The stock quickly became a Wall Street favorite, rising to more than $63 a share and surpassing AT&T in market value by 1998.

In 2000, the company was caught wrong-footed by a sudden slowdown in demand for communications equipment and reported a series of disappointing quarterly results. Its chairman and chief executive was ousted, and the Securities and Exchange Commission began an inquiry into its accounting practices. The shares — which made up the nest eggs of thousands of Lucent employees — slid to a low of 58 cents in 2002.

Patricia F. Russo was named chief executive that year, and pulled the company back from the brink of collapse. In 2004, Lucent settled the S.E.C. investigation, agreeing to pay $25 million. But the recovery has been anything but robust; Lucent's shares closed yesterday at $2.82.

Alcatel has half its sales in Europe, but has been making a push in Asia and North America. Its chief operating officer and president, Michael Quigley, is an English-born Australian. He is expected to succeed Serge Tchuruk as chief executive when Mr. Tchuruk steps down in May.

Lucent, Alcatel Are Far Along In Merger Talks (WSJ)

By Dennis K. Berman, Sara Silver And Almar Latour

The Wall Street Journal, March 24, 2006

Lucent Technologies Inc. and France's Alcatel SA said they were in advanced talks on a merger that would create a trans-Atlantic equipment supplier with a market value of $33 billion in the rapidly consolidating telecommunications industry.

A linkup between the two, anticipated since a deal attempt failed five years ago, could help both realize substantial cost savings and likely would kick off a new round of consolidation among the already-pressured companies that supply equipment to phone companies.

Lucent Technologies Chief Executive Patricia Russo would be the chief executive of the combined company, people familiar with the matter said. And the two firms would have equal representation of a new board of directors, these people add.

Given the cultural and logistical challenges, moreover, a merger could prove to be among the more complicated recent couplings in the industry. With protectionist sentiment growing in both the U.S. and Europe, a merger could prove a critical test of cross-border cooperation for the French and U.S. governments.

In a joint statement late yesterday, the companies said: "We can confirm that Lucent and Alcatel are engaged in discussion about a merger of equals that is intended to be priced at market. There can be no assurances that any agreement will be reached or that a transaction will be consummated. We will have no further comment until an agreement is reached or the discussions are terminated."

Many details were unclear, including just how the two companies might pull off a "merger of equals" when they have such divergent valuations. Lucent has a market value of $12.6 billion, while Alcatel's market capitalization is $20.2 billion. The disparity suggests a deal may be structured as an acquisition of Lucent by Alcatel.

Consolidation pressure has been growing in the equipment business amid a wave of telecom deals and the emergence of more-efficient technologies. That has limited the amount of money that big phone companies have to spend on equipment. The result has been too many equipment makers chasing a limited amount of business.

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The industry's biggest suppliers -- which include such companies as Nokia Corp. and Motorola Inc. -- compete for contracts in nearly every corner of the globe, from Latin America to China. But their primacy in some markets is waning as suppliers from China flood into the developing world offering cut-rate equipment.

At the same time, the technology of transmitting phone calls, Internet data and TV signals often is regarded as a national resource to be protected from foreign meddling, and a Lucent-Alcatel deal could draw close scrutiny.

Lucent's telecom switches, for instance, are in phone hubs around the U.S. -- and are subject to routine wiretapping and monitoring of law enforcement. It also runs Bell Labs, a decades-old institution descended from the old AT&T Corp. that is the force behind some of the most innovative U.S. research into communications.

By merging with Lucent, Alcatel would greatly expand its presence in the U.S. market. Alcatel already is the world's leading seller of "digital subscriber line," or DSL, equipment, which U.S. phone companies have been buying to expand their broadband businesses. Lucent would give it a major share of the U.S. wireless-equipment market as well. Lucent is a leading maker of the technology used by several major carriers including Verizon Wireless, a joint venture between Vodafone Group PLC and Verizon Communications Inc., and Sprint Nextel Corp.

Telecom has seen a massive wave of consolidation during the past two years, with the announced value of U.S. deals alone exceeding $200 billion. Most recently, AT&T Inc. announced plans to buy BellSouth Corp. for $67 billion. Other transactions have included Verizon's acquisition of MCI Inc., and the earlier purchase of AT&T by SBC Communications Inc., which took the AT&T name.

The backdrop is a flood of new technologies and new competitors that have driven down the prices of traditional phone services while introducing a host of new services that are dramatically changing the way consumers and businesses communicate. While phone service over the Internet is taking off, for instance, the cable industry is making a big grab for the traditional residential landline business of telephone companies like Verizon and AT&T. In turn, phone companies are starting to offer television service over upgraded networks.

The changes are creating opportunities for some equipment makers. But they also pose challenges because improved efficiency enables carriers to replace huge switches and other pieces of equipment with computers and software.

There already has been some merger-and-acquisition activity in the equipment business. In October, Telefon AB L.M. Ericsson of Sweden agreed to acquire Marconi Corp., of London. In February, Cisco Systems Inc. completed an acquisition of Scientific-Atlanta, giving it a major beachhead in the cable TV, video-on-demand and emerging Internet television businesses. Motorola has plans to spend up to $1 billion to buy small companies.

Lucent, of Murray Hill, N.J., and Alcatel have come close to merging before. In the spring of 2001, they were on the verge of a $23.5 billion deal, hammered out among executives in a 16th-century castle outside of Paris. But Lucent, which had initiated the conversations, ultimately backed out because its management felt the deal was turning into a takeover rather than a merger of equals.

Shortly after the 2001 merger's collapse, Serge Tchuruk, Alcatel's chairman and chief executive, said the company's goal of becoming a bigger player in the U.S. market remained "absolutely essential." Alcatel has acquired a number of smaller U.S. data-networking players, but an acquisition of Lucent would be by far its largest deal here.

Of late, Alcatel's financial performance has been stronger than that of Lucent. In 2005, Alcatel posted sales of 13.1 billion ($15.8 billion), up from 12.2 billion in 2004, and net income of 930 million, compared with 576 million in 2004. After suffering with other equipment manufacturers from the telecom meltdown, it has been making a steady comeback thanks in part to streamlining, job reductions and asset sales. Mr. Tchuruk also has been trying to broaden the company's client base beyond the telecom industry.

Lucent's Ms. Russo also has been credited with a turnaround after the turmoil of the telecom bust, producing two years of stable growth partly by expanding in emerging markets. But most of the profit Lucent generated actually came from credits in its overfunded pension plans, not from operations. In its first fiscal quarter in 2006, the company booked a net loss of $104 million and a 12% decline in sales. Company officials said an anticipated increase in demand from telecom carriers didn't materialize at the end of last year.

Christian Group Exodus Backs Off Infringement Case Against Blog Parody (USAT)

By Jon Swartz

USA Today, March 24, 2006

SAN FRANCISCO — A Christian group that promotes heterosexuality Thursday quietly dropped its beef against a blogger who poked fun at it.

Exodus International initially claimed the altered image of one of its billboards by Justin Watt infringed its copyright. But Exodus is no longer pursuing the matter after Watt stopped using its “watermark” logo, Exodus President Alan Chambers said.

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Watt, operator of the Justinsomnia blog, says he exercised free speech when he parodied the Exodus billboard, which says, “Gay? Unhappy? www.exodus.to.” Wyatt re-created the billboard on his site so it read, “Straight? Unhappy? www.gay.com.”

(Exodus uses “.to” as its domain suffix because “.com” was not available.)

Watt, 26, a Web developer in Northern California who enlisted the aid of the American Civil Liberties Union and high-powered law firm Fenwick & West, has posted his blog for four years. He posted the parody Sept. 19 because he found Exodus' message “offensive.” A lawyer representing Exodus sent Watt a cease-and-desist letter on March 2.

The dust-up has made Watt a cause célbre among bloggers. More than 40 other websites now carry the spoof.

Had the dispute escalated, it would have extended the debate over fair use of copyrighted material beyond print and electronic media and to blogs, says copyright attorney Tom Zellerbach.

Companies frequently ask websites to remove images and text out of concern they infringe copyrighted material. But high-profile cases involving bloggers have been rare, Zellerbach and other lawyers say.

The incident gained attention because Watt understood his rights and contacted an attorney, said ACLU lawyer Ann Brick, who represented him. “We don't know how often people get cease-and-desist letters and pull material without knowing their rights,” she said.

“Just as the First Amendment allows Exodus to post its billboard, it gives Justin the right to post a parody,” Brick said.

Private Equity Firm To Bid On 12 Newspapers (WP)

By Steven Levingston

The Washington Post, March 24, 2006

The Yucaipa Cos., a Los Angeles-based private equity investment firm, plans to bid Tuesday for the 12 Knight Ridder Inc. newspapers put up for sale by McClatchy Co.

Yucaipa would not say how much it intends to offer for the papers, including the Philadelphia Inquirer, the San Jose Mercury News and the Akron Beacon Journal.

The papers became available after McClatchy last week bought the Knight Ridder chain of 32 papers and announced it would divest itself of 12 dailies in what it said were slower-growth markets.

Robert Hall, a Yucaipa adviser and former publisher of the Inquirer and Philadelphia Daily News, said the firm would make its bid Tuesday, when preliminary offers are due. He added that, if successful, the private fund would take a long-term approach to its investment, freeing the papers from having to meet the pressures of Wall Street.

"Philosophically, Yucaipa has been a worker-friendly fund, a patient investor that will allow for a lesser return than maybe another investor looking for a five-year flip," Hall said. "It would give the papers the opportunity to reinvent themselves to grow in their markets."

Other bidders are possible. Analysts expect Gannett Co., the nation's largest newspaper publisher, to submit offers for at least some of the dailies. Gannett would not comment on its plans but its top executives, speaking in New York yesterday, indicated the company was studying the situation.

Gannett's president and chief executive, Craig A. Dubow, said in a presentation to a New York gathering of media analysts that the company had taken a hard look at the possibility of bidding for the entire Knight Ridder chain but decided to step back. "The others coming to market, we're going to take a look at those," he said, referring to the 12 papers for sale.

But because of its large number of holdings, Gannett's purchasing plans are complicated by regulatory issues. The company, which owns 91 daily papers and 21 television stations, could be constrained in eight or nine of the 12 markets where the papers are for sale. "There are lots of regulatory issues and no easy solutions," said Douglas H. McCorkindale, Gannett's chairman.

Lauren Rich Fine, an analyst at Merrill Lynch & Co., said in a recent report that she believed Gannett would not be interested in the larger papers in Philadelphia and San Jose but "would add selectively to its holdings at the right price."

Another potential bidder, MediaNews Group Inc., a private Denver-based newspaper chain, had no comment.

Yucaipa, headed by billionaire Ron Burkle, was founded in 1986 and has been involved in more than $30 billion in mergers and acquisitions. Former president Bill Clinton is a senior adviser to the firm.

The fund, which has been in discussions with the Newspaper Guild-CWA, a union that represents employees at most of the 12 papers, said it would encourage employees to take an investment stake in the company that would own the papers under its plan.

"Yucaipa will be the principal owners, and employee ownership is a key part going forward," Hall said. "Clearly, that's the intent."

DOJ_NMG_0020926

Populism And Electric Bills (WP)

The Washington Post, March 24, 2006

IT'S HARD TO SAY who has been more reckless in Maryland's current tumult over residential electricity bills -- the lawmakers who froze rates six years ago while blithely believing all would end well in the long term or the utility that thought once the rate freeze expired, it could suddenly hoist prices by $734 a year for an average household without triggering political pandemonium. Add to that a passel of politicians competing with each other to sound more populist than thou, plus state utility regulators who give every appearance of being in cahoots with the utilities themselves, and there you have it: hypocrisy wrapped in wishful thinking inside a scandal.

The original sin was not the idea of deregulating Maryland's electric power industry but how the legislation was crafted in 1999. Eager to escape any responsibility for the consequences of their sensible vote to deregulate, the lawmakers locked in prices at 1993 levels -- minus 6.5 percent. That was unwise; world energy prices subsequently soared. But that was not all: The law allowed for the rates charged by the biggest of Maryland's electric utilities, Baltimore Gas and Electric Co., to be unfrozen this summer, right in the middle of an election year.

Some 1.2 million households -- in Baltimore as well as a surrounding chunk of central Maryland, including some in Montgomery County (read: a large portion of Maryland's electorate) -- would get hit by that $734 annual hike, a 72 percent increase. Having ignored the approaching tidal wave, Gov. Robert L. Ehrlich Jr. (R) suddenly took notice and announced, "Seventy-two percent will not stand." Democrats and Republicans in the legislature, including many who helped devise the poorly conceived legislation in the first place, shouted, "Hear, hear!"

The utility is correct, of course, that rates must rise to reflect the world energy market. It is also right that it is legally entitled to raise those rates commensurate with costs. But utilities also understand very well that they operate in a political environment. Faced with the nearly unanimous wrath of the Maryland General Assembly, as well as threats to roll back deregulation or block a planned merger with a Florida utility, BGE and its parent, Constellation Energy Group, are trying to come to terms with lawmakers.

Presumably they will strike a deal that defers the pain of higher prices by phasing in the increases over time and perhaps extending the caps for a year or two. Fortunately for all involved, the utility is fairly awash in extra cash these days, and that may help to seal a deal. But this time around, both the utility and the lawmakers should level with the public by explaining that sharply higher electric bills -- even if they exact their pain gradually rather than all at once -- are a fact of life for the near term. To pretend otherwise is to ignore the market, and reality.

ENVIRONMENT:

Utah Refinery Charged With Violating Environmental Laws (AP)

By Debbie Hummel

AP, March 24, 2006

SALT LAKE CITY - A Pennsylvania-based metals refinery and two of its managers have been indicted on federal charges of polluting water and conspiring to violate environmental laws, the U.S. Department of Justice said Thursday.

Johnson Matthey Inc. and John David McKelvie, director of gold and silver operations for North America and Europe and former general manager at the West Valley City plant, and Paul Card Greaves, former plant manager, were indicted by a federal grand jury Wednesday night.

They are accused of violating environmental laws by concealing high levels of the chemical element selenium found in waste water from the metals refinery, according to court documents.

Johnson Matthey, based in Wayne, Pa., has a gold and silver refining plant in West Valley City, a suburb of Salt Lake City.

The company is accused of releasing larger amounts of selenium than it was allowed by permit into sewers. The indictment alleges that the company exceeded its monthly limit on selenium discharges 12 times between January 2000 and May 2002.

The waste water from the refinery is processed by a treatment plant that empties water into the Jordan River and the Great Salt Lake, which are part of a shorebird reserve where millions of migratory birds stop each year.

Selenium separated from gold and silver during the refining process. It is known to accumulate in living organisms and can harm people and cause reproductive problems in waterfowl, according to the indictment.

"The defendants are charged with not only illegally discharging contaminated waste water, but also engaging in a concerted effort to cover it up," Granta Y. Nakayama, an assistant administrator for the Environmental Protection Agency, said in a statement.

The indictment alleges that the company did several things to conceal higher pollutant levels including:

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_Stopping the discharge of waste water when inspectors from the water treatment plant came to take water samples; submitting water to laboratories for testing and then only giving those with low selenium levels to the water treatment plant; and diluting waste water with fresh water from a hose to comply with its permit.

Attorneys for Johnson Matthey released a statement saying the company has cooperated fully in the government's investigation.

"Johnson Matthey has taken this matter and now takes these charges very seriously," Robert M. Talley, a company executive, said in a statement. "Johnson Matthey is proud of its standing as a leading global environmentally oriented company. It is important to bear in mind these charges are merely allegations."

The case is being prosecuted in U.S. District Court here by the Justice Department's environmental crime section.

Johnson Matthey and Greaves are charged with 12 counts each and McKelvie with 11 counts of discharging pollutants in excess of permit limits, court papers said.

McKelvie also is charged with seven counts of concealing high selenium levels by performing selective sampling. Johnson Matthey and Greaves are charged with 10 counts each of concealment and three counts each of rendering inaccurate a monitoring method by shutting off the waste water flow and diluting the water, court papers said.

Each of the counts carries a penalty of up to five years in prison and fines of $250,000 for individual defendants and $500,000 for corporate defendants.

Johnson Matthey has operations in 34 countries and employs about 7,400 people.

Nev. Files New Federal Suit In Yucca Fight (AP)

By Ken Ritter, Associated Press Writer

AP, March 24, 2006

(AP) - LAS VEGAS-Nevada sued the federal government Wednesday, accusing it of withholding documents that show the planned Yucca Mountain nuclear dump cannot safely hold the nation's radioactive waste.

The complaint, filed in Reno, is the fourth federal lawsuit the state has pending against the plan to bury 77,000 tons of nuclear waste in the Nevada desert, 90 miles northwest of Las Vegas.

The case seeks the release of a draft application prepared by contractors seeking a Nuclear Regulatory Commission license to open the dump.

"The federal government is required by law to share its important Yucca information with the host state, and we are entitled to such information under the Freedom of Information Act as well," Nevada Attorney General George Chanos said in a statement.

An Energy Department spokesman in Washington said the agency has made public on the Internet millions of pages about the project, but was under no legal obligation to release the draft application.

Spokesman Craig Stevens said in an e-mail that the application would be made public once it is formally submitted to the NRC.

"This department and this administration remain committed to the licensing, construction, and operation of Yucca Mountain as the nation's permanent geologic repository for spent nuclear fuel," Stevens said. "This lawsuit will not deter us."

Bob Loux, chief of Nevada's Agency for Nuclear Projects, said the state believes the document will show the dump cannot meet radiation safety standards set by the Environmental Protection Agency.

The state's three-page complaint lists steps Nevada has taken to secure the draft application, including requests by Gov. Kenny Guinn to the secretary of energy and President Bush; subpoenas from Rep. Jon Porter, R-Nev.; litigation before the NRC licensing hearing board; a Freedom of Information Act request; and Energy Department administrative appeals.

All those requests were rebuffed, Chanos said.

"What are they trying to hide?" he said. "If the repository is safe, you'd think they'd be anxious to prove it."

The Energy Department had planned to open Yucca Mountain by 2010. But it missed a self-imposed deadline to apply for a license by the end of 2004, and licensing hearings are expected to take several years.

The process has been stalled by budget shortages, political opposition, a controversy over whether scientists falsified data and by a court-ordered rewrite of EPA radiation standards.

On the Net:

Yucca Mountain project: http://www.ymp.gov

Nevada's Agency for Nuclear Projects: http://www.state.nv.us/nucwaste

GAO: Quality Assurance Issues Dog Yucca (AP-Y2)

DOJ_NMG_0020928

By Erica Werner
AP2, March 23, 2006

Progress toward opening the Yucca Mountain nuclear waste dump is still hindered by questions about the quality of scientific and engineering work, a year after allegations of fraud emerged, congressional investigators said Thursday.

The Energy Department's reorganization of the project has yet to put the problems to rest and may create new issues, said a report by the Government Accountability Office.

That could delay the Energy Department from applying to the Nuclear Regulatory Commission for a license to open the dump 90 miles northwest of Las Vegas, the report said. It's not likely that the dump, approved by Congress in 2002 to store 77,000 tons of the nation's most radioactive nuclear waste, could open before 2012.

"After more than 20 years of project work, DOE is again faced with substantial quality assurance and other challenges to submit a fully defensible license application to NRC," said the report, requested by Rep. Jon Porter (news, bio, voting record), R-Nev., who was releasing it Thursday at a press conference in Las Vegas.

Among the problems cited by the GAO was high turnover of project managers. Nine of 17 key management positions have turned over since 2001, the GAO said, and the director of quality assurance was among them.

The report also said that despite substantial time and money spent resolving quality assurance issues, the Energy Department has not developed effective management tools to detect and solve problems. The report recommended strengthening quality guidelines and analysis of problems.

Energy Department spokesman Craig Stevens said in a statement that the agency had either fixed these issues already, or was working on them.

"This department remains committed to following our obligation under the law to license, construct and operate Yucca Mountain as the nation's permanent repository for spent nuclear fuel," Stevens said.

Last October, DOE announced a "new path forward" to improve Yucca Mountain by, among other things, redesigning waste storage containers to minimize handling of nuclear waste and designating an outside national lab to oversee scientific work. The report said it is too soon to determine whether this new effort has resolved quality assurance issues enough to move toward submitting a license application.

The Energy Department's inspector general is still conducting a criminal investigation into alleged document falsification by U.S. Geological Survey employees between 1998 and 2000. DOE is also still reviewing 14 million e-mails to see if they raise quality assurance concerns, and redoing the scientific work by the USGS hydrologists involved, who were studying the movement of water through the proposed dump site.

Over 50,000 tons of nuclear waste destined for the dump is now waiting at 72 sites around the country, mostly at commercial power plants.

EPA To Relax Diesel Regulations To Encourage Fuel-Efficiency (WSJ)

By Laura Meckler
The Wall Street Journal, March 24, 2006

WASHINGTON -- The Environmental Protection Agency is relaxing certain emission standards for diesel cars in an effort to get more of these fuel-efficient -- but still relatively dirty -- vehicles on the road.

The EPA said that over time, the new standards will be better for the environment because auto makers that opt for the exemption will be required to engineer their cars to stay clean longer. Diesel manufacturers praised the move, calling it a narrow exception that will give a boost to a promising technology.

"It's another option that allows another design on the market, thus increasing the amount of diesels eligible to be in the United States," said EPA spokesman John Millett.

But environmentalists complain that the change allows diesel cars, which produce more pollution than gasoline-powered cars, to spew more smog-causing nitrogen oxide, at least at the beginning. They also argued that the rule change sets a bad precedent by allowing cars that use one particular technology to meet different standards.

Diesel cars are considered promising by policy makers concerned about U.S. dependence on oil because they get significantly better mileage than their gasoline counterparts.

Manufacturers have struggled to develop the emissions-control technology comparable to that long used for gasoline-powered vehicles, a problem made tougher by the high levels of sulfur in diesel fuel. Beginning with the 2007 model year, the EPA will require auto makers to meet tougher emission standards for all vehicles, including diesel-powered ones.

But yesterday, the EPA said it would make it easier for light-duty diesel vehicles, which include cars as well as sport-utility vehicles, to pass its emissions tests for model years 2007 to 2009.

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Meatpacker Sues Feds Over Mad Cow Test (AP-Y2)

By Libby Quaid

AP2, March 23, 2006

A Kansas meatpacker sued the government on Thursday for refusing to let the company test for mad cow disease in every animal it slaughters.

Creekstone Farms Premium Beef says it has Japanese customers who want comprehensive testing. The Agriculture Department threatened criminal prosecution if Creekstone did the tests, according to the company's lawsuit filed in U.S. District Court in Washington.

"We're not in any way saying that U.S. beef isn't safe; we believe it's the safest beef supply in the world, but that's not the issue," chief executive John Stewart said at a news conference.

"We're talking about consumers, and consumers want the product tested," Stewart said.

Testing for mad cow disease in the United States is controlled by the department, which tests about 1 percent of the 35 million cattle, or about 350,000, that are slaughtered each year. The department is planning to reduce that level of testing.

Stewart said he was surprised at the plan to scale back testing. "Given the concerns internationally, I'm not so sure that's the right thing to do."

Private companies certified by the department make screening tests used to detect mad cow disease. The department says it has sole authority over the sale and use of the tests.

Department officials say they oppose 100 percent testing because it does not ensure food safety. The disease is difficult to detect in younger animals, which are the source of most beef.

Larger meatpackers worry that insistence from Japanese buyers would force them to do testing and that a suspect result might scare consumers away from eating beef.

It would cost about $20 per animal to do the tests, adding about 10 cents per pound to the cost of meat, according to Stewart.

Japan tests nearly all its cattle for mad cow disease. While individual companies there may want more testing in the U.S., Japan's government is not asking the U.S. to do the same.

For now, Japan has halted American beef shipments because inspectors in January found cuts of U.S. veal containing backbone, which is banned in Japan even though it's eaten in the U.S.

Japan had only recently lifted a ban on American beef imposed after the first U.S. case of mad cow disease in 2003. Until then, Japan was the top foreign buyer of American beef, accounting for around $1.4 billion in sales in 2003.

Creekstone cut production and laid off about 150 employees at its Arkansas City, Kan., plant because of the ban.

Stewart said Creekstone's customers understand the limitations of the tests. He added that he expects Japan to reopen its market regardless of whether Creekstone is allowed to test its cattle.

The medical name for mad cow disease, a brain-wasting ailment, is bovine spongiform encephalopathy, or BSE. In Humans, eating meat products contaminated with BSE is linked to more than 150 deaths worldwide, mostly in Britain, from a deadly human nerve disorder, variant Creutzfeldt-Jakob Disease.

There have been three cases of mad cow disease in the U.S. The first, in December 2003 in Washington state, was in a cow that had been imported from Canada. The second, last June, was in a Texas-born cow. The third was confirmed last week in an Alabama cow.

Japan has had two dozen cases of BSE.

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On the Net:

Creekstone Farms: http://www.creekstonefarmspremiumbeef.com/

Agriculture Department background on mad cow disease:

http://www.aphis.usda.gov/newsroom/hot_issues/bse.shtml

FBI/DEA/ATF/USMS:

D'Amato And Weld Locked In G.O.P. Feud (NYT)

By Sewell Chan And Sam Roberts

The New York Times, March 24, 2006

DOJ_NMG_0020930

For the last few months, William F. Weld's bid to become governor of New York has had a sharp thorn in its side: the outspoken opposition of the onetime kingmaker of state Republican politics, former Senator Alfonse M. D'Amato, who has said that Mr. Weld is "without any real experience" in New York.

Yesterday, Mr. Weld struck back in force, telling how their feud dated at least to a 1996 encounter in which Mr. D'Amato gave him $750,000 in donations for his Senate campaign that year against John Kerry of Massachusetts. The donations, according to Mr. Weld, came with an expletive-laced warning: that Mr. Weld distance himself from Robert S. Mueller III, who as a Justice Department official oversaw a federal fraud investigation of Mr. D'Amato's brother, Armand, in the early 1990's.

"If I ever see that expletive Mueller at an expletive fund-raiser, I'm going to get every expletive dollar of this back out of your hide," Mr. Weld, a former Massachusetts governor, quoted Mr. D'Amato as saying. Mr. Mueller, a friend of Mr. Weld's, has been the director of the F.B.I. since 2001.

Mr. D'Amato yesterday vigorously denied that the encounter had taken place and said he had not even met Mr. Weld until recently, at a Feb. 23 fund-raiser for Representative Vito J. Fossella. But newspaper articles indicate that Mr. D'Amato introduced Mr. Weld at a 1996 Republican fund-raiser in Washington.

The clash exposed in the most bare-knuckled form the searing divisions that have afflicted state Republicans as they seek to find credible candidates to run for governor and to challenge Senator Hillary Rodham Clinton in November.

Mr. D'Amato, who in 1994 helped shepherd a little-known George E. Pataki to the governor's mansion, has been openly praising the presumed Democratic front-runner for governor, Attorney General Eliot Spitzer, and yesterday he attacked Mr. Weld's stewardship of Decker College, a financially troubled Kentucky school that is the subject of a federal investigation.

"If he couldn't run Decker College — they had a multimillion-dollar criminal enterprise of swindling these poor kids trying to get an education — and if he didn't know that was taking place — I'm not suggesting he was part of the cabal — then why didn't he?" Mr. D'Amato said. "Does that recommend him to be governor?"A federal investigation about student loan fraud at Decker College, a bankrupt trade school, is continuing.

Mr. D'Amato added, "I don't intend to endorse Eliot Spitzer, but I will say, if asked, he's done a magnificent job as attorney general, better than any I have ever seen," he said.

The matter brought to the forefront once again an episode that haunted the Senate career of Mr. D'Amato, who served from 1981 to 1999: the investigation that resulted in the May 1993 mail fraud conviction of Armand P. D'Amato, the senator's brother, in connection with $120,500 he received from a military contractor to lobby the senator. The conviction was thrown out by an appellate court the following year.

During a breakfast yesterday organized by Crain's New York Business, Mr. Weld, who from 1986 to 1988 was an assistant attorney general in the Justice Department, said that in Washington in 1996, he visited Mr. D'Amato, who was the chairman of the National Republican Senatorial Committee, which raises money for Republican Senate candidates. "Through clenched teeth, he handed me a check for $750,000," Mr. Weld said of Mr. D'Amato.

Mr. Weld's challenge to Mr. Kerry was one of the most hotly contested Senate races that year. Mr. Weld said yesterday that after Mr. D'Amato handed him the check with the warning about Mr. Mueller (he did not specify which expletives Mr. D'Amato used), he began the following exchange:

"Well, why is that, Senator?"

"He investigated my brother, Armand, and prosecuted him."

"Well, but when was that, Senator? I'm not familiar with that."

"Well, it was whatever year it was — 1990-something."

"Well, actually, I left the Justice Department in March of 1988 and, sir — "

"It doesn't matter. He's your guy."

Denying any impropriety in taking the donation, Mr. Weld said he did not interpret it to mean that he would in any way distance himself from Mr. Mueller, to whom he has been close since at least 1982, when Mr. Weld, then the United States attorney in Boston, recruited Mr. Mueller to work for him. Mr. Weld said he came forward with the account yesterday because he remembered it when he was asked about it by a television reporter.

In response to Mr. Weld's account, Mr. D'Amato yesterday called Mr. Weld "a stranger to the truth" and adamantly denied that such an encounter ever occurred. "The conversation never took place," Mr. D'Amato said in a telephone interview. "This is an entire fictional, preposterous story. Not only did I never give Bill Weld a check in any amount, the N.R.S.C. is prohibited from writing a check for more than $17,500 to any individual candidate."

Mr. D'Amato said he did remember taking a phone call in 1996 from Mr. Weld, seeking the campaign committee's support. Craig Engle, who was the committee's general counsel from 1995 to 2000, said yesterday that he, too, could recall only a phone call and not a meeting. He said that under varying state rules, the committee was permitted to pay a campaign's bills and that over time the amounts in the Massachusetts race might have added up to $750,000.

Mr. D'Amato earlier urged Mr. Mueller to recuse himself from the Decker College investigation because of his ties to Mr. Weld, and Mr. Mueller agreed to do so on Jan. 24, "to avoid even the appearance of a conflict" of interest, according to a spokesman for the Federal Bureau of Investigation.

Mr. D'Amato suggested that his dislike for Mr. Weld preceded the investigation of his brother and dated from 1988, when Mr. Weld and five other officials resigned to distance themselves from Attorney General Edwin Meese III, who was under investigation. "Weld is a duplicitous guy who stabbed Ed Meese in the back," Mr. D'Amato said.

Mr. Weld said yesterday that the investigations had been "taking their toll on the department." Mr. Meese did not respond to messages left at his office in Washington and his home in McLean, Va.

The feud is the latest embarrassment for a state party that has already seen the implosion of Jeanine F. Pirro's bid to topple Senator Clinton and open Republican challenges to the leadership of Governor Pataki, who is not running for a fourth term.

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The dispute with Mr. D'Amato overshadowed Mr. Weld's speech, in which he unfavorably compared the leading Democratic candidate for governor, Mr. Spitzer, to Michael S. Dukakis, Mr. Weld's predecessor in Massachusetts. "Removing the burdens of taxation and removing the cost of doing business empowers our economy and leads to good-paying jobs," he said, adding that Mr. Spitzer and Mr. Dukakis put their "faith in government."

Mr. Spitzer's campaign spokeswoman, Christine L. Anderson, replied, "When the governor of Massachusetts finally gets around to doing his homework, he'll see that the problems we face require real solutions rather than stale political rhetoric."

D'Amato Threatened Me, Sez Weld (NYDN)

By DAVID SALTONSTALL, DAILY NEWS CITY HALL BUREAU CHIEF

New York Daily News, March 24, 2006

The odd feud between fellow Republicans Alfonse D'Amato and William Weld reignited yesterday, with Weld alleging D'Amato once aimed an expletive-laden threat at him during his 1996 Senate run in Massachusetts.

Weld, who is now running for governor of New York, told a business forum yesterday that D'Amato threatened to take $750,000 "out of [Weld's] hide" in 1996 if Weld took money from Weld pal Robert Mueller, now the head of the FBI.

At the time, D'Amato headed the national Republican Senatorial Campaign Committee, and Mueller was the federal prosecutor who helped convict D'Amato's brother, Armand, on mail fraud charges - a conviction the courts later overturned.

"Let me tell you something," Weld quoted D'Amato as saying. "If I ever see that expletive Mueller at an expletive fund-raiser, I am going to get every expletive dollar of this [$750,000 campaign check] back out of your hide."

The comment drew a blistering response yesterday from D'Amato, who called Weld's version of events a "vicious, preposterous story."

"He must be rather desperate," D'Amato said. "When you make up stories about people, it is not very nice."

D'Amato said he never met face-to-face with Weld in 1996 and that it would have been illegal under campaign finance laws for him to give Weld a single check for $750,000.

Weld's comments came after a speech before the Crain's New York Business Breakfast Forum in which the former Massachusetts governor cast himself as a tax-cutting fiscal conservative.

Weld On D'Amato: There's Bad Blood (NSDY)

By James T. Madore, Newsday Staff Writer

Long Island Newsday, March 24, 2006

Hopeful for GOP nod for governor divulges a 10-year-old conflict since trial of former senator's brother

William Weld, the leading Republican candidate for governor, acknowledged yesterday that "bad blood" exists between him and former Sen. Alfonse D'Amato, who remains a GOP power broker.

In his most detailed comments on the subject so far, Weld recounted an alleged, expletive-laced conversation 10 years ago in which D'Amato accused Weld of backing the federal prosecutor who investigated D'Amato's brother, Armand.

Armand D'Amato, a prominent lawyer, was convicted in 1993 of mail fraud in connection with money that he received for lobbying the senator on behalf of a military contractor. An appeals court a year later overturned the conviction. The prosecutor was a Weld protege, Robert Mueller, now director of the Federal Bureau of Investigation.

Weld said yesterday that he left the Justice Department's criminal division in 1988, years before Armand D'Amato's prosecution. But Alfonse D'Amato threatened in 1996 to take back $750,000 from the Senate GOP fund given to Weld's failed bid to replace Sen. John Kerry (D-Mass.), if Mueller was involved in the campaign, according to Weld.

"There is bad blood there," he said at a business breakfast in Manhattan.

Alfonse D'Amato denied the conversation ever took place. "This entire story is fictitious and preposterous. I never gave Bill Weld a check for that amount," D'Amato said, adding that campaign finance rules at the time barred check sums in excess of $17,500 per candidate.

D'Amato has repeatedly criticized Weld's political aspirations in New York State and praised the Democratic front-runner for governor, state Attorney General Eliot Spitzer.

Weld, in turn, likened Spitzer to former Massachusetts governor Michael Dukakis, also a Democrat. Both men believe more government and higher taxes will fuel economic growth, Weld said. "New York doesn't need more spending; it needs to control spending," said the man who succeeded Dukakis in 1991 and remained the Bay State's leader until mid-1997.

"Clearly, the[former] governor of Massachusetts has a lot of homework to do on the problems facing our state," Spitzer campaign spokeswoman Christine Anderson responded. "When he finally gets around to it, he'll see that the problems we face require real solutions rather than stale political rhetoric."

Weld ended his speech by borrowing slogans from two Democrats, Nassau County Executive Thomas Suozzi and former New York Gov. Alfred E. Smith.

"To coin a phrase, which I think you heard two weeks ago, I know I can do it because I did it," Weld said, modifying a line from Suozzi's stump speech for governor. Suozzi spoke to the group on March 8.

Weld said, "And I would very much like the opportunity to be the happy warrior" - a stock phrase from Smith's successful campaigns in the early 20th century.

Despite efforts to portray the gubernatorial contest as between himself and Spitzer, Weld faced questions about his lack of money and popularity, even within Republican ranks. He refused to discuss the Conservative Party's embrace of rival John Faso, a lobbyist; no GOP candidate has won statewide office recently without receiving the Conservatives' endorsement.

Weld also revealed he is reluctant to campaign with President George W. Bush. "I think that might cause a distraction between the state and national issues," Weld said.

WELD'S 'D' WORD FOR ELIOT: DUKAKIS (NYPOST)

By Maggie Haberman

The New York Post, March 24, 2006

Republican gubernatorial hopeful William Weld lashed out at front-runner Eliot Spitzer yesterday, tagging him as a modern-day Mike Dukakis who likes big govern ment.

"Like my predecessor in Massachusetts, Gov. Michael Dukakis, [Democrat Spitzer] puts his faith in govern ment," Weld, the former Massachusetts governor who wants to face Spitzer in November, told a Crain's breakfast forum. "Mr. Spitzer con tinues to propose com plex government schemes."

Dukakis lost the 1988 presidential election to George H.W. Bush in a landslide and didn't seek another gubernatorial term in 1990.

Spitzer campaign spokeswoman Christine Anderson said Weld "has a lot of homework to do on the problems facing our state."

Weld also ratcheted up his war of words with former Sen. Al D'Amato, who's had a strained relationship with Weld over his supposed role in a federal probe into D'Amato's brother years ago.

Current FBI Director Robert Mueller, a Weld friend and former colleague, also supposedly was involved in the probe.

Weld told the crowd that in 1996, when he was in Massachusetts running for U.S. Senate, his campaign was given $750,000 from the National Republican Senatorial Committee that D'Amato headed.

But, he claimed, D'Amato added in expletive-laden terms that if he ever saw Mueller at a Weld fund-raiser, "I am going to get every dollar of this back out of your hide [because] he's your guy."

D'Amato yesterday called Weld a liar. "I never met Bill Weld until Feb. 23" this year, at a fund-raiser at Mayor Bloomberg's house, he said.

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Anti-meth Grants Sometimes Miss Mark (AP)

By MARK SHERMAN, Associated Press Writer

AP, March 24, 2006

WASHINGTON (AP) - Some states with significant methamphetamine problems have not received their share of federal money because the bulk of a grant program was steered by lawmakers to favored projects in their districts, the Justice Department inspector general said Thursday.

Web Extras Justice Department inspector general

DOJ_NMG_0020933

More than $179 million in anti-meth money administered by the department - 84 percent of the grant funds - has been earmarked, as the practice is known, by members of Congress for programs in their states and districts, Inspector General Glenn A. Fine said.

"As a result of the significant use of congressional earmarks in this program, funding is not always directed to the areas of the country with the most significant meth problem," Fine said report examining the grant program from 1998 to 2005.

The Bush administration has proposed ending most meth-related earmarks in the budget for 2007. Lawmakers have indicated they are unlikely to go along.

One example cited by Fine: Missouri ranked second, behind California, in seizing 11,859 meth labs between 1998 and 2004. But it was tenth in grants received with $3.7 million.

Texas and Illinois were 10th and 11th in the number of labs seized, but 23rd and 25th, respectively, in money from the meth initiative.

Meanwhile, the Sioux City, Iowa, police department was given $10 million for a training program that Fine said was not focused on meth or any drug. Instead, "classes focused on enhancing general law enforcement skills, such as interviewing and self-defense," he said.

In Vermont, the State Police used more than half of their $2.4 million grant for a task force to combat heroin. In Hawaii, where police seized 76 meth labs over seven years, a nonprofit group used $8.4 million in money targeted at meth for a variety of anti-drug programs.

Fine also faulted Justice's Office of Community Oriented Policing Services, or COPS, for its oversight of the program. The audit said there was a lack of coordination between officials in the COPS office, weaknesses in the database used to manage and track grants and insufficient and inconsistent monitoring of recipients of the money.

In a response to the audit, COPS director Carl Peed said Fine's staff took an overly rigid view of the grant program's standards for awarding money. But Peed agreed that his office needed to improve its monitoring.

"The COPS office rightfully looks to the individual grantee to identify what its most pressing needs are," Peed said.

Meth Audit Glance (AP)

AP, March 24, 2006

A Justice Department list detailing the more than 80,000 methamphetamine lab seizures by state for 1998 through 2004, and more than $217 million in grants to states for 1998-2005 to combat methamphetamine labs.

StateLab Seizures, 1998-2004Initiative Grants, 1998-2005
Ala. 1,207 $3,322,697
Alaska 189 0
Ariz. 1,807 2,819,823
Ark. 3,111 5,689,476
Calif. 13,377 78,883,788
Colo. 1,566 1,247,347
Conn. 4 0
Del. 7 0
D.C. 0 0
Fla. 713 495,036
Ga. 732 552,022
Guam 0 98,664
Hawaii 76 14,694,905
Idaho 687 798,240
Ill. 2,833 1,562,561
Ind. 3,663 3,900,117
Iowa 4,488 18,438,785
Kan. 3,756 6,419,454
Ky. 1,728 1,822,707
La. 372 2,455,856
Maine 8 0
Md. 10 0
Mass. 11 0

Mich. 881 222,222
Minn. 1,117 1,434,556
Miss. 1,511 5,009,056
Mo. 11,859 4,608,805
Mont. 337 3,239,983
Neb. 1,070 2,406,314
Nev. 1,167 1,278,580
N.H. 8 0
N.J. 10 0
N.M. 657 864,022
N.Y. 102 1,973,286
N.C. 512 681,990
N.D. 757 2,755,301
Ohio 547 794,800
Okla. 4,403 7,212,690
Ore. 2,826 4,773,328
Pa. 226 98,664
R.I. 4 0
S.C. 270 1,562,822
S.D. 129 2,090,788
Tenn. 3,631 2,863,181
Texas 2,924 1,359,343
Utah 992 7,015,250
Vt. 1 3,022,460
Va. 116 4,603,491
Wash. 6,356 13,817,228
W.Va. 266 222,222
Wis. 331 599,474
Wyo. 181 0

US Indicts FARC Over £14bn Cocaine Cartel (SCO)

By JEREMY MCDERMOTT
Scotsman, March 24, 2006

THE United States has declared judicial war on Colombian rebels, issuing indictments for 50 guerrilla leaders, accusing them of running the world's biggest drug cartel and shipping £14 billion worth of cocaine.

In an unprecedented legal action Alberto Gonzales, the US Attorney General, listed 50 members of the Revolutionary Armed forces of Colombia (FARC) that would be requested for extradition to face drugs trafficking charges.

"This is the largest narcotics trafficking indictment ever filed in US history, and fuels our hope to reduce narco-violence in Colombia and stem the tide of illegal drugs entering our country. We believe these men are responsible for not only manufacturing and exporting devastating amounts of cocaine, but enforcing their criminal regime with violence," Mr Gonzales said.

The indictment accuses the FARC of exporting 50 per cent of the world's cocaine trade and 60 percent of the cocaine arriving in the US, so far totalling 2,750 tons, which the Attorney General valued at £14 billion. Only three of those listed by the Attorney General are in custody, the remainder are still directing rebel units in the 40 percent of Colombia where the FARC hold sway. Rewards for the capture of the 47 FARC leaders still at large, totalling more than £42 million, were also offered by US authorities.

The Colombian government was elated at the news, which will not only ensure that US aid, currently running at some £400 million a year continues, but that any FARC commanders captured can be shipped directly northwards, avoiding further strains on the shaky Colombian justice system and trembling prison service.

"We see this as recognition of the clear relationship between terrorism and narcotrafficking," said Camilo Ospina, the Colobian defence minister. "This shows that a big decision has been made to carry out the final battle against narcotrafficking and terrorism."

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Whilst the US has been deeply involved in Colombia's four-decade civil conflict for many years, matters became personal in February 2003 when the FARC shot down a US intelligence plane with four Americans and a Colombian on board. The Colombian and a wounded American were shot at the crash site and the three remaining US citizens dragged into guerrilla captivity. The rebels have said they will not be released until hundreds of FARC prisoners held in both Colombian and US jails, are freed.

Whilst nobody doubts that the FARC are deeply involved in drugs trafficking, there has been surprise at the extent of the US indictment, and the fact that right-wing paramilitaries, who are in a peace process with the government but are believed to be far more involved in drugs, do not receive a mention. Many observers see political rather than legal pressures behind the FARC indictment, something US authorities deny.

"Make no mistake; they're not just ordinary drug traffickers," said Karen Tandy, the head of the Drug Enforcement Administration (DEA). "To call them that would be something akin to calling Al Capone a tax cheat."

Many believe the US indictment will simply harden guerrilla resolve. "It is a total closing off of the possibility of negotiations with the FARC," said Ricardo Vargas of Andean Action, a Bogota-based think tank. "It will deepen the war."

Indictments Won't Faze FARC (AP)

AP, March 24, 2006

BOGOTA (AP) _ The U.S. government's loudly trumpted drug indictments against 50 top leaders of

Colombia's largest rebel group aren't likely to faze the insurgents – and analysts said Thursday they could even make it harder for Colombia to reach peace.

The head of the U.S. Drug Enforcement Administration, Karen Tandy stood beside U.S. Attorney General Alberto Gonzales on Wednesday to announce the indictments and a combined USUS$77.5 million in reward money.

"Today is the beginning of the end for the FARC,'' Tandy said.

But the 17,000-strong FARC – the Revolutionary Armed Forces of Colombia _ already has been branded a ``terrorist organization'' by both the U.S. State Department and the European Union.

Its leaders already are wanted at home and abroad on dozens of charges including kidnapping, drug trafficking and homicide. Only three of the 50 newly indicted are in Colombian custody, and they are minor figures

And many analysts think its a blunder to overplay the FARC's involvement in the drug trade, at least if officials hope to lure the group into resuming peace talks.

"It is a mistake to treat the FARC like a drug cartel because it ignores the fact that the principle goal of the FARC is not to make money from drug-trafficking but to take political power through violence,'' said Alfredo Rangel, a respected Colombian military analyst.

The FARC has always denied its involvement in drug-trafficking, saying it merely taxes coca-growers as a means to finance its war on the Colombian state.

Seven From Shelbyville Charged In Drug Bust (STG)

By Brian Mosely

Shelbyville Times-Gazette, March 23, 2006

TULLAHOMA--Federal authorities charged a total of 32 people, including seven from Shelbyville, with drug trafficking offenses in what is described as a major illicit organization with tentacles stretching from Mexico to Memphis to southern Middle Tennessee.

Two 47 count indictments were returned by a federal grand jury in Chattanooga on March 14, according to James R. "Russ" Dedrick, acting United States Attorney of the Eastern District of Tennessee.

Those from Shelbyville facing charges are Joel Fernandez-Vargas, 37; Jose Vargas, 55; Ramiro Onofre, 26; Francisco Javier Fernandez, 29; Timothy Harris, 46; Oscar Alejandro Melgoza, 27; and Shannon Prosser, age 28.

All were charged with conspiring to distribute five kilograms or more of cocaine and 100 kilograms or more of marijuana from June 2005 through March 2006.

If convicted, the defendants face a mandatory minimum of 10 years to life on the conspiracy charge. Those charged with distribution face a sentence up to 20 years.

Fernandez-Vargas is charged with distribution of cocaine on two occasions and distributing methamphetamine once, Jose Vargas and Prosser are each charged with distributing cocaine on one occasion, and all of those charged are accused of using a telephone to facilitate the distribution of controlled substances.

The maximum punishment for the offenses involving the telephone is up to four years in jail on each count.

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The other indictment involved 18 people primarily from Tullahoma who were also charged with conspiring to distribute five kilograms or more of cocaine and 100 kilograms or more of marijuana from December 2003 through March 2006.

Those arrested on Tuesday are scheduled to appear in United States District Court in Chattanooga today before Magistrate Judge William B. Carter.

Dedrick said he was proud of the cooperation between local, state and federal law enforcement to bring about the successful operation, including the Bedford County Sheriff's Department and the Shelbyville Police Department, who provided support.

The investigation has been ongoing for three years and picked up steam over the last few months, identifying multiple individuals and organizations involved in trafficking drugs in this area, with additional indictments promised. Over 100 officers were involved in the operation.

Dedrick indicated that there were other law enforcement operations ongoing that were rounding up suspects related to this alleged ring on Wednesday.

Authorities seized about 4 pounds of cocaine and 200 pounds of pot, multiple guns, cash in addition to items seized in other parts of the country.

Primary agencies involved in the ongoing investigation include the Drug Enforcement Administration (DEA), Appalachian High Intensity Drug Trafficking Area (AHIDTA) Southeast Tennessee Task Force, (comprised of members of the Hamilton County Sheriff's Department, Chattanooga Police Department, Tennessee Bureau of Investigations, Tennessee Alcohol Beverage Commission) Tullahoma Police Department, Moore County Sheriff Department and the 17th Judicial District Task Force.

Also involved were a number of Tennessee sheriff and police departments as well as law enforcement from Dalton, Ga., the Tennessee National Guard, the Federal Bureau of Investigations (FBI), Department of Homeland Security, Bureau of Alcohol Tobacco and Firearms (ATF) and the Bureau of Immigration and Customs Enforcement.

Feds Seize Drug Suspect's Lottery Loot (CAP)

By Lawrence Buser

Commercial Appeal, March 24, 2006

Rayford Andre Pratcher may have waited too long to spend his $66,666 lottery winnings.

Federal authorities who went through a Northeast Memphis apartment last August looking for drugs came up with the check in his name and now argue he must give it up.

Advertisement

"The defendant, One Tennessee Lottery Check #1031779, is traceable to drug proceeds and subject to forfeiture," Asst. U.S. Atty. Christopher Cotten said in papers filed this week in federal court.

Pratcher, 32, has a long history of drug offenses and has pending charges involving possession with intent to sell cocaine, marijuana, methamphetamine and Ecstasy.

On Aug. 28 at a gas station on South Perkins, police arrested a man named Jon Oliver, 26, whose front pockets they said were bulging with marijuana and methamphetamines.

When more drugs were found in his black Ford Explorer, Drug Enforcement Administration agents were brought in and the man agreed to a search of his apartment on Vintage Drive near I-40 and Germantown Parkway.

Agents found 56 grams of marijuana, cocaine and methamphetamine residue and the lottery check -- which was in a safe.

It was made payable to Pratcher, and Oliver told authorities he was storing it for him since Pratcher has no address and "jumps from hotel to hotel," court documents say.

He told agents Pratcher was the guy who had gotten out of the Explorer just before Oliver's arrest earlier that day.

Tennessee Lottery officials said Pratcher was issued the five-figure check Aug. 24 after he won an instant game called Emerald Green.

Pratcher's drug case goes before U.S. Dist. Court Judge Samuel Mays today.

No date has been set for the lottery-loot showdown.

Renewed Bid For Medical Marijuana Back In Court (AP)

By DAVID KRAVETS, Associated Press

AP, March 23, 2006

SAN FRANCISCO (AP) - Each time the U.S. Supreme Court has ruled on medical marijuana, the justices have come down against allowing the sick and dying to use the drug to ease their symptoms and possibly prolong life. But the door has never been fully closed.

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This week, a federal appeals court in California will hear arguments in the latest round of legal wrangling over the issue.

The case to be argued before the 9th U.S. Circuit Court of Appeals on Monday narrows the matter to the so-called right to life theory: that marijuana should be allowed if it is the only viable option to keep a patient alive or free of excruciating pain.

It would apply only to the sickest patients and their suppliers, regardless of whether they live in one of the 11 mostly Western states authorizing medical marijuana.

"A victory would affect people who are very seriously ill, facing death or great physical suffering," said Randy Barnett, a Boston University law school professor working on the case.

The case was brought by Angel Raich, a 40-year-old mother of two from Oakland who suffers from scoliosis, a brain tumor, chronic nausea and other ailments. She uses marijuana every couple of hours to ease her pain and bolster a nonexistent appetite.

"She'd probably be dead without marijuana," said her doctor, Frank Lucido, who has recommended marijuana for some 3,000 patients. "Nothing else works."

The Bush administration says the lawsuit is without merit.

"There is no fundamental right to distribute, cultivate or possess marijuana," Assistant U.S. Attorney Mark Quinlivan, the government's lead medical marijuana attorney, wrote to the appeals court.

Voters in 1996 made California the first state to authorize patients to use marijuana with a doctor's recommendation. Ten other states have since followed suit, but the federal government says there is no medical value to the drug.

In 2001, the Supreme Court ruled that Raich's supplier, the Oakland Cannabis Buyer's Cooperative, could not lawfully dispense marijuana despite California voters approving its medical use.

Two years later, in a small victory for medical marijuana backers, the high court let stand a 9th Circuit decision saying doctors have a First Amendment right to discuss or recommend the drug to patients without the threat of federal sanctions.

But last June, the Supreme Court ruled the federal government could prosecute medical marijuana users and their suppliers.

In some states, federal agents have been sporadically arresting users and raiding so-called pot clubs that dole out the drug to patients.

Still, a footnote by Justice Clarence Thomas in his 2001 ruling left the legal questions surrounding medical marijuana unsettled and helped open the door to Monday's 9th Circuit hearing.

Thomas wrote that important underlying constitutional questions remain unresolved, such as Congress' ability to interfere with states experimenting with their own laws and whether Americans have a fundamental right to marijuana as a vehicle to stay alive and ease pain.

The justices answered the first part of that footnote in June, ruling in another case brought by Raich that patients living in states with medical marijuana laws could be prosecuted because Congress has classified marijuana as an illegal controlled substance.

That prompted Reps. Dana Rohrabacher, R-Calif., and Maurice Hinchey, D-N.Y., to propose legislation that would have blocked the Justice Department from prosecuting medical marijuana users in states where it is legal. The House balked at the measure 264-161. A Hinchey spokesman said the congressman will resurrect the proposal this summer.

Raich is back before the 9th Circuit, one step short of the Supreme Court, in a bid to settle the second part of Thomas' footnote.

Her lawyer, Barnett, is arguing the Constitution guarantees the gravely ill a right to available medication to keep them alive and relieve torturous pain.

Even if it is successful, the case would be unlikely to stop the raids on pot clubs or protect most users and suppliers. Raich herself was arrested last week for disorderly conduct after she demonstrated outside the Oakland federal courthouse over a recent raid on a medical marijuana dispensary.

Regardless of the outcome of her case, she said she will continue using marijuana to treat her symptoms, and will keep fighting to do so without the threat or fear of federal prosecution. She expects her case to go to the Supreme Court no matter the outcome.

"I am going to keep doing this until they stop me because this is not a medical cannabis case but a right to life case," she said. "The federal government can say who can live and who can die if I lose in the Supreme Court."

The case is Raich v. Gonzales, 03-15481.

Editors: David Kravets has been covering state and federal courts for more than a decade.

Medical Pot Rules Get City Approval (SMCT)

By Todd R. Brown

San Mateo County (CA) Times, March 23, 2006

South City will ban clubs but allow collectives to grow plants

SOUTH SAN FRANCISCO — To some, it is a recreational intoxicant with milder health side effects than alcohol. To others, it is a moral scourge that Americans should "just say no" to. To still others, it is medicine, and the City Council on Wednesday night approved the first Peninsula measure on marijuana that regulates where it can be grown and how people can get it for medicinal use.

On a unanimous vote, the council decided to amend the city code on the cultivation of medical marijuana. The new rules outlaw storefront pot clubs but allow patients to collectively grow cannabis at least 500 feet from residential areas. The measure defines a caregiver who can provide marijuana to a patient as someone "who has consistently assumed responsibility for the housing, health or safety of that patient," not necessarily a physician. And it limits the number of patients per caregiver to 10.

"Without this, we have no control," said Councilwoman Karyl Matsumoto. "We're doing preventive (work) versus firefighting."

Police Sgt. Alan Normandy spearheaded the idea for the new rules last year after Tariq Alazraie, who runs the cannabis club Mason Street in San Francisco, proposed opening a club across the street from City Hall. In response, the council imposed a moratorium on cannabis clubs that was to expire in May of this year.

"We're putting the compassion back in the Compassionate Use Act by requiring that the caregiver actually care for the patient rather than just being a distributor of a substance," Normandy said earlier Wednesday, adding that Alazraie was helpful in sharing with him how Mason Street works.

The act, approved by 58 percent of California voters as Proposition 215 in 1996, allows doctors to prescribe marijuana to patients and lets caregivers administer the drug without fear of criminal prosecution. It specifies that patients can possess six mature cannabis plants, 12 immature plants and 8 ounces of dried marijuana, but leaves regulation of how to dispense it up to local governments.

The county works with the state through the Medical Marijuana Program, approved by voters as SB 420 in 2004, to provide patients and caregivers with I.D. cards to avoid arrest for drug possession or trafficking.

Chief Deputy District Attorney Steve Wagstaffe said he initially was wary of South City's plan when he thought it would legalize cannabis clubs that state law does not allow. The District Attorney's Office is set to prosecute Belmont resident Robert Simmons April 24 for allegedly running a pot club out of his home.

But Wagstaffe said because California voters support medical marijuana, his office wholly supports people organizing privately to grow the drug.

"We think it's something that the law does provide for," he said. "If South City's ordinance can fit within the law, we're supportive of it."

Federal law still outlaws any possession or use of marijuana, and the Drug Enforcement Agency maintains that illicit traffickers hide behind the California law. The DEA occasionally raids Bay Area pot clubs.

"We're required to comply with state law, not federal law," Normandy said, adding that South City's law is there to prevent pot clubs from taking advantage of the rules while making sure sick and dying patients get the pain relief they need. "It's certainly not designed to be an onerous thing. It keeps the honest people honest."

Reefer Relief (LIP)

By Timothy Bolger

Long Island Press, March 24, 2006

The Ongoing Battle to Legalize Medical Marijuana

At first glance, it would appear as if there is nothing that could get in the way of Jesse, an intimidating, 6-foot-plus, longhaired Nassau County man one could easily picture on a Harley or using a jackhammer. But since the 41-year-old salesman was diagnosed with multiple sclerosis (MS) in 1999, he has been injecting himself with some powerful drugs to slow the degeneration the incurable disease causes. The pain and side effects of those drugs can wear him down, so, to ease the discomfort while leading an otherwise normal family life with his wife and two kids, he smokes marijuana.

Jesse, who asked that we not use his real name, knows that he is breaking the law, but his doctors have endorsed the practice, and the results are irrefutable—so he takes the risk.

“For some of us, the answer seems so simple,” Jesse says from behind light-blue tinted sunglasses. “Over the years it has cured what ails me.”

He’s not alone. There are an estimated 2,500 diagnosed AIDS patients in Nassau and Suffolk counties, according to the Long Island Association for AIDS Care. There are about 7,000 MS patients for the region, according to the Long Island chapter of the National Multiple Sclerosis Society. Cancer statistics are difficult to track, but about 1 in 3 women and about 1 in 2 men will

be diagnosed with cancer before reaching age 85, according to Hewlett-based 1 in 9: The Long Island Breast Cancer Action Coalition.

Many patients suffering from these diseases, other conditions, or the side effects of their treatments, have touted marijuana's medicinal benefits. Medical marijuana speakeasies have surfaced in cities across the country—although sometimes they clash with authorities.

More than 75 percent of New York voters support legalizing weed to help the seriously ill, provided it's under the supervision of a physician who prescribes it, according to a study conducted last year by the Siena Research Institute at Siena College in Loudonville, N.Y. Statewide organizations, such as the New York State Nurses Association, Hospice and Palliative Care Association of New York State and the New York State Association of County Health Officials, have publicly stated their support for a medical marijuana law. Even local groups like 1 in 9 hope for a day when patients in need can toke up.

"If this is something that will ease their pain, then I'm all for it," says Geri Barish, president of 1 in 9. "We need to come out of the dark ages. If there are things out there that can help, we need to be able to take advantage of them."

Two bills currently before the New York State Legislature address the issue. But the ease of lumping the medical marijuana movement in with those who want Dutch-style legalization—in the Netherlands, adult possession and purchase of small amounts of marijuana is allowed—makes the issue difficult for politicians. The Assembly has been fighting over medical marijuana bills for eight years now, without passing a single one. But stories like Jesse's are hard to ignore, and even prostate cancer survivor and Senate Majority Leader Joseph Bruno (R-Brunswick) said last year he would allow the legislation to come before the Senate. Then again, he hasn't pushed it through. In the Senate, the bill has languished.

A marijuana dispensary for prescription pot users in CaliforniaCurrently 11 states allow marijuana for medical use: Alaska, California, Colorado, Hawaii, Maine, Montana, Nevada, Oregon, Rhode Island, Vermont and Washington. Arizona, which has a similar law, has no set program in place to administer marijuana that is prescribed. But last summer, the Supreme Court ruled that the federal right to prosecute marijuana users—even medicinal users in states that permit such use—trumps the states' right to help terminally ill constituents. The clash between federal and states' rights flared up again March 14, when federal agents raided the home of a 53-year-old California man and seized his small marijuana farm. Reports of excessive force prompted small protests in front of federal buildings in 20 cities in 11 Western states, and in Washington, according to the medical marijuana advocacy group Safe Access Now.

The issue is tough to get a consensus on federally. A proposal in the House of Representatives has failed to pass for five years in row. The Hinchey-Rohrabacher Amendment, named for Congressman Maurice Hinchey (D-Kingston), would prohibit the Department of Justice from prosecuting patients who use medical marijuana.

"The federal government should not intrude upon, let alone prosecute, patients who are using the substance in compliance with state law," Hinchey said in a statement.

Smoking in the Bathroom

In the 1980s, when the government first started taking seriously the idea of using pot to help patients, the National Institute on Drug Abuse provided marijuana to the New York State Department of Health for a study. One of the researchers, Dr. Vincent Vinciguerra, is now chief of medical oncology at North Shore University Hospital. His 1988 pilot study found that 78 percent of 56 patients who smoked the state-sponsored marijuana demonstrated control of chemotherapy-induced nausea and appetite loss.

"It gave them the munchies, and they were actually eating better," Vinciguerra says. One patient that Vinciguerra has been seeing for about four years recently opted for cannabis, after all the other anti-nausea medications were no longer effective. This is a scenario Vinciguerra witnesses with a small percentage of the 80 to 90 patients he sees weekly.

"Most don't need it," he says, "but when it's helpful, it would be nice to be able to provide it."

Dr. Vincent Vinciguerra found proof that medical marijuana works.The silver-haired physician, who has closely followed the progression of relevant legislation, is confounded by his lack of access to this tool, saying, "we owe it to the patients" to be able to provide medical marijuana. "You would think that since the study had positive results that people would right away pick up on it and try to make it available to their patients," he says. "It was an important finding."

But he also acknowledges the deeply rooted fears about the social implications. Vinciguerra notes with a laugh that during the study, the only place to have the patients smoke their medicine was in a hospital bathroom, where the odors wafting under the door made visitors wonder what the doctors were up to.

Ironically, Jesse, who says that Rebif, his MS medicine, feels like "battery acid" in his veins, worries what would happen if the government did regulate the steady supply of marijuana he's found for himself.

"It's easy enough to get it as it is," Jesse says, adding that politicians would just create more red tape for him than it's worth.

Buzzkill

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The issue of whether marijuana should be legalized for medicinal purposes is, according to some groups, being exploited by pro-pot organizations as a means of getting cannabis legalized. “I am not saying ‘no’ to cannabis medicine,” says Steven Steiner, president of Dads and Mad Moms Against Drug Dealers (DAMMADD). “I want to see safe cannabis medicine.”

Steiner, who spends his time lobbying for strict drug laws and lecturing young people about the dangers of drugs, is a polarizing personality in the war on drugs. The organization was formed after Steiner’s son, Stevie, died from an overdose of OxyContin, a powerful pain medication the 19- year-old had obtained illegally. Steiner subsequently obtained funding for DAMMADD from major pharmaceutical companies, including Purdue Pharma, the makers of OxyContin.

Steiner’s biggest problem with the movement to legalize medicinal marijuana is groups such as the Drug Policy Alliance (DPA), which calls itself the leading organization in the United States promoting alternatives to the war on drugs. Steiner says that groups like the DPA unfairly use the possible benefits of medical pot to get the drug legalized.

“These groups just want to make it OK to smoke marijuana, so they use people that are sick and use marijuana to make their case,” says Steiner. “But they go dark when other alternatives are proposed.”

One of the issues Steiner raises, should marijuana be legalized, is quality control. “Who is going to grow this marijuana? Who is responsible?” says Steiner, pointing to the death of well-known medical marijuana advocate Jane Weirick, who died in 2005, possibly from an allergic reaction to a pesticide she used while growing her pot.

“I smoked pot and drank when I was a teenager. So did my friends and brothers,” says Steiner. “I am a hypocrite. But, we all learn as we get older. If my parents were privy to what I am privy to, maybe it would have made a difference.”

To Steiner, the fact that the U.S. Food and Drug Administration and other governmental agencies have not given the green light to medical marijuana is a telltale sign that smoking pot if you are ill is just not a good idea. “Put it this way,” he says, “if you ould smoke pot and cure cancer, it would have been approved by now.”

Rolling Legislation

Finding government-sponsored marijuana isn’t impossible, it’s just a zigzag road. For Assemb. Richard Gottfried (D-Manhattan), this is one of his main issues. His proposal to legalize marijuana for medical purposes drew assemblymen as sponsors, including Thomas Alfano (R-Franklin Square), Bob Sweeny (D-Lindenhurst) and Harvey Weisenberg (D-Long Beach).

After the Supreme Court ruled last June that the U.S. Drug Enforcement Agency (DEA) was within its rights to seize marijuana plants grown for medical use in California, there was a chilling effect on states dabbling with prescription pot. Gottfried is now redrafting his legislation.

New York State Sen. Vincent Liebell (R-Brewster), who sponsored what he calls a “very, very limited and closely controlled” medical marijuana bill in the Senate last year, is waiting to see how Rhode Island—the first state to pass a medical marijuana law since the Supreme Court ruling in June—handles the issue. Liebell feels it’s up to Congress to take the lead now.

“Our amendment helps ensure that the humane approach is taken to help people relieve severe pain,” Hinchey says. “Medical marijuana users are not criminals, but rather they are patients who are suffering from chronic pain or nausea and have exhausted all other medicines to treat their condition.” There was a small glimmer of hope for Hinchey shortly following the Supreme Court decision last year, even though the bill didn’t pass. The final count was 161 for and 264 against, which is so far the closest the proposal has come to passage, but still only 10 votes more than two years ago. “Progress on Capitol Hill is often incremental, and we’ll continue to push for this amendment each year until it passes,” he says.

Some experts fault political shortsightedness. “People don’t want to pass this because they don’t want to appear soft on crime,” says Ruth Liebesman, legal aid director for the New York State chapter of the National Organization for the Reformation of Marijuana Laws (NORML) and a privately practicing criminal defense attorney. She points out that doctors can prescribe variations of cocaine and heroin, describing the inconsistency as “intellectual dishonesty.”

So, until any further action is taken on these proposals, medicinal users are forced to maintain a low profile.

Pot Prohibition

As in the bootlegging days of Al Capone, when alcohol was illegal because of prohibition, clashes between DEA agents and medical marijuana advocates have

created a culture of speakeasies. In New York City, there are patients who organize and meet to share their medicine, but finding them isn’t easy, unless you’re a card-carrying member.

For the past decade, Dana Beal, an advocate with Cures Not Wars, which helps organize the annual Marijuana March early each May, has been providing ID cards to suffering patients who are helped by marijuana. The cards aren’t sanctioned by any government agency, but are intended to help prevent patients from staying overnight in jail if they’re caught with marijuana. The cards give police an option to issue an appearance ticket rather than make an arrest, Beal says.

He adds that “there are patients and they organize themselves and they meet, but we don’t want them to end up like the paraplegic in California,” referring to a DEA raid in 2002 on a woman paralyzed from the waist down.

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While Beal's organization works on the front lines of the medical marijuana issue, the group's stance that marijuana should be fully decriminalized—for recreational as well as medicinal use—is where the line is drawn between groups like theirs and NORML. For this legislation, the advocates maintain it is purely medical marijuana they seek, with organizers from the Marijuana Policy Project (MPP), who support repealing penalties for marijuana possession, but limit their argument for the survival of the bill.

Local MMP lobbyist Vince Marone described significant political progress last year in New York State. He says that there are discussions to reintroduce the legislation, after the budget is passed on April 1 and policy issues can once again be debated. It is not an impossibility: New Jersey has similar pending legislation and Connecticut has come close to passing a bill. although persistence seems key. As of 2004, 13 states had laws allowing therapeutic research programs with federal cooperation, and 10 states, including New York, have symbolic laws, which would allow patients to possess prescription pot if federal law were ever to be changed, according to MMP.

But despite all of the progress, none of the users will be free of the paranoia that they will be charged as common criminals for simply trying to feel better.

New Program Aims To Reduce Gun Crimes (WP)

By Ruben Castaneda

The Washington Post, March 23, 2006

Maryland U.S. Attorney Rod J. Rosenstein announced yesterday the start of a joint federal-local initiative designed to crack down on gun crimes in Prince George's County, where the vast majority of last year's record number of homicides were committed with firearms.

At a news conference at the U.S. District Courthouse in Greenbelt, Rosenstein said that under the program -- Prince George's EXILE -- federal and Prince George's law enforcement officials will collaborate more closely to identify and investigate violent offenders who use firearms, to crack down on illegal gun traffickers and to use the threat of tough federal sentencing laws to pressure defendants to plead guilty to gun crimes in state court.

Similar programs are in place or have been used in other cites, including Baltimore and Richmond.

"We have too many criminals walking the streets with guns," said Rosenstein, flanked by more than a dozen local and federal law enforcement officials. "Our goal is not just to prosecute gun crimes. Our goal is to deter violent crime."

To underscore what Rosenstein called an unprecedented level of cooperation in the local initiative between federal and local authorities, the federal prosecutor was joined at the news conference by Prince George's State's Attorney Glenn F. Ivey, Police Chief Melvin C. High and representatives from the FBI, the Bureau of Alcohol, Tobacco, Firearms and Explosives, the Drug Enforcement Administration, the office of Gov. Robert L. Ehrlich Jr. (R), the state Division of Parole and Probation and other agencies.

Ivey said 85 percent of the 173 homicides committed in Prince George's last year involved firearms. High said county police confiscated 1,427 firearms last year and are on pace to match that this year.

The threat of longer federal prison terms for gun offenses will be a key part of the initiative, Rosenstein said.

Federal prosecutors will provide Prince George's prosecutors with a letter informing defendants in gun crimes that they could face federal prosecution for weapons violations. The goal of such letters is to persuade defendants to plead guilty to firearms offenses in state court, where they could be sentenced to five years in prison.

Penalties for such offenses are stiffer in the federal system. Depending on the number of previous felony convictions, a defendant could be sentenced to life in prison for illegal possession of a firearm, Rosenstein said.

There is no parole in the federal system.

Rosenstein also said Prince George's offenders who are released from state prison after serving their sentences or being paroled will be handed brochures informing them that they face severe consequences if they are caught with an illegal firearm.

The initiative went into effect this month, Rosenstein said. He said it was too early to measure the results.

Officials Puzzled By Increase In Youths With Weapons (LVS)

By David Kihara, Las Vegas Sun

Las Vegas Sun, March 24, 2006

Juvenile justice officials can't seem to explain a recent spike in juveniles arrested on gun-related charges.

In February there were 779 minors charged with gun-related offenses, up from 442 in February 2005, according to the county statistics.

But there's no reason for the 76 percent increase - there hasn't been a corresponding rise in anything that would provide a clear answer.

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"There is no set pattern - it's across the board," said District Judge William Voy, who handles juvenile cases. "You get kids in gangs, and then you get kids with no gang affiliations whatsoever. It almost seems to be some fascination with guns."

The numbers have taken juvenile justice officials by surprise. They've seen minors arrested for shooting off guns in the air to impress their friends, carrying guns to school to show off or for protection, stealing guns and using guns in burglaries or robberies.

Darnell Couthen, spokesman for the Clark County School District police, said that the minors who are arrested for a gun-related offense span all socio-economic backgrounds and areas, from Cheyenne to Green Valley High School.

"It's kids being stupid," Couthen said. "They act like they're tough."

The Clark County School District also saw an increase in the number of guns officers confiscated. During the 2003-04 school year, the district confiscated 84 guns, up from 72 the year before.

Metro Police referred calls on juveniles possessing guns to the county's Juvenile Justice Services.

Some communities have created programs to curb juvenile gun offenses with alternative sentencing programs. In Birmingham, Ala., for example, a special "gun court" was created in 1995 that sent kids to a boot camp instead of behind bars and required parents to attend a workshop to educate them on the dangers of guns.

Gun-related juvenile offenses declined 38.7 percent in Birmingham after the program began, according to the Justice Department.

Although Clark County authorities can refer youths inappropriately firing off rifles on, say, BLM land to take classes on gun safety, there are no "gun court" programs for urban youths caught with a pistol in their school locker. They are arrested.

"The kids who have weapons in the community - we want to have an appropriate response," said Fritz Reese, assistant director of the Juvenile Justice Services Department. "We want them to know it's not OK to carry them around in the community." David Kihara can be reached at 259-2330 or at davidk@lasvegassun.com.

Police Arrest Man Sought Since Jan. 19 On Drug And Weapons Charges (LEXHL)

Lexington Herald-Leader (KY), March 24, 2006

Authorities arrested this morning a 20-year-old Lexington man who escaped from police in January after they allegedly discovered drugs and weapons in a car he was driving.

Lexington police and U.S. marshals surrounded Tiquan Anderson's home on Radcliffe Road, off Russell Cave Road, in hopes of capturing the alleged drug dealer, a news release from the U.S. Marshals Service said. Authorities said they arrested Anderson without incident as he left his home through a back door.

He is charged with trafficking in a controlled substance, and fleeing and evading police, the release said.

Authorities said they have been searching for Anderson since Jan. 19, when he was stopped by a Kentucky Vehicle Enforcement officer on a ramp connecting Interstate 75 and Winchester Road. After the officer discovered "a large amount" of weapons and drugs -- including a fully loaded AK-47 machine gun, cocaine and marijuana -- Anderson took off running, the release said.

He left behind two of his buddies, who were arrested, the release said. They were not identified.

"We are delighted to have Anderson in custody," said John Schickel, U.S. marshal for the Eastern District of Kentucky. "He has a long criminal history and is a dangerous person. Any time you can get someone like that off the street, we feel good."

IMMIGRATION:

Bush Is Facing A Difficult Path On Immigration (NYT)

By Elisabeth Bumiller

The New York Times, March 24, 2006

WASHINGTON, March 23 — In the days before the Sept. 11 terrorist attacks, immigration policy was going to be President Bush's signature issue. It was central to his thinking as the former governor of a border state, key to his relationship with President Vicente Fox of Mexico and essential in attracting new Hispanic voters to the Republican Party.

Five years later, Mr. Bush has at last realized some momentum on immigration policy, but it is probably not the activity he once anticipated.

He has lost control of his own party on the issue, as many Republicans object to his call for a temporary guest-worker program, insisting instead that the focus be on shutting down the flow of illegal immigrants from Mexico. It is not clear how much help he will get from Democrats in an election year.

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The issue will come to the floor of the Senate next week, and the debate is shaping up as a free-for-all that will touch on economics, race and national identity.

At the end of next week, Mr. Bush is scheduled to meet with Mr. Fox in Cancún, Mexico. Immigration is likely to be a source of tension in their talks.

In short, Mr. Bush is facing another test of his remaining powers as president.

On Thursday, he called for calm in a White House meeting with groups pressing for changes in American immigration laws.

"I urge members of Congress and I urge people who like to comment on this issue to make sure the rhetoric is in accord with our traditions," the president said.

He added, in a warning to members of Congress, that "the debate must be done in a way that doesn't pit one group of people against another."

The discussion has intensified as Mr. Bush finds himself caught between two of his most important constituencies: business owners and managers on the one hand, conservatives on the other.

Philosophically, the president, whose own sensibility on the issue was shaped by his experience as governor of Texas, says he is committed to a program that meets the needs of business: the creation of a pool of legal foreign workers for industries that have come to rely on low-wage labor.

Mr. Bush also brings to the debate a stated belief that the country benefits from the immigration of hardworking people and their dreams of becoming Americans. He often talks about the United States as a land of immigrants, and on Monday in Cleveland he said that "my only advice for the Congress and for people in the debate is, understand what made America."

But politically, Mr. Bush must satisfy his most conservative supporters. Many of them view illegal immigration as a strain on schools, the health care system and the economy, and some have warned that in their opinion the nation's cultural identity could be washed away by a flood of low-income Spanish-speaking workers.

For now, Mr. Bush is trying to navigate the storm with a proposal that tries to satisfy both groups: a toughened border enforcement plan coupled with a temporary guest-worker program that would allow some of the estimated 11 million illegal immigrants in the United States to register for legal status and remain here for as long as six years.

"Our government must enforce our borders; we've got plans in place to do so," Mr. Bush said on Thursday. "But part of enforcing our borders is to have a guest-worker program that encourages people to register their presence so that we know who they are, and says to them, if you're doing a job an American won't do, you're welcome here for a period of time to do that job."

Pollsters say the issue is still fluid among voters, although they expect public opinion to solidify during the coming debate in Congress and as Mr. Bush promotes his plan.

"He's got a very strong position with the bully pulpit," said David Winston, a Republican pollster, "but the dynamic of the issue at this point is that there is consensus around border security, but people have not come to a similar consensus about what to do with the 11 million in the country."

Two years ago, a New York Times/CBS News poll found that two-thirds of those surveyed said immigrants who had entered the country illegally should not be allowed to stay and work in the United States for three years, the initial period of stay in Mr. Bush's proposed guest-worker program. There was also little enthusiasm for any increase in immigration, with a plurality saying immigration should be decreased.

The poll was conducted shortly after Mr. Bush made his first major speech on his immigration plan.

"Many of you here today are Americans by choice, and you have followed in the paths of millions," Mr. Bush told a cheering, chanting crowd packed with Hispanic leaders in the East Room of the White House in January 2004. Every generation of immigrants, he added, "has reaffirmed the wisdom of remaining open to the talents and dreams of the world."

But critics said that Mr. Bush's guest-worker program did not go far enough, and that there was deportation, not a green card, at the end of the process. At the same time, his words angered many conservative Republicans, who said the plan amounted to amnesty.

Mr. Bush dropped his immigration proposals as too risky for his 2004 re-election campaign, but took them up again in 2005. By then, in an effort to calm conservatives, he had switched his tactics, emphasizing the national-security part of the plan.

"We're going to get control of our borders," he vowed in the East Room of the White House in October 2005 as he signed a $32 billion domestic security bill that had big increases for the Border Patrol.

This year, Mr. Bush has continued to push the issue and is closely watching what happens on Capitol Hill.

The House has passed an immigration bill that includes border security, not a guest-worker program. The action is now in the Senate, where it will resume next week.

There are a rash of competing immigration proposals on both sides, including one from Senator Arlen Specter, Republican of Pennsylvania, and another from Senator Edward M. Kennedy, Democrat of Massachusetts. The majority leader, Senator Bill

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Frist of Tennessee, has threatened to offer his own border-security-only bill if the Senate cannot come up with legislation on its own.

Immigration Debate Is Shaped By '08 Election (WP)

By Jonathan Weisman And Jim Vandehei

The Washington Post, March 24, 2006

President Bush's effort to secure lawful employment opportunities for illegal immigrants is evolving into an early battle of the 2008 presidential campaign, as his would-be White House successors jockey for position ahead of next week's immigration showdown in the Senate.

Bush called on Congress yesterday to tone down the increasingly sharp and divisive rhetoric over immigration, as he renewed his push for a guest-worker plan that would allow millions of illegal immigrants to continue working in the United States. But Bush's political sway is already weakened by public unease about the war in Iraq and by Republican divisions.

Senate Majority Leader Bill Frist (R-Tenn.), whom Bush helped elect as party leader, is threatening to bring a new immigration bill to the Senate floor early next week. It would tighten control of the nation's borders without creating the guest-worker program the president wants.

Meanwhile, Sen. John McCain (Ariz.), a rival of Frist's for the Republican nomination, is promoting Bush's call for tougher border security and the guest-worker program as he embraces the president to shore up his standing with Republican leaders. In the House, Rep. Tom Tancredo (R-Colo.) is garnering support for a long-shot presidential bid with his fierce anti-immigration rhetoric.

And after weeks of sitting on the sidelines, Sen. Hillary Rodham Clinton (D-N.Y.) jumped into the immigration debate Wednesday. She declared that Republican efforts to criminalize undocumented workers and their support networks "would literally criminalize the good Samaritan and probably even Jesus himself."

Presidential politics "makes it that much more difficult, of course," said Rep. Jim Kolbe (R-Ariz.), a strong Bush ally on the issue. "You would hope three years out that we could tamp that out and focus on the policy questions at stake, but maybe that's not possible."

For Republican presidential candidates, immigration offers up a difficult choice: Appeal to conservatives eager to clamp down on illegal immigration who could buoy your position in the primaries, or take a moderate stand to win independents and the growing Latino vote, which could be vital to winning the general election.

"The short-term politics of this are pretty clear. The long-term politics are pretty clear. And they're both at odds," said Mike Buttry, a spokesman for Sen. Chuck Hagel (Neb.), another potential GOP presidential candidate.

Senators had hoped to avoid such acrimony when the Judiciary Committee began drafting its immigration bill early this month. Committee Chairman Arlen Specter (R-Pa.) had vowed to write a bipartisan proposal that would bridge conservative demands for much tougher border enforcement with calls from both parties for a guest-worker program to meet the demand for unskilled labor and to address the 12 million illegal immigrants living in the United States.

But after progress slowed, Frist short-circuited the process. He announced that the Senate will take up border security and immigration enforcement measures on Tuesday -- without a guest-worker component -- if Specter cannot produce a bill by Monday.

Frist has not ruled out a guest-worker program. But conservatives' grumbling about the president's program found a Senate voice yesterday when Sen. Johnny Isakson (R-Ga.) announced that he will not accept such a program until "we have proven without a doubt that our borders are sealed and secure."

At the same time, Senate Minority Leader Harry M. Reid (D-Nev.) promised this week to filibuster Frist's enforcement-only bill.

"If the majority leader is . . . going to bring his own bill to the floor, dealing with only one of the problems we have with immigration, then I will use every procedural means at my disposal to stop that," Reid said on CNN.

The fight next week will test Republican unity on an issue with social, political and national security implications. Adding to the tumult will be House Republican leaders, who muscled through an immigration enforcement bill in December and plan a series of events in the coming days to trumpet border security.

The debate will also serve as a test of Bush's ability to sway an increasingly restive Republican Congress on an issue he has championed since his first term. In recent months, under pressure from GOP lawmakers, Bush has retreated from focusing mostly on the guest-worker program to giving equal billing to border security.

"But part of enforcing our borders is to have a guest-worker program that encourages people to register their presence so that we know who they are, and says to them, 'If you're doing a job an American won't do, you're welcome here for a period of time to do that job,' " Bush said after meeting with groups involved in the immigration fight.

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The leading bills all seek to bolster border enforcement with more police on the frontier and more technology tracking illegal crossings. But a bill co-sponsored by McCain and Sen. Edward M. Kennedy (D-Mass.) breaks with Specter's proposal by offering an easier road to citizenship for illegal immigrants already in the country.

Specter also goes further to exact punishment on illegal immigrants who seek to obtain a guest-worker permit, and his measure could punish those who help illegal immigrants, even church groups that offer shelter. Frist has taken the border security and immigration enforcement provisions from Specter's bill, while leaving behind his guest-worker program.

Guest-worker proposals would allow businesses to offer special work visas to illegal immigrants already in the country if they can show that U.S. workers will not take the positions. The visas would last for up to six years under the leading Senate proposals, but senators are divided over whether workers would have to return to their home countries for a year before qualifying for a renewal.

White House aides said Bush remains deeply committed to the guest-worker program, despite resistance from conservatives, and is certain it will help expand the party's support in Florida and in the Southwest, which is emerging as a key battleground in national elections.

Former congressman Timothy J. Roemer (D-Ind.) said the debate over welfare reform in the 1990s should serve as the model for compromise on immigration today.

"The middle of the Republican Party and the Democratic Party have a responsibility to tackle and solve this issue," he said.

Kolbe said it is increasingly unlikely Congress will reach an agreement that could make it to the president's desk.

"I don't think this fire is easily extinguished," he said. "Rarely have I seen an issue that divides people so clearly, with so little possibility of seeking a middle ground."

W Chides Hil, Saying Be Nice On Immig Bill (NYDN)

By Kenneth R. Bazinet And Michael McAuliff

New York Daily News, March 24, 2006

President Bush took an apparent swipe at Sen. Hillary Clinton yesterday as he called for a civil debate over a controversial immigration reform bill.

The President's comments came a day after Clinton (D-N.Y.) said GOP immigration reform would make a criminal out of "Jesus himself."

"When we conduct this debate, it must be done in a civil way," Bush said after meeting with business and religious advocates on the issue yesterday.

"It must be done in a way that brings dignity to the process. It must be done in a way that doesn't pit one group of people against another," he said.

A White House official said the President was well aware of Clinton's biblical broadside when he spoke, but Team Bush didn't want to single her out and give her the spotlight.

Later in the day, White House spokesman Scott McClellan said: "I don't think he was trying to single anybody out. I think what he was trying to say is that he recognizes there are a lot of strong feelings on this issue, but that we need to find a way to move forward by working together."

Clinton's spokesman said her remarks have been civil.

A number of competing bills are floating around on Capitol Hill, and the Senate is set to begin the bruising political debate next week over the biggest proposed overhaul of immigration laws in two decades.

Clinton took particular aim at a measure sponsored by Reps. Pete King (R-L.I.) and James Sensenbrenner (R-Wis.) that currently would brand undocumented immigrants as felons, although the lawmakers insist that charge will only be a misdemeanor in the final law.

Among the louder critics of the GOP proposals has been the Catholic Church, with Roger Cardinal Mahony of Los Angeles vowing his diocese wouldn't obey any laws that criminalize illegal aliens or the social service providers who help them. Brooklyn Bishop Nicholas DiMarzio has made similar comments.

King, a Catholic, slammed his own church yesterday as "un-Christian" for baselessly scaring the clergy and immigrants with doomsday scenarios.

"The Catholic Church is being totally fraudulent on this. If Cardinal Mahony spent as much time turning over information on pedophile priests as telling priests to violate the law on this, California would be a lot better than it is today," he told the Daily News Editorial Board.

"They're being totally un-Christian because they're talking about this being an evil bill, a meanspirited bill, that we're doing all this as subterfuge to lock them up," he said. "Now, we could lock them up for other reasons - with what they did with pedophilia and what they did to abuse kids in Catholic schools, we could have locked them up years ago."

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Bush Seeks 'Civil' Immigration Debate (WT)

By Charles Hurt And Stephen Dinan

The Washington Times, March 24, 2006

Even as President Bush called for a "civil" debate on immigration yesterday, a confrontation was brewing on Capitol Hill with some Republicans saying Mr. Bush must stop demonizing them and Democrats vowing to fight the Senate majority leader's bill.

"When we conduct this debate it must be done in a civil way," Mr. Bush said after meeting with groups that support legalizing illegal aliens. "It must be done in a way that doesn't pit one group of people against another."

The president's spokesman said Mr. Bush wasn't singling out any group or person. But Rep. J.D. Hayworth, a top voice calling for better enforcement, said while he took Mr. Bush at his word, civility is a "two-way street" and the White House must stop attacking Republicans who disagree with it.

"If I had any advice for my friends at the White House, I think it would be to really reconsider posturing every disagreement as some sort of new political [or] psychological malady," Mr. Hayworth said.

He pointed to when Republican leaders said conservative opponents to Supreme Court nominee Harriet Miers were sexist, labeled opponents of the Dubai ports deal as Islamophobes and called members of the Minuteman Project that guarded the southern border "vigilantes."

Meanwhile, the Senate debate is turning pointed, with Republicans warning Senate Democrats that they will pay a political price if they block efforts to pass immigration legislation this year.

"It's discouraging that before the debate has even begun in the full Senate, the Democrat leadership is threatening to filibuster any legislation that doesn't include amnesty," said Sen. John Cornyn, Texas Republican who has offered immigration legislation. "This is not the way to improve our national security and keep Americans safe."

Earlier this week, Senate Minority Leader Harry Reid stood near the U.S.-Mexico border and threatened to "use every procedural means at my disposal" -- including a filibuster -- to thwart the border security legislation Majority Leader Bill Frist plans to begin debating Monday.

Mr. Reid said he's opposed to the bill because Mr. Frist is introducing it directly to the full Senate, bypassing the Senate Judiciary Committee.

"What we're bringing to the floor is a border security bill to secure the borders and protect people," Frist spokesman Bob Stevenson said. "To suggest that he would filibuster such a measure only weakens our position at a time when we're fighting a war on terror. It just fits into the Democrat strategy of delay and obstruct."

Also this week, Sen. Hillary Rodham Clinton promised to block any legislation that would make being in the U.S. illegally a felony, rather than the current civil offense. Such a move would be "mean-spirited," she said, and not in keeping with Republicans' professed belief in religious values.

"It is certainly not in keeping with my understanding of the Scriptures, because this bill would literally criminalize the Good Samaritan and probably even Jesus himself," she told a crowd in New York on Wednesday.

Mr. Frist's Securing America's Borders Act, which he introduced late last week, would criminalize illegals, fund hundreds more border agents and build limited fencing. Though the bill does not include a guest-worker program, Mr. Frist has said he expects one to eventually be included through amendments on the floor.

Meanwhile, the Senate Judiciary Committee will continue wrangling over guest-worker proposals but few Senate observers are optimistic that they will agree on one.

Mr. Bush has called for a bill that includes both enforcement and a guest-worker program, though he has said new workers would be temporary and current illegal aliens would not get "automatic citizenship."

In his meeting with the lobby groups yesterday, Mr. Bush did not stake out a new position or clarify what "automatic citizenship" means, according to participants. But they said the president made it clear he will continue to highlight the issue and expects to play a major role when the House and Senate go to conference on immigration legislation.

After the meeting he made his plea for a measured debate.

"I urge members of Congress and I urge people who like to comment on this issue to make sure the rhetoric is in accord with our traditions," he said.

Groups on both sides of the debate said they interpreted the remarks as aimed at those who want better enforcement and oppose a guest-worker plan.

"Sadly, if he's talking to people who want to enforce immigration laws he's talking to the majority of Americans," said Rikki Horton, government relations associate at the Federation for American Immigration Reform.

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Mr. Hayworth, at home while Congress is on recess, said what he sees at town-hall meetings in his Arizona district isn't "anger directed at a person or an ethnic group," but rather frustration at the federal government's failure to control the border and enforce the law.

Bush Calls For Civil Debate On Immigration Proposals (LAT)

By James Gerstenzang And Nicole Gaouette

The Los Angeles Times, March 24, 2006

WASHINGTON — President Bush on Thursday urged all sides in the immigration debate to tone down their rhetoric and engage in civil, respectful discussion as Congress nears action on an issue that has sharply divided the nation and the Republican Party.

The Senate is expected next week to consider legislative proposals to overhaul the nation's immigration laws, and key provisions — particularly those that would permit foreigners to work temporarily in the United States — have become the focus of disagreement on Capitol Hill, on conservative talk shows and at political meetings.

The vitriol on immigration far exceeds the language surrounding other significant but less emotional policy controversies, including changes in tax laws and the prescription drug benefit that has been added to Medicare.

"It's important that we have a serious debate, one that discusses the issues. But I urge members of Congress and I urge people who like to comment on this issue to make sure the rhetoric is in accord with our traditions," Bush said after meeting with supporters of his immigration proposal.

"When we conduct this debate, it must be done in a civil way. It must be done in a way that brings dignity to the process. It must be done in a way that doesn't pit one group of people against another."

The issue is politically sensitive for Bush and his fellow Republicans.

Increasing the Republican share of the Latino vote has been a key objective for Bush's chief political advisor, Karl Rove, as part of his strategy to solidify GOP control of the presidency and Congress.

Through the 2004 election, it appeared that Bush and Rove were succeeding.

In that contest, Bush picked up 45% of the Latino vote, according to Los Angeles Times exit polls, a gain of 7 percentage points from 2000. But a harsh debate over immigration could erase GOP gains among Latinos, give the party an anti-immigrant cast and prompt a backlash.

Perhaps the loudest congressional voice in the campaign to restrict immigration has been that of Rep. Tom Tancredo (R-Colo.).

Reflecting the divisions within their party over immigration, Tancredo and Sen. Sam Brownback of Kansas — who on nearly all other issues wins strong support from conservatives — have taken opposite positions on allowing undocumented workers to remain in the United States while pursuing legalization of their status. Tancredo opposes it; Brownback favors it.

Asked about the president's request for civility, Tancredo's spokesman, Will Adams, offered no apology for his boss' views.

The congressman, Adams said, has "devoted his political career to immigration because he thinks it's essential to our national security and our economic security, and to who we are as Americans. Occasionally, the debate does get uncivil, but this is a product of it being so important."

But even the president's request that participants in the debate control their language drew finger-pointing.

Adams quoted his boss as saying: "With respect to the call to cool it down, Hillary Clinton said yesterday that the House bill would criminalize Jesus, so I assume the president is referring to her."

In a brief news conference Wednesday, Clinton (D-N.Y.) said that a bill the House approved in December "would literally criminalize not only every nondocumented immigrant in our country but every person who helped, assisted, reached out [or] otherwise responded in a humanitarian way to the needs of immigrants.

"It is certainly not in keeping with my understanding of the Scripture, because this bill would literally criminalize the good Samaritan and probably even Jesus himself," she said.

Her spokesman, Philippe Reines, said of the president's request Thursday: "Since Sen. Clinton has always discussed this important issue in a serious, civil and dignified manner, we assume that his admonition was directed elsewhere."

White House spokesman Scott McClellan offered no hints to suggest at whom the president was pointing — but there is no shortage of potential targets.

Anti-immigration activist Juan Mann, whose calls for stronger law enforcement appear on The Immigration Blog website, has written that Michael Chertoff, the secretary of Homeland Security, "has been dutifully peddling the Bush administration's ongoing promotion of the Big Lie that a 'guest worker program' is not an illegal-alien amnesty."

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Chris Simcox, president of the Minuteman Civil Defense Corps, said Thursday in a news release that "America's national security is being held hostage by Democrat Party leaders who have placed the interests of millions of lawbreakers before secure borders and the expressed will of the American people. Our southern border is a virtual war zone."

The House version of immigration legislation focuses solely on border security and enforcement and does not address the guest worker program Bush favors.

It includes a provision that would bar health-care workers, educators and others to provide assistance to undocumented workers.

At a conference at the Capitol on Thursday, Anna Burger, chairwoman of Change to Win, a coalition that favors increased rights for immigrant workers, described the House measure as "an evil bill. It criminalizes children, all of us, those who are immigrants and those who help immigrants."

The Senate is scheduled to begin debating broader immigration legislation Monday. Republicans are deeply divided over whether the overhaul should address enforcement issues first, or whether to take a comprehensive approach and include a guest worker program and a way to deal with the estimated 12 million undocumented immigrants living and working in the United States.

One Step Forward (WP)

The Washington Post, March 24, 2006

"BREAKTHROUGH" is a word that should always be used with extreme care, at least when discussing immigration reform. Nevertheless, it may be warranted: The Senate Judiciary Committee, which had been bogged down for several weeks trying to produce an immigration bill, appears to have reached a consensus. The deal doesn't solve all of the problems, but it does at least try to solve the most difficult: the fate of the estimated 12 million people who live in this country illegally.

In its essence, the compromise -- patterned on a proposal by Sens. John McCain (R-Ariz.) and Edward M. Kennedy (D-Mass.) -- allows undocumented workers living here to apply for residency permits, on the condition that they prove they are employed and pay a hefty fine for breaking the law. They would then go to the back of the green card line -- behind those applying legally -- and wait for citizenship. President Bush has always said he would endorse such a solution as long as it doesn't look like an "amnesty" that rewards lawbreakers. During a news conference this week, he seemed to say that the Senate solution might be precisely that: "People who have been here need to get in line, like everybody else," he confirmed.

This is, of course, a very fragile sort of agreement. It hasn't been voted on, or even properly written down. It doesn't get to the issue of what to do about temporary workers who want to come here in the future, and it doesn't solve the border control issues either. Amazingly, some in the Senate and the House are still pushing to build a wall along the 2,000-mile U.S.-Mexico border, a project that -- aside from its unpleasant symbolism -- would cost billions of dollars (a 14-mile wall near San Diego cost $70 million alone), would deal with only part of the problem (40 percent of the undocumented are thought to have arrived in other ways), and would not prevent people from using tunnels and ladders to get across, as they do now.

Even more worrying are the complicated politics of making any immigration deal stick. Already, the immigration debate has become a forum for 2008 campaign jockeying, as possible presidential contender Sen. Bill Frist (R-Tenn.) tries to distance himself from possible presidential contender Mr. McCain, largely by sounding a much harder line on enforcement. Since the House doesn't seem to be in a mood to talk about anything but enforcement either, that bodes ill for anyone who wants a realistic solution to the problem of the undocumented. Still, a breakthrough is a breakthrough, however fragile, and the senators on the Judiciary Committee, led by Arlen Specter (R-Pa.), are to be commended for reaching it.

Thousands March For Immigrants (MJS)

By Mark Johnson And Linda Spice

Milwaukee Journal Sentinel, March 24, 2006

In one of Milwaukee's largest demonstrations in recent years, a mile-long swath of peaceful protesters marched into the city's downtown Thursday chanting, "¡Sí, se puede!" ("Yes, we can!"), carrying Mexican and American flags and signs condemning what they called "anti-immigrant" legislation.

Hundreds of students took the day off school; businesses around southeastern Wisconsin closed; and thousands of workers left their jobs in support of the event billed as "A Day Without Latinos."

Although march organizers put the crowd at 30,000, Milwaukee police estimated that there were between 10,000 and 15,000 marchers, said spokeswoman Anne E. Schwartz. She said there were no arrests.

The march, which culminated in a 90-minute rally in Zeidler Park, followed a similar event two weeks ago in Chicago that drew a crowd of up to 100,000 people.

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"This is a historic day," declared Christine Neumann-Ortiz, executive director of Voces de la Frontera, an organization devoted to immigrant and worker rights issues.

"We have people from all walks of life. We have teachers. We have doctors. We have professionals. And, best of all, children. We wanted to recognize the workers who left their jobs today. There has been a strong show of solidarity," she said.

The event underscored both the growing political muscle of Latinos, America's fastest-growing minority, and the divisiveness of immigration issues in the post-9-11era.

One of the targets of Thursday's protest was a sweeping federal bill sponsored by U.S. Rep. Jim Sensenbrenner (R-Wis.) that would keep illegal immigrants in jail until they are processed for deportation, increase penalties for improper entry into the United States, and provide mandatory minimum sentences for illegal immigrants convicted of re-entering the U.S.

Several of the speakers Thursday singled out Sensenbrenner for criticism, including Sheila Cochran of the Milwaukee County Labor Council, who called the bill "wrong-spirited, wrongheaded and just plain wrong."

Xavier Marquez, president of the Racine group Students United for Immigrant Rights, called Sensenbrenner's bill "racist and divisive."

In a statement released later in the day, Sensenbrenner said, "The illegal alien rally held in Milwaukee today was an impressive show of force. But I do not believe that illegal aliens should receive legal government documents such as driver's licenses."

He said many people "have tried to confuse the difference between legal and illegal immigration," and added that putting illegal immigrants on a path toward citizenship "would be a slap in the face to all those who have followed the law and have come to America legally."

As the marchers were gathering, the Milwaukee Common Council voted 11-1 to oppose Sensenbrenner's bill. Instead, they called on Congress to approve an immigration reform bill that would help illegal immigrants attain legal status, expand temporary work visas and tighten border security.

The House passed Sensenbrenner's bill. Both that measure and competing legislation sponsored by U.S. Sens. John McCain (R-Ariz.) and Ted Kennedy (D-Mass.) are awaiting Senate action.

Two Wisconsin measures also drew the ire of speakers at the rally, including a law signed two weeks ago by Gov. Jim Doyle that forces applicants for state driver's licenses to present proof of legal residency. The second measure, if approved and signed by the governor, would deny undocumented immigrants access to school lunches for their children, public medical services and public defenders in court.

A community coalition

The march and rally stitched together a coalition of political leaders, including Mayor Tom Barrett, U.S. Rep. Gwen Moore (D-Wis.) and state Rep. Pedro Colón (D-Milwaukee), as well as labor unions, business groups and religious leaders.

"I am a third-generation Mexican-American. I am not an undocumented immigrant, but I strongly support my undocumented immigrant brothers and sisters in their struggle for justice and their equal rights," said Marquez, the leader of Students United for Immigrant Rights.

"On the Statue of Liberty it says, 'Give me your tired, your hungry, your poor yearning for liberty,' and that's why we're here," said Michael Rosen, president of the local union representing teachers at Milwaukee Area Technical College.

He vowed, "We will not allow George Bush, we will not allow Congressman Sensenbrenner to pit one part of the working class against another part of the working class."

Milwaukee School Board member Jennifer Morales called on all members of the school community "to oppose any law that makes criminals of children." She encouraged school employees to continue to provide services children need, such as food, health care and education.

The march and rally drew many families.

Angel Silva, 13, missed classes at Bruce Guadalupe Middle School to attend the rally with his family, saying, "We're only students. We're not terrorists. We want to get our education and go on to be a good person and live our life well."

His younger brother, Marc Anthony DeLeon, 9, said he opposes the bill "that any immigrant children they can't have lunch at the schools. And we don't think that's right."

The boys' mother, Magdalena DeLeon, 33, of Milwaukee, is a fifth-generation Mexican-American whose family originally immigrated from Jalisco, Mexico. She said she discussed with her children the U.S. Constitution and Declaration of Independence.

"The United States of America was built and established for the freedom of people," she said. "We have to be united as one, liberty and justice for all mankind."

The signs the marchers carried drew heavily on emotion and appealed to values enshrined in the Declaration of Independence and the inscription on the Statue of Liberty.

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A large cloth banner said, "Open the doors to citizenship. Immigration is an American experience." A sign showed a photograph of a child wearing a red graduation cap and gown, with the caption, "I'm not a criminal." Another sign said, "You let us fight and die for the country, but we're still not called American."

Several of the speakers were children, including Samantha Pastrana, who led the crowd in the Pledge of Allegiance.

TAX:

Oregon's Coffers Bulge But Services Suffer (WSJ)

By Deborah Solomon

The Wall Street Journal, March 24, 2006

Earlier this month, Oregon Gov. Ted Kulongoski got some good news: The state's coffers were bulging with almost $700 million in unanticipated tax revenue.

But like a dieter in a pastry shop, Mr. Kulongoski can only dream about what he'd do with the extra cash. Under a one-of-a-kind Oregon law, the money must be refunded to individual taxpayers and corporations instead of going to the state.

As a result, residents and companies that do business in Oregon will receive refunds or credits, even as the state struggles to fill a $172 million funding gap for its human-services division and a $57 million shortfall for public schools in Portland, where as many as 14 schools might be shuttered.

The situation is roiling Oregon, prompting cries from labor unions, school officials and many residents to end the tax "kicker" for corporations -- and posing a challenge for Mr. Kulongoski, a Democrat up for re-election in November. Mr. Kulongoski, whose approval rating hovers at around 38%, faces a primary challenge from two Democrats, both of whom have called for an end to the corporate kicker. In a pair of setbacks, a large labor union endorsed one of his opponents, and the Oregon Education Association declined to back a candidate in the May primary.

The governor also says that the corporate kicker no longer makes sense for Oregon, and that the money should be redirected to the state to help pay for things like education and health care. He has been lobbying business to go along with the move, but faces opposition from state legislators, particularly Republicans who control the House, as well as from some business interests opposed to the idea.

"The dilemma for us is that we should be using those resources to rebuild what we lost in 2001-2003," when the state's revenue fell 20% below projections, Mr. Kulongoski said in an interview. "I wish we could call a timeout on both the corporate and individual kicker ... and give us the chance to rebuild what we've lost."

Like many states, Oregon is dealing with economic extremes, veering between a comfortable surplus and a dearth of cash while being required to balance its budget. States are coming off their worst fiscal crisis in decades, in which they slashed spending and borrowed money, and are seeing surpluses aided by the stronger economy.

Oregon is not the only state wrestling with a spending limit. Last year, Colorado voters agreed to temporarily suspend the state's spending cap after they were persuaded it was artificially depressing the state's economy. The Colorado Taxpayer Bill of Rights was more severe than Oregon's, because its cap on state spending allows for only inflation and population growth.

Oregon's situation has arisen from a spurt in corporate profits and an influx of jobs. The state, which has no sales tax, gets more than 90% of its general fund revenue from individual and corporate income taxes.

But the state's fiscal situation is complicated by the fact that voters have sought to limit spending. In 1979, Oregon voters approved a law stipulating that if the state's general-fund revenue exceeded budget estimates by 2% or more, the excess had to go back to taxpayers. The idea was to curb state spending by keeping excess money from falling into the hands of politicians. In 2000, the state's constitution was amended to include the kicker. Overall spending in the state has increased about 17% in the past five years, including more money for education and human services.

Because Oregon operates on a two-year budget, tax-revenue estimates can vary widely from the amount ultimately collected. When the current 2005-2007 budget was being prepared, Oregon -- like most states -- was coming off a severe economic downturn, leading to overly conservative revenue estimates. As a result, 2005-2007 revenues appear to be well ahead of estimates, fueled by higher corporate profits and more jobs in the state. The state estimates that $205 million in tax credits will go to corporations, while $450 million in refunds will go to individuals, and the amounts could grow before the end of fiscal 2007.

The situation was reversed in the 2001-2003 budget period, when collections fell below estimates, forcing the state to cut programs, including education. To help cover the shortfall, the state imposed a cigarette tax, tapped an education stability fund and borrowed money to help balance the budget.

"The kicker is just insane tax policy," says state Senate Majority Leader Kate Brown, a Democrat. "I know it hurts us at a national level in terms of our bond rating and in terms of being able to fund programs to stability."

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Still, legislators aren't eager to tackle the issue during an election year. Mr. Kulongoski says he wants the Legislature to refer the issue to voters on the November ballot, but the Legislature isn't scheduled to meet again until January 2007. While members may hold a special session in May to address the health and education funding shortfalls, Republicans have indicated no interest in discussing the corporate kicker. Many Republicans in the state have taken a no-tax pledge and see rescinding the kicker as a de facto tax increase on business.

At the same time, business isn't united on the issue. While some business groups say they would agree to end the kicker, they don't agree on how the state should use the money. Some want it placed in a rainy-day fund, some want a simultaneous cut in capital-gains taxes, and others want the individual kicker abolished as part of any plan.

Jim Schweinhart, fiscal-policy lobbyist for Associated Oregon Industries, said the business community isn't interested in just handing the kicker back to the state's general fund. "The primary reason the kicker was voted on and put in the constitution was that it's a way to control spending," said Mr. Schweinhart, whose group represents mainly small businesses. "One of the problems we have here in Oregon is that in the '90s, the politicians took the money we got in the good times and spent, spent, spent."

J.L. Wilson, director of the National Federation of Independent Business-Oregon, said there is "no impetus from the business community to deal with this in a special session, and I think the Senate and House leadership respects that."

That could pose problems for Mr. Kulongoski's re-election campaign. "I think the governor is going to be forced to make this an issue," says Sen. Brown. Mr. Kulongoski said he would end the kicker "if I were king and I could just stop something right now." But he's limited in what he can do, and said he wants to work with the business community to make sure any repeal of the kicker is done correctly and enjoys broad support.

"I think that the business community understands why they should invest more in education, but there is a debate within the business community about what they should do with the money," he said. "My view is that in a global economy that's driven by technology, and where change and innovation is the order of the day, if you don't invest in education and skills training, you're going to be a second-rate state."

The Spitzer Savings Plan (WSJ)

The Wall Street Journal, March 24, 2006

New York Attorney General Eliot Spitzer has been struggling to counter the public perception that he has a "temperament" problem. If his recent treatment of H&R Block is anything to go by, he needs a few more anger management sessions.

Mr. Spitzer blew a gasket last Friday after Block CEO Mark Ernst had the temerity to deny, in an op-ed in this newspaper, the AG's charges that his company had fraudulently sold retirement savings plans. His Lord High Executioner threatened Block with "vast fines" for refusing to roll over. And he further warned that he might now find it more difficult to keep H&R Block "alive and viable" (read: corporate indictment), and promised to "dig deeper" into its affairs.

So rather than let a jury evaluate his charges, Mr. Spitzer is once again threatening to use his power to ruin a company before it even steps into a courtroom. Not that his accusations appear to have much to do with the law in any event. It has escaped no one that this is tax season, and, lo, Mr. Spitzer's target happens to be the nation's largest tax preparation firm. H&R Block has had a string of bad news -- including miscalculating its own state income taxes -- and may have seemed vulnerable to a hit-and-run settlement. Mr. Spitzer was clearly eager for such a painless victory, offering to settle for less than $30 million before filing his $250 million suit.

Block is resolutely defending its Express IRAs, and on the public record so far rightly so. Nearly 600,000 Block customers have used this product, which encourages low-income individuals to divert a portion of their tax refunds into Individual Retirement Accounts. Because Express IRAs have a minimum deposit requirement ($300) far below that of most competitors, and because the money is put into safe (albeit low-interest bearing) money market accounts, Mr. Spitzer claims most users are paying more in fees than they receive in interest and have thus been defrauded.

That must be news to the many Democrats and liberal think tanks plumping for precisely such accounts. As academic studies have long shown, savings tend to rise with income. Only about one in eight Americans in the bottom 20% of income levels have retirement accounts. Many don't work for companies that offer retirement plans, while the idea of making regular contributions can be daunting to households that survive paycheck to paycheck.

One popular response has been to let workers funnel tax refunds directly into private retirement accounts. Low- and moderate-income families receive large tax refunds (in 2001, they saw checks totaling some $78 billion, or $1,500 per family), and many of them view refunds as "extra" money to be put aside. Supporters include the Brookings Institution, the Pew Charitable Trusts, and House Democrats Rahm Emanuel and Jim Cooper -- who have sponsored legislation to require the IRS to set up direct-deposit procedures. Does Mr. Spitzer plan to subpoena all of them?

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It was against this background that Block introduced its Express IRA in 2001. The company also hoped to exploit another Congressional initiative -- this one part of the Bush tax cuts -- called the Saver's Tax Credit. Anyone who earns up to $50,000 a year, pays taxes and contributes to a retirement plan gets a "match" from the government of up to 50%. Block has helped nearly half of its Express IRA clients claim this savings subsidy.

The company says its average Express IRA customer earns just $30,000 a year, 42% had previously never opened a savings account, and 20% lacked even a checking account. Yet even after Block's fees, 78% of accounts opened between 2001 and 2005 have had positive net tax savings and interest earnings. Express IRA accounts have accumulated some $360 million. They have also inspired more thrift. Roughly 23% of clients who made an initial refund contribution have since recontributed -- often at a higher amount. Some 40,000 clients are depositing an average of about $50 a month. And some 27,000 have accumulated enough to graduate to a brokerage account.

None of these facts made it into the Spitzer complaint, which cherrypicks data to paint a one-sided picture. While H&R Block has been selling its Express IRA for four years, Mr. Spitzer focused on accounts opened in 2002. That year marked the beginning of the nationwide Express IRA program -- before some clients could build up balances -- and was a time of very low interest rates. It was also the year before the Saver's Tax Credit kicked in, which has sent some $50 million in additional tax benefits to Express IRA users.

Thus Mr. Spitzer was able to claim that 79% of Express IRA customers had lost money. To reach this figure the AG also had to include clients who initially contributed a low amount and soon withdrew their money -- incurring a substantial federal tax penalty. In our book this is called consumer choice, and was to be expected given that many users were new savers under financial pressure. As for Block's fees, they remain among the lowest for IRA operators, which explains why the company says it is still losing money on this product.

All of this might be difficult to grasp for Mr. Spitzer, who can afford to invest in hedge funds to finance his comfortable lifestyle and retirement. But his detachment from the struggles of working people is no excuse for launching a political attack on a law-abiding company, the main benefit of which would be to foreclose a promising avenue for low-income savers.

CONGRESS-ADMINISTRATION:

Medicare Drug Plan Enrollment Tops 27M (USAT)

USA Today, March 24, 2006

About 1.9 million elderly and disabled people signed up for the new Medicare drug benefit over the past month, meaning 7.2 million have taken steps to enroll since the program began Jan. 1, the program's chief said Thursday. An additional 20 million people have been enrolled automatically because they participate in other government programs, such as Medicaid, or because they have drug coverage through a former employer. Those employers are getting a tax subsidy to continue providing the coverage. About 43 million people are eligible for the benefit.

Mark McClellan, administrator for the Centers for Medicare and Medicaid Services, said the total is expected to continue rising until the May 15 enrollment deadline. People who sign up after that date will probably have to pay higher premiums. Some members of Congress have proposed extending the deadline.

President Bush signed legislation that ends Cold War-era trade restrictions on Ukraine, opening the way for the former Soviet republic to join the World Trade Organization. The measure frees Ukraine from a 1974 law that links trade benefits to the emigration and human rights policies of former or current communist states.

The deal will “strengthen our ties with our good friend Ukraine and create new economic opportunities for our two countries,” Bush said at a White House ceremony. He said the United States supports Ukraine's goal of joining the 148-nation WTO this year and will help it resolve issues standing in the way of its entry. Removal of the U.S. trade restrictions was a necessary step to gain entry. “Ukraine is committed to economic freedom, democratic progress and open trade,” Bush said.

Ukrainian President Viktor Yushchenko called the legislation “evidence of strategic partnership between the countries.” U.S. exports to Ukraine, including poultry and agriculture machinery, totaled $531.7 million in 2005. Imports from Ukraine, including steel and coke, totaled $1.1 billion.

Progress toward opening the Yucca Mountain nuclear waste dump in Nevada has been hindered by questions about the quality of scientific and engineering work, congressional investigators said. The Energy Department's reorganization of the project has not eliminated the problems and may create new issues, a report by the Government Accountability Office said.

The site, 90 miles northwest of Las Vegas, was approved by Congress in 2002 to store 77,000 tons of the nation's most radioactive nuclear waste. It's not likely to open before 2012. Energy Department spokesman Craig Stevens said the agency either has fixed the problems raised by the report or is working on them.

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Feds Say 1.9M More Sign For Drug Benefit (AP-Y2)

By Kevin Freking

AP2, March 23, 2006

About 1.9 million elderly and disabled people signed up for the new Medicare drug benefit over the past month, meaning 7.2 million have taken steps to enroll since the program began Jan. 1. The number should keep rising, the program's chief says.

An additional 20 million people have been enrolled automatically because they participate in other government programs, such as Medicaid, or because they have drug coverage through their former employer. Those employers are getting a tax subsidy to continue providing the coverage.

About 43 million people are eligible for the benefit.

"Since January, we've seen a steady, increasing rate of enrollment, and we expect to continue seeing that until May 15," Mark McClellan, administrator for the Centers for Medicare and Medicaid Services, said Thursday.

That is the deadline for enrolling. People who sign up later probably will have to pay higher premiums; many members of Congress have proposed extending the deadline past May 15.

Health and Human Services Secretary Mike Leavitt gave no indication that he agreed with that idea. Indeed, he said people should not wait until just before the deadline to enroll.

"We're reaching out to seniors to suggest there will be a surge at the end. Human nature tells you that," Leavitt said. "What that means is we'll likely see a lot of people trying to sign up at the same time. They can avoid that rush by signing up now."

The latest enrollment figures were released as polling showed that older people have mixed views about the program.

About 44 percent of those surveyed approve of the new benefit. About 41 percent disapprove and 15 percent are undecided, according to The Pew Research Center for the People and the Press. The margin of error was plus or minus 3 percentage points.

While political supporters of the benefit can take solace in that more people like the benefit than dislike it, the numbers represent a dwindling of support since December.

It would appear that many of the people who were undecided before the benefit kicked in now have a negative view of the program. In the December survey, 45 percent approved, 34 percent disapproved and 21 percent were undecided.

Groups urging an overhaul of the program said Thursday that thousands of elderly and disabled people are continuing to call hot lines to complain. The organizations, part of a group called the Americans United Coalition, said the public will support politicians who promise major changes to the program.

Defending the program as it is now "looks to be a losing political proposition in 2006," Democratic pollster Guy Molyneux said.

Young people are most supportive of the program, according to the Pew Research Center's survey. Among those age 18 to 29, about 64 percent approve and 22 percent disapprove.

The least supportive are people 50 to 65; some 40 percent approved and 44 percent disapproved.

McClellan said polling from other groups also shows that a majority of older people who do sign up are glad they did.

The elderly and disabled are eligible to enroll in a private drug plan or in a managed care plan, called Medicare Advantage, that will cover a portion of their drug costs. The government has estimated that the average participant will save about $1,100; the amount of savings varies depending upon a beneficiary's drug needs, income and the type of plan that they choose.

The updated enrollment figures failed to change the political debate about the program in Congress.

"While House Republicans are encouraging seniors to sign up for a program that would lower their drug cost, I'm disappointed that the Democrat leadership would demagogue the program and have seniors pay higher prescription drug prices," said House Speaker Dennis Hastert, R-Ill.

Democratic Sen. Jay Rockefeller of West Virginia said the Bush administration's effort "to equate numbers with success means that they are overlooking the crises of individuals still struggling to get the prescription drugs they need at an affordable price."

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On the Net:

Medicare: http://www.medicare.gov

Medicare Nears Its Enrollee Goal For Drug Benefit (WSJ)

By Sarah Lueck

The Wall Street Journal, March 24, 2006

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WASHINGTON -- Nearly two million people signed up for Medicare's new drug coverage in the past month, bringing the total number of people who have enrolled individually to 7.2 million. In all, more than 27 million Medicare beneficiaries now have drug coverage.

But more than 40 million people are eligible for the drug coverage, and many of those who have yet to sign up are in a low-income bracket and would qualify for generous federal subsidies. Government officials said they are making an aggressive final push to get people to sign up by the May 15 deadline. Those who sign up afterward must pay higher premiums.

President Bush has defended the prescription-drug benefit as good for seniors and taxpayers, even if it has had start-up problems. To draw national attention to the enrollment effort, Mr. Bush and top health officials are expected to visit several cities. The administration is "well on the way" to reaching its stated goal of 28 million to 30 million enrollees, said Health and Human Services Secretary Michael Leavitt.

Meanwhile, congressional Democrats released a report illustrating problems beneficiaries sometimes face when trying to obtain certain medications under the plans. In a survey of the plans available in Rep. Henry Waxman's California district, Democratic staff from the House Committee on Government Reform found that most plans require patients to get prior authorization or try other medications before getting coverage for some commonly prescribed drugs.

It also found that many drug-plan representatives didn't give accurate or full descriptions of the restrictions. It is "nearly impossible for seniors to learn" the terms of plan restrictions "until after they have subscribed and been denied drug access," the report said.

The issue is particularly significant this month, when many people who have been able to get medications without restriction under 90-day transition policies now must switch drugs or get the plan's approval for their current medications.

Mark McClellan, head of the agency that runs Medicare, said many of the restrictions highlighted in the report are common methods used by private-sector insurers to steer customers to medications for which they have negotiated a better price. He said his agency hasn't yet received a large number of complaints about plans failing to provide information about prior authorization and other restrictions, but it would "act promptly" if that happens.

Part B To Cost Wealthy More (WT)

By Amy Fagan

The Washington Times, March 24, 2006

Starting next year, wealthier seniors will have to pay a greater share of the cost of their doctor visits because of a provision in the 2003 Medicare prescription drug legislation.

"It's a change from traditional social insurance, there's no question about that," said Robert Moffitt, a health care policy analyst at the Heritage Foundation.

Medicare Part B covers outpatient services such as doctor visits, physical therapy and X-rays. All seniors who choose the coverage pay 25 percent of their monthly Part B premium, with the government picking up the remaining 75 percent. The seniors' monthly portion was $78.20 last year and rose to $88.50 this year.

Beginning next year, wealthier seniors will have to pay an increasingly higher percent of their Part B premium costs. Singles with annual incomes of $80,000 to $100,000 and couples with annual incomes of $160,000 to $200,000 will have to pick up 28 percent of the monthly premium cost. That share will rise to 35 percent by 2009. Singles with annual incomes more than $200,000 and couples with annual incomes more than $400,000 will pay 43 percent of the cost next year and 80 percent in 2009.

Supporters of the change say it is a matter of economics: Rising health care costs and retirements of baby boomers will strain the Medicare and Social Security systems, and it doesn't make sense for the government to pay the tab of the wealthy.

"The financial pressures facing Medicare are so severe that we cannot afford to treat everyone the same," Mr. Moffitt said.

The government now picks up the same tab for a retired librarian and billionaire developer Donald Trump, and there is simply "no way we can do that anymore," he said.

Some seniors groups oppose the change.

"Now that it has been legitimized, Medicare means-testing thresholds could be lowered by future Congresses, affecting a growing number of beneficiaries," said the National Active and Retired Federal Employees Association.

"It would significantly alter a founding principle of the program -- equality in Medicare benefits," said Sharon Benton, executive director of the Retired Enlisted Association's Senior Citizens League. "[It] opens the door for more means testing and much higher premium costs for retirees in the future."

Brookings Institution economist Gary Burtless said it will be difficult for the government to calculate seniors' annual incomes and that American workers pay taxes into Medicare based on how much they earn. Discovering upon retirement that they must pay a greater share for their doctor visits "may seem to a lot of people as sort of a double whammy," he said.

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Mr. Burtless noted that a backlash of anger forced Congress to repeal a program created during the Reagan administration that provided catastrophic health coverage for seniors but applied means testing for wealthier Americans.

Part B means testing originally was to be phased in over five years, but Congress approved a budget-trimming bill late last year that expedited the plan.

Democrats Say Bush Violated Constitution (AP-Y2)

AP2, March 23, 2006

House Democrats want President Bush to say whether he knew of what they call a "fundamental constitutional problem" with the $39 billion deficit reduction package he signed last month.

A letter to Bush, signed by House Democratic Leader Nancy Pelosi and Rep. Henry Waxman (news, bio, voting record) of California and released Thursday, is the latest challenge to a bill that was passed in slightly different forms by the House and Senate before it was sent to Bush.

"A bill is not law unless the same version is passed by both the House and the Senate and signed by the president," top Democrats wrote to Bush. He signed it on Feb. 8.

The Senate version of the bill said Medicare can pay to rent some types of medical equipment for 13 months, as intended by congressional negotiators. A clerk erroneously wrote down 36 months before the bill was sent back to the House for a final vote, and that's what the House approved Feb. 1.

By the time the bill was shipped to Bush, the number was back to 13 months as passed by the Senate.

Recognizing the problem, the Senate passed a resolution hours after Bush signed the bill confirming that the measure transmitted to the president was "deemed the true enrollment reflecting the intention of the Congress." The White House considers the matter settled.

Others do not. A liberal watchdog group, Public Citizen, filed a lawsuit Tuesday asking a federal court to throw the budget bill out. A Republican activist also has sued in federal court in Alabama.

Minimum Wage Emerges As Election Issue (WSJ)

By John Harwood

The Wall Street Journal, March 24, 2006

MINIMUM WAGE EMERGES as election-year flashpoint.

Treasury Secretary Snow's remarks on income inequality fuel debate. "We'll engage with" advocates of an increase, he says, while cautioning against pricing some workers out of labor market. The wage remains $5.15 an hour, a level set in 1997; relative to average wages, it's at its lowest point since 1949.

Commerce Secretary Gutierrez also signals openness to an increase if Congress pursues the issue "thoughtfully...and not emotionally." With Bush and Republicans politically weakened, Democratic Sen. Kennedy plans push for floor vote this spring on an increase to $7.25.

Strategist Carville advises Democrats to block pay raise for Congress until average worker's wages rise.

TEAM BUSH SCRAMBLES to revive domestic agenda.

President's acknowledgment of political capital spent on war reflects slipping prospects on other fronts. Senate Finance Chairman Grassley predicts uphill fight for even scaled-down version of expanded health savings accounts.

A senior Bush adviser sees delay -- pushing House-Senate conference until after midterm elections -- as best chance for winning immigrant guest-worker program. Both chambers have sidetracked Bush's proposed Medicare savings; extension of dividend and capital-gains tax cuts remains in doubt. Moderate Republicans, complains Heritage Foundation's Michael Franc, are "completely untethered" from party leaders.

REPUBLICANS MANEUVER to dodge political potholes.

Senate candidates DeWine of Ohio, Kennedy of Minnesota and Steele of Maryland avoid appearances with Bush. A top Republican legislator in Montana launches Senate bid, raising pressure on troubled incumbent Burns to retire.

"Most observers still believe the Senate will stay in GOP hands," says online exchange Intrade.com, but "traders may be ready to jump ship." Senate Democrats' campaign arm amasses twice the campaign cash of Republicans, but faces incumbents in six of seven most competitive races. On Web site FancyFord.com, Republicans mock Democrats' Tennessee candidate as an elitist playboy.

In New Jersey Monday, House Democrats begin push to split Republican base by touting stem-cell research.

LAYUP LINE: Notwithstanding lobby reform talk, NCAA gives some lawmakers an open shot at March Madness seats in Washington's Verizon Center. Governing body of major-college sports reserves about 20 tickets that public officials can buy at face value by calling its capital office. An NCAA spokesman says local government officials are eligible, too.

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ATMOSPHERICS: Amid speculation about possible 2008 bid, Gore talks up new advocacy group on climate change. He also readies new book, "An Inconvenient Truth," and a movie dramatizing warnings on danger of government inaction. Gore didn't emphasize environmental issues in 2000; a close associate dismisses talk of another campaign as groundless.

WAL-MART RESISTS efforts in Congress to dramatically tighten port security in wake of Dubai-ports furor. The company argues examining all containers, or even a fixed percentage of them, could impede shipping and boost costs.

CHRISTIAN CAUSE: Rice presses President Karzai for "favorable resolution" in trial of Afghan man over his conversion to Christianity. Conservative writer Joel Rosenberg notes "the number of Afghan Christians is in the thousands and growing rapidly," while Senate leader Frist, a 2008 White House hopeful, blasts criminal charge as "ludicrous."

ADMINISTRATION TOUGHENS stance toward Iraqi factions.

U.S. officials, publicly and privately, criticize Iraqi leaders for haggling too long over key posts in new government. In policy shift, they include threat to cut financial support for Baghdad and Iraqi security forces if acceptable deal isn't quickly reached.

Ambassador Khalilzad leans on surprising proxies. Embassy and military officials say they use visiting U.S. lawmakers to convey some undiplomatic messages. Senate Armed Services Chairman Warner tells Prime Minister Jaafari that U.S. domestic support for Iraq mission may evaporate without a unity government soon.

U.S. officials fear impasse worsens violence on the ground.

MINOR MEMOS: Assets of disgraced ex-Congressman Cunningham fetch $94,625 at auction overseen by Treasury, including $4,000 for a French provincial armoire and $2,200 for a Queen Anne-style beveled mirror...."Cheney Invites Helen Thomas on Hunting Trip" following her contentious press conference exchange with Bush, humorist Andy Borowitz reports.

Nominee For Appeals Court Withdraws (WP/BLOOM)

By Bloomberg News

The Washington Post, March 24, 2006

Henry W. Saad, one of President Bush's appeals court nominees blocked by Senate Democrats, withdrew his name from consideration, a presidential aide said yesterday.

Democrats have accused Saad, a Michigan appeals court judge, of being hostile to employment-discrimination claims and lawsuits by consumers.

"Judge Saad asked to have his nomination withdrawn, and we intend to honor that request," Bush spokeswoman Erin Healy said.

Saad's nomination to the Cincinnati-based U.S. Court of Appeals for the 6th Circuit was submitted to the Senate in January 2003, and he was renominated last year. His nomination was one of 10 blocked by Democrats, who used the filibuster, which allows unlimited debate, to prevent a Senate vote.

He was not included in a bipartisan agreement by 14 senators last year to avert a Senate showdown over the use of filibusters to block judicial nominees. The agreement allowed three of the 10 nominees to go to a vote.

Saad was rated "well qualified" by a "substantial" majority of the American Bar Association's committee that rates judicial nominees. Under Senate rules, Saad's nomination cannot be withdrawn until Congress returns Monday from its recess.

Bush Arrives, Defends Iraq War (IWNR)

The Intelligencer & Wheeling (WV) News-Regist, March 23, 2006

WHEELING — President George W. Bush's first official act upon touching down at the Wheeling-Ohio County Airport just before noon today was to present the President's Volunteer Service Award to Kristen Holloway of Pittsburgh, Pa.

The President and his entourage of Secret Service, White House staff and media, then traveled by motorcade south on W.Va. 2 into downtown Wheeling, where at press time President Bush was entering a town hall meeting on the the War on Terror.

Holloway is the founder and president of Operation Troop Appreciation.

To thank them for making a difference in the lives of others, President Bush has met with more than 480 individuals around the country, like Holloway, since March 2002.

Holloway is the founder and president of Operation Troop Appreciation, a non-profit organization dedicated to supporting deployed troops fighting the War on Terrorism in Iraq, Afghanistan, Kuwait, and Africa.

Since its inception in 2004, OTA has reached more than 10,000 troops with care packages tailored to meet each unit's specific requests.

Through fund-raising and in-kind donations, OTA volunteers have collected and sent DVDs, phone cards and sports equipment. All care packages also include a letter of thanks to each soldier in the unit.

In 2005, OTA received a request for musical instruments from the 463d Engineer Combat Battalion from Wheeling.

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Operation Troop Appreciation sent 12 instruments, including acoustic guitars, a keyboard and drums that were used by troops at the Morale, Welfare and Recreation tent and chapel services at Camp Anaconda in Iraq.

In his January 2002 State of the Union Address, President Bush called on all Americans to make a difference in their communities through volunteer service.

He created USA Freedom Corps, an Office of the White House, to strengthen and expand volunteer service.

Americans are responding to the President's Call to Service. According to the Bureau of Labor Statistics, more than 65.4 million Americans volunteered in 2005. Go to www.volunteer.gov or call (877) 872-2677 to find an existing volunteer service opportunity in your area or to find more information about service programs, including national service programs such as the Peace Corps, AmeriCorps, Senior Corps, and Citizen Corps. USA Freedom Corps is also highlighting youth volunteer service. Visit www.volunteerkids.gov for games and ideas designed to show how America's youth are making a difference.

The President's Volunteer Service Award was created at the President's direction by the President's Council on Service and Civic Participation. The Award is available to youth ages 14 and under who have completed 50 or more hours of volunteer service; to individuals 15 and older who have completed 100 or more hours; and to families or groups who have completed 200 or more hours. For more information about the Award, please visit www.presidentialserviceawards.gov.

Pension Chief Tells Bush He's Resigning (USAT)

By Sue Kirchhoff

USA Today, March 24, 2006

WASHINGTON — The head of the federal agency that insures the private pensions of 44 million Americans said Thursday he would step down on May 31, forcing the White House to find a new leader amid a rash of pension plan insolvencies.

Bradley Belt, executive director of the Pension Benefit Guaranty Corp. for the past two years, announced his resignation in a letter to President Bush. He did not indicate what he planned to do after leaving the agency, and PBGC staff said they could not elaborate.

"This past two years has been a particularly tumultuous period for the PBGC, which has had to confront unprecedented operational, financial and policy challenges," Belt wrote.

The PBGC is funded through insurance premiums levied on companies that sponsor traditional pension plans, not by tax revenue.

As industries such as steel, retailing and airlines have tumbled into bankruptcy or been unable to meet pension obligations, the PBGC has had to take over their plans.

Defined-benefit pension plans are now underfunded by more than $400 billion. Congress is debating bills to restructure pension financing, including imposing higher premiums on companies that offer defined-benefit plans.

The bills would also shore up the PBGC. But the bills include controversial provisions, such as proposals to give airlines more time to increase funding their pension plans.

In a speech this month to the National Association of Business Economists, Belt warned that pension accounting rules allowed companies to defer or ignore costs too long, leading to problems.

Referring to current pension rules, Belt said it was as though "we have followed Alice down the White Rabbit's hole into a looking-glass world that is disconnected from economic reality."

The PBGC has only limited authority, given that it does not set pension pricing or accounting rules. Douglas Elliott, president of the Center on Federal Financial Institutions, which analyzes pension and other programs, says within those confines Belt was "an excellent administrator."

Pension Agency's Director Resigns (WSJ)

By Miichael Schroeder

The Wall Street Journal, March 24, 2006

WASHINGTON -- Amid continuing turmoil in the traditional retirement-benefit system, the director of the federal agency that insures company pensions announced plans to step down.

The unexpected announcement came as members of a House-Senate conference committee continue efforts to iron out differences on a pension overhaul bill. So many significant issues remain that the committee may not complete the final legislation by the April 7 deadline set by its chairman, Sen. Mike Enzi, a Wyoming Republican.

In a letter to President Bush, Bradley Belt said he would leave the Pension Benefit Guaranty Corp. at the end of May to pursue other opportunities. "The last two years have been a particularly tumultuous period for the PBGC, which has had to confront unprecedented operational, financial, and policy challenges," Mr. Belt said. (See the letter.)

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Mr. Belt, a former senior staff member at the Senate Banking Committee and the Securities and Exchange Commission, has been at odds with administration officials on the PBGC's board over his desire to take a larger role in the pension debate, according to people with knowledge of the situation. The board includes the secretaries of Treasury, Commerce and Labor, who have been taking the lead in pressing the administration's pension proposals.

Mr. Belt is expected to be in demand for jobs in the private sector because of his two-year tenure during major upheaval in the pension system. While his departure may coincide with the completion of the pension bill, it still comes at a time when the administration may have difficulty recruiting a candidate to lead the agency.

With a growing number of steel, airline and automotive companies recently dumping their underfunded pension plans on the PBGC as part of the bankruptcy-court process, the agency's deficit ballooned to $22.8 billion last year. The PBGC's finances come from premiums paid by insured companies and assets it acquires from companies that terminate their pension plans. The agency doesn't use taxpayer funds.

In an attempt to head off a taxpayer bailout of the agency, the administration and Congress have pushed legislation that would shore up the PBGC's finances and require companies to fully fund their pension obligations.

The measures have numerous key provisions that conferees are having a difficult time reconciling in a final bill. One particular sticking point is whether to require companies that have junk-rated bonds to accelerate contributions into underfunded pensions.

Critics argue that this provision, and others, would cause more companies to freeze their traditional defined-benefit pension plans, in which participants are paid set amounts each month based on compensation and years of service, and replace them with defined-contribution plans such as 401(k) savings accounts..

Backlash Over New Pensions Legislation (FT)

By Norma Cohen

Financial Times, March 24, 2006

Employers will be able to slash their contributions to underfunded pension schemes by tens of billions of dollars over the next five years under proposed legislation before Congress that was expected to have the opposite effect.

The legislation was proposed by the White House last year to lessen the risk of a taxpayer bailout of the Pension Benefit Guaranty Corporation, a federal safety net for pension schemes.

According to an analysis prepared this week by the Joint Committee on Taxation, which does bipartisan technical work on legislation for Congress, The Pension Security and Transparency Act of 2005 would bring at least $10bn in additional tax revenue as employers reduce pension contributions on which they would have been eligible for tax relief.

Assuming an average corporate tax rate of 35 per cent, the data suggest a temporary but significant drop in employer payments into pension schemes over the next few years.

The analysis shows tax revenues will rise by $10.2bn under the House version of the bill, and by $12bn under the Senate's, between 2006-11 as a result of the weakened contribution requirements. Funding of pension schemes would reach a low ebb in 2008 under both versions, while tax relief for increased contributions would not begin to rise until 2011.

The PBGC saw its deficit widen to $22bn at the end of its last fiscal year. According to the Center on Federal Financial Institutions, a private think-tank, current and future losses caused by the underfunded schemes of insolvent employers could lead to a bailout of around $92bn in today's money.

Separately, Bradley Belt, executive director of the PBGC, announced on Thursday he intends to step down at the end of May "to pursue other opportunities". A spokesman for the PBGC declined to comment on Mr Belt's departure beyond the resignation letter.

In a speech two weeks ago, Mr Belt called for both congressional bills to be strengthened and warned that if "the end-product...is a bill that fails to improve on the current law, the president's senior advisers have said they will recommend a veto".

Both bills fall far short of the goals set out for legislation proposed last year by the White House, which had formally threatened a veto unless certain measures in either bill are altered.

Of particular note are provisions in the Senate version of the bill which allow the airline industry up to 20 years to fully fund its pension deficits and also give it much wider leeway in the assumptions it uses to determine whether or not company schemes are fully funded. According to Coffi, many of the congressman who passed the House bill did so on the understanding that special relief for the troubled airlines industry would be included in the final version that emerges from the Conference Committee.

So far, the PBGC has sustained losses of about $10bn arising from the pension schemes at US Airways and United Airways. Delta and Northwest Airlines, currently in bankruptcy, will add a further $11.2bn.

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Coffi has said that offering relief to airlines is likely to spark pleas for similar relief from other hard-pressed industries. The PBGC has estimated that the entire US auto manufacturing industry - including tyre and rubber companies and auto parts suppliers - has has aggregate liabilities of $55bn to $60bn.

Meanwhile, other provisions have also strayed far from administration proposals aimed at limiting losses on the PBGC. In particular, both significantly ease the financing requirements for employers with the weakest credit ratings, the category of employer most likely to present a claim for pension benefits to the PBGC.

Suggested Changes To Pay Rules Raise Concerns About Fairness, Conflict Of Interest (WP)

By Stephen Barr

The Washington Post, March 24, 2006

The president's chief adviser on the civil service has been presented with options on how to address pay inequities faced by some inspectors general, and efforts also are underway to rethink the pay rules for administrative law judges.

Linda M. Springer , director of the Office of Personnel Management, said she expects to be sorting out compensation proposals for both groups in coming weeks. At issue is a Bush administration principle that job performance should be a factor in setting pay for government employees and whether that principle can be applied to IGs and ALJs without damaging or weakening their independence.

Revamping pay practices for both groups will probably require congressional approval, Springer said. "We've got to make sure we consider all the options carefully," she said, because any change "has got to stand up to the scrutiny that is given to a legislative proposal."

Pay has become a concern for inspectors general, particularly those who came to their jobs from the career civil service, because of a recent law that increased Senior Executive Service pay scales. The fiscal 2004 law also made SES annual pay raises dependent on performance evaluations and eliminated an annual, geographic-based adjustment.

The suggestion that salaries for inspectors general could hinge on a performance evaluation from their agency heads has raised issues of fairness and possible conflicts of interest, Springer said. IGs investigate their agencies for waste, fraud and mismanagement and report their findings to Congress. IG jobs are supposed to be viewed as independent and above partisan politics.

Inspectors general who came into their jobs from the career civil service and IGs who are presidential appointees but not career SES members are paid $143,000. In many cases, they supervise SES staffers who are eligible to earn salaries of up to $165,200. (There are 57 IGs whose jobs are established in law, and there are more than 6,000 career SES members.)

Salary levels were not adjusted for administrative law judges in the 2004 law, and their pay is capped at $152,000, including geographic-based adjustments. At the end of last year, congressional aides estimated that more than 1,000 of the 1,400 ALJs had hit the pay cap.

House members, such as Reps. Thomas M. Davis III (R-Va.) and Jon Porter (R-Nev.), have expressed interest in raising ALJ pay scale to foster recruitment and retention of judges and to relieve "pay compression."

The Bush administration has suggested that a new ALJ pay system include a method for measuring judges' job performance, but Springer said current law prohibits evaluations of ALJ performance. Administrative law judges hear disputes that involve decisions made by their agencies and seek to avoid creating perceptions that external pressures can sway their rulings.

Given the obstacles to making performance a key element in IG and ALJ pay decisions, Springer said, OPM will be open to alternatives that allow salaries to keep pace with adjustments provided to the SES.

Gregory H. Friedman , inspector general at the Energy Department, has worked with other IGs and has presented OPM with options for changing IG pay practices, Springer said. A meeting will be held soon with Friedman and officials at the Office of Management and Budget to discuss the options, she said. "Everyone agrees there is a problem and wants a solution," she added.

Springer said she had met with representatives for administrative law judges and had asked them to "come up with some options that will address the problem. When they do, we will have a meeting with them, and see where it will take us."Talk Shows

Bob Leins , a tax expert at the National Institute of Transition Planning, will be the guest on "Fedtalk" at 11 a.m. today on http://www.federalnewsradio.com and WFED radio (1050 AM).

David Wyld , professor of management at Southeastern Louisiana University; Paul Brinkley , deputy undersecretary of defense for business transformation; and Alan Estevez , assistant deputy undersecretary of defense for supply chain integration, will discuss radio frequency identification technology on "The IBM Business of Government Hour" at 9 a.m. Saturday on WJFK radio (106.7 FM).

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From Her Lips To His Ear (WP)

By Sally Quinn

The Washington Post, March 24, 2006

Dear Laura,

It's time for you to act. Nancy Reagan did it. You can, too.

Things are falling apart. They always do in the second term. And when they do, there's only one person who can change things: the wife. You are the only one who can tell him the truth. You are smart, astute; you're not afraid of him and you love him.

I see you're going on Larry King tonight, and that's a good way to show your support and share your popularity. But your real work is behind the scenes.

The president's poll numbers have tanked. They are among the lowest of any president in history at this point in his term. So think back to Ronald Reagan's second term. He was mired in Iran-contra, his staff was exhausted, and their reaction to criticism was to dig in. Nancy managed to clean house, bring the White House back in touch with the outside world and, in doing so, allowed Reagan to clear his head, end the Cold War and "tear down that wall, Mr. Gorbachev." His polls skyrocketed, from a low of 42 to 68 percent when he left office.

Because of the nature of the Monica Lewinsky scandal, Hillary Clinton was unable to carry off the same trick. But you are perfectly positioned.

The biggest problem your husband has now is that so many top Republicans have turned against him. Without the support of his own party, it's pretty much impossible for him to run the country. After the way they went after him over the Dubai ports deal, you can imagine what they are saying about him privately.

Incompetent, unrealistic and insincere were a few of the words circulating at a private dinner recently. Referring to the president's refusal to seek advice on anything -- the war, the economy, foreign policy -- one of the most prominent Republicans in Washington called the situation so dire that he feared "the country would fall apart with another three years of this."

"They don't listen to anybody," said another prominent Republican who was close to the first President Bush.

To a person, every Republican and Democrat I talked to compared your husband to his father. W didn't come out on the winning end. "A real gent," "gracious," "responsive," "inclusive," "conciliatory" were words used to describe the senior Bush. Democrats told how he always returned their phone calls, sometimes at 2 a.m.

Now even Dad's former friends and advisers can't get through. "All of his father's old boys are out in the wilderness together," lamented one of them.

Here are some of the things you can do, collected from half a dozen senior Republicans:

· Make sure your husband hears outside opinions. The Iraq war is consuming his presidency and nobody has a good solution. This requires getting the best minds in the country together and listening to them. The recent photo op of the president with all the secretaries of state received much derision because, his critics say, the president didn't really want to hear what they had to say; he just wanted to look as if he did.

· Form an alliance with Karl Rove. Senior Republicans say he's interested in change. He takes the long view, and midterm elections are around the corner.

· Convince the president that polls do matter. As former White House counselor David Gergen (the only person who would go on the record) put it: "Without the support of the people, you can't make the tough call on Iran or Iraq or any tough calls." And during an election year, members of Congress listen to their constituents.

· Tell him to throw out the Kool-Aid. "The White House is not a cult," said one high-ranking former White House staffer. "Everybody vibrates in harmony over there," complained another.

· Stress the importance of new blood. Nancy persuaded the president to get rid of Donald Regan and bring in Howard Baker, Frank Carlucci and Ken Duberstein. This doesn't have to be seen as a vote of no confidence in the staff as much as a reprieve. Chief of Staff Andy Card is one of the most well-liked people in Washington. But he has been on an inhuman schedule for five years, and he reportedly covets the job of Treasury secretary. "He is a wonderful, decent, nice guy, but you need an SOB in that job now," said one Republican who served in the Reagan administration.

"You don't need a kibitzer," said another. "You need somebody with credibility, integrity, someone known on the Hill and in the press with management capability."

· Tell George to listen to his Cabinet officers. Except for those in State and Defense, they are chopped liver, out of the loop, no seat at the table, John Snow in particular. Why have a secretary of the Treasury if you're not going to listen to him?

· Because the war is going so badly, a number of Republicans think it's time for Donald Rumsfeld to go. Even those who like him say that as the architect of the war, he is not the one to turn it around. Some suggest a conservative-leaning Democrat like Sam Nunn or Joe Lieberman would be a smart move. Whether it's the secretary of defense or some other job, perhaps you

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could persuade the president to bring in a Democrat. "That would give you protection against Democratic attacks and restore bipartisan spirit," said Gergen.

· And remind your husband to pay some attention to Congress. Republicans on the Hill feel excluded from the decision-making process. "Listen to Democrats, too," said a Republican. "They don't have horns."

Last week, Howard Baker suggested bringing in former senator Fred Thompson as a liaison to Congress, but many felt that wouldn't make a difference because it wasn't getting rid of anybody. "Anybody who really knows this crowd wouldn't take the job," said one former White House adviser.

· Tell him to take responsibility for his actions. In his news conference Tuesday, he gave different explanations for the war in Iraq, but never mentioned WMD. Even if he still believes invading Iraq was the right thing, he could still acknowledge that one of the reasons his administration gave at the time was wrong. That would go a long way toward clearing the air.

With three years to go in this presidency, something has to change. You've always been there when he needed you. You got him to stop drinking. You campaigned hard for him at the end of the first campaign. Your own poll numbers are off the charts. You need to persuade him to make changes, and to do it in a way that the people believe he means it.

Remember, it's your legacy, too.

Cheney's Needs On The Road: What, No NPR? (NYT)

By Elisabeth Bumiller

The New York Times, March 24, 2006

WASHINGTON, March 23 — Vice President Dick Cheney may be a rock star only to his most ardent Republican supporters, but he has on-the-road demands just like the Rolling Stones. Still, Mr. Cheney appears easier to please than Mick Jagger or Keith Richards.

At least that was the evidence from "Vice Presidential Downtime Requirements," the heading of a document posted Thursday on the Smoking Gun Web site and confirmed as authentic by Mr. Cheney's office.

The document listed 13 requirements. Among them were these: All televisions sets in Mr. Cheney's hotel suite should be tuned to Fox News, all lights should be on, and the thermostat set at 68 degrees. Mr. Cheney should have a queen- or king-size bed, a desk with a chair, a private bathroom, a container for ice, a microwave oven and a coffee pot, with decaf brewed before arrival.

The vice president should also have four cans of caffeine-free Diet Sprite and four to six bottles of water. He must have the hotel restaurant menu, with a copy faxed ahead to his advance office. If his wife is with him, she should have two bottles of sparkling water, either Calistoga or Perrier.

For his reading material, Mr. Cheney should have The New York Times, USA Today, The Wall Street Journal and the local newspaper.

"The vice president maintains an active schedule, which requires regular travel throughout the United States and at times involves a hotel stay," said Jenny Mayfield, a spokeswoman for Mr. Cheney. "Our advance office provides guidelines for our volunteers in the field. This is just a routine little check list."

The downtime requirements said nothing about exercise equipment, but aides to Mr. Cheney have been spotted on his travels loading and unloading a stationary bicycle from Air Force Two.

The Reliable Source (WP)

By Amy Argetsinger and Roxanne Roberts

The Washington Post, March 24, 2006

Cheney's Creature Comforts

Like any big rock star, Dick Cheney needs a soothing environment after a long day on the road. Now we know just what he likes waiting in his hotel room.

The "Vice Presidential Downtime Requirements" published yesterday on the Smoking Gun is a list of the veep's home-away-from-home comforts provided to hotels by Cheney's advance team. (The Web site obtained a copy from a hotel employee.) No over-the-top demands, just a few specific requests:

· A queen- or king-size bed, desk and chair, and private bathroom.

· All lights turned on and the temperature set at a chilly 68 degrees.

· All televisions tuned to Fox News.

· A fresh pot of decaf, four cans of Caffeine-Free Diet Sprite, four to six bottles of water, and (if Lynne Cheney is traveling with her husband) two bottles of Calistoga or Perrier sparkling water.

· A microwave and hotel restaurant menu.

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· The New York Times, USA Today, Wall Street Journal, a local paper and (yes!) The Washington Post. (The papers were a handwritten addition, so we don't know who put them on the list.)

· And, if the hotel wants to leave a gift in the suite, the bills should be unmarked . . . kidding! Seriously, though, the advance team needs to know about any hotel gift for the vice president.

Cheney's office confirmed that . . . well, he stays in hotels. "The vice president maintains an active schedule which requires regular travel throughout the United States and, at times, involves a hotel stay," said spokeswoman Jennifer Mayfield.Star Rises, and Al Falls Down

Can't put a price tag on infamy? Sure you can -- $94,625! That was the haul from yesterday's Los Angeles auction of disgraced ex-representative Randy "Duke" Cunningham's forfeited collection of furniture, rugs and other knickknacks he got as bribes from defense contractors. Some 1,300 gawkers turned out, more than 700 of whom registered to bid. The highest price, $10,000, was fetched by an Iranian "Mahi" design rug; the lowest, $225, went to a ratty-looking rattan screen, reports our colleague William Booth. In between were a leather couch ($2,100), a 32-foot Oriental carpet runner ($4,750) and a French Provincial armoire ($7,100). Proceeds go to the FBI and the IRS's criminal investigation branch.

Republican Fatigue Could Hurt The Party's Chances In November (TSSC/KRT)

By Steven Thomma And James Kuhnhenn, Knight Ridder

The State (SC), March 23, 2006

GOLDEN, Colo. - Brian Wareing has been a Republican all his life. But ask him how his party has done running the federal government and his complaints pile up: Immigration. Spending. Trade. He's had enough.

He won't vote for a Democrat in November's congressional elections. But he might vote for a third-party candidate - or he might not vote at all. "At this point, I couldn't vote for the Republican," the house painter from this Denver suburb said, with regret.

Across the country this spring, many Republicans alternate between anger and ambivalence five years after their party seized power over the federal government and seven months before a pivotal election for control of Congress.

If enough disgruntled Republicans sit out the midterm elections - when voter turnout typically is low and victory goes to the party whose base is most passionate - Republican incumbents could lose in close contests such as the one in Golden.

Democrats need to gain only 15 of 435 seats to take control of the U.S. House of Representatives, and six of the 33 that are up this year to take the 100-member Senate. And if they win either house of Congress, President Bush will become the lamest of lame ducks for his final two years in power.

National trends suggest that's possible. Solid majorities of adults disapprove of Bush, the war in Iraq, the leadership of Congress and the direction of the country, according to a series of polls. Increasingly, the national mood seems to mirror 1994, when voters turned sour on President Clinton, rejected Democratic lawmakers and installed a Republican majority in Congress for the first time in 40 years.

Since Bush's second term started, his approval rating has dropped 16 percentage points among Republicans, 23 points among supporters of the Iraq war and 24 points among those who voted for him in 2004, according to a recent Pew Research Center survey.

The one shred of good news for the Republican Party now: Not many House and Senate contests appear all that competitive yet. Disillusionment with Bush and Iraq don't yet trump voters' local concerns in many states. And the threat of a Democratic Congress still could rally the Republican base.

But it's clear from dozens of interviews in key battlegrounds that Republican voters today lack the passion they brought to the 2002 midterm elections. And that gives Democrats an opportunity.

At a recent breakfast in Golden, one Republican after another put voices behind those numbers, complaining about Washington policies from the war in Iraq and the failure to stop illegal immigration to runaway federal spending. The cumulative effect led several to question whether they or like-minded party loyalists would vote next fall.

"I've been a Republican since I started voting," said John Burdan, a retired Air Force officer from Jefferson County, outside Denver. "Things are going terrible. I won't vote for a Democrat. But I might not vote for the Republican."

"Doesn't Bush know that Republicans are watching?" asked Jefferson County Commissioner Jim Congrove. "We're setting ourselves up for big defeats."

Golden is in Colorado's 7th Congressional District, where Republican Rep. Bob Beauprez is stepping aside to run for governor. When he won the open seat four years ago, it was the closest race in the country. Today Republican Rick O'Donnell faces the same evenly divided district, but with a much more hostile Republican base.

"The frustration I hear is that we have a Republican president and a Republican Congress, how come we can't reduce spending and how come we don't have secure borders," O'Donnell said.

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He reminds them of Republican successes, such as the appointment of two Supreme Court justices. Still, he said, "so many Republicans at the base are frustrated. ... I'm spending more time on it than I otherwise would have. The troops are a little depressed."

"There's some fatigue among the average Republican," Denver Republican consultant Katy Atkinson said. "They're tired of it all. They're tired of scandals. They're tired of the White House. They're ready for change."

Said independent Denver pollster Floyd Ciruli: "The party is in trouble here. For their turnout machine to work, it has to have a popular president with key issues. I don't think they have that now."

For all that, Democratic efforts to make the elections a national referendum on Bush and the Republican Congress haven't taken hold. Local issues and personalities still dominate in most parts of the country. In some places, such as Connecticut, that helps Republicans. In others, such as Ohio, it hurts them.

Almost everywhere, it's easy to find Republicans who once were inspired by Bush and the Republican Congress and now seem dispirited.

In Florida, for example, a lukewarm attitude is pervasive in the Palm Beach district where Republican Rep. E. Clay Shaw Jr., a 13-term veteran, faces a tough re-election.

"There are a lot of problems out there," said Republican David Boyer, a hotel employee from Hollywood, Fla. "Can a Republican do it? I doubt it. Can a Democrat do it? I doubt it. Who's to know who's right?"

In Connecticut, some Republicans fear that their party could be hurt by growing opposition to Bush and the Iraq war.

"We've seen some apathy in the Republican ranks," said John Crooks, a Republican alderman from Norwich. "It tends to slow down the Republican turnout."

"If the president is doing really well, I'll do better; if he's not doing really well, I'll do worse," said Rep. Christopher Shays, a nine-term incumbent Republican.

Shays worries that the mood might be similar to 1994, when voters felt they had to send a "wakeup call" to Clinton. "We're on the same path right now," he said.

Yet Connecticut Republicans such as Shays and Rep. Rob Simmons benefit from local issues, such as their success at keeping Groton's submarine base open, the popularity of Republican Gov. M. Jodi Rell, and the lawmakers' reputations for independence from the party's national leadership.

"I don't really understand George Bush," said Anthony Savas, a Republican and tugboat operator out of Norwalk, Conn., who opposes the Iraq war.

What about Shays? "He's not 100 percent Republican," Savas said. "He uses common sense in making his own decisions."

Outside Philadelphia, Republican voters are split over Bush, the war and how they'll vote next fall. They live in a district in which Republican Rep. Jim Gerlach is looking for a third term after two 51-49 percent wins, and a state in which polls show Republican Sen. Rick Santorum trailing in his race for re-election.

"We have hurt ourselves greatly," said Warren Moser, a retired executive from Chester County who opposes the Iraq war. "But this is one Republican who is still behind the president."

For Ken Enochs, a real estate broker from Norristown, Pa., anger over the war fuels his defection from the Republican Party. "It's about what is right," he said. "That goes across party lines."

In Ohio, anger at scandal-plagued Republican Gov. Bob Taft outweighs feelings about Bush or the national party.

"Taft has hurt Republicans," said Brian Kane, an optometrist and the president of the Painesville Rotary Club.

"He's really blown it," agreed Lou Falk, a retiree from Painesville, east of Cleveland. "There's been all kinds of scandals. It's going to have a ripple effect."

Just below the surface, many Ohio Republicans are as down on Sen. Mike DeWine, a Republican facing re-election, as Republican voters elsewhere are on Bush.

"I'm kind of neutral on both DeWine and (Republican Sen. George) Voinovich," said Richard Kretschman, an insurance agent from Concord Township, east of Cleveland. "He doesn't seem to stand out in my mind. I don't have anything negative to say about him. I just don't feel very positive."

Ethics Reform Stalling In Congress (CSM)

By Gail Russell Chaddock

The Christian Science Monitor, March 24, 2006

WASHINGTON - Prospects for robust ethics reform in the 109th Congress are dimming, even as the criminal probes that prompted it are intensifying.

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It's a political calculation that could cost lawmakers in this fall's elections, if they misread the degree to which voters care about bribery inside the Beltway.

As recently as January, lobby reform bills were top priorities in both the House and Senate, but now are encountering strong resistance. In the Senate, Republican leaders pulled the lobby bill off the floor over an unrelated amendment on the Dubai ports deal. In the House, GOP leaders are split over how aggressively to restrict lawmaker travel paid for by private entities.

"Some members are pulling the blanket over their heads and hoping the storm will pass. For others, there is also a genuine belief that if you just jump in a spasm of reaction, you could do some things detrimental to a good deliberative process," says Norman Ornstein, a senior fellow at the American Enterprise Institute.

When the last big ethics scandal broke on Capitol Hill in 1992, voter anger helped retire or defeat 77 incumbents with overdrafts on the House bank - and gave insurgent Republicans momentum to win control of the House in 1994.

For many members, kiting checks had been a perk of the job, like cheap haircuts or the franking privilege that allows them to send mail for free through the postal system. To the public, it was a signal that lawmakers didn't play by the rules they required of everyone else.

The stakes in the current corruption scandal run even deeper. At issue is whether lawmakers can be bought: exchanging favors for cash, luxury golf outings, a skybox seat at sporting events, or free meals.

Last week, a federal judge in Florida delayed sentencing former lobbyist Jack Abramoff until June, to give federal prosecutors more time with him to investigate corruption on Capitol Hill.

Mr. Abramoff's plea agreement cited only one lawmaker, Rep. Bob Ney (R) of Ohio - and not by name - as involved in corruption. But others with links to Abramoff are also paying a political price. This week, Sen. Conrad Burns (R) of Montana drew a strong GOP primary challenger, who cited Mr. Burns's ties to Abramoff as a reason for getting into the race. It fuels speculation that Burns will soon announce his retirement.

In another high-profile case, a Texas appeals court heard arguments this week on whether to reinstate a conspiracy charge against Rep. Tom DeLay (R), who resigned as House majority leader after indictment last September on campaign money laundering charges. Mr. DeLay, too, has drawn the strongest reelection challenge of his career. And Rep. Randy "Duke" Cunningham (R) of California was recently sentenced to eight years in prison for bribery.

Despite the headlines, reform proposals face an uphill battle in both the House and Senate. In February, the House took a first step by revoking floor and gym privileges for former members who are lobbyists. A pending GOP leadership draft imposes stricter lobbyist disclosure requirements. It also requires committee reports to identify the sponsors of earmarks - a move that makes it harder for lawmakers like former Representative Cunningham to slip favors for, say, defense contractors into spending bills.

But GOP leaders are at odds over proposed limits on privately funded travel. While Speaker Dennis Hastert favored a ban on all privately funded travel, the new majority leader, Rep. John Boehner of Ohio, and many GOP backbenchers opposed it. A draft GOP proposal would suspend such travel until January 2007.

"A lot of members have reacted negatively to the discussion draft, because it's going to result in a hard-to-defend status quo for the next seven months," says Michael Franc, vice president for governmental affairs at the Heritage Foundation. "At the same time, it's going to ban privately funded travel hosted by educational entities - the kind of educationally oriented travel that the average voter thinks is appropriate."

On the Senate side, there's support for more frequent lobbyist disclosure - including, for the first time, electronic disclosure. But many are chafing at blanket travel restrictions.

"Seventy percent of our cities and villages can be accessed only by air - and that very infrequently. Why should taxpayers pay when there is a corporate plane going with an empty seat - as long as it's disclosed," says Sen. Ted Stevens (R) of Alaska.

The key to whatever is passed will be enforcement, public-interest groups say. "In the end, what is going to be judged is whether there is enforcement of the laws. The key is disclosure and transparency," says Larry Noble, outgoing director of the Center for Responsive Politics.

Espionage Law's Merits Tied Into Ex-Lobbyists' Case (WP)

By Walter Pincus

The Washington Post, March 24, 2006

The federal judge presiding over the prosecution of two former lobbyists has focused attention on the imprecise nature of the law they are charged with breaking, the 1917 Espionage Act that restricts the dissemination of national defense information that could harm U.S. interests.

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In January, U.S. District Judge T.S. Ellis III raised the possibility that the law may not be sensibly written, as he sentenced a former Defense Department employee, Lawrence A. Franklin, to 12 years in prison for giving classified information to the two former lobbyists for the American Israel Public Affairs Committee, or AIPAC.

Despite the law's possible shortcomings, Ellis said in an unusual statement from the bench, it is up to Congress, not the court, to decide if the statute needs to be changed.

"The law says what it says," Ellis said. "The merits of the law really are committed to Congress. If it's not sensible, it ought to be changed. But they're . . . the body that changes it, not the judiciary."

Today, attorneys for the former lobbyists, Steve Rosen and Keith Weissman, will argue for dismissal of the indictment based in part on the claim that the Espionage Act was meant to cover spying, not the possession of leaked classified information, particularly leaked information possessed and transmitted by people who are not government employees. As stated in their Jan. 19 motion, attorneys say what Rosen and Weissman are charged with "is what members of the media, members of the Washington policy community, lobbyists and members of congressional staffs do perhaps hundreds of times every day."

The Espionage Act makes it illegal for an unauthorized person to have "unlawful possession" of "information relating to the national defense." As written, it does not require that such information be classified. To break the law, the people involved must also believe the information "could be used to the injury of the United States and to the advantage of any foreign nation." It also makes it illegal for people with such "unlawful possession" to communicate such information if they have "reason to believe" it could injure the United States or aid another country.

In response to the Rosen-Weissman motion, the Justice Department attorneys said in their motion that the defendants have doctorates and "would know that foreign officials, journalists and other persons with no current affiliation with the United States government would not be entitled to receive information related to our national defense."

Last August, in announcing the indictment, Deputy Attorney General Paul J. McNulty, then the U.S. attorney for the Eastern District of Virginia, said there was "a clear line in the law," and "those not authorized to receive classified information must resist the temptation to acquire it, no matter what their motivation may be."

The AIPAC case, which represents the first time nongovernment employees have been prosecuted under the 89-year-old Espionage Act for receiving leaks from a government official, has drawn increasing attention from First Amendment advocates and others concerned that it represents a sharp break from Justice Department practices.

At Franklin's sentencing, Ellis said any debate over the statute and "whether it's a sensible law" was "irrelevant" to Franklin's situation because he had clearly violated it. "That doesn't mean we shouldn't debate whether the law is a good law or not, as a people," he said, adding, "It doesn't mean that Congress shouldn't consider it. It's not for the court to say."

Happy Doomsday To You! (WP)

By Dana Milbank

The Washington Post, March 24, 2006

Washington was about one horseman short of an apocalypse yesterday.

It began with a breakfast meeting in a Senate office building where, over fruit salad and bagels, government and academic experts discussed the coming avian flu pandemic. "Currently it has a fatality rate of 56 percent," reported Nancy Cox, flu expert with the Centers for Disease Control and Prevention. "An increasing number of countries have reported human cases. The severe cases are really quite severe."

Pointing to slides of some nasty chest X-rays, she added: "Death from this particular pathogen is not a pleasant death."

Next: the mid-morning news conference on mad cow disease at the National Press Club. There, a beef producer explained why he is suing the government for not letting him test his cattle for bovine spongiform encephalopathy, an "invariably fatal, progressive, incurable, neurodegenerative disease" that can be transmitted to people. The feds say the testing is unnecessary, but the rancher, John Stewart, warned that "BSE is not understood enough today to really come to scientific conclusions."

For those who still had an appetite, there was a luncheon meeting of the National Economists Club at the Chinatown Garden restaurant on H Street, where Congressional Budget Office economist Bob Shackleton was explaining the "high-end" global-warming projections, which have Earth's temperature growing by five degrees Celsius -- nine degrees Fahrenheit -- this century.

"That five degrees centigrade is the equivalent of the change that happened since the end of the last glaciation 18,000 years ago to now," he told the economists as they munched on fortune cookies and orange wedges. "Eighteen thousand years ago, there was a mile of ice over New York City and you could walk 100 miles out into the ocean and still be on land."

Have a nice doomsday? Possibly. When President Bush went to Cleveland on Monday, a questioner asked him about a claim "that members of your administration have reached out to prophetic Christians who see the war in Iraq and the rise of

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terrorism as signs of the apocalypse. Do you believe this, that the war in Iraq and the rise of terrorism are signs of the apocalypse?"

"I haven't really thought of it that way," the president said. "The first I've heard of that, by the way."

But maybe not the last, if yesterday's collection of end-of-days warnings was any indication.

On the fourth floor of the Russell Building on Capitol Hill, public health experts were so perplexed by the bird flu that they had trouble setting up the presentation. The start was delayed for about 15 minutes as organizers debated where best to place the lectern (Q: "Where do you suggest?" A: "Where do you suggest?").

Once underway, the experts, assembled by the Center for Strategic and International Studies, displayed a number of slides, some frightening (675,000 Americans dead from the 1918 flu), some technical ("vestigial esterase E region"), and some merely drawings of ducks, geese, pigs, horses and seals. But the message was, as pathologist Jeffrey Taubenberger of the Armed Forces Institute of Pathology put it, "we really don't understand a lot."

"If we take everything we know about influenza virology now, take everything I know about influenza virology now, and formulate a model of the next pandemic, it would look like this," Taubenberger said as he displayed a large question mark on the screen.

In fact, Taubenberger had evidence that the bird flu might have some difficulty mutating to a human form. But that did not entirely satisfy David Nabarro, the U.N. coordinator for influenza. "It's a very virulent and horrible virus," he said. "It has also moved into 20 countries during the last six weeks and I just checked the reports this morning: Overnight we have reports of it moving into the Gaza Strip and also moving into settlements in the West Bank."

Nabarro spoke of "mounting concern" across the world. "We are very vulnerable," he warned. "Most of us, I think, feel that it's best to be preparing to hunker down."

At the press club, John Stewart of Creekstone Farms Premium Beef was all done hunkering. Explaining his lawsuit against the Agriculture Department, he said the government wasn't testing enough animals for mad cow disease, so he wanted to do it himself. Stewart, just in from Kansas, said he was "surprised" USDA had cut back on testing. Sounding much like the influenza scientists, he said there are "question marks today about the science of this matter," and, besides, "consumers want the beef tested."

It was time for lunch in Chinatown. The CBO's Shackleton stood at a microphone stand in the middle of a room decorated by plastic and cardboard trinkets, as if delivering a toast to the economists assembled at banquet tables. There, the economist said something the Bush administration can't bring itself to say: "The problem of climate change stems mainly from the use of fossil fuels by human beings."

Shackleton said the likely temperature increase this century would be between one and five degrees Celsius, and the average rise in sea levels one to three feet. There is, he continued, "also the possibility of relatively abrupt shifts where the climate system could experience a dramatic shift."

The good news: We "won't be alive when most of the effectsoccur," he said.

The bad news: We all will have succumbed to bird flu and mad cow disease.

Letter To The Secretary (NYT)

By Paul Krugman

The New York Times, March 24, 2006

Dear John Snow, secretary of the Treasury:

I'm glad that you've started talking about income inequality, which in recent years has reached levels not seen since before World War II. But if you want to be credible on the subject, you need to make some changes in your approach.

First, you shouldn't claim, as you seemed to earlier this week, that there's anything meaningful about the decline in some measures of inequality between 2000 and 2003. Every economist realizes that, as The Washington Post put it, "much of the decline in inequality during that period reflected the popping of the stock market bubble," which led to a large but temporary fall in the incomes of the richest Americans.

We don't have detailed data for more recent years yet, but the available indicators suggest that after 2003, incomes at the top and the overall level of inequality came roaring back. That surge in inequality explains why, despite your best efforts to talk up the economic numbers, most Americans are unhappy with the Bush economy.

I find it helpful to illustrate what's going on with a hypothetical example: say 10 middle-class guys are sitting in a bar. Then the richest guy leaves, and Bill Gates walks in.

Because the richest guy in the bar is now much richer than before, the average income in the bar soars. But the income of the nine men who aren't Bill Gates hasn't increased, and no amount of repeating "But average income is up!" will convince them that they're better off.

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Now think about what happened in 2004 (the figures for 2005 aren't in yet, but it was almost certainly more of the same). The economy grew reasonably fast in 2004, but most families saw little if any improvement in their financial situation.

Instead, a small fraction of the population got much, much richer. For example, Forbes tells us that the compensation of chief executives at the 500 largest corporations rose 54 percent in 2004. In effect, Bill Gates walked into the bar. Average income rose, but only because of rising incomes at the top.

Speaking of executive compensation, Mr. Snow, it hurts your credibility when you say, as you did in a recent interview, that soaring pay for top executives reflects their productivity and that we should "trust the marketplace." Executive pay isn't set in the marketplace; it's set by boards that the executives themselves appoint. And executives' pay often bears little relationship to their performance.

You yourself, as you must know, are often cited as an example. When you were appointed to your present job, Forbes pointed out that the performance of the company you had run, CSX, was "middling at best." Nonetheless, you were "by far the highest-paid chief in the industry."

And the business careers of other prominent members of the administration, including the president and vice president, seem to demonstrate the truth of the adage that it's not what you know, it's who you know. So my advice on the question of executive pay is: don't go there.

Finally, you should stop denying that the Bush tax cuts favor the wealthy. I know that administration number-crunchers have produced calculations purporting to show that the tax cuts were tilted toward the middle class. But using the right measure — the effect of the tax cuts on after-tax income — the bias toward the haves and have-mores is unmistakable.

According to the nonpartisan Tax Policy Center, once the Bush tax cuts are fully phased in, they will raise the after-tax income of middle-income families by 2.3 percent. But they will raise the after-tax income of people like yourself, with incomes of more than $1 million, by 7.3 percent.

And those calculations don't take into account the indirect effects of tax cuts. If the tax cuts are made permanent, they'll eventually have to be offset by large spending cuts. In practical terms, that means cuts where the money is: in Social Security and Medicare benefits. Since middle-income Americans will feel the brunt of these cuts, yet received a relatively small tax break, they'll end up worse off. But the wealthy will be left considerably wealthier.

Of course, my suggestions about how to improve your credibility would force you to stop repeating administration talking points. But you're the secretary of the Treasury. Your job is to make economic policy, not to spout propaganda. Oh, wait.

Analyzing A Downfall (WP)

By Eugene Robinson

The Washington Post, March 24, 2006

I have to admit that when Claude Allen was arrested a couple of weeks ago for allegedly stealing merchandise from discount stores, my first reaction was pure schadenfreude. Until his resignation last month for the standard Washington non-reason -- to spend more time with his family -- Allen had been the highest-ranking African American on the White House staff, the president's top domestic policy adviser. I think it was "Saturday Night Live" that first came out with the obvious joke: Who knew that George W. Bush had a domestic policy adviser?

Would it be fair to cheer Allen's downfall just because he held a highly visible post in an administration that is reviled by most African Americans? No, but there's more: He made his name in black conservative circles by serving as a top aide to Jesse Helms, the old buzzard from North Carolina. I can't say anything else about Helms that's suitable for a family newspaper, so I'll just quote my colleague David S. Broder, who once called him "the last prominent unabashed white racist politician in this country."

Helms, you will recall, railed against a federal holiday for the Rev. Martin Luther King Jr. at a time when even old Strom Thurmond had gone over to the other side. Allen later said that was a "difficult" period in his association with Helms, but apparently not too difficult.

As if that weren't enough, during a bitter 1984 campaign Allen was caught spreading smarmy innuendo about Helms's opponent, Gov. James Hunt Jr., whispering to a reporter that Hunt was vulnerable because of links "with the queers."

So, yes, when Allen was arrested on felony theft charges, my first reaction was smug satisfaction. But then I told myself: Don't hate. The proper reaction is pity, on every level.

Police allege that on several occasions, Allen did the following: He went into a Target store near his home in the Maryland suburbs and bought some merchandise, then went to another Target, loaded a Target shopping bag with identical items and used the receipt from the first store to "return" the items for a refund -- in effect, getting a bunch of stuff for nothing.

The most expensive item Allen is alleged to have stolen is a $525 Bose home theater system; mostly, he's charged with taking cheap items such as a $60 jacket and a $25 pair of pants. Police say they have documented 25 instances of theft, and

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while the total value of the merchandise adds up to more than $5,000 -- and makes the alleged thefts a felony -- we're still talking small potatoes.

If what the police say is true, this graduate of Duke University Law School wasn't much of a criminal mastermind. Hadn't he ever heard of inventory control, or wondered what those ubiquitous bar codes are for? And why would a man who met several times a week with the president of the United States, and who earned $161,000 a year, risk everything to steal an $88 radio?

It sounds like a cry for help, and I have no idea what went so wrong in Allen's life. But I can imagine some of the strains and contradictions he had to live with.

I have respect for principled black conservatives -- I think they're wrong about many things, but I respect their right to be wrong. It's a fact of life, though, that they are isolated from the larger African American community by their political views. At times it must be very lonely.

And since black conservatives with credentials like Claude Allen's are relatively rare, they are in great demand and tend to rise fast. They have to balance their genuine political beliefs against the fact that the Jesse Helmses of the world love to have them around as window dressing so they can say, "Look, I'm not racist; here's this black person on my staff."

You could rationalize working for someone like Helms by telling yourself that you could do more good for the African American community from the inside, next to the seat of power, than from the outside. You could tell yourself you were advancing the interests of black people, even if most black people disagreed. You could ignore racism or pretend it was something else. You could tell yourself that you were making compromises and sacrifices for the greater good.

Finally, you could arrive at the White House, with a big job and regular access to the president. But it might be a White House where all the big decisions were made by just a few people, and you weren't one of them.

Then what?

OTHER NEWS:

Existing-home Sales Take Surprising Jump (USAT)

By Noelle Knox

USA Today, March 24, 2006

Sales of existing homes rose an unexpected 5.2% last month, ending a five-month losing streak, as buyers took advantage of warm weather and kicked off the spring home-shopping season early, the National Association of Realtors said Thursday.

March, typically a strong month, is also looking good in many regions, boosting the case for a soft landing rather than a sudden plunge, in the hottest real estate markets. Early tallies from a dozen major cities across the country signal a buoyant March, though still below the levels of a year ago.

“There may be more demand out there than people who crunched the numbers had expected,” said John Karevoll of DataQuick, who analyzed the sales reported so far this month for USA TODAY.

Even in Southern California, where doomsayers have predicted the market will tank, home sales remain healthy.

“What I'm seeing from the trenches is March is looking normal: Inventory has leveled off, and sales are steady,” says Phil Romero, CEO of Century 21 Award-Superstars, which has offices in that region. “There are real negotiations on both sides, concessions by both parties.”

Nevertheless, economists expect home sales to fall for the year overall, ending a five-year feeding frenzy for housing.

“It's a nice rebound, but we have to discount some of this because of the warm weather, particularly in the Northeast,” said David Lereah, the NAR's chief economist. “We may give a little of this back in the next month or two.”

Lereah has lowered his sales forecast for the year to a 5.7% drop because mortgage rates are rising faster than expected.

In February, buyers had to pay an average of 6.25% on a conventional 30-year, fixed-rate mortgage, up from 6.15% in January, according to Freddie Mac.

Home sales last month hit a seasonally adjusted annual pace of 6.91 million, down from January's upwardly revised rate of 6.57 million. The sales were red-hot in the Northeast, rising about 19%. In the Midwest, sales jumped 11%, followed by the West with a 5% increase. Only the South saw sales decline, falling nearly 3%.

“It was a little stronger than expected,” said Nick Buss of PNC Bank.

The Commerce Department will release February's new-home sales today, and Buss said, “Given what we just saw out of existing-home sales, I wouldn't be surprised to see new-home sales slightly higher than January.”

Nationwide, the median home price — half cost more, half less — was $209,000, up nearly 11% from February 2005. The condo market recovered from a dismal January, up about 9%. The median price: $214,300, up nearly 4% from last year.

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Defying Trend, An Upturn In Home Sales (NYT)

By Vikas Bajaj

The New York Times, March 24, 2006

Sales of existing homes unexpectedly surged in February after falling for five months in a row, the National Association of Realtors reported yesterday, reflecting a lift related to unseasonably warm weather and signaling that the housing market is healthier than some experts had suggested.

Sales climbed 5.2 percent last month, to an annual pace of 6.91 million homes, after falling 8.9 percent in the previous five months. The nationwide median price — the point at which half the homes sold for more and half for less — climbed 10.6 percent from a year earlier, to $209,000.

The number of homes for sale, however, continued to climb, rising by 5.2 percent, to 3.03 million, which at the current pace of sales amounts to a 5.3-month supply of homes.

Analysts, who had expected sales to fall to a pace of 6.5 million, cautioned that the increase could not yet be considered a turning point. Several other real estate gauges, including mortgage applications, interest rates and pending home sales, have indicated that sales are slowing.

An unusually warm January appears to have played some role in the sharp increase in sales. Warmer weather allows more people to venture out, and sellers often use the opportunity to hold open houses. The association counts homes as sold at the closing, which typically happens one to two months after contracts are signed.

Sales jumped 19.2 percent in the Northeast, the biggest monthly increase ever recorded for the region, and 11.1 percent in the Midwest, the largest increase since 1992. Sales in the West climbed a more modest 5.1 percent, and they fell 2.5 percent in the South.

Some analysts say the surge in February could mean home sales will be softer later this spring. Since August, sales of existing homes have fallen 4.2 percent. Mortgage applications for home purchases have fallen by about 16 percent in the last 12 months, according to the Mortgage Bankers Association of America.

Home prices were higher than last year in all regions but were rising at a slower pace than they were last year, especially compared with the peak spring and summer months, when it was not unusual to see increases of 13 percent to 15 percent nationally.

Agents and analysts report that prices have dropped in some hot markets, and that appeared to be attracting some buyers who had been wary of local housing bubbles.

"Before, we had lots of people who were looking, but they said they weren't going to buy because they said prices were going to go down," said Chobee Hoy, an agent in Brookline, Mass., near Boston. "And now we find ourselves in a very healthy market where people are not only looking at properties but making offers."

Others say they expect sales to remain strong in the coming months. "It was quiet, but the last few weeks have been brisk," said Bob Moulton, a mortgage broker on Long Island.

Sales of condominiums and co-ops, which fell more than single-family home sales in the last few months, were up 8.8 percent in February, while sales of single-family homes were up 4.7 percent.

Separately, the Labor Department reported that claims for unemployment insurance fell by 11,000, to 302,000, for the week that ended March 18. The number of outstanding claims for the week that ended on March 11, however, rose by 38,000, to 2.5 million. That was down by 7.5 percent from the comparable week a year earlier.

Home Sales Jump By 5.2%, Helped By Warm Weather (WSJ)

By Kemba J. Dunham

The Wall Street Journal, March 24, 2006

Sales of previously occupied homes jumped in February, but economists suspect that the data were distorted by unusually warm weather in some parts of the country.

The National Association of Realtors said sales of existing homes -- including single-family houses, townhouses, condominiums and cooperatives -- increased 5.2% to a seasonally adjusted annual rate of 6.91 million units in February. That is up from an upwardly revised pace of 6.57 million units in January. Sales of existing homes account for about 85% of the residential market.

David Lereah, the Realtors' chief economist, said warm weather in January prompted home buyers to shop in a month of normally scant sales. The Realtors' figures count home sales based on closings; many home sales that closed in February, were initiated in January. "Spring selling season started a little earlier because of the warm weather," Mr. Lereah said, "but I expect the numbers to come down a bit in the next few months."

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Existing-home sales rose 19.2% in the Northeast and 11.1% in the Midwest -- areas where weather was unseasonably warm. Sales were up 5.1% in the West and declined 2.5% in the South.

Mortgage applications, an indicator of future home purchases, declined sharply last week, according to the Mortgage Bankers Association. The group's seasonally adjusted index of loan applications for home purchases stood at 393.6 in the week ended March 17, down 26% from the peak in June 2005.

At the same time, inventories of homes on the market continued to rise. The Realtors said there were 3.03 million existing homes available for sale at the end of February, up 5.2% from January. At the current sales pace, it would take 5.3 months to sell all homes available for sale. The last time inventories exceeded 5.1 months of sales was April 2003, when they reached 5.12 months of sales.

According to the Realtors' report, the national median price of an existing home for all housing types was $209,000 in February, up 10.6% from $189,000 a year earlier.

The reason for the sharp year-to-year median-price increase isn't clear. In some cases, it could reflect a changing mix of homes being sold. As mortgage rates rise, some lower-income home buyers may be priced out of the market, lifting average prices. According to Freddie Mac, the average rate on a 30-year conventional fixed-rate mortgage was 6.25% in February, up from 6.15% in January and 5.63% in February 2005.

Some economists note that because Realtors data look at year-to-year price comparisons, it is too early to see more recent price changes.

Separately, the Labor Department said the number of U.S. workers filing first-time applications for unemployment benefits declined 11,000 to 302,000 for the week ended March 18. The previous week's revised figure was 313,000. The four-week moving average was 303,500, an increase of 6,000 from the previous week's revised average of 297,500.

Black Gold Puts Blue Chips In Red (WSJ)

By Scott Patterson

The Wall Street Journal, March 24, 2006

Stocks ran up against a familiar foe Thursday: higher interest rates and oil prices.

The Dow Jones Industrial Average slid 47.14 points to 11270.29. The Dow Jones Transportation Average, which has been knocking against all-time highs, shed 2% amid a spike in oil prices. Airline stocks such as AMR, parent of American Airlines, and railroad companies such as Norfolk Southern led the decliners.

The Standard & Poor's 500-stock index slid 3.37 to 1301.67 and the Nasdaq Composite Index fell by 3.20 to 2300.15.

Light, sweet crude surged $2.14 to $63.91 a barrel on the New York Mercantile Exchange after oil traders continued to respond to a Wednesday report by the Energy Department that crude inventories declined last week.

Other factors likely driving energy prices higher were concerns about demand as the summer driving season nears and worries about supply disruptions from the threat of hurricane season, which starts in June.

Treasury bonds declined, sending yields higher, after a report by the National Association of Realtors showed existing-home sales in February rose by 5.2% to an annual rate of 6.91 million, higher than the 6.5-million pace expected.

The report boosted housing stocks, but the strong data raised concerns on Wall Street that the Federal Reserve may keep boosting short-term rates higher than most investors hope. The Philadelphia Housing Sector Index gained 2.1%.

Analysts said investors are becoming increasingly sensitive to interest rates as next week's meeting by the Fed draws closer. The Federal Open Market Committee meets on Monday and Tuesday and will issue the first decision on rates under new Fed chairman, Ben Bernanke.

"The uncertainty level is high ahead of Tuesday's FOMC meeting, so people are prone to more skittishness than normal," said Michael Panzner, head of sales trading at Rabo Securities USA.

Policy makers are widely expected to push up rates by a quarter percentage point to 4.75%, and investors will pay close attention to the accompanying statement for hints about plans for future monetary policy. Most market participants expect the Fed to boost rates one more time to 5% at their next meeting in May, then stop. But with the strong housing data, and the potential for other reports indicating a solid underpinning to the U.S. economy, investors remain uncertain about the potential for even more increases to rates.

"People are just confused, especially with the Fed meeting coming up next week," said Kenneth Tower, chief market strategist at CyberTrader. "The question about how much we have to worry about inflation and how much the Fed has to worry about inflation is the push-pull in the market today."

In another economic report, the Labor Department said that workers filing for unemployment claims fell 11,000 last week, more than expected. The four-week average of jobless claims rose above 300,000 for the first time in 10 weeks, indicating some softness in the labor market.

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Meanwhile, shares of Adobe Systems fell nearly 1% after it issued a quarterly financial forecast after the bell yesterday that, at the low end, fell short of analysts' estimates. Shares of Yahoo climbed 3.5% after UBS upgraded the on-line search engine to "buy" from "neutral," citing valuation, the strength of branded advertising and potential to monetize searches.

In major market action:

Stocks declined. On the New York Stock Exchange, where 1.5 billion shares traded, 1,608 stocks rose and 1,681 fell. On the Nasdaq Stock Market, where 2 billion shares traded, 1,607 rose and 1,408 declined.

Bonds fell. The benchmark 10-year Treasury slid 9/32 point, or $2.81 for every $1,000 invested, to yield 4.741%. The 30-year bond lost 14/32 to yield 4.753%. Yields move inversely to prices.

The dollar advanced. It traded at 117.94 yen, up from 116.90 yen late Wednesday, while the euro fell to $1.1973 from $1.2075.

Shares Slide As Price Of Oil Feeds Fears Of Higher Rates (NYT/BLOOM)

By Bloomberg News

The New York Times, March 24, 2006

Stocks fell yesterday after oil prices jumped and an increase in home sales added to concern that the Federal Reserve might keep lifting interest rates. The Dow Jones industrial average had its biggest loss in about three weeks.

Transportation shares tumbled amid crude oil's biggest advance this month and a lower profit forecast at YRC Worldwide, one of the largest American truckers.

The Dow fell 47.14 points, or 0.4 percent, to 11,270.29, retreating from the highest level since May 2001. The Standard & Poor's 500-stock index lost 3.37 points, or 0.3 percent, to 1,301.67. The Nasdaq composite index slid 3.20 points, or 0.1 percent, to 2,300.15.

The yield on the benchmark 10-year Treasury note was 4.73 percent, up from 4.70 percent. The price, which moves in the opposite direction, fell 9/32, to 98 5/32.

Remarks by the Fed chairman, Ben S. Bernanke, and a report on producer prices have increased speculation this week that the Fed will keep raising rates. Yesterday's data reinforced that concern.

The National Association of Realtors said sales of existing homes in February rose 5.2 percent, to an annual rate of 6.91 million. New-home sales figures are due today.

A separate report showed that first-time claims for unemployment benefits had dropped for the first time in four weeks, further suggesting economic strength.

Fed policy makers meet next week and may increase rates for a 15th consecutive time. The Fed's benchmark lending rate stands at 4.5 percent.

Crude oil for May delivery surged $2.14, or 3.5 percent, to $63.91 a barrel, its biggest gain this month. The Energy Department said Wednesday that inventories fell unexpectedly.

YRC Worldwide, which changed its name this year from the Yellow Roadway Corporation, plunged $6.73, or 15 percent, to $38.56. The company expects first-quarter profit of 65 cents to 70 cents a share, down from its January forecast of $1 to $1.05, because of a drop in orders from retailers and price competition.

Ryder System, the truck-leasing company, lost $1.35, to $44.56. Norfolk Southern, the railroad, slipped $1.84, to $52.89.

Carnival fell $2.54, or 5.1 percent, to $47.49, for one of the biggest retreats in the S.& P. 500. Carnival, the cruise operator, said first-quarter profit dropped 19 percent and it cut its annual forecast because of higher fuel costs.

KB Home rose $3.23, or 5 percent, to $67.82 for one of the biggest gains in the S.& P. 500. The company said fiscal first-quarter profit was $2.02 a share. Analysts surveyed by Thomson Financial had expected $1.96 for the quarter, which ended in February. KB Home also said orders fell 12 percent as rising mortgage rates cooled demand.

Jabil Circuit rose $4.51, or 12 percent, to $42.75. The company forecast profit this quarter of 43 cents a share on sales of as much as $2.6 billion.

Yahoo and Level 3 Communications rallied after analyst upgrades. Yahoo gained $1.08, to $31.83. Level 3 surged 57 cents, to $4.01.

Adobe Systems, the maker of graphic-design software, fell 29 cents, to $36.33. The company said sales in the fiscal second quarter would be $640 million to $670 million.

The forecast from Adobe followed Microsoft's announcement this week that it would delay the new version of its Windows software program. Microsoft lost 30 cents, or 1.1 percent, to $26.85.

Bernanke Says Dollar Risk From Less Capital Not `Worrisome' (BLOOM)

By Scott Lanman

DOJ_NMG_0020972

Bloomberg, March 24, 2006

March 23 (Bloomberg) -- Federal Reserve Chairman Ben S. Bernanke said a possible decline in the dollar because of less foreign investment wouldn't have a ``worrisome'' effect on the U.S. economy.

Bernanke said it isn't clear that faster economic growth in emerging markets would cause investors to shift capital to those countries and away from the U.S. Should that happen, ``it might be associated with a decline in the value of the dollar and a narrowing of the U.S. trade deficit,'' Bernanke wrote in a March 21 letter to Representative Harold Ford Jr., a Tennessee Democrat, which was released today.

Neither of those events, though, ``would be likely to threaten U.S. growth or boost inflation and interest rates to a worrisome extent.''

Overseas investors increased their holdings of U.S. stocks, bonds and other securities by a record $868 billion last year, which was equal to almost 7 percent of the economy, according to the Treasury Department. A decade ago, foreign investment in U.S. securities was a net $133 billion, or 1.8 percent of gross domestic product.

``Regardless of the future evolution of the dollar, the trade deficit, and the global economy, the Federal Reserve will continue to focus its policies on maintaining stable prices and maximum sustainable employment in the United States,'' Bernanke wrote.

The letter is one of a series of responses to lawmakers who requested additional comments from Bernanke after he testified before House and Senate committees Feb. 15-16. Bernanke, a former economics professor, succeeded Alan Greenspan as central bank chief on Feb. 1.

Consumer Loans

In another part of his response to Ford, Bernanke acknowledged that the series of increases in the Fed's benchmark interest rate haven't necessarily made it tougher for consumers and companies to get loans.

``The available evidence suggests that credit standards and a number of non-price lending terms for both households and businesses have eased,'' Bernanke wrote.

Bernanke told another lawmaker this week, Democratic Representative Brad Sherman of California, that the trade deficit needn't cause a ``precipitous decline'' in the dollar's value, though the ``possibility of a future disruptive correction of the U.S. trade deficit cannot be ruled out.''

All Rise, Rock And Roll (WP)

By Henri E. Cauvin

The Washington Post, March 24, 2006

They look like a bunch of mobsters.

They wear dark suits and darker sunglasses, have nicknames like Trash Can and Top Dog and brag about how they fought the law (and the law won).

The thing is: They are the law.

Stoic stewards of the Constitution by day in D.C. Superior Court, they are by night (or weekend, or whenever they feel the urge) Deaf Dog and the Indictments -- a guitar-heavy group of seven music-loving judges, anchored by the lone civilian among them, a ponytailed shrink on drums.

They aren't picky about where they play. All they ask for is a little space and a little bit of love.

The love might take some work tonight, when the band is to perform at the Fraternal Order of Police lodge -- in front of a crowd of cops, prosecutors and defense lawyers.

But it was in plentiful supply last weekend, when the band played its first show in months -- at the Armed Forces Retirement Home.

Strutting onto the stage Saturday afternoon in Blues Brothers-black, Dawgg (aka Judge William Jackson) and the rest of the Indictments had more space than they needed -- 100 or so people were spread out in an auditorium built for lots more.

"Let the good times roll," Dawgg announced, launching into the classic from B.B. King, as Dennis "Red Dog" Doyle on lead guitar let out a howl of approval.

It was to be a trip back to the 1950s and '60s, with the music of Wilson Pickett, Ben E. King and, of course, The King himself.

Unsure what to make of their guests, more than a few of the retirement home's residents sat toward the back, as if they were at a Sunday service they feared might go on too long. Dancing in the aisles they were not, but with each song, the restlessness seemed to fade just a little bit.

Even a few fellow judges turned out, eager to see how the band had progressed since its debut last spring during a talent show at the judges' annual retreat.

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No one had expected that gag gig in Cumberland, Md., to be the beginning of anything. But then something clicked. Russ "Top Dog" Canan, who had started it all, sent out an e-mail. Did anyone want to keep playing?

All they had were a couple of songs and a curious name, hatched in an early rehearsal, when a few of the musicians thought they had found a real fan -- Canan's German shepherd, Chapin, who was never put off by the racket that chased everyone else away. Canan had to break it to his brethren that Chapin was deaf. But he didn't doubt her devotion, and so was born the name, Deaf Dog and the Indictments.

Maybe it was the pangs of middle and not-so-middle age sounding a call to their inner youth. Or perhaps they wanted a break from all the pain and conflict they see in court: the murder cases Canan tried as a judge in criminal court, the dysfunctional lives that Jackson saw as head of the domestic violence courts or just the indignity of having a deranged defendant hurl a trash can into your head, as happened to John Campbell when he was assigned to a criminal court.

Whatever it was, the band lived to play again, starting at D.C. Superior Court, where it was the surprise entertainment for the employee awards ceremony last fall. It was a home crowd, to be sure, but even so, before long, the judges had hundreds of court employees clapping their hands and tapping their feet -- and asking themselves, "Who are these guys?"

Canan, now in civil court, was on rhythm guitar. So was John "Cartwheel" McCabe, who hears abuse and neglect cases. Doyle, who hears child support claims, was joined on lead guitar by Bill "Blue Dog" Nooter, who hears abuse and neglect cases.

Jackson, who dabbled in song as a college student, was lead vocalist for most of the band's set, pitching in with harmonica and tambourine when he was not singing. "Trash Can" Campbell, who sits in family court as well, was on bass guitar. Frank "Professor" Burgess, who hears probate and tax cases, was behind the keyboard.

And Marc Feldman, aka "Houndog," the ponytailed psychologist, was on drums. An old friend of Canan's from their days in a garage band two decades ago, Feldman was the drummer the group realized it would need if it was going to make a go of this thing.

Very much the producer, Feldman has made his home the band's clubhouse, and on a recent Sunday night the ground floor was a swarm of amplifiers, electrical cords and half-empty pizza boxes.

The beat of Van Morrison's "Brown Eyed Girl" drifted onto the quiet Northwest Washington street. "We knew we had arrived when one of the neighbors complained," joked Jackson, the front man whose fellow band members say has the soul of Otis Redding and the shtick of Jackie Mason.

For the judges, it's about fun. They can't play for money, or even for charity. So they play just to play, wherever they are welcome. The Washington Home, a nursing facility, was one stop on the tour. Children's Hospital was another.

"We all do outreach," Canan said, and that sense of civic obligation is part of it, he said. "And part of it is it's just fun, playing for folks, sharing the music."

Like the night a few months ago when they took the stage at the Grog and Tankard, the Glover Park tavern that is a regular stop for many up-and-coming bands.

For people who have such busy day jobs, they were surprisingly good, said Colin Hoss, the Grog's booking agent. "They had the entire crowd dancing," he said.

But those busy day jobs have a way of slowing down runaway success, and the band took a break for a few months. Emerging from their hiatus, Deaf Dog and the Indictments turned up at the Armed Forces Retirement Home to headline the home's spring break party.

There was Feldman roaring through Elvis's "Blue Suede Shoes," Jackson soulfully rendering Wilson Pickett's "Mustang Sally" and so on through a 12-song set.

James Hart, a 77-year-old retired Air Force administrator, had heard about a bunch of judges claiming they were going to play the blues and some rock-and-roll, and was decidedly skeptical. "I said, 'I got to see this,' " he said.

But by the end, the band had won Hart over.

"They're entertainers," Hart said after telling the judges the same thing. "I told them they can quit their day jobs and go on the road."

Women Wage Key Campaigns For Democrats (NYT)

By Robin Toner

The New York Times, March 24, 2006

NARBERTH, Pa. — If the Democrats have their way, the 2006 Congressional elections will be the revenge of the mommy party.

Democratic women are running major campaigns in nearly half of the two dozen most competitive House races where their party hopes to pick up enough Republican seats to regain control of the House. Democratic strategists are betting that the voters'

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unrest and hunger for change — reflected consistently in public opinion polls — create the perfect conditions for their party's female candidates this year.

"In an environment where people are disgusted with politics in general, who represents clean and change?" asks Representative Rahm Emanuel of Illinois, the chairman of the Democratic Congressional Campaign Committee. "Women."

Republicans, who have prospered in recent elections by running as the guardians of national security and clearly hope to do so again, dismiss this theory. But it will ultimately be tested in places like this Philadelphia suburb, where Lois Murphy, a 43-year-old lawyer and Democratic activist, lost a Congressional campaign in 2004 by just two percentage points.

This time, as she challenges the same Republican incumbent, Representative Jim Gerlach, Ms. Murphy said in an interview in her campaign headquarters in Narberth, she senses an electorate that is "really, really" ready for change, tired of the ethics scandals, and convinced "that their government has been letting them down."

On whether her sex is a particular asset this year, Ms. Murphy replied, "I leave that to the political experts, which I am not."

But Ms. Murphy said that her agenda — ethics reform, fiscal responsibility, affordable health care, more sensitivity to the environment — was connecting with moderates in both political parties.

In another high-profile race, an open seat in Illinois's Sixth District in the Chicago suburbs, L. Tammy Duckworth, a former Army helicopter pilot who lost both legs in Iraq, locked up the Democratic nomination in a narrow primary victory on Tuesday — over another woman.

"It's about change on so many levels," said Ms. Duckworth of her campaign, which she said would focus heavily on the need to improve and expand health care. "If being a woman underscores that, makes it clear that I'm going to be an effective agent of change, that's great."

By the time it is over, this midterm election may offer some hints on the kind of climate that awaits Senator Hillary Rodham Clinton of New York if she runs for president in 2008. At a time when voters have grown accustomed to women as secretary of state, House minority leader, governor (there are currently eight) and the like, this year's campaign could provide insight into the power of gender stereotypes that have been charted by scholars and political experts over many years.

In the 435-seat House of Representatives, there are 67 women, 43 of them Democrats, 24 Republicans.

The seats for which Democratic women are running this year are among the 24 held by Republicans that are classified by the Cook Political Report, an independent analyst, as either "tossups" or "lean Republican" — a key measure of competitiveness. That is a fluid list this early in the campaign; many candidates have yet to make it through their primaries, and many races are still in a state of flux.

But Amy Walter, who tracks House races for Cook, said, "If you look at the top Republican targets this year, the success of Democratic women candidates will be very important in determining the number of Democratic pickups."

A net shift of 15 seats to Democrats from Republicans would turn over control of the House.

For all the enthusiasm on the Democratic side, experts say this will not be another 1992-style "year of the woman," the breakthrough year when the number of women in the House and Senate jumped by more than half. There simply are not enough competitive or open seats to make that kind of change likely.

But the Center for American Women and Politics, at Rutgers, says early data suggests an increase in the number of women running for open seats this year, fueled by the Democrats, although several of these women still face contested primaries. It is far easier for challengers to win an open seat than to oust an incumbent.

"It's not about how many women are running," said Ellen Malcolm, the president of Emily's List, the Democratic women's fund-raising organization. "It's about how many women are running where they have real opportunities to win."

Moreover, Democratic strategists hope to frame these midterm races as a classic change-versus-status-quo election — which, they say, makes women, running as outsiders against a "culture of corruption," the perfect messengers.

Celinda Lake, a Democratic pollster working for three female House candidates this year, said, "If you want to communicate change, honesty, cleaning up Washington, not the same old good old boys in Washington, women are very good at communicating that."

Officials at the Democratic campaign committee said that along with Emily's List and other women's groups, they had made a point of encouraging and recruiting women as candidates this year.

"This didn't just happen," Mr. Emanuel said.

Republicans profess to be unworried about the new wave of female candidates for what is often described, sometimes disparagingly, as the "mommy party." (Supposedly, in the shorthand of political positioning, Democrats are more concerned with nurturing, caring and domestic policy, while the Republicans care more about security.)

"I'm as worried about Rahm Emanuel's women as I am about Rahm Emanuel's vets," said Carl Forti, spokesman for the National Republican Congressional Committee, referring dismissively to another group of candidates Democrats have focused on this year.

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Mr. Forti argued that "in our strategy every race is local, based on local issues," and he added, "It doesn't matter whether the candidate is man, woman, green, purple, orange, red, whatever."

That approach is echoed by Mark Campbell, political director of the Gerlach campaign in Pennsylvania, who said of his race, "It will be a competitive campaign, and Jim Gerlach will ultimately win because his position on important issues more closely reflects the voters of the Sixth District than Ms. Murphy's."

As for her sex, Mr. Campbell said, "I think anyone who would vote for Lois Murphy because she's a woman would vote for her just because she's the Democrat running."

In recent weeks, the Gerlach and the Murphy campaigns have been pushing competing ethics plans and trading accusations over who is truly committed to the cause.

Linda DiVall, a longtime Republican pollster who has worked for many female candidates, also notes that sex stereotypes cut both ways among voters. For example, female candidates are often seen as vulnerable on national security, Ms. DiVall said, which could be a problem in a post-Sept. 11 world. Ms. Lake, the Democratic pollster, said the sex advantages (like honesty) and disadvantages (competence on foreign policy) have grown more marginal.

"They're not as new as they used to be," Ms. Lake said of women in politics.

Republicans have some high-profile women running for Congress this year, notably Martha Rainville, who stepped aside as adjutant general of the Vermont National Guard to seek her state's lone House seat.

But this year's candidates are disproportionately Democrats, part of a longstanding trend, said Kathleen Dolan, political scientist and author of "Voting for Women: How the Public Evaluates Women Candidates."

Among the most closely watched Democratic women this year are Diane Farrell, challenging Representative Christopher Shays in Connecticut; Gabrielle Giffords and Patty Weiss, vying for the Democratic nomination for an open seat representing the Tucson area; Patricia Madrid, the New Mexico attorney general challenging Representative Heather A. Wilson; Ms. Duckworth, the Iraqi war veteran, seeking the open seat outside Chicago; Francine Busby, running for the California seat left vacant by the bribery conviction of former Representative Randy Cunningham, and Ms. Murphy, challenging Mr. Gerlach in Pennsylvania.

Emily's List, which essentially recommends female candidates who support abortion rights to its 100,000 members, reports a much heavier roster of House races than it carried two years ago. Getting recommended by Emily's List, whose members were responsible for $10 million in donations in 2004, is a major help to a campaign, candidates say.

Swann, Rendell Running Even In Pennsylvania Race (WT)

By Donald Lambro

The Washington Times, March 24, 2006

Democratic Gov. Edward G. Rendell of Pennsylvania, once considered a shoo-in for a second term, is running dead even against Republican and former Pittsburgh Steelers standout Lynn Swann, according to recent polls.

Mr. Rendell, one of his party's few big state governors, was expected to have little trouble winning another four years in office, until the charismatic Football Hall of Fame wide receiver and ABC Sports commentator entered the contest in January, sweeping his rivals from the race for the GOP nomination and making the former Philadelphia mayor and national Democratic chairman look suddenly vulnerable.

An independent statewide survey last week by Atlanta-based Strategic Vision found the governor and Mr. Swann running neck and neck, drawing 44 percent each, with 10 percent undecided and 2 percent supporting others. Should Mr. Swann win, he would be the first black governor in the state's history.

"What you have in Swann is a celebrity, like Arnold Schwarzenegger had out in California, who doesn't come across as a typical politician. That's helping him quite a bit. People want to like him and he comes across as very likeable," said David E. Johnson, Strategic Vision's pollster.

Mr. Swann exudes the kind of nonpolitical, outsider persona that an increasingly unhappy electorate seems to be looking for, Mr. Johnson said yesterday.

Mr. Rendell has seen his voter-approval scores fall below 50 percent, after his disastrous signing of a legislator pay-raise bill last year that triggered protests from voters and was later rescinded.

No Pennsylvania governor since World War II has been denied a second term, and Mr. Rendell is an effective campaigner who has amassed a $12.5 million war chest, compared with Mr. Swann's $1.2 million. Elections analyst Stuart Rothenberg still gives Mr. Rendell the "narrow advantage for now," but last week, he told his monthly newsletter subscribers that the governor is "more vulnerable."

"No other gubernatorial candidate in the country received the worldwide recognition that Lynn Swann did when his former team, the Pittsburgh Steelers, won the Super Bowl" after Mr. Swann walked out on the field in the pre-game ceremony, Mr. Rothenberg said.

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Two big questions about Mr. Swann are how he will perform as a first-time candidate and how much of the heavily Democratic black vote he can draw away from Mr. Rendell.

"Every politician has to motivate his base to win, and Swann's base is the black vote. You can't beat Rendell without breaking into the numbers in Philadelphia and the suburbs, and the obvious way to do that is to take the black vote," said Clay Richards, assistant director of the Quinnipiac University Poll.

Mr. Swann is forming a campaign team that includes political adviser Mark Holman, former chief of staff to Republican Gov. Tom Ridge, and communications strategist Leonardo Alcivar, who worked for former New York Mayor Rudolph W. Giuliani.

Mr. Swann is running on the issue of tax cuts, particularly property taxes that have become a dominant issue in Pennsylvania, but has not laid out his full agenda.

Researchers Look At Prayer And Healing (WP)

By Rob Stein

The Washington Post, March 24, 2006

At the Fairfax Community Church in Virginia, the faithful regularly pray for ailing strangers. Same goes at the Adas Israel synagogue in Washington and the Islamic Center of Maryland in Gaithersburg.

In churches, mosques, ashrams, "healing rooms," prayer groups and homes nationwide, millions of Americans offer prayers daily to heal themselves, family, friends, co-workers and even people found through the Internet. Fueled by the upsurge in religious expression in the United States, prayer is the most common complement to mainstream medicine, far outpacing acupuncture, herbs, vitamins and other alternative remedies.

"Judaism, Christianity, Islam, Buddhism -- every religion believes in prayer for healing," said Paul Parker, a professor of theology and religion at Elmhurst College outside Chicago. "Some call it prayer, some call it cleansing the mind. The words or posture may vary. But in times of illness, all religions look towards their source of authority."

The outpouring of spiritual healing has inspired a small group of researchers to attempt to use the tools of modern science to test the power of prayer to cure others. The results have been mixed and highly controversial. Skeptics say the work is a deeply flawed and misguided waste of money that irresponsibly attempts to validate the supernatural with science. And some believers say it is pointless to try to divine the workings of God with experiments devised by mortals.

Proponents, however, maintain the research is valuable, given the large numbers of people who believe in the power of prayer to influence health. Surveys have found that perhaps half of Americans regularly pray for their own health, and at least a quarter have others pray for them.

"It's one of the most prevalent forms of healing. Open-minded scientists have a responsibility to look into this," said Marilyn J. Schlitz of the California Pacific Medical Center in San Francisco.

The contentious enterprise is at something of a crossroads. Two new studies are about to report no benefit of having people pray for the sick, the only study underway is nearing completion, and the largest, best-designed project is being published in two weeks. Its eagerly awaited findings could sound the death knell for the field, breathe new life into such efforts, or create new debate.

"I will guarantee you that study will have a very interesting impact on a lot of people's thinking," said Mitchell W. Krucoff of Duke University, who wrote an editorial that will accompany the closely guarded findings in the American Heart Journal. "But how you interpret the results will probably depend on your point of view."

Many studies done over the years indicate that the devout tend to be healthier. But the reasons remain far from clear. Healthy people may be more likely to join churches. The pious may lead more wholesome lifestyles. Churches, synagogues and mosques may help people take better care of themselves. The quiet meditation and incantations of praying, or the comfort of being prayed for, appears to lower blood pressure, reduce stress hormones, slow the heart rate and have other potentially beneficial effects.

But the most controversial research focuses on "intercessory" or "distant" prayer, which involves people trying to heal others through their intentions, thoughts or prayers, sometimes without the recipients knowing it. The federal government has spent $2.2 million in the past five years on studies of distant healing, which have also drawn support from private foundations.

San Francisco cardiologist Randolph Byrd, for example, conducted an experiment in which he asked born-again Christians to pray for 192 people hospitalized for heart problems, comparing them with 201 not targeted for prayer. No one knew which group they were in. He reported in 1988 that those who were prayed for needed fewer drugs and less help breathing.

William S. Harris of St. Luke's Hospital in Kansas City, Mo., and colleagues published similar results in 1999 from a study involving nearly 1,000 heart patients, about half of whom were prayed for without their knowledge.

But these and other studies have been called deeply flawed. They were, for example, analyzed in the most favorable way possible, looking at so many outcomes that the positive findings could easily have been the result of chance, critics say.

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"It's called the sharpshooter's fallacy," said Richard Sloan, a behavioral researcher at Columbia University. "The sharpshooter empties the gun into the side of a barn and then draws the bull's-eye. In science, you have to predict in advance what effect you may have."

Other studies have been even more contentious, such as a 2001 project involving fertility patients that became mired in accusations of fraud.

"I would like to see us stop wasting precious research dollars putting religious practices to the test of science," Sloan said. "It's a waste of money, and it trivializes the religious experience."

Even some advocates of incorporating more prayer and spirituality into medicine agree.

"I don't see how you could quantify prayer -- either the results of it or the substance of it," said the Rev. Raymond J. Lawrence of New York-Presbyterian Hospital/Columbia University Medical Center. "God is beyond the reach of science. It's absurd to think you could use it to examine God's play."

Perhaps most important, many scientists say, is that there is no rational explanation for how this kind of prayer might work.

"There's nothing we know about the physical universe that could account for how the prayers of someone in Washington, D.C., could influence the health of a group of people in Iowa -- nothing whatsoever," Sloan said.

But supporters say that much about medicine remains murky or is explained only over time. They say, for example, that it was relatively recently that scientists figured out how aspirin works, although it has been in use for centuries.

"Yesterday's science fiction often becomes tomorrow's science," said John A. Astin of the California Pacific Medical Center.

Proponents often cite a phenomenon from quantum physics, in which distant particles can affect each other's behavior in mysterious ways.

"When quantum physics was emerging, Einstein wrote about spooky interactions between particles at a distance," Krucoff said. "That's at least one very theoretical model that might support notions of distant prayer or distant healing."

Krucoff, a cardiologist, published a study last summer involving 748 heart patients at nine hospitals. That study failed overall to show any benefit. But Krucoff said he did find tantalizing hints that warrant follow-up: A subset of patients who had a second group of people praying that the prayers of the first group would be answered may have done better.

That underscores one of the many difficulties that critics and advocates say makes studying prayer problematic: There is no way to quantify the "dose," and no way to know whether people outside the study may be praying for its subjects, diluting the effects.

Two smaller, more recently completed studies illustrate yet another problem. Each involved about 150 patients with brain tumors or AIDS. Only some were targeted by "distant healing" and only some knew they were the recipients. But in addition to traditional prayers, many of the dozens of "healers" used other approaches, such as visualizing patients and sending a "healing intention" or "energy" or "light." Both studies, which will be published later this year, did not show any effect. But neither of the researchers who led them is advocating giving up, saying their studies may have been doomed by including too many healing variations.

The only ongoing study is also testing whether a spectrum of healers can help -- in this case, women who are recovering from reconstructive surgery after breast cancer. Doctors are inserting tiny tubes under the skin of about 90 women to measure the growth of collagen, which is necessary for healing, to see if those targeted by healers accumulate more than those who do not. The study will end this spring.

Krucoff and others say it is also important to study prayer as an adjunct -- not a replacement -- to standard medical care, to make sure it is safe.

"Human physiology is a very delicate equilibrium. When you throw energy you don't understand into this, it would be naive to think you could only do good," he said.

In the hope of shedding light on that and other questions, researchers are awaiting the results of the study led by Herbert Benson of Harvard University, which involved about 1,800 heart-bypass patients at six centers who were divided into three groups. Only some of them knew whether they were receiving prayer.

"What that study finds will help tell us which way to go -- whether there are intriguing findings or the book ought to be closed on this topic," said Harold Koenig of Duke University.

But researchers on both sides, as well as those who believe in prayer, say the results of that and other studies are unlikely to change many minds.

"I don't think it will alter my beliefs one way or the other," said Trish Lankowski, who started a healing room at Immanuel's Church in Silver Spring this past Sunday night. "I believe in the power of prayer wholeheartedly. I know it works."

Poor America (WSJ)

By Douglas Besharov

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The Wall Street Journal, March 24, 2006

Each year the Census Bureau calculates the nation's poverty rate, based on the number of people with incomes below the official poverty line, about $20,000 for a family of four in 2004. Since last year's poverty rate of 12.7% was essentially equal to the 1968 rate of 12.8%, it seems that little progress has been made. But many analysts -- on the right and the left -- have pointed out that, by many other measures, poor people's physical and material well-being is considerably better now than in the late '60s. How else to explain why so many poor now have color TV (93%) and air conditioning (50%), and own their own homes (46%)?

While many have proposed revising the official poverty measure, getting agreement is about as likely as Bush carrying Manhattan. The poverty line or its multiple is the basis of eligibility for dozens of government antipoverty programs, involving the distributions of hundreds of billions of dollars. Change it -- up or down -- and hundreds of thousands of people gain or lose benefits.

That's what makes a new data series by the Census Bureau, "The Effects of Government Taxes and Transfers on Income and Poverty: 2004," so significant. Developed after nine months of meetings between outside experts and senior government officials from the Census Bureau and other federal agencies, it allows us to get a better view of the resources available to low-income Americans.

First, the series gets a better fix on "market income" poverty -- poverty before taxes and means-tested transfers like cash welfare. (Although the Census Bureau counts it separately, Social Security, like pensions, is included as market income since it is "earned" during one's working years.) Now we can use the correct inflation adjustment, count the income of cohabitors and coresidents, and include the implicit income of home ownership. (The last mostly affects the elderly.) Finally, adding in government estimates of unreported income results in a market income poverty rate of about 7.9%, not the official rate of 12.7%. Second, as suggested by the name of the new data series, government transfer programs also reduce financial need. Taking into account welfare payments, food stamps and housing assistance (noncash benefits are presently not counted) results in a poverty rate of about 5.1% -- and even this excludes the value of Medicaid for the poor, roughly $2,000 per person.

Even with these calculations, about 15 million people are below the poverty line and millions more just above it. But the broader point must not be lost: Millions of low-income Americans are living better lives than they did before. Period.

Mr. Besharov is the Jacobs scholar in social welfare studies at the American Enterprise Institute.

Speak Softly And Carry A Smaller Stick (NYT)

By Andrew Kohut

The New York Times, March 24, 2006

WE shouldn't allow isolationism and protectionism to overwhelm us," said President Bush in his press conference on Tuesday, building on the concerns that he expressed in his State of the Union address about Americans turning inward.

Recent opinion surveys affirm that isolationist sentiment has increased in recent years. Notably, a survey by my center and the Council on Foreign Relations last fall reported that the percentage of the public who said that the United States should "mind its own business internationally and let other countries get along the best they can on their own" rose to levels seen during the mid-1970's, following the Vietnam War, and in the 1990's after the cold war ended. And a companion poll of opinion leaders found that they, too, had become less supportive of the United States playing a world leadership role.

But while these trends represent significant shifts in attitudes, it would be a mistake to conclude that this country is becoming isolationist. There is no sign that most Americans want the United States to turn its back on the world or that anti-foreign sentiment in this country is rising. Discontent with Mr. Bush's policies, notably on Iraq, has led to widespread public frustration. And while it has also created more isolationists, they remain a minority.

The number of Pew respondents agreeing that the United States should mind its own business and let other countries get along as best they can climbed to 42 percent last year from 34 percent in 2004. Agreement with this statement has been roughly this high only twice in the last four decades: in 1976 and in 1995. Now as then, however, most Americans continue to disagree with this sentiment. And huge majorities, including many who express some isolationist sentiments, believe that the United States should consider the views of its allies in making foreign policy, and they acknowledge America's leadership role in the world given its power.

Polls also find no rise in broad-based anti-foreign sentiment. Americans, in fact, rate most countries more favorably than people in other countries rate the United States. For example, a February Gallup survey showed 54 percent of the public holding a favorable view of France and 79 percent a favorable opinion of Germany. In contrast, just 41 percent of the Germans and 43 percent of the French expressed favorable views of the United States in last year's Pew Global Attitudes Survey.

Further, there is no sign of increased alarm about rivals to the United States. Americans are less inclined now than in the past to view China as an adversary, and few express worries about its rising economic might. In addition, Americans favor a stronger European Union and closer relations with Europe. Fully 66 percent of Americans think the United States and Western

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European partnership on security and diplomatic matters should remain as close it has been the past. But only 26 percent of the French, 39 percent of the German and 42 percent of the British respondents felt the same way in our survey.

Even right after the uproar over the bid by a Dubai-based company to take over facilities in American ports, Americans continue to welcome foreign investment and are much less worried about foreign ownership of American companies than they were at the end of the 1980's. The rejection of the Dubai ports deal appears to reflect not xenophobia but a deep concern about Arab terrorism. While a narrow majority of respondents (53 percent) to a Pew survey last week expressed a negative view of foreign investors owning American companies, 70 percent did so in 1989, when high-profile acquisitions of American businesses by Japanese companies provoked widespread concern.

Moreover, by a 53 percent to 36 percent margin, Americans view foreign companies investing in the United States as a good thing. And more generally, two-thirds of Americans (66 percent) believe free trade is good for the United States. This view is largely unchanged since 2000, even though public concern about the outsourcing of American jobs has risen sharply.

All this shows that America's current mood is less a rejection of the rest of the world than it is a deep concern about terrorism and a growing wariness about America's own assertive foreign policy. In particular, there is little potential support for the use of force against Iran. And more generally, the American experience in Iraq has reduced support for pre-emptive wars. The belief that it is justifiable to use military force against countries that threaten us but have not attacked us fell from 67 percent in May 2003, when the war in Iraq seemed a success, to just 52 percent last fall.

Unfortunately, the uptick in isolationism has the potential for dangerous political consequences. In an election year, politicians in both parties (each of which has significant isolationist minorities) may feel mistakenly compelled to play to strong sentiments that do not reflect the beliefs of the majority, urging the United States to pull back on its global commitments, move away from free trade and close its borders. More dangerously in this age of terrorism, the president may well need to pursue policies that are assertive, if not costly. If he does, and even with the best of intentions, he may not find the requisite support.

Rice Won't Tolerate Stall Tactics On Iran (AP-Y2)

By Anne Gearan

AP2, March 23, 2006

Secretary of State Condoleezza Rice issued a veiled warning Thursday to holdouts in a diplomatic impasse at the United Nations over Iran's disputed nuclear program.

"There can't be any stalling," Rice said in response to a question about U.S. efforts to get Russia and China to sign on to a strongly worded rebuke to Tehran.

Russia and China have refused to back a U.N. Security Council statement proposed by Britain, France and the United States demanding Iran suspend uranium enrichment.

Talks among the permanent members of the Security Council have bogged down over the statement, which traditional Iranian allies or trade partners see as a prelude to sanctions they do not support.

Rice planned to call her Russian counterpart Friday to try to break the deadlock.

The Security Council statement was intended to be an opening move in what could be lengthy talks at the powerful U.N. body over how to stop Iran from building a nuclear bomb.

The statement was also meant to be an easier pill to swallow for Russia and China than would another option: A tough Security Council resolution.

A presidential statement requires consensus from the body's 15 members. A resolution would be put to an up-or-down vote, meaning Russia and China would have to approve, abstain or veto action against Iran.

Rice indicated that the United States will not wait long before taking another tack.

"The international community has got to act," Rice said following a first meeting with the new Greek foreign minister, Theodora Bakoyannis.

"People are looking to the international community to show that this can, indeed, be dealt with diplomatically," Rice said. "We are committed to a diplomatic solution, but it has to be dealt with."

Russian deputy U.N. Ambassador Konstantin Dolgov said Russia was still under the assumption that the council was working toward a presidential statement, not a resolution.

"We are continuing negotiations in good faith and we hope that all our partners are doing likewise," Dolgov told The Associated Press.

The Iran nuclear file moved to the Security Council this month, with the support of veto-wielding members Russia and China. That was seen as a diplomatic victory for the United States, which had long sought to place Iran before the U.N. body for possible punishment.

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Moscow and Beijing now insist the U.N. nuclear watchdog in Vienna, the International Atomic Energy Agency, play the lead role in clearing up suspicions over Iran's intentions.

"We think there is still an opportunity to get a compromise but a compromise that would send the right signal — endorse the IAEA, and help in the negotiation process which is going on and should go on," Dolgov said.

Iran says it is developing nuclear technology only to produce electricity, but the United States and its allies accuse the clerical regime of using civilian nuclear power as a cover to develop weapons.

"There is an erosion of confidence in Iran on this point, because they lied to the IAEA for 18 years," Rice said, referring to nuclear research and development activities that Iran kept hidden.

Russia and China have raised concerns that pushing Iran too hard could lead to its withdrawal from the Nuclear Nonproliferation Treaty and expulsion of IAEA inspectors.

Iran Closer To Producing Nuclear Weapons Fuel, U.S. Officials Worry (KRT)

By Jonathan S. Landay And Warren P. Strobel

Knight Ridder, March 23, 2006

WASHINGTON - U.S. officials are concerned that Iran may be closer than they previously believed to mastering the process for producing fuel for a nuclear weapon.

Their unease stems from a recent briefing at which U.N. International Atomic Energy Agency experts reported that Iran was close to operating a test network of 164 machines, called centrifuges, that spin uranium hexafluoride gas into enriched uranium, U.S. officials and a foreign diplomat said.

Depending on its duration, the process produces low enriched uranium for power plants and highly enriched uranium for nuclear weapons.

The report came amid a deadlock in two-week-old talks among the United States, Britain, France, Russia and China - the U.N. Security Council permanent members - on how to deal with Iran's nuclear program.

The IAEA and several European nations disputed the Bush administration's charges about Iraq's nuclear weapons program, but there's wider international agreement about Iran's nuclear efforts.

Should Iran quickly overcome the numerous technical obstacles to operating the test network, known as a cascade, it could accelerate the installation of an industrial-scale plant and begin producing highly enriched uranium much sooner than currently forecast, the U.S. officials and the diplomat said. They spoke on condition of anonymity because they weren't authorized to discuss the issue.

Based on the IAEA data, U.S. experts have concluded that "Iran could be as little as two to three years away from having nuclear weapons, with all the necessary caveats and assumptions and extrapolations about them overcoming technical hurdles," said one U.S. official. "Admittedly, those are significant assumptions."

Publicly, the Bush administration estimates that 2011 is the soonest that Iran could produce a nuclear weapon.

"They are moving much quicker than everyone thought," said the diplomat, who didn't offer an estimate on how soon Iran might be able to produce highly enriched uranium.

He said there was evidence that Iran has moved large containers of uranium hexafluoride gas to Natanz, the main enrichment research site in central Iran, from a facility in Isfahan in preparation for starting the test network.

"I think it's fair to say that there's growing concern about what the Iranians may be up to," said a U.S. defense official.

David Albright, a former IAEA inspector who closely follows the issue, said he was skeptical that Iran could produce 25 kilograms (55 pounds) of highly enriched uranium - the quantity required for a warhead - by sometime in 2008.

Albright, the director of the independent Institute for Science and International Security, said his "worst-case scenario" was 2009, due to Iran's lack of experience in operating large numbers of centrifuges, the complexities involved and the potential for numerous problems.

Iran insists that its enrichment program is intended to make fuel for power plants, not for nuclear weapons, but it admits concealing the project for 18 years from IAEA inspectors.

Moreover, Tehran has failed to reveal to the IAEA all aspects of its program, including purchases of weapons-related nuclear know-how from a Pakistani-led smuggling ring that supplied the North Korean and Libyan weapons programs. Ayhan Evrensel, an IAEA spokesman, declined to comment for this article.

A diplomat close to the IAEA confirmed that by the end of last week, Iranian engineers had assembled all 164 centrifuges of the test cascade at Natanz as they'd planned to do. They still had to finish connecting all of the machines and then would need time to conduct tests of the piping and seals, this diplomat said by telephone from Vienna, Austria.

However, the diplomat, who asked to remain anonymous because of the sensitivity of the issue, said the development conformed to the agency's timeline and that IAEA experts didn't view it with alarm.

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Britain and France, backed by the United States, have proposed a statement in the Security Council demanding that Iran suspend all uranium enrichment work and setting a 30-day deadline for an IAEA report on Tehran's compliance.

Russia and China, which have major financial stakes in oil-rich Iran, opposed the proposal, contending that it paved the way for the Security Council to impose sanctions on Iran.

The crisis erupted in January when Iran ended a more than two-year suspension of enrichment work in defiance of international objections. The IAEA board of governors voted in February to refer the matter to the Security Council after the agency found that it couldn't confirm the peaceful nature of the program.

According to information Tehran provided to the IAEA, Iranian engineers first fed uranium hexafluoride gas into single centrifuges, followed by cascades of 10 and 20 machines.

It has informed the IAEA that it plans to begin installing the first 3,000 centrifuges of a 50,000-machine industrial-scale plant in underground halls at Natanz in the last quarter of this year.

One U.S. official said that if Iranian engineers successfully operate the 164-machine cascade as quickly as they did the smaller assemblies, they could move up the installation of the first centrifuges of the underground plant to within the next "few months."

If all went smoothly, he continued, those machines could begin operating in 2007 and produce enough highly enriched uranium for one nuclear warhead within about one year.

"The anxiety level has risen significantly," he said. "Iran is closer that we thought they were to mastering the operation of a centrifuge cascade."

Envoy Accuses Iran Of Duplicity On Iraq (WP)

By Jonathan Finer And Ellen Knickmeyer

The Washington Post, March 24, 2006

BAGHDAD, March 23 -- Iran is publicly professing its support for Iraq's stalemated political process while its military and intelligence services back outlawed militias and insurgent groups, U.S. Ambassador Zalmay Khalilzad said Thursday.

Iranian agents train and arm Shiite Muslim militias such as the Mahdi Army, linked to one of Iraq's most powerful clerics, Khalilzad said, and also work closely with Sunni Arab-led insurgent forces including Ansar al-Sunna, blamed for dozens of deadly attacks on Iraqi and American soldiers and Shiite civilians.

"Our judgment is that training and supplying, direct or indirect, takes place, and that there is also provision of financial resources to people, to militias, and that there is presence of people associated with Revolutionary Guard and with MOIS," the Afghan-born Khalilzad said, referring to Iran's main military force and its Ministry of Intelligence and Security.

Khalilzad's comments, made in an interview in his spacious office in Baghdad's fortified Green Zone, came as the United States and Iran -- two feuding foreign powers with dominant roles in Iraqi affairs -- have expressed willingness to hold talks aimed at stabilizing the beleaguered country. Iran, which borders Iraq to the east and whose theocratic government retains close ties with Iraq's Shiite political leaders, has repeatedly denied American accusations that it is a force for instability in Iraq. Instead, it has blamed the United States for the unrest.

The calls for dialogue over Iraq coincided with deliberations by the U.N. Security Council, of which the United States is a permanent member, over possible actions against Iran for its controversial nuclear program. Asked if any discussions had begun, Khalilzad said, "There is nothing new on that."

Khalilzad's remarks also coincided with stalled negotiations over the formation of Iraq's next government. Sunni Arab parties, pushing for more prominent ministerial posts from the Shiite religious parties that hold the largest share of the seats in parliament, have accused Iran of complicity in recent attacks on Sunnis by Shiite militias that have pushed the country toward civil war.

"The militias haven't been focused on decisively yet. . . . That will be tough," Khalilzad said. "More Iraqis in Baghdad are dying -- if you look at the recent period of two, three weeks -- from the militia attacks than from the terrorist car bombings."

Khalilzad expressed particular concern over Iran's ties to the Mahdi Army, an armed group loyal to the outspoken Shiite cleric Moqtada al-Sadr that the ambassador said was responsible for many of the recent killings, despite Sadr's public pleas for calm.

Sadr, who was charged by the former U.S. occupation authority with involvement in the killing of a rival religious leader soon after the U.S. invasion three years ago, has recently plunged into politics after waging two armed uprisings against U.S. forces in 2004.

But Khalilzad said the United States has had no face-to-face contact with the cleric, in his early thirties, whose followers hold more than 30 seats in the new parliament. "No, I don't talk to him, because we don't meet with Moqtada Sadr, but I have sent him messages publicly. . . . We engage him whatever way we can," said Khalilzad, who added that he and other embassy

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officials did meet with Sadr's political allies. "I think that our people advise me against it because there is an indictment against him."

An aide to Sadr, one of the most outspoken critics of the U.S. military presence in Iraq, said Thursday that the cleric would not meet with American officials until foreign troops are withdrawn from Iraq.

With negotiations to form a government deadlocked three months after the Dec. 15 legislative elections and Iraqis growing increasingly impatient, Khalilzad said he was stressing to Iraqi leaders that new authority is needed to quell instability.

"I am the one who's saying, 'The country is bleeding, you need to move,' " he said, adding that recent sessions with political leaders from various sides have brought at least one encouraging sign: The groups are now more willing to directly address each other's concerns without using Americans as intermediaries.

"I have been reduced -- and I am not complaining -- to an observer, which is a good thing," he said, dismissing the widely held belief that he is still the driving force for unity, cajoling rival groups to negotiate. "I think now I say that they are really politically moving toward a self-reliance."

Still, he said, a deep gulf remains between the country's Shiite and Sunni factions.

"Sunnis are concerned about having a say in the decision-making, while the Shia concern is that having a say in the decision-making should not obviate the results of the elections and should not create a situation in which decisions are so difficult to make that nothing happens because everyone needs to speak to everyone before anything is done," he said.

Sunnis and others have called on Shiites to reconsider their choice -- backed by Sadr -- of the transitional prime minister, Ibrahim al-Jafari, to lead the new government. They also want the Shiites to ensure that the country's security ministries are not put in the hands of politicians tied to militias. The Shiite bloc has so far resisted both demands.

Asked if Shiites, who fell short of winning a parliamentary majority, would ever be willing to share enough power to allow a unified government to be formed, Khalilzad pointed to constitutional provisions that require a two-thirds vote for many of the functions of government to be carried out.

The Shiites "have no alternative" but to compromise, he said.

Israeli Acting PM Cautions Hard-Liners (AP)

By Josef Federman, Associated Press Writer

AP, March 24, 2006

Acting Prime Minister Ehud Olmert sent his strongest signal yet that hard-line parties won't be welcome in the next government if his party wins next week's election, saying in an interview published Thursday that coalition partners must be on board with his plan to withdraw from most of the West Bank.

Olmert, whose Kadima Party is expected to cruise to victory Tuesday, wants to draw Israel's final borders by 2010 — with or without a deal with the Palestinians. While holding a wide lead in opinion polls, Kadima is expected to still need help from smaller parties to form a majority coalition in the 120-seat parliament.

Olmert says he would prefer to reach a peace settlement with the Palestinians but is ready to take unilateral action if this is impossible. Hard-line opponents say the go-it-alone approach, which would involve uprooting dozens of Jewish settlements in the West Bank, amounts to a surrender to Palestinian violence.

"I want to emphasize, so that no one doubts it: I intend to implement this plan. Anyone who is not interested in seeing this plan implemented will not be in my coalition. I do not intend to compromise on the details of the plan. This is the plan and there is no other," Olmert told the Yediot Ahronot daily in an interview.

The comments gave an indication how Olmert's government would look if he wins the election. It appears increasingly likely that he will join forces with the dovish Labor and Meretz parties, while leaving the hawkish parties, including Likud, in the opposition.

Olmert also appeared to be sending a tough message to Avigdor Lieberman, leader of an increasingly powerful Russian immigrant party. Lieberman, a hard-line Jewish settler, has not ruled out joining an Olmert-led government but said he would not agree to further unilateral pullbacks.

Prime Minister Ariel Sharon, fed up with hard-line rebels in Likud, left the party last fall to form Kadima. Olmert quickly followed and was thrust into the party leadership when Sharon suffered a massive stroke in January.

Olmert's plan follows the unilateral approach devised by Sharon, who led Israel's withdrawal from the Gaza Strip last summer. With peacemaking frozen after several years of fighting, Sharon said pulling out of Gaza boosted security and helped guarantee a Jewish majority in areas under Israeli control.

The chances of renewing peace talks appear even more remote following the Islamic militant Hamas' victory in Palestinian legislative elections in January. Hamas, which has carried out dozens of suicide bombings in Israel, has refused international calls to renounce violence and recognize the Jewish state.

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Veteran politician Shimon Peres, who is running as a Kadima candidate, said Thursday the party would prefer to reach a negotiated settlement with the Palestinians, although Hamas isn't a partner for peace. "Unilateralism is not our ideology or our first priority," Peres told reporters.

Under Olmert's plan, Israel's West Bank separation barrier would serve as the basis for a future border with the Palestinians. The plan would increase West Bank Jewish settlements on the Israeli side of the barrier, and uproot tens of thousands of Israeli settlers living on the eastern side.

The plan falls well short of Palestinian visions for a future state encompassing all of the West Bank and Gaza Strip with east Jerusalem as the capital.

In a further sign of Olmert's plans, a party official Thursday disclosed details about Kadima's vision for Jerusalem, treading on ground that was taboo for decades — dividing the city in a peace agreement.

Otniel Schneller, a candidate for parliament, said Kadima is prepared to hand over Palestinian villages that have been incorporated into the city.

"If and when a Palestinian entity is established, with Jerusalem as its capital, it will be based on these villages," he said.

The pronouncement had added weight because of its source. Schneller is a former head of the council of West Bank and Gaza settlements, a body that hotly opposes any territorial compromise. Schneller stressed that Israel will not relinquish control of the Old City, home to Jewish, Muslim and Christian holy sites.

Israel captured east Jerusalem, along with the West Bank and Gaza Strip, in the 1967 Mideast war. It annexed the Arab neighborhoods and declaring the entire city its capital. The city's fate has been one of the greatest obstacles to a peace deal.

In violence Thursday, the Israeli army killed two Islamic Jihad militants in Gaza as they were planting a bomb along the fence between Israel and the Gaza Strip, the army and Palestinian security officials said.

Late Showing Puts Labour In Running For Finance Post (FT)

By Harvey Morris

Financial Times, March 24, 2006

Before a single ballot is cast in next week's Israeli election, politicians and analysts are already speculating on who will secure the finance portfolio in the coalition bargaining that will inevitably follow Tuesday's vote.

At stake is the stewardship of a high-growth economy that has spectacularly pulled itself out of recession since the last election in January 2003 but has so far failed to meet the needs of Israel's growing army of poor.

If, as expected, Ehud Olmert's centrist Kadima party secures the largest number of seats in the 120-member Knesset, the acting prime minister has declared his intention to keep the treasury for one of his own.

However, a strong second place for Labour, enjoying a late spurt in opinion polls in the closing days of the campaign, could put pressure on Mr Olmert to surrender the treasury to Amir Peretz, its leader.

Handing the finance portfolio to the former trade union boss, who put welfare and social issues at the top of his programme, might initially rattle markets that are looking for a continuation of the fiscal reform agenda initiated by Likud's Benjamin Netanyahu.

The Likud leader is bearing the brunt of a popular backlash against the negative effects of welfare cuts and other measures that he took as finance minister and he has failed to lift the former ruling party out of its poor third place in the polls.

However, analysts believe that, even under Mr Peretz, economic policy would stay fundamentally on its present course.

"Everybody understands the importance of maintaining growth," says Yaakov Fisher of Israel's I-Biz consultancy. "That is a lesson that Netanyahu taught, however much people might dislike him."

Under Mr Netanyahu, GDP grew by close to 4 per cent for eight consecutive quarters and the trend continued after he resigned from the cabinet last summer in protest against the Israeli withdrawal from the Gaza Strip. The Israeli economy ended 2005 with the third highest growth rate among members and associate members of the OECD.

Inflation is low, interest rates are steady and even Israel's high unemployment rates have fallen, while levels of participation in the labour force have risen.

Some sectors of society have nevertheless lost out in the overall recovery. Welfare cuts have particularly hurt low-income ultra-Orthodox, Arab and new immigrant communities.

A report published last year by the National Insurance Institute indicated that poverty rates had grown during Mr Netanyahu's tenure to include one in five Israelis, while the Central Bureau of Statistics reported that the gap between rich and poor had widened.

"The problem an incoming finance minister faces is how to deal with these social problems while maintaining growth," says Mr Fisher. "The trickle-down approach that Netanyahu promoted isn't the right one and even he is backing away from it."

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While all the main parties support a strong free-market economy, Labour's policy centres on boosting the minimum wage to the equivalent of around $1,000 (€830, £570) a month. The party says the minimum wage pledge is a red line Mr Peretz would not be prepared to cross.

Mr Olmert has been at the helm of the finance ministry since Mr Netanyahu quit. It was the portfolio he wanted when Ariel Sharon, prime minister, lured him back into national politics in 2003.

If he were obliged to surrender one of the senior cabinet posts to a coalition partner, he might opt to drop Shaul Mofaz, Kadima's defence minister, rather than sacrifice the treasury. A likely nominee would be Kadima's Meir Sheetrit, who briefly served as finance minister in 1999.

Mr Netanyahu has so far ruled out joining a coalition led by Mr Olmert, which means there is little prospect of him returning to a post in which he received market approval for the spending cuts and fiscal reforms credited with lifting Israel out of recession.

If the outcome of coalition bargaining meant the ministry going to Labour, Mr Peretz could take the post himself or nominate Avishai Braverman, a former World Bank economist whose entry into politics near the top of the party's electoral list has helped to temper its socialist image.

North Korea Might Be Exporting Fake $100 Bills (WP)

By Gordon Fairclough

The Washington Post, March 24, 2006

SHANGHAI -- China's central bank warned its lenders about an influx of high-quality counterfeit American $100 bills -- which the United States alleges are made by North Korea -- as the spread of the forgeries moves toward the center of a standoff between Washington and Pyongyang.

Governments around Asia are stepping up surveillance for the bogus currency, which law-enforcement officials have dubbed supernotes because they are so difficult to distinguish from genuine money.

The fake $100 bills have turned up in the United States, Philippines, Taiwan and elsewhere over the past two years. In January, supernotes were seized from a Chinese American in Hong Kong, according to U.S. officials.

The People's Bank of China said the supernotes "have flowed into our country from overseas" and urged lenders to be on the lookout for efforts to place counterfeit bills into circulation. The letter was sent this month to all commercial banks as well as its own branches.

North Korea, which shares a long border with China, may earn as much as $15 million to $25 million a year from counterfeiting, according to an advance copy of a report to be released Friday by the U.S. Congressional Research Service, which also says at least $45 million in supernotes has have been detected in circulation. That figure would represent a small proportion of the total amount of U.S. currency circulating in the world. But, U.S. officials say, any amount of counterfeiting can undermine confidence in the dollar.

Frustrated by the lack of progress in negotiations aimed at persuading North Korea to abandon its nuclear weapons and faced with a lack of international support for economic sanctions against the country, Washington increasingly is turning to law-enforcement actions to deal with Pyongyang.

The focus now is stanching the flow of fake currency and cracking down on other alleged illegal North Korean activities, often by going after the Chinese and Taiwanese organized-crime groups that, U.S. officials say, have become the conduits for Pyongyang's illicit products.

"This is state-sponsored criminal activity, and Washington's policy response is morphing," said Raphael Perl, one of the authors of the Congressional Research Service report. "The administration is moving towards taking on North Korea with laws and prosecutors."

The report, prepared for members of Congress and their staffs, raises the possibility of U.S. legal action against North Korean leader Kim Jong Il. But going after Kim remains unlikely, as the United States continues to pursue diplomatic efforts to curb North Korea's nuclear ambitions. Such a move would face opposition from U.S. ally South Korea, as well as China, both of which fear destabilizing North Korea.

But the United States is going after others linked to North Korea's alleged illegal activities. Seizures of supernotes have grown as the result of better cooperation between U.S. law-enforcement officials and their counterparts in other countries, U.S. officials say.

In September, the U.S. Treasury Department designated a bank in the Chinese enclave of Macau as an institution of "primary money laundering concern," saying that it had helped North Korea launder money from illicit activities and place counterfeit money in circulation. The United States has proposed cutting off the bank, Banco Delta Asia, from contacts with the

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U.S. financial system, which has encouraged other lenders to sever ties with North Korea to avoid unwanted scrutiny from U.S. regulators. Banco Delta Asia has denied involvement in any illicit activities.

U.S. prosecutors also are moving to seize money in a Hong Kong bank account they say is linked to the sale of supernotes, as well as counterfeit cigarettes made in North Korea. The account is linked to the case of three men of Chinese descent who pleaded guilty in 2004 to conspiring to smuggle fake currency and cigarettes into the United States.

This week, the U.S. Secret Service said that about $15,000 in supernotes had passed through the Philippines last year, brought into the country by Chinese and Taiwanese nationals. A Secret Service official declined to identify the source of the notes, other than to say that they were from a country "the United States cannot go into."

North Korea Bristles At U.S.-South Drills (AP)

By Kwang-tae Kim

AP, March 23, 2006

North Korea warned Thursday it will react to upcoming joint U.S-South Korean joint military exercises with an unspecified "strong measure of self-defense," condemning the drill as saber-rattling for a pre-emptive nuclear attack on the North.

"Now that the U.S. intention to stifle the DPRK has become very clear, the DPRK will react to it with a strong measure for self-defense," a spokesman for the North's Foreign Ministry said in statement carried by the North's official Korean Central News Agency.

DPRK is a commonly used acronym for the North's official name, the Democratic People's Republic of Korea.

The weeklong exercises — dubbed RSOI and Foal Eagle — are scheduled to begin Saturday with 20,000 American troops, along with the aircraft carrier USS Abraham Lincoln, and an undisclosed number of South Korean soldiers.

The communist state has long claimed the U.S. is bent on invading the country, condemning the annual military drill as a "rehearsal" for an attack. The U.S. and South Korea characterize them as purely defensive.

"The U.S. decision to let carrier Abraham Lincoln and its task flotilla participate in the exercises goes to clearly indicate what reckless and dangerous phase the U.S. moves for a pre-emptive attack have reached," the spokesman said.

The spokesman also warned that U.S. sanctions against the North will not make Pyongyang change its stance. He didn't elaborate but the comment appeared to refer to the stalled talks on his country's nuclear weapons program.

The communist country has refused to resume the six-nation nuclear disarmament talks since November, demanding that Washington lift financial restrictions imposed on a Macau bank and North Korean companies for alleged complicity in counterfeiting and money laundering.

Earlier this month, U.S. and North Korean officials met in New York over the U.S. restrictions, but failed to produce any breakthrough. Washington says the financial actions are separate from the nuclear talks.

The North has said that the resumption of the six-party talks and resolution of the nuclear issue depends entirely on the U.S. attitude.

The talks — which involve the two Koreas, the U.S., Japan, China and Russia — produced a breakthrough accord in September when the North agreed to abandon its nuclear programs in exchange for aid and security assurances. But follow-up negotiations have stalled over the North's anger at U.S. sanctions.

Earlier this week, North Korea suggested it had the ability to launch a pre-emptive attack on the United States and said it had built atomic weapons to counter the U.S. nuclear threat.

The spokesman said the U.S.-South Korea drills would also adversely affect inter-Korean relations.

North Korea has put off high-level talks with the South that had been planned in Pyongyang the same week as the March 25-31 exercises.

U.S. Retaining Wartime Command On S. Korea (AP-Y2)

By William C. Mann

AP2, March 23, 2006

Defense Secretary Donald H. Rumsfeld said Thursday the United States must retain wartime command of South Korea's military until that country's forces are strong enough to maintain stability on the Korean Peninsula.

South Korea's president has said he hopes an agreement to turn over wartime command can be negotiated this year. The effect of any change would be felt only if war should return to the peninsula.

In a Pentagon news briefing, Rumsfeld said South Korea has brought up the idea, and "everyone agrees that 55 years after the war, it's reasonable that the South Korean forces would increasingly take on more and more responsibility."

Asked whether he thought the change in command structure could start this year, Rumsfeld replied: "No, no, I don't at all."

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South Korean President Roh Moo-hyun has been talking since January about negotiating a way for homegrown officers to recover wartime command of South Korea's military. He specified in a speech to cadets at the Korea Military Academy this month that he hoped the turnover would come this year.

An American general assumed command of South Korean forces in 1950, when the South Korean forces were subsumed into a U.S.-commanded U.N. force to repel invading North Koreans. A cease-fire in 1953 ended the fighting but not the state of war between North and South Korea. The South's military stayed under American command, although South Korean officers were given command during peacetime in 1994.

"The South Korean government has raised the question as to when might it be appropriate to transfer responsibility to the Korean command, and that is something that gets discussed," Rumsfeld said Thursday.

He said no time has been set for the turnover, but South Korean forces already are taking increasing responsibilities. "They're doing that," he said, "and as they continue to take on more and more responsibility, the United States will be able to reduce its troops."

He said he had not heard that Roh had suggested a 2006 agreement on a turnover, which he said will not happen.

His impression from conversations with Korean officials and cables he has read, Rumsfeld said, "is that they want the subject raised — which we do, too; we think that's just fine — and then we'd set about a path to see that the South Korean military evolves into a position where it would be appropriate for them to have that control."

The vital consideration is not to inject instability into the peninsula, Rumsfeld said. Before the Koreans can assume the responsibility, he said, they must "make investments and increase their capabilities."

Adm. Edmund P. Giambastiani Jr., vice chairman of the Joint Chiefs of Staff, said the U.S. commander in South Korea, Gen. Burwell Bell, is working to carry out the command status to achieve the goals Rumsfeld has set.

The 38th parallel on the Korean Peninsula, the cease-fire line that serves as a border between the communist-led North Korea and capitalist South Korea, has been described as the most militarized border in the world.

Until recently the United States had close to 40,000 troops in the South. That number is down to 29,500 now and is scheduled to decline to 25,000 by 2008.

Senators Optimistic On China Currency, But 'jury Still Out' (USAT)

By Calum Macleod

USA Today, March 24, 2006

BEIJING — The U.S. senators pushing a bill to punish Chinese currency policies said Thursday they were more optimistic Beijing will revalue the yuan. But they refused to rule out pushing for a vote after they return to Washington to impose tariffs on all Chinese imports into the USA.

"The jury is still out," Sen. Charles Schumer, D-N.Y., said here. "We still need some concrete signs of movement."

After three days of talks with Chinese officials, he said "there is a real possibility the Chinese government and people see it in their interest to let the yuan float." However, he got no firm indication of when the currency would be allowed to fluctuate on global markets. "The clock is ticking on this currency issue," said Sen. Lindsey Graham, R-S.C., and co-author of the bill to put a 27.5% tariff on Chinese imports. "It must be a win-win, but the status quo is unacceptable."

Graham and Schumer say China's undervalued currency means cheaper exports fuel a Sino-U.S. trade deficit that surpassed $200 billion in 2005. That figure represents "the largest trade imbalance in the history of man," according to Craig Allen, minister-counselor for commercial affairs at the U.S. Embassy in Beijing.

Currency and trade will be key issues during talks next month between President Bush, whose administration opposes the Graham-Schumer bill, and Chinese President Hu Jintao, who makes his first U.S. visit as Chinese leader in mid-April, the White House announced Wednesday.

Dramatic change in the value of the yuan is unlikely, according to Chinese analysts. On Thursday, China's central bank issued a statement promising to keep the exchange rate basically stable, while pushing forward plans toward future flexibility.

"China's conditions are not ready (to allow the yuan to float)," says professor Li Yushi, deputy director of the Chinese Academy of International Trade and Economic Co-operation, under China's Ministry of Commerce. "Maybe in eight or 10 years' time. … There will only be gradual change before then."

Exporters such as Yue Chi-hong in Dongguan, southern China's manufacturing powerhouse, are watching developments in Washington closely.

"The 27.5% tariff they propose would be a big blow for our business," says Yue, senior merchandiser for the Future Company of Hong Kong, which annually sells 1.5 million pairs of shoes, worth $30 million, to the USA, including to Wal-Mart and Payless stores.

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"Some 40% (to) 50% of shoes sold in America are made in China," Yue said. "The American consumer benefits from our low labor costs and skilled workers."

After stops in Shanghai and Hong Kong this weekend, the senators promised to consult with other senators and officials in Washington before deciding on the future of their bill.

U.S. Senators Offer Hope To China On Tariffs (WSJ)

By Jason Dean

The Wall Street Journal, March 24, 2006

BEIJING -- A pair of U.S. senators pushing sweeping tariffs aimed at Chinese imports said they are more optimistic about U.S.-China trade relations after a trip to China's capital. But the lawmakers stopped short of a commitment to put off a vote on their legislation, scheduled for next week.

Yesterday's comments from Sens. Charles Schumer, a New York Democrat, and Lindsey Graham, a South Carolina Republican, could ease concerns about the tariff bill, which some U.S. economists and business leaders have warned could seriously damage trade relations between the U.S. and China. The bill, scheduled for a vote March 31, would impose a 27.5% tariff on all Chinese imports within two years of passage if Beijing fails to sharply revalue its currency, which the lawmakers contend is kept artificially low.

"We are more optimistic that this can be worked out than we were in the past. But whether it will be, we're not certain yet," Mr. Schumer told reporters after three days of meetings with senior Chinese officials, including the central-bank chief and the commerce minister.

The senators said they will confer with colleagues and continue to talk with Chinese leaders by phone before deciding whether to move ahead with the vote.

The senators, along with other U.S. politicians, have argued that Beijing manipulates its currency to keep it undervalued by an estimated 15% to 40%, making Chinese exports artificially inexpensive and enlarging a U.S. trade deficit with China that ballooned to $201.63 billion last year, according to U.S. data. They first proposed their tariff legislation more than two years ago and have put off votes on it several times. Supporters of the bill contend it would pass the Senate and House with a strong enough majority to override any possible veto threat from the White House.

China's government has long said it intends to move toward a more-flexible exchange-rate system, but that the transition needs to be gradual. Last July, under heavy U.S. pressure, Beijing raised the yuan's value by 2.1% against the dollar and unpegged its exchange rate from the U.S. currency. The currency has appreciated by only about 1% more since then, including a slight surge in the days before Messrs. Schumer and Graham arrived.

Several U.S. business leaders have in recent days come out strongly against the legislation, saying it would be bad for U.S. companies and poison relations between the world's first- and fourth-largest economies. On Wednesday, Caterpillar Inc. Chief Executive Jim Owens issued a statement calling on legislators to reject tariff proposals. "Personally, I can think of no faster path to a world-wide recession than for the twin engines of the global economy -- the United States and China -- to turn against one another," he said.

Yesterday, James A. Baker III, a former U.S. secretary at the Treasury and State Department, said it would be advantageous for the yuan to adjust, but not "subject to threats from one of China's major trading partners." Protectionist legislation and sentiment are "a very serious thing today as far as the United States is concerned," Mr. Baker, now a partner in the law firm of Baker Botts, told a gathering of businesspeople in Hong Kong. "And I worry about it." (See related article1.)

This week's trip was the first time Messrs. Schumer and Graham visited mainland China, and both said they learned a great deal. Mr. Schumer said he was convinced Chinese leaders want to boost consumption in China, which has a savings rate many economists say is too high.

Mr. Graham said he was struck by the magnitude of China's problems -- for example, unemployment -- and how those issues weigh against sharp changes in currency policy. "I am more sensitive now than I was before to how hard it will be to move toward a floating currency," Mr. Graham said. But, he added, "I am more committed than ever to make sure that occurs," to ensure "harmony" in U.S.-China relations.

Senators Hopeful Of Compromise On Yuan (WP)

By Peter S. Goodman

The Washington Post, March 24, 2006

BEIJING, March 23 -- Two U.S. senators pressing legislation aimed at forcing China to substantially raise the value of its currency said Thursday that three days of meetings with high-level Chinese officials had left them hopeful that a compromise can be struck to avert trade conflict.

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"We're feeling better," said Sen. Charles E. Schumer (D-N.Y.), standing alongside Sen. Lindsey O. Graham (R-S.C.) at an evening news conference. "We are more optimistic than we were when we came here. We have seen that the Chinese government and the Chinese people actually have a convergence with the American people on currency."

Despite those sentiments, neither senator was willing to postpone a looming vote on their bill, which would impose 27.5 percent tariffs on all Chinese exports to the United States unless China significantly raises the value of its currency, the yuan. Manufacturers in the United States blame an artificially cheap yuan for undercutting the prices of their products on world markets. The bill has gained the support of 67 senators. A formal vote could come as soon as March 31.

"We still need some concrete signs of movement," Schumer said, asserting that China must demonstrate its intent to allow the currency to float with the market "within a discrete and reasonable period of time." He refused to spell out which actions China must take to delay a vote, adding that his ultimate aim was not the passage of the bill but rather a solution negotiated by the Bush administration and the Chinese government.

Still, the senators' positive comments, coming after months of often-bellicose rhetoric, underscored how Chinese officials have at least partially won over their two primary critics in the U.S. Congress.

Tuesday, both senators said they came to Beijing to register the depth of U.S. anger toward China over unfair trading practices. "The currency issue is a defining moment in U.S.-China relations," Graham said.

Both senators pinpointed as a breakthrough assurances from Chinese officials that they intend to eventually allow their money to float freely as part of their continuing transition from communism to capitalism. Chinese officials have made such pledges for two years, while maintaining that it will happen gradually and on their own timetable.

Graham said he had been moved by testaments from Chinese officials that allowing the yuan to float could harm coastal factories, a crucial source of employment at a time of growing rural strife. "I think I'm more patient," Graham said. "It will take us longer than I thought."

The high-profile reception the senators enjoyed highlights Beijing's adjustment to the realities in Washington, where trade frictions with China have blossomed into a significant political issue along with the bilateral trade balance -- more than $200 billion in China's favor at the end of last year.

China has bristled at charges that it is to blame for unemployment in the United States, asserting that it has been unfairly cast as a scapegoat.

After raising the value of the yuan against the dollar by 2 percent last July, Chinese officials have asserted that "currency stability" is now a primary goal, knocking down suggestions that another increase is in the works. Economists say the yuan is undervalued by 15 to 40 percent.

Analysts said China's welcome reflected a calculation that the bill could stir up anti-Chinese sentiments in the United States while threatening Chinese exports.

"The Chinese government certainly felt pressure from the American side," said Shen Dingli, an international relations expert at Fudan University in Shanghai. "China fears that if punitive tariffs are really imposed or the yuan is substantially revalued to its legitimate market value, then numerous exporters and manufacturers in China would go bankrupt and lay off workers."

Others said China's leaders effectively defanged its congressional critics for little more than the price of saying over the banquet table what they have already said in public. They added that China does not really fear the bill because it would hurt Americans as well as Chinese by jacking up the price of consumer goods on U.S. shelves and perhaps triggering recession.

"Both the Congress and the Bush administration are putting on a performance to please their constituents," said Mei Xinyu, a researcher at the Chinese Ministry of Commerce in Beijing. "Behind the tough stance and the pressure, China is cognizant of the fact that the United States has to pay a price in the worst outcome."

On China Visit, US Senators Tone Down Tariff Talk (CSM)

By Robert Marquand

The Christian Science Monitor, March 24, 2006

BEIJING - They came. They saw. But rather than conquer - they began a "process of careful rumination."

With a deadline looming on one of the US Senate's most drastic tariff proposals ever on China, the authors of the legislation, Charles Schumer (D) of New York and Lindsay Graham (R) of South Carolina, paid a visit to Beijing to talk tough and be aggressive. Until Thursday, when their attitudes seemed to change, they were going head to head with Chinese leaders in a bold bid to change China's currency rate, which they say is undervalued between 15 to 40 percent.

The bill is one of a series of moves in Washington to address the mounting trade deficit with China ahead of President Hu Jintao's visit to the White House April 20. Yet it appears that Senators Schumer and Graham, whose bill would levy a whopping 27.5 percent tariff on Chinese goods, may have blinked after three days of high-level briefings.

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"I'm more optimistic that things can be worked out ... than when I came," Schumer said in a press briefing here. "It's been an eye-opening visit," he said, noting that reform in China appears to be both more complex, and further developed, than he realized. "We believe that there is a very real possibility that the Chinese government and the Chinese people see it in their interest to let the currency float ... but the jury is still out."

The two senators agreed that a Chinese offer to change the currency evaluation three percent was far short of their expectations. But the assurances they heard - and the deeper and broader picture of Chinese realities they had painted for them - were causing them to temporize about how hard to push for the upcoming March 31 bill.

That legislation, reflecting frustration on Capitol Hill with an estimated $204 billion trade imbalance with China, is strongly supported by 67 senators. The unlikely pairing of the Northern liberal and Southern conservative typifies sentiment in the Senate on China trade, and the two senators say they have the votes to override what would certainly be a White House veto.

For Chinese officials, the visit by Schumer, Graham, and Sen. Tom Coburn (R) of Oklahoma was itself seen as a small victory, and a chance to educate the American lawmakers on Chinese policies and problems through face-to-face meetings with Wu Yi, the vice premier, and Bo Xilai, the commerce minister.

Chinese economists point out that tens of thousands of small- and medium-sized businesses operate on a 2 percent or less margin, and to massive reevaluate the currency could create economic and social instability. The same argument was made by Mr. Hu to President Bush when the two met last September.

Schumer and Graham said their interlocutors made a convincing case that China is moving gradually toward a floating currency, but top leaders agree that it is in China's long-term interest to adopt an international standard, and that the new 11th five-year plan adopted this month begins to make structural changes to accommodate floating currency.

Graham pointed out that he and Schumer are "not exactly political soulmates," and used their unlikely pairing to illustrate for the Chinese how serious the trade imbalance and currency evaluation question is in the US. "The status quo is not adequate.... If China is doing a better job, fine," said Graham. "But we need real and concrete evidence ... the clock is ticking."

Under the Schumer-Graham proposal, the actual tariff regime would not begin for at least two years, and the senators acknowledged that the 24-month time period was designed to "get something moving" before such strong measures kicked in.

Critics of the drastic tariff measures both in China and in the US say it has arisen too quickly and that its punitive measures are too harsh.

Schumer pointed out that the tariff bill has been under consideration for three years, and that charges it came overnight are incorrect.

"China and America are joined at the hip ... the US is the biggest market, and China is the largest exporter," Schumer said, adding that relations between the two can be positive. "But people are often reluctant to change ... on both sides, so we are creating an incentive to improve."

China Harvesting Inmates' Organs, Journalist Says (WT)

By Bill Gertz

The Washington Times, March 24, 2006

A Chinese journalist has uncovered a secret detention center in northern China that is being used by a hospital to harvest human organs for sale to domestic and international buyers.

Jin Zhong, a pseudonym for the journalist who fled China recently, also said in an interview that a failed Chinese intelligence operation led to the 2004 death of a Japanese diplomat who committed suicide rather than give up secrets.

On the prisoner abuse, Mr. Jin said he first learned of the harvesting operation between October and December and that the prisoners used were members of the outlawed Falun Gong religious group.

"This is murder, and murder sponsored by a state," said Mr. Jin, who in the past has been a contributor to a Japanese news agency. "It must be stopped."

Mr. Jin said he came across the underground detention center while researching the Chinese government's response to the Severe Acute Respiratory Syndrome (SARS).

A Chinese official was the first person to reveal that secret medical work was being done at the Liaoning Provincial Thrombosis Hospital of Integrated Chinese and Western Medicine, in Sujiatun, a suburb of Shenyang, the major city in northeastern China, he said.

Mr. Jin then said he found out that a large underground prison was built beneath the hospital and that members of the outlawed Falun Gong religious group were being held there. As many as 6,000 people are thought to be held prisoner at the underground facility, he said.

The hospital is harvesting the organs of the prisoners, including kidneys, livers, and eye parts, he said. The organs are then sold to people, from both China and abroad, who need medical organ transplants.

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One source for Mr. Jin was the wife of a hospital doctor who was involved in the organ harvesting. The doctor suffered psychological problems as a result of the gruesome medical work and disclosed the secret activity. The Chinese woman also has fled to the United States.

Several other hospital workers also revealed details about the prisoner organ harvesting.

Mr. Jin said he had to hide his true identity after being threatened by Chinese government agents. He was arrested twice for his reporting and recently fled to the United States, where he hopes to seek political asylum.

Mr. Jin said bodies of the prisoners were burned in the boiler room of the hospital and that boiler room workers had taken jewelry and watches from the dead and sold them. He said he has provided information about the organ harvesting to U.S. government officials, including members of Congress.

A Chinese Embassy spokesman could not be reached for comment.

Regarding the Japanese diplomat, Mr. Jin said he first learned of the intelligence operation in December. Japan's government protested the Chinese intelligence operation, which Beijing dismissed as a groundless accusation.

China Adds To Uncertainty Over Jailed Times Aide (NYT)

By Jim Yardley

The New York Times, March 24, 2006

BEIJING, March 23 — The United States on Thursday continued to press China about the status of a jailed researcher for The New York Times, but the uncertainty about his fate deepened as a Chinese government spokesman appeared to cast doubt on whether he would soon be released.

The case against Zhao Yan, 44, a Chinese researcher in the Beijing bureau of The Times, was withdrawn last Friday by a court order. His lawyer said the withdrawal of the charges against him — one count of fraud, another of disclosing state secrets to The Times — meant that Mr. Zhao would soon be released, possibly on an equivalent of bail.

But the Chinese authorities have since remained silent about the status of Mr. Zhao, and he is still behind bars. Asked on Thursday afternoon about the case, the Foreign Ministry spokesman, Qin Gang, criticized foreign news organizations for making "irresponsible statements," and he then offered a cryptic response.

"You ask if Zhao Yan will soon be released," Mr. Qin said during a regular news briefing for foreign reporters. "From what I have learned, the actual situation is not like what you are talking about."

Pressed for specifics, Mr. Qin refused to elaborate and also declined to identify the source of his information. "I think my information channel will be more authoritative than yours," he said.

The suggestive but vague comments underscored the confusion surrounding a case that has brought international criticism of China. Mr. Zhao has spent 18 months in prison without a hearing. His arrest is directly linked to a Sept. 7, 2004, article in The Times that disclosed an unexpected offer by former President Jiang Zemin to resign his final leadership post as chief of the military.

The article prompted a high-level government investigation to determine who had leaked the information about Mr. Jiang's offer.

Mr. Zhao has denied the charges, and The Times has also denied that he leaked any state secrets to the newspaper.

During the past week, American officials have met with their Chinese counterparts to try to clarify the status of his legal case and to press for his release. On Thursday, the State Department issued a new statement on the case, calling on China to release Mr. Zhao.

"We have repeatedly stated that we believe that Mr. Zhao should be released on the lack of merit of the case against him," the State Department said. "We urge China to honor its constitutional guarantees of freedom of expression."

Mo Shaoping, Mr. Zhao's lawyer, said he filed a second motion with Beijing prosecutors this week asking that his client be freed immediately. Mr. Mo repeated that the decision by prosecutors to withdraw the case meant that Mr. Zhao should be released. He said that prosecutors must introduce new charges based on new evidence if they intended to prosecute him in the future.

Some foreign and Chinese legal experts agree that the rationale used by prosecutors to withdraw the case was unusual. Prosecutors asked for the withdrawal to provide more time to investigate the lesser fraud charge. Such an explanation is usually given when prosecutors want to delay, not withdraw, a case. But legal experts say this unorthodox wording could have been an intentional way to drop the case without prosecutors or state security agents admitting error. It also could potentially allow for Mr. Zhao to be released, but on a restricted basis, akin to bail.

On Thursday, prosecutors in Beijing told family members of Mr. Zhao that they were awaiting instructions from higher officials. Zhao Kun, an older sister of Mr. Zhao, visited the prosecutors' office on Wednesday and Thursday but was denied an audience with the authorities overseeing the case.

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Ms. Zhao said she asked to meet with the chief prosecutor on Saturday, a day when the office schedules meetings between prosecutors and the public. But she said she was told that she would not be eligible for a meeting because the case against her brother had been withdrawn.

Another official in the office told Ms. Zhao that local prosecutors were not authorized to give her any information about the case.

A Chinese Journalist In Jail (NYT)

The New York Times, March 24, 2006

As China moves ahead steadily in the global marketplace, its ultimate success will depend not just on its buying power. Among other things, China must have a free press and a judicial system based on the rule of law rather than political power. One highly public test of both will be whether the Chinese authorities release Zhao Yan, who has been in jail for nearly 18 months on specious charges that he revealed state secrets to The New York Times.

Last week, the authorities appeared to withdraw the charges against Mr. Zhao, who is a researcher for the Times staff in China. But instead of releasing him quickly, as should have been the case, the Chinese government has been sending distressingly mixed signals about the status of Mr. Zhao. And he remains languishing in a Beijing jail.

Mr. Zhao, 44, is a seasoned journalist who was well known for covering rural issues before he joined the Times bureau in April 2004. He was arrested shortly after The Times published an article in September of that year predicting, correctly, that the former president, Jiang Zemin, would retire from his last official post.

The release of such information should not be a reason to jail any journalist anywhere, of course. But in any case, Mr. Zhao has denied that he gave the story to his colleagues, and Times editors have repeatedly assured the Chinese authorities that Mr. Zhao was not a source for the information about Mr. Jiang's retirement.

Mr. Zhao is not the only journalist unjustly jailed in China, and it is fair to say that our concern is heightened by his association with The Times. But his arrest shows how China can too easily use the courts to silence any journalist who crosses some unseen line of behavior and offends some unnamed person in power. It is an example of the government's need for a scapegoat when coverage about high officials or the Communist Party does not turn out as the leadership would have scripted it.

The United States authorities have taken up Mr. Zhao's cause. Most recently, the United States Embassy in Bejing issued a statement reiterating that he was wrongly arrested and indicted.

By now, it should be clear to the Chinese authorities that American leaders and the international news media are not going to forget this case. Mr. Zhao's plight should remain on the agenda for President Hu Jintao's first official visit to Washington next month. A better outcome would be for China to follow up on the withdrawal of the charges against Mr. Zhao and releasing him immediately.

Japan Suspends Loans To China On Strained Ties (FT)

By David Pilling In Tokyo

Financial Times, March 24, 2006

Japan has suspended decisions on new yen loans to China, blaming its increasingly strained ties with its biggest trading partner and former wartime adversary.

The move, although largely symbolic, marks a fresh low in relations between Asia's two biggest powers, which have been dogged by disputes over territory and natural resources.

Ties have worsened in recent years because of annual visits by Junichiro Koizumi, Japan's prime minister, to Tokyo's Yasukuni shrine, where 14 war criminals are honoured alongside millions of war dead.

Shinzo Abe, chief cabinet secretary, said on Thursday that Tokyo would "put off making a decision on yen loans for this fiscal year to China...because of various situations surrounding Sino-Japanese relations".

However, Mr Abe, the frontrunner to succeed Mr Koizumi as prime minister in September, said the freeze signalled a delay, not a suspension, and that yen loans would continue with the aim of securing "future-oriented Sino-Japanese relations".

Japan announced last year that it was winding down aid to China from 2008, the year of the Beijing Olympics. However, this is the first time that a reduction or freeze in loans has been explicitly linked with politics.

Previously, Tokyo had argued that China no longer needed aid because of its growing economic might – an explanation that succeeded in muting Chinese protests.

Both India and Indonesia get more Japanese aid. Mr Abe is considered a hardliner on China because of his insistence on visiting the Yasukuni shrine and support for revising Japan's pacifist constitution.

Qin Gang, a spokesman for China's foreign ministry, said at a regular briefing in Beijing that the two countries were facing "a complicated situation and severe hardship in our relations".

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He conceded that Japanese soft loans to China, which total more than ¥3,000bn ($25.7bn €21.2bn), had been beneficial. Much Chinese infrastructure in the thriving coastal cities has been built with Japanese money.

However, Mr Qin said the loans had also helped Japanese companies, a reference to Japan's practice of tying aid to work undertaken by domestic contractors.

"Such an agreement is mutually beneficial," he said. "It is not charity given by one country to another."

Many Japanese officials say privately that soft loans to China have not been properly recognised by the Chinese authorities. Japan's low-interest loans to China were ¥86bn in 2004, less than half the peak figure reached in 2000.

Meanwhile, Tsuneo Watanabe, chairman of the mass-circulation Yomiuri newspaper, said on Thursday that Japanese leaders had still not apologised properly for wartime atrocities.

Coming from one of Japan's most conservative newspapers, the statement is a reprimand to figures such as Mr Koizumi and Mr Abe for allowing relations with China to deteriorate so far.

"The great blame attaches to Japan for having been involved in a war of invasion," Mr Watanabe said. "It is incumbent on Japan to apologise, and it is unfortunate that our apologies in the past have been half-hearted."

Mr Watanabe said his newspaper could not support Mr Abe as the next prime minister unless he renounced "market fundamentalism", blamed for widening social divisions, and stopped visiting the Yasukuni shrine.

Japan Cuts Off Loans To China; Relations Chill (WT/AP)

By Kana Inagaki, Associated Press

The Washington Times, March 24, 2006

TOKYO -- Japan said yesterday it was freezing its loans to China through the end of this month because of worsening relations between the two nations, which increasingly have become economic rivals.

Criticism is mounting in Japan that China's booming economy no longer needs the handouts. The two also are squabbling over natural resources and the bitter legacy of World War II.

Chief Cabinet Secretary Shinzo Abe said Japan won't give any more of the loans to China during the current fiscal year, which ends next Friday. He said the government may release the loans again next month if the situation improves.

"We have decided to waive a plan to provide loans for fiscal 2005, considering the current situation surrounding the Japan-China relations," Mr. Abe said. "We will monitor future development in Japan-China relations while continuing discussion [on the loans] within the government."

China reacted coolly to news of the suspended loans, appealing for dialogue.

Chinese Foreign Ministry spokesman Qin Gang said the two countries are facing "a complicated situation, and we have severe hardship in our relations."

"We should have exchanges and consultations over the differences and problems, and properly resolve those issues," he said at a briefing. "On Japan's credit to China, we think this issue should also be resolved in line with this principle."

Ties between Japan and China have deteriorated in the past year as the two feud over maritime gas deposits near disputed islands in the East China Sea, interpretations of World War II history and other issues.

The United States has expressed concern about the growing tensions between the two Asian powers and urged them to find common ground and overcome their differences for the sake of stability in the region.

"We have encouraged good relations between China and Japan, and even though there are difficulties in that relationship, China and Japan also share a lot of interest and, indeed, a lot of trade and commerce and a lot of economic relations," Secretary of State Condoleezza Rice said last Friday during a visit to Australia.

China reportedly proposed joint exploration of separate gas deposits, but Japan said it had no intention of jointly developing gas fields near the islands -- called Diaoyu by China and Senkaku by Japan.

Japan-Taiwan Ties Blossom As Regional Rivalry Grows (WP)

By Anthony Faiola

The Washington Post, March 24, 2006

TAIPEI, Taiwan -- Early rising seniors have gathered for years to exercise among the yellow lotus blossoms and fuchsia rhododendrons of Chiang Kai-shek Memorial Park, the sprawling gardens in this island's capital. Now local residents stretch their limbs in slow-moving tai chi routines amid a landscape distinctly altered by the addition of 450 cherry trees, a national symbol of Japan.

The trees, set in a park commemorating a leader who fought Japan during World War II, are among the first of more than 10,000 that Japanese and Taiwanese groups intend to plant across Taiwan. They are seen as emblems of the newly blooming

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relationship between the Pacific neighbors -- a tie that only underscores the competition for regional influence between Japan and China, East Asia's two major powers.

With Japan seeking to shed a half-century of pacifism and reassert itself in world affairs, and China acquiring vastly larger economic and military might, relations between the two are as tense as they have been at any time since World War II.

Nowhere is their contest more visible than here in Taiwan, which China regards as a renegade province that must be reunified with the mainland, by force if necessary. In recent months, Japan has made a series of unprecedented overtures toward Taiwan, which was a Japanese colony from 1895 to 1945. In Tokyo, leading politicians are increasingly adopting the view that Japan must come to the island's aid in the event of Chinese aggression.

Many analysts say they believe Japan's evolving interest in Taiwan could tilt the regional balance of power. The United States, which has diplomatic relations with mainland China, is nonetheless sworn by the Taiwan Relations Act of 1979 to defend the island territory if it is attacked.

"The peace and stability of the Taiwan Strait and security of the Asian Pacific region are the common concerns for not only Taiwan, but also Japan and the United States," Taiwanese President Chen Shui-bian said during an interview last week. Therefore, he said, "Japan has a requirement and an obligation to come to the defense of Taiwan."

Like many countries, Japan severed diplomatic ties with Taiwan in the 1970s in deference to Beijing's "one-China" policy. But lately, Japan has been less particular about its rule of maintaining a careful distance. Twice in the past two months, Japan's foreign minister, Taro Aso, has angered China by publicly referring to Taiwan as "a country." Last year, the Tokyo government dropped visa requirements for visitors from Taiwan. And Japanese and U.S. leaders have for the first time jointly declared protection of the Taiwan Strait a "common strategic objective."

In a less public gesture, Yoichi Nagano, formerly a general in the Japanese Ground Self-Defense Force, the army, is serving as the first military attaché at Tokyo's de facto embassy in Taipei, the Interchange Association. In an interview, Nagano said he conducts meetings with Taiwanese government and military figures and sends regular dispatches to Tokyo.

In 2004, a group of Japanese legislators formed a committee on Taiwanese security. This May, Tokyo is set to allow former president Lee Teng-hui, the Japanese-educated champion of Taiwanese democracy, to visit Japan for the second time in 18 months. So-called Track 2 meetings between Japanese and Taiwanese politicians, academics and retired military officials have intensified, according to officials in Taiwan and Japan.

These moves coincide with the rise to power in Japan of a new crop of hawks in the long- ruling Liberal Democratic Party headed by Prime Minister Junichiro Koizumi. During his five years in office, Koizumi has pushed aside rivals in the LDP who had long stressed the importance of maintaining a respectful distance from Taiwan.

The shift also comes as China's military buildup is causing growing concern in Japan. The Beijing government boosted military spending by 15 percent this year. Tensions were particularly heightened after riots broke out across China last year against Japan's bid for a permanent seat on the U.N. Security Council and the publication in Japan of textbooks allegedly whitewashing the country's militarist past.

The Japanese view a potential Chinese takeover of Taiwan gravely. Such a move would give Beijing a perch for its missiles a mere 66 miles from Japanese territory while helping China to control the shipping lanes that carry the bulk of Middle East oil coming to Japan.

Japan has countered with uncharacteristic assertiveness. In November 2004, Japanese warships chased a Chinese submarine that had entered Japanese waters near Taiwan in what was widely seen as a test of Japan's resolve in defending the strategically sensitive zone.

Koizumi's government is also investing millions of dollars in a joint missile defense system with the United States. Some analysts say Taiwan could eventually become part of the system, turning it into a three-way defense against Chinese missiles.

Japan's pacifist constitution limits the country's ability to deploy its military abroad. But political leaders in both Japan and Taiwan are embracing a broad interpretation of a 1999 law allowing Japan to respond to threats in nearby waters. This, they say, could provide a legal basis for Japan to join the United States in responding to Chinese aggression.

Most of these leaders agree that Japan would be able to contribute rear-guard refueling, transportation and medical services and perhaps conduct search-and-rescue missions inside Taiwan. If Japanese ships or personnel providing such assistance were attacked, "it would mean war," said Tokuichiro Tamazawa, a leading LDP lawmaker long involved in the Taiwan issue.

Tadashi Ikeda, chief representative of the Interchange Association, Japan's unofficial embassy in Taipei, said Tokyo remained strongly in favor of a peaceful solution to the Taiwan issue. But, he added, "there has always been a question of what Japan would do" in the event of Chinese aggression. "Now the Taiwanese can say that both the U.S. and Japan are on their side."

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U.S. officials have cautiously welcomed the more assertive Japanese stance. But they have also expressed concern that too sudden a shift could embolden Chen, Taiwan's president, to take steps toward formal independence that could ignite a cross-strait conflict.

China's relations with Japan have nose-dived since Koizumi took office and promptly began paying annual visits to Tokyo's Yasukuni Shrine, which honors Japan's 2.5 million military dead, including World War II criminals. Japan and China have also become embroiled in disputes over territorial claims and oil and gas drilling rights in the East China Sea.

Chen said in the interview last week that relations between Japan and Taiwan were at their closest since the two countries' 1972 diplomatic break. Chen said he hoped it would lead to a three-way "quasi-military alliance" among the United States, Japan and Taiwan.

In contrast with the Chinese and Koreans both North and South, many Taiwanese view the years of Japanese colonial rule in sympathetic terms. Older Taiwanese often delight in speaking Japanese, the official language of their youth. Imperial-era structures, including the elegant Presidential Office Building that was once the seat of the Japanese governor, have been painstakingly preserved and declared national treasures.

Japan and Taiwan are exchanging a record 2.3 million tourists each year, and Japan remains Taiwan's largest trading partner. Large Japanese department stores and fast-food chains dominate the Taipei cityscape.

"The Japanese built universities, roads and other infrastructure. They educated us, they turned us into a more modern society," said Hwang Kuan-hu, a national policy adviser to Chen. "We welcome Japan becoming more involved again with Taiwan."

Not everyone in Taiwan shares that sentiment, particularly members of the opposition Nationalist Party, which favors closer ties with China. Earlier this year, the party took offense when Japanese and Taiwanese groups jointly erected a monument in a Taipei suburb honoring thousands of aboriginal Taiwanese who died fighting for the Japanese Imperial Army in Southeast Asia. A few weeks later, most of the monument was ordered dismantled by local Nationalist Party officials.

Ma Ying-jeou, the Nationalist Party chief who opinion polls indicate is the favorite to win Taiwan's 2008 presidential election, described the incident as a good example of the emotions that could be unleashed if the embrace of Japan goes too far.

Taiwanese who revel in the Japanese colonial years "are still brainwashed," Ma said. "It was not a just war, and Taiwan could have done better" without the citizens who now recall that period with fondness.

Beijing's Aggression (WT)

By Jaushieh Joseph Wu

The Washington Times, March 24, 2006

During his visit to Japan in November 2005, President George W. Bush said that by embracing freedom at all levels, Taiwan has delivered prosperity to its people and created a free and democratic society. For Taiwanese who lived through the four decades of authoritarianism and martial law under the Chinese Nationalist Party (KMT), Mr. Bush's words were no less an official recognition of what Taiwan has fought hard to achieve over the past few decades.

We, the Taiwanese people, understand and appreciate that the U.S. government has contributed significantly to our democratization. As Taiwan has now democratized, some in Washington have shifted their attention to other authoritarian battlegrounds. We've recently seen some of these defenders of liberty challenge giant American enterprises that are helping the Chinese regime. The Taiwanese people applauded this act, just as we cheered Mr. Bush's speech in Japan.

While some writers and other advocates of freedom continue to struggle on inside China, Taiwan is quietly helping by working hard to poke small holes in the "Great Firewall" with the hope that very soon information can freely flow to the Chinese people. Taiwan's own experience tells us that as long as there is outside support, freedom fighters will continue their battle from within against that seemingly invincible enemy, state control. The Taiwanese people stand firm together with members of Congress and these Chinese champions of liberty both in word and in deed.

Ironically, Taiwan, just like any other young democracy, still bears some trappings of the authoritarian dictatorship of the past. The national anthem of Taiwan is that of the KMT, and the emblem of the national flag is the KMT emblem. In addition, corporations such as China Airlines, China Ship Building, China Petroleum, and China Steel are actually Taiwan's state-owned corporations, not China's.

For any other newly democratized country, the issues mentioned above could be easily remedied. Unfortunately for Taiwan, these issues persist because China consistently threatens Taiwan with force when these issues are publicly discussed. But just like in any other democracy, these issues will not be ignored and will be open to public deliberation. Taiwan's government understands the sensitivity of these issues and has handled them with prudence, despite public opinion strongly being in favor of the continuation of political reform. Taiwan is deeply committed to maintaining peace and stability in the region.

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In Taiwan today, there is a clear sense of insecurity despite pride in her democratic achievements. China is becoming increasingly more influential internationally and cleverly uses its power to marginalize and suffocate Taiwan. Taiwan cries out for help from time to time, but the results have been extremely disappointing. While Taiwan desires a free trade agreement with the U.S. to counter China's attempt to marginalize Taiwan economically, it has not materialized. While Taiwan worries about China's aggression, its defense budget continues to stall in the legislature. While the world is vulnerable to the spread of avian flu, the World Health Organization still excludes Taiwan.

Almost a year ago, China passed the Anti-Secession Law, which claimed Taiwan to be a part of China and legalized the use of non-peaceful means against Taiwan to enforce that claim. On the advice of the U.S. government, Taiwan offered a muted response to prevent conflict from erupting in the Taiwan Strait. But China's military threat increases, its attempts to suffocate Taiwan internationally grow stronger, and Taiwan becomes increasingly divided and internally weakened in facing China. Regrettably, none of what Taiwan needs to feel secure has been forthcoming.

China again threatened Taiwan when President Chen Shui-bian recently suggested ceasing the function of the National Unification Council (NUC) and its guidelines both remnants of the past regime. The NUC and its guidelines specify that the only course open to a democratic Taiwan is unification with authoritarian China, which goes against a fundamental and guiding democratic principle that the people have the right to determine their own destiny. Ceasing the NUC and the NUG is fully in line with democratic principles.

The Taiwanese government understands the United States' very legitimate concern over whether President Chen's actions constitute a unilateral change of the status quo. The status quo in the Taiwan Strait is that the two sides, China and Taiwan, are fully separate entities, neither having jurisdiction over the other, best exemplified by the democratization of Taiwan, which occurred without regard to what the state of affairs was across the strait. Taiwan fully supports U.S. policy because it is against Taiwan's interests to change what is indeed reality.

President Bush's comments late last year were an encouragement to Taiwan. Taiwan is now refining its democracy, the better to be a beacon for democracy activists in China to follow, and in this endeavor Taiwan deserves U.S. support.

Jaushieh Joseph Wu is the Minister of Mainland Affairs, Council of Taiwan.

U.S. Freezes Lebanese Media's Assets (AP-Y2)

By Jeannine Aversa

AP2, March 23, 2006

The Bush administration moved Thursday to freeze the assets of several Lebanese media outlets, alleging that they helped raised money and recruits for Hezbollah's terrorist network.

The Treasury Department's action is against al Manar, a satellite TV operator, al Nour Radio and their parent company, the Lebanese Media Group.

Any assets found in the United States belonging to these three outlets will be frozen and Americans are forbidden from doing business with them.

The department alleges that al Manar and al Nour Radio are the "media arms" of Hezbollah, a Lebanon-based group that the United States has designated as a terrorist organization.

"Al Manar and al Nour have supported fundraising and recruitment efforts by Hezbollah," the department said in a release. "Al Manar raised funds for Hezbollah through advertisements broadcast on the network and an accompanying website that requested donations for the terrorist organization."

Hezbollah leader Sheik Hassan Nasrallah also allegedly used al Manar and al Nour Radio to publicize an invitation for Lebanese citizens to volunteer for Hezbollah military training, the department said.

"Any entity maintained by a terrorist group — whether masquerading as a charity, a business or a media outlet — is as culpable as the terrorist group itself," said Stuart Levey, the Treasury Department's under secretary for terrorism and financial intelligence.

Al Manar also has provided support to other terrorist groups, including the Palestinian Islamic Jihad and al Aqsa Martyrs Brigade, the department alleged.

The department said Nasrallah, along with Hezbollah's executive council, managed and oversaw the budgets of al Manar and al Nour. Moreover, prominent Hezbollah members have been major shareholders in the Lebanese Media Group, the department alleged.

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On the Net:

Treasury Department's Office of Foreign Assets Control: http://www.ustreas.gov/offices/enforcement/ofac/

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Venezuela, U.S. Reach Airline Agreement (AP)

By Christopher Toothaker, Associated Press Writer

AP, March 24, 2006

The United States and Venezuela have reached a temporary agreement that will avoid a proposed ban on flights by most U.S. airlines to the South American country, the U.S. ambassador said.

William Brownfield said Thursday that officials from both countries agreed to have the U.S. Federal Aviation Administration work with Venezuelan officials to improve local safety standards.

Venezuelan authorities want the FAA to end safety restrictions that prevent Venezuelan airlines from flying to the United States and had warned that they would decide on March 30 whether to ban U.S. flights.

"I think our two governments have resolved, at least for the moment, the civil aviation problem. We have reached an agreement, the FAA is sending a technical team here to Venezuela," Brownfield told Venezuela's Globovision television channel.

The proposed ban would have prohibited all flights by Houston-based Continental Airlines Inc. and Atlanta-based Delta Air Lines Inc. It would have restricted some by AMR Corp.'s American Airlines, the largest U.S. carrier.

Brownfield had warned last week that Venezuelan flights to the United States would be banned if Venezuela prohibited flights by U.S. airlines.

In 1995, the FAA lowered Venezuela's carriers to category 2, forcing Venezuelan airlines to fly planes rented from U.S. companies or from airlines operating out of category 1 countries, such as neighboring Colombia.

The FAA also said Venezuela must tighten its airline safety procedures and downgraded its civil aviation authority, restricting flights because Venezuela allegedly didn't meet international safety standards.

Despite the restrictions, two Venezuelan lines still serve the United States using rented planes, Aeropostal and Santa Barbara.

Venezuela insists it has long since corrected any safety problems and recently invited FAA officials to inspect its airlines.

Officials at Venezuela's National Aviation Institute could not be immediately reached for comment regarding Brownfield's announcement.

American and Venezuela aviation officials met during an airline security conference in Montreal this week for talks aimed at avoiding the ban.

Assad Kotaite, head of the U.N. International Civil Aviation Organization, said a U.S. mission would visit Caracas early next month to maintain dialogue and assess Venezuela's progress since its last audit.

Thursday's announcement comes amid tense relations between Caracas and Washington.

A U.S. Advisory About Travel In Italy Becomes A Political Issue (NYT)

By Ian Fisher

The New York Times, March 24, 2006

ROME, March 23 — An American travel advisory on possible dangers in Italy ballooned on Thursday into an issue in the close national election campaign here, with opposition politicians suggesting that the advisory could be used as ammunition against them.

Silvio Berlusconi, the center-right prime minister who is battling to remain in office, immediately seized on the advisory, saying that the "security concerns" addressed in it were caused by demonstrators aligned with the center-left opposition.

"I have the right and the duty to underline the danger of the political left that wishes to bring party leaders to Parliament who want to snuff out our opinions by using violence," Mr. Berlusconi said in Rome.

The travel advisory, issued by the State Department on its Web site this week, warned Americans to avoid large crowds, mentioning specifically a violent demonstration on March 11 in Milan carried out by anti-globalization activists.

The advisory, not as serious as a more formal travel warning, also spoke of "the continuing threat of terrorist attacks" in Italy, and mentioned Al Qaeda specifically.

Romano Prodi, Mr. Berlusconi's main opponent, who is supported by several leftist parties, was concerned enough by the implication that leftist demonstrators constituted a threat that he called the American ambassador, Ronald Spogli, for an explanation on Thursday.

"He explained to me that it is standard practice, but I remain very surprised," Mr. Prodi said on Italian radio on Thursday, referring to Mr. Spogli. "Because a move like this, with the elections so close, can bring with it a sense of anguish and fear, and there is no need for that."

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Ben Duffy, a spokesman for the American Embassy, said that while such advisories were not common in Western Europe, Washington had issued 70 such advisories in the past year. A similar one was issued earlier this year as a result of widespread rioting on the outskirts of Paris.

Mr. Duffy said there was no intention for the embassy to become involved in Italian politics. The election is next month.

"We anticipated this as an issue," he said. "In Italy everything is about the campaign, and in fact this is done by the consular affairs bureau, an independent channel without regard to the political impact."

Belarus Protest Dispersed As Police Arrest Hundreds (NYT)

By C. J. Chivers

The New York Times, March 24, 2006

MINSK, Belarus, Friday, March 24 — Belarussian riot police officers arrested hundreds of antigovernment demonstrators early Friday morning in the central square of Minsk, ending five days of protests with a swift police action.

The police arrived on six large trucks just after 3 a.m., wearing black riot helmets and masks, and surrounded the small encampment in October Square.

The demonstrators, who had been protesting a rigged presidential election last Sunday, stood their ground while the officers dismounted and jogged into place in lines, cutting off any chance of escape.

For a few minutes, as the police awaited the final command, the demonstrators' loudspeaker worked, and one of their leaders ordered the protesters to sit down and hold hands before the police moved in.

They chanted, shouting "The police are with the people!" and "Truth! Truth! Truth!" but offered no resistance visible to journalists, who were ordered by the police to stand about 50 yards away.

The demonstrators were easily outmatched. The police carried away the first few protesters and loaded them onto trucks, and in a few minutes the remainder of the demonstrators, who appeared to be at least 300 strong, left in orderly columns and boarded waiting buses and trucks.

Some raised their fists in defiance as they boarded. The operation was over in less than 25 minutes.

The police sweep came a day after the government of President Aleksandr G. Lukashenko confirmed his overwhelming victory for a third term in office, with the election commission saying his final tally was 83 percent of the vote.

International observers have said the vote was neither free nor fair. The United States has condemned both Mr. Lukashenko and the election and called for a new vote, saying the campaign was conducted by a dictator in a climate of fear.

Mr. Lukashenko's main challenger, Aleksandr Milinkevich, was not in the camp as the police advanced. He denounced the action after visiting the detention center where the demonstrators were taken.

"This authoritarian government has once again shown its beastly face," he said in a telephone interview. "It has never been able to maintain a dialogue with the society. It knows only the language of violence and lies, and this is why its power is bankrupt."

He said he had no reports of beatings or injuries during the arrests, but added, "I do not know what is going on in the jail."

Another candidate, Aleksandr Kazulin, appeared at the square after the last demonstrators were taken away and cleaning crews were sifting through the broken remains of the camp.

He criticized the government's decision to end the peaceful act of civil disobedience, the likes of which had never been seen in Mr. Lukashenko's 12 years of autocratic rule.

Mr. Kazulin confronted a police official at the scene, Deputy Interior Minister Viktor Filistovich, and scolded him for resorting to police action. He then walked away, visibly angry.

"It is a disgrace," he said. "They did this mop-up in a cowardly way, at night."

The small encampment had been a potent attraction in a police state that has never tolerated dissent. Hundreds of protesters had stood all week in the wintry cold, singing songs and defying threats of violence and arrest.

And each evening they had been joined for several hours by other citizens, sometimes numbering in the low thousands.

The demonstrators had made it clear that they did not expect to unseat Mr. Lukashenko, whose presidency they regard as illegitimate, but hoped to inspire others to stand up for their rights in a country often called the last dictatorship in Europe.

Mr. Milinkevich had also said that what had been happening in Belarus was not merely a challenge to an election, but the start of an opposition movement that could eventually bring civil society and human rights to a country that operates like a Soviet anachronism.

The demonstrators had planned a larger rally in the square for Saturday, but with much of their core group now in police custody, the prospects were uncertain.

It was also not clear, however, whether other opposition members were away from the square and eluded capture, just as it was not clear whether the police were rounding them up in the darkness.

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At least 200 opposition members had already been arrested during the week, seized as they left the square and tried to reach their homes.

Mr. Milinkevich, who officially received 6.1 percent of the vote, said the protest on Saturday would still be held.

Belarus Protesters Struggle With State TV (WSJ)

By Alan Cullison

The Wall Street Journal, March 24, 2006

Lukashenko Foes In Minsk Encampment Bid to Rally Support

MINSK, Belarus -- Police in riot gear stormed a tent camp in this capital city early Friday morning, detaining oppositionists in a central square protesting President Alexander Lukashenko's victory in an election they say was rigged.

The arrests came after a half dozen police buses and 75 helmeted riot police with clubs pulled up to Oktyabrskaya Square about 3 a.m.

The police stood around for a few minutes and then barged into the tent camp. They wrestled about 40 to 50 of the demonstrators, who were resisting, into buses. The rest of the approximately 200 people were taken into custody without apparent resistance. By the end of the 10-15 minute operation, all of the protesters had been taken away.

The response by police to remove the ragtag symbol of opposition further highlights the obstacles faced by the region's pro-democracy groups, despite the success of such efforts in Ukraine and Georgia. Thousands of people had been converging on the square throughout the week, but, numbed by the cold, the number of protesters had been dwindling to a ragged ring of a few dozen by the morning.

Western television had been broadcasting the evening crowds. But here in Belarus, footage beamed to millions of homes by state-run television showed the desolate early morning, when the few protesters who had been braving the frosty night meandered near tents amid piles of garbage and beer bottles.

Oppositionists who have lived for 12 years under the authoritarian rule of Mr. Lukashenko are used to rough treatment from the state-controlled media, which had also lately labeled many of the opposition social and sexual deviants on the payroll of Western governments.

But the poor turnout of the defenders, who each night locked their arms and faced riot police, prompted a split in the country's opposition. Some had said the creation of the encampment was a tactical mistake that threatened to discredit their cause, and they wanted the tents dismantled.

They instead saw the nightly meetings held on the square as a better symbol for their movement, and had pinned hopes on a significant protester turnout tomorrow, a national holiday that is a traditional gathering time for opponents of Mr. Lukashenko.

Prior to the raid, Alexander Kozulin, a presidential candidate in the elections held Sunday, had publicly called for the tent city to be abandoned, saying it was an easy target for police. Mr. Kozulin said it was inhumane to ask youths -- the protesters were mostly college-age students -- to remain on their round-the-clock vigil in subfreezing temperatures.

Alexander Milinkevich, another presidential candidate who is considered the leader of the Belarussian opposition, had also said he would have preferred that the demonstrators go home, but he would support them as long as they wanted to stay. "This will end only with the decision of the youths themselves," he said.

Mr. Milinkevich had been making the rounds at the settlement each night, shaking hands with its defenders. Yesterday, before the police action, he said that although the demonstrations had been comparatively small and hadn't succeeded in achieving protesters' demands for new elections, they represented a big step forward. "Nobody had expected what has happened here," he told tent-camp residents.

At the crux of the debate, the oppositionists said, was whether Belarus's opposition was mature enough to mount a movement like the one that occurred in neighboring Ukraine, in which a tent city on Independence Square in Kiev was a nucleus for demonstrations that reversed rigged presidential elections in 2004.

In Ukraine, the opposition received sustenance from business leaders, and the Kiev city government helped put up portable toilets for the campers.

In Minsk, campers were besieged by riot troops, who searched the bags of anyone heading toward the camp and often arrested those who tried to leave. Yesterday, a United Nations envoy called for the release of protesters. Police had closed down a makeshift latrine concealed under a tent pitched over a manhole cover.

More devastating, however, was that the encampment became an easy target for influential Belarussian government television. In Ukraine, oppositionists had their own television station, which elevated protesters and their leaders to hero status.

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In Minsk, state-television coverage homed in on the tent city in its more desolate moments. What's more, television accused protesters of staying out all night because they are on the payrolls of Western governments. Much of the state-run information campaign against the opposition focused on the U.S., which has said it won't recognize the election results.

Prior to the police action, Oleg Manaev, head of an independent think tank in Minsk and a supporter of the opposition, said that at least a third of Belarussians have no access to media outside the government channels. "In smaller towns and villages, these reports are very much believed," he said.

Mr. Manaev said the blitzkrieg of bad publicity was probably one reason why the turnout for the demonstrations hadn't been enough to prompt hope for immediate change. While he supported the tent encampment, he had also hoped the opposition would come up with longer-term goals.

Police Break Up Belarus Protest (WT/AP)

By Jim Heintz, Associated Press

The Washington Times, March 24, 2006

MINSK, Belarus -- Police stormed the opposition tent camp in the Belarusian capital of Minsk early today, detaining scores of demonstrators who had spent a fourth night in a central square to protest President Alexander Lukashenko's victory in a disputed election.

The arrests came after a half dozen large police buses and 75 helmeted riot police with clubs pulled up to Oktyabrskaya Square in central Minsk about 3 a.m.

The police stood around for a few minutes and then barged into the tent camp filled with protesters.

An Associated Press reporter on the scene said they wrestled about 40 to 50 of the demonstrators, who were resisting, into buses. The rest of the 200 demonstrators were taken into custody without apparent resistance.

By the end of the 10- to 15-minute operation, all of the protesters had been taken away. All that remained were their tents -- kicked down during the raid -- their gear and garbage.

Police had been detaining opposition supporters and would-be protesters away from the square, but today's arrests marked the first time they had tried to forcefully eject the demonstrators en masse.

Their action followed opposition leader Alexander Milinkevich's warning yesterday that increased persecution would only strengthen protests against the authoritarian government.

This week's protests over the official figures giving a landslide win to Mr. Lukashenko have consistently attracted thousands nightly -- and more than 10,000 at the first one Sunday -- an exceptional number in the tightly controlled former Soviet nation, which has a history of swift, violent police dispersal of small rallies. A core of about 200 has held the square overnight.

But the numbers have been far too small to pose a real threat to the hard-line Belarusian leader's rule.

That has raised increasing questions about what the opposition movement's strategy is, or even if it has one. A rally called for tomorrow -- the anniversary of the declaration of the first independent Belarusian state, and a traditional day for opposition rallies -- is likely to be key in determining how much support the opposition has.

"March 25 will be an important day. ... On that day, we will make known the long-term plans of the opposition," Mr. Milinkevich said.

Later, speaking to a nighttime crowd of about 3,000, he said, "The 25th will be a day of freedom for thousands and thousands of Belarusians. History has shown that the Belarusian fight for freedom has not gone unnoticed. We have come out into the square."

U.S. Ends Trade Restrictions On Ukraine (AP-Y2)

AP2, March 23, 2006

President Bush signed a law Thursday that ended Cold War-era trade restrictions on Ukraine, opening the way for the former Soviet republic to join the World Trade Organization.

The measure frees Ukraine from a 1974 measure called the Jackson-Vanik Amendment, which links trade benefits to the emigration and human rights policies of former or current communist states.

The new law is "going to strengthen our ties with our good friend Ukraine and create new economic opportunities for our two countries," Bush said at a White House ceremony attended by members of Congress who sponsored the legislation.

He said the bill would open new markets for American products and help Ukraine develop its economy and raise the living standards of its people.

Bush said the United States supports Ukraine's goal of joining the 148-nation WTO this year and will help it resolve issues standing in the way of its entry. Removal of the U.S. trade restrictions was a necessary step to gain entry.

"Ukraine is committed to economic freedom, democratic progress and open trade," he said.

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Since 1993, the United States has annually granted Ukraine normal trade relations on a temporary basis.

Ukraine President Viktor Yushchenko, whose pro-Western government was elected in January, has welcomed the U.S. legislation, saying "consistent U.S. steps in support of Ukraine on the way of reform are evidence of strategic partnership between the countries."

U.S. exports to Ukraine, including poultry and agriculture machinery, totaled $531.7 million in 2005. Imports from Ukraine, including steel and coke used in making steel, totaled $1.1 billion.

Sen. Richard Lugar (news, bio, voting record), chairman of the Senate Foreign Relations Committee, said Ukraine has demonstrated a commitment to greater freedom and free market principles.

On Sunday, Ukraine's voters will be choosing from 45 parties to fill the single-chamber parliament. Some 7,605 candidates are running.

Yushchenko's job is not at stake, but those of his prime minister and Cabinet are, as new constitutional reforms come into effect that give Parliament more powers in shaping the government.

The pro-Western path adopted by Yushchenko could be slowed if pro-Russian Viktor Yanukovych makes a comeback Sunday, with goals such as membership in NATO by 2008 dropping off the screen in favor of closer ties with Moscow.

Yanukovych's political future had been written off after he was accused of trying to steal Ukraine's 2004 presidential election.

Infighting May Return Power To Soviet-era Party (WT)

By Natalia A. Feduschak

The Washington Times, March 24, 2006

KIEV -- Political allies who stood side by side during Ukraine's 2004 "Orange Revolution" are waging war against each other in such a divisive campaign that the Soviet-style apparatchiks they had ousted are poised for a comeback in elections this weekend.

Opinion polls show that the party of Viktor Yanukovych, who won the presidency in an election in 2004 only to lose to Viktor Yushchenko in a court-ordered second vote, will win about a third of the seats Sunday, becoming the biggest single bloc in Ukraine's 450-seat parliament.

The so-called "Orange coalition," which includes followers of Mr. Yushchenko and those of former Prime Minister Yulia Tymoshenko, has ruptured so badly that its ability to forge a postelection alliance is in doubt.

"We can say that Ukraine's post-Soviet era has decidedly ended with these elections," said Myron Wasylyk, an American who has advised politicians and businessmen in Ukraine for more than a decade. "This is the beginning of the democratic era."

The vote is the first under constitutional changes adopted earlier this year that reduce presidential powers at the expense of a prime minister, to be elected in parliament.

Forty-four parties are vying for a presence in the legislature. The latest polls show the combined strength of the feuding Yushchenko and Tymoshenko parties at slightly less than that of the Yanukovych party.

Mr. Yushchenko and Mrs. Tymoshenko have been at odds since the president fired her as prime minister in the summer.

Mr. Yushchenko said the dismissal was prompted by infighting that followed the peaceful revolution that ushered in 2005.

The feud between former allies has helped Mr. Yanukovych, who has kept a low profile since his defeat in 2004 and has hired a U.S. public relations firm to advise his campaign. Still, Mr. Yanukovych is not trusted in many regions of Ukraine.

Many politicians and analysts say the forces of the Orange Revolution are fated to work together, even if they can't get along.

Foreign Minister Boris Tarasyuk told the Brookings Institution in Washington earlier this month, "We are confident that the pro-democracy forces will gain a clear majority."

"Despite the fragmentation between the pro-democracy political parties, their combined approval rating has even slightly grown. There should be no doubts that the pro-democracy parties are capable of bridging their differences and restoring the Orange coalition," he said.

Mr. Yushchenko's popularity has fallen since his inauguration last year. Supporters have accused him of weak leadership, mismanagement and failure to investigate crimes by former government officials, widely promised during the presidential campaign.

Still, during his tenure, Ukraine's relationship with the West has improved markedly.

Both the United States and the European Union granted Ukraine market-economy status, important steps in the country's bid to become a member of the World Trade Organization.

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In Washington yesterday, President Bush signed legislation that ends Cold War-era trade restrictions on Ukraine. The measure frees Ukraine from a 1974 U.S. law that links trade benefits to the emigration and human rights policies of former or current communist states.

The new law is "going to strengthen our ties with our good friend Ukraine and create new economic opportunities for our two countries," Mr. Bush said at a White House ceremony attended by members of Congress who sponsored the legislation.

As the elections approach, Kiev is awash in the colors of the various parties running not only in parliamentary, but also regional and municipal elections on the same day.

About 3,500 election observers from Europe and the United States have arrived in Ukraine. Thus far, a high-ranking Western observer told journalists, the main problems in the elections have been technical and not political.

Ethnic And Cultural Divisions Haunt Ukraine Before Vote (NYT)

By Steven Lee Myers

The New York Times, March 24, 2006

SIMFEROPOL, Ukraine — There are few obstacles to speaking Russian here in Crimea since, after all, practically everyone speaks it at home, at school, at work.

Still there are those who complain that the language is under assault, that the courts issue rulings in Ukrainian, that Russian classics are now taught in schools as "foreign" literature, that a repressive government in the capital, Kiev, is bent on imposing a nationalistic identity on a place that was part of Russia until Nikita S. Khrushchev decreed otherwise in 1954 (and, to some here, should be again).

"Whatever we receive from Kiev is all in Ukrainian!" Yevgeny G. Bubnov, a member of Crimea's regional Parliament, complained in an interview as he explained why he sponsored a proposal to hold a referendum on whether to elevate Russian to official status in a country where, constitutionally, Ukrainian is the language of the land.

The federal government fiercely opposed Mr. Bubnov's proposal and ultimately rejected it. But the constitutional clash it threatened to create highlighted the stark ethnic and cultural divisions that continue to haunt Ukraine with the approach of the March 26 parliamentary elections — the first since the Orange Revolution a little more than a year ago.

The referendum even raised questions about the status of Crimea itself — a lush peninsula of seaside resorts, vineyards and a largely Russian populace, whose political, economic and cultural affiliations are closer to Moscow than to Kiev.

And that, its critics say, was exactly the point.

"It is playing with the sentiments of the population that is still nostalgic for Soviet times, those who reacted painfully to the breakup of the Soviet Union," said Vladimir B. Shklar, the Crimean leader of Our Ukraine, the political party of the country's president, Viktor A. Yushchenko. The parliamentary elections are the first electoral test of Mr. Yushchenko's policies since he took office in January 2005, after mass protests against a fraudulent presidential election. According to the polls, at least, he is faring badly, with his bloc trailing the party led by the man he defeated, Viktor F. Yanukovich.

As in the presidential race, the main issues revolve around Russia, namely Ukraine's relations to Russia, its larger neighbor. Nowhere are those issues more charged than in Crimea, home not only to a majority of ethnic Russians but also to Russia's Black Sea Fleet, a source of tensions for nearly a decade.

As the election campaign began in earnest in January, a group of young people gathered with shovels on the isthmus that connects Crimea to the mainland to dig a symbolic trench. Few openly call for separatism, which is a federal crime, but several smaller parties and blocs are running on platforms calling for closer cooperation with Russia and even reunification.

One party based in Crimea even calls itself the Party of Putin's Politics. Its billboards show President Vladimir V. Putin's steely eyes fixed on the rugged Crimean landscape, promising a united future.

Mikhail Y. Pushia stood on a square the other day in Sevastopol, the deep-water port city on Crimea's southern bulge, campaigning for Natalia M. Vitrenko, the leader of a fiercely anti-American and anti-European bloc of parties that advocate a new union among the Slavic nations of Russia, Belarus and Ukraine.

With a union, he said, "all the problems would be solved."

The problems between Russia and Ukraine, of course, are considerable, largely because the ties that once united them are now a source of tension.

A New Year's dispute over the price of Russian natural gas, on which Ukraine is heavily dependent, prompted Russia to shut down supplies briefly, infuriating many Ukrainians.

Mr. Yushchenko's deal with Mr. Putin to end the crisis — with a complicated pricing system and a murky trading company — proved equally unpopular, however. Mr. Yanukovich argues that he could have negotiated lower prices because of his friendly relations with Russia.

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In the wake of the gas dispute, Ukraine responded with threats to charge higher rent for the base in Sevastopol that houses the Black Sea Fleet's dozens of ships and 14,000 sailors under a lease set to expire in 2017. Russia now pays roughly $98 million a year; some Ukrainian officials have suggested that billions would be more appropriate.

In January, Ukraine occupied one of the fleet's lighthouses in Yalta, saying Russia was using it illegally, provoking a war of words and a new round of negotiations to defuse the confrontation. When student protesters began demonstrating at eight other lighthouses, the fleet bolstered security around them.

Russia's defense minister, Sergei B. Ivanov, warned that revising the terms of the lease would reopen a separate treaty that fixed the borders, which is what many here say they would like to see happen.

"This is a Russian city," said Aleksandr N. Mironov, an ethnic Russian who settled in Sevastopol after serving in the Soviet border troops.

Mr. Yanukovich's Party of Regions does not openly endorse such sentiments, but he has promised to make Russian a second official language and to improve economic and political relations with Russia, which have been strained since Mr. Yushchenko took office.

Mr. Yushchenko's supporters say that the language issue and the tensions over the naval base have been exaggerated with the intent to divide Ukrainians and ethnic Russians, who account for roughly two-thirds of Crimea's nearly two million people, as well as large majorities in the eastern Ukraine regions of Donetsk and Lugansk. Another predominately Russian city, Kharkiv, voted on March 6 to adopt Russian as a second official language in municipal affairs.

Khrushchev's decision to cede Crimea to Ukraine mattered little during Soviet times, but immensely after the Soviet Union collapsed in 1991 and internal administrative borders became international boundaries. It was not until 1997 that Russia and Ukraine reached agreement on how to divide the fleet and to accept the current borders.

Despite impassioned oratory on each side, the prospects of an open conflict appear slight. But Mr. Yushchenko's supporters warn that Russia continues to interfere in Ukrainian politics on the hope that a friendlier government led by Mr. Yanukovich as a newly empowered prime minister could result in better terms for the fleet and for the Russians living here.

"This is not going to be solved until after the election," a Russian naval officer in Sevastopol said in an interview, speaking on condition of anonymity because he was not authorized to comment on what has become a diplomatic matter.

Petro O. Poroshenko, a tycoon closely allied with Mr. Yushchenko, complained recently that proponents of the language referendum were trying to turn Crimea into a client state of Russia.

"Look what happened in Abkhazia with Russian support," Mr. Poroshenko said, referring to the Black Sea region in Georgia that became a separatist enclave with Russian help after a bloody war in the early 1990's. "The land is almost as beautiful as the Crimea, and they have hundreds of thousands of refugees. There is no development."

Although the language issue has been defused for now, it has resonated deeply in Crimea, hardening support for Mr. Yanukovich, who won 81 percent of the vote here in the repeated second round of the disputed 2004 presidential race, and fanning resentments against Kiev.

The election, warned Vasily A. Kiselyov, the acting chairman of Crimea's Parliament and a Yanukovich stalwart, could lead to a new wave of large street protests, even tent camps, only this time against Mr. Yushchenko's government.

De Villepin Agrees To Talks With Unions (FT)

By Martin Arnold

Financial Times, March 24, 2006

Dominique de Villepin invited trade unions to talks over his unpopular employment law on Thursday “with no strings attached”, a move cautiously accepted by five unions and widely interpreted as a climbdown by the embattled French premier.

The appeal came as Mr de Villepin faced accusations that his refusal to consider changing the law had provoked an unnecessary crisis, with critics suspecting he had allowed his presidential ambitions to override his political judgment.

The meeting could happen on Friday. But the offer for it came only after a long and reportedly heated meeting with President Jacques Chirac, fuelling rumours that the prime minister was ordered to back down.

The new law, which allows companies to fire people aged under 26 in the first two years of their contract without reason, has sparked widespread protests by students and workers which erupted into violence in central Paris yesterday.

Students condemn the “first job” contract, saying it would make them “the Kleenex generation”, used and then discarded.

More rallies and strikes are planned for Tuesday.

Unions want the law withdrawn. François Chérèque, leader of the moderate CFDT union, said: “If the prime minister does not respond positively to our demand to withdraw the first job contract, we will end the conversation.”

Critics suspect Mr de Villepin has fallen into the same trap as his hero Napoleon Bonaparte, ousted after leading France to military defeat at Waterloo.

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Analysts, opposition Socialists and members of his own centre-right UMP party said he had tried to push reform too far, too fast, in pursuit of his personal ambitions.

"President Chirac has told him to back down as he was leading the country to the wall," said Dominique Moisi, a senior adviser at France's Institute for International Relations. "He tried to convince himself he could be France's Margaret Thatcher, but forgot he was only the number two."

Nicolas Sarkozy, the interior minister and Mr de Villepin's main centre-right rival for next year's presidential election, has distanced himself from the premier, suggesting he should have held more talks and sought a "more equitable" law.

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Unions Agree To Meet French Leader (NYT)

By Craig S. Smith

The New York Times, March 24, 2006

PARIS, March 23 - France's most powerful labor union federations agreed Thursday to meet Prime Minister Dominique de Villepin on Friday to discuss the country's hotly contested new employment law, even as fires burned in Paris after another demonstration against the law.

Hundreds of thousands of students marched in protest against the new law in cities and towns across France, frequently clashing with the police. In Paris, demonstrators threw chunks of concrete at police officers, while three cars and a shoe store went up in flames in the city's exclusive Seventh Arrondissement. The police fired tear gas and scuffled with demonstrators in Rennes in the northwest and Marseille in the south after protests that drew thousands of marchers in those cities.

By late in the day, riot police forces began using paint guns to shoot vandalism suspects with red or green dye in order to identify them later. Several hundred people were reported arrested.

Mr. de Villepin wrote to French labor union federations early Thursday, appealing for talks on the new law, which the unions have opposed and want rescinded. The law, which the government says was meant to spur hiring, would allow employers to dismiss workers under 26 without cause during their first two years on the job. The law is currently under review by France's Constitutional Council. If approved by the council, it would go into effect next month.

François Bayrou, leader of the small Union for French Democracy, a center-right opposition party, said Mr. de Villepin must remain open to withdrawing the law. "The time has come, if we want to avoid mounting dangers and risks, to make this gesture," Mr. Bayrou said on France's Europe-1 radio.

France's five major union federations had earlier refused to talk to the government as long as the law remained on the books. In a statement released Thursday afternoon they said that in responding to Mr. de Villepin's latest appeal they repeated their demand that he rescind the law. They called a meeting Friday, before the meeting with Mr. de Villepin, of all organizations involved in fighting the new law and repeated their call for strikes and demonstrations next Tuesday.

Protest Turns Violent In Heart Of Paris (WP)

By Molly Moore

The Washington Post, March 24, 2006

PARIS, March 23 -- It was just the scene the French government had been dreading: burning cars seven blocks from the Eiffel Tower, shop windows smashed along one of the capital's toniest streets, and columns of helmeted riot police advancing across the greensward of a prominent tourist venue.

Antoil Ethuin, 48, stood outside the shattered windows of his Bike n' Roll rental shop Thursday, stunned by the destruction of the worst violence in two weeks of student protests in Paris and other French cities.

"My country is broken," said Ethuin, gazing at the smoldering automobile carcasses a few yards away and the carpet of glass shards, broken dishes and computer pieces covering the sidewalk in the heart of one of the city's most affluent neighborhoods. "I never imagined I would ever see this in Paris."

Thursday's violence came at the end of a demonstration by tens of thousands of high school and college students protesting a new job law. The unrest intensified a political crisis that now threatens to unravel President Jacques Chirac's government -- much the way previous French governments have been felled by strikes and street protests when they attempted even modest reforms of the country's costly welfare state.

Prime Minister Dominique de Villepin -- author of the contentious law that would make it easier for companies to both hire and fire young workers -- has scheduled an emergency meeting with the country's most influential labor unions Friday in an effort to defuse the crisis.

The demonstrations have underscored the widening divide between the French government and its people at a time when France is losing both economic and political clout on the global stage. Street protests and general strikes, often occurring in the

spring, have long been an accepted political ritual in France, and they now have become a symbol of the country's inability to reform a stagnant economy hobbled by inflexible labor laws, high taxes and a corpulent welfare system.

It is a crisis also facing other countries across Europe as governments of the left and the right have similarly attempted to alter their costly systems of generous health, unemployment and welfare benefits; most, like that of former German chancellor Gerhard Schroeder, have failed in the face of widespread resistance to change.

On Thursday afternoon, as a crowd of as many as 140,000 young people and others prepared to end their march in the large park fronting the gold-domed Hotel des Invalides housing Napoleon's tomb, gangs of hooded and masked youths darted out of side streets, setting cars ablaze, flipping others upside down, breaking store windows and throwing rocks and stones at police and firefighters, according to witnesses.

Riot police broke up the groups of rampaging youths with tear gas as acrid, black smoke filled narrow streets and billowed above the city skyline.

Police said 60 people were injured in the clashes, including 27 police officers, and 141 people were arrested.

The shellshocked owner of the Shanghai Restaurant overlooking the Esplanade des Invalides stood outside the jagged glass of his doorway, dejected and slump-shouldered. Broken dishes and pots of white and purple flowers littered the street. Inside, splintered chairs and table settings covered the restaurant floor.

Nearly a dozen stores, restaurants and apartment buildings were attacked and damaged. Firefighters struggled to extinguish the flames of three burned-out cars. Four other vehicles had been overturned or severely battered.

In the park across the street, hundreds of riot police clad in black uniforms and carrying shields advanced toward groups of suspected troublemakers against the backdrop of the Hotel des Invalides, the low-slung Foreign Ministry building and the golden statues standing sentry at the Invalides Bridge traversing the Seine River.

The attacks at the corner of Rue Saint Dominique and Rue Fabert, just a short walk from the Eiffel Tower in Paris's affluent and touristy 7th arrondissement, followed a pattern that has emerged in the last few days of marches.

While the demonstrations have been orderly and peaceful, groups of 200 to 300 youths who police say do not appear to be participating in the organized marches have appeared suddenly during concluding rallies, taunting police and creating havoc.

Police have speculated that the gangs may be from the poor suburban areas that erupted in riots last fall. In those disturbances, youths across France -- many of them immigrants or French-born children of immigrants -- burned thousands of cars and hundreds of public buildings and private businesses to protest government indifference to the joblessness and lack of social services in their communities. Little of that violence spilled over into Paris or other urban centers.

Both the suburban riots and the ongoing student demonstrations have been devastating to Chirac's government and could destroy the presidential aspirations of his party's two leading candidates -- Villepin and his rival, Interior Minister Nicolas Sarkozy.

Sarkozy was blamed for fueling last fall's riots with derogatory and inflammatory comments directed at youths in the suburban housing projects.

Villepin attempted to capitalize on Sarkozy's political misfortunes by pushing a law he said was intended to give companies greater incentive to hire young people. Now, many members of Villepin's party are distancing themselves from the prime minister. French newspapers on Thursday began reporting leaks from anonymous government officials that Chirac is threatening to fire Villepin if he does not resolve the crisis quickly.

The law, scheduled to take effect in April, would allow employers to fire workers under age 26 without cause during their first two years on the job.

Under existing law, it is impossible to fire even the most incompetent workers without huge financial liabilities for companies. College students, other young people and unions say the new law discriminates against the young by denying them the job security that older workers have.

Even as Ethuin, the bike rental shop owner, surveyed the damage along his block Thursday afternoon, he couldn't bring himself to criticize the young people whose demonstration brought the violence to his doorstep.

"They have no jobs," he said. "It's not their fault."

Moscow Presses For WTO Status (WT)

By John Zarocostas

The Washington Times, March 24, 2006

GENEVA -- Russia is pressing to wrap up a 13-year bid to join the World Trade Organization before it hosts the Group of Eight summit this summer, subject to a series of U.S. commercial demands, senior diplomats and trade officials say.

The talks can certainly "close before the G-8 summit," said Robert Vastine, president of the influential U.S. Coalition of Service Industries, a Washington-based umbrella group that represents major services corporations.

But he indicated the ball is squarely in President Vladimir Putin's court.

"I see no sign of the U.S. letting down on its demands and I hope they remain firm," said Mr. Vastine, a former senior Treasury official.

One dispute involves financial services, especially insurance, with Washington insisting that foreign-controlled firms be allowed to establish branches in Russia.

Russia's push to enter the WTO follows a furious dispute with Washington this winter over natural gas supplies -- a row that for a brief period threatened to derail the WTO effort as well.

Russia cut off natural gas supplies to Ukraine, prompting Secretary of State Condoleezza Rice to accuse Russia of using its energy resources as a political weapon and suggest that Russia was not fit to lead the G-8.

"When you say you want to be ... responsible actor in the international economy, then you play by its rules," Miss Rice said at the time.

Russia's action plunged much of Western Europe into a mid-winter panic: The pipelines extend through Ukraine and gas supplies suddenly plummeted for much of the continent.

Russia quickly backed down, turned the gas back on and settled its differences with Ukraine.

With the entry of China into the WTO in December 2001, and Saudi Arabia last year, Russia is the only major global economic power outside the agency that oversees most world trade in goods and services worth over $11 trillion a year.

Russia's deputy trade minister and chief WTO negotiator, Maxim Medvedkov, is holding talks all this week in Geneva with Dorothy Dwoskin, assistant U.S. trade representative and chief U.S. negotiator.

In the gas dispute, Russia denied U.S. charges that its actions were politically motivated. In negotiations over joining the WTO, Russian Foreign Minister Sergei Lavrov turned the tables by accusing Washington of holding up talks for political reasons.

Mr. Vastine dismissed Mr. Lavrov's assertion in a telephone interview yesterday.

"That's just not true," he said, noting that the United States has a solid track record of isolating commercial agreements from political considerations.

Even in the aftermath of the September 11 terrorist attacks, Mr. Vastine said, Washington has managed to keep commercial dealings separate from broader political and strategic issues.

According to diplomatic sources close to the Kremlin, the Russians were rattled by the expedited economic and political treatment given recently by the Bush administration to neighboring Ukraine, which is also a candidate to join the 149-member WTO, and is expected to join ahead of Moscow.

The new ambassador from Ukraine is becoming a frequent visitor to the White House, where yesterday he was present as President Bush signed a landmark trade bill lifting Cold War sanctions on the former Soviet republic.

Russia is still subject to those same restrictions, under a law widely known as Jackson-Vanik, meaning it requires a presidential waiver to obtain normal tariff rates.

Issues holding back a U.S.-Russia deal to join the WTO include lack of progress related to intellectual property protection, demands for better market access for certain U.S. agricultural products and civil aircraft, branching rights for U.S. insurance companies and Russian agricultural subsidies.

A senior Russian official said the Kremlin has agreed to increase the maximum stake foreigners can have in the country's banking sector from 12.5 percent up to 50 percent,

Similarly for insurance the maximum stake foreigners can have in the sector, he said, would be increased from 25 percent to 50 percent.

To secure WTO entry, Russia has agreed to bring its average industrial tariffs down to single digits and to lower other trade and investment barriers to many sectors of its economy.

Russia is to host the G-8 summit in St. Petersburg in July. Besides Russia, the group includes the United States, Britain, Canada, France, Germany, Japan and Italy.

EU Ministers Consider Immigrant 'contracts' (FT)

By Hugh Williamson

Financial Times, March 24, 2006

The six largest countries in the European Union are considering having immigrants sign a 'contract' that would require they learn the language of their adopted country and accept its social norms – or risk being expelled.

The so-called integration contract is still to be discussed with the other 19 EU member states. Nicolas Sarkozy, French interior minister, proposed it during a meeting of ministers from the 'G6' countries – Germany, Britain, France, Poland, Spain and Italy -- in Heiligendamm, a luxury resort on Germany's Baltic coast. His idea is based on draft procedures already being debated in France.

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The ministers also agreed to form joint anti-terror police and forensic teams that could be dispatched within hours to locations in EU member states where a terrorist attack has occurred.

The contract proposal comes amid controversy in several EU member states over the appropriate steps to ensure foreigners accept local customs and speak the language.

In Holland, hopeful immigrants are being shown a film that includes images of a topless woman on a beach, two men kissing in a park, and ghettos as part of an entrance test covering the language and culture of Holland. And in Germany, two regional states have in recent months proposed starkly different tests to be completed by foreigners wishing to become German citizens.

Wolfgang Schäuble, German interior minister, said agreement was needed on differing forms of integration procedures – ranging from initial immigration to tests for full citizenship – but stressed that this was "a pressing challenge for the whole of the EU that must be addressed".

Spain's interior minister Jose Antonio Alsonso Suarez used the meeting to call on the EU to redraw its strategy towards illegal immigrants, from Africa in particular. He said EU institutions and funds were still geared largely to dealing with migrants from north Africa, while in reality thousands were now coming from other regions, especially in west Africa.

Charles Clarke, British interior minister, told the Financial Times he supported the move towards an integration contract, initially by asking experts from the G6 to review comparable procedures used in member states. He acknowledged that such an agreement could be used as a check that "new immigrants live up to the values of our society", with expulsions a possible consequence if they do not. Previous G6 proposals on migration and anti-terror issues have been endorsed by the entire EU.

On anti-terror measures, Mr Clarke said the joint teams "were unlikely to have a permanent base, but would be networked to respond quickly to an attack". He said that while Britain, for instance, could draw on institutional ties to other police forces after the terror attacks in London last year, other countries did not have such links, so quick response teams "could be very useful".

Tensions Rise As Chirac Walks Out On EU Forum (FT)

By George Parker And Chris Smyth

Financial Times, March 24, 2006

Jacques Chirac, French president, Thursday night stormed out of a European Union summit after a French industrialist began addressing leaders of the bloc in English.

Mr Chirac and two senior French ministers walked out in protest at the decision of Ernest-Antoine Seillière, head of the Unice employers organisation, to make a plea for economic reform in what he called "the language of business".

Mr Chirac's boycott re-flected the tensions surrounding the two-day economic summit, which comes against a backdrop of French street protests over labour market reform and claims that Paris is engaged in protectionism of its energy market. The French president was not in the room to hear Mr Seillière urging leaders to "resist national protectionism in order to avoid a negative domino effect".

He returned after Mr Seillière had finished speaking. Angela Merkel, Germany's chancellor, on Thursday issued a thinly veiled warning to France and Spain to open their energy markets, as the dispute over protectionism overshadowed the start of the summit.

Ms Merkel said Europe needed continent-wide industrial champions, and that attempts by member states to ringfence their national energy companies made nonsense of the EU's single market. "We can only have an internal market when electricity flows freely and when we accept European champions and don't just think nationally," she said at the start of the meeting.

Ms Merkel's intervention came as the EU's 25 heads of government gathered for their first summit since the row over protectionism in the energy sector erupted earlier this month. She is among those continental leaders who believe a European energy policy is impossible unless member states agree to create a single electricity and gas market with cross-border grids and in-dustrial takeovers. She is annoyed with Spain, which is opposing a takeover of Endesa, the Spanish utility, by Eon of Germany.

Meanwhile Silvio Berlusconi, Italy's prime minister, has accused France of trying to block a takeover by Enel, the Italian utility, of Suez, its Franco-Belgian rival. Paris intervened by merging the state-owned Gaz de France with Suez. Mr Berlusconi said he would not create a row over the issue at the summit and that the matter now rested with the European Commission.

Wolfgang Schüssel, Austria's chancellor and the summit host, said the word "protectionism" did not come up at last night's summit dinner, and the endorsement of an EU energy policy represented an historic de-bate.

Leaders agreed to set up a "strategic energy review", an "energy efficiency action plan" and a "renewable energy road map", but there were disagreements on some of the more contentious aspects of the strategy.

The proposed energy policy, although supported in principle by member states, is already under strain.

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Some capitals oppose a new European energy regulator to promote cross-border energy trading. Some also have doubts about the development of an EU emergency gas reserve. The economic summit comes at a time of concern in some European countries about globalisation.

The proposed French changes on Thursday won the backing of Joaquín Almunia, EU monetary affairs commissioner, who said the measure would help to reduce youth unemployment. “The new contract will help young French people get their first job and prove their worth,” he said.

Will Peru Choose Another Path? (WSJ)

By Mary Anastasia O'Grady

The Wall Street Journal, March 24, 2006

Peruvian labor lawyer Isaac Humala's call, last Friday, for the release of the jailed leader of the Shining Path might be interpreted, in another time and place, as a cheesy publicity stunt by an aged communist.

After all, the 75-year-old Humala would seem to have long ago lost his revolutionary struggle in Peru, where the Shining Path's Maoist terrorism in the 1980s claimed the lives of so many indigenous peasants.

But Mr. Humala is no ordinary communist has-been. He is the father of Ollanta Humala, the candidate now leading in the presidential race that will be decided by voters in two weeks. The son immediately distanced himself from his father's rhetoric, but in the light of the candidate's own extremism, the country's history of left-wing military rule and the current Shining Path resurgence, Papa Humala's plea on behalf of a terrorist leader was disquieting.

Markets recognized the danger Monday after Peruvian opinion pollster Apoyo announced that Ollanta is now likely to place first on April 9 and is in a statistical dead heat with center-right candidate Lourdes Flores in a hypothetical second-round runoff between the two. The "Humala effect" sent the Lima Stock Exchange index down almost 4% and sparked a sell-off in the Peruvian sol as well. This is not the first time in recent months that markets have signaled panic about Ollanta. An earlier Humala surge provoked more than a 6% pullback in Lima's equity market in December.

The reason investors are spooked is simple: The former army officer's economic platform, though void of specifics, is openly hostile toward the private sector. In an interview last month published in Spain's ABC newspaper Ollanta described the aim of his nationalism as an effort to reclaim the country from its "neo-colonial" status. "Our natural resources" he said, "are committed to foreign capital and they do not yield any profit for us."

His avowed intent to stick it to the private-sector -- with an emphasis on mineral and natural gas rights -- frightens investors. More troubling is the threat of a return to what effectively would be a left-wing military government in one of South America's fastest growing economies. Peru suffered that fate over a quarter-century ago, with disastrous results.

Ollanta didn't burst onto the Peruvian political scene only recently. The former lieutenant colonel has been agitating for power for years and even attempted a coup d'etat against Alberto Fujimori in 2000. We reported on him as a looming menace in June 2003, in a piece titled "Some Peruvians Fear a Return of Comandante Rule."

At that time, we cited observations by Enrique Ghersi, a Lima attorney and co-author of the global best-selling political treatise titled "The Other Path," about Ollanta's political career: "Notwithstanding that he took up arms in the last days of Fujimori, [he] has just been 'rewarded' with the post of military attaché in France. Huge blunder. Three of the last military dictators had the same job. After which they returned to Peru to lead a coup: Oscar R. Benavides, Luis M. Sanchez Cerro and Juan Velasco Alvarado. If history is not mistaken, Ollanta Humala perhaps could be next."

Mr. Ghersi noted that since the coup d'etat is no longer in vogue, the aspiring caudillo would be more likely to follow the example of Venezuelan President Hugo Chávez, who also engaged in a failed coup attempt, did time briefly in jail and emerged a popular hero. As if to fulfill the Ghersi prophecy, the Chávez-wannabe has already announced that, should he win, he will call for a rewriting of the constitution, a tactic Chávez used to tighten his grip on power.

In his interview with ABC, Ollanta confirmed his admiration for the Venezuelan. "We are both military men, we have risen up against a corrupt regime and we have both suffered imprisonment. I acknowledge that his government is nationalist and patriotic. In that sense, I see that he is on the right track."

This view of the world didn't come about accidentally. Though he is a well-to-do middle-class Limeño, Papa Isaac founded an ethno-nationalist movement whose goal it is to conduct a popular indigenous revolution. It was to this end, presumably, that he enrolled two of his young sons in the Peruvian military school. Ollanta's brother Antauro, a former army major, is now serving time for a 2005 attack on a police station in which four police officers were killed.

Ollanta's popularity, Mr. Ghersi noted in 2003, suggests that Peru may be following a Latin American trend toward "neomilitarism" with a "pronounced populist accent and a generous dose of communist infiltration." He wrote, "Fundamentally it represents the popular discontent that exists against democratic politics in Latin America."

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The discontent is understandable. While it is true that the economy grew by 4% to 5% annually from 2002 to 2004 and an estimated 5.5% in 2005, a decade of such returns might be needed to convince voters that their lives are changing.

It is also true that booming mineral and farm prices tend to show up in the pockets of northern Peruvians. Mr. Ghersi noted to me in a phone interview on Monday that the more populated south has not participated as much in the country's economic growth. Moreover, Peruvian public education is controlled by a far-left teachers union that holds private ownership and profits to be almost criminal. With more than half the voters under the age of 25, the poll numbers are not surprising.

With the Shining Path now reportedly beginning to dominate the lucrative coca growing business among the indigenous population -- an important constituency for Ollanta, as it is for Bolivia's Evo Morales -- there is cause for grave concerns about regional stability.

There is still a chance that Ollanta will lose. And even if he wins, he will not have a bonanza as large as the one Chávez derives from high oil prices. But what is nearly certain, if he makes it to the presidency, is that his tenure will increase property-rights insecurity and damage Peru's recent growth spurt. There can be no doubt that Peruvians face a crucial choice next month and that another Latin country is in danger of succumbing to yet another bout of corporatist authoritarianism.

Democracy Isn't 'Western' (WSJ)

By Amartya Sen

The Wall Street Journal, March 24, 2006

"The fault, dear Brutus, is not in our stars, but in ourselves, that we are underlings." Culture too, like our stars, is often blamed for our failures. Attempts to build a better world capsize, it is alleged, in the high sea of cultural resistance. The determinism of culture is increasingly used in contemporary global discussions to generate pessimism about the feasibility of a democratic state, or of a flourishing economy, or of a tolerant society, wherever these conditions do not already obtain.

Indeed, cultural stereotyping can have great effectiveness in fixing our way of thinking. When there is an accidental correlation between cultural prejudice and social observation (no matter how casual), a theory is born, and it may refuse to die even after the chance correlation has vanished without trace. For example, labored jokes against the Irish, which have had such currency in England, had the superficial appearance of fitting well with the depressing predicament of the Irish economy when it was doing quite badly. But when the Irish economy started growing astonishingly rapidly, for many years faster than any other European economy, the cultural stereotyping and its allegedly profound economic and social relevance were not junked as sheer rubbish. Theories have lives of their own, quite defiantly of the phenomenal world that can be actually observed.

Many have observed that in the '60s South Korea and Ghana had similar income per head, whereas within 30 years the former grew to be 15 times richer than the latter. This comparative history is immensely important to study and causally analyze, but the temptation to put much of the blame on Ghanaian or African culture (as is done by as astute an observer as Samuel Huntington) calls for some resistance. Mr. Huntington closes his contrast with a spectacular formula: "South Koreans valued thrift, investment, hard work, education, organization and discipline. Ghanaians had different values. In short, cultures count." Ghanaians, and perhaps many other Africans, seem doomed to stagnate, according to this analysis.

In fact, that cultural story is extremely deceptive. There were many important differences, other than any differences in cultural predispositions, between Ghana and Korea in the 1960s. First, the class structures in the two countries were quite different, with a very much bigger -- and proactive -- role of business classes in Korea. Second, the politics were very different, too, with the government in South Korea eager to play a prime-moving role in initiating societal reform and economic development in a way that was not true in Ghana. Third, the close relationship between the Korean economy and Japan, on the one hand, and the U.S., on the other, made a big difference, at least in the early stages of Korean economic expansion.

Fourth -- and perhaps most important -- by the 1960s South Korea had acquired a much higher literacy rate and a much more expanded school system than Ghana had. Korean massive progress in school education had been largely brought about in the post-World War II period, mainly through resolute public policy, and it could not be seen just as a reflection of cultural difference. This is not to suggest that cultural factors are irrelevant to the process of development, but they do not work in isolation from social, political and economic influences. Nor are they immutable.

The temptation of founding economic pessimism on cultural resistance is matched by the evident enchantment, even more common today, of basing political pessimism, particularly about democracy, on alleged cultural impossibilities. While it is easy enough to understand the widespread -- and increasing -- doubts about armed intervention allegedly aimed at jump-starting democracy in Iraq through largely foreign and military planning, it would be quite a leap from there to become skeptical of the general possibility of the emergence of democracy in any country that is currently nondemocratic. It is worth remembering that democracy has developed well enough in many countries in Asia, Africa and Latin America, and in the case of some, such as South Africa, even foreign assistance to local democratic movements (for example through economic boycott) has positively helped.

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When it is asked whether Western countries can "impose" democracy on the non-Western world, even the language reflects a confusion centering on the idea of "imposition," since it implies a proprietary belief that democracy "belongs" to the West, taking it to be a quintessentially "Western" idea which has originated and flourished exclusively in the West. This is a thoroughly misleading way of understanding the history and the contemporary prospects of democracy.

Democracy, to use the old Millian phrase, is "government by discussion," and voting is only one part of a broader picture (an understanding that has, alas, received little recognition in post-intervention Iraq in the attempt to get straight to polling without the development of broad public reasoning and an independent civil society). There can be no doubt at all that the modern concepts of democracy and of public reasoning have been very deeply influenced by European and American analyses and experiences over the last few centuries (including the contributions of such theorists of democracy as Marquis de Condorcet, Jefferson, Madison and Tocqueville). But to extrapolate backward from these comparatively recent experiences to construct a quintessential and long-run dichotomy between the West and non-West would be deeply misleading. There is a long history of public reasoning across the world, and while it has gone through ups and downs everywhere, the sharp priority of liberal tolerance that has emerged in the West over the past three centuries reflects how social evolution can strengthen and consolidate one tendency to the exclusion -- or near exclusion -- of other tendencies.

The belief in the allegedly "Western" nature of democracy is often linked to the early practice of voting and elections in Greece, especially in Athens. Democracy involves more than balloting, but even in the history of voting there would be a classificatory arbitrariness in defining civilizations in largely racial terms. In this way of looking at civilizational categories, no great difficulty is seen in considering the descendants of, say, Goths and Visigoths as proper inheritors of the Greek tradition ("they are all Europeans," we are told). But there is reluctance in taking note of the Greek intellectual links with other civilizations to the east or south of Greece, despite the greater interest that the Greeks themselves showed in talking to Iranians, or Indians, or Egyptians (rather than in chatting up the Ostrogoths).

Since traditions of public reasoning can be found in nearly all countries, modern democracy can build on the dialogic part of the common human inheritance. In his autobiography, Nelson Mandela describes how influenced he was, as a boy, by seeing the democratic nature of the proceedings of the meetings that were held in his home town: "Everyone who wanted to speak did so. It was democracy in its purest form. There may have been a hierarchy of importance among the speakers, but everyone was heard, chief and subject, warrior and medicine man, shopkeeper and farmer, landowner and laborer." Mr. Mandela could combine his modern ideas about democracy with emphasizing the supportive part of the native tradition, in a way that Gandhi had done in India, and that is the way cultures adapt and develop to respond to modernity. Mr. Mandela's quest for democracy and freedom did not emerge from any Western "imposition."

Similarly, the history of Muslims includes a variety of traditions, not all of which are just religious or "Islamic" in any obvious sense. The work of Arab and Iranian mathematicians, from the eighth century onward reflects a largely nonreligious tradition. Depending on politics, which varied between one Muslim ruler and another, there is also quite a history of tolerance and of public discussion, on which the pursuit of a modern democracy can draw. For example, the emperor Saladin, who fought valiantly for Islam in the Crusades in the 12th century, could offer, without any contradiction, an honored place in his Egyptian royal court to Maimonides, as that distinguished Jewish philosopher fled an intolerant Europe. When, at the turn of the 16th century, the heretic Giordano Bruno was burned at the stake in Campo dei Fiori in Rome, the Great Mughal emperor Akbar (who was born a Muslim and died a Muslim) had just finished, in Agra, his large project of legally codifying minority rights, including religious freedom for all, along with championing regular discussions between followers of Islam, Hinduism, Jainism, Judaism, Zoroastrianism and other beliefs (including atheism).

Cultural dynamics does not have to build something from absolutely nothing, nor need the future be rigidly tied to majoritarian beliefs today or the power of the contemporary orthodoxy. To see Iranian dissidents who want a fully democratic Iran not as Iranian advocates but as "ambassadors of Western values" would be to add insult to injury, aside from neglecting parts of Iranian history (including the practice of democracy in Susa or Shushan in southwest Iran 2,000 years ago). The diversity of the human past and the freedoms of the contemporary world give us much more choice than cultural determinists acknowledge. This is particularly important to emphasize since the illusion of cultural destiny can extract a heavy price in the continued impoverishment of human lives and liberties.

Mr. Sen, the 1998 Nobel laureate in economics, is the author of "Identity and Violence: The Illusion of Destiny," published next week by Norton.

Genocide's Neighbors (WP)

The Washington Post, March 24, 2006

AMONTH AGO President Bush called for doubling the peacekeeping force in the Sudanese region of Darfur and expanding the role of NATO countries in bolstering it. Since then, the case for intervention has only grown stronger: There have

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been fresh reports of death-squad attacks on civilians in Darfur and of violence spilling into neighboring Chad. But the odds of deploying a serious peace force have receded, despite the president's words. The reason is that Sudan's government, the chief sponsor of Sudan's genocide, has threatened violent resistance to a muscular deployment. And Sudan's bluster carries more weight than Mr. Bush's statements.

How can a weak African government get the better of a U.S. president? By persuading fellow governments to believe, or pretend to believe, that replacing the existing African Union troops in Darfur with a larger United Nations peace force would amount to a neocolonialist infringement of Sudanese sovereignty. Needless to say, this is absurd: The United Nations is not an imperialist front. The peacekeepers' purpose would be to save African lives. And the United Nations already has peacekeepers deployed in southern Sudan with the consent of the northern government. But the Sudanese nonetheless persuaded North African members of the African Union, notably Libya, Ethiopia and Egypt, to oppose a beefed-up U.N. force. Sudan's chief negotiator at the desultory Darfur peace talks accused African governments that supported a U.N. deployment of wanting to create "masters in the West and slaves in Africa."

It's a sobering reflection on rich countries' reputation that this sort of clash-of-civilizations broadside can work; it's outrageous that Egypt, a major recipient of U.S. foreign assistance, should lend a sympathetic ear to it. But Sudan's poisonous rhetoric persuaded the African Union to go back on previous indications that it would embrace an early transfer of responsibility from its own peacekeepers. The Africans now say that the earliest possible transfer of authority to the United Nations would be in September.

So Mr. Bush's call for a more serious deployment has been buried for the moment. No peacekeeping force is going to be strong enough to shoot its way into Darfur to establish peace; it will require some form of assent from Sudan's government. The way to get that assent is to put diplomatic pressure on Sudan, above all by achieving a consensus within the African Union in favor of a U.N. deployment. Now that there is no such consensus, the Sudanese feel free to threaten to turn Sudan into a "graveyard" for foreign fighters, and to underline the message by harassing foreign aid workers in Darfur. In the absence of effective peacekeepers, a senior U.N. official recently predicted "massively increased mortality."

Even if a U.N. deployment is off the table until this fall, the United States and its allies have other options. They can press for the enlargement of the existing African Union force and support it with better equipment and logistics. They can enforce a no-fly zone in Darfur, preventing Sudanese government helicopters from supporting ground attacks by the Janjaweed death squads. And they can demand that neighboring countries such as Libya and Egypt support these actions. Don't these Muslim countries care about the genocidal slaughter of Muslims?

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Williams, Jan

From: Williams, Jan

Sent: Friday, March 24, 2006 10:08 AM

To: Williams, Jan; Horvath, Jane (ODAG); Garrett, Paul; Cushmac, Anne Marie; Davis, Michael; Fuentes, Maria; Balfe, Robert; Biskupic, Steven (USAWIE); Bogden, Daniel (USANV); Brooks, Susan; Brownlee, John (USAVAW); Buchanan, MaryBeth (USAPAW); Canary, Leura G. (USAALM); Charlton, Paul (USAAZ); Chiara, Margaret M. (USAMIW); Christie, Christopher (USANJ); Colantuono, Thomas P. (USANH); Connolly, Colm (USADE); Corrente, Robert (USARI); Cummins, Bud (USAARE); Dugas, David R. (USALAM); Fitzgerald, Patrick J. (USAILN); Garcia, H; Garcia, Michael J (SDNY); Graves, Todd (USAMOW); Greenlee, Jim (USAMSN); Heavican, Michael (USANE); Heffelfinger, Tom (USAMN); Huber, David L. (USAKYW); Iglesias, David C. (USANM); Immergut, Karin (USAOR); Jenkins, Anthony; Kubo, Ed (USAHI); Lam, Carol (USACAS); Lampton, Dunn (USAMSS); Larson, Charles (USAIAN); Letten, James (USALAE); 'Lockhart, Gregory'; Marino, Thomas (USAPAM); Martin, Alice (USAALN); Mauskopf, Roslynn; McDevitt, Jim A. (USAWAE); McKay, John (USAWAW); Mead, Matthew H. (USAWY); Meehan, Patrick (USAPAE); Melgren, Eric (USAKS); Mercer, Bill (USAMT); Miller, Gregory (USAFLN); Moss, Thomas (USAID); Murphy, Stephen J. (USAMIE); Nahmias, David (USAGAN); O'Connor, Kevin (USACT); 'O'Melia, Michael (USAAZ)'; Orwig, Matt (USATXE); Perez, Paul (USAFLM); Rapadas, Leonardo; Roper, Richard (USATXN); Rosenstein, Rod (USAMD); Ryan, Kevin (USACAN); Scott, McGregor (USACAE); Shappert, Gretchen (USANCW); Sperling, Sheldon J. (USAOKE); Suddaby, Glenn T. (USANYN); Sullivan, Michael (USAMA); Sutton, Johnny K. (USATXW); Vines, Jim (USATNM); Wagoner, Anna Mills S. (USANCM); Wainstein, Kenneth; Washington, Donald (USALAW); Whitaker, Matt (USAIAS); White, Greg (USAOHN); Whitney, Frank (USANCE); Wood, Lisa (USAGAS); Wood, Maxwell; Wrigley, Drew (USAND); Yang, Debra Wong (USACAC); '/o=USDOJ/ou=CRT/cn=Recipients/cn=Mailboxes/cn=wsanchez'; Bradbury, Steve; Brand, Rachel; Clark, John (USMS); Clement, Paul D; Fisher, Alice; Flores, Robert; Gillis, John; Herraiz, Domingo S.; Keisler, Peter D (CIV); Kim, Wan (CRT); Leonhart, Michele M.; McCallum, Robert (SMO); McNulty, Paul J; Moschella, William; O'Connor, Eileen J. (AAG/TAX); Schofield, Regina; Spagnoli, Deborah A. (USPC); Tamargo, Mauricio J; Tandy, Karen P (DEA); Wooldridge, Sue Ellen (ENRD); '/o=USDOJ/ou=USAPAE/cn=Recipients/cn=Mailboxes/cn=SMalloy'; Agarwal, Asheesh (CIV); Akers, Eric J.; Ames, Andrew; Barnett, Thomas O.; Battle, Michael (USAEO); Beach, Andrew; Beck, Cherith (USAARE); 'Bianco, Joseph F.'; Blomquist, Kathleen M; Boardman, Michelle; Boote, John; Bottner, Andrea; Bounds, Ryan W (OLP); Bucholtz, Jeffrey (CIV); 'Burch, Victoria'; Chambers, Shane P; Clinger, James H; Cohen, Brian; Cohn, Jonathan (CIV); Comisac, Rena (CRT); Cook, Elisebeth C; Cook, Marita L. (USAWY); Cooperstein, Theodore M; Coppenger, Chesed L. (TAX); Costigan, Michael; Coughlin, Robert; Curtis, O. Benton; Daley, Cybele; 'David, Matt'; Dhillon, Uttam; Dummermuth, Matt (USAVAE); Eisenberg, John; Elwood, Courtney; Elwood, John; Flaherty, Connor; Freeman, Sharee (CRT); Friedrich, Matthew; 'Gambatesa, Donald (USMS)'; Garre, Gregory G; Glut, Martha (USANE); 'Gober, Chris'; 'Golden, Lois'; Goodling, Monica; Gorsuch, Neil M; 'Greg Harris'; Hagle, Timothy; 'Harris, Gregory'; Henke, Tracy (SMO); Hertling, Richard; 'Hofer, Patrick F. (TAX)';

Hoisington, Jana; Holland, Eric W; Irving, John (ODAG); Jaffer, Jamil N; Jezierski, Crystal; Jordan, Theresa (USADE); Jungeblut, Neal P.; Katsas, Gregory (CIV); Keehner, Laura; Kessler, Elizabeth A; 'Korn, Jennifer'; Lesch, Jaclyn; Little, Kimani (CRT); Longlet, Benjamin; Lonick, Saundra; Luckinbill, Trent W.; Macklin, Kristi R; MacLean, Alex (CRT); Magnuson, Cynthia; Marshall, C. Kevin; Martinson, Wanda; Masoudi, Gerald; McArthur, Patrick; McDonald, Bruce; McFarland, Steven T (ODAG); McIntosh, Brent; McKee, Cindy (USAKS); McKeown, Matt (ENRD); McKnight, Cynthia M (CRT); McNally, Edward; McNeil, Tucker (OPA); Mercer, Bill (ODAG); Meron, Daniel (CIV); Metcalf, Mark H (CRT); Miranda, Matthew; Monheim, Thomas; Moore, Miriam (ODAG); Morrison, Richard T. (TAX); Murphy, Sean; 'Neumayr, Mary (ENRD)'; Nichols, Carl (CIV); Nichols, Grant W; Nowacki, John; OConnell, James; Otis, Lee L; Otis, William G.; Pagliocca, Theresa; Parsky, Laura; Peabody, Payson R. (TAX); Peed, Carl; Potter, Janet; Racicot, Tim (USAMT); Reyes, Luis (SMO); Roe, Price (OCIO); Roehrkasse, Brian; 'Roper, Matt M'; Rosenberg, Chuck; Rowe, Kiri; Sampson, Kyle; Schlozman, Brad (CRT); Schmitt, Glenn; Schwartz, Arthur; Scolinos, Tasia; Seidel, Rebecca; Selim, George (CRS); Sellers, Kiahna (OAG); Smith, Kimberly A; Sours, Raquel; Strug, Kerri; Swenson, Lily F; Taylor, Bruce A.; Tenpas, Ronald J (ODAG); Todd, Gordon (SMO); Tomlinson, Linda (USANH); Turner, Donald J. (USAPAM); Tzitzon, Nicholas; Underhill, Deborah; Vargas, Omar (CRT); Voris, Natalie (USAEO); Warren, Julie; Woodruff, William; Lewis, Matthew; Nelson, Ryan (ENRD); Becker, Grace (CRT); Masugi, Ken (OPA); Boente, Dana J. (TAX); Nash, Stuart (ODAG); Oldham, Jeffrey L; Pacold, Martha M; Purpura, Michael M (ODAG); Rowan, Patrick (ODAG); Senger, Jeffrey M; Taylor, Jeffrey (OAG); Webb, Lauren; White, Clifford; Murray, Fred F. (TAX); Becker, Grace (CRT); Quinn, Cameron (CRT); Giordano, John (ENRD); Lloyd, Reggie (USASC); Richter, John (USAOKW)

Subject: White House Morning Update: 3/24/06

Attachments: tmp.htm

-----Original Message-----
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9:45 am: THE PRESIDENT makes Remarks at a Celebration of Greek Independence Day

EST The White House | Washington, DC

2:20 pm: THE PRESIDENT attends a Mike Sodrel For Congress and Indiana Victory 2006

EST Reception

The Murat Centre | Indianapolis, Indiana

6:05 pm: THE PRESIDENT attends a Santorum 2006 Reception

EST Private Residence | Sewickley Heights, Pennsylvania

From Today's Morning Headlines

President Bush Calls For A Civil, Responsible Debate On Comprehensive Immigration Reform. "'It's important that we have a serious debate, one that discusses the issues. <http://www.latimes.com/news/printedition/asection/la-na-immig24mar24,1, 3757711.story?coll=la-news-a_section> But I urge members of Congress and I urge people who like to comment on this issue to make sure the rhetoric is in accord with our traditions,' Bush said after meeting with supporters of his immigration proposal. 'When we conduct this debate, it must be done in a civil way. It must be done in a way that brings dignity to the process. It must be done in a way that doesn't pit one group of people against another.'" (James Gerstenzang and Nicole Gaouette, "Bush Calls For Civil Debate On Immigration Proposals," Los Angeles Times, 3/24/06)

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nationwide median price - the point at which half the homes sold for more and half for less - climbed 10.6 percent from a year earlier, to $209,000." (Vikas Bajaj, "Defying Trend, An Upturn In Home Sales," The New York Times, 3/24/06)

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We're putting a system in place to do just that <http://www.washingtontimes.com/national/20060323-114844-4893r.htm> ,' he said." (Audrey Hudson, "Acting Director Gives FEMA Focus," The Washington Times, 3/24/06)

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Rumsfeld said. 'So to the extent that isn't happening, obviously, the level of violence continues and people are being killed, and that's unfortunate. And they need to get about the task,' Rumsfeld said." (Will Dunham, "Rumsfeld Says Trainers May Be In Iraq In 2009," Reuters, 3/23/06)

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<http://news.yahoo.com/s/ap/pace_intelligence&printer=1;_ylt=AqMxFLhqb9W

E0cBswNF.wapbbBAF;_ylu=X3oDMTA3MXN1bHE0BHNlYwN0bWE-> '" (Lolita C. Baldor, "General: War On Terror Will Last For Years," The Associated Press, 3/24/06)

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Department of Homeland Security Assistant Secretary Julie L. Myers, who heads ICE, said multigovernment 'trade transparency units' will investigate and prosecute crimes including money laundering, terrorist financing, contraband smuggling and tax evasion." (Jerry Seper, "Teams To Target Financial Crimes," The Washington Times, 3/24/06)

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President Participates In Meeting On Comprehensive Immigration Reform <http://www.whitehouse.gov/news/releases/2006/03/20060323.html>

* In Focus: Immigration <http://www.whitehouse.gov/infocus/immigration/>

President Signs Bill To Strengthen Trade Between U.S. And Ukraine <http://www.whitehouse.gov/news/releases/2006/03/20060323-1.html>

* In Focus: International Trade
<http://www.whitehouse.gov/infocus/internationaltrade/>

Small Business Week, 2006
<http://www.whitehouse.gov/news/releases/2006/03/20060323-9.html>

Press Briefing By Scott McClellan
<http://www.whitehouse.gov/news/releases/2006/03/20060323-2.html>

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- In Focus: Immigration

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- In Focus: International Trade

Small Business Week, 2006

Press Briefing By Scott McClellan

Miller, Charles S

From: Miller, Charles S
Sent: Friday, March 24, 2006 11:51 AM
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Subject: 3/24/06 Civil Division News

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AP

3/24/06

Mystery document in wiretap suit sent to Seattle for safekeeping

By TIM FOUGHT The Associated Press

PORTLAND, Ore. (AP) — A secret document in an Oregon lawsuit challenging President Bush's domestic wiretapping program will be held in a secure facility in Seattle while the judge and lawyers try to figure out how to keep it under wraps in Portland.

U.S. District Judge Garr King decided this week that the document couldn't be held securely in a federal courthouse in Portland, and shouldn't be held at the local office of the FBI, a defendant in the case.

In a telephone conference that offered few clues about the document, King said it would go to a secure facility at the U.S. attorney's office in Seattle, but he hoped it eventually could be edited and held in Oregon as the suit progresses.

A government lawyer said, however, the document would be so black with redactions that it couldn't be understood.

A transcript of the telephone conference was made available to The Associated Press by Steven Goldberg, a civil rights attorney who filed the lawsuit last February.

The lawsuit alleges that the National Security Agency illegally wiretapped electronic communications between a local chapter of the Al-Haramain Islamic Foundation and Wendell Belew and Asim Ghafoor, both attorneys in Washington, D.C.

It contends the NSA did not follow procedures required by the Foreign Intelligence Surveillance Act, or FISA, and failed to obtain a court order authorizing electronic surveillance of the charity and its attorneys. Lawyers for the plaintiffs have said they can't spell out the facts that support their suit because those details are classified.

The conference over the document arose because the FBI office is the only place in Portland that has a facility that meets specifications for what the government calls "sensitive compartmented information," according to the telephone conference transcript.

Such secure rooms, called SCIFs, often are used in trials dealing with classified information. They are overseen by court security officers who monitor lawyers reviewing documents. Lawyers generally aren't allowed to copy anything or take notes out.

Goldberg said it would be inappropriate for the FBI to have custody because "we're dealing with a document that may involve criminal behavior by that defendant."

Anthony Coppolino of the U.S. Justice Department said the document wouldn't be altered if the FBI had it and said King could have it in a closed envelope, perhaps signing the seal to guard against unauthorized opening.

The judge, however, said the FBI wouldn't be a suitable custodian.

"I'm not indicating there would be any problem with them, but they are a defendant so I don't think it's appropriate that they have custody of it," King said.

But the judge also decided against the idea of constructing a special secure facility for the case after Coppolino said "these facilities cost thousands, if not millions, and take months and months to create."

King expressed hope that he and others could consult with security experts and "the originator" of the

document "to see if something less secure would be satisfactory."

Coppolino told King that editing the document wouldn't be possible "without redactions of the document to the point where the content wouldn't be — would not be understandable."

In a separate development, The Oregonian newspaper reported Thursday that it had filed suit last week seeking documents in the case.

"If the government is committing crimes against its citizens, the public is entitled to know the nature of the crimes," said the newspaper's attorney, Charles Hinkle.

END

Globe and Mail (Toronto)

March 24, 2006

Arar seeks probe of secret U.S. flights

COLIN FREEZE

Maher Arar has told European legislators that he wants Canadian politicians to be more like them and probe secret U.S. flights that whisk terrorism suspects away to harsh prison conditions.

"I can only hope that the Canadian government will follow your example and look into the question of whether the CIA flights that flew over or stopped in Canada carried persons who were victims of serious human-rights violations," Mr. Arar told a European Parliament committee in Brussels yesterday.

The Parliament assembled a committee this year to probe concerns that U.S. agencies are perpetrating human-rights abuses abroad. Europeans are particularly troubled by the U.S. Central Intelligence Agency and its covert practice of "extraordinary rendition," which involves U.S. agents snatching terrorism suspects and flying them to other countries for harsh, even torturous, interrogation sessions.

In his first trip abroad since he returned to Canada three years ago, Mr. Arar told the committee he was victimized by the CIA.

"I am a victim of extraordinary rendition," the 36-year-old Ottawa resident said, describing how he was suddenly arrested in a New York airport before being sent to a tiny, squalid cell in Syria where he was detained for 10 months.

Canadians know well Mr. Arar's account of being falsely labelled an al-Qaeda terrorist and being beaten with electric cables until he made false confessions.

Because Europe is less familiar with the case, Mr. Arar's address to the committee was very similar to the televised statement he read shortly after returning to Canada from Syria in 2003. "I am not a terrorist. I am not a member of al-Qaeda and I do not know anyone who belongs to this group," he repeated yesterday.

However, Mr. Arar did elaborate on some elements of his ordeal that would be of interest to Europeans. For example, he said the "small, luxurious jet" that took him from the United States briefly stopped in Italy before continuing on to the Middle East.

He also said that while jailed in Syria, he met a German national also believed to be a victim of U.S. rendition.

Syrian-born Mohammed Hayden Zammar, accused of being part of the same Hamburg al-Qaeda cell the 2001 hijackers came from, was detained in Morocco and sent to Syria shortly after the al-Qaeda strike against U.S. targets on Sept. 11, 2001.

Concerns have been raised lately in Europe about German complicity in his abduction, interrogation and continued detention.

END

AP

3/24/06

Secret flight refuelled in Italy, Arar tells EU

BRUSSELS, BELGIUM -- Maher Arar told an investigative committee of the European Parliament yesterday that he was kidnapped in New York and deported by U.S. authorities via Rome and Jordan to Syria, where he was tortured for 10 months.

Arar, an Ottawa engineer who holds dual Syrian-Canadian citizenship, was travelling on a Canadian passport when he was grabbed at a New York airport in September 2002 on his way home to Canada from vacation in Tunisia. He said he was sent to Syria for interrogation on suspicion of being a member of al-Qaida, an allegation he denied.

"I am a victim of extraordinary rendition," Arar told the EU committee. "I am not a terrorist, I don't know anyone from al-Qaida. I have never been to Afghanistan."

Arar testified to an EU parliamentary committee investigating whether CIA agents shipped prisoners through European airports to secret detention centres.

The Italian connection was of particular interest to the committee, which is investigating whether Europe's human rights treaties were violated in the alleged extra-ordinary renditions by the U.S.

Clandestine detention centres and secret flights via Europe to countries where suspects could face torture would breach the continent's human rights conventions.

Arar told the EU committee FBI agents took his passport, chained his wrists and ankles and asked him to voluntarily to go to Syria. He refused and after several days of being interrogated in New York, he said he was driven to New Jersey and put on a private jet that stopped in Rome before landing in Amman, Jordan.

"I overheard them saying they belonged to a special removal unit," he said.

Arar said he could see on the in-flight screen showing the flight's trajectory that it landed in Rome, adding he overheard officials saying the plane's next stop would be Athens, Greece. He said the plane refuelled in Rome and a tall person in a civilian suit guarded it on the tarmac.

In Syria, Arar said, he was detained in a small cell with no light and was beaten and tortured.

Arar's testimony followed that of a Kuwaiti-born German who said he was kidnapped in Macedonia and flown to Afghanistan for torture.

The EU assembly is trying to get first-hand testimony from people who say they were kidnapped by U.S. agents.

END

EU Observer

24.03.2006 - 10:03 CET |

Macedonian minister refuses to collaborate in CIA Probe

By Aleander Balzan
EUOBSERVER / BRUSSELS - The Macedonian interior minister Ljubomir Mihailovski has refused to meet EU lawmakers investigating CIA activities in Europe.

"I have just learnt, to my regret, that the Macedonian Minister of the Interior, Ljubomir Mihailovski, does not want to meet the delegation of the European Parliament's temporary committee," said socialist MEP Claudio Fava in a statement.

Claudio Fava is the rapporteur of the European Parliament committee created in January to investigate alledged CIA activities in Europe.

A group of EU lawmakers were planning to visit Macedonia in April, after a German citizen of Lebanese origin claimed that he was arrested by CIA agents in Macedonia.

On 13 March, Khaled el Masri gave his testimony during a sitting of the temporary committee on the alleged activities in European countries by the CIA.

Khaled El- Masri said that he was arrested by CIA agents in Macedonia in December 2003, flown to Afghanistan and held there for months.

Following five months of alleged torture he was than declared innocent and released in Albania.

In the European Parliament, members from the main conservative group challenged his allegations and insisted that he had no proof while liberal deputies accused the conservatives of trying to undermine the work of the committee.

"To find the truth about this case and about other likely cases of 'extraordinary rendition' is both political and moral obligation for our committee or for any European country," added Mr Fava.

Allegations of illegal CIA activities in Europe were first voiced in November last year, after a Washington Post report said that the CIA used camps in Eastern European countries to interrogate terrorist suspects.

Later on, the NGO, Human Rights Watch, reconfirmed the allegations, adding that interrogation methods amounting to torture could have been used.

Washington has neither confirmed nor denied the allegations over secret prisons in Europe but has denied using or condoning torture.

END

AP**Error! Hyperlink reference not valid.**March 24, 2006

Puerto Rico sues federal agencies for hindering probe into FBI raids

By LAURA N. PEREZ SANCHEZ

Associated Press Writer

SAN JUAN, Puerto Rico_Puerto Rico's Justice Department sued\l "l" U.S\l "l". federal authorities on Thursday for allegedly obstructing an investigation into the death of Filiberto Ojeda Rios, a militant independence activist who died in a September shootout with the FBI.

The suit names FBI Director Robert Mueller III, U.S. Attorney General Alberto Gonzalez and the directors of their departments' respective offices in Puerto Rico.

The department also alleged that FBI agents used pepper spray on journalists while they covered a raid on a separatist group in February.

"The FBI's position to refuse to provide the names of the agents and the other officials in question constitutes an impermissible interference," with the bilateral pact governing Puerto Rico's status, said Roberto Sanchez Ramos, chief of Puerto Rico's Justice Department.

Sanchez had asked for a congressional investigation into the two raids.

Many people in the U.S. Caribbean territory have criticized the FBI after the slaying of Ojeda at a farmhouse in southeastern Puerto Rico. He was wanted for the 1983 robbery of a Wells Fargo armored truck depot in West Hartford, Connecticut.

The FBI said Ojeda shot at agents first, but his widow said the FBI fired the first rounds.

In the February raid, agents searched five homes and a business to thwart what the agency said was a "domestic terrorist attack" planned by militants favoring independence for Puerto Rico.

END

Aberdeen American News (SD)

March 24, 2006

Meatpacker sues over mad cow testing

By Libby Quaid

AP Food and Farm Writer

A Kansas meatpacker sued the government Thursday for refusing to let the company test for mad cow disease in every animal it slaughters.

Creekstone Farms Premium Beef says it has Japanese customers who want comprehensive testing. The Agriculture Department threatened criminal prosecution if Creekstone did the tests, according to the company's lawsuit filed in U.S. District Court in Washington.

"We're not in any way saying that U.S. beef isn't safe; we believe it's the safest beef supply in the world, but that's not the issue," chief executive John Stewart said at a news conference.

"We're talking about consumers, and consumers want the product tested," Stewart said.

Testing for mad cow disease in the United States is controlled by the department, which tests about 1 percent of the 35 million cattle, or about 350,000, that are slaughtered each year. The department is planning to reduce that level of testing.

Stewart said he was surprised at the plan to scale back testing. "Given the concerns internationally, I'm not so sure that's the right thing to do."

Private companies certified by the department make screening tests used to detect mad cow disease. The department says it has sole authority over the sale and use of the tests.

Department officials say they oppose 100 percent testing because it does not ensure food safety. The disease is difficult to detect in younger animals, which are the source of most beef.

Larger meatpackers worry that insistence from Japanese buyers would force them to do testing and that a suspect result might scare consumers away from eating beef.

It would cost about $20 per animal to do the tests, adding about 10 cents per pound to the cost of meat, according to Stewart.

Japan tests nearly all its cattle for mad cow disease. While individual companies there may want more testing in the U.S., Japan's government is not asking the U.S. to do the same.

For now, Japan has halted American beef shipments because inspectors in January found cuts of U.S. veal containing backbone, which is banned in Japan even though it's eaten in the U.S.

Japan had only recently lifted a ban on American beef imposed after the first U.S. case of mad cow disease in 2003. Until then, Japan was the top foreign buyer of American beef, accounting for around $1.4 billion in sales in 2003.

Creekstone cut production and laid off about 150 employees at its Arkansas City, Kan., plant because of the ban.

Stewart said Creekstone's customers understand the limitations of the tests. He added that he expects Japan to reopen its market regardless of whether Creekstone is allowed to test its cattle.

The medical name for mad cow disease, a brain-wasting ailment, is bovine spongiform encephalopathy, or BSE. In Humans, eating meat products contaminated with BSE is linked to more than 150 deaths worldwide, mostly in Britain, from a deadly human nerve disorder, variant Creutzfeldt-Jakob Disease.

There have been three cases of mad cow disease in the U.S. The first, in December 2003 in Washington state, was in a cow that had been imported from Canada. The second, last June, was in a Texas-born cow. The third was confirmed last week in an Alabama cow.

Japan has had two dozen cases of BSE.

END

CORPORATE CRIME REPORTER

March 23, 2006

Grayson: Political Fix in on Prosecution of Custer Battles – Fried Frank Motion to Dismiss – $2 Million

Scott Custer and Mike Battles are now the poster boys of Iraq fraud.

Earlier this month, a federal jury in Alexandria, Virginia hit the two and their defense contracting firm – Custer Battles – with a $10 million verdict for ripping off the federal government on Iraq contracts.

The case was filed under the False Claims Act by Robert J. Isakson and William D. "Pete" Baldwin, two whistleblowers who used to work for Custer Battles.

Isakson and Baldwin were represented by Alan Grayson.

Back in February 2004, when the case was filed, Custer Battles hired corporate America's favorite False Claims Act defense attorney – Fried Frank's Jack Boese – to defend the case.

Grayson now says that Boese and Fried Frank delivered a motion to dismiss the False Claims Act complaint – and charged Custer Battles $2 million.

How does he know this?

"Scott Custer told us at a settlement conference that Mr. Boese charged $2 million for a motion to dismiss," Grayson said. "Custer wouldn't pay it. And Boese decided to leave the case."

Boese was replaced by Custer's University of Vermont buddy Robert Rhoad – now a partner in the D.C. office of Porter Wright Morris & Arthur.

Did the $2 million fee strike Grayson as high?

"Yes," Grayson said. "It strikes me as very high. I don't believe we have ever charged that much for an entire case, start to finish."

We asked Boese about the fee and he sent us an e-mail: "We do not comment on client matters."

Rhoad said that motions to dismiss are still pending.

If Judge T.S. Ellis III denies the motions, then Custer Battles intends to appeal to the Fourth Circuit.

As for Grayon's claim that Boese billed $2 million and that this led to a change of defense attorney, Rhoad said "Mr. Grayson is wrong."

"His comments regarding the reasons for the change in counsel are completely inaccurate," Rhoad said. "There were a host of timing and tactical considerations, which led Mr. Custer to believe that there would be a better fit with my firm."

"I was at the settlement and didn't hear Custer say anything like that," Rhoad said. "I do not believe that Mr. Custer ever said it. Mr. Custer thought Fried Frank was great up to the pre-trial stage. He felt the fit was better with our firm."

"I have no idea what he was billed," Rhoad said. "I don't believe that he was billed $2 million for a motion to dismiss. Fried Frank represented them for at least eight months. I'm almost 100 percent certain that Mr. Custer did not make that representation, although legal costs came into play."

Custer Battles was the only one of dozens of False Claims Act cases alleging fraud on Iraq contracts to

go public.
The rest are under seal.

The cases reflect what Senator Byron Dorgan (D-ND) has called “an orgy of greed.”

The evidence in the Custer Battles case was damning.

Brigadier General Hugh Tant, was in charge of the Iraqi Currency Exchange contract – or ICE contract.

Grayson says that under that contract, Custer Battles was to provide trucks and living quarters for people doing that work.

Grayson said that Tant testified that Custer Battles delivered 36 trucks to transport currency – 34 of which did not work.

“Some of them actually had to be towed into the motor pool,” Grayson said. “The brakes on the trucks didn't work. The trucks broke down on the road with over $10 million inside of them, making some very juicy terrorist targets inside of them, as you can imagine.”

General Tant testified that when confronted with this evidence, Mike Battles is said to have responded: "You asked for trucks and we complied with our contract, and it is immaterial whether the trucks were operational."

Grayson said that also damning was a memo written by Custer Battles corporate integrity office Peter Miskovich who concluded that Custer Battles own documents were “prima facie evidence of a course of conduct consistent with criminal activity and intent."

Grayson wants a criminal prosecution of the Custer Battles defendants.

He says that federal agents assigned to the case want a criminal prosecution.

He says the Defense Department wants a criminal prosecution.

He says that the assistant U.S. Attorney assigned to the case – Richard Sponseller in Alexandria – told Grayson that “the case was being declined by the government because a decision had been made downtown, as he put it – downtown could be the Justice Department, the White House – he didn't specify – a decision had been made downtown that cheating the Coalition Provisional Authority was not the same as cheating the U.S. government.”
“We took away from the conversation that the White House had decided to get rid of the case because it was a case involving Coalition Provisional Authority contracts,” Grayson said.

Did Sponseller say it was a political decision?

“He did not say it was a political decision,” Grayson said. “But it was clear from the course of the conversation that it was not a legal decision.”

Grayson believes a political fix is in.

“Mike Battles ran for Congress in 2002,” Grayson said. “His first and one of his largest single campaign contributors was Haley Barbour, the head of the Republican Party. Another large contributor was Fred Malek, from Nixon enemies list fame and who was George Bush's campaign manager.. . .The idea that there is no political element in this decision not to prosecute Mike Battles is silly.”

Has anybody in the government ever told you the political fix was in?

“No,” Grayson said. “But as Sherlock Holmes said – when you have eliminated the impossible, whatever remains must be true. There is no other explanation here.”

END

Monitor, The (McAllen, TX) (KRT)

March 24, 2006

Hospital Operator Subpoenaed: Possible healthcare fraud probed by feds

Marc B. Geller

The Monitor, McAllen, Texas

Mar. 24--McALLEN -- The company that runs several hospitals in the Rio Grande Valley was subpoenaed in connection with a Medicaid and Medicare\l "l" fraud\l "l" investigation.

Universal Health Services Inc. publicly disclosed the Nov. 21 subpoena for the first time in an annual report it filed last week with the federal Securities and Exchange Commission.

The subpoena came from the Office of the Inspector General of the U.S. Department of Health and Human Services and included the company's South Texas Health System subsidiary. The health system operations include McAllen Medical Center, McAllen Heart Hospital and Edinburg Regional Medical Center.

"The Civil Division of the U.S. Attorney's Office in Houston, Texas has indicated that the subpoena is part of an investigation under the False\l "l" Claims\l "l" Act\l "l"," the company said.

Dan McLean, CEO of South Texas Health System, said he has received no indication that UHS or South Texas Health System are targets of the investigation and denied any wrongdoing.

"We've asked the question whether we're a target and so on and have been told no," he said, adding that authorities have not given any clues as to who or what the target might be. "They play these things pretty close to the vest while they do their investigations."

UHS disclosed in its report that federal authorities are investigating compliance with the Medicare and Medicaid rules, as well as regulations relating to the employment of physicians and the solicitation of patient referrals from physicians during the period from Jan. 1, 1999, to the date of the subpoena.

The False\l "l" Claims\l "l" Act\l "l" provides for liability for triple damages and a penalty from $5,500 to $11,000 per claim for anyone who knowingly submits a false or fraudulent claim to the United States.

The Health and Human Services Department's Office of the Inspector General and the U.S. Attorney's Office in Houston declined to comment on the ongoing investigation.

McLean said the health system continues to cooperate with the probe.

He said the original request was for "anything that had to do with physician recruitment and physician contracting," including medical directorships.

McLean added the investigation has had no impact on patient care, customer service or facility operations.

"We haven't changed one thing we were doing," he said. "In these kinds of things I guess no news is

good news."

Parent company UHS, one of the largest for-profit hospital operators in the United States, affirmed in the annual report that it is cooperating in the investigation and providing documents responsive to the subpoena.

"Because the law in this area is complex and constantly evolving, governmental investigation or litigation may result in interpretations that are inconsistent with industry practices, including ours," the company said.

UHS described the matter in its report as being "at an early stage" and said that it was unable to assess any potential financial exposure.

"Our substantial Medicare, Medicaid and other governmental billings may result in heightened scrutiny of our operations. It is possible that governmental entities could initiate additional investigations or litigation in the future and that such matters could result in significant penalties as well as adverse publicity," the company said.

"It is also possible that our executives and managers could be included in governmental investigations or litigation or named as defendants in private litigation."

UHS said in the report that government action has increased with respect to investigations and allegations concerning possible violations of fraud, abuse and false claims laws and regulations by health care providers.

"Providers that are found to have violated these laws and regulations may be excluded from participating in government healthcare programs, subjected to fines or penalties or required to repay amounts received from government for previously billed patient services," the company said.

Shares of UHS closed Thursday on the New York Stock Exchange at $49.12, which compares to a 52-week low of $44.50 and a 52-week high of $63.74.

END

FDA Week

March 24, 2006

GRASSLEY: CMS SHOULD ENSURE STATE CLAIMS LAWS ALLOW QUI\l "l" TAM\l "l" CASES

A battle over how to interpret Medicaid fraud language in the Deficit Reduction Act (DRA) is percolating, with Senate Finance Committee chair Chuck Grassleys (R-IA) asking CMS and the Department of Justice (DOJ) to ensure that states passing false\l "l" claims\l "l" acts\l "l" (FCAs) designed to reap greater state recoveries from fraud-related settlements "do not undermine" the ability of whistleblowers to file lawsuits and collect the proceeds. But state lawmakers who are drafting FCAs say that the DRA is unclear on this issue and CMS should allow states to collect the extra recoveries unless the agency issues additional guidance or courts set precedent.

The newly enacted DRA provides an incentive for states to pass their own Medicaid FCAs by increasing states' shares of recoveries from false claims suits. But Grassley is concerned that some states may be

cutting off the ability of whistleblowers to instigate such suits by excluding so-called qui\l "l" tam\l "l" language from their FCAs. Qui\l "l" tam\l "l" refers to language in the federal FCA that allows whistleblowers to bring lawsuits on behalf of the government and share in the recoveries.

Grassley, in his letter to CMS and DOJ, says "some states" drafting Medicaid FCAs are using language that deviates from "the requirements" outlined in the DRA, especially a provision that requires states wanting to receive extra recoveries to include language in their FCAs that is "at least as effective in rewarding and facilitating qui\l "l" tam\l "l" actions for false or fraudulent claims" as those described in the federal FCA.

For states to claim the extra recoveries, their FCAs must at the least contain a qui\l "l" tam\l "l" mechanism for whistleblowers, facilitate a system for whistleblowers to file suit on behalf of the government, and reward a qui\l "l" tam\l "l" whistleblower with a portion of the recoveries, Grassley contends.

Grassley is "aware" that there are concerns about the wording of FCAs drafts in New York state, which NY Attorney General Eliot Spitzer has called out of compliance with DRA language, a Grassley spokesperson said. However, Grassley's letter is "not a direct reply" to any particular state FCA proposal, she added. Instead, Grassley wants to "make sure that all states have fair notice as to the requirements so as to comply and receive the increased state share of recoveries."

The DRA specifically decreases the federal medical assistance percentage, on which the federal government's share of FCA-related recoveries is based, by 10 points for states that have passed FCAs, leaving more for states involved in these settlements -- a potential financial windfall for states that could be in the millions. States currently receive cuts of between 25 and 50 percent of such recoveries, depending on the state.

Currently, 16 states have passed Medicaid FCAs, while three -- Kansas, Missouri and New York -- are working on legislation, according to watchdog group Taxpayers Against Fraud (TAF).

According to TAF, 80 percent of FCA-related lawsuits are currently brought by whistleblowers -- partly because government agencies are understaffed and unable to investigate all leads.

In New York state, a Senate FCA draft currently debated as part of the state's fiscal year 2006 budget conference has no qui\l "l" tam\l "l" provision at all, while the Assembly version amends federal qui\l "l" tam\l "l" language in a way that would allow the attorney general to decline whistleblower cases and courts to reduce whistleblower rewards.

Another suggestion on the table, according to a source close to the issue, is to require whistleblowers to try to have companies correct their fraud before a qui\l "l" tam\l "l" lawsuit can be filed.

New York state lawmakers are confident that, unless CMS clears up what they say is ambiguous language in the DRA, the agency will have to grant the state extra recoveries from FCA-related settlements if FCA language passes with the state budget next week.

A source with a key New York state senator said that the proposed New York language makes sense because it prevents frivolous lawsuits that clog the courts and settlements where a whistleblower who was involved in fraudulent activities that were investigated shares in the recoveries. Also, the staffer noted, the New York state senate has traditionally opposed the creation of private "rights of action."

Sponsors of the New York legislation, which would also create an Office of Medicaid Inspector General, increase civil and criminal penalties for people committing Medicaid fraud, and give local governments and district attorneys additional powers to go after potential fraud, estimate that it would save New York's $46 billion Medicaid program -- the largest in the nation -- $2.3 billion annually.

"It's a judgment call by CMS on whether states' FCAs are 'at least as effective' as the federal FCA," the

source close to the issue said. "That's not something you can measure quantitatively. States must be allowed some leeway."

END

Boston Globe

3/24/06

Dismissal of suit against FBI upheld

The US Court of Appeals for the First Circuit yesterday upheld the dismissal of a $120 million lawsuit that had been brought against the FBI by a couple who were forced in 1984 to sell their liquor store to notorious gangster and longtime FBI informant James "Whitey" Bulger.

The court agreed with a district court judge who tossed out the suit last year after finding that Stephen Rakes and his former wife, Julie Dammers, waited too long to file their suit. The appeals court found that Rakes and Dammers didn't file a claim until May 11, 2001, even though they had known for more than two years about the FBI's relationship with Bulger.

END

Williams, Jan

From: Williams, Jan

Sent: Monday, March 27, 2006 9:15 AM

To: Williams, Jan; Horvath, Jane (ODAG); Garrett, Paul; Cushmac, Anne Marie; Davis, Michael; Fuentes, Maria; Balfe, Robert; Biskupic, Steven (USAWIE); Bogden, Daniel (USANV); Brooks, Susan; Brownlee, John (USAVAW); Buchanan, MaryBeth (USAPAW); Canary, Leura G. (USAALM); Charlton, Paul (USAAZ); Chiara, Margaret M. (USAMIW); Christie, Christopher (USANJ); Colantuono, Thomas P. (USANH); Connolly, Colm (USADE); Corrente, Robert (USARI); Cummins, Bud (USAARE); Dugas, David R. (USALAM); Fitzgerald, Patrick J. (USAILN); Garcia, H; Garcia, Michael J (SDNY); Graves, Todd (USAMOW); Greenlee, Jim (USAMSN); Heavican, Michael (USANE); Heffelfinger, Tom (USAMN); Huber, David L. (USAKYW); Iglesias, David C. (USANM); Immergut, Karin (USAOR); Jenkins, Anthony; Kubo, Ed (USAHI); Lam, Carol (USACAS); Lampton, Dunn (USAMSS); Larson, Charles (USAIAN); Letten, James (USALAE); 'Lockhart, Gregory'; Marino, Thomas (USAPAM); Martin, Alice (USAALN); Mauskopf, Roslynn; McDevitt, Jim A. (USAWAE); McKay, John (USAWAW); Mead, Matthew H. (USAWY); Meehan, Patrick (USAPAE); Melgren, Eric (USAKS); Mercer, Bill (USAMT); Miller, Gregory (USAFLN); Moss, Thomas (USAID); Murphy, Stephen J. (USAMIE); Nahmias, David (USAGAN); O'Connor, Kevin (USACT); 'O'Melia, Michael (USAAZ)'; Orwig, Matt (USATXE); Perez, Paul (USAFLM); Rapadas, Leonardo; Roper, Richard (USATXN); Rosenstein, Rod (USAMD); Ryan, Kevin (USACAN); Scott, McGregor (USACAE); Shappert, Gretchen (USANCW); Sperling, Sheldon J. (USAOKE); Suddaby, Glenn T. (USANYN); Sullivan, Michael (USAMA); Sutton, Johnny K. (USATXW); Vines, Jim (USATNM); Wagoner, Anna Mills S. (USANCM); Wainstein, Kenneth; Washington, Donald (USALAW); Whitaker, Matt (USAIAS); White, Greg (USAOHN); Whitney, Frank (USANCE); Wood, Lisa (USAGAS); Wood, Maxwell; Wrigley, Drew (USAND); Yang, Debra Wong
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Holland, Eric W; Irving, John (ODAG); Jaffer, Jamil N; Jezierski, Crystal; Jordan, Theresa (USADE); Jungeblut, Neal P.; Katsas, Gregory (CIV); Keehner, Laura; Kessler, Elizabeth A; 'Korn, Jennifer'; Lesch, Jaclyn; Little, Kimani (CRT); Longlet, Benjamin; Lonick, Saundra; Luckinbill, Trent W.; Macklin, Kristi R; MacLean, Alex (CRT); Magnuson, Cynthia; Marshall, C. Kevin; Martinson, Wanda; Masoudi, Gerald; McArthur, Patrick; McDonald, Bruce; McFarland, Steven T (ODAG); McIntosh, Brent; McKee, Cindy (USAKS); McKeown, Matt (ENRD); McKnight, Cynthia M (CRT); McNally, Edward; McNeil, Tucker (OPA); Mercer, Bill (ODAG); Meron, Daniel (CIV); Metcalf, Mark H (CRT); Miranda, Matthew; Monheim, Thomas; Moore, Miriam (ODAG); Morrison, Richard T. (TAX); Murphy, Sean; 'Neumayr, Mary (ENRD)'; Nichols, Carl (CIV); Nichols, Grant W; Nowacki, John; OConnell, James; Otis, Lee L; Otis, William G.; Pagliocca, Theresa; Parsky, Laura; Peabody, Payson R. (TAX); Peed, Carl; Potter, Janet; Racicot, Tim (USAMT); Reyes, Luis (SMO); Roe, Price (OCIO); Roehrkasse, Brian; 'Roper, Matt M'; Rosenberg, Chuck; Rowe, Kiri; Sampson, Kyle; Schlozman, Brad (CRT); Schmitt, Glenn; Schwartz, Arthur; Scolinos, Tasia; Seidel, Rebecca; Selim, George (CRS); Sellers, Kiahna (OAG); Smith, Kimberly A; Sours, Raquel; Strug, Kerri; Swenson, Lily F; Taylor, Bruce A.; Tenpas, Ronald J (ODAG); Todd, Gordon (SMO); Tomlinson, Linda (USANH); Turner, Donald J. (USAPAM); Tzitzon, Nicholas; Underhill, Deborah; Vargas, Omar (CRT); Voris, Natalie (USAEO); Warren, Julie; Woodruff, William; Lewis, Matthew; Nelson, Ryan (ENRD); Becker, Grace (CRT); Masugi, Ken (OPA); Boente, Dana J. (TAX); Nash, Stuart (ODAG); Oldham, Jeffrey L; Pacold, Martha M; Purpura, Michael M (ODAG); Rowan, Patrick (ODAG); Senger, Jeffrey M; Taylor, Jeffrey (OAG); Webb, Lauren; White, Clifford; Murray, Fred F. (TAX); Becker, Grace (CRT); Quinn, Cameron (CRT)

Subject: FW: The Morning Update: 3/27/06

Importance: Low

The Morning Update

Today, President Bush will attend a naturalization ceremony and watch as a group of immigrants become new citizens of the United States. The President will also discuss his vision for comprehensive immigration reform that secures America's borders, improves enforcement of immigration laws, and upholds our values.

10:00 am: THE PRESIDENT makes remarks at a Naturalization Ceremony

EST DAR Administration Building | Washington, DC

6:30 pm: THE PRESIDENT attends a Friends of Conrad Burns Reception

EST The Madison Hotel | Washington, DC

From Today's Morning Headlines

In Weekly Radio Address, President Bush Calls For Comprehensive Immigration Reform. "With the Senate poised for an emotional debate on immigration law this week, President Bush called Saturday for an immigration policy that embraces some foreign workers while increasing security at the nation's borders. 'America does not have to choose between being a welcoming society and being a lawful society. We can do both at the same time, <http://www.latimes.com/news/nationworld/nation/la-na-bush26mar26,1,2342
445,print.story?coll=la-headlines-nation> ' Bush said in his weekly radio address, which he devoted to a subject that has divided his party and the nation. The president repeated his call for a guest-worker program that would 'create a legal way to match willing foreign workers with willing American employers to fill jobs that Americans will not do.'" (Faye Fiore, "U.S. Can Be 'Welcoming,' 'Lawful,'" Los Angeles Times, 3/26/06)

Seniors Benefiting From The Medicare Prescription Drug Program. "Those who have signed up say the total cost of all their drugs under Medicare is often less than the amount they were paying for just one prescription in the past.
<http://www.nytimes.com/2006/03/26/national/26medicare.html?_r=1&pagewan
ted=print&oref=slogin> Mary N. Hooser, 89, of Sapulpa, Okla., takes eight medications for heart disease, ulcers, depression and early signs of Alzheimer's disease. Her children had been chipping in to cover the cost, $476 a month, including $155 for the Alzheimer's drug. Under Medicare, the cost for all her drugs is less than $100 a month. 'This is a tremendous help to my mother and me,' said Mrs. Hooser's 73-year-old daughter, Mary L. Ward." (Robert Pear, "For Some Who Solve Puzzle, Medicare Drug Plan Pays Off," The New York Times, 3/26/06)

Durable Goods Orders Increase By Largest Amount In Three Months.
"Orders to U.S. factories for big-ticket manufactured goods rose in February by the largest amount in three months <http://abcnews.go.com/Business/print?id=1763663> , propelled by soaring demand for civilian aircraft. The Commerce Department reported that durable goods orders increased by 2.6 percent last month, double the gain that economists had been expecting. The strength was concentrated in a huge 52.5 percent increase in orders for commercial aircraft, which reflected a rebound after a 70.1 percent drop in January aircraft orders." (Martin Crutsinger, "Orders For Manufactured Goods Rise In Feb.," The Associated Press, 3/24/06)

Secretary Rice Discusses Political Progress In Iraq. SEC. RICE: "What the Iraqis are also doing, though, is that they are developing a program by which this national government will actually govern. They are developing rules and institutions that they will use to govern, and they are looking at what jobs will be held by whom. So this is a complicated process that is likely to push them very much further forward once it is completed than just having people identified as prime minister and defense minister and so forth. ... Now, everybody is putting considerable pressure on the Iraqis to get this done and to get it

done quickly, but we do have to understand what's really going on here.
They're not just dividing up jobs. They really are developing a program by which they will govern, and they are creating the institutions by which they will govern." (Fox News' "Fox News Sunday," 3/26/06)

National Security Adviser Stephen Hadley Discusses The Mission In Iraq.
HADLEY: "It's clear that the bombing and destruction of the Golden Mosque in Samarra was an enormous shock to the Iraqis. And I think they looked into the abyss of a degeneration into sectarian violence. And the interesting thing it to watch what was the response of the Iraqis to that. After about 24, 48 hours, all the principal ministers of the government and of the various religious communities came out and basically said, we don't want to go to civil war. ... Secondly, the Iraqi security forces, the army and the police, did a pretty good job.
They were out front trying to contain the violence. They did not break up along sectarian lines. They held together." (CBS' "Face The Nation," 3/26/06)

USA Today Profiles Efforts To Build Local Democratic Institutions In Iraq. "Iraqis are trying, after decades of authoritarian rule, to learn fundamentals of democracy and take control of rebuilding efforts and governance now largely handled by the United States. Empowering Iraqis to decide which streets get paved and which power plants are rebuilt increasingly is seen as vital to stabilizing the country. 'It builds confidence in government and drives a wedge between Iraqi people and terrorists and insurgents,' <http://www.usatoday.com/printedition/news/20060327/a_iraqcouncils27.art .htm> says Daniel Speckhard, director of the Iraq Reconstruction Management Office, which has overseen the $21 billion, U.S.-financed rebuilding of Iraq's infrastructure." (Thomas Frank, "Basics Of Democracy Include Frustration," USA Today, 3/27/06)

In China, Secretary Gutierrez Addresses The Need To Enforce Intellectual Property Rights. "China is the biggest loser from intellectual property violations and needs to stamp out piracy to build global corporate champions, U.S. Commerce Secretary Carlos Gutierrez said on Monday.
<http://news.yahoo.com/s/nm/20060327/bs_nm/trade_china_usa_dc&printer=1;
_ylt=AkqIOc64XWgfPHVPjccsODGb.HQA;_ylu=X3oDMTA3MXN1bHE0BHNlYwN0bWE>
Gutierrez was speaking in the southwestern city of Chongqing at the start of a visit to China to prepare for high-level U.S.-Chinese meetings in Washington next month. In a speech to students and businessmen, Gutierrez said widespread counterfeiting was not only harming U.S. companies but also posing a threat to China's own long-term development. 'Ironically, it is China that is most affected by violations of intellectual property rights,' he said." (Jason Subler, "China Is Biggest Loser From Copyright Piracy - U.S." Reuters, 3/27/06)

This Weekend From The White House

President's Radio Address
<http://www.whitehouse.gov/news/releases/2006/03/20060325.html>

* In Focus: Immigration
<http://www.whitehouse.gov/infocus/immigration/>

President Celebrates Greek Independence Day At The White House <http://www.whitehouse.gov/news/releases/2006/03/20060324-2.html>

* In Focus: Global Diplomacy
<http://www.whitehouse.gov/infocus/globaldiplomacy/>

President To Welcome Nigerian President To The White House <http://www.whitehouse.gov/news/releases/2006/03/20060324-1.html>

President's Remarks At Mike Sodrel For Congress And Indiana Victory 2006 Reception
<http://www.whitehouse.gov/news/releases/2006/03/20060324-5.html>

Statement On H.R. 4826, S. 1184, And S. 2363 <http://www.whitehouse.gov/news/releases/2006/03/20060324-4.html>

To Implement Certain Provisions Of The Dominican Republic- Central America-United States Free Trade Agreement With Respect To El Salvador <http://www.whitehouse.gov/news/releases/2006/03/20060324-6.html>

* In Focus: CAFTA-DR <http://www.whitehouse.gov/infocus/cafta/>

Presidential Message On Belarus
<http://www.whitehouse.gov/news/releases/2006/03/20060324-7.html>

Ask The White House - Secretary Of The Interior Gale Norton Discusses Avian Flu
<http://www.whitehouse.gov/ask/20060324.html>

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Subject:	Attorney General's News Briefing for Monday, March 27, 2006
Attachments:	agnb060327.pdf; agnb060327.doc

THE ATTORNEY GENERAL'S *NEWS BRIEFING*

PREPARED FOR THE OFFICE OF PUBLIC AFFAIRS, U.S. DEPARTMENT OF JUSTICE

TO: THE ATTORNEY GENERAL AND SENIOR STAFF

DATE: MONDAY, MARCH 27, 2006 7:45 AM EST

TODAY'S EDITION

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TERRORISM NEWS:

FBI Counter-Terrorism Surveillance Has Extended To Antiwar, Activist Groups. Under the headline "FBI Keeps Watch on Activists," The Los Angeles Times (3/27, A1, Riccardi, 958K) reports, "The FBI, while waging a highly publicized war against terrorism, has spent resources gathering information on antiwar and environmental protesters and on activists who feed vegetarian meals to the homeless," according to FBI documents obtained by the ACLU and released over recent months. But citing "the recent arrest of environmental activists accused of firebombing an unfinished ski resort in Vail," FBI spokesman Bill Carter said, "It's one thing to express an idea or such, but when you commit acts of violence in support of that activity, that's where our interest comes in." Still, ACLU of Colorado legal director Mark Silverstein said, "It certainly seems they're casting a net much more widely than would be necessary to thwart something like the blowing up of the Oklahoma City federal building."

NYTimes Says White House Should Press FBI On IT Upgrade. Under the headline "Keystone Komputers," a New York Times (3/27, 1.19M) editorial criticizes the FBI effort to update its computer system, noting, "After 9/11, the bureau started an urgent and very expensive program to fix the problem. But now we discover…that the search for high-tech sleuthing could take four more years and a half-billion dollars. … Most alarming of all, the inspector general concluded that even if the F.B.I. finally came up with a workable model, there would be no guarantee that it would solve the most crucial issue — agents' inability to share information with the myriad of other government departments involved in the detection of terrorism. Surely the White House should be prodding the bureau to do better."

Supreme Court Review Of Hamdan Case Raises Historic Questions. The New York Times (3/27, Greenhouse, 1.19M) reports that the Supreme Court decision to review the lawsuit by Osama bin Laden's former driver, Salim Ahmed Hamdan – which challenges the plan to try him by military commission – "appeared to mark a resumption of a struggle for supremacy between the court and the White House," but "no one foresaw…that the case...would present the Supreme Court with an additional and perhaps even greater challenge. In the face of a measure that Congress passed and President Bush signed into law in late December to strip the federal courts of jurisdiction over cases brought by detainees" at Guantánamo, "the court must decide whether it retains the right to proceed with this case at all. For a court that has been highly protective of its own prerogatives, but at the same time notably attentive to the often arcane limits on federal court jurisdiction, the question is one of great delicacy, infused with historical resonance."

The Christian Science Monitor (3/27, Richey, 61K) also reports that the Hamdan case "has the potential to become one of the most important US Supreme Court decisions of this generation. It will test the scope of presidential power in the war on terror. It may clarify how detained Al Qaeda suspects are treated by the US. More broadly, it challenges the justices to further define the balance of power among the three branches of government during times of national emergency." The Washington Times (3/27, Taylor, 90K) notes, "The dispute will be the first major case involving presidential war powers since Chief Justice John G. Roberts Jr. and Justice Samuel A. Alito Jr. joined the court. Supreme Court scholars generally agree the legal future of the war on terrorism hinges on the case, which presents the high court with the chance to rule on the power of the executive branch to try terror suspects outside the bounds of U.S. courts."

Scalia Reportedly Said Detainees Have No Right To Civil Court Trial. USA Today (3/27, 6A, 2.31M) reports, "Supreme Court Justice Antonin Scalia dismissed the idea that detainees at Guantanamo Bay…have constitutional rights and called European concerns over the issue hypocritical, Newsweek magazine reported Sunday. 'War is war, and it has never been the case that when you captured a combatant you have to give them a jury trial in your civil courts,' Scalia purportedly said in a private appearance March 8 at the University of Freiburg in Switzerland." Center for Constitutional Rights president Michael Ratner said, "If he's made up his mind on a particular issue, he shouldn't be sitting" in the Hamdan case, although "Scalia did not refer specifically to that case, Newsweek said." The Washington Post/AP (3/27, A3) notes, "The comments came just weeks before the justices are to take up an appeal from a detainee at Guantanamo Bay. The court will hear arguments

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tomorrow on…Hamdan's assertion that President Bush overstepped his constitutional authority in ordering a military trial for the former driver of al-Qaeda leader Osama bin Laden."

Human Rights Group Wants Scalia To Recuse Himself From Hamdan Case. Newsweek (4/3) reports in its "Periscope" column that the Supreme Court this week will hear a case concerning whether the Bush Administration can try Gitmo detainees in special military tribunals in which the accused have limited rights. Newsweek notes that Justice Antonin Scalia "has already spoken his mind about some of the issues in the matter," dismissing "the idea that the detainees have rights under the U.S. Constitution or international conventions." The human rights group the Center for Constitutional Rights has filed a brief in behalf of the Gitmo detainees seeking Scalia's recusal from the case. Other experts "said it was a closer call. Scalia didn't refer directly to this week's case, Hamdan v. Rumsfeld, though issues at stake hinge in part on whether the detainees deserve legal protections that make the military tribunals unfair."

WPost Says Pentagon "Bungled" Creation Of Tribunals. The Washington Post (3/27, 744K) editorializes, "The Supreme Court hears arguments tomorrow in perhaps the most important case of the term -- a case that, had the Bush administration acted responsibly at any time in the past 4 1/2 years, would not even be in court." The Post adds, "The administration was right that some alternative form of military trial for accused terrorists captured abroad was essential," but "the military sought to design a new system from scratch," and "it has bungled. … Whatever the court decides on the law, the administration needs to fix this stillborn system."

Analysts Say US Witnesses Made Uncertain Case Against Moussaoui. Under the headline "Uncertainty Clouds Last Days Of Moussaoui's Sentencing Trial," USA Today (3/27, Johnson, 2.31M) reports, "Without Harry Samit, confessed al-Qaeda conspirator Zacarias Moussaoui might never have been arrested," but "by the time Samit left the witness stand…his testimony about repeated and unsuccessful efforts to alert superiors of Moussaoui's potential danger may prove more beneficial to the terrorist than the government. Prosecutors rested their case…but many of the government's witnesses have made it clear how difficult it may be for the government to prevail in the landmark terrorism case, legal analysts said." University of Maryland law professor Michael Greenberger observed, "It's not at all clear that had Moussaoui told them everything, the FBI would have been able to do anything."

Senate Panel Schedules Hearing On Feingold Censure Resolution. Roll Call (3/27, Brotherton) reports the Senate Judiciary Committee has scheduled a hearing for Friday on Sen. Russell Feingold's resolution to censure the President for his National Security Agency domestic surveillance program, "setting up the possibility of a floor showdown." A Republican aide "indicated…that the focus of the hearing, scheduled for March 31, will be to provide a forum for debate over the merits of the proposed censure measure." Republican leaders are "eager to get Democrats on the record on the issue of censuring Bush, believing that such a vote would seriously undercut Democrats' ability to convince the electorate that they are strong on protecting America from terrorist threats."

HOMELAND RESPONSE:

Hong Kong Firm Defends Bid For US Port Security Contract. The Wall Street Journal/AP (3/27) reports Hutchison Whampoa Ltd. "defended its plans to help scan US-bound cargo for terror threats at a port in the Bahamas where no U.S. customs agents are present." The company "added that it isn't feasible or practical for U.S. officials to work in ports across the globe. The best option for the U.S. is to rely on trusted agents using sophisticated inspection equipment to scan shipments at ports abroad, said John Meredith, group managing director for Hutchison Port Holdings, Hutchison's maritime subsidiary and the world's largest ports company."

Senate To Consider Reforms Of Foreign Investment Review Process. The Washington Times (3/27, Waterman, 90K) reports "the issue of foreign -- and especially Gulf-Arab -- ownership of U.S. critical infrastructure" will be "front and center" in the Senate. Several "competing bills in both chambers of Congress aim to reform the process by which the federal government assesses the national security implications of foreign takeovers of U.S. companies or assets." In the "wake of the derailment of the Dubai ports takeover, lawmakers' concerns threaten another acquisition by the tiny oil-rich emirate." Dubai International Capital, "an investment company owned by the emirate's ruling al-Maktoum family, signed a deal last year to acquire a

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privately held British aerospace company called Doncasters Group Ltd."

Experts Concerned About Security At Nuclear Research Reactors. USA Today (3/27, Diamond, 2.31M) reports that according to Linton Brooks, director of the National Nuclear Security Administration, "One-third of the world's 130 civilian nuclear research reactors lack security upgrades needed to prevent theft of materials that terrorists could use to build an atomic bomb." He told USA Today that "most of these reactors use highly enriched uranium, the easiest fuel used to make atomic bombs." Former senator Sam Nunn, who helped create the 1991 US plan to secure nuclear materials, said world "research reactor security efforts are 'at about 3' on a 1-to-10 scale with 10 being safest."

Security Lacking At Rail Depots Holding Toxic Chemicals. The New York Times (3/27, Kocieniewski, 1.19M) reports that security at the Oak Island rail depot in Newark, New Jersey "is so lax that a reporter and photographer recently spent 10 minutes driving along a rail bed beside cars holding toxic chemicals without being challenged, or even approached, by railroad employees." The Time notes Homeland Security Secretary Michael Chertoff's announcement Tuesday of new chemical plant security proposals, but adds that "the public could be left vulnerable by the railways running in and out of many of them." Meanwhile, Chertoff's speech "made only passing reference to the risks of transporting the deadly cargo, and there is no indication that the department will require the kind of changes in equipment and procedures that security experts say will reduce the risk of a terrorist attack or catastrophic accident."

NYC Runs Drill Involving Chemical Explosion On Freight Train. The New York Times (3/27, Chan, 1.19M) reports New York City ran a four-hour simulation yesterday involving the explosion of a bomb filled with arsenic trichloride "on a freight train moving through a Queens railyard — just when a commuter train carrying weekend passengers was traveling in the other direction." The exercise, funded by $700,000 from the federal Department of Homeland Security, was "named Trifecta because it emphasized three activities: search and rescue, victim identification and handling of the dead. Despite the grim nature of the exercise — the casualties would have included 74 injured — the commissioner of emergency management, Joseph F. Bruno, said it demonstrated the effectiveness of the Citywide Incident Management System, a protocol that governs how various city agencies are to interact during a major emergency."

TSA To Begin Screening At NYC Heliport Today. USA Today (3/27, Hall, 2.31M) reports, "A new helicopter service begins whisking passengers from Wall Street to New York's John F. Kennedy International Airport today," marking "the first time the Transportation Security Administration (TSA) has done screening at a heliport since the agency took over airport security after the Sept. 11, 2001, attacks." Federal screeners and explosive-detection equipment will be sent "to the Lower Manhattan heliport so passengers and their bags can be checked before being delivered to the airport," which Rep. Bennie Thompson calls "a serious misuse of federal monies." However, TSA official Douglas Hofsass said the move is necessary to avoid passengers and their bags "flying through the city's airspace unchecked."

New York Notifies 24 Families About Release Of 911 Call Recordings. The AP (3/27, Butler) reports New York City has "sent out letters to 24 families of people killed in the Sept. 11 attacks advising them that partial transcripts and recordings of 911 calls made by the victims soon will be released to the public because of a court order." The letters "advised only family members whose dead relatives could be identified from the calls recorded by police and fire department operators." The "imminent release of the records was ordered by a judge in a case brought by The New York Times and nine family members of victims under the state's Freedom of Information law seeking fire department records." But the letters "took some Sept. 11 family members by surprise, a family advocate said."

WAR NEWS:

Report Says Russian Ambassador Was Spying For Saddam. Newsweek (4/3) reports in its "Periscope" column that a new Pentagon report says that before the US invasion Iraq in 2003, the Russian ambassador in Baghdad "gave the Iraqi regime significant intelligence about CENTCOM's war plans." Newsweek adds, "If true, the account could complicate U.S.-Russian relations, which are

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already strained over Iran's nuclear program and other issues." Russia's Foreign Intelligence Service "issued a statement calling the accusation 'baseless.'" Newsweek also notes that if the Russians were giving Saddam intel, "it wasn't very good. The report says that Ambassador Vladimir Titorenko told Saddam the U.S. attack out of Kuwait was a diversion -- it wasn't -- and that the invasion wouldn't occur until mid-April, after the Fourth Infantry Division was in place in Turkey, according to the documents. That, too, was false."

Rice Says US Will Probe Possible Prewar Collusion Between Russia, Iraq. The New York Times (3/27, Weisman, 1.19M) reports Secretary Rice "said Sunday that the United States would seek clarification from Russia of an American military report that it had helped pass information to Iraq before the 2003 invasion, but she declined to make any specific allegations about Russian involvement." Rice was quoted saying the US will "look very carefully" at documents and other evidence of Moscow-Baghdad collusion. The AP (3/26, Daniel) summarized Rice's comments on several talk shows, and reported Senator Edward Kennedy "said if the report is found to be true, the administration should reassess its relationship with Russia and reconsider President Bush's participation in a July summit meeting in St. Petersburg, Russia." The Washington Post (3/27, A12, 744K) runs a similar AP story.

The Financial Times (3/27, Daniel) reports "a US military study released by the Pentagon alleges that the Russian ambassador in Iraq provided information collected from inside the American Central Command in Doha to Saddam Hussein." The documents, from March and April 2003, "included forecasts of planned troop numbers and US tactics to focus on Baghdad, rather than to target Iraqi cities during the invasion, the study alleges." USA Today (3/27, reports, 2.31M) notes "the Russian Foreign Intelligence Service has dismissed the allegation."

On NBC's Meet the Press (3/26, Russert), Rice said, "I certainly think there is a lot to this report, but we really haven't had a chance to look at the documents in detail, intend to do that and then to raise it with the Russian government. I would hope the Russian government would take it seriously. … I really do think that the Russians have generally done what they said they would do. They said they were going to oppose the Iraq war and they did. And they told us that from the very beginning. … I don't want to jump to the conclusion that this was something that was ordered out of the Kremlin." Rice replied similarly on Fox News Sunday (3/26, Wallace) and CNN's late Edition (3/26, Blitzer) when asked about the reports of leaked invasion plans.

Appearing on CBS's Face the Nation (3/26, Borger) National Security Adviser Stephen Hadley said, "We know there's a document. We know that got into the hands of the Iraqis. We know that it dealt with war plans that we had. And for that reason, we take very seriously. … There are a lot of things we don't know. We don't know how they got it out of Centcom. We don't know whether what the ambassador did was authorized or not. So there are further questions that we need to raise, but it's a serious matter and we'll be talking to the Russians about it."

Sen. Pat Roberts, on CNN's Late Edition (3/26, Blitzer), said, "I'm not surprised by this. You know, we're going to have a briefing on the intelligence committee, so we'll get to the bottom of it. The Russians have already answered and said, absolutely not, this was not directed by, you know, President Putin or by Moscow. The supposition is that this was a local individual working with Iraq at that particular time."

Sen. Carl Levin, on Fox News Sunday (3/26, Wallace) said, "Things like that happen with intelligence by various countries. … Anything is possible in the area of intelligence. I would not jump to any conclusion one way or the other without a much deeper investigation. But if, in fact, they did it, it, number one, wouldn't surprise me, but it would be very disgusting if they did."

US Presence In Iraq Seen As Most Important Question Facing Bush Successor. U.S. News and World Report (4/3, Barnes) reports that until last week, President Bush had "avoided voicing" the reality that the US' mission in Iraq will not be completed during his administration. US News adds, "What is far from obvious, though, is the composition of that force. The American presence could look much as it does today, with the bulk of the forces being combat brigades. Or it could be that much of the infantry will be gone and that teams of advisers and trainers will make up the majority of a far smaller force." US News also notes that there will be "no getting around the reality that the U.S. presence in Iraq probably will be one of the most important questions facing Bush's successor."

Hadley Rejects Suggestion US Ought To Boycott G-8 Meeting In Russia. Asked on CBS's Face the Nation (3/26, Borger) to comment on Sen. Ted Kennedy's suggestion that the US boycott the G-8 meeting in Russia this summer, National Security Adviser Stephen Hadley said, "It's going to be interesting this year, because the attention of the

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international community is going to be focused on St. Petersburg this summer, and one of the questions they're going to raise is what about democracy in Russia? And we think this is actually a good thing. It's going to challenge Russia. It's going to challenge President Putin to make clear and answer some of the concerns that the international has raised. This is not the Soviet Union. And one of the things you have to think about is, if you want to encourage democracy in Russia, do you want to kick Russia out of all these institutions that are trying to enshrine these values that we would like to. … I think at this point we think there's a lot of value in going forward with the G-8." The Washington Times (3/27, Hudson, 90K) also notes Hadley's comments this morning.

Rice Says Iraqi Factions Making Progress Toward Unity Government. Secretary of State Condoleezza Rice was asked on CNN's Late Edition (3/26, Blitzer) to describe the progress the Iraqis are making toward s the formation of a "government of national unity," Rice answered, "The Iraqis are working on a government of national unity. They're doing it, to be totally -- more slowly than we would hope. And we've pressed that they need to expedite because of the potential for a political vacuum. But if you look at what they're doing, they are not, as I've sometimes read, dividing the spoils of who's going to get what job. They are very involved in trying to deal with some of the most sensitive and existential issues for the new Iraq as they begin to put together a program by which the national government, the government of national unity, would actually govern."

Levin Urges Bush To Apply Further Pressure On Iraqi Parties. Sen. Carl Levin, was asked on Fox News Sunday (3/26, Wallace) for his assessment of the political situation in Iraq, Levin responded, "That there's a gridlock and that the Iraqi leaders are going to count on us to protect them, and we should make it very clear to them that we're only going to continue to be there if they work out a political compromise, and that's the message they've not received. … . Senator Collins, Jack Reed of Rhode Island and I asked the president to make it clear to the Iraqis that our continued presence in Iraq is dependent upon the Iraqis working out a broad-based political agreement."

US To Train Local Iraqi Officials. USA Today (3/27, Frank, 2.31M) reports, "Efforts to build local governments across Iraq started in 2003 when the U.S.-led occupying authority appointed community leaders to dozens of local district councils." Baghdad "has 15 councils: nine inside the city of 5 million and six on the outskirts. Each has a couple dozen unpaid members." Yesterday, US Ambassador Zalmay Khalilzad "announced the creation of a US-led team to teach the Baghdad provincial council how to solicit bids for a project, accept the best offer and manage a contract. Other US-led teams have been operating in three Iraqi provinces since November. Each province is expected to have its own team by this summer, Speckhard said."

US, Iraqi Forces Clashed With Al Sadr's Shiite Militia. The Los Angeles Times (3/27, Boudreaux, 958K), "At least 17 Iraqis were killed Sunday night when US and Iraqi special forces stormed a mosque and clashed with Shiite Muslim militiamen, police officials said, further inflaming the country as its leaders struggled to form a new government and stem sectarian violence." The Times adds "an Iraqi police official said the dead were Shiite worshipers at the Mustafa mosque in northeast Baghdad." The incident "is politically explosive because the mosque is a stronghold of followers of the radical Shiite Muslim cleric Muqtada Sadr, whose Iranian-backed movement has a powerful bloc in parliament and a large sectarian militia."

ABC World News Tonight (3/26, story 2, 1:40, Harris, 8.78M) reported, "Radical Shiite Muslims say the men killed…were unarmed funeral mourners, who died during an unprovoked raid on a mosque by US and Iraqi forces. However, a coalition press release says US and Iraqi forces did conduct a raid tonight, but no mosques were entered or damaged. The military says 16 insurgents were killed, part of a terrorist cell responsible for conducting attacks and kidnapping Iraqi civilians. Whoever's right, this incident appears to pit the US military against the Shiite militia controlled by the fiery cleric, Muqtada al Sadr."

The Wall Street Journal (3/27, Shishkin, 2.11M) reports "the Shiite political scene is dominated by two rival forces: the Supreme Council for Islamic Revolution in Iraq and a movement led by radical cleric Moqtada al-Sadr. As the Shiites consolidated control over key levers of national power in the past year, the conflict between Sciri and the Sadr movement has grown." Tensions within the Shiite camp "show that Iraq's problems go beyond classification by sect and ethnicity." USA Today (3/27, reports, 2.31M) and the New York Times (3/27, Gettleman, 1.19M) also report on the violence.

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Car Bomb Kills 15 Outside Mosul Police Recruiting Center. CNN (3/27) reports on its web site, "At least 15 people were killed outside a police recruitment center in northern Iraq Monday, when a suicide car bomber detonated, a base employee told CNN. The casualties are believed to be recruits and officers." The attack took place "at Kifak Base, which is located between Tal Afar and Mosul."

Corpses Of 30 Beheaded Iraqis Found Near Baqubah. ABC World News Tonight (3/26, story 3, 0:10, Snow, 8.78M) reported, "One other grim note from Iraq -- 30 beheaded corpses were found today in a village near Baqubah. Authorities have no information yet on the identities of the victims or who is responsible for their deaths."

Doctor Admits To Killing At Least 35 Police Officers. The Washington Post (3/27, A12, Anderson, 744K) reports, "A doctor has admitted killing at least 35 Iraqi police officers and army soldiers by giving them lethal injections, reopening their wounds or engaging in other deadly acts while they were being treated at a hospital in the northern city of Kirkuk, according to Kurdish security sources and Kurdish television." Kurdish television "broadcast on Sunday what it said was the doctor's taped confession, in which he told police that he sympathized with the radical Sunni Arab insurgent group Ansar al-Sunna."

Author Lays Out Tactics To Eliminate Insurgency While Protecting Civilians. Author A. C. Grayling writes in the New York Times (3/27, 1.19M) that "one question that a watchful press should be asking of the American-led forces in Iraq is how carefully, and how successfully, they are applying the 'doctrine of distinction' laid down in the laws of war, which requires that combatants be distinguished from noncombatants so that the latter can be protected." Grayling says "the solution is not to abandon the doctrine of distinction but to apply it with a vengeance." One strategy would involve "physically moving a civilian population from troubled areas into camps," depriving "insurgents of cover and support." Another tactic "would be to cordon off the most toxic part of the Sunni Triangle, letting nobody in or out except under stringent controls at the perimeter, across which only food and medicine could move. "

More Commentary. Michael O'Hanlon, a senior fellow at the Brookings Institution, writes in today's Washington Post (3/27, A15, 744K), "Administration officials have been right in recent weeks to argue that there is no large-scale civil war underway in Iraq. As long as the Iraqi political leadership remains generally united in trying to calm the situation, and as long as sectarian violence remains more sporadic than strategic (with no systematic ethnic cleansing, for example), true civil war remains a threat rather than a reality." He adds that "preventing a civil war is primarily a political task," but "if the political process continues to falter and the risk of civil war looms larger, we will also need a military plan for quelling it."

Rumsfeld's Ten Objectives For Iraq Victory Have Been Met. The Washington Post (3/27, A13, Kamen, 744K) reports in its "In the Loop" column, "On April 9, 2003, three weeks after the invasion of Iraq, Secretary of Defense Donald H. Rumsfeld clearly set out the 10 objectives to be achieved 'before victory can be declared.'" The Post lists Rumsfeld's ten objectives, including the capture of Saddam Hussein, securing the northern oil fields, locating Baath Party members, records and weapons caches, and notes that all have been met.

Rice Says "Significant Drawdown" Of US Troops In Iraq "Probable" This Year. Asked on NBC's Meet the Press (3/26, Russert) to comment on President Bush's statement that US troops will remain in Iraq for at least the next few years, Secretary of State Condoleezza Rice said, "The President was asked this question in a particular way, and he answered that some American troops may well be there for the next president. But I would just point to what the president has said continually, which is that American forces are going to come down commensurate with the need as Iraqi forces stand up. And they are indeed standing up. General Casey has talked about a significant reduction of American forces over the next year. And that significant reduction is because Iraqi forces are taking and holding territory now, because during this most recent uptick of sectarian violence, the Iraqi army behaved very, very well. So Iraqi forces are getting better. American forces are ceding territory, and it's entirely probable we will see a significant drawdown of American forces over the next year." Appearing on Fox News Sunday (3/26, Wallace) Rice also said "it is entirely likely that there will be draw downs of American forces over this next year."

Commenting on Rice assessment of US troop levels in Iraq, National Security Adviser Stephen Hadley, on CBS's Face the Nation (3/26, Borger), said, "The point that Secretary Rice was making and the point that the president has made is that we anticipate we will be able to draw down, but this is a

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decision that's going to be made on the basis of the recommendation of the commanders in the field, based on the abilities of the Iraqis to take responsibility for security and for the political process to move forward."

Republican Lawmakers Join Call For House Debate On Iraq. Roll Call (3/27, Ben Pershing) reports, "A bipartisan group of lawmakers began a new effort last week to attract support for the idea of holding a lengthy House floor debate on Iraq policy." On Wednesday, Republican Reps. Walter Jones Jr., Ron Paul and Wayne Gilchrest "joined Democratic Reps. Neil Abercrombie (Hawaii), Ike Skelton (Mo.) and Marty Meehan (Mass.) in co-signing a 'Dear Colleague' letter calling for "an open and honest debate on the future of US policy in Iraq." The six signatories "encouraged their colleagues to sign a discharge petition for H.Res. 543, a rule that would allow floor consideration of a resolution introduced by Abercrombie in 2005 requiring President Bush 'to develop and implement a plan for the withdrawal' of American troops from Iraq."

"Deepening And Hardening" Opposition To Iraq War Seen Around US. The New York Times (3/27, Kirkpatrick, Nagourney, 1.19M) reports from Albuquerque, NM, that President Bush "is pressing ahead with an intensified effort to shore up support for the war, but an increasingly skeptical and pessimistic public is putting pressure on Congress about the wisdom behind it, testing the political support for the White House's determination to remain in Iraq." The results "have been on display over the past week as members of Congress returned home and heard first-hand what public opinion polls have been indicating." The Times adds, "Interviews with voters, elected officials and candidates around the country suggest a deepening and hardening opposition to the war. Historians and analysts said this might mark a turning point in public perception."

Kurtz Says Media Coverage Of Iraq Carries Echoes Of Vietnam. Howard Kurtz writes in his "Media Notes" column in the Washington Post (3/27, C1, 744K), "In increasingly aggressive questions to President Bush and Vice President Cheney, in a growing focus on the death toll in Iraq, in downbeat assessments on the invasion's third anniversary, many journalists now reflect the view that the war has gone horribly wrong. … What is undeniable is that the tone of much of the coverage matches the public-opinion polls showing that a majority of the country has turned against the conflict." The Post adds, "The journalists certainly don't see themselves as antiwar. But the way they frame many stories about Iraq sliding toward civil war carries echoes of Vietnam, when the media coverage turned sharply critical as the country soured on that jungle war."

New Study, Released Documents Suggest Saddam Had Links To Terrorists. The Weekly Standard (4/3, Hayes) reports Rep. John Murtha recently gave voice to what is now "the conventional wisdom on Iraq and terrorism," that there is no connection, but "it is wrong." A new study "from the Joint Forces Command in Norfolk, Virginia, paints quite a different picture. According to captured documents cited in the study and first reported in THE WEEKLY STANDARD in January, the former Iraqi regime was training non-Iraqi Arabs in terrorist techniques." The "emerging picture suggests that the U.S. intelligence community underestimated Saddam Hussein's interest in terrorism."

Laurie Mylroie, an adjunct fellow at the American Enterprise Institute, writes in the Wall Street Journal (3/27, 2.11M), "After substantial prodding -- including from this paper -- the US government has finally begun to release its captured Iraqi documents and is posting them at the Web site of the Army's Foreign Military Studies Office. This material will take considerable time to absorb and analyze, but it may yet contribute significantly to our understanding of the nature of the threat Saddam Hussein posed. Most dramatically, an Iraqi intelligence report, apparently written in early 1997, describes Iraqi efforts to establish ties with various elements in the Saudi opposition, including Osama bin Ladin. … One of Iraq's few allies, Sudan served as an intermediary between Baghdad and bin Ladin, as well as other Islamic radicals. On Feb. 19, 1995, an Iraqi intelligence agent met with bin Ladin in Khartoum." Bin Ladin "asked for two things: to carry out joint operations against foreign forces in Saudi Arabia and to broadcast the speeches of a radical Saudi cleric. Iraq agreed to the latter, but apparently not the former. … Many more documents are to be released in the coming months. Quite possibly, they will vindicate the decision to undertake the Iraq war; help maintain public support for fighting it; and radically change our understanding of Saddam's role in international terrorism."

Democratic House Candidate Believes Saddam Worked With Al Qaeda. The New Republic (4/3, Ackerman) reports Democratic congressional candidate

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Chris Carney, who is running in Pennsylvania's 10th CD, "served as a counterterrorism analyst for the Bush administration. For some Democrats, it's as if Richard Clarke decided to run for Congress." But Carney's Democratic "supporters, both in the 10th District and across the country, are apparently unaware of one very odd fact about his candidacy: Carney supported and helped propagate one of the war's most dubious premises--that Saddam Hussein was working closely with Al Qaeda. And these supporters are probably unaware of an even odder fact: Despite seeking an end to the war, Carney still believes it." But "that's more detail than most Democrats want. What's important to them is that Carney now largely considers the war a mistake."

UK Memorandum Said To Show Bush Set On War. The New York Times (3/27, Van Natta, 1.19M) reports a newly disclosed memorandum that summarized a January 31, 2003 between President Bush and Prime Minister Tony Blair shows that "behind closed doors," President Bush "was certain that war was inevitable. During a private two-hour meeting in the Oval Office," Bush "made clear" to Prime Minister Blair "that he was determined to invade Iraq without the second resolution" from the UN Security Council "or even if international arms inspectors failed to find unconventional weapons." The "confidential memo about the meeting" was "written by Mr. Blair's top foreign policy adviser" and was circulated among British Prime Minister Tony Blair's senior aides. David Manning, Blair's chief foreign policy adviser at the time, wrote, "'The start date for the military campaign was now penciled in for 10 March,'…paraphrasing the president. 'This was when the bombing would begin.'"

US Soldiers In Iraq Not Using Extra Body Armor. The Washington Times/AP (3/27), "Extra body armor -- the lack of which caused a political storm in the United States -- has flooded in to Iraq, but many Marines here promptly stuck it in lockers or under bunks. Too heavy and cumbersome, many say." Marines "already carry loads as heavy as 70 pounds when they patrol the dangerous streets in towns and villages in restive Anbar province. The new armor plates, although only about 5 pounds per set, are not worth carrying for the additional safety they are said to provide, some say."

Afghan Christian Convert Released. The Afghan court considering the case of Christian convert Abdul Rahman over the weekend threw out the case that had been brought against him for his conversion. ABC World News Tonight (3/26, lead story, 2:00, Peters, 8.78M) reported, "Muslim clerics have threatened to kill him if he walks free. The presiding judge today said major legal gaps in the prosecution's case needed to be filled in before the trial could proceed, constitutional technicalities that will remove the case from the courtroom and the spotlight and take some of the political pressure off Afghan President Hamid Karzai." Many "expect Rahman will now be quickly and quietly shuttled off to another country."

The Los Angeles Times (3/27, Zaman, Chu, 958K) reports, "The charges of apostasy against Abdur Rahman were being dropped for lack of evidence, said Abdul Wakil Omari, a spokesman for the Afghan Supreme Court." The New York Times (3/27, Munadi, 1.19M) says the move "will delay, if not scuttle" the investigation. The Times adds, "Court officials said the mental health of the defendant, Abdul Rahman, 41, would be evaluated. Although prosecutors vowed to continue the case, a finding of mental illness by public health authorities could thwart their effort." USA Today and the Washington Times run the same AP story (3/27, Cooney), which says "the court's decision could touch off protests across Afghanistan," according to Faiez Mohammed, "a Sunni Muslim leader in the northern city of Kunduz." The Washington Post (3/27, A10, Cooney, 744K) and Christian Science Monitor (3/27, 61K) run similar reports.

Ingenuity Of Battlefield Doctors Leading To Medical Advances. USA Today (3/27, 1A, Zoroya, 2.31M) runs a story on war doctors this morning. USA Today reports that "to save lives on the battlefield, medical innovations are born in days rather than in years, military and civilian doctors say. And as with wars past, the new ways of treating the injured and sick in Iraq and Afghanistan…could have benefits beyond the battlefield." Some innovations "result from government-sponsored research. Others come from the ingenuity of battlefield doctors who seek new ways to use existing medicines, or try untested technology when all else fails."

Bush Urged To Decouple War On Terror, Push For Democracy. Francis Fukuyama, a professor at Johns Hopkins, and Adam Garfinkle editor of the American Interest, urge in the Wall Street Journal (3/27, Fukuyama, Garfinkle, 2.11M) the separation of "the struggle against radical Islamism from promoting democracy in the

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Middle East." They propose "focusing on the first struggle, and dramatically changing our tone and tactics on the democracy promotion front, at least for now." They add, "The essential problem with the administration's approach is that it conflates two issues that are separate. The first has to do with violent, antimodern radical Islamism (on display both in the reaction to the Danish cartoons and in the mosque bombing in Samarra); the second concerns the dysfunctionality of political and social institutions in much of the Arab world."

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Federal Prosecutor Spends Year Helping Rebuild Iraqi Judicial System. The Minneapolis Star Tribune (3/27, Louwagie) runs a profile of Cliff Wardlaw, a federal prosecutor who spent nearly a year helping to rebuild the Iraqi judicial system. The Tribune reports that Wardlaw "spent most of 2004 in Iraq after volunteering to help revamp the country's justice system. He trained judges, checked courthouse security, examined prison conditions and worked to steer the Iraqi judiciary to an independent body, one separate from the country's political leadership. … Since his return, his life has been suffused with the memories. And he is driven by the desire to go back." The Tribune adds, "Inside his office in the Minneapolis courthouse, where he works as a federal prosecutor, he e-mails his Iraqi friends regularly. … When the Justice Department put out an e-mail seeking volunteers in 2003, Wardlaw replied immediately. He says he was one of only three people in the country to answer. … He knew what he was getting into. He'd grown up the son of a Marine. … Wardlaw says he was one of about 5,200 civilians working to reconstruct the country, not including Defense Department contractors. He and his colleagues working with the justice system -- some American, some Iraqi -- took care to protect Iraqis who seemed destined to lead the government. … He helped make a difference, he thinks, but he acknowledges the country has a long way to go. He's adamant that U.S. troops should stay there until the job is finished. And he wants to be there with them."

CORPORATE SCANDALS:

His Name Often Invoked, Causey Stays On Sidelines Of Enron Trial. The AP (3/26, Hays) reports, "Enron Corp.'s former chief accounting officer was bound for trial alongside company founder Kenneth Lay and former CEO Jeffrey Skilling until he cut a plea deal just weeks before jurors were chosen." The AP continues, "Richard Causey might have been expected to testify but has remained on the sidelines ever since. Legal experts say he might be more effective as a potential witness than one who actually takes the stand -- although jurors may be curious about the man whose name they've heard again and again." The AP adds, "Causey won't testify before the government rests its primary case in the fraud and conspiracy trial this week. But prosecutors can hold him in reserve to testify as a rebuttal witness after the defense teams present their case -- which will feature testimony from Lay and Skilling. … 'Causey's role in the case may turn out to be more to cast a shadow than to testify,' said Sam Buell, a former prosecutor with the Justice Department's Enron Task Force who now teaches at the University of Texas School of Law. … 'A single provable lie on something significant could alone convict a testifying defendant in a case like this. And since only the government knows what Causey can and can't say, he acts as a major deterrent against either defendant fabricating specific claims about events, meetings, what they were not told, and the like,' he said."

Corporate Counsel Underlings Increasingly Focus Of Federal Prosecutions. Corporate Counsel (3/27, Reisinger) reports, "Until recently, federal prosecutors have almost always gone after the general counsel when they've charged an in-house lawyer with corporate fraud. But for the second time in the past six months, the government has skipped the GC and indicted a lower-ranking company lawyer for alleged wrongdoing." CC continues, "In February prosecutors charged Robert Graham, the former assistant GC and senior VP of General Re Corp., with securities fraud for his role in a sham deal with American International Group Inc. Based in Stamford, Conn., Gen Re is a subsidiary of Berkshire Hathaway Inc., the holding company for most of Warren Buffett's investments. New York-based AIG is the world's largest insurer. … Two other former Gen Re execs and a former AIG official were charged along with

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Graham. All four defendants have pled not guilty; at press time their case was scheduled to go to trial on May 22. The Securities and Exchange Commission has also brought a civil action against several Gen Re execs, including Graham, for their role in the deal with AIG. Timothy McCaffrey, who was Gen Re's GC at the time of the alleged fraud, says that he is not a target of the government's probe. (McCaffrey left the company last June.)" CC adds, "According to SEC documents and court papers filed by the U.S. Department of Justice, Gen Re and AIG concocted their deal in October 2000. An AIG executive allegedly proposed that his company would "prefund" Gen Re with $500 million, which Gen Re would then use to pay insurance premiums to AIG. The SEC says the deal, which would allow AIG to report $500 million in false reserves, was suggested by AIG's chairman. Maurice 'Hank' Greenberg, who was chairman of AIG until last spring, has denied all wrongdoing."

Market Timing Lawsuit Shows Merrill Lynch Ignored Internal Watchdogs. The Wall Street Journal (3/27, A1, Craig, Lauricella) reports in a lengthy front page story on Merrill Lynch & Co.'s decision to fire two traders and a colleague in a mutual fund market timing scandal. But last December, "a New York Stock Exchange arbitration panel ruled that Merrill defamed the brokers and ordered it to pay them almost $15 million" and their lawyers "say the three were scapegoats." Merrill has "appealed the defamation ruling to a New York state court," a move that "has unsealed a trove of documents offering a rare glimpse of a Wall Street firm pursuing a tempting profit opportunity over the objections of internal watchdogs. On repeated occasions some Merrill employees voiced concern that the three brokers were doing something wrong and took steps to stop them. Yet their immediate bosses often pushed back, allowing the trading to continue."

GM Seeking To Correct Accounting Errors. The Wall Street Journal (3/27, Hawkins) reports General Motors Corp. is "working to rectify last-minute accounting mistakes and could file its annual report with the Securities and Exchange Commission within days," but "still must deal with SEC probes related to several other accounting matters." GM management has "spent more than a week gathering details on the chain of events that led to a last-minute discovery of accounting errors in the financial statements of ResCap, GMAC's residential-mortgage unit, which caused GM to miss its 10-K filing deadline March 16."

SEC Subpoenas Gradient In Market ManipulationProbe. The Wall Street Journal (3/27, Scannell) reports the Securities and Exchange Commission, "investigating possible market manipulation, requested documents about communications that Gradient Analytics Inc. had with journalists and others." The SCE sought "phone records, emails and other materials Gradient had exchanged with several hedge-fund advisers and journalists." The new subpoena "appears to let the SEC seek information about Gradient's contacts with journalists without seeking the information directly from the journalists themselves."

CRIMINAL LAW:

US Seeks Extradition Of Former IRA Chief For Counterfeiting. The Financial Times (3/27, Washington) reports, "The US is to seek the extradition of Sean Garland, president of the Irish Workers party, who has been indicted in the US on charges of trafficking North Korean-counterfeited $100 bills in Europe, Russia and former Soviet states." The Times continues, "Mr Garland, 72, the former chief of staff of the official IRA, was arrested in Belfast last year on a US warrant after a 16-year investigation. … The fake dollar bills - known as 'supernotes' because of their high quality - started to appear around the world in 1989. But after being released on bail, Mr Garland fled to the Republic of Ireland to escape extradition. … A State Department official told the Financial Times that Washington planned to formally ask Ireland to extradite Mr Garland, although the official declined to comment on the timing." The Times notes, "The US attorney accuses him of operating a 'years-long scheme to obtain, transport, sell, and pass as genuine, highly deceptive counterfeit $100 [bills]'"

Memory Expert May Be Key Part Of Libby Defense. The New Republic (4/3, Zengerle) reports I. Lewis "Scooter" Libby, Vice President Cheney's former chief of staff, has hired Harvard psychology professor Daniel Schacter to assist with his defense. Schacter "refused to discuss Libby's case or his involvement in it," but he "agreed to talk about his work in more general terms, and, as he spoke, it wasn't difficult to discern how he might be able to help Dick Cheney's former chief of staff beat back obstruction

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of justice, perjury, and false statement charges--and stay out of the slammer."

Attorney Sentenced For Forging Federal Judge's Order. The New York Law Journal (3/27, Perrotta) reports, "Perry S. Reich, the Long Island, N.Y., attorney who stands convicted of forging a federal magistrate judge's order and lying to the government, was sentenced Friday to 27 months in prison after a judge described his plight as 'disquieting' and unlike any case he had ever seen." The Journal continues, "Reich, 57, was a respected attorney whose conviction stunned many in the legal community who knew him from his days as a clerk at the Appellate Division, 2nd Department, and at the Court of Appeals, and later as an appellate specialist with a varied practice." The Journal adds, "Prosecutors had recommended a sentence of between 63 and 78 months, or 6 1/2 years, while the Probation Department suggested between 27 and 31 months. … Reich's appellate attorneys, Benjamin Brafman and Mark M. Baker of Brafman & Associates, asked for a period of probation with no incarceration. … Brafman and Baker, who were hired by Reich after his conviction, argued that Reich might be a pathological liar who truly believes he did not forge the order and fax it to an adversary, as a psychiatrist had suggested following an evaluation. They also stressed the many letters of support he received, his unblemished record and his reputation among others in the profession. Numerous friends and members of the legal community attended Reich's sentencing to offer their support. … Assistant U.S. Attorney Amy Busa argued that claims about Reich's mental state were undermined by the fact that he had changed his story several times. She said he engaged in significant planning in an attempt to obstruct the judicial process."

FBI Finds No Seagal Link In Pellcano Probe. The Los Angeles Times (3/27, Krikorian, Rohrlich, Verrier) reports, "Federal officials investigating infamous Hollywood detective Anthony Pellicano have found no convincing evidence that actor Steven Seagal was involved in depositing a dead fish on a reporter's windshield in June 2002 and now believe Pellicano had some other motivation for staging the mob-style threat." The Times continues, "While prosecutors have yet to explain what that impetus was, their current lack of interest in Seagal fundamentally alters the original plot line of this Hollywood cliffhanger and raises this question: If not the movie star, then who was Pellicano working for?" The Times adds, "The original premise was that Seagal had hired Pellicano to threaten Los Angeles Times reporter Anita Busch and scare her off a story about the actor's problems with organized crime. … The FBI initially subscribed to that theory because Alexander Proctor, the former convict that Pellicano allegedly hired to put a dead fish with a rose in its mouth and a note that said 'Stop' on the smashed windshield of Busch's car, claimed he was working for Pellicano on Seagal's behalf. … Seagal's lawyers have denied since the fall of 2002 that the actor had anything to do with the threat, but federal authorities have never publicly exonerated him or explained why they eventually came to disbelieve Proctor. … 'As we looked into it, there was very little to corroborate' Proctor's claim, said a source close to the investigation. 'There was a lot to suggest that Seagal was not involved.' … Indeed, the 110-count federal indictment accusing Pellicano and six others of conspiring to blackmail and intimidate dozens of celebrities, business executives and others in Los Angeles alleges that the private eye started spying on Busch well before Seagal was even on her radar."

"Mafia Cops" To Pursue Different Defense Strategies. The New York Daily News (3/25, Marzulli, 729K) reports, "They were alleged partners in crime, but the so-called Mafia cops may go their own way at their trial. Louis Eppolito doesn't plan to call a single witness in his defense; partner Stephen Caracappa may take the stand, their lawyers said" Friday. "Federal prosecutors…appear confident that their case is going extremely well, largely due to the devastating testimony of chief witness Burton Kaplan," and "the government plans to rest its case Wednesday without calling mob turncoat Peter Chiodo, who has apparently been dropped from the witness list." The New York Post (3/25, Haberman, 624K) also reports on Eppolito lawyer Bettina Schein's decision to call no witnesses and notes, "That means closing arguments in the trial could be heard as early as April 3."

Meanwhile, the AP (3/26, McShane) reports on last week's testimony under the headline "'Mafia Cops' Trial Has Lots Of Theatrics," and notes, "The courtroom histrionics occasionally threaten to overshadow one of the most serious prosecutions in city history: a pair of top-echelon NYPD detectives accused of using their prized gold shields to kill eight people at the behest of a brutal mob underboss, Anthony 'Gaspipe' Casso."

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Trial Testimony Echoes Eppolito Book. The New York Times (3/27, Feuer, 1.19M) reports, "Beneath the murders, the mobsters, the gamblers, the strippers, the tax cheats, diamond smugglers, thieves, hoods, cops, cons, corpses, crooks and marijuana dealers, there is — at the core — a book." Eppolito's autobiography, *Mafia Cops*, "contains the germ of the government's dispute with its author — his claim that he broke with the mobsters in his past. It contains the seeds of his defense — that he is not a killer but a writer, a man who 'makes things up, creates,' as his lawyer said. … Rich in anecdote and salty dialogue, it seeks to portray its author as a conflicted but ultimately dedicated Kings County lawman. As such, it reflects the comparatively minor role that has been played so far by Mr. Caracappa, who…always gets second billing."

Former Bonanno Capo Testifies Basciano Committed Murders. The New York Post (3/25, Haberman, 624K) reports, "A one-time protege of Vincent 'Vinny Gorgeous' Basciano's" on Friday "fingered the former acting boss of the Bonanno crime family as a shotgun-wielding killer. Bonanno capo-turned-canary Dominick Cicale testified about two murders he committed with his former mentor -- and one he prevented. … Basciano shook his head in disgust at the sight of his former charge on the witness stand. Cicale also testified about how Basciano brought him along over the years, helping him become a 'made' member of the crime family, and teaching him tricks of the trade."

FBI Arrests Reputed Russian Mobsters In Alleged Murder Plot. The AP (3/25, Butler) reports, "Two reputed Russian mobsters were arrested Friday after hitmen they tried to hire to kill twin brothers went to Ukrainian police with secretly recorded conversations about the murder plot, federal prosecutors said. Monya Elson and Leonid Roytman were arraigned on murder-for-hire charges Friday in Brooklyn federal court. Both pleaded not guilty. 'This is a case of two Russian mobsters who personify ruthlessness and cold-blooded greed,' FBI Assistant Director Mark Mershon said in a statement."

FBI Arrests USC Lecturer For Alleged Real Estate Investment Fraud. The Los Angeles Times (3/25, Tran, 958K) reports, "A USC lecturer who teaches at the university's business school was arrested Friday by FBI agents for allegedly bilking investors — many of them his students — out of more than $1.5 million and spending much of the money on show horses." Barry Howard Landreth was arrested at his home "on charges of wire fraud. … FBI agents said that Landreth told investors that their investments in Nevada and Illinois commercial properties and land would yield a 190% return. … The students persuaded their parents and others to invest in what they were told were commercial development projects in Las Vegas and Chicago, said FBI Special Agent Brad Howard." The AP (3/26) adds, "FBI agents also seized assets Landreth allegedly acquired with his victim's funds, including a luxury car and several show horses." The Myrtle Beach (SC) Sun News (326, 51K) notes, "Landreth left Myrtle Beach under scrutiny in January 2005 after nine months of work on the Pavilion plan with the Myrtle Beach Downtown Redevelopment Corp. and Pavilion owner Burroughs & Chapin Co. Inc. Questions about his credentials surfaced after he failed to come up with money he promised in a side deal."

Red Cross To Give Authorities Results Of Katrina Fraud Probe. USA Today (3/27, Brook, 2.31M) reports, "The American Red Cross plans this week to turn over the results of its investigation into allegations of fraud and waste in its Hurricane Katrina relief efforts to authorities for possible criminal prosecution. Carrie Martin, a spokeswoman for the Red Cross, said Sunday that three volunteers had been dismissed as a result of the charity's investigation." Meanwhile, "Sen. Chuck Grassley…issued a statement saying he would meet with the charity's leaders this week to discuss its plans for reform," adding that they "did not take internal complaints of fraud and misuse of funds seriously enough until he drew attention to them."

Criminal Charges Unlikely In Tillman Friendly Fire Probe. Newsweek (4/3) reports in its "Periscope" column that while the Army is proceeding with its criminal investigation into the friendly-fore death of former NFL player Pat Tillman, it is "unlikely the soldiers who shot him will be held criminally negligent. … The difficulty of distinguishing between reasonable and negligent behavior in the chaos of battle, and a fear of making soldiers trigger-shy."

Movie Entangled In California Kidnap-Murder Case. USA Today (3/27, Kasindorf) reports the "kidnapping and murder of 15-year-old Nick Markowitz in

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2000 was true-crime story that had 'soon to be a major motion picture' practically written all over it. The tragedy had a young victim, a manhunt for the kidnapper and a ring of middle-class 20-somethings who sold marijuana in the San Fernando Valley." Alpha Dog, "a $13 million movie with a cast including Justin Timberlake, Bruce Willis and Sharon Stone, is based on the slaying in Santa Barbara, Calif." The film is "now entangled in the criminal case against a defendant with a name that no screenwriter would dare make up: Jesse James Hollywood."

Cities Facing Shortage Of Police Officers. Police departments nationwide are experiencing shortages of officers and are offering signing bonuses and other incentives to lure new officers on to the force. A front page story in the Washington Post (3/27, A1, Pomfret, 744K) reports that "more than 80 percent of the nation's 17,000 law enforcement agencies, big and small, have vacancies that many can't fill, police officials estimate. … Police officials and researchers say a confluence of demographic changes and social trends have precipitated the shortage. The wars in Iraq and Afghanistan have siphoned off public-service-minded people to the military. Hundreds of law enforcement officers have handed in their badges to take higher-paying positions in the booming homeland security industry."

CIVIL LAW:

Court May Consider Constitutionality Of Budget Reconciliation Act. A federal court may consider the constitutionality of the budget reconciliation act this May when it considers an ongoing dispute over Medicare payments to a group of Tennessee hospitals. Roll Call (3/27, Yachnin) reports that federal attorneys representing HHS cite the law, which passed the House and Senate in slightly different versions in their appeal of a ruling issued earlier this year by the U.S. District Court on a 2004 lawsuit. The suit "Cookeville Regional Medical Center v. Thompson, centers on a disagreement over how certain Medicare payments should be calculated. The hospitals sought and won an increase in payments worth up to $100 million. But now, HHS, along with its Centers for Medicare & Medicaid Services, is seeking to overturn the decision based on a provision in the budget reduction act that had been drafted in an attempt to clarify the policy that sparked the original dispute."

CIVIL RIGHTS:

EEOC Filed 383 Lawsuits Last Year. The Washington Post (3/27, A13, Lee, 744K) reports that the Equal Employment Opportunity Commission "filed 383 lawsuits against alleged offenders last year, garnering $107.7 million for victims through litigation. The agency, which marked its 40th anniversary last summer, helped obtain $271.6 million for victims without going to trial, often through settlements or mediation. … Discrimination charges declined slightly last year, falling 5 percent from the 79,432 filed in 2004. The numbers have fluctuated over the last decade but have never approached the 91,189 charges filed in 1994."

New Orleans Voters Scattered Across Country As Mayoral Election Nears. Newsweek (4/3, Campo-Flores) reports on the New Orleans mayoral race, noting that with "only one third of New Orleanians back in the city and the remainder scattered across the country, the electorate is more elusive than ever. The two dozen candidates -- led by [Mayor Ray] Nagin, [Louisiana Lt. Gov. Mitch] Landrieu and businessman Ron Forman -- are struggling with questionable polling data and out-of-date voter lists. They're hunting for supporters in cities like Houston and Memphis with large concentrations of evacuees. And they're doing it all on a harried schedule, with less than a month left until the April 22 election (with a likely runoff scheduled for May 20)."

Georgia Lawmakers May Approve Bible As Classroom Textbook. The Georgia legislature appears poised to pass a measure requiring the state Department of Education to put in place a curriculum to teach the history and literature of the Bible. Under the law, schools would use the book as a textbook in the classroom, establishing electives on both the New and Old Testaments. The Christian Science Monitor (3/27, Jonsson, 61K) reports that the measure "has overwhelmingly passed both chambers, but needs a final vote on a minor House change. The vote is expected as early as Monday. If it passes, the state's Department of Education has a year to establish Bible elective courses in the curriculum."

WPost Critical Of Montgomery County Police Response To Racist Online Postings. The Washington Post (3/27, A14) says in an editorial that "for

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months, apparently, at least some of the police brass in Montgomery County have known either specifically or generally about racist, sexist and immigrant-bashing comments on an online message board used exclusively by county police." It was "only after The Post exposed the tenor of some of the online blather that the county police chief, J. Thomas Manger, took the trouble to read the uncouth postings. Now he says he is shocked, and he demands the message board be shut down by the Fraternal Order of Police, the police union, which runs the forum. So far, the FOP has refused." Police are "paid to enforce the law, not stand as unblemished exemplars of politically correct speech. But intolerant, hateful officers are unlikely to be effective, and they may actually subvert the department's overall mission."

WPost Criticizes Air Force Guidelines On Religious Expression. An editorial in the Washington Post (3/27, A14, 744K) says, "The Air Force got it right when it issued a carefully calibrated set of guidelines on religious expression last August. … Unfortunately, facing a barrage of complaints from evangelical Christian groups and pressure from members of Congress, the Air Force backed down. It has issued a revised set of rules that pose the potential for inappropriate religious pressure on cadets and service members. This pushes the balance in the wrong direction, especially in light of disturbing reports from the Air Force Academy about religious intolerance and inappropriate proselytizing. … It's unfortunate that the Air Force, having struck the balance so well last year, was bullied into this unwise retreat."

ANTITRUST:

Lucent, Alcatel Again In Merger Talks. USA Today (3/27, Cauley) reports Lucent and Alcatel "confirmed late last week that they are in merger talks, marking their second attempt in five years to combine. Consolidation elsewhere in the telecom industry is a key driver." Equipment makers "such as Alcatel and Lucent are slowly being overshadowed by their far bigger customers. To maintain clout at the negotiating table, equipment makers need to get bigger fast."

3rd Circuit Rules Amnesty Pact No Bar To Federal Indictment. The Legal Intelligencer (3/27, Duffy) reports, "A federal judge has no power to enjoin prosecutors from filing an indictment on the grounds that doing so would violate an existing amnesty agreement, the 3rd U.S. Circuit Court of Appeals has ruled, because the equitable powers of the court do not exist when there is 'an adequate and complete remedy at law.'" The Intelligencer continues, "In its 27-page opinion in Stolt-Nielsen Transportation Group v. United States, the appellate court held that since the amnesty agreement may be raised as a defense after indictment, the lower court had exceeded its powers in enjoining the prosecution." The Intelligencer adds, "The decision reverses a January 2005 ruling by U.S. District Judge Timothy J. Savage that prohibited the Justice Department from filing an antitrust indictment against a Norwegian shipping company and one of its top executives. … Savage found that Stolt-Nielsen had entered into an amnesty program with the Justice Department and had provided information about a price-fixing and bid-rigging conspiracy that led to guilty pleas from two of its co-conspirators and more than $62 million in fines." The Intelligencer notes, "Because the company had fulfilled its obligations under an immunity agreement, Savage concluded it was entitled to an injunction that barred the filing of an indictment. … Prosecutors argued that SNTG misled the government by claiming that its participation in the antitrust conspiracy had ceased in March 2002. … But Savage found the amnesty agreement explicitly immunized SNTG and its executives from prosecution for activity prior to Jan. 15, 2003. And because the government had drafted the agreement, Savage said, it "cannot depend upon a tacit understanding of what it contends was meant during negotiations but was not memorialized in the integrated agreement.""

Patrick Rejects Toll's Takeover Bid. Bloomberg (3/27) reports, "Patrick Corp., Australia's biggest port cargo handler, rejected Toll Holdings Ltd.'s increased A$5.5 billion ($3.9 billion) takeover bid as 'flawed and unacceptable.' … 'Patrick shareholders remain better off without Toll,' Sydney-based Patrick said in a statement to the Australian Stock Exchange today. Melbourne-based Toll, the nation's biggest road and rail freighter, last week raised its offer after overcoming antitrust opposition to the deal." Bloomberg continues, "Toll Chief Executive Officer Paul Little bid for Patrick seven months ago, seeking control of the movement of goods across Australia from shipment to delivery. Patrick

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CEO Chris Corrigan is pursuing his own trucking acquisitions to compete with Toll for a land-freight business to add to Patrick's ports, saying Patrick offers better growth as a standalone company. … 'Patrick has far superior businesses and significantly greater growth prospects relative to Toll,' Corrigan said in the statement today."

SCOTUS To Hear Patent Case Against eBay. The New York Times (3/27, Hafner) reports, "The United States Supreme Court will hear arguments on Wednesday in a protracted, closely watched patent case that pits a small company called MercExchange against eBay, the online auction and marketplace." The Times continues, "While the grounds in the case appear narrow — the court will reconsider the rules under which courts grant injunctions against a company found to be infringing another's patent — it has attracted enormous attention because of the public rancor between the two companies, the supporters enlisted by both sides and the growing issue of how large technology companies deal with the constant threat of patent challenges." The Times adds, "The patent in question surrounds the 'Buy It Now' feature that eBay uses to allow processing of transactions for the Web site's fixed-price purchasing option. … The Supreme Court will decide whether a federal appeals court was correct in reversing a district court's decision to deny an injunction against eBay's use of the feature. In doing so, it will reconsider a precedent from 1908, which suggested that injunctions were always an appropriate remedy for patent infringement. … Supporting briefs from third parties, including some unlikely ones, have piled up for each side. A pharmaceutical industry trade group filed a brief in support of MercExchange, as did General Electric, Proctor & Gamble, the University of California, a group of venture capitalists and the United States government. All argued in favor of injunctions against those who infringe patents. … A brief filed jointly by Oracle, Microsoft and Intel in support of eBay argued that the injunction rule 'has transformed patents into a powerful tool for litigation abuse' and 'stifles innovation.' EBay has also hired Juleanna Glover Weiss of the Ashcroft Group, a lobbying firm in Washington founded by John Ashcroft, the former United States attorney general, to help with communications efforts related to the case and patent issues in general."

Apple Computers Meets Apple Corps In London Courtroom. The New York Times (3/27, Healey) reports, "Apple Computer will meet the Beatles' Apple Corps in court this week in London, where a judge will determine whether Apple Computer's iTunes online music service violates a 1991 agreement between the two companies that, the Beatles' Apple claims, blocked the computer maker from selling music." The Times continues, "Apple Corps, which represents the Beatles' business interests and markets their post-1968 recordings on disc, wants the computer firm to stop using the Apple trademark to sell recordings online, along with unspecified damages. Apple, the maker of Macs and iPods, said the 1991 agreement permitted using the Apple name to sell online data transfers, which are what downloaded songs amount to." The Times adds, "The judge hearing the case, Justice Edward Mann, is an iPod user, but neither side has asked him to recuse himself." The Times notes, "This is the third time the two companies have sparred. Apple Corps first sued Apple Computer in 1980 over the use of its name; a modest settlement was accompanied by an agreement that stipulated that Apple Computer, then a Silicon Valley start-up, would stay out of the music business. In 1989, after newer hardware and software made it easier to use Macintosh computers to synthesize sound, the Beatles' company sued again, resulting in a $26.5 million settlement in 1991 that left Macs able to edit and play back sound files but not create music. After the iTunes music store and software were introduced in April 2003, the record company filed suit a third time."

ENVIRONMENT:

Shrewd Lobbying, Litigation Resulted In Big Incentives For Oil Industry. The New York Times (3/27, Andrews, 1.19M) reports on how a "supposedly cost-free incentive" to encourage oil and gas companies to drill in the Gulf of Mexico became "a multibillion-dollar break to an industry making record profits." According to the Times, "It is an account of legislators who passed a law riddled with ambiguities; of crucial errors by midlevel bureaucrats under President Bill Clinton; of $2 billion in inducements from the Bush administration, which was intent on promoting energy production; and of Republican lawmakers who wanted to do even more. At each turn, through shrewd lobbying and litigation, oil and gas companies ended up with bigger

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incentives than before." The Times notes that until last month, when the Bush Administration "confirmed that it expected the government to waive about $7 billion in royalties over the next five years," hardy anyone "noticed — or even knew — the real costs. They were obscured in part by the long gap between the time incentives are offered and when new offshore wells start producing. But lawmakers shrouded the costs with rosy projections. And administration officials consistently declined to tally up the money they were forfeiting."

"Big Oil" Turning Its Attention To Extra-Heavy Crude. A front page story in the Wall Street Journal (3/27, Gold, 2.11M) reports, 'A Florida-size section of sandy soil beneath the boreal forest in this sparsely populated area of Northern Canada is loaded with bottom-of-the-barrel petroleum. These deposits were once dismissed as 'unconventional' oil that couldn't be recovered economically. But now, thanks to rising global oil prices and improved technology, most oil-industry experts count oil sands as recoverable reserves. That recalculation has vaulted Venezuela and Canada to first and third in global reserves rankings, although Venezuela's holdings in extra-heavy crude are a rough guess." The Journal adds, "The surging interest in Canadian oil sands is stark evidence that the world isn't about to run out of oil. Instead, it is running low on readily accessible light, sweet crude -- oil that flows like water, has few impurities and can be easily turned into gasoline. As the good stuff gets scarce, Big Oil is turning its attention and pouring money into extra-heavy crude, such as the giant deposits near Fort McMurray and another similar one in Venezuela."

Norton Creates Sporting Conservation Council. The Washington Times (3/27, McCaslin, 90K) reports in its "Inside the Beltway" column that Interior Secretary Gale Norton "has just impaneled a new Sporting Conservation Council, which for the first time will advise Uncle Sam on the interests and concerns of the hunting community, including gaining more access to federal lands. … The chosen council of advisers include, among others, Safari Club International Vice President Merle Shepard, who will represent big-game hunting organizations, and Jeff Crane, president of the Congressional Sportsmen's Foundation, who will speak for wildlife conservation organizations; to Peter J. Dart, president of the Rocky Mountain Elk Foundation, and John Tomke, chairman of the Board of Ducks Unlimited, Inc., who will represent game-bird hunting organizations."

Bush Climate Change Proposals Said To Lack "Teeth." Time's (4/3) cover package examines the issue of global warming, noting that President Bush, who is "hardly a favorite of greens, now acknowledges climate change and boasts of the steps he is taking to fight it. Most of those steps, however, involve research and voluntary emissions controls, not exactly the laws with teeth scientists are calling for." Time's cover package also examines the cycles of climate destruction, and lists the species that are being pushed "to the brink of extinction" by global warming, the impact of global warming on human health, steps individuals can take to reduce emissions, activists who are working to reduce the effects of global warming and the role emissions from India and China are playing in the problem.

85% Believe Global Warming Is "Probably Happening." ABC World News Tonight (3/26, story 6, 3:10, Snow, 8.78M) reported, "A major new poll conducted by ABC, 'Time magazine, and Stanford University" shows "a vast majority of Americans, 85%, now believe global warming is probably happening and that it will become a serious problem in the future." ABC (Blakemore) added, "56% in our poll believe the world's temperatures have been rising in the past three years. 70% think the world's weather patterns more unstable. Half say they've experienced the same in the last three years where they live." What is "surprising in our poll, while half of Americans say they're now experiencing warming, 64% still mistakenly think that there's a lot of disagreement among scientists about whether global warming is happening." Prof. Jon Krosnick, Stanford University: "This poll shows us that those Americans who believe the scientific community is united in thinking that global warming is real and a problem are the most supportive of government action to solve the problem."

Energy Industry Said To Have Muddied Waters In Global Warming Debate. ABC World News Tonight (3/26, story 7, 2:00, Morrell, 8.78M) reported, "The vast majority of scientists have determined global warming to be a real threat. So, why has it taken so long to convince Americans? Pulitzer prize-winning journalist, Ross Gelbspan, blames a 15-year misinformation campaign by the oil and coal industries." Ross Gelbspan, Environmental Journalist: "The point of this campaign was not necessarily to persuade the public that global warming isn't happening. It was to persuade the

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public that there is this state of confusion." Morrell: "This 1998 memo by the American Petroleum Institute says, 'Victory will be achieved when…average citizens (recognize) uncertainties in climate science.' To redefine global warming as theory, not fact, the industry funded research by friendly scientists, such as Pat Michaels. The industry's influence even extends into the White House, where up until a few months ago, a former oil industry lobbyist was one of the President's top advisers, editing scientific reports to make global warming seem less threatening."

Investors Showing Interest In Ethanol. The New York Times (3/27, Alster, 1.19M) reports the entrepreneurs and investors have begun to embrace ethanol which "now accounts for 3 percent of the American automotive fuel market. Most cars in the United States can already handle fuel that is up to 10 percent ethanol, and as many as five million are so-called flex-fuel vehicles that can use a fuel called E85, which is 85 percent ethanol and 15 percent gasoline. The current excitement over ethanol derives from research that has cut the cost of converting nonfood plant matter like grasses and wood chips into alcohol."

FBI/DEA/ATF/USMS:

Mueller Addresses Houston Crime, Terrorism Forum. KPRC-TV Houston (3/24, 10:05 p.m.) reported, "The director of the FBI was in town today talking about Houston safety and security. Gang violence, human smuggling and port security were just some of the big issues Robert Mueller talked about," and "he says the key to fighting the growing crime in Houston is by sharing intelligence and creating task forces." KRIV-TV Houston (3/24, 9:47 p.m.) noted that "Mueller made a stop in Houston today, but it wasn't for investigative work. He spoke to the Houston Forum on Globalization of Crime and Terror." KHOU-TV Houston (3/24, McShan) reports, "The FBI is helping police identify gang members from New Orleans who are now in Houston." FBI director Robert Mueller said of the bureau's role, "We have worked together both New Orleans and in Houston to exchange intelligence information that will enable both (HPD Chief Harold Hurtt) and the New Orleans police department to do the jobs. We recognize that not just in terms of New Orleans and Houston, but gangs and criminals that traverse the country now." KHOU adds that "both cities are cracking down on gangs, and no one wants them to call their city home."

KHOU-TV Houston (3/26, Edwards) reports on the proliferation of New Orleans gang graffiti, noting, "Authorities said the new markings are all over southeast and parts of southwest Houston" and "authorities said they have brought their turf war to Houston." But it is "a battle that the FBI director said can be stopped with the help of local police. 'For us to be effective, we have to work together,' FBI Director Robert Mueller said. 'We are here in Houston and as well as back in New Orleans.'"

Mueller Praises New Orleans Agents, Says Headquarters Will Reopen In June. The New Orleans Times-Picayune (3/24, Chapple, 257K) reports, "The FBI will move back into its New Orleans headquarters on the Lakefront by early June, agency Director Robert Mueller said Thursday after visiting agents in St. Tammany Parish. … Despite having to relocate and work under adverse conditions, local agents and staff have never missed a beat, Mueller said. They were able to salvage all evidence and case files from the New Orleans office after the storm, he said. And continuing fraud investigations have resulted in 71 indictments or charges, he said." Mueller added, "I wanted to talk to the FBI personnel here. Many lost their homes and continued to work. I wanted to see how they were doing in terms of rebuilding." Before his meeting with Mueller, St. Bernard Parish Sheriff Jack Stephens "praised the FBI," saying, "They're one federal agency which I have no complaints about. They were there for us when we needed them."

WDSU-TV New Orleans (3/24, 6:11 p.m.) reported, "Since Hurricane Katrina damaged the FBI's building in Lakefront, the bureau has been using rented space at the Covington Country Club on the north shore. Agency Director Robert Mueller says that despite relocating, agents and staff were able to salvage evidence and case files from the New Orleans office after the storm." WGNO-TV New Orleans (3/24, 5:01 p.m.) noted that "Mueller visited the temporary office yesterday."

Administration Testing Wastewater For Signs Of Cocaine Use. The Washington Post (3/27, B1, Turque, 744K) reports that as part of a pilot program, the Bush Administration, in an effort to broaden the government's knowledge of illegal drug use is analyzing "wastewater from communities throughout the Potomac River Basin for the

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urinary byproducts of cocaine." The White House Office of National Drug Control Policy 'said it is not seeking to single out specific localities. It also is premature, officials said, to conclude that levels of metabolized cocaine in sewage offer a more accurate index of consumption than traditional survey research. But David Murray, special assistant to national drug czar John P. Walters, said wastewater testing, which has been tried in Europe, 'certainly has that potential.'"

Federal Investigators Accused Of "Running Roughshod" Over California Marijuana Laws. The Scripps Howard News Service (3/25, Lee) reports federal agents who "converged on several of what they called 'marijuana candy factories' around Oakland this month seized hundreds of sodas and candies laced with marijuana in what they said was the largest bust of its kind on the West Coast. … Angry medical-marijuana patients said investigators are blowing smoke and that the raids are just the latest proof that federal investigators are running roughshod over local and state laws that allow for medicinal cannabis use."

Eight Arrested In New Jersey Heroin Ring Investigation. The North Bergen Reporter (3/26) reports Hoboken New Jersey police have "arrested eight Hudson County residents for running a major heroin ring. According to Prosecutor Edward DeFazio, the arrests were the result of a six-month investigation by the Hudson County Prosecutor's Office Municipal Task Force, Hoboken Police Department, and the Drug Enforcement Administration. The individuals arrested were allegedly part of a major organization that supplied heroin throughout the Hudson County area."

Man Accused Of Plotting Murder In Vermont Drug Case. The AP (3/25) reports from Burlington, Vermont, that a man is "facing up to life in prison if convicted of charges he tried to hire a man to kill a witness against him in a drug case. Richard E. Moses Jr., 38, appeared in federal court Friday a day after he allegedly met with an undercover officer from the Drug Enforcement Administration who had told Moses he could arrange the killing of the witness."

The Rutland (VT) Herald (3/25) writes, "According to an affidavit, after Moses expressed an interest in having the witness killed, a federal Drug Enforcement Administration undercover agent from another state contacted him to determine how serious he was. In several recorded phone conversations in January, February and March, Moses allegedly negotiated the murder of the witness with the agent, who posed as someone who could arrange a murder."

Kentucky Company Agrees Not To Sell Chemicals Used To Make Meth. The AP (3/27) reports that as part of a plea agreement with federal prosecutors, the owner of a chemical company in Louisville "has agreed not to sell chemicals used to make methamphetamine and to report suspicious purchases. The company _ Antec Inc. _ also would be subject under the plea agreement to inspections by the Drug Enforcement Administration and it would be required to keep detailed records of all poison sales, including how the buyer intends to use it. The company's president… signed the agreement with federal prosecutors this month, admitting that Antec committed a misdemeanor violation of the Clean Water Act in 2002."

The Louisville (KY) Courier-Journal (3/26) reports, "The federal Drug Enforcement Administration has investigated Antec because its chemicals have been found during raids of methamphetamine labs. The company is the target of a civil lawsuit over its online sale of poison to a Maryland teenager who used it to kill a classmate in 2003. Environmental officials have alleged that Antec violated state regulations and the federal Clean Water Act."

SC Man Gets Life Sentence In Cocaine Case. The Charleston (SC) Post Courier (3/24) reports a federal judge "sentenced a North Charleston man to life in prison without parole Wednesday for his role in a major drug-dealing operation responsible for bringing 33 pounds of cocaine worth at least $375,000 into the area." Authorities "said Damon Brightman, 28, was a leader of a gang that distributed crack and powder cocaine to dealers in the Murray Hill community and…in North Charleston. Some deals were arranged at a small barbershop Brightman owned."

Kentucky Man Flees While Awaiting Sentencing For Marijuana Distribution. The AP (3/25) reports from Louisville, Kentucky, that the case of an inmate who "was temporarily released in late January to be tested as a potential kidney donor for his teenage son and is now accused of fleeing with his girlfriend to Mexico instead" has drawn national attention. The AP says Fox's "America's Most Wanted" has featured the case of Byron Perkins. He

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"had been awaiting sentencing for marijuana distribution and unlawful transport of firearms."

IMMIGRATION:

Bush Weighs In On Immigration Debate As Senate Prepares To Take Up Issue. President Bush today will call for immigration law reforms at a swearing-in ceremony for new citizens. Bush will also meet with Mexican President Vicente Fox, who is expected to make the case for a more open immigration process. Meanwhile, the Senate Judiciary Committee is making a last-ditch effort to reach consensus on a bill that includes a guest worker proposal. Media coverage of the immigration debate continues to stress that the issue is dividing Republicans between those who support a guest worker program and those who advocate only stricter enforcement.

The story was reported by ABC World News Tonight (3/26, story 11, 0:30, Snow, 8.78M) – which was the only network newscast last night (CBS and NBC were preempted by sporting events). ABC's brief report noted the developments: "Tomorrow, a Senate committee begins what should be a fractious debate on immigrants. And on Wednesday, President Bush travels to Cancun for a meeting with the Mexican president. Immigration is sure to be a hot topic."

The story was widely covered by print and wire services this morning, with stories covering the gamut of developments and issues expected to be raised in the debate. USA Today (3/27, Kiely, Jackson, 2.31M) reports President Bush "planned to make an appeal today for controversial changes in immigration law at a swearing-in ceremony for new citizens" after "a weekend of protests that drew hundreds of thousands of immigrants and advocates." The weekend's "protests focused on a bill the House of Representatives approved in December" that is focused on enhancing enforcement of immigration laws. More than "500,000 people turned out Saturday in Los Angeles to protest the House bill, police said. Similar protests drew an estimated 50,000 in Denver, 20,000 in Phoenix and 4,000 in Charlotte on Saturday and nearly 3,000 in Columbus, Ohio, on Sunday."

The Washington Times (3/27, Hurt, 90K) reports the Senate Judiciary Committee "takes up the contentious issue of immigration reform today no closer to an agreement on a guest-worker program." The bill "to be considered by the full Senate today will be the one introduced last week by Senate Majority Leader Bill Frist, who has long set today as the deadline for taking up the issue. His legislation deals only with securing the border and raising the penalties for being in the U.S. illegally." Frist has "said, however, that he will include a guest-worker program in his bill if a majority of the 10 Republicans on the committee agree on one. Private negotiations among members and their staffs continued through last week's recess, but staffers say no consensus has been reached, suggesting that a compromise is highly unlikely." Judiciary Chairman Arlen Specter "said yesterday that he is confident that his committee will produce a bill today."

The Los Angeles Times (3/27, Gaouette, 958K) reports the Senate "will determine whether flaws in that system should be addressed solely with tough new criminal laws and stringent enforcement measures -- such as those found in a bill, passed by the House late last year, that triggered demonstrations Saturday from Chicago to Los Angeles. Or they may choose to include programs that give employers access to a future flow of workers, as President Bush has urged, and allow illegal immigrants to gain legal status." Their choices "will provide a barometer of Bush's waning influence over a Republican Party increasingly on edge about midterm elections. Their debate is likely to not only color the meeting between Bush and Mexican President Vicente Fox, in Cancun, Mexico, later this week, but also to lay bare the fractures that the issue creates within the GOP on social, economic and security grounds."

The AP (3/27, Pickler) reports the US "is struggling to decide the fate of as many as 12 million people living in the country illegally. The Senate takes up the emotional debate on the heels of weekend rallies that drew hundreds of thousands of people protesting attempts to toughen laws against immigrants." Demonstrations "are planned near the Capitol, including a prayer service with immigration advocates and clergy who plan to wear handcuffs to demonstrate the criminalization of immigration violations."

The Washington Post (3/27, A1, Williams, 744K) reports in a front page story that Congress faces a dilemma "as it attempts an immigration overhaul. Businesses say it is hard to persuade Americans to perform the unskilled jobs that immigrants easily fill. Significantly higher wages might work, but that increase would be passed on to unhappy consumers, forcing Americans to give up under-$10 manicures and $15-per-hour paint and lawn jobs." Yet "against a backdrop of heightened scrutiny of those who cross U.S. borders and the

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estimated 12 million migrants already here illegally, most everyone agrees that the current immigration system warrants a severe makeover."

CQ Weekly (3/27, Sandler) reports that by "forcing the Senate to debate immigration this week, Republican leaders have highlighted rather than hidden the stark differences between them. On one side are pro-business Republicans, who say the nation's economy depends on immigrant labor. On the other stand the cultural or social conservatives, who say illegal immigrants steal American jobs, threaten security and erode the nation's predominant culture." The "backlash against Bush's plan from within his own party was only to be expected, experts on the issue say. Many conservatives consider it little more than amnesty for the 12 million illegal immigrants already in the country, the kind of policy over which they had spent years criticizing President Bill Clinton and other Democrats." The Senate debate "will revolve largely around the views and political ambitions of a handful of senators who are looking at a broader context: Either their party's prospects or their own; the future of the nation's economy or its cultural identity; the costs of illegal immigration or the costs to immigrants themselves."

The Christian Science Monitor (3/27, Chaddock, 61K) reports "one of the most pervasive costs of a broken immigration system, acknowledged by all sides, is the cost of deception." Bringing "honesty to the system without deporting millions and jeopardizing major sectors of the US economy is the tough task before the Senate Judiciary Committee, as its 18 members struggle toward consensus on a new strategy for immigration reform." For employers "who hire illegals, that means not looking too closely at documents. Only three employers were fined for hiring illegals in 2004, down from 417 in 1999, according to a report by the Government Accountability Office in August 2005." But if "employers examine someone's documents too closely, they can be pursued by the Justice Department for employment related discrimination."

U.S. News and World Report (4/3, Marek) reports that the Senate is expected immigration reform this week. The House "passed a mostly punitive measure in December," and "refused to even consider proposals that would allow employers to hire temporary guest workers, an idea that's been championed by President Bush." Senate Republicans "are fiercely divided on the temporary-worker issue, and those with presidential ambitions crop up on both sides of the debate." US News adds, "Expect some gonzo antics on the floor. Already on the agenda: tough proposals to fence off the whole Southwest border and deny citizenship to babies born to illegal immigrants and a liberal amendment to grant in-state tuition to college students who aren't U.S. citizens."

McCain, Specter Seek Compromise. Newsweek (4/3, Bailey) reports that Senate Republicans, "led by John McCain and Arlen Specter, have been working to come up with a compromise that would include border security, a guest-worker program and a way for illegal immigrants to 'earn' citizenship. But Senate Majority Leader Bill Frist, a presidential contender with one eye on the anti-immigration vote -- and the other one on outflanking McCain -- has threatened to put forward his own get-tough plan this week if the senators fail to come through."

Frist's Presidential Prospects May Hinge On Immigration Debate. Time (4/3, Bacon) reports in its 'Notebook" column that wile First "has left open the possibility of backing a bill that includes a guest-worker provision, he's determined to get stronger border enforcement passed, which will please conservative voters who will pick the G.O.P. nominee in 2008." Time adds that if Frist "can succeed in passing an immigration bill -- especially his own -- he may regain some of the luster he lost last year. If he can't, he may return home to Tennessee as the ineffectual G.O.P. leader who lost his touch -- and his presidential prospects."

Unexpectedly Large Pro-Immigrant Protests Held In Several Cities. The New York Times (3/27, Bernstein, 1.19M) reports that the Senate takes up immigration reform "against a backdrop of thousands of demonstrators, including clergy members wearing handcuffs and immigrant leaders in T-shirts that declare, 'We Are America.' But if events of recent days hold true, they will be facing much more than that." Rallies in "support of immigrants around the country have attracted crowds that have astonished even their organizers. More than a half-million demonstrators marched in Los Angeles on Saturday, as many as 300,000 in Chicago on March 10, and — in between — tens of thousands in Denver, Phoenix, Milwaukee and elsewhere." One of the "most powerful institutions behind the wave of public protests has been the Roman Catholic Church, lending organizational muscle to a spreading network of grass-roots coalitions."

The AP (3/27, Prengaman) reports the LA protest was "one of the largest demonstrations for any cause in recent U.S. history. More than 500,000 protesters — demanding that Congress abandon attempts to make illegal immigration a felony and to build more walls along the border — surprised

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police who estimated the crowd size using aerial photographs and other techniques, police Cmdr. Louis Gray Jr. said."

GOP Divisions Said To Give Democrats Cover To Conceal Their Own. Roll Call (3/27, Stanton) reports, "Internal GOP divisions over how to address the status of an estimated 11 million illegal workers residing in the United States have provided a rare bit of political cover for Senate Minority Leader Harry Reid (D-Nev.), sparing him and his oft-divided Democratic Caucus from a public airing of its own internal grievances and disputes over the hot-button issue." Like Republicans, Democrats "are divided — although much less bitterly than the GOP — over the guest worker plan. In one corner are lawmakers such as Sen. Edward Kennedy (D-Mass.) who favor a program that would allow law-abiding, employed illegal workers to remain in the U.S. for a set period of time. In the other corner stand lawmakers such as Sen. Dianne Feinstein (D-Calif.), who would prefer a much narrower guest worker program." But "unlike Republican divisions, the Democratic disputes have largely avoided the front pages, thanks to what GOP aides argue is political posturing by presidential hopefuls Frist and Sen. John McCain (R-Ariz.), who have staked out opposite positions on the issue."

Specter Denies That His Immigration Bill Amounts To "Amnesty." Sen. Arlen Specter was asked on ABC's This Week (3/26, Stephanopoulos) to respond to critics of his immigration bill who refer to it as an offer of amnesty. Specter responded, "It's not amnesty…because these undocumented aliens are going to have to pay a fine. They're going to have to work for six years to be on the citizenship path. They're going to have to go through a criminal background check. They're not going to go ahead of people who have been waiting in line for citizenship. … If we do not have some realistic proposal to give them an opportunity to work lawfully and ultimately to obtain citizenship, then they're going to be fugitives, and we need to know who they are and where they are. And if they have criminal records, we need to send them back to their country of origin."

Tancredo Contends Specter Is Promoting Amnesty. Rep. Tom Tancredo, also on ABC's This Week (3/26, Stephanopoulos), replied to Specter, saying, "Let me tell you, it is an amnesty. The crime they have committed is coming into this country without our permission. The penalty that is supposed to be applied to that, under the law that we have today, is deportation."

Tancredo Seen As "Angriest Voice" Against Illegal Immigration. Newsweek (4/3, Bailey) reports that Rep. Tom Tancredo has "positioned himself as the loudest, angriest voice against the estimated 11 million illegal aliens now living in the United States. … If Republican presidential candidates don't put the problem atop the agenda in 2008, he says he'll run himself, just to force the front runners to talk about it. Not that he thinks he'd win the White House."

Kennedy Praises Bush, McCain. Sen. Ted Kennedy, appearing on CBS's Face the Nation (3/26, Borger), said, "We're facing a national security challenge on our borders on immigration, so we have to get immigration policy correct. … In the time that I've been in the United States Senate, I've never seen a coalition come together like it has in trying to find a common-sense approach on immigration. We have the leaders of -- the faith-based leaders in our community. We have leaders in our business community and leaders in our labor community. They understand that we cannot solve the problem of illegal immigration just by law enforcement alone. … I think President Bush understands it. I think John McCain understands it."

Frist Said To Be Exploiting Anti-Immigration Sentiment Among Conservatives. The Weekly Standard's Bill Kristol, on Fox News Sunday (3/26, Wallace), said Senate majority leader Bill Frist "who hasn't had a terribly successful pre- presidential campaign so far…wants to be the representative now of the enforcement-only, close-the-border, no-help-for-those-who-are-here-illegally Republicans. And there is a lot of support for that, or appears to be. … Frist playing to that base. McCain is strongly identified with a more liberal approach, very much like Bush's, and I think it will be a huge issue in the 2008 Republican primary. McCain and Giuliani probably will be the only candidates who are willing to take on this sort of apparent populist upsurge of concern."

Kondracke Says Bush Let Immigration "Get Out Of Hand." In his Roll Call (3/27), Morton Kondracke says President Bush "finally re-entered the immigration debate last week to appeal for civility and compassion. He's way late. The debate is already bitter and divisive, especially within the Republican Party, and it's only getting worse." It's Bush "who allowed the situation to get out of hand. Since before he became president, the former border-state governor has favored a moderate, comprehensive approach to immigration — a combination of enhanced border security and internal enforcement measures, plus work permits for new entrants and for those presently working illegally. But Bush failed to

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push this approach, initially because of post-9/11 security concerns and then because he decided to spend his post-re-election political capital on Social Security."

Immigration Reform Seen As Potential Loser For GOP Candidates. The Wall Street Journal's Paul Gigot, on Fox News Sunday (3/26, Wallace), said, "I think the question is whether the Republicans in the Senate can save the House Republicans from their worst instincts. I mean, the House Republicans convinced themselves that being restrictionist in immigration is good politics. I'm not so sure it is. … There are other factions in the party base, including the business community, as Juan said, but also religious conservatives who are worried about, in their Good Samaritan role, being harassed, and then Hispanics."

Latin American Leaders Considering Way To Oppose US Border Wall Plans. The Christian Science Monitor (3/27, Harman, 61K) reports that as Mexican President Vicente Fox "prepares to meet Thursday with President Bush and Canada's new prime minister, Stephen Harper, in Cancún, the proposed 700-mile, $2.2 billion barrier is a major point of contention - not just for the US and Mexico, but for the US and the whole region." Regional leaders – "whose countries in 2004 received some $45 billion sent home from immigrants in the US - have met three times recently to discuss how best to oppose it." Other issues also "in proposed US immigration reform legislation…irk regional leaders and caused hundreds of thousands of people to protest in multiple US cities over the past few days."

The Philadelphia Inquirer (3/27, Douglas, 423K) reports Bush and Fox "plan to meet in the Yucatan resort as part of a trilateral summit with new Canadian Prime Minister Stephen Harper. While Bush has economic issues to address with Harper, U.S.-Mexican immigration is expected to dominate the two-day meeting." Given the "political climate across the United States, it is doubtful Bush will get his wish for a nondivisive debate. Many in Washington question whether any immigration legislation can pass this year."

Brown-Waite Says Senate Bill Should Include Condemnation Of Rape. The Washington Times (3/27, Seper, 90K) reports Republican Rep. Ginny Brown-Waite said the Senate immigration bill "should include a condemnation of rapes by alien smugglers on the U.S.-Mexico border and encourage 'in the strongest possible terms' the Mexican government to prevent such crimes." Rep. Brown-Waite's "amendment to a House immigration-enforcement bill calling for Congress to condemn the rapes was passed," and it "called on Congress to condemn the rapes by smugglers along the border and urged the Mexican government to work with U.S. Customs and Border Protection to take immediate action to prevent such crimes."

Krugman Criticizes House GOP, Bush Immigration Proposals. In his New York Times column (3/27), Paul Krugman says, "Realistically, we'll need to reduce the inflow of low-skill immigrants. Mainly that means better controls on illegal immigration. But the harsh anti-immigration legislation passed by the House, which has led to huge protests — legislation that would, among other things, make it a criminal act to provide an illegal immigrant with medical care — is simply immoral. Meanwhile, Mr. Bush's plan for a 'guest worker' program is clearly designed by and for corporate interests, who'd love to have a low-wage work force that couldn't vote. Not only is it deeply un-American; it does nothing to reduce the adverse effect of immigration on wages."

WSJournal Backs Reform Of H-1B Visa Process. In an editorial, the Wall Street Journal (3/27, 2.11M) says while "globalization has increased the competition for international talent, U.S. businesses are frustrated by processing delays, long backlogs and especially the failure of Congress to increase the annual limits on visas for skilled immigrants." Under Sen. Arlen Specter's "proposal, the annual cap on H-1B guest worker visas for immigrants in specialty fields like science and engineering would rise to 115,000 from 65,000. Moreover, the new cap would not be fixed but would fluctuate automatically in response to demand for these visas. We don't think any cap is necessary. But if a Republican Congress feels it must impose one, the least it can do is let market forces have some say in the matter."

NYTimes Says Bush Will Have To Engage To Keep Immigration Reform On Track. The New York Times (3/27, 1.19M) says in an editorial that the pro-immigration demonstrations "have been timed to a climactic showdown for immigration reform in the capital." Senate staffs were "racing over the weekend to nail down compromises before today's deadline. Anti-immigrant forces, meanwhile, stand ready to try to torpedo anything other than a strictly get-tough approach. That would be an awful outcome for immigrant advocates and for President Bush, who has long argued for comprehensive reform and tried, with limited success, to steer his party away from the one-note harshness of the wall-building crowd." But with "looming elections and Republican presidential jockeying casting a distorting fuzz over the

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debate, it may be too late for Mr. Bush's hands-off approach. If the president really wants a sensible reform bill to reach his desk, he will have to do more than stand on the sidelines, urging everyone to have good manners."

TAX:

Bush To Intensify Push For Permanent Tax Cuts. U.S. News and World Report (4/3) reports in its "White House Week" column, "President Bush, moving to give permanent status to his hallmark tax cuts, is planning to step up his push for the issue in hopes that the House and Senate will grant his wish this year." Bush feels the tax cuts are "a good campaign issue, and a personal 'legacy issue' as well."

CONGRESS-ADMINISTRATION:

Proposals Would Require Lawmakers To Reveal Contacts With Lobbyists. The Washington Post (3/27, A4, Weisman, 744K) reports on efforts to reform the congressional earmark process. According to the Post, "Proposals pending before the House and Senate would force lawmakers to reveal their contacts with lobbyists and disclose their involvement in winning federal spending provisions or earmarks for constituents or special interests. If such disclosures become mandatory, some in Congress hope past practices will shrivel in the light of day. If not, they hope to win passage of provisions that would allow improperly secured earmarks to be struck from bills on the House or Senate floor. The Senate will take up earmark-reform proposals as early as today, when it turns its attention to a broad package of lobbying and ethics rule changes.'

Novak Says Bush Should Heed DeMint's Suggestion On Curbing Earmarks. Syndicated columnist Robert Novak (3/27) writes that ten U.S. senators recently met with President Bush "at the White House to hear him make the case for a line-item veto." But South Carolina Sen. Jim DeMint (R) "had a better idea for the president: Why not instruct your department heads to ignore the earmarks Congress adds to your budget?" Novak notes, "A March 6 report by the nonpartisan Congressional Research Service (CRS) said more than 95 percent of all earmarks were not written into law but were merely contained in the reports of congressional committees and legislative managers. 'Earmarks that appear in committee reports and the statements of managers do not legally bind agencies,' said the report." Bush "did not respond to DeMint at the meeting, and that signifies opposition to the idea." Bush "might well measure the benefits of bold action. If they are required to submit earmarks for floor action by the Senate and House, the lawmakers' ability to overspend would be diminished. From a political standpoint, DeMint is giving the president the opportunity for a dramatic gesture showing that he really cares about spending. By all appearances, Bush won't take it."

Placing 527 Regulation Into Lobbying Reform Bill Called "Politics As Usual." Richard L. Hasen, who specializes in election law at Loyola Law School, writes in Roll Call (3/27) that "proposed legislation in the House would treat 527s as political committees, thereby limiting 527 contributions from individuals to $5,000 per year, with a total yearly cap of $37,500 on any individual's giving to all such groups as well as other non-party political committees." Hasen adds that "regardless of whether 527 regulation is good policy, it makes no sense to put the 527 regulation into a lobbying reform bill." Placing "a 527 measure into a lobbying bill is sure to get the bill enmeshed in partisan controversy. And cynics believe that's the point: Either the bill passes and the Republicans enjoy a double advantage (having taken care of "lobbying reform" while also hobbling a tool that has helped Democrats), or they can blame Democrats for being obstructionist over lobbying reform. … Regulating 527s in the guise of lobbying reform is just more politics as usual in Washington."

E-Mail Reveals Democratic Plans To Unveil National Security Strategy. Roll Call (3/27, Akers) reports in its "Heard on the Hill" column that Democrats "were handed a bummer Friday when an e-mail plotting a news conference to unveil their national security strategy fell into enemy hands. Republicans were tickled when they intercepted a missive written by Democratic operative Stephanie Cutter seeking law enforcement involvement in the Democrats' covertly planned national security event set for Wednesday. … Cutter, who recently left Capitol Hill to form the Cutter Media Group, was looking to gather '20 or so' law enforcement officers on stage at Union Station for the event, where Congressional Democratic leaders plan for the first time to formally unveil a strategic presentation on how the party, if it regains control of Congress, would protect the United States against terrorism and other national security

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threats. … According to Cutter's e-mail, Democratic leaders will use Wednesday's event to commit to making implementation of the 9/11 commission's recommendations 'our first act when Democrats regain control of the Senate and/or House.'"

GAO Report Says Sensitive HHS Data Is At Risk. A GAO report has found "significant weaknesses" in the information security at the Department of Health and Human Services and its Centers for Medicare and Medicaid Services. According to the Washington Times (3/27, Fagan, 90K) reports that "key health, financial, scientific and personal information" is not "being adequately protected from fraud and abuse, a government report has found." According to the report, HHS has "put at risk the confidentiality, integrity and availability of their sensitive information." The Times reports, "Among the specific deficiencies: access to data was not always restricted when it should have been; anti-virus software wasn't always installed or updated; network protection was inadequate in some areas; and encryption wasn't used when sending certain sensitive information."

Non-English Speaking Seniors Have Trouble Enrolling In Medicare Drug Plans. The Los Angeles Times (3/27, Lin, 958K) reports that as the May 15 deadline for enrollment in the Medicare prescription program nears, immigrants with little or nor English skills are "swamping clinics, community centers and pharmacies, unable to read the litany of Medicare-related mailings and or even ask questions about their new plans. … Complaints about language barriers have arisen across the country, but the issue is particularly acute in California, where the primary language of one in five residents -- and about the same fraction of low-income seniors -- is not English, said Jeanne Finberg, a California-based attorney for the National Senior Citizens Law Center." Medicare officials "said last week that they have been doing outreach at many senior centers, including those that serve non-English-speakers. In addition, they have helped fund nonprofit groups that offer toll-free call lines catering to those who speak Spanish, Chinese, Vietnamese and Korean."

Towey Addresses Springfield Diocesan Conference. The Chicopee/Holyoke (MA) Republican (3/26, McAuliffe) reported Jim Towey, "director of the White House Office of Faith-Based and Community Initiatives since February 2002, was a keynote speaker yesterday at 'Grow In Holiness,' the fourth annual Springfield Diocesan Catholic Men's Conference." Towey "spoke for about 45 minutes, spending much of his time reflecting on the late Mother Teresa, for whom he had worked for a dozen years." The conference "was begun to challenge Catholic men to make a deeper commitment to their faith, and Towey said the experience could be transforming." Towey "may be a White House employee, but he attended the conference on his own time." Towey said, "This is Jim Towey, private citizen, who happens to work at the White House."

First Lady Has Replaced Her Entire "High Command" After Five Years. The New York Times (3/27, Bumiller, 1.19M) reports in its "White House Letter" column that First Lady Laura Bush "has replaced her entire high command after five years in charge of the East Wing." The First Lady "is now on her second chief of staff, Anita McBride. She is on her second projects and policy director, Sonya Medina. She is on her third press secretary, Susan Whitson. She is on her second social secretary, Lea Berman. On the residence staff, she is on her second executive chef, Cristeta Comerford. Not least, she is on a search for her third pastry chef."

Card Says Bush Is Applying Management Style Learned In Business School. U.S. News and World Report (4/3, Walsh) reports that President Bush's "CEO presidency has fallen on hard times." The past year has seen two "management disasters" that "undermined public faith in his competence: his administration's weak response to Hurricane Katrina, which erased his image as a strong leader, and its botched effort at persuading Congress to accept a deal authorizing a Dubai-owned company to operate six U.S. seaports." White House Chief of Staff Andrew Card "refused to 'point fingers' but said Bush is correcting what went wrong and the administration will do better in the future." Card "and other Bush confidants say the chief executive is applying the hands-off style he learned at Harvard Business School," and also "the methods that worked for him as an oilman, as managing partner of the Texas Rangers baseball team, and, later, as governor of Texas." A separate story in U.S. News and World Report (4/3, Clark) reports that management gurus and business executives say Bush's leadership style "has been shaped by his 1975 Harvard M.B.A." However, some "worry that Bush may not be applying

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some of B-school's most important lessons and may be suffering instead from all-too-typical M.B.A. flaws, such as overconfidence."

Bush Said To Be Distant From Staff, Lawmakers. U.S. News and World Report (4/3, Walsh) reports that "aside from his inner circle, Bush is said to be distant from the rest of his staff, jeopardizing morale. Just as important, many members of Congress complain that they don't get their phone calls returned or their ideas considered in the West Wing. Bush, they say, doesn't reach out to them as other chief executives have done." Card "argues that Bush consults privately with more nongovernment friends and civic leaders than outsiders realize."

Bush To Throw Out First Pitch At Reds' Home Opener On April 3. The Cincinnati Enquirer (3/25, Wilkinson, 205K) reported that President Bush "will become the first sitting president to throw out the ceremonial first pitch at the Reds' Opening Day game, the White House and the team confirmed Friday. Bush will take the mound shortly before the 2:10 p.m. start of the Reds' game against the Chicago Cubs on April 3." Bob Castellini, "the Reds' new chief executive officer, has been a Bush supporter, raising more than $100,000 for the president's 2004 re-election campaign. Last month, Castellini was among those who greeted the president at a private home in Indian Hill, where Bush attended a $1.1 million fundraiser for Sen. Mike DeWine."

GSA Publishes Guidelines For "Alternative Work Arrangements." The Washington Post (3/27, D4, Barr, 744K) reports in its "Federal Diary" column that "alternative workplace arrangements," are the "future of federal work." The General Services Administration "recently published a bulletin in the Federal Register reminding federal agencies that laws from 1996, 2000 and 2002 encourage alternatives to the office cubicle. … The GSA bulletin offers agencies a helpful guide to the do's and don'ts of alternative work arrangements. It makes clear that agencies can provide new or surplus equipment to telecommuters 'as long as it is clear that the equipment continues to belong to the government.' In addition, the bulletin says, agencies may pay to install telephone lines and necessary equipment, and pay monthly charges, 'in any private residence of an employee who has been authorized to work at home.'"

Gutierrez To Visit Tokyo This Week. U.S. News and World Report (4/3, Bedard) reports in its "Washington Whispers" column that Commerce Secretary Carlos Gutierrez this week will help Ralph Lauren open his new store in Tokyo. US News adds, "The visit is more than just an administration bid to promote U.S. investment overseas. Turns out the two share a hardscrabble past: Both are the sons of immigrants who started small -- Gutierrez selling cereal out of his car and Lauren selling ties at Brooks Brothers."

WSJournal Says Senate Should Confirm Judges Before Summer Recess. An editorial in the Wall Street Journal (3/27, 2.11M) says "it's past time Senate Republicans got back to work confirming appeals-court judges. They won't have 55 seats forever. Or perhaps even after November 7. Judges are a key issue for the GOP's base, who could stay home on Election Day rather than turn out for Republicans who shilly-shally about confirming President Bush's nominees. There are 17 vacancies on the appeals bench, including nine pending nominations. They deserve to be filled as soon as possible before the summer recess. … The advice-and-consent clause of the Constitution gives the Senate the duty to vet all federal judicial nominees. Now it's time for the remaining nominees to have the up-or-down floor votes they deserve."

OTHER NEWS:

Economist Sees "Minefield Of Risks" Facing US Economy. Allen Sinai, president of Decision Economics, says the US economy is in good shape this year, but believes the long term picture is much more murky. USA Today (3/27, Hagenbaugh, Hansen, 2.31M) reports that Sinai, who was "the most accurate forecaster of the 45 economists surveyed each quarter last year by USA TODAY," says that in the near term, the US economy "is 'in an entrenched and very solid expansion.' But looking to the future, there is a 'minefield of risks' that threatens the economy, Sinai says. He names the budget deficit, rising health care costs, pension problems and the war in Iraq, to name a few. He's also concerned lawmakers in Washington, facing an electorate that has become increasingly concerned about the growing influence of China on the world stage, will start a confrontation with the Asian nation."

Fed Expected To Approve 15th Consecutive Rate Hike. New Federal Reserve Chairman Ben Bernanke today

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will convene his first meeting of the Fed's policymakers. The New York Times (3/27, Uchitelle, 1.19M) says the two-day session "is all but certain to end tomorrow afternoon with another quarter-point rise in short-term interest rates, the 15th consecutive increase. That will bring the critical rate the Fed controls to 4.75 percent, up from 1 percent in June 2004, when Mr. Greenspan started the process of steadily increasing borrowing costs. Many analysts expect Mr. Bernanke and his colleagues to raise the rate yet again in May, by another quarter of a point."

Party Strategists Say GOP Would Lose House Control If Election Were Held Today. Time (4/3, Tumulty, Allen) reports that Republican incumbents "are having a hard time figuring out how close they want to be to the White House. … The midterm contests in a President's second term are almost always treacherous, but this time around, Republicans thought it would be different. … In recent weeks, a startling realization has begun to take hold: if the elections were held today, top strategists of both parties say privately, the Republicans would probably lose the 15 seats they need to keep control of the House of Representatives and could come within a seat or two of losing the Senate as well."

Republicans Seek To Paint Democratic Veterans As Single-Issue Candidates. U.S. News and World Report (4/3, Gilgoff) reports that Democrats hope that military veterans running for Congress in the midterm elections "will help neutralize the GOP's national security advantage and immunize the party against charges that its Iraq criticisms are unpatriotic." But, the Iraq and Afghanistan vets "are all political newcomers, most facing well-financed incumbents." US News adds, "The biggest challenge for the Democratic war vets may be developing credibility beyond national security. … Republicans are determined to paint Democratic vets as single-issue candidates who are clueless on pocketbook issues."

Bush Approval Rating At 39% In Time Poll. Time (4/3, Tumulty, Allen) reports, "In a TIME poll conducted last week, Bush's job approval rating was mired at 39%; 3 in 5 Americans said the country is headed in the wrong direction, and when those surveyed were given the choice between a generic Republican and a generic Democrat for Congress, the nameless Democrat won, 50% to 41%. The signs suggest an anti-Republican wave is building, says nonpartisan electoral handicapper Stuart Rothenberg." NRCC Chairman Tom Reynolds "said the picture is more promising race by race than it is nationally. He told TIME only 36 to 40 races will be in play, meaning Democrats would have to keep all their competitive seats and knock off three-quarters of the Republicans."

Social Conservatives Warn GOP To Be More Aggressive On Values Issues. Social conservative groups have warned Republicans that if they want to see a strong turnout of its conservative base this November, the party must be more aggressive on values issues such as marriage, religious freedom and abortion. The Washington Times (3/27, Fagan, 90K) reports, "Leading conservative activists have been sounding off lately, frustrated that since 2004, when their voters turned out in force to help President Bush win re-election, the Republican Party has backed off the values issues."

Roll Call (3/27, Stanton) reports, "Leaders from more than 40 of the nation's most powerful conservative Christian organizations are gathering in Washington, D.C., this week to put GOP Congressional leaders on notice that they will actively look to keep 'values voters' away from the polls if lawmakers don't make good on commitments to move a 'Christ-centered' legislative agenda." Organizers of this week's conference say they are concerned by a "growing attack on Christian values by liberal lawmakers, Hollywood and the judiciary. Conservatives are gathering today and Tuesday with a handful of their House and Senate allies, including former House Majority Leader Tom DeLay (R-Texas), Sens. John Cornyn (R-Texas) and Sam Brownback (R-Kan.), and Reps. Todd Akin (R-Mo.) and Louie Gohmert (R-Texas). In addition to discussing the status of the "culture war," participants in the conference will map out a legislative agenda, which organizers say will serve as a litmus test for whether their network of conservative activists and clergy will back incumbents in this fall's elections."

Author Says Conference Title Is Overblown. Author Tom Krattenmaker writes in USA Today (3/27, 2.31M) that the conference, called "The War on Christians and the Values Voters in 2006," boasts "a lineup of some of the biggest stars of the so-called Christian right — Sen. Sam Brownback, R-Kan., Rep. Tom DeLay, R-Texas, onetime presidential candidate Gary Bauer and Eagle Forum leader Phyllis Schlafly. The chief organizer is Rick Scarborough, leader of Vision America, a group that describes its purpose as reversing America's moral decline by getting more Bible-believing Christians to participate in the political process. …

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Isn't this more than a bit overblown? And in a time when the country is caught up in a real war with religious overtones, shouldn't the word 'war' be tossed around a little less recklessly? … Christians in America are hardly being thrown to the lions. In many ways, the political and social values of conservative Christians are carrying the day. We are in the second term of the most faith-friendly, explicitly Christian presidency in many a decade."

Bush Reaction To Afghan Christian's Trial Said To Have Nothing To Do With Religious Right. Stuart Rothenberg writes in Roll Call (3/27) that he was shocked at questions over what President Bush had to do to respond to the possible execution of an Afghan Muslim who had converted to Christianity in order to "satisfy" his base. Rothenberg notes, "I know some journalists are obsessed with the political influence of the religious right, but the idea that the president's response would, to a considerable extent, be crafted to pacify evangelical Republicans is ridiculous." Rothenberg adds, "I suppose it is possible that if an execution takes place, some Americans who have been supporting the war might start to question whether the administration's entire Iraq-Afghanistan policy is right. But that view wouldn't be limited to Christians, and it's not even certain that the execution would change existing views on the president's policies. … Some things involve simple truths that don't require over-interpretation. Like the question of whether it's OK to execute someone because of his or her religious beliefs."

Maryland Democrats Videotape Steele Campaign Stops. Maryland Democrats are videotaping Republican Senate candidate Lt. Gov. Michael Steele's campaign stops and making note of his fundraisers with Bush Administration officials. The Washington Times (3/27, Ward, 90K) reports, "Derek Walker, executive director of the state's Democratic Party, said videotaping is a typical campaign tactic and that party members are 'learning as much as we can' about Mr. Steele. … Mr. Steele, well-aware of Democrats' presence, began a recent campaign stop by talking about his 'following.' 'I know that a lot of people are watching this race very closely, especially the Democrats,' Mr. Steele said."

DCCC To Target Stem Cell Research Opponents. DCCC Chairman Rahm Emanuel heads to New Jersey today for the first of seven events aimed at highlighting GOP House candidates' opposition to stem cell research. Roll Call (3/27, Kornacki) reports, "At Newark Liberty Airport, Emanuel will join Linda Stender, a 12-year veteran of the New Jersey state Assembly who is challenging three-term Rep. Mike Ferguson (R) in the nearby 7th district. … Emanuel and Stender will criticize the stem-cell research position of Ferguson, who is anti-abortion. Democrats say his opposition to such research puts him at odds with his moderate, suburban constituency. … Emanuel will not appear at the other six events on tap for the week, which will be held in districts generally considered a notch or two more competitive than New Jersey's 7th."

Suit Charges Kerry With Conspiracy, Defamation. Sen. John Kerry set up a legal defense fund last month to fight a civil suit charging him with conspiracy and defamation. The New York Times (3/27, Ivry, 1.19M) reports, "The suit accuses Mr. Kerry and an aide of campaigning to stop the Sinclair Broadcasting Group from showing 'Stolen Honor' and of trying to injure [journalist Carlton] Sherwood's business and reputation." Sherwood called the suit "an effort to make Mr. Kerry answer for having 'defamed and excoriated hundreds of thousands of men, some of them killed in action, just for his own political future.'"

Clinton Strategy Called "Strikingly Similar" To Bush's In 1998. The New York Times (3/27, Kornblut, Hernandez, 1.19M) reports that while there is a great deal of speculation about Sen. Hillary Clinton's plans for a possible 2008 presidential bid, the Senator "appears not to have lost sight of 2006 -- judging not only by her painstaking attention to local details during her public appearances, but also by a schedule that frequently takes her to Republican areas across the state." Clinton "appears to be treating her re-election bid as, among other things, a chance to prove her viability in tough parts of the New York, with Democrats and associates saying that she is aiming both to run up a big margin of victory statewide and to exceed expectations in Republican strongholds." The Times adds, "The strategy is strikingly similar to the one used by George W. Bush in 1998, when he ran up the score among Hispanics and moderates in Texas during his re-election campaign as governor, allowing him to promote the results as proof of his broad electoral appeal."

Clinton Amasses "Army" Of Campaign Aides. The New York Post (3/27, Bishop, 624K) reports that although New

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York Sen. Hillary Clinton (D) has yet to say if she'll run for president in '08, "she's already drafted a presidential-size army of campaign staffers that dwarfs John McCain's outfit and those of everyone else in the field. Clinton has assembled a Titanic-size troop of 37 staffers and a legion of pricey consultants on the rolls of her HillPAC political-action committee and her Friends of Hillary re-election campaign -- operatives that come on top of the three dozen aides in her Senate office. 'I understand New York is a large state, but this is extraordinary. This operation is built for one thing and one thing only: She's running for president,' said a senior Dem operative."

Book Questions Viability Of Retraining Laid Off Workers. The New York Times (3/27, 1.19M) excepts the book "The Disposable American: Layoffs and Their Consequences," by Louis Uchitelle, an economics writer for The New York Times. Knopf will publish the book on Tuesday. The book notes, "Saying that the country should solve the skills shortage through education and training became part of nearly every politician's stump speech, an innocuous way to address the politics of unemployment without strengthening either the bargaining leverage of workers or the federal government's role in bolstering labor markets. But training for what? The reality, as the aircraft mechanics discovered, is painfully different from the reigning wisdom. Rather than having a shortage of skills, millions of American workers have more skills than their jobs require." The process of retraining workers "was like a funnel: wide at one end, where all the laid-off workers go in, and narrow at the other, where a limited number gradually emerge into retraining and, if they are lucky, new jobs at decent pay."

Rice Says US, Russia Working On UNSC Agreement On Iran. The AFP (3/26) reported Secretary Rice said "US and Russian diplomats were meeting in a new bid to end the impasse over a UN response to Iran's controversial nuclear program." She "acknowledged during a round of Sunday television talk shows that differences persisted over the language of a UN Security Council statement seeking to keep Iran from pursuing sensitive nuclear work." Rice "said she spoke Friday with Russian Foreign Minister Sergei Lavrov and they agreed to have their negotiators work through the weekend in an attempt to hammer out language acceptable to both."

Asked on Fox News Sunday (3/26, Wallace) if the US is "prepared to step up the pressure on Moscow…at a time when the Iranians are defying the world's will," Rice said, "The Iranians are defying the world's will, and the international community needs to speak and speak with one voice. We and the Russians and the Europeans and others have the same view. … That is that Iran needs to suspend its enrichment activities and return to negotiation. Nobody believes that Iran should have enrichment and reprocessing capability on its territory, because that is easily transferable or easily convertible into the technology to make a weapon. And so we have agreement on what Iran must do."

Rice was asked on NBC's Meet the Press (3/26, Russert) if it is the policy of the US government that Iran "will not be allowed to develop a nuclear weapon." Secretary Rice replied, "Iran cannot be allowed to develop a nuclear weapon. That is the view of the international community, not just the United States. … If they wish to be a part of the international community, they have no choice but to give up ambitions that could lead to the technologies that would lead to a nuclear weapon. If the international community stays really solid here, Iran cannot stand the kind of isolation from the international community that, for instance, North Korea, endures almost by choice. We really do have a chance to solve this diplomatically."

Hadley Dismisses Iranian Overture On Nuclear Issue. Time (4/3, McGeary) reports on efforts to stop Iran's nuclear program. Time says the joint diplomatic offensive "hasn't produced much in the way of results. … The U.S. and Europe have persuaded Russia and China to join them in reporting Iran's failure to cooperate with international demands to the U.N. Security Council, but both countries oppose punitive action such as economic sanctions." Secretary of State Condoleezza Rice "plans to visit Berlin, Paris and Britain this week in an effort to hammer out a statement that can win unanimous backing in the Security Council. Meanwhile, Tehran has sped up research work on the uranium enrichment that lies at the heart of the dispute." Time adds, "Ali Larijani, Iran's top nuclear negotiator, told TIME that the regime may be open to compromise on the nuclear issue. … National Security Adviser Stephen Hadley dismisses Iran's overture as 'simply a device by the Iranians to divert pressure that they are feeling in New York.'"

Some Iranian Conservatives Worry About "Extreme Right." The Washington Post (3/27, A11, Vick, 744K) reports, "Nine months after the election of hard-liner

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Mahmoud Ahmadinejad as president, Iranian politics has shifted so sharply to the right that some traditional conservatives are warning of the dangers of radicalism. With reformists sidelined and Ahmadinejad setting a strident new tone on the global stage, figures from the extreme right of Iran's political spectrum are defining the terms of political debate in the country." The "tension highlights significant divisions within Iran's conservative camp, often viewed from outside the country as a turbaned monolith."

State Department Seeks Applicants To Promote Democracy In Iran. In its "Verbatim" column, the Washington Post (3/27, A13, 744K) excerpts the State Department's "Iran Democracy Program Announcement," which said, "The Office of the Middle East Partnership Initiative (MEPI) announces an open competition for grant applications that support democratic governance and reform in Iran. This represents a new MEPI funding initiative, and submissions must outline activities linked to reform and demonstrate how the proposed approach would achieve sustainable impact in Iran. … MEPI seeks to strengthen the community of Iranian reformers at the local and national levels and support reformers with demonstrated commitment as they work to build broader alliances with new stakeholder groups around issues of core democratic values. MEPI supports programs that link reformers within and across national boundaries and use local organizational capacity to leverage opportunities to advance reform."

Olmert Pledges To Consult US On Separation Plan. The AP (3/26, Lavie) reports, "Two days before a crucial election, acting Prime Minister Ehud Olmert pledged Sunday to consult the United States and Europe about his plan to pull out of much of the West Bank, remove settlements and set his country's borders within four years." The AP said Olmert's separation plan "has breathed life into an election campaign that has been sleepy despite earthquakes in Israeli politics." A separate AP (3/26, Plushnick-Masti) piece noted "a lackluster campaign that aroused little emotion," and said "a low turnout could cause the most damage to Olmert's centrist Kadima Party, which is the clear front-runner, analysts said." Continuing its coverage of Israeli politics, the AP (3/26, Nessman) said the Labor Party "faces a flight of the very European voters who are its base," and noted the "ethnic demon" of promoting a candidate – Amir Peretz – who is of Middle Eastern or Sephardis decent. The New York Times (3/27, Erlanger, 1.19M) runs a 1,200-word feature on Olmert, "long on the outskirts of power," whose "extraordinary ideological journey" has culminated in the "extraordinary turn" of events that have put him on the cusp of winning his own mandate.

Russian Immigrant Voters Could Play Key Role In Elections. The Christian Science Monitor (3/27, Prusher, 61K) reports, "The victor in Tuesday's nationwide parliamentary vote is widely expected to be the Kadima (Forward) Party, representing the legacy of Prime Minister Ariel Sharon. But the real cliffhanger is how well vote-getters like Avigdor Lieberman will fare." He "speaks in the mother tongue of most of his supporters: Russian. About 1 in 4 voters in this coastal city is a new immigrant from the former Soviet Union. This polyglot of newcomers, known as 'Russim,' now make up at least 15 percent of the electorate, compromising one of the most influential voting blocs." The Washington Times (3/27, Mitnick, 90K) runs a similar report.

Hamas Cabinet Nominee Says He Will Seek Economic Treaty With Israel. The Washington Times (3/27, Mitnick, 90K) reports, "Hamas' nominee for Palestinian finance minister, Omar Abdel Razeq, said yesterday that he hopes to negotiate a new economic treaty with Israel, even though he supports the Islamic militant party's refusal to recognize the Jewish state for peace talks." The Times adds, "The desire to embrace Israel in what would amount to a major treaty indicates how Hamas politicians and the ministerial nominees have resigned themselves to a de facto acknowledgement of Israel to improve the daily lives of their constituents."

Dealing With Hamas Poses Dilemma For US, EU. The Wall Street Journal (3/27, King Jr., Champion, 2.11M) reports, "With Hamas likely to form a new government by the end of this week, the US and Europe must decide how to interact with a transformed Palestinian Authority." The US, Europe and Israel "say they will do nothing directly to prop up a Hamas government that refuses to recognize Israel or renounce violence. Yet they also worry that cutting off Western aid -- totaling roughly $1.3 billion last year, or about one-third of the territories' economy -- would sow chaos and political convulsions, with dire consequences for the region." US officials "see their looming face-off with Hamas as a template for dealing with other militant Islamist governments that may come to power through elections elsewhere in the region. … Even basic questions, such as how to sustain

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humanitarian help while cutting off direct aid, are hard to tackle."

Afghan Christian's Case Likely To Reverberate With US Religious Right. Time (4/3) reports in its "Notebook" column, "When news trickled out of Kabul late last month that a former aid worker named Abdul Rahman, 41, was on trial for converting to Christianity, the U.S. government responded with dismay -- but not much else. … Religious leaders in the U.S. assailed the White House, with activists like Jay Sekulow…bombarding Karl Rove's evangelical liaison with e-mail." Time adds that "the right-wing furor over the Rahman case is likely to reverberate. To many Americans, the fact that Christian converts face prosecution in a country 'liberated' by the U.S. in 2002 has bolstered the perception that the divide between Islam and the West is growing."

Schumer, Graham At Odds Over Progress On Chinese Currency. The New York Times (3/27, Bradsher, 1.19M) reports, "After a weeklong trip to China, two senators who have been pushing Chinese leaders to devalue their nation's currency say they do not agree on how much progress China is making. The split indicates that they are less likely to press for a Senate vote on their trade bill this week." Sens. Charles E. Schumer and Lindsey Graham "have introduced legislation that would impose a 27.5 percent tariff on all American imports from China in two years." The senators "both said in an interview here Saturday that they remained committed to advancing the legislation unless China stopped intervening in currency markets and allowed the yuan to move higher against the dollar." But "they also said that Senator Schumer had been more impressed than Senator Graham by promises from Chinese officials to liberalize their currency policies." Asked "whether the newest development from the trip was the emergence of some differences between the two men," Schumer replied, "That would be fair."

The New York Times (3/27, 1.19M) editorializes, "The good news is that Senators Lindsey Graham and Charles Schumer have started to inch away from their misguided attempt to club China for its currency policies. At the end of a fact-finding trip last week, Mr. Schumer told reporters he was no longer sure he would push for a vote to impose tariffs on Chinese imports into the United States. 'The jury is out,' he said." The Administration, adds the Times, "has done a fair job so far in its tap dance around America's relationship with the world's fastest-growing economy. Now is not the time to slide back into election-year shortsightedness."

Yushchenko Allies Finish "Humiliating" Third In Parliamentary Elections. The Financial Times (3/27, Wagstyl, Donetsk) reports Ukrainian President Viktor Yushchenko "looked set for a humiliating defeat" by "both Yulia Tymoshenko, his former ally in the Orange Revolution, and Viktor Yanukovich, his opponent in the disputed 2004 presidential election." The Times says the loss "will complicate efforts to form a coalition, creating fresh political uncertainty as the country struggles to come to terms with the Orange Revolution's aftermath." While Yanukovich finished first, the Times says, "in a shock result, Ms Tymoshenko beat Mr Yushchenko into third place." The Times predicted that Yuschenko and Tymoshenko "could probably command enough seats for a parliamentary majority. But it is unclear whether they will be able to swallow their personal and political differences." The Wall Street Journal (3/27, A3, Chazan, 2.11M) says the results show "plummeting support for the country's Western-oriented president," who "may now be forced into a coalition with his erstwhile enemy, Viktor Yanukovych." His third-place finish "would mark a humiliating defeat for Mr. Yushchenko" and "a setback for pro-European forces in Ukraine," which is part of "the regional tug of war for influence between Russia and the West." The New York Times (3/27, 1.19M), Washington Post (3/27, A10, Finn, 744K) and Washington Times (3/27, Feduschak, 90K), among other newspapers, also report on the election results.

Belarus Opposition Leader Seized By Police. In the latest effort by President Aleksandr Lukashenko to crush the protest movement, the New York Times (3/27, Chivers, 1.19M) reports opposition leader Aleksandr Kazulin "was seized Saturday when riot police officers with batons attacked a column of peaceful protesters who were marching to a prison where opposition members had been jailed." The Austrian EU Presidency "said in a statement on Sunday that the Union 'is appalled by the violence used against demonstrators' and called for the release of Mr. Kazulin and the other protesters." In a pessimistic piece entitled "Belarus Divided, Doubtful After Clashes," the AP (3/26, Gutterman) said, "Many Belarusians now are confronting an array of unanswered questions: It is unclear how much support the

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opposition really has, how much dissent authorities will tolerate or what effect a stream of denunciations from the West will have."

Blair Said To Have Handover Date In Mind. The Financial Times (3/27, Blitz) reports, "Tony Blair has admitted for the first time that he has decided when he will resign as prime minister. However, he is not yet revealing the date." The Times says Blair wants to ensure that National Health Service reforms are implemented and an orderly transfer to Gordon Brown is laid out before stepping aside.

Alleged Sale Of Lordships Taints Blair's Government. The Christian Science Monitor (3/27, Rice-Oxley, 61K) reports, "Will a million pounds make you a 'Sir' or a 'Lord' in Britain today? That's what British police are investigating, following complaints that Prime Minister Tony Blair's Labour party rewarded four big financial backers with the promise of seats in the House of Lords, the unelected upper house of parliament that wields considerable influence." The "murky controversy has intensified pressure on Blair to step down and revived a debate about how politics should be funded here." A recent poll "showed 56 percent of voters believed the loans-for-lordships allegations were true, and almost three-quarters agree that Blair's government is now as tainted by sleaze as that of his predecessor, John Major."

Bush Administration Seen As Contributing To Blair Decline. The Weekly Standard (4/3, Baker) reports the "gathering consensus now asserts" that British Prime Minister Tony Blair "will not, in spite of his own ambition and energy, reach the full decade in office he had hoped for." The Bush Administration "will have played a substantial part in Blair's demise. The Iraq war, of course, has undermined the prime minister; but the Bush administration seems oddly committed to making life even more difficult for him." Britain is "in a state of angry ferment about the way its defense contracts have been handled by the Americans. A decision by the Pentagon to cut a British company out of the procurement contracts for the new Joint Strike Fighter has outraged public opinion and led even this most Atlanticist of governments to think seriously about striking out in a new direction with European partners, rather than be more closely integrated with U.S. defense systems. Quite how a beleaguered administration can still find room to alienate one of its few allies in the world is perhaps only for Donald Rumsfeld to explain. But the damage done to Blair's claim that his support for the United States has produced tangible benefits for the United Kingdom is incalculable."

Berlusconi Trails Challenger. The Wall Street Journal (3/27, Kahn, 2.11M) reports, "Just two weeks before national elections, Italy's conservative Prime Minister Silvio Berlusconi trails challenger Romano Prodi by three to six percentage points, according to polls -- a gap that analysts say will be difficult to close." Friday "marked the last day in which opinion polls could be published under Italian election rules before the April 9-10 voting. A poll conducted by GfK Eurisko, published in left-leaning Rome daily La Repubblica, had Mr. Prodi's center-left coalition taking 51.7% of the vote in the lower house of Parliament, compared with 46.6% for Mr. Berlusconi's alliance of center-right parties. The margin was tighter in the Senate, with the left gaining 51.4% of the vote compared with 47.1% for the right, according to GfK Eurisko."

Pressure Growing On Australia To Dismantle Wheat Export Monopoly. The Wall Street Journal (3/27, Barta, 2.11M) reports, "Pressure is mounting on Australia to dismantle its powerful wheat-export monopoly amid allegations that it paid kickbacks to Saddam Hussein's regime to win lucrative wheat contracts in Iraq." Australia "ranks as the world's second-biggest exporter of wheat, behind the US, according to US Department of Agriculture statistics, and is a major competitor for US and European farmers overseas."

Persian Gulf Stock Markets Dropping. The Wall Street Journal (3/27, Karmin, El-Rashidi, 2.11M) reports, "The Persian Gulf's highflying stock markets, suffering their first serious correction after years of gains, are raising concerns that a speculative bubble may burst and hurt emerging markets more broadly. Fueled by cash from high oil prices," stock markets in Dubai, Kuwait, Abu Dhabi and "elsewhere in the Gulf have tripled or more in value in the past three years." But "in recent weeks, these stocks have suffered double-digit losses, with Saudi Arabia, the region's biggest stock market, shedding about a third of its value since late February." The declines "underscore the risks of emerging-market investing."

"Backlash" Against Privatizations Mounting In Latin America. The Washington Post (3/27, A10, Reel, 744K) reports from Argentina that a "backlash against the private sector has been building for several years in many

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pockets" of Latin America, and "in some cases, such as Bolivia and Mexico, it has been actively promoted by grass-roots leaders in tandem with their demands for limiting the influence of foreign interests. … In the past year, protests against the privatization of other sectors, including electricity and energy, have broken out in Peru, Ecuador, Guatemala and Mexico. Last week, several thousand demonstrators marched through Managua, the capital of Nicaragua, to demand the government improve water services without privatizing them."

Islamic Militias, Warlords Continue Fight For Control Of Somalia. The Washington Post/AP (3/27, A11) reports, "Radical Islamic militiamen and rivals buried their dead Sunday and brought in more fighters during a lull after four days of combat on the outskirts of Mogadishu, witnesses said. So far, at least 93 people have died and nearly 200 have been wounded in the violence." A "prominent moderate Islamic scholar appealed to the warring sides not to restart the fighting, which ranks among the deadliest in recent years in the nominal capital of this Horn of Africa country." Somalia "has been without a working government for 15 years. The recent battles involve a militia supporting hard-line Islamic clerics who are trying to expand their influence and fighters loyal to businessmen and Somali warlords who have formed an alliance to oppose the religious movement."

International Court Urges Nigeria To Arrest Former Liberian Leader. The Washington Post/AP (3/27, A11) reports, "The international war crimes tribunal in Sierra Leone urged Nigeria on Sunday to immediately arrest Charles Taylor, Liberia's exiled former president, because of fears the former president might flee to avoid trial for crimes against humanity." Nigeria "said Saturday it was ready to hand over Taylor, sending a warning to other warmongers on the continent."

US Urged To Take Lead In Rebuilding Liberia. Ambassador Andrew Young, who served at the United Nations, and Peter V. Emerson, director of the Southern Africa Enterprise Development Fund, write in the Washington Times (3/27, 90K) that "rebuilding Liberia is not only a moral obligation; it is, make no mistake, imperative to US national security. Liberia's ties to America are frequently underplayed here, but those very ties define its position in Africa." A "resurgent Liberia will anchor West Africa, serving as a beacon for emerging democratic movements." The Bush Administration "made a promise to Africa and must now follow through on that commitment to growth by unveiling a Marshall-style infrastructural recovery plan."

Play Depicts Life In North Korean Prison Camp. ABC World News Tonight (3/26, story 13, 2:30, Litke, 8.78M) reported on a "ground-shaking new musical in South Korea, part 'Miss Saigon,' part 'Les Misérables' and part 'The Producers,' a tale of a prison camp where starvation, torture and execution are a way of life and death. And this production doesn't shy away from any of it. For the writer/director, it's all very personal, a northern defector whose entire family was executed after he fled. He says South Koreans, today, have little knowledge of, or interest in, the atrocities in the North. So, he hopes to reach them, through the most popular forms of entertainment here -- music and soap operas that tug at the heart strings." But "many here in South Korea are not amused. Government officials tried to stop the play from ever being staged. There were death threats against some members of the production and all because it is too harsh on the communist North. Goodwill and reconciliation is now official government policy between the Koreas."

Airbus Conducts Successful Evacuation Drill On A380. ABC World News Tonight (3/26, story 5, 0:20, Snow, 8.78M) reported, "In Hamburg, Germany today, Airbus held an evacuation drill onboard the world's largest passenger jet. Officials are calling the simulated exercise, a 'great success,' despite 33 people being hurt. The company said they were able to get 873 people off the plane in only 90 seconds, with half the doors blocked."

NYTimes Criticizes French Protesters. The New York Times (3/27, 1.19M) editorializes, "For the second time in four months, French streets are filled with riot police, tear gas and rampaging youths. But the similarity is deceptive. Back in November, it was the sons of North African immigrants in their dreary suburbs exploding in frustration at the lack of jobs, prospects or programs. It was hard not to feel sympathy with their cause, along with outrage at their response." This time, "privileged university students have been protesting what they see as an assault on the job security that they consider their birthright. But the labor reform to which they are so opposed is much needed and was proposed by Prime Minister Dominique de Villepin as a

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partial answer to those who rioted in the suburbs." Students "should stop focusing on their privileges and heed President Jacques Chirac's call for a creative dialogue about how they can help resolve the real problem facing their generation."

WSJournal Takes On Chirac. In an editorial, the Wall Street Journal (3/27, 2.11M) criticizes French President Jacques Chirac. Says the Journal, "It is hard to think of anyone who has done more than this president to marginalize France and the French language -- all in the name of defending them."

THE BIG PICTURE:

Headlines From Today's Front Pages.

Los Angeles Times:
"An Island On The Verge."
"Hotel Campaign Signals Labor's Ascent In L.A."
"Plot Line Shifts In Pellicano Inquiry."
"FBI Keeps Watch On Activists."
"Students Of TV History Tune In To A Living Textbook."
"Iraqi Police Say U.S.-Led Raid Kills At Least 17 At Shiite Mosque."
"Bird Flu Defies Control Efforts."

USA Today:
"Lifesaving Knowledge, Innovation Emerge From War's Deadly Violence."
"Official Warns Of Unsecured Nuclear Reactors."

New York Times:
"Shiite Fighters Clash With G.I.'s And Iraqi Forces."
"Vague Law And Hard Lobbying Add Up To Billions For Big Oil."
"Pork That's Good For The Heart May Be Possible With Cloning."
"Bush Was Set On Path To War, Memo By British Adviser Says."
"Reform Leader Suffers Setback In Ukraine Vote."
"In Ex-Detective's Trial, His Book Provides A Bizarre Plot Outline."

Washington Post:
"16 Sadr Loyalists Killed In Assault."
"Police Finding It Hard To Fill Jobs."
"George Mason Is A Giant-Killer."
"Help Wanted As Immigration Faces Overhaul."
"A Push For Disclosing Cash From Lobbyists."
"On Edge Of Va. Sprawl, Labels Crumble, New Lives Thrive."

Washington Times:
"Afghan Man Saved From Execution."
"Cinderella's Off To The Ball."
"Panel Still Split On Guest Workers."
"Pertussis Cases Rising In Teens; Booster Advised."
"D.C. Cameras Hit Maryland Drivers Hardest."

Detroit Free Press:
"Catholics Outgrow Northern Parishes."
"Medics' Work In Iraq Could Save Civilians."

Atlanta Journal-Constitution:
"Afghan Convert To Christ Spared."
"Push Comes To Preschool."
"Chambliss: Farms Need Immigrants."
"Present Is Worst Of Times For Historical Markers."

Houston Chronicle:
"Politics, Emotions Hot On Immigration."
"Spur 527 Gets A Green Light."
"Accounts Differ On Clash With Shiites."
"Still Waiting For Answers."
"Will Missteps End Rise Of A Political Natural?"

Story Lineup From Last Night's Network News:
ABC: Afghanistan-Christian Convert; Iraq Violence-Al Sadr; Iraq-Bodies Found; Airports-Runway Incursions; Germany-Airbus Evacuation; Global Warming Poll; Global Warming Debate; Indy Racing-Death; Duke Lacrosse-Rape Investigation; Winchester Rifle-Factory Closing; Bush-Mexico; Fleischer Obit; North Korea-War Crimes Play.
CBS: Preempted By College Basketball.
NBC: Preempted By Golf.

Story Lineup From This Morning's Radio News Broadcasts:
ABC: WY-Traffic Accident; FL-IRL Driver Killed; TN-Minister Murder; Afghan-Christian Convert Trial; NCAA Tournament.
CBS: Iraq-Bodies Found; NYT-US Iraq Invasion Decision; WY-Traffic Accident; FL-IRL Driver Killed; Senate-Immigration Reform; NCAA Tournament.
NPR: Senate-Immigration Reform; Afghan-Christian Convert Trial; Russia-Iraq Spying; Ukraine Election; Nigeria-Foreign Oil Workers Released; Mexico-Drug Violence; WY-Traffic Accident.

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WASHINGTON'S SCHEDULE:

Today's Events In Washington.

White House:

PRESIDENT BUSH — No public schedule.

VICE PRESIDENT CHENEY — No public schedule.

US Senate: FLOOR SCHEDULE _ 1 p.m. Reconvenes and resumes consideration of S.2349, the lobbying reform bill.

10 a.m. JUDICIARY _ Full Committee. Markup of pending legislation. Location: Room 226, Dirksen.

US House: No Scheduled Events.

Other: HISPANIC COLLEGES _ Meeting of the Hispanic Association of Colleges and Universities. Highlights: 12 p.m. Acting Assistant Education Secretary Robert Gonzales.

CHRISTIAN VALUES _ Vision America holds the ``War on Christians and The Values Voter In 2006" conference. Highlights: 3 p.m. Panel on ``The Gay Agenda: America Won't Be Happy," with Regina Griggs (Parents and Friends of Ex-Gays and Gays), Peter LaBarbera (Illinois Family Institute), Lou Sheldon (Traditional Values Coalition), Brian Camenker (Mass. Resistance/Article 8 Alliance). 4 p.m. Phyllis Schlafly. 4:30 p.m. Panel on ``The ACLU And Radical Secularism: Driving God From Our Public Life," with Mat Staver (Liberty Counsel), Janice Crouse (Concerned Women For America), Bill Donohue (Catholic League), Mike Johnson (Alliance Defense Fund). 7 p.m. Banquet with several speakers including Sen. Jon Cornyn. Location: Omni Shoreham Hotel, 2500 Calvert St. NW.

IMMIGRATION-COMPETETIVENESS _ 8:30 a.m. - 1:30 p.m. TechNet, University of California Washington Center, UD Berkeley and the California Institute for Federal Policy Research host a forum. ``Maintaining America's Competetiveness: Recruiting and Retaining the Best and Brightest Minds," focusing on highly-skilled worker immigration policies and their affect on US higher education and employment. The event is sponsored by Oracle, Cisco Systems, Intel, National Venture Capital Association, and Compete America. Location: Room 325, Russell Senate Office Building.

INTELLECTUAL PROPERTY THEFT _ 8:30 a.m. - 5:30 p.m. US Under Secretary of Commerce for Intellectual Property Jon Dudas and Rep. Frank Wolf join small-business owners on a conference on ``Intellectual Property in the Global Marketplace." Location: Ritz-Carlton Hotel, Tyson's Corner, 1700 Tyson's Blvd., McLean.

IMMIGRATION _ 9 a.m. - 10:30 a.m. The American Enterprise Institute hosts an event, ``Tear Down This Wall? Fixing a Broken Immigration System." Keynote speaker is Sen. Jon Kyl, R-Ariz. Discussants are: Michael Barone, U.S. News and World Report; Steven Camarota, Center for Immigration Studies; and Daniel T. Griswold, Cato Institute. Location: AEI's Wohlstetter Conference Center, 12th floor, 1150 17th St. NW.

CANADA-AFGHANISTAN _ 10 a.m. Canadian Ambassador to Afghanistan David Sproule holds a briefing on his country's diplomatic, defense and development contributions to Afghanistan. Location: Canadian Embassy, 501 Pennsylvania Ave. NW.

KATRINA-FINANCIAL _ 10 a.m. The Anthony T. Cuff Research Fund of the Financial Services Roundtable holds a press event to release the study, ``What's Needed for Post-Katrina. The study's author, Dr. James A. Richardson, alumni professor of economics for Louisiana State University, will present the findings. Location: Room S-120, Capitol.

NUCLEAR WEAPONS _ 10 a.m. The Alliance for Nuclear Accountability holds a briefing on the US nuclear weapons budget, with a new analysis of the Energy Department spending by a former OMB official. Location: Room HC-8, Capitol.

PORTMAN-TURKEY _ 11 a.m. USTR Rob Portman meets with Turkish Trade Minister Kurzad Tuzmen. Photo op only. Location: 600 17th St. NW.

MILITARY READINESS _ 11 a.m. - 12 p.m. The Heritage Foundation hosts a discussion, ``Avoiding the Hollow Force: Maintaining a Trained and Ready Military." Participants include Daniel Goure, Vice President, The Lexington Institute;' Col. Henry Alden Leonard, USA (Ret., Associate Director, Manpower and Training, The Rand Corporation's Arroyo Center; and Gen. Dennis Reimer, USA (Ret.), President, DFI Government Services, and former Army Chief of Staff. Location: Heritage Foundation's Lehrman Auditorium, 214 Massachusetts Ave NE.

IMMIGRATION _ 11:30 a.m. Immigration advocates and clergy hold a protest and interfaith prayer service to protest measures that criminalize clergy and social service providers who give aid to undocumented immigrants. Location: West Lawn, Capitol.

MILITARY TRIBUNALS-CONSTITUTION _ 12 p.m. The Cato Institute hosts a debate, ``Terrorism, Military

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Tribunals, and the Constitution." Participants are Charles Swift, Lieutenant Commander, USN, and military counsel for Salim Ahmed Hamdan; and Richard Samp, chief counsel, Washington Legal Foundation. Location: Cato Institute, 1000 Massachusetts Ave. NW.

PORT SECURITY _ 12 p.m. Staff of the Senate Subcommittee on Investigations holds a telephone briefing on Tuesday's hearing on port security. Contacts: Andrea Wuebker, 202-224-5641. Notes: Callin number: 866-909-2663; passcode: 7358575.

INFRASTRUCTURE PROJECTS _ 12 p.m. - 1 p.m. The Center for Strategic and International Studies (CSIS) Commission on Public Infrastructure holds an event to call for a federally funded National Investment Corporation (NIC) to provide state and local governments with critical financing for a broad array of potential infrastructure projects. Commission co-chairs, Ambassador Felix Rohatyn and former Senator Warren Rudman, will outline the findings of Commission members, which include John J. Castellani, president, Business Roundtable; John J. Hamre, CSIS president and CEO; and Dana Mead, chairman, MIT. Location: National Press Club, Lisagor Room.

CANCUN CONFERENCE _ 12:30 p.m. The School of Advanced International Studies holds a discussion on the upcoming Cancun conference between the U.S., Canada and Mexico, with Tamara Woroby of SAIS, Christopher Sands of the International Republican Institute, others. Location: Room 812, 1619 Massachusetts Ave. NW.

VA- NICHOLSON _ 12:30 p.m. VA Secretary Nicholson gives the ``State of VA" speech. Location: National Press Club.

PORTMAN-ECUADOR _ 1 p.m. USTR Rob Portman meets with Ecuadorian Trade Minister Jorge Illingworth. Photo op only. Location: 600 17th St. NW.

ARMENIA _ 4 p.m. The Millennium Challenge Corp. and Armenia sign a $235 million Millennium Challenge Compact, with Secretary of State Rice and Armenian Foreign Minister Vartan Oskanian. Location: Franklin Room, State Department.

CONSTITUTIONAL RIGHTS _ 4 p.m. American University Washington College of Law holds a discussion on reclaiming and advancing constitutional rights, with Rep. Jesse Jackson, Jr., others. Location: Room 603, 4801 Massachusetts Ave. NW.

ONLINE POLITICS _ 6 p.m. George Washington University holds a discussion with Internet pioneers Jerome Armstrong, founder of the MyDD blog, and Markos Moulitsas, founder of the blog DailyKos, discussing their book ``Crashing the Gate: Netroots, Grassroots, and the Rise of People-Powered Politics." Location: Morton Auditorium, 805 21st St. NW.

BURNS-BUSH/INDIA _ 6:45 p.m. - 7:45 p.m. The Council on Foreign Relations hosts a debriefing on the president's trip to India with R. Nicholas Burns, undersecretary for political affairs, State Department. Location: Council on Foreign Relations, 1779 Massachusetts Ave. NW.

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THE ATTORNEY GENERAL'S *NEWS BRIEFING*

PREPARED FOR THE OFFICE OF PUBLIC AFFAIRS, U.S. DEPARTMENT OF JUSTICE

TO: THE ATTORNEY GENERAL AND SENIOR STAFF

DATE: MONDAY, MARCH 27, 2006 7:45 AM EST

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TERRORISM NEWS:

FBI Counter-Terrorism Surveillance Has Extended To Antiwar, Activist Groups. Under the headline "FBI Keeps Watch on Activists," The Los Angeles Times (3/27, A1, Riccardi, 958K) reports, "The FBI, while waging a highly publicized war against terrorism, has spent resources gathering information on antiwar and environmental protesters and on activists who feed vegetarian meals to the homeless," according to FBI documents obtained by the ACLU and released over recent months. But citing "the recent arrest of environmental activists accused of firebombing an unfinished ski resort in Vail," FBI spokesman Bill Carter said, "It's one thing to express an idea or such, but when you commit acts of violence in support of that activity, that's where our interest comes in." Still, ACLU of Colorado legal director Mark Silverstein said, "It certainly seems they're casting a net much more widely than would be necessary to thwart something like the blowing up of the Oklahoma City federal building."

NYTimes Says White House Should Press FBI On IT Upgrade. Under the headline "Keystone Komputers," a New York Times (3/27, 1.19M) editorial criticizes the FBI effort to update its computer system, noting, "After 9/11, the bureau started an urgent and very expensive program to fix the problem. But now we discover…that the search for high-tech sleuthing could take four more years and a half-billion dollars. … Most alarming of all, the inspector general concluded that even if the F.B.I. finally came up with a workable model, there would be no guarantee that it would solve the most crucial issue — agents' inability to share information with the myriad of other government departments involved in the detection of terrorism. Surely the White House should be prodding the bureau to do better."

Supreme Court Review Of Hamdan Case Raises Historic Questions. The New York Times (3/27, Greenhouse, 1.19M) reports that the Supreme Court decision to review the lawsuit by Osama bin Laden's former driver, Salim Ahmed Hamdan – which challenges the plan to try him by military commission – "appeared to mark a resumption of a struggle for supremacy between the court and the White House," but "no one foresaw…that the case...would present the Supreme Court with an additional and perhaps even greater challenge. In the face of a measure that Congress passed and President Bush signed into law in late December to strip the federal courts of jurisdiction over cases brought by detainees" at Guantánamo, "the court must decide whether it retains the right to proceed with this case at all. For a court that has been highly protective of its own prerogatives, but at the same time notably attentive to the often arcane limits on federal court jurisdiction, the question is one of great delicacy, infused with historical resonance."

The Christian Science Monitor (3/27, Richey, 61K) also reports that the Hamdan case "has the potential to become one of the most important US Supreme Court decisions of this generation. It will test the scope of presidential power in the war on terror. It may clarify how detained Al Qaeda suspects are treated by the US. More broadly, it challenges the justices to further define the balance of power among the three branches of government during times of national emergency." The Washington Times (3/27, Taylor, 90K) notes, "The dispute will be the first major case involving presidential war powers since Chief Justice John G. Roberts Jr. and Justice Samuel A. Alito Jr. joined the court. Supreme Court scholars generally agree the legal future of the war on terrorism hinges on the case, which presents the high court with the chance to rule on the power of the executive branch to try terror suspects outside the bounds of U.S. courts."

Scalia Reportedly Said Detainees Have No Right To Civil Court Trial. USA Today (3/27, 6A, 2.31M) reports, "Supreme Court Justice Antonin Scalia dismissed the idea that detainees at Guantanamo Bay…have constitutional rights and called European concerns over the issue hypocritical, Newsweek magazine reported Sunday. 'War is war, and it has never been the case that when you captured a combatant you have to give them a jury trial in your civil courts,' Scalia purportedly said in a private appearance March 8 at the University of Freiburg in Switzerland." Center for Constitutional Rights president Michael Ratner said, "If he's made up his mind on a particular issue, he shouldn't be sitting" in the Hamdan case, although "Scalia did not refer specifically to that case, Newsweek said." The Washington Post/AP (3/27, A3) notes, "The comments came just weeks before the justices are to take up an appeal from a detainee at Guantanamo Bay. The court will hear arguments tomorrow on…Hamdan's assertion that President Bush overstepped his constitutional authority in ordering a military trial for the former driver of al-Qaeda leader Osama bin Laden."

Human Rights Group Wants Scalia To Recuse Himself From Hamdan Case. Newsweek (4/3) reports in its "Periscope" column that the Supreme Court this week will hear a case concerning whether the Bush Administration can try Gitmo detainees in special military tribunals in which the accused have limited rights. Newsweek notes that Justice Antonin Scalia "has already spoken his mind about some of the issues in the matter," dismissing "the idea that the detainees have rights under the U.S. Constitution or

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international conventions." The human rights group the Center for Constitutional Rights has filed a brief in behalf of the Gitmo detainees seeking Scalia's recusal from the case. Other experts "said it was a closer call. Scalia didn't refer directly to this week's case, Hamdan v. Rumsfeld, though issues at stake hinge in part on whether the detainees deserve legal protections that make the military tribunals unfair."

WPost Says Pentagon "Bungled" Creation Of Tribunals. The Washington Post (3/27, 744K) editorializes, "The Supreme Court hears arguments tomorrow in perhaps the most important case of the term -- a case that, had the Bush administration acted responsibly at any time in the past 4 1/2 years, would not even be in court." The Post adds, "The administration was right that some alternative form of military trial for accused terrorists captured abroad was essential," but "the military sought to design a new system from scratch," and "it has bungled. … Whatever the court decides on the law, the administration needs to fix this stillborn system."

Analysts Say US Witnesses Made Uncertain Case Against Moussaoui. Under the headline "Uncertainty Clouds Last Days Of Moussaoui's Sentencing Trial," USA Today (3/27, Johnson, 2.31M) reports, "Without Harry Samit, confessed al-Qaeda conspirator Zacarias Moussaoui might never have been arrested," but "by the time Samit left the witness stand…his testimony about repeated and unsuccessful efforts to alert superiors of Moussaoui's potential danger may prove more beneficial to the terrorist than the government. Prosecutors rested their case…but many of the government's witnesses have made it clear how difficult it may be for the government to prevail in the landmark terrorism case, legal analysts said." University of Maryland law professor Michael Greenberger observed, "It's not at all clear that had Moussaoui told them everything, the FBI would have been able to do anything."

Senate Panel Schedules Hearing On Feingold Censure Resolution. Roll Call (3/27, Brotherton) reports the Senate Judiciary Committee has scheduled a hearing for Friday on Sen. Russell Feingold's resolution to censure the President for his National Security Agency domestic surveillance program, "setting up the possibility of a floor showdown." A Republican aide "indicated…that the focus of the hearing, scheduled for March 31, will be to provide a forum for debate over the merits of the proposed censure measure." Republican leaders are "eager to get Democrats on the record on the issue of censuring Bush, believing that such a vote would seriously undercut Democrats' ability to convince the electorate that they are strong on protecting America from terrorist threats."

HOMELAND RESPONSE:

Hong Kong Firm Defends Bid For US Port Security Contract. The Wall Street Journal/AP (3/27) reports Hutchison Whampoa Ltd. "defended its plans to help scan US-bound cargo for terror threats at a port in the Bahamas where no U.S. customs agents are present." The company "added that it isn't feasible or practical for U.S. officials to work in ports across the globe. The best option for the U.S. is to rely on trusted agents using sophisticated inspection equipment to scan shipments at ports abroad, said John Meredith, group managing director for Hutchison Port Holdings, Hutchison's maritime subsidiary and the world's largest ports company."

Senate To Consider Reforms Of Foreign Investment Review Process. The Washington Times (3/27, Waterman, 90K) reports "the issue of foreign -- and especially Gulf-Arab -- ownership of U.S. critical infrastructure" will be "front and center" in the Senate. Several "competing bills in both chambers of Congress aim to reform the process by which the federal government assesses the national security implications of foreign takeovers of U.S. companies or assets." In the "wake of the derailment of the Dubai ports takeover, lawmakers' concerns threaten another acquisition by the tiny oil-rich emirate." Dubai International Capital, "an investment company owned by the emirate's ruling al-Maktoum family, signed a deal last year to acquire a privately held British aerospace company called Doncasters Group Ltd."

Experts Concerned About Security At Nuclear Research Reactors. USA Today (3/27, Diamond, 2.31M) reports that according to Linton Brooks, director of the National Nuclear Security Administration, "One-third of the world's 130 civilian nuclear research reactors lack security upgrades needed to prevent theft of materials that terrorists could use to build an atomic bomb." He told USA Today that "most of these reactors use highly enriched uranium, the easiest fuel used to make atomic bombs." Former senator Sam Nunn, who helped create the 1991 US plan to secure nuclear materials, said world "research reactor security efforts are 'at about 3' on a 1-to-10 scale with 10 being safest."

Security Lacking At Rail Depots Holding Toxic Chemicals. The New York Times (3/27, Kocieniewski, 1.19M) reports that security at the Oak Island rail depot in Newark, New Jersey "is so lax that a reporter and photographer recently spent 10 minutes driving along a rail bed beside cars holding toxic chemicals without being challenged, or even approached, by railroad employees." The Time notes Homeland Security Secretary Michael

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Chertoff's announcement Tuesday of new chemical plant security proposals, but adds that "the public could be left vulnerable by the railways running in and out of many of them." Meanwhile, Chertoff's speech "made only passing reference to the risks of transporting the deadly cargo, and there is no indication that the department will require the kind of changes in equipment and procedures that security experts say will reduce the risk of a terrorist attack or catastrophic accident."

NYC Runs Drill Involving Chemical Explosion On Freight Train. The New York Times (3/27, Chan, 1.19M) reports New York City ran a four-hour simulation yesterday involving the explosion of a bomb filled with arsenic trichloride "on a freight train moving through a Queens railyard — just when a commuter train carrying weekend passengers was traveling in the other direction." The exercise, funded by $700,000 from the federal Department of Homeland Security, was "named Trifecta because it emphasized three activities: search and rescue, victim identification and handling of the dead. Despite the grim nature of the exercise — the casualties would have included 74 injured — the commissioner of emergency management, Joseph F. Bruno, said it demonstrated the effectiveness of the Citywide Incident Management System, a protocol that governs how various city agencies are to interact during a major emergency."

TSA To Begin Screening At NYC Heliport Today. USA Today (3/27, Hall, 2.31M) reports, "A new helicopter service begins whisking passengers from Wall Street to New York's John F. Kennedy International Airport today," marking "the first time the Transportation Security Administration (TSA) has done screening at a heliport since the agency took over airport security after the Sept. 11, 2001, attacks." Federal screeners and explosive-detection equipment will be sent "to the Lower Manhattan heliport so passengers and their bags can be checked before being delivered to the airport," which Rep. Bennie Thompson calls "a serious misuse of federal monies." However, TSA official Douglas Hofsass said the move is necessary to avoid passengers and their bags "flying through the city's airspace unchecked."

New York Notifies 24 Families About Release Of 911 Call Recordings. The AP (3/27, Butler) reports New York City has "sent out letters to 24 families of people killed in the Sept. 11 attacks advising them that partial transcripts and recordings of 911 calls made by the victims soon will be released to the public because of a court order." The letters "advised only family members whose dead relatives could be identified from the calls recorded by police and fire department operators." The "imminent release of the records was ordered by a judge in a case brought by The New York Times and nine family members of victims under the state's Freedom of Information law seeking fire department records." But the letters "took some Sept. 11 family members by surprise, a family advocate said."

WAR NEWS:

Report Says Russian Ambassador Was Spying For Saddam. Newsweek (4/3) reports in its "Periscope" column that a new Pentagon report says that before the US invasion Iraq in 2003, the Russian ambassador in Baghdad "gave the Iraqi regime significant intelligence about CENTCOM's war plans." Newsweek adds, "If true, the account could complicate U.S.-Russian relations, which are already strained over Iran's nuclear program and other issues." Russia's Foreign Intelligence Service "issued a statement calling the accusation 'baseless.'" Newsweek also notes that if the Russians were giving Saddam intel, "it wasn't very good. The report says that Ambassador Vladimir Titorenko told Saddam the U.S. attack out of Kuwait was a diversion -- it wasn't -- and that the invasion wouldn't occur until mid-April, after the Fourth Infantry Division was in place in Turkey, according to the documents. That, too, was false."

Rice Says US Will Probe Possible Prewar Collusion Between Russia, Iraq. The New York Times (3/27, Weisman, 1.19M) reports Secretary Rice "said Sunday that the United States would seek clarification from Russia of an American military report that it had helped pass information to Iraq before the 2003 invasion, but she declined to make any specific allegations about Russian involvement." Rice was quoted saying the US will "look very carefully" at documents and other evidence of Moscow-Baghdad collusion. The AP (3/26, Daniel) summarized Rice's comments on several talk shows, and reported Senator Edward Kennedy "said if the report is found to be true, the administration should reassess its relationship with Russia and reconsider President Bush's participation in a July summit meeting in St. Petersburg, Russia." The Washington Post (3/27, A12, 744K) runs a similar AP story.

The Financial Times (3/27, Daniel) reports "a US military study released by the Pentagon alleges that the Russian ambassador in Iraq provided information collected from inside the American Central Command in Doha to Saddam Hussein." The documents, from March and April 2003, "included forecasts of planned troop numbers and US tactics to focus on Baghdad, rather than to target Iraqi cities during the invasion, the study alleges." USA Today (3/27, reports, 2.31M) notes "the Russian Foreign Intelligence Service has dismissed the allegation."

On NBC's Meet the Press (3/26, Russert), Rice said, "I certainly think there is a lot to this report, but we really haven't

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had a chance to look at the documents in detail, intend to do that and then to raise it with the Russian government. I would hope the Russian government would take it seriously. … I really do think that the Russians have generally done what they said they would do. They said they were going to oppose the Iraq war and they did. And they told us that from the very beginning. … I don't want to jump to the conclusion that this was something that was ordered out of the Kremlin." Rice replied similarly on Fox News Sunday (3/26, Wallace) and CNN's late Edition (3/26, Blitzer) when asked about the reports of leaked invasion plans.

Appearing on CBS's Face the Nation (3/26, Borger) National Security Adviser Stephen Hadley said, "We know there's a document. We know that got into the hands of the Iraqis. We know that it dealt with war plans that we had. And for that reason, we take very seriously. … There are a lot of things we don't know. We don't know how they got it out of Centcom. We don't know whether what the ambassador did was authorized or not. So there are further questions that we need to raise, but it's a serious matter and we'll be talking to the Russians about it."

Sen. Pat Roberts, on CNN's Late Edition (3/26, Blitzer), said, "I'm not surprised by this. You know, we're going to have a briefing on the intelligence committee, so we'll get to the bottom of it. The Russians have already answered and said, absolutely not, this was not directed by, you know, President Putin or by Moscow. The supposition is that this was a local individual working with Iraq at that particular time."

Sen. Carl Levin, on Fox News Sunday (3/26, Wallace) said, "Things like that happen with intelligence by various countries. … Anything is possible in the area of intelligence. I would not jump to any conclusion one way or the other without a much deeper investigation. But if, in fact, they did it, it, number one, wouldn't surprise me, but it would be very disgusting if they did."

US Presence In Iraq Seen As Most Important Question Facing Bush Successor. U.S. News and World Report (4/3, Barnes) reports that until last week, President Bush had "avoided voicing" the reality that the US' mission in Iraq will not be completed during his administration. US News adds, "What is far from obvious, though, is the composition of that force. The American presence could look much as it does today, with the bulk of the forces being combat brigades. Or it could be that much of the infantry will be gone and that teams of advisers and trainers will make up the majority of a far smaller force." US News also notes that there will be "no getting around the reality that the U.S. presence in Iraq probably will be one of the most important questions facing Bush's successor."

Hadley Rejects Suggestion US Ought To Boycott G-8 Meeting In Russia. Asked on CBS's Face the Nation (3/26, Borger) to comment on Sen. Ted Kennedy's suggestion that the US boycott the G-8 meeting in Russia this summer, National Security Adviser Stephen Hadley said, "It's going to be interesting this year, because the attention of the international community is going to be focused on St. Petersburg this summer, and one of the questions they're going to raise is what about democracy in Russia? And we think this is actually a good thing. It's going to challenge Russia. It's going to challenge President Putin to make clear and answer some of the concerns that the international has raised. This is not the Soviet Union. And one of the things you have to think about is, if you want to encourage democracy in Russia, do you want to kick Russia out of all these institutions that are trying to enshrine these values that we would like to. … I think at this point we think there's a lot of value in going forward with the G-8." The Washington Times (3/27, Hudson, 90K) also notes Hadley's comments this morning.

Rice Says Iraqi Factions Making Progress Toward Unity Government. Secretary of State Condoleezza Rice was asked on CNN's Late Edition (3/26, Blitzer) to describe the progress the Iraqis are making toward s the formation of a "government of national unity," Rice answered, "The Iraqis are working on a government of national unity. They're doing it, to be totally -- more slowly than we would hope. And we've pressed that they need to expedite because of the potential for a political vacuum. But if you look at what they're doing, they are not, as I've sometimes read, dividing the spoils of who's going to get what job. They are very involved in trying to deal with some of the most sensitive and existential issues for the new Iraq as they begin to put together a program by which the national government, the government of national unity, would actually govern."

Levin Urges Bush To Apply Further Pressure On Iraqi Parties. Sen. Carl Levin, was asked on Fox News Sunday (3/26, Wallace) for his assessment of the political situation in Iraq, Levin responded, "That there's a gridlock and that the Iraqi leaders are going to count on us to protect them, and we should make it very clear to them that we're only going to continue to be there if they work out a political compromise, and that's the message they've not received. … . Senator Collins, Jack Reed of Rhode Island and I asked the president to make it clear to the Iraqis that our continued presence in Iraq is dependent upon the Iraqis working out a broad-based political agreement."

US To Train Local Iraqi Officials. USA Today (3/27, Frank, 2.31M) reports, "Efforts to build local governments across Iraq started in 2003 when the U.S.-led occupying authority appointed community leaders to dozens of local district councils." Baghdad "has 15 councils: nine inside the city of 5 million and six on the outskirts. Each has a couple dozen unpaid members." Yesterday, US Ambassador

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Zalmay Khalilzad "announced the creation of a US-led team to teach the Baghdad provincial council how to solicit bids for a project, accept the best offer and manage a contract. Other US-led teams have been operating in three Iraqi provinces since November. Each province is expected to have its own team by this summer, Speckhard said."

US, Iraqi Forces Clashed With Al Sadr's Shiite Militia. The Los Angeles Times (3/27, Boudreaux, 958K), "At least 17 Iraqis were killed Sunday night when US and Iraqi special forces stormed a mosque and clashed with Shiite Muslim militiamen, police officials said, further inflaming the country as its leaders struggled to form a new government and stem sectarian violence." The Times adds "an Iraqi police official said the dead were Shiite worshipers at the Mustafa mosque in northeast Baghdad." The incident "is politically explosive because the mosque is a stronghold of followers of the radical Shiite Muslim cleric Muqtada Sadr, whose Iranian-backed movement has a powerful bloc in parliament and a large sectarian militia."

ABC World News Tonight (3/26, story 2, 1:40, Harris, 8.78M) reported, "Radical Shiite Muslims say the men killed…were unarmed funeral mourners, who died during an unprovoked raid on a mosque by US and Iraqi forces. However, a coalition press release says US and Iraqi forces did conduct a raid tonight, but no mosques were entered or damaged. The military says 16 insurgents were killed, part of a terrorist cell responsible for conducting attacks and kidnapping Iraqi civilians. Whoever's right, this incident appears to pit the US military against the Shiite militia controlled by the fiery cleric, Muqtada al Sadr."

The Wall Street Journal (3/27, Shishkin, 2.11M) reports "the Shiite political scene is dominated by two rival forces: the Supreme Council for Islamic Revolution in Iraq and a movement led by radical cleric Moqtada al-Sadr. As the Shiites consolidated control over key levers of national power in the past year, the conflict between Sciri and the Sadr movement has grown." Tensions within the Shiite camp "show that Iraq's problems go beyond classification by sect and ethnicity." USA Today (3/27, reports, 2.31M) and the New York Times (3/27, Gettleman, 1.19M) also report on the violence.

Car Bomb Kills 15 Outside Mosul Police Recruiting Center. CNN (3/27) reports on its web site, "At least 15 people were killed outside a police recruitment center in northern Iraq Monday, when a suicide car bomber detonated, a base employee told CNN. The casualties are believed to be recruits and officers." The attack took place "at Kifak Base, which is located between Tal Afar and Mosul."

Corpses Of 30 Beheaded Iraqis Found Near Baqubah. ABC World News Tonight (3/26, story 3, 0:10, Snow, 8.78M) reported, "One other grim note from Iraq -- 30 beheaded corpses were found today in a village near Baqubah. Authorities have no information yet on the identities of the victims or who is responsible for their deaths."

Doctor Admits To Killing At Least 35 Police Officers. The Washington Post (3/27, A12, Anderson, 744K) reports, "A doctor has admitted killing at least 35 Iraqi police officers and army soldiers by giving them lethal injections, reopening their wounds or engaging in other deadly acts while they were being treated at a hospital in the northern city of Kirkuk, according to Kurdish security sources and Kurdish television." Kurdish television "broadcast on Sunday what it said was the doctor's taped confession, in which he told police that he sympathized with the radical Sunni Arab insurgent group Ansar al-Sunna."

Author Lays Out Tactics To Eliminate Insurgency While Protecting Civilians. Author A. C. Grayling writes in the New York Times (3/27, 1.19M) that "one question that a watchful press should be asking of the American-led forces in Iraq is how carefully, and how successfully, they are applying the 'doctrine of distinction' laid down in the laws of war, which requires that combatants be distinguished from noncombatants so that the latter can be protected." Grayling says "the solution is not to abandon the doctrine of distinction but to apply it with a vengeance." One strategy would involve "physically moving a civilian population from troubled areas into camps," depriving "insurgents of cover and support." Another tactic "would be to cordon off the most toxic part of the Sunni Triangle, letting nobody in or out except under stringent controls at the perimeter, across which only food and medicine could move. "

More Commentary. Michael O'Hanlon, a senior fellow at the Brookings Institution, writes in today's Washington Post (3/27, A15, 744K), "Administration officials have been right in recent weeks to argue that there is no large-scale civil war underway in Iraq. As long as the Iraqi political leadership remains generally united in trying to calm the situation, and as long as sectarian violence remains more sporadic than strategic (with no systematic ethnic cleansing, for example), true civil war remains a threat rather than a reality." He adds that "preventing a civil war is primarily a political task," but "if the political process continues to falter and the risk of civil war looms larger, we will also need a military plan for quelling it."

Rumsfeld's Ten Objectives For Iraq Victory Have Been Met. The Washington Post (3/27, A13, Kamen, 744K) reports in its "In the Loop" column, "On April 9, 2003, three weeks after the invasion of Iraq, Secretary of Defense Donald H. Rumsfeld clearly set out the 10 objectives to be achieved 'before victory can be declared.'" The Post lists Rumsfeld's ten objectives, including the capture of Saddam Hussein, securing the northern oil fields, locating Baath Party members, records and weapons caches, and notes that all have been met.

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Rice Says "Significant Drawdown" Of US Troops In Iraq "Probable" This Year. Asked on NBC's Meet the Press (3/26, Russert) to comment on President Bush's statement that US troops will remain in Iraq for at least the next few years, Secretary of State Condoleezza Rice said, "The President was asked this question in a particular way, and he answered that some American troops may well be there for the next president. But I would just point to what the president has said continually, which is that American forces are going to come down commensurate with the need as Iraqi forces stand up. And they are indeed standing up. General Casey has talked about a significant reduction of American forces over the next year. And that significant reduction is because Iraqi forces are taking and holding territory now, because during this most recent uptick of sectarian violence, the Iraqi army behaved very, very well. So Iraqi forces are getting better. American forces are ceding territory, and it's entirely probable we will see a significant drawdown of American forces over the next year." Appearing on Fox News Sunday (3/26, Wallace) Rice also said "it is entirely likely that there will be draw downs of American forces over this next year."

Commenting on Rice assessment of US troop levels in Iraq, National Security Adviser Stephen Hadley, on CBS's Face the Nation (3/26, Borger), said, "The point that Secretary Rice was making and the point that the president has made is that we anticipate we will be able to draw down, but this is a decision that's going to be made on the basis of the recommendation of the commanders in the field, based on the abilities of the Iraqis to take responsibility for security and for the political process to move forward."

Republican Lawmakers Join Call For House Debate On Iraq. Roll Call (3/27, Ben Pershing) reports, "A bipartisan group of lawmakers began a new effort last week to attract support for the idea of holding a lengthy House floor debate on Iraq policy." On Wednesday, Republican Reps. Walter Jones Jr., Ron Paul and Wayne Gilchrest "joined Democratic Reps. Neil Abercrombie (Hawaii), Ike Skelton (Mo.) and Marty Meehan (Mass.) in co-signing a 'Dear Colleague' letter calling for "an open and honest debate on the future of US policy in Iraq." The six signatories "encouraged their colleagues to sign a discharge petition for H.Res. 543, a rule that would allow floor consideration of a resolution introduced by Abercrombie in 2005 requiring President Bush 'to develop and implement a plan for the withdrawal' of American troops from Iraq."

"***Deepening And Hardening" Opposition To Iraq War Seen Around US.*** The New York Times (3/27, Kirkpatrick, Nagourney, 1.19M) reports from Albuquerque, NM, that President Bush "is pressing ahead with an intensified effort to shore up support for the war, but an increasingly skeptical and pessimistic public is putting pressure on Congress about the wisdom behind it, testing the political support for the White House's determination to remain in Iraq." The results "have been on display over the past week as members of Congress returned home and heard first-hand what public opinion polls have been indicating." The Times adds, "Interviews with voters, elected officials and candidates around the country suggest a deepening and hardening opposition to the war. Historians and analysts said this might mark a turning point in public perception."

Kurtz Says Media Coverage Of Iraq Carries Echoes Of Vietnam. Howard Kurtz writes in his "Media Notes" column in the Washington Post (3/27, C1, 744K), "In increasingly aggressive questions to President Bush and Vice President Cheney, in a growing focus on the death toll in Iraq, in downbeat assessments on the invasion's third anniversary, many journalists now reflect the view that the war has gone horribly wrong. … What is undeniable is that the tone of much of the coverage matches the public-opinion polls showing that a majority of the country has turned against the conflict." The Post adds, "The journalists certainly don't see themselves as antiwar. But the way they frame many stories about Iraq sliding toward civil war carries echoes of Vietnam, when the media coverage turned sharply critical as the country soured on that jungle war."

New Study, Released Documents Suggest Saddam Had Links To Terrorists. The Weekly Standard (4/3, Hayes) reports Rep. John Murtha recently gave voice to what is now "the conventional wisdom on Iraq and terrorism," that there is no connection, but "it is wrong." A new study "from the Joint Forces Command in Norfolk, Virginia, paints quite a different picture. According to captured documents cited in the study and first reported in THE WEEKLY STANDARD in January, the former Iraqi regime was training non-Iraqi Arabs in terrorist techniques." The "emerging picture suggests that the U.S. intelligence community underestimated Saddam Hussein's interest in terrorism."

Laurie Mylroie, an adjunct fellow at the American Enterprise Institute, writes in the Wall Street Journal (3/27, 2.11M), "After substantial prodding -- including from this paper -- the US government has finally begun to release its captured Iraqi documents and is posting them at the Web site of the Army's Foreign Military Studies Office. This material will take considerable time to absorb and analyze, but it may yet contribute significantly to our understanding of the nature of the threat Saddam Hussein posed. Most dramatically, an Iraqi intelligence report, apparently written in early 1997, describes Iraqi efforts to establish ties with various elements in the Saudi opposition, including Osama bin Ladin. … One of Iraq's few allies, Sudan served as an intermediary between

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Baghdad and bin Ladin, as well as other Islamic radicals. On Feb. 19, 1995, an Iraqi intelligence agent met with bin Ladin in Khartoum." Bin Ladin "asked for two things: to carry out joint operations against foreign forces in Saudi Arabia and to broadcast the speeches of a radical Saudi cleric. Iraq agreed to the latter, but apparently not the former. … Many more documents are to be released in the coming months. Quite possibly, they will vindicate the decision to undertake the Iraq war; help maintain public support for fighting it; and radically change our understanding of Saddam's role in international terrorism."

Democratic House Candidate Believes Saddam Worked With Al Qaeda. The New Republic (4/3, Ackerman) reports Democratic congressional candidate Chris Carney, who is running in Pennsylvania's 10th CD, "served as a counterterrorism analyst for the Bush administration. For some Democrats, it's as if Richard Clarke decided to run for Congress." But Carney's Democratic "supporters, both in the 10th District and across the country, are apparently unaware of one very odd fact about his candidacy: Carney supported and helped propagate one of the war's most dubious premises--that Saddam Hussein was working closely with Al Qaeda. And these supporters are probably unaware of an even odder fact: Despite seeking an end to the war, Carney still believes it." But "that's more detail than most Democrats want. What's important to them is that Carney now largely considers the war a mistake."

UK Memorandum Said To Show Bush Set On War. The New York Times (3/27, Van Natta, 1.19M) reports a newly disclosed memorandum that summarized a January 31, 2003 between President Bush and Prime Minister Tony Blair shows that "behind closed doors," President Bush "was certain that war was inevitable. During a private two-hour meeting in the Oval Office," Bush "made clear" to Prime Minister Blair "that he was determined to invade Iraq without the second resolution" from the UN Security Council "or even if international arms inspectors failed to find unconventional weapons." The "confidential memo about the meeting" was "written by Mr. Blair's top foreign policy adviser" and was circulated among British Prime Minister Tony Blair's senior aides. David Manning, Blair's chief foreign policy adviser at the time, wrote, "'The start date for the military campaign was now penciled in for 10 March,'…paraphrasing the president. 'This was when the bombing would begin.'"

US Soldiers In Iraq Not Using Extra Body Armor. The Washington Times/AP (3/27), "Extra body armor -- the lack of which caused a political storm in the United States -- has flooded in to Iraq, but many Marines here promptly stuck it in lockers or under bunks. Too heavy and cumbersome, many say." Marines "already carry loads as heavy as 70 pounds when they patrol the dangerous streets in towns and villages in restive Anbar province. The new armor plates, although only about 5 pounds per set, are not worth carrying for the additional safety they are said to provide, some say."

Afghan Christian Convert Released. The Afghan court considering the case of Christian convert Abdul Rahman over the weekend threw out the case that had been brought against him for his conversion. ABC World News Tonight (3/26, lead story, 2:00, Peters, 8.78M) reported, "Muslim clerics have threatened to kill him if he walks free. The presiding judge today said major legal gaps in the prosecution's case needed to be filled in before the trial could proceed, constitutional technicalities that will remove the case from the courtroom and the spotlight and take some of the political pressure off Afghan President Hamid Karzai." Many "expect Rahman will now be quickly and quietly shuttled off to another country."

The Los Angeles Times (3/27, Zaman, Chu, 958K) reports, "The charges of apostasy against Abdur Rahman were being dropped for lack of evidence, said Abdul Wakil Omari, a spokesman for the Afghan Supreme Court." The New York Times (3/27, Munadi, 1.19M) says the move "will delay, if not scuttle" the investigation. The Times adds, "Court officials said the mental health of the defendant, Abdul Rahman, 41, would be evaluated. Although prosecutors vowed to continue the case, a finding of mental illness by public health authorities could thwart their effort." USA Today and the Washington Times run the same AP story (3/27, Cooney), which says "the court's decision could touch off protests across Afghanistan," according to Faiez Mohammed, "a Sunni Muslim leader in the northern city of Kunduz." The Washington Post (3/27, A10, Cooney, 744K) and Christian Science Monitor (3/27, 61K) run similar reports.

Ingenuity Of Battlefield Doctors Leading To Medical Advances. USA Today (3/27, 1A, Zoroya, 2.31M) runs a story on war doctors this morning. USA Today reports that "to save lives on the battlefield, medical innovations are born in days rather than in years, military and civilian doctors say. And as with wars past, the new ways of treating the injured and sick in Iraq and Afghanistan…could have benefits beyond the battlefield." Some innovations "result from government-sponsored research. Others come from the ingenuity of battlefield doctors who seek new ways to use existing medicines, or try untested technology when all else fails."

Bush Urged To Decouple War On Terror, Push For Democracy. Francis Fukuyama, a professor at Johns Hopkins, and Adam Garfinkle editor of the American Interest, urge in the Wall Street Journal (3/27, Fukuyama,

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Garfinkle, 2.11M) the separation of "the struggle against radical Islamism from promoting democracy in the Middle East." They propose "focusing on the first struggle, and dramatically changing our tone and tactics on the democracy promotion front, at least for now." They add, "The essential problem with the administration's approach is that it conflates two issues that are separate. The first has to do with violent, antimodern radical Islamism (on display both in the reaction to the Danish cartoons and in the mosque bombing in Samarra); the second concerns the dysfunctionality of political and social institutions in much of the Arab world."

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Federal Prosecutor Spends Year Helping Rebuild Iraqi Judicial System. The Minneapolis Star Tribune (3/27, Louwagie) runs a profile of Cliff Wardlaw, a federal prosecutor who spent nearly a year helping to rebuild the Iraqi judicial system. The Tribune reports that Wardlaw "spent most of 2004 in Iraq after volunteering to help revamp the country's justice system. He trained judges, checked courthouse security, examined prison conditions and worked to steer the Iraqi judiciary to an independent body, one separate from the country's political leadership. … Since his return, his life has been suffused with the memories. And he is driven by the desire to go back." The Tribune adds, "Inside his office in the Minneapolis courthouse, where he works as a federal prosecutor, he e-mails his Iraqi friends regularly. … When the Justice Department put out an e-mail seeking volunteers in 2003, Wardlaw replied immediately. He says he was one of only three people in the country to answer. … He knew what he was getting into. He'd grown up the son of a Marine. … Wardlaw says he was one of about 5,200 civilians working to reconstruct the country, not including Defense Department contractors. He and his colleagues working with the justice system -- some American, some Iraqi -- took care to protect Iraqis who seemed destined to lead the government. … He helped make a difference, he thinks, but he acknowledges the country has a long way to go. He's adamant that U.S. troops should stay there until the job is finished. And he wants to be there with them."

CORPORATE SCANDALS:

His Name Often Invoked, Causey Stays On Sidelines Of Enron Trial. The AP (3/26, Hays) reports, "Enron Corp.'s former chief accounting officer was bound for trial alongside company founder Kenneth Lay and former CEO Jeffrey Skilling until he cut a plea deal just weeks before jurors were chosen." The AP continues, "Richard Causey might have been expected to testify but has remained on the sidelines ever since. Legal experts say he might be more effective as a potential witness than one who actually takes the stand -- although jurors may be curious about the man whose name they've heard again and again." The AP adds, "Causey won't testify before the government rests its primary case in the fraud and conspiracy trial this week. But prosecutors can hold him in reserve to testify as a rebuttal witness after the defense teams present their case -- which will feature testimony from Lay and Skilling. … 'Causey's role in the case may turn out to be more to cast a shadow than to testify,' said Sam Buell, a former prosecutor with the Justice Department's Enron Task Force who now teaches at the University of Texas School of Law. … 'A single provable lie on something significant could alone convict a testifying defendant in a case like this. And since only the government knows what Causey can and can't say, he acts as a major deterrent against either defendant fabricating specific claims about events, meetings, what they were not told, and the like,' he said."

Corporate Counsel Underlings Increasingly Focus Of Federal Prosecutions. Corporate Counsel (3/27, Reisinger) reports, "Until recently, federal prosecutors have almost always gone after the general counsel when they've charged an in-house lawyer with corporate fraud. But for the second time in the past six months, the government has skipped the GC and indicted a lower-ranking company lawyer for alleged wrongdoing." CC continues, "In February prosecutors charged Robert Graham, the former assistant GC and senior VP of General Re Corp., with securities fraud for his role in a sham deal with American International Group Inc. Based in Stamford, Conn., Gen Re is a subsidiary of Berkshire Hathaway Inc., the holding company for most of Warren Buffett's investments. New York-based AIG is the world's largest insurer. … Two other former Gen Re execs and a former AIG official were charged along with Graham. All four defendants have pled not guilty; at press time their case was scheduled to go to trial on May 22. The Securities and Exchange Commission has also brought a civil action against several Gen Re execs, including Graham, for their role in the deal with AIG. Timothy McCaffrey, who was Gen Re's GC at the time of the alleged fraud, says that he is not a target of the government's probe. (McCaffrey left the company last June.)" CC adds, "According to SEC documents and court papers filed by the U.S. Department of Justice, Gen Re and AIG concocted their deal in October 2000. An AIG executive allegedly proposed that his company would "prefund" Gen Re with $500 million, which Gen Re would then use to pay insurance premiums to AIG. The SEC says the deal, which would allow AIG to report $500 million in false reserves, was suggested by AIG's chairman. Maurice

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'Hank' Greenberg, who was chairman of AIG until last spring, has denied all wrongdoing."

Market Timing Lawsuit Shows Merrill Lynch Ignored Internal Watchdogs. The Wall Street Journal (3/27, A1, Craig, Lauricella) reports in a lengthy front page story on Merrill Lynch & Co.'s decision to fire two traders and a colleague in a mutual fund market timing scandal. But last December, "a New York Stock Exchange arbitration panel ruled that Merrill defamed the brokers and ordered it to pay them almost $15 million" and their lawyers "say the three were scapegoats." Merrill has "appealed the defamation ruling to a New York state court," a move that "has unsealed a trove of documents offering a rare glimpse of a Wall Street firm pursuing a tempting profit opportunity over the objections of internal watchdogs. On repeated occasions some Merrill employees voiced concern that the three brokers were doing something wrong and took steps to stop them. Yet their immediate bosses often pushed back, allowing the trading to continue."

GM Seeking To Correct Accounting Errors. The Wall Street Journal (3/27, Hawkins) reports General Motors Corp. is "working to rectify last-minute accounting mistakes and could file its annual report with the Securities and Exchange Commission within days," but "still must deal with SEC probes related to several other accounting matters." GM management has "spent more than a week gathering details on the chain of events that led to a last-minute discovery of accounting errors in the financial statements of ResCap, GMAC's residential-mortgage unit, which caused GM to miss its 10-K filing deadline March 16."

SEC Subpoenas Gradient In Market ManipulationProbe. The Wall Street Journal (3/27, Scannell) reports the Securities and Exchange Commission, "investigating possible market manipulation, requested documents about communications that Gradient Analytics Inc. had with journalists and others." The SCE sought "phone records, emails and other materials Gradient had exchanged with several hedge-fund advisers and journalists." The new subpoena "appears to let the SEC seek information about Gradient's contacts with journalists without seeking the information directly from the journalists themselves."

CRIMINAL LAW:

US Seeks Extradition Of Former IRA Chief For Counterfeiting. The Financial Times (3/27, Washington) reports, "The US is to seek the extradition of Sean Garland, president of the Irish Workers party, who has been indicted in the US on charges of trafficking North Korean-counterfeited $100 bills in Europe, Russia and former Soviet states." The Times continues, "Mr Garland, 72, the former chief of staff of the official IRA, was arrested in Belfast last year on a US warrant after a 16-year investigation. … The fake dollar bills - known as 'supernotes' because of their high quality - started to appear around the world in 1989. But after being released on bail, Mr Garland fled to the Republic of Ireland to escape extradition. … A State Department official told the Financial Times that Washington planned to formally ask Ireland to extradite Mr Garland, although the official declined to comment on the timing." The Times notes, "The US attorney accuses him of operating a 'years-long scheme to obtain, transport, sell, and pass as genuine, highly deceptive counterfeit $100 [bills]'"

Memory Expert May Be Key Part Of Libby Defense. The New Republic (4/3, Zengerle) reports I. Lewis "Scooter" Libby, Vice President Cheney's former chief of staff, has hired Harvard psychology professor Daniel Schacter to assist with his defense. Schacter "refused to discuss Libby's case or his involvement in it," but he "agreed to talk about his work in more general terms, and, as he spoke, it wasn't difficult to discern how he might be able to help Dick Cheney's former chief of staff beat back obstruction of justice, perjury, and false statement charges--and stay out of the slammer."

Attorney Sentenced For Forging Federal Judge's Order. The New York Law Journal (3/27, Perrotta) reports, "Perry S. Reich, the Long Island, N.Y., attorney who stands convicted of forging a federal magistrate judge's order and lying to the government, was sentenced Friday to 27 months in prison after a judge described his plight as 'disquieting' and unlike any case he had ever seen." The Journal continues, "Reich, 57, was a respected attorney whose conviction stunned many in the legal community who knew him from his days as a clerk at the Appellate Division, 2nd Department, and at the Court of Appeals, and later as an appellate specialist with a varied practice." The Journal adds, "Prosecutors had recommended a sentence of between 63 and 78 months, or 6 1/2 years, while the Probation Department suggested between 27 and 31 months. … Reich's appellate attorneys, Benjamin Brafman and Mark M. Baker of Brafman & Associates, asked for a period of probation with no incarceration. … Brafman and Baker, who were hired by Reich after his conviction, argued that Reich might be a pathological liar who truly believes he did not forge the order and fax it to an adversary, as a psychiatrist had suggested following an evaluation. They also stressed the many letters of support he received, his unblemished record and his reputation among others in the profession. Numerous friends and members of the legal community attended

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Reich's sentencing to offer their support. … Assistant U.S. Attorney Amy Busa argued that claims about Reich's mental state were undermined by the fact that he had changed his story several times. She said he engaged in significant planning in an attempt to obstruct the judicial process."

FBI Finds No Seagal Link In Pellcano Probe. The Los Angeles Times (3/27, Krikorian, Rohrlich, Verrier) reports, "Federal officials investigating infamous Hollywood detective Anthony Pellicano have found no convincing evidence that actor Steven Seagal was involved in depositing a dead fish on a reporter's windshield in June 2002 and now believe Pellicano had some other motivation for staging the mob-style threat." The Times continues, "While prosecutors have yet to explain what that impetus was, their current lack of interest in Seagal fundamentally alters the original plot line of this Hollywood cliffhanger and raises this question: If not the movie star, then who was Pellicano working for?" The Times adds, "The original premise was that Seagal had hired Pellicano to threaten Los Angeles Times reporter Anita Busch and scare her off a story about the actor's problems with organized crime. … The FBI initially subscribed to that theory because Alexander Proctor, the former convict that Pellicano allegedly hired to put a dead fish with a rose in its mouth and a note that said 'Stop' on the smashed windshield of Busch's car, claimed he was working for Pellicano on Seagal's behalf. … Seagal's lawyers have denied since the fall of 2002 that the actor had anything to do with the threat, but federal authorities have never publicly exonerated him or explained why they eventually came to disbelieve Proctor. … 'As we looked into it, there was very little to corroborate' Proctor's claim, said a source close to the investigation. 'There was a lot to suggest that Seagal was not involved.' … Indeed, the 110-count federal indictment accusing Pellicano and six others of conspiring to blackmail and intimidate dozens of celebrities, business executives and others in Los Angeles alleges that the private eye started spying on Busch well before Seagal was even on her radar."

"Mafia Cops" To Pursue Different Defense Strategies. The New York Daily News (3/25, Marzulli, 729K) reports, "They were alleged partners in crime, but the so-called Mafia cops may go their own way at their trial. Louis Eppolito doesn't plan to call a single witness in his defense; partner Stephen Caracappa may take the stand, their lawyers said" Friday. "Federal prosecutors…appear confident that their case is going extremely well, largely due to the devastating testimony of chief witness Burton Kaplan," and "the government plans to rest its case Wednesday without calling mob turncoat Peter Chiodo, who has apparently been dropped from the witness list." The New York Post (3/25, Haberman, 624K) also reports on Eppolito lawyer Bettina Schein's decision to call no witnesses and notes, "That means closing arguments in the trial could be heard as early as April 3."

Meanwhile, the AP (3/26, McShane) reports on last week's testimony under the headline "'Mafia Cops' Trial Has Lots Of Theatrics," and notes, "The courtroom histrionics occasionally threaten to overshadow one of the most serious prosecutions in city history: a pair of top-echelon NYPD detectives accused of using their prized gold shields to kill eight people at the behest of a brutal mob underboss, Anthony 'Gaspipe' Casso."

Trial Testimony Echoes Eppolito Book. The New York Times (3/27, Feuer, 1.19M) reports, "Beneath the murders, the mobsters, the gamblers, the strippers, the tax cheats, diamond smugglers, thieves, hoods, cops, cons, corpses, crooks and marijuana dealers, there is — at the core — a book." Eppolito's autobiography, *Mafia Cops*, "contains the germ of the government's dispute with its author — his claim that he broke with the mobsters in his past. It contains the seeds of his defense — that he is not a killer but a writer, a man who 'makes things up, creates,' as his lawyer said. … Rich in anecdote and salty dialogue, it seeks to portray its author as a conflicted but ultimately dedicated Kings County lawman. As such, it reflects the comparatively minor role that has been played so far by Mr. Caracappa, who…always gets second billing."

Former Bonanno Capo Testifies Basciano Committed Murders. The New York Post (3/25, Haberman, 624K) reports, "A one-time protege of Vincent 'Vinny Gorgeous' Basciano's" on Friday "fingered the former acting boss of the Bonanno crime family as a shotgun-wielding killer. Bonanno capo-turned-canary Dominick Cicale testified about two murders he committed with his former mentor -- and one he prevented. … Basciano shook his head in disgust at the sight of his former charge on the witness stand. Cicale also testified about how Basciano brought him along over the years, helping him become a 'made' member of the crime family, and teaching him tricks of the trade."

FBI Arrests Reputed Russian Mobsters In Alleged Murder Plot. The AP (3/25, Butler) reports, "Two reputed Russian mobsters were arrested Friday after hitmen they tried to hire to kill twin brothers went to Ukrainian police with secretly recorded conversations about the murder plot, federal prosecutors said. Monya Elson and Leonid Roytman were arraigned on murder-for-hire charges Friday in Brooklyn federal court. Both pleaded not guilty. 'This is a case of two Russian mobsters who personify ruthlessness and cold-blooded greed,' FBI Assistant Director Mark Mershon said in a statement."

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FBI Arrests USC Lecturer For Alleged Real Estate Investment Fraud. The Los Angeles Times (3/25, Tran, 958K) reports, "A USC lecturer who teaches at the university's business school was arrested Friday by FBI agents for allegedly bilking investors — many of them his students — out of more than $1.5 million and spending much of the money on show horses." Barry Howard Landreth was arrested at his home "on charges of wire fraud. … FBI agents said that Landreth told investors that their investments in Nevada and Illinois commercial properties and land would yield a 190% return. … The students persuaded their parents and others to invest in what they were told were commercial development projects in Las Vegas and Chicago, said FBI Special Agent Brad Howard." The AP (3/26) adds, "FBI agents also seized assets Landreth allegedly acquired with his victim's funds, including a luxury car and several show horses." The Myrtle Beach (SC) Sun News (326, 51K) notes, "Landreth left Myrtle Beach under scrutiny in January 2005 after nine months of work on the Pavilion plan with the Myrtle Beach Downtown Redevelopment Corp. and Pavilion owner Burroughs & Chapin Co. Inc. Questions about his credentials surfaced after he failed to come up with money he promised in a side deal."

Red Cross To Give Authorities Results Of Katrina Fraud Probe. USA Today (3/27, Brook, 2.31M) reports, "The American Red Cross plans this week to turn over the results of its investigation into allegations of fraud and waste in its Hurricane Katrina relief efforts to authorities for possible criminal prosecution. Carrie Martin, a spokeswoman for the Red Cross, said Sunday that three volunteers had been dismissed as a result of the charity's investigation." Meanwhile, "Sen. Chuck Grassley…issued a statement saying he would meet with the charity's leaders this week to discuss its plans for reform," adding that they "did not take internal complaints of fraud and misuse of funds seriously enough until he drew attention to them."

Criminal Charges Unlikely In Tillman Friendly Fire Probe. Newsweek (4/3) reports in its "Periscope" column that while the Army is proceeding with its criminal investigation into the friendly-fore death of former NFL player Pat Tillman, it is "unlikely the soldiers who shot him will be held criminally negligent. … The difficulty of distinguishing between reasonable and negligent behavior in the chaos of battle, and a fear of making soldiers trigger-shy."

Movie Entangled In California Kidnap-Murder Case. USA Today (3/27, Kasindorf) reports the "kidnapping and murder of 15-year-old Nick Markowitz in 2000 was true-crime story that had 'soon to be a major motion picture' practically written all over it. The tragedy had a young victim, a manhunt for the kidnapper and a ring of middle-class 20-somethings who sold marijuana in the San Fernando Valley." Alpha Dog, "a $13 million movie with a cast including Justin Timberlake, Bruce Willis and Sharon Stone, is based on the slaying in Santa Barbara, Calif." The film is "now entangled in the criminal case against a defendant with a name that no screenwriter would dare make up: Jesse James Hollywood."

Cities Facing Shortage Of Police Officers. Police departments nationwide are experiencing shortages of officers and are offering signing bonuses and other incentives to lure new officers on to the force. A front page story in the Washington Post (3/27, A1, Pomfret, 744K) reports that "more than 80 percent of the nation's 17,000 law enforcement agencies, big and small, have vacancies that many can't fill, police officials estimate. … Police officials and researchers say a confluence of demographic changes and social trends have precipitated the shortage. The wars in Iraq and Afghanistan have siphoned off public-service-minded people to the military. Hundreds of law enforcement officers have handed in their badges to take higher-paying positions in the booming homeland security industry."

CIVIL LAW:

Court May Consider Constitutionality Of Budget Reconciliation Act. A federal court may consider the constitutionality of the budget reconciliation act this May when it considers an ongoing dispute over Medicare payments to a group of Tennessee hospitals. Roll Call (3/27, Yachnin) reports that federal attorneys representing HHS cite the law, which passed the House and Senate in slightly different versions in their appeal of a ruling issued earlier this year by the U.S. District Court on a 2004 lawsuit. The suit "Cookeville Regional Medical Center v. Thompson, centers on a disagreement over how certain Medicare payments should be calculated. The hospitals sought and won an increase in payments worth up to $100 million. But now, HHS, along with its Centers for Medicare & Medicaid Services, is seeking to overturn the decision based on a provision in the budget reduction act that had been drafted in an attempt to clarify the policy that sparked the original dispute."

CIVIL RIGHTS:

EEOC Filed 383 Lawsuits Last Year. The Washington Post (3/27, A13, Lee, 744K) reports that the Equal Employment Opportunity Commission "filed 383 lawsuits against alleged offenders last year, garnering $107.7 million for victims through litigation. The agency, which

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marked its 40th anniversary last summer, helped obtain $271.6 million for victims without going to trial, often through settlements or mediation. … Discrimination charges declined slightly last year, falling 5 percent from the 79,432 filed in 2004. The numbers have fluctuated over the last decade but have never approached the 91,189 charges filed in 1994."

New Orleans Voters Scattered Across Country As Mayoral Election Nears. Newsweek (4/3, Campo-Flores) reports on the New Orleans mayoral race, noting that with "only one third of New Orleanians back in the city and the remainder scattered across the country, the electorate is more elusive than ever. The two dozen candidates -- led by [Mayor Ray] Nagin, [Louisiana Lt. Gov. Mitch] Landrieu and businessman Ron Forman -- are struggling with questionable polling data and out-of-date voter lists. They're hunting for supporters in cities like Houston and Memphis with large concentrations of evacuees. And they're doing it all on a harried schedule, with less than a month left until the April 22 election (with a likely runoff scheduled for May 20)."

Georgia Lawmakers May Approve Bible As Classroom Textbook. The Georgia legislature appears poised to pass a measure requiring the state Department of Education to put in place a curriculum to teach the history and literature of the Bible. Under the law, schools would use the book as a textbook in the classroom, establishing electives on both the New and Old Testaments. The Christian Science Monitor (3/27, Jonsson, 61K) reports that the measure "has overwhelmingly passed both chambers, but needs a final vote on a minor House change. The vote is expected as early as Monday. If it passes, the state's Department of Education has a year to establish Bible elective courses in the curriculum."

WPost Critical Of Montgomery County Police Response To Racist Online Postings. The Washington Post (3/27, A14) says in an editorial that "for months, apparently, at least some of the police brass in Montgomery County have known either specifically or generally about racist, sexist and immigrant-bashing comments on an online message board used exclusively by county police." It was "only after The Post exposed the tenor of some of the online blather that the county police chief, J. Thomas Manger, took the trouble to read the uncouth postings. Now he says he is shocked, and he demands the message board be shut down by the Fraternal Order of Police, the police union, which runs the forum. So far, the FOP has refused." Police are "paid to enforce the law, not stand as unblemished exemplars of politically correct speech. But intolerant, hateful officers are unlikely to be effective, and they may actually subvert the department's overall mission."

WPost Criticizes Air Force Guidelines On Religious Expression. An editorial in the Washington Post (3/27, A14, 744K) says, "The Air Force got it right when it issued a carefully calibrated set of guidelines on religious expression last August. … Unfortunately, facing a barrage of complaints from evangelical Christian groups and pressure from members of Congress, the Air Force backed down. It has issued a revised set of rules that pose the potential for inappropriate religious pressure on cadets and service members. This pushes the balance in the wrong direction, especially in light of disturbing reports from the Air Force Academy about religious intolerance and inappropriate proselytizing. … It's unfortunate that the Air Force, having struck the balance so well last year, was bullied into this unwise retreat."

ANTITRUST:

Lucent, Alcatel Again In Merger Talks. USA Today (3/27, Cauley) reports Lucent and Alcatel "confirmed late last week that they are in merger talks, marking their second attempt in five years to combine. Consolidation elsewhere in the telecom industry is a key driver." Equipment makers "such as Alcatel and Lucent are slowly being overshadowed by their far bigger customers. To maintain clout at the negotiating table, equipment makers need to get bigger fast."

3rd Circuit Rules Amnesty Pact No Bar To Federal Indictment. The Legal Intelligencer (3/27, Duffy) reports, "A federal judge has no power to enjoin prosecutors from filing an indictment on the grounds that doing so would violate an existing amnesty agreement, the 3rd U.S. Circuit Court of Appeals has ruled, because the equitable powers of the court do not exist when there is 'an adequate and complete remedy at law.'" The Intelligencer continues, "In its 27-page opinion in Stolt-Nielsen Transportation Group v. United States, the appellate court held that since the amnesty agreement may be raised as a defense after indictment, the lower court had exceeded its powers in enjoining the prosecution." The Intelligencer adds, "The decision reverses a January 2005 ruling by U.S. District Judge Timothy J. Savage that prohibited the Justice Department from filing an antitrust indictment against a Norwegian shipping company and one of its top executives. … Savage found that Stolt-Nielsen had entered into an amnesty program with the Justice Department and had provided information about a price-fixing and bid-rigging conspiracy that led to guilty pleas from two of its co-conspirators and more than $62 million in fines." The Intelligencer notes, "Because the company had fulfilled its

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obligations under an immunity agreement, Savage concluded it was entitled to an injunction that barred the filing of an indictment. … Prosecutors argued that SNTG misled the government by claiming that its participation in the antitrust conspiracy had ceased in March 2002. … But Savage found the amnesty agreement explicitly immunized SNTG and its executives from prosecution for activity prior to Jan. 15, 2003. And because the government had drafted the agreement, Savage said, it "cannot depend upon a tacit understanding of what it contends was meant during negotiations but was not memorialized in the integrated agreement.""

Patrick Rejects Toll's Takeover Bid. Bloomberg (3/27) reports, "Patrick Corp., Australia's biggest port cargo handler, rejected Toll Holdings Ltd.'s increased A$5.5 billion ($3.9 billion) takeover bid as 'flawed and unacceptable.' … 'Patrick shareholders remain better off without Toll,' Sydney-based Patrick said in a statement to the Australian Stock Exchange today. Melbourne-based Toll, the nation's biggest road and rail freighter, last week raised its offer after overcoming antitrust opposition to the deal." Bloomberg continues, "Toll Chief Executive Officer Paul Little bid for Patrick seven months ago, seeking control of the movement of goods across Australia from shipment to delivery. Patrick CEO Chris Corrigan is pursuing his own trucking acquisitions to compete with Toll for a land-freight business to add to Patrick's ports, saying Patrick offers better growth as a standalone company. … 'Patrick has far superior businesses and significantly greater growth prospects relative to Toll,' Corrigan said in the statement today."

SCOTUS To Hear Patent Case Against eBay. The New York Times (3/27, Hafner) reports, "The United States Supreme Court will hear arguments on Wednesday in a protracted, closely watched patent case that pits a small company called MercExchange against eBay, the online auction and marketplace." The Times continues, "While the grounds in the case appear narrow — the court will reconsider the rules under which courts grant injunctions against a company found to be infringing another's patent — it has attracted enormous attention because of the public rancor between the two companies, the supporters enlisted by both sides and the growing issue of how large technology companies deal with the constant threat of patent challenges." The Times adds, "The patent in question surrounds the 'Buy It Now' feature that eBay uses to allow processing of transactions for the Web site's fixed-price purchasing option. … The Supreme Court will decide whether a federal appeals court was correct in reversing a district court's decision to deny an injunction against eBay's use of the feature. In doing so, it will reconsider a precedent from 1908, which suggested that injunctions were always an appropriate remedy for patent infringement. … Supporting briefs from third parties, including some unlikely ones, have piled up for each side. A pharmaceutical industry trade group filed a brief in support of MercExchange, as did General Electric, Proctor & Gamble, the University of California, a group of venture capitalists and the United States government. All argued in favor of injunctions against those who infringe patents. … A brief filed jointly by Oracle, Microsoft and Intel in support of eBay argued that the injunction rule 'has transformed patents into a powerful tool for litigation abuse' and 'stifles innovation.' EBay has also hired Juleanna Glover Weiss of the Ashcroft Group, a lobbying firm in Washington founded by John Ashcroft, the former United States attorney general, to help with communications efforts related to the case and patent issues in general."

Apple Computers Meets Apple Corps In London Courtroom. The New York Times (3/27, Healey) reports, "Apple Computer will meet the Beatles' Apple Corps in court this week in London, where a judge will determine whether Apple Computer's iTunes online music service violates a 1991 agreement between the two companies that, the Beatles' Apple claims, blocked the computer maker from selling music." The Times continues, "Apple Corps, which represents the Beatles' business interests and markets their post-1968 recordings on disc, wants the computer firm to stop using the Apple trademark to sell recordings online, along with unspecified damages. Apple, the maker of Macs and iPods, said the 1991 agreement permitted using the Apple name to sell online data transfers, which are what downloaded songs amount to." The Times adds, "The judge hearing the case, Justice Edward Mann, is an iPod user, but neither side has asked him to recuse himself." The Times notes, "This is the third time the two companies have sparred. Apple Corps first sued Apple Computer in 1980 over the use of its name; a modest settlement was accompanied by an agreement that stipulated that Apple Computer, then a Silicon Valley start-up, would stay out of the music business. In 1989, after newer hardware and software made it easier to use Macintosh computers to synthesize sound, the Beatles' company sued again, resulting in a $26.5 million settlement in 1991 that left Macs able to edit and play back sound files but not create music. After the iTunes music store and software were introduced in April 2003, the record company filed suit a third time."

ENVIRONMENT:

Shrewd Lobbying, Litigation Resulted In Big Incentives For Oil Industry. The New York Times (3/27, Andrews, 1.19M) reports on how a "supposedly cost-free incentive" to encourage oil and gas companies to drill in

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the Gulf of Mexico became "a multibillion-dollar break to an industry making record profits." According to the Times, "It is an account of legislators who passed a law riddled with ambiguities; of crucial errors by midlevel bureaucrats under President Bill Clinton; of $2 billion in inducements from the Bush administration, which was intent on promoting energy production; and of Republican lawmakers who wanted to do even more. At each turn, through shrewd lobbying and litigation, oil and gas companies ended up with bigger incentives than before." The Times notes that until last month, when the Bush Administration "confirmed that it expected the government to waive about $7 billion in royalties over the next five years," hardy anyone "noticed — or even knew — the real costs. They were obscured in part by the long gap between the time incentives are offered and when new offshore wells start producing. But lawmakers shrouded the costs with rosy projections. And administration officials consistently declined to tally up the money they were forfeiting."

"Big Oil" Turning Its Attention To Extra-Heavy Crude. A front page story in the Wall Street Journal (3/27, Gold, 2.11M) reports, 'A Florida-size section of sandy soil beneath the boreal forest in this sparsely populated area of Northern Canada is loaded with bottom-of-the-barrel petroleum. These deposits were once dismissed as 'unconventional' oil that couldn't be recovered economically. But now, thanks to rising global oil prices and improved technology, most oil-industry experts count oil sands as recoverable reserves. That recalculation has vaulted Venezuela and Canada to first and third in global reserves rankings, although Venezuela's holdings in extra-heavy crude are a rough guess." The Journal adds, "The surging interest in Canadian oil sands is stark evidence that the world isn't about to run out of oil. Instead, it is running low on readily accessible light, sweet crude -- oil that flows like water, has few impurities and can be easily turned into gasoline. As the good stuff gets scarce, Big Oil is turning its attention and pouring money into extra-heavy crude, such as the giant deposits near Fort McMurray and another similar one in Venezuela."

Norton Creates Sporting Conservation Council.

The Washington Times (3/27, McCaslin, 90K) reports in its "Inside the Beltway" column that Interior Secretary Gale Norton "has just impaneled a new Sporting Conservation Council, which for the first time will advise Uncle Sam on the interests and concerns of the hunting community, including gaining more access to federal lands. … The chosen council of advisers include, among others, Safari Club International Vice President Merle Shepard, who will represent big-game hunting organizations, and Jeff Crane, president of the Congressional Sportsmen's Foundation, who will speak for wildlife conservation organizations; to Peter J. Dart, president of the Rocky Mountain Elk Foundation, and John Tomke, chairman of the Board of Ducks Unlimited, Inc., who will represent game-bird hunting organizations."

Bush Climate Change Proposals Said To Lack "Teeth."

Time's (4/3) cover package examines the issue of global warming, noting that President Bush, who is "hardly a favorite of greens, now acknowledges climate change and boasts of the steps he is taking to fight it. Most of those steps, however, involve research and voluntary emissions controls, not exactly the laws with teeth scientists are calling for." Time's cover package also examines the cycles of climate destruction, and lists the species that are being pushed "to the brink of extinction" by global warming, the impact of global warming on human health, steps individuals can take to reduce emissions, activists who are working to reduce the effects of global warming and the role emissions from India and China are playing in the problem.

85% Believe Global Warming Is "Probably Happening." ABC World News Tonight (3/26, story 6, 3:10, Snow, 8.78M) reported, "A major new poll conducted by ABC, 'Time magazine, and Stanford University" shows "a vast majority of Americans, 85%, now believe global warming is probably happening and that it will become a serious problem in the future." ABC (Blakemore) added, "56% in our poll believe the world's temperatures have been rising in the past three years. 70% think the world's weather patterns more unstable. Half say they've experienced the same in the last three years where they live." What is "surprising in our poll, while half of Americans say they're now experiencing warming, 64% still mistakenly think that there's a lot of disagreement among scientists about whether global warming is happening." Prof. Jon Krosnick, Stanford University: "This poll shows us that those Americans who believe the scientific community is united in thinking that global warming is real and a problem are the most supportive of government action to solve the problem."

Energy Industry Said To Have Muddied Waters In Global Warming Debate. ABC World News Tonight (3/26, story 7, 2:00, Morrell, 8.78M) reported, "The vast majority of scientists have determined global warming to be a real threat. So, why has it taken so long to convince Americans? Pulitzer prize-winning journalist, Ross Gelbspan, blames a 15-year misinformation campaign by the oil and coal industries." Ross Gelbspan, Environmental Journalist: "The point of this campaign was not necessarily to persuade the public that global warming isn't happening. It was to persuade the public that there is this state of confusion." Morrell: "This 1998 memo by the American Petroleum Institute says, 'Victory will be achieved when…average citizens (recognize) uncertainties in climate science.' To redefine global warming as theory, not fact, the industry funded research by friendly scientists, such as Pat Michaels. The industry's influence

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even extends into the White House, where up until a few months ago, a former oil industry lobbyist was one of the President's top advisers, editing scientific reports to make global warming seem less threatening."

Investors Showing Interest In Ethanol. The New York Times (3/27, Alster, 1.19M) reports the entrepreneurs and investors have begun to embrace ethanol which "now accounts for 3 percent of the American automotive fuel market. Most cars in the United States can already handle fuel that is up to 10 percent ethanol, and as many as five million are so-called flex-fuel vehicles that can use a fuel called E85, which is 85 percent ethanol and 15 percent gasoline. The current excitement over ethanol derives from research that has cut the cost of converting nonfood plant matter like grasses and wood chips into alcohol."

FBI/DEA/ATF/USMS:

Mueller Addresses Houston Crime, Terrorism Forum. KPRC-TV Houston (3/24, 10:05 p.m.) reported, "The director of the FBI was in town today talking about Houston safety and security. Gang violence, human smuggling and port security were just some of the big issues Robert Mueller talked about," and "he says the key to fighting the growing crime in Houston is by sharing intelligence and creating task forces." KRIV-TV Houston (3/24, 9:47 p.m.) noted that "Mueller made a stop in Houston today, but it wasn't for investigative work. He spoke to the Houston Forum on Globalization of Crime and Terror." KHOU-TV Houston (3/24, McShan) reports, "The FBI is helping police identify gang members from New Orleans who are now in Houston." FBI director Robert Mueller said of the bureau's role, "We have worked together both New Orleans and in Houston to exchange intelligence information that will enable both (HPD Chief Harold Hurtt) and the New Orleans police department to do the jobs. We recognize that not just in terms of New Orleans and Houston, but gangs and criminals that traverse the country now." KHOU adds that "both cities are cracking down on gangs, and no one wants them to call their city home."

KHOU-TV Houston (3/26, Edwards) reports on the proliferation of New Orleans gang graffiti, noting, "Authorities said the new markings are all over southeast and parts of southwest Houston" and "authorities said they have brought their turf war to Houston." But it is "a battle that the FBI director said can be stopped with the help of local police. 'For us to be effective, we have to work together,' FBI Director Robert Mueller said. 'We are here in Houston and as well as back in New Orleans.'"

Mueller Praises New Orleans Agents, Says Headquarters Will Reopen In June. The New Orleans Times-Picayune (3/24, Chapple, 257K) reports, "The FBI will move back into its New Orleans headquarters on the Lakefront by early June, agency Director Robert Mueller said Thursday after visiting agents in St. Tammany Parish. … Despite having to relocate and work under adverse conditions, local agents and staff have never missed a beat, Mueller said. They were able to salvage all evidence and case files from the New Orleans office after the storm, he said. And continuing fraud investigations have resulted in 71 indictments or charges, he said." Mueller added, "I wanted to talk to the FBI personnel here. Many lost their homes and continued to work. I wanted to see how they were doing in terms of rebuilding." Before his meeting with Mueller, St. Bernard Parish Sheriff Jack Stephens "praised the FBI," saying, "They're one federal agency which I have no complaints about. They were there for us when we needed them."

WDSU-TV New Orleans (3/24, 6:11 p.m.) reported, "Since Hurricane Katrina damaged the FBI's building in Lakefront, the bureau has been using rented space at the Covington Country Club on the north shore. Agency Director Robert Mueller says that despite relocating, agents and staff were able to salvage evidence and case files from the New Orleans office after the storm." WGNO-TV New Orleans (3/24, 5:01 p.m.) noted that "Mueller visited the temporary office yesterday."

Administration Testing Wastewater For Signs Of Cocaine Use. The Washington Post (3/27, B1, Turque, 744K) reports that as part of a pilot program, the Bush Administration, in an effort to broaden the government's knowledge of illegal drug use is analyzing "wastewater from communities throughout the Potomac River Basin for the urinary byproducts of cocaine." The White House Office of National Drug Control Policy 'said it is not seeking to single out specific localities. It also is premature, officials said, to conclude that levels of metabolized cocaine in sewage offer a more accurate index of consumption than traditional survey research. But David Murray, special assistant to national drug czar John P. Walters, said wastewater testing, which has been tried in Europe, 'certainly has that potential.'"

Federal Investigators Accused Of "Running Roughshod" Over California Marijuana Laws. The Scripps Howard News Service (3/25, Lee) reports federal agents who "converged on several of what they called 'marijuana candy factories' around Oakland this month seized hundreds of sodas and candies laced with marijuana in what they said was the largest bust of its kind on the West Coast. … Angry medical-marijuana patients said investigators are blowing smoke and that the raids are just the latest proof that

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federal investigators are running roughshod over local and state laws that allow for medicinal cannabis use."

Eight Arrested In New Jersey Heroin Ring Investigation. The North Bergen Reporter (3/26) reports Hoboken New Jersey police have "arrested eight Hudson County residents for running a major heroin ring. According to Prosecutor Edward DeFazio, the arrests were the result of a six-month investigation by the Hudson County Prosecutor's Office Municipal Task Force, Hoboken Police Department, and the Drug Enforcement Administration. The individuals arrested were allegedly part of a major organization that supplied heroin throughout the Hudson County area."

Man Accused Of Plotting Murder In Vermont Drug Case. The AP (3/25) reports from Burlington, Vermont, that a man is "facing up to life in prison if convicted of charges he tried to hire a man to kill a witness against him in a drug case. Richard E. Moses Jr., 38, appeared in federal court Friday a day after he allegedly met with an undercover officer from the Drug Enforcement Administration who had told Moses he could arrange the killing of the witness."

The Rutland (VT) Herald (3/25) writes, "According to an affidavit, after Moses expressed an interest in having the witness killed, a federal Drug Enforcement Administration undercover agent from another state contacted him to determine how serious he was. In several recorded phone conversations in January, February and March, Moses allegedly negotiated the murder of the witness with the agent, who posed as someone who could arrange a murder."

Kentucky Company Agrees Not To Sell Chemicals Used To Make Meth. The AP (3/27) reports that as part of a plea agreement with federal prosecutors, the owner of a chemical company in Louisville "has agreed not to sell chemicals used to make methamphetamine and to report suspicious purchases. The company _ Antec Inc. _ also would be subject under the plea agreement to inspections by the Drug Enforcement Administration and it would be required to keep detailed records of all poison sales, including how the buyer intends to use it. The company's president… signed the agreement with federal prosecutors this month, admitting that Antec committed a misdemeanor violation of the Clean Water Act in 2002."

The Louisville (KY) Courier-Journal (3/26) reports, "The federal Drug Enforcement Administration has investigated Antec because its chemicals have been found during raids of methamphetamine labs. The company is the target of a civil lawsuit over its online sale of poison to a Maryland teenager who used it to kill a classmate in 2003. Environmental officials have alleged that Antec violated state regulations and the federal Clean Water Act."

SC Man Gets Life Sentence In Cocaine Case. The Charleston (SC) Post Courier (3/24) reports a federal judge "sentenced a North Charleston man to life in prison without parole Wednesday for his role in a major drug-dealing operation responsible for bringing 33 pounds of cocaine worth at least $375,000 into the area." Authorities "said Damon Brightman, 28, was a leader of a gang that distributed crack and powder cocaine to dealers in the Murray Hill community and…in North Charleston. Some deals were arranged at a small barbershop Brightman owned."

Kentucky Man Flees While Awaiting Sentencing For Marijuana Distribution. The AP (3/25) reports from Louisville, Kentucky, that the case of an inmate who "was temporarily released in late January to be tested as a potential kidney donor for his teenage son and is now accused of fleeing with his girlfriend to Mexico instead" has drawn national attention. The AP says Fox's "America's Most Wanted" has featured the case of Byron Perkins. He "had been awaiting sentencing for marijuana distribution and unlawful transport of firearms."

IMMIGRATION:

Bush Weighs In On Immigration Debate As Senate Prepares To Take Up Issue. President Bush today will call for immigration law reforms at a swearing-in ceremony for new citizens. Bush will also meet with Mexican President Vicente Fox, who is expected to make the case for a more open immigration process. Meanwhile, the Senate Judiciary Committee is making a last-ditch effort to reach consensus on a bill that includes a guest worker proposal. Media coverage of the immigration debate continues to stress that the issue is dividing Republicans between those who support a guest worker program and those who advocate only stricter enforcement.

The story was reported by ABC World News Tonight (3/26, story 11, 0:30, Snow, 8.78M) – which was the only network newscast last night (CBS and NBC were preempted by sporting events). ABC's brief report noted the developments: "Tomorrow, a Senate committee begins what should be a fractious debate on immigrants. And on Wednesday, President Bush travels to Cancun for a meeting with the Mexican president. Immigration is sure to be a hot topic."

The story was widely covered by print and wire services this morning, with stories covering the gamut of developments and issues expected to be raised in the debate. USA Today (3/27, Kiely, Jackson, 2.31M) reports

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President Bush "planned to make an appeal today for controversial changes in immigration law at a swearing-in ceremony for new citizens" after "a weekend of protests that drew hundreds of thousands of immigrants and advocates." The weekend's "protests focused on a bill the House of Representatives approved in December" that is focused on enhancing enforcement of immigration laws. More than "500,000 people turned out Saturday in Los Angeles to protest the House bill, police said. Similar protests drew an estimated 50,000 in Denver, 20,000 in Phoenix and 4,000 in Charlotte on Saturday and nearly 3,000 in Columbus, Ohio, on Sunday."

The Washington Times (3/27, Hurt, 90K) reports the Senate Judiciary Committee "takes up the contentious issue of immigration reform today no closer to an agreement on a guest-worker program." The bill "to be considered by the full Senate today will be the one introduced last week by Senate Majority Leader Bill Frist, who has long set today as the deadline for taking up the issue. His legislation deals only with securing the border and raising the penalties for being in the U.S. illegally." Frist has "said, however, that he will include a guest-worker program in his bill if a majority of the 10 Republicans on the committee agree on one. Private negotiations among members and their staffs continued through last week's recess, but staffers say no consensus has been reached, suggesting that a compromise is highly unlikely." Judiciary Chairman Arlen Specter "said yesterday that he is confident that his committee will produce a bill today."

The Los Angeles Times (3/27, Gaouette, 958K) reports the Senate "will determine whether flaws in that system should be addressed solely with tough new criminal laws and stringent enforcement measures -- such as those found in a bill, passed by the House late last year, that triggered demonstrations Saturday from Chicago to Los Angeles. Or they may choose to include programs that give employers access to a future flow of workers, as President Bush has urged, and allow illegal immigrants to gain legal status." Their choices "will provide a barometer of Bush's waning influence over a Republican Party increasingly on edge about midterm elections. Their debate is likely to not only color the meeting between Bush and Mexican President Vicente Fox, in Cancun, Mexico, later this week, but also to lay bare the fractures that the issue creates within the GOP on social, economic and security grounds."

The AP (3/27, Pickler) reports the US "is struggling to decide the fate of as many as 12 million people living in the country illegally. The Senate takes up the emotional debate on the heels of weekend rallies that drew hundreds of thousands of people protesting attempts to toughen laws against immigrants." Demonstrations "are planned near the Capitol, including a prayer service with immigration advocates and clergy who plan to wear handcuffs to demonstrate the criminalization of immigration violations."

The Washington Post (3/27, A1, Williams, 744K) reports in a front page story that Congress faces a dilemma "as it attempts an immigration overhaul. Businesses say it is hard to persuade Americans to perform the unskilled jobs that immigrants easily fill. Significantly higher wages might work, but that increase would be passed on to unhappy consumers, forcing Americans to give up under-$10 manicures and $15-per-hour paint and lawn jobs." Yet "against a backdrop of heightened scrutiny of those who cross U.S. borders and the estimated 12 million migrants already here illegally, most everyone agrees that the current immigration system warrants a severe makeover."

CQ Weekly (3/27, Sandler) reports that by "forcing the Senate to debate immigration this week, Republican leaders have highlighted rather than hidden the stark differences between them. On one side are pro-business Republicans, who say the nation's economy depends on immigrant labor. On the other stand the cultural or social conservatives, who say illegal immigrants steal American jobs, threaten security and erode the nation's predominant culture." The "backlash against Bush's plan from within his own party was only to be expected, experts on the issue say. Many conservatives consider it little more than amnesty for the 12 million illegal immigrants already in the country, the kind of policy over which they had spent years criticizing President Bill Clinton and other Democrats." The Senate debate "will revolve largely around the views and political ambitions of a handful of senators who are looking at a broader context: Either their party's prospects or their own; the future of the nation's economy or its cultural identity; the costs of illegal immigration or the costs to immigrants themselves."

The Christian Science Monitor (3/27, Chaddock, 61K) reports "one of the most pervasive costs of a broken immigration system, acknowledged by all sides, is the cost of deception." Bringing "honesty to the system without deporting millions and jeopardizing major sectors of the US economy is the tough task before the Senate Judiciary Committee, as its 18 members struggle toward consensus on a new strategy for immigration reform." For employers "who hire illegals, that means not looking too closely at documents. Only three employers were fined for hiring illegals in 2004, down from 417 in 1999, according to a report by the Government Accountability Office in August 2005." But if "employers examine someone's documents too closely, they can be pursued by the Justice Department for employment related discrimination."

U.S. News and World Report (4/3, Marek) reports that the Senate is expected immigration reform this week. The House "passed a mostly punitive measure in December," and "refused to even consider proposals that would allow employers to hire temporary guest workers, an idea that's

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been championed by President Bush." Senate Republicans "are fiercely divided on the temporary-worker issue, and those with presidential ambitions crop up on both sides of the debate." US News adds, "Expect some gonzo antics on the floor. Already on the agenda: tough proposals to fence off the whole Southwest border and deny citizenship to babies born to illegal immigrants and a liberal amendment to grant in-state tuition to college students who aren't U.S. citizens."

McCain, Specter Seek Compromise. Newsweek (4/3, Bailey) reports that Senate Republicans, "led by John McCain and Arlen Specter, have been working to come up with a compromise that would include border security, a guest-worker program and a way for illegal immigrants to 'earn' citizenship. But Senate Majority Leader Bill Frist, a presidential contender with one eye on the anti-immigration vote -- and the other one on outflanking McCain -- has threatened to put forward his own get-tough plan this week if the senators fail to come through."

Frist's Presidential Prospects May Hinge On Immigration Debate. Time (4/3, Bacon) reports in its 'Notebook" column that wile First "has left open the possibility of backing a bill that includes a guest-worker provision, he's determined to get stronger border enforcement passed, which will please conservative voters who will pick the G.O.P. nominee in 2008." Time adds that if Frist "can succeed in passing an immigration bill -- especially his own -- he may regain some of the luster he lost last year. If he can't, he may return home to Tennessee as the ineffectual G.O.P. leader who lost his touch -- and his presidential prospects."

Unexpectedly Large Pro-Immigrant Protests Held In Several Cities. The New York Times (3/27, Bernstein, 1.19M) reports that the Senate takes up immigration reform "against a backdrop of thousands of demonstrators, including clergy members wearing handcuffs and immigrant leaders in T-shirts that declare, 'We Are America.' But if events of recent days hold true, they will be facing much more than that." Rallies in "support of immigrants around the country have attracted crowds that have astonished even their organizers. More than a half-million demonstrators marched in Los Angeles on Saturday, as many as 300,000 in Chicago on March 10, and — in between — tens of thousands in Denver, Phoenix, Milwaukee and elsewhere." One of the "most powerful institutions behind the wave of public protests has been the Roman Catholic Church, lending organizational muscle to a spreading network of grass-roots coalitions."

The AP (3/27, Prengaman) reports the LA protest was "one of the largest demonstrations for any cause in recent U.S. history. More than 500,000 protesters — demanding that Congress abandon attempts to make illegal immigration a felony and to build more walls along the border — surprised police who estimated the crowd size using aerial photographs and other techniques, police Cmdr. Louis Gray Jr. said."

GOP Divisions Said To Give Democrats Cover To Conceal Their Own. Roll Call (3/27, Stanton) reports, "Internal GOP divisions over how to address the status of an estimated 11 million illegal workers residing in the United States have provided a rare bit of political cover for Senate Minority Leader Harry Reid (D-Nev.), sparing him and his oft-divided Democratic Caucus from a public airing of its own internal grievances and disputes over the hot-button issue." Like Republicans, Democrats "are divided — although much less bitterly than the GOP — over the guest worker plan. In one corner are lawmakers such as Sen. Edward Kennedy (D-Mass.) who favor a program that would allow law-abiding, employed illegal workers to remain in the U.S. for a set period of time. In the other corner stand lawmakers such as Sen. Dianne Feinstein (D-Calif.), who would prefer a much narrower guest worker program." But "unlike Republican divisions, the Democratic disputes have largely avoided the front pages, thanks to what GOP aides argue is political posturing by presidential hopefuls Frist and Sen. John McCain (R-Ariz.), who have staked out opposite positions on the issue."

Specter Denies That His Immigration Bill Amounts To "Amnesty." Sen. Arlen Specter was asked on ABC's This Week (3/26, Stephanopoulos) to respond to critics of his immigration bill who refer to it as an offer of amnesty. Specter responded, "It's not amnesty…because these undocumented aliens are going to have to pay a fine. They're going to have to work for six years to be on the citizenship path. They're going to have to go through a criminal background check. They're not going to go ahead of people who have been waiting in line for citizenship. … If we do not have some realistic proposal to give them an opportunity to work lawfully and ultimately to obtain citizenship, then they're going to be fugitives, and we need to know who they are and where they are. And if they have criminal records, we need to send them back to their country of origin."

Tancredo Contends Specter Is Promoting Amnesty. Rep. Tom Tancredo, also on ABC's This Week (3/26, Stephanopoulos), replied to Specter, saying, "Let me tell you, it is an amnesty. The crime they have committed is coming into this country without our permission. The penalty that is supposed to be applied to that, under the law that we have today, is deportation."

Tancredo Seen As "Angriest Voice" Against Illegal Immigration. Newsweek (4/3, Bailey) reports that Rep. Tom Tancredo has "positioned himself as the loudest, angriest voice against the estimated 11 million illegal aliens now living in the United States. … If Republican presidential candidates don't put the problem atop the agenda in 2008, he says he'll run himself, just to force the front runners to talk about it. Not that he thinks he'd win the White House."

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Kennedy Praises Bush, McCain. Sen. Ted Kennedy, appearing on CBS's Face the Nation (3/26, Borger), said, "We're facing a national security challenge on our borders on immigration, so we have to get immigration policy correct. … In the time that I've been in the United States Senate, I've never seen a coalition come together like it has in trying to find a common-sense approach on immigration. We have the leaders of -- the faith-based leaders in our community. We have leaders in our business community and leaders in our labor community. They understand that we cannot solve the problem of illegal immigration just by law enforcement alone. … I think President Bush understands it. I think John McCain understands it."

Frist Said To Be Exploiting Anti-Immigration Sentiment Among Conservatives. The Weekly Standard's Bill Kristol, on Fox News Sunday (3/26, Wallace), said Senate majority leader Bill Frist "who hasn't had a terribly successful pre- presidential campaign so far…wants to be the representative now of the enforcement-only, close-the-border, no-help-for-those-who-are-here-illegally Republicans. And there is a lot of support for that, or appears to be. … Frist playing to that base. McCain is strongly identified with a more liberal approach, very much like Bush's, and I think it will be a huge issue in the 2008 Republican primary. McCain and Giuliani probably will be the only candidates who are willing to take on this sort of apparent populist upsurge of concern."

Kondracke Says Bush Let Immigration "Get Out Of Hand." In his Roll Call (3/27), Morton Kondracke says President Bush "finally re-entered the immigration debate last week to appeal for civility and compassion. He's way late. The debate is already bitter and divisive, especially within the Republican Party, and it's only getting worse." It's Bush "who allowed the situation to get out of hand. Since before he became president, the former border-state governor has favored a moderate, comprehensive approach to immigration — a combination of enhanced border security and internal enforcement measures, plus work permits for new entrants and for those presently working illegally. But Bush failed to push this approach, initially because of post-9/11 security concerns and then because he decided to spend his post-re-election political capital on Social Security."

Immigration Reform Seen As Potential Loser For GOP Candidates. The Wall Street Journal's Paul Gigot, on Fox News Sunday (3/26, Wallace), said, "I think the question is whether the Republicans in the Senate can save the House Republicans from their worst instincts. I mean, the House Republicans convinced themselves that being restrictionist in immigration is good politics. I'm not so sure it is. … There are other factions in the party base, including the business community, as Juan said, but also religious conservatives who are worried about, in their Good Samaritan role, being harassed, and then Hispanics."

Latin American Leaders Considering Way To Oppose US Border Wall Plans. The Christian Science Monitor (3/27, Harman, 61K) reports that as Mexican President Vicente Fox "prepares to meet Thursday with President Bush and Canada's new prime minister, Stephen Harper, in Cancún, the proposed 700-mile, $2.2 billion barrier is a major point of contention - not just for the US and Mexico, but for the US and the whole region." Regional leaders – "whose countries in 2004 received some $45 billion sent home from immigrants in the US - have met three times recently to discuss how best to oppose it." Other issues also "in proposed US immigration reform legislation…irk regional leaders and caused hundreds of thousands of people to protest in multiple US cities over the past few days."

The Philadelphia Inquirer (3/27, Douglas, 423K) reports Bush and Fox "plan to meet in the Yucatan resort as part of a trilateral summit with new Canadian Prime Minister Stephen Harper. While Bush has economic issues to address with Harper, U.S.-Mexican immigration is expected to dominate the two-day meeting." Given the "political climate across the United States, it is doubtful Bush will get his wish for a nondivisive debate. Many in Washington question whether any immigration legislation can pass this year."

Brown-Waite Says Senate Bill Should Include Condemnation Of Rape. The Washington Times (3/27, Seper, 90K) reports Republican Rep. Ginny Brown-Waite said the Senate immigration bill "should include a condemnation of rapes by alien smugglers on the U.S.-Mexico border and encourage 'in the strongest possible terms' the Mexican government to prevent such crimes." Rep. Brown-Waite's "amendment to a House immigration-enforcement bill calling for Congress to condemn the rapes was passed," and it "called on Congress to condemn the rapes by smugglers along the border and urged the Mexican government to work with U.S. Customs and Border Protection to take immediate action to prevent such crimes."

Krugman Criticizes House GOP, Bush Immigration Proposals. In his New York Times column (3/27), Paul Krugman says, "Realistically, we'll need to reduce the inflow of low-skill immigrants. Mainly that means better controls on illegal immigration. But the harsh anti-immigration legislation passed by the House, which has led to huge protests — legislation that would, among other things, make it a criminal act to provide an illegal immigrant with medical care — is simply immoral. Meanwhile, Mr. Bush's plan for a 'guest worker' program is clearly designed by and for corporate interests, who'd love to have a low-wage work force that couldn't vote. Not only is it deeply un-American; it does nothing to reduce the adverse effect of immigration on wages."

WSJournal Backs Reform Of H-1B Visa Process. In an editorial, the Wall Street Journal (3/27, 2.11M) says while "globalization has increased the competition for international

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talent, U.S. businesses are frustrated by processing delays, long backlogs and especially the failure of Congress to increase the annual limits on visas for skilled immigrants." Under Sen. Arlen Specter's "proposal, the annual cap on H-1B guest worker visas for immigrants in specialty fields like science and engineering would rise to 115,000 from 65,000. Moreover, the new cap would not be fixed but would fluctuate automatically in response to demand for these visas. We don't think any cap is necessary. But if a Republican Congress feels it must impose one, the least it can do is let market forces have some say in the matter."

NYTimes Says Bush Will Have To Engage To Keep Immigration Reform On Track. The New York Times (3/27, 1.19M) says in an editorial that the pro-immigration demonstrations "have been timed to a climactic showdown for immigration reform in the capital." Senate staffs were "racing over the weekend to nail down compromises before today's deadline. Anti-immigrant forces, meanwhile, stand ready to try to torpedo anything other than a strictly get-tough approach. That would be an awful outcome for immigrant advocates and for President Bush, who has long argued for comprehensive reform and tried, with limited success, to steer his party away from the one-note harshness of the wall-building crowd." But with "looming elections and Republican presidential jockeying casting a distorting fuzz over the debate, it may be too late for Mr. Bush's hands-off approach. If the president really wants a sensible reform bill to reach his desk, he will have to do more than stand on the sidelines, urging everyone to have good manners."

TAX:

Bush To Intensify Push For Permanent Tax Cuts. U.S. News and World Report (4/3) reports in its "White House Week" column, "President Bush, moving to give permanent status to his hallmark tax cuts, is planning to step up his push for the issue in hopes that the House and Senate will grant his wish this year." Bush feels the tax cuts are "a good campaign issue, and a personal 'legacy issue' as well."

CONGRESS-ADMINISTRATION:

Proposals Would Require Lawmakers To Reveal Contacts With Lobbyists. The Washington Post (3/27, A4, Weisman, 744K) reports on efforts to reform the congressional earmark process. According to the Post, "Proposals pending before the House and Senate would force lawmakers to reveal their contacts with lobbyists and disclose their involvement in winning federal spending provisions or earmarks for constituents or special interests. If such disclosures become mandatory, some in Congress hope past practices will shrivel in the light of day. If not, they hope to win passage of provisions that would allow improperly secured earmarks to be struck from bills on the House or Senate floor. The Senate will take up earmark-reform proposals as early as today, when it turns its attention to a broad package of lobbying and ethics rule changes.'

Novak Says Bush Should Heed DeMint's Suggestion On Curbing Earmarks. Syndicated columnist Robert Novak (3/27) writes that ten U.S. senators recently met with President Bush "at the White House to hear him make the case for a line-item veto." But South Carolina Sen. Jim DeMint (R) "had a better idea for the president: Why not instruct your department heads to ignore the earmarks Congress adds to your budget?" Novak notes, "A March 6 report by the nonpartisan Congressional Research Service (CRS) said more than 95 percent of all earmarks were not written into law but were merely contained in the reports of congressional committees and legislative managers. 'Earmarks that appear in committee reports and the statements of managers do not legally bind agencies,' said the report." Bush "did not respond to DeMint at the meeting, and that signifies opposition to the idea." Bush "might well measure the benefits of bold action. If they are required to submit earmarks for floor action by the Senate and House, the lawmakers' ability to overspend would be diminished. From a political standpoint, DeMint is giving the president the opportunity for a dramatic gesture showing that he really cares about spending. By all appearances, Bush won't take it."

Placing 527 Regulation Into Lobbying Reform Bill Called "Politics As Usual." Richard L. Hasen, who specializes in election law at Loyola Law School, writes in Roll Call (3/27) that "proposed legislation in the House would treat 527s as political committees, thereby limiting 527 contributions from individuals to $5,000 per year, with a total yearly cap of $37,500 on any individual's giving to all such groups as well as other non-party political committees." Hasen adds that "regardless of whether 527 regulation is good policy, it makes no sense to put the 527 regulation into a lobbying reform bill." Placing "a 527 measure into a lobbying bill is sure to get the bill enmeshed in partisan controversy. And cynics believe that's the point: Either the bill passes and the Republicans enjoy a double advantage (having taken care of "lobbying reform" while also hobbling a tool that has helped Democrats), or they can blame Democrats for being obstructionist over lobbying reform. … Regulating 527s in the guise of lobbying reform is just more politics as usual in Washington."

E-Mail Reveals Democratic Plans To Unveil National Security Strategy. Roll Call (3/27, Akers) reports in its "Heard on the Hill" column that Democrats "were

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handed a bummer Friday when an e-mail plotting a news conference to unveil their national security strategy fell into enemy hands. Republicans were tickled when they intercepted a missive written by Democratic operative Stephanie Cutter seeking law enforcement involvement in the Democrats' covertly planned national security event set for Wednesday. … Cutter, who recently left Capitol Hill to form the Cutter Media Group, was looking to gather '20 or so' law enforcement officers on stage at Union Station for the event, where Congressional Democratic leaders plan for the first time to formally unveil a strategic presentation on how the party, if it regains control of Congress, would protect the United States against terrorism and other national security threats. … According to Cutter's e-mail, Democratic leaders will use Wednesday's event to commit to making implementation of the 9/11 commission's recommendations 'our first act when Democrats regain control of the Senate and/or House.'"

GAO Report Says Sensitive HHS Data Is At Risk. A GAO report has found "significant weaknesses" in the information security at the Department of Health and Human Services and its Centers for Medicare and Medicaid Services. According to the Washington Times (3/27, Fagan, 90K) reports that "key health, financial, scientific and personal information" is not "being adequately protected from fraud and abuse, a government report has found." According to the report, HHS has "put at risk the confidentiality, integrity and availability of their sensitive information." The Times reports, "Among the specific deficiencies: access to data was not always restricted when it should have been; anti-virus software wasn't always installed or updated; network protection was inadequate in some areas; and encryption wasn't used when sending certain sensitive information."

Non-English Speaking Seniors Have Trouble Enrolling In Medicare Drug Plans. The Los Angeles Times (3/27, Lin, 958K) reports that as the May 15 deadline for enrollment in the Medicare prescription program nears, immigrants with little or nor English skills are "swamping clinics, community centers and pharmacies, unable to read the litany of Medicare-related mailings and or even ask questions about their new plans. … Complaints about language barriers have arisen across the country, but the issue is particularly acute in California, where the primary language of one in five residents -- and about the same fraction of low-income seniors -- is not English, said Jeanne Finberg, a California-based attorney for the National Senior Citizens Law Center." Medicare officials "said last week that they have been doing outreach at many senior centers, including those that serve non-English-speakers. In addition, they have helped fund nonprofit groups that offer toll-free call lines catering to those who speak Spanish, Chinese, Vietnamese and Korean."

Towey Addresses Springfield Diocesan Conference. The Chicopee/Holyoke (MA) Republican (3/26, McAuliffe) reported Jim Towey, "director of the White House Office of Faith-Based and Community Initiatives since February 2002, was a keynote speaker yesterday at 'Grow In Holiness,' the fourth annual Springfield Diocesan Catholic Men's Conference." Towey "spoke for about 45 minutes, spending much of his time reflecting on the late Mother Teresa, for whom he had worked for a dozen years." The conference "was begun to challenge Catholic men to make a deeper commitment to their faith, and Towey said the experience could be transforming." Towey "may be a White House employee, but he attended the conference on his own time." Towey said, "This is Jim Towey, private citizen, who happens to work at the White House."

First Lady Has Replaced Her Entire "High Command" After Five Years. The New York Times (3/27, Bumiller, 1.19M) reports in its "White House Letter" column that First Lady Laura Bush "has replaced her entire high command after five years in charge of the East Wing." The First Lady "is now on her second chief of staff, Anita McBride. She is on her second projects and policy director, Sonya Medina. She is on her third press secretary, Susan Whitson. She is on her second social secretary, Lea Berman. On the residence staff, she is on her second executive chef, Cristeta Comerford. Not least, she is on a search for her third pastry chef."

Card Says Bush Is Applying Management Style Learned In Business School. U.S. News and World Report (4/3, Walsh) reports that President Bush's "CEO presidency has fallen on hard times." The past year has seen two "management disasters" that "undermined public faith in his competence: his administration's weak response to Hurricane Katrina, which erased his image as a strong leader, and its botched effort at persuading Congress to accept a deal authorizing a Dubai-owned company to operate six U.S. seaports." White House Chief of Staff Andrew Card "refused to 'point fingers' but said Bush is correcting what went wrong and the administration will do better in the future." Card "and other Bush confidants say the chief executive is applying the hands-off style he learned at Harvard Business School," and also "the methods that worked for him as an oilman, as managing partner of the Texas Rangers baseball team, and, later, as governor of Texas." A separate story in U.S. News and World Report (4/3, Clark) reports that management gurus and business executives say Bush's leadership style "has been shaped by his 1975 Harvard

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M.B.A." However, some "worry that Bush may not be applying some of B-school's most important lessons and may be suffering instead from all-too-typical M.B.A. flaws, such as overconfidence."

Bush Said To Be Distant From Staff, Lawmakers. U.S. News and World Report (4/3, Walsh) reports that "aside from his inner circle, Bush is said to be distant from the rest of his staff, jeopardizing morale. Just as important, many members of Congress complain that they don't get their phone calls returned or their ideas considered in the West Wing. Bush, they say, doesn't reach out to them as other chief executives have done." Card "argues that Bush consults privately with more nongovernment friends and civic leaders than outsiders realize."

Bush To Throw Out First Pitch At Reds' Home Opener On April 3. The Cincinnati Enquirer (3/25, Wilkinson, 205K) reported that President Bush "will become the first sitting president to throw out the ceremonial first pitch at the Reds' Opening Day game, the White House and the team confirmed Friday. Bush will take the mound shortly before the 2:10 p.m. start of the Reds' game against the Chicago Cubs on April 3." Bob Castellini, "the Reds' new chief executive officer, has been a Bush supporter, raising more than $100,000 for the president's 2004 re-election campaign. Last month, Castellini was among those who greeted the president at a private home in Indian Hill, where Bush attended a $1.1 million fundraiser for Sen. Mike DeWine."

GSA Publishes Guidelines For "Alternative Work Arrangements." The Washington Post (3/27, D4, Barr, 744K) reports in its "Federal Diary" column that "alternative workplace arrangements," are the "future of federal work." The General Services Administration "recently published a bulletin in the Federal Register reminding federal agencies that laws from 1996, 2000 and 2002 encourage alternatives to the office cubicle. … The GSA bulletin offers agencies a helpful guide to the do's and don'ts of alternative work arrangements. It makes clear that agencies can provide new or surplus equipment to telecommuters 'as long as it is clear that the equipment continues to belong to the government.' In addition, the bulletin says, agencies may pay to install telephone lines and necessary equipment, and pay monthly charges, 'in any private residence of an employee who has been authorized to work at home.'"

Gutierrez To Visit Tokyo This Week. U.S. News and World Report (4/3, Bedard) reports in its "Washington Whispers" column that Commerce Secretary Carlos Gutierrez this week will help Ralph Lauren open his new store in Tokyo. US News adds, "The visit is more than just an administration bid to promote U.S. investment overseas. Turns out the two share a hardscrabble past: Both are the sons of immigrants who started small -- Gutierrez selling cereal out of his car and Lauren selling ties at Brooks Brothers."

WSJournal Says Senate Should Confirm Judges Before Summer Recess. An editorial in the Wall Street Journal (3/27, 2.11M) says "it's past time Senate Republicans got back to work confirming appeals-court judges. They won't have 55 seats forever. Or perhaps even after November 7. Judges are a key issue for the GOP's base, who could stay home on Election Day rather than turn out for Republicans who shilly-shally about confirming President Bush's nominees. There are 17 vacancies on the appeals bench, including nine pending nominations. They deserve to be filled as soon as possible before the summer recess. … The advice-and-consent clause of the Constitution gives the Senate the duty to vet all federal judicial nominees. Now it's time for the remaining nominees to have the up-or-down floor votes they deserve."

OTHER NEWS:

Economist Sees "Minefield Of Risks" Facing US Economy. Allen Sinai, president of Decision Economics, says the US economy is in good shape this year, but believes the long term picture is much more murky. USA Today (3/27, Hagenbaugh, Hansen, 2.31M) reports that Sinai, who was "the most accurate forecaster of the 45 economists surveyed each quarter last year by USA TODAY," says that in the near term, the US economy "is 'in an entrenched and very solid expansion.' But looking to the future, there is a 'minefield of risks' that threatens the economy, Sinai says. He names the budget deficit, rising health care costs, pension problems and the war in Iraq, to name a few. He's also concerned lawmakers in Washington, facing an electorate that has become increasingly concerned about the growing influence of China on the world stage, will start a confrontation with the Asian nation."

Fed Expected To Approve 15th Consecutive Rate Hike. New Federal Reserve Chairman Ben Bernanke today will convene his first meeting of the Fed's policymakers. The New York Times (3/27, Uchitelle, 1.19M) says the two-day session "is all but certain to end tomorrow afternoon with another quarter-point rise in short-term interest rates, the 15th consecutive increase. That will bring the critical rate the Fed controls to 4.75 percent, up from 1 percent in June 2004, when Mr. Greenspan started the process of steadily increasing borrowing costs. Many analysts expect Mr. Bernanke and his colleagues to raise the rate yet again in May, by another quarter of a point."

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Party Strategists Say GOP Would Lose House Control If Election Were Held Today. Time (4/3, Tumulty, Allen) reports that Republican incumbents "are having a hard time figuring out how close they want to be to the White House. … The midterm contests in a President's second term are almost always treacherous, but this time around, Republicans thought it would be different. … In recent weeks, a startling realization has begun to take hold: if the elections were held today, top strategists of both parties say privately, the Republicans would probably lose the 15 seats they need to keep control of the House of Representatives and could come within a seat or two of losing the Senate as well."

Republicans Seek To Paint Democratic Veterans As Single-Issue Candidates. U.S. News and World Report (4/3, Gilgoff) reports that Democrats hope that military veterans running for Congress in the midterm elections "will help neutralize the GOP's national security advantage and immunize the party against charges that its Iraq criticisms are unpatriotic." But, the Iraq and Afghanistan vets "are all political newcomers, most facing well-financed incumbents." US News adds, "The biggest challenge for the Democratic war vets may be developing credibility beyond national security. … Republicans are determined to paint Democratic vets as single-issue candidates who are clueless on pocketbook issues."

Bush Approval Rating At 39% In Time Poll. Time (4/3, Tumulty, Allen) reports, "In a TIME poll conducted last week, Bush's job approval rating was mired at 39%; 3 in 5 Americans said the country is headed in the wrong direction, and when those surveyed were given the choice between a generic Republican and a generic Democrat for Congress, the nameless Democrat won, 50% to 41%. The signs suggest an anti-Republican wave is building, says nonpartisan electoral handicapper Stuart Rothenberg." NRCC Chairman Tom Reynolds "said the picture is more promising race by race than it is nationally. He told TIME only 36 to 40 races will be in play, meaning Democrats would have to keep all their competitive seats and knock off three-quarters of the Republicans."

Social Conservatives Warn GOP To Be More Aggressive On Values Issues. Social conservative groups have warned Republicans that if they want to see a strong turnout of its conservative base this November, the party must be more aggressive on values issues such as marriage, religious freedom and abortion. The Washington Times (3/27, Fagan, 90K) reports, "Leading conservative activists have been sounding off lately, frustrated that since 2004, when their voters turned out in force to help President Bush win re-election, the Republican Party has backed off the values issues."

Roll Call (3/27, Stanton) reports, "Leaders from more than 40 of the nation's most powerful conservative Christian organizations are gathering in Washington, D.C., this week to put GOP Congressional leaders on notice that they will actively look to keep 'values voters' away from the polls if lawmakers don't make good on commitments to move a 'Christ-centered' legislative agenda." Organizers of this week's conference say they are concerned by a "growing attack on Christian values by liberal lawmakers, Hollywood and the judiciary. Conservatives are gathering today and Tuesday with a handful of their House and Senate allies, including former House Majority Leader Tom DeLay (R-Texas), Sens. John Cornyn (R-Texas) and Sam Brownback (R-Kan.), and Reps. Todd Akin (R-Mo.) and Louie Gohmert (R-Texas). In addition to discussing the status of the "culture war," participants in the conference will map out a legislative agenda, which organizers say will serve as a litmus test for whether their network of conservative activists and clergy will back incumbents in this fall's elections."

Author Says Conference Title Is Overblown. Author Tom Krattenmaker writes in USA Today (3/27, 2.31M) that the conference, called "The War on Christians and the Values Voters in 2006," boasts "a lineup of some of the biggest stars of the so-called Christian right — Sen. Sam Brownback, R-Kan., Rep. Tom DeLay, R-Texas, onetime presidential candidate Gary Bauer and Eagle Forum leader Phyllis Schlafly. The chief organizer is Rick Scarborough, leader of Vision America, a group that describes its purpose as reversing America's moral decline by getting more Bible-believing Christians to participate in the political process. … Isn't this more than a bit overblown? And in a time when the country is caught up in a real war with religious overtones, shouldn't the word 'war' be tossed around a little less recklessly? … Christians in America are hardly being thrown to the lions. In many ways, the political and social values of conservative Christians are carrying the day. We are in the second term of the most faith-friendly, explicitly Christian presidency in many a decade."

Bush Reaction To Afghan Christian's Trial Said To Have Nothing To Do With Religious Right. Stuart Rothenberg writes in Roll Call (3/27) that he was shocked at questions over what President Bush had to do to respond to the possible execution of an Afghan Muslim who had converted to Christianity in order to "satisfy" his base. Rothenberg notes, "I know some journalists are obsessed with the political influence of the religious right, but the idea that the president's response would, to a considerable extent, be crafted to pacify evangelical Republicans is ridiculous." Rothenberg adds, "I suppose it is possible that if an execution takes place, some Americans who have been supporting the war might start to question whether the administration's entire Iraq-Afghanistan policy is right. But that view wouldn't be limited to Christians, and it's not even certain that the

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execution would change existing views on the president's policies. … Some things involve simple truths that don't require over-interpretation. Like the question of whether it's OK to execute someone because of his or her religious beliefs."

Maryland Democrats Videotape Steele Campaign Stops. Maryland Democrats are videotaping Republican Senate candidate Lt. Gov. Michael Steele's campaign stops and making note of his fundraisers with Bush Administration officials. The Washington Times (3/27, Ward, 90K) reports, "Derek Walker, executive director of the state's Democratic Party, said videotaping is a typical campaign tactic and that party members are 'learning as much as we can' about Mr. Steele. … Mr. Steele, well-aware of Democrats' presence, began a recent campaign stop by talking about his 'following.' 'I know that a lot of people are watching this race very closely, especially the Democrats,' Mr. Steele said."

DCCC To Target Stem Cell Research Opponents. DCCC Chairman Rahm Emanuel heads to New Jersey today for the first of seven events aimed at highlighting GOP House candidates' opposition to stem cell research. Roll Call (3/27, Kornacki) reports, "At Newark Liberty Airport, Emanuel will join Linda Stender, a 12-year veteran of the New Jersey state Assembly who is challenging three-term Rep. Mike Ferguson (R) in the nearby 7th district. … Emanuel and Stender will criticize the stem-cell research position of Ferguson, who is anti-abortion. Democrats say his opposition to such research puts him at odds with his moderate, suburban constituency. … Emanuel will not appear at the other six events on tap for the week, which will be held in districts generally considered a notch or two more competitive than New Jersey's 7th."

Suit Charges Kerry With Conspiracy, Defamation. Sen. John Kerry set up a legal defense fund last month to fight a civil suit charging him with conspiracy and defamation. The New York Times (3/27, Ivry, 1.19M) reports, "The suit accuses Mr. Kerry and an aide of campaigning to stop the Sinclair Broadcasting Group from showing 'Stolen Honor' and of trying to injure [journalist Carlton] Sherwood's business and reputation." Sherwood called the suit "an effort to make Mr. Kerry answer for having 'defamed and excoriated hundreds of thousands of men, some of them killed in action, just for his own political future.'"

Clinton Strategy Called "Strikingly Similar" To Bush's In 1998. The New York Times (3/27, Kornblut, Hernandez, 1.19M) reports that while there is a great deal of speculation about Sen. Hillary Clinton's plans for a possible 2008 presidential bid, the Senator "appears not to have lost sight of 2006 -- judging not only by her painstaking attention to local details during her public appearances, but also by a schedule that frequently takes her to Republican areas across the state." Clinton "appears to be treating her re-election bid as, among other things, a chance to prove her viability in tough parts of the New York, with Democrats and associates saying that she is aiming both to run up a big margin of victory statewide and to exceed expectations in Republican strongholds." The Times adds, "The strategy is strikingly similar to the one used by George W. Bush in 1998, when he ran up the score among Hispanics and moderates in Texas during his re-election campaign as governor, allowing him to promote the results as proof of his broad electoral appeal."

Clinton Amasses "Army" Of Campaign Aides. The New York Post (3/27, Bishop, 624K) reports that although New York Sen. Hillary Clinton (D) has yet to say if she'll run for president in '08, "she's already drafted a presidential-size army of campaign staffers that dwarfs John McCain's outfit and those of everyone else in the field. Clinton has assembled a Titanic-size troop of 37 staffers and a legion of pricey consultants on the rolls of her HillPAC political-action committee and her Friends of Hillary re-election campaign -- operatives that come on top of the three dozen aides in her Senate office. 'I understand New York is a large state, but this is extraordinary. This operation is built for one thing and one thing only: She's running for president,' said a senior Dem operative."

Book Questions Viability Of Retraining Laid Off Workers. The New York Times (3/27, 1.19M) excepts the book "The Disposable American: Layoffs and Their Consequences," by Louis Uchitelle, an economics writer for The New York Times. Knopf will publish the book on Tuesday. The book notes, "Saying that the country should solve the skills shortage through education and training became part of nearly every politician's stump speech, an innocuous way to address the politics of unemployment without strengthening either the bargaining leverage of workers or the federal government's role in bolstering labor markets. But training for what? The reality, as the aircraft mechanics discovered, is painfully different from the reigning wisdom. Rather than having a shortage of skills, millions of American workers have more skills than their jobs require." The process of retraining workers "was like a funnel: wide at one end, where all the laid-off workers go in, and narrow at the other, where a limited number gradually emerge into retraining and, if they are lucky, new jobs at decent pay."

Rice Says US, Russia Working On UNSC Agreement On Iran. The AFP (3/26) reported Secretary

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Rice said "US and Russian diplomats were meeting in a new bid to end the impasse over a UN response to Iran's controversial nuclear program." She "acknowledged during a round of Sunday television talk shows that differences persisted over the language of a UN Security Council statement seeking to keep Iran from pursuing sensitive nuclear work." Rice "said she spoke Friday with Russian Foreign Minister Sergei Lavrov and they agreed to have their negotiators work through the weekend in an attempt to hammer out language acceptable to both."

Asked on Fox News Sunday (3/26, Wallace) if the US is "prepared to step up the pressure on Moscow…at a time when the Iranians are defying the world's will," Rice said, "The Iranians are defying the world's will, and the international community needs to speak and speak with one voice. We and the Russians and the Europeans and others have the same view. … That is that Iran needs to suspend its enrichment activities and return to negotiation. Nobody believes that Iran should have enrichment and reprocessing capability on its territory, because that is easily transferable or easily convertible into the technology to make a weapon. And so we have agreement on what Iran must do."

Rice was asked on NBC's Meet the Press (3/26, Russert) if it is the policy of the US government that Iran "will not be allowed to develop a nuclear weapon." Secretary Rice replied, "Iran cannot be allowed to develop a nuclear weapon. That is the view of the international community, not just the United States. … If they wish to be a part of the international community, they have no choice but to give up ambitions that could lead to the technologies that would lead to a nuclear weapon. If the international community stays really solid here, Iran cannot stand the kind of isolation from the international community that, for instance, North Korea, endures almost by choice. We really do have a chance to solve this diplomatically."

Hadley Dismisses Iranian Overture On Nuclear Issue. Time (4/3, McGeary) reports on efforts to stop Iran's nuclear program. Time says the joint diplomatic offensive "hasn't produced much in the way of results. … The U.S. and Europe have persuaded Russia and China to join them in reporting Iran's failure to cooperate with international demands to the U.N. Security Council, but both countries oppose punitive action such as economic sanctions." Secretary of State Condoleezza Rice "plans to visit Berlin, Paris and Britain this week in an effort to hammer out a statement that can win unanimous backing in the Security Council. Meanwhile, Tehran has sped up research work on the uranium enrichment that lies at the heart of the dispute." Time adds, "Ali Larijani, Iran's top nuclear negotiator, told TIME that the regime may be open to compromise on the nuclear issue. … National Security Adviser Stephen Hadley dismisses Iran's overture as 'simply a device by the Iranians to divert pressure that they are feeling in New York.'"

Some Iranian Conservatives Worry About "Extreme Right." The Washington Post (3/27, A11, Vick, 744K) reports, "Nine months after the election of hard-liner Mahmoud Ahmadinejad as president, Iranian politics has shifted so sharply to the right that some traditional conservatives are warning of the dangers of radicalism. With reformists sidelined and Ahmadinejad setting a strident new tone on the global stage, figures from the extreme right of Iran's political spectrum are defining the terms of political debate in the country." The "tension highlights significant divisions within Iran's conservative camp, often viewed from outside the country as a turbaned monolith."

State Department Seeks Applicants To Promote Democracy In Iran. In its "Verbatim" column, the Washington Post (3/27, A13, 744K) excerpts the State Department's "Iran Democracy Program Announcement," which said, "The Office of the Middle East Partnership Initiative (MEPI) announces an open competition for grant applications that support democratic governance and reform in Iran. This represents a new MEPI funding initiative, and submissions must outline activities linked to reform and demonstrate how the proposed approach would achieve sustainable impact in Iran. … MEPI seeks to strengthen the community of Iranian reformers at the local and national levels and support reformers with demonstrated commitment as they work to build broader alliances with new stakeholder groups around issues of core democratic values. MEPI supports programs that link reformers within and across national boundaries and use local organizational capacity to leverage opportunities to advance reform."

Olmert Pledges To Consult US On Separation Plan. The AP (3/26, Lavie) reports, "Two days before a crucial election, acting Prime Minister Ehud Olmert pledged Sunday to consult the United States and Europe about his plan to pull out of much of the West Bank, remove settlements and set his country's borders within four years." The AP said Olmert's separation plan "has breathed life into an election campaign that has been sleepy despite earthquakes in Israeli politics." A separate AP (3/26, Plushnick-Masti) piece noted "a lackluster campaign that aroused little emotion," and said "a low turnout could cause the most damage to Olmert's centrist Kadima Party, which is the clear front-runner, analysts said." Continuing its coverage of Israeli politics, the AP (3/26, Nessman) said the Labor Party "faces a flight of the very European voters who are its base," and noted the "ethnic demon" of promoting a candidate – Amir Peretz – who is of Middle Eastern or Sephardis decent. The New York Times (3/27, Erlanger, 1.19M) runs a 1,200-word feature on Olmert, "long on the outskirts of power," whose "extraordinary ideological journey" has culminated in the "extraordinary turn" of events that have put him on the cusp of winning his own mandate.

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Russian Immigrant Voters Could Play Key Role In Elections. The Christian Science Monitor (3/27, Prusher, 61K) reports, "The victor in Tuesday's nationwide parliamentary vote is widely expected to be the Kadima (Forward) Party, representing the legacy of Prime Minister Ariel Sharon. But the real cliffhanger is how well vote-getters like Avigdor Lieberman will fare." He "speaks in the mother tongue of most of his supporters: Russian. About 1 in 4 voters in this coastal city is a new immigrant from the former Soviet Union. This polyglot of newcomers, known as 'Russim,' now make up at least 15 percent of the electorate, compromising one of the most influential voting blocs." The Washington Times (3/27, Mitnick, 90K) runs a similar report.

Hamas Cabinet Nominee Says He Will Seek Economic Treaty With Israel. The Washington Times (3/27, Mitnick, 90K) reports, "Hamas' nominee for Palestinian finance minister, Omar Abdel Razeq, said yesterday that he hopes to negotiate a new economic treaty with Israel, even though he supports the Islamic militant party's refusal to recognize the Jewish state for peace talks." The Times adds, "The desire to embrace Israel in what would amount to a major treaty indicates how Hamas politicians and the ministerial nominees have resigned themselves to a de facto acknowledgement of Israel to improve the daily lives of their constituents."

Dealing With Hamas Poses Dilemma For US, EU. The Wall Street Journal (3/27, King Jr., Champion, 2.11M) reports, "With Hamas likely to form a new government by the end of this week, the US and Europe must decide how to interact with a transformed Palestinian Authority." The US, Europe and Israel "say they will do nothing directly to prop up a Hamas government that refuses to recognize Israel or renounce violence. Yet they also worry that cutting off Western aid -- totaling roughly $1.3 billion last year, or about one-third of the territories' economy -- would sow chaos and political convulsions, with dire consequences for the region." US officials "see their looming face-off with Hamas as a template for dealing with other militant Islamist governments that may come to power through elections elsewhere in the region. … Even basic questions, such as how to sustain humanitarian help while cutting off direct aid, are hard to tackle."

Afghan Christian's Case Likely To Reverberate With US Religious Right. Time (4/3) reports in its "Notebook" column, "When news trickled out of Kabul late last month that a former aid worker named Abdul Rahman, 41, was on trial for converting to Christianity, the U.S. government responded with dismay -- but not much else. … Religious leaders in the U.S. assailed the White House, with activists like Jay Sekulow…bombarding Karl Rove's evangelical liaison with e-mail." Time adds that "the right-wing furor over the Rahman case is likely to reverberate. To many Americans, the fact that Christian converts face prosecution in a country 'liberated' by the U.S. in 2002 has bolstered the perception that the divide between Islam and the West is growing."

Schumer, Graham At Odds Over Progress On Chinese Currency. The New York Times (3/27, Bradsher, 1.19M) reports, "After a weeklong trip to China, two senators who have been pushing Chinese leaders to devalue their nation's currency say they do not agree on how much progress China is making. The split indicates that they are less likely to press for a Senate vote on their trade bill this week." Sens. Charles E. Schumer and Lindsey Graham "have introduced legislation that would impose a 27.5 percent tariff on all American imports from China in two years." The senators "both said in an interview here Saturday that they remained committed to advancing the legislation unless China stopped intervening in currency markets and allowed the yuan to move higher against the dollar." But "they also said that Senator Schumer had been more impressed than Senator Graham by promises from Chinese officials to liberalize their currency policies." Asked "whether the newest development from the trip was the emergence of some differences between the two men," Schumer replied, "That would be fair."

The New York Times (3/27, 1.19M) editorializes, "The good news is that Senators Lindsey Graham and Charles Schumer have started to inch away from their misguided attempt to club China for its currency policies. At the end of a fact-finding trip last week, Mr. Schumer told reporters he was no longer sure he would push for a vote to impose tariffs on Chinese imports into the United States. 'The jury is out,' he said." The Administration, adds the Times, "has done a fair job so far in its tap dance around America's relationship with the world's fastest-growing economy. Now is not the time to slide back into election-year shortsightedness."

Yushchenko Allies Finish "Humiliating" Third In Parliamentary Elections. The Financial Times (3/27, Wagstyl, Donetsk) reports Ukrainian President Viktor Yushchenko "looked set for a humiliating defeat" by "both Yulia Tymoshenko, his former ally in the Orange Revolution, and Viktor Yanukovich, his opponent in the disputed 2004 presidential election." The Times says the loss "will complicate efforts to form a coalition, creating fresh political uncertainty as the country struggles to come to terms with the Orange Revolution's aftermath." While Yanukovich finished first, the Times says, "in a shock result, Ms Tymoshenko beat Mr Yushchenko into third place." The Times predicted that Yuschenko and Tymoshenko "could probably command

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enough seats for a parliamentary majority. But it is unclear whether they will be able to swallow their personal and political differences." The Wall Street Journal (3/27, A3, Chazan, 2.11M) says the results show "plummeting support for the country's Western-oriented president," who "may now be forced into a coalition with his erstwhile enemy, Viktor Yanukovych." His third-place finish "would mark a humiliating defeat for Mr. Yushchenko" and "a setback for pro-European forces in Ukraine," which is part of "the regional tug of war for influence between Russia and the West." The New York Times (3/27, 1.19M), Washington Post (3/27, A10, Finn, 744K) and Washington Times (3/27, Feduschak, 90K), among other newspapers, also report on the election results.

Belarus Opposition Leader Seized By Police. In the latest effort by President Aleksandr Lukashenko to crush the protest movement, the New York Times (3/27, Chivers, 1.19M) reports opposition leader Aleksandr Kazulin "was seized Saturday when riot police officers with batons attacked a column of peaceful protesters who were marching to a prison where opposition members had been jailed." The Austrian EU Presidency "said in a statement on Sunday that the Union 'is appalled by the violence used against demonstrators' and called for the release of Mr. Kazulin and the other protesters." In a pessimistic piece entitled "Belarus Divided, Doubtful After Clashes," the AP (3/26, Gutterman) said, "Many Belarusians now are confronting an array of unanswered questions: It is unclear how much support the opposition really has, how much dissent authorities will tolerate or what effect a stream of denunciations from the West will have."

Blair Said To Have Handover Date In Mind. The Financial Times (3/27, Blitz) reports, "Tony Blair has admitted for the first time that he has decided when he will resign as prime minister. However, he is not yet revealing the date." The Times says Blair wants to ensure that National Health Service reforms are implemented and an orderly transfer to Gordon Brown is laid out before stepping aside.

Alleged Sale Of Lordships Taints Blair's Government. The Christian Science Monitor (3/27, Rice-Oxley, 61K) reports, "Will a million pounds make you a 'Sir' or a 'Lord' in Britain today? That's what British police are investigating, following complaints that Prime Minister Tony Blair's Labour party rewarded four big financial backers with the promise of seats in the House of Lords, the unelected upper house of parliament that wields considerable influence." The "murky controversy has intensified pressure on Blair to step down and revived a debate about how politics should be funded here." A recent poll "showed 56 percent of voters believed the loans-for-lordships allegations were true, and almost three-quarters agree that Blair's government is now as tainted by sleaze as that of his predecessor, John Major."

Bush Administration Seen As Contributing To Blair Decline. The Weekly Standard (4/3, Baker) reports the "gathering consensus now asserts" that British Prime Minister Tony Blair "will not, in spite of his own ambition and energy, reach the full decade in office he had hoped for." The Bush Administration "will have played a substantial part in Blair's demise. The Iraq war, of course, has undermined the prime minister; but the Bush administration seems oddly committed to making life even more difficult for him." Britain is "in a state of angry ferment about the way its defense contracts have been handled by the Americans. A decision by the Pentagon to cut a British company out of the procurement contracts for the new Joint Strike Fighter has outraged public opinion and led even this most Atlanticist of governments to think seriously about striking out in a new direction with European partners, rather than be more closely integrated with U.S. defense systems. Quite how a beleaguered administration can still find room to alienate one of its few allies in the world is perhaps only for Donald Rumsfeld to explain. But the damage done to Blair's claim that his support for the United States has produced tangible benefits for the United Kingdom is incalculable."

Berlusconi Trails Challenger. The Wall Street Journal (3/27, Kahn, 2.11M) reports, "Just two weeks before national elections, Italy's conservative Prime Minister Silvio Berlusconi trails challenger Romano Prodi by three to six percentage points, according to polls -- a gap that analysts say will be difficult to close." Friday "marked the last day in which opinion polls could be published under Italian election rules before the April 9-10 voting. A poll conducted by GfK Eurisko, published in left-leaning Rome daily La Repubblica, had Mr. Prodi's center-left coalition taking 51.7% of the vote in the lower house of Parliament, compared with 46.6% for Mr. Berlusconi's alliance of center-right parties. The margin was tighter in the Senate, with the left gaining 51.4% of the vote compared with 47.1% for the right, according to GfK Eurisko."

Pressure Growing On Australia To Dismantle Wheat Export Monopoly. The Wall Street Journal (3/27, Barta, 2.11M) reports, "Pressure is mounting on Australia to dismantle its powerful wheat-export monopoly amid allegations that it paid kickbacks to Saddam Hussein's regime to win lucrative wheat contracts in Iraq." Australia "ranks as the world's second-biggest exporter of wheat, behind the US, according to US Department of Agriculture statistics, and is a major competitor for US and European farmers overseas."

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Persian Gulf Stock Markets Dropping. The Wall Street Journal (3/27, Karmin, El-Rashidi, 2.11M) reports, "The Persian Gulf's highflying stock markets, suffering their first serious correction after years of gains, are raising concerns that a speculative bubble may burst and hurt emerging markets more broadly. Fueled by cash from high oil prices," stock markets in Dubai, Kuwait, Abu Dhabi and "elsewhere in the Gulf have tripled or more in value in the past three years." But "in recent weeks, these stocks have suffered double-digit losses, with Saudi Arabia, the region's biggest stock market, shedding about a third of its value since late February." The declines "underscore the risks of emerging-market investing."

"Backlash" Against Privatizations Mounting In Latin America. The Washington Post (3/27, A10, Reel, 744K) reports from Argentina that a "backlash against the private sector has been building for several years in many pockets" of Latin America, and "in some cases, such as Bolivia and Mexico, it has been actively promoted by grass-roots leaders in tandem with their demands for limiting the influence of foreign interests. … In the past year, protests against the privatization of other sectors, including electricity and energy, have broken out in Peru, Ecuador, Guatemala and Mexico. Last week, several thousand demonstrators marched through Managua, the capital of Nicaragua, to demand the government improve water services without privatizing them."

Islamic Militias, Warlords Continue Fight For Control Of Somalia. The Washington Post/AP (3/27, A11) reports, "Radical Islamic militiamen and rivals buried their dead Sunday and brought in more fighters during a lull after four days of combat on the outskirts of Mogadishu, witnesses said. So far, at least 93 people have died and nearly 200 have been wounded in the violence." A "prominent moderate Islamic scholar appealed to the warring sides not to restart the fighting, which ranks among the deadliest in recent years in the nominal capital of this Horn of Africa country." Somalia "has been without a working government for 15 years. The recent battles involve a militia supporting hard-line Islamic clerics who are trying to expand their influence and fighters loyal to businessmen and Somali warlords who have formed an alliance to oppose the religious movement."

International Court Urges Nigeria To Arrest Former Liberian Leader. The Washington Post/AP (3/27, A11) reports, "The international war crimes tribunal in Sierra Leone urged Nigeria on Sunday to immediately arrest Charles Taylor, Liberia's exiled former president, because of fears the former president might flee to avoid trial for crimes against humanity." Nigeria "said Saturday it was ready to hand over Taylor, sending a warning to other warmongers on the continent."

US Urged To Take Lead In Rebuilding Liberia. Ambassador Andrew Young, who served at the United Nations, and Peter V. Emerson, director of the Southern Africa Enterprise Development Fund, write in the Washington Times (3/27, 90K) that "rebuilding Liberia is not only a moral obligation; it is, make no mistake, imperative to US national security. Liberia's ties to America are frequently underplayed here, but those very ties define its position in Africa." A "resurgent Liberia will anchor West Africa, serving as a beacon for emerging democratic movements." The Bush Administration "made a promise to Africa and must now follow through on that commitment to growth by unveiling a Marshall-style infrastructural recovery plan."

Play Depicts Life In North Korean Prison Camp. ABC World News Tonight (3/26, story 13, 2:30, Litke, 8.78M) reported on a "ground-shaking new musical in South Korea, part 'Miss Saigon,' part 'Les Misérables' and part 'The Producers,' a tale of a prison camp where starvation, torture and execution are a way of life and death. And this production doesn't shy away from any of it. For the writer/director, it's all very personal, a northern defector whose entire family was executed after he fled. He says South Koreans, today, have little knowledge of, or interest in, the atrocities in the North. So, he hopes to reach them, through the most popular forms of entertainment here -- music and soap operas that tug at the heart strings." But "many here in South Korea are not amused. Government officials tried to stop the play from ever being staged. There were death threats against some members of the production and all because it is too harsh on the communist North. Goodwill and reconciliation is now official government policy between the Koreas."

Airbus Conducts Successful Evacuation Drill On A380. ABC World News Tonight (3/26, story 5, 0:20, Snow, 8.78M) reported, "In Hamburg, Germany today, Airbus held an evacuation drill onboard the world's largest passenger jet. Officials are calling the simulated exercise, a 'great success,' despite 33 people being hurt. The company said they were able to get 873 people off the plane in only 90 seconds, with half the doors blocked."

NYTimes Criticizes French Protesters. The New York Times (3/27, 1.19M) editorializes, "For the second time in four months, French streets are filled with riot police, tear gas and rampaging youths. But the similarity is deceptive. Back in November, it was the sons of North African immigrants in their dreary suburbs exploding in frustration at the lack of jobs, prospects or programs. It was hard not to feel sympathy with their cause, along with outrage at their

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response." This time, "privileged university students have been protesting what they see as an assault on the job security that they consider their birthright. But the labor reform to which they are so opposed is much needed and was proposed by Prime Minister Dominique de Villepin as a partial answer to those who rioted in the suburbs." Students "should stop focusing on their privileges and heed President Jacques Chirac's call for a creative dialogue about how they can help resolve the real problem facing their generation."

WSJournal Takes On Chirac. In an editorial, the Wall Street Journal (3/27, 2.11M) criticizes French President Jacques Chirac. Says the Journal, "It is hard to think of anyone who has done more than this president to marginalize France and the French language -- all in the name of defending them."

THE BIG PICTURE:

Headlines From Today's Front Pages.

Los Angeles Times:
"An Island On The Verge."
"Hotel Campaign Signals Labor's Ascent In L.A."
"Plot Line Shifts In Pellicano Inquiry."
"FBI Keeps Watch On Activists."
"Students Of TV History Tune In To A Living Textbook."
"Iraqi Police Say U.S.-Led Raid Kills At Least 17 At Shiite Mosque."
"Bird Flu Defies Control Efforts."

USA Today:
"Lifesaving Knowledge, Innovation Emerge From War's Deadly Violence."
"Official Warns Of Unsecured Nuclear Reactors."

New York Times:
"Shiite Fighters Clash With G.I.'s And Iraqi Forces."
"Vague Law And Hard Lobbying Add Up To Billions For Big Oil."
"Pork That's Good For The Heart May Be Possible With Cloning."
"Bush Was Set On Path To War, Memo By British Adviser Says."
"Reform Leader Suffers Setback In Ukraine Vote."
"In Ex-Detective's Trial, His Book Provides A Bizarre Plot Outline."

Washington Post:
"16 Sadr Loyalists Killed In Assault."
"Police Finding It Hard To Fill Jobs."
"George Mason Is A Giant-Killer."
"Help Wanted As Immigration Faces Overhaul."
"A Push For Disclosing Cash From Lobbyists."
"On Edge Of Va. Sprawl, Labels Crumble, New Lives Thrive."

Washington Times:
"Afghan Man Saved From Execution."
"Cinderella's Off To The Ball."
"Panel Still Split On Guest Workers."
"Pertussis Cases Rising In Teens; Booster Advised."
"D.C. Cameras Hit Maryland Drivers Hardest."

Detroit Free Press:
"Catholics Outgrow Northern Parishes."
"Medics' Work In Iraq Could Save Civilians."

Atlanta Journal-Constitution:
"Afghan Convert To Christ Spared."
"Push Comes To Preschool."
"Chambliss: Farms Need Immigrants."
"Present Is Worst Of Times For Historical Markers."

Houston Chronicle:
"Politics, Emotions Hot On Immigration."
"Spur 527 Gets A Green Light."
"Accounts Differ On Clash With Shiites."
"Still Waiting For Answers."
"Will Missteps End Rise Of A Political Natural?"

Story Lineup From Last Night's Network News:
ABC: Afghanistan-Christian Convert; Iraq Violence-Al Sadr; Iraq-Bodies Found; Airports-Runway Incursions; Germany-Airbus Evacuation; Global Warming Poll; Global Warming Debate; Indy Racing-Death; Duke Lacrosse-Rape Investigation; Winchester Rifle-Factory Closing; Bush-Mexico; Fleischer Obit; North Korea-War Crimes Play.
CBS: Preempted By College Basketball.
NBC: Preempted By Golf.

Story Lineup From This Morning's Radio News Broadcasts:
ABC: WY-Traffic Accident; FL-IRL Driver Killed; TN-Minister Murder; Afghan-Christian Convert Trial; NCAA Tournament.
CBS: Iraq-Bodies Found; NYT-US Iraq Invasion Decision; WY-Traffic Accident; FL-IRL Driver Killed; Senate-Immigration Reform; NCAA Tournament.
NPR: Senate-Immigration Reform; Afghan-Christian Convert Trial; Russia-Iraq Spying; Ukraine Election; Nigeria-Foreign Oil Workers Released; Mexico-Drug Violence; WY-Traffic Accident.

WASHINGTON'S SCHEDULE:

Today's Events In Washington.

White House:

PRESIDENT BUSH — No public schedule.
VICE PRESIDENT CHENEY — No public schedule.

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US Senate: FLOOR SCHEDULE _ 1 p.m. Reconvenes and resumes consideration of S.2349, the lobbying reform bill.
10 a.m. JUDICIARY _ Full Committee. Markup of pending legislation. Location: Room 226, Dirksen.

US House: No Scheduled Events.

Other: HISPANIC COLLEGES _ Meeting of the Hispanic Association of Colleges and Universities. Highlights: 12 p.m. Acting Assistant Education Secretary Robert Gonzales.

CHRISTIAN VALUES _ Vision America holds the ``War on Christians and The Values Voter In 2006" conference. Highlights: 3 p.m. Panel on ``The Gay Agenda: America Won't Be Happy," with Regina Griggs (Parents and Friends of Ex-Gays and Gays), Peter LaBarbera (Illinois Family Institute), Lou Sheldon (Traditional Values Coalition), Brian Camenker (Mass. Resistance/Article 8 Alliance). 4 p.m. Phyllis Schlafly. 4:30 p.m. Panel on ``The ACLU And Radical Secularism: Driving God From Our Public Life," with Mat Staver (Liberty Counsel), Janice Crouse (Concerned Women For America), Bill Donohue (Catholic League), Mike Johnson (Alliance Defense Fund). 7 p.m. Banquet with several speakers including Sen. Jon Cornyn. Location: Omni Shoreham Hotel, 2500 Calvert St. NW.

IMMIGRATION-COMPETETIVENESS _ 8:30 a.m. - 1:30 p.m. TechNet, University of California Washington Center, UD Berkeley and the California Institute for Federal Policy Research host a forum. ``Maintaining America's Competetiveness: Recruiting and Retaining the Best and Brightest Minds," focusing on highly-skilled worker immigration policies and their affect on US higher education and employment. The event is sponsored by Oracle, Cisco Systems, Intel, National Venture Capital Association, and Compete America. Location: Room 325, Russell Senate Office Building.

INTELLECTUAL PROPERTY THEFT _ 8:30 a.m. - 5:30 p.m. US Under Secretary of Commerce for Intellectual Property Jon Dudas and Rep. Frank Wolf join small-business owners on a conference on ``Intellectual Property in the Global Marketplace." Location: Ritz-Carlton Hotel, Tyson's Corner, 1700 Tyson's Blvd., McLean.

IMMIGRATION _ 9 a.m. - 10:30 a.m. The American Enterprise Institute hosts an event, ``Tear Down This Wall? Fixing a Broken Immigration System." Keynote speaker is Sen. Jon Kyl, R-Ariz. Discussants are: Michael Barone, U.S. News and World Report; Steven Camarota, Center for Immigration Studies; and Daniel T. Griswold, Cato Institute. Location: AEI's Wohlstetter Conference Center, 12th floor, 1150 17th St. NW.

CANADA-AFGHANISTAN _ 10 a.m. Canadian Ambassador to Afghanistan David Sproule holds a briefing on his country's diplomatic, defense and development contributions to Afghanistan. Location: Canadian Embassy, 501 Pennsylvania Ave. NW.

KATRINA-FINANCIAL _ 10 a.m. The Anthony T. Cuff Research Fund of the Financial Services Roundtable holds a press event to release the study, ``What's Needed for Post-Katrina. The study's author, Dr. James A. Richardson, alumni professor of economics for Louisiana State University, will present the findings. Location: Room S-120, Capitol.

NUCLEAR WEAPONS _ 10 a.m. The Alliance for Nuclear Accountability holds a briefing on the US nuclear weapons budget, with a new analysis of the Energy Department spending by a former OMB official. Location: Room HC-8, Capitol.

PORTMAN-TURKEY _ 11 a.m. USTR Rob Portman meets with Turkish Trade Minister Kurzad Tuzmen. Photo op only. Location: 600 17th St. NW.

MILITARY READINESS _ 11 a.m. - 12 p.m. The Heritage Foundation hosts a discussion, ``Avoiding the Hollow Force: Maintaining a Trained and Ready Military." Participants include Daniel Goure, Vice President, The Lexington Institute;' Col. Henry Alden Leonard, USA (Ret., Associate Director, Manpower and Training, The Rand Corporation's Arroyo Center; and Gen. Dennis Reimer, USA (Ret.), President, DFI Government Services, and former Army Chief of Staff. Location: Heritage Foundation's Lehrman Auditorium, 214 Massachusetts Ave NE.

IMMIGRATION _ 11:30 a.m. Immigration advocates and clergy hold a protest and interfaith prayer service to protest measures that criminalize clergy and social service providers who give aid to undocumented immigrants. Location: West Lawn, Capitol.

MILITARY TRIBUNALS-CONSTITUTION _ 12 p.m. The Cato Institute hosts a debate, ``Terrorism, Military Tribunals, and the Constitution." Participants are Charles Swift, Lieutenant Commander, USN, and military counsel for Salim Ahmed Hamdan; and Richard Samp, chief counsel, Washington Legal Foundation. Location: Cato Institute, 1000 Massachusetts Ave. NW.

PORT SECURITY _ 12 p.m. Staff of the Senate Subcommittee on Investigations holds a telephone briefing on Tuesday's hearing on port security. Contacts: Andrea Wuebker, 202-224-5641. Notes: Callin number: 866-909-2663; passcode: 7358575.

INFRASTRUCTURE PROJECTS _ 12 p.m. - 1 p.m. The Center for Strategic and International Studies (CSIS) Commission on Public Infrastructure holds an event to call for a federally funded National Investment Corporation (NIC) to provide state and local governments with critical financing for a broad array of potential infrastructure projects. Commission co-chairs, Ambassador Felix Rohatyn and former Senator Warren Rudman, will outline the findings of Commission members, which include John J. Castellani, president, Business Roundtable; John J. Hamre, CSIS president and

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CEO; and Dana Mead, chairman, MIT. Location: National Press Club, Lisagor Room.

CANCUN CONFERENCE _ 12:30 p.m. The School of Advanced International Studies holds a discussion on the upcoming Cancun conference between the U.S., Canada and Mexico, with Tamara Woroby of SAIS, Christopher Sands of the International Republican Institute, others. Location: Room 812, 1619 Massachusetts Ave. NW.

VA- NICHOLSON _ 12:30 p.m. VA Secretary Nicholson gives the ``State of VA" speech. Location: National Press Club.

PORTMAN-ECUADOR _ 1 p.m. USTR Rob Portman meets with Ecuadorian Trade Minister Jorge Illingworth. Photo op only. Location: 600 17th St. NW.

ARMENIA _ 4 p.m. The Millennium Challenge Corp. and Armenia sign a $235 million Millennium Challenge Compact, with Secretary of State Rice and Armenian Foreign Minister Vartan Oskanian. Location: Franklin Room, State Department.

CONSTITUTIONAL RIGHTS _ 4 p.m. American University Washington College of Law holds a discussion on reclaiming and advancing constitutional rights, with Rep. Jesse Jackson, Jr., others. Location: Room 603, 4801 Massachusetts Ave. NW.

ONLINE POLITICS _ 6 p.m. George Washington University holds a discussion with Internet pioneers Jerome Armstrong, founder of the MyDD blog, and Markos Moulitsas, founder of the blog DailyKos, discussing their book ``Crashing the Gate: Netroots, Grassroots, and the Rise of People-Powered Politics." Location: Morton Auditorium, 805 21st St. NW.

BURNS-BUSH/INDIA _ 6:45 p.m. - 7:45 p.m. The Council on Foreign Relations hosts a debriefing on the president's trip to India with R. Nicholas Burns, undersecretary for political affairs, State Department. Location: Council on Foreign Relations, 1779 Massachusetts Ave. NW.

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DEPARTMENT OF JUSTICE *NEWS CLIPS*

PREPARED FOR THE OFFICE OF PUBLIC AFFAIRS, US DEPARTMENT OF JUSTICE

TO: THE ATTORNEY GENERAL AND SENIOR STAFF

DATE: MONDAY, MARCH 27, 2006 7:45 AM EST

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TERRORISM NEWS:

FBI Keeps Watch On Activists (LAT)

By Nicholas Riccardi

The Los Angeles Times, March 27, 2006

DENVER — The FBI, while waging a highly publicized war against terrorism, has spent resources gathering information on antiwar and environmental protesters and on activists who feed vegetarian meals to the homeless, the agency's internal memos show.

For years, the FBI's definition of terrorism has included violence against property, such as the window-smashing during the 1999 Seattle protests against the World Trade Organization. That definition has led FBI investigations to online discussion boards, organizing meetings and demonstrations of a wide range of activist groups. Officials say that international terrorists pose the greatest threat to the nation but that they cannot ignore crimes committed by some activists.

"It's one thing to express an idea or such, but when you commit acts of violence in support of that activity, that's where our interest comes in," said FBI spokesman Bill Carter in Washington.

He stressed that the agency targeted individuals who committed crimes and did not single out groups for ideological reasons. He cited the recent arrest of environmental activists accused of firebombing an unfinished ski resort in Vail. "People can get hurt," Carter said. "Businesses can be ruined."

The FBI's encounters with activists are described in hundreds of pages of documents obtained by the American Civil Liberties Union under the Freedom of Information Act after agents visited several activists before the 2004 political conventions. Details have steadily trickled out over the last year, but newly released documents provide a fuller view of some FBI probes.

"Any definition of terrorism that would include someone throwing a bottle or rock through a window during an antiwar demonstration is dangerously overbroad," ACLU staff attorney Ben Wizner said. "The FBI will have its hands full pursuing antiwar groups instead of truly dangerous organizations."

ACLU attorneys say most violence during demonstrations is minor and is better handled by local police than federal counterterrorism agents. They say the FBI, which spied on antiwar and civil rights leaders during the 1960s, appears to be investigating activists solely for opposing the government.

"They don't know where Osama bin Laden is, but they're spending money watching people like me," said environmental activist Kirsten Atkins. Her license plate number showed up in an FBI terrorism file after she attended a protest against the lumber industry in Colorado Springs in 2002.

ACLU attorneys acknowledge that the FBI memos are heavily redacted and contain incomplete portraits of some cases. Still, the attorneys say, the documents show that the FBI has monitored groups that were not suspected of any crime.

"It certainly seems they're casting a net much more widely than would be necessary to thwart something like the blowing up of the Oklahoma City federal building," said Mark Silverstein, legal director of the ACLU of Colorado.

FBI officials respond that there is nothing improper about agents attending a meeting or demonstration.

"We have to be able to go out and look at things; we have to be able to conduct an investigation," said William J. Crowley, a spokesman for the FBI in Pittsburgh. His field office filed a report — released by the ACLU this month — in which an agent described photographing Pittsburgh activists who were handing out fliers for a war protest. The report mentioned no potential violence or crimes.

Crowley said his office had been looking for a certain person in that case and had closed the file when it realized the suspect was not among those handing out the leaflets.

The murky connection that the federal government makes between some left-wing activist groups and terrorism was illustrated in a Justice Department presentation to a college law class this month.

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An FBI counterterrorism official showed the class, at the University of Texas in Austin, 35 slides listing militia, neo-Nazi and Islamist groups. Senior Special Agent Charles Rasner said one slide, labeled "Anarchism," was a federal analyst's list of groups that people intent on terrorism might associate with.

The list included Food Not Bombs, which mainly serves vegetarian food to homeless people, and — with a question mark next to it — Indymedia, a collective that publishes what it calls radical journalism online. Both groups are among the numerous organizations affiliated with anarchists and anti-globalization protests, where there has been some violence.

Elizabeth Wagoner said she was one of the few students who objected to the groups' inclusion on the list. "My friends do Indymedia," she said. "My friends aren't terrorists."

Rasner said that he'd never heard of the two groups before and didn't mean to condemn them. But he added that it made sense to worry about violent people emerging from anarchist networks — "Any group can have somebody that goes south."

Denver, where the ACLU fought a lengthy court battle with local police over its spying on political groups, has the most extensive records of encounters between the FBI and activists. Documents obtained by the ACLU there revealed how agents monitored the lumber industry demonstration, an antiwar march and an anarchist group that activists say was never formed.

In June 2002, environmental activists protested the annual meeting of the North American Wholesale Lumber Assn. in Colorado Springs. An FBI memo justified opening an inquiry into the protest because an activist training camp was to be held on "nonviolent methods of forest defense … security culture, street theater and banner making."

About 30 to 40 people attended the protest; three were arrested for trespassing while hanging a political banner. Colorado Springs police faxed the FBI a three-page list of demonstrators' license plate numbers.

In a recent interview, Denver FBI spokeswoman Monique R. Kelso first said the training camp and protest would not have been enough to merit an anti-terrorism inquiry. But later she said that she wasn't familiar with the details of the case and that the FBI opened cases when there was possible criminal activity.

The FBI's Denver office also monitored a February 2003 antiwar demonstration in Colorado Springs. A bureau memo said that activists planned to block streets and an Air Force base entrance, and that a more "radical" faction had announced online that it would meet near the demonstration but break away for unspecified purposes. The memo said an agent would watch the breakaway group and report to local police and FBI agents monitoring the march.

FBI officials say there was additional information, which they cannot disclose, that justified a terrorism investigation of that protest. They stress that they have to be aggressive in investigating terrorism in the post-Sept. 11 world.

"There's a lot of responsibility on the FBI," said Joe Airey, head of the FBI's Joint Terrorism Task Force in Denver. "We have a real obligation to make sure there are no additional terrorist acts on this soil."

Denver-area activists said that since the surveillance documents became public, there had been a subtle chill, with some people avoiding protests for fear of ending up in an FBI file. Some activists think the FBI has been watching their groups to intimidate them.

"We've kind of gathered up our skirts and pulled in," said Sarah Bardwell, who works for the American Friends Service Committee, a Quaker group. Along with some activist roommates, she has also volunteered for Food Not Bombs.

"In our house, we don't talk about politics anymore," Bardwell said. "There's been a toning down of everything we do."

That change came after six FBI agents and Denver police officers visited her house in July 2004.

Months earlier, the FBI had obtained a flier advertising a meeting near Bardwell's house to form a chapter of Anarchist Black Cross. That movement has two wings; one, according to the FBI, has been associated with "some of the most violent left-wing groups of the past 40 years."

The organizer of the meeting, Dawn Rewolinski, said the prospective chapter would have been part of the movement's other wing, which writes letters to prisoners. The chapter was never established, Rewolinski said. "All we did is eat some cookies and talk about various prisoners and realize we didn't have enough money for a P.O. box."

Nonetheless, FBI investigators believed a Denver chapter had been launched. They discovered that Anarchist Black Cross was affiliated with Food Not Bombs, and authorities ended up on Bardwell's doorstep, asking about the anarchists' plans for protests at the upcoming Democratic and Republican national conventions.

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Kelso, the FBI spokeswoman, said there were documents that could not be released to the ACLU that showed good reasons for the government's concern. She dismissed the idea that agents were spying on activists for political reasons.

"We don't have enough agents," Kelso said, "to go out there to monitor and surveil innocent people."

Keystone Komputers (NYT)

The New York Times, March 27, 2006

It may sound incredible to anyone who's ever used the Internet, but the Federal Bureau of Investigation has struggled unsuccessfully for 10 years to come up with a workable computer system. The idea is to allow agents to quickly share discoveries and analyze information in ongoing investigations. The problem surfaced most grimly after the Sept. 11 terrorist attacks when it emerged that the F.B.I.'s 1980's-era technology could not cross-reference words — like, say, "flight" and "schools" — for any agent who might have had advance suspicions about the suicide attackers' preparations.

After 9/11, the bureau started an urgent and very expensive program to fix the problem. But now we discover, equally grimly, that the search for high-tech sleuthing could take four more years and a half-billion dollars. The first effort, called the Virtual Case File, was a complete failure and was ignominiously closed at a cost of $170 million. The next effort was called Sentinel, but it is already stirring doubts from the Justice Department's inspector general. Among other worrisome signs is the bureau's borrowing of $29 million from its counterterrorism budget to bolster the push for computer overhaul. Any large enterprise can suffer technological shortcomings, but the bureau stands out for having a third of the project's 76 oversight slots vacant as of January, and a director on loan from the Central Intelligence Agency.

Most alarming of all, the inspector general concluded that even if the F.B.I. finally came up with a workable model, there would be no guarantee that it would solve the most crucial issue — agents' inability to share information with the myriad of other government departments involved in the detection of terrorism.

Surely the White House should be prodding the bureau to do better.

Detainee Case Will Pose Delicate Question For Court (NYT)

By Linda Greenhouse

The New York Times, March 27, 2006

WASHINGTON, March 26 — The Supreme Court's announcement four months ago that it would rule on the validity of the military commission by which the Bush administration wants to try Osama bin Laden's former driver, on charges of conspiracy to commit terrorism, appeared to mark a resumption of a struggle for supremacy between the court and the White House.

That struggle initially played out in three cases on terrorism and civil liberties in June 2004. In accepting the new case, as in the previous ones, the justices rejected the administration's argument that the court should simply stay out and let the president conduct his fight against terrorism unconstrained by judicial oversight.

But no one foresaw back in November that the case of the driver, Salim Ahmed Hamdan, to be argued on Tuesday, would present the Supreme Court with an additional and perhaps even greater challenge.

In the face of a measure that Congress passed and President Bush signed into law in late December to strip the federal courts of jurisdiction over cases brought by detainees at the United States naval base at Guantánamo Bay, Cuba, where Mr. Hamdan has been held since 2002, the court must decide whether it retains the right to proceed with this case at all.

For a court that has been highly protective of its own prerogatives, but at the same time notably attentive to the often arcane limits on federal court jurisdiction, the question is one of great delicacy, infused with historical resonance. Not since the immediate aftermath of the Civil War, in a case that arose from the power struggles of the Reconstruction era, has the Supreme Court permitted Congress to divest it of jurisdiction over a case it has already agreed to decide.

In that case, Ex Parte McCardle, the court had already heard four days of argument in an appeal brought by a rabble-rousing Mississippi newspaper editor who had been taken into custody and charged by the military government with fomenting insurrection.

Fearful that a Supreme Court ruling in favor of the editor, William H. McCardle, could result in invalidating military control of the former Confederate states, Congress enacted a law over President Andrew Johnson's veto to deprive the court of jurisdiction.

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The court then dismissed the appeal, rejecting the argument by McCardle's lawyer that it was permitting Congress to usurp the judicial function.

In the new case, Hamdan v. Rumsfeld, No. 05-184, the Bush administration filed a motion with the court in early January, days after the Detainee Treatment Act was signed into law, urging immediate dismissal of Mr. Hamdan's appeal.

"It is well settled that statutes that remove jurisdiction apply to pending cases and ordinarily should be given immediate effect," the administration, citing the McCardle case, said in the brief accompanying its motion.

More than a month later, on Feb. 21, the court declined to act on the motion, announcing instead that it would take up the jurisdictional question as part of the argument on the merits of the case. It added 30 minutes to Tuesday's argument, originally scheduled for one hour, for that purpose.

The McCardle case has been seen by many modern legal scholars as problematic, a regrettable expression of judicial weakness. Mr. Hamdan's lawyers cite it as well, but for a different proposition. While Congress spoke clearly in the court-stripping amendment at issue in the McCardle case, their brief tells the court, the Detainee Treatment Act is ambiguous on its application to pending, as opposed to future, cases. The court should interpret the act as not applying to the Hamdan case to avoid the "grave constitutional questions" that would otherwise arise, they say.

A group of law professors who filed a brief on this point on Mr. Hamdan's behalf warn the court that to give up jurisdiction would be to yield to "an unconstitutional interference with access to courts and an attack on the fundamental structure of the Constitution."

The argument rests in part on the observation that according to the language of the Detainee Treatment Act, Guantánamo detainees who are tried by a military commission will have only a circumscribed right to a subsequent appeal in federal court, in which they could not raise the basic challenge to the commission's operation that Mr. Hamdan is presenting in his Supreme Court case. So if the justices cannot decide his case, or cases brought by some 150 of the other 500 Guantánamo detainees now pending in the lower courts, fundamental questions about this alternative system of justice will go unresolved.

There may be a separate obstacle in the Supreme Court's way. Only eight justices are participating in the case, raising the prospect of a 4-to-4 tie. Chief Justice John G. Roberts Jr. is recused because he was a member of the three-judge panel of the United States Court of Appeals for the District of Columbia Circuit that upheld the government's position in the Hamdan case last July, four days before Mr. Bush nominated him to the Supreme Court.

A tie vote in the Supreme Court ordinarily simply affirms the lower court decision, without issuing an opinion or setting a precedent. But in this case, there is no lower court opinion on the jurisdictional question, since there was no Detainee Treatment Act when the appeals court ruled last July.

It would require a majority, five of the eight votes, to grant the government's motion to dismiss the case, but the matter might not be as straightforward as that. Even if the government had not filed its motion, the court would still be obliged to assure itself that it has jurisdiction to proceed, in this as in any other case. Whether a tie favors jurisdiction or dismissal appears to be an open question of Supreme Court procedure.

Military commissions are not new; they were first used by Gen. Winfield Scott during the war with Mexico in the 1840's. But there have been none since the World War II era. If the court addresses the merits of the Hamdan case, it must decide whether Mr. Bush's military order of Nov. 13, 2001, establishing military commissions to try noncitizens for "acts of international terrorism," had proper authorization.

The administration argues that there were "multiple authorizations": from the Congressional resolution known as the Authorization for the Use of Military Force, adopted days after the terrorist attacks of Sept. 11, 2001; from the Uniform Code of Military Justice, which refers to military commissions and authorizes the president to prescribe rules for their operation; and from the president's inherent powers as commander in chief.

In addition, the administration argues that the Detainee Treatment Act itself ratified the establishment of military commissions when it circumscribed judicial review of their operations.

Mr. Hamdan's military and civilian lawyers, as well as the dozens of organizations and individuals supporting his appeal as "friends of the court," argue to the contrary that no Congressional enactment or inherent power authorized the president to set up

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what they call a "jerrybuilt tribunal" that falls short of the procedural protections offered by American military law and required by the Geneva Conventions.

In addition, they argue, conspiracy, with which Mr. Hamdan has been charged, is not a war crime and is therefore not subject to trial by military commission.

The administration argues that the Geneva Conventions do not apply to the conflict with Al Qaeda and that their protections cannot, in any event, be invoked by individual detainees. These assertions have provoked a flood of counterarguments from international law specialists, former senior diplomats and federal judges, and human rights organizations.

At Court, A Terror Case Rife With Tough Issues (CSM)

By Warren Richey

The Christian Science Monitor, March 27, 2006

The case of Salim Ahmed Hamdan, Osama bin Laden's former driver in Afghanistan, has the potential to become one of the most important US Supreme Court decisions of this generation.

It will test the scope of presidential power in the war on terror. It may clarify how detained Al Qaeda suspects are treated by the US. More broadly, it challenges the justices to further define the balance of power among the three branches of government during times of national emergency.

But before the high court takes up those weighty issues of constitutional law, it must decide a more basic question: whether it has jurisdiction to hear the case. If the justices decide the case is not yet ripe for their review, Mr. Hamdan's appeal ends there, at least for the time being.

That is the unusual posture surrounding the Hamdan case on the eve of oral arguments Tuesday - litigation so multilayered that the high court has taken the unusual step of allotting 90 minutes for oral arguments, a half hour more than usual.

The Bush administration, in its court brief, says Hamdan's appeal is "fatally premature." The Detainee Treatment Act, signed into law Dec. 30, 2005, bars federal judges and justices from hearing any appeals by Guantánamo detainees before a verdict is rendered by a military commission in their war-crimes cases, argues US Solicitor General Paul Clement.

The Hamdan case will signal how the Supreme Court views its role in the war on terror, say critics of the military-commission process. "Given the triumphalist orientation of this administration and the passivity of Congress, anything that gives us a better feel for how energetic the courts will be as a counterweight is critical," says Eugene Fidell, president of the National Institute of Military Justice.

Hamdan is being held in open-ended detention at the US terror prison camp at Guantánamo Bay, Cuba. In 2004, he was set to stand trial for allegedly conspiring with top Al Qaeda leaders to commit acts of terrorism, charges he denies. Shortly before his trial was to start, a federal judge in Washington ruled that the military- commission process violates both US law and the Geneva Conventions.

That decision was reversed by a federal appeals court panel. In November, the Supreme Court agreed to take up the case, examining whether military commissions at Guantánamo had been properly authorized by Congress or were otherwise authorized by the inherent powers of the president as commander in chief of the armed forces.

In addition, the court agreed to examine whether a federal judge can force the US government to apply the 1949 Geneva Conventions - international accords that define prisoners of war and how they are to be treated - to Guantánamo detainees.

The Bush administration maintains that detained Al Qaeda suspects don't qualify for the Geneva protections. Hamdan's lawyers say their client and others at Guantánamo are covered.

Under normal circumstances, those two questions would set the stage for constitutional fireworks. But the Hamdan case features extra twists.

Less than two months after the high court agreed to hear Hamdan's appeal, Congress approved the Detainee Treatment Act, which bars detainees from filing pretrial challenges in federal court. The law is aimed at heading off a flood of federal lawsuits by Guantánamo detainees.

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The big question is whether that law applies to Hamdan. The US says Hamdan's pretrial appeal must be dismissed, and that he can file an appeal later if he is convicted by a military commission.

Hamdan's lawyers say the Detainee Treatment Act doesn't apply to their client. They say Congress was aware of the Hamdan case when it passed the law - and that it amended the bill to avoid undermining the pending Supreme Court case. "The 'plain' language of the enacted law is most fairly read as not applying to this case, or at the very least is ambiguous," wrote Hamdan lawyer Neal Katyal in a brief.

Mr. Katyal says under the government's reading the Detainee Treatment Act may preclude Hamdan from ever raising a constitutional challenge to the military- commission process.

"Hamdan's claims turn on federal statutes, treaties, and constitutional provisions about presidential authority - questions within this court's, not a commission's, expertise," Katyal says. If the government's view is embraced by the high court, he adds, Hamdan may be deprived of his day in court both now and forever.

Those who support the Bush administration's position argue that Hamdan will have his day in court. Under the Detainee Treatment Act, he can appeal the decision of his military commission to a special court made up of three federal judges from the District of Columbia Circuit Court of Appeals. "The DTA is quite clear that this special appeal to this specially composed court of the D.C. Circuit is the only judicial review," says Andrew McBride, a Washington lawyer who filed an amicus brief on behalf of former attorneys general and retired military officers supporting Defense Secretary Donald Rumsfeld.

At its core, Hamdan's case is a test of the military-commission process. Hamdan's lawyers say such commissions are unlawful because they fail to provide the same level of fair procedures and protections as US and international law.

Solicitor General Clement counters that President Bush has ample authority to subject captured enemy combatants to trial by military commission both through congressional authorizations and his inherent commander-in-chief powers. Passage of the Detainee Treatment Act, he adds, is Congress's endorsement of Mr. Bush's decision to convene military commissions at Guantánamo.

The Hamdan case will be the first big terrorism-related case to come before the Supreme Court since the death of Chief Justice William Rehnquist and the retirement of Justice Sandra Day O'Connor. "They were really in the forefront of establishing the Supreme Court as a defender of its own power," says Deborah Pearlstein, a lawyer at Human Rights First who has worked on briefs supporting Hamdan's case. "So it's a pretty significant test," she says, even though the new chief justice, John Roberts, has recused himself because he ruled on it as a judge on the D.C. Circuit Court of Appeals.

Justices To Weigh War-crimes Commission (WT)

By Guy Taylor

The Washington Times, March 27, 2006

The Supreme Court will hear oral arguments this week in a case that questions the legality of the special war-crimes commission created to try terror suspects being held at U.S. Naval Base Guantanamo Bay, Cuba.

On Wednesday, the justices will weigh a challenge brought by Salim Ahmed Hamdan, 34, a native of Yemen who once worked as a driver for Osama bin Laden in Afghanistan. The dispute will be the first major case involving presidential war powers since Chief Justice John G. Roberts Jr. and Justice Samuel A. Alito Jr. joined the court.

Supreme Court scholars generally agree the legal future of the war on terrorism hinges on the case, which presents the high court with the chance to rule on the power of the executive branch to try terror suspects outside the bounds of U.S. courts.

Lawyers representing Hamdan, one of nine men at Guantanamo charged with war crimes, will argue President Bush lacked authority to create the commission two years ago, and that its design violates the rights of war prisoners under the 1949 Geneva Convention.

The administration will argue that since al Qaeda is not a traditional army, men such as Hamdan who are associated with it are not POWs, but "enemy combatants," and thus not protected by the Geneva Conventions.

It also will argue that Mr. Bush, as commander in chief, has constitutional authority to create such commissions -- an authority bolstered by Congress' passage of the broad Authorization for Use of Military Force shortly after September 11.

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Scott Sillman, a professor at Duke University Law School, contends that "many of the cases which the administration is using to justify its policies regarding the detention and trial of enemy combatants in the war on terrorism were decided after World War II, which was a decidedly different context."

"Hamdan gives the court the opportunity to define this war on terrorism, to give us a more current view of the constitutional authority of the president in this new type of war and the tools available to him in fighting it," Mr. Sillman said.

Jeffrey F. Addicott, director of the Center for Terrorism Law in San Antonio, said the case will turn on whether the justices agree with the Bush administration's definition of war in the aftermath of September 11.

"If you accept the premise that we are in a state of war with the al Qaeda network and their supporters, then the use of military commissions is entirely appropriate," he said. "If the court does not accept that premise, then they will reject the use of military commissions; therefore, requiring the administration to use the tool kit of domestic criminal law" to try al Qaeda suspects.

Mr. Addicott, who advised the Pentagon in its formation of legal charges against men in the war-crimes commission, advocates allowing the special court to go forward because its rules for evidence are more relaxed than in U.S. federal courts -- allowing swifter justice in complicated terrorism cases.

Under the design of the commission, military prosecutors may build their cases against Guantanamo detainees with classified evidence concealed from the detainees.

"The Moussaoui case is a good example," Mr. Addicott said. "He should have been tried in a military commission. He's a self-avowed member of al Qaeda and a non-U.S. citizen. The allegations are that he plotted with the 9/11 hijackers.

"Even with a guilty plea, this thing's been dragging out over three years. It's ridiculous."

Report: Scalia Rejects Jury Trials For Captives (USAT)

USA Today, March 27, 2006

Supreme Court Justice Antonin Scalia dismissed the idea that detainees at Guantanomo Bay, Cuba, have constitutional rights and called European concerns over the issue hypocritical, Newsweek magazine reported Sunday.

“War is war, and it has never been the case that when you captured a combatant you have to give them a jury trial in your civil courts,” Scalia purportedly said in a private appearance March 8 at the University of Freiburg in Switzerland.

Newsweek said it had reviewed a recording of the talk. The authenticity of the tape could not be independently confirmed.

Scalia reportedly was asked whether detainees at the U.S. naval base at Guantanamo Bay have protections under international conventions. “If he was captured by my army on a battlefield, that is where he belongs,” he replied, according to Newsweek. “I had a son on that battlefield, and they were shooting at my son, and I'm not about to give this man who was captured in a war a full jury trial. I mean it's crazy.” Scalia's son Matthew served with the Army in Iraq.

The Supreme Court hears a case this week in which Guantanamo detainee Salim Ahmed Hamdan, accused of being Osama bin Laden's bodyguard and driver, is challenging President Bush's authority to try prisoners before military tribunals. Court officials were not immediately available for comment.

“If he's made up his mind on a particular issue, he shouldn't be sitting” in the case, said Michael Ratner, president of the Center for Constitutional Rights. Scalia did not refer specifically to that case, Newsweek said.

Erma Ora James Byrd, wife of Sen. Robert Byrd, D-W.Va., died Saturday at the couple's home in McLean, Va., according to Byrd's spokesman, Tom Gavin. She was 88. She had been married to the senator for nearly 69 years.

Organizers of the National Cherry Blossom Festival in Washington are trying to make the annual celebration more welcoming for guests from Japan, the country that donated the trees.

About 40 Japanese speakers have signed up as translators to answer questions and give directions to an increasing number of Japanese tourists, said Bill Line, a National Park Service spokesman. The reasons vary, from an improving travel climate to an increasing number of festival exhibits that focus on Japan. This year's festival includes events such as a kimono exhibit and a retrospective of Japanese filmmaker Mikio Naruse.

Most of the 3,700 trees lining the Tidal Basin are descendants of those presented to the city of Washington by Tokyo's mayor in 1912 to mark 60 years of friendly U.S.-Japanese relations.

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More than 700,000 people visit Washington each year during the festival. It began Saturday and runs through April 9. The pink and white petals have begun popping out on some trees and are likely to be at their peak starting today.

No Legal Rights For Enemy Combatants, Scalia Says (WP/AP)

By Associated Press

The Washington Post, March 27, 2006

Supreme Court Justice Antonin Scalia reportedly told an overseas audience this month that the Constitution does not protect foreigners held at the U.S. military prison at Guantanamo Bay, Cuba.

He also told the audience at the University of Freiburg in Switzerland that he was "astounded" by the "hypocritical" reaction in Europe to the prison, this week's issue of Newsweek magazine reported.

The comments came just weeks before the justices are to take up an appeal from a detainee at Guantanamo Bay. The court will hear arguments tomorrow on Salim Ahmed Hamdan's assertion that President Bush overstepped his constitutional authority in ordering a military trial for the former driver of al-Qaeda leader Osama bin Laden. Hamdan has been held at the prison for nearly four years.

Two years ago, the Supreme Court ruled that the detainees could use U.S. courts to challenge their detention. Scalia disagreed with that ruling, and in the recent speech repeated his beliefs that enemy combatants have no legal rights.

"War is war, and it has never been the case that when you captured a combatant you have to give them a jury trial in your civil courts," Newsweek quoted Scalia as saying. "Give me a break."

Scalia's dissent in the Rasul v. Bush case in 2004 said: "The consequence of this holding, as applied to aliens outside the country, is breathtaking. It permits an alien captured in a foreign theater of active combat to bring a petition against the secretary of defense. . . . Each detainee (at Guantanamo) undoubtedly has complaints -- real or contrived -- about those terms and circumstances. . . . From this point forward, federal courts will entertain petitions from these prisoners, and others like them around the world, challenging actions and events far away, and forcing the courts to oversee one aspect of the executive's conduct of a foreign war."

Newsweek said Scalia was challenged by an audience member in Switzerland about whether Guantanamo Bay detainees have protection under the Geneva or human rights conventions.

Scalia replied: "If he was captured by my army on a battlefield, that is where he belongs. I had a son on that battlefield and they were shooting at my son, and I'm not about to give this man who was captured in a war a full jury trial. I mean it's crazy," Newsweek reported.

Scalia's son Matthew served in Iraq.

Supreme Court: Detainees' Rights—Scalia Speaks His Mind (NSWK)

By Michael Isikoff

Newsweek, March 27, 2006

The Supreme Court this week will hear arguments in a big case: whether to allow the Bush administration to try Guantánamo detainees in special military tribunals with limited rights for the accused. But Justice Antonin Scalia has already spoken his mind about some of the issues in the matter. During an unpublicized March 8 talk at the University of Freiburg in Switzerland, Scalia dismissed the idea that the detainees have rights under the U.S. Constitution or international conventions, adding he was "astounded" at the "hypocritical" reaction in Europe to Gitmo. "War is war, and it has never been the case that when you captured a combatant you have to give them a jury trial in your civil courts," he says on a tape of the talk reviewed by NEWSWEEK. "Give me a break." Challenged by one audience member about whether the Gitmo detainees don't have protections under the Geneva or human-rights conventions, Scalia shot back: "If he was captured by my army on a battlefield, that is where he belongs. I had a son on that battlefield and they were shooting at my son and I'm not about to give this man who was captured in a war a full jury trial. I mean it's crazy." Scalia was apparently referring to his son Matthew, who served with the U.S. Army in Iraq. Scalia did say, though, that he was concerned "there may be no end to this war."

The comments provoked "quite an uproar," said Samantha Besson, a member of the Freiburg law faculty who had invited Scalia to give his talk, which was mostly about his "originalist" interpretation of the Constitution. This isn't the first time Scalia has

commented on matters before the court: two years ago he recused himself from a Pledge of Allegiance case after making public comments about the matter. "This is clearly grounds for recusal," said Michael Ratner of the Center for Constitutional Rights, a human-rights group that has filed a brief in behalf of the Gitmo detainees. "I can't recall an instance where I've heard a judge speak so openly about a case that's in front of him—without hearing the arguments." Other experts said it was a closer call. Scalia didn't refer directly to this week's case, Hamdan v. Rumsfeld, though issues at stake hinge in part on whether the detainees deserve legal protections that make the military tribunals unfair. "As these things mount, a legitimate question could be asked about whether he is compromising the credibility of the court," said Stephen Gillers, a legal-ethics expert. A Scalia recusal (it's entirely up to him) would create problems; Chief Justice John Roberts has already done so in Hamdan because he ruled on it as an appellate judge. A Supreme Court spokeswoman said Scalia has no comment.

Sins Of Commissions (WP)

The Washington Post, March 27, 2006

THE SUPREME COURT hears arguments tomorrow in perhaps the most important case of the term -- a case that, had the Bush administration acted responsibly at any time in the past 4 1/2 years, would not even be in court.

The case is a challenge to the military commissions the administration has set up at Guantanamo Bay, Cuba, to try war-crimes suspects. It poses a bewildering array of difficult legal questions: Are the commissions legal? What procedural rights must they guarantee to comply with statutes, treaties and the Constitution? After a congressional move to strip the courts of jurisdiction over litigation from Guantanamo, does the court even have the power to hear this case? But these questions confront the justices only because of the administration's insistence on pursuing a strategy that has failed in all respects.

The administration dramatically announced after Sept. 11 that it planned to revive a form of military trial not used since the World War II era. The idea was to achieve swift justice unencumbered by the niceties of trial in American federal courts. After all, as the case of Zacarias Moussaoui has since vividly illustrated, trials of al-Qaeda figures can test the capacity of the American civilian justice system. The administration was right that some alternative form of military trial for accused terrorists captured abroad was essential.

The military could have turned to a proven method by which it conducts trials every day: the general court-martial. Had the administration gone to Congress and adjusted the court-martial for the task at hand, it would have benefited from a system in which military lawyers are already adept. It also would have received the blessing of the legislature for whatever deviations from the usual rules might have been necessary.

Instead, the military sought to design a new system from scratch. In doing so, it has bungled. The commission rules have shifted constantly. A legal cloud has hung over its entire process. It has risked genuine unfairness. It has undermined the prestige of American justice. And, ironically, it has moved at a glacier's pace, having successfully tried not a single person to date -- thereby defeating its entire purpose. Even if the administration prevails at the high court this time, the problems will not go away. The system is a disaster, and it needs revamping.

More than four years after Sept. 11, it is intolerable that America has no viable mechanism for trying al-Qaeda operatives. The masterminds of the attacks, Ramzi Binalshibh and Khalid Sheik Mohammed, are in U.S. custody, yet justice for them is not even on the radar screen. If American troops catch Osama bin Laden or Ayman al-Zawahiri tomorrow, the government has no means of bringing them to justice. Whatever the court decides on the law, the administration needs to fix this stillborn system.

Uncertainty Clouds Last Days Of Moussaoui's Sentencing Trial (USAT)

By Kevin Johnson, Usa Today

USA Today, March 27, 2006

ALEXANDRIA, Va. — Without Harry Samit, confessed al-Qaeda conspirator Zacarias Moussaoui might never have been arrested three weeks before 9/11.

It was no surprise that the government made the plain-spoken FBI agent a prominent witness in its case for the execution of the only man charged in connection with the 2001 attacks.

But by the time Samit left the witness stand here last week, his testimony about repeated and unsuccessful efforts to alert superiors of Moussaoui's potential danger may prove more beneficial to the terrorist than the government.

Prosecutors rested their case last week in the sentencing trial, but many of the government's witnesses have made it clear how difficult it may be for the government to prevail in the landmark terrorism case, legal analysts said.

"It's not at all clear that had Moussaoui told them everything, the FBI would have been able to do anything," says Michael Greenberger, a University of Maryland law professor who specializes in matters of homeland security. "The only thing that can save the government now is Moussaoui," who has vowed to testify. The 37-year-old French citizen could take the witness stand as early as today. (Related story: Analysis: Moussaoui could harm own case)

"The jury could look at him and view him as a scary figure who continues to pose a danger," says University of Notre Dame law professor Jimmy Gurule, a former federal prosecutor.

The government set a high standard in its opening statement by promising to show a federal court jury that if Moussaoui had not lied to investigators after his arrest three weeks before Sept. 11, federal law enforcement and aviation authorities would have scrambled to prevent the attacks.

The case was nearly lost when a government lawyer assisting the prosecution was found to have leaked prohibited court transcripts in an attempt to influence the testimony of government witnesses.

Even without Moussaoui's silence and the chaos created by Carla Martin, a Transportation Security Administration lawyer, the government has been unable to shield the jury from facts established long ago in investigations by a joint congressional committee and a national commission: that the CIA and FBI possessed strong evidence of a possible aviation plot well before 9/11. (Related links: Order quashing Martin subpoena | Case history)

The material included Samit's prescient 25-page warning to FBI headquarters that Moussaoui was part of a larger hijacking plot in which attackers would use small knives to incapacitate air crews.

"This is a tough lift for the government," Gurule says. "There is no evidence that he actually acted as a perpetrator (in Sept. 11). This case is very tenuous. There are a lot of 'buts' and 'ifs.' "

Former FBI agent Aaron Zebley, the government's final witness, made one of the strongest arguments by suggesting that 11 of the 19 suicide hijackers could have been identified before Sept. 11 if Moussaoui had provided investigators with information about the source of his money. The government later learned that the same source funneled thousands of dollars to many of the hijackers.

Under questioning by the defense, however, Zebley acknowledged there was no way to guarantee the plot would have been averted even if Moussaoui had been truthful.

This week, the defense will hammer at the same themes offered by its first witness Thursday. In his testimony, former FBI agent Eric Rigler recounted sharp criticisms of how the CIA and FBI handled intelligence before 9/11 about a plot against the United States.

The criticisms, which were also outlined in a 2004 Justice Department report of the agencies before 9/11, faulted the U.S. intelligence community for failing to share and act on important information about two hijackers before the 2001 terrorist attacks.

Censure To Get Day In Judiciary (RC)

By Elizabeth Brotherton

Roll Call, March 27, 2006

Setting up the possibility of a floor showdown on the resolution submitted by Sen. Russ Feingold (D-Wis.) to censure President Bush over his domestic wiretapping program, the Senate Judiciary Committee has scheduled a hearing on the matter for the end of this week.

A Republican aide indicated Friday that the focus of the hearing, scheduled for March 31, will be to provide a forum for debate over the merits of the proposed censure measure.

The decision to hold a hearing on the politically supercharged measure could put the Senate on course for a full-blown battle on this issue. Republican leaders are eager to get Democrats on the record on the issue of censuring Bush, believing that such a vote would seriously undercut Democrats' ability to convince the electorate that they are strong on protecting America from terrorist threats.

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Democrats, who in large part have tried to distance themselves from the issue fearing a political backlash, have sought to have the measure addressed in committee before any vote on the issue takes place. Only a handful of Democratic Senators have gotten behind Feingold's effort, and the discussion has split party leaders reluctant to discuss the issue from liberal activists in the party base who want to take a more aggressive stance against Bush. Some Democrats also have privately grumbled that Feingold is using the censure proposal to fuel his own presidential ambitions and be seen as a chief Bush antagonist.

When Senate Majority Leader Bill Frist (R-Tenn.) tried to force a vote on the censure motion when it was introduced by Feingold on March 13, Democrats blocked the move, arguing it needed to be fully vetted by Judiciary before being voted on.

The aide indicated that Judiciary Chairman Arlen Specter (R-Pa.), who has criticized the Bush spy program but has also labeled the proposed censure as excessive, is interested in engaging in a back-and-forth with Feingold on the issue.

In the initial furor over the Wisconsin Senator's introduction of the censure proposal, Specter asked Feingold to return to the floor for debate immediately after he introduced the measure. When Feingold failed to do so, Specter chided his proposal as "over the top" and "unsupported by any rationale."

Senators were largely unavailable for comment Friday.

Feingold, who was traveling in Iraq with Sens. John McCain (R-Ariz.) and John Thune (R-S.D.), could not be reached to discuss the planned hearing Friday, according to a spokesman.

The hearing, labeled "An Examination of the Call to Censure the President," is scheduled for 9:30 a.m. Friday in Room 226 of the Dirksen Senate Office Building.

HOMELAND RESPONSE:

Hutchison Defends U.S. Ports Role (WSJ/AP)

By Associated Press

The Wall Street Journal, March 27, 2006

HONG KONG -- Hutchison Whampoa Ltd. defended its plans to help scan U.S.-bound cargo for terror threats at a port in the Bahamas where no U.S. customs agents are present.

The flagship company of Asia's wealthiest businessman, Li Ka-shing, added that it isn't feasible or practical for U.S. officials to work in ports across the globe.

The best option for the U.S. is to rely on trusted agents using sophisticated inspection equipment to scan shipments at ports abroad, said John Meredith, group managing director for Hutchison Port Holdings, Hutchison's maritime subsidiary and the world's largest ports company.

The Hong Kong company is in the final stages of being awarded a no-bid, US$6 million contract from the U.S. government to help run a sophisticated radiation detector at the Freeport Container Terminal in the Bahamas, just 105 kilometers from the American shoreline.

Some U.S. lawmakers and security experts have expressed concerns about the deal because U.S. customs agents wouldn't be working at the port to supervise the equipment, designed to detect smuggled radioactive materials.

But Mr. Meredith said his firm has elaborate security checks, including the filming of inspectors checking the containers.

Sen. Charles Schumer, a New York Democrat, toured Hutchison's port in Hong Kong Saturday and said he was impressed with the equipment and how it was operated.

"The technology is there and we've seen it first hand," Mr. Schumer said. "It is impressive and it does the job. They have a program where every container can be inspected for nuclear weapons, can be scanned."

Mr. Schumer, who raised early questions about the Bahamas contract, said he doesn't oppose awarding the contract to a foreign company. But he believes U.S. customs agents should be stationed at the Bahamas port.

Mr. Meredith also said the U.S. cannot afford to post its own customs agents in ports all over the world. Even if the U.S. agents were abroad, they wouldn't have jurisdiction and would be restricted by local laws, he said.

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However, U.S. customs inspectors already work at 43 foreign ports helping to inspect and scan cargo containers with the permission of foreign governments under a U.S. port-security program known as the "container security initiative." Some of the 43 ports are operated by Hutchison, and each of these ports has radiation scanners.

Reforms Target Foreign-buyout Review Process (WT/UPI)

By Shaun Waterman, United Press International

The Washington Times, March 27, 2006

Senators return from a weeklong recess today, with the issue of foreign -- and especially Gulf-Arab -- ownership of U.S. critical infrastructure front and center.

Several competing bills in both chambers of Congress aim to reform the process by which the federal government assesses the national security implications of foreign takeovers of U.S. companies or assets.

And, in the wake of the derailment of the Dubai ports takeover, lawmakers' concerns threaten another acquisition by the tiny oil-rich emirate.

Dubai International Capital, an investment company owned by the emirate's ruling al-Maktoum family, signed a deal last year to acquire a privately held British aerospace company called Doncasters Group Ltd.

The company owns nine plants in the United States and makes parts for U.S. tanks and military planes, including for the Joint Strike Fighter -- currently at the center of a trans-Atlantic row about contracts and technology sharing.

After senators questioned officials about the Doncasters deal earlier this month, the Committee on Foreign Investment in the United States (CFIUS), which is responsible for assessing such takeovers, announced that it was launching a special 45-day national security review of the purchase.

The attention led Dubai International Capital to announce last week it was postponing the $1.2 billion takeover for two months while the review proceeded.

During the furor over the DP World acquisition, administration officials attempted to satisfy critics with an agreement to conduct the same kind of review in that case. Several congressmen continue to think the assessment process is inadequate.

"This process is a flawed process that's being conducted behind closed doors," said Rep. John Barrow, Georgia Democrat, whose district includes one of the Doncasters plants.

Under current law, because of concerns about the huge financial implications of information about blocked or potentially blocked takeovers being leaked, investment committee investigations are kept confidential.

After criticism over a foiled Chinese effort to buy a U.S. oil company last year, the administration agreed to provide Congress with more information about blocked deals. The investment committee has received over 1,500 notifications of foreign acquisitions, but only one has ever been blocked -- in 1990.

Mr. Barrow and Rep. Bennie Thompson, Mississippi Democrat and ranking member of the House Homeland Security Committee, are pushing a bill requiring that the investment committee notify Congress about pending foreign investments it is looking at and calling on the president to make the homeland security secretary, rather than the secretary of the Treasury, the chairman of the review panel. Another bill, from Rep. Duncan Hunter, the California Republican who chairs the Armed Services Committee, would effectively outlaw foreign ownership of any infrastructure listed as critical to national security by the Department of Defense and put the Pentagon rather than the Treasury or Homeland Security departments in charge of the review.

Official Warns Of Unsecured Nuclear Reactors (USAT)

By John Diamond

USA Today, March 27, 2006

WASHINGTON — One-third of the world's 130 civilian nuclear research reactors lack security upgrades needed to prevent theft of materials that terrorists could use to build an atomic bomb, the chief U.S. nuclear proliferation official says.

In an interview with USA TODAY, Linton Brooks, director of the National Nuclear Security Administration, said most of these reactors use highly enriched uranium, the easiest fuel used to make atomic bombs.

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"Fresh" highly enriched uranium — the supply not yet used in reactors — is hard to detect and safe enough to handle with bare hands.

Security was at the heart of the recent furor over a deal that would have turned over terminal management at U.S. ports in six states to a company owned by the Arab emirate of Dubai. Unsecured nuclear fuel, not who manages port terminals, poses the biggest risk for a nuclear weapon entering the USA, said Brooks and former senator Sam Nunn, D-Ga.

The U.S. government won't say specifically where the unsecured reactors are. All reactors in the USA, Russia and Eastern Europe have adequate security, according to the National Nuclear Security Administration and Holly Harrington of the Nuclear Regulatory Commission.

That's an improvement over 10 years ago when many Soviet bloc research reactors were particularly vulnerable to theft. Eight reactors not in those countries are slated to receive improved perimeter fencing, surveillance cameras and material storage.

That leaves 47 reactors with inadequate or questionable security in China, Ghana, Jamaica, Pakistan and Uzbekistan, according to an International Atomic Energy Agency list. There are also research reactors in countries hostile toward the United States, including Iran and North Korea. The IAEA, the United Nations' nuclear watchdog, says 38 countries have reactors that use highly enriched uranium.

Brooks said security has improved at former Soviet bloc research reactors with U.S. funds of about $1 billion a year. The upgrades were driven by concerns that the sites lacked the security of military bases.

These reactors, often found at universities or hospitals, contain about 18 tons of highly enriched uranium, according to a 2004 Harvard University study. That is enough for 400 to 800 nuclear weapons.

The world's research reactor security efforts are "at about 3" on a 1-to-10 scale with 10 being safest, said Nunn, who helped create the 1991 U.S. plan to secure nuclear materials.

Despite 9/11 Effect, Railyards Are Still Vulnerable (NYT)

By David Kocieniewski

The New York Times, March 27, 2006

NEWARK — Two signs just inside the entrance of the Oak Island rail depot here hint at dangers inside. "Our Employees' Safety Is in Your Hands." one reads. "You Are Accountable for Your Safety," reads another.

Beyond those two placards, however, there are few visible signs that security is a high priority at the railyard, just three miles from downtown Newark and seven miles from Manhattan, where 90-ton tanker cars full of deadly chemical gases are routinely stored and shipped.

Gates to the depot are unlocked and unguarded, allowing unimpeded access to tracks where cars loaded with deadly chlorine, ammonia or oleum gases are stored.

Along the track bed, many switching devices are unlocked, so unauthorized passers-by could redirect, and possibly derail, a train by simply pulling a lever. Security is so lax that a reporter and photographer recently spent 10 minutes driving along a rail bed beside cars holding toxic chemicals without being challenged, or even approached, by railroad employees.

In the years since the 9/11 attacks, public concern about a potential terrorist strike at one of the nation's chemical plants has caused federal and local officials to inch toward tighter safeguards at manufacturing and processing plants. On Tuesday, in a speech before the American Chemistry Council, Michael Chertoff, secretary of homeland security, said he would ask Congress to adopt a series of chemical plant security measures that have largely been endorsed by the industry.

Even if the chemical plants are secure, the public could be left vulnerable by the railways running in and out of many of them. The railways transport more than 1.7 million shipments of hazardous materials every year, including 100,000 tank cars filled with toxic gases like chlorine and anhydrous ammonia.

According to a recent study by the Navy, an accident or terrorist attack involving a single car of chlorine near a densely populated area could kill as many as 100,000 people.

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In New Jersey, where so many chemical factories and refineries are crowded near major population centers, including a stretch near Newark Liberty International Airport that has been called "the most dangerous two miles in America," the difficulty of managing that potentially deadly cargo is particularly complex.

Since 9/11, railroads have spent millions to install fences and security cameras and add additional officers around the state, but industry officials concede that their facilities are far too large to be completely sealed. Leaders of railroad workers' unions say it is not uncommon for tanker cars to be left unattended for days, and that security along the rails is frighteningly inadequate. And the sight of graffiti-covered tank cars filled with deadly gases is a reminder of the holes in the security system.

State and local officials say they are limited in what they can do to regulate the thousands of tank cars of deadly gases hauled around New Jersey each year. In other cities and states, proposals to reroute dangerous chemicals away from major population centers, most notably in Washington, D.C., have faced fierce opposition and legal challenges from both the railroads and local communities where the chemicals would be rerouted. The courts have also upheld the railroads' assertion that only the federal government can regulate rail traffic.

The Homeland Security Department has been reluctant to tighten regulations regarding the transportation of deadly chemicals by rail. In his speech last week, Mr. Chertoff made only passing reference to the risks of transporting the deadly cargo, and there is no indication that the department will require the kind of changes in equipment and procedures that security experts say will reduce the risk of a terrorist attack or catastrophic accident.

"Chemical transport is clearly the greatest vulnerability in the country today, and for some reason — and I'm not sure what it is — the federal government has not acted," said Richard A. Falkenrath, President Bush's former deputy homeland security adviser. "There's no legislation necessary, the government already has the authority to require stronger containers, reroute shipments, and allow the kind of tracking that would allow local police agencies to know what they have to contend with in their communities. But to date it hasn't been done."

The risks involved in moving toxic rail cargo are a particular concern in New Jersey. Last fall, it became the first state to enact regulations intended to deter terror attacks on chemical plants by requiring companies to explore the feasibility of switching to safer technologies.

Because many of the railyards in New Jersey are near petroleum storage tanks, natural-gas depots, or propane tanks, the effect of an attack on a rail car is likely to be magnified, said Paul DeMatteis, a security analyst at Global Security Risk Management, a corporate security company.

When Gov. Jon S. Corzine was still in the United States Senate, he helped write federal legislation to tighten safety standards for both chemical plants and the railroads that supply them.

Since being sworn in as governor two months ago, Mr. Corzine has earmarked $20 million to strengthen security around New Jersey's critical highways, rail links and bridges against possible terror attacks, and vowed to strengthen safeguards at railway chemical depots and plants around the state.

The vulnerability of the rail lines has even undercut some of New Jersey officials' progress in making chemical plants safer. Last fall, owners of the Keene Chemical plant in Kearney agreed to reduce their stockpiles of chlorine by keeping no more than one tanker car of chlorine on the premises at a time. That policy means that tanker cars that were once stored in the moderately guarded chemical plant will spend more time waiting on less secure railway sidings.

"It's this shell game," said Rick Engler, director of the New Jersey Work Environment Council, a union group that has lobbied for an assortment of restrictions on toxic chemicals. "But shifting around the problem doesn't solve the problem."

Railroad officials say their self-imposed security measures have provided a web of security far more effective and sophisticated than that in virtually any other industry. Peggy Wilhide, spokeswoman for the Association of American Railroads, said that major rail carriers have spent more than $200 million since 9/11 on security measures, including fences and motion detectors, training, high-tech scanning devices, and tracking to monitor the shipment of some dangerous cargo.

After two accidental derailments in 2004 and 2005 caused toxic chemical releases that killed 12 people and injured hundreds, the railroads have also been considering a requirement that chemical companies replace their aging tankers with a newer, more highly reinforced generation of cars, Ms. Wilhide said.

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Ms. Wilhide said that the industry opposed the plan to reroute shipments because it would actually increase the chance of an accident by forcing trains to haul the tankers full of toxic chemicals for longer distances, over older, less well-maintained rails.

Homeland Security Department officials have praised the rail carriers' cooperation, saying the railroads have moved responsibly to bolster the security of their facilities and to give law enforcement officials the information needed to develop a real-time tracking system for the most dangerous toxic rail cars. Homeland Security officials are also working with the railroads and the federal Department of Transportation to devise buffer zone protection plans to provide security near the most perilous rail sites.

But the Homeland Security Department has not embraced calls to reroute trains carrying toxics or require that chemical companies update their fleet of tank cars.

Brian Doyle, a Homeland Security Department spokesman, said it wanted to complete a thorough assessment of the system before imposing any restrictions on the railways. "It's one thing to just throw money at something and say it is fixed," he said. "But you want to do it right." In his speech on Tuesday, Mr. Chertoff said the department supported the one policy that local communities, environmental advocates and the railroads all agree on — that chemical plants and manufacturers should be urged to adopt processes that reduce, or eliminate, the need for toxic chemicals like chlorine and ammonia.

But the department will not require any shift to safer technology, Mr. Chertoff said, and the chemical security bill he is now advocating is likely to prevent states from adopting any such requirement.

In Spotswood, N.J., about 17 miles northeast of Princeton, many residents were startled to learn in the months after 9/11 that their community was home to a plant that had enough chlorine on hand kill as many as 960,000 people if an accident or terrorist attack caused it to be released and carried on the wind. Local officials worked with the company, Schweitzer-Mauduit, which makes cigarette papers, to tighten its security procedures and adopt more sophisticated plans for evacuation, detection and cleanup.

Bill Foust, a spokesman for the company, said switching to new technology that would eliminate the need for chlorine would be too expensive.

Barry H. Zagnit, mayor of Spotswood, said that despite the continuing risks, he could understand why company officials did not feel the investment was warranted.

"You have a mill that's our largest employer, our largest taxpayer," he said. "It's essential to the economy of the borough. "We certainly would never want to see Schweitzer move the plant," he said. "That would have a devastating effect on the borough, where people are already saddled with high property taxes."

A similar political struggle has been simmering in Paulsboro in South Jersey, where the Valero refinery has enough toxic hydrofluoric acid on hand at one time to create an airborne plume 19 miles long that could affect as many as three million people, according to a study by the Work Environmental Council based on federal Environmental Protection Agency data.

The company has spent more than $5 million on bolstering security since 9/11, according to its spokeswoman, and has several systems designed to dissipate toxic gases in the event of a discharge. But Valero officials have resisted demands that they move to a process that would not use hydrofluoric acid, saying that it would be unworkable.

Steven M. Sweeney, the state senator whose district includes the Valero plant and at least three others that use large amounts of toxic gases, said that unless the state and federal governments intercede, little will be done to make communities like his safer.

"In Fieldsboro, there are a few trains a week that roll through town, 125 cars long; at least 80 of them are the kind of toxic chemicals that could cause a catastrophe, just devastate a community," he said. "Anyone who feels safe is living in a dream world."

A Dry Run For Handling A Disaster In The City Railyards (NYT)

By Sewell Chan

The New York Times, March 27, 2006

DOJ_NMG_0021134

How would New York City respond if a bomb filled with arsenic trichloride, a highly toxic liquid compound, were to explode on a freight train moving through a Queens railyard — just when a commuter train carrying weekend passengers was traveling in the other direction?

Emergency workers would rush in, try to determine what threat was involved and begin decontaminating the dozens of wounded. A temporary morgue would be set up to receive the dead — estimated at 28, including two of the rescuers. That nightmarish situation was the basis for a four-hour simulation yesterday involving 1,500 police officers, firefighters and other emergency workers and tested the city's ability to respond to a chemical emergency, though not necessarily a terrorist attack.

The Office of Emergency Management planned the field exercise, named Trifecta because it emphasized three activities: search and rescue, victim identification and handling of the dead.

Despite the grim nature of the exercise — the casualties would have included 74 injured — the commissioner of emergency management, Joseph F. Bruno, said it demonstrated the effectiveness of the Citywide Incident Management System, a protocol that governs how various city agencies are to interact during a major emergency.

"I'm happy and I'm actually a little surprised that it worked as well as it did," Mr. Bruno said at an afternoon news conference, after most of the exercise had been completed.

A critical element of the response plan gives the Police Department overall command of the city's emergency agencies in most major disasters, at least until the possibility of terrorism has been ruled out. The Fire Department had sought control of several types of situations, including those that involve hazardous materials.

The plan, which took effect under an executive order signed last April by Mayor Michael R. Bloomberg, was prepared after a lengthy examination of poor coordination and communication among city agencies, particularly the Police and Fire Departments, during the terrorist attack of Sept. 11, 2001.

Yesterday was the first major field test of that agreement. Police commanders set up a "unified command," which provided for top officials from the police, fire, health, environmental protection and other departments to make joint decisions. "It's a matter of respecting their core competencies," Mr. Bruno said.

Although police and fire officials clashed during the formation of the plan, leaders from both sides said yesterday that it was effective.

"I think CIMS is clearly the way to go, and I believe it's been accepted by all the agencies," Police Commissioner Raymond W. Kelly said. Frank P. Cruthers, first deputy commissioner at the Fire Department, said the test was "a very realistic exercise" and added, "The level of cooperation was terrific."

The exercise, financed by $700,000 from the federal Department of Homeland Security, began with a mock explosion at 10 a.m. in the railyard at Maspeth, Queens, an industrial neighborhood dominated by factories and warehouses. The New York & Atlantic Railway provided the freight train for the exercise, while the Metropolitan Transportation Authority supplied a Long Island Rail Road passenger train.

Several federal and state agencies participated, as did nonprofit groups including the American Red Cross and the Salvation Army.

The Fire Department was the first to respond after the simulated explosion, followed by the Police and Environmental Protection Departments. "When you look at this incident, it seemed at first to move very slowly in the beginning," Mr. Bruno said afterward. "That's just the way it has to. We do not know if there are other explosive devices here. We do not know the nature of the chemical." Once the various officials evaluated the danger, he said, they made "good, crisp decisions."

Mr. Bruno said the exercise proceeded with only a few glitches. At one point, he said, a centralized operations post had to be separated from the command post because "there was too much confusion."

Since 9/11, the city has had other drills involving the premise of a terrorist attack, including one at Shea Stadium in March 2004 and another at the Bowling Green subway station, in Lower Manhattan, in May 2004.

Shortcut Included In Copter Trips To JFK (USAT)

By Mimi Hall

USA Today, March 27, 2006

DOJ_NMG_0021135

A new helicopter service begins whisking passengers from Wall Street to New York's John F. Kennedy International Airport today — and passengers will get to skip airport security lines.

That's because the federal government is sending airport screeners and explosive-detection equipment to the Lower Manhattan heliport so passengers and their bags can be checked before being delivered to the airport.

It marks the first time the Transportation Security Administration (TSA) has done screening at a heliport since the agency took over airport security after the Sept. 11, 2001, attacks.

U.S. Helicopter Corp. chief executive Jerry Murphy says the eight-minute rides, which cost $159 each way, will appeal mainly to business travelers who don't want to waste up to two hours in a car or cab fighting New York traffic.

Murphy said his helicopters, the first to offer airport service in more than 20 years, also will fly to LaGuardia and Newark airports by the end of 2006. The company expects to carry 150,000 passengers in its first year.

"This will be a faster, more reliable system to get from New York City to the airports," he said.

Some critics are questioning whether the TSA should be helping a business that primarily caters to wealthy corporate clients and the rich and famous.

"The idea that federal dollars are going to be spent in order to make life easier for plutocrats strikes me as wrong," says Bill Scannell, a privacy rights activist and frequent critic of the TSA.

Rep. Bennie Thompson, D-Miss., the top Democrat on the House Homeland Security Committee, said that using "an already strained screening system so that wealthy executives don't have to stand in line for screening at airports is a serious misuse of federal monies."

Helicopter service to JFK was offered in the mid-1960s and in 1977 from the roof of the then-Pan Am Building. The service was shut down after a freak accident in which a helicopter tipped over with its blades spinning. Four people on the roof were killed, and one person on the ground was hit and killed by a broken blade. Other heliport service continued through the mid-1980s.

Murphy's company now has a deal with American Airlines, but he said he expects to sign up other carriers soon.

If the latest Manhattan experiment works, the company may expand to 10 more cities, including Washington, D.C.

TSA spokeswoman Ann Davis says the agency has budgeted $560,000 for the first year of the heliport service. That will pay for eight screeners at the Wall Street heliport and more at another New York City site set to open later this year. "We gave this careful consideration," she said.

Douglas Hofsass, the TSA official responsible for security at the new heliport, cited another factor in TSA's decision: the safety of New York City's airspace. If passengers and their bags aren't screened at the heliport, he said, they'll be flying through the city's airspace unchecked.

Letters Prep 9/11 Families On Transcripts (AP-Y2)

By Desmond Butler

AP2, March 26, 2006

The city has sent out letters to 24 families of people killed in the Sept. 11 attacks advising them that partial transcripts and recordings of 911 calls made by the victims soon will be released to the public because of a court order.

The letters, sent by express mail on Friday, advised only family members whose dead relatives could be identified from the calls recorded by police and fire department operators.

The imminent release of the records was ordered by a judge in a case brought by The New York Times and nine family members of victims under the state's Freedom of Information law seeking fire department records.

The lawsuit asked that the complete records of the 911 calls be released, but the judge ordered that the victims' sides of the conversations with the operators be redacted unless specifically released by the nearest kin. The city has decided to release calls taken by police department operators on the same basis.

The family members can receive CDs with the unedited calls if they want them.

The letters took some Sept. 11 family members by surprise, a family advocate said.

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"Some family members didn't even know their loved ones had made a 911 call," said William Doyle, whose son was killed in the 2001 attack on the World Trade Center but was not one of those recorded. "Why did they have to wait so long to inform them? To send a cold form letter overnight express without advance warning is crass."

According to the city's law department, officials waited until a complete record of all the identifiable calls was ready before releasing any information.

"Based on previous experience, we felt it was most appropriate to release all the information together rather than in a piecemeal, lingering fashion that might give families false hopes or ongoing pain," law department spokeswoman Kate O'Brien Ahlers said Sunday.

The 24 letters, which Ahlers said were personalized, were meant to go out only after e-mails to groups representing the families explaining the release. But, because of a miscommunication, the e-mails did not go out as planned, said Jonathan Greenspun, commissioner of Mayor Michael Bloomberg's Community Assistance Unit.

"We sincerely regret the delay," he said in a statement.

The city said the transcripts and recordings likely would be released Thursday or Friday. It didn't say how many there are.

In August, the city released 12,000 pages of oral histories and more than 15 hours of fire department radio transmissions.

WAR NEWS:

Spying: Saddam's Bad Intel (NSWK)

By Michael Hirsh, Mark Hosenball and John Barry

Newsweek, March 27, 2006

Saddam Hussein thought that Russia and France would prevent President George W. Bush from invading Iraq and ousting him, according to a new report by the U.S. Joint Forces Command based on captured Iraqi documents. Was Saddam's confidence fed by the knowledge that he was getting inside dope from a Russian spy? The new Pentagon report concludes that before the U.S. invasion in March 2003, the Russian ambassador in Baghdad gave the Iraqi regime significant intelligence about CENTCOM's war plans.

If true, the account could complicate U.S.-Russian relations, which are already strained over Iran's nuclear program and other issues. On Saturday, Russia's Foreign Intelligence Service issued a statement calling the accusation "baseless." Previously, the office of the U.S. National Intelligence director, John Negroponte, cautioned that "the U.S. government has made no determination regarding the authenticity" of Saddam-era documents released earlier by the American government.

If the Russians were giving Saddam intel, it wasn't very good. The report says that Ambassador Vladimir Titorenko told Saddam the U.S. attack out of Kuwait was a diversion—it wasn't—and that the invasion wouldn't occur until mid-April, after the Fourth Infantry Division was in place in Turkey, according to the documents. That, too, was false. It is known that CENTCOM had undertaken a disinformation campaign before the war; that may have been the source of the bad intelligence.

Rice To Ask Russia About Report That It Gave Iraq Data (NYT)

By Steven R. Weisman

The New York Times, March 27, 2006

WASHINGTON, March 26 — Secretary of State Condoleezza Rice said Sunday that the United States would seek clarification from Russia of an American military report that it had helped pass information to Iraq before the 2003 invasion, but she declined to make any specific allegations about Russian involvement.

"I don't have any reason to doubt or confirm the report at this point," Ms. Rice said on "Fox News Sunday." "I do think we have to look at the documents and look very carefully."

She added that the administration would "take very seriously any suggestion that a foreign government may have passed information to the Iraqis" before the invasion and that "we will raise it with the Russian government." She said she hoped that "the Russian government would take seriously any such charges."

DOJ_NMG_0021137

A military report released Friday said that captured Iraqi documents described a Russian spy operation aimed at the United States Central Command and that information on American war plans and troop movements was passed to Iraq through the Russian ambassador in Baghdad.

On Saturday, Russian foreign intelligence services denied that American military secrets had been passed to Iraq.

On "Fox News Sunday" and on the NBC program "Meet the Press" Ms. Rice said it would be too early to jump to the conclusion that if information had been passed on to Saddam Hussein's government, it was done at the direction of the leadership in Moscow.

The military study said that some information Iraq had obtained from Russian sources was false, raising the possibility that it might have been part of a deliberate American effort to fool or demoralize Iraqi leaders. Ms. Rice said she did not know if any leaked information might have been part of a "disinformation" campaign.

"I don't want to jump out ahead and start making accusations about what the Russians may or may not have known," she said.

U.S. To Probe Russia On Iraq Intel Report (AP)

By Douglass K. Daniel, Associated Press Writer

AP, March 27, 2006

The Bush administration will ask Russia about a report that Moscow turned over information on American troop movements and other military plans to Saddam Hussein during the U.S.-led invasion of Iraq, Secretary of State Condoleezza Rice said Sunday.

"Any implication that there were those from a foreign government who may have been passing information to the Iraqis prior to the invasion would be, of course, very worrying," Rice said on CNN's "Late Edition."

"I would think the Russians would want to take that very seriously as well," she said.

A leading Senate Democrat said if the report is found to be true, the administration should reassess its relationship with Russia and reconsider President Bush's participation in a July summit meeting in St. Petersburg, Russia, of the world's economic powers.

Rice declined to speculate on whether Russia's actions, as detailed in a Pentagon report based on captured Iraqi documents, resulted in casualties among U.S. troops or what Russian President Vladimir Putin knew about any possible Russian involvement.

"We will certainly raise it with the Russian government. We want to take a real hard look at the documents and then raise it with the Russian government," Rice said on NBC's "Meet the Press."

The Russian Foreign Intelligence Service has dismissed the allegation that Moscow provided information to Saddam, whose government was toppled in the invasion.

"I think we need an entirely new assessment of our relationships with Russia, should this be true," Sen. Edward Kennedy (news, bio, voting record), D-Mass., told CBS' "Face the Nation." He questioned whether Bush should attend the Group of Eight meeting in the summer. "Clearly, we're not going to have business as usual," Kennedy said.

The top Democrat on the Senate Armed Services Committee said "anything is possible in the area of intelligence." Sen. Carl Levin (news, bio, voting record) of Michigan said if the report proved true, "it would be obviously plenty discouraging as well as disgusting" and the U.S. should find ways to let the Russians know "that kind of conduct is not going to be acceptable to us."

A Pentagon report released last week said that two captured Iraqi documents indicate that Russia obtained information from sources "inside the American Central Command" in Qatar. Russia passed battlefield intelligence to Saddam through the former Russian ambassador in Baghdad, Vladimir Titorenko, according to the Pentagon report.

"I will tell you that we take very seriously any suggestion that a foreign government may have passed information to the Iraqis prior to the American invasion that might have put our troops in danger," Rice told "Fox News Sunday."

"I do think we owe it to everyone to take a hard look at the reports and to really understand what's there."

Rice, who was Bush's national security adviser at the time of the invasion, said she knew nothing of these reports back then.

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"I would not jump to the conclusion that this — if, indeed, the reports are true — that it had to be Moscow-directed," Rice said.

Calls to the Russian Foreign Minister on Sunday went unanswered. A statement posted on the ministry's Web site noted that Rice and the foreign minister, Sergey Lavrov, spoke by telephone Friday about Iran and "a series of international problems," but did not mention the newly released Pentagon report.

U.S. To Ask Moscow If It Leaked Plans To Iraq (WP/AP)

By Associated Press

The Washington Post, March 27, 2006

The Bush administration will ask Russia about a report that Moscow turned over information on American troop movements and other military plans to Saddam Hussein during the U.S.-led invasion of Iraq, Secretary of State Condoleezza Rice said yesterday.

"Any implication that the, that there were those from a foreign government who may have been passing information to the Iraqis prior to the invasion would be, of course, very worrying," Rice said on CNN's "Late Edition."

Rice declined to speculate on whether Russia's actions, as detailed in a Pentagon report based on captured Iraqi documents, resulted in casualties among U.S. troops or what Russian President Vladimir Putin knew about any possible Russian involvement.

"We want to take a real hard look at the documents and then raise it with the Russian government," Rice said on NBC's "Meet the Press."

The Russian Foreign Intelligence Service has dismissed the allegation that Moscow provided information to Hussein.

"I think we need an entirely new assessment of our relationships with Russia, should this be true," Sen. Edward M. Kennedy (D-Mass.) told CBS's "Face the Nation." He questioned whether President Bush should attend the July summit of the world's economic powers, the Group of Eight, in St. Petersburg, Russia.

A Pentagon report released last week said two captured Iraqi documents indicate that Russia obtained information from sources "inside the American Central Command" in Qatar. Russia passed battlefield intelligence to Hussein through the then-Russian ambassador in Baghdad, Vladimir Titorenko, the Pentagon report said.

Rice, who was Bush's national security adviser at the time of the invasion, said she knew nothing of these reports back then.

US To Quiz Russia Over 'strategy Leaks' To Saddam (FT)

By Caroline Daniel

Financial Times, March 27, 2006

The Bush administration would ask Russia about a report that it shared information about US military strategy with Saddam Hussein in the lead-up to the invasion of Iraq, Condoleeza Rice, secretary of state, said on Sunday.

A US military study released by the Pentagon alleges that the Russian ambassador in Iraq provided information collected from inside the American Central Command in Doha to Saddam Hussein.

The documents, from March and April 2003, included forecasts of planned troop numbers and US tactics to focus on Baghdad, rather than to target Iraqi cities during the invasion, the study alleges.

Stephen Hadley, national security adviser, speaking on CBS's Face the Nation, said: "There are further questions that we need to raise, but it's a serious matter and we'll be talking to the Russians about it," while Ms Rice pledged on NBC that she would "take a real hard look at the documents and then raise it with the Russian government".

Mr Hadley said the documents passed to Mr Hussein "dealt with war plans that we had. And for that reason, we take [this] very seriously. Any time a country provides information to an enemy that would potentially put people at risk, we take that very seriously. We will be raising it with the Russians.

"There are a lot of things we don't know. We don't know how they got it out of Centcom. We don't know whether what the ambassador did was authorised or not."

The allegations added to congressional concern about the direction of Russia.

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Senator Edward Kennedy said on Sunday he could not think of anything "on the president's desk or on the National Security Council desk more important. And I think we need an entirely new assessment of our relationships with Russia, should this be true".

Mr Kennedy also called for the US to reconsider whether to attend the Group of Eight economic summit in St Petersburg in July. Mr Hadley did not endorse a boycott of the summit.

President George W. Bush in his first term hailed his strong personal relationship with Vladimir Putin, noting that he had looked the president in the eye and "seen his soul". In the 2002 National Security Strategy document Russia was praised for being "in the midst of a hopeful transition, reaching for its democratic future".

However,in the latest NSS document this month, Russia was accused of backsliding on democracy.

U.S. To Ask Russia About Whether It Helped Saddam (USAT)

By From wire reports

USA Today, March 27, 2006

WASHINGTON — The Bush administration will ask Russia about a report that Moscow gave Saddam Hussein information on American troop movements during the U.S.-led invasion of Iraq, Secretary of State Condoleezza Rice said Sunday.

"Any implication that there were those from a foreign government who may have been passing information to the Iraqis prior to the invasion would be, of course, very worrying," Rice said on CNN's Late Edition. "I would think the Russians would want to take that very seriously as well."

Rice declined to speculate on whether Russia's actions, detailed in a Pentagon report based on captured Iraqi documents, resulted in U.S. casualties or what Russian President Vladimir Putin knew about any Russian involvement. "We will certainly raise it with the Russian government," Rice told NBC's Meet the Press.

The Russian Foreign Intelligence Service has dismissed the allegation that Moscow provided information to Saddam in 2003.

A Pentagon report released last week said two Iraqi documents indicate Russia obtained information from sources "inside the American Central Command" in Qatar. According to the documents, Russia passed battlefield intelligence to Saddam through Vladimir Titorenko, the Russian ambassador in Baghdad, the report said.

Also:

•On Meet the Press, Rice said it is "probable that we will see a significant drawdown of American forces over the next year" in Iraq. She added, "It's all dependent on events on the ground."

•She told Late Edition the United States is pushing Iraq's leaders to form a unity government. Negotiations on the new government are in their third month. "The only reason that people are pressing them to get it done more quickly is that there is a violent insurgency that might try to take advantage of the period of time in which there isn't a government," she said.

Putting More Time On The Iraq Clock (USNEWS)

By Julian E. Barnes

U.S. News and World Report, March 27, 2006

George Bush has acknowledged the elephant in the Oval Office: Iraq will not be wrapped up on his watch. It will be up to "future presidents and future governments of Iraq," Bush said last week, to determine when American troops will make their final exit. Until now, that is a reality Bush himself avoided voicing. But observers of the war have long realized that, barring an unlikely act by the next Congress demanding immediate withdrawal, the American mission in Iraq will continue after the current president has left the White House.

What is far from obvious, though, is the composition of that force. The American presence could look much as it does today, with the bulk of the forces being combat brigades. Or it could be that much of the infantry will be gone and that teams of advisers and trainers will make up the majority of a far smaller force.

Shrinkage. The drawdown of the American military has already begun. U.S. forces surged to a temporary high of 160,000 for last December's Iraqi elections, but commanders said they hoped to reduce the American footprint to about 130,000 by the

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end of March. Military leaders have drafted a plan--although officers insist it is a "goal," not a plan--to continue to shrink the force in Iraq during the course of this year to below 100,000.

The civil sectarian strife that has surged while Shiite, Sunni, and Kurdish politicians have wrangled over the creation of a unity government has prompted speculation that the drawdown would be derailed. In recent weeks, Gen. George Casey, the top American commander in Iraq, brought some of the reserve "quick reaction force" stationed in Kuwait to Baghdad, where they will remain until a new government is seated. But military officials say such temporary reinforcements will not change the long-term outlook. "Reducing the force will continue," says an officer. "That has not been impacted by this hiccup of sectarian violence."

More than a year ago, the primary mission of the American forces in Iraq shifted from fighting the insurgency to training the Iraqis to fight. The strategy may be starting to pay off--117 Americans died in January and February, compared with 152 in November and December. The decrease could be a result of insurgents shifting to Iraqi targets, as well as improving American training and tactics. But, as one officer points out, it is also a sign that more Iraqi forces are handling the messy duty of patrols and raids.

At the urging of Defense Secretary Donald Rumsfeld, once a leading opponent of peacekeeping operations, the military is establishing a new institute, the Joint Center for International Security Force Assistance, to study how to best train foreign militaries. Figuring out when American units should ramp down their assistance and hand over responsibility to Iraqi units is one of the big questions for the center. "There have been a lot of peacekeeping operations that have gone on [indefinitely]," says Col. Steven Mains, the center's deputy director. "I don't want to paint a bleak picture that we will always be there [in Iraq], but how to do the disengagement is a difficult issue."

Leaving. Mains says the goal in Iraq may be to work toward a situation like that in South America, where the United States periodically sends small groups of advisers to help train military units. But troop-intensive peacekeeping obligations are notoriously difficult to shake. President Bush entered office opposed to open-ended peacekeeping missions and pledging to bring troops home from Bosnia and Kosovo. Six years later, a small American force remains in the Balkans.

The 2000 debate over the Balkans will very likely pale in comparison with the debate over Iraq in the 2008 presidential election. The shape of that discussion will, of course, depend on the ground situation. Still, there will be no getting around the reality that the U.S. presence in Iraq probably will be one of the most important questions facing Bush's successor.

Russian Leak Report Won't Keep U.S. From G-8 (WT)

By Audrey Hudson

The Washington Times, March 27, 2006

The U.S. is unlikely to boycott the Group of Eight summit in St. Petersburg based on a report showing information-sharing between Iraq and Russia, but officials are demanding to know whether a Russian ambassador was authorized to leak military actions to Iraqi dictator Saddam Hussein before the U.S.-led invasion in 2003.

Even if the Pentagon report released last week is true, the economic summit hosted by Russia is too important to neglect, National Security Adviser Stephen J. Hadley said yesterday.

"It's going to be interesting this year because the attention of the international community is going to be focused on St. Petersburg this summer, and one of the questions they're going to raise is what about democracy in Russia?" Mr. Hadley told CBS' "Face the Nation."

Secretary of State Condoleezza Rice noted that Moscow sided against the U.S. on the invasion of Iraq, but said the Bush administration wants to know Russia's full role.

"Any implication that there were those from a foreign government who may have been passing information to the Iraqis prior to the invasion would be, of course, very worrying," Miss Rice said on CNN's "Late Edition." "I would think the Russians would want to take that very seriously as well."

Moscow has denied any involvement in the matter.

Sen. Edward M. Kennedy, Massachusetts Democrat, suggested the boycott earlier on "Late Edition." He said the United States needs to reassess its relationship with the former Soviet Union.

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He said the matter is of "enormous importance and consequence" because any such action by Russia would have endangered American lives.

"I think you'd have to rethink whether we're going to the G-8 conference. Clearly, we're not going to have business as usual," Mr. Kennedy said.

The Pentagon says a Russian mole at the U.S. military Command in Doha, Qatar, gave secret information about troop movements and operations to the Iraqi government.

The Senate returns today from a 10-day recess, and the Select Committee on Intelligence has asked for a Pentagon briefing.

"We'll get to the bottom of it," said Sen. Pat Roberts, Kansas Republican and intelligence committee chairman.

He said the report is no surprise.

"We had the oil-for-food situation, and then Russia depending on the oil from Iraq, so I'm not too terribly surprised. I would be surprised if that connection went all the way to Moscow, and that was some direct planning by [Russian President Vladimir] Putin," Mr. Roberts said. "I am not surprised, however, by Russian spying. I don't want to cause a major flap here, but that's what they do."

Mr. Roberts pointed out that Saddam ignored the reported advice from the spy.

"Saddam Hussein just didn't get it in regards to the invasion whether we would be successful or not," he said. "He's an egomaniac."

Basics Of Democracy Include Frustration (USAT)

By Thomas Frank

USA Today, March 27, 2006

BAGHDAD — Nearly three years ago, Salam Hanoon was among those leading the effort to bring democracy to the Iraqi capital. He helped create one of the first municipal councils to represent thousands of people in his Baghdad neighborhood. But last week, Hanoon realized the agonizing inefficiency of his creation.

As his colleagues on the Karrada District Advisory Council lamented the dilapidated local streets, sewers and electrical service, Hanoon silently stood up, gathered his papers and went out for a break.

“It is useless to be here,” Hanoon said, dragging on a cigarette moments later on a patio outside the district council office. “It's a waste of time when everyone talks about their problems. Everybody already knows the problems.”

As Iraqi and U.S.-led coalition troops struggle to contain a deadly insurgency, a little-noticed battle is unfolding in meeting rooms across the country. Iraqis are trying, after decades of authoritarian rule, to learn fundamentals of democracy and take control of rebuilding efforts and governance now largely handled by the United States.

Empowering Iraqis to decide which streets get paved and which power plants are rebuilt increasingly is seen as vital to stabilizing the country. “It builds confidence in government and drives a wedge between Iraqi people and terrorists and insurgents,” says Daniel Speckhard, director of the Iraq Reconstruction Management Office, which has overseen the $21 billion, U.S.-financed rebuilding of Iraq's infrastructure. “Most Iraqis think government is not responsive to them.”

Hanoon said he wanted to change that when he began forming a district advisory council in the mostly Shiite Muslim, middle-class Karrada neighborhood two weeks after Saddam Hussein's regime fell. Despite his occasional frustrations, Hanoon said, the council has been able to get U.S. money to build new neighborhood health clinics and water-treatment plants, and he recently fixed 46 broken water pipes.

Mohammed al-Rubeiy, the council chairman, said the council's first vote in September 2003 was to seek money to repair 165 neighborhood schools “so people would see some change.”

Efforts to build local governments across Iraq started in 2003 when the U.S.-led occupying authority appointed community leaders to dozens of local district councils. Baghdad has 15 councils: nine inside the city of 5 million and six on the outskirts. Each has a couple dozen unpaid members.

The councils have no legislative, financial or administrative authority. They were formed to assess neighborhood needs and seek funding from U.S. agencies, private organizations and, more recently, the Iraqi government. “We formulated this form of

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government because there was no government," said Master Sgt. Robert Young, who leads an Army civil-affairs team teaching Baghdad's councils basics of governance, such as the need to print a meeting agenda.

District councils existed under Saddam, but members were picked by the ruling Baath Party "to keep an eye on people and what they do," said Hussain al-Bahraini, Baghdad's deputy mayor.

Early last year, Iraqis elected councils for each of the country's 18 provinces. Those provincial councils, which get advice from the district councils, are at the heart of U.S. efforts to put Iraqis in charge of rebuilding.

Sunday, U.S. Ambassador Zalmay Khalilzad announced the creation of a U.S.-led team to teach the Baghdad provincial council how to solicit bids for a project, accept the best offer and manage a contract.

Other U.S.-led teams have been operating in three Iraqi provinces since November. Each province is expected to have its own team by this summer, Speckhard said.

It's part of an accelerated effort to put Iraqis in charge of reconstruction and replace Saddam's corrupt national government. The shift from centralized to decentralized government "is one of the most important transitions facing Iraq," Khalilzad said Sunday.

The transition is painstaking. At the Karrada District Advisory Council office, a former palace belonging to Saddam's daughter Hala, a sign reading "Please No Gifts" near the entrance suggests a new anti-bribery ethos. Inside the meeting room, council members ranted for an hour about the dangerous streets and the need for help from the national government, but no one suggested taking any action. "That's not the Iraqi way," said Young, the Army adviser. "They just discuss it."

Some councils struggle for legitimacy. In Sadr City, a Shiite neighborhood controlled by radical cleric Muqtada al-Sadr, the district council "is in an uphill fight because of (al-Sadr's) Mahdi militia and the authority they have over the people," Young said.

Despite this, Oliver Moss, a U.S. Embassy political officer who works with Baghdad's district councils, said he has seen new signs of hope. The Baghdad provincial council has no Sunni members because Sunnis boycotted the January 2005 elections. The council initially ignored Sunni neighborhoods when they suggested projects, forcing Moss to point out that they are supposed to represent all of Baghdad.

Now, Moss said, the council is seeking funding for Sunni neighborhoods. "They're just learning democracy," he said.

Iraqi Police Say U.S.-Led Raid Kills At Least 17 At Shiite Mosque (LAT)

By Richard Boudreaux

The Los Angeles Times, March 27, 2006

BAGHDAD — At least 17 Iraqis were killed Sunday night when U.S. and Iraqi special forces stormed a mosque and clashed with Shiite Muslim militiamen, police officials said, further inflaming the country as its leaders struggled to form a new government and stem sectarian violence.

An Iraqi police official said the dead were Shiite worshipers at the Mustafa mosque in northeast Baghdad. State-owned Al Iraqiya television showed more than a dozen male corpses, at least one of them elderly, laid out in what appeared to be a prayer room as a grieving man in white robes stepped among them on a blood-smeared concrete floor.

The incident is politically explosive because the mosque is a stronghold of followers of the radical Shiite Muslim cleric Muqtada Sadr, whose Iranian-backed movement has a powerful bloc in parliament and a large sectarian militia. Sunday's clash was the most serious between that militia and U.S. forces since Sadr led two anti-American uprisings in 2004.

In increasingly insistent language, U.S. Ambassador Zalmay Khalilzad has been pressing Iraq's leaders to disband such militias, which he blames for much of the sectarian killing here since the Feb. 22 bombing of a Shiite shrine in the mostly Sunni Arab city of Samarra.

Dozens of people are found dead each day in a shadowy campaign of executions.

On Sunday, police and medical officials in Baqubah got a tip that the bodies of 30 beheaded men had been found earlier in the day beside a highway between Baqubah and Baghdad. Iraqi army troops were waiting for U.S. military support before going into the insurgent-infested area to retrieve them.

If Iraqi accounts of the assault on the mosque are confirmed, it could undermine the U.S. effort to disband the militias and centralize control of security issues.

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The early evening raid on the mosque, in the Ur district, came as security in and around Baghdad appeared to be deteriorating rapidly.

Witnesses told of helicopters buzzing overhead and heavily armed Humvees sealing off the streets around the mosque, which also serves as a headquarters for Sadr's militia. Soldiers tried to enter, setting off an hourlong gun battle that lasted past dark.

U.S. military officials, responding to inquiries about the incident, issued a report saying 16 insurgents had been killed in a raid about the same time by American and Iraqi forces in Adhamiya, a Sunni district. The statement said "no mosques were entered or damaged during the operation."

The two districts are about three miles apart, and the officials did not return telephone calls to clarify whether their report referred to a different operation.

Because an overnight curfew took effect before news of the clashes broke, it was impossible to travel to the area to reconcile the two accounts.

In a statement read on television, Prime Minister Ibrahim Jafari said he was "deeply concerned" by the killings, and had elicited a promise from Army Gen. George W. Casey, the top U.S. military commander in Iraq, to investigate them.

"We call upon the sons of our people to be aware of what is being plotted against the country," Jafari said. "We hope that they will have patience until the conclusion of the ongoing, immediate investigations."

Reaction from Sadr's followers was strident.

"I think we are going to have a firm stance against the American forces because of this crime," said Salam Maliki, a Sadr follower who is the interim government's minister of transport.

He blamed the raid on Khalilzad's vocal campaign against the militias.

The American operation also drew condemnation across Iraq's sectarian divide.

Saleh Mutlak, a leading Sunni politician, said: "We are trying to dissolve the militias and stop the bloodshed. This act by American troops will pull us into civil war."

One witness to the raid, shown speaking on state television, said the incident unfolded during funeral services at the mosque for a man killed three days earlier in an attack by Sunni-led insurgents.

Jawad Maliki, an official of the prime minister's Islamic Dawa Party, told the TV station that U.S. and Iraqi forces chased a wanted suspect to the mosque.

Hazim Araji, a Sadr representative in Baghdad, said people inside the mosque heard that American troops were outside before the shooting started. He said the Sadr movement contacted officials in the Iraqi government to ask what was happening.

"They told us we have to calm down the worshipers because they are not the targets," Araji said in a telephone interview. "We were told that the worshipers should stay inside."

The details of what happened next are unclear. There were varying accounts of what kind of weapons the troops used and whether they entered the mosque. One policeman, in an unofficial account, said the mosque appeared to have been hit by rockets and that part of it caught fire.

Abdul-Hadi Darraji, another Sadr representative, said the movement's office inside the mosque was damaged by flames.

Capt. Khattab Omer, a police official, said 17 people he described as worshipers were killed and four others were injured. Other accounts put the death toll as high as 22.

Residents of the neighborhood, contacted by telephone, said they could hear gunfire and ambulances. Black-clad gunmen of Sadr's Al Mahdi militia poured into the streets, they said.

The operation described by the U.S. command appeared to differ markedly. It was aimed, U.S. officials said, at the Sunni-led insurgency rather than a Shiite mosque. In scant detail, the U.S. command's statement described a joint U.S.-Iraqi raid on a "terrorist cell" that left 16 insurgents dead, one Iraqi soldier wounded, 15 men under arrest and a cache of bomb-making material seized.

The storming of the mosque came a few hours after at least one mortar round fell about 50 yards from Sadr's home in the southern holy city of Najaf, wounding a guard and a child.

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Sadr blamed the shelling on U.S.-led forces. "Either they overlook these attacks or they do it themselves," he said in a written statement. "I urge my brothers not to be trapped by the Westerners' plots."

The young cleric's rising stature as a political player has alarmed U.S. officials hoping to wind down the American presence and leave behind a stable government.

U.S. and Iraqi officials worry that Sadr's movement, with its arsenal of weapons and radical ideology, poses a threat to any central authority and inspires other political movements to take up arms.

Prodded by Khalilzad, the five main political factions in the parliament elected Dec. 15 have been trying to form a unity government with a strong national army and police force.

They have made progress over the last week, but Sunday's talks hit a snag over a proposal that would allow the next prime minister, again expected to be a Shiite, to oversee the security forces. Sunni negotiators objected, charging that the current Shiite-controlled Interior Ministry is infiltrated by militias that have carried out extrajudicial killings of hundreds of unarmed Sunnis in recent months.

President Jalal Talabani, a Kurd, canceled a trip to this week's Arab League summit in Sudan to avoid any delay in the negotiations, which he has been leading.

Sunday brought more violence. In addition to the 30 bodies discovered near the highway, police said 13 corpses were found in other parts of the country and 10 other Iraqis were killed. They included a 13-year-old boy hit by a bomb blast as he walked to school in the southern city of Basra.

Arkan Bawi, a police major accused of heading a death squad in Baqubah, was summoned to Interior Ministry headquarters in Baghdad and placed under arrest. It was unclear what prompted the rare instance of an official investigation into such charges.

The accused man was identified as a brother of the police chief in Diyala province.

Internal Tensions Test Shiites' Sway Within Iraq (WSJ)

By Philip Shishkin

The Wall Street Journal, March 27, 2006

BAGHDAD, Iraq -- Last year, a Shiite militia in southern Iraq staged protests and threatened to attack police precincts in a failed effort to oust a provincial police chief loyal to a rival Shiite group. A few months later, the two factions clashed over a more important office -- that of Iraq's prime minister.

The Shiite political scene is dominated by two rival forces: the Supreme Council for Islamic Revolution in Iraq and a movement led by radical cleric Moqtada al-Sadr. As the Shiites consolidated control over key levers of national power in the past year, the conflict between Sciri and the Sadr movement has grown from a series of local skirmishes in the south to a struggle for greater influence over the whole country.

While sectarian violence between Sunni and Shiite Arabs continues, tensions within the Shiite camp show that Iraq's problems go beyond classification by sect and ethnicity. They include fissures within the country's largest community -- the Shiites who make up about 60% of the population and dominate the oil-rich south of the country along with large sections of the Iraqi capital. The rivalry between Sciri and the Sadr movement inspires fear and hope among Iraq's Sunni Arab and Kurdish groups at a time when the country is paralyzed by delays in forming a more inclusive government.

On one hand, the intra-Shia conflict is worrisome because both factions field militias that have clashed in the past and could again if their leaders fail to preserve the unity of the Shiite parliamentary coalition called the United Iraqi Alliance. "If tomorrow you have a fight between Sciri and Sadr, it could be very dangerous for all of Iraq," says Mahmoud Othman, a Kurdish member of Parliament.

On the other hand, these fissures could provide an opening for Sunni political groups seeking to weaken the alliance's dominance (it holds 130 of 275 parliamentary seats). "The situation would be worse if [Sciri and the Sadr movement] were in a complete agreement," says Saleh Mutlaq, head of the National Dialogue Front, one of the two main Sunni blocs in the national assembly.

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The rivalry between Mr. Sadr's movement and Sciri has a long history. Before the ouster of Saddam Hussein, the supreme council and its militia, the Badr Brigade, operated from Iran. Mr. Sadr and his followers stayed in Iraq and continue to criticize Sciri for fleeing the country. Mr. Sadr, whose influential father was assassinated during Mr. Hussein's rule and has fashioned himself as an Iraqi nationalist, launched two uprisings against the U.S. forces and has even made overtures to hard-line Sunni groups. Yesterday, a mortar round landed close to the cleric's home in the holy city of Najaf, wounding a guard. Mr. Sadr's power base rests largely on poor, disaffected Shiite youths, who make up a bulk of his militia, the Mehdi Army, and live in places like Sadr City, a sprawling Baghdad slum.

The supreme council, led by Abdul-Aziz al-Hakim, generally draws on a more settled constituency and is believed to hold more sway in regional governments in the south. The council's militia, the Badr brigade, has blended with parts of Iraq's interior ministry headed by a Badr loyalist. Since the overthrow of Mr. Hussein, the Sadr movement and Sciri have wrestled over control of Iraq's south, which holds not only vast oil deposits but also sacred Shiite shrines. They have installed loyalists in police departments and government offices, and have sometimes taken their disputes to the streets. "Without any doubt, the militias give them more importance," says Ayad Jamaluddin, a Shiite member of a secular parliamentary bloc led by former Prime Minister Iyad Allawi.

Factions within Iraq's ethnic and sectarian communities have demonstrated ample potential to quarrel among themselves. In the 1990s, for instance, the two main Kurdish groups fought for control of the autonomous region and then divided it into two parts.

For now, Sciri and the Sadr movement forged a tactical alliance to give their coalition more influence in national politics and to preserve Shiite unity in the face of a Sunni insurgency that often targets Shiites. Their militias have been accused of staging reprisal attacks against Sunnis. In public, the two political groups are playing down their disagreements. "There's no problem between Sciri and the Sadr movement; there are different opinions, but this is normal," says Hadi al-Ameri, a member of Sciri's political council. Nasir al-Sayidi, a politician from the Sadr movement, acknowledges there are tensions between the two groups that "sometimes make things unstable within the coalition," though he stresses the alliance unity isn't in danger.

Sciri and the Sadr movement remain at odds over key points of policy. Mr. Hakim champions the cause of southern federalism, which could give the region the same autonomy enjoyed by the Kurds in the north. Mr. Sadr says federalism would shatter Iraqi unity, a position that places him close to the Sunnis who fear a federal Iraq would leave them even more marginalized. Analysts say the Sadr movement has another reason for opposing federalism: control over southern Iraq is likely to go to Sciri at this stage.

These and other tensions came to the surface earlier this year when the Shiite alliance in the national assembly split over who should be Iraq's next prime minister. "The entire Shia coalition was really more a marriage of convenience," says a Western official in Baghdad.

As the largest parliamentary bloc, the alliance had the right to name its candidate, who would need to be confirmed by a two-thirds majority in Parliament. With backing from Sadr deputies, Ibrahim Jaafari, the current prime minister, narrowly beat Adel Abdul Mahdi, a favored Sciri candidate. Major Sunni and Kurdish blocs soon mounted a campaign to block the nomination of Mr. Jaafari, whom they view as inefficient and sometime hostile to their interests.

The flap put Sciri officials in a quandary. They were embarrassed that their candidate had lost to the one favored by the Sadr movement. Openly opposing Mr. Jaafari would risk splitting the Shiite alliance in Parliament and weakening its strength vis-a-vis the other blocs.

The stalemate over the new prime minister and the cabinet continues, with more meetings planned for this week. One idea under discussion is to ask the Shiite alliance to name several candidates for the top post along with Mr. Jaafari, and then have the full Parliament vote on each one.

U.S.: Iraqi Forces Kill At Least 16 Linked To Al-Sadr (USAT)

By From wire reports

USA Today, March 27, 2006

DOJ_NMG_0021146

BAGHDAD — Iraqi forces killed at least 16 insurgents and arrested 15 others Sunday in a raid on a terrorist cell with ties to a radical Shiite cleric, the U.S. military said.

An aide to the cleric accused the soldiers of killing unarmed civilians.

U.S. Central Command said the Iraqi special operations forces were fired on as they entered a building used by men loyal to Muqtada al-Sadr, a cleric with Iranian backing who has clashed with coalition troops before.

"Iraqi special forces conducted a twilight raid … to disrupt a terrorist cell responsible for conducting attacks on Iraqi security and coalition forces and kidnapping Iraqi citizens," a statement from Central Command said.

U.S. forces backed the raid in the neighborhood of Aadhamiya, according to the statement. Iraqi soldiers found some bombmaking equipment and weapons.

Accounts of the raid varied. Police Lt. Hassan Hmoud said the shooting started when U.S. forces came under fire from an unknown source in the direction of a mosque and the Islamic Dawa Party-Iraq Organization office.

Hmoud put the death toll at 22. He said some of the casualties were at the Dawa Party office near the mosque.

Abdul-Zahra al-Suaidi, head of al-Sadr's office in Baghdad, accused U.S. forces and Iraqi soldiers of opening fire at the al-Moustafa mosque in an unprovoked attack on unarmed civilians. The mosque is frequented by al-Sadr's followers.

Shiite legislator and Dawa Party spokesman Khudayer al-Khuzai said the attack happened at a building near the mosque where party members were holding a "cultural meeting."

"They have nothing to do with the acts of violence," he said.

U.S. military spokesman Lt. Col. Barry Johnson said the building in which the raid occurred was not a political office.

"The building was not a party headquarters but a community meeting room, and there was substantial intelligence on this building showing that that was not, in fact, what it was used for," he said.

Iraq Prime Minister Ibrahim al-Jaafari telephoned Iraqi military leaders and U.S. commander Gen. George Casey to "discuss the situation," spokesman Abdul Rezzaq Al-Kadhimim said.

Also Sunday, the bodies of 30 people, many beheaded, were found on a road north of Baghdad.

Shiite Fighters Clash With G.I.'s And Iraqi Forces (NYT)

By Jeffrey Gettleman

The New York Times, March 27, 2006

BAGHDAD, Iraq, March 26 — American and Iraqi government forces clashed with Shiite militiamen in Baghdad on Sunday night in the most serious confrontation in months, and Iraqi security officials said 17 people had been killed in a mosque, including its 80-year-old imam.

The American military, clearly worried about exacerbating a combustible situation that many Iraqis are already describing as civil war, denied that American forces had entered the mosque. But it said in a statement that 16 insurgents had been killed and 15 captured in a nearby combat operation against a terrorist cell.

The differing versions of what happened seemed to raise a broader question about who is in control of Iraq's security at a time when Iraqi politicians still have not formed a unified government, sectarian tensions are higher than ever and mutilated bodies keep surfacing on the streets. On Sunday, Iraqi authorities found 10 bodies in Baghdad and said they were investigating a report that 30 men were beheaded near Baquba.

American officials are now saying that Shiite militias are the No. 1 problem in Iraq, more dangerous than the Sunni-led insurgents who for nearly the past three years have been branded the gravest security threat.

Shiite militias have been accused of running death squads that kidnap and brutalize Sunni men, and on Sunday the American militay said the cell its forces raided had kidnapped Iraq civilians.

But the deadly clash could reopen an old wound. The Iraqis who were killed had apparently worked for Moktada al-Sadr, a young radical Shiite cleric with ties to Iran who has led several bloody rebellions against American forces.

Mr. Sadr has recently become much more politically aggressive and he is considered a pivotal force in the maneuvering over the delayed formation of a new government.

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Earlier on Sunday, a mortar shell nearly hit Mr. Sadr's home in the southern holy city of Najaf. Immediately he accused the Americans of trying to kill him.

American officials have been more overt in the past week than ever in blaming Mr. Sadr's militia for a wave of sectarian bloodshed that seems to have no end.

On Sunday night, American and Iraqi Army forces surrounded a mosque in northeast Baghdad used by Mr. Sadr's troops as a headquarters, Iraqi officials said. Helicopters buzzed overhead as a fleet of heavily armed Humvees sealed off the exits, witnesses said, and when soldiers tried to enter the mosque, shooting erupted, and a heavy-caliber gun battle raged for the next hour.

The Interior Ministry said 17 people had been killed, including the mosque's 80-year-old imam and other civilians.

Sheik Yousif al-Nasiri, an aide to Mr. Sadr, said that 25 people had been killed and that American troops had shot the mosque guards and then burst inside and killed civilians.

American officials provided few details about the raid on Sunday night.

A short news release said that Iraqi Special Forces soldiers, advised by American Special Forces personnel, conducted a raid to "disrupt a terrorist cell" and that "no mosques were entered or damaged during this operation."

The release also said no American soldiers had been hurt in the raid, and one prisoner being held by the gunman had been freed.

Lt. Col. Jonathan Withington, an Army spokesman, said he could not comment on any reports of civilian casualties, including the imam.

Iraqi television showed what appeared to be a prayer room filled with more than a dozen bodies. Several looked well beyond military age. Some had identification cards on their chests, with jagged bullet holes drilled through the plastic.

Just one day earlier, Zalmay Khalilzad, the American ambassador, urged Iraqi leaders to crack down on militias.

"More Iraqis are dying from the militia violence than from the terrorists," he said. "The militias need to be under control."

But few expect the Shiite prime minister, Ibrahim al-Jaafari, to do anything soon.

He is embroiled in negotiations over who will serve in the next government, and despite continuous American prodding, little progress has been made. To a large extent, Mr. Jaafari needs the support of Shiite militia members in Parliament to keep his job.

Both Shiites and Sunnis have militias. But the Shiite militias are much bigger, much better organized and, most critically, much better connected to the Iraqi security forces.

Shiites make up a majority in Iraq, and two rounds of elections have tightened their grip on power, including over the police and commando forces.

Tensions between Shiites and Sunnis have been steadily building, but an attack on a Shiite shrine in Samarra on Feb. 22 unleashed a new level of sectarian fury.

Shiite mobs rampaged through Baghdad, burning Sunni mosques and killing Sunni civilians. Some Sunnis fought back, but there was an imbalance in the killing, and many people said Mr. Sadr's men were responsible for much of the mayhem.

The situation eventually calmed, at least on the surface. Then the bodies starting turning up. The Interior Ministry says the bodies of at least 200 men, many handcuffed and tortured, have been found. Others put the number much higher.

The widespread suspicion is that Shiite militias are running death squads and focusing on Sunni Arab civilians in a wave of sectarian revenge.

Witnesses have said that they have seen Shiite militiamen and officers in the Shiite-controlled police force abduct Sunni men, often in daylight and in public. Their bodies surface days later, many tortured — eyes gouged, toes cut, faces splashed with acid. Few, if any, cases are investigated.

The growing belief is that Shiite militias are trying to get even for the Shiite civilians who have been killed by the thousands and have borne the burnt of terrorist attacks in Iraq. Sunni terrorists are thought to be responsible, and now it seems that Sunni civilians are paying the price.

"It's hard sometimes to sort out who's killing who," said Maj. Gen. Rick Lynch, an American military spokesman. "But there's no doubt there's a significant Shiite impact on all this."

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Mr. Sadr has complicated the picture in two ways. His militia, called the Mahdi Army, has shown an almost messianic zeal to fight American forces, including a long and costly battle in Najaf in the summer of 2004.

Now, his militia is being blamed at least in part for the new problem, the death squads.

Mr. Sadr's top aides deny any connection to the killings, but lower-level Mahdi Army commanders have boasted of vigilante justice.

Two weeks ago, Mahdi Army militiamen hanged four men, whom they called terrorists, from lampposts in Baghdad.

Mr. Sadr has been quick to lash out at the Americans, whom he calls occupiers. After the mortar attack near his home on Sunday, he said in a statement that American forces " either overlook these attacks or they do it themselves."

The mortar wounded a child and a guard.

Other mortar attacks and bombings across Iraq killed at least three people, including two children.

The most gruesome report of violence for the day came from officials in Baquba, who said Sunday evening that 30 men had been beheaded and dumped near a highway.

Interior Ministry officials said a driver had discovered the bodies heaped in a pile next to the highway that links Baghdad to Baquba, a volatile city northeast of Baghdad that has been racked by sectarian and insurgent violence.

Iraqi Army troops waited for American support before venturing into the insurgent-controlled area to retrieve them.

"It's too dangerous for us to go in there alone," said Tassin Tawfik, an Iraqi Army commander.

Later, Baquba officials said they were unable to find the bodies, but would continue the search at daybreak.

In Baghdad, Iraqi officials said that American forces raided a small, secret jail and found several foreign prisoners, possibly people suspected of being terrorists. The soldiers detained the jail guards, though it is not clear for how long, and American officials did not provide any information about the incident. The Associated Press quoted Interior Ministry officials as saying that the prison was legitimate and that the detainees had not been abused.

American-led forces have been turning over more and more security responsibility to the Iraqis, but there are still substantial doubts that Iraqi forces are up to the job. American commanders have sent more troops into Baghdad in the past few weeks and increased their patrols.

Also on Sunday, a Kurdish writer was sentenced to a year and a half in jail for criticizing Kurdish leaders. The writer, Kamal Sayid Qadir, who also uses the name Kamal Karim, had published stories on a Kurdish Web site accusing one of the most powerful men in Kurdistan, Masoud Barzani, of corruption.

Mr. Qadir was originally sentenced to 30 years for defaming Mr. Barzani, but he was retried. A judge on Sunday said he was giving him a lenient sentence because Mr. Qadir was a college professor.

Suicide Car Bomber Kills At Least 15 People Outside Base In Northern Iraq (CNN)

CNN.com, March 27, 2006

BAGHDAD (CNN) -- At least 15 people were killed outside a police recruitment center in northern Iraq Monday, when a suicide car bomber detonated, a base employee told CNN. The casualties are believed to be recruits and officers.

According to the employee, the attack took place around 11:15 a.m. (3:15 a.m. ET) at Kifak Base, which is located between Tal Afar and Mosul.

Police recruits line up outside the base to apply for jobs. (posted 5 a.m.)

27 bodies found in the Baghdad area

BAGHDAD (CNN) -- Police found nine bodies in a southwestern Baghdad's Bayya neighborhood Monday morning, an Iraqi police official told CNN.

According to the official, all had been strangled and showed signs of torture -- some had ropes around their necks.

Late Sunday, Iraqi police found 18 bodies along a road near Tall al-Sakher, a mostly Shiite town northeast of Baghdad, a Baghdad Emergency police official said. Tall al-Sakher is surrounded by number of Sunni towns.

According to the official, eyewitness said gunmen driving in three vehicles attacked a group of young men.

Just before midday Monday, a bomb exploded inside minibus in Sadr City section of the Iraqi capital, killing two people in the vehicle, emergency police said. Three other people were wounded in the explosion.

Two people were wounded when a roadside bomb exploded in eastern Baghdad's Zayuna neighborhood Monday morning, police said.

Three people were wounded when a mortar round landed in central Baghdad. The attack took place in the Karrada neighborhood.

In western Baghdad, four people were wounded when a roadside bomb hit an Iraqi police patrol in Khahtan Square. (posted 4:20 a.m.)

Bomb explodes at al-Sadr office in Baquba

BAGHDAD (CNN) -- A bomb exploded inside the Baquba office of radical Shiite cleric Moqtada al-Sadr late Monday morning, wounding three people, police said.

Al-Sadr has offices for his organizations -- both political and militia -- at locations throughout Iraq.

Baquba is about 35 miles (60 km) north of Baghdad. (posted 4:15 a.m.)

5 children injured in a mine blast in Pakistan

ISLAMABAD (CNN) -- Five children were injured -- two critically -- when their van hit a land mine in Dera Ismail Khan as they were en route to school Monday morning, police said.

Dera Ismail Khan is located near the South Waziristan tribal region, where, according to military officials, Islamic militants are hiding. The fighters have been blamed for attacks on security forces.

No group has claimed responsibility for the blast. (posted 4:15 a.m.)

Defense case takes center stage in 9/11 trial

ALEXANDRIA, VA (CNN) -- Jurors could find out as early as Monday whether Zacarias Moussaoui, the only person put on trial in the United States for the Sept. 11, 2001, terrorist attacks, will testify in his own defense.

Moussaoui, 37, a French citizen of Moroccan heritage who rarely speaks to his court-appointed defense team, announced to them in court last week that he would take the stand "whether you want it or not."

Moussaoui's previous pronouncements in open court have cursed America and praised terrorist leader Osama bin Laden.

The only question before the jury is whether or not Moussaoui deserves the death penalty. (posted 1:35 a.m.)

Nigerian militants release 3 Western oil workers

LAGOS, Nigeria (CNN) -- Three Western oil workers taken captive last month by militants in Nigeria's oil-rich Delta state were released Monday, a government spokesman told CNN.

According to Abel Oshevire, Americans Cody Oswald and Russell Spell and Briton John Hudspith were the final three hostages released by a group opposed to foreign oil investors.

"They have been handed over to Shell officials and embassy personnel in Warri," Oshevire said. "They are well." The other six hostages were released on March 1, after all abducted on Feb. 18. (Posted 11:20 p.m.)

Bomb defused at headquarters of Thai opposition party

BANGKOK, Thailand (CNN) -- A police bomb squad defused an explosive device Monday at the headquarters of the opposition Democrat Party, a party spokesman said.

According to Ongard Klampaiboom, the tissue-sized box contain enough TNT to take down the several story office building and had been placed directly below the office of party leader Abhisit Vejjajiva. Abhisit left the building at 10 a.m., Ongard said, about 10 minutes before the bomb was set to go off.

Thai political parties are currently campaigning for parliamentary elections in April. Faced with extensive protests, embattled Prime Minister Thaksin Shinawatra called a snap vote in early March and promised to step down if his party won less than 50 percent of the vote. (Posted 11:05 p.m.)

Moderate earthquake hits southern Japan

TOKYO (CNN) -- A moderate earthquake jolted southern Japan late Monday morning, but there were no immediate reports of damage or injuries, authorities there said.

The magnitude 5.5 earthquake struck about 11:50 a.m. (9:50 p.m. Sunday ET) off the southern island of Kyushu, about 800 km (500 miles) west-southwest of Tokyo, the Japan Meteorological Agency reported. The U.S. Geological Survey reported the quake's magnitude as a 5.3.

The temblor was centered about 50 km beneath the ocean floor, and no tsunami warnings were issued. (Posted 10:40 p.m.)

Smaller protests as Senate immigration debate nears

LOS ANGELES (CNN) -- Protests against a proposed crackdown on illegal immigrants brought demonstrators to the streets of Los Angeles again Sunday, but in much smaller numbers than Saturday's massive rally.

The Senate is expected to take up the issue this week, with at least four different proposals rattling around the Capitol. But the most controversial is a measure that passed the House of Representatives in December that would fence off 700 miles of the U.S.-Mexican border and make crossing the border illegally a felony.

About 2,000 members of the largely Latino United Farm Workers rallied against that bill Sunday in Los Angeles before a commemorative Mass for the union's founder, Cesar Chavez. But the attendance was a far cry from the estimated half a million people who turned out for a Saturday protest.

The House bill, pushed by Wisconsin Republican congressman James Sensenbrenner, passed the House on a 239-182 vote in December. But it does not include two provisions that are supported by many other Republicans, including President Bush -- a guest worker program and a method that would allow the nearly 12 million workers now in the United States illegally to earn legal status. (Posted 8:18 p.m.)

^Airbus superjumbo passes big test

WASHINGTON (CNN) -- The world's largest passenger aircraft passed a major hurdle toward certification Sunday, when 873 people successfully evacuated in the 90 seconds aviation rules require.

The drill required "passengers" on the double-decker Airbus A380 to slide to the ground from a height of 26 feet. Company officials said one man broke his leg and 33 people suffered minor injuries during the evacuation test in Hamburg, Germany.

Aviation requirements mandate that all passengers of aircraft be able to evacuate in 90 seconds using only half the plane's exits. In this case, the volunteer "passengers'" exited in darkness, and taped by infrared cameras. (Posted 8:25 p.m.)

Clashes around Baghdad mosque kill 20

BAGHDAD (CNN) -- Clashes around a major Shiite mosque on the northern edge of Baghdad's Sadr City left 20 dead Sunday amid differing accounts about who was involved in the fighting.

Police said 20 members of the Mehdi Army militia, loyal to radical Shiite Muslim cleric Muqtada al-Sadr, were killed. Sources inside Sadr's office -- which is inside the mosque -- also said militia members were killed in the raid, which took place at dusk. But Iraqi police and sources in Sadr's office said the U.S. military was battling the militia, while the U.S. military said its troops acted "in an advisory capacity only" as Iraqi troops led the operation.

Meanwhile, Iraqi television showed a room containing dead, bloodied bodies wearing identification tags that say "Dawa Islamic Party," the Shiite party of Prime Minister Ibrahim al-Jaafari. (Posted 5:45 p.m.)

Criminal probe opened in Milwaukee boys' disappearance

(CNN) -- The search for two Milwaukee boys reported missing last week has become a criminal investigation, police said Sunday, but did not say why.

Quadrevion Henning, 12, and his friend Purvis Parker, 11, were last reported seen March 19 as they headed off to play ball at a park near their homes in north-central Milwaukee. Police spokeswoman Anne Schwartz said there was no evidence a crime had been committed, but investigators have determined "an increased possibility" that a crime taken place.

"Canvassing by the task force as well as leads and tips have led us to that conclusion," Schwartz told reporters. "As this is a criminal investigation, that will limit the amount of information that you all are going to be receiving." (Posted 5:45 p.m.)

Survey: Gas up nearly 15 cents per gallon in past 2 weeks

(CNN) -- Gas prices shot up nearly 15 cents over the past two weeks to a national average of $2.50 per gallon of self-serve regular, according to a survey released Sunday.

"Higher crude-oil prices and higher costs from this year's new regulations affecting gasoline recipes are the two main drivers of the price surge," said Trilby Lundberg, publisher of the Lundberg Survey, which compared prices at about 7,000 gas stations on March 24 and March 10.

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Prices have risen about 37 cents since Dec. 2, when they bottomed out at $2.13 per gallon. Lundberg predicted more price increases later in the spring, "when our big driving season kicks in." (Posted 3:29 p.m.)

New York to release recordings of 911 dispatchers on 9/11

NEW YORK (CNN) -- The city of New York this week will release CDs of 911 dispatchers responding to about 130 calls from inside the World Trade Center towers on Sept. 11, 2001, a city official familiar with the issue told CNN Sunday.

The CDs, which will include only the dispatchers' side of the conversations, will also contain some calls made from outside the towers, the official said. The recordings will include both fire and police dispatchers.

The official said that the city has positively identified 28 individuals who made 911 calls on that day. Only one survived the attacks.

The families of 24 of the victims can request copies of the CD recordings with their loved ones' voices unredacted. In the other three cases, the official said, the city could not locate the families.

The release of the redacted CDs follows a three-year court battled led by The New York Times and joined by the families of nine firefighters. That battle finally ended a year ago. The court decision left it up to next-of-kin to decide if the callers' voices in the recordings will be made public. (Posted 2:17 p.m.)

Belarus opposition leader arrested during election demonstration

MINSK, Belarus (CNN) -- A Belarussian opposition leader has been charged with hooliganism and taken away from the capital Minsk, his daughter told CNN Sunday.

Belarussian authorities arrested Alexander Kozulin and the press secretary of another leader Saturday during a demonstration over the nation's recent election, rally organizers said.

The arrests came on a day of more clashes between police and protesters, some of whom chanted "Freedom!" and accused the government of fascism. Police sprayed tear gas, after which some protesters were seen falling over.

Julia Kozulin told CNN that authorities told her that her father was charged with hooliganism and sent to a jail about 45 km from Minsk, but she has been unable to speak with him.

The European Union presidency, meanwhile, condemned the violence used to quell the demonstrations and expressed "serious concern" about the arrests, calling for Kozulin's "immediate release." (Posted 12:21 p.m.)

Rice: Convert's threatened execution doesn't mean anti-democratic rule

WASHINGTON (CNN) -- Secretary of State Condoleezza Rice denied Sunday that the threatened execution of an Afghan man for converting to Christianity highlights a lack of true democracy in a nation the Bush administration points to as as a democratic success.

In an interview with CNN's "Late Edition with Wolf Blitzer," Rice rejected suggestions that Islamic law in Afghanistan and Iraq -- two nations the administration argues are signs Bush foreign policy is working -- could prevent free societies from taking hold.

"These are evolutionary democracies, they're democracies in transition," she said, adding that the United States should be "humble" because of its own history of denying freedoms to its citizens.

"Let me remind everyone: in my lifetime we were trying to get to a place where the vote was assured... for American blacks in the South," she said. (Posted 11:30 a.m.)

Police killed, bodies found in Iraq

BAGHDAD (CNN) -- The following violent incidents in Iraq were reported Sunday:

-- 30 bodies were found along a road n southern Baquba, the Iraqi Army said. All were beheaded. Baquba is about 30 miles (48km) north of Baghdad.

-- A body was found in southern Baghdad near the Dora neighborhood. The person appeared to have been executed, police said.

-- Two police were wounded when a roadside bomb hit their patrol in eastern Baghdad, police said.

-- Two police in the town of Wajihiya, north of Baghdad, were killed and three guards of the mayor were wounded, police said. Gunmen attacked the police station, killing the police; the mayor's guards were wounded when an roadside bomb exploded as they were en route to the police station.

-- Two bodies were found in the city of Khalis, also north of Baghdad. Police said these bodies were also found bound and shot in the head, execution-style. (Posted 10:57 a.m.)

Afghan Christian convert may be released

KABUL (CNN) -- An Afghan man threatened with execution because he converted from Islam to Christianity is expected to be released from custody at the end of the day, a Western diplomat and Afghan officials close to President Hamid Karzai told CNN Sunday.

But other sources in the Afghan judiciary said that the case against Abdul Rahman had been thrown out on technical grounds and sent back to prosecutors to gather more evidence. Those same sources said Rahman may not be released.

Western nations, which have supported the new Afghan government monetarily, have been leaning on the government to free Rahman, and a government source familiar with his case said on Friday he would be released in the coming days.

The Afghan Cabinet met on the matter Saturday, but results of that meeting were unknown. (Posted 9:14 a.m.)

Indian soldier killed in Kashmir ambush

SRINAGAR, Kashmir (CNN) -- Suspected militants ambushed an Indian Army convoy just south of the capital of Indian-controlled Kashmir Sunday morning, killing one Indian soldier and wounding two others, according to Indian Army sources.

One militant was killed in the firefight, which began at 9 a.m. local time as the heavily-armed convoy passed through the town of Pampore, military sources said.

The highway, which the convoy was following on its trip from Srinagar to Jammu, was closed Sunday while the Army searched for militants. --From CNN's Ram Ramgopal (Posted 12:45 a.m.)

Death toll in China mine flooding rises to 23

BEIJING (CNN) -- The death toll from a Chinese coal mine flood last week has risen to 23, the country's state-run Xinhua news agency reported Saturday, with five people still missing.

The flooding took place on March 18 in Linxin County in north China's Shanxi Province. Rescue work was continuing, Xinhua said, but rescuers said it would take at least another two days before a search for the five missing people can be launched because water and silt remained in the mine shaft.

The flooding occurred as 58 miners were working underground at the Fanjiashan Coal Mine. Thirty managed to escape. A local government official told Xinhua relatives of those killed will receive 200,000 yuan, or about $24,600, in compensation. The cause of the flooding was under investigation. (Posted 11:12 p.m.)

Iraqi Doctor Says He Killed Patients (WP)

By John Ward Anderson

The Washington Post, March 27, 2006

BAGHDAD, March 26 -- A doctor has admitted killing at least 35 Iraqi police officers and army soldiers by giving them lethal injections, reopening their wounds or engaging in other deadly acts while they were being treated at a hospital in the northern city of Kirkuk, according to Kurdish security sources and Kurdish television.

Kurdish television broadcast on Sunday what it said was the doctor's taped confession, in which he told police that he sympathized with the radical Sunni Arab insurgent group Ansar al-Sunna. He said that the group paid him to kill the men and that he did it because "I hate the Americans and what they've done to Iraq."

"I injected more than 35 policemen and soldiers, including officers and some who were slightly injured," the doctor, identified by a Kurdish security official as Luay Omar Taie, said in the taped statement. "I used to stop the breathing machines or cut the electricity in the operations room or reopen the wounds."

A senior official with the police intelligence agency of the Patriotic Union of Kurdistan (PUK), who declined to be quoted by name, confirmed the details of the case, which was first reported by the Independent newspaper in London. The circumstances of the alleged confession, including whether it might have been coerced, could not be verified.

Taie was arrested following the detention of members of a criminal gang with links to Ansar al-Sunna. The gang is responsible for kidnapping more than 150 people and executing 18 of them, the PUK intelligence official said. Arrests of insurgents soon followed.

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During interrogations, the insurgents identified Taie as a doctor who had treated them. The organization selected Taie because he was young and wanted money, the official said.

In the statement aired on Kurdish television, the doctor said he was paid up to $100 for each act he committed. He asserted responsibility for killing the assistant police chief in Kirkuk, Gen. Ajman Abdullah, with a fatal injection and said he also killed the general's brother, a soldier who was admitted to the hospital after being wounded by a roadside bomb.

The doctor said he helped a wounded insurgent escape from the hospital. The intelligence official said Taie also advised insurgents on how to forge documents to claim that U.S. forces had shot their members, so that they could be treated at a hospital in Mosul, about 100 miles away.

Drying Out The Insurgency (NYT)

By A. C. Grayling

The New York Times, March 27, 2006

London

AS we saw in the recent offensive by American and Iraqi forces against insurgents near Samarra, the term "air assault" has taken on a new meaning in military parlance. It now indicates taking troops into action by helicopter, rather than the widespread and often indiscriminately destructive firing of missiles or dropping of bombs from aircraft.

Still, anti-insurgent operations often take place in urban areas, whose residents are as much at risk from ground weapons as they would be from bombers at high altitude. Thus one question that a watchful press should be asking of the American-led forces in Iraq is how carefully, and how successfully, they are applying the "doctrine of distinction" laid down in the laws of war, which requires that combatants be distinguished from noncombatants so that the latter can be protected.

The doctrine was devised by the military powers and international groups over the last half-decade in response to the systematic bombing of civilians in World War II. The principals of that strategy, which was then called "area bombing," were of course the British and American air forces, who between them killed a million civilians by carpet-bombing German and Japanese cities.

It took decades after the war before the deliberate aerial bombing of civilians was designated a war crime. Part of the reason for this slow response was, understandably, that the atrocities committed by the Axis powers were so vast that they overshadowed everything else, and people on the Allied side comforted themselves with the belief that defeating Nazism justified all the means used.

But as memories of the war faded, the stark immorality of deliberately massacring civilians could no longer be denied. In 1977 a protocol requiring militaries to distinguish between civilians and combatants was added to the Geneva Conventions. Britain is among the signatories; the United States has never ratified it. Still, America is careful to state that its forces always try to avoid "collateral damage."

But protecting civilians is hard to do when fighting an insurgency like Iraq's, in which combatants hide behind and take support from the civilian population. The very nature of insurgency seems to offer an irresolvable problem: the horrific example of World War II area bombing unarguably shows that the doctrine of distinction must be observed, yet the insurgents cynically use it as a shield.

Paradoxically, the solution is not to abandon the doctrine of distinction but to apply it with a vengeance. To see how, simply look at the considerable experience Britain acquired in policing a restive empire which, at its height, included a third of the world's population. The British learned the hard way, making some bitter mistakes en route. But the lesson was clear: drain the pond in which the insurgents swim.

In its most literal application, this strategy involved physically moving a civilian population from troubled areas into camps, which deprived insurgents of cover and support. It exacted a shamefully high cost the first time it was tried, in the Boer War, when many of the women and children gathered into "concentration camps" died of disease.

By the 1950's, however, with the communist insurgency in Malaya and the Mau Mau uprising in Kenya, British forces learned to do the same thing better. The camps into which the civilian population was "drained" were usually comfortable villages with good amenities and became an element of the hearts-and-minds aspect of the campaigns.

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Of course, separating the civilians from the fighters ran in tandem with unrelenting military pressure on the latter, until the insurgents' circumstances became precarious enough for them to accept a political solution.

In Malaya the strategy involved moving half a million people from insurgent areas. Whether a similar approach is viable for Iraq's Sunni Triangle is a question best left to military experts; but the idea behind it — making life better for those who otherwise would give support to insurgents — is clearly one route to ending the insurgency.

A different tactic based on the British experience would be to cordon off the most toxic part of the Sunni Triangle, letting nobody in or out except under stringent controls at the perimeter, across which only food and medicine could move.

This is what the British did in Nairobi and other urban areas of Kenya in the 50's; the security forces screened everyone and everything coming in or out. The advantages were that supplies of weapons and fighters were choked in both directions, and the population inside the quarantine zone had to work out a better destiny for itself than perpetual war. The disadvantages of such a quarantine are that it might backfire by fueling resentments and that it involves a manpower-intensive effort of perimeter policing.

In the end, British colonial solutions to insurgency tended to involve aspects of both strategies. Once combatants and noncombatants had been separated, the civilians had to be kept quarantined from the fighters so that the contrasting methods of dealing with both — seduction of the latter, coercion of the former — could proceed effectively. But the aim was always realistic: Britain recognized that an insurgency cannot be defeated, only damped down and eventually ended through a political settlement.

This hard truth has to guide efforts in Iraq, the sooner the better. And in the meantime, the more effectively the doctrine of distinction is upheld — that is, the fewer civilian casualties suffered — the quicker that reconciliation will come and the more effective it will be.

A. C. Grayling is the author, most recently, of "Among the Dead Cities: The History and Moral Legacy of the W.W. II Bombing of Civilians in Germany and Japan."

How To Stop A Civil War (WP)

By Michael O'Hanlon

The Washington Post, March 27, 2006

Administration officials have been right in recent weeks to argue that there is no large-scale civil war underway in Iraq. As long as the Iraqi political leadership remains generally united in trying to calm the situation, and as long as sectarian violence remains more sporadic than strategic (with no systematic ethnic cleansing, for example), true civil war remains a threat rather than a reality. But as President Bush himself recognized in his March 13 speech on Iraq, whoever attacked the Golden Mosque in Samarra on Feb. 22 was trying to spark a civil war. Yesterday's gruesome events, including the discovery of 30 beheaded bodies near Baqubah, heavy fighting in parts of Baghdad and the firing of fatal mortar rounds at Moqtada al-Sadr's compound in Najaf, suggest that such attempts will likely continue.

Of course, preventing a civil war is primarily a political task. In this light, U.S. Ambassador Zalmay Khalilzad has been right to push Iraqis to form a coalition government. He might also encourage them to start thinking about what policies such a government would pursue. For example, in debating whether Prime Minister Ibrahim al-Jafari should retain his post, Iraqis might think a bit less about the past year and instead ask Jafari about his plans for the future: for sharing oil revenue among provinces, rehabilitating lower-level Baathists to reenter the society, integrating security forces and creating jobs.

But if the political process continues to falter and the risk of civil war looms larger, we will also need a military plan for quelling it. Much of the American debate has been asking how to handle an all-out conflict in which Iraq has already fractured and violence is rampant. But the more important question is how to quell violence in the early stages, before such a scenario develops fully. And this is not the typical debate over how fast and soon we can draw down U.S. troops in Iraq; rather, it is a debate about what they do while they are there.

On this point, initial indications are that American thinking is on the wrong track. Defense Secretary Donald Rumsfeld has stated that U.S. forces would not become heavily involved in any civil strife, leaving it instead to Iraqis to sort out the problem. This approach, which mirrors the relatively passive approach U.S. troops took to the reprisal violence after the Feb. 22 bombing, has

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an understandable appeal. But it is akin to our decision to stand aside and allow wanton looting after Saddam Hussein fell in April 2003, and it could have comparably disastrous consequences.

If civil war begins in Iraq, it will probably consist of increasingly active vigilante justice -- as well as random, pointless acts of violent rage -- by Iraq's powerful militias. They will attack defenseless mosques, homes of important figures from other ethnic and religious groups, and defenseless citizens. They will begin to perpetrate ethnic cleansing with cold, premeditated purpose. As time goes on, hearing about similar behavior by other militias from other sectarian groups, they will also be motivated by a desire for vengeance -- not just for Hussein's atrocities of yesteryear but for what happened last week and last night. And they will seek to protect their own unarmed families and friends by stepping up ethnic cleansing in neighborhoods where they live, to preclude the possibility of further attacks against their own kin.

These are the typical dynamics of civil conflicts, as analyzed by scholars such as John Mueller, Barry Posen, Steve Stedman and Chaim Kaufmann. Civil wars with a heavy ethnic dimension do not typically begin as full-blown conflicts but rather develop an internal dynamic in which hate, rage and fear increasingly influence the actions of a growing number of people.

In such a situation, stemming violence early is critical. Checkpoints need to be manned, curfews enforced, vigilantes arrested or shot, mosques and schools and hospitals protected.

Yes, Iraqi forces can do many of these things and should. And, yes, many of them will. But Iraqi security forces are at present politically untested. Most units are dominated by one group or another. If the country begins to descend toward civil war, the temptation of many will be to take sides in the sectarian strife rather than stop it.

The foreign coalition can do a great deal to discourage this. By deploying with Iraqi police and army troops on the streets, it can provide enough manpower to do the labor-intensive work required to restore order as anarchy begins to spread. It can help give Iraqi security forces the backbone they need to hang together and do their job for the country rather than fight for their Kurdish or Shiite or Sunni Arab interests. It can act as a glue, helping to hold them together by working with them and providing an example worthy of emulation.

In his statements about letting Iraqis handle their own civil strife, perhaps Rumsfeld was trying to drive home to Iraqis the message that they should not count on the distant American superpower to bail them out if civil war begins. This message is grounded in a sound logic; Iraqis do need to step up to the plate and solve more of their own problems. But as a full indication of what our military plans would be for any incipient civil war, it is not the right strategy. Now is the time to reassess.

The writer is a senior fellow at the Brookings Institution.

By Rumsfeld's Standards, Mission Accomplished (WP)

By Al Kamen

The Washington Post, March 27, 2006

P resident Bush 's comment last week that U.S. troops would be in Iraq three more years provoked some consternation. Bush had always said the troops would be there until "the job is done and not a day longer," but few assumed that the troops would remain through his presidency.

Actually, Bush is being way too pessimistic. On April 9, 2003, three weeks after the invasion of Iraq, Secretary of Defense Donald H. Rumsfeld clearly set out the 10 objectives to be achieved "before victory can be declared."

· "Baghdad is in the process of being liberated" and the Hussein regime must be run out of there and other cities, he said. Check -- been run out of just about everywhere at least once.

· "We still must capture [or] account for . . . Saddam Hussein and his sons and the senior Iraqi leadership." Check.

· "We still must find and ensure the safe return of prisoners of war . . . in this war as well as any still held from the last Gulf War." Check -- save for one missing soldier.

· "We still must secure the northern oil fields." Check -- although the pipelines keep getting hit.

· "We still need to find and secure Iraq's weapons of mass destruction facilities. . . ." Check -- they are tightly secured.

· ". . . and secure Iraq's borders so we can prevent the flow of weapons of mass destruction materials and senior regime officials out of the country." Check -- no outward flow.

· "We need to locate Iraqi scientists with knowledge of these programs." Check.

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· "We must also capture or kill the terrorists still operating in Iraq and prevent them from gaining access to weapons of mass destruction." Check -- at least for those there in '03 and none are getting access to that WMD.

· "We must locate Baath Party members, records and weapons caches," records of elite intelligence and military units and regime millions outside the country. Check.

· "And we must begin the process of working with free Iraqis . . . and those returning home from exile, to establish an Iraqi interim authority and help to pave the way for a new Iraqi government." Check -- done that several times now.Chavez on the Lookout for Immigrants

President Bush also pushed last week for his guest worker proposal to allow millions of illegal immigrants to continue working in this country.

There was a fine photo of Bush meeting Thursday with friendly groups about the issue. And there, sitting at Bush's right hand, was none other than Linda Chavez, who heads something called the Center for Equal Opportunity.

Chavez, Loop Fans may recall, was Bush's first nominee to be secretary of labor in 2001. Her nomination was scuttled when it was discovered she hadn't been forthcoming to them about her interesting relationship with an illegal immigrant living in her home who was doing generally unpaid housework for her.

She probably knows as much as anyone about working guests.Maybe They Should've Called Rent-a-Cop

Mark the date! The Democratic leadership will be at Union Station on Wednesday at 1 p.m. to announce its "national security policy."

Top Senate Democrat Harry M. Reid (Nev.) will be there, as will House Minority Leader Nancy Pelosi (Calif.), lots of other congressional types, and governors and mayors.

But there's a need for uniformed folks because "they symbolize safety, competence, and security to average Americans," former longtime Senate aide and now private consultant Stephanie Cutter said in an e-mail Friday to Andrea Mournighan of the National Association of Police Organizations.

"We would like . . . as many law enforcement officers as possible to attend and stand on stage," Cutter said. "Would it be possible to have 20 or so. . . . ?"

"We are committing to make implementation of the 9-11 [commission] recommendations our first act when Democrats regain control of the Senate and/or House," Cutter wrote.

But mum's the word. "We're trying to keep our roll-out a close hold for now, so press doesn't pick up on it. The element of surprise is everything these days!"

Okay. You can count on us!Bushes Keep It All in the Family

A Friday item incorrectly said former first lady Barbara Bush 's contribution to Katrina refugees in Houston -- which she designated must be spent at her son Neil Bush 's educational software company -- went to the national Bush-Clinton Katrina Fund. It went to a local Bush-Clinton Houston Hurricane Relief Fund, a separate organization.

GOPers Join Call For Iraq Debate (RC)

By Ben Pershing

Roll Call, March 27, 2006

A bipartisan group of lawmakers began a new effort last week to attract support for the idea of holding a lengthy House floor debate on Iraq policy.

On Wednesday, Republican Reps. Walter Jones Jr. (N.C.), Ron Paul (Texas) and Wayne Gilchrest (Md.) joined Democratic Reps. Neil Abercrombie (Hawaii), Ike Skelton (Mo.) and Marty Meehan (Mass.) in co-signing a “Dear Colleague” letter calling for “an open and honest debate on the future of U.S. policy in Iraq.”

The six signatories encouraged their colleagues to sign a discharge petition for H.Res. 543, a rule that would allow floor consideration of a resolution introduced by Abercrombie in 2005 requiring President Bush “to develop and implement a plan for the withdrawal” of American troops from Iraq.

Supporters of the discharge petition argue that the House has not had an adequate recent debate on Iraq, even as casualties there have escalated and President Bush has declined to specify when U.S. troops will pull out.

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But House Republican leaders dispute the notion that the chamber has not given Members a chance to debate the issue.

"We did that when we chose to go to war and again this fall," said Ron Bonjean, spokesman for Speaker Dennis Hastert (R-Ill.), referring to the House's November vote on a resolution calling for an immediate withdrawal of U.S. troops in Iraq.

"We believe in fighting to win the war on terror overseas rather than having them strike here at home as they did on Sept. 11, [2001]," Bonjean added.

But Jones, one of the House's few outspoken GOP critics of the war, strongly disagreed with the idea that the chamber has given the Iraq issue enough debate time and argued that November's debate was designed solely to humiliate Rep. John Murtha (D-Pa.).

"It was not an honest debate on the issue," Jones said, calling the short consideration of the bill an effort to "embarrass a patriot."

"I'm frustrated with my own party, I'll be honest with you," Jones added, saying that he respects Hastert but that he believes his own leadership is out of touch on the Iraq issue.

"I don't know what polls the Republican leadership's looking at, but the ones I've seen aren't very encouraging," he said.

As of March 15, the discharge petition had 72 signatures, all of them from Democrats, including House Minority Leader Nancy Pelosi (Calif.). (Two Democrats, Reps. Patrick Kennedy (R.I.) and Leonard Boswell (Iowa), signed the petition but withdrew their signatures in December.)

Jones said that he, Paul and Gilchrest plan to sign the petition on April 5, when they will go to the floor with the three Democrats and issue a call for a broader debate.

If passed, H. Res. 543 would allow up to 17 hours of debate on Abercrombie's Iraq resolution, evenly divided between Republicans and Democrats.

Jones said he does not support an immediate withdrawal of troops and hopes backers of the Bush administration's policy will participate in the debate.

"We want people who support being in iraq to be part of the debate," Jones said. "We want to have more than just 30 minutes on each side."

In An Election Year, A Shift In Public Opinion On The War (NYT)

By David D. Kirkpatrick And Adam Nagourney

The New York Times, March 27, 2006

ALBUQUERQUE, March 25 — Neil Mondragon watched with approval at an auto repair shop recently as Representative Heather A. Wilson, a New Mexico Republican visiting her district, dropped into the pit and drained the oil from a car.

Afterward, Mr. Mondragon recalled how he had backed Ms. Wilson, a supporter of the Iraq war, in her race for Congress two years ago. He, too, supported the war.

But now, Mr. Mondragon said, it is time to bring the troops home. And he is leaning toward voting for Ms. Wilson's opponent, Patricia Madrid, who has called for pulling the troops out of Iraq by the end of the year.

"The way I see the situation is, we have done what we had to," said Mr. Mondragon, 27, whose brother fought in the war and returned with post-traumatic stress disorder. "I don't see the point of having so many guys over there right now. We can't just stay there and baby-sit forever."

Mr. Mondragon is far from alone in reassessing his view of the war that has come to define George W. Bush's presidency.

Mr. Bush is pressing ahead with an intensified effort to shore up support for the war, but an increasingly skeptical and pessimistic public is putting pressure on Congress about the wisdom behind it, testing the political support for the White House's determination to remain in Iraq.

The results have been on display over the past week as members of Congress returned home and heard first-hand what public opinion polls have been indicating.

"We have been there now for three years, and we have suffered more losses than I think most people thought we would see," Representative Steve Chabot, an Ohio Republican from a relatively conservative district near Cincinnati, said in an interview

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on Friday. "You may have the president or others now who say we always knew this would be a long slog, but I think most people did not expect it to be as hard as it has been."

In Connecticut, Representative Christopher Shays, a Republican who is one of the Democrats' top targets this year in the midterm elections, has distanced himself from the White House even as he has emphasized his support for the war, saying the administration has made "huge mistakes" by allowing looting, disbanding the Iraqi army and failing to have enough troops on the ground

Senator Mike DeWine, an Ohio Republican who is also facing a tough re-election challenge, said that "people are not optimistic about what they see."

Even Representative Ileana Ros-Lehtinen, a Florida Republican who has made her support for the war a centerpiece of her campaign, said the public seemed "to be losing patience" with the war.

Interviews with voters, elected officials and candidates around the country suggest a deepening and hardening opposition to the war. Historians and analysts said this might mark a turning point in public perception.

"I'm less optimistic because I see the fatalities every day," said Angela Kirby, 32, a lawyer from St. Louis who initially supported the war. "And the longer it goes on, the less optimistic I am."

Here in New Mexico, Dollie Shoun, 67, said she had gone from being an ardent supporter of the war and the president to a fierce critic of both.

"There has been too many deaths, and it is time for them to come back home," Ms. Shoun said. Speaking of Mr. Bush, she added: "I was very much for him, but I don't trust him at this point in time."

Polls have found that support for the war and expectations about its outcome have reached their lowest level since the invasion. A Pew Research Center poll this week found that 66 percent of respondents said the United States was losing ground in preventing a civil war in Iraq, a jump of 18 percent since January.

The Pew poll also found that 49 percent now believed that the United States would succeed in Iraq, compared with 60 percent last July. A CBS News poll completed two weeks ago found that a majority (54 percent) believed Iraq would never become a stable democracy.

Richard B. Wirthlin, who was the pollster for President Ronald Reagan, says he sees the beginning of a decisive turn in public opinion against the war. "It is hard for me to imagine any set of circumstances that would lead to an enhancement of the public support that we have seen," he said. "It is more likely to go down, and the question is how far and how fast."

Even more problematic for the administration, pollsters have found, is that Americans who have soured on the war include many independent voters and some self-described Republicans.

William Kristol, editor of the conservative Weekly Standard, argued that views on the war remained fluid and that the White House could still rally support for the effort if Americans "are convinced we can win."

A perception of progress on the ground could help turn public opinion back toward Mr. Bush's way, some analysts said. As it is, a significant number of Americans, including a majority of Republicans, want Mr. Bush to continue the war.

"Bush is right in being optimistic," said Susan Knapp, 64, a Florida Republican. "I listened to the news this morning and there are people who think he's out of touch with reality, but in fact I think he knows better than most of us about what is going on, and he does know the situation."

And in interviews, some respondents said they agreed with Mr. Bush and Vice President Dick Cheney that journalists were exaggerating the bad news. "I have quite a few friends who have served over there and they come back with a different story than the media portrays," said Jerry Brown, a Republican in Fairfield County, Conn.

For Mr. Bush today, as it was for Presidents Lyndon B. Johnson and Richard M. Nixon decades ago, the question is how long can he continue fighting an unpopular war without it crippling his presidency by eroding trust in his judgment and credibility.

"Once the public loses confidence in a president's leadership at a time of war, once they don't trust him anymore, once his credibility is sharply diminished, how does he get it back?" said Robert Dallek, a historian who has written biographies of Johnson and Nixon.

The anxiety about the war could be seen in contested districts around the country. In recent weeks, Representative Wilson of New Mexico has been sharply critical of the administration on issues like domestic surveillance and its public projections

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about the war. Ms. Wilson said she worried that public opinion could turn decisively against the war in Iraq as it did during the Vietnam War. "Wasn't it Kissinger who said the acid test of foreign policy is public support?" she said.

In Connecticut, Diane Farrell, a Democrat challenging Mr. Shays, said she had consistently run into voters who drew comparisons between Iraq and Vietnam.

"People are throwing up their hands between the civil unrest, the number of deaths and the cost to taxpayers," Ms. Farrell said. "People feel worn out by the war, and they don't see an end. "

At the Capitol recently, Senator John W. Warner, a Virginia Republican who was the secretary of the Navy during part of the Vietnam War, was introduced to a visiting Iraqi. Mr. Warner proceeded to lecture her about the need for Iraqis to form a new government, and fast.

"The American people have a mind of their own," he told her, recalling how he watched during the Vietnam War as public opinion turned against the conflict — and inevitably Congress followed. In a later conversation, Mr. Warner said that such a moment had not been reached yet, but he warned that he sensed a "certain degree of impatience" in the country and around the world.

On Iraq, Pointed Questions With An Edge (WP)

By Howard Kurtz

The Washington Post, March 27, 2006

Have the media declared war on the war?

In increasingly aggressive questions to President Bush and Vice President Cheney, in a growing focus on the death toll in Iraq, in downbeat assessments on the invasion's third anniversary, many journalists now reflect the view that the war has gone horribly wrong.

Perhaps this simply reflects the stark reality of the suicide bombings, roadside explosions and mosque attacks that have come to dominate the reporting from Iraq. Or perhaps, as Cheney put it on "Face the Nation," journalists provide a distorted "perception" of Iraq "because what's newsworthy is the car bomb in Baghdad."

What is undeniable is that the tone of much of the coverage matches the public-opinion polls showing that a majority of the country has turned against the conflict.

"One thing that would explain it is there's even more bad news from Iraq and other places -- Afghanistan, Iran, North Korea," says Ken Auletta, media writer for the New Yorker. "But even that doesn't fully explain the harshness of the reportage. With two-thirds of the public not approving of Bush's performance, it becomes open season on him. And when conservatives start attacking him, reporters are given more cover."

But Newsweek columnist Jonathan Alter says journalists were never cheerleaders for the war. "You can find tough-minded stories in a lot of newspapers and magazines going back three years," he says. "It does a disservice to hardworking reporters, in some cases risking their lives, to make it seem like in one week they go from pro-war to antiwar."

The journalists certainly don't see themselves as antiwar. But the way they frame many stories about Iraq sliding toward civil war carries echoes of Vietnam, when the media coverage turned sharply critical as the country soured on that jungle war.

Consider the questions asked at Bush's news conference last week.

ABC's Jessica Yellin: "Are you willing to sacrifice American lives to keep Iraqis from killing one another?"

CNN's Kathleen Koch: "Do you believe [Defense Secretary Donald] Rumsfeld should resign?"

USA Today's David Jackson: "Are you concerned that the Iraq experience is going to embolden authoritarian regimes in the Middle East and make it tougher to get democracy there?"

Bob Deans of Cox News: "Is there a point at which having the American forces in Iraq becomes more a part of the problem than a part of the solution?"

The Washington Post's Jim VandeHei: Polls show "a growing number of Americans are questioning the trustworthiness of you and this White House. Does that concern you?"

Hearst columnist Helen Thomas: "Your decision to invade Iraq has caused the deaths of thousands of Americans and Iraqis, wounds of Americans and Iraqis for a lifetime. Every reason given, publicly at least, has turned out not to be true."

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In his CBS interview with Cheney, Bob Schieffer said: "Let me ask you about this charge of incompetence, because we hear that not just about Iraq, but we hear it more -- and being raised sometimes by members of your own party on a variety of issues -- the bumbling after Katrina, the Harriet Miers nomination, the failure to see the political implications of the Dubai Ports deal."

When the networks did their three-year anniversary pieces, reciting the mounting death toll, the picture that emerged was bleak. NBC's Richard Engel in Baghdad: "Since the U.S. invasion, there has not been a single day without mortar fire, car bombings or IED attacks."

ABC's Dan Harris in Baghdad: "The situation for many here has worsened. Since the war, millions of Iraqis no longer have drinkable water. In Baghdad, there's electricity for fewer than eight hours a day, compared to 18 before. And in a country with so much oil, today there are unfathomably long gas lines."

But ABC anchor Elizabeth Vargas reminded viewers that before her co-anchor, Bob Woodruff, was injured by a roadside bomb in late January, he did a story on a thriving Baghdad ice cream shop, and that her December trip to Iraq included a piece on a ballet school.

Laura Ingraham, the conservative radio talk show host who recently spent eight days in Iraq, says some soldiers complained to her that their views, which were mixed, aren't being reflected by the media.

"It's not about painting a rosy picture," she says. "It's not about putting all good news out there. It's about there being some context. It's not just explosions every day, and that is primarily what is seen, in snapshots and flashes. And that does over time cement the public's view that this is irretrievably a disaster and the whole nation is in flames."

When news organizations focus overwhelmingly on insurgent attacks, Ingraham says, "it begins to look like you're invested in America's defeat."

That sounds like political overstatement. But if journalists seem far more aggressive these days, it may be because their performance contrasts sharply with the period after the Sept. 11 attacks and in the run-up to the war, when news organizations have conceded they did an inadequate job examining the administration's WMD claims.

"We were attacked," Auletta says. "We are citizens. We felt as vulnerable as our leaders in Washington. Bush and the government got more of a free pass."

The record shows that administration charges that reporters in Iraq are ignoring signs of progress are not true, although most journalists say the dangerous conditions make it difficult to talk to ordinary Iraqis. But sometimes the unrelenting violence has a way of intruding on the news agenda.

While in Baghdad, ABC's Jake Tapper was working on a light feature about an Iraqi station's sitcom. While his cameras were rolling, word came that the manager of the entertainment division had been assassinated. That, of course, became the story.Scalp Hunter

It has been one of the capital's minor mysteries: Who would set up a Web site for the avowed purpose of getting NBC to fire David Gregory?

The person behind FireDavidGregory.com is Ian Schwartz, an 18-year-old college student in Baltimore.

Schwartz's political leanings can be divined from his other Web site, Expose the Left, which runs headlines such as: "AP Writes Yet Another Anti-War Story," "Al Franken Continues Tirade Against Cheney" and "Liberal Lie: Dick Durbins [sic] Claims He Supports Our Troops."

Schwartz says in an interview that "I generally have a distaste for the mainstream media." Asked why he singled out Gregory, Schwartz cites the White House correspondent's overly aggressive questioning over the Dick Cheney hunting accident and an appearance with Don Imus in which the radio host joked that Gregory must be drunk (later soberly denied by Gregory).

"I know it's his job to get answers," Schwartz says, but his online petition -- which he says was signed by 3,200 people -- was a way of "telling him to cool it. I'm just glad it got coverage."

"I didn't take it very seriously," Gregory says of the site, but he sees it as a sign of a broader phenomenon:

"What concerns me is that it's increasingly true that people are viewing the news and political coverage through their own ideological lens. It's wrong to mistake aggressive reporting for political bias. It's a mistake to ascribe motives to people who cover

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the White House day in and day out. People watch me in a briefing and draw a conclusion based on that. They won't even wait to see what I report."Trust but Verify

Five days after acknowledging that it had misidentified a former Abu Ghraib prisoner as the hooded man on a box captured in an infamous photo, the New York Times ran a correction last week of its profile of Donna Fenton, a self-described Hurricane Katrina victim from Biloxi, Miss. After police charged Fenton with fraud and grand larceny, saying she had never lived in Biloxi, the paper said it "did not conduct adequate interviews or public record checks to verify Ms. Fenton's account."

Camp Saddam (WKLYSTD)

By Stephen F. Hayes

Weekly Standard, March 27, 2006

REPRESENTATIVE John Murtha, a Democrat from Pennsylvania, appeared on NBC's Meet the Press on Sunday, March 19, to evaluate the war in Iraq on its third anniversary. Murtha, a decorated veteran and longtime hawk, has become a leading spokesman for his party on the war. And on the show, he spoke of what "probably worries me the most" about the U.S. effort in Iraq. The war, said Murtha, is a diversion from the global war on terror.

"There was no terrorism in Iraq before we went there," said Murtha. "None. There was no connection with al Qaeda, there was no connection with, with terrorism in Iraq itself." This is now the conventional wisdom on Iraq and terrorism. It is wrong.

A new study from the Joint Forces Command in Norfolk, Virginia, paints quite a different picture. According to captured documents cited in the study and first reported in THE WEEKLY STANDARD in January, the former Iraqi regime was training non-Iraqi Arabs in terrorist techniques.

Beginning in 1994, the Fedayeen Saddam opened its own paramilitary training camps for volunteers, graduating more than 7,200 "good men racing full with courage and enthusiasm" in the first year. Beginning in 1998, these camps began hosting "Arab volunteers from Egypt, Palestine, Jordan, 'the Gulf,' and Syria." It is not clear from available evidence where all of these non-Iraqi volunteers who were "sacrificing for the cause" went to ply their newfound skills. Before the summer of 2002, most volunteers went home upon the completion of training. But these camps were humming with frenzied activity in the months immediately prior to the war. As late as January 2003, the volunteers participated in a special training event called the "Heroes Attack." This training event was designed in part to prepare regional Fedayeen Saddam commands to "obstruct the enemy from achieving his goal and to support keeping peace and stability in the province."

Some of this training came under the auspices of the Iraqi Intelligence Service's "Division 27," which, according to the study, "supplied the Fedayeen Saddam with silencers, equipment for booby-trapping vehicles, [and] special training on the use of certain explosive timers. The only apparent use for all of this Division 27 equipment was to conduct commando or terrorist operations."

The publication of the Joint Forces Command study, called the "Iraqi Perspectives Project," coincides with the release by the Office of the Director of National Intelligence of several hundred documents captured in postwar Iraq. There are many more to come. Some of the documents used to complete the study have been made public as part of the ODNI effort; others have not.

It is early, but the emerging picture suggests that the U.S. intelligence community underestimated Saddam Hussein's interest in terrorism. One U.S. intelligence official, identified only as an "IC analyst" in the Senate Select Intelligence Committee report on Iraq, summarized the intelligence community's view on Iraq and terrorism with disarming candor: "I don't think we were really focused on the CT [counterterrorism] side, because we weren't concerned about the IIS [Iraqi Intelligence Service] going out and proactively conducting terrorist attacks. It wasn't until we realized that there was the possibility of going to war that we had to get a handle on that."

A report produced by the Senate Select Intelligence Committee, signed by all members of the Intelligence Committee, Democrats and Republicans, offered this withering assessment of the intelligence community's work on Iraq and terrorism:

The Central Intelligence Agency (CIA) did not have a focused human intelligence (HUMINT) collection strategy targeting Iraq's links to terrorism until 2002. The CIA had no [redacted] sources on the ground in Iraq reporting specifically on terrorism.

It wasn't just Iraq. "The CIA had no [redacted] credible reporting on the leadership of either the Iraqi regime or al Qaeda, which would have enabled it to better define a cooperative relationship, if any did in fact exist."

One document posted on the Internet by the government last week, after it was excerpted in the most recent issue of THE WEEKLY STANDARD, sheds additional light on the relationship between Iraq and al Qaeda. The internal Iraqi Intelligence memo was written at some point after January 1997 and described the efforts by the IIS to strengthen its relationships with four Saudi opposition groups. One of those groups was the "Reform and Advice Committee," run by Osama bin Laden. The New York Times reported that a Pentagon task force that studied the document concluded that it "appeared authentic." Last week, the investigative unit of ABC News summarized the document in a report.

A newly released prewar Iraqi document indicates that an official representative of Saddam Hussein's government met with Osama bin Laden in Sudan on February 19, 1995, after receiving approval from Saddam Hussein. Bin Laden

asked that Iraq broadcast the lectures of Suleiman al Ouda, a radical Saudi preacher, and suggested "carrying out joint operations against foreign forces" in Saudi Arabia. According to the document, Saddam's presidency was informed of the details of the meeting on March 4, 1995, and Saddam agreed to dedicate a program for them on the radio. The document states that further "development of the relationship and cooperation between the two parties to be left according to what's open [in the future] based on dialogue and agreement on other ways of cooperation." The Sudanese were informed about the agreement to dedicate the program on the radio.

The report then states that "Saudi opposition figure" bin Laden had to leave Sudan in July 1996 after it was accused of harboring terrorists. It says information indicated he was in Afghanistan. "The relationship with him is still through the Sudanese. We're currently working on activating this relationship through a new channel in light of his current location," it states.

The summary was followed by an "Editor's Note" assessing the contents and meaning of the document.

This document is handwritten and has no official seal. Although contacts between bin Laden and the Iraqis have been reported in the 9/11 Commission report and elsewhere (e.g., the 9/11 report states "Bin Laden himself met with a senior Iraqi intelligence officer in Khartoum in late 1994 or early 1995) this document indicates the contacts were approved personally by Saddam Hussein.

It also indicates the discussions were substantive, in particular that bin Laden was proposing an operational relationship, and that the Iraqis were, at a minimum, interested in exploring a potential relationship and prepared to show good faith by broadcasting the speeches of al Ouda, the radical cleric who was also a bin Laden mentor.

The document does not establish that the two parties did in fact enter into an operational relationship. Given that the document claims bin Laden was proposing to the Iraqis that they conduct "joint operations against foreign forces" in Saudi Arabia, it is worth noting that eight months after the meeting--on November 13, 1995--terrorists attacked Saudi National Guard Headquarters in Riyadh, killing 5 U.S. military advisers. The militants later confessed on Saudi TV to having been trained by Osama bin Laden.

John Murtha's claim--that there was no connection "with terrorism in Iraq itself"--might come as a surprise to the 2nd Battalion, 23rd Marines. In early April 2003, they found a ten-acre terrorist training camp ten miles outside of Baghdad. In an interview at the time with an embedded reporter from Stars & Stripes, Captain Aaron Robertson said: "We believe this is a training camp where Iraqis trained forces for the Palestine Liberation Front. This is what we would refer to as a sensitive site. This is clearly a terrorist training camp, the type Iraq claimed did not exist."

Reporter Mark Oliva described the camp in detail:

About a dozen reinforced concrete buildings line the front edge with a large parade field, concrete and steel obstacle course and even a shooting range within its confines. The camp has many modern amenities, including running and heated water, a large kitchen and electricity. Some buildings had ceiling fans and central air conditioning.

Said Captain Robertson: "It's much more sophisticated than those training camps we found in Afghanistan. It has a permanent obstacle course, which rivals anything our Marines have back at Camp Pendleton."

The Marines recovered training manuals in Arabic and English, along with rosters of Palestinians trained there. Last week, the Office of the Director of National Intelligence released an Iraqi "intelligence-coded" memo that included lists of "Palestinians trained in Iraq." In fact, Saddam Hussein boasted of his support for Palestinian terrorists and provided the families of Palestinian "martyrs" rewards of $25,000. Another captured document details those payments.

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Among the documents released last week was a translation of a three-page Iraqi Intelligence memo regarding a wave of attacks to be conducted by the Saddam Fedayeen. The Office of the Director of National Intelligence website states that it cannot verify the authenticity of the posted documents, but the document appears to be similar to one described in the "Iraqi Perspectives Study." The undated document was apparently prepared in response to orders given on May 5, 1999.

According to those orders, the Fedayeen Saddam was "to start planning from now on to perform special operations (assassinations/bombings) for the centers and the traitor symbols in the fields of (London/Iran/self-ruled areas) and for coordination with the Intelligence service to secure deliveries, accommodations, and target guidance." The execution of the plan would take place in several steps. After the IIS selected 50 "fedayeen martyrs," they were to receive training at an IIS school. Those who passed the tests would be assigned targets. "The first ten will work in the European field (London). The second ten will be working in the Iranian field. The third will be working in the self-ruled field."

How many of these attacks were executed, if any? And who, exactly, were the non-Iraqi Arabs trained in Iraq beginning in 1998? Did some of them return to Iraq before the war? Are we fighting them still?

That is a distinct possibility. In an interview last month, David Dunford, a career foreign service officer who served as the chief U.S. government liaison to the post-Saddam Ministry of Foreign Affairs in Baghdad, described a document his team found in the abandoned ministry building. It was "a list of jihadists, for want of a better word, coming into Iraq from Saudi Arabia before the war," he said, unprompted. "That suggested to me that Saddam was planning the insurgency before the war."

One key element in shaping the conventional wisdom on Iraq and terrorism was the 9/11 Commission Report, which found that Iraq and al Qaeda had no "collaborative operational relationship." But the day that report was released, Commissioner John Lehman offered this prophetic warning in an interview with THE WEEKLY STANDARD: "There may well be--and probably will be--additional intelligence coming in from interrogations and from analysis of captured records and so forth which will fill out the intelligence picture. This is not phrased as, nor meant to be, the definitive word on Iraqi Intelligence activities."

The "Iraqi Perspectives Project" has provided a look at Iraqi support for terrorism through its analysis of captured documents. The interrogation of the military commander of Salman Pak, a terrorist training camp outside of Baghdad, is said to add to this picture. And then there is the provocative "Summary of Evidence" on an Iraqi detainee at Guantanamo. Based in part on an interrogation of the detainee, it was produced by the U.S. government and released last year.

1. From 1987 to 1989, the detainee served as an infantryman in the Iraqi Army and received training on the mortar and rocket propelled grenades.

2. A Taliban recruiter in Baghdad convinced the detainee to travel to Afghanistan to join the Taliban in 1994.

3. The detainee admitted he was a member of the Taliban.

4. The detainee pledged allegiance to the supreme leader of the Taliban to help them take over all of Afghanistan.

5. The Taliban issued the detainee a Kalashnikov rifle in November 2000.

6. The detainee worked in a Taliban ammo and arms storage arsenal in Mazar-E-Sharif organizing weapons and ammunition.

7. The detainee willingly associated with al Qaeda members.

8. The detainee was a member of al Qaeda.

9. An assistant to Usama Bin Ladin paid the detainee on three separate occasions between 1995 and 1997.

10. The detainee stayed at the al Farouq camp in Darwanta, Afghanistan, where he received 1,000 Rupees to continue his travels.

11. From 1997 to 1998, the detainee acted as a trusted agent for Usama Bin Ladin, executing three separate reconnaissance missions for the al Qaeda leader in Oman, Iraq, and Afghanistan.

12. In August 1998, the detainee traveled to Pakistan with a member of Iraqi Intelligence for the purpose of blowing up the Pakistan, United States and British embassies with chemical mortars.

13. Detainee was arrested by Pakistani authorities in Khudzar, Pakistan, in July 2002.

The Paper Trail (WSJ)

By Laurie Mylroie

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The Wall Street Journal, March 27, 2006

After substantial prodding -- including from this paper -- the U.S. government has finally begun to release its captured Iraqi documents and is posting them at the Web site of the Army's Foreign Military Studies Office. This material will take considerable time to absorb and analyze, but it may yet contribute significantly to our understanding of the nature of the threat Saddam Hussein posed.

Most dramatically, an Iraqi intelligence report, apparently written in early 1997, describes Iraqi efforts to establish ties with various elements in the Saudi opposition, including Osama bin Ladin. Until 1996, the Saudi renegade was based in Sudan, then ruled by Hassan Turabi's National Islamic Front. One of Iraq's few allies, Sudan served as an intermediary between Baghdad and bin Ladin, as well as other Islamic radicals. On Feb. 19, 1995, an Iraqi intelligence agent met with bin Ladin in Khartoum. Bin Ladin asked for two things: to carry out joint operations against foreign forces in Saudi Arabia and to broadcast the speeches of a radical Saudi cleric. Iraq agreed to the latter, but apparently not the former, at least as far as the author of this report knew. Notably, the report also states, "we are working at the present time to activate this relationship through new channels."

This one report hints at the extensive international presence that the Iraqi Intelligence Service (IIS) maintained. Iraq's ambassadors to Sudan and Yemen were intelligence agents, suggesting that those two countries were major centers of IIS activity. The report also mentions IIS stations in Islamabad, New Delhi and New York.

Another newly released document bears the name of Abu Musab al Zarqawi. It is a flyer from the "Committee for Arab Liaison with the Islamic Emirate" (i.e., Afghanistan) for recruiting volunteers in Iraq to fight in Afghanistan. It explains that the "Arab brothers" who wish to go there should send a written proposal "so that we can know him and his needs." Zarqawi is among six people listed as individuals to contact.

How close were relations between Iraq and the Taliban, a regime officially recognized by only three countries? The answer is necessary for understanding the nature of any ties Iraq may have had with al Qaeda or other Afghan-based Islamic groups. Hopefully, other documents will emerge to shed light on this question.

The formal cease-fire to the 1991 Gulf War required Iraq to recognize Kuwait and release the Kuwaiti hostages it had seized. Iraq did neither. On March 4, 2003, with war looming, Saddam's son, Qusay, ordered 448 Kuwaiti prisoners taken to sites the United States would likely attack. Nothing of their fate has been reported, and they may well have died. Iraq formally recognized Kuwait in 1994, but the official stationery of the Fedayeen Saddam in 2001 shows a map of Iraq that includes the state.

Other documents from this database were leaked some time ago. Perhaps because their provenance was not understood, these 30 pages did not receive the attention they merited. Particularly notable is an order issued by Saddam on Jan. 18, 1993: "hunt Americans on Arab territory, particularly in Somalia."

Most of these documents deal with terrorism and date from January to May 1993. They suggest that in early 1993, Saddam began to move actively to revive terrorist programs that had been established three years before, following Iraq's invasion of Kuwait. Responding to a request from Saddam, Iraqi intelligence produced a six-page report, listing the names and nationalities of 100 Arab "martyrs" whom it had trained in the fall of 1990.

Another report explains that the IIS had reached an agreement with the deputy head of Sudan's ruling National Islamic Front "to use the Islamic Arab elements that had been fighting in Afghanistan and now have no place to go and who are physically present in Sudan, Somalia and Egypt." The IIS also agreed with Khartoum to renew its relationship with Egyptian Islamic Jihad -- headed by Ayman al Zawahiri, familiar as al Qaeda's most prominent contemporary spokesman.

Still another report describes Iraq's earlier agreement with Islamic Jihad, concluded on Dec. 24, 1990, as the start of the Gulf war loomed. Iraq was to provide training, financing and supplies to the organization "to execute martyr operations" against the members of the U.S.-led coalition, of which Egypt was a key Arab member. However, as this document explains, those operations stopped immediately after the cease-fire.

In 1993, Iraq was cautious about backing Egyptian terrorists, more so than the Sudanese. When Khartoum informed Baghdad that it was sending an Islamic Jihad leader, who had been based in Afghanistan and then lived in Sudan, to Iraq on a Sudanese plane carrying meat (this exemption from the general ban on flights to Iraq was granted by the U.N. Security Council),

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the IIS asked that the visit be postponed. Sudan insisted, and the IIS approved on condition the visit be kept secret. Subsequently, the IIS recommended that assistance to the Egyptian group be limited to financial support.

Two documents relate to Iraq's proscribed WMD programs. One is a table, providing details of a Sept. 6, 2000, contract for the production of "the malignant pustule" -- the Pentagon official who leaked these documents believed it referred to anthrax -- along with earlier contracts for sterilization and decontamination equipment. Another table describes an Aug. 21, 2000, contract for the production of mustard gas and earlier contracts for protective equipment. Small amounts of material are mentioned: three ampules of "the malignant pustule" (an ampule is a small, sealed glass vial) and five kilograms of mustard gas. These contracts could have represented test runs, or, as a former U.N. weapons inspector suggested to me, the material could have been intended for terrorism.

Many more documents are to be released in the coming months. Quite possibly, they will vindicate the decision to undertake the Iraq war; help maintain public support for fighting it; and radically change our understanding of Saddam's role in international terrorism.

Ms. Mylroie is an adjunct fellow at the American Enterprise Institute and author of "Study of Revenge: The First World Trade Center Attack and Saddam Hussein's War Against America" (AEI, 2001).

A Doug Feith Democrat? (NEWREP)

By Spencer Ackerman

New Republic, March 27, 2006

John Kerry's military record may have done him little good in the 2004 election, but that hasn't stopped Democratic congressional candidates who have worn the uniform from becoming the political phenom of this election season. All told, there are over 50 Democratic veterans running for Congress in November. But, even for liberals who treat every one of the so-called Fighting Dems as a conquering hero, Chris Carney's candidacy is something of a coup. He's nowhere near as high-profile as such candidates as the now-flamed-out Paul Hackett of Ohio or the much-praised Tammy Duckworth of Illinois; in fact, he hasn't served in Iraq. But he has a much more provocative bullet point on his resumé: From 2002 to 2004, Carney served as a counterterrorism analyst for the Bush administration.

For some Democrats, it's as if Richard Clarke decided to run for Congress. Last month, Markos Moulitsas Zúniga of the liberal überblog Daily Kos expressed his excitement that "someone who was in the boardroom helping plan and execute the nation's counterterrorism efforts would decide to 1) run for office, and 2) run as a Democrat," and he treated Carney to a fawning interview on Air America. Enthusiasm for Carney has spread beyond the blogosphere. After visiting a Carney rally in this rural and heavily Republican Pennsylvania district--where the naval reservist is challenging four-term incumbent Don Sherwood--Time's Joe Klein wrote that he could be "Karl Rove's worst nightmare."

Indeed, armed with his counterterrorism experience, Carney might have strong enough national security bona fides to safely navigate Pennsylvania's conservative 10th District, where the president took 60 percent of the vote in 2004--and where a sign just outside Honesdale warns either you support the troops and their mission or you support the terrorists. For the 50 or so seasoned Democrats who gathered at Ann Bursis's house here in Wayne County on Saturday afternoon, Carney is practically a godsend. Mostly middle-aged or retired, Bursis's friends and neighbors can barely remember the last time they had a promising candidate. And they're hungry for someone to take on President Bush. When Carney calls for bringing troops home from Iraq, his audience listens raptly. The president, Carney says to applause, has "been telling untruths about Iraq" while Republicans on Capitol Hill--especially Sherwood--abet him. "That's why you need guys like me in Congress."

But Carney's Democratic supporters, both in the 10th District and across the country, are apparently unaware of one very odd fact about his candidacy: Carney supported and helped propagate one of the war's most dubious premises--that Saddam Hussein was working closely with Al Qaeda. And these supporters are probably unaware of an even odder fact: Despite seeking an end to the war, Carney still believes it.

Carney is a middle-aged Susquehanna County resident with an inviting and easygoing demeanor. In 2001, he was a political science professor at Penn State's Scranton campus and an intelligence officer in the Navy Reserve. After the September 11 attacks, he was mobilized for the invasion of Afghanistan. But, in early February 2002, he was "called upstairs" to the

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Pentagon, where he and a Defense Intelligence Agency analyst named Christina Shelton were detailed to the office of then-Undersecretary of Defense Douglas Feith. Their assignment: to scrutinize the CIA's assessment of Iraq's connection to Al Qaeda.

The CIA maintained that, while there had been furtive contacts between Al Qaeda terrorists and Iraqi intelligence for years, the relationship hardly constituted an alliance. Feith, a longtime supporter of ousting Saddam, wasn't so sure. Carney says he was never instructed to find evidence of a relationship. But, he adds, "Remember the time frame--9/11 was fresh in everyone's minds. I'm not trying to apologize for the administration, Feith, or anyone else, but there was a lot of concern that we weren't going to get caught out again" by another attack. So Carney and Shelton put together a briefing, based largely on data that the majority of the intelligence community considered dubious or trivial, asserting a significant link between Saddam and bin Laden.

Carney's briefing made its way through the Pentagon and CIA, and, ultimately, it was shown to Stephen Hadley, then the deputy national security adviser. A key section was titled "Fundamental Problems with How Intelligence Community is Assessing Information." While Carney denies that his briefing suggested that policymakers ignore CIA skepticism, it clearly reinforced the feeling among senior administration officials that the CIA was hopelessly dovish. And, in the fall of 2002, they made numerous public statements that far outpaced the intelligence community's assessment of Iraq-Al Qaeda ties: Donald Rumsfeld called evidence of the connection "bulletproof," and Bush said, "You can't distinguish between Al Qaeda and Saddam when you talk about the war on terror."

Even Carney, who still maintains there was a connection, thinks the administration and its allies went too far. "Not 'bulletproof,' certainly," he says of the evidence. "Look, the way the analysis was going was on a sliding scale--from absolutely no relationship on one extreme to cooperative operational relationship on the other. What we saw was in the middle." Later, he elaborates, "There was some relationship of opportunity there. We know there was some high-level contact. What we don't know is what, if anything, evolved from those contacts."

His position, however, is no longer tenable: The 9/11 Commission concluded that "we have seen no evidence that these or the earlier contacts ever developed into a collaborative operational relationship." (Carney thinks the commissioners "underplayed" the connection--hopefully, he adds vaguely, not due to "political pressures.") But Carney remains unrepentant. "I don't think I have any more responsibility for the war than any other analyst," he says.

But that's more detail than most Democrats want. What's important to them is that Carney now largely considers the war a mistake. "In the long run, I'm not sure we've benefited tremendously from it, and it may have created greater animosity than we otherwise would have, from things like Abu Ghraib and other missteps the military and the administration made," he admits. "Those things don't help alleviate the terrorist problem." As a result, a major aspect of Carney's platform is his call to withdraw a U.S. battalion for every Iraqi battalion that completes training and is certified as combat-ready.

Besides, for hyperpartisan Democrats like Moulitsas, only one thing really matters: A Republican candidate is vulnerable. Indeed, Sherwood has suffered significant ethical lapses that have left a bad taste in the mouths of voters--namely, a five-year affair with a woman half his age, who once called the police to claim Sherwood was abusing her. (Sherwood contends the incident in question was the result of an overly aggressive backrub.) By the time the case was settled out of court last fall, Sherwood's poll numbers had fallen, creating an opportunity for Carney. That may not be a solid enough foundation to win the race. But, compared with the Iraq-Al Qaeda connection, it's practically bulletproof.

Spencer Ackerman is an associate editor at The New Republic.

Bush Was Set On Path To War, Memo By British Adviser Says (NYT)

By Don Van Natta Jr.

The New York Times, March 27, 2006

LONDON — In the weeks before the United States-led invasion of Iraq, as the United States and Britain pressed for a second United Nations resolution condemning Iraq, President Bush's public ultimatum to Saddam Hussein was blunt: Disarm or face war.

But behind closed doors, the president was certain that war was inevitable. During a private two-hour meeting in the Oval Office on Jan. 31, 2003, he made clear to Prime Minister Tony Blair of Britain that he was determined to invade Iraq without the

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second resolution, or even if international arms inspectors failed to find unconventional weapons, said a confidential memo about the meeting written by Mr. Blair's top foreign policy adviser and reviewed by The New York Times.

"Our diplomatic strategy had to be arranged around the military planning," David Manning, Mr. Blair's chief foreign policy adviser at the time, wrote in the memo that summarized the discussion between Mr. Bush, Mr. Blair and six of their top aides.

"The start date for the military campaign was now penciled in for 10 March," Mr. Manning wrote, paraphrasing the president. "This was when the bombing would begin."

The timetable came at an important diplomatic moment. Five days after the Bush-Blair meeting, Secretary of State Colin L. Powell was scheduled to appear before the United Nations to present the American evidence that Iraq posed a threat to world security by hiding unconventional weapons.

Although the United States and Britain aggressively sought a second United Nations resolution against Iraq — which they failed to obtain — the president said repeatedly that he did not believe he needed it for an invasion.

Stamped "extremely sensitive," the five-page memorandum, which was circulated among a handful of Mr. Blair's most senior aides, had not been made public. Several highlights were first published in January in the book "Lawless World," which was written by a British lawyer and international law professor, Philippe Sands. In early February, Channel 4 in London first broadcast several excerpts from the memo.

Since then, The New York Times has reviewed the five-page memo in its entirety. While the president's sentiments about invading Iraq were known at the time, the previously unreported material offers an unfiltered view of two leaders on the brink of war, yet supremely confident.

The memo indicates the two leaders envisioned a quick victory and a transition to a new Iraqi government that would be complicated, but manageable. Mr. Bush predicted that it was "unlikely there would be internecine warfare between the different religious and ethnic groups." Mr. Blair agreed with that assessment.

The memo also shows that the president and the prime minister acknowledged that no unconventional weapons had been found inside Iraq. Faced with the possibility of not finding any before the planned invasion, Mr. Bush talked about several ways to provoke a confrontation, including a proposal to paint a United States surveillance plane in the colors of the United Nations in hopes of drawing fire, or assassinating Mr. Hussein.

Those proposals were first reported last month in the British press, but the memo does not make clear whether they reflected Mr. Bush's extemporaneous suggestions, or were elements of the government's plan.

Consistent Remarks

Two senior British officials confirmed the authenticity of the memo, but declined to talk further about it, citing Britain's Official Secrets Act, which made it illegal to divulge classified information. But one of them said, "In all of this discussion during the run-up to the Iraq war, it is obvious that viewing a snapshot at a certain point in time gives only a partial view of the decision-making process."

On Sunday, Frederick Jones, the spokesman for the National Security Council, said the president's public comments were consistent with his private remarks made to Mr. Blair. "While the use of force was a last option, we recognized that it might be necessary and were planning accordingly," Mr. Jones said.

"The public record at the time, including numerous statements by the President, makes clear that the administration was continuing to pursue a diplomatic solution into 2003," he said. "Saddam Hussein was given every opportunity to comply, but he chose continued defiance, even after being given one final opportunity to comply or face serious consequences. Our public and private comments are fully consistent."

The January 2003 memo is the latest in a series of secret memos produced by top aides to Mr. Blair that summarize private discussions between the president and the prime minister. Another group of British memos, including the so-called Downing Street memo written in July 2002, showed that some senior British officials had been concerned that the United States was determined to invade Iraq, and that the "intelligence and facts were being fixed around the policy" by the Bush administration to fit its desire to go to war.

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The latest memo is striking in its characterization of frank, almost casual, conversation by Mr. Bush and Mr. Blair about the most serious subjects. At one point, the leaders swapped ideas for a postwar Iraqi government. "As for the future government of Iraq, people would find it very odd if we handed it over to another dictator," the prime minister is quoted as saying.

"Bush agreed," Mr. Manning wrote. This exchange, like most of the quotations in this article, have not been previously reported.

Mr. Bush was accompanied at the meeting by Condoleezza Rice, who was then the national security adviser; Dan Fried, a senior aide to Ms. Rice; and Andrew H. Card Jr., the White House chief of staff. Along with Mr. Manning, Mr. Blair was joined by two other senior aides: Jonathan Powell, his chief of staff, and Matthew Rycroft, a foreign policy aide and the author of the Downing Street memo.

By late January 2003, United Nations inspectors had spent six weeks in Iraq hunting for weapons under the auspices of Security Council Resolution 1441, which authorized "serious consequences" if Iraq voluntarily failed to disarm. Led by Hans Blix, the inspectors had reported little cooperation from Mr. Hussein, and no success finding any unconventional weapons.

At their meeting, Mr. Bush and Mr. Blair candidly expressed their doubts that chemical, biological or nuclear weapons would be found in Iraq in the coming weeks, the memo said. The president spoke as if an invasion was unavoidable. The two leaders discussed a timetable for the war, details of the military campaign and plans for the aftermath of the war.

Discussing Provocation

Without much elaboration, the memo also says the president raised three possible ways of provoking a confrontation. Since they were first reported last month, neither the White House nor the British government has discussed them.

"The U.S. was thinking of flying U2 reconnaissance aircraft with fighter cover over Iraq, painted in U.N. colours," the memo says, attributing the idea to Mr. Bush. "If Saddam fired on them, he would be in breach."

It also described the president as saying, "The U.S. might be able to bring out a defector who could give a public presentation about Saddam's W.M.D," referring to weapons of mass destruction.

A brief clause in the memo refers to a third possibility, mentioned by Mr. Bush, a proposal to assassinate Saddam Hussein. The memo does not indicate how Mr. Blair responded to the idea.

Mr. Sands first reported the proposals in his book, although he did not use any direct quotations from the memo. He is a professor of international law at University College of London and the founding member of the Matrix law office in London, where the prime minister's wife, Cherie Blair, is a partner.

Mr. Jones, the National Security Council spokesman, declined to discuss the proposals, saying, "We are not going to get into discussing private discussions of the two leaders."

At several points during the meeting between Mr. Bush and Mr. Blair, there was palpable tension over finding a legitimate legal trigger for going to war that would be acceptable to other nations, the memo said. The prime minister was quoted as saying it was essential for both countries to lobby for a second United Nations resolution against Iraq, because it would serve as "an insurance policy against the unexpected."

The memo said Mr. Blair told Mr. Bush, "If anything went wrong with the military campaign, or if Saddam increased the stakes by burning the oil wells, killing children or fomenting internal divisions within Iraq, a second resolution would give us international cover, especially with the Arabs."

Running Out of Time

Mr. Bush agreed that the two countries should attempt to get a second resolution, but he added that time was running out. "The U.S. would put its full weight behind efforts to get another resolution and would twist arms and even threaten," Mr. Bush was paraphrased in the memo as saying.

The document added, "But he had to say that if we ultimately failed, military action would follow anyway."

The leaders agreed that three weeks remained to obtain a second United Nations Security Council resolution before military commanders would need to begin preparing for an invasion.

Summarizing statements by the president, the memo says: "The air campaign would probably last four days, during which some 1,500 targets would be hit. Great care would be taken to avoid hitting innocent civilians. Bush thought the impact of the air

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onslaught would ensure the early collapse of Saddam's regime. Given this military timetable, we needed to go for a second resolution as soon as possible. This probably meant after Blix's next report to the Security Council in mid-February."

Mr. Blair was described as responding that both countries would make clear that a second resolution amounted to "Saddam's final opportunity." The memo described Mr. Blair as saying: "We had been very patient. Now we should be saying that the crisis must be resolved in weeks, not months."

It reported: "Bush agreed. He commented that he was not itching to go to war, but we could not allow Saddam to go on playing with us. At some point, probably when we had passed the second resolutions — assuming we did — we should warn Saddam that he had a week to leave. We should notify the media too. We would then have a clear field if Saddam refused to go."

Mr. Bush devoted much of the meeting to outlining the military strategy. The president, the memo says, said the planned air campaign "would destroy Saddam's command and control quickly." It also said that he expected Iraq's army to "fold very quickly." He also is reported as telling the prime minister that the Republican Guard would be "decimated by the bombing."

Despite his optimism, Mr. Bush said he was aware that "there were uncertainties and risks," the memo says, and it goes on, "As far as destroying the oil wells were concerned, the U.S. was well equipped to repair them quickly, although this would be easier in the south of Iraq than in the north."

The two men briefly discussed plans for a post-Hussein Iraqi government. "The prime minister asked about aftermath planning," the memo says. "Condi Rice said that a great deal of work was now in hand.

Referring to the Defense Department, it said: "A planning cell in D.O.D. was looking at all aspects and would deploy to Iraq to direct operations as soon as the military action was over. Bush said that a great deal of detailed planning had been done on supplying the Iraqi people with food and medicine."

Planning for After the War

The leaders then looked beyond the war, imagining the transition from Mr. Hussein's rule to a new government. Immediately after the war, a military occupation would be put in place for an unknown period of time, the president was described as saying. He spoke of the "dilemma of managing the transition to the civil administration," the memo says.

The document concludes with Mr. Manning still holding out a last-minute hope of inspectors finding weapons in Iraq, or even Mr. Hussein voluntarily leaving Iraq. But Mr. Manning wrote that he was concerned this could not be accomplished by Mr. Bush's timeline for war.

"This makes the timing very tight," he wrote. "We therefore need to stay closely alongside Blix, do all we can to help the inspectors make a significant find, and work hard on the other members of the Security Council to accept the noncooperation case so that we can secure the minimum nine votes when we need them, probably the end of February."

At a White House news conference following the closed-door session, Mr. Bush and Mr. Blair said "the crisis" had to be resolved in a timely manner. "Saddam Hussein is not disarming," the president told reporters. "He is a danger to the world. He must disarm. And that's why I have constantly said — and the prime minister has constantly said — this issue will come to a head in a matter of weeks, not months."

Despite intense lobbying by the United States and Britain, a second United Nations resolution was not obtained. The American-led military coalition invaded Iraq on March 19, 2003, nine days after the target date set by the president on that late January day at the White House.

New Body Armor Shelved In Iraq (WT/AP)

By The Associated Press

The Washington Times, March 27, 2006

HUSAYBAH, Iraq (AP) -- Extra body armor -- the lack of which caused a political storm in the United States -- has flooded in to Iraq, but many Marines here promptly stuck it in lockers or under bunks. Too heavy and cumbersome, many say.

Marines already carry loads as heavy as 70 pounds when they patrol the dangerous streets in towns and villages in restive Anbar province. The new armor plates, although only about 5 pounds per set, are not worth carrying for the additional safety they are said to provide, some say.

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"We have to climb over walls and go through windows," said Sgt. Justin Shank. "I understand the more armor, the safer you are. But it makes you slower. People don't understand that this is combat, and people are going to die."

Staff Sgt. Thomas Bain shared concerns about the extra pounds.

"Before you know it, they're going to get us injured because we're hauling too much weight and don't have enough mobility to maneuver in a fight from house to house," said Staff Sgt. Bain, who is assigned to the 3rd Battalion, 6th Marine Regiment. "I think we're starting to go overboard on the armor."

Since the insurgency erupted in Iraq, the Pentagon has been criticized for supplying insufficient armor for Humvees and too few bulletproof vests. In one remarkable incident, soldiers publicly confronted Defense Secretary Donald H. Rumsfeld about the problem on live television.

Hometown groups across the United States have since raised money to send extra armor to troops, and the Pentagon, under congressional pressure, launched a program in October to reimburse troops who had purchased armor with their own money.

Soldiers and their parents spent hundreds, sometimes thousands, of dollars on armor until the Pentagon began issuing the new protective gear.

In Staff Sgt. Bain's platoon of about 35 men, Marines said only three or four wore the plates after commanders distributed them last month and told them that use was optional.

Top military officials, including Secretary of the Army Francis Harvey, acknowledge the concerns over weight and mobility but have urged that the new gear be mandatory.

"That's going to add weight, of course," Mr. Harvey said. "You've read where certain soldiers aren't happy about that. But we think it's in their best interest to do this."

Marines have shown a special aversion to the new plates because they tend to patrol on foot, sometimes conducting two patrols each day that last several hours. They feel the extra weight.

In Euphrates River cities from Ramadi and Romanna, lance corporals to captains have complained about the added weight and lack of mobility. But some commanders have refused to listen. In the former insurgent stronghold of Fallujah, for example, commanders require use of the plates.

Last year, a study by the Armed Forces Medical Examiner said dozens of Marines killed by wounds to the torso might have survived had the larger plates been in use.

"I'm sure people who ... lost kidneys would have loved to have had them on," said 2nd Lt. William Oren, who wears the plates. "More armor isn't the answer to all our problems. But I'll recommend them because it's more protection."

Some Marines have chosen to wear the plates, particularly those in more vulnerable jobs, such as Humvee turret gunners. But many think the politics of the issue eventually will make the plates mandatory.

"The reason they issued [the plates], I think, is to make people back home feel better," said Lance Cpl. Philip Tootle. "I'm not wishing they wouldn't have issued them. I'm just wishing that they wouldn't make them mandatory."

Afghan Case Dropped But Not Closed (LAT)

By Wesal Zaman And Henry Chu, Special To The Times

The Los Angeles Times, March 27, 2006

Court dismisses charges against a Christian convert whose trial caused outrage. He reportedly will be examined in a hospital.

KABUL, Afghanistan — After days of international outcry, an Afghan court has dismissed the case against a man threatened with being put to death for having converted from Islam to Christianity, a court official said Sunday.

The charges of apostasy against Abdur Rahman, a 41-year-old medical aid worker, were being dropped for lack of evidence, said Abdul Wakil Omari, a spokesman for the Afghan Supreme Court.

"It has been sent back to prosecutors," Omari said of the case. He said questions had also been raised about Rahman's mental fitness and whether he held foreign citizenship, which could place him outside the jurisdiction of the Afghan courts. On

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the radio today, Omari said Rahman would be sent to a hospital for examination. Local media had reported that Rahman, who lived outside Afghanistan for a number of years, might be released and expelled from the country soon.

Rahman's trial had galvanized foreign governments and international activists, who called on Afghanistan to respect religious freedom. On Thursday, U.S. Secretary of State Condoleezza Rice called Afghan President Hamid Karzai and urged him "in the strongest terms" to secure Rahman's release. Rice also brought up Rahman's case in meetings with Afghanistan's foreign minister last week. President Bush has described himself as "deeply troubled" by the trial.

The Vatican, European human rights groups and several other governments also have urged that Rahman be released.

Sharia, or Islamic law, considers converts to be apostates, and calls for the death penalty unless they return to Islam. During a civil child custody case, it was disclosed that Rahman had converted to Christianity 16 years ago.

Omari, the court spokesman, cited two factors for the case's dismissal: signs that Rahman might be mentally disturbed and the possibility that he had become a German citizen.

"Rahman's daughter and uncle gave evidence that Abdur Rahman is mentally ill," Omari said. "The prosecutors said that when they asked him questions, he was sometimes speaking to himself and muttering, and when they asked, 'What are you saying,' he said, 'I am speaking with God.' So the prosecutors have to provide more evidence to bring the case back to the court."

In addition, Omari said, "we don't know whether he has German citizenship or not. If he does, we cannot prosecute him in Afghanistan."

If Rahman is released and the case is ended, "it will be a very good thing," Stephen J. Hadley, Bush's national security advisor, said in an interview on CBS' "Face the Nation."

The case has put pressure on both Bush and Karzai.

Conservative Christians, who form a significant part of Bush's political base, have pressed the administration to win freedom for Rahman and sought to turn the case into a test of the merits of Bush's policies overseas.

On Sunday, the Family Research Council, a prominent conservative group based in Washington, issued a statement noting the reports that Rahman would be released and calling on Bush to "secure a clear understanding of religious freedom" from Karzai's government.

Abdur Rahman's "imprisonment has revealed a major fault in our foreign policy. If we can't secure the most basic of human rights, Americans will increasingly question whether we should continue the expenditure of lives and resources in these countries," the statement said.

Rice, in a television interview broadcast Sunday, sought to rebut the idea that Rahman's case had shown U.S. intervention in Afghanistan to be futile. "This is a country that has come an enormous way in four years," she said on NBC's "Meet the Press."

"I am, I hate to say, 51 years old, but it's in my lifetime that black Americans were guaranteed the right to vote. Who are we to be so, so insistent that people must do this overnight?" she said. "We're working with the Afghan government. They're moving in a democratic fashion. It's going to be hard."

For Karzai, releasing Rahman could intensify criticism that the Afghan leader and his government are puppets of the U.S. The case has been seen here as a test of Afghanistan's independence from foreign, especially American, interference.

Afghanistan's constitution simultaneously embraces religious liberty and Sharia. Although federal law allows for freedom of religion, it is silent on the specific question of conversion and whether that ought to be a matter for Islamic law to decide. But even moderate Muslim clerics, as well as members of Rahman's own family, have said that death is the only fair and logical punishment for him.

In media accounts, Rahman has said that he converted to Christianity in Pakistan, where he worked with a Christian aid organization. He reportedly spent time in Iran, Russia and Germany before returning to his native land three years ago.

Described in local newspaper profiles as a divorced father and a shiftless man with a history of mental imbalance, Rahman apparently walked into a police station last month to file a domestic complaint and declared that he was a Christian. That triggered the case against him.

In an interview published Sunday in the Italian newspaper La Repubblica, Rahman said he was at peace and prepared to die for his beliefs.

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"I have full awareness of what I have chosen. If I must die, I will die," Rahman said in response to questions that the Rome-based newspaper passed to him through a human rights worker.

Rahman's trial laid bare the tension surrounding the role of religion in society here after the fall of the Taliban and its hard-line policies. Islam continues to dominate daily life, and on many social matters, such as the drinking of alcohol, its teachings remain the rule.

Many Afghans say that Rahman must pay the ultimate price for his renunciation of Islam, and have vowed to kill him themselves if he is released. Such high passions at home thrust the Afghan government into a difficult position, forced to weigh domestic pressures against the outrage of Western countries that have poured billions of dollars into rebuilding this war-torn nation.

There were signs last week, however, that Karzai's government was seeking a way out. On Thursday, after a telephone conversation with Karzai, Canadian Prime Minister Stephen Harper said the Afghan leader had assured him a solution would be "worked out quickly."

Special correspondent Zaman reported from Kabul and staff writer Chu from New Delhi.

Mental Health Evaluation May Derail Case Against Afghan Convert To Christianity (NYT)

By Sultan M. Munadi

The New York Times, March 27, 2006

KABUL, Afghanistan, March 26 — The case of an Afghan man facing the death penalty for converting to Christianity was returned to prosecutors on Sunday because of "investigative gaps," a move that will delay, if not scuttle, an investigation that has created an international uproar.

Court officials said the mental health of the defendant, Abdul Rahman, 41, would be evaluated. Although prosecutors vowed to continue the case, a finding of mental illness by public health authorities could thwart their effort.

The case has become a flash point in the Afghan government's attempt to balance democratic freedoms with Islamic religious law, both of which are enshrined in the new Constitution. The Bush administration has pressed President Hamid Karzai to resolve the case, but Mr. Karzai has resisted, citing separation of executive and judicial powers.

The court said two of Mr. Rahman's relatives, a daughter and a cousin, had told the court that Mr. Rahman had mental problems, according to Abdul Wakil Omari, a spokesman for the Supreme Court.

"Also, during his preliminary court hearing, he had said that he was hearing strange voices and that he was not feeling well spiritually," Mr. Omari said.

But the prosecutor, Abdul Wasei, said he doubted the claim. "I did not see any kind of mental problem in this case," he said. He said that Mr. Rahman, when asked about his mental health, insisted that it was fine.

"I am O.K., you can prosecute me, I can answer your questions," Mr. Wasei said Mr. Rahman told him.

If a hospital examination bears that out, Mr. Wasei said, he expects to have the case back before the court in a week.

But if Mr. Rahman is found to be mentally ill, Mr. Wasei conceded in an interview, "that's another thing and of course things will change."

Mr. Wasei dismissed as inaccurate press reports that Mr. Rahman was about to be released. "When his mental examination is finished, maybe he will be released," he said. "But I don't see any possibility of his being released before that."

The court also raised questions about Mr. Rahman's nationality. Mr. Rahman had lived abroad, in Germany, Greece and Belgium. If he acquired dual nationality, the status of his case could change, said Mr. Omari, the Supreme Court official.

The case began as a domestic dispute, when Mr. Rahman's family opposed his attempt to regain custody of his two daughters. In the course of the investigation, family members told the authorities that Mr. Rahman had converted to Christianity 15 years ago.

Afghanistan's 2004 Constitution grants citizens religious freedom, but also declares Islam the supreme law. Although the criminal code does not specifically forbid converting from Islam to Christianity, Islamic law considers it apostasy, a sin punishable by death, according to conservative clerics and the prosecution in this case.

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President Bush, who had been accused by Christian conservatives of being too slow respond to the case, called for Afghan officials last week to "honor the universal principle of freedom."

But Saturday, after President Karzai met with his advisers on religious affairs, an adviser reaffirmed Mr. Karzai's intention to leave the case to the courts.

"Our Constitution says that the judiciary power is independent, and the president has signed the Constitution," said the adviser, Moulavi Balooch. "We cannot intervene in this case, and it is up to the judges and the court what to do with it."

A finding of mental incompetence, followed by Mr. Rahman's leaving the country, had been floated by moderate Afghan officials as a possible compromise.

Case Against Afghan Christian Tossed (USAT/AP)

By Daniel Cooney, The Associated Press

USA Today, March 27, 2006

KABUL, Afghanistan — A court on Sunday dismissed the case against an Afghan man facing a possible death penalty for converting from Islam to Christianity, Supreme Court spokesman Abdul WakilOmeri said.

The court's decision could touch off protests across Afghanistan, warned Faiez Mohammed, a Sunni Muslim leader in the northern city of Kunduz. A provision in Afghanistan's Islamic-based laws calls for the execution of Muslims who abandon the faith. “There will be big protests across Afghanistan,” Mohammed said. “This has shamed Afghanistan in the eyes of other Muslim countries.”

Abdul Rahman, 41, became a Christian in the 1990s while working for an aid group in Pakistan. He was arrested in Afghanistan last month after police discovered him with a Bible.

The case set off an outcry in the United States and other nations that helped oust the Taliban regime in late 2001 and provide aid and military support for Afghan President Hamid Karzai. President Bush and his counterparts in Germany and Canada have insisted Afghanistan protect personal beliefs.

Secretary of State Condoleezza Rice said Sunday on CNN's Late Edition that the U.S. government had stressed to Karzai that religious freedom is a vital element of democracy.

“We're going to stand firm for the principle that religious freedom and freedom of religious conscience need to be upheld, and we are hoping for a favorable resolution in this case,” Rice said.

Rahman was moved to Kabul's high-security Policharki Prison on Friday after inmates at a jail in central Kabul threatened him, said Policharki's warden, Gen. Shahmir Amirpur. Officials on Sunday gave the Associated Press a tour of Policharki, which houses about 2,000 inmates, including about 350 Taliban and al-Qaeda militants.

Amirpur said Rahman had been asking guards for a Bible, but they had none to give him. “He looks very calm. But he keeps saying he is hearing voices,” Amirpur said.

Rahman was in solitary confinement next to a senior prison guard's office. AP was shown the cell but was barred from communicating with him.

Amirpur vouched for the prisoner's safety. “We are watching him constantly. This is a very sensitive case, so he needs high security.”

Omeri, the Supreme Court spokesman, said the case was dismissed because of “problems with the prosecutors' evidence.” He said several of Rahman's relatives testified he is mentally unstable.

Afghan Man Saved From Execution (WT/AP)

By Daniel Cooney, Associated Press

The Washington Times, March 27, 2006

KABUL, Afghanistan -- A court yesterday dismissed the case against an Afghan man facing execution for converting from Islam to Christianity, officials said, paving the way for his release.

The move eased pressure from the West, but raised the issue of protecting Abdul Rahman after his release, as Islamic clerics have called for him to be killed.

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One official said freedom might come as soon as today for Mr. Rahman, who became a Christian in the 1990s while working for an aid group in neighboring Pakistan.

Muslim extremists, who have demanded death for Mr. Rahman as an apostate for rejecting Islam, warned the decision would touch off protests across the country. Some clerics previously vowed to incite Afghans to kill Mr. Rahman if he was let go.

Mr. Rahman was moved to Kabul's notorious high-security Policharki prison Friday after inmates at a jail in central Kabul threatened him, according to Policharki's warden, Gen. Shahmir Amirpur.

Gen. Amirpur said Mr. Rahman had been asking guards for a Bible, but they had none to give him. "He looks very calm. But he keeps saying he is hearing voices," Gen. Amirpur said.

Mr. Rahman was in solitary confinement in a tiny concrete cell next to a senior prison guard's office. A reporter who toured the prison was shown the cell door, but was barred from speaking or otherwise communicating with him.

A senior guard said inmates and many guards had not been told of Mr. Rahman's identity because of fears they might attack him.

But Gen. Amirpur vouched for the prisoner's safety. "We are watching him constantly. This is a very sensitive case so he needs high security."

The case set off an outcry in the United States and other nations that helped oust the hard-line Taliban regime in late 2001 and provide aid and military support for Afghan President Hamid Karzai. President Bush and others insisted Afghanistan protect personal beliefs.

A Supreme Court spokesman, Abdul Wakil Omeri, said the case had been dismissed because of "problems with the prosecutors' evidence." He said several of Mr. Rahman's relatives testified he is mentally unstable and prosecutors have to "decide if he is mentally fit to stand trial."

Another Afghan official involved with the case said the court ruled there was insufficient evidence and returned the case to prosecutors for further investigation. But he said Mr. Rahman would be released in the meantime.

"The court dismissed today the case against Abdul Rahman for a lack of information and a lot of legal gaps in the case," the official said.

"The decision about his release will be taken possibly tomorrow," the official added. "They don't have to keep him in jail while the attorney general is looking into the case."

Secretary of State Condoleezza Rice, who said she had not received official confirmation from Afghan authorities, told Fox News the announcement was "a very good step forward."

She said on CNN's "Late Edition" that the U.S. government had stressed to Mr. Karzai that religious freedom is a vital element of democracy.

"We're going to stand firm for the principle that religious freedom and freedom of religious conscience need to be upheld, and we are hoping for a favorable resolution in this case," Miss Rice said.

The uproar left Mr. Karzai in an awkward position. While trying to address concerns of foreign supporters, he also has sought not to alienate Islamic hard-liners, who wield considerable influence in Afghanistan.

The court's decision was sure to anger at least some of the clerics who have strongly demanded that authorities enforce a provision in the country's Islamic-based laws calling for the execution of Muslims who abandon the faith.

"There will be big protests across Afghanistan," said Faiez Mohammed, a Sunni Muslim leader in the northern city of Kunduz. "This has shamed Afghanistan in the eyes of other Muslim countries."

A Western diplomat, who spoke on the condition of anonymity, said it wasn't clear whether the 41-year-old Mr. Rahman would be able to stay in Afghanistan or would have to move abroad.

Afghan Convert's Case Dismissed (WP)

By Daniel Cooney

The Washington Post, March 27, 2006

KABUL, Afghanistan, March 26 -- A court on Sunday dismissed the case against an Afghan man facing possible execution for converting from Islam to Christianity, officials said, paving the way for his release.

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Abdul Rahman, who became a Christian in the 1990s while working for an aid group in neighboring Pakistan, might be freed as soon as Monday, an official said.

Muslim extremists had demanded death for Rahman, branding him an apostate for rejecting Islam, and warned Sunday that the court decision would touch off protests across this religiously conservative country. Some clerics had previously vowed to incite Afghans to kill Rahman if he was released.

Rahman was moved on Friday to the notorious, high-security Policharki Prison outside the capital after inmates at a jail in central Kabul threatened him, according to Gen. Shahmir Amirpur, the warden.

Authorities have barred journalists from seeing Rahman. Policharki houses some 2,000 inmates, including about 350 Taliban and al-Qaeda militants.

Amirpur said Rahman had been asking guards for a Bible but they had none to give him.

"He looks very calm. But he keeps saying he is hearing voices," Amirpur said.

A senior guard said inmates and many guards had not been told of Rahman's identity because of fears they might attack him. Rahman was in solitary confinement in a tiny concrete cell next to a senior prison guard's office.

Amirpur vouched for the prisoner's safety. "We are watching him constantly," he said. "This is a very sensitive case, so he needs high security."

Rahman's prosecution set off an outcry in the United States and other nations that helped oust the hard-line Taliban regime in late 2001 and provide aid and military support for Afghan President Hamid Karzai. President Bush and others insisted that Afghanistan should act to protect personal beliefs.

A Supreme Court spokesman, Abdul Wakil Omeri, said the case had been dismissed because of "problems with the prosecutors' evidence." He said several of Rahman's relatives testified that he was mentally unstable and prosecutors would have to decide if he was mentally fit to stand trial.

Another Afghan official closely involved with the case said the court ruled that there was insufficient evidence and returned the case to prosecutors for further investigation. But he said Rahman would be released in the meantime.

"The court dismissed today the case against Abdul Rahman for a lack of information and a lot of legal gaps in the case," the official said, speaking on condition of anonymity because he was not authorized to comment publicly on the case.

"The decision about his release will be taken possibly tomorrow," the official added. "They don't have to keep him in jail while the attorney general is looking into the case."

The court's decision was sure to anger at least some of the clerics who have demanded that authorities enforce a provision in the country's Islamic-based laws calling for the execution of Muslims who abandon the faith.

"There will be big protests across Afghanistan," said Faiez Mohammed, a Sunni Muslim leader in the northern city of Kunduz. "This has shamed Afghanistan in the eyes of other Muslim countries."

A Western diplomat, speaking on condition of anonymity because of the sensitivity of the issue, said it wasn't clear whether the 41-year-old Rahman would be able to stay in Afghanistan or have to move abroad.

Rahman was being prosecuted for converting 16 years ago while working as a medical aid worker for an international Christian group helping Afghan refugees in Pakistan. He was arrested last month after police discovered him with a Bible.

In an interview published in an Italian newspaper on Sunday, Rahman said his family, including his former wife and two teenage daughters, had reported him to authorities.

He stressed that he was fully aware of his choice to convert.

"If I must die, I will die," Rahman told the Rome daily La Repubblica, which did not interview him directly but channeled questions through a human rights worker who visited him in prison.

Rahman said he chose to become a Christian "in small steps" after leaving Afghanistan around 1990. He moved to Peshawar, Pakistan, then Germany, and tried to get a visa in Belgium.

Conversion A Thorny Issue In Muslim World (CSM)

By Rachel Morarjee and Dan Murphy

The Christian Science Monitor, March 27, 2006

DOJ_NMG_0021176

KABUL, AFGHANISTAN; AND CAIRO - Under pressure from the US, the Vatican, and other Western leaders, Afghanistan's fledgling democracy Sunday sidestepped a politically charged case in which prosecutors had sought the death penalty for a Muslim man who converted to Christianity.

Rather than pass judgment on Abdul Rahman, an Afghan who converted while living abroad 16 years ago, the court declared him mentally unfit for trial Sunday. "He is a sick person," said Mohammed Eshaq Aloko, Afghanistan's deputy attorney general. Afghan officials said Mr. Rahman would be transferred to a hospital for psychiatric evaluation.

The case has not only thrown a spotlight on the laws and practices of an Afghan government that the United States helped to install but is a reminder of the limits - sometimes severely enforced - placed on religious freedoms by many countries in the Muslim world.

While state executions for apostasy are rarely carried out, laws allowing them remain on the books in not only Afghanistan but in Saudi Arabia, Iran, and Sudan.

More generally, while countries like Egypt and Pakistan guarantee religious freedoms in their constitutions, they limit religious speech and local police frequently lean on people to recant if they seek to convert.

In recent years, religious tension between Muslims and Christians has soared in many countries, and states like Egypt and Pakistan frequently find themselves caught between extremists on both sides.

Last year for instance, Egyptian Christians and Muslims clashed over a girl the Christians claimed had been forced to convert to Islam. The Muslim side said the girl was a willing convert, and had married a Muslim.

In Pakistan, while apostasy cases are rare, vigilante attacks against alleged apostates and others thought to offend Islam are common. "There's not been a single case of apostasy in Pakistan in the last 10 to 15 years, at least not one that has attracted a lot of attention," says Najam Sethi, editor of the liberal Lahore-based newspaper, Daily Times.

But as much of the Muslim world, including Pakistan, takes a more negative view of America and its wars in Iraq and Afghanistan, there has been greater popular pressure on religious freedoms, with courts and governments usually reluctant to intervene.

In Pakistani villages, Muslims who convert to Christianity are occasionally killed by their own family members, to protect the family's honor. In major cities, Islamic militant groups have launched attacks against Christian churches for their supposed sympathy for America. In Alexandria, Egypt, last October, three rioters died as they sought to attack a church for distributing DVDs of a play deemed offensive to Islam.

This context is what has made Rahman's case so difficult for the secular- leaning and pro-US Afghan President Hamid Karzai.

"Afghanistan is in the eye of the storm, in terms of anti-Western feeling," say Mr. Sethi. "If the Supreme Court [had] upheld its decision, and then passed the buck on to Mr. Karzai to say, 'OK, it's up to you, you have the power of clemency,' then that puts Karzai in a bad spot as far as Islamists are concerned."

Sunday's pronouncement of Rahman by prosecutors and the judge as unfit would now seem to spare President Karzai this embarrassing quandary.

Ansarullah Mawlavezada, the judge who had been set to try Rahman's case, as well as other court officials, say that the case came to court after the family reported him for being a Christian. A lawsuit had been filed in a child-custody dispute, and his ex-wife alleged that he beat one of his two daughters while she was reading the Koran.

Rahman has said that he converted to Christianity when he was working for an aid agency in Pakistan 16 years ago.

Afghanistan is a deeply conservative country where 99 percent of the population is Muslim and an estimated 10,000 Christians can practice only in secret. Out on the street, many ordinary Afghans chimed in with the mullahs calling out at Friday prayers for Abdul Rahman to be put to death.

"The order of God is execution for this person and no one can change it. This person has denied God and the Koran and he should be punished in a way that will stop other Muslims from converting," said Sayed Saber, a 32-year-old in Kabul.

President George Bush, who called the case "deeply troubling," phoned Karzai last week to press for Rahman's release. Simultaneously, mujahideen who had been funded by the US in their fight against the Soviet Union, mobilized supporters across

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the country to press for execution. Karzai was caught in the middle. "It is a question of a tightrope for Karzai," said Paul Fishstein, the director of the Afghanistan Research and Evaluation Unit in Kabul.

The issue of religious freedoms is one in which, as in Afghanistan, modern laws are clashing with ancient traditions. Rahman's case illustrates a glaring contradiction between Afghanistan's constitution, which upholds the right to freedom of religion on one hand but enshrines the supremacy of sharia law on the other.

Most mainstream schools of Islamic jurisprudence call for converts to be executed. Though the Koran promises only hellfire for apostates and also says "there should be no compunction in religion," Islamic jurists have typically argued that execution is mandated, citing stories of comments made by the prophet Muhammad.

"The prophet Muhammad said that anyone who rejects Islam for another religion should be executed," said Mr. Mawlavezada, the judge.

Though some liberal Islamic scholars disagree, pointing out that no such rule exists in the Koran, they have been largely silenced in Afghanistan. Last year, Afghan writer Ali Mohaqeq Nasab spent almost three months in jail last autumn for an article questioning the traditional call for execution.

What happens next for Rahman is uncertain, though it appears likely that the government will find a way to sweep the case under the rug.

Officials said they're likely to allow him to go abroad for medical treatment.

"If his family can afford to send him overseas for medical treatment then of course we would give him a passport," says Mr. Aloko, the deputy attorney general. In that case, he would be free to seek asylum elsewhere and avoid a return to his homeland and its legal system.

Lifesaving Knowledge, Innovation Emerge From War's Deadly Violence (USAT)

By Gregg Zoroya

USA Today, March 27, 2006

AD DULUIYAH, Iraq — Even with 10 milligrams of morphine, Army Sgt. Robert Mundo lay in agony after a sniper's bullet pierced his thigh and blasted through his groin.

Mundo gripped the hand of another GI as medic Bridgett Joseph surveyed the bloody damage. Then Joseph reached into her bag for a bandage no other war has seen.

Made with an extract from shrimp cells, the HemCon bandage creates a tight bond that stopped the bleeding almost instantly. Seconds later, Mundo, 24 — a widower from Colorado Springs and the father of two young girls — was airlifted to the Air Force Theater Hospital in Balad, 10 miles away. He got there in five minutes.

New ways of healing are as much a product of war as are new ways of killing. To save lives on the battlefield, medical innovations are born in days rather than in years, military and civilian doctors say. And as with wars past, the new ways of treating the injured and sick in Iraq and Afghanistan — soldiers such as Mundo — could have benefits beyond the battlefield.

Civilian emergency care experts such as Thomas Judge say medical technicians in the USA are beginning to use the HemCon bandage and new battlefield tourniquets to treat trauma patients. A portable heart-lung machine developed in Germany and not yet approved for use by U.S. doctors is helping wounded soldiers breathe. It is small — not much larger than a laptop computer — and connects to blood vessels in the groin to filter out poisonous carbon dioxide while filtering in oxygen. Military doctors in Balad also are using an expensive clotting drug, licensed for use on hemophiliacs, to help stem massive hemorrhaging in troops torn apart by roadside bombs.

Not all advances come easily. Civilian doctors complain that the military sometimes fails to share information on the success of a new drug or technology. Military doctors disagree over the effectiveness of some new products. The Army, for instance, favors the HemCon bandage even though Navy and Marine doctors question whether it works as well as a cheaper bandage developed by the Navy.

Some innovations, such as the HemCon, result from government-sponsored research. Others come from the ingenuity of battlefield doctors who seek new ways to use existing medicines, or try untested technology when all else fails.

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"The military has to try things that nobody has tried before," said Judge, immediate past president of the Association of Air Medical Services, an air ambulance trade group. "Some of the greatest advancements of medicine only come about from war."

When Mundo arrived at Balad at 11:45 a.m. on March 5, a rickshaw-like gurney carried him from the helipad into the controlled chaos of the Air Force Theater Hospital emergency room. Nurses, medical technicians and doctors — some of them with 9mm pistols slung from shoulder holsters — swarmed over each patient wheeled inside. (They're under orders to carry weapons, even during surgery.)

As patients arrive, doctors and nurses poke, prod and inspect; they cut away clothing, shout out blood pressure readings, insert oxygen tubes and wheel up portable X-ray machines. Helicopter medics, helmets under their arms, squeeze into the scrum to recite how each soldier fell on the battlefield.

Bloody linens and body fluids collect on the floor. The clatter of arriving or departing helicopters, beating against the hospital tents, muffles conversation.

"You got kids?" Air Force Lt. Col. Jay Bishoff, a urologist, asked Mundo. "I have kids," Mundo answered apprehensively. "But if I get home, I may want more."

"Well," Bishoff replied, "you'll be able to have a lot more."

About 20 minutes after entering the ER, Mundo was wheeled into one of three operating rooms. There, Bishoff began knitting the soldier back together. "We'll rebuild everything," Bishoff said through his surgical mask. "We're going to reconstruct it. Save it."

The Air Force hospital in Balad is one of the two largest military hospitals in Iraq. The other is an Army facility in Baghdad. The 300 staff members at Balad treat about 9,000 patients a year: Americans, coalition troops, Iraqis, even captured insurgents. The caseload rivals any major trauma center in the USA, said Air Force Col. Tyler Putnam, chief of intensive care.

Its 37,000 square feet lie under a series of tents, and surgeons here are particularly proud of the hospital's simple design. Combat casualties pass from emergency room to CT scan and into surgery.

"It's this 100 yards from the ER doors to the operating room. It's just a straight shot. There are no corners, no turns — you just go straight down the hallway," said Air Force Lt. Col. Jeffrey Bailey, 49, of St. Louis, the chief of trauma here.

Because a major airbase sits within the Balad installation, almost all sick and wounded Americans from across Iraq flow through the hospital on their way home.

American casualties here fall into two categories. Those with mild ailments — kidney stones, for example — are treated and recuperate here, then return to their units.

The severely wounded undergo surgery, then are quickly placed aboard aircraft for flights to the Army's Landstuhl Regional Medical Center in Germany. Mundo would join this river of casualties soon.

After Mundo underwent almost two hours of surgery, his battalion and company commanders and other soldiers visited to wish him well. They joked about his bravely "taking one for the team." A Purple Heart and a Combat Infantryman Badge were pinned to his pillow.

Bishoff, 44, of San Antonio, said it was the 16th groin injury he has repaired since arriving in Iraq more than a month ago.

"Every time I do it, I get better, I get faster, I learn more," he said. "In prior wars, he would have likely lost both of his testicles."

Doctors have learned about the extent of damage caused by high-velocity bullets and bomb blasts. They have taught themselves how to better identify dead tissue and reconnect what can be saved.

The lessons from treating complex battle wounds can form the basis for seminars and published papers to educate doctors at home.

Almost every war has given rise to medical achievements. After yellow fever killed soldiers during the Spanish-American War, military doctors were the first to prove that mosquitoes carried the disease. Among those doctors: Maj. Walter Reed, namesake of the famous Army hospital in Washington, D.C.

Large-scale blood transfusions began during World War I. And medical evacuations by helicopter originated during the Korean War and became common in Vietnam.

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Today, the Pentagon is asking civilian researchers to develop dehydrated blood products that can be stored up to two years; a portable battlefield device that stops internal bleeding with ultrasound; a non-addictive painkiller as powerful as morphine, and prosthetics that respond to brain waves.

"Many, if not all, of these will have civilian uses," said Brett Giroir, a deputy director at the Defense Advanced Research Projects Agency, which does research and development for the Pentagon.

Even more important, doctors say, are further advances in trauma care, the long-term process of saving, healing and rehabilitating the wounded and injured. Traumatic injuries remain the No. 1 killer of Americans under age 45. The speed and efficiency of trauma care, improved upon recently by civilian medicine, are being pushed even further in Iraq and Afghanistan.

"Things come from civilian medicine, and then we take it into the cauldron of the war and focus it, test it and evaluate it, and then use it many, many, many more time than the civilians have. And then whatever spits out in the end is better," said Army Col. John Holcomb, commander of the U.S. Army Institute of Surgical Research.

At the Balad hospital, Air Force Maj. Paul "Chip" Gleason, 35, of Springboro, Ohio, heads orthopedic surgery. Advances in body armor protect the abdomen and upper chest of soldiers. But the legs, arms, faces and lower abdomens remain vulnerable to bullets and explosions. Orthopedic surgeons stay busy. In surgery, Gleason uses a small digital camera to record images for future lessons. A key task is recognizing and removing dying tissue eviscerated by bullets or shrapnel. Dead tissue can cause infection.

Because of endless opportunities to examine torn flesh, "I've noticed a steady progression in my ability to judge what's viable, what's living and what's been too damaged," Gleason said.

Back in the USA, experts such as Andrew Pollak, an associate professor of orthopedics at the University of Maryland School of Medicine, said the knowledge gained in Iraq will prove priceless.

"If you see these injuries in numbers of one and two, you never gain any experience," Pollak said. "When you do a high volume … you can teach people what works and what didn't work."

Air Force Lt. Col. David Powers, 42, of Louisville, is a facial surgeon at Balad. He already has helped publish a guide based on his experience treating the wounded. One lesson: Hold off on surgery until three-dimensional models of the face can help guide doctors on what lies beneath the damage.

From the moment the sniper shot Mundo in a market in Ad Duluiyah, his world changed rapidly. After the five-minute helicopter ride to Balad and almost two hours in surgery, he was recuperating.

By 5 a.m. the next day, he was strapped to a litter and loaded onto a C-17 aircraft headed for Germany.

The Air Force's system of using specially configured aircraft to move thousands of casualties from war zones almost daily is another crucial innovation. The technology didn't exist during Vietnam, the last war in which large numbers of casualties were routinely evacuated to the USA. In those days, doctors typically waited up to six weeks for patients to become stable enough to complete the trip home, said Dale Smith, a professor of medical history at the Uniformed Services University of the Health Sciences in Bethesda, Md.

Now, because of new treatment methods and technology on the aircraft, the most critically injured patients can make the trip in a few days. "They've really thought about this very carefully, no wasted moments, no wasted movements," Judge said of the military. "It's very, very focused."

He and others say the long-distance air evacuation process — with its speed and flying care centers — would prove invaluable should a terrorist attack or natural disaster overwhelm local medical facilities, as happened with Hurricane Katrina last year. After Katrina, hundreds of patients from flooded hospitals were moved to other cities by Air Force medical crews. The White House investigation into the hurricane recommended that disaster response plans better integrate military air evacuations.

Rather than try to re-create in Iraq or Afghanistan sophisticated hospitals such as Landstuhl, the military has built smaller field hospitals where patients are treated and stabilized. Doctors in Iraq now leave many wounds open and vacuum-sealed with plastic. That also was not possible in Vietnam. "Now the sickest of sick patients can get on that airplane," said Air Force Maj. Timothy Woods, a general surgeon at Landstuhl.

On a recent C-17 medical evacuation flight from Balad to Landstuhl, 32 patients rested comfortably, many of them in litters stacked three high on aluminum racks. Among them: burn patients; an amputee; soldiers with broken bones, a shoulder sprain

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and back injuries; one with a blood disorder; two psychiatric cases; and a servicemember stricken with lung cancer. Two in critical condition were hooked to ventilators.

Like flight attendants, the nurses, medical technicians and doctors circulated throughout the plane, offering water, oxygen and medication to relieve the pain. They also kept a close eye on monitors.

"The civilians are always amazed at how we do this," said Air Force Reserve Maj. Ken Winslow, 49, a flight nurse from Issaquah, Wash.

About 65 hours after he was shot — and after a stop in Germany — Mundo arrived at Andrews Air Force Base near Washington. From there, he headed to Walter Reed.

"It was great because I didn't really feel like I needed to be that far away from home. I wanted to get here to Walter Reed and start doing my rehab," he said.

Within eight days of his return, Mundo had been reunited with his daughters, JoLyne, 3, and Shania, 1, and flew home to Colorado. The two girls had lost their mother, Rachel, to lupus in November, just days before their father shipped out for Iraq. In his absence, Mundo's sister-in-law, Jessie Mundo, cared for them.

The children were thrilled to see him and curious about his wound.

"I didn't want to tell them about the sniper or anything," Mundo said. "As far as they know, it was just a nice little doctor's shot."

A Better Idea (WSJ)

By Francis Fukuyama And Adam Garfinkle

The Wall Street Journal, March 27, 2006

As an editorial on this page recently asked: "Anyone out there have a better idea" than the Bush administration's policy of high-profile democracy promotion in the Arab and Muslim worlds as a means to fight terrorism? Well, yes, there is one. That better idea consists of separating the struggle against radical Islamism from promoting democracy in the Middle East, focusing on the first struggle, and dramatically changing our tone and tactics on the democracy promotion front, at least for now.

The essential problem with the administration's approach is that it conflates two issues that are separate. The first has to do with violent, antimodern radical Islamism (on display both in the reaction to the Danish cartoons and in the mosque bombing in Samarra); the second concerns the dysfunctionality of political and social institutions in much of the Arab world.

It is, of course, the administration's thesis that the latter condition causes the former. It is also its contention that U.S. Cold War policies of support for Arab "friendly tyrants" are mainly to blame for Arab authoritarianism. Thus did the president say in November 2003 -- since repeated several times by Condoleezza Rice -- that we sacrificed freedom for stability in the Middle East for 60 years, and got neither. It follows from this view that if the U.S. stops supporting authoritarian regimes and instead does all it prudently can to bring about democratic ones, our terrorist problem will be dramatically reduced if not altogether solved.

Authoritarian political cultures do function as enablers of radical Islamism, but the essential cause of the latter -- today as before, in dozens of historical cases concerning violent millenarian movements -- is the difficulty that some societies and individuals have in coming to terms with social change. That is why rapid modernization is likely to produce more short-term radicalism, not less. Muslims in democratic Europe are as much a part of this problem as those in the Middle East. This is not a trivial point; it is a central one that directly challenges a key tenet of the administration's view.

What the administration sees as one problem ought to be seen as two. Radical Islamism needs to be dealt with separately from democracy promotion. This involves doing everything we can to ensure the political success of the governments in Afghanistan and Iraq. It also involves killing, capturing or otherwise neutralizing hard-core terrorists in many parts of the world, and keeping dangerous materials out of their hands, in what will look less like a war than like police and intelligence operations.

But the threat above all lies on the level of ideas. Just as it proved possible to stigmatize and eventually eliminate slavery from mainstream global norms without having first to wait for the mass advent of liberal democracy, it should be possible to effectively stigmatize jihadi terrorism without having first to midwife democracies from Morocco to Bangladesh. The United States and its Western allies should be helping genuine, traditional and pious Muslims to reassert their dominance over a beautiful and capacious religious civilization in the face of a well-financed assault by extremist thugs. (This, of course, is not a

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new idea, but we have barely begun to take its implementation seriously.) We should also be vigorously supporting the Danes and genuine European liberals when they are attacked by illiberal and violent Islamists.

Promoting liberal and democratic institutions in the Middle East should be decoupled from this fight, since it is a much more long-term project -- and a project in need of significant redesign. The Bush administration has not admitted to itself the degree to which it has been knocked off its own timetable by the chaotic situation in Iraq. Its Broader Middle East and North Africa initiative to promote democracy in the Middle East through high-profile rhetorical support for democracy and funding for local democratic organizations was originally conceived as a way of capitalizing on the momentum gained from a successful Iraqi transition to democracy. But there is no such momentum right now, only backlash. Many would-be democratic opponents of regimes in places like Syria or Iran now say they'd prefer the status quo to the situation the Iraqis are in. This does not paint a rosy picture for the Bush administration's new initiative to promote democratic regime change in Iran; it will be hard to find any takers for the $75 million in new funding for this purpose.

To put it mildly, the Iraq war has not increased the prestige of the U.S. and American ideas like liberal democracy in the Middle East. The U.S. does not have abundant moral authority for promoting the rule of law, since the first thing people in the region associate with America today is prisoner abuse at Guantanamo, Bagram and Abu Ghraib. Many Americans have explained these events to themselves by saying that the abuse was an aberration that has been hyped by enemies of the U.S., and that in any event such things just happen during wartime. Perhaps; but the fact remains that Guantanamo is still open, and nobody except for a couple of lowly enlisted soldiers have been prosecuted for prisoner abuse by the Bush administration. Fair or not, American insistence on rule of law and human rights looks simply hypocritical.

The Bush administration has indeed opened up new space for debate and political participation in the Arab and Muslim worlds. But recent elections in Iran, Egypt, Palestine, and Iraq have either brought to power or increased the prestige of profoundly illiberal groups like Hamas and the Egyptian Muslim Brotherhood; even our putative friends in the Shiite alliance that did well in last December's Iraqi elections have been busy institutionalizing an intolerant Islamist order in the parts of Iraq they control.

Administration principals speak of creating public space for dissent and debate lest it all be driven into the mosque, with the risk that this "might" bring illiberal groups into power. The tide of public opinion today is not running in favor of pro-Western secular liberals, however, but rather the Islamists. In many Arab countries this means that premature democratic elections will most definitely and predictably bring the mosque into the public square while driving out all other forms of expression. The tolerant are making democratic way for the intolerant, who in turn are very likely to block the possibility of any reverse flow of authority. How such dynamics promote liberal democracy in the longer run is hard to see. More likely, U.S. policies that foster pro-Islamist outcomes will delay political liberalization, help the wrong parties in the great debates ongoing in Muslim societies and, quite possibly therefore, make our terrorist problem worse.

We need to change tactics in the way we go about supporting Middle Eastern democracy. The administration's highly visible embrace of democracy promotion as a component of its national security strategy (as outlined in last week's official document on the subject), and its telegraphing ahead of time of intentions to bring about regime change in places like Iran, only hurt the cause of real democrats in the region. The effort to push countries toward early national elections, given the rising Islamist tide today, will invariably force us into the appearance of further hypocrisy when they produce results we don't like. There are many other democratic institutions we can help foster, such as local elections or non-extremist civil society groups. Moves afoot in Congress to channel democracy support through the State Department are well-intentioned but counterproductive: The last thing that democracy activists need right now is more American fingerprints on outside funding. Private foundations and groups with some distance from the administration like the NED or private NGOs will have better luck disbursing money than U.S. agencies. There are many quiet ways we can and should support democratic groups in the region, by working, for example, with other countries that have recently undergone democratic transitions that may have greater credibility than Washington.

In a weird twist, despite its emphasis on democracy in Iraq, the administration would have let funding for long-term democracy promotion through groups like the National Democratic Institute and the International Republican Institute lapse but for a last minute congressional earmark. We are pushing too hard in the wrong places, and not hard enough in the one place where it matters most.

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We should not even think about wanting to roll back recent election results; rather, the emphasis should be on pressuring newly empowered groups to govern responsibly. Islamist parties in Egypt and Palestine have gained popularity in large measure not because of their foreign policy views, but because of their stress on domestic social welfare issues like education, health, and jobs, and their stand against corruption. Fine, let them deliver; and if they don't or turn out to be corrupt themselves, they will face vulnerabilities of their own not far down the road.

Democracy promotion should remain an integral part of American foreign policy, but it should not be seen as a principal means of fighting terrorism. We should stigmatize and fight radical Islamism as if the social and political dysfunction of the Arab world did not exist, and we should shrewdly, quietly, patiently and with as many allies as possible promote the amelioration of that dysfunction as if the terrorist problem did not exist. It is when we mix these two issues together that we muddle our understanding of both, with the result that we neither defeat terrorism nor promote democracy but rather the reverse.

Mr. Fukuyama is professor at Johns Hopkins and author of "America at the Crossroads: Democracy, Power, and the Neoconservative Legacy," published this month by Yale. Mr. Garfinkle is editor of the American Interest.

DOJ:

Still There In Spirit, And Ready To Return (MINNST)

By Pam Louwagie, Star Tribune

Minneapolis Star Tribune, March 27, 2006

An attorney who spent nearly a year in Iraq helping to rebuild its judicial system says he'd go back in a heartbeat to rejoin "the biggest thing happening in the world."

Every morning, Cliff Wardlaw wakes up to his personal war display. A wooden rack near his bed holds the desert-beige vest he wore in Iraq, his knives and flashlights still tucked inside the pockets. Draped over the vest are two large checked scarves Wardlaw wrapped around his face when the sharp desert sand flew like tiny bullets toward his skin.

Seeing it there, in his St. Paul apartment, helps him relive his year in Iraq. And it is a reminder that he's ready to return if duty calls him again.

Wardlaw, an attorney, spent most of 2004 in Iraq after volunteering to help revamp the country's justice system. He trained judges, checked courthouse security, examined prison conditions and worked to steer the Iraqi judiciary to an independent body, one separate from the country's political leadership.

Since his return, his life has been suffused with the memories. And he is driven by the desire to go back.

Inside his office in the Minneapolis courthouse, where he works as a federal prosecutor, he e-mails his Iraqi friends regularly. Padding across the beige carpet of his apartment in the evenings, he wears his fleece jacket, embroidered with "U.S. Embassy, Baghdad, Iraq." Often, he carries a folding desert-camouflaged knife in a rear pocket, just as he did over there.

When he hears on the news about a car bombing in Iraq, he checks a framed map hanging in his apartment hall. Yep, he was there. Yep, he remembers that part of town.

His adult daughters roll their eyes. It's dangerous there. They think their 46-year-old dad is going through a midlife crisis, and they wonder why he doesn't just buy a sports car.

He knows that people question his reasons for wanting to return. They fear for his safety, cringe at the thought of him immersing himself in war.

But the truth is, he can't wait.

When the Justice Department put out an e-mail seeking volunteers in 2003, Wardlaw replied immediately. He says he was one of only three people in the country to answer.

He knew what he was getting into. He'd grown up the son of a Marine. On the playground, kids quizzed each other about the difference between models of the F-4 Phantom and other military aircraft. In school, they listened to casualty reports from Vietnam on Fridays.

He tried to become a Marine Corps officer in college, but he got lost on a compass course and he liked to sleep in. He learned he was a man more apt to analyze and question than follow orders.

So he went to law school and got his military fix vicariously through the books on his shelves.

Remnants of torture

The scent of burning garbage and backed-up sewers enveloped Wardlaw in Baghdad. The beige landscape of the city was deserted at night; curfews kept people huddled inside. Many buildings were dark shells. Bombs had ripped holes in their walls and exploded their floors into chunks of broken concrete.

Wardlaw winced at the evidence of Saddam Hussein's regime. He'd read about the horrors in Iraq, but seeing the evidence was different.

His work took him to elaborate palaces with fountains, swimming pools and marble floors. But in some palaces, the dark basements held prison cells with hooks dangling from the ceiling. Iraqi judges told him the hooks had been used for torture, to hang people by their arms.

He made friends with an eloquent and educated Iraqi judge who had puzzling dark brown scars across his face. The scars, Wardlaw learned, came from acid, dripped onto the man's skin as punishment for refusing to issue death warrants during Saddam's regime.

A Kurdish woman cried as she told him about her brother and her brother's family disappearing. Nieces, nephews, all gone.

"I did not meet one Iraqi who told me that it was a mistake to remove [Hussein] from power," Wardlaw said.

That gave him comfort -- and resolve -- that what he was doing was important, he said.

At night, he slept in a trailer in the protected Green Zone outside one of Saddam's palaces. For safety, he curled up on the floor between two beds and used body armor for a blanket.

Arabic chants calling Muslims to prayer at a nearby mosque woke him in the morning. He had no trouble getting up. He looked forward to each day's mission.

Some days, he toured building sites with architects and security experts who were designing new courthouses. Other days, he reviewed files of detainees to see who was best prosecuted in Iraq, who should be kept and who should be released. He helped track down soldiers to serve as witnesses in court. He helped teach judges about international human-rights rules. He helped the military decide which evidence could be turned over to Iraqi courts when insurgents killed an American citizen. Many days, he zipped up body armor, packed his guns and strapped on a helmet for trips to outlying courthouses.

Leaving the Green Zone meant danger.

He rode in military convoys that varied their routes and drove fast -- sometimes onto sidewalks -- to avoid becoming targets. They dodged manhole covers, worried that bombs were hidden underneath. They kept guns pointed out the windows.

Six times, he saw car bombs explode, the crack so piercing that his ears hurt for days.

Wardlaw says he was one of about 5,200 civilians working to reconstruct the country, not including Defense Department contractors. He and his colleagues working with the justice system -- some American, some Iraqi -- took care to protect Iraqis who seemed destined to lead the government. He took a special liking to senior Judge Qais Hashim Shameri. Qais was efficient and energetic and young, respected by the other judges, Wardlaw said. If there were problems getting a panel of trial judges to sit at a scheduled time, Judge Qais would make sure it got done.

Shortly before Wardlaw left the country, Qais was killed in an ambush.

"To lose a guy like that," Wardlaw said, his voice quieting. "That was one of the lowest days."

Tragedies like that made Wardlaw marvel at the courage of the Iraqi people, how they kept going to work every day, going to the markets, navigating around heavy fighting, living their lives.

He felt proud to be helping. And lucky to be witnessing history. Everything he has done since, he said, has seemed mundane. Less significant.

Inside the white walls of his Minneapolis office, his eyes widen when he talks about it: "This is the biggest thing happening in the world."

It was why he turned a three-month commitment into 11 months. But eventually he had to come home.

Can't leave it behind

For a while after he got back to Minnesota, it was his instinct to look for snipers. He'd scan rooftops on his way to lunch. He'd duck when he heard loud noises. A year later, he's no longer as skittish, but he still can't leave Iraq behind.

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He'll work long days preparing for a murder trial, but still manage to watch Saddam's trial with rapt attention. He has been in the building where Saddam sits in a defendant's cage. He knows some of the judges.

He helped make a difference, he thinks, but he acknowledges the country has a long way to go. He's adamant that U.S. troops should stay there until the job is finished. And he wants to be there with them.

In the middle of his kitchen sits a footlocker stuffed with desert fatigues and supplies. The boots inside are still caked with Iraqi mud. The foot locker has been in his apartment for a year.

He shrugs. He just hasn't taken it to storage yet, he says.

But his daughters know better.

"I think it's more wishful thinking," said Meredith, 20.

At night, the military display by his bed is sometimes the last thing he sees before closing his eyes.

Every once in a while, he goes through the pockets of the vest. Sand still falls from the folds of the scarves. Iraqi sand.

"I have all my stuff packed," he says. "Someone could call me, and in an hour I could go home and be ready to go."

CORPORATE SCANDALS:

Causey Stays On Sidelines In Enron Trial (AP)

By Kristen Hays, AP Business Writer

AP, March 26, 2006

Richard Causey's Name Keeps Coming Up at Enron Trial, but Ex-Accounting Chief Hasn't Testified

HOUSTON (AP) -- Enron Corp.'s former chief accounting officer was bound for trial alongside company founder Kenneth Lay and former CEO Jeffrey Skilling until he cut a plea deal just weeks before jurors were chosen.

Richard Causey might have been expected to testify but has remained on the sidelines ever since. Legal experts say he might be more effective as a potential witness than one who actually takes the stand -- although jurors may be curious about the man whose name they've heard again and again.

Causey won't testify before the government rests its primary case in the fraud and conspiracy trial this week. But prosecutors can hold him in reserve to testify as a rebuttal witness after the defense teams present their case -- which will feature testimony from Lay and Skilling.

"Causey's role in the case may turn out to be more to cast a shadow than to testify," said Sam Buell, a former prosecutor with the Justice Department's Enron Task Force who now teaches at the University of Texas School of Law.

"A single provable lie on something significant could alone convict a testifying defendant in a case like this. And since only the government knows what Causey can and can't say, he acts as a major deterrent against either defendant fabricating specific claims about events, meetings, what they were not told, and the like," he said.

"This could go either way, but if I were wagering I'd bet we won't see him in the end."

Jacob Frenkel, another former federal prosecutor, said rebuttal testimony from Causey won't be necessary if prosecutors remain confident of the strength of their case once the defense finishes presenting evidence and testimony.

"If the government does not use him, then he becomes the Grand Decoy," Frenkel said. "The uncertainty for the defense of the value of Causey absolutely is a factor bearing on the defense case and the defense anticipation of the government's rebuttal case."

In late December, Causey became the last of 16-ex-Enron executives to plead guilty to crimes. For nearly two years before that, he was headed for trial with Lay and Skilling and part of their unified defense. His 11th-hour plea came less than a month before the trial was originally slated to begin.

Causey had faced more than 30 counts of fraud, conspiracy, insider trading and money laundering. He agreed as part of his plea to serve seven years in prison, though prosecutors can recommend cutting that to five years if they are satisfied with his cooperation. He is to be sentenced in August.

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So far, that cooperation hasn't included trial testimony. But Causey's leap to the cooperator camp enabled the government to streamline its case and eliminate copious arcane accounting testimony that would have been necessary to try to prove Causey's guilt.

Causey had been considered a strong potential witness, given his position, knowledge of accounting and proximity to Lay and Skilling. He occupied one of four corner offices on the 50th floor of Enron's former downtown Houston headquarters, with Lay, Skilling and former Chief Financial Officer Andrew Fastow ensconced in the other three.

Throughout the trial, the defense teams have repeatedly challenged prosecution witnesses on whether they have accounting expertise to challenge legitimacy of various financial structures and transactions they say helped Enron manipulate earnings and hide losses.

The 19 witnesses who have testified so far include eight ex-Enron executives who pleaded guilty to crimes long before Causey, ranging from his former peer, Fastow, to the company treasurer, investor relations chief and heads of troubled divisions. Several lower level accounting executives and a pair of former Arthur Andersen LLP accountants have testified as well.

"A watered-down version of what the government's most persuasive witnesses have already said can only dilute the case, even if limited to rebuttal," Buell said of a possible Causey appearance.

The former treasurer and final cooperator to testify in the government's primary case, Ben Glisan Jr., is slated to return to the witness stand Monday for further cross-examination.

Lead Skilling lawyer Daniel Petrocelli referred to Glisan as the government's "closer," as he corroborated much of the earlier testimony. All told, each was intended to bolster -- bit by bit -- the government's contention that Lay and Skilling lied to investors by painting a rosy picture of Enron's health in 2001 when they knew the company faced massive losses, multibillion-dollar writedowns on overvalued assets, and other serious troubles that had been hidden by accounting tricks.

Glisan is testifying on furlough from prison, where he has been since he pleaded guilty to conspiracy in September 2003. He admitted to creating financial structures that he said Enron used to warehouse poor assets and hide losses.

The two defendants counter that there was no fraud at Enron, they did nothing wrong, and negative publicity coupled with diminished market confidence shoved the company into bankruptcy protection in December 2001.

After testimony ended for the week, Petrocelli dismissed the government's case as too general and opinion-oriented. "When you break it down and get the facts, you get a different picture. We've been getting to the facts."

Once Glisan is finished testifying, prosecutors expect to call three to four more less high-profile witnesses and then rest their case by midweek. U.S. District Judge Sim Lake aims to give the defense teams a day or two off to prepare for their case, and said Thursday the trial would likely resume April 3.

Skilling faces 31 counts of fraud, conspiracy, insider trading and lying to auditors. Lay faces seven counts of fraud and conspiracy. Both sold millions in Enron stock before the company failed, but only Skilling faces allegations of improper stock sales.

Not The GC? You're Still A Target (CORPCOUN)

By Sue Reisinger, Corporate Counsel

Corporate Counsel, March 27, 2006

Government prosecutions may skip the GC but involve other corporate counsel

Until recently, federal prosecutors have almost always gone after the general counsel when they've charged an in-house lawyer with corporate fraud. But for the second time in the past six months, the government has skipped the GC and indicted a lower-ranking company lawyer for alleged wrongdoing.

In February prosecutors charged Robert Graham, the former assistant GC and senior VP of General Re Corp., with securities fraud for his role in a sham deal with American International Group Inc. Based in Stamford, Conn., Gen Re is a subsidiary of Berkshire Hathaway Inc., the holding company for most of Warren Buffett's investments. New York-based AIG is the world's largest insurer.

Two other former Gen Re execs and a former AIG official were charged along with Graham. All four defendants have pled not guilty; at press time their case was scheduled to go to trial on May 22. The Securities and Exchange Commission has also

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brought a civil action against several Gen Re execs, including Graham, for their role in the deal with AIG. Timothy McCaffrey, who was Gen Re's GC at the time of the alleged fraud, says that he is not a target of the government's probe. (McCaffrey left the company last June.)

Alan Vinegrad, Graham's defense attorney, says his client expects to be vindicated in court. "Rob Graham is an attorney of the highest integrity who always acted in good faith and within the bounds of the law," says Vinegrad, a partner at Covington & Burling.

According to SEC documents and court papers filed by the U.S. Department of Justice, Gen Re and AIG concocted their deal in October 2000. An AIG executive allegedly proposed that his company would "prefund" Gen Re with $500 million, which Gen Re would then use to pay insurance premiums to AIG. The SEC says the deal, which would allow AIG to report $500 million in false reserves, was suggested by AIG's chairman. Maurice "Hank" Greenberg, who was chairman of AIG until last spring, has denied all wrongdoing.

Prosecutors and the SEC say that Graham was involved in conference calls discussing the sham deal, in drafting the contract and its secret side agreements, and in creating a paper trail to make it look like Gen Re proposed the transaction. The government also claims that Graham knew the deal was improper, but thought AIG would be the one who could get into trouble. In a March 2001 phone conversation with another Gen Re exec, Graham allegedly said, "I'm pretty comfortable that our own skirts are clean, but that they, ah, they [AIG] have issues."

Last spring AIG admitted that the deal with Gen Re was wrong and restated its financial reports to the SEC for the previous five years. In February, AIG agreed to pay $1.6 billion to settle state and federal investigations into its alleged accounting improprieties.

The charges against Graham follow the unrelated indictment last October of Steven Gremminger, an associate general counsel at KPMG who allegedly took part in a tax fraud and cover-up [Corporate Counsel, "Gimme Shelter," December 2005]. That investigation led to a deferred prosecution agreement between KPMG and the Justice Department. Gremminger's criminal case is pending.

Seth Levine, a former federal prosecutor and now a partner in the New York office of Foley & Lardner, says the increased number of indictments of both GCs and their deputies stems from the government's heightened scrutiny of in-house lawyers. According to Levine, "There is an increasing willingness to consider whether the conduct of an attorney goes beyond legal advice and constitutes facilitation of criminal activity in the corporate context, and if it does, to bring charges." Levine adds that in the government's eyes, it doesn't matter whether the GC or an associate is the facilitator.

Costly Commissions How Merrill, Defying Warnings, Let 3 Brokers Ignite A Scandal (WSJ)

By Susanne Craig And Tom Lauricella

The Wall Street Journal, March 27, 2006

In May 2003, Merrill Lynch & Co. invited two star brokers to the firm's "Circle of Champions" celebration in San Francisco. They enjoyed an Olivia Newton-John concert and took a private plane to the Pebble Beach golf course, where they rubbed shoulders with a top boss who had recently written to them, "Congratulations on a great first year."

Five months later, the pair and a colleague were fired. Merrill announced it had discovered the three brokers were secretly helping a client make quick in-and-out trades in mutual funds, grabbing easy profits while shortchanging long-term investors.

But last December, a New York Stock Exchange arbitration panel ruled that Merrill defamed the brokers and ordered it to pay them almost $15 million. Far from being a secret at Merrill, "everybody knew what these guys were doing," said Daniel Boland, their former branch manager, in testimony to New Jersey state regulators. Their lawyers, David Wechsler and Leonard Pack, say the three were scapegoats. Mr. Wechsler says Merrill wanted to "deflect responsibility and placate regulators."

Merrill has appealed the defamation ruling to a New York state court. Spokesman Mark Herr denies that Merrill scapegoated the three and says they "went to great lengths to conceal" their activities. But he says "local managers should have moved faster" to end their trades.

The appeal has unsealed a trove of documents offering a rare glimpse of a Wall Street firm pursuing a tempting profit opportunity over the objections of internal watchdogs. On repeated occasions some Merrill employees voiced concern that the

three brokers were doing something wrong and took steps to stop them. Yet their immediate bosses often pushed back, allowing the trading to continue.

The events at Merrill were part of the big mutual-fund scandal pursued by New York Attorney General Eliot Spitzer. He found that many mutual funds allowed favored clients to conduct the short-term trading, often in violation of their own policies. Regulators imposed penalties totaling $4.25 billion on a host of hedge funds and large mutual-fund firms, including Janus Capital Group and Banc of America Capital Management. (See related article1.)

While mutual funds got much of the attention, some brokerage firms such as Merrill that carried out the trades also were punished. Aside from the defamation judgment, Merrill paid $13.5 million to state regulators for its role in the three brokers' activities.

What happened at Merrill emerges through previously confidential documents, testimony by Merrill executives during the NYSE arbitration and regulators' investigations, and interviews with the brokers and others.

Merrill's trading trio had its roots in a handshake deal between two brokers at a Paramus, N.J., branch of Paine Webber (now part of UBS AG): Christopher Chung, now 37 years old, and William Savino, 50.

Both came from prosperous suburbs -- Mr. Savino in New Jersey, Mr. Chung near Philadelphia -- and started on the ground floor at big brokerage firms. As a rookie Dean Witter broker in Ridgewood, N.J., Mr. Savino recalls in an interview walking the streets with his business card and talking to small-business owners about money-market accounts. Mr. Chung, who had considered following both his parents into a career as a doctor, instead got his broker's license in 1992. He built a business focusing on selling municipal bonds to individuals with a few million dollars in assets. By 2000 the two were at UBS.

At a dinner in Manhattan that year, Mr. Chung met Steve Markovitz, a trader for the hedge fund Millennium Partners LP. A few weeks later, Mr. Markovitz called to offer some trading business, Mr. Chung recalls in an interview. (Through his lawyer, Mr. Markovitz declined to comment. He pleaded guilty to illegal trading not involving Merrill and awaits sentencing.)

In February 2001, as Messrs. Chung and Savino putted golf balls in their office, Mr. Chung invited his colleague to help out on the Millennium account. They shook hands on a 50-50 split of the business.

Mr. Markovitz's trading was straightforward "market timing," according to regulators. Such trading takes advantage of the fact that mutual-fund share prices are set just once a day, usually at 4 p.m. New York time. The price is supposed to reflect the value of the underlying assets held by the mutual fund. But in the case of foreign stocks, the value may be out of date since European and Asian markets close hours before 4 p.m. in New York.

This creates an opening for "market timing." If good news happens during U.S. trading hours, investors can snap up a mutual fund with undervalued foreign stocks, then dump it a day later after the prices are reset and predictably go up. A similar strategy works for mutual funds containing bonds and lightly traded small-company U.S. stocks whose prices may be slow to reflect market developments.

The tactic doesn't necessarily violate securities laws, but many mutual funds have banned or restricted it because the profits earned by the market timers are taken out of the accounts of long-term investors.

Messrs. Chung and Savino had to look for funds where they could set up large accounts for Mr. Markovitz. The legwork got so burdensome that the two brokers brought in a third partner, Kevin Brunnock, 38, and gave him 10% of the business. The three say they did nothing wrong and deny that their trading damaged other mutual-fund shareholders.

Mr. Savino says he had been used to heading home around 5 p.m. But he and Mr. Chung now dedicated most of their time to Millennium and found themselves staying each day until 8 or 9 p.m. as they kept track of positions at scores of mutual funds. Ultimately the three would carry out 13,000 trades for Millennium while at UBS. Messrs. Savino and Chung each made about $2 million in 2001, ranking among the firm's top 10 retail brokers.

The trading angered many mutual funds. Eight fund families -- including OppenheimerFunds and Goldman Sachs -- told UBS they "would not tolerate additional excessive trading or market timing" by the brokers, New Jersey regulators said in a later enforcement action against the three. The brokers blamed such complaints on mistakes by the funds or inadvertent violations when fund policies changed.

In August 2001, the brokers say Mr. Markovitz suggested they move to Merrill, which did other services for Millennium. Two months later, Mr. Savino called the manager of Merrill's branch in Fort Lee, N.J., asking if he wanted to hire a team that

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generated $10 million in revenue annually. "I actually thought it was a prank," the branch manager, Mr. Boland, later testified to regulators.

The brokers told him they had a "diversified" business with more than 900 clients. "They never mentioned market timing," Mr. Boland testified. The brokers concede they never used those words but say they disclosed to Merrill that their business involved frequent mutual-fund trading.

Merrill managers wooed them. Curtis Brown, an area manager who supervised the Fort Lee branch, invited the three to his expansive suburban home. Then they were squired by limousine to a Merrill office near Princeton, N.J., with its own hotel and pub where the men enjoyed cigars. The next day they met in Manhattan with James Gorman, then Merrill's head of all U.S. brokers.

Though impressed, Mr. Gorman asked in an email how the brokers could bring in so much revenue relative to the size of the assets they managed. Mr. Brown told Mr. Gorman in an email that the three had a "key client" but didn't mention that the client -- Mr. Markovitz -- was carrying out hundreds of commission-generating trades a week. Mr. Brown testified he didn't know that at the time.

In early December, Messrs. Chung and Savino spoke by phone with William Rittling, who then oversaw Merrill's relationships with mutual funds. Mr. Rittling testified to New Jersey regulators that the brokers' trading sounded like market timing. He said he warned that Merrill "prohibits market timing." The brokers deny hearing that. Afterward, Mr. Rittling fretted in an email to Mr. Brown that there would be "issues once fund groups see what they are doing," but he said "we will try to help" the brokers.

Merrill gave the trio of brokers a contract entitling them together to $10.5 million over seven years, not including commissions, based mostly on their meeting performance targets. Before they started, Merrill opened about 20 accounts for Millennium, most with names that didn't include the word Millennium and with different tax identification numbers. Regulators say the hedge fund had the accounts set up that way to make it harder for mutual funds to block improper trading. The brokers deny knowing that was Millennium's intent.

On Jan. 4, 2002, Messrs. Chung, Brunnock and Savino quit UBS, packed their cars with files and drove 20 minutes to their new office. Around that time, UBS had decided to prohibit brokers from engaging in market timing; the trio says the departure wasn't related to that move by UBS. Merrill made sure to keep its stars happy. It gave them prime office space and let them customize it with mahogany furniture and their own espresso machine. Messrs. Chung and Savino shared an L-shaped office. Inside Merrill, the group became known as CBS.

Within weeks, the brokers were executing short-term trades at mutual-fund companies that had complained about their trading at UBS, regulators say. The funds were complaining again. In February 2002, a Merrill compliance officer emailed Mr. Brown and eight others, citing "significant market timing" and asking that they make sure "this activity ceases immediately."

Instead, Mr. Brown's boss, regional manager Andrew Williams, asked a compliance officer "whether an exception could be made," Mr. Williams later testified. Over dinner in Weehawken, N.J., the brokers, Millennium's Mr. Markovitz, Messrs. Williams and Brown and a compliance officer met to discuss the trading.

The brokers made an argument at the dinner that they would frequently repeat and their bosses, Messrs. Williams and Brown, would adopt: The trading was acceptable when mutual funds allowed it. They described the complaints as rare cases in which a fund suddenly changed its rules or a fund official didn't know about an agreement.

In some cases they even had written contracts and letters from the funds to back up their claims. In one letter, a Dreyfus Funds official told Merrill that Dreyfus "is aware of the type of mutual fund business that the CBS group transacts and we are happy with [it]." (Dreyfus has a policy against market timing. A spokeswoman says the fund believed the Merrill brokers would comply with it.) An official of another fund emailed Mr. Chung, "I really want to apologize for being unaware of the business you've been doing for us."

Also, in some instances mutual funds agreed to the short-term trading only if Merrill agreed to direct some of its clients' longer-term assets their way. Mr. Brown testified that he and his boss, Mr. Williams, themselves tried to facilitate one proposed deal. Similar deals later became a major focus of Mr. Spitzer's probe. When Mr. Brown testified before New Jersey regulators, one questioner likened such arrangements to bribery. "I just didn't see it that way," Mr. Brown replied.

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Meanwhile, Merrill's rules banned trading in mutual funds "with the intention of capturing short-term profits" -- regardless of whether the mutual fund said it was acceptable. The three brokers signed statements saying they reviewed this and other rules.

The three brokers' first three months at Merrill were a whirlwind of trading. Messrs. Savino and Chung were listed as Merrill's second- and third-biggest revenue generators among brokers nationwide for February. Mr. Brown's four-branch area soon was the top commission earner in the nation.

After thousands of trades, the complaints reached Dan Sontag, one of the top brokerage executives at Merrill. In late April, an email was issued to the three brokers and their bosses: "Per Dan Sontag and Compliance, the CBS group must cease any and all market timing."

When Mr. Brown appeared before New Jersey regulators later, he testified that he considered the email "an order." But he added, "I didn't view this as a closed issue." The brokers testified that Mr. Brown told them to "lay low," so they scaled back but didn't stop short-term trading.

For the next month, Mr. Brown and his boss in New Jersey, Mr. Williams, lobbied to let their stars do their thing. "I need your help," Mr. Brown pleaded in an email to Mr. Sontag, reporting that Millennium had withdrawn $170 million. Mr. Sontag replied, "I have always felt that the recruits should have been briefed on what they could and could not do."

Mr. Williams, the regional manager, emailed Mr. Sontag that Merrill could lose $3 billion in business -- a reference to the total relationship Millennium had with the brokerage firm. "Simply put," Mr. Williams wrote, "the rewards outweigh the risks." Mr. Sontag testified that he didn't alter his position.

The three brokers became "extremely frustrated," as they said in a June 4 memo to Mr. Brown. The memo noted that the three had "a 45-minute conversation with Bill Rittling prior to our joining Merrill about the very topic" of high-frequency mutual trading and they "did not hear any discourse toward the negative."

In late summer Mr. Brown went to Fort Lee to explain to the brokers how they "could still engage in short term trading for Millennium without violating Merrill Lynch's policy," New Jersey regulators said in a complaint against the brokers. Mr. Brown's idea, which he described in testimony to regulators, relied on a distinction between two ways of holding shares in a mutual fund. One is to hold the shares as part of an account at a brokerage firm like Merrill. The other is to hold the shares directly at the mutual fund.

Millennium switched its shares to a direct account, while designating Merrill to handle buying and selling in that account. It continued to have the three Merrill brokers call in trades and they received commissions for doing so. Regulators say the new arrangement had one big advantage: It could deflect mutual funds' complaints because Merrill was no longer an official holder of the fund shares.

In testimony, Mr. Brown denied that he designed the arrangement to keep the gravy train rolling while diverting complaints. He said he intended for the brokers to stop trading Millennium's mutual-fund holdings once they were transferred out of Merrill accounts. He said he "verbally reprimanded" the brokers in November 2002 when he found out they were still trading for Millennium. The brokers say they don't recall getting a reprimand at that time. Merrill "took no additional steps to enhance its monitoring" of the brokers, the New York Stock Exchange said in a later report on the matter.

Working mostly on Millennium business, the brokers generated more than $7 million in revenue for Merrill in 2002. Mr. Gorman, the head of all brokers, sent a note congratulating the three. Even as Merrill's profits were being pinched by the bear market in stocks, Mr. Brown's four branches generated $93 million, 10% more than 2001. His total pay jumped 13%, to $872,000, and he was soon promoted to a post in San Francisco. The bonus of his boss, Mr. Williams, jumped 26%, to $1.4 million.

Skirmishes over the trading continued in early 2003. In February, a mutual fund rejected a trade, triggering a discussion between Messrs. Brown and Savino. Mr. Brown testified he ordered the brokers to keep Millennium trades at "arm's length" from Merrill, which meant they had to stop calling in trades for the hedge fund. The brokers said that didn't happen until late April amid new questions about their trading, when Mr. Brown wrote "NO calls" in a memo.

Merrill said it began an internal review of the CBS group that spring. In late May -- shortly after Messrs. Chung and Savino enjoyed their "Circle of Champions" junket to San Francisco -- compliance officials and Messrs. Williams and Brown confronted the brokers with a potentially serious violation of securities rules. The officials played recordings of CBS group assistants identifying themselves months earlier as Millennium employees when calling funds with trades. The assistants said they had

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misspoken in a rush to place trades, and Merrill took no disciplinary action, according to testimony. But at the same meeting, Mr. Williams told the brokers that fund shares bought for Millennium had to be held for at least a year.

On Aug. 6, Merrill put its timing restriction in writing. The holding period was shortened to 13 weeks, but the trio's market-timing career was effectively over.

On Sept. 3, 2003, Mr. Spitzer announced his office's investigation of the mutual-fund industry, including market-timing issues. The three brokers thought they weren't in danger and were scouting for new business to do at Merrill. But in mid-September, Mr. Sontag, the Merrill executive who oversaw hundreds of branches, decided to fire the men because Merrill faced "reputational risk," he later testified.

On Oct. 2, while Mr. Chung vacationed in Seoul, South Korea, Messrs. Brunnock and Savino watched Mr. Markovitz on CNBC outside of state court in Manhattan, where he pleaded guilty to a felony. Mr. Markovitz admitted to illegally trading funds at the 4 p.m. price after that hour had passed -- something like betting on a horse race after the race is over. Unlike market timing, this is always against the rules. The brokers were shaken that a man they had dealt with so closely was likely headed for prison.

The next day, the trio's new area manager summoned Messrs. Brunnock and Savino to her office in Paramus, as Mr. Chung listened in on the phone from Korea. Reading from notes, she told them they were being fired "for cause" because they violated company rules, they recall. She ordered them to turn over their office keys and leave immediately without cleaning their desks.

By then, the trio had placed 9,274 trades for Millennium, regulators said. The NYSE said Millennium's business resulted in $12.5 million in revenue for Merrill and $60 million in profits for the hedge fund.

"Our review has revealed certain instances of market timing," Merrill announced. Mr. Herr, the Merrill spokesman, told the New York Post, "We had no knowledge they had a market-timing past." He told other media they "concealed" their conduct.

Punishments ensued, some harsher than others. Mr. Brown had to return some of his 2003 compensation but still made $929,000 for the year, more than in 2002. He and Mr. Williams still work for Merrill Lynch. Millennium and its top executives agreed to pay $180 million to settle civil fraud charges related to market timing. UBS paid a $54 million fine for supporting market timing by the three brokers and several others.

Messrs. Chung, Brunnock and Savino filed a claim with the NYSE -- the first arbiter when brokerage employees have a dispute with their employer -- accusing Merrill of wrongfully firing them for cause and defaming them.

The arbitration panel's award, announced with little explanation late last year, included $1.6 million for terminating the brokers' contracts without cause, $576,036 for legal fees; and $12.5 million for defamation and lost wages. The panel also ordered Merrill to amend its regulatory filings to state that the firings were "not for cause." The firm did that on Jan. 26, 2006, when it also paid the brokers the $1.6 million, plus interest.

Though courts rarely overturn arbitration awards, Merrill is appealing the defamation finding, arguing that it is based mainly on statements in regulatory filings that are protected from such claims by New York law. Merrill also opposes paying the brokers' legal fees.

The three brokers worked for a small Manhattan firm for a time, but they were unable to attract business and quit. Their New Jersey brokerage licenses were revoked in March 2005, a decision they are fighting. They are unemployed.

GM Races To Correct Errors For Report To SEC (WSJ)

By Lee Hawkins Jr.

The Wall Street Journal, March 27, 2006

DETROIT -- General Motors Corp. is working to rectify last-minute accounting mistakes and could file its annual report with the Securities and Exchange Commission within days, people familiar with the process say. But the auto maker still must deal with SEC probes related to several other accounting matters.

Separately, GM is continuing talks with potential suitors over the possible sale of a controlling stake in General Motors Acceptance Corp., the company's auto-financing, mortgage and insurance unit, which could generate as much as $13 billion in proceeds for GM. A decision on GMAC could come within days. GM's board was expected to meet early this week to review the situation, people familiar with the company have said.

GM management has spent more than a week gathering details on the chain of events that led to a last-minute discovery of accounting errors in the financial statements of ResCap, GMAC's residential-mortgage unit, which caused GM to miss its 10-K filing deadline March 16.

GM and its chairman and chief executive, Rick Wagoner, are under pressure to fix the errors and offer a new statement by Friday, since missing that deadline could put GM at risk of violating covenants related to $32 billion in bonds.

"The priority right now is to complete the review and correct the financial statements so that we can file them," said GM spokeswoman Toni Simonetti. She added, "At the same time, we want to understand why this came to light at the 11th hour."

It doesn't appear that the ResCap blunder has threatened the GMAC talks. Still, the delayed 10-K and a list of other accounting errors GM has disclosed recently -- including errors unrelated to ResCap that increased its 2005 loss by $2 billion -- could rattle Wall Street's confidence in the integrity and accuracy of GM's financial reports.

"Right now, investor confidence has eroded because of fundamental problems in the business, but this is now about management credibility and integrity, and that's not good," said GM bondholder Dan Genter, chief investment officer of RNC Genter, a Los Angeles investment-management firm. Some corporate-governance experts say the auto maker should hire an independent forensic accountant to examine its books. GM declined to comment on whether its board has done so.

GM March 16 disclosed and corrected a series of accounting mistakes that will force the auto maker to restate its earnings from 2000 to the first quarter of 2005. Among other things, GM said it must restate earnings figures for 2000 through 2004 as a result of "erroneously" booking payments and credits it received from suppliers -- an issue the SEC has been examining. No one has been charged with any wrongdoing in connection with the investigation, and GM has said it is cooperating.

The ResCap mistakes were discovered after GM's auditors refused to sign off on ResCap's financial statements. People familiar with the situation say that since then, GM's probe has shown that ResCap mistakenly classified proceeds from the sale of mortgage loans. ResCap affiliate GMAC-RFC, which has been securitizing loans for years, was holding mortgage loans and classifying them as "cash flows from investing activities." Then, in a climate of low interest rates and heavy mortgage activity, the company started selling loans aggressively, but -- contrary to requirements of accounting rules -- didn't reclassify them as "cash flows from operations," these people said.

These people said ResCap's board was surprised March 16, just hours before GM was to make the filing, to find that ResCap had improperly classified the cash flows on loan sales as far as several years back. By then, Mr. Wagoner and Fritz Henderson, GM's vice chairman and chief financial officer, had reviewed the financials of GM and its subsidiaries and were prepared to certify them.

But GM's outside auditor, PricewaterhouseCoopers, refused to sign off on the documents. The board of GM and the audit committee of ResCap were notified, and both groups held phone-in meetings that day. Mr. Wagoner, in Asia at the time, participated in the call. He then canceled a speech he was to deliver March 20 before a group of business and government leaders from around the world. The group was also scheduled to meet with Chinese Premier Wen Jiabao.

ResCap's chief financial officer, Davee Olson, declined to be interviewed through a ResCap spokeswoman. Accounting experts and analysts expect GM's correction of the failure to reclassify could affect ResCap's cash flow from operations. That could also affect GM's consolidated cash flow from operations, which combines the numbers from GM's financing and automotive operations.

Any change wouldn't help GM or GMAC in the eyes of investors, experts said. Edward Katz, an associate professor of accounting at Pennsylvania State University, said investors often evaluate finance firms on the basis of their net income, not cash flows. Analysts don't generally use GM's consolidated numbers to assess the company's performance, so the mistake isn't likely to affect analysts' views of GM either, said Himanshu Patel, an analyst with J.P. Morgan.

SEC Subpoenas Research Firm (WSJ)

By Kara Scannell

The Wall Street Journal, March 27, 2006

WASHINGTON -- The Securities and Exchange Commission, investigating possible market manipulation, requested documents about communications that Gradient Analytics Inc. had with journalists and others.

The SEC's San Francisco office sent a subpoena dated March 10 to Gradient, a Scottsdale, Ariz., securities research firm. The agency requested phone records, emails and other materials Gradient had exchanged with several hedge-fund advisers and journalists.

The SEC's action follows a round of subpoenas in which agency staff subpoenaed several journalists about their contacts with Gradient and others. That effort drew an outcry from journalists and an admonition from SEC Chairman Christopher Cox to the agency's staff. The new subpoena appears to let the SEC seek information about Gradient's contacts with journalists without seeking the information directly from the journalists themselves.

Gradient received a subpoena from the SEC several weeks ago, in addition to the one this month. Subpoenas, some dated Feb. 7, were sent to TheStreet.com and its founder James Cramer, as well as two journalists who work for Dow Jones & Co., publisher of The Wall Street Journal. The subpoenas to the journalists asked about their communications with a number of organizations, including Gradient, about Overstock.com Inc., an online discount retailer. Overstock.com has accused hedge funds of using the news media to drive down the price of its shares. The news organizations said they wouldn't comply with the request for documents.

After news of the journalists' subpoenas became public last month, Mr. Cox on Feb. 27 publicly criticized his staff for taking such a step against journalists without alerting him, his fellow commissioners, the agency's general counsel or its public-affairs office.

In late February Mr. Cox said subpoenaing reporters is an "extraordinary step" and put the subpoenas "on hold." He said the SEC and financial media have a symbiotic relationship in disclosing information to the public that he didn't want to chill.

He didn't say, however, that the agency wouldn't pursue other avenues to find out information. The SEC has opened a civil investigation into possible market manipulation of some small-capitalization stocks.

A spokeswoman for Gradient, which has denied wrongdoing, said yesterday, "We don't comment on any communications that we have with regulators except to say that we cooperate fully when asked for any information."

Lawyers familiar with the SEC said it is rare for the commission to subpoena journalists. The SEC, which can issue subpoenas independently of other federal authorities, such as the Justice Department, doesn't have an internal policy on how its enforcement staff can request information from journalists but says it will develop one.

The Justice Department, in its U.S. attorney's manual, says a prosecutor can obtain a subpoena for a member of the media without prior approval from the attorney general only when the action is necessary to "avoid the loss of life or the compromise of a security interest." Justice Department officials say reporters are subpoenaed only as a last course of action, after every other effort to obtain information needed for an investigation is exhausted.

"In general terms, our practice is consistent with the notion that we try to get information other than through a journalist because we are respectful of the journalist's privilege," said Linda Chatman Thomsen, chief of the SEC's enforcement staff. "It's important to remember that the privilege only pertains to the journalist, not the person on the other end of the conversation, who may be a securities-law violator."

While the SEC subpoena to other sources may comply with the Justice Department's guidelines, some lawyers say it may not fit exactly with the spirit of protecting a journalist's communications if a source knows he or she may have to turn over information about those conversations. While journalists can assert a journalistic privilege to avoid having to turn over information, a source lacks such a privilege.

Lawyers say the Justice Department routinely receives requests to subpoena journalists or debt-rating services that maintain the same protections. It's unclear how often those subpoenas are granted. Lawyers say they often don't learn the extent of the government's effort to get the information through other means unless a journalist fights a subpoena in court.

In some states where there are partial shield laws to protect journalists, lawyers said, details of the government's efforts often come out in court.

For example, in the criminal investigation into the possible illegal disclosure of a Central Intelligence Agency agent's identity, reporters were subpoenaed last, even after the president and vice president provided testimony.

In that case, a judge ruled that reporters had to testify or be held in contempt of court. Judith Miller, a New York Times reporter at the time, served several months in jail for refusing to identify her source, before testifying.

In a civil investigation, journalists may have more protections to argue they don't have to turn over documents.

CRIMINAL LAW:

US Pursues Former IRA Chief Over Forged Dollars (FT)

By Demetri Sevastopuloin Washington

Financial Times, March 27, 2006

The US is to seek the extradition of Sean Garland, president of the Irish Workers party, who has been indicted in the US on charges of trafficking North Korean-counterfeited $100 bills in Europe, Russia and former Soviet states.

Mr Garland, 72, the former chief of staff of the official IRA, was arrested in Belfast last year on a US warrant after a 16-year investigation.

The fake dollar bills - known as "supernotes" because of their high quality - started to appear around the world in 1989. But after being released on bail, Mr Garland fled to the Republic of Ireland to escape extradition.

A State Department official told the Financial Times that Washington planned to formally ask Ireland to extradite Mr Garland, although the official declined to comment on the timing. The US attorney for Washington DC and Justice Department declined to comment.

A spokesman for the Workers party declined to make Mr Garland available for comment, but directed inquiries to a website, (www.seangarland.org), which says: "He has been a militant and committed political activist all his life. He has never been involved in any type of criminal activity. For most of his life he has sought political change through democratic means."

The US attorney accuses him of operating a "years-long scheme to obtain, transport, sell, and pass as genuine, highly deceptive counterfeit $100 [bills]".

According to the indictment, Mr Garland (also known as "the Man with the Hat") and six co-defendants conspired to launder the fake notes between 1997 and 2000, allegedly trafficking them in a number of countries, including Ireland, the UK, Russia, Belarus, Poland, Denmark, the Czech Republic and Germany.

Speaking outside the White House during a visit to Washington on St Patrick's Day, Bertie Ahern, the Irish prime minister, said he had not discussed the case with George W. Bush, US president. Mr Ahern added that he would not become involved in the case, saying it was a matter for the Irish courts.

"We follow international obligations in cases, but it's the courts that make decisions," Mr Ahern said.

(NR)

By Jason Zengerle

New Republic, March 25, 2006

Brain Drain

In Unknown White Male--a new documentary about Doug Bruce, a 35-year-old man who woke up one morning on the New York City subway with no idea who or where he was--a Harvard psychology professor named Daniel Schacter plays a supporting but crucial role. He serves as the film's memory expert and, in between scenes of Bruce being reintroduced to his family and friends, Schacter appears on-screen to explain that Bruce likely suffers from an extremely rare condition known as retrograde amnesia. Unknown White Male has been greeted with rumors that Bruce is faking his memory loss and that the film is a hoax. But most reviewers have given both the man and the film the benefit of the doubt (Roger Ebert: "Unknown White Male is either (a) factual and authentic, or (b) the most convincing mockumentary ever made"). That, in no small part, is thanks to Schacter's persuasive performance. His authoritative tone and his ability to explain the vagaries of memory in impressively clinical terms, not to mention his Harvard affiliation, lend weight to Bruce's seemingly implausible tale. Now, on the heels of his big-screen debut, Schacter is preparing to vouch for the memory difficulties of another, albeit better known, white male. In January, Scooter Libby hired the Harvard psychology professor to help with his Plamegate defense.

On a recent afternoon, Schacter, a balding man with deep-set eyes and a furrowed brow, sat in his office on the eighth floor of a building just north of Harvard Yard. His bookshelves were lined with titles like The Handbook of Memory Disorders and

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Neuropsychology of Memory; hanging from the walls were reproductions of memory-themed paintings by prominent artists, including Magritte and Dali. It was as if the memory expert had sought to create an environment in which, were he ever to forget that he is a memory expert, he would be instantly reminded of that identity. Schacter refused to discuss Libby's case or his involvement in it. "I really should not comment on anything to do with that," he said. But he agreed to talk about his work in more general terms, and, as he spoke, it wasn't difficult to discern how he might be able to help Dick Cheney's former chief of staff beat back obstruction of justice, perjury, and false statement charges--and stay out of the slammer.

According to Schacter, there are "seven sins of memory" (which is also the title of his most recent book), or seven common ways in which people's memories can malfunction. And, while Schacter himself wouldn't say so, it seems that at least three of those sins could serve as an innocent explanation--an alibi, if you will--for why Libby told a grand jury and FBI agents that he first learned of Valerie Plame's employment with the CIA from reporters. In fact, it appears that Libby conveyed that information to reporters after learning of Plame's CIA status from other government officials.

One such sin is "transience," which, as Schacter explained, is the forgetting that occurs with the passage of time. He pointed to a study by a Danish psychologist who, moments after learning of Swedish Prime Minister Olof Palme's assassination, recorded that he had heard the news on his radio while eating breakfast by himself. Several months later, when the psychologist tried to recall for the study how he learned of Palme's assassination, he was already misremembering certain details--reporting, for instance, that he had been with his wife when the news came over the radio. "All these things," Schacter said, "are modulated to some degree by time." Seeing as how Libby didn't speak to the FBI and the grand jury until months after his conversations with reporters, the sin of transience could be invoked to argue that he simply misremembered the details of how he learned of Plame's CIA status.

A second memory sin that might be useful to Libby's legal defense is one Schacter dubbed "absent-mindedness," which typically occurs when a person is doing too many things at once--or is focused on one particular thing and is therefore paying insufficient attention to form accurate memories. A person not remembering where he placed his car keys while he was preoccupied with thinking about a problem at work is one example of absent-mindedness. But Schacter ticked off other, more extreme examples, including a study--"done right here on the eighth floor"--in which participants were shown a film of a circle of people passing a basketball. While watching the film, the participants were supposed to keep track of the number of times the ball changed hands. In the middle of the scene, a person in a gorilla suit suddenly walks through the circle beating his chest. The remarkable thing is that only half of the study participants noticed the gorilla. "That study," Schacter said, "shows when attention is sharply focused, it's surprising what can occur outside the focus of attention and apparently not register."

Which is a point Libby's lawyers made, in so many words, in a recent court filing. "Mr. Libby was immersed throughout the relevant period in urgent and sensitive matters, some literally matters of life and death," they argued. "[I]n the constant rush of more pressing matters, any errors he made in his FBI interviews or grand jury testimony, months after the conversations, were the result of confusion, mistake or faulty memory, rather than a willful intent to deceive." Or, to put it another way, Libby was so focused on national security issues and terrorism that he didn't even notice--or failed to remember the exact details of how he learned about--the chest-beating gorilla Joe Wilson and his wife.

The third sin that could serve as Libby's get-out-of-jail-free card is the one Schacter called "misattribution"--remembering aspects of an experience correctly but attributing those aspects to the wrong source. For instance, if a person reads an interesting article in The New York Times but then, in recalling that article for friends, tells them that it ran in The Washington Post, that would be a case of "source misattribution." This, of course, is essentially what Patrick Fitzgerald has accused Libby of committing. Fitzgerald just has another name for it: perjury. But Schacter struck a less accusatory posture, explaining that the real victim of source misattribution is the misattributor himself, since he's often quite convinced that he's telling the truth. "I think, in general, [source misattribution] can be pernicious because you have the possibility for high-confidence errors, because the person's memory is right about some aspect of the event," Schacter said. "It's not uncommon for source misattributions to result in high-confidence, inaccurate memories."

Schacter noted that high-confidence, inaccurate memories are hardly unusual in the political realm. A couple of years ago, he wrote a New York Times op-ed trying to puzzle out why Richard Clarke and Condoleezza Rice had such different recollections of the Bush administration's response to terrorism issues. And then there was the he-said, she-said dispute between Clarence

Thomas and Anita Hill. The most famous instance of an inaccurate memory in politics, Schacter said, was that of Richard Nixon's White House Counsel John Dean, who, like Libby, was asked to recall conversations for an investigation into political wrongdoing. Dean provided such detailed recollections of his Oval Office conversations with Nixon and other officials that he came to be known as the "human tape recorder." But, when actual tapes of those conversations surfaced, it turned out that Dean's memory wasn't so accurate. He remembered the gist of the conversations, but not the details. "Sometimes he didn't even remember the gist accurately," Schacter noted. These were likely innocent mistakes, he continued, the sort anyone might make when performing the difficult task of trying to recall past events. But then Schacter remembered an alternative interpretation. "Of course," he said, "there's always going to be the question, in a case like that, as to whether some of it is intentional."

Convicted Of Forging Judge's Order, Attorney Is Given 27-Month Sentence (LAW)

By Tom Perrotta, New York Law Journal

New York Law Journal, March 27, 2006

Perry S. Reich, the Long Island, N.Y., attorney who stands convicted of forging a federal magistrate judge's order and lying to the government, was sentenced Friday to 27 months in prison after a judge described his plight as "disquieting" and unlike any case he had ever seen.

Reich, 57, was a respected attorney whose conviction stunned many in the legal community who knew him from his days as a clerk at the Appellate Division, 2nd Department, and at the Court of Appeals, and later as an appellate specialist with a varied practice.

Eastern District Judge Nicholas G. Garaufis likened Reich's story to a Greek tragedy.

"I don't know why he did what he did -- I don't know if he knows why he did what he did," Judge Garaufis said. "I'm not sure that any rational lawyer would ever do anything like this. It defies logic."

Reich spoke briefly, expressing regret and asking the judge to consider that he had been a "good and honest lawyer" for 30 years.

"I'm standing here today with my career destroyed, my life in shambles," he said.

Prosecutors had recommended a sentence of between 63 and 78 months, or 6 1/2 years, while the Probation Department suggested between 27 and 31 months.

Reich's appellate attorneys, Benjamin Brafman and Mark M. Baker of Brafman & Associates, asked for a period of probation with no incarceration.

Brafman and Baker, who were hired by Reich after his conviction, argued that Reich might be a pathological liar who truly believes he did not forge the order and fax it to an adversary, as a psychiatrist had suggested following an evaluation. They also stressed the many letters of support he received, his unblemished record and his reputation among others in the profession. Numerous friends and members of the legal community attended Reich's sentencing to offer their support.

Brafman admitted, however, that his argument was a difficult one to make. He said he initially was reluctant to take Reich as a client because he knew that without "divine judicial intervention," Reich would be looking at a substantial jail sentence.

"I'm not completely convinced that Mr. Reich is in his right mind," Brafman said. No lawyer, he said, could think "that if you did something this stupid, this outrageous, that it would not be discovered shortly thereafter."

'ABSOLUTELY OFFENSIVE'

Assistant U.S. Attorney Amy Busa argued that claims about Reich's mental state were undermined by the fact that he had changed his story several times. She said he engaged in significant planning in an attempt to obstruct the judicial process.

"If the defendant truly believed his lie, he would be telling the same story every time," she said. She added: "It's absolutely offensive what the defendant did to the judiciary."

Reich continues to deny that he faxed to an adversary a fake order purportedly rendered by Magistrate Judge Roanne L. Mann, who was handling civil litigation between a brokerage firm, Ryan Beck & Co., and two former clients.

In the fake order, Magistrate Judge Mann reversed one of her previous rulings and recused herself from the litigation. Reich was involved in similar litigation with the brokerage, which had purchased the assets of another brokerage that Reich blamed for

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mismanaging his life's savings of $2 million. Prosecutors allege that Reich intended to discredit the brokerage and compel it to settle his case.

The evidence at trial showed that a phone call was made from Reich's home, via a pre-paid calling card, on June 17, 2003, to the fax machine of Joel Davidson, who represented Ryan Beck. Upon receiving the fake order, which was favorable to him, Davidson sent it to other attorneys associated with the firm. When Mann alerted the parties that the order was a fake, Davidson initially was suspected of forging it.

'THERE'S NO JOKE ABOUT IT'

Evidence soon pointed to Reich, though he denied any involvement to federal investigators when they came to his home. During a subsequent meeting with investigators and federal prosecutors, Reich was given the chance to admit that he faxed the order as a joke, according to testimony at his trial. If he did, his fate would have been left in the hands of the grievance committee.

Reich would not admit his role -- a fact that Judge Garaufis on Friday described as the most telling aspect of the case.

"There's no joke about it," the judge said. "I believe Mr. Reich thought he could get away with it."

Reich's attorneys asked that Reich be incarcerated at a minimum security prison in Otisville, about 70 miles northwest of New York City. Garaufis agreed to make that request.

Reich will remain free until he is scheduled to surrender on June 15. He declined to comment after the hearing ended.

Peter N. Katz, a former Assistant U.S. Attorney in the Eastern District who is now a federal prosecutor in New Jersey, also appeared for the government.

Plot Line Shifts In Pellicano Inquiry (LAT)

By Greg Krikorian, Ted Rohrlich, And Richard Verrier, Times Staff Writers

The Los Angeles Times, March 27, 2006

FBI finds no evidence that actor Steven Seagal hired the detective to intimidate a reporter.

Federal officials investigating infamous Hollywood detective Anthony Pellicano have found no convincing evidence that actor Steven Seagal was involved in depositing a dead fish on a reporter's windshield in June 2002 and now believe Pellicano had some other motivation for staging the mob-style threat.

While prosecutors have yet to explain what that impetus was, their current lack of interest in Seagal fundamentally alters the original plot line of this Hollywood cliffhanger and raises this question: If not the movie star, then who was Pellicano working for?

The original premise was that Seagal had hired Pellicano to threaten Los Angeles Times reporter Anita Busch and scare her off a story about the actor's problems with organized crime.

The FBI initially subscribed to that theory because Alexander Proctor, the former convict that Pellicano allegedly hired to put a dead fish with a rose in its mouth and a note that said "Stop" on the smashed windshield of Busch's car, claimed he was working for Pellicano on Seagal's behalf.

Seagal's lawyers have denied since the fall of 2002 that the actor had anything to do with the threat, but federal authorities have never publicly exonerated him or explained why they eventually came to disbelieve Proctor.

"As we looked into it, there was very little to corroborate" Proctor's claim, said a source close to the investigation. "There was a lot to suggest that Seagal was not involved."

Indeed, the 110-count federal indictment accusing Pellicano and six others of conspiring to blackmail and intimidate dozens of celebrities, business executives and others in Los Angeles alleges that the private eye started spying on Busch well before Seagal was even on her radar.

Pellicano allegedly began prying into Busch's life nine days after she and her reporting partner, Bernard Weinraub, wrapped up a series of damaging articles in the New York Times about former super agent Michael Ovitz — and more than two weeks before she began working on the Seagal story for the Los Angeles Times.

On May 16, 2002, Pellicano allegedly asked his contact in the Los Angeles Police Department, Sgt. Mark Arneson — also now indicted — to troll for information on Busch and Weinraub in law enforcement databases. Pellicano also is accused of paying telephone company technician Rayford Earl Turner to obtain confidential information that later enabled the private eye to tap Busch's phone. She no longer works for The Times.

As the racketeering investigation has widened, a big unknown is the extent to which Pellicano acted at the behest of high-powered lawyers or their clients — or on his own in a bid to impress them.

But for whatever reasons they may have been targeted, several others with Busch on the list of Pellicano's purported victims also had some unpleasant history with Ovitz.

On the same day Pellicano allegedly requested Busch's information, he turned to Arneson for data on James Casey, who had sued Ovitz's Artists Management Group two months earlier to collect $450,000 he alleged he was owed for referring an athlete to the firm.

Six days before that, Pellicano had asked Arneson for information on Arthur Bernier, a former Artists Management executive who sued Ovitz in April 2002 for wrongful termination, alleging he was owed about $200,000.

And almost a year earlier, Pellicano allegedly went after two other Ovitz adversaries, talent agents Bryan Lourd and Kevin Huvane, ordering their names run through the law enforcement databases as well.

Both were former proteges of Ovitz at Creative Artists Agency, which he co-founded. They became his competitors when Ovitz started Artists Management Group after a brief but tumultuous stint as president of the Walt Disney Co. in the mid-1990s.

Federal officials would not say if they regard Ovitz, who has testified before a grand jury in the case, as anything other than a witness.

Through his lawyer, Ovitz acknowledged that a law firm working on behalf of Artists Management on the Casey and Bernier matters, Gorry Meyer & Rudd, retained Pellicano in early May 2002.

But Ovitz denies any knowledge of the alleged wiretapping or illegal background checks detailed in the indictment, his lawyer said.

"At no time did Mr. Ovitz or anyone on his behalf ever direct or instruct Mr. Pellicano, or anyone, to engage in improper or illegal means to carry out the legitimate tasks for which he was engaged," said James Ellis, Ovitz's personal attorney. "Nor was Mr. Ovitz aware of any improper or illegal activities undertaken by Mr. Pellicano at any time."

Ellis said that Ovitz has been told by federal authorities that some of his "conversations were recorded by Anthony as well." Ellis said it was unclear whether Ovitz was talking to Pellicano or other people in the recorded conservations.

Ellis said Ovitz was unaware of, and did not authorize, Pellicano to conduct "any type of background check" on Lourd or Huvane in 2001.

Ellis also said prosecutors have assured Ovitz — once known as the most powerful man in Hollywood — that "he is considered a witness in this matter," and nothing more.

"Mr. Ovitz was interviewed over two years ago by the authorities and answered all of their questions. He also testified under oath in front of the grand jury and again answered the questions that were posed to him," Ellis said. "There simply has never been any indication that the authorities believe that Mr. Ovitz was complicit in any criminal or improper acts. Any implication otherwise is just wrong."

Seagal's lawyers, in denying that the actor had anything to do with the fish incident, said that their client, if anything, was one of Pellicano's victims.

Court records indicate that, rather than working for Seagal at the time Busch was threatened, Pellicano was actually working against him on behalf of Gorry Meyer & Rudd, the same firm that had hired Pellicano for help in Artist Management's disputes with Casey and Bernier. Gorry Meyer alleged it was owed $260,000 in legal fees by Seagal.

In defending Seagal in the fee dispute, the law firm of Lavely & Singer accused Gorry Meyer of hiring Pellicano to intimidate Seagal.

The law firm did so, Lavely & Singer contended in court papers, even though one of its partners, Christopher Rudd, was "aware of the substantial hatred" between the actor and Pellicano and "knew that simply hiring Mr. Pellicano to attempt to collect the disputed fees would constitute a threat."

But while finding evidence that Pellicano had been hired as a private investigator, the judge in the case found no proof that he did anything to threaten or intimidate Seagal, court records show.

A year earlier, Pellicano surfaced in another dispute in which Gorry Meyer was engaged — this one involving Ovitz's company.

In an unusual role for a private investigator who bragged of sometimes settling disputes with a baseball bat, Pellicano acted as a negotiator for Gorry Meyer in Ovitz's trademark dispute.

At the time, his Artists Management Group was locked in a legal battle with a firm with the same initials, Advantage Marketing Group, a Texas-based company whose clients have included former Dallas Cowboys star running back Emmitt Smith.

Ovitz's company sued in federal court over the right to use the AMG name. In a counterclaim, Advantage contended it had actively used the name since 1985 and intended to keep it. One of its executives accused Artists Management of attempting to "steamroll us because we're a small agency."

After having read about the lawsuit, Ellis said, "Mr. Pellicano noted that he had a good relationship with certain parties involved and suggested that he might be able to settle the matter. He and other mutual acquaintances were authorized by counsel to give it a try. It is not unusual, especially in the entertainment industry, to enlist the participation of such interme diaries in an effort to resolve business disagreements."

In June 2002, Pellicano contacted a Washington, D.C.-based attorney for Advantage Marketing, Carla Calcagno, and told her he was authorized to help settle the dispute, according to two sources familiar with the matter.

Calcagno declined to comment.

But the sources said she was wary of Pellicano because of his reputation as a Hollywood tough guy and refused to deal with him in crafting the settlement.

Neither this case, nor Ovitz's name, appear in the indictment, which notes that Pellicano sometimes took it upon himself to initiate his spying, in a bid to strengthen his reputation with "lucrative clients, including entertainment celebrities and executives, attorneys and law firms."

One high-profile entertainment lawyer who has done work for Ovitz's firm, Bertram Fields, has acknowledged being a subject of the FBI investigation. Many of the counts in the indictment pertain to Pellicano's alleged wiretapping and illegal background checks of adversaries of Fields' clients.

As in the trademark case, Fields also has used the pugnacious private eye in an unusual capacity.

Los Angeles attorney Barry Rothman said in an interview that Fields once referred him to Pellicano to handle negotiations in a case of alleged child molestation. That happened in 1993, when Rothman represented the father of a boy allegedly molested by singer Michael Jackson, a Fields client, who also was represented by Ovitz's Creative Artists Agency.

When he contacted Fields to discuss the allegations, Rothman said, the entertainment attorney directed him to Pellicano.

"He just told me that's the way it's going to be," Rothman recalled. "He said, 'If you're gonna talk to anybody, you're gonna talk to Anthony Pellicano, not me. You have to speak to him — only. With a capital O.' "

*

Times staff writers Kim Christensen and Henry Weinstein contributed to this report.

'Mafia Cops' To Break Ranks (NYDN)

By John Marzulli

New York Daily News, March 25, 2006

They were alleged partners in crime, but the so-called Mafia cops may go their own way at their trial.

Louis Eppolito doesn't plan to call a single witness in his defense; partner Stephen Caracappa may take the stand, their lawyers said yesterday.

"The government has absolutely not proven its case beyond a reasonable doubt," said lawyer Bettina Schein, who represents Eppolito.

Federal prosecutors, on the other hand, appear confident that their case is going extremely well, largely due to the devastating testimony of chief witness Burton Kaplan, the alleged go-between for the Luchese crime family and the former NYPD detectives in numerous gangland killings.

The government plans to rest its case Wednesday without calling mob turncoat Peter Chiodo, who has apparently been dropped from the witness list.

Caracappa's lawyer Edward Hayes said no decision had been reached on his client testifying, which is always fraught with risk.

"I think the big issue is Kaplan - if the jury believes him we have a problem, if they don't, we're okay," Hayes said. "Our expected defense would be Steve is a very talented detective with no motive and had no opportunity to do a lot of these things."

'MOB' COP'S GAMBLE (NYPOST)

By Zach Haberman

The New York Post, March 27, 2006

For accused mob cop Louis Eppolito, it seems the best defense is no defense at all.

Lawyers for the former detective accused of moonlighting as a hit man said yesterday that neither Eppolito, nor any other witness, would take the stand in his defense - a move likely to bring his high-profile racketeering trial to a speedy close.

In a hearing in Brooklyn federal court, defense attorney Bettina Schein told Judge Jack Weinstein that the most the defense would do to respond to the prosecution's case against her client was file paperwork next week.

"The government has absolutely not proven its case beyond a reasonable doubt," Schein told The Post after the hearing.

That means closing arguments in the trial could be heard as early as April 3, since prosecutors said they would rest on Wednesday. The trial had been expected to drag out as long as six weeks.

Co-defendant Stephen Caracappa's legal team said they had not decided whether to put him on the stand, nor if they would call any witnesses.

Prosecutors say Eppolito, 57, and Caracappa, 64, were involved in eight murders between 1986 and 1990 while on both the NYPD payroll and that of Luchese crime family underboss Anthony "Gaspipe" Casso.

But the feds' case may hinge on whether the jury believes the five-year statute of limitations on the racketeering charges has expired - the very same sticking point that prevented a jury from convicting John "Junior" Gotti earlier this month.

It has long been accepted that Eppolito and Caracappa retired to Las Vegas in the early 1990s.

But they were arrested a year ago as prosecutors argued that the murders were part of an ongoing conspiracy that lasted through a 2005 drug deal with FBI informant Steven Corso.

Corso - a former accountant who started working with the government after he was caught embezzling $5.4 million - testified earlier this week that he had secretly recorded meetings with Eppolito about financing for a movie project, which turned into a drug deal.

Defense attorneys argue that the prosecution has not shown a continuing racketeering operation from the 1990s and therefore the five-year statute of limitations has expired on the alleged crimes.

Eppolito and Caracappa face life in prison if convicted. The trial continues Monday.

'Mafia Cops' Trial Has Lots Of Theatrics (KCS)

By Larry Mcshane

The Kansas City Star, March 27, 2006

NEW YORK - Louie Eppolito had a story to tell. And, more importantly, one to sell.

The decorated ex-New York police detective, who also happened to be the son of a mobster, was living in Las Vegas and trying to peddle doomed screenplays with titles like "Murder In Youngstown." Eppolito was looking for an investor in his latest project - and he was unconcerned about the source of the cash.

"If you said to me, `Lou, I wanna introduce you to Jack Smith, he wants to invest in this film,' (and) he says, `$75,000 comes in a (expletive) shoe box,' that's fine with me," Eppolito said during a surreptitiously taped conversation with a federal informant. "I don't care. I've had people give me money before."

It sounds like movie dialogue, maybe something out of "Get Shorty." No surprise - the trial of so-called "Mafia Cops" Eppolito and Stephen Caracappa, heading into its third week, has featured plenty of theatrics.

The courtroom histrionics occasionally threaten to overshadow one of the most serious prosecutions in city history: a pair of top-echelon NYPD detectives accused of using their prized gold shields to kill eight people at the behest of a brutal mob underboss, Anthony "Gaspipe" Casso.

Prosecutors allege that Eppolito, 57, and Caracappa, 64, were partners in crime from 1979 to last year, when they were arrested in Las Vegas. They remain free on $5 million bail.

The first day of testimony was punctuated with a screaming match between turncoat mobster Alphonse "Little Al" D'Arco and defense attorney Bruce Cutler, who made his reputation defending the late Gambino family boss John Gotti.

"I don't know what the hell you're talking about," snapped the grandfatherly D'Arco, 73, his Brooklyn accent unaltered by 15 years in witness protection. "You're not making any sense to me."

Cutler, his deep voice rising, tried to ask another question: "Wouldn't you agree with me ..."

"I wouldn't agree with you on anything!" shouted D'Arco, who was threatened with contempt by U.S. District Judge Jack B. Weinstein. That was before the one-time Luchese boss ripped into Cutler as a loudmouth and a cheapskate.

The judge showed little more tolerance for Cutler, cutting off his cross-examination for shouting at D'Arco.

The defendants themselves are a mismatched pair: the portly Eppolito, whose reputation was made as a street cop, comes to court in an ill-fitting sports coat. Caracappa - so thin he was known among fellow cops as "The Stick" - is fastidious in appearance, right down to his neatly trimmed mustache.

The prosecution has already called its key witness, confessed drug dealer Burton Kaplan, who spent four days testifying about the two detectives' brutal work on behalf of Luchese underboss Casso. Kaplan implicated the pair in a dozen homicides.

Cross-examination of another prosecution witness, crooked accountant Steven Corso, focused on his theft of $5.3 million from an ex-employer to finance a life of what he called "girlfriends, jewelry and going out."

It was Corso who recorded the conversations with Eppolito about film financing. The ex-detective, playing up his mob pedigree, sprinkled the conversation with mob names like "Jimmy the Buffalo" and the late crime boss Joe Bonanno.

There was one witness whose testimony tugged on heartstrings while going to the heart of the case: Pauline Pipitone, describing how her youngest son, 26-year-old Nicholas Guido, had come home for Christmas dinner in 1986.

It was Guido's misfortune to share his name with a mobster involved in a botched hit on Casso. When the underboss wanted revenge, prosecutors said, he turned to the two detectives - who provided an address for the wrong Nicholas Guido.

The innocent man was showing off his new car when he was shot by mob hit men. Pipitone was inside washing dishes.

"I ran over to the car," she testified. "He was sitting up at the wheel. I went to touch his hand, and he must have just died. His fingertips were cold."

In Ex-Detective's Trial, His Book Provides A Bizarre Plot Outline (NYT)

By Alan Feuer

The New York Times, March 27, 2006

Beneath the murders, the mobsters, the gamblers, the strippers, the tax cheats, diamond smugglers, thieves, hoods, cops, cons, corpses, crooks and marijuana dealers, there is — at the core — a book.

It is the 251-page memoir "Mafia Cop," and it sits at the center of the most macabre and bizarre racketeering trial to unfold in years. Its author, Louis J. Eppolito, a retired New York detective, is the chief defendant in the case, a transcontinental drama in which he stands accused, along with his former partner, Stephen Caracappa, of committing drug crimes in Las Vegas after taking part in at least eight Brooklyn murders for the mob.

Rarely since 1912, when Lt. Charles Becker was tried for the killing of a two-bit gambler named Beansie Rosenthal, have there been such shocking allegations against New York City police officers. And yet despite the grisly charges ("eight bodies," as the police would say), the current case has delved into the absurd.

Last April, a month after Mr. Eppolito, 57, and Mr. Caracappa, 64, were arrested in Las Vegas (at a restaurant where Jerry Lewis often celebrates his birthday), Variety was already reporting that three film studios were vying for the rights to "Mafia Cop." And that did not include what Variety called the "fictional drama" that Irwin Winkler (producer of "Rocky") and Nicholas Pileggi (screenwriter of "Goodfellas") were doing on their own.

Once the trial began, the chief witness in its Brooklyn phase was revealed to be an old, arthritic marijuana dealer with a talent for "diversionary driving" and subsidiary interests in African diamonds and stolen leisure suits. The chief witness in the trial's

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Las Vegas phase was a disgraced, pomaded C.P.A. with a taste for gambling and bruschetta. He moved through the city surreptitiously recording members of its underworld — a sort of Studs Terkel of Las Vegas crime.

Both men testified that Mr. Eppolito gave them signed copies of "Mafia Cop," which has been mentioned at the trial almost every day. It contains the germ of the government's dispute with its author — his claim that he broke with the mobsters in his past. It contains the seeds of his defense — that he is not a killer but a writer, a man who "makes things up, creates," as his lawyer said.

The book, co-written with Bob Drury, is the autobiographical account of Mr. Eppolito's journey through the Police Department as the son of a gangster aligned with Brooklyn's Gambino crime family. Rich in anecdote and salty dialogue, it seeks to portray its author as a conflicted but ultimately dedicated Kings County lawman.

As such, it reflects the comparatively minor role that has been played so far by Mr. Caracappa, who, like pepper, always gets second billing. It has even lent its title to the tabloids, which inevitably refer in headlines to the "Mafia Cops" case.

In Chapter 13, Mr. Eppolito tells of being a cadet at the Police Academy, where an instructor in his homicide class has just hung up "a chart full of mug shots signifying the Gambino crime family tree."

A classmate, he relates, says: " 'Look, Lou, this guy has the same last name as you.' His mouth dropped open when I told him that he was pointing to my old man."

It was passages like this that led Library Journal, in its review of "Mafia Cop" (Simon & Schuster, 1992), to proclaim that the book "bristled with street language," though if Mr. Eppolito's writing bears a whiff of Old World Brooklyn, his trial, on the fourth floor of the federal court in Brooklyn Heights, contains the full range of the borough's underworld sights and smells.

The events discussed at trial are exceptionally convoluted, but include murders on the grass berm of the Belt Parkway, diamond dealers buried under seven feet of concrete and kidnapped mobsters kicking in the trunks of unmarked cars.

Beneath the facts, however, lies an urban universe of glottal accents and working-class grammar that may be getting as old as the marijuana dealer, Burton Kaplan, 72, who, in testimony, said that he should have "stood" in school.

This milieu — south of Eastern Parkway — was captured by Bruce Cutler, Mr. Eppolito's lawyer, a self-described "anachronism" who engaged in a verbal smoker with a gangland boss and witness who accused him from the stand of wearing "long collars" in the old style and of never picking up the tab when he dined with his "crew" of Mafiosi.

It was captured by Pauline Pipitone, the mother of an innocent man shot to death one Christmas Day, who testified to reaching out for her dead boy's hand and finding that his "fingertips were cold."

It was captured by Betty Hydell, a white-haired housewife and mother of a mobster, who told the jury how she "made the block" in her car, Ma Barker-style, when a pair of officers, resembling the two defendants, drove past her home.

But perhaps it was captured best of all by Mr. Kaplan, who after learning that his patron in the mob had "gone bad" and decided to work with the authorities, climbed from the bath, packed a bag, kissed his wife and, at the age of 61, went "on the lam," moving from San Diego, to Mexico, to Oregon and, finally, to Las Vegas, where, like Jerry Lewis, Mr. Eppolito and Mr. Caracappa had moved when they retired.

There, they had the bad luck to befriend the disgraced accountant, Steven Corso, who was paying penance to the government — for having stolen $5.4 million from his clients — by systematically recording more than 1,200 hours with various mobsters and exotic dancers, using what he called his "device."

He recorded the defendants, too, at their homes and at lavish three-hour dinners at restaurants like Il Mulino in the Forum Shops at Caesars Palace. In February 2005, he said, he caught them agreeing to arrange a drug deal for some "Hollywood punks" who were coming to town and whom Mr. Eppolito — by then, writing scripts in his garage — wanted to impress.

The detective had always had a touch of the poet. Twelve years after "Mafia Cop" was consigned to the remainder bin, he was scouring the West for money to produce a script he had written, "Murder in Youngstown" — or as he referred to it, on Mr. Corso's tapes: "Youngstown."

The tapes in fact portray him as a classic Hollywood type: the unsuccessful writer who talks a good game. They are filled with semi-knowledgeable references to "second-unit directing" and monologues about why Jews are better at making movies than Italians. They have also been used by the defense to suggest that Mr. Eppolito was, in Mr. Cutler's words, "no gangster, no associate, no wannabe," but "a retired detective who turned his back on that life and knows how to write."

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Beyond the struggling-writer defense, Mr. Cutler — who apparently has never met an insult, or a synonym, he didn't like — has reviled the witnesses as "reprobates," "lowlifes," "louts" and cowards who "wet their pants." Edward Hayes, Mr. Caracappa's lawyer, has also sought to impeach their credibility, though at a much less fevered pitch.

The dark horse in the trial is the statute of limitations, which Federal District Judge Jack B. Weinstein said on Thursday was "coming to a head." It is five years in a conspiracy case, which means the jury will have to decide if the two defendants were engaged in a single continuing enterprise that stretched from murder in the 1980's to a drug deal just last year.

Meanwhile, "Mafia Cop" has been reissued by Pocket Star with a cover line that reads, "The book by the ex-N.Y.P.D. detective whose recent arrest for multiple counts of murder made national headlines."

Not that Mr. Eppolito cares.

"I don't get residuals," he said on Thursday. "I don't get anything from that book."

CANARY 'SING'LES OUT VICIOUS VINNY GORGEOUS (NYPOST)

By Zach Haberman

The New York Post, March 27, 2006

A one-time protege of Vincent "Vinny Gorgeous" Basciano's yesterday fingered the former acting boss of the Bonanno crime family as a shotgun-wielding killer.

Bonanno capo-turned-canary Dominick Cicale testified about two murders he committed with his former mentor - and one he prevented.

The hulking Cicale, 39, said he and Basciano were the two gunmen who murdered Frank Santoro as he walked his Doberman pinscher in the Throgs Neck section of The Bronx in February 2001.

"I was one of the shooters," Cicale said during testimony in Brooklyn federal court, noting that he carried a six-shooter while Basciano was toting a "pistol grip shotgun."

When asked why the man he described as a "junkie" was murdered, Cicale said, "Frank Santoro was supposedly looking to kidnap one of Vinny Basciano's sons."

He explained in grisly detail how he and Basciano, 46, jumped out of an idling car and started blasting bullets at him.

"I said, 'Excuse me,' and as he turned around, I started firing shots at his head, and Vinny started firing also."

Basciano continued to unleash his wrath on Santoro, even after his body hit the ground, Cicale said.

Basciano shook his head in disgust at the sight of his former charge on the witness stand.

Cicale also testified about how Basciano brought him along over the years, helping him become a "made" member of the crime family, and teaching him tricks of the trade such as how to avoid being followed in a car and advice on what to listen to while driving.

"I should listen to 1010 [WINS] and news channels because music dulls the senses," Cicale said he was instructed.

Reputed Russian Mobsters Arrested On Murder-for-hire Charges (NSDY/AP)

By Desmond Butler, Associated Press Writer

Long Island Newsday, March 27, 2006

NEW YORK -- Two reputed Russian mobsters were arrested Friday after hitmen they tried to hire to kill twin brothers went to Ukrainian police with secretly recorded conversations about the murder plot, federal prosecutors said.

Monya Elson and Leonid Roytman were arraigned on murder-for-hire charges Friday in Brooklyn federal court. Both pleaded not guilty.

"This is a case of two Russian mobsters who personify ruthlessness and cold-blooded greed," FBI Assistant Director Mark Mershon said in a statement.

Authorities charge that Elson sent Roytman to Kiev in early 2005 to arrange for the murder of Slava and Alex Konstantinovsky, twin brothers known in Ukraine as the "brothers Karamazov."

Investigators believe Elson has been a target of several murder attempts and that the Konstantinovsky brothers may have previously tried to kill him, according to the FBI's application for an arrest warrant. They also think Elson wanted to take over the brothers' businesses, including a major Ukrainian bank, the document said.

Authorities charge that Roytman, who once worked as a head of security for the Konstantinovskys, offered the hitmen $100,000 and a percentage of his former employers' businesses for the job and discussed how the brothers could be killed.

The hitmen recorded the conversation as insurance in case Roytman and Elson came after them, the FBI said. They eventually went to the police after Elson became upset that the job had not been done quickly.

Ukrainian authorities then began an elaborate undercover investigation with the FBI and the New York Police Department.

After Elson set a deadline early this month for the hitmen to kill one of the brothers, police had the hitmen report to Elson that they had killed Slava Konstantinovsky, the warrant application said.

"Elson said 'good' and asked if it was '100 percent taken care of,'" the document said, citing the recordings.

Meanwhile, Ukrainian authorities had Slava Konstantinovsky taken to a safe location and arranged for his brother to report him missing, giving Elson the impression that the murder had taken place, the FBI said.

When Elson arranged to make a payment to the men, he was instructed to pay an associate in New York named "Gena." Authorities then secretly videotaped Elson giving $30,000 in cash to an undercover NYPD agent posing as the associate. They also recorded Elson confirming with one of the turncoat hitmen that the payment had been made, the FBI said.

If convicted, Elson and Roytman could face 10-year prison terms and fines. Elson was previously convicted in federal court of racketeering and was on supervised release when he was arrested. He was also convicted of narcotics trafficking in Israel in 1982.

An attorney for Elson, Donna Newman, declined comment. A message left for Roytman's attorney Friday evening was not immediately returned.

USC Teacher Charged In Real Estate Investment Scam (LAT)

By Mai Tran, Times Staff Writer

The Los Angeles Times, March 27, 2006

He bilked students, others of $1.5 million for show horses and personal items, FBI says.

A USC lecturer who teaches at the university's business school was arrested Friday by FBI agents for allegedly bilking investors — many of them his students — out of more than $1.5 million and spending much of the money on show horses.

Barry Howard Landreth, 36, was arrested at the two-story home he rents in Orange County's gated Coto de Caza community on charges of wire fraud. Authorities said that he lured investors into a real estate investment scheme, promising them huge returns.

Landreth has been a part-time lecturer in real estate finance and development at USC's School of Policy, Planning and Development and the college's Marshall School of Business. Landreth, who graduated from USC in 2001 with a master's degree in real estate development, has been placed on administrative leave, said James Grant, a USC spokesman.

FBI agents said that Landreth told investors that their investments in Nevada and Illinois commercial properties and land would yield a 190% return.

Landreth deposited $718,000 of their money into his personal bank account, officials said. He used much of the remainder of the funds for personal expenses, prosecutors said, including $500,000 to buy and care for show jumping horses, a $73,000 Cadillac Escalade and $52,000 for brokerage accounts in his and his wife's names.

On Friday, Landreth appeared in federal court in Santa Ana. U.S. Magistrate Judge Robert N. Block ordered Landreth held at the Santa Ana City Jail and set bail at $500,000. A preliminary hearing was scheduled for April 7.

Landreth is the founder, president and chief executive officer of Webster Realty Investors Inc., a company started in 1995 that bills itself as a diversified real estate investment and development company with projects nationwide, according to the FBI.

In a 28-page affidavit, investigators said Landreth hired students to work as project managers at his company and paid them $100,000 a year to raise money to fund the "projects." The students persuaded their parents and others to invest in what they were told were commercial development projects in Las Vegas and Chicago, said FBI Special Agent Brad Howard.

Authorities said suspicions grew when investors did not get their returns, monthly investment statements failed to arrive and — in at least two cases — students were not paid. The FBI said that those two students, who invested $215,000 and worked for

Landreth for nearly a year, discovered that the properties were owned by someone else. When they knocked on Landreth's door and asked for their money back, Landreth gave them excuses, the affidavit said.

Landreth allegedly drew up fake sales agreements and documents showing that he bought or owned the projects, Howard said. Landreth, he said, did not buy or own any of them. Landreth's attorney, James D. Riddet of Santa Ana, declined to comment, saying that he had not reviewed the evidence.

According to public records, Landreth was also under suspicion in 2004 in South Carolina after Myrtle Beach officials chose him to revitalize the Pavilion Amusement Park.

Landreth and his wife, Treena Gillespie, an assistant professor at Cal State Fullerton and president of her own consulting company, conducted focus groups with residents and business owners in South Carolina.

She faces no charges.

In January 2005, Landreth withdrew from the project amid questions about his background and finances, said Mark Kruea, a Myrtle Beach spokesman. Landreth denied a city-appointed committee's requests for his references and additional financial information, Kruea said.

Brochures Landreth distributed in South Carolina stated his company was worth billions, and, back in California, investors were told that it was worth $3 billion. Howard said the company had barely $200 in its bank account.

Times staff writer E. Scott Reckard contributed to this report.

Former Pavilion Developer Arrested (TSSC)

The State (SC), March 27, 2006

LOS ANGELES - A part-time business lecturer at the University of Southern California, who briefly worked on a plan for redeveloping the Pavilion Amusement Park in Myrtle Beach, S.C., was arrested Friday for allegedly running a Ponzi scheme that authorities say bilked at least $1.5 million from real estate investors.

Barry Landreth, 36, was taken into custody at his home in the gated community of Coto de Caza in Orange County. He was jailed Friday on $500,000 bond, said FBI spokeswoman Laura Eimiller. A preliminary hearing was set for April 7.

FBI agents also seized assets Landreth allegedly acquired with his victim's funds, including a luxury car and several show horses.

In January 2005, Landreth quit working on a plan to redevelop the Pavilion Amusement Park into a year-round attraction after questions were raised about his credentials and his firm's financial stability.

The company that owns the Pavilion recently said the park will close at the end of this season.

The part-time lecturer in real estate finance and development at the University of Southern California's graduate schools, allegedly told his victims he purchased land in Las Vegas and Chicago and that reselling the properties would bring returns of 190 percent within 30 to 45 days, FBI special agent Brad Howard stated in a criminal complaint.

Landreth and the business he operated from his home did not own the properties, the complaint said.

Authorities said Landreth's business was actually a Ponzi scheme, in which any money paid to investors comes from money put in by other investors. They said many of those who invested were business students who also worked briefly for Landreth but did not earn the salaries they were promised.

Instead of investing his clients' money, authorities said, Landreth deposited it into his personal account, spending $500,000 of it to buy show jumping horses.

Only a few persistent investors were ever paid, according to the complaint.

Federal authorities said they began investigating last fall after receiving complaints from victims.

Landreth, who was teaching a course at the university's Marshall School of Business, was placed on administrative leave following news of his arrest, said university spokesman James Grant.

Landreth received a master's degree in real estate development in 2001 and was "an occasional part-time lecturer" at the business school and the University of Southern California School of Policy, Planning, and Development, according to Grant.

FBI Arrests Former Pavilion Developer (MBSN)

Myrtle Beach (SC) Sun News, March 27, 2006

A California developer once involved with The Myrtle Beach Pavilion Amusement Park redevelopment project has been arrested in connection with an alleged Ponzi scheme in California that authorities say bilked at least $1.5 million from real estate investors, including some of his students at the University of Southern California.

Barry Landreth, 36, was taken into custody Friday at his home in the gated community of Coto de Caza in Orange County. He was jailed on $500,000 bond, said FBI spokeswoman Laura Eimiller. A preliminary hearing was set for April 7.

Landreth allegedly promised investors returns of 190 percent, then spent their money on show horses and a luxury car, according to the criminal complaint.

Landreth left Myrtle Beach under scrutiny in January 2005 after nine months of work on the Pavilion plan with the Myrtle Beach Downtown Redevelopment Corp. and Pavilion owner Burroughs & Chapin Co. Inc. Questions about his credentials surfaced after he failed to come up with money he promised in a side deal.

Landreth, a part-time lecturer in real estate finance and development at the University of Southern California's graduate schools, allegedly told his victims he purchased land in Las Vegas and Chicago and that reselling the properties would bring returns of 190 percent within 30 to 45 days, FBI Special Agent Brad Howard stated in a criminal complaint.

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Instead of investing his clients' money, authorities said, Landreth deposited it into his personal account, spending $500,000 of it to buy show jumping horses.

Only a few persistent investors were ever paid, according to the complaint.

In Myrtle Beach, locals started questioning Landreth's financials and qualifications in December 2004 after he didn't come up with money he promised to build a time share resort with John Reyelt, the DRC's vice chairman. Landreth resigned from the Pavilion project after he couldn't provide requested documents about his business.

FBI agents in California seized assets Landreth allegedly acquired with investors' funds, including a luxury car and several show horses. During his presentation to Myrtle Beach's DRC in May 2004, Landreth talked about his horses, including pictures of them among slides for the Pavilion redevelopment.

Federal authorities said they began investigating Landreth in California last fall after receiving complaints from victims.

Landreth, who was teaching a course at the University of Southern California Marshall School of Business, was placed on administrative leave after news of his arrest, university spokesman James Grant said.

Red Cross To Release Results Of Fraud Inquiry (USAT)

By Tom Vanden Brook

USA Today, March 27, 2006

The American Red Cross plans this week to turn over the results of its investigation into allegations of fraud and waste in its Hurricane Katrina relief efforts to authorities for possible criminal prosecution.

Carrie Martin, a spokeswoman for the Red Cross, said Sunday that three volunteers had been dismissed as a result of the charity's investigation.

“The allegations have to do with issues of fraud, waste and abuse,” Martin said. She said she did not have details but most of the allegations involved relief work in Louisiana. The names of those dismissed were not being released, she said.

“Unfortunately, after a disaster, somebody tries to make a buck,” she said.

The Red Cross has received enough donations and pledges to cover the more than $2 billion cost of its hurricane relief in 2005, according to the charity. More than 225,000 disaster-relief workers, 95% of them volunteers, participated in relief efforts in response to Hurricane Katrina. The storm, which hit the Gulf Coast on Aug. 29, killed at least 1,300 people and destroyed or damaged 300,000 homes.

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Sen. Chuck Grassley, R-Iowa, chairman of the Senate Finance Committee, which has jurisdiction over tax-exempt organizations such as the Red Cross, issued a statement saying he would meet with the charity's leaders this week to discuss its plans for reform. The Red Cross is chartered by the federal government to respond to disasters.

The Red Cross, Grassley said in his statement, did not take internal complaints of fraud and misuse of funds seriously enough until he drew attention to them. He has led a congressional investigation into the charity's response to Katrina. He said the Red Cross had problems tracking resources, supplies, and volunteers after Hurricane Katrina.

Grassley was traveling Sunday and could not be reached for comment, said his spokeswoman, Beth Pellett Levine.

Martin said the Red Cross is determined to root out corruption and has recovered $2 million in assistance that was illegally received. "Nobody takes these allegations more seriously," she said.

The results of the Red Cross investigation will be released publicly, Martin said.

Friendly Fire: It's Hard To Make A Case (NSWK)

By Dan Ephron

Newsweek, March 27, 2006

The Army is forging ahead with its criminal investigation into the friendly-fire death of former NFL player Pat Tillman, but it's unlikely the soldiers who shot him will be held criminally negligent. The Army launched the probe earlier this month under pressure from Tillman's parents, who believe investigators whitewashed three previous inquiries (seven soldiers received administrative punishment ranging from pay cuts to loss of rank).

Col. Joseph Curtin, an Army spokesman, said the panel was checking if the Army Rangers who shot Tillman while fighting Afghan militants in April 2004 should face a full-blown trial. The negligence charge is almost never brought in fratricide cases. "It's extremely rare and usually it doesn't stick," says Ivan Oerlich, who wrote a 1992 study on friendly-fire incidents in Gulf War I. Why so few prosecutions? The difficulty of distinguishing between reasonable and negligent behavior in the chaos of battle, and a fear of making soldiers trigger-shy. Still, a separate panel investigating whether soldiers mounted a cover-up by burning Tillman's uniform and body armor could spawn other criminal charges.

Murder Case Is Like A Movie, And That May Be A Problem (USAT)

By Martin Kasindorf

USA Today, March 27, 2006

LOS ANGELES — The kidnapping and murder of 15-year-old Nick Markowitz in 2000 was true-crime story that had "soon to be a major motion picture" practically written all over it. The tragedy had a young victim, a manhunt for the kidnapper and a ring of middle-class 20-somethings who sold marijuana in the San Fernando Valley.

Alpha Dog, a $13 million movie with a cast including Justin Timberlake, Bruce Willis and Sharon Stone, is based on the slaying in Santa Barbara, Calif. It's ready for release. But the film is now entangled in the criminal case against a defendant with a name that no screenwriter would dare make up: Jesse James Hollywood.

Hollywood, 26, has petitioned the California Supreme Court to remove the Santa Barbara County district attorney's office from the case for "unprecedented misconduct" in giving non-public case files to filmmaker Nick Cassavetes. Defense lawyer James Blatt says he'll ask another court to block New Line Cinema from releasing the "inflammatory" movie until after Hollywood's death-penalty trial later this year.

The studio had scheduled the opening for April but now says it will choose a date this spring "to be determined." Alpha Dog got mixed reviews at the Sundance Film Festival in Park City, Utah, in January.

Hollywood was indicted for allegedly being the leader of a drug gang and orchestrating Markowitz's killing. He fled after the murder and became at age 20 one of the youngest people to be pictured on the FBI's website as a wanted fugitive.

The 5-foot-4, tough-talking Hollywood was a "cult hero" to Valley kids, says Michael Mehas, associate producer of Alpha Dog. "It's that rebel, anti-authority image," Mehas says.

Hollywood was a fugitive for 4½ years until he was captured in Brazil in March 2005. He has pleaded innocent.

"Having him get caught has been a mixed blessing," Mehas says. "It turned the spotlight on the case, but it enmeshed the film in the real-life story."

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Ron Zonen, the chief deputy district attorney in Santa Barbara County, says Hollywood and others kidnapped Markowitz to pressure his older half brother to pay a $1,200 drug debt. After Hollywood's lawyer told him that kidnapping for extortion carries a life sentence, Hollywood ordered the abducted boy killed, Zonen says.

By 2003, Zonen had won convictions of four young men linked with Hollywood. The accused triggerman, Ryan Hoyt, is on death row and is appealing his conviction. TV's America's Most Wanted and other shows failed to produce any good tips to find Hollywood. His trail had gone cold in Canada, Zonen says.

Then director-screenwriter Cassavetes asked Zonen to cooperate on a movie "that was going to be accurate and use original names," the prosecutor says. "He said it was going to reach an international audience. That was the appeal."

Zonen says he knew that Cassavetes' parents were actress Gena Rowlands and the late director-actor John Cassavetes. "I felt he had the Hollywood pedigree — that's Hollywood with a small 'h' — to make it fly," says Zonen, who was a prosecutor in Michael Jackson's child-molestation trial last year. Jackson was acquitted.

Mehas says Zonen gave the filmmakers his notebook from the four previous prosecutions in the Markowitz case, in addition to police and probation reports, a psychological report on Hoyt and crime photos.

The film follows Zonen's theory of the crime, but Cassavetes was unable to keep a promise to the prosecutor: All names were changed on advice from lawyers for the producers. Hollywood became Johnny Truelove, played by Emile Hirsch.

Cassavetes had finished filming Alpha Dog when Hollywood was captured in Brazil. When Hollywood was booked in Santa Barbara, Cassavetes said the film would need revising. He had Johnny Truelove captured in Bolivia.

The expense of shooting new scenes was just the start of trouble for the filmmakers. New Line Cinema screened Alpha Dog at a preview last summer. Blatt, Hollywood's lawyer, says he attended. He then filed motions with Santa Barbara County Superior Court Judge Brian Hill, asserting the film endangers Hollywood's right to a fair trial.

"Names are changed, but they advertised it as a true story and everyone's going to know it's the Jesse James Hollywood story," Blatt says in an interview. Cassavetes was summoned to court to answer questions about the film at a hearing in August. Hill ordered Mehas to turn over his notes for a book he has written on the case.

Hill and an appeals court rejected Blatt's move to kick Zonen and his office off the case. On March 3, Blatt complained to the California Supreme Court that Zonen acted improperly in helping Cassavetes portray Hollywood's character in an "inflammatory manner." In a court filing, Zonen said "there was no misconduct in assisting Nick Cassavetes in making a movie that would reasonably assist law enforcement in apprehending a fugitive."

Blatt says Zonen's ties to the movie create a conflict of interest — a bias that prevents Hollywood from receiving "evenhanded prosecution." Zonen received no money, but "future profit may be implied," Blatt says. Zonen denies any conflict of interest. The court will decide by May 2 whether to take action.

Blatt acknowledges that there's no precedent for removing prosecutors for helping filmmakers and says he'll have "an uphill battle" to delay the film's release. He says prospective jurors can be dismissed if seeing the film leaves them with an unshakeable opinion that Hollywood is guilty.

Zonen says few prospective jurors are likely to see the youth-oriented Alpha Dog. "There's a heavy dosage of rap music and drugs and booze and yelling and swearing," he says. "It's not the kind of movie the 40-plus are going to flock to. And anyone who has seen this movie will simply be excused — all three of them."

Police Finding It Hard To Fill Jobs (WP)

By John Pomfret

The Washington Post, March 27, 2006

LONG BEACH, Calif. -- Police departments around the country are contending with a shortage of officers and trying to lure new applicants with signing bonuses, eased standards, house down payments and extra vacation time.

From this seaside Southern California city to Washington's suburbs, more than 80 percent of the nation's 17,000 law enforcement agencies, big and small, have vacancies that many can't fill, police officials estimate.

"I was just at a conference of police chiefs," said William Bratton, the chief of police in Los Angeles, which has 720 openings. "It was all everybody was talking about."

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Police officials and researchers say a confluence of demographic changes and social trends have precipitated the shortage. The wars in Iraq and Afghanistan have siphoned off public-service-minded people to the military. Hundreds of law enforcement officers have handed in their badges to take higher-paying positions in the booming homeland security industry.

And each year an increasingly large number of baby-boomer officers, hired in the 1970s, retires. The labor pool in the next generation is smaller, further cutting the number of prospective applicants.

The younger generation is better educated than its predecessor, so a career in policing, where the average starting salary is $32,000, is not as attractive as it was before.

Prince William, Fairfax and Loudoun counties all have recently instituted programs -- signing bonuses, bounties for county employees recommending successful candidates, and pay increases -- designed to keep their police departments intact.

In the District, officials said they have noticed increased competition for applicants but are not facing a shortage. But Prince George's County began a $1 million advertising campaign last summer touting police work as exciting and challenging in the hope of boosting its chronically understaffed ranks. The force is 60 officers short of its authorized complement of 1,420 officers.

Elsewhere, departments have dropped their zero-tolerance policy on drug use and past gang association, eased restrictions on applicants with bad credit ratings, and tweaked physical requirements to make room for more female candidates or smaller male candidates, police officials said. Departments also offer crash courses in reading and remedial English for the written parts of the entrance exam, and provide strength and agility coaches for the physical part -- all of which have raised concerns about how qualified some of the new personnel will be.

"We no longer say if you've smoked marijuana five times, you can't be in the LAPD," said Cmdr. Kenneth Garner, who runs recruitment for the Los Angeles Police Department. "If we did that, I'd be sitting in this office by myself. But we really take a hard look at honesty."

In the past, some recruitment drives have resulted in questionable hiring. In 1989 and 1990, the D.C. Metropolitan Police Department, seeking to quell a crime wave, mistakenly hired numerous gang members and people with substantial criminal histories and drug and credit problems. Some were later implicated in questionable police shootings.

Experts said that while they hope the inherently conservative nature of law enforcement agencies will protect against a slew of bad hires, there is a concern that with a smaller pool of applicants, less-qualified people are becoming police officers.

"That is clearly a concern, and police chiefs are very uneasy about that possibility," said Hubert Williams, president of the Police Foundation, a law enforcement advocacy group. "The question is, do we keep our radio cars empty or hire people who a few years ago we wouldn't have hired? It is very problematic."

Williams said that some departments are hiring applicants with criminal records. "A few years ago, an arrest record was a deal breaker," he said. "Now departments are asking whether someone is salvageable."

To fill the void, police recruiters are fanning out across the country. When layoffs were announced in the automotive industry in Detroit, recruiters flocked there to try to sign up furloughed assembly-line workers. Police recruiters comb the beaches of Florida, California and Texas during spring break and conduct ad campaigns -- on billboards, in newspapers, on radio and TV -- at a level unprecedented in the history of U.S. policing.

Police officials say the shortage of police officers has hit law enforcement agencies west of the Mississippi particularly hard because they historically have carried smaller staffs. For example, New York City has twice as many people as Los Angeles but nearly four times as many police -- about 37,000, compared with L.A.'s 9,600 -- and last week announced plans to hire 800 more.

In Texas, the need for law enforcement officers is so great that Dallas, Austin and Houston are in the midst of a bidding war to hire veteran officers, with Houston recently upping its bonus to $7,000.

The Las Vegas Metropolitan Police Department, one of the country's more aggressive recruiters, recently drew the line on tattoos, branding and body piercing -- but left some wiggle room. If the body art can be covered by a long-sleeved shirt and pants, then applications are still welcome.

To find new recruits, the San Diego County Sheriff's Department has offered a $500 bounty to county employees who find applicants who become deputies. The sheriff's department, like many agencies, used to frown on transfers from other departments, but now such lateral hires are given a signing bonus of $5,000.

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Mike Farrell was lured over to the San Diego County Sheriff's Department from the San Diego city police force in December. The six-year police veteran got $5,000 to sign, better hours, the chance to clock more overtime and the promise of a fatter pension when he retires. The San Diego city government is tottering toward bankruptcy, so law enforcement recruiters from around the country, including Honolulu and Phoenix (which is sweetening its offer with a down payment on a house), have been picking over its force. Of Farrell's original squad of six on the city police force, he said, only two remain.

"When I first started applying, there were 100 applicants as qualified as I was," said Farrell, 33. "Now they are having a hard time finding 25 to 30 people like that."

In past decades, police departments were hampered by budget cuts. But now, even when there is adequate funding, cities can't find enough cops. In 2004, voters in Oakland approved a $9 million tax increase to hire 63 additional officers to increase the ranks of that police department to 802. Today the city is nowhere close to meeting its recruitment goal because there are not enough suitable applicants.

"People are not as equipped or as inclined to be police officers as in the past," said Barbara Raymond, who has researched the police shortage for Rand Corp. "There's more drug use, there's a more sedentary lifestyle. People are more in debt and overweight."

"What you are really talking about is a major national shortage in a variety of sectors -- teachers, firefighters, nurses and police officers," said Williams, the Police Foundation president. "Corporate America can move across the world to find people to work in its factories. But there are some things that you can't outsource." And unlike the nursing industry, which has attracted thousands of overseas applicants to the United States, most, if not all, police departments require candidates to be U.S. citizens.

Policing also has changed, Raymond noted in her report for Rand. The job is far from the adrenaline-packed hook 'em and book 'em, car chase stereotype of the past. As cities around the nation become more culturally diverse and police departments embrace community policing tactics, officers are often pushed to deal with the root causes of crime, becoming more social worker than cop.

The events of Sept. 11, 2001, have put new stresses on police work. In Long Beach, for example, the terrorist attacks prompted the department of 1,000 officers to create its first counterterrorism unit and a special port unit. To do it, Long Beach reduced foot patrols, cut staffing in the narcotics division and switched most officers from two-person to one-person patrol cars.

There are concerns, said Elaine Deck, a researcher at the International Association of Chiefs of Police, that staffing changes and shortages could affect public safety and the well-being of law enforcement officers. The LAPD, for example, is too short-staffed to investigate complaints against its officers, so that many complaints from 2005 may not result in punishment until this year.

"When you have single officers in vehicles, a lack of backup, slower response time, cuts in prevention programs and fewer school resource officers, things obviously could be affected," Deck said. Also, with fewer recruits entering the system and a large number of veterans exiting, officers' street knowledge -- critical to effective law enforcement -- is evaporating. It used to take 10 years to make sergeant. Now in many bigger departments, people are getting promotions after only two.

CIVIL LAW:

Tenn. Hospital Case Could Test Budget Act (RC)

By Jennifer Yachnin

Roll Call, March 27, 2006

The constitutionality of the budget reconciliation act — which passed in slightly different versions by the House and Senate before being signed by the president — could face its first test in federal court as early as May, the result of an ongoing dispute over Medicare payments to a group of Tennessee hospitals.

Citing the recently enacted law, formally known as the Deficit Reduction Act of 2005, federal attorneys representing the Department of Health and Human Services have appealed a ruling issued earlier this year by the U.S. District Court on a 2004 lawsuit.

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The lawsuit, Cookeville Regional Medical Center v. Thompson, centers on a disagreement over how certain Medicare payments should be calculated.

The hospitals sought and won an increase in payments worth up to $100 million.

But now, HHS, along with its Centers for Medicare & Medicaid Services, is seeking to overturn the decision based on a provision in the budget reduction act that had been drafted in an attempt to to clarify the policy that sparked the original dispute.

"A recent Act of Congress makes it crystal clear ... that the Court's reasoned opinion was incorrect, as was its judgment in favor of plaintiffs," states the HHS appeal, filed Feb. 13.

In their response, attorneys for the hospitals assert that that the law is not only inapplicable to the case, but that it also fails to meet constitutional standards.

"We have argued that the Deficit Reduction Act does not apply to our litigation at all," said Murray Klein, an attorney with the law firm Reed Smith, which is representing the hospitals.

In addition, Klein argues that the act, signed into law in February, fails to meet the Constitution's bicameral clause, because the House and Senate did not pass identical versions of the legislation.

Although both chambers voted in favor of the act in December 2005, a technical error inserted by a Senate clerk resulted in differing bills. The mistake impacts the duration of Medicare payments for medical equipment, including hospital beds and wheelchairs.

"Because the Act cannot survive judicial scrutiny under this Constitutional analysis, the Act is constitutionally deficient, and the Amendment contained therein is invalid and unenforceable," the hospitals' March 17 response states.

While least two other lawsuits filed in recent weeks seek to challenge the Deficit Reduction Act directly, Klein said the Cookeville lawsuit could produce the first ruling on the law's validity.

Although the case is not "fast-tracked," Klein noted that the lawsuit is in an active stage. Federal attorneys are scheduled to file a final response in early April, and a federal judge could rule on the appeal as early as May.

The other, unrelated cases are unlikely to reach a courtroom before that time.

"This may actually accelerate a decision from the Court of Appeals," Klein said. "It's not a $100 million case for Tennessee — it's the magnitude of the Deficit Reduction Act."

While Klein said he believes the government's appeal should fail because the law is not applicable to the lawsuit — he called it "a stretch, in my view ... to take the Deficit Reduction Act and apply it to a piece of litigation they're trying to get reversed" — he acknowledged that it is still likely that the validity of the act could be addressed.

"They can't win without the judge ruling on the constitutionally," Klein said.

Should the court rule in favor of the government, however, Klein said he would likely revisit the issue in an appeal.

"Not only do I appeal, but I probably go right to the Supreme Court with this," Klein said. "We might try to see if the Supreme Court would take it right away."

Still, Klein noted that it remains possible for the court to issue a decision in the case without determining whether the DRA, signed into law in February, is constitutional.

"If we're right that it doesn't apply, you never get to the constitutional issue," he said.

Even in that scenario, however, the government could elect to appeal such a ruling, and the issue could once again be raised in court.

The U.S. Attorney's Office, which does not discuss ongoing cases, declined to comment for this article. According to court documents, the government has until April 7 to respond to the hospitals' opposition statement.

In the meantime, it remains unclear whether Tennessee's 11-member Congressional delegation, including Senate Majority Leader Bill Frist (R), will support the hospitals' defense, including its argument that the DRA fails to meet constitutional standards.

Earlier this month the bipartisan delegation issued identical letters to both Attorney General Alberto Gonzales and HHS Secretary Michael Leavitt lambasting the appeal, and requesting an explanation of the decision.

According to the March 10 letter, lawmakers included the Medicare provision at the behest of Centers for Medicare & Medicaid Services, which runs the programs, in an attempt to clarify the policy that had sparked the lawsuit.

"It was our understanding that this provision would not be used to appeal decided cases, we request further explanation of what we believe to be a serious miscommunication by CMS," the letter states.

In an interview Friday, Rep. Marsha Blackburn (R-Tenn.) added: "The understanding was it would not apply to the Cookeville case."

"Those assurance were given to Sen. Frist, and thereby to the delegation, and the understanding was it would not affect those cases," she said.

But while Blackburn said she supports Klein's contention that DRA does not apply to the Cookeville case, she said she believes the law is constitutional.

"I would disagree with them on that premise," she said, adding: "I support the work they're doing on behalf of Cookeville Hospital."

A Frist spokeswoman did not return a request for comment for this article. However, it appears unlikely that Frist would back any contention that the law is unconstitutional.

The Senate sought to rectify the issue in February by passing a resolution under unanimous consent that was intended to clarify the legislation.

The resolution, authored by Frist, stated that the deficit reconciliation bill "is deemed the true enrollment of the bill reflecting the intent of the Congress in enacting the bill into law."

Rep. Bart Gordon (D-Tenn.), whose district includes Cookeville, was unavailable for comment Friday, but a spokeswoman reiterated his support for the hospitals involved in the suit.

"Congressman Gordon supports the hospitals' effort to be paid for services they have provided," said Gordon spokeswoman Julie Eubank. "The courts have already ruled that HHS has underpaid them. HHS now should pay the hospitals appropriately and stop trying to weasel out of this responsibility."

An HHS spokeswoman did not return a telephone call Friday.

Separately from the Cookeville case, at least two other lawsuits have been filed that aim to directly challenge the law's constitutionality.

An Alabama-based elder-law attorney filed a lawsuit against the legislation in early February in the U.S. District Court for the Southern District of Alabama.

According to court documents, attorney Jim Zeigler must report by March 30 on his efforts to serve notice of the lawsuit to Attorney General Alberto Gonzales.

"I expect dozens of lawsuits against the DRA, because its constitutional flaw is clear and obvious," Zeigler said in a statement last week. "Millions of citizens and thousands of businesses are adversely affected by the DRA.

"There has been no one yet who has argued that it is okay for the Senate to pass one version of a bill and House another, then to have the president sign the senate version. This is constitutional law 101 — the same bill must pass both houses and be signed by the president. Otherwise the bill is not law. Case over," he added.

In addition, the government watchdog group Public Citizen filed a lawsuit in federal court last Tuesday seeking to nullify law.

While Public Citizen does not represent the manufacturers of any medical equipment affected by the change or any of the users, the group believes it still has legal standing to bring the lawsuit.

The organization's complaint focuses on an increase in federal district court filing fees scheduled to go into effect next month. Stating that the House and Senate approved differing versions of the legislation, the complaint asks for the law to be declared "unconstitutional" and seeks an injunction against the filing fee increase.

CIVIL RIGHTS:

Job Police Or Not, The EEOC Is Busy With Discrimination (WP)

By Christopher Lee

The Washington Post, March 27, 2006

DOJ_NMG_0021212

So they say -- some of them, anyway -- that discrimination is not a problem in America anymore? Don't tell that to the tens of thousands of people who filed complaints last year with the Equal Employment Opportunity Commission.

In 75,428 filings at EEOC field offices across the country, people described unfair and illegal treatment in private sector workplaces on the basis of race, sex, age, disability, religion and other factors.

Nearly 63 percent of all complaints alleged discrimination based on race or sex, or that the person filing the complaint had been retaliated against for speaking out against such behavior. Charges of sexual harassment were included in those complaints.

The EEOC, the federal agency in charge of enforcing federal civil rights laws, filed 383 lawsuits against alleged offenders last year, garnering $107.7 million for victims through litigation. The agency, which marked its 40th anniversary last summer, helped obtain $271.6 million for victims without going to trial, often through settlements or mediation.

"Litigation is a last resort," said David Grinberg, an EEOC spokesman.

Discrimination charges declined slightly last year, falling 5 percent from the 79,432 filed in 2004. The numbers have fluctuated over the last decade but have never approached the 91,189 charges filed in 1994.

Cari M. Dominguez, the commission's chairwoman, attributed the recent three-year skid, in part, to more aggressive efforts to promote voluntary compliance by providing training about the laws to employers.

"It is clear that the commission can no longer serve solely as the 'job police,' " Dominguez said in a written statement. "We are striving to build partnerships to prevent discrimination, while taking on more high-impact cases that can lead to positive workplace changes for a broad swath of the workforce."

Still, discriminatory behavior abounds. Consider some EEOC cases this month:

· On March 10, a U.S. District Court jury in Tallahassee ordered Associated Security Enforcement Inc. to pay $1.34 million for sexual harassment of four female employees by one of the security company's owners. The owner groped women's breasts, asked for sex in exchange for money, made frequent requests for oral sex and invited women to stay with him overnight, the EEOC said.

· Also on March 10, a U.S. district judge in Chicago approved a consent decree that requires Cracker Barrel restaurants to pay $2 million to 51 current and former employees of three of the chain's restaurants in Illinois. Several female employees testified that they had been victims of unwelcome sexual comments and touching from managers and other employees. Black workers said they had been required to wait on black customers when white employees refused to serve them, had been assigned to work in smoking sections and had been the targets of racially charged language such as "spear-chucking porch monkey."

· On March 16, the former Melrose New York hotel and its Philadelphia-based management company, Berwind Property Group Ltd., agreed to pay $800,000 to settle discrimination claims by Hispanic employees. The hotel had been charged with creating a hostile work environment by requiring employees to speak only English at all times, including during their breaks; with improperly firing Hispanic employees; and with retaliating against employees who complained about the disc rimination.

· On March 2, a U.S. District Court jury in Baltimore ordered FedEx Kinko's to pay $108,000 for failing to accommodate a deaf employee with sign language interpreters, a violation of the Americans With Disabilities Act of 1990. Ronald Lockhart, the employee, worked as a package handler for the company in Baltimore.

Absentee City, U.S.A. (NSWK)

By Arian Campo-flores

Newsweek, March 27, 2006

Fasten your seat belts if you hope to keep up with the contenders in New Orleans's mayoral race. One recent Saturday, candidate Mitch Landrieu woke up at 6 a.m. to fly 200 miles north to Alexandria, La., where he greeted Katrina evacuees. From there, he jetted another 500 miles east to Atlanta, where he joined six of his opponents, including Mayor Ray Nagin, at a gathering of some 75 displaced residents. Then he hopped on a plane back to the Big Easy, where that night he worked the crowd at a Hornets basketball game. "You've got to figure out where your votes are and go get them," said Landrieu, Louisiana's lieutenant governor.

Good luck. With only one third of New Orleanians back in the city and the remainder scattered across the country, the electorate is more elusive than ever. The two dozen candidates—led by Nagin, Landrieu and businessman Ron Forman—are struggling with questionable polling data and out-of-date voter lists. They're hunting for supporters in cities like Houston and Memphis with large concentrations of evacuees. And they're doing it all on a harried schedule, with less than a month left until the April 22 election (with a likely runoff scheduled for May 20). "It's a totally different ball game," says Nagin consultant Jim Carvin.

To track down voters, candidates are trolling for any data they can get their hands on. Greg Rigamer, who has advised numerous Louisiana campaigns in the past, suggests a start: take the voter-registration file and cull those who live in habitable areas and have likely returned. Then turn to the U.S. Postal Service, which he says has information on 129,000 registered voters—out of 297,000 overall in Orleans Parish—who have filed change-of-address forms. And there's the list of voters—6,000 so far—who have requested absentee ballots.

Reaching such voters hasn't been easy, though. In New Orleans, mail and phone service remain spotty. And beyond the city limits, many evacuees continue to change residences. It would be prohibitively expensive to buy ads in every market where the scattered population has settled. Nagin—who's intensely courting African-American voters—has opted to run ads on inexpensive black radio stations throughout the South, including Mobile, Ala., and Jackson, Miss. On the other hand, Forman—relying on data suggesting that most likely voters remain in the New Orleans metropolitan area—has chosen to pour money into local TV ads.

Voters themselves face their own challenge: how to cast ballots. For those living outside New Orleans, the state has loosened requirements for absentee voting and set up satellite polling stations in 10 Louisiana parishes for early voting. Come Election Day, a host of monitors will be guarding against potential malfeasance. "Everybody who has a right to vote should have an opportunity to vote," says Landrieu. If only he can find them in time.

Georgia May OK Bible As Textbook (CSM)

By Patrik Jonsson

The Christian Science Monitor, March 27, 2006

ATLANTA - Decatur High School student Kurt Hughes wouldn't call himself religious. He's never even read the Bible.

But he wouldn't mind taking a class on the holy text if it were offered at his high school in Decatur, Ga. After all, "You look at 'The Old Man and the Sea,' 'King Arthur' and even 'The Matrix,' all have biblical allusions," the junior says. "It'd be useful to know exactly what's in it."

The Georgia legislature seems poised to endorse just such a course. Though students in many states enroll in classes related to the Bible, Georgia would become the first to require its Department of Education to put in place a curriculum to teach the history and literature of the Bible. Schools would use the book itself as the classroom textbook. Specifically the bill would establish electives on both the New and Old Testaments.

It has overwhelmingly passed both chambers, but needs a final vote on a minor House change. The vote is expected as early as Monday. If it passes, the state's Department of Education has a year to establish Bible elective courses in the curriculum.

In the late 1700s, Congress thought enough of the Bible as a textbook that it printed 40,000 copies. But the bold effort here in Georgia to use the Bible in today's secular curricula may be about presenting it as a moral code rather than a foundation to better understand the biblical allusions in literature, critics say.

"Behind this is the tension around the country about how to go about doing a Bible elective, and a lot is at stake," says Charles Haynes, director of the First Amendment Center in Arlington, Va.

The Bible is already being used as a course study in as many as 1,000 American high schools, according to the National Council on Bible Curriculum in Public Schools in Greensboro, N.C. The US Supreme Court allows it as long as it's presented objectively, and not taught as fact. But the Georgia legislature's unprecedented decision to wade into what is usually a school district initiative has created concerns.

For example, the bill's use of terms such as Old and New Testament reflect a Protestant bias, some critics say. After all, Catholics and Jews have different interpretations and names for the tome. "To pick one is to suggest that is the right Bible, which

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is a school district making a faith statement," says Judith Schaeffer, a lawyer for People For the American Way, which works to maintain the separation of church and state.

Others worry that this trend - Alabama and Missouri are also considering statewide Bible study classes - is part of the broader culture war over the role of religion in civic life, and seeks to satisfy social conservatives rather than enlighten students.

"This is a political issue as much as it is a religious issue," says Frances Paterson, a professor at Valdosta State University who specializes in religion and public education. "I would guess that [its sponsors] hope that nobody is going to police this, and when people step over the line, it's going to be ignored, either because nobody's aware of it or they'd be intimidated into not objecting."

Its sponsors insist the bill aims to help students gain broader understanding about the underpinnings of Western culture, from Michelangelo to Hemingway.

"The biggest misconception is that this teaches the Bible when, in fact, it uses the Bible as the primary text to teach a course in history and literature influenced by the Bible," says a spokesman for Sen. Tommie Williams (R), the bill's sponsor.

The Bible was the most quoted source for the Founding Fathers, Bible scholars say.

The "New England Primer," with its heavy reliance on scriptural texts to teach reading and comprehension, instructed all presidents until James Garfield, according to Kenyn Cureton, of the Southern Baptist Convention, who studies early textbooks in US history.

"It's amazing that we have jettisoned the Bible from the classroom when it is the foundation of the Republic," says Dr. Cureton, a spokesman for the Convention with headquarters in Nashville, Tenn.

Many parents, however, may object to using the Bible as a textbook since doing so may expose their children to the book's various interpretations and criticism, some say.

"A great many people in Georgia are conservative Protestants who take the Bible literally, and that's going to be a problem if you have an academic study of the Bible...." says Dr. Paterson.

A Thin Blue Line Of Prejudice (WP)

The Washington Post, March 27, 2006

FOR MONTHS, apparently, at least some of the police brass in Montgomery County have known either specifically or generally about racist, sexist and immigrant-bashing comments on an online message board used exclusively by county police. And for months, apparently, their response -- or rather, their non-response -- has been modeled after Sgt. Schultz, the immortal bumbler of TV's "Hogan's Heroes": "I know nothing! I see nothing! NOTHING!"

As reported by The Post's Ernesto Londoño, the online forum has become a free-for-all for boorish, intolerant and malicious rantings. On this site, Hispanic immigrants have been disparaged as "beaners," an African American policewoman was termed a "ghetto officer" and a black diversity trainer was threatened with violent injury. If the county's police officers get this agitated while at their computer keyboards, residents may wonder how they react when dealing with minorities and immigrants in the flesh.

It was only after The Post exposed the tenor of some of the online blather that the county police chief, J. Thomas Manger, took the trouble to read the uncouth postings. Now he says he is shocked, and he demands the message board be shut down by the Fraternal Order of Police, the police union, which runs the forum. So far, the FOP has refused.

We're sure that police supervisors are right when they say the loudmouths who sound off on the message board are a loutish minority, unrepresentative of a county force that is generally professional, competent and courteous. In any large organization -- there are 1,100-odd police officers on the payroll in Montgomery -- the actions of a few can tarnish the reputation of the many. And let's face it: Police are paid to enforce the law, not stand as unblemished exemplars of politically correct speech.

But intolerant, hateful officers are unlikely to be effective, and they may actually subvert the department's overall mission. The more police are seen as bigots, the less cooperation they are likely to get from immigrants and minorities. In a county as diverse as Montgomery, where minorities will soon make up half the population, that's a recipe for disaster.

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The police department is within its rights to forbid officers from posting on the message board while they're on the job. But the underlying problem is not the forum; it is the attitudes of those who are posting. Silencing trash-talking officers won't make them suddenly sensitive.

Still, neither Chief Manger nor the police union should stand pat. The chief needs to address the problems exposed by the message board, whether by intensified training, discipline or vigilance. Then there's the union, which in the name of free speech refuses to censor the online forum it controls or forbid anonymous postings. Can one therefore assume that the union is unfazed by the evidence of racism, sexism and nativism in its midst? Is the union willing to tolerate obnoxious remarks -- and attitudes -- that tarnish its own reputation and that of the thousands of officers it represents? If not, some self-policing may be in order.

The Air Force's Retreat (WP)

The Washington Post, March 27, 2006

THE AIR FORCE got it right when it issued a carefully calibrated set of guidelines on religious expression last August. The proposed new rules protected the ability of service members to practice their religion and emphasized the importance of tolerating and accommodating religious beliefs. But -- taking note of the unique setting of the military, where issues of rank and discipline come into play -- the guidelines also guarded against behavior that could make cadets at the Air Force Academy or service members feel compelled to engage in religious activities or disadvantaged if they declined.

Unfortunately, facing a barrage of complaints from evangelical Christian groups and pressure from members of Congress, the Air Force backed down. It has issued a revised set of rules that pose the potential for inappropriate religious pressure on cadets and service members. This pushes the balance in the wrong direction, especially in light of disturbing reports from the Air Force Academy about religious intolerance and inappropriate proselytizing.

One troubling issue in the revised guidelines concerns the ability of superior officers to proselytize or otherwise promote their faith. The original guidelines emphasized that "individuals need to be sensitive to the potential that personal expressions may appear to be official expressions," adding, "the more senior the individual, the more likely that personal expressions may be perceived to be official statements."

The new guidelines move away from this common-sense approach and emphasize superior officers' rights over the dangers of coercion. For example, the guidelines say, "Nothing in this guidance should be understood to limit the substance of voluntary discussions of religion . . . where it is reasonably clear that the discussions are personal, not official, and they can be reasonably free of the potential for, or appearance of, coercion." But reasonably clear to whom? What looks uncoercive to an officer can look awfully official to a cadet.

The original guidelines said that prayer should not be a routine part of official military life, "such as staff meetings, office meetings, classes or officially sanctioned activities such as sports events or practice sessions."

However, they said, "Consistent with long-standing military tradition, a brief non-sectarian prayer may be included in non-routine military ceremonies or events of special importance."

The new guidelines are softer on this issue as well, saying that public prayer "should not usually be a part of routine official business." Although they do not go as far as evangelical groups had wanted in explicitly permitting chaplains to pray "in Jesus's name," they state that chaplains "will not be required to participate in religious activities, including public prayer, inconsistent with their faiths" -- a statement that opens the door to sectarian prayer. It's unfortunate that the Air Force, having struck the balance so well last year, was bullied into this unwise retreat.

ANTITRUST:

Lucent, Alcatel Consider Second Attempt To Merge (USAT)

By Leslie Cauley

USA Today, March 27, 2006

NEW YORK — Leverage.

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In a word, that's why telecom equipment makers Lucent and Alcatel are considering marriage. The companies confirmed late last week that they are in merger talks, marking their second attempt in five years to combine.

Consolidation elsewhere in the telecom industry is a key driver.

In the past decade, the seven regional Bells have dropped to three. Of the big three long-distance carriers, only one — Sprint — is still independent. SBC bought AT&T and named the new company AT&T. Verizon bought MCI.

The story is much the same in the U.S. wireless industry. The No. 1 and No. 2 players — Cingular and Verizon Wireless — are owned by AT&T and Verizon.

AT&T recently announced plans to buy BellSouth, which owns 40% of Cingular. Once that $67 billion deal closes, AT&T will own all of Cingular.

Equipment makers such as Alcatel and Lucent are slowly being overshadowed by their far bigger customers. To maintain clout at the negotiating table, equipment makers need to get bigger fast.

"The bigger the (telecom) carriers become, the power shifts more to the customer," says Ping Zhao, a senior telecom analyst at CreditSights.

AT&T is the USA's biggest telecom with more than $100 billion in annual revenue. Verizon is No. 2, with about $90 billion in annual revenue.

Lucent, which for decades was owned by AT&T, pulled in $9 billion last year. Alcatel, based in France, had revenue of about $16 billion.

When Alcatel tried to buy Lucent before, the deal fell apart amid disagreements about control. Alcatel wanted management control and to fill key positions with its own people; Lucent objected.

Lucent's value has fallen sharply since then. Its shares closed at $3.06 Friday, up 24 cents, or 8.5%.

What hasn't changed is Lucent's closeness with the U.S. telecom industry because of its roots in the old Bell System.

That might be the biggest draw for Alcatel, says George Calhoun, a professor of business and technology at the Stevens Institute of Technology. "They've been trying for 20 years to penetrate the U.S. market, and they really haven't done that."

3rd Circuit: Amnesty Agreement No Bar To Filing Of Federal Indictment (LAW)

By Shannon P. Duffy, The Legal Intelligencer

Legal Intelligencer, March 27, 2006

A federal judge has no power to enjoin prosecutors from filing an indictment on the grounds that doing so would violate an existing amnesty agreement, the 3rd U.S. Circuit Court of Appeals has ruled, because the equitable powers of the court do not exist when there is "an adequate and complete remedy at law."

In its 27-page opinion in Stolt-Nielsen Transportation Group v. United States, the appellate court held that since the amnesty agreement may be raised as a defense after indictment, the lower court had exceeded its powers in enjoining the prosecution.

The decision reverses a January 2005 ruling by U.S. District Judge Timothy J. Savage that prohibited the Justice Department from filing an antitrust indictment against a Norwegian shipping company and one of its top executives.

Savage found that Stolt-Nielsen had entered into an amnesty program with the Justice Department and had provided information about a price-fixing and bid-rigging conspiracy that led to guilty pleas from two of its co-conspirators and more than $62 million in fines.

Because the company had fulfilled its obligations under an immunity agreement, Savage concluded it was entitled to an injunction that barred the filing of an indictment.

Prosecutors argued that SNTG misled the government by claiming that its participation in the antitrust conspiracy had ceased in March 2002.

But Savage found the amnesty agreement explicitly immunized SNTG and its executives from prosecution for activity prior to Jan. 15, 2003. And because the government had drafted the agreement, Savage said, it "cannot depend upon a tacit understanding of what it contends was meant during negotiations but was not memorialized in the integrated agreement."

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Savage concluded that the only way to protect the due process rights of SNTG and one of its executives was to decide -- prior to the filing of any indictment -- whether the government was entitled to void the immunity agreement.

Now the 3rd Circuit has ruled that Savage's decision violated the separation of powers doctrine, and that he had no power to issue such an injunction because SNTG has an adequate remedy at law since it may raise the amnesty agreement as a defense after it is indicted.

"Separation-of-power concerns ... counsel against using the extraordinary remedy of enjoining the government from filing the indictments," 3rd Circuit Judge Thomas L. Ambro wrote.

Ambro's opinion was joined by visiting Judge Jane A. Restani of the U.S. Court of International Trade. Former 3rd Circuit Judge Samuel A. Alito Jr. was also on the original three-judge panel when the case was argued in September 2005, but he did not participate in the decision due to his elevation to the U.S. Supreme Court.

In his opening paragraph, Ambro said the appeal presented "a significant constitutional question of first impression in this circuit: whether federal courts have authority, consistent with the separation of powers, to enjoin the executive branch from filing an indictment."

Although federal courts have such authority "in narrow circumstances," Ambro found that "this is not such a case."

According to court papers, SNTG admitted to participating in an international conspiracy to allocate customers, rig bids and fix prices on parcel tanker affreightment contracts for the shipment of specialty liquids to and from the United States and elsewhere.

On the basis of information provided by SNTG, the government filed criminal charges and secured guilty pleas from its two co-conspirators -- Norwegian-based Odfjell Seachem and Jo Tankers B.V., which is based in the Netherlands.

Odfjell Seachem agreed to pay a $42.5 million fine and Jo Tankers agreed to pay a $19.5 million fine. Guilty pleas were also entered by two Odjell executives and three Jo Tankers executives. All five were sentenced to prison terms in the range of three to four months and paid fines totaling more than $600,000.

Savage found that SNTG's immunity agreement stemmed from its participation in the Justice Department's "corporate leniency program," under which the government entices companies to report their involvement in ongoing antitrust conspiracies and to cooperate in the investigation and prosecution of co-conspirators.

Under the program, the reporting companies and their officers, directors and employees are granted immunity from criminal prosecution. But only the first company to come forward gets the protection. Later applicants and co-conspirators are subject to prosecution and the cost of defending against criminal charges.

After SNTG entered into an agreement with the DOJ in January 2003, it turned over incriminating documents and produced two employees who explained how customer lists were exchanged among the conspirators, according to court papers.

But in April 2003, the Justice Department suspended SNTG's participation in the amnesty program on the grounds that SNTG allegedly did not withdraw from the conspiracy in March 2002, as it had claimed, but had continued its illegal activity into the second half of 2002.

In June 2003, SNTG executive Richard Wingfield was arrested and charged with participating in the conspiracy to allocate customers, fixing prices and rigging bids between March 2001 and October 2002.

Under threat of indictment, SNTG filed suit in February 2004, seeking enforcement of its rights under the agreement. Soon after, Wingfield, too, filed suit seeking to enforce his own rights under the amnesty agreement.

In March 2004, the Justice Department formally revoked SNTG's conditional leniency and notified the company that it intended to seek an indictment. SNTG responded by asking Savage to issue a preliminary injunction barring the government from seeking an indictment, and prosecutors agreed to put the prosecution on hold until Savage had issued a ruling.

SNTG's lawyers argued it was entitled to a ruling before it was forced to challenge an indictment and suffer the consequences of one.

Savage agreed, saying SNTG "is entitled to a decision before the government pursues a prosecution because if an indictment were later determined to have been wrongfully secured, it would be too late to prevent the irreparable consequences."

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Now the 3rd Circuit has ruled that while courts have the power to enjoin indictments, that power is limited to instances where the prosecution itself would chill free speech or violate a constitutional right such as the Double Jeopardy Clause.

"Simply being indicted and forced to stand trial is not generally an injury for constitutional purposes but is rather one of the painful obligations of citizenship," Ambro wrote.

Ambro quoted the 1923 U.S. Supreme Court decision in Terrace v. Thompson, which held that "a suit in equity does not lie where there is a plain, adequate and complete remedy at law."

Applying that ruling, Ambro found that "here, Stolt-Nielsen and Wingfield have a practical and efficient -- and indeed complete -- legal remedy available to them, i.e., access to a federal forum post-indictment in which they may assert the [immunity] agreement as a defense."

Attorney John J. Powers III of the Justice Department's Antitrust Division argued the appeal for the government.

Attorney Christopher M. Curran of White & Case in Washington, D.C., argued the appeal for SNTG, and attorney Allen D. Black of Fine Kaplan & Black in Philadelphia argued on behalf of Wingfield.

Patrick Rejects Toll's Increased A$5.5 Billion Offer (Update1) (BLOOM)

Bloomberg, March 27, 2006

March 27 (Bloomberg) -- Patrick Corp., Australia's biggest port cargo handler, rejected Toll Holdings Ltd.'s increased A$5.5 billion ($3.9 billion) takeover bid as ``flawed and unacceptable."

``Patrick shareholders remain better off without Toll," Sydney-based Patrick said in a statement to the Australian Stock Exchange today. Melbourne-based Toll, the nation's biggest road and rail freighter, last week raised its offer after overcoming antitrust opposition to the deal.

Toll Chief Executive Officer Paul Little bid for Patrick seven months ago, seeking control of the movement of goods across Australia from shipment to delivery. Patrick CEO Chris Corrigan is pursuing his own trucking acquisitions to compete with Toll for a land-freight business to add to Patrick's ports, saying Patrick offers better growth as a standalone company.

``Patrick has far superior businesses and significantly greater growth prospects relative to Toll," Corrigan said in the statement today.

Toll last week offered 0.4 of its own stock and A$1.90 cash for each Patrick share. That will be increased by 20 cents a share if it has acceptances for 90 percent of Patrick by the time the bid closes April 28. Toll will pay a further 10 cents a share if Patrick hasn't exercised its option to buy closely held FCL Interstate Transport Services Pty. by the time it has a 50.1 percent stake.

To contact the reporter of this story: Vesna Poljak in Sydney vpoljak@bloomberg.net Last Updated: March 26, 2006 20:27 EST

Justices Will Hear Patent Case Against EBay (NYT)

By Katie Hafner

The New York Times, March 27, 2006

The United States Supreme Court will hear arguments on Wednesday in a protracted, closely watched patent case that pits a small company called MercExchange against eBay, the online auction and marketplace.

While the grounds in the case appear narrow — the court will reconsider the rules under which courts grant injunctions against a company found to be infringing another's patent — it has attracted enormous attention because of the public rancor between the two companies, the supporters enlisted by both sides and the growing issue of how large technology companies deal with the constant threat of patent challenges.

The patent in question surrounds the "Buy It Now" feature that eBay uses to allow processing of transactions for the Web site's fixed-price purchasing option.

The Supreme Court will decide whether a federal appeals court was correct in reversing a district court's decision to deny an injunction against eBay's use of the feature. In doing so, it will reconsider a precedent from 1908, which suggested that injunctions were always an appropriate remedy for patent infringement.

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Supporting briefs from third parties, including some unlikely ones, have piled up for each side. A pharmaceutical industry trade group filed a brief in support of MercExchange, as did General Electric, Proctor & Gamble, the University of California, a group of venture capitalists and the United States government. All argued in favor of injunctions against those who infringe patents.

A brief filed jointly by Oracle, Microsoft and Intel in support of eBay argued that the injunction rule "has transformed patents into a powerful tool for litigation abuse" and "stifles innovation." EBay has also hired Juleanna Glover Weiss of the Ashcroft Group, a lobbying firm in Washington founded by John Ashcroft, the former United States attorney general, to help with communications efforts related to the case and patent issues in general.

The case began in 2001, when MercExchange sued eBay, accusing it of willfully infringing three electronic commerce patents held by Thomas Woolston, an engineer from Great Falls, Va., and the founder of MercExchange, which he calls a network engineering firm. One of Mr. Woolston's patents was a feature to sell fixed-price goods online, and it included an automatic payment system.

In 2003, a federal court jury in Virginia, where MercExchange is based, found that eBay was violating two of the three patents, including the Buy It Now patent, and the court eventually ordered eBay to pay $25 million in damages.

But the judge presiding over the case refused to issue an injunction that would have barred eBay from continuing to use the patented methods in its Web operations.

The Supreme Court agreed to hear the case after the United States Court of Appeals for the Federal Circuit, a specialized court in Washington that hears all appeals in patent cases, overturned the lower court's decision and ruled that MercExchange was entitled to an injunction.

The appeals court said that injunctions were the "general rule" in patent infringement cases, and should be withheld only in such "rare instances" as "the need to use an invention to protect public health."

At issue before the Supreme Court on Wednesday is whether the federal circuit court's ruling correctly interpreted federal patent law, which authorizes judges to grant injunctions but does not require them to do so.

The case has attracted an unusual amount of public attention in part because of recent attempts by large corporations to change patent law to lessen the threat posed by so-called nonpracticing patent holders.

"Large companies like Microsoft and Intel get hit by weekly patent infringement suits, the majority from smaller entities who may not be practicing the inventions," said Dennis Crouch, a patent attorney in Chicago who has been following the MercExchange case closely. "The big guns behind eBay are trying to weaken the power of a patent and lessen the ability of a patent holder to obtain an injunction."

In his decision to withhold the injunction, the district court judge noted that MercExchange "exists solely to license its patents or sue to enforce its patents, and not to develop or commercialize them."

Yet in a telephone interview, Mr. Woolston said that MercExchange had indeed put its patents to commercial use. "Come to MercExchange.com and buy a plasma TV," said Mr. Woolston. "We are practicing our inventions."

The eBay case is similar to a recent patent case again Research In Motion., the maker of the BlackBerry wireless device. Had an injunction been enforced in the BlackBerry case, it might have caused a shutdown of the system. Instead, in a last-minute settlement, R.I.M., a Canadian company, agreed to pay $612.5 million to NTP, a patent holding company based in Arlington, Va.

Yet, if an injunction is ordered in the eBay case, the day-to-day workings of eBay are not likely to be affected, said Hani Durzy, a spokesman for eBay. Mr. Durzy added that immediately after the verdict in 2003, the company made changes to the Buy It Now feature.

Use of the feature has grown over the years. In the fourth quarter of 2005, it accounted for about a third of the $12 billion in transactions on eBay.

For A 3rd Time, Two Apples Meet In Court (NYT)

By Matthew Healey

The New York Times, March 27, 2006

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Apple Computer will meet the Beatles' Apple Corps in court this week in London, where a judge will determine whether Apple Computer's iTunes online music service violates a 1991 agreement between the two companies that, the Beatles' Apple claims, blocked the computer maker from selling music.

Apple Corps, which represents the Beatles' business interests and markets their post-1968 recordings on disc, wants the computer firm to stop using the Apple trademark to sell recordings online, along with unspecified damages. Apple, the maker of Macs and iPods, said the 1991 agreement permitted using the Apple name to sell online data transfers, which are what downloaded songs amount to.

The judge hearing the case, Justice Edward Mann, is an iPod user, but neither side has asked him to recuse himself.

This is the third time the two companies have sparred. Apple Corps first sued Apple Computer in 1980 over the use of its name; a modest settlement was accompanied by an agreement that stipulated that Apple Computer, then a Silicon Valley start-up, would stay out of the music business. In 1989, after newer hardware and software made it easier to use Macintosh computers to synthesize sound, the Beatles' company sued again, resulting in a $26.5 million settlement in 1991 that left Macs able to edit and play back sound files but not create music. After the iTunes music store and software were introduced in April 2003, the record company filed suit a third time.

The Beatles set up Apple Corps in 1968, partly as a tax shelter. These days the firm, led by Neil Aspinall, a longtime Beatles confidant, functions as record label, merchandiser and general defender of the Beatles' business rights. Apple Records has reissued original Beatles recordings on CD, as well as the mid-1990's Beatles singles "Free as a Bird" and "Real Love" and a DVD of George Harrison's 1971 Concert for Bangladesh.

While Apple Records has made no effort to sell or license music online and none of the Beatles' recordings are yet available for legal download anywhere, Apple Computer announced on Feb. 23 that it had sold a billion songs through iTunes.

Steven P. Jobs, the chief of Apple Computer, has made no secret of his love for the Beatles' music, but all sides have so far denied rumors of a potential settlement that would allow iTunes to begin selling the Beatles' songs online.

ENVIRONMENT:

Vague Law And Hard Lobbying Add Up To Billions For Big Oil (NYT)

By Edmund L. Andrews

The New York Times, March 27, 2006

WASHINGTON, March 26 — It was after midnight and every lawmaker in the committee room wanted to go home, but there was still time to sweeten a deal encouraging oil and gas companies to drill in the Gulf of Mexico.

"There is no cost," declared Representative Joe L. Barton, a Texas Republican who was presiding over Congressional negotiations on the sprawling energy bill last July. An obscure provision on new drilling incentives was "so noncontroversial," he added, that senior House and Senate negotiators had not even discussed it.

Mr. Barton's claim had a long history. For more than a decade, lawmakers and administration officials, both Republicans and Democrats, have promised there would be no cost to taxpayers for a program allowing companies to avoid paying the government royalties on oil and gas produced in publicly owned waters in the Gulf.

But last month, the Bush administration confirmed that it expected the government to waive about $7 billion in royalties over the next five years, even though the industry incentive was expressly conceived of for times when energy prices were low. And that number could quadruple to more than $28 billion if a lawsuit filed last week challenging one of the program's remaining restrictions proves successful.

"The big lie about this whole program is that it doesn't cost anything," said Representative Edward J. Markey, a Massachusetts Democrat who tried to block its expansion last July. "Taxpayers are being asked to provide huge subsidies to oil companies to produce oil — it's like subsidizing a fish to swim."

How did a supposedly cost-free incentive become a multibillion-dollar break to an industry making record profits?

The answer is a familiar Washington story of special-interest politics at work: the people who pay the closest attention and make the fewest mistakes are those with the most profit at stake.

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It is an account of legislators who passed a law riddled with ambiguities; of crucial errors by midlevel bureaucrats under President Bill Clinton; of $2 billion in inducements from the Bush administration, which was intent on promoting energy production; and of Republican lawmakers who wanted to do even more. At each turn, through shrewd lobbying and litigation, oil and gas companies ended up with bigger incentives than before.

Until last month, hardy anyone noticed — or even knew — the real costs. They were obscured in part by the long gap between the time incentives are offered and when new offshore wells start producing. But lawmakers shrouded the costs with rosy projections. And administration officials consistently declined to tally up the money they were forfeiting.

Most industry executives say that the royalty relief spurred drilling and exploration when prices were relatively low. But the industry is divided about whether it is appropriate to continue the incentives with prices at current levels. Michael Coney, a lawyer for Shell Oil, said, "Under the current environment, we don't need royalty relief."

The program's original architect said he was surprised by what had happened. "The one thing I can tell you is that this is not what we intended," said J. Bennett Johnston, a former Democratic senator from Louisiana who had pushed for the original incentives that Congress passed in 1995.

Mr. Johnston conceded that he was confused by his own law. "I got out the language a few days ago," he said in a recent interview. "I had it out just long enough to know that it's got a lot of very obscure language."

A Subsidy of Disputed Need

Things looked bleak for oil and gas companies in 1995, especially for those along the Gulf Coast.

Energy prices had been so low for so long that investment had dried up. With crude oil selling for about $16 a barrel, scores of wildcatters and small exploration companies had gone out of business. Few companies had any stomach for drilling in water thousands of feet deep, and industry leaders like Exxon and Royal Dutch Shell were increasingly focused on opportunities abroad.

"At the time, the Gulf of Mexico was like the Dead Sea," recalled John Northington, then an Energy Department policy adviser and now an industry lobbyist.

Senator Johnston, convinced that the Gulf's vast reservoirs and Louisiana's oil-based economy were being neglected, had argued for years that Congress should offer incentives for deep-water drilling and exploration.

"Failure to invest in the Gulf of Mexico is a lost opportunity for the U.S.," Mr. Johnston pleaded in a letter to other lawmakers. "Those dollars will not move into other domestic development, they will move to Asia, South America, the Middle East or the former Soviet Union."

Working closely with industry executives, he wrote legislation that would allow a company drilling in deep water to escape the standard 12 percent royalty on up to 87.5 million barrels of oil or its equivalent in natural gas. The coastal waters are mostly owned by the federal government, which leases tens of millions of acres in exchange for upfront fees and a share of sales, or royalties.

Mr. Johnston and other supporters argued that the incentives would actually generate money for the government by increasing production and prompting companies to bid higher prices for new leases.

"The provision will result in a minimum net benefit to the Treasury of $200 million by the year 2000," Mr. Johnston declared in November 1995, denouncing what he called "outrageous allegations" that the plan was a giveaway.

He won support from oil-state Democrats, Republicans and the Clinton administration. Hazel O'Leary, the energy secretary at the time, said the assistance would reduce American dependence on foreign oil and "enhance national security."

Representative Robert Livingston of Louisiana, then a rising Republican leader, declared that the inducements would "create thousands of jobs" and "reduce the deficit."

Many budget experts agree that the rosy estimates were misleading. The reason, they say, is that it often takes seven years before a new offshore field begins producing. As a result, almost all the costs of royalty relief would occur outside of Congress's five-year budget timeframe.

Opponents protested that the cost estimates were wrong, that the incentives amounted to corporate welfare and that companies did not need government incentives to invest.

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"They are going to the Gulf of Mexico because that's where the oil is," said Representative George Miller, Democrat of California, during a House debate. "What we do here is not going to change that. We are just going to decide whether or not we are going to give away the taxpayers' dollars to a lot of oil companies that do not need it."

Industry executives and lobbyists fanned out across Capitol Hill to shore up support for the program, visiting 150 lawmakers in October 1995. The effort succeeded. A month later, Congress passed Mr. Johnston's bill.

A Missing Escape Clause

To hear lawmakers today, they never intended to waive royalties when energy prices were high.

The 1995 law, according to Republicans and Democrats alike, was supposed to include an escape clause: in any year when average spot prices for oil or gas climbed above certain threshold levels, companies would pay full royalties instead.

"Royalty relief is an effective tool for two things: keeping investment in America during times of super-low prices, and spurring American energy production when massive capital and technological risks would otherwise preclude it," said Representative Richard W. Pombo, Republican of California and chairman of the House Resources Committee. "Absent those criteria, I do not believe any relief should be granted."

But in what administration officials said appeared to have been a mistake, Clinton administration managers omitted the crucial escape clause in all offshore leases signed in 1998 and 1999.

At the time, with oil prices still below $20 a barrel, the mistake seemed harmless. But energy prices have been above the cutoff points since 2002, and Interior Department officials estimate that about one-sixth of production in the Gulf of Mexico is still exempt from royalties.

Walter Cruickshank, a senior official in both the Clinton and Bush administrations, told lawmakers last month that officials writing the lease contracts thought the price thresholds were spelled out in the new regulations, which were completed in 1998. But officials writing the regulations left those details out, preferring to set the precise rules at each new lease sale.

"It seems to have been a massive screw-up," said Mr. Northington, who was then in the Energy Department. No one noticed the error for two years, and no one informed Congress about it until last month.

Five years later, the costs of that lapse were compounded. A group of oil companies, led by Shell, defeated the Bush administration in court. The decision more than doubled the amount of oil and gas that companies could produce without paying royalties.

The case began as a relatively obscure dispute. Shell paid $3.8 million in 1997 for a Gulf lease and soon drilled a successful well. But the Interior Department denied the company royalty relief, saying that Shell had drilled into an older field already producing oil and gas. The decision hinged on undersea geography and the court's interpretation of language in the 1995 law.

A typical field, or geological reservoir, often encompasses two or three separately leased tracts of ocean floor. Interior Department officials insisted that the maximum amount of royalty-free oil and gas was based on each field. Shell and its partners argued that limit applied only to each lease.

Perhaps shrewdly, the oil companies sued the Bush administration in Louisiana, where federal courts previously had sided with the industry in spats with the government.

The fight was not even close. In January 2003, a federal district judge declared that the Interior Department's rules violated the 1995 law. If the department "disagrees with Congress's policy choices," Judge James T. Trimble Jr. wrote, "then such arguments are best addressed to Congress."

What might have been a $2 billion mistake in the Clinton administration suddenly ballooned into a $5 billion headache under Mr. Bush.

But even as the Bush administration was losing in court, it was offering new incentives for the energy industry.

Mr. Bush placed a top priority on expanding oil and gas production as soon as he took office in 2001. Vice President Dick Cheney's task force on energy, warning of a deepening shortfall in domestic energy production, urged the government to "explore opportunities for royalty reduction" and to open areas like the Arctic National Wildlife Refuge to drilling.

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Gale A. Norton, who stepped down this month as interior secretary, moved quickly to speed up approvals of new drilling permits. Starting in 2001, she offered royalty incentives to shallow-water producers who drilled more than 15,000 feet below the sea bottom.

In January 2004, Ms. Norton made the incentives far more generous by raising the threshold prices. Her decision meant that deep-gas drillers were able to escape royalties in 2005, when prices spiked to record levels, and would probably escape them this year as well.

She also offered to sweeten less-generous contracts the drillers had signed before the regulation was approved.

"These incentives will help ensure we have a reliable supply of natural gas in the future," Ms. Norton proclaimed, predicting that American consumers would save "an estimated $570 million a year" in lower fuel prices.

Ms. Norton's decision was influenced by the industry. The Interior Department had originally proposed a cut-off price for royalty exemptions of $5 per million British thermal units, or B.T.U.'s, of gas. But the Independent Petroleum Association of America, which represents smaller producers, argued that the new incentive would have little value because natural gas prices were already above $5. Ms. Norton set the threshold at $9.34.

Based on administration assumptions about future production and prices, that change could cost the government about $1.9 billion in lost royalties.

"There is no cost rationale," said Shirley J. Neff, an economist at Columbia University and Senator Johnston's top legislative aide in drafting the 1995 royalty law. "It is astounding to me that the administration would so blatantly cave in to the industry's demands." Incentives Keep Growing

Last April, President Bush himself expressed skepticism about giving new incentives to oil and gas drillers. "With oil at $50 a barrel," Mr. Bush remarked, "I don't think energy companies need taxpayer-funded incentives to explore."

But on Aug. 8, Mr. Bush signed a sweeping energy bill that contained $2.6 billion in new tax breaks for oil and gas drillers and a modest expansion of the 10-year-old "royalty relief" program. For the most part, the law locked in incentives that the Interior Department was already offering for another five years. But it included some embellishments, like an extra break on royalties for companies drilling in the deepest waters.

Lee Fuller, vice president of the Independent Petroleum Association of America, said smaller companies wanted to prevent future administrations from cutting back on incentives. "Having a clear, stable royalty policy was of value to independent producers," he said.

And energy companies, whose executives had long contributed campaign funds to Republican candidates, pushed to block any amendments aimed at diluting the benefits.

The push to lock in the royalty inducements came primarily from House Republicans. The only real opposition came from a handful of House Democrats, in a showdown about 1 a.m. on July 25, according to a transcript of the session.

"It is indefensible to be keeping these companies on the government dole when oil and gas prices are so high," charged Representative Markey of Massachusetts, who proposed to strip the royalty provisions. "We might as well be giving tax breaks to Donald Trump and Warren Buffett."

Mr. Barton, the Texas Republican, brushed aside the objections. He reassured lawmakers that the new provisions would not cost taxpayers anything.

When Mr. Markey proposed a more modest change — having Congress prohibit incentives if crude oil prices rose above $40 a barrel — Republicans quickly voted him down again.

"The only reason they waited until after midnight to bring up these issues is that they couldn't stand up in the light of day," Mr. Markey said in a recent interview. "They all expected me to give up because it was so late and I didn't have the votes. But if nothing else, I wanted to get these things on the record."

A Royalty-Free Future?

It is still not clear how much impact the reduced royalties had in encouraging deep-water drilling. While activity in the Gulf has increased since 1995, prices for oil and gas have more than quadrupled over the same period, providing a powerful motivation, experts say.

"It's hard to make a case for royalty relief, especially at these high prices," said Jack Overstreet, owner of an independent oil exploration company in Texas. "But the oil industry is like the farm lobby and will have its hand out at every opportunity."

The size of the subsidies will soar far higher if oil companies win their newest court battle.

In a lawsuit filed March 17, Kerr-McGee Exploration and Production argued that Congress never authorized the government to set price cut-offs for incentives on leases awarded from 1996 through 2000. If the company wins, the Interior Department recently estimated, about three-quarters of oil and gas produced in the Gulf of Mexico will be royalty-free for the next five years.

Mr. Markey and other Democrats recently introduced legislation that would pressure companies to pay full royalties when energy prices are high, regardless of what their leases allow.

But Republican lawmakers and the Bush administration have signaled their opposition.

"These are binding contracts that the government signed with companies," Ms. Norton recently remarked. "I don't think we can change them just because we don't like them."

New Reserves As Prices Surge, Oil Giants Turn Sludge Into Gold (WSJ)

By Russell Gold

The Wall Street Journal, March 27, 2006

FORT MCMURRAY, Alberta -- In February, engineers from French oil giant Total SA fired up colossal drum boilers to generate steam that will be pumped to a depth of 300 feet under the frozen ground here. If all goes well, by May, the steam will marinate a tar-like mix of oil and sand until the crude begins to flow.

Nearby, Total will go after the oil-soaked sands closer to the surface, scraping away an ancient forest of spruce and poplars and shoveling the black soil into two-story dump trucks. Fully loaded, the trucks weigh as much as a Boeing 747. Total will then use industrial versions of giant washing machines to remove the oil, generating enough liquid waste to create vast toxic lakes.

Heavy-duty oil-extraction projects like these are turning Fort McMurray into the first great oil boom town of the 21st century. A Florida-size section of sandy soil beneath the boreal forest in this sparsely populated area of Northern Canada is loaded with bottom-of-the-barrel petroleum.

These deposits were once dismissed as "unconventional" oil that couldn't be recovered economically. But now, thanks to rising global oil prices and improved technology, most oil-industry experts count oil sands as recoverable reserves. That recalculation has vaulted Venezuela and Canada to first and third in global reserves rankings, although Venezuela's holdings in extra-heavy crude are a rough guess. Saudi Arabia is No. 2. Not including the oil sands, Canada would fall to No. 22. Led by Total, nearly every major Western oil company as well as their Chinese and Indian brethren are gearing up to go after the deposits here. In all, they plan to spend more than $70 billion in the next decade unlocking the oil from the sand.

The surging interest in Canadian oil sands is stark evidence that the world isn't about to run out of oil. Instead, it is running low on readily accessible light, sweet crude -- oil that flows like water, has few impurities and can be easily turned into gasoline. As the good stuff gets scarce, Big Oil is turning its attention and pouring money into extra-heavy crude, such as the giant deposits near Fort McMurray and another similar one in Venezuela.

But heavy oil has big economic and environmental drawbacks. It costs more to produce and takes more energy to turn into gasoline than traditional light oil. Recovering and processing Fort McMurray's heavy crude releases up to three times as much greenhouse gas as producing conventional crude. And upgrading it into refined products, such as gasoline or diesel, will require a gigantic investment to retool global refineries.

"The light crude undiscovered today is getting scarcer and scarcer," says Jean-Luc Guiziou, president of Total's Canadian operations. "We have to accept the reality of geoscience, which is that the next generation of oil resources will be heavier."

Total is making the biggest bet on heavy crude of any of the half-dozen international Western oil giants. Nearly one-fifth of its commercial reserves are in heavy-oil belts, according to oil consultant Wood Mackenzie, a larger portion than any of its Western rivals. Its stockpile of heavy-oil reserves is second only to that of Exxon Mobil Corp., a company that is more than twice as large. Total has spent years developing the complex technology needed to extract oil from tar sands in the frigid environment of

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Northern Canada. So much heat is required to separate the oil from the tar that Total briefly floated the idea of building a nuclear-power plant there.

The rush into the oil sands also has turned a longstanding belief about fossil fuels and the environment on its head. For years, environmentalists have argued that higher gasoline prices would be good for the Earth because paying more at the pump would promote conservation. Instead, higher energy prices have unleashed a bevy of heavy-oil projects that will increase emissions of carbon dioxide, suspected of causing global warming.

"As oil prices have gone up, you get this increased desire to get out onto the new frontiers of oil," says Marlo Raynolds, executive director of the Calgary-based Pembina Institute, an energy and environment think tank. "We're now getting into the dirtiest sources of oil anywhere." To be sure, rising energy prices have spawned more interest in renewable fuel sources, but those investments pale in comparison to what's going on here.

Canada, which exports more oil to the U.S. than any other country, already is having trouble meeting its pledge to cut CO2 emissions largely because of its mushrooming heavy-oil production. By 2015, Canada's Fort McMurray region, population 61,000, is expected to emit more greenhouse gases than Denmark, a country of 5.4 million people.

Canada's northern forest contains at least 174 billion barrels of recoverable heavy oil, equivalent to five years' supply for the planet, according to the Alberta Energy and Utilities Board. Venezuela has perhaps even more in the Orinoco River delta. By comparison, Saudi Arabia has about 260 billion barrels of more traditional crude, or 8½ years' global supply, according to the Energy Information Administration, the statistical arm of the federal Department of Energy. Heavy oil also is being produced in the Middle East, the Caspian Sea, Brazil and even in California's San Joaquin Valley.

In northern Alberta, the oil-sands boom is remaking the landscape. The mining operations have clear-cut thousands of acres of trees and dug 200-foot-deep pits. The region is dotted with large man-made lakes filled with leftover waste from the mining operations. To chase off migratory birds, propane cannons go off at random intervals and scarecrows stand guard on floating barrels.

Alberta's energy minister, Greg Melchin, says oil-sands development creates a minimal environmental disturbance that is outweighed by the opportunities and jobs created. "It's worth it. There is a cost to it, but the benefits are substantially greater," he said.

Environmental groups are increasingly critical of the government's reluctance to regulate the oil sands. "The pace of development is outstripping our ability to manage the environmental issue," says Mr. Raynolds of the Pembina Institute. "Our unwritten energy policy is dig it up and sell it as fast as possible."

The remarkable properties of Fort McMurray's oil sands have been known for centuries. Native tribes mixed the tar-like substance with tree sap to waterproof their canoes. In the 1960s, companies now known as Suncor Energy Inc. and Syncrude Canada Ltd., a consortium of oil companies, opened oil-sands mines in the area. Both operations stumbled through periods of low oil prices but are now rapidly expanding.

When oil was trading at $12 a barrel in the late 1990s, Big Oil had little interest in oil sands. But surging energy prices have made heavy-oil investments significantly more attractive. It costs about $25 a barrel to produce crude from Canada's oil sands, an acceptable cost when oil is trading for $60 a barrel. By comparison, it can cost as little as about $5 a barrel to produce crude in the Middle East and $15 in the deep waters of the Gulf of Mexico.

For Paris-based Total, the world's fifth-largest publicly traded energy company by market capitalization, the oil sands play to its strengths. Total had its roots as a refiner rather than an exploration and production company. Oil sands were easy to find but hard to process.

Total's first foray into heavy oil was in Venezuela's Orinoco belt. In 1997, the company's giant $4.2 billion Sincor project there began producing market-grade crude. Sincor, which Total owns with Norway's Statoil ASA and Petróleos de Venezuela SA, now produces 180,000 barrels of oil a day.

The same year, Total opened an office in Calgary to determine if a similar investment was warranted near Fort McMurray. It was soon clear to Total engineers brought in from Sincor that Canadian oil sands were more technically difficult than Venezuela's heavy-oil belt. The key difference: The heavy oil in Venezuela was quite warm and flowed easily, albeit slowly, while

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in Canada the oil-sand mixture had the look and consistency of tar-like Play-Doh. But Canada was attractive because it offered a haven from politically unstable oil hotspots.

In November 1999, Total teamed up with the financially struggling Gulf Canada Resources Ltd. on a promising project called Surmont. Gulf Canada was later acquired by Conoco Inc. and is now part of Houston-based ConocoPhillips.

For Total, sorting out the mechanics of producing this heaviest of oils fell on the shoulders of Mr. Guiziou, a French earth scientist who had worked his way into management from his first assignment studying the geology of Argentina. In 2001, when he was being considered for the Canadian job, he flew into Fort McMurray to see what the oil sands were about. Having worked in the industry for years, he was accustomed to the look and feel of oil fields. But when he visited Syncrude's mine, where giant cranes scooped up the oil-soaked earth in buckets capable of carrying 100 tons, he was flabbergasted. "It was another world," the 44-year-old Mr. Guiziou says.

In some places near Fort McMurray, the oil sands are close to the surface and can be mined. But at Surmont, located southeast of Fort McMurray, the oil sands are 1,200 feet underground, far too deep for a mining operation. The partners in the venture needed to find a way to get the oil.

The solution was steam. In 1978, Roger Butler, an engineer with Imperial Oil Ltd., an independent company majority-owned by Exxon Mobil, hit on the idea of drilling two wells that start off vertically, then slowly bend until they are horizontal and located one on top of the other. The top well would pump steam into the reservoir while the other pumped oil out.

Surmont was to be Total's and Conoco's first venture with the technology, so in late 1997 they started small with a 1,000-barrel-a-day pilot. They pumped steam down a pipe laced with millions of tiny slits, each no wider than the thickness of a piece of paper. The initial results were encouraging but expanding into a full-scale project took several more years.

One pressing issue: Several companies, including Paramount Resources Ltd., were producing natural gas from a shallow underground zone above the oil sands. Total and its partner convinced an Alberta regulatory body that the gas project threatened the much larger oil deposit. The theory was that if the gas were allowed to be pumped out, the steam chamber would lose pressure and Surmont would have to be scrapped. In a landmark ruling, an Alberta regulatory body ordered 146 gas wells shut off in 2000.

In December 2003, Total and ConocoPhillips decided to build the first phase of Surmont. The steaming is slated to begin later this year, with production expected to grow to 27,000 barrels a day next year. Future expansions could bring it to 200,000 barrels a day -- a good-size oil field but not the biggest in the area.

At Surmont, Total was merely an investor with ConocoPhillips and its predecessor companies operating the project. Last year, the French company went from being an investor to a full-fledged participant in the oil-sands boom.

In September, it bought Deer Creek Energy Ltd. for $1.6 billion, acquiring its only significant asset: a giant oil-sands project called Joslyn north of Fort McMurray. Once fully developed, Joslyn is expected to yield 200,000 barrels a day for decades. Total plans to produce oil from Joslyn by both mining and by shooting steam underground.

Becoming an operator, Mr. Guiziou needed to confront environmental problems as Total expanded its heavy-oil holdings in Canada. Mining oil sands generates enormous volumes of liquid waste that are stored in toxic lakes that have concentrations of naturally occurring naphthenic acid, an odorless liquid used to help paint dry quickly. The prospect of cleaning up these lakes is "daunting," the Canadian National Energy Board, a federal regulatory body, noted in a 2004 report. "There is currently no demonstrated means to reclaim fluid fine tailings," it said.

Since the lakes are likely to be around for years to come, Mr. Guiziou is working on a plan that will result in smaller lakes. He hopes to install a new technology at Joslyn that will suck out water and leave a smaller volume of waste laced with metals before it is dumped in the lakes. But he said the technology "needs to be proved at the industrial scale." Total expects to conduct a test later this year at a neighboring facility.

Total is also trying to figure out ways to curb greenhouse-gas emissions at its Fort McMurray facilities by using pure oxygen instead of air in its combustion engines. The company is running a pilot project in Lacq, France, to capture carbon dioxide in exhaust flues more effectively. If the technology proves workable, it could be used in Fort McMurray as well.

Despite the environmental concerns, there is a strong economic incentive for Alberta's free-market-oriented government to let oil-sands development gallop ahead. Alberta added nearly 26,000 jobs in resource extraction in the past two years. That 25%

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jump helped drive the province's unemployment rate down to 3.1%, a 30-year low, according to the government. For the first time, every Albertan received a 400 Canadian-dollar ($340) check from the government earlier this year from an unexpected fiscal surplus.

Total and other oil companies are continuing to announce new oil-sand projects and shovel money into the region. Earlier this month, Chevron Corp. said it planned to spend "billions" to turn 75,000 acres into a 100,000-barrel-a day field. And last week, Royal Dutch Shell PLC said it had spent nearly $400 million to lease 219,000 acres west of Fort McMurray, shattering records for public-land leases.

In February, Total moved quickly to file the regulatory permit for Joslyn to move to the front of a growing queue of projects. With all the development, everything is in short supply, including steel, energy to power the projects, fresh water and skilled construction workers.

Some projects could end up being delayed for years. "It's like you've got one door frame and the Three Stooges trying to get through at the same time," said Tom Ebbern, executive managing director of Tristone Capital, a Calgary-based investment adviser. "Without a doubt, we can become the next Saudi Arabia but it will take 10 years longer than the market thinks."

Inside The Beltway (WT)

By John McCaslin

The Washington Times, March 27, 2006

Coup, anyone?

Percentage of Americans who say they trust the military, the presidency and Congress, respectively: 74, 44, 22.

-- Harper's Index, April 2006

No news is good news

"Boarded, flew, deplaned, drove. Nothing else."

-- White House pool report surrounding the first leg of the recent trip by President Bush to Indianapolis.

Poison aside

Taking a night off from serving up Washington dirt, best-selling (unauthorized) biographer Kitty Kelley on Saturday served up risotto with black truffles and langoustine and capellacci stuffed with sweet lemon polenta -- prepared by chef Fabrizio Aielli at Teatro Goldoni.

Cause for celebration was her physician-husband Dr. Jonathan Zucker's 65th birthday party, attended by 60 guests and family.

No word on Mrs. Kelley's next victim, but past books by the one-time press aide to the late Sen. Eugene McCarthy have run the gamut, from her 1978 debut "Jackie Oh!" about the life of Jacqueline Kennedy Onassis; unauthorized biographies of Frank Sinatra and Nancy Reagan; "The Royals," which sapped the moats of the British royal family; and finally "The Family: The Real Story of the Bush Dynasty," published in September 2004 and loaded with outrageous accusations about President and Mrs. Bush, among others in the family.

Pigs and people

Who would have thought that political pundit Tucker Carlson would earn accolades from People for the Ethical Treatment of Animals (PETA), while very attractive "Desperate Housewife" Eva Longoria and fellow bombshell actress Catherine Deneuve are coming under fire for their positions on hunting and sporting fur.

"I still go [hunting] to this day. I can handle a gun," ContactMusic.com reported. Miss Longoria explained that she's been hunting game since she was a child. "I could skin a deer, I could skin a pig, I can pluck a quail. You name it, I've done it."

Meanwhile, Miss Deneuve is getting hissed by the animal rights activists for informing the London Daily Telegraph that she has "never worn fake fur and never will."

As for the bow-tied Mr. Carlson, who professes his opinions nightly on MSNBC, PETA is praising him for "condemning the use of dogs in suicide bombing missions, [the TV host] calling it 'completely disgusting.'"

Shoot and survive

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While we're on the subject of hunting, Interior Secretary Gale A. Norton has just impaneled a new Sporting Conservation Council, which for the first time will advise Uncle Sam on the interests and concerns of the hunting community, including gaining more access to federal lands.

In that regard, the secretary envisions the council helping to preserve wildlife while enjoying the sport of hunting at the same time.

"Dating back to Teddy Roosevelt, hunters have been the pillar of conservation in America, doing more than anyone to conserve wildlife and its habitat," she points out. "This new advisory council will provide a formal mechanism for the department to benefit from the expertise of sportsmen and women ... as we develop federal policies."

The chosen council of advisers include, among others, Safari Club International Vice President Merle Shepard, who will represent big-game hunting organizations, and Jeff Crane, president of the Congressional Sportsmen's Foundation, who will speak for wildlife conservation organizations; to Peter J. Dart, president of the Rocky Mountain Elk Foundation, and John Tomke, chairman of the Board of Ducks Unlimited, Inc., who will represent game-bird hunting organizations.

Honest George

Washington will play host to the national premiere of "Fields of Freedom," a new digital film that supposedly transports audiences directly to the Battle of Gettysburg "with all its sound and fury," where they will witness "the ferocity of the battle and the anguish of its aftermath." Former President George Bush was chosen by the film's creators to narrate the Gettysburg Address.

The film is based on the newly discovered diaries of two soldiers fighting for the North and South, both recording their thoughts as they prepare for the bloody onslaught. After the April 5 premiere at the National Archives, the film will be a regular feature at new state-of-the-art big-screen theaters at the Gettysburg National Military Park in Pennsylvania.

Polar Ice Caps Are Melting Faster Than Ever... More And More Land Is Being Devastated By Drought... Rising Waters Are Drowning Low-Lying Communities... By Any Measure, Earth Is At ... The Tipping Point (TIME)

By Jeffrey Kluger

Time, March 26, 2006

No one can say exactly what it looks like when a planet takes ill, but it probably looks a lot like Earth. Never mind what you've heard about global warming as a slow-motion emergency that would take decades to play out. Suddenly and unexpectedly, the crisis is upon us.

It certainly looked that way last week as the atmospheric bomb that was Cyclone Larry--a Category 5 storm with wind bursts that reached 180 m.p.h.--exploded through northeastern Australia. It certainly looked that way last year as curtains of fire and dust turned the skies of Indonesia orange, thanks to drought-fueled blazes sweeping the island nation. It certainly looks that way as sections of ice the size of small states calve from the disintegrating Arctic and Antarctic. And it certainly looks that way as the sodden wreckage of New Orleans continues to molder, while the waters of the Atlantic gather themselves for a new hurricane season just two months away. Disasters have always been with us and surely always will be. But when they hit this hard and come this fast--when the emergency becomes commonplace--something has gone grievously wrong. That something is global warming.

The image of Earth as organism--famously dubbed Gaia by environmentalist James Lovelock-- has probably been overworked, but that's not to say the planet can't behave like a living thing, and these days, it's a living thing fighting a fever. From heat waves to storms to floods to fires to massive glacial melts, the global climate seems to be crashing around us. Scientists have been calling this shot for decades. This is precisely what they have been warning would happen if we continued pumping greenhouse gases into the atmosphere, trapping the heat that flows in from the sun and raising global temperatures.

Environmentalists and lawmakers spent years shouting at one another about whether the grim forecasts were true, but in the past five years or so, the serious debate has quietly ended. Global warming, even most skeptics have concluded, is the real deal, and human activity has been causing it. If there was any consolation, it was that the glacial pace of nature would give us decades or even centuries to sort out the problem.

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But glaciers, it turns out, can move with surprising speed, and so can nature. What few people reckoned on was that global climate systems are booby-trapped with tipping points and feedback loops, thresholds past which the slow creep of environmental decay gives way to sudden and self-perpetuating collapse. Pump enough CO2 into the sky, and that last part per million of greenhouse gas behaves like the 212th degree Fahrenheit that turns a pot of hot water into a plume of billowing steam. Melt enough Greenland ice, and you reach the point at which you're not simply dripping meltwater into the sea but dumping whole glaciers. By one recent measure, several Greenland ice sheets have doubled their rate of slide, and just last week the journal Science published a study suggesting that by the end of the century, the world could be locked in to an eventual rise in sea levels of as much as 20 ft. Nature, it seems, has finally got a bellyful of us.

"Things are happening a lot faster than anyone predicted," says Bill Chameides, chief scientist for the advocacy group Environmental Defense and a former professor of atmospheric chemistry. "The last 12 months have been alarming." Adds Ruth Curry of the Woods Hole Oceanographic Institution in Massachusetts: "The ripple through the scientific community is palpable."

And it's not just scientists who are taking notice. Even as nature crosses its tipping points, the public seems to have reached its own. For years, popular skepticism about climatological science stood in the way of addressing the problem, but the naysayers--many of whom were on the payroll of energy companies--have become an increasingly marginalized breed. In a new TIME/ ABC News/ Stanford University poll, 85% of respondents agree that global warming probably is happening. Moreover, most respondents say they want some action taken. Of those polled, 87% believe the government should either encourage or require lowering of power-plant emissions, and 85% think something should be done to get cars to use less gasoline. Even Evangelical Christians, once one of the most reliable columns in the conservative base, are demanding action, most notably in February, when 86 Christian leaders formed the Evangelical Climate Initiative, demanding that Congress regulate greenhouse gases.

A collection of new global-warming books is hitting the shelves in response to that awakening interest, followed closely by TV and theatrical documentaries. The most notable of them is An Inconvenient Truth, due out in May, a profile of former Vice President Al Gore and his climate-change work, which is generating a lot of prerelease buzz over an unlikely topic and an equally unlikely star. For all its lack of Hollywood flash, the film compensates by conveying both the hard science of global warming and Gore's particular passion.

Such public stirrings are at last getting the attention of politicians and business leaders, who may not always respond to science but have a keen nose for where votes and profits lie. State and local lawmakers have started taking action to curb emissions, and major corporations are doing the same. Wal-Mart has begun installing wind turbines on its stores to generate electricity and is talking about putting solar reflectors over its parking lots. HSBC, the world's second largest bank, has pledged to neutralize its carbon output by investing in wind farms and other green projects. Even President Bush, hardly a favorite of greens, now acknowledges climate change and boasts of the steps he is taking to fight it. Most of those steps, however, involve research and voluntary emissions controls, not exactly the laws with teeth scientists are calling for.

Is it too late to reverse the changes global warming has wrought? That's still not clear. Reducing our emissions output year to year is hard enough. Getting it low enough so that the atmosphere can heal is a multigenerational commitment. "Ecosystems are usually able to maintain themselves," says Terry Chapin, a biologist and professor of ecology at the University of Alaska, Fairbanks. "But eventually they get pushed to the limit of tolerance."

CO2 AND THE POLES

As a tiny component of our atmosphere, carbon dioxide helped warm Earth to comfort levels we are all used to. But too much of it does an awful lot of damage. The gas represents just a few hundred parts per million (p.p.m.) in the overall air blanket, but they're powerful parts because they allow sunlight to stream in but prevent much of the heat from radiating back out. During the last ice age, the atmosphere's CO2 concentration was just 180 p.p.m., putting Earth into a deep freeze. After the glaciers retreated but before the dawn of the modern era, the total had risen to a comfortable 280 p.p.m. In just the past century and a half, we have pushed the level to 381 p.p.m., and we're feeling the effects. Of the 20 hottest years on record, 19 occurred in the 1980s or later. According to NASA scientists, 2005 was one of the hottest years in more than a century.

It's at the North and South poles that those steambath conditions are felt particularly acutely, with glaciers and ice caps crumbling to slush. Once the thaw begins, a number of mechanisms kick in to keep it going. Greenland is a vivid example. Late last year, glaciologist Eric Rignot of the Jet Propulsion Laboratory in Pasadena, Calif., and Pannir Kanagaratnam, a research

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assistant professor at the University of Kansas, analyzed data from Canadian and European satellites and found that Greenland ice is not just melting but doing so more than twice as fast, with 53 cu. mi. draining away into the sea last year alone, compared with 22 cu. mi. in 1996. A cubic mile of water is about five times the amount Los Angeles uses in a year.

Dumping that much water into the ocean is a very dangerous thing. Icebergs don't raise sea levels when they melt because they're floating, which means they have displaced all the water they're ever going to. But ice on land, like Greenland's, is a different matter. Pour that into oceans that are already rising (because warm water expands), and you deluge shorelines. By some estimates, the entire Greenland ice sheet would be enough to raise global sea levels 23 ft., swallowing up large parts of coastal Florida and most of Bangladesh. The Antarctic holds enough ice to raise sea levels more than 215 ft.

FEEDBACK LOOPS

One of the reasons the loss of the planet's ice cover is accelerating is that as the poles' bright white surface shrinks, it changes the relationship of Earth and the sun. Polar ice is so reflective that 90% of the sunlight that strikes it simply bounces back into space, taking much of its energy with it. Ocean water does just the opposite, absorbing 90% of the energy it receives. The more energy it retains, the warmer it gets, with the result that each mile of ice that melts vanishes faster than the mile that preceded it.

That is what scientists call a feedback loop, and it's a nasty one, since once you uncap the Arctic Ocean, you unleash another beast: the comparatively warm layer of water about 600 ft. deep that circulates in and out of the Atlantic. "Remove the ice," says Woods Hole's Curry, "and the water starts talking to the atmosphere, releasing its heat. This is not a good thing."

A similar feedback loop is melting permafrost, usually defined as land that has been continuously frozen for two years or more. There's a lot of earthly real estate that qualifies, and much of it has been frozen much longer than two years--since the end of the last ice age, or at least 8,000 years ago. Sealed inside that cryonic time capsule are layers of partially decayed organic matter, rich in carbon. In high-altitude regions of Alaska, Canada and Siberia, the soil is warming and decomposing, releasing gases that will turn into methane and CO2. That, in turn, could lead to more warming and permafrost thaw, says research scientist David Lawrence of the National Center for Atmospheric Research (NCAR) in Boulder, Colo. And how much carbon is socked away in Arctic soils? Lawrence puts the figure at 200 gigatons to 800 gigatons. The total human carbon output is only 7 gigatons a year.

One result of all that is warmer oceans, and a result of warmer oceans can be, paradoxically, colder continents within a hotter globe. Ocean currents running between warm and cold regions serve as natural thermoregulators, distributing heat from the equator toward the poles. The Gulf Stream, carrying warmth up from the tropics, is what keeps Europe's climate relatively mild. Whenever Europe is cut off from the Gulf Stream, temperatures plummet. At the end of the last ice age, the warm current was temporarily blocked, and temperatures in Europe fell as much as 10°F, locking the continent in glaciers.

What usually keeps the Gulf Stream running is that warm water is lighter than cold water, so it floats on the surface. As it reaches Europe and releases its heat, the current grows denser and sinks, flowing back to the south and crossing under the northbound Gulf Stream until it reaches the tropics and starts to warm again. The cycle works splendidly, provided the water remains salty enough. But if it becomes diluted by freshwater, the salt concentration drops, and the water gets lighter, idling on top and stalling the current. Last December, researchers associated with Britain's National Oceanography Center reported that one component of the system that drives the Gulf Stream has slowed about 30% since 1957. It's the increased release of Arctic and Greenland meltwater that appears to be causing the problem, introducing a gush of freshwater that's overwhelming the natural cycle. In a global-warming world, it's unlikely that any amount of cooling that resulted from this would be sufficient to support glaciers, but it could make things awfully uncomfortable.

"The big worry is that the whole climate of Europe will change," says Adrian Luckman, senior lecturer in geography at the University of Wales, Swansea. "We in the U.K. are on the same latitude as Alaska. The reason we can live here is the Gulf Stream."

DROUGHT

As fast as global warming is transforming the oceans and the ice caps, it's having an even more immediate effect on land. People, animals and plants living in dry, mountainous regions like the western U.S. make it through summer thanks to snowpack that collects on peaks all winter and slowly melts off in warm months. Lately the early arrival of spring and the unusually blistering

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summers have caused the snowpack to melt too early, so that by the time it's needed, it's largely gone. Climatologist Philip Mote of the University of Washington has compared decades of snowpack levels in Washington, Oregon and California and found that they are a fraction of what they were in the 1940s, and some snowpacks have vanished entirely.

Global warming is tipping other regions of the world into drought in different ways. Higher temperatures bake moisture out of soil faster, causing dry regions that live at the margins to cross the line into full-blown crisis. Meanwhile, El Niño events--the warm pooling of Pacific waters that periodically drives worldwide climate patterns and has been occurring more frequently in global-warming years--further inhibit precipitation in dry areas of Africa and East Asia. According to a recent study by NCAR, the percentage of Earth's surface suffering drought has more than doubled since the 1970s.

FLORA AND FAUNA

Hot, dry land can be murder on flora and fauna, and both are taking a bad hit. Wildfires in such regions as Indonesia, the western U.S. and even inland Alaska have been increasing as timberlands and forest floors grow more parched. The blazes create a feedback loop of their own, pouring more carbon into the atmosphere and reducing the number of trees, which inhale CO2 and release oxygen.

Those forests that don't succumb to fire die in other, slower ways. Connie Millar, a paleoecologist for the U.S. Forest Service, studies the history of vegetation in the Sierra Nevada. Over the past 100 years, she has found, the forests have shifted their tree lines as much as 100 ft. upslope, trying to escape the heat and drought of the lowlands. Such slow-motion evacuation may seem like a sensible strategy, but when you're on a mountain, you can go only so far before you run out of room. "Sometimes we say the trees are going to heaven because they're walking off the mountaintops," Millar says.

Across North America, warming-related changes are mowing down other flora too. Manzanita bushes in the West are dying back; some prickly pear cacti have lost their signature green and are instead a sickly pink; pine beetles in western Canada and the U.S. are chewing their way through tens of millions of acres of forest, thanks to warmer winters. The beetles may even breach the once insurmountable Rocky Mountain divide, opening up a path into the rich timbering lands of the American Southeast.

With habitats crashing, animals that live there are succumbing too. Environmental groups can tick off scores of species that have been determined to be at risk as a result of global warming. Last year, researchers in Costa Rica announced that two-thirds of 110 species of colorful harlequin frogs have vanished in the past 30 years, with the severity of each season's die-off following in lockstep with the severity of that year's warming.

In Alaska, salmon populations are at risk as melting permafrost pours mud into rivers, burying the gravel the fish need for spawning. Small animals such as bushy-tailed wood rats, alpine chipmunks and piñon mice are being chased upslope by rising temperatures, following the path of the fleeing trees. And with sea ice vanishing, polar bears--prodigious swimmers but not inexhaustible ones--are starting to turn up drowned. "There will be no polar ice by 2060," says Larry Schweiger, president of the National Wildlife Federation. "Somewhere along that path, the polar bear drops out."

WHAT ABOUT US?

It is fitting, perhaps, that as the species causing all the problems, we're suffering the destruction of our habitat too, and we have experienced that loss in terrible ways. Ocean waters have warmed by a full degree Fahrenheit since 1970, and warmer water is like rocket fuel for typhoons and hurricanes. Two studies last year found that in the past 35 years the number of Category 4 and 5 hurricanes worldwide has doubled while the wind speed and duration of all hurricanes has jumped 50%. Since atmospheric heat is not choosy about the water it warms, tropical storms could start turning up in some decidedly nontropical places. "There's a school of thought that sea surface temperatures are warming up toward Canada," says Greg Holland, senior scientist for NCAR in Boulder. "If so, you're likely to get tropical cyclones there, but we honestly don't know."

WHAT WE CAN DO

So much for environmental collapse happening in so many places at once has at last awakened much of the world, particularly the 141 nations that have ratified the Kyoto treaty to reduce emissions--an imperfect accord, to be sure, but an accord all the same. The U.S., however, which is home to less than 5% of Earth's population but produces 25% of CO2 emissions, remains intransigent. Many environmentalists declared the Bush Administration hopeless from the start, and while that may have been premature, it's undeniable that the White House's environmental record--from the abandonment of Kyoto to the President's broken campaign pledge to control carbon output to the relaxation of emission standards--has been dismal. George W. Bush's

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recent rhetorical nods to America's oil addiction and his praise of such alternative fuel sources as switchgrass have yet to be followed by real initiatives.

The anger surrounding all that exploded recently when NASA researcher Jim Hansen, director of the Goddard Institute for Space Studies and a longtime leader in climate-change research, complained that he had been harassed by White House appointees as he tried to sound the global-warming alarm. "The way democracy is supposed to work, the presumption is that the public is well informed," he told TIME. "They're trying to deny the science." Up against such resistance, many environmental groups have resolved simply to wait out this Administration and hope for something better in 2009.

The Republican-dominated Congress has not been much more encouraging. Senators John McCain and Joe Lieberman have twice been unable to get through the Senate even mild measures to limit carbon. Senators Pete Domenici and Jeff Bingaman, both of New Mexico and both ranking members of the chamber's Energy Committee, have made global warming a high-profile matter. A white paper issued in February will be the subject of an investigatory Senate conference next week. A House delegation recently traveled to Antarctica, Australia and New Zealand to visit researchers studying climate change. "Of the 10 of us, only three were believers," says Representative Sherwood Boehlert of New York. "Every one of the others said this opened their eyes."

Boehlert himself has long fought the environmental fight, but if the best that can be said for most lawmakers is that they are finally recognizing the global-warming problem, there's reason to wonder whether they will have the courage to reverse it. Increasingly, state and local governments are filling the void. The mayors of more than 200 cities have signed the U.S. Mayors Climate Protection Agreement, pledging, among other things, that they will meet the Kyoto goal of reducing greenhouse-gas emissions in their cities to 1990 levels by 2012. Nine eastern states have established the Regional Greenhouse Gas Initiative for the purpose of developing a cap-and-trade program that would set ceilings on industrial emissions and allow companies that overperform to sell pollution credits to those that underperform -- the same smart, incentive-based strategy that got sulfur dioxide under control and reduced acid rain. And California passed the nation's toughest automobile- emissions law last summer.

"There are a whole series of things that demonstrate that people want to act and want their government to act," says Fred Krupp, president of Environmental Defense. Krupp and others believe that we should probably accept that it's too late to prevent CO2 concentrations from climbing to 450 p.p.m. (or 70 p.p.m. higher than where they are now). From there, however, we should be able to stabilize them and start to dial them back down.

That goal should be attainable. Curbing global warming may be an order of magnitude harder than, say, eradicating smallpox or putting a man on the moon. But is it moral not to try? We did not so much march toward the environmental precipice as drunkenly reel there, snapping at the scientific scolds who told us we had a problem.

The scolds, however, knew what they were talking about. In a solar system crowded with sister worlds that either emerged stillborn like Mercury and Venus or died in infancy like Mars, we're finally coming to appreciate the knife-blade margins within which life can thrive. For more than a century we've been monkeying with those margins. It's long past time we set them right.

Vicious Cycles (TIME)

By Missy Adams

Time, March 26, 2006

The debate over whether Earth is warming up is over. Now we're learning that climate disruptions feed off one another in accelerating spirals of destruction. Scientists fear we may be approaching the point of no return THE GREENHOUSE EFFECT Without the greenhouse effect, life on Earth would not be possible. Energy from the sun is absorbed by the planet and radiated back out as heat. Atmospheric gases like carbon dioxide trap that heat and keep it from leaking into space. That's what keeps us warm at night.

But as humans pour ever increasing amounts of greenhouse gases into the atmosphere, more of the sun's heat gets trapped, and the planet gets a fever BURNING FOSSIL FUELS RELEASES CARBON FUELING THE FIRE The amount of carbon dioxide in the atmosphere is climbing fast. Most of it comes from burning fuels for energy--gasoline in cars or coal for electricity, for example. The U.S., with less than 5% of the world's population, produces one-quarter of all greenhouse gases BURNING FORESTS REDUCES OXYGEN AND INCREASES DROUGHT SPREADING THE PAIN Deforestation, through clear-

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cutting or burning, sows havoc far beyond the affected area. The fires release still more carbon into the atmosphere, fewer plants survive to convert CO2 into oxygen, and scorched soil absorbs more heat and retains less water, increasing droughts •Plants take in CO2 •Fires release carbon •Less carbon absorbed •Soil dries out RISING TEMPERATURES MELT POLAR ICE AND PERMAFROST THAWING OUT The North Pole may be seasonally ice free by 2050. Melting permafrost will release vast amounts of trapped carbon into the air LESS ICE MEANS MORE HEAT WHICH MEANS LESS ICE SPEEDING UP Ice reflects nearly all the sun's energy that hits it. As the planet's ice melts, more of that energy is absorbed by Earth--which further raises the temperature. That, in turn, makes the remaining ice melt quicker •20% reflected by vegetation and dark soil •10% reflected by ocean water •90% reflected by ice MELTING ICE RAISES SEA LEVELS INUNDATING LOW COASTAL AREAS WASHING ASHORE The ice at the North Pole is floating, so as it melts, the sea level won't change much. But the massive ice sheets over Antarctica and Greenland are another story. If both melted completely, sea levels could rise nearly 220 ft. (72 m). That's a worst-case scenario. But the melting is accelerating, and sea levels are projected to rise gradually, threatening low-lying communities Sources: Intergovernmental Panel on Climate Change, Third Assessment Report; NOAA; NASA; National Snow and Ice Data Center; Carbon Dioxide Information Analysis Center; National Center for Atmospheric Research; U.S. Global Change Research Program; Goddard Institute for Space Studies

Feeling The Heat (TIME)

By David Bjerklie

Time, March 27, 2006

QUIVER TREE This striking giant aloe was given its name by the San people of southern Africa, who use the tree's hollow branches as quivers for their arrows. Scientists have discovered that quiver trees are starting to die off in parts of their traditional range. The species might be in the early stages of moving southward, trying to escape rising temperatures closer to the equator.

PINON MOUSE This tiny resident of the southwestern U.S. has long eked out its living in juniper woodlands, but in California it is heading for higher, cooler altitudes in the High Sierra conifer forests. The mouse is one of several small mammals in the region that have moved their homes 1,000 to 3,000 ft. higher in elevation over the past century.

RED-BREASTED GOOSE Twenty-six bird species, including this goose, which breeds in the Arctic, are listed by the World Conservation Union as threatened by global warming. Half are seabirds whose food supplies are diminished because of climate changes. The rest are terrestrial species, including several whose coastal habitats are at risk because of rising sea levels.

AFRICAN ELEPHANT Global warming might not only shrink the elephant's range within Africa but may also wreak havoc with the animal's love life. The relative abundance--or scarcity--of food affects the social hierarchy of the herd, which in turn can determine which animals get to breed.

BUTTERFLIES Researchers have documented shifts in the ranges of many butterflies. One study looked at 35 species of nonmigratory butterflies whose ranges extended from northern Africa to northern Europe. The scientists found that two-thirds of the species had shifted their home ranges northward by 20 to 150 miles. In the U.S., researchers have closely tracked the movements of the butterfly known as Edith's checkerspot (at right, middle). Though butterflies might be sturdier than they look, scientists believe many species will not survive the impact of climate change.

KING PROTEA It is the national flower of South Africa, just one among the many spectacular members of the large family of flowering plants named after Proteus, a Greek god capable of changing his shape at will. Scientists fear that more than a third of all Proteaceae species could disappear by 2050.

MISTLETOE The limber pine dwarf mistletoe is proliferating throughout western forests in North America, thanks to heat and drought-weakened trees that act as perfect hosts for this botanical parasite. It's not unlike what happens in your body, says researcher Connie Millar of the U.S. Forest Service: "When your system is stressed, you're more vulnerable to all kinds of things that want to get you."

FROGS Amphibians have been hopping, swimming and crawling about the planet for 350 million years. But their future is hardly assured. A global assessment of the state of this entire class of vertebrates found that nearly one-third of the 5,743 known species are in serious trouble. Climate change may well be the culprit in most cases, either directly or indirectly. The home habitat of the golden toad (at right, bottom) in Costa Rica moved up the mountain until "home" disappeared entirely. More than

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two-thirds of the 110 species of colorful harlequin frogs in Central and South America, two shown above, have also disappeared. Scientists believe that what killed many of the harlequins and what threatens a great many other amphibian species is a disease caused by the fungus Batrachochytrium dendrobatidis. Climate change seems to be making frogs more vulnerable to infection by the fungus.

What troubles scientists especially is that if we are only in the early stages of warming, all these lost and endangered animals might be just the first of many to go. One study estimates that more than a million species worldwide could be driven to extinction by the year 2050.

How It Affects Your Health (TIME)

By Christine Gorman

Time, March 26, 2006

It's a fair bet that global warming is going to lead to a rise in human sickness and death. But what form they will take is difficult to say. We can be pretty sure that as average temperatures climb, there will be more frequent and longer heat waves of the sort that contributed to the death of at least 20,000 Europeans in August 2003. Other predictions are more tenuous. For example, rising temperatures could--if rainfall and other conditions are right--result in larger mosquito populations at higher elevations in the tropics, which could in turn contribute to the spread of malaria, dengue and other insect-borne infections. Early indications are not encouraging. The World Health Organization (WHO) believes that even the modest increases in average temperature that have occurred since the 1970s have begun to take a toll. Climate change is responsible for at least 150,000 extra deaths a year--a figure that will double by 2030, according to WHO's conservative estimate. As with so many public-health issues, a disproportionate part of the burden appears to be falling on the poorest of the poor. That doesn't mean, however, that the comparatively wealthy--who account for more than their share of greenhouse-gas emissions--will escape harm.

A look at three key factors affected by warming offers a hint of things to come.

AIR We're used to thinking of industrial and traffic pollution as having a detrimental effect on air quality. But all other things being equal, rising temperature by itself increases the amount of ground-level ozone, a major constituent of smog. So many studies have linked higher ozone levels to death rates from heart and lung ailments that many cities issue smog alerts to warn those at risk to stay indoors. You can expect more and longer alerts.

It gets worse. Higher levels of carbon dioxide favor the growth of ragweed and other pollen producers over other plants, according to Dr. Paul Epstein at Harvard's Center for Health and the Global Environment. In addition, ragweed churns out more pollen as CO2 levels rise. Scientists have tied local spikes in asthma and allergy attacks to increases in molds and emissions from diesel engines. Apparently, the molds attach themselves to diesel particles, which deliver them more efficiently deep into the lungs. Add a plentiful helping of dust storms (from, for instance, the desertification of Mongolia or northern Africa) and a rise in drought-driven brushfires, and you have a made- to-order recipe for increasing respiratory distress worldwide.

WATER Residents of the U.S. Gulf Coast don't have to be reminded that water can be a killer. You can usually evacuate people ahead of a major storm, but you can't evacuate infrastructure. "Thirteen of the 20 largest cities in the world happen to be located at sea level," says Dr. Cindy Parker of the Johns Hopkins School of Public Health in Baltimore, Md. That means that where people are most at risk from floods, so are hospitals and water-treatment plants. As we have seen in New Orleans, the health effects of losing those facilities persist long after the water has receded.

Another predicted consequence of global warming is heavier downpours, leading to more floods. The immediate hazard is drowning, but the larger issue is water quality. To take just one example, more than 700 U.S. cities--most of them older communities in the Northeast, Northwest and Great Lakes area--have sewer systems that regularly overflow into water supplies during heavy rainstorms, mixing dirty and clean water and sometimes requiring mandatory boiling to make contaminated tap water safe. A heavy rainfall preceded the majority of waterborne-disease outbreaks in the U.S. over the past 60 years, says Dr. Jonathan Patz of the University of Wisconsin at Madison.

Ocean-water patterns also play a role in human health. Mercedes Pascual and her colleagues at the University of Michigan have been poring over more than a century's worth of data on cholera outbreaks in Bangladesh and tying them to detailed temperature reports of the surface waters of the Pacific Ocean. True, Bangladesh isn't anywhere near the Pacific, but

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the researchers are using the temperature data as an indication of a larger weather pattern called the El NiÃ±o/ Southern Oscillation, or ENSO. What they have found is that the severity of an epidemic is linked to water temperature--but only in years of higher-than-normal temperatures on the ocean's surface. More alarming: as the ENSO pattern has become more pronounced since the 1970s, the association with cholera has become even stronger.

INSECTS The news here is not all bad. Ticks, for example, may not be able to survive hotter temperatures in the southwestern U.S. And global warming is unlikely to have much of an effect on malaria, as long as you focus on lowland areas (because those regions already have so many mosquitoes). That picture may change, however, as you move upward in elevation. Malaria has seen a dramatic upswing since the 1970s in highland cities like Nairobi (around 5,500 ft. above sea level). How much of that can be tied to temperature increases--as opposed to population movement, lapses in mosquito control or the spread of drug-resistant parasites--is a matter of debate. But because each year there are at least 300 million cases accounting for more than 1 million deaths, even a small uptick in the spread or severity of malaria could be devastating.

The tricky thing about all those predictions is that you can't point to any outbreak or any individual's death and say, "This occurred because of climate change." But we know that good public health relies on a long list of factors--the availability of doctors and nurses, effective medicines, clean water, proper sanitation--and that even today, millions of people die every year of what should be preventable diseases. With global warming, you can expect the death toll to be even higher.

How To Seize The Initiative (TIME)

By Unmesh Kher, Daren Fonda, Michael D. Lemonick, And Margot Roosevelt

Time, March 26, 2006

THE ROCK BAND CAPITALIST TOOLS FOR CUTTING CO2

When Coldplay cut A Rush of Blood to the Head, the rock band didn't want the album's production and distribution to add to the greenhouse gases flowing into the atmosphere. So, working with a small British firm, the CarbonNeutral Co., the group bought 10,000 mango trees for villagers in Karnataka, India. Since plants breathe in carbon dioxide as they grow, Coldplay figures the mango trees will eventually neutralize all the CO2 released in the making and selling of its CDs.

It's a sweet deal all around. Coldplay gets to do right by the environment; the impoverished Indian villagers not only get the mangoes but will also earn money from the CO2 locked in the trees when the gas is sold on a surging new market--one that trades carbon saved for carbon burned.

Capitalism is nothing if not adaptive, and its champions have responded to global warming with a market-based solution that provides polluters with a profit incentive to mend their ways. It's called cap and trade, and it is the mechanism behind the so-called carbon markets spawned by the Kyoto Protocol. Firms in developed countries that pump out more CO2 than they are allowed under limits imposed by Kyoto are required by the protocol to offset that pollution by buying credits on the carbon market. Those that cut CO2 emissions below their allowance or help polluters in developing nations clean up their act get to sell the credits--as do groups that cut greenhouse gases by, among other things, planting trees.

Since January 2005, carbon markets in the European Union have traded at least 500 million tons of CO2. Because the Bush Administration dropped out of Kyoto, the U.S. doesn't participate in this booming global trade. But state governments are starting to set up regional carbon markets based on caps they establish under their own authority. In December, seven Northeastern states led by New York agreed to cut power-plant emissions via cap and trade, beginning in 2009.

For now, U.S. firms that want to trade emissions must join the Chicago Climate Exchange, a voluntary but legally binding bourse whose members, according to founder Richard Sandor, account for 8% of the greenhouse emissions from stationary sources in the U.S. "If we were a country," he says, "we'd be roughly the size of Britain." Members of the Chicago exchange, including Ford Motor Co. and DuPont, have pledged to cut their emissions 4% by the end of this year from the levels they averaged from 1998 to 2000. They have already taken tens of millions of tons of greenhouse gases out of play, which sounds impressive until it's compared with the 6 billion--ton plume of CO2 spewed into the atmosphere by the U.S. each year.

Meanwhile, the opportunities to offset emissions are growing. Conservation International, for instance, helped Mitsubishi and Pearl Jam funnel their offsetting funds into rain-forest protection in Madagascar. And Coldplay did more than enough to offset its last album, X&Y, by protecting forests in Mexico and Ecuador. Internet ventures with names like TerraPass, myclimate and

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Drive Neutral enable commuters and air travelers to calculate their emissions and neutralize the damage. Some even aim to turn a profit.

How do the consumer offsets work? Take the nonprofit Carbonfund.org It sells absolution for personal and commercial emissions at a cut rate of $5.50 per ton of CO2. (A full year of carbon neutralization typically costs $99.) Carbonfund allows buyers to choose where their money winds up--in alternative energy, forest conservation or energy efficiency. Co-founder Eric Carlson says Carbonfund has offset about 40,000 tons of CO2 so far. That's not much. But its ultimate aim, he says, is to channel what support it gets into driving down the cost of clean energy--and, along the way, increase awareness of climate change. "There is an educational value in these things," says Judi Greenwald of the Pew Center on Global Climate Change. "People realize that what they do can make a difference." So, apparently, do rock stars. --By Unmesh Kher

SWEDEN CLEANER AIR OVER SCANDINAVIA

Like the U.S., Sweden is addicted to oil. Unlike the U.S., it has a plan to kick the habit--and a deadline. By 2020, says Mona Sahlin, Minister for Sustainable Development, the country will no longer be dependent on fossil fuels. "By then," she declares, "no home will need oil for heating, no motorist will be obliged to use petrol [gasoline] as the sole option available."

Can Sweden do it? Probably. Back in 1970, before the first Middle East energy crisis, Sweden got 77% of its energy from oil. By 2003, even though industrial production had risen dramatically, that figure had dropped to 34%. Part of the country's impressive record comes courtesy of its abundant resources. "We have access to large amounts of hydropower," admits Sahlin, "large amounts of biomass and good conditions for increased use of wind power."

But that's not the only reason Sweden was rated the world's second greenest nation (just behind New Zealand) in a study issued at this year's World Economic Forum in Davos, Switzerland. Sweden's leaders have passed laws that would be unthinkable for a U.S. politician--taxes on fuel and CO2 emissions to induce car owners to trade in their gas guzzlers for hybrids, for example, and tax exemptions for home owners who switch from oil heating to renewable energy. Indeed, whereas Americans are likely to complain about higher taxes or infringements on their rights, most Swedes seem to embrace the idea of helping save the planet.

Take, for example, Sweden's nationwide rush to convert cars from gasoline to fuels like ethanol and biogas fermented from plant waste. Stations that sell alternative fuels are springing up all over the country, and fully 13% of new autos sold in February, the most recent month for which numbers are available, can run on ultra-low-emission substances.

What Americans might appreciate is the way local governments are encouraged to come up with their own strategies for meeting the national goals. For example, in Helsingborg, a coastal city of 120,000, buses run on biogas made from garbage and other organic waste from households and nearby farms. It's part of a program that dates from 2000, when city officials decided they would get 20% of municipal vehicles running on renewable fuel by 2010. By 2004, they had reached 23%. "We have upped our target so that 50% of the city's cars, vans and trucks should use renewable fuel by 2010--and we will meet that target," says Ulla Ingers, Helsingborg's assistant director of environment.

Similar programs are under way across the country. In the northern town of Aapua, a wind farm opened just last month, thanks to local residents who began lobbying town officials five years ago; it should supply 40% of Aapua's electricity. The old university city of Lund gets 30% of its heat from a geothermal plant. And Fjaras, in the southwest, just opened a solar-powered health center. Some of these are small efforts, to be sure, but when an entire nation embraces a pledge to wean itself from oil, there's no reason it can't be done. --By Michael D. Lemonick. Reported by Ulla Plon/Helsingborg

THE MAYORS SAVING ONE CITY AT A TIME

Seattle mayor Greg Nickels has news for President George W. Bush: global warming is also "local" warming. So for Nickels and his constituents, climate change is about the Cascade Mountains, where the city gets its water and hydropower and where the snowpack has shrunk by half over the past 50 years. It's about the effect of Puget Sound's warmer waters on wild-salmon runs. It's about hotter summers cooking up more smog. It's about a rise in sea level that could flood Seattle's port. "The stakes are high--globally and locally," he says. "We need to act."

So in February 2005, when the Kyoto Protocol took effect in 141 countries but not the U.S., Nickels launched the U.S. Mayors' Climate Protection Agreement. So far, 218 mayors in 39 states, representing nearly 44 million Americans, have signed on to its 12-step program for their own cities to meet or beat Kyoto's original target for the U.S.--cutting greenhouse-gas

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emissions to 7% below 1990 levels over the next six years. Some cities got a head start. Portland, Ore., which zeroed in on global warming beginning in 1993, has already slashed emissions by 13% per capita, partly by building light rail and 730 miles of regional bikeways. In Austin, Texas, the city-owned utility was able to cancel construction of a 500-MW coal-fired power plant--planned to power 50,000 homes--thanks in part to an intensive green building program that offers energy-efficiency audits to all residents and businesses, retrofits schools and installs insulation and shade screens to reduce sunlight in low-income housing. "We're frustrated by the lack of national leadership," says Mayor Will Wynn, an early backer of the Nickels initiative. "This is about the future of the planet."

Other cities are crafting their own solutions. St. Paul, Minn., which has had to forgo Winter Carnival ice sculptures and on-ice softball tournaments in recent years because of rising temperatures, is using a biomass-fired power plant for both heat and electricity. Keene, N.H., is harnessing methane and other gases at its landfill to run a generator that powers its recycling center. Salt Lake City, Utah, has converted 1,630 traffic stops to energy-efficient light-emitting diode signals--which alone will save more than 500 tons of CO2 pollution each year and cost the city $53,000 less than conventional bulbs. "The idea is to solve global warming one city at a time," says Glen Brand, an energy specialist for the Sierra Club, which has launched a "cool cities" website.

But though mayors prefer to downplay the costs of fighting global warming, there seems to be truth to the Bush Administration's contention that meeting the Kyoto targets involves pain--not just gain. And in Seattle, where population growth is projected to push up regional greenhouse gases by 38% in the next 15 years, ratcheting down to 1990 levels would require slashing emissions by 683,000 tons--the equivalent of taking some 148,000 cars off the road. To do that may require such unpopular measures as highway tolls and increased parking taxes. But in the absence of federal controls, Nickels says, he's ready and willing: "If it's not going to happen from the top down, let's make it happen from the bottom up." --By Margot Roosevelt

THE RETAILER THE GREENING OF WAL-MART

All around the world, shoppers flock to Wal-Mart to buy everything from socks to sofa beds. In McKinney, Texas, they come for another reason: to see the wind turbine. Rising 120 ft. above the ground, it's the tallest structure in town and supplies 5% of the store's electricity. It's not the only thing that makes this Wal-Mart a green giant. There are photovoltaic shingles on the roof, exterior walls coated with heat-reflective paint and a high-tech system that automatically dims or raises the lights depending on whether it's sunny or overcast. Brent Allen, who manages the experimental store, says customers tell him all the time that "they drove out of their way to shop at this Wal-Mart." Which makes you wonder: If folks drive farther than they have to, aren't they burning extra gasoline in their pickups and SUVS? And isn't that offsetting the store's energy savings?

The laws of unintended consequences can be cruel for companies trying to do the right thing. The laws of economics suggest that Wal-Mart is so big, with 5,200 stores worldwide, that it influences everything from the price of lumber to the size of the container your laundry detergent comes in. And if this retailing giant throws its weight behind environmental responsibility, the impact could be profound: less air pollution at factories in China, mass-market sales of organic products, cereal boxes that aren't half filled with air. "One little change in product packaging could save 1,500 trees," says Wal-Mart CEO Lee Scott. "If everybody saves 1,500 trees or 50 barrels of oil, at the end of the day you have made a huge difference."

Scott wants Wal-Mart to do its part too. He has promised to cut greenhouse-gas emissions at existing stores 20% over the next few years and pledged to construct new stores that are 25% to 30% more efficient. He wants Wal-Mart's fleet of more than 7,000 trucks to get twice as many miles per gallon by 2015. Factories that show Wal-Mart they're cutting air pollution--even those in China--will get preferential treatment in the supply chain. Wal-Mart says it's working with consumer-product manufacturers to trim their packaging and will reward those that do so with prime real estate on the shelves. Scott has pledged to enlist Wal-Mart's army of lobbyists to push for pro-environmental policy changes in Washington, including incentives for utilities to cut greenhouse gases.

Cynics might call it a "greenwash," a bid to deflect attention from Wal-Mart's controversial labor and health-insurance practices. But it's not just window dressing, because Wal-Mart sees profit in going green. "We are not being altruistic," says Scott. "This is a business philosophy, not a social philosophy." Some top environmentalists seem convinced he's serious, including Amory Lovins, head of the Rocky Mountain Institute, who is a paid adviser. "We don't go where we don't think there's a genuine interest in change," says Lovins.

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There's no question that soaring energy costs are fueling Wal-Mart's conservation drive. The company now insists that truckers shut off their engines when stopping for a break, yielding estimated savings of $25 million a year. By doubling the gas mileage of the fleet through better aerodynamics and lower-friction tires, Wal-Mart expects to pocket $310 million a year. One of the biggest items on its energy bill is lighting. Instead of going with the cheapest bulbs, the company is experimenting with costlier LED strips for refrigeration units that last longer and use less energy. Scott also wants to sell more organically grown food and cotton clothing, partly because it's good for the planet, partly because he believes he can get prices down and boost sales to low- income customers.

Like Bill Gates, who started his charitable foundation shortly after Microsoft's antitrust trial, Scott happens to be burnishing Wal-Mart's image at a time when his company's reputation is under siege. He acknowledges that he launched the plan partly to shield Wal-Mart from bad press about its contribution to global warming. "By doing what we're doing today you avoid the headline risks that are going to come for people who did not do anything," he says. "At some point businesses will be held accountable for the actions they take." Meanwhile, should Wal-Mart succeed at shrinking its environmental footprint and lowering prices for green products, both the planet and the company will profit. Sam Walton would have liked that. --By Daren Fonda. Reported by Steve Barnes/Bentonville, Rita Healy/Denver and Adam Pitluk/ McKinney

THE UTILITY ASKING TO BE TAXED AND REGULATED

Jim Rogers runs a power company that spews 62 million tons of carbon dioxide into the atmosphere each year. That's a lot of greenhouse gas. But you won't find him on the hit list of environmental crusaders. The CEO of Cinergy, a utility with nine coal-fired plants in Indiana, Ohio and Kentucky, Rogers is an outspoken advocate of regulating carbon and imposing a price on emissions. His position makes him a renegade within his industry, which officially opposes any regulatory scheme that would force power companies to cut carbon emissions. It makes Rogers more likely to be invited to Sierra Club headquarters than to the White House, given that President Bush hasn't called for anything more stringent than voluntary cuts in greenhouse gases.

What is Rogers thinking? For one thing, he's personally worried about global warming and believes that the scientific debate about what causes it has long been settled. He thinks that the U.S. will be forced to regulate carbon--as most other industrialized countries have done--within the next five years, if not sooner. And as the CEO of a publicly traded company, he has to make decisions that will affect shareholders decades in the future. Power plants have life spans of 50 years, and if carbon is taxed, the fuel calculus of those plants changes radically. "We're very dependent on coal," says Rogers, "and if you're going to have earnings growth that's sustainable over a long period of time, you [need] certainty on the carbon issue."

With the approval last month by Cinergy's board of a merger with Duke Energy, Rogers is poised to run one of America's largest utilities, and he aims to lead by example. In recent years, Cinergy has spent $1 billion to increase its use of cleaner-burning natural gas, including $200 million to convert a coal-fired plant, and Rogers has cut Cinergy's reliance on coal from 87% of its fuel to 73%. He has pledged to reduce Cinergy's CO2 emissions 5% below 2000 levels by 2012, and he is investing in projects to sequester carbon in forests. Rogers is evaluating coal- gasification technology for a plant in Indiana, which could dramatically cut carbon emissions from burning coal, still the least expensive and most abundant fossil fuel in the U.S.

Even if he succeeds, Cinergy's environmental record will be far from perfect. A $1.4 billion settlement with the Environmental Protection Agency over alleged violations of the Clean Air Act fell apart when Cinergy backed away from the deal. The original suit is slowly working its way through the courts. And Cinergy supports Bush's efforts to roll back provisions of the Clean Air Act that govern utilities.

But with global warming, Rogers vows to keep the heat on his colleagues in the energy industry and on Washington politicians. "My greatest fear is that we don't deal with the problem now," he says, "and we wake up one day and don't have enough time."

The Climate Crusaders (TIME)

By Charles Alexander, Eric Roston, Alex Perry, Rita Healy, And Bryan Walsh

Time, March 26, 2006

THE POWER BROKER REWARDING GOOD BEHAVIOR

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Fred Krupp wants to do something about the carbon dioxide that spews from tailpipes and smokestacks. But why is the president of Environmental Defense looking for solutions in tropical rain forests and Kansas cornfields? Because forests and fields pull greenhouse gases from the air. So Krupp, 52, went to Brazil to urge protection of the Amazon basin and to Kansas to promote no-till farming. Plowing fields releases CO2; if farmers plant seeds without tilling, three-quarters of a metric ton of carbon per acre could be stored every year.

What's in it for Brazilians and Kansans? Environmental Defense is lobbying Congress to approve a system that would mandate reductions in emissions and allow the sale of permits to release specified amounts of carbon. Companies having trouble cutting emissions could buy allowances from firms that have unused permits. Or they could pay farmers to store carbon and developing nations to preserve forests. The idea comes from a concept developed by Environmental Defense when Krupp helped draft the 1990 Clean Air Act. It set up a trading system to control sulfur dioxide. Krupp believes similar financial incentives could slow global warming. "Once you put a value on carbon reductions," he says, "you make winners out of innovators. You offer a pot of gold." --By Charles Alexander

THE ENERGY ENGINEER Clean Power For China

Like just about every ambitious engineering student at China'sÂ Tsinghua University in the early 1980s, Li Zheng had his heart set on the high-tech, high-profile electronics field--up until the day he bombed on an electronics exam. But his uncharacteristic classroom stumble led Li to a field that could play an even larger role in China's future: energy production. "I think the choice was a very fortunate one in the end," says Li, who studied thermal engineering and in 2000 became a full professor at Tsinghua--China's M.I.T.--at the remarkably young age of 35. "Energy is incredibly important for a growing society like China."

But energy means carbon, and China's booming economy puts it on a path to become the world's No. 1 greenhouse-gas emitter as early as 2020. Li knows that China needs clean energy as badly as the developed world needs China to clean up, which is why he joined the Tsinghua-BP Clean Energy Research and Education Center as director when it opened in July 2003. The center's most promising project is a new technology called polygeneration, by which coal is converted into a cleaner gaseous fuel that can both generate electricity and be processed into a petroleum substitute. Polygeneration could cut the carbon emissions China generates by burning its copious coal reserves and reduce its dependence on oil imports. While his team continues to refine the technology--it's still more expensive than direct coal combustion--Li is lobbying the government to construct a $600 million demonstration plant, and he's optimistic he will see it built. "China is motivated to develop this technology," Li says. And the rest of the world is hoping it does. --By Bryan Walsh/Hong Kong

THE SNOW MAN OF ASPEN KEEPING WINTER COOL

If the 1998 fires set in Vail, Colo., by protesters from Earth Liberation Front were an environmental wake-up call for the ski industry, Auden Schendler, 35, is a triple shot of espresso. Hired the next year by Aspen Skiing Co. (ASC), he has become the most visible of a crop of experts charged with cleaning up the industry's act. Between keeping the lodges toasty and draining the creeks for snowmaking, downhill-skiing companies in the late 1990s were major consumers of natural resources. And ASC, which now operates four mountains, two hotels and 12 restaurants in the Aspen-Snowmass area, was one of the biggest. Its snowmaking operations alone consume some 160 million gallons of water a year.

Schendler set about changing that. ASC had already invested $10.5 million in efficient snowmaking equipment that saved more than 6 million gallons of water in one year. At Schendler's urging, it became the first ski company to issue a climate-change policy, with a public commitment to cutting greenhouse gases that has led to a 75% reduction in emissions. ASC was the first to use biodiesel fuel in snowcats, issue sustainability reports and develop a green building policy.

A graduate of Bowdoin College, Schendler insulated trailers for the poor before joining Amory Lovins' famed Rocky Mountain Institute. He found a kindred spirit in ASC president and CEO Pat O'Donnell, although the road to environmental enlightenment at ASC hasn't always been smooth. It took four years to persuade the company to retrofit a parking garage with fluorescent light fixtures, a move Schendler calculates rid the atmosphere of 300,000 lbs. of CO2 annually.

A prolific writer and major supporter of the Keep Winter Cool campaign, a partnership between the ski industry and the Natural Resources Defense Council, Schendler feels he has helped change the culture of skiing, at least at ASC. "We've turned this place into a lab for addressing climate change," he says. "Aspen is a lever that can change the world." --By Rita Healy/Denver

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THE POLLUTION FIGHTERS Delhi Without Diesel

Melting ice caps didn't figure into the fightÂ Sunita Narain and Bhure Lal led to build the world's cleanest public-transport network. They had more pressing concerns. "New Delhi was choking to death," says Narain, 43, director of India's Center for Science and Environment. "Air pollution was taking one life per hour." Adds Lal, 63, then a senior government administrator: "The capital was one of the most polluted on earth. At the end of the day, your collar was black, and you had soot all over your face. Millions had bronchitis and asthma."

In the mid-1990s, Narain filed a lawsuit to force Delhi's buses, taxis and rickshaws to convert to cleaner-burning compressed natural gas (CNG). In July 1998, the Supreme Court ruled largely in her favor and adopted many of her proposals. It ordered a ban on leaded fuel, conversion of all diesel-powered buses to CNG and the scrapping of old diesel taxis and rickshaws. But busmakers and oil companies--supported by government ministers--objected loudly. So the court formed a committee, led by Lal and Narain, to enforce its judgment.

The unlikely duo immediately ran into roadblocks. Bus companies took vehicles off the road, stranding angry commuters. Mile-long queues of rickshaws formed at the handful of gas stations with CNG pumps. Oil companies trotted out scientists who claimed that CNG was just as polluting as diesel. But Narain and Lal fought back. By December 2002, the last diesel bus had left Delhi, and 10,000 taxis, 12,000 buses and 80,000 rickshaws were powered by CNG.

Although air pollution in Delhi has stabilized, the fight for clean air is far from won. Some 400 to 600 new private cars roll onto the city's streets every day. Narain and Lal don't claim to have slowed global warming. But their efforts have attracted requests for advice from as far away as Kenya and Indonesia. "Delhi leapfrogged," Narain says with a grin. "People noticed." --By Alex Perry/New Delhi

THE EVANGELICAL ACTIVIST PREACHING FOR THE PLANET

The Rev. Jim Ball agrees with President George W. Bush's positions on abstinence, stem-cell research, traditional marriage and the rights of an unborn child. But the Administration's environmental policies strike him as morally wrongheaded, and he's not afraid to say so. He led the 2002 "What Would Jesus Drive?" campaign against gas-guzzling cars and was one of the organizers of the Evangelical Climate Initiative in February, when 86 evangelical Christian leaders called on Congress to regulate carbon-dioxide emissions.

Ball, 44, practices what he preaches (he drives an energy-efficient Toyota Prius) and he came to his environmental beliefs honestly: through Scripture and concern for the living and the unborn. Fearing that millions of lives could be lost in global-warming-related disasters, he began studying environmentalism at Drew University in 1994 and emerged three years later with a Ph.D. in theological ethics. He became executive director of the Evangelical Environmental Network in 2000.

Activist ministers like Ball and Richard Cizik of the National Association of Evangelicals represent a significant political liability for the Bush Administration and its allies in Congress--a sign that their energy policies have put them on a collision course with a core constituency. Pay attention to our message, Ball argues, because climate change is not a left-wing, tree-hugging issue. "It's a people problem. It's about loving your neighbor."

The Impact Of Asia's Giants (TIME)

By Bryan Wlash

Time, March 26, 2006

If everyone lived like the average Chinese or Indian, you wouldn't be reading about global warming. On a per capita basis, China and India emit far less greenhouse gas than energy-efficient Japan, environmentally scrupulous Sweden--and especially the gas-guzzling U.S. (The average American is responsible for 20 times as much CO_2 emission annually as the average Indian.) There's only one problem: 2.4 billion people live in China and India, a great many of whom aspire to an American-style energy-intensive life. And thanks to the breakneck growth of the two countries' economies, they just might get there--with potentially disastrous results for the world's climate.

The International Energy Agency (IEA) forecasts that the increase in greenhouse-gas emissions from 2000 to 2030 from China alone will nearly equal the increase from the entire industrialized world. India, though behind its Asian rival, could see greenhouse-gas emissions that rise 70% by 2025, according to the World Resources Institute. But the nearly double-digit growth

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rates that are responsible for those nightmare projections also present an environmental opportunity. "Anything you want to do about clean energy is easier to do from the outset," says David Moskowitz, an energy consultant who has advised Chinese officials. "Every time they add a power plant or factory, they can add one cleaner and better than before." If China and India can muster the will and resources to leapfrog the West's energy-heavy development path, dangerous climate change might be averted. "China and India have to demonstrate to other countries that it is possible to develop in a sustainable way," says Yang Fuqiang, vice president of the Energy Foundation in Beijing. "We can't fail."

The Kyoto accord on climate change did nothing to slow growth in China and India because as developing countries they are not required under the protocol to make cuts in carbon emissions--and that is not likely to change after the agreement expires in 2012. Both countries are desperate for energy to fuel the economic expansion that is pulling their citizens out of poverty, and despite bold investments in renewables, much of that energy will have to come from coal, the only traditional energy source they have in abundance. Barbara Finamore, director of the Natural Resources Defense Council's China Clean Energy Program, estimates that China's total electricity demand will increase by 2,600 gigawatts by 2050, which is the equivalent of adding four 300-megawatt power plants every week for the next 45 years. India's energy consumption rose 208% from 1980 to 2001, even faster than China's, but nearly half the population still lacks regular access to electricity--a fact the government is working to change. "They'll do what they can, but overall emissions are likely to rise much higher than they are now," says Jonathan Sinton, China analyst for the IEA.

Environmentalism inevitably takes a backseat to development in China and India, but even among many green advocates there, climate change is seen as a less pressing problem than air and water pollution. There is also a widespread feeling that the developed world, which grew rich while freely spewing carbon, should take most of the responsibility for climate change. "Our issue is that, first and foremost, the U.S. needs to reduce its emissions," says Sunita Narain, director of the Center for Science and Environment in New Delhi. "It is unacceptable and immoral that the U.S. doesn't take the lead on climate change." The Bush Administration, in turn, has rejected Kyoto partly because developing countries were exempt from emissions cuts.

The standoff between the U.S. and the Asian giants has stymied international climate-change efforts for years, but that is beginning to change--and some of the push is coming from Beijing. For most of the recent Montreal climate conference, the U.S. resisted any serious discussion of what should be done after Kyoto expires. But several major developing countries, including China as a quiet but present force, supported further talks and helped break down U.S. opposition. "At the moment, China seems more interested in engaging on this issue internationally than the U.S. does," says Elliot Diringer, director of international strategies for the Pew Center on Global Climate Change.

That's because China and India increasingly see climate-change policy as a way to address some of their immediate problems--such as energy shortages and local environmental ills--while getting the international community to help foot the bill. Thanks to poorly run plants and antiquated power grids, China and India are extremely energy inefficient. China uses three times as much energy as the U.S. to produce $1 of economic output. But that means there is a lot of room for improvement, and saving energy by cutting waste is less expensive than building new coal plants. It also reduces dependence on foreign energy and comes carbon and pollutant free. "Efficiency really is the sweet spot," says Dan Dudek, a chief economist at Environmental Defense. Beijing agrees: the government aims to reduce energy intensity--the amount of energy used relative to the size of the economy--20% by 2010.

Making ambitious pledges is easy--that is what five-year plans are for--but finding the will and the funds to make them stick is trickier. One source of funding is the Clean Development Mechanism, a part of the Kyoto Protocol that allows developed countries to sponsor greenhouse-cutting projects in developing countries in exchange for carbon credits that can be used for meeting emissions targets. Those projects don't require any technological breakthroughs. A 2003 study by the consulting firm CRA International found that if China and India invested fully in technology already in use in the U.S., the total carbon savings by 2012 would be comparable to what could be achieved if every country under the Kyoto Protocol actually met its targets.

But that window of opportunity is closing rapidly. Every step forward that these countries take today (such as China's move to make its auto-emission regulations stricter than the U.S.'s) risks being swamped by growth tomorrow (for example, China could have 140 million cars on the road by 2020). What China and India really need to ensure green development is what the world needs: a broadly accepted post-Kyoto pact that is strict enough to make it economically worthwhile to eliminate carbon

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emissions. Though actual cuts are off the table for now, Beijing and New Delhi seem willing to discuss softer targets, such as lowering carbon intensity. But they feel that Washington must take the lead. "It is possible for these countries to achieve the growth they deserve without wrecking the climate," says Diringer. "They just can't do it on their own. It has to go through the U.S."

Maybe we can begin by living a bit more like the average Chinese or Indian--before they start living like us.

On The Ethanol Bandwagon, Big Names And Big Risks (NYT)

By Norm Alster

The New York Times, March 27, 2006

VINOD KHOSLA was a founder of Sun Microsystems and then, as a partner at Kleiner Perkins Caufield & Byers, the Silicon Valley venture capital firm, he helped a host of technology companies get off the ground.

These days, Mr. Khosla, 51, is still investing in technology, but much of it has nothing to do with the world of network computing in which he made his name. He is particularly excited about new ways of producing ethanol — the plant-derived fuel that, he says, could rapidly displace gasoline. "I am convinced we can replace a majority of petroleum used for cars and light trucks with ethanol within 25 years," he said. He has already invested "tens of millions of dollars," he said, in private companies that are developing methods to produce ethanol using plant sources other than corn.

Mr. Khosla isn't the only big-name entrepreneur to embrace ethanol. Sir Richard Branson, chairman of the Virgin Group, plans to invest $300 million to $400 million to produce and market ethanol made from corn and other sources, said Will Whitehorn, a director of the company. Virgin expects to announce soon the site of its first production facility, probably in the eastern United States, with a second one likely to follow in the West, Mr. Whitehorn said.

Bill Gates has also made a move into the ethanol market. Cascade Investment, Mr. Gates's private investment firm, has declared its intention to buy $84 million in newly issued preferred convertible securities in Pacific Ethanol, according to William Langley, its chief financial officer. The company, which is based in Fresno, Calif., and is publicly traded, says it hopes to become the leader in the production and distribution of ethanol in the Western states.

Ethanol derived from corn now accounts for 3 percent of the American automotive fuel market. Most cars in the United States can already handle fuel that is up to 10 percent ethanol, and as many as five million are so-called flex-fuel vehicles that can use a fuel called E85, which is 85 percent ethanol and 15 percent gasoline.

The current excitement over ethanol derives from research that has cut the cost of converting nonfood plant matter like grasses and wood chips into alcohol. Mr. Khosla says he believes that such ethanol, called cellulosic ethanol, will eventually be cheaper to produce than both gasoline and corn-derived ethanol.

Can investors whose pockets are not as deep jump into the ethanol market? Yes, but they are taking a big risk. Picking long-term winners among the companies that make ethanol — or, for that matter, develop other alternative energy technologies — is a very uncertain business. The few public companies that focus on ethanol are typically unprofitable. Pacific Ethanol, for example, has not yet had a profitable quarter and will not until at least the fourth quarter, when its first plant is scheduled to begin production, Mr. Langley said.

Few mutual funds focus on alternative energy companies. "We are not going to start a dedicated alternative energy fund, period," said Wenhua Zhang, a technology analyst at T. Rowe Price. The company is avoiding the sector "for the same reason we didn't start an Internet fund in 2000: a dedicated very narrow sector fund with a single focus typically has a much higher risk."

Some publicly traded companies with operations linked to ethanol include Novozymes and Danisco, both based in Denmark, and Diversa of San Diego; all three have said they have made major gains in reducing the cost of the enzymes needed to produce ethanol from cellulose. Bigger, more diversified companies like Archer Daniels Midland and Monsanto have ethanol operations, too, though ethanol is but one of many businesses for these giants.

Two mutual funds that focus on alternative energy include some ethanol companies among their holdings. The New Alternatives fund holds shares of Abengoa and Acciona Energía, two Spanish companies investing in ethanol production. Another option is the PowerShares WilderHill Clean Energy Portfolio, an exchange-traded fund that tracks a basket of 40 alternative energy companies. Robert Wilder, who created the index on which the fund is based, said that it currently includes just two companies with significant ethanol interests: Pacific Ethanol and MGP Ingredients, an ethanol producer in Atchison, Kan.

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Mr. Wilder said he expects to add other companies involved with ethanol. "It's very elegant," he said. "We can take an agricultural waste product we currently pay to get rid of and convert it into fuel."

But many ethanol companies are privately held, making them inaccessible to most investors. And there is certainly room for skepticism about ethanol's future. After all, corn ethanol has been around for years, and even with a current spike in demand , the industry commands only a 3 percent share of the market. Mr. Khosla counters that soaring energy prices have made corn-based ethanol more competitive, while research advances in breaking down cellulose into simple sugars have cut the cost of making ethanol from other sources.

"Ethanol is cheaper to produce, unsubsidized, than gasoline today," he said. "As these technologies ramp up, they will be cheaper — unsubsidized — than gasoline even if petroleum drops to $35 a barrel."

Brazil has proved that ethanol can be made competitively from sugar, said Daniel M. Kammen, a professor in the energy and resources group at the University of California, Berkeley. He estimates the cost of producing ethanol from sugar — including raw materials and processing — at $6 to $7 per gigajoule (a unit of energy) versus $14 a gigajoule for gasoline. In Brazil, roughly 70 percent of new vehicles are equipped to handle ethanol, and the country has been able to curb its dependence on foreign oil and turn ethanol into a growing export industry.

But cellulosic ethanol, the kind produced from nonfood plant matter, has some advantages over food-based ethanol. Because cellulosic ethanol is derived from plant waste, wood chips or wild grasses like miscanthus and switchgrass, it would not require costly cultivation; that would mean savings on labor, pesticides, fertilizers and irrigation.

And it is superior to corn-derived ethanol in reducing greenhouse gas emissions, Professor Kammen said. He expects cellulosic ethanol to catch on quickly. "I think you can really see ethanol comprising 25 to 30 percent of gasoline consumption within 10 years," he said.

FOR that to happen, automakers would need to build more flex-fuel cars. The cost of adding this capability to new cars has been estimated at roughly $100 a vehicle. And ethanol would need to be much more readily available at gas stations. Mr. Khosla has been lobbying in Washington for government help in both areas.

Smaller investors may be advised to just sit back and study developing opportunities. "This is an area where investors have to be patient and build up slowly," Mr. Khosla said.

But he said the potential payoff justifies his own aggressive bets. And ethanol's success, he said, would mean that more energy spending would flow to rural America. "You get a fuel that's cheaper and greener than gasoline," he said. "It gives us energy security."

FBI/DEA/ATF/USMS:

(KHOU-TV)

By Jeff McShan, 11 News

KHOU-TV, March 25, 2006

The FBI is helping police identify gang members from New Orleans who are now in Houston.

11 News talked with Houston's police chief about the gang crackdown and how officers are using the information.

In New Orleans, police say some gang members that evacuated their city are now beginning to come back.

"I think what we have seen is a few bad guys have reoccupied the city," said New Orleans police chief Warren Riley.

Apparently they are coming back to redefine their territories.

"The people we suspect of this are some folks that were in Houston a while back. I think Houston's obviously on them," said Riley.

After a slow start. Houston, specifically HPD, is onto them because vital communication between the two cities is finally taking place.

FBI director Robert Mueller says the federal agency played a big role in making that happen.

"We have worked together both New Orleans and in Houston to exchange intelligence information that will enable both Harold and the New Orleans police department to do the jobs. We recognize that not just in terms of New Orleans and Houston, but gangs and criminals that traverse the country now," said Mueller.

It's been well documented that after the storm, homicides here shot up more than 25 percent.

Chief Harold Hurtt said his department is getting a handle on it by targeting the hot spots and getting much-needed information on the criminals that came here from our neighboring state.

"I think we are doing a good job of sharing intelligence now because they are getting access to databases in Louisiana which we didn't have in the beginning. And we have identified a lot of people as you know, locally here in the media. We have done some roundups of some individuals from New Orleans that was involved in gang activity, as well as drugs, and we are going to stay on top of that," said Hurtt.

In New Orleans the chief says they're trying to stay on top of it too.

"Advise citizens that we're on it, let the gang members know that we're on it and to do all we can to discourage them from re-occupying or coming back to the city," said Riley.

In other words, both cities are cracking down on gangs and no one wants them to call their city home.

(KHOU-TV)

By Wendell Edwards, 11 News

KHOU-TV, March 25, 2006

At a fund-raiser for the Mademoiselles of Madison High School, washing cars was the easy part.

But the group said they wish keeping buildings graffiti-free in the neighborhood was just as simple.

“It’s a disgrace to the neighborhood,” student Kelcie Fields said. “It’s trashy.”

Houston is no stranger to gangs or how members mark their territory.

But when strange symbols and signs started showing up, Precinct 7 deputies took notice.

“It wasn’t very long after their arrival,” Sgt. Ray Hughes said. “They made themselves very known pretty quickly.”

Sgt. Ray Hughes said the new graffiti is from New Orleans gangs.

Authorities said the new markings are all over southeast and parts of southwest Houston, adding to an already crowded canvas.

“It’s very hard. I gotta tell you — we’re swamped,” Sgt. Hughes said. ”We try really hard to keep up with it but we can’t.”

In New Orleans, they aren’t called gangs. They are known as members of rival housing projects. But authorities said they have brought their turf war to Houston.

A war that includes graffiti and violent crime.

A battle that the FBI director said can be stopped with the help of local police.

“For us to be effective, we have to work together,” FBI Director Robert Mueller said. “We are here in Houston and as well as back in New Orleans.”

A crackdown that puts gangs on alert, authorities on patrol and a clear sign that neither side is backing down.

FBI Planning To Return To N.O. By Early June (NOTP)

By Charlie Chapple, St. Tammany Bureau

New Orleans Times-Picayune, March 25, 2006

Director tours temporary site

The FBI will move back into its New Orleans headquarters on the Lakefront by early June, agency Director Robert Mueller said Thursday after visiting agents in St. Tammany Parish.

"We expect to be back sometime in late May or early June," Mueller said after meeting with agents and other law enforcement officials at the FBI's temporary field office and compound at Covington Country Club.

After the FBI's Lakefront headquarters were heavily damaged by Hurricane Katrina, the agency rented the country club's clubhouse and turned the facility into a fenced and secured compound for agents and staff members.

Mueller, a former U.S. attorney and prosecutor who has led the agency since August 2001, said he has made several trips to the New Orleans area since the hurricane, but Thursday was his first visit to the temporary office.

Despite having to relocate and work under adverse conditions, local agents and staff have never missed a beat, Mueller said. They were able to salvage all evidence and case files from the New Orleans office after the storm, he said. And continuing fraud investigations have resulted in 71 indictments or charges, he said.

During his two-hour visit to the temporary office, Mueller also met with several state and local law enforcement officers, including State Police Superintendent Henry Whitehorn, St. Bernard Parish Sheriff Jack Stephens and representatives from the New Orleans Police Department, the Jefferson Parish Sheriff's Office and Plaquemines Parish Sheriff's Office.

Mueller said his visit had a dual purpose. "I wanted to talk to the FBI personnel here," Mueller said. "Many lost their homes and continued to work. I wanted to see how they were doing in terms of rebuilding."

The FBI head said he also wanted to thank state and local law enforcement officers for continuing the relationship they've built with the agency since Katrina and to "assure them we are ready for the next hurricane down the line."

As he waited to talk with Mueller, Stephens praised the FBI. "They're one federal agency which I have no complaints about," he said. "They were there for us when we needed them."

. . . . . .

Charlie Chapple can be reached at cchapple@timespicayune.com or (985) 898-4828.

(NYT)

By JULIA PRESTON

The New York Times, March 25, 2006

Six men accused of being members of a gang led by Balkan immigrants that seized control of illegal gambling in old-time Mafia strongholds were convicted of racketeering yesterday in federal court.

Prosecutors charged that the organization, which they said was sometimes called the Corporation, had used strong-arm tactics to set up illegal gambling clubs in Astoria and Bayside, Queens, and in the Bronx, pushing aside the Luchese and Gambino crime family.

Gang leaders at one point sought to show their muscle by insisting on being seated at the old table of the late John J. Gotti, the don of the Gambino crime family, at Rao's restaurant in East Harlem, the prosecutors said.

After a three-month trial in Federal District Court in Manhattan, Alex Rudaj, who is from Montenegro and who prosecutors said was the ringleader of the Albanian organized crime group, and five other defendants were found guilty of multiple counts of racketeering, illegal gambling and extortion.

Mr. Rudaj and another defendant, Nardino Colotti, were acquitted of the most serious charge in the trial, the attempted murder of Gaetano Peduto, then an associate of the Bonnano crime family, during a Bronx car chase in 1993.

Mr. Rudaj's lawyer, James Kousouros, said that defeating the attempted murder charge was "huge" for the defense, because that charge carries a mandatory life sentence.

The jury also found the defendants not guilty of another serious charge of violence, a pistol-whipping attack in August 2001 on a gang rival.

But the guilty verdicts showed that the jury was amply persuaded that Mr. Rudaj, 38, and his associates were part of a criminal organization that spread its illegal gambling operation, often with threats of force, from Astoria to Westchester County. The assistant United States attorneys who prosecuted the case, Jennifer G. Rodgers, Timothy Treanor and Benjamin Gruenstein, said that Mr. Rudaj's group collected at least $4 million a year from a network of 50 video gambling machines. The machines are not illegal, prosecutors said, but collecting gambling proceeds from them is.

"They used force and intimidation as their primary business tactic," Ms. Rodgers said in her closing arguments on Dec. 19.

"They took and they tried to take territory by violence, force and threat of violence," she said.

Ms. Rodgers described an instance in which she said Mr. Rudaj had beaten an extortion victim to a "bloody pulp" and then complained that the victim's blood had spattered all over his off-white pants.

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Mr. Kousouros never denied during the trial that Mr. Rudaj had engaged in gambling. "A lot of it," Mr. Kousouros said. But he argued that his client was not part of a violent organized crime group.

The other defendants were Nikola Dedaj, Prenka Ivezaj, Ljusa Nuculovic and Angelo DiPietro.

The jurors found that the gang, which prosecutors said was formed in 1993, engaged in loan sharking, and extorted bars and social clubs to force in their illegal gambling operations. The defendants face seven years to life. Mr. Kousouros said he planned an appeal for Mr. Rudaj on the extortion charges. </NYT_TEXT>

Sewage Tested For Signs Of Cocaine (WP)

By Bill Turque

The Washington Post, March 27, 2006

If government studies are a reliable guide, about 25,000 residents of Fairfax County -- 2.5 percent of its population -- have used cocaine in the past year. The same data from the National Survey on Drug Use and Health suggest that about 9,000 have partaken within the past 30 days.

Those estimates, based on personal and computer-assisted interviews, rely almost completely on the candor of the respondents. The Bush administration, hoping to someday broaden the government's knowledge of illegal drug use, is probing the mysteries of Fairfax's sewage for a clearer picture.

Earlier this month, the county agreed to participate in a White House pilot program to analyze wastewater from communities throughout the Potomac River Basin for the urinary byproducts of cocaine.

"It's a very strange request," Board of Supervisors Chairman Gerald E. Connolly (D) said of the White House program. "We're ready to do anything and everything we can do to eliminate illicit drug use. But I'd want to know a lot more about what this will actually lead to."

The White House Office of National Drug Control Policy said it is not seeking to single out specific localities. It also is premature, officials said, to conclude that levels of metabolized cocaine in sewage offer a more accurate index of consumption than traditional survey research.

But David Murray, special assistant to national drug czar John P. Walters, said wastewater testing, which has been tried in Europe, "certainly has that potential."

"We think it will be very, very useful," Murray said.

County workers collected five days' worth of water samples between March 13 and March 17 at the pollution control plant in Lorton, according to a March 20 memo from County Executive Anthony H. Griffin to the Board of Supervisors.

The plant, which processes about 67 million gallons of sewage a day, takes in commercial and residential waste from about half the county, including Fairfax City, Vienna and Fort Belvoir.

The samples, which totaled about 500 milliliters, were shipped to the Armed Forces Institute of Pathology in Rockville, where they will be analyzed for traces of benzoylecgonine, the main urinary metabolite byproduct of cocaine.

Murray said many other utilities in the region were cooperating but declined to name any. A spokeswoman for the Washington Suburban Sanitary Commission, which provides water and sewer service in Montgomery and Prince George's counties, said she did not know whether the agency was participating in the study.

Griffin's memo to the board was not released to the public until the day after the Fairfax sampling was completed. He did not return a call for comment.

Critics of the administration's drug policies said the effort seemed harmless enough but also wondered what it would add up to.

"It can't hurt to check," said Bill Piper, director of national affairs for the Drug Policy Alliance, a nonprofit group committed to ending the federal government's war on drugs. "I'm skeptical that it can be a useful gauge for policy analysis."

The wastewater research had its genesis in Europe. Last year, scientists of the Mario Negri Institute for Pharmacological Research in Milan tested the waters of the Po River in northern Italy, to surprising results. According to the Times of London, they concluded that the Po carried the equivalent of about four kilograms of cocaine and estimated that the 1.4 million young adults living in the Po River Basin were consuming about 40,000 doses a day, more than twice the existing national estimates.

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To confirm the findings, the researchers studied wastewater from smaller cities in other regions of the country, including Sardinia. After allowing for the difference between water from the Po and undiluted sewage, they said that the results were similar.

Bitter Fight Over Sweet Pot Treats (SHNS)

By Henry K. Lee

Scripps Howard News Service, March 25, 2006

They had colorful labels and names such as Trippy, Stoney Rancher, Toka-Cola, Pot Tart and Budtella.

To federal drug agents, they were dangerous marijuana-laced concoctions that could fall into the hands of children. But to sick patients who rely on cannabis to ease their symptoms, they were just tasty ways to get their medicine - and legal under California law.

Federal agents who converged on several of what they called "marijuana candy factories" around Oakland this month seized hundreds of sodas and candies laced with marijuana in what they said was the largest bust of its kind on the West Coast.

Authorities say the drug is illegal no matter what form it takes, especially marijuana candy products that mimic mainstream candies and are attractive to youths.

But angry medical-marijuana patients said investigators are blowing smoke and that the raids are just the latest proof that federal investigators are running roughshod over local and state laws that allow for medicinal cannabis use.

In 1996, California voters approved Proposition 215, which allows the use of marijuana for medical purposes with a doctor's recommendation. Despite the law, authorities - from the California Highway Patrol to the Drug Enforcement Administration - have pounced on local marijuana-growing operations in the Bay Area, including locations in San Francisco and Sonoma County in December.

The candy-factory raids are the latest crackdown.

"I think the government is once again trying to create terror through our community," said Angel Raich, 40, of Oakland, who uses the drug to treat pain, nausea and seizures associated with a brain tumor and a wasting syndrome. "I do know for a fact that medical-cannabis candy and those kinds of products are in the dispensaries, and patients do use them."

Rick Steeb, 55, of San Jose, who uses marijuana to treat the pain from glaucoma, said he's "never seen (the candy) outside the dispensaries. It's not like they were being sold in convenience stores."

But Special Agent Casey McEnry, spokeswoman for the DEA, the agency that conducted the raids, said marijuana "is a violation of federal law in this form and in the smoked form. Even though there may be claims that these weren't meant for kids, the packaging may suggest otherwise."

27,800 Bags Of Heroin; Eight Arrests (NBR)

By Tom Jennemann

North Bergen Reporter, March 26, 2006

Hudson County Prosecutor Edward DeFazio and the Hoboken Police Department have arrested eight Hudson County residents for running a major heroin ring.

According to Prosecutor Edward DeFazio, the arrests were the result of a six-month investigation by the Hudson County Prosecutor's Office Municipal Task Force, Hoboken Police Department, and the Drug Enforcement Administration.

The individuals arrested were allegedly part of a major organization that supplied heroin throughout the Hudson County area. Detectives also seized a number of high-end customized luxury vehicles with secret compartments allegedly used by members of this organization to hide and transport the heroin.

According to DeFazio, detectives executed search warrants at various locations in Hudson County, including 406 3rd St., Union City, and 4525 Kennedy Blvd., North Bergen. Detectives also searched several vehicles.

The searches resulted in the recovery of 22,000 bags of heroin from "a sophisticated hidden compartment" in a Ford Explorer.

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DeFazio added that police also recovered four loaded semi-automatic handguns and 5,000 bags of heroin from a hidden compartment in a Lincoln Navigator. The guns recovered were two Highpoint .9mm handguns, one .45 caliber Ruger, and one .40 caliber Glock, which was reported stolen.

Also, 811 bags of heroin were recovered from the Lumina. A bulletproof vest was found in the Range Rover. DeFazio said police seized a total of more than 27,800 bags of heroin with a street value of over $250,000.

Detectives believe the organization was trafficking 15,000 to 20,000 bags of heroin per week.

DeFazio said that those arrested "represented high- and mid-level distributors, suppliers and supervisory level participants. As such, they face potential state prison sentences ranging from a minimum of five years to a maximum of life imprisonment in the case of those charged with leader crimes."

DeFazio said that the U.S. Attorney's office of New York will prosecute the case because they believe it might lead to a large source of heroin in New York City. He also said that he expects more arrests in this case and that several of those arrests will be local.

Arrested individuals

The following is a list of individuals who were arrested and their respective charges and bails: · Jose "Nutty" Gonzalez, 24, of Union City. He was charged as leader of Narcotics Trafficking Network; Possession with Intent to Distribute Heroin (2 counts); Possession with Intent to Distribute Heroin while within 1,000 feet of school property (two counts); Conspiracy to Distribute Heroin in an aggregate quantity of five ounces or more; Unlawful Possession of a Handgun; Certain Person not to have a Weapon; and Possession of a Firearm during a CDS Offense. His bail was set at $1 million. · Rory Praylow, 27, of Hoboken. He was charged as leader of a of Narcotics Trafficking Network; Possession with Intent to Distribute Heroin; Possession with Intent to Distribute Heroin while within 1,000 feet of school property; Unlawful Possession of a Handgun; and Possession of a Firearm during a CDS Offense. His bail was set at $1 million.

· Manuel "Murder" Suarez, 30, of Jersey City. He was charged as a "Leader of Narcotics Trafficking Network"; Possession with Intent to Distribute Heroin (two counts); Possession with Intent to Distribute Heroin while within 1,000 feet of school property (two counts); Conspiracy to Distribute Heroin in an aggregate quantity of five ounces or more; Unlawful Possession of a Handgun; Certain Person not to have a Weapon; and Possession of a Firearm during a CDS Offense. His bail was set at $1 million.

· Philip Anthony "Spud" Pasquale, 21, of Hoboken. He was charged with Possession with Intent to Distribute Heroin; Possession with Intent to Distribute Heroin while within 1,000 feet of school property; Possession with Intent to Distribute Heroin while within 500 feet of a public park; and Conspiracy to Distribute Heroin in an aggregate quantity of five ounces or more. His bail was set at $500,000.

· Jason "Jay" Santos, 24, of Jersey City. He was charged with Possession with Intent to Distribute Heroin; Possession with Intent to Distribute Heroin while within 1,000 feet of school property; Conspiracy to Distribute Heroin in an aggregate quantity of five ounces or more; Unlawful Possession of a Handgun; and Possession of a Firearm during a CDS Offense. His bail was set at $1 million. · Alexander Gonzalez, 20, of Jersey City, He was charged with Possession with Intent to Distribute Heroin; Possession with Intent to Distribute Heroin while within 1,000 feet of school property; Conspiracy to Distribute Heroin in an aggregate quantity of five ounces or more; Unlawful Possession of a Handgun; and Possession of a Firearm during a CDS Offense. His bail was set at $100,000.

· Mary J. Gama, 26, of Union City was charged with Conspiracy to Distribute Heroin in an aggregate quantity of five ounces or more. Her bail was set at $100,000.

· Darryl L. Oliver, 34, of Hoboken was charged with Possession of Marijuana. His bail was set at $5,000.

Strafford Man Charged With Trying To Arrange Murder (AP)

AP, March 25, 2006

BURLINGTON, Vt. --A Strafford man is facing up to life in prison if convicted of charges he tried to hire a man to kill a witness against him in a drug case.

Richard E. Moses Jr., 38, appeared in federal court Friday a day after he allegedly met with an undercover officer from the Drug Enforcement Administration who had told Moses he could arrange the killing of the witness.

Moses was arrested in Brattleboro after providing the agent with $3,500 and a photograph of the intended victim, prosecutors said.

Moses was charged in December with cocaine trafficking. He was released on a variety of conditions.

Court records say Moses began plotting to murder the witness, whose identity has not been revealed, since shortly after his release.

Federal agents recorded several phone conversations in January, February and March in which Moses allegedly tried to arrange the murder.

Information from: Rutland Herald

Strafford Man Nabbed In Murder-for-hire Plot (RHE)

Rutland (VT) Herald, March 25, 2006

A Strafford man was arrested Thursday in an alleged murder-for-hire plot after allegedly providing an undercover federal agent in Brattleboro with $3,500 and a photograph of his intended victim.

Richard E. Moses Jr., 38, made an initial appearance Friday in U.S. District Court in Burlington to face federal charges of using interstate facilities with the intent that a murder be committed in exchange for payment, and attempting to procure the killing of a person with the intent to prevent that person's testimony.

Moses was denied bail and ordered jailed pending a bail hearing next week. If convicted of the charges, Moses faces up to life in prison.

Moses was indicted in December 2005 by a federal grand jury in Vermont on charges of conspiracy to distribute more than 5 kilograms of cocaine and possessing a semi-automatic handgun during drug trafficking.

Moses was arraigned on those charges on Dec. 8, 2005, and released on conditions.

According to court records filed Friday in federal court, Moses has been plotting to murder a witness in the case since his release.

According to an affidavit, after Moses expressed an interest in having the witness killed, a federal Drug Enforcement Administration undercover agent from another state contacted him to determine how serious he was.

In several recorded phone conversations in January, February and March, Moses allegedly negotiated the murder of the witness with the agent, who posed as someone who could arrange a murder.

Moses agreed to pay $7,000, half before and half after the witness was killed, and provided detailed information about the victim, including his street address and birth date, court records stated.

Moses was arrested Thursday after meeting with the agent in the Price Chopper parking lot on Canal Street in Brattleboro and paying him the $3,500 and identifying a photograph of the intended victim, according to court records.

Feds Limit Sales Of Louisville Chemical Company (AP)

AP, March 27, 2006

LOUISVILLE, Ky. -- As part of a plea agreement with federal prosecutors over a violation of the Clean Water Act, the owner of a chemical company in Louisville has agreed not to sell chemicals used to make methamphetamine and to report suspicious purchases.

The company _ Antec Inc. _ also would be subject under the plea agreement to inspections by the Drug Enforcement Administration and it would be required to keep detailed records of all poison sales, including how the buyer intends to use it.

The company's president, William Oesterritter Sr., signed the agreement with federal prosecutors this month, admitting that Antec committed a misdemeanor violation of the Clean Water Act in 2002. The plea must still be approved by a judge.

Assistant U.S. Attorney Randy Ream said the agreement is unusual, but that the DEA wanted restrictions on the company's sale of meth ingredients.

Chemicals sold by Antec, such as red phosphorous and iodine crystals, have been found frequently during meth lab raids, said Tony King, head of the DEA's Louisville office.

Oesterritter Sr., 63, is the company's semiretired majority owner, and his son, William Oesterritter Jr., 31, is a vice president who oversees its operation.

Each said in interviews that they did not know the company's chemicals were being bought for illegal purposes.

"If somebody walks in and buys a legal product and goes and uses it for illegal purposes, I can't do anything about that," Oesterritter Jr. said.

His father was convicted 20 years ago on a federal drug-conspiracy charge related to chemical sales by another company he was involved with.

"If it wasn't illegal for us to buy it, we figured it wasn't illegal for us to sell it," Oesterritter Sr. said.

He said Antec is a small company with about $300,000 a year in sales and five employees. Although the company ships worldwide and sells large volumes of chemicals, he said its niche market is among school labs.

"We're just happy to make a living," he said.

Oesterritter Jr. said the company hasn't sold red phosphorous or other ingredients banned under the plea agreement since the government began requiring a license for such sales.

The provision about poison sales was added because of allegations made in a Maryland lawsuit, Ream said. The suit stems from the 2003 poisoning death of Benjamin Vassiliev. The killer, Ryan Furlough, then 17, purchased potassium cyanide over the Internet from Antec. Furlough was convicted in 2004 and sentenced to life in prison.

Benjamin's parents, Walter Vassiliev and Karen Dale Barrett, are seeking $2 million from Antec in the lawsuit. They allege that the company was irresponsible in selling the drug to Furlough and failed to keep records of the sale, as required by Kentucky law. The lawsuit also names as defendants Furlough's mother and a psychiatrist who had treated him for depression.

Chemical Company Investigated (LCJ)

By Kay Stewart, The Courier-Journal

Louisville (KY) Courier-Journal, March 27, 2006

DEA gets limits put on its sales

A small chemical and lab-supply company tucked away on a dead-end street south of downtown Louisville boasts on its Web site that it sells chemicals "in any amount, in any grade, from a gram to a barge load," to industries, schools and individuals.

That willingness to sell has left the company, Antec Inc., with a brew of legal troubles:

The federal Drug Enforcement Administration has investigated Antec because its chemicals have been found during raids of methamphetamine labs.

The company is the target of a civil lawsuit over its online sale of poison to a Maryland teenager who used it to kill a classmate in 2003.

Environmental officials have alleged that Antec violated state regulations and the federal Clean Water Act.

The company's president, William Oesterritter Sr., signed a plea agreement with federal prosecutors this month, admitting that Antec committed a misdemeanor violation of the Clean Water Act in 2002.

Under the agreement, the company will pay a $30,000 fine to settle state environmental violations, and it will face an additional $100,000 fine if it doesn't meet other terms of the agreement -- most of which have little to do with Antec's environmental record.

For example, the agreement prohibits Antec from selling key chemicals used to make meth. It also requires the company to report to the DEA all suspicious chemical orders, such as sales to nonbusiness addresses and customers who pay in cash. Antec will also be subject to inspections by the DEA.

Assistant U.S. Attorney Randy Ream acknowledged that the agreement, which must be approved by a federal judge, is unusual, but he said the DEA wanted restrictions on the company's sale of meth ingredients.

For at least 15 years, chemicals sold by Antec, especially red phosphorous and iodine crystals, have been found frequently during raids of meth labs around the country, said Tony King, head of the DEA's Louisville office.

Antec, which the DEA has investigated off and on since the early 1990s, sold the chemicals online and to walk-in customers, King said.

He added that meth makers drove from as far away as Missouri to the office and concrete warehouse at 721 Bergman St. in Shelby Park where the company has operated since it was founded 35 years ago.

Oesterritter Sr., 63, is the company's semiretired majority owner, and his son, William Oesterritter Jr., 31, is a vice president who oversees its operation. Each said in interviews that they did not know the company's chemicals were being bought for illegal purposes.

"If somebody walks in and buys a legal product and goes and uses it for illegal purposes, I can't do anything about that," Oesterritter Jr. said.

His father was convicted 20 years ago on a federal drug-conspiracy charge related to chemical sales by another company he was involved with. "If it wasn't illegal for us to buy it, we figured it wasn't illegal for us to sell it," Oesterritter Sr. said.

He said Antec is a small company with about $300,000 a year in sales and five employees.

Although the company ships worldwide and sells large volumes of chemicals to companies including UPS, he said its niche market is among schools labs and students doing projects.

"We're just happy to make a living," he said. "That's all we want to do."

Oesterritter Jr. said the company hasn't sold red phosphorous or other ingredients banned under the plea agreement for several years, since the government began requiring a license for such sales.

King said Antec is prohibited from holding a license to sell regulated substances because of Oesterritter Sr.'s federal drug-related felony conviction.

But King also said that iodine crystals sold by Antec were found in late 2004 in a meth lab in Fairdale. "A lot of cooks gave us statements" that they bought their chemicals at Antec, he said, adding that agents found printed directions to Antec at some meth labs. Online chemical sales

As part of its plea agreement, Antec also will be required to keep detailed records of all poison sales, including how the buyer intends to use it.

Ream said he included that provision because of allegations made in the Maryland lawsuit, which stems from the 2003 poisoning death of Benjamin Vassiliev in a Baltimore suburb.

The killer, Ryan Furlough, then 17, purchased the poison -- potassium cyanide -- over the Internet from Antec. Furlough was convicted in 2004 and sentenced to life in prison.

Benjamin's parents, Walter Vassiliev and Karen Dale Barrett, are seeking $2 million from Antec in the lawsuit, which they filed in December.

They allege that the company was irresponsible in selling the drug to Furlough and failed to keep records of the sale, as required by Kentucky law.

The lawsuit also names as defendants Furlough's mother and a psychiatrist who had treated him for depression.

In an interview, Vassiliev said he believes states should ban the sale of poisons to minors.

Kentucky law prohibits poisons from being sold to children under age 15 without the consent of a parent or guardian. It also requires that sellers keep a detailed log of sales from the previous two years, including the reason for the purchase, said Scott Porter, an assistant Kentucky attorney general.

"They can't deliver it without satisfying themselves it would be used for a legitimate purpose," Porter said.

But violations of the law are misdemeanors, carrying a fine of up to $100, he said, and charges can be brought only within a year of an offense.

Oesterritter Jr. said he didn't know how old Furlough was when he sold him cyanide poisoning and copper nitrate, but he assumed Furlough was going to use the chemicals in electroplating.

He said he made a note of the sale but did not keep a formal record. He added that there are many legitimate uses for potassium cyanide and that it's often purchased by jewelers.

He said he's in the process of hiring a lawyer to represent the company in the lawsuit. The Clean Water Act charges were brought against Antec in 2002, after a former employee, Joel Rector, was arrested away from the company's offices for selling red phosphorous to an uncover agent.

DOJ_NMG_0021252

Rector pleaded guilty in 2004 to three charges relating to the sale and distribution of chemicals for meth-making purposes and received three years of probation. Antec's facilities searched

After the arrest, the DEA searched Antec's facilities and called in federal and state environmental agencies. King said they were summoned because he had previously seen leaking drums and waste at Antec.

In addition to the federal violation, the state cited Antec for improper storage of hazardous waste and a lack of permits, according to Chuck Wolfe, a spokesman for the Kentucky Cabinet for Environmental and Public Protection.

The company's site "never posed an environmental emergency," Wolfe said, and now meets state requirements.

Oesterritter Jr. said Antec had spent up to $50,000 to clean up its site in the past two years.

EPA officials declined to comment on details of the agency's charge, pending a judge's approval of Antec's guilty plea. A hearing is scheduled on Wednesday.

Cocaine Dealer Gets Life (CHASPC)

Charleston Post Courier, March 27, 2006

A federal judge sentenced a North Charleston man to life in prison without parole Wednesday for his role in a major drug-dealing operation responsible for bringing 33 pounds of cocaine worth at least $375,000 into the area.

Damon Brightman, 28, was a leader of a gang that distributed crack and powder cocaine to dealers in the Murray Hill community and along Bennett Yard Road in North Charleston. Some deals were arranged at a small barbershop Brightman owned on Bonds Avenue, authorities said.

He and Donald Vanderhorst, 34, were convicted in May of conspiring to distribute the drugs. Vanderhorst was

sentenced last week to 20 years in prison and 10 years' supervised release. U.S. District Judge Sol Blatt Jr. imposed both sentences.

Both men have prior records for drug distribution, a factor considered in their sentencing, Assistant U.S. Attorney Charlie Bourne said.

Evidence introduced at their seven-day trial indicated that Brightman and Vanderhorst were responsible for dealing more than 15 kilograms, or 33 pounds, of cocaine in the North Charleston area, Bourne said.

The wholesale value of the cocaine was about $25,000 per kilo, said William Driggers, a Summerville police officer assigned to the Drug Enforcement Administration task force in Charleston. Once the cocaine was broken down for sale on the street, the value could double or triple, he said.

Prosecutors introduced evidence from a court-ordered federal wiretap that established drug deals involving the men, authorities said.

Brightman tried to persuade the jury that the recordings were more harmless than investigators claimed. He argued that the ounces he was referring to on the tapes had to do with seasonings for a crab boil recipe, not crack, Driggers said.

"The jury rejected that argument," Bourne said.

The men were part of a tight-knit group of friends who grew up in the area, went to school together and played sports together before moving into the world of drugs. Thirteen other members of the group were convicted earlier. They moved cocaine into North Charleston from the late 1990s until 2002.

Anger After Man Uses Son's Plight To Flee (AP)

AP, March 25, 2006

LOUISVILLE, Ky., March 25 (AP) — The case of an inmate who was temporarily released in late January to be tested as a potential kidney donor for his teenage son and is now accused of fleeing with his girlfriend to Mexico instead has prompted outrage on both sides of the border.

The inmate, Byron Perkins, 37, was released on a $10,000 bond from jail, where he had been awaiting sentencing for marijuana distribution and unlawful transport of firearms. He never showed up for medical tests. His son, 16-year-old Destin Perkins, requires dialysis twice a week.

The case has drawn national news attention, and the Fox program "America's Most Wanted" has featured the case.

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"It's just amazing how much interest we've had in the story, and of course it's because of the little boy," said Rich Knighten, chief deputy United States marshal for Kentucky's western district.

Fugitives outside the United States are normally harder to catch, but Mr. Knighten said the case had generated interest in Mexico. "They're as much bothered by this character as we are," he said.

The couple was last seen near Puerto Vallarta, Mexico.

IMMIGRATION:

Bush Pushes Immigration Agenda As Issue Heats Up (USAT)

By Kathy Kiely And David Jackson

USA Today, March 27, 2006

WASHINGTON — President Bush planned to make an appeal today for controversial changes in immigration law at a swearing-in ceremony for new citizens. His speech will come after a weekend of protests that drew hundreds of thousands of immigrants and advocates.

The Senate is set to begin debate Tuesday on the first comprehensive rewrite of U.S. immigration laws in a decade.

"We're facing a difficult situation, because we have approximately 11 million undocumented aliens here and we've got to find some way to deal with them," Senate Judiciary Committee Chairman Arlen Specter, R-Pa., said Sunday on ABC's This Week.

Tackling that problem has been one of Bush's priorities since his first term, but it poses a political challenge or him: He must balance the demands of conservative Republicans who want a crackdown on illegal immigration, business leaders who say the nation needs more immigrant workers and Republican Party operatives, such as national Chairman Ken Mehlman, who have been wooing the Hispanic vote.

The president expressed concern last week about the political fallout. "This could be a fractious debate."

The weekend's protests focused on a bill the House of Representatives approved in December. It would make illegal immigration a felony, toughen penalties on those who employ or assist illegal immigrants and extend a fence along parts of the U.S.-Mexican border. The U.S. Conference of Catholic Bishops and some other religious organizations oppose the bill. Among their concerns: the possibility that relief workers could be prosecuted for providing food, shelter or other assistance to illegal immigrants.

It's unclear whether the Senate, where Republicans are split, will take the same approach. Any differences between House and Senate measures would have to be worked out in a conference.

More than 500,000 people turned out Saturday in Los Angeles to protest the House bill, police said. Similar protests drew an estimated 50,000 in Denver, 20,000 in Phoenix and 4,000 in Charlotte on Saturday and nearly 3,000 in Columbus, Ohio, on Sunday.

"Enough is enough of the xenophobic movement," said Los Angeles marcher Norman Martinez, 63, who immigrated from Honduras as a child. He said immigrants "built this country."

Bush, who pushed for changes in immigration law in his weekend radio address, is at odds with some in his party, including House Judiciary Chairman F. James Sensenbrenner, R-Wis., who wrote the House bill.

Bush says he supports the hiring of more border agents and the use of technology, such as infrared cameras and unmanned aerial vehicles, to catch people sneaking into the country. He also wants an expanded guest-worker program to fill jobs Americans won't take and favors allowing immigrants who are now here illegally to apply for the program.

Rep. Tom Tancredo, a Colorado Republican who also appeared on ABC's This Week, argued that the president's plan would send "a horrible message" by rewarding lawbreakers.

Many senators support the guest-worker approach. Specter, Sens. John Cornyn, R-Texas, Jon Kyl, R-Ariz., John McCain, R-Ariz., and Edward Kennedy, D-Mass., all included versions of it in immigration bills they're offering.

Senate Majority Leader Bill Frist, R-Tenn., a possible presidential candidate, introduced a bill that focuses on enforcement and does not include a guest-worker program.

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Panel Still Split On Guest Workers (WT)

By Charles Hurt

The Washington Times, March 27, 2006

The Senate Judiciary Committee takes up the contentious issue of immigration reform today no closer to an agreement on a guest-worker program.

The debate begins in an uncertain election year and in the wake of protests Saturday in Los Angeles, where marchers numbered in the hundreds of thousands. Senate offices say they are handling as many constituent calls as they have for just about any issue -- whether they represent states along the border or deep within the nation.

The bill to be considered by the full Senate today will be the one introduced last week by Senate Majority Leader Bill Frist, who has long set today as the deadline for taking up the issue. His legislation deals only with securing the border and raising the penalties for being in the U.S. illegally.

Mr. Frist has said, however, that he will include a guest-worker program in his bill if a majority of the 10 Republicans on the committee agree on one. Private negotiations among members and their staffs continued through last week's recess, but staffers say no consensus has been reached, suggesting that a compromise is highly unlikely.

Committee Chairman Arlen Specter, Pennsylvania Republican, said yesterday that he is confident that his committee will produce a bill today. Two weeks ago, he said he hoped some agreement could be reached on a guest-worker program proposed by Sens. John McCain, Arizona Republican, and Edward M. Kennedy, Massachusetts Democrat, which would allow illegals to apply for citizenship after paying fines and undergoing various background checks.

Provisions of that bill dealing with future immigrants is likely to be approved in the committee today, but the thornier provisions dealing with the almost 11 million illegals already here is far less likely.

Most Republicans on the committee have said they are opposed to the McCain-Kennedy bill, saying that it is an amnesty under another name.

Sen. John Cornyn, the Texas Republican who favors a guest-worker program, said Friday that he would vote against any proposal, such as McCain-Kennedy, that doesn't make illegal aliens return home before applying for U.S. citizenship.

"I will vote against any immigration reform proposal that contains the guest-worker provisions in the McCain-Kennedy bill," he said. "In my view, their proposal rewards illegal immigrants and will be considered an amnesty by Americans. It will encourage further disrespect for our laws and will undercut our efforts to shore up homeland security."

Mr. Kennedy said yesterday that his program is not amnesty.

"They pay a penalty," he said on CBS' "Face the Nation." "They have to pay their taxes. They have to demonstrate they're working. They have to learn English. And they go to the end of the line."

Although Mr. Kennedy did not answer a question about whether he would support a filibuster of an immigration bill that didn't include a guest-worker program, he said that "it's better that we not pass a bad bill just to pass a bill."

Senate Minority Leader Harry Reid, Nevada Democrat, said last week that he would urge a filibuster of any immigration bill -- such as the one Mr. Frist will take up today -- that bypasses the Senate Judiciary Committee.

Even if the Senate finally does agree on some sort of guest-worker bill, final legislation will have to be worked out with House Republicans who are emphatically opposed to any guest-worker program until the issue of border security is resolved.

"It is an amnesty," Rep. Tom Tancredo, Colorado Republican, said yesterday on ABC's "This Week." "The crime they have committed is coming into this country without our permission. The penalty that is supposed to be applied to that, under the law that we have today, is deportation. ... And what it does is send a horrible message."

Senate Joining The Fray Over Immigration (LAT)

By Nicole Gaouette

The Los Angeles Times, March 27, 2006

WASHINGTON — After massive nationwide street protests this weekend, the Senate is set to begin debate, for the first time in a decade, on the emotionally charged subject of immigration.

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The Senate's deliberations, scheduled to start Tuesday and extend over the next two weeks, could reshape a national immigration system that is widely perceived as failing the foreigners who want to enter the United States, citizens who expect it to prevent illegal border crossings and employers who look to it for workers to fill jobs that many Americans refuse to do.

The senators will determine whether flaws in that system should be addressed solely with tough new criminal laws and stringent enforcement measures — such as those found in a bill, passed by the House late last year, that triggered demonstrations Saturday from Chicago to Los Angeles.

Or they may choose to include programs that give employers access to a future flow of workers, as President Bush has urged, and allow illegal immigrants to gain legal status.

Their choices will provide a barometer of Bush's waning influence over a Republican Party increasingly on edge about midterm elections. Their debate is likely to not only color the meeting between Bush and Mexican President Vicente Fox, in Cancun, Mexico, later this week, but also to lay bare the fractures that the issue creates within the GOP on social, economic and security grounds.

The issue pits two of the party's core constituencies against each other, with social conservatives insisting on tough enforcement and the need to protect American culture and the business lobby calling for a reliable source of labor.

Even as immigration has divided the GOP, it has also allowed several of the party's 2008 presidential hopefuls to position themselves for campaigning in the months to come.

Whatever legislation emerges from the Senate would have to be reconciled with the House bill before it could reach the president's desk to become law, but the divisions are so deep that many wonder whether immigration reform will get that far.

"The challenge isn't so much what happens in the Senate, it's in that conference committee with the House," Sen. John Cornyn (R-Texas), co-sponsor of a leading bill with Sen. Jon Kyl (R-Ariz.), said in an interview Sunday.

"The risk that's out there is that the Senate's version is so vastly different than what the House will accept, or they feel we're not serious about security issues, that it won't get to the president's desk," Cornyn said.

"Or, in what would be a worst case for employers, we have enhanced border security and employer verification, but no way for them to get workers."

The Judiciary Committee, which oversees immigration matters, is working under a March 27 deadline imposed by Senate Majority Leader Bill Frist (R-Tenn.). Though it looked close to a compromise 10 days ago, the committee goes into its final meeting today struggling to bridge a core breach over whether illegal immigrants should be able to earn citizenship.

"I think we're going to run out of time," said Cornyn, who sits on the committee.

The committee's chairman, Sen. Arlen Specter (R-Pa.), predicted Sunday on ABC's "This Week" that the committee would complete its task. "We're going to get the bill out tomorrow," he said. "We may have to work very, very late into the night, but we will."

Specter backs comprehensive legislation that includes enforcement measures, a guest-worker plan and a provision allowing the estimated 12 million illegal immigrants already here to remain legally.

But if no consensus is reached on the Judiciary Committee proposal, the Senate will instead debate an enforcement-only bill introduced by Frist.

Senators who back a guest-worker plan or legal status for illegal immigrants will have to bring those measures to the Senate floor as amendments to Frist's bill, a process that will be considerably more chaotic and argumentative than committee debate.

Frist, who is seen as a likely White House contender in 2008, assembled a get-tough bill that includes both a border fence and provisions that make being in the United States illegally — or knowingly providing services or assistance to undocumented immigrants — a felony.

But it ignores Bush's call for a guest-worker program. As a result, Frist would have to contend with a threat from Senate Minority Leader Harry Reid (D-Nev.) to block any legislation that does not include such a plan.

Because many Republicans and Democrats are under pressure from business interests that want access to labor, particularly in the agriculture, service and construction industries, it might be hard for Frist to garner the 60 votes he would need to prevent a filibuster of his bill.

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Perhaps aware of that, he said earlier this month that he expected a guest-worker program to be part of the Senate's final legislation, but he emphasized that he was against an amnesty provision.

Another senator with presidential ambitions, John McCain (R-Ariz.), co-authored a bill with Sen. Edward M. Kennedy (D-Mass.) that is backed by business, church and immigrant groups and provides guest-workers and illegal immigrants a path to citizenship.

That issue of citizenship will be a lightning rod in Senate debate. Cornyn and Kyl are among those who balk at any proposal for amnesty. Their bill includes a guest-worker program without a path to legalization and requires those here illegally to leave the U.S. within five years. Sen. Larry Craig (R-Idaho) has introduced a bill that would make it easier to agricultural workers to stay in the country.

Bush, who has shifted his rhetoric to embrace the concerns of law-and-order Republicans, ruled out citizenship for guest workers in his Saturday radio address, saying that "amnesty would be unfair" and "would encourage waves of illegal immigration."

He will speak on immigration again today at a naturalization ceremony for new citizens, as the Judiciary Committee meets in a final attempt to find middle ground and the Senate prepares to begin debate.

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(INFOBOX BELOW)

Behind the debate

The House has already passed legislation aimed largely at securing the nation's borders. But in the Senate, many Democrats and some Republicans believe that a border crackdown should be paired with a mechanism that would allow more foreigners to enter the country legally to work.

Schedule

Today the Senate Judiciary Committee is to begin its final day of talks on legislation that it will bring to the full Senate. On Tuesday, the full Senate is expected to begin debate.

Issues

• Guest workers: Some senators, as well as President Bush, say efforts to stop workers from crossing the border illegally will not succeed unless the nation creates a legal way for a workers to enter the country. Opponents say a guest-worker plan would only draw more illegal workers here.

• Amnesty: Some senators are adamantly opposed to any program that would give legal status to workers who are here illegally, calling that a form of amnesty for lawbreakers. Others insist the nation should bring undocumented workers out of the shadows, using the legal status as an incentive.

• Criminalization: Both the Senate Judiciary Committee bill and a measure from Senate Majority Leader Bill Frist (R-Tenn.) would make being an illegal immigrant a criminal offense. Democratic senators have tried unsuccessfully to have that measure removed from the Judiciary Committee bill. If the debate moves to the Senate, it is likely to become emotional.

Players

• President Bush: He has spent years pushing Congress to adopt a guest-worker plan, a top priority for businesses that rely on immigrant labor. At the end of this week he meets with Mexican President Vicente Fox. Immigration is likely to be a tense subject.

• Sen. Arlen Specter (R-Pa.): He is chairman of the Senate Judiciary Committee, whose immigration bill may form the basis for Senate debate. He backs a guest-worker program and a plan to allow many of the estimated 12 million illegal immigrants already in the U.S. to stay, though without gaining citizenship.

• Sen. Bill Frist (R-Tenn.): The Senate majority leader has proposed his legislation that focuses on border security and does not include a guest-worker plan. Frist's measure was seen by some as an effort to distinguish himself from a potential rival for the 2008 GOP presidential nomination, Sen. John McCain (R-Ariz.), who backs a guest-worker program.

• Sen. Edward M. Kennedy (D-Mass.): He wrote a bill with McCain including a guest-worker program that leads to legal status, as well as a program offering illegal immigrants a path to citizenship.

• Sen. John Cornyn (R-Texas): With Sen. Jon Kyl (R-Ariz.), he has written legislation that has tough enforcement measures along with a guest-worker program. It requires illegal immigrants to leave the country within five years.

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Source: Times staff writer Nicole Gaouette

Immigration Debate Heating Up In Senate (AP)

By Nedra Pickler

The AP, March 27, 2006

Founded by immigrants and praised as a haven for the oppressed, the United States now is struggling to decide the fate of as many as 12 million people living in the country illegally.

The Senate takes up the emotional debate on the heels of weekend rallies that drew hundreds of thousands of people protesting attempts to toughen laws against immigrants. Among the ideas that President Bush and members of Congress are considering:

_Erecting a fence on the Mexico border to deter illegal immigration.

_Treating people who sneak across the border as felons to be deported.

_Allowing foreigners to stay in the country legally as custodians, dish washers, construction workers and other low-paid employees.

_Allowing those working in the U.S. a path to citizenship.

_Requiring them to get in line behind everyone else back in their home countries who want to become Americans.

On Monday, the Senate Judiciary Committee takes up the issue and Bush headlines a naturalization ceremony for 30 new citizens at Constitution Hall. Demonstrations are planned near the Capitol, including a prayer service with immigration advocates and clergy who plan to wear handcuffs to demonstrate the criminalization of immigration violations.

Bush is going to Mexico this week for a meeting with the leaders of Mexico and Canada. Secretary of State Condoleezza Rice said Sunday it's important that Mexico "recognize the importance of defense of the borders and of American laws."

Protests raged across the country over the weekend, led by more than 500,000 people who marched through downtown Los Angeles on Saturday in one of the largest demonstrations for any cause in recent U.S. history. Marchers also took to the streets in Phoenix, Milwaukee, Dallas and Columbus, Ohio.

The president, working hand-in-hand with the business community that relies on cheap labor, is pressuring Congress to allow immigrants to stay in the country legally if they take a job that Americans are unwilling to do.

Judiciary Chairman Arlen Specter, R-Pa., also supports the idea and has vowed that his committee will advance a bill to the full Senate on Monday, even if they have to work "very, very late into the night."

"If they're prepared to work to become American citizens in the long line traditionally of immigrants who have helped make this country, we can have both a nation of laws and a welcoming nation of workers who do some very, very important jobs for our economy," Specter said Sunday on ABC's "This Week."

Senate Majority Leader Bill Frist, R-Tenn., has said that whether or not a bill gets out of the Judiciary Committee, he is opening two weeks of debate on the issue Tuesday. He has offered a plan that would tighten borders, add Border Patrol agents and punish employers who hire illegal immigrants because he says the most important concern is improving national security in an age of terrorism. His bill sidesteps the question of temporary work permits, but he has said he's open to the idea.

Democrats have said they will do everything they can to block Frist's bill. Sen. Edward Kennedy (news, bio, voting record), D-Mass., said Sunday that legislation creating tougher enforcement does not do enough.

"We have spent $20 billion on chains and fences and border guards and dogs in the southern border over the last 10 years," Kennedy said on "Face the Nation" on CBS. "And it doesn't work. What we need is a comprehensive approach. I think President Bush understands it."

Where Kennedy and Bush differ is on the question of what to do with foreigners who are already living and working in the United States. Kennedy and Sen. John McCain (news, bio, voting record), R-Ariz., have a bill that would allow those immigrants to apply for citizenship once they pay taxes and a fine and learn English.

Critics like Rep. Tom Tancredo, R-Colo., say that would give amnesty to people who have broken the law by entering the country without permission.

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"It's a slap in the face to every single person who has done it the right way, and to everybody who's waiting out there to do it the right way," Tancredo said. "It's bad policy. And it's also, I think, for the Republican Party especially, bad policy."

Bush wants to give foreign workers a guest permit to stay for a specific amount of time to do a job, without a path to citizenship. Sens. John Cornyn, R-Texas, and Jon Kyl, R-Ariz., propose to let employed illegal immigrants stay for five years but then leave, pay fines and apply to re-enter the country.

If the Senate can agree on the bill, the work won't be over to get legislation to Bush's desk to become a law. The House passed a bill last year that increases penalties for illegal immigration activities, requires employers to verify the legal status of their employees and provides $2.2 billion for a 700-mile fence across the border. But it did not address the guest worker issue.

Help Wanted As Immigration Faces Overhaul (WP)

By S. Mitra Kalita And Krissah Williams

The Washington Post, March 27, 2006

Year after year, Professional Grounds Inc. runs a help-wanted ad to find landscapers and groundskeepers. Starting wage: $7.74 per hour.

In a good year, three people call. Most years, no one does.

So the Springfield company relies on imported labor -- seasonal guest workers allowed to immigrate under the federal guest-worker program -- to keep itself running. For 10 months this year, 23 men from Mexico and Central America will spend their days mulching and mowing, seeding and sodding for Professional Grounds.

Occasionally, company President Bill Trimmer asks himself: If I doubled wages, would native-born Americans apply? He thinks he knows the answer.

"I don't think it's a wage situation. It's the type of work and the nature of the work. It's hard, backbreaking work," said Trimmer, who started the company 31 years ago. "I think we're a more affluent society now. They expect more. Everybody expects more. . . . I have contracts, and they want an affordable price, too."

Here lies the dilemma facing Congress as it attempts an immigration overhaul. Businesses say it is hard to persuade Americans to perform the unskilled jobs that immigrants easily fill. Significantly higher wages might work, but that increase would be passed on to unhappy consumers, forcing Americans to give up under-$10 manicures and $15-per-hour paint and lawn jobs.

Yet against a backdrop of heightened scrutiny of those who cross U.S. borders and the estimated 12 million migrants already here illegally, most everyone agrees that the current immigration system warrants a severe makeover.

A recent study by the Pew Hispanic Center estimated that unauthorized immigrants make up nearly 5 percent of the labor force. In the Washington region, they make up nearly 10 percent of the 3.1 million-strong workforce, providing mainly unskilled labor.

The federal government has a work visa -- known as H-2B -- that aims to help unskilled migrants enter the country legally. But the government issues only about 66,000 new H-2B visas each year. The guest workers, who generally take jobs in businesses such as restaurants, amusement parks, cleaning companies and landscaping firms, are allowed to stay for 10 months.

The immigration measure passed by the House last year would allow the guest-worker program to lapse. Today, the Senate Judiciary Committee resumes debating legislation proposed by Sen. Arlen Specter (R-Pa.). It would create a new guest-worker program that would allow foreigners to enter the United States for three years, with the possibility of renewal for another three years.

Both House and Senate plans place on employers the onus for verifying the legal status of workers with the creation of a national database of Social Security or work identification numbers. Besides requiring enforcement, the proposals would impose criminal penalties on employers who hire someone not authorized to work in the United States.

Under current law, companies must review two forms of government-issued identification to verify that a job applicant is a legal resident. Beyond keeping copies of IDs on file, many businesses say they do little more than take workers at their word. While some readily dismiss illegal workers, they don't necessarily report them and their whereabouts to the federal government.

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Businesses say they already patrol job applications to sift out counterfeit documents. At least four out of 10 applicants for jobs at Harry's Essential Grille in Vienna present work documents that look like frauds, such as Social Security cards that feel too thin, said Jason Steward, manager of the restaurant.

"You have a gut feeling," Steward said. The company he works for, Essential Restaurant Holdings LLC, has hired 200 people since opening its two Northern Virginia restaurants 2 1/2 years ago. About half of its workers are immigrants. He does not object to checking a Social Security number in a national database. But he worries about being the first line of defense for the company. If he messes up, Essential Restaurants could be fined or face criminal penalties under some of the proposals before Congress.

Brett McMahon, vice president of Bethesda-based Miller & Long Concrete Construction Co., one of the biggest concrete contractors in the country, with $300 million in annual revenue, said his concern is that the legislation would essentially turn his company into "an enforcer of who's legal and who's not." McMahon said, "It's nowhere near that simple to check."

In the past 15 years, the Labor Department has audited McMahon's company five times looking for illegal workers -- each time finding none, McMahon said. He added that the House bill threatens to bring his business to a "screeching halt" because there is no provision for a guest-worker program or for dealing with the undocumented immigrants already working.

But advocates of tighter borders say hiring foreigners should be difficult, not just for security but to limit competition between less-skilled immigrants and Americans.

"Employers in many of these sectors have gotten themselves into a Catch-22 situation where if they do not look the other way and hire illegal workers, they will not be competitive with other businesses," said Jack Martin, a spokesman for the Federation for American Immigration Reform, an advocacy group governed by business leaders and activists favoring national immigration limits.

"The wages and working conditions where there are large numbers of illegal workers have been driven down to the point where those jobs are not as attractive to American workers," Martin said.

According to the Pew Hispanic Center data, undocumented workers tend to be clustered in service and construction jobs and make up more than half of the region's janitorial and landscape workers. Forty-three percent of the region's construction workers are illegally in the United States or have only temporary work authorization, the data show.

Wages for landscaping and groundskeeping workers in the Washington area have risen slightly in recent years, according to the Bureau of Labor Statistics, from an average of $9.61 per hour in 1999 to $10.51 in 2004. Professional Grounds' Trimmer said most employees, including guest workers, earn $9 to $11 per hour.

Construction wages in the Washington area have risen from an average of $15.86 in 1999 to $17.19 in 2004, according to the bureau. McMahon estimated that construction wages these days are even higher -- roughly $20 an hour, plus health care.

"People think construction is about hiring day laborers in a Lowe's parking lot and throwing them in a pickup and paying them $2 an hour," McMahon said.

The company has roughly 60 projects underway, including offices, hotels and condominiums, and employs about 2,800 workers in the Washington area -- three-fourths of them immigrants.

"Every time I put up a crane, they are the guys who show up," McMahon said.

At Professional Grounds' Springfield office, Trimmer said the guest-worker program insulates him from having to deal with forged documents. Trimmer started using the H-2B program about five years ago to fill the void left by high school and college students who preferred air-conditioned summer internships over the work he could offer.

The guest workers arrive in February or March and pay $40 a week for housing subsidized by the company. A van picks up and drops off those who can't drive; workers who have driver's licenses pay $3 per day for the use of a company car. Workers pay income, Social Security and Medicare taxes.

One of his workers, Abelardo Flores, said he likes returning to his wife and three children in Mexico after making money for 10 months. Two other workers, Luciano Arango and Marcos Ochoa, said they would like to permanently live in the United States someday. All said they had worked for the company last year. Trimmer cited investments he makes in the guest workers, from English classes to housing, as proof that he views them as more than cheap labor.

Once, Trimmer confessed, he did hire an illegal worker: a Nicaraguan man named Victor Parrales on a tourist visa.

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Next week will mark Parrales's 22nd year with the company; Professional Grounds sponsored his green card, and he eventually became a citizen. Parrales now owns a house in Alexandria and boasts the title of vice president.

A piece of paper taped to Parrales's office door advertises that Professional Grounds needs more workers. In fact, the company says it will pay workers who bring forward qualified candidates a $1,000 referral fee.

Paradoxes Of Immigration Hit US Senate (CSM)

By Gail Russell Chaddock

The Christian Science Monitor, March 27, 2006

WASHINGTON - How does the United States count the cost of at least 11 million immigrants living and often working outside the law?

For business groups - now urging a path to citizenship or other legal status for such workers - it's the lower cost of a head of lettuce, new home construction, or a restaurant tab, because these people will do the work that Americans won't.

For local officials across the country - no longer just those near a border - it's the strain illegals pose to schools, hospital emergency rooms, law enforcement, and other social services, driving municipal budgets deep into the red.

For illegal immigrants and their supporters - rallying by the hundreds of thousands around the country in the run-up to this debate - the issue is freedom from fear.

But one of the most pervasive costs of a broken immigration system, acknowledged by all sides, is the cost of deception.

"Today's immigration policy is almost founded on lies," says Mark Krikorian, executive director of the Center for Immigration Studies. "It presupposes lying by almost everyone involved."

Bringing honesty to the system without deporting millions and jeopardizing major sectors of the US economy is the tough task before the Senate Judiciary Committee, as its 18 members struggle toward consensus on a new strategy for immigration reform.

Senate majority leader Bill Frist has set Tuesday to begin debate on the topic. That means the Judiciary panel has one last day - Monday - to work out a comprehensive plan, including a new guest worker program and a path to citizenship for those already working illegally. If it fails, Senator Frist will introduce his own plan Tuesday, which, like the House bill, aims only to gain control of US borders.

Pro-immigration demonstrators, meanwhile, are expected to rally at the Capitol Tuesday, following a 500,000-strong rally for illegal-immigrant rights in Los Angeles, and other protests in Denver, Phoenix, Milwaukee, Chicago, Philadelphia, and Tucson, Ariz. Organizers say they'll march in 30 more cities before the Senate vote next month.

Last year, the immigration debate on Capitol Hill was overshadowed by the Minutemen - an armed civilian posse out to stop illegal border crossings. But the prospect of congressional crackdown on illegal immigrants, including the enforcement of penalties against employers who hire them, is drawing record numbers of immigrants into the streets, with a powerful coalition of business, church, and union groups behind them. Their message: These are good people who work hard, pay taxes, and should not be treated as felons.

"Polls show that people do recognize the value of immigration, including illegal," says Peter Schuck, a professor at Yale Law School in New Haven, Conn. "On the other hand, it is a violation of law, and people have just found strategies to live with it."

For employers who hire illegals, that means not looking too closely at documents. Only three employers were fined for hiring illegals in 2004, down from 417 in 1999, according to a report by the Government Accountability Office in August 2005.

"It's a dysfunctional system that breeds disrespect for the law," says John Gay, senior vice president of government affairs and public policy at the National Restaurant Association and a co-chair for the Essential Worker Immigration Coalition.

"Many employers see this as a game: If they ask people to provide proper documents, they leave." Restaurants that knowingly violate the law, he adds, gain an unfair advantage.

Not only is there a disincentive because there is no enforcement of the law, but if employers examine someone's documents too closely, they can be pursued by the Justice Department for employment related discrimination.

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"We are digging ourselves into a hole by turning a blind eye to illegality," says Jared Bernstein, director of the Living Standards Program at the Economic Policy Institute. "All kinds of unintentional consequences surface when you do that, including paving the wayfor armed vigilantees on the border."

One of the most toxic issues in the debate is whether the flood of immigrants, especially the 500,000 undocumented workers who enter the country each year, are driving down prospects for low-skilled Americans. A new report by the Center for Immigration Studies finds that states with the largest increase in immigrants also saw larger declines in natives working.

"This isn't just some parlor game for economists: Low-skill native workers are hurt by flooding the market with immigrants," says Mr. Krikorian.

Another point of deception in the system is the limited enforcement the nation's immigration laws. "We don't allow state police making traffic stops to ask about a driver's legal status," says Sen. Jeff Sessions (R) of Alabama, a member of the Senate Judiciary Committee. "What does that tell you about how serious we are about enforcing our immigration laws?"

Last week, business owners in Costa Mesa, Calif., called on the City Council to suspend a new policy that allows police to enforce federal immigration laws, which they say are hurting business. Nearly every state has proposals pending to address illegal immigration.

"This is a justice issue: You can't have 11 million people being vulnerable and exploited," said Joshua Hoyt, executive director of the Illinois Coalition for Immigrant and Refugee Rights, in a conference call after Chicago demonstrations last week.

"There is a politicization of this issue in the immigrant community in a way that has not happened in the past," he added.

An Immigration Brawl (USNEWS)

By Angie C. Marek

U.S. News and World Report, March 27, 2006

Immigration seems to have a struck a nerve in Americans of all stripes. Frustration on the right has fueled the rapid growth of the Minutemen, vigilantes who want to help close America's porous borders. Liberals are exercised, too. Thousands of people have recently gathered in Chicago, Washington, and Los Angeles to protest proposals they say could make it a crime to give a cup of soup to a wayward illegal immigrant. On April 10, activists hope to shutter restaurants and convenience stores by encouraging some of America's estimated 12 million illegal immigrants to play hooky from work. But that may all look tame compared with what's expected in the Senate this week, when immigration reform proposals go to the floor for debate in a midterm-election year. "It's an exciting time," says Tamar Jacoby of the Manhattan Institute. "But it's going to be one hell of a food fight."

And it will have higher stakes than the average cafeteria brawl. The House passed a mostly punitive measure in December; it would throw up 700 miles of steel fencing along the 2,000-mile Southwest border, allow state and local officials to detain immigrants without visas, and make it a felony--instead of a civil penalty--to be caught on U.S. soil with an expired visa or no visa at all. "This was a message to the Senate that we'd better stay tough on enforcement," says Texas Republican Sen. John Cornyn--and perhaps a symbolic statement to angry constituents. The House refused to even consider proposals that would allow employers to hire temporary guest workers, an idea that's been championed by President Bush. "The assumption from many of the bill's supporters," says Frank Sharry of the National Immigration Forum, an immigrant-rights group, "was that the Senate would do right by us."

Fragile. But will it? Republicans in the Senate are fiercely divided on the temporary-worker issue, and those with presidential ambitions crop up on both sides of the debate. Sen. Bill Frist has already introduced a brawny enforcement bill that omits any mention of guest workers. Moderate Republican Sen. Arlen Specter, meanwhile, hopes he can hold together a fragile coalition in the Judiciary Committee long enough to pass a bill that would allow thousands of future guest workers and most of the illegal immigrants already here to become citizens, while creating more robust workplace immigration enforcement. Large parts of his measure drew inspiration from a proposal crafted by Sen. John McCain; if Specter succeeds, then his bill, not Frist's, will be the starting point for debate in the full Senate.

Expect some gonzo antics on the floor. Already on the agenda: tough proposals to fence off the whole Southwest border and deny citizenship to babies born to illegal immigrants and a liberal amendment to grant in-state tuition to college students

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who aren't U.S. citizens. Republicans will be skittishly eyeing religious leaders who have been critical of the House bill. In a recent editorial, Roman Catholic Cardinal Roger Mahony, head of the Archdiocese of Los Angeles, wrote that "Christ instructs us to clothe the naked, feed the poor, and welcome the stranger." But in an election year, it's clear that not everyone in the Senate agrees.

A Border War (NSWK)

By Holly Bailey, Newsweek

Newsweek, March 27, 2006

Tom Tancredo is pulling the immigration debate to the right—and away from Bush.

The lights were on, the cameras were rolling, but the special guest star was nowhere to be found. Last Friday afternoon, 55 men and women from 30 countries sat in a Denver conference room, clutching small American flags as they waited to be sworn in as U.S. citizens. The 12:15 starting time had come and gone, and some people were getting impatient. "For heaven's sake," one woman said, sighing. "What is the holdup?" A few minutes later, they had the answer. Tom Tancredo, the Republican congressman, was coming to welcome the new citizens. He was hard to miss when he breezed in, 25 minutes late, dressed in a dark suit and an American-flag necktie. Even so, few in the room recognized him until one man whispered, "He's the guy who sits on the border chasing illegals."

Tancredo may not be a household name yet, but he's doing everything he can to change that. As the House and Senate debate the nation's immigration and border-security laws, the four-term Coloradan has positioned himself as the loudest, angriest voice against the estimated 11 million illegal aliens now living in the United States. They are "a scourge that threatens the very future of our nation," he says. He laments "the cult of multiculturalism," and worries about America's becoming a "Tower of Babel." If Republican presidential candidates don't put the problem atop the agenda in 2008, he says he'll run himself, just to force the front runners to talk about it. Not that he thinks he'd win the White House. He declares himself "too fat, too short and too bald" to be president. If the Republicans lose the election because he's too tough on the issue, he says, "So be it."

Not so long ago, Tancredo was regarded as little more than a noisy pest on Capitol Hill. His colleagues shook their heads at his tireless demands for crackdowns on American employers who hire illegals and his idea for a 700-mile-long fence along the Mexican border. But in recent months, some of those same Republicans have come to realize that, while Tancredo may be a crank, he is a crank with a large and passionate following. Anti-immigration sentiment has always simmered, and it flares up about once a decade—the last time it hit this level was 1996, when California Gov. Pete Wilson made it the centerpiece of his failed presidential campaign. Tancredo was one of the first politicians to tap into the latest surge of anger. In states with large numbers of undocumented workers, voters complain that poor illegals are overwhelming public schools, clogging hospital emergency rooms and bankrupting welfare budgets. And they worry that inadequate border security makes it easy for would-be terrorists to sneak into the country. Tancredo's colleagues are listening. When he arrived in Washington, he started the Immigration Reform Caucus. The group attracted just 16 members. Today, there are 91.

Tancredo's anti-immigration campaign is also brazenly, almost gleefully, taking aim at George W. Bush and Karl Rove. The president had once hoped the immigration debate would center on his proposed guest-worker program, which would allow illegals—who fill millions of unskilled, low-wage jobs—to stay in the country for a set period of time. This was Bush the pragmatist, the former border-state governor who wanted to acknowledge the importance of immigrant labor to construction, fruit farming and other chunks of the U.S. economy. "He doesn't think it's morally right that a group that has been critical to the strength of the economy is operating in the shadows," says a senior Bush aide who, following policy, spoke anonymously. Meanwhile, Rove pushed the pure political benefits of the plan: immigrant-friendly policies would help the party reach out to the fast-growing Latino vote.

Instead, the immigration debate has split the GOP, with many Republicans in the House and Senate, worried about alienating voters, openly opposing the president. In December, the House tossed aside the worker program and passed a bill that features tougher security at the Mexican border—including Tancredo's cherished fence—and crackdowns on illegals who are already here. "You can't ignore him," says a GOP leadership aide who wouldn't be named because he wanted to keep his job. "The administration doesn't want to hear this, but a lot of Americans think he's right."

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In the Senate, Republicans, led by John McCain and Arlen Specter, have been working to come up with a compromise that would include border security, a guest-worker program and a way for illegal immigrants to "earn" citizenship. But Senate Majority Leader Bill Frist, a presidential contender with one eye on the anti-immigration vote—and the other one on outflanking McCain—has threatened to put forward his own get-tough plan this week if the senators fail to come through.

It's not just Republicans elbowing for attention. Last week Sen. Hillary Clinton whacked the GOP with the Bible, implying anti-immigration proposals were not only hardhearted, but un-Christian. The bill, she said, "would literally criminalize the Good Samaritan and probably even Jesus himself."

Bush, forced to step up his own security rhetoric in response to the feud, is still hoping for a compromise. At an immigration meeting at the White House last week, the president said that "the debate must be done in a way that doesn't pit one group of people against another." But Florida Sen. Mel Martinez, a former Bush cabinet member who sides with the president on the issue, fears that's exactly what is happening. "Republicans have made significant gains [among Latinos]," he says, "and we're risking all of that by allowing ourselves to be positioned as anti-immigrant ... We are at great peril."

Tancredo believes there's greater danger in doing nothing. All he wants, he says, is to see the law enforced. "I don't like it when people call me a racist or xenophobe," he says. "In my heart, I know that I'm not." A 60-year-old grandson of an Italian immigrant, he grew up in a working-class family. He ran for Congress on a whim in 1998, and won by pushing immigration reform. He says he became passionate about the issue back in the 1970s, when he was a Denver junior-high-school teacher. At the time, Colorado had just passed a bilingual-education bill. He says students with Latino-sounding names were put into Spanish-language classes, even if they spoke English only. "It was ridiculous, and a total waste of time and money."

He's remained unapologetic about his views. In 2002, The Denver Post ran a human-interest story about a high-school honors student who couldn't get college financial aid because he was in the United States illegally. Tancredo tried to have the boy and his family deported. (He was unsuccessful.)

Back at the immigration ceremony, Tancredo thanked the new citizens for coming to the United States "the right way," and urged them to "cast aside loyalties to your old countries and walk with us." One lucky person walked away with more than a citizenship certificate. When he heard that a young woman from Mexico had waited more than a year for her paperwork to clear, Tancredo approached her. He apologized that he was out of the lapel pins he usually hands out. Instead, he gave her a more personal gift: his American-flag necktie. "Gracias," she said.

With Daren Briscoe and Richard Wolffe

Frist Finds His Cause (TIME)

By Perry bacon Jr.

Time, March 26, 2006

At the start of 2005, Bill Frist seemed to have the political Midas touch. A successful surgeon, the Tennessee Republican had blossomed in his second career, rising from his election to the U.S. Senate in 1994 to the post of majority leader in 2002. But last year, while Frist tried to both manage an unwieldy Senate and prepare for a 2008 presidential run, he often sounded off-balance--as when he inserted himself into the Terri Schiavo controversy, boldly but mistakenly arguing that her doctors misdiagnosed her vegetative state.

Frist will again find himself at the center of an emotional issue this week as the Senate debates illegal-immigration policy, and his performance could show whether he has regained his political footing. His party is divided: some G.O.P.ers simply want tougher border enforcement, while others, including President Bush, want temporary work permits for illegal immigrants. In December, the House sided with the hard-liners, passing a bill with no such guest-worker program and with provisions that would make it a federal crime to offer assistance to illegal immigrants. New York Senator Hillary Clinton, a possible 2008 contender on the other side of the aisle, slammed the bill, saying it "would literally criminalize the Good Samaritan and probably even Jesus himself." In rallies from Milwaukee, Wis., to Los Angeles, thousands of people marched last week to protest the proposed crackdown on illegal immigrants.

So with whom has Frist sided? None of the above. To the annoyance of some G.O.P. colleagues, who were crafting their own bill, Frist put out his plan, which would increase penalties for people in the U.S. illegally and add funding for guarding the

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border but not give work permits to illegal immigrants already here. While he has left open the possibility of backing a bill that includes a guest-worker provision, he's determined to get stronger border enforcement passed, which will please conservative voters who will pick the G.O.P. nominee in 2008. David Winston, a veteran G.O.P. pollster, says that Frist--who plans to retire from the Senate after this year--"is clearly laying out this marker." If he can succeed in passing an immigration bill--especially his own--he may regain some of the luster he lost last year. If he can't, he may return home to Tennessee as the ineffectual G.O.P. leader who lost his touch--and his presidential prospects.

Groundswell Of Protests Back Illegal Immigrants (NYT)

By Nina Bernstein

The New York Times, March 27, 2006

When members of the Senate Judiciary Committee meet today to wrestle with the fate of more than 11 million illegal immigrants living in the United States, they can expect to do so against a backdrop of thousands of demonstrators, including clergy members wearing handcuffs and immigrant leaders in T-shirts that declare, "We Are America."

But if events of recent days hold true, they will be facing much more than that.

Rallies in support of immigrants around the country have attracted crowds that have astonished even their organizers. More than a half-million demonstrators marched in Los Angeles on Saturday, as many as 300,000 in Chicago on March 10, and — in between — tens of thousands in Denver, Phoenix, Milwaukee and elsewhere.

One of the most powerful institutions behind the wave of public protests has been the Roman Catholic Church, lending organizational muscle to a spreading network of grass-roots coalitions. In recent weeks, the church has unleashed an army of priests and parishioners to push for the legalization of the nation's illegal immigrants, sending thousands of postcards to members of Congress and thousands of parishioners into the streets.

The demonstrations embody a surging constituency demanding that illegal immigrants be given a path to citizenship rather than be punished with prison terms. It is being pressed as never before by immigrants who were long thought too fearful of deportation to risk so public a display.

"It's unbelievable," said Partha Banerjee, director of the New Jersey Immigration Policy Network, who was in Washington yesterday to help plan more nationwide protests on April 10. "People are joining in so spontaneously, it's almost like the immigrants have risen. I would call it a civil rights movement reborn in this country."

What has galvanized demonstrators, especially Mexicans and other Latin Americans who predominate among illegal immigrants, is proposed legislation — already passed by the House of Representatives — that would make it a felony to be in the United States without proper papers, and a federal crime to aid illegal immigrants.

But the proposed measure also shows the clout of another growing force that elected officials have to reckon with: a groundswell of anger against illegal immigration that is especially potent in border states and swing-voting suburbs where the numbers and social costs of illegal immigrants are most acutely felt.

"It's an entirely predictable example of the law of unintended consequences," said Joshua Hoyt, executive director of the Illinois Coalition for Immigrant and Refugee Rights, who helped organize the Chicago rally and who said he was shocked by the size of the turnout. "The Republican party made a decision to use illegal immigration as the wedge issue of 2006, and the Mexican community was profoundly offended."

Until the wave of immigration rallies, the campaign by groups demanding stringent enforcement legislation seemed to have the upper hand in Washington. The Judiciary Committee was deluged by faxes and e-mail messages from organizations like NumbersUSA, which calls for a reduction in immigration, and claims 237,000 activists nationwide, and the Federation for American Immigration Reform, which has long opposed any form of amnesty, including a guest-worker program advocated by President Bush.

Dan Stein, president of the federation, acknowledged the unexpected outpouring of protesters, but tried to play down its political significance. "These are a lot of people who don't vote, can't vote and certainly aren't voting Republican if they do vote," he said.

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But others, noting that foreign-born Latinos voted for President Bush in 2004 at a 40 percent greater rate than Latinos born in the United States, said that by pursuing the proposed legislation, Republican leaders might have squandered the party's inroads with an emerging bloc of voters and pushed them into the Democratic camp.

The Pew Hispanic Center estimates that of more than 11 million illegal immigrants, 78 percent are from Mexico or other Latin American countries. Many have children and other relatives who are United States citizens. Under the House measure, family members of illegal immigrants — as well as clergy members, social workers and lawyers — would risk up to five years in prison if they helped an illegal immigrant remain in the United States.

"Imagine turning more than 11 million people into criminals, and anyone who helps them," said Angela Sanbrano, executive director of the Central American Resource Center of Los Angeles, one of the organizers of Saturday's rally there. "It's outrageous. We needed to send a strong and clear message to Congress and to President Bush that the immigrant community will not allow the criminalization of our people — and it needed to be very strong because of the anti-immigrant environment that we are experiencing in Congress."

Like many advocates for immigrants, Ms. Sanbrano said the protesters would prefer that Congress passed no immigration legislation rather than criminalizing those who are here without documents or creating a guest-worker program that would require millions to go home.

In a telephone briefing sponsored last week by the National Immigration Forum, the Rev. Samuel Rodriguez Jr., president of the National Hispanic Association of Evangelicals, warned that elected officials would pay a price for being on the wrong side of the legislative battle.

"We are talking to the politicians telling them that the Hispanic community will not forget," he said. "I know there are pure hearts that want to protect our border and protect our country, but at the same time the Hispanic community cannot deny the fact that many have taken advantage of an important and legitimate issue in order to manifest their racist and discriminatory spirit against the Hispanic community."

Seventy of the nation's 197 Catholic dioceses have formally committed to the immigration campaign since the United States Catholic Conference of Bishops began the effort last year, and church officials are recruiting the rest.

Meanwhile, priests and deacons have been working side by side with immigrant communities and local immigrant activist groups.

Leo Anchondo, who directs the immigrant campaign for the bishops' conference, said that he was not surprised by the size of the protests because immigration advocacy groups had been working hard to build a powerful campaign. "We hadn't seen efforts to organize these communities before," Mr. Anchondo said. "It's certainly a testament to the fact that people are very scared of what seems to be driving this anti-immigrant legislation, to the point that they are coming out to make sure they speak and are heard."

Last night in downtown Los Angeles, Fabricio Fierros, 18, the American-born son of mushroom-pickers who came to the United States illegally from Mexico, joined about 5,000 Mexican farmworkers gathered for a Mass celebrating the birthday of Cesar Chavez.

"It's not fair to workers here to just kick them out without giving them a legal way to be here," Mr. Fierros said, "To be treated as criminals after all the work they did isn't fair."

Size Of L.A. March Surprises Authorities (AP)

By Peter Prengaman

The AP, March 27, 2006

Thousands of immigration advocates marched through downtown Los Angeles in one of the largest demonstrations for any cause in recent U.S. history.

More than 500,000 protesters — demanding that Congress abandon attempts to make illegal immigration a felony and to build more walls along the border — surprised police who estimated the crowd size using aerial photographs and other techniques, police Cmdr. Louis Gray Jr. said.

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Wearing white T-shirts to symbolize peace, the demonstrators chanted "Mexico!" "USA!" and "Si se puede," an old Mexican-American civil rights shout that means "Yes, we can."

In Denver, more than 50,000 people protested downtown Saturday, according to police who had expected only a few thousand. Phoenix was similarly surprised Friday when an estimated 20,000 people gathered for one of the biggest demonstrations in city history, and more than 10,000 marched in Milwaukee on Thursday.

"We construct your schools. We cook your food," rapper Jorge Ruiz said after performing at a Dallas rally that drew 1,500. "We are the motor of this nation, but people don't see us. Blacks and whites, they had their revolution. They had their Martin Luther King. Now it is time for us."

Many protesters said lawmakers were unfairly targeting immigrants who provide a major labor pool for America's economy.

"Enough is enough of the xenophobic movement," said Norman Martinez, 63, who immigrated from Honduras as a child and marched in Los Angeles. "They are picking on the weakest link in society, which has built this country."

The U.S. House of Representatives has passed legislation that would make it a felony to be in the U.S. illegally, impose new penalties on employers who hire illegal immigrants, require churches to check the legal status of people they help, and erect fences along one-third of the U.S.-Mexican border.

The Senate is to begin debating the proposals on Tuesday.

President Bush on Saturday called for legislation that does not force America to choose between being a welcoming society and a lawful one.

"America is a nation of immigrants, and we're also a nation of laws," Bush said in his weekly radio address, discussing an issue that had driven a wedge into his own party.

Bush sides with business leaders who want to let some of the estimated 12 million undocumented immigrants stay in the country and work for a set period of time. Others, including Senate Majority Leader Bill Frist, say national security concerns should drive immigration reform.

But many protesters rejected claims the national security claim, noting that the legislation would hurt Hispanics the most.

"When did you ever see a Mexican blow up the World Trade Center? Who do you think built the World Trade Center?" said David Gonzalez, 22, who marched in Los Angeles with a sign that read, "I'm in my homeland.'"

Between 5,000 and 7,000 people gathered Saturday in Charlotte, carrying signs with slogans such as "Am I Not a Human Being?" In Sacramento, more than 4,000 people protested immigration legislation at an annual march honoring the late farm labor leader Cesar Chavez.

The demonstrations are expected to culminate April 10 in a "National Day of Action" organized by labor, immigration, civil rights and religious groups.

Immigration Gives Democrats Cover (RC)

By John Stanton

Roll Call, March 27, 2006

Internal GOP divisions over how to address the status of an estimated 11 million illegal workers residing in the United States have provided a rare bit of political cover for Senate Minority Leader Harry Reid (D-Nev.), sparing him and his oft-divided Democratic Caucus from a public airing of its own internal grievances and disputes over the hot-button issue.

Although the Senate Judiciary Committee was expected to continue efforts to craft a committee-level compromise on guest worker provisions by press time Friday, leadership aides said those talks were not progressing well and they were preparing for a two-week floor debate.

Senate Majority Leader Bill Frist (R-Tenn.) has scheduled a cloture vote for Tuesday on his border-security plan, which does not include guest worker provisions, and he has warned the Judiciary Committee that it has until the end of the day Monday to reach a deal on its more comprehensive measure.

Like Republicans, Democrats are divided — although much less bitterly than the GOP — over the guest worker plan. In one corner are lawmakers such as Sen. Edward Kennedy (D-Mass.) who favor a program that would allow law-abiding, employed

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illegal workers to remain in the U.S. for a set period of time. In the other corner stand lawmakers such as Sen. Dianne Feinstein (D-Calif.), who would prefer a much narrower guest worker program.

But unlike Republican divisions, the Democratic disputes have largely avoided the front pages, thanks to what GOP aides argue is political posturing by presidential hopefuls Frist and Sen. John McCain (R-Ariz.), who have staked out opposite positions on the issue.

Although Reid has not explicitly asked his Caucus members to keep out of the immigration fight, Democratic aides acknowledged that the focus on GOP infighting has allowed Reid to go on offense more aggressively.

For instance, Reid last week warned that he would filibuster any effort to move immigration legislation that does not come from the Judiciary Committee. In a set of internal talking points circulated Friday, Reid also laid out a broad outline of his Caucus' stand on immigration.

While rejecting a full amnesty or "free pass," in his words, Reid argued for a system under which undocumented workers could apply for permanent residency only after working for several years, paying a stiff penalty, undergoing a rigorous security check, learning American civics and English, paying taxes and "waiting at the end of the line," according to a copy off the memo.

But Reid sidestepped the issue of whether "waiting at the end of the line" should entail requiring aliens to return to their home countries before applying for the guest worker visa, which is a key point of contention for the GOP.

Meanwhile, on the House side, Republicans plan to use this week's focus on immigration to cast the spotlight on their chamber's efforts to grapple with the issue.

House GOP leaders originally had dubbed this "Education Week," featuring a series of education measures that were scheduled to hit the floor. But with the Senate and White House concentrating on immigration, House Republicans altered their plans and now plan to hold immigration-related media events this week.

On Dec. 16, the House passed an immigration measure sponsored by House Judiciary Chairman Jim Sensenbrenner (R-Wis.) that focused only on border security and enforcement. The bill did not address the guest worker issue, and GOP leaders did not even allow a vote on a nonbinding amendment that would have expressed support for the idea of a guest worker program.

The House will now wait to see what the Senate does on that issue. Despite their decision to avoid the guest worker issue last year, Republican leaders in the House would prefer — as does the Bush administration — to reach some sort of guest worker compromise.

"We're reminding our conservative base that we want to tighten our borders ... but at the same time we want to make sure our business community has enough workers and that we are not alienating Hispanics," said a House GOP leadership aide.

Bush Must Devote Political Capital To Immigration Fix (RC)

By Morton M. Kondracke

Roll Call, March 27, 2006

President Bush finally re-entered the immigration debate last week to appeal for civility and compassion. He's way late. The debate is already bitter and divisive, especially within the Republican Party, and it's only getting worse.

More than 200 House Republicans are on record as favoring a draconian border security measure that would make it a felony simply to be in the United States illegally, or to offer assistance — even a meal, a ride or counseling — to an illegal immigrant.

Presidential aspirant and current Senate Majority Leader Bill Frist (R-Tenn.) has introduced a measure only slightly less punitive, making it a misdemeanor to be in the U.S. illegally, but a felony to be caught a second time.

It's not clear whether Frist has put the measure forward to appeal to the xenophobe-populist portion of the GOP's right wing, to goad the Senate Judiciary Committee into producing a more comprehensive bill, or both.

Meanwhile, immigrant-rights groups are staging huge protests — 30,000 people in Washington, D.C., 100,000 in Chicago. Roman Catholic bishops have denounced the legislation. And leading Democrats are vowing to filibuster the Frist measure if he brings it to the floor Tuesday. A Frist aide said, "Go for it!"

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It's Bush who allowed the situation to get out of hand. Since before he became president, the former border-state governor has favored a moderate, comprehensive approach to immigration — a combination of enhanced border security and internal enforcement measures, plus work permits for new entrants and for those presently working illegally.

But Bush failed to push this approach, initially because of post-9/11 security concerns and then because he decided to spend his post-re-election political capital on Social Security.

Now, his party is split between fellow moderates — led by presidential hopeful Sen. John McCain (R-Ariz.) — and restrictionists led by another presidential aspirant, Rep. Tom Tancredo (R-Colo.). The restrictionist ascendancy threatens to destroy all of Bush's efforts to woo Hispanic voters into the GOP.

What's more, if the restrictionists prevail, the nation will be treated to the spectacle of mass roundups of illegal immigrants, by local police as well as federal agents. These deportations will split families and produce tales of arbitrary interrogations of Hispanics or Hispanic-looking persons all around the country.

If ever a situation cried out for reason, bipartisanship, compassion and presidential leadership, it's this one. Frist, too, could play a key role by forcing a sound compromise.

The most sensible proposal to me is the comprehensive bill sponsored by Sens. McCain and Edward Kennedy (D-Mass.), which involves enhanced border security, tighter controls on employment of illegal immigrants, a worker permit program and a system that allows many of the 12 million illegals now in the country to earn their way toward citizenship.

A useful add-on to the comprehensive approach will be introduced this week by Sen. Lamar Alexander (R-Tenn.) to speed up the process of moving legal green-card holders toward citizenship by offering them scholarships worth $500 to learn English and by shortening the qualification time for citizenship from five years to four for those who are fluent.

I would add an (admittedly expensive) proviso for the federal government to give "impact assistance" to states and localities whose schools and health facilities are burdened by illegal immigrants. Controlling the borders is a federal responsibility and, if it's not being handled well, the federal government should pay.

There's no question that restrictionists have it right that U.S. borders are scandalously porous, with up to 10,000 persons crossing each day, or 3 million a year.

Building a 700-mile wall along the Mexican border, as provided in the House bill, would be a terrible symbol for a country proud of the Statue of Liberty, but the goal of U.S. policy should be the equivalent — sealing the border to illegal entry as much as possible.

In fact, that's embodied in the McCain-Kennedy bill, administration proposals and draft legislation introduced by Senate Judiciary Chairman Arlen Specter (R-Pa.) — by increases in personnel and technology for Customs and Border Protection, and by expansion of detention facilities for holding illegal entrants.

It's also valid for the government to crack down on employment of illegal immigrants. Indeed, most of the legislation does so by creating a tamper-proof ID system and increasing penalties for knowingly hiring illegals.

The sticking point between the sides is what to do about the estimated 12 million people currently living illegally in the U.S. Restrictionists want to make their lives such hell that they leave — and, in the process, discourage others from following their example.

They regard any measure that lets illegals stay as "blanket amnesty." But the McCain-Kennedy approach is "earned legalization" whereby illegals would have to have a record of employment, pay $2,000 in fines, learn English, pay taxes, have a clean record and wait in line behind all who have applied to enter the country legally.

McCain, Kennedy and their allies argue that by giving illegals, and new entrants, work permits, the government will know who is entering the U.S. and can concentrate its limited law-enforcement resources on chasing down criminal illegal immigrants, including drug smugglers and potential terrorists, not low-wage hotel or restaurant workers.

Sens. Jon Kyl (R-Ariz.), Frist and Specter want to make workers leave the U.S. when their work permit expires. The White House also calls permits "temporary."

But Bush's allies at the U.S. Chamber of Commerce and the industries that disproportionately employ immigrants — agriculture, home-building, hospitality — say they'd lose the training costs they'd just put into the workers. They favor "earned citizenship."

Restrictionists claim that illegals — and work permits — depress wages for U.S. workers. But it's worth noting that the AFL-CIO is one of the groups behind "earned legalization."

Polls suggest that the public is massively confused and ambivalent about immigration. A Quinnipiac University survey last month found that 54 percent of voters want to make it harder for illegal immigrants to work in the U.S. legally. But a Time magazine poll showed that 76 percent favor earned legalization.

This is a moment for presidential leadership. Bush has limited political capital left, but social peace is a cause worth spending it on.

Latin Leaders Balk At US 'Wall' (CSM)

By Danna Harman

The Christian Science Monitor, March 27, 2006

NOGALES, MEXICO - Some envision a wall. Others, a fence - or even a "virtual" fence of cameras, lighting, and sensors along the US-Mexican border. Whatever form it will take, the US is discussing, planning, and, in some places, already building it - much to the fury and frustration of neighbors south of the border.

As Mexican President Vicente Fox prepares to meet Thursday with President Bush and Canada's new prime minister, Stephen Harper, in Cancún, the proposed 700-mile, $2.2 billion barrier is a major point of contention - not just for the US and Mexico, but for the US and the whole region.

Regional leaders - whose countries in 2004 received some $45 billion sent home from immigrants in the US - have met three times recently to discuss how best to oppose it.

"At a moment when relations between the US and Latin America are at their lowest point since the end of the cold war, this fence proposal is viewed as a terrible affront," says Michael Shifter, vice president of the Inter-American Dialogue, a Washington think tank.

"It is hard to imagine any other symbol that more strongly reinforces the image of the "ugly American" and is more sharply at odds with the "good neighbor" concept."

It's not just the barrier, but other issues as well in proposed US immigration reform legislation that irk regional leaders and caused hundreds of thousands of people to protest in multiple US cities over the past few days.

The US Congress passed a tough immigration bill in December that would make it a felony for illegal immigrants to be in the US, impose new penalties on employers who hire them, and erect a fence along one-third of the border's total length.

At present, just over 80 miles of federally enforced barriers and fencing are erected at strategic points on the border, mainly in Texas and California.

This week, the Senate will debate a comprehensive bill that is expected to include guest-worker provisions and avenues for legal residency, while at the same time beefing up border security. So far, a draft of the bill calls only for expanding and reinforcing fencing in Arizona - the border state with the most illegal immigration traffic - and adding 200 miles of vehicle barriers there, but more extensive fencing elsewhere is still under discussion.

"No country that is proud of itself should build walls," Fox told reporters when he last met Bush one year ago, and a month after the House began talks on approving a fence. "[I]t doesn't make any sense."

Since then, as the debate has continued in the US over what kind of fence is needed and where, Fox has called the proposal everything from "stupid" and "discriminatory" to "shameful," and heralded illegal migrants as "heroes" who will in any event find ways to cross the border.

Last year 1.2 million illegal immigrants were apprehended by the border patrol as they tried to cross into the US, and it is frequently estimated that close to the same number make it. Last year was also a record year for deaths. In 2005, 473 would-be immigrants died en route, many victims of thirst, heatstroke, exhaustion, or exposure when they tried to cross less carefully guarded desert areas.

Currently, 11.5 million to 12 million illegal immigrants live in the US, according to estimates in a report released this month by the Pew Hispanic Center. Of these, an estimated 6.2 million, or 56 percent, are Mexicans. Another 2.5 million, or 22 percent of the total, come from other Latin American countries.

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The money these people send home is vital to the region's economy. In 2005, legal and illegal immigrants from Latin America and the Caribbean sent home $45 billion in remittances, double the total of a decade earlier, according to the Social Outlook 2005 report by the Economic Commission for Latin America and the Caribbean (ECLAC), a UN regional body. Mexican workers alone sent home a record $17 billion.

So while Fox might be the regional leader most concerned with, and vocal about, US immigration policy - he is far from the only one.

Spearheaded by Mexico, and galvanized by the fence proposals, foreign ministers and other top officials from Belize, Guatemala, El Salvador, Honduras, Nicaragua, Costa Rica, and Panama as well as Colombia, Ecuador, and the Dominican Republic met March 15 in Guatemala and vowed to coordinate their lobbying efforts against the US bill if it should pass in the Senate.

Guatemalan Vice President Eduardo Stein, in turn, called the bill "an affront to Latin America by a government that claims to be our partner, but which apparently only wants our money and our merchandise, and that sees our people as an epidemic."

This was the third time representatives from these 11 countries have gathered to discuss the US bill. In early January, they convened in Mexico City and put out a joint statement saying that "incomplete measures that only involve the stiffening of immigration policies do not represent an integral solution for dealing with the challenges posed by the phenomenon of migration."

In February, the group met again in Cartegena, Colombia, and devised a plan to identify key US senators to reach out to on the issue. Both the Mexican parliament and the five- nation Central American Parliament have condemned the proposed fence and are calling on the Senate to throw it out.

"Our message is that we are your neighbors, we are your friends. This is a common challenge," Carlos de Icaza, Mexico's ambassador to the US, told reporters in Washington last week. "And we are part of the solution, not only part of the problem."

Border Security Is Focus Of Bush, Fox (PHI)

By William Douglas

The Philadelphia Inquirer, March 27, 2006

WASHINGTON - President Bush will meet with Mexican President Vicente Fox in Cancun on Thursday to discuss immigration reform, even as the Senate debates whether to give legal status to the millions of illegal immigrants already in the United States.

Bush and Fox plan to meet in the Yucatan resort as part of a trilateral summit with new Canadian Prime Minister Stephen Harper. While Bush has economic issues to address with Harper, U.S.-Mexican immigration is expected to dominate the two-day meeting.

"The immigration debate is a vital debate for our country," Bush said Thursday, after a White House meeting on the issue with agricultural and faith-based leaders. "It must be done in a way that doesn't pit one group of people against another." He reiterated those points Saturday in his weekly radio address.

Given the political climate across the United States, it is doubtful Bush will get his wish for a nondivisive debate. Many in Washington question whether any immigration legislation can pass this year. Bush is weakened by low approval ratings, and opposition to illegal immigration has become a red-hot issue in many states where lawmakers face voters in November. Moreover, several potential 2008 presidential candidates are weighing in from opposing sides, lessening the chance for compromise.

Bush's reach is limited

"There's nothing that Bush can promise credibly to the Mexicans," said George Grayson, a professor at Virginia's College of William and Mary who specializes in U.S.-Mexico relations. "He's had a rough couple of months, and the Republicans sought to separate themselves from him in the Dubai Ports deal. They have a chance to do it again with immigration."

That isn't stopping Bush from promoting his plan to overhaul immigration law. He highlights his call for a guest-worker program, which would allow illegal immigrants and foreign workers to apply for temporary legal status to accept U.S. jobs. After a

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maximum of six years, they would have to go back to their home countries and would not be placed on track for permanent residency.

Bowing to rising resentment of illegal immigrants across the heartland, Bush also has stressed tighter security along the U.S.-Mexican border and called for illegal immigrants registering for his guest-worker program to pay fines.

Senate Majority Leader Bill Frist (R., Tenn.), a potential 2008 presidential candidate, is staking out a harder stance. The Senate on Tuesday will begin two weeks of debate on immigration, and Frist is sponsoring a bill that would toughen border security without offering a guest-worker program.

His proposal mirrors an enforcement-only bill that the House passed Dec. 16. Lawmakers opposing the guest-worker plan say giving illegal immigrants the opportunity to work and live here legally would reward bad behavior.

Kennedy-McCain measure

Today, the Senate Judiciary Committee will take up a bill by Sens. Edward M. Kennedy (D., Mass.) and John McCain (R., Ariz.), another likely 2008 candidate, that would let illegal immigrants hold temporary work visas for up to six years after they pay $1,000 fines and pass background checks. Illegal immigrants could apply for permanent residence and eventual citizenship under the measure.

Judiciary Chairman Arlen Specter (R., Pa.) is trying to broker a compromise that includes guest-worker and enforcement provisions.

Most experts think Bush faces an uphill fight to win congressional approval of any terms granting legal status to illegal immigrants, which opponents denounce as amnesty for lawbreakers.

"Whatever political capital he thought he had last year is spent and, like the rest of the federal government, is in deficit," said Ira Mehlman, spokesman for the Federation for American Immigration Reform, which opposes legal status for illegal immigrants. "Amnesty, on a visceral level, most Americans object to."

Mexican officials are under a growing sense of urgency after watching the issue heat up among their northern neighbors. Fox is in his last year in office and would like immigration reform to be part of his legacy, Grayson said.

"Fox leaves office and has precious little to show," Grayson said. "He's hoping to pull a rabbit out of his hat."

Condemnation Of Border Rapes Pushed (WT)

By Jerry Seper

The Washington Times, March 27, 2006

Immigration legislation before the Senate this week should include a condemnation of rapes by alien smugglers on the U.S.-Mexico border and encourage "in the strongest possible terms" the Mexican government to prevent such crimes, a Florida congresswoman said.

"These women and young girls are being raped all along the southern border, and the sight of women's undergarments hanging from border fences as trophies is appalling," said Republican Rep. Ginny Brown-Waite. "They are entrusting their futures to these smugglers, or coyotes, to bring them across the border, but instead of gaining freedom, they're being raped and exploited.

"And it seems the Mexican government is doing nothing about it," said Mrs. Brown-Waite, whose amendment to a House immigration-enforcement bill calling for Congress to condemn the rapes was passed. "Congress cannot and should not tolerate this behavior," she added.

The amendment to the House-passed Border Protection, Antiterrorism and Illegal Immigration Control Act of 2005 called on Congress to condemn the rapes by smugglers along the border and urged the Mexican government to work with U.S. Customs and Border Protection to take immediate action to prevent such crimes.

"Although these women are seeking entry into the United States illegally, this unmerciful crime is one of many problems occurring along our borders," Mrs. Brown-Waite said. "By declaring condemnation of this wrongdoing and encouraging action by both parties, we are reaffirming the fact that the lawlessness along our borders must be eliminated."

The Senate begins debate this week on comprehensive immigration reform, including some form of guest-worker legislation that has been proposed in several competing bills. The House passed its immigration bill in December.

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Mrs. Brown-Waite, who described lawlessness along the U.S.-Mexico border as unprecedented, said numerous newspaper articles have told of Minuteman volunteers being haunted by the cries of women being raped and abused, "who, when they first heard the cries, actually thought they were coyotes wailing in the desert."

She said that there have been stories of mattresses tucked in caves and that the crimes sometimes involve girls as young as 9 and 10.

In a telephone interview from her home in Florida, Mrs. Brown-Waite said that the U.S. government has waited "far too long" to respond to the problem and that she was "delighted" when the House approved the amendment. She said the Senate "hopefully will do the same."

"We all understand that the best mechanism for preventing these rapes is to encourage legal citizenship and to stop people from crossing our borders illegally and, therefore, putting themselves in harm's way," she said.

"But by including my amendment in the underlying legislation, the House sent a loud and clear message of its dedication to improving all aspects of border security."

North Of The Border (NYT)

By Paul Krugman

The New York Times, March 27, 2006

"Give me your tired, your poor, your huddled masses yearning to breathe free," wrote Emma Lazarus, in a poem that still puts a lump in my throat. I'm proud of America's immigrant history, and grateful that the door was open when my grandparents fled Russia.

In other words, I'm instinctively, emotionally pro-immigration. But a review of serious, nonpartisan research reveals some uncomfortable facts about the economics of modern immigration, and immigration from Mexico in particular. If people like me are going to respond effectively to anti-immigrant demagogues, we have to acknowledge those facts.

First, the net benefits to the U.S. economy from immigration, aside from the large gains to the immigrants themselves, are small. Realistic estimates suggest that immigration since 1980 has raised the total income of native-born Americans by no more than a fraction of 1 percent.

Second, while immigration may have raised overall income slightly, many of the worst-off native-born Americans are hurt by immigration — especially immigration from Mexico. Because Mexican immigrants have much less education than the average U.S. worker, they increase the supply of less-skilled labor, driving down the wages of the worst-paid Americans. The most authoritative recent study of this effect, by George Borjas and Lawrence Katz of Harvard, estimates that U.S. high school dropouts would earn as much as 8 percent more if it weren't for Mexican immigration.

That's why it's intellectually dishonest to say, as President Bush does, that immigrants do "jobs that Americans will not do." The willingness of Americans to do a job depends on how much that job pays — and the reason some jobs pay too little to attract native-born Americans is competition from poorly paid immigrants.

Finally, modern America is a welfare state, even if our social safety net has more holes in it than it should — and low-skill immigrants threaten to unravel that safety net.

Basic decency requires that we provide immigrants, once they're here, with essential health care, education for their children, and more. As the Swiss writer Max Frisch wrote about his own country's experience with immigration, "We wanted a labor force, but human beings came." Unfortunately, low-skill immigrants don't pay enough taxes to cover the cost of the benefits they receive.

Worse yet, immigration penalizes governments that act humanely. Immigrants are a much more serious fiscal problem in California than in Texas, which treats the poor and unlucky harshly, regardless of where they were born.

We shouldn't exaggerate these problems. Mexican immigration, says the Borjas-Katz study, has played only a "modest role" in growing U.S. inequality. And the political threat that low-skill immigration poses to the welfare state is more serious than the fiscal threat: the disastrous Medicare drug bill alone does far more to undermine the finances of our social insurance system than the whole burden of dealing with illegal immigrants.

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But modest problems are still real problems, and immigration is becoming a major political issue. What are we going to do about it?

Realistically, we'll need to reduce the inflow of low-skill immigrants. Mainly that means better controls on illegal immigration. But the harsh anti-immigration legislation passed by the House, which has led to huge protests — legislation that would, among other things, make it a criminal act to provide an illegal immigrant with medical care — is simply immoral.

Meanwhile, Mr. Bush's plan for a "guest worker" program is clearly designed by and for corporate interests, who'd love to have a low-wage work force that couldn't vote. Not only is it deeply un-American; it does nothing to reduce the adverse effect of immigration on wages. And because guest workers would face the prospect of deportation after a few years, they would have no incentive to become integrated into our society.

What about a guest-worker program that includes a clearer route to citizenship? I'd still be careful. Whatever the bill's intentions, it could all too easily end up having the same effect as the Bush plan in practice — that is, it could create a permanent underclass of disenfranchised workers.

We need to do something about immigration, and soon. But I'd rather see Congress fail to agree on anything this year than have it rush into ill-considered legislation that betrays our moral and democratic principles.

The Other Immigrants (WSJ)

The Wall Street Journal, March 27, 2006

Lost in the heated debate about the future of millions of illegal laborers in the U.S. is that our system for admitting foreign-born professionals is also in tatters.

While globalization has increased the competition for international talent, U.S. businesses are frustrated by processing delays, long backlogs and especially the failure of Congress to increase the annual limits on visas for skilled immigrants. The Senate Judiciary Committee is scheduled to resume its mark-up of Arlen Specter's immigration bill today. And the good news is that it contains long-overdue provisions for hiring more of the foreign professionals who help keep our economy competitive.

Under Mr. Specter's proposal, the annual cap on H-1B guest worker visas for immigrants in specialty fields like science and engineering would rise to 115,000 from 65,000. Moreover, the new cap would not be fixed but would fluctuate automatically in response to demand for these visas. We don't think any cap is necessary. But if a Republican Congress feels it must impose one, the least it can do is let market forces have some say in the matter.

Another important reform addresses foreign students who want to work here after graduating from U.S. colleges and universities. It doesn't make a lot of sense in today's global marketplace to educate the best and brightest and then send them away to England or India or China to start businesses and develop new technologies for U.S. competitors. But that's exactly what current U.S. policy encourages by limiting the employment prospects of foreign students who would rather stay here.

Mr. Specter would let more foreign students become permanent residents by obtaining an advanced degree in math, engineering, technology or the physical sciences and then finding work in their field. It's unfortunate that the U.S. isn't producing more home-grown talent in these areas, and the fault there lies with our K-12 educators and their political backers who tolerate poor performance. The reality today is that the U.S. ranks sixth world-wide in the number of people graduating with bachelor's degrees in engineering. Jobs will leave the U.S. and our economy will suffer if bad policy limits industry's access to intellectual capital.

Anti-immigration groups and protectionists want to dismiss these market forces, arguing that U.S. employers seek foreign nationals only because they'll work for less money. But it's illegal to pay these high-skill immigrants less than the prevailing wage. And employers are required to document their adherence to the law.

According to a new study by the National Foundation for American Policy, our broken system for admitting foreign professionals also contributes to outsourcing. Since 1996 the 65,000 annual cap on H-1B visas has been reached in most years, sometimes only weeks into the new year. This leaves employers with the choice of waiting until the next fiscal year to hire workers in the U.S. or hiring people outside the country.

"Many companies concede," says the report, "that the uncertainty created by Congress' inability to provide a reliable mechanism to hire skilled professionals has encouraged placing more human resources outside the United States to avoid

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being subject to legislative winds." Last week computer maker Dell Inc. announced that it hopes to double its workforce in India to 20,000 within three years. There's another such announcement by some company nearly every day.

This weekend's big-city immigration demonstrations focused on the debate over the estimated 11 million illegals already in the country. But the U.S. labor market has also long been a magnet for highly skilled and educated foreigners, many of whom attend school in America at some time in their lives. In a world where these brains have more options than ever in Asia and Europe, we drive them away at our economic peril.

A Civil Debate (NYT)

The New York Times, March 27, 2006

Something powerful pulled more than half a million people onto the streets of Los Angeles on Saturday, turning 26 downtown blocks into a pulsing sea of white T-shirts and American flags. A veteran police commander said that in 38 years he had never seen a march so huge. Its target was a harsh immigration bill passed by the House that would erect a wall on our Southern border and turn 12 million illegal immigrants — and any who give them aid — into a nation of felons.

The demonstrations have been timed to a climactic showdown for immigration reform in the capital. Today the Senate Judiciary Committee has scheduled debate and a vote on a bill offered by its chairman, Arlen Specter. Unlike the House bill, it seeks comprehensive overhaul of immigration laws — not just tighter borders and stricter enforcement, but also a sensible path to legal status for illegal workers already here and others who want to come.

Mr. Specter and his colleagues are working under intense pressure, since the Senate majority leader, Bill Frist, has threatened to put forward a hard-line enforcement bill if the committee fails to complete its work today. Senate staffs were racing over the weekend to nail down compromises before today's deadline. Anti-immigrant forces, meanwhile, stand ready to try to torpedo anything other than a strictly get-tough approach.

That would be an awful outcome for immigrant advocates and for President Bush, who has long argued for comprehensive reform and tried, with limited success, to steer his party away from the one-note harshness of the wall-building crowd. Last week he urged Congress to have a civil, respectful discussion about the issue. But with looming elections and Republican presidential jockeying casting a distorting fuzz over the debate, it may be too late for Mr. Bush's hands-off approach. If the president really wants a sensible reform bill to reach his desk, he will have to do more than stand on the sidelines, urging everyone to have good manners.

The marchers recognize — as much of the nation seems not to — the urgency of comprehensive immigration reform to the nation's future. Their indignation is mixed with pride in their work and hunger for fair treatment. Their protests have been a model of peaceful dissent and a blow against the mental straitjacket that defines immigration reform as entirely a problem of policing. Mr. Bush should make his case with equal force.

TAX:

White House Week (USNEWS)

By Paul Bedard and Kenneth T. Walsh

U.S. News and World Report, April 3, 2006

Want to Rally Conservatives? Try Attacking Big Media

To crank up his sagging job-approval ratings, President Bush is trying to rally the conservative base. And one way to do this is to attack the mainstream media, which is scorned by conservatives for being too liberal and anti-GOP. The plan is to get the base's dander up and, it is hoped, increase turnout in November's midterm elections. Republican strategists say the White House has only just begun its antimedia campaign. Bush's pitch: The media won't give him credit for strengthening the economy with tax cuts and won't shut up over lapses like the botched handling of the Dubai ports deal. Most of all, Bush argues that things are going far better in Iraq than media reporting indicates. Bush hit that theme particularly hard in his news conference this week, and administration officials say it will be a standard part of his speeches for the foreseeable future.

Seeing Gain, and No Pain, in Tax Cuts

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President Bush, moving to give permanent status to his hallmark tax cuts, is planning to step up his push for the issue in hopes that the House and Senate will grant his wish this year. Advisers say that Bush believes he has to take this on himself because House and Senate leaders aren't in agreement on the package, which he feels is a good campaign issue, and a personal "legacy issue" as well. Bush strategists had thought congressional leaders would take control of the issue, but that hasn't happened, frustrating the president. To sell it again, the strategists say that first Bush will have to talk up the economy and convince Congress that the tax cuts won't hurt the nation's economic picture.

Low in the Polls, but Big With the Bucks

Vice President Dick Cheney's overall job-approval ratings may be ankle high, but he remains popular with hard-liners and is raising real money for GOP candidates. Much of this is going unnoticed, because the veep doesn't always announce where he's going and he makes it hard for reporters to travel with him. So far this year, Cheney has attended 11 events from Arizona to New Jersey that raised $1.6 million, according to the GOP. (Fundraiser in chief President Bush has attended six events that raised $12.5 million; he was expected to raise $1 million at a tony event for Sen. Rick Santorum on March 24.) Still, the local candidates are not unaware of Cheney's unpopularity, especially with swing voters. In New Jersey, the veep helped raise $400,000 for GOP Senate candidate Tom Kean Jr.--but Kean showed up at the event 15 minutes after Cheney departed. Kean said he got stuck in traffic.

Light at the Tunnel's End or a Mirage?

White House officials are now claiming that the tide is about to change for the better in Iraq. "It's inside of a month," one adviser says. Officials say Iraq appears to be moving quickly to establish a government that would be the first step in stabilizing the war-torn country. But before President Bush can declare "mission accomplished," his team says three things must happen: First, Iraq has to settle on a new prime minister and a president. Second, Iraq must establish a "semi-stable parliament." And finally, the Iraqi security force must gain autonomy. "That's our marker," says one aide.

White House Moment 2:03 p.m., March 22, Wheeling, W.Va.

A group of locals waits inside the display window of Kaufman's of Downtown Wheeling to get a glimpse of President Bush riding by in his motorcade. The president visited their city to talk about the war on terrorism and answer people's questions. One boy asked, "Do you like living in the White House?"

CONGRESS-ADMINISTRATION:

Proposals Call For Disclosure Of Ties To Lobbyists (WP)

By Jonathan Weisman

The Washington Post, March 27, 2006

In October 2001, executives from a small start-up with a promising technology approached their congressman, Rep. Thomas M. Reynolds (R-N.Y.), for help getting Pentagon notice. Reynolds, chairman of the National Republican Congressional Committee, was intrigued, but he said Logical Images Inc. needed professional help. He recommended a few lobbying firms, including Martin Fisher Thompson and Associates.

Within weeks the firm was hired, and this year the lobbying bore fruit: Logical Images secured $1.5 million in the 2006 defense spending bill to help the Army buy the company's computer-aided medical diagnostic system. The transaction bore fruit for Reynolds, too. Four months after his referral, Martin Fisher's money started flowing -- $6,000 to Reynolds and the NRCC.

These mutually beneficial transactions are legal under House ethics rules. As long as there is no explicit quid pro quo, lawmakers can channel clients to lobbyists, who help secure home-district pet projects, or "earmarks," and in turn, those lobbyists can send part of their fees back in the form of campaign contributions. But in the wake of the corruption scandals of former representative Randy "Duke" Cunningham (R-Calif.) and former lobbyist Jack Abramoff, congressional reformers want to shine a light on dealings that have even a whiff of impropriety.

"Anyone receiving federal funding should have to disclose what their lobbying expenses are," said Sen. John E. Sununu (R-N.H.), a co-sponsor of the toughest proposed crackdown on earmarking. "I understand people hire lobbyists. Lobbyists can be helpful in clarifying the complexities in legislation. But we should not hesitate from disclosing those kinds of contacts."

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Proposals pending before the House and Senate would force lawmakers to reveal their contacts with lobbyists and disclose their involvement in winning federal spending provisions or earmarks for constituents or special interests. If such disclosures become mandatory, some in Congress hope past practices will shrivel in the light of day. If not, they hope to win passage of provisions that would allow improperly secured earmarks to be struck from bills on the House or Senate floor. The Senate will take up earmark-reform proposals as early as today, when it turns its attention to a broad package of lobbying and ethics rule changes.

"As the amount of earmarking increases, the amount contributed to campaigns increases. The lawmaker is getting a cut of the money he helped generate," said Scott Lilly, a former chief Democratic aide on the House Appropriations Committee and now a senior fellow at the Center for American Progress.

Lawmakers say they have done nothing wrong, legally or ethically. L.D. Platt, a spokesman for Reynolds, called it "absolutely ridiculous and ludicrous" to suggest lobbyist campaign contributions stemmed from the congressman's referrals. "Last time I checked, it's legal for lobbyists to give money to members of Congress," he said.

Home-district pet projects and other earmarks were once the intimate domain of lawmakers and their constituents, so much so that in 1989, Sen. Robert C. Byrd (D-W.Va.) zeroed out funding for a West Virginia University building project when he learned the school had hired a lobbyist to secure the money. But an analysis by The Washington Post and the watchdog group Taxpayers for Common Sense found numerous links among earmarks, the lawmakers who championed them and the lobbyists who pushed them. Taxpayers for Common Sense found dozens of such links on this year's defense bill alone.

Lobbyists muscled their way into the process as pork-barrel earmarking was exploding, promising to make sure their clients' requests rose to the top of the pile. The Congressional Research Service counted 3,023 earmarks worth $19.5 billion in 1996 spending bills. By this year, the number had climbed to 12,852, valued at $64 billion. The number of clients registered with Congress on budget and appropriations matters has more than doubled since 1998, from 1,665 to 3,759 in 2004, according to the Center for Public Integrity.

Lobbyists play such a central role in the appropriations process that many constituents believe they have no choice but to retain one if they hope to obtain funding for their project or organization.

"If we could have done it through Tom Reynolds alone, we would have," said Cynthia Fay, Logical Images' spokeswoman. But, she added, "a congressman trusts a lobbyist. He knows him personally. [The lobbyist] serves as a conduit."

Last year, Missouri-based Students in Free Enterprise hired Gregg Hartley, a former chief of staff to House Majority Whip Roy Blunt (R-Mo.), to help diversify its funding base, said Michelle West, the group's spokeswoman. Students in Free Enterprise paid Hartley $80,000 for the first six months of the year, according to lobbying records, and quickly secured $750,000 to expand its Springfield headquarters, and another $250,000 through the State Department to continue an international student exchange program.

In an interview, Blunt said he recommended that the group hire a lobbyist after they asked, but he said he did not recommend Hartley. He did not have to. The leaders of Students in Free Enterprise knew Hartley as well as they knew him, Blunt said.

"You never know what to advise people when they ask," Blunt said. "Members think, 'I'm the member. I'll help my constituents when I can.' But on the other hand, if they're thinking, 'I can't keep track of everything,' that's true, too."

"I remember them asking me what I thought," he continued. "I told them I wouldn't say not to bring a new player on the field if you think you can afford it."

AEA Technology Engineering Services Inc., a Pittsburgh firm with 55 employees, won four earmarks worth $5 million in the 2006 energy and water appropriations bill. Its lobbyist, Zel E. Lipsen, has contributed $3,500 to Rep. David L. Hobson (R-Ohio), chairman of the House energy and water development appropriations subcommittee, since 2003, and $1,500 to Rep. Peter Visclosky (Ind.), the panel's ranking Democrat, since 2001.

Advanced Acoustic Concepts Inc., a small Navy contractor, received at least $1.5 million in this year's defense appropriation, after winning the backing of Rep. John P. Murtha (Pa.), the ranking Democrat on the House defense appropriations subcommittee. PMA Group, the company's lobbying firm since 1998, has given Murtha $29,000, making it the lawmaker's third most generous patron, according to the Center for Responsive Politics.

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On Jan. 21, 2005, Rep. Rahm Emanuel (Ill.), Reynolds's counterpart at the Democratic Congressional Campaign Committee, boasted of winning more than $2 million in federal funding for the Chicago Public Schools. Four days later, Chicago Public Schools' lobbying firm, Holland & Knight LLP, contributed $5,000 to the DCCC, the first of three donations last year totaling $15,000.

Emanuel said he had never recommended Holland & Knight to the school system and was not aware that the firm or its lobbyists had contributed to the DCCC. Peter Cunningham, a spokesman for the Chicago Public Schools, said the system hired the lobby shop on the recommendation of a former Chicago city official who worked at the firm.

In years past, Grand Rapids, Mich.-based Falcon Waterfree Technologies would have gone straight to its congressman, Rep. Vernon Ehlers (R-Mich.), when it ran into a wall trying to sell its water-free urinals to the Navy. Instead, last year, it hired a go-between, American Defense International Inc., for what company executives viewed as a nominal $40,000. ADI lobbyists advised the firm to go to Ehlers anyway, who then secured a $1 million earmark. Ehlers spokesman Jon Brandt said the congressman was happy to help, but James Krug, the company's president and chief executive, still views the contract as money well spent. "In a complicated Washington environment, it seemed prudent to hire an expert," he said.

Other lobbyists' clients agreed. "I don't know what has led us to this point as a country," said West of Students in Free Enterprise, "but you definitely seem to need a lobbyist these days."

Bush Cool To Idea To Cut Spending (CHIST)

By Robert Novak

Chicago Sun-Times, March 27, 2006

Before they left town for the St. Patrick's Day recess, 10 U.S. senators gathered around President Bush at the White House to hear him make the case for a line-item veto. But Sen. Jim DeMint, a freshman Republican from South Carolina, had a better idea for Bush: Why not instruct your department heads to ignore the earmarks Congress adds to your budget?

DeMint was not encouraging Bush to take the law into his own hands and defy statutes passed by Congress. A March 6 report by the nonpartisan Congressional Research Service said more than 95 percent of all earmarks were not written into law but were merely contained in the reports of congressional committees and legislative managers. "Earmarks that appear in committee reports and the statements of managers do not legally bind agencies," said the report.

The president did not respond to DeMint at the meeting, and that signifies opposition to the idea. Administration officials have flinched from any such confrontation with Congress. But this exercise of executive power by a president who has yet to use his veto would go a long way toward controlling runaway federal spending. In contrast to a dubious quest for a line-item veto, Bush with a brief order could change the climate of spending on Capitol Hill.

Bush has explained that he has not vetoed any spending bills because they generally follow his overall limits even though individual earmarks are unacceptably high. Accordingly, the president has dusted off the line-item veto, which would enable him to kill individual categories of spending, though the Supreme Court in 1998 declared a line-item veto unconstitutional because it cut Congress out of the legislative process. Even if the new version clears its formidable legislative hurdles and actually passes, it would require positive congressional assent to each veto, which might make the whole process unworkable.

A practical alternative was suggested by DeMint on Feb. 16, when Vice Adm. Conrad C. Lautenbacher, administrator of the National Oceanic and Atmospheric Administration, testified before the Senate Commerce Committee. DeMint asserted that NOAA and other federal agencies are under no obligation to fund earmarks stuck in congressional reports in the dark of night on Capitol Hill. "I agree that it's not legally required," Lautenbacher replied, "but it is in fact a practice that has been in place for many, many years."

For many, many years, the executive branch has submitted a modest NOAA budget. It is a sham, however, because the budget is annually expanded by congressional earmarks, which this year total 2,600 and exceed $2 billion. Apart from the additional expense, this process ties up the NOAA staff to try to harmonize its budget with what was imposed on them by the lawmakers. Lautenbacher, who has said he does not want this money, has told Congress this is "a very hard budget to execute." Like most department heads, he has made clear he does not want the earmarked money.

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Two days after the CRS reported that 95 percent of the earmarks are not binding, five senators -- Republicans John McCain, Tom Coburn and DeMint and Democrats Evan Bayh and Russ Feingold -- wrote the president. On March 9, they urged Bush not to fund the earmarks. "I hope the president does not hesitate to use the power that is already at his disposal," said Coburn.

The informal reaction by the Bush team has been negative. "This would be seen by Congress as sticking them right in the face," one skeptical Cabinet member told one of the five senators. Administration officials talk about "retaliation" by committee chairmen. However, with Republicans disconnecting themselves from an unpopular president and Democrats seeking to make his life miserable, it is difficult to see how the legislative branch could be any more hostile.

Bush might well measure the benefits of bold action. If they are required to submit earmarks for floor action by the Senate and House, the lawmakers' ability to overspend would be diminished. From a political standpoint, DeMint is giving the president the opportunity for a dramatic gesture showing that he really cares about spending. By all appearances, Bush won't take it.

527 Reform May Be Needed, But Not In Lobby Bills (RC)

By Richard Hasen

Roll Call, March 27, 2006

Following the recent lobbying scandals involving Jack Abramoff and former Rep. Duke Cunningham (R-Calif.), Congressional Republicans saw a need to enact some form of lobbying reform to keep from hurting the party's chances in the 2006 midterm elections. But as these scandals fade from the headlines, many Republicans appear to be looking for a way to pass "lobbying reform" that appears to be about cleaning up government corruption but really is intended to give Republicans an advantage over Democrats in the next election. The public shouldn't fall for it.

Both House Republicans and Republican presidential hopeful and Sen. John McCain (R-Ariz.) have sought to tie lobbying reform legislation to a regulation of 527 organizations. Because these groups act without coordination with parties and campaigns, and because they don't engage in certain election-related speech, current law allows them to accept unlimited contributions from individuals. The proposed legislation in the House would treat 527s as political committees, thereby limiting 527 contributions from individuals to $5,000 per year, with a total yearly cap of $37,500 on any individual's giving to all such groups as well as other non-party political committees.

Regulating 527s in this manner may or may not make good sense. After all, there is something disquieting about individuals being able to bankroll these independent outfits in hope of influencing the outcome of elections. But there's a good constitutional argument that this regulation may violate the First Amendment rights of these groups and their contributors, because regulation of independent spending may not be justified to prevent corruption of candidates for federal office.

Still, regardless of whether 527 regulation is good policy, it makes no sense to put the 527 regulation into a lobbying reform bill. Democrats, rather than Republicans, have taken the most advantage of these groups, in part because Republican Party committees and candidates have been more effective at raising contributions than their Democratic counterparts have, especially now that the GOP controls essentially all the levers of power in Washington, D.C. It was the $23 million that liberal financier George Soros poured into pro-Democratic 527s during the 2004 election that got Republicans interested in regulating the 527s in the first place.

But placing a 527 measure into a lobbying bill is sure to get the bill enmeshed in partisan controversy. And cynics believe that's the point: Either the bill passes and the Republicans enjoy a double advantage (having taken care of "lobbying reform" while also hobbling a tool that has helped Democrats), or they can blame Democrats for being obstructionist over lobbying reform.

More importantly, 527 reform has absolutely nothing to do with the kinds of scandals that led to the Abramoff or Cunningham deals. Abramoff and Cunningham were involved in the buying or selling of influence within Washington to the highest bidder. Their conduct was barred by current law, and the way to deal with such problems is better enforcement of existing law — current lobbying rules are notoriously underenforced — combined with increased disclosure so that illegal bribery can more easily be detected.

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There isn't a 527 in sight of these scandals. Nor are 527s implicated in the larger concerns over how lobbying works in Washington. The public is concerned about lobbyists getting too much access to elected officials, and thus enjoying an unfair advantage in making their case for paying clients.

The way to deal with this concern over unfair access is not to clamp down on 527s. Instead, we should ask why Members of Congress and their staff give such access to lobbyists. Typically, the answer is that the lobbyist can provide something that the Member of Congress wants — access to a private jet, a cushy trip to an exotic location or a bundle of campaign contributions.

To deal with this problem, there needs to be heightened regulation of trips and a limit on the ability of lobbyists to raise and bundle contributions for Members of Congress. Regulating 527s in the guise of lobbying reform is just more politics as usual in Washington.

Richard L. Hasen specializes in election law at Loyola Law School, Los Angeles and writes the election law Web log.

You Can Lead A Horse To Water (RC)

By Mary Ann Akers

Roll Call, March 27, 2006

Well, they almost got their act together. Thrilled to finally be using the word "agenda" in the same breath as "Democratic Party" and buoyed by a crumbling presidency and a corruption-plagued GOP party, Democrats were handed a bummer Friday when an e-mail plotting a news conference to unveil their national security strategy fell into enemy hands.

Republicans were tickled when they intercepted a missive written by Democratic operative Stephanie Cutter seeking law enforcement involvement in the Democrats' covertly planned national security event set for Wednesday.

"We're trying to keep our roll-out a close hold for right now, so press doesn't pick up on it," Cutter wrote in the first paragraph of an e-mail to someone in law enforcement named Andrea. "The element of surprise is everything these days!"

She went on to describe what Democrats would like to convey at their news conference — "as many law enforcement officers as possible to attend and stand on stage. They symbolize safety, competence and security to average Americans. That's extremely important right now, given the record of the current Administration."

Cutter, who recently left Capitol Hill to form the Cutter Media Group, was looking to gather "20 or so" law enforcement officers on stage at Union Station for the event, where Congressional Democratic leaders plan for the first time to formally unveil a strategic presentation on how the party, if it regains control of Congress, would protect the United States against terrorism and other national security threats. Or just call it "How Democrats hope to steal the Republicans' ace in the hole."

According to Cutter's e-mail, Democratic leaders will use Wednesday's event to commit to making implementation of the 9/11 commission's recommendations "our first act when Democrats regain control of the Senate and/or House."

One Senate GOP leadership aide laughed off the Democrats' idea of adopting the 9/11 recommendations. "We've already done all but two or three of the 9/11 [commission] recommendations," the aide said, noting that one of the yet-to-be-adopted recommendations involves doling out federal homeland security aid using a "risk-based" formula.

When the Senate voted last year to implement that very recommendation, "24 Democrats voted against it," the aide said.

But more than finding out about the substance of whatever Democrats have planned, Republicans were just happy that they had a hand in spoiling the surprise. "The Democrats' failure to keep 'the element of surprise' regarding their event is 'dangerously incompetent,'" joked one political GOP aide, in a conspicuous reference to Sen. Debbie Stabenow's (D-Mich.) decision to stand on the Senate floor next to a gigantic sign reading "DANGEROUSLY INCOMPETENT."

Democrats had hoped to keep their national security news conference a secret from their cunning adversaries until today or Tuesday. But Jim Manley, spokesman for Senate Minority Leader Harry Reid (D-Nev.), shrugged off the notion of the GOP raining on the Democratic parade, saying, "I'm not sure what advance notice on one event is going to do to help Republicans when they have to defend five years worth of incompetent policies."

As for that e-mail falling into the wrong hands, Manley sighed, "This is the way that this town works. It's an unfortunate mistake."

Speaking of mistakes, Democrats made another one Friday evening when they finally sent out their media advisory for Wednesday's event. House Minority Leader Nancy Pelosi's (D-Calif.) office sent the advisory to the press with several e-mails

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attached at the bottom between Reid's office and Cutter, including one debating the difference between "real security" and "comprehensive real security."

"Draft advisory...wrote it light to leave as little fodder as possible," Reid aide Will Edgar wrote on the first version.

Nope, no fodder here.

Shelby Foot Update. The spokeswoman for Sen. Richard Shelby (R-Ala.) wants us to know that the Senator reports he's "feeling great and getting back to 100 percent" after falling and tearing ligaments in his leg.

HOH reported last week that Shelby was spotted wearing a shoe cast, hobbling out of the Senate Hart Office Building just before recess and hailing a cab all by his wounded lonesome.

A Democratic aide who spotted Shelby had suggested that his staff wasn't taking good care of their wounded boss. But Shelby's spokeswoman, Katie Boyd, who had not gotten her messages in a timely enough manner to respond initially, called Friday to say her boss is a very self-sufficient man. He isn't the high-maintenance type, even when he's hurt.

"The Senator has always been independent, he doesn't need a staffer to hail a cab for him," Boyd said.

Shelby messed up his leg several weeks ago when he was walking down the sidewalk — Boyd wasn't sure exactly where — and stepped into a hole. The good news is, his air cast is off, and he won't need surgery to repair the ligaments.

War Between The Parties. A big-time Civil War buff, Rep. Steve Israel (D-N.Y.) has a print by the eminent Civil War artist Mort Kuntsler hanging in his office. It portrays the Gettysburg battle of Little Round Top, with Col. Josh Chamberlain giving the command "charge" against superior forces.

When visitors come to his office and discussion turns to struggles and uphill battles, one of Israel's little things (we all have our little things) is to point to the painting and say, "My motto in Congress is 'Charge!'"

But recently, according to spokesman Ryan Rudominer, while meeting with a group, Israel changed his tune a bit, saying: "Actually, with an $8 trillion debt, I need to find a new motto."

Sensitive HHS Data Said 'At Risk' (WT)

By Amy Fagan

The Washington Times, March 27, 2006

Key health, financial, scientific and personal information collected and used by the government for federal programs such as Medicare and Medicaid isn't being adequately protected from fraud and abuse, a government report has found.

The report, highlighted last week by the Government Accountability Office, discovered "significant weaknesses" in the information security at the Department of Health and Human Services (HHS) and its Centers for Medicare and Medicaid Services (CMS). The report said HHS "put at risk the confidentiality, integrity and availability of their sensitive information."

Part of the problem cited in the report, which was completed last month, is that HHS hasn't fully implemented its information security system.

Among the specific deficiencies: access to data was not always restricted when it should have been; anti-virus software wasn't always installed or updated; network protection was inadequate in some areas; and encryption wasn't used when sending certain sensitive information.

There were physical-security problems, too, including broken security cameras in key facilities; 440 persons being granted unrestricted access to a data center even though their jobs didn't require it; and one HHS contractor using a private vehicle and an unlocked box to transport roughly 25,000 Medicare checks over a one-year period.

The GAO investigation was done at the request of Senate Finance Committee Chairman Charles E. Grassley, Iowa Republican.

HHS runs about 300 programs, including ones that cover health research, disease prevention, food and drug safety, assistance for preschool programs, child abuse and domestic-violence prevention, substance-abuse prevention and health care coverage -- for the elderly and disabled in Medicare and the low-income in Medicaid.

Medicare and Medicaid offer care to about one in every four Americans.

"Now we're learning that their medical, personal and financial information is vulnerable to fraud and abuse," Mr. Grassley said Thursday after seeing the report.

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"Instead of firewalls to safeguard sensitive data, we have Swiss cheese," he said. Mr. Grassley said the agencies "have to once and for all implement their data-protection programs and put the security back into information security."

HHS defended itself in an official memo that says the GAO report "does not provide an accurate or complete appraisal" of the agency's information-protection efforts. The HHS document, attached to the GAO report, argued that HHS has "layering of safeguards" to protect its information, and says it began a successful departmentwide effort in 2005 to fix weaknesses and deficiencies.

Drug Plan Doesn't Speak Their Language (LAT)

By Rong-gong Lin li

The Los Angeles Times, March 27, 2006

More than a month had gone by, and 81-year-old Lee Sun Hua still didn't have his medication.

In January, a pharmacist had refused to give the Koreatown resident his drugs, erroneously telling Lee he needed his new Medicare drug prescription card. He waited for weeks, and even had a volunteer at a Koreatown nonprofit agency call to request it. But it never came.

Bothered by a chronic stomach ailment, Lee called his Medicare drug plan provider, Blue Cross, two weeks ago to inquire again.

"I don't speak English," he said, reading from a tip sheet prepared by the nonprofit, which spelled out the pronunciation of English phrases using Korean syllables. "Korean, please."

"We don't have any Korean speakers here," came the blunt response, as Lee recalled the conversation. "Does anyone over there speak English?"

If native English speakers are having trouble grasping the new Medicare prescription drug plan, many immigrants with little or no English ability are far worse off. As the May 15 deadline for picking a plan approaches, elderly immigrants are swamping clinics, community centers and pharmacies, unable to read the litany of Medicare-related mailings and or even ask questions about their new plans.

"It's driving them nuts!" said Victor Law, owner of Alpha Pharmacy in Alhambra, who has spent countless hours helping many Chinese-speaking seniors. "Oftentimes they have a whole bunch of letters in their hand and we have to review them and explain to them what is going on."

Some seniors who have lived and worked in the United States for years resent feeling excluded from a national program. The problem appears to be not just Medicare, the government health program for the elderly and the disabled, but many of the private plans that contract with it to provide services.

"Medicare Part D is run by the taxes that I paid by working hard when I was younger," Lee said through a translator. The retired facilities manager for a Korean-language school, who has lived in the United States for 20 years, added: "I had a hope that the United States would deal with my case appropriately because I have paid my taxes appropriately."

Although millions of beneficiaries have obtained prescriptions with no trouble, the program got off to a stumbling start in January after several hundred thousand patients ran into billing problems at the pharmacy counter. In many cases, pharmacists could not determine whether a person was covered. In others, patients were charged too much.

Complaints about language barriers have arisen across the country, but the issue is particularly acute in California, where the primary language of one in five residents — and about the same fraction of low-income seniors — is not English, said Jeanne Finberg, a California-based attorney for the National Senior Citizens Law Center.

"The federal government has really failed this population," Finberg said. "How outrageous is it that so many of the Medicare beneficiaries are unable to understand any part of this program?"

Medicare officials said last week that they have been doing outreach at many senior centers, including those that serve non-English-speakers. In addition, they have helped fund nonprofit groups that offer toll-free call lines catering to those who speak Spanish, Chinese, Vietnamese and Korean.

"We have room for improvement," said Anne Avery, health insurance specialist for Medicare. "We are just starting a lot more to find out what vehicles we can use to reach out to these people."

Companies providing drug prescription plans under Medicare must accommodate non-English-speaking callers, said Peter Ashkenaz, a Medicare spokesman. And when calling Medicare directly, a beneficiary can request a translator through the toll-free line, (800) MEDICARE (633-4227).

But the request generally needs to be made in English — which stops some immigrants cold. Except for an option to press two for Spanish, callers must listen to an English menu of options — with no hint of how to reach a Korean or other language operator. There's nothing to suggest that interpreters are available.

Law, the Alhambra pharmacist, said he was baffled by why Medicare didn't directly set up language-specific phone lines.

If that had been done, non-English-speaking beneficiaries "wouldn't be so frustrated," he said. For now, "they don't even know where to go for help."

One day last week, several elderly women walked into the nonprofit Korean Resource Center in Los Angeles' Koreatown, each intent on getting help with her Medicare drug benefit.

Most had simple questions. Amy Chin, 73, a retired dry-cleaning shop owner, wanted to confirm with her plan how much her medication would cost. The Koreatown resident was unable to do this on her own. "I tried," she said in Korean. "I waited a long time, but I can't do it."

The resource center's goal is not to simply provide interpretation services, said health-access director Shannon Lee, but to help seniors learn to manage their drug plans independently.

With a reporter and Korean center staffer listening in, Chin again called up her plan, Humana, hoping to reach an interpreter. She reviewed the advice provided to her in writing by the center: Continue pressing zero until you get to a live person. Then say, "Korean, please."

Chin waited 15 minutes, hung up, called back and waited half an hour more before an interpreter came on the line, and that was only after the center volunteer intervened to make the request again.

Kyong Lee's call was much shorter. The 65-year-old Downey resident, who wanted to get her drug prescription card number, reached a Unicare representative within minutes.

"We cannot help you," the representative said, loudly and slowly. "Sadly, we do not have an interpreter's line .... Thank you for calling Unicare."

Though the Korean center helped Lee to finally get answers to her questions, she was livid. "My heart was beating out of my chest out of frustration," she said in Korean. "I felt closed off. I felt disabled."

She later signed up for a prescription drug plan through another company that offers better access to interpreters.

A spokesman for WellPoint, the parent company of Unicare and Blue Cross, said the company's policy is to promptly provide interpreters when they are requested.

"That's not the way it's supposed to work," said Robert Alaniz, a Thousand Oaks-based vice president of corporate communications, after hearing about the experiences of Lee Sun Hua and Kyong Lee.

He said supervisors at call centers were reminded Friday of the policy, after The Times inquired.

Alaniz said his company has interpreters for several languages on hand, and for other languages, operators can call on a live interpretation service.

"We'd like to apologize," Alaniz said. "We're going to do anything we can to shore up those capabilities so people who do not speak English do not have to go through that experience again."

The experience is typical of many plans, said the Korean center's Shannon Lee.

Sometimes the operators "get fed up and say, can you at least speak a little English?" Lee said. "They don't want to go through the hassle of finding a translator."

Sometimes even interpreters have difficulty translating Medicare concepts if they're unfamiliar with the program, said David Lipschutz, an attorney at California Health Advocates.

For now, nonprofit groups such as the Korean Resource Center are trying to fill the gap.

But some of the center's Korean-speaking seniors remain wary of Medicare and its plan providers.

In Korean, Chin said: "It doesn't seem it's possible for me to call Medicare and the insurance company at home, by myself."

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Transforming Work Recounted (RMA)

By Michael McAuliffe

The Republican (MA), March 26, 2006

SPRINGFIELD - Among his duties, Jim Towey is an adviser to President Bush.

But as he told an audience of about 400 men yesterday in the auditorium at Cathedral High School, he begins his workday communicating with a more powerful being.

"When I get in my office, my first appointment is with the Lord to pray," Towey said.

Towey, director of the White House Office of Faith-Based and Community Initiatives since February 2002, was a keynote speaker yesterday at "Grow In Holiness," the fourth annual Springfield Diocesan Catholic Men's Conference. Towey spoke for about 45 minutes, spending much of his time reflecting on the late Mother Teresa, for whom he had worked for a dozen years.

Towey said the diminutive nun, who became known worldwide for helping the poor and the ill, was a person of prayer. Recalling a phrase used by Mother Teresa, Towey told the audience: "If you guys are too busy to pray, you're too busy."

Towey, 49, a lawyer who used to work on Capitol Hill, also said that prayer provides important instruction for life.

"Prayer teaches us that we can't go it alone," he said.

Towey met Mother Teresa in 1985, when he was working as legal counsel and legislative director for former U.S. Sen. Mark Hatfield. He said he had a letter of introduction from the senator when he went to meet the Nobel Peace Prize winner in Calcutta, India, and he was almost immediately put to work helping a man suffering from contagious scabies.

Towey was not prepared for such a reception, but the experience was life changing. He later spent a year working in one of Mother Teresa's missions in Mexico. He also spent a year volunteering at an AIDS house in Washington, D.C., where he met his wife, Mary.

Mother Teresa was beatified by Pope John Paul II in 2003 and may gain sainthood one day. Towey said she was a woman devoted to the mother of Jesus.

"I think Mother Teresa is the most Mary-like person since Mary," he said.

As for himself, Towey made it clear he is simply mortal. "Believe me," he said, "I'm a sinner."

The conference was begun to challenge Catholic men to make a deeper commitment to their faith, and Towey said the experience could be transforming.

"This day could be a day of change in your life. It really could," he said.

Towey may be a White House employee, but he attended the conference on his own time.

"This is Jim Towey, private citizen, who happens to work at the White House," he said before he addressed the audience.

The Most Rev. Timothy A. McDonnell, bishop of the Roman Catholic Diocese of Springfield, was unable to attend the conference. McDonnell was in Rome, where Boston Archbishop Sean O'Malley was installed as a cardinal.

All Quiet In The West Wing, But More Change In The East (NYT)

By Elisabeth Bumiller

The New York Times, March 27, 2006

WASHINGTON

Well, at least one part of the White House is heeding calls for new blood. Not only is the pastry chef quitting this week, but a close look at the first lady's office also shows that she has replaced her entire high command after five years in charge of the East Wing.

Laura Bush is now on her second chief of staff, Anita McBride. She is on her second projects and policy director, Sonya Medina. She is on her third press secretary, Susan Whitson. She is on her second social secretary, Lea Berman.

On the residence staff, she is on her second executive chef, Cristeta Comerford. Not least, she is on a search for her third pastry chef now that Thaddeus R. DuBois has made Mrs. Bush his last strawberry-rhubarb fool, the dessert at last week's White House dinner celebrating Ben Franklin.

Ms. Whitson, who has been Mrs. Bush's press secretary for a little more than a year, attributed the changes in the 20-person staff to natural turnover, not disarray or misery. "I think there were a lot of different circumstances," Ms. Whitson said.

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As is typical, many of the changes occurred at the end of the first term, when people retired or left to make more money in corporate America.

But it is also true that Mrs. Bush fired her first chef, Walter Scheib III, who said he had failed to satisfy the first lady's "stylistic requirements." It is also true that Mrs. Bush's first social secretary, Cathy Fenton, branded the East Wing environment as "volatile" after she left the White House.

As for Mr. DuBois, he said he was leaving his $120,000 post in the tiny White House kitchen to make confections of mass consumption at his old job, the Borgata casino and hotel in Atlantic City. As executive pastry chef of the billion-dollar, 11-restaurant resort, Mr. DuBois said he would earn almost double his current salary, which is already more than that of many pastry chefs at the finest New York restaurants. (For that matter, Mr. DuBois currently makes only $40,000 less than the national security adviser, Stephen J. Hadley.)

Mr. DuBois, who secured the White House job after making a warm peach and raspberry croustade and a baseball player of spun sugar for the president at a tryout dinner, has not talked publicly of any unusual drama surrounding his exit. But in an interview with The New York Times this month he displayed a certain sensitivity to Roland Mesnier, the previous pastry chef known for his masterpieces (he never made the same dessert twice) who was at the White House for 25 years.

"Roland's name always comes up in stories about me, and it's always negative to me and positive to Roland," Mr. DuBois said.

In the meantime, Mrs. Bush's approval ratings are at record highs (82 percent of Americans approve of the job she is doing as first lady, according to a recent CNN/USA Today/Gallup poll) while her husband's are at record lows.

Mr. Bush, as every Republican kibitzer in the capital knows, has so far resisted his own party's advice to shake up his staff, even as he has not ruled out bringing in a Washington sage to soothe a Congress that feels disrespected and ignored.

This is not to say that changing the West Wing guard would make Mr. Bush's poll numbers match those of his wife, or that the East and West Wings are comparable. Mrs. Bush's staff handles goodwill trips overseas and Easter egg rolls, not Iraq and Iran, and operates with far less scrutiny than that given to her husband's top aides.

Still, Republicans said that Mrs. Bush's changes were a lesson in the need for reinforcements.

"The first lady's staff works harder," said Sheila Tate, Nancy Reagan's first press secretary. "They have no support, so they have to do everything themselves. It really isn't unusual to have burnout in the East Wing."

Mrs. Bush's staff, others said, was more typical. "What you're seeing in the East Wing is normal turnover, and what you're seeing in the West Wing is abnormal," said David R. Gergen, a professor of public service at the John F. Kennedy School of Government and a veteran of the Nixon, Ford and Reagan White Houses who President Bill Clinton brought into the West Wing as an experienced Washington player in 1993. "It's an aberration to have a team stay as long as this one has."

All the calls for new blood, Mr. Gergen said, are most likely making the stubborn Mr. Bush dig in under the pressure. "A man never benefits from going to a psychiatrist if the only reason he's there is because of his wife," Mr. Gergen said. "You have to want to change from within."

While Mrs. Bush hinted in an interview with Larry King broadcast on CNN last week that she had weighed in with the president on staff changes, too, she said nothing about any specific advice. She also said nothing about Mr. DuBois.

Not so Christopher Buckley, who wrote the book "Thank You for Smoking," now a movie, as well as "No Way to Treat a Lady," a satiric novel about a first lady unjustly accused and tried for killing her husband.

"The fact that the pastry chef is leaving will send an important signal not only to the Congress but to Al Qaeda and indeed the entire world community that Mr. Bush means business," Mr. Buckley said.

Falling Stock (USNEWS)

By Kenneth T. Walsh

U.S. News and World Report, April 3, 2006

As he toured the seemingly endless rows of houses flattened by Hurricane Katrina in Gautier, Miss., something caught President Bush's eye. He leaned down and picked up from the debris what turned out to be a wedding photograph of a young couple and their family. "This is what it's all about," Bush told an aide. "So many emotions and history got lost here." Yet Bush said

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the picture gave him a sense that, somehow, life would go on, and things would eventually get back to normal. "You can't be president and always be down," Bush observed later.

That kind of optimism is part of Bush's character. It's also part of the larger code of the chief executive officer by which he governs. "He is an M.B.A. president," says Carolyn Thompson, coauthor of The Leadership Genius of George W. Bush. "He is doing a bunch of things that he would do if he ran Chrysler or Joe's Pizza." He sets the goals. He surrounds himself with loyalists. He delegates large amounts of responsibility. He is disciplined in working toward his objectives and in explaining them to the public.

Yet Bush's CEO presidency has fallen on hard times. Over the past year, he has endured two management disasters that undermined public faith in his competence: his administration's weak response to Hurricane Katrina, which erased his image as a strong leader, and its botched effort at persuading Congress to accept a deal authorizing a Dubai-owned company to operate six U.S. seaports. In these cases, he seems to have delegated too much authority, lost track of what was happening, and failed to ask the right questions. White House Chief of Staff Andrew Card refused to "point fingers" but said Bush is correcting what went wrong and the administration will do better in the future.

The war with Iraq provides another example of how his CEO style has gone off track. After Bush decided to invade, he ordered Defense Secretary Donald Rumsfeld and the Pentagon to carry out the mission as they saw fit. Critics fault Bush for blindly following the recommendations of Rumsfeld and Vice President Dick Cheney and not sending enough troops to Iraq at the outset of the war, and then underestimating the strength of the anti-American insurgency. "It's a classic problem of a CEO adopting a preconceived plan and failing to modify it to deal with reality," says a former White House adviser to Bush's father, George H. W. Bush.

Staying the course. More than 60 percent of Americans now say the country is headed in the wrong direction, according to the latest NBC News/ Wall Street Journal poll, and 58 percent disapprove of Bush's job performance. He has begun an aggressive PR campaign to boost support for the war, which is the biggest drag on his presidency, and is considering adding a veteran Washington insider to bolster his staff.

Despite the problems, Bush is hanging tough. "I have not seen a change in the president's leadership style and the management tools he uses," Card told U.S. News. Card and other Bush confidants say the chief executive is applying the hands-off style he learned at Harvard Business School, where he earned a master's degree in business administration in 1975, and also the methods that worked for him as an oilman, as managing partner of the Texas Rangers baseball team, and, later, as governor of Texas.

In A Charge to Keep, his autobiography, Bush defined his governing philosophy. "I put a lot of faith and trust in my staff," he wrote. "I look for people who are smart and loyal and who share my conservative philosophy. My job is to set the agenda ... and then delegate much of the process to them. The final decision often rests with me, but their judgment has a big influence." He also admitted, "I am loyal to my friends, so it is sometimes hard to say no."

Friends. Perhaps that's the problem. "Personal loyalty plays an enormous role in this administration," Rutgers political scientist Ross Baker told U.S. News. "One of the things a CEO has to do is make tough personnel decisions. He hasn't made any of them." Baker says Bush, more than most presidents, is "dependent on personal friends and confidants . ... It's almost tribal."

Bush isn't the first president to adopt the pyramidal CEO style. Dwight Eisenhower combined the chain-of-command system he learned as a career soldier with the hierarchies prized by business executives whom he respected. Ike has been derided for delegating too much power, but some historians, including Princeton's Fred Greenstein, say the unassuming Eisenhower was more involved in day-to-day operations than he let on in public. Greenstein called it the "hidden-hand presidency."

Ronald Reagan was also known for delegating and allowed a handful of powerful aides to manage his government for two terms. He had a more clearly defined conservative philosophy than Bush does, developed over years in public life, and it was thus relatively easy for his advisers to devise policy in keeping with the vision. Reagan was also more adept at explaining his views to the country. But Reagan's hands-off approach produced the Iran-contra arms-for-hostages scandal that almost destroyed his presidency--a lesson in the perils of disengagement.

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By contrast, Democratic presidents such as Jimmy Carter and Bill Clinton have tended to adopt a less hierarchical style of management. Since they believed in a larger government role in society, they tended to take more personal interest in the details of policy.

Mind guards. Each style carries with it potential pitfalls. "The problem with the CEO style of management," says a Republican who advises the White House, "is there has to be delegation, and it's easy to let it slip too far." Critics say the small group of senior aides who've been given lots of authority may be trying to do too much. These officials--Card, counselor Dan Bartlett, Deputy Chief of Staff and political strategist Karl Rove, Deputy Chief of Staff Joe Hagin--"are also President Bush's personal assistants and spend a great deal of time tending to him ... so the management is weak," says the adviser. Political scientist Baker says these aides seem to be "mind guards" for the president, rather than policymakers, administrators, or thinkers.

And aside from his inner circle, Bush is said to be distant from the rest of his staff, jeopardizing morale. Just as important, many members of Congress complain that they don't get their phone calls returned or their ideas considered in the West Wing. Bush, they say, doesn't reach out to them as other chief executives have done. He rarely invites them over for dinner, to watch a movie, or to attend a reception or party. These are small gestures, but such social interactions lubricate the governmental machinery. In any case, Card argues that Bush consults privately with more nongovernment friends and civic leaders than outsiders realize.

When fellow Republicans complain that Bush is aloof and that the White House staff needs to listen more, the president and his aides respond that things are just fine. "They think raising money for Republican candidates is enough," says a prominent Bush ally who has recently turned critical of the West Wing. "Their attitude is, 'Quit your bitching. We raised $1 million for you.' They won't admit their mistakes or their problems." This kind of hubris rankles even Bush's friends. But there was no course at Harvard Business School in how to make nice with Washington politicians, and no tradition in the Texas oilfields of swallowing one's pride.

Grading The M.B.A. President (USNEWS)

By Kim Clark

U.S. News and World Report, March 27, 2006

Whether they love him or hate him, management gurus and business executives agree on one thing about President Bush: His leadership style has been shaped by his 1975 Harvard M.B.A.

Bush's rigorous scheduling and message discipline, hands-off management style, and reliance on loyal longtime associates are all characteristics of B-schoolers. And many of the first M.B.A. president's management techniques represent a welcome change from those of, for example, his punctuality-challenged predecessor, who was trained as an attorney. But some business leaders worry that Bush may not be applying some of B-school's most important lessons and may be suffering instead from all-too-typical M.B.A. flaws, such as overconfidence.

"He seems to pride himself on M.B.A. characteristics, like delegating to his key people and saying he holds them accountable for results," says Roger Enrico, who does not have an M.B.A. but served as CEO of PepsiCo in the late 1990s and is now chairman of DreamWorks Animation. But Enrico, a big Republican contributor in 2000, says that the continuing worsening of the U.S. trade and budget deficits and the violence in Iraq have made him worry that Bush isn't holding his aides sufficiently accountable. If his own subordinates delivered such disappointing results, Enrico says, he would do some firing: "It is time to change the team."

Execution. Others say that while Bush is masterful at creating and selling his vision, he seems to struggle with execution. Jeffrey Sonnenfeld, founder of the Yale School of Management's Chief Executive Leadership Institute, says that when he taught at the Harvard Business School in the 1980s, 50 percent of every exam's grade was determined by the student's implementation plan. Sonnenfeld, a Democrat, says he would give Bush "an F for contingency planning."

And Jeffrey Pfeffer, a Stanford management professor, says the mistakes he sees Bush making "are extremely typical of those being made in corporate America." Pfeffer, also a Democrat, says Bush, who maintains an unwavering commitment to military action in Iraq, reminds him of other corporate leaders whose faith in their own abilities and theories blinded them to legitimate criticism. "Look back at Enron," says Pfeffer of the energy trading company once led by Jeffrey Skilling, who received

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his Harvard M.B.A. four years after Bush." They said the people who were criticizing them didn't understand" their complex accounting. Bush, he says, reminds him of business school graduates who too often try to "BS their way through" instead of "facing hard facts and continually trying to learn and adjust."

Bush Accepts Reds' Pitch (CINE)

By Howard Wilkinson

The Cincinnati Enquirer, March 25, 2006

President Bush will become the first sitting president to throw out the ceremonial first pitch at the Reds' Opening Day game, the White House and the team confirmed Friday.

Bush will take the mound shortly before the 2:10 p.m. start of the Reds' game against the Chicago Cubs on April 3.

"The president looks forward to throwing out the first pitch," White House spokesman Blair Jones said.

Bob Castellini, the Reds' new chief executive officer, has been a Bush supporter, raising more than $100,000 for the president's 2004 re-election campaign.

Last month, Castellini was among those who greeted the president at a private home in Indian Hill, where Bush attended a $1.1 million fundraiser for Sen. Mike DeWine.

DeWine, a Reds season-ticket holder since the early days of Riverfront Stadium, will be in his seat on the mezzanine level for Opening Day.

President Bush won't be the first of his family to throw out a first pitch on Opening Day. Three years ago, at the inaugural game of Great American Ball Park, his father, former President George H.W. Bush, did the honors.

Having a president in the ball park will mean extra security, and if it is anything like the 2004 Opening Day, when Vice President Dick Cheney tossed out the ball, fans can expect some delays getting to their seats.

When Cheney came to Opening Day, fans with tickets in the lower terrace level, from first base to third base, had to pass through metal detectors to get to their seats, in addition to the usual bag check outside the ballpark's turnstiles.

The extra security meant that some got to their seats after the real "first pitch" of the game.

President Nixon came to Cincinnati in July, 1970, Riverfront Stadium's inaugural season, to throw out the first pitch at the All-Star Game.

Last year, President Bush threw out the ceremonial first pitch in Washington, D.C., for the first home game of the Washington Nationals.

Pondering Alternatives To The Central Office (WP)

By Stephen Barr

The Washington Post, March 27, 2006

Hot desking. Hoteling. Virtual office.

Welcome to the future of federal work -- "alternative workplace arrangements," or AWA, in the government's jargon.

When it comes to AWA, most of the attention is focused on telecommuting, which allows federal employees to work at least one day a week from home or from a regional telework center.

By most accounts, the government can do more to promote telecommuting and cut down on traffic congestion and auto pollution in the Washington region. Overall, only 7.7 percent of the federal workforce telecommutes. But the participation rate jumps to 19 percent when measured by the number of jobs that agencies have declared suitable for telecommuting.

Despite "slow and steady incremental improvement in telework participation" since 2000, "19 percent is not good enough, based on all the information we have," said Stanley F. Kaczmarczyk, a deputy associate administrator at the General Services Administration.

GSA, which oversees federal telework policies with the Office of Personnel Management, recently published a bulletin in the Federal Register reminding federal agencies that laws from 1996, 2000 and 2002 encourage alternatives to the office cubicle.

"It seemed natural to me that this is the time for GSA to publish guidelines on AWA," Kaczmarczyk said.

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Two years ago, the Bush administration adopted a goal of disposing of $9 billion in unneeded property by 2009. The idea was to create some pressure on agencies to get rid of office space they no longer can justify, in part because maintenance and operations costs continue to rise.

Congress in 1996 approved legislation that directed agencies planning to buy or lease office space or other facilities to first check to see if alternative arrangements could meet their work requirements. Starting in 2000, Rep. Frank R. Wolf (R-Va.) focused on federal telecommuting and used his chairmanship of a House Appropriations subcommittee to spur agencies to expand telework opportunities.

Under GSA's definition, AWA includes telecommuting, hoteling, hot desking, virtual offices and "other distributed workplace arrangements," according to the bulletin.

Hot desking, also known as free address or touchdown workstations, usually involves employees who work in one or more places and claim a desk in the office on a first-come, first-served basis.

Hoteling requires employees to make a reservation in advance for the day they will need a desk in the office.

The virtual office typically involves employees who collaborate and carry out work activities via a computer network. They can be electronic co-workers even though some may be at home, in a satellite office, at a hotel or at an airport.

Such work arrangements suggest that large organizations can save money on office space and equipment if they do not require every employee to be in the building every day. The approach requires a more flexible management system, and previous studies have shown that federal managers resist telecommuting because of worries they might not be able to handle surges in workload or cover their hours of operation with a dispersed staff.

The GSA bulletin offers agencies a helpful guide to the do's and don'ts of alternative work arrangements. It makes clear that agencies can provide new or surplus equipment to telecommuters "as long as it is clear that the equipment continues to belong to the government."

In addition, the bulletin says, agencies may pay to install telephone lines and necessary equipment, and pay monthly charges, "in any private residence of an employee who has been authorized to work at home."

Kaczmarczyk said a study on the costs of technology involved in telecommuting is underway and should be finished later this year.New Job Corps Director

Esther R. Johnson , a Labor Department executive, has been named national director of the Office of Job Corps. She becomes the first African American woman to head the Job Corps in the program's 41-year history, the department said.

Starting today, the Job Corps will be a part of the office of the Labor Department secretary, as required by a fiscal 2006 appropriations law, the department said. The Job Corps, with 122 centers across the country, serves more than 650,000 disadvantaged young people each year.

Prior to her appointment, Johnson served as administrator for the Office of Performance and Technology in the Employment and Training Administration at Labor. She joined the department in 1990 as an unemployment insurance specialist.Retirement

Kay Frances Dolan , deputy chief human capital officer at the Homeland Security Department, will retire March 31 after 35 years of federal service.

Dolan has been with the department since its formation in 2003 and played a key role in designing its new personnel system, MaxHR. She also served as a top personnel expert at the Treasury Department, the Federal Aviation Administration and the Office of Personnel Management. She received a presidential distinguished rank award in 2004.

Washington Whispers (USNEWS)

By Paul Bedard

U.S. News and World Report, March 27, 2006

D.C. Style: Brooks Brothers Cowboy

It doesn't take much to start a heated debate in Washington, but a tussle over the proper combo of pants and cowboy boots? Giddyap. It started weeks ago when we ran into South Dakota Sen. John Thune, tall and handsome in his black boots and cuffed suit pants. Very urban cowboy. But are cuffs right with boots? Sure, he says. Thune's not alone. Texas Sen. John Cornyn

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likes cuffed pinstripe trousers with his handmade boots. Fellow Texan Sen. Kay Bailey Hutchison even wears boots sometimes. But she defers judgment on the fashion issue. "As far as with suits, that is above my pay grade!" At the White House, President Bush and his Texas staff like to swagger in their roper boots, sometimes with cuffed pants. "West Wing Texans," confides a Bushie, can "go both ways--cuffs or no cuffs--with their boots."

But others say them's fighting words. Virginia Sen. George Allen heads that posse. He wore boots as a boy and has worn them in politics ever since a consultant told him to switch to wingtips in the only campaign he lost. Why no cuffs? "They catch all sort of junk, like grass and burrs," he tells us. To find out who's right, we turn to Brooks Brothers Fashion Director Glen Hoffs. "A cuffed trouser is truly a traditional statement, and anyone who is wearing a cowboy boot in lieu of a dress shoe is definitely breaking with tradition," he says. "My recommendation would be no cuff on a trouser that's being worn with a boot."

He Takes a Licking, Keeps on Ticking

We have proof that White House Chief of Staff Andy Card isn't tired, despite what the critics say about his six years at the president's side. Turns out he wants to be at his desk so bad that he'll play injured. Card often mountain bikes with President Bush. It normally goes well, but on March 11 he crashed. "I'm OK," he chirped, hopping right back on his ride. He even went biking the next day with the prez. But by Tuesday, March 14, he felt a little pain in his left arm; a visit to the doctor revealed a bruised left wrist and a fractured elbow. Of course, he went right back to work--but only after his left arm was put in a splint.

Tony the Tiger in Khakis and Polo

Would Tony the Tiger wear pink? We'll find out this week when Commerce Secretary Carlos Gutierrez, former head of Kellogg's, helps preppy fashion giant Ralph Lauren open his new store in Tokyo. We're told that Gutierrez will show up wearing a Polo tie, but we don't know the color. The visit is more than just an administration bid to promote U.S. investment overseas. Turns out the two share a hardscrabble past: Both are the sons of immigrants who started small--Gutierrez selling cereal out of his car and Lauren selling ties at Brooks Brothers. "It's Tony the Tiger meets Mr. Polo," says a Commerce insider.

When Younger Is Not Always Better

There's one place where young people aren't being heralded as the saviors of tomorrow: the CIA. Seems almost half of the agency's analysts have less than three years of experience, and the youth bulge is especially acute in the Near East and South Asia divisions. "In an area where Nebuchadnezzar is recent history," frets John Kringen, head of the Directorate of Intelligence, "this is not a good thing." Kringen rarely speaks out, so that makes his comments to an audience of former intelligence officials especially bleak. But there are no easy answers. With the agency on a hiring binge to overcome a Clinton-era hiring freeze, Kringen says it will take five to seven years--"maybe 10"--to correct the shortcomings.

One Newt--and Nation--Under God

God rules! says Newt Gingrich, and he's written a new book to spell out what he means. Titled The Creator's Gifts: Life, Liberty and the Pursuit of Happiness, the former House speaker's book makes the case that the Bill of Rights and Constitution came from God. What's more, he wants people to recognize that everything they hold dear comes from a higher power. "The good things of life are from God," explains Gingrich's publisher, Mark Gilroy of Integrity House. The book by the potential 2008 GOP presidential candidate is out this summer and includes an unusual insert: a guide to God in Washington buildings like the Supreme Court.

Canada's More Than Molson, Eh?

He had heard all the weird stories before, but when then Canadian Ambassador Frank McKenna was whipsawed during a C-SPAN appearance by an Arkansas woman who read a litany of misconceptions about the neighbors up north, he went into action. "Do Canadians have a way to respond to this?" he asked press aide Bernard Etzinger in the car back to the embassy. "We should." Prompted by his C-SPAN experience, the embassy recently created Connect2Canada, a website where ex-pats in the United States tell stories that dispel the myths and poke fun at some Americanisms, like the beer. It's just one part of a broader effort to expose America to the serious side of Canada. The embassy is also placing ads in the Washington Metro system that highlight the nation's military involvement in Iraq.

Did Trigger-Happy Brits Blow 1775?

Today's Army is much more of a thinking person's service, which is why all majors have to take a counterinsurgency class at the Army's Command and General Staff College at Fort Leavenworth, Kan. There, Special Forces Maj. Christopher Schmitt

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teaches a course that suggests alternatives to guns and bombs, like psychological warfare and public relations. During a recent visit, we learned that Schmitt has his students test strategies on the Red Coats' move against Sam Adams and John Hancock, an act that helped spark the Revolutionary War. His question: "Could Sam Adams and John Hancock have been discredited by nonmilitary actions? Could they have looked at nonkinetic ways to address the Colonies' grievances? "Think about it: Instead of a refreshing Sam Adams, a tepid Boddingtons might be our favorite microbrew.

Judicial Review (WSJ)

The Wall Street Journal, March 27, 2006

Everyone deserves a break, even the U.S. Senate. But enough already. It's been two months since Samuel Alito was confirmed to the Supreme Court and it's past time Senate Republicans got back to work confirming appeals-court judges. They won't have 55 seats forever.

Or perhaps even after November 7. Judges are a key issue for the GOP's base, who could stay home on Election Day rather than turn out for Republicans who shilly-shally about confirming President Bush's nominees. There are 17 vacancies on the appeals bench, including nine pending nominations. They deserve to be filled as soon as possible before the summer recess.

An excellent place to start would be to finally vote on Terrence Boyle, whom Mr. Bush has named to the Fourth Circuit Court of Appeals. Judge Boyle was in Mr. Bush's original group of appeals-court nominees on May 9, 2001, after having failed to get a vote when he was nominated a decade earlier by the President's father. Judge Boyle, who has served on the federal bench for 22 years, had a hearing more than a year ago and was voted out of the Judiciary Committee in June. His plight is similar to that of William Myers, whose confirmation hearing for the Ninth Circuit also took place more than a year ago.

Majority Leader Bill Frist's delay in scheduling the Boyle and Myers votes is understandable -- up to a point. Neither was part of the no-filibuster deal struck last spring by the bipartisan gang of 14 that paved the way for the confirmations of contentious candidates Janice Rogers Brown, Priscilla Owen and William Pryor. Next the Senate became occupied with the nominations of John Roberts and Justice Alito.

Neither nominee is controversial enough to trigger the no-filibuster deal's "extraordinary circumstances" exemption. Judge Boyle's biggest liability is that he once worked for conservative ex-Senator Jesse Helms. Mr. Myers is opposed by Democrats who don't like Mr. Bush's environmental policies, which Mr. Myers implemented as an Interior Department lawyer. But he's popular with Republicans from Western states, not least for his quip that the federal government's domination of Western land is akin to "the tyrannical actions of King George." Both nominees would probably be confirmed by bipartisan majorities.

There are also seven appeals-court nominees awaiting action in the Judiciary Committee, including two -- Brett Kavanaugh and William Haynes -- whose nominations have been languishing for years. Mr. Haynes's chances are iffy since, as general counsel of the Pentagon, he has had run-ins with Republicans John McCain and Lindsey Graham. A third, Judge Henry Saad, withdrew his nomination last week under Senate pressure.

But that's all the more reason to move on Mr. Kavanaugh, who is currently White House staff secretary but whose previous incarnation as an aide to then-Independent Counsel Kenneth Starr left him radioactive for at least one unidentified Democratic Senator. In January, this secret Senator (could she have a husband named Bill?) blocked the Senate from exercising the routine courtesy of carrying over Mr. Kavanaugh's nomination, which had technically expired at the end of last year.

Mr. Bush promptly re-nominated him, for the third time. Mr. Kavanaugh was first nominated to the D.C. Circuit Court of Appeals in July of 2003 and later in February of 2005, but again failed to get a vote. He had a hearing in April of 2004, and we hope Senate Judiciary Chairman Arlen Specter will resist Democratic demands for a new one.

Of the remaining five nominees awaiting action in Judiciary, Randy Smith is taking fire from Dianne Feinstein. Judge Smith's sin is to hail from Idaho, and the California Democrat says the Ninth Circuit seat rightfully belongs to a Californian even though the man he would succeed is also from Idaho. Meanwhile, there are three other vacancies on the Ninth Circuit; all are deemed judicial emergencies.

We guess we should be happy that no one is talking about filibusters these days. This time last year, the fight over the Democrats' unprecedented use of the judicial filibuster was coming to a head and Republicans were threatening to change

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Senate rules to prohibit its use. The single biggest accomplishment of the Senate last year was breaking the filibusters to c onfirm a string of highly qualified candidates for the appeals courts and then going on to confirm two Supreme Court nominees.

The advice-and-consent clause of the Constitution gives the Senate the duty to vet all federal judicial nominees. Now it's time for the remaining nominees to have the up-or-down floor votes they deserve.

OTHER NEWS:

Economic Prognosticator Sees 'minefield Of Risks' Ahead (USAT)

By Barbara Hagenbaugh And Barbara Hansen

USA Today, March 27, 2006

Allen Sinai, president of Decision Economics, says the U.S. economy is in good shape this year. But when he looks at the longer-term outlook, the picture is much more murky.

"Americans are troubled about the long run," Sinai says. "I can feel good about the year. … But I, too, remain uneasy about the longer run."

Sinai is worth listening to. He was the most accurate forecaster of the 45 economists surveyed each quarter last year by USA TODAY. Sinai, 66, also came in first place when USA TODAY first honored the top forecaster three years ago.

In the near term, Sinai says the U.S. economy is "in an entrenched and very solid expansion."

But looking to the future, there is a "minefield of risks" that threatens the economy, Sinai says. He names the budget deficit, rising health care costs, pension problems and the war in Iraq, to name a few.

He's also concerned lawmakers in Washington, facing an electorate that has become increasingly concerned about the growing influence of China on the world stage, will start a confrontation with the Asian nation.

That could lead to a trade war that will hurt the U.S. economy, which has become dependent on Chinese imports and on China as an outpost of U.S. manufacturing. Such a battle could hurt the stock market, he says.

The global economy is undergoing a "seismic shift of unprecedented proportions," with more economic power shifting to Asia, particularly China and India, he says.

Such an adjustment may make the dollar and other U.S. investments less attractive.

"The outlook for the dollar looks bleak," he says.

Sinai has a bachelor's degree from the University of Michigan and a doctorate from Northwestern University.

This is the third year USA TODAY has paired with the Federal Reserve Bank of Atlanta to recognize the most accurate forecaster. Only one person, Briefing.com chief economist Timothy Rogers, has been in the top 10 all three years.

Get Ready For No. 15 In A Series At The Fed (NYT)

By Louis Uchitelle

The New York Times, March 27, 2006

When Alan Greenspan became chairman of the Federal Reserve more than 18 years ago, his first action upon taking the black leather seat at the head of the Fed's huge oak conference table was to raise interest rates. Now it is Ben S. Bernanke's turn.

Today, Mr. Bernanke will convene his first meeting of the Fed's policy makers, joining the other Fed governors and the presidents of the Fed's regional banks in a two-day session that is all but certain to end tomorrow afternoon with another quarter-point rise in short-term interest rates, the 15th consecutive increase.

That will bring the critical rate the Fed controls to 4.75 percent, up from 1 percent in June 2004, when Mr. Greenspan started the process of steadily increasing borrowing costs. Many analysts expect Mr. Bernanke and his colleagues to raise the rate yet again in May, by another quarter of a point.

"They all really want to project a sense of continuity with Greenspan," said Tom Schlesinger, executive director of the Financial Markets Center, "and they are going to err on the side of cautiousness if that is what it takes to do this."

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That caution is now ingrained. Starting with Paul A. Volcker in the late 1970's, new Fed chairmen have come into office determined to establish their credibility as inflation fighters. But today, there are few signs that Fed officials are acutely worried about an outburst of inflation.

High oil costs have not translated into upward pressure on wages and prices. A weakening housing market provides another measure of restraint. But the biggest change since 1987, when Mr. Greenspan took over as chairman, is the increasingly global supply of labor and merchandise. This supply helps to alleviate shortages in this country, and in doing so dampens inflation.

Fed officials recognize the shift. "The growing capacity of foreign countries to supply goods and services to the U.S. market has impacted the structure of wages and the bargaining power of workers," Janet L. Yellen, president of the Federal Reserve Bank of San Francisco, said in a recent speech.

But so far Ms. Yellen, like most others at the central bank, remains reluctant to translate this recognition into a new policy approach. "There are good reasons to doubt that such factors are sufficient to sever the usual link between labor market slack and wage and price pressures," she added.

Indeed, some Wall Street forecasters are already warning that the present 4.8 percent unemployment rate effectively constitutes full employment, giving workers here — despite all the low-wage foreigners who are eagerly producing goods for Americans — leverage to bargain for higher wages. According to this view, companies will raise prices to cover the higher labor cost and a wage-price spiral may ensue.

"Inflation pressures are slowly building," Jason Rotenberg, a senior investment associate at Bridgewater Associates, said in a newsletter last week, citing as one reason labor markets that "go from being roughly balanced to tight."

Although Mr. Bernanke is doubtful that labor markets are all that tight, he certainly speaks out on the importance of keeping inflationary expectations firmly in check, just as Mr. Greenspan did.

This is the view that the expectation of rising inflation must be squelched, mainly by raising interest rates to dampen the economy and prevent excessive consumer demand even before inflation begins to accelerate. If the Fed fails to act in a decisive fashion, the argument goes, consumers might rush out to buy in anticipation of higher prices, and these buying sprees would then become an inflationary force.

Suppressing inflationary expectations was much in vogue in the 1980's, and the practice sometimes resulted in recession. But buying sprees could result in spot shortages of American workers and in the capacity of factories within the United States to keep up with demand.

In the last couple of years, however, the Fed's policy makers have begun to debate how much consideration they should give, in setting interest rates, to international forces that might push in the other direction. Leading the charge for a more global perspective in the Fed's deliberations is Richard W. Fischer, president of the Federal Reserve Bank of Dallas.

Mr. Fischer openly contests the view that a low unemployment rate in America risks, by itself, pushing up wages and then prices — not when there are so many people in low-wage countries to help supply the United States with inexpensive goods and services. But he acknowledges that his position is still controversial.

"I think it is inevitable that my colleagues will incorporate global factors in monetary deliberations," Mr. Fischer said in an interview last week. "But serious economists like to have data to back-test and verify, and the data is so bloody new."

Ms. Yellen, in her speech, listed several reasons why she and her colleagues remained reluctant to throw out the old linkage, which had inflationary pressures developing when domestic demand rose. Sure, there are plenty of imports, she said, but they contribute to a growing current-account deficit that will eventually push down the value of the dollar. When that happens, the dollar prices of imports can rise, contributing, in sum, to inflation.

Then, too, foreign and domestic labor are not always interchangeable. All sorts of labor-intensive services, from haircuts to heart transplants, must be performed by workers located within the United States. "Indeed, only 10 percent of American workers are in manufacturing, which is arguably the sector most exposed to foreign competition," Ms. Yellen said.

Still, since the late 1990's, a falling unemployment rate no longer seems to result in predictably higher wages and higher prices. Mr. Greenspan contended that a rising productivity rate was increasing labor's output. Shortages, as a result, were less likely to develop, he argued, and that took pressure off the Fed to raise rates and thus dampen inflation.

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What Mr. Greenspan saw primarily as increased productivity was, in Mr. Fischer's view, at least in part, the rising supply of labor and services from other countries. "We at the Dallas Fed," Mr. Fischer said, "have been encouraged by the board of governors to continue our research into the impact of globalization on the American economy and on monetary policy."

For now, though, the Fed is likely to continue on its present course, lifting rates once or twice more and then pausing.

Even minimizing the importance of global supply, Mr. Bernanke has said he does not expect inflation to accelerate. It is moderate now, he told Congress last month, and is likely to remain so through 2007, even falling a little below this year's 2 percent average when volatile food and energy prices are stripped out of personal consumption expenditures, the inflation measure the policymakers watch most closely.

"I am comfortable," the new chairman testified, "with these projections."

Republicans On The Run (TIME)

By Karen Tumulty And Mike Allen

Time, April 3, 2006

Considering that Vice President Dick Cheney had come a long way to help Florida Congressman Ric Keller raise $250,000 last week, the reception he got in the Sunshine State could have been a bit warmer. After extolling Cheney as "one of the most effective Vice Presidents in the history of the U.S.," Keller launched into all the times he had recently opposed the Bush Administration, including the deal to allow a Dubai company to manage operations at several U.S. ports. And then Keller went right for the punch line: "'Don't be too hasty,'" he claimed the Vice President had pleaded with him. "'Let's go hunting. We'll talk about it.'"

As the campaign season kicks into gear, Republican incumbents are having a hard time figuring out how close they want to be to the White House. Voters have plenty to take out on Republican candidates this year--ethics scandals, the G.O.P.'S failure to curb spending, the government's inept response to Hurricane Katrina, a confusing new prescription-drug program for seniors and, more than anything else, an unpopular President who is fighting an unpopular war. Iraq could make a vulnerability of the Republicans' greatest asset, the security issue.

The midterm contests in a President's second term are almost always treacherous, but this time around, Republicans thought it would be different. The 2006 elections, coming on top of their gains in 2002 and 2004, would make history and perhaps even cement a G.O.P. majority in Congress for a generation. George W. Bush's credibility on national security and the states' aggressive gerrymandering, they believed, had turned the vast majority of districts into fortresses for incumbents. But that's not turning out to be the case. In recent weeks, a startling realization has begun to take hold: if the elections were held today, top strategists of both parties say privately, the Republicans would probably lose the 15 seats they need to keep control of the House of Representatives and could come within a seat or two of losing the Senate as well. Former Speaker of the House Newt Gingrich, who masterminded the 1994 elections that brought Republicans to power on promises of revolutionizing the way Washington is run, told TIME that his party has so bungled the job of governing that the best campaign slogan for Democrats today could be boiled down to just two words: "Had enough?"

Iraq is driving nearly all the big indicators the wrong way for Republicans. In a TIME poll conducted last week, Bush's job approval rating was mired at 39%; 3 in 5 Americans said the country is headed in the wrong direction, and when those surveyed were given the choice between a generic Republican and a generic Democrat for Congress, the nameless Democrat won, 50% to 41%. The signs suggest an anti-Republican wave is building, says nonpartisan electoral handicapper Stuart Rothenberg, whose Rothenberg Political Report is closely followed in Washington. "The only question is how high, how big, how much force it will have. I think it will be considerable."

The danger signs for Republicans show up across the electoral map but nowhere more clearly than in the swing state of Pennsylvania, where the hottest Senate race in the country is being fought and where Republican strategists say as many as five G.O.P. congressional seats are in play, out of a total 19. The President is still beloved by the state's Republican faithful, as evidenced by the fact that 500 of them showed up to see him at a $1,000-a-plate private fund raiser for Senator Rick Santorum last week in Sewickley Heights, a suburb of Pittsburgh. Santorum posed for photos with the President at the airport and leaned into a smiling handshake with political guru Karl Rove. But it was telling that Santorum, who is trailing state treasurer Bob Casey

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by 10 points in the latest polls, scheduled no public appearances with Bush. When Cheney flew to Newark, N.J., earlier in the week to raise nearly $400,000 that state senator Tom Kean Jr. badly needs in his bid for the U.S. Senate, the candidate didn't show up until 15 minutes after the Vice President's motorcade had left. Kean blamed the state's notorious traffic for his tardiness. Local papers confirmed that there hadn't been much congestion at the time.

On the fund-raising front, Democrats have been surprisingly competitive with the Republicans. In a rare feat for the party, the Democratic senatorial campaign committee has outraised its Republican counterpart. Last year "our bottom-line goal was not to lose any seats," says Charles Schumer, the New York Senator who heads the committee. "Now, if things fall in line, we might even pick up the Senate." Republicans could even lose the Tennessee seat of retiring majority leader Bill Frist to Representative Harold Ford, a Democrat.

Few strategists in either party think a Democratic takeover of the Senate is likely, but many agree that the party's playing offense rather than defense is a remarkable turnaround, given that Democrats have more incumbents (18) fighting to keep their seats than Republicans do (15). But the G.O.P. failed to recruit strong challengers for the North Dakota, Nebraska and Florida seats that had been considered their best opportunities. "There was a chance for us to get damn close to [a filibuster-proof] 60 votes," says G.O.P. activist Grover Norquist. "We gave away three sure things."

If there's any good news for Republicans, it's that the elections are still seven months off. There is time in which any number of possible events--the capture of Osama bin Laden, for instance, or positive developments out of Iraq--could sweeten the nation's mood. Gingrich says Republicans badly need accomplishments to tell voters about. "The country actually expects the majority to implement," he says. "They hire you to govern, not just to tell them why you are right."

Representative Tom Reynolds of New York, chairman of the G.O.P. House campaign committee, said the picture is more promising race by race than it is nationally. He told TIME only 36 to 40 races will be in play, meaning Democrats would have to keep all their competitive seats and knock off three-quarters of the Republicans. "We have more money, and their only message is slash and burn," Reynolds said.

Republicans can take some comfort in the fact that one general rule about politics remains true, even in this difficult year: as mad as voters are at Washington in general, they are still pretty happy with the individual people who represent them. In the TIME poll, 63% of respondents said they approved of the job their local lawmaker was doing. That's one reason Republican strategists say they plan to battle the national tide by localizing individual races. Localizing suggests drawing voters' attention to the issues that most affect them at home. But in practice, to political operatives it means putting an opponent through the shredder. Republicans plan to go after Democratic challengers with every bit of ammunition they can find, from old tax liens to long-ago votes to raise local taxes.

Democrats say, Bring it on. "If they want to have a negative campaign not about the issues, they will be met on the campaign field," says Illinois Representative Rahm Emanuel, the former Clinton White House aide who heads the Democrats' campaign committee for House races. Theirs has been a shifting line of attack. January's mantra about the G.O.P.'s "culture of corruption" became February's lament about the "rubber-stamp Congress." The latest slogan they are hurling against the Republicans is "dangerously incompetent." (That, however, can be a tricky visual, as Michigan Senator Debbie Stabenow discovered when she stood next to a placard with those two words and gave a speech two weeks ago on the Senate floor.)

The most appealing argument the Democrats are offering may be their candidates, who were recruited more for how they fit the districts in which they are running than for how they match the party's national ideology. In Pennsylvania, which has an active bloc of Catholic voters, Casey is an opponent of abortion rights. That same position cost his father, then the Governor, a speaking spot at the 1992 Democratic Convention. For what could be two close races against female Republican incumbents--Heather Wilson in New Mexico and Deborah Pryce in Ohio--Emanuel found women challengers. Former NFL quarterback Heath Schuler has added star power to the race in a North Carolina district. Incumbent Charles Taylor is on the defense there with claims that an electronic glitch prevented him from casting his vote against the Central American Free Trade Agreement, which Bush had sought but is unpopular among Taylor's constituents, who believe it will cost the state jobs.

The most obvious line of defense for Republican candidates is to point out their differences with the President, as the party-wide revolt over the ports deal amply demonstrated. In the face of the Democrats' "rubber stamp" charges, G.O.P. lawmakers are distancing themselves on other issues as well. In Kentucky, Representative Anne Northup, generally a staunch Bush backer,

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notes that she strongly supports reimporting cheaper drugs from Canada. In Missouri, Senator Jim Talent emphasizes his successful push for an amendment to last year's energy bill that requires 7.5 billion gallons of renewable energy to be in the nation's fuel pipeline by 2012. Boasts Talent adviser Lloyd Smith: "He took on the Bush Administration and the oil companies."

But party leaders are warning privately against taking that strategy too far. "If Diet Coke criticizes Coke, people buy Pepsi, not Diet Coke," said Ken Mehlman, chairman of the Republican National Committee. In an internal Republican Party memo provided to TIME, Jan van Lohuizen, a longtime Bush pollster, warns candidates tempted to distance themselves that "President Bush drives our image and will do so until we have real national front-runners for the '08 nomination. If he drops, we all drop." Another Republican strategist describes the problem for G.O.P. candidates this way: "Adding weight to the anchor doesn't help them."

Meanwhile, although there is no doubt that Americans are unhappy with the Republicans who run the country, Democratic strategists acknowledge that they have yet to sell voters on their party. In the TIME poll, approval for congressional Democrats is no higher (39%) than for Republicans, and 56% of voters said they don't believe the Democrats offer a clear set of alternative policies. Democratic activists and fund raisers are putting pressure on their leaders to come up with a program to tout as an option different from the Republican agenda, the way Gingrich and G.O.P. candidates did in 1994 with their 10-point Contract with America. Few voters were aware of the particulars of the Contract, but it helped give coherence and a positive tilt to the party message. Emanuel points out that the Republicans did not unveil their 1994 Contract until September of that year and says the Democrats are leery of doing anything right now that may draw attention away from the Republicans' problems. Still, he promises, "we will have, and properly so, in late spring and early summer a rollout [that tells voters], You give us the car, and we'll drive it."

Indeed, the party's House leaders and committee chairs have begun making plans for their first moves if they take power, Democratic sources told TIME. Those sources said one of the first steps that a newly installed House Speaker Nancy Pelosi would take would be to introduce legislation making college tuition more affordable for middle-class families, perhaps through tax credits and lower interest rates on student loans. Democrats would move immediately to tighten port security, seeking to have 100% of incoming container cargo inspected. A Democratic official briefed on the plans said the party would quickly push a bill designed to inhibit future lobbying scandals. The sources said Democrats would push for changes to the troubled Medicare prescription-drug plan, giving more control to Medicare and less to private providers and striking the provision that prevents the government from negotiating prices with pharmaceutical companies.

Administration officials say they fear that losing even one house of Congress would mean subpoenas and investigations--a taste of the medicine House Republicans gave Bill Clinton. "Everything will grind to a halt," one said. That prediction could be a scare tactic designed to get out the G.O.P. vote. But Democrats say that if they are victorious in November, they plan to force Bush to be more accountable, and they intend to dig through records of contracts in Iraq, for homeland security and for the aftermath of Hurricane Katrina. Democratic Representative Henry Waxman of California, one of the most dogged critics of the Administration, would be in line to chair the House Government Reform Committee and could write witness lists instead of open letters to the West Wing. "Some of these ranking members have had 10 years to think about what they would do," a Democratic official said. If Republicans can't change the course of things soon, the Democrats may have their chance. [The Following Descriptive Text Appears Within A Diagram] TIME Poll WILL BUSH BRING DOWN THE HOUSE? THE PRESIDENT Bush's struggles continue. His approval rating is below 40% and nearly half the country questions his competence In general, do you approve of the way George W. Bush is handling his job as President? Approve: 39% Disapprove: 56%

Would you describe President Bush as ... ... Competent? Total: 52% G.O.P.: 90% Dem.: 25% Ind.: 46% ... Incompetent? Total: 47% G.O.P.: 9% Dem.: 73% Ind.: 53% CONGRESS Voters lean toward putting the Democrats back in control even though the party is seen as lacking a clear agenda. Voters prefer the Democrats on many domestic matters, but Republicans hold a notable edge on handling terrorism If the congressional elections were being held today, would you be more likely to vote for the Republican or Democratic candidate?* Democratic 50% Republican 41% Regardless of which candidates you favor, would you rather see the Republicans or the Democrats control Congress? Democratic 49% Republican 38% Do you think the Democrats have a clear set of policies for the country? Yes 36% No 56% Do you think the Republicans have a clear set of policies for the country? Yes 43% No 50% *Asked of registered voters. Includes respondents who "lean" toward a particular party

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Which party would do a better job of ... Democrats / Republicans ... rebuilding New Orleans and the Gulf Coast? Democrats ...48% Republicans ...21% ... standing up to special interests?

Democrats ...45% Republicans ...38%

... dealing with the war in Iraq?

Democrats ...40% Republicans ...41%

... dealing with terrorism?

Democrats ...33% Republicans ...44%

This TIME poll was conducted by telephone March 22-23 among 1,003 adult Americans by SRBI Public Affairs. The margin of error is +/-3 percentage points. "Don't know" responses omitted for some questions.

Those Democratic Veterans (USNEWS)

By Dan Gilgoff

U.S. News and World Report, March 27, 2006

There's no doubt why Tammy Duckworth is running for Congress: While serving as a National Guard reservist in Iraq, she decided that "our policymakers haven't lived up to the sacrifice of our troops." And Duckworth, who won the Democratic primary for Illinois's Sixth District last week, ought to know: She lost both legs when her helicopter was shot down. She believes the Iraq war was a mistake but opposes immediate U.S. withdrawal. Even so, she insists the primary victory had more to do with her healthcare plan than her status as a veteran critical of the war. "Being a vet gives you a platform, so that people will listen," she says. "And that's all it gives you."

For Duckworth and seven other veterans of Iraq and Afghanistan running as Democrats for the House of Representatives--along with nearly 50 other vets--the 2006 midterms will test how strong that platform is. Many Democrats hope the candidates will help neutralize the GOP's national security advantage and immunize the party against charges that its Iraq criticisms are unpatriotic. "They bring an unimpeachable view on issues of war and peace," says Sen. John Kerry, who has raised money for vet candidates. But the gambit faces serious challenges. The Iraq and Afghanistan vets are all political newcomers, most facing well-financed incumbents. And the Democratic Party may find it difficult to appear both tough on terrorism and more critical on Iraq.

Among the vets running, Duckworth is a standout. A natural campaigner, she was recruited by Democratic Congressional Campaign Committee Chairman Rahm Emanuel, who serves a neighboring district. She raised more than half a million dollars for her primary run. And the retirement of 16-term Republican Rep. Henry Hyde and changing district demographics make her race one of the most competitive in the nation this year.

Organic. But the DCCC asserts that the slate of veterans does not reflect a concerted attempt to run such candidates. "This was as organic a movement as there is in politics," says a top party source. In fact, some vets have been surprised by their lukewarm reception from the party. "The likelihood that the Democratic Party is going to put resources into these races is almost nil," says Mike Lyon, whose Band of Brothers PAC raises money for Democratic vets.

The Democratic Party may have reason to be skeptical. So far, most war vet candidates haven't shown much fundraising muscle of their own. In Kentucky, Iraq vet Andrew Horne, a lawyer, has raised less than $150,000 and faces Republican incumbent Anne Northup, who boasts a $1 million-plus war chest. In Pennsylvania, Patrick Murphy, an Iraq vet and former West Point professor, has raised more than $250,000, but the Republican incumbent, Michael Fitzpatrick, has raised five times as much. And both veteran challengers must first survive primaries. "These candidates have caused a national media sensation," says Amy Walter, an analyst at the Cook Political Report. "But the reality on the ground is totally different."

In Ohio, the Democrats' campaign to press Iraq vet Paul Hackett to drop out of a Senate race last month in favor of a better-financed candidate showed how such candidacies could backfire. "The Democratic Party is still led by a post-Vietnam mentality," says Hackett. "There's still a certain amount of prejudice and resentment against the military there."

The biggest challenge for the Democratic war vets may be developing credibility beyond national security. The Iraq and Afghanistan vets were motivated to run by disillusionment over Iraq, but most are using military experience as a framework for

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branching out. "The front line in national security is not Iraq," says Joe Sestak, a former Navy vice admiral who is challenging Pennsylvania Rep. Curt Weldon. "It's about healthcare security, education security, and economic security."

Republicans are determined to paint Democratic vets as single-issue candidates who are clueless on pocketbook issues. National Republican Congressional Committee spokesman Ed Patru says 38 vets (including at least two who fought in Iraq) are mounting challenges as Republicans in 2006, "but we're not broadcasting that because we don't have a credibility gap on national security." The Democratic vets, says Patru, "are adopting the surrender message of the Democratic establishment."

That's certainly debatable. But the Democratic vets do risk further muddying the party's message. "Democrats are trying to have it both ways," says pollster John Zogby, "saying they're tough on national security and running veterans disgruntled about the war." Kerry tried to walk that line as a presidential candidate two years ago. It didn't work then. And it's no small challenge now.

Conservative Groups Warn GOP (WT)

By Amy Fagan

The Washington Times, March 27, 2006

Social-conservative groups have warned Republicans that their voters feel unappreciated and frustrated with Congress and that the party must get more aggressive on such values issues as marriage, human cloning, religious freedom and abortion if they want a decent turnout from the conservative base in November.

"That message has definitely been conveyed," said Jim Backlin, vice president for legislative affairs at the Christian Coalition.

The House and Senate are expected to vote this year on a constitutional amendment defining marriage as the union of a man and a woman, and Mr. Backlin said a recent meeting with Republican leaders leaves him confident that the Senate also will vote for the first time on a few key pro-life bills.

Leading conservative activists have been sounding off lately, frustrated that since 2004, when their voters turned out in force to help President Bush win re-election, the Republican Party has backed off the values issues. A constitutional amendment against homosexual "marriage" failed in 2004 to get the required two-thirds majority in both houses.

"I've said it before, and I'll say it again: Let's address values issues," wrote conservative activist Gary Bauer last week in a memo to friends and supporters, noting that 19 states have amended their state constitutions to protect marriage with an average approval vote of 70 percent, yet many lawmakers still shy away.

"What I don't get is, why there is so much reticence on the part of our public servants to defend normal marriage beyond an obligatory press release or applause line in a stump speech?" he said.

A Family Research Council poll released last week found that 63 percent of social-conservative voters think Congress has not acted on a pro-family agenda on such issues as marriage, abortion and broadcast decency.

"In the Republican Party in general, when it comes to Christian conservatives, we don't exist except during election years," said Tom McClusky, acting vice president for government affairs at the FRC.

"The efforts of social conservatives get forgotten in the Republican Party too easily," Mr. Backlin said. "It's up to pro-family groups to remind the leaders of the Republican Party that we are the major constituency ... and they can't take us for granted."

Focus on the Family and similar groups will hold a "Values Voters Summit" in September in Washington to re-engage disillusioned members and build strategy for the coming elections.

Much of the conservative anger is directed at the Senate, the activists said. Mr. Backlin said that out of 400 Senate votes in 2005, only one was even moderately important to his group. Mr. McClusky said that three years after the Janet Jackson Super Bowl "wardrobe malfunction" halftime incident, the Senate has yet to act on TV decency.

He also noted that House Republican leaders angered conservatives last year by letting their chamber vote on a bipartisan bill to expand embryonic stem-cell research. In compensation, conservative groups were promised another House vote to ban human cloning, but "we haven't seen anything like that."

Still, after meeting with Republican leaders recently, conservative activists are cautiously optimistic for the rest of the year.

On tap for action in the Senate, Republican aides confirmed, is an anti-flag-burning amendment and a House-passed bill making it a federal crime to skirt a state parental-notification law by taking a minor to another state to obtain an abortion without

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her parents' involvement. The House will probably vote for the first time on a relatively new bill requiring doctors to inform women seeking abortions that the procedure will cause pain to the unborn child, said a House Republican aide.

There's also talk in the Senate about taking action against what some conservatives see as a judicial attack on the Pledge of Allegiance because of the phrase "under God," one Senate Republican aide said. The House passed such a measure in 2004.

"Just those three alone -- marriage, abortion and religious freedom ... that would be really exciting to our grass roots, and it'd probably ensure that the Republicans keep the House and Senate," Mr. Backlin said.

Values Conference Aims To Press GOP (RC)

By John Stanton

Roll Call, March 27, 2006

Leaders from more than 40 of the nation's most powerful conservative Christian organizations are gathering in Washington, D.C., this week to put GOP Congressional leaders on notice that they will actively look to keep "values voters" away from the polls if lawmakers don't make good on commitments to move a "Christ-centered" legislative agenda.

Concerned by what organizers of this week's "War on Christians and the Values Voters in 2006" conference say is a growing attack on Christian values by liberal lawmakers, Hollywood and the judiciary. Conservatives are gathering today and Tuesday with a handful of their House and Senate allies, including former House Majority Leader Tom DeLay (R-Texas), Sens. John Cornyn (R-Texas) and Sam Brownback (R-Kan.), and Reps. Todd Akin (R-Mo.) and Louie Gohmert (R-Texas). In addition to discussing the status of the "culture war," participants in the conference will map out a legislative agenda, which organizers say will serve as a litmus test for whether their network of conservative activists and clergy will back incumbents in this fall's elections.

After years of strong support for politicians espousing conservative values, Christian voters have become increasingly concerned that "maybe our greatest victory in 2004 could be lost in one year," said the Rev. Rick Scarborough, conference organizer, a longtime friend and ally of DeLay and head of VisionAmerica.

Scarborough and a handful of leading conservatives, including Phyllis Schlafly of Concerned Women for America, Alan Keyes, Lou Sheldon of the Traditional Values Coalition, Paul Weyrich of the Free Congress Foundation, Janet Folger of Faith2Action and Manuel Miranda of the Third Branch Conference, have launched ValuesVoter.org, an advocacy group organized as a 501(c)(4) group in order to lobby Congress on the group's "Contract with Congress." According to Scarborough, the group has drafted a list of 10 "grievances" with Congress and the courts, which it expects lawmakers to address this year. According to the group's Web site, legislative items on the list include a constitutional amendment barring gay marriage, school voucher legislation, curbs on abortion and new controls on judges, among others.

Scarborough also said he met with leaders in the House and Senate earlier this month to discuss the group's agenda and that he had received assurances from them that these issues will be addressed in the coming months. "I'm fully trusting that we'll be hearing more and more" from Congress on social and judicial issues this year, Scarborough said. A Senate leadership aide could not comment on the meetings and House leadership aides could not be reached for comment at press time.

Scarborough warned that Christian conservatives will look to punish lawmakers if they do not engage more fully in the culture war. Scarborough said members of ValuesVoter.org were discussing the creation of a new political action committee, while other organizations in the network had committed to using their own influence with Christian voters in the upcoming midterms. For instance, Scarborough said he expects to use his network of "Patriot Pastors" during this year's elections to educate voters about lawmakers' commitment to the conservative agenda, warning, "we're going to hold these Congressman accountable ... if you're not going to give us what we ask for, we're not going to give you our vote."

A 'War' On Christians? No. (USAT)

By Tom Krattenmaker

USA Today, March 27, 2006

This past holiday season brought us the "War on Christmas."

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Now, if we are to believe the promotions for an event starting today in the nation's capital, something bigger and darker is afoot in America: "The War on Christians."

Such is the title of a conference that boasts a lineup of some of the biggest stars of the so-called Christian right — Sen. Sam Brownback, R-Kan., Rep. Tom DeLay, R-Texas, onetime presidential candidate Gary Bauer and Eagle Forum leader Phyllis Schlafly.

The chief organizer is Rick Scarborough, leader of Vision America, a group that describes its purpose as reversing America's moral decline by getting more Bible-believing Christians to participate in the political process.

"Christians are under a constant, relentless attack — from Hollywood, the news media, activist organizations, and the cultural elite," warned a Web page promoting the "War on Christians and the Values Voter" event, in language typical of the prevailing zeitgeist.

Isn't this more than a bit overblown? And in a time when the country is caught up in a real war with religious overtones, shouldn't the word "war" be tossed around a little less recklessly?

'A kernel of truth'

Certainly, liberals and secularists must concede a kernel of truth to the religious conservatives' charges. To the eyes of conservative Christians, much appears to have changed for the worse in American society in recent decades.

There are stricter limits on explicitly Christian expression in schools and other public settings. There is growing public acceptance of homosexuality and out-of-wedlock births, while television and movies seem awash with sex, nudity and profanity.

And if the claims of Christian persecution sound shrill, so do those of secular Americans who sometimes equate the political activity of religious conservatives with a crusade to replace our Constitution-based government with a hard-edged theocracy.

Still, the rhetoric of persecution from Scarborough and his fellows rings false. A war on Christians?

It sounds more like an exaggerated scare tactic aimed at grabbing attention, rallying the troops and sowing deeper division between the opposing sides in the ongoing debate over the proper role of religion in the public square.

Worse, it trivializes the true persecution of Christians in the early history of the church and the real abuse unleashed on Christians today in some corners of the world.

Christians in America are hardly being thrown to the lions. In many ways, the political and social values of conservative Christians are carrying the day. We are in the second term of the most faith-friendly, explicitly Christian presidency in many a decade.

Not only has President Bush talked a good game with evangelicals, but his administration has backed it with dollars for faith-based initiatives and abstinence-education programs.

Hollywood is producing more Christian-friendly movies while Christian news media, Christian music, Christian novels and other forms of Christian pop culture continue making their strong mark on society.

Nevertheless, the rhetoric of persecution and oppression seems irresistible to many. Nowhere was the theme of Christian oppression more vividly on display, and combatively expressed, than at Justice Sunday III, held Jan. 8 at a predominantly African-American congregation in north Philadelphia on the eve of the Senate hearings on Supreme Court nominee Samuel Alito.

Joining host minister Herbert Lusk at the altar of Greater Exodus Baptist Church were four of the leading figures of the Christian right — Tony Perkins of the Family Research Council, James Dobson of Focus on the Family, Liberty University Chancellor Jerry Falwell and Sen. Rick Santorum, R-Pa.

Also in the lineup of speakers was a woman with the weightiest of surnames — Alveda King, niece of Martin Luther King Jr.

The event, televised nationally on Christian networks, was advertised as a rally against the "tyranny" of a supposedly activist and anti-Christian judiciary. But it wasn't long before Lusk and the other speakers were railing against a wider litany of assaults on people of faith: abortion, gay unions, restrictions on public religious expression — full-scale oppression of the church.

King led the congregation in a rendition of one of the most powerful songs of the civil rights movement, We Shall Overcome, with Perkins and Dobson standing up to lend their voices to the rousing conclusion.

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"We are facing, like we never have before, this hostility against the people of God," roared Lusk, a former running back for the Philadelphia Eagles and the leader of a church whose community outreach work has received more than $1 million in federal funding from President Bush's faith-based initiatives program.

"Don't fool with the church, because the church has buried many a critic, and all the critics that we have not buried, we're making funeral arrangements for them!"

What real war looks like

Sadly, real religious war is being fought, causing real burials. We have war, or something very close to it, between the Shiites and Sunnis in Iraq. And — at least as it's perceived by those waging it — there is the religious war of the Iraqi insurgents who invoke jihad in their deadly attacks on American soldiers and their fellow Iraqis.

While religious conservatives gather in Washington today, another terrifying prospect looms over our country and world that makes the claims of Scarborough and his co-religionists appear especially trivial.

We could be headed toward an international showdown over the nuclear program of the theocratic Islamic government in Iran. John Bolton, U.S. ambassador to the United Nations, has spoken recently of the need for the United States to use "all the tools at our disposal" to eliminate the threat.

Imagine some of the possibilities should diplomacy fail: U.S. forces facing a religiously motivated enemy as they move in to take out the nuclear installations (or government) in the event airstrikes prove insufficient; American interests in the Middle East and elsewhere threatened by retaliatory attacks.

Worse yet, imagine a nuclear weapon in the hands of a militant Muslim government with a contempt for Israel and its staunch "infidel" supporter, the United States. Given the crusader overtones of U.S. foreign policy since 9/11, these scenarios could take on the appearance of a real war on Christians. May they never come to pass.

So, for our domestic debates, let's find a more appropriate, more sober vocabulary. Many words might describe what's going on between conservative Christians and their political opponents today. "War"? That's not one of them.

Tom Krattenmaker is a Philadelphia-based writer specializing in religion in public life. He is working on a book about Christianity in sports and popular culture.

Not Everything Bush Does Is About The Christian Right (RC)

By Stuart Rothenberg

Roll Call, March 27, 2006

This is a true story. The names have been changed to protect the — well, just because I'd rather not name names.

The other day I received a telephone call from a producer at a television network. The caller inquired about whether I might be available to do an interview for a story scheduled to air later in the day. I often do interviews, so the call wasn't all that unusual.

What was unusual, however, was the story that precipitated the call — or rather the angle that the piece was taking.

The story involved the possible execution of an Afghan Muslim who had converted to Christianity. As far as I know, that story made all of the network news shows that evening, and it was the lead on at least two broadcasts.

I didn't know anything about the subject, and I said so. But the producer persisted, saying the angle they were hoping I could comment on was what President Bush had to do to respond to the possible execution to "satisfy" Christian conservatives.

Frankly, I was shocked at the question, since the underlying premise was that the president of the United States would respond to the possible execution primarily in the context of domestic political pressures.

I guess the people working on the story had visions of the president, Karl Rove and a couple of other White House staffers sitting around talking about what the president had to say to make Pat Robertson, James Dobson or Gary Bauer happy.

I know that people in Washington, D.C., assume that politics pervades everything, and that politicians don't make a move without calculating the political costs. But in this case, I argued, that assumption simply was wrong.

"Are you suggesting," I asked rhetorically, "that the president — or any normal American — would react differently if someone were being executed because he or she had converted to Judaism or to Islam?" Why else bring the Christian right into the story?

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I know some journalists are obsessed with the political influence of the religious right, but the idea that the president's response would, to a considerable extent, be crafted to pacify evangelical Republicans is ridiculous.

When I told that to the caller and added that I was not interested in being interviewed because of the premise of the piece, I heard silence, followed by a polite thank you.

I'll admit that I wondered how the final piece would look, and I hoped the "Christian right" angle would never make it to air, since it seemed very unlikely to me that the White House would see the issue as how to "deal with" the Christian right.

But it did air and included an interview with Tony Perkins of the Family Research Council, apparently questioning American policy in Afghanistan.

The story ultimately included a nationally known political science professor commenting that the incident was a "nightmare" for the president since it "takes his base and divides it."

The first thing I did was pick up my jaw from the floor. Then I shook my head in disbelief.

How exactly, I wondered, did the possible execution of a Christian convert in Afghanistan "divide" Bush's base? Was I supposed to believe that there are Republicans who favor the execution and others who don't?

Or, did the analyst mean that Christians want the president to act tough toward the Afghans, but non-Christian supporters of Bush don't care or oppose a tough line?

Or am I supposed to assume that the "execution" of a Christian convert in Afghanistan would somehow turn Christians — and only Christians — in the United States against the war, if hundreds of deaths and kidnappings hadn't done so already?

I suppose it is possible that if an execution takes place, some Americans who have been supporting the war might start to question whether the administration's entire Iraq-Afghanistan policy is right.

But that view wouldn't be limited to Christians, and it's not even certain that the execution would change existing views on the president's policies. If there is an execution, will Perkins call for the U.S. to leave Afghanistan immediately? Don't hold your breath.

The entire incident from my phone conversation to the final version of the unfortunate piece drove home a key point: Even in Washington, not everything is a partisan or ideological issue, and not everything the president does or says involves political or electoral concerns. Even more to the point, not all presidential decisions are based on the political clout of the Christian right.

Some things involve simple truths that don't require over-interpretation. Like the question of whether it's OK to execute someone because of his or her religious beliefs.

Stuart Rothenberg is editor of the Rothenberg Political Report.

'Scared' Rivals Watch Steele (WT)

By Jon Ward

The Washington Times, March 27, 2006

Maryland Democrats are keeping close tabs on the top Republican candidate in the state's U.S. Senate race, by videotaping Lt. Gov. Michael S. Steele's campaign stops and noting his fundraisers with Bush administration officials.

"God bless them," Mr. Steele said. "They're so scared, and I love them for that."

Derek Walker, executive director of the state's Democratic Party, said videotaping is a typical campaign tactic and that party members are "learning as much as we can" about Mr. Steele.

"We certainly take Michael Steele seriously," Mr. Walker said. "And we take George Bush and Karl Rove's threats of bringing $20 million [in campaign money] into Maryland seriously."

Mr. Steele, well-aware of Democrats' presence, began a recent campaign stop by talking about his "following."

"I know that a lot of people are watching this race very closely, especially the Democrats," Mr. Steele said.

He spoke directly to a woman in the back of the room who held a small video camera.

"Nice to see you again," Mr. Steele said. "Doing well? What's your name because I think I'm going to be seeing you a lot. Was it Jennifer?"

"Yes," said the woman, who later said she was with the Maryland Democratic Party.

"Give my best to your team," Mr. Steele responded.

National Democrats also are keeping a close eye on Mr. Steele, who is campaigning to be the first black Maryland Republican in the U.S. Senate. The Democratic Party has a long-standing black voting bloc.

Two Democratic Senatorial Campaign Committee staffers illegally obtained Mr. Steele's credit report last year. Both resigned, and one pleaded guilty Friday to a misdemeanor in exchange for a lighter sentence.

The Democrats' top candidate is Rep. Benjamin L. Cardin, a 10-term Baltimore congressman.

A Rasmussen Reports survey shows Mr. Cardin with 49 percent of the vote and Mr. Steele with 35 percent in a head-to-head contest to succeed retiring Sen. Paul S. Sarbanes, a Democrat who has served five terms.

Last week, Mr. Walker sent out an e-mail that called attention to an April 7 fundraiser for Mr. Steele that Vice President Dick Cheney is expected to attend.

The e-mail quoted Maryland Democratic Party Chairman Terry Lierman saying Mr. Steele should be sent a map "to make sure he gets there. He won't want to miss what Dick Cheney has to say about how Steele can help advance the Bush/Cheney agenda."

Mr. Steele has held fundraisers with President Bush and presidential adviser Karl Rove.

Democrats are trying to link Mr. Steele with Mr. Bush's low approval ratings and to the federal government's slow response to Hurricane Katrina, which they say shows Republicans' indifference to blacks.

Mr. Steele acknowledges the administration's shortcomings but says he has not been in a position to do anything. However, he has vowed to "take the lead on this issue" if elected.

The Cardin campaign sent out a detailed account of Mr. Steele's fundraisers this month, including one with White House Chief of Staff Andrew H. Card Jr.

Mr. Cardin faces a primary challenge from Kweisi Mfume, former chairman of the National Association for the Advancement of Colored People. Mr. Cardin has more cash than Mr. Mfume, but three other candidates, including Bethesda businessman Josh Rales, are building war chests and could play a factor.

DCCC To Target Critics Of Stem-Cell Research (RC)

By Steve Kornacki

Roll Call, March 27, 2006

Rep. Rahm Emanuel (Ill.), the chairman of the Democratic Congressional Campaign Committee, will be in New Jersey today for the first of seven events designed to highlight opposition by Republican House candidates to stem-cell research.

At Newark Liberty Airport, Emanuel will join Linda Stender, a 12-year veteran of the New Jersey state Assembly who is challenging three-term Rep. Mike Ferguson (R) in the nearby 7th district. Stender recently said that the first act of a Democrat-controlled House in 2007 should be to impeach President Bush.

Emanuel and Stender will criticize the stem-cell research position of Ferguson, who is anti-abortion. Democrats say his opposition to such research puts him at odds with his moderate, suburban constituency.

The two Democrats will also unveil a Web ad — a cheaper, if less effective, alternative to running commercials on the pricey New York City airwaves that blanket the 7th district.

In 2004, the DCCC recruited a former Marine, Steve Brozak, to challenge Ferguson. But the committee ultimately decided not to invest in the race, earning it a public rebuke from Brozak, who lost by a double-digit margin.

Emanuel will not appear at the other six events on tap for the week, which will be held in districts generally considered a notch or two more competitive than New Jersey's 7th.

The GOP candidates being targeted in the DCCC offensive include freshman Reps. Michael Fitzpatrick (Pa.) and Dave Reichert (Wash.). The GOP hopefuls being targeted include Rick O'Donnell in Colorado's open-seat 7th district, quite possibly the top House race in the country this year; John Gard, the National Republican Congressional Committee's preferred candidate to replace Mark Green (R) in Wisconsin's 8th district; embattled incumbent Rep. Richard Pombo in California's 11th district; and Peter Roskam, a state Senator who will face Democrat Tammy Duckworth in the 6th district of Illinois.

Democrats promise that the stem-cell message will eventually be rolled out in a wide range of other districts as well.

Kerry And Producer Do Battle For Honor (at Least The Word) (NYT)

By Sara Ivry

The New York Times, March 27, 2006

When Senator John F. Kerry set up a legal defense fund last month to fight a civil suit charging him with conspiracy and defamation, he called it the "Fund for Truth and Honor." The name seems to tweak the title of "Stolen Honor: Wounds That Never Heal," a 2004 documentary that criticized Mr. Kerry for his activities in the early 1970's in Vietnam Veterans Against the War.

Carlton Sherwood, the journalist and Marine veteran who produced the film, and the Vietnam Veterans Legacy Foundation filed the lawsuit in October in federal court in Philadelphia. The suit accuses Mr. Kerry and an aide of campaigning to stop the Sinclair Broadcasting Group from showing "Stolen Honor" and of trying to injure Mr. Sherwood's business and reputation.

"If there's one lesson we learned from 2004, it's how much the right wing is willing to spend to attack John Kerry's honor," said David Wade, a spokesman for Mr. Kerry. "We want to set up some mechanism so that if this gets very expensive, you have some means of fighting back."

Mr. Sherwood said this fight was nonpartisan. "This is a personal thing. It has nothing at all to do with his politics," he said. He called it an effort to make Mr. Kerry answer for having "defamed and excoriated hundreds of thousands of men, some of them killed in action, just for his own political future."

As for the name of the fund, with its riff on the title of the film, Mr. Sherwood said, "it's simply mocking."

"When we say it," he added, "we're deadly serious."

Mr. Wade, who noted that no donations had yet been solicited for the fund, defended its name.

"The truth is on our side, and John Kerry served honorably and spoke out against the war honorably," he said. "There is nothing honorable or truthful about what Carlton Sherwood did in 2004. His propaganda is dishonorable lies, and we're going to beat it with truth."

Clinton Keeps Focus On '06, And That Could Be A Strategy For '08 (NYT)

By Anne E. Kornblut And Raymond Hernandez

The New York Times, March 27, 2006

MELVILLE, N.Y., March 23 — Taking the stage in a ballroom here to address a group of Realtors on Thursday, Senator Hillary Rodham Clinton faced a familiar battery of comments and questions about her future.

The host introduced her as a "formidable presidential candidate." An audience member asked whether her husband, the former president, would wash the windows upon their return to the White House. "He's never done them in any of our other houses," Mrs. Clinton said, sending a ripple of laughter through the crowd.

The notion that Mrs. Clinton might be courting once-wary voters in Suffolk County as part of her 2006 re-election race went unacknowledged. In fact, her Senate race has become something of an afterthought these days, with the Republican Party failing to mount much opposition and national attention focused on Mrs. Clinton's potential to capture the Democratic presidential nomination in 2008.

But Mrs. Clinton herself appears not to have lost sight of 2006 — judging not only by her painstaking attention to local details during her public appearances, but also by a schedule that frequently takes her to Republican areas across the state.

On the contrary, the senator appears to be treating her re-election bid as, among other things, a chance to prove her viability in tough parts of the New York, with Democrats and associates saying that she is aiming both to run up a big margin of victory statewide and to exceed expectations in Republican strongholds.

Rather than traveling to New Hampshire or Iowa as have the other likely presidential contenders — she has not visited New Hampshire in roughly a decade — Mrs. Clinton spends significant amounts of time in areas of New York that have historically been enemy territory for a Democrat. Many of her recent stops — in the Niagara Falls, Rochester and Syracuse regions — are, on the surface, even more difficult political territory for her than Suffolk County, which she lost, 56 percent to 41 percent, in 2000.

The strategy is strikingly similar to the one used by George W. Bush in 1998, when he ran up the score among Hispanics and moderates in Texas during his re-election campaign as governor, allowing him to promote the results as proof of his broad electoral appeal.

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Still, even if it proves successful, the approach has its limitations. New York Republicans, by and large, are less conservative than their counterparts in the South and West, especially on social issues like abortion.

In some ways, her re-election race is all about risk. If she fails to run up a substantial margin of victory, her opponents in both parties are sure to cite her performance as evidence that she has too much ideological and personal baggage to win a nationwide race.

But it is also true that Mrs. Clinton has strengthened her standing in parts of the state in which she was viewed skeptically at best in 2000, and that showing her own party that she can temper her image as a liberal can only help her in 2008.

"They're going to try to write a story about her success here coming out of 2006, to try and answer some of the questions people have raised" about her ability to reach past liberal Democrats and build an appeal nationally, said David Axelrod, a Democratic media strategist.

Should Mrs. Clinton achieve her goals in the Senate race, Mr. Axelrod said, "They're going to say she can do the same thing across the country, to their advantage."

Chris Lehane, a Democratic strategist who has worked on several presidential campaigns, said the "starting gun" on the presidential race would formally go off the Wednesday after this year's midterm elections.

"The question is, where does Hillary Clinton want to be that Wednesday?" Mr. Lehane said. "The first thing she wants is to have an impressive victory, including in parts of the state, such as upstate, that will be indicative of her ability to attract moderate, independent and even Republican support."

And so it was that Mrs. Clinton found herself in a dual role at the Hilton hotel here on Thursday — as both a celebrity, rushed by a throng of supporters seeking her autograph, and as a policy wonk with a firm command of issues important to the constituents she most wants to woo.

In her remarks to the Long Island Board of Realtors, she repeatedly addressed the kind of core suburban issues that typically matter to middle-class Republicans: issues like traffic congestion, economic tax incentives for suburban areas and maintaining the mortgage interest rate deduction.

After an initial standing ovation subsided, Mrs. Clinton told the group that she had made it a priority to determine "what we need to do to revitalize suburbia, because, after all, suburbia started on Long Island."

"Some of our suburbs are old now themselves, and they need some help, so what we've tried to do is pay attention," she said, specifically citing Long Island, Westchester and suburbs upstate as the objects of her attention.

Polling data strongly suggests that Mrs. Clinton has managed to pick up what would have once seemed like unlikely support across the state, and not simply because she is running without formidable opposition. In January, about 31 percent of registered Republicans said they approved of her, up from 18 percent in early 2001, according to polls conducted by Quinnipiac University.

Upstate, her approval rating jumped to 56 percent from 36 percent, while in the suburbs of New York City, it grew to 55 percent from 28 percent.

There is even greater anecdotal evidence that the junior senator has overcome some initial concern among Republicans. Timothy J. Regan, the senior vice president for government affairs at Corning, the upstate glassware company, said that after some "rough sledding" right after the 2000 race — when only a limited number of Republicans in his area voted for her — she had become "incredibly popular," by securing appropriations and other funding for the community and by responding to questions and complaints.

Her ability to help mostly Republican and upstate areas "has surprised everybody," Mr. Regan said.

Potentially, Mrs. Clinton could use solid gains in those communities to argue that she is viable in the outlying suburbs that have tipped the balance in the last two presidential elections — and among white, middle-class voters in places like Ohio and West Virginia.

Mrs. Clinton's advisers would not publicly discuss what, if anything, the 2006 election might mean for any national run. "She is single-mindedly focused on this '06 race right now," said Terry McAuliffe, the former chairman of the Democratic National Committee and a close friend of the Clintons'.

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At the same time, Mrs. Clinton could get herself into trouble if she and her strategists publicly set a bar for how well she should perform in 2006. Indeed, aides to Mrs. Clinton are reluctant even to predict how much of the overall vote she will win. Last time, she reached 55 percent; most Democrats believe she will do much better this fall.

"No smart strategist is going to set a bar seven months before an election," said Paul Begala, a political adviser to former President Clinton. "Governor Bush and Karl Rove did not go around in March of 1998 saying that they were going to significantly increase their performance among Hispanics."

Nonetheless, Mr. Bush, in his 1998 race for re-election as governor of Texas, did specifically set out to outperform himself and other Republicans in order to demonstrate his electoral strength.

In the end, Mr. Bush won 47 percent of the state's Hispanic vote. That was unprecedented for a Republican, and a performance that "helped brand him, in a way, as a different kind of Republican, one that could go get votes among constituencies that hadn't been traditionally Republican," said Matthew Dowd, a strategist for Mr. Bush.

Similarly, Mr. Dowd said, Mrs. Clinton is "going to need to win upstate in smaller communities that may have even voted against her last time, to show she's got their votes now."

Hillary's 'Troop' Buildup (NYPOST)

By Ian Bishop

The New York Post, March 27, 2006

WASHINGTON - Sen. Hillary Rodham Clinton won't say if she's running for the White House - but she's already drafted a presidential-size army of campaign staffers that dwarfs John McCain's outfit and those of everyone else in the field.

Clinton has assembled a Titanic-size troop of 37 staffers and a legion of pricey consultants on the rolls of her HillPAC political-action committee and her Friends of Hillary re-election campaign - operatives that come on top of the three dozen aides in her Senate office.

"I understand New York is a large state, but this is extraordinary. This operation is built for one thing and one thing only: She's running for president," said a senior Dem operative.

Twenty Clinton campaign staffers are paid by both HillPAC and Friends of Hillary, including her Senate chief of staff, Tamera Luzzatto, according to federal records. Six more campaign staffers are paid exclusively by Friends of Hillary, and another three receive a paycheck just from HillPAC.

In all, Clinton doles out nearly $100,000 a month on staff payroll, and devotes even more to a dozen seasoned consultants who handle media strategy, speechwriting, market research, direct mail and fund-raising. The payoff has been a $17 million war chest - the biggest in the Senate.

"Considering the successful work that is being carried out by the FOH and HillPAC staff, including our extensive outreach to low-dollar donors, we think it's an appropriate number at this time," campaign spokeswoman Ann Lewis told The Post.

But insiders say her army is overkill in her re-election race against former Yonkers Mayor John Spencer and former Reagan-era Pentagon official Kathleen "KT" McFarland - both way back in the polls.

Clinton's political machine is so massive that it's more than four times as big as 2008 GOP front-runner McCain, who relies on five staffers and a half-dozen consulting firms spread between his campaign and his Straight Talk America PAC.

And while Clinton this year has hoarded her HillPAC money to build her staff - making just one donation to the Oregon Democratic Party - other presidential wannabes, both Democrats and Republicans, have spread their campaign cash to build up a grass-roots network in key primary states.

Retraining Laid-Off Workers, But For What? (NYT)

By Louis Uchitelle

The New York Times, March 27, 2006

Layoffs have disrupted the lives of millions of Americans over the last 25 years. The cure that these displaced workers are offered — retraining and more education — is heralded as a sure path to new and better-paying careers. But often that policy prescription does not work, as this book excerpt explains. It is adapted from "The Disposable American: Layoffs and Their Consequences" by Louis Uchitelle, an economics writer for The New York Times. Knopf will publish the book on Tuesday.

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JO GOODRUM, a thin, energetic woman older than her audience of aircraft mechanics — old enough, perhaps, to be their mother — got their attention with a single, unexpected sentence, which she inserted early in her presentation. Her husband, she said, had been laid off six times since the late 1980's. And yet here she was, standing before them, in one piece, cheerful, apparently O.K., giving survival instructions to the mechanics, who would be laid off themselves in 10 days.

They were, in nearly every case, family men in their 30's and 40's who had worked for United Airlines since the mid-1990's. Summoned by their union, they had gathered in the carpeted conference room at the Days Inn next to Indianapolis International Airport, not far from United's giant maintenance center, a building so big that 12 airliners could be overhauled in it simultaneously. That no longer happened. Most of the repair bays were empty. The airline was cutting back operations, and the 60 mechanics at the meeting were in the fourth group to be let go.

Confrontation had brought on the layoffs. Influenced by militants in their union local, Hoosier Air Transport Lodge 2294 of the International Association of Machinists, the 2,000 mechanics at the center had engaged in a work slowdown for many months, and then a refusal to work overtime. But rather than give ground, United responded by outsourcing, sending planes to nonunion contractors elsewhere in the country.

That scared the mechanics. They quieted down and, in effect, authorized the leaders of Lodge 2294 to make peace. Their hope was that if they cooperated, United would ease up on the layoffs and revive operations at, arguably, one of the most efficient, high-tech maintenance centers in the world. In this state of mind, the union was helping to usher the 60 laid-off mechanics quietly away. It had rented the conference room on this cold January evening in 2003 to introduce the men to what amounted to a boot camp for recycling laid-off workers back into new, usually lower-paying lines of work.

SIMILAR federally subsidized boot camps, organized by state and local governments, often in league with unions, have proliferated in the United States since the 1980's, and now many cities have them. Unable to stop layoffs, government has taken on the task of refitting discarded workers for "alternate careers." In deciding as a nation to try to rejuvenate them as workers, we put in place a system, however unrealistic, that implicitly acknowledged layoffs as a legitimate practice.

The presumption — promoted by economists, educators, business executives and nearly all of the nation's political leaders, Democrats and Republicans alike — holds that in America's vibrant and flexible economy there is work, at good pay, for the educated and skilled. The unemployed need only to get themselves educated and skilled and the work will materialize. Education and training create the jobs, according to this way of thinking. Or, put another way, an appropriate job at decent pay materializes for every trained or educated worker.

If the workers were already trained, as the mechanics certainly were, then what they needed was additional training and counseling as a transition into well-paying, unfilled jobs in other industries. If the transition failed to function as advertised, well, the accepted wisdom suggested that it was the fault of the workers themselves. Their failure to land good jobs was due to personality defects or a resistance to acquiring new skills or a reluctance to move where the good jobs were.

That was the myth. It evaporated in practice for the aircraft mechanics, whose hourly pay ranged up to $31. Not enough job openings exist at $31 an hour — or at $16 an hour, for that matter — to meet the demand for them. Jobs don't just materialize at cost-conscious companies to absorb all the qualified people who want them.

You cannot be an engineer or an accountant without a degree; in that sense, education and training certainly do count. Furthermore, in the competition for the jobs that exist, the educated and trained have an edge. That advantage shows up regularly in wage comparisons. But you cannot earn an engineer's or an accountant's typical pay if companies are not hiring engineers and accountants, or are hiring relatively few and can control the wage, chipping away at it.

For the mechanics at the Days Inn, the retraining process would begin in a few days with workshops in résumé writing and interviewing skills, personality evaluations and job counseling — and, for a lucky few, tuition grants to go back to school. The mechanics were being "counseled out" of their well-paying trade, as some of them wryly put it, and Mrs. Goodrum was the lead-off speaker in this endeavor.

She presented herself as one of them. Her husband's wage slid from $25 an hour in his heyday as a factory worker in the 1980's to $10 an hour in his latest job in a watch store. To supplement that falling income, she had taken part-time work as an "education presenter" for the Consumer Credit Counseling Service of Central Indiana.

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In this capacity, it was her task to explain how easy it would be for the departing mechanics — separated from salaries of $55,000 a year and up — to sink deeply into debt. The glimpse that she offered of her husband's downfall suggested that she had learned these lessons herself.

Distinguish, she said, between needs and wants. Rent, food, insurance premiums — those are needs. Cable television is a want; cancel it. Day care can be a want or a need. It's a need for parents with jobs, but a want for the soon-to-be-laid-off mechanics who would now have more time to watch their children themselves.

In the blue-collar world, aircraft mechanics are at the top, and these were painful economies for them. They are the highly skilled people who repair and overhaul the nation's airliners. Each mechanic in the room had completed two years of collegelike schooling to qualify for the exacting task of dismantling and rebuilding airliners every five years, the work carried out at the maintenance center. Several compared their role proudly to that of a pilot, claiming as much credit as the pilots for the safety of air travel.

Now they were falling out of this high-level world, in most cases for good. They were unlikely to match or come close in their next jobs to the level of pay that would soon cease. They would be newcomers again in the work force. They must learn how to get a foot in the door, the speakers that evening unceremoniously told them. Their careers were gone, and the grief at this loss must be absorbed in order to move on.

Recognizing their vulnerability, Mrs. Goodrum spoke to the mechanics in the simplified, encouraging language that a skilled teacher uses to instruct children who are just learning to read, or that a speech therapist adopts to guide stroke victims struggling to speak again. Did the mechanics realize, she said, that credit card companies and mortgage lenders give special consideration to laid-off workers? She held up a "sample letter to a creditor" in which the writer announces his layoff, says he expects to be working again in three months and proposes to reduce his payments in the meantime. "It is very important that you negotiate now," she said, "and not when you are 60 days behind on a debt."

When Mrs. Goodrum had finished outlining in step-by-step detail the various survival strategies, Ben Nunnally, then 44 and the president of Lodge 2294, rose and without moving from behind the head table inserted into the proceedings some impromptu advice of his own, exercising his authority one last time as their union leader. While he had the mechanics in one room, Mr. Nunnally said, he wanted to caution them about the unemployment checks they would soon be getting. If they did not file promptly on Jan. 25, their last day, they could waste two weeks in collecting the first check.

Even if the unemployment pay arrived on time, it would be little enough: $336 a week for 26 weeks, way below the nearly $1,100 a week or so that the mechanics had been earning at United. Mr. Nunnally, however, made no mention of either amount. "We have no choice but to offer as little conflict as possible with United and hope that will avoid more layoffs," he said afterward.

It was a wasted hope. Three months later, in April 2003, United abruptly laid off the 1,100 remaining mechanics, including Mr. Nunnally. On May 4, it said it would abandon the maintenance center completely. Outsourcing had won, hands down, and although Mr. Nunnally stayed on as the president of the much-diminished union local, he, too, applied for unemployment pay.

Mr. Nunnally had experienced the center's glory days. He joined United in 1989 as a 30-year-old mechanic in San Francisco and transferred to Indianapolis in 1994, drawn by the lower cost of living and the recently opened center. The mechanics in Indiana worked mostly on Boeing 737's, but as United expanded the operation — opening more repair bays, hiring more mechanics and extending the legs of the L-shaped building until each was nearly a half-mile long — they also overhauled other so-called narrow-body aircraft, including Airbus 319's and 320's and the larger Boeing 757's.

With morale high in the 1990's and the mechanics willing to work hard, they put airliners through their periodic overhauls in record time. The stem-to-stern refurbishing of a 737 normally required 22 days at other maintenance centers. The mechanics at Indianapolis cut that to 11 days for a 737 going through its first heavy maintenance and to less than 20 days for older planes. "We had overhaul bays that kind of competed in a friendly way to see who could do the best," said Frederick L. Mohr, general manager of the Indianapolis center from 1997 until 2002.

The rapid turnaround meant an infusion of passenger revenue from the additional days that the plane was in service, helping to justify the mechanics' pay of $26 an hour in the late 1990's.

Capitalizing on the growing productivity, United itself got into outsourcing as a means of keeping the giant center busy during slack periods in its own operations. America West was sending 737's and 757's to Indianapolis for heavy maintenance,

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and by the spring of 1999 the work force had grown to 2,400 mechanics from fewer than 250 when Mr. Nunnally arrived in 1994. The fast turnarounds and reliable work justified the relatively high fees that United charged, and America West shifted maintenance to Indianapolis from a private, less expensive contractor in Portland, Ore., whose mechanics earned less.

It was outsourcing in reverse, an American victory in the global competition. "We had people visiting us from Europe to see what we were doing," Mr. Mohr said.

What these visitors saw as they approached the maintenance center was a strikingly futuristic light gray structure, trimmed jauntily in blue, that had risen in the rolling, grassy fields on the far side of the runways, opposite the terminal. The soaring entrance hall, designed to suggest a giant airliner cabin without seats, reflected the efficiencies that were built into nearly every aspect of the building. The mechanics came and went through this hall, where before or after a shift or during a meal break, they took care of nonproductive chores: banking at a credit union, visiting a personnel office, shopping at a small store.

On the eve of the closing, only Hangar 1A was active. A 737 was parked there, its interior gutted. It was the last airliner United would recondition in Indianapolis, and David Doucey, the maintenance center's operations manager, said matter-of-factly that although the mechanics had already received their layoff notices, they would finish the job seven or eight days faster than any other center could.

Parts from the dismantled interior were spread out on an unpainted wooden floor, a mezzanine that fit snugly around the plane just below the wings and stretched out 200 feet on either side. The servicing of many components removed from the cabin and cockpit took place there, eliminating the time required to send them to workshops elsewhere — the practice at other centers.

The time-saving features were numerous, and Mr. Doucey pointed them out. Hydraulic devices erect scaffolding around the plane in an hour, rather than the four hours required elsewhere. Parts are ordered by computer and delivered on an automated miniature railroad, rather than by hand or on bicycles as in other shops. A controlled climate permits mechanics to use fiberglass or graphite composites to patch a plane's outer skin without having to send the sections to special shops.

What drove away America West was the labor trouble that erupted over the Fourth of July weekend in 1999 and then mushroomed into a prolonged slowdown. In retrospect, that weekend was the turning point, the moment when the remarkable efficiencies that had been achieved at Indianapolis began to unwind, and labor-management tensions that had been accumulating suddenly asserted themselves.

IN an earlier era, the two sides would have tried to settle their differences through negotiation and would probably have succeeded. There was really no other alternative. The outsourcing of maintenance did not exist before the 1980's; airlines did their own maintenance. But now layoffs and outsourcing had become an easy and acceptable option. Everywhere in America, the barriers to layoffs came down one after another starting in the late 1970's, and by the turn of the century there was acquiescence.

The incident that started United down the road to outsourcing and layoffs seemed so minor. During the trusting years, the foremen had relaxed the restrictions on the number of mechanics who could take vacation days at the same time. For that Independence Day weekend, more than 100 mechanics had been granted time off — 10 times the prescribed number.

Mr. Mohr, the general manager, was himself on vacation in the days leading up to the weekend, and he called the office to remind his lieutenants to be careful about allowing too many mechanics to be away. Somehow that became a wholesale, last-minute cancellation of vacation time, outraging the mechanics. "To this day, they get upset when they talk about what happened that weekend," Mr. Doucey said.

The uproar over vacations stirred up other resentments — how United had gotten tough about sick days, how it had scaled back flexible hours, how it had substituted an 8-hour shift for a 10-hour one that allowed three- and four-day weekends, which the mechanics preferred.

"Once the vacation thing happened, that ignited a lot of small fires," Mr. Nunnally said. The militants in his local fanned those fires, arguing that the mechanics, because of their unique skills, were special people, essential to airline safety, and that United should be forced to recognize their value.

Mr. Mohr resisted this logic. "Anything we had to do to respond to the business environment was seized upon by the mechanics as something negative," he said. Mr. Nunnally, who was then chairman of the lodge's grievance committee, was caught between management and his members, his leadership challenged by the militants, who numbered nearly 300

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mechanics. "I said to Mohr, 'I have to have some wins, too; I can't be beaten in every grievance and do nothing,' " Mr. Nunnally said. "I practically begged him to cooperate, and he could not do that."

BY the fall of 1999, the mechanics were engaged in a slowdown. That is not difficult when airline safety is at issue. If an inspector, drawn from the ranks of the mechanics, finds fault with a newly refurbished wing flap assembly or some other repair, he writes up a ticket reporting the flaw or a potential malfunction; even if there isn't a problem, time has to be spent to investigate the issue to the satisfaction of the Federal Aviation Administration.

As the mechanics had intended, turnaround time inched up, soon reaching 15 days and eventually more than 20 days for a 737. America West stopped sending planes to Indianapolis, as the mechanics had hoped. To regain the lost business, they expected United to restore some of the lost perquisites and thus win back the mechanics' cooperation. Jobs would be preserved, and on the mechanics' terms. That did not happen, and as the slowdown dragged on, work backed up on United's own airliners. For the first time, planes were parked on the tarmac outside the center, out of service — and not generating revenue — while awaiting overhaul.

Then, in July 2000, the mechanics slowed work even more by voting to withhold overtime, to protest what the militants viewed as management's recalcitrance in negotiating a new contract to replace one that had just expired. Mr. Nunnally, as grievance chairman, had spoken against withholding overtime, and worked it himself, in defiance of his militant members, but his point of view did not prevail.

Soon after, the outsourcing began. United diverted work from Indianapolis to private contractors in Alabama and North Carolina, contractors who employed nonunion mechanics — in most cases, at lower wages and with fewer benefits. "The outsourcing was a business decision," Mr. Mohr said. "The cycle time had gotten to the point that if we did not outsource, we would have aircraft continuously parked, waiting for maintenance."

When United and the union finally signed a new contract in March 2002 — 20 months after the old one expired — and the mechanics in Lodge 2294 lifted their ban on overtime, United continued to outsource maintenance, gradually shrinking the operation in Indianapolis. Under the new agreement, the mechanics' combined wages and benefits rose to more than $60 an hour, an increase of roughly $20. While that was the first increase in five years, the new total was double the labor cost of nonunion contractors. It was too big a spread for the mechanics in Indianapolis to overcome — unless they could return to the record turnarounds achieved in the late 1990's. But the old efficiency did not reappear.

Even if it had, the outsourcing would not have stopped, and for a reason quite apart from labor costs. United would not submit again to the leverage over maintenance operations that the mechanics in Indianapolis had exercised. Outsourcing had become too easy an alternative, and the airline crisis that followed the terrorist attacks of September 2001 only encouraged the practice.

What had started as an escape from a unionized, often militant work force took on a second function. The outsourcing of heavy maintenance became a means for the airlines to cut costs, and nearly every major airline gradually moved that way. In an earlier era, before layoffs and outsourcing were acceptable options, United might have weathered the crisis by taking in work from other airlines, as it had once done with America West. But layoffs and outsourcing were now standard practice, and rather than pursue economies of scale, United sought heavy maintenance at the lowest immediate cost. As work shifted away from Indianapolis, the layoffs multiplied.

The 60 mechanics gathered at the Days Inn that January evening were in the fourth wave to lose their jobs, bringing the total to 1,200. The recycling of former mechanics into new lines of work was now in full swing, and Mr. Nunnally, when he had finished speaking about the importance of filing promptly for unemployment benefits, introduced Tori E. Bucko. She turned out to be the main speaker, the chief of the boot camp that the mechanics were being encouraged to enter.

Given her responsibilities, Ms. Bucko was surprisingly young — only 30. But as the manager of a federally subsidized program for processing laid-off airline workers in Indianapolis, she would soon play a more important role in the lives of many of the mechanics than Mr. Nunnally or the union they were leaving behind.

The program that Ms. Bucko directed was sponsored by the Indianapolis Private Industry Council, a coalition of companies, unions, government agencies and civic groups. Virtually all of the funding comes from Washington, which sends less than $7 billion a year to the states to recycle laid-off workers back into jobs. In Indiana's case, the state distributes its share of the

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federal money to 16 regional work-force investment boards. The Indianapolis Private Industry Council is one of these boards, and the council in turn paid a private, nonprofit company, Goodwill Industries of Central Indiana, to do the actual work.

Goodwill employed Ms. Bucko as the manager in charge of the recycling program for laid-off airline workers in Marion County, whose boundaries encompass the city of Indianapolis. Goodwill also recycled men and women laid off in other industries in Marion County, recruiting them as they signed up for unemployment benefits at state-run offices. But in the winter of 2003, outcast airline employees, two-thirds of them United's mechanics, were still getting special attention in what was called the AIR Project, the short name for Airline Industry Re-careerment Project, a title that suggests just how awkward and difficult recycling is.

Ms. Bucko's task, in this initial presentation at the Days Inn, was to encourage the 60 mechanics to take the next step. There would be no help for them if they failed to show up at the AIR Project's center, in an industrial park not far from the airport. There, they would be asked to fill out a detailed enrollment application and submit to a series of workshops and evaluations.

What Ms. Bucko did not mention was the pressure on her employer, Goodwill Industries, and on herself, to meet the employment goals specified in the federal grant — to get most of the mechanics re-employed at 90 percent of their previous wage. Meeting this goal was a condition for getting more federal money once the initial grant expired. In the end, Goodwill managed to put together enough money to string out the AIR Project for nearly four years. But the employment goals were not met. They could not be met; they were too optimistic, mythically optimistic.

Ms. Bucko knew that as she struggled to meet the standard. So did Carolyn Brown, vice president of the Indianapolis Private Industry Council, the agency that picked Goodwill Industries to run the project. "When large numbers of people are laid off, there just isn't any occupational cluster that is waiting out there to receive them," Ms. Brown said.

Job training, as a result, became a channeling process, channeling the unemployed into the unfilled jobs that do exist, with a veneer of training along the way. Yet job training is central to employment policy. It has been since 1982, when Congress passed the Job Training Partnership Act at the urging of President Ronald Reagan. President Bill Clinton took job training even further, making it available to higher-income workers — including the aircraft mechanics in Indianapolis.

Saying that the country should solve the skills shortage through education and training became part of nearly every politician's stump speech, an innocuous way to address the politics of unemployment without strengthening either the bargaining leverage of workers or the federal government's role in bolstering labor markets.

But training for what? The reality, as the aircraft mechanics discovered, is painfully different from the reigning wisdom. Rather than having a shortage of skills, millions of American workers have more skills than their jobs require. That is particularly true of college-educated people, who make up 30 percent of the population today, up from 10 percent in the 1960's. They often find themselves working in sales or as office administrators, or taking jobs in hotels and restaurants, or becoming carpenters, flight attendants and word processors.

The number of jobs that require a bachelor's degree has indeed been growing, but more slowly than the number of graduates, according to the Labor Department, and that trend is likely to continue through this decade. "The average college graduate is doing very well," said Lawrence F. Katz, a labor economist at Harvard. "But on the margin, college graduates appear to be more vulnerable than in the past."

The Labor Department's Bureau of Labor Statistics offers a rough estimate of the imbalance in the demand for jobs as opposed to the supply. Each month since December 2000, it has surveyed the number of job vacancies across the country and compared it with the number of unemployed job seekers. On average, there were 2.6 job seekers for every job opening over the first 41 months of the survey. That ratio would have been even higher, according to the bureau, if the calculation had included the millions of people who stopped looking for work because they did not believe that they could get decent jobs.

So the demand for jobs is considerably greater than the supply, and the supply is not what the reigning theory says it is. Most of the unfilled jobs pay low wages and require relatively little skill, often less than the jobholder has. From the spring of 2003 to the spring of 2004, for example, more than 55 percent of the hiring was at wages of $13.25 an hour or less: hotel and restaurant workers, health care employees, temporary replacements and the like.

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That trend is likely to continue. Seven of the 10 occupations expected to grow the fastest from 2002 through 2012, according to the Labor Department, pay less than $13.25 an hour, on average: retail salesclerks, customer service representatives, food service workers, cashiers, janitors, nurse's aides and hospital orderlies.

The $13.25 threshold is important. More than 45 percent of the nation's workers, whatever their skills, earned less than $13.25 an hour in 2004, or $27,600 a year for a full-time worker. That is roughly the income that a family of four must have in many parts of the country to maintain a standard of living minimally above the poverty level. Surely lack of skill and education does not hold down the wages of nearly half the work force.

Something quite different seems to be true: the oversupply of skilled workers is driving people into jobs beneath their skills and driving down the pay of jobs equal to their skills. Both happened to the aircraft mechanics laid off by United.

Ms. Bucko's results in recycling workers into new jobs were as good as any in the country. Hers was a showcase program, better financed than most, and in the aircraft mechanics she had skilled people who urgently wanted to get back to their previous income levels. By the spring of 2004, however, out of more than 800 mechanics from United who had gone through her program or were still going through it, only 185 were working again.

Despite their skill, 33 of those 185, or 18 percent, were earning less than $13.25 an hour working in warehouses, on construction jobs, in restaurants or in retailing. Some were "throwing boxes," as the mechanics put it, for FedEx, which paid them only $10 an hour at its shipping center in Indianapolis. They took the work, which entailed loading and unloading air freight packages, for two reasons: FedEx offered them company-paid health insurance, which some of the mechanics desperately wanted, and they saw in the job a gamble worth the hardship, given the glum alternatives.

After a year on the payroll they would qualify as insiders to bid for an aircraft mechanic's slot at FedEx, when one came open. Although the company is nonunion, it paid its mechanics $25 an hour or more in Indianapolis, roughly comparable to what the mechanics had earned at United.

Earning the old level of pay again was rare. Of the 185 mechanics back at work in the spring of 2004, most earned $14 to $20 an hour as heating and air-conditioning repairmen, auto mechanics, computer maintenance workers, freight train conductors (CSX happened to be hiring) or cross-country tractor-trailer drivers, having graduated from a two-week driver-training course offered by Ms. Bucko's people.

THE relatively high number of mechanics who became truck drivers angered Mr. Nunnally, the union leader, who now made a living washing windows, which he did in partnership with another former mechanic. "Here's a guy who fixed planes and now he is encouraged to be a truck driver, and at first he is offended that they would even suggest that he become a professional truck driver," Mr. Nunnally said. "But from the point of view of the people in Tori Bucko's operation, who have seen guys with families run out of severance pay and unemployment benefits, from their point of view, it is: 'How do you get these guys back into the job market as quickly as possible?' "

Ms. Bucko put it more succinctly. They see a commercial driver's license as a "quick fix," she said. " 'Send me to two weeks' truck driving school,' they say. 'I'll get my C.D.L. I'll hit the road.' And many have done that," she added.

Only 15 of the re-employed mechanics had regained their United wage level or exceeded it, and 8 of those 15 did so by becoming aircraft mechanics again. Several of the mechanics, stifling reluctance and resentment, had left Indianapolis to work for the companies that United and other airlines were using to do heavy aircraft maintenance. They were mostly younger mechanics with relatively little seniority when United laid them off and were still low on the wage scale, earning $19 or $20 an hour, which is what the outsourcing contractors also paid them. For the contractors, however, $19 or $20 an hour was top pay.

The wage loss from layoffs is now a pattern that shows up not only in individual cases, like that of the United mechanics, but in national surveys as well. Two years after a layoff, two-thirds of the victims say they are working again, according to the Bureau of Labor Statistics. Of those two-thirds, only 40 percent, on average, make as much as they had in their old jobs, a less drastic result than that for the aircraft mechanics, but the same general breakdown.

The rest are making less, often much less. Out of 100 laid-off workers, then, 27 make their old salary again, or more — and 73 make less, or are not working at all. That downward pull contributes to the wage stagnation that has persisted for most of the work force, with only occasional relief, since the 1970's.

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Ms. Bucko's presentation to the 60 mechanics gathered at the Days Inn was a crucial first step in the process of funneling the mechanics back into jobs, and she went at it bluntly, encouraging them to sign up but also dousing them with a demeaning reality. They must start from scratch in their search for a job, she told them, and she offered workshops in résumé writing and in how to behave in job interviews.

When searching for work in other fields, the mechanics will find themselves taking entry-level tests that more and more employers require of job applicants. In preparation for those tests, her center offered training in algebra — mainly fractions and decimals — and in spelling. Mistakes in these basic skills can mean rejection for a job, she explained.

The mechanics listened in utter silence as she canceled out their past. "We will do career assessment, to bring out the skills that you have, not just skill in the work you think you want, but skills you don't realize you have," she explained. "If you are a coach on your son's or daughter's team, that is a transferable skill."

Discouraged by such talk, some of the mechanics did not show up at the AIR Project center to enroll in Ms. Bucko's boot camp, and those that did found themselves facing more obstacles as Ms. Bucko and her team tried to winnow out all but the most motivated — those most determined to complete the training programs. Ms. Bucko said there was no choice. The federal funds for training fell far short of the demand. The only way to stretch the money was to put up obstacles. Even then, most of the people who did complete the program could not find jobs at anywhere near their old pay.

The process was like a funnel: wide at one end, where all the laid-off workers go in, and narrow at the other, where a limited number gradually emerge into retraining and, if they are lucky, new jobs at decent pay. Mark A. Crouch, a professor of labor studies at Indiana University, used another analogy to describe the recycling of laid-off workers. He called it a "burial program."

US, Russians Meeting To End Deadlock On Iran (AFP)

AFP, March 27, 2006

US and Russian diplomats were meeting in a new bid to end the impasse over a UN response to Iran's controversial nuclear program, US Secretary of State Condoleezza Rice said.

Rice acknowledged during a round of Sunday television talk shows that differences persisted over the language of a UN Security Council statement seeking to keep Iran from pursuing sensitive nuclear work.

She said she spoke Friday with Russian Foreign Minister Sergei Lavrov and they agreed to have their negotiators work through the weekend in an attempt to hammer out language acceptable to both.

"I think they're going to meet later today, to try and resolve these differences, because we do need to speak and speak with one voice," the chief US diplomat told the Fox News Sunday program.

"But we shouldn't delay," she later told CNN's "Late Edition," adding that "we do need a presidential statement that makes clear to the Iranians what is clear to everyone."

No word was available on the progress of efforts to thrash out a Security Council presidential statement on Iran's uranium-enrichment activities that Washington suspects are aimed at building a nuclear bomb.

Russia and China, two of the council's five veto-wielding permanent members, have balked at even threatening sanctions against Iran for a nuclear program that Tehran insists is for strictly peaceful purposes.

The United States has been pushing for a tough approach, backed by France and Britain -- which are also permanent members of the Security Council -- and Germany.

Rice told NBC television that once agreement was reached on a UN statement, the United States might seek a ministerial meeting of the council's permanent members plus Germany "to talk about charting a course forward."

Will This Man Get The Bomb? (TIME)

By Johanna McGeary

Time, March 26, 2006

Let's start with a simple proposition: no one wants Iran to have the Bomb. The country doesn't actually possess nukes yet, but much of the world suspects that it is hell-bent on building them under the cover of its nuclear-energy program--and the loose-cannon bluster of President Mahmoud Ahmadinejad only reinforces that conviction. That's why diplomats and nuclear

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watchdogs in the U.S., Europe and other parts of the world have spent so much time trying to stop Iran's nuclear program in its tracks.

So far, however, the joint diplomatic offensive hasn't produced much in the way of results. The Bush Administration's National Security Strategy, issued this month, names Iran the most challenging "single country" to U.S. interests, leaving open the possibility of pre-emptive strikes against Iran's nuclear program. The U.S. and Europe have persuaded Russia and China to join them in reporting Iran's failure to cooperate with international demands to the U.N. Security Council, but both countries oppose punitive action such as economic sanctions. The U.S. spent last week pushing the five permanent members of the Security Council to sign on to a British-drafted statement urging Iran to open its books and lab doors to intrusive international inspections. But the plan met resistance from Russia, which wants to avoid Security Council involvement altogether. "It's a fundamental problem," says a senior U.S. official. U.S. Secretary of State Condoleezza Rice telephoned Russian Foreign Minister Sergei Lavrov but made little headway. She plans to visit Berlin, Paris and Britain this week in an effort to hammer out a statement that can win unanimous backing in the Security Council. Meanwhile, Tehran has sped up research work on the uranium enrichment that lies at the heart of the dispute. Diplomats who have been briefed on Iran's program by international inspectors say the country has developed the ability to enrich uranium, the first step on the pathway to the Bomb. "They're progressing much faster than we thought they would," says a knowledgeable U.S. official. "They seem to know what they're doing."

There lies the deadlock. The U.S. and Iran have shown a faint willingness to lower the temperature, by agreeing to hold talks over Iranian interference in Iraq. But it's unclear whether Tehran hopes to use the talks over Iraq as a way to open the subject of nukes--or to distract the West's attention from it. Ali Larijani, Iran's top nuclear negotiator, told TIME that the regime may be open to compromise on the nuclear issue. "If there is a proposal that the rights of Iran can be secured to some extent for the present time and the other rights through negotiations, we are open to that." Yet the Bush Administration doesn't expect the Iraq discussions will lead to a breakthrough on the nuclear front. National Security Adviser Stephen Hadley dismisses Iran's overture as "simply a device by the Iranians to divert pressure that they are feeling in New York."

The willingness of the U.S. and Europe to make a deal has always been compromised by Iran's unpredictability. At this point, there are few outside Tehran who consider its behavior anything but destabilizing, if not sinister. The West is operating on the assumption that the Iranians are trying to develop the technology and expertise required for building a bomb as rapidly as possible--and that given the regime's support for terrorism, its stated desire to destroy Israel and the prospect of a new arms race in the Middle East, the world can't afford to let them succeed. Yet there is still nothing close to unanimity on what that means in practice. History has already shown how difficult it is to curb the nuclear ambitions of a state that is determined to get the Bomb. Witness the examples of India, Pakistan and North Korea, all of which have openly defied international strictures against acquiring nuclear weapons. With so much bluster on all sides, here is a breakdown of the issues at the heart of Iran's showdown with the West--and what is at stake for the world in the outcome.

What Does Iran Want?

THAT DEPENDS ON WHOM YOU ASK. WHAT IS clear is that Iran has pursued a nuclear program for decades, ever since the U.S. first fed the Shah's appetite for reactors. Experts generally believe that Tehran has coveted the Bomb as well. Under the Nuclear Nonproliferation Treaty, signed by Iran in 1968, the country is legally entitled to build reactors and make enriched uranium fuel as a source of energy, as long as it abides by treaty rules and allows the International Atomic Energy Agency (IAEA) to monitor what it is doing. Iran has consistently denied that it intends to scale up fuel-grade enriched uranium into the purer weapons-grade component of a bomb. Iranians say they have the same rights as other countries to technology and are just looking out for their long-term energy future.

The trouble is, almost no one believes that's all Iran is after. Iran had concealed clandestine efforts to make enriched uranium from IAEA inspectors for two decades, until its secret lab at Natanz was exposed by an exile opposition group in 2002. Iran eventually owned up to the deception, telling the IAEA that since the West had denied Iran reactors for decades, it had to go underground to become self-sufficient in fuel. The revelations led the IAEA to put seals on Iran's test centrifuges while Britain, France and Germany tried to negotiate guarantees that Iran's nuclear program could never be shifted to weapons production--an effort that the U.S. backed after initial hesitation. But those talks collapsed in January when Iran refused to abandon its insistence that it retain the rights to proceed with enrichment. The Iranians broke the seals on their most sensitive equipment and vowed to

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press ahead. According to diplomats and U.S. officials, experts from the IAEA have reported that Iran is on the verge of assembling and operating a 164-centrifuge cascade, machinery that has peaceful applications but can also eventually be used to make fuel for a bomb.

To this day, Iranian officials assert that their uranium-enrichment activities are purely for energy or research purposes rather than military ones. "There's no place for nuclear weapons in our national security doctrine," Larijani told TIME. He points out that Supreme Leader Ayatullah Ali Khamenei has issued a fatwa forbidding the use of nuclear weapons. But such claims were undermined again in January when the IAEA reported an administrative link between a uranium-conversion program known as Green Salt and efforts to weaponize missiles that, for the first time, appeared to show an attempt to harness the nuclear program for military purposes.

Is Iran Close To Getting the Bomb?

NOT NECESSARILY. UNDERPINNING THE current air of crisis is uncertainty about how soon Iran could manage bomb production. Western intelligence on the intentions and capabilities of nuclear aspirants is notoriously unreliable. Thus far, the IAEA says, Iran has the knowledge but not the capacity to make weapons. Some experts say that if Iran's enrichment facilities became fully operational, they could churn out enough material to construct two bombs a year. John Negroponte, Director of National Intelligence, said recently that "Iran, if it continues on its current path, will likely have the capability to produce a nuclear weapon within the next decade." What is already worrisome is that once Iran has the fissile material to make a bomb, it would have ready ways to threaten to use it. In 2004 Iran unveiled the Shahab-3 missile, with a range long enough to reach Israel and southern Europe. At the military parade in which it was first shown, one of the missiles carried the scrawl WIPE ISRAEL OFF THE MAP!

For years Iran alternately hid its activities and negotiated with the West over their scope. Over the past three years, both sides have focused on rebuilding confidence rather than provoking confrontation, but those overtures have lately all but vanished amid Iran's increasingly provocative behavior.

Why Is Iran Picking a Fight?

MANY IRANIANS POINT TO THE POLITICAL ambitions of Ahmadinejad. The hard-line President who just squeezed past more experienced candidates to take office has seized on the nuclear issue to cement his claim to power, according to some top government advisers. He can bypass the ruling clerics by appealing to the street, framing the right to nuclear energy as a populist cause and the centerpiece of his campaign to restore revolutionary ideals--and solidify his base in the military and revolutionary apparatus. That requires a return to the 1980s atmosphere of siege, rallying Iranians by whipping up animosity toward a common enemy, the West. To a generation forged in the heat of revolution and war, diplomacy is akin to slow surrender. "He's using the nuclear issue," says a Tehran political science professor, "to send a message to the Iranian people that he's tough, capable of standing up for Iran and fundamentally different from his soft predecessors."

Ahmadinejad's confrontational approach is reportedly causing consternation within Iran's clerical establishment, especially at the Supreme National Security Council, in which ultimately the decisions on the nuclear issue are made. In a recent TIME interview in Tehran, Larijani extended an olive branch of sorts to the Bush Administration, saying Iran could agree to direct talks with Washington on nuclear and other issues. "You have differences of views with us. Having differences of view does not mean animosity," he said. "We have no problems negotiating ... provided that Mr. Bush does not harangue us." The U.S. has ruled out direct nuclear talks.

Despite such conciliatory rhetoric from some Iranian officials, it is likely that many of the mullahs still dream of a robust nuclear program--if Iran had the capacity to make a bomb, it would get the respect it deserves. That conforms with Iran's self-image as a nation whose glorious past and potential greatness are undermined by implacable enemies such as the U.S. According to experts inside and outside the country, the regime sees bargaining over its nuclear rights as a way to recast the strategic balance in the region in Iran's favor, to gain stature and recognition of the Islamic Republic as a powerful geopolitical player. A history of invasions has left Iran wary of its neighbors, especially now that it is encircled by countries that possess atom bombs--Russia, Pakistan and India as well as Israel. Now that U.S. troops occupy two next-door states, Iran's leaders see the nuclear card as a way to buy security guarantees for the country and survival for the regime. It wants Washington to stop pushing

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"regime change" and accept the existence of an Iranian Islamic Republic. But even as Iranian officials deny that they plan to build a bomb, they point out that once North Korea tested a nuclear device, Western threats against Pyongyang ceased.

One reason Iran is acting up may be that its leaders see this as a moment when the game of brinkmanship is tilted in its favor. The country is in a nationalist mood; for the man in the street, more concerned with economic issues, the appeal is simple: If other countries can have nuclear power and atom bombs, why can't we? High oil prices and an overstretched U.S. military combine to lessen the West's capacity to react. So too, Iran's leaders think, does Iran's influence with the Shi'ite majority in Iraq and the newly elected Hamas leaders in the Palestinian territories. Getting loud and ugly about Israel earns Iran credibility and support in the Muslim world. And the regime may have decided that thumbing its nose at the nonproliferation treaty and at IAEA inspections is worth the international disapprobation, gambling that its extensive commercial ties with Russia and China will insulate it from punitive Security Council measures.

What Iran seems to be playing for, above all, is time. The longer it can string out the diplomatic process, the further it can proceed down the road toward completing the fuel cycle. It is possible that Iran may even agree to suspend uranium enrichment at some point in the near future, knowing that it has already created new facts on the ground. If the regime were then to change its mind again, says Mark Fitzpatrick, a longtime veteran of the U.S. State Department who is now at London's International Institute for Strategic Studies, "it would resume from a new starting point, with uranium conversion up and running and the enrichment process under way."

What Are the U.S.'s Options?

MISTRUST OF IRAN'S INTENTIONS HAS soured the Bush Administration and the Europeans on any deal that would allow Tehran to retain enrichment capacities. U.S. attitudes have hardened in response to Ahmadinejad, and Washington seems to have little interest in any grand bargain that would offer the theocratic regime security guarantees. Thus diplomacy for the moment is centered on the U.N. But even if Iran fails to accept demands that it submit to involuntary inspections, the challenge of reaching consensus on sanctions with real teeth could take months, if it can be achieved at all. The search is already on for selective embargoes that might stand a chance of passage. "It's not going to be oil for food," says a Bush Administration official. "I don't have a clue as to what they are, but fine minds are working on trying to sort out what could get support." Still, Washington's allies know that it's tough to design economic restrictions that will hurt the regime without hurting the Iranian people and realize how effectively Iran's leaders could use blunderbuss penalties to unify the nation behind them.

The bleak outlook for diplomacy fuels speculation that the U.S. and Israel might use military force to destroy Iran's nuclear facilities. While the military option is "never off the table," officials in both capitals say contingency plans for an air strike "are not under active consideration as an option now." Most experts say only that the U.S. has the air power and long-range fueling capability to carry out the multiple attacks that would be required to inflict serious damage on Iran's nuclear facilities--but they acknowledge that the U.S. military already has its hands full in Iraq and Afghanistan. Although some in the Middle East fear that Israel might attempt to repeat its 1981 solo raid on Iraq's incipient nuclear bomb, a senior Israeli intelligence officer says, "We won't act alone. Why should we? It's a global problem."

The costs of a military strike would well outweigh the benefits. That would be no simple raid but a major military operation taking several weeks, akin to the opening onslaught on Iraq in 2003. Not just the nuclear sites but Iran's air defenses and retaliatory machinery as well would have to be destroyed. The collateral damage in Iranian casualties from the attacks or radioactive fallout could be severe, as could the political backlash against moderates and opponents of the existing regime. And then, how much would Iran's nuclear ambitions be set back? "You can't bomb know-how," says IAEA chief Mohamed ElBaradei. A U.S. analyst guesses "at best, two to four years." And, he adds, "while we went to war, Iran would not sit idle. It would strike back at a time and place of its own choosing"--including sponsoring attacks on U.S. and British troops in Iraq and perhaps even terrorist strikes inside the U.S. and Europe.

Is there a way out? The most encouraging fact about the standoff is that neither side has much to gain from precipitating a military confrontation. At the same time, it is unlikely that the major differences over Iran's nuclear intentions can be resolved in a way that is wholly satisfying to both Iran and the West. The most realistic hope for Washington and its allies may lie in using diplomatic measures to delay Tehran's nuclear development long enough to allow for the emergence of a more moderate Iranian leadership that could be persuaded to abandon its nuclear dreams. But if those efforts fail, this U.S. President, or the next

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one, may confront a sobering choice: live with the reality of a nuclear Iran, or take the risk of attacking it. All of which leads to another, simple proposition: get ready for the world to become a more dangerous place.

In Iran, Even Some On Right Warning Against Extremes (WP)

By Karl Vick

The Washington Post, March 27, 2006

TEHRAN -- Nine months after the election of hard-liner Mahmoud Ahmadinejad as president, Iranian politics has shifted so sharply to the right that some traditional conservatives are warning of the dangers of radicalism.

With reformists sidelined and Ahmadinejad setting a strident new tone on the global stage, figures from the extreme right of Iran's political spectrum are defining the terms of political debate in the country. In remarks that set off a domestic firestorm, a senior cleric close to the new president suggested in January that Iranian voters were largely irrelevant because the government requires only the approval of God.

The remarks by Ayatollah Taqi Mesbah, and similar comments by an aide, were roundly criticized, even on the editorial page of Kayhan, a traditional showcase for hard-line thinking. Iranian political insiders said the flap offered a window on intense infighting at the highest reaches of Iran's theocracy just as world attention is focused on the government's determination to proceed with a nuclear program that skeptics call a cover for atomic weapons.

"Ayatollah Mesbah is an extremist," said one Iranian official close to Ayatollah Ali Khamenei, the soft-spoken cleric who has been Iran's supreme leader since the death of Ayatollah Ruhollah Khomeini in 1989.

"Ayatollah Khomeini warned the people lots of times not to allow these people, the Shia Talibans, to come to power in Iran and have space," said the official, who spoke on condition of anonymity, noting that Khamenei has judged it prudent to accommodate even extremists within the system and accord them respect. "Ayatollahs Khomeini and Khamenei feel these people can do a lot of damage. They can damage Iran. They can damage Islam. They are like the Taliban. They are like al-Qaeda. They say they know what Allah expects from us -- that we should do what he wants from us without paying attention to the consequences.

"And it's a very dangerous belief."

The tension highlights significant divisions within Iran's conservative camp, often viewed from outside the country as a turbaned monolith. In reality, 27 years after the 1979 revolution that brought Shiite clerics to power, Iranian politics is a nuanced landscape defined largely by the lessons taken from the previous quarter-century.

Traditional conservatives describe themselves as firm but flexible. While remaining committed to the precept that clerics should hold ultimate authority, they were chastened in the 1990s when reformists -- determined to lessen the intrusion of the state into private lives and show greater tolerance for dissent -- won landslide electoral victories.

Other conservatives, who proudly call themselves fundamentalists, argue that reformists were hollowing out the Islamic Republic from within. Equating dissent with treason, they demanded a hard-line defense of the revolution's tenets, including strident opposition to the United States and Israel.

In recent years, the two camps united at election time, making common cause against reformists. But after the votes were counted, moderate conservatives were left unsatisfied.

"There was a problem in our structure, our conservative political structure," said Amir Mohebian, a leader in a conservative faction that absorbed some reformist inclinations, including cautious engagement with the West. "We start very well, but the result was not under our control."

Mohebian said the outcomes of 2003 elections for local councils, the 2004 contest for parliament, "and now the presidency," were "not our result." Each succeeding contest tightened the right's grip.

One reason was the hard-line orientation of the Guardian Council, a screening panel that barred reformist candidates, producing a ballot skewed to the right.

That amplified another factor: turnout. The Basij civilian militia, and in last June's presidential contest the Islamic Revolutionary Guard Corps, showed up most reliably at the polls, doing their duty as the core constituency Khamenei set out to create after succeeding Khomeini.

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"The Basij is mainly a creation of Mr. Khamenei," said one Iranian analyst, who declined to be quoted by name. "They spent a huge amount of money to reinforce these military groups. Basiji people and even the Revolutionary Guard people are really an artificial social class, like an artificial island."

Ahmadinejad spent most of his career in both groups, and he wrote huge increases for each into his first budget as president. He commanded a Revolutionary Guard engineering unit during the 1980s war with Iraq, the defining experience for many hard-liners holding fast to the slogans of a then-young revolution, and he was a leader in the Basij.

"He's a true believer in the revolutionary values, which we believe in, too," said Mohammad Ali Tai, 61, as he squatted on a curb at Tehran University, where Friday prayers are held in the capital. Usually, a few thousand people attend. Most are veterans like Tai, who returned home to lives that failed to improve materially while the governing elites grew wealthy.

"I am a barber myself. I talk to many people," Tai said. "They are only tolerating this hardship because they believe in Islam. Some people who were in charge did not believe in these values, and this inequality is because of them."

Each week, Tai attends a Basij meeting, and well as a gathering of his hayat , a community group that mounts celebrations for religious holidays. When Ahmadinejad was mayor of Tehran, he provided the groups with rice at discount prices.

"Everything we do is actually a matter of keeping alive the revolutionary spirit," said Tai, who said he voted in the previous two presidential contests for Mohammad Khatami, a reformist. "But this time the Basij told us: Only vote for Ahmadinejad, and don't vote for anybody else."

If such groups were key to Ahmadinejad's electoral success, the cocooning cycle of their meetings -- offering mutual reinforcement and fealty to a shared vision -- provides insight into the staying power of his rigid outlook. Friends say he held to it stubbornly when others adjusted their views to the post-revolution realities that spawned Iran's reform movement.

"He always thought that was a deviation from the true path of the revolution," said Nasser Hadian-Jazy, who has known Ahmadinejad since grade school. "Equality, justice, humility, being simple, supporting Muslims, opposing global arrogance -- he was never ashamed of these principles. Never."

Hadian-Jazy, himself a revolutionary who evolved into a reformist, said he marveled at seeing his old friend wearing a checkered headdress around his shoulders on a university campus in 1998, a deeply unfashionable gesture at the height of the reform movement. "His sense of overconfidence, to me, that's not a positive point. But that's the way he is," said Hadian-Jazy, now a political scientist at Tehran University. "He's naive. The black and white area of his mind is a lot bigger than the gray area."

Insiders say these are the qualities that keep Iran's hard-liners in the extremes.

"Because of their religious beliefs, these people are inflexible," said a former senior official in Khatami's government, who declined to be identified further. "Although their number might be few, the certainty of their belief lets them resist a larger population. The supporters of civil society and reformists are less hard, less ready to be damaged because of their belief."

"Whenever someone is fixed in his thinking, we call them hard-liners," said Mehdi Karrubi, a moderate cleric who lost narrowly to Ahmadinejad in the first round of last year's presidential balloting. "A group of people just come together. They talk to each other and say: This is what the society thinks!"

Mesbah, the cleric whose speech touched off the current conflict in the conservative camp, is praised even by critics for his intellect. He leads a well-funded seminary in the holy city of Qom and has forged a reputation for steeling the resolve of Iran's harshest conservatives, famously declaring: "If someone tells you he has a new interpretation of Islam, sock him in the mouth!"

A cartoonist dubbed him "Ayatollah Crocodile" for encouraging suppression of the press. One follower, now Ahmadinejad's intelligence minister, once bit a journalist on the shoulder. Another, now Ahmadinejad's interior minister, oversaw the execution of thousands of prisoners in the late 1980s.

Many of Mesbah's former students hold places in the Revolutionary Guard's ideological and political section. The cleric encourages students to study in Canada and the United States, which critics say does little to soften their views. Most eventually return to Qom.

Mesbah's followers have now set their sights, Hadian-Jazy said, on gaining control of the panel of clerics that is empowered to name Iran's supreme leader -- an open-ended appointment that has been assumed to run a lifetime. Called the Assembly of Experts, the 86-member body will be elected in nationwide balloting set for October.

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Mesbah is expected to field a slate of graduates from his seminary, and in the preelection positioning now underway, some see preparations for a kind of coup. But the boldness hard-liners have shown since Ahmadinejad's surprise win -- on a populist platform that emphasized quality of life -- has unsettled many here.

"I believe the traditional right wing is worried," said Saeed Laylaz, an analyst who served in the first reformist administration of Khatami. "Until now they used each other as a horse to ride from one place to the other, and each thought the other was the rider."

Ahmadinejad's triumph, he said, clarified the driving force.

"When you create radicals, they don't stop when you want them to," Laylaz said. "The leader can order when they leave the barracks, but they decide when to go back. This is the dangerous position of the supreme leader and the right wing right now."

Putting The Money And Ideas Behind Nation-Building (WP)

The Washington Post, March 27, 2006

The Bush administration says it is not pursuing "regime change" in Iran. But it is promoting democracy in the Islamic Republic. This is excerpted from the "Iran Democracy Program Announcement," as posted by the State Department, seeking applicants to help with the project.

Funding Opportunity Description: The Office of the Middle East Partnership Initiative (MEPI) announces an open competition for grant applications that support democratic governance and reform in Iran.

This represents a new MEPI funding initiative, and submissions must outline activities linked to reform and demonstrate how the proposed approach would achieve sustainable impact in Iran. . . . MEPI has particular interest in supporting programs that are innovative and that meet needs and opportunities not already addressed by current donor funding.

Accordingly, this request seeks projects to broaden and deepen within Iran the means and modes of publicly expressed and responsible citizen views on reform in all its aspects. The range of possible themes and issues includes, but is not limited to:

· freedom of association;

· the right of citizens to access independent sources of information;

· the right to advocate responsibly on important issues and debate ideas freely with other citizens and local, regional, and national government representatives without fear of retribution, including through democratically organized and legal political parties;

· the right to participate in local and national governance processes;

· the right to transparent and effective government services, including regular public accountability for monies spent;

· the right to speedy, fair, and transparent access to courts of law to settle civil, commercial, and criminal matters;

· the right to participate as candidates and supporters in transparently organized, free, fair and competitive democratic elections.

MEPI seeks to strengthen the community of Iranian reformers at the local and national levels and support reformers with demonstrated commitment as they work to build broader alliances with new stakeholder groups around issues of core democratic values.

MEPI supports programs that link reformers within and across national boundaries and use local organizational capacity to leverage opportunities to advance reform.

Israel Pledges Consultations Over Pullout (AP)

By Mark Lavie, Associated Press Writer

AP, March 27, 2006

Two days before a crucial election, acting Prime Minister Ehud Olmert pledged Sunday to consult the United States and Europe about his plan to pull out of much of the West Bank, remove settlements and set his country's borders within four years.

Olmert's Kadima party is ahead in the polls, and his two main opponents devoted the end of their campaigns to criticizing him and his plan, after declaring the vote a referendum on the future of Israel's presence in the West Bank, captured from Jordan in the 1967 Mideast War.

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No official campaigning is allowed Monday, the day before the election. Israeli soldiers along the Lebanon border began voting Sunday, the military said.

A poll for Channel 10 TV and the Haaretz daily released Sunday showed Kadima winning 36 seats of the 120 in the parliament, the hawkish Likud 14 and the moderate Labor 18. Pollster Camil Fuchs said the survey questioned 800 voters with a margin of error of less than 3 percentage points. He said 22 percent remained undecided. In all, 31 parties are competing.

Olmert's plan has breathed life into an election campaign that has been sleepy despite earthquakes in Israeli politics — the exit of Prime Minister Ariel Sharon, who was felled by a stroke on Jan. 4 shortly after he founded Kadima and is still in a coma.

Olmert, who took over Kadima from Sharon, proposes completing a barrier between Israel and the West Bank that has been under construction for more than four years, incorporating main settlement blocs on the "Israeli" side and moving settlers outside the barrier into the blocs.

Olmert said he would try to build consensus around the plan in the fractious Israeli public. Settlers, hawkish supporters and most Orthodox Jews opposed Sharon's unilateral pullout from Gaza last summer, forcing Sharon to reshuffle his Cabinet, leave Likud and create Kadima.

Likud leader Benjamin Netanyahu told Israel Radio "these borders that our political rivals are proposing will not be defensible."

The U.S. and Europe have opposed Israeli settlements in the West Bank and have called for borders to be fixed through negotiations, not unilateral action.

Olmert told Israel radio he is hopeful he can gain support for his position.

"I have a basis to believe that there is great openness in the United States and in other places to listen to these positions and also to seriously discuss them," Olmert said

Labor leader Amir Peretz on Sunday criticized Kadima, though the two parties are seen most likely to serve together in a coalition government.

Kadima "gave legitimacy to all the most negative trends that can occur in a democracy," Peretz said, pointing to the candidates' history of cronyism and charges of corruption.

On Sunday, Israeli official Shlomo Dror said Israel's liaison officers in the West Bank will stop dealing with the Palestinian Authority after the Hamas Cabinet takes office, switching their focus to international organizations.

Israel has already suspended transfer of taxes and customs it collects for the Palestinians, and Western donors are considering cuts in vital international aid once Hamas takes office.

Olmert has said he would give Hamas, which swept Jan. 25 Palestinian legislative elections, some time to show whether it would accept basic demands put by Israel and the Western world: recognizing Israel, endorsing interim peace accords and renouncing violence after a history of dispatching suicide bombers into Israel.

Olmert Wants U.S. Backing Before Pullouts (AP)

By Ramit Plushnick-masti, Associated Press Writer

AP, March 27, 2006

Acting Israeli Prime Minister Ehud Olmert said Sunday he planned to get U.S. backing before pushing forward with his plan to withdraw from much of the West Bank, maintain control of major settlement blocs and draw Israel's final borders by 2010.

Meanwhile, candidates made a last-ditch effort to win over voters amid fears of an unprecedented low turnout in Tuesday's election. The three top candidates gave interviews to Israel Radio, trying to clarify their differences and launching final, fierce attacks on their rivals.

Fearing that Palestinian militants could launch a terror attack in the tense days before the vote, Israel's security forces declared a high state of alert beginning Sunday, putting extra forces on the streets and keeping a tight closure on the West Bank.

Meanwhile, soldiers scheduled for duty on Tuesday began voting Sunday.

Following a lackluster campaign that aroused little emotion, pollsters are predicting a voter turnout of around 60 percent, the lowest in Israel's history. In a sign of voter apathy, the blocs of campaign ads broadcast on television over the past three weeks were watched by an average of 14.4 percent of Israelis, their lowest ratings ever, Israel Radio reported.

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A low turnout could cause the most damage to Olmert's centrist Kadima Party, which is the clear front-runner, analysts said. Speaking before the weekly Cabinet meeting Sunday, Olmert called on Israelis to go to the polls.

"There is no greater or more significant way to exercise your right as a citizen then that which allows you to decide through a vote the fate of the country and the character of the state's government," Olmert said. "Therefore I tell all the citizens of the state of Israel: Go vote."

A dovish institute took out a full-page ad in the Israeli daily Haaretz on Sunday, warning that low turnout could bring the hawkish Likud leader, former Prime Minister Benjamin Netanyahu, to power.

Amnon Dankner, editor of the Israeli daily Maariv, wrote a lengthy appeal to Israelis: "Get out and vote and ... you will know that you took part in determining your fate with serious and mature deliberation, and did not enshroud yourself with shame and catastrophe because you were spoiled and foolish."

Sunday was the last full day of campaigning before the vote. Political parties are barred from campaigning 24 hours before the election.

In his interview with Israel Radio, Olmert expanded on his plan to determine Israel's final borders, if necessary through unilateral West Bank pullouts.

"I spoke about negotiations with the United States and the international community and I spoke about final borders that the entire international community will support, including the United States," he said. "I have a basis to believe that there is great openness in the United States, and in other places, to listen to these arguments and also to seriously discuss them."

The Palestinians oppose Olmert's plan, saying Israel has no right to retain any settlements and final borders can only be decided through negotiations.

Amir Peretz, head of the dovish Labor Party, which is expected to finish a distant second in the polls, used his last day of campaigning to attack Nobel Peace laureate Shimon Peres, the longtime Labor leader who defected to Kadima after losing a party primary to Peretz.

Pollsters predict that Netanyahu will come in third, a serious blow to the Likud Party that has dominated Israeli politics for most of the past three decades. Netanyahu attacked Olmert and Peretz, but also defended the economic moves he is being lambasted for taking when he served as finance minister under Sharon.

Assuming that Olmert — who replaced Ariel Sharon after the prime minister suffered a massive stroke Jan. 4 — will be the next prime minister, Israel Radio commentators pushed him to talk about the makeup of his government and how he would divvy up Cabinet positions.

Olmert refused to comment on positions, but said only parties that accept his plan to pullout of isolated West Bank settlements could join his government.

Israeli Labor Struggles With Core Voters (AP)

By Ravi Nessman, Associated Press Writer

AP, March 27, 2006

When Amir Peretz took over Israel's Labor Party late last year, he was hailed as a savior who could bring working-class Middle Eastern Jews into the foundering movement of an aging European-descended elite.

But as Labor prepares for Israel's election Tuesday, it faces a flight of the very European voters who are its base.

Labor defectors say they left because they think Peretz is inexperienced and secretly a hard-core socialist, and believe the new, centrist Kadima Party has the best chance to break the stalemate with the Palestinians.

But party veterans insist a key reason is what the Israeli media call "the ethnic demon" — the divide between European-descended Ashkenazis and Middle Eastern Sephardis, and a widespread aversion to a Sephardi becoming prime minister.

They point to Israelis' preoccupation with Peretz's humble beginnings in the Israeli backwater of Sderot, his lack of a college degree and his shaky English.

"It's difficult for them to accept that someone from Morocco will become prime minister," said Gidon Ben Yisrael, a party veteran and parliamentary candidate.

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While Peretz has pulled many new Sephardic voters into the party, nearly 40 percent of Israelis who voted Labor in the last election have left, pollster Rafi Smith said. Traditionally Labor pulled three times more votes from Ashkenazis than from Sephardis; now the numbers are roughly equal, he said.

The result is that instead of showing a boost from Peretz's rise, Labor is attracting about the same national support as in the last election — some 20 seats in Israel's 120-member parliament.

Peretz is undaunted. Traveling around the country, the former union leader stumps for a higher minimum wage, increased education funding and guaranteed pensions for the elderly.

At the same time, Labor has phoned more than 70,000 retirees who failed to renew their party membership after Peretz took over.

Peretz, 54, says their defection surprised him. "I was sure that the veteran party members would be happy that I got them new voters," he said in an interview with The Associated Press on his campaign bus after a round of handshaking and bear hugs with voters in a Jerusalem shopping district.

Ashkenazi Jews have always been the dominant force in Labor, while Sephardis gravitated toward the hard-line Likud, believing that Labor policies had consigned them to the social fringes.

Peretz, who was born in Morocco and moved to Israel with his family when he was 4, says it was an electoral distortion for blue-collar Sephardis to vote for a fiscally conservative party while affluent Ashkenazis voted Labor.

In November, Peretz stunned Labor and its core supporters in the tony suburbs of Tel Aviv by defeating their veteran leader, Polish-born Shimon Peres, in the party primary.

It was an upset that produced some unpleasant moments. Peres' brother, Gigi, called Peretz a "foreign body" in the party and said he and his supporters "came over from North Africa, took over and shot them (Labor activists) in the back."

Shimon Peres' aides disavowed the remark and Gigi Peres apologized, but weeks later, the defeated candidate bolted Labor for Kadima, bringing thousands of Labor veterans with him.

One of those was Rafi Lehavi, 57 and active in Labor for 30 years. "I couldn't support Amir Peretz as the future prime minister. Maybe in the future, maybe with more training in the government," he said.

"I didn't leave because of his origin," he said. "I don't believe in him as a leader."

Peretz, the former mayor of Sderot, has been in parliament for nearly two decades and headed the Histadrut trade union federation for 10 years but has never held a Cabinet post.

Ben Yisrael noted that Labor's previous candidate had no national political experience either, but that did not drive people away from the party.

Many of the traditional barriers for Sephardic advancement have fallen in recent years, and both the president and the defense minister are Middle Easterners. But those positions are not directly elected and many Israelis — especially traditional Labor supporters — are not ready for a Sephardi prime minister, Israeli analysts said.

"It's not easy to break the taboo," political analyst Yoel Marcus wrote in the Haaretz daily.

Long On Outskirts Of Power, Olmert Looks To Lead Israel (NYT)

By Steven Erlanger

The New York Times, March 27, 2006

JERUSALEM, March 27 — As a young boy, growing up with parents who were members of the Irgun, a militant Zionist group that fought the Arabs and the British, Ehud Olmert used to play at being David Ben-Gurion, the first leader of Israel.

Mr. Olmert became Israel's youngest member of Parliament at 28. But his career was derailed by the meteoric rise in his Likud Party of the articulate Benjamin Netanyahu, who became prime minister in 1996, and Mr. Olmert tied himself as chief aide to his last mentor, Ariel Sharon.

With Mr. Sharon silent and comatose after a severe stroke on Jan. 4, Mr. Olmert, now 60, stands at the cusp of his life's ambition — to become prime minister himself in Tuesday's election at the head of a new centrist party, Kadima, that he fashioned together with Mr. Sharon.

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It has been an extraordinary turn for a man better known as a wheeler-dealer and a cigar-smoking lawyer close to big business than for his charisma or courage on the battlefield. And it has been an extraordinary ideological journey — from the far right, where he said he believed that Israel should control both sides of the Jordan River and where he voted against the 1978 Camp David peace accord, to the center, where he now says Israel must cede most of the occupied West Bank and even parts of Jerusalem to preserve itself as a democratic Jewish state.

Never very popular with the Israeli public, Mr. Olmert worked behind the scenes to help shape Mr. Sharon's policies — to act unilaterally in the supposed absence of a Palestinian "partner," to pull out of Gaza, to build the separation barrier between Israelis and Palestinians, to form Kadima. Now, through happenstance, Mr. Olmert is Mr. Sharon's heir apparent. Kadima was built around Mr. Sharon. But Mr. Olmert has steered the new party through a difficult period of doubt, enforcing a collective discipline on a group that ranges from the center-left to the moderate right. He has repressed his own tendency toward sarcasm and limited his public appearances, even to support his beloved Betar Jerusalem soccer team. He has chosen the popular foreign minister, Tzipi Livni, as his deputy.

And he has given an explicit promise of another unilateral Israeli withdrawal from the West Bank, which Nahum Barnea, the senior columnist for Yediot Aharonot, calls "the most specific plan any serious candidate for prime minister has ever issued before an election."

Mr. Olmert has made the election into a referendum on another pullout against political advice that the plan would take Kadima too far to the left.

But if the opinion polls are mostly correct, Kadima will win more than twice as many seats as the remnants of Likud, which Mr. Netanyahu now leads, and Mr. Olmert will at last be a leader on his own. But if Kadima's numbers continue to deteriorate, as they have since Mr. Sharon's stroke, Mr. Olmert may be the prime minister of a less stable coalition, harder to control. "Sharon didn't have to say anything about the future to get elected," Mr. Barnea said. "But for most voters, Olmert is a nonentity. He had to become more specific.

"Now you can't accuse him of misleading the public," he added, "but "he had to fill the vacuum of not being Sharon."

Eyal Arad, a close adviser to Mr. Sharon and Kadima, said: "They don't have the same credibility. Sharon could say, 'Trust me.' With Olmert, people say, 'We're willing to trust you, but tell us please, what is it we should trust you with?' "

A skit on the Israeli news-satire show, "It's a Wonderful Country," captured Mr. Olmert's problem. A chocolate advertisement shows an Israeli tourist in an Indian market, where everyone bows down to him. He suddenly realizes that they are bowing to the cow on his candy bar. The spoof shows Mr. Olmert in an Israeli market, first puzzled, then gratified by all the deference. Then someone whispers to him that everyone is bowing to the picture he's carrying of Mr. Sharon.

The prospect of a Prime Minister Olmert produces little passion, which goes some way, along with Mr. Sharon's illness, to explain why the campaign has been quiet. In one way, it can be seen as a testimony to Israel's political maturity. But it also hints at collective fatigue, and to lingering doubts about Mr. Olmert's capacity for disinterested leadership.

"Ehud Olmert is a very skillful politician, intelligent and cool-headed," said Ari Shavit, a writer for the newspaper Haaretz. "But he is also the embodiment of this new class of rich Israeli barons, to whom he's very close.

"I assume it's all kosher," Mr. Shavit added, "but it's something we've never seen before in this country."

Mr. Olmert began his career campaigning against corruption. But in part because of his law practice, in part because he is a political insider in a system that runs on money, and in part because of his jobs as mayor of Jerusalem and minister of Trade and Industry, he has developed a reputation for borderline dealings, although he has been cleared in every investigation.

In an opinion poll published Friday in the newspaper Maariv, Israelis were asked what they liked about Mr. Olmert. More than 30 percent liked nothing. Nearly 29 percent valued his courage to state his position, and 19 percent his "wisdom and cleverness," while less than 15 percent valued his experience. When asked what disturbed them most about him, more than 35 percent said that "he is indebted to wealthy people." Nearly 19 percent said that he was corrupt; nearly 16 percent that he was arrogant. An additional 7.5 percent said, "all of the above."

The right wing has attacked Mr. Olmert as a "leftist" for his stand for disengagement. But his family's reputation also plays into it: his wife, Aliza, an artist, is politically to the left, and of his four children, one daughter volunteers for "Machsom Watch,"

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which monitors checkpoints, and his two sons live abroad, one in New York and one in Paris. One of them, as a conscientious objector, did not serve in the army.

Personally, "Ehud basically is very liberal," said Mr. Barnea, who knows the family. But politically his family is more liberal, and Mr. Barnea said, "He never expected his family to support him politically."

Mr. Olmert's plan for the West Bank, with an aim of unilaterally defining Israel's final borders, has been dismissed by the Palestinians as a recipe for further bloodshed. The United States is unlikely to support it except as a temporary measure.

With more than 65,000 Israeli settlers living beyond the separation barrier, which already takes in at least 8 percent of the West Bank, plus most of East Jerusalem, a pullback even to the barrier would produce an agonizing drama, with the possibility of violent protests. Even then, more than 175,000 Israelis, and 200,000 more in East Jerusalem, would still be living in areas beyond Israel's 1967 boundaries, areas Mr. Olmert says he intends Israel to keep.

On Sunday, the last legal day for campaigning, Mr. Olmert did not appear in public. Instead, he spoke to Israel Radio, saying Israel needed a debate "to define for ourselves our red lines" before discussions with the United States over borders.

But Mr. Olmert's aim is clear, and in this he is following Mr. Sharon completely. The goal, he said, is to "preserve Israel as a Jewish state with a stable Jewish majority while separating from the Palestinians."

Israeli Right Nips At Kadima (CSM)

By Ilene R. Prusher

The Christian Science Monitor, March 27, 2006

HAIFA, ISRAEL - The victor in Tuesday's nationwide parliamentary vote is widely expected to be the Kadima (Forward) Party, representing the legacy of Prime Minister Ariel Sharon. But the real cliffhanger is how well vote-getters like Avigdor Lieberman will fare.

Hefty, direct, and assertive, Mr. Lieberman addressed a standing-room only crowd at the municipal theater here recently - a mark of popularity in an election season that many seem to find as appetizing as day-old falafel.

Part of that enthusiasm comes from the fact that he speaks in the mother tongue of most of his supporters: Russian. About 1 in 4 voters in this coastal city is a new immigrant from the former Soviet Union. This polyglot of newcomers, known as "Russim," now make up at least 15 percent of the electorate, compromising one of the most influential voting blocs.

So far, he and his nationalist party Yisrael Beiteinu (Israel Is Our Home) look likely to garner a significant enough chunk of the vote to make him an attractive coalition partner for Kadima, led by Acting Prime Minister Ehud Olmert.

Lieberman has been the season's most avid headline grabber. And if he joins the coalition-to-be, he expects Kadima's platform to bend toward his own. "I think our plan is better than Kadima's," he says. "I cannot understand what could be achieved from Kadima's plan."

By Kadima's plan, he means Mr. Olmert's proposal to carry out an additional set of unilateral withdrawals from occupied land - this time, in the West Bank. Olmert says he would annex major settlement blocks, evacuate many others, and declare Israel's part to end the conflict done, using the controversial security barrier as the de facto demarcation line between Israelis and Palestinians.

While that will not likely be deemed acceptable by any of the other parties involved, Lieberman's plan lurches into more problematic territory.

He says he would transfer to Palestinian control a swath of territory in the Galilee region that is heavily populated with Israel's Arab citizens, and will in turn annex large areas of Jewish settlement in the West Bank, such as Ariel or Maale Adumim. The subtext is that Lieberman views the nearly 20 percent of Israelis who are Arab as Israel's primary threat.

In Lieberman's plan, any Arabs who wants to remain in Israel will have to move out of the high-concentration areas surrounding the northern city of Umm el-Fahm to another part of the country. He also proposes that they be required to sign a pledge of allegiance to the state by the age of 16, accepting its Zionist principles.

Left-leaning politicians say they're not sure Lieberman's proposals are even legal. More vocal critics regularly call him racist and fascist.

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But his views have won solid support among Russian voters. About 35 percent of the Israeli electorate born in the former USSR is expected to vote for him. By comparison, Kadima is expected to get 30 percent of the Russian vote, while the Likud party looks likely to win just 14 percent.

"In my eyes he's the most appropriate politician to be prime minister. His platform really matches my views," says Ksenia Kravitz, a university student who immigrated here from the Urkraine.

Another supporter spells out a common theme: A desire to line up behind a strong personality. "We want a real leader," says Igor Gurevich, who moved here as the Soviet Union began to crumble in 1989.

In the past, he voted for a Russian immigrant group that has since merged itself into the Likud party. But the longer the immigrants are here, the less they want to vote for any party that is explicitly ethnic. "I don't want to be in a Russian party," Mr. Gurevich says. "I want an Israeli party, and Lieberman is building that."

Russian immigrants who came to Israel after 1989 have a tendency to vote right-wing - anything that smacks of socialism brings back memories of Red Square.

Their most pressing problems remain socioeconomic; many educated people were unable to find work in their fields after moving here. Others complain of discrimination and stigmatization at the hands of Israeli officials. On the whole, most are secular, and constantly face problems with personal issues such as marriage and burial, as the Israeli Rabbinate doesn't recognize many of the newcomers as Jewish by religious law. Civil marriages, for example, are not allowed, and many Russian immigrants demand that their leaders fight for this issue.

The negative experience means that Russian voters here are less interested in the party than the personality - one of many reasons Lieberman has attracted so much support.

"Russians really vote for the person, not the party," says Lazar Kaplun, who, as the head of Kadima's Russian headquarters in Haifa, is trying to convince voters to switch over. "We try to explain to them that Kadima's the ruling party and that it's the only one that can bring us to a new reality, while these others will just come and go."

But his challenge, he readily admits, sitting and strategizing with other activists in the final days of the campaign, is that no other party has a figure who is viewed as equally charismatic.

Beyond Lieberman, several other right-wing parties look likely to draw away support from Kadima.

The Likud party, which has been Israel's most powerful rightist party since the 1970s, is predicted to come in a distant third. But many voters who have told pollsters in the past that they were undecided have turned up as 11th-hour Likud voters, and the party knows it, judging from one of its simple slogans: "Come Home."

Hagay Lober, from the West Bank settlement of Beit El, says that he's usually voted for the National Religious Party (NRP), long a bulwark of the settlement movement. Now, however, many settlers are disillusioned by the party's failure to impede Sharon's disengagement plan last year.

"People trusted them a lot before the last election," says Mr. Lober, who is a rabbi and a director of a religious theater troupe. The pullout from the Gaza Strip has left many former settlers jobless and without permanent homes, he notes, and some people are so dismayed they don't want to vote at all.

"It's caused a disengagement from the army and the state. It's a huge crisis for the whole country," he says. He says he might vote Likud "so I can push Olmert to partner with the right."

Even further along the spectrum is politician Baruch Marzel, who has roots in the outlawed Kach Movement founded by the late Rabbi Meir Kahane. His party was banned from running for Knesset on the grounds that it was blatantly racist, something Mr. Marzel - an American-born settler - has managed to avoid.

In the settlement of Ofra, near the Amona outpost that was violently dismantled, Russian immigrants Chaim and Tanya Briskin sat on a bench recently and watched the youngest of their 11 children play. Their 18-year-old son is under house arrest for being involved in the clashes - during which 220 people, most of them young protesters, were injured. Gabriel, 11, says he and his friends are carving bats to fend off the next attempt by the army.

"We're voting Lieberman," says Mr. Briskin, an electrician. "We voted for other right-wing parties in the past, like Likud, and they went in a completely different direction from what we expected - to the left."

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Russian Voters To Play Key Role (WT)

By Joshua Mitnick

The Washington Times, March 27, 2006

TEL AVIV -- They've been Israel's most critical swing voters in elections going back to the early 1990s. Now, on the eve of tomorrow's vote, the country's 1 million Russian immigrants are again poised to determine the balance of power in the next parliament.

Hawks on security and mostly secular, Russian immigrants are expected to cast ballots in higher numbers than other Israelis. Pollsters say they could determine 15 percent of the seats in the parliament.

They are thought to be wavering between acting Prime Minister Ehud Olmert's Kadima party and Yisrael Beiteinu, a party dominated by Russian immigrants whose leader has advocated ceding control over Israeli Arab towns near the border of the West Bank in return for keeping Jewish settlements.

Although the immigrants were once solidly behind Kadima because of its leader, Ariel Sharon, it is not clear whether they will remain loyal to the comatose prime minister's political party now that it has passed to the leadership of Mr. Olmert.

That will determine to a large part whether the acting prime minister's party will dominate the next government or be forced to share power with a strong coalition partner.

"Sharon had a mythic hold on the Russian vote. He created a heroic aura with the help of Russian politicians on the right," said Arik Elman, a former media adviser to the Yisrael B'Aliya party, the Russian party that was founded by refusenik Natan Sharansky and is now defunct.

"After Sharon passed, it has opened a hole in the political firmament of the Russian voter."

That firmament leads to Avigdor Lieberman, a former aide to Likud leader Benjamin Netanyahu who resigned from the Likud Party in 1999 to establish the right-wing immigrant party Yisrael Beiteinu, or "Israel is our home."

Mr. Lieberman has been the surprise of the campaign, with polls showing his party positioned to double its strength from the current six seats. That would be enough to make him a pivotal broker in postelection coalition talks.

The jockeying has started. Mr. Lieberman has said he won't join the government if Mr. Olmert goes ahead with his plan to unilaterally withdraw from West Bank settlements, while left-wing parties have said they won't join a coalition that includes Mr. Lieberman.

"Lieberman is left in the field as the only Russian player, and he plays it well," Mr. Elman said.

Mr. Lieberman appeals to Russian voters who tend to be highly skeptical about the prospects for peace with the Palestinians.

"In one sense, Lieberman gives an answer to Hamas," said Roman Yucht, a 27-year-old immigrant from the former Soviet Union. "Hamas respects strong men. That's what the Arabs understand."

In past elections, the Russian immigrant vote has been up for grabs as the new Israelis adjusting to the nation's political system.

In 1992 and 1999, Russians were attracted by former military officers leading the left-of-center Labor Party. But the immigrants voted for Likud in 1996 and 2003 after terrorism overtook peace negotiations.

This year, neither Labor nor Likud are expected to attract significant numbers of Russians.

Labor candidate Amir Peretz is disliked for a series of crippling strikes that were seen as benefiting powerful trade unions rather than laborers. Mr. Netanyahu, meanwhile, is remembered as a relatively weak prime minister, analysts say.

Mr. Lieberman, by contrast, is seen as a credible, straight-talking politician, an image that appeals to a voting bloc disillusioned by the seeming inability of politicians to make good on their promises.

"Immigrants tell you in any survey that they're disappointed in the system, and that they don't trust politicians. Lieberman builds his campaign around the issue of credibility," Mr. Elman said.

"Democracy is a fleeting concept for the average Russian voter. Lieberman is not about mutual understanding. He is about saying things clearly and about holding his ground."

Hamas To Seek Economic Accord (WT)

DOJ_NMG_0021326

By Joshua Mitnick

The Washington Times, March 27, 2006

RAMALLAH, West Bank -- Hamas' nominee for Palestinian finance minister, Omar Abdel Razeq, said yesterday that he hopes to negotiate a new economic treaty with Israel, even though he supports the Islamic militant party's refusal to recognize the Jewish state for peace talks.

The desire to embrace Israel in what would amount to a major treaty indicates how Hamas politicians and the ministerial nominees have resigned themselves to a de facto acknowledgement of Israel to improve the daily lives of their constituents.

The remarks were made a day before Prime Minister-designate Ismail Haniyeh, of Hamas, is slated to bring his Cabinet before the Palestinian parliament for a vote of confidence. The 24-member Cabinet is supposed to be sworn in this week, completing the democratic transfer of power after Hamas scored a landslide victory in parliamentary elections in January.

Mr. Abdel Razeq, a professor of economics at An-Najah National University in Nablus, told The Washington Times in an interview at a Ramallah hotel that he hopes the Israeli-Palestinian economics committees established under the Oslo agreements continue.

The nominee, who was just released from an Israeli jail, also said he would be ready to meet an Israeli counterpart to discuss a revision of a customs regime negotiated as part of the 1995 Paris economic agreement between Israel and the Palestinian Authority.

"We realize that we are still under occupation, we are under siege, so we have to do anything that eases the daily life problems faced by our people," he said. "We have daily relationships with Israel. We can't just blindfold our eyes and say we don't see the Israelis. The Israelis are there. They occupy our people, our economy and the whole system."

Mr. Abdel Razeq expressed hope that the Israeli government would unfreeze $55 million in customs revenue collected on behalf of the Palestinian Authority but held in escrow by the government of acting Prime Minister Ehud Olmert. Mr. Abdel Razeq said the customs freeze was a decision dictated by Israel's election campaign.

Mr. Abdel Razeq reiterated Hamas' refusal to consider a long-term cease-fire or peace treaty with Israel until the Jewish state agrees to withdraw unconditionally to the 1967 border between the West Bank and Israel. However, Mr. Haniyeh expressed hopes for peace in the Gaza Strip, saying yesterday that Hamas doesn't want the cycle of violence to continue.

Mr. Abdel Razeq's willingness to negotiate an economic treaty with Israel didn't make an impression on Israeli officials.

"Israel and most of the international community won't be doing any negotiating with Hamas unless Hamas substantially changes its position," said Foreign Ministry spokesman Mark Regev. "All of the words coming out of the Hamas leadership up until now have been nothing but verbal gymnastics."

The Palestinian-Aid Puzzle (WSJ)

By Neil King Jr. And Marc Champion

The Wall Street Journal, March 27, 2006

In the West Bank town of Qalandiya, a road reconstruction project is on hold after U.S. officials shelved it last month. With so much up in the air in the Palestinian territories, they reasoned, why bulldoze a road that the U.S. may never get around to rebuilding?

That may be the last simple decision the Bush administration makes for a long time on Palestinian funding. After the militant Islamist group Hamas swept to victory in the Palestinian elections in January, President Bush laid down a hard line, saying: "A political party that articulates the destruction of Israel...is a party with which we will not deal."

Things have gotten much stickier since then.

With Hamas likely to form a new government by the end of this week, the U.S. and Europe must decide how to interact with a transformed Palestinian Authority. The U.S., Europe and Israel say they will do nothing directly to prop up a Hamas government that refuses to recognize Israel or renounce violence. Yet they also worry that cutting off Western aid -- totaling roughly $1.3 billion last year, or about one-third of the territories' economy -- would sow chaos and political convulsions, with dire consequences for the region.

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The West faces many quandaries. Should the U.S. and Europe seek to assure Hamas's downfall by cutting off funds, even if the West would then shoulder the blame for its failure? Or, short of an abrupt change in Hamas's ideology, should the aim be to encourage better behavior by conditioning support on such steps as continuing the current cease-fire with Israel?

U.S. officials see their looming face-off with Hamas as a template for dealing with other militant Islamist governments that may come to power through elections elsewhere in the region. "But the problem is that the administration doesn't really know what it wants yet," says Robert Malley, a former Clinton Mideast adviser now with the International Crisis Group, of Brussels. "For instance, is it really in the U.S. interest for Hamas to fail?"

Even basic questions, such as how to sustain humanitarian help while cutting off direct aid, are hard to tackle. As one U.S. official put it, "Our guiding principle right now is not to go off and do something rash. Beyond that, the details get very tough."

What no one questions is Palestinians' dependence on outside assistance. Last year, the Palestinian Authority received about $740 million in tax receipts that Israel collected and turned over -- a spigot the Israelis have shut off. The U.S., Europe and other international donors gave around $950 million for humanitarian and development aid and $350 million for budget support, largely to help pay more than 130,000 government salaries, according to the World Bank.

All that now is in jeopardy, though the U.S. and Europe are scrambling to preserve what they can of the $500 million in humanitarian aid for schools, hospitals, water projects and the like. A World Bank report recently concluded that the Israeli clampdown on tax receipts and guest workers combined with significantly reduced aid would plunge the Palestinian territories this year into "a deep depression."

The U.S. has budgeted around $150 million this fiscal year for Palestinian projects such as food aid, hospital assistance and building a water-purification plant in Hebron. But nongovernmental organizations like Catholic Relief Services, Save the Children and CARE, which do most of the U.S.-funded work, are braced for complications, even if the U.S. says it wants to continue that work. Hamas is deemed a terrorist group under U.S. law, meaning that NGOs may have to seek special Treasury Department approval to work in the territories, or face criminal penalties. There is also international talk of trying to continue aid projects but separately from the Palestinian government -- an idea that NGO representatives dismiss as impossible.

Omar Abdulrazeq, Hamas's prospective finance minister, said in an interview "that once [the U.S. and Europe] see where we are going they will change their minds" and provide at least some direct aid. Still, he said the Palestinian Authority can function effectively on a far smaller budget if Hamas succeeds in cleaning up corruption and tightens spending. "We can make due with less money," he said.

Former World Bank President James Wolfensohn, who is now a special envoy to the Palestinian territories, told a U.S. Senate panel recently that the international community would probably need two more months to find alternative ways to help the Palestinians. He urged U.S. lawmakers to find a way to hold to key principles but also "allow you to keep the patient alive, because the thing that I fear is chaos."

Bush administration officials have resisted calls in Congress to prohibit U.S. money going even to third parties doing work under a Hamas-led government.

The European Union, meanwhile, has laid down the same conditions as the U.S. for direct government funding but already is showing more flexibility -- a twist the U.S. has welcomed.

After Israel last month cut off tax transfers and the U.S. withdrew $50 million for infrastructure projects, the EU stepped in with an extra €120 million ($144 million) to plug an immediate funding gap until Hamas takes over. EU aid until now has helped pay the salaries of 130,000 Palestinian employees, which in turn supports a million Palestinians, according to EU figures. Many of those employees are armed police.

The big decision in Washington and in Europe is what to do next. A three-page fact paper produced for EU member states gives a flavor of how hard it will be to lend a hand outside Palestinian government channels. Fully half of all humanitarian assistance and 90% of "emergency aid" flow through Palestinian ministries, the document says.

The EU has about $1.2 billion in projects under way in the Palestinian territories. Many of them would have to be suspended and 50% of new aid would have to be cut if a decision is made not to work through the Palestinian Authority, the document says.

In Washington, the only real guidance so far has been to hold off on all new projects -- like the road near Qalandiya.

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Two Senators Leaving China In Mild Dispute (NYT)

By Keith Bradsher

The New York Times, March 27, 2006

HONG KONG, March 26 — After a weeklong trip to China, two senators who have been pushing Chinese leaders to devalue their nation's currency say they do not agree on how much progress China is making. The split indicates that they are less likely to press for a Senate vote on their trade bill this week.

Senator Charles E. Schumer, Democrat of New York, and Senator Lindsey Graham, Republican of South Carolina, have introduced legislation that would impose a 27.5 percent tariff on all American imports from China in two years unless officials in Beijing allowed "substantial" appreciation in the exchange value of their currency, the yuan.

After a week of meetings with high-ranking officials in Beijing, Shanghai and Hong Kong, Mr. Schumer and Mr. Graham both said in an interview here Saturday that they remained committed to advancing the legislation unless China stopped intervening in currency markets and allowed the yuan to move higher against the dollar.

But they also said that Senator Schumer had been more impressed than Senator Graham by promises from Chinese officials to liberalize their currency policies.

Asked whether the newest development from the trip was the emergence of some differences between the two men, Mr. Schumer replied, "That would be fair."

He said that his views on China's trade and monetary policy had evolved as a result of the trip, and that he believed that the Chinese were taking steps to let the market determine their currency's value.

"I'm convinced they do want to get there, which I wasn't a week ago," he said.

Senator Graham took the same stance he had before. "The status quo is devastating to industries back home," he said.

South Carolina's textile industry has been hit hard by Chinese competition, and its nascent auto parts industry, which has grown up around the BMW factory near Spartanburg, is beginning to face Chinese competition.

The practical implications of the senators' differences may be limited for now. Senator Graham said that he wanted to see the results of President Hu Jintao's visit to the White House in late April and what the Treasury decides in its review at the end of April of whether China manipulates its currency.

That suggests Senator Graham is also willing to take a wait-and-see approach and will not press for a vote in the next five days.

Both senators said that they had not made a final decision on whether to follow through on the previous threat to force a Senate vote by Friday. They said they would wait to do so until after further discussions in Washington with Treasury officials and others.

But differences between the senators could affect policy later, especially if Chinese officials keep up their recent tilt toward slightly more conciliatory rhetoric.

Currency traders around the world have followed every remark by the senators in the past week, especially as China has allowed its currency to creep up slightly faster in the past three weeks, possibly because of pressure from the senators.

Mr. Schumer Goes To China (NYT)

The New York Times, March 27, 2006

The good news is that Senators Lindsey Graham and Charles Schumer have started to inch away from their misguided attempt to club China for its currency policies. At the end of a fact-finding trip last week, Mr. Schumer told reporters he was no longer sure he would push for a vote to impose tariffs on Chinese imports into the United States. "The jury is out," he said. But, he said, "we are more optimistic that this can be worked out than we were in the past."

Maybe the chance to talk face-to-face with Chinese on their home turf is what it took to make Mr. Graham and Mr. Schumer realize that just as trade is a two-way street, so too are sanctions. If lawmakers actually went ahead with the Schumer-Graham bill, which would impose 27.5 percent tariffs — a staggering amount — on Chinese goods, they would be accomplishing little to cut American unemployment, while hurting poor Americans who rely on inexpensive goods and poor Chinese whose livelihoods depend on making those products.

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The Schumer-Graham bill is based on a fundamental misunderstanding of the root cause of America's economic problems. No question, the United States trade deficit and the loss of American manufacturing jobs are very serious. But most of the imbalance with China is caused by Americans' insatiable appetite for Chinese imports for which there are few domestic substitutes. While it's unfortunate that the textile industry has all but faded away in this country, the fact is that few American factories make things like low-priced apparel any longer.

As for the yuan, China clearly needs a more flexible currency, both for the sake of trade relations and to gain more control over its economy. But moving the yuan could cause pain in the United States. America's lack of savings is the biggest contributor to global imbalances, making it necessary to "import" billions of dollars of foreign capital daily to cover budget and trade deficits. China is America's second-most-important lender, after Japan.

As long as China links the yuan to the dollar, it needs to keep the American currency stable. If China loosened its currency's peg to the dollar, or removed it altogether, it wouldn't need to buy up dollar-based assets at its current torrid pace. The result could be a rise, even a sharp rise, in United States interest rates and, as a corollary, a fall-off in economic growth.

Thus far the Bush administration has resisted calls to accuse China of currency manipulation, but Treasury Secretary John Snow last month hinted that could change. That too, would be a mistake. The administration has done a fair job so far in its tap dance around America's relationship with the world's fastest-growing economy. Now is not the time to slide back into election-year shortsightedness.

Ukraine Rejects Orange Leaders (FT)

By Stefan Wagstyl And Tom Warner

Financial Times, March 27, 2006

Ukraine's president Viktor Yushchenko looked set for a humiliating defeat on Sunday night in the country's parliamentary elections.

It came at the hands of both Yulia Tymoshenko, his former ally in the Orange Revolution, and Viktor Yanukovich, his opponent in the disputed 2004 presidential election.

The result will complicate efforts to form a coalition, creating fresh political uncertainty as the country struggles to come to terms with the Orange Revolution's aftermath.

As had been widely expected, the pro-Russian Mr Yanukovich – who was condemned for his alleged role in rigging the 2004 poll – was thought to have triumphed over both Mr Yushchenko and Ms Tymoshenko. However, in a shock result, Ms Tymoshenko beat Mr Yushchenko into third place.

According to three different exit polls, Mr Yanukovich's Regions party was forecast to win 27-33 per cent of the vote, followed by Bloc Yulia Tymoshenko, with 21-23 per cent, and the pro-Yushchenko Our Ukraine, with just 13-17 per cent.

But with the Regions party unlikely to secure a parliamentary majority, political leaders face the prospect of prolonged efforts to form a coalition.

Mr Yushchenko and Ms Tymoshenko, who split last year when she was sacked as prime minister, pledged before the polls to try to recreate an Orange alliance, which would stick with western-oriented foreign policies, including increasing ties with the European Union. After casting his vote in Kiev on Sunday Mr Yushchenko said: "Tomorrow we start consolidating the political forces which made up the coalition which was victorious in the Orange Revolution."

With the support of the Socialists and other smaller parties, the Orange leaders could probably command enough seats for a parliamentary majority. But it is unclear whether they will be able to swallow their personal and political differences.

Ms Tymoshenko's unexpectedly strong showing will encourage her to claim the lion's share of ministerial posts, including the premiership for herself. If Mr Yushchenko finds her demands excessive, some of his aides will argue for a deal with Mr Yanukovich's party.

The election was contested by 45 groupings, but only about six are expected to make the 3 per cent threshold for seats.

The electorate faced a bewildering range of choices, with simultaneous regional, district and mayoral polls. Voters in Kiev said they had to wait 45 minutes because it took so long to make sense of the huge ballot form.

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Unlike the presidential elections in neighbouring Belarus, Ukraine's polls were preceded by an open campaign with media access for all leading politicians.

International election monitors, who are due to report on Monday, are not expected to have found evidence of the widespread fraud that marred the Belarus vote and previous Ukrainian polls.

Yushchenko Trails Pro-Russia Rival In Ukraine Vote, Exit Polls Show (WSJ)

By Guy Chazan

The Wall Street Journal, March 27, 2006

Exit polls from Ukraine's parliamentary elections yesterday signaled a comeback for pro-Russian forces defeated in the country's Orange Revolution, amid plummeting support for the country's Western-oriented president, Viktor Yushchenko.

Mr. Yushchenko may now be forced into a coalition with his erstwhile enemy, Viktor Yanukovych, whose victory in a rigged presidential election triggered the rallies 16 months ago by hundreds of thousands of orange-clad protesters that brought Mr. Yushchenko to power. If confirmed, it would mark a humiliating defeat for Mr. Yushchenko, whom voters appear to have punished for a lackluster first year in office marked by sputtering economic growth and government infighting.

His poor showing marks a setback for pro-European forces in Ukraine, a country that has become a theater in the regional tug of war for influence between Russia and the West. Mr. Yushchenko strove hard to anchor Ukraine in Europe, while Mr. Yanukovych, whose support base is in the Russian-speaking south and east, leans heavily toward Moscow.

One exit poll showed Mr. Yanukovych's Party of the Regions with 33% of the vote; the Bloc of Yulia Tymoshenko, Ukraine's former prime minister, with 23%; and Mr. Yushchenko's Our Ukraine party with 14%.

Mr. Yushchenko must now decide whether to try to form a coalition with Mr. Yanukovych or Ms. Tymoshenko, a firebrand populist whom he sacked as prime minister last September in a move that split the Orange alliance. "If he signs a coalition agreement with Yanukovych, it's the end of him as a politician," said Taras Kuzio, a Ukraine expert at George Washington University. "He will be seen as having betrayed the Orange Revolution."

Mr. Yushchenko said yesterday that talks to revive the Orange alliance would begin immediately after the election. But if the exit polls are anything to go by, he may have trouble cobbling together a viable pro-Western coalition, even if he and Ms. Tymoshenko can bury their differences.

Whatever the outcome, the election was seen as an exercise in democracy in a region increasingly tilting toward authoritarianism. The sight of dozens of parties vying for votes is rare in the former Soviet Union, and proof of the Orange Revolution's legacy, analysts said. European observers said the election appeared to be free and fair, though some criticized long lines at polling stations.

Speaking to reporters yesterday, Mr. Yushchenko called the vote "the first fair democratic elections in Ukraine."

Yet Mr. Yushchenko's decline in popularity has come as pro-democracy movements are in retreat across the former Soviet Union. Elections in Azerbaijan and Kazakhstan last year ended up buttressing autocratic leaders.

And last week, Belarus's hard-line president, Alexander Lukashenko, claimed a landslide victory in an election condemned in the West as rigged. On Saturday, Belarussian security forces beat and arrested dozens of demonstrators protesting the election results, while the U.S. called for a new vote and said it will impose sanctions on the Russian-backed Mr. Lukashenko and other senior Belarussian officials.

Elections in the region are fueling growing tensions between the U.S. and Russia, which sees Western support for opposition movements in former Soviet republics as interference in its sphere. Ukraine's Orange Revolution was seen as a foreign-policy defeat for Moscow, which openly backed Mr. Yanukovych.

Tensions between Moscow and Kiev grew following Mr. Yushchenko's election, rising to a climax this winter when Russia's state-owned gas company OAO Gazprom briefly cut off natural-gas supplies to Ukraine during a pricing dispute. Mr. Yanukovych's comeback provides the Kremlin with a chance to restore its lost influence in Ukraine.

Mr. Yanukovych boosted his chances by running a Western-style campaign, helped by American advisers who honed his message of pro-business growth and patriotism. On the other hand, Ms. Tymoshenko's and Mr. Yushchenko's parties both ended up courting the same dwindling Orange electorate.

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Reform Leader Suffers Setback In Ukraine Vote (NYT)

The New York Times, March 27, 2006

KIEV, Ukraine, Monday, March 27 — President Viktor A. Yushchenko, who led a wave of popular protest to office promising a freer Ukraine aligned with Europe and the United States, suffered a stunning political defeat in parliamentary elections on Sunday, leaving him weakened and his reformist policies in doubt.

Mr. Yushchenko called the vote for a new and newly empowered Parliament "the first fair, democratic elections in Ukraine," and his party appeared to have been routed.

Nearly a year and a half after the protests and international pressure swept Mr. Yushchenko to the presidency, his party fell far behind not only the party of the man he beat for the top job, Viktor F. Yanukovich, but also the party of his former prime minister, Yulia V. Tymoshenko, according to an independent survey of voters leaving the polls, announced by the Democratic Initiatives Foundation, after voting ended at 10 p.m. on Sunday.

Mr. Yanukovich's Party of Regions, which the survey showed with 33 percent of the vote, was poised to win the largest bloc of seats in the 450-seat Parliament, but not enough to win control outright. Ms. Tymoshenko's bloc received 22 percent, while Mr. Yushchenko's party, Our Ukraine, trailed in a distant third place, with only 13 percent, according to the survey.

Mr. Yanukovich, the former prime minister whose supporters were accused of having rigged the presidential race against Mr. Yushchenko in November 2004, declared "a decisive victory," using the sort of language that rallied those against him and his patron, the former president, Leonid D. Kuchma. "Ukraine made its choice," he said. "Its choice is freedom, democracy, stability and confidence in the future."

Mr. Yanukovich's strength is less a reflection of his political successes than it is of the failings of Mr. Yushchenko, whose reputation at home has suffered from one problem after another despite his image abroad as a reform-minded democrat.

His inability to help improve the weak economy and lessen the country's reliance on Russian gas, which caused painful shortages this winter in a price dispute, deeply hurt him.

The election results set the stage for a period of political jockeying that could last for days or even weeks before a new government is formed. Much will depend on the success of an array of smaller parties that needed to win at least 3 percent of the vote to secure seats.

The voting was the first electoral test of the sweeping changes Mr. Yushchenko promised during the huge street protests that came to be known as the "Orange Revolution."

If the results of the voter survey hold, the election will underscore the disastrous turnaround in Mr. Yushchenko's political fate, leaving him forced to compromise.

At stake are Mr. Yushchenko's stated policy goals, including integrating Ukraine into the European Union and NATO. Mr. Yanukovich's party has promised to restore economic stability and forge closer ties with Russia.

The election has added significance for Ukraine, a country of 47 million on the edge of a newly expanded European Union, because of a political compromise that cleared the way for Mr. Yushchenko's presidency. Under constitutional changes adopted then, the new Parliament will have the power to choose the prime minister and most of the cabinet, though Mr. Yushchenko will retain control over foreign affairs and security ministries.

Mr. Yushchenko's party now faces a choice of whether to repair the fractured coalition with Ms. Tymoshenko, who served as his first prime minister until a falling out amid infighting over policy and accusations of corruption, or possibly to face a hostile government. Together, their parties still drew more votes than Mr. Yanukovich's, according to the voter survey, but her showing increased her leverage in the talks.

Without Ms. Tymoshenko's support, Mr. Yushchenko's only other choice would be an improbable alliance with Mr. Yanukovich. The president remained noncommittal on Sunday, saying in televised remarks that he was considering "all kinds of various combinations."

Later, though, as the gravity of his party's poor showing became clear, Mr. Yushchenko's aides said they were prepared to revive the "orange" coalition. The mood at the party's headquarters was funereal, despite rock bands that performed on the central square of Kiev, the capital, and videos that evoked the 2004 protests there.

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A scheduled appearance by the current prime minister and leader of the party, Yury I. Yekhanurov, was abruptly canceled without explanation early Monday morning.

Ms. Tymoshenko, by contrast, clearly relished a result that provided a measure of vengeance after her dismissal last September. She said those who supported the Orange Revolution were still a majority — now led by her, her remarks suggested, though she stopped short of declaring her insistence on becoming prime minister again.

"I would not like us to let the people down again," she said.

Although Mr. Yanukovich's party complained of widespread irregularities ahead of Sunday's vote, including names missing from voter lists or Russian ones mistranslated into Ukrainian, there were few immediate reports of fraud or significant disruptions. But long lines formed as voters slogged through a ballot with 45 parties, and a homemade firebomb damaged one polling place in the Kiev region.

For many of those who voted, the significance was not in the results, but in the process. They described a Ukraine that was freer and more democratic, if also unruly and still divided along the same ethnic, social and political lines of 2004.

"It is already a big victory," Mr. Yushchenko said, putting the best face on his party's performance.

The survey of voters was carried out for the Democratic Initiatives Foundation by the Razumkov Center and the Kiev International Institute of Sociology, which is part of the Kiev-Mohyla Academy. Final results are not expected at least until late Monday, and perhaps later.

Critics of Mr. Yushchenko's performance as president welcomed the freedom of choice.

Maria I. Kompaneyets, 63, said that she voted for Mr. Yanukovich in 2004, but that she had hopes that Mr. Yushchenko would use his popular mandate to improve life in Ukraine, especially the economy and pensions, recurrent complaints among those less well off.

"Nothing changed, at least nothing changed for better, neither in the country nor in our own life," she said, as she voted with her husband, Pyotr. "Of course we had hopes. So much had been said in those days. Who could expect that it would turn out so bad?"

Ruling Party Suffers Rout In Ukraine (WP)

By Peter Finn

The Washington Post, March 27, 2006

KIEV, Ukraine, March 26 -- Ukrainian President Viktor Yushchenko's party finished in a humiliating third place in parliamentary elections on Sunday as the pro-Russian party of the man he defeated for the presidency 15 months ago appeared headed for a clear victory, according to exit polls.

The Party of Regions, led by Viktor Yanukovych, who was defeated by Yushchenko in 2004 following massive street protests dubbed the Orange Revolution, secured a commanding 33.3 percent of the vote, according to one exit poll. A second poll gave the Party of Regions 27.5 percent.

"Our victory will open a new page in the history of Ukraine," Yanukovych said Sunday night. "We are ready to work together with any political party."

Official preliminary results are not expected until Monday.

Weeks of haggling over the composition of a new coalition government is now likely, but with Yanukovych, a Kremlin favorite, at the helm, Ukraine's strategic direction will probably shift from the West and back toward Moscow.

Yanukovych has criticized Yushchenko's stated desire to join NATO and declared himself open to the revival of economic union among Russia, Ukraine, Belarus and Kazakhstan.

"Ukraine will never join NATO," Taras Chornovil, the No. 4 figure on the Party of Regions list, said in an interview Sunday night. In Ukraine, voters choose a party list, not individual candidates, and the party decides which of its members on the list enter parliament.

Chornovil said current strains in the relationship between Ukraine and Russia were "absolutely artificial" and created by Yushchenko's policies. He added that the Party of Regions would seek to repair rifts with Russia that climaxed this year in a fight over the price of natural gas.

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The party of Yushchenko's former ally, Yulia Tymoshenko, who had a bitter falling-out with the president last year, came in second with 22.7 percent of the vote, according to one poll. A second national poll gave her party, known as Bloc Yulia Tymoshenko, 21.6 percent.

Yushchenko dismissed Tymoshenko as prime minister last September after mutual accusations of corruption and mismanagement.

Yushchenko's Our Ukraine party received 13.5 percent, according to one poll, an unambiguous verdict on his break with Tymoshenko and his stewardship of the country over the last year, when economic growth fell off dramatically. A second poll gave Our Ukraine 15.5 percent.

Out of the 45 parties in the elections, six or seven are expected to surpass the 3 percent threshold necessary to enter the 450-seat parliament. Two or three of those, including the Communists, are natural coalition partners for Yanukovych's bloc.

"Tomorrow we start consultations with political forces that made up the coalition that was victorious in the Orange Revolution," Yushchenko said after casting his ballot in central Kiev.

The final division of seats, however, may allow Yanukovych to sideline the parties of both Yushchenko and Tymoshenko, even if they reconcile.

Tymoshenko said Sunday night there was still a possibility she could form a government with Yushchenko's party and the Socialists. But she said on Ukrainian television that if she did not become prime minister again, something Yushchenko had hoped to avoid, then "he will have Yanukovych as prime minister."

Chornovil described the Party of Regions as dramatically different from the one that existed little more than a year ago when Yanukovych was accused of rigging the presidential election. Yanukovych was initially declared the winner in that vote, but the Ukrainian Supreme Court overturned the result, saying it was fraudulent. The court ordered another vote, which Yushchenko won.

"Fifty thousand people left the party -- careerists and all of those for whom prison was crying out," Chornovil said. "And we have 500,000 new members."

Chornovil and other members of the Party of Regions acknowledged that the vote was clean and also reluctantly conceded that the now vibrant state of Ukrainian democracy was one positive legacy of the Orange Revolution.

Voters faced a bewildering and unwieldy choice Sunday. Besides the 45 parties running for parliament, voters in Kiev, for instance, grappled with ballots for district councils that listed 59 parties and ballots for city council that listed 53. Thirty-seven candidates were on the ballot in the Kiev mayoral race, among them Vitaliy Klychko, a former heavyweight boxing champion, who was running second, according to exit polls.

Some of the ballots were more than three feet long.

"It's a nightmare," Svetlana Honcharenko, 46, said after voting in Kiev. "There are so many parties, it's almost funny."

Ousted Leader's Party Ahead In Elections (WT)

By Natalia A. Feduschak

The Washington Times, March 27, 2006

KIEV -- Followers of Viktor Yanukovych, the pro-Russian leader ousted from power in an Orange Revolution 15 months ago, led the field in parliamentary elections yesterday but fell short of a majority and may not be able to find partners for a coalition government, exit polls showed.

Second place went to an upstart party led by Yulia Tymoshenko, who was dismissed as prime minister amid swirling corruption charges in the summer, while President Viktor Yushchenko's Our Ukraine bloc had less than 14 percent of the vote.

An exit poll conducted by the Democratic Initiatives, International Institute of Sociology and Razumkov Center gave Mr. Yanukovych's Party of the Regions a little more than 33 percent of the vote compared with about 23 percent for Mrs. Tymoshenko's bloc.

Another exit poll said Mr. Yanukovych's party got 27 percent of the vote, while Mrs. Tymoshenko got nearly 22 percent. Official results were expected within three weeks.

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Although pollsters had predicted Mr. Yanukovych's party would make a comeback in the face of deep dissatisfaction with Mr. Yushchenko's administration and an economic slowdown, few had predicted that Mrs. Tymoshenko would do so well.

The surprise showing raises the prospect that she could return as prime minister in a coalition that includes Our Ukraine and the Socialist party, which the exit polls showed with more than 5 percent of the vote.

Several small parties failed to pass the 3 percent threshold for seats in parliament, meaning it will take less than 50 percent to achieve a majority of seats under the proportional representation system.

That would permit the president's reform agenda to continue, but with Mrs. Tymoshenko playing a more dominant role. The two have been openly hostile since Mrs. Tymoshenko's firing and were bitterly critical of each other during the campaign.

Mr. Yanukovych claimed a "decisive victory" at his headquarters last night.

"We are ready to take the responsibility of forming a government, and we call on everybody who holds Ukraine's fate dear to join us," he said. "We are ready to work with all political parties which will be represented in parliament."

But Mrs. Tymoshenko indicated she expected to return to the prime minister's office at the head of the current coalition.

"I believe that this coalition agreement will be signed. I see no need to adjust this coalition," she said. "Our political aim will be to follow the path the country chose in the last presidential election."

The election is the first under constitutional changes introduced this year that cut back the president's powers.

Although Mr. Yushchenko will be able to appoint his foreign and defense ministers, he will have to share power with the prime minister, which the new parliament will choose. Parliament, elected by proportional representation, becomes a more powerful body.

In the weeks leading up to yesterday's vote, Mr. Yushchenko seems to have left the door open to an alliance with Mr. Yanukovych's party should the former fail in rebuilding his Orange coalition. But his chief of staff, Oleh Rybachuk, rejected that notion after the exit poll results were announced.

"I could only see that in a nightmare," he told television viewers.

Mr. Yanukovych, who opposes efforts to bring Ukraine into NATO, enjoys support in the Russian-speaking eastern and southern parts of the country.

Belarus Charges Detained Opposition Leader (NYT)

By C. J. Chivers

The New York Times, March 27, 2006

MOSCOW, March 26 — A detained opposition leader in Belarus faced a criminal charge on Sunday and was denied prison visits by a doctor and a lawyer, his wife said. Minsk, the capital, fell quiet after a violent police crackdown against antigovernment demonstrators on Saturday.

Aleksandr V. Kazulin, who had challenged the authoritarian president, Aleksandr G. Lukashenko, in an election earlier this month, was seized Saturday when riot police officers with batons attacked a column of peaceful protesters who were marching to a prison where opposition members had been jailed.

He was held Sunday at a detention center well outside Minsk, on a charge of hooliganism, said his wife, Irina Kazulin. The charge can carry penalties ranging from a fine to several years in prison.

Ms. Kazulin said she visited the jail but was not allowed to see her husband or speak with him by phone. She said she demanded that he be examined by a doctor and allowed to consult a lawyer, but was told by a prison official that there would be no visits before Monday.

"Human rights do not work on Sunday in Belarus," she said bitterly in a telephone interview. She said she was not sure whether her husband had been injured.

Opposition members said at least three people were in serious medical condition with either skull fractures or spinal injuries after being beaten by the police when the march was broken up on Saturday.

One man with a skull injury had been hovering near death, but had survived so far, said Aleksei Shein, a spokesman for Aleksandr Milinkevich, the principal challenger to Mr. Lukashenko.

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"Thank God this man is still alive," Mr. Shein said of the injured demonstrator, who was one of at least two men seen lying immobile on the street after lines of officers from SOBR, a special rapid-reaction force that has been widely accused of extensive human rights abuses, attacked the marchers.

The march was the third opposition event of the day. The police forcibly blocked demonstrators, estimated at 6,000, from reaching a rally planned for October Square, punching and kicking many of them as they tried to push through police lines or block traffic, and ultimately clearing the sidewalks with advancing formations that pummeled people in their path.

A peaceful rally then took place at Yanka Kupala park, which the police videotaped but did not break up. At Mr. Kazulin's urging, several hundred demonstrators left for a march to the prison, during which the worst violence of the day occurred.

Austria, which holds the rotating presidency of the European Union, said in a statement on Sunday that the Union "is appalled by the violence used against demonstrators" and called for the release of Mr. Kazulin and the other protesters.

Such statements by the West have had little visible effect on the Belarussian government, which retains many of the features of the Soviet police state Mr. Lukashenko apparently admires.

Mr. Lukashenko, whose landslide re-election on March 19 has been declared invalid by the West because of charges of wide-scale rigging and abuses of state power, has resorted to police sweeps, mass arrests and violence to try to quell the unrest. Russia, his closest ally, has offered him unequivocal support.

For the first time during Mr. Lukashenko's 12 years of rule, however, demonstrators have defied the police and vowed to carry out more peaceful actions in the face of arrests, state violence and expulsions from universities or jobs. Another rally is set for April 26, the 20th anniversary of the Chernobyl nuclear disaster.

The authorities have not released arrest figures or provided information about the injured, making it difficult to assess the extent of the arrests, or the conditions or even the identities of some of the detained.

Among those thought to be held are a small number of journalists from Russia, Canada and Western Europe, as well as foreign demonstrators, including Ukrainians, Poles and at least one man from Ireland, who was interviewed at a small protest camp Friday shortly before the riot police smashed the camp and arrested demonstrators there.

Belarus Divided, Doubtful After Clashes (AP)

By Steve Gutterman, Associated Press Writer

AP, March 27, 2006

Police kept a close watch Sunday on the square that was the center of an unprecedented week of protests, determined to prevent the opposition from renewing demonstrations against Belarus' authoritarian president.

The protests that culminated Saturday in a clash with riot police left the opposition daunted but determined to try to press ahead.

Many Belarusians now are confronting an array of unanswered questions: It is unclear how much support the opposition really has, how much dissent authorities will tolerate or what effect a stream of denunciations from the West will have.

The EU called on its European partners to join in protesting against Saturday's violence and the detention of Alexander Kozulin, an opposition leader who instigated a march to a jail where detained opposition supporters are being held.

A rights group said more than 100 protesters were detained Saturday in the tightly controlled ex-Soviet republic.

The Belarusian Foreign Ministry claimed Sunday that police had shown "restraint and patience," and officers resorted to force only after being attacked.

E-mails and cell phone text messages reportedly encouraged supporters to gather Sunday evening at Oktyabrskaya Square.

Around 40 police officers kept watch at the edges of the square, eyeing small groups of young people — some clearly dissidents and others apparently just hanging out on a day when sunlight cut the bite of near-freezing temperatures. There were no immediate arrests or scuffles.

After dark, more than 100 mostly young people lit candles and laid flowers at a monument to the 52 people who were killed in an underpass during a 1999 stampede.

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The stampede had no political connection — it took place as rock concert spectators were trying to escape a downpour — but those who came Sunday said their actions were in solidarity with those injured and arrested last week. The choice of location appeared aimed at finding a strategy for expressing dissent without antagonizing authorities.

"Students have awakened.... The more the authorities crush us, the bigger our protest will be," said student Aliena Efanova.

The commemoration lasted about 90 minutes. After holding a moment of silence, the group began to put out their candles, and police ordered the crowd to leave.

Austria, which holds the rotating EU presidency, said the 25-nation bloc "urges the international partners of the EU, and in particular Belarus' other neighbors, to follow the same approach toward Belarus," in an apparent reference to Russia.

The EU statement was the latest in a series from the United States and Europe denouncing the March 19 elections that gave President Alexander Lukashenko a third term.

Lukashenko despises the West and criticism from there fuels his contentions that the West is out to overthrow him. The Belarusian Foreign Ministry said the statements "are on the border of an anti-Belarusian hysteria."

Everyone seems to have a strong opinion on last week's events, and the population is split.

"One must fight fear, because fear is the authorities' strongest weapon," said Alexei, a 20-year-old student unwilling to give his last name because students who back the opposition are often expelled.

But in Dmitry Kursky's view, the demonstrators were irresponsible and goaded by money he believes they received from the West.

"All the opposition is doing is spending the (money) they got from the West. Once they spend the first $100,000, they will pocket the rest," the 23-year-old said.

How much staying power the opposition has was in doubt after Saturday. Activists, encouraged by police allowing them to hold a meeting of some 7,000 in a park, decided to push their luck by marching to a jail where other opposition supporters were being held.

A phalanx of shielded riot police forced them back with percussion grenades and beat some people in the front lines.

Kozulin was arrested in the melee and his wife Irina said Sunday that he was likely to be charged with hooliganism, which can carry a sentence of up to 10 years in prison. Many suspect Kozulin of being a Russian-funded provocateur.

Alexander Milinkevich, the most popular of the opposition leaders, was angry the march was attempted, saying "yesterday's march decreased the number of our supporters."

Blair Admits He Knows When He Will Go (FT)

By James Blitz

Financial Times, March 27, 2006

Tony Blair has admitted for the first time that he has decided when he will resign as prime minister. However, he is not yet revealing the date.

He also insists he wants time to leave a solid platform for his successor, ensuring above all that difficult reforms of the National Health Service are properly implemented before he quits.

Mr Blair has conceded to friends that the government and Labour MPs are finding the leadership transition from himself to Gordon Brown uncertain – and that this is undermining the confidence and morale of ministers and Labour MPs.

The prime minister, who is currently in Australia, has until now never given any indication that he has privately fixed the date for quitting Downing Street.

He said back in 2004 that he would not fight a fourth general election, but has always stuck by the mantra that he will only quit when his job is done.

But in the wake of the “loans for peerages” row, a growing number of Labour MPs believe that Mr Blair – who is widely expected to stand down next year – must publicly state when he intends to quit to ensure an orderly handover to Mr Brown.

Downing Street officials who are travelling with the prime minister insisted that Mr Blair had still not fixed a departure date.

They flatly denied that Mr Blair had any intention of “pre-announcing” his departure date in the next few weeks to stabilise the government in the aftermath of the recent sleaze rows.

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However, the revelation that Mr Blair has a date in mind when he would step aside came as he conceded – also for the first time – that he regretted announcing his intention to stand down at some point in this parliament.

Senior allies of the prime minister have long believed that Mr Blair's declaration 18 months ago that he would not fight a fourth election was a grave error, transforming him into a lame duck premier.

On Sunday Mr Blair expressed his own turmoil over the decision. Asked by an Australian TV reporter whether he should never have announced his decision to quit at some future date, he replied: "It was an unusual thing to say but people kept asking the question so I decided to answer. Maybe that was a mistake."

Mr Blair has told friends he believes the "loans for peerages" row has been a ghastly experience for himself and the Labour party. He now questions whether Labour will ever be able to raise cash again - either in donations or loans.

Is Britain's Labour Selling Lordships? (CSM)

By Mark Rice-oxley

The Christian Science Monitor, March 27, 2006

LONDON - Will a million pounds make you a "Sir" or a "Lord" in Britain today?

That's what British police are investigating, following complaints that Prime Minister Tony Blair's Labour party rewarded four big financial backers with the promise of seats in the House of Lords, the unelected upper house of parliament that wields considerable influence.

The murky controversy has intensified pressure on Blair to step down and revived a debate about how politics should be funded here.

Infuriated members of Parliament (MPs), including some on the Labour side, warn that democracy is being compromised by dirty money. The scandal has further disenchanted a public already apathetic about the political process, and it is acutely awkward for Blair, who arrived in office in 1997 with a promise to wipe out the "sleaze" that poisoned the previous administration of John Major.

"The Labour Party has been caught cold," says Ian Gibson, a Labour MP. Though it has yet to be definitely proven that benefactors were promised in advance a reward for their cash, MPs have noted that every donor who has given Labour more than a million pounds has received a knighthood (entitling usage of honorific "Sir") or peerage (entitling usage of honorific "Lord").

"People don't give money for nothing and that is how all this is being construed by the public," says Mr. Gibson. "Some of these [donors] got knighthoods and even became government ministers.... We have to move to a system of state funding."

State funding is the norm in France, Germany, and other European countries, where individual and group donations to parties are capped or banned altogether.

Its advantages are a level playing field between parties and greater transparency. The disadvantage is that taxpayers will have to foot the bill, and parties will probably find loopholes, perhaps through lobby groups doing their spending for them. Critics also note that state funding in Germany did not stop former chancellor Helmut Kohl from getting engulfed in a scandal over secret private donations.

British parties have long relied on their memberships and on affiliations - Labour with the union movement, the Conservatives with big business - for their funding. But with party memberships falling fast, and old affiliations not what they used to be, income has shriveled.

All three big parties have turned to benefactors to bail them out. Blair introduced new rules in 1998 to oblige parties to declare all donations over £5,000 ($8,700), but loans don't have to be reported.

The Conservatives have said they too have benefited from big loans, but Blair is under scrutiny because as prime minister, he alone among politicians has the power to nominate individuals to lordships, knighthoods, and other honors.

Labour - Blair's party - has admitted it raised £14 million ($23.4 million) last year in secret loans from 12 millionaires to bankroll its election campaign.

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Four were then proposed for lordships. Three have subsequently asked for their nominations to be withdrawn. A fifth, Rod Aldridge, was chairman of a company which benefited from government contracts. Mr. Aldridge quit his job last week, the first victim of the burgeoning cash-for-favors scandal.

Another Labour donor, Chai Patel, said he offered a £1.5 million ($2.6 million) gift, but was urged to make it a loan instead, thus ensuring it passed under the radar of parliamentary scrutiny. He was later nominated for a seat in the House of Lords (a peerage). Mr. Patel is scheduled to testify Tuesday on the matter.

"If I say I'll give you £1.5 million ($2.6 million) for your party, and you say, 'No, don't give it to me, lend it to me,' what is that all about?" asks Elfyn Llwyd, an opposition MP. "Can there be an innocent answer to that question?"

Mr. Llwyd has made a formal complaint to police, who are now investigating whether Labour breached a 1925 law passed after a former prime minister, David Lloyd George, was found to have sold knighthoods for personal gain.

"If we are serious about bringing transparency into this scenario, then there will have to be some partial funding from the state purse," Llwyd adds.

In the wake of the latest furor, Blair has tasked a top former official to look into party financing and the possibility of state funding, and a parliamentary committee is also looking at options for reform. But not everyone believes state-funded politics would be popular.

Donald Shell, lecturer in politics at Bristol University, says that the public would take a dim view of being asked to bankroll elections in which fewer and fewer people are bothering to vote.

"There is so much disdain for politics now, such a lack of respect for parliament and politicians, that the government is very nervous about introducing any "gravy train" arrangements like state funding," he says.

Better alternatives might be to introduce tax-efficient donations, to cap the level of donations from individuals to perhaps £10,000 ($17,400), and to lower the ceiling on election spending, currently £20 million ($34.7 million) per party. The UK Electoral Commission says greater public and party consensus is needed before these changes can be made.

Blair meanwhile insists Labour has done nothing wrong in the loans affair. He has turned the debate around, saying that people who give money to political parties should not be barred from honors.

But the public are not impressed. A recent poll showed 56 percent of voters believed the loans-for-lordships allegations were true, and almost three-quarters agree that Blair's government is now as tainted by sleaze as that of his predecessor, John Major. "If it is established that there were definite offers from his office to big donors, then he's in the most terrible trouble," says Dr. David Baker, a politics expert at Warwick University.

Blair's Last Stand (WKLYSTD)

By Gerard Baker

Weekly Standard, March 27, 2006

TWILIGHT IS HASTENING FOR TONY Blair. Though British prime ministers face no term limits, few can withstand the swelling tide of public boredom and familiarity's contempt. Margaret Thatcher set a peacetime record of 11 years in office before she succumbed; Blair, elected in 1997, will have clocked up nine in May. The gathering consensus now asserts that he will not, in spite of his own ambition and energy, reach the full decade in office he had hoped for.

Last week the constitutional choreography in London seemed to hint strongly at an imminent succession. Blair's designated successor, Gordon Brown, the chancellor of the Exchequer, delivered his tenth budget speech to the House of Commons. The budget is usually a boastful recitation of economic statistics and tweaks to the tax code; the chancellor generally seizes the opportunity to tout the success of the U.K. economy and add a penny or two to the cost of a bottle of whisky.

But this time Brown presented a manifesto for the impending change in leadership. The financial details clearly bore him: Instead he waxed enthusiastic about Britain's global role and the kind of changes in the domestic political framework that are inevitable. And in the pure political theater that only the House of Commons can stage, Brown engaged in an intriguing preview of the struggle between him and David Cameron, the new Conservative party leader, that will define British politics in the run-up to the next election in 2009. Blair was reduced to the status of an amused and slightly detached onlooker.

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The prime minister (for he is still that, for now) was hurt by his own campaign promise to stand down before the next election. Though he figured at the time that such a declaration might give him a full U.S.-style final term in office, he did not account for the swift and brutal motion of British politics. Blair was already weakened by the continuing and deepening unpopularity of the Iraq war. A series of domestic legislative fights in the last few months over the introduction of identity cards, toughened antiterrorist laws, and education reforms further undermined him, at least in the unforgiving eyes of his own Labour party.

But earlier this month he seemed to add the insult of venality to the injury of socialist apostasy. The prime minister, the public learned, was recommending several wealthy business leaders who had given generously to the Labour party for elevation to the House of Lords. This news underlined the popular view that this is a government grown remote and contemptuous of the rules of decent governance.

Republicans may fret about an approval rating for President Bush of 36 percent. But that looks positively Reaganesque compared with Blair's plight: He is now despised by two-thirds of Labour voters, three quarters of Conservatives, and a clear majority of independents.

In fact the Bush administration will have played a substantial part in Blair's demise. The Iraq war, of course, has undermined the prime minister; but the Bush administration seems oddly committed to making life even more difficult for him. Britain is in a state of angry ferment about the way its defense contracts have been handled by the Americans. A decision by the Pentagon to cut a British company out of the procurement contracts for the new Joint Strike Fighter has outraged public opinion and led even this most Atlanticist of governments to think seriously about striking out in a new direction with European partners, rather than be more closely integrated with U.S. defense systems. Quite how a beleaguered administration can still find room to alienate one of its few allies in the world is perhaps only for Donald Rumsfeld to explain. But the damage done to Blair's claim that his support for the United States has produced tangible benefits for the United Kingdom is incalculable.

Many American conservatives are tempted to regard the imminent end of Blair as a blessing. They note his statist tendencies when it comes to domestic policies--increased taxes and government spending, bans on fox hunting and other infringements of civil liberties--and wonder what side in the war of ideas he is on. And yet, just when you prepare yourself to welcome the departure of this oddly cynical and infuriatingly political man, he reminds us of just how much he will be missed when he is gone.

Last week, he gave the first of a series of three detailed speeches in defense of the Iraq war and the broader struggle against Islamist extremism. (You can read the first at www.number10.gov.uk; the second will be delivered in Australia this week and the third in Washington next week.) Even a British media that barely stops now to consider the case for the Iraq invasion could not ignore the power of its message. Blair spelled out, without apology, what is truly at stake in Iraq:

People look back on the three years since the Iraq conflict; they point to the precarious nature of Iraq today and to those who have died--mainly in terrorist acts--and they say: How can it have been worth it? But there is a different question to ask: Why is it so important to the forces of reaction and violence to halt Iraq in its democratic tracks and tip it into sectarian war? Why do foreign terrorists from al Qaeda and its associates go across the border to kill and maim? Why does Syria not take stronger action to prevent them? Why does Iran meddle so furiously in the stability of Iraq?

And in explaining the bigger threat from Islamism, he demonstrated how his departure will leave a large gap where the war's most effective advocate has been for the last few years:

Fundamentally, for this ideology, we are the enemy. . . . "We" is not the West. "We" are as much Muslim as Christian or Jew or Hindu. "We" are those who believe in religious tolerance, openness to others, to democracy, liberty, and human rights administered by secular courts. This is not a clash between civilizations. It is a clash about civilization.

In a tumultuous nine years, Blair may have gotten many small things wrong. But, as he demonstrates in these apparently valedictory remarks, when it mattered, he, perhaps better than anyone in the entire world, got the one big thing right.

Gerard Baker is U.S. editor of the London Times and a contributing editor to The Weekly Standard.

Italy's Berlusconi Trails Challenger As Polling Ends In Premier's Race (WSJ)

By Gabriel Kahn

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The Wall Street Journal, March 27, 2006

ROME -- Just two weeks before national elections, Italy's conservative Prime Minister Silvio Berlusconi trails challenger Romano Prodi by three to six percentage points, according to polls -- a gap that analysts say will be difficult to close.

A defeat for Mr. Berlusconi would end one of the world's most intriguing and controversial political careers. A media mogul worth nearly $12 billion, Mr. Berlusconi has led the Italian republic's longest-lasting government but has also been plagued by legal troubles and criticism of the conflict of interest between his political and business lives. A defeat would also deprive President Bush of one of his strongest allies in Europe and could further isolate Washington in its policy toward Iraq.

Friday marked the last day in which opinion polls could be published under Italian election rules before the April 9-10 voting. A poll conducted by GfK Eurisko, published in left-leaning Rome daily La Repubblica, had Mr. Prodi's center-left coalition taking 51.7% of the vote in the lower house of Parliament, compared with 46.6% for Mr. Berlusconi's alliance of center-right parties. The margin was tighter in the Senate, with the left gaining 51.4% of the vote compared with 47.1% for the right, according to GfK Eurisko. Several other published polls reported similar margins in favor of the center-left. Despite a flurry of television and radio appearances by Mr. Berlusconi earlier in the year and an aggressive campaign schedule, the center-right has been unable to gain back much ground in recent months, leaving many analysts to conclude that a victory for the center-left is likely.

"I never say never," said Ilvo Diamanti, a professor of political science at the University of Urbino who has analyzed recent polling data. "But there has been a loss of confidence in Berlusconi and a slight gain in confidence for Prodi." He also noted there was a sizable portion of undecided voters.

During his five years in power, Mr. Berlusconi has forged close ties with Mr. Bush and Russian President Vladimir Putin, steering Italy away from the foreign-policy lines of European neighbors France and Germany. This month, he addressed a joint meeting of the U.S. Congress.

Under Mr. Berlusconi, Italy has maintained one of the largest military contingents in Iraq, currently numbering more than 2,500 troops, while Mr. Prodi and his coalition allies have been outspoken critics of the war. However, both candidates have indicated that a withdrawal of Italian troops is likely by year end.

Mr. Berlusconi's biggest electoral liability is his management of the economy. The businessman-turned-politician came to power in 2001 pledging to cut taxes and increase jobs in a bid to bolster growth. Italy reported flat economic growth in 2005, the worst performance in the 12-nation euro zone. Italian exports, the engine of the national economy, have lost ground not only to Asian rivals such as China and India but to neighbors such as Germany. Although Mr. Berlusconi did manage to cut income taxes, Italians have seen their overall tax burden drop by less than 1% since he came to power, as local taxes have risen.

Italy's powerful business lobby, the Confindustria, has criticized him repeatedly for failing to lower labor costs or corporate taxes. Mr. Prodi has been pushing an economic platform of reducing the tax burden on businesses in order to jump-start the economy. During this electoral campaign, Mr. Berlusconi has tried to shift attention away from the economy and toward security. In recent years, Italian intelligence services have reported evidence of threats from several Islamist terrorist groups, and concerns about a possible attack remain high. Mr. Berlusconi also has tried to paint the center-left coalition, which includes communist parties, as being run by extremists.

"His only chance is to move the main theme from the economy to security. That's what he's pushing," said Mr. Diamanti.

The campaign has been marked by strident rhetoric and name-calling. On Friday, Mr. Berlusconi quipped from a meeting in Brussels that his opponent "doesn't count for anything." Mr. Prodi responded, "We'll see who counts more on April 10."

Australia Wheat Trade Squeezed By Iraq Scandal (WSJ)

By Patrick Barta

The Wall Street Journal, March 27, 2006

SYDNEY, Australia -- Pressure is mounting on Australia to dismantle its powerful wheat-export monopoly amid allegations that it paid kickbacks to Saddam Hussein's regime to win lucrative wheat contracts in Iraq.

Australia ranks as the world's second-biggest exporter of wheat, behind the U.S., according to U.S. Department of Agriculture statistics, and is a major competitor for U.S. and European farmers overseas. Australia exports about 16 million tons

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of wheat a year, compared with about 29 million tons by the U.S. Iraq, one of the most important wheat markets, took in about three million tons last year in a global export market of about 110 million tons valued at about $17 billion.

Australia punches above its weight in the market by requiring all its export wheat to be sold through a "single desk" monopoly managed by AWB Ltd., a publicly traded firm that markets Australian grain to foreign buyers. Local growers believe AWB's shared costs and combined supply increase Australia's market clout and generate economies of scale that help it compete with subsidized competitors in the U.S. and elsewhere.

U.S. and European farmers have long argued the single-desk system is a monopoly that distorts the world's wheat trade. They say that if it is dismantled, new markets would open for U.S. and European farmers -- including the Iraq market -- and result in higher prices for their crop. They also argue that tearing down the Australian single desk would pressure other countries to make trade-related concessions -- particularly Canada, the other big wheat exporter with a similar single-desk program.

Allegedly unfair competition from AWB has "led to reduced U.S. wheat exports, which in turn leads to lower U.S. prices -- which hits American wheat farmers in the pocketbook and increases government-support program costs," said Alan Tracy, president of U.S. Wheat Associates, in a recent report to the board of the trade group, based in Washington.

Australia's single desk has survived numerous attacks in the past. But now, Australian government officials are investigating claims that AWB paid more than US$220 million in illegal kickbacks to the Hussein government as part of the scandal-plagued United Nations oil-for-food program. The government agreed in November to open an inquiry, and formal testimony began in January.

A report headed by former U.S. Federal Reserve Chairman Paul Volcker last year found AWB paid the money to a Jordanian company to transport wheat through Iraq. But the funds were channeled to the Hussein government. To some critics, that suggested AWB made the payments as kickbacks to secure wheat contracts. AWB was the biggest supplier of wheat to Iraq under the U.N.'s oil-for-food program.

An AWB spokesman declined to comment on the allegations. AWB has said it is reviewing its governance policies and will take any necessary actions to restore confidence in the company.

The government inquiry isn't expected to release its findings until late June at the earliest. A commission reviewing the matter has emphasized that its mission doesn't include deciding the future of the desk itself. But other Australian officials and wheat-industry leaders have said they would be willing to revisit the system in light of the allegations.

In Iraq, grain-board officials recently said they won't buy wheat from AWB until after the commission releases its findings. A group of Australian agricultural companies has organized to offer wheat in AWB's place -- a potentially significant crack in AWB's export monopoly.

U.S. wheat producers have seized on the scandal to try to drive a wedge deeper into that rift. A U.S. Wheat Associates resolution expressed "moral outrage" and thanked the Australian government inquiry for "bringing sunshine to a dark corner of corporate misbehavior by AWB." The resolution demanded dismantling of the AWB monopoly. Sen. Norm Coleman (R., Minn.) demanded explanations from the Australian government.

Australian farmers have responded in kind, led by the Grains Council of Australia, which represents about 30,000 growers. In one statement, it warned, "The U.S. Wheat Industry Should Back Off."

The council said in a separate release that U.S. companies such as Cargill Inc. already control the lion's share of global trade and that "it has been a clearly stated aim of [U.S. Wheat Associates] to re-capture the Iraq wheat market from Australia." It also says that U.S. farmers receive much larger government subsidies than Australian farmers do.

Mideast Feels Stress Of Stock Slide (WSJ)

By Craig Karmin And Yasmine El-rashidi

The Wall Street Journal, March 27, 2006

The Persian Gulf's highflying stock markets, suffering their first serious correction after years of gains, are raising concerns that a speculative bubble may burst and hurt emerging markets more broadly.

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Fueled by cash from high oil prices, stock markets in Dubai, Kuwait, Abu Dhabi and elsewhere in the Gulf have tripled or more in value in the past three years. But in recent weeks, these stocks have suffered double-digit losses, with Saudi Arabia, the region's biggest stock market, shedding about a third of its value since late February.

The declines underscore the risks of emerging-market investing at a time when U.S. investors, from individuals to pensions and hedge funds, are investing more overseas. Emerging-market stock funds world-wide have received $20 billion in new money, or inflows, this year, matching the total inflows for all of 2005, a record year, according to EmergingPortfolio.com Fund Research.

Analysts say the selloff in the Gulf shows few signs of spilling over broadly to other developing countries -- as happened in 1997 when a currency crisis in Thailand sparked broad losses throughout Asia, or when Russia's debt default the following year roiled global markets -- because few investors outside the Gulf own its stocks.

Some economic ripples could reach beyond the Middle East. Fears of any instability in the Gulf tend to boost oil prices, through a so-called political-risk premium attached to the price of crude. "You could see that risk premium widen," said Shigeki Makino, a senior portfolio manager for Putnam Investments in Boston who thinks that would be negative for most stocks globally. "Broadly speaking, markets are very sensitive to oil prices."

A few of the top-performing, but more volatile, emerging markets, such as Turkey and Brazil, are seeing signs that global investors are lightening up on holdings. Their benchmark indexes have fallen more than 5% this month. "It is a warning sign that people are worried about risk," said Arjun Divecha, a fund manager with GMO Emerging Markets in Berkeley, Calif.

The market reversals in the Gulf have triggered outrage among millions of small investors in the region, many of whom started investing in stocks in the past few years and aren't accustomed to precipitous declines. Stock investing has been taken up as a hobby in an unprecedented number of households in the Gulf, where economies are booming from rising oil revenue. An initial public offering of stock from Saudi Arabia's Yanbu National Petrochemicals Co. reportedly received orders from 40% of the kingdom's adult population. Many investors have borrowed money to bet heavily on highflying stocks.

Two weeks ago, angry Kuwaiti investors took to the streets demanding government action to prevent a further slide in share prices. In Qatar, Muslim clerics told a local paper they feared social disruption caused by the market's declines.

Nervous selling by small investors spurred some of the declines. "The panic from small investors who came late to the party and started dumping their stocks recently to cut their losses did not help," said Karim El-Solh, chief executive of Gulf Capital, an investment bank based in Abu Dhabi.

An abrupt or protracted market slump could take a toll on the Gulf economies, which have been expanding at a rate of 6% to 7% annually. Countries such as Saudi Arabia and the United Arab Emirates to a degree have taken advantage of stock-market gains to expedite the sale of state-owned companies into private hands. Analysts say there are about 120 IPOs waiting in the pipeline.

More worrisome, a punctured stock-market bubble could aggravate political and social tensions in an already volatile area. "We are seeing signs of unrest and disquiet in the region that shouldn't lead to political instability but that governments have to address," said Gary Kleiman, a managing partner at Kleiman International Consultants, a Washington, D.C., research company that specializes in emerging markets.

At least tacitly, government officials in the region have acknowledged concern by implementing measures to stanch stock-market bleeding. The Saudis declared foreign residents in the kingdom could invest directly in shares, while the Kuwaiti government announced plans to buy up stocks.

Economists say the broader fallout from severe stock-market corrections in the Gulf would be hard to predict. One result could be a shift in how some of the billions of dollars in Middle Eastern oil money would be invested. In a recent report, HSBC estimated there could be as much as $300 billion from oil revenue available for investment. That is enough to buy one-fifth of the emerging-market stocks listed in the Morgan Stanley Capital International index, or 7% of publicly outstanding U.S. Treasurys.

The run-up in Gulf stock-market prices draws comparisons with the surge in Internet shares in the late 1990s. Seven different markets in the region more than doubled last year, despite formidable restrictions on foreigners that keep most overseas investors away. In Saudi Arabia -- the largest Gulf stock market and the one where investor borrowing has been heaviest -- the

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market doubled in value last year and has surged nearly sevenfold since 2002. In Qatar, Islamic bank Al Rayyan Bank filled a sports stadium in Doha with tens of thousands of investors hoping to participate in its IPO.

Some say the selloff was sparked by a rule change in the Saudi market that lowered the maximum one-day fluctuation for a stock to 5% from 10%. Analysts say investors interpreted this as a sign authorities were getting nervous about the market's vertiginous level. Others say the collapse of a deal by Dubai Ports World, which is backed by the government of the U.A.E., to take over operations of some U.S. ports hurt investor sentiment.

Joseph Quinlan, chief market strategist for Bank of America Corp., suggests a bursting of the Gulf's stock-market bubbles likely would make many of the region's large institutional investors -- which, though more diversified, often participated alongside small investors in the local markets -- more risk-averse.

The oil-price surge in recent years resulted in the Middle East being a net buyer of $20 billion of U.S. securities in 2004, according to Bank of America. While that figure fell to $6 billion last year as the region's stock markets attracted more funds, Mr. Quinlan figures this year it will return to, or perhaps exceed, the previous level.

Turning The Taps Back To The States (WP)

By Monte Reel

The Washington Post, March 27, 2006

LOMAS DE ZAMORA, Argentina -- Carina Grossi turned on the tap in her kitchen sink and raised a glass of water to the light, her eyes narrowing in disgust.

"Look at that," said Grossi, 32. "Look how cloudy the water is, how dirty."

"It's a disaster," said her father, Eduardo, a 65-year-old grocer. "That's what is making your mother so sick."

Like many of their neighbors in this working-class suburb of Buenos Aires, the Grossis are convinced that their water is contaminated -- and they now use bottled water to make soup and tea. They blame the problem on the French company that has provided water and sewer service since the federal government privatized the utility in 1993.

Across Latin America, a growing number of people say the privatization of public services, a movement that swept the region in the 1980s and 1990s, has failed. Protests have erupted over the issue in several countries, and some governments are beginning to reverse these policies. Last week Argentina announced it was rescinding its 30-year contract with the French company Suez and reinstating government control of the water supply.

The Grossis, among many others, have welcomed the about-face.

"The trains, the water, the electricity -- I say it all needs to come back to national control," Carina Grossi said. In her suburb, authorities estimate about 30 percent of homes lack water and the majority are without sewage service. "We pay money out to these foreign companies and get nothing in return," she said. "This is our country. We should stop selling it out to others."

The backlash against the private sector has been building for several years in many pockets of the region. In some cases, such as Bolivia and Mexico, it has been actively promoted by grass-roots leaders in tandem with their demands for limiting the influence of foreign interests.

In 2000, street protests in the Bolivian city of Cochabamba prompted the state to annul a water contract with Bechtel Corp.; last year more demonstrations in El Alto, a city adjacent to the capital, La Paz, led to the suspension of a contract with a subsidiary of Suez.

In the past year, protests against the privatization of other sectors, including electricity and energy, have broken out in Peru, Ecuador, Guatemala and Mexico. Last week, several thousand demonstrators marched through Managua, the capital of Nicaragua, to demand the government improve water services without privatizing them.

Last week, representatives from 148 countries gathered in Mexico for the World Water Forum, held every three years to discuss global water supplies. The forum voted to issue a decree stating that governments -- not private companies -- should hold primary responsibility for providing safe drinking water. Bolivia, Cuba, Venezuela and Uruguay attached a separate statement noting their "profound concern" about the possible negative impacts of international investment agreements and free trade.

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Some officials and experts who promote the role of the private sector in development of basic services said the swing toward nationalization seems like a case of collective amnesia: People are forgetting that many state-run utilities were a mess, they say, wracked with debt and in need of bailouts.

"It would seem that so many years of bad service and very high costs weren't enough to demonstrate that these roads lead to failure," said Adrian Menem, an Argentine congressman and nephew of former president Carlos Menem, who led the privatization efforts of the 1990s. "We are returning to the blind state of the past century."

President Nestor Kirchner's decision to terminate the French contract and put water in the hands of a new state-run entity is not without precedent. In 2003, he took the nation's postal service out of private hands, and it has since turned a profit.

A desire to replicate that experience in part fueled the decision on water service, said Nicolas Ducote, an analyst with the Center for the Implementation of Public Policies Promoting Equity and Growth, based in Buenos Aires. But popular politics, he said, was just as important.

"The president knows that it's politically popular to bash the private sector," Ducote said. "That sort of approach focuses only on the short term. Six months down the road, if there is one problem with someone's water, he'll pay a price for this."

Suez officials countered Kirchner's criticisms of their performance, saying that the company improved service despite being handcuffed by the government's mandated price freezes after a national economic collapse in 2001. A spokeswoman said the company invested at least four times more than the previous state-run enterprise did, added more than 3,700 miles of new pipes and provided more than 2 million new customers access to drinking water.

The company also said Kirchner's claim that it made "hundreds of millions" of dollars in Argentina was wrong; it asserted it lost nearly $900 million on the deal.

"In certain countries we've found that the governments are not living up to their side of the bargain," the spokeswoman, Luan Greenwood, said in a telephone interview from Suez's Paris headquarters. "We've learned that. We're not going to be burned again."

The financial markets have taken note as well. In the days after the contract was cut, Argentine stock trading slowed considerably. In Bolivia, foreign investment has slowed since President Evo Morales, elected in January, vowed to partly nationalize the energy sector.

In Peru, financial markets took their sharpest tumble of the year this past week when an opinion poll showed that the front-runner in next month's presidential election is Ollanta Humala, a nationalist who is promising to rewrite contracts to make the state an equal partner in the mining and energy sectors.

In Lomas de Zamora, a community of small brick houses and cobblestone streets, some residents say their only concern is getting access to clean, safe drinking water. Marta Guzman, 47, said she had stomach problems earlier this year and attributed them to contaminated tap water.

"Whether it is the state or a private company, I don't care," Guzman said. "All I want is good water. I don't care who I get it from."

Somalis Bury Dead, Brace For Battle (WP/AP)

By Associated Press

The Washington Post, March 27, 2006

MOGADISHU, Somalia, March 26 -- Radical Islamic militiamen and rivals buried their dead Sunday and brought in more fighters during a lull after four days of combat on the outskirts of Mogadishu, witnesses said. So far, at least 93 people have died and nearly 200 have been wounded in the violence.

A prominent moderate Islamic scholar appealed to the warring sides not to restart the fighting, which ranks among the deadliest in recent years in the nominal capital of this Horn of Africa country.

"I offer the warring sides a venue for them to talk to resolve their differences," Sharif Sheik Muhidin said.

Somalia has been without a working government for 15 years. The recent battles involve a militia supporting hard-line Islamic clerics who are trying to expand their influence and fighters loyal to businessmen and Somali warlords who have formed an alliance to oppose the religious movement.

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Only junior commanders in the Islamic militia responded positively to Muhidin's call. Key leaders in the group remained silent, and the rival warlords and businessmen were wary of the offer.

The two sides have been fighting for supremacy in the city's northern and northeastern outskirts since Wednesday.

On Saturday, 300 Islamic militiamen staged a pre-dawn attack to capture the area's only working port, El Maan, and an airstrip on Mogadishu's northeastern outskirts. At least 20 people were killed in the fighting, but the attackers failed to reach the port and airstrip.

With the lull Sunday, combatants buried dead comrades and repaired their vehicles while the groups sent in more fighters with weapons and ammunition, witnesses said.

Somalia has had no effective government since 1991, when warlords ousted a dictatorship and then turned on each other, carving the nation of 8.5 million people into a patchwork of fiefdoms.

The International Crisis Group, a nonprofit organization that tracks conflicts, said al-Qaeda contributed to attacks on U.S. and U.N. peacekeepers in Somalia in the early 1990s. The group also said al-Qaeda used the country as a transit zone for terrorist attacks in neighboring Kenya and as a hiding place for some leading members.

Court Calls For Arrest Of Liberian Ex-Leader (WP/AP)

By Associated Press

The Washington Post, March 27, 2006

ABUJA, Nigeria, March 26 -- The international war crimes tribunal in Sierra Leone urged Nigeria on Sunday to immediately arrest Charles Taylor, Liberia's exiled former president, because of fears the former president might flee to avoid trial for crimes against humanity.

Nigeria said Saturday it was ready to hand over Taylor, sending a warning to other warmongers on the continent.

"The watching world will wish to see Taylor held in Nigerian detention to avoid the possibility of him using his wealth and associates to slip away, with grave consequences to the stability of the region," the prosecutor of Sierra Leone's war tribunal, Desmond de Silva, said Sunday.

De Silva said he had sent a message asking Nigerian President Olusegun Obasanjo to arrest Taylor.

Taylor has been in exile in the southern Nigerian city of Calabar since being forced from power under a 2003 accord that ended a rebel assault on Liberia's capital.

Nigeria "has resisted persistent pressures to violate the understanding of 2003," which gave Taylor refuge under an internationally brokered peace deal, Obasanjo said in a statement Saturday. Nevertheless, he had informed Liberia's president that "the government of Liberia is free to take former President Charles Taylor into its custody."

Liberia's information minister, Johnny McClain, said his government was working Sunday with other countries to get Taylor sent directly to Sierra Leone.

Taylor, who could not be reached for comment, is accused of starting a 14-year civil war in his homeland that brutalized tens of thousands of young boys and girls drafted as rebel fighters. He also is blamed for a savage war in Sierra Leone where rebels -- including child fighters -- terrorized victims by chopping off arms, legs, ears and lips.

Each of the 17 charges he faces carries a sentence of life in prison.

Taylor also is accused of harboring al-Qaeda suicide bombers who attacked U.S. embassies in Kenya and Tanzania in 1998.

After her inauguration in January, Liberian President Ellen Johnson-Sirleaf said a trial for Taylor was not a priority. But she made a formal request to Nigeria after an official visit to Washington, which is the source of aid needed to rebuild Liberia.

Nigerian presidential spokesman Oluremi Oyo denied in a statement published in ThisDay newspaper that Nigeria was reacting to pressure from the United States. Obasanjo is traveling to the United States this week and is scheduled to meet with President Bush on Wednesday.

Rebuild Liberia (WT)

By Andrew Young And Peter V. Emerson

The Washington Times, March 27, 2006

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Liberia's Ellen Johnson-Sirleaf, Africa's first democratically elected, female president, arrived last week in Washington for a working visit with President Bush. Mrs. Johnson-Sirleaf won a special runoff election in November, defeating international soccer star George Weah. Her electoral victory signals a monumental shift in West African political trends. Her presidency is demonstrative of a population yearning to re-establish a free market and a democratic society. These conditions are unique for Africa, and Liberia represents a singular opportunity to stabilize the region and establish a model for African development.

Mrs. Johnson-Sirleaf now faces the herculean task of rebuilding a country that for two decades was the battleground of greedy warlords and dictators.

Still, external observers optimistically point to her indomitable spirit and famed incorruptibility. Her prior business, governmental and NGO successes suggest she will salvage this historically prosperous country that is now without basic infrastructure. But her experience and political acuity will not alone suffice to rebuild Liberia and triumph over 85 percent unemployment. Successful redevelopment requires substantial support from the United States and sustained investment by the corporate community.

There are striking historical reasons why America should involve itself.

Liberia has been a quiet and invaluable U.S. ally since its conception by the U.S. Slave Trade Act of 1819. Critically, Liberia was the Allies' primary supplier of rubber during World War II, and has since hosted an ultra-secret Omega tracking station, the African Voice of America transmitter and strategic U.S. military facilities. Nor is this shared ideological congruency surprising: Liberian society has a virile democratic tradition engendered by a constitution modeled on our own.

But rebuilding Liberia is not only a moral obligation; it is, make no mistake, imperative to U.S. national security. Liberia's ties to America are frequently underplayed here, but those very ties define its position in Africa. Amid the Millennium Goals, failure of a favored American ally like Liberia would signal the rest of Africa that such promises about aid and development are hollow rhetoric. Renewed civil unrest and further disintegration of civil society could permanently destabilize the region.

Conversely, a resurgent Liberia will anchor West Africa, serving as a beacon for emerging democratic movements.

The Bush administration made a promise to Africa and must now follow through on that commitment to growth by unveiling a Marshall-style infrastructural recovery plan, by creating a Liberian Enterprise Fund to jumpstart the economy and furnish working capital, by fast-tracking relief from Liberia's $3.8 billion foreign debt burden, by bridging the $12 million gap to complete demobilization and restructuring of Liberia's security sector, by providing substantial funding for education and health care and by increasing numbers of Peace Corps volunteers.

Still, U.S. government money can only lay the foundation for growth. Ultimately, it is the corporate community that can ensure success.

Guarantees for foreign investment are now in place -- Liberia boasts vast natural resources, such as diamonds, gold, iron ore, timber, rubber, coffee, cocoa and undeveloped offshore oil reserves. Marry these untapped resources to a literate, Anglophone workforce in an atmospherehistorically committed to capitalism and you have conditions unique in Africa, arguably the world.

Mrs. Johnson-Sirleaf's business and development expertise make her an ideal partner for foreign investors in Africa. She maintains it will be the private sector, rather than the public sector, that will determine Liberia's future. In fact, she has demonstrated her commitment to business by appointing 25-year Wall Street veteran Richard Tolbert as chairman of the National Investment Commission. The commission is responsible for attracting and assisting foreign investment. Mrs. Johnson-Sirleaf's message is clear, "Liberia is once again open for business."

We believe the corporate community should echo that message by creating a Corporate Council on Liberia, to be modeled on David Rockefeller's effort for Jamaica. Comprised of corporate executives and entrepreneurs who have business interest in Liberia, this council would be an indispensable sounding board for the president and her economic team as they undertake the challenge of rebuilding.

Today, Liberia is a foundering state buoyed by a hopeful population; America must not allow this close ally to fail. More than mere morals, the security of Africa and perhaps the world are at stake. If the corporate community and the U.S government join with the "Iron Lady" -- as Mrs. Johnson-Sirleaf is known in Africa -- Liberia can again become a model republic anchoring Africa with a free-market economy that will be a beacon to its emerging neighbors.

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Ambassador Andrew Young, who served at the United Nations, is co-founding principal and chairman of GoodWorks International. He is also a former congressman and mayor of Atlanta. Peter V. Emerson is a director of the Southern Africa Enterprise Development Fund.

France's Misguided Protesters (NYT)

The New York Times, March 27, 2006

For the second time in four months, French streets are filled with riot police, tear gas and rampaging youths. But the similarity is deceptive. Back in November, it was the sons of North African immigrants in their dreary suburbs exploding in frustration at the lack of jobs, prospects or programs. It was hard not to feel sympathy with their cause, along with outrage at their response.

This time, privileged university students have been protesting what they see as an assault on the job security that they consider their birthright. But the labor reform to which they are so opposed is much needed and was proposed by Prime Minister Dominique de Villepin as a partial answer to those who rioted in the suburbs.

A new law essentially allows companies to fire workers under 26 within the first two years of employment with little notice. The idea is to encourage employers to hire youths on a trial or temporary basis. There is an obvious downside: young workers could be fired on a whim, or simply to make room for another wave of disposable workers. But the alternative is the current state of affairs, in which jobs are sinecures. Unemployment is at 22.2 percent among the young and close to 40 percent in the poor suburbs, compared with 9.6 percent nationwide.

Mr. de Villepin, a patrician notoriously deaf to the streets, did a bad job of presenting and selling the law to the students, the unions and the public. The unions are now threatening a general strike unless Mr. de Villepin backs down, and the prime minister's ratings are plunging. But his law is a reasonable attempt to remedy a serious problem, and the reaction of the students and unions is out of line.

Resistance to the law has been based on a knee-jerk defense of the job security that the French, or at least those who have a job, hold sacred. That has created widespread support for the protests. Even unemployed youths are wary, fearing that if they did get a job, they would be at higher risk than other workers of losing it.

However dramatic the images of the disturbances, the clashes have been localized and relatively brief. Before they get any worse, students should stop focusing on their privileges and heed President Jacques Chirac's call for a creative dialogue about how they can help resolve the real problem facing their generation.

Call Me Jacques (WSJ)

The Wall Street Journal, March 27, 2006

European Union summits in Brussels just won't be the same without Jacques Chirac. Three years ago, after a little wine at dinner, the French President told the pro-American countries from Eastern Europe to "shut up" -- oops, pardon the Anglicism, se taire -- on Iraq. France's standing in "New Europe" has never recovered.

At the opening of the spring meeting last Thursday, Mr. Chirac was back in form. The head of the Europe-wide employers' federation, the Frenchman Ernest-Antoine Seillière, told the 25 gathered EU leaders that he would address them in "the language of business." C'est l'anglais, Monsieur le President.

Before his compatriot could get another word out, Mr. Chirac stood up and stormed out of the room, tailed by his finance and foreign ministers. The gallant trio returned once Mr. Seillière finished his talk about -- we're not making this up -- the dangerous rise of national chauvinism in business and the economy. The next day the Elysée said that Mr. Chirac acted spontaneously in defense of the French language. Some wags speculated that the President simply wanted to skip a talking to about his country's "patriotisme économique," since protectionism is the one area in which France leads Europe.

It is hard to think of anyone who has done more than this president to marginalize France and the French language -- all in the name of defending them. With a year to go in his second term, a new and much-discussed book in France portrays a sickly President depressed about his low public standing and lack of achievements over the past 11 years. But in Brussels, Mr. Chirac showed that he can't be written off just yet. Thanks for the memories, Jack.

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DEPARTMENT OF JUSTICE *NEWS CLIPS*

PREPARED FOR THE OFFICE OF PUBLIC AFFAIRS, US DEPARTMENT OF JUSTICE

TO: THE ATTORNEY GENERAL AND SENIOR STAFF

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TERRORISM NEWS:

FBI Keeps Watch On Activists (LAT)

By Nicholas Riccardi

The Los Angeles Times, March 27, 2006

DENVER — The FBI, while waging a highly publicized war against terrorism, has spent resources gathering information on antiwar and environmental protesters and on activists who feed vegetarian meals to the homeless, the agency's internal memos show.

For years, the FBI's definition of terrorism has included violence against property, such as the window-smashing during the 1999 Seattle protests against the World Trade Organization. That definition has led FBI investigations to online discussion boards, organizing meetings and demonstrations of a wide range of activist groups. Officials say that international terrorists pose the greatest threat to the nation but that they cannot ignore crimes committed by some activists.

"It's one thing to express an idea or such, but when you commit acts of violence in support of that activity, that's where our interest comes in," said FBI spokesman Bill Carter in Washington.

He stressed that the agency targeted individuals who committed crimes and did not single out groups for ideological reasons. He cited the recent arrest of environmental activists accused of firebombing an unfinished ski resort in Vail. "People can get hurt," Carter said. "Businesses can be ruined."

The FBI's encounters with activists are described in hundreds of pages of documents obtained by the American Civil Liberties Union under the Freedom of Information Act after agents visited several activists before the 2004 political conventions. Details have steadily trickled out over the last year, but newly released documents provide a fuller view of some FBI probes.

"Any definition of terrorism that would include someone throwing a bottle or rock through a window during an antiwar demonstration is dangerously overbroad," ACLU staff attorney Ben Wizner said. "The FBI will have its hands full pursuing antiwar groups instead of truly dangerous organizations."

ACLU attorneys say most violence during demonstrations is minor and is better handled by local police than federal counterterrorism agents. They say the FBI, which spied on antiwar and civil rights leaders during the 1960s, appears to be investigating activists solely for opposing the government.

"They don't know where Osama bin Laden is, but they're spending money watching people like me," said environmental activist Kirsten Atkins. Her license plate number showed up in an FBI terrorism file after she attended a protest against the lumber industry in Colorado Springs in 2002.

ACLU attorneys acknowledge that the FBI memos are heavily redacted and contain incomplete portraits of some cases. Still, the attorneys say, the documents show that the FBI has monitored groups that were not suspected of any crime.

"It certainly seems they're casting a net much more widely than would be necessary to thwart something like the blowing up of the Oklahoma City federal building," said Mark Silverstein, legal director of the ACLU of Colorado.

FBI officials respond that there is nothing improper about agents attending a meeting or demonstration.

"We have to be able to go out and look at things; we have to be able to conduct an investigation," said William J. Crowley, a spokesman for the FBI in Pittsburgh. His field office filed a report — released by the ACLU this month — in which an agent described photographing Pittsburgh activists who were handing out fliers for a war protest. The report mentioned no potential violence or crimes.

Crowley said his office had been looking for a certain person in that case and had closed the file when it realized the suspect was not among those handing out the leaflets.

The murky connection that the federal government makes between some left-wing activist groups and terrorism was illustrated in a Justice Department presentation to a college law class this month.

An FBI counterterrorism official showed the class, at the University of Texas in Austin, 35 slides listing militia, neo-Nazi and Islamist groups. Senior Special Agent Charles Rasner said one slide, labeled "Anarchism," was a federal analyst's list of groups that people intent on terrorism might associate with.

The list included Food Not Bombs, which mainly serves vegetarian food to homeless people, and — with a question mark next to it — Indymedia, a collective that publishes what it calls radical journalism online. Both groups are among the numerous organizations affiliated with anarchists and anti-globalization protests, where there has been some violence.

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Elizabeth Wagoner said she was one of the few students who objected to the groups' inclusion on the list. "My friends do Indymedia," she said. "My friends aren't terrorists."

Rasner said that he'd never heard of the two groups before and didn't mean to condemn them. But he added that it made sense to worry about violent people emerging from anarchist networks — "Any group can have somebody that goes south."

Denver, where the ACLU fought a lengthy court battle with local police over its spying on political groups, has the most extensive records of encounters between the FBI and activists. Documents obtained by the ACLU there revealed how agents monitored the lumber industry demonstration, an antiwar march and an anarchist group that activists say was never formed.

In June 2002, environmental activists protested the annual meeting of the North American Wholesale Lumber Assn. in Colorado Springs. An FBI memo justified opening an inquiry into the protest because an activist training camp was to be held on "nonviolent methods of forest defense … security culture, street theater and banner making."

About 30 to 40 people attended the protest; three were arrested for trespassing while hanging a political banner. Colorado Springs police faxed the FBI a three-page list of demonstrators' license plate numbers.

In a recent interview, Denver FBI spokeswoman Monique R. Kelso first said the training camp and protest would not have been enough to merit an anti-terrorism inquiry. But later she said that she wasn't familiar with the details of the case and that the FBI opened cases when there was possible criminal activity.

The FBI's Denver office also monitored a February 2003 antiwar demonstration in Colorado Springs. A bureau memo said that activists planned to block streets and an Air Force base entrance, and that a more "radical" faction had announced online that it would meet near the demonstration but break away for unspecified purposes. The memo said an agent would watch the breakaway group and report to local police and FBI agents monitoring the march.

FBI officials say there was additional information, which they cannot disclose, that justified a terrorism investigation of that protest. They stress that they have to be aggressive in investigating terrorism in the post-Sept. 11 world.

"There's a lot of responsibility on the FBI," said Joe Airey, head of the FBI's Joint Terrorism Task Force in Denver. "We have a real obligation to make sure there are no additional terrorist acts on this soil."

Denver-area activists said that since the surveillance documents became public, there had been a subtle chill, with some people avoiding protests for fear of ending up in an FBI file. Some activists think the FBI has been watching their groups to intimidate them.

"We've kind of gathered up our skirts and pulled in," said Sarah Bardwell, who works for the American Friends Service Committee, a Quaker group. Along with some activist roommates, she has also volunteered for Food Not Bombs.

"In our house, we don't talk about politics anymore," Bardwell said. "There's been a toning down of everything we do."

That change came after six FBI agents and Denver police officers visited her house in July 2004.

Months earlier, the FBI had obtained a flier advertising a meeting near Bardwell's house to form a chapter of Anarchist Black Cross. That movement has two wings; one, according to the FBI, has been associated with "some of the most violent left-wing groups of the past 40 years."

The organizer of the meeting, Dawn Rewolinski, said the prospective chapter would have been part of the movement's other wing, which writes letters to prisoners. The chapter was never established, Rewolinski said. "All we did is eat some cookies and talk about various prisoners and realize we didn't have enough money for a P.O. box."

Nonetheless, FBI investigators believed a Denver chapter had been launched. They discovered that Anarchist Black Cross was affiliated with Food Not Bombs, and authorities ended up on Bardwell's doorstep, asking about the anarchists' plans for protests at the upcoming Democratic and Republican national conventions.

Kelso, the FBI spokeswoman, said there were documents that could not be released to the ACLU that showed good reasons for the government's concern. She dismissed the idea that agents were spying on activists for political reasons.

"We don't have enough agents," Kelso said, "to go out there to monitor and surveil innocent people."

Keystone Komputers (NYT)

The New York Times, March 27, 2006

It may sound incredible to anyone who's ever used the Internet, but the Federal Bureau of Investigation has struggled unsuccessfully for 10 years to come up with a workable computer system. The idea is to allow agents to quickly share discoveries and analyze information in ongoing investigations. The problem surfaced most grimly after the Sept. 11 terrorist attacks when it emerged that the F.B.I.'s 1980's-era technology could not cross-reference words — like, say, "flight" and "schools" — for any agent who might have had advance suspicions about the suicide attackers' preparations.

After 9/11, the bureau started an urgent and very expensive program to fix the problem. But now we discover, equally grimly, that the search for high-tech sleuthing could take four more years and a half-billion dollars. The first effort, called the Virtual Case File, was a complete failure and was ignominiously closed at a cost of $170 million. The next effort was called

Sentinel, but it is already stirring doubts from the Justice Department's inspector general. Among other worrisome signs is the bureau's borrowing of $29 million from its counterterrorism budget to bolster the push for computer overhaul. Any large enterprise can suffer technological shortcomings, but the bureau stands out for having a third of the project's 76 oversight slots vacant as of January, and a director on loan from the Central Intelligence Agency.

Most alarming of all, the inspector general concluded that even if the F.B.I. finally came up with a workable model, there would be no guarantee that it would solve the most crucial issue — agents' inability to share information with the myriad of other government departments involved in the detection of terrorism.

Surely the White House should be prodding the bureau to do better.

Detainee Case Will Pose Delicate Question For Court (NYT)

By Linda Greenhouse

The New York Times, March 27, 2006

WASHINGTON, March 26 — The Supreme Court's announcement four months ago that it would rule on the validity of the military commission by which the Bush administration wants to try Osama bin Laden's former driver, on charges of conspiracy to commit terrorism, appeared to mark a resumption of a struggle for supremacy between the court and the White House.

That struggle initially played out in three cases on terrorism and civil liberties in June 2004. In accepting the new case, as in the previous ones, the justices rejected the administration's argument that the court should simply stay out and let the president conduct his fight against terrorism unconstrained by judicial oversight.

But no one foresaw back in November that the case of the driver, Salim Ahmed Hamdan, to be argued on Tuesday, would present the Supreme Court with an additional and perhaps even greater challenge.

In the face of a measure that Congress passed and President Bush signed into law in late December to strip the federal courts of jurisdiction over cases brought by detainees at the United States naval base at Guantánamo Bay, Cuba, where Mr. Hamdan has been held since 2002, the court must decide whether it retains the right to proceed with this case at all.

For a court that has been highly protective of its own prerogatives, but at the same time notably attentive to the often arcane limits on federal court jurisdiction, the question is one of great delicacy, infused with historical resonance. Not since the immediate aftermath of the Civil War, in a case that arose from the power struggles of the Reconstruction era, has the Supreme Court permitted Congress to divest it of jurisdiction over a case it has already agreed to decide.

In that case, Ex Parte McCardle, the court had already heard four days of argument in an appeal brought by a rabble-rousing Mississippi newspaper editor who had been taken into custody and charged by the military government with fomenting insurrection.

Fearful that a Supreme Court ruling in favor of the editor, William H. McCardle, could result in invalidating military control of the former Confederate states, Congress enacted a law over President Andrew Johnson's veto to deprive the court of jurisdiction. The court then dismissed the appeal, rejecting the argument by McCardle's lawyer that it was permitting Congress to usurp the judicial function.

In the new case, Hamdan v. Rumsfeld, No. 05-184, the Bush administration filed a motion with the court in early January, days after the Detainee Treatment Act was signed into law, urging immediate dismissal of Mr. Hamdan's appeal.

"It is well settled that statutes that remove jurisdiction apply to pending cases and ordinarily should be given immediate effect," the administration, citing the McCardle case, said in the brief accompanying its motion.

More than a month later, on Feb. 21, the court declined to act on the motion, announcing instead that it would take up the jurisdictional question as part of the argument on the merits of the case. It added 30 minutes to Tuesday's argument, originally scheduled for one hour, for that purpose.

The McCardle case has been seen by many modern legal scholars as problematic, a regrettable expression of judicial weakness. Mr. Hamdan's lawyers cite it as well, but for a different proposition. While Congress spoke clearly in the court-stripping amendment at issue in the McCardle case, their brief tells the court, the Detainee Treatment Act is ambiguous on its application to pending, as opposed to future, cases. The court should interpret the act as not applying to the Hamdan case to avoid the "grave constitutional questions" that would otherwise arise, they say.

A group of law professors who filed a brief on this point on Mr. Hamdan's behalf warn the court that to give up jurisdiction would be to yield to "an unconstitutional interference with access to courts and an attack on the fundamental structure of the Constitution."

The argument rests in part on the observation that according to the language of the Detainee Treatment Act, Guantánamo detainees who are tried by a military commission will have only a circumscribed right to a subsequent appeal in federal court, in which they could not raise the basic challenge to the commission's operation that Mr. Hamdan is presenting in his Supreme

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Court case. So if the justices cannot decide his case, or cases brought by some 150 of the other 500 Guantánamo detainees now pending in the lower courts, fundamental questions about this alternative system of justice will go unresolved.

There may be a separate obstacle in the Supreme Court's way. Only eight justices are participating in the case, raising the prospect of a 4-to-4 tie. Chief Justice John G. Roberts Jr. is recused because he was a member of the three-judge panel of the United States Court of Appeals for the District of Columbia Circuit that upheld the government's position in the Hamdan case last July, four days before Mr. Bush nominated him to the Supreme Court.

A tie vote in the Supreme Court ordinarily simply affirms the lower court decision, without issuing an opinion or setting a precedent. But in this case, there is no lower court opinion on the jurisdictional question, since there was no Detainee Treatment Act when the appeals court ruled last July.

It would require a majority, five of the eight votes, to grant the government's motion to dismiss the case, but the matter might not be as straightforward as that. Even if the government had not filed its motion, the court would still be obliged to assure itself that it has jurisdiction to proceed, in this as in any other case. Whether a tie favors jurisdiction or dismissal appears to be an open question of Supreme Court procedure.

Military commissions are not new; they were first used by Gen. Winfield Scott during the war with Mexico in the 1840's. But there have been none since the World War II era. If the court addresses the merits of the Hamdan case, it must decide whether Mr. Bush's military order of Nov. 13, 2001, establishing military commissions to try noncitizens for "acts of international terrorism," had proper authorization.

The administration argues that there were "multiple authorizations": from the Congressional resolution known as the Authorization for the Use of Military Force, adopted days after the terrorist attacks of Sept. 11, 2001; from the Uniform Code of Military Justice, which refers to military commissions and authorizes the president to prescribe rules for their operation; and from the president's inherent powers as commander in chief.

In addition, the administration argues that the Detainee Treatment Act itself ratified the establishment of military commissions when it circumscribed judicial review of their operations.

Mr. Hamdan's military and civilian lawyers, as well as the dozens of organizations and individuals supporting his appeal as "friends of the court," argue to the contrary that no Congressional enactment or inherent power authorized the president to set up what they call a "jerrybuilt tribunal" that falls short of the procedural protections offered by American military law and required by the Geneva Conventions.

In addition, they argue, conspiracy, with which Mr. Hamdan has been charged, is not a war crime and is therefore not subject to trial by military commission.

The administration argues that the Geneva Conventions do not apply to the conflict with Al Qaeda and that their protections cannot, in any event, be invoked by individual detainees. These assertions have provoked a flood of counterarguments from international law specialists, former senior diplomats and federal judges, and human rights organizations.

At Court, A Terror Case Rife With Tough Issues (CSM)

By Warren Richey

The Christian Science Monitor, March 27, 2006

The case of Salim Ahmed Hamdan, Osama bin Laden's former driver in Afghanistan, has the potential to become one of the most important US Supreme Court decisions of this generation.

It will test the scope of presidential power in the war on terror. It may clarify how detained Al Qaeda suspects are treated by the US. More broadly, it challenges the justices to further define the balance of power among the three branches of government during times of national emergency.

But before the high court takes up those weighty issues of constitutional law, it must decide a more basic question: whether it has jurisdiction to hear the case. If the justices decide the case is not yet ripe for their review, Mr. Hamdan's appeal ends there, at least for the time being.

That is the unusual posture surrounding the Hamdan case on the eve of oral arguments Tuesday - litigation so multilayered that the high court has taken the unusual step of allotting 90 minutes for oral arguments, a half hour more than usual.

The Bush administration, in its court brief, says Hamdan's appeal is "fatally premature." The Detainee Treatment Act, signed into law Dec. 30, 2005, bars federal judges and justices from hearing any appeals by Guantánamo detainees before a verdict is rendered by a military commission in their war-crimes cases, argues US Solicitor General Paul Clement.

The Hamdan case will signal how the Supreme Court views its role in the war on terror, say critics of the military-commission process. "Given the triumphalist orientation of this administration and the passivity of Congress, anything that gives us a better feel for how energetic the courts will be as a counterweight is critical," says Eugene Fidell, president of the National Institute of Military Justice.

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Hamdan is being held in open-ended detention at the US terror prison camp at Guantánamo Bay, Cuba. In 2004, he was set to stand trial for allegedly conspiring with top Al Qaeda leaders to commit acts of terrorism, charges he denies. Shortly before his trial was to start, a federal judge in Washington ruled that the military- commission process violates both US law and the Geneva Conventions.

That decision was reversed by a federal appeals court panel. In November, the Supreme Court agreed to take up the case, examining whether military commissions at Guantánamo had been properly authorized by Congress or were otherwise authorized by the inherent powers of the president as commander in chief of the armed forces.

In addition, the court agreed to examine whether a federal judge can force the US government to apply the 1949 Geneva Conventions - international accords that define prisoners of war and how they are to be treated - to Guantánamo detainees.

The Bush administration maintains that detained Al Qaeda suspects don't qualify for the Geneva protections. Hamdan's lawyers say their client and others at Guantánamo are covered.

Under normal circumstances, those two questions would set the stage for constitutional fireworks. But the Hamdan case features extra twists.

Less than two months after the high court agreed to hear Hamdan's appeal, Congress approved the Detainee Treatment Act, which bars detainees from filing pretrial challenges in federal court. The law is aimed at heading off a flood of federal lawsuits by Guantánamo detainees.

The big question is whether that law applies to Hamdan. The US says Hamdan's pretrial appeal must be dismissed, and that he can file an appeal later if he is convicted by a military commission.

Hamdan's lawyers say the Detainee Treatment Act doesn't apply to their client. They say Congress was aware of the Hamdan case when it passed the law - and that it amended the bill to avoid undermining the pending Supreme Court case. "The 'plain' language of the enacted law is most fairly read as not applying to this case, or at the very least is ambiguous," wrote Hamdan lawyer Neal Katyal in a brief.

Mr. Katyal says under the government's reading the Detainee Treatment Act may preclude Hamdan from ever raising a constitutional challenge to the military- commission process.

"Hamdan's claims turn on federal statutes, treaties, and constitutional provisions about presidential authority - questions within this court's, not a commission's, expertise," Katyal says. If the government's view is embraced by the high court, he adds, Hamdan may be deprived of his day in court both now and forever.

Those who support the Bush administration's position argue that Hamdan will have his day in court. Under the Detainee Treatment Act, he can appeal the decision of his military commission to a special court made up of three federal judges from the District of Columbia Circuit Court of Appeals. "The DTA is quite clear that this special appeal to this specially composed court of the D.C. Circuit is the only judicial review," says Andrew McBride, a Washington lawyer who filed an amicus brief on behalf of former attorneys general and retired military officers supporting Defense Secretary Donald Rumsfeld.

At its core, Hamdan's case is a test of the military-commission process. Hamdan's lawyers say such commissions are unlawful because they fail to provide the same level of fair procedures and protections as US and international law.

Solicitor General Clement counters that President Bush has ample authority to subject captured enemy combatants to trial by military commission both through congressional authorizations and his inherent commander-in-chief powers. Passage of the Detainee Treatment Act, he adds, is Congress's endorsement of Mr. Bush's decision to convene military commissions at Guantánamo.

The Hamdan case will be the first big terrorism-related case to come before the Supreme Court since the death of Chief Justice William Rehnquist and the retirement of Justice Sandra Day O'Connor. "They were really in the forefront of establishing the Supreme Court as a defender of its own power," says Deborah Pearlstein, a lawyer at Human Rights First who has worked on briefs supporting Hamdan's case. "So it's a pretty significant test," she says, even though the new chief justice, John Roberts, has recused himself because he ruled on it as a judge on the D.C. Circuit Court of Appeals.

Justices To Weigh War-crimes Commission (WT)

By Guy Taylor

The Washington Times, March 27, 2006

The Supreme Court will hear oral arguments this week in a case that questions the legality of the special war-crimes commission created to try terror suspects being held at U.S. Naval Base Guantanamo Bay, Cuba.

On Wednesday, the justices will weigh a challenge brought by Salim Ahmed Hamdan, 34, a native of Yemen who once worked as a driver for Osama bin Laden in Afghanistan. The dispute will be the first major case involving presidential war powers since Chief Justice John G. Roberts Jr. and Justice Samuel A. Alito Jr. joined the court.

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Supreme Court scholars generally agree the legal future of the war on terrorism hinges on the case, which presents the high court with the chance to rule on the power of the executive branch to try terror suspects outside the bounds of U.S. courts.

Lawyers representing Hamdan, one of nine men at Guantanamo charged with war crimes, will argue President Bush lacked authority to create the commission two years ago, and that its design violates the rights of war prisoners under the 1949 Geneva Convention.

The administration will argue that since al Qaeda is not a traditional army, men such as Hamdan who are associated with it are not POWs, but "enemy combatants," and thus not protected by the Geneva Conventions.

It also will argue that Mr. Bush, as commander in chief, has constitutional authority to create such commissions -- an authority bolstered by Congress' passage of the broad Authorization for Use of Military Force shortly after September 11.

Scott Sillman, a professor at Duke University Law School, contends that "many of the cases which the administration is using to justify its policies regarding the detention and trial of enemy combatants in the war on terrorism were decided after World War II, which was a decidedly different context."

"Hamdan gives the court the opportunity to define this war on terrorism, to give us a more current view of the constitutional authority of the president in this new type of war and the tools available to him in fighting it," Mr. Sillman said.

Jeffrey F. Addicott, director of the Center for Terrorism Law in San Antonio, said the case will turn on whether the justices agree with the Bush administration's definition of war in the aftermath of September 11.

"If you accept the premise that we are in a state of war with the al Qaeda network and their supporters, then the use of military commissions is entirely appropriate," he said. "If the court does not accept that premise, then they will reject the use of military commissions; therefore, requiring the administration to use the tool kit of domestic criminal law" to try al Qaeda suspects.

Mr. Addicott, who advised the Pentagon in its formation of legal charges against men in the war-crimes commission, advocates allowing the special court to go forward because its rules for evidence are more relaxed than in U.S. federal courts -- allowing swifter justice in complicated terrorism cases.

Under the design of the commission, military prosecutors may build their cases against Guantanamo detainees with classified evidence concealed from the detainees.

"The Moussaoui case is a good example," Mr. Addicott said. "He should have been tried in a military commission. He's a self-avowed member of al Qaeda and a non-U.S. citizen. The allegations are that he plotted with the 9/11 hijackers.

"Even with a guilty plea, this thing's been dragging out over three years. It's ridiculous."

Report: Scalia Rejects Jury Trials For Captives (USAT)

USA Today, March 27, 2006

Supreme Court Justice Antonin Scalia dismissed the idea that detainees at Guantanomo Bay, Cuba, have constitutional rights and called European concerns over the issue hypocritical, Newsweek magazine reported Sunday.

“War is war, and it has never been the case that when you captured a combatant you have to give them a jury trial in your civil courts,” Scalia purportedly said in a private appearance March 8 at the University of Freiburg in Switzerland.

Newsweek said it had reviewed a recording of the talk. The authenticity of the tape could not be independently confirmed.

Scalia reportedly was asked whether detainees at the U.S. naval base at Guantanamo Bay have protections under international conventions. “If he was captured by my army on a battlefield, that is where he belongs,” he replied, according to Newsweek. “I had a son on that battlefield, and they were shooting at my son, and I'm not about to give this man who was captured in a war a full jury trial. I mean it's crazy.” Scalia's son Matthew served with the Army in Iraq.

The Supreme Court hears a case this week in which Guantanamo detainee Salim Ahmed Hamdan, accused of being Osama bin Laden's bodyguard and driver, is challenging President Bush's authority to try prisoners before military tribunals. Court officials were not immediately available for comment.

“If he's made up his mind on a particular issue, he shouldn't be sitting” in the case, said Michael Ratner, president of the Center for Constitutional Rights. Scalia did not refer specifically to that case, Newsweek said.

Erma Ora James Byrd, wife of Sen. Robert Byrd, D-W.Va., died Saturday at the couple's home in McLean, Va., according to Byrd's spokesman, Tom Gavin. She was 88. She had been married to the senator for nearly 69 years.

Organizers of the National Cherry Blossom Festival in Washington are trying to make the annual celebration more welcoming for guests from Japan, the country that donated the trees.

About 40 Japanese speakers have signed up as translators to answer questions and give directions to an increasing number of Japanese tourists, said Bill Line, a National Park Service spokesman. The reasons vary, from an improving travel climate to an increasing number of festival exhibits that focus on Japan. This year's festival includes events such as a kimono exhibit and a retrospective of Japanese filmmaker Mikio Naruse.

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Most of the 3,700 trees lining the Tidal Basin are descendants of those presented to the city of Washington by Tokyo's mayor in 1912 to mark 60 years of friendly U.S.-Japanese relations.

More than 700,000 people visit Washington each year during the festival. It began Saturday and runs through April 9. The pink and white petals have begun popping out on some trees and are likely to be at their peak starting today.

No Legal Rights For Enemy Combatants, Scalia Says (WP/AP)

By Associated Press

The Washington Post, March 27, 2006

Supreme Court Justice Antonin Scalia reportedly told an overseas audience this month that the Constitution does not protect foreigners held at the U.S. military prison at Guantanamo Bay, Cuba.

He also told the audience at the University of Freiburg in Switzerland that he was "astounded" by the "hypocritical" reaction in Europe to the prison, this week's issue of Newsweek magazine reported.

The comments came just weeks before the justices are to take up an appeal from a detainee at Guantanamo Bay. The court will hear arguments tomorrow on Salim Ahmed Hamdan's assertion that President Bush overstepped his constitutional authority in ordering a military trial for the former driver of al-Qaeda leader Osama bin Laden. Hamdan has been held at the prison for nearly four years.

Two years ago, the Supreme Court ruled that the detainees could use U.S. courts to challenge their detention. Scalia disagreed with that ruling, and in the recent speech repeated his beliefs that enemy combatants have no legal rights.

"War is war, and it has never been the case that when you captured a combatant you have to give them a jury trial in your civil courts," Newsweek quoted Scalia as saying. "Give me a break."

Scalia's dissent in the Rasul v. Bush case in 2004 said: "The consequence of this holding, as applied to aliens outside the country, is breathtaking. It permits an alien captured in a foreign theater of active combat to bring a petition against the secretary of defense. . . . Each detainee (at Guantanamo) undoubtedly has complaints -- real or contrived -- about those terms and circumstances. . . . From this point forward, federal courts will entertain petitions from these prisoners, and others like them around the world, challenging actions and events far away, and forcing the courts to oversee one aspect of the executive's conduct of a foreign war."

Newsweek said Scalia was challenged by an audience member in Switzerland about whether Guantanamo Bay detainees have protection under the Geneva or human rights conventions.

Scalia replied: "If he was captured by my army on a battlefield, that is where he belongs. I had a son on that battlefield and they were shooting at my son, and I'm not about to give this man who was captured in a war a full jury trial. I mean it's crazy," Newsweek reported.

Scalia's son Matthew served in Iraq.

Supreme Court: Detainees' Rights—Scalia Speaks His Mind (NSWK)

By Michael Isikoff

Newsweek, March 27, 2006

The Supreme Court this week will hear arguments in a big case: whether to allow the Bush administration to try Guantánamo detainees in special military tribunals with limited rights for the accused. But Justice Antonin Scalia has already spoken his mind about some of the issues in the matter. During an unpublicized March 8 talk at the University of Freiburg in Switzerland, Scalia dismissed the idea that the detainees have rights under the U.S. Constitution or international conventions, adding he was "astounded" at the "hypocritical" reaction in Europe to Gitmo. "War is war, and it has never been the case that when you captured a combatant you have to give them a jury trial in your civil courts," he says on a tape of the talk reviewed by NEWSWEEK. "Give me a break." Challenged by one audience member about whether the Gitmo detainees don't have protections under the Geneva or human-rights conventions, Scalia shot back: "If he was captured by my army on a battlefield, that is where he belongs. I had a son on that battlefield and they were shooting at my son and I'm not about to give this man who was captured in a war a full jury trial. I mean it's crazy." Scalia was apparently referring to his son Matthew, who served with the U.S. Army in Iraq. Scalia did say, though, that he was concerned "there may be no end to this war."

The comments provoked "quite an uproar," said Samantha Besson, a member of the Freiburg law faculty who had invited Scalia to give his talk, which was mostly about his "originalist" interpretation of the Constitution. This isn't the first time Scalia has commented on matters before the court: two years ago he recused himself from a Pledge of Allegiance case after making public comments about the matter. "This is clearly grounds for recusal," said Michael Ratner of the Center for Constitutional Rights, a human-rights group that has filed a brief in behalf of the Gitmo detainees. "I can't recall an instance where I've heard a judge speak so openly about a case that's in front of him—without hearing the arguments." Other experts said it was a closer call.

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Scalia didn't refer directly to this week's case, Hamdan v. Rumsfeld, though issues at stake hinge in part on whether the detainees deserve legal protections that make the military tribunals unfair. "As these things mount, a legitimate question could be asked about whether he is compromising the credibility of the court," said Stephen Gillers, a legal-ethics expert. A Scalia recusal (it's entirely up to him) would create problems; Chief Justice John Roberts has already done so in Hamdan because he ruled on it as an appellate judge. A Supreme Courtspokeswoman said Scalia has no comment.

Sins Of Commissions (WP)

The Washington Post, March 27, 2006

THE SUPREME COURT hears arguments tomorrow in perhaps the most important case of the term -- a case that, had the Bush administration acted responsibly at any time in the past 4 1/2 years, would not even be in court.

The case is a challenge to the military commissions the administration has set up at Guantanamo Bay, Cuba, to try war-crimes suspects. It poses a bewildering array of difficult legal questions: Are the commissions legal? What procedural rights must they guarantee to comply with statutes, treaties and the Constitution? After a congressional move to strip the courts of jurisdiction over litigation from Guantanamo, does the court even have the power to hear this case? But these questions confront the justices only because of the administration's insistence on pursuing a strategy that has failed in all respects.

The administration dramatically announced after Sept. 11 that it planned to revive a form of military trial not used since the World War II era. The idea was to achieve swift justice unencumbered by the niceties of trial in American federal courts. After all, as the case of Zacarias Moussaoui has since vividly illustrated, trials of al-Qaeda figures can test the capacity of the American civilian justice system. The administration was right that some alternative form of military trial for accused terrorists captured abroad was essential.

The military could have turned to a proven method by which it conducts trials every day: the general court-martial. Had the administration gone to Congress and adjusted the court-martial for the task at hand, it would have benefited from a system in which military lawyers are already adept. It also would have received the blessing of the legislature for whatever deviations from the usual rules might have been necessary.

Instead, the military sought to design a new system from scratch. In doing so, it has bungled. The commission rules have shifted constantly. A legal cloud has hung over its entire process. It has risked genuine unfairness. It has undermined the prestige of American justice. And, ironically, it has moved at a glacier's pace, having successfully tried not a single person to date -- thereby defeating its entire purpose. Even if the administration prevails at the high court this time, the problems will not go away. The system is a disaster, and it needs revamping.

More than four years after Sept. 11, it is intolerable that America has no viable mechanism for trying al-Qaeda operatives. The masterminds of the attacks, Ramzi Binalshibh and Khalid Sheik Mohammed, are in U.S. custody, yet justice for them is not even on the radar screen. If American troops catch Osama bin Laden or Ayman al-Zawahiri tomorrow, the government has no means of bringing them to justice. Whatever the court decides on the law, the administration needs to fix this stillborn system.

Uncertainty Clouds Last Days Of Moussaoui's Sentencing Trial (USAT)

By Kevin Johnson, Usa Today

USA Today, March 27, 2006

ALEXANDRIA, Va. — Without Harry Samit, confessed al-Qaeda conspirator Zacarias Moussaoui might never have been arrested three weeks before 9/11.

It was no surprise that the government made the plain-spoken FBI agent a prominent witness in its case for the execution of the only man charged in connection with the 2001 attacks.

But by the time Samit left the witness stand here last week, his testimony about repeated and unsuccessful efforts to alert superiors of Moussaoui's potential danger may prove more beneficial to the terrorist than the government.

Prosecutors rested their case last week in the sentencing trial, but many of the government's witnesses have made it clear how difficult it may be for the government to prevail in the landmark terrorism case, legal analysts said.

"It's not at all clear that had Moussaoui told them everything, the FBI would have been able to do anything," says Michael Greenberger, a University of Maryland law professor who specializes in matters of homeland security. "The only thing that can save the government now is Moussaoui," who has vowed to testify. The 37-year-old French citizen could take the witness stand as early as today. (Related story: Analysis: Moussaoui could harm own case)

"The jury could look at him and view him as a scary figure who continues to pose a danger," says University of Notre Dame law professor Jimmy Gurule, a former federal prosecutor.

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The government set a high standard in its opening statement by promising to show a federal court jury that if Moussaoui had not lied to investigators after his arrest three weeks before Sept. 11, federal law enforcement and aviation authorities would have scrambled to prevent the attacks.

The case was nearly lost when a government lawyer assisting the prosecution was found to have leaked prohibited court transcripts in an attempt to influence the testimony of government witnesses.

Even without Moussaoui's silence and the chaos created by Carla Martin, a Transportation Security Administration lawyer, the government has been unable to shield the jury from facts established long ago in investigations by a joint congressional committee and a national commission: that the CIA and FBI possessed strong evidence of a possible aviation plot well before 9/11. (Related links: Order quashing Martin subpoena | Case history)

The material included Samit's prescient 25-page warning to FBI headquarters that Moussaoui was part of a larger hijacking plot in which attackers would use small knives to incapacitate air crews.

"This is a tough lift for the government," Gurule says. "There is no evidence that he actually acted as a perpetrator (in Sept. 11). This case is very tenuous. There are a lot of 'buts' and 'ifs.' "

Former FBI agent Aaron Zebley, the government's final witness, made one of the strongest arguments by suggesting that 11 of the 19 suicide hijackers could have been identified before Sept. 11 if Moussaoui had provided investigators with information about the source of his money. The government later learned that the same source funneled thousands of dollars to many of the hijackers.

Under questioning by the defense, however, Zebley acknowledged there was no way to guarantee the plot would have been averted even if Moussaoui had been truthful.

This week, the defense will hammer at the same themes offered by its first witness Thursday. In his testimony, former FBI agent Eric Rigler recounted sharp criticisms of how the CIA and FBI handled intelligence before 9/11 about a plot against the United States.

The criticisms, which were also outlined in a 2004 Justice Department report of the agencies before 9/11, faulted the U.S. intelligence community for failing to share and act on important information about two hijackers before the 2001 terrorist attacks.

Censure To Get Day In Judiciary (RC)

By Elizabeth Brotherton

Roll Call, March 27, 2006

Setting up the possibility of a floor showdown on the resolution submitted by Sen. Russ Feingold (D-Wis.) to censure President Bush over his domestic wiretapping program, the Senate Judiciary Committee has scheduled a hearing on the matter for the end of this week.

A Republican aide indicated Friday that the focus of the hearing, scheduled for March 31, will be to provide a forum for debate over the merits of the proposed censure measure.

The decision to hold a hearing on the politically supercharged measure could put the Senate on course for a full-blown battle on this issue. Republican leaders are eager to get Democrats on the record on the issue of censuring Bush, believing that such a vote would seriously undercut Democrats' ability to convince the electorate that they are strong on protecting America from terrorist threats.

Democrats, who in large part have tried to distance themselves from the issue fearing a political backlash, have sought to have the measure addressed in committee before any vote on the issue takes place. Only a handful of Democratic Senators have gotten behind Feingold's effort, and the discussion has split party leaders reluctant to discuss the issue from liberal activists in the party base who want to take a more aggressive stance against Bush. Some Democrats also have privately grumbled that Feingold is using the censure proposal to fuel his own presidential ambitions and be seen as a chief Bush antagonist.

When Senate Majority Leader Bill Frist (R-Tenn.) tried to force a vote on the censure motion when it was introduced by Feingold on March 13, Democrats blocked the move, arguing it needed to be fully vetted by Judiciary before being voted on.

The aide indicated that Judiciary Chairman Arlen Specter (R-Pa.), who has criticized the Bush spy program but has also labeled the proposed censure as excessive, is interested in engaging in a back-and-forth with Feingold on the issue.

In the initial furor over the Wisconsin Senator's introduction of the censure proposal, Specter asked Feingold to return to the floor for debate immediately after he introduced the measure. When Feingold failed to do so, Specter chided his proposal as "over the top" and "unsupported by any rationale."

Senators were largely unavailable for comment Friday.

Feingold, who was traveling in Iraq with Sens. John McCain (R-Ariz.) and John Thune (R-S.D.), could not be reached to discuss the planned hearing Friday, according to a spokesman.

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The hearing, labeled “An Examination of the Call to Censure the President,” is scheduled for 9:30 a.m. Friday in Room 226 of the Dirksen Senate Office Building.

HOMELAND RESPONSE:

Hutchison Defends U.S. Ports Role (WSJ/AP)

By Associated Press

The Wall Street Journal, March 27, 2006

HONG KONG -- Hutchison Whampoa Ltd. defended its plans to help scan U.S.-bound cargo for terror threats at a port in the Bahamas where no U.S. customs agents are present.

The flagship company of Asia's wealthiest businessman, Li Ka-shing, added that it isn't feasible or practical for U.S. officials to work in ports across the globe.

The best option for the U.S. is to rely on trusted agents using sophisticated inspection equipment to scan shipments at ports abroad, said John Meredith, group managing director for Hutchison Port Holdings, Hutchison's maritime subsidiary and the world's largest ports company.

The Hong Kong company is in the final stages of being awarded a no-bid, US$6 million contract from the U.S. government to help run a sophisticated radiation detector at the Freeport Container Terminal in the Bahamas, just 105 kilometers from the American shoreline.

Some U.S. lawmakers and security experts have expressed concerns about the deal because U.S. customs agents wouldn't be working at the port to supervise the equipment, designed to detect smuggled radioactive materials.

But Mr. Meredith said his firm has elaborate security checks, including the filming of inspectors checking the containers.

Sen. Charles Schumer, a New York Democrat, toured Hutchison's port in Hong Kong Saturday and said he was impressed with the equipment and how it was operated.

"The technology is there and we've seen it first hand," Mr. Schumer said. "It is impressive and it does the job. They have a program where every container can be inspected for nuclear weapons, can be scanned."

Mr. Schumer, who raised early questions about the Bahamas contract, said he doesn't oppose awarding the contract to a foreign company. But he believes U.S. customs agents should be stationed at the Bahamas port.

Mr. Meredith also said the U.S. cannot afford to post its own customs agents in ports all over the world. Even if the U.S. agents were abroad, they wouldn't have jurisdiction and would be restricted by local laws, he said.

However, U.S. customs inspectors already work at 43 foreign ports helping to inspect and scan cargo containers with the permission of foreign governments under a U.S. port-security program known as the "container security initiative." Some of the 43 ports are operated by Hutchison, and each of these ports has radiation scanners.

Reforms Target Foreign-buyout Review Process (WT/UPI)

By Shaun Waterman, United Press International

The Washington Times, March 27, 2006

Senators return from a weeklong recess today, with the issue of foreign -- and especially Gulf-Arab -- ownership of U.S. critical infrastructure front and center.

Several competing bills in both chambers of Congress aim to reform the process by which the federal government assesses the national security implications of foreign takeovers of U.S. companies or assets.

And, in the wake of the derailment of the Dubai ports takeover, lawmakers' concerns threaten another acquisition by the tiny oil-rich emirate.

Dubai International Capital, an investment company owned by the emirate's ruling al-Maktoum family, signed a deal last year to acquire a privately held British aerospace company called Doncasters Group Ltd.

The company owns nine plants in the United States and makes parts for U.S. tanks and military planes, including for the Joint Strike Fighter -- currently at the center of a trans-Atlantic row about contracts and technology sharing.

After senators questioned officials about the Doncasters deal earlier this month, the Committee on Foreign Investment in the United States (CFIUS), which is responsible for assessing such takeovers, announced that it was launching a special 45-day national security review of the purchase.

The attention led Dubai International Capital to announce last week it was postponing the $1.2 billion takeover for two months while the review proceeded.

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During the furor over the DP World acquisition, administration officials attempted to satisfy critics with an agreement to conduct the same kind of review in that case. Several congressmen continue to think the assessment process is inadequate.

"This process is a flawed process that's being conducted behind closed doors," said Rep. John Barrow, Georgia Democrat, whose district includes one of the Doncasters plants.

Under current law, because of concerns about the huge financial implications of information about blocked or potentially blocked takeovers being leaked, investment committee investigations are kept confidential.

After criticism over a foiled Chinese effort to buy a U.S. oil company last year, the administration agreed to provide Congress with more information about blocked deals. The investment committee has received over 1,500 notifications of foreign acquisitions, but only one has ever been blocked -- in 1990.

Mr. Barrow and Rep. Bennie Thompson, Mississippi Democrat and ranking member of the House Homeland Security Committee, are pushing a bill requiring that the investment committee notify Congress about pending foreign investments it is looking at and calling on the president to make the homeland security secretary, rather than the secretary of the Treasury, the chairman of the review panel. Another bill, from Rep. Duncan Hunter, the California Republican who chairs the Armed Services Committee, would effectively outlaw foreign ownership of any infrastructure listed as critical to national security by the Department of Defense and put the Pentagon rather than the Treasury or Homeland Security departments in charge of the review.

Official Warns Of Unsecured Nuclear Reactors (USAT)

By John Diamond

USA Today, March 27, 2006

WASHINGTON — One-third of the world's 130 civilian nuclear research reactors lack security upgrades needed to prevent theft of materials that terrorists could use to build an atomic bomb, the chief U.S. nuclear proliferation official says.

In an interview with USA TODAY, Linton Brooks, director of the National Nuclear Security Administration, said most of these reactors use highly enriched uranium, the easiest fuel used to make atomic bombs.

“Fresh” highly enriched uranium — the supply not yet used in reactors — is hard to detect and safe enough to handle with bare hands.

Security was at the heart of the recent furor over a deal that would have turned over terminal management at U.S. ports in six states to a company owned by the Arab emirate of Dubai. Unsecured nuclear fuel, not who manages port terminals, poses the biggest risk for a nuclear weapon entering the USA, said Brooks and former senator Sam Nunn, D-Ga.

The U.S. government won't say specifically where the unsecured reactors are. All reactors in the USA, Russia and Eastern Europe have adequate security, according to the National Nuclear Security Administration and Holly Harrington of the Nuclear Regulatory Commission.

That's an improvement over 10 years ago when many Soviet bloc research reactors were particularly vulnerable to theft. Eight reactors not in those countries are slated to receive improved perimeter fencing, surveillance cameras and material storage.

That leaves 47 reactors with inadequate or questionable security in China, Ghana, Jamaica, Pakistan and Uzbekistan, according to an International Atomic Energy Agency list. There are also research reactors in countries hostile toward the United States, including Iran and North Korea. The IAEA, the United Nations' nuclear watchdog, says 38 countries have reactors that use highly enriched uranium.

Brooks said security has improved at former Soviet bloc research reactors with U.S. funds of about $1 billion a year. The upgrades were driven by concerns that the sites lacked the security of military bases.

These reactors, often found at universities or hospitals, contain about 18 tons of highly enriched uranium, according to a 2004 Harvard University study. That is enough for 400 to 800 nuclear weapons.

The world's research reactor security efforts are “at about 3” on a 1-to-10 scale with 10 being safest, said Nunn, who helped create the 1991 U.S. plan to secure nuclear materials.

Despite 9/11 Effect, Railyards Are Still Vulnerable (NYT)

By David Kocieniewski

The New York Times, March 27, 2006

NEWARK — Two signs just inside the entrance of the Oak Island rail depot here hint at dangers inside. "Our Employees' Safety Is in Your Hands." one reads. "You Are Accountable for Your Safety," reads another.

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Beyond those two placards, however, there are few visible signs that security is a high priority at the railyard, just three miles from downtown Newark and seven miles from Manhattan, where 90-ton tanker cars full of deadly chemical gases are routinely stored and shipped.

Gates to the depot are unlocked and unguarded, allowing unimpeded access to tracks where cars loaded with deadly chlorine, ammonia or oleum gases are stored.

Along the track bed, many switching devices are unlocked, so unauthorized passers-by could redirect, and possibly derail, a train by simply pulling a lever. Security is so lax that a reporter and photographer recently spent 10 minutes driving along a rail bed beside cars holding toxic chemicals without being challenged, or even approached, by railroad employees.

In the years since the 9/11 attacks, public concern about a potential terrorist strike at one of the nation's chemical plants has caused federal and local officials to inch toward tighter safeguards at manufacturing and processing plants. On Tuesday, in a speech before the American Chemistry Council, Michael Chertoff, secretary of homeland security, said he would ask Congress to adopt a series of chemical plant security measures that have largely been endorsed by the industry.

Even if the chemical plants are secure, the public could be left vulnerable by the railways running in and out of many of them. The railways transport more than 1.7 million shipments of hazardous materials every year, including 100,000 tank cars filled with toxic gases like chlorine and anhydrous ammonia.

According to a recent study by the Navy, an accident or terrorist attack involving a single car of chlorine near a densely populated area could kill as many as 100,000 people.

In New Jersey, where so many chemical factories and refineries are crowded near major population centers, including a stretch near Newark Liberty International Airport that has been called "the most dangerous two miles in America," the difficulty of managing that potentially deadly cargo is particularly complex.

Since 9/11, railroads have spent millions to install fences and security cameras and add additional officers around the state, but industry officials concede that their facilities are far too large to be completely sealed. Leaders of railroad workers' unions say it is not uncommon for tanker cars to be left unattended for days, and that security along the rails is frighteningly inadequate. And the sight of graffiti-covered tank cars filled with deadly gases is a reminder of the holes in the security system.

State and local officials say they are limited in what they can do to regulate the thousands of tank cars of deadly gases hauled around New Jersey each year. In other cities and states, proposals to reroute dangerous chemicals away from major population centers, most notably in Washington, D.C., have faced fierce opposition and legal challenges from both the railroads and local communities where the chemicals would be rerouted. The courts have also upheld the railroads' assertion that only the federal government can regulate rail traffic.

The Homeland Security Department has been reluctant to tighten regulations regarding the transportation of deadly chemicals by rail. In his speech last week, Mr. Chertoff made only passing reference to the risks of transporting the deadly cargo, and there is no indication that the department will require the kind of changes in equipment and procedures that security experts say will reduce the risk of a terrorist attack or catastrophic accident.

"Chemical transport is clearly the greatest vulnerability in the country today, and for some reason — and I'm not sure what it is — the federal government has not acted," said Richard A. Falkenrath, President Bush's former deputy homeland security adviser. "There's no legislation necessary, the government already has the authority to require stronger containers, reroute shipments, and allow the kind of tracking that would allow local police agencies to know what they have to contend with in their communities. But to date it hasn't been done."

The risks involved in moving toxic rail cargo are a particular concern in New Jersey. Last fall, it became the first state to enact regulations intended to deter terror attacks on chemical plants by requiring companies to explore the feasibility of switching to safer technologies.

Because many of the railyards in New Jersey are near petroleum storage tanks, natural-gas depots, or propane tanks, the effect of an attack on a rail car is likely to be magnified, said Paul DeMatteis, a security analyst at Global Security Risk Management, a corporate security company.

When Gov. Jon S. Corzine was still in the United States Senate, he helped write federal legislation to tighten safety standards for both chemical plants and the railroads that supply them.

Since being sworn in as governor two months ago, Mr. Corzine has earmarked $20 million to strengthen security around New Jersey's critical highways, rail links and bridges against possible terror attacks, and vowed to strengthen safeguards at railway chemical depots and plants around the state.

The vulnerability of the rail lines has even undercut some of New Jersey officials' progress in making chemical plants safer. Last fall, owners of the Keene Chemical plant in Kearney agreed to reduce their stockpiles of chlorine by keeping no more than one tanker car of chlorine on the premises at a time. That policy means that tanker cars that were once stored in the moderately guarded chemical plant will spend more time waiting on less secure railway sidings.

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"It's this shell game," said Rick Engler, director of the New Jersey Work Environment Council, a union group that has lobbied for an assortment of restrictions on toxic chemicals. "But shifting around the problem doesn't solve the problem."

Railroad officials say their self-imposed security measures have provided a web of security far more effective and sophisticated than that in virtually any other industry. Peggy Wilhide, spokeswoman for the Association of American Railroads, said that major rail carriers have spent more than $200 million since 9/11 on security measures, including fences and motion detectors, training, high-tech scanning devices, and tracking to monitor the shipment of some dangerous cargo.

After two accidental derailments in 2004 and 2005 caused toxic chemical releases that killed 12 people and injured hundreds, the railroads have also been considering a requirement that chemical companies replace their aging tankers with a newer, more highly reinforced generation of cars, Ms. Wilhide said.

Ms. Wilhide said that the industry opposed the plan to reroute shipments because it would actually increase the chance of an accident by forcing trains to haul the tankers full of toxic chemicals for longer distances, over older, less well-maintained rails.

Homeland Security Department officials have praised the rail carriers' cooperation, saying the railroads have moved responsibly to bolster the security of their facilities and to give law enforcement officials the information needed to develop a real-time tracking system for the most dangerous toxic rail cars. Homeland Security officials are also working with the railroads and the federal Department of Transportation to devise buffer zone protection plans to provide security near the most perilous rail sites.

But the Homeland Security Department has not embraced calls to reroute trains carrying toxics or require that chemical companies update their fleet of tank cars.

Brian Doyle, a Homeland Security Department spokesman, said it wanted to complete a thorough assessment of the system before imposing any restrictions on the railways. "It's one thing to just throw money at something and say it is fixed," he said. "But you want to do it right." In his speech on Tuesday, Mr. Chertoff said the department supported the one policy that local communities, environmental advocates and the railroads all agree on — that chemical plants and manufacturers should be urged to adopt processes that reduce, or eliminate, the need for toxic chemicals like chlorine and ammonia.

But the department will not require any shift to safer technology, Mr. Chertoff said, and the chemical security bill he is now advocating is likely to prevent states from adopting any such requirement.

In Spotswood, N.J., about 17 miles northeast of Princeton, many residents were startled to learn in the months after 9/11 that their community was home to a plant that had enough chlorine on hand kill as many as 960,000 people if an accident or terrorist attack caused it to be released and carried on the wind. Local officials worked with the company, Schweitzer-Mauduit, which makes cigarette papers, to tighten its security procedures and adopt more sophisticated plans for evacuation, detection and cleanup.

Bill Foust, a spokesman for the company, said switching to new technology that would eliminate the need for chlorine would be too expensive.

Barry H. Zagnit, mayor of Spotswood, said that despite the continuing risks, he could understand why company officials did not feel the investment was warranted.

"You have a mill that's our largest employer, our largest taxpayer," he said. "It's essential to the economy of the borough. "We certainly would never want to see Schweitzer move the plant," he said. "That would have a devastating effect on the borough, where people are already saddled with high property taxes."

A similar political struggle has been simmering in Paulsboro in South Jersey, where the Valero refinery has enough toxic hydrofluoric acid on hand at one time to create an airborne plume 19 miles long that could affect as many as three million people, according to a study by the Work Environmental Council based on federal Environmental Protection Agency data.

The company has spent more than $5 million on bolstering security since 9/11, according to its spokeswoman, and has several systems designed to dissipate toxic gases in the event of a discharge. But Valero officials have resisted demands that they move to a process that would not use hydrofluoric acid, saying that it would be unworkable.

Steven M. Sweeney, the state senator whose district includes the Valero plant and at least three others that use large amounts of toxic gases, said that unless the state and federal governments intercede, little will be done to make communities like his safer.

"In Fieldsboro, there are a few trains a week that roll through town, 125 cars long; at least 80 of them are the kind of toxic chemicals that could cause a catastrophe, just devastate a community," he said. "Anyone who feels safe is living in a dream world."

A Dry Run For Handling A Disaster In The City Railyards (NYT)

By Sewell Chan

The New York Times, March 27, 2006

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How would New York City respond if a bomb filled with arsenic trichloride, a highly toxic liquid compound, were to explode on a freight train moving through a Queens railyard — just when a commuter train carrying weekend passengers was traveling in the other direction?

Emergency workers would rush in, try to determine what threat was involved and begin decontaminating the dozens of wounded. A temporary morgue would be set up to receive the dead — estimated at 28, including two of the rescuers. That nightmarish situation was the basis for a four-hour simulation yesterday involving 1,500 police officers, firefighters and other emergency workers and tested the city's ability to respond to a chemical emergency, though not necessarily a terrorist attack.

The Office of Emergency Management planned the field exercise, named Trifecta because it emphasized three activities: search and rescue, victim identification and handling of the dead.

Despite the grim nature of the exercise — the casualties would have included 74 injured — the commissioner of emergency management, Joseph F. Bruno, said it demonstrated the effectiveness of the Citywide Incident Management System, a protocol that governs how various city agencies are to interact during a major emergency.

"I'm happy and I'm actually a little surprised that it worked as well as it did," Mr. Bruno said at an afternoon news conference, after most of the exercise had been completed.

A critical element of the response plan gives the Police Department overall command of the city's emergency agencies in most major disasters, at least until the possibility of terrorism has been ruled out. The Fire Department had sought control of several types of situations, including those that involve hazardous materials.

The plan, which took effect under an executive order signed last April by Mayor Michael R. Bloomberg, was prepared after a lengthy examination of poor coordination and communication among city agencies, particularly the Police and Fire Departments, during the terrorist attack of Sept. 11, 2001.

Yesterday was the first major field test of that agreement. Police commanders set up a "unified command," which provided for top officials from the police, fire, health, environmental protection and other departments to make joint decisions. "It's a matter of respecting their core competencies," Mr. Bruno said.

Although police and fire officials clashed during the formation of the plan, leaders from both sides said yesterday that it was effective.

"I think CIMS is clearly the way to go, and I believe it's been accepted by all the agencies," Police Commissioner Raymond W. Kelly said. Frank P. Cruthers, first deputy commissioner at the Fire Department, said the test was "a very realistic exercise" and added, "The level of cooperation was terrific."

The exercise, financed by $700,000 from the federal Department of Homeland Security, began with a mock explosion at 10 a.m. in the railyard at Maspeth, Queens, an industrial neighborhood dominated by factories and warehouses. The New York & Atlantic Railway provided the freight train for the exercise, while the Metropolitan Transportation Authority supplied a Long Island Rail Road passenger train.

Several federal and state agencies participated, as did nonprofit groups including the American Red Cross and the Salvation Army.

The Fire Department was the first to respond after the simulated explosion, followed by the Police and Environmental Protection Departments. "When you look at this incident, it seemed at first to move very slowly in the beginning," Mr. Bruno said afterward. "That's just the way it has to. We do not know if there are other explosive devices here. We do not know the nature of the chemical." Once the various officials evaluated the danger, he said, they made "good, crisp decisions."

Mr. Bruno said the exercise proceeded with only a few glitches. At one point, he said, a centralized operations post had to be separated from the command post because "there was too much confusion."

Since 9/11, the city has had other drills involving the premise of a terrorist attack, including one at Shea Stadium in March 2004 and another at the Bowling Green subway station, in Lower Manhattan, in May 2004.

Shortcut Included In Copter Trips To JFK (USAT)

By Mimi Hall

USA Today, March 27, 2006

A new helicopter service begins whisking passengers from Wall Street to New York's John F. Kennedy International Airport today — and passengers will get to skip airport security lines.

That's because the federal government is sending airport screeners and explosive-detection equipment to the Lower Manhattan heliport so passengers and their bags can be checked before being delivered to the airport.

It marks the first time the Transportation Security Administration (TSA) has done screening at a heliport since the agency took over airport security after the Sept. 11, 2001, attacks.

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U.S. Helicopter Corp. chief executive Jerry Murphy says the eight-minute rides, which cost $159 each way, will appeal mainly to business travelers who don't want to waste up to two hours in a car or cab fighting New York traffic.

Murphy said his helicopters, the first to offer airport service in more than 20 years, also will fly to LaGuardia and Newark airports by the end of 2006. The company expects to carry 150,000 passengers in its first year.

“This will be a faster, more reliable system to get from New York City to the airports,” he said.

Some critics are questioning whether the TSA should be helping a business that primarily caters to wealthy corporate clients and the rich and famous.

“The idea that federal dollars are going to be spent in order to make life easier for plutocrats strikes me as wrong,” says Bill Scannell, a privacy rights activist and frequent critic of the TSA.

Rep. Bennie Thompson, D-Miss., the top Democrat on the House Homeland Security Committee, said that using “an already strained screening system so that wealthy executives don't have to stand in line for screening at airports is a serious misuse of federal monies.”

Helicopter service to JFK was offered in the mid-1960s and in 1977 from the roof of the then-Pan Am Building. The service was shut down after a freak accident in which a helicopter tipped over with its blades spinning. Four people on the roof were killed, and one person on the ground was hit and killed by a broken blade. Other heliport service continued through the mid-1980s.

Murphy's company now has a deal with American Airlines, but he said he expects to sign up other carriers soon.

If the latest Manhattan experiment works, the company may expand to 10 more cities, including Washington, D.C.

TSA spokeswoman Ann Davis says the agency has budgeted $560,000 for the first year of the heliport service. That will pay for eight screeners at the Wall Street heliport and more at another New York City site set to open later this year. “We gave this careful consideration,” she said.

Douglas Hofsass, the TSA official responsible for security at the new heliport, cited another factor in TSA's decision: the safety of New York City's airspace. If passengers and their bags aren't screened at the heliport, he said, they'll be flying through the city's airspace unchecked.

Letters Prep 9/11 Families On Transcripts (AP-Y2)

By Desmond Butler

AP2, March 26, 2006

The city has sent out letters to 24 families of people killed in the Sept. 11 attacks advising them that partial transcripts and recordings of 911 calls made by the victims soon will be released to the public because of a court order.

The letters, sent by express mail on Friday, advised only family members whose dead relatives could be identified from the calls recorded by police and fire department operators.

The imminent release of the records was ordered by a judge in a case brought by The New York Times and nine family members of victims under the state's Freedom of Information law seeking fire department records.

The lawsuit asked that the complete records of the 911 calls be released, but the judge ordered that the victims' sides of the conversations with the operators be redacted unless specifically released by the nearest kin. The city has decided to release calls taken by police department operators on the same basis.

The family members can receive CDs with the unedited calls if they want them.

The letters took some Sept. 11 family members by surprise, a family advocate said.

"Some family members didn't even know their loved ones had made a 911 call," said William Doyle, whose son was killed in the 2001 attack on the World Trade Center but was not one of those recorded. "Why did they have to wait so long to inform them? To send a cold form letter overnight express without advance warning is crass."

According to the city's law department, officials waited until a complete record of all the identifiable calls was ready before releasing any information.

"Based on previous experience, we felt it was most appropriate to release all the information together rather than in a piecemeal, lingering fashion that might give families false hopes or ongoing pain," law department spokeswoman Kate O'Brien Ahlers said Sunday.

The 24 letters, which Ahlers said were personalized, were meant to go out only after e-mails to groups representing the families explaining the release. But, because of a miscommunication, the e-mails did not go out as planned, said Jonathan Greenspun, commissioner of Mayor Michael Bloomberg's Community Assistance Unit.

"We sincerely regret the delay," he said in a statement.

The city said the transcripts and recordings likely would be released Thursday or Friday. It didn't say how many there are.

In August, the city released 12,000 pages of oral histories and more than 15 hours of fire department radio transmissions.

DOJ_NMG_0021367

WAR NEWS:

Spying: Saddam's Bad Intel (NSWK)

By Michael Hirsh, Mark Hosenball and John Barry

Newsweek, March 27, 2006

Saddam Hussein thought that Russia and France would prevent President George W. Bush from invading Iraq and ousting him, according to a new report by the U.S. Joint Forces Command based on captured Iraqi documents. Was Saddam's confidence fed by the knowledge that he was getting inside dope from a Russian spy? The new Pentagon report concludes that before the U.S. invasion in March 2003, the Russian ambassador in Baghdad gave the Iraqi regime significant intelligence about CENTCOM's war plans.

If true, the account could complicate U.S.-Russian relations, which are already strained over Iran's nuclear program and other issues. On Saturday, Russia's Foreign Intelligence Service issued a statement calling the accusation "baseless." Previously, the office of the U.S. National Intelligence director, John Negroponte, cautioned that "the U.S. government has made no determination regarding the authenticity" of Saddam-era documents released earlier by the American government.

If the Russians were giving Saddam intel, it wasn't very good. The report says that Ambassador Vladimir Titorenko told Saddam the U.S. attack out of Kuwait was a diversion—it wasn't—and that the invasion wouldn't occur until mid-April, after the Fourth Infantry Division was in place in Turkey, according to the documents. That, too, was false. It is known that CENTCOM had undertaken a disinformation campaign before the war; that may have been the source of the bad intelligence.

Rice To Ask Russia About Report That It Gave Iraq Data (NYT)

By Steven R. Weisman

The New York Times, March 27, 2006

WASHINGTON, March 26 — Secretary of State Condoleezza Rice said Sunday that the United States would seek clarification from Russia of an American military report that it had helped pass information to Iraq before the 2003 invasion, but she declined to make any specific allegations about Russian involvement.

"I don't have any reason to doubt or confirm the report at this point," Ms. Rice said on "Fox News Sunday." "I do think we have to look at the documents and look very carefully."

She added that the administration would "take very seriously any suggestion that a foreign government may have passed information to the Iraqis" before the invasion and that "we will raise it with the Russian government." She said she hoped that "the Russian government would take seriously any such charges."

A military report released Friday said that captured Iraqi documents described a Russian spy operation aimed at the United States Central Command and that information on American war plans and troop movements was passed to Iraq through the Russian ambassador in Baghdad.

On Saturday, Russian foreign intelligence services denied that American military secrets had been passed to Iraq.

On "Fox News Sunday" and on the NBC program "Meet the Press" Ms. Rice said it would be too early to jump to the conclusion that if information had been passed on to Saddam Hussein's government, it was done at the direction of the leadership in Moscow.

The military study said that some information Iraq had obtained from Russian sources was false, raising the possibility that it might have been part of a deliberate American effort to fool or demoralize Iraqi leaders. Ms. Rice said she did not know if any leaked information might have been part of a "disinformation" campaign.

"I don't want to jump out ahead and start making accusations about what the Russians may or may not have known," she said.

U.S. To Probe Russia On Iraq Intel Report (AP)

By Douglass K. Daniel, Associated Press Writer

AP, March 27, 2006

The Bush administration will ask Russia about a report that Moscow turned over information on American troop movements and other military plans to Saddam Hussein during the U.S.-led invasion of Iraq, Secretary of State Condoleezza Rice said Sunday.

"Any implication that there were those from a foreign government who may have been passing information to the Iraqis prior to the invasion would be, of course, very worrying," Rice said on CNN's "Late Edition."

"I would think the Russians would want to take that very seriously as well," she said.

DOJ_NMG_0021368

A leading Senate Democrat said if the report is found to be true, the administration should reassess its relationship with Russia and reconsider President Bush's participation in a July summit meeting in St. Petersburg, Russia, of the world's economic powers.

Rice declined to speculate on whether Russia's actions, as detailed in a Pentagon report based on captured Iraqi documents, resulted in casualties among U.S. troops or what Russian President Vladimir Putin knew about any possible Russian involvement.

"We will certainly raise it with the Russian government. We want to take a real hard look at the documents and then raise it with the Russian government," Rice said on NBC's "Meet the Press."

The Russian Foreign Intelligence Service has dismissed the allegation that Moscow provided information to Saddam, whose government was toppled in the invasion.

"I think we need an entirely new assessment of our relationships with Russia, should this be true," Sen. Edward Kennedy (news, bio, voting record), D-Mass., told CBS' "Face the Nation." He questioned whether Bush should attend the Group of Eight meeting in the summer. "Clearly, we're not going to have business as usual," Kennedy said.

The top Democrat on the Senate Armed Services Committee said "anything is possible in the area of intelligence." Sen. Carl Levin (news, bio, voting record) of Michigan said if the report proved true, "it would be obviously plenty discouraging as well as disgusting" and the U.S. should find ways to let the Russians know "that kind of conduct is not going to be acceptable to us."

A Pentagon report released last week said that two captured Iraqi documents indicate that Russia obtained information from sources "inside the American Central Command" in Qatar. Russia passed battlefield intelligence to Saddam through the former Russian ambassador in Baghdad, Vladimir Titorenko, according to the Pentagon report.

"I will tell you that we take very seriously any suggestion that a foreign government may have passed information to the Iraqis prior to the American invasion that might have put our troops in danger," Rice told "Fox News Sunday."

"I do think we owe it to everyone to take a hard look at the reports and to really understand what's there."

Rice, who was Bush's national security adviser at the time of the invasion, said she knew nothing of these reports back then.

"I would not jump to the conclusion that this — if, indeed, the reports are true — that it had to be Moscow-directed," Rice said.

Calls to the Russian Foreign Minister on Sunday went unanswered. A statement posted on the ministry's Web site noted that Rice and the foreign minister, Sergey Lavrov, spoke by telephone Friday about Iran and "a series of international problems," but did not mention the newly released Pentagon report.

U.S. To Ask Moscow If It Leaked Plans To Iraq (WP/AP)

By Associated Press

The Washington Post, March 27, 2006

The Bush administration will ask Russia about a report that Moscow turned over information on American troop movements and other military plans to Saddam Hussein during the U.S.-led invasion of Iraq, Secretary of State Condoleezza Rice said yesterday.

"Any implication that the, that there were those from a foreign government who may have been passing information to the Iraqis prior to the invasion would be, of course, very worrying," Rice said on CNN's "Late Edition."

Rice declined to speculate on whether Russia's actions, as detailed in a Pentagon report based on captured Iraqi documents, resulted in casualties among U.S. troops or what Russian President Vladimir Putin knew about any possible Russian involvement.

"We want to take a real hard look at the documents and then raise it with the Russian government," Rice said on NBC's "Meet the Press."

The Russian Foreign Intelligence Service has dismissed the allegation that Moscow provided information to Hussein.

"I think we need an entirely new assessment of our relationships with Russia, should this be true," Sen. Edward M. Kennedy (D-Mass.) told CBS's "Face the Nation." He questioned whether President Bush should attend the July summit of the world's economic powers, the Group of Eight, in St. Petersburg, Russia.

A Pentagon report released last week said two captured Iraqi documents indicate that Russia obtained information from sources "inside the American Central Command" in Qatar. Russia passed battlefield intelligence to Hussein through the then-Russian ambassador in Baghdad, Vladimir Titorenko, the Pentagon report said.

Rice, who was Bush's national security adviser at the time of the invasion, said she knew nothing of these reports back then.

DOJ_NMG_0021369

US To Quiz Russia Over 'strategy Leaks' To Saddam (FT)

By Caroline Daniel

Financial Times, March 27, 2006

The Bush administration would ask Russia about a report that it shared information about US military strategy with Saddam Hussein in the lead-up to the invasion of Iraq, Condoleeza Rice, secretary of state, said on Sunday.

A US military study released by the Pentagon alleges that the Russian ambassador in Iraq provided information collected from inside the American Central Command in Doha to Saddam Hussein.

The documents, from March and April 2003, included forecasts of planned troop numbers and US tactics to focus on Baghdad, rather than to target Iraqi cities during the invasion, the study alleges.

Stephen Hadley, national security adviser, speaking on CBS's Face the Nation, said: "There are further questions that we need to raise, but it's a serious matter and we'll be talking to the Russians about it," while Ms Rice pledged on NBC that she would "take a real hard look at the documents and then raise it with the Russian government".

Mr Hadley said the documents passed to Mr Hussein "dealt with war plans that we had. And for that reason, we take [this] very seriously. Any time a country provides information to an enemy that would potentially put people at risk, we take that very seriously. We will be raising it with the Russians.

"There are a lot of things we don't know. We don't know how they got it out of Centcom. We don't know whether what the ambassador did was authorised or not."

The allegations added to congressional concern about the direction of Russia.

Senator Edward Kennedy said on Sunday he could not think of anything "on the president's desk or on the National Security Council desk more important. And I think we need an entirely new assessment of our relationships with Russia, should this be true".

Mr Kennedy also called for the US to reconsider whether to attend the Group of Eight economic summit in St Petersburg in July. Mr Hadley did not endorse a boycott of the summit.

President George W. Bush in his first term hailed his strong personal relationship with Vladimir Putin, noting that he had looked the president in the eye and "seen his soul". In the 2002 National Security Strategy document Russia was praised for being "in the midst of a hopeful transition, reaching for its democratic future".

However,in the latest NSS document this month, Russia was accused of backsliding on democracy.

U.S. To Ask Russia About Whether It Helped Saddam (USAT)

By From wire reports

USA Today, March 27, 2006

WASHINGTON — The Bush administration will ask Russia about a report that Moscow gave Saddam Hussein information on American troop movements during the U.S.-led invasion of Iraq, Secretary of State Condoleezza Rice said Sunday.

"Any implication that there were those from a foreign government who may have been passing information to the Iraqis prior to the invasion would be, of course, very worrying," Rice said on CNN's Late Edition. "I would think the Russians would want to take that very seriously as well."

Rice declined to speculate on whether Russia's actions, detailed in a Pentagon report based on captured Iraqi documents, resulted in U.S. casualties or what Russian President Vladimir Putin knew about any Russian involvement. "We will certainly raise it with the Russian government," Rice told NBC's Meet the Press.

The Russian Foreign Intelligence Service has dismissed the allegation that Moscow provided information to Saddam in 2003.

A Pentagon report released last week said two Iraqi documents indicate Russia obtained information from sources "inside the American Central Command" in Qatar. According to the documents, Russia passed battlefield intelligence to Saddam through Vladimir Titorenko, the Russian ambassador in Baghdad, the report said.

Also:

·On Meet the Press, Rice said it is "probable that we will see a significant drawdown of American forces over the next year" in Iraq. She added, "It's all dependent on events on the ground."

·She told Late Edition the United States is pushing Iraq's leaders to form a unity government. Negotiations on the new government are in their third month. "The only reason that people are pressing them to get it done more quickly is that there is a violent insurgency that might try to take advantage of the period of time in which there isn't a government," she said.

Putting More Time On The Iraq Clock (USNEWS)

By Julian E. Barnes

DOJ_NMG_0021370

U.S. News and World Report, March 27, 2006

George Bush has acknowledged the elephant in the Oval Office: Iraq will not be wrapped up on his watch. It will be up to "future presidents and future governments of Iraq," Bush said last week, to determine when American troops will make their final exit. Until now, that is a reality Bush himself avoided voicing. But observers of the war have long realized that, barring an unlikely act by the next Congress demanding immediate withdrawal, the American mission in Iraq will continue after the current president has left the White House.

What is far from obvious, though, is the composition of that force. The American presence could look much as it does today, with the bulk of the forces being combat brigades. Or it could be that much of the infantry will be gone and that teams of advisers and trainers will make up the majority of a far smaller force.

Shrinkage. The drawdown of the American military has already begun. U.S. forces surged to a temporary high of 160,000 for last December's Iraqi elections, but commanders said they hoped to reduce the American footprint to about 130,000 by the end of March. Military leaders have drafted a plan--although officers insist it is a "goal," not a plan--to continue to shrink the force in Iraq during the course of this year to below 100,000.

The civil sectarian strife that has surged while Shiite, Sunni, and Kurdish politicians have wrangled over the creation of a unity government has prompted speculation that the drawdown would be derailed. In recent weeks, Gen. George Casey, the top American commander in Iraq, brought some of the reserve "quick reaction force" stationed in Kuwait to Baghdad, where they will remain until a new government is seated. But military officials say such temporary reinforcements will not change the long-term outlook. "Reducing the force will continue," says an officer. "That has not been impacted by this hiccup of sectarian violence."

More than a year ago, the primary mission of the American forces in Iraq shifted from fighting the insurgency to training the Iraqis to fight. The strategy may be starting to pay off--117 Americans died in January and February, compared with 152 in November and December. The decrease could be a result of insurgents shifting to Iraqi targets, as well as improving American training and tactics. But, as one officer points out, it is also a sign that more Iraqi forces are handling the messy duty of patrols and raids.

At the urging of Defense Secretary Donald Rumsfeld, once a leading opponent of peacekeeping operations, the military is establishing a new institute, the Joint Center for International Security Force Assistance, to study how to best train foreign militaries. Figuring out when American units should ramp down their assistance and hand over responsibility to Iraqi units is one of the big questions for the center. "There have been a lot of peacekeeping operations that have gone on [indefinitely]," says Col. Steven Mains, the center's deputy director. "I don't want to paint a bleak picture that we will always be there [in Iraq], but how to do the disengagement is a difficult issue."

Leaving. Mains says the goal in Iraq may be to work toward a situation like that in South America, where the United States periodically sends small groups of advisers to help train military units. But troop-intensive peacekeeping obligations are notoriously difficult to shake. President Bush entered office opposed to open-ended peacekeeping missions and pledging to bring troops home from Bosnia and Kosovo. Six years later, a small American force remains in the Balkans.

The 2000 debate over the Balkans will very likely pale in comparison with the debate over Iraq in the 2008 presidential election. The shape of that discussion will, of course, depend on the ground situation. Still, there will be no getting around the reality that the U.S. presence in Iraq probably will be one of the most important questions facing Bush's successor.

Russian Leak Report Won't Keep U.S. From G-8 (WT)

By Audrey Hudson

The Washington Times, March 27, 2006

The U.S. is unlikely to boycott the Group of Eight summit in St. Petersburg based on a report showing information-sharing between Iraq and Russia, but officials are demanding to know whether a Russian ambassador was authorized to leak military actions to Iraqi dictator Saddam Hussein before the U.S.-led invasion in 2003.

Even if the Pentagon report released last week is true, the economic summit hosted by Russia is too important to neglect, National Security Adviser Stephen J. Hadley said yesterday.

"It's going to be interesting this year because the attention of the international community is going to be focused on St. Petersburg this summer, and one of the questions they're going to raise is what about democracy in Russia?" Mr. Hadley told CBS' "Face the Nation."

Secretary of State Condoleezza Rice noted that Moscow sided against the U.S. on the invasion of Iraq, but said the Bush administration wants to know Russia's full role.

"Any implication that there were those from a foreign government who may have been passing information to the Iraqis prior to the invasion would be, of course, very worrying," Miss Rice said on CNN's "Late Edition." "I would think the Russians would want to take that very seriously as well."

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Moscow has denied any involvement in the matter.

Sen. Edward M. Kennedy, Massachusetts Democrat, suggested the boycott earlier on "Late Edition." He said the United States needs to reassess its relationship with the former Soviet Union.

He said the matter is of "enormous importance and consequence" because any such action by Russia would have endangered American lives.

"I think you'd have to rethink whether we're going to the G-8 conference. Clearly, we're not going to have business as usual," Mr. Kennedy said.

The Pentagon says a Russian mole at the U.S. military Command in Doha, Qatar, gave secret information about troop movements and operations to the Iraqi government.

The Senate returns today from a 10-day recess, and the Select Committee on Intelligence has asked for a Pentagon briefing.

"We'll get to the bottom of it," said Sen. Pat Roberts, Kansas Republican and intelligence committee chairman.

He said the report is no surprise.

"We had the oil-for-food situation, and then Russia depending on the oil from Iraq, so I'm not too terribly surprised. I would be surprised if that connection went all the way to Moscow, and that was some direct planning by [Russian President Vladimir] Putin," Mr. Roberts said. "I am not surprised, however, by Russian spying. I don't want to cause a major flap here, but that's what they do."

Mr. Roberts pointed out that Saddam ignored the reported advice from the spy.

"Saddam Hussein just didn't get it in regards to the invasion whether we would be successful or not," he said. "He's an egomaniac."

Basics Of Democracy Include Frustration (USAT)

By Thomas Frank

USA Today, March 27, 2006

BAGHDAD — Nearly three years ago, Salam Hanoon was among those leading the effort to bring democracy to the Iraqi capital. He helped create one of the first municipal councils to represent thousands of people in his Baghdad neighborhood. But last week, Hanoon realized the agonizing inefficiency of his creation.

As his colleagues on the Karrada District Advisory Council lamented the dilapidated local streets, sewers and electrical service, Hanoon silently stood up, gathered his papers and went out for a break.

“It is useless to be here,” Hanoon said, dragging on a cigarette moments later on a patio outside the district council office. “It's a waste of time when everyone talks about their problems. Everybody already knows the problems.”

As Iraqi and U.S.-led coalition troops struggle to contain a deadly insurgency, a little-noticed battle is unfolding in meeting rooms across the country. Iraqis are trying, after decades of authoritarian rule, to learn fundamentals of democracy and take control of rebuilding efforts and governance now largely handled by the United States.

Empowering Iraqis to decide which streets get paved and which power plants are rebuilt increasingly is seen as vital to stabilizing the country. “It builds confidence in government and drives a wedge between Iraqi people and terrorists and insurgents,” says Daniel Speckhard, director of the Iraq Reconstruction Management Office, which has overseen the $21 billion, U.S.-financed rebuilding of Iraq's infrastructure. “Most Iraqis think government is not responsive to them.”

Hanoon said he wanted to change that when he began forming a district advisory council in the mostly Shiite Muslim, middle-class Karrada neighborhood two weeks after Saddam Hussein's regime fell. Despite his occasional frustrations, Hanoon said, the council has been able to get U.S. money to build new neighborhood health clinics and water-treatment plants, and he recently fixed 46 broken water pipes.

Mohammed al-Rubeiy, the council chairman, said the council's first vote in September 2003 was to seek money to repair 165 neighborhood schools “so people would see some change.”

Efforts to build local governments across Iraq started in 2003 when the U.S.-led occupying authority appointed community leaders to dozens of local district councils. Baghdad has 15 councils: nine inside the city of 5 million and six on the outskirts. Each has a couple dozen unpaid members.

The councils have no legislative, financial or administrative authority. They were formed to assess neighborhood needs and seek funding from U.S. agencies, private organizations and, more recently, the Iraqi government. “We formulated this form of government because there was no government,” said Master Sgt. Robert Young, who leads an Army civil-affairs team teaching Baghdad's councils basics of governance, such as the need to print a meeting agenda.

District councils existed under Saddam, but members were picked by the ruling Baath Party “to keep an eye on people and what they do,” said Hussain al-Bahraini, Baghdad's deputy mayor.

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Early last year, Iraqis elected councils for each of the country's 18 provinces. Those provincial councils, which get advice from the district councils, are at the heart of U.S. efforts to put Iraqis in charge of rebuilding.

Sunday, U.S. Ambassador Zalmay Khalilzad announced the creation of a U.S.-led team to teach the Baghdad provincial council how to solicit bids for a project, accept the best offer and manage a contract.

Other U.S.-led teams have been operating in three Iraqi provinces since November. Each province is expected to have its own team by this summer, Speckhard said.

It's part of an accelerated effort to put Iraqis in charge of reconstruction and replace Saddam's corrupt national government. The shift from centralized to decentralized government "is one of the most important transitions facing Iraq," Khalilzad said Sunday.

The transition is painstaking. At the Karrada District Advisory Council office, a former palace belonging to Saddam's daughter Hala, a sign reading "Please No Gifts" near the entrance suggests a new anti-bribery ethos. Inside the meeting room, council members ranted for an hour about the dangerous streets and the need for help from the national government, but no one suggested taking any action. "That's not the Iraqi way," said Young, the Army adviser. "They just discuss it."

Some councils struggle for legitimacy. In Sadr City, a Shiite neighborhood controlled by radical cleric Muqtada al-Sadr, the district council "is in an uphill fight because of (al-Sadr's) Mahdi militia and the authority they have over the people," Young said.

Despite this, Oliver Moss, a U.S. Embassy political officer who works with Baghdad's district councils, said he has seen new signs of hope. The Baghdad provincial council has no Sunni members because Sunnis boycotted the January 2005 elections. The council initially ignored Sunni neighborhoods when they suggested projects, forcing Moss to point out that they are supposed to represent all of Baghdad.

Now, Moss said, the council is seeking funding for Sunni neighborhoods. "They're just learning democracy," he said.

Iraqi Police Say U.S.-Led Raid Kills At Least 17 At Shiite Mosque (LAT)

By Richard Boudreaux

The Los Angeles Times, March 27, 2006

BAGHDAD — At least 17 Iraqis were killed Sunday night when U.S. and Iraqi special forces stormed a mosque and clashed with Shiite Muslim militiamen, police officials said, further inflaming the country as its leaders struggled to form a new government and stem sectarian violence.

An Iraqi police official said the dead were Shiite worshipers at the Mustafa mosque in northeast Baghdad. State-owned Al Iraqiya television showed more than a dozen male corpses, at least one of them elderly, laid out in what appeared to be a prayer room as a grieving man in white robes stepped among them on a blood-smeared concrete floor.

The incident is politically explosive because the mosque is a stronghold of followers of the radical Shiite Muslim cleric Muqtada Sadr, whose Iranian-backed movement has a powerful bloc in parliament and a large sectarian militia. Sunday's clash was the most serious between that militia and U.S. forces since Sadr led two anti-American uprisings in 2004.

In increasingly insistent language, U.S. Ambassador Zalmay Khalilzad has been pressing Iraq's leaders to disband such militias, which he blames for much of the sectarian killing here since the Feb. 22 bombing of a Shiite shrine in the mostly Sunni Arab city of Samarra.

Dozens of people are found dead each day in a shadowy campaign of executions.

On Sunday, police and medical officials in Baqubah got a tip that the bodies of 30 beheaded men had been found earlier in the day beside a highway between Baqubah and Baghdad. Iraqi army troops were waiting for U.S. military support before going into the insurgent-infested area to retrieve them.

If Iraqi accounts of the assault on the mosque are confirmed, it could undermine the U.S. effort to disband the militias and centralize control of security issues.

The early evening raid on the mosque, in the Ur district, came as security in and around Baghdad appeared to be deteriorating rapidly.

Witnesses told of helicopters buzzing overhead and heavily armed Humvees sealing off the streets around the mosque, which also serves as a headquarters for Sadr's militia. Soldiers tried to enter, setting off an hourlong gun battle that lasted past dark.

U.S. military officials, responding to inquiries about the incident, issued a report saying 16 insurgents had been killed in a raid about the same time by American and Iraqi forces in Adhamiya, a Sunni district. The statement said "no mosques were entered or damaged during the operation."

The two districts are about three miles apart, and the officials did not return telephone calls to clarify whether their report referred to a different operation.

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Because an overnight curfew took effect before news of the clashes broke, it was impossible to travel to the area to reconcile the two accounts.

In a statement read on television, Prime Minister Ibrahim Jafari said he was "deeply concerned" by the killings, and had elicited a promise from Army Gen. George W. Casey, the top U.S. military commander in Iraq, to investigate them.

"We call upon the sons of our people to be aware of what is being plotted against the country," Jafari said. "We hope that they will have patience until the conclusion of the ongoing, immediate investigations."

Reaction from Sadr's followers was strident.

"I think we are going to have a firm stance against the American forces because of this crime," said Salam Maliki, a Sadr follower who is the interim government's minister of transport.

He blamed the raid on Khalilzad's vocal campaign against the militias.

The American operation also drew condemnation across Iraq's sectarian divide.

Saleh Mutlak, a leading Sunni politician, said: "We are trying to dissolve the militias and stop the bloodshed. This act by American troops will pull us into civil war."

One witness to the raid, shown speaking on state television, said the incident unfolded during funeral services at the mosque for a man killed three days earlier in an attack by Sunni-led insurgents.

Jawad Maliki, an official of the prime minister's Islamic Dawa Party, told the TV station that U.S. and Iraqi forces chased a wanted suspect to the mosque.

Hazim Araji, a Sadr representative in Baghdad, said people inside the mosque heard that American troops were outside before the shooting started. He said the Sadr movement contacted officials in the Iraqi government to ask what was happening.

"They told us we have to calm down the worshipers because they are not the targets," Araji said in a telephone interview. "We were told that the worshipers should stay inside."

The details of what happened next are unclear. There were varying accounts of what kind of weapons the troops used and whether they entered the mosque. One policeman, in an unofficial account, said the mosque appeared to have been hit by rockets and that part of it caught fire.

Abdul-Hadi Darraji, another Sadr representative, said the movement's office inside the mosque was damaged by flames.

Capt. Khattab Omer, a police official, said 17 people he described as worshipers were killed and four others were injured. Other accounts put the death toll as high as 22.

Residents of the neighborhood, contacted by telephone, said they could hear gunfire and ambulances. Black-clad gunmen of Sadr's Al Mahdi militia poured into the streets, they said.

The operation described by the U.S. command appeared to differ markedly. It was aimed, U.S. officials said, at the Sunni-led insurgency rather than a Shiite mosque. In scant detail, the U.S. command's statement described a joint U.S.-Iraqi raid on a "terrorist cell" that left 16 insurgents dead, one Iraqi soldier wounded, 15 men under arrest and a cache of bomb-making material seized.

The storming of the mosque came a few hours after at least one mortar round fell about 50 yards from Sadr's home in the southern holy city of Najaf, wounding a guard and a child.

Sadr blamed the shelling on U.S.-led forces. "Either they overlook these attacks or they do it themselves," he said in a written statement. "I urge my brothers not to be trapped by the Westerners' plots."

The young cleric's rising stature as a political player has alarmed U.S. officials hoping to wind down the American presence and leave behind a stable government.

U.S. and Iraqi officials worry that Sadr's movement, with its arsenal of weapons and radical ideology, poses a threat to any central authority and inspires other political movements to take up arms.

Prodded by Khalilzad, the five main political factions in the parliament elected Dec. 15 have been trying to form a unity government with a strong national army and police force.

They have made progress over the last week, but Sunday's talks hit a snag over a proposal that would allow the next prime minister, again expected to be a Shiite, to oversee the security forces. Sunni negotiators objected, charging that the current Shiite-controlled Interior Ministry is infiltrated by militias that have carried out extrajudicial killings of hundreds of unarmed Sunnis in recent months.

President Jalal Talabani, a Kurd, canceled a trip to this week's Arab League summit in Sudan to avoid any delay in the negotiations, which he has been leading.

Sunday brought more violence. In addition to the 30 bodies discovered near the highway, police said 13 corpses were found in other parts of the country and 10 other Iraqis were killed. They included a 13-year-old boy hit by a bomb blast as he walked to school in the southern city of Basra.

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Arkan Bawi, a police major accused of heading a death squad in Baqubah, was summoned to Interior Ministry headquarters in Baghdad and placed under arrest. It was unclear what prompted the rare instance of an official investigation into such charges.

The accused man was identified as a brother of the police chief in Diyala province.

Internal Tensions Test Shiites' Sway Within Iraq (WSJ)

By Philip Shishkin

The Wall Street Journal, March 27, 2006

BAGHDAD, Iraq -- Last year, a Shiite militia in southern Iraq staged protests and threatened to attack police precincts in a failed effort to oust a provincial police chief loyal to a rival Shiite group. A few months later, the two factions clashed over a more important office -- that of Iraq's prime minister.

The Shiite political scene is dominated by two rival forces: the Supreme Council for Islamic Revolution in Iraq and a movement led by radical cleric Moqtada al-Sadr. As the Shiites consolidated control over key levers of national power in the past year, the conflict between Sciri and the Sadr movement has grown from a series of local skirmishes in the south to a struggle for greater influence over the whole country.

While sectarian violence between Sunni and Shiite Arabs continues, tensions within the Shiite camp show that Iraq's problems go beyond classification by sect and ethnicity. They include fissures within the country's largest community -- the Shiites who make up about 60% of the population and dominate the oil-rich south of the country along with large sections of the Iraqi capital. The rivalry between Sciri and the Sadr movement inspires fear and hope among Iraq's Sunni Arab and Kurdish groups at a time when the country is paralyzed by delays in forming a more inclusive government.

On one hand, the intra-Shia conflict is worrisome because both factions field militias that have clashed in the past and could again if their leaders fail to preserve the unity of the Shiite parliamentary coalition called the United Iraqi Alliance. "If tomorrow you have a fight between Sciri and Sadr, it could be very dangerous for all of Iraq," says Mahmoud Othman, a Kurdish member of Parliament.

On the other hand, these fissures could provide an opening for Sunni political groups seeking to weaken the alliance's dominance (it holds 130 of 275 parliamentary seats). "The situation would be worse if [Sciri and the Sadr movement] were in a complete agreement," says Saleh Mutlaq, head of the National Dialogue Front, one of the two main Sunni blocs in the national assembly.

The rivalry between Mr. Sadr's movement and Sciri has a long history. Before the ouster of Saddam Hussein, the supreme council and its militia, the Badr Brigade, operated from Iran. Mr. Sadr and his followers stayed in Iraq and continue to criticize Sciri for fleeing the country. Mr. Sadr, whose influential father was assassinated during Mr. Hussein's rule and has fashioned himself as an Iraqi nationalist, launched two uprisings against the U.S. forces and has even made overtures to hard-line Sunni groups. Yesterday, a mortar round landed close to the cleric's home in the holy city of Najaf, wounding a guard. Mr. Sadr's power base rests largely on poor, disaffected Shiite youths, who make up a bulk of his militia, the Mehdi Army, and live in places like Sadr City, a sprawling Baghdad slum.

The supreme council, led by Abdul-Aziz al-Hakim, generally draws on a more settled constituency and is believed to hold more sway in regional governments in the south. The council's militia, the Badr brigade, has blended with parts of Iraq's interior ministry headed by a Badr loyalist. Since the overthrow of Mr. Hussein, the Sadr movement and Sciri have wrestled over control of Iraq's south, which holds not only vast oil deposits but also sacred Shiite shrines. They have installed loyalists in police departments and government offices, and have sometimes taken their disputes to the streets. "Without any doubt, the militias give them more importance," says Ayad Jamaluddin, a Shiite member of a secular parliamentary bloc led by former Prime Minister Iyad Allawi.

Factions within Iraq's ethnic and sectarian communities have demonstrated ample potential to quarrel among themselves. In the 1990s, for instance, the two main Kurdish groups fought for control of the autonomous region and then divided it into two parts.

For now, Sciri and the Sadr movement forged a tactical alliance to give their coalition more influence in national politics and to preserve Shiite unity in the face of a Sunni insurgency that often targets Shiites. Their militias have been accused of staging reprisal attacks against Sunnis. In public, the two political groups are playing down their disagreements. "There's no problem between Sciri and the Sadr movement; there are different opinions, but this is normal," says Hadi al-Ameri, a member of Sciri's political council. Nasir al-Sayidi, a politician from the Sadr movement, acknowledges there are tensions between the two groups that "sometimes make things unstable within the coalition," though he stresses the alliance unity isn't in danger.

Sciri and the Sadr movement remain at odds over key points of policy. Mr. Hakim champions the cause of southern federalism, which could give the region the same autonomy enjoyed by the Kurds in the north. Mr. Sadr says federalism would

shatter Iraqi unity, a position that places him close to the Sunnis who fear a federal Iraq would leave them even more marginalized. Analysts say the Sadr movement has another reason for opposing federalism: control over southern Iraq is likely to go to Sciri at this stage.

These and other tensions came to the surface earlier this year when the Shiite alliance in the national assembly split over who should be Iraq's next prime minister. "The entire Shia coalition was really more a marriage of convenience," says a Western official in Baghdad.

As the largest parliamentary bloc, the alliance had the right to name its candidate, who would need to be confirmed by a two-thirds majority in Parliament. With backing from Sadr deputies, Ibrahim Jaafari, the current prime minister, narrowly beat Adel Abdul Mahdi, a favored Sciri candidate. Major Sunni and Kurdish blocs soon mounted a campaign to block the nomination of Mr. Jaafari, whom they view as inefficient and sometime hostile to their interests.

The flap put Sciri officials in a quandary. They were embarrassed that their candidate had lost to the one favored by the Sadr movement. Openly opposing Mr. Jaafari would risk splitting the Shiite alliance in Parliament and weakening its strength vis-a-vis the other blocs.

The stalemate over the new prime minister and the cabinet continues, with more meetings planned for this week. One idea under discussion is to ask the Shiite alliance to name several candidates for the top post along with Mr. Jaafari, and then have the full Parliament vote on each one.

U.S.: Iraqi Forces Kill At Least 16 Linked To Al-Sadr (USAT)

By From wire reports

USA Today, March 27, 2006

BAGHDAD — Iraqi forces killed at least 16 insurgents and arrested 15 others Sunday in a raid on a terrorist cell with ties to a radical Shiite cleric, the U.S. military said.

An aide to the cleric accused the soldiers of killing unarmed civilians.

U.S. Central Command said the Iraqi special operations forces were fired on as they entered a building used by men loyal to Muqtada al-Sadr, a cleric with Iranian backing who has clashed with coalition troops before.

“Iraqi special forces conducted a twilight raid … to disrupt a terrorist cell responsible for conducting attacks on Iraqi security and coalition forces and kidnapping Iraqi citizens,” a statement from Central Command said.

U.S. forces backed the raid in the neighborhood of Aadhamiya, according to the statement. Iraqi soldiers found some bombmaking equipment and weapons.

Accounts of the raid varied. Police Lt. Hassan Hmoud said the shooting started when U.S. forces came under fire from an unknown source in the direction of a mosque and the Islamic Dawa Party-Iraq Organization office.

Hmoud put the death toll at 22. He said some of the casualties were at the Dawa Party office near the mosque.

Abdul-Zahra al-Suaidi, head of al-Sadr's office in Baghdad, accused U.S. forces and Iraqi soldiers of opening fire at the al-Moustafa mosque in an unprovoked attack on unarmed civilians. The mosque is frequented by al-Sadr's followers.

Shiite legislator and Dawa Party spokesman Khudayer al-Khuzai said the attack happened at a building near the mosque where party members were holding a “cultural meeting.”

“They have nothing to do with the acts of violence,” he said.

U.S. military spokesman Lt. Col. Barry Johnson said the building in which the raid occurred was not a political office.

“The building was not a party headquarters but a community meeting room, and there was substantial intelligence on this building showing that that was not, in fact, what it was used for,” he said.

Iraq Prime Minister Ibrahim al-Jaafari telephoned Iraqi military leaders and U.S. commander Gen. George Casey to “discuss the situation,” spokesman Abdul Rezzaq Al-Kadhimim said.

Also Sunday, the bodies of 30 people, many beheaded, were found on a road north of Baghdad.

Shiite Fighters Clash With G.I.'s And Iraqi Forces (NYT)

By Jeffrey Gettleman

The New York Times, March 27, 2006

BAGHDAD, Iraq, March 26 — American and Iraqi government forces clashed with Shiite militiamen in Baghdad on Sunday night in the most serious confrontation in months, and Iraqi security officials said 17 people had been killed in a mosque, including its 80-year-old imam.

The American military, clearly worried about exacerbating a combustible situation that many Iraqis are already describing as civil war, denied that American forces had entered the mosque. But it said in a statement that 16 insurgents had been killed and 15 captured in a nearby combat operation against a terrorist cell.

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The differing versions of what happened seemed to raise a broader question about who is in control of Iraq's security at a time when Iraqi politicians still have not formed a unified government, sectarian tensions are higher than ever and mutilated bodies keep surfacing on the streets. On Sunday, Iraqi authorities found 10 bodies in Baghdad and said they were investigating a report that 30 men were beheaded near Baquba.

American officials are now saying that Shiite militias are the No. 1 problem in Iraq, more dangerous than the Sunni-led insurgents who for nearly the past three years have been branded the gravest security threat.

Shiite militias have been accused of running death squads that kidnap and brutalize Sunni men, and on Sunday the American militay said the cell its forces raided had kidnapped Iraq civilians.

But the deadly clash could reopen an old wound. The Iraqis who were killed had apparently worked for Moktada al-Sadr, a young radical Shiite cleric with ties to Iran who has led several bloody rebellions against American forces.

Mr. Sadr has recently become much more politically aggressive and he is considered a pivotal force in the maneuvering over the delayed formation of a new government.

Earlier on Sunday, a mortar shell nearly hit Mr. Sadr's home in the southern holy city of Najaf. Immediately he accused the Americans of trying to kill him.

American officials have been more overt in the past week than ever in blaming Mr. Sadr's militia for a wave of sectarian bloodshed that seems to have no end.

On Sunday night, American and Iraqi Army forces surrounded a mosque in northeast Baghdad used by Mr. Sadr's troops as a headquarters, Iraqi officials said. Helicopters buzzed overhead as a fleet of heavily armed Humvees sealed off the exits, witnesses said, and when soldiers tried to enter the mosque, shooting erupted, and a heavy-caliber gun battle raged for the next hour.

The Interior Ministry said 17 people had been killed, including the mosque's 80-year-old imam and other civilians.

Sheik Yousif al-Nasiri, an aide to Mr. Sadr, said that 25 people had been killed and that American troops had shot the mosque guards and then burst inside and killed civilians.

American officials provided few details about the raid on Sunday night.

A short news release said that Iraqi Special Forces soldiers, advised by American Special Forces personnel, conducted a raid to "disrupt a terrorist cell" and that "no mosques were entered or damaged during this operation."

The release also said no American soldiers had been hurt in the raid, and one prisoner being held by the gunman had been freed.

Lt. Col. Jonathan Withington, an Army spokesman, said he could not comment on any reports of civilian casualties, including the imam.

Iraqi television showed what appeared to be a prayer room filled with more than a dozen bodies. Several looked well beyond military age. Some had identification cards on their chests, with jagged bullet holes drilled through the plastic.

Just one day earlier, Zalmay Khalilzad, the American ambassador, urged Iraqi leaders to crack down on militias.

"More Iraqis are dying from the militia violence than from the terrorists," he said. "The militias need to be under control."

But few expect the Shiite prime minister, Ibrahim al-Jaafari, to do anything soon.

He is embroiled in negotiations over who will serve in the next government, and despite continuous American prodding, little progress has been made. To a large extent, Mr. Jaafari needs the support of Shiite militia members in Parliament to keep his job.

Both Shiites and Sunnis have militias. But the Shiite militias are much bigger, much better organized and, most critically, much better connected to the Iraqi security forces.

Shiites make up a majority in Iraq, and two rounds of elections have tightened their grip on power, including over the police and commando forces.

Tensions between Shiites and Sunnis have been steadily building, but an attack on a Shiite shrine in Samarra on Feb. 22 unleashed a new level of sectarian fury.

Shiite mobs rampaged through Baghdad, burning Sunni mosques and killing Sunni civilians. Some Sunnis fought back, but there was an imbalance in the killing, and many people said Mr. Sadr's men were responsible for much of the mayhem.

The situation eventually calmed, at least on the surface. Then the bodies starting turning up. The Interior Ministry says the bodies of at least 200 men, many handcuffed and tortured, have been found. Others put the number much higher.

The widespread suspicion is that Shiite militias are running death squads and focusing on Sunni Arab civilians in a wave of sectarian revenge.

Witnesses have said that they have seen Shiite militiamen and officers in the Shiite-controlled police force abduct Sunni men, often in daylight and in public. Their bodies surface days later, many tortured — eyes gouged, toes cut, faces splashed with acid. Few, if any, cases are investigated.

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The growing belief is that Shiite militias are trying to get even for the Shiite civilians who have been killed by the thousands and have borne the burnt of terrorist attacks in Iraq. Sunni terrorists are thought to be responsible, and now it seems that Sunni civilians are paying the price.

"It's hard sometimes to sort out who's killing who," said Maj. Gen. Rick Lynch, an American military spokesman. "But there's no doubt there's a significant Shiite impact on all this."

Mr. Sadr has complicated the picture in two ways. His militia, called the Mahdi Army, has shown an almost messianic zeal to fight American forces, including a long and costly battle in Najaf in the summer of 2004.

Now, his militia is being blamed at least in part for the new problem, the death squads.

Mr. Sadr's top aides deny any connection to the killings, but lower-level Mahdi Army commanders have boasted of vigilante justice.

Two weeks ago, Mahdi Army militiamen hanged four men, whom they called terrorists, from lampposts in Baghdad.

Mr. Sadr has been quick to lash out at the Americans, whom he calls occupiers. After the mortar attack near his home on Sunday, he said in a statement that American forces " either overlook these attacks or they do it themselves."

The mortar wounded a child and a guard.

Other mortar attacks and bombings across Iraq killed at least three people, including two children.

The most gruesome report of violence for the day came from officials in Baquba, who said Sunday evening that 30 men had been beheaded and dumped near a highway.

Interior Ministry officials said a driver had discovered the bodies heaped in a pile next to the highway that links Baghdad to Baquba, a volatile city northeast of Baghdad that has been racked by sectarian and insurgent violence.

Iraqi Army troops waited for American support before venturing into the insurgent-controlled area to retrieve them.

"It's too dangerous for us to go in there alone," said Tassin Tawfik, an Iraqi Army commander.

Later, Baquba officials said they were unable to find the bodies, but would continue the search at daybreak.

In Baghdad, Iraqi officials said that American forces raided a small, secret jail and found several foreign prisoners, possibly people suspected of being terrorists. The soldiers detained the jail guards, though it is not clear for how long, and American officials did not provide any information about the incident. The Associated Press quoted Interior Ministry officials as saying that the prison was legitimate and that the detainees had not been abused.

American-led forces have been turning over more and more security responsibility to the Iraqis, but there are still substantial doubts that Iraqi forces are up to the job. American commanders have sent more troops into Baghdad in the past few weeks and increased their patrols.

Also on Sunday, a Kurdish writer was sentenced to a year and a half in jail for criticizing Kurdish leaders. The writer, Kamal Sayid Qadir, who also uses the name Kamal Karim, had published stories on a Kurdish Web site accusing one of the most powerful men in Kurdistan, Masoud Barzani, of corruption.

Mr. Qadir was originally sentenced to 30 years for defaming Mr. Barzani, but he was retried. A judge on Sunday said he was giving him a lenient sentence because Mr. Qadir was a college professor.

Suicide Car Bomber Kills At Least 15 People Outside Base In Northern Iraq (CNN)

CNN.com, March 27, 2006

BAGHDAD (CNN) -- At least 15 people were killed outside a police recruitment center in northern Iraq Monday, when a suicide car bomber detonated, a base employee told CNN. The casualties are believed to be recruits and officers.

According to the employee, the attack took place around 11:15 a.m. (3:15 a.m. ET) at Kifak Base, which is located between Tal Afar and Mosul.

Police recruits line up outside the base to apply for jobs. (posted 5 a.m.)

27 bodies found in the Baghdad area

BAGHDAD (CNN) -- Police found nine bodies in a southwestern Baghdad's Bayya neighborhood Monday morning, an Iraqi police official told CNN.

According to the official, all had been strangled and showed signs of torture -- some had ropes around their necks.

Late Sunday, Iraqi police found 18 bodies along a road near Tall al-Sakher, a mostly Shiite town northeast of Baghdad, a Baghdad Emergency police official said. Tall al-Sakher is surrounded by number of Sunni towns.

According to the official, eyewitness said gunmen driving in three vehicles attacked a group of young men.

Just before midday Monday, a bomb exploded inside minibus in Sadr City section of the Iraqi capital, killing two people in the vehicle, emergency police said. Three other people were wounded in the explosion.

Two people were wounded when a roadside bomb exploded in eastern Baghdad's Zayuna neighborhood Monday morning, police said.

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Three people were wounded when a mortar round landed in central Baghdad. The attack took place in the Karrada neighborhood.

In western Baghdad, four people were wounded when a roadside bomb hit an Iraqi police patrol in Khahtan Square. (posted 4:20 a.m.)

Bomb explodes at al-Sadr office in Baquba

BAGHDAD (CNN) -- A bomb exploded inside the Baquba office of radical Shiite cleric Moqtada al-Sadr late Monday morning, wounding three people, police said.

Al-Sadr has offices for his organizations -- both political and militia -- at locations throughout Iraq.

Baquba is about 35 miles (60 km) north of Baghdad. (posted 4:15 a.m.)

5 children injured in a mine blast in Pakistan

ISLAMABAD (CNN) -- Five children were injured -- two critically -- when their van hit a land mine in Dera Ismail Khan as they were en route to school Monday morning, police said.

Dera Ismail Khan is located near the South Waziristan tribal region, where, according to military officials, Islamic militants are hiding. The fighters have been blamed for attacks on security forces.

No group has claimed responsibility for the blast. (posted 4:15 a.m.)

Defense case takes center stage in 9/11 trial

ALEXANDRIA, VA (CNN) -- Jurors could find out as early as Monday whether Zacarias Moussaoui, the only person put on trial in the United States for the Sept. 11, 2001, terrorist attacks, will testify in his own defense.

Moussaoui, 37, a French citizen of Moroccan heritage who rarely speaks to his court-appointed defense team, announced to them in court last week that he would take the stand "whether you want it or not."

Moussaoui's previous pronouncements in open court have cursed America and praised terrorist leader Osama bin Laden.

The only question before the jury is whether or not Moussaoui deserves the death penalty. (posted 1:35 a.m.)

Nigerian militants release 3 Western oil workers

LAGOS, Nigeria (CNN) -- Three Western oil workers taken captive last month by militants in Nigeria's oil-rich Delta state were released Monday, a government spokesman told CNN.

According to Abel Oshevire, Americans Cody Oswald and Russell Spell and Briton John Hudspith were the final three hostages released by a group opposed to foreign oil investors.

"They have been handed over to Shell officials and embassy personnel in Warri," Oshevire said. "They are well." The other six hostages were released on March 1, after all abducted on Feb. 18. (Posted 11:20 p.m.)

Bomb defused at headquarters of Thai opposition party

BANGKOK, Thailand (CNN) -- A police bomb squad defused an explosive device Monday at the headquarters of the opposition Democrat Party, a party spokesman said.

According to Ongard Klampaiboom, the tissue-sized box contain enough TNT to take down the several story office building and had been placed directly below the office of party leader Abhisit Vejjajiva. Abhisit left the building at 10 a.m., Ongard said, about 10 minutes before the bomb was set to go off.

Thai political parties are currently campaigning for parliamentary elections in April. Faced with extensive protests, embattled Prime Minister Thaksin Shinawatra called a snap vote in early March and promised to step down if his party won less than 50 percent of the vote. (Posted 11:05 p.m.)

Moderate earthquake hits southern Japan

TOKYO (CNN) -- A moderate earthquake jolted southern Japan late Monday morning, but there were no immediate reports of damage or injuries, authorities there said.

The magnitude 5.5 earthquake struck about 11:50 a.m. (9:50 p.m. Sunday ET) off the southern island of Kyushu, about 800 km (500 miles) west-southwest of Tokyo, the Japan Meteorological Agency reported. The U.S. Geological Survey reported the quake's magnitude as a 5.3.

The temblor was centered about 50 km beneath the ocean floor, and no tsunami warnings were issued. (Posted 10:40 p.m.)

Smaller protests as Senate immigration debate nears

LOS ANGELES (CNN) -- Protests against a proposed crackdown on illegal immigrants brought demonstrators to the streets of Los Angeles again Sunday, but in much smaller numbers than Saturday's massive rally.

The Senate is expected to take up the issue this week, with at least four different proposals rattling around the Capitol. But the most controversial is a measure that passed the House of Representatives in December that would fence off 700 miles of the U.S.-Mexican border and make crossing the border illegally a felony.

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About 2,000 members of the largely Latino United Farm Workers rallied against that bill Sunday in Los Angeles before a commemorative Mass for the union's founder, Cesar Chavez. But the attendance was a far cry from the estimated half a million people who turned out for a Saturday protest.

The House bill, pushed by Wisconsin Republican congressman James Sensenbrenner, passed the House on a 239-182 vote in December. But it does not include two provisions that are supported by many other Republicans, including President Bush -- a guest worker program and a method that would allow the nearly 12 million workers now in the United States illegally to earn legal status. (Posted 8:18 p.m.)

^Airbus superjumbo passes big test

WASHINGTON (CNN) -- The world's largest passenger aircraft passed a major hurdle toward certification Sunday, when 873 people successfully evacuated in the 90 seconds aviation rules require.

The drill required "passengers" on the double-decker Airbus A380 to slide to the ground from a height of 26 feet. Company officials said one man broke his leg and 33 people suffered minor injuries during the evacuation test in Hamburg, Germany.

Aviation requirements mandate that all passengers of aircraft be able to evacuate in 90 seconds using only half the plane's exits. In this case, the volunteer "passengers'" exited in darkness, and taped by infrared cameras. (Posted 8:25 p.m.)

Clashes around Baghdad mosque kill 20

BAGHDAD (CNN) -- Clashes around a major Shiite mosque on the northern edge of Baghdad's Sadr City left 20 dead Sunday amid differing accounts about who was involved in the fighting.

Police said 20 members of the Mehdi Army militia, loyal to radical Shiite Muslim cleric Muqtada al-Sadr, were killed. Sources inside Sadr's office -- which is inside the mosque -- also said militia members were killed in the raid, which took place at dusk. But Iraqi police and sources in Sadr's office said the U.S. military was battling the militia, while the U.S. military said its troops acted "in an advisory capacity only" as Iraqi troops led the operation.

Meanwhile, Iraqi television showed a room containing dead, bloodied bodies wearing identification tags that say "Dawa Islamic Party," the Shiite party of Prime Minister Ibrahim al-Jaafari. (Posted 5:45 p.m.)

Criminal probe opened in Milwaukee boys' disappearance

(CNN) -- The search for two Milwaukee boys reported missing last week has become a criminal investigation, police said Sunday, but did not say why.

Quadrevion Henning, 12, and his friend Purvis Parker, 11, were last reported seen March 19 as they headed off to play ball at a park near their homes in north-central Milwaukee. Police spokeswoman Anne Schwartz said there was no evidence a crime had been committed, but investigators have determined "an increased possibility" that a crime taken place.

"Canvassing by the task force as well as leads and tips have led us to that conclusion," Schwartz told reporters. "As this is a criminal investigation, that will limit the amount of information that you all are going to be receiving." (Posted 5:45 p.m.)

Survey: Gas up nearly 15 cents per gallon in past 2 weeks

(CNN) -- Gas prices shot up nearly 15 cents over the past two weeks to a national average of $2.50 per gallon of self-serve regular, according to a survey released Sunday.

"Higher crude-oil prices and higher costs from this year's new regulations affecting gasoline recipes are the two main drivers of the price surge," said Trilby Lundberg, publisher of the Lundberg Survey, which compared prices at about 7,000 gas stations on March 24 and March 10.

Prices have risen about 37 cents since Dec. 2, when they bottomed out at $2.13 per gallon. Lundberg predicted more price increases later in the spring, "when our big driving season kicks in." (Posted 3:29 p.m.)

New York to release recordings of 911 dispatchers on 9/11

NEW YORK (CNN) -- The city of New York this week will release CDs of 911 dispatchers responding to about 130 calls from inside the World Trade Center towers on Sept. 11, 2001, a city official familiar with the issue told CNN Sunday.

The CDs, which will include only the dispatchers' side of the conversations, will also contain some calls made from outside the towers, the official said. The recordings will include both fire and police dispatchers.

The official said that the city has positively identified 28 individuals who made 911 calls on that day. Only one survived the attacks.

The families of 24 of the victims can request copies of the CD recordings with their loved ones' voices unredacted. In the other three cases, the official said, the city could not locate the families.

The release of the redacted CDs follows a three-year court battled led by The New York Times and joined by the families of nine firefighters. That battle finally ended a year ago. The court decision left it up to next-of-kin to decide if the callers' voices in the recordings will be made public. (Posted 2:17 p.m.)

Belarus opposition leader arrested during election demonstration

DOJ_NMG_0021380

MINSK, Belarus (CNN) -- A Belarussian opposition leader has been charged with hooliganism and taken away from the capital Minsk, his daughter told CNN Sunday.

Belarussian authorities arrested Alexander Kozulin and the press secretary of another leader Saturday during a demonstration over the nation's recent election, rally organizers said.

The arrests came on a day of more clashes between police and protesters, some of whom chanted "Freedom!" and accused the government of fascism. Police sprayed tear gas, after which some protesters were seen falling over.

Julia Kozulin told CNN that authorities told her that her father was charged with hooliganism and sent to a jail about 45 km from Minsk, but she has been unable to speak with him.

The European Union presidency, meanwhile, condemned the violence used to quell the demonstrations and expressed "serious concern" about the arrests, calling for Kozulin's "immediate release." (Posted 12:21 p.m.)

Rice: Convert's threatened execution doesn't mean anti-democratic rule

WASHINGTON (CNN) -- Secretary of State Condoleezza Rice denied Sunday that the threatened execution of an Afghan man for converting to Christianity highlights a lack of true democracy in a nation the Bush administration points to as as a democratic success.

In an interview with CNN's "Late Edition with Wolf Blitzer," Rice rejected suggestions that Islamic law in Afghanistan and Iraq -- two nations the administration argues are signs Bush foreign policy is working -- could prevent free societies from taking hold.

"These are evolutionary democracies, they're democracies in transition," she said, adding that the United States should be "humble" because of its own history of denying freedoms to its citizens.

"Let me remind everyone: in my lifetime we were trying to get to a place where the vote was assured... for American blacks in the South," she said. (Posted 11:30 a.m.)

Police killed, bodies found in Iraq

BAGHDAD (CNN) -- The following violent incidents in Iraq were reported Sunday:

-- 30 bodies were found along a road n southern Baquba, the Iraqi Army said. All were beheaded. Baquba is about 30 miles (48km) north of Baghdad.

-- A body was found in southern Baghdad near the Dora neighborhood. The person appeared to have been executed, police said.

-- Two police were wounded when a roadside bomb hit their patrol in eastern Baghdad, police said.

-- Two police in the town of Wajihiya, north of Baghdad, were killed and three guards of the mayor were wounded, police said. Gunmen attacked the police station, killing the police; the mayor's guards were wounded when an roadside bomb exploded as they were en route to the police station.

-- Two bodies were found in the city of Khalis, also north of Baghdad. Police said these bodies were also found bound and shot in the head, execution-style. (Posted 10:57 a.m.)

Afghan Christian convert may be released

KABUL (CNN) -- An Afghan man threatened with execution because he converted from Islam to Christianity is expected to be released from custody at the end of the day, a Western diplomat and Afghan officials close to President Hamid Karzai told CNN Sunday.

But other sources in the Afghan judiciary said that the case against Abdul Rahman had been thrown out on technical grounds and sent back to prosecutors to gather more evidence. Those same sources said Rahman may not be released.

Western nations, which have supported the new Afghan government monetarily, have been leaning on the government to free Rahman, and a government source familiar with his case said on Friday he would be released in the coming days.

The Afghan Cabinet met on the matter Saturday, but results of that meeting were unknown. (Posted 9:14 a.m.)

Indian soldier killed in Kashmir ambush

SRINAGAR, Kashmir (CNN) -- Suspected militants ambushed an Indian Army convoy just south of the capital of Indian-controlled Kashmir Sunday morning, killing one Indian soldier and wounding two others, according to Indian Army sources.

One militant was killed in the firefight, which began at 9 a.m. local time as the heavily-armed convoy passed through the town of Pampore, military sources said.

The highway, which the convoy was following on its trip from Srinagar to Jammu, was closed Sunday while the Army searched for militants. --From CNN's Ram Ramgopal (Posted 12:45 a.m.)

Death toll in China mine flooding rises to 23

BEIJING (CNN) -- The death toll from a Chinese coal mine flood last week has risen to 23, the country's state-run Xinhua news agency reported Saturday, with five people still missing.

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The flooding took place on March 18 in Linxin County in north China's Shanxi Province. Rescue work was continuing, Xinhua said, but rescuers said it would take at least another two days before a search for the five missing people can be launched because water and silt remained in the mine shaft.

The flooding occurred as 58 miners were working underground at the Fanjiashan Coal Mine. Thirty managed to escape. A local government official told Xinhua relatives of those killed will receive 200,000 yuan, or about $24,600, in compensation. The cause of the flooding was under investigation. (Posted 11:12 p.m.)

Iraqi Doctor Says He Killed Patients (WP)

By John Ward Anderson

The Washington Post, March 27, 2006

BAGHDAD, March 26 -- A doctor has admitted killing at least 35 Iraqi police officers and army soldiers by giving them lethal injections, reopening their wounds or engaging in other deadly acts while they were being treated at a hospital in the northern city of Kirkuk, according to Kurdish security sources and Kurdish television.

Kurdish television broadcast on Sunday what it said was the doctor's taped confession, in which he told police that he sympathized with the radical Sunni Arab insurgent group Ansar al-Sunna. He said that the group paid him to kill the men and that he did it because "I hate the Americans and what they've done to Iraq."

"I injected more than 35 policemen and soldiers, including officers and some who were slightly injured," the doctor, identified by a Kurdish security official as Luay Omar Taie, said in the taped statement. "I used to stop the breathing machines or cut the electricity in the operations room or reopen the wounds."

A senior official with the police intelligence agency of the Patriotic Union of Kurdistan (PUK), who declined to be quoted by name, confirmed the details of the case, which was first reported by the Independent newspaper in London. The circumstances of the alleged confession, including whether it might have been coerced, could not be verified.

Taie was arrested following the detention of members of a criminal gang with links to Ansar al-Sunna. The gang is responsible for kidnapping more than 150 people and executing 18 of them, the PUK intelligence official said. Arrests of insurgents soon followed.

During interrogations, the insurgents identified Taie as a doctor who had treated them. The organization selected Taie because he was young and wanted money, the official said.

In the statement aired on Kurdish television, the doctor said he was paid up to $100 for each act he committed. He asserted responsibility for killing the assistant police chief in Kirkuk, Gen. Ajman Abdullah, with a fatal injection and said he also killed the general's brother, a soldier who was admitted to the hospital after being wounded by a roadside bomb.

The doctor said he helped a wounded insurgent escape from the hospital. The intelligence official said Taie also advised insurgents on how to forge documents to claim that U.S. forces had shot their members, so that they could be treated at a hospital in Mosul, about 100 miles away.

Drying Out The Insurgency (NYT)

By A. C. Grayling

The New York Times, March 27, 2006

London

AS we saw in the recent offensive by American and Iraqi forces against insurgents near Samarra, the term "air assault" has taken on a new meaning in military parlance. It now indicates taking troops into action by helicopter, rather than the widespread and often indiscriminately destructive firing of missiles or dropping of bombs from aircraft.

Still, anti-insurgent operations often take place in urban areas, whose residents are as much at risk from ground weapons as they would be from bombers at high altitude. Thus one question that a watchful press should be asking of the American-led forces in Iraq is how carefully, and how successfully, they are applying the "doctrine of distinction" laid down in the laws of war, which requires that combatants be distinguished from noncombatants so that the latter can be protected.

The doctrine was devised by the military powers and international groups over the last half-decade in response to the systematic bombing of civilians in World War II. The principals of that strategy, which was then called "area bombing," were of course the British and American air forces, who between them killed a million civilians by carpet-bombing German and Japanese cities.

It took decades after the war before the deliberate aerial bombing of civilians was designated a war crime. Part of the reason for this slow response was, understandably, that the atrocities committed by the Axis powers were so vast that they overshadowed everything else, and people on the Allied side comforted themselves with the belief that defeating Nazism justified all the means used.

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But as memories of the war faded, the stark immorality of deliberately massacring civilians could no longer be denied. In 1977 a protocol requiring militaries to distinguish between civilians and combatants was added to the Geneva Conventions. Britain is among the signatories; the United States has never ratified it. Still, America is careful to state that its forces always try to avoid "collateral damage."

But protecting civilians is hard to do when fighting an insurgency like Iraq's, in which combatants hide behind and take support from the civilian population. The very nature of insurgency seems to offer an irresolvable problem: the horrific example of World War II area bombing unarguably shows that the doctrine of distinction must be observed, yet the insurgents cynically use it as a shield.

Paradoxically, the solution is not to abandon the doctrine of distinction but to apply it with a vengeance. To see how, simply look at the considerable experience Britain acquired in policing a restive empire which, at its height, included a third of the world's population. The British learned the hard way, making some bitter mistakes en route. But the lesson was clear: drain the pond in which the insurgents swim.

In its most literal application, this strategy involved physically moving a civilian population from troubled areas into camps, which deprived insurgents of cover and support. It exacted a shamefully high cost the first time it was tried, in the Boer War, when many of the women and children gathered into "concentration camps" died of disease.

By the 1950's, however, with the communist insurgency in Malaya and the Mau Mau uprising in Kenya, British forces learned to do the same thing better. The camps into which the civilian population was "drained" were usually comfortable villages with good amenities and became an element of the hearts-and-minds aspect of the campaigns.

Of course, separating the civilians from the fighters ran in tandem with unrelenting military pressure on the latter, until the insurgents' circumstances became precarious enough for them to accept a political solution.

In Malaya the strategy involved moving half a million people from insurgent areas. Whether a similar approach is viable for Iraq's Sunni Triangle is a question best left to military experts; but the idea behind it — making life better for those who otherwise would give support to insurgents — is clearly one route to ending the insurgency.

A different tactic based on the British experience would be to cordon off the most toxic part of the Sunni Triangle, letting nobody in or out except under stringent controls at the perimeter, across which only food and medicine could move.

This is what the British did in Nairobi and other urban areas of Kenya in the 50's; the security forces screened everyone and everything coming in or out. The advantages were that supplies of weapons and fighters were choked in both directions, and the population inside the quarantine zone had to work out a better destiny for itself than perpetual war. The disadvantages of such a quarantine are that it might backfire by fueling resentments and that it involves a manpower-intensive effort of perimeter policing.

In the end, British colonial solutions to insurgency tended to involve aspects of both strategies. Once combatants and noncombatants had been separated, the civilians had to be kept quarantined from the fighters so that the contrasting methods of dealing with both — seduction of the latter, coercion of the former — could proceed effectively. But the aim was always realistic: Britain recognized that an insurgency cannot be defeated, only damped down and eventually ended through a political settlement.

This hard truth has to guide efforts in Iraq, the sooner the better. And in the meantime, the more effectively the doctrine of distinction is upheld — that is, the fewer civilian casualties suffered — the quicker that reconciliation will come and the more effective it will be.

A. C. Grayling is the author, most recently, of "Among the Dead Cities: The History and Moral Legacy of the W.W. II Bombing of Civilians in Germany and Japan."

How To Stop A Civil War (WP)

By Michael O'Hanlon

The Washington Post, March 27, 2006

Administration officials have been right in recent weeks to argue that there is no large-scale civil war underway in Iraq. As long as the Iraqi political leadership remains generally united in trying to calm the situation, and as long as sectarian violence remains more sporadic than strategic (with no systematic ethnic cleansing, for example), true civil war remains a threat rather than a reality. But as President Bush himself recognized in his March 13 speech on Iraq, whoever attacked the Golden Mosque in Samarra on Feb. 22 was trying to spark a civil war. Yesterday's gruesome events, including the discovery of 30 beheaded bodies near Baqubah, heavy fighting in parts of Baghdad and the firing of fatal mortar rounds at Moqtada al-Sadr's compound in Najaf, suggest that such attempts will likely continue.

Of course, preventing a civil war is primarily a political task. In this light, U.S. Ambassador Zalmay Khalilzad has been right to push Iraqis to form a coalition government. He might also encourage them to start thinking about what policies such a

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government would pursue. For example, in debating whether Prime Minister Ibrahim al-Jafari should retain his post, Iraqis might think a bit less about the past year and instead ask Jafari about his plans for the future: for sharing oil revenue among provinces, rehabilitating lower-level Baathists to reenter the society, integrating security forces and creating jobs.

But if the political process continues to falter and the risk of civil war looms larger, we will also need a military plan for quelling it. Much of the American debate has been asking how to handle an all-out conflict in which Iraq has already fractured and violence is rampant. But the more important question is how to quell violence in the early stages, before such a scenario develops fully. And this is not the typical debate over how fast and soon we can draw down U.S. troops in Iraq; rather, it is a debate about what they do while they are there.

On this point, initial indications are that American thinking is on the wrong track. Defense Secretary Donald Rumsfeld has stated that U.S. forces would not become heavily involved in any civil strife, leaving it instead to Iraqis to sort out the problem. This approach, which mirrors the relatively passive approach U.S. troops took to the reprisal violence after the Feb. 22 bombing, has an understandable appeal. But it is akin to our decision to stand aside and allow wanton looting after Saddam Hussein fell in April 2003, and it could have comparably disastrous consequences.

If civil war begins in Iraq, it will probably consist of increasingly active vigilante justice -- as well as random, pointless acts of violent rage -- by Iraq's powerful militias. They will attack defenseless mosques, homes of important figures from other ethnic and religious groups, and defenseless citizens. They will begin to perpetrate ethnic cleansing with cold, premeditated purpose. As time goes on, hearing about similar behavior by other militias from other sectarian groups, they will also be motivated by a desire for vengeance -- not just for Hussein's atrocities of yesteryear but for what happened last week and last night. And they will seek to protect their own unarmed families and friends by stepping up ethnic cleansing in neighborhoods where they live, to preclude the possibility of further attacks against their own kin.

These are the typical dynamics of civil conflicts, as analyzed by scholars such as John Mueller, Barry Posen, Steve Stedman and Chaim Kaufmann. Civil wars with a heavy ethnic dimension do not typically begin as full-blown conflicts but rather develop an internal dynamic in which hate, rage and fear increasingly influence the actions of a growing number of people.

In such a situation, stemming violence early is critical. Checkpoints need to be manned, curfews enforced, vigilantes arrested or shot, mosques and schools and hospitals protected.

Yes, Iraqi forces can do many of these things and should. And, yes, many of them will. But Iraqi security forces are at present politically untested. Most units are dominated by one group or another. If the country begins to descend toward civil war, the temptation of many will be to take sides in the sectarian strife rather than stop it.

The foreign coalition can do a great deal to discourage this. By deploying with Iraqi police and army troops on the streets, it can provide enough manpower to do the labor-intensive work required to restore order as anarchy begins to spread. It can help give Iraqi security forces the backbone they need to hang together and do their job for the country rather than fight for their Kurdish or Shiite or Sunni Arab interests. It can act as a glue, helping to hold them together by working with them and providing an example worthy of emulation.

In his statements about letting Iraqis handle their own civil strife, perhaps Rumsfeld was trying to drive home to Iraqis the message that they should not count on the distant American superpower to bail them out if civil war begins. This message is grounded in a sound logic; Iraqis do need to step up to the plate and solve more of their own problems. But as a full indication of what our military plans would be for any incipient civil war, it is not the right strategy. Now is the time to reassess.

The writer is a senior fellow at the Brookings Institution.

By Rumsfeld's Standards, Mission Accomplished (WP)

By Al Kamen

The Washington Post, March 27, 2006

P resident Bush 's comment last week that U.S. troops would be in Iraq three more years provoked some consternation. Bush had always said the troops would be there until "the job is done and not a day longer," but few assumed that the troops would remain through his presidency.

Actually, Bush is being way too pessimistic. On April 9, 2003, three weeks after the invasion of Iraq, Secretary of Defense Donald H. Rumsfeld clearly set out the 10 objectives to be achieved "before victory can be declared."

· "Baghdad is in the process of being liberated" and the Hussein regime must be run out of there and other cities, he said. Check -- been run out of just about everywhere at least once.

· "We still must capture [or] account for . . . Saddam Hussein and his sons and the senior Iraqi leadership." Check.

· "We still must find and ensure the safe return of prisoners of war . . . in this war as well as any still held from the last Gulf War." Check -- save for one missing soldier.

· "We still must secure the northern oil fields." Check -- although the pipelines keep getting hit.

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· "We still need to find and secure Iraq's weapons of mass destruction facilities. . . ." Check -- they are tightly secured.

· ". . . and secure Iraq's borders so we can prevent the flow of weapons of mass destruction materials and senior regime officials out of the country." Check -- no outward flow.

· "We need to locate Iraqi scientists with knowledge of these programs." Check.

· "We must also capture or kill the terrorists still operating in Iraq and prevent them from gaining access to weapons of mass destruction." Check -- at least for those there in '03 and none are getting access to that WMD.

· "We must locate Baath Party members, records and weapons caches," records of elite intelligence and military units and regime millions outside the country. Check.

· "And we must begin the process of working with free Iraqis . . . and those returning home from exile, to establish an Iraqi interim authority and help to pave the way for a new Iraqi government." Check -- done that several times now.Chavez on the Lookout for Immigrants

President Bush also pushed last week for his guest worker proposal to allow millions of illegal immigrants to continue working in this country.

There was a fine photo of Bush meeting Thursday with friendly groups about the issue. And there, sitting at Bush's right hand, was none other than Linda Chavez , who heads something called the Center for Equal Opportunity.

Chavez, Loop Fans may recall, was Bush's first nominee to be secretary of labor in 2001. Her nomination was scuttled when it was discovered she hadn't been forthcoming to them about her interesting relationship with an illegal immigrant living in her home who was doing generally unpaid housework for her.

She probably knows as much as anyone about working guests.Maybe They Should've Called Rent-a-Cop

Mark the date! The Democratic leadership will be at Union Station on Wednesday at 1 p.m. to announce its "national security policy."

Top Senate Democrat Harry M. Reid (Nev.) will be there, as will House Minority Leader Nancy Pelosi (Calif.), lots of other congressional types, and governors and mayors.

But there's a need for uniformed folks because "they symbolize safety, competence, and security to average Americans," former longtime Senate aide and now private consultant Stephanie Cutter said in an e-mail Friday to Andrea Mournighan of the National Association of Police Organizations.

"We would like . . . as many law enforcement officers as possible to attend and stand on stage," Cutter said. "Would it be possible to have 20 or so. . . . ?"

"We are committing to make implementation of the 9-11 [commission] recommendations our first act when Democrats regain control of the Senate and/or House," Cutter wrote.

But mum's the word. "We're trying to keep our roll-out a close hold for now, so press doesn't pick up on it. The element of surprise is everything these days!"

Okay. You can count on us!Bushes Keep It All in the Family

A Friday item incorrectly said former first lady Barbara Bush 's contribution to Katrina refugees in Houston -- which she designated must be spent at her son Neil Bush 's educational software company -- went to the national Bush-Clinton Katrina Fund. It went to a local Bush-Clinton Houston Hurricane Relief Fund, a separate organization.

GOPers Join Call For Iraq Debate (RC)

By Ben Pershing

Roll Call, March 27, 2006

A bipartisan group of lawmakers began a new effort last week to attract support for the idea of holding a lengthy House floor debate on Iraq policy.

On Wednesday, Republican Reps. Walter Jones Jr. (N.C.), Ron Paul (Texas) and Wayne Gilchrest (Md.) joined Democratic Reps. Neil Abercrombie (Hawaii), Ike Skelton (Mo.) and Marty Meehan (Mass.) in co-signing a “Dear Colleague” letter calling for “an open and honest debate on the future of U.S. policy in Iraq.”

The six signatories encouraged their colleagues to sign a discharge petition for H.Res. 543, a rule that would allow floor consideration of a resolution introduced by Abercrombie in 2005 requiring President Bush “to develop and implement a plan for the withdrawal” of American troops from Iraq.

Supporters of the discharge petition argue that the House has not had an adequate recent debate on Iraq, even as casualties there have escalated and President Bush has declined to specify when U.S. troops will pull out.

But House Republican leaders dispute the notion that the chamber has not given Members a chance to debate the issue.

“We did that when we chose to go to war and again this fall,” said Ron Bonjean, spokesman for Speaker Dennis Hastert (R-Ill.), referring to the House’s November vote on a resolution calling for an immediate withdrawal of U.S. troops in Iraq.

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"We believe in fighting to win the war on terror overseas rather than having them strike here at home as they did on Sept. 11, [2001]," Bonjean added.

But Jones, one of the House's few outspoken GOP critics of the war, strongly disagreed with the idea that the chamber has given the Iraq issue enough debate time and argued that November's debate was designed solely to humiliate Rep. John Murtha (D-Pa.).

"It was not an honest debate on the issue," Jones said, calling the short consideration of the bill an effort to "embarrass a patriot."

"I'm frustrated with my own party, I'll be honest with you," Jones added, saying that he respects Hastert but that he believes his own leadership is out of touch on the Iraq issue.

"I don't know what polls the Republican leadership's looking at, but the ones I've seen aren't very encouraging," he said.

As of March 15, the discharge petition had 72 signatures, all of them from Democrats, including House Minority Leader Nancy Pelosi (Calif.). (Two Democrats, Reps. Patrick Kennedy (R.I.) and Leonard Boswell (Iowa), signed the petition but withdrew their signatures in December.)

Jones said that he, Paul and Gilchrest plan to sign the petition on April 5, when they will go to the floor with the three Democrats and issue a call for a broader debate.

If passed, H. Res. 543 would allow up to 17 hours of debate on Abercrombie's Iraq resolution, evenly divided between Republicans and Democrats.

Jones said he does not support an immediate withdrawal of troops and hopes backers of the Bush administration's policy will participate in the debate.

"We want people who support being in iraq to be part of the debate," Jones said. "We want to have more than just 30 minutes on each side."

In An Election Year, A Shift In Public Opinion On The War (NYT)

By David D. Kirkpatrick And Adam Nagourney

The New York Times, March 27, 2006

ALBUQUERQUE, March 25 — Neil Mondragon watched with approval at an auto repair shop recently as Representative Heather A. Wilson, a New Mexico Republican visiting her district, dropped into the pit and drained the oil from a car.

Afterward, Mr. Mondragon recalled how he had backed Ms. Wilson, a supporter of the Iraq war, in her race for Congress two years ago. He, too, supported the war.

But now, Mr. Mondragon said, it is time to bring the troops home. And he is leaning toward voting for Ms. Wilson's opponent, Patricia Madrid, who has called for pulling the troops out of Iraq by the end of the year.

"The way I see the situation is, we have done what we had to," said Mr. Mondragon, 27, whose brother fought in the war and returned with post-traumatic stress disorder. "I don't see the point of having so many guys over there right now. We can't just stay there and baby-sit forever."

Mr. Mondragon is far from alone in reassessing his view of the war that has come to define George W. Bush's presidency.

Mr. Bush is pressing ahead with an intensified effort to shore up support for the war, but an increasingly skeptical and pessimistic public is putting pressure on Congress about the wisdom behind it, testing the political support for the White House's determination to remain in Iraq.

The results have been on display over the past week as members of Congress returned home and heard first-hand what public opinion polls have been indicating.

"We have been there now for three years, and we have suffered more losses than I think most people thought we would see," Representative Steve Chabot, an Ohio Republican from a relatively conservative district near Cincinnati, said in an interview on Friday. "You may have the president or others now who say we always knew this would be a long slog, but I think most people did not expect it to be as hard as it has been."

In Connecticut, Representative Christopher Shays, a Republican who is one of the Democrats' top targets this year in the midterm elections, has distanced himself from the White House even as he has emphasized his support for the war, saying the administration has made "huge mistakes" by allowing looting, disbanding the Iraqi army and failing to have enough troops on the ground

Senator Mike DeWine, an Ohio Republican who is also facing a tough re-election challenge, said that "people are not optimistic about what they see."

Even Representative Ileana Ros-Lehtinen, a Florida Republican who has made her support for the war a centerpiece of her campaign, said the public seemed "to be losing patience" with the war.

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Interviews with voters, elected officials and candidates around the country suggest a deepening and hardening opposition to the war. Historians and analysts said this might mark a turning point in public perception.

"I'm less optimistic because I see the fatalities every day," said Angela Kirby, 32, a lawyer from St. Louis who initially supported the war. "And the longer it goes on, the less optimistic I am."

Here in New Mexico, Dollie Shoun, 67, said she had gone from being an ardent supporter of the war and the president to a fierce critic of both.

"There has been too many deaths, and it is time for them to come back home," Ms. Shoun said. Speaking of Mr. Bush, she added: "I was very much for him, but I don't trust him at this point in time."

Polls have found that support for the war and expectations about its outcome have reached their lowest level since the invasion. A Pew Research Center poll this week found that 66 percent of respondents said the United States was losing ground in preventing a civil war in Iraq, a jump of 18 percent since January.

The Pew poll also found that 49 percent now believed that the United States would succeed in Iraq, compared with 60 percent last July. A CBS News poll completed two weeks ago found that a majority (54 percent) believed Iraq would never become a stable democracy.

Richard B. Wirthlin, who was the pollster for President Ronald Reagan, says he sees the beginning of a decisive turn in public opinion against the war. "It is hard for me to imagine any set of circumstances that would lead to an enhancement of the public support that we have seen," he said. "It is more likely to go down, and the question is how far and how fast."

Even more problematic for the administration, pollsters have found, is that Americans who have soured on the war include many independent voters and some self-described Republicans.

William Kristol, editor of the conservative Weekly Standard, argued that views on the war remained fluid and that the White House could still rally support for the effort if Americans "are convinced we can win."

A perception of progress on the ground could help turn public opinion back toward Mr. Bush's way, some analysts said. As it is, a significant number of Americans, including a majority of Republicans, want Mr. Bush to continue the war.

"Bush is right in being optimistic," said Susan Knapp, 64, a Florida Republican. "I listened to the news this morning and there are people who think he's out of touch with reality, but in fact I think he knows better than most of us about what is going on, and he does know the situation."

And in interviews, some respondents said they agreed with Mr. Bush and Vice President Dick Cheney that journalists were exaggerating the bad news. "I have quite a few friends who have served over there and they come back with a different story than the media portrays," said Jerry Brown, a Republican in Fairfield County, Conn.

For Mr. Bush today, as it was for Presidents Lyndon B. Johnson and Richard M. Nixon decades ago, the question is how long can he continue fighting an unpopular war without it crippling his presidency by eroding trust in his judgment and credibility.

"Once the public loses confidence in a president's leadership at a time of war, once they don't trust him anymore, once his credibility is sharply diminished, how does he get it back?" said Robert Dallek, a historian who has written biographies of Johnson and Nixon.

The anxiety about the war could be seen in contested districts around the country. In recent weeks, Representative Wilson of New Mexico has been sharply critical of the administration on issues like domestic surveillance and its public projections about the war. Ms. Wilson said she worried that public opinion could turn decisively against the war in Iraq as it did during the Vietnam War. "Wasn't it Kissinger who said the acid test of foreign policy is public support?" she said.

In Connecticut, Diane Farrell, a Democrat challenging Mr. Shays, said she had consistently run into voters who drew comparisons between Iraq and Vietnam.

"People are throwing up their hands between the civil unrest, the number of deaths and the cost to taxpayers," Ms. Farrell said. "People feel worn out by the war, and they don't see an end. "

At the Capitol recently, Senator John W. Warner, a Virginia Republican who was the secretary of the Navy during part of the Vietnam War, was introduced to a visiting Iraqi. Mr. Warner proceeded to lecture her about the need for Iraqis to form a new government, and fast.

"The American people have a mind of their own," he told her, recalling how he watched during the Vietnam War as public opinion turned against the conflict — and inevitably Congress followed. In a later conversation, Mr. Warner said that such a moment had not been reached yet, but he warned that he sensed a "certain degree of impatience" in the country and around the world.

On Iraq, Pointed Questions With An Edge (WP)

By Howard Kurtz

The Washington Post, March 27, 2006

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Have the media declared war on the war?

In increasingly aggressive questions to President Bush and Vice President Cheney, in a growing focus on the death toll in Iraq, in downbeat assessments on the invasion's third anniversary, many journalists now reflect the view that the war has gone horribly wrong.

Perhaps this simply reflects the stark reality of the suicide bombings, roadside explosions and mosque attacks that have come to dominate the reporting from Iraq. Or perhaps, as Cheney put it on "Face the Nation," journalists provide a distorted "perception" of Iraq "because what's newsworthy is the car bomb in Baghdad."

What is undeniable is that the tone of much of the coverage matches the public-opinion polls showing that a majority of the country has turned against the conflict.

"One thing that would explain it is there's even more bad news from Iraq and other places -- Afghanistan, Iran, North Korea," says Ken Auletta, media writer for the New Yorker. "But even that doesn't fully explain the harshness of the reportage. With two-thirds of the public not approving of Bush's performance, it becomes open season on him. And when conservatives start attacking him, reporters are given more cover."

But Newsweek columnist Jonathan Alter says journalists were never cheerleaders for the war. "You can find tough-minded stories in a lot of newspapers and magazines going back three years," he says. "It does a disservice to hardworking reporters, in some cases risking their lives, to make it seem like in one week they go from pro-war to antiwar."

The journalists certainly don't see themselves as antiwar. But the way they frame many stories about Iraq sliding toward civil war carries echoes of Vietnam, when the media coverage turned sharply critical as the country soured on that jungle war.

Consider the questions asked at Bush's news conference last week.

ABC's Jessica Yellin: "Are you willing to sacrifice American lives to keep Iraqis from killing one another?"

CNN's Kathleen Koch: "Do you believe [Defense Secretary Donald] Rumsfeld should resign?"

USA Today's David Jackson: "Are you concerned that the Iraq experience is going to embolden authoritarian regimes in the Middle East and make it tougher to get democracy there?"

Bob Deans of Cox News: "Is there a point at which having the American forces in Iraq becomes more a part of the problem than a part of the solution?"

The Washington Post's Jim VandeHei: Polls show "a growing number of Americans are questioning the trustworthiness of you and this White House. Does that concern you?"

Hearst columnist Helen Thomas: "Your decision to invade Iraq has caused the deaths of thousands of Americans and Iraqis, wounds of Americans and Iraqis for a lifetime. Every reason given, publicly at least, has turned out not to be true."

In his CBS interview with Cheney, Bob Schieffer said: "Let me ask you about this charge of incompetence, because we hear that not just about Iraq, but we hear it more -- and being raised sometimes by members of your own party on a variety of issues -- the bumbling after Katrina, the Harriet Miers nomination, the failure to see the political implications of the Dubai Ports deal."

When the networks did their three-year anniversary pieces, reciting the mounting death toll, the picture that emerged was bleak. NBC's Richard Engel in Baghdad: "Since the U.S. invasion, there has not been a single day without mortar fire, car bombings or IED attacks."

ABC's Dan Harris in Baghdad: "The situation for many here has worsened. Since the war, millions of Iraqis no longer have drinkable water. In Baghdad, there's electricity for fewer than eight hours a day, compared to 18 before. And in a country with so much oil, today there are unfathomably long gas lines."

But ABC anchor Elizabeth Vargas reminded viewers that before her co-anchor, Bob Woodruff, was injured by a roadside bomb in late January, he did a story on a thriving Baghdad ice cream shop, and that her December trip to Iraq included a piece on a ballet school.

Laura Ingraham, the conservative radio talk show host who recently spent eight days in Iraq, says some soldiers complained to her that their views, which were mixed, aren't being reflected by the media.

"It's not about painting a rosy picture," she says. "It's not about putting all good news out there. It's about there being some context. It's not just explosions every day, and that is primarily what is seen, in snapshots and flashes. And that does over time cement the public's view that this is irretrievably a disaster and the whole nation is in flames."

When news organizations focus overwhelmingly on insurgent attacks, Ingraham says, "it begins to look like you're invested in America's defeat."

That sounds like political overstatement. But if journalists seem far more aggressive these days, it may be because their performance contrasts sharply with the period after the Sept. 11 attacks and in the run-up to the war, when news organizations have conceded they did an inadequate job examining the administration's WMD claims.

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"We were attacked," Auletta says. "We are citizens. We felt as vulnerable as our leaders in Washington. Bush and the government got more of a free pass."

The record shows that administration charges that reporters in Iraq are ignoring signs of progress are not true, although most journalists say the dangerous conditions make it difficult to talk to ordinary Iraqis. But sometimes the unrelenting violence has a way of intruding on the news agenda.

While in Baghdad, ABC's Jake Tapper was working on a light feature about an Iraqi station's sitcom. While his cameras were rolling, word came that the manager of the entertainment division had been assassinated. That, of course, became the story.Scalp Hunter

It has been one of the capital's minor mysteries: Who would set up a Web site for the avowed purpose of getting NBC to fire David Gregory?

The person behind FireDavidGregory.com is Ian Schwartz, an 18-year-old college student in Baltimore.

Schwartz's political leanings can be divined from his other Web site, Expose the Left, which runs headlines such as: "AP Writes Yet Another Anti-War Story," "Al Franken Continues Tirade Against Cheney" and "Liberal Lie: Dick Durbins [sic] Claims He Supports Our Troops."

Schwartz says in an interview that "I generally have a distaste for the mainstream media." Asked why he singled out Gregory, Schwartz cites the White House correspondent's overly aggressive questioning over the Dick Cheney hunting accident and an appearance with Don Imus in which the radio host joked that Gregory must be drunk (later soberly denied by Gregory).

"I know it's his job to get answers," Schwartz says, but his online petition -- which he says was signed by 3,200 people -- was a way of "telling him to cool it. I'm just glad it got coverage."

"I didn't take it very seriously," Gregory says of the site, but he sees it as a sign of a broader phenomenon:

"What concerns me is that it's increasingly true that people are viewing the news and political coverage through their own ideological lens. It's wrong to mistake aggressive reporting for political bias. It's a mistake to ascribe motives to people who cover the White House day in and day out. People watch me in a briefing and draw a conclusion based on that. They won't even wait to see what I report."Trust but Verify

Five days after acknowledging that it had misidentified a former Abu Ghraib prisoner as the hooded man on a box captured in an infamous photo, the New York Times ran a correction last week of its profile of Donna Fenton, a self-described Hurricane Katrina victim from Biloxi, Miss. After police charged Fenton with fraud and grand larceny, saying she had never lived in Biloxi, the paper said it "did not conduct adequate interviews or public record checks to verify Ms. Fenton's account."

Camp Saddam (WKLYSTD)

By Stephen F. Hayes

Weekly Standard, March 27, 2006

REPRESENTATIVE John Murtha, a Democrat from Pennsylvania, appeared on NBC's Meet the Press on Sunday, March 19, to evaluate the war in Iraq on its third anniversary. Murtha, a decorated veteran and longtime hawk, has become a leading spokesman for his party on the war. And on the show, he spoke of what "probably worries me the most" about the U.S. effort in Iraq. The war, said Murtha, is a diversion from the global war on terror.

"There was no terrorism in Iraq before we went there," said Murtha. "None. There was no connection with al Qaeda, there was no connection with, with terrorism in Iraq itself." This is now the conventional wisdom on Iraq and terrorism. It is wrong.

A new study from the Joint Forces Command in Norfolk, Virginia, paints quite a different picture. According to captured documents cited in the study and first reported in THE WEEKLY STANDARD in January, the former Iraqi regime was training non-Iraqi Arabs in terrorist techniques.

Beginning in 1994, the Fedayeen Saddam opened its own paramilitary training camps for volunteers, graduating more than 7,200 "good men racing full with courage and enthusiasm" in the first year. Beginning in 1998, these camps began hosting "Arab volunteers from Egypt, Palestine, Jordan, 'the Gulf,' and Syria." It is not clear from available evidence where all of these non-Iraqi volunteers who were "sacrificing for the cause" went to ply their newfound skills. Before the summer of 2002, most volunteers went home upon the completion of training. But these camps were humming with frenzied activity in the months immediately prior to the war. As late as January 2003, the volunteers participated in a special training event called the "Heroes Attack." This training event was designed in part to prepare regional Fedayeen Saddam commands to "obstruct the enemy from achieving his goal and to support keeping peace and stability in the province."

Some of this training came under the auspices of the Iraqi Intelligence Service's "Division 27," which, according to the study, "supplied the Fedayeen Saddam with silencers, equipment for booby-trapping vehicles, [and] special training on the use of certain explosive timers. The only apparent use for all of this Division 27 equipment was to conduct commando or terrorist operations."

The publication of the Joint Forces Command study, called the "Iraqi Perspectives Project," coincides with the release by the Office of the Director of National Intelligence of several hundred documents captured in postwar Iraq. There are many more to come. Some of the documents used to complete the study have been made public as part of the ODNI effort; others have not.

It is early, but the emerging picture suggests that the U.S. intelligence community underestimated Saddam Hussein's interest in terrorism. One U.S. intelligence official, identified only as an "IC analyst" in the Senate Select Intelligence Committee report on Iraq, summarized the intelligence community's view on Iraq and terrorism with disarming candor: "I don't think we were really focused on the CT [counterterrorism] side, because we weren't concerned about the IIS [Iraqi Intelligence Service] going out and proactively conducting terrorist attacks. It wasn't until we realized that there was the possibility of going to war that we had to get a handle on that."

A report produced by the Senate Select Intelligence Committee, signed by all members of the Intelligence Committee, Democrats and Republicans, offered this withering assessment of the intelligence community's work on Iraq and terrorism:

The Central Intelligence Agency (CIA) did not have a focused human intelligence (HUMINT) collection strategy targeting Iraq's links to terrorism until 2002. The CIA had no [redacted] sources on the ground in Iraq reporting specifically on terrorism.

It wasn't just Iraq. "The CIA had no [redacted] credible reporting on the leadership of either the Iraqi regime or al Qaeda, which would have enabled it to better define a cooperative relationship, if any did in fact exist."

One document posted on the Internet by the government last week, after it was excerpted in the most recent issue of THE WEEKLY STANDARD, sheds additional light on the relationship between Iraq and al Qaeda. The internal Iraqi Intelligence memo was written at some point after January 1997 and described the efforts by the IIS to strengthen its relationships with four Saudi opposition groups. One of those groups was the "Reform and Advice Committee," run by Osama bin Laden. The New York Times reported that a Pentagon task force that studied the document concluded that it "appeared authentic." Last week, the investigative unit of ABC News summarized the document in a report.

A newly released prewar Iraqi document indicates that an official representative of Saddam Hussein's government met with Osama bin Laden in Sudan on February 19, 1995, after receiving approval from Saddam Hussein. Bin Laden

asked that Iraq broadcast the lectures of Suleiman al Ouda, a radical Saudi preacher, and suggested "carrying out joint operations against foreign forces" in Saudi Arabia. According to the document, Saddam's presidency was informed of the details of the meeting on March 4, 1995, and Saddam agreed to dedicate a program for them on the radio. The document states that further "development of the relationship and cooperation between the two parties to be left according to what's open [in the future] based on dialogue and agreement on other ways of cooperation." The Sudanese were informed about the agreement to dedicate the program on the radio.

The report then states that "Saudi opposition figure" bin Laden had to leave Sudan in July 1996 after it was accused of harboring terrorists. It says information indicated he was in Afghanistan. "The relationship with him is still through the Sudanese. We're currently working on activating this relationship through a new channel in light of his current location," it states.

The summary was followed by an "Editor's Note" assessing the contents and meaning of the document.

This document is handwritten and has no official seal. Although contacts between bin Laden and the Iraqis have been reported in the 9/11 Commission report and elsewhere (e.g., the 9/11 report states "Bin Laden himself met with a senior Iraqi intelligence officer in Khartoum in late 1994 or early 1995) this document indicates the contacts were approved personally by Saddam Hussein.

It also indicates the discussions were substantive, in particular that bin Laden was proposing an operational relationship, and that the Iraqis were, at a minimum, interested in exploring a potential relationship and prepared to show good faith by broadcasting the speeches of al Ouda, the radical cleric who was also a bin Laden mentor.

The document does not establish that the two parties did in fact enter into an operational relationship. Given that the document claims bin Laden was proposing to the Iraqis that they conduct "joint operations against foreign forces" in Saudi Arabia, it is worth noting that eight months after the meeting--on November 13, 1995--terrorists attacked Saudi National Guard Headquarters in Riyadh, killing 5 U.S. military advisers. The militants later confessed on Saudi TV to having been trained by Osama bin Laden.

John Murtha's claim--that there was no connection "with terrorism in Iraq itself"--might come as a surprise to the 2nd Battalion, 23rd Marines. In early April 2003, they found a ten-acre terrorist training camp ten miles outside of Baghdad. In an interview at the time with an embedded reporter from Stars & Stripes, Captain Aaron Robertson said: "We believe this is a training camp where Iraqis trained forces for the Palestine Liberation Front. This is what we would refer to as a sensitive site. This is clearly a terrorist training camp, the type Iraq claimed did not exist."

Reporter Mark Oliva described the camp in detail:

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About a dozen reinforced concrete buildings line the front edge with a large parade field, concrete and steel obstacle course and even a shooting range within its confines. The camp has many modern amenities, including running and heated water, a large kitchen and electricity. Some buildings had ceiling fans and central air conditioning.

Said Captain Robertson: "It's much more sophisticated than those training camps we found in Afghanistan. It has a permanent obstacle course, which rivals anything our Marines have back at Camp Pendleton."

The Marines recovered training manuals in Arabic and English, along with rosters of Palestinians trained there. Last week, the Office of the Director of National Intelligence released an Iraqi "intelligence-coded" memo that included lists of "Palestinians trained in Iraq." In fact, Saddam Hussein boasted of his support for Palestinian terrorists and provided the families of Palestinian "martyrs" rewards of $25,000. Another captured document details those payments.

Among the documents released last week was a translation of a three-page Iraqi Intelligence memo regarding a wave of attacks to be conducted by the Saddam Fedayeen. The Office of the Director of National Intelligence website states that it cannot verify the authenticity of the posted documents, but the document appears to be similar to one described in the "Iraqi Perspectives Study." The undated document was apparently prepared in response to orders given on May 5, 1999.

According to those orders, the Fedayeen Saddam was "to start planning from now on to perform special operations (assassinations/bombings) for the centers and the traitor symbols in the fields of (London/Iran/self-ruled areas) and for coordination with the Intelligence service to secure deliveries, accommodations, and target guidance." The execution of the plan would take place in several steps. After the IIS selected 50 "fedayeen martyrs," they were to receive training at an IIS school. Those who passed the tests would be assigned targets. "The first ten will work in the European field (London). The second ten will be working in the Iranian field. The third will be working in the self-ruled field."

How many of these attacks were executed, if any? And who, exactly, were the non-Iraqi Arabs trained in Iraq beginning in 1998? Did some of them return to Iraq before the war? Are we fighting them still?

That is a distinct possibility. In an interview last month, David Dunford, a career foreign service officer who served as the chief U.S. government liaison to the post-Saddam Ministry of Foreign Affairs in Baghdad, described a document his team found in the abandoned ministry building. It was "a list of jihadists, for want of a better word, coming into Iraq from Saudi Arabia before the war," he said, unprompted. "That suggested to me that Saddam was planning the insurgency before the war."

One key element in shaping the conventional wisdom on Iraq and terrorism was the 9/11 Commission Report, which found that Iraq and al Qaeda had no "collaborative operational relationship." But the day that report was released, Commissioner John Lehman offered this prophetic warning in an interview with THE WEEKLY STANDARD: "There may well be--and probably will be--additional intelligence coming in from interrogations and from analysis of captured records and so forth which will fill out the intelligence picture. This is not phrased as, nor meant to be, the definitive word on Iraqi Intelligence activities."

The "Iraqi Perspectives Project" has provided a look at Iraqi support for terrorism through its analysis of captured documents. The interrogation of the military commander of Salman Pak, a terrorist training camp outside of Baghdad, is said to add to this picture. And then there is the provocative "Summary of Evidence" on an Iraqi detainee at Guantanamo. Based in part on an interrogation of the detainee, it was produced by the U.S. government and released last year.

1. From 1987 to 1989, the detainee served as an infantryman in the Iraqi Army and received training on the mortar and rocket propelled grenades.

2. A Taliban recruiter in Baghdad convinced the detainee to travel to Afghanistan to join the Taliban in 1994.

3. The detainee admitted he was a member of the Taliban.

4. The detainee pledged allegiance to the supreme leader of the Taliban to help them take over all of Afghanistan.

5. The Taliban issued the detainee a Kalashnikov rifle in November 2000.

6. The detainee worked in a Taliban ammo and arms storage arsenal in Mazar-E-Sharif organizing weapons and ammunition.

7. The detainee willingly associated with al Qaeda members.

8. The detainee was a member of al Qaeda.

9. An assistant to Usama Bin Ladin paid the detainee on three separate occasions between 1995 and 1997.

10. The detainee stayed at the al Farouq camp in Darwanta, Afghanistan, where he received 1,000 Rupees to continue his travels.

11. From 1997 to 1998, the detainee acted as a trusted agent for Usama Bin Ladin, executing three separate reconnaissance missions for the al Qaeda leader in Oman, Iraq, and Afghanistan.

12. In August 1998, the detainee traveled to Pakistan with a member of Iraqi Intelligence for the purpose of blowing up the Pakistan, United States and British embassies with chemical mortars.

13. Detainee was arrested by Pakistani authorities in Khudzar, Pakistan, in July 2002.

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The Paper Trail (WSJ)

By Laurie Mylroie

The Wall Street Journal, March 27, 2006

After substantial prodding -- including from this paper -- the U.S. government has finally begun to release its captured Iraqi documents and is posting them at the Web site of the Army's Foreign Military Studies Office. This material will take considerable time to absorb and analyze, but it may yet contribute significantly to our understanding of the nature of the threat Saddam Hussein posed.

Most dramatically, an Iraqi intelligence report, apparently written in early 1997, describes Iraqi efforts to establish ties with various elements in the Saudi opposition, including Osama bin Ladin. Until 1996, the Saudi renegade was based in Sudan, then ruled by Hassan Turabi's National Islamic Front. One of Iraq's few allies, Sudan served as an intermediary between Baghdad and bin Ladin, as well as other Islamic radicals. On Feb. 19, 1995, an Iraqi intelligence agent met with bin Ladin in Khartoum. Bin Ladin asked for two things: to carry out joint operations against foreign forces in Saudi Arabia and to broadcast the speeches of a radical Saudi cleric. Iraq agreed to the latter, but apparently not the former, at least as far as the author of this report knew. Notably, the report also states, "we are working at the present time to activate this relationship through new channels."

This one report hints at the extensive international presence that the Iraqi Intelligence Service (IIS) maintained. Iraq's ambassadors to Sudan and Yemen were intelligence agents, suggesting that those two countries were major centers of IIS activity. The report also mentions IIS stations in Islamabad, New Delhi and New York.

Another newly released document bears the name of Abu Musab al Zarqawi. It is a flyer from the "Committee for Arab Liaison with the Islamic Emirate" (i.e., Afghanistan) for recruiting volunteers in Iraq to fight in Afghanistan. It explains that the "Arab brothers" who wish to go there should send a written proposal "so that we can know him and his needs." Zarqawi is among six people listed as individuals to contact.

How close were relations between Iraq and the Taliban, a regime officially recognized by only three countries? The answer is necessary for understanding the nature of any ties Iraq may have had with al Qaeda or other Afghan-based Islamic groups. Hopefully, other documents will emerge to shed light on this question.

The formal cease-fire to the 1991 Gulf War required Iraq to recognize Kuwait and release the Kuwaiti hostages it had seized. Iraq did neither. On March 4, 2003, with war looming, Saddam's son, Qusay, ordered 448 Kuwaiti prisoners taken to sites the United States would likely attack. Nothing of their fate has been reported, and they may well have died. Iraq formally recognized Kuwait in 1994, but the official stationery of the Fedayeen Saddam in 2001 shows a map of Iraq that includes the state.

Other documents from this database were leaked some time ago. Perhaps because their provenance was not understood, these 30 pages did not receive the attention they merited. Particularly notable is an order issued by Saddam on Jan. 18, 1993: "hunt Americans on Arab territory, particularly in Somalia."

Most of these documents deal with terrorism and date from January to May 1993. They suggest that in early 1993, Saddam began to move actively to revive terrorist programs that had been established three years before, following Iraq's invasion of Kuwait. Responding to a request from Saddam, Iraqi intelligence produced a six-page report, listing the names and nationalities of 100 Arab "martyrs" whom it had trained in the fall of 1990.

Another report explains that the IIS had reached an agreement with the deputy head of Sudan's ruling National Islamic Front "to use the Islamic Arab elements that had been fighting in Afghanistan and now have no place to go and who are physically present in Sudan, Somalia and Egypt." The IIS also agreed with Khartoum to renew its relationship with Egyptian Islamic Jihad -- headed by Ayman al Zawahiri, familiar as al Qaeda's most prominent contemporary spokesman.

Still another report describes Iraq's earlier agreement with Islamic Jihad, concluded on Dec. 24, 1990, as the start of the Gulf war loomed. Iraq was to provide training, financing and supplies to the organization "to execute martyr operations" against the members of the U.S.-led coalition, of which Egypt was a key Arab member. However, as this document explains, those operations stopped immediately after the cease-fire.

In 1993, Iraq was cautious about backing Egyptian terrorists, more so than the Sudanese. When Khartoum informed Baghdad that it was sending an Islamic Jihad leader, who had been based in Afghanistan and then lived in Sudan, to Iraq on a Sudanese plane carrying meat (this exemption from the general ban on flights to Iraq was granted by the U.N. Security Council), the IIS asked that the visit be postponed. Sudan insisted, and the IIS approved on condition the visit be kept secret. Subsequently, the IIS recommended that assistance to the Egyptian group be limited to financial support.

Two documents relate to Iraq's proscribed WMD programs. One is a table, providing details of a Sept. 6, 2000, contract for the production of "the malignant pustule" -- the Pentagon official who leaked these documents believed it referred to anthrax -- along with earlier contracts for sterilization and decontamination equipment. Another table describes an Aug. 21, 2000, contract

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for the production of mustard gas and earlier contracts for protective equipment. Small amounts of material are mentioned: three ampules of "the malignant pustule" (an ampule is a small, sealed glass vial) and five kilograms of mustard gas. These contracts could have represented test runs, or, as a former U.N. weapons inspector suggested to me, the material could have been intended for terrorism.

Many more documents are to be released in the coming months. Quite possibly, they will vindicate the decision to undertake the Iraq war; help maintain public support for fighting it; and radically change our understanding of Saddam's role in international terrorism.

Ms. Mylroie is an adjunct fellow at the American Enterprise Institute and author of "Study of Revenge: The First World Trade Center Attack and Saddam Hussein's War Against America" (AEI, 2001).

A Doug Feith Democrat? (NEWREP)

By Spencer Ackerman

New Republic, March 27, 2006

John Kerry's military record may have done him little good in the 2004 election, but that hasn't stopped Democratic congressional candidates who have worn the uniform from becoming the political phenom of this election season. All told, there are over 50 Democratic veterans running for Congress in November. But, even for liberals who treat every one of the so-called Fighting Dems as a conquering hero, Chris Carney's candidacy is something of a coup. He's nowhere near as high-profile as such candidates as the now-flamed-out Paul Hackett of Ohio or the much-praised Tammy Duckworth of Illinois; in fact, he hasn't served in Iraq. But he has a much more provocative bullet point on his resumé: From 2002 to 2004, Carney served as a counterterrorism analyst for the Bush administration.

For some Democrats, it's as if Richard Clarke decided to run for Congress. Last month, Markos Moulitsas Zúniga of the liberal überblog Daily Kos expressed his excitement that "someone who was in the boardroom helping plan and execute the nation's counterterrorism efforts would decide to 1) run for office, and 2) run as a Democrat," and he treated Carney to a fawning interview on Air America. Enthusiasm for Carney has spread beyond the blogosphere. After visiting a Carney rally in this rural and heavily Republican Pennsylvania district--where the naval reservist is challenging four-term incumbent Don Sherwood--Time's Joe Klein wrote that he could be "Karl Rove's worst nightmare."

Indeed, armed with his counterterrorism experience, Carney might have strong enough national security bona fides to safely navigate Pennsylvania's conservative 10th District, where the president took 60 percent of the vote in 2004--and where a sign just outside Honesdale warns either you support the troops and their mission or you support the terrorists. For the 50 or so seasoned Democrats who gathered at Ann Bursis's house here in Wayne County on Saturday afternoon, Carney is practically a godsend. Mostly middle-aged or retired, Bursis's friends and neighbors can barely remember the last time they had a promising candidate. And they're hungry for someone to take on President Bush. When Carney calls for bringing troops home from Iraq, his audience listens raptly. The president, Carney says to applause, has "been telling untruths about Iraq" while Republicans on Capitol Hill--especially Sherwood--abet him. "That's why you need guys like me in Congress."

But Carney's Democratic supporters, both in the 10th District and across the country, are apparently unaware of one very odd fact about his candidacy: Carney supported and helped propagate one of the war's most dubious premises--that Saddam Hussein was working closely with Al Qaeda. And these supporters are probably unaware of an even odder fact: Despite seeking an end to the war, Carney still believes it.

Carney is a middle-aged Susquehanna County resident with an inviting and easygoing demeanor. In 2001, he was a political science professor at Penn State's Scranton campus and an intelligence officer in the Navy Reserve. After the September 11 attacks, he was mobilized for the invasion of Afghanistan. But, in early February 2002, he was "called upstairs" to the Pentagon, where he and a Defense Intelligence Agency analyst named Christina Shelton were detailed to the office of then-Undersecretary of Defense Douglas Feith. Their assignment: to scrutinize the CIA's assessment of Iraq's connection to Al Qaeda.

The CIA maintained that, while there had been furtive contacts between Al Qaeda terrorists and Iraqi intelligence for years, the relationship hardly constituted an alliance. Feith, a longtime supporter of ousting Saddam, wasn't so sure. Carney says he was never instructed to find evidence of a relationship. But, he adds, "Remember the time frame--9/11 was fresh in everyone's minds. I'm not trying to apologize for the administration, Feith, or anyone else, but there was a lot of concern that we weren't going to get caught out again" by another attack. So Carney and Shelton put together a briefing, based largely on data that the majority of the intelligence community considered dubious or trivial, asserting a significant link between Saddam and bin Laden.

Carney's briefing made its way through the Pentagon and CIA, and, ultimately, it was shown to Stephen Hadley, then the deputy national security adviser. A key section was titled "Fundamental Problems with How Intelligence Community is Assessing Information." While Carney denies that his briefing suggested that policymakers ignore CIA skepticism, it clearly reinforced the

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feeling among senior administration officials that the CIA was hopelessly dovish. And, in the fall of 2002, they made numerous public statements that far outpaced the intelligence community's assessment of Iraq-Al Qaeda ties: Donald Rumsfeld called evidence of the connection "bulletproof," and Bush said, "You can't distinguish between Al Qaeda and Saddam when you talk about the war on terror."

Even Carney, who still maintains there was a connection, thinks the administration and its allies went too far. "Not 'bulletproof,' certainly," he says of the evidence. "Look, the way the analysis was going was on a sliding scale--from absolutely no relationship on one extreme to cooperative operational relationship on the other. What we saw was in the middle." Later, he elaborates, "There was some relationship of opportunity there. We know there was some high-level contact. What we don't know is what, if anything, evolved from those contacts."

His position, however, is no longer tenable: The 9/11 Commission concluded that "we have seen no evidence that these or the earlier contacts ever developed into a collaborative operational relationship." (Carney thinks the commissioners "underplayed" the connection--hopefully, he adds vaguely, not due to "political pressures.") But Carney remains unrepentant. "I don't think I have any more responsibility for the war than any other analyst," he says.

But that's more detail than most Democrats want. What's important to them is that Carney now largely considers the war a mistake. "In the long run, I'm not sure we've benefited tremendously from it, and it may have created greater animosity than we otherwise would have, from things like Abu Ghraib and other missteps the military and the administration made," he admits. "Those things don't help alleviate the terrorist problem." As a result, a major aspect of Carney's platform is his call to withdraw a U.S. battalion for every Iraqi battalion that completes training and is certified as combat-ready.

Besides, for hyperpartisan Democrats like Moulitsas, only one thing really matters: A Republican candidate is vulnerable. Indeed, Sherwood has suffered significant ethical lapses that have left a bad taste in the mouths of voters--namely, a five-year affair with a woman half his age, who once called the police to claim Sherwood was abusing her. (Sherwood contends the incident in question was the result of an overly aggressive backrub.) By the time the case was settled out of court last fall, Sherwood's poll numbers had fallen, creating an opportunity for Carney. That may not be a solid enough foundation to win the race. But, compared with the Iraq-Al Qaeda connection, it's practically bulletproof.

Spencer Ackerman is an associate editor at The New Republic.

Bush Was Set On Path To War, Memo By British Adviser Says (NYT)

By Don Van Natta Jr.

The New York Times, March 27, 2006

LONDON — In the weeks before the United States-led invasion of Iraq, as the United States and Britain pressed for a second United Nations resolution condemning Iraq, President Bush's public ultimatum to Saddam Hussein was blunt: Disarm or face war.

But behind closed doors, the president was certain that war was inevitable. During a private two-hour meeting in the Oval Office on Jan. 31, 2003, he made clear to Prime Minister Tony Blair of Britain that he was determined to invade Iraq without the second resolution, or even if international arms inspectors failed to find unconventional weapons, said a confidential memo about the meeting written by Mr. Blair's top foreign policy adviser and reviewed by The New York Times.

"Our diplomatic strategy had to be arranged around the military planning," David Manning, Mr. Blair's chief foreign policy adviser at the time, wrote in the memo that summarized the discussion between Mr. Bush, Mr. Blair and six of their top aides.

"The start date for the military campaign was now penciled in for 10 March," Mr. Manning wrote, paraphrasing the president. "This was when the bombing would begin."

The timetable came at an important diplomatic moment. Five days after the Bush-Blair meeting, Secretary of State Colin L. Powell was scheduled to appear before the United Nations to present the American evidence that Iraq posed a threat to world security by hiding unconventional weapons.

Although the United States and Britain aggressively sought a second United Nations resolution against Iraq — which they failed to obtain — the president said repeatedly that he did not believe he needed it for an invasion.

Stamped "extremely sensitive," the five-page memorandum, which was circulated among a handful of Mr. Blair's most senior aides, had not been made public. Several highlights were first published in January in the book "Lawless World," which was written by a British lawyer and international law professor, Philippe Sands. In early February, Channel 4 in London first broadcast several excerpts from the memo.

Since then, The New York Times has reviewed the five-page memo in its entirety. While the president's sentiments about invading Iraq were known at the time, the previously unreported material offers an unfiltered view of two leaders on the brink of war, yet supremely confident.

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The memo indicates the two leaders envisioned a quick victory and a transition to a new Iraqi government that would be complicated, but manageable. Mr. Bush predicted that it was "unlikely there would be internecine warfare between the different religious and ethnic groups." Mr. Blair agreed with that assessment.

The memo also shows that the president and the prime minister acknowledged that no unconventional weapons had been found inside Iraq. Faced with the possibility of not finding any before the planned invasion, Mr. Bush talked about several ways to provoke a confrontation, including a proposal to paint a United States surveillance plane in the colors of the United Nations in hopes of drawing fire, or assassinating Mr. Hussein.

Those proposals were first reported last month in the British press, but the memo does not make clear whether they reflected Mr. Bush's extemporaneous suggestions, or were elements of the government's plan.

Consistent Remarks

Two senior British officials confirmed the authenticity of the memo, but declined to talk further about it, citing Britain's Official Secrets Act, which made it illegal to divulge classified information. But one of them said, "In all of this discussion during the run-up to the Iraq war, it is obvious that viewing a snapshot at a certain point in time gives only a partial view of the decision-making process."

On Sunday, Frederick Jones, the spokesman for the National Security Council, said the president's public comments were consistent with his private remarks made to Mr. Blair. "While the use of force was a last option, we recognized that it might be necessary and were planning accordingly," Mr. Jones said.

"The public record at the time, including numerous statements by the President, makes clear that the administration was continuing to pursue a diplomatic solution into 2003," he said. "Saddam Hussein was given every opportunity to comply, but he chose continued defiance, even after being given one final opportunity to comply or face serious consequences. Our public and private comments are fully consistent."

The January 2003 memo is the latest in a series of secret memos produced by top aides to Mr. Blair that summarize private discussions between the president and the prime minister. Another group of British memos, including the so-called Downing Street memo written in July 2002, showed that some senior British officials had been concerned that the United States was determined to invade Iraq, and that the "intelligence and facts were being fixed around the policy" by the Bush administration to fit its desire to go to war.

The latest memo is striking in its characterization of frank, almost casual, conversation by Mr. Bush and Mr. Blair about the most serious subjects. At one point, the leaders swapped ideas for a postwar Iraqi government. "As for the future government of Iraq, people would find it very odd if we handed it over to another dictator," the prime minister is quoted as saying.

"Bush agreed," Mr. Manning wrote. This exchange, like most of the quotations in this article, have not been previously reported.

Mr. Bush was accompanied at the meeting by Condoleezza Rice, who was then the national security adviser; Dan Fried, a senior aide to Ms. Rice; and Andrew H. Card Jr., the White House chief of staff. Along with Mr. Manning, Mr. Blair was joined by two other senior aides: Jonathan Powell, his chief of staff, and Matthew Rycroft, a foreign policy aide and the author of the Downing Street memo.

By late January 2003, United Nations inspectors had spent six weeks in Iraq hunting for weapons under the auspices of Security Council Resolution 1441, which authorized "serious consequences" if Iraq voluntarily failed to disarm. Led by Hans Blix, the inspectors had reported little cooperation from Mr. Hussein, and no success finding any unconventional weapons.

At their meeting, Mr. Bush and Mr. Blair candidly expressed their doubts that chemical, biological or nuclear weapons would be found in Iraq in the coming weeks, the memo said. The president spoke as if an invasion was unavoidable. The two leaders discussed a timetable for the war, details of the military campaign and plans for the aftermath of the war.

Discussing Provocation

Without much elaboration, the memo also says the president raised three possible ways of provoking a confrontation. Since they were first reported last month, neither the White House nor the British government has discussed them.

"The U.S. was thinking of flying U2 reconnaissance aircraft with fighter cover over Iraq, painted in U.N. colours," the memo says, attributing the idea to Mr. Bush. "If Saddam fired on them, he would be in breach."

It also described the president as saying, "The U.S. might be able to bring out a defector who could give a public presentation about Saddam's W.M.D," referring to weapons of mass destruction.

A brief clause in the memo refers to a third possibility, mentioned by Mr. Bush, a proposal to assassinate Saddam Hussein. The memo does not indicate how Mr. Blair responded to the idea.

Mr. Sands first reported the proposals in his book, although he did not use any direct quotations from the memo. He is a professor of international law at University College of London and the founding member of the Matrix law office in London, where the prime minister's wife, Cherie Blair, is a partner.

Mr. Jones, the National Security Council spokesman, declined to discuss the proposals, saying, "We are not going to get into discussing private discussions of the two leaders."

At several points during the meeting between Mr. Bush and Mr. Blair, there was palpable tension over finding a legitimate legal trigger for going to war that would be acceptable to other nations, the memo said. The prime minister was quoted as saying it was essential for both countries to lobby for a second United Nations resolution against Iraq, because it would serve as "an insurance policy against the unexpected."

The memo said Mr. Blair told Mr. Bush, "If anything went wrong with the military campaign, or if Saddam increased the stakes by burning the oil wells, killing children or fomenting internal divisions within Iraq, a second resolution would give us international cover, especially with the Arabs."

Running Out of Time

Mr. Bush agreed that the two countries should attempt to get a second resolution, but he added that time was running out. "The U.S. would put its full weight behind efforts to get another resolution and would twist arms and even threaten," Mr. Bush was paraphrased in the memo as saying.

The document added, "But he had to say that if we ultimately failed, military action would follow anyway."

The leaders agreed that three weeks remained to obtain a second United Nations Security Council resolution before military commanders would need to begin preparing for an invasion.

Summarizing statements by the president, the memo says: "The air campaign would probably last four days, during which some 1,500 targets would be hit. Great care would be taken to avoid hitting innocent civilians. Bush thought the impact of the air onslaught would ensure the early collapse of Saddam's regime. Given this military timetable, we needed to go for a second resolution as soon as possible. This probably meant after Blix's next report to the Security Council in mid-February."

Mr. Blair was described as responding that both countries would make clear that a second resolution amounted to "Saddam's final opportunity." The memo described Mr. Blair as saying: "We had been very patient. Now we should be saying that the crisis must be resolved in weeks, not months."

It reported: "Bush agreed. He commented that he was not itching to go to war, but we could not allow Saddam to go on playing with us. At some point, probably when we had passed the second resolutions — assuming we did — we should warn Saddam that he had a week to leave. We should notify the media too. We would then have a clear field if Saddam refused to go."

Mr. Bush devoted much of the meeting to outlining the military strategy. The president, the memo says, said the planned air campaign "would destroy Saddam's command and control quickly." It also said that he expected Iraq's army to "fold very quickly." He also is reported as telling the prime minister that the Republican Guard would be "decimated by the bombing."

Despite his optimism, Mr. Bush said he was aware that "there were uncertainties and risks," the memo says, and it goes on, "As far as destroying the oil wells were concerned, the U.S. was well equipped to repair them quickly, although this would be easier in the south of Iraq than in the north."

The two men briefly discussed plans for a post-Hussein Iraqi government. "The prime minister asked about aftermath planning," the memo says. "Condi Rice said that a great deal of work was now in hand.

Referring to the Defense Department, it said: "A planning cell in D.O.D. was looking at all aspects and would deploy to Iraq to direct operations as soon as the military action was over. Bush said that a great deal of detailed planning had been done on supplying the Iraqi people with food and medicine."

Planning for After the War

The leaders then looked beyond the war, imagining the transition from Mr. Hussein's rule to a new government. Immediately after the war, a military occupation would be put in place for an unknown period of time, the president was described as saying. He spoke of the "dilemma of managing the transition to the civil administration," the memo says.

The document concludes with Mr. Manning still holding out a last-minute hope of inspectors finding weapons in Iraq, or even Mr. Hussein voluntarily leaving Iraq. But Mr. Manning wrote that he was concerned this could not be accomplished by Mr. Bush's timeline for war.

"This makes the timing very tight," he wrote. "We therefore need to stay closely alongside Blix, do all we can to help the inspectors make a significant find, and work hard on the other members of the Security Council to accept the noncooperation case so that we can secure the minimum nine votes when we need them, probably the end of February."

At a White House news conference following the closed-door session, Mr. Bush and Mr. Blair said "the crisis" had to be resolved in a timely manner. "Saddam Hussein is not disarming," the president told reporters. "He is a danger to the world. He must disarm. And that's why I have constantly said — and the prime minister has constantly said — this issue will come to a head in a matter of weeks, not months."

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Despite intense lobbying by the United States and Britain, a second United Nations resolution was not obtained. The American-led military coalition invaded Iraq on March 19, 2003, nine days after the target date set by the president on that late January day at the White House.

New Body Armor Shelved In Iraq (WT/AP)

By The Associated Press

The Washington Times, March 27, 2006

HUSAYBAH, Iraq (AP) -- Extra body armor -- the lack of which caused a political storm in the United States -- has flooded in to Iraq, but many Marines here promptly stuck it in lockers or under bunks. Too heavy and cumbersome, many say.

Marines already carry loads as heavy as 70 pounds when they patrol the dangerous streets in towns and villages in restive Anbar province. The new armor plates, although only about 5 pounds per set, are not worth carrying for the additional safety they are said to provide, some say.

"We have to climb over walls and go through windows," said Sgt. Justin Shank. "I understand the more armor, the safer you are. But it makes you slower. People don't understand that this is combat, and people are going to die."

Staff Sgt. Thomas Bain shared concerns about the extra pounds.

"Before you know it, they're going to get us injured because we're hauling too much weight and don't have enough mobility to maneuver in a fight from house to house," said Staff Sgt. Bain, who is assigned to the 3rd Battalion, 6th Marine Regiment. "I think we're starting to go overboard on the armor."

Since the insurgency erupted in Iraq, the Pentagon has been criticized for supplying insufficient armor for Humvees and too few bulletproof vests. In one remarkable incident, soldiers publicly confronted Defense Secretary Donald H. Rumsfeld about the problem on live television.

Hometown groups across the United States have since raised money to send extra armor to troops, and the Pentagon, under congressional pressure, launched a program in October to reimburse troops who had purchased armor with their own money.

Soldiers and their parents spent hundreds, sometimes thousands, of dollars on armor until the Pentagon began issuing the new protective gear.

In Staff Sgt. Bain's platoon of about 35 men, Marines said only three or four wore the plates after commanders distributed them last month and told them that use was optional.

Top military officials, including Secretary of the Army Francis Harvey, acknowledge the concerns over weight and mobility but have urged that the new gear be mandatory.

"That's going to add weight, of course," Mr. Harvey said. "You've read where certain soldiers aren't happy about that. But we think it's in their best interest to do this."

Marines have shown a special aversion to the new plates because they tend to patrol on foot, sometimes conducting two patrols each day that last several hours. They feel the extra weight.

In Euphrates River cities from Ramadi and Romanna, lance corporals to captains have complained about the added weight and lack of mobility. But some commanders have refused to listen. In the former insurgent stronghold of Fallujah, for example, commanders require use of the plates.

Last year, a study by the Armed Forces Medical Examiner said dozens of Marines killed by wounds to the torso might have survived had the larger plates been in use.

"I'm sure people who ... lost kidneys would have loved to have had them on," said 2nd Lt. William Oren, who wears the plates. "More armor isn't the answer to all our problems. But I'll recommend them because it's more protection."

Some Marines have chosen to wear the plates, particularly those in more vulnerable jobs, such as Humvee turret gunners. But many think the politics of the issue eventually will make the plates mandatory.

"The reason they issued [the plates], I think, is to make people back home feel better," said Lance Cpl. Philip Tootle. "I'm not wishing they wouldn't have issued them. I'm just wishing that they wouldn't make them mandatory."

Afghan Case Dropped But Not Closed (LAT)

By Wesal Zaman And Henry Chu, Special To The Times

The Los Angeles Times, March 27, 2006

Court dismisses charges against a Christian convert whose trial caused outrage. He reportedly will be examined in a hospital.

KABUL, Afghanistan — After days of international outcry, an Afghan court has dismissed the case against a man threatened with being put to death for having converted from Islam to Christianity, a court official said Sunday.

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The charges of apostasy against Abdur Rahman, a 41-year-old medical aid worker, were being dropped for lack of evidence, said Abdul Wakil Omari, a spokesman for the Afghan Supreme Court.

"It has been sent back to prosecutors," Omari said of the case. He said questions had also been raised about Rahman's mental fitness and whether he held foreign citizenship, which could place him outside the jurisdiction of the Afghan courts. On the radio today, Omari said Rahman would be sent to a hospital for examination. Local media had reported that Rahman, who lived outside Afghanistan for a number of years, might be released and expelled from the country soon.

Rahman's trial had galvanized foreign governments and international activists, who called on Afghanistan to respect religious freedom. On Thursday, U.S. Secretary of State Condoleezza Rice called Afghan President Hamid Karzai and urged him "in the strongest terms" to secure Rahman's release. Rice also brought up Rahman's case in meetings with Afghanistan's foreign minister last week. President Bush has described himself as "deeply troubled" by the trial.

The Vatican, European human rights groups and several other governments also have urged that Rahman be released.

Sharia, or Islamic law, considers converts to be apostates, and calls for the death penalty unless they return to Islam. During a civil child custody case, it was disclosed that Rahman had converted to Christianity 16 years ago.

Omari, the court spokesman, cited two factors for the case's dismissal: signs that Rahman might be mentally disturbed and the possibility that he had become a German citizen.

"Rahman's daughter and uncle gave evidence that Abdur Rahman is mentally ill," Omari said. "The prosecutors said that when they asked him questions, he was sometimes speaking to himself and muttering, and when they asked, 'What are you saying,' he said, 'I am speaking with God.' So the prosecutors have to provide more evidence to bring the case back to the court."

In addition, Omari said, "we don't know whether he has German citizenship or not. If he does, we cannot prosecute him in Afghanistan."

If Rahman is released and the case is ended, "it will be a very good thing," Stephen J. Hadley, Bush's national security advisor, said in an interview on CBS' "Face the Nation."

The case has put pressure on both Bush and Karzai.

Conservative Christians, who form a significant part of Bush's political base, have pressed the administration to win freedom for Rahman and sought to turn the case into a test of the merits of Bush's policies overseas.

On Sunday, the Family Research Council, a prominent conservative group based in Washington, issued a statement noting the reports that Rahman would be released and calling on Bush to "secure a clear understanding of religious freedom" from Karzai's government.

Abdur Rahman's "imprisonment has revealed a major fault in our foreign policy. If we can't secure the most basic of human rights, Americans will increasingly question whether we should continue the expenditure of lives and resources in these countries," the statement said.

Rice, in a television interview broadcast Sunday, sought to rebut the idea that Rahman's case had shown U.S. intervention in Afghanistan to be futile. "This is a country that has come an enormous way in four years," she said on NBC's "Meet the Press."

"I am, I hate to say, 51 years old, but it's in my lifetime that black Americans were guaranteed the right to vote. Who are we to be so, so insistent that people must do this overnight?" she said. "We're working with the Afghan government. They're moving in a democratic fashion. It's going to be hard."

For Karzai, releasing Rahman could intensify criticism that the Afghan leader and his government are puppets of the U.S. The case has been seen here as a test of Afghanistan's independence from foreign, especially American, interference.

Afghanistan's constitution simultaneously embraces religious liberty and Sharia. Although federal law allows for freedom of religion, it is silent on the specific question of conversion and whether that ought to be a matter for Islamic law to decide. But even moderate Muslim clerics, as well as members of Rahman's own family, have said that death is the only fair and logical punishment for him.

In media accounts, Rahman has said that he converted to Christianity in Pakistan, where he worked with a Christian aid organization. He reportedly spent time in Iran, Russia and Germany before returning to his native land three years ago.

Described in local newspaper profiles as a divorced father and a shiftless man with a history of mental imbalance, Rahman apparently walked into a police station last month to file a domestic complaint and declared that he was a Christian. That triggered the case against him.

In an interview published Sunday in the Italian newspaper La Repubblica, Rahman said he was at peace and prepared to die for his beliefs.

"I have full awareness of what I have chosen. If I must die, I will die," Rahman said in response to questions that the Rome-based newspaper passed to him through a human rights worker.

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Rahman's trial laid bare the tension surrounding the role of religion in society here after the fall of the Taliban and its hard-line policies. Islam continues to dominate daily life, and on many social matters, such as the drinking of alcohol, its teachings remain the rule.

Many Afghans say that Rahman must pay the ultimate price for his renunciation of Islam, and have vowed to kill him themselves if he is released. Such high passions at home thrust the Afghan government into a difficult position, forced to weigh domestic pressures against the outrage of Western countries that have poured billions of dollars into rebuilding this war-torn nation.

There were signs last week, however, that Karzai's government was seeking a way out. On Thursday, after a telephone conversation with Karzai, Canadian Prime Minister Stephen Harper said the Afghan leader had assured him a solution would be "worked out quickly."

Special correspondent Zaman reported from Kabul and staff writer Chu from New Delhi.

Mental Health Evaluation May Derail Case Against Afghan Convert To Christianity (NYT)

By Sultan M. Munadi

The New York Times, March 27, 2006

KABUL, Afghanistan, March 26 — The case of an Afghan man facing the death penalty for converting to Christianity was returned to prosecutors on Sunday because of "investigative gaps," a move that will delay, if not scuttle, an investigation that has created an international uproar.

Court officials said the mental health of the defendant, Abdul Rahman, 41, would be evaluated. Although prosecutors vowed to continue the case, a finding of mental illness by public health authorities could thwart their effort.

The case has become a flash point in the Afghan government's attempt to balance democratic freedoms with Islamic religious law, both of which are enshrined in the new Constitution. The Bush administration has pressed President Hamid Karzai to resolve the case, but Mr. Karzai has resisted, citing separation of executive and judicial powers.

The court said two of Mr. Rahman's relatives, a daughter and a cousin, had told the court that Mr. Rahman had mental problems, according to Abdul Wakil Omari, a spokesman for the Supreme Court.

"Also, during his preliminary court hearing, he had said that he was hearing strange voices and that he was not feeling well spiritually," Mr. Omari said.

But the prosecutor, Abdul Wasei, said he doubted the claim. "I did not see any kind of mental problem in this case," he said. He said that Mr. Rahman, when asked about his mental health, insisted that it was fine.

"I am O.K., you can prosecute me, I can answer your questions," Mr. Wasei said Mr. Rahman told him.

If a hospital examination bears that out, Mr. Wasei said, he expects to have the case back before the court in a week.

But if Mr. Rahman is found to be mentally ill, Mr. Wasei conceded in an interview, "that's another thing and of course things will change."

Mr. Wasei dismissed as inaccurate press reports that Mr. Rahman was about to be released. "When his mental examination is finished, maybe he will be released," he said. "But I don't see any possibility of his being released before that."

The court also raised questions about Mr. Rahman's nationality. Mr. Rahman had lived abroad, in Germany, Greece and Belgium. If he acquired dual nationality, the status of his case could change, said Mr. Omari, the Supreme Court official.

The case began as a domestic dispute, when Mr. Rahman's family opposed his attempt to regain custody of his two daughters. In the course of the investigation, family members told the authorities that Mr. Rahman had converted to Christianity 15 years ago.

Afghanistan's 2004 Constitution grants citizens religious freedom, but also declares Islam the supreme law. Although the criminal code does not specifically forbid converting from Islam to Christianity, Islamic law considers it apostasy, a sin punishable by death, according to conservative clerics and the prosecution in this case.

President Bush, who had been accused by Christian conservatives of being too slow respond to the case, called for Afghan officials last week to "honor the universal principle of freedom."

But Saturday, after President Karzai met with his advisers on religious affairs, an adviser reaffirmed Mr. Karzai's intention to leave the case to the courts.

"Our Constitution says that the judiciary power is independent, and the president has signed the Constitution," said the adviser, Moulavi Balooch. "We cannot intervene in this case, and it is up to the judges and the court what to do with it."

A finding of mental incompetence, followed by Mr. Rahman's leaving the country, had been floated by moderate Afghan officials as a possible compromise.

Case Against Afghan Christian Tossed (USAT/AP)

DOJ_NMG_0021399

By Daniel Cooney, The Associated Press
USA Today, March 27, 2006

KABUL, Afghanistan — A court on Sunday dismissed the case against an Afghan man facing a possible death penalty for converting from Islam to Christianity, Supreme Court spokesman Abdul WakilOmeri said.

The court's decision could touch off protests across Afghanistan, warned Faiez Mohammed, a Sunni Muslim leader in the northern city of Kunduz. A provision in Afghanistan's Islamic-based laws calls for the execution of Muslims who abandon the faith. “There will be big protests across Afghanistan,” Mohammed said. “This has shamed Afghanistan in the eyes of other Muslim countries.”

Abdul Rahman, 41, became a Christian in the 1990s while working for an aid group in Pakistan. He was arrested in Afghanistan last month after police discovered him with a Bible.

The case set off an outcry in the United States and other nations that helped oust the Taliban regime in late 2001 and provide aid and military support for Afghan President Hamid Karzai. President Bush and his counterparts in Germany and Canada have insisted Afghanistan protect personal beliefs.

Secretary of State Condoleezza Rice said Sunday on CNN's Late Edition that the U.S. government had stressed to Karzai that religious freedom is a vital element of democracy.

“We're going to stand firm for the principle that religious freedom and freedom of religious conscience need to be upheld, and we are hoping for a favorable resolution in this case,” Rice said.

Rahman was moved to Kabul's high-security Policharki Prison on Friday after inmates at a jail in central Kabul threatened him, said Policharki's warden, Gen. Shahmir Amirpur. Officials on Sunday gave the Associated Press a tour of Policharki, which houses about 2,000 inmates, including about 350 Taliban and al-Qaeda militants.

Amirpur said Rahman had been asking guards for a Bible, but they had none to give him. “He looks very calm. But he keeps saying he is hearing voices,” Amirpur said.

Rahman was in solitary confinement next to a senior prison guard's office. AP was shown the cell but was barred from communicating with him.

Amirpur vouched for the prisoner's safety. “We are watching him constantly. This is a very sensitive case, so he needs high security.”

Omeri, the Supreme Court spokesman, said the case was dismissed because of “problems with the prosecutors' evidence.” He said several of Rahman's relatives testified he is mentally unstable.

Afghan Man Saved From Execution (WT/AP)

By Daniel Cooney, Associated Press
The Washington Times, March 27, 2006

KABUL, Afghanistan -- A court yesterday dismissed the case against an Afghan man facing execution for converting from Islam to Christianity, officials said, paving the way for his release.

The move eased pressure from the West, but raised the issue of protecting Abdul Rahman after his release, as Islamic clerics have called for him to be killed.

One official said freedom might come as soon as today for Mr. Rahman, who became a Christian in the 1990s while working for an aid group in neighboring Pakistan.

Muslim extremists, who have demanded death for Mr. Rahman as an apostate for rejecting Islam, warned the decision would touch off protests across the country. Some clerics previously vowed to incite Afghans to kill Mr. Rahman if he was let go.

Mr. Rahman was moved to Kabul's notorious high-security Policharki prison Friday after inmates at a jail in central Kabul threatened him, according to Policharki's warden, Gen. Shahmir Amirpur.

Gen. Amirpur said Mr. Rahman had been asking guards for a Bible, but they had none to give him. "He looks very calm. But he keeps saying he is hearing voices," Gen. Amirpur said.

Mr. Rahman was in solitary confinement in a tiny concrete cell next to a senior prison guard's office. A reporter who toured the prison was shown the cell door, but was barred from speaking or otherwise communicating with him.

A senior guard said inmates and many guards had not been told of Mr. Rahman's identity because of fears they might attack him.

But Gen. Amirpur vouched for the prisoner's safety. "We are watching him constantly. This is a very sensitive case so he needs high security."

The case set off an outcry in the United States and other nations that helped oust the hard-line Taliban regime in late 2001 and provide aid and military support for Afghan President Hamid Karzai. President Bush and others insisted Afghanistan protect personal beliefs.

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A Supreme Court spokesman, Abdul Wakil Omeri, said the case had been dismissed because of "problems with the prosecutors' evidence." He said several of Mr. Rahman's relatives testified he is mentally unstable and prosecutors have to "decide if he is mentally fit to stand trial."

Another Afghan official involved with the case said the court ruled there was insufficient evidence and returned the case to prosecutors for further investigation. But he said Mr. Rahman would be released in the meantime.

"The court dismissed today the case against Abdul Rahman for a lack of information and a lot of legal gaps in the case," the official said.

"The decision about his release will be taken possibly tomorrow," the official added. "They don't have to keep him in jail while the attorney general is looking into the case."

Secretary of State Condoleezza Rice, who said she had not received official confirmation from Afghan authorities, told Fox News the announcement was "a very good step forward."

She said on CNN's "Late Edition" that the U.S. government had stressed to Mr. Karzai that religious freedom is a vital element of democracy.

"We're going to stand firm for the principle that religious freedom and freedom of religious conscience need to be upheld, and we are hoping for a favorable resolution in this case," Miss Rice said.

The uproar left Mr. Karzai in an awkward position. While trying to address concerns of foreign supporters, he also has sought not to alienate Islamic hard-liners, who wield considerable influence in Afghanistan.

The court's decision was sure to anger at least some of the clerics who have strongly demanded that authorities enforce a provision in the country's Islamic-based laws calling for the execution of Muslims who abandon the faith.

"There will be big protests across Afghanistan," said Faiez Mohammed, a Sunni Muslim leader in the northern city of Kunduz. "This has shamed Afghanistan in the eyes of other Muslim countries."

A Western diplomat, who spoke on the condition of anonymity, said it wasn't clear whether the 41-year-old Mr. Rahman would be able to stay in Afghanistan or would have to move abroad.

Afghan Convert's Case Dismissed (WP)

By Daniel Cooney

The Washington Post, March 27, 2006

KABUL, Afghanistan, March 26 -- A court on Sunday dismissed the case against an Afghan man facing possible execution for converting from Islam to Christianity, officials said, paving the way for his release.

Abdul Rahman, who became a Christian in the 1990s while working for an aid group in neighboring Pakistan, might be freed as soon as Monday, an official said.

Muslim extremists had demanded death for Rahman, branding him an apostate for rejecting Islam, and warned Sunday that the court decision would touch off protests across this religiously conservative country. Some clerics had previously vowed to incite Afghans to kill Rahman if he was released.

Rahman was moved on Friday to the notorious, high-security Policharki Prison outside the capital after inmates at a jail in central Kabul threatened him, according to Gen. Shahmir Amirpur, the warden.

Authorities have barred journalists from seeing Rahman. Policharki houses some 2,000 inmates, including about 350 Taliban and al-Qaeda militants.

Amirpur said Rahman had been asking guards for a Bible but they had none to give him.

"He looks very calm. But he keeps saying he is hearing voices," Amirpur said.

A senior guard said inmates and many guards had not been told of Rahman's identity because of fears they might attack him. Rahman was in solitary confinement in a tiny concrete cell next to a senior prison guard's office.

Amirpur vouched for the prisoner's safety. "We are watching him constantly," he said. "This is a very sensitive case, so he needs high security."

Rahman's prosecution set off an outcry in the United States and other nations that helped oust the hard-line Taliban regime in late 2001 and provide aid and military support for Afghan President Hamid Karzai. President Bush and others insisted that Afghanistan should act to protect personal beliefs.

A Supreme Court spokesman, Abdul Wakil Omeri, said the case had been dismissed because of "problems with the prosecutors' evidence." He said several of Rahman's relatives testified that he was mentally unstable and prosecutors would have to decide if he was mentally fit to stand trial.

Another Afghan official closely involved with the case said the court ruled that there was insufficient evidence and returned the case to prosecutors for further investigation. But he said Rahman would be released in the meantime.

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"The court dismissed today the case against Abdul Rahman for a lack of information and a lot of legal gaps in the case," the official said, speaking on condition of anonymity because he was not authorized to comment publicly on the case.

"The decision about his release will be taken possibly tomorrow," the official added. "They don't have to keep him in jail while the attorney general is looking into the case."

The court's decision was sure to anger at least some of the clerics who have demanded that authorities enforce a provision in the country's Islamic-based laws calling for the execution of Muslims who abandon the faith.

"There will be big protests across Afghanistan," said Faiez Mohammed, a Sunni Muslim leader in the northern city of Kunduz. "This has shamed Afghanistan in the eyes of other Muslim countries."

A Western diplomat, speaking on condition of anonymity because of the sensitivity of the issue, said it wasn't clear whether the 41-year-old Rahman would be able to stay in Afghanistan or have to move abroad.

Rahman was being prosecuted for converting 16 years ago while working as a medical aid worker for an international Christian group helping Afghan refugees in Pakistan. He was arrested last month after police discovered him with a Bible.

In an interview published in an Italian newspaper on Sunday, Rahman said his family, including his former wife and two teenage daughters, had reported him to authorities.

He stressed that he was fully aware of his choice to convert.

"If I must die, I will die," Rahman told the Rome daily La Repubblica, which did not interview him directly but channeled questions through a human rights worker who visited him in prison.

Rahman said he chose to become a Christian "in small steps" after leaving Afghanistan around 1990. He moved to Peshawar, Pakistan, then Germany, and tried to get a visa in Belgium.

Conversion A Thorny Issue In Muslim World (CSM)

By Rachel Morarjee and Dan Murphy

The Christian Science Monitor, March 27, 2006

KABUL, AFGHANISTAN; AND CAIRO - Under pressure from the US, the Vatican, and other Western leaders, Afghanistan's fledgling democracy Sunday sidestepped a politically charged case in which prosecutors had sought the death penalty for a Muslim man who converted to Christianity.

Rather than pass judgment on Abdul Rahman, an Afghan who converted while living abroad 16 years ago, the court declared him mentally unfit for trial Sunday. "He is a sick person," said Mohammed Eshaq Aloko, Afghanistan's deputy attorney general. Afghan officials said Mr. Rahman would be transferred to a hospital for psychiatric evaluation.

The case has not only thrown a spotlight on the laws and practices of an Afghan government that the United States helped to install but is a reminder of the limits - sometimes severely enforced - placed on religious freedoms by many countries in the Muslim world.

While state executions for apostasy are rarely carried out, laws allowing them remain on the books in not only Afghanistan but in Saudi Arabia, Iran, and Sudan.

More generally, while countries like Egypt and Pakistan guarantee religious freedoms in their constitutions, they limit religious speech and local police frequently lean on people to recant if they seek to convert.

In recent years, religious tension between Muslims and Christians has soared in many countries, and states like Egypt and Pakistan frequently find themselves caught between extremists on both sides.

Last year for instance, Egyptian Christians and Muslims clashed over a girl the Christians claimed had been forced to convert to Islam. The Muslim side said the girl was a willing convert, and had married a Muslim.

In Pakistan, while apostasy cases are rare, vigilante attacks against alleged apostates and others thought to offend Islam are common. "There's not been a single case of apostasy in Pakistan in the last 10 to 15 years, at least not one that has attracted a lot of attention," says Najam Sethi, editor of the liberal Lahore-based newspaper, Daily Times.

But as much of the Muslim world, including Pakistan, takes a more negative view of America and its wars in Iraq and Afghanistan, there has been greater popular pressure on religious freedoms, with courts and governments usually reluctant to intervene.

In Pakistani villages, Muslims who convert to Christianity are occasionally killed by their own family members, to protect the family's honor. In major cities, Islamic militant groups have launched attacks against Christian churches for their supposed sympathy for America. In Alexandria, Egypt, last October, three rioters died as they sought to attack a church for distributing DVDs of a play deemed offensive to Islam.

This context is what has made Rahman's case so difficult for the secular- leaning and pro-US Afghan President Hamid Karzai.

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"Afghanistan is in the eye of the storm, in terms of anti-Western feeling," say Mr. Sethi. "If the Supreme Court [had] upheld its decision, and then passed the buck on to Mr. Karzai to say, 'OK, it's up to you, you have the power of clemency,' then that puts Karzai in a bad spot as far as Islamists are concerned."

Sunday's pronouncement of Rahman by prosecutors and the judge as unfit would now seem to spare President Karzai this embarrassing quandary.

Ansarullah Mawlavezada, the judge who had been set to try Rahman's case, as well as other court officials, say that the case came to court after the family reported him for being a Christian. A lawsuit had been filed in a child-custody dispute, and his ex-wife alleged that he beat one of his two daughters while she was reading the Koran.

Rahman has said that he converted to Christianity when he was working for an aid agency in Pakistan 16 years ago.

Afghanistan is a deeply conservative country where 99 percent of the population is Muslim and an estimated 10,000 Christians can practice only in secret. Out on the street, many ordinary Afghans chimed in with the mullahs calling out at Friday prayers for Abdul Rahman to be put to death.

"The order of God is execution for this person and no one can change it. This person has denied God and the Koran and he should be punished in a way that will stop other Muslims from converting," said Sayed Saber, a 32-year-old in Kabul.

President George Bush, who called the case "deeply troubling," phoned Karzai last week to press for Rahman's release. Simultaneously, mujahideen who had been funded by the US in their fight against the Soviet Union, mobilized supporters across the country to press for execution. Karzai was caught in the middle. "It is a question of a tightrope for Karzai," said Paul Fishstein, the director of the Afghanistan Research and Evaluation Unit in Kabul.

The issue of religious freedoms is one in which, as in Afghanistan, modern laws are clashing with ancient traditions. Rahman's case illustrates a glaring contradiction between Afghanistan's constitution, which upholds the right to freedom of religion on one hand but enshrines the supremacy of sharia law on the other.

Most mainstream schools of Islamic jurisprudence call for converts to be executed. Though the Koran promises only hellfire for apostates and also says "there should be no compunction in religion," Islamic jurists have typically argued that execution is mandated, citing stories of comments made by the prophet Muhammad.

"The prophet Muhammad said that anyone who rejects Islam for another religion should be executed," said Mr. Mawlavezada, the judge.

Though some liberal Islamic scholars disagree, pointing out that no such rule exists in the Koran, they have been largely silenced in Afghanistan. Last year, Afghan writer Ali Mohaqeq Nasab spent almost three months in jail last autumn for an article questioning the traditional call for execution.

What happens next for Rahman is uncertain, though it appears likely that the government will find a way to sweep the case under the rug.

Officials said they're likely to allow him to go abroad for medical treatment.

"If his family can afford to send him overseas for medical treatment then of course we would give him a passport," says Mr. Aloko, the deputy attorney general. In that case, he would be free to seek asylum elsewhere and avoid a return to his homeland and its legal system.

Lifesaving Knowledge, Innovation Emerge From War's Deadly Violence (USAT)

By Gregg Zoroya

USA Today, March 27, 2006

AD DULUIYAH, Iraq — Even with 10 milligrams of morphine, Army Sgt. Robert Mundo lay in agony after a sniper's bullet pierced his thigh and blasted through his groin.

Mundo gripped the hand of another GI as medic Bridgett Joseph surveyed the bloody damage. Then Joseph reached into her bag for a bandage no other war has seen.

Made with an extract from shrimp cells, the HemCon bandage creates a tight bond that stopped the bleeding almost instantly. Seconds later, Mundo, 24 — a widower from Colorado Springs and the father of two young girls — was airlifted to the Air Force Theater Hospital in Balad, 10 miles away. He got there in five minutes.

New ways of healing are as much a product of war as are new ways of killing. To save lives on the battlefield, medical innovations are born in days rather than in years, military and civilian doctors say. And as with wars past, the new ways of treating the injured and sick in Iraq and Afghanistan — soldiers such as Mundo — could have benefits beyond the battlefield.

Civilian emergency care experts such as Thomas Judge say medical technicians in the USA are beginning to use the HemCon bandage and new battlefield tourniquets to treat trauma patients. A portable heart-lung machine developed in Germany and not yet approved for use by U.S. doctors is helping wounded soldiers breathe. It is small — not much larger than a laptop computer — and connects to blood vessels in the groin to filter out poisonous carbon dioxide while filtering in oxygen. Military

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doctors in Balad also are using an expensive clotting drug, licensed for use on hemophiliacs, to help stem massive hemorrhaging in troops torn apart by roadside bombs.

Not all advances come easily. Civilian doctors complain that the military sometimes fails to share information on the success of a new drug or technology. Military doctors disagree over the effectiveness of some new products. The Army, for instance, favors the HemCon bandage even though Navy and Marine doctors question whether it works as well as a cheaper bandage developed by the Navy.

Some innovations, such as the HemCon, result from government-sponsored research. Others come from the ingenuity of battlefield doctors who seek new ways to use existing medicines, or try untested technology when all else fails.

"The military has to try things that nobody has tried before," said Judge, immediate past president of the Association of Air Medical Services, an air ambulance trade group. "Some of the greatest advancements of medicine only come about from war."

When Mundo arrived at Balad at 11:45 a.m. on March 5, a rickshaw-like gurney carried him from the helipad into the controlled chaos of the Air Force Theater Hospital emergency room. Nurses, medical technicians and doctors — some of them with 9mm pistols slung from shoulder holsters — swarmed over each patient wheeled inside. (They're under orders to carry weapons, even during surgery.)

As patients arrive, doctors and nurses poke, prod and inspect; they cut away clothing, shout out blood pressure readings, insert oxygen tubes and wheel up portable X-ray machines. Helicopter medics, helmets under their arms, squeeze into the scrum to recite how each soldier fell on the battlefield.

Bloody linens and body fluids collect on the floor. The clatter of arriving or departing helicopters, beating against the hospital tents, muffles conversation.

"You got kids?" Air Force Lt. Col. Jay Bishoff, a urologist, asked Mundo. "I have kids," Mundo answered apprehensively. "But if I get home, I may want more."

"Well," Bishoff replied, "you'll be able to have a lot more."

About 20 minutes after entering the ER, Mundo was wheeled into one of three operating rooms. There, Bishoff began knitting the soldier back together. "We'll rebuild everything," Bishoff said through his surgical mask. "We're going to reconstruct it. Save it."

The Air Force hospital in Balad is one of the two largest military hospitals in Iraq. The other is an Army facility in Baghdad. The 300 staff members at Balad treat about 9,000 patients a year: Americans, coalition troops, Iraqis, even captured insurgents. The caseload rivals any major trauma center in the USA, said Air Force Col. Tyler Putnam, chief of intensive care.

Its 37,000 square feet lie under a series of tents, and surgeons here are particularly proud of the hospital's simple design. Combat casualties pass from emergency room to CT scan and into surgery.

"It's this 100 yards from the ER doors to the operating room. It's just a straight shot. There are no corners, no turns — you just go straight down the hallway," said Air Force Lt. Col. Jeffrey Bailey, 49, of St. Louis, the chief of trauma here.

Because a major airbase sits within the Balad installation, almost all sick and wounded Americans from across Iraq flow through the hospital on their way home.

American casualties here fall into two categories. Those with mild ailments — kidney stones, for example — are treated and recuperate here, then return to their units.

The severely wounded undergo surgery, then are quickly placed aboard aircraft for flights to the Army's Landstuhl Regional Medical Center in Germany. Mundo would join this river of casualties soon.

After Mundo underwent almost two hours of surgery, his battalion and company commanders and other soldiers visited to wish him well. They joked about his bravely "taking one for the team." A Purple Heart and a Combat Infantryman Badge were pinned to his pillow.

Bishoff, 44, of San Antonio, said it was the 16th groin injury he has repaired since arriving in Iraq more than a month ago.

"Every time I do it, I get better, I get faster, I learn more," he said. "In prior wars, he would have likely lost both of his testicles."

Doctors have learned about the extent of damage caused by high-velocity bullets and bomb blasts. They have taught themselves how to better identify dead tissue and reconnect what can be saved.

The lessons from treating complex battle wounds can form the basis for seminars and published papers to educate doctors at home.

Almost every war has given rise to medical achievements. After yellow fever killed soldiers during the Spanish-American War, military doctors were the first to prove that mosquitoes carried the disease. Among those doctors: Maj. Walter Reed, namesake of the famous Army hospital in Washington, D.C.

Large-scale blood transfusions began during World War I. And medical evacuations by helicopter originated during the Korean War and became common in Vietnam.

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Today, the Pentagon is asking civilian researchers to develop dehydrated blood products that can be stored up to two years; a portable battlefield device that stops internal bleeding with ultrasound; a non-addictive painkiller as powerful as morphine, and prosthetics that respond to brain waves.

"Many, if not all, of these will have civilian uses," said Brett Giroir, a deputy director at the Defense Advanced Research Projects Agency, which does research and development for the Pentagon.

Even more important, doctors say, are further advances in trauma care, the long-term process of saving, healing and rehabilitating the wounded and injured. Traumatic injuries remain the No. 1 killer of Americans under age 45. The speed and efficiency of trauma care, improved upon recently by civilian medicine, are being pushed even further in Iraq and Afghanistan.

"Things come from civilian medicine, and then we take it into the cauldron of the war and focus it, test it and evaluate it, and then use it many, many, many more time than the civilians have. And then whatever spits out in the end is better," said Army Col. John Holcomb, commander of the U.S. Army Institute of Surgical Research.

At the Balad hospital, Air Force Maj. Paul "Chip" Gleason, 35, of Springboro, Ohio, heads orthopedic surgery. Advances in body armor protect the abdomen and upper chest of soldiers. But the legs, arms, faces and lower abdomens remain vulnerable to bullets and explosions. Orthopedic surgeons stay busy. In surgery, Gleason uses a small digital camera to record images for future lessons. A key task is recognizing and removing dying tissue eviscerated by bullets or shrapnel. Dead tissue can cause infection.

Because of endless opportunities to examine torn flesh, "I've noticed a steady progression in my ability to judge what's viable, what's living and what's been too damaged," Gleason said.

Back in the USA, experts such as Andrew Pollak, an associate professor of orthopedics at the University of Maryland School of Medicine, said the knowledge gained in Iraq will prove priceless.

"If you see these injuries in numbers of one and two, you never gain any experience," Pollak said. "When you do a high volume … you can teach people what works and what didn't work."

Air Force Lt. Col. David Powers, 42, of Louisville, is a facial surgeon at Balad. He already has helped publish a guide based on his experience treating the wounded. One lesson: Hold off on surgery until three-dimensional models of the face can help guide doctors on what lies beneath the damage.

From the moment the sniper shot Mundo in a market in Ad Duluiyah, his world changed rapidly. After the five-minute helicopter ride to Balad and almost two hours in surgery, he was recuperating.

By 5 a.m. the next day, he was strapped to a litter and loaded onto a C-17 aircraft headed for Germany.

The Air Force's system of using specially configured aircraft to move thousands of casualties from war zones almost daily is another crucial innovation. The technology didn't exist during Vietnam, the last war in which large numbers of casualties were routinely evacuated to the USA. In those days, doctors typically waited up to six weeks for patients to become stable enough to complete the trip home, said Dale Smith, a professor of medical history at the Uniformed Services University of the Health Sciences in Bethesda, Md.

Now, because of new treatment methods and technology on the aircraft, the most critically injured patients can make the trip in a few days. "They've really thought about this very carefully, no wasted moments, no wasted movements," Judge said of the military. "It's very, very focused."

He and others say the long-distance air evacuation process — with its speed and flying care centers — would prove invaluable should a terrorist attack or natural disaster overwhelm local medical facilities, as happened with Hurricane Katrina last year. After Katrina, hundreds of patients from flooded hospitals were moved to other cities by Air Force medical crews. The White House investigation into the hurricane recommended that disaster response plans better integrate military air evacuations.

Rather than try to re-create in Iraq or Afghanistan sophisticated hospitals such as Landstuhl, the military has built smaller field hospitals where patients are treated and stabilized. Doctors in Iraq now leave many wounds open and vacuum-sealed with plastic. That also was not possible in Vietnam. "Now the sickest of sick patients can get on that airplane," said Air Force Maj. Timothy Woods, a general surgeon at Landstuhl.

On a recent C-17 medical evacuation flight from Balad to Landstuhl, 32 patients rested comfortably, many of them in litters stacked three high on aluminum racks. Among them: burn patients; an amputee; soldiers with broken bones, a shoulder sprain and back injuries; one with a blood disorder; two psychiatric cases; and a servicemember stricken with lung cancer. Two in critical condition were hooked to ventilators.

Like flight attendants, the nurses, medical technicians and doctors circulated throughout the plane, offering water, oxygen and medication to relieve the pain. They also kept a close eye on monitors.

"The civilians are always amazed at how we do this," said Air Force Reserve Maj. Ken Winslow, 49, a flight nurse from Issaquah, Wash.

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About 65 hours after he was shot — and after a stop in Germany — Mundo arrived at Andrews Air Force Base near Washington. From there, he headed to Walter Reed.

"It was great because I didn't really feel like I needed to be that far away from home. I wanted to get here to Walter Reed and start doing my rehab," he said.

Within eight days of his return, Mundo had been reunited with his daughters, JoLyne, 3, and Shania, 1, and flew home to Colorado. The two girls had lost their mother, Rachel, to lupus in November, just days before their father shipped out for Iraq. In his absence, Mundo's sister-in-law, Jessie Mundo, cared for them.

The children were thrilled to see him and curious about his wound.

"I didn't want to tell them about the sniper or anything," Mundo said. "As far as they know, it was just a nice little doctor's shot."

A Better Idea (WSJ)

By Francis Fukuyama And Adam Garfinkle

The Wall Street Journal, March 27, 2006

As an editorial on this page recently asked: "Anyone out there have a better idea" than the Bush administration's policy of high-profile democracy promotion in the Arab and Muslim worlds as a means to fight terrorism? Well, yes, there is one. That better idea consists of separating the struggle against radical Islamism from promoting democracy in the Middle East, focusing on the first struggle, and dramatically changing our tone and tactics on the democracy promotion front, at least for now.

The essential problem with the administration's approach is that it conflates two issues that are separate. The first has to do with violent, antimodern radical Islamism (on display both in the reaction to the Danish cartoons and in the mosque bombing in Samarra); the second concerns the dysfunctionality of political and social institutions in much of the Arab world.

It is, of course, the administration's thesis that the latter condition causes the former. It is also its contention that U.S. Cold War policies of support for Arab "friendly tyrants" are mainly to blame for Arab authoritarianism. Thus did the president say in November 2003 -- since repeated several times by Condoleezza Rice -- that we sacrificed freedom for stability in the Middle East for 60 years, and got neither. It follows from this view that if the U.S. stops supporting authoritarian regimes and instead does all it prudently can to bring about democratic ones, our terrorist problem will be dramatically reduced if not altogether solved.

Authoritarian political cultures do function as enablers of radical Islamism, but the essential cause of the latter -- today as before, in dozens of historical cases concerning violent millenarian movements -- is the difficulty that some societies and individuals have in coming to terms with social change. That is why rapid modernization is likely to produce more short-term radicalism, not less. Muslims in democratic Europe are as much a part of this problem as those in the Middle East. This is not a trivial point; it is a central one that directly challenges a key tenet of the administration's view.

What the administration sees as one problem ought to be seen as two. Radical Islamism needs to be dealt with separately from democracy promotion. This involves doing everything we can to ensure the political success of the governments in Afghanistan and Iraq. It also involves killing, capturing or otherwise neutralizing hard-core terrorists in many parts of the world, and keeping dangerous materials out of their hands, in what will look less like a war than like police and intelligence operations.

But the threat above all lies on the level of ideas. Just as it proved possible to stigmatize and eventually eliminate slavery from mainstream global norms without having first to wait for the mass advent of liberal democracy, it should be possible to effectively stigmatize jihadi terrorism without having first to midwife democracies from Morocco to Bangladesh. The United States and its Western allies should be helping genuine, traditional and pious Muslims to reassert their dominance over a beautiful and capacious religious civilization in the face of a well-financed assault by extremist thugs. (This, of course, is not a new idea, but we have barely begun to take its implementation seriously.) We should also be vigorously supporting the Danes and genuine European liberals when they are attacked by illiberal and violent Islamists.

Promoting liberal and democratic institutions in the Middle East should be decoupled from this fight, since it is a much more long-term project -- and a project in need of significant redesign. The Bush administration has not admitted to itself the degree to which it has been knocked off its own timetable by the chaotic situation in Iraq. Its Broader Middle East and North Africa initiative to promote democracy in the Middle East through high-profile rhetorical support for democracy and funding for local democratic organizations was originally conceived as a way of capitalizing on the momentum gained from a successful Iraqi transition to democracy. But there is no such momentum right now, only backlash. Many would-be democratic opponents of regimes in places like Syria or Iran now say they'd prefer the status quo to the situation the Iraqis are in. This does not paint a rosy picture for the Bush administration's new initiative to promote democratic regime change in Iran; it will be hard to find any takers for the $75 million in new funding for this purpose.

To put it mildly, the Iraq war has not increased the prestige of the U.S. and American ideas like liberal democracy in the Middle East. The U.S. does not have abundant moral authority for promoting the rule of law, since the first thing people in the

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region associate with America today is prisoner abuse at Guantanamo, Bagram and Abu Ghraib. Many Americans have explained these events to themselves by saying that the abuse was an aberration that has been hyped by enemies of the U.S., and that in any event such things just happen during wartime. Perhaps; but the fact remains that Guantanamo is still open, and nobody except for a couple of lowly enlisted soldiers have been prosecuted for prisoner abuse by the Bush administration. Fair or not, American insistence on rule of law and human rights looks simply hypocritical.

The Bush administration has indeed opened up new space for debate and political participation in the Arab and Muslim worlds. But recent elections in Iran, Egypt, Palestine, and Iraq have either brought to power or increased the prestige of profoundly illiberal groups like Hamas and the Egyptian Muslim Brotherhood; even our putative friends in the Shiite alliance that did well in last December's Iraqi elections have been busy institutionalizing an intolerant Islamist order in the parts of Iraq they control.

Administration principals speak of creating public space for dissent and debate lest it all be driven into the mosque, with the risk that this "might" bring illiberal groups into power. The tide of public opinion today is not running in favor of pro-Western secular liberals, however, but rather the Islamists. In many Arab countries this means that premature democratic elections will most definitely and predictably bring the mosque into the public square while driving out all other forms of expression. The tolerant are making democratic way for the intolerant, who in turn are very likely to block the possibility of any reverse flow of authority. How such dynamics promote liberal democracy in the longer run is hard to see. More likely, U.S. policies that foster pro-Islamist outcomes will delay political liberalization, help the wrong parties in the great debates ongoing in Muslim societies and, quite possibly therefore, make our terrorist problem worse.

We need to change tactics in the way we go about supporting Middle Eastern democracy. The administration's highly visible embrace of democracy promotion as a component of its national security strategy (as outlined in last week's official document on the subject), and its telegraphing ahead of time of intentions to bring about regime change in places like Iran, only hurt the cause of real democrats in the region. The effort to push countries toward early national elections, given the rising Islamist tide today, will invariably force us into the appearance of further hypocrisy when they produce results we don't like. There are many other democratic institutions we can help foster, such as local elections or non-extremist civil society groups. Moves afoot in Congress to channel democracy support through the State Department are well-intentioned but counterproductive: The last thing that democracy activists need right now is more American fingerprints on outside funding. Private foundations and groups with some distance from the administration like the NED or private NGOs will have better luck disbursing money than U.S. agencies. There are many quiet ways we can and should support democratic groups in the region, by working, for example, with other countries that have recently undergone democratic transitions that may have greater credibility than Washington.

In a weird twist, despite its emphasis on democracy in Iraq, the administration would have let funding for long-term democracy promotion through groups like the National Democratic Institute and the International Republican Institute lapse but for a last minute congressional earmark. We are pushing too hard in the wrong places, and not hard enough in the one place where it matters most.

We should not even think about wanting to roll back recent election results; rather, the emphasis should be on pressuring newly empowered groups to govern responsibly. Islamist parties in Egypt and Palestine have gained popularity in large measure not because of their foreign policy views, but because of their stress on domestic social welfare issues like education, health, and jobs, and their stand against corruption. Fine, let them deliver; and if they don't or turn out to be corrupt themselves, they will face vulnerabilities of their own not far down the road.

Democracy promotion should remain an integral part of American foreign policy, but it should not be seen as a principal means of fighting terrorism. We should stigmatize and fight radical Islamism as if the social and political dysfunction of the Arab world did not exist, and we should shrewdly, quietly, patiently and with as many allies as possible promote the amelioration of that dysfunction as if the terrorist problem did not exist. It is when we mix these two issues together that we muddle our understanding of both, with the result that we neither defeat terrorism nor promote democracy but rather the reverse.

Mr. Fukuyama is professor at Johns Hopkins and author of "America at the Crossroads: Democracy, Power, and the Neoconservative Legacy," published this month by Yale. Mr. Garfinkle is editor of the American Interest.

DOJ:

Still There In Spirit, And Ready To Return (MINNST)

By Pam Louwagie, Star Tribune

Minneapolis Star Tribune, March 27, 2006

An attorney who spent nearly a year in Iraq helping to rebuild its judicial system says he'd go back in a heartbeat to rejoin "the biggest thing happening in the world."

Every morning, Cliff Wardlaw wakes up to his personal war display. A wooden rack near his bed holds the desert-beige vest he wore in Iraq, his knives and flashlights still tucked inside the pockets. Draped over the vest are two large checked scarves Wardlaw wrapped around his face when the sharp desert sand flew like tiny bullets toward his skin.

Seeing it there, in his St. Paul apartment, helps him relive his year in Iraq. And it is a reminder that he's ready to return if duty calls him again.

Wardlaw, an attorney, spent most of 2004 in Iraq after volunteering to help revamp the country's justice system. He trained judges, checked courthouse security, examined prison conditions and worked to steer the Iraqi judiciary to an independent body, one separate from the country's political leadership.

Since his return, his life has been suffused with the memories. And he is driven by the desire to go back.

Inside his office in the Minneapolis courthouse, where he works as a federal prosecutor, he e-mails his Iraqi friends regularly. Padding across the beige carpet of his apartment in the evenings, he wears his fleece jacket, embroidered with "U.S. Embassy, Baghdad, Iraq." Often, he carries a folding desert-camouflaged knife in a rear pocket, just as he did over there.

When he hears on the news about a car bombing in Iraq, he checks a framed map hanging in his apartment hall. Yep, he was there. Yep, he remembers that part of town.

His adult daughters roll their eyes. It's dangerous there. They think their 46-year-old dad is going through a midlife crisis, and they wonder why he doesn't just buy a sports car.

He knows that people question his reasons for wanting to return. They fear for his safety, cringe at the thought of him immersing himself in war.

But the truth is, he can't wait.

When the Justice Department put out an e-mail seeking volunteers in 2003, Wardlaw replied immediately. He says he was one of only three people in the country to answer.

He knew what he was getting into. He'd grown up the son of a Marine. On the playground, kids quizzed each other about the difference between models of the F-4 Phantom and other military aircraft. In school, they listened to casualty reports from Vietnam on Fridays.

He tried to become a Marine Corps officer in college, but he got lost on a compass course and he liked to sleep in. He learned he was a man more apt to analyze and question than follow orders.

So he went to law school and got his military fix vicariously through the books on his shelves.

Remnants of torture

The scent of burning garbage and backed-up sewers enveloped Wardlaw in Baghdad. The beige landscape of the city was deserted at night; curfews kept people huddled inside. Many buildings were dark shells. Bombs had ripped holes in their walls and exploded their floors into chunks of broken concrete.

Wardlaw winced at the evidence of Saddam Hussein's regime. He'd read about the horrors in Iraq, but seeing the evidence was different.

His work took him to elaborate palaces with fountains, swimming pools and marble floors. But in some palaces, the dark basements held prison cells with hooks dangling from the ceiling. Iraqi judges told him the hooks had been used for torture, to hang people by their arms.

He made friends with an eloquent and educated Iraqi judge who had puzzling dark brown scars across his face. The scars, Wardlaw learned, came from acid, dripped onto the man's skin as punishment for refusing to issue death warrants during Saddam's regime.

A Kurdish woman cried as she told him about her brother and her brother's family disappearing. Nieces, nephews, all gone.

"I did not meet one Iraqi who told me that it was a mistake to remove [Hussein] from power," Wardlaw said.

That gave him comfort -- and resolve -- that what he was doing was important, he said.

At night, he slept in a trailer in the protected Green Zone outside one of Saddam's palaces. For safety, he curled up on the floor between two beds and used body armor for a blanket.

Arabic chants calling Muslims to prayer at a nearby mosque woke him in the morning. He had no trouble getting up. He looked forward to each day's mission.

Some days, he toured building sites with architects and security experts who were designing new courthouses. Other days, he reviewed files of detainees to see who was best prosecuted in Iraq, who should be kept and who should be released. He helped track down soldiers to serve as witnesses in court. He helped teach judges about international human-rights rules. He helped the military decide which evidence could be turned over to Iraqi courts when insurgents killed an American citizen. Many days, he zipped up body armor, packed his guns and strapped on a helmet for trips to outlying courthouses.

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Leaving the Green Zone meant danger.

He rode in military convoys that varied their routes and drove fast -- sometimes onto sidewalks -- to avoid becoming targets. They dodged manhole covers, worried that bombs were hidden underneath. They kept guns pointed out the windows.

Six times, he saw car bombs explode, the crack so piercing that his ears hurt for days.

Wardlaw says he was one of about 5,200 civilians working to reconstruct the country, not including Defense Department contractors. He and his colleagues working with the justice system -- some American, some Iraqi -- took care to protect Iraqis who seemed destined to lead the government. He took a special liking to senior Judge Qais Hashim Shameri. Qais was efficient and energetic and young, respected by the other judges, Wardlaw said. If there were problems getting a panel of trial judges to sit at a scheduled time, Judge Qais would make sure it got done.

Shortly before Wardlaw left the country, Qais was killed in an ambush.

"To lose a guy like that," Wardlaw said, his voice quieting. "That was one of the lowest days."

Tragedies like that made Wardlaw marvel at the courage of the Iraqi people, how they kept going to work every day, going to the markets, navigating around heavy fighting, living their lives.

He felt proud to be helping. And lucky to be witnessing history. Everything he has done since, he said, has seemed mundane. Less significant.

Inside the white walls of his Minneapolis office, his eyes widen when he talks about it: "This is the biggest thing happening in the world."

It was why he turned a three-month commitment into 11 months. But eventually he had to come home.

Can't leave it behind

For a while after he got back to Minnesota, it was his instinct to look for snipers. He'd scan rooftops on his way to lunch. He'd duck when he heard loud noises. A year later, he's no longer as skittish, but he still can't leave Iraq behind.

He'll work long days preparing for a murder trial, but still manage to watch Saddam's trial with rapt attention. He has been in the building where Saddam sits in a defendant's cage. He knows some of the judges.

He helped make a difference, he thinks, but he acknowledges the country has a long way to go. He's adamant that U.S. troops should stay there until the job is finished. And he wants to be there with them.

In the middle of his kitchen sits a footlocker stuffed with desert fatigues and supplies. The boots inside are still caked with Iraqi mud. The foot locker has been in his apartment for a year.

He shrugs. He just hasn't taken it to storage yet, he says.

But his daughters know better.

"I think it's more wishful thinking," said Meredith, 20.

At night, the military display by his bed is sometimes the last thing he sees before closing his eyes.

Every once in a while, he goes through the pockets of the vest. Sand still falls from the folds of the scarves. Iraqi sand.

"I have all my stuff packed," he says. "Someone could call me, and in an hour I could go home and be ready to go."

CORPORATE SCANDALS:

Causey Stays On Sidelines In Enron Trial (AP)

By Kristen Hays, AP Business Writer

AP, March 26, 2006

Richard Causey's Name Keeps Coming Up at Enron Trial, but Ex-Accounting Chief Hasn't Testified

HOUSTON (AP) -- Enron Corp.'s former chief accounting officer was bound for trial alongside company founder Kenneth Lay and former CEO Jeffrey Skilling until he cut a plea deal just weeks before jurors were chosen.

Richard Causey might have been expected to testify but has remained on the sidelines ever since. Legal experts say he might be more effective as a potential witness than one who actually takes the stand -- although jurors may be curious about the man whose name they've heard again and again.

Causey won't testify before the government rests its primary case in the fraud and conspiracy trial this week. But prosecutors can hold him in reserve to testify as a rebuttal witness after the defense teams present their case -- which will feature testimony from Lay and Skilling.

"Causey's role in the case may turn out to be more to cast a shadow than to testify," said Sam Buell, a former prosecutor with the Justice Department's Enron Task Force who now teaches at the University of Texas School of Law.

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"A single provable lie on something significant could alone convict a testifying defendant in a case like this. And since only the government knows what Causey can and can't say, he acts as a major deterrent against either defendant fabricating specific claims about events, meetings, what they were not told, and the like," he said.

"This could go either way, but if I were wagering I'd bet we won't see him in the end."

Jacob Frenkel, another former federal prosecutor, said rebuttal testimony from Causey won't be necessary if prosecutors remain confident of the strength of their case once the defense finishes presenting evidence and testimony.

"If the government does not use him, then he becomes the Grand Decoy," Frenkel said. "The uncertainty for the defense of the value of Causey absolutely is a factor bearing on the defense case and the defense anticipation of the government's rebuttal case."

In late December, Causey became the last of 16-ex-Enron executives to plead guilty to crimes. For nearly two years before that, he was headed for trial with Lay and Skilling and part of their unified defense. His 11th-hour plea came less than a month before the trial was originally slated to begin.

Causey had faced more than 30 counts of fraud, conspiracy, insider trading and money laundering. He agreed as part of his plea to serve seven years in prison, though prosecutors can recommend cutting that to five years if they are satisfied with his cooperation. He is to be sentenced in August.

So far, that cooperation hasn't included trial testimony. But Causey's leap to the cooperator camp enabled the government to streamline its case and eliminate copious arcane accounting testimony that would have been necessary to try to prove Causey's guilt.

Causey had been considered a strong potential witness, given his position, knowledge of accounting and proximity to Lay and Skilling. He occupied one of four corner offices on the 50th floor of Enron's former downtown Houston headquarters, with Lay, Skilling and former Chief Financial Officer Andrew Fastow ensconced in the other three.

Throughout the trial, the defense teams have repeatedly challenged prosecution witnesses on whether they have accounting expertise to challenge legitimacy of various financial structures and transactions they say helped Enron manipulate earnings and hide losses.

The 19 witnesses who have testified so far include eight ex-Enron executives who pleaded guilty to crimes long before Causey, ranging from his former peer, Fastow, to the company treasurer, investor relations chief and heads of troubled divisions. Several lower level accounting executives and a pair of former Arthur Andersen LLP accountants have testified as well.

"A watered-down version of what the government's most persuasive witnesses have already said can only dilute the case, even if limited to rebuttal," Buell said of a possible Causey appearance.

The former treasurer and final cooperator to testify in the government's primary case, Ben Glisan Jr., is slated to return to the witness stand Monday for further cross-examination.

Lead Skilling lawyer Daniel Petrocelli referred to Glisan as the government's "closer," as he corroborated much of the earlier testimony. All told, each was intended to bolster -- bit by bit -- the government's contention that Lay and Skilling lied to investors by painting a rosy picture of Enron's health in 2001 when they knew the company faced massive losses, multibillion-dollar writedowns on overvalued assets, and other serious troubles that had been hidden by accounting tricks.

Glisan is testifying on furlough from prison, where he has been since he pleaded guilty to conspiracy in September 2003. He admitted to creating financial structures that he said Enron used to warehouse poor assets and hide losses.

The two defendants counter that there was no fraud at Enron, they did nothing wrong, and negative publicity coupled with diminished market confidence shoved the company into bankruptcy protection in December 2001.

After testimony ended for the week, Petrocelli dismissed the government's case as too general and opinion-oriented. "When you break it down and get the facts, you get a different picture. We've been getting to the facts."

Once Glisan is finished testifying, prosecutors expect to call three to four more less high-profile witnesses and then rest their case by midweek. U.S. District Judge Sim Lake aims to give the defense teams a day or two off to prepare for their case, and said Thursday the trial would likely resume April 3.

Skilling faces 31 counts of fraud, conspiracy, insider trading and lying to auditors. Lay faces seven counts of fraud and conspiracy. Both sold millions in Enron stock before the company failed, but only Skilling faces allegations of improper stock sales.

Not The GC? You're Still A Target (CORPCOUN)

By Sue Reisinger, Corporate Counsel

Corporate Counsel, March 27, 2006

Government prosecutions may skip the GC but involve other corporate counsel

Until recently, federal prosecutors have almost always gone after the general counsel when they've charged an in-house lawyer with corporate fraud. But for the second time in the past six months, the government has skipped the GC and indicted a lower-ranking company lawyer for alleged wrongdoing.

In February prosecutors charged Robert Graham, the former assistant GC and senior VP of General Re Corp., with securities fraud for his role in a sham deal with American International Group Inc. Based in Stamford, Conn., Gen Re is a subsidiary of Berkshire Hathaway Inc., the holding company for most of Warren Buffett's investments. New York-based AIG is the world's largest insurer.

Two other former Gen Re execs and a former AIG official were charged along with Graham. All four defendants have pled not guilty; at press time their case was scheduled to go to trial on May 22. The Securities and Exchange Commission has also brought a civil action against several Gen Re execs, including Graham, for their role in the deal with AIG. Timothy McCaffrey, who was Gen Re's GC at the time of the alleged fraud, says that he is not a target of the government's probe. (McCaffrey left the company last June.)

Alan Vinegrad, Graham's defense attorney, says his client expects to be vindicated in court. "Rob Graham is an attorney of the highest integrity who always acted in good faith and within the bounds of the law," says Vinegrad, a partner at Covington & Burling.

According to SEC documents and court papers filed by the U.S. Department of Justice, Gen Re and AIG concocted their deal in October 2000. An AIG executive allegedly proposed that his company would "prefund" Gen Re with $500 million, which Gen Re would then use to pay insurance premiums to AIG. The SEC says the deal, which would allow AIG to report $500 million in false reserves, was suggested by AIG's chairman. Maurice "Hank" Greenberg, who was chairman of AIG until last spring, has denied all wrongdoing.

Prosecutors and the SEC say that Graham was involved in conference calls discussing the sham deal, in drafting the contract and its secret side agreements, and in creating a paper trail to make it look like Gen Re proposed the transaction. The government also claims that Graham knew the deal was improper, but thought AIG would be the one who could get into trouble. In a March 2001 phone conversation with another Gen Re exec, Graham allegedly said, "I'm pretty comfortable that our own skirts are clean, but that they, ah, they [AIG] have issues."

Last spring AIG admitted that the deal with Gen Re was wrong and restated its financial reports to the SEC for the previous five years. In February, AIG agreed to pay $1.6 billion to settle state and federal investigations into its alleged accounting improprieties.

The charges against Graham follow the unrelated indictment last October of Steven Gremminger, an associate general counsel at KPMG who allegedly took part in a tax fraud and cover-up [Corporate Counsel, "Gimme Shelter," December 2005]. That investigation led to a deferred prosecution agreement between KPMG and the Justice Department. Gremminger's criminal case is pending.

Seth Levine, a former federal prosecutor and now a partner in the New York office of Foley & Lardner, says the increased number of indictments of both GCs and their deputies stems from the government's heightened scrutiny of in-house lawyers. According to Levine, "There is an increasing willingness to consider whether the conduct of an attorney goes beyond legal advice and constitutes facilitation of criminal activity in the corporate context, and if it does, to bring charges." Levine adds that in the government's eyes, it doesn't matter whether the GC or an associate is the facilitator.

Costly Commissions How Merrill, Defying Warnings, Let 3 Brokers Ignite A Scandal (WSJ)

By Susanne Craig And Tom Lauricella

The Wall Street Journal, March 27, 2006

In May 2003, Merrill Lynch & Co. invited two star brokers to the firm's "Circle of Champions" celebration in San Francisco. They enjoyed an Olivia Newton-John concert and took a private plane to the Pebble Beach golf course, where they rubbed shoulders with a top boss who had recently written to them, "Congratulations on a great first year."

Five months later, the pair and a colleague were fired. Merrill announced it had discovered the three brokers were secretly helping a client make quick in-and-out trades in mutual funds, grabbing easy profits while shortchanging long-term investors.

But last December, a New York Stock Exchange arbitration panel ruled that Merrill defamed the brokers and ordered it to pay them almost $15 million. Far from being a secret at Merrill, "everybody knew what these guys were doing," said Daniel Boland, their former branch manager, in testimony to New Jersey state regulators. Their lawyers, David Wechsler and Leonard Pack, say the three were scapegoats. Mr. Wechsler says Merrill wanted to "deflect responsibility and placate regulators."

Merrill has appealed the defamation ruling to a New York state court. Spokesman Mark Herr denies that Merrill scapegoated the three and says they "went to great lengths to conceal" their activities. But he says "local managers should have moved faster" to end their trades.

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The appeal has unsealed a trove of documents offering a rare glimpse of a Wall Street firm pursuing a tempting profit opportunity over the objections of internal watchdogs. On repeated occasions some Merrill employees voiced concern that the three brokers were doing something wrong and took steps to stop them. Yet their immediate bosses often pushed back, allowing the trading to continue.

The events at Merrill were part of the big mutual-fund scandal pursued by New York Attorney General Eliot Spitzer. He found that many mutual funds allowed favored clients to conduct the short-term trading, often in violation of their own policies. Regulators imposed penalties totaling $4.25 billion on a host of hedge funds and large mutual-fund firms, including Janus Capital Group and Banc of America Capital Management. (See related article1.)

While mutual funds got much of the attention, some brokerage firms such as Merrill that carried out the trades also were punished. Aside from the defamation judgment, Merrill paid $13.5 million to state regulators for its role in the three brokers' activities.

What happened at Merrill emerges through previously confidential documents, testimony by Merrill executives during the NYSE arbitration and regulators' investigations, and interviews with the brokers and others.

Merrill's trading trio had its roots in a handshake deal between two brokers at a Paramus, N.J., branch of Paine Webber (now part of UBS AG): Christopher Chung, now 37 years old, and William Savino, 50.

Both came from prosperous suburbs -- Mr. Savino in New Jersey, Mr. Chung near Philadelphia -- and started on the ground floor at big brokerage firms. As a rookie Dean Witter broker in Ridgewood, N.J., Mr. Savino recalls in an interview walking the streets with his business card and talking to small-business owners about money-market accounts. Mr. Chung, who had considered following both his parents into a career as a doctor, instead got his broker's license in 1992. He built a business focusing on selling municipal bonds to individuals with a few million dollars in assets. By 2000 the two were at UBS.

At a dinner in Manhattan that year, Mr. Chung met Steve Markovitz, a trader for the hedge fund Millennium Partners LP. A few weeks later, Mr. Markovitz called to offer some trading business, Mr. Chung recalls in an interview. (Through his lawyer, Mr. Markovitz declined to comment. He pleaded guilty to illegal trading not involving Merrill and awaits sentencing.)

In February 2001, as Messrs. Chung and Savino putted golf balls in their office, Mr. Chung invited his colleague to help out on the Millennium account. They shook hands on a 50-50 split of the business.

Mr. Markovitz's trading was straightforward "market timing," according to regulators. Such trading takes advantage of the fact that mutual-fund share prices are set just once a day, usually at 4 p.m. New York time. The price is supposed to reflect the value of the underlying assets held by the mutual fund. But in the case of foreign stocks, the value may be out of date since European and Asian markets close hours before 4 p.m. in New York.

This creates an opening for "market timing." If good news happens during U.S. trading hours, investors can snap up a mutual fund with undervalued foreign stocks, then dump it a day later after the prices are reset and predictably go up. A similar strategy works for mutual funds containing bonds and lightly traded small-company U.S. stocks whose prices may be slow to reflect market developments.

The tactic doesn't necessarily violate securities laws, but many mutual funds have banned or restricted it because the profits earned by the market timers are taken out of the accounts of long-term investors.

Messrs. Chung and Savino had to look for funds where they could set up large accounts for Mr. Markovitz. The legwork got so burdensome that the two brokers brought in a third partner, Kevin Brunnock, 38, and gave him 10% of the business. The three say they did nothing wrong and deny that their trading damaged other mutual-fund shareholders.

Mr. Savino says he had been used to heading home around 5 p.m. But he and Mr. Chung now dedicated most of their time to Millennium and found themselves staying each day until 8 or 9 p.m. as they kept track of positions at scores of mutual funds. Ultimately the three would carry out 13,000 trades for Millennium while at UBS. Messrs. Savino and Chung each made about $2 million in 2001, ranking among the firm's top 10 retail brokers.

The trading angered many mutual funds. Eight fund families -- including OppenheimerFunds and Goldman Sachs -- told UBS they "would not tolerate additional excessive trading or market timing" by the brokers, New Jersey regulators said in a later enforcement action against the three. The brokers blamed such complaints on mistakes by the funds or inadvertent violations when fund policies changed.

In August 2001, the brokers say Mr. Markovitz suggested they move to Merrill, which did other services for Millennium. Two months later, Mr. Savino called the manager of Merrill's branch in Fort Lee, N.J., asking if he wanted to hire a team that generated $10 million in revenue annually. "I actually thought it was a prank," the branch manager, Mr. Boland, later testified to regulators.

The brokers told him they had a "diversified" business with more than 900 clients. "They never mentioned market timing," Mr. Boland testified. The brokers concede they never used those words but say they disclosed to Merrill that their business involved frequent mutual-fund trading.

Merrill managers wooed them. Curtis Brown, an area manager who supervised the Fort Lee branch, invited the three to his expansive suburban home. Then they were squired by limousine to a Merrill office near Princeton, N.J., with its own hotel and pub where the men enjoyed cigars. The next day they met in Manhattan with James Gorman, then Merrill's head of all U.S. brokers.

Though impressed, Mr. Gorman asked in an email how the brokers could bring in so much revenue relative to the size of the assets they managed. Mr. Brown told Mr. Gorman in an email that the three had a "key client" but didn't mention that the client -- Mr. Markovitz -- was carrying out hundreds of commission-generating trades a week. Mr. Brown testified he didn't know that at the time.

In early December, Messrs. Chung and Savino spoke by phone with William Rittling, who then oversaw Merrill's relationships with mutual funds. Mr. Rittling testified to New Jersey regulators that the brokers' trading sounded like market timing. He said he warned that Merrill "prohibits market timing." The brokers deny hearing that. Afterward, Mr. Rittling fretted in an email to Mr. Brown that there would be "issues once fund groups see what they are doing," but he said "we will try to help" the brokers.

Merrill gave the trio of brokers a contract entitling them together to $10.5 million over seven years, not including commissions, based mostly on their meeting performance targets. Before they started, Merrill opened about 20 accounts for Millennium, most with names that didn't include the word Millennium and with different tax identification numbers. Regulators say the hedge fund had the accounts set up that way to make it harder for mutual funds to block improper trading. The brokers deny knowing that was Millennium's intent.

On Jan. 4, 2002, Messrs. Chung, Brunnock and Savino quit UBS, packed their cars with files and drove 20 minutes to their new office. Around that time, UBS had decided to prohibit brokers from engaging in market timing; the trio says the departure wasn't related to that move by UBS. Merrill made sure to keep its stars happy. It gave them prime office space and let them customize it with mahogany furniture and their own espresso machine. Messrs. Chung and Savino shared an L-shaped office. Inside Merrill, the group became known as CBS.

Within weeks, the brokers were executing short-term trades at mutual-fund companies that had complained about their trading at UBS, regulators say. The funds were complaining again. In February 2002, a Merrill compliance officer emailed Mr. Brown and eight others, citing "significant market timing" and asking that they make sure "this activity ceases immediately."

Instead, Mr. Brown's boss, regional manager Andrew Williams, asked a compliance officer "whether an exception could be made," Mr. Williams later testified. Over dinner in Weehawken, N.J., the brokers, Millennium's Mr. Markovitz, Messrs. Williams and Brown and a compliance officer met to discuss the trading.

The brokers made an argument at the dinner that they would frequently repeat and their bosses, Messrs. Williams and Brown, would adopt: The trading was acceptable when mutual funds allowed it. They described the complaints as rare cases in which a fund suddenly changed its rules or a fund official didn't know about an agreement.

In some cases they even had written contracts and letters from the funds to back up their claims. In one letter, a Dreyfus Funds official told Merrill that Dreyfus "is aware of the type of mutual fund business that the CBS group transacts and we are happy with [it]." (Dreyfus has a policy against market timing. A spokeswoman says the fund believed the Merrill brokers would comply with it.) An official of another fund emailed Mr. Chung, "I really want to apologize for being unaware of the business you've been doing for us."

Also, in some instances mutual funds agreed to the short-term trading only if Merrill agreed to direct some of its clients' longer-term assets their way. Mr. Brown testified that he and his boss, Mr. Williams, themselves tried to facilitate one proposed deal. Similar deals later became a major focus of Mr. Spitzer's probe. When Mr. Brown testified before New Jersey regulators, one questioner likened such arrangements to bribery. "I just didn't see it that way," Mr. Brown replied.

Meanwhile, Merrill's rules banned trading in mutual funds "with the intention of capturing short-term profits" -- regardless of whether the mutual fund said it was acceptable. The three brokers signed statements saying they reviewed this and other rules.

The three brokers' first three months at Merrill were a whirlwind of trading. Messrs. Savino and Chung were listed as Merrill's second- and third-biggest revenue generators among brokers nationwide for February. Mr. Brown's four-branch area soon was the top commission earner in the nation.

After thousands of trades, the complaints reached Dan Sontag, one of the top brokerage executives at Merrill. In late April, an email was issued to the three brokers and their bosses: "Per Dan Sontag and Compliance, the CBS group must cease any and all market timing."

When Mr. Brown appeared before New Jersey regulators later, he testified that he considered the email "an order." But he added, "I didn't view this as a closed issue." The brokers testified that Mr. Brown told them to "lay low," so they scaled back but didn't stop short-term trading.

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For the next month, Mr. Brown and his boss in New Jersey, Mr. Williams, lobbied to let their stars do their thing. "I need your help," Mr. Brown pleaded in an email to Mr. Sontag, reporting that Millennium had withdrawn $170 million. Mr. Sontag replied, "I have always felt that the recruits should have been briefed on what they could and could not do."

Mr. Williams, the regional manager, emailed Mr. Sontag that Merrill could lose $3 billion in business -- a reference to the total relationship Millennium had with the brokerage firm. "Simply put," Mr. Williams wrote, "the rewards outweigh the risks." Mr. Sontag testified that he didn't alter his position.

The three brokers became "extremely frustrated," as they said in a June 4 memo to Mr. Brown. The memo noted that the three had "a 45-minute conversation with Bill Rittling prior to our joining Merrill about the very topic" of high-frequency mutual trading and they "did not hear any discourse toward the negative."

In late summer Mr. Brown went to Fort Lee to explain to the brokers how they "could still engage in short term trading for Millennium without violating Merrill Lynch's policy," New Jersey regulators said in a complaint against the brokers. Mr. Brown's idea, which he described in testimony to regulators, relied on a distinction between two ways of holding shares in a mutual fund. One is to hold the shares as part of an account at a brokerage firm like Merrill. The other is to hold the shares directly at the mutual fund.

Millennium switched its shares to a direct account, while designating Merrill to handle buying and selling in that account. It continued to have the three Merrill brokers call in trades and they received commissions for doing so. Regulators say the new arrangement had one big advantage: It could deflect mutual funds' complaints because Merrill was no longer an official holder of the fund shares.

In testimony, Mr. Brown denied that he designed the arrangement to keep the gravy train rolling while diverting complaints. He said he intended for the brokers to stop trading Millennium's mutual-fund holdings once they were transferred out of Merrill accounts. He said he "verbally reprimanded" the brokers in November 2002 when he found out they were still trading for Millennium. The brokers say they don't recall getting a reprimand at that time. Merrill "took no additional steps to enhance its monitoring" of the brokers, the New York Stock Exchange said in a later report on the matter.

Working mostly on Millennium business, the brokers generated more than $7 million in revenue for Merrill in 2002. Mr. Gorman, the head of all brokers, sent a note congratulating the three. Even as Merrill's profits were being pinched by the bear market in stocks, Mr. Brown's four branches generated $93 million, 10% more than 2001. His total pay jumped 13%, to $872,000, and he was soon promoted to a post in San Francisco. The bonus of his boss, Mr. Williams, jumped 26%, to $1.4 million.

Skirmishes over the trading continued in early 2003. In February, a mutual fund rejected a trade, triggering a discussion between Messrs. Brown and Savino. Mr. Brown testified he ordered the brokers to keep Millennium trades at "arm's length" from Merrill, which meant they had to stop calling in trades for the hedge fund. The brokers said that didn't happen until late April amid new questions about their trading, when Mr. Brown wrote "NO calls" in a memo.

Merrill said it began an internal review of the CBS group that spring. In late May -- shortly after Messrs. Chung and Savino enjoyed their "Circle of Champions" junket to San Francisco -- compliance officials and Messrs. Williams and Brown confronted the brokers with a potentially serious violation of securities rules. The officials played recordings of CBS group assistants identifying themselves months earlier as Millennium employees when calling funds with trades. The assistants said they had misspoken in a rush to place trades, and Merrill took no disciplinary action, according to testimony. But at the same meeting, Mr. Williams told the brokers that fund shares bought for Millennium had to be held for at least a year.

On Aug. 6, Merrill put its timing restriction in writing. The holding period was shortened to 13 weeks, but the trio's market-timing career was effectively over.

On Sept. 3, 2003, Mr. Spitzer announced his office's investigation of the mutual-fund industry, including market-timing issues. The three brokers thought they weren't in danger and were scouting for new business to do at Merrill. But in mid-September, Mr. Sontag, the Merrill executive who oversaw hundreds of branches, decided to fire the men because Merrill faced "reputational risk," he later testified.

On Oct. 2, while Mr. Chung vacationed in Seoul, South Korea, Messrs. Brunnock and Savino watched Mr. Markovitz on CNBC outside of state court in Manhattan, where he pleaded guilty to a felony. Mr. Markovitz admitted to illegally trading funds at the 4 p.m. price after that hour had passed -- something like betting on a horse race after the race is over. Unlike market timing, this is always against the rules. The brokers were shaken that a man they had dealt with so closely was likely headed for prison.

The next day, the trio's new area manager summoned Messrs. Brunnock and Savino to her office in Paramus, as Mr. Chung listened in on the phone from Korea. Reading from notes, she told them they were being fired "for cause" because they violated company rules, they recall. She ordered them to turn over their office keys and leave immediately without cleaning their desks.

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By then, the trio had placed 9,274 trades for Millennium, regulators said. The NYSE said Millennium's business resulted in $12.5 million in revenue for Merrill and $60 million in profits for the hedge fund.

"Our review has revealed certain instances of market timing," Merrill announced. Mr. Herr, the Merrill spokesman, told the New York Post, "We had no knowledge they had a market-timing past." He told other media they "concealed" their conduct.

Punishments ensued, some harsher than others. Mr. Brown had to return some of his 2003 compensation but still made $929,000 for the year, more than in 2002. He and Mr. Williams still work for Merrill Lynch. Millennium and its top executives agreed to pay $180 million to settle civil fraud charges related to market timing. UBS paid a $54 million fine for supporting market timing by the three brokers and several others.

Messrs. Chung, Brunnock and Savino filed a claim with the NYSE -- the first arbiter when brokerage employees have a dispute with their employer -- accusing Merrill of wrongfully firing them for cause and defaming them.

The arbitration panel's award, announced with little explanation late last year, included $1.6 million for terminating the brokers' contracts without cause, $576,036 for legal fees; and $12.5 million for defamation and lost wages. The panel also ordered Merrill to amend its regulatory filings to state that the firings were "not for cause." The firm did that on Jan. 26, 2006, when it also paid the brokers the $1.6 million, plus interest.

Though courts rarely overturn arbitration awards, Merrill is appealing the defamation finding, arguing that it is based mainly on statements in regulatory filings that are protected from such claims by New York law. Merrill also opposes paying the brokers' legal fees.

The three brokers worked for a small Manhattan firm for a time, but they were unable to attract business and quit. Their New Jersey brokerage licenses were revoked in March 2005, a decision they are fighting. They are unemployed.

GM Races To Correct Errors For Report To SEC (WSJ)

By Lee Hawkins Jr.

The Wall Street Journal, March 27, 2006

DETROIT -- General Motors Corp. is working to rectify last-minute accounting mistakes and could file its annual report with the Securities and Exchange Commission within days, people familiar with the process say. But the auto maker still must deal with SEC probes related to several other accounting matters.

Separately, GM is continuing talks with potential suitors over the possible sale of a controlling stake in General Motors Acceptance Corp., the company's auto-financing, mortgage and insurance unit, which could generate as much as $13 billion in proceeds for GM. A decision on GMAC could come within days. GM's board was expected to meet early this week to review the situation, people familiar with the company have said.

GM management has spent more than a week gathering details on the chain of events that led to a last-minute discovery of accounting errors in the financial statements of ResCap, GMAC's residential-mortgage unit, which caused GM to miss its 10-K filing deadline March 16.

GM and its chairman and chief executive, Rick Wagoner, are under pressure to fix the errors and offer a new statement by Friday, since missing that deadline could put GM at risk of violating covenants related to $32 billion in bonds.

"The priority right now is to complete the review and correct the financial statements so that we can file them," said GM spokeswoman Toni Simonetti. She added, "At the same time, we want to understand why this came to light at the 11th hour."

It doesn't appear that the ResCap blunder has threatened the GMAC talks. Still, the delayed 10-K and a list of other accounting errors GM has disclosed recently -- including errors unrelated to ResCap that increased its 2005 loss by $2 billion -- could rattle Wall Street's confidence in the integrity and accuracy of GM's financial reports.

"Right now, investor confidence has eroded because of fundamental problems in the business, but this is now about management credibility and integrity, and that's not good," said GM bondholder Dan Genter, chief investment officer of RNC Genter, a Los Angeles investment-management firm. Some corporate-governance experts say the auto maker should hire an independent forensic accountant to examine its books. GM declined to comment on whether its board has done so.

GM March 16 disclosed and corrected a series of accounting mistakes that will force the auto maker to restate its earnings from 2000 to the first quarter of 2005. Among other things, GM said it must restate earnings figures for 2000 through 2004 as a result of "erroneously" booking payments and credits it received from suppliers -- an issue the SEC has been examining. No one has been charged with any wrongdoing in connection with the investigation, and GM has said it is cooperating.

The ResCap mistakes were discovered after GM's auditors refused to sign off on ResCap's financial statements. People familiar with the situation say that since then, GM's probe has shown that ResCap mistakenly classified proceeds from the sale of mortgage loans. ResCap affiliate GMAC-RFC, which has been securitizing loans for years, was holding mortgage loans and classifying them as "cash flows from investing activities." Then, in a climate of low interest rates and heavy mortgage activity, the

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company started selling loans aggressively, but -- contrary to requirements of accounting rules -- didn't reclassify them as "cash flows from operations," these people said.

These people said ResCap's board was surprised March 16, just hours before GM was to make the filing, to find that ResCap had improperly classified the cash flows on loan sales as far as several years back. By then, Mr. Wagoner and Fritz Henderson, GM's vice chairman and chief financial officer, had reviewed the financials of GM and its subsidiaries and were prepared to certify them.

But GM's outside auditor, PricewaterhouseCoopers, refused to sign off on the documents. The board of GM and the audit committee of ResCap were notified, and both groups held phone-in meetings that day. Mr. Wagoner, in Asia at the time, participated in the call. He then canceled a speech he was to deliver March 20 before a group of business and government leaders from around the world. The group was also scheduled to meet with Chinese Premier Wen Jiabao.

ResCap's chief financial officer, Davee Olson, declined to be interviewed through a ResCap spokeswoman. Accounting experts and analysts expect GM's correction of the failure to reclassify could affect ResCap's cash flow from operations. That could also affect GM's consolidated cash flow from operations, which combines the numbers from GM's financing and automotive operations.

Any change wouldn't help GM or GMAC in the eyes of investors, experts said. Edward Katz, an associate professor of accounting at Pennsylvania State University, said investors often evaluate finance firms on the basis of their net income, not cash flows. Analysts don't generally use GM's consolidated numbers to assess the company's performance, so the mistake isn't likely to affect analysts' views of GM either, said Himanshu Patel, an analyst with J.P. Morgan.

SEC Subpoenas Research Firm (WSJ)

By Kara Scannell

The Wall Street Journal, March 27, 2006

WASHINGTON -- The Securities and Exchange Commission, investigating possible market manipulation, requested documents about communications that Gradient Analytics Inc. had with journalists and others.

The SEC's San Francisco office sent a subpoena dated March 10 to Gradient, a Scottsdale, Ariz., securities research firm. The agency requested phone records, emails and other materials Gradient had exchanged with several hedge-fund advisers and journalists.

The SEC's action follows a round of subpoenas in which agency staff subpoenaed several journalists about their contacts with Gradient and others. That effort drew an outcry from journalists and an admonition from SEC Chairman Christopher Cox to the agency's staff. The new subpoena appears to let the SEC seek information about Gradient's contacts with journalists without seeking the information directly from the journalists themselves.

Gradient received a subpoena from the SEC several weeks ago, in addition to the one this month. Subpoenas, some dated Feb. 7, were sent to TheStreet.com and its founder James Cramer, as well as two journalists who work for Dow Jones & Co., publisher of The Wall Street Journal. The subpoenas to the journalists asked about their communications with a number of organizations, including Gradient, about Overstock.com Inc., an online discount retailer. Overstock.com has accused hedge funds of using the news media to drive down the price of its shares. The news organizations said they wouldn't comply with the request for documents.

After news of the journalists' subpoenas became public last month, Mr. Cox on Feb. 27 publicly criticized his staff for taking such a step against journalists without alerting him, his fellow commissioners, the agency's general counsel or its public-affairs office.

In late February Mr. Cox said subpoenaing reporters is an "extraordinary step" and put the subpoenas "on hold." He said the SEC and financial media have a symbiotic relationship in disclosing information to the public that he didn't want to chill.

He didn't say, however, that the agency wouldn't pursue other avenues to find out information. The SEC has opened a civil investigation into possible market manipulation of some small-capitalization stocks.

A spokeswoman for Gradient, which has denied wrongdoing, said yesterday, "We don't comment on any communications that we have with regulators except to say that we cooperate fully when asked for any information."

Lawyers familiar with the SEC said it is rare for the commission to subpoena journalists. The SEC, which can issue subpoenas independently of other federal authorities, such as the Justice Department, doesn't have an internal policy on how its enforcement staff can request information from journalists but says it will develop one.

The Justice Department, in its U.S. attorney's manual, says a prosecutor can obtain a subpoena for a member of the media without prior approval from the attorney general only when the action is necessary to "avoid the loss of life or the compromise of a security interest." Justice Department officials say reporters are subpoenaed only as a last course of action, after every other effort to obtain information needed for an investigation is exhausted.

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"In general terms, our practice is consistent with the notion that we try to get information other than through a journalist because we are respectful of the journalist's privilege," said Linda Chatman Thomsen, chief of the SEC's enforcement staff. "It's important to remember that the privilege only pertains to the journalist, not the person on the other end of the conversation, who may be a securities-law violator."

While the SEC subpoena to other sources may comply with the Justice Department's guidelines, some lawyers say it may not fit exactly with the spirit of protecting a journalist's communications if a source knows he or she may have to turn over information about those conversations. While journalists can assert a journalistic privilege to avoid having to turn over information, a source lacks such a privilege.

Lawyers say the Justice Department routinely receives requests to subpoena journalists or debt-rating services that maintain the same protections. It's unclear how often those subpoenas are granted. Lawyers say they often don't learn the extent of the government's effort to get the information through other means unless a journalist fights a subpoena in court.

In some states where there are partial shield laws to protect journalists, lawyers said, details of the government's efforts often come out in court.

For example, in the criminal investigation into the possible illegal disclosure of a Central Intelligence Agency agent's identity, reporters were subpoenaed last, even after the president and vice president provided testimony.

In that case, a judge ruled that reporters had to testify or be held in contempt of court. Judith Miller, a New York Times reporter at the time, served several months in jail for refusing to identify her source, before testifying.

In a civil investigation, journalists may have more protections to argue they don't have to turn over documents.

CRIMINAL LAW:

US Pursues Former IRA Chief Over Forged Dollars (FT)

By Demetri Sevastopuloin Washington

Financial Times, March 27, 2006

The US is to seek the extradition of Sean Garland, president of the Irish Workers party, who has been indicted in the US on charges of trafficking North Korean-counterfeited $100 bills in Europe, Russia and former Soviet states.

Mr Garland, 72, the former chief of staff of the official IRA, was arrested in Belfast last year on a US warrant after a 16-year investigation.

The fake dollar bills - known as "supernotes" because of their high quality - started to appear around the world in 1989. But after being released on bail, Mr Garland fled to the Republic of Ireland to escape extradition.

A State Department official told the Financial Times that Washington planned to formally ask Ireland to extradite Mr Garland, although the official declined to comment on the timing. The US attorney for Washington DC and Justice Department declined to comment.

A spokesman for the Workers party declined to make Mr Garland available for comment, but directed inquiries to a website, (www.seangarland.org), which says: "He has been a militant and committed political activist all his life. He has never been involved in any type of criminal activity. For most of his life he has sought political change through democratic means."

The US attorney accuses him of operating a "years-long scheme to obtain, transport, sell, and pass as genuine, highly deceptive counterfeit $100 [bills]".

According to the indictment, Mr Garland (also known as "the Man with the Hat") and six co-defendants conspired to launder the fake notes between 1997 and 2000, allegedly trafficking them in a number of countries, including Ireland, the UK, Russia, Belarus, Poland, Denmark, the Czech Republic and Germany.

Speaking outside the White House during a visit to Washington on St Patrick's Day, Bertie Ahern, the Irish prime minister, said he had not discussed the case with George W. Bush, US president. Mr Ahern added that he would not become involved in the case, saying it was a matter for the Irish courts.

"We follow international obligations in cases, but it's the courts that make decisions," Mr Ahern said.

(NR)

By Jason Zengerle

New Republic, March 25, 2006

Brain Drain

In Unknown White Male--a new documentary about Doug Bruce, a 35-year-old man who woke up one morning on the New York City subway with no idea who or where he was--a Harvard psychology professor named Daniel Schacter plays a supporting

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but crucial role. He serves as the film's memory expert and, in between scenes of Bruce being reintroduced to his family and friends, Schacter appears on-screen to explain that Bruce likely suffers from an extremely rare condition known as retrograde amnesia. Unknown White Male has been greeted with rumors that Bruce is faking his memory loss and that the film is a hoax. But most reviewers have given both the man and the film the benefit of the doubt (Roger Ebert: "Unknown White Male is either (a) factual and authentic, or (b) the most convincing mockumentary ever made"). That, in no small part, is thanks to Schacter's persuasive performance. His authoritative tone and his ability to explain the vagaries of memory in impressively clinical terms, not to mention his Harvard affiliation, lend weight to Bruce's seemingly implausible tale. Now, on the heels of his big-screen debut, Schacter is preparing to vouch for the memory difficulties of another, albeit better known, white male. In January, Scooter Libby hired the Harvard psychology professor to help with his Plamegate defense.

On a recent afternoon, Schacter, a balding man with deep-set eyes and a furrowed brow, sat in his office on the eighth floor of a building just north of Harvard Yard. His bookshelves were lined with titles like The Handbook of Memory Disorders and Neuropsychology of Memory; hanging from the walls were reproductions of memory-themed paintings by prominent artists, including Magritte and Dali. It was as if the memory expert had sought to create an environment in which, were he ever to forget that he is a memory expert, he would be instantly reminded of that identity. Schacter refused to discuss Libby's case or his involvement in it. "I really should not comment on anything to do with that," he said. But he agreed to talk about his work in more general terms, and, as he spoke, it wasn't difficult to discern how he might be able to help Dick Cheney's former chief of staff beat back obstruction of justice, perjury, and false statement charges--and stay out of the slammer.

According to Schacter, there are "seven sins of memory" (which is also the title of his most recent book), or seven common ways in which people's memories can malfunction. And, while Schacter himself wouldn't say so, it seems that at least three of those sins could serve as an innocent explanation--an alibi, if you will--for why Libby told a grand jury and FBI agents that he first learned of Valerie Plame's employment with the CIA from reporters. In fact, it appears that Libby conveyed that information to reporters after learning of Plame's CIA status from other government officials.

One such sin is "transience," which, as Schacter explained, is the forgetting that occurs with the passage of time. He pointed to a study by a Danish psychologist who, moments after learning of Swedish Prime Minister Olof Palme's assassination, recorded that he had heard the news on his radio while eating breakfast by himself. Several months later, when the psychologist tried to recall for the study how he learned of Palme's assassination, he was already misremembering certain details--reporting, for instance, that he had been with his wife when the news came over the radio. "All these things," Schacter said, "are modulated to some degree by time." Seeing as how Libby didn't speak to the FBI and the grand jury until months after his conversations with reporters, the sin of transience could be invoked to argue that he simply misremembered the details of how he learned of Plame's CIA status.

A second memory sin that might be useful to Libby's legal defense is one Schacter dubbed "absent-mindedness," which typically occurs when a person is doing too many things at once--or is focused on one particular thing and is therefore paying insufficient attention to form accurate memories. A person not remembering where he placed his car keys while he was preoccupied with thinking about a problem at work is one example of absent-mindedness. But Schacter ticked off other, more extreme examples, including a study--"done right here on the eighth floor"--in which participants were shown a film of a circle of people passing a basketball. While watching the film, the participants were supposed to keep track of the number of times the ball changed hands. In the middle of the scene, a person in a gorilla suit suddenly walks through the circle beating his chest. The remarkable thing is that only half of the study participants noticed the gorilla. "That study," Schacter said, "shows when attention is sharply focused, it's surprising what can occur outside the focus of attention and apparently not register."

Which is a point Libby's lawyers made, in so many words, in a recent court filing. "Mr. Libby was immersed throughout the relevant period in urgent and sensitive matters, some literally matters of life and death," they argued. "[I]n the constant rush of more pressing matters, any errors he made in his FBI interviews or grand jury testimony, months after the conversations, were the result of confusion, mistake or faulty memory, rather than a willful intent to deceive." Or, to put it another way, Libby was so focused on national security issues and terrorism that he didn't even notice--or failed to remember the exact details of how he learned about--the chest-beating gorilla Joe Wilson and his wife.

The third sin that could serve as Libby's get-out-of-jail-free card is the one Schacter called "misattribution"--remembering aspects of an experience correctly but attributing those aspects to the wrong source. For instance, if a person reads an interesting article in The New York Times but then, in recalling that article for friends, tells them that it ran in The Washington Post, that would be a case of "source misattribution." This, of course, is essentially what Patrick Fitzgerald has accused Libby of committing. Fitzgerald just has another name for it: perjury. But Schacter struck a less accusatory posture, explaining that the real victim of source misattribution is the misattributor himself, since he's often quite convinced that he's telling the truth. "I think, in general, [source misattribution] can be pernicious because you have the possibility for high-confidence errors, because the

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person's memory is right about some aspect of the event," Schacter said. "It's not uncommon for source misattributions to result in high-confidence, inaccurate memories."

Schacter noted that high-confidence, inaccurate memories are hardly unusual in the political realm. A couple of years ago, he wrote a New York Times op-ed trying to puzzle out why Richard Clarke and Condoleezza Rice had such different recollections of the Bush administration's response to terrorism issues. And then there was the he-said, she-said dispute between Clarence Thomas and Anita Hill. The most famous instance of an inaccurate memory in politics, Schacter said, was that of Richard Nixon's White House Counsel John Dean, who, like Libby, was asked to recall conversations for an investigation into political wrongdoing. Dean provided such detailed recollections of his Oval Office conversations with Nixon and other officials that he came to be known as the "human tape recorder." But, when actual tapes of those conversations surfaced, it turned out that Dean's memory wasn't so accurate. He remembered the gist of the conversations, but not the details. "Sometimes he didn't even remember the gist accurately," Schacter noted. These were likely innocent mistakes, he continued, the sort anyone might make when performing the difficult task of trying to recall past events. But then Schacter remembered an alternative interpretation. "Of course," he said, "there's always going to be the question, in a case like that, as to whether some of it is intentional."

Convicted Of Forging Judge's Order, Attorney Is Given 27-Month Sentence (LAW)

By Tom Perrotta, New York Law Journal

New York Law Journal, March 27, 2006

Perry S. Reich, the Long Island, N.Y., attorney who stands convicted of forging a federal magistrate judge's order and lying to the government, was sentenced Friday to 27 months in prison after a judge described his plight as "disquieting" and unlike any case he had ever seen.

Reich, 57, was a respected attorney whose conviction stunned many in the legal community who knew him from his days as a clerk at the Appellate Division, 2nd Department, and at the Court of Appeals, and later as an appellate specialist with a varied practice.

Eastern District Judge Nicholas G. Garaufis likened Reich's story to a Greek tragedy.

"I don't know why he did what he did -- I don't know if he knows why he did what he did," Judge Garaufis said. "I'm not sure that any rational lawyer would ever do anything like this. It defies logic."

Reich spoke briefly, expressing regret and asking the judge to consider that he had been a "good and honest lawyer" for 30 years.

"I'm standing here today with my career destroyed, my life in shambles," he said.

Prosecutors had recommended a sentence of between 63 and 78 months, or 6 1/2 years, while the Probation Department suggested between 27 and 31 months.

Reich's appellate attorneys, Benjamin Brafman and Mark M. Baker of Brafman & Associates, asked for a period of probation with no incarceration.

Brafman and Baker, who were hired by Reich after his conviction, argued that Reich might be a pathological liar who truly believes he did not forge the order and fax it to an adversary, as a psychiatrist had suggested following an evaluation. They also stressed the many letters of support he received, his unblemished record and his reputation among others in the profession. Numerous friends and members of the legal community attended Reich's sentencing to offer their support.

Brafman admitted, however, that his argument was a difficult one to make. He said he initially was reluctant to take Reich as a client because he knew that without "divine judicial intervention," Reich would be looking at a substantial jail sentence.

"I'm not completely convinced that Mr. Reich is in his right mind," Brafman said. No lawyer, he said, could think "that if you did something this stupid, this outrageous, that it would not be discovered shortly thereafter."

'ABSOLUTELY OFFENSIVE'

Assistant U.S. Attorney Amy Busa argued that claims about Reich's mental state were undermined by the fact that he had changed his story several times. She said he engaged in significant planning in an attempt to obstruct the judicial process.

"If the defendant truly believed his lie, he would be telling the same story every time," she said. She added: "It's absolutely offensive what the defendant did to the judiciary."

Reich continues to deny that he faxed to an adversary a fake order purportedly rendered by Magistrate Judge Roanne L. Mann, who was handling civil litigation between a brokerage firm, Ryan Beck & Co., and two former clients.

In the fake order, Magistrate Judge Mann reversed one of her previous rulings and recused herself from the litigation. Reich was involved in similar litigation with the brokerage, which had purchased the assets of another brokerage that Reich blamed for mismanaging his life's savings of $2 million. Prosecutors allege that Reich intended to discredit the brokerage and compel it to settle his case.

The evidence at trial showed that a phone call was made from Reich's home, via a pre-paid calling card, on June 17, 2003, to the fax machine of Joel Davidson, who represented Ryan Beck. Upon receiving the fake order, which was favorable to him, Davidson sent it to other attorneys associated with the firm. When Mann alerted the parties that the order was a fake, Davidson initially was suspected of forging it.

'THERE'S NO JOKE ABOUT IT'

Evidence soon pointed to Reich, though he denied any involvement to federal investigators when they came to his home. During a subsequent meeting with investigators and federal prosecutors, Reich was given the chance to admit that he faxed the order as a joke, according to testimony at his trial. If he did, his fate would have been left in the hands of the grievance committee.

Reich would not admit his role -- a fact that Judge Garaufis on Friday described as the most telling aspect of the case.

"There's no joke about it," the judge said. "I believe Mr. Reich thought he could get away with it."

Reich's attorneys asked that Reich be incarcerated at a minimum security prison in Otisville, about 70 miles northwest of New York City. Garaufis agreed to make that request.

Reich will remain free until he is scheduled to surrender on June 15. He declined to comment after the hearing ended.

Peter N. Katz, a former Assistant U.S. Attorney in the Eastern District who is now a federal prosecutor in New Jersey, also appeared for the government.

Plot Line Shifts In Pellicano Inquiry (LAT)

By Greg Krikorian, Ted Rohrlich, And Richard Verrier, Times Staff Writers

The Los Angeles Times, March 27, 2006

FBI finds no evidence that actor Steven Seagal hired the detective to intimidate a reporter.

Federal officials investigating infamous Hollywood detective Anthony Pellicano have found no convincing evidence that actor Steven Seagal was involved in depositing a dead fish on a reporter's windshield in June 2002 and now believe Pellicano had some other motivation for staging the mob-style threat.

While prosecutors have yet to explain what that impetus was, their current lack of interest in Seagal fundamentally alters the original plot line of this Hollywood cliffhanger and raises this question: If not the movie star, then who was Pellicano working for?

The original premise was that Seagal had hired Pellicano to threaten Los Angeles Times reporter Anita Busch and scare her off a story about the actor's problems with organized crime.

The FBI initially subscribed to that theory because Alexander Proctor, the former convict that Pellicano allegedly hired to put a dead fish with a rose in its mouth and a note that said "Stop" on the smashed windshield of Busch's car, claimed he was working for Pellicano on Seagal's behalf.

Seagal's lawyers have denied since the fall of 2002 that the actor had anything to do with the threat, but federal authorities have never publicly exonerated him or explained why they eventually came to disbelieve Proctor.

"As we looked into it, there was very little to corroborate" Proctor's claim, said a source close to the investigation. "There was a lot to suggest that Seagal was not involved."

Indeed, the 110-count federal indictment accusing Pellicano and six others of conspiring to blackmail and intimidate dozens of celebrities, business executives and others in Los Angeles alleges that the private eye started spying on Busch well before Seagal was even on her radar.

Pellicano allegedly began prying into Busch's life nine days after she and her reporting partner, Bernard Weinraub, wrapped up a series of damaging articles in the New York Times about former super agent Michael Ovitz — and more than two weeks before she began working on the Seagal story for the Los Angeles Times.

On May 16, 2002, Pellicano allegedly asked his contact in the Los Angeles Police Department, Sgt. Mark Arneson — also now indicted — to troll for information on Busch and Weinraub in law enforcement databases. Pellicano also is accused of paying telephone company technician Rayford Earl Turner to obtain confidential information that later enabled the private eye to tap Busch's phone. She no longer works for The Times.

As the racketeering investigation has widened, a big unknown is the extent to which Pellicano acted at the behest of high-powered lawyers or their clients — or on his own in a bid to impress them.

But for whatever reasons they may have been targeted, several others with Busch on the list of Pellicano's purported victims also had some unpleasant history with Ovitz.

On the same day Pellicano allegedly requested Busch's information, he turned to Arneson for data on James Casey, who had sued Ovitz's Artists Management Group two months earlier to collect $450,000 he alleged he was owed for referring an athlete to the firm.

Six days before that, Pellicano had asked Arneson for information on Arthur Bernier, a former Artists Management executive who sued Ovitz in April 2002 for wrongful termination, alleging he was owed about $200,000.

And almost a year earlier, Pellicano allegedly went after two other Ovitz adversaries, talent agents Bryan Lourd and Kevin Huvane, ordering their names run through the law enforcement databases as well.

Both were former proteges of Ovitz at Creative Artists Agency, which he co-founded. They became his competitors when Ovitz started Artists Management Group after a brief but tumultuous stint as president of the Walt Disney Co. in the mid-1990s.

Federal officials would not say if they regard Ovitz, who has testified before a grand jury in the case, as anything other than a witness.

Through his lawyer, Ovitz acknowledged that a law firm working on behalf of Artists Management on the Casey and Bernier matters, Gorry Meyer & Rudd, retained Pellicano in early May 2002.

But Ovitz denies any knowledge of the alleged wiretapping or illegal background checks detailed in the indictment, his lawyer said.

"At no time did Mr. Ovitz or anyone on his behalf ever direct or instruct Mr. Pellicano, or anyone, to engage in improper or illegal means to carry out the legitimate tasks for which he was engaged," said James Ellis, Ovitz's personal attorney. "Nor was Mr. Ovitz aware of any improper or illegal activities undertaken by Mr. Pellicano at any time."

Ellis said that Ovitz has been told by federal authorities that some of his "conversations were recorded by Anthony as well." Ellis said it was unclear whether Ovitz was talking to Pellicano or other people in the recorded conservations.

Ellis said Ovitz was unaware of, and did not authorize, Pellicano to conduct "any type of background check" on Lourd or Huvane in 2001.

Ellis also said prosecutors have assured Ovitz — once known as the most powerful man in Hollywood — that "he is considered a witness in this matter," and nothing more.

"Mr. Ovitz was interviewed over two years ago by the authorities and answered all of their questions. He also testified under oath in front of the grand jury and again answered the questions that were posed to him," Ellis said. "There simply has never been any indication that the authorities believe that Mr. Ovitz was complicit in any criminal or improper acts. Any implication otherwise is just wrong."

Seagal's lawyers, in denying that the actor had anything to do with the fish incident, said that their client, if anything, was one of Pellicano's victims.

Court records indicate that, rather than working for Seagal at the time Busch was threatened, Pellicano was actually working against him on behalf of Gorry Meyer & Rudd, the same firm that had hired Pellicano for help in Artist Management's disputes with Casey and Bernier. Gorry Meyer alleged it was owed $260,000 in legal fees by Seagal.

In defending Seagal in the fee dispute, the law firm of Lavely & Singer accused Gorry Meyer of hiring Pellicano to intimidate Seagal.

The law firm did so, Lavely & Singer contended in court papers, even though one of its partners, Christopher Rudd, was "aware of the substantial hatred" between the actor and Pellicano and "knew that simply hiring Mr. Pellicano to attempt to collect the disputed fees would constitute a threat."

But while finding evidence that Pellicano had been hired as a private investigator, the judge in the case found no proof that he did anything to threaten or intimidate Seagal, court records show.

A year earlier, Pellicano surfaced in another dispute in which Gorry Meyer was engaged — this one involving Ovitz's company.

In an unusual role for a private investigator who bragged of sometimes settling disputes with a baseball bat, Pellicano acted as a negotiator for Gorry Meyer in Ovitz's trademark dispute.

At the time, his Artists Management Group was locked in a legal battle with a firm with the same initials, Advantage Marketing Group, a Texas-based company whose clients have included former Dallas Cowboys star running back Emmitt Smith.

Ovitz's company sued in federal court over the right to use the AMG name. In a counterclaim, Advantage contended it had actively used the name since 1985 and intended to keep it. One of its executives accused Artists Management of attempting to "steamroll us because we're a small agency."

After having read about the lawsuit, Ellis said, "Mr. Pellicano noted that he had a good relationship with certain parties involved and suggested that he might be able to settle the matter. He and other mutual acquaintances were authorized by counsel to give it a try. It is not unusual, especially in the entertainment industry, to enlist the participation of such intermediaries in an effort to resolve business disagreements."

In June 2002, Pellicano contacted a Washington, D.C.-based attorney for Advantage Marketing, Carla Calcagno, and told her he was authorized to help settle the dispute, according to two sources familiar with the matter.

Calcagno declined to comment.

But the sources said she was wary of Pellicano because of his reputation as a Hollywood tough guy and refused to deal with him in crafting the settlement.

Neither this case, nor Ovitz's name, appear in the indictment, which notes that Pellicano sometimes took it upon himself to initiate his spying, in a bid to strengthen his reputation with "lucrative clients, including entertainment celebrities and executives, attorneys and law firms."

One high-profile entertainment lawyer who has done work for Ovitz's firm, Bertram Fields, has acknowledged being a subject of the FBI investigation. Many of the counts in the indictment pertain to Pellicano's alleged wiretapping and illegal background checks of adversaries of Fields' clients.

As in the trademark case, Fields also has used the pugnacious private eye in an unusual capacity.

Los Angeles attorney Barry Rothman said in an interview that Fields once referred him to Pellicano to handle negotiations in a case of alleged child molestation. That happened in 1993, when Rothman represented the father of a boy allegedly molested by singer Michael Jackson, a Fields client, who also was represented by Ovitz's Creative Artists Agency.

When he contacted Fields to discuss the allegations, Rothman said, the entertainment attorney directed him to Pellicano.

"He just told me that's the way it's going to be," Rothman recalled. "He said, 'If you're gonna talk to anybody, you're gonna talk to Anthony Pellicano, not me. You have to speak to him — only. With a capital O.' "

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Times staff writers Kim Christensen and Henry Weinstein contributed to this report.

'Mafia Cops' To Break Ranks (NYDN)

By John Marzulli

New York Daily News, March 25, 2006

They were alleged partners in crime, but the so-called Mafia cops may go their own way at their trial.

Louis Eppolito doesn't plan to call a single witness in his defense; partner Stephen Caracappa may take the stand, their lawyers said yesterday.

"The government has absolutely not proven its case beyond a reasonable doubt," said lawyer Bettina Schein, who represents Eppolito.

Federal prosecutors, on the other hand, appear confident that their case is going extremely well, largely due to the devastating testimony of chief witness Burton Kaplan, the alleged go-between for the Luchese crime family and the former NYPD detectives in numerous gangland killings.

The government plans to rest its case Wednesday without calling mob turncoat Peter Chiodo, who has apparently been dropped from the witness list.

Caracappa's lawyer Edward Hayes said no decision had been reached on his client testifying, which is always fraught with risk.

"I think the big issue is Kaplan - if the jury believes him we have a problem, if they don't, we're okay," Hayes said. "Our expected defense would be Steve is a very talented detective with no motive and had no opportunity to do a lot of these things."

'MOB' COP'S GAMBLE (NYPOST)

By Zach Haberman

The New York Post, March 27, 2006

For accused mob cop Louis Eppolito, it seems the best defense is no defense at all.

Lawyers for the former detective accused of moonlighting as a hit man said yesterday that neither Eppolito, nor any other witness, would take the stand in his defense - a move likely to bring his high-profile racketeering trial to a speedy close.

In a hearing in Brooklyn federal court, defense attorney Bettina Schein told Judge Jack Weinstein that the most the defense would do to respond to the prosecution's case against her client was file paperwork next week.

"The government has absolutely not proven its case beyond a reasonable doubt," Schein told The Post after the hearing.

That means closing arguments in the trial could be heard as early as April 3, since prosecutors said they would rest on Wednesday. The trial had been expected to drag out as long as six weeks.

Co-defendant Stephen Caracappa's legal team said they had not decided whether to put him on the stand, nor if they would call any witnesses.

Prosecutors say Eppolito, 57, and Caracappa, 64, were involved in eight murders between 1986 and 1990 while on both the NYPD payroll and that of Luchese crime family underboss Anthony "Gaspipe" Casso.

But the feds' case may hinge on whether the jury believes the five-year statute of limitations on the racketeering charges has expired - the very same sticking point that prevented a jury from convicting John "Junior" Gotti earlier this month.

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It has long been accepted that Eppolito and Caracappa retired to Las Vegas in the early 1990s.

But they were arrested a year ago as prosecutors argued that the murders were part of an ongoing conspiracy that lasted through a 2005 drug deal with FBI informant Steven Corso.

Corso - a former accountant who started working with the government after he was caught embezzling $5.4 million - testified earlier this week that he had secretly recorded meetings with Eppolito about financing for a movie project, which turned into a drug deal.

Defense attorneys argue that the prosecution has not shown a continuing racketeering operation from the 1990s and therefore the five-year statute of limitations has expired on the alleged crimes.

Eppolito and Caracappa face life in prison if convicted. The trial continues Monday.

'Mafia Cops' Trial Has Lots Of Theatrics (KCS)

By Larry Mcshane

The Kansas City Star, March 27, 2006

NEW YORK - Louie Eppolito had a story to tell. And, more importantly, one to sell.

The decorated ex-New York police detective, who also happened to be the son of a mobster, was living in Las Vegas and trying to peddle doomed screenplays with titles like "Murder In Youngstown." Eppolito was looking for an investor in his latest project - and he was unconcerned about the source of the cash.

"If you said to me, `Lou, I wanna introduce you to Jack Smith, he wants to invest in this film,' (and) he says, `$75,000 comes in a (expletive) shoe box,' that's fine with me," Eppolito said during a surreptitiously taped conversation with a federal informant. "I don't care. I've had people give me money before."

It sounds like movie dialogue, maybe something out of "Get Shorty." No surprise - the trial of so-called "Mafia Cops" Eppolito and Stephen Caracappa, heading into its third week, has featured plenty of theatrics.

The courtroom histrionics occasionally threaten to overshadow one of the most serious prosecutions in city history: a pair of top-echelon NYPD detectives accused of using their prized gold shields to kill eight people at the behest of a brutal mob underboss, Anthony "Gaspipe" Casso.

Prosecutors allege that Eppolito, 57, and Caracappa, 64, were partners in crime from 1979 to last year, when they were arrested in Las Vegas. They remain free on $5 million bail.

The first day of testimony was punctuated with a screaming match between turncoat mobster Alphonse "Little Al" D'Arco and defense attorney Bruce Cutler, who made his reputation defending the late Gambino family boss John Gotti.

"I don't know what the hell you're talking about," snapped the grandfatherly D'Arco, 73, his Brooklyn accent unaltered by 15 years in witness protection. "You're not making any sense to me."

Cutler, his deep voice rising, tried to ask another question: "Wouldn't you agree with me ..."

"I wouldn't agree with you on anything!" shouted D'Arco, who was threatened with contempt by U.S. District Judge Jack B. Weinstein. That was before the one-time Luchese boss ripped into Cutler as a loudmouth and a cheapskate.

The judge showed little more tolerance for Cutler, cutting off his cross-examination for shouting at D'Arco.

The defendants themselves are a mismatched pair: the portly Eppolito, whose reputation was made as a street cop, comes to court in an ill-fitting sports coat. Caracappa - so thin he was known among fellow cops as "The Stick" - is fastidious in appearance, right down to his neatly trimmed mustache.

The prosecution has already called its key witness, confessed drug dealer Burton Kaplan, who spent four days testifying about the two detectives' brutal work on behalf of Luchese underboss Casso. Kaplan implicated the pair in a dozen homicides.

Cross-examination of another prosecution witness, crooked accountant Steven Corso, focused on his theft of $5.3 million from an ex-employer to finance a life of what he called "girlfriends, jewelry and going out."

It was Corso who recorded the conversations with Eppolito about film financing. The ex-detective, playing up his mob pedigree, sprinkled the conversation with mob names like "Jimmy the Buffalo" and the late crime boss Joe Bonanno.

There was one witness whose testimony tugged on heartstrings while going to the heart of the case: Pauline Pipitone, describing how her youngest son, 26-year-old Nicholas Guido, had come home for Christmas dinner in 1986.

It was Guido's misfortune to share his name with a mobster involved in a botched hit on Casso. When the underboss wanted revenge, prosecutors said, he turned to the two detectives - who provided an address for the wrong Nicholas Guido.

The innocent man was showing off his new car when he was shot by mob hit men. Pipitone was inside washing dishes.

"I ran over to the car," she testified. "He was sitting up at the wheel. I went to touch his hand, and he must have just died. His fingertips were cold."

In Ex-Detective's Trial, His Book Provides A Bizarre Plot Outline (NYT)

By Alan Feuer

The New York Times, March 27, 2006

Beneath the murders, the mobsters, the gamblers, the strippers, the tax cheats, diamond smugglers, thieves, hoods, cops, cons, corpses, crooks and marijuana dealers, there is — at the core — a book.

It is the 251-page memoir "Mafia Cop," and it sits at the center of the most macabre and bizarre racketeering trial to unfold in years. Its author, Louis J. Eppolito, a retired New York detective, is the chief defendant in the case, a transcontinental drama in which he stands accused, along with his former partner, Stephen Caracappa, of committing drug crimes in Las Vegas after taking part in at least eight Brooklyn murders for the mob.

Rarely since 1912, when Lt. Charles Becker was tried for the killing of a two-bit gambler named Beansie Rosenthal, have there been such shocking allegations against New York City police officers. And yet despite the grisly charges ("eight bodies," as the police would say), the current case has delved into the absurd.

Last April, a month after Mr. Eppolito, 57, and Mr. Caracappa, 64, were arrested in Las Vegas (at a restaurant where Jerry Lewis often celebrates his birthday), Variety was already reporting that three film studios were vying for the rights to "Mafia Cop." And that did not include what Variety called the "fictional drama" that Irwin Winkler (producer of "Rocky") and Nicholas Pileggi (screenwriter of "Goodfellas") were doing on their own.

Once the trial began, the chief witness in its Brooklyn phase was revealed to be an old, arthritic marijuana dealer with a talent for "diversionary driving" and subsidiary interests in African diamonds and stolen leisure suits. The chief witness in the trial's Las Vegas phase was a disgraced, pomaded C.P.A. with a taste for gambling and bruschetta. He moved through the city surreptitiously recording members of its underworld — a sort of Studs Terkel of Las Vegas crime.

Both men testified that Mr. Eppolito gave them signed copies of "Mafia Cop," which has been mentioned at the trial almost every day. It contains the germ of the government's dispute with its author — his claim that he broke with the mobsters in his past. It contains the seeds of his defense — that he is not a killer but a writer, a man who "makes things up, creates," as his lawyer said.

The book, co-written with Bob Drury, is the autobiographical account of Mr. Eppolito's journey through the Police Department as the son of a gangster aligned with Brooklyn's Gambino crime family. Rich in anecdote and salty dialogue, it seeks to portray its author as a conflicted but ultimately dedicated Kings County lawman.

As such, it reflects the comparatively minor role that has been played so far by Mr. Caracappa, who, like pepper, always gets second billing. It has even lent its title to the tabloids, which inevitably refer in headlines to the "Mafia Cops" case.

In Chapter 13, Mr. Eppolito tells of being a cadet at the Police Academy, where an instructor in his homicide class has just hung up "a chart full of mug shots signifying the Gambino crime family tree."

A classmate, he relates, says: " 'Look, Lou, this guy has the same last name as you.' His mouth dropped open when I told him that he was pointing to my old man."

It was passages like this that led Library Journal, in its review of "Mafia Cop" (Simon & Schuster, 1992), to proclaim that the book "bristled with street language," though if Mr. Eppolito's writing bears a whiff of Old World Brooklyn, his trial, on the fourth floor of the federal court in Brooklyn Heights, contains the full range of the borough's underworld sights and smells.

The events discussed at trial are exceptionally convoluted, but include murders on the grass berm of the Belt Parkway, diamond dealers buried under seven feet of concrete and kidnapped mobsters kicking in the trunks of unmarked cars.

Beneath the facts, however, lies an urban universe of glottal accents and working-class grammar that may be getting as old as the marijuana dealer, Burton Kaplan, 72, who, in testimony, said that he should have "stood" in school.

This milieu — south of Eastern Parkway — was captured by Bruce Cutler, Mr. Eppolito's lawyer, a self-described "anachronism" who engaged in a verbal smoker with a gangland boss and witness who accused him from the stand of wearing "long collars" in the old style and of never picking up the tab when he dined with his "crew" of Mafiosi.

It was captured by Pauline Pipitone, the mother of an innocent man shot to death one Christmas Day, who testified to reaching out for her dead boy's hand and finding that his "fingertips were cold."

It was captured by Betty Hydell, a white-haired housewife and mother of a mobster, who told the jury how she "made the block" in her car, Ma Barker-style, when a pair of officers, resembling the two defendants, drove past her home.

But perhaps it was captured best of all by Mr. Kaplan, who after learning that his patron in the mob had "gone bad" and decided to work with the authorities, climbed from the bath, packed a bag, kissed his wife and, at the age of 61, went "on the lam," moving from San Diego, to Mexico, to Oregon and, finally, to Las Vegas, where, like Jerry Lewis, Mr. Eppolito and Mr. Caracappa had moved when they retired.

There, they had the bad luck to befriend the disgraced accountant, Steven Corso, who was paying penance to the government — for having stolen $5.4 million from his clients — by systematically recording more than 1,200 hours with various mobsters and exotic dancers, using what he called his "device."

He recorded the defendants, too, at their homes and at lavish three-hour dinners at restaurants like Il Mulino in the Forum Shops at Caesars Palace. In February 2005, he said, he caught them agreeing to arrange a drug deal for some "Hollywood punks" who were coming to town and whom Mr. Eppolito — by then, writing scripts in his garage — wanted to impress.

The detective had always had a touch of the poet. Twelve years after "Mafia Cop" was consigned to the remainder bin, he was scouring the West for money to produce a script he had written, "Murder in Youngstown" — or as he referred to it, on Mr. Corso's tapes: "Youngstown."

The tapes in fact portray him as a classic Hollywood type: the unsuccessful writer who talks a good game. They are filled with semi-knowledgeable references to "second-unit directing" and monologues about why Jews are better at making movies than Italians. They have also been used by the defense to suggest that Mr. Eppolito was, in Mr. Cutler's words, "no gangster, no associate, no wannabe," but "a retired detective who turned his back on that life and knows how to write."

Beyond the struggling-writer defense, Mr. Cutler — who apparently has never met an insult, or a synonym, he didn't like — has reviled the witnesses as "reprobates," "lowlifes," "louts" and cowards who "wet their pants." Edward Hayes, Mr. Caracappa's lawyer, has also sought to impeach their credibility, though at a much less fevered pitch.

The dark horse in the trial is the statute of limitations, which Federal District Judge Jack B. Weinstein said on Thursday was "coming to a head." It is five years in a conspiracy case, which means the jury will have to decide if the two defendants were engaged in a single continuing enterprise that stretched from murder in the 1980's to a drug deal just last year.

Meanwhile, "Mafia Cop" has been reissued by Pocket Star with a cover line that reads, "The book by the ex-N.Y.P.D. detective whose recent arrest for multiple counts of murder made national headlines."

Not that Mr. Eppolito cares.

"I don't get residuals," he said on Thursday. "I don't get anything from that book."

CANARY 'SING'LES OUT VICIOUS VINNY GORGEOUS (NYPOST)

By Zach Haberman

The New York Post, March 27, 2006

A one-time protege of Vincent "Vinny Gorgeous" Basciano's yesterday fingered the former acting boss of the Bonanno crime family as a shotgun-wielding killer.

Bonanno capo-turned-canary Dominick Cicale testified about two murders he committed with his former mentor - and one he prevented.

The hulking Cicale, 39, said he and Basciano were the two gunmen who murdered Frank Santoro as he walked his Doberman pinscher in the Throgs Neck section of The Bronx in February 2001.

"I was one of the shooters," Cicale said during testimony in Brooklyn federal court, noting that he carried a six-shooter while Basciano was toting a "pistol grip shotgun."

When asked why the man he described as a "junkie" was murdered, Cicale said, "Frank Santoro was supposedly looking to kidnap one of Vinny Basciano's sons."

He explained in grisly detail how he and Basciano, 46, jumped out of an idling car and started blasting bullets at him.

"I said, 'Excuse me,' and as he turned around, I started firing shots at his head, and Vinny started firing also."

Basciano continued to unleash his wrath on Santoro, even after his body hit the ground, Cicale said.

Basciano shook his head in disgust at the sight of his former charge on the witness stand.

Cicale also testified about how Basciano brought him along over the years, helping him become a "made" member of the crime family, and teaching him tricks of the trade such as how to avoid being followed in a car and advice on what to listen to while driving.

"I should listen to 1010 [WINS] and news channels because music dulls the senses," Cicale said he was instructed.

Reputed Russian Mobsters Arrested On Murder-for-hire Charges (NSDY/AP)

By Desmond Butler, Associated Press Writer

Long Island Newsday, March 27, 2006

NEW YORK -- Two reputed Russian mobsters were arrested Friday after hitmen they tried to hire to kill twin brothers went to Ukrainian police with secretly recorded conversations about the murder plot, federal prosecutors said.

Monya Elson and Leonid Roytman were arraigned on murder-for-hire charges Friday in Brooklyn federal court. Both pleaded not guilty.

"This is a case of two Russian mobsters who personify ruthlessness and cold-blooded greed," FBI Assistant Director Mark Mershon said in a statement.

Authorities charge that Elson sent Roytman to Kiev in early 2005 to arrange for the murder of Slava and Alex Konstantinovsky, twin brothers known in Ukraine as the "brothers Karamazov."

Investigators believe Elson has been a target of several murder attempts and that the Konstantinovsky brothers may have previously tried to kill him, according to the FBI's application for an arrest warrant. They also think Elson wanted to take over the brothers' businesses, including a major Ukrainian bank, the document said.

Authorities charge that Roytman, who once worked as a head of security for the Konstantinovskys, offered the hitmen $100,000 and a percentage of his former employers' businesses for the job and discussed how the brothers could be killed.

The hitmen recorded the conversation as insurance in case Roytman and Elson came after them, the FBI said. They eventually went to the police after Elson became upset that the job had not been done quickly.

Ukrainian authorities then began an elaborate undercover investigation with the FBI and the New York Police Department.

After Elson set a deadline early this month for the hitmen to kill one of the brothers, police had the hitmen report to Elson that they had killed Slava Konstantinovsky, the warrant application said.

"Elson said 'good' and asked if it was '100 percent taken care of,'" the document said, citing the recordings.

Meanwhile, Ukrainian authorities had Slava Konstantinovsky taken to a safe location and arranged for his brother to report him missing, giving Elson the impression that the murder had taken place, the FBI said.

When Elson arranged to make a payment to the men, he was instructed to pay an associate in New York named "Gena." Authorities then secretly videotaped Elson giving $30,000 in cash to an undercover NYPD agent posing as the associate. They also recorded Elson confirming with one of the turncoat hitmen that the payment had been made, the FBI said.

If convicted, Elson and Roytman could face 10-year prison terms and fines. Elson was previously convicted in federal court of racketeering and was on supervised release when he was arrested. He was also convicted of narcotics trafficking in Israel in 1982.

An attorney for Elson, Donna Newman, declined comment. A message left for Roytman's attorney Friday evening was not immediately returned.

USC Teacher Charged In Real Estate Investment Scam (LAT)

By Mai Tran, Times Staff Writer

The Los Angeles Times, March 27, 2006

He bilked students, others of $1.5 million for show horses and personal items, FBI says.

A USC lecturer who teaches at the university's business school was arrested Friday by FBI agents for allegedly bilking investors — many of them his students — out of more than $1.5 million and spending much of the money on show horses.

Barry Howard Landreth, 36, was arrested at the two-story home he rents in Orange County's gated Coto de Caza community on charges of wire fraud. Authorities said that he lured investors into a real estate investment scheme, promising them huge returns.

Landreth has been a part-time lecturer in real estate finance and development at USC's School of Policy, Planning and Development and the college's Marshall School of Business. Landreth, who graduated from USC in 2001 with a master's degree in real estate development, has been placed on administrative leave, said James Grant, a USC spokesman.

FBI agents said that Landreth told investors that their investments in Nevada and Illinois commercial properties and land would yield a 190% return.

Landreth deposited $718,000 of their money into his personal bank account, officials said. He used much of the remainder of the funds for personal expenses, prosecutors said, including $500,000 to buy and care for show jumping horses, a $73,000 Cadillac Escalade and $52,000 for brokerage accounts in his and his wife's names.

On Friday, Landreth appeared in federal court in Santa Ana. U.S. Magistrate Judge Robert N. Block ordered Landreth held at the Santa Ana City Jail and set bail at $500,000. A preliminary hearing was scheduled for April 7.

Landreth is the founder, president and chief executive officer of Webster Realty Investors Inc., a company started in 1995 that bills itself as a diversified real estate investment and development company with projects nationwide, according to the FBI.

In a 28-page affidavit, investigators said Landreth hired students to work as project managers at his company and paid them $100,000 a year to raise money to fund the "projects." The students persuaded their parents and others to invest in what they were told were commercial development projects in Las Vegas and Chicago, said FBI Special Agent Brad Howard.

Authorities said suspicions grew when investors did not get their returns, monthly investment statements failed to arrive and — in at least two cases — students were not paid. The FBI said that those two students, who invested $215,000 and worked for Landreth for nearly a year, discovered that the properties were owned by someone else. When they knocked on Landreth's door and asked for their money back, Landreth gave them excuses, the affidavit said.

Landreth allegedly drew up fake sales agreements and documents showing that he bought or owned the projects, Howard said. Landreth, he said, did not buy or own any of them. Landreth's attorney, James D. Riddet of Santa Ana, declined to comment, saying that he had not reviewed the evidence.

According to public records, Landreth was also under suspicion in 2004 in South Carolina after Myrtle Beach officials chose him to revitalize the Pavilion Amusement Park.

Landreth and his wife, Treena Gillespie, an assistant professor at Cal State Fullerton and president of her own consulting company, conducted focus groups with residents and business owners in South Carolina.

She faces no charges.

In January 2005, Landreth withdrew from the project amid questions about his background and finances, said Mark Kruea, a Myrtle Beach spokesman. Landreth denied a city-appointed committee's requests for his references and additional financial information, Kruea said.

Brochures Landreth distributed in South Carolina stated his company was worth billions, and, back in California, investors were told that it was worth $3 billion. Howard said the company had barely $200 in its bank account.

Times staff writer E. Scott Reckard contributed to this report.

Former Pavilion Developer Arrested (TSSC)

The State (SC), March 27, 2006

LOS ANGELES - A part-time business lecturer at the University of Southern California, who briefly worked on a plan for redeveloping the Pavilion Amusement Park in Myrtle Beach, S.C., was arrested Friday for allegedly running a Ponzi scheme that authorities say bilked at least $1.5 million from real estate investors.

Barry Landreth, 36, was taken into custody at his home in the gated community of Coto de Caza in Orange County. He was jailed Friday on $500,000 bond, said FBI spokeswoman Laura Eimiller. A preliminary hearing was set for April 7.

FBI agents also seized assets Landreth allegedly acquired with his victim's funds, including a luxury car and several show horses.

In January 2005, Landreth quit working on a plan to redevelop the Pavilion Amusement Park into a year-round attraction after questions were raised about his credentials and his firm's financial stability.

The company that owns the Pavilion recently said the park will close at the end of this season.

The part-time lecturer in real estate finance and development at the University of Southern California's graduate schools, allegedly told his victims he purchased land in Las Vegas and Chicago and that reselling the properties would bring returns of 190 percent within 30 to 45 days, FBI special agent Brad Howard stated in a criminal complaint.

Landreth and the business he operated from his home did not own the properties, the complaint said.

Authorities said Landreth's business was actually a Ponzi scheme, in which any money paid to investors comes from money put in by other investors. They said many of those who invested were business students who also worked briefly for Landreth but did not earn the salaries they were promised.

Instead of investing his clients' money, authorities said, Landreth deposited it into his personal account, spending $500,000 of it to buy show jumping horses.

Only a few persistent investors were ever paid, according to the complaint.

Federal authorities said they began investigating last fall after receiving complaints from victims.

Landreth, who was teaching a course at the university's Marshall School of Business, was placed on administrative leave following news of his arrest, said university spokesman James Grant.

Landreth received a master's degree in real estate development in 2001 and was "an occasional part-time lecturer" at the business school and the University of Southern California School of Policy, Planning, and Development, according to Grant.

FBI Arrests Former Pavilion Developer (MBSN)

Myrtle Beach (SC) Sun News, March 27, 2006

A California developer once involved with The Myrtle Beach Pavilion Amusement Park redevelopment project has been arrested in connection with an alleged Ponzi scheme in California that authorities say bilked at least $1.5 million from real estate investors, including some of his students at the University of Southern California.

Barry Landreth, 36, was taken into custody Friday at his home in the gated community of Coto de Caza in Orange County. He was jailed on $500,000 bond, said FBI spokeswoman Laura Eimiller. A preliminary hearing was set for April 7.

Landreth allegedly promised investors returns of 190 percent, then spent their money on show horses and a luxury car, according to the criminal complaint.

Landreth left Myrtle Beach under scrutiny in January 2005 after nine months of work on the Pavilion plan with the Myrtle Beach Downtown Redevelopment Corp. and Pavilion owner Burroughs & Chapin Co. Inc. Questions about his credentials surfaced after he failed to come up with money he promised in a side deal.

Landreth, a part-time lecturer in real estate finance and development at the University of Southern California's graduate schools, allegedly told his victims he purchased land in Las Vegas and Chicago and that reselling the properties would bring returns of 190 percent within 30 to 45 days, FBI Special Agent Brad Howard stated in a criminal complaint.

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Instead of investing his clients' money, authorities said, Landreth deposited it into his personal account, spending $500,000 of it to buy show jumping horses.

Only a few persistent investors were ever paid, according to the complaint.

In Myrtle Beach, locals started questioning Landreth's financials and qualifications in December 2004 after he didn't come up with money he promised to build a time share resort with John Reyelt, the DRC's vice chairman. Landreth resigned from the Pavilion project after he couldn't provide requested documents about his business.

FBI agents in California seized assets Landreth allegedly acquired with investors' funds, including a luxury car and several show horses. During his presentation to Myrtle Beach's DRC in May 2004, Landreth talked about his horses, including pictures of them among slides for the Pavilion redevelopment.

Federal authorities said they began investigating Landreth in California last fall after receiving complaints from victims.

Landreth, who was teaching a course at the University of Southern California Marshall School of Business, was placed on administrative leave after news of his arrest, university spokesman James Grant said.

Red Cross To Release Results Of Fraud Inquiry (USAT)

By Tom Vanden Brook

USA Today, March 27, 2006

The American Red Cross plans this week to turn over the results of its investigation into allegations of fraud and waste in its Hurricane Katrina relief efforts to authorities for possible criminal prosecution.

Carrie Martin, a spokeswoman for the Red Cross, said Sunday that three volunteers had been dismissed as a result of the charity's investigation.

“The allegations have to do with issues of fraud, waste and abuse,” Martin said. She said she did not have details but most of the allegations involved relief work in Louisiana. The names of those dismissed were not being released, she said.

“Unfortunately, after a disaster, somebody tries to make a buck,” she said.

The Red Cross has received enough donations and pledges to cover the more than $2 billion cost of its hurricane relief in 2005, according to the charity. More than 225,000 disaster-relief workers, 95% of them volunteers, participated in relief efforts in response to Hurricane Katrina. The storm, which hit the Gulf Coast on Aug. 29, killed at least 1,300 people and destroyed or damaged 300,000 homes.

Sen. Chuck Grassley, R-Iowa, chairman of the Senate Finance Committee, which has jurisdiction over tax-exempt organizations such as the Red Cross, issued a statement saying he would meet with the charity's leaders this week to discuss its plans for reform. The Red Cross is chartered by the federal government to respond to disasters.

The Red Cross, Grassley said in his statement, did not take internal complaints of fraud and misuse of funds seriously enough until he drew attention to them. He has led a congressional investigation into the charity's response to Katrina. He said the Red Cross had problems tracking resources, supplies, and volunteers after Hurricane Katrina.

Grassley was traveling Sunday and could not be reached for comment, said his spokeswoman, Beth Pellett Levine.

Martin said the Red Cross is determined to root out corruption and has recovered $2 million in assistance that was illegally received. “Nobody takes these allegations more seriously,” she said.

The results of the Red Cross investigation will be released publicly, Martin said.

Friendly Fire: It's Hard To Make A Case (NSWK)

By Dan Ephron

Newsweek, March 27, 2006

The Army is forging ahead with its criminal investigation into the friendly-fire death of former NFL player Pat Tillman, but it's unlikely the soldiers who shot him will be held criminally negligent. The Army launched the probe earlier this month under

pressure from Tillman's parents, who believe investigators whitewashed three previous inquiries (seven soldiers received administrative punishment ranging from pay cuts to loss of rank).

Col. Joseph Curtin, an Army spokesman, said the panel was checking if the Army Rangers who shot Tillman while fighting Afghan militants in April 2004 should face a full-blown trial. The negligence charge is almost never brought in fratricide cases. "It's extremely rare and usually it doesn't stick," says Ivan Oerlich, who wrote a 1992 study on friendly-fire incidents in Gulf War I. Why so few prosecutions? The difficulty of distinguishing between reasonable and negligent behavior in the chaos of battle, and a fear of making soldiers trigger-shy. Still, a separate panel investigating whether soldiers mounted a cover-up by burning Tillman's uniform and body armor could spawn other criminal charges.

Murder Case Is Like A Movie, And That May Be A Problem (USAT)

By Martin Kasindorf

USA Today, March 27, 2006

LOS ANGELES — The kidnapping and murder of 15-year-old Nick Markowitz in 2000 was true-crime story that had "soon to be a major motion picture" practically written all over it. The tragedy had a young victim, a manhunt for the kidnapper and a ring of middle-class 20-somethings who sold marijuana in the San Fernando Valley.

Alpha Dog, a $13 million movie with a cast including Justin Timberlake, Bruce Willis and Sharon Stone, is based on the slaying in Santa Barbara, Calif. It's ready for release. But the film is now entangled in the criminal case against a defendant with a name that no screenwriter would dare make up: Jesse James Hollywood.

Hollywood, 26, has petitioned the California Supreme Court to remove the Santa Barbara County district attorney's office from the case for "unprecedented misconduct" in giving non-public case files to filmmaker Nick Cassavetes. Defense lawyer James Blatt says he'll ask another court to block New Line Cinema from releasing the "inflammatory" movie until after Hollywood's death-penalty trial later this year.

The studio had scheduled the opening for April but now says it will choose a date this spring "to be determined." Alpha Dog got mixed reviews at the Sundance Film Festival in Park City, Utah, in January.

Hollywood was indicted for allegedly being the leader of a drug gang and orchestrating Markowitz's killing. He fled after the murder and became at age 20 one of the youngest people to be pictured on the FBI's website as a wanted fugitive.

The 5-foot-4, tough-talking Hollywood was a "cult hero" to Valley kids, says Michael Mehas, associate producer of Alpha Dog. "It's that rebel, anti-authority image," Mehas says.

Hollywood was a fugitive for 4½ years until he was captured in Brazil in March 2005. He has pleaded innocent.

"Having him get caught has been a mixed blessing," Mehas says. "It turned the spotlight on the case, but it enmeshed the film in the real-life story."

Ron Zonen, the chief deputy district attorney in Santa Barbara County, says Hollywood and others kidnapped Markowitz to pressure his older half brother to pay a $1,200 drug debt. After Hollywood's lawyer told him that kidnapping for extortion carries a life sentence, Hollywood ordered the abducted boy killed, Zonen says.

By 2003, Zonen had won convictions of four young men linked with Hollywood. The accused triggerman, Ryan Hoyt, is on death row and is appealing his conviction. TV's America's Most Wanted and other shows failed to produce any good tips to find Hollywood. His trail had gone cold in Canada, Zonen says.

Then director-screenwriter Cassavetes asked Zonen to cooperate on a movie "that was going to be accurate and use original names," the prosecutor says. "He said it was going to reach an international audience. That was the appeal."

Zonen says he knew that Cassavetes' parents were actress Gena Rowlands and the late director-actor John Cassavetes. "I felt he had the Hollywood pedigree — that's Hollywood with a small 'h' — to make it fly," says Zonen, who was a prosecutor in Michael Jackson's child-molestation trial last year. Jackson was acquitted.

Mehas says Zonen gave the filmmakers his notebook from the four previous prosecutions in the Markowitz case, in addition to police and probation reports, a psychological report on Hoyt and crime photos.

The film follows Zonen's theory of the crime, but Cassavetes was unable to keep a promise to the prosecutor: All names were changed on advice from lawyers for the producers. Hollywood became Johnny Truelove, played by Emile Hirsch.

Cassavetes had finished filming Alpha Dog when Hollywood was captured in Brazil. When Hollywood was booked in Santa Barbara, Cassavetes said the film would need revising. He had Johnny Truelove captured in Bolivia.

The expense of shooting new scenes was just the start of trouble for the filmmakers. New Line Cinema screened Alpha Dog at a preview last summer. Blatt, Hollywood's lawyer, says he attended. He then filed motions with Santa Barbara County Superior Court Judge Brian Hill, asserting the film endangers Hollywood's right to a fair trial.

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"Names are changed, but they advertised it as a true story and everyone's going to know it's the Jesse James Hollywood story," Blatt says in an interview. Cassavetes was summoned to court to answer questions about the film at a hearing in August. Hill ordered Mehas to turn over his notes for a book he has written on the case.

Hill and an appeals court rejected Blatt's move to kick Zonen and his office off the case. On March 3, Blatt complained to the California Supreme Court that Zonen acted improperly in helping Cassavetes portray Hollywood's character in an "inflammatory manner." In a court filing, Zonen said "there was no misconduct in assisting Nick Cassavetes in making a movie that would reasonably assist law enforcement in apprehending a fugitive."

Blatt says Zonen's ties to the movie create a conflict of interest — a bias that prevents Hollywood from receiving "evenhanded prosecution." Zonen received no money, but "future profit may be implied," Blatt says. Zonen denies any conflict of interest. The court will decide by May 2 whether to take action.

Blatt acknowledges that there's no precedent for removing prosecutors for helping filmmakers and says he'll have "an uphill battle" to delay the film's release. He says prospective jurors can be dismissed if seeing the film leaves them with an unshakeable opinion that Hollywood is guilty.

Zonen says few prospective jurors are likely to see the youth-oriented Alpha Dog. "There's a heavy dosage of rap music and drugs and booze and yelling and swearing," he says. "It's not the kind of movie the 40-plus are going to flock to. And anyone who has seen this movie will simply be excused — all three of them."

Police Finding It Hard To Fill Jobs (WP)

By John Pomfret

The Washington Post, March 27, 2006

LONG BEACH, Calif. -- Police departments around the country are contending with a shortage of officers and trying to lure new applicants with signing bonuses, eased standards, house down payments and extra vacation time.

From this seaside Southern California city to Washington's suburbs, more than 80 percent of the nation's 17,000 law enforcement agencies, big and small, have vacancies that many can't fill, police officials estimate.

"I was just at a conference of police chiefs," said William Bratton, the chief of police in Los Angeles, which has 720 openings. "It was all everybody was talking about."

Police officials and researchers say a confluence of demographic changes and social trends have precipitated the shortage. The wars in Iraq and Afghanistan have siphoned off public-service-minded people to the military. Hundreds of law enforcement officers have handed in their badges to take higher-paying positions in the booming homeland security industry.

And each year an increasingly large number of baby-boomer officers, hired in the 1970s, retires. The labor pool in the next generation is smaller, further cutting the number of prospective applicants.

The younger generation is better educated than its predecessor, so a career in policing, where the average starting salary is $32,000, is not as attractive as it was before.

Prince William, Fairfax and Loudoun counties all have recently instituted programs -- signing bonuses, bounties for county employees recommending successful candidates, and pay increases -- designed to keep their police departments intact.

In the District, officials said they have noticed increased competition for applicants but are not facing a shortage. But Prince George's County began a $1 million advertising campaign last summer touting police work as exciting and challenging in the hope of boosting its chronically understaffed ranks. The force is 60 officers short of its authorized complement of 1,420 officers.

Elsewhere, departments have dropped their zero-tolerance policy on drug use and past gang association, eased restrictions on applicants with bad credit ratings, and tweaked physical requirements to make room for more female candidates or smaller male candidates, police officials said. Departments also offer crash courses in reading and remedial English for the written parts of the entrance exam, and provide strength and agility coaches for the physical part -- all of which have raised concerns about how qualified some of the new personnel will be.

"We no longer say if you've smoked marijuana five times, you can't be in the LAPD," said Cmdr. Kenneth Garner, who runs recruitment for the Los Angeles Police Department. "If we did that, I'd be sitting in this office by myself. But we really take a hard look at honesty."

In the past, some recruitment drives have resulted in questionable hiring. In 1989 and 1990, the D.C. Metropolitan Police Department, seeking to quell a crime wave, mistakenly hired numerous gang members and people with substantial criminal histories and drug and credit problems. Some were later implicated in questionable police shootings.

Experts said that while they hope the inherently conservative nature of law enforcement agencies will protect against a slew of bad hires, there is a concern that with a smaller pool of applicants, less-qualified people are becoming police officers.

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"That is clearly a concern, and police chiefs are very uneasy about that possibility," said Hubert Williams, president of the Police Foundation, a law enforcement advocacy group. "The question is, do we keep our radio cars empty or hire people who a few years ago we wouldn't have hired? It is very problematic."

Williams said that some departments are hiring applicants with criminal records. "A few years ago, an arrest record was a deal breaker," he said. "Now departments are asking whether someone is salvageable."

To fill the void, police recruiters are fanning out across the country. When layoffs were announced in the automotive industry in Detroit, recruiters flocked there to try to sign up furloughed assembly-line workers. Police recruiters comb the beaches of Florida, California and Texas during spring break and conduct ad campaigns -- on billboards, in newspapers, on radio and TV -- at a level unprecedented in the history of U.S. policing.

Police officials say the shortage of police officers has hit law enforcement agencies west of the Mississippi particularly hard because they historically have carried smaller staffs. For example, New York City has twice as many people as Los Angeles but nearly four times as many police -- about 37,000, compared with L.A.'s 9,600 -- and last week announced plans to hire 800 more.

In Texas, the need for law enforcement officers is so great that Dallas, Austin and Houston are in the midst of a bidding war to hire veteran officers, with Houston recently upping its bonus to $7,000.

The Las Vegas Metropolitan Police Department, one of the country's more aggressive recruiters, recently drew the line on tattoos, branding and body piercing -- but left some wiggle room. If the body art can be covered by a long-sleeved shirt and pants, then applications are still welcome.

To find new recruits, the San Diego County Sheriff's Department has offered a $500 bounty to county employees who find applicants who become deputies. The sheriff's department, like many agencies, used to frown on transfers from other departments, but now such lateral hires are given a signing bonus of $5,000.

Mike Farrell was lured over to the San Diego County Sheriff's Department from the San Diego city police force in December. The six-year police veteran got $5,000 to sign, better hours, the chance to clock more overtime and the promise of a fatter pension when he retires. The San Diego city government is tottering toward bankruptcy, so law enforcement recruiters from around the country, including Honolulu and Phoenix (which is sweetening its offer with a down payment on a house), have been picking over its force. Of Farrell's original squad of six on the city police force, he said, only two remain.

"When I first started applying, there were 100 applicants as qualified as I was," said Farrell, 33. "Now they are having a hard time finding 25 to 30 people like that."

In past decades, police departments were hampered by budget cuts. But now, even when there is adequate funding, cities can't find enough cops. In 2004, voters in Oakland approved a $9 million tax increase to hire 63 additional officers to increase the ranks of that police department to 802. Today the city is nowhere close to meeting its recruitment goal because there are not enough suitable applicants.

"People are not as equipped or as inclined to be police officers as in the past," said Barbara Raymond, who has researched the police shortage for Rand Corp. "There's more drug use, there's a more sedentary lifestyle. People are more in debt and overweight."

"What you are really talking about is a major national shortage in a variety of sectors -- teachers, firefighters, nurses and police officers," said Williams, the Police Foundation president. "Corporate America can move across the world to find people to work in its factories. But there are some things that you can't outsource." And unlike the nursing industry, which has attracted thousands of overseas applicants to the United States, most, if not all, police departments require candidates to be U.S. citizens.

Policing also has changed, Raymond noted in her report for Rand. The job is far from the adrenaline-packed hook 'em and book 'em, car chase stereotype of the past. As cities around the nation become more culturally diverse and police departments embrace community policing tactics, officers are often pushed to deal with the root causes of crime, becoming more social worker than cop.

The events of Sept. 11, 2001, have put new stresses on police work. In Long Beach, for example, the terrorist attacks prompted the department of 1,000 officers to create its first counterterrorism unit and a special port unit. To do it, Long Beach reduced foot patrols, cut staffing in the narcotics division and switched most officers from two-person to one-person patrol cars.

There are concerns, said Elaine Deck, a researcher at the International Association of Chiefs of Police, that staffing changes and shortages could affect public safety and the well-being of law enforcement officers. The LAPD, for example, is too short-staffed to investigate complaints against its officers, so that many complaints from 2005 may not result in punishment until this year.

"When you have single officers in vehicles, a lack of backup, slower response time, cuts in prevention programs and fewer school resource officers, things obviously could be affected," Deck said. Also, with fewer recruits entering the system and a large

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number of veterans exiting, officers' street knowledge -- critical to effective law enforcement -- is evaporating. It used to take 10 years to make sergeant. Now in many bigger departments, people are getting promotions after only two.

CIVIL LAW:

Tenn. Hospital Case Could Test Budget Act (RC)

By Jennifer Yachnin

Roll Call, March 27, 2006

The constitutionality of the budget reconciliation act — which passed in slightly different versions by the House and Senate before being signed by the president — could face its first test in federal court as early as May, the result of an ongoing dispute over Medicare payments to a group of Tennessee hospitals.

Citing the recently enacted law, formally known as the Deficit Reduction Act of 2005, federal attorneys representing the Department of Health and Human Services have appealed a ruling issued earlier this year by the U.S. District Court on a 2004 lawsuit.

The lawsuit, Cookeville Regional Medical Center v. Thompson, centers on a disagreement over how certain Medicare payments should be calculated.

The hospitals sought and won an increase in payments worth up to $100 million.

But now, HHS, along with its Centers for Medicare & Medicaid Services, is seeking to overturn the decision based on a provision in the budget reduction act that had been drafted in an attempt to to clarify the policy that sparked the original dispute.

"A recent Act of Congress makes it crystal clear ... that the Court's reasoned opinion was incorrect, as was its judgment in favor of plaintiffs," states the HHS appeal, filed Feb. 13.

In their response, attorneys for the hospitals assert that that the law is not only inapplicable to the case, but that it also fails to meet constitutional standards.

"We have argued that the Deficit Reduction Act does not apply to our litigation at all," said Murray Klein, an attorney with the law firm Reed Smith, which is representing the hospitals.

In addition, Klein argues that the act, signed into law in February, fails to meet the Constitution's bicameral clause, because the House and Senate did not pass identical versions of the legislation.

Although both chambers voted in favor of the act in December 2005, a technical error inserted by a Senate clerk resulted in differing bills. The mistake impacts the duration of Medicare payments for medical equipment, including hospital beds and wheelchairs.

"Because the Act cannot survive judicial scrutiny under this Constitutional analysis, the Act is constitutionally deficient, and the Amendment contained therein is invalid and unenforceable," the hospitals' March 17 response states.

While least two other lawsuits filed in recent weeks seek to challenge the Deficit Reduction Act directly, Klein said the Cookeville lawsuit could produce the first ruling on the law's validity.

Although the case is not "fast-tracked," Klein noted that the lawsuit is in an active stage. Federal attorneys are scheduled to file a final response in early April, and a federal judge could rule on the appeal as early as May.

The other, unrelated cases are unlikely to reach a courtroom before that time.

"This may actually accelerate a decision from the Court of Appeals," Klein said. "It's not a $100 million case for Tennessee — it's the magnitude of the Deficit Reduction Act."

While Klein said he believes the government's appeal should fail because the law is not applicable to the lawsuit — he called it "a stretch, in my view ... to take the Deficit Reduction Act and apply it to a piece of litigation they're trying to get reversed" — he acknowledged that it is still likely that the validity of the act could be addressed.

"They can't win without the judge ruling on the constitutionally," Klein said.

Should the court rule in favor of the government, however, Klein said he would likely revisit the issue in an appeal.

"Not only do I appeal, but I probably go right to the Supreme Court with this," Klein said. "We might try to see if the Supreme Court would take it right away."

Still, Klein noted that it remains possible for the court to issue a decision in the case without determining whether the DRA, signed into law in February, is constitutional.

"If we're right that it doesn't apply, you never get to the constitutional issue," he said.

Even in that scenario, however, the government could elect to appeal such a ruling, and the issue could once again be raised in court.

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The U.S. Attorney's Office, which does not discuss ongoing cases, declined to comment for this article. According to court documents, the government has until April 7 to respond to the hospitals' opposition statement.

In the meantime, it remains unclear whether Tennessee's 11-member Congressional delegation, including Senate Majority Leader Bill Frist (R), will support the hospitals' defense, including its argument that the DRA fails to meet constitutional standards.

Earlier this month the bipartisan delegation issued identical letters to both Attorney General Alberto Gonzales and HHS Secretary Michael Leavitt lambasting the appeal, and requesting an explanation of the decision.

According to the March 10 letter, lawmakers included the Medicare provision at the behest of Centers for Medicare & Medicaid Services, which runs the programs, in an attempt to clarify the policy that had sparked the lawsuit.

"It was our understanding that this provision would not be used to appeal decided cases, we request further explanation of what we believe to be a serious miscommunication by CMS," the letter states.

In an interview Friday, Rep. Marsha Blackburn (R-Tenn.) added: "The understanding was it would not apply to the Cookeville case."

"Those assurance were given to Sen. Frist, and thereby to the delegation, and the understanding was it would not affect those cases," she said.

But while Blackburn said she supports Klein's contention that DRA does not apply to the Cookeville case, she said she believes the law is constitutional.

"I would disagree with them on that premise," she said, adding: "I support the work they're doing on behalf of Cookeville Hospital."

A Frist spokeswoman did not return a request for comment for this article. However, it appears unlikely that Frist would back any contention that the law is unconstitutional.

The Senate sought to rectify the issue in February by passing a resolution under unanimous consent that was intended to clarify the legislation.

The resolution, authored by Frist, stated that the deficit reconciliation bill "is deemed the true enrollment of the bill reflecting the intent of the Congress in enacting the bill into law."

Rep. Bart Gordon (D-Tenn.), whose district includes Cookeville, was unavailable for comment Friday, but a spokeswoman reiterated his support for the hospitals involved in the suit.

"Congressman Gordon supports the hospitals' effort to be paid for services they have provided," said Gordon spokeswoman Julie Eubank. "The courts have already ruled that HHS has underpaid them. HHS now should pay the hospitals appropriately and stop trying to weasel out of this responsibility."

An HHS spokeswoman did not return a telephone call Friday.

Separately from the Cookeville case, at least two other lawsuits have been filed that aim to directly challenge the law's constitutionality.

An Alabama-based elder-law attorney filed a lawsuit against the legislation in early February in the U.S. District Court for the Southern District of Alabama.

According to court documents, attorney Jim Zeigler must report by March 30 on his efforts to serve notice of the lawsuit to Attorney General Alberto Gonzales.

"I expect dozens of lawsuits against the DRA, because its constitutional flaw is clear and obvious," Zeigler said in a statement last week. "Millions of citizens and thousands of businesses are adversely affected by the DRA.

"There has been no one yet who has argued that it is okay for the Senate to pass one version of a bill and House another, then to have the president sign the senate version. This is constitutional law 101 — the same bill must pass both houses and be signed by the president. Otherwise the bill is not law. Case over," he added.

In addition, the government watchdog group Public Citizen filed a lawsuit in federal court last Tuesday seeking to nullify law.

While Public Citizen does not represent the manufacturers of any medical equipment affected by the change or any of the users, the group believes it still has legal standing to bring the lawsuit.

The organization's complaint focuses on an increase in federal district court filing fees scheduled to go into effect next month. Stating that the House and Senate approved differing versions of the legislation, the complaint asks for the law to be declared "unconstitutional" and seeks an injunction against the filing fee increase.

CIVIL RIGHTS:

Job Police Or Not, The EEOC Is Busy With Discrimination (WP)

By Christopher Lee

The Washington Post, March 27, 2006

So they say -- some of them, anyway -- that discrimination is not a problem in America anymore? Don't tell that to the tens of thousands of people who filed complaints last year with the Equal Employment Opportunity Commission.

In 75,428 filings at EEOC field offices across the country, people described unfair and illegal treatment in private sector workplaces on the basis of race, sex, age, disability, religion and other factors.

Nearly 63 percent of all complaints alleged discrimination based on race or sex, or that the person filing the complaint had been retaliated against for speaking out against such behavior. Charges of sexual harassment were included in those complaints.

The EEOC, the federal agency in charge of enforcing federal civil rights laws, filed 383 lawsuits against alleged offenders last year, garnering $107.7 million for victims through litigation. The agency, which marked its 40th anniversary last summer, helped obtain $271.6 million for victims without going to trial, often through settlements or mediation.

"Litigation is a last resort," said David Grinberg, an EEOC spokesman.

Discrimination charges declined slightly last year, falling 5 percent from the 79,432 filed in 2004. The numbers have fluctuated over the last decade but have never approached the 91,189 charges filed in 1994.

Cari M. Dominguez, the commission's chairwoman, attributed the recent three-year skid, in part, to more aggressive efforts to promote voluntary compliance by providing training about the laws to employers.

"It is clear that the commission can no longer serve solely as the 'job police,' " Dominguez said in a written statement. "We are striving to build partnerships to prevent discrimination, while taking on more high-impact cases that can lead to positive workplace changes for a broad swath of the workforce."

Still, discriminatory behavior abounds. Consider some EEOC cases this month:

· On March 10, a U.S. District Court jury in Tallahassee ordered Associated Security Enforcement Inc. to pay $1.34 million for sexual harassment of four female employees by one of the security company's owners. The owner groped women's breasts, asked for sex in exchange for money, made frequent requests for oral sex and invited women to stay with him overnight, the EEOC said.

· Also on March 10, a U.S. district judge in Chicago approved a consent decree that requires Cracker Barrel restaurants to pay $2 million to 51 current and former employees of three of the chain's restaurants in Illinois. Several female employees testified that they had been victims of unwelcome sexual comments and touching from managers and other employees. Black workers said they had been required to wait on black customers when white employees refused to serve them, had been assigned to work in smoking sections and had been the targets of racially charged language such as "spear-chucking porch monkey."

· On March 16, the former Melrose New York hotel and its Philadelphia-based management company, Berwind Property Group Ltd., agreed to pay $800,000 to settle discrimination claims by Hispanic employees. The hotel had been charged with creating a hostile work environment by requiring employees to speak only English at all times, including during their breaks; with improperly firing Hispanic employees; and with retaliating against employees who complained about the discrimination.

· On March 2, a U.S. District Court jury in Baltimore ordered FedEx Kinko's to pay $108,000 for failing to accommodate a deaf employee with sign language interpreters, a violation of the Americans With Disabilities Act of 1990. Ronald Lockhart, the employee, worked as a package handler for the company in Baltimore.

Absentee City, U.S.A. (NSWK)

By Arian Campo-flores

Newsweek, March 27, 2006

Fasten your seat belts if you hope to keep up with the contenders in New Orleans's mayoral race. One recent Saturday, candidate Mitch Landrieu woke up at 6 a.m. to fly 200 miles north to Alexandria, La., where he greeted Katrina evacuees. From there, he jetted another 500 miles east to Atlanta, where he joined six of his opponents, including Mayor Ray Nagin, at a gathering of some 75 displaced residents. Then he hopped on a plane back to the Big Easy, where that night he worked the crowd at a Hornets basketball game. "You've got to figure out where your votes are and go get them," said Landrieu, Louisiana's lieutenant governor.

Good luck. With only one third of New Orleanians back in the city and the remainder scattered across the country, the electorate is more elusive than ever. The two dozen candidates—led by Nagin, Landrieu and businessman Ron Forman—are struggling with questionable polling data and out-of-date voter lists. They're hunting for supporters in cities like Houston and Memphis with large concentrations of evacuees. And they're doing it all on a harried schedule, with less than a month left until

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the April 22 election (with a likely runoff scheduled for May 20). "It's a totally different ball game," says Nagin consultant Jim Carvin.

To track down voters, candidates are trolling for any data they can get their hands on. Greg Rigamer, who has advised numerous Louisiana campaigns in the past, suggests a start: take the voter-registration file and cull those who live in habitable areas and have likely returned. Then turn to the U.S. Postal Service, which he says has information on 129,000 registered voters—out of 297,000 overall in Orleans Parish—who have filed change-of-address forms. And there's the list of voters—6,000 so far—who have requested absentee ballots.

Reaching such voters hasn't been easy, though. In New Orleans, mail and phone service remain spotty. And beyond the city limits, many evacuees continue to change residences. It would be prohibitively expensive to buy ads in every market where the scattered population has settled. Nagin—who's intensely courting African-American voters—has opted to run ads on inexpensive black radio stations throughout the South, including Mobile, Ala., and Jackson, Miss. On the other hand, Forman—relying on data suggesting that most likely voters remain in the New Orleans metropolitan area—has chosen to pour money into local TV ads.

Voters themselves face their own challenge: how to cast ballots. For those living outside New Orleans, the state has loosened requirements for absentee voting and set up satellite polling stations in 10 Louisiana parishes for early voting. Come Election Day, a host of monitors will be guarding against potential malfeasance. "Everybody who has a right to vote should have an opportunity to vote," says Landrieu. If only he can find them in time.

Georgia May OK Bible As Textbook (CSM)

By Patrik Jonsson

The Christian Science Monitor, March 27, 2006

ATLANTA - Decatur High School student Kurt Hughes wouldn't call himself religious. He's never even read the Bible.

But he wouldn't mind taking a class on the holy text if it were offered at his high school in Decatur, Ga. After all, "You look at 'The Old Man and the Sea,' 'King Arthur' and even 'The Matrix,' all have biblical allusions," the junior says. "It'd be useful to know exactly what's in it."

The Georgia legislature seems poised to endorse just such a course. Though students in many states enroll in classes related to the Bible, Georgia would become the first to require its Department of Education to put in place a curriculum to teach the history and literature of the Bible. Schools would use the book itself as the classroom textbook. Specifically the bill would establish electives on both the New and Old Testaments.

It has overwhelmingly passed both chambers, but needs a final vote on a minor House change. The vote is expected as early as Monday. If it passes, the state's Department of Education has a year to establish Bible elective courses in the curriculum.

In the late 1700s, Congress thought enough of the Bible as a textbook that it printed 40,000 copies. But the bold effort here in Georgia to use the Bible in today's secular curricula may be about presenting it as a moral code rather than a foundation to better understand the biblical allusions in literature, critics say.

"Behind this is the tension around the country about how to go about doing a Bible elective, and a lot is at stake," says Charles Haynes, director of the First Amendment Center in Arlington, Va.

The Bible is already being used as a course study in as many as 1,000 American high schools, according to the National Council on Bible Curriculum in Public Schools in Greensboro, N.C. The US Supreme Court allows it as long as it's presented objectively, and not taught as fact. But the Georgia legislature's unprecedented decision to wade into what is usually a school district initiative has created concerns.

For example, the bill's use of terms such as Old and New Testament reflect a Protestant bias, some critics say. After all, Catholics and Jews have different interpretations and names for the tome. "To pick one is to suggest that is the right Bible, which is a school district making a faith statement," says Judith Schaeffer, a lawyer for People For the American Way, which works to maintain the separation of church and state.

Others worry that this trend - Alabama and Missouri are also considering statewide Bible study classes - is part of the broader culture war over the role of religion in civic life, and seeks to satisfy social conservatives rather than enlighten students.

"This is a political issue as much as it is a religious issue," says Frances Paterson, a professor at Valdosta State University who specializes in religion and public education. "I would guess that [its sponsors] hope that nobody is going to police this, and when people step over the line, it's going to be ignored, either because nobody's aware of it or they'd be intimidated into not objecting."

Its sponsors insist the bill aims to help students gain broader understanding about the underpinnings of Western culture, from Michelangelo to Hemingway.

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"The biggest misconception is that this teaches the Bible when, in fact, it uses the Bible as the primary text to teach a course in history and literature influenced by the Bible," says a spokesman for Sen. Tommie Williams (R), the bill's sponsor.

The Bible was the most quoted source for the Founding Fathers, Bible scholars say.

The "New England Primer," with its heavy reliance on scriptural texts to teach reading and comprehension, instructed all presidents until James Garfield, according to Kenyn Cureton, of the Southern Baptist Convention, who studies early textbooks in US history.

"It's amazing that we have jettisoned the Bible from the classroom when it is the foundation of the Republic," says Dr. Cureton, a spokesman for the Convention with headquarters in Nashville, Tenn.

Many parents, however, may object to using the Bible as a textbook since doing so may expose their children to the book's various interpretations and criticism, some say.

"A great many people in Georgia are conservative Protestants who take the Bible literally, and that's going to be a problem if you have an academic study of the Bible...." says Dr. Paterson.

A Thin Blue Line Of Prejudice (WP)

The Washington Post, March 27, 2006

FOR MONTHS, apparently, at least some of the police brass in Montgomery County have known either specifically or generally about racist, sexist and immigrant-bashing comments on an online message board used exclusively by county police. And for months, apparently, their response -- or rather, their non-response -- has been modeled after Sgt. Schultz, the immortal bumbler of TV's "Hogan's Heroes": "I know nothing! I see nothing! NOTHING!"

As reported by The Post's Ernesto Londoño, the online forum has become a free-for-all for boorish, intolerant and malicious rantings. On this site, Hispanic immigrants have been disparaged as "beaners," an African American policewoman was termed a "ghetto officer" and a black diversity trainer was threatened with violent injury. If the county's police officers get this agitated while at their computer keyboards, residents may wonder how they react when dealing with minorities and immigrants in the flesh.

It was only after The Post exposed the tenor of some of the online blather that the county police chief, J. Thomas Manger, took the trouble to read the uncouth postings. Now he says he is shocked, and he demands the message board be shut down by the Fraternal Order of Police, the police union, which runs the forum. So far, the FOP has refused.

We're sure that police supervisors are right when they say the loudmouths who sound off on the message board are a loutish minority, unrepresentative of a county force that is generally professional, competent and courteous. In any large organization -- there are 1,100-odd police officers on the payroll in Montgomery -- the actions of a few can tarnish the reputation of the many. And let's face it: Police are paid to enforce the law, not stand as unblemished exemplars of politically correct speech.

But intolerant, hateful officers are unlikely to be effective, and they may actually subvert the department's overall mission. The more police are seen as bigots, the less cooperation they are likely to get from immigrants and minorities. In a county as diverse as Montgomery, where minorities will soon make up half the population, that's a recipe for disaster.

The police department is within its rights to forbid officers from posting on the message board while they're on the job. But the underlying problem is not the forum; it is the attitudes of those who are posting. Silencing trash-talking officers won't make them suddenly sensitive.

Still, neither Chief Manger nor the police union should stand pat. The chief needs to address the problems exposed by the message board, whether by intensified training, discipline or vigilance. Then there's the union, which in the name of free speech refuses to censor the online forum it controls or forbid anonymous postings. Can one therefore assume that the union is unfazed by the evidence of racism, sexism and nativism in its midst? Is the union willing to tolerate obnoxious remarks -- and attitudes -- that tarnish its own reputation and that of the thousands of officers it represents? If not, some self-policing may be in order.

The Air Force's Retreat (WP)

The Washington Post, March 27, 2006

THE AIR FORCE got it right when it issued a carefully calibrated set of guidelines on religious expression last August. The proposed new rules protected the ability of service members to practice their religion and emphasized the importance of tolerating and accommodating religious beliefs. But -- taking note of the unique setting of the military, where issues of rank and discipline come into play -- the guidelines also guarded against behavior that could make cadets at the Air Force Academy or service members feel compelled to engage in religious activities or disadvantaged if they declined.

Unfortunately, facing a barrage of complaints from evangelical Christian groups and pressure from members of Congress, the Air Force backed down. It has issued a revised set of rules that pose the potential for inappropriate religious pressure on

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cadets and service members. This pushes the balance in the wrong direction, especially in light of disturbing reports from the Air Force Academy about religious intolerance and inappropriate proselytizing.

One troubling issue in the revised guidelines concerns the ability of superior officers to proselytize or otherwise promote their faith. The original guidelines emphasized that "individuals need to be sensitive to the potential that personal expressions may appear to be official expressions," adding, "the more senior the individual, the more likely that personal expressions may be perceived to be official statements."

The new guidelines move away from this common-sense approach and emphasize superior officers' rights over the dangers of coercion. For example, the guidelines say, "Nothing in this guidance should be understood to limit the substance of voluntary discussions of religion . . . where it is reasonably clear that the discussions are personal, not official, and they can be reasonably free of the potential for, or appearance of, coercion." But reasonably clear to whom? What looks uncoercive to an officer can look awfully official to a cadet.

The original guidelines said that prayer should not be a routine part of official military life, "such as staff meetings, office meetings, classes or officially sanctioned activities such as sports events or practice sessions."

However, they said, "Consistent with long-standing military tradition, a brief non-sectarian prayer may be included in non-routine military ceremonies or events of special importance."

The new guidelines are softer on this issue as well, saying that public prayer "should not usually be a part of routine official business." Although they do not go as far as evangelical groups had wanted in explicitly permitting chaplains to pray "in Jesus's name," they state that chaplains "will not be required to participate in religious activities, including public prayer, inconsistent with their faiths" -- a statement that opens the door to sectarian prayer. It's unfortunate that the Air Force, having struck the balance so well last year, was bullied into this unwise retreat.

ANTITRUST:

Lucent, Alcatel Consider Second Attempt To Merge (USAT)

By Leslie Cauley

USA Today, March 27, 2006

NEW YORK — Leverage.

In a word, that's why telecom equipment makers Lucent and Alcatel are considering marriage. The companies confirmed late last week that they are in merger talks, marking their second attempt in five years to combine.

Consolidation elsewhere in the telecom industry is a key driver.

In the past decade, the seven regional Bells have dropped to three. Of the big three long-distance carriers, only one — Sprint — is still independent. SBC bought AT&T and named the new company AT&T. Verizon bought MCI.

The story is much the same in the U.S. wireless industry. The No. 1 and No. 2 players — Cingular and Verizon Wireless — are owned by AT&T and Verizon.

AT&T recently announced plans to buy BellSouth, which owns 40% of Cingular. Once that $67 billion deal closes, AT&T will own all of Cingular.

Equipment makers such as Alcatel and Lucent are slowly being overshadowed by their far bigger customers. To maintain clout at the negotiating table, equipment makers need to get bigger fast.

“The bigger the (telecom) carriers become, the power shifts more to the customer,” says Ping Zhao, a senior telecom analyst at CreditSights.

AT&T is the USA's biggest telecom with more than $100 billion in annual revenue. Verizon is No. 2, with about $90 billion in annual revenue.

Lucent, which for decades was owned by AT&T, pulled in $9 billion last year. Alcatel, based in France, had revenue of about $16 billion.

When Alcatel tried to buy Lucent before, the deal fell apart amid disagreements about control. Alcatel wanted management control and to fill key positions with its own people; Lucent objected.

Lucent's value has fallen sharply since then. Its shares closed at $3.06 Friday, up 24 cents, or 8.5%.

What hasn't changed is Lucent's closeness with the U.S. telecom industry because of its roots in the old Bell System.

That might be the biggest draw for Alcatel, says George Calhoun, a professor of business and technology at the Stevens Institute of Technology. “They've been trying for 20 years to penetrate the U.S. market, and they really haven't done that.”

3rd Circuit: Amnesty Agreement No Bar To Filing Of Federal Indictment (LAW)

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By Shannon P. Duffy, The Legal Intelligencer

Legal Intelligencer, March 27, 2006

A federal judge has no power to enjoin prosecutors from filing an indictment on the grounds that doing so would violate an existing amnesty agreement, the 3rd U.S. Circuit Court of Appeals has ruled, because the equitable powers of the court do not exist when there is "an adequate and complete remedy at law."

In its 27-page opinion in Stolt-Nielsen Transportation Group v. United States, the appellate court held that since the amnesty agreement may be raised as a defense after indictment, the lower court had exceeded its powers in enjoining the prosecution.

The decision reverses a January 2005 ruling by U.S. District Judge Timothy J. Savage that prohibited the Justice Department from filing an antitrust indictment against a Norwegian shipping company and one of its top executives.

Savage found that Stolt-Nielsen had entered into an amnesty program with the Justice Department and had provided information about a price-fixing and bid-rigging conspiracy that led to guilty pleas from two of its co-conspirators and more than $62 million in fines.

Because the company had fulfilled its obligations under an immunity agreement, Savage concluded it was entitled to an injunction that barred the filing of an indictment.

Prosecutors argued that SNTG misled the government by claiming that its participation in the antitrust conspiracy had ceased in March 2002.

But Savage found the amnesty agreement explicitly immunized SNTG and its executives from prosecution for activity prior to Jan. 15, 2003. And because the government had drafted the agreement, Savage said, it "cannot depend upon a tacit understanding of what it contends was meant during negotiations but was not memorialized in the integrated agreement."

Savage concluded that the only way to protect the due process rights of SNTG and one of its executives was to decide -- prior to the filing of any indictment -- whether the government was entitled to void the immunity agreement.

Now the 3rd Circuit has ruled that Savage's decision violated the separation of powers doctrine, and that he had no power to issue such an injunction because SNTG has an adequate remedy at law since it may raise the amnesty agreement as a defense after it is indicted.

"Separation-of-power concerns ... counsel against using the extraordinary remedy of enjoining the government from filing the indictments," 3rd Circuit Judge Thomas L. Ambro wrote.

Ambro's opinion was joined by visiting Judge Jane A. Restani of the U.S. Court of International Trade. Former 3rd Circuit Judge Samuel A. Alito Jr. was also on the original three-judge panel when the case was argued in September 2005, but he did not participate in the decision due to his elevation to the U.S. Supreme Court.

In his opening paragraph, Ambro said the appeal presented "a significant constitutional question of first impression in this circuit: whether federal courts have authority, consistent with the separation of powers, to enjoin the executive branch from filing an indictment."

Although federal courts have such authority "in narrow circumstances," Ambro found that "this is not such a case."

According to court papers, SNTG admitted to participating in an international conspiracy to allocate customers, rig bids and fix prices on parcel tanker affreightment contracts for the shipment of specialty liquids to and from the United States and elsewhere.

On the basis of information provided by SNTG, the government filed criminal charges and secured guilty pleas from its two co-conspirators -- Norwegian-based Odfjell Seachem and Jo Tankers B.V., which is based in the Netherlands.

Odfjell Seachem agreed to pay a $42.5 million fine and Jo Tankers agreed to pay a $19.5 million fine. Guilty pleas were also entered by two Odjell executives and three Jo Tankers executives. All five were sentenced to prison terms in the range of three to four months and paid fines totaling more than $600,000.

Savage found that SNTG's immunity agreement stemmed from its participation in the Justice Department's "corporate leniency program," under which the government entices companies to report their involvement in ongoing antitrust conspiracies and to cooperate in the investigation and prosecution of co-conspirators.

Under the program, the reporting companies and their officers, directors and employees are granted immunity from criminal prosecution. But only the first company to come forward gets the protection. Later applicants and co-conspirators are subject to prosecution and the cost of defending against criminal charges.

After SNTG entered into an agreement with the DOJ in January 2003, it turned over incriminating documents and produced two employees who explained how customer lists were exchanged among the conspirators, according to court papers.

But in April 2003, the Justice Department suspended SNTG's participation in the amnesty program on the grounds that SNTG allegedly did not withdraw from the conspiracy in March 2002, as it had claimed, but had continued its illegal activity into the second half of 2002.

In June 2003, SNTG executive Richard Wingfield was arrested and charged with participating in the conspiracy to allocate customers, fixing prices and rigging bids between March 2001 and October 2002.

Under threat of indictment, SNTG filed suit in February 2004, seeking enforcement of its rights under the agreement. Soon after, Wingfield, too, filed suit seeking to enforce his own rights under the amnesty agreement.

In March 2004, the Justice Department formally revoked SNTG's conditional leniency and notified the company that it intended to seek an indictment. SNTG responded by asking Savage to issue a preliminary injunction barring the government from seeking an indictment, and prosecutors agreed to put the prosecution on hold until Savage had issued a ruling.

SNTG's lawyers argued it was entitled to a ruling before it was forced to challenge an indictment and suffer the consequences of one.

Savage agreed, saying SNTG "is entitled to a decision before the government pursues a prosecution because if an indictment were later determined to have been wrongfully secured, it would be too late to prevent the irreparable consequences."

Now the 3rd Circuit has ruled that while courts have the power to enjoin indictments, that power is limited to instances where the prosecution itself would chill free speech or violate a constitutional right such as the Double Jeopardy Clause.

"Simply being indicted and forced to stand trial is not generally an injury for constitutional purposes but is rather one of the painful obligations of citizenship," Ambro wrote.

Ambro quoted the 1923 U.S. Supreme Court decision in Terrace v. Thompson, which held that "a suit in equity does not lie where there is a plain, adequate and complete remedy at law."

Applying that ruling, Ambro found that "here, Stolt-Nielsen and Wingfield have a practical and efficient -- and indeed complete -- legal remedy available to them, i.e., access to a federal forum post-indictment in which they may assert the [immunity] agreement as a defense."

Attorney John J. Powers III of the Justice Department's Antitrust Division argued the appeal for the government.

Attorney Christopher M. Curran of White & Case in Washington, D.C., argued the appeal for SNTG, and attorney Allen D. Black of Fine Kaplan & Black in Philadelphia argued on behalf of Wingfield.

Patrick Rejects Toll's Increased A$5.5 Billion Offer (Update1) (BLOOM)

Bloomberg, March 27, 2006

March 27 (Bloomberg) -- Patrick Corp., Australia's biggest port cargo handler, rejected Toll Holdings Ltd.'s increased A$5.5 billion ($3.9 billion) takeover bid as ``flawed and unacceptable."

``Patrick shareholders remain better off without Toll," Sydney-based Patrick said in a statement to the Australian Stock Exchange today. Melbourne-based Toll, the nation's biggest road and rail freighter, last week raised its offer after overcoming antitrust opposition to the deal.

Toll Chief Executive Officer Paul Little bid for Patrick seven months ago, seeking control of the movement of goods across Australia from shipment to delivery. Patrick CEO Chris Corrigan is pursuing his own trucking acquisitions to compete with Toll for a land-freight business to add to Patrick's ports, saying Patrick offers better growth as a standalone company.

``Patrick has far superior businesses and significantly greater growth prospects relative to Toll," Corrigan said in the statement today.

Toll last week offered 0.4 of its own stock and A$1.90 cash for each Patrick share. That will be increased by 20 cents a share if it has acceptances for 90 percent of Patrick by the time the bid closes April 28. Toll will pay a further 10 cents a share if Patrick hasn't exercised its option to buy closely held FCL Interstate Transport Services Pty. by the time it has a 50.1 percent stake.

To contact the reporter of this story: Vesna Poljak in Sydney vpoljak@bloomberg.net Last Updated: March 26, 2006 20:27 EST

Justices Will Hear Patent Case Against EBay (NYT)

By Katie Hafner

The New York Times, March 27, 2006

The United States Supreme Court will hear arguments on Wednesday in a protracted, closely watched patent case that pits a small company called MercExchange against eBay, the online auction and marketplace.

While the grounds in the case appear narrow — the court will reconsider the rules under which courts grant injunctions against a company found to be infringing another's patent — it has attracted enormous attention because of the public rancor between the two companies, the supporters enlisted by both sides and the growing issue of how large technology companies deal with the constant threat of patent challenges.

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The patent in question surrounds the "Buy It Now" feature that eBay uses to allow processing of transactions for the Web site's fixed-price purchasing option.

The Supreme Court will decide whether a federal appeals court was correct in reversing a district court's decision to deny an injunction against eBay's use of the feature. In doing so, it will reconsider a precedent from 1908, which suggested that injunctions were always an appropriate remedy for patent infringement.

Supporting briefs from third parties, including some unlikely ones, have piled up for each side. A pharmaceutical industry trade group filed a brief in support of MercExchange, as did General Electric, Proctor & Gamble, the University of California, a group of venture capitalists and the United States government. All argued in favor of injunctions against those who infringe patents.

A brief filed jointly by Oracle, Microsoft and Intel in support of eBay argued that the injunction rule "has transformed patents into a powerful tool for litigation abuse" and "stifles innovation." EBay has also hired Juleanna Glover Weiss of the Ashcroft Group, a lobbying firm in Washington founded by John Ashcroft, the former United States attorney general, to help with communications efforts related to the case and patent issues in general.

The case began in 2001, when MercExchange sued eBay, accusing it of willfully infringing three electronic commerce patents held by Thomas Woolston, an engineer from Great Falls, Va., and the founder of MercExchange, which he calls a network engineering firm. One of Mr. Woolston's patents was a feature to sell fixed-price goods online, and it included an automatic payment system.

In 2003, a federal court jury in Virginia, where MercExchange is based, found that eBay was violating two of the three patents, including the Buy It Now patent, and the court eventually ordered eBay to pay $25 million in damages.

But the judge presiding over the case refused to issue an injunction that would have barred eBay from continuing to use the patented methods in its Web operations.

The Supreme Court agreed to hear the case after the United States Court of Appeals for the Federal Circuit, a specialized court in Washington that hears all appeals in patent cases, overturned the lower court's decision and ruled that MercExchange was entitled to an injunction.

The appeals court said that injunctions were the "general rule" in patent infringement cases, and should be withheld only in such "rare instances" as "the need to use an invention to protect public health."

At issue before the Supreme Court on Wednesday is whether the federal circuit court's ruling correctly interpreted federal patent law, which authorizes judges to grant injunctions but does not require them to do so.

The case has attracted an unusual amount of public attention in part because of recent attempts by large corporations to change patent law to lessen the threat posed by so-called nonpracticing patent holders.

"Large companies like Microsoft and Intel get hit by weekly patent infringement suits, the majority from smaller entities who may not be practicing the inventions," said Dennis Crouch, a patent attorney in Chicago who has been following the MercExchange case closely. "The big guns behind eBay are trying to weaken the power of a patent and lessen the ability of a patent holder to obtain an injunction."

In his decision to withhold the injunction, the district court judge noted that MercExchange "exists solely to license its patents or sue to enforce its patents, and not to develop or commercialize them."

Yet in a telephone interview, Mr. Woolston said that MercExchange had indeed put its patents to commercial use. "Come to MercExchange.com and buy a plasma TV," said Mr. Woolston. "We are practicing our inventions."

The eBay case is similar to a recent patent case again Research In Motion., the maker of the BlackBerry wireless device. Had an injunction been enforced in the BlackBerry case, it might have caused a shutdown of the system. Instead, in a last-minute settlement, R.I.M., a Canadian company, agreed to pay $612.5 million to NTP, a patent holding company based in Arlington, Va.

Yet, if an injunction is ordered in the eBay case, the day-to-day workings of eBay are not likely to be affected, said Hani Durzy, a spokesman for eBay. Mr. Durzy added that immediately after the verdict in 2003, the company made changes to the Buy It Now feature.

Use of the feature has grown over the years. In the fourth quarter of 2005, it accounted for about a third of the $12 billion in transactions on eBay.

For A 3rd Time, Two Apples Meet In Court (NYT)

By Matthew Healey

The New York Times, March 27, 2006

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Apple Computer will meet the Beatles' Apple Corps in court this week in London, where a judge will determine whether Apple Computer's iTunes online music service violates a 1991 agreement between the two companies that, the Beatles' Apple claims, blocked the computer maker from selling music.

Apple Corps, which represents the Beatles' business interests and markets their post-1968 recordings on disc, wants the computer firm to stop using the Apple trademark to sell recordings online, along with unspecified damages. Apple, the maker of Macs and iPods, said the 1991 agreement permitted using the Apple name to sell online data transfers, which are what downloaded songs amount to.

The judge hearing the case, Justice Edward Mann, is an iPod user, but neither side has asked him to recuse himself.

This is the third time the two companies have sparred. Apple Corps first sued Apple Computer in 1980 over the use of its name; a modest settlement was accompanied by an agreement that stipulated that Apple Computer, then a Silicon Valley start-up, would stay out of the music business. In 1989, after newer hardware and software made it easier to use Macintosh computers to synthesize sound, the Beatles' company sued again, resulting in a $26.5 million settlement in 1991 that left Macs able to edit and play back sound files but not create music. After the iTunes music store and software were introduced in April 2003, the record company filed suit a third time.

The Beatles set up Apple Corps in 1968, partly as a tax shelter. These days the firm, led by Neil Aspinall, a longtime Beatles confidant, functions as record label, merchandiser and general defender of the Beatles' business rights. Apple Records has reissued original Beatles recordings on CD, as well as the mid-1990's Beatles singles "Free as a Bird" and "Real Love" and a DVD of George Harrison's 1971 Concert for Bangladesh.

While Apple Records has made no effort to sell or license music online and none of the Beatles' recordings are yet available for legal download anywhere, Apple Computer announced on Feb. 23 that it had sold a billion songs through iTunes.

Steven P. Jobs, the chief of Apple Computer, has made no secret of his love for the Beatles' music, but all sides have so far denied rumors of a potential settlement that would allow iTunes to begin selling the Beatles' songs online.

ENVIRONMENT:

Vague Law And Hard Lobbying Add Up To Billions For Big Oil (NYT)

By Edmund L. Andrews

The New York Times, March 27, 2006

WASHINGTON, March 26 — It was after midnight and every lawmaker in the committee room wanted to go home, but there was still time to sweeten a deal encouraging oil and gas companies to drill in the Gulf of Mexico.

"There is no cost," declared Representative Joe L. Barton, a Texas Republican who was presiding over Congressional negotiations on the sprawling energy bill last July. An obscure provision on new drilling incentives was "so noncontroversial," he added, that senior House and Senate negotiators had not even discussed it.

Mr. Barton's claim had a long history. For more than a decade, lawmakers and administration officials, both Republicans and Democrats, have promised there would be no cost to taxpayers for a program allowing companies to avoid paying the government royalties on oil and gas produced in publicly owned waters in the Gulf.

But last month, the Bush administration confirmed that it expected the government to waive about $7 billion in royalties over the next five years, even though the industry incentive was expressly conceived of for times when energy prices were low. And that number could quadruple to more than $28 billion if a lawsuit filed last week challenging one of the program's remaining restrictions proves successful.

"The big lie about this whole program is that it doesn't cost anything," said Representative Edward J. Markey, a Massachusetts Democrat who tried to block its expansion last July. "Taxpayers are being asked to provide huge subsidies to oil companies to produce oil — it's like subsidizing a fish to swim."

How did a supposedly cost-free incentive become a multibillion-dollar break to an industry making record profits?

The answer is a familiar Washington story of special-interest politics at work: the people who pay the closest attention and make the fewest mistakes are those with the most profit at stake.

It is an account of legislators who passed a law riddled with ambiguities; of crucial errors by midlevel bureaucrats under President Bill Clinton; of $2 billion in inducements from the Bush administration, which was intent on promoting energy production; and of Republican lawmakers who wanted to do even more. At each turn, through shrewd lobbying and litigation, oil and gas companies ended up with bigger incentives than before.

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Until last month, hardy anyone noticed — or even knew — the real costs. They were obscured in part by the long gap between the time incentives are offered and when new offshore wells start producing. But lawmakers shrouded the costs with rosy projections. And administration officials consistently declined to tally up the money they were forfeiting.

Most industry executives say that the royalty relief spurred drilling and exploration when prices were relatively low. But the industry is divided about whether it is appropriate to continue the incentives with prices at current levels. Michael Coney, a lawyer for Shell Oil, said, "Under the current environment, we don't need royalty relief."

The program's original architect said he was surprised by what had happened. "The one thing I can tell you is that this is not what we intended," said J. Bennett Johnston, a former Democratic senator from Louisiana who had pushed for the original incentives that Congress passed in 1995.

Mr. Johnston conceded that he was confused by his own law. "I got out the language a few days ago," he said in a recent interview. "I had it out just long enough to know that it's got a lot of very obscure language."

A Subsidy of Disputed Need

Things looked bleak for oil and gas companies in 1995, especially for those along the Gulf Coast.

Energy prices had been so low for so long that investment had dried up. With crude oil selling for about $16 a barrel, scores of wildcatters and small exploration companies had gone out of business. Few companies had any stomach for drilling in water thousands of feet deep, and industry leaders like Exxon and Royal Dutch Shell were increasingly focused on opportunities abroad.

"At the time, the Gulf of Mexico was like the Dead Sea," recalled John Northington, then an Energy Department policy adviser and now an industry lobbyist.

Senator Johnston, convinced that the Gulf's vast reservoirs and Louisiana's oil-based economy were being neglected, had argued for years that Congress should offer incentives for deep-water drilling and exploration.

"Failure to invest in the Gulf of Mexico is a lost opportunity for the U.S.," Mr. Johnston pleaded in a letter to other lawmakers. "Those dollars will not move into other domestic development, they will move to Asia, South America, the Middle East or the former Soviet Union."

Working closely with industry executives, he wrote legislation that would allow a company drilling in deep water to escape the standard 12 percent royalty on up to 87.5 million barrels of oil or its equivalent in natural gas. The coastal waters are mostly owned by the federal government, which leases tens of millions of acres in exchange for upfront fees and a share of sales, or royalties.

Mr. Johnston and other supporters argued that the incentives would actually generate money for the government by increasing production and prompting companies to bid higher prices for new leases.

"The provision will result in a minimum net benefit to the Treasury of $200 million by the year 2000," Mr. Johnston declared in November 1995, denouncing what he called "outrageous allegations" that the plan was a giveaway.

He won support from oil-state Democrats, Republicans and the Clinton administration. Hazel O'Leary, the energy secretary at the time, said the assistance would reduce American dependence on foreign oil and "enhance national security."

Representative Robert Livingston of Louisiana, then a rising Republican leader, declared that the inducements would "create thousands of jobs" and "reduce the deficit."

Many budget experts agree that the rosy estimates were misleading. The reason, they say, is that it often takes seven years before a new offshore field begins producing. As a result, almost all the costs of royalty relief would occur outside of Congress's five-year budget timeframe.

Opponents protested that the cost estimates were wrong, that the incentives amounted to corporate welfare and that companies did not need government incentives to invest.

"They are going to the Gulf of Mexico because that's where the oil is," said Representative George Miller, Democrat of California, during a House debate. "What we do here is not going to change that. We are just going to decide whether or not we are going to give away the taxpayers' dollars to a lot of oil companies that do not need it."

Industry executives and lobbyists fanned out across Capitol Hill to shore up support for the program, visiting 150 lawmakers in October 1995. The effort succeeded. A month later, Congress passed Mr. Johnston's bill.

A Missing Escape Clause

To hear lawmakers today, they never intended to waive royalties when energy prices were high.

The 1995 law, according to Republicans and Democrats alike, was supposed to include an escape clause: in any year when average spot prices for oil or gas climbed above certain threshold levels, companies would pay full royalties instead.

"Royalty relief is an effective tool for two things: keeping investment in America during times of super-low prices, and spurring American energy production when massive capital and technological risks would otherwise preclude it," said

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Representative Richard W. Pombo, Republican of California and chairman of the House Resources Committee. "Absent those criteria, I do not believe any relief should be granted."

But in what administration officials said appeared to have been a mistake, Clinton administration managers omitted the crucial escape clause in all offshore leases signed in 1998 and 1999.

At the time, with oil prices still below $20 a barrel, the mistake seemed harmless. But energy prices have been above the cutoff points since 2002, and Interior Department officials estimate that about one-sixth of production in the Gulf of Mexico is still exempt from royalties.

Walter Cruickshank, a senior official in both the Clinton and Bush administrations, told lawmakers last month that officials writing the lease contracts thought the price thresholds were spelled out in the new regulations, which were completed in 1998. But officials writing the regulations left those details out, preferring to set the precise rules at each new lease sale.

"It seems to have been a massive screw-up," said Mr. Northington, who was then in the Energy Department. No one noticed the error for two years, and no one informed Congress about it until last month.

Five years later, the costs of that lapse were compounded. A group of oil companies, led by Shell, defeated the Bush administration in court. The decision more than doubled the amount of oil and gas that companies could produce without paying royalties.

The case began as a relatively obscure dispute. Shell paid $3.8 million in 1997 for a Gulf lease and soon drilled a successful well. But the Interior Department denied the company royalty relief, saying that Shell had drilled into an older field already producing oil and gas. The decision hinged on undersea geography and the court's interpretation of language in the 1995 law.

A typical field, or geological reservoir, often encompasses two or three separately leased tracts of ocean floor. Interior Department officials insisted that the maximum amount of royalty-free oil and gas was based on each field. Shell and its partners argued that limit applied only to each lease.

Perhaps shrewdly, the oil companies sued the Bush administration in Louisiana, where federal courts previously had sided with the industry in spats with the government.

The fight was not even close. In January 2003, a federal district judge declared that the Interior Department's rules violated the 1995 law. If the department "disagrees with Congress's policy choices," Judge James T. Trimble Jr. wrote, "then such arguments are best addressed to Congress."

What might have been a $2 billion mistake in the Clinton administration suddenly ballooned into a $5 billion headache under Mr. Bush.

But even as the Bush administration was losing in court, it was offering new incentives for the energy industry.

Mr. Bush placed a top priority on expanding oil and gas production as soon as he took office in 2001. Vice President Dick Cheney's task force on energy, warning of a deepening shortfall in domestic energy production, urged the government to "explore opportunities for royalty reduction" and to open areas like the Arctic National Wildlife Refuge to drilling.

Gale A. Norton, who stepped down this month as interior secretary, moved quickly to speed up approvals of new drilling permits. Starting in 2001, she offered royalty incentives to shallow-water producers who drilled more than 15,000 feet below the sea bottom.

In January 2004, Ms. Norton made the incentives far more generous by raising the threshold prices. Her decision meant that deep-gas drillers were able to escape royalties in 2005, when prices spiked to record levels, and would probably escape them this year as well.

She also offered to sweeten less-generous contracts the drillers had signed before the regulation was approved.

"These incentives will help ensure we have a reliable supply of natural gas in the future," Ms. Norton proclaimed, predicting that American consumers would save "an estimated $570 million a year" in lower fuel prices.

Ms. Norton's decision was influenced by the industry. The Interior Department had originally proposed a cut-off price for royalty exemptions of $5 per million British thermal units, or B.T.U.'s, of gas. But the Independent Petroleum Association of America, which represents smaller producers, argued that the new incentive would have little value because natural gas prices were already above $5. Ms. Norton set the threshold at $9.34.

Based on administration assumptions about future production and prices, that change could cost the government about $1.9 billion in lost royalties.

"There is no cost rationale," said Shirley J. Neff, an economist at Columbia University and Senator Johnston's top legislative aide in drafting the 1995 royalty law. "It is astounding to me that the administration would so blatantly cave in to the industry's demands." Incentives Keep Growing

Last April, President Bush himself expressed skepticism about giving new incentives to oil and gas drillers. "With oil at $50 a barrel," Mr. Bush remarked, "I don't think energy companies need taxpayer-funded incentives to explore."

But on Aug. 8, Mr. Bush signed a sweeping energy bill that contained $2.6 billion in new tax breaks for oil and gas drillers and a modest expansion of the 10-year-old "royalty relief" program. For the most part, the law locked in incentives that the Interior Department was already offering for another five years. But it included some embellishments, like an extra break on royalties for companies drilling in the deepest waters.

Lee Fuller, vice president of the Independent Petroleum Association of America, said smaller companies wanted to prevent future administrations from cutting back on incentives. "Having a clear, stable royalty policy was of value to independent producers," he said.

And energy companies, whose executives had long contributed campaign funds to Republican candidates, pushed to block any amendments aimed at diluting the benefits.

The push to lock in the royalty inducements came primarily from House Republicans. The only real opposition came from a handful of House Democrats, in a showdown about 1 a.m. on July 25, according to a transcript of the session.

"It is indefensible to be keeping these companies on the government dole when oil and gas prices are so high," charged Representative Markey of Massachusetts, who proposed to strip the royalty provisions. "We might as well be giving tax breaks to Donald Trump and Warren Buffett."

Mr. Barton, the Texas Republican, brushed aside the objections. He reassured lawmakers that the new provisions would not cost taxpayers anything.

When Mr. Markey proposed a more modest change — having Congress prohibit incentives if crude oil prices rose above $40 a barrel — Republicans quickly voted him down again.

"The only reason they waited until after midnight to bring up these issues is that they couldn't stand up in the light of day," Mr. Markey said in a recent interview. "They all expected me to give up because it was so late and I didn't have the votes. But if nothing else, I wanted to get these things on the record."

A Royalty-Free Future?

It is still not clear how much impact the reduced royalties had in encouraging deep-water drilling. While activity in the Gulf has increased since 1995, prices for oil and gas have more than quadrupled over the same period, providing a powerful motivation, experts say.

"It's hard to make a case for royalty relief, especially at these high prices," said Jack Overstreet, owner of an independent oil exploration company in Texas. "But the oil industry is like the farm lobby and will have its hand out at every opportunity."

The size of the subsidies will soar far higher if oil companies win their newest court battle.

In a lawsuit filed March 17, Kerr-McGee Exploration and Production argued that Congress never authorized the government to set price cut-offs for incentives on leases awarded from 1996 through 2000. If the company wins, the Interior Department recently estimated, about three-quarters of oil and gas produced in the Gulf of Mexico will be royalty-free for the next five years.

Mr. Markey and other Democrats recently introduced legislation that would pressure companies to pay full royalties when energy prices are high, regardless of what their leases allow.

But Republican lawmakers and the Bush administration have signaled their opposition.

"These are binding contracts that the government signed with companies," Ms. Norton recently remarked. "I don't think we can change them just because we don't like them."

New Reserves As Prices Surge, Oil Giants Turn Sludge Into Gold (WSJ)

By Russell Gold

The Wall Street Journal, March 27, 2006

FORT MCMURRAY, Alberta -- In February, engineers from French oil giant Total SA fired up colossal drum boilers to generate steam that will be pumped to a depth of 300 feet under the frozen ground here. If all goes well, by May, the steam will marinate a tar-like mix of oil and sand until the crude begins to flow.

Nearby, Total will go after the oil-soaked sands closer to the surface, scraping away an ancient forest of spruce and poplars and shoveling the black soil into two-story dump trucks. Fully loaded, the trucks weigh as much as a Boeing 747. Total will then use industrial versions of giant washing machines to remove the oil, generating enough liquid waste to create vast toxic lakes.

Heavy-duty oil-extraction projects like these are turning Fort McMurray into the first great oil boom town of the 21st century. A Florida-size section of sandy soil beneath the boreal forest in this sparsely populated area of Northern Canada is loaded with bottom-of-the-barrel petroleum.

These deposits were once dismissed as "unconventional" oil that couldn't be recovered economically. But now, thanks to rising global oil prices and improved technology, most oil-industry experts count oil sands as recoverable reserves. That

recalculation has vaulted Venezuela and Canada to first and third in global reserves rankings, although Venezuela's holdings in extra-heavy crude are a rough guess. Saudi Arabia is No. 2. Not including the oil sands, Canada would fall to No. 22. Led by Total, nearly every major Western oil company as well as their Chinese and Indian brethren are gearing up to go after the deposits here. In all, they plan to spend more than $70 billion in the next decade unlocking the oil from the sand.

The surging interest in Canadian oil sands is stark evidence that the world isn't about to run out of oil. Instead, it is running low on readily accessible light, sweet crude -- oil that flows like water, has few impurities and can be easily turned into gasoline. As the good stuff gets scarce, Big Oil is turning its attention and pouring money into extra-heavy crude, such as the giant deposits near Fort McMurray and another similar one in Venezuela.

But heavy oil has big economic and environmental drawbacks. It costs more to produce and takes more energy to turn into gasoline than traditional light oil. Recovering and processing Fort McMurray's heavy crude releases up to three times as much greenhouse gas as producing conventional crude. And upgrading it into refined products, such as gasoline or diesel, will require a gigantic investment to retool global refineries.

"The light crude undiscovered today is getting scarcer and scarcer," says Jean-Luc Guiziou, president of Total's Canadian operations. "We have to accept the reality of geoscience, which is that the next generation of oil resources will be heavier."

Total is making the biggest bet on heavy crude of any of the half-dozen international Western oil giants. Nearly one-fifth of its commercial reserves are in heavy-oil belts, according to oil consultant Wood Mackenzie, a larger portion than any of its Western rivals. Its stockpile of heavy-oil reserves is second only to that of Exxon Mobil Corp., a company that is more than twice as large. Total has spent years developing the complex technology needed to extract oil from tar sands in the frigid environment of Northern Canada. So much heat is required to separate the oil from the tar that Total briefly floated the idea of building a nuclear-power plant there.

The rush into the oil sands also has turned a longstanding belief about fossil fuels and the environment on its head. For years, environmentalists have argued that higher gasoline prices would be good for the Earth because paying more at the pump would promote conservation. Instead, higher energy prices have unleashed a bevy of heavy-oil projects that will increase emissions of carbon dioxide, suspected of causing global warming.

"As oil prices have gone up, you get this increased desire to get out onto the new frontiers of oil," says Marlo Raynolds, executive director of the Calgary-based Pembina Institute, an energy and environment think tank. "We're now getting into the dirtiest sources of oil anywhere." To be sure, rising energy prices have spawned more interest in renewable fuel sources, but those investments pale in comparison to what's going on here.

Canada, which exports more oil to the U.S. than any other country, already is having trouble meeting its pledge to cut CO2 emissions largely because of its mushrooming heavy-oil production. By 2015, Canada's Fort McMurray region, population 61,000, is expected to emit more greenhouse gases than Denmark, a country of 5.4 million people.

Canada's northern forest contains at least 174 billion barrels of recoverable heavy oil, equivalent to five years' supply for the planet, according to the Alberta Energy and Utilities Board. Venezuela has perhaps even more in the Orinoco River delta. By comparison, Saudi Arabia has about 260 billion barrels of more traditional crude, or 8½ years' global supply, according to the Energy Information Administration, the statistical arm of the federal Department of Energy. Heavy oil also is being produced in the Middle East, the Caspian Sea, Brazil and even in California's San Joaquin Valley.

In northern Alberta, the oil-sands boom is remaking the landscape. The mining operations have clear-cut thousands of acres of trees and dug 200-foot-deep pits. The region is dotted with large man-made lakes filled with leftover waste from the mining operations. To chase off migratory birds, propane cannons go off at random intervals and scarecrows stand guard on floating barrels.

Alberta's energy minister, Greg Melchin, says oil-sands development creates a minimal environmental disturbance that is outweighed by the opportunities and jobs created. "It's worth it. There is a cost to it, but the benefits are substantially greater," he said.

Environmental groups are increasingly critical of the government's reluctance to regulate the oil sands. "The pace of development is outstripping our ability to manage the environmental issue," says Mr. Raynolds of the Pembina Institute. "Our unwritten energy policy is dig it up and sell it as fast as possible."

The remarkable properties of Fort McMurray's oil sands have been known for centuries. Native tribes mixed the tar-like substance with tree sap to waterproof their canoes. In the 1960s, companies now known as Suncor Energy Inc. and Syncrude Canada Ltd., a consortium of oil companies, opened oil-sands mines in the area. Both operations stumbled through periods of low oil prices but are now rapidly expanding.

When oil was trading at $12 a barrel in the late 1990s, Big Oil had little interest in oil sands. But surging energy prices have made heavy-oil investments significantly more attractive. It costs about $25 a barrel to produce crude from Canada's oil sands,

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an acceptable cost when oil is trading for $60 a barrel. By comparison, it can cost as little as about $5 a barrel to produce crude in the Middle East and $15 in the deep waters of the Gulf of Mexico.

For Paris-based Total, the world's fifth-largest publicly traded energy company by market capitalization, the oil sands play to its strengths. Total had its roots as a refiner rather than an exploration and production company. Oil sands were easy to find but hard to process.

Total's first foray into heavy oil was in Venezuela's Orinoco belt. In 1997, the company's giant $4.2 billion Sincor project there began producing market-grade crude. Sincor, which Total owns with Norway's Statoil ASA and Petróleos de Venezuela SA, now produces 180,000 barrels of oil a day.

The same year, Total opened an office in Calgary to determine if a similar investment was warranted near Fort McMurray. It was soon clear to Total engineers brought in from Sincor that Canadian oil sands were more technically difficult than Venezuela's heavy-oil belt. The key difference: The heavy oil in Venezuela was quite warm and flowed easily, albeit slowly, while in Canada the oil-sand mixture had the look and consistency of tar-like Play-Doh. But Canada was attractive because it offered a haven from politically unstable oil hotspots.

In November 1999, Total teamed up with the financially struggling Gulf Canada Resources Ltd. on a promising project called Surmont. Gulf Canada was later acquired by Conoco Inc. and is now part of Houston-based ConocoPhillips.

For Total, sorting out the mechanics of producing this heaviest of oils fell on the shoulders of Mr. Guiziou, a French earth scientist who had worked his way into management from his first assignment studying the geology of Argentina. In 2001, when he was being considered for the Canadian job, he flew into Fort McMurray to see what the oil sands were about. Having worked in the industry for years, he was accustomed to the look and feel of oil fields. But when he visited Syncrude's mine, where giant cranes scooped up the oil-soaked earth in buckets capable of carrying 100 tons, he was flabbergasted. "It was another world," the 44-year-old Mr. Guiziou says.

In some places near Fort McMurray, the oil sands are close to the surface and can be mined. But at Surmont, located southeast of Fort McMurray, the oil sands are 1,200 feet underground, far too deep for a mining operation. The partners in the venture needed to find a way to get the oil.

The solution was steam. In 1978, Roger Butler, an engineer with Imperial Oil Ltd., an independent company majority-owned by Exxon Mobil, hit on the idea of drilling two wells that start off vertically, then slowly bend until they are horizontal and located one on top of the other. The top well would pump steam into the reservoir while the other pumped oil out.

Surmont was to be Total's and Conoco's first venture with the technology, so in late 1997 they started small with a 1,000-barrel-a-day pilot. They pumped steam down a pipe laced with millions of tiny slits, each no wider than the thickness of a piece of paper. The initial results were encouraging but expanding into a full-scale project took several more years.

One pressing issue: Several companies, including Paramount Resources Ltd., were producing natural gas from a shallow underground zone above the oil sands. Total and its partner convinced an Alberta regulatory body that the gas project threatened the much larger oil deposit. The theory was that if the gas were allowed to be pumped out, the steam chamber would lose pressure and Surmont would have to be scrapped. In a landmark ruling, an Alberta regulatory body ordered 146 gas wells shut off in 2000.

In December 2003, Total and ConocoPhillips decided to build the first phase of Surmont. The steaming is slated to begin later this year, with production expected to grow to 27,000 barrels a day next year. Future expansions could bring it to 200,000 barrels a day -- a good-size oil field but not the biggest in the area.

At Surmont, Total was merely an investor with ConocoPhillips and its predecessor companies operating the project. Last year, the French company went from being an investor to a full-fledged participant in the oil-sands boom.

In September, it bought Deer Creek Energy Ltd. for $1.6 billion, acquiring its only significant asset: a giant oil-sands project called Joslyn north of Fort McMurray. Once fully developed, Joslyn is expected to yield 200,000 barrels a day for decades. Total plans to produce oil from Joslyn by both mining and by shooting steam underground.

Becoming an operator, Mr. Guiziou needed to confront environmental problems as Total expanded its heavy-oil holdings in Canada. Mining oil sands generates enormous volumes of liquid waste that are stored in toxic lakes that have concentrations of naturally occurring naphthenic acid, an odorless liquid used to help paint dry quickly. The prospect of cleaning up these lakes is "daunting," the Canadian National Energy Board, a federal regulatory body, noted in a 2004 report. "There is currently no demonstrated means to reclaim fluid fine tailings," it said.

Since the lakes are likely to be around for years to come, Mr. Guiziou is working on a plan that will result in smaller lakes. He hopes to install a new technology at Joslyn that will suck out water and leave a smaller volume of waste laced with metals before it is dumped in the lakes. But he said the technology "needs to be proved at the industrial scale." Total expects to conduct a test later this year at a neighboring facility.

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Total is also trying to figure out ways to curb greenhouse-gas emissions at its Fort McMurray facilities by using pure oxygen instead of air in its combustion engines. The company is running a pilot project in Lacq, France, to capture carbon dioxide in exhaust flues more effectively. If the technology proves workable, it could be used in Fort McMurray as well.

Despite the environmental concerns, there is a strong economic incentive for Alberta's free-market-oriented government to let oil-sands development gallop ahead. Alberta added nearly 26,000 jobs in resource extraction in the past two years. That 25% jump helped drive the province's unemployment rate down to 3.1%, a 30-year low, according to the government. For the first time, every Albertan received a 400 Canadian-dollar ($340) check from the government earlier this year from an unexpected fiscal surplus.

Total and other oil companies are continuing to announce new oil-sand projects and shovel money into the region. Earlier this month, Chevron Corp. said it planned to spend "billions" to turn 75,000 acres into a 100,000-barrel-a day field. And last week, Royal Dutch Shell PLC said it had spent nearly $400 million to lease 219,000 acres west of Fort McMurray, shattering records for public-land leases.

In February, Total moved quickly to file the regulatory permit for Joslyn to move to the front of a growing queue of projects. With all the development, everything is in short supply, including steel, energy to power the projects, fresh water and skilled construction workers.

Some projects could end up being delayed for years. "It's like you've got one door frame and the Three Stooges trying to get through at the same time," said Tom Ebbern, executive managing director of Tristone Capital, a Calgary-based investment adviser. "Without a doubt, we can become the next Saudi Arabia but it will take 10 years longer than the market thinks."

Inside The Beltway (WT)

By John McCaslin

The Washington Times, March 27, 2006

Coup, anyone?

Percentage of Americans who say they trust the military, the presidency and Congress, respectively: 74, 44, 22.

-- Harper's Index, April 2006

No news is good news

"Boarded, flew, deplaned, drove. Nothing else."

-- White House pool report surrounding the first leg of the recent trip by President Bush to Indianapolis.

Poison aside

Taking a night off from serving up Washington dirt, best-selling (unauthorized) biographer Kitty Kelley on Saturday served up risotto with black truffles and langoustine and capellacci stuffed with sweet lemon polenta -- prepared by chef Fabrizio Aielli at Teatro Goldoni.

Cause for celebration was her physician-husband Dr. Jonathan Zucker's 65th birthday party, attended by 60 guests and family.

No word on Mrs. Kelley's next victim, but past books by the one-time press aide to the late Sen. Eugene McCarthy have run the gamut, from her 1978 debut "Jackie Oh!" about the life of Jacqueline Kennedy Onassis; unauthorized biographies of Frank Sinatra and Nancy Reagan; "The Royals," which sapped the moats of the British royal family; and finally "The Family: The Real Story of the Bush Dynasty," published in September 2004 and loaded with outrageous accusations about President and Mrs. Bush, among others in the family.

Pigs and people

Who would have thought that political pundit Tucker Carlson would earn accolades from People for the Ethical Treatment of Animals (PETA), while very attractive "Desperate Housewife" Eva Longoria and fellow bombshell actress Catherine Deneuve are coming under fire for their positions on hunting and sporting fur.

"I still go [hunting] to this day. I can handle a gun," ContactMusic.com reported. Miss Longoria explained that she's been hunting game since she was a child. "I could skin a deer, I could skin a pig, I can pluck a quail. You name it, I've done it."

Meanwhile, Miss Deneuve is getting hissed by the animal rights activists for informing the London Daily Telegraph that she has "never worn fake fur and never will."

As for the bow-tied Mr. Carlson, who professes his opinions nightly on MSNBC, PETA is praising him for "condemning the use of dogs in suicide bombing missions, [the TV host] calling it 'completely disgusting.'"

Shoot and survive

While we're on the subject of hunting, Interior Secretary Gale A. Norton has just impaneled a new Sporting Conservation Council, which for the first time will advise Uncle Sam on the interests and concerns of the hunting community, including gaining more access to federal lands.

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In that regard, the secretary envisions the council helping to preserve wildlife while enjoying the sport of hunting at the same time.

"Dating back to Teddy Roosevelt, hunters have been the pillar of conservation in America, doing more than anyone to conserve wildlife and its habitat," she points out. "This new advisory council will provide a formal mechanism for the department to benefit from the expertise of sportsmen and women ... as we develop federal policies."

The chosen council of advisers include, among others, Safari Club International Vice President Merle Shepard, who will represent big-game hunting organizations, and Jeff Crane, president of the Congressional Sportsmen's Foundation, who will speak for wildlife conservation organizations; to Peter J. Dart, president of the Rocky Mountain Elk Foundation, and John Tomke, chairman of the Board of Ducks Unlimited, Inc., who will represent game-bird hunting organizations.

Honest George

Washington will play host to the national premiere of "Fields of Freedom," a new digital film that supposedly transports audiences directly to the Battle of Gettysburg "with all its sound and fury," where they will witness "the ferocity of the battle and the anguish of its aftermath." Former President George Bush was chosen by the film's creators to narrate the Gettysburg Address.

The film is based on the newly discovered diaries of two soldiers fighting for the North and South, both recording their thoughts as they prepare for the bloody onslaught. After the April 5 premiere at the National Archives, the film will be a regular feature at new state-of-the-art big-screen theaters at the Gettysburg National Military Park in Pennsylvania.

Polar Ice Caps Are Melting Faster Than Ever... More And More Land Is Being Devastated By Drought... Rising Waters Are Drowning Low-Lying Communities... By Any Measure, Earth Is At ... The Tipping Point (TIME)

By Jeffrey Kluger

Time, March 26, 2006

No one can say exactly what it looks like when a planet takes ill, but it probably looks a lot like Earth. Never mind what you've heard about global warming as a slow-motion emergency that would take decades to play out. Suddenly and unexpectedly, the crisis is upon us.

It certainly looked that way last week as the atmospheric bomb that was Cyclone Larry--a Category 5 storm with wind bursts that reached 180 m.p.h.--exploded through northeastern Australia. It certainly looked that way last year as curtains of fire and dust turned the skies of Indonesia orange, thanks to drought-fueled blazes sweeping the island nation. It certainly looks that way as sections of ice the size of small states calve from the disintegrating Arctic and Antarctic. And it certainly looks that way as the sodden wreckage of New Orleans continues to molder, while the waters of the Atlantic gather themselves for a new hurricane season just two months away. Disasters have always been with us and surely always will be. But when they hit this hard and come this fast--when the emergency becomes commonplace--something has gone grievously wrong. That something is global warming.

The image of Earth as organism--famously dubbed Gaia by environmentalist James Lovelock-- has probably been overworked, but that's not to say the planet can't behave like a living thing, and these days, it's a living thing fighting a fever. From heat waves to storms to floods to fires to massive glacial melts, the global climate seems to be crashing around us. Scientists have been calling this shot for decades. This is precisely what they have been warning would happen if we continued pumping greenhouse gases into the atmosphere, trapping the heat that flows in from the sun and raising global temperatures.

Environmentalists and lawmakers spent years shouting at one another about whether the grim forecasts were true, but in the past five years or so, the serious debate has quietly ended. Global warming, even most skeptics have concluded, is the real deal, and human activity has been causing it. If there was any consolation, it was that the glacial pace of nature would give us decades or even centuries to sort out the problem.

But glaciers, it turns out, can move with surprising speed, and so can nature. What few people reckoned on was that global climate systems are booby-trapped with tipping points and feedback loops, thresholds past which the slow creep of environmental decay gives way to sudden and self-perpetuating collapse. Pump enough CO_2 into the sky, and that last part per million of greenhouse gas behaves like the 212th degree Fahrenheit that turns a pot of hot water into a plume of billowing steam. Melt enough Greenland ice, and you reach the point at which you're not simply dripping meltwater into the sea but dumping whole glaciers. By one recent measure, several Greenland ice sheets have doubled their rate of slide, and just last week the journal Science published a study suggesting that by the end of the century, the world could be locked in to an eventual rise in sea levels of as much as 20 ft. Nature, it seems, has finally got a bellyful of us.

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"Things are happening a lot faster than anyone predicted," says Bill Chameides, chief scientist for the advocacy group Environmental Defense and a former professor of atmospheric chemistry. "The last 12 months have been alarming." Adds Ruth Curry of the Woods Hole Oceanographic Institution in Massachusetts: "The ripple through the scientific community is palpable."

And it's not just scientists who are taking notice. Even as nature crosses its tipping points, the public seems to have reached its own. For years, popular skepticism about climatological science stood in the way of addressing the problem, but the naysayers--many of whom were on the payroll of energy companies--have become an increasingly marginalized breed. In a new TIME/ ABC News/ Stanford University poll, 85% of respondents agree that global warming probably is happening. Moreover, most respondents say they want some action taken. Of those polled, 87% believe the government should either encourage or require lowering of power-plant emissions, and 85% think something should be done to get cars to use less gasoline. Even Evangelical Christians, once one of the most reliable columns in the conservative base, are demanding action, most notably in February, when 86 Christian leaders formed the Evangelical Climate Initiative, demanding that Congress regulate greenhouse gases.

A collection of new global-warming books is hitting the shelves in response to that awakening interest, followed closely by TV and theatrical documentaries. The most notable of them is An Inconvenient Truth, due out in May, a profile of former Vice President Al Gore and his climate-change work, which is generating a lot of prerelease buzz over an unlikely topic and an equally unlikely star. For all its lack of Hollywood flash, the film compensates by conveying both the hard science of global warming and Gore's particular passion.

Such public stirrings are at last getting the attention of politicians and business leaders, who may not always respond to science but have a keen nose for where votes and profits lie. State and local lawmakers have started taking action to curb emissions, and major corporations are doing the same. Wal-Mart has begun installing wind turbines on its stores to generate electricity and is talking about putting solar reflectors over its parking lots. HSBC, the world's second largest bank, has pledged to neutralize its carbon output by investing in wind farms and other green projects. Even President Bush, hardly a favorite of greens, now acknowledges climate change and boasts of the steps he is taking to fight it. Most of those steps, however, involve research and voluntary emissions controls, not exactly the laws with teeth scientists are calling for.

Is it too late to reverse the changes global warming has wrought? That's still not clear. Reducing our emissions output year to year is hard enough. Getting it low enough so that the atmosphere can heal is a multigenerational commitment. "Ecosystems are usually able to maintain themselves," says Terry Chapin, a biologist and professor of ecology at the University of Alaska, Fairbanks. "But eventually they get pushed to the limit of tolerance."

CO2 AND THE POLES

As a tiny component of our atmosphere, carbon dioxide helped warm Earth to comfort levels we are all used to. But too much of it does an awful lot of damage. The gas represents just a few hundred parts per million (p.p.m.) in the overall air blanket, but they're powerful parts because they allow sunlight to stream in but prevent much of the heat from radiating back out. During the last ice age, the atmosphere's CO2 concentration was just 180 p.p.m., putting Earth into a deep freeze. After the glaciers retreated but before the dawn of the modern era, the total had risen to a comfortable 280 p.p.m. In just the past century and a half, we have pushed the level to 381 p.p.m., and we're feeling the effects. Of the 20 hottest years on record, 19 occurred in the 1980s or later. According to NASA scientists, 2005 was one of the hottest years in more than a century.

It's at the North and South poles that those steambath conditions are felt particularly acutely, with glaciers and ice caps crumbling to slush. Once the thaw begins, a number of mechanisms kick in to keep it going. Greenland is a vivid example. Late last year, glaciologist Eric Rignot of the Jet Propulsion Laboratory in Pasadena, Calif., and Pannir Kanagaratnam, a research assistant professor at the University of Kansas, analyzed data from Canadian and European satellites and found that Greenland ice is not just melting but doing so more than twice as fast, with 53 cu. mi. draining away into the sea last year alone, compared with 22 cu. mi. in 1996. A cubic mile of water is about five times the amount Los Angeles uses in a year.

Dumping that much water into the ocean is a very dangerous thing. Icebergs don't raise sea levels when they melt because they're floating, which means they have displaced all the water they're ever going to. But ice on land, like Greenland's, is a different matter. Pour that into oceans that are already rising (because warm water expands), and you deluge shorelines. By some estimates, the entire Greenland ice sheet would be enough to raise global sea levels 23 ft., swallowing up large parts of coastal Florida and most of Bangladesh. The Antarctic holds enough ice to raise sea levels more than 215 ft.

FEEDBACK LOOPS

One of the reasons the loss of the planet's ice cover is accelerating is that as the poles' bright white surface shrinks, it changes the relationship of Earth and the sun. Polar ice is so reflective that 90% of the sunlight that strikes it simply bounces back into space, taking much of its energy with it. Ocean water does just the opposite, absorbing 90% of the energy it receives. The more energy it retains, the warmer it gets, with the result that each mile of ice that melts vanishes faster than the mile that preceded it.

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That is what scientists call a feedback loop, and it's a nasty one, since once you uncap the Arctic Ocean, you unleash another beast: the comparatively warm layer of water about 600 ft. deep that circulates in and out of the Atlantic. "Remove the ice," says Woods Hole's Curry, "and the water starts talking to the atmosphere, releasing its heat. This is not a good thing."

A similar feedback loop is melting permafrost, usually defined as land that has been continuously frozen for two years or more. There's a lot of earthly real estate that qualifies, and much of it has been frozen much longer than two years--since the end of the last ice age, or at least 8,000 years ago. Sealed inside that cryonic time capsule are layers of partially decayed organic matter, rich in carbon. In high-altitude regions of Alaska, Canada and Siberia, the soil is warming and decomposing, releasing gases that will turn into methane and CO2. That, in turn, could lead to more warming and permafrost thaw, says research scientist David Lawrence of the National Center for Atmospheric Research (NCAR) in Boulder, Colo. And how much carbon is socked away in Arctic soils? Lawrence puts the figure at 200 gigatons to 800 gigatons. The total human carbon output is only 7 gigatons a year.

One result of all that is warmer oceans, and a result of warmer oceans can be, paradoxically, colder continents within a hotter globe. Ocean currents running between warm and cold regions serve as natural thermoregulators, distributing heat from the equator toward the poles. The Gulf Stream, carrying warmth up from the tropics, is what keeps Europe's climate relatively mild. Whenever Europe is cut off from the Gulf Stream, temperatures plummet. At the end of the last ice age, the warm current was temporarily blocked, and temperatures in Europe fell as much as 10°F, locking the continent in glaciers.

What usually keeps the Gulf Stream running is that warm water is lighter than cold water, so it floats on the surface. As it reaches Europe and releases its heat, the current grows denser and sinks, flowing back to the south and crossing under the northbound Gulf Stream until it reaches the tropics and starts to warm again. The cycle works splendidly, provided the water remains salty enough. But if it becomes diluted by freshwater, the salt concentration drops, and the water gets lighter, idling on top and stalling the current. Last December, researchers associated with Britain's National Oceanography Center reported that one component of the system that drives the Gulf Stream has slowed about 30% since 1957. It's the increased release of Arctic and Greenland meltwater that appears to be causing the problem, introducing a gush of freshwater that's overwhelming the natural cycle. In a global-warming world, it's unlikely that any amount of cooling that resulted from this would be sufficient to support glaciers, but it could make things awfully uncomfortable.

"The big worry is that the whole climate of Europe will change," says Adrian Luckman, senior lecturer in geography at the University of Wales, Swansea. "We in the U.K. are on the same latitude as Alaska. The reason we can live here is the Gulf Stream."

DROUGHT

As fast as global warming is transforming the oceans and the ice caps, it's having an even more immediate effect on land. People, animals and plants living in dry, mountainous regions like the western U.S. make it through summer thanks to snowpack that collects on peaks all winter and slowly melts off in warm months. Lately the early arrival of spring and the unusually blistering summers have caused the snowpack to melt too early, so that by the time it's needed, it's largely gone. Climatologist Philip Mote of the University of Washington has compared decades of snowpack levels in Washington, Oregon and California and found that they are a fraction of what they were in the 1940s, and some snowpacks have vanished entirely.

Global warming is tipping other regions of the world into drought in different ways. Higher temperatures bake moisture out of soil faster, causing dry regions that live at the margins to cross the line into full-blown crisis. Meanwhile, El Niño events--the warm pooling of Pacific waters that periodically drives worldwide climate patterns and has been occurring more frequently in global-warming years--further inhibit precipitation in dry areas of Africa and East Asia. According to a recent study by NCAR, the percentage of Earth's surface suffering drought has more than doubled since the 1970s.

FLORA AND FAUNA

Hot, dry land can be murder on flora and fauna, and both are taking a bad hit. Wildfires in such regions as Indonesia, the western U.S. and even inland Alaska have been increasing as timberlands and forest floors grow more parched. The blazes create a feedback loop of their own, pouring more carbon into the atmosphere and reducing the number of trees, which inhale CO2 and release oxygen.

Those forests that don't succumb to fire die in other, slower ways. Connie Millar, a paleoecologist for the U.S. Forest Service, studies the history of vegetation in the Sierra Nevada. Over the past 100 years, she has found, the forests have shifted their tree lines as much as 100 ft. upslope, trying to escape the heat and drought of the lowlands. Such slow-motion evacuation may seem like a sensible strategy, but when you're on a mountain, you can go only so far before you run out of room. "Sometimes we say the trees are going to heaven because they're walking off the mountaintops," Millar says.

Across North America, warming-related changes are mowing down other flora too. Manzanita bushes in the West are dying back; some prickly pear cacti have lost their signature green and are instead a sickly pink; pine beetles in western Canada and the U.S. are chewing their way through tens of millions of acres of forest, thanks to warmer winters. The beetles may even

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breach the once insurmountable Rocky Mountain divide, opening up a path into the rich timbering lands of the American Southeast.

With habitats crashing, animals that live there are succumbing too. Environmental groups can tick off scores of species that have been determined to be at risk as a result of global warming. Last year, researchers in Costa Rica announced that two-thirds of 110 species of colorful harlequin frogs have vanished in the past 30 years, with the severity of each season's die-off following in lockstep with the severity of that year's warming.

In Alaska, salmon populations are at risk as melting permafrost pours mud into rivers, burying the gravel the fish need for spawning. Small animals such as bushy-tailed wood rats, alpine chipmunks and piñon mice are being chased upslope by rising temperatures, following the path of the fleeing trees. And with sea ice vanishing, polar bears--prodigious swimmers but not inexhaustible ones--are starting to turn up drowned. "There will be no polar ice by 2060," says Larry Schweiger, president of the National Wildlife Federation. "Somewhere along that path, the polar bear drops out."

WHAT ABOUT US?

It is fitting, perhaps, that as the species causing all the problems, we're suffering the destruction of our habitat too, and we have experienced that loss in terrible ways. Ocean waters have warmed by a full degree Fahrenheit since 1970, and warmer water is like rocket fuel for typhoons and hurricanes. Two studies last year found that in the past 35 years the number of Category 4 and 5 hurricanes worldwide has doubled while the wind speed and duration of all hurricanes has jumped 50%. Since atmospheric heat is not choosy about the water it warms, tropical storms could start turning up in some decidedly nontropical places. "There's a school of thought that sea surface temperatures are warming up toward Canada," says Greg Holland, senior scientist for NCAR in Boulder. "If so, you're likely to get tropical cyclones there, but we honestly don't know."

WHAT WE CAN DO

So much for environmental collapse happening in so many places at once has at last awakened much of the world, particularly the 141 nations that have ratified the Kyoto treaty to reduce emissions--an imperfect accord, to be sure, but an accord all the same. The U.S., however, which is home to less than 5% of Earth's population but produces 25% of CO2 emissions, remains intransigent. Many environmentalists declared the Bush Administration hopeless from the start, and while that may have been premature, it's undeniable that the White House's environmental record--from the abandonment of Kyoto to the President's broken campaign pledge to control carbon output to the relaxation of emission standards--has been dismal. George W. Bush's recent rhetorical nods to America's oil addiction and his praise of such alternative fuel sources as switchgrass have yet to be followed by real initiatives.

The anger surrounding all that exploded recently when NASA researcher Jim Hansen, director of the Goddard Institute for Space Studies and a longtime leader in climate-change research, complained that he had been harassed by White House appointees as he tried to sound the global-warming alarm. "The way democracy is supposed to work, the presumption is that the public is well informed," he told TIME. "They're trying to deny the science." Up against such resistance, many environmental groups have resolved simply to wait out this Administration and hope for something better in 2009.

The Republican-dominated Congress has not been much more encouraging. Senators John McCain and Joe Lieberman have twice been unable to get through the Senate even mild measures to limit carbon. Senators Pete Domenici and Jeff Bingaman, both of New Mexico and both ranking members of the chamber's Energy Committee, have made global warming a high-profile matter. A white paper issued in February will be the subject of an investigatory Senate conference next week. A House delegation recently traveled to Antarctica, Australia and New Zealand to visit researchers studying climate change. "Of the 10 of us, only three were believers," says Representative Sherwood Boehlert of New York. "Every one of the others said this opened their eyes."

Boehlert himself has long fought the environmental fight, but if the best that can be said for most lawmakers is that they are finally recognizing the global-warming problem, there's reason to wonder whether they will have the courage to reverse it. Increasingly, state and local governments are filling the void. The mayors of more than 200 cities have signed the U.S. Mayors Climate Protection Agreement, pledging, among other things, that they will meet the Kyoto goal of reducing greenhouse-gas emissions in their cities to 1990 levels by 2012. Nine eastern states have established the Regional Greenhouse Gas Initiative for the purpose of developing a cap-and-trade program that would set ceilings on industrial emissions and allow companies that overperform to sell pollution credits to those that underperform-- the same smart, incentive-based strategy that got sulfur dioxide under control and reduced acid rain. And California passed the nation's toughest automobile- emissions law last summer.

"There are a whole series of things that demonstrate that people want to act and want their government to act," says Fred Krupp, president of Environmental Defense. Krupp and others believe that we should probably accept that it's too late to prevent CO2 concentrations from climbing to 450 p.p.m. (or 70 p.p.m. higher than where they are now). From there, however, we should be able to stabilize them and start to dial them back down.

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That goal should be attainable. Curbing global warming may be an order of magnitude harder than, say, eradicating smallpox or putting a man on the moon. But is it moral not to try? We did not so much march toward the environmental precipice as drunkenly reel there, snapping at the scientific scolds who told us we had a problem.

The scolds, however, knew what they were talking about. In a solar system crowded with sister worlds that either emerged stillborn like Mercury and Venus or died in infancy like Mars, we're finally coming to appreciate the knife-blade margins within which life can thrive. For more than a century we've been monkeying with those margins. It's long past time we set them right.

Vicious Cycles (TIME)

By Missy Adams

Time, March 26, 2006

The debate over whether Earth is warming up is over. Now we're learning that climate disruptions feed off one another in accelerating spirals of destruction. Scientists fear we may be approaching the point of no return THE GREENHOUSE EFFECT Without the greenhouse effect, life on Earth would not be possible. Energy from the sun is absorbed by the planet and radiated back out as heat. Atmospheric gases like carbon dioxide trap that heat and keep it from leaking into space. That's what keeps us warm at night.

But as humans pour ever increasing amounts of greenhouse gases into the atmosphere, more of the sun's heat gets trapped, and the planet gets a fever BURNING FOSSIL FUELS RELEASES CARBON FUELING THE FIRE The amount of carbon dioxide in the atmosphere is climbing fast. Most of it comes from burning fuels for energy--gasoline in cars or coal for electricity, for example. The U.S., with less than 5% of the world's population, produces one-quarter of all greenhouse gases BURNING FORESTS REDUCES OXYGEN AND INCREASES DROUGHT SPREADING THE PAIN Deforestation, through clear-cutting or burning, sows havoc far beyond the affected area. The fires release still more carbon into the atmosphere, fewer plants survive to convert CO2 into oxygen, and scorched soil absorbs more heat and retains less water, increasing droughts ·Plants take in CO2 ·Fires release carbon ·Less carbon absorbed ·Soil dries out RISING TEMPERATURES MELT POLAR ICE AND PERMAFROST THAWING OUT The North Pole may be seasonally ice free by 2050. Melting permafrost will release vast amounts of trapped carbon into the air LESS ICE MEANS MORE HEAT WHICH MEANS LESS ICE SPEEDING UP Ice reflects nearly all the sun's energy that hits it. As the planet's ice melts, more of that energy is absorbed by Earth--which further raises the temperature. That, in turn, makes the remaining ice melt quicker ·20% reflected by vegetation and dark soil ·10% reflected by ocean water ·90% reflected by ice MELTING ICE RAISES SEA LEVELS INUNDATING LOW COASTAL AREAS WASHING ASHORE The ice at the North Pole is floating, so as it melts, the sea level won't change much. But the massive ice sheets over Antarctica and Greenland are another story. If both melted completely, sea levels could rise nearly 220 ft. (72 m). That's a worst-case scenario. But the melting is accelerating, and sea levels are projected to rise gradually, threatening low-lying communities Sources: Intergovernmental Panel on Climate Change, Third Assessment Report; NOAA; NASA; National Snow and Ice Data Center; Carbon Dioxide Information Analysis Center; National Center for Atmospheric Research; U.S. Global Change Research Program; Goddard Institute for Space Studies

Feeling The Heat (TIME)

By David Bjerklie

Time, March 27, 2006

QUIVER TREE This striking giant aloe was given its name by the San people of southern Africa, who use the tree's hollow branches as quivers for their arrows. Scientists have discovered that quiver trees are starting to die off in parts of their traditional range. The species might be in the early stages of moving southward, trying to escape rising temperatures closer to the equator.

PINON MOUSE This tiny resident of the southwestern U.S. has long eked out its living in juniper woodlands, but in California it is heading for higher, cooler altitudes in the High Sierra conifer forests. The mouse is one of several small mammals in the region that have moved their homes 1,000 to 3,000 ft. higher in elevation over the past century.

RED-BREASTED GOOSE Twenty-six bird species, including this goose, which breeds in the Arctic, are listed by the World Conservation Union as threatened by global warming. Half are seabirds whose food supplies are diminished because of climate changes. The rest are terrestrial species, including several whose coastal habitats are at risk because of rising sea levels.

AFRICAN ELEPHANT Global warming might not only shrink the elephant's range within Africa but may also wreak havoc with the animal's love life. The relative abundance--or scarcity--of food affects the social hierarchy of the herd, which in turn can determine which animals get to breed.

BUTTERFLIES Researchers have documented shifts in the ranges of many butterflies. One study looked at 35 species of nonmigratory butterflies whose ranges extended from northern Africa to northern Europe. The scientists found that two-thirds of the species had shifted their home ranges northward by 20 to 150 miles. In the U.S., researchers have closely tracked the

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movements of the butterfly known as Edith's checkerspot (at right, middle). Though butterflies might be sturdier than they look, scientists believe many species will not survive the impact of climate change.

KING PROTEA It is the national flower of South Africa, just one among the many spectacular members of the large family of flowering plants named after Proteus, a Greek god capable of changing his shape at will. Scientists fear that more than a third of all Proteaceae species could disappear by 2050.

MISTLETOE The limber pine dwarf mistletoe is proliferating throughout western forests in North America, thanks to heat and drought-weakened trees that act as perfect hosts for this botanical parasite. It's not unlike what happens in your body, says researcher Connie Millar of the U.S. Forest Service: "When your system is stressed, you're more vulnerable to all kinds of things that want to get you."

FROGS Amphibians have been hopping, swimming and crawling about the planet for 350 million years. But their future is hardly assured. A global assessment of the state of this entire class of vertebrates found that nearly one-third of the 5,743 known species are in serious trouble. Climate change may well be the culprit in most cases, either directly or indirectly. The home habitat of the golden toad (at right, bottom) in Costa Rica moved up the mountain until "home" disappeared entirely. More than two-thirds of the 110 species of colorful harlequin frogs in Central and South America, two shown above, have also disappeared. Scientists believe that what killed many of the harlequins and what threatens a great many other amphibian species is a disease caused by the fungus Batrachochytrium dendrobatidis. Climate change seems to be making frogs more vulnerable to infection by the fungus.

What troubles scientists especially is that if we are only in the early stages of warming, all these lost and endangered animals might be just the first of many to go. One study estimates that more than a million species worldwide could be driven to extinction by the year 2050.

How It Affects Your Health (TIME)

By Christine Gorman

Time, March 26, 2006

It's a fair bet that global warming is going to lead to a rise in human sickness and death. But what form they will take is difficult to say. We can be pretty sure that as average temperatures climb, there will be more frequent and longer heat waves of the sort that contributed to the death of at least 20,000 Europeans in August 2003. Other predictions are more tenuous. For example, rising temperatures could--if rainfall and other conditions are right--result in larger mosquito populations at higher elevations in the tropics, which could in turn contribute to the spread of malaria, dengue and other insect-borne infections. Early indications are not encouraging. The World Health Organization (WHO) believes that even the modest increases in average temperature that have occurred since the 1970s have begun to take a toll. Climate change is responsible for at least 150,000 extra deaths a year--a figure that will double by 2030, according to WHO's conservative estimate. As with so many public-health issues, a disproportionate part of the burden appears to be falling on the poorest of the poor. That doesn't mean, however, that the comparatively wealthy--who account for more than their share of greenhouse-gas emissions--will escape harm.

A look at three key factors affected by warming offers a hint of things to come.

AIR We're used to thinking of industrial and traffic pollution as having a detrimental effect on air quality. But all other things being equal, rising temperature by itself increases the amount of ground-level ozone, a major constituent of smog. So many studies have linked higher ozone levels to death rates from heart and lung ailments that many cities issue smog alerts to warn those at risk to stay indoors. You can expect more and longer alerts.

It gets worse. Higher levels of carbon dioxide favor the growth of ragweed and other pollen producers over other plants, according to Dr. Paul Epstein at Harvard's Center for Health and the Global Environment. In addition, ragweed churns out more pollen as CO2 levels rise. Scientists have tied local spikes in asthma and allergy attacks to increases in molds and emissions from diesel engines. Apparently, the molds attach themselves to diesel particles, which deliver them more efficiently deep into the lungs. Add a plentiful helping of dust storms (from, for instance, the desertification of Mongolia or northern Africa) and a rise in drought-driven brushfires, and you have a made- to-order recipe for increasing respiratory distress worldwide.

WATER Residents of the U.S. Gulf Coast don't have to be reminded that water can be a killer. You can usually evacuate people ahead of a major storm, but you can't evacuate infrastructure. "Thirteen of the 20 largest cities in the world happen to be located at sea level," says Dr. Cindy Parker of the Johns Hopkins School of Public Health in Baltimore, Md. That means that where people are most at risk from floods, so are hospitals and water-treatment plants. As we have seen in New Orleans, the health effects of losing those facilities persist long after the water has receded.

Another predicted consequence of global warming is heavier downpours, leading to more floods. The immediate hazard is drowning, but the larger issue is water quality. To take just one example, more than 700 U.S. cities--most of them older communities in the Northeast, Northwest and Great Lakes area--have sewer systems that regularly overflow into water supplies

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during heavy rainstorms, mixing dirty and clean water and sometimes requiring mandatory boiling to make contaminated tap water safe. A heavy rainfall preceded the majority of waterborne-disease outbreaks in the U.S. over the past 60 years, says Dr. Jonathan Patz of the University of Wisconsin at Madison.

Ocean-water patterns also play a role in human health. Mercedes Pascual and her colleagues at the University of Michigan have been poring over more than a century's worth of data on cholera outbreaks in Bangladesh and tying them to detailed temperature reports of the surface waters of the Pacific Ocean. True, Bangladesh isn't anywhere near the Pacific, but the researchers are using the temperature data as an indication of a larger weather pattern called the El NiÃ±o/ Southern Oscillation, or ENSO. What they have found is that the severity of an epidemic is linked to water temperature--but only in years of higher-than-normal temperatures on the ocean's surface. More alarming: as the ENSO pattern has become more pronounced since the 1970s, the association with cholera has become even stronger.

INSECTS The news here is not all bad. Ticks, for example, may not be able to survive hotter temperatures in the southwestern U.S. And global warming is unlikely to have much of an effect on malaria, as long as you focus on lowland areas (because those regions already have so many mosquitoes). That picture may change, however, as you move upward in elevation. Malaria has seen a dramatic upswing since the 1970s in highland cities like Nairobi (around 5,500 ft. above sea level). How much of that can be tied to temperature increases--as opposed to population movement, lapses in mosquito control or the spread of drug-resistant parasites--is a matter of debate. But because each year there are at least 300 million cases accounting for more than 1 million deaths, even a small uptick in the spread or severity of malaria could be devastating.

The tricky thing about all those predictions is that you can't point to any outbreak or any individual's death and say, "This occurred because of climate change." But we know that good public health relies on a long list of factors--the availability of doctors and nurses, effective medicines, clean water, proper sanitation--and that even today, millions of people die every year of what should be preventable diseases. With global warming, you can expect the death toll to be even higher.

How To Seize The Initiative (TIME)

By Unmesh Kher, Daren Fonda, Michael D. Lemonick, And Margot Roosevelt

Time, March 26, 2006

THE ROCK BAND CAPITALIST TOOLS FOR CUTTING CO2

When Coldplay cut A Rush of Blood to the Head, the rock band didn't want the album's production and distribution to add to the greenhouse gases flowing into the atmosphere. So, working with a small British firm, the CarbonNeutral Co., the group bought 10,000 mango trees for villagers in Karnataka, India. Since plants breathe in carbon dioxide as they grow, Coldplay figures the mango trees will eventually neutralize all the CO2 released in the making and selling of its CDs.

It's a sweet deal all around. Coldplay gets to do right by the environment; the impoverished Indian villagers not only get the mangoes but will also earn money from the CO2 locked in the trees when the gas is sold on a surging new market--one that trades carbon saved for carbon burned.

Capitalism is nothing if not adaptive, and its champions have responded to global warming with a market-based solution that provides polluters with a profit incentive to mend their ways. It's called cap and trade, and it is the mechanism behind the so-called carbon markets spawned by the Kyoto Protocol. Firms in developed countries that pump out more CO2 than they are allowed under limits imposed by Kyoto are required by the protocol to offset that pollution by buying credits on the carbon market. Those that cut CO2 emissions below their allowance or help polluters in developing nations clean up their act get to sell the credits--as do groups that cut greenhouse gases by, among other things, planting trees.

Since January 2005, carbon markets in the European Union have traded at least 500 million tons of CO2. Because the Bush Administration dropped out of Kyoto, the U.S. doesn't participate in this booming global trade. But state governments are starting to set up regional carbon markets based on caps they establish under their own authority. In December, seven Northeastern states led by New York agreed to cut power-plant emissions via cap and trade, beginning in 2009.

For now, U.S. firms that want to trade emissions must join the Chicago Climate Exchange, a voluntary but legally binding bourse whose members, according to founder Richard Sandor, account for 8% of the greenhouse emissions from stationary sources in the U.S. "If we were a country," he says, "we'd be roughly the size of Britain." Members of the Chicago exchange, including Ford Motor Co. and DuPont, have pledged to cut their emissions 4% by the end of this year from the levels they averaged from 1998 to 2000. They have already taken tens of millions of tons of greenhouse gases out of play, which sounds impressive until it's compared with the 6 billion--ton plume of CO2 spewed into the atmosphere by the U.S. each year.

Meanwhile, the opportunities to offset emissions are growing. Conservation International, for instance, helped Mitsubishi and Pearl Jam funnel their offsetting funds into rain-forest protection in Madagascar. And Coldplay did more than enough to offset its last album, X&Y, by protecting forests in Mexico and Ecuador. Internet ventures with names like TerraPass, myclimate

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and Drive Neutral enable commuters and air travelers to calculate their emissions and neutralize the damage. Some even aim to turn a profit.

How do the consumer offsets work? Take the nonprofit Carbonfund.org It sells absolution for personal and commercial emissions at a cut rate of $5.50 per ton of CO2. (A full year of carbon neutralization typically costs $99.) Carbonfund allows buyers to choose where their money winds up--in alternative energy, forest conservation or energy efficiency. Co-founder Eric Carlson says Carbonfund has offset about 40,000 tons of CO2 so far. That's not much. But its ultimate aim, he says, is to channel what support it gets into driving down the cost of clean energy--and, along the way, increase awareness of climate change. "There is an educational value in these things," says Judi Greenwald of the Pew Center on Global Climate Change. "People realize that what they do can make a difference." So, apparently, do rock stars. --By Unmesh Kher

SWEDEN CLEANER AIR OVER SCANDINAVIA

Like the U.S., Sweden is addicted to oil. Unlike the U.S., it has a plan to kick the habit--and a deadline. By 2020, says Mona Sahlin, Minister for Sustainable Development, the country will no longer be dependent on fossil fuels. "By then," she declares, "no home will need oil for heating, no motorist will be obliged to use petrol [gasoline] as the sole option available."

Can Sweden do it? Probably. Back in 1970, before the first Middle East energy crisis, Sweden got 77% of its energy from oil. By 2003, even though industrial production had risen dramatically, that figure had dropped to 34%. Part of the country's impressive record comes courtesy of its abundant resources. "We have access to large amounts of hydropower," admits Sahlin, "large amounts of biomass and good conditions for increased use of wind power."

But that's not the only reason Sweden was rated the world's second greenest nation (just behind New Zealand) in a study issued at this year's World Economic Forum in Davos, Switzerland. Sweden's leaders have passed laws that would be unthinkable for a U.S. politician--taxes on fuel and CO2 emissions to induce car owners to trade in their gas guzzlers for hybrids, for example, and tax exemptions for home owners who switch from oil heating to renewable energy. Indeed, whereas Americans are likely to complain about higher taxes or infringements on their rights, most Swedes seem to embrace the idea of helping save the planet.

Take, for example, Sweden's nationwide rush to convert cars from gasoline to fuels like ethanol and biogas fermented from plant waste. Stations that sell alternative fuels are springing up all over the country, and fully 13% of new autos sold in February, the most recent month for which numbers are available, can run on ultra-low-emission substances.

What Americans might appreciate is the way local governments are encouraged to come up with their own strategies for meeting the national goals. For example, in Helsingborg, a coastal city of 120,000, buses run on biogas made from garbage and other organic waste from households and nearby farms. It's part of a program that dates from 2000, when city officials decided they would get 20% of municipal vehicles running on renewable fuel by 2010. By 2004, they had reached 23%. "We have upped our target so that 50% of the city's cars, vans and trucks should use renewable fuel by 2010--and we will meet that target," says Ulla Ingers, Helsingborg's assistant director of environment.

Similar programs are under way across the country. In the northern town of Aapua, a wind farm opened just last month, thanks to local residents who began lobbying town officials five years ago; it should supply 40% of Aapua's electricity. The old university city of Lund gets 30% of its heat from a geothermal plant. And Fjaras, in the southwest, just opened a solar-powered health center. Some of these are small efforts, to be sure, but when an entire nation embraces a pledge to wean itself from oil, there's no reason it can't be done. --By Michael D. Lemonick. Reported by Ulla Plon/Helsingborg

THE MAYORS SAVING ONE CITY AT A TIME

Seattle mayor Greg Nickels has news for President George W. Bush: global warming is also "local" warming. So for Nickels and his constituents, climate change is about the Cascade Mountains, where the city gets its water and hydropower and where the snowpack has shrunk by half over the past 50 years. It's about the effect of Puget Sound's warmer waters on wild-salmon runs. It's about hotter summers cooking up more smog. It's about a rise in sea level that could flood Seattle's port. "The stakes are high--globally and locally," he says. "We need to act."

So in February 2005, when the Kyoto Protocol took effect in 141 countries but not the U.S., Nickels launched the U.S. Mayors' Climate Protection Agreement. So far, 218 mayors in 39 states, representing nearly 44 million Americans, have signed on to its 12-step program for their own cities to meet or beat Kyoto's original target for the U.S.--cutting greenhouse-gas emissions to 7% below 1990 levels over the next six years. Some cities got a head start. Portland, Ore., which zeroed in on global warming beginning in 1993, has already slashed emissions by 13% per capita, partly by building light rail and 730 miles of regional bikeways. In Austin, Texas, the city-owned utility was able to cancel construction of a 500-MW coal-fired power plant--planned to power 50,000 homes--thanks in part to an intensive green building program that offers energy-efficiency audits to all residents and businesses, retrofits schools and installs insulation and shade screens to reduce sunlight in low-income housing. "We're frustrated by the lack of national leadership," says Mayor Will Wynn, an early backer of the Nickels initiative. "This is about the future of the planet."

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Other cities are crafting their own solutions. St. Paul, Minn., which has had to forgo Winter Carnival ice sculptures and on-ice softball tournaments in recent years because of rising temperatures, is using a biomass-fired power plant for both heat and electricity. Keene, N.H., is harnessing methane and other gases at its landfill to run a generator that powers its recycling center. Salt Lake City, Utah, has converted 1,630 traffic stops to energy-efficient light-emitting diode signals--which alone will save more than 500 tons of CO2 pollution each year and cost the city $53,000 less than conventional bulbs. "The idea is to solve global warming one city at a time," says Glen Brand, an energy specialist for the Sierra Club, which has launched a "cool cities" website.

But though mayors prefer to downplay the costs of fighting global warming, there seems to be truth to the Bush Administration's contention that meeting the Kyoto targets involves pain--not just gain. And in Seattle, where population growth is projected to push up regional greenhouse gases by 38% in the next 15 years, ratcheting down to 1990 levels would require slashing emissions by 683,000 tons--the equivalent of taking some 148,000 cars off the road. To do that may require such unpopular measures as highway tolls and increased parking taxes. But in the absence of federal controls, Nickels says, he's ready and willing: "If it's not going to happen from the top down, let's make it happen from the bottom up." --By Margot Roosevelt

THE RETAILER THE GREENING OF WAL-MART

All around the world, shoppers flock to Wal-Mart to buy everything from socks to sofa beds. In McKinney, Texas, they come for another reason: to see the wind turbine. Rising 120 ft. above the ground, it's the tallest structure in town and supplies 5% of the store's electricity. It's not the only thing that makes this Wal-Mart a green giant. There are photovoltaic shingles on the roof, exterior walls coated with heat-reflective paint and a high-tech system that automatically dims or raises the lights depending on whether it's sunny or overcast. Brent Allen, who manages the experimental store, says customers tell him all the time that "they drove out of their way to shop at this Wal-Mart." Which makes you wonder: If folks drive farther than they have to, aren't they burning extra gasoline in their pickups and SUVS? And isn't that offsetting the store's energy savings?

The laws of unintended consequences can be cruel for companies trying to do the right thing. The laws of economics suggest that Wal-Mart is so big, with 5,200 stores worldwide, that it influences everything from the price of lumber to the size of the container your laundry detergent comes in. And if this retailing giant throws its weight behind environmental responsibility, the impact could be profound: less air pollution at factories in China, mass-market sales of organic products, cereal boxes that aren't half filled with air. "One little change in product packaging could save 1,500 trees," says Wal-Mart CEO Lee Scott. "If everybody saves 1,500 trees or 50 barrels of oil, at the end of the day you have made a huge difference."

Scott wants Wal-Mart to do its part too. He has promised to cut greenhouse-gas emissions at existing stores 20% over the next few years and pledged to construct new stores that are 25% to 30% more efficient. He wants Wal-Mart's fleet of more than 7,000 trucks to get twice as many miles per gallon by 2015. Factories that show Wal-Mart they're cutting air pollution--even those in China--will get preferential treatment in the supply chain. Wal-Mart says it's working with consumer-product manufacturers to trim their packaging and will reward those that do so with prime real estate on the shelves. Scott has pledged to enlist Wal-Mart's army of lobbyists to push for pro-environmental policy changes in Washington, including incentives for utilities to cut greenhouse gases.

Cynics might call it a "greenwash," a bid to deflect attention from Wal-Mart's controversial labor and health-insurance practices. But it's not just window dressing, because Wal-Mart sees profit in going green. "We are not being altruistic," says Scott. "This is a business philosophy, not a social philosophy." Some top environmentalists seem convinced he's serious, including Amory Lovins, head of the Rocky Mountain Institute, who is a paid adviser. "We don't go where we don't think there's a genuine interest in change," says Lovins.

There's no question that soaring energy costs are fueling Wal-Mart's conservation drive. The company now insists that truckers shut off their engines when stopping for a break, yielding estimated savings of $25 million a year. By doubling the gas mileage of the fleet through better aerodynamics and lower-friction tires, Wal-Mart expects to pocket $310 million a year. One of the biggest items on its energy bill is lighting. Instead of going with the cheapest bulbs, the company is experimenting with costlier LED strips for refrigeration units that last longer and use less energy. Scott also wants to sell more organically grown food and cotton clothing, partly because it's good for the planet, partly because he believes he can get prices down and boost sales to low- income customers.

Like Bill Gates, who started his charitable foundation shortly after Microsoft's antitrust trial, Scott happens to be burnishing Wal-Mart's image at a time when his company's reputation is under siege. He acknowledges that he launched the plan partly to shield Wal-Mart from bad press about its contribution to global warming. "By doing what we're doing today you avoid the headline risks that are going to come for people who did not do anything," he says. "At some point businesses will be held accountable for the actions they take." Meanwhile, should Wal-Mart succeed at shrinking its environmental footprint and lowering prices for green products, both the planet and the company will profit. Sam Walton would have liked that. --By Daren Fonda. Reported by Steve Barnes/Bentonville, Rita Healy/Denver and Adam Pitluk/ McKinney

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THE UTILITY ASKING TO BE TAXED AND REGULATED

Jim Rogers runs a power company that spews 62 million tons of carbon dioxide into the atmosphere each year. That's a lot of greenhouse gas. But you won't find him on the hit list of environmental crusaders. The CEO of Cinergy, a utility with nine coal-fired plants in Indiana, Ohio and Kentucky, Rogers is an outspoken advocate of regulating carbon and imposing a price on emissions. His position makes him a renegade within his industry, which officially opposes any regulatory scheme that would force power companies to cut carbon emissions. It makes Rogers more likely to be invited to Sierra Club headquarters than to the White House, given that President Bush hasn't called for anything more stringent than voluntary cuts in greenhouse gases.

What is Rogers thinking? For one thing, he's personally worried about global warming and believes that the scientific debate about what causes it has long been settled. He thinks that the U.S. will be forced to regulate carbon--as most other industrialized countries have done--within the next five years, if not sooner. And as the CEO of a publicly traded company, he has to make decisions that will affect shareholders decades in the future. Power plants have life spans of 50 years, and if carbon is taxed, the fuel calculus of those plants changes radically. "We're very dependent on coal," says Rogers, "and if you're going to have earnings growth that's sustainable over a long period of time, you [need] certainty on the carbon issue."

With the approval last month by Cinergy's board of a merger with Duke Energy, Rogers is poised to run one of America's largest utilities, and he aims to lead by example. In recent years, Cinergy has spent $1 billion to increase its use of cleaner-burning natural gas, including $200 million to convert a coal-fired plant, and Rogers has cut Cinergy's reliance on coal from 87% of its fuel to 73%. He has pledged to reduce Cinergy's CO2 emissions 5% below 2000 levels by 2012, and he is investing in projects to sequester carbon in forests. Rogers is evaluating coal- gasification technology for a plant in Indiana, which could dramatically cut carbon emissions from burning coal, still the least expensive and most abundant fossil fuel in the U.S.

Even if he succeeds, Cinergy's environmental record will be far from perfect. A $1.4 billion settlement with the Environmental Protection Agency over alleged violations of the Clean Air Act fell apart when Cinergy backed away from the deal. The original suit is slowly working its way through the courts. And Cinergy supports Bush's efforts to roll back provisions of the Clean Air Act that govern utilities.

But with global warming, Rogers vows to keep the heat on his colleagues in the energy industry and on Washington politicians. "My greatest fear is that we don't deal with the problem now," he says, "and we wake up one day and don't have enough time."

The Climate Crusaders (TIME)

By Charles Alexander, Eric Roston, Alex Perry, Rita Healy, And Bryan Walsh

Time, March 26, 2006

THE POWER BROKER REWARDING GOOD BEHAVIOR

Fred Krupp wants to do something about the carbon dioxide that spews from tailpipes and smokestacks. But why is the president of Environmental Defense looking for solutions in tropical rain forests and Kansas cornfields? Because forests and fields pull greenhouse gases from the air. So Krupp, 52, went to Brazil to urge protection of the Amazon basin and to Kansas to promote no-till farming. Plowing fields releases CO2; if farmers plant seeds without tilling, three-quarters of a metric ton of carbon per acre could be stored every year.

What's in it for Brazilians and Kansans? Environmental Defense is lobbying Congress to approve a system that would mandate reductions in emissions and allow the sale of permits to release specified amounts of carbon. Companies having trouble cutting emissions could buy allowances from firms that have unused permits. Or they could pay farmers to store carbon and developing nations to preserve forests. The idea comes from a concept developed by Environmental Defense when Krupp helped draft the 1990 Clean Air Act. It set up a trading system to control sulfur dioxide. Krupp believes similar financial incentives could slow global warming. "Once you put a value on carbon reductions," he says, "you make winners out of innovators. You offer a pot of gold." --By Charles Alexander

THE ENERGY ENGINEER Clean Power For China

Like just about every ambitious engineering student at China'sÂ Tsinghua University in the early 1980s, Li Zheng had his heart set on the high-tech, high-profile electronics field--up until the day he bombed on an electronics exam. But his uncharacteristic classroom stumble led Li to a field that could play an even larger role in China's future: energy production. "I think the choice was a very fortunate one in the end," says Li, who studied thermal engineering and in 2000 became a full professor at Tsinghua--China's M.I.T.--at the remarkably young age of 35. "Energy is incredibly important for a growing society like China."

But energy means carbon, and China's booming economy puts it on a path to become the world's No. 1 greenhouse-gas emitter as early as 2020. Li knows that China needs clean energy as badly as the developed world needs China to clean up, which is why he joined the Tsinghua-BP Clean Energy Research and Education Center as director when it opened in July 2003.

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The center's most promising project is a new technology called polygeneration, by which coal is converted into a cleaner gaseous fuel that can both generate electricity and be processed into a petroleum substitute. Polygeneration could cut the carbon emissions China generates by burning its copious coal reserves and reduce its dependence on oil imports. While his team continues to refine the technology--it's still more expensive than direct coal combustion--Li is lobbying the government to construct a $600 million demonstration plant, and he's optimistic he will see it built. "China is motivated to develop this technology," Li says. And the rest of the world is hoping it does. --By Bryan Walsh/Hong Kong

THE SNOW MAN OF ASPEN KEEPING WINTER COOL

If the 1998 fires set in Vail, Colo., by protesters from Earth Liberation Front were an environmental wake-up call for the ski industry, Auden Schendler, 35, is a triple shot of espresso. Hired the next year by Aspen Skiing Co. (ASC), he has become the most visible of a crop of experts charged with cleaning up the industry's act. Between keeping the lodges toasty and draining the creeks for snowmaking, downhill-skiing companies in the late 1990s were major consumers of natural resources. And ASC, which now operates four mountains, two hotels and 12 restaurants in the Aspen-Snowmass area, was one of the biggest. Its snowmaking operations alone consume some 160 million gallons of water a year.

Schendler set about changing that. ASC had already invested $10.5 million in efficient snowmaking equipment that saved more than 6 million gallons of water in one year. At Schendler's urging, it became the first ski company to issue a climate-change policy, with a public commitment to cutting greenhouse gases that has led to a 75% reduction in emissions. ASC was the first to use biodiesel fuel in snowcats, issue sustainability reports and develop a green building policy.

A graduate of Bowdoin College, Schendler insulated trailers for the poor before joining Amory Lovins' famed Rocky Mountain Institute. He found a kindred spirit in ASC president and CEO Pat O'Donnell, although the road to environmental enlightenment at ASC hasn't always been smooth. It took four years to persuade the company to retrofit a parking garage with fluorescent light fixtures, a move Schendler calculates rid the atmosphere of 300,000 lbs. of CO2 annually.

A prolific writer and major supporter of the Keep Winter Cool campaign, a partnership between the ski industry and the Natural Resources Defense Council, Schendler feels he has helped change the culture of skiing, at least at ASC. "We've turned this place into a lab for addressing climate change," he says. "Aspen is a lever that can change the world." --By Rita Healy/Denver

THE POLLUTION FIGHTERS Delhi Without Diesel

Melting ice caps didn't figure into the fightÂ Sunita Narain and Bhure Lal led to build the world's cleanest public-transport network. They had more pressing concerns. "New Delhi was choking to death," says Narain, 43, director of India's Center for Science and Environment. "Air pollution was taking one life per hour." Adds Lal, 63, then a senior government administrator: "The capital was one of the most polluted on earth. At the end of the day, your collar was black, and you had soot all over your face. Millions had bronchitis and asthma."

In the mid-1990s, Narain filed a lawsuit to force Delhi's buses, taxis and rickshaws to convert to cleaner-burning compressed natural gas (CNG). In July 1998, the Supreme Court ruled largely in her favor and adopted many of her proposals. It ordered a ban on leaded fuel, conversion of all diesel-powered buses to CNG and the scrapping of old diesel taxis and rickshaws. But busmakers and oil companies--supported by government ministers--objected loudly. So the court formed a committee, led by Lal and Narain, to enforce its judgment.

The unlikely duo immediately ran into roadblocks. Bus companies took vehicles off the road, stranding angry commuters. Mile-long queues of rickshaws formed at the handful of gas stations with CNG pumps. Oil companies trotted out scientists who claimed that CNG was just as polluting as diesel. But Narain and Lal fought back. By December 2002, the last diesel bus had left Delhi, and 10,000 taxis, 12,000 buses and 80,000 rickshaws were powered by CNG.

Although air pollution in Delhi has stabilized, the fight for clean air is far from won. Some 400 to 600 new private cars roll onto the city's streets every day. Narain and Lal don't claim to have slowed global warming. But their efforts have attracted requests for advice from as far away as Kenya and Indonesia. "Delhi leapfrogged," Narain says with a grin. "People noticed." --By Alex Perry/New Delhi

THE EVANGELICAL ACTIVIST PREACHING FOR THE PLANET

The Rev. Jim Ball agrees with President George W. Bush's positions on abstinence, stem-cell research, traditional marriage and the rights of an unborn child. But the Administration's environmental policies strike him as morally wrongheaded, and he's not afraid to say so. He led the 2002 "What Would Jesus Drive?" campaign against gas-guzzling cars and was one of the organizers of the Evangelical Climate Initiative in February, when 86 evangelical Christian leaders called on Congress to regulate carbon-dioxide emissions.

Ball, 44, practices what he preaches (he drives an energy-efficient Toyota Prius) and he came to his environmental beliefs honestly: through Scripture and concern for the living and the unborn. Fearing that millions of lives could be lost in global-

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warming-related disasters, he began studying environmentalism at Drew University in 1994 and emerged three years later with a Ph.D. in theological ethics. He became executive director of the Evangelical Environmental Network in 2000.

Activist ministers like Ball and Richard Cizik of the National Association of Evangelicals represent a significant political liability for the Bush Administration and its allies in Congress--a sign that their energy policies have put them on a collision course with a core constituency. Pay attention to our message, Ball argues, because climate change is not a left-wing, tree-hugging issue. "It's a people problem. It's about loving your neighbor."

The Impact Of Asia's Giants (TIME)

By Bryan Wlash

Time, March 26, 2006

If everyone lived like the average Chinese or Indian, you wouldn't be reading about global warming. On a per capita basis, China and India emit far less greenhouse gas than energy-efficient Japan, environmentally scrupulous Sweden--and especially the gas-guzzling U.S. (The average American is responsible for 20 times as much CO2 emission annually as the average Indian.) There's only one problem: 2.4 billion people live in China and India, a great many of whom aspire to an American-style energy-intensive life. And thanks to the breakneck growth of the two countries' economies, they just might get there--with potentially disastrous results for the world's climate.

The International Energy Agency (IEA) forecasts that the increase in greenhouse-gas emissions from 2000 to 2030 from China alone will nearly equal the increase from the entire industrialized world. India, though behind its Asian rival, could see greenhouse-gas emissions that rise 70% by 2025, according to the World Resources Institute. But the nearly double-digit growth rates that are responsible for those nightmare projections also present an environmental opportunity. "Anything you want to do about clean energy is easier to do from the outset," says David Moskowitz, an energy consultant who has advised Chinese officials. "Every time they add a power plant or factory, they can add one cleaner and better than before." If China and India can muster the will and resources to leapfrog the West's energy-heavy development path, dangerous climate change might be averted. "China and India have to demonstrate to other countries that it is possible to develop in a sustainable way," says Yang Fuqiang, vice president of the Energy Foundation in Beijing. "We can't fail."

The Kyoto accord on climate change did nothing to slow growth in China and India because as developing countries they are not required under the protocol to make cuts in carbon emissions--and that is not likely to change after the agreement expires in 2012. Both countries are desperate for energy to fuel the economic expansion that is pulling their citizens out of poverty, and despite bold investments in renewables, much of that energy will have to come from coal, the only traditional energy source they have in abundance. Barbara Finamore, director of the Natural Resources Defense Council's China Clean Energy Program, estimates that China's total electricity demand will increase by 2,600 gigawatts by 2050, which is the equivalent of adding four 300-megawatt power plants every week for the next 45 years. India's energy consumption rose 208% from 1980 to 2001, even faster than China's, but nearly half the population still lacks regular access to electricity--a fact the government is working to change. "They'll do what they can, but overall emissions are likely to rise much higher than they are now," says Jonathan Sinton, China analyst for the IEA.

Environmentalism inevitably takes a backseat to development in China and India, but even among many green advocates there, climate change is seen as a less pressing problem than air and water pollution. There is also a widespread feeling that the developed world, which grew rich while freely spewing carbon, should take most of the responsibility for climate change. "Our issue is that, first and foremost, the U.S. needs to reduce its emissions," says Sunita Narain, director of the Center for Science and Environment in New Delhi. "It is unacceptable and immoral that the U.S. doesn't take the lead on climate change." The Bush Administration, in turn, has rejected Kyoto partly because developing countries were exempt from emissions cuts.

The standoff between the U.S. and the Asian giants has stymied international climate-change efforts for years, but that is beginning to change--and some of the push is coming from Beijing. For most of the recent Montreal climate conference, the U.S. resisted any serious discussion of what should be done after Kyoto expires. But several major developing countries, including China as a quiet but present force, supported further talks and helped break down U.S. opposition. "At the moment, China seems more interested in engaging on this issue internationally than the U.S. does," says Elliot Diringer, director of international strategies for the Pew Center on Global Climate Change.

That's because China and India increasingly see climate-change policy as a way to address some of their immediate problems--such as energy shortages and local environmental ills--while getting the international community to help foot the bill. Thanks to poorly run plants and antiquated power grids, China and India are extremely energy inefficient. China uses three times as much energy as the U.S. to produce $1 of economic output. But that means there is a lot of room for improvement, and saving energy by cutting waste is less expensive than building new coal plants. It also reduces dependence on foreign energy and comes carbon and pollutant free. "Efficiency really is the sweet spot," says Dan Dudek, a chief economist at Environmental

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Defense. Beijing agrees: the government aims to reduce energy intensity--the amount of energy used relative to the size of the economy--20% by 2010.

Making ambitious pledges is easy--that is what five-year plans are for--but finding the will and the funds to make them stick is trickier. One source of funding is the Clean Development Mechanism, a part of the Kyoto Protocol that allows developed countries to sponsor greenhouse-cutting projects in developing countries in exchange for carbon credits that can be used for meeting emissions targets. Those projects don't require any technological breakthroughs. A 2003 study by the consulting firm CRA International found that if China and India invested fully in technology already in use in the U.S., the total carbon savings by 2012 would be comparable to what could be achieved if every country under the Kyoto Protocol actually met its targets.

But that window of opportunity is closing rapidly. Every step forward that these countries take today (such as China's move to make its auto-emission regulations stricter than the U.S.'s) risks being swamped by growth tomorrow (for example, China could have 140 million cars on the road by 2020). What China and India really need to ensure green development is what the world needs: a broadly accepted post-Kyoto pact that is strict enough to make it economically worthwhile to eliminate carbon emissions. Though actual cuts are off the table for now, Beijing and New Delhi seem willing to discuss softer targets, such as lowering carbon intensity. But they feel that Washington must take the lead. "It is possible for these countries to achieve the growth they deserve without wrecking the climate," says Diringer. "They just can't do it on their own. It has to go through the U.S."

Maybe we can begin by living a bit more like the average Chinese or Indian--before they start living like us.

On The Ethanol Bandwagon, Big Names And Big Risks (NYT)

By Norm Alster

The New York Times, March 27, 2006

VINOD KHOSLA was a founder of Sun Microsystems and then, as a partner at Kleiner Perkins Caufield & Byers, the Silicon Valley venture capital firm, he helped a host of technology companies get off the ground.

These days, Mr. Khosla, 51, is still investing in technology, but much of it has nothing to do with the world of network computing in which he made his name. He is particularly excited about new ways of producing ethanol — the plant-derived fuel that, he says, could rapidly displace gasoline. "I am convinced we can replace a majority of petroleum used for cars and light trucks with ethanol within 25 years," he said. He has already invested "tens of millions of dollars," he said, in private companies that are developing methods to produce ethanol using plant sources other than corn.

Mr. Khosla isn't the only big-name entrepreneur to embrace ethanol. Sir Richard Branson, chairman of the Virgin Group, plans to invest $300 million to $400 million to produce and market ethanol made from corn and other sources, said Will Whitehorn, a director of the company. Virgin expects to announce soon the site of its first production facility, probably in the eastern United States, with a second one likely to follow in the West, Mr. Whitehorn said.

Bill Gates has also made a move into the ethanol market. Cascade Investment, Mr. Gates's private investment firm, has declared its intention to buy $84 million in newly issued preferred convertible securities in Pacific Ethanol, according to William Langley, its chief financial officer. The company, which is based in Fresno, Calif., and is publicly traded, says it hopes to become the leader in the production and distribution of ethanol in the Western states.

Ethanol derived from corn now accounts for 3 percent of the American automotive fuel market. Most cars in the United States can already handle fuel that is up to 10 percent ethanol, and as many as five million are so-called flex-fuel vehicles that can use a fuel called E85, which is 85 percent ethanol and 15 percent gasoline.

The current excitement over ethanol derives from research that has cut the cost of converting nonfood plant matter like grasses and wood chips into alcohol. Mr. Khosla says he believes that such ethanol, called cellulosic ethanol, will eventually be cheaper to produce than both gasoline and corn-derived ethanol.

Can investors whose pockets are not as deep jump into the ethanol market? Yes, but they are taking a big risk. Picking long-term winners among the companies that make ethanol — or, for that matter, develop other alternative energy technologies — is a very uncertain business. The few public companies that focus on ethanol are typically unprofitable. Pacific Ethanol, for example, has not yet had a profitable quarter and will not until at least the fourth quarter, when its first plant is scheduled to begin production, Mr. Langley said.

Few mutual funds focus on alternative energy companies. "We are not going to start a dedicated alternative energy fund, period," said Wenhua Zhang, a technology analyst at T. Rowe Price. The company is avoiding the sector "for the same reason we didn't start an Internet fund in 2000: a dedicated very narrow sector fund with a single focus typically has a much higher risk."

Some publicly traded companies with operations linked to ethanol include Novozymes and Danisco, both based in Denmark, and Diversa of San Diego; all three have said they have made major gains in reducing the cost of the enzymes

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needed to produce ethanol from cellulose. Bigger, more diversified companies like Archer Daniels Midland and Monsanto have ethanol operations, too, though ethanol is but one of many businesses for these giants.

Two mutual funds that focus on alternative energy include some ethanol companies among their holdings. The New Alternatives fund holds shares of Abengoa and Acciona Energía, two Spanish companies investing in ethanol production. Another option is the PowerShares WilderHill Clean Energy Portfolio, an exchange-traded fund that tracks a basket of 40 alternative energy companies. Robert Wilder, who created the index on which the fund is based, said that it currently includes just two companies with significant ethanol interests: Pacific Ethanol and MGP Ingredients, an ethanol producer in Atchison, Kan.

Mr. Wilder said he expects to add other companies involved with ethanol. "It's very elegant," he said. "We can take an agricultural waste product we currently pay to get rid of and convert it into fuel."

But many ethanol companies are privately held, making them inaccessible to most investors. And there is certainly room for skepticism about ethanol's future. After all, corn ethanol has been around for years, and even with a current spike in demand, the industry commands only a 3 percent share of the market. Mr. Khosla counters that soaring energy prices have made corn-based ethanol more competitive, while research advances in breaking down cellulose into simple sugars have cut the cost of making ethanol from other sources.

"Ethanol is cheaper to produce, unsubsidized, than gasoline today," he said. "As these technologies ramp up, they will be cheaper — unsubsidized — than gasoline even if petroleum drops to $35 a barrel."

Brazil has proved that ethanol can be made competitively from sugar, said Daniel M. Kammen, a professor in the energy and resources group at the University of California, Berkeley. He estimates the cost of producing ethanol from sugar — including raw materials and processing — at $6 to $7 per gigajoule (a unit of energy) versus $14 a gigajoule for gasoline. In Brazil, roughly 70 percent of new vehicles are equipped to handle ethanol, and the country has been able to curb its dependence on foreign oil and turn ethanol into a growing export industry.

But cellulosic ethanol, the kind produced from nonfood plant matter, has some advantages over food-based ethanol. Because cellulosic ethanol is derived from plant waste, wood chips or wild grasses like miscanthus and switchgrass, it would not require costly cultivation; that would mean savings on labor, pesticides, fertilizers and irrigation.

And it is superior to corn-derived ethanol in reducing greenhouse gas emissions, Professor Kammen said. He expects cellulosic ethanol to catch on quickly. "I think you can really see ethanol comprising 25 to 30 percent of gasoline consumption within 10 years," he said.

FOR that to happen, automakers would need to build more flex-fuel cars. The cost of adding this capability to new cars has been estimated at roughly $100 a vehicle. And ethanol would need to be much more readily available at gas stations. Mr. Khosla has been lobbying in Washington for government help in both areas.

Smaller investors may be advised to just sit back and study developing opportunities. "This is an area where investors have to be patient and build up slowly," Mr. Khosla said.

But he said the potential payoff justifies his own aggressive bets. And ethanol's success, he said, would mean that more energy spending would flow to rural America. "You get a fuel that's cheaper and greener than gasoline," he said. "It gives us energy security."

FBI/DEA/ATF/USMS:

(KHOU-TV)

By Jeff McShan, 11 News

KHOU-TV, March 25, 2006

The FBI is helping police identify gang members from New Orleans who are now in Houston.

11 News talked with Houston's police chief about the gang crackdown and how officers are using the information.

In New Orleans, police say some gang members that evacuated their city are now beginning to come back.

"I think what we have seen is a few bad guys have reoccupied the city," said New Orleans police chief Warren Riley.

Apparently they are coming back to redefine their territories.

"The people we suspect of this are some folks that were in Houston a while back. I think Houston's obviously on them," said Riley.

After a slow start. Houston, specifically HPD, is onto them because vital communication between the two cities is finally taking place.

FBI director Robert Mueller says the federal agency played a big role in making that happen.

"We have worked together both New Orleans and in Houston to exchange intelligence information that will enable both Harold and the New Orleans police department to do the jobs. We recognize that not just in terms of New Orleans and Houston, but gangs and criminals that traverse the country now," said Mueller.

It's been well documented that after the storm, homicides here shot up more than 25 percent.

Chief Harold Hurtt said his department is getting a handle on it by targeting the hot spots and getting much-needed information on the criminals that came here from our neighboring state.

"I think we are doing a good job of sharing intelligence now because they are getting access to databases in Louisiana which we didn't have in the beginning. And we have identified a lot of people as you know, locally here in the media. We have done some roundups of some individuals from New Orleans that was involved in gang activity, as well as drugs, and we are going to stay on top of that," said Hurtt.

In New Orleans the chief says they're trying to stay on top of it too.

"Advise citizens that we're on it, let the gang members know that we're on it and to do all we can to discourage them from re-occupying or coming back to the city," said Riley.

In other words, both cities are cracking down on gangs and no one wants them to call their city home.

(KHOU-TV)

By Wendell Edwards, 11 News

KHOU-TV, March 25, 2006

At a fund-raiser for the Mademoiselles of Madison High School, washing cars was the easy part.

But the group said they wish keeping buildings graffiti-free in the neighborhood was just as simple.

“It’s a disgrace to the neighborhood,” student Kelcie Fields said. “It’s trashy.”

Houston is no stranger to gangs or how members mark their territory.

But when strange symbols and signs started showing up, Precinct 7 deputies took notice.

“It wasn’t very long after their arrival,” Sgt. Ray Hughes said. “They made themselves very known pretty quickly.”

Sgt. Ray Hughes said the new graffiti is from New Orleans gangs.

Authorities said the new markings are all over southeast and parts of southwest Houston, adding to an already crowded canvas.

“It’s very hard. I gotta tell you — we’re swamped,” Sgt. Hughes said. ”We try really hard to keep up with it but we can’t.”

In New Orleans, they aren’t called gangs. They are known as members of rival housing projects. But authorities said they have brought their turf war to Houston.

A war that includes graffiti and violent crime.

A battle that the FBI director said can be stopped with the help of local police.

“For us to be effective, we have to work together,” FBI Director Robert Mueller said. “We are here in Houston and as well as back in New Orleans.”

A crackdown that puts gangs on alert, authorities on patrol and a clear sign that neither side is backing down.

FBI Planning To Return To N.O. By Early June (NOTP)

By Charlie Chapple, St. Tammany Bureau

New Orleans Times-Picayune, March 25, 2006

Director tours temporary site

The FBI will move back into its New Orleans headquarters on the Lakefront by early June, agency Director Robert Mueller said Thursday after visiting agents in St. Tammany Parish.

"We expect to be back sometime in late May or early June," Mueller said after meeting with agents and other law enforcement officials at the FBI's temporary field office and compound at Covington Country Club.

After the FBI's Lakefront headquarters were heavily damaged by Hurricane Katrina, the agency rented the country club's clubhouse and turned the facility into a fenced and secured compound for agents and staff members.

Mueller, a former U.S. attorney and prosecutor who has led the agency since August 2001, said he has made several trips to the New Orleans area since the hurricane, but Thursday was his first visit to the temporary office.

Despite having to relocate and work under adverse conditions, local agents and staff have never missed a beat, Mueller said. They were able to salvage all evidence and case files from the New Orleans office after the storm, he said. And continuing fraud investigations have resulted in 71 indictments or charges, he said.

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During his two-hour visit to the temporary office, Mueller also met with several state and local law enforcement officers, including State Police Superintendent Henry Whitehorn, St. Bernard Parish Sheriff Jack Stephens and representatives from the New Orleans Police Department, the Jefferson Parish Sheriff's Office and Plaquemines Parish Sheriff's Office.

Mueller said his visit had a dual purpose. "I wanted to talk to the FBI personnel here," Mueller said. "Many lost their homes and continued to work. I wanted to see how they were doing in terms of rebuilding."

The FBI head said he also wanted to thank state and local law enforcement officers for continuing the relationship they've built with the agency since Katrina and to "assure them we are ready for the next hurricane down the line."

As he waited to talk with Mueller, Stephens praised the FBI. "They're one federal agency which I have no complaints about," he said. "They were there for us when we needed them."

. . . . . .

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(NYT)

By JULIA PRESTON

The New York Times, March 25, 2006

Six men accused of being members of a gang led by Balkan immigrants that seized control of illegal gambling in old-time Mafia strongholds were convicted of racketeering yesterday in federal court.

Prosecutors charged that the organization, which they said was sometimes called the Corporation, had used strong-arm tactics to set up illegal gambling clubs in Astoria and Bayside, Queens, and in the Bronx, pushing aside the Luchese and Gambino crime family.

Gang leaders at one point sought to show their muscle by insisting on being seated at the old table of the late John J. Gotti, the don of the Gambino crime family, at Rao's restaurant in East Harlem, the prosecutors said.

After a three-month trial in Federal District Court in Manhattan, Alex Rudaj, who is from Montenegro and who prosecutors said was the ringleader of the Albanian organized crime group, and five other defendants were found guilty of multiple counts of racketeering, illegal gambling and extortion.

Mr. Rudaj and another defendant, Nardino Colotti, were acquitted of the most serious charge in the trial, the attempted murder of Gaetano Peduto, then an associate of the Bonnano crime family, during a Bronx car chase in 1993.

Mr. Rudaj's lawyer, James Kousouros, said that defeating the attempted murder charge was "huge" for the defense, because that charge carries a mandatory life sentence.

The jury also found the defendants not guilty of another serious charge of violence, a pistol-whipping attack in August 2001 on a gang rival.

But the guilty verdicts showed that the jury was amply persuaded that Mr. Rudaj, 38, and his associates were part of a criminal organization that spread its illegal gambling operation, often with threats of force, from Astoria to Westchester County. The assistant United States attorneys who prosecuted the case, Jennifer G. Rodgers, Timothy Treanor and Benjamin Gruenstein, said that Mr. Rudaj's group collected at least $4 million a year from a network of 50 video gambling machines. The machines are not illegal, prosecutors said, but collecting gambling proceeds from them is.

"They used force and intimidation as their primary business tactic," Ms. Rodgers said in her closing arguments on Dec. 19.

"They took and they tried to take territory by violence, force and threat of violence," she said.

Ms. Rodgers described an instance in which she said Mr. Rudaj had beaten an extortion victim to a "bloody pulp" and then complained that the victim's blood had spattered all over his off-white pants.

Mr. Kousouros never denied during the trial that Mr. Rudaj had engaged in gambling. "A lot of it," Mr. Kousouros said. But he argued that his client was not part of a violent organized crime group.

The other defendants were Nikola Dedaj, Prenka Ivezaj, Ljusa Nuculovic and Angelo DiPietro.

The jurors found that the gang, which prosecutors said was formed in 1993, engaged in loan sharking, and extorted bars and social clubs to force in their illegal gambling operations. The defendants face seven years to life. Mr. Kousouros said he planned an appeal for Mr. Rudaj on the extortion charges. </NYT_TEXT>

Sewage Tested For Signs Of Cocaine (WP)

By Bill Turque

The Washington Post, March 27, 2006

If government studies are a reliable guide, about 25,000 residents of Fairfax County -- 2.5 percent of its population -- have used cocaine in the past year. The same data from the National Survey on Drug Use and Health suggest that about 9,000 have partaken within the past 30 days.

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Those estimates, based on personal and computer-assisted interviews, rely almost completely on the candor of the respondents. The Bush administration, hoping to someday broaden the government's knowledge of illegal drug use, is probing the mysteries of Fairfax's sewage for a clearer picture.

Earlier this month, the county agreed to participate in a White House pilot program to analyze wastewater from communities throughout the Potomac River Basin for the urinary byproducts of cocaine.

"It's a very strange request," Board of Supervisors Chairman Gerald E. Connolly (D) said of the White House program. "We're ready to do anything and everything we can do to eliminate illicit drug use. But I'd want to know a lot more about what this will actually lead to."

The White House Office of National Drug Control Policy said it is not seeking to single out specific localities. It also is premature, officials said, to conclude that levels of metabolized cocaine in sewage offer a more accurate index of consumption than traditional survey research.

But David Murray, special assistant to national drug czar John P. Walters, said wastewater testing, which has been tried in Europe, "certainly has that potential."

"We think it will be very, very useful," Murray said.

County workers collected five days' worth of water samples between March 13 and March 17 at the pollution control plant in Lorton, according to a March 20 memo from County Executive Anthony H. Griffin to the Board of Supervisors.

The plant, which processes about 67 million gallons of sewage a day, takes in commercial and residential waste from about half the county, including Fairfax City, Vienna and Fort Belvoir.

The samples, which totaled about 500 milliliters, were shipped to the Armed Forces Institute of Pathology in Rockville, where they will be analyzed for traces of benzoylecgonine, the main urinary metabolite byproduct of cocaine.

Murray said many other utilities in the region were cooperating but declined to name any. A spokeswoman for the Washington Suburban Sanitary Commission, which provides water and sewer service in Montgomery and Prince George's counties, said she did not know whether the agency was participating in the study.

Griffin's memo to the board was not released to the public until the day after the Fairfax sampling was completed. He did not return a call for comment.

Critics of the administration's drug policies said the effort seemed harmless enough but also wondered what it would add up to.

"It can't hurt to check," said Bill Piper, director of national affairs for the Drug Policy Alliance, a nonprofit group committed to ending the federal government's war on drugs. "I'm skeptical that it can be a useful gauge for policy analysis."

The wastewater research had its genesis in Europe. Last year, scientists of the Mario Negri Institute for Pharmacological Research in Milan tested the waters of the Po River in northern Italy, to surprising results. According to the Times of London, they concluded that the Po carried the equivalent of about four kilograms of cocaine and estimated that the 1.4 million young adults living in the Po River Basin were consuming about 40,000 doses a day, more than twice the existing national estimates.

To confirm the findings, the researchers studied wastewater from smaller cities in other regions of the country, including Sardinia. After allowing for the difference between water from the Po and undiluted sewage, they said that the results were similar.

Bitter Fight Over Sweet Pot Treats (SHNS)

By Henry K. Lee

Scripps Howard News Service, March 25, 2006

They had colorful labels and names such as Trippy, Stoney Rancher, Toka-Cola, Pot Tart and Budtella.

To federal drug agents, they were dangerous marijuana-laced concoctions that could fall into the hands of children. But to sick patients who rely on cannabis to ease their symptoms, they were just tasty ways to get their medicine - and legal under California law.

Federal agents who converged on several of what they called "marijuana candy factories" around Oakland this month seized hundreds of sodas and candies laced with marijuana in what they said was the largest bust of its kind on the West Coast.

Authorities say the drug is illegal no matter what form it takes, especially marijuana candy products that mimic mainstream candies and are attractive to youths.

But angry medical-marijuana patients said investigators are blowing smoke and that the raids are just the latest proof that federal investigators are running roughshod over local and state laws that allow for medicinal cannabis use.

In 1996, California voters approved Proposition 215, which allows the use of marijuana for medical purposes with a doctor's recommendation. Despite the law, authorities - from the California Highway Patrol to the Drug Enforcement

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Administration - have pounced on local marijuana-growing operations in the Bay Area, including locations in San Francisco and Sonoma County in December.

The candy-factory raids are the latest crackdown.

"I think the government is once again trying to create terror through our community," said Angel Raich, 40, of Oakland, who uses the drug to treat pain, nausea and seizures associated with a brain tumor and a wasting syndrome. "I do know for a fact that medical-cannabis candy and those kinds of products are in the dispensaries, and patients do use them."

Rick Steeb, 55, of San Jose, who uses marijuana to treat the pain from glaucoma, said he's "never seen (the candy) outside the dispensaries. It's not like they were being sold in convenience stores."

But Special Agent Casey McEnry, spokeswoman for the DEA, the agency that conducted the raids, said marijuana "is a violation of federal law in this form and in the smoked form. Even though there may be claims that these weren't meant for kids, the packaging may suggest otherwise."

27,800 Bags Of Heroin; Eight Arrests (NBR)

By Tom Jennemann

North Bergen Reporter, March 26, 2006

Hudson County Prosecutor Edward DeFazio and the Hoboken Police Department have arrested eight Hudson County residents for running a major heroin ring.

According to Prosecutor Edward DeFazio, the arrests were the result of a six-month investigation by the Hudson County Prosecutor's Office Municipal Task Force, Hoboken Police Department, and the Drug Enforcement Administration.

The individuals arrested were allegedly part of a major organization that supplied heroin throughout the Hudson County area. Detectives also seized a number of high-end customized luxury vehicles with secret compartments allegedly used by members of this organization to hide and transport the heroin.

According to DeFazio, detectives executed search warrants at various locations in Hudson County, including 406 3rd St., Union City, and 4525 Kennedy Blvd., North Bergen. Detectives also searched several vehicles.

The searches resulted in the recovery of 22,000 bags of heroin from "a sophisticated hidden compartment" in a Ford Explorer.

DeFazio added that police also recovered four loaded semi-automatic handguns and 5,000 bags of heroin from a hidden compartment in a Lincoln Navigator. The guns recovered were two Highpoint .9mm handguns, one .45 caliber Ruger, and one .40 caliber Glock, which was reported stolen.

Also, 811 bags of heroin were recovered from the Lumina. A bulletproof vest was found in the Range Rover. DeFazio said police seized a total of more than 27,800 bags of heroin with a street value of over $250,000.

Detectives believe the organization was trafficking 15,000 to 20,000 bags of heroin per week.

DeFazio said that those arrested "represented high- and mid-level distributors, suppliers and supervisory level participants. As such, they face potential state prison sentences ranging from a minimum of five years to a maximum of life imprisonment in the case of those charged with leader crimes."

DeFazio said that the U.S. Attorney's office of New York will prosecute the case because they believe it might lead to a large source of heroin in New York City. He also said that he expects more arrests in this case and that several of those arrests will be local.

Arrested individuals

The following is a list of individuals who were arrested and their respective charges and bails: · Jose "Nutty" Gonzalez, 24, of Union City. He was charged as leader of Narcotics Trafficking Network; Possession with Intent to Distribute Heroin (2 counts); Possession with Intent to Distribute Heroin while within 1,000 feet of school property (two counts); Conspiracy to Distribute Heroin in an aggregate quantity of five ounces or more; Unlawful Possession of a Handgun; Certain Person not to have a Weapon; and Possession of a Firearm during a CDS Offense. His bail was set at $1 million. · Rory Praylow, 27, of Hoboken. He was charged as leader of a of Narcotics Trafficking Network; Possession with Intent to Distribute Heroin; Possession with Intent to Distribute Heroin while within 1,000 feet of school property; Unlawful Possession of a Handgun; and Possession of a Firearm during a CDS Offense. His bail was set at $1 million.

· Manuel "Murder" Suarez, 30, of Jersey City. He was charged as a "Leader of Narcotics Trafficking Network"; Possession with Intent to Distribute Heroin (two counts); Possession with Intent to Distribute Heroin while within 1,000 feet of school property (two counts); Conspiracy to Distribute Heroin in an aggregate quantity of five ounces or more; Unlawful Possession of a Handgun; Certain Person not to have a Weapon; and Possession of a Firearm during a CDS Offense. His bail was set at $1 million.

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· Philip Anthony "Spud" Pasquale, 21, of Hoboken. He was charged with Possession with Intent to Distribute Heroin; Possession with Intent to Distribute Heroin while within 1,000 feet of school property; Possession with Intent to Distribute Heroin while within 500 feet of a public park; and Conspiracy to Distribute Heroin in an aggregate quantity of five ounces or more. His bail was set at $500,000.

· Jason "Jay" Santos, 24, of Jersey City. He was charged with Possession with Intent to Distribute Heroin; Possession with Intent to Distribute Heroin while within 1,000 feet of school property; Conspiracy to Distribute Heroin in an aggregate quantity of five ounces or more; Unlawful Possession of a Handgun; and Possession of a Firearm during a CDS Offense. His bail was set at $1 million. · Alexander Gonzalez, 20, of Jersey City, He was charged with Possession with Intent to Distribute Heroin; Possession with Intent to Distribute Heroin while within 1,000 feet of school property; Conspiracy to Distribute Heroin in an aggregate quantity of five ounces or more; Unlawful Possession of a Handgun; and Possession of a Firearm during a CDS Offense. His bail was set at $100,000.

· Mary J. Gama, 26, of Union City was charged with Conspiracy to Distribute Heroin in an aggregate quantity of five ounces or more. Her bail was set at $100,000.

· Darryl L. Oliver, 34, of Hoboken was charged with Possession of Marijuana. His bail was set at $5,000.

Strafford Man Charged With Trying To Arrange Murder (AP)

AP, March 25, 2006

BURLINGTON, Vt. --A Strafford man is facing up to life in prison if convicted of charges he tried to hire a man to kill a witness against him in a drug case.

Richard E. Moses Jr., 38, appeared in federal court Friday a day after he allegedly met with an undercover officer from the Drug Enforcement Administration who had told Moses he could arrange the killing of the witness.

Moses was arrested in Brattleboro after providing the agent with $3,500 and a photograph of the intended victim, prosecutors said.

Moses was charged in December with cocaine trafficking. He was released on a variety of conditions.

Court records say Moses began plotting to murder the witness, whose identity has not been revealed, since shortly after his release.

Federal agents recorded several phone conversations in January, February and March in which Moses allegedly tried to arrange the murder.

Information from: Rutland Herald

Strafford Man Nabbed In Murder-for-hire Plot (RHE)

Rutland (VT) Herald, March 25, 2006

A Strafford man was arrested Thursday in an alleged murder-for-hire plot after allegedly providing an undercover federal agent in Brattleboro with $3,500 and a photograph of his intended victim.

Richard E. Moses Jr., 38, made an initial appearance Friday in U.S. District Court in Burlington to face federal charges of using interstate facilities with the intent that a murder be committed in exchange for payment, and attempting to procure the killing of a person with the intent to prevent that person's testimony.

Moses was denied bail and ordered jailed pending a bail hearing next week. If convicted of the charges, Moses faces up to life in prison.

Moses was indicted in December 2005 by a federal grand jury in Vermont on charges of conspiracy to distribute more than 5 kilograms of cocaine and possessing a semi-automatic handgun during drug trafficking.

Moses was arraigned on those charges on Dec. 8, 2005, and released on conditions.

According to court records filed Friday in federal court, Moses has been plotting to murder a witness in the case since his release.

According to an affidavit, after Moses expressed an interest in having the witness killed, a federal Drug Enforcement Administration undercover agent from another state contacted him to determine how serious he was.

In several recorded phone conversations in January, February and March, Moses allegedly negotiated the murder of the witness with the agent, who posed as someone who could arrange a murder.

Moses agreed to pay $7,000, half before and half after the witness was killed, and provided detailed information about the victim, including his street address and birth date, court records stated.

Moses was arrested Thursday after meeting with the agent in the Price Chopper parking lot on Canal Street in Brattleboro and paying him the $3,500 and identifying a photograph of the intended victim, according to court records.

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Feds Limit Sales Of Louisville Chemical Company (AP)

AP, March 27, 2006

LOUISVILLE, Ky. -- As part of a plea agreement with federal prosecutors over a violation of the Clean Water Act, the owner of a chemical company in Louisville has agreed not to sell chemicals used to make methamphetamine and to report suspicious purchases.

The company _ Antec Inc. _ also would be subject under the plea agreement to inspections by the Drug Enforcement Administration and it would be required to keep detailed records of all poison sales, including how the buyer intends to use it.

The company's president, William Oesterritter Sr., signed the agreement with federal prosecutors this month, admitting that Antec committed a misdemeanor violation of the Clean Water Act in 2002. The plea must still be approved by a judge.

Assistant U.S. Attorney Randy Ream said the agreement is unusual, but that the DEA wanted restrictions on the company's sale of meth ingredients.

Chemicals sold by Antec, such as red phosphorous and iodine crystals, have been found frequently during meth lab raids, said Tony King, head of the DEA's Louisville office.

Oesterritter Sr., 63, is the company's semiretired majority owner, and his son, William Oesterritter Jr., 31, is a vice president who oversees its operation.

Each said in interviews that they did not know the company's chemicals were being bought for illegal purposes.

"If somebody walks in and buys a legal product and goes and uses it for illegal purposes, I can't do anything about that," Oesterritter Jr. said.

His father was convicted 20 years ago on a federal drug-conspiracy charge related to chemical sales by another company he was involved with.

"If it wasn't illegal for us to buy it, we figured it wasn't illegal for us to sell it," Oesterritter Sr. said.

He said Antec is a small company with about $300,000 a year in sales and five employees. Although the company ships worldwide and sells large volumes of chemicals, he said its niche market is among school labs.

"We're just happy to make a living," he said.

Oesterritter Jr. said the company hasn't sold red phosphorous or other ingredients banned under the plea agreement since the government began requiring a license for such sales.

The provision about poison sales was added because of allegations made in a Maryland lawsuit, Ream said. The suit stems from the 2003 poisoning death of Benjamin Vassiliev. The killer, Ryan Furlough, then 17, purchased potassium cyanide over the Internet from Antec. Furlough was convicted in 2004 and sentenced to life in prison.

Benjamin's parents, Walter Vassiliev and Karen Dale Barrett, are seeking $2 million from Antec in the lawsuit. They allege that the company was irresponsible in selling the drug to Furlough and failed to keep records of the sale, as required by Kentucky law. The lawsuit also names as defendants Furlough's mother and a psychiatrist who had treated him for depression.

Chemical Company Investigated (LCJ)

By Kay Stewart, The Courier-Journal

Louisville (KY) Courier-Journal, March 27, 2006

DEA gets limits put on its sales

A small chemical and lab-supply company tucked away on a dead-end street south of downtown Louisville boasts on its Web site that it sells chemicals "in any amount, in any grade, from a gram to a barge load," to industries, schools and individuals.

That willingness to sell has left the company, Antec Inc., with a brew of legal troubles:

The federal Drug Enforcement Administration has investigated Antec because its chemicals have been found during raids of methamphetamine labs.

The company is the target of a civil lawsuit over its online sale of poison to a Maryland teenager who used it to kill a classmate in 2003.

Environmental officials have alleged that Antec violated state regulations and the federal Clean Water Act.

The company's president, William Oesterritter Sr., signed a plea agreement with federal prosecutors this month, admitting that Antec committed a misdemeanor violation of the Clean Water Act in 2002.

Under the agreement, the company will pay a $30,000 fine to settle state environmental violations, and it will face an additional $100,000 fine if it doesn't meet other terms of the agreement -- most of which have little to do with Antec's environmental record.

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For example, the agreement prohibits Antec from selling key chemicals used to make meth. It also requires the company to report to the DEA all suspicious chemical orders, such as sales to nonbusiness addresses and customers who pay in cash. Antec will also be subject to inspections by the DEA.

Assistant U.S. Attorney Randy Ream acknowledged that the agreement, which must be approved by a federal judge, is unusual, but he said the DEA wanted restrictions on the company's sale of meth ingredients.

For at least 15 years, chemicals sold by Antec, especially red phosphorous and iodine crystals, have been found frequently during raids of meth labs around the country, said Tony King, head of the DEA's Louisville office.

Antec, which the DEA has investigated off and on since the early 1990s, sold the chemicals online and to walk-in customers, King said.

He added that meth makers drove from as far away as Missouri to the office and concrete warehouse at 721 Bergman St. in Shelby Park where the company has operated since it was founded 35 years ago.

Oesterritter Sr., 63, is the company's semiretired majority owner, and his son, William Oesterritter Jr., 31, is a vice president who oversees its operation. Each said in interviews that they did not know the company's chemicals were being bought for illegal purposes.

"If somebody walks in and buys a legal product and goes and uses it for illegal purposes, I can't do anything about that," Oesterritter Jr. said.

His father was convicted 20 years ago on a federal drug-conspiracy charge related to chemical sales by another company he was involved with. "If it wasn't illegal for us to buy it, we figured it wasn't illegal for us to sell it," Oesterritter Sr. said.

He said Antec is a small company with about $300,000 a year in sales and five employees.

Although the company ships worldwide and sells large volumes of chemicals to companies including UPS, he said its niche market is among schools labs and students doing projects.

"We're just happy to make a living," he said. "That's all we want to do."

Oesterritter Jr. said the company hasn't sold red phosphorous or other ingredients banned under the plea agreement for several years, since the government began requiring a license for such sales.

King said Antec is prohibited from holding a license to sell regulated substances because of Oesterritter Sr.'s federal drug-related felony conviction.

But King also said that iodine crystals sold by Antec were found in late 2004 in a meth lab in Fairdale. "A lot of cooks gave us statements" that they bought their chemicals at Antec, he said, adding that agents found printed directions to Antec at some meth labs. Online chemical sales

As part of its plea agreement, Antec also will be required to keep detailed records of all poison sales, including how the buyer intends to use it.

Ream said he included that provision because of allegations made in the Maryland lawsuit, which stems from the 2003 poisoning death of Benjamin Vassiliev in a Baltimore suburb.

The killer, Ryan Furlough, then 17, purchased the poison -- potassium cyanide -- over the Internet from Antec. Furlough was convicted in 2004 and sentenced to life in prison.

Benjamin's parents, Walter Vassiliev and Karen Dale Barrett, are seeking $2 million from Antec in the lawsuit, which they filed in December.

They allege that the company was irresponsible in selling the drug to Furlough and failed to keep records of the sale, as required by Kentucky law.

The lawsuit also names as defendants Furlough's mother and a psychiatrist who had treated him for depression.

In an interview, Vassiliev said he believes states should ban the sale of poisons to minors.

Kentucky law prohibits poisons from being sold to children under age 15 without the consent of a parent or guardian. It also requires that sellers keep a detailed log of sales from the previous two years, including the reason for the purchase, said Scott Porter, an assistant Kentucky attorney general.

"They can't deliver it without satisfying themselves it would be used for a legitimate purpose," Porter said.

But violations of the law are misdemeanors, carrying a fine of up to $100, he said, and charges can be brought only within a year of an offense.

Oesterritter Jr. said he didn't know how old Furlough was when he sold him cyanide poisoning and copper nitrate, but he assumed Furlough was going to use the chemicals in electroplating.

He said he made a note of the sale but did not keep a formal record. He added that there are many legitimate uses for potassium cyanide and that it's often purchased by jewelers.

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He said he's in the process of hiring a lawyer to represent the company in the lawsuit. The Clean Water Act charges were brought against Antec in 2002, after a former employee, Joel Rector, was arrested away from the company's offices for selling red phosphorous to an uncover agent.

Rector pleaded guilty in 2004 to three charges relating to the sale and distribution of chemicals for meth-making purposes and received three years of probation. Antec's facilities searched

After the arrest, the DEA searched Antec's facilities and called in federal and state environmental agencies. King said they were summoned because he had previously seen leaking drums and waste at Antec.

In addition to the federal violation, the state cited Antec for improper storage of hazardous waste and a lack of permits, according to Chuck Wolfe, a spokesman for the Kentucky Cabinet for Environmental and Public Protection.

The company's site "never posed an environmental emergency," Wolfe said, and now meets state requirements.

Oesterritter Jr. said Antec had spent up to $50,000 to clean up its site in the past two years.

EPA officials declined to comment on details of the agency's charge, pending a judge's approval of Antec's guilty plea. A hearing is scheduled on Wednesday.

Cocaine Dealer Gets Life (CHASPC)

Charleston Post Courier, March 27, 2006

A federal judge sentenced a North Charleston man to life in prison without parole Wednesday for his role in a major drug-dealing operation responsible for bringing 33 pounds of cocaine worth at least $375,000 into the area.

Damon Brightman, 28, was a leader of a gang that distributed crack and powder cocaine to dealers in the Murray Hill community and along Bennett Yard Road in North Charleston. Some deals were arranged at a small barbershop Brightman owned on Bonds Avenue, authorities said.

He and Donald Vanderhorst, 34, were convicted in May of conspiring to distribute the drugs. Vanderhorst was

sentenced last week to 20 years in prison and 10 years' supervised release. U.S. District Judge Sol Blatt Jr. imposed both sentences.

Both men have prior records for drug distribution, a factor considered in their sentencing, Assistant U.S. Attorney Charlie Bourne said.

Evidence introduced at their seven-day trial indicated that Brightman and Vanderhorst were responsible for dealing more than 15 kilograms, or 33 pounds, of cocaine in the North Charleston area, Bourne said.

The wholesale value of the cocaine was about $25,000 per kilo, said William Driggers, a Summerville police officer assigned to the Drug Enforcement Administration task force in Charleston. Once the cocaine was broken down for sale on the street, the value could double or triple, he said.

Prosecutors introduced evidence from a court-ordered federal wiretap that established drug deals involving the men, authorities said.

Brightman tried to persuade the jury that the recordings were more harmless than investigators claimed. He argued that the ounces he was referring to on the tapes had to do with seasonings for a crab boil recipe, not crack, Driggers said.

"The jury rejected that argument," Bourne said.

The men were part of a tight-knit group of friends who grew up in the area, went to school together and played sports together before moving into the world of drugs. Thirteen other members of the group were convicted earlier. They moved cocaine into North Charleston from the late 1990s until 2002.

Anger After Man Uses Son's Plight To Flee (AP)

AP, March 25, 2006

LOUISVILLE, Ky., March 25 (AP) — The case of an inmate who was temporarily released in late January to be tested as a potential kidney donor for his teenage son and is now accused of fleeing with his girlfriend to Mexico instead has prompted outrage on both sides of the border.

The inmate, Byron Perkins, 37, was released on a $10,000 bond from jail, where he had been awaiting sentencing for marijuana distribution and unlawful transport of firearms. He never showed up for medical tests. His son, 16-year-old Destin Perkins, requires dialysis twice a week.

The case has drawn national news attention, and the Fox program "America's Most Wanted" has featured the case.

"It's just amazing how much interest we've had in the story, and of course it's because of the little boy," said Rich Knighten, chief deputy United States marshal for Kentucky's western district.

Fugitives outside the United States are normally harder to catch, but Mr. Knighten said the case had generated interest in Mexico. "They're as much bothered by this character as we are," he said.

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The couple was last seen near Puerto Vallarta, Mexico.

IMMIGRATION:

Bush Pushes Immigration Agenda As Issue Heats Up (USAT)

By Kathy Kiely And David Jackson

USA Today, March 27, 2006

WASHINGTON — President Bush planned to make an appeal today for controversial changes in immigration law at a swearing-in ceremony for new citizens. His speech will come after a weekend of protests that drew hundreds of thousands of immigrants and advocates.

The Senate is set to begin debate Tuesday on the first comprehensive rewrite of U.S. immigration laws in a decade.

"We're facing a difficult situation, because we have approximately 11 million undocumented aliens here and we've got to find some way to deal with them," Senate Judiciary Committee Chairman Arlen Specter, R-Pa., said Sunday on ABC's This Week.

Tackling that problem has been one of Bush's priorities since his first term, but it poses a political challenge or him: He must balance the demands of conservative Republicans who want a crackdown on illegal immigration, business leaders who say the nation needs more immigrant workers and Republican Party operatives, such as national Chairman Ken Mehlman, who have been wooing the Hispanic vote.

The president expressed concern last week about the political fallout. "This could be a fractious debate."

The weekend's protests focused on a bill the House of Representatives approved in December. It would make illegal immigration a felony, toughen penalties on those who employ or assist illegal immigrants and extend a fence along parts of the U.S.-Mexican border. The U.S. Conference of Catholic Bishops and some other religious organizations oppose the bill. Among their concerns: the possibility that relief workers could be prosecuted for providing food, shelter or other assistance to illegal immigrants.

It's unclear whether the Senate, where Republicans are split, will take the same approach. Any differences between House and Senate measures would have to be worked out in a conference.

More than 500,000 people turned out Saturday in Los Angeles to protest the House bill, police said. Similar protests drew an estimated 50,000 in Denver, 20,000 in Phoenix and 4,000 in Charlotte on Saturday and nearly 3,000 in Columbus, Ohio, on Sunday.

"Enough is enough of the xenophobic movement," said Los Angeles marcher Norman Martinez, 63, who immigrated from Honduras as a child. He said immigrants "built this country."

Bush, who pushed for changes in immigration law in his weekend radio address, is at odds with some in his party, including House Judiciary Chairman F. James Sensenbrenner, R-Wis., who wrote the House bill.

Bush says he supports the hiring of more border agents and the use of technology, such as infrared cameras and unmanned aerial vehicles, to catch people sneaking into the country. He also wants an expanded guest-worker program to fill jobs Americans won't take and favors allowing immigrants who are now here illegally to apply for the program.

Rep. Tom Tancredo, a Colorado Republican who also appeared on ABC's This Week, argued that the president's plan would send "a horrible message" by rewarding lawbreakers.

Many senators support the guest-worker approach. Specter, Sens. John Cornyn, R-Texas, Jon Kyl, R-Ariz., John McCain, R-Ariz., and Edward Kennedy, D-Mass., all included versions of it in immigration bills they're offering.

Senate Majority Leader Bill Frist, R-Tenn., a possible presidential candidate, introduced a bill that focuses on enforcement and does not include a guest-worker program.

Panel Still Split On Guest Workers (WT)

By Charles Hurt

The Washington Times, March 27, 2006

The Senate Judiciary Committee takes up the contentious issue of immigration reform today no closer to an agreement on a guest-worker program.

The debate begins in an uncertain election year and in the wake of protests Saturday in Los Angeles, where marchers numbered in the hundreds of thousands. Senate offices say they are handling as many constituent calls as they have for just about any issue -- whether they represent states along the border or deep within the nation.

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The bill to be considered by the full Senate today will be the one introduced last week by Senate Majority Leader Bill Frist, who has long set today as the deadline for taking up the issue. His legislation deals only with securing the border and raising the penalties for being in the U.S. illegally.

Mr. Frist has said, however, that he will include a guest-worker program in his bill if a majority of the 10 Republicans on the committee agree on one. Private negotiations among members and their staffs continued through last week's recess, but staffers say no consensus has been reached, suggesting that a compromise is highly unlikely.

Committee Chairman Arlen Specter, Pennsylvania Republican, said yesterday that he is confident that his committee will produce a bill today. Two weeks ago, he said he hoped some agreement could be reached on a guest-worker program proposed by Sens. John McCain, Arizona Republican, and Edward M. Kennedy, Massachusetts Democrat, which would allow illegals to apply for citizenship after paying fines and undergoing various background checks.

Provisions of that bill dealing with future immigrants is likely to be approved in the committee today, but the thornier provisions dealing with the almost 11 million illegals already here is far less likely.

Most Republicans on the committee have said they are opposed to the McCain-Kennedy bill, saying that it is an amnesty under another name.

Sen. John Cornyn, the Texas Republican who favors a guest-worker program, said Friday that he would vote against any proposal, such as McCain-Kennedy, that doesn't make illegal aliens return home before applying for U.S. citizenship.

"I will vote against any immigration reform proposal that contains the guest-worker provisions in the McCain-Kennedy bill," he said. "In my view, their proposal rewards illegal immigrants and will be considered an amnesty by Americans. It will encourage further disrespect for our laws and will undercut our efforts to shore up homeland security."

Mr. Kennedy said yesterday that his program is not amnesty.

"They pay a penalty," he said on CBS' "Face the Nation." "They have to pay their taxes. They have to demonstrate they're working. They have to learn English. And they go to the end of the line."

Although Mr. Kennedy did not answer a question about whether he would support a filibuster of an immigration bill that didn't include a guest-worker program, he said that "it's better that we not pass a bad bill just to pass a bill."

Senate Minority Leader Harry Reid, Nevada Democrat, said last week that he would urge a filibuster of any immigration bill -- such as the one Mr. Frist will take up today -- that bypasses the Senate Judiciary Committee.

Even if the Senate finally does agree on some sort of guest-worker bill, final legislation will have to be worked out with House Republicans who are emphatically opposed to any guest-worker program until the issue of border security is resolved.

"It is an amnesty," Rep. Tom Tancredo, Colorado Republican, said yesterday on ABC's "This Week." "The crime they have committed is coming into this country without our permission. The penalty that is supposed to be applied to that, under the law that we have today, is deportation. ... And what it does is send a horrible message."

Senate Joining The Fray Over Immigration (LAT)

By Nicole Gaouette

The Los Angeles Times, March 27, 2006

WASHINGTON — After massive nationwide street protests this weekend, the Senate is set to begin debate, for the first time in a decade, on the emotionally charged subject of immigration.

The Senate's deliberations, scheduled to start Tuesday and extend over the next two weeks, could reshape a national immigration system that is widely perceived as failing the foreigners who want to enter the United States, citizens who expect it to prevent illegal border crossings and employers who look to it for workers to fill jobs that many Americans refuse to do.

The senators will determine whether flaws in that system should be addressed solely with tough new criminal laws and stringent enforcement measures — such as those found in a bill, passed by the House late last year, that triggered demonstrations Saturday from Chicago to Los Angeles.

Or they may choose to include programs that give employers access to a future flow of workers, as President Bush has urged, and allow illegal immigrants to gain legal status.

Their choices will provide a barometer of Bush's waning influence over a Republican Party increasingly on edge about midterm elections. Their debate is likely to not only color the meeting between Bush and Mexican President Vicente Fox, in Cancun, Mexico, later this week, but also to lay bare the fractures that the issue creates within the GOP on social, economic and security grounds.

The issue pits two of the party's core constituencies against each other, with social conservatives insisting on tough enforcement and the need to protect American culture and the business lobby calling for a reliable source of labor.

Even as immigration has divided the GOP, it has also allowed several of the party's 2008 presidential hopefuls to position themselves for campaigning in the months to come.

Whatever legislation emerges from the Senate would have to be reconciled with the House bill before it could reach the president's desk to become law, but the divisions are so deep that many wonder whether immigration reform will get that far.

"The challenge isn't so much what happens in the Senate, it's in that conference committee with the House," Sen. John Cornyn (R-Texas), co-sponsor of a leading bill with Sen. Jon Kyl (R-Ariz.), said in an interview Sunday.

"The risk that's out there is that the Senate's version is so vastly different than what the House will accept, or they feel we're not serious about security issues, that it won't get to the president's desk," Cornyn said.

"Or, in what would be a worst case for employers, we have enhanced border security and employer verification, but no way for them to get workers."

The Judiciary Committee, which oversees immigration matters, is working under a March 27 deadline imposed by Senate Majority Leader Bill Frist (R-Tenn.). Though it looked close to a compromise 10 days ago, the committee goes into its final meeting today struggling to bridge a core breach over whether illegal immigrants should be able to earn citizenship.

"I think we're going to run out of time," said Cornyn, who sits on the committee.

The committee's chairman, Sen. Arlen Specter (R-Pa.), predicted Sunday on ABC's "This Week" that the committee would complete its task. "We're going to get the bill out tomorrow," he said. "We may have to work very, very late into the night, but we will."

Specter backs comprehensive legislation that includes enforcement measures, a guest-worker plan and a provision allowing the estimated 12 million illegal immigrants already here to remain legally.

But if no consensus is reached on the Judiciary Committee proposal, the Senate will instead debate an enforcement-only bill introduced by Frist.

Senators who back a guest-worker plan or legal status for illegal immigrants will have to bring those measures to the Senate floor as amendments to Frist's bill, a process that will be considerably more chaotic and argumentative than committee debate.

Frist, who is seen as a likely White House contender in 2008, assembled a get-tough bill that includes both a border fence and provisions that make being in the United States illegally — or knowingly providing services or assistance to undocumented immigrants — a felony.

But it ignores Bush's call for a guest-worker program. As a result, Frist would have to contend with a threat from Senate Minority Leader Harry Reid (D-Nev.) to block any legislation that does not include such a plan.

Because many Republicans and Democrats are under pressure from business interests that want access to labor, particularly in the agriculture, service and construction industries, it might be hard for Frist to garner the 60 votes he would need to prevent a filibuster of his bill.

Perhaps aware of that, he said earlier this month that he expected a guest-worker program to be part of the Senate's final legislation, but he emphasized that he was against an amnesty provision.

Another senator with presidential ambitions, John McCain (R-Ariz.), co-authored a bill with Sen. Edward M. Kennedy (D-Mass.) that is backed by business, church and immigrant groups and provides guest-workers and illegal immigrants a path to citizenship.

That issue of citizenship will be a lightning rod in Senate debate. Cornyn and Kyl are among those who balk at any proposal for amnesty. Their bill includes a guest-worker program without a path to legalization and requires those here illegally to leave the U.S. within five years. Sen. Larry Craig (R-Idaho) has introduced a bill that would make it easier to agricultural workers to stay in the country.

Bush, who has shifted his rhetoric to embrace the concerns of law-and-order Republicans, ruled out citizenship for guest workers in his Saturday radio address, saying that "amnesty would be unfair" and "would encourage waves of illegal immigration."

He will speak on immigration again today at a naturalization ceremony for new citizens, as the Judiciary Committee meets in a final attempt to find middle ground and the Senate prepares to begin debate.

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(INFOBOX BELOW)

Behind the debate

The House has already passed legislation aimed largely at securing the nation's borders. But in the Senate, many Democrats and some Republicans believe that a border crackdown should be paired with a mechanism that would allow more foreigners to enter the country legally to work.

Schedule

Today the Senate Judiciary Committee is to begin its final day of talks on legislation that it will bring to the full Senate. On Tuesday, the full Senate is expected to begin debate.

Issues

· Guest workers: Some senators, as well as President Bush, say efforts to stop workers from crossing the border illegally will not succeed unless the nation creates a legal way for a workers to enter the country. Opponents say a guest-worker plan would only draw more illegal workers here.

· Amnesty: Some senators are adamantly opposed to any program that would give legal status to workers who are here illegally, calling that a form of amnesty for lawbreakers. Others insist the nation should bring undocumented workers out of the shadows, using the legal status as an incentive.

· Criminalization: Both the Senate Judiciary Committee bill and a measure from Senate Majority Leader Bill Frist (R-Tenn.) would make being an illegal immigrant a criminal offense. Democratic senators have tried unsuccessfully to have that measure removed from the Judiciary Committee bill. If the debate moves to the Senate, it is likely to become emotional.

Players

· President Bush: He has spent years pushing Congress to adopt a guest-worker plan, a top priority for businesses that rely on immigrant labor. At the end of this week he meets with Mexican President Vicente Fox. Immigration is likely to be a tense subject.

· Sen. Arlen Specter (R-Pa.): He is chairman of the Senate Judiciary Committee, whose immigration bill may form the basis for Senate debate. He backs a guest-worker program and a plan to allow many of the estimated 12 million illegal immigrants already in the U.S. to stay, though without gaining citizenship.

· Sen. Bill Frist (R-Tenn.): The Senate majority leader has proposed his legislation that focuses on border security and does not include a guest-worker plan. Frist's measure was seen by some as an effort to distinguish himself from a potential rival for the 2008 GOP presidential nomination, Sen. John McCain (R-Ariz.), who backs a guest-worker program.

· Sen. Edward M. Kennedy (D-Mass.): He wrote a bill with McCain including a guest-worker program that leads to legal status, as well as a program offering illegal immigrants a path to citizenship.

· Sen. John Cornyn (R-Texas): With Sen. Jon Kyl (R-Ariz.), he has written legislation that has tough enforcement measures along with a guest-worker program. It requires illegal immigrants to leave the country within five years.

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Source: Times staff writer Nicole Gaouette

Immigration Debate Heating Up In Senate (AP)

By Nedra Pickler

The AP, March 27, 2006

Founded by immigrants and praised as a haven for the oppressed, the United States now is struggling to decide the fate of as many as 12 million people living in the country illegally.

The Senate takes up the emotional debate on the heels of weekend rallies that drew hundreds of thousands of people protesting attempts to toughen laws against immigrants. Among the ideas that President Bush and members of Congress are considering:

_Erecting a fence on the Mexico border to deter illegal immigration.

_Treating people who sneak across the border as felons to be deported.

_Allowing foreigners to stay in the country legally as custodians, dish washers, construction workers and other low-paid employees.

_Allowing those working in the U.S. a path to citizenship.

_Requiring them to get in line behind everyone else back in their home countries who want to become Americans.

On Monday, the Senate Judiciary Committee takes up the issue and Bush headlines a naturalization ceremony for 30 new citizens at Constitution Hall. Demonstrations are planned near the Capitol, including a prayer service with immigration advocates and clergy who plan to wear handcuffs to demonstrate the criminalization of immigration violations.

Bush is going to Mexico this week for a meeting with the leaders of Mexico and Canada. Secretary of State Condoleezza Rice said Sunday it's important that Mexico "recognize the importance of defense of the borders and of American laws."

Protests raged across the country over the weekend, led by more than 500,000 people who marched through downtown Los Angeles on Saturday in one of the largest demonstrations for any cause in recent U.S. history. Marchers also took to the streets in Phoenix, Milwaukee, Dallas and Columbus, Ohio.

The president, working hand-in-hand with the business community that relies on cheap labor, is pressuring Congress to allow immigrants to stay in the country legally if they take a job that Americans are unwilling to do.

Judiciary Chairman Arlen Specter, R-Pa., also supports the idea and has vowed that his committee will advance a bill to the full Senate on Monday, even if they have to work "very, very late into the night."

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"If they're prepared to work to become American citizens in the long line traditionally of immigrants who have helped make this country, we can have both a nation of laws and a welcoming nation of workers who do some very, very important jobs for our economy," Specter said Sunday on ABC's "This Week."

Senate Majority Leader Bill Frist, R-Tenn., has said that whether or not a bill gets out of the Judiciary Committee, he is opening two weeks of debate on the issue Tuesday. He has offered a plan that would tighten borders, add Border Patrol agents and punish employers who hire illegal immigrants because he says the most important concern is improving national security in an age of terrorism. His bill sidesteps the question of temporary work permits, but he has said he's open to the idea.

Democrats have said they will do everything they can to block Frist's bill. Sen. Edward Kennedy (news, bio, voting record), D-Mass., said Sunday that legislation creating tougher enforcement does not do enough.

"We have spent $20 billion on chains and fences and border guards and dogs in the southern border over the last 10 years," Kennedy said on "Face the Nation" on CBS. "And it doesn't work. What we need is a comprehensive approach. I think President Bush understands it."

Where Kennedy and Bush differ is on the question of what to do with foreigners who are already living and working in the United States. Kennedy and Sen. John McCain (news, bio, voting record), R-Ariz., have a bill that would allow those immigrants to apply for citizenship once they pay taxes and a fine and learn English.

Critics like Rep. Tom Tancredo, R-Colo., say that would give amnesty to people who have broken the law by entering the country without permission.

"It's a slap in the face to every single person who has done it the right way, and to everybody who's waiting out there to do it the right way," Tancredo said. "It's bad policy. And it's also, I think, for the Republican Party especially, bad policy."

Bush wants to give foreign workers a guest permit to stay for a specific amount of time to do a job, without a path to citizenship. Sens. John Cornyn, R-Texas, and Jon Kyl, R-Ariz., propose to let employed illegal immigrants stay for five years but then leave, pay fines and apply to re-enter the country.

If the Senate can agree on the bill, the work won't be over to get legislation to Bush's desk to become a law. The House passed a bill last year that increases penalties for illegal immigration activities, requires employers to verify the legal status of their employees and provides $2.2 billion for a 700-mile fence across the border. But it did not address the guest worker issue.

Help Wanted As Immigration Faces Overhaul (WP)

By S. Mitra Kalita And Krissah Williams

The Washington Post, March 27, 2006

Year after year, Professional Grounds Inc. runs a help-wanted ad to find landscapers and groundskeepers. Starting wage: $7.74 per hour.

In a good year, three people call. Most years, no one does.

So the Springfield company relies on imported labor -- seasonal guest workers allowed to immigrate under the federal guest-worker program -- to keep itself running. For 10 months this year, 23 men from Mexico and Central America will spend their days mulching and mowing, seeding and sodding for Professional Grounds.

Occasionally, company President Bill Trimmer asks himself: If I doubled wages, would native-born Americans apply? He thinks he knows the answer.

"I don't think it's a wage situation. It's the type of work and the nature of the work. It's hard, backbreaking work," said Trimmer, who started the company 31 years ago. "I think we're a more affluent society now. They expect more. Everybody expects more. . . . I have contracts, and they want an affordable price, too."

Here lies the dilemma facing Congress as it attempts an immigration overhaul. Businesses say it is hard to persuade Americans to perform the unskilled jobs that immigrants easily fill. Significantly higher wages might work, but that increase would be passed on to unhappy consumers, forcing Americans to give up under-$10 manicures and $15-per-hour paint and lawn jobs.

Yet against a backdrop of heightened scrutiny of those who cross U.S. borders and the estimated 12 million migrants already here illegally, most everyone agrees that the current immigration system warrants a severe makeover.

A recent study by the Pew Hispanic Center estimated that unauthorized immigrants make up nearly 5 percent of the labor force. In the Washington region, they make up nearly 10 percent of the 3.1 million-strong workforce, providing mainly unskilled labor.

The federal government has a work visa -- known as H-2B -- that aims to help unskilled migrants enter the country legally. But the government issues only about 66,000 new H-2B visas each year. The guest workers, who generally take jobs in businesses such as restaurants, amusement parks, cleaning companies and landscaping firms, are allowed to stay for 10 months.

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The immigration measure passed by the House last year would allow the guest-worker program to lapse. Today, the Senate Judiciary Committee resumes debating legislation proposed by Sen. Arlen Specter (R-Pa.). It would create a new guest-worker program that would allow foreigners to enter the United States for three years, with the possibility of renewal for another three years.

Both House and Senate plans place on employers the onus for verifying the legal status of workers with the creation of a national database of Social Security or work identification numbers. Besides requiring enforcement, the proposals would impose criminal penalties on employers who hire someone not authorized to work in the United States.

Under current law, companies must review two forms of government-issued identification to verify that a job applicant is a legal resident. Beyond keeping copies of IDs on file, many businesses say they do little more than take workers at their word. While some readily dismiss illegal workers, they don't necessarily report them and their whereabouts to the federal government.

Businesses say they already patrol job applications to sift out counterfeit documents. At least four out of 10 applicants for jobs at Harry's Essential Grille in Vienna present work documents that look like frauds, such as Social Security cards that feel too thin, said Jason Steward, manager of the restaurant.

"You have a gut feeling," Steward said. The company he works for, Essential Restaurant Holdings LLC, has hired 200 people since opening its two Northern Virginia restaurants 2 1/2 years ago. About half of its workers are immigrants. He does not object to checking a Social Security number in a national database. But he worries about being the first line of defense for the company. If he messes up, Essential Restaurants could be fined or face criminal penalties under some of the proposals before Congress.

Brett McMahon, vice president of Bethesda-based Miller & Long Concrete Construction Co., one of the biggest concrete contractors in the country, with $300 million in annual revenue, said his concern is that the legislation would essentially turn his company into "an enforcer of who's legal and who's not." McMahon said, "It's nowhere near that simple to check."

In the past 15 years, the Labor Department has audited McMahon's company five times looking for illegal workers -- each time finding none, McMahon said. He added that the House bill threatens to bring his business to a "screeching halt" because there is no provision for a guest-worker program or for dealing with the undocumented immigrants already working.

But advocates of tighter borders say hiring foreigners should be difficult, not just for security but to limit competition between less-skilled immigrants and Americans.

"Employers in many of these sectors have gotten themselves into a Catch-22 situation where if they do not look the other way and hire illegal workers, they will not be competitive with other businesses," said Jack Martin, a spokesman for the Federation for American Immigration Reform, an advocacy group governed by business leaders and activists favoring national immigration limits.

"The wages and working conditions where there are large numbers of illegal workers have been driven down to the point where those jobs are not as attractive to American workers," Martin said.

According to the Pew Hispanic Center data, undocumented workers tend to be clustered in service and construction jobs and make up more than half of the region's janitorial and landscape workers. Forty-three percent of the region's construction workers are illegally in the United States or have only temporary work authorization, the data show.

Wages for landscaping and groundskeeping workers in the Washington area have risen slightly in recent years, according to the Bureau of Labor Statistics, from an average of $9.61 per hour in 1999 to $10.51 in 2004. Professional Grounds' Trimmer said most employees, including guest workers, earn $9 to $11 per hour.

Construction wages in the Washington area have risen from an average of $15.86 in 1999 to $17.19 in 2004, according to the bureau. McMahon estimated that construction wages these days are even higher -- roughly $20 an hour, plus health care.

"People think construction is about hiring day laborers in a Lowe's parking lot and throwing them in a pickup and paying them $2 an hour," McMahon said.

The company has roughly 60 projects underway, including offices, hotels and condominiums, and employs about 2,800 workers in the Washington area -- three-fourths of them immigrants.

"Every time I put up a crane, they are the guys who show up," McMahon said.

At Professional Grounds' Springfield office, Trimmer said the guest-worker program insulates him from having to deal with forged documents. Trimmer started using the H-2B program about five years ago to fill the void left by high school and college students who preferred air-conditioned summer internships over the work he could offer.

The guest workers arrive in February or March and pay $40 a week for housing subsidized by the company. A van picks up and drops off those who can't drive; workers who have driver's licenses pay $3 per day for the use of a company car. Workers pay income, Social Security and Medicare taxes.

One of his workers, Abelardo Flores, said he likes returning to his wife and three children in Mexico after making money for 10 months. Two other workers, Luciano Arango and Marcos Ochoa, said they would like to permanently live in the United States

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someday. All said they had worked for the company last year. Trimmer cited investments he makes in the guest workers, from English classes to housing, as proof that he views them as more than cheap labor.

Once, Trimmer confessed, he did hire an illegal worker: a Nicaraguan man named Victor Parrales on a tourist visa.

Next week will mark Parrales's 22nd year with the company; Professional Grounds sponsored his green card, and he eventually became a citizen. Parrales now owns a house in Alexandria and boasts the title of vice president.

A piece of paper taped to Parrales's office door advertises that Professional Grounds needs more workers. In fact, the company says it will pay workers who bring forward qualified candidates a $1,000 referral fee.

Paradoxes Of Immigration Hit US Senate (CSM)

By Gail Russell Chaddock

The Christian Science Monitor, March 27, 2006

WASHINGTON - How does the United States count the cost of at least 11 million immigrants living and often working outside the law?

For business groups - now urging a path to citizenship or other legal status for such workers - it's the lower cost of a head of lettuce, new home construction, or a restaurant tab, because these people will do the work that Americans won't.

For local officials across the country - no longer just those near a border - it's the strain illegals pose to schools, hospital emergency rooms, law enforcement, and other social services, driving municipal budgets deep into the red.

For illegal immigrants and their supporters - rallying by the hundreds of thousands around the country in the run-up to this debate - the issue is freedom from fear.

But one of the most pervasive costs of a broken immigration system, acknowledged by all sides, is the cost of deception.

"Today's immigration policy is almost founded on lies," says Mark Krikorian, executive director of the Center for Immigration Studies. "It presupposes lying by almost everyone involved."

Bringing honesty to the system without deporting millions and jeopardizing major sectors of the US economy is the tough task before the Senate Judiciary Committee, as its 18 members struggle toward consensus on a new strategy for immigration reform.

Senate majority leader Bill Frist has set Tuesday to begin debate on the topic. That means the Judiciary panel has one last day - Monday - to work out a comprehensive plan, including a new guest worker program and a path to citizenship for those already working illegally. If it fails, Senator Frist will introduce his own plan Tuesday, which, like the House bill, aims only to gain control of US borders.

Pro-immigration demonstrators, meanwhile, are expected to rally at the Capitol Tuesday, following a 500,000-strong rally for illegal-immigrant rights in Los Angeles, and other protests in Denver, Phoenix, Milwaukee, Chicago, Philadelphia, and Tucson, Ariz. Organizers say they'll march in 30 more cities before the Senate vote next month.

Last year, the immigration debate on Capitol Hill was overshadowed by the Minutemen - an armed civilian posse out to stop illegal border crossings. But the prospect of congressional crackdown on illegal immigrants, including the enforcement of penalties against employers who hire them, is drawing record numbers of immigrants into the streets, with a powerful coalition of business, church, and union groups behind them. Their message: These are good people who work hard, pay taxes, and should not be treated as felons.

"Polls show that people do recognize the value of immigration, including illegal," says Peter Schuck, a professor at Yale Law School in New Haven, Conn. "On the other hand, it is a violation of law, and people have just found strategies to live with it."

For employers who hire illegals, that means not looking too closely at documents. Only three employers were fined for hiring illegals in 2004, down from 417 in 1999, according to a report by the Government Accountability Office in August 2005.

"It's a dysfunctional system that breeds disrespect for the law," says John Gay, senior vice president of government affairs and public policy at the National Restaurant Association and a co-chair for the Essential Worker Immigration Coalition.

"Many employers see this as a game: If they ask people to provide proper documents, they leave." Restaurants that knowingly violate the law, he adds, gain an unfair advantage.

Not only is there a disincentive because there is no enforcement of the law, but if employers examine someone's documents too closely, they can be pursued by the Justice Department for employment related discrimination.

"We are digging ourselves into a hole by turning a blind eye to illegality," says Jared Bernstein, director of the Living Standards Program at the Economic Policy Institute. "All kinds of unintentional consequences surface when you do that, including paving the wayfor armed vigilantees on the border."

One of the most toxic issues in the debate is whether the flood of immigrants, especially the 500,000 undocumented workers who enter the country each year, are driving down prospects for low-skilled Americans. A new report by the Center for Immigration Studies finds that states with the largest increase in immigrants also saw larger declines in natives working.

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"This isn't just some parlor game for economists: Low-skill native workers are hurt by flooding the market with immigrants," says Mr. Krikorian.

Another point of deception in the system is the limited enforcement the nation's immigration laws. "We don't allow state police making traffic stops to ask about a driver's legal status," says Sen. Jeff Sessions (R) of Alabama, a member of the Senate Judiciary Committee. "What does that tell you about how serious we are about enforcing our immigration laws?"

Last week, business owners in Costa Mesa, Calif., called on the City Council to suspend a new policy that allows police to enforce federal immigration laws, which they say are hurting business. Nearly every state has proposals pending to address illegal immigration.

"This is a justice issue: You can't have 11 million people being vulnerable and exploited," said Joshua Hoyt, executive director of the Illinois Coalition for Immigrant and Refugee Rights, in a conference call after Chicago demonstrations last week.

"There is a politicization of this issue in the immigrant community in a way that has not happened in the past," he added.

An Immigration Brawl (USNEWS)

By Angie C. Marek

U.S. News and World Report, March 27, 2006

Immigration seems to have a struck a nerve in Americans of all stripes. Frustration on the right has fueled the rapid growth of the Minutemen, vigilantes who want to help close America's porous borders. Liberals are exercised, too. Thousands of people have recently gathered in Chicago, Washington, and Los Angeles to protest proposals they say could make it a crime to give a cup of soup to a wayward illegal immigrant. On April 10, activists hope to shutter restaurants and convenience stores by encouraging some of America's estimated 12 million illegal immigrants to play hooky from work. But that may all look tame compared with what's expected in the Senate this week, when immigration reform proposals go to the floor for debate in a midterm-election year. "It's an exciting time," says Tamar Jacoby of the Manhattan Institute. "But it's going to be one hell of a food fight."

And it will have higher stakes than the average cafeteria brawl. The House passed a mostly punitive measure in December; it would throw up 700 miles of steel fencing along the 2,000-mile Southwest border, allow state and local officials to detain immigrants without visas, and make it a felony--instead of a civil penalty--to be caught on U.S. soil with an expired visa or no visa at all. "This was a message to the Senate that we'd better stay tough on enforcement," says Texas Republican Sen. John Cornyn--and perhaps a symbolic statement to angry constituents. The House refused to even consider proposals that would allow employers to hire temporary guest workers, an idea that's been championed by President Bush. "The assumption from many of the bill's supporters," says Frank Sharry of the National Immigration Forum, an immigrant-rights group, "was that the Senate would do right by us."

Fragile. But will it? Republicans in the Senate are fiercely divided on the temporary-worker issue, and those with presidential ambitions crop up on both sides of the debate. Sen. Bill Frist has already introduced a brawny enforcement bill that omits any mention of guest workers. Moderate Republican Sen. Arlen Specter, meanwhile, hopes he can hold together a fragile coalition in the Judiciary Committee long enough to pass a bill that would allow thousands of future guest workers and most of the illegal immigrants already here to become citizens, while creating more robust workplace immigration enforcement. Large parts of his measure drew inspiration from a proposal crafted by Sen. John McCain; if Specter succeeds, then his bill, not Frist's, will be the starting point for debate in the full Senate.

Expect some gonzo antics on the floor. Already on the agenda: tough proposals to fence off the whole Southwest border and deny citizenship to babies born to illegal immigrants and a liberal amendment to grant in-state tuition to college students who aren't U.S. citizens. Republicans will be skittishly eyeing religious leaders who have been critical of the House bill. In a recent editorial, Roman Catholic Cardinal Roger Mahony, head of the Archdiocese of Los Angeles, wrote that "Christ instructs us to clothe the naked, feed the poor, and welcome the stranger." But in an election year, it's clear that not everyone in the Senate agrees.

A Border War (NSWK)

By Holly Bailey, Newsweek

Newsweek, March 27, 2006

Tom Tancredo is pulling the immigration debate to the right—and away from Bush.

The lights were on, the cameras were rolling, but the special guest star was nowhere to be found. Last Friday afternoon, 55 men and women from 30 countries sat in a Denver conference room, clutching small American flags as they waited to be sworn in as U.S. citizens. The 12:15 starting time had come and gone, and some people were getting impatient. "For heaven's sake," one woman said, sighing. "What is the holdup?" A few minutes later, they had the answer. Tom Tancredo, the Republican

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congressman, was coming to welcome the new citizens. He was hard to miss when he breezed in, 25 minutes late, dressed in a dark suit and an American-flag necktie. Even so, few in the room recognized him until one man whispered, "He's the guy who sits on the border chasing illegals."

Tancredo may not be a household name yet, but he's doing everything he can to change that. As the House and Senate debate the nation's immigration and border-security laws, the four-term Coloradan has positioned himself as the loudest, angriest voice against the estimated 11 million illegal aliens now living in the United States. They are "a scourge that threatens the very future of our nation," he says. He laments "the cult of multiculturalism," and worries about America's becoming a "Tower of Babel." If Republican presidential candidates don't put the problem atop the agenda in 2008, he says he'll run himself, just to force the front runners to talk about it. Not that he thinks he'd win the White House. He declares himself "too fat, too short and too bald" to be president. If the Republicans lose the election because he's too tough on the issue, he says, "So be it."

Not so long ago, Tancredo was regarded as little more than a noisy pest on Capitol Hill. His colleagues shook their heads at his tireless demands for crackdowns on American employers who hire illegals and his idea for a 700-mile-long fence along the Mexican border. But in recent months, some of those same Republicans have come to realize that, while Tancredo may be a crank, he is a crank with a large and passionate following. Anti-immigration sentiment has always simmered, and it flares up about once a decade—the last time it hit this level was 1996, when California Gov. Pete Wilson made it the centerpiece of his failed presidential campaign. Tancredo was one of the first politicians to tap into the latest surge of anger. In states with large numbers of undocumented workers, voters complain that poor illegals are overwhelming public schools, clogging hospital emergency rooms and bankrupting welfare budgets. And they worry that inadequate border security makes it easy for would-be terrorists to sneak into the country. Tancredo's colleagues are listening. When he arrived in Washington, he started the Immigration Reform Caucus. The group attracted just 16 members. Today, there are 91.

Tancredo's anti-immigration campaign is also brazenly, almost gleefully, taking aim at George W. Bush and Karl Rove. The president had once hoped the immigration debate would center on his proposed guest-worker program, which would allow illegals—who fill millions of unskilled, low-wage jobs—to stay in the country for a set period of time. This was Bush the pragmatist, the former border-state governor who wanted to acknowledge the importance of immigrant labor to construction, fruit farming and other chunks of the U.S. economy. "He doesn't think it's morally right that a group that has been critical to the strength of the economy is operating in the shadows," says a senior Bush aide who, following policy, spoke anonymously. Meanwhile, Rove pushed the pure political benefits of the plan: immigrant-friendly policies would help the party reach out to the fast-growing Latino vote.

Instead, the immigration debate has split the GOP, with many Republicans in the House and Senate, worried about alienating voters, openly opposing the president. In December, the House tossed aside the worker program and passed a bill that features tougher security at the Mexican border—including Tancredo's cherished fence—and crackdowns on illegals who are already here. "You can't ignore him," says a GOP leadership aide who wouldn't be named because he wanted to keep his job. "The administration doesn't want to hear this, but a lot of Americans think he's right."

In the Senate, Republicans, led by John McCain and Arlen Specter, have been working to come up with a compromise that would include border security, a guest-worker program and a way for illegal immigrants to "earn" citizenship. But Senate Majority Leader Bill Frist, a presidential contender with one eye on the anti-immigration vote—and the other one on outflanking McCain—has threatened to put forward his own get-tough plan this week if the senators fail to come through.

It's not just Republicans elbowing for attention. Last week Sen. Hillary Clinton whacked the GOP with the Bible, implying anti-immigration proposals were not only hardhearted, but un-Christian. The bill, she said, "would literally criminalize the Good Samaritan and probably even Jesus himself."

Bush, forced to step up his own security rhetoric in response to the feud, is still hoping for a compromise. At an immigration meeting at the White House last week, the president said that "the debate must be done in a way that doesn't pit one group of people against another." But Florida Sen. Mel Martinez, a former Bush cabinet member who sides with the president on the issue, fears that's exactly what is happening. "Republicans have made significant gains [among Latinos]," he says, "and we're risking all of that by allowing ourselves to be positioned as anti-immigrant ... We are at great peril."

Tancredo believes there's greater danger in doing nothing. All he wants, he says, is to see the law enforced. "I don't like it when people call me a racist or xenophobe," he says. "In my heart, I know that I'm not." A 60-year-old grandson of an Italian immigrant, he grew up in a working-class family. He ran for Congress on a whim in 1998, and won by pushing immigration reform. He says he became passionate about the issue back in the 1970s, when he was a Denver junior-high-school teacher. At the time, Colorado had just passed a bilingual-education bill. He says students with Latino-sounding names were put into Spanish-language classes, even if they spoke English only. "It was ridiculous, and a total waste of time and money."

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He's remained unapologetic about his views. In 2002, The Denver Post ran a human-interest story about a high-school honors student who couldn't get college financial aid because he was in the United States illegally. Tancredo tried to have the boy and his family deported. (He was unsuccessful.)

Back at the immigration ceremony, Tancredo thanked the new citizens for coming to the United States "the right way," and urged them to "cast aside loyalties to your old countries and walk with us." One lucky person walked away with more than a citizenship certificate. When he heard that a young woman from Mexico had waited more than a year for her paperwork to clear, Tancredo approached her. He apologized that he was out of the lapel pins he usually hands out. Instead, he gave her a more personal gift: his American-flag necktie. "Gracias," she said.

With Daren Briscoe and Richard Wolffe

Frist Finds His Cause (TIME)

By Perry bacon Jr.

Time, March 26, 2006

At the start of 2005, Bill Frist seemed to have the political Midas touch. A successful surgeon, the Tennessee Republican had blossomed in his second career, rising from his election to the U.S. Senate in 1994 to the post of majority leader in 2002. But last year, while Frist tried to both manage an unwieldy Senate and prepare for a 2008 presidential run, he often sounded off-balance--as when he inserted himself into the Terri Schiavo controversy, boldly but mistakenly arguing that her doctors misdiagnosed her vegetative state.

Frist will again find himself at the center of an emotional issue this week as the Senate debates illegal-immigration policy, and his performance could show whether he has regained his political footing. His party is divided: some G.O.P.ers simply want tougher border enforcement, while others, including President Bush, want temporary work permits for illegal immigrants. In December, the House sided with the hard-liners, passing a bill with no such guest-worker program and with provisions that would make it a federal crime to offer assistance to illegal immigrants. New York Senator Hillary Clinton, a possible 2008 contender on the other side of the aisle, slammed the bill, saying it "would literally criminalize the Good Samaritan and probably even Jesus himself." In rallies from Milwaukee, Wis., to Los Angeles, thousands of people marched last week to protest the proposed crackdown on illegal immigrants.

So with whom has Frist sided? None of the above. To the annoyance of some G.O.P. colleagues, who were crafting their own bill, Frist put out his plan, which would increase penalties for people in the U.S. illegally and add funding for guarding the border but not give work permits to illegal immigrants already here. While he has left open the possibility of backing a bill that includes a guest-worker provision, he's determined to get stronger border enforcement passed, which will please conservative voters who will pick the G.O.P. nominee in 2008. David Winston, a veteran G.O.P. pollster, says that Frist--who plans to retire from the Senate after this year--"is clearly laying out this marker." If he can succeed in passing an immigration bill--especially his own--he may regain some of the luster he lost last year. If he can't, he may return home to Tennessee as the ineffectual G.O.P. leader who lost his touch--and his presidential prospects.

Groundswell Of Protests Back Illegal Immigrants (NYT)

By Nina Bernstein

The New York Times, March 27, 2006

When members of the Senate Judiciary Committee meet today to wrestle with the fate of more than 11 million illegal immigrants living in the United States, they can expect to do so against a backdrop of thousands of demonstrators, including clergy members wearing handcuffs and immigrant leaders in T-shirts that declare, "We Are America."

But if events of recent days hold true, they will be facing much more than that.

Rallies in support of immigrants around the country have attracted crowds that have astonished even their organizers. More than a half-million demonstrators marched in Los Angeles on Saturday, as many as 300,000 in Chicago on March 10, and — in between — tens of thousands in Denver, Phoenix, Milwaukee and elsewhere.

One of the most powerful institutions behind the wave of public protests has been the Roman Catholic Church, lending organizational muscle to a spreading network of grass-roots coalitions. In recent weeks, the church has unleashed an army of priests and parishioners to push for the legalization of the nation's illegal immigrants, sending thousands of postcards to members of Congress and thousands of parishioners into the streets.

The demonstrations embody a surging constituency demanding that illegal immigrants be given a path to citizenship rather than be punished with prison terms. It is being pressed as never before by immigrants who were long thought too fearful of deportation to risk so public a display.

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"It's unbelievable," said Partha Banerjee, director of the New Jersey Immigration Policy Network, who was in Washington yesterday to help plan more nationwide protests on April 10. "People are joining in so spontaneously, it's almost like the immigrants have risen. I would call it a civil rights movement reborn in this country."

What has galvanized demonstrators, especially Mexicans and other Latin Americans who predominate among illegal immigrants, is proposed legislation — already passed by the House of Representatives — that would make it a felony to be in the United States without proper papers, and a federal crime to aid illegal immigrants.

But the proposed measure also shows the clout of another growing force that elected officials have to reckon with: a groundswell of anger against illegal immigration that is especially potent in border states and swing-voting suburbs where the numbers and social costs of illegal immigrants are most acutely felt.

"It's an entirely predictable example of the law of unintended consequences," said Joshua Hoyt, executive director of the Illinois Coalition for Immigrant and Refugee Rights, who helped organize the Chicago rally and who said he was shocked by the size of the turnout. "The Republican party made a decision to use illegal immigration as the wedge issue of 2006, and the Mexican community was profoundly offended."

Until the wave of immigration rallies, the campaign by groups demanding stringent enforcement legislation seemed to have the upper hand in Washington. The Judiciary Committee was deluged by faxes and e-mail messages from organizations like NumbersUSA, which calls for a reduction in immigration, and claims 237,000 activists nationwide, and the Federation for American Immigration Reform, which has long opposed any form of amnesty, including a guest-worker program advocated by President Bush.

Dan Stein, president of the federation, acknowledged the unexpected outpouring of protesters, but tried to play down its political significance. "These are a lot of people who don't vote, can't vote and certainly aren't voting Republican if they do vote," he said.

But others, noting that foreign-born Latinos voted for President Bush in 2004 at a 40 percent greater rate than Latinos born in the United States, said that by pursuing the proposed legislation, Republican leaders might have squandered the party's inroads with an emerging bloc of voters and pushed them into the Democratic camp.

The Pew Hispanic Center estimates that of more than 11 million illegal immigrants, 78 percent are from Mexico or other Latin American countries. Many have children and other relatives who are United States citizens. Under the House measure, family members of illegal immigrants — as well as clergy members, social workers and lawyers — would risk up to five years in prison if they helped an illegal immigrant remain in the United States.

"Imagine turning more than 11 million people into criminals, and anyone who helps them," said Angela Sanbrano, executive director of the Central American Resource Center of Los Angeles, one of the organizers of Saturday's rally there. "It's outrageous. We needed to send a strong and clear message to Congress and to President Bush that the immigrant community will not allow the criminalization of our people — and it needed to be very strong because of the anti-immigrant environment that we are experiencing in Congress."

Like many advocates for immigrants, Ms. Sanbrano said the protesters would prefer that Congress passed no immigration legislation rather than criminalizing those who are here without documents or creating a guest-worker program that would require millions to go home.

In a telephone briefing sponsored last week by the National Immigration Forum, the Rev. Samuel Rodriguez Jr., president of the National Hispanic Association of Evangelicals, warned that elected officials would pay a price for being on the wrong side of the legislative battle.

"We are talking to the politicians telling them that the Hispanic community will not forget," he said. "I know there are pure hearts that want to protect our border and protect our country, but at the same time the Hispanic community cannot deny the fact that many have taken advantage of an important and legitimate issue in order to manifest their racist and discriminatory spirit against the Hispanic community."

Seventy of the nation's 197 Catholic dioceses have formally committed to the immigration campaign since the United States Catholic Conference of Bishops began the effort last year, and church officials are recruiting the rest.

Meanwhile, priests and deacons have been working side by side with immigrant communities and local immigrant activist groups.

Leo Anchondo, who directs the immigrant campaign for the bishops' conference, said that he was not surprised by the size of the protests because immigration advocacy groups had been working hard to build a powerful campaign. "We hadn't seen efforts to organize these communities before," Mr. Anchondo said. "It's certainly a testament to the fact that people are very scared of what seems to be driving this anti-immigrant legislation, to the point that they are coming out to make sure they speak and are heard."

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Last night in downtown Los Angeles, Fabricio Fierros, 18, the American-born son of mushroom-pickers who came to the United States illegally from Mexico, joined about 5,000 Mexican farmworkers gathered for a Mass celebrating the birthday of Cesar Chavez.

"It's not fair to workers here to just kick them out without giving them a legal way to be here," Mr. Fierros said, "To be treated as criminals after all the work they did isn't fair."

Size Of L.A. March Surprises Authorities (AP)

By Peter Prengaman

The AP, March 27, 2006

Thousands of immigration advocates marched through downtown Los Angeles in one of the largest demonstrations for any cause in recent U.S. history.

More than 500,000 protesters — demanding that Congress abandon attempts to make illegal immigration a felony and to build more walls along the border — surprised police who estimated the crowd size using aerial photographs and other techniques, police Cmdr. Louis Gray Jr. said.

Wearing white T-shirts to symbolize peace, the demonstrators chanted "Mexico!" "USA!" and "Si se puede," an old Mexican-American civil rights shout that means "Yes, we can."

In Denver, more than 50,000 people protested downtown Saturday, according to police who had expected only a few thousand. Phoenix was similarly surprised Friday when an estimated 20,000 people gathered for one of the biggest demonstrations in city history, and more than 10,000 marched in Milwaukee on Thursday.

"We construct your schools. We cook your food," rapper Jorge Ruiz said after performing at a Dallas rally that drew 1,500. "We are the motor of this nation, but people don't see us. Blacks and whites, they had their revolution. They had their Martin Luther King. Now it is time for us."

Many protesters said lawmakers were unfairly targeting immigrants who provide a major labor pool for America's economy.

"Enough is enough of the xenophobic movement," said Norman Martinez, 63, who immigrated from Honduras as a child and marched in Los Angeles. "They are picking on the weakest link in society, which has built this country."

The U.S. House of Representatives has passed legislation that would make it a felony to be in the U.S. illegally, impose new penalties on employers who hire illegal immigrants, require churches to check the legal status of people they help, and erect fences along one-third of the U.S.-Mexican border.

The Senate is to begin debating the proposals on Tuesday.

President Bush on Saturday called for legislation that does not force America to choose between being a welcoming society and a lawful one.

"America is a nation of immigrants, and we're also a nation of laws," Bush said in his weekly radio address, discussing an issue that had driven a wedge into his own party.

Bush sides with business leaders who want to let some of the estimated 12 million undocumented immigrants stay in the country and work for a set period of time. Others, including Senate Majority Leader Bill Frist, say national security concerns should drive immigration reform.

But many protesters rejected claims the national security claim, noting that the legislation would hurt Hispanics the most.

"When did you ever see a Mexican blow up the World Trade Center? Who do you think built the World Trade Center?" said David Gonzalez, 22, who marched in Los Angeles with a sign that read, "I'm in my homeland.'"

Between 5,000 and 7,000 people gathered Saturday in Charlotte, carrying signs with slogans such as "Am I Not a Human Being?" In Sacramento, more than 4,000 people protested immigration legislation at an annual march honoring the late farm labor leader Cesar Chavez.

The demonstrations are expected to culminate April 10 in a "National Day of Action" organized by labor, immigration, civil rights and religious groups.

Immigration Gives Democrats Cover (RC)

By John Stanton

Roll Call, March 27, 2006

Internal GOP divisions over how to address the status of an estimated 11 million illegal workers residing in the United States have provided a rare bit of political cover for Senate Minority Leader Harry Reid (D-Nev.), sparing him and his oft-divided Democratic Caucus from a public airing of its own internal grievances and disputes over the hot-button issue.

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Although the Senate Judiciary Committee was expected to continue efforts to craft a committee-level compromise on guest worker provisions by press time Friday, leadership aides said those talks were not progressing well and they were preparing for a two-week floor debate.

Senate Majority Leader Bill Frist (R-Tenn.) has scheduled a cloture vote for Tuesday on his border-security plan, which does not include guest worker provisions, and he has warned the Judiciary Committee that it has until the end of the day Monday to reach a deal on its more comprehensive measure.

Like Republicans, Democrats are divided — although much less bitterly than the GOP — over the guest worker plan. In one corner are lawmakers such as Sen. Edward Kennedy (D-Mass.) who favor a program that would allow law-abiding, employed illegal workers to remain in the U.S. for a set period of time. In the other corner stand lawmakers such as Sen. Dianne Feinstein (D-Calif.), who would prefer a much narrower guest worker program.

But unlike Republican divisions, the Democratic disputes have largely avoided the front pages, thanks to what GOP aides argue is political posturing by presidential hopefuls Frist and Sen. John McCain (R-Ariz.), who have staked out opposite positions on the issue.

Although Reid has not explicitly asked his Caucus members to keep out of the immigration fight, Democratic aides acknowledged that the focus on GOP infighting has allowed Reid to go on offense more aggressively.

For instance, Reid last week warned that he would filibuster any effort to move immigration legislation that does not come from the Judiciary Committee. In a set of internal talking points circulated Friday, Reid also laid out a broad outline of his Caucus' stand on immigration.

While rejecting a full amnesty or "free pass," in his words, Reid argued for a system under which undocumented workers could apply for permanent residency only after working for several years, paying a stiff penalty, undergoing a rigorous security check, learning American civics and English, paying taxes and "waiting at the end of the line," according to a copy off the memo.

But Reid sidestepped the issue of whether "waiting at the end of the line" should entail requiring aliens to return to their home countries before applying for the guest worker visa, which is a key point of contention for the GOP.

Meanwhile, on the House side, Republicans plan to use this week's focus on immigration to cast the spotlight on their chamber's efforts to grapple with the issue.

House GOP leaders originally had dubbed this "Education Week," featuring a series of education measures that were scheduled to hit the floor. But with the Senate and White House concentrating on immigration, House Republicans altered their plans and now plan to hold immigration-related media events this week.

On Dec. 16, the House passed an immigration measure sponsored by House Judiciary Chairman Jim Sensenbrenner (R-Wis.) that focused only on border security and enforcement. The bill did not address the guest worker issue, and GOP leaders did not even allow a vote on a nonbinding amendment that would have expressed support for the idea of a guest worker program.

The House will now wait to see what the Senate does on that issue. Despite their decision to avoid the guest worker issue last year, Republican leaders in the House would prefer — as does the Bush administration — to reach some sort of guest worker compromise.

"We're reminding our conservative base that we want to tighten our borders ... but at the same time we want to make sure our business community has enough workers and that we are not alienating Hispanics," said a House GOP leadership aide.

Bush Must Devote Political Capital To Immigration Fix (RC)

By Morton M. Kondracke

Roll Call, March 27, 2006

President Bush finally re-entered the immigration debate last week to appeal for civility and compassion. He's way late. The debate is already bitter and divisive, especially within the Republican Party, and it's only getting worse.

More than 200 House Republicans are on record as favoring a draconian border security measure that would make it a felony simply to be in the United States illegally, or to offer assistance — even a meal, a ride or counseling — to an illegal immigrant.

Presidential aspirant and current Senate Majority Leader Bill Frist (R-Tenn.) has introduced a measure only slightly less punitive, making it a misdemeanor to be in the U.S. illegally, but a felony to be caught a second time.

It's not clear whether Frist has put the measure forward to appeal to the xenophobe-populist portion of the GOP's right wing, to goad the Senate Judiciary Committee into producing a more comprehensive bill, or both.

Meanwhile, immigrant-rights groups are staging huge protests — 30,000 people in Washington, D.C., 100,000 in Chicago. Roman Catholic bishops have denounced the legislation. And leading Democrats are vowing to filibuster the Frist measure if he brings it to the floor Tuesday. A Frist aide said, "Go for it!"

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It's Bush who allowed the situation to get out of hand. Since before he became president, the former border-state governor has favored a moderate, comprehensive approach to immigration — a combination of enhanced border security and internal enforcement measures, plus work permits for new entrants and for those presently working illegally.

But Bush failed to push this approach, initially because of post-9/11 security concerns and then because he decided to spend his post-re-election political capital on Social Security.

Now, his party is split between fellow moderates — led by presidential hopeful Sen. John McCain (R-Ariz.) — and restrictionists led by another presidential aspirant, Rep. Tom Tancredo (R-Colo.). The restrictionist ascendancy threatens to destroy all of Bush's efforts to woo Hispanic voters into the GOP.

What's more, if the restrictionists prevail, the nation will be treated to the spectacle of mass roundups of illegal immigrants, by local police as well as federal agents. These deportations will split families and produce tales of arbitrary interrogations of Hispanics or Hispanic-looking persons all around the country.

If ever a situation cried out for reason, bipartisanship, compassion and presidential leadership, it's this one. Frist, too, could play a key role by forcing a sound compromise.

The most sensible proposal to me is the comprehensive bill sponsored by Sens. McCain and Edward Kennedy (D-Mass.), which involves enhanced border security, tighter controls on employment of illegal immigrants, a worker permit program and a system that allows many of the 12 million illegals now in the country to earn their way toward citizenship.

A useful add-on to the comprehensive approach will be introduced this week by Sen. Lamar Alexander (R-Tenn.) to speed up the process of moving legal green-card holders toward citizenship by offering them scholarships worth $500 to learn English and by shortening the qualification time for citizenship from five years to four for those who are fluent.

I would add an (admittedly expensive) proviso for the federal government to give "impact assistance" to states and localities whose schools and health facilities are burdened by illegal immigrants. Controlling the borders is a federal responsibility and, if it's not being handled well, the federal government should pay.

There's no question that restrictionists have it right that U.S. borders are scandalously porous, with up to 10,000 persons crossing each day, or 3 million a year.

Building a 700-mile wall along the Mexican border, as provided in the House bill, would be a terrible symbol for a country proud of the Statue of Liberty, but the goal of U.S. policy should be the equivalent — sealing the border to illegal entry as much as possible.

In fact, that's embodied in the McCain-Kennedy bill, administration proposals and draft legislation introduced by Senate Judiciary Chairman Arlen Specter (R-Pa.) — by increases in personnel and technology for Customs and Border Protection, and by expansion of detention facilities for holding illegal entrants.

It's also valid for the government to crack down on employment of illegal immigrants. Indeed, most of the legislation does so by creating a tamper-proof ID system and increasing penalties for knowingly hiring illegals.

The sticking point between the sides is what to do about the estimated 12 million people currently living illegally in the U.S. Restrictionists want to make their lives such hell that they leave — and, in the process, discourage others from following their example.

They regard any measure that lets illegals stay as "blanket amnesty." But the McCain-Kennedy approach is "earned legalization" whereby illegals would have to have a record of employment, pay $2,000 in fines, learn English, pay taxes, have a clean record and wait in line behind all who have applied to enter the country legally.

McCain, Kennedy and their allies argue that by giving illegals, and new entrants, work permits, the government will know who is entering the U.S. and can concentrate its limited law-enforcement resources on chasing down criminal illegal immigrants, including drug smugglers and potential terrorists, not low-wage hotel or restaurant workers.

Sens. Jon Kyl (R-Ariz.), Frist and Specter want to make workers leave the U.S. when their work permit expires. The White House also calls permits "temporary."

But Bush's allies at the U.S. Chamber of Commerce and the industries that disproportionately employ immigrants — agriculture, home-building, hospitality — say they'd lose the training costs they'd just put into the workers. They favor "earned citizenship."

Restrictionists claim that illegals — and work permits — depress wages for U.S. workers. But it's worth noting that the AFL-CIO is one of the groups behind "earned legalization."

Polls suggest that the public is massively confused and ambivalent about immigration. A Quinnipiac University survey last month found that 54 percent of voters want to make it harder for illegal immigrants to work in the U.S. legally. But a Time magazine poll showed that 76 percent favor earned legalization.

This is a moment for presidential leadership. Bush has limited political capital left, but social peace is a cause worth spending it on.

Latin Leaders Balk At US 'Wall' (CSM)

By Danna Harman

The Christian Science Monitor, March 27, 2006

NOGALES, MEXICO - Some envision a wall. Others, a fence - or even a "virtual" fence of cameras, lighting, and sensors along the US-Mexican border. Whatever form it will take, the US is discussing, planning, and, in some places, already building it - much to the fury and frustration of neighbors south of the border.

As Mexican President Vicente Fox prepares to meet Thursday with President Bush and Canada's new prime minister, Stephen Harper, in Cancún, the proposed 700-mile, $2.2 billion barrier is a major point of contention - not just for the US and Mexico, but for the US and the whole region.

Regional leaders - whose countries in 2004 received some $45 billion sent home from immigrants in the US - have met three times recently to discuss how best to oppose it.

"At a moment when relations between the US and Latin America are at their lowest point since the end of the cold war, this fence proposal is viewed as a terrible affront," says Michael Shifter, vice president of the Inter-American Dialogue, a Washington think tank.

"It is hard to imagine any other symbol that more strongly reinforces the image of the "ugly American" and is more sharply at odds with the "good neighbor" concept."

It's not just the barrier, but other issues as well in proposed US immigration reform legislation that irk regional leaders and caused hundreds of thousands of people to protest in multiple US cities over the past few days.

The US Congress passed a tough immigration bill in December that would make it a felony for illegal immigrants to be in the US, impose new penalties on employers who hire them, and erect a fence along one-third of the border's total length.

At present, just over 80 miles of federally enforced barriers and fencing are erected at strategic points on the border, mainly in Texas and California.

This week, the Senate will debate a comprehensive bill that is expected to include guest-worker provisions and avenues for legal residency, while at the same time beefing up border security. So far, a draft of the bill calls only for expanding and reinforcing fencing in Arizona - the border state with the most illegal immigration traffic - and adding 200 miles of vehicle barriers there, but more extensive fencing elsewhere is still under discussion.

"No country that is proud of itself should build walls," Fox told reporters when he last met Bush one year ago, and a month after the House began talks on approving a fence. "[I]t doesn't make any sense."

Since then, as the debate has continued in the US over what kind of fence is needed and where, Fox has called the proposal everything from "stupid" and "discriminatory" to "shameful," and heralded illegal migrants as "heroes" who will in any event find ways to cross the border.

Last year 1.2 million illegal immigrants were apprehended by the border patrol as they tried to cross into the US, and it is frequently estimated that close to the same number make it. Last year was also a record year for deaths. In 2005, 473 would-be immigrants died en route, many victims of thirst, heatstroke, exhaustion, or exposure when they tried to cross less carefully guarded desert areas.

Currently, 11.5 million to 12 million illegal immigrants live in the US, according to estimates in a report released this month by the Pew Hispanic Center. Of these, an estimated 6.2 million, or 56 percent, are Mexicans. Another 2.5 million, or 22 percent of the total, come from other Latin American countries.

The money these people send home is vital to the region's economy. In 2005, legal and illegal immigrants from Latin America and the Caribbean sent home $45 billion in remittances, double the total of a decade earlier, according to the Social Outlook 2005 report by the Economic Commission for Latin America and the Caribbean (ECLAC), a UN regional body. Mexican workers alone sent home a record $17 billion.

So while Fox might be the regional leader most concerned with, and vocal about, US immigration policy - he is far from the only one.

Spearheaded by Mexico, and galvanized by the fence proposals, foreign ministers and other top officials from Belize, Guatemala, El Salvador, Honduras, Nicaragua, Costa Rica, and Panama as well as Colombia, Ecuador, and the Dominican Republic met March 15 in Guatemala and vowed to coordinate their lobbying efforts against the US bill if it should pass in the Senate.

Guatemalan Vice President Eduardo Stein, in turn, called the bill "an affront to Latin America by a government that claims to be our partner, but which apparently only wants our money and our merchandise, and that sees our people as an epidemic."

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This was the third time representatives from these 11 countries have gathered to discuss the US bill. In early January, they convened in Mexico City and put out a joint statement saying that "incomplete measures that only involve the stiffening of immigration policies do not represent an integral solution for dealing with the challenges posed by the phenomenon of migration."

In February, the group met again in Cartegena, Colombia, and devised a plan to identify key US senators to reach out to on the issue. Both the Mexican parliament and the five- nation Central American Parliament have condemned the proposed fence and are calling on the Senate to throw it out.

"Our message is that we are your neighbors, we are your friends. This is a common challenge," Carlos de Icaza, Mexico's ambassador to the US, told reporters in Washington last week. "And we are part of the solution, not only part of the problem."

Border Security Is Focus Of Bush, Fox (PHI)

By William Douglas

The Philadelphia Inquirer, March 27, 2006

WASHINGTON - President Bush will meet with Mexican President Vicente Fox in Cancun on Thursday to discuss immigration reform, even as the Senate debates whether to give legal status to the millions of illegal immigrants already in the United States.

Bush and Fox plan to meet in the Yucatan resort as part of a trilateral summit with new Canadian Prime Minister Stephen Harper. While Bush has economic issues to address with Harper, U.S.-Mexican immigration is expected to dominate the two-day meeting.

"The immigration debate is a vital debate for our country," Bush said Thursday, after a White House meeting on the issue with agricultural and faith-based leaders. "It must be done in a way that doesn't pit one group of people against another." He reiterated those points Saturday in his weekly radio address.

Given the political climate across the United States, it is doubtful Bush will get his wish for a nondivisive debate. Many in Washington question whether any immigration legislation can pass this year. Bush is weakened by low approval ratings, and opposition to illegal immigration has become a red-hot issue in many states where lawmakers face voters in November. Moreover, several potential 2008 presidential candidates are weighing in from opposing sides, lessening the chance for compromise.

Bush's reach is limited

"There's nothing that Bush can promise credibly to the Mexicans," said George Grayson, a professor at Virginia's College of William and Mary who specializes in U.S.-Mexico relations. "He's had a rough couple of months, and the Republicans sought to separate themselves from him in the Dubai Ports deal. They have a chance to do it again with immigration."

That isn't stopping Bush from promoting his plan to overhaul immigration law. He highlights his call for a guest-worker program, which would allow illegal immigrants and foreign workers to apply for temporary legal status to accept U.S. jobs. After a maximum of six years, they would have to go back to their home countries and would not be placed on track for permanent residency.

Bowing to rising resentment of illegal immigrants across the heartland, Bush also has stressed tighter security along the U.S.-Mexican border and called for illegal immigrants registering for his guest-worker program to pay fines.

Senate Majority Leader Bill Frist (R., Tenn.), a potential 2008 presidential candidate, is staking out a harder stance. The Senate on Tuesday will begin two weeks of debate on immigration, and Frist is sponsoring a bill that would toughen border security without offering a guest-worker program.

His proposal mirrors an enforcement-only bill that the House passed Dec. 16. Lawmakers opposing the guest-worker plan say giving illegal immigrants the opportunity to work and live here legally would reward bad behavior.

Kennedy-McCain measure

Today, the Senate Judiciary Committee will take up a bill by Sens. Edward M. Kennedy (D., Mass.) and John McCain (R., Ariz.), another likely 2008 candidate, that would let illegal immigrants hold temporary work visas for up to six years after they pay $1,000 fines and pass background checks. Illegal immigrants could apply for permanent residence and eventual citizenship under the measure.

Judiciary Chairman Arlen Specter (R., Pa.) is trying to broker a compromise that includes guest-worker and enforcement provisions.

Most experts think Bush faces an uphill fight to win congressional approval of any terms granting legal status to illegal immigrants, which opponents denounce as amnesty for lawbreakers.

"Whatever political capital he thought he had last year is spent and, like the rest of the federal government, is in deficit," said Ira Mehlman, spokesman for the Federation for American Immigration Reform, which opposes legal status for illegal immigrants. "Amnesty, on a visceral level, most Americans object to."

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Mexican officials are under a growing sense of urgency after watching the issue heat up among their northern neighbors. Fox is in his last year in office and would like immigration reform to be part of his legacy, Grayson said.

"Fox leaves office and has precious little to show," Grayson said. "He's hoping to pull a rabbit out of his hat."

Condemnation Of Border Rapes Pushed (WT)

By Jerry Seper

The Washington Times, March 27, 2006

Immigration legislation before the Senate this week should include a condemnation of rapes by alien smugglers on the U.S.-Mexico border and encourage "in the strongest possible terms" the Mexican government to prevent such crimes, a Florida congresswoman said.

"These women and young girls are being raped all along the southern border, and the sight of women's undergarments hanging from border fences as trophies is appalling," said Republican Rep. Ginny Brown-Waite. "They are entrusting their futures to these smugglers, or coyotes, to bring them across the border, but instead of gaining freedom, they're being raped and exploited.

"And it seems the Mexican government is doing nothing about it," said Mrs. Brown-Waite, whose amendment to a House immigration-enforcement bill calling for Congress to condemn the rapes was passed. "Congress cannot and should not tolerate this behavior," she added.

The amendment to the House-passed Border Protection, Antiterrorism and Illegal Immigration Control Act of 2005 called on Congress to condemn the rapes by smugglers along the border and urged the Mexican government to work with U.S. Customs and Border Protection to take immediate action to prevent such crimes.

"Although these women are seeking entry into the United States illegally, this unmerciful crime is one of many problems occurring along our borders," Mrs. Brown-Waite said. "By declaring condemnation of this wrongdoing and encouraging action by both parties, we are reaffirming the fact that the lawlessness along our borders must be eliminated."

The Senate begins debate this week on comprehensive immigration reform, including some form of guest-worker legislation that has been proposed in several competing bills. The House passed its immigration bill in December.

Mrs. Brown-Waite, who described lawlessness along the U.S.-Mexico border as unprecedented, said numerous newspaper articles have told of Minuteman volunteers being haunted by the cries of women being raped and abused, "who, when they first heard the cries, actually thought they were coyotes wailing in the desert."

She said that there have been stories of mattresses tucked in caves and that the crimes sometimes involve girls as young as 9 and 10.

In a telephone interview from her home in Florida, Mrs. Brown-Waite said that the U.S. government has waited "far too long" to respond to the problem and that she was "delighted" when the House approved the amendment. She said the Senate "hopefully will do the same."

"We all understand that the best mechanism for preventing these rapes is to encourage legal citizenship and to stop people from crossing our borders illegally and, therefore, putting themselves in harm's way," she said.

"But by including my amendment in the underlying legislation, the House sent a loud and clear message of its dedication to improving all aspects of border security."

North Of The Border (NYT)

By Paul Krugman

The New York Times, March 27, 2006

"Give me your tired, your poor, your huddled masses yearning to breathe free," wrote Emma Lazarus, in a poem that still puts a lump in my throat. I'm proud of America's immigrant history, and grateful that the door was open when my grandparents fled Russia.

In other words, I'm instinctively, emotionally pro-immigration. But a review of serious, nonpartisan research reveals some uncomfortable facts about the economics of modern immigration, and immigration from Mexico in particular. If people like me are going to respond effectively to anti-immigrant demagogues, we have to acknowledge those facts.

First, the net benefits to the U.S. economy from immigration, aside from the large gains to the immigrants themselves, are small. Realistic estimates suggest that immigration since 1980 has raised the total income of native-born Americans by no more than a fraction of 1 percent.

Second, while immigration may have raised overall income slightly, many of the worst-off native-born Americans are hurt by immigration — especially immigration from Mexico. Because Mexican immigrants have much less education than the average U.S. worker, they increase the supply of less-skilled labor, driving down the wages of the worst-paid Americans. The most

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authoritative recent study of this effect, by George Borjas and Lawrence Katz of Harvard, estimates that U.S. high school dropouts would earn as much as 8 percent more if it weren't for Mexican immigration.

That's why it's intellectually dishonest to say, as President Bush does, that immigrants do "jobs that Americans will not do." The willingness of Americans to do a job depends on how much that job pays — and the reason some jobs pay too little to attract native-born Americans is competition from poorly paid immigrants.

Finally, modern America is a welfare state, even if our social safety net has more holes in it than it should — and low-skill immigrants threaten to unravel that safety net.

Basic decency requires that we provide immigrants, once they're here, with essential health care, education for their children, and more. As the Swiss writer Max Frisch wrote about his own country's experience with immigration, "We wanted a labor force, but human beings came." Unfortunately, low-skill immigrants don't pay enough taxes to cover the cost of the benefits they receive.

Worse yet, immigration penalizes governments that act humanely. Immigrants are a much more serious fiscal problem in California than in Texas, which treats the poor and unlucky harshly, regardless of where they were born.

We shouldn't exaggerate these problems. Mexican immigration, says the Borjas-Katz study, has played only a "modest role" in growing U.S. inequality. And the political threat that low-skill immigration poses to the welfare state is more serious than the fiscal threat: the disastrous Medicare drug bill alone does far more to undermine the finances of our social insurance system than the whole burden of dealing with illegal immigrants.

But modest problems are still real problems, and immigration is becoming a major political issue. What are we going to do about it?

Realistically, we'll need to reduce the inflow of low-skill immigrants. Mainly that means better controls on illegal immigration. But the harsh anti-immigration legislation passed by the House, which has led to huge protests — legislation that would, among other things, make it a criminal act to provide an illegal immigrant with medical care — is simply immoral.

Meanwhile, Mr. Bush's plan for a "guest worker" program is clearly designed by and for corporate interests, who'd love to have a low-wage work force that couldn't vote. Not only is it deeply un-American; it does nothing to reduce the adverse effect of immigration on wages. And because guest workers would face the prospect of deportation after a few years, they would have no incentive to become integrated into our society.

What about a guest-worker program that includes a clearer route to citizenship? I'd still be careful. Whatever the bill's intentions, it could all too easily end up having the same effect as the Bush plan in practice — that is, it could create a permanent underclass of disenfranchised workers.

We need to do something about immigration, and soon. But I'd rather see Congress fail to agree on anything this year than have it rush into ill-considered legislation that betrays our moral and democratic principles.

The Other Immigrants (WSJ)

The Wall Street Journal, March 27, 2006

Lost in the heated debate about the future of millions of illegal laborers in the U.S. is that our system for admitting foreign-born professionals is also in tatters.

While globalization has increased the competition for international talent, U.S. businesses are frustrated by processing delays, long backlogs and especially the failure of Congress to increase the annual limits on visas for skilled immigrants. The Senate Judiciary Committee is scheduled to resume its mark-up of Arlen Specter's immigration bill today. And the good news is that it contains long-overdue provisions for hiring more of the foreign professionals who help keep our economy competitive.

Under Mr. Specter's proposal, the annual cap on H-1B guest worker visas for immigrants in specialty fields like science and engineering would rise to 115,000 from 65,000. Moreover, the new cap would not be fixed but would fluctuate automatically in response to demand for these visas. We don't think any cap is necessary. But if a Republican Congress feels it must impose one, the least it can do is let market forces have some say in the matter.

Another important reform addresses foreign students who want to work here after graduating from U.S. colleges and universities. It doesn't make a lot of sense in today's global marketplace to educate the best and brightest and then send them away to England or India or China to start businesses and develop new technologies for U.S. competitors. But that's exactly what current U.S. policy encourages by limiting the employment prospects of foreign students who would rather stay here.

Mr. Specter would let more foreign students become permanent residents by obtaining an advanced degree in math, engineering, technology or the physical sciences and then finding work in their field. It's unfortunate that the U.S. isn't producing more home-grown talent in these areas, and the fault there lies with our K-12 educators and their political backers who tolerate poor performance. The reality today is that the U.S. ranks sixth world-wide in the number of people graduating with bachelor's

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degrees in engineering. Jobs will leave the U.S. and our economy will suffer if bad policy limits industry's access to intellectual capital.

Anti-immigration groups and protectionists want to dismiss these market forces, arguing that U.S. employers seek foreign nationals only because they'll work for less money. But it's illegal to pay these high-skill immigrants less than the prevailing wage. And employers are required to document their adherence to the law.

According to a new study by the National Foundation for American Policy, our broken system for admitting foreign professionals also contributes to outsourcing. Since 1996 the 65,000 annual cap on H-1B visas has been reached in most years, sometimes only weeks into the new year. This leaves employers with the choice of waiting until the next fiscal year to hire workers in the U.S. or hiring people outside the country.

"Many companies concede," says the report, "that the uncertainty created by Congress' inability to provide a reliable mechanism to hire skilled professionals has encouraged placing more human resources outside the United States to avoid being subject to legislative winds." Last week computer maker Dell Inc. announced that it hopes to double its workforce in India to 20,000 within three years. There's another such announcement by some company nearly every day.

This weekend's big-city immigration demonstrations focused on the debate over the estimated 11 million illegals already in the country. But the U.S. labor market has also long been a magnet for highly skilled and educated foreigners, many of whom attend school in America at some time in their lives. In a world where these brains have more options than ever in Asia and Europe, we drive them away at our economic peril.

A Civil Debate (NYT)

The New York Times, March 27, 2006

Something powerful pulled more than half a million people onto the streets of Los Angeles on Saturday, turning 26 downtown blocks into a pulsing sea of white T-shirts and American flags. A veteran police commander said that in 38 years he had never seen a march so huge. Its target was a harsh immigration bill passed by the House that would erect a wall on our Southern border and turn 12 million illegal immigrants — and any who give them aid — into a nation of felons.

The demonstrations have been timed to a climactic showdown for immigration reform in the capital. Today the Senate Judiciary Committee has scheduled debate and a vote on a bill offered by its chairman, Arlen Specter. Unlike the House bill, it seeks comprehensive overhaul of immigration laws — not just tighter borders and stricter enforcement, but also a sensible path to legal status for illegal workers already here and others who want to come.

Mr. Specter and his colleagues are working under intense pressure, since the Senate majority leader, Bill Frist, has threatened to put forward a hard-line enforcement bill if the committee fails to complete its work today. Senate staffs were racing over the weekend to nail down compromises before today's deadline. Anti-immigrant forces, meanwhile, stand ready to try to torpedo anything other than a strictly get-tough approach.

That would be an awful outcome for immigrant advocates and for President Bush, who has long argued for comprehensive reform and tried, with limited success, to steer his party away from the one-note harshness of the wall-building crowd. Last week he urged Congress to have a civil, respectful discussion about the issue. But with looming elections and Republican presidential jockeying casting a distorting fuzz over the debate, it may be too late for Mr. Bush's hands-off approach. If the president really wants a sensible reform bill to reach his desk, he will have to do more than stand on the sidelines, urging everyone to have good manners.

The marchers recognize — as much of the nation seems not to — the urgency of comprehensive immigration reform to the nation's future. Their indignation is mixed with pride in their work and hunger for fair treatment. Their protests have been a model of peaceful dissent and a blow against the mental straitjacket that defines immigration reform as entirely a problem of policing. Mr. Bush should make his case with equal force.

TAX:

White House Week (USNEWS)

By Paul Bedard and Kenneth T. Walsh

U.S. News and World Report, April 3, 2006

Want to Rally Conservatives? Try Attacking Big Media

To crank up his sagging job-approval ratings, President Bush is trying to rally the conservative base. And one way to do this is to attack the mainstream media, which is scorned by conservatives for being too liberal and anti-GOP. The plan is to get the base's dander up and, it is hoped, increase turnout in November's midterm elections. Republican strategists say the White

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House has only just begun its antimedia campaign. Bush's pitch: The media won't give him credit for strengthening the economy with tax cuts and won't shut up over lapses like the botched handling of the Dubai ports deal. Most of all, Bush argues that things are going far better in Iraq than media reporting indicates. Bush hit that theme particularly hard in his news conference this week, and administration officials say it will be a standard part of his speeches for the foreseeable future.

Seeing Gain, and No Pain, in Tax Cuts

President Bush, moving to give permanent status to his hallmark tax cuts, is planning to step up his push for the issue in hopes that the House and Senate will grant his wish this year. Advisers say that Bush believes he has to take this on himself because House and Senate leaders aren't in agreement on the package, which he feels is a good campaign issue, and a personal "legacy issue" as well. Bush strategists had thought congressional leaders would take control of the issue, but that hasn't happened, frustrating the president. To sell it again, the strategists say that first Bush will have to talk up the economy and convince Congress that the tax cuts won't hurt the nation's economic picture.

Low in the Polls, but Big With the Bucks

Vice President Dick Cheney's overall job-approval ratings may be ankle high, but he remains popular with hard-liners and is raising real money for GOP candidates. Much of this is going unnoticed, because the veep doesn't always announce where he's going and he makes it hard for reporters to travel with him. So far this year, Cheney has attended 11 events from Arizona to New Jersey that raised $1.6 million, according to the GOP. (Fundraiser in chief President Bush has attended six events that raised $12.5 million; he was expected to raise $1 million at a tony event for Sen. Rick Santorum on March 24.) Still, the local candidates are not unaware of Cheney's unpopularity, especially with swing voters. In New Jersey, the veep helped raise $400,000 for GOP Senate candidate Tom Kean Jr.--but Kean showed up at the event 15 minutes after Cheney departed. Kean said he got stuck in traffic.

Light at the Tunnel's End or a Mirage?

White House officials are now claiming that the tide is about to change for the better in Iraq. "It's inside of a month," one adviser says. Officials say Iraq appears to be moving quickly to establish a government that would be the first step in stabilizing the war-torn country. But before President Bush can declare "mission accomplished," his team says three things must happen: First, Iraq has to settle on a new prime minister and a president. Second, Iraq must establish a "semi-stable parliament." And finally, the Iraqi security force must gain autonomy. "That's our marker," says one aide.

White House Moment 2:03 p.m., March 22, Wheeling, W.Va.

A group of locals waits inside the display window of Kaufman's of Downtown Wheeling to get a glimpse of President Bush riding by in his motorcade. The president visited their city to talk about the war on terrorism and answer people's questions. One boy asked, "Do you like living in the White House?"

CONGRESS-ADMINISTRATION:

Proposals Call For Disclosure Of Ties To Lobbyists (WP)

By Jonathan Weisman

The Washington Post, March 27, 2006

In October 2001, executives from a small start-up with a promising technology approached their congressman, Rep. Thomas M. Reynolds (R-N.Y.), for help getting Pentagon notice. Reynolds, chairman of the National Republican Congressional Committee, was intrigued, but he said Logical Images Inc. needed professional help. He recommended a few lobbying firms, including Martin Fisher Thompson and Associates.

Within weeks the firm was hired, and this year the lobbying bore fruit: Logical Images secured $1.5 million in the 2006 defense spending bill to help the Army buy the company's computer-aided medical diagnostic system. The transaction bore fruit for Reynolds, too. Four months after his referral, Martin Fisher's money started flowing -- $6,000 to Reynolds and the NRCC.

These mutually beneficial transactions are legal under House ethics rules. As long as there is no explicit quid pro quo, lawmakers can channel clients to lobbyists, who help secure home-district pet projects, or "earmarks," and in turn, those lobbyists can send part of their fees back in the form of campaign contributions. But in the wake of the corruption scandals of former representative Randy "Duke" Cunningham (R-Calif.) and former lobbyist Jack Abramoff, congressional reformers want to shine a light on dealings that have even a whiff of impropriety.

"Anyone receiving federal funding should have to disclose what their lobbying expenses are," said Sen. John E. Sununu (R-N.H.), a co-sponsor of the toughest proposed crackdown on earmarking. "I understand people hire lobbyists. Lobbyists can be helpful in clarifying the complexities in legislation. But we should not hesitate from disclosing those kinds of contacts."

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Proposals pending before the House and Senate would force lawmakers to reveal their contacts with lobbyists and disclose their involvement in winning federal spending provisions or earmarks for constituents or special interests. If such disclosures become mandatory, some in Congress hope past practices will shrivel in the light of day. If not, they hope to win passage of provisions that would allow improperly secured earmarks to be struck from bills on the House or Senate floor. The Senate will take up earmark-reform proposals as early as today, when it turns its attention to a broad package of lobbying and ethics rule changes.

"As the amount of earmarking increases, the amount contributed to campaigns increases. The lawmaker is getting a cut of the money he helped generate," said Scott Lilly, a former chief Democratic aide on the House Appropriations Committee and now a senior fellow at the Center for American Progress.

Lawmakers say they have done nothing wrong, legally or ethically. L.D. Platt, a spokesman for Reynolds, called it "absolutely ridiculous and ludicrous" to suggest lobbyist campaign contributions stemmed from the congressman's referrals. "Last time I checked, it's legal for lobbyists to give money to members of Congress," he said.

Home-district pet projects and other earmarks were once the intimate domain of lawmakers and their constituents, so much so that in 1989, Sen. Robert C. Byrd (D-W.Va.) zeroed out funding for a West Virginia University building project when he learned the school had hired a lobbyist to secure the money. But an analysis by The Washington Post and the watchdog group Taxpayers for Common Sense found numerous links among earmarks, the lawmakers who championed them and the lobbyists who pushed them. Taxpayers for Common Sense found dozens of such links on this year's defense bill alone.

Lobbyists muscled their way into the process as pork-barrel earmarking was exploding, promising to make sure their clients' requests rose to the top of the pile. The Congressional Research Service counted 3,023 earmarks worth $19.5 billion in 1996 spending bills. By this year, the number had climbed to 12,852, valued at $64 billion. The number of clients registered with Congress on budget and appropriations matters has more than doubled since 1998, from 1,665 to 3,759 in 2004, according to the Center for Public Integrity.

Lobbyists play such a central role in the appropriations process that many constituents believe they have no choice but to retain one if they hope to obtain funding for their project or organization.

"If we could have done it through Tom Reynolds alone, we would have," said Cynthia Fay, Logical Images' spokeswoman. But, she added, "a congressman trusts a lobbyist. He knows him personally. [The lobbyist] serves as a conduit."

Last year, Missouri-based Students in Free Enterprise hired Gregg Hartley, a former chief of staff to House Majority Whip Roy Blunt (R-Mo.), to help diversify its funding base, said Michelle West, the group's spokeswoman. Students in Free Enterprise paid Hartley $80,000 for the first six months of the year, according to lobbying records, and quickly secured $750,000 to expand its Springfield headquarters, and another $250,000 through the State Department to continue an international student exchange program.

In an interview, Blunt said he recommended that the group hire a lobbyist after they asked, but he said he did not recommend Hartley. He did not have to. The leaders of Students in Free Enterprise knew Hartley as well as they knew him, Blunt said.

"You never know what to advise people when they ask," Blunt said. "Members think, 'I'm the member. I'll help my constituents when I can.' But on the other hand, if they're thinking, 'I can't keep track of everything,' that's true, too."

"I remember them asking me what I thought," he continued. "I told them I wouldn't say not to bring a new player on the field if you think you can afford it."

AEA Technology Engineering Services Inc., a Pittsburgh firm with 55 employees, won four earmarks worth $5 million in the 2006 energy and water appropriations bill. Its lobbyist, Zel E. Lipsen, has contributed $3,500 to Rep. David L. Hobson (R-Ohio), chairman of the House energy and water development appropriations subcommittee, since 2003, and $1,500 to Rep. Peter Visclosky (Ind.), the panel's ranking Democrat, since 2001.

Advanced Acoustic Concepts Inc., a small Navy contractor, received at least $1.5 million in this year's defense appropriation, after winning the backing of Rep. John P. Murtha (Pa.), the ranking Democrat on the House defense appropriations subcommittee. PMA Group, the company's lobbying firm since 1998, has given Murtha $29,000, making it the lawmaker's third most generous patron, according to the Center for Responsive Politics.

On Jan. 21, 2005, Rep. Rahm Emanuel (Ill.), Reynolds's counterpart at the Democratic Congressional Campaign Committee, boasted of winning more than $2 million in federal funding for the Chicago Public Schools. Four days later, Chicago Public Schools' lobbying firm, Holland & Knight LLP, contributed $5,000 to the DCCC, the first of three donations last year totaling $15,000.

Emanuel said he had never recommended Holland & Knight to the school system and was not aware that the firm or its lobbyists had contributed to the DCCC. Peter Cunningham, a spokesman for the Chicago Public Schools, said the system hired the lobby shop on the recommendation of a former Chicago city official who worked at the firm.

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In years past, Grand Rapids, Mich.-based Falcon Waterfree Technologies would have gone straight to its congressman, Rep. Vernon Ehlers (R-Mich.), when it ran into a wall trying to sell its water-free urinals to the Navy. Instead, last year, it hired a go-between, American Defense International Inc., for what company executives viewed as a nominal $40,000. ADI lobbyists advised the firm to go to Ehlers anyway, who then secured a $1 million earmark. Ehlers spokesman Jon Brandt said the congressman was happy to help, but James Krug, the company's president and chief executive, still views the contract as money well spent. "In a complicated Washington environment, it seemed prudent to hire an expert," he said.

Other lobbyists' clients agreed. "I don't know what has led us to this point as a country," said West of Students in Free Enterprise, "but you definitely seem to need a lobbyist these days."

Bush Cool To Idea To Cut Spending (CHIST)

By Robert Novak

Chicago Sun-Times, March 27, 2006

Before they left town for the St. Patrick's Day recess, 10 U.S. senators gathered around President Bush at the White House to hear him make the case for a line-item veto. But Sen. Jim DeMint, a freshman Republican from South Carolina, had a better idea for Bush: Why not instruct your department heads to ignore the earmarks Congress adds to your budget?

DeMint was not encouraging Bush to take the law into his own hands and defy statutes passed by Congress. A March 6 report by the nonpartisan Congressional Research Service said more than 95 percent of all earmarks were not written into law but were merely contained in the reports of congressional committees and legislative managers. "Earmarks that appear in committee reports and the statements of managers do not legally bind agencies," said the report.

The president did not respond to DeMint at the meeting, and that signifies opposition to the idea. Administration officials have flinched from any such confrontation with Congress. But this exercise of executive power by a president who has yet to use his veto would go a long way toward controlling runaway federal spending. In contrast to a dubious quest for a line-item veto, Bush with a brief order could change the climate of spending on Capitol Hill.

Bush has explained that he has not vetoed any spending bills because they generally follow his overall limits even though individual earmarks are unacceptably high. Accordingly, the president has dusted off the line-item veto, which would enable him to kill individual categories of spending, though the Supreme Court in 1998 declared a line-item veto unconstitutional because it cut Congress out of the legislative process. Even if the new version clears its formidable legislative hurdles and actually passes, it would require positive congressional assent to each veto, which might make the whole process unworkable.

A practical alternative was suggested by DeMint on Feb. 16, when Vice Adm. Conrad C. Lautenbacher, administrator of the National Oceanic and Atmospheric Administration, testified before the Senate Commerce Committee. DeMint asserted that NOAA and other federal agencies are under no obligation to fund earmarks stuck in congressional reports in the dark of night on Capitol Hill. "I agree that it's not legally required," Lautenbacher replied, "but it is in fact a practice that has been in place for many, many years."

For many, many years, the executive branch has submitted a modest NOAA budget. It is a sham, however, because the budget is annually expanded by congressional earmarks, which this year total 2,600 and exceed $2 billion. Apart from the additional expense, this process ties up the NOAA staff to try to harmonize its budget with what was imposed on them by the lawmakers. Lautenbacher, who has said he does not want this money, has told Congress this is "a very hard budget to execute." Like most department heads, he has made clear he does not want the earmarked money.

Two days after the CRS reported that 95 percent of the earmarks are not binding, five senators -- Republicans John McCain, Tom Coburn and DeMint and Democrats Evan Bayh and Russ Feingold -- wrote the president. On March 9, they urged Bush not to fund the earmarks. "I hope the president does not hesitate to use the power that is already at his disposal," said Coburn.

The informal reaction by the Bush team has been negative. "This would be seen by Congress as sticking them right in the face," one skeptical Cabinet member told one of the five senators. Administration officials talk about "retaliation" by committee chairmen. However, with Republicans disconnecting themselves from an unpopular president and Democrats seeking to make his life miserable, it is difficult to see how the legislative branch could be any more hostile.

Bush might well measure the benefits of bold action. If they are required to submit earmarks for floor action by the Senate and House, the lawmakers' ability to overspend would be diminished. From a political standpoint, DeMint is giving the president the opportunity for a dramatic gesture showing that he really cares about spending. By all appearances, Bush won't take it.

527 Reform May Be Needed, But Not In Lobby Bills (RC)

By Richard Hasen

Roll Call, March 27, 2006

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Following the recent lobbying scandals involving Jack Abramoff and former Rep. Duke Cunningham (R-Calif.), Congressional Republicans saw a need to enact some form of lobbying reform to keep from hurting the party's chances in the 2006 midterm elections. But as these scandals fade from the headlines, many Republicans appear to be looking for a way to pass "lobbying reform" that appears to be about cleaning up government corruption but really is intended to give Republicans an advantage over Democrats in the next election. The public shouldn't fall for it.

Both House Republicans and Republican presidential hopeful and Sen. John McCain (R-Ariz.) have sought to tie lobbying reform legislation to a regulation of 527 organizations. Because these groups act without coordination with parties and campaigns, and because they don't engage in certain election-related speech, current law allows them to accept unlimited contributions from individuals. The proposed legislation in the House would treat 527s as political committees, thereby limiting 527 contributions from individuals to $5,000 per year, with a total yearly cap of $37,500 on any individual's giving to all such groups as well as other non-party political committees.

Regulating 527s in this manner may or may not make good sense. After all, there is something disquieting about individuals being able to bankroll these independent outfits in hope of influencing the outcome of elections. But there's a good constitutional argument that this regulation may violate the First Amendment rights of these groups and their contributors, because regulation of independent spending may not be justified to prevent corruption of candidates for federal office.

Still, regardless of whether 527 regulation is good policy, it makes no sense to put the 527 regulation into a lobbying reform bill. Democrats, rather than Republicans, have taken the most advantage of these groups, in part because Republican Party committees and candidates have been more effective at raising contributions than their Democratic counterparts have, especially now that the GOP controls essentially all the levers of power in Washington, D.C. It was the $23 million that liberal financier George Soros poured into pro-Democratic 527s during the 2004 election that got Republicans interested in regulating the 527s in the first place.

But placing a 527 measure into a lobbying bill is sure to get the bill enmeshed in partisan controversy. And cynics believe that's the point: Either the bill passes and the Republicans enjoy a double advantage (having taken care of "lobbying reform" while also hobbling a tool that has helped Democrats), or they can blame Democrats for being obstructionist over lobbying reform.

More importantly, 527 reform has absolutely nothing to do with the kinds of scandals that led to the Abramoff or Cunningham deals. Abramoff and Cunningham were involved in the buying or selling of influence within Washington to the highest bidder. Their conduct was barred by current law, and the way to deal with such problems is better enforcement of existing law — current lobbying rules are notoriously underenforced — combined with increased disclosure so that illegal bribery can more easily be detected.

There isn't a 527 in sight of these scandals. Nor are 527s implicated in the larger concerns over how lobbying works in Washington. The public is concerned about lobbyists getting too much access to elected officials, and thus enjoying an unfair advantage in making their case for paying clients.

The way to deal with this concern over unfair access is not to clamp down on 527s. Instead, we should ask why Members of Congress and their staff give such access to lobbyists. Typically, the answer is that the lobbyist can provide something that the Member of Congress wants — access to a private jet, a cushy trip to an exotic location or a bundle of campaign contributions.

To deal with this problem, there needs to be heightened regulation of trips and a limit on the ability of lobbyists to raise and bundle contributions for Members of Congress. Regulating 527s in the guise of lobbying reform is just more politics as usual in Washington.

Richard L. Hasen specializes in election law at Loyola Law School, Los Angeles and writes the election law Web log.

You Can Lead A Horse To Water (RC)

By Mary Ann Akers

Roll Call, March 27, 2006

Well, they almost got their act together. Thrilled to finally be using the word "agenda" in the same breath as "Democratic Party" and buoyed by a crumbling presidency and a corruption-plagued GOP party, Democrats were handed a bummer Friday when an e-mail plotting a news conference to unveil their national security strategy fell into enemy hands.

Republicans were tickled when they intercepted a missive written by Democratic operative Stephanie Cutter seeking law enforcement involvement in the Democrats' covertly planned national security event set for Wednesday.

"We're trying to keep our roll-out a close hold for right now, so press doesn't pick up on it," Cutter wrote in the first paragraph of an e-mail to someone in law enforcement named Andrea. "The element of surprise is everything these days!"

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She went on to describe what Democrats would like to convey at their news conference — "as many law enforcement officers as possible to attend and stand on stage. They symbolize safety, competence and security to average Americans. That's extremely important right now, given the record of the current Administration."

Cutter, who recently left Capitol Hill to form the Cutter Media Group, was looking to gather "20 or so" law enforcement officers on stage at Union Station for the event, where Congressional Democratic leaders plan for the first time to formally unveil a strategic presentation on how the party, if it regains control of Congress, would protect the United States against terrorism and other national security threats. Or just call it "How Democrats hope to steal the Republicans' ace in the hole."

According to Cutter's e-mail, Democratic leaders will use Wednesday's event to commit to making implementation of the 9/11 commission's recommendations "our first act when Democrats regain control of the Senate and/or House."

One Senate GOP leadership aide laughed off the Democrats' idea of adopting the 9/11 recommendations. "We've already done all but two or three of the 9/11 [commission] recommendations," the aide said, noting that one of the yet-to-be-adopted recommendations involves doling out federal homeland security aid using a "risk-based" formula.

When the Senate voted last year to implement that very recommendation, "24 Democrats voted against it," the aide said.

But more than finding out about the substance of whatever Democrats have planned, Republicans were just happy that they had a hand in spoiling the surprise. "The Democrats' failure to keep 'the element of surprise' regarding their event is 'dangerously incompetent,'" joked one political GOP aide, in a conspicuous reference to Sen. Debbie Stabenow's (D-Mich.) decision to stand on the Senate floor next to a gigantic sign reading "DANGEROUSLY INCOMPETENT."

Democrats had hoped to keep their national security news conference a secret from their cunning adversaries until today or Tuesday. But Jim Manley, spokesman for Senate Minority Leader Harry Reid (D-Nev.), shrugged off the notion of the GOP raining on the Democratic parade, saying, "I'm not sure what advance notice on one event is going to do to help Republicans when they have to defend five years worth of incompetent policies."

As for that e-mail falling into the wrong hands, Manley sighed, "This is the way that this town works. It's an unfortunate mistake."

Speaking of mistakes, Democrats made another one Friday evening when they finally sent out their media advisory for Wednesday's event. House Minority Leader Nancy Pelosi's (D-Calif.) office sent the advisory to the press with several e-mails attached at the bottom between Reid's office and Cutter, including one debating the difference between "real security" and "comprehensive real security."

"Draft advisory...wrote it light to leave as little fodder as possible," Reid aide Will Edgar wrote on the first version.

Nope, no fodder here.

Shelby Foot Update. The spokeswoman for Sen. Richard Shelby (R-Ala.) wants us to know that the Senator reports he's "feeling great and getting back to 100 percent" after falling and tearing ligaments in his leg.

HOH reported last week that Shelby was spotted wearing a shoe cast, hobbling out of the Senate Hart Office Building just before recess and hailing a cab all by his wounded lonesome.

A Democratic aide who spotted Shelby had suggested that his staff wasn't taking good care of their wounded boss. But Shelby's spokeswoman, Katie Boyd, who had not gotten her messages in a timely enough manner to respond initially, called Friday to say her boss is a very self-sufficient man. He isn't the high-maintenance type, even when he's hurt.

"The Senator has always been independent, he doesn't need a staffer to hail a cab for him," Boyd said.

Shelby messed up his leg several weeks ago when he was walking down the sidewalk — Boyd wasn't sure exactly where — and stepped into a hole. The good news is, his air cast is off, and he won't need surgery to repair the ligaments.

War Between The Parties. A big-time Civil War buff, Rep. Steve Israel (D-N.Y.) has a print by the eminent Civil War artist Mort Kuntsler hanging in his office. It portrays the Gettysburg battle of Little Round Top, with Col. Josh Chamberlain giving the command "charge" against superior forces.

When visitors come to his office and discussion turns to struggles and uphill battles, one of Israel's little things (we all have our little things) is to point to the painting and say, "My motto in Congress is 'Charge!'"

But recently, according to spokesman Ryan Rudominer, while meeting with a group, Israel changed his tune a bit, saying: "Actually, with an $8 trillion debt, I need to find a new motto."

Sensitive HHS Data Said 'At Risk' (WT)

By Amy Fagan

The Washington Times, March 27, 2006

Key health, financial, scientific and personal information collected and used by the government for federal programs such as Medicare and Medicaid isn't being adequately protected from fraud and abuse, a government report has found.

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The report, highlighted last week by the Government Accountability Office, discovered "significant weaknesses" in the information security at the Department of Health and Human Services (HHS) and its Centers for Medicare and Medicaid Services (CMS). The report said HHS "put at risk the confidentiality, integrity and availability of their sensitive information."

Part of the problem cited in the report, which was completed last month, is that HHS hasn't fully implemented its information security system.

Among the specific deficiencies: access to data was not always restricted when it should have been; anti-virus software wasn't always installed or updated; network protection was inadequate in some areas; and encryption wasn't used when sending certain sensitive information.

There were physical-security problems, too, including broken security cameras in key facilities; 440 persons being granted unrestricted access to a data center even though their jobs didn't require it; and one HHS contractor using a private vehicle and an unlocked box to transport roughly 25,000 Medicare checks over a one-year period.

The GAO investigation was done at the request of Senate Finance Committee Chairman Charles E. Grassley, Iowa Republican.

HHS runs about 300 programs, including ones that cover health research, disease prevention, food and drug safety, assistance for preschool programs, child abuse and domestic-violence prevention, substance-abuse prevention and health care coverage -- for the elderly and disabled in Medicare and the low-income in Medicaid.

Medicare and Medicaid offer care to about one in every four Americans.

"Now we're learning that their medical, personal and financial information is vulnerable to fraud and abuse," Mr. Grassley said Thursday after seeing the report.

"Instead of firewalls to safeguard sensitive data, we have Swiss cheese," he said. Mr. Grassley said the agencies "have to once and for all implement their data-protection programs and put the security back into information security."

HHS defended itself in an official memo that says the GAO report "does not provide an accurate or complete appraisal" of the agency's information-protection efforts. The HHS document, attached to the GAO report, argued that HHS has "layering of safeguards" to protect its information, and says it began a successful departmentwide effort in 2005 to fix weaknesses and deficiencies.

Drug Plan Doesn't Speak Their Language (LAT)

By Rong-gong Lin Ii

The Los Angeles Times, March 27, 2006

More than a month had gone by, and 81-year-old Lee Sun Hua still didn't have his medication.

In January, a pharmacist had refused to give the Koreatown resident his drugs, erroneously telling Lee he needed his new Medicare drug prescription card. He waited for weeks, and even had a volunteer at a Koreatown nonprofit agency call to request it. But it never came.

Bothered by a chronic stomach ailment, Lee called his Medicare drug plan provider, Blue Cross, two weeks ago to inquire again.

"I don't speak English," he said, reading from a tip sheet prepared by the nonprofit, which spelled out the pronunciation of English phrases using Korean syllables. "Korean, please."

"We don't have any Korean speakers here," came the blunt response, as Lee recalled the conversation. "Does anyone over there speak English?"

If native English speakers are having trouble grasping the new Medicare prescription drug plan, many immigrants with little or no English ability are far worse off. As the May 15 deadline for picking a plan approaches, elderly immigrants are swamping clinics, community centers and pharmacies, unable to read the litany of Medicare-related mailings and or even ask questions about their new plans.

"It's driving them nuts!" said Victor Law, owner of Alpha Pharmacy in Alhambra, who has spent countless hours helping many Chinese-speaking seniors. "Oftentimes they have a whole bunch of letters in their hand and we have to review them and explain to them what is going on."

Some seniors who have lived and worked in the United States for years resent feeling excluded from a national program. The problem appears to be not just Medicare, the government health program for the elderly and the disabled, but many of the private plans that contract with it to provide services.

"Medicare Part D is run by the taxes that I paid by working hard when I was younger," Lee said through a translator. The retired facilities manager for a Korean-language school, who has lived in the United States for 20 years, added: "I had a hope that the United States would deal with my case appropriately because I have paid my taxes appropriately."

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Although millions of beneficiaries have obtained prescriptions with no trouble, the program got off to a stumbling start in January after several hundred thousand patients ran into billing problems at the pharmacy counter. In many cases, pharmacists could not determine whether a person was covered. In others, patients were charged too much.

Complaints about language barriers have arisen across the country, but the issue is particularly acute in California, where the primary language of one in five residents — and about the same fraction of low-income seniors — is not English, said Jeanne Finberg, a California-based attorney for the National Senior Citizens Law Center.

"The federal government has really failed this population," Finberg said. "How outrageous is it that so many of the Medicare beneficiaries are unable to understand any part of this program?"

Medicare officials said last week that they have been doing outreach at many senior centers, including those that serve non-English-speakers. In addition, they have helped fund nonprofit groups that offer toll-free call lines catering to those who speak Spanish, Chinese, Vietnamese and Korean.

"We have room for improvement," said Anne Avery, health insurance specialist for Medicare. "We are just starting a lot more to find out what vehicles we can use to reach out to these people."

Companies providing drug prescription plans under Medicare must accommodate non-English-speaking callers, said Peter Ashkenaz, a Medicare spokesman. And when calling Medicare directly, a beneficiary can request a translator through the toll-free line, (800) MEDICARE (633-4227).

But the request generally needs to be made in English — which stops some immigrants cold. Except for an option to press two for Spanish, callers must listen to an English menu of options — with no hint of how to reach a Korean or other language operator. There's nothing to suggest that interpreters are available.

Law, the Alhambra pharmacist, said he was baffled by why Medicare didn't directly set up language-specific phone lines.

If that had been done, non-English-speaking beneficiaries "wouldn't be so frustrated," he said. For now, "they don't even know where to go for help."

One day last week, several elderly women walked into the nonprofit Korean Resource Center in Los Angeles' Koreatown, each intent on getting help with her Medicare drug benefit.

Most had simple questions. Amy Chin, 73, a retired dry-cleaning shop owner, wanted to confirm with her plan how much her medication would cost. The Koreatown resident was unable to do this on her own. "I tried," she said in Korean. "I waited a long time, but I can't do it."

The resource center's goal is not to simply provide interpretation services, said health-access director Shannon Lee, but to help seniors learn to manage their drug plans independently.

With a reporter and Korean center staffer listening in, Chin again called up her plan, Humana, hoping to reach an interpreter. She reviewed the advice provided to her in writing by the center: Continue pressing zero until you get to a live person. Then say, "Korean, please."

Chin waited 15 minutes, hung up, called back and waited half an hour more before an interpreter came on the line, and that was only after the center volunteer intervened to make the request again.

Kyong Lee's call was much shorter. The 65-year-old Downey resident, who wanted to get her drug prescription card number, reached a Unicare representative within minutes.

"We cannot help you," the representative said, loudly and slowly. "Sadly, we do not have an interpreter's line …. Thank you for calling Unicare."

Though the Korean center helped Lee to finally get answers to her questions, she was livid. "My heart was beating out of my chest out of frustration," she said in Korean. "I felt closed off. I felt disabled."

She later signed up for a prescription drug plan through another company that offers better access to interpreters.

A spokesman for WellPoint, the parent company of Unicare and Blue Cross, said the company's policy is to promptly provide interpreters when they are requested.

"That's not the way it's supposed to work," said Robert Alaniz, a Thousand Oaks-based vice president of corporate communications, after hearing about the experiences of Lee Sun Hua and Kyong Lee.

He said supervisors at call centers were reminded Friday of the policy, after The Times inquired.

Alaniz said his company has interpreters for several languages on hand, and for other languages, operators can call on a live interpretation service.

"We'd like to apologize," Alaniz said. "We're going to do anything we can to shore up those capabilities so people who do not speak English do not have to go through that experience again."

The experience is typical of many plans, said the Korean center's Shannon Lee.

Sometimes the operators "get fed up and say, can you at least speak a little English?" Lee said. "They don't want to go through the hassle of finding a translator."

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Sometimes even interpreters have difficulty translating Medicare concepts if they're unfamiliar with the program, said David Lipschutz, an attorney at California Health Advocates.

For now, nonprofit groups such as the Korean Resource Center are trying to fill the gap.

But some of the center's Korean-speaking seniors remain wary of Medicare and its plan providers.

In Korean, Chin said: "It doesn't seem it's possible for me to call Medicare and the insurance company at home, by myself."

Transforming Work Recounted (RMA)

By Michael McAuliffe

The Republican (MA), March 26, 2006

SPRINGFIELD - Among his duties, Jim Towey is an adviser to President Bush.

But as he told an audience of about 400 men yesterday in the auditorium at Cathedral High School, he begins his workday communicating with a more powerful being.

"When I get in my office, my first appointment is with the Lord to pray," Towey said.

Towey, director of the White House Office of Faith-Based and Community Initiatives since February 2002, was a keynote speaker yesterday at "Grow In Holiness," the fourth annual Springfield Diocesan Catholic Men's Conference. Towey spoke for about 45 minutes, spending much of his time reflecting on the late Mother Teresa, for whom he had worked for a dozen years.

Towey said the diminutive nun, who became known worldwide for helping the poor and the ill, was a person of prayer. Recalling a phrase used by Mother Teresa, Towey told the audience: "If you guys are too busy to pray, you're too busy."

Towey, 49, a lawyer who used to work on Capitol Hill, also said that prayer provides important instruction for life.

"Prayer teaches us that we can't go it alone," he said.

Towey met Mother Teresa in 1985, when he was working as legal counsel and legislative director for former U.S. Sen. Mark Hatfield. He said he had a letter of introduction from the senator when he went to meet the Nobel Peace Prize winner in Calcutta, India, and he was almost immediately put to work helping a man suffering from contagious scabies.

Towey was not prepared for such a reception, but the experience was life changing. He later spent a year working in one of Mother Teresa's missions in Mexico. He also spent a year volunteering at an AIDS house in Washington, D.C., where he met his wife, Mary.

Mother Teresa was beatified by Pope John Paul II in 2003 and may gain sainthood one day. Towey said she was a woman devoted to the mother of Jesus.

"I think Mother Teresa is the most Mary-like person since Mary," he said.

As for himself, Towey made it clear he is simply mortal. "Believe me," he said, "I'm a sinner."

The conference was begun to challenge Catholic men to make a deeper commitment to their faith, and Towey said the experience could be transforming.

"This day could be a day of change in your life. It really could," he said.

Towey may be a White House employee, but he attended the conference on his own time.

"This is Jim Towey, private citizen, who happens to work at the White House," he said before he addressed the audience.

The Most Rev. Timothy A. McDonnell, bishop of the Roman Catholic Diocese of Springfield, was unable to attend the conference. McDonnell was in Rome, where Boston Archbishop Sean O'Malley was installed as a cardinal.

All Quiet In The West Wing, But More Change In The East (NYT)

By Elisabeth Bumiller

The New York Times, March 27, 2006

WASHINGTON

Well, at least one part of the White House is heeding calls for new blood. Not only is the pastry chef quitting this week, but a close look at the first lady's office also shows that she has replaced her entire high command after five years in charge of the East Wing.

Laura Bush is now on her second chief of staff, Anita McBride. She is on her second projects and policy director, Sonya Medina. She is on her third press secretary, Susan Whitson. She is on her second social secretary, Lea Berman.

On the residence staff, she is on her second executive chef, Cristeta Comerford. Not least, she is on a search for her third pastry chef now that Thaddeus R. DuBois has made Mrs. Bush his last strawberry-rhubarb fool, the dessert at last week's White House dinner celebrating Ben Franklin.

Ms. Whitson, who has been Mrs. Bush's press secretary for a little more than a year, attributed the changes in the 20-person staff to natural turnover, not disarray or misery. "I think there were a lot of different circumstances," Ms. Whitson said.

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As is typical, many of the changes occurred at the end of the first term, when people retired or left to make more money in corporate America.

But it is also true that Mrs. Bush fired her first chef, Walter Scheib III, who said he had failed to satisfy the first lady's "stylistic requirements." It is also true that Mrs. Bush's first social secretary, Cathy Fenton, branded the East Wing environment as "volatile" after she left the White House.

As for Mr. DuBois, he said he was leaving his $120,000 post in the tiny White House kitchen to make confections of mass consumption at his old job, the Borgata casino and hotel in Atlantic City. As executive pastry chef of the billion-dollar, 11-restaurant resort, Mr. DuBois said he would earn almost double his current salary, which is already more than that of many pastry chefs at the finest New York restaurants. (For that matter, Mr. DuBois currently makes only $40,000 less than the national security adviser, Stephen J. Hadley.)

Mr. DuBois, who secured the White House job after making a warm peach and raspberry croustade and a baseball player of spun sugar for the president at a tryout dinner, has not talked publicly of any unusual drama surrounding his exit. But in an interview with The New York Times this month he displayed a certain sensitivity to Roland Mesnier, the previous pastry chef known for his masterpieces (he never made the same dessert twice) who was at the White House for 25 years.

"Roland's name always comes up in stories about me, and it's always negative to me and positive to Roland," Mr. DuBois said.

In the meantime, Mrs. Bush's approval ratings are at record highs (82 percent of Americans approve of the job she is doing as first lady, according to a recent CNN/USA Today/Gallup poll) while her husband's are at record lows.

Mr. Bush, as every Republican kibitzer in the capital knows, has so far resisted his own party's advice to shake up his staff, even as he has not ruled out bringing in a Washington sage to soothe a Congress that feels disrespected and ignored.

This is not to say that changing the West Wing guard would make Mr. Bush's poll numbers match those of his wife, or that the East and West Wings are comparable. Mrs. Bush's staff handles goodwill trips overseas and Easter egg rolls, not Iraq and Iran, and operates with far less scrutiny than that given to her husband's top aides.

Still, Republicans said that Mrs. Bush's changes were a lesson in the need for reinforcements.

"The first lady's staff works harder," said Sheila Tate, Nancy Reagan's first press secretary. "They have no support, so they have to do everything themselves. It really isn't unusual to have burnout in the East Wing."

Mrs. Bush's staff, others said, was more typical. "What you're seeing in the East Wing is normal turnover, and what you're seeing in the West Wing is abnormal," said David R. Gergen, a professor of public service at the John F. Kennedy School of Government and a veteran of the Nixon, Ford and Reagan White Houses who President Bill Clinton brought into the West Wing as an experienced Washington player in 1993. "It's an aberration to have a team stay as long as this one has."

All the calls for new blood, Mr. Gergen said, are most likely making the stubborn Mr. Bush dig in under the pressure. "A man never benefits from going to a psychiatrist if the only reason he's there is because of his wife," Mr. Gergen said. "You have to want to change from within."

While Mrs. Bush hinted in an interview with Larry King broadcast on CNN last week that she had weighed in with the president on staff changes, too, she said nothing about any specific advice. She also said nothing about Mr. DuBois.

Not so Christopher Buckley, who wrote the book "Thank You for Smoking," now a movie, as well as "No Way to Treat a Lady," a satiric novel about a first lady unjustly accused and tried for killing her husband.

"The fact that the pastry chef is leaving will send an important signal not only to the Congress but to Al Qaeda and indeed the entire world community that Mr. Bush means business," Mr. Buckley said.

Falling Stock (USNEWS)

By Kenneth T. Walsh

U.S. News and World Report, April 3, 2006

As he toured the seemingly endless rows of houses flattened by Hurricane Katrina in Gautier, Miss., something caught President Bush's eye. He leaned down and picked up from the debris what turned out to be a wedding photograph of a young couple and their family. "This is what it's all about," Bush told an aide. "So many emotions and history got lost here." Yet Bush said the picture gave him a sense that, somehow, life would go on, and things would eventually get back to normal. "You can't be president and always be down," Bush observed later.

That kind of optimism is part of Bush's character. It's also part of the larger code of the chief executive officer by which he governs. "He is an M.B.A. president," says Carolyn Thompson, coauthor of The Leadership Genius of George W. Bush. "He is doing a bunch of things that he would do if he ran Chrysler or Joe's Pizza." He sets the goals. He surrounds himself with loyalists. He delegates large amounts of responsibility. He is disciplined in working toward his objectives and in explaining them to the public.

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Yet Bush's CEO presidency has fallen on hard times. Over the past year, he has endured two management disasters that undermined public faith in his competence: his administration's weak response to Hurricane Katrina, which erased his image as a strong leader, and its botched effort at persuading Congress to accept a deal authorizing a Dubai-owned company to operate six U.S. seaports. In these cases, he seems to have delegated too much authority, lost track of what was happening, and failed to ask the right questions. White House Chief of Staff Andrew Card refused to "point fingers" but said Bush is correcting what went wrong and the administration will do better in the future.

The war with Iraq provides another example of how his CEO style has gone off track. After Bush decided to invade, he ordered Defense Secretary Donald Rumsfeld and the Pentagon to carry out the mission as they saw fit. Critics fault Bush for blindly following the recommendations of Rumsfeld and Vice President Dick Cheney and not sending enough troops to Iraq at the outset of the war, and then underestimating the strength of the anti-American insurgency. "It's a classic problem of a CEO adopting a preconceived plan and failing to modify it to deal with reality," says a former White House adviser to Bush's father, George H. W. Bush.

Staying the course. More than 60 percent of Americans now say the country is headed in the wrong direction, according to the latest NBC News/ Wall Street Journal poll, and 58 percent disapprove of Bush's job performance. He has begun an aggressive PR campaign to boost support for the war, which is the biggest drag on his presidency, and is considering adding a veteran Washington insider to bolster his staff.

Despite the problems, Bush is hanging tough. "I have not seen a change in the president's leadership style and the management tools he uses," Card told U.S. News. Card and other Bush confidants say the chief executive is applying the hands-off style he learned at Harvard Business School, where he earned a master's degree in business administration in 1975, and also the methods that worked for him as an oilman, as managing partner of the Texas Rangers baseball team, and, later, as governor of Texas.

In A Charge to Keep, his autobiography, Bush defined his governing philosophy. "I put a lot of faith and trust in my staff," he wrote. "I look for people who are smart and loyal and who share my conservative philosophy. My job is to set the agenda ... and then delegate much of the process to them. The final decision often rests with me, but their judgment has a big influence." He also admitted, "I am loyal to my friends, so it is sometimes hard to say no."

Friends. Perhaps that's the problem. "Personal loyalty plays an enormous role in this administration," Rutgers political scientist Ross Baker told U.S. News. "One of the things a CEO has to do is make tough personnel decisions. He hasn't made any of them." Baker says Bush, more than most presidents, is "dependent on personal friends and confidants . ... It's almost tribal."

Bush isn't the first president to adopt the pyramidal CEO style. Dwight Eisenhower combined the chain-of-command system he learned as a career soldier with the hierarchies prized by business executives whom he respected. Ike has been derided for delegating too much power, but some historians, including Princeton's Fred Greenstein, say the unassuming Eisenhower was more involved in day-to-day operations than he let on in public. Greenstein called it the "hidden-hand presidency."

Ronald Reagan was also known for delegating and allowed a handful of powerful aides to manage his government for two terms. He had a more clearly defined conservative philosophy than Bush does, developed over years in public life, and it was thus relatively easy for his advisers to devise policy in keeping with the vision. Reagan was also more adept at explaining his views to the country. But Reagan's hands-off approach produced the Iran-contra arms-for-hostages scandal that almost destroyed his presidency--a lesson in the perils of disengagement.

By contrast, Democratic presidents such as Jimmy Carter and Bill Clinton have tended to adopt a less hierarchical style of management. Since they believed in a larger government role in society, they tended to take more personal interest in the details of policy.

Mind guards. Each style carries with it potential pitfalls. "The problem with the CEO style of management," says a Republican who advises the White House, "is there has to be delegation, and it's easy to let it slip too far." Critics say the small group of senior aides who've been given lots of authority may be trying to do too much. These officials--Card, counselor Dan Bartlett, Deputy Chief of Staff and political strategist Karl Rove, Deputy Chief of Staff Joe Hagin--"are also President Bush's personal assistants and spend a great deal of time tending to him ... so the management is weak," says the adviser. Political scientist Baker says these aides seem to be "mind guards" for the president, rather than policymakers, administrators, or thinkers.

And aside from his inner circle, Bush is said to be distant from the rest of his staff, jeopardizing morale. Just as important, many members of Congress complain that they don't get their phone calls returned or their ideas considered in the West Wing. Bush, they say, doesn't reach out to them as other chief executives have done. He rarely invites them over for dinner, to watch a movie, or to attend a reception or party. These are small gestures, but such social interactions lubricate the governmental

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machinery. In any case, Card argues that Bush consults privately with more nongovernment friends and civic leaders than outsiders realize.

When fellow Republicans complain that Bush is aloof and that the White House staff needs to listen more, the president and his aides respond that things are just fine. "They think raising money for Republican candidates is enough," says a prominent Bush ally who has recently turned critical of the West Wing. "Their attitude is, 'Quit your bitching. We raised $1 million for you.' They won't admit their mistakes or their problems." This kind of hubris rankles even Bush's friends. But there was no course at Harvard Business School in how to make nice with Washington politicians, and no tradition in the Texas oilfields of swallowing one's pride.

Grading The M.B.A. President (USNEWS)

By Kim Clark

U.S. News and World Report, March 27, 2006

Whether they love him or hate him, management gurus and business executives agree on one thing about President Bush: His leadership style has been shaped by his 1975 Harvard M.B.A.

Bush's rigorous scheduling and message discipline, hands-off management style, and reliance on loyal longtime associates are all characteristics of B-schoolers. And many of the first M.B.A. president's management techniques represent a welcome change from those of, for example, his punctuality-challenged predecessor, who was trained as an attorney. But some business leaders worry that Bush may not be applying some of B-school's most important lessons and may be suffering instead from all-too-typical M.B.A. flaws, such as overconfidence.

"He seems to pride himself on M.B.A. characteristics, like delegating to his key people and saying he holds them accountable for results," says Roger Enrico, who does not have an M.B.A. but served as CEO of PepsiCo in the late 1990s and is now chairman of DreamWorks Animation. But Enrico, a big Republican contributor in 2000, says that the continuing worsening of the U.S. trade and budget deficits and the violence in Iraq have made him worry that Bush isn't holding his aides sufficiently accountable. If his own subordinates delivered such disappointing results, Enrico says, he would do some firing: "It is time to change the team."

Execution. Others say that while Bush is masterful at creating and selling his vision, he seems to struggle with execution. Jeffrey Sonnenfeld, founder of the Yale School of Management's Chief Executive Leadership Institute, says that when he taught at the Harvard Business School in the 1980s, 50 percent of every exam's grade was determined by the student's implementation plan. Sonnenfeld, a Democrat, says he would give Bush "an F for contingency planning."

And Jeffrey Pfeffer, a Stanford management professor, says the mistakes he sees Bush making "are extremely typical of those being made in corporate America." Pfeffer, also a Democrat, says Bush, who maintains an unwavering commitment to military action in Iraq, reminds him of other corporate leaders whose faith in their own abilities and theories blinded them to legitimate criticism. "Look back at Enron," says Pfeffer of the energy trading company once led by Jeffrey Skilling, who received his Harvard M.B.A. four years after Bush." They said the people who were criticizing them didn't understand" their complex accounting. Bush, he says, reminds him of business school graduates who too often try to "BS their way through" instead of "facing hard facts and continually trying to learn and adjust."

Bush Accepts Reds' Pitch (CINE)

By Howard Wilkinson

The Cincinnati Enquirer, March 25, 2006

President Bush will become the first sitting president to throw out the ceremonial first pitch at the Reds' Opening Day game, the White House and the team confirmed Friday.

Bush will take the mound shortly before the 2:10 p.m. start of the Reds' game against the Chicago Cubs on April 3.

"The president looks forward to throwing out the first pitch," White House spokesman Blair Jones said.

Bob Castellini, the Reds' new chief executive officer, has been a Bush supporter, raising more than $100,000 for the president's 2004 re-election campaign.

Last month, Castellini was among those who greeted the president at a private home in Indian Hill, where Bush attended a $1.1 million fundraiser for Sen. Mike DeWine.

DeWine, a Reds season-ticket holder since the early days of Riverfront Stadium, will be in his seat on the mezzanine level for Opening Day.

President Bush won't be the first of his family to throw out a first pitch on Opening Day. Three years ago, at the inaugural game of Great American Ball Park, his father, former President George H.W. Bush, did the honors.

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Having a president in the ball park will mean extra security, and if it is anything like the 2004 Opening Day, when Vice President Dick Cheney tossed out the ball, fans can expect some delays getting to their seats.

When Cheney came to Opening Day, fans with tickets in the lower terrace level, from first base to third base, had to pass through metal detectors to get to their seats, in addition to the usual bag check outside the ballpark's turnstiles.

The extra security meant that some got to their seats after the real "first pitch" of the game.

President Nixon came to Cincinnati in July, 1970, Riverfront Stadium's inaugural season, to throw out the first pitch at the All-Star Game.

Last year, President Bush threw out the ceremonial first pitch in Washington, D.C., for the first home game of the Washington Nationals.

Pondering Alternatives To The Central Office (WP)

By Stephen Barr

The Washington Post, March 27, 2006

Hot desking. Hoteling. Virtual office.

Welcome to the future of federal work -- "alternative workplace arrangements," or AWA, in the government's jargon.

When it comes to AWA, most of the attention is focused on telecommuting, which allows federal employees to work at least one day a week from home or from a regional telework center.

By most accounts, the government can do more to promote telecommuting and cut down on traffic congestion and auto pollution in the Washington region. Overall, only 7.7 percent of the federal workforce telecommutes. But the participation rate jumps to 19 percent when measured by the number of jobs that agencies have declared suitable for telecommuting.

Despite "slow and steady incremental improvement in telework participation" since 2000, "19 percent is not good enough, based on all the information we have," said Stanley F. Kaczmarczyk, a deputy associate administrator at the General Services Administration.

GSA, which oversees federal telework policies with the Office of Personnel Management, recently published a bulletin in the Federal Register reminding federal agencies that laws from 1996, 2000 and 2002 encourage alternatives to the office cubicle.

"It seemed natural to me that this is the time for GSA to publish guidelines on AWA," Kaczmarczyk said.

Two years ago, the Bush administration adopted a goal of disposing of $9 billion in unneeded property by 2009. The idea was to create some pressure on agencies to get rid of office space they no longer can justify, in part because maintenance and operations costs continue to rise.

Congress in 1996 approved legislation that directed agencies planning to buy or lease office space or other facilities to first check to see if alternative arrangements could meet their work requirements. Starting in 2000, Rep. Frank R. Wolf (R-Va.) focused on federal telecommuting and used his chairmanship of a House Appropriations subcommittee to spur agencies to expand telework opportunities.

Under GSA's definition, AWA includes telecommuting, hoteling, hot desking, virtual offices and "other distributed workplace arrangements," according to the bulletin.

Hot desking, also known as free address or touchdown workstations, usually involves employees who work in one or more places and claim a desk in the office on a first-come, first-served basis.

Hoteling requires employees to make a reservation in advance for the day they will need a desk in the office.

The virtual office typically involves employees who collaborate and carry out work activities via a computer network. They can be electronic co-workers even though some may be at home, in a satellite office, at a hotel or at an airport.

Such work arrangements suggest that large organizations can save money on office space and equipment if they do not require every employee to be in the building every day. The approach requires a more flexible management system, and previous studies have shown that federal managers resist telecommuting because of worries they might not be able to handle surges in workload or cover their hours of operation with a dispersed staff.

The GSA bulletin offers agencies a helpful guide to the do's and don'ts of alternative work arrangements. It makes clear that agencies can provide new or surplus equipment to telecommuters "as long as it is clear that the equipment continues to belong to the government."

In addition, the bulletin says, agencies may pay to install telephone lines and necessary equipment, and pay monthly charges, "in any private residence of an employee who has been authorized to work at home."

Kaczmarczyk said a study on the costs of technology involved in telecommuting is underway and should be finished later this year.New Job Corps Director

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Esther R. Johnson , a Labor Department executive, has been named national director of the Office of Job Corps. She becomes the first African American woman to head the Job Corps in the program's 41-year history, the department said.

Starting today, the Job Corps will be a part of the office of the Labor Department secretary, as required by a fiscal 2006 appropriations law, the department said. The Job Corps, with 122 centers across the country, serves more than 650,000 disadvantaged young people each year.

Prior to her appointment, Johnson served as administrator for the Office of Performance and Technology in the Employment and Training Administration at Labor. She joined the department in 1990 as an unemployment insurance specialist.Retirement

Kay Frances Dolan , deputy chief human capital officer at the Homeland Security Department, will retire March 31 after 35 years of federal service.

Dolan has been with the department since its formation in 2003 and played a key role in designing its new personnel system, MaxHR. She also served as a top personnel expert at the Treasury Department, the Federal Aviation Administration and the Office of Personnel Management. She received a presidential distinguished rank award in 2004.

Washington Whispers (USNEWS)

By Paul Bedard

U.S. News and World Report, March 27, 2006

D.C. Style: Brooks Brothers Cowboy

It doesn't take much to start a heated debate in Washington, but a tussle over the proper combo of pants and cowboy boots? Giddyap. It started weeks ago when we ran into South Dakota Sen. John Thune, tall and handsome in his black boots and cuffed suit pants. Very urban cowboy. But are cuffs right with boots? Sure, he says. Thune's not alone. Texas Sen. John Cornyn likes cuffed pinstripe trousers with his handmade boots. Fellow Texan Sen. Kay Bailey Hutchison even wears boots sometimes. But she defers judgment on the fashion issue. "As far as with suits, that is above my pay grade!" At the White House, President Bush and his Texas staff like to swagger in their roper boots, sometimes with cuffed pants. "West Wing Texans," confides a Bushie, can "go both ways--cuffs or no cuffs--with their boots."

But others say them's fighting words. Virginia Sen. George Allen heads that posse. He wore boots as a boy and has worn them in politics ever since a consultant told him to switch to wingtips in the only campaign he lost. Why no cuffs? "They catch all sort of junk, like grass and burrs," he tells us. To find out who's right, we turn to Brooks Brothers Fashion Director Glen Hoffs. "A cuffed trouser is truly a traditional statement, and anyone who is wearing a cowboy boot in lieu of a dress shoe is definitely breaking with tradition," he says. "My recommendation would be no cuff on a trouser that's being worn with a boot."

He Takes a Licking, Keeps on Ticking

We have proof that White House Chief of Staff Andy Card isn't tired, despite what the critics say about his six years at the president's side. Turns out he wants to be at his desk so bad that he'll play injured. Card often mountain bikes with President Bush. It normally goes well, but on March 11 he crashed. "I'm OK," he chirped, hopping right back on his ride. He even went biking the next day with the prez. But by Tuesday, March 14, he felt a little pain in his left arm; a visit to the doctor revealed a bruised left wrist and a fractured elbow. Of course, he went right back to work--but only after his left arm was put in a splint.

Tony the Tiger in Khakis and Polo

Would Tony the Tiger wear pink? We'll find out this week when Commerce Secretary Carlos Gutierrez, former head of Kellogg's, helps preppy fashion giant Ralph Lauren open his new store in Tokyo. We're told that Gutierrez will show up wearing a Polo tie, but we don't know the color. The visit is more than just an administration bid to promote U.S. investment overseas. Turns out the two share a hardscrabble past: Both are the sons of immigrants who started small--Gutierrez selling cereal out of his car and Lauren selling ties at Brooks Brothers. "It's Tony the Tiger meets Mr. Polo," says a Commerce insider.

When Younger Is Not Always Better

There's one place where young people aren't being heralded as the saviors of tomorrow: the CIA. Seems almost half of the agency's analysts have less than three years of experience, and the youth bulge is especially acute in the Near East and South Asia divisions. "In an area where Nebuchadnezzar is recent history," frets John Kringen, head of the Directorate of Intelligence, "this is not a good thing." Kringen rarely speaks out, so that makes his comments to an audience of former intelligence officials especially bleak. But there are no easy answers. With the agency on a hiring binge to overcome a Clinton-era hiring freeze, Kringen says it will take five to seven years--"maybe 10"--to correct the shortcomings.

One Newt--and Nation--Under God

God rules! says Newt Gingrich, and he's written a new book to spell out what he means. Titled The Creator's Gifts: Life, Liberty and the Pursuit of Happiness, the former House speaker's book makes the case that the Bill of Rights and Constitution came from God. What's more, he wants people to recognize that everything they hold dear comes from a higher power. "The

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good things of life are from God," explains Gingrich's publisher, Mark Gilroy of Integrity House. The book by the potential 2008 GOP presidential candidate is out this summer and includes an unusual insert: a guide to God in Washington buildings like the Supreme Court.

Canada's More Than Molson, Eh?

He had heard all the weird stories before, but when then Canadian Ambassador Frank McKenna was whipsawed during a C-SPAN appearance by an Arkansas woman who read a litany of misconceptions about the neighbors up north, he went into action. "Do Canadians have a way to respond to this?" he asked press aide Bernard Etzinger in the car back to the embassy. "We should." Prompted by his C-SPAN experience, the embassy recently created Connect2Canada, a website where ex-pats in the United States tell stories that dispel the myths and poke fun at some Americanisms, like the beer. It's just one part of a broader effort to expose America to the serious side of Canada. The embassy is also placing ads in the Washington Metro system that highlight the nation's military involvement in Iraq.

Did Trigger-Happy Brits Blow 1775?

Today's Army is much more of a thinking person's service, which is why all majors have to take a counterinsurgency class at the Army's Command and General Staff College at Fort Leavenworth, Kan. There, Special Forces Maj. Christopher Schmitt teaches a course that suggests alternatives to guns and bombs, like psychological warfare and public relations. During a recent visit, we learned that Schmitt has his students test strategies on the Red Coats' move against Sam Adams and John Hancock, an act that helped spark the Revolutionary War. His question: "Could Sam Adams and John Hancock have been discredited by nonmilitary actions? Could they have looked at nonkinetic ways to address the Colonies' grievances? "Think about it: Instead of a refreshing Sam Adams, a tepid Boddingtons might be our favorite microbrew.

Judicial Review (WSJ)

The Wall Street Journal, March 27, 2006

Everyone deserves a break, even the U.S. Senate. But enough already. It's been two months since Samuel Alito was confirmed to the Supreme Court and it's past time Senate Republicans got back to work confirming appeals-court judges. They won't have 55 seats forever.

Or perhaps even after November 7. Judges are a key issue for the GOP's base, who could stay home on Election Day rather than turn out for Republicans who shilly-shally about confirming President Bush's nominees. There are 17 vacancies on the appeals bench, including nine pending nominations. They deserve to be filled as soon as possible before the summer recess.

An excellent place to start would be to finally vote on Terrence Boyle, whom Mr. Bush has named to the Fourth Circuit Court of Appeals. Judge Boyle was in Mr. Bush's original group of appeals-court nominees on May 9, 2001, after having failed to get a vote when he was nominated a decade earlier by the President's father. Judge Boyle, who has served on the federal bench for 22 years, had a hearing more than a year ago and was voted out of the Judiciary Committee in June. His plight is similar to that of William Myers, whose confirmation hearing for the Ninth Circuit also took place more than a year ago.

Majority Leader Bill Frist's delay in scheduling the Boyle and Myers votes is understandable -- up to a point. Neither was part of the no-filibuster deal struck last spring by the bipartisan gang of 14 that paved the way for the confirmations of contentious candidates Janice Rogers Brown, Priscilla Owen and William Pryor. Next the Senate became occupied with the nominations of John Roberts and Justice Alito.

Neither nominee is controversial enough to trigger the no-filibuster deal's "extraordinary circumstances" exemption. Judge Boyle's biggest liability is that he once worked for conservative ex-Senator Jesse Helms. Mr. Myers is opposed by Democrats who don't like Mr. Bush's environmental policies, which Mr. Myers implemented as an Interior Department lawyer. But he's popular with Republicans from Western states, not least for his quip that the federal government's domination of Western land is akin to "the tyrannical actions of King George." Both nominees would probably be confirmed by bipartisan majorities.

There are also seven appeals-court nominees awaiting action in the Judiciary Committee, including two -- Brett Kavanaugh and William Haynes -- whose nominations have been languishing for years. Mr. Haynes's chances are iffy since, as general counsel of the Pentagon, he has had run-ins with Republicans John McCain and Lindsey Graham. A third, Judge Henry Saad, withdrew his nomination last week under Senate pressure.

But that's all the more reason to move on Mr. Kavanaugh, who is currently White House staff secretary but whose previous incarnation as an aide to then-Independent Counsel Kenneth Starr left him radioactive for at least one unidentified Democratic Senator. In January, this secret Senator (could she have a husband named Bill?) blocked the Senate from exercising the routine courtesy of carrying over Mr. Kavanaugh's nomination, which had technically expired at the end of last year.

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Mr. Bush promptly re-nominated him, for the third time. Mr. Kavanaugh was first nominated to the D.C. Circuit Court of Appeals in July of 2003 and later in February of 2005, but again failed to get a vote. He had a hearing in April of 2004, and we hope Senate Judiciary Chairman Arlen Specter will resist Democratic demands for a new one.

Of the remaining five nominees awaiting action in Judiciary, Randy Smith is taking fire from Dianne Feinstein. Judge Smith's sin is to hail from Idaho, and the California Democrat says the Ninth Circuit seat rightfully belongs to a Californian even though the man he would succeed is also from Idaho. Meanwhile, there are three other vacancies on the Ninth Circuit; all are deemed judicial emergencies.

We guess we should be happy that no one is talking about filibusters these days. This time last year, the fight over the Democrats' unprecedented use of the judicial filibuster was coming to a head and Republicans were threatening to change Senate rules to prohibit its use. The single biggest accomplishment of the Senate last year was breaking the filibusters to confirm a string of highly qualified candidates for the appeals courts and then going on to confirm two Supreme Court nominees.

The advice-and-consent clause of the Constitution gives the Senate the duty to vet all federal judicial nominees. Now it's time for the remaining nominees to have the up-or-down floor votes they deserve.

OTHER NEWS:

Economic Prognosticator Sees 'minefield Of Risks' Ahead (USAT)

By Barbara Hagenbaugh And Barbara Hansen

USA Today, March 27, 2006

Allen Sinai, president of Decision Economics, says the U.S. economy is in good shape this year. But when he looks at the longer-term outlook, the picture is much more murky.

"Americans are troubled about the long run," Sinai says. "I can feel good about the year. … But I, too, remain uneasy about the longer run."

Sinai is worth listening to. He was the most accurate forecaster of the 45 economists surveyed each quarter last year by USA TODAY. Sinai, 66, also came in first place when USA TODAY first honored the top forecaster three years ago.

In the near term, Sinai says the U.S. economy is "in an entrenched and very solid expansion."

But looking to the future, there is a "minefield of risks" that threatens the economy, Sinai says. He names the budget deficit, rising health care costs, pension problems and the war in Iraq, to name a few.

He's also concerned lawmakers in Washington, facing an electorate that has become increasingly concerned about the growing influence of China on the world stage, will start a confrontation with the Asian nation.

That could lead to a trade war that will hurt the U.S. economy, which has become dependent on Chinese imports and on China as an outpost of U.S. manufacturing. Such a battle could hurt the stock market, he says.

The global economy is undergoing a "seismic shift of unprecedented proportions," with more economic power shifting to Asia, particularly China and India, he says.

Such an adjustment may make the dollar and other U.S. investments less attractive.

"The outlook for the dollar looks bleak," he says.

Sinai has a bachelor's degree from the University of Michigan and a doctorate from Northwestern University.

This is the third year USA TODAY has paired with the Federal Reserve Bank of Atlanta to recognize the most accurate forecaster. Only one person, Briefing.com chief economist Timothy Rogers, has been in the top 10 all three years.

Get Ready For No. 15 In A Series At The Fed (NYT)

By Louis Uchitelle

The New York Times, March 27, 2006

When Alan Greenspan became chairman of the Federal Reserve more than 18 years ago, his first action upon taking the black leather seat at the head of the Fed's huge oak conference table was to raise interest rates. Now it is Ben S. Bernanke's turn.

Today, Mr. Bernanke will convene his first meeting of the Fed's policy makers, joining the other Fed governors and the presidents of the Fed's regional banks in a two-day session that is all but certain to end tomorrow afternoon with another quarter-point rise in short-term interest rates, the 15th consecutive increase.

That will bring the critical rate the Fed controls to 4.75 percent, up from 1 percent in June 2004, when Mr. Greenspan started the process of steadily increasing borrowing costs. Many analysts expect Mr. Bernanke and his colleagues to raise the rate yet again in May, by another quarter of a point.

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"They all really want to project a sense of continuity with Greenspan," said Tom Schlesinger, executive director of the Financial Markets Center, "and they are going to err on the side of cautiousness if that is what it takes to do this."

That caution is now ingrained. Starting with Paul A. Volcker in the late 1970's, new Fed chairmen have come into office determined to establish their credibility as inflation fighters. But today, there are few signs that Fed officials are acutely worried about an outburst of inflation.

High oil costs have not translated into upward pressure on wages and prices. A weakening housing market provides another measure of restraint. But the biggest change since 1987, when Mr. Greenspan took over as chairman, is the increasingly global supply of labor and merchandise. This supply helps to alleviate shortages in this country, and in doing so dampens inflation.

Fed officials recognize the shift. "The growing capacity of foreign countries to supply goods and services to the U.S. market has impacted the structure of wages and the bargaining power of workers," Janet L. Yellen, president of the Federal Reserve Bank of San Francisco, said in a recent speech.

But so far Ms. Yellen, like most others at the central bank, remains reluctant to translate this recognition into a new policy approach. "There are good reasons to doubt that such factors are sufficient to sever the usual link between labor market slack and wage and price pressures," she added.

Indeed, some Wall Street forecasters are already warning that the present 4.8 percent unemployment rate effectively constitutes full employment, giving workers here — despite all the low-wage foreigners who are eagerly producing goods for Americans — leverage to bargain for higher wages. According to this view, companies will raise prices to cover the higher labor cost and a wage-price spiral may ensue.

"Inflation pressures are slowly building," Jason Rotenberg, a senior investment associate at Bridgewater Associates, said in a newsletter last week, citing as one reason labor markets that "go from being roughly balanced to tight."

Although Mr. Bernanke is doubtful that labor markets are all that tight, he certainly speaks out on the importance of keeping inflationary expectations firmly in check, just as Mr. Greenspan did.

This is the view that the expectation of rising inflation must be squelched, mainly by raising interest rates to dampen the economy and prevent excessive consumer demand even before inflation begins to accelerate. If the Fed fails to act in a decisive fashion, the argument goes, consumers might rush out to buy in anticipation of higher prices, and these buying sprees would then become an inflationary force.

Suppressing inflationary expectations was much in vogue in the 1980's, and the practice sometimes resulted in recession. But buying sprees could result in spot shortages of American workers and in the capacity of factories within the United States to keep up with demand.

In the last couple of years, however, the Fed's policy makers have begun to debate how much consideration they should give, in setting interest rates, to international forces that might push in the other direction. Leading the charge for a more global perspective in the Fed's deliberations is Richard W. Fischer, president of the Federal Reserve Bank of Dallas.

Mr. Fischer openly contests the view that a low unemployment rate in America risks, by itself, pushing up wages and then prices — not when there are so many people in low-wage countries to help supply the United States with inexpensive goods and services. But he acknowledges that his position is still controversial.

"I think it is inevitable that my colleagues will incorporate global factors in monetary deliberations," Mr. Fischer said in an interview last week. "But serious economists like to have data to back-test and verify, and the data is so bloody new."

Ms. Yellen, in her speech, listed several reasons why she and her colleagues remained reluctant to throw out the old linkage, which had inflationary pressures developing when domestic demand rose. Sure, there are plenty of imports, she said, but they contribute to a growing current-account deficit that will eventually push down the value of the dollar. When that happens, the dollar prices of imports can rise, contributing, in sum, to inflation.

Then, too, foreign and domestic labor are not always interchangeable. All sorts of labor-intensive services, from haircuts to heart transplants, must be performed by workers located within the United States. "Indeed, only 10 percent of American workers are in manufacturing, which is arguably the sector most exposed to foreign competition," Ms. Yellen said.

Still, since the late 1990's, a falling unemployment rate no longer seems to result in predictably higher wages and higher prices. Mr. Greenspan contended that a rising productivity rate was increasing labor's output. Shortages, as a result, were less likely to develop, he argued, and that took pressure off the Fed to raise rates and thus dampen inflation.

What Mr. Greenspan saw primarily as increased productivity was, in Mr. Fischer's view, at least in part, the rising supply of labor and services from other countries. "We at the Dallas Fed," Mr. Fischer said, "have been encouraged by the board of governors to continue our research into the impact of globalization on the American economy and on monetary policy."

For now, though, the Fed is likely to continue on its present course, lifting rates once or twice more and then pausing.

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Even minimizing the importance of global supply, Mr. Bernanke has said he does not expect inflation to accelerate. It is moderate now, he told Congress last month, and is likely to remain so through 2007, even falling a little below this year's 2 percent average when volatile food and energy prices are stripped out of personal consumption expenditures, the inflation measure the policy makers watch most closely.

"I am comfortable," the new chairman testified, "with these projections."

Republicans On The Run (TIME)

By Karen Tumulty And Mike Allen

Time, April 3, 2006

Considering that Vice President Dick Cheney had come a long way to help Florida Congressman Ric Keller raise $250,000 last week, the reception he got in the Sunshine State could have been a bit warmer. After extolling Cheney as "one of the most effective Vice Presidents in the history of the U.S.," Keller launched into all the times he had recently opposed the Bush Administration, including the deal to allow a Dubai company to manage operations at several U.S. ports. And then Keller went right for the punch line: "'Don't be too hasty,'" he claimed the Vice President had pleaded with him. "'Let's go hunting. We'll talk about it.'"

As the campaign season kicks into gear, Republican incumbents are having a hard time figuring out how close they want to be to the White House. Voters have plenty to take out on Republican candidates this year--ethics scandals, the G.O.P.'S failure to curb spending, the government's inept response to Hurricane Katrina, a confusing new prescription-drug program for seniors and, more than anything else, an unpopular President who is fighting an unpopular war. Iraq could make a vulnerability of the Republicans' greatest asset, the security issue.

The midterm contests in a President's second term are almost always treacherous, but this time around, Republicans thought it would be different. The 2006 elections, coming on top of their gains in 2002 and 2004, would make history and perhaps even cement a G.O.P. majority in Congress for a generation. George W. Bush's credibility on national security and the states' aggressive gerrymandering, they believed, had turned the vast majority of districts into fortresses for incumbents. But that's not turning out to be the case. In recent weeks, a startling realization has begun to take hold: if the elections were held today, top strategists of both parties say privately, the Republicans would probably lose the 15 seats they need to keep control of the House of Representatives and could come within a seat or two of losing the Senate as well. Former Speaker of the House Newt Gingrich, who masterminded the 1994 elections that brought Republicans to power on promises of revolutionizing the way Washington is run, told TIME that his party has so bungled the job of governing that the best campaign slogan for Democrats today could be boiled down to just two words: "Had enough?"

Iraq is driving nearly all the big indicators the wrong way for Republicans. In a TIME poll conducted last week, Bush's job approval rating was mired at 39%; 3 in 5 Americans said the country is headed in the wrong direction, and when those surveyed were given the choice between a generic Republican and a generic Democrat for Congress, the nameless Democrat won, 50% to 41%. The signs suggest an anti-Republican wave is building, says nonpartisan electoral handicapper Stuart Rothenberg, whose Rothenberg Political Report is closely followed in Washington. "The only question is how high, how big, how much force it will have. I think it will be considerable."

The danger signs for Republicans show up across the electoral map but nowhere more clearly than in the swing state of Pennsylvania, where the hottest Senate race in the country is being fought and where Republican strategists say as many as five G.O.P. congressional seats are in play, out of a total 19. The President is still beloved by the state's Republican faithful, as evidenced by the fact that 500 of them showed up to see him at a $1,000-a-plate private fund raiser for Senator Rick Santorum last week in Sewickley Heights, a suburb of Pittsburgh. Santorum posed for photos with the President at the airport and leaned into a smiling handshake with political guru Karl Rove. But it was telling that Santorum, who is trailing state treasurer Bob Casey by 10 points in the latest polls, scheduled no public appearances with Bush. When Cheney flew to Newark, N.J., earlier in the week to raise nearly $400,000 that state senator Tom Kean Jr. badly needs in his bid for the U.S. Senate, the candidate didn't show up until 15 minutes after the Vice President's motorcade had left. Kean blamed the state's notorious traffic for his tardiness. Local papers confirmed that there hadn't been much congestion at the time.

On the fund-raising front, Democrats have been surprisingly competitive with the Republicans. In a rare feat for the party, the Democratic senatorial campaign committee has outraised its Republican counterpart. Last year "our bottom-line goal was not to lose any seats," says Charles Schumer, the New York Senator who heads the committee. "Now, if things fall in line, we might even pick up the Senate." Republicans could even lose the Tennessee seat of retiring majority leader Bill Frist to Representative Harold Ford, a Democrat.

Few strategists in either party think a Democratic takeover of the Senate is likely, but many agree that the party's playing offense rather than defense is a remarkable turnaround, given that Democrats have more incumbents (18) fighting to keep their

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seats than Republicans do (15). But the G.O.P. failed to recruit strong challengers for the North Dakota, Nebraska and Florida seats that had been considered their best opportunities. "There was a chance for us to get damn close to [a filibuster-proof] 60 votes," says G.O.P. activist Grover Norquist. "We gave away three sure things."

If there's any good news for Republicans, it's that the elections are still seven months off. There is time in which any number of possible events--the capture of Osama bin Laden, for instance, or positive developments out of Iraq--could sweeten the nation's mood. Gingrich says Republicans badly need accomplishments to tell voters about. "The country actually expects the majority to implement," he says. "They hire you to govern, not just to tell them why you are right."

Representative Tom Reynolds of New York, chairman of the G.O.P. House campaign committee, said the picture is more promising race by race than it is nationally. He told TIME only 36 to 40 races will be in play, meaning Democrats would have to keep all their competitive seats and knock off three-quarters of the Republicans. "We have more money, and their only message is slash and burn," Reynolds said.

Republicans can take some comfort in the fact that one general rule about politics remains true, even in this difficult year: as mad as voters are at Washington in general, they are still pretty happy with the individual people who represent them. In the TIME poll, 63% of respondents said they approved of the job their local lawmaker was doing. That's one reason Republican strategists say they plan to battle the national tide by localizing individual races. Localizing suggests drawing voters' attention to the issues that most affect them at home. But in practice, to political operatives it means putting an opponent through the shredder. Republicans plan to go after Democratic challengers with every bit of ammunition they can find, from old tax liens to long-ago votes to raise local taxes.

Democrats say, Bring it on. "If they want to have a negative campaign not about the issues, they will be met on the campaign field," says Illinois Representative Rahm Emanuel, the former Clinton White House aide who heads the Democrats' campaign committee for House races. Theirs has been a shifting line of attack. January's mantra about the G.O.P.'s "culture of corruption" became February's lament about the "rubber-stamp Congress." The latest slogan they are hurling against the Republicans is "dangerously incompetent." (That, however, can be a tricky visual, as Michigan Senator Debbie Stabenow discovered when she stood next to a placard with those two words and gave a speech two weeks ago on the Senate floor.)

The most appealing argument the Democrats are offering may be their candidates, who were recruited more for how they fit the districts in which they are running than for how they match the party's national ideology. In Pennsylvania, which has an active bloc of Catholic voters, Casey is an opponent of abortion rights. That same position cost his father, then the Governor, a speaking spot at the 1992 Democratic Convention. For what could be two close races against female Republican incumbents--Heather Wilson in New Mexico and Deborah Pryce in Ohio--Emanuel found women challengers. Former NFL quarterback Heath Schuler has added star power to the race in a North Carolina district. Incumbent Charles Taylor is on the defense there with claims that an electronic glitch prevented him from casting his vote against the Central American Free Trade Agreement, which Bush had sought but is unpopular among Taylor's constituents, who believe it will cost the state jobs.

The most obvious line of defense for Republican candidates is to point out their differences with the President, as the party-wide revolt over the ports deal amply demonstrated. In the face of the Democrats' "rubber stamp" charges, G.O.P. lawmakers are distancing themselves on other issues as well. In Kentucky, Representative Anne Northup, generally a staunch Bush backer, notes that she strongly supports reimporting cheaper drugs from Canada. In Missouri, Senator Jim Talent emphasizes his successful push for an amendment to last year's energy bill that requires 7.5 billion gallons of renewable energy to be in the nation's fuel pipeline by 2012. Boasts Talent adviser Lloyd Smith: "He took on the Bush Administration and the oil companies."

But party leaders are warning privately against taking that strategy too far. "If Diet Coke criticizes Coke, people buy Pepsi, not Diet Coke," said Ken Mehlman, chairman of the Republican National Committee. In an internal Republican Party memo provided to TIME, Jan van Lohuizen, a longtime Bush pollster, warns candidates tempted to distance themselves that "President Bush drives our image and will do so until we have real national front-runners for the '08 nomination. If he drops, we all drop." Another Republican strategist describes the problem for G.O.P. candidates this way: "Adding weight to the anchor doesn't help them."

Meanwhile, although there is no doubt that Americans are unhappy with the Republicans who run the country, Democratic strategists acknowledge that they have yet to sell voters on their party. In the TIME poll, approval for congressional Democrats is no higher (39%) than for Republicans, and 56% of voters said they don't believe the Democrats offer a clear set of alternative policies. Democratic activists and fund raisers are putting pressure on their leaders to come up with a program to tout as an option different from the Republican agenda, the way Gingrich and G.O.P. candidates did in 1994 with their 10-point Contract with America. Few voters were aware of the particulars of the Contract, but it helped give coherence and a positive tilt to the party message. Emanuel points out that the Republicans did not unveil their 1994 Contract until September of that year and says the Democrats are leery of doing anything right now that may draw attention away from the Republicans' problems. Still, he

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promises, "we will have, and properly so, in late spring and early summer a rollout [that tells voters], You give us the car, and we'll drive it."

Indeed, the party's House leaders and committee chairs have begun making plans for their first moves if they take power, Democratic sources told TIME. Those sources said one of the first steps that a newly installed House Speaker Nancy Pelosi would take would be to introduce legislation making college tuition more affordable for middle-class families, perhaps through tax credits and lower interest rates on student loans. Democrats would move immediately to tighten port security, seeking to have 100% of incoming container cargo inspected. A Democratic official briefed on the plans said the party would quickly push a bill designed to inhibit future lobbying scandals. The sources said Democrats would push for changes to the troubled Medicare prescription-drug plan, giving more control to Medicare and less to private providers and striking the provision that prevents the government from negotiating prices with pharmaceutical companies.

Administration officials say they fear that losing even one house of Congress would mean subpoenas and investigations--a taste of the medicine House Republicans gave Bill Clinton. "Everything will grind to a halt," one said. That prediction could be a scare tactic designed to get out the G.O.P. vote. But Democrats say that if they are victorious in November, they plan to force Bush to be more accountable, and they intend to dig through records of contracts in Iraq, for homeland security and for the aftermath of Hurricane Katrina. Democratic Representative Henry Waxman of California, one of the most dogged critics of the Administration, would be in line to chair the House Government Reform Committee and could write witness lists instead of open letters to the West Wing. "Some of these ranking members have had 10 years to think about what they would do," a Democratic official said. If Republicans can't change the course of things soon, the Democrats may have their chance. [The Following Descriptive Text Appears Within A Diagram] TIME Poll WILL BUSH BRING DOWN THE HOUSE? THE PRESIDENT Bush's struggles continue. His approval rating is below 40% and nearly half the country questions his competence In general, do you approve of the way George W. Bush is handling his job as President? Approve: 39% Disapprove: 56%

Would you describe President Bush as ... ... Competent? Total: 52% G.O.P.: 90% Dem.: 25% Ind.: 46% ... Incompetent? Total: 47% G.O.P.: 9% Dem.: 73% Ind.: 53% CONGRESS Voters lean toward putting the Democrats back in control even though the party is seen as lacking a clear agenda. Voters prefer the Democrats on many domestic matters, but Republicans hold a notable edge on handling terrorism If the congressional elections were being held today, would you be more likely to vote for the Republican or Democratic candidate?* Democratic 50% Republican 41% Regardless of which candidates you favor, would you rather see the Republicans or the Democrats control Congress? Democratic 49% Republican 38% Do you think the Democrats have a clear set of policies for the country? Yes 36% No 56% Do you think the Republicans have a clear set of policies for the country? Yes 43% No 50% *Asked of registered voters. Includes respondents who "lean" toward a particular party

Which party would do a better job of ... Democrats / Republicans ... rebuilding New Orleans and the Gulf Coast? Democrats ...48% Republicans ...21% ... standing up to special interests?

Democrats ...45% Republicans ...38%

... dealing with the war in Iraq?

Democrats ...40% Republicans ...41%

... dealing with terrorism?

Democrats ...33% Republicans ...44%

This TIME poll was conducted by telephone March 22-23 among 1,003 adult Americans by SRBI Public Affairs. The margin of error is +/-3 percentage points. "Don't know" responses omitted for some questions.

Those Democratic Veterans (USNEWS)

By Dan Gilgoff

U.S. News and World Report, March 27, 2006

There's no doubt why Tammy Duckworth is running for Congress: While serving as a National Guard reservist in Iraq, she decided that "our policymakers haven't lived up to the sacrifice of our troops." And Duckworth, who won the Democratic primary for Illinois's Sixth District last week, ought to know: She lost both legs when her helicopter was shot down. She believes the Iraq war was a mistake but opposes immediate U.S. withdrawal. Even so, she insists the primary victory had more to do with her healthcare plan than her status as a veteran critical of the war. "Being a vet gives you a platform, so that people will listen," she says. "And that's all it gives you."

For Duckworth and seven other veterans of Iraq and Afghanistan running as Democrats for the House of Representatives--along with nearly 50 other vets--the 2006 midterms will test how strong that platform is. Many Democrats hope the candidates will help neutralize the GOP's national security advantage and immunize the party against charges that its Iraq criticisms are unpatriotic. "They bring an unimpeachable view on issues of war and peace," says Sen. John Kerry, who has raised money for vet candidates. But the gambit faces serious challenges. The Iraq and Afghanistan vets are all political newcomers, most facing

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well-financed incumbents. And the Democratic Party may find it difficult to appear both tough on terrorism and more critical on Iraq.

Among the vets running, Duckworth is a standout. A natural campaigner, she was recruited by Democratic Congressional Campaign Committee Chairman Rahm Emanuel, who serves a neighboring district. She raised more than half a million dollars for her primary run. And the retirement of 16-term Republican Rep. Henry Hyde and changing district demographics make her race one of the most competitive in the nation this year.

Organic. But the DCCC asserts that the slate of veterans does not reflect a concerted attempt to run such candidates. "This was as organic a movement as there is in politics," says a top party source. In fact, some vets have been surprised by their lukewarm reception from the party. "The likelihood that the Democratic Party is going to put resources into these races is almost nil," says Mike Lyon, whose Band of Brothers PAC raises money for Democratic vets.

The Democratic Party may have reason to be skeptical. So far, most war vet candidates haven't shown much fundraising muscle of their own. In Kentucky, Iraq vet Andrew Horne, a lawyer, has raised less than $150,000 and faces Republican incumbent Anne Northup, who boasts a $1 million-plus war chest. In Pennsylvania, Patrick Murphy, an Iraq vet and former West Point professor, has raised more than $250,000, but the Republican incumbent, Michael Fitzpatrick, has raised five times as much. And both veteran challengers must first survive primaries. "These candidates have caused a national media sensation," says Amy Walter, an analyst at the Cook Political Report. "But the reality on the ground is totally different."

In Ohio, the Democrats' campaign to press Iraq vet Paul Hackett to drop out of a Senate race last month in favor of a better-financed candidate showed how such candidacies could backfire. "The Democratic Party is still led by a post-Vietnam mentality," says Hackett. "There's still a certain amount of prejudice and resentment against the military there."

The biggest challenge for the Democratic war vets may be developing credibility beyond national security. The Iraq and Afghanistan vets were motivated to run by disillusionment over Iraq, but most are using military experience as a framework for branching out. "The front line in national security is not Iraq," says Joe Sestak, a former Navy vice admiral who is challenging Pennsylvania Rep. Curt Weldon. "It's about healthcare security, education security, and economic security."

Republicans are determined to paint Democratic vets as single-issue candidates who are clueless on pocketbook issues. National Republican Congressional Committee spokesman Ed Patru says 38 vets (including at least two who fought in Iraq) are mounting challenges as Republicans in 2006, "but we're not broadcasting that because we don't have a credibility gap on national security." The Democratic vets, says Patru, "are adopting the surrender message of the Democratic establishment."

That's certainly debatable. But the Democratic vets do risk further muddying the party's message. "Democrats are trying to have it both ways," says pollster John Zogby, "saying they're tough on national security and running veterans disgruntled about the war." Kerry tried to walk that line as a presidential candidate two years ago. It didn't work then. And it's no small challenge now.

Conservative Groups Warn GOP (WT)

By Amy Fagan

The Washington Times, March 27, 2006

Social-conservative groups have warned Republicans that their voters feel unappreciated and frustrated with Congress and that the party must get more aggressive on such values issues as marriage, human cloning, religious freedom and abortion if they want a decent turnout from the conservative base in November.

"That message has definitely been conveyed," said Jim Backlin, vice president for legislative affairs at the Christian Coalition.

The House and Senate are expected to vote this year on a constitutional amendment defining marriage as the union of a man and a woman, and Mr. Backlin said a recent meeting with Republican leaders leaves him confident that the Senate also will vote for the first time on a few key pro-life bills.

Leading conservative activists have been sounding off lately, frustrated that since 2004, when their voters turned out in force to help President Bush win re-election, the Republican Party has backed off the values issues. A constitutional amendment against homosexual "marriage" failed in 2004 to get the required two-thirds majority in both houses.

"I've said it before, and I'll say it again: Let's address values issues," wrote conservative activist Gary Bauer last week in a memo to friends and supporters, noting that 19 states have amended their state constitutions to protect marriage with an average approval vote of 70 percent, yet many lawmakers still shy away.

"What I don't get is, why there is so much reticence on the part of our public servants to defend normal marriage beyond an obligatory press release or applause line in a stump speech?" he said.

A Family Research Council poll released last week found that 63 percent of social-conservative voters think Congress has not acted on a pro-family agenda on such issues as marriage, abortion and broadcast decency.

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"In the Republican Party in general, when it comes to Christian conservatives, we don't exist except during election years," said Tom McClusky, acting vice president for government affairs at the FRC.

"The efforts of social conservatives get forgotten in the Republican Party too easily," Mr. Backlin said. "It's up to pro-family groups to remind the leaders of the Republican Party that we are the major constituency ... and they can't take us for granted."

Focus on the Family and similar groups will hold a "Values Voters Summit" in September in Washington to re-engage disillusioned members and build strategy for the coming elections.

Much of the conservative anger is directed at the Senate, the activists said. Mr. Backlin said that out of 400 Senate votes in 2005, only one was even moderately important to his group. Mr. McClusky said that three years after the Janet Jackson Super Bowl "wardrobe malfunction" halftime incident, the Senate has yet to act on TV decency.

He also noted that House Republican leaders angered conservatives last year by letting their chamber vote on a bipartisan bill to expand embryonic stem-cell research. In compensation, conservative groups were promised another House vote to ban human cloning, but "we haven't seen anything like that."

Still, after meeting with Republican leaders recently, conservative activists are cautiously optimistic for the rest of the year.

On tap for action in the Senate, Republican aides confirmed, is an anti-flag-burning amendment and a House-passed bill making it a federal crime to skirt a state parental-notification law by taking a minor to another state to obtain an abortion without her parents' involvement. The House will probably vote for the first time on a relatively new bill requiring doctors to inform women seeking abortions that the procedure will cause pain to the unborn child, said a House Republican aide.

There's also talk in the Senate about taking action against what some conservatives see as a judicial attack on the Pledge of Allegiance because of the phrase "under God," one Senate Republican aide said. The House passed such a measure in 2004.

"Just those three alone -- marriage, abortion and religious freedom ... that would be really exciting to our grass roots, and it'd probably ensure that the Republicans keep the House and Senate," Mr. Backlin said.

Values Conference Aims To Press GOP (RC)

By John Stanton

Roll Call, March 27, 2006

Leaders from more than 40 of the nation's most powerful conservative Christian organizations are gathering in Washington, D.C., this week to put GOP Congressional leaders on notice that they will actively look to keep "values voters" away from the polls if lawmakers don't make good on commitments to move a "Christ-centered" legislative agenda.

Concerned by what organizers of this week's "War on Christians and the Values Voters in 2006" conference say is a growing attack on Christian values by liberal lawmakers, Hollywood and the judiciary. Conservatives are gathering today and Tuesday with a handful of their House and Senate allies, including former House Majority Leader Tom DeLay (R-Texas), Sens. John Cornyn (R-Texas) and Sam Brownback (R-Kan.), and Reps. Todd Akin (R-Mo.) and Louie Gohmert (R-Texas). In addition to discussing the status of the "culture war," participants in the conference will map out a legislative agenda, which organizers say will serve as a litmus test for whether their network of conservative activists and clergy will back incumbents in this fall's elections.

After years of strong support for politicians espousing conservative values, Christian voters have become increasingly concerned that "maybe our greatest victory in 2004 could be lost in one year," said the Rev. Rick Scarborough, conference organizer, a longtime friend and ally of DeLay and head of VisionAmerica.

Scarborough and a handful of leading conservatives, including Phyllis Schlafly of Concerned Women for America, Alan Keyes, Lou Sheldon of the Traditional Values Coalition, Paul Weyrich of the Free Congress Foundation, Janet Folger of Faith2Action and Manuel Miranda of the Third Branch Conference, have launched ValuesVoter.org, an advocacy group organized as a 501(c)(4) group in order to lobby Congress on the group's "Contract with Congress." According to Scarborough, the group has drafted a list of 10 "grievances" with Congress and the courts, which it expects lawmakers to address this year. According to the group's Web site, legislative items on the list include a constitutional amendment barring gay marriage, school voucher legislation, curbs on abortion and new controls on judges, among others.

Scarborough also said he met with leaders in the House and Senate earlier this month to discuss the group's agenda and that he had received assurances from them that these issues will be addressed in the coming months. "I'm fully trusting that we'll be hearing more and more" from Congress on social and judicial issues this year, Scarborough said. A Senate leadership aide could not comment on the meetings and House leadership aides could not be reached for comment at press time.

Scarborough warned that Christian conservatives will look to punish lawmakers if they do not engage more fully in the culture war. Scarborough said members of ValuesVoter.org were discussing the creation of a new political action committee, while other organizations in the network had committed to using their own influence with Christian voters in the upcoming

midterms. For instance, Scarborough said he expects to use his network of “Patriot Pastors” during this year’s elections to educate voters about lawmakers’ commitment to the conservative agenda, warning, “we’re going to hold these Congressman accountable ... if you’re not going to give us what we ask for, we’re not going to give you our vote.”

A 'War' On Christians? No. (USAT)

By Tom Krattenmaker

USA Today, March 27, 2006

This past holiday season brought us the "War on Christmas."

Now, if we are to believe the promotions for an event starting today in the nation's capital, something bigger and darker is afoot in America: "The War on Christians."

Such is the title of a conference that boasts a lineup of some of the biggest stars of the so-called Christian right — Sen. Sam Brownback, R-Kan., Rep. Tom DeLay, R-Texas, onetime presidential candidate Gary Bauer and Eagle Forum leader Phyllis Schlafly.

The chief organizer is Rick Scarborough, leader of Vision America, a group that describes its purpose as reversing America's moral decline by getting more Bible-believing Christians to participate in the political process.

"Christians are under a constant, relentless attack — from Hollywood, the news media, activist organizations, and the cultural elite," warned a Web page promoting the "War on Christians and the Values Voter" event, in language typical of the prevailing zeitgeist.

Isn't this more than a bit overblown? And in a time when the country is caught up in a real war with religious overtones, shouldn't the word "war" be tossed around a little less recklessly?

'A kernel of truth'

Certainly, liberals and secularists must concede a kernel of truth to the religious conservatives' charges. To the eyes of conservative Christians, much appears to have changed for the worse in American society in recent decades.

There are stricter limits on explicitly Christian expression in schools and other public settings. There is growing public acceptance of homosexuality and out-of-wedlock births, while television and movies seem awash with sex, nudity and profanity.

And if the claims of Christian persecution sound shrill, so do those of secular Americans who sometimes equate the political activity of religious conservatives with a crusade to replace our Constitution-based government with a hard-edged theocracy.

Still, the rhetoric of persecution from Scarborough and his fellows rings false. A war on Christians?

It sounds more like an exaggerated scare tactic aimed at grabbing attention, rallying the troops and sowing deeper division between the opposing sides in the ongoing debate over the proper role of religion in the public square.

Worse, it trivializes the true persecution of Christians in the early history of the church and the real abuse unleashed on Christians today in some corners of the world.

Christians in America are hardly being thrown to the lions. In many ways, the political and social values of conservative Christians are carrying the day. We are in the second term of the most faith-friendly, explicitly Christian presidency in many a decade.

Not only has President Bush talked a good game with evangelicals, but his administration has backed it with dollars for faith-based initiatives and abstinence-education programs.

Hollywood is producing more Christian-friendly movies while Christian news media, Christian music, Christian novels and other forms of Christian pop culture continue making their strong mark on society.

Nevertheless, the rhetoric of persecution and oppression seems irresistible to many. Nowhere was the theme of Christian oppression more vividly on display, and combatively expressed, than at Justice Sunday III, held Jan. 8 at a predominantly African-American congregation in north Philadelphia on the eve of the Senate hearings on Supreme Court nominee Samuel Alito.

Joining host minister Herbert Lusk at the altar of Greater Exodus Baptist Church were four of the leading figures of the Christian right — Tony Perkins of the Family Research Council, James Dobson of Focus on the Family, Liberty University Chancellor Jerry Falwell and Sen. Rick Santorum, R-Pa.

Also in the lineup of speakers was a woman with the weightiest of surnames — Alveda King, niece of Martin Luther King Jr.

The event, televised nationally on Christian networks, was advertised as a rally against the "tyranny" of a supposedly activist and anti-Christian judiciary. But it wasn't long before Lusk and the other speakers were railing against a wider litany of assaults on people of faith: abortion, gay unions, restrictions on public religious expression — full-scale oppression of the church.

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King led the congregation in a rendition of one of the most powerful songs of the civil rights movement, We Shall Overcome, with Perkins and Dobson standing up to lend their voices to the rousing conclusion.

"We are facing, like we never have before, this hostility against the people of God," roared Lusk, a former running back for the Philadelphia Eagles and the leader of a church whose community outreach work has received more than $1 million in federal funding from President Bush's faith-based initiatives program.

"Don't fool with the church, because the church has buried many a critic, and all the critics that we have not buried, we're making funeral arrangements for them!"

What real war looks like

Sadly, real religious war is being fought, causing real burials. We have war, or something very close to it, between the Shiites and Sunnis in Iraq. And — at least as it's perceived by those waging it — there is the religious war of the Iraqi insurgents who invoke jihad in their deadly attacks on American soldiers and their fellow Iraqis.

While religious conservatives gather in Washington today, another terrifying prospect looms over our country and world that makes the claims of Scarborough and his co-religionists appear especially trivial.

We could be headed toward an international showdown over the nuclear program of the theocratic Islamic government in Iran. John Bolton, U.S. ambassador to the United Nations, has spoken recently of the need for the United States to use "all the tools at our disposal" to eliminate the threat.

Imagine some of the possibilities should diplomacy fail: U.S. forces facing a religiously motivated enemy as they move in to take out the nuclear installations (or government) in the event airstrikes prove insufficient; American interests in the Middle East and elsewhere threatened by retaliatory attacks.

Worse yet, imagine a nuclear weapon in the hands of a militant Muslim government with a contempt for Israel and its staunch "infidel" supporter, the United States. Given the crusader overtones of U.S. foreign policy since 9/11, these scenarios could take on the appearance of a real war on Christians. May they never come to pass.

So, for our domestic debates, let's find a more appropriate, more sober vocabulary. Many words might describe what's going on between conservative Christians and their political opponents today. "War"? That's not one of them.

Tom Krattenmaker is a Philadelphia-based writer specializing in religion in public life. He is working on a book about Christianity in sports and popular culture.

Not Everything Bush Does Is About The Christian Right (RC)

By Stuart Rothenberg

Roll Call, March 27, 2006

This is a true story. The names have been changed to protect the — well, just because I'd rather not name names.

The other day I received a telephone call from a producer at a television network. The caller inquired about whether I might be available to do an interview for a story scheduled to air later in the day. I often do interviews, so the call wasn't all that unusual.

What was unusual, however, was the story that precipitated the call — or rather the angle that the piece was taking.

The story involved the possible execution of an Afghan Muslim who had converted to Christianity. As far as I know, that story made all of the network news shows that evening, and it was the lead on at least two broadcasts.

I didn't know anything about the subject, and I said so. But the producer persisted, saying the angle they were hoping I could comment on was what President Bush had to do to respond to the possible execution to "satisfy" Christian conservatives.

Frankly, I was shocked at the question, since the underlying premise was that the president of the United States would respond to the possible execution primarily in the context of domestic political pressures.

I guess the people working on the story had visions of the president, Karl Rove and a couple of other White House staffers sitting around talking about what the president had to say to make Pat Robertson, James Dobson or Gary Bauer happy.

I know that people in Washington, D.C., assume that politics pervades everything, and that politicians don't make a move without calculating the political costs. But in this case, I argued, that assumption simply was wrong.

"Are you suggesting," I asked rhetorically, "that the president — or any normal American — would react differently if someone were being executed because he or she had converted to Judaism or to Islam?" Why else bring the Christian right into the story?

I know some journalists are obsessed with the political influence of the religious right, but the idea that the president's response would, to a considerable extent, be crafted to pacify evangelical Republicans is ridiculous.

When I told that to the caller and added that I was not interested in being interviewed because of the premise of the piece, I heard silence, followed by a polite thank you.

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I'll admit that I wondered how the final piece would look, and I hoped the "Christian right" angle would never make it to air, since it seemed very unlikely to me that the White House would see the issue as how to "deal with" the Christian right.

But it did air and included an interview with Tony Perkins of the Family Research Council, apparently questioning American policy in Afghanistan.

The story ultimately included a nationally known political science professor commenting that the incident was a "nightmare" for the president since it "takes his base and divides it."

The first thing I did was pick up my jaw from the floor. Then I shook my head in disbelief.

How exactly, I wondered, did the possible execution of a Christian convert in Afghanistan "divide" Bush's base? Was I supposed to believe that there are Republicans who favor the execution and others who don't?

Or, did the analyst mean that Christians want the president to act tough toward the Afghans, but non-Christian supporters of Bush don't care or oppose a tough line?

Or am I supposed to assume that the "execution" of a Christian convert in Afghanistan would somehow turn Christians — and only Christians — in the United States against the war, if hundreds of deaths and kidnappings hadn't done so already?

I suppose it is possible that if an execution takes place, some Americans who have been supporting the war might start to question whether the administration's entire Iraq-Afghanistan policy is right.

But that view wouldn't be limited to Christians, and it's not even certain that the execution would change existing views on the president's policies. If there is an execution, will Perkins call for the U.S. to leave Afghanistan immediately? Don't hold your breath.

The entire incident from my phone conversation to the final version of the unfortunate piece drove home a key point: Even in Washington, not everything is a partisan or ideological issue, and not everything the president does or says involves political or electoral concerns. Even more to the point, not all presidential decisions are based on the political clout of the Christian right.

Some things involve simple truths that don't require over-interpretation. Like the question of whether it's OK to execute someone because of his or her religious beliefs.

Stuart Rothenberg is editor of the Rothenberg Political Report.

'Scared' Rivals Watch Steele (WT)

By Jon Ward

The Washington Times, March 27, 2006

Maryland Democrats are keeping close tabs on the top Republican candidate in the state's U.S. Senate race, by videotaping Lt. Gov. Michael S. Steele's campaign stops and noting his fundraisers with Bush administration officials.

"God bless them," Mr. Steele said. "They're so scared, and I love them for that."

Derek Walker, executive director of the state's Democratic Party, said videotaping is a typical campaign tactic and that party members are "learning as much as we can" about Mr. Steele.

"We certainly take Michael Steele seriously," Mr. Walker said. "And we take George Bush and Karl Rove's threats of bringing $20 million [in campaign money] into Maryland seriously."

Mr. Steele, well-aware of Democrats' presence, began a recent campaign stop by talking about his "following."

"I know that a lot of people are watching this race very closely, especially the Democrats," Mr. Steele said.

He spoke directly to a woman in the back of the room who held a small video camera.

"Nice to see you again," Mr. Steele said. "Doing well? What's your name because I think I'm going to be seeing you a lot. Was it Jennifer?"

"Yes," said the woman, who later said she was with the Maryland Democratic Party.

"Give my best to your team," Mr. Steele responded.

National Democrats also are keeping a close eye on Mr. Steele, who is campaigning to be the first black Maryland Republican in the U.S. Senate. The Democratic Party has a long-standing black voting bloc.

Two Democratic Senatorial Campaign Committee staffers illegally obtained Mr. Steele's credit report last year. Both resigned, and one pleaded guilty Friday to a misdemeanor in exchange for a lighter sentence.

The Democrats' top candidate is Rep. Benjamin L. Cardin, a 10-term Baltimore congressman.

A Rasmussen Reports survey shows Mr. Cardin with 49 percent of the vote and Mr. Steele with 35 percent in a head-to-head contest to succeed retiring Sen. Paul S. Sarbanes, a Democrat who has served five terms.

Last week, Mr. Walker sent out an e-mail that called attention to an April 7 fundraiser for Mr. Steele that Vice President Dick Cheney is expected to attend.

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The e-mail quoted Maryland Democratic Party Chairman Terry Lierman saying Mr. Steele should be sent a map "to make sure he gets there. He won't want to miss what Dick Cheney has to say about how Steele can help advance the Bush/Cheney agenda."

Mr. Steele has held fundraisers with President Bush and presidential adviser Karl Rove.

Democrats are trying to link Mr. Steele with Mr. Bush's low approval ratings and to the federal government's slow response to Hurricane Katrina, which they say shows Republicans' indifference to blacks.

Mr. Steele acknowledges the administration's shortcomings but says he has not been in a position to do anything. However, he has vowed to "take the lead on this issue" if elected.

The Cardin campaign sent out a detailed account of Mr. Steele's fundraisers this month, including one with White House Chief of Staff Andrew H. Card Jr.

Mr. Cardin faces a primary challenge from Kweisi Mfume, former chairman of the National Association for the Advancement of Colored People. Mr. Cardin has more cash than Mr. Mfume, but three other candidates, including Bethesda businessman Josh Rales, are building war chests and could play a factor.

DCCC To Target Critics Of Stem-Cell Research (RC)

By Steve Kornacki

Roll Call, March 27, 2006

Rep. Rahm Emanuel (Ill.), the chairman of the Democratic Congressional Campaign Committee, will be in New Jersey today for the first of seven events designed to highlight opposition by Republican House candidates to stem-cell research.

At Newark Liberty Airport, Emanuel will join Linda Stender, a 12-year veteran of the New Jersey state Assembly who is challenging three-term Rep. Mike Ferguson (R) in the nearby 7th district. Stender recently said that the first act of a Democrat-controlled House in 2007 should be to impeach President Bush.

Emanuel and Stender will criticize the stem-cell research position of Ferguson, who is anti-abortion. Democrats say his opposition to such research puts him at odds with his moderate, suburban constituency.

The two Democrats will also unveil a Web ad — a cheaper, if less effective, alternative to running commercials on the pricey New York City airwaves that blanket the 7th district.

In 2004, the DCCC recruited a former Marine, Steve Brozak, to challenge Ferguson. But the committee ultimately decided not to invest in the race, earning it a public rebuke from Brozak, who lost by a double-digit margin.

Emanuel will not appear at the other six events on tap for the week, which will be held in districts generally considered a notch or two more competitive than New Jersey's 7th.

The GOP candidates being targeted in the DCCC offensive include freshman Reps. Michael Fitzpatrick (Pa.) and Dave Reichert (Wash.). The GOP hopefuls being targeted include Rick O'Donnell in Colorado's open-seat 7th district, quite possibly the top House race in the country this year; John Gard, the National Republican Congressional Committee's preferred candidate to replace Mark Green (R) in Wisconsin's 8th district; embattled incumbent Rep. Richard Pombo in California's 11th district; and Peter Roskam, a state Senator who will face Democrat Tammy Duckworth in the 6th district of Illinois.

Democrats promise that the stem-cell message will eventually be rolled out in a wide range of other districts as well.

Kerry And Producer Do Battle For Honor (at Least The Word) (NYT)

By Sara Ivry

The New York Times, March 27, 2006

When Senator John F. Kerry set up a legal defense fund last month to fight a civil suit charging him with conspiracy and defamation, he called it the "Fund for Truth and Honor." The name seems to tweak the title of "Stolen Honor: Wounds That Never Heal," a 2004 documentary that criticized Mr. Kerry for his activities in the early 1970's in Vietnam Veterans Against the War.

Carlton Sherwood, the journalist and Marine veteran who produced the film, and the Vietnam Veterans Legacy Foundation filed the lawsuit in October in federal court in Philadelphia. The suit accuses Mr. Kerry and an aide of campaigning to stop the Sinclair Broadcasting Group from showing "Stolen Honor" and of trying to injure Mr. Sherwood's business and reputation.

"If there's one lesson we learned from 2004, it's how much the right wing is willing to spend to attack John Kerry's honor," said David Wade, a spokesman for Mr. Kerry. "We want to set up some mechanism so that if this gets very expensive, you have some means of fighting back."

Mr. Sherwood said this fight was nonpartisan. "This is a personal thing. It has nothing at all to do with his politics," he said. He called it an effort to make Mr. Kerry answer for having "defamed and excoriated hundreds of thousands of men, some of them killed in action, just for his own political future."

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As for the name of the fund, with its riff on the title of the film, Mr. Sherwood said, "it's simply mocking."

"When we say it," he added, "we're deadly serious."

Mr. Wade, who noted that no donations had yet been solicited for the fund, defended its name.

"The truth is on our side, and John Kerry served honorably and spoke out against the war honorably," he said. "There is nothing honorable or truthful about what Carlton Sherwood did in 2004. His propaganda is dishonorable lies, and we're going to beat it with truth."

Clinton Keeps Focus On '06, And That Could Be A Strategy For '08 (NYT)

By Anne E. Kornblut And Raymond Hernandez

The New York Times, March 27, 2006

MELVILLE, N.Y., March 23 — Taking the stage in a ballroom here to address a group of Realtors on Thursday, Senator Hillary Rodham Clinton faced a familiar battery of comments and questions about her future.

The host introduced her as a "formidable presidential candidate." An audience member asked whether her husband, the former president, would wash the windows upon their return to the White House. "He's never done them in any of our other houses," Mrs. Clinton said, sending a ripple of laughter through the crowd.

The notion that Mrs. Clinton might be courting once-wary voters in Suffolk County as part of her 2006 re-election race went unacknowledged. In fact, her Senate race has become something of an afterthought these days, with the Republican Party failing to mount much opposition and national attention focused on Mrs. Clinton's potential to capture the Democratic presidential nomination in 2008.

But Mrs. Clinton herself appears not to have lost sight of 2006 — judging not only by her painstaking attention to local details during her public appearances, but also by a schedule that frequently takes her to Republican areas across the state.

On the contrary, the senator appears to be treating her re-election bid as, among other things, a chance to prove her viability in tough parts of the New York, with Democrats and associates saying that she is aiming both to run up a big margin of victory statewide and to exceed expectations in Republican strongholds.

Rather than traveling to New Hampshire or Iowa as have the other likely presidential contenders — she has not visited New Hampshire in roughly a decade — Mrs. Clinton spends significant amounts of time in areas of New York that have historically been enemy territory for a Democrat. Many of her recent stops — in the Niagara Falls, Rochester and Syracuse regions — are, on the surface, even more difficult political territory for her than Suffolk County, which she lost, 56 percent to 41 percent, in 2000.

The strategy is strikingly similar to the one used by George W. Bush in 1998, when he ran up the score among Hispanics and moderates in Texas during his re-election campaign as governor, allowing him to promote the results as proof of his broad electoral appeal.

Still, even if it proves successful, the approach has its limitations. New York Republicans, by and large, are less conservative than their counterparts in the South and West, especially on social issues like abortion.

In some ways, her re-election race is all about risk. If she fails to run up a substantial margin of victory, her opponents in both parties are sure to cite her performance as evidence that she has too much ideological and personal baggage to win a nationwide race.

But it is also true that Mrs. Clinton has strengthened her standing in parts of the state in which she was viewed skeptically at best in 2000, and that showing her own party that she can temper her image as a liberal can only help her in 2008.

"They're going to try to write a story about her success here coming out of 2006, to try and answer some of the questions people have raised" about her ability to reach past liberal Democrats and build an appeal nationally, said David Axelrod, a Democratic media strategist.

Should Mrs. Clinton achieve her goals in the Senate race, Mr. Axelrod said, "They're going to say she can do the same thing across the country, to their advantage."

Chris Lehane, a Democratic strategist who has worked on several presidential campaigns, said the "starting gun" on the presidential race would formally go off the Wednesday after this year's midterm elections.

"The question is, where does Hillary Clinton want to be that Wednesday?" Mr. Lehane said. "The first thing she wants is to have an impressive victory, including in parts of the state, such as upstate, that will be indicative of her ability to attract moderate, independent and even Republican support."

And so it was that Mrs. Clinton found herself in a dual role at the Hilton hotel here on Thursday — as both a celebrity, rushed by a throng of supporters seeking her autograph, and as a policy wonk with a firm command of issues important to the constituents she most wants to woo.

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In her remarks to the Long Island Board of Realtors, she repeatedly addressed the kind of core suburban issues that typically matter to middle-class Republicans: issues like traffic congestion, economic tax incentives for suburban areas and maintaining the mortgage interest rate deduction.

After an initial standing ovation subsided, Mrs. Clinton told the group that she had made it a priority to determine "what we need to do to revitalize suburbia, because, after all, suburbia started on Long Island."

"Some of our suburbs are old now themselves, and they need some help, so what we've tried to do is pay attention," she said, specifically citing Long Island, Westchester and suburbs upstate as the objects of her attention.

Polling data strongly suggests that Mrs. Clinton has managed to pick up what would have once seemed like unlikely support across the state, and not simply because she is running without formidable opposition. In January, about 31 percent of registered Republicans said they approved of her, up from 18 percent in early 2001, according to polls conducted by Quinnipiac University.

Upstate, her approval rating jumped to 56 percent from 36 percent, while in the suburbs of New York City, it grew to 55 percent from 28 percent.

There is even greater anecdotal evidence that the junior senator has overcome some initial concern among Republicans. Timothy J. Regan, the senior vice president for government affairs at Corning, the upstate glassware company, said that after some "rough sledding" right after the 2000 race — when only a limited number of Republicans in his area voted for her — she had become "incredibly popular," by securing appropriations and other funding for the community and by responding to questions and complaints.

Her ability to help mostly Republican and upstate areas "has surprised everybody," Mr. Regan said.

Potentially, Mrs. Clinton could use solid gains in those communities to argue that she is viable in the outlying suburbs that have tipped the balance in the last two presidential elections — and among white, middle-class voters in places like Ohio and West Virginia.

Mrs. Clinton's advisers would not publicly discuss what, if anything, the 2006 election might mean for any national run. "She is single-mindedly focused on this '06 race right now," said Terry McAuliffe, the former chairman of the Democratic National Committee and a close friend of the Clintons'.

At the same time, Mrs. Clinton could get herself into trouble if she and her strategists publicly set a bar for how well she should perform in 2006. Indeed, aides to Mrs. Clinton are reluctant even to predict how much of the overall vote she will win. Last time, she reached 55 percent; most Democrats believe she will do much better this fall.

"No smart strategist is going to set a bar seven months before an election," said Paul Begala, a political adviser to former President Clinton. "Governor Bush and Karl Rove did not go around in March of 1998 saying that they were going to significantly increase their performance among Hispanics."

Nonetheless, Mr. Bush, in his 1998 race for re-election as governor of Texas, did specifically set out to outperform himself and other Republicans in order to demonstrate his electoral strength.

In the end, Mr. Bush won 47 percent of the state's Hispanic vote. That was unprecedented for a Republican, and a performance that "helped brand him, in a way, as a different kind of Republican, one that could go get votes among constituencies that hadn't been traditionally Republican," said Matthew Dowd, a strategist for Mr. Bush.

Similarly, Mr. Dowd said, Mrs. Clinton is "going to need to win upstate in smaller communities that may have even voted against her last time, to show she's got their votes now."

Hillary's 'Troop' Buildup (NYPOST)

By Ian Bishop

The New York Post, March 27, 2006

WASHINGTON - Sen. Hillary Rodham Clinton won't say if she's running for the White House - but she's already drafted a presidential-size army of campaign staffers that dwarfs John McCain's outfit and those of everyone else in the field.

Clinton has assembled a Titanic-size troop of 37 staffers and a legion of pricey consultants on the rolls of her HillPAC political-action committee and her Friends of Hillary re-election campaign - operatives that come on top of the three dozen aides in her Senate office.

"I understand New York is a large state, but this is extraordinary. This operation is built for one thing and one thing only: She's running for president," said a senior Dem operative.

Twenty Clinton campaign staffers are paid by both HillPAC and Friends of Hillary, including her Senate chief of staff, Tamera Luzzatto, according to federal records. Six more campaign staffers are paid exclusively by Friends of Hillary, and another three receive a paycheck just from HillPAC.

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In all, Clinton doles out nearly $100,000 a month on staff payroll, and devotes even more to a dozen seasoned consultants who handle media strategy, speechwriting, market research, direct mail and fund-raising. The payoff has been a $17 million war chest - the biggest in the Senate.

"Considering the successful work that is being carried out by the FOH and HillPAC staff, including our extensive outreach to low-dollar donors, we think it's an appropriate number at this time," campaign spokeswoman Ann Lewis told The Post.

But insiders say her army is overkill in her re-election race against former Yonkers Mayor John Spencer and former Reagan-era Pentagon official Kathleen "KT" McFarland - both way back in the polls.

Clinton's political machine is so massive that it's more than four times as big as 2008 GOP front-runner McCain, who relies on five staffers and a half-dozen consulting firms spread between his campaign and his Straight Talk America PAC.

And while Clinton this year has hoarded her HillPAC money to build her staff - making just one donation to the Oregon Democratic Party - other presidential wannabes, both Democrats and Republicans, have spread their campaign cash to build up a grass-roots network in key primary states.

Retraining Laid-Off Workers, But For What? (NYT)

By Louis Uchitelle

The New York Times, March 27, 2006

Layoffs have disrupted the lives of millions of Americans over the last 25 years. The cure that these displaced workers are offered — retraining and more education — is heralded as a sure path to new and better-paying careers. But often that policy prescription does not work, as this book excerpt explains. It is adapted from "The Disposable American: Layoffs and Their Consequences" by Louis Uchitelle, an economics writer for The New York Times. Knopf will publish the book on Tuesday.

JO GOODRUM, a thin, energetic woman older than her audience of aircraft mechanics — old enough, perhaps, to be their mother — got their attention with a single, unexpected sentence, which she inserted early in her presentation. Her husband, she said, had been laid off six times since the late 1980's. And yet here she was, standing before them, in one piece, cheerful, apparently O.K., giving survival instructions to the mechanics, who would be laid off themselves in 10 days.

They were, in nearly every case, family men in their 30's and 40's who had worked for United Airlines since the mid-1990's. Summoned by their union, they had gathered in the carpeted conference room at the Days Inn next to Indianapolis International Airport, not far from United's giant maintenance center, a building so big that 12 airliners could be overhauled in it simultaneously. That no longer happened. Most of the repair bays were empty. The airline was cutting back operations, and the 60 mechanics at the meeting were in the fourth group to be let go.

Confrontation had brought on the layoffs. Influenced by militants in their union local, Hoosier Air Transport Lodge 2294 of the International Association of Machinists, the 2,000 mechanics at the center had engaged in a work slowdown for many months, and then a refusal to work overtime. But rather than give ground, United responded by outsourcing, sending planes to nonunion contractors elsewhere in the country.

That scared the mechanics. They quieted down and, in effect, authorized the leaders of Lodge 2294 to make peace. Their hope was that if they cooperated, United would ease up on the layoffs and revive operations at, arguably, one of the most efficient, high-tech maintenance centers in the world. In this state of mind, the union was helping to usher the 60 laid-off mechanics quietly away. It had rented the conference room on this cold January evening in 2003 to introduce the men to what amounted to a boot camp for recycling laid-off workers back into new, usually lower-paying lines of work.

SIMILAR federally subsidized boot camps, organized by state and local governments, often in league with unions, have proliferated in the United States since the 1980's, and now many cities have them. Unable to stop layoffs, government has taken on the task of refitting discarded workers for "alternate careers." In deciding as a nation to try to rejuvenate them as workers, we put in place a system, however unrealistic, that implicitly acknowledged layoffs as a legitimate practice.

The presumption — promoted by economists, educators, business executives and nearly all of the nation's political leaders, Democrats and Republicans alike — holds that in America's vibrant and flexible economy there is work, at good pay, for the educated and skilled. The unemployed need only to get themselves educated and skilled and the work will materialize. Education and training create the jobs, according to this way of thinking. Or, put another way, an appropriate job at decent pay materializes for every trained or educated worker.

If the workers were already trained, as the mechanics certainly were, then what they needed was additional training and counseling as a transition into well-paying, unfilled jobs in other industries. If the transition failed to function as advertised, well, the accepted wisdom suggested that it was the fault of the workers themselves. Their failure to land good jobs was due to personality defects or a resistance to acquiring new skills or a reluctance to move where the good jobs were.

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That was the myth. It evaporated in practice for the aircraft mechanics, whose hourly pay ranged up to $31. Not enough job openings exist at $31 an hour — or at $16 an hour, for that matter — to meet the demand for them. Jobs don't just materialize at cost-conscious companies to absorb all the qualified people who want them.

You cannot be an engineer or an accountant without a degree; in that sense, education and training certainly do count. Furthermore, in the competition for the jobs that exist, the educated and trained have an edge. That advantage shows up regularly in wage comparisons. But you cannot earn an engineer's or an accountant's typical pay if companies are not hiring engineers and accountants, or are hiring relatively few and can control the wage, chipping away at it.

For the mechanics at the Days Inn, the retraining process would begin in a few days with workshops in résumé writing and interviewing skills, personality evaluations and job counseling — and, for a lucky few, tuition grants to go back to school. The mechanics were being "counseled out" of their well-paying trade, as some of them wryly put it, and Mrs. Goodrum was the lead-off speaker in this endeavor.

She presented herself as one of them. Her husband's wage slid from $25 an hour in his heyday as a factory worker in the 1980's to $10 an hour in his latest job in a watch store. To supplement that falling income, she had taken part-time work as an "education presenter" for the Consumer Credit Counseling Service of Central Indiana.

In this capacity, it was her task to explain how easy it would be for the departing mechanics — separated from salaries of $55,000 a year and up — to sink deeply into debt. The glimpse that she offered of her husband's downfall suggested that she had learned these lessons herself.

Distinguish, she said, between needs and wants. Rent, food, insurance premiums — those are needs. Cable television is a want; cancel it. Day care can be a want or a need. It's a need for parents with jobs, but a want for the soon-to-be-laid-off mechanics who would now have more time to watch their children themselves.

In the blue-collar world, aircraft mechanics are at the top, and these were painful economies for them. They are the highly skilled people who repair and overhaul the nation's airliners. Each mechanic in the room had completed two years of collegelike schooling to qualify for the exacting task of dismantling and rebuilding airliners every five years, the work carried out at the maintenance center. Several compared their role proudly to that of a pilot, claiming as much credit as the pilots for the safety of air travel.

Now they were falling out of this high-level world, in most cases for good. They were unlikely to match or come close in their next jobs to the level of pay that would soon cease. They would be newcomers again in the work force. They must learn how to get a foot in the door, the speakers that evening unceremoniously told them. Their careers were gone, and the grief at this loss must be absorbed in order to move on.

Recognizing their vulnerability, Mrs. Goodrum spoke to the mechanics in the simplified, encouraging language that a skilled teacher uses to instruct children who are just learning to read, or that a speech therapist adopts to guide stroke victims struggling to speak again. Did the mechanics realize, she said, that credit card companies and mortgage lenders give special consideration to laid-off workers? She held up a "sample letter to a creditor" in which the writer announces his layoff, says he expects to be working again in three months and proposes to reduce his payments in the meantime. "It is very important that you negotiate now," she said, "and not when you are 60 days behind on a debt."

When Mrs. Goodrum had finished outlining in step-by-step detail the various survival strategies, Ben Nunnally, then 44 and the president of Lodge 2294, rose and without moving from behind the head table inserted into the proceedings some impromptu advice of his own, exercising his authority one last time as their union leader. While he had the mechanics in one room, Mr. Nunnally said, he wanted to caution them about the unemployment checks they would soon be getting. If they did not file promptly on Jan. 25, their last day, they could waste two weeks in collecting the first check.

Even if the unemployment pay arrived on time, it would be little enough: $336 a week for 26 weeks, way below the nearly $1,100 a week or so that the mechanics had been earning at United. Mr. Nunnally, however, made no mention of either amount. "We have no choice but to offer as little conflict as possible with United and hope that will avoid more layoffs," he said afterward.

It was a wasted hope. Three months later, in April 2003, United abruptly laid off the 1,100 remaining mechanics, including Mr. Nunnally. On May 4, it said it would abandon the maintenance center completely. Outsourcing had won, hands down, and although Mr. Nunnally stayed on as the president of the much-diminished union local, he, too, applied for unemployment pay.

Mr. Nunnally had experienced the center's glory days. He joined United in 1989 as a 30-year-old mechanic in San Francisco and transferred to Indianapolis in 1994, drawn by the lower cost of living and the recently opened center. The mechanics in Indiana worked mostly on Boeing 737's, but as United expanded the operation — opening more repair bays, hiring more mechanics and extending the legs of the L-shaped building until each was nearly a half-mile long — they also overhauled other so-called narrow-body aircraft, including Airbus 319's and 320's and the larger Boeing 757's.

With morale high in the 1990's and the mechanics willing to work hard, they put airliners through their periodic overhauls in record time. The stem-to-stern refurbishing of a 737 normally required 22 days at other maintenance centers. The mechanics at

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Indianapolis cut that to 11 days for a 737 going through its first heavy maintenance and to less than 20 days for older planes. "We had overhaul bays that kind of competed in a friendly way to see who could do the best," said Frederick L. Mohr, general manager of the Indianapolis center from 1997 until 2002.

The rapid turnaround meant an infusion of passenger revenue from the additional days that the plane was in service, helping to justify the mechanics' pay of $26 an hour in the late 1990's.

Capitalizing on the growing productivity, United itself got into outsourcing as a means of keeping the giant center busy during slack periods in its own operations. America West was sending 737's and 757's to Indianapolis for heavy maintenance, and by the spring of 1999 the work force had grown to 2,400 mechanics from fewer than 250 when Mr. Nunnally arrived in 1994. The fast turnarounds and reliable work justified the relatively high fees that United charged, and America West shifted maintenance to Indianapolis from a private, less expensive contractor in Portland, Ore., whose mechanics earned less.

It was outsourcing in reverse, an American victory in the global competition. "We had people visiting us from Europe to see what we were doing," Mr. Mohr said.

What these visitors saw as they approached the maintenance center was a strikingly futuristic light gray structure, trimmed jauntily in blue, that had risen in the rolling, grassy fields on the far side of the runways, opposite the terminal. The soaring entrance hall, designed to suggest a giant airliner cabin without seats, reflected the efficiencies that were built into nearly every aspect of the building. The mechanics came and went through this hall, where before or after a shift or during a meal break, they took care of nonproductive chores: banking at a credit union, visiting a personnel office, shopping at a small store.

On the eve of the closing, only Hangar 1A was active. A 737 was parked there, its interior gutted. It was the last airliner United would recondition in Indianapolis, and David Doucey, the maintenance center's operations manager, said matter-of-factly that although the mechanics had already received their layoff notices, they would finish the job seven or eight days faster than any other center could.

Parts from the dismantled interior were spread out on an unpainted wooden floor, a mezzanine that fit snugly around the plane just below the wings and stretched out 200 feet on either side. The servicing of many components removed from the cabin and cockpit took place there, eliminating the time required to send them to workshops elsewhere — the practice at other centers.

The time-saving features were numerous, and Mr. Doucey pointed them out. Hydraulic devices erect scaffolding around the plane in an hour, rather than the four hours required elsewhere. Parts are ordered by computer and delivered on an automated miniature railroad, rather than by hand or on bicycles as in other shops. A controlled climate permits mechanics to use fiberglass or graphite composites to patch a plane's outer skin without having to send the sections to special shops.

What drove away America West was the labor trouble that erupted over the Fourth of July weekend in 1999 and then mushroomed into a prolonged slowdown. In retrospect, that weekend was the turning point, the moment when the remarkable efficiencies that had been achieved at Indianapolis began to unwind, and labor-management tensions that had been accumulating suddenly asserted themselves.

IN an earlier era, the two sides would have tried to settle their differences through negotiation and would probably have succeeded. There was really no other alternative. The outsourcing of maintenance did not exist before the 1980's; airlines did their own maintenance. But now layoffs and outsourcing had become an easy and acceptable option. Everywhere in America, the barriers to layoffs came down one after another starting in the late 1970's, and by the turn of the century there was acquiescence.

The incident that started United down the road to outsourcing and layoffs seemed so minor. During the trusting years, the foremen had relaxed the restrictions on the number of mechanics who could take vacation days at the same time. For that Independence Day weekend, more than 100 mechanics had been granted time off — 10 times the prescribed number.

Mr. Mohr, the general manager, was himself on vacation in the days leading up to the weekend, and he called the office to remind his lieutenants to be careful about allowing too many mechanics to be away. Somehow that became a wholesale, last-minute cancellation of vacation time, outraging the mechanics. "To this day, they get upset when they talk about what happened that weekend," Mr. Doucey said.

The uproar over vacations stirred up other resentments — how United had gotten tough about sick days, how it had scaled back flexible hours, how it had substituted an 8-hour shift for a 10-hour one that allowed three- and four-day weekends, which the mechanics preferred.

"Once the vacation thing happened, that ignited a lot of small fires," Mr. Nunnally said. The militants in his local fanned those fires, arguing that the mechanics, because of their unique skills, were special people, essential to airline safety, and that United should be forced to recognize their value.

Mr. Mohr resisted this logic. "Anything we had to do to respond to the business environment was seized upon by the mechanics as something negative," he said. Mr. Nunnally, who was then chairman of the lodge's grievance committee, was caught between management and his members, his leadership challenged by the militants, who numbered nearly 300

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mechanics. "I said to Mohr, 'I have to have some wins, too; I can't be beaten in every grievance and do nothing,' " Mr. Nunnally said. "I practically begged him to cooperate, and he could not do that."

BY the fall of 1999, the mechanics were engaged in a slowdown. That is not difficult when airline safety is at issue. If an inspector, drawn from the ranks of the mechanics, finds fault with a newly refurbished wing flap assembly or some other repair, he writes up a ticket reporting the flaw or a potential malfunction; even if there isn't a problem, time has to be spent to investigate the issue to the satisfaction of the Federal Aviation Administration.

As the mechanics had intended, turnaround time inched up, soon reaching 15 days and eventually more than 20 days for a 737. America West stopped sending planes to Indianapolis, as the mechanics had hoped. To regain the lost business, they expected United to restore some of the lost perquisites and thus win back the mechanics' cooperation. Jobs would be preserved, and on the mechanics' terms. That did not happen, and as the slowdown dragged on, work backed up on United's own airliners. For the first time, planes were parked on the tarmac outside the center, out of service — and not generating revenue — while awaiting overhaul.

Then, in July 2000, the mechanics slowed work even more by voting to withhold overtime, to protest what the militants viewed as management's recalcitrance in negotiating a new contract to replace one that had just expired. Mr. Nunnally, as grievance chairman, had spoken against withholding overtime, and worked it himself, in defiance of his militant members, but his point of view did not prevail.

Soon after, the outsourcing began. United diverted work from Indianapolis to private contractors in Alabama and North Carolina, contractors who employed nonunion mechanics — in most cases, at lower wages and with fewer benefits. "The outsourcing was a business decision," Mr. Mohr said. "The cycle time had gotten to the point that if we did not outsource, we would have aircraft continuously parked, waiting for maintenance."

When United and the union finally signed a new contract in March 2002 — 20 months after the old one expired — and the mechanics in Lodge 2294 lifted their ban on overtime, United continued to outsource maintenance, gradually shrinking the operation in Indianapolis. Under the new agreement, the mechanics' combined wages and benefits rose to more than $60 an hour, an increase of roughly $20. While that was the first increase in five years, the new total was double the labor cost of nonunion contractors. It was too big a spread for the mechanics in Indianapolis to overcome — unless they could return to the record turnarounds achieved in the late 1990's. But the old efficiency did not reappear.

Even if it had, the outsourcing would not have stopped, and for a reason quite apart from labor costs. United would not submit again to the leverage over maintenance operations that the mechanics in Indianapolis had exercised. Outsourcing had become too easy an alternative, and the airline crisis that followed the terrorist attacks of September 2001 only encouraged the practice.

What had started as an escape from a unionized, often militant work force took on a second function. The outsourcing of heavy maintenance became a means for the airlines to cut costs, and nearly every major airline gradually moved that way. In an earlier era, before layoffs and outsourcing were acceptable options, United might have weathered the crisis by taking in work from other airlines, as it had once done with America West. But layoffs and outsourcing were now standard practice, and rather than pursue economies of scale, United sought heavy maintenance at the lowest immediate cost. As work shifted away from Indianapolis, the layoffs multiplied.

The 60 mechanics gathered at the Days Inn that January evening were in the fourth wave to lose their jobs, bringing the total to 1,200. The recycling of former mechanics into new lines of work was now in full swing, and Mr. Nunnally, when he had finished speaking about the importance of filing promptly for unemployment benefits, introduced Tori E. Bucko. She turned out to be the main speaker, the chief of the boot camp that the mechanics were being encouraged to enter.

Given her responsibilities, Ms. Bucko was surprisingly young — only 30. But as the manager of a federally subsidized program for processing laid-off airline workers in Indianapolis, she would soon play a more important role in the lives of many of the mechanics than Mr. Nunnally or the union they were leaving behind.

The program that Ms. Bucko directed was sponsored by the Indianapolis Private Industry Council, a coalition of companies, unions, government agencies and civic groups. Virtually all of the funding comes from Washington, which sends less than $7 billion a year to the states to recycle laid-off workers back into jobs. In Indiana's case, the state distributes its share of the federal money to 16 regional work-force investment boards. The Indianapolis Private Industry Council is one of these boards, and the council in turn paid a private, nonprofit company, Goodwill Industries of Central Indiana, to do the actual work.

Goodwill employed Ms. Bucko as the manager in charge of the recycling program for laid-off airline workers in Marion County, whose boundaries encompass the city of Indianapolis. Goodwill also recycled men and women laid off in other industries in Marion County, recruiting them as they signed up for unemployment benefits at state-run offices. But in the winter of 2003, outcast airline employees, two-thirds of them United's mechanics, were still getting special attention in what was called the AIR

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Project, the short name for Airline Industry Re-careerment Project, a title that suggests just how awkward and difficult recycling is.

Ms. Bucko's task, in this initial presentation at the Days Inn, was to encourage the 60 mechanics to take the next step. There would be no help for them if they failed to show up at the AIR Project's center, in an industrial park not far from the airport. There, they would be asked to fill out a detailed enrollment application and submit to a series of workshops and evaluations.

What Ms. Bucko did not mention was the pressure on her employer, Goodwill Industries, and on herself, to meet the employment goals specified in the federal grant — to get most of the mechanics re-employed at 90 percent of their previous wage. Meeting this goal was a condition for getting more federal money once the initial grant expired. In the end, Goodwill managed to put together enough money to string out the AIR Project for nearly four years. But the employment goals were not met. They could not be met; they were too optimistic, mythically optimistic.

Ms. Bucko knew that as she struggled to meet the standard. So did Carolyn Brown, vice president of the Indianapolis Private Industry Council, the agency that picked Goodwill Industries to run the project. "When large numbers of people are laid off, there just isn't any occupational cluster that is waiting out there to receive them," Ms. Brown said.

Job training, as a result, became a channeling process, channeling the unemployed into the unfilled jobs that do exist, with a veneer of training along the way. Yet job training is central to employment policy. It has been since 1982, when Congress passed the Job Training Partnership Act at the urging of President Ronald Reagan. President Bill Clinton took job training even further, making it available to higher-income workers — including the aircraft mechanics in Indianapolis.

Saying that the country should solve the skills shortage through education and training became part of nearly every politician's stump speech, an innocuous way to address the politics of unemployment without strengthening either the bargaining leverage of workers or the federal government's role in bolstering labor markets.

But training for what? The reality, as the aircraft mechanics discovered, is painfully different from the reigning wisdom. Rather than having a shortage of skills, millions of American workers have more skills than their jobs require. That is particularly true of college-educated people, who make up 30 percent of the population today, up from 10 percent in the 1960's. They often find themselves working in sales or as office administrators, or taking jobs in hotels and restaurants, or becoming carpenters, flight attendants and word processors.

The number of jobs that require a bachelor's degree has indeed been growing, but more slowly than the number of graduates, according to the Labor Department, and that trend is likely to continue through this decade. "The average college graduate is doing very well," said Lawrence F. Katz, a labor economist at Harvard. "But on the margin, college graduates appear to be more vulnerable than in the past."

The Labor Department's Bureau of Labor Statistics offers a rough estimate of the imbalance in the demand for jobs as opposed to the supply. Each month since December 2000, it has surveyed the number of job vacancies across the country and compared it with the number of unemployed job seekers. On average, there were 2.6 job seekers for every job opening over the first 41 months of the survey. That ratio would have been even higher, according to the bureau, if the calculation had included the millions of people who stopped looking for work because they did not believe that they could get decent jobs.

So the demand for jobs is considerably greater than the supply, and the supply is not what the reigning theory says it is. Most of the unfilled jobs pay low wages and require relatively little skill, often less than the jobholder has. From the spring of 2003 to the spring of 2004, for example, more than 55 percent of the hiring was at wages of $13.25 an hour or less: hotel and restaurant workers, health care employees, temporary replacements and the like.

That trend is likely to continue. Seven of the 10 occupations expected to grow the fastest from 2002 through 2012, according to the Labor Department, pay less than $13.25 an hour, on average: retail salesclerks, customer service representatives, food service workers, cashiers, janitors, nurse's aides and hospital orderlies.

The $13.25 threshold is important. More than 45 percent of the nation's workers, whatever their skills, earned less than $13.25 an hour in 2004, or $27,600 a year for a full-time worker. That is roughly the income that a family of four must have in many parts of the country to maintain a standard of living minimally above the poverty level. Surely lack of skill and education does not hold down the wages of nearly half the work force.

Something quite different seems to be true: the oversupply of skilled workers is driving people into jobs beneath their skills and driving down the pay of jobs equal to their skills. Both happened to the aircraft mechanics laid off by United.

Ms. Bucko's results in recycling workers into new jobs were as good as any in the country. Hers was a showcase program, better financed than most, and in the aircraft mechanics she had skilled people who urgently wanted to get back to their previous income levels. By the spring of 2004, however, out of more than 800 mechanics from United who had gone through her program or were still going through it, only 185 were working again.

Despite their skill, 33 of those 185, or 18 percent, were earning less than $13.25 an hour working in warehouses, on construction jobs, in restaurants or in retailing. Some were "throwing boxes," as the mechanics put it, for FedEx, which paid them

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only $10 an hour at its shipping center in Indianapolis. They took the work, which entailed loading and unloading air freight packages, for two reasons: FedEx offered them company-paid health insurance, which some of the mechanics desperately wanted, and they saw in the job a gamble worth the hardship, given the glum alternatives.

After a year on the payroll they would qualify as insiders to bid for an aircraft mechanic's slot at FedEx, when one came open. Although the company is nonunion, it paid its mechanics $25 an hour or more in Indianapolis, roughly comparable to what the mechanics had earned at United.

Earning the old level of pay again was rare. Of the 185 mechanics back at work in the spring of 2004, most earned $14 to $20 an hour as heating and air-conditioning repairmen, auto mechanics, computer maintenance workers, freight train conductors (CSX happened to be hiring) or cross-country tractor-trailer drivers, having graduated from a two-week driver-training course offered by Ms. Bucko's people.

THE relatively high number of mechanics who became truck drivers angered Mr. Nunnally, the union leader, who now made a living washing windows, which he did in partnership with another former mechanic. "Here's a guy who fixed planes and now he is encouraged to be a truck driver, and at first he is offended that they would even suggest that he become a professional truck driver," Mr. Nunnally said. "But from the point of view of the people in Tori Bucko's operation, who have seen guys with families run out of severance pay and unemployment benefits, from their point of view, it is: 'How do you get these guys back into the job market as quickly as possible?' "

Ms. Bucko put it more succinctly. They see a commercial driver's license as a "quick fix," she said. " 'Send me to two weeks' truck driving school,' they say. 'I'll get my C.D.L. I'll hit the road.' And many have done that," she added.

Only 15 of the re-employed mechanics had regained their United wage level or exceeded it, and 8 of those 15 did so by becoming aircraft mechanics again. Several of the mechanics, stifling reluctance and resentment, had left Indianapolis to work for the companies that United and other airlines were using to do heavy aircraft maintenance. They were mostly younger mechanics with relatively little seniority when United laid them off and were still low on the wage scale, earning $19 or $20 an hour, which is what the outsourcing contractors also paid them. For the contractors, however, $19 or $20 an hour was top pay.

The wage loss from layoffs is now a pattern that shows up not only in individual cases, like that of the United mechanics, but in national surveys as well. Two years after a layoff, two-thirds of the victims say they are working again, according to the Bureau of Labor Statistics. Of those two-thirds, only 40 percent, on average, make as much as they had in their old jobs, a less drastic result than that for the aircraft mechanics, but the same general breakdown.

The rest are making less, often much less. Out of 100 laid-off workers, then, 27 make their old salary again, or more — and 73 make less, or are not working at all. That downward pull contributes to the wage stagnation that has persisted for most of the work force, with only occasional relief, since the 1970's.

Ms. Bucko's presentation to the 60 mechanics gathered at the Days Inn was a crucial first step in the process of funneling the mechanics back into jobs, and she went at it bluntly, encouraging them to sign up but also dousing them with a demeaning reality. They must start from scratch in their search for a job, she told them, and she offered workshops in résumé writing and in how to behave in job interviews.

When searching for work in other fields, the mechanics will find themselves taking entry-level tests that more and more employers require of job applicants. In preparation for those tests, her center offered training in algebra — mainly fractions and decimals — and in spelling. Mistakes in these basic skills can mean rejection for a job, she explained.

The mechanics listened in utter silence as she canceled out their past. "We will do career assessment, to bring out the skills that you have, not just skill in the work you think you want, but skills you don't realize you have," she explained. "If you are a coach on your son's or daughter's team, that is a transferable skill."

Discouraged by such talk, some of the mechanics did not show up at the AIR Project center to enroll in Ms. Bucko's boot camp, and those that did found themselves facing more obstacles as Ms. Bucko and her team tried to winnow out all but the most motivated — those most determined to complete the training programs. Ms. Bucko said there was no choice. The federal funds for training fell far short of the demand. The only way to stretch the money was to put up obstacles. Even then, most of the people who did complete the program could not find jobs at anywhere near their old pay.

The process was like a funnel: wide at one end, where all the laid-off workers go in, and narrow at the other, where a limited number gradually emerge into retraining and, if they are lucky, new jobs at decent pay. Mark A. Crouch, a professor of labor studies at Indiana University, used another analogy to describe the recycling of laid-off workers. He called it a "burial program."

US, Russians Meeting To End Deadlock On Iran (AFP)

AFP, March 27, 2006

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US and Russian diplomats were meeting in a new bid to end the impasse over a UN response to Iran's controversial nuclear program, US Secretary of State Condoleezza Rice said.

Rice acknowledged during a round of Sunday television talk shows that differences persisted over the language of a UN Security Council statement seeking to keep Iran from pursuing sensitive nuclear work.

She said she spoke Friday with Russian Foreign Minister Sergei Lavrov and they agreed to have their negotiators work through the weekend in an attempt to hammer out language acceptable to both.

"I think they're going to meet later today, to try and resolve these differences, because we do need to speak and speak with one voice," the chief US diplomat told the Fox News Sunday program.

"But we shouldn't delay," she later told CNN's "Late Edition," adding that "we do need a presidential statement that makes clear to the Iranians what is clear to everyone."

No word was available on the progress of efforts to thrash out a Security Council presidential statement on Iran's uranium-enrichment activities that Washington suspects are aimed at building a nuclear bomb.

Russia and China, two of the council's five veto-wielding permanent members, have balked at even threatening sanctions against Iran for a nuclear program that Tehran insists is for strictly peaceful purposes.

The United States has been pushing for a tough approach, backed by France and Britain -- which are also permanent members of the Security Council -- and Germany.

Rice told NBC television that once agreement was reached on a UN statement, the United States might seek a ministerial meeting of the council's permanent members plus Germany "to talk about charting a course forward."

Will This Man Get The Bomb? (TIME)

By Johanna McGeary

Time, March 26, 2006

Let's start with a simple proposition: no one wants Iran to have the Bomb. The country doesn't actually possess nukes yet, but much of the world suspects that it is hell-bent on building them under the cover of its nuclear-energy program--and the loose-cannon bluster of President Mahmoud Ahmadinejad only reinforces that conviction. That's why diplomats and nuclear watchdogs in the U.S., Europe and other parts of the world have spent so much time trying to stop Iran's nuclear program in its tracks.

So far, however, the joint diplomatic offensive hasn't produced much in the way of results. The Bush Administration's National Security Strategy, issued this month, names Iran the most challenging "single country" to U.S. interests, leaving open the possibility of pre-emptive strikes against Iran's nuclear program. The U.S. and Europe have persuaded Russia and China to join them in reporting Iran's failure to cooperate with international demands to the U.N. Security Council, but both countries oppose punitive action such as economic sanctions. The U.S. spent last week pushing the five permanent members of the Security Council to sign on to a British-drafted statement urging Iran to open its books and lab doors to intrusive international inspections. But the plan met resistance from Russia, which wants to avoid Security Council involvement altogether. "It's a fundamental problem," says a senior U.S. official. U.S. Secretary of State Condoleezza Rice telephoned Russian Foreign Minister Sergei Lavrov but made little headway. She plans to visit Berlin, Paris and Britain this week in an effort to hammer out a statement that can win unanimous backing in the Security Council. Meanwhile, Tehran has sped up research work on the uranium enrichment that lies at the heart of the dispute. Diplomats who have been briefed on Iran's program by international inspectors say the country has developed the ability to enrich uranium, the first step on the pathway to the Bomb. "They're progressing much faster than we thought they would," says a knowledgeable U.S. official. "They seem to know what they're doing."

There lies the deadlock. The U.S. and Iran have shown a faint willingness to lower the temperature, by agreeing to hold talks over Iranian interference in Iraq. But it's unclear whether Tehran hopes to use the talks over Iraq as a way to open the subject of nukes--or to distract the West's attention from it. Ali Larijani, Iran's top nuclear negotiator, told TIME that the regime may be open to compromise on the nuclear issue. "If there is a proposal that the rights of Iran can be secured to some extent for the present time and the other rights through negotiations, we are open to that." Yet the Bush Administration doesn't expect the Iraq discussions will lead to a breakthrough on the nuclear front. National Security Adviser Stephen Hadley dismisses Iran's overture as "simply a device by the Iranians to divert pressure that they are feeling in New York."

The willingness of the U.S. and Europe to make a deal has always been compromised by Iran's unpredictability. At this point, there are few outside Tehran who consider its behavior anything but destabilizing, if not sinister. The West is operating on the assumption that the Iranians are trying to develop the technology and expertise required for building a bomb as rapidly as possible--and that given the regime's support for terrorism, its stated desire to destroy Israel and the prospect of a new arms race in the Middle East, the world can't afford to let them succeed. Yet there is still nothing close to unanimity on what that means in practice. History has already shown how difficult it is to curb the nuclear ambitions of a state that is determined to get the Bomb.

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Witness the examples of India, Pakistan and North Korea, all of which have openly defied international strictures against acquiring nuclear weapons. With so much bluster on all sides, here is a breakdown of the issues at the heart of Iran's showdown with the West--and what is at stake for the world in the outcome.

What Does Iran Want?

THAT DEPENDS ON WHOM YOU ASK. WHAT IS clear is that Iran has pursued a nuclear program for decades, ever since the U.S. first fed the Shah's appetite for reactors. Experts generally believe that Tehran has coveted the Bomb as well. Under the Nuclear Nonproliferation Treaty, signed by Iran in 1968, the country is legally entitled to build reactors and make enriched uranium fuel as a source of energy, as long as it abides by treaty rules and allows the International Atomic Energy Agency (IAEA) to monitor what it is doing. Iran has consistently denied that it intends to scale up fuel-grade enriched uranium into the purer weapons-grade component of a bomb. Iranians say they have the same rights as other countries to technology and are just looking out for their long-term energy future.

The trouble is, almost no one believes that's all Iran is after. Iran had concealed clandestine efforts to make enriched uranium from IAEA inspectors for two decades, until its secret lab at Natanz was exposed by an exile opposition group in 2002. Iran eventually owned up to the deception, telling the IAEA that since the West had denied Iran reactors for decades, it had to go underground to become self-sufficient in fuel. The revelations led the IAEA to put seals on Iran's test centrifuges while Britain, France and Germany tried to negotiate guarantees that Iran's nuclear program could never be shifted to weapons production--an effort that the U.S. backed after initial hesitation. But those talks collapsed in January when Iran refused to abandon its insistence that it retain the rights to proceed with enrichment. The Iranians broke the seals on their most sensitive equipment and vowed to press ahead. According to diplomats and U.S. officials, experts from the IAEA have reported that Iran is on the verge of assembling and operating a 164-centrifuge cascade, machinery that has peaceful applications but can also eventually be used to make fuel for a bomb.

To this day, Iranian officials assert that their uranium-enrichment activities are purely for energy or research purposes rather than military ones. "There's no place for nuclear weapons in our national security doctrine," Larijani told TIME. He points out that Supreme Leader Ayatullah Ali Khamenei has issued a fatwa forbidding the use of nuclear weapons. But such claims were undermined again in January when the IAEA reported an administrative link between a uranium-conversion program known as Green Salt and efforts to weaponize missiles that, for the first time, appeared to show an attempt to harness the nuclear program for military purposes.

Is Iran Close To Getting the Bomb?

NOT NECESSARILY. UNDERPINNING THE current air of crisis is uncertainty about how soon Iran could manage bomb production. Western intelligence on the intentions and capabilities of nuclear aspirants is notoriously unreliable. Thus far, the IAEA says, Iran has the knowledge but not the capacity to make weapons. Some experts say that if Iran's enrichment facilities became fully operational, they could churn out enough material to construct two bombs a year. John Negroponte, Director of National Intelligence, said recently that "Iran, if it continues on its current path, will likely have the capability to produce a nuclear weapon within the next decade." What is already worrisome is that once Iran has the fissile material to make a bomb, it would have ready ways to threaten to use it. In 2004 Iran unveiled the Shahab-3 missile, with a range long enough to reach Israel and southern Europe. At the military parade in which it was first shown, one of the missiles carried the scrawl WIPE ISRAEL OFF THE MAP!

For years Iran alternately hid its activities and negotiated with the West over their scope. Over the past three years, both sides have focused on rebuilding confidence rather than provoking confrontation, but those overtures have lately all but vanished amid Iran's increasingly provocative behavior.

Why Is Iran Picking a Fight?

MANY IRANIANS POINT TO THE POLITICAL ambitions of Ahmadinejad. The hard-line President who just squeezed past more experienced candidates to take office has seized on the nuclear issue to cement his claim to power, according to some top government advisers. He can bypass the ruling clerics by appealing to the street, framing the right to nuclear energy as a populist cause and the centerpiece of his campaign to restore revolutionary ideals--and solidify his base in the military and revolutionary apparatus. That requires a return to the 1980s atmosphere of siege, rallying Iranians by whipping up animosity toward a common enemy, the West. To a generation forged in the heat of revolution and war, diplomacy is akin to slow surrender. "He's using the nuclear issue," says a Tehran political science professor, "to send a message to the Iranian people that he's tough, capable of standing up for Iran and fundamentally different from his soft predecessors."

Ahmadinejad's confrontational approach is reportedly causing consternation within Iran's clerical establishment, especially at the Supreme National Security Council, in which ultimately the decisions on the nuclear issue are made. In a recent TIME interview in Tehran, Larijani extended an olive branch of sorts to the Bush Administration, saying Iran could agree to direct talks with Washington on nuclear and other issues. "You have differences of views with us. Having differences of view does not mean

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animosity," he said. "We have no problems negotiating ... provided that Mr. Bush does not harangue us." The U.S. has ruled out direct nuclear talks.

Despite such conciliatory rhetoric from some Iranian officials, it is likely that many of the mullahs still dream of a robust nuclear program--if Iran had the capacity to make a bomb, it would get the respect it deserves. That conforms with Iran's self-image as a nation whose glorious past and potential greatness are undermined by implacable enemies such as the U.S. According to experts inside and outside the country, the regime sees bargaining over its nuclear rights as a way to recast the strategic balance in the region in Iran's favor, to gain stature and recognition of the Islamic Republic as a powerful geopolitical player. A history of invasions has left Iran wary of its neighbors, especially now that it is encircled by countries that possess atom bombs--Russia, Pakistan and India as well as Israel. Now that U.S. troops occupy two next-door states, Iran's leaders see the nuclear card as a way to buy security guarantees for the country and survival for the regime. It wants Washington to stop pushing "regime change" and accept the existence of an Iranian Islamic Republic. But even as Iranian officials deny that they plan to build a bomb, they point out that once North Korea tested a nuclear device, Western threats against Pyongyang ceased.

One reason Iran is acting up may be that its leaders see this as a moment when the game of brinkmanship is tilted in its favor. The country is in a nationalist mood; for the man in the street, more concerned with economic issues, the appeal is simple: If other countries can have nuclear power and atom bombs, why can't we? High oil prices and an overstretched U.S. military combine to lessen the West's capacity to react. So too, Iran's leaders think, does Iran's influence with the Shi'ite majority in Iraq and the newly elected Hamas leaders in the Palestinian territories. Getting loud and ugly about Israel earns Iran credibility and support in the Muslim world. And the regime may have decided that thumbing its nose at the nonproliferation treaty and at IAEA inspections is worth the international disapprobation, gambling that its extensive commercial ties with Russia and China will insulate it from punitive Security Council measures.

What Iran seems to be playing for, above all, is time. The longer it can string out the diplomatic process, the further it can proceed down the road toward completing the fuel cycle. It is possible that Iran may even agree to suspend uranium enrichment at some point in the near future, knowing that it has already created new facts on the ground. If the regime were then to change its mind again, says Mark Fitzpatrick, a longtime veteran of the U.S. State Department who is now at London's International Institute for Strategic Studies, "it would resume from a new starting point, with uranium conversion up and running and the enrichment process under way."

What Are the U.S.'s Options?

MISTRUST OF IRAN'S INTENTIONS HAS soured the Bush Administration and the Europeans on any deal that would allow Tehran to retain enrichment capacities. U.S. attitudes have hardened in response to Ahmadinejad, and Washington seems to have little interest in any grand bargain that would offer the theocratic regime security guarantees. Thus diplomacy for the moment is centered on the U.N. But even if Iran fails to accept demands that it submit to involuntary inspections, the challenge of reaching consensus on sanctions with real teeth could take months, if it can be achieved at all. The search is already on for selective embargoes that might stand a chance of passage. "It's not going to be oil for food," says a Bush Administration official. "I don't have a clue as to what they are, but fine minds are working on trying to sort out what could get support." Still, Washington's allies know that it's tough to design economic restrictions that will hurt the regime without hurting the Iranian people and realize how effectively Iran's leaders could use blunderbuss penalties to unify the nation behind them.

The bleak outlook for diplomacy fuels speculation that the U.S. and Israel might use military force to destroy Iran's nuclear facilities. While the military option is "never off the table," officials in both capitals say contingency plans for an air strike "are not under active consideration as an option now." Most experts say only that the U.S. has the air power and long-range fueling capability to carry out the multiple attacks that would be required to inflict serious damage on Iran's nuclear facilities--but they acknowledge that the U.S. military already has its hands full in Iraq and Afghanistan. Although some in the Middle East fear that Israel might attempt to repeat its 1981 solo raid on Iraq's incipient nuclear bomb, a senior Israeli intelligence officer says, "We won't act alone. Why should we? It's a global problem."

The costs of a military strike would well outweigh the benefits. That would be no simple raid but a major military operation taking several weeks, akin to the opening onslaught on Iraq in 2003. Not just the nuclear sites but Iran's air defenses and retaliatory machinery as well would have to be destroyed. The collateral damage in Iranian casualties from the attacks or radioactive fallout could be severe, as could the political backlash against moderates and opponents of the existing regime. And then, how much would Iran's nuclear ambitions be set back? "You can't bomb know-how," says IAEA chief Mohamed ElBaradei. A U.S. analyst guesses "at best, two to four years." And, he adds, "while we went to war, Iran would not sit idle. It would strike back at a time and place of its own choosing"--including sponsoring attacks on U.S. and British troops in Iraq and perhaps even terrorist strikes inside the U.S. and Europe.

Is there a way out? The most encouraging fact about the standoff is that neither side has much to gain from precipitating a military confrontation. At the same time, it is unlikely that the major differences over Iran's nuclear intentions can be resolved in a

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way that is wholly satisfying to both Iran and the West. The most realistic hope for Washington and its allies may lie in using diplomatic measures to delay Tehran's nuclear development long enough to allow for the emergence of a more moderate Iranian leadership that could be persuaded to abandon its nuclear dreams. But if those efforts fail, this U.S. President, or the next one, may confront a sobering choice: live with the reality of a nuclear Iran, or take the risk of attacking it. All of which leads to another, simple proposition: get ready for the world to become a more dangerous place.

In Iran, Even Some On Right Warning Against Extremes (WP)

By Karl Vick

The Washington Post, March 27, 2006

TEHRAN -- Nine months after the election of hard-liner Mahmoud Ahmadinejad as president, Iranian politics has shifted so sharply to the right that some traditional conservatives are warning of the dangers of radicalism.

With reformists sidelined and Ahmadinejad setting a strident new tone on the global stage, figures from the extreme right of Iran's political spectrum are defining the terms of political debate in the country. In remarks that set off a domestic firestorm, a senior cleric close to the new president suggested in January that Iranian voters were largely irrelevant because the government requires only the approval of God.

The remarks by Ayatollah Taqi Mesbah, and similar comments by an aide, were roundly criticized, even on the editorial page of Kayhan, a traditional showcase for hard-line thinking. Iranian political insiders said the flap offered a window on intense infighting at the highest reaches of Iran's theocracy just as world attention is focused on the government's determination to proceed with a nuclear program that skeptics call a cover for atomic weapons.

"Ayatollah Mesbah is an extremist," said one Iranian official close to Ayatollah Ali Khamenei, the soft-spoken cleric who has been Iran's supreme leader since the death of Ayatollah Ruhollah Khomeini in 1989.

"Ayatollah Khomeini warned the people lots of times not to allow these people, the Shia Talibans, to come to power in Iran and have space," said the official, who spoke on condition of anonymity, noting that Khamenei has judged it prudent to accommodate even extremists within the system and accord them respect. "Ayatollahs Khomeini and Khamenei feel these people can do a lot of damage. They can damage Iran. They can damage Islam. They are like the Taliban. They are like al-Qaeda. They say they know what Allah expects from us -- that we should do what he wants from us without paying attention to the consequences.

"And it's a very dangerous belief."

The tension highlights significant divisions within Iran's conservative camp, often viewed from outside the country as a turbaned monolith. In reality, 27 years after the 1979 revolution that brought Shiite clerics to power, Iranian politics is a nuanced landscape defined largely by the lessons taken from the previous quarter-century.

Traditional conservatives describe themselves as firm but flexible. While remaining committed to the precept that clerics should hold ultimate authority, they were chastened in the 1990s when reformists -- determined to lessen the intrusion of the state into private lives and show greater tolerance for dissent -- won landslide electoral victories.

Other conservatives, who proudly call themselves fundamentalists, argue that reformists were hollowing out the Islamic Republic from within. Equating dissent with treason, they demanded a hard-line defense of the revolution's tenets, including strident opposition to the United States and Israel.

In recent years, the two camps united at election time, making common cause against reformists. But after the votes were counted, moderate conservatives were left unsatisfied.

"There was a problem in our structure, our conservative political structure," said Amir Mohebian, a leader in a conservative faction that absorbed some reformist inclinations, including cautious engagement with the West. "We start very well, but the result was not under our control."

Mohebian said the outcomes of 2003 elections for local councils, the 2004 contest for parliament, "and now the presidency," were "not our result." Each succeeding contest tightened the right's grip.

One reason was the hard-line orientation of the Guardian Council, a screening panel that barred reformist candidates, producing a ballot skewed to the right.

That amplified another factor: turnout. The Basij civilian militia, and in last June's presidential contest the Islamic Revolutionary Guard Corps, showed up most reliably at the polls, doing their duty as the core constituency Khamenei set out to create after succeeding Khomeini.

"The Basij is mainly a creation of Mr. Khamenei," said one Iranian analyst, who declined to be quoted by name. "They spent a huge amount of money to reinforce these military groups. Basiji people and even the Revolutionary Guard people are really an artificial social class, like an artificial island."

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Ahmadinejad spent most of his career in both groups, and he wrote huge increases for each into his first budget as president. He commanded a Revolutionary Guard engineering unit during the 1980s war with Iraq, the defining experience for many hard-liners holding fast to the slogans of a then-young revolution, and he was a leader in the Basij.

"He's a true believer in the revolutionary values, which we believe in, too," said Mohammad Ali Tai, 61, as he squatted on a curb at Tehran University, where Friday prayers are held in the capital. Usually, a few thousand people attend. Most are veterans like Tai, who returned home to lives that failed to improve materially while the governing elites grew wealthy.

"I am a barber myself. I talk to many people," Tai said. "They are only tolerating this hardship because they believe in Islam. Some people who were in charge did not believe in these values, and this inequality is because of them."

Each week, Tai attends a Basij meeting, and well as a gathering of his hayat , a community group that mounts celebrations for religious holidays. When Ahmadinejad was mayor of Tehran, he provided the groups with rice at discount prices.

"Everything we do is actually a matter of keeping alive the revolutionary spirit," said Tai, who said he voted in the previous two presidential contests for Mohammad Khatami, a reformist. "But this time the Basij told us: Only vote for Ahmadinejad, and don't vote for anybody else."

If such groups were key to Ahmadinejad's electoral success, the cocooning cycle of their meetings -- offering mutual reinforcement and fealty to a shared vision -- provides insight into the staying power of his rigid outlook. Friends say he held to it stubbornly when others adjusted their views to the post-revolution realities that spawned Iran's reform movement.

"He always thought that was a deviation from the true path of the revolution," said Nasser Hadian-Jazy, who has known Ahmadinejad since grade school. "Equality, justice, humility, being simple, supporting Muslims, opposing global arrogance -- he was never ashamed of these principles. Never."

Hadian-Jazy, himself a revolutionary who evolved into a reformist, said he marveled at seeing his old friend wearing a checkered headdress around his shoulders on a university campus in 1998, a deeply unfashionable gesture at the height of the reform movement. "His sense of overconfidence, to me, that's not a positive point. But that's the way he is," said Hadian-Jazy, now a political scientist at Tehran University. "He's naive. The black and white area of his mind is a lot bigger than the gray area."

Insiders say these are the qualities that keep Iran's hard-liners in the extremes.

"Because of their religious beliefs, these people are inflexible," said a former senior official in Khatami's government, who declined to be identified further. "Although their number might be few, the certainty of their belief lets them resist a larger population. The supporters of civil society and reformists are less hard, less ready to be damaged because of their belief."

"Whenever someone is fixed in his thinking, we call them hard-liners," said Mehdi Karrubi, a moderate cleric who lost narrowly to Ahmadinejad in the first round of last year's presidential balloting. "A group of people just come together. They talk to each other and say: This is what the society thinks!"

Mesbah, the cleric whose speech touched off the current conflict in the conservative camp, is praised even by critics for his intellect. He leads a well-funded seminary in the holy city of Qom and has forged a reputation for steeling the resolve of Iran's harshest conservatives, famously declaring: "If someone tells you he has a new interpretation of Islam, sock him in the mouth!"

A cartoonist dubbed him "Ayatollah Crocodile" for encouraging suppression of the press. One follower, now Ahmadinejad's intelligence minister, once bit a journalist on the shoulder. Another, now Ahmadinejad's interior minister, oversaw the execution of thousands of prisoners in the late 1980s.

Many of Mesbah's former students hold places in the Revolutionary Guard's ideological and political section. The cleric encourages students to study in Canada and the United States, which critics say does little to soften their views. Most eventually return to Qom.

Mesbah's followers have now set their sights, Hadian-Jazy said, on gaining control of the panel of clerics that is empowered to name Iran's supreme leader -- an open-ended appointment that has been assumed to run a lifetime. Called the Assembly of Experts, the 86-member body will be elected in nationwide balloting set for October.

Mesbah is expected to field a slate of graduates from his seminary, and in the preelection positioning now underway, some see preparations for a kind of coup. But the boldness hard-liners have shown since Ahmadinejad's surprise win -- on a populist platform that emphasized quality of life -- has unsettled many here.

"I believe the traditional right wing is worried," said Saeed Laylaz, an analyst who served in the first reformist administration of Khatami. "Until now they used each other as a horse to ride from one place to the other, and each thought the other was the rider."

Ahmadinejad's triumph, he said, clarified the driving force.

"When you create radicals, they don't stop when you want them to," Laylaz said. "The leader can order when they leave the barracks, but they decide when to go back. This is the dangerous position of the supreme leader and the right wing right now."

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Putting The Money And Ideas Behind Nation-Building (WP)

The Washington Post, March 27, 2006

The Bush administration says it is not pursuing "regime change" in Iran. But it is promoting democracy in the Islamic Republic. This is excerpted from the "Iran Democracy Program Announcement," as posted by the State Department, seeking applicants to help with the project.

Funding Opportunity Description: The Office of the Middle East Partnership Initiative (MEPI) announces an open competition for grant applications that support democratic governance and reform in Iran.

This represents a new MEPI funding initiative, and submissions must outline activities linked to reform and demonstrate how the proposed approach would achieve sustainable impact in Iran. . . . MEPI has particular interest in supporting programs that are innovative and that meet needs and opportunities not already addressed by current donor funding.

Accordingly, this request seeks projects to broaden and deepen within Iran the means and modes of publicly expressed and responsible citizen views on reform in all its aspects. The range of possible themes and issues includes, but is not limited to:

· freedom of association;

· the right of citizens to access independent sources of information;

· the right to advocate responsibly on important issues and debate ideas freely with other citizens and local, regional, and national government representatives without fear of retribution, including through democratically organized and legal political parties;

· the right to participate in local and national governance processes;

· the right to transparent and effective government services, including regular public accountability for monies spent;

· the right to speedy, fair, and transparent access to courts of law to settle civil, commercial, and criminal matters;

· the right to participate as candidates and supporters in transparently organized, free, fair and competitive democratic elections.

MEPI seeks to strengthen the community of Iranian reformers at the local and national levels and support reformers with demonstrated commitment as they work to build broader alliances with new stakeholder groups around issues of core democratic values.

MEPI supports programs that link reformers within and across national boundaries and use local organizational capacity to leverage opportunities to advance reform.

Israel Pledges Consultations Over Pullout (AP)

By Mark Lavie, Associated Press Writer

AP, March 27, 2006

Two days before a crucial election, acting Prime Minister Ehud Olmert pledged Sunday to consult the United States and Europe about his plan to pull out of much of the West Bank, remove settlements and set his country's borders within four years.

Olmert's Kadima party is ahead in the polls, and his two main opponents devoted the end of their campaigns to criticizing him and his plan, after declaring the vote a referendum on the future of Israel's presence in the West Bank, captured from Jordan in the 1967 Mideast War.

No official campaigning is allowed Monday, the day before the election. Israeli soldiers along the Lebanon border began voting Sunday, the military said.

A poll for Channel 10 TV and the Haaretz daily released Sunday showed Kadima winning 36 seats of the 120 in the parliament, the hawkish Likud 14 and the moderate Labor 18. Pollster Camil Fuchs said the survey questioned 800 voters with a margin of error of less than 3 percentage points. He said 22 percent remained undecided. In all, 31 parties are competing.

Olmert's plan has breathed life into an election campaign that has been sleepy despite earthquakes in Israeli politics — the exit of Prime Minister Ariel Sharon, who was felled by a stroke on Jan. 4 shortly after he founded Kadima and is still in a coma.

Olmert, who took over Kadima from Sharon, proposes completing a barrier between Israel and the West Bank that has been under construction for more than four years, incorporating main settlement blocs on the "Israeli" side and moving settlers outside the barrier into the blocs.

Olmert said he would try to build consensus around the plan in the fractious Israeli public. Settlers, hawkish supporters and most Orthodox Jews opposed Sharon's unilateral pullout from Gaza last summer, forcing Sharon to reshuffle his Cabinet, leave Likud and create Kadima.

Likud leader Benjamin Netanyahu told Israel Radio "these borders that our political rivals are proposing will not be defensible."

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The U.S. and Europe have opposed Israeli settlements in the West Bank and have called for borders to be fixed through negotiations, not unilateral action.

Olmert told Israel radio he is hopeful he can gain support for his position.

"I have a basis to believe that there is great openness in the United States and in other places to listen to these positions and also to seriously discuss them," Olmert said

Labor leader Amir Peretz on Sunday criticized Kadima, though the two parties are seen most likely to serve together in a coalition government.

Kadima "gave legitimacy to all the most negative trends that can occur in a democracy," Peretz said, pointing to the candidates' history of cronyism and charges of corruption.

On Sunday, Israeli official Shlomo Dror said Israel's liaison officers in the West Bank will stop dealing with the Palestinian Authority after the Hamas Cabinet takes office, switching their focus to international organizations.

Israel has already suspended transfer of taxes and customs it collects for the Palestinians, and Western donors are considering cuts in vital international aid once Hamas takes office.

Olmert has said he would give Hamas, which swept Jan. 25 Palestinian legislative elections, some time to show whether it would accept basic demands put by Israel and the Western world: recognizing Israel, endorsing interim peace accords and renouncing violence after a history of dispatching suicide bombers into Israel.

Olmert Wants U.S. Backing Before Pullouts (AP)

By Ramit Plushnick-masti, Associated Press Writer

AP, March 27, 2006

Acting Israeli Prime Minister Ehud Olmert said Sunday he planned to get U.S. backing before pushing forward with his plan to withdraw from much of the West Bank, maintain control of major settlement blocs and draw Israel's final borders by 2010.

Meanwhile, candidates made a last-ditch effort to win over voters amid fears of an unprecedented low turnout in Tuesday's election. The three top candidates gave interviews to Israel Radio, trying to clarify their differences and launching final, fierce attacks on their rivals.

Fearing that Palestinian militants could launch a terror attack in the tense days before the vote, Israel's security forces declared a high state of alert beginning Sunday, putting extra forces on the streets and keeping a tight closure on the West Bank.

Meanwhile, soldiers scheduled for duty on Tuesday began voting Sunday.

Following a lackluster campaign that aroused little emotion, pollsters are predicting a voter turnout of around 60 percent, the lowest in Israel's history. In a sign of voter apathy, the blocs of campaign ads broadcast on television over the past three weeks were watched by an average of 14.4 percent of Israelis, their lowest ratings ever, Israel Radio reported.

A low turnout could cause the most damage to Olmert's centrist Kadima Party, which is the clear front-runner, analysts said. Speaking before the weekly Cabinet meeting Sunday, Olmert called on Israelis to go to the polls.

"There is no greater or more significant way to exercise your right as a citizen then that which allows you to decide through a vote the fate of the country and the character of the state's government," Olmert said. "Therefore I tell all the citizens of the state of Israel: Go vote."

A dovish institute took out a full-page ad in the Israeli daily Haaretz on Sunday, warning that low turnout could bring the hawkish Likud leader, former Prime Minister Benjamin Netanyahu, to power.

Amnon Dankner, editor of the Israeli daily Maariv, wrote a lengthy appeal to Israelis: "Get out and vote and ... you will know that you took part in determining your fate with serious and mature deliberation, and did not enshroud yourself with shame and catastrophe because you were spoiled and foolish."

Sunday was the last full day of campaigning before the vote. Political parties are barred from campaigning 24 hours before the election.

In his interview with Israel Radio, Olmert expanded on his plan to determine Israel's final borders, if necessary through unilateral West Bank pullouts.

"I spoke about negotiations with the United States and the international community and I spoke about final borders that the entire international community will support, including the United States," he said. "I have a basis to believe that there is great openness in the United States, and in other places, to listen to these arguments and also to seriously discuss them."

The Palestinians oppose Olmert's plan, saying Israel has no right to retain any settlements and final borders can only be decided through negotiations.

Amir Peretz, head of the dovish Labor Party, which is expected to finish a distant second in the polls, used his last day of campaigning to attack Nobel Peace laureate Shimon Peres, the longtime Labor leader who defected to Kadima after losing a party primary to Peretz.

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Pollsters predict that Netanyahu will come in third, a serious blow to the Likud Party that has dominated Israeli politics for most of the past three decades. Netanyahu attacked Olmert and Peretz, but also defended the economic moves he is being lambasted for taking when he served as finance minister under Sharon.

Assuming that Olmert — who replaced Ariel Sharon after the prime minister suffered a massive stroke Jan. 4 — will be the next prime minister, Israel Radio commentators pushed him to talk about the makeup of his government and how he would divvy up Cabinet positions.

Olmert refused to comment on positions, but said only parties that accept his plan to pullout of isolated West Bank settlements could join his government.

Israeli Labor Struggles With Core Voters (AP)

By Ravi Nessman, Associated Press Writer

AP, March 27, 2006

When Amir Peretz took over Israel's Labor Party late last year, he was hailed as a savior who could bring working-class Middle Eastern Jews into the foundering movement of an aging European-descended elite.

But as Labor prepares for Israel's election Tuesday, it faces a flight of the very European voters who are its base.

Labor defectors say they left because they think Peretz is inexperienced and secretly a hard-core socialist, and believe the new, centrist Kadima Party has the best chance to break the stalemate with the Palestinians.

But party veterans insist a key reason is what the Israeli media call "the ethnic demon" — the divide between European-descended Ashkenazis and Middle Eastern Sephardis, and a widespread aversion to a Sephardi becoming prime minister.

They point to Israelis' preoccupation with Peretz's humble beginnings in the Israeli backwater of Sderot, his lack of a college degree and his shaky English.

"It's difficult for them to accept that someone from Morocco will become prime minister," said Gidon Ben Yisrael, a party veteran and parliamentary candidate.

While Peretz has pulled many new Sephardic voters into the party, nearly 40 percent of Israelis who voted Labor in the last election have left, pollster Rafi Smith said. Traditionally Labor pulled three times more votes from Ashkenazis than from Sephardis; now the numbers are roughly equal, he said.

The result is that instead of showing a boost from Peretz's rise, Labor is attracting about the same national support as in the last election — some 20 seats in Israel's 120-member parliament.

Peretz is undaunted. Traveling around the country, the former union leader stumps for a higher minimum wage, increased education funding and guaranteed pensions for the elderly.

At the same time, Labor has phoned more than 70,000 retirees who failed to renew their party membership after Peretz took over.

Peretz, 54, says their defection surprised him. "I was sure that the veteran party members would be happy that I got them new voters," he said in an interview with The Associated Press on his campaign bus after a round of handshaking and bear hugs with voters in a Jerusalem shopping district.

Ashkenazi Jews have always been the dominant force in Labor, while Sephardis gravitated toward the hard-line Likud, believing that Labor policies had consigned them to the social fringes.

Peretz, who was born in Morocco and moved to Israel with his family when he was 4, says it was an electoral distortion for blue-collar Sephardis to vote for a fiscally conservative party while affluent Ashkenazis voted Labor.

In November, Peretz stunned Labor and its core supporters in the tony suburbs of Tel Aviv by defeating their veteran leader, Polish-born Shimon Peres, in the party primary.

It was an upset that produced some unpleasant moments. Peres' brother, Gigi, called Peretz a "foreign body" in the party and said he and his supporters "came over from North Africa, took over and shot them (Labor activists) in the back."

Shimon Peres' aides disavowed the remark and Gigi Peres apologized, but weeks later, the defeated candidate bolted Labor for Kadima, bringing thousands of Labor veterans with him.

One of those was Rafi Lehavi, 57 and active in Labor for 30 years. "I couldn't support Amir Peretz as the future prime minister. Maybe in the future, maybe with more training in the government," he said.

"I didn't leave because of his origin," he said. "I don't believe in him as a leader."

Peretz, the former mayor of Sderot, has been in parliament for nearly two decades and headed the Histadrut trade union federation for 10 years but has never held a Cabinet post.

Ben Yisrael noted that Labor's previous candidate had no national political experience either, but that did not drive people away from the party.

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Many of the traditional barriers for Sephardic advancement have fallen in recent years, and both the president and the defense minister are Middle Easterners. But those positions are not directly elected and many Israelis — especially traditional Labor supporters — are not ready for a Sephardi prime minister, Israeli analysts said.

"It's not easy to break the taboo," political analyst Yoel Marcus wrote in the Haaretz daily.

Long On Outskirts Of Power, Olmert Looks To Lead Israel (NYT)

By Steven Erlanger

The New York Times, March 27, 2006

JERUSALEM, March 27 — As a young boy, growing up with parents who were members of the Irgun, a militant Zionist group that fought the Arabs and the British, Ehud Olmert used to play at being David Ben-Gurion, the first leader of Israel.

Mr. Olmert became Israel's youngest member of Parliament at 28. But his career was derailed by the meteoric rise in his Likud Party of the articulate Benjamin Netanyahu, who became prime minister in 1996, and Mr. Olmert tied himself as chief aide to his last mentor, Ariel Sharon.

With Mr. Sharon silent and comatose after a severe stroke on Jan. 4, Mr. Olmert, now 60, stands at the cusp of his life's ambition — to become prime minister himself in Tuesday's election at the head of a new centrist party, Kadima, that he fashioned together with Mr. Sharon.

It has been an extraordinary turn for a man better known as a wheeler-dealer and a cigar-smoking lawyer close to big business than for his charisma or courage on the battlefield. And it has been an extraordinary ideological journey — from the far right, where he said he believed that Israel should control both sides of the Jordan River and where he voted against the 1978 Camp David peace accord, to the center, where he now says Israel must cede most of the occupied West Bank and even parts of Jerusalem to preserve itself as a democratic Jewish state.

Never very popular with the Israeli public, Mr. Olmert worked behind the scenes to help shape Mr. Sharon's policies — to act unilaterally in the supposed absence of a Palestinian "partner," to pull out of Gaza, to build the separation barrier between Israelis and Palestinians, to form Kadima. Now, through happenstance, Mr. Olmert is Mr. Sharon's heir apparent. Kadima was built around Mr. Sharon. But Mr. Olmert has steered the new party through a difficult period of doubt, enforcing a collective discipline on a group that ranges from the center-left to the moderate right. He has repressed his own tendency toward sarcasm and limited his public appearances, even to support his beloved Betar Jerusalem soccer team. He has chosen the popular foreign minister, Tzipi Livni, as his deputy.

And he has given an explicit promise of another unilateral Israeli withdrawal from the West Bank, which Nahum Barnea, the senior columnist for Yediot Aharonot, calls "the most specific plan any serious candidate for prime minister has ever issued before an election."

Mr. Olmert has made the election into a referendum on another pullout against political advice that the plan would take Kadima too far to the left.

But if the opinion polls are mostly correct, Kadima will win more than twice as many seats as the remnants of Likud, which Mr. Netanyahu now leads, and Mr. Olmert will at last be a leader on his own. But if Kadima's numbers continue to deteriorate, as they have since Mr. Sharon's stroke, Mr. Olmert may be the prime minister of a less stable coalition, harder to control. "Sharon didn't have to say anything about the future to get elected," Mr. Barnea said. "But for most voters, Olmert is a nonentity. He had to become more specific.

"Now you can't accuse him of misleading the public," he added, "but "he had to fill the vacuum of not being Sharon."

Eyal Arad, a close adviser to Mr. Sharon and Kadima, said: "They don't have the same credibility. Sharon could say, 'Trust me.' With Olmert, people say, 'We're willing to trust you, but tell us please, what is it we should trust you with?' "

A skit on the Israeli news-satire show, "It's a Wonderful Country," captured Mr. Olmert's problem. A chocolate advertisement shows an Israeli tourist in an Indian market, where everyone bows down to him. He suddenly realizes that they are bowing to the cow on his candy bar. The spoof shows Mr. Olmert in an Israeli market, first puzzled, then gratified by all the deference. Then someone whispers to him that everyone is bowing to the picture he's carrying of Mr. Sharon.

The prospect of a Prime Minister Olmert produces little passion, which goes some way, along with Mr. Sharon's illness, to explain why the campaign has been quiet. In one way, it can be seen as a testimony to Israel's political maturity. But it also hints at collective fatigue, and to lingering doubts about Mr. Olmert's capacity for disinterested leadership.

"Ehud Olmert is a very skillful politician, intelligent and cool-headed," said Ari Shavit, a writer for the newspaper Haaretz. "But he is also the embodiment of this new class of rich Israeli barons, to whom he's very close.

"I assume it's all kosher," Mr. Shavit added, "but it's something we've never seen before in this country."

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Mr. Olmert began his career campaigning against corruption. But in part because of his law practice, in part because he is a political insider in a system that runs on money, and in part because of his jobs as mayor of Jerusalem and minister of Trade and Industry, he has developed a reputation for borderline dealings, although he has been cleared in every investigation.

In an opinion poll published Friday in the newspaper Maariv, Israelis were asked what they liked about Mr. Olmert. More than 30 percent liked nothing. Nearly 29 percent valued his courage to state his position, and 19 percent his "wisdom and cleverness," while less than 15 percent valued his experience. When asked what disturbed them most about him, more than 35 percent said that "he is indebted to wealthy people." Nearly 19 percent said that he was corrupt; nearly 16 percent that he was arrogant. An additional 7.5 percent said, "all of the above."

The right wing has attacked Mr. Olmert as a "leftist" for his stand for disengagement. But his family's reputation also plays into it: his wife, Aliza, an artist, is politically to the left, and of his four children, one daughter volunteers for "Machsom Watch," which monitors checkpoints, and his two sons live abroad, one in New York and one in Paris. One of them, as a conscientious objector, did not serve in the army.

Personally, "Ehud basically is very liberal," said Mr. Barnea, who knows the family. But politically his family is more liberal, and Mr. Barnea said, "He never expected his family to support him politically."

Mr. Olmert's plan for the West Bank, with an aim of unilaterally defining Israel's final borders, has been dismissed by the Palestinians as a recipe for further bloodshed. The United States is unlikely to support it except as a temporary measure.

With more than 65,000 Israeli settlers living beyond the separation barrier, which already takes in at least 8 percent of the West Bank, plus most of East Jerusalem, a pullback even to the barrier would produce an agonizing drama, with the possibility of violent protests. Even then, more than 175,000 Israelis, and 200,000 more in East Jerusalem, would still be living in areas beyond Israel's 1967 boundaries, areas Mr. Olmert says he intends Israel to keep.

On Sunday, the last legal day for campaigning, Mr. Olmert did not appear in public. Instead, he spoke to Israel Radio, saying Israel needed a debate "to define for ourselves our red lines" before discussions with the United States over borders.

But Mr. Olmert's aim is clear, and in this he is following Mr. Sharon completely. The goal, he said, is to "preserve Israel as a Jewish state with a stable Jewish majority while separating from the Palestinians."

Israeli Right Nips At Kadima (CSM)

By Ilene R. Prusher

The Christian Science Monitor, March 27, 2006

HAIFA, ISRAEL - The victor in Tuesday's nationwide parliamentary vote is widely expected to be the Kadima (Forward) Party, representing the legacy of Prime Minister Ariel Sharon. But the real cliffhanger is how well vote-getters like Avigdor Lieberman will fare.

Hefty, direct, and assertive, Mr. Lieberman addressed a standing-room only crowd at the municipal theater here recently - a mark of popularity in an election season that many seem to find as appetizing as day-old falafel.

Part of that enthusiasm comes from the fact that he speaks in the mother tongue of most of his supporters: Russian. About 1 in 4 voters in this coastal city is a new immigrant from the former Soviet Union. This polyglot of newcomers, known as "Russim," now make up at least 15 percent of the electorate, compromising one of the most influential voting blocs.

So far, he and his nationalist party Yisrael Beiteinu (Israel Is Our Home) look likely to garner a significant enough chunk of the vote to make him an attractive coalition partner for Kadima, led by Acting Prime Minister Ehud Olmert.

Lieberman has been the season's most avid headline grabber. And if he joins the coalition-to-be, he expects Kadima's platform to bend toward his own. "I think our plan is better than Kadima's," he says. "I cannot understand what could be achieved from Kadima's plan."

By Kadima's plan, he means Mr. Olmert's proposal to carry out an additional set of unilateral withdrawals from occupied land - this time, in the West Bank. Olmert says he would annex major settlement blocks, evacuate many others, and declare Israel's part to end the conflict done, using the controversial security barrier as the de facto demarcation line between Israelis and Palestinians.

While that will not likely be deemed acceptable by any of the other parties involved, Lieberman's plan lurches into more problematic territory.

He says he would transfer to Palestinian control a swath of territory in the Galilee region that is heavily populated with Israel's Arab citizens, and will in turn annex large areas of Jewish settlement in the West Bank, such as Ariel or Maale Adumim. The subtext is that Lieberman views the nearly 20 percent of Israelis who are Arab as Israel's primary threat.

In Lieberman's plan, any Arabs who wants to remain in Israel will have to move out of the high-concentration areas surrounding the northern city of Umm el-Fahm to another part of the country. He also proposes that they be required to sign a pledge of allegiance to the state by the age of 16, accepting its Zionist principles.

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Left-leaning politicians say they're not sure Lieberman's proposals are even legal. More vocal critics regularly call him racist and fascist.

But his views have won solid support among Russian voters. About 35 percent of the Israeli electorate born in the former USSR is expected to vote for him. By comparison, Kadima is expected to get 30 percent of the Russian vote, while the Likud party looks likely to win just 14 percent.

"In my eyes he's the most appropriate politician to be prime minister. His platform really matches my views," says Ksenia Kravitz, a university student who immigrated here from the Urkraine.

Another supporter spells out a common theme: A desire to line up behind a strong personality. "We want a real leader," says Igor Gurevich, who moved here as the Soviet Union began to crumble in 1989.

In the past, he voted for a Russian immigrant group that has since merged itself into the Likud party. But the longer the immigrants are here, the less they want to vote for any party that is explicitly ethnic. "I don't want to be in a Russian party," Mr. Gurevich says. "I want an Israeli party, and Lieberman is building that."

Russian immigrants who came to Israel after 1989 have a tendency to vote right-wing - anything that smacks of socialism brings back memories of Red Square.

Their most pressing problems remain socioeconomic; many educated people were unable to find work in their fields after moving here. Others complain of discrimination and stigmatization at the hands of Israeli officials. On the whole, most are secular, and constantly face problems with personal issues such as marriage and burial, as the Israeli Rabbinate doesn't recognize many of the newcomers as Jewish by religious law. Civil marriages, for example, are not allowed, and many Russian immigrants demand that their leaders fight for this issue.

The negative experience means that Russian voters here are less interested in the party than the personality - one of many reasons Lieberman has attracted so much support.

"Russians really vote for the person, not the party," says Lazar Kaplun, who, as the head of Kadima's Russian headquarters in Haifa, is trying to convince voters to switch over. "We try to explain to them that Kadima's the ruling party and that it's the only one that can bring us to a new reality, while these others will just come and go."

But his challenge, he readily admits, sitting and strategizing with other activists in the final days of the campaign, is that no other party has a figure who is viewed as equally charismatic.

Beyond Lieberman, several other right-wing parties look likely to draw away support from Kadima.

The Likud party, which has been Israel's most powerful rightist party since the 1970s, is predicted to come in a distant third. But many voters who have told pollsters in the past that they were undecided have turned up as 11th-hour Likud voters, and the party knows it, judging from one of its simple slogans: "Come Home."

Hagay Lober, from the West Bank settlement of Beit El, says that he's usually voted for the National Religious Party (NRP), long a bulwark of the settlement movement. Now, however, many settlers are disillusioned by the party's failure to impede Sharon's disengagement plan last year.

"People trusted them a lot before the last election," says Mr. Lober, who is a rabbi and a director of a religious theater troupe. The pullout from the Gaza Strip has left many former settlers jobless and without permanent homes, he notes, and some people are so dismayed they don't want to vote at all.

"It's caused a disengagement from the army and the state. It's a huge crisis for the whole country," he says. He says he might vote Likud "so I can push Olmert to partner with the right."

Even further along the spectrum is politician Baruch Marzel, who has roots in the outlawed Kach Movement founded by the late Rabbi Meir Kahane. His party was banned from running for Knesset on the grounds that it was blatantly racist, something Mr. Marzel - an American-born settler - has managed to avoid.

In the settlement of Ofra, near the Amona outpost that was violently dismantled, Russian immigrants Chaim and Tanya Briskin sat on a bench recently and watched the youngest of their 11 children play. Their 18-year-old son is under house arrest for being involved in the clashes - during which 220 people, most of them young protesters, were injured. Gabriel, 11, says he and his friends are carving bats to fend off the next attempt by the army.

"We're voting Lieberman," says Mr. Briskin, an electrician. "We voted for other right-wing parties in the past, like Likud, and they went in a completely different direction from what we expected - to the left."

Russian Voters To Play Key Role (WT)

By Joshua Mitnick

The Washington Times, March 27, 2006

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TEL AVIV -- They've been Israel's most critical swing voters in elections going back to the early 1990s. Now, on the eve of tomorrow's vote, the country's 1 million Russian immigrants are again poised to determine the balance of power in the next parliament.

Hawks on security and mostly secular, Russian immigrants are expected to cast ballots in higher numbers than other Israelis. Pollsters say they could determine 15 percent of the seats in the parliament.

They are thought to be wavering between acting Prime Minister Ehud Olmert's Kadima party and Yisrael Beiteinu, a party dominated by Russian immigrants whose leader has advocated ceding control over Israeli Arab towns near the border of the West Bank in return for keeping Jewish settlements.

Although the immigrants were once solidly behind Kadima because of its leader, Ariel Sharon, it is not clear whether they will remain loyal to the comatose prime minister's political party now that it has passed to the leadership of Mr. Olmert.

That will determine to a large part whether the acting prime minister's party will dominate the next government or be forced to share power with a strong coalition partner.

"Sharon had a mythic hold on the Russian vote. He created a heroic aura with the help of Russian politicians on the right," said Arik Elman, a former media adviser to the Yisrael B'Aliya party, the Russian party that was founded by refusenik Natan Sharansky and is now defunct.

"After Sharon passed, it has opened a hole in the political firmament of the Russian voter."

That firmament leads to Avigdor Lieberman, a former aide to Likud leader Benjamin Netanyahu who resigned from the Likud Party in 1999 to establish the right-wing immigrant party Yisrael Beiteinu, or "Israel is our home."

Mr. Lieberman has been the surprise of the campaign, with polls showing his party positioned to double its strength from the current six seats. That would be enough to make him a pivotal broker in postelection coalition talks.

The jockeying has started. Mr. Lieberman has said he won't join the government if Mr. Olmert goes ahead with his plan to unilaterally withdraw from West Bank settlements, while left-wing parties have said they won't join a coalition that includes Mr. Lieberman.

"Lieberman is left in the field as the only Russian player, and he plays it well," Mr. Elman said.

Mr. Lieberman appeals to Russian voters who tend to be highly skeptical about the prospects for peace with the Palestinians.

"In one sense, Lieberman gives an answer to Hamas," said Roman Yucht, a 27-year-old immigrant from the former Soviet Union. "Hamas respects strong men. That's what the Arabs understand."

In past elections, the Russian immigrant vote has been up for grabs as the new Israelis adjusting to the nation's political system.

In 1992 and 1999, Russians were attracted by former military officers leading the left-of-center Labor Party. But the immigrants voted for Likud in 1996 and 2003 after terrorism overtook peace negotiations.

This year, neither Labor nor Likud are expected to attract significant numbers of Russians.

Labor candidate Amir Peretz is disliked for a series of crippling strikes that were seen as benefiting powerful trade unions rather than laborers. Mr. Netanyahu, meanwhile, is remembered as a relatively weak prime minister, analysts say.

Mr. Lieberman, by contrast, is seen as a credible, straight-talking politician, an image that appeals to a voting bloc disillusioned by the seeming inability of politicians to make good on their promises.

"Immigrants tell you in any survey that they're disappointed in the system, and that they don't trust politicians. Lieberman builds his campaign around the issue of credibility," Mr. Elman said.

"Democracy is a fleeting concept for the average Russian voter. Lieberman is not about mutual understanding. He is about saying things clearly and about holding his ground."

Hamas To Seek Economic Accord (WT)

By Joshua Mitnick

The Washington Times, March 27, 2006

RAMALLAH, West Bank -- Hamas' nominee for Palestinian finance minister, Omar Abdel Razeq, said yesterday that he hopes to negotiate a new economic treaty with Israel, even though he supports the Islamic militant party's refusal to recognize the Jewish state for peace talks.

The desire to embrace Israel in what would amount to a major treaty indicates how Hamas politicians and the ministerial nominees have resigned themselves to a de facto acknowledgement of Israel to improve the daily lives of their constituents.

The remarks were made a day before Prime Minister-designate Ismail Haniyeh, of Hamas, is slated to bring his Cabinet before the Palestinian parliament for a vote of confidence. The 24-member Cabinet is supposed to be sworn in this week, completing the democratic transfer of power after Hamas scored a landslide victory in parliamentary elections in January.

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Mr. Abdel Razeq, a professor of economics at An-Najah National University in Nablus, told The Washington Times in an interview at a Ramallah hotel that he hopes the Israeli-Palestinian economics committees established under the Oslo agreements continue.

The nominee, who was just released from an Israeli jail, also said he would be ready to meet an Israeli counterpart to discuss a revision of a customs regime negotiated as part of the 1995 Paris economic agreement between Israel and the Palestinian Authority.

"We realize that we are still under occupation, we are under siege, so we have to do anything that eases the daily life problems faced by our people," he said. "We have daily relationships with Israel. We can't just blindfold our eyes and say we don't see the Israelis. The Israelis are there. They occupy our people, our economy and the whole system."

Mr. Abdel Razeq expressed hope that the Israeli government would unfreeze $55 million in customs revenue collected on behalf of the Palestinian Authority but held in escrow by the government of acting Prime Minister Ehud Olmert. Mr. Abdel Razeq said the customs freeze was a decision dictated by Israel's election campaign.

Mr. Abdel Razeq reiterated Hamas' refusal to consider a long-term cease-fire or peace treaty with Israel until the Jewish state agrees to withdraw unconditionally to the 1967 border between the West Bank and Israel. However, Mr. Haniyeh expressed hopes for peace in the Gaza Strip, saying yesterday that Hamas doesn't want the cycle of violence to continue.

Mr. Abdel Razeq's willingness to negotiate an economic treaty with Israel didn't make an impression on Israeli officials.

"Israel and most of the international community won't be doing any negotiating with Hamas unless Hamas substantially changes its position," said Foreign Ministry spokesman Mark Regev. "All of the words coming out of the Hamas leadership up until now have been nothing but verbal gymnastics."

The Palestinian-Aid Puzzle (WSJ)

By Neil King Jr. And Marc Champion

The Wall Street Journal, March 27, 2006

In the West Bank town of Qalandiya, a road reconstruction project is on hold after U.S. officials shelved it last month. With so much up in the air in the Palestinian territories, they reasoned, why bulldoze a road that the U.S. may never get around to rebuilding?

That may be the last simple decision the Bush administration makes for a long time on Palestinian funding. After the militant Islamist group Hamas swept to victory in the Palestinian elections in January, President Bush laid down a hard line, saying: "A political party that articulates the destruction of Israel...is a party with which we will not deal."

Things have gotten much stickier since then.

With Hamas likely to form a new government by the end of this week, the U.S. and Europe must decide how to interact with a transformed Palestinian Authority. The U.S., Europe and Israel say they will do nothing directly to prop up a Hamas government that refuses to recognize Israel or renounce violence. Yet they also worry that cutting off Western aid -- totaling roughly $1.3 billion last year, or about one-third of the territories' economy -- would sow chaos and political convulsions, with dire consequences for the region.

The West faces many quandaries. Should the U.S. and Europe seek to assure Hamas's downfall by cutting off funds, even if the West would then shoulder the blame for its failure? Or, short of an abrupt change in Hamas's ideology, should the aim be to encourage better behavior by conditioning support on such steps as continuing the current cease-fire with Israel?

U.S. officials see their looming face-off with Hamas as a template for dealing with other militant Islamist governments that may come to power through elections elsewhere in the region. "But the problem is that the administration doesn't really know what it wants yet," says Robert Malley, a former Clinton Mideast adviser now with the International Crisis Group, of Brussels. "For instance, is it really in the U.S. interest for Hamas to fail?"

Even basic questions, such as how to sustain humanitarian help while cutting off direct aid, are hard to tackle. As one U.S. official put it, "Our guiding principle right now is not to go off and do something rash. Beyond that, the details get very tough."

What no one questions is Palestinians' dependence on outside assistance. Last year, the Palestinian Authority received about $740 million in tax receipts that Israel collected and turned over -- a spigot the Israelis have shut off. The U.S., Europe and other international donors gave around $950 million for humanitarian and development aid and $350 million for budget support, largely to help pay more than 130,000 government salaries, according to the World Bank.

All that now is in jeopardy, though the U.S. and Europe are scrambling to preserve what they can of the $500 million in humanitarian aid for schools, hospitals, water projects and the like. A World Bank report recently concluded that the Israeli clampdown on tax receipts and guest workers combined with significantly reduced aid would plunge the Palestinian territories this year into "a deep depression."

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The U.S. has budgeted around $150 million this fiscal year for Palestinian projects such as food aid, hospital assistance and building a water-purification plant in Hebron. But nongovernmental organizations like Catholic Relief Services, Save the Children and CARE, which do most of the U.S.-funded work, are braced for complications, even if the U.S. says it wants to continue that work. Hamas is deemed a terrorist group under U.S. law, meaning that NGOs may have to seek special Treasury Department approval to work in the territories, or face criminal penalties. There is also international talk of trying to continue aid projects but separately from the Palestinian government -- an idea that NGO representatives dismiss as impossible.

Omar Abdulrazeq, Hamas's prospective finance minister, said in an interview "that once [the U.S. and Europe] see where we are going they will change their minds" and provide at least some direct aid. Still, he said the Palestinian Authority can function effectively on a far smaller budget if Hamas succeeds in cleaning up corruption and tightens spending. "We can make due with less money," he said.

Former World Bank President James Wolfensohn, who is now a special envoy to the Palestinian territories, told a U.S. Senate panel recently that the international community would probably need two more months to find alternative ways to help the Palestinians. He urged U.S. lawmakers to find a way to hold to key principles but also "allow you to keep the patient alive, because the thing that I fear is chaos."

Bush administration officials have resisted calls in Congress to prohibit U.S. money going even to third parties doing work under a Hamas-led government.

The European Union, meanwhile, has laid down the same conditions as the U.S. for direct government funding but already is showing more flexibility -- a twist the U.S. has welcomed.

After Israel last month cut off tax transfers and the U.S. withdrew $50 million for infrastructure projects, the EU stepped in with an extra €120 million ($144 million) to plug an immediate funding gap until Hamas takes over. EU aid until now has helped pay the salaries of 130,000 Palestinian employees, which in turn supports a million Palestinians, according to EU figures. Many of those employees are armed police.

The big decision in Washington and in Europe is what to do next. A three-page fact paper produced for EU member states gives a flavor of how hard it will be to lend a hand outside Palestinian government channels. Fully half of all humanitarian assistance and 90% of "emergency aid" flow through Palestinian ministries, the document says.

The EU has about $1.2 billion in projects under way in the Palestinian territories. Many of them would have to be suspended and 50% of new aid would have to be cut if a decision is made not to work through the Palestinian Authority, the document says.

In Washington, the only real guidance so far has been to hold off on all new projects -- like the road near Qalandiya.

Two Senators Leaving China In Mild Dispute (NYT)

By Keith Bradsher

The New York Times, March 27, 2006

HONG KONG, March 26 — After a weeklong trip to China, two senators who have been pushing Chinese leaders to devalue their nation's currency say they do not agree on how much progress China is making. The split indicates that they are less likely to press for a Senate vote on their trade bill this week.

Senator Charles E. Schumer, Democrat of New York, and Senator Lindsey Graham, Republican of South Carolina, have introduced legislation that would impose a 27.5 percent tariff on all American imports from China in two years unless officials in Beijing allowed "substantial" appreciation in the exchange value of their currency, the yuan.

After a week of meetings with high-ranking officials in Beijing, Shanghai and Hong Kong, Mr. Schumer and Mr. Graham both said in an interview here Saturday that they remained committed to advancing the legislation unless China stopped intervening in currency markets and allowed the yuan to move higher against the dollar.

But they also said that Senator Schumer had been more impressed than Senator Graham by promises from Chinese officials to liberalize their currency policies.

Asked whether the newest development from the trip was the emergence of some differences between the two men, Mr. Schumer replied, "That would be fair."

He said that his views on China's trade and monetary policy had evolved as a result of the trip, and that he believed that the Chinese were taking steps to let the market determine their currency's value.

"I'm convinced they do want to get there, which I wasn't a week ago," he said.

Senator Graham took the same stance he had before. "The status quo is devastating to industries back home," he said.

South Carolina's textile industry has been hit hard by Chinese competition, and its nascent auto parts industry, which has grown up around the BMW factory near Spartanburg, is beginning to face Chinese competition.

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The practical implications of the senators' differences may be limited for now. Senator Graham said that he wanted to see the results of President Hu Jintao's visit to the White House in late April and what the Treasury decides in its review at the end of April of whether China manipulates its currency.

That suggests Senator Graham is also willing to take a wait-and-see approach and will not press for a vote in the next five days.

Both senators said that they had not made a final decision on whether to follow through on the previous threat to force a Senate vote by Friday. They said they would wait to do so until after further discussions in Washington with Treasury officials and others.

But differences between the senators could affect policy later, especially if Chinese officials keep up their recent tilt toward slightly more conciliatory rhetoric.

Currency traders around the world have followed every remark by the senators in the past week, especially as China has allowed its currency to creep up slightly faster in the past three weeks, possibly because of pressure from the senators.

Mr. Schumer Goes To China (NYT)

The New York Times, March 27, 2006

The good news is that Senators Lindsey Graham and Charles Schumer have started to inch away from their misguided attempt to club China for its currency policies. At the end of a fact-finding trip last week, Mr. Schumer told reporters he was no longer sure he would push for a vote to impose tariffs on Chinese imports into the United States. "The jury is out," he said. But, he said, "we are more optimistic that this can be worked out than we were in the past."

Maybe the chance to talk face-to-face with Chinese on their home turf is what it took to make Mr. Graham and Mr. Schumer realize that just as trade is a two-way street, so too are sanctions. If lawmakers actually went ahead with the Schumer-Graham bill, which would impose 27.5 percent tariffs — a staggering amount — on Chinese goods, they would be accomplishing little to cut American unemployment, while hurting poor Americans who rely on inexpensive goods and poor Chinese whose livelihoods depend on making those products.

The Schumer-Graham bill is based on a fundamental misunderstanding of the root cause of America's economic problems. No question, the United States trade deficit and the loss of American manufacturing jobs are very serious. But most of the imbalance with China is caused by Americans' insatiable appetite for Chinese imports for which there are few domestic substitutes. While it's unfortunate that the textile industry has all but faded away in this country, the fact is that few American factories make things like low-priced apparel any longer.

As for the yuan, China clearly needs a more flexible currency, both for the sake of trade relations and to gain more control over its economy. But moving the yuan could cause pain in the United States. America's lack of savings is the biggest contributor to global imbalances, making it necessary to "import" billions of dollars of foreign capital daily to cover budget and trade deficits. China is America's second-most-important lender, after Japan.

As long as China links the yuan to the dollar, it needs to keep the American currency stable. If China loosened its currency's peg to the dollar, or removed it altogether, it wouldn't need to buy up dollar-based assets at its current torrid pace. The result could be a rise, even a sharp rise, in United States interest rates and, as a corollary, a fall-off in economic growth.

Thus far the Bush administration has resisted calls to accuse China of currency manipulation, but Treasury Secretary John Snow last month hinted that could change. That too, would be a mistake. The administration has done a fair job so far in its tap dance around America's relationship with the world's fastest-growing economy. Now is not the time to slide back into election-year shortsightedness.

Ukraine Rejects Orange Leaders (FT)

By Stefan Wagstyl And Tom Warner

Financial Times, March 27, 2006

Ukraine’s president Viktor Yushchenko looked set for a humiliating defeat on Sunday night in the country's parliamentary elections.

It came at the hands of both Yulia Tymoshenko, his former ally in the Orange Revolution, and Viktor Yanukovich, his opponent in the disputed 2004 presidential election.

The result will complicate efforts to form a coalition, creating fresh political uncertainty as the country struggles to come to terms with the Orange Revolution’s aftermath.

As had been widely expected, the pro-Russian Mr Yanukovich – who was condemned for his alleged role in rigging the 2004 poll – was thought to have triumphed over both Mr Yushchenko and Ms Tymoshenko. However, in a shock result, Ms Tymoshenko beat Mr Yushchenko into third place.

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According to three different exit polls, Mr Yanukovich's Regions party was forecast to win 27-33 per cent of the vote, followed by Bloc Yulia Tymoshenko, with 21-23 per cent, and the pro-Yushchenko Our Ukraine, with just 13-17 per cent.

But with the Regions party unlikely to secure a parliamentary majority, political leaders face the prospect of prolonged efforts to form a coalition.

Mr Yushchenko and Ms Tymoshenko, who split last year when she was sacked as prime minister, pledged before the polls to try to recreate an Orange alliance, which would stick with western-oriented foreign policies, including increasing ties with the European Union. After casting his vote in Kiev on Sunday Mr Yushchenko said: "Tomorrow we start consolidating the political forces which made up the coalition which was victorious in the Orange Revolution."

With the support of the Socialists and other smaller parties, the Orange leaders could probably command enough seats for a parliamentary majority. But it is unclear whether they will be able to swallow their personal and political differences.

Ms Tymoshenko's unexpectedly strong showing will encourage her to claim the lion's share of ministerial posts, including the premiership for herself. If Mr Yushchenko finds her demands excessive, some of his aides will argue for a deal with Mr Yanukovich's party.

The election was contested by 45 groupings, but only about six are expected to make the 3 per cent threshold for seats.

The electorate faced a bewildering range of choices, with simultaneous regional, district and mayoral polls. Voters in Kiev said they had to wait 45 minutes because it took so long to make sense of the huge ballot form.

Unlike the presidential elections in neighbouring Belarus, Ukraine's polls were preceded by an open campaign with media access for all leading politicians.

International election monitors, who are due to report on Monday, are not expected to have found evidence of the widespread fraud that marred the Belarus vote and previous Ukrainian polls.

Yushchenko Trails Pro-Russia Rival In Ukraine Vote, Exit Polls Show (WSJ)

By Guy Chazan

The Wall Street Journal, March 27, 2006

Exit polls from Ukraine's parliamentary elections yesterday signaled a comeback for pro-Russian forces defeated in the country's Orange Revolution, amid plummeting support for the country's Western-oriented president, Viktor Yushchenko.

Mr. Yushchenko may now be forced into a coalition with his erstwhile enemy, Viktor Yanukovych, whose victory in a rigged presidential election triggered the rallies 16 months ago by hundreds of thousands of orange-clad protesters that brought Mr. Yushchenko to power. If confirmed, it would mark a humiliating defeat for Mr. Yushchenko, whom voters appear to have punished for a lackluster first year in office marked by sputtering economic growth and government infighting.

His poor showing marks a setback for pro-European forces in Ukraine, a country that has become a theater in the regional tug of war for influence between Russia and the West. Mr. Yushchenko strove hard to anchor Ukraine in Europe, while Mr. Yanukovych, whose support base is in the Russian-speaking south and east, leans heavily toward Moscow.

One exit poll showed Mr. Yanukovych's Party of the Regions with 33% of the vote; the Bloc of Yulia Tymoshenko, Ukraine's former prime minister, with 23%; and Mr. Yushchenko's Our Ukraine party with 14%.

Mr. Yushchenko must now decide whether to try to form a coalition with Mr. Yanukovych or Ms. Tymoshenko, a firebrand populist whom he sacked as prime minister last September in a move that split the Orange alliance. "If he signs a coalition agreement with Yanukovych, it's the end of him as a politician," said Taras Kuzio, a Ukraine expert at George Washington University. "He will be seen as having betrayed the Orange Revolution."

Mr. Yushchenko said yesterday that talks to revive the Orange alliance would begin immediately after the election. But if the exit polls are anything to go by, he may have trouble cobbling together a viable pro-Western coalition, even if he and Ms. Tymoshenko can bury their differences.

Whatever the outcome, the election was seen as an exercise in democracy in a region increasingly tilting toward authoritarianism. The sight of dozens of parties vying for votes is rare in the former Soviet Union, and proof of the Orange Revolution's legacy, analysts said. European observers said the election appeared to be free and fair, though some criticized long lines at polling stations.

Speaking to reporters yesterday, Mr. Yushchenko called the vote "the first fair democratic elections in Ukraine."

Yet Mr. Yushchenko's decline in popularity has come as pro-democracy movements are in retreat across the former Soviet Union. Elections in Azerbaijan and Kazakhstan last year ended up buttressing autocratic leaders.

And last week, Belarus's hard-line president, Alexander Lukashenko, claimed a landslide victory in an election condemned in the West as rigged. On Saturday, Belarussian security forces beat and arrested dozens of demonstrators protesting the election results, while the U.S. called for a new vote and said it will impose sanctions on the Russian-backed Mr. Lukashenko and other senior Belarussian officials.

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Elections in the region are fueling growing tensions between the U.S. and Russia, which sees Western support for opposition movements in former Soviet republics as interference in its sphere. Ukraine's Orange Revolution was seen as a foreign-policy defeat for Moscow, which openly backed Mr. Yanukovych.

Tensions between Moscow and Kiev grew following Mr. Yushchenko's election, rising to a climax this winter when Russia's state-owned gas company OAO Gazprom briefly cut off natural-gas supplies to Ukraine during a pricing dispute. Mr. Yanukovych's comeback provides the Kremlin with a chance to restore its lost influence in Ukraine.

Mr. Yanukovych boosted his chances by running a Western-style campaign, helped by American advisers who honed his message of pro-business growth and patriotism. On the other hand, Ms. Tymoshenko's and Mr. Yushchenko's parties both ended up courting the same dwindling Orange electorate.

Reform Leader Suffers Setback In Ukraine Vote (NYT)

The New York Times, March 27, 2006

KIEV, Ukraine, Monday, March 27 — President Viktor A. Yushchenko, who led a wave of popular protest to office promising a freer Ukraine aligned with Europe and the United States, suffered a stunning political defeat in parliamentary elections on Sunday, leaving him weakened and his reformist policies in doubt.

Mr. Yushchenko called the vote for a new and newly empowered Parliament "the first fair, democratic elections in Ukraine," and his party appeared to have been routed.

Nearly a year and a half after the protests and international pressure swept Mr. Yushchenko to the presidency, his party fell far behind not only the party of the man he beat for the top job, Viktor F. Yanukovich, but also the party of his former prime minister, Yulia V. Tymoshenko, according to an independent survey of voters leaving the polls, announced by the Democratic Initiatives Foundation, after voting ended at 10 p.m. on Sunday.

Mr. Yanukovich's Party of Regions, which the survey showed with 33 percent of the vote, was poised to win the largest bloc of seats in the 450-seat Parliament, but not enough to win control outright. Ms. Tymoshenko's bloc received 22 percent, while Mr. Yushchenko's party, Our Ukraine, trailed in a distant third place, with only 13 percent, according to the survey.

Mr. Yanukovich, the former prime minister whose supporters were accused of having rigged the presidential race against Mr. Yushchenko in November 2004, declared "a decisive victory," using the sort of language that rallied those against him and his patron, the former president, Leonid D. Kuchma. "Ukraine made its choice," he said. "Its choice is freedom, democracy, stability and confidence in the future."

Mr. Yanukovich's strength is less a reflection of his political successes than it is of the failings of Mr. Yushchenko, whose reputation at home has suffered from one problem after another despite his image abroad as a reform-minded democrat.

His inability to help improve the weak economy and lessen the country's reliance on Russian gas, which caused painful shortages this winter in a price dispute, deeply hurt him.

The election results set the stage for a period of political jockeying that could last for days or even weeks before a new government is formed. Much will depend on the success of an array of smaller parties that needed to win at least 3 percent of the vote to secure seats.

The voting was the first electoral test of the sweeping changes Mr. Yushchenko promised during the huge street protests that came to be known as the "Orange Revolution."

If the results of the voter survey hold, the election will underscore the disastrous turnaround in Mr. Yushchenko's political fate, leaving him forced to compromise.

At stake are Mr. Yushchenko's stated policy goals, including integrating Ukraine into the European Union and NATO. Mr. Yanukovich's party has promised to restore economic stability and forge closer ties with Russia.

The election has added significance for Ukraine, a country of 47 million on the edge of a newly expanded European Union, because of a political compromise that cleared the way for Mr. Yushchenko's presidency. Under constitutional changes adopted then, the new Parliament will have the power to choose the prime minister and most of the cabinet, though Mr. Yushchenko will retain control over foreign affairs and security ministries.

Mr. Yushchenko's party now faces a choice of whether to repair the fractured coalition with Ms. Tymoshenko, who served as his first prime minister until a falling out amid infighting over policy and accusations of corruption, or possibly to face a hostile government. Together, their parties still drew more votes than Mr. Yanukovich's, according to the voter survey, but her showing increased her leverage in the talks.

Without Ms. Tymoshenko's support, Mr. Yushchenko's only other choice would be an improbable alliance with Mr. Yanukovich. The president remained noncommittal on Sunday, saying in televised remarks that he was considering "all kinds of various combinations."

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Later, though, as the gravity of his party's poor showing became clear, Mr. Yushchenko's aides said they were prepared to revive the "orange" coalition. The mood at the party's headquarters was funereal, despite rock bands that performed on the central square of Kiev, the capital, and videos that evoked the 2004 protests there.

A scheduled appearance by the current prime minister and leader of the party, Yury I. Yekhanurov, was abruptly canceled without explanation early Monday morning.

Ms. Tymoshenko, by contrast, clearly relished a result that provided a measure of vengeance after her dismissal last September. She said those who supported the Orange Revolution were still a majority — now led by her, her remarks suggested, though she stopped short of declaring her insistence on becoming prime minister again.

"I would not like us to let the people down again," she said.

Although Mr. Yanukovich's party complained of widespread irregularities ahead of Sunday's vote, including names missing from voter lists or Russian ones mistranslated into Ukrainian, there were few immediate reports of fraud or significant disruptions. But long lines formed as voters slogged through a ballot with 45 parties, and a homemade firebomb damaged one polling place in the Kiev region.

For many of those who voted, the significance was not in the results, but in the process. They described a Ukraine that was freer and more democratic, if also unruly and still divided along the same ethnic, social and political lines of 2004.

"It is already a big victory," Mr. Yushchenko said, putting the best face on his party's performance.

The survey of voters was carried out for the Democratic Initiatives Foundation by the Razumkov Center and the Kiev International Institute of Sociology, which is part of the Kiev-Mohyla Academy. Final results are not expected at least until late Monday, and perhaps later.

Critics of Mr. Yushchenko's performance as president welcomed the freedom of choice.

Maria I. Kompaneyets, 63, said that she voted for Mr. Yanukovich in 2004, but that she had hopes that Mr. Yushchenko would use his popular mandate to improve life in Ukraine, especially the economy and pensions, recurrent complaints among those less well off.

"Nothing changed, at least nothing changed for better, neither in the country nor in our own life," she said, as she voted with her husband, Pyotr. "Of course we had hopes. So much had been said in those days. Who could expect that it would turn out so bad?"

Ruling Party Suffers Rout In Ukraine (WP)

By Peter Finn

The Washington Post, March 27, 2006

KIEV, Ukraine, March 26 -- Ukrainian President Viktor Yushchenko's party finished in a humiliating third place in parliamentary elections on Sunday as the pro-Russian party of the man he defeated for the presidency 15 months ago appeared headed for a clear victory, according to exit polls.

The Party of Regions, led by Viktor Yanukovych, who was defeated by Yushchenko in 2004 following massive street protests dubbed the Orange Revolution, secured a commanding 33.3 percent of the vote, according to one exit poll. A second poll gave the Party of Regions 27.5 percent.

"Our victory will open a new page in the history of Ukraine," Yanukovych said Sunday night. "We are ready to work together with any political party."

Official preliminary results are not expected until Monday.

Weeks of haggling over the composition of a new coalition government is now likely, but with Yanukovych, a Kremlin favorite, at the helm, Ukraine's strategic direction will probably shift from the West and back toward Moscow.

Yanukovych has criticized Yushchenko's stated desire to join NATO and declared himself open to the revival of economic union among Russia, Ukraine, Belarus and Kazakhstan.

"Ukraine will never join NATO," Taras Chornovil, the No. 4 figure on the Party of Regions list, said in an interview Sunday night. In Ukraine, voters choose a party list, not individual candidates, and the party decides which of its members on the list enter parliament.

Chornovil said current strains in the relationship between Ukraine and Russia were "absolutely artificial" and created by Yushchenko's policies. He added that the Party of Regions would seek to repair rifts with Russia that climaxed this year in a fight over the price of natural gas.

The party of Yushchenko's former ally, Yulia Tymoshenko, who had a bitter falling-out with the president last year, came in second with 22.7 percent of the vote, according to one poll. A second national poll gave her party, known as Bloc Yulia Tymoshenko, 21.6 percent.

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Yushchenko dismissed Tymoshenko as prime minister last September after mutual accusations of corruption and mismanagement.

Yushchenko's Our Ukraine party received 13.5 percent, according to one poll, an unambiguous verdict on his break with Tymoshenko and his stewardship of the country over the last year, when economic growth fell off dramatically. A second poll gave Our Ukraine 15.5 percent.

Out of the 45 parties in the elections, six or seven are expected to surpass the 3 percent threshold necessary to enter the 450-seat parliament. Two or three of those, including the Communists, are natural coalition partners for Yanukovych's bloc.

"Tomorrow we start consultations with political forces that made up the coalition that was victorious in the Orange Revolution," Yushchenko said after casting his ballot in central Kiev.

The final division of seats, however, may allow Yanukovych to sideline the parties of both Yushchenko and Tymoshenko, even if they reconcile.

Tymoshenko said Sunday night there was still a possibility she could form a government with Yushchenko's party and the Socialists. But she said on Ukrainian television that if she did not become prime minister again, something Yushchenko had hoped to avoid, then "he will have Yanukovych as prime minister."

Chornovil described the Party of Regions as dramatically different from the one that existed little more than a year ago when Yanukovych was accused of rigging the presidential election. Yanukovych was initially declared the winner in that vote, but the Ukrainian Supreme Court overturned the result, saying it was fraudulent. The court ordered another vote, which Yushchenko won.

"Fifty thousand people left the party -- careerists and all of those for whom prison was crying out," Chornovil said. "And we have 500,000 new members."

Chornovil and other members of the Party of Regions acknowledged that the vote was clean and also reluctantly conceded that the now vibrant state of Ukrainian democracy was one positive legacy of the Orange Revolution.

Voters faced a bewildering and unwieldy choice Sunday. Besides the 45 parties running for parliament, voters in Kiev, for instance, grappled with ballots for district councils that listed 59 parties and ballots for city council that listed 53. Thirty-seven candidates were on the ballot in the Kiev mayoral race, among them Vitaliy Klychko, a former heavyweight boxing champion, who was running second, according to exit polls.

Some of the ballots were more than three feet long.

"It's a nightmare," Svetlana Honcharenko, 46, said after voting in Kiev. "There are so many parties, it's almost funny."

Ousted Leader's Party Ahead In Elections (WT)

By Natalia A. Feduschak

The Washington Times, March 27, 2006

KIEV -- Followers of Viktor Yanukovych, the pro-Russian leader ousted from power in an Orange Revolution 15 months ago, led the field in parliamentary elections yesterday but fell short of a majority and may not be able to find partners for a coalition government, exit polls showed.

Second place went to an upstart party led by Yulia Tymoshenko, who was dismissed as prime minister amid swirling corruption charges in the summer, while President Viktor Yushchenko's Our Ukraine bloc had less than 14 percent of the vote.

An exit poll conducted by the Democratic Initiatives, International Institute of Sociology and Razumkov Center gave Mr. Yanukovych's Party of the Regions a little more than 33 percent of the vote compared with about 23 percent for Mrs. Tymoshenko's bloc.

Another exit poll said Mr. Yanukovych's party got 27 percent of the vote, while Mrs. Tymoshenko got nearly 22 percent. Official results were expected within three weeks.

Although pollsters had predicted Mr. Yanukovych's party would make a comeback in the face of deep dissatisfaction with Mr. Yushchenko's administration and an economic slowdown, few had predicted that Mrs. Tymoshenko would do so well.

The surprise showing raises the prospect that she could return as prime minister in a coalition that includes Our Ukraine and the Socialist party, which the exit polls showed with more than 5 percent of the vote.

Several small parties failed to pass the 3 percent threshold for seats in parliament, meaning it will take less than 50 percent to achieve a majority of seats under the proportional representation system.

That would permit the president's reform agenda to continue, but with Mrs. Tymoshenko playing a more dominant role. The two have been openly hostile since Mrs. Tymoshenko's firing and were bitterly critical of each other during the campaign.

Mr. Yanukovych claimed a "decisive victory" at his headquarters last night.

"We are ready to take the responsibility of forming a government, and we call on everybody who holds Ukraine's fate dear to join us," he said. "We are ready to work with all political parties which will be represented in parliament."

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But Mrs. Tymoshenko indicated she expected to return to the prime minister's office at the head of the current coalition.

"I believe that this coalition agreement will be signed. I see no need to adjust this coalition," she said. "Our political aim will be to follow the path the country chose in the last presidential election."

The election is the first under constitutional changes introduced this year that cut back the president's powers.

Although Mr. Yushchenko will be able to appoint his foreign and defense ministers, he will have to share power with the prime minister, which the new parliament will choose. Parliament, elected by proportional representation, becomes a more powerful body.

In the weeks leading up to yesterday's vote, Mr. Yushchenko seems to have left the door open to an alliance with Mr. Yanukovych's party should the former fail in rebuilding his Orange coalition. But his chief of staff, Oleh Rybachuk, rejected that notion after the exit poll results were announced.

"I could only see that in a nightmare," he told television viewers.

Mr. Yanukovych, who opposes efforts to bring Ukraine into NATO, enjoys support in the Russian-speaking eastern and southern parts of the country.

Belarus Charges Detained Opposition Leader (NYT)

By C. J. Chivers

The New York Times, March 27, 2006

MOSCOW, March 26 — A detained opposition leader in Belarus faced a criminal charge on Sunday and was denied prison visits by a doctor and a lawyer, his wife said. Minsk, the capital, fell quiet after a violent police crackdown against antigovernment demonstrators on Saturday.

Aleksandr V. Kazulin, who had challenged the authoritarian president, Aleksandr G. Lukashenko, in an election earlier this month, was seized Saturday when riot police officers with batons attacked a column of peaceful protesters who were marching to a prison where opposition members had been jailed.

He was held Sunday at a detention center well outside Minsk, on a charge of hooliganism, said his wife, Irina Kazulin. The charge can carry penalties ranging from a fine to several years in prison.

Ms. Kazulin said she visited the jail but was not allowed to see her husband or speak with him by phone. She said she demanded that he be examined by a doctor and allowed to consult a lawyer, but was told by a prison official that there would be no visits before Monday.

"Human rights do not work on Sunday in Belarus," she said bitterly in a telephone interview. She said she was not sure whether her husband had been injured.

Opposition members said at least three people were in serious medical condition with either skull fractures or spinal injuries after being beaten by the police when the march was broken up on Saturday.

One man with a skull injury had been hovering near death, but had survived so far, said Aleksei Shein, a spokesman for Aleksandr Milinkevich, the principal challenger to Mr. Lukashenko.

"Thank God this man is still alive," Mr. Shein said of the injured demonstrator, who was one of at least two men seen lying immobile on the street after lines of officers from SOBR, a special rapid-reaction force that has been widely accused of extensive human rights abuses, attacked the marchers.

The march was the third opposition event of the day. The police forcibly blocked demonstrators, estimated at 6,000, from reaching a rally planned for October Square, punching and kicking many of them as they tried to push through police lines or block traffic, and ultimately clearing the sidewalks with advancing formations that pummeled people in their path.

A peaceful rally then took place at Yanka Kupala park, which the police videotaped but did not break up. At Mr. Kazulin's urging, several hundred demonstrators left for a march to the prison, during which the worst violence of the day occurred.

Austria, which holds the rotating presidency of the European Union, said in a statement on Sunday that the Union "is appalled by the violence used against demonstrators" and called for the release of Mr. Kazulin and the other protesters.

Such statements by the West have had little visible effect on the Belarussian government, which retains many of the features of the Soviet police state Mr. Lukashenko apparently admires.

Mr. Lukashenko, whose landslide re-election on March 19 has been declared invalid by the West because of charges of wide-scale rigging and abuses of state power, has resorted to police sweeps, mass arrests and violence to try to quell the unrest. Russia, his closest ally, has offered him unequivocal support.

For the first time during Mr. Lukashenko's 12 years of rule, however, demonstrators have defied the police and vowed to carry out more peaceful actions in the face of arrests, state violence and expulsions from universities or jobs. Another rally is set for April 26, the 20th anniversary of the Chernobyl nuclear disaster.

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The authorities have not released arrest figures or provided information about the injured, making it difficult to assess the extent of the arrests, or the conditions or even the identities of some of the detained.

Among those thought to be held are a small number of journalists from Russia, Canada and Western Europe, as well as foreign demonstrators, including Ukrainians, Poles and at least one man from Ireland, who was interviewed at a small protest camp Friday shortly before the riot police smashed the camp and arrested demonstrators there.

Belarus Divided, Doubtful After Clashes (AP)

By Steve Gutterman, Associated Press Writer

AP, March 27, 2006

Police kept a close watch Sunday on the square that was the center of an unprecedented week of protests, determined to prevent the opposition from renewing demonstrations against Belarus' authoritarian president.

The protests that culminated Saturday in a clash with riot police left the opposition daunted but determined to try to press ahead.

Many Belarusians now are confronting an array of unanswered questions: It is unclear how much support the opposition really has, how much dissent authorities will tolerate or what effect a stream of denunciations from the West will have.

The EU called on its European partners to join in protesting against Saturday's violence and the detention of Alexander Kozulin, an opposition leader who instigated a march to a jail where detained opposition supporters are being held.

A rights group said more than 100 protesters were detained Saturday in the tightly controlled ex-Soviet republic.

The Belarusian Foreign Ministry claimed Sunday that police had shown "restraint and patience," and officers resorted to force only after being attacked.

E-mails and cell phone text messages reportedly encouraged supporters to gather Sunday evening at Oktyabrskaya Square.

Around 40 police officers kept watch at the edges of the square, eyeing small groups of young people — some clearly dissidents and others apparently just hanging out on a day when sunlight cut the bite of near-freezing temperatures. There were no immediate arrests or scuffles.

After dark, more than 100 mostly young people lit candles and laid flowers at a monument to the 52 people who were killed in an underpass during a 1999 stampede.

The stampede had no political connection — it took place as rock concert spectators were trying to escape a downpour — but those who came Sunday said their actions were in solidarity with those injured and arrested last week. The choice of location appeared aimed at finding a strategy for expressing dissent without antagonizing authorities.

"Students have awakened.... The more the authorities crush us, the bigger our protest will be," said student Aliena Efanova.

The commemoration lasted about 90 minutes. After holding a moment of silence, the group began to put out their candles, and police ordered the crowd to leave.

Austria, which holds the rotating EU presidency, said the 25-nation bloc "urges the international partners of the EU, and in particular Belarus' other neighbors, to follow the same approach toward Belarus," in an apparent reference to Russia.

The EU statement was the latest in a series from the United States and Europe denouncing the March 19 elections that gave President Alexander Lukashenko a third term.

Lukashenko despises the West and criticism from there fuels his contentions that the West is out to overthrow him. The Belarusian Foreign Ministry said the statements "are on the border of an anti-Belarusian hysteria."

Everyone seems to have a strong opinion on last week's events, and the population is split.

"One must fight fear, because fear is the authorities' strongest weapon," said Alexei, a 20-year-old student unwilling to give his last name because students who back the opposition are often expelled.

But in Dmitry Kursky's view, the demonstrators were irresponsible and goaded by money he believes they received from the West.

"All the opposition is doing is spending the (money) they got from the West. Once they spend the first $100,000, they will pocket the rest," the 23-year-old said.

How much staying power the opposition has was in doubt after Saturday. Activists, encouraged by police allowing them to hold a meeting of some 7,000 in a park, decided to push their luck by marching to a jail where other opposition supporters were being held.

A phalanx of shielded riot police forced them back with percussion grenades and beat some people in the front lines.

Kozulin was arrested in the melee and his wife Irina said Sunday that he was likely to be charged with hooliganism, which can carry a sentence of up to 10 years in prison. Many suspect Kozulin of being a Russian-funded provocateur.

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Alexander Milinkevich, the most popular of the opposition leaders, was angry the march was attempted, saying "yesterday's march decreased the number of our supporters."

Blair Admits He Knows When He Will Go (FT)

By James Blitz

Financial Times, March 27, 2006

Tony Blair has admitted for the first time that he has decided when he will resign as prime minister. However, he is not yet revealing the date.

He also insists he wants time to leave a solid platform for his successor, ensuring above all that difficult reforms of the National Health Service are properly implemented before he quits.

Mr Blair has conceded to friends that the government and Labour MPs are finding the leadership transition from himself to Gordon Brown uncertain – and that this is undermining the confidence and morale of ministers and Labour MPs.

The prime minister, who is currently in Australia, has until now never given any indication that he has privately fixed the date for quitting Downing Street.

He said back in 2004 that he would not fight a fourth general election, but has always stuck by the mantra that he will only quit when his job is done.

But in the wake of the "loans for peerages" row, a growing number of Labour MPs believe that Mr Blair – who is widely expected to stand down next year – must publicly state when he intends to quit to ensure an orderly handover to Mr Brown.

Downing Street officials who are travelling with the prime minister insisted that Mr Blair had still not fixed a departure date.

They flatly denied that Mr Blair had any intention of "pre-announcing" his departure date in the next few weeks to stabilise the government in the aftermath of the recent sleaze rows.

However, the revelation that Mr Blair has a date in mind when he would step aside came as he conceded – also for the first time – that he regretted announcing his intention to stand down at some point in this parliament.

Senior allies of the prime minister have long believed that Mr Blair's declaration 18 months ago that he would not fight a fourth election was a grave error, transforming him into a lame duck premier.

On Sunday Mr Blair expressed his own turmoil over the decision. Asked by an Australian TV reporter whether he should never have announced his decision to quit at some future date, he replied: "It was an unusual thing to say but people kept asking the question so I decided to answer. Maybe that was a mistake."

Mr Blair has told friends he believes the "loans for peerages" row has been a ghastly experience for himself and the Labour party. He now questions whether Labour will ever be able to raise cash again - either in donations or loans.

Is Britain's Labour Selling Lordships? (CSM)

By Mark Rice-oxley

The Christian Science Monitor, March 27, 2006

LONDON - Will a million pounds make you a "Sir" or a "Lord" in Britain today?

That's what British police are investigating, following complaints that Prime Minister Tony Blair's Labour party rewarded four big financial backers with the promise of seats in the House of Lords, the unelected upper house of parliament that wields considerable influence.

The murky controversy has intensified pressure on Blair to step down and revived a debate about how politics should be funded here.

Infuriated members of Parliament (MPs), including some on the Labour side, warn that democracy is being compromised by dirty money. The scandal has further disenchanted a public already apathetic about the political process, and it is acutely awkward for Blair, who arrived in office in 1997 with a promise to wipe out the "sleaze" that poisoned the previous administration of John Major.

"The Labour Party has been caught cold," says Ian Gibson, a Labour MP. Though it has yet to be definitely proven that benefactors were promised in advance a reward for their cash, MPs have noted that every donor who has given Labour more than a million pounds has received a knighthood (entitling usage of honorific "Sir") or peerage (entitling usage of honorific "Lord").

"People don't give money for nothing and that is how all this is being construed by the public," says Mr. Gibson. "Some of these [donors] got knighthoods and even became government ministers.... We have to move to a system of state funding."

State funding is the norm in France, Germany, and other European countries, where individual and group donations to parties are capped or banned altogether.

Its advantages are a level playing field between parties and greater transparency. The disadvantage is that taxpayers will have to foot the bill, and parties will probably find loopholes, perhaps through lobby groups doing their spending for them. Critics

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also note that state funding in Germany did not stop former chancellor Helmut Kohl from getting engulfed in a scandal over secret private donations.

British parties have long relied on their memberships and on affiliations - Labour with the union movement, the Conservatives with big business - for their funding. But with party memberships falling fast, and old affiliations not what they used to be, income has shriveled.

All three big parties have turned to benefactors to bail them out. Blair introduced new rules in 1998 to oblige parties to declare all donations over £5,000 ($8,700), but loans don't have to be reported.

The Conservatives have said they too have benefited from big loans, but Blair is under scrutiny because as prime minister, he alone among politicians has the power to nominate individuals to lordships, knighthoods, and other honors.

Labour - Blair's party - has admitted it raised £14 million ($23.4 million) last year in secret loans from 12 millionaires to bankroll its election campaign.

Four were then proposed for lordships. Three have subsequently asked for their nominations to be withdrawn. A fifth, Rod Aldridge, was chairman of a company which benefited from government contracts. Mr. Aldridge quit his job last week, the first victim of the burgeoning cash-for-favors scandal.

Another Labour donor, Chai Patel, said he offered a £1.5 million ($2.6 million) gift, but was urged to make it a loan instead, thus ensuring it passed under the radar of parliamentary scrutiny. He was later nominated for a seat in the House of Lords (a peerage). Mr. Patel is scheduled to testify Tuesday on the matter.

"If I say I'll give you £1.5 million ($2.6 million) for your party, and you say, 'No, don't give it to me, lend it to me,' what is that all about?" asks Elfyn Llwyd, an opposition MP. "Can there be an innocent answer to that question?"

Mr. Llwyd has made a formal complaint to police, who are now investigating whether Labour breached a 1925 law passed after a former prime minister, David Lloyd George, was found to have sold knighthoods for personal gain.

"If we are serious about bringing transparency into this scenario, then there will have to be some partial funding from the state purse," Llwyd adds.

In the wake of the latest furor, Blair has tasked a top former official to look into party financing and the possibility of state funding, and a parliamentary committee is also looking at options for reform. But not everyone believes state-funded politics would be popular.

Donald Shell, lecturer in politics at Bristol University, says that the public would take a dim view of being asked to bankroll elections in which fewer and fewer people are bothering to vote.

"There is so much disdain for politics now, such a lack of respect for parliament and politicians, that the government is very nervous about introducing any "gravy train" arrangements like state funding," he says.

Better alternatives might be to introduce tax-efficient donations, to cap the level of donations from individuals to perhaps £10,000 ($17,400), and to lower the ceiling on election spending, currently £20 million ($34.7 million) per party. The UK Electoral Commission says greater public and party consensus is needed before these changes can be made.

Blair meanwhile insists Labour has done nothing wrong in the loans affair. He has turned the debate around, saying that people who give money to political parties should not be barred from honors.

But the public are not impressed. A recent poll showed 56 percent of voters believed the loans-for-lordships allegations were true, and almost three-quarters agree that Blair's government is now as tainted by sleaze as that of his predecessor, John Major. "If it is established that there were definite offers from his office to big donors, then he's in the most terrible trouble," says Dr. David Baker, a politics expert at Warwick University.

Blair's Last Stand (WKLYSTD)

By Gerard Baker

Weekly Standard, March 27, 2006

TWILIGHT IS HASTENING FOR TONY Blair. Though British prime ministers face no term limits, few can withstand the swelling tide of public boredom and familiarity's contempt. Margaret Thatcher set a peacetime record of 11 years in office before she succumbed; Blair, elected in 1997, will have clocked up nine in May. The gathering consensus now asserts that he will not, in spite of his own ambition and energy, reach the full decade in office he had hoped for.

Last week the constitutional choreography in London seemed to hint strongly at an imminent succession. Blair's designated successor, Gordon Brown, the chancellor of the Exchequer, delivered his tenth budget speech to the House of Commons. The budget is usually a boastful recitation of economic statistics and tweaks to the tax code; the chancellor generally seizes the opportunity to tout the success of the U.K. economy and add a penny or two to the cost of a bottle of whisky.

But this time Brown presented a manifesto for the impending change in leadership. The financial details clearly bore him: Instead he waxed enthusiastic about Britain's global role and the kind of changes in the domestic political framework that are

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inevitable. And in the pure political theater that only the House of Commons can stage, Brown engaged in an intriguing preview of the struggle between him and David Cameron, the new Conservative party leader, that will define British politics in the run-up to the next election in 2009. Blair was reduced to the status of an amused and slightly detached onlooker.

The prime minister (for he is still that, for now) was hurt by his own campaign promise to stand down before the next election. Though he figured at the time that such a declaration might give him a full U.S.-style final term in office, he did not account for the swift and brutal motion of British politics. Blair was already weakened by the continuing and deepening unpopularity of the Iraq war. A series of domestic legislative fights in the last few months over the introduction of identity cards, toughened antiterrorist laws, and education reforms further undermined him, at least in the unforgiving eyes of his own Labour party.

But earlier this month he seemed to add the insult of venality to the injury of socialist apostasy. The prime minister, the public learned, was recommending several wealthy business leaders who had given generously to the Labour party for elevation to the House of Lords. This news underlined the popular view that this is a government grown remote and contemptuous of the rules of decent governance.

Republicans may fret about an approval rating for President Bush of 36 percent. But that looks positively Reaganesque compared with Blair's plight: He is now despised by two-thirds of Labour voters, three quarters of Conservatives, and a clear majority of independents.

In fact the Bush administration will have played a substantial part in Blair's demise. The Iraq war, of course, has undermined the prime minister; but the Bush administration seems oddly committed to making life even more difficult for him. Britain is in a state of angry ferment about the way its defense contracts have been handled by the Americans. A decision by the Pentagon to cut a British company out of the procurement contracts for the new Joint Strike Fighter has outraged public opinion and led even this most Atlanticist of governments to think seriously about striking out in a new direction with European partners, rather than be more closely integrated with U.S. defense systems. Quite how a beleaguered administration can still find room to alienate one of its few allies in the world is perhaps only for Donald Rumsfeld to explain. But the damage done to Blair's claim that his support for the United States has produced tangible benefits for the United Kingdom is incalculable.

Many American conservatives are tempted to regard the imminent end of Blair as a blessing. They note his statist tendencies when it comes to domestic policies--increased taxes and government spending, bans on fox hunting and other infringements of civil liberties--and wonder what side in the war of ideas he is on. And yet, just when you prepare yourself to welcome the departure of this oddly cynical and infuriatingly political man, he reminds us of just how much he will be missed when he is gone.

Last week, he gave the first of a series of three detailed speeches in defense of the Iraq war and the broader struggle against Islamist extremism. (You can read the first at www.number10.gov.uk; the second will be delivered in Australia this week and the third in Washington next week.) Even a British media that barely stops now to consider the case for the Iraq invasion could not ignore the power of its message. Blair spelled out, without apology, what is truly at stake in Iraq:

People look back on the three years since the Iraq conflict; they point to the precarious nature of Iraq today and to those who have died--mainly in terrorist acts--and they say: How can it have been worth it? But there is a different question to ask: Why is it so important to the forces of reaction and violence to halt Iraq in its democratic tracks and tip it into sectarian war? Why do foreign terrorists from al Qaeda and its associates go across the border to kill and maim? Why does Syria not take stronger action to prevent them? Why does Iran meddle so furiously in the stability of Iraq?

And in explaining the bigger threat from Islamism, he demonstrated how his departure will leave a large gap where the war's most effective advocate has been for the last few years:

Fundamentally, for this ideology, we are the enemy. . . . "We" is not the West. "We" are as much Muslim as Christian or Jew or Hindu. "We" are those who believe in religious tolerance, openness to others, to democracy, liberty, and human rights administered by secular courts. This is not a clash between civilizations. It is a clash about civilization.

In a tumultuous nine years, Blair may have gotten many small things wrong. But, as he demonstrates in these apparently valedictory remarks, when it mattered, he, perhaps better than anyone in the entire world, got the one big thing right.

Gerard Baker is U.S. editor of the London Times and a contributing editor to The Weekly Standard.

Italy's Berlusconi Trails Challenger As Polling Ends In Premier's Race (WSJ)

By Gabriel Kahn

The Wall Street Journal, March 27, 2006

ROME -- Just two weeks before national elections, Italy's conservative Prime Minister Silvio Berlusconi trails challenger Romano Prodi by three to six percentage points, according to polls -- a gap that analysts say will be difficult to close.

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A defeat for Mr. Berlusconi would end one of the world's most intriguing and controversial political careers. A media mogul worth nearly $12 billion, Mr. Berlusconi has led the Italian republic's longest-lasting government but has also been plagued by legal troubles and criticism of the conflict of interest between his political and business lives. A defeat would also deprive President Bush of one of his strongest allies in Europe and could further isolate Washington in its policy toward Iraq.

Friday marked the last day in which opinion polls could be published under Italian election rules before the April 9-10 voting. A poll conducted by GfK Eurisko, published in left-leaning Rome daily La Repubblica, had Mr. Prodi's center-left coalition taking 51.7% of the vote in the lower house of Parliament, compared with 46.6% for Mr. Berlusconi's alliance of center-right parties. The margin was tighter in the Senate, with the left gaining 51.4% of the vote compared with 47.1% for the right, according to GfK Eurisko. Several other published polls reported similar margins in favor of the center-left. Despite a flurry of television and radio appearances by Mr. Berlusconi earlier in the year and an aggressive campaign schedule, the center-right has been unable to gain back much ground in recent months, leaving many analysts to conclude that a victory for the center-left is likely.

"I never say never," said Ilvo Diamanti, a professor of political science at the University of Urbino who has analyzed recent polling data. "But there has been a loss of confidence in Berlusconi and a slight gain in confidence for Prodi." He also noted there was a sizable portion of undecided voters.

During his five years in power, Mr. Berlusconi has forged close ties with Mr. Bush and Russian President Vladimir Putin, steering Italy away from the foreign-policy lines of European neighbors France and Germany. This month, he addressed a joint meeting of the U.S. Congress.

Under Mr. Berlusconi, Italy has maintained one of the largest military contingents in Iraq, currently numbering more than 2,500 troops, while Mr. Prodi and his coalition allies have been outspoken critics of the war. However, both candidates have indicated that a withdrawal of Italian troops is likely by year end.

Mr. Berlusconi's biggest electoral liability is his management of the economy. The businessman-turned-politician came to power in 2001 pledging to cut taxes and increase jobs in a bid to bolster growth. Italy reported flat economic growth in 2005, the worst performance in the 12-nation euro zone. Italian exports, the engine of the national economy, have lost ground not only to Asian rivals such as China and India but to neighbors such as Germany. Although Mr. Berlusconi did manage to cut income taxes, Italians have seen their overall tax burden drop by less than 1% since he came to power, as local taxes have risen.

Italy's powerful business lobby, the Confindustria, has criticized him repeatedly for failing to lower labor costs or corporate taxes. Mr. Prodi has been pushing an economic platform of reducing the tax burden on businesses in order to jump-start the economy. During this electoral campaign, Mr. Berlusconi has tried to shift attention away from the economy and toward security. In recent years, Italian intelligence services have reported evidence of threats from several Islamist terrorist groups, and concerns about a possible attack remain high. Mr. Berlusconi also has tried to paint the center-left coalition, which includes communist parties, as being run by extremists.

"His only chance is to move the main theme from the economy to security. That's what he's pushing," said Mr. Diamanti.

The campaign has been marked by strident rhetoric and name-calling. On Friday, Mr. Berlusconi quipped from a meeting in Brussels that his opponent "doesn't count for anything." Mr. Prodi responded, "We'll see who counts more on April 10."

Australia Wheat Trade Squeezed By Iraq Scandal (WSJ)

By Patrick Barta

The Wall Street Journal, March 27, 2006

SYDNEY, Australia -- Pressure is mounting on Australia to dismantle its powerful wheat-export monopoly amid allegations that it paid kickbacks to Saddam Hussein's regime to win lucrative wheat contracts in Iraq.

Australia ranks as the world's second-biggest exporter of wheat, behind the U.S., according to U.S. Department of Agriculture statistics, and is a major competitor for U.S. and European farmers overseas. Australia exports about 16 million tons of wheat a year, compared with about 29 million tons by the U.S. Iraq, one of the most important wheat markets, took in about three million tons last year in a global export market of about 110 million tons valued at about $17 billion.

Australia punches above its weight in the market by requiring all its export wheat to be sold through a "single desk" monopoly managed by AWB Ltd., a publicly traded firm that markets Australian grain to foreign buyers. Local growers believe AWB's shared costs and combined supply increase Australia's market clout and generate economies of scale that help it compete with subsidized competitors in the U.S. and elsewhere.

U.S. and European farmers have long argued the single-desk system is a monopoly that distorts the world's wheat trade. They say that if it is dismantled, new markets would open for U.S. and European farmers -- including the Iraq market -- and result in higher prices for their crop. They also argue that tearing down the Australian single desk would pressure other countries to make trade-related concessions -- particularly Canada, the other big wheat exporter with a similar single-desk program.

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Allegedly unfair competition from AWB has "led to reduced U.S. wheat exports, which in turn leads to lower U.S. prices -- which hits American wheat farmers in the pocketbook and increases government-support program costs," said Alan Tracy, president of U.S. Wheat Associates, in a recent report to the board of the trade group, based in Washington.

Australia's single desk has survived numerous attacks in the past. But now, Australian government officials are investigating claims that AWB paid more than US$220 million in illegal kickbacks to the Hussein government as part of the scandal-plagued United Nations oil-for-food program. The government agreed in November to open an inquiry, and formal testimony began in January.

A report headed by former U.S. Federal Reserve Chairman Paul Volcker last year found AWB paid the money to a Jordanian company to transport wheat through Iraq. But the funds were channeled to the Hussein government. To some critics, that suggested AWB made the payments as kickbacks to secure wheat contracts. AWB was the biggest supplier of wheat to Iraq under the U.N.'s oil-for-food program.

An AWB spokesman declined to comment on the allegations. AWB has said it is reviewing its governance policies and will take any necessary actions to restore confidence in the company.

The government inquiry isn't expected to release its findings until late June at the earliest. A commission reviewing the matter has emphasized that its mission doesn't include deciding the future of the desk itself. But other Australian officials and wheat-industry leaders have said they would be willing to revisit the system in light of the allegations.

In Iraq, grain-board officials recently said they won't buy wheat from AWB until after the commission releases its findings. A group of Australian agricultural companies has organized to offer wheat in AWB's place -- a potentially significant crack in AWB's export monopoly.

U.S. wheat producers have seized on the scandal to try to drive a wedge deeper into that rift. A U.S. Wheat Associates resolution expressed "moral outrage" and thanked the Australian government inquiry for "bringing sunshine to a dark corner of corporate misbehavior by AWB." The resolution demanded dismantling of the AWB monopoly. Sen. Norm Coleman (R., Minn.) demanded explanations from the Australian government.

Australian farmers have responded in kind, led by the Grains Council of Australia, which represents about 30,000 growers. In one statement, it warned, "The U.S. Wheat Industry Should Back Off."

The council said in a separate release that U.S. companies such as Cargill Inc. already control the lion's share of global trade and that "it has been a clearly stated aim of [U.S. Wheat Associates] to re-capture the Iraq wheat market from Australia." It also says that U.S. farmers receive much larger government subsidies than Australian farmers do.

Mideast Feels Stress Of Stock Slide (WSJ)

By Craig Karmin And Yasmine El-rashidi

The Wall Street Journal, March 27, 2006

The Persian Gulf's highflying stock markets, suffering their first serious correction after years of gains, are raising concerns that a speculative bubble may burst and hurt emerging markets more broadly.

Fueled by cash from high oil prices, stock markets in Dubai, Kuwait, Abu Dhabi and elsewhere in the Gulf have tripled or more in value in the past three years. But in recent weeks, these stocks have suffered double-digit losses, with Saudi Arabia, the region's biggest stock market, shedding about a third of its value since late February.

The declines underscore the risks of emerging-market investing at a time when U.S. investors, from individuals to pensions and hedge funds, are investing more overseas. Emerging-market stock funds world-wide have received $20 billion in new money, or inflows, this year, matching the total inflows for all of 2005, a record year, according to EmergingPortfolio.com Fund Research.

Analysts say the selloff in the Gulf shows few signs of spilling over broadly to other developing countries -- as happened in 1997 when a currency crisis in Thailand sparked broad losses throughout Asia, or when Russia's debt default the following year roiled global markets -- because few investors outside the Gulf own its stocks.

Some economic ripples could reach beyond the Middle East. Fears of any instability in the Gulf tend to boost oil prices, through a so-called political-risk premium attached to the price of crude. "You could see that risk premium widen," said Shigeki Makino, a senior portfolio manager for Putnam Investments in Boston who thinks that would be negative for most stocks globally. "Broadly speaking, markets are very sensitive to oil prices."

A few of the top-performing, but more volatile, emerging markets, such as Turkey and Brazil, are seeing signs that global investors are lightening up on holdings. Their benchmark indexes have fallen more than 5% this month. "It is a warning sign that people are worried about risk," said Arjun Divecha, a fund manager with GMO Emerging Markets in Berkeley, Calif.

The market reversals in the Gulf have triggered outrage among millions of small investors in the region, many of whom started investing in stocks in the past few years and aren't accustomed to precipitous declines. Stock investing has been taken

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up as a hobby in an unprecedented number of households in the Gulf, where economies are booming from rising oil revenue. An initial public offering of stock from Saudi Arabia's Yanbu National Petrochemicals Co. reportedly received orders from 40% of the kingdom's adult population. Many investors have borrowed money to bet heavily on highflying stocks.

Two weeks ago, angry Kuwaiti investors took to the streets demanding government action to prevent a further slide in share prices. In Qatar, Muslim clerics told a local paper they feared social disruption caused by the market's declines.

Nervous selling by small investors spurred some of the declines. "The panic from small investors who came late to the party and started dumping their stocks recently to cut their losses did not help," said Karim El-Solh, chief executive of Gulf Capital, an investment bank based in Abu Dhabi.

An abrupt or protracted market slump could take a toll on the Gulf economies, which have been expanding at a rate of 6% to 7% annually. Countries such as Saudi Arabia and the United Arab Emirates to a degree have taken advantage of stock-market gains to expedite the sale of state-owned companies into private hands. Analysts say there are about 120 IPOs waiting in the pipeline.

More worrisome, a punctured stock-market bubble could aggravate political and social tensions in an already volatile area. "We are seeing signs of unrest and disquiet in the region that shouldn't lead to political instability but that governments have to address," said Gary Kleiman, a managing partner at Kleiman International Consultants, a Washington, D.C., research company that specializes in emerging markets.

At least tacitly, government officials in the region have acknowledged concern by implementing measures to stanch stock-market bleeding. The Saudis declared foreign residents in the kingdom could invest directly in shares, while the Kuwaiti government announced plans to buy up stocks.

Economists say the broader fallout from severe stock-market corrections in the Gulf would be hard to predict. One result could be a shift in how some of the billions of dollars in Middle Eastern oil money would be invested. In a recent report, HSBC estimated there could be as much as $300 billion from oil revenue available for investment. That is enough to buy one-fifth of the emerging-market stocks listed in the Morgan Stanley Capital International index, or 7% of publicly outstanding U.S. Treasurys.

The run-up in Gulf stock-market prices draws comparisons with the surge in Internet shares in the late 1990s. Seven different markets in the region more than doubled last year, despite formidable restrictions on foreigners that keep most overseas investors away. In Saudi Arabia -- the largest Gulf stock market and the one where investor borrowing has been heaviest -- the market doubled in value last year and has surged nearly sevenfold since 2002. In Qatar, Islamic bank Al Rayyan Bank filled a sports stadium in Doha with tens of thousands of investors hoping to participate in its IPO.

Some say the selloff was sparked by a rule change in the Saudi market that lowered the maximum one-day fluctuation for a stock to 5% from 10%. Analysts say investors interpreted this as a sign authorities were getting nervous about the market's vertiginous level. Others say the collapse of a deal by Dubai Ports World, which is backed by the government of the U.A.E., to take over operations of some U.S. ports hurt investor sentiment.

Joseph Quinlan, chief market strategist for Bank of America Corp., suggests a bursting of the Gulf's stock-market bubbles likely would make many of the region's large institutional investors -- which, though more diversified, often participated alongside small investors in the local markets -- more risk-averse.

The oil-price surge in recent years resulted in the Middle East being a net buyer of $20 billion of U.S. securities in 2004, according to Bank of America. While that figure fell to $6 billion last year as the region's stock markets attracted more funds, Mr. Quinlan figures this year it will return to, or perhaps exceed, the previous level.

Turning The Taps Back To The States (WP)

By Monte Reel

The Washington Post, March 27, 2006

LOMAS DE ZAMORA, Argentina -- Carina Grossi turned on the tap in her kitchen sink and raised a glass of water to the light, her eyes narrowing in disgust.

"Look at that," said Grossi, 32. "Look how cloudy the water is, how dirty."

"It's a disaster," said her father, Eduardo, a 65-year-old grocer. "That's what is making your mother so sick."

Like many of their neighbors in this working-class suburb of Buenos Aires, the Grossis are convinced that their water is contaminated -- and they now use bottled water to make soup and tea. They blame the problem on the French company that has provided water and sewer service since the federal government privatized the utility in 1993.

Across Latin America, a growing number of people say the privatization of public services, a movement that swept the region in the 1980s and 1990s, has failed. Protests have erupted over the issue in several countries, and some governments are beginning to reverse these policies. Last week Argentina announced it was rescinding its 30-year contract with the French company Suez and reinstating government control of the water supply.

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The Grossis, among many others, have welcomed the about-face.

"The trains, the water, the electricity -- I say it all needs to come back to national control," Carina Grossi said. In her suburb, authorities estimate about 30 percent of homes lack water and the majority are without sewage service. "We pay money out to these foreign companies and get nothing in return," she said. "This is our country. We should stop selling it out to others."

The backlash against the private sector has been building for several years in many pockets of the region. In some cases, such as Bolivia and Mexico, it has been actively promoted by grass-roots leaders in tandem with their demands for limiting the influence of foreign interests.

In 2000, street protests in the Bolivian city of Cochabamba prompted the state to annul a water contract with Bechtel Corp.; last year more demonstrations in El Alto, a city adjacent to the capital, La Paz, led to the suspension of a contract with a subsidiary of Suez.

In the past year, protests against the privatization of other sectors, including electricity and energy, have broken out in Peru, Ecuador, Guatemala and Mexico. Last week, several thousand demonstrators marched through Managua, the capital of Nicaragua, to demand the government improve water services without privatizing them.

Last week, representatives from 148 countries gathered in Mexico for the World Water Forum, held every three years to discuss global water supplies. The forum voted to issue a decree stating that governments -- not private companies -- should hold primary responsibility for providing safe drinking water. Bolivia, Cuba, Venezuela and Uruguay attached a separate statement noting their "profound concern" about the possible negative impacts of international investment agreements and free trade.

Some officials and experts who promote the role of the private sector in development of basic services said the swing toward nationalization seems like a case of collective amnesia: People are forgetting that many state-run utilities were a mess, they say, wracked with debt and in need of bailouts.

"It would seem that so many years of bad service and very high costs weren't enough to demonstrate that these roads lead to failure," said Adrian Menem, an Argentine congressman and nephew of former president Carlos Menem, who led the privatization efforts of the 1990s. "We are returning to the blind state of the past century."

President Nestor Kirchner's decision to terminate the French contract and put water in the hands of a new state-run entity is not without precedent. In 2003, he took the nation's postal service out of private hands, and it has since turned a profit.

A desire to replicate that experience in part fueled the decision on water service, said Nicolas Ducote, an analyst with the Center for the Implementation of Public Policies Promoting Equity and Growth, based in Buenos Aires. But popular politics, he said, was just as important.

"The president knows that it's politically popular to bash the private sector," Ducote said. "That sort of approach focuses only on the short term. Six months down the road, if there is one problem with someone's water, he'll pay a price for this."

Suez officials countered Kirchner's criticisms of their performance, saying that the company improved service despite being handcuffed by the government's mandated price freezes after a national economic collapse in 2001. A spokeswoman said the company invested at least four times more than the previous state-run enterprise did, added more than 3,700 miles of new pipes and provided more than 2 million new customers access to drinking water.

The company also said Kirchner's claim that it made "hundreds of millions" of dollars in Argentina was wrong; it asserted it lost nearly $900 million on the deal.

"In certain countries we've found that the governments are not living up to their side of the bargain," the spokeswoman, Luan Greenwood, said in a telephone interview from Suez's Paris headquarters. "We've learned that. We're not going to be burned again."

The financial markets have taken note as well. In the days after the contract was cut, Argentine stock trading slowed considerably. In Bolivia, foreign investment has slowed since President Evo Morales, elected in January, vowed to partly nationalize the energy sector.

In Peru, financial markets took their sharpest tumble of the year this past week when an opinion poll showed that the front-runner in next month's presidential election is Ollanta Humala, a nationalist who is promising to rewrite contracts to make the state an equal partner in the mining and energy sectors.

In Lomas de Zamora, a community of small brick houses and cobblestone streets, some residents say their only concern is getting access to clean, safe drinking water. Marta Guzman, 47, said she had stomach problems earlier this year and attributed them to contaminated tap water.

"Whether it is the state or a private company, I don't care," Guzman said. "All I want is good water. I don't care who I get it from."

Somalis Bury Dead, Brace For Battle (WP/AP)

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By Associated Press
The Washington Post, March 27, 2006

MOGADISHU, Somalia, March 26 -- Radical Islamic militiamen and rivals buried their dead Sunday and brought in more fighters during a lull after four days of combat on the outskirts of Mogadishu, witnesses said. So far, at least 93 people have died and nearly 200 have been wounded in the violence.

A prominent moderate Islamic scholar appealed to the warring sides not to restart the fighting, which ranks among the deadliest in recent years in the nominal capital of this Horn of Africa country.

"I offer the warring sides a venue for them to talk to resolve their differences," Sharif Sheik Muhidin said.

Somalia has been without a working government for 15 years. The recent battles involve a militia supporting hard-line Islamic clerics who are trying to expand their influence and fighters loyal to businessmen and Somali warlords who have formed an alliance to oppose the religious movement.

Only junior commanders in the Islamic militia responded positively to Muhidin's call. Key leaders in the group remained silent, and the rival warlords and businessmen were wary of the offer.

The two sides have been fighting for supremacy in the city's northern and northeastern outskirts since Wednesday.

On Saturday, 300 Islamic militiamen staged a pre-dawn attack to capture the area's only working port, El Maan, and an airstrip on Mogadishu's northeastern outskirts. At least 20 people were killed in the fighting, but the attackers failed to reach the port and airstrip.

With the lull Sunday, combatants buried dead comrades and repaired their vehicles while the groups sent in more fighters with weapons and ammunition, witnesses said.

Somalia has had no effective government since 1991, when warlords ousted a dictatorship and then turned on each other, carving the nation of 8.5 million people into a patchwork of fiefdoms.

The International Crisis Group, a nonprofit organization that tracks conflicts, said al-Qaeda contributed to attacks on U.S. and U.N. peacekeepers in Somalia in the early 1990s. The group also said al-Qaeda used the country as a transit zone for terrorist attacks in neighboring Kenya and as a hiding place for some leading members.

Court Calls For Arrest Of Liberian Ex-Leader (WP/AP)

By Associated Press
The Washington Post, March 27, 2006

ABUJA, Nigeria, March 26 -- The international war crimes tribunal in Sierra Leone urged Nigeria on Sunday to immediately arrest Charles Taylor, Liberia's exiled former president, because of fears the former president might flee to avoid trial for crimes against humanity.

Nigeria said Saturday it was ready to hand over Taylor, sending a warning to other warmongers on the continent.

"The watching world will wish to see Taylor held in Nigerian detention to avoid the possibility of him using his wealth and associates to slip away, with grave consequences to the stability of the region," the prosecutor of Sierra Leone's war tribunal, Desmond de Silva, said Sunday.

De Silva said he had sent a message asking Nigerian President Olusegun Obasanjo to arrest Taylor.

Taylor has been in exile in the southern Nigerian city of Calabar since being forced from power under a 2003 accord that ended a rebel assault on Liberia's capital.

Nigeria "has resisted persistent pressures to violate the understanding of 2003," which gave Taylor refuge under an internationally brokered peace deal, Obasanjo said in a statement Saturday. Nevertheless, he had informed Liberia's president that "the government of Liberia is free to take former President Charles Taylor into its custody."

Liberia's information minister, Johnny McClain, said his government was working Sunday with other countries to get Taylor sent directly to Sierra Leone.

Taylor, who could not be reached for comment, is accused of starting a 14-year civil war in his homeland that brutalized tens of thousands of young boys and girls drafted as rebel fighters. He also is blamed for a savage war in Sierra Leone where rebels -- including child fighters -- terrorized victims by chopping off arms, legs, ears and lips.

Each of the 17 charges he faces carries a sentence of life in prison.

Taylor also is accused of harboring al-Qaeda suicide bombers who attacked U.S. embassies in Kenya and Tanzania in 1998.

After her inauguration in January, Liberian President Ellen Johnson-Sirleaf said a trial for Taylor was not a priority. But she made a formal request to Nigeria after an official visit to Washington, which is the source of aid needed to rebuild Liberia.

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Nigerian presidential spokesman Oluremi Oyo denied in a statement published in ThisDay newspaper that Nigeria was reacting to pressure from the United States. Obasanjo is traveling to the United States this week and is scheduled to meet with President Bush on Wednesday.

Rebuild Liberia (WT)

By Andrew Young And Peter V. Emerson

The Washington Times, March 27, 2006

Liberia's Ellen Johnson-Sirleaf, Africa's first democratically elected, female president, arrived last week in Washington for a working visit with President Bush. Mrs. Johnson-Sirleaf won a special runoff election in November, defeating international soccer star George Weah. Her electoral victory signals a monumental shift in West African political trends. Her presidency is demonstrative of a population yearning to re-establish a free market and a democratic society. These conditions are unique for Africa, and Liberia represents a singular opportunity to stabilize the region and establish a model for African development.

Mrs. Johnson-Sirleaf now faces the herculean task of rebuilding a country that for two decades was the battleground of greedy warlords and dictators.

Still, external observers optimistically point to her indomitable spirit and famed incorruptibility. Her prior business, governmental and NGO successes suggest she will salvage this historically prosperous country that is now without basic infrastructure. But her experience and political acuity will not alone suffice to rebuild Liberia and triumph over 85 percent unemployment. Successful redevelopment requires substantial support from the United States and sustained investment by the corporate community.

There are striking historical reasons why America should involve itself.

Liberia has been a quiet and invaluable U.S. ally since its conception by the U.S. Slave Trade Act of 1819. Critically, Liberia was the Allies' primary supplier of rubber during World War II, and has since hosted an ultra-secret Omega tracking station, the African Voice of America transmitter and strategic U.S. military facilities. Nor is this shared ideological congruency surprising: Liberian society has a virile democratic tradition engendered by a constitution modeled on our own.

But rebuilding Liberia is not only a moral obligation; it is, make no mistake, imperative to U.S. national security. Liberia's ties to America are frequently underplayed here, but those very ties define its position in Africa. Amid the Millennium Goals, failure of a favored American ally like Liberia would signal the rest of Africa that such promises about aid and development are hollow rhetoric. Renewed civil unrest and further disintegration of civil society could permanently destabilize the region.

Conversely, a resurgent Liberia will anchor West Africa, serving as a beacon for emerging democratic movements.

The Bush administration made a promise to Africa and must now follow through on that commitment to growth by unveiling a Marshall-style infrastructural recovery plan, by creating a Liberian Enterprise Fund to jumpstart the economy and furnish working capital, by fast-tracking relief from Liberia's $3.8 billion foreign debt burden, by bridging the $12 million gap to complete demobilization and restructuring of Liberia's security sector, by providing substantial funding for education and health care and by increasing numbers of Peace Corps volunteers.

Still, U.S. government money can only lay the foundation for growth. Ultimately, it is the corporate community that can ensure success.

Guarantees for foreign investment are now in place -- Liberia boasts vast natural resources, such as diamonds, gold, iron ore, timber, rubber, coffee, cocoa and undeveloped offshore oil reserves. Marry these untapped resources to a literate, Anglophone workforce in an atmospherehistorically committed to capitalism and you have conditions unique in Africa, arguably the world.

Mrs. Johnson-Sirleaf's business and development expertise make her an ideal partner for foreign investors in Africa. She maintains it will be the private sector, rather than the public sector, that will determine Liberia's future. In fact, she has demonstrated her commitment to business by appointing 25-year Wall Street veteran Richard Tolbert as chairman of the National Investment Commission. The commission is responsible for attracting and assisting foreign investment. Mrs. Johnson-Sirleaf's message is clear, "Liberia is once again open for business."

We believe the corporate community should echo that message by creating a Corporate Council on Liberia, to be modeled on David Rockefeller's effort for Jamaica. Comprised of corporate executives and entrepreneurs who have business interest in Liberia, this council would be an indispensable sounding board for the president and her economic team as they undertake the challenge of rebuilding.

Today, Liberia is a foundering state buoyed by a hopeful population; America must not allow this close ally to fail. More than mere morals, the security of Africa and perhaps the world are at stake. If the corporate community and the U.S government join with the "Iron Lady" -- as Mrs. Johnson-Sirleaf is known in Africa -- Liberia can again become a model republic anchoring Africa with a free-market economy that will be a beacon to its emerging neighbors.

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Ambassador Andrew Young, who served at the United Nations, is co-founding principal and chairman of GoodWorks International. He is also a former congressman and mayor of Atlanta. Peter V. Emerson is a director of the Southern Africa Enterprise Development Fund.

France's Misguided Protesters (NYT)

The New York Times, March 27, 2006

For the second time in four months, French streets are filled with riot police, tear gas and rampaging youths. But the similarity is deceptive. Back in November, it was the sons of North African immigrants in their dreary suburbs exploding in frustration at the lack of jobs, prospects or programs. It was hard not to feel sympathy with their cause, along with outrage at their response.

This time, privileged university students have been protesting what they see as an assault on the job security that they consider their birthright. But the labor reform to which they are so opposed is much needed and was proposed by Prime Minister Dominique de Villepin as a partial answer to those who rioted in the suburbs.

A new law essentially allows companies to fire workers under 26 within the first two years of employment with little notice. The idea is to encourage employers to hire youths on a trial or temporary basis. There is an obvious downside: young workers could be fired on a whim, or simply to make room for another wave of disposable workers. But the alternative is the current state of affairs, in which jobs are sinecures. Unemployment is at 22.2 percent among the young and close to 40 percent in the poor suburbs, compared with 9.6 percent nationwide.

Mr. de Villepin, a patrician notoriously deaf to the streets, did a bad job of presenting and selling the law to the students, the unions and the public. The unions are now threatening a general strike unless Mr. de Villepin backs down, and the prime minister's ratings are plunging. But his law is a reasonable attempt to remedy a serious problem, and the reaction of the students and unions is out of line.

Resistance to the law has been based on a knee-jerk defense of the job security that the French, or at least those who have a job, hold sacred. That has created widespread support for the protests. Even unemployed youths are wary, fearing that if they did get a job, they would be at higher risk than other workers of losing it.

However dramatic the images of the disturbances, the clashes have been localized and relatively brief. Before they get any worse, students should stop focusing on their privileges and heed President Jacques Chirac's call for a creative dialogue about how they can help resolve the real problem facing their generation.

Call Me Jacques (WSJ)

The Wall Street Journal, March 27, 2006

European Union summits in Brussels just won't be the same without Jacques Chirac. Three years ago, after a little wine at dinner, the French President told the pro-American countries from Eastern Europe to "shut up" -- oops, pardon the Anglicism, se taire -- on Iraq. France's standing in "New Europe" has never recovered.

At the opening of the spring meeting last Thursday, Mr. Chirac was back in form. The head of the Europe-wide employers' federation, the Frenchman Ernest-Antoine Seillière, told the 25 gathered EU leaders that he would address them in "the language of business." C'est l'anglais, Monsieur le President.

Before his compatriot could get another word out, Mr. Chirac stood up and stormed out of the room, tailed by his finance and foreign ministers. The gallant trio returned once Mr. Seillière finished his talk about -- we're not making this up -- the dangerous rise of national chauvinism in business and the economy. The next day the Elysée said that Mr. Chirac acted spontaneously in defense of the French language. Some wags speculated that the President simply wanted to skip a talking to about his country's "patriotisme économique," since protectionism is the one area in which France leads Europe.

It is hard to think of anyone who has done more than this president to marginalize France and the French language -- all in the name of defending them. With a year to go in his second term, a new and much-discussed book in France portrays a sickly President depressed about his low public standing and lack of achievements over the past 11 years. But in Brussels, Mr. Chirac showed that he can't be written off just yet. Thanks for the memories, Jack.

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THE ATTORNEY GENERAL'S NEWS BRIEFING

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TO: THE ATTORNEY GENERAL AND SENIOR STAFF

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TERRORISM NEWS:

Bush's War Powers To Be Challenged Before Supreme Court. An attorney for Salim Ahmed Hamdan, Osama bin Laden's former chauffeur, will ask the Supreme Court to declare unconstitutional the U.S. military commission that plans to try him. The Washington Post (3/26, A1, Lane, 744K) reports, "Hamdan's case one of the most important of Bush's presidency. It is a challenge to the broad vision of presidential power that Bush has asserted since the terrorist attacks of Sept. 11, 2001." So far, the Court "has refused the administration's invitation to dismiss the case for lack of jurisdiction before hearing arguments, and, perhaps more important, it has already refused to defer completely to the president in two previous terrorism-related cases." Meanwhile, it "has been bombarded by friend-of-the-court briefs urging it to think about the impact of the Hamdan case on the image of the United States abroad."

The AP (3/26, Holland) adds, "Analysts say if the high court rejects Bush's plan to hold such trials for the first time since the aftermath of World War II, it could rein in the president's expanded powers in pursuing and punishing suspected terrorists." Knight Ridder (3/26, Rosenberg) calls it, "An extraordinary case for extraordinary times."

Writer Says Court Has "Two Historically Unappealing Choices." Jonathan Mahler, a contributing writer for The New York Times Magazine, writes in an op-ed

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in the New York Times (3/26, 1.19M), "There is much more at stake here than the fate of one detainee." If he wins this case, President Bush "and his successors would be vested with perhaps greater wartime powers than any previous president" during "an unending war with no geographical boundaries." Although, "the court has traditionally deferred to the president in wartime, then gradually stripped the office of any newly accrued authority once the hostilities ended. Given the indefinite nature of the war on terror…this pattern no longer seems relevant." The case "presents the Supreme Court with two historically unappealing choices: to police the president's ability to make war or to allow executive authority to go unchecked."

Moussaoui Trail Shows More Can Be Done On Counter Terrorism. The Los Angeles Times (3/26, Serrano, 958K) reports that at Zacarias Moussaoui's trail, while "much has been done to improve the nation's defenses against terrorism,…the evidence presented over the last several weeks underscores just how daunting the challenge remains," and the issue of "how to make sure the system spots important scraps of information among mountains of such scraps…is far from resolved." FBI agent Harry Samit and supervisor Michael Rolince's "Olympian battle…has defined much of this trial and offered new insights into the challenge of preventing terrorism."

Death Penalty For Moussaoui Questioned. Slate.com legal affairs correspondent Dahlia Lithwick in the Washington Post (3/26, B3, 744K) Outlook section asks why death-penalty cases are assumed to bring closure to crime victims. She writes, "To the extent the data on the needs of victims suggests anything at all, it says there is no magical solution, no one-size-fits-all mechanism to afford closure to the victims and survivors of violent crime. That makes the Justice Department's message that healing requires victim participation in the Moussaoui trial and an eventual execution for the offender even more disturbing; it offers the illusion of government-approved 'closure' to thousands of people who desperately seek it, but may not ever find it here."

Report Shows Mistakes In FBI's Probe Of Mayfield. The Oregonian (3/26, Larabee, Green) reports, "A newly declassified report into the FBI's investigation of Brandon Mayfield offers a rare look inside a fast-paced international terrorism investigation, revealing some of the secret tactics investigators used, the intense pressures they faced and their disagreements." The Oregonian continues, "In its 273 pages, the report by the Justice Department's inspector general reveals that investigators initially worried that Mayfield -- who was wrongly linked by faulty fingerprint analysis to the March 2004 bombings in Madrid, Spain -- could be part of a second wave of U.S. terror attacks. … The report explains how investigators' goal from the beginning was to spy on Mayfield and possibly recruit him as a covert agent. But media leaks in Europe forced their hand." The Oregonian adds, "The FBI bungled its surveillance, the report says, to the degree that the mild-mannered Portland-area lawyer figured out that he was being watched before federal agents were ready to confront him. … 'Had Mayfield been a terrorist, the FBI's failure . . . could have had serious national security implications,' the report says. … And the report makes clear that without the media leaks, Spanish police eventually would have figured out that the fingerprint belonged to an Algerian terrorist, allowing the FBI to realize its mistake and shut down the Mayfield operation."

Muslim Convert's Life In Ruins After Post-9/11 Arrest. The New York Daily News (3/26, Buettner) reports, "Adam Blake thinks he was guilty of only one thing: trying to fly while Muslim. … Blake has lived a legal nightmare in the post-9/11 era. Born and raised in the Bronx, Blake was held without bail for three months and has been unable to work for nearly a year because federal officials have kept his identification. A pretrial report even alleged he belonged to a terrorist organization, court records show. … Now, as he has spiraled into homelessness, federal prosecutors have dropped every charge against him." The Daily News continues, "Blake said investigators told him his troubles began when the mother of his estranged wife allegedly reported that he was a terrorist, and because events in his life fit that profile. … Blake, 36, converted to Islam and adopted a Muslim name in 1991. He traveled through the Middle East off and on for a decade, without obvious sources of cash, before returning to the United States to study aviation. … But a closer look offers mundane explanations. His mother says she paid for his travels. His interest in aviation dates back to his childhood, when he would ride subways and buses to airfields and heliports, including Floyd Bennett Field. … Blake's experience highlights the line that federal investigators continue to walk between respecting the rights of innocent people and risking disaster should they let a real terrorist remain free. … Arsalan Iftikhar, the national legal

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director of the Council on American-Islamic Relations, acknowledged the difficulty, but added that Blake's experiences sound like too many other examples of Muslims being unnecessarily detained since 9/11. 'The American Muslim community feels as though they have been under siege by an overzealous Justice Department,' said Iftikhar. 'Unfortunately, the vast majority of these cases turn out to be nothing more than minor civil violations.'"

Detainee Could Be Released From Jail. The Los Angeles Times (3/26, Reza, 958K) reports, "Accused of having ties to terrorists and being a national security risk but convicted only of living in the United States illegally," Abdel-Jabbar Hamdan "could soon be released after 20 months in jail." A federal magistrate's recommended "last week that he be released," and an appeals court ruling in the case of a Sri Lankan immigrant that said"The government does not possess the authority under the general detention statutes to hold" aliens indefinitely.

Government Ordered To Let Lawyer Meet With Gitmo Client. The AP (3/26, Yost) reports, "a federal magistrate has ordered the government to stop blocking a private attorney from meeting with one of the 500 detainees at" Guantanamo Bay prison. U.S. Magistrate Alan Kay noted "a long list of delays by the Bush administration" to keep Salim Muhood Adem from meeting with his attorney after he "asked for a lawyer in late 2004 to help him challenge his detention."

Globalization Sparks Tug-Of-War Between Economics, Security. In a feature story headlined "Globalization 2.0," the New York Times (3/26, Rieff, 1.19M) reports, "Two recent controversies — the sale of port facilities to a company owned by the government of Dubai and the negotiation of a controversial nuclear cooperation deal with India — underscore the tensions and contradictions between America's commitment to economic globalization and its political priorities in a post-9/11 world. In part, these controversies pitted desirable outcomes — political stability and national security on the one hand; economic dynamism on the other — against one another. In the ports case, the principles of globalization demanded that the Dubai company be allowed to take over the management of the six ports in question. But advocates of globalization never really took into account the possibility that even as nations become interdependent on one another, political difficulties may continue to separate them."

HOMELAND RESPONSE:

Hong Kong Company Defends Port Screening Contract. The Washington Times/AP (3/26, Foreman) reports that Hutchison Whampoa Ltd, a Hong Kong conglomerate that has won a U.S. government contract to screen U.S.-bound cargo in the Bahamas for terror threats, "defended the plan yesterday, saying it would not be feasible for American officials to work in ports across the globe." There are "concerns is that a low-paid employee might be vulnerable to bribes and provide terrorists with information about how the equipment works and which material triggers alarms," and "Hutchison's billionaire chairman, Li Ka-shing, has substantial business ties to the Chinese government that have raised U.S. concerns over the years."

Volunteer Equestrians Help Patrol Houston Airport. The Washington Post (3/26, A3, Moreno, 744K) reports that 800 volunteers "make up the Houston Airport Rangers." They ride horses on trials in the airport and "alert airport police to suspicious activity so officers can be dispatched." Airport director Richard Vacar decided to give "equestrians who had been riding in the woods around the airport for years" and "were suddenly prohibited from the property" after 9/11 "access, under certain rules, if they would help with security." The program "will soon be replicated by Nashville International Airport."

Columnist Criticizes Chemical Plant Protection. Jonathan Chait, in his column in the Los Angeles Times (3/26, 958K), writes "You and your loved ones are in danger of dying horrible, gruesome deaths at the hands of a terrorist chemical attack, and the government has refused to do anything about it." At least, "the prospect of a chemical attack… has been a favorite weapon in the Republican arsenal for years," although "lobbyists for the chemical industry went to work and persuaded Republicans to kill" tough security measures at vulnerable chemical plants." Today, "the Republican position…is that we can rely on voluntary action by the chemical industry. Newspaper exposes have shown that many plants have remained appallingly vulnerable. Domestic security experts have

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shouted from the rooftops that something has to be done. Nothing has."

Writers Note US Security Will Depend On Catching Terrorist Hackers. In an op-ed in the Washington Post (3/26, B1, Katz, Kern, 744K) Outlook section, Rita Katz and Michael Kern write about "Irhabi Terrorist – 007," a jihadist hacker. Scotland Yard arrested the person presumed to be the hacker – Younis Tsouli – last year. Katz and Kern say the "manner" of Tsouli's arrest "demonstrates how challenging it is to combat such online activities and to prevent others from following Irhabi's example." Investigators knew Tsouli was Irhabi only after discovering "stolen credit card information" was "used to pay American Internet providers on whose servers he had posted jihadi propaganda." Katz and Kern write, "[O]ur future security is going to depend increasingly on identifying and catching the shadowy figures who exist primarily in the elusive online world."

New Orleans Residents Wait Unnecessarily On FEMA Maps. The AP (3/26) reports delays in releasing new federal maps of New Orleans has "slowed rebuilding, frustrated homeowners and created uncertainty about the future of the region ravaged by Hurricane Katrina." Without, "the maps, homeowners say they do not know if they can afford to stay and buy the additional insurance required by mortgages or if they will be forced to leave and move farther inland." But FEMA says only, "people building after the new maps and standards are finished will face higher rates." The AP adds, "Asked why so many on the Gulf Coast believe the maps will have an immediate effect on insurance rates, FEMA flood map spokesman Butch Kinerney acknowledged, 'They won't believe us.'"

Many Hurricane Rita Victims Reportedly Feel Overlooked. NBC Nightly News (3/25, story 4, 2:30, Seigenthaler, 9.87M) reported, "Six months after Hurricane Rita stormed ashore on the gulf coast, Cameron Parish, Louisiana, is little more than a broken collection of buildings. Most of the homes here are still uninhabitable. Others are just gone. … Hurricane Rita was the most powerful storm ever recorded in the Gulf of Mexico. It caused up to $10 billion in damages throughout Texas and Louisiana, destroying more than 2,800 homes and severely damaged more than 14,000 more." But, "despite total devastation here, many residents who have lost everything they own, feel they've been forgotten by the rest of the country."

Civil Engineers Say Levee Safety Is "Open to Question." The New York Times (3/26, Schwartz, 1.19M) reports that a panel of civil engineers has determined "the safety of New Orleans's battered levees is 'open to question' until the entire system can be analyzed in light of new information about how the 17th Street Canal levee failed after Hurricane Katrina." In a "strongly worded" letter to Lt. Gen. Carl A. Strock, chief engineer of the Army Corps of Engineers, the American Society of Civil Engineers "said that 'a determination of the overall safety of the hurricane protection system cannot be made until such time as the remainder of the system can be evaluated with the benefit of this new information.'"

WAR NEWS:

City Cited As Example By Bush Said To Be "Mired In Sectarian Strife." The Los Angeles Times (3/26, Roug, 958K) reports, "Last week, President Bush held up Tall Afar as an example of success in the country, calling it 'a free city that gives reason for hope for a free Iraq.'" However, "this ethnically mixed city has become mired in the same sectarian strife and economic problems that afflict much of the rest of the country. Fear is palpable in the streets of Tall Afar," and "families…complain of no-go areas in the city, boundaries drawn up by sectarian violence or intimidation by rebels."

Columnist Questions Bush Friendliness With Potential War Critic. Nina Easton in her "Washington Briefing" column in the Boston Globe (3/26, 484K) questions President Bush's recent praise for Colonel H. R. McMaster of the Third Armored Calvary Regiment who "led US and Iraqi forces last year in a successful operation to recapture the town of Tal Afar." But he "also happens to be the author of the award-winning book 'Dereliction of Duty: Lyndon Johnson, Robert McNamara, the Joint Chiefs of Staff, and the Lies that Led to Vietnam,' published in 1997 and still widely read among Pentagon brass." His "position at the heart of the Iraq war begs the question: Does he hold views that will wind up in a similarly critical account of President Bush's war? 'As a trained historian, I'm reluctant to draw parallels,' McMaster said in an interview Friday."

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Plan Considered To Open PM Nomination To Iraqi Parliament. The New York Times (3/26, Wong, 1.19M) reports, "Iraqi politicians say they are considering asking the main Shiite political bloc to allow a vote by the entire Parliament on a candidate for prime minister. In the proposed plan, the Parliament would choose among three candidates, including Ibrahim al-Jaafari." It "would be a way for the Shiite bloc, the United Iraqi Alliance, to back down from their support of Mr. Jaafari in light of the intense opposition and still save face." However, Haider al-Ubady, an adviser to Mr. Jaafari and a member of the Shiite bloc, said the proposed vote 'is not being discussed at all inside the alliance.'"

Iraqi Leaders Admit Lack Of Government Is Hurting Country. Knight Ridder (3/26, Youssef) reports, "Iraqi leaders acknowledge that their inability to form a government more than three months after national elections aggravates religious and ethnic violence and is eroding public confidence that they can solve the nation's problems." The escalation was illustrated by U.S. ambassador to Iraq Zalmay Khalilzad's statement "that militias now are killing more Iraqis than the insurgency, an apparent reversal since the election." Iraqi leaders "offered a myriad of reasons for the delay in forming a government, and their reasoning often reflected their religious or ethnic loyalties."

McCain, Feingold Tell Iraqis US Patience Is Wearing Thin. The Washington Post/AP (3/26, Arrington) reports that the Sens. John McCain and Russ Feingold "told Iraqi leaders Saturday that American patience was growing thin and they needed to urgently overcome their stalemate and form a national unity government," making it "the second high-level U.S. delegation in less than a week delivering the same stark message to Iraqi politicians." They "also voiced alarm about increasing sectarian violence." The Los Angeles Times (3/26, Boudreaux, 958K) also covered this story.

Senators Speak Out While In Iraq. The Washington Post (3/26, A14, Finer, 744K) reports that "during questions from reporters" McCain and Feingold "argued -- cordially and pointedly -- over such issues as the timing of any withdrawal of U.S. troops and whether their continued presence is doing more harm than good." Feingold also "said he was dismayed not to hear any of the military commanders he met with mention al-Qaeda as a source of the problems in Iraq." Alluding to the Administration's frequent contention that al-Qaeda is a "major source of instability in the country," he said, "There seems to be a disconnect between the rhetoric in Washington about what this is all about and what we hear here."

Pawlety Says Violence Worsened. In a story titled "Violence worse in Iraq," Pawlenty says" the Minneapolis Star Tribune (3/26, 424K) reports that while traveling in Iraq with Sens. McCain and Feingold, Minnesota Gov. Tim Pawlenty "said he could see and feel that the violence there has worsened," although he added that "withdrawing troops would create more chaos in the Middle East."

Professor Offers Advice On Improving Iraq Situation. Prof. Ahmed Hashim of the US Naval War College in an interview with the New York Times (3/26, 1.19M) said "To begin to improve the situation, we need to focus on resolving violence" in Anbar Province and "along the fault lines wherever the major ethno-sectarian groups rub up against one another." He adds we should "stop cosseting the Shiite religious bodies," as "they are not our natural allies in trying create a democratic Iraq. They are trying to create a theocracy, and the more religion enters Iraqi politics, the more violence there will be." Meanwhile, "the military culture still has little understanding of the origins and goals of the insurgency. They still think it has primarily to do with Al Qaeda, and ignore the fact that the Sunni insurgents feel their identity is threatened."

Shiite Militias Said To Be Killing Sunni Civilians With "Impunity." The New York Times (3/26, A1, Gettleman, 1.19M) reports, "In the last month, hundreds of men have been kidnapped, tortured and executed in Baghdad." Most were Sunnis, and "what frightens Iraqis most about these gangland-style killings is the impunity," as "many men were taken in daylight, in public, with witnesses all around. Few cases, if any, have been investigated." It appears "that Shiite militias, unable to strike back against the presumably Sunni suicide bombers who kill Shiite civilians, are now victimizing Sunni civilians," and "the imbalance of killing, and the suspicion the government may be involved, is deepening the Shiite-Sunni divide."

Iraq's Violence Said To Have Turned From Americans Inward. Jeffrey Gettleman writes in a column in the New York Times (3/26, 1.19M), "I had thought Iraq might be getting quieter." However, "soon I caught on. The violence had not declined. It had just turned inward. No longer was most of it pointed at the Americans," but at other

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sects. "It is difficult to communicate just how violent Baghdad has become."

Iraqis Look For Little Signs Of Allegiances As Violence Spreads. The New York Times (3/26, Gettleman, 1.19M) reports, "For much of Iraq's history," Shiites and Sunnis "have coexisted peacefully. Very rarely has sectarian identity been a life or death matter, the way it is now on some of Baghdad's streets." Now "with sectarian tensions rising, Iraqis are paying more attention to the little things that signal whether someone is Shiite or Sunni." As "certain tribes are rooted in certain areas," tribal identity is an important clue. "Dress, too, can be a sign, but again not because it has religious significance," but because it varies by region.

Any Talks With US On Iraq Will Have Conditions, Ahmadinejad Says. AFP (3/26) reports, "Iran's President Mahmoud Ahmadinejad reportedly said Tehran will hold talks on neighboring Iraq with Washington 'in spite of distrusting Americans.' 'We will...talk with America about Iraq because of requests by the Iraqi people and government, but with consideration of Iraqis and the Islamic world's interests and in consultation with Islamic countries,' Ahmadinejad said during a meeting with Syria's visiting First Vice President Faruq al-Shara according to the ISNA news agency. 'We basically do not trust Americans,' he added."

Lincoln Group Denies Propaganda Label. The Washington Post (3/26, D1, Duke, 744K) reports, "Paige Craig, the West Point dropout and former Marine intelligence specialist who is the Lincoln Group's president, says" that "paying Iraqi newspapers to publish hundreds of 'news' stories secretly written by U.S. troops" is "not propaganda." Lincoln Group senior director for insight and influence, Andrew Garfield, says our "culture hasn't come to grips with information as a part of warfare," adding "People are more comfortable with killing than they are with influencing." He "sounds very much in sync with Secretary of Defense Donald Rumsfeld."

Reporter Embeds With US Troops. AP West Africa Bureau Chief Todd Pitman in the Washington Post/AP (3/26) reports his experience going to embed with US troops in Ramadi, Iraq.

WPost Ombudsman Examines War Coverage. Ombudsman Deborah Howell writes in the Washington Post (3/26, B6, 744K) that there is "a steady trickle of complaints that the coverage focuses too much on violence," but "I felt the coverage was balanced and authoritative." She notes "the military and the media are generally going to be at loggerheads in wartime. The two institutions have vastly different missions." As Marine Col. David Lapan put it, "Reporters are taught to question authority; we're taught to follow it." She also quest staff writer Steve Fainar: "sometimes I find the criticism bewildering. Should we really be focusing on a school opening when Iraq is teetering on the brink of civil war?"

Russia Denies Helping Hussein. The Washington Post/AP (3/26, A15) reports, "Russia's foreign spy agency denied Saturday that Moscow had given former Iraqi president Saddam Hussein information on U.S. troop movements and plans during the invasion of Iraq," and the "Russian Internet news agency, Gazeta.ru, speculated that the Pentagon report was released to affect the U.N. Security Council debate on what to do about Iran's nuclear program." The Washington Times/AP (3/26, Ingram) adds, "Yevgenia Albats, a Moscow-based journalist who specializes in intelligence matters, said she suspected there was 'at least a certain truth reflected in the Pentagon report,' considering Russia's close relationship with the ousted Iraqi leader. But she cautioned that didn't necessarily mean the Kremlin was involved."

The Los Angeles Times (3/26, Murphy, 958K) notes, "military analysts in Moscow said it was well known that Russian intelligence agents and retired Russian generals were operating in Iraq before the war and were in close contact with the Iraqi government." Also, "Russian officials, including the former Russian ambassador apparently cited in the documents, have long been at the center of controversy over allegations that Russian diplomats and intelligence agents hauled secret cargo out of Iraq in the early days of the war."

Karzai Seeks Solution To Christian Convert Controversy. ABC's World News Tonight (3/25, story 3, :30, Avila) reported, "At the Vatican, Pope Benedict has joined the worldwide effort to spare the life of the Afghan man who abandoned Islam and converted to Christianity. … The Pope's call for clemency adds to the growing international pressure in this case. The Bush Administration continues to push Afghan president Hamid Karzai with US troops still fighting in that country to help democracy take hold."

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NBC Nightly News (3/25, story 3, 1:00, Seigenthaler, 9.87M) reported, "Afghanistan's President has been meeting with cabinet ministers amid increasing pressure from world leaders to free a man facing possible execution for converting to Christianity."

The Washington Times/AP (3/26, Cooney) reports that Afghan President Hamid Karzai "searched yesterday for a way to free an Afghan man on trial for converting from Islam to Christianity without angering Muslim clerics who have called for him to be killed." However, "Afghan clerics have questioned Mr. Karzai's authority to order Mr. Rahman's release and have warned of a possible revolt if he tries."

Debate Over Islamic Law Sparked. The New York Times (3/26, Elliott, 1.19M) reports that moderate Muslim scholars argue that "Islamic laws, including those governing the treatment of apostates, were developed as early as the eighth century against a vastly different political and social backdrop" and "that the meaning of those laws has been lost over time: When the laws were created, they say, apostasy was seen as the equivalent of treason." While "only a handful of apostasy executions are known to have occurred in Muslim-majority countries in recent decades," and "the notion that classical Islamic law calls for the execution of apostates is widely known but often ignored in predominantly Muslim countries," apostasy now "has a deep cultural resonance among Muslims, making a case like Mr. Rahman's an opportunity for religious conservatives with political agendas."

Case Said To Illustrate Need For Good Judges. J Alexander Their, senior rule of law adviser at the United States Institute of Peace and legal adviser to Afghanistan's Constitutional and Judicial Reform Commissions from 2002 to 2004, writes in an op-ed in the New York Times (3/26, 1.19M), "Mr. Rahman's case is a discouraging illustration of the uneasy balance between the democratic norms Afghanistan's Constitution enshrines and the conservative Islamic values its judiciary upholds," and "Afghanistan's post-Taliban judiciary…has shown a propensity to use Islam as a political weapon." Its Supreme Court "has overstepped its bounds and contributed to the radicalization of Afghan politics in the process," and "if…the court remains in the thrall of ideology and factionalism, Afghanistan's experiment in democracy will be compromised." This "case should remind us of how important it is to help Afghanistan develop" competent and independent judges "if we want its democracy to succeed."

Illinois Veterans Encounter Problems Finding Work. In a multi-story package today, the Chicago-Sun Times reports on the difficulties that veterans have finding jobs when they return home from service in Iraq or Afghanistan. In the stories, coverage focuses not on the federal Department of Veterans Affairs, but on efforts at the state level to help veterans find jobs. Coverage of the state's efforts is negative, with the main story citing federal Department of Labor statistics that show Illinois veterans are not finding employment as well as vets in other states are. Three other Illinois newspapers also print the Sun-Times stories.

In the main story, the Chicago Sun-Times (3/25, Reed) profiles Angelina Summerfield, who "supervised up to 50 switchboard and radio operators whose job was to monitor U.S. spy planes and report sightings of roadside bombs" and is having difficulty finding employment. The Sun-Times writes, "Three years into the war in Iraq, Americans, like Summerfield, who leave the military are coming home to face a problem most never expected: Veterans are having a hard time getting hired." Calling the phenomenon a "national problem," the Sun-Times notes that youngest vets are hit hardest. ID Sen. Larry Craig (R), who chairs the Senate Veterans Affairs Committee: "In a strong economy, these numbers don't fit." The Sun-times notes that in Illinois, "which gets $6.5 million a year from the federal government to help veterans find work, 34 percent of unemployed vets who sought help from the Illinois Department of Employment Security found jobs last year, according to the U.S. Department of Labor," which "ranks Illinois the worst state in the nation for getting vets jobs." However, Illinois officials dispute the data. Also, they say, "that younger vets here are more likely to choose to go to college rather than keep looking for permanent employment."

Cross Memorials Leading To Debate. The Los Angeles Times (3/26, Glionna, 958K) reports, "Organized by veterans and antiwar groups, cross memorials have sprung up along roadsides, in churchyards and on such public beaches as Santa Monica and Santa Barbara," but "protesters are discovering that symbols, like certain words, can convey meanings never intended. Cross critics and defenders alike accuse each other of trying to hijack the icon's powerful emotional image for their own ends. Nationwide, the memorials, which evoke the seemingly

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endless rows of crosses of World War II-era cemeteries in Europe, are inspiring bitter exchanges and even violence."

British Hostage Returns Home, Thanks Rescuers After Furor. Freed British hostage Norman Kember returned home after four months of captivity in Iraq that ended when a joint U.S.-British military operation freed him and Canadians James Loney and Harmeet Singh Sooden. The Washington Times (3/26, A1, Rayment, 90K) reports, "Kember gave qualified thanks yesterday to the soldiers who rescued him and two colleagues" in what "appeared to be an attempt to quell the furor," the "anger and disbelief" that "had greeted his earlier failure to thank the hundreds of British and American personnel who worked to free him and the three other original captives."

The Washington Post/AP (3/26, Wagner) adds, "Kember's supporters maintained that thanks was expressed quickly," and "The Rev. Bob Gardiner of the Harrow Baptist Church in London, where Kember and his wife worship, praised the soldiers for carrying out the rescue without any violence or loss of life."

Stemming Isolationist Tide, Evangelical Christians Seen To Favor Engagement. Los Angeles Times (3/26, 958K) columnist Gregory Rodriguez writes, "After three long years of war in Iraq, a growing number of Americans are deciding that the US should turn its attention inward." But "is the United States destined to enter a period of isolationism? Probably not. That's because evangelical Christians, who make up somewhere between one-quarter and one-third of the US population, won't let it happen. ... Once upon a time, they were among the most isolationist of Americans, but no more. If that weren't true, we'd see much higher figures when it came to those who think the United States should merely be minding 'its own business.'"

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Minnesota Delegation Among Those Championing Byrne Grants. The Minneapolis Star Tribune (3/26, Blake, 424K) reports, "When the White House launched a website that helps taxpayers understand federal programs, something called the Byrne Grants received a very low rating. The program, which pays for drug task forces and other local law enforcement programs, has no meaningful goals, is unfocused and should be axed altogether, the White House said." The Edward Byrne Memorial Justice Assistance Grant Program "has lots of enemies - from the American Civil Liberties Union to conservative groups - and for the second consecutive year it is slated for elimination in President Bush's budget. But a number of legislators, including several in Minnesota, feel passionately that it represents a lifeline in the war on drugs - specifically, methamphetamine - and will fight to save it yet again this year." GOP Senate Candidate Rep. Mark Kennedy is among those asking that the grant program be spared.

CORPORATE SCANDALS:

Quattrone Ruling May Not Affect Other Corporate Prosecutions. Bloomberg News (3/26, Woolner) reports, "Frank Quattrone has squeezed by again. Catlike in his ability to maneuver through tight spaces and survive steep falls, the former high-tech investment banker last week shook off a conviction it took prosecutors two trials and three years to nail." Bloomberg continues, "The 2nd U.S. Circuit Court of Appeals set it aside because of a few wrong words in the judge's jury instructions, even while finding sufficient evidence to convict. … The appeals court gave Quattrone another boost, too, by removing U.S. District Judge Richard Owen from his case. If Quattrone is retried, he won't again face the same pro-prosecution judge who made the defense miserable through his first two trials." Bloomberg adds, "For Quattrone, this surely is pretty thrilling stuff. … Prosecutors haven't said whether they will seek retrial, go for a plea deal, appeal or simply drop the whole thing. Any of those options would be better than the 18 months in prison assigned to him by Owen, and there's a decent chance Quattrone just might land in the clear. … But what does this decision mean to anyone else? … Coming after the reversal of Arthur Andersen LLP's conviction, does it represent a pendulum swing against corporate criminal prosecutions? Might it help Enron Corp.'s two former chief executives now on trial in Houston? … No and no. … The Quattrone decision is a limited one and, like the Andersen ruling, came in a case involving document destruction. … Kenneth Lay and Jeffrey Skilling, on the other hand, are accused of lying to the public about Enron's finances. … Quattrone's misstep came at a time when a federal grand jury and the Securities and Exchange Commission were looking into certain conduct at Credit Suisse First Boston, where he ran the high-tech group."

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CRIMINAL LAW:

DeLay Nonprofit Paid Former Aide Over $1 Million Donated By Abramoff. The Washington Post (3/26, A1, Smith, 744K), in a frontpage article titled, "Former DeLay Aide Enriched By Nonprofit: Bulk of Group's Funds Tied to Abramoff," reports Rep. Tom DeLay's former chief of staff, Edwin Buckham "received more than a third of all the money collected by the U.S. Family Network, a nonprofit organization the adviser created to promote a pro-family political agenda in Congress, according to the group's accounting records." Buckham, "who helped create the group while still in DeLay's employ," and his wife "were the principal beneficiaries of the group's $3.02 million in revenue, collecting payments totaling $1,022,729 during a five-year period ending in 2001, public and private records show." The Post adds, "The group's revenue was drawn mostly from clients of Republican lobbyist Jack Abramoff, according to its records. From an FBI subpoena for the records, it can be inferred that the bureau is exploring whether there were links between the payments and favorable legislative treatment of Abramoff's clients by DeLay's office."

Olasky Is One Of Reed's Fiercest Critics. The Washington Post (3/26, A5, Edsall, Balz, 744K) reports, "Lately, however, it's becoming harder for" Ralph Reed "to dismiss his critics as ideologically motivated. One of the toughest is Marvin Olasky, a close associate of President Bush." Olasky's World magazine "has run 10 articles and essays describing the $4 million in gambling money Abramoff paid to Reed to lobby against casinos competing with Abramoff's clients. The articles have highlighted incriminating e-mails and other disclosures that have raised doubts about Reed's explanations of his activities. Reed, Olasky wrote March 4, 'has damaged Christian political work by confirming for some the stereotype that evangelicals are easily manipulated and that evangelical leaders use moral issues to line their own pockets.'"

Alabama Bombing Victim's Father On Trial For Bribery. The Atlanta Journal-Constitution (3/26, Jubera) reports, "About 100,000 visitors file each year through the Sixteenth Street Baptist Church (in Birmingham, AL, where nearly 43 years ago four black schoolgirls died in a bomb blast). Plotted by four Klansmen, the 1963 murders caused even whites to realize that things were out of hand in a city whose dynamite-happy segregationists earned it the nickname 'Bombingham.'" The AJC continues, "The murders became modern Birmingham's defining moment, and perhaps no one is linked more closely with the city's recovery than Chris McNair, father of 11-year-old Denise, youngest of the four girls killed. … McNair emerged from his daughter's racist killing as a bridge between blacks and whites. He and his wife, Maxine, waited 39 years for the final conviction in their daughter's murder, in 2002, and McNair became one of the first African-Americans since Reconstruction elected to the state Legislature, as well as a long-serving county commissioner." The AJC adds, "But in a turn almost as shocking to many here as the bombings, McNair, now 80, is scheduled to stand trial in federal court next month on bribery charges, with almost any jail time effectively seen as a life sentence. … He is accused of taking nearly $1 million in work, goods and cash from contractors hired for part of the county's $3 billion sewer rebuild. His defense lawyer is Doug Jones, who prosecuted two of the church bombers for the U.S. attorney's office. … McNair has pleaded not guilty and calls the charges against him 'a grave injustice.'"

Juror Problems Jeopardize Ryan Trial. The Chicago Tribune (3/26, Higgins, O'connor, Bush, Coen, Report) reports, "The discovery that two jurors appear to have hidden arrests or convictions has pushed the corruption trial of former Gov. George Ryan into treacherous seas, forcing a federal judge to steer carefully to avoid a mistrial, veteran trial lawyers said." The Tribune continues, "U.S. District Judge Rebecca Pallmeyer has options, but none of them is without risks. … 'Any misstep by the trial court can lead to a reversal,' said Ronald Safer, a defense attorney and former federal prosecutor. 'It's an extremely delicate process.... If you leave a juror on, you can be reversed. If you take a juror off, you can be reversed.'" The Tribune adds, "After a 5 1/2-month trial and eight days of jury deliberations, the Tribune uncovered public records last week that appear to indicate that two jurors gave false answers on their jury questionnaires. … The Tribune revealed on its Web site Thursday that a male juror had the same name and other identifying characteristics as a man with a felony DUI conviction. Shortly after learning of the Tribune's information, Pallmeyer sent the jury home early and said she had launched an investigation into one juror. … On Friday, the Tribune revealed on its Web site that a second juror, a woman, could be linked through public records to an

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alias. The woman with that alias faced drug and other charges. She was not convicted, records show."

Experts See Mistrial As Unlikely. The Chicago Sun-Times (3/26, Hussain, Golab) reports, "Despite the revelation that two jurors in George Ryan's public corruption trial may have hidden their criminal records from the judge, legal experts said Saturday the possibility of a mistrial is highly unlikely. … 'It would surprise me from the outside looking in if she declared a mistrial,' University of Illinois at Urbana-Champaign law Professor Andrew Leipold said of U.S. District Judge Rebecca Pallmeyer's options." The Sun-Times continues, "Not only do experts doubt a mistrial will be declared, some question if Pallmeyer will even replace the two jurors with alternates. If she does, the jury would be asked to begin its deliberations over again. Pallmeyer could opt to bounce the jurors and deliberate with 10, but she would need approval from both the feds and the defense, and that's unlikely, lawyers specializing in the jury system said."

Brooklyn Grand Jury Indicts Former FBI Agent In Mob Murders. The New York Times (3/26, Ramirez) reports, "A grand jury in Brooklyn has accused a retired F.B.I. agent of helping a Mafia killer and bureau informant murder or help murder at least three people, a law enforcement official with knowledge of the indictment confirmed" Saturday. "The murder indictment in Supreme Court names R. Lindley DeVecchio, a career investigator and onetime head of the bureau's Colombo and Bonanno families squads." DeVecchio, "reached…by telephone at his home in Sarasota, Fla., denied any wrongdoing and referred all further questions to his lawyer, Douglas Grover, who said the district attorney's case against his client was 'complete nonsense.'" The New York Daily News (3/25, Katz) notes, "The blockbuster indictment…caps an exhaustive six-month probe into allegations" DeVecchio "helped his longtime Colombo crime family informer, Gregory Scarpa Sr., wipe out at least three enemies, a well-informed source said. Prosecutors do not believe DeVecchio was directly involved in the slayings…but they presented evidence the agent gave Scarpa information that led him to kill, sources said."

Louisiana AG Launches Inquiry Of Katrina Aid Organizations. The Washington Post (3/26, A10, Salmon, 744K) reports Louisiana Attorney General Charles Foti "has launched inquiries into two of the country's best-known charities -- the American Red Cross and the Humane Society of the United States -- after receiving complaints that they misused some of the millions of dollars they raised in the fall to help the human and non-human victims of Hurricane Katrina." He "plans to announce tomorrow that he is looking into allegations that Red Cross volunteers diverted money and supplies meant for hurricane victims in New Orleans." And his "office has begun an inquiry into whether the Humane Society spent the money it raised after Hurricane Katrina appropriately."

Red Cross Dismisses Third Volunteer In Investigation. The New York Times (3/26, 1.19M) reports, "The American Red Cross has dismissed a third volunteer in its widening inquiry into accusations of improprieties involving the relief effort after Hurricane Katrina, and the agency expects to make criminal referrals to the authorities, a Red Cross official said Saturday." Charles Dean Connor, Red Cross spokesman, said, "Three volunteers have now been relieved of their duties by Red Cross investigators, who determined on scene that allegations of waste and abuse involving those volunteers were substantial enough to warrant their immediate removal. … The Red Cross will spare no effort as it continues its investigation. Criminal referrals to appropriate law enforcement agencies are anticipated." None of the dismissed volunteers was identified.

CIVIL LAW:

Pennsylvania Governor Vetoes Bill Limiting Civil Liability. The AP (3/25, Levy) reports, "Gov. Ed Rendell on Friday vetoed legislation that would have broadly scaled back the obligation of defendants to pay damage awards in some civil lawsuits, including medical malpractice." The AP continues, "The legislation, championed largely by Republicans and opposed mostly by Democrats, would have unfairly restricted the ability of victims to get compensation for their injuries or damages, Rendell said. … Lawyers' groups and business advocates have lobbied heavily over the issue for years. Competing legislation favored by the Democratic governor failed narrowly in the Republican-controlled Legislature." The AP adds, "Republicans, business advocates and Rendell's presumptive Republican opponent in the fall general election, Lynn Swann, cried foul, saying that Rendell had signaled his support for their legislation during his campaign for governor several years ago. The legislation's sponsor, Sen. Jake Corman, R-Centre, said he believed the bill was fair and

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would have freed businesses to spend more on payroll and less on liability costs. .. . The AARP and Mothers Against Drunk Driving had supported a veto, Rendell said. Lawsuits over drunk-driving crashes, environmental accidents and intentional actions would not have been covered by the legislation."

CIVIL RIGHTS:

Coast Guard May Change Policy On Religious Displays. The New York Times (3/26, Newman, 1.19M) reports Jack Rosenberg, a Hasidic Jew, "signed up for the Coast Guard Auxiliary last year." But his, "The skullcap clashed with the uniform." Since 1987, "the armed services have let members wear skullcaps, head scarves, and other religious garments." But the, "Coast Guard's uniform board has its annual meeting this week in Washington. One item up for discussion is whether to relax the restrictions on religious accessories to bring them in line with armed forces policy. The policy chief for the Coast Guard Auxiliary, Steve Minutolo, said he expected a change. 'I'd be striving to align as closely as possible with our D.O.D. counterparts,' he said."

Meeting Planned On Fatal Charles County, MD, Police Shooting. The Washington Post (3/26, SM3) reports, "Officials from Charles County, La Plata and several organizations have scheduled a community meeting Wednesday evening to discuss last weekend's fatal shooting of a suspect by a sheriff's officer." The Post continues, "Jonathon Lyles of Oxon Hill, who had been visiting an apartment complex along Zekiah Run Road, was arrested after officers administered a field sobriety test. As officers attempted to handcuff him, Lyles pulled away and 'a violent struggle ensued,' sheriff's office spokeswoman Kristen Timko said last week. Authorities said Lyles pulled out a handgun and shot at police, missing them. One of three officers on the scene then fired back once and hit Lyles in the chest, police said." The Post adds, "In addition to the sheriff's office, others planning to participate in the meeting are the Charles County commissioners, the Charles County state's attorney's office, La Plata officials, county public school officials, the LifeStyles Inc. community service organization, the NAACP, the U.S. Justice Department and church leaders. … The meeting is scheduled to begin at 7 p.m. Wednesday at the Department of Social Services, 200 Kent Ave., La Plata."

Voting Machine Vendors Will Not Sell To Florida Whistleblower. The Washington Post (3/26, A7, Whoriskey, 744K) reports, "Among those who worry that hackers might sabotage election tallies, Ion Sancho is something of a hero. The maverick elections supervisor in Leon County, Fla., last year helped show that electronic voting machines from one of the major manufacturers are vulnerable, according to experts, and would allow election workers to alter vote counts without detection. Now, however, Sancho may be paying an unexpected price for his whistle-blowing: None of the state-approved companies here will sell him the voting machines the county needs. … There are three vendors approved to sell voting equipment in Florida, and each has indicated it cannot or will not fill Sancho's order for 160 voting machines for the disabled."

The AP (3/26, Kallestad) reports Sancho's "insistence on quality also has angered several Florida officials, including Gov. Jeb Bush, and has already cost his county more than a half million dollars. Nonetheless, the feisty 55-year-old has his share of supporters, with the Tallahassee Democrat dubbing him 'a zealous soldier in election reform battles.'"

Voting Rights Act Renewal Seen As Urgent After Hurricane Displacements. The Baton Rouge Advocate (3/26, Ricks) reports, "Legal professionals warned Saturday there is the 'opportunity to dilute' the voter rights of people displaced by Hurricanes Katrina and Rita unless the Voting Rights Act of 1965 is renewed. Attorneys, judges and legal scholars took part in a symposium at the Southern University Law Center aimed at discussing the importance of the Voting Rights Act and the dangers of living without it."

Missouri Senate Votes To Drop Campaign Finance Rules. The St. Louis Post-Dispatch (3/26, Mannies) reports, "The Missouri Senate has voted to ask Gov. Matt Blunt to consider scrapping the state's campaign-finance restrictions that his father helped put in place 12 years ago. It's now up to the state House to take up the proposal, which would eliminate Missouri's limits on how much individuals or groups can donate to candidates running for office. The proposal is attached to a broader ethics bill."

New Jersey Democrats Drop Arab-American Candidate Over 2002 Comments. The AP (3/26, Parry) reports Democrats in New jersey "pulled an Arab-

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American candidate from their election ticket on Saturday amid a furor over comments he made four years ago that some interpreted as sympathetic to Palestinian suicide bombers. At the urging of state party leaders, including Gov. Jon S. Corzine and U.S. Sen. Robert Menendez, Passaic County Democrats withdrew its endorsement of Sami Merhi for freeholder, a member of the county's legislative body." Merhi "made the comments at a September 2002 Democratic fundraiser U.S. Rep. Bill Pascrell, where he condemned the Sept. 11 terrorists 'as cold-blooded murders' and 'crazy fanatics.' When asked whether he would apply the same label to Palestinian suicide bombers who target Israelis, Merhi said, 'I can't see the comparison.'"

Pro-Abortion Activists In Pennsylvania May Sit-Out Senate Race. The Pittsburgh Post-Gazette (3/26, Reston, 261K) reports, "One of the more intriguing dynamics of this year's Pennsylvania Senate race is that when faced with a Democrat and a Republican who both oppose abortion, some Democratic women are going to sit the race out. The issue was thrust to the forefront this past week when several women's groups endorsed a virtually unknown Democrat, Alan M. Sandals, as their choice to challenge Sen. Rick Santorum, largely because Mr. Sandals supports abortion rights. The National Organization for Women "and other women who are staunch supporters of abortion rights, said they were still seething over party leadership's decision to push the candidacy of state Treasurer Bob Casey Jr."

LATimes Approves Linking FDA Nominee And Abortion Pill. An editorial in The Los Angeles Times (3/26, 958K) says the FDA has stalled for years on making the contraceptive pill, known as Plan B, "available over the counter. This despite numerous studies (including ones by the FDA) showing that the medication is effective and as safe as Tylenol." The Times adds Bush has nominated Dr. Andrew C. von Eschenbach, "to keep his job permanently." But Democratic Sens. Hillary Clinton and Patty Murray are blocking the nomination until the agency makes a decision. "In this case, the senators have every right to resort to blackmail." The Times concludes it's time to approve the pill and then, "Von Eschenbach can begin to help the troubled agency deal with its many urgent reforms."

ANTITRUST:

Maryland Lawmakers Close To Delaying BGE Merger. The Washington Times/AP (3/26, Wyatt) reports, "Maryland lawmakers moved closer yesterday to delaying the upcoming merger of Baltimore Gas & Electric's parent company and a Florida utility, which has resulted in the power company's saying a lawsuit is possible." The AP continues, "The debate about whether to delay an $11 billion merger between the parent company, Constellation Energy Group, and Florida Power & Light, is the latest political maneuver by state lawmakers looking for ways to cushion double-digit rate increases expected this summer across much of Maryland when rate caps expire. … The bill doesn't address rate increases specifically, but it would give the General Assembly more say over the workings of Constellation." The AP adds, "The House voted to give preliminary approval to the bill, with final approval possible this week. … The measure would require the General Assembly, not just the utility-regulating Public Service Commission, to sign off on a utility merger. The bill's sponsor, Delegate Dereck Davis, Prince George's Democrat, said lawmakers need to know more about the proposed merger of BGE with an out-of-state company."

ENVIRONMENT:

Consumers Said To Be No Longer Concerned By Mad Cow Disease. In a New York Times (3/26, 1.19M) "Week in Review" piece Donald McNeil writes, "On March 13, the government said that a cow in Alabama was the third in the country to have the disease. The New York Times ran its article on Page 25, and other papers did roughly the same. There was no clamor of 'press cover-up!' But neither had the disease…become any less horrific. … Instead, it had finally become clear that any threat to people is very, very remote."

ESA Among Top Issues In Pombo's Reelection Campaign. The AP (3/26, Werner) reports Rep. Richard Pombo "rancher and chairman of the House Resources Committee is closer than ever to his goal of rewriting the Endangered Species Act to expand property rights. … The prospect of long-fought success has made Pombo a target in the November election." Pombo "faces a

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primary challenge on June 6 from a moderate Republican" former Rep. Pete McCloskey "who helped write the landmark species protections. Democrats see a glimmer of hope of capturing the seat; environmentalists say his defeat would be the best thing that could happen in November. On top of all that, Pombo is facing ethical questions arising from his ties with disgraced lobbyist Jack Abramoff and his own unconventional financial arrangements."

WPost Accuses Rep. Young Of Interfering In Wind Farm Project. An editorial in The Washington Post (3/26, B6, 744K) examines the fate of a wind farm, Cape Wind, that local officials would like to build in Nantucket Sound, saying Rep. Don Young is the plan's most dangerous opponent. The Alliance to Protect Nantucket Sound, "has spent more than $1 million on Washington lobbyists, including some with ties to Mr. Young." The Post continues, "Sadly, then, this appears to be another disturbing story about the power of the wealthy to change laws in Washington and the lack of transparency in the legislative process. Whether this wind farm deserves to be built should be a matter for local officials and regulators to decide, not for a congressional committee acting on behalf of its chairman or his friends."

FBI/DEA/ATF/USMS:

Medical Marijuana User Attempts Novel Approach In Appeal. The Fremont (CA) Argus (3/26, Richman) reports, "Less than a year after the U.S. Supreme Court ruled against her, Oakland medical marijuana patient and advocate Angel Raich will go back before a federal appeals court Monday with a different legal argument. The Argus continues, "Her lawyers will try to persuade a three-judge panel of the 9th U.S. Circuit Court of Appeals, sitting in Pasadena, that keeping her from using marijuana as medicine unduly burdens her fundamental rights to life and freedom from pain, as protected by the Fifth Amendment's due process clause and the Ninth Amendment." The Argus adds, "The government argues there is no constitutionally protected fundamental right to obtain and use marijuana in defiance of the federal ban on the drug. … 'Nor can plaintiffs establish that the use of any particular drug, free of a regulatory scheme designed to protect the public health and safety, is a fundamental right that is deeply rooted in our nation's history, legal traditions and practices,' Assistant U.S. Attorney Mark Quinlivan wrote in his January brief to the appeals court. .. Each side will have 30 minutes to argue its case. It will probably be months before the court rules."

IMMIGRATION:

Bush Calls On Congress To Pass Guest Worker Legislation. The debate over illegal immigration and border security was the top story Sunday morning, leading both ABC and NBC and garnering front page coverage in the major US daily newspapers. President Bush's call for Congress to pass guest worker legislation was highlighted. Bush was typically characterized as positioning himself carefully because the issue divides the GOP.

ABC's World News Tonight (3/25, lead story, 2:30, Avila) reported that on immigration reform, President Bush "favors a less putative approach. He wants a program giving foreigners legal status to work in the United States for a few years, but with no automatic path to citizenship." President Bush (from radio address): "We must remember there are hard working individuals doing jobs that Americans will not do, who are contributing to the economic vitality of our country." However, ABC added, "Opponents say the President's plan would only drive down wages for all Americans."

Noting Bush's differences with some Republicans, NBC Nightly News (3/25, story 2, 2:20, Seigenthaler, 9.87M) reported President Bush "again urged support for a program that could offer legal status for some of the estimated 12 million illegal immigrants in this country." NBC added, "The Administration here has focused on the issue of immigration for quite some time. … It's an emotional issue that threatens Republican unity in an election year and the GOP's popularity among Hispanics. As the immigration debate goes to Capitol Hill, lawmakers walk a political tight rope. In his weekly radio address today, the President renewed his call for a guest worker program." But NBC noted, "according to a poll, 59% of Republicans" oppose "a temporary worker program for illegal immigrants. A group that includes a Colorado Congressman." Rep. Tom Tancredo was shown saying, "It's amnesty and it's the worst public policy we can have because it only encourages more illegal immigration." NBC concluded, "On Monday the President is expected to attend a naturalization ceremony. A chance to see some of America's new citizens and to lay out his you vision for immigration reform."

Similarly, the Chicago Tribune (3/26, Zeleny, 643K) reports, "As a fight over immigration intensifies next week in

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the Senate, politicians and candidates aren't waiting for a federal solution to what has become one of the more divisive issues in the midterm election year, a fact made vivid Friday by pro-immigration demonstrators in Los Angeles, Phoenix and Atlanta. More immigration-related bills have been introduced in state legislatures than at any other time in the last decade as Republicans across the nation scramble to distance themselves from the White House." Bush has called for "a civil debate 'in a way that doesn't pit one group of people against another.' His advisers and party strategists worry that a rising anti-immigration sentiment could cost Republicans the support of Latino voters, the fastest-growing segment of the electorate. They also are concerned about alienating moderates and business leaders who rely on an immigrant labor force."

And focusing on the split in the GOP over immigration, the New York Times (3/26, A1, Swarns, 1.19M) in a front page story examines how Sen. John Cornyn "finds himself squeezed by warring factions in his own party." Yesterday "Bush acknowledged the difficulty that lawmakers faced. 'This is an emotional debate,' he said. 'America does not have to choose between being a welcoming society and being a lawful society. We can be both at the same time.'" Yet "finding that balance has been enormously difficult. When asked how he felt on a recent day when he had shuttled from a telephone interview on Fox News Radio to a luncheon with business executives, Mr. Cornyn said, 'In between.'"

The Los Angeles Times (3/26, Fiore, 958K) in a story focusing on the message in Bush's radio address titled "U.S. Can Be 'Welcoming,' 'Lawful'" reports Bush worked "to appear both tough and compassionate on a contentious subject," yet his "remarks fell against a backdrop of bicoastal unrest." The Times notes, "Much is at stake for Bush and his party. A harsh debate over immigration could wipe out recent GOP gains among Latinos, whose move toward the Republican Party has been a key objective for Bush's chief political advisor, Karl Rove."

The AP (3/26, Riechmann) in an article titled "Bush Calls For Fair Immigration Bill" reports, "Bush, in addressing an issue that has divided his party, underscored America's immigrant history and called for secure borders and strict immigration enforcement." He will "attend a naturalization ceremony on Monday in Washington," and "is bracing for a standoff in the Senate this week before he heads south to Cancun, Mexico, where he'll discuss immigration with Mexican President Vicente Fox, a supporter of Bush's guest worker plan."

The AP (3/26, Prengaman) in a second story reports, "The massive demonstration, by far the biggest of several around the nation in recent days, came as President Bush prodded Republican congressional leaders to give some illegal immigrants a chance to work legally in the U.S. under certain conditions." Bloomberg (3/26, Murray) notes, "Compromise on immigration legislation in Congress has been elusive, and Bush predicted an 'emotional debate' and urged unity."

The Washington Times (3/26, A1, Dinan, 90K) in a front page story titled "Bush Shifts Emphasis To Safe Borders" says that acknowledging the Administration had not adequately addressed border security earlier in the immigration debate, Bush "underscored his commitment to border security by saying the government is trying to end the practice of releasing illegal aliens soon after capture because of a lack of space in detention centers." Recently "Bush has put far more emphasis on enforcement in an effort to convince lawmakers he is serious about the issue, even as he tries to win passage of a guest-worker program."

CNN (3/26) on its web site reports, "Bush said he planned to toughen enforcement of immigration laws." He "emphasized that a temporary worker program he's proposed would not provide amnesty to illegal immigrants in the United States. 'For the sake of justice and for the sake of border security, I firmly oppose amnesty,' Bush said."

The Kansas City Star (3/26, Montgomery, 286K) says "Some experts sense a historic decision is in the making, but only if lawmakers are able to compromise."

Immigration Reform, Protests, Receive Widespread Local TV Coverage. More than 50 local stations covered President's Bush's call for immigration reform in his weekly radio address. These stations almost universally also reported on the protests throughout the country. In addition, many stations noted the distinction between the guest worker program the President advocates and his rejection of complete amnesty. One example: KHWB-TV Houston (3/25, 9:00 p.m.) reported, "While thousands protested new measures to crack down on immigration, President Bush defended the plan in his weekly radio address, saying a permanent amnesty for illegals already in the country would be unfair. It would allow those who break the law to jump ahead of people who play by the rules and wait in the citizenship line."

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WAGA-TV Atlanta (3/25, 10:00 p.m.) reported, "Today's rally is said to be the largest pro-immigration rally Los Angeles has seen." Bush, "responded to the demonstrations in his weekly radio address." Bush said, "America is nation of immigrants, and we're also a nation of laws, and our immigration laws are in need of reform."

KTRK-TV Houston (3/25, 6:00 a.m.) reported, "Bush's immigration reform plan is upsetting a lot of people in Phoenix. 10,000 people marched in the streets to protest the immigration bill." Bush, "wants Congress to create a guest worker program, allowing foreigners to get legal status in the US to perform specific jobs." WSYX-TV Columbus (3/25, 6:00 p.m.) reported, "Bush wants a program giving foreigners legal status to work in the United States for a few years, but with no automatic path to citizenship."

KSAZ-TV Phoenix (3/25, 9:00 p.m.) reported Bush "is bracing for a Senate showdown on immigration changes." WEWS-TV Cleveland (3/35, 6:00 p.m.) reported, "The issues will be on full display when the Senate takes it up. It could be embarrassing for President Bush because he's going to be visiting Mexico later this week."

KCRA-TV Sacramento-Stockton (3/25, 11:00 p.m.) reported, "Bush touched on the immigrant issue renewing his call for that guest worker program." KGTV-TV San Diego (3/25, 5:00 p.m.) reported, "Some believe," Bush's guest worker program, "is aimed at helping US business interests only."

Illegal Immigrants Stage Huge Protest In Los Angeles. Both ABC and NBC opened their broadcasts with reports on the protest in Los Angeles attended by a crowd estimated between 200,000 to 500,000 marchers upset over congressional border security proposals. ABC also noted the split among Republicans on the issue of immigration and concluded, "if there is a lot of anti-immigrant rhetoric" in Congress "it could be embarrassing for President Bush because he's going to be visiting Mexico." NBC followed up its lead on the protests with an overview of the debate within Congress and the President's guest worker proposal.

ABC's World News Tonight (3/25, lead story, 2:30, Avila) reported, "In a country built by immigrants, some are saying enough. … Many agree immigration policy needs reform, but disagree sharply on how to go about it. Across the country today angry crowds protested against one proposal before congress that has been called the harshest in this country's history. It would turn every illegal immigrant into a potential felon." ABC added, "The biggest protest today was in downtown Los Angeles, where an estimated 200,000 people marched. … The target of all this anger is a bill before Congress that would make it a crime for anyone, churches, charities, or health care providers to help them, and it would add 700 miles of fence along the U.S.-Mexican border."

NBC Nightly News (3/25, lead story, 2:00, Seigenthaler, 9.87M) reported, "By all accounts it was much larger than anyone expected. … Half a million people took to the streets of Los Angeles in a massive demonstration against the proposed legislation aimed at curbing illegal immigration. The march on city hall stretched out for block after block. Tens of thousands of people all protesting the proposed law that would make it a felony to be in this country illegally, would penalize companies who hired illegal immigrants and would put up a fence along the Mexican border."

The Los Angeles Times (3/26, A1, Watanabe, Gorman, 958K) in a front page story notes, "The crowd, estimated by police at more than 500,000, represented one of the largest protest marches in Los Angeles history, surpassing Vietnam War demonstrations and the 70,000 who rallied downtown against Proposition 187, a 1994 state initiative that denied public benefits to undocumented migrants."

And the Washington Post/AP (3/26, A3) adds, "They surprised the police, and maybe themselves, their T-shirts turning block after block of downtown Los Angeles streets white in a demonstration so massive that few causes in recent U.S. history could have matched it."

The Los Angeles Times (3/26, Gorman, Keller, Suarez, 958K) reports the protestors stressed their contributions to the US, noting "Some had recently crossed the border, while others have been in the United States for decades. Construction workers, business owners, families with young children and people in wheelchairs joined the march, coming from San Francisco, San Diego and other parts of the state."

Schwarzenegger Endorses Bush Guest Worker Plan. NBC Nightly News (3/25, lead story, 2:00, Seigenthaler, 9.87M) noted that when asked about the protests, California Governor Arnold Schwarzenegger "said he goes along with the President in favor of tougher immigration laws coupled with a guest worker program to give immigrants a legal way of holding down jobs." Schwarzenegger: "We have to continue putting pressure on the Federal government to make sure that they understand this has to be solved because our state is suffering because of it."

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Phoenix Protestors March On Kyl's Office. The Arizona Daily Star (3/26, McCombs) reports that on Friday in Phoenix, "an estimated 20,000 people marched to" Sen. Jon Kyl's "office to protest, according to Phoenix police." Border Action Network director Jennifer Allen "called Friday's rally one of the biggest immigrant-rights rallies in recent Tucson history. Allen said 200 people showed up in December for a similar rally."

Tancredo Dismisses Size Of Denver Protest. The Denver Post (3/26, Mitchell, Espinoza) reports, "If there was any doubt about the large volume of migrant workers in Colorado, a crowd of more than 50,000 Latino demonstrators proved it today." Yet Rep. Tom Tancredo "said the crowd would have been much smaller or could have been quickly dispersed had Immigration and Customs Enforcement officers shown up with buses and started checking identification." Tancredo said, "When the rest of America looks at these demonstrations they'll agree it's getting more difficult to control illegal immigration."

1,500 Protest In Dallas. At a rally attended by about 1,500 protestors in Dallas, the Dallas Morning News (3/26, Anderson, Solis) reports that "rapper Jorge Ruiz said that Latino immigrants like his parents helped build Dallas." Ruiz added, "Blacks and whites, they had their revolution. They had their Martin Luther King. Now it is time for us."

Sensenbrenner Defends Bill In Meeting With Protestors. The Milwaukee Journal Sentinel (3/26, Sandler, 266K) reports, "Some 200 protesters rallied Saturday against U.S. Rep. Jim Sensenbrenner's bill to levy criminal penalties against illegal immigrants and those who aid them." But Sensenbrenner "held firm to his position in a feisty debate with constituents inside." He "said he had tried to amend his bill to change the crime from a felony to a misdemeanor but Democrats helped vote down that move. Many of the votes cast against that amendment were aimed at defeating the bill altogether."

Noting how Sensenbrenner has become a target of criticism, the Milwaukee Journal Sentinel (3/26, Gilbert, Reilly, 266K) says that in an interview "Sensenbrenner says his bill is what the public wants and was the only approach that could win approval from a deeply divided GOP majority." But his critics say he "has roused a 'sleeping giant' in America's immigrant population."

Release Of 5 Illegal Immigrants Highlights Problems With Enforcement. The Washington Times (3/26, A1, Richardson, 90K) in a second front page story reports, "When a Colorado state trooper pulled over a van crammed with 15 illegal aliens headed for Iowa City, it looked like their plans to visit the Hawkeye State had come to a screeching halt." But "Trooper John Lopez released the van and its occupants after an Immigration and Customs Enforcement (ICE) agent told the Colorado State Patrol that he didn't have the staff to detain the admitted illegal aliens." Their release is being blamed on miscommunication, but it "has fueled frustration over what critics see as the federal agency's inability to handle the unabated flow of undocumented workers."

Border Agents Struggle To Fight Corruption. Using the case of U.S. Customs Inspector Lizandro Martinez, who was caught taking bribes to allow drug shipments into the US, to highlight problems with border security the Houston Chronicle (3/26, Pinkerton, 581K) reports Martinez is "suspected of taking more than $1 million in bribes while waving through more than 50 tons of drugs -- more than his law-abiding colleagues seized at eight South Texas ports of entry in an entire year." Meanwhile "authorities are trying to figure out what happened. … And what's emerging, some former law enforcement officials say, is a troubling picture, a striking example of how Customs failed to prevent flagrant corruption on the Texas-Mexico border." CPB "kept Martinez on its payroll even as complaints against him mounted during his 13-year tenure."

Beer Company Boycotted By Immigrant Group Over Sensenbrenner Bill. The Milwaukee Journal Sentinel (3/26, Reilly, 266K) reports, "Opposition to Rep. Jim Sensenbrenner's immigration bill led one Chicago group to launch a boycott of Miller Brewing Co. this month because Miller is a Wisconsin company that has made contributions to the GOP lawmaker." The Journal Sentinel adds, "The brief boycott was called off after the two sides met in Chicago and the brewery agreed to run newspaper ads denouncing the bill and to help the group lobby in Washington against the measure."

Expert Urges Lawmakers To Consider Flexible Approach Allowing Citizenship. Manhattan Institute senior fellow Tamar Jacoby in an op-ed in the Washington Post (3/26, B7, 744K) faults President Bush's proposal for a guest worker program because it would only provide temporary visas. A recent "series of focus groups testing two contrasting options: a guest worker program or a more traditional immigration plan based on the idea of citizenship. The results ran sharply counter to the expectations of

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policymakers in Washington. Democrats and Republicans alike overwhelmingly preferred the citizenship model for reasons of both principle and practicality." Instead of "a one-size-fits-all guest worker program, we need a system that leaves room for workers to choose, welcoming those who feel they belong and who work their way up and make our country stronger as they do."

Framing Immigration Issue Could Influence Debate. New York Times reporter Paul Vitello in a New York Times (3/26, 1.19M) Week in Review article examines the importance of framing the debate over immigration reform noting that while most call the "estimated 12 million foreign-born people living in the" US "illegal immigrants," President Bush, "a proponent of offering citizenship to at least some of them, has used the more optimistic and implicitly promising term "undocumented immigrants.'" Similar to "battles over civil rights and abortion, the contest over immigration has been joined as much in the naming of things as in the writing of laws."

LAT Urges Senate To Pass Specter Compromise Bill. The Los Angeles Times (3/26, 958K) in an editorial praises Sen. Arlen Specter's compromise immigration bill and criticizes Senate Majority Leader Bill Frist for "pandering to the far right in preparation for his 2008 presidential bid." The GOP "split is complicated by President Bush's weakness, upcoming congressional elections and the 2008 presidential race," yet "the Senate as an institution has an opportunity, and an obligation, to rise above Washington's preelection silly season and pass immigration legislation that reflects the country's real needs, not its baser instincts."

CONGRESS-ADMINISTRATION:

Democrats Benefit From "Heartland" Concerns Over Iraq War. The Los Angeles Times (3/26, Reynolds, Neuman, 958K) reports, "On top of other woes confronting Republicans, the continuing violence in Iraq and President Bush's message last week that the deployment would last several more years has heightened Republicans' concerns about how voters…will view the party in the November elections. … Even in the heartland, Democrats suddenly see advantage on an issue that is usually considered a GOP trump card: national security." The Times goes on to report, "It's too soon to conclude whether the political winds will blow against Republicans all the way until election day in November. But with bad news about Iraq beginning to penetrate deep in the heartland, Democrats are hoping that parts of the country that swung Republican in recent years will swing Democratic again."

Democrats Expected To Focus On Bush's "Incompetence". The Los Angeles Times' Ronald Brownstein (3/26) writes, "Usually, the RNC and MoveOn, the giant online liberal advocacy group, go at it hammer and tongs. But they have found common cause of a sort. Both are highlighting the resolution by Sen. Russell D. Feingold asking the Senate to censure President Bush for authorizing warrantless surveillance by the National Security Agency. … It's an understatement to say Feingold's proposal doesn't fit with his party's emerging election strategy." According to Brownstein, "Democratic leaders are drifting toward a midterm message that indicts Bush more on grounds of competence (on issues such as Iraq, Hurricane Katrina and prescription drugs) than ideology. It wasn't a coincidence when three senior Senate Democrats marked the third anniversary of the Iraq war last weekend by employing variations on the phrase dangerous incompetence" to describe Bush's record there.

Feingold Believes Censure Proposal Could Boost Democrats. The AP (3/26, Frommer) reports that though "only two Senate Democrats have embraced Sen. Russ Feingold's call for censuring President Bush "most Democratic voters favor the proposal, a national poll shows, suggesting the move might pay off for Feingold as he ponders a presidential race." Feingold "said his sole purpose was holding Bush accountable, but he argued it was also good politics. 'These Democratic pundits are all scared of the Republican base getting energized, but they're willing to pay the price of not energizing the Democratic base,' he said. 'It's an overly defensive and meek approach to politics.'" The AP notes, "Feingold's analysis is shared by William Kristol, editor of the conservative Weekly Standard, who gave Feingold credit for taking a 'principled stand.'"

Barnes Advocates Replacing Cheney With Rice. Fred Barnes, co-host of the "Beltway Boys" said on FNC's Weekend Live (3/25, 12:00 p.m.), "There's one thing that a President can do, even Mort knows this. Change the subject. And now, the subject is all the President's problems, he can change it to this rejuvenated Administration with people shifting around and anointing a successor like Condi Rice to be his candidate in 2008. And just a changing his Administration and making the press cover something else.

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You know, the press loves surprises, if the President said, you know, move Karl Rove from the White House to the Republican National Committee and remove Condi Rice as secretary of state and Dick **Cheney** resign as Vice-President and put her in there as his anointed successor in 2008 and Joe Lieberman to the State Department. And the actual people don't matter, but it's shaking up the Administration, changing the subject in Washington, rejuvenating his Administration and I think it could work."

Fred Barnes said on FNC's Beltway Boys (3/25, 6:00 p.m.), "Presidents in the second term often hit a wall and limp out of office achieving practically nothing. Bush doesn't have to do that. The President has a great power. He can change the subject. How do you do that? You give a face lift to your administration, move people around, name a successor. I think it would be smart for him to name Condi Rice as his favorite in 2008 by having Dick **Cheney** resign as Vice President, which I'm sure he'd be glad to do anyway, and have her become the Vice President. He would be anointing hear as her successor. That doesn't mean she would win in 2008 to be the Republican nominee, but she would have a leg up. You can shock the press and surprise the political community. It happens all of the time. And if you do it in this concerted way, you can create the aura of a presidential third. Look, this President does bold things; he has in the past. He likes to roll the dice. I think it is time to do it again.

Rumsfeld Remains Adept At Dismissing Resignation Speculation. Nina Easton in her "Washington Briefing" column in the Boston Globe (3/26, 484K) reports that after a New York Times op-ed article last week in which retired General Paul Eaton called for Rumsfeld's resignation, the "press corps took the cue, and at a news conference Thursday, reporters pestered the irascible Rumsfeld with questions about whether he felt 'at all embattled' or whether he should 'step down and smell the roses, perhaps?'" But Rumsfeld "has lost none of the famed Rumsfeldian wit" and dismissed the speculation.

Medicare Beneficiaries In Middle America Praise New Drug Benefit. The New York Times (3/26, A1, Pear, 1.19M), in a frontpage article titled "For Some Who Solve Puzzle, Medicare Drug Plan Pays Off," reports, "Medicare's satisfied customers" are "not vocal, they are not organized, but they say it was worth wading through the confusion and complexity of the new program to enroll." According to the Times, "One way to assess the program is to talk to people in a place like Tulsa. People here are far removed from the raucous debate in Washington, where Republicans describe the drug benefit as a boon to older Americans and many Democrats call it a disaster." The Times adds, "Many beneficiaries say they are grateful to local insurance counselors, rather than to Medicare, the government or politicians." However, "The satisfaction of some beneficiaries stands in contrast to the frustration of many others, who were overcharged or unable to get essential medicines in the first chaotic weeks of the program."

In Radio Address, Berry Claims Seniors Are Overwhelmed By New Program. The AP (3/26) reports that in the Democrats' weekly radio address Rep. Marion Berry, who is a pharmacist, said seniors "need another six months to sign up for the Medicare prescription drug benefit" and "said the government needs to think long and hard about meaningful Medicare reform. Berry said people eligible for the prescription benefit are confused by the various offerings, and some are even paying more for medicine now than they were before they joined the program."

McClellan Warns Of Scam Involving New Medicare Drug Benefit. ABC's World News Tonight (3/25, story 6, 3:00, Avila) reported, "a new phone scam taking advantage of seniors struggling to make sense of Medicare's complicated prescription drug plan. … The phone scheme is called the $299 ring. The government says con artists" are preying "on senior citizens who have until May to join the plan." 66 people "have filed similar complaints with the government in the past two months. Medicare chief Mark McClellan believes it's connected to a new scam and fears there may be other scams going on." Medicare's Mark McClellan: "This $299 scam involves an unsolicited call or door-to-door visit to a beneficiary. These are activities that are prohibited."

Schools Reportedly Limiting Offerings Due To NCLB Requirements. The New York Times (3/26, A1, Dillon, 1.19M), in a frontpage story, reports "thousands" of US schools "are responding to the reading and math testing requirements laid out in No Child Left Behind, President Bush's signature education law, by reducing class time spent on other subjects and, for some low-proficiency students, eliminating it. … The changes appear to principally affect schools and students who test below grade level." The Times adds, "The intense focus on the two basic skills is a

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sea change in American instructional practice, with many schools that once offered rich curriculums now systematically trimming courses like social studies, science and art." A survey by the Center on Education Policy "indicates that the practice, known as narrowing the curriculum, has become standard procedure in many communities." The Times notes that "some authorities," including Secretary of Education Margaret Spellings, "say the federal law's focus on basic skills is raising achievement in thousands of low-performing schools."

NASA Planning Lunar Mission In Accordance With Bush Mars Plan. The Washington Post (3/26, A10, Gugliotta, 744K) reports that for the first time "since 1972, the United States is planning to fly to the moon." The Post continues, "President Bush in 2004 announced to great fanfare plans to build a new spaceship, get back to the moon by 2020 and travel on to Mars" however, "with NASA focused on designing a new spaceship and spending about 40 percent of its budget on the troubled space shuttle and international space station programs, that timetable may suffer. Still, NASA's moon planners are closely following the spaceship initiative and, within six months, will outline what they need from the new vehicle to enable astronauts to explore the lunar surface."

OTHER NEWS:

Drop In Housing Market Seen As Indication Economy Will Cool. The Washington Post (3/26, 744K) in its review of last week's stock market says it "was so somnolent last week that after five days and hundreds of billions of dollars of trading, the Dow Jones industrial average moved just a third of a point." It "was encouraged by Thursday's report that sales of existing homes jumped in February, but that impact was offset a day later by news that new-home sales had slumped," which "is probably a better indicator of what's ahead."

College Graduates Benefit From Strong Job Market. The Pittsburgh Post-Gazette (3/26, Sostek, 261K) reports that as "college and graduate students can attest, after years of meager offerings, the job market is looking up, fueled by a national economy in its fifth year of expansion and a local economy expected to experience its first significant job growth since the late 1990s." The Post Gazette notes, "The National Association of Colleges and Employers reports a 14.5 percent jump in the number of new college graduates that companies nationwide expect to hire this year over last year, bringing hiring to its highest levels since 2001."

US, Russia Still Split On UN Iran Statement. The New York Times (3/26, Weisman, 1.19M) reports, "The Bush administration and Russia, struggling to forge a joint strategy on Iran, remain at odds over whether the United Nations Security Council should take a step toward imposing penalties on Iran by labeling its nuclear activities a threat to world peace, American and European officials say. The officials say that the Russian-American impasse, in which leading European countries are siding with the Bush administration, has held up what the West had hoped would be a unanimous move by the Security Council on Iran this month." Allegations that Moscow may have leaked US invasion information to Saddam Hussein's government in 2003 could also mar talks. A "senior State Department official said Saturday that the department was studying details related to the disclosure, and no decision had been made on whether to raise the matter diplomatically with the Russians."

IAEA Chief Calls For Security Council Reform. AFP (3/26) reports, "The head of the United Nations nuclear watchdog called for urgent reform of the UN Security Council to give it greater powers, especially in addressing the threat of nuclear proliferation. 'It is clearly time for the Security Council to be reformed, expanded and strengthened, as part of the current efforts to reform and revitalize the United Nations,' said Mohamed ElBaradei, head of the" IAEA. "In a highly critical review of the UN body's record, he said a lecture, the text of which was published on the IAEA website: 'When dealing with threats of nuclear proliferation and arms control, the Security Council has too often fallen short.'"

Outgoing Israeli Parliament Seen As Among The Most Corrupt. The New York Times (3/26, Myre, 1.19M) asks, "How pervasive were the misdeeds of Israel's departing legislators? At least 15 lawmakers have been investigated, indicted or convicted in the Parliament that is leaving, accounting for more than 10 percent of the legislature. If they banded together, they would constitute one of the largest factions in the Knesset." The Times continues, "As Israel prepares for parliamentary elections on Tuesday, the departing legislature is being described as perhaps the most ethically challenged in the country's history. And while

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the conflict with the Palestinians has been the dominant campaign theme, corruption has become a major issue for voters." Outgoing left-wing lawmaker Yossi Sari is quoted as saying, "In terms of corruption, the last Parliament was the worst in the state of Israel. ... We're not talking about minor individuals and backbenchers, we're talking about some of the most prominent figures."

Populist Entices Voters To Return To Labor. In its coverage of the run-up to Israeli elections on Tuesday, the Washington Post (3/26, A12, Wilson, 744K) reports, "Amir Peretz is everything that previous leaders of Israel's Labor Party were not: North African by birth, populist in his politics, dynamic on the stump. Even the moustache that his opponents cite as evidence of everything from ethnic radicalism to a resemblance to Joseph Stalin sets Peretz apart from the Israeli founding fathers whose party he took over last year." On the campaign trail, "Peretz has focused on returning Labor to its roots, promising to raise the minimum wage, patch up Israel's fraying social safety net and pursue negotiations with the Palestinians at a time when a unilateral withdrawal from the occupied territories is in vogue. Along the way, Peretz, a former leader of Israel's largest trade-union federation, is finding new enemies in old friends and new friends in old enemies. As the Mizrahi Jews weigh whether to return to Labor, many of the Ashkenazi Jews -- those of European descent -- who dominate the party are unconvinced that he is the man to lead the party into elections." Peretz is quoted as saying, "There are two genies in this campaign: the nationalist and the ethnic. Both genies are working against the social revolution I have in mind. And I am trying my best to kill them both."

Abbas Will Accept Hamas Cabinet. The Washington Post (3/26, Wilson, 744K) reports, "Palestinian leader Mahmoud Abbas notified Hamas officials Saturday that he would accept their proposed cabinet even though its program does not endorse previous agreements or peace initiatives that recognize Israel and are backed by the Palestinian Authority. At the same time, Abbas reiterated his demand that Hamas adopt his vision of a two-state solution to the Israeli-Palestinian conflict to avoid putting 'our national struggle in opposition to international legitimacy.'" Abbas's decision "clears the way for the Palestinian parliament to begin debating the proposed cabinet, comprising only Hamas members and independents allied with the movement, early next week. ... The letter also signals Abbas's approach to the Hamas cabinet at a time when international donors are deciding whether to continue funding the Palestinian Authority."

Al Jazeera Will Soon Debut English-Language Spin-Off. The New York Times (3/26, Manly, 1.19M) reports, "'How you see something,' said Nigel Parsons, the managing director of Al Jazeera International, 'depends very much on where you're sitting.' Those words could well serve as the manifesto for the channel, the English-language offspring of the polarizing pan-Arab network, which will make its debut in more than 40 million households in late May. Addressing hundreds of journalists and academics who had come to Doha, Qatar, for the second Al Jazeera Forum, Mr. Parsons promised that the new channel...will cover the stories and people that the Western-owned news media overlook. 'We're not going to be another CNN, BBC or Sky,' he told the attendees on the last day of January. 'If we were, there'd be no point.' But, he added, 'It's not our position to tell viewers what to think.'"

America Now Prime Target Of Islamic Angst, WPost Columnist Says. Even as Al Jazeera reaches out to a Western audience, Washington Post (3/26, B7, 744K) columnist Jim Hoagland writes, "In radical Islamic propaganda, the United States has graduated from being a mere Great Satan out to undermine Iran's ayatollahs to being depicted as a global monster responsible for virtually every crime and failing since the dawn of modern history. Meet the new Jews: the Americans. Don't misunderstand. Americans have not replaced Jews at the top of the hate parade in Islamic countries. But the history of anti-Semitism, a word coined in Germany to provide a bogus scientific basis for prejudice against Jews, and its spread in recent years across the Middle East as an all-purpose explanation of whatever is wrong, should give Americans no cause for complacency."

Asian Workers In Dubai Riot For Rights. The New York Times (3/26, Fattah, 1.19M) reports, "When hundreds of workers angered by low salaries and mistreatment rioted Tuesday night at the site of what is to become the world's tallest skyscraper, not only were they expressing the growing frustration of Asian migrants here, they offered a glimpse of an increasingly organized labor force. Far from the high-rise towers and luxury hotels emblematic of Dubai, the workers turning this swath of desert into a modern metropolis live in a Dickensian world of

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cramped labor camps, low pay and increasing desperation." Building on several smaller protests since September, "when 800 workers staged a protest march down a main highway in the heart of the city and set off a national debate about the treatment of foreign workers," Tuesday's mass action was "the most significant of its kind. Hundreds of workers building the Burj Dubai skyscraper chased security guards and broke into offices, smashing computers, scattering files and wrecking cars and construction machines. When they returned to work the next day, demanding better pay and improved working conditions, thousands of laborers building an airport terminal across town also laid down their tools, demanding better conditions, too. The workers also halted work on Thursday, until a settlement was negotiated."

Conference Brings Together Ultra-Orthodox Rabbis, Former Hamas Imams. The New York Times (3/26, Mclean, 1.19M) reports, "Scores of rabbis and imams gathered" in Seville, Spain "this week to discuss what they called a deepening crisis in relations between Muslims and Jews, saying religious leaders must confront religious extremism and the failure to make meaningful progress on the conflict in the Middle East." While it "produced no sweeping agreements," the meeting brought together "leaders who seldom cross paths despite living only minutes apart, like ultra-Orthodox rabbis from Israel and former members of the radical Palestinian group Hamas." The event was organized by the French foundation Hommes de Parole. At the end of the conference Wednesday, "the leaders issued a joint communiqué denouncing the use of religion to justify violence and urging respect for religious symbols."

Belarus Police Block Protest March, Arrest Opposition Leader. ABC's World News Tonight (3/25, story 2, :30, Avila) reported, "Overseas, a small country with a large pipeline from Russia to the west is in turmoil. Today in Belarus, another huge rally -- the seventh in a row met by riot police. The opposition movement vowed to liberate the country from hardline president Alexander Lukashenko who won a disputed election last Sunday. More than 300 protestors are already jailed. The U.S. has threatened sanctions."

The New York Times (3/26, Chivers, 1.19M) reports, "Riot police dispersed a fresh challenge to President Aleksandr G. Lukashenko on Saturday, blocking thousands of antigovernment demonstrators from reaching the central square in the capital and later arresting a top opposition leader. The leader, Aleksandr V. Kazulin, was seized as he marched with hundreds of supporters on a prison where opposition members are held. The police also shoved and beat many of the protesters while they gathered on the sidewalks in the capital's center." Another opposition leader, Aleksandr Milinkevich, is quoted as saying, "What is going on in Belarus can be compared to the storm of a fortress. This was the first storm. We will use peaceful methods. We will surround that fortress and we will not retreat. ... We will turn that fortress upside down."

In its coverage, the Los Angeles Times (3/26, Murphy, 958K) notes gruesome tactics employed by police, reporting, "As protesters, some of them bloodied, ran screaming from the scene, police chased organizers down side streets of the capital, Minsk, clubbing them to the ground once they were caught." Interior Minister Vladimir Naumov is quoted as saying, "Law enforcement took maximum security measures to prevent an escalation, and protected people who were simply trying to spend their leisure time nearby."

In an update to earlier coverage before Saturday's crackdown, Time (3/26, Zarakhovich) reports, "The beating and arrest Saturday of [opposition leader] Alexander Kazulin...signaled the onset of a bloody melee in Minsk that left thousands beaten up, several of them in grave condition, tear-gassed, stunned with percussion grenades and chased all over town by club-wielding policemen. Hundreds have been detained. Arrests are still underway in the city." Kazulin's wife, Irina Kazulina, is quoted as saying, "My husband walked up to the commanding officer smiling and with flowers in hand. But before he started talking, the officer ordered attack. They knocked my husband off his feet, started beating him up, and then dragged him away. ... Then, they started beating up the rest of us."

Pro-Moscow Opposition Could Stage Comeback In Ukraine. The Los Angeles Times (3/26, Holley, 958K) reports, "Less than a year and a half after President Viktor Yushchenko struggled to power in a historic contest filled with clashes over corruption and fraud, voters today head into parliamentary elections in which the tone is much closer to the nuanced politics expected of a democracy. The dreamy pro-Western coalition that brought Yushchenko victory through the Orange Revolution has broken into competing factions. That sets the stage for a three-way race featuring the Party of Regions, headed by

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Viktor Yanukovich, the pro-Russian former prime minister who lost the 2004 presidential race; Yushchenko's Our Ukraine; and the Yulia Tymoshenko Bloc. None of these parties is expected to win a majority, but any combination of two probably could name the next prime minister." Yushchenko is quoted as saying, "This is the first democratic election. Colleagues, it is sufficient for us to be proud of."

In its coverage, the Washington Post (3/26, A12, Finn, 744K) adds, "Russia is watching the vote closely. Yanukovych is the country's hope for the central goal of its foreign policy: the fostering of sympathetic governments in the former Soviet republics that share its borders. ... In the months since the revolution, Ukraine has aligned itself firmly with the European Union, the United States and NATO; Yanukovych has said that any government he heads would swing back toward Moscow."

West Must Be Ready To Help Ukraine, WPost Says. The Washington Post (3/26, B6, 744K) editorializes that regardless of the outcome of Sunday's vote, "continued Western engagement with Ukraine will be vital. To preserve the country's independence, the new government will need closer ties with the European Union and NATO. It may seek a NATO 'membership action plan'; if so, the alliance should respond favorably. The new administration will also need Western support to renegotiate the terms of energy supplies with Russia, so as to eliminate the corruption and unfairness of the current arrangement. Mr. Putin's vision for Ukraine was on stark display in Belarus last week. If Western governments want to preserve the democracy that has flourished against his wishes, they must provide it tangible support."

With China's Explosive Growth, Farmers Often Find Themselves On The Margins. In a feature story detailing the plight of Chinese peasant farmers, the Washington Post (3/26, A12, Cody, 744K) reports, "Like the stooped peasant working the soil, many farmers...have been reduced to tilling vacant strips along the borders of new buildings and construction sites, raising crops on ground that is no longer legally theirs to work. ... Across China, millions of farmers in thousands of villages have [been] pushed aside by the need for land to build factories, apartments, hospitals and roads in a country enjoying more than 9 percent annual growth. The boom has led to a better life for most of the 1.3 billion Chinese, often including farmers. But it has come at the price of tearing peasants from their roots and their livelihood, leaving them no option but to become migrant workers in factories far from home."

Nigeria Will Release Taylor To Liberian Custody. A wide variety of print news outlets carry coverage of Nigeria's decision Saturday to allow Liberia to extradite former strongman Charles Taylor so that he can stand trial at a special UN court in Sierra Leone.

The New York Times (3/26, Polgreen, Lacey, 1.19M) reports recently elected Liberian President Ellen Johnson Sirleaf "raised the issue this month with President Olusegun Obasanjo of Nigeria." In a Saturday statement, Obasanjo "said Liberia was free to take Mr. Taylor into custody. ... UN peacekeepers there have been authorized by the Security Council to transfer him to Sierra Leone," where a cell and trial awaits him.

The Washington Post/AP (3/26, A16, Faul) notes, "The tribunal has accused Taylor of instigating wars that devastated two West African countries, killed 1.2 million people and left millions homeless and maimed. He also allegedly harbored al-Qaeda suicide bombers who attacked the US embassies in Kenya and Tanzania in 1998."

Obasanjo Should Step Aside After This Term. The New York Times (3/26, 1.19M) editorializes, "When President Olusegun Obasanjo of Nigeria visits Washington this week, he will probably be lauded for his crucial role as a regional African leader. During his seven years in power, Mr. Obasanjo helped end Liberia's civil war by taking in the strongman Charles Taylor and refused to accept a coup in Togo. He was instrumental in making sure that the African Union did not destroy its international credibility by installing Sudan's president, Omar Hassan al-Bashir, as its head despite the continuing carnage in Darfur." Unfortunately, "while Mr. Obasanjo deserves credit for good deeds outside of Nigeria, his own country is deteriorating fast and he is partly to blame." During his time in office, "Mr. Obasanjo has helped bring stability to a volatile region. But two terms is enough, and it is incumbent on President Bush to tell Mr. Obasanjo that changing his country's Constitution so that he can remain in office is foolhardy. Another four years is not worth a Nigerian civil war."

In Florida, Gov. Bush's Haiti-Aid Plan Going Slowly. The South Florida Sun-Sentinel (3/26, James-Johnson, 249K) reports, "Gov. Jeb Bush's vision for a Florida plan to aid Haiti included efforts to improve security, host

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political reconciliation talks, prepare for disasters and develop the impoverished nation's economy. But a year after the governor's Haiti Advisory Group recommended assistance to Florida's Caribbean neighbor, the state has made little progress toward those goals, some Haitian Americans say." According to the Sun-Sentinel, "State officials and members of volunteer groups have made some technical training and information gathering trips to Haiti, but the advisory group's 25 proposals largely remain a wish list."

Brief Diplomatic Flap Erupts As US Citizen Implicated In Bolivian Bombings. The Los Angeles Times (3/26, McDonnell, Romney, 958K) reports Triston Jay Amero, an American, is "in custody in Bolivia facing murder charges in connection with bombings at two hotels that killed two people and wounded seven others last week in the capital, La Paz. As grave as the blasts were, the matter escalated into an international incident when Bolivia's outspoken president, Evo Morales, cited the possible involvement of a US government eager to undermine his new socialist administration, which at times has been openly hostile to Washington. ... US officials dismissed any link to the bombings, and Bolivian investigators said the bomber may well have been mentally deranged or had vague 'religious' motives."

Environmentalist Pans Morales's Rainforest Policy. In a profile and interview of environmentalist William Powers, Newsweek (3/26, Francis) reports, "There's a reason that William Powers's writing is so down to earth. It's because Powers's goal is to protect the earth. On the front line of conservation in the Amazon, Powers has successfully initiated the largest rainforest-based carbon project in the world. ... In the process, Powers's project has protected 2 million hectares...of carbon-absorbent forest, saved endangered species such as the jaguar and river dolphin and ensured legal rights to the land for 2,000 native Chiquitano Indians, who now head the project themselves." Bolivia's leftist new president, however, could pose a fresh threat to the protected forests as he tries to help his nation's impoverished farmers."

French Jews Face Renewed Anti-Semitism. The New York Times (3/26, Smith, 1.19M) reports, "In the wake of the torture and killing in February of Ilan Halimi, a 23-year-old Jew, attention has focused on an undeniable problem: anti-Semitism among France's second-generation immigrant youth, whose high jobless rate the government is trying to address with a law drawing widespread protests across the country." France "has a well-established Jewish community with European roots, many of whose members occupy the upper echelons of French society. Hundreds of thousands of poorer North African Jews have more recently swelled the Jewish community to about 600,000, making it the largest in Europe. Those North African Jews and their children bear the brunt of the anti-Semitism in the working-class neighborhoods." The Times goes on to report, "Each time anti-Semitic attacks make news, the Interior Ministry promises more security around Jewish institutions. But 'more police aren't the answer because it remains in the spirit of the people,' said Dr. Marc Djebali, a spokesman for the Jewish community in Sarcelles."

Despite Riots, French Labor Laws Must Be Reformed. In a related Washington Post (3/26, B2, 744K) column, Claire Berlinski writes, "This is the second time in four months that France has been seized with violent protests. And in an important sense, these are counter-riots, since the goals of the privileged students conflict with those of the suburban rioters who took to the streets last November. The message of the suburban rioters: Things must change. The message of the students: Things must stay the same. In other words: Screw the immigrants." At stake is "fear of a real overhaul of France's economically stifling labor laws. While some of the suburban hoodlums have joined in these protests -- after all, a riot is a riot -- it is clear that unless this overhaul proceeds, the immigrants are doomed. If so, last year's violence will seem a lark compared with what is coming."

THE BIG PICTURE:

Headlines From Today's Front Pages.

Los Angeles Times:

"500,000 Pack Streets To Protest Immigration Bills."
"As Dynasty Evolved, So Did Power In L.A."
"A Silenced 'Scream' Haunts Art Heist Trial."
"Singer Found Gold and Inspiration In California."
"War May Hurt GOP In Heartland."

New York Times:

"Schools Cut Back Subjects To Push Reading and Math."
"Dose Of Tenacity Wears Down An Ancient Horror."
"Bound, Blindfolded And Dead: The Face Of Revenge In Baghdad."

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"A GOP Split On Immigration Vexes A Senator."
"Meals That Moms Can Almost Call Their Own."
"For Some Who Solve Puzzle, Medicare Drug Plan Pays Off."

Washington Post:
"Once A Pioneer In AIDS Battle, District Is Now Fighting Blind."
"Court Case Challenges Power Of President."
"Former DeLay Aide Enriched By Nonprofit."
"In Motor City, Anger Yields To Pragmatism."
"George Mason, Connecticut Are A Study In Contrasts."

Washington Times:
"Bush Shifts Emphasis To Safe Borders."
"Ramsey's Long Run."
"Rescued Hostage Rations His Thanks."
"Patriots Poised To Make History."
"Miscue enables 15 Illegals To Go Free."

Atlanta Journal-Constitution:
"In An Instant, Terror Filled Teens' Refuge."
"Identify Thieves."
"Bombing Victim's Father Goes On Trial."
"Life After Layoffs: 'It's Hard Out There.'"

Dallas Morning News:
"Woman's illness Wasn't Cancer."
"An outcry For Migrant Rights."
"Builders' charity Began At Home."
"Hidden Donors, Hidden Dangers."
"Steel yourselves For A Mystery You Can't Escape."

Houston Chronicle:
"Flawed response To Exxon Spill Exposed."
"New Orleans hopefuls Lack Solutions."
"Customs agent Let Drugs Slip Into Texas."
"Women struggle With Cuts To State Family-Planning Clinics."
"On DL, Bagwell says Playing Again May Take 'Miracle.'"
"Schools learn Bullying Can Plant Seed For Tragedy."
"National, overseas Events Test State's Reservists."

Story Lineup From Last Night's Network News:
ABC: Illegals' Protests; Belarus Protests; Afghan Convert; Seattle Murders; Country Singer Dead; Medicare Scam; Underemployed Autoworkers; Homeless "Dumping;" Dog Show.
CBS: Pre-empted By NCAA Tournament Coverage.
NBC: LA Immigration Protests; Capitol Hill Immigration Debate; Karzai Discusses Christian Convert; Hurricane Rita Recovery Efforts.

WASHINGTON'S SCHEDULE:

Today's Events In Washington.

White House:

PRESIDENT BUSH – No schedule available.
VICE PRESIDENT CHENEY -- No schedule available.

US Senate: -- No events scheduled.

US House: -- No events scheduled.

Other. ALL DAY

March 23 - 26. HISPANIC HEALTH _ The National Hispanic Medical Association holds its 10th Annual Conference. Location: Marriott Wardman Park Hotel, 2660 Woodley Road NW. Contacts: Carol Castaneda, 703-369-0414

March 24 - 27. ASIA-PACIFIC CATHOLICS _ Representatives of the first National Asian and Pacific Catholic Convocation, which will held in June in Arlington, hold media availabilities to discuss the conference. Highlights: Availabilities from 10-10:30 a.m., 3-3:30 p.m., and 7-8 p.m. Location: Hyatt Regency-Crystal City, 2799 Jefferson Davis Hwy., Arlington, Va. Contacts: Margaret Lacson-Ecarma, 703-459-8484

March 25 - 26. FLU PANDEMIC _ The Caring Institute holds a conference on pandemic preparedness. Location: Omni Shoreham Hotel, 2500 Calvert St. NW. Contacts: n/a, 201-843-5600

March 26 - 28. HISPANIC COLLEGES _ Meeting of the Hispanic Association of Colleges and Universities.Location: Madison Hotel, 1175 15th St. NW. Contacts: n/a, 202-833-8361.

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THE ATTORNEY GENERAL'S *NEWS BRIEFING*

PREPARED FOR THE OFFICE OF PUBLIC AFFAIRS, U.S. DEPARTMENT OF JUSTICE

TO: THE ATTORNEY GENERAL AND SENIOR STAFF

DATE: SUNDAY, MARCH 26, 2006 7:45 AM EST

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TERRORISM NEWS:

Bush's War Powers To Be Challenged Before Supreme Court. An attorney for Salim Ahmed Hamdan, Osama bin Laden's former chauffeur, will ask the Supreme Court to declare unconstitutional the U.S. military commission that plans to try him. The Washington Post (3/26, A1, Lane, 744K) reports, "Hamdan's case one of the most important of Bush's presidency. It is a challenge to the broad vision of presidential power that Bush has asserted since the terrorist attacks of Sept. 11, 2001." So far, the Court "has refused the administration's invitation to dismiss the case for lack of jurisdiction before hearing arguments, and, perhaps more important, it has already refused to defer completely to the president in two previous terrorism-related cases." Meanwhile, it "has been bombarded by friend-of-the-court briefs urging it to think about the impact of the Hamdan case on the image of the United States abroad."

The AP (3/26, Holland) adds, "Analysts say if the high court rejects Bush's plan to hold such trials for the first time since the aftermath of World War II, it could rein in the president's expanded powers in pursuing and punishing suspected terrorists." Knight Ridder (3/26, Rosenberg) calls it, "An extraordinary case for extraordinary times."

Writer Says Court Has "Two Historically Unappealing Choices." Jonathan Mahler, a contributing writer for The New York Times Magazine, writes in an op-ed in the New York Times (3/26, 1.19M), "There is much more at stake here than the fate of one detainee." If he wins this case, President Bush "and his successors would be vested with perhaps greater wartime powers than any previous president" during "an unending war with no geographical boundaries." Although, "the court has traditionally deferred to the president in wartime, then gradually stripped the office of any newly accrued authority once the hostilities ended. Given the indefinite nature of the war on terror…this pattern no longer seems relevant." The case "presents the Supreme Court with two historically unappealing choices: to police the president's ability to make war or to allow executive authority to go unchecked."

Moussaoui Trail Shows More Can Be Done On Counter Terrorism. The Los Angeles Times (3/26, Serrano, 958K) reports that at Zacarias Moussaoui's trail, while "much has been done to improve the nation's defenses against terrorism,…the evidence presented over the last several weeks underscores just how daunting the challenge remains," and the issue of "how to make sure the system spots important scraps of information among mountains of such scraps…is far from resolved." FBI agent Harry Samit and supervisor Michael Rolince's "Olympian battle…has defined much of this trial and offered new insights into the challenge of preventing terrorism."

Death Penalty For Moussaoui Questioned. Slate.com legal affairs correspondent Dahlia Lithwick in the Washington Post (3/26, B3, 744K) Outlook section asks why death-penalty cases are assumed to bring closure to crime victims. She writes, "To the extent the data on the needs of victims suggests anything at all, it says there is no magical solution, no one-size-fits-all mechanism to afford closure to the victims and survivors of violent crime. That makes the Justice Department's message that healing requires victim participation in the Moussaoui trial and an eventual execution for the offender even more disturbing; it offers the illusion of government-approved 'closure' to thousands of people who desperately seek it, but may not ever find it here."

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Report Shows Mistakes In FBI's Probe Of Mayfield. The Oregonian (3/26, Larabee, Green) reports, "A newly declassified report into the FBI's investigation of Brandon Mayfield offers a rare look inside a fast-paced international terrorism investigation, revealing some of the secret tactics investigators used, the intense pressures they faced and their disagreements." The Oregonian continues, "In its 273 pages, the report by the Justice Department's inspector general reveals that investigators initially worried that Mayfield -- who was wrongly linked by faulty fingerprint analysis to the March 2004 bombings in Madrid, Spain -- could be part of a second wave of U.S. terror attacks. … The report explains how investigators' goal from the beginning was to spy on Mayfield and possibly recruit him as a covert agent. But media leaks in Europe forced their hand." The Oregonian adds, "The FBI bungled its surveillance, the report says, to the degree that the mild-mannered Portland-area lawyer figured out that he was being watched before federal agents were ready to confront him. … 'Had Mayfield been a terrorist, the FBI's failure . . . could have had serious national security implications,' the report says. … And the report makes clear that without the media leaks, Spanish police eventually would have figured out that the fingerprint belonged to an Algerian terrorist, allowing the FBI to realize its mistake and shut down the Mayfield operation."

Muslim Convert's Life In Ruins After Post-9/11 Arrest. The New York Daily News (3/26, Buettner) reports, "Adam Blake thinks he was guilty of only one thing: trying to fly while Muslim. … Blake has lived a legal nightmare in the post-9/11 era. Born and raised in the Bronx, Blake was held without bail for three months and has been unable to work for nearly a year because federal officials have kept his identification. A pretrial report even alleged he belonged to a terrorist organization, court records show. … Now, as he has spiraled into homelessness, federal prosecutors have dropped every charge against him." The Daily News continues, "Blake said investigators told him his troubles began when the mother of his estranged wife allegedly reported that he was a terrorist, and because events in his life fit that profile. … Blake, 36, converted to Islam and adopted a Muslim name in 1991. He traveled through the Middle East off and on for a decade, without obvious sources of cash, before returning to the United States to study aviation. … But a closer look offers mundane explanations. His mother says she paid for his travels. His interest in aviation dates back to his childhood, when he would ride subways and buses to airfields and heliports, including Floyd Bennett Field. … Blake's experience highlights the line that federal investigators continue to walk between respecting the rights of innocent people and risking disaster should they let a real terrorist remain free. … Arsalan Iftikhar, the national legal director of the Council on American-Islamic Relations, acknowledged the difficulty, but added that Blake's experiences sound like too many other examples of Muslims being unnecessarily detained since 9/11. 'The American Muslim community feels as though they have been under siege by an overzealous Justice Department,' said Iftikhar. 'Unfortunately, the vast majority of these cases turn out to be nothing more than minor civil violations.'"

Detainee Could Be Released From Jail. The Los Angeles Times (3/26, Reza, 958K) reports, "Accused of having ties to terrorists and being a national security risk but convicted only of living in the United States illegally," Abdel-Jabbar Hamdan "could soon be released after 20 months in jail." A federal magistrate's recommended "last week that he be released," and an appeals court ruling in the case of a Sri Lankan immigrant that said"The government does not possess the authority under the general detention statutes to hold" aliens indefinitely.

Government Ordered To Let Lawyer Meet With Gitmo Client. The AP (3/26, Yost) reports, "a federal magistrate has ordered the government to stop blocking a private attorney from meeting with one of the 500 detainees at" Guantanamo Bay prison. U.S. Magistrate Alan Kay noted "a long list of delays by the Bush administration" to keep Salim Muhood Adem from meeting with his attorney after he "asked for a lawyer in late 2004 to help him challenge his detention."

Globalization Sparks Tug-Of-War Between Economics, Security. In a feature story headlined "Globalization 2.0," the New York Times (3/26, Rieff, 1.19M) reports, "Two recent controversies — the sale of port facilities to a company owned by the government of Dubai and the negotiation of a controversial nuclear cooperation deal with India — underscore the tensions and contradictions between America's commitment to economic globalization and its political priorities in a post-9/11 world. In part, these controversies pitted desirable outcomes — political stability and national security on the one hand; economic dynamism on the other — against one another. In the ports case, the principles of globalization demanded that the Dubai company be allowed to take over the management of the six ports in question. But advocates of globalization never really took into account the possibility that even as nations become interdependent on one another, political difficulties may continue to separate them."

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HOMELAND RESPONSE:

Hong Kong Company Defends Port Screening Contract. The Washington Times/AP (3/26, Foreman) reports that Hutchison Whampoa Ltd, a Hong Kong conglomerate that has won a U.S. government contract to screen U.S.-bound cargo in the Bahamas for terror threats, "defended the plan yesterday, saying it would not be feasible for American officials to work in ports across the globe." There are "concerns is that a low-paid employee might be vulnerable to bribes and provide terrorists with information about how the equipment works and which material triggers alarms," and "Hutchison's billionaire chairman, Li Ka-shing, has substantial business ties to the Chinese government that have raised U.S. concerns over the years."

Volunteer Equestrians Help Patrol Houston Airport. The Washington Post (3/26, A3, Moreno, 744K) reports that 800 volunteers "make up the Houston Airport Rangers." They ride horses on trials in the airport and "alert airport police to suspicious activity so officers can be dispatched." Airport director Richard Vacar decided to give "equestrians who had been riding in the woods around the airport for years" and "were suddenly prohibited from the property" after 9/11 "access, under certain rules, if they would help with security." The program "will soon be replicated by Nashville International Airport."

Columnist Criticizes Chemical Plant Protection. Jonathan Chait, in his column in the Los Angeles Times (3/26, 958K), writes "You and your loved ones are in danger of dying horrible, gruesome deaths at the hands of a terrorist chemical attack, and the government has refused to do anything about it." At least, "the prospect of a chemical attack… has been a favorite weapon in the Republican arsenal for years," although "lobbyists for the chemical industry went to work and persuaded Republicans to kill" tough security measures at vulnerable chemical plants." Today, "the Republican position…is that we can rely on voluntary action by the chemical industry. Newspaper exposes have shown that many plants have remained appallingly vulnerable. Domestic security experts have shouted from the rooftops that something has to be done. Nothing has."

Writers Note US Security Will Depend On Catching Terrorist Hackers. In an op-ed in the Washington Post (3/26, B1, Katz, Kern, 744K) Outlook section, Rita Katz and Michael Kern write about "Irhabi Terrorist – 007," a jihadist hacker. Scotland Yard arrested the person presumed to be the hacker – Younis Tsouli – last year. Katz and Kern say the "manner" of Tsouli's arrest "demonstrates how challenging it is to combat such online activities and to prevent others from following Irhabi's example." Investigators knew Tsouli was Irhabi only after discovering "stolen credit card information" was "used to pay American Internet providers on whose servers he had posted jihadi propaganda." Katz and Kern write, "[O]ur future security is going to depend increasingly on identifying and catching the shadowy figures who exist primarily in the elusive online world."

New Orleans Residents Wait Unnecessarily On FEMA Maps. The AP (3/26) reports delays in releasing new federal maps of New Orleans has "slowed rebuilding, frustrated homeowners and created uncertainty about the future of the region ravaged by Hurricane Katrina." Without, "the maps, homeowners say they do not know if they can afford to stay and buy the additional insurance required by mortgages or if they will be forced to leave and move farther inland." But FEMA says only, "people building after the new maps and standards are finished will face higher rates." The AP adds, "Asked why so many on the Gulf Coast believe the maps will have an immediate effect on insurance rates, FEMA flood map spokesman Butch Kinerney acknowledged, 'They won't believe us.'"

Many Hurricane Rita Victims Reportedly Feel Overlooked. NBC Nightly News (3/25, story 4, 2:30, Seigenthaler, 9.87M) reported, "Six months after Hurricane Rita stormed ashore on the gulf coast, Cameron Parish, Louisiana, is little more than a broken collection of buildings. Most of the homes here are still uninhabitable. Others are just gone. … Hurricane Rita was the most powerful storm ever recorded in the Gulf of Mexico. It caused up to $10 billion in damages throughout Texas and Louisiana, destroying more than 2,800 homes and severely damaged more than 14,000 more." But, "despite total devastation here, many residents who have lost everything they own, feel they've been forgotten by the rest of the country."

Civil Engineers Say Levee Safety Is "Open to Question." The New York Times (3/26, Schwartz, 1.19M) reports that a panel of civil engineers has determined "the safety of New Orleans's battered levees is 'open to question' until the entire system can be analyzed in light of new information about how the 17th Street Canal levee failed after Hurricane Katrina." In a "strongly worded" letter to Lt. Gen. Carl A. Strock, chief engineer of the Army Corps of Engineers, the American Society of Civil Engineers "said that 'a determination of the overall safety of the hurricane protection system cannot be made until such time as the

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remainder of the system can be evaluated with the benefit of this new information.'"

WAR NEWS:

City Cited As Example By Bush Said To Be "Mired In Sectarian Strife." The Los Angeles Times (3/26, Roug, 958K) reports, "Last week, President Bush held up Tall Afar as an example of success in the country, calling it 'a free city that gives reason for hope for a free Iraq.'" However, "this ethnically mixed city has become mired in the same sectarian strife and economic problems that afflict much of the rest of the country. Fear is palpable in the streets of Tall Afar," and "families…complain of no-go areas in the city, boundaries drawn up by sectarian violence or intimidation by rebels."

Columnist Questions Bush Friendliness With Potential War Critic. Nina Easton in her "Washington Briefing" column in the Boston Globe (3/26, 484K) questions President Bush's recent praise for Colonel H. R. McMaster of the Third Armored Calvary Regiment who "led US and Iraqi forces last year in a successful operation to recapture the town of Tal Afar." But he "also happens to be the author of the award-winning book 'Dereliction of Duty: Lyndon Johnson, Robert McNamara, the Joint Chiefs of Staff, and the Lies that Led to Vietnam,' published in 1997 and still widely read among Pentagon brass." His "position at the heart of the Iraq war begs the question: Does he hold views that will wind up in a similarly critical account of President Bush's war? 'As a trained historian, I'm reluctant to draw parallels,' McMaster said in an interview Friday."

Plan Considered To Open PM Nomination To Iraqi Parliament. The New York Times (3/26, Wong, 1.19M) reports, "Iraqi politicians say they are considering asking the main Shiite political bloc to allow a vote by the entire Parliament on a candidate for prime minister. In the proposed plan, the Parliament would choose among three candidates, including Ibrahim al-Jaafari." It "would be a way for the Shiite bloc, the United Iraqi Alliance, to back down from their support of Mr. Jaafari in light of the intense opposition and still save face." However, Haider al-Ubady, an adviser to Mr. Jaafari and a member of the Shiite bloc, said the proposed vote 'is not being discussed at all inside the alliance.'"

Iraqi Leaders Admit Lack Of Government Is Hurting Country. Knight Ridder (3/26, Youssef) reports, "Iraqi leaders acknowledge that their inability to form a government more than three months after national elections aggravates religious and ethnic violence and is eroding public confidence that they can solve the nation's problems." The escalation was illustrated by U.S. ambassador to Iraq Zalmay Khalilzad's statement "that militias now are killing more Iraqis than the insurgency, an apparent reversal since the election." Iraqi leaders "offered a myriad of reasons for the delay in forming a government, and their reasoning often reflected their religious or ethnic loyalties."

McCain, Feingold Tell Iraqis US Patience Is Wearing Thin. The Washington Post/AP (3/26, Arrington) reports that the Sens. John McCain and Russ Feingold "told Iraqi leaders Saturday that American patience was growing thin and they needed to urgently overcome their stalemate and form a national unity government," making it "the second high-level U.S. delegation in less than a week delivering the same stark message to Iraqi politicians." They "also voiced alarm about increasing sectarian violence." The Los Angeles Times (3/26, Boudreaux, 958K) also covered this story.

Senators Speak Out While In Iraq. The Washington Post (3/26, A14, Finer, 744K) reports that "during questions from reporters" McCain and Feingold "argued -- cordially and pointedly -- over such issues as the timing of any withdrawal of U.S. troops and whether their continued presence is doing more harm than good." Feingold also "said he was dismayed not to hear any of the military commanders he met with mention al-Qaeda as a source of the problems in Iraq." Alluding to the Administration's frequent contention that al-Qaeda is a "major source of instability in the country," he said, "There seems to be a disconnect between the rhetoric in Washington about what this is all about and what we hear here."

Pawlety Says Violence Worsened. In a story titled "Violence worse in Iraq," Pawlenty says" the Minneapolis Star Tribune (3/26, 424K) reports that while traveling in Iraq with Sens. McCain and Feingold, Minnesota Gov. Tim Pawlenty "said he could see and feel that the violence there has worsened," although he added that "withdrawing troops would create more chaos in the Middle East."

Professor Offers Advice On Improving Iraq Situation. Prof. Ahmed Hashim of the US Naval War College in an interview with the New York Times (3/26, 1.19M) said "To begin to improve the situation, we need to focus on resolving violence" in Anbar Province and "along the fault lines wherever the major ethno-sectarian groups rub up against one another." He adds we should "stop cosseting the Shiite religious bodies," as "they are not our natural allies in trying create a democratic Iraq. They are trying to create a theocracy, and the more religion enters Iraqi politics, the more violence there will be." Meanwhile, "the military culture still has little understanding of the origins and goals of the insurgency. They still think it has primarily to do with Al Qaeda, and ignore the fact that the Sunni insurgents feel their identity is threatened."

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Shiite Militias Said To Be Killing Sunni Civilians With "Impunity." The New York Times (3/26, A1, Gettleman, 1.19M) reports, "In the last month, hundreds of men have been kidnapped, tortured and executed in Baghdad." Most were Sunnis, and "what frightens Iraqis most about these gangland-style killings is the impunity," as "many men were taken in daylight, in public, with witnesses all around. Few cases, if any, have been investigated." It appears "that Shiite militias, unable to strike back against the presumably Sunni suicide bombers who kill Shiite civilians, are now victimizing Sunni civilians," and "the imbalance of killing, and the suspicion the government may be involved, is deepening the Shiite-Sunni divide."

Iraq's Violence Said To Have Turned From Americans Inward. Jeffrey Gettleman writes in a column in the New York Times (3/26, 1.19M), "I had thought Iraq might be getting quieter." However, "soon I caught on. The violence had not declined. It had just turned inward. No longer was most of it pointed at the Americans," but at other sects. "It is difficult to communicate just how violent Baghdad has become."

Iraqis Look For Little Signs Of Allegiances As Violence Spreads. The New York Times (3/26, Gettleman, 1.19M) reports, "For much of Iraq's history," Shiites and Sunnis "have coexisted peacefully. Very rarely has sectarian identity been a life or death matter, the way it is now on some of Baghdad's streets." Now "with sectarian tensions rising, Iraqis are paying more attention to the little things that signal whether someone is Shiite or Sunni." As "certain tribes are rooted in certain areas," tribal identity is an important clue. "Dress, too, can be a sign, but again not because it has religious significance," but because it varies by region.

Any Talks With US On Iraq Will Have Conditions, Ahmadinejad Says. AFP (3/26) reports, "Iran's President Mahmoud Ahmadinejad reportedly said Tehran will hold talks on neighboring Iraq with Washington 'in spite of distrusting Americans.' 'We will...talk with America about Iraq because of requests by the Iraqi people and government, but with consideration of Iraqis and the Islamic world's interests and in consultation with Islamic countries,' Ahmadinejad said during a meeting with Syria's visiting First Vice President Faruq al-Shara according to the ISNA news agency. 'We basically do not trust Americans,' he added."

Lincoln Group Denies Propaganda Label. The Washington Post (3/26, D1, Duke, 744K) reports, "Paige Craig, the West Point dropout and former Marine intelligence specialist who is the Lincoln Group's president, says" that "paying Iraqi newspapers to publish hundreds of 'news' stories secretly written by U.S. troops" is "not propaganda." Lincoln Group senior director for insight and influence, Andrew Garfield, says our "culture hasn't come to grips with information as a part of warfare," adding "People are more comfortable with killing than they are with influencing." He "sounds very much in sync with Secretary of Defense Donald Rumsfeld."

Reporter Embeds With US Troops. AP West Africa Bureau Chief Todd Pitman in the Washington Post/AP (3/26) reports his experience going to embed with US troops in Ramadi, Iraq.

WPost Ombudsman Examines War Coverage. Ombudsman Deborah Howell writes in the Washington Post (3/26, B6, 744K) that there is "a steady trickle of complaints that the coverage focuses too much on violence," but "I felt the coverage was balanced and authoritative." She notes "the military and the media are generally going to be at loggerheads in wartime. The two institutions have vastly different missions." As Marine Col. David Lapan put it, "Reporters are taught to question authority; we're taught to follow it." She also quest staff writer Steve Fainar: "sometimes I find the criticism bewildering. Should we really be focusing on a school opening when Iraq is teetering on the brink of civil war?"

Russia Denies Helping Hussein. The Washington Post/AP (3/26, A15) reports, "Russia's foreign spy agency denied Saturday that Moscow had given former Iraqi president Saddam Hussein information on U.S. troop movements and plans during the invasion of Iraq," and the "Russian Internet news agency, Gazeta.ru, speculated that the Pentagon report was released to affect the U.N. Security Council debate on what to do about Iran's nuclear program." The Washington Times/AP (3/26, Ingram) adds, "Yevgenia Albats, a Moscow-based journalist who specializes in intelligence matters, said she suspected there was 'at least a certain truth reflected in the Pentagon report,' considering Russia's close relationship with the ousted Iraqi leader. But she cautioned that didn't necessarily mean the Kremlin was involved."

The Los Angeles Times (3/26, Murphy, 958K) notes, "military analysts in Moscow said it was well known that Russian intelligence agents and retired Russian generals were operating in Iraq before the war and were in close contact with the Iraqi government." Also, "Russian officials, including the former Russian ambassador apparently cited in the documents, have long been at the center of controversy over allegations that Russian diplomats and intelligence agents hauled secret cargo out of Iraq in the early days of the war."

Karzai Seeks Solution To Christian Convert Controversy. ABC's World News Tonight (3/25, story 3, :30, Avila) reported, "At the Vatican, Pope Benedict has joined the worldwide effort to spare the life of the Afghan man

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who abandoned Islam and converted to Christianity. … The Pope's call for clemency adds to the growing international pressure in this case. The Bush Administration continues to push Afghan president Hamid Karzai with US troops still fighting in that country to help democracy take hold."

NBC Nightly News (3/25, story 3, 1:00, Seigenthaler, 9.87M) reported, "Afghanistan's President has been meeting with cabinet ministers amid increasing pressure from world leaders to free a man facing possible execution for converting to Christianity."

The Washington Times/AP (3/26, Cooney) reports that Afghan President Hamid Karzai "searched yesterday for a way to free an Afghan man on trial for converting from Islam to Christianity without angering Muslim clerics who have called for him to be killed." However, "Afghan clerics have questioned Mr. Karzai's authority to order Mr. Rahman's release and have warned of a possible revolt if he tries."

Debate Over Islamic Law Sparked. The New York Times (3/26, Elliott, 1.19M) reports that moderate Muslim scholars argue that "Islamic laws, including those governing the treatment of apostates, were developed as early as the eighth century against a vastly different political and social backdrop" and "that the meaning of those laws has been lost over time: When the laws were created, they say, apostasy was seen as the equivalent of treason." While "only a handful of apostasy executions are known to have occurred in Muslim-majority countries in recent decades," and "the notion that classical Islamic law calls for the execution of apostates is widely known but often ignored in predominantly Muslim countries," apostasy now "has a deep cultural resonance among Muslims, making a case like Mr. Rahman's an opportunity for religious conservatives with political agendas."

Case Said To Illustrate Need For Good Judges. J Alexander Their, senior rule of law adviser at the United States Institute of Peace and legal adviser to Afghanistan's Constitutional and Judicial Reform Commissions from 2002 to 2004, writes in an op-ed in the New York Times (3/26, 1.19M), "Mr. Rahman's case is a discouraging illustration of the uneasy balance between the democratic norms Afghanistan's Constitution enshrines and the conservative Islamic values its judiciary upholds," and "Afghanistan's post-Taliban judiciary…has shown a propensity to use Islam as a political weapon." Its Supreme Court "has overstepped its bounds and contributed to the radicalization of Afghan politics in the process," and "if…the court remains in the thrall of ideology and factionalism, Afghanistan's experiment in democracy will be compromised." This "case should remind us of how important it is to help Afghanistan develop" competent and independent judges "if we want its democracy to succeed."

Illinois Veterans Encounter Problems Finding Work. In a multi-story package today, the Chicago-Sun Times reports on the difficulties that veterans have finding jobs when they return home from service in Iraq or Afghanistan. In the stories, coverage focuses not on the federal Department of Veterans Affairs, but on efforts at the state level to help veterans find jobs. Coverage of the state's efforts is negative, with the main story citing federal Department of Labor statistics that show Illinois veterans are not finding employment as well as vets in other states are. Three other Illinois newspapers also print the Sun-Times stories.

In the main story, the Chicago Sun-Times (3/25, Reed) profiles Angelina Summerfield, who "supervised up to 50 switchboard and radio operators whose job was to monitor U.S. spy planes and report sightings of roadside bombs" and is having difficulty finding employment. The Sun-Times writes, "Three years into the war in Iraq, Americans, like Summerfield, who leave the military are coming home to face a problem most never expected: Veterans are having a hard time getting hired." Calling the phenomenon a "national problem," the Sun-Times notes that youngest vets are hit hardest. ID Sen. Larry Craig (R), who chairs the Senate Veterans Affairs Committee: "In a strong economy, these numbers don't fit." The Sun-times notes that in Illinois, "which gets $6.5 million a year from the federal government to help veterans find work, 34 percent of unemployed vets who sought help from the Illinois Department of Employment Security found jobs last year, according to the U.S. Department of Labor," which "ranks Illinois the worst state in the nation for getting vets jobs." However, Illinois officials dispute the data. Also, they say, "that younger vets here are more likely to choose to go to college rather than keep looking for permanent employment."

Cross Memorials Leading To Debate. The Los Angeles Times (3/26, Glionna, 958K) reports, "Organized by veterans and antiwar groups, cross memorials have sprung up along roadsides, in churchyards and on such public beaches as Santa Monica and Santa Barbara," but "protesters are discovering that symbols, like certain words, can convey meanings never intended. Cross critics and defenders alike accuse each other of trying to hijack the icon's powerful emotional image for their own ends. Nationwide, the memorials, which evoke the seemingly endless rows of crosses of World War II-era cemeteries in Europe, are inspiring bitter exchanges and even violence."

British Hostage Returns Home, Thanks Rescuers After Furor. Freed British hostage Norman Kember returned home after four months of captivity in Iraq that ended when a joint U.S.-British military operation freed

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him and Canadians James Loney and Harmeet Singh Sooden. The Washington Times (3/26, A1, Rayment, 90K) reports, "Kember gave qualified thanks yesterday to the soldiers who rescued him and two colleagues" in what "appeared to be an attempt to quell the furor," the "anger and disbelief" that "had greeted his earlier failure to thank the hundreds of British and American personnel who worked to free him and the three other original captives."

The Washington Post/AP (3/26, Wagner) adds, "Kember's supporters maintained that thanks was expressed quickly," and "The Rev. Bob Gardiner of the Harrow Baptist Church in London, where Kember and his wife worship, praised the soldiers for carrying out the rescue without any violence or loss of life."

Stemming Isolationist Tide, Evangelical Christians Seen To Favor Engagement. Los Angeles Times (3/26, 958K) columnist Gregory Rodriguez writes, "After three long years of war in Iraq, a growing number of Americans are deciding that the US should turn its attention inward." But "is the United States destined to enter a period of isolationism? Probably not. That's because evangelical Christians, who make up somewhere between one-quarter and one-third of the US population, won't let it happen. ... Once upon a time, they were among the most isolationist of Americans, but no more. If that weren't true, we'd see much higher figures when it came to those who think the United States should merely be minding 'its own business.'"

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Minnesota Delegation Among Those Championing Byrne Grants. The Minneapolis Star Tribune (3/26, Blake, 424K) reports, "When the White House launched a website that helps taxpayers understand federal programs, something called the Byrne Grants received a very low rating. The program, which pays for drug task forces and other local law enforcement programs, has no meaningful goals, is unfocused and should be axed altogether, the White House said." The Edward Byrne Memorial Justice Assistance Grant Program "has lots of enemies - from the American Civil Liberties Union to conservative groups - and for the second consecutive year it is slated for elimination in President Bush's budget. But a number of legislators, including several in Minnesota, feel passionately that it represents a lifeline in the war on drugs - specifically, methamphetamine - and will fight to save it yet again this year." GOP Senate Candidate Rep. Mark Kennedy is among those asking that the grant program be spared.

CORPORATE SCANDALS:

Quattrone Ruling May Not Affect Other Corporate Prosecutions. Bloomberg News (3/26, Woolner) reports, "Frank Quattrone has squeezed by again. Catlike in his ability to maneuver through tight spaces and survive steep falls, the former high-tech investment banker last week shook off a conviction it took prosecutors two trials and three years to nail." Bloomberg continues, "The 2nd U.S. Circuit Court of Appeals set it aside because of a few wrong words in the judge's jury instructions, even while finding sufficient evidence to convict. … The appeals court gave Quattrone another boost, too, by removing U.S. District Judge Richard Owen from his case. If Quattrone is retried, he won't again face the same pro-prosecution judge who made the defense miserable through his first two trials." Bloomberg adds, "For Quattrone, this surely is pretty thrilling stuff. … Prosecutors haven't said whether they will seek retrial, go for a plea deal, appeal or simply drop the whole thing. Any of those options would be better than the 18 months in prison assigned to him by Owen, and there's a decent chance Quattrone just might land in the clear. … But what does this decision mean to anyone else? … Coming after the reversal of Arthur Andersen LLP's conviction, does it represent a pendulum swing against corporate criminal prosecutions? Might it help Enron Corp.'s two former chief executives now on trial in Houston? … No and no. … The Quattrone decision is a limited one and, like the Andersen ruling, came in a case involving document destruction. … Kenneth Lay and Jeffrey Skilling, on the other hand, are accused of lying to the public about Enron's finances. … Quattrone's misstep came at a time when a federal grand jury and the Securities and Exchange Commission were looking into certain conduct at Credit Suisse First Boston, where he ran the high-tech group."

CRIMINAL LAW:

DeLay Nonprofit Paid Former Aide Over $1 Million Donated By Abramoff. The Washington Post (3/26, A1, Smith, 744K), in a frontpage article titled, "Former DeLay Aide Enriched By Nonprofit: Bulk of Group's Funds Tied to Abramoff," reports Rep. Tom DeLay's former chief of staff, Edwin Buckham "received more than a third of all the money collected by the U.S. Family Network, a nonprofit organization the adviser created to promote a pro-family political agenda in Congress, according to the group's accounting records." Buckham, "who helped create the group while still in DeLay's employ," and his wife "were the principal beneficiaries of the group's $3.02 million in revenue,

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collecting payments totaling $1,022,729 during a five-year period ending in 2001, public and private records show." The Post adds, "The group's revenue was drawn mostly from clients of Republican lobbyist Jack Abramoff, according to its records. From an FBI subpoena for the records, it can be inferred that the bureau is exploring whether there were links between the payments and favorable legislative treatment of Abramoff's clients by DeLay's office."

Olasky Is One Of Reed's Fiercest Critics. The Washington Post (3/26, A5, Edsall, Balz, 744K) reports, "Lately, however, it's becoming harder for" Ralph Reed "to dismiss his critics as ideologically motivated. One of the toughest is Marvin Olasky, a close associate of President Bush." Olasky's World magazine "has run 10 articles and essays describing the $4 million in gambling money Abramoff paid to Reed to lobby against casinos competing with Abramoff's clients. The articles have highlighted incriminating e-mails and other disclosures that have raised doubts about Reed's explanations of his activities. Reed, Olasky wrote March 4, 'has damaged Christian political work by confirming for some the stereotype that evangelicals are easily manipulated and that evangelical leaders use moral issues to line their own pockets.'"

Alabama Bombing Victim's Father On Trial For Bribery. The Atlanta Journal-Constitution (3/26, Jubera) reports, "About 100,000 visitors file each year through the Sixteenth Street Baptist Church (in Birmingham, AL, where nearly 43 years ago four black schoolgirls died in a bomb blast). Plotted by four Klansmen, the 1963 murders caused even whites to realize that things were out of hand in a city whose dynamite-happy segregationists earned it the nickname 'Bombingham.'" The AJC continues, "The murders became modern Birmingham's defining moment, and perhaps no one is linked more closely with the city's recovery than Chris McNair, father of 11-year-old Denise, youngest of the four girls killed. … McNair emerged from his daughter's racist killing as a bridge between blacks and whites. He and his wife, Maxine, waited 39 years for the final conviction in their daughter's murder, in 2002, and McNair became one of the first African-Americans since Reconstruction elected to the state Legislature, as well as a long-serving county commissioner." The AJC adds, "But in a turn almost as shocking to many here as the bombings, McNair, now 80, is scheduled to stand trial in federal court next month on bribery charges, with almost any jail time effectively seen as a life sentence. … He is accused of taking nearly $1 million in work, goods and cash from contractors hired for part of the county's $3 billion sewer rebuild. His defense lawyer is Doug Jones, who prosecuted two of the church bombers for the U.S. attorney's office. … McNair has pleaded not guilty and calls the charges against him 'a grave injustice.'"

Juror Problems Jeopardize Ryan Trial. The Chicago Tribune (3/26, Higgins, O'connor, Bush, Coen, Report) reports, "The discovery that two jurors appear to have hidden arrests or convictions has pushed the corruption trial of former Gov. George Ryan into treacherous seas, forcing a federal judge to steer carefully to avoid a mistrial, veteran trial lawyers said." The Tribune continues, "U.S. District Judge Rebecca Pallmeyer has options, but none of them is without risks. … 'Any misstep by the trial court can lead to a reversal,' said Ronald Safer, a defense attorney and former federal prosecutor. 'It's an extremely delicate process.... If you leave a juror on, you can be reversed. If you take a juror off, you can be reversed.'" The Tribune adds, "After a 5 1/2-month trial and eight days of jury deliberations, the Tribune uncovered public records last week that appear to indicate that two jurors gave false answers on their jury questionnaires. … The Tribune revealed on its Web site Thursday that a male juror had the same name and other identifying characteristics as a man with a felony DUI conviction. Shortly after learning of the Tribune's information, Pallmeyer sent the jury home early and said she had launched an investigation into one juror. … On Friday, the Tribune revealed on its Web site that a second juror, a woman, could be linked through public records to an alias. The woman with that alias faced drug and other charges. She was not convicted, records show."

Experts See Mistrial As Unlikely. The Chicago Sun-Times (3/26, Hussain, Golab) reports, "Despite the revelation that two jurors in George Ryan's public corruption trial may have hidden their criminal records from the judge, legal experts said Saturday the possibility of a mistrial is highly unlikely. … 'It would surprise me from the outside looking in if she declared a mistrial,' University of Illinois at Urbana-Champaign law Professor Andrew Leipold said of U.S. District Judge Rebecca Pallmeyer's options." The Sun-Times continues, "Not only do experts doubt a mistrial will be declared, some question if Pallmeyer will even replace the two jurors with alternates. If she does, the jury would be asked to begin its deliberations over again. Pallmeyer could opt to bounce the jurors and deliberate with 10, but she would need approval from both the feds and the defense, and that's unlikely, lawyers specializing in the jury system said."

Brooklyn Grand Jury Indicts Former FBI Agent In Mob Murders. The New York Times (3/26, Ramirez) reports, "A grand jury in Brooklyn has accused a retired F.B.I. agent of helping a Mafia killer and bureau informant murder or help murder at least three people, a law enforcement official with knowledge of the indictment confirmed" Saturday. "The murder indictment in Supreme Court names R. Lindley DeVecchio, a career investigator and onetime head of the bureau's Colombo and Bonanno families squads."

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DeVecchio, "reached…by telephone at his home in Sarasota, Fla., denied any wrongdoing and referred all further questions to his lawyer, Douglas Grover, who said the district attorney's case against his client was 'complete nonsense.'" The New York Daily News (3/25, Katz) notes, "The blockbuster indictment…caps an exhaustive six-month probe into allegations" DeVecchio "helped his longtime Colombo crime family informer, Gregory Scarpa Sr., wipe out at least three enemies, a well-informed source said. Prosecutors do not believe DeVecchio was directly involved in the slayings…but they presented evidence the agent gave Scarpa information that led him to kill, sources said."

Louisiana AG Launches Inquiry Of Katrina Aid Organizations. The Washington Post (3/26, A10, Salmon, 744K) reports Louisiana Attorney General Charles Foti "has launched inquiries into two of the country's best-known charities -- the American Red Cross and the Humane Society of the United States -- after receiving complaints that they misused some of the millions of dollars they raised in the fall to help the human and non-human victims of Hurricane Katrina." He "plans to announce tomorrow that he is looking into allegations that Red Cross volunteers diverted money and supplies meant for hurricane victims in New Orleans." And his "office has begun an inquiry into whether the Humane Society spent the money it raised after Hurricane Katrina appropriately."

Red Cross Dismisses Third Volunteer In Investigation. The New York Times (3/26, 1.19M) reports, "The American Red Cross has dismissed a third volunteer in its widening inquiry into accusations of improprieties involving the relief effort after Hurricane Katrina, and the agency expects to make criminal referrals to the authorities, a Red Cross official said Saturday." Charles Dean Connor, Red Cross spokesman, said, "Three volunteers have now been relieved of their duties by Red Cross investigators, who determined on scene that allegations of waste and abuse involving those volunteers were substantial enough to warrant their immediate removal. … The Red Cross will spare no effort as it continues its investigation. Criminal referrals to appropriate law enforcement agencies are anticipated." None of the dismissed volunteers was identified.

CIVIL LAW:

Pennsylvania Governor Vetoes Bill Limiting Civil Liability. The AP (3/25, Levy) reports, "Gov. Ed Rendell on Friday vetoed legislation that would have broadly scaled back the obligation of defendants to pay damage awards in some civil lawsuits, including medical malpractice." The AP continues, "The legislation, championed largely by Republicans and opposed mostly by Democrats, would have unfairly restricted the ability of victims to get compensation for their injuries or damages, Rendell said. … Lawyers' groups and business advocates have lobbied heavily over the issue for years. Competing legislation favored by the Democratic governor failed narrowly in the Republican-controlled Legislature." The AP adds, "Republicans, business advocates and Rendell's presumptive Republican opponent in the fall general election, Lynn Swann, cried foul, saying that Rendell had signaled his support for their legislation during his campaign for governor several years ago. The legislation's sponsor, Sen. Jake Corman, R-Centre, said he believed the bill was fair and would have freed businesses to spend more on payroll and less on liability costs. .. . The AARP and Mothers Against Drunk Driving had supported a veto, Rendell said. Lawsuits over drunk-driving crashes, environmental accidents and intentional actions would not have been covered by the legislation."

CIVIL RIGHTS:

Coast Guard May Change Policy On Religious Displays. The New York Times (3/26, Newman, 1.19M) reports Jack Rosenberg, a Hasidic Jew, "signed up for the Coast Guard Auxiliary last year." But his, "The skullcap clashed with the uniform." Since 1987, "the armed services have let members wear skullcaps, head scarves, and other religious garments." But the, "Coast Guard's uniform board has its annual meeting this week in Washington. One item up for discussion is whether to relax the restrictions on religious accessories to bring them in line with armed forces policy. The policy chief for the Coast Guard Auxiliary, Steve Minutolo, said he expected a change. 'I'd be striving to align as closely as possible with our D.O.D. counterparts,' he said."

Meeting Planned On Fatal Charles County, MD, Police Shooting. The Washington Post (3/26, SM3) reports, "Officials from Charles County, La Plata and several organizations have scheduled a community meeting Wednesday evening to discuss last weekend's fatal shooting of a suspect by a sheriff's officer." The Post continues, "Jonathon Lyles of Oxon Hill, who had been visiting an apartment complex along Zekiah Run Road, was arrested after officers administered a field sobriety test. As officers attempted to handcuff him, Lyles pulled away and 'a violent struggle ensued,' sheriff's office spokeswoman Kristen Timko said last week. Authorities said Lyles pulled out a handgun and shot at police, missing them. One of three officers on the scene then fired back once and hit Lyles in the chest, police said." The Post adds, "In addition to the sheriff's office, others planning to participate in the meeting are the Charles County commissioners, the Charles County state's attorney's office,

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La Plata officials, county public school officials, the LifeStyles Inc. community service organization, the NAACP, the U.S. Justice Department and church leaders. … The meeting is scheduled to begin at 7 p.m. Wednesday at the Department of Social Services, 200 Kent Ave., La Plata."

Voting Machine Vendors Will Not Sell To Florida Whistleblower. The Washington Post (3/26, A7, Whoriskey, 744K) reports, "Among those who worry that hackers might sabotage election tallies, Ion Sancho is something of a hero. The maverick elections supervisor in Leon County, Fla., last year helped show that electronic voting machines from one of the major manufacturers are vulnerable, according to experts, and would allow election workers to alter vote counts without detection. Now, however, Sancho may be paying an unexpected price for his whistle-blowing: None of the state-approved companies here will sell him the voting machines the county needs. … There are three vendors approved to sell voting equipment in Florida, and each has indicated it cannot or will not fill Sancho's order for 160 voting machines for the disabled."

The AP (3/26, Kallestad) reports Sancho's "insistence on quality also has angered several Florida officials, including Gov. Jeb Bush, and has already cost his county more than a half million dollars. Nonetheless, the feisty 55-year-old has his share of supporters, with the Tallahassee Democrat dubbing him 'a zealous soldier in election reform battles.'"

Voting Rights Act Renewal Seen As Urgent After Hurricane Displacements. The Baton Rouge Advocate (3/26, Ricks) reports, "Legal professionals warned Saturday there is the 'opportunity to dilute' the voter rights of people displaced by Hurricanes Katrina and Rita unless the Voting Rights Act of 1965 is renewed. Attorneys, judges and legal scholars took part in a symposium at the Southern University Law Center aimed at discussing the importance of the Voting Rights Act and the dangers of living without it."

Missouri Senate Votes To Drop Campaign Finance Rules. The St. Louis Post-Dispatch (3/26, Mannies) reports, "The Missouri Senate has voted to ask Gov. Matt Blunt to consider scrapping the state's campaign-finance restrictions that his father helped put in place 12 years ago. It's now up to the state House to take up the proposal, which would eliminate Missouri's limits on how much individuals or groups can donate to candidates running for office. The proposal is attached to a broader ethics bill."

New Jersey Democrats Drop Arab-American Candidate Over 2002 Comments. The AP (3/26, Parry) reports Democrats in New jersey "pulled an Arab-American candidate from their election ticket on Saturday amid a furor over comments he made four years ago that some interpreted as sympathetic to Palestinian suicide bombers. At the urging of state party leaders, including Gov. Jon S. Corzine and U.S. Sen. Robert Menendez, Passaic County Democrats withdrew its endorsement of Sami Merhi for freeholder, a member of the county's legislative body." Merhi "made the comments at a September 2002 Democratic fundraiser U.S. Rep. Bill Pascrell, where he condemned the Sept. 11 terrorists 'as cold-blooded murders' and 'crazy fanatics.' When asked whether he would apply the same label to Palestinian suicide bombers who target Israelis, Merhi said, 'I can't see the comparison.'"

Pro-Abortion Activists In Pennsylvania May Sit-Out Senate Race. The Pittsburgh Post-Gazette (3/26, Reston, 261K) reports, "One of the more intriguing dynamics of this year's Pennsylvania Senate race is that when faced with a Democrat and a Republican who both oppose abortion, some Democratic women are going to sit the race out. The issue was thrust to the forefront this past week when several women's groups endorsed a virtually unknown Democrat, Alan M. Sandals, as their choice to challenge Sen. Rick Santorum, largely because Mr. Sandals supports abortion rights. The National Organization for Women "and other women who are staunch supporters of abortion rights, said they were still seething over party leadership's decision to push the candidacy of state Treasurer Bob Casey Jr."

LATimes Approves Linking FDA Nominee And Abortion Pill. An editorial in The Los Angeles Times (3/26, 958K) says the FDA has stalled for years on making the contraceptive pill, known as Plan B, "available over the counter. This despite numerous studies (including ones by the FDA) showing that the medication is effective and as safe as Tylenol." The Times adds Bush has nominated Dr. Andrew C. von Eschenbach, "to keep his job permanently." But Democratic Sens. Hillary Clinton and Patty Murray are blocking the nomination until the agency makes a decision. "In this case, the senators have every right to resort to blackmail." The Times concludes it's time to approve the pill and then, "Von Eschenbach can begin to help the troubled agency deal with its many urgent reforms."

ANTITRUST:

Maryland Lawmakers Close To Delaying BGE Merger. The Washington Times/AP (3/26, Wyatt) reports, "Maryland lawmakers moved closer yesterday to delaying the upcoming merger of Baltimore Gas & Electric's parent company and a Florida utility, which has resulted in the power company's saying a lawsuit is possible." The AP continues,

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"The debate about whether to delay an $11 billion merger between the parent company, Constellation Energy Group, and Florida Power & Light, is the latest political maneuver by state lawmakers looking for ways to cushion double-digit rate increases expected this summer across much of Maryland when rate caps expire. … The bill doesn't address rate increases specifically, but it would give the General Assembly more say over the workings of Constellation." The AP adds, "The House voted to give preliminary approval to the bill, with final approval possible this week. … The measure would require the General Assembly, not just the utility-regulating Public Service Commission, to sign off on a utility merger. The bill's sponsor, Delegate Dereck Davis, Prince George's Democrat, said lawmakers need to know more about the proposed merger of BGE with an out-of-state company."

ENVIRONMENT:

Consumers Said To Be No Longer Concerned By Mad Cow Disease. In a New York Times (3/26, 1.19M) "Week in Review" piece Donald McNeil writes, "On March 13, the government said that a cow in Alabama was the third in the country to have the disease. The New York Times ran its article on Page 25, and other papers did roughly the same. There was no clamor of 'press cover-up!' But neither had the disease…become any less horrific. … Instead, it had finally become clear that any threat to people is very, very remote."

ESA Among Top Issues In Pombo's Reelection Campaign. The AP (3/26, Werner) reports Rep. Richard Pombo "rancher and chairman of the House Resources Committee is closer than ever to his goal of rewriting the Endangered Species Act to expand property rights. … The prospect of long-fought success has made Pombo a target in the November election." Pombo "faces a primary challenge on June 6 from a moderate Republican" former Rep. Pete McCloskey "who helped write the landmark species protections. Democrats see a glimmer of hope of capturing the seat; environmentalists say his defeat would be the best thing that could happen in November. On top of all that, Pombo is facing ethical questions arising from his ties with disgraced lobbyist Jack Abramoff and his own unconventional financial arrangements."

WPost Accuses Rep. Young Of Interfering In Wind Farm Project. An editorial in The Washington Post (3/26, B6, 744K) examines the fate of a wind farm, Cape Wind, that local officials would like to build in Nantucket Sound, saying Rep. Don Young is the plan's most dangerous opponent. The Alliance to Protect Nantucket Sound, "has spent more than $1 million on Washington lobbyists, including some with ties to Mr. Young." The Post continues, "Sadly, then, this appears to be another disturbing story about the power of the wealthy to change laws in Washington and the lack of transparency in the legislative process. Whether this wind farm deserves to be built should be a matter for local officials and regulators to decide, not for a congressional committee acting on behalf of its chairman or his friends."

FBI/DEA/ATF/USMS:

Medical Marijuana User Attempts Novel Approach In Appeal. The Fremont (CA) Argus (3/26, Richman) reports, "Less than a year after the U.S. Supreme Court ruled against her, Oakland medical marijuana patient and advocate Angel Raich will go back before a federal appeals court Monday with a different legal argument. The Argus continues, "Her lawyers will try to persuade a three-judge panel of the 9th U.S. Circuit Court of Appeals, sitting in Pasadena, that keeping her from using marijuana as medicine unduly burdens her fundamental rights to life and freedom from pain, as protected by the Fifth Amendment's due process clause and the Ninth Amendment." The Argus adds, "The government argues there is no constitutionally protected fundamental right to obtain and use marijuana in defiance of the federal ban on the drug. … 'Nor can plaintiffs establish that the use of any particular drug, free of a regulatory scheme designed to protect the public health and safety, is a fundamental right that is deeply rooted in our nation's history, legal traditions and practices,' Assistant U.S. Attorney Mark Quinlivan wrote in his January brief to the appeals court. .. Each side will have 30 minutes to argue its case. It will probably be months before the court rules."

IMMIGRATION:

Bush Calls On Congress To Pass Guest Worker Legislation. The debate over illegal immigration and border security was the top story Sunday morning, leading both ABC and NBC and garnering front page coverage in the major US daily newspapers. President Bush's call for Congress to pass guest worker legislation was highlighted. Bush was typically characterized as positioning himself carefully because the issue divides the GOP.

ABC's World News Tonight (3/25, lead story, 2:30, Avila) reported that on immigration reform, President Bush "favors a less putative approach. He wants a program giving foreigners legal status to work in the United States for a few years, but with no automatic path to citizenship." President Bush (from radio address): "We must remember there are hard working individuals doing jobs that Americans will not

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do, who are contributing to the economic vitality of our country." However, ABC added, "Opponents say the President's plan would only drive down wages for all Americans."

Noting Bush's differences with some Republicans, NBC Nightly News (3/25, story 2, 2:20, Seigenthaler, 9.87M) reported President Bush "again urged support for a program that could offer legal status for some of the estimated 12 million illegal immigrants in this country." NBC added, "The Administration here has focused on the issue of immigration for quite some time. … It's an emotional issue that threatens Republican unity in an election year and the GOP's popularity among Hispanics. As the immigration debate goes to Capitol Hill, lawmakers walk a political tight rope. In his weekly radio address today, the President renewed his call for a guest worker program." But NBC noted, "according to a poll, 59% of Republicans" oppose "a temporary worker program for illegal immigrants. A group that includes a Colorado Congressman." Rep. Tom Tancredo was shown saying, "It's amnesty and it's the worst public policy we can have because it only encourages more illegal immigration." NBC concluded, "On Monday the President is expected to attend a naturalization ceremony. A chance to see some of America's new citizens and to lay out his you vision for immigration reform."

Similarly, the Chicago Tribune (3/26, Zeleny, 643K) reports, "As a fight over immigration intensifies next week in the Senate, politicians and candidates aren't waiting for a federal solution to what has become one of the more divisive issues in the midterm election year, a fact made vivid Friday by pro-immigration demonstrators in Los Angeles, Phoenix and Atlanta. More immigration-related bills have been introduced in state legislatures than at any other time in the last decade as Republicans across the nation scramble to distance themselves from the White House." Bush has called for "a civil debate 'in a way that doesn't pit one group of people against another.' His advisers and party strategists worry that a rising anti-immigration sentiment could cost Republicans the support of Latino voters, the fastest-growing segment of the electorate. They also are concerned about alienating moderates and business leaders who rely on an immigrant labor force."

And focusing on the split in the GOP over immigration, the New York Times (3/26, A1, Swarns, 1.19M) in a front page story examines how Sen. John Cornyn "finds himself squeezed by warring factions in his own party." Yesterday "Bush acknowledged the difficulty that lawmakers faced. 'This is an emotional debate,' he said. 'America does not have to choose between being a welcoming society and being a lawful society. We can be both at the same time.'" Yet "finding that balance has been enormously difficult. When asked how he felt on a recent day when he had shuttled from a telephone interview on Fox News Radio to a luncheon with business executives, Mr. Cornyn said, 'In between.'"

The Los Angeles Times (3/26, Fiore, 958K) in a story focusing on the message in Bush's radio address titled "U.S. Can Be 'Welcoming,' 'Lawful'" reports Bush worked "to appear both tough and compassionate on a contentious subject," yet his "remarks fell against a backdrop of bicoastal unrest." The Times notes, "Much is at stake for Bush and his party. A harsh debate over immigration could wipe out recent GOP gains among Latinos, whose move toward the Republican Party has been a key objective for Bush's chief political advisor, Karl Rove."

The AP (3/26, Riechmann) in an article titled "Bush Calls For Fair Immigration Bill" reports, "Bush, in addressing an issue that has divided his party, underscored America's immigrant history and called for secure borders and strict immigration enforcement." He will "attend a naturalization ceremony on Monday in Washington," and "is bracing for a standoff in the Senate this week before he heads south to Cancun, Mexico, where he'll discuss immigration with Mexican President Vicente Fox, a supporter of Bush's guest worker plan."

The AP (3/26, Prengaman) in a second story reports, "The massive demonstration, by far the biggest of several around the nation in recent days, came as President Bush prodded Republican congressional leaders to give some illegal immigrants a chance to work legally in the U.S. under certain conditions." Bloomberg (3/26, Murray) notes, "Compromise on immigration legislation in Congress has been elusive, and Bush predicted an 'emotional debate' and urged unity."

The Washington Times (3/26, A1, Dinan, 90K) in a front page story titled "Bush Shifts Emphasis To Safe Borders" says that acknowledging the Administration had not adequately addressed border security earlier in the immigration debate, Bush "underscored his commitment to border security by saying the government is trying to end the practice of releasing illegal aliens soon after capture because of a lack of space in detention centers." Recently "Bush has put far more emphasis on enforcement in an effort to convince lawmakers he is serious about the issue, even as he tries to win passage of a guest-worker program."

CNN (3/26) on its web site reports, "Bush said he planned to toughen enforcement of immigration laws." He "emphasized that a temporary worker program he's proposed would not provide amnesty to illegal immigrants in the United States. 'For the sake of justice and for the sake of border security, I firmly oppose amnesty,' Bush said."

The Kansas City Star (3/26, Montgomery, 286K) says "Some experts sense a historic decision is in the making, but only if lawmakers are able to compromise."

Immigration Reform, Protests, Receive Widespread Local TV Coverage. More than 50 local stations covered

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President's Bush's call for immigration reform in his weekly radio address. These stations almost universally also reported on the protests throughout the country. In addition, many stations noted the distinction between the guest worker program the President advocates and his rejection of complete amnesty. One example: KHWB-TV Houston (3/25, 9:00 p.m.) reported, "While thousands protested new measures to crack down on immigration, President Bush defended the plan in his weekly radio address, saying a permanent amnesty for illegals already in the country would be unfair. It would allow those who break the law to jump ahead of people who play by the rules and wait in the citizenship line."

WAGA-TV Atlanta (3/25, 10:00 p.m.) reported, "Today's rally is said to be the largest pro-immigration rally Los Angeles has seen." Bush, "responded to the demonstrations in his weekly radio address." Bush said, "America is nation of immigrants, and we're also a nation of laws, and our immigration laws are in need of reform."

KTRK-TV Houston (3/25, 6:00 a.m.) reported, "Bush's immigration reform plan is upsetting a lot of people in Phoenix. 10,000 people marched in the streets to protest the immigration bill." Bush, "wants Congress to create a guest worker program, allowing foreigners to get legal status in the US to perform specific jobs." WSYX-TV Columbus (3/25, 6:00 p.m.) reported, "Bush wants a program giving foreigners legal status to work in the United States for a few years, but with no automatic path to citizenship."

KSAZ-TV Phoenix (3/25, 9:00 p.m.) reported Bush "is bracing for a Senate showdown on immigration changes." WEWS-TV Cleveland (3/35, 6:00 p.m.) reported, "The issues will be on full display when the Senate takes it up. It could be embarrassing for President Bush because he's going to be visiting Mexico later this week."

KCRA-TV Sacramento-Stockton (3/25, 11:00 p.m.) reported, "Bush touched on the immigrant issue renewing his call for that guest worker program." KGTV-TV San Diego (3/25, 5:00 p.m.) reported, "Some believe," Bush's guest worker program, "is aimed at helping US business interests only."

Illegal Immigrants Stage Huge Protest In Los Angeles. Both ABC and NBC opened their broadcasts with reports on the protest in Los Angeles attended by a crowd estimated between 200,000 to 500,000 marchers upset over congressional border security proposals. ABC also noted the split among Republicans on the issue of immigration and concluded, "if there is a lot of anti-immigrant rhetoric" in Congress "it could be embarrassing for President Bush because he's going to be visiting Mexico." NBC followed up its lead on the protests with an overview of the debate within Congress and the President's guest worker proposal.

ABC's World News Tonight (3/25, lead story, 2:30, Avila) reported, "In a country built by immigrants, some are saying enough. … Many agree immigration policy needs reform, but disagree sharply on how to go about it. Across the country today angry crowds protested against one proposal before congress that has been called the harshest in this country's history. It would turn every illegal immigrant into a potential felon." ABC added, "The biggest protest today was in downtown Los Angeles, where an estimated 200,000 people marched. … The target of all this anger is a bill before Congress that would make it a crime for anyone, churches, charities, or health care providers to help them, and it would add 700 miles of fence along the U.S.-Mexican border."

NBC Nightly News (3/25, lead story, 2:00, Seigenthaler, 9.87M) reported, "By all accounts it was much larger than anyone expected. … Half a million people took to the streets of Los Angeles in a massive demonstration against the proposed legislation aimed at curbing illegal immigration. The march on city hall stretched out for block after block. Tens of thousands of people all protesting the proposed law that would make it a felony to be in this country illegally, would penalize companies who hired illegal immigrants and would put up a fence along the Mexican border."

The Los Angeles Times (3/26, A1, Watanabe, Gorman, 958K) in a front page story notes, "The crowd, estimated by police at more than 500,000, represented one of the largest protest marches in Los Angeles history, surpassing Vietnam War demonstrations and the 70,000 who rallied downtown against Proposition 187, a 1994 state initiative that denied public benefits to undocumented migrants."

And the Washington Post/AP (3/26, A3) adds, "They surprised the police, and maybe themselves, their T-shirts turning block after block of downtown Los Angeles streets white in a demonstration so massive that few causes in recent U.S. history could have matched it."

The Los Angeles Times (3/26, Gorman, Keller, Suarez, 958K) reports the protestors stressed their contributions to the US, noting "Some had recently crossed the border, while others have been in the United States for decades. Construction workers, business owners, families with young children and people in wheelchairs joined the march, coming from San Francisco, San Diego and other parts of the state."

Schwarzenegger Endorses Bush Guest Worker Plan. NBC Nightly News (3/25, lead story, 2:00, Seigenthaler, 9.87M) noted that when asked about the protests, California Governor Arnold Schwarzenegger "said he goes along with the President in favor of tougher immigration laws coupled with a guest worker program to give immigrants a legal way of holding down jobs." Schwarzenegger: "We have to continue putting pressure on the Federal government to make sure that they understand this has to be solved because our state is suffering because of it."

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Phoenix Protestors March On Kyl's Office. The Arizona Daily Star (3/26, McCombs) reports that on Friday in Phoenix, "an estimated 20,000 people marched to" Sen. Jon Kyl's "office to protest, according to Phoenix police." Border Action Network director Jennifer Allen "called Friday's rally one of the biggest immigrant-rights rallies in recent Tucson history. Allen said 200 people showed up in December for a similar rally."

Tancredo Dismisses Size Of Denver Protest. The Denver Post (3/26, Mitchell, Espinoza) reports, "If there was any doubt about the large volume of migrant workers in Colorado, a crowd of more than 50,000 Latino demonstrators proved it today." Yet Rep. Tom Tancredo "said the crowd would have been much smaller or could have been quickly dispersed had Immigration and Customs Enforcement officers shown up with buses and started checking identification." Tancredo said, "When the rest of America looks at these demonstrations they'll agree it's getting more difficult to control illegal immigration."

1,500 Protest In Dallas. At a rally attended by about 1,500 protestors in Dallas, the Dallas Morning News (3/26, Anderson, Solis) reports that "rapper Jorge Ruiz said that Latino immigrants like his parents helped build Dallas." Ruiz added, "Blacks and whites, they had their revolution. They had their Martin Luther King. Now it is time for us."

Sensenbrenner Defends Bill In Meeting With Protestors. The Milwaukee Journal Sentinel (3/26, Sandler, 266K) reports, "Some 200 protesters rallied Saturday against U.S. Rep. Jim Sensenbrenner's bill to levy criminal penalties against illegal immigrants and those who aid them." But Sensenbrenner "held firm to his position in a feisty debate with constituents inside." He "said he had tried to amend his bill to change the crime from a felony to a misdemeanor but Democrats helped vote down that move. Many of the votes cast against that amendment were aimed at defeating the bill altogether."

Noting how Sensenbrenner has become a target of criticism, the Milwaukee Journal Sentinel (3/26, Gilbert, Reilly, 266K) says that in an interview "Sensenbrenner says his bill is what the public wants and was the only approach that could win approval from a deeply divided GOP majority." But his critics say he "has roused a 'sleeping giant' in America's immigrant population."

Release Of 5 Illegal Immigrants Highlights Problems With Enforcement. The Washington Times (3/26, A1, Richardson, 90K) in a second front page story reports, "When a Colorado state trooper pulled over a van crammed with 15 illegal aliens headed for Iowa City, it looked like their plans to visit the Hawkeye State had come to a screeching halt." But "Trooper John Lopez released the van and its occupants after an Immigration and Customs Enforcement (ICE) agent told the Colorado State Patrol that he didn't have the staff to detain the admitted illegal aliens." Their release is being blamed on miscommunication, but it "has fueled frustration over what critics see as the federal agency's inability to handle the unabated flow of undocumented workers."

Border Agents Struggle To Fight Corruption. Using the case of U.S. Customs Inspector Lizandro Martinez, who was caught taking bribes to allow drug shipments into the US, to highlight problems with border security the Houston Chronicle (3/26, Pinkerton, 581K) reports Martinez is "suspected of taking more than $1 million in bribes while waving through more than 50 tons of drugs -- more than his law-abiding colleagues seized at eight South Texas ports of entry in an entire year." Meanwhile "authorities are trying to figure out what happened. … And what's emerging, some former law enforcement officials say, is a troubling picture, a striking example of how Customs failed to prevent flagrant corruption on the Texas-Mexico border." CPB "kept Martinez on its payroll even as complaints against him mounted during his 13-year tenure."

Beer Company Boycotted By Immigrant Group Over Sensenbrenner Bill. The Milwaukee Journal Sentinel (3/26, Reilly, 266K) reports, "Opposition to Rep. Jim Sensenbrenner's immigration bill led one Chicago group to launch a boycott of Miller Brewing Co. this month because Miller is a Wisconsin company that has made contributions to the GOP lawmaker." The Journal Sentinel adds, "The brief boycott was called off after the two sides met in Chicago and the brewery agreed to run newspaper ads denouncing the bill and to help the group lobby in Washington against the measure."

Expert Urges Lawmakers To Consider Flexible Approach Allowing Citizenship. Manhattan Institute senior fellow Tamar Jacoby in an op-ed in the Washington Post (3/26, B7, 744K) faults President Bush's proposal for a guest worker program because it would only provide temporary visas. A recent "series of focus groups testing two contrasting options: a guest worker program or a more traditional immigration plan based on the idea of citizenship. The results ran sharply counter to the expectations of policymakers in Washington. Democrats and Republicans alike overwhelmingly preferred the citizenship model for reasons of both principle and practicality." Instead of "a one-size-fits-all guest worker program, we need a system that leaves room for workers to choose, welcoming those who feel they belong and who work their way up and make our country stronger as they do."

Framing Immigration Issue Could Influence Debate. New York Times reporter Paul Vitello in a New York Times (3/26, 1.19M) Week in Review article examines the importance of framing the debate over immigration reform noting that while most call the "estimated 12 million foreign-born people living in the" US "illegal immigrants," President Bush, "a proponent of offering citizenship to at least some of

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them, has used the more optimistic and implicitly promising term "undocumented immigrants.'" Similar to "battles over civil rights and abortion, the contest over immigration has been joined as much in the naming of things as in the writing of laws."

LAT Urges Senate To Pass Specter Compromise Bill. The Los Angeles Times (3/26, 958K) in an editorial praises Sen. Arlen Specter's compromise immigration bill and criticizes Senate Majority Leader Bill Frist for "pandering to the far right in preparation for his 2008 presidential bid." The GOP "split is complicated by President Bush's weakness, upcoming congressional elections and the 2008 presidential race," yet "the Senate as an institution has an opportunity, and an obligation, to rise above Washington's preelection silly season and pass immigration legislation that reflects the country's real needs, not its baser instincts."

CONGRESS-ADMINISTRATION:

Democrats Benefit From "Heartland" Concerns Over Iraq War. The Los Angeles Times (3/26, Reynolds, Neuman, 958K) reports, "On top of other woes confronting Republicans, the continuing violence in Iraq and President Bush's message last week that the deployment would last several more years has heightened Republicans' concerns about how voters…will view the party in the November elections. … Even in the heartland, Democrats suddenly see advantage on an issue that is usually considered a GOP trump card: national security." The Times goes on to report, "It's too soon to conclude whether the political winds will blow against Republicans all the way until election day in November. But with bad news about Iraq beginning to penetrate deep in the heartland, Democrats are hoping that parts of the country that swung Republican in recent years will swing Democratic again."

Democrats Expected To Focus On Bush's "Incompetence". The Los Angeles Times' Ronald Brownstein (3/26) writes, "Usually, the RNC and MoveOn, the giant online liberal advocacy group, go at it hammer and tongs. But they have found common cause of a sort. Both are highlighting the resolution by Sen. Russell D. Feingold asking the Senate to censure President Bush for authorizing warrantless surveillance by the National Security Agency. … It's an understatement to say Feingold's proposal doesn't fit with his party's emerging election strategy." According to Brownstein, "Democratic leaders are drifting toward a midterm message that indicts Bush more on grounds of competence (on issues such as Iraq, Hurricane Katrina and prescription drugs) than ideology. It wasn't a coincidence when three senior Senate Democrats marked the third anniversary of the Iraq war last weekend by employing variations on the phrase dangerous incompetence" to describe Bush's record there.

Feingold Believes Censure Proposal Could Boost Democrats. The AP (3/26, Frommer) reports that though "only two Senate Democrats have embraced Sen. Russ Feingold's call for censuring President Bush "most Democratic voters favor the proposal, a national poll shows, suggesting the move might pay off for Feingold as he ponders a presidential race." Feingold "said his sole purpose was holding Bush accountable, but he argued it was also good politics. 'These Democratic pundits are all scared of the Republican base getting energized, but they're willing to pay the price of not energizing the Democratic base,' he said. 'It's an overly defensive and meek approach to politics.'" The AP notes, "Feingold's analysis is shared by William Kristol, editor of the conservative Weekly Standard, who gave Feingold credit for taking a 'principled stand.'"

Barnes Advocates Replacing Cheney With Rice. Fred Barnes, co-host of the "Beltway Boys" said on FNC's Weekend Live (3/25, 12:00 p.m.), "There's one thing that a President can do, even Mort knows this. Change the subject. And now, the subject is all the President's problems, he can change it to this rejuvenated Administration with people shifting around and anointing a successor like Condi Rice to be his candidate in 2008. And just a changing his Administration and making the press cover something else. You know, the press loves surprises, if the President said, you know, move Karl Rove from the White House to the Republican National Committee and remove Condi Rice as secretary of state and Dick **Cheney** resign as Vice-President and put her in there as his anointed successor in 2008 and Joe Lieberman to the State Department. And the actual people don't matter, but it's shaking up the Administration, changing the subject in Washington, rejuvenating his Administration and I think it could work."

Fred Barnes said on FNC's Beltway Boys (3/25, 6:00 p.m.), "Presidents in the second term often hit a wall and limp out of office achieving practically nothing. Bush doesn't have to do that. The President has a great power. He can change the subject. How do you do that? You give a face lift to your administration, move people around, name a successor. I think it would be smart for him to name Condi Rice as his favorite in 2008 by having Dick **Cheney** resign as Vice President, which I'm sure he'd be glad to do anyway, and have her become the Vice President. He would be anointing hear as her successor. That doesn't mean she would win in 2008 to be the Republican nominee, but she would have a leg up. You can shock the press and surprise the political community. It happens all of the time. And if you do it in this concerted way, you can create the aura of a presidential third.

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Look, this President does bold things; he has in the past. He likes to roll the dice. I think it is time to do it again.

Rumsfeld Remains Adept At Dismissing Resignation Speculation. Nina Easton in her "Washington Briefing" column in the Boston Globe (3/26, 484K) reports that after a New York Times op-ed article last week in which retired General Paul Eaton called for Rumsfeld's resignation, the "press corps took the cue, and at a news conference Thursday, reporters pestered the irascible Rumsfeld with questions about whether he felt 'at all embattled' or whether he should 'step down and smell the roses, perhaps?'" But Rumsfeld "has lost none of the famed Rumsfeldian wit" and dismissed the speculation.

Medicare Beneficiaries In Middle America Praise New Drug Benefit. The New York Times (3/26, A1, Pear, 1.19M), in a frontpage article titled "For Some Who Solve Puzzle, Medicare Drug Plan Pays Off," reports, "Medicare's satisfied customers" are "not vocal, they are not organized, but they say it was worth wading through the confusion and complexity of the new program to enroll." According to the Times, "One way to assess the program is to talk to people in a place like Tulsa. People here are far removed from the raucous debate in Washington, where Republicans describe the drug benefit as a boon to older Americans and many Democrats call it a disaster." The Times adds, "Many beneficiaries say they are grateful to local insurance counselors, rather than to Medicare, the government or politicians." However, "The satisfaction of some beneficiaries stands in contrast to the frustration of many others, who were overcharged or unable to get essential medicines in the first chaotic weeks of the program."

In Radio Address, Berry Claims Seniors Are Overwhelmed By New Program. The AP (3/26) reports that in the Democrats' weekly radio address Rep. Marion Berry, who is a pharmacist, said seniors "need another six months to sign up for the Medicare prescription drug benefit" and "said the government needs to think long and hard about meaningful Medicare reform. Berry said people eligible for the prescription benefit are confused by the various offerings, and some are even paying more for medicine now than they were before they joined the program."

McClellan Warns Of Scam Involving New Medicare Drug Benefit. ABC's World News Tonight (3/25, story 6, 3:00, Avila) reported, "a new phone scam taking advantage of seniors struggling to make sense of Medicare's complicated prescription drug plan. … The phone scheme is called the $299 ring. The government says con artists" are preying "on senior citizens who have until May to join the plan." 66 people "have filed similar complaints with the government in the past two months. Medicare chief Mark McClellan believes it's connected to a new scam and fears there may be other scams going on." Medicare's Mark McClellan: "This $299 scam involves an unsolicited call or door-to-door visit to a beneficiary. These are activities that are prohibited."

Schools Reportedly Limiting Offerings Due To NCLB Requirements. The New York Times (3/26, A1, Dillon, 1.19M), in a frontpage story, reports "thousands" of US schools "are responding to the reading and math testing requirements laid out in No Child Left Behind, President Bush's signature education law, by reducing class time spent on other subjects and, for some low-proficiency students, eliminating it. … The changes appear to principally affect schools and students who test below grade level." The Times adds, "The intense focus on the two basic skills is a sea change in American instructional practice, with many schools that once offered rich curriculums now systematically trimming courses like social studies, science and art." A survey by the Center on Education Policy "indicates that the practice, known as narrowing the curriculum, has become standard procedure in many communities." The Times notes that "some authorities," including Secretary of Education Margaret Spellings, "say the federal law's focus on basic skills is raising achievement in thousands of low-performing schools."

NASA Planning Lunar Mission In Accordance With Bush Mars Plan. The Washington Post (3/26, A10, Gugliotta, 744K) reports that for the first time "since 1972, the United States is planning to fly to the moon." The Post continues, "President Bush in 2004 announced to great fanfare plans to build a new spaceship, get back to the moon by 2020 and travel on to Mars" however, "with NASA focused on designing a new spaceship and spending about 40 percent of its budget on the troubled space shuttle and international space station programs, that timetable may suffer. Still, NASA's moon planners are closely following the spaceship initiative and, within six months, will outline what they need from the new vehicle to enable astronauts to explore the lunar surface."

OTHER NEWS:

Drop In Housing Market Seen As Indication Economy Will Cool. The Washington Post (3/26, 744K) in its review of last week's stock market says it "was so somnolent last week that after five days and hundreds of billions of dollars of trading, the Dow Jones industrial average moved just a third of a point." It "was encouraged by Thursday's report that sales of existing homes jumped in February, but that impact was offset a day later by news that

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new-home sales had slumped," which "is probably a better indicator of what's ahead."

College Graduates Benefit From Strong Job Market. The Pittsburgh Post-Gazette (3/26, Sostek, 261K) reports that as "college and graduate students can attest, after years of meager offerings, the job market is looking up, fueled by a national economy in its fifth year of expansion and a local economy expected to experience its first significant job growth since the late 1990s." The Post Gazette notes, "The National Association of Colleges and Employers reports a 14.5 percent jump in the number of new college graduates that companies nationwide expect to hire this year over last year, bringing hiring to its highest levels since 2001."

US, Russia Still Split On UN Iran Statement. The New York Times (3/26, Weisman, 1.19M) reports, "The Bush administration and Russia, struggling to forge a joint strategy on Iran, remain at odds over whether the United Nations Security Council should take a step toward imposing penalties on Iran by labeling its nuclear activities a threat to world peace, American and European officials say. The officials say that the Russian-American impasse, in which leading European countries are siding with the Bush administration, has held up what the West had hoped would be a unanimous move by the Security Council on Iran this month." Allegations that Moscow may have leaked US invasion information to Saddam Hussein's government in 2003 could also mar talks. A "senior State Department official said Saturday that the department was studying details related to the disclosure, and no decision had been made on whether to raise the matter diplomatically with the Russians."

IAEA Chief Calls For Security Council Reform. AFP (3/26) reports, "The head of the United Nations nuclear watchdog called for urgent reform of the UN Security Council to give it greater powers, especially in addressing the threat of nuclear proliferation. 'It is clearly time for the Security Council to be reformed, expanded and strengthened, as part of the current efforts to reform and revitalize the United Nations,' said Mohamed ElBaradei, head of the" IAEA. "In a highly critical review of the UN body's record, he said a lecture, the text of which was published on the IAEA website: 'When dealing with threats of nuclear proliferation and arms control, the Security Council has too often fallen short.'"

Outgoing Israeli Parliament Seen As Among The Most Corrupt. The New York Times (3/26, Myre, 1.19M) asks, "How pervasive were the misdeeds of Israel's departing legislators? At least 15 lawmakers have been investigated, indicted or convicted in the Parliament that is leaving, accounting for more than 10 percent of the legislature. If they banded together, they would constitute one of the largest factions in the Knesset." The Times continues, "As Israel prepares for parliamentary elections on Tuesday, the departing legislature is being described as perhaps the most ethically challenged in the country's history. And while the conflict with the Palestinians has been the dominant campaign theme, corruption has become a major issue for voters." Outgoing left-wing lawmaker Yossi Sari is quoted as saying, "In terms of corruption, the last Parliament was the worst in the state of Israel. ... We're not talking about minor individuals and backbenchers, we're talking about some of the most prominent figures."

Populist Entices Voters To Return To Labor. In its coverage of the run-up to Israeli elections on Tuesday, the Washington Post (3/26, A12, Wilson, 744K) reports, "Amir Peretz is everything that previous leaders of Israel's Labor Party were not: North African by birth, populist in his politics, dynamic on the stump. Even the moustache that his opponents cite as evidence of everything from ethnic radicalism to a resemblance to Joseph Stalin sets Peretz apart from the Israeli founding fathers whose party he took over last year." On the campaign trail, "Peretz has focused on returning Labor to its roots, promising to raise the minimum wage, patch up Israel's fraying social safety net and pursue negotiations with the Palestinians at a time when a unilateral withdrawal from the occupied territories is in vogue. Along the way, Peretz, a former leader of Israel's largest trade-union federation, is finding new enemies in old friends and new friends in old enemies. As the Mizrahi Jews weigh whether to return to Labor, many of the Ashkenazi Jews -- those of European descent -- who dominate the party are unconvinced that he is the man to lead the party into elections." Peretz is quoted as saying, "There are two genies in this campaign: the nationalist and the ethnic. Both genies are working against the social revolution I have in mind. And I am trying my best to kill them both."

Abbas Will Accept Hamas Cabinet. The Washington Post (3/26, Wilson, 744K) reports, "Palestinian leader Mahmoud Abbas notified Hamas officials Saturday that he would accept their proposed cabinet even though its program does not endorse previous agreements or peace initiatives that recognize Israel and are backed by the Palestinian Authority. At the same time, Abbas reiterated his demand that Hamas adopt his vision of a two-state solution to the Israeli-Palestinian conflict to avoid putting 'our national struggle in opposition to international legitimacy.'" Abbas's decision "clears the way for the Palestinian parliament to begin debating the proposed cabinet, comprising only Hamas members and independents allied with the movement, early next week. ... The letter also signals Abbas's approach to the Hamas cabinet at a time when international donors are deciding whether to continue funding the Palestinian Authority."

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Al Jazeera Will Soon Debut English-Language Spin-Off. The New York Times (3/26, Manly, 1.19M) reports, "'How you see something,' said Nigel Parsons, the managing director of Al Jazeera International, 'depends very much on where you're sitting.' Those words could well serve as the manifesto for the channel, the English-language offspring of the polarizing pan-Arab network, which will make its debut in more than 40 million households in late May. Addressing hundreds of journalists and academics who had come to Doha, Qatar, for the second Al Jazeera Forum, Mr. Parsons promised that the new channel...will cover the stories and people that the Western-owned news media overlook. 'We're not going to be another CNN, BBC or Sky,' he told the attendees on the last day of January. 'If we were, there'd be no point.' But, he added, 'It's not our position to tell viewers what to think.'"

America Now Prime Target Of Islamic Angst, WPost Columnist Says. Even as Al Jazeera reaches out to a Western audience, Washington Post (3/26, B7, 744K) columnist Jim Hoagland writes, "In radical Islamic propaganda, the United States has graduated from being a mere Great Satan out to undermine Iran's ayatollahs to being depicted as a global monster responsible for virtually every crime and failing since the dawn of modern history. Meet the new Jews: the Americans. Don't misunderstand. Americans have not replaced Jews at the top of the hate parade in Islamic countries. But the history of anti-Semitism, a word coined in Germany to provide a bogus scientific basis for prejudice against Jews, and its spread in recent years across the Middle East as an all-purpose explanation of whatever is wrong, should give Americans no cause for complacency."

Asian Workers In Dubai Riot For Rights. The New York Times (3/26, Fattah, 1.19M) reports, "When hundreds of workers angered by low salaries and mistreatment rioted Tuesday night at the site of what is to become the world's tallest skyscraper, not only were they expressing the growing frustration of Asian migrants here, they offered a glimpse of an increasingly organized labor force. Far from the high-rise towers and luxury hotels emblematic of Dubai, the workers turning this swath of desert into a modern metropolis live in a Dickensian world of cramped labor camps, low pay and increasing desperation." Building on several smaller protests since September, "when 800 workers staged a protest march down a main highway in the heart of the city and set off a national debate about the treatment of foreign workers," Tuesday's mass action was "the most significant of its kind. Hundreds of workers building the Burj Dubai skyscraper chased security guards and broke into offices, smashing computers, scattering files and wrecking cars and construction machines. When they returned to work the next day, demanding better pay and improved working conditions, thousands of laborers building an airport terminal across town also laid down their tools, demanding better conditions, too. The workers also halted work on Thursday, until a settlement was negotiated."

Conference Brings Together Ultra-Orthodox Rabbis, Former Hamas Imams. The New York Times (3/26, Mclean, 1.19M) reports, "Scores of rabbis and imams gathered" in Seville, Spain "this week to discuss what they called a deepening crisis in relations between Muslims and Jews, saying religious leaders must confront religious extremism and the failure to make meaningful progress on the conflict in the Middle East." While it "produced no sweeping agreements," the meeting brought together "leaders who seldom cross paths despite living only minutes apart, like ultra-Orthodox rabbis from Israel and former members of the radical Palestinian group Hamas." The event was organized by the French foundation Hommes de Parole. At the end of the conference Wednesday, "the leaders issued a joint communiqué denouncing the use of religion to justify violence and urging respect for religious symbols."

Belarus Police Block Protest March, Arrest Opposition Leader. ABC's World News Tonight (3/25, story 2, :30, Avila) reported, "Overseas, a small country with a large pipeline from Russia to the west is in turmoil. Today in Belarus, another huge rally -- the seventh in a row met by riot police. The opposition movement vowed to liberate the country from hardline president Alexander Lukashenko who won a disputed election last Sunday. More than 300 protestors are already jailed. The U.S. has threatened sanctions."

The New York Times (3/26, Chivers, 1.19M) reports, "Riot police dispersed a fresh challenge to President Aleksandr G. Lukashenko on Saturday, blocking thousands of antigovernment demonstrators from reaching the central square in the capital and later arresting a top opposition leader. The leader, Aleksandr V. Kazulin, was seized as he marched with hundreds of supporters on a prison where opposition members are held. The police also shoved and beat many of the protesters while they gathered on the sidewalks in the capital's center." Another opposition leader, Aleksandr Milinkevich, is quoted as saying, "What is going on in Belarus can be compared to the storm of a fortress. This was the first storm. We will use peaceful methods. We will surround that fortress and we will not retreat. ... We will turn that fortress upside down."

In its coverage, the Los Angeles Times (3/26, Murphy, 958K) notes gruesome tactics employed by police, reporting, "As protesters, some of them bloodied, ran screaming from the scene, police chased organizers down side streets of the capital, Minsk, clubbing them to the ground once they were

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caught." Interior Minister Vladimir Naumov is quoted as saying, "Law enforcement took maximum security measures to prevent an escalation, and protected people who were simply trying to spend their leisure time nearby."

In an update to earlier coverage before Saturday's crackdown, Time (3/26, Zarakhovich) reports, "The beating and arrest Saturday of [opposition leader] Alexander Kazulin...signaled the onset of a bloody melee in Minsk that left thousands beaten up, several of them in grave condition, tear-gassed, stunned with percussion grenades and chased all over town by club-wielding policemen. Hundreds have been detained. Arrests are still underway in the city." Kazulin's wife, Irina Kazulina, is quoted as saying, "My husband walked up to the commanding officer smiling and with flowers in hand. But before he started talking, the officer ordered attack. They knocked my husband off his feet, started beating him up, and then dragged him away. ... Then, they started beating up the rest of us."

Pro-Moscow Opposition Could Stage Comeback In Ukraine. The Los Angeles Times (3/26, Holley, 958K) reports, "Less than a year and a half after President Viktor Yushchenko struggled to power in a historic contest filled with clashes over corruption and fraud, voters today head into parliamentary elections in which the tone is much closer to the nuanced politics expected of a democracy. The dreamy pro-Western coalition that brought Yushchenko victory through the Orange Revolution has broken into competing factions. That sets the stage for a three-way race featuring the Party of Regions, headed by Viktor Yanukovich, the pro-Russian former prime minister who lost the 2004 presidential race; Yushchenko's Our Ukraine; and the Yulia Tymoshenko Bloc. None of these parties is expected to win a majority, but any combination of two probably could name the next prime minister." Yushchenko is quoted as saying, "This is the first democratic election. Colleagues, it is sufficient for us to be proud of."

In its coverage, the Washington Post (3/26, A12, Finn, 744K) adds, "Russia is watching the vote closely. Yanukovych is the country's hope for the central goal of its foreign policy: the fostering of sympathetic governments in the former Soviet republics that share its borders. ... In the months since the revolution, Ukraine has aligned itself firmly with the European Union, the United States and NATO; Yanukovych has said that any government he heads would swing back toward Moscow."

West Must Be Ready To Help Ukraine, WPost Says. The Washington Post (3/26, B6, 744K) editorializes that regardless of the outcome of Sunday's vote, "continued Western engagement with Ukraine will be vital. To preserve the country's independence, the new government will need closer ties with the European Union and NATO. It may seek a NATO 'membership action plan'; if so, the alliance should respond favorably. The new administration will also need Western support to renegotiate the terms of energy supplies with Russia, so as to eliminate the corruption and unfairness of the current arrangement. Mr. Putin's vision for Ukraine was on stark display in Belarus last week. If Western governments want to preserve the democracy that has flourished against his wishes, they must provide it tangible support."

With China's Explosive Growth, Farmers Often Find Themselves On The Margins. In a feature story detailing the plight of Chinese peasant farmers, the Washington Post (3/26, A12, Cody, 744K) reports, "Like the stooped peasant working the soil, many farmers...have been reduced to tilling vacant strips along the borders of new buildings and construction sites, raising crops on ground that is no longer legally theirs to work. ... Across China, millions of farmers in thousands of villages have [been] pushed aside by the need for land to build factories, apartments, hospitals and roads in a country enjoying more than 9 percent annual growth. The boom has led to a better life for most of the 1.3 billion Chinese, often including farmers. But it has come at the price of tearing peasants from their roots and their livelihood, leaving them no option but to become migrant workers in factories far from home."

Nigeria Will Release Taylor To Liberian Custody. A wide variety of print news outlets carry coverage of Nigeria's decision Saturday to allow Liberia to extradite former strongman Charles Taylor so that he can stand trial at a special UN court in Sierra Leone.

The New York Times (3/26, Polgreen, Lacey, 1.19M) reports recently elected Liberian President Ellen Johnson Sirleaf "raised the issue this month with President Olusegun Obasanjo of Nigeria." In a Saturday statement, Obasanjo "said Liberia was free to take Mr. Taylor into custody. ... UN peacekeepers there have been authorized by the Security Council to transfer him to Sierra Leone," where a cell and trial awaits him.

The Washington Post/AP (3/26, A16, Faul) notes, "The tribunal has accused Taylor of instigating wars that devastated two West African countries, killed 1.2 million people and left millions homeless and maimed. He also allegedly harbored al-Qaeda suicide bombers who attacked the US embassies in Kenya and Tanzania in 1998."

Obasanjo Should Step Aside After This Term. The New York Times (3/26, 1.19M) editorializes, "When President Olusegun Obasanjo of Nigeria visits Washington this week, he will probably be lauded for his crucial role as a regional African leader. During his seven years in power, Mr. Obasanjo helped end Liberia's civil war by taking in the

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strongman Charles Taylor and refused to accept a coup in Togo. He was instrumental in making sure that the African Union did not destroy its international credibility by installing Sudan's president, Omar Hassan al-Bashir, as its head despite the continuing carnage in Darfur." Unfortunately, "while Mr. Obasanjo deserves credit for good deeds outside of Nigeria, his own country is deteriorating fast and he is partly to blame." During his time in office, "Mr. Obasanjo has helped bring stability to a volatile region. But two terms is enough, and it is incumbent on President Bush to tell Mr. Obasanjo that changing his country's Constitution so that he can remain in office is foolhardy. Another four years is not worth a Nigerian civil war."

In Florida, Gov. Bush's Haiti-Aid Plan Going Slowly. The South Florida Sun-Sentinel (3/26, James-Johnson, 249K) reports, "Gov. Jeb Bush's vision for a Florida plan to aid Haiti included efforts to improve security, host political reconciliation talks, prepare for disasters and develop the impoverished nation's economy. But a year after the governor's Haiti Advisory Group recommended assistance to Florida's Caribbean neighbor, the state has made little progress toward those goals, some Haitian Americans say." According to the Sun-Sentinel, "State officials and members of volunteer groups have made some technical training and information gathering trips to Haiti, but the advisory group's 25 proposals largely remain a wish list."

Brief Diplomatic Flap Erupts As US Citizen Implicated In Bolivian Bombings. The Los Angeles Times (3/26, McDonnell, Romney, 958K) reports Triston Jay Amero, an American, is "in custody in Bolivia facing murder charges in connection with bombings at two hotels that killed two people and wounded seven others last week in the capital, La Paz. As grave as the blasts were, the matter escalated into an international incident when Bolivia's outspoken president, Evo Morales, cited the possible involvement of a US government eager to undermine his new socialist administration, which at times has been openly hostile to Washington. ... US officials dismissed any link to the bombings, and Bolivian investigators said the bomber may well have been mentally deranged or had vague 'religious' motives."

Environmentalist Pans Morales's Rainforest Policy. In a profile and interview of environmentalist William Powers, Newsweek (3/26, Francis) reports, "There's a reason that William Powers's writing is so down to earth. It's because Powers's goal is to protect the earth. On the front line of conservation in the Amazon, Powers has successfully initiated the largest rainforest-based carbon project in the world. ... In the process, Powers's project has protected 2 million hectares...of carbon-absorbent forest, saved endangered species such as the jaguar and river dolphin and ensured legal rights to the land for 2,000 native Chiquitano Indians, who now head the project themselves." Bolivia's leftist new president, however, could pose a fresh threat to the protected forests as he tries to help his nation's impoverished farmers."

French Jews Face Renewed Anti-Semitism. The New York Times (3/26, Smith, 1.19M) reports, "In the wake of the torture and killing in February of Ilan Halimi, a 23-year-old Jew, attention has focused on an undeniable problem: anti-Semitism among France's second-generation immigrant youth, whose high jobless rate the government is trying to address with a law drawing widespread protests across the country." France "has a well-established Jewish community with European roots, many of whose members occupy the upper echelons of French society. Hundreds of thousands of poorer North African Jews have more recently swelled the Jewish community to about 600,000, making it the largest in Europe. Those North African Jews and their children bear the brunt of the anti-Semitism in the working-class neighborhoods." The Times goes on to report, "Each time anti-Semitic attacks make news, the Interior Ministry promises more security around Jewish institutions. But 'more police aren't the answer because it remains in the spirit of the people,' said Dr. Marc Djebali, a spokesman for the Jewish community in Sarcelles."

Despite Riots, French Labor Laws Must Be Reformed. In a related Washington Post (3/26, B2, 744K) column, Claire Berlinski writes, "This is the second time in four months that France has been seized with violent protests. And in an important sense, these are counter-riots, since the goals of the privileged students conflict with those of the suburban rioters who took to the streets last November. The message of the suburban rioters: Things must change. The message of the students: Things must stay the same. In other words: Screw the immigrants." At stake is "fear of a real overhaul of France's economically stifling labor laws. While some of the suburban hoodlums have joined in these protests -- after all, a riot is a riot -- it is clear that unless this overhaul proceeds, the immigrants are doomed. If so, last year's violence will seem a lark compared with what is coming."

THE BIG PICTURE:

Headlines From Today's Front Pages.

Los Angeles Times:

"500,000 Pack Streets To Protest Immigration Bills."
"As Dynasty Evolved, So Did Power In L.A."
"A Silenced 'Scream' Haunts Art Heist Trial."
"Singer Found Gold and Inspiration In California."

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"War May Hurt GOP In Heartland."

New York Times:
"Schools Cut Back Subjects To Push Reading and Math."
"Dose Of Tenacity Wears Down An Ancient Horror."
"Bound, Blindfolded And Dead: The Face Of Revenge In Baghdad."
"A GOP Split On Immigration Vexes A Senator."
"Meals That Moms Can Almost Call Their Own."
"For Some Who Solve Puzzle, Medicare Drug Plan Pays Off."

Washington Post:
"Once A Pioneer In AIDS Battle, District Is Now Fighting Blind."
"Court Case Challenges Power Of President."
"Former DeLay Aide Enriched By Nonprofit."
"In Motor City, Anger Yields To Pragmatism."
"George Mason, Connecticut Are A Study In Contrasts."

Washington Times:
"Bush Shifts Emphasis To Safe Borders."
"Ramsey's Long Run."
"Rescued Hostage Rations His Thanks."
"Patriots Poised To Make History."
"Miscue enables 15 Illegals To Go Free."

Atlanta Journal-Constitution:
"In An Instant, Terror Filled Teens' Refuge."
"Identify Thieves."
"Bombing Victim's Father Goes On Trial."
"Life After Layoffs: 'It's Hard Out There.'"

Dallas Morning News:
"Woman's illness Wasn't Cancer."
"An outcry For Migrant Rights."
"Builders' charity Began At Home."
"Hidden Donors, Hidden Dangers."
"Steel yourselves For A Mystery You Can't Escape."

Houston Chronicle:
"Flawed response To Exxon Spill Exposed."
"New Orleans hopefuls Lack Solutions."
"Customs agent Let Drugs Slip Into Texas."
"Women struggle With Cuts To State Family-Planning Clinics."
"On DL, Bagwell says Playing Again May Take 'Miracle.'"
"Schools learn Bullying Can Plant Seed For Tragedy."
"National, overseas Events Test State's Reservists."

Story Lineup From Last Night's Network News:
ABC: Illegals' Protests; Belarus Protests; Afghan Convert; Seattle Murders; Country Singer Dead; Medicare Scam; Underemployed Autoworkers; Homeless "Dumping;" Dog Show.
CBS: Pre-empted By NCAA Tournament Coverage.
NBC: LA Immigration Protests; Capitol Hill Immigration Debate; Karzai Discusses Christian Convert; Hurricane Rita Recovery Efforts.

WASHINGTON'S SCHEDULE:

Today's Events In Washington.

White House:

PRESIDENT BUSH – No schedule available.
VICE PRESIDENT CHENEY -- No schedule available.

US Senate: -- No events scheduled.

US House: -- No events scheduled.

Other. ALL DAY

March 23 - 26. HISPANIC HEALTH _ The National Hispanic Medical Association holds its 10th Annual Conference. Location: Marriott Wardman Park Hotel, 2660 Woodley Road NW. Contacts: Carol Castaneda, 703-369-0414

March 24 - 27. ASIA-PACIFIC CATHOLICS _ Representatives of the first National Asian and Pacific Catholic Convocation, which will held in June in Arlington, hold media availabilities to discuss the conference. Highlights: Availabilities from 10-10:30 a.m., 3-3:30 p.m., and 7-8 p.m. Location: Hyatt Regency-Crystal City, 2799 Jefferson Davis Hwy., Arlington, Va. Contacts: Margaret Lacson-Ecarma, 703-459-8484

March 25 - 26. FLU PANDEMIC _ The Caring Institute holds a conference on pandemic preparedness. Location: Omni Shoreham Hotel, 2500 Calvert St. NW. Contacts: n/a, 201-843-5600

March 26 - 28. HISPANIC COLLEGES _ Meeting of the Hispanic Association of Colleges and Universities.Location: Madison Hotel, 1175 15th St. NW. Contacts: n/a, 202-833-8361.

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DEPARTMENT OF JUSTICE *NEWS CLIPS*

PREPARED FOR THE OFFICE OF PUBLIC AFFAIRS, US DEPARTMENT OF JUSTICE

TO: THE ATTORNEY GENERAL AND SENIOR STAFF

DATE: SUNDAY, MARCH 26, 2006 7:45 AM EST

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TERRORISM NEWS:

Court Case Challenges Power Of President (WP)

By Charles Lane

The Washington Post, March 26, 2006

Military Tribunals' Legitimacy at Issue

Seized by U.S. forces in Afghanistan and imprisoned at Guantanamo Bay, Cuba, Osama bin Laden's former chauffeur is now seeking victory over President Bush in a new arena: the Supreme Court.

In oral arguments Tuesday, an attorney for Salim Ahmed Hamdan will ask the justices to declare unconstitutional the U.S. military commission that plans to try him for conspiring with his former boss to carry out terrorist attacks.

Significant as that demand is, its potential impact is much wider, making Hamdan's case one of the most important of Bush's presidency. It is a challenge to the broad vision of presidential power that Bush has asserted since the terrorist attacks of Sept. 11, 2001.

In blunt terms, Hamdan's brief calls on the court to stop "this unprecedented arrogation of power." Just as urgently, the administration's brief urges the court not to second-guess the decisions of the commander in chief while "the armed conflict against al Qaeda remains ongoing."

The case may not produce a frontal clash between the judiciary and the executive -- if the court decides that a recently enacted federal law on military commissions deprives it of jurisdiction to rule on Hamdan's case. Yet another possibility is that the court could reach an inconclusive 4 to 4 tie because Chief Justice John G. Roberts Jr. had ruled on the case while he was on a federal appeals court and must sit out now.

But if the court fears to tread on such difficult ground, it has given no sign of that. It has refused the administration's invitation to dismiss the case for lack of jurisdiction before hearing arguments, and, perhaps more important, it has already refused to defer completely to the president in two previous terrorism-related cases.

"There are so many issues in the case -- whether the president was authorized by the Constitution, or a statute, to set up the commissions -- right down to exactly how to fit this kind of a war into the existing laws of war," said Richard Lazarus, a law professor at Georgetown University who specializes in Supreme Court litigation. "Most cases have two or three or four issues. This one has 10 or 12, which makes it very hard to handicap."

Whether designating an American citizen as an "enemy combatant" subject to military confinement, denying coverage under the Geneva Conventions to detainees at Guantanamo Bay, or using the National Security Agency to eavesdrop on domestic communications, Bush has said that the Constitution and a broadly worded congressional resolution passed three days after Sept. 11, 2001, empower him to wage war against terrorists all but unencumbered by judicial review, congressional oversight or international law.

Those assertions emerged in Bush's Military Order No. 1 of Nov. 13, 2001, which established the commissions and set off one of the first political debates in the United States over terrorism after two months of relative unity after the attacks.

The administration wanted a tough-minded alternative to the civilian court system that the Clinton administration had used against terrorists. Yet the swift and certain punishment that supporters of the commissions expected has not materialized. Though 10 of the 490 terrorism suspects currently held at the U.S. prison at Guantanamo Bay have been designated for trial, not a single case has been decided.

From the outset, the commissions have been plagued by questions about their fairness and workability. Critics argued that the commissions were flawed because, as Hamdan's brief, written by Georgetown University law professor Neal K. Katyal, puts it, they would try suspects "for crimes defined by the President alone, under procedures lacking basic protections, before 'judges' who are his chosen subordinates."

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After lengthy internal debates, the administration modified the commissions, requiring that trials be public and that defendants be presumed innocent until proved guilty beyond a reasonable doubt.

But that did not persuade critics who pointed out that the executive branch would still be the only one deciding who is an "unlawful enemy combatant" eligible for trial in the first place.

Critics also argue that the Geneva Conventions require that each detainee should be given an individual hearing, with access to the federal courts through habeas corpus.

Historically, the courts have been reluctant to take on presidents during wartime. As a result, Lazarus said, Hamdan's supporters "need to make it clear there is a reason not to trust" Bush with unchecked power. That reason, Lazarus noted, may come from the allegations of torture at Guantanamo Bay and at Abu Ghraib prison in Iraq, which surfaced in 2004 and are discussed extensively in briefs on Hamdan's side.

Several members of the court are especially sensitive to international opinion, which has generally seen Guantanamo as a symbol of U.S. excesses in the war against al-Qaeda. The court has been bombarded by friend-of-the-court briefs urging it to think about the impact of the Hamdan case on the image of the United States abroad.

Two years ago, the Supreme Court ruled 6 to 3 that federal law gave U.S. courts the power to hear the prisoners' challenges to their detention at Guantanamo Bay. In a separate case involving an American citizen held there, a plurality of justices noted that the court would not give the president "a blank check" on national security matters.

That triggered a flood of habeas corpus petitions, including Hamdan's, from lawyers representing hundreds of Guantanamo Bay prisoners.

Hamdan's attorneys say that neither the broadly worded Sept. 14, 2001, House-Senate resolution that endorsed the use of force against al-Qaeda nor older statutes give Bush the clear legislative approval he needs to set up the commissions. They also contend that the commissions violate the Geneva Conventions, which, they say, are enforceable by U.S. courts and entitle Hamdan to the same kind of trial a U.S. soldier would get from a court-martial.

The rules of the tribunals, which allow evidence that "would . . . have probative value to a reasonable person," provide no guarantee against the use of evidence gathered through torture, Hamdan's supporters say.

In response, the Bush administration notes that military commissions have a long history in war and were contemplated by the Sept. 14, 2001, resolution.

But the administration's brief, written by Solicitor General Paul D. Clement, also says that "even if Congress's support for the President's Military Order were not so clear, the President has the inherent authority to convene military commissions to try and punish captured enemy combatants in wartime -- even in the absence of any statutory authorization."

As for the Geneva Conventions, they are not enforceable by U.S. courts and do not apply to Hamdan because al-Qaeda is a terrorist network that has not signed the conventions and regularly violates them, the administration says.

So far, the administration has prevailed. Last year, a three-judge panel of the U.S. Court of Appeals for the District of Columbia Circuit, one of whose members was Roberts, upheld the administration's position, overruling a decision in Hamdan's favor by the U.S. District Court in Washington.

After the Supreme Court agreed to hear Hamdan's appeal of the D.C. Circuit's ruling, Congress stepped in.

The Detainee Treatment Act (DTA), enacted in December, reinforces the president's authority under the Sept. 14 resolution, the administration says. By modifying the rules related to the commissions, the measure implicitly accepts their legitimacy, the administration says.

The DTA stripped federal courts of jurisdiction over habeas corpus petitions from the Guantanamo Bay detainees "pending on or after" the date of its enactment -- and it provides an alternative military process for reviewing their enemy combatant status, to be followed by appeals to the D.C. Circuit court. Under the law, that court is the exclusive venue for appeals of military commission verdicts.

On Jan. 12, the administration asked the Supreme Court to dismiss the Hamdan case, arguing that it is covered by the "pending on or after" phrase. The proper time for his constitutional challenge is after his trial, the administration argued.

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But Hamdan's attorneys contend that the DTA was a compromise intended to apply only to new cases, not to those that had already been filed. At a minimum, it does not provide a clear enough statement of congressional intent to deny Hamdan and others a day in court, they say.

The case is Hamdan v. Rumsfeld , No. 05-184. A decision is expected by July.

Bush's Powers Again Under Review By Court (AP)

By Gina Holland

AP, March 26, 2006

His wartime powers undercut once before by the Supreme Court, President Bush could take a second hit in a case in which Osama bin Laden's former driver is seeking to head off a trial before military officers.

At stake is more than whether Salim Ahmed Hamdan, after nearly four years at the Navy prison in Guantanamo Bay, Cuba, goes on trial for war crimes before a special military commission.

Analysts say if the high court rejects Bush's plan to hold such trials for the first time since the aftermath of World War II, it could rein in the president's expanded powers in pursuing and punishing suspected terrorists.

In addition to special military trials for Hamdan and others, the Bush administration since the attacks of Sept. 11, 2001, has claimed it has the authority to eavesdrop on telephone conversations without court oversight, aggressively interrogate foreigners and imprison people without giving them traditional legal rights.

Hamdan was one of hundreds of people captured during the 2001 U.S.-led war that drove the ruling Taliban from power in Afghanistan. The native of Yemen denies that he is a terrorist and claims he took the driving job to provide for his young family.

Hamdan's appeal, set for arguments Tuesday, is one of the biggest cases of the court's current term, the first for Chief Justice John Roberts. He, however, will not participate in the Hamdan case. Last year, Roberts was on a three-judge panel of the U.S. Court of Appeals for the District of Columbia Circuit that ruled unanimously against Hamdan.

It is that ruling that the Supreme Court now is reviewing.

With Roberts withdrawing from the case, the high court could split 4-4, leaving the appeals court ruling in place. A ruling is expected before July.

"The stakes are very high for this administration because it has predicated all of its policies in this war on terror on the principle that the president as commander in chief cannot be constrained by Congress or the courts," said Scott Silliman, a former military lawyer who teaches at Duke University.

"If the court in any way limits presidential authority with regard to military commissions, it will spill over into other areas of his authority in this new type of war," Silliman said.

A second element of Bush's terrorism-fighting measures is under scrutiny as the Senate Judiciary Committee on Wednesday examines the president's domestic eavesdropping program, which The New York Times disclosed in December.

Since shortly after the attacks of Sept. 11, 2001, the National Security Agency has monitored the international communications of people inside the United States when their calls and e-mails are believed to be linked to al-Qaida. The government normally has to get a court order to monitor domestic communications; Bush signed an executive order directing the NSA to conduct the operations without a judge's approval.

Hamdan may find hope for his appeal from a pair of 2004 rulings in which the justices rejected the president's claim of authority to seize and detain terrorism suspects while indefinitely deny access to courts or lawyers.

Justice Sandra Day O'Connor wrote at the time that "a state of war is not a blank check for the president when it comes to the rights of the nation's citizens."

The moderate O'Connor has been replaced by a Bush appointee, Samuel Alito, who could play a prominent role in the Hamdan case. As a former Reagan administration lawyer he could be sympathetic to White House arguments.

Hamdan is one of about 490 prisoners being held at Guantanamo Bay as what the administration terms as enemy combatants. Only 10 of them have been charged with a crime.

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The administration had kept secret the identities, home countries and other information about the men, who were accused of having links to the Taliban or al-Qaida. But this month the Pentagon released details after losing a lawsuit filing by The Associated Press under the Freedom of Information Act.

The importance of the Hamdan case is illustrated by the dozens of filings on both sides.

The issues it raises are complex, with claims based on the Constitution, federal laws and treaties.

The administration hopes to get Hamdan's appeal dismissed altogether, on grounds that Congress last year stripped the Supreme Court's authority to consider it. A law passed late last year bars Guantanamo prisoners from filing petitions to fight their detentions; the administration claims this law retroactively voided hundreds of lawsuits.

Hamdan's lawyers dispute the government's claim that the law is retroactive and they say the administration has set up a sham system to try Hamdan on a charge of conspiracy to commit war crimes, murder and terrorism.

"The president's assertion of absolute dominion over human subjects and trial and punishment cannot be reconciled" with the Constitution, lead lawyer Neal Katyal, a Georgetown law professor, told justices in a filing this month.

Accused terrorists can receive the death penalty in the military trials, although the government says it is not seeking that against Hamdan.

In his filings, the administration's Supreme Court lawyer, Paul Clement, cites the "savage attacks" of Sept. 11 and the president's response. Clement portrays Hamdan as a trained terrorist who served as a personal bodyguard to bin Laden.

The justices said they will release an audio of the argument after it concludes, something done only for high-profile cases.

The case is Hamdan v. Rumsfeld, 05-184.

Justices To Hear Constitutional Challenge To Special War Courts (KRT)

By Carol Rosenberg

Knight Ridder, March 26, 2006

Five years ago, Salim Hamdan was living all but anonymously in Taliban-ruled Afghanistan, driving a Toyota pickup for Osama bin Laden on his Kandahar farm.

On Tuesday, the tale of the wiry Yemeni with a fourth-grade education will take center stage at the U.S. Supreme Court, as lawyers argue a landmark case over whether President Bush had the power to create a special war court to try Hamdan.

An extraordinary case for extraordinary times, Hamdan's constitutional challenge claims that the court the Pentagon constructed is unfair and un-American. He's joined in his argument by a celebrated cast of supporters - a former secretary of state, retired federal judges and U.S. military officers, and international jurists - in a clash that's not lost on him.

"Are we going to be making history?" he asked his military lawyer, Navy Lt. Comdr. Charles Swift, as the case headed for the high court.

"I don't want to make history," he added. "I just want to go home."

He'll sit out the arguments in his 7-by-8-foot cell, 1,300 miles away, at the U.S. naval base at Guantanamo Bay, Cuba.

At issue is not whether the U.S. has the power to detain the 36-year-old father of two at the Navy base, where he'll have been held four years by the time the justices rule this summer.

The core of the challenge is in which American court, if any, Hamdan can face an American military charge of conspiracy as part of al Qaida's world-terrorism network.

Government lawyers say Congress gave President Bush the power to create a war court in its use-of-force resolution after the Sept. 11, 2001 attacks. They say Hamdan should challenge the new panel system only after he's tried at Guantanamo Bay, and only if he's convicted.

Hamdan's advocates argue that he deserves to face an already established U.S. court, not the first American war-crimes tribunal since World War II. They also argue that the U.S. breached international treaty obligations by denying Hamdan the possibility of prisoner-of-war status under the Geneva Conventions.

"Not only do these military commissions betray our commitment to the rule of law, they damage our reputation abroad and undermine our ability to promote the global rule of law as an antidote to terrorism," Yale Law School Dean Harold Hongju Koh says in a brief for former Secretary of State Madeleine Albright and 20 other former U.S. diplomats.

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Hamdan's case not only tests the limits of presidential powers over the 10 Guantanamo captives facing trial by a tribunal of American military officers, called a military commission. Legal experts say his case also has implications for the nearly 500 "enemy combatants": whether and how they can turn to civilian courts to intervene on their behalf in Pentagon detention processes.

Said lawyer Scott Silliman, a retired Air Force colonel who now runs the Duke University Center on Law, Ethics and National Security:

"Hamdan gives the court the opportunity to define this war on terrorism, to give us a more current view of the constitutional authority of the president in this new type of war and the tools available to him in fighting it."

Bush advocates argue that America is facing an enemy unrivaled in its history, so it's crafted a court that shields classified information from public view to allow prosecutions in a war with no end in sight.

Air Force Col. Moe Davis, the chief prosecutor, noted the quandary of waiting until the war on terrorism ends to try captives: "Damned if you do, damned if you don't," he said.

In a sense, Hamdan started down his roundabout road to the Supreme Court on Nov. 13, 2001, when President Bush signed an order authorizing the defense secretary to detain foreigners indefinitely - and ordered him to prepare military commissions to try some of them.

Across the globe, when U.S. bombs blasted Afghanistan, Hamdan spirited his pregnant wife and 2-year-old daughter to safety in Pakistan.

Hamdan's attorney says Hamdan was returning a borrowed car when Afghan warlords captured him and handed him over to American forces, for a bounty that U.S. agents were offering for foreign Muslims, he believes.

By the time Washington inaugurated its offshore interrogation center with an 8,000-mile air bridge to Cuba in January 2002, Hamdan was already in American hands.

He was taken to Cuba four months later, manacled and masked in a 27-hour trip long after the Bush administration had declared captives there "unlawful combatants," not prisoners of war.

Hamdan told his attorney Swift that he wasn't a war criminal. He described himself as a privately paid $200-a-month driver who worked at bin Laden's farm; his livelihood vanished when terrorists crashed those planes into the Pentagon and World Trade Center.

On Feb. 10, 2004, Swift told his client's story for the first time: The man who would challenge President Bush's war powers was an alleged foot soldier, not an al Qaida architect.

Rather than enter a guilty plea, Swift sued the United States by filing a habeas corpus petition in U.S. District Court in Washington.

Defense attorneys from all four military services - the Army, Navy, Air Force and Marines - call the war court unconstitutional. They charge that the Bush administration crafted an unfair court rather than try Hamdan before civilian judges in the United States or at a U.S. military court-martial, which would offer him the same rights and protections as an American soldier.

"It's a separation of powers, checks-and-balances issue," said Marine Col. Dwight Sullivan, the chief commission defense counsel and a former lawyer with the American Civil Liberties Union.

Sullivan cautioned that, whatever the high court decides, it's not being asked to rule in the larger debate over whether the United States should close its prison camp at Guantanamo.

The chief justice of the United States, John G. Roberts, is recusing himself because as an appeals court judge he was part of the panel that unanimously upheld Bush's war powers in the Hamdan case.

Republican Sens. John Kyl of Arizona and Lindsey Graham of South Carolina argue that Hamdan's case shouldn't be before the high court in the first place. They championed a measure that Congress passed late last year stripping Guantanamo captives of pretrial civilian review.

Now the court must decide how much of that law stands, too.

The Bush administration originally argued that, as enemy combatants held offshore, Guantanamo captives couldn't sue in civilian court. The Supreme Court rejected that notion in

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June 2004, opening the federal courts to review the case of any detainee who sues for his freedom.

"Guantanamo Bay is a military base in a foreign country," the senators write in their brief, echoing the government's position. "The military's mission of winning battles cannot be encumbered with a requirement that every enemy captured abroad be given a lawyer and a hearing."

A Bellwether For The Power Of A President (NYT)

By Jonathan Mahler

The New York Times, March 26, 2006

TAKE a good look at the prosecution of Zacarias Moussaoui, an admitted member of Al Qaeda who may soon be sentenced to death, after pleading guilty to conspiracy in connection with the Sept. 11 attacks. It may be the last time a suspected terrorist will enjoy the full panoply of rights — a jury of civilians, an independent judge, the guarantee of an open trial — accorded to criminal defendants in the United States.

Instead, the government plans to try accused terrorists before special tribunals in which the judge is appointed by the Pentagon, the jurors are military officers and certain canonical rights in our civil system — like the right to be present at all sessions of the trial — are absent. The future of the tribunals will be up to the Supreme Court, which will rule on their legality in Salim Hamdan v. Defense Secretary Donald Rumsfeld, which is to be argued on Tuesday.

Salim Hamdan, born in Yemen, was captured in Afghanistan in November 2001 and has confessed to working as a driver for Osama bin Laden. Like Mr. Moussaoui, Mr. Hamdan was charged with conspiring with Al Qaeda to commit acts of terrorism. The critical distinction, though, is that Mr. Hamdan was charged as a war criminal, meaning he was designated for prosecution before a military tribunal rather than in a federal court. His lawyers, led by Neal K. Katyal, a professor at Georgetown University, have sued to block the tribunal; hence Hamdan v. Rumsfeld.

There is much more at stake here than the fate of one detainee. Mr. Hamdan's case will test a broader strategic shift in the American approach to fighting terrorism. By treating terrorism as an act of war rather than a crime, the Bush administration is hoping to end an embarrassing string of botched criminal terrorism prosecutions, including those of Mr. Moussaoui — where the judge recently rebuked a government prosecutor for improperly coaching witnesses — and Sami al-Arian, who is accused of being an Islamic Jihad activist and who was acquitted of various charges by a Florida jury several months ago.

The administration is also trying to ease the burdens of proof on its prosecutors, whom the government believes are at a disadvantage in the post-Sept. 11 era, when the emphasis is on prevention of terrorist attacks rather than their prosecution. "If you are serious about stopping people before things take off, then necessarily your evidence is going to be more ambiguous," said Andrew McCarthy, the lead prosecutor in the 1993 World Trade Center bombing.

More significant, President Bush would be extending his commander-in-chief authority to the war on terror. What this means in a practical sense is that he and his successors would be vested with perhaps greater wartime powers than any previous president. Unlike prior wars, limited by duration and geography, the war on terror is global and potentially endless. Indeed, terrorism will last well beyond the defeat of radical Islam.

IS the war on terror really a war? The logical parallel to Sept. 11 would appear to be Pearl Harbor, but Bruce Ackerman, a Yale law professor and author of "Before the Next Attack," argues that the two are not the same. "Pearl Harbor was an act of violent incursion that everybody recognized augured more violent acts of incursion because there was a Japanese fleet out there," he says. "We don't know whether we're looking at a powerful and well-organized enemy, or some terrorists who just happened to get lucky."

Yet the alternative — defining terrorist attacks simply as crimes — doesn't seem quite right either. After all, it was no coincidence that a target of the Sept. 11 hijackers was the headquarters of the United States military. Terrorists are capable of inflicting damage on a scale beyond the reach of any criminal enterprise. Anyway, the United States has responded to the attacks with military force; it seems a little late to debate whether the country is at war.

What are the implications of an unending war with no geographical boundaries? In one of their briefs, Mr. Hamdan's lawyers warn of "a dangerous and unprecedented expansion of executive authority" that would be tantamount to a re-allocation of constitutional power. A precedent that gave the president sweeping authority to fight the war on terror, they argue, could become

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"the edifice upon which any number of actions could be grounded, even against U.S. citizens." The president could assert his commander-in-chief powers to permit electronic surveillance without a wiretap, for instance, or to detain indefinitely an American citizen arrested in Cleveland.

Draconian as this sounds, advocates of the administration's position point out that warrantless surveillance and protracted detentions of suspected enemy combatants, even if they are American citizens, pale in comparison with the suspensions of civil rights deemed necessary in previous wars. During World War I, for instance, an American was sentenced to 10 years for questioning the "good faith" of our ally. His crime was making a film that depicted British atrocities in the Revolutionary War.

The court has traditionally deferred to the president in wartime, then gradually stripped the office of any newly accrued authority once the hostilities ended. Given the indefinite nature of the war on terror, though, this pattern no longer seems relevant.

The last time a president tried to make the case that the theater of war should not be confined to the area of hostilities, he was rebuffed: during the Korean War, the Supreme Court barred Harry S. Truman from seizing steel mills to prevent a strike. Of course, Truman could not point to a recent attack on American soil to help make his case.

In short, the Hamdan case presents the Supreme Court with two historically unappealing choices: to police the president's ability to make war or to allow executive authority to go unchecked.

9/11 Trial Reveals Troubles Then, And Ahead (LAT)

By Richard A. Serrano, Times Staff Writer

The Los Angeles Times, March 26, 2006

WASHINGTON — Harry Samit was green. He'd been an FBI agent just two years. He was assigned to a terrorism task force, but in the bureau's field office in Minneapolis — about the least likely city in America for stumbling across an extremist.

Michael Rolince was a coat-and-tie supervisor at the FBI headquarters in Washington. For nearly 30 years, he'd worked for the bureau, handling organized crime, drugs, intelligence. Now he was running the international terrorism operations section. That made him a regular at classified meetings in the White House Situation Room.

Out in Minneapolis, Samit was tipped that an inexperienced student at a local flight school had plunked down cash to learn to fly jumbo jets. The young agent pounced. The student, a French Muslim, was arrested, and Samit worked desperately to get him to talk.

The matter was duly reported to the terrorism operations center in Washington, but Rolince heard about it in just two brief hallway chats with other bureau officials. The ops center was already tracking 70 threats; only a tiny fraction had anything to do with airplanes. There were at least 100 buildings in New York and Washington alone that Rolince viewed as "logical targets."

Later, when Samit sent Rolince's office a 25-page memo pleading for search warrants, the veteran FBI supervisor didn't even see it.

The time was August 2001, and history was about to drop the hammer. The man Samit collared and tried to warn Rolince and others about was Zacarias Moussaoui, now on trial for his life as the only Sept. 11 conspirator to be prosecuted in the United States. And the story of the new FBI agent and his veteran superior in the weeks before Sept. 11 — as it is emerging in Moussaoui's sentencing trial — is more than a tragedy of fumbled opportunities.

And it is a lesson for the future. Much has been done to improve the nation's defenses against terrorism, but the evidence presented over the last several weeks underscores just how daunting the challenge remains. Extracting meaningful clues from the mass of tips and gossip and incomplete information is worse than looking for a needle in a haystack. It's like looking for a particular wisp of hay in that haystack.

Samit and Rolince were hard-working public servants, as were their colleagues. Neither underestimated the threat. Yet both fell short.

In demanding the death penalty for Moussaoui, Justice Department lawyers argue that if he had fully disclosed what he knew about the Sept. 11 plot, it could have been thwarted. Moussaoui's lawyers contend that the government's anti-terrorism system was so fouled up that nothing could have kept the hijackers out of the planes.

A jury will sort out the question as it applies to Moussaoui. But the larger issue — how to make sure the system spots important scraps of information among mountains of such scraps — is far from resolved.

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Samit and Rolince are not alone in the glare of hindsight. The trial has shown that Federal Aviation Administration officials barely raised an eyebrow when told that Mohamed Atta, who turned out to be the lead hijacker, had abandoned a small plane on a runway at Miami International Airport. Further, testimony has detailed how CIA agents missed clues that two other hijackers were living in San Diego.

But it is the Olympian battle between Samit and Rolince that has defined much of this trial and offered new insights into the challenge of preventing terrorism — insights into how something as elusive as the mind set of the FBI can play a role, for example, or the different perspectives of two men who stood at a historic crossroads but did not quite realize their moment.

Samit said FBI headquarters was guilty of "criminal negligence" for not letting him seek search warrants on Moussaoui and learn more about the plot. Rolince countered that Samit was an overeager agent who was being "spun up," that he was obsessing about Moussaoui's arrest on a minor immigration infraction.

Samit continues to fight crime in Minneapolis. Rolince retired last October. Both men love the FBI.

"I didn't agree with them, but they are in charge," Samit said of headquarters. Said Rolince: "Agent Samit's suppositions and hunches were one thing. What we actually knew at the time of the arrest was clearly something else."

Samit is a short, stocky man with a buzz haircut, a leftover from his enlistment as a naval intelligence officer and pilot. At the FBI field office in Minneapolis, he was attached to "Squad 5" and its joint task force on terrorism.

Samit was alarmed that Moussaoui, with little flying experience, was training on a jumbo jet simulator, had paid cash for lessons and was outspoken in his criticism of America.

Washington initially advised Samit to limit himself to putting Moussaoui under surveillance. But Samit had already told the manager of the Residence Inn where Moussaoui was staying that the FBI wanted him. The agent decided he had to act.

Agents arrested Moussaoui in mid-August as he was coming out of the motel. He had a small knife in his pocket, another in his car. Taken to an immigration detention center, he talked to Samit for a while, saying he was in the U.S. to learn to fly for personal reasons. Moussaoui then asked for a lawyer, and that ended all interviews.

Samit still wanted to search Moussaoui's belongings — his laptop computer, a black duffel bag and other items in his car and his apartment back in Norman, Okla.

The agent asked Washington for approval to seek a criminal search warrant; Washington said no because more seasoned heads felt it would be denied for insufficient evidence. Samit asked Washington for permission to obtain a special intelligence court search warrant. Washington said no again, fearing that if the intelligence court said no, the bureau would never be able to go back and get a warrant from a criminal court judge.

The next request was for approval to place an informant inside Moussaoui's jail cell. Denied again.

Worse, as Samit saw it, was that FBI headquarters never told him of other leads percolating around the country, most important, a fellow agent's memo out of Phoenix that reported suspicious Middle Eastern immigrants taking flying lessons.

"You didn't know at that point in time that Mr. Moussaoui was the most dangerous man in the history of the United States?" Samit was asked by a defense lawyer.

"Absolutely not, sir."

But Samit had not stopped. He spent several days drafting the 25-page memo to Rolince's office

He described the knives and the flying lessons. He discussed the large amounts of cash Moussaoui was carrying. He reported how Moussaoui's companion spoke of his friend's determination to wage jihad, his hatred of Americans, his loyalty to Al Qaeda leader Osama bin Laden.

"You wanted the people in Washington to know all this information about Moussaoui, didn't you?" he was asked on the stand.

"Yes, sir, that's correct," he said. "I did."

But when Washington came through, it was too late.

Rolince was besieged with his own problems. He said his office was taking in leads from 56 FBI field offices and 400 smaller agencies around the country.

The summer chatter was high, but Rolince said none of the tips rose to the level of "actionable" information for agents to make arrests.

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"The threats covered about every area that one could possibly conceive," he told the jury. "From the traditional truck bomb to the use of chemical, radiological, biological, nuclear, to kidnappings, to assassinations …."

Sometimes the threats dealt with civil aviation, but "I think that was on three occasions out of the thousand or something" raw leads, Rolince said.

On June 12, the CIA warned that Khalid Shaikh Mohammed, the suspected mastermind of the Sept. 11 plot, "was recruiting people to travel to the United States to meet with colleagues already there so that they might conduct terrorist attacks on Osama bin Laden's behalf."

On June 10, the CIA notified all its station chiefs of a possible "Al Qaeda suicide attack on a United States target over the next few days."

Late in the month, a CIA terrorist threat advisory indicated a "high probability of near-term spectacular terrorist attacks resulting in numerous casualties." More such warnings poured in. Meetings in the White House Situation Room were now increased to three times a week.

And then Rolince heard a whisper about Samit's case.

"My unit chief approached me on two different occasions in hallway conversations that an individual had been reported by a flight school," Rolince recalled. But Rolince said that "the FBI did not possess sufficient information to levy a charge."

In his eyes, whatever threat Moussaoui had posed was neutralized by his arrest. For that reason, Rolince said, the search warrants were not approved.

Instead, Rolince OKd Samit's last-ditch idea to fly with Moussaoui when he was deported back to Europe. Moussaoui's bags and other belongings would be automatically subject to inspection there.

Rolince gave his approval late in the day, on Sept. 10.

But the next morning, no one was going anywhere.

Does Killing Really Give Closure? (WP)

By Dahlia Lithwick

The Washington Post, March 26, 2006

The past few weeks have been rife with the prospect of closure denied.

The families of Slobodan Milosevic's tens of thousands of victims were ostensibly denied closure when he died before the conclusion of his war crimes tribunal. The decision over where to try exiled Liberian ruler Charles Taylor turns largely on how to afford closure to his victims. And the families of those killed in the Sept. 11, 2001, attacks despaired that government misconduct had ended not only the prosecution, but also their one chance at closure. "I felt like my heart had been ripped out," said Rosemary Dillard, whose husband died in the attack on the Pentagon. "I felt like my husband had been killed again."

The death penalty trial of Zacarias Moussaoui has been touted by the government as a way to bring resolution to bereft families. Hundreds watch the proceedings on remote, closed-circuit televisions. Dozens will testify about their losses. This will be their "day in court." Since as far back as 2002, when then-Attorney General John D. Ashcroft announced he'd seek the death penalty for Moussaoui to "carry out justice," it's been assumed that this outcome would bring closure. Just as, in 2001, when Ashcroft decided that family members of the Oklahoma City bombing victims could witness the execution of Timothy McVeigh on closed-circuit television, he said it would "meet their need for closure."

Why? What's the empirical basis for the government assumption that all, or even most victims of terrible tragedy will find "closure" through protracted trials and executions?

To the extent the data on the needs of victims suggests anything at all, it says there is no magical solution, no one-size-fits-all mechanism to afford closure to the victims and survivors of violent crime. That makes the Justice Department's message that healing requires victim participation in the Moussaoui trial and an eventual execution for the offender even more disturbing; it offers the illusion of government-approved "closure" to thousands of people who desperately seek it, but may not ever find it here.

In a seminal 1985 law review article, law professor Lynne Henderson examined the relationship between victims' rights and criminal justice policy. Looking carefully at the psychological data on the needs of victims, Henderson discovered a wide array of responses to tragedy -- responses that differ widely from victim to victim, and that change significantly over a victim's lifetime.

More crucially, Henderson's research reveals that "common assumptions about crime victims -- that they are all 'outraged' and want revenge and tougher law enforcement -- underlie much of the current victim's rights rhetoric. But in light of the existing psychological evidence, these assumptions fail to address the experience and real needs of past victims."

Criminal trials and the promise of an execution offer a seemingly appealing tool for assigning blame and channeling rage. But many crime victims have reported that the endless repetition of their tragic stories, the formal legal rules, and the years and years between appeals only serve to increase stress and delay healing.

This isn't to say that many victims of 9/11 don't want to see Moussaoui executed. As the mother of one victim told ABC News, "I was looking to this trial to see if we could eradicate one evil person, to remove one force of evil from this beautiful world." It is to say that in promoting the notion that only a death penalty can afford closure, the prosecution is disregarding the wants and needs of many others.

This is not the first time we have seen this phenomenon: The survivors of the Oklahoma City bombings who didn't want to see McVeigh executed were not permitted to offer victim impact statements. As Bruce Shapiro pointed out in a 1997 essay in Salon, the terror trial that made "victim closure" a national buzzword was structured such that "any victim or relative who wanted to play a part in the sentencing phase of the trial first had to pass a death-penalty loyalty test."

Many, many victims of violent tragedy object to this assumption that their interest in justice is congruent with that of state prosecutors seeking the death penalty. Just last month, Vicki Schieber, the mother of Shannon Schieber, a Wharton Business School student murdered in 1998 by a serial rapist, testified before the U.S. Senate's subcommittee on the Constitution, civil rights and property rights. As she told the committee: "The word closure is invoked so frequently in discussions of victims and the death penalty that victims' family members jokingly refer to it as 'the c word.' But I can tell you with all seriousness that there is no such thing as closure when a violent crime rips away the life of someone dear to you." Schieber testified that a single-minded government focus on executions shifts the focus away from other, more meaningful legal reforms that might better honor victims and support their families.

This jibes with Henderson's empirical data, which suggests that more than anything -- maybe even executions -- the families of tragedy victims ultimately need answers. They need to know "why." And perhaps it's no accident, then, that so many of the 9/11 families who are avidly following the Moussaoui trial say they are not doing so in the hopes of a death sentence. Some don't want to give Moussaoui the martyr status that he craves. Many others just seem to be looking for answers. As Blake Allison, whose wife was killed, told The Washington Post: "I felt the government wasn't telling us all that it knew." Fiona Havlish, who lost her husband, echoed that: "I think what all of us are looking for is the truth, and the truth has not been forthcoming out of Washington."

And if Henderson's data is right, and what most 9/11 victims need is answers, you have to wonder whether the government is in fact victimizing them twice with this crazy trial. Not only is the Bush administration still withholding vital information that might afford them comfort. It's also proving that government incompetence, bureaucracy and willful blindness were as much the reason "why" as Zacarias Moussaoui.

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One Mistaken Clue Sets A Spy Saga In Motion (OREG)

By Mark Larabee And Ashbel S. Green, The Oregonian

The Oregonian, March 26, 2006

Mayfield case - A report reveals the secret steps agents took to trail a terror suspect, and the flaws that led them to the wrong man

A newly declassified report into the FBI's investigation of Brandon Mayfield offers a rare look inside a fast-paced international terrorism investigation, revealing some of the secret tactics investigators used, the intense pressures they faced and their disagreements.

In its 273 pages, the report by the Justice Department's inspector general reveals that investigators initially worried that Mayfield -- who was wrongly linked by faulty fingerprint analysis to the March 2004 bombings in Madrid, Spain -- could be part of a second wave of U.S. terror attacks.

The report explains how investigators' goal from the beginning was to spy on Mayfield and possibly recruit him as a covert agent. But media leaks in Europe forced their hand.

The FBI bungled its surveillance, the report says, to the degree that the mild-mannered Portland-area lawyer figured out that he was being watched before federal agents were ready to confront him.

"Had Mayfield been a terrorist, the FBI's failure . . . could have had serious national security implications," the report says.

And the report makes clear that without the media leaks, Spanish police eventually would have figured out that the fingerprint belonged to an Algerian terrorist, allowing the FBI to realize its mistake and shut down the Mayfield operation.

Mayfield's secret file would have been forever sealed away in FBI archives without most people ever knowing it existed.

Not even Brandon Mayfield.

Fueled by coincidences

Eight days after Islamic terrorists bombed Spanish commuter trains in March 2004, counterterrorism officials at FBI headquarters called field agents in Portland.

A fingerprint on a blue plastic bag filled with detonators found near the bombing site in Madrid belonged to Mayfield.

Within hours, investigators were digging into Mayfield's background and by that afternoon had him under 24-hour surveillance.

Initially, Portland's squad of investigators had just a few pieces of information about Mayfield other than the fingerprint.

They knew his birthday and Social Security number and that he'd served in the military from 1985 to 1994. Analysts checked FBI databases to see if Mayfield was the subject of any investigations. He wasn't, but a deeper search circumstantially connected Mayfield to "other suspected terrorists."

Court records showed that less than two years earlier, Mayfield had represented Jeffrey Leon Battle in a custody dispute. Battle was a member of the Portland Seven, a group arrested in 2002 for plotting to fight with the Taliban against U.S. soldiers.

This was one of several coincidences that fueled the investigation's initial sense of urgency.

Investigators learned that Mayfield was a converted Muslim whose wife was an Egyptian naturalized as a U.S. citizen and that he went to a Portland-area mosque where some of the Portland Seven worshipped.

Mayfield had telephone contact with the U.S. director of an international Islamic charity accused of having terrorist connections. And Mayfield advertised in a business directory administered by a man convicted in the 1998 U.S. Embassy bombings in Kenya and Tanzania.

From the first day of the investigation, the government used every tool available to investigate Mayfield.

The FBI issued National Security Letters, which can be used in intelligence cases to obtain a variety of information, including financial records. The letters prohibit the source of the information, such as a bank or credit card company, from disclosing the inquiry.

A federal grand jury issued subpoenas for information about Mayfield. And the government placed Mayfield's name on national watch lists.

The FBI applied to a secret court for a warrant under the Foreign Intelligence Surveillance Act, known as FISA. The FISA court gave FBI agents retroactive authority to listen to Mayfield's conversations and conduct "sneak and peek" searches, a rarely used and controversial tactic that would allow agents to go into Mayfield's office and home and collect information without telling him they were there.

During covert searches of Mayfield's home and office, FBI agents photographed documents and made copies of computer hard drives. They also copied some of Mayfield's client files, requiring the assignment of a "taint agent," to filter documents that were protected by attorney-client privilege.

The FBI searched the trash at Mayfield's office complex looking for information and blue plastic bags like the one found in Madrid.

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During a second search of Mayfield's house, the FBI collected 10 DNA samples and six cigarette butts to compare with samples from Madrid.

The report shows that the hasty surveillance was picked up by Mayfield. Suspicious that he was under surveillance, Mayfield tried to catch his pursuers in the act.

FBI agents noticed him pulling into driveways and cul-de-sacs, only to quickly turn around. He would drive into parking lots, sit for a few moments and then pull out. On his way home, he would drive around the block several times and sit in his driveway and watch to see if he was being followed. The FBI also saw Mona Mayfield using binoculars in the parking lot of her husband's office.

Even as Mayfield suspected someone was following him, he continued to go through his daily routines at work and home, leading one agent to say that "if he is guilty -- he is one cool customer."

After entering Mayfield's home a second time, the FBI realized "there were problems with the search." It's unclear how because the details in the report are blacked out by federal authorities. But it's possible that the FBI agents overheard the Mayfields talking about their suspicions.

Mayfield's wife, Mona, would later tell reporters that she saw footprints in the carpeting and that blinds in the home were not in their usual position.

The FBI called off any more sneak and peeks.

Doubts begin

As investigators pored through the material seized during the searches, they were not finding evidence of a link to Spain.

There was no record of Mayfield's traveling there, and the couple's passports had expired.

The agents believed there was a possibility Mayfield had used an alias to travel to Spain. But "given the character and known terrorism ties of several of his associates, it appears possible that someone else in the community is the link between Mayfield and the Madrid bombings," one FBI memo said.

Eventually, investigators began to wonder if Mayfield could have touched the blue bag in the U.S. before it was "transported by a third unknown party to Europe."

If they couldn't find more evidence, the FBI planned to interview Mayfield in June. Until then, they would continue surveillance.

But bigger doubts about Mayfield were brewing in Spain.

Spanish authorities had all along expressed concern about the Mayfield identification. Initially, the Spanish were amazed that an American would be involved an attack in which all the suspects were local Moroccans.

By mid-April 2004, the Spaniards were more doubtful, and they challenged the FBI's fingerprint identification of Mayfield. To their eyes, the FBI's findings were "inconclusive." While the Spaniards saw many points of similarity between the two prints, they discounted Mayfield based on several significant differences.

This became known as the "April 13 Negativo Report."

Looking again, FBI fingerprint examiners saw a "concerning discrepancy," but they theorized that it was due to a blurring by a "second touch" in the corner of what they still insisted was Mayfield's fingerprint. Convinced they were right, FBI examiners agreed to travel to Spain to explain their findings.

Word of the Negativo Report raised red flags among Portland investigators and prosecutors. But FBI officials in Washington reassured them.

"I spoke with the lab this morning and they are absolutely confident that they have a match on the print. -- No doubt about it!!!! -- They will testify in any court you swear them into," said an April 15 e-mail from an FBI counterterrorism supervisor.

About a week later, an FBI examiner flew to Madrid and demonstrated to Spanish officials how the FBI lab made the match. Although the Spaniards still noted significant differences between the two prints, they agreed to take another look.

But a different version of the meeting was transmitted to officials in the United States.

The Madrid legal attache, or legat, the only American at the meeting who spoke Spanish and served as translator, said the Spaniards seemed satisfied with the FBI's presentation. He also said he expected the Spaniards to fully confirm the FBI.

For now, the FBI's "full-court press" on Mayfield continued.

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The arrest

On May 4, a Paris-based Los Angeles Times reporter called the FBI legat in Madrid and asked whether two fingerprint experts could disagree over the identification of a single print. Then the reporter asked, "What about this American" whose print was found in connection with the Madrid bombings?

It was the first indication of a leak, but not the last. The next day, a reporter from a Spanish magazine made a similar inquiry.

The news forced investigators to make a decision. Portland FBI chief Robert Jordan didn't want to take any chances, arguing to take Mayfield into custody to prevent him from fleeing the country.

But top anti-terrorism officials in Washington wanted to continue surveillance. One top official said he did not want to lose the opportunity to "recruit" Mayfield and get him to help the FBI thwart a "second wave" of U.S. terror attacks.

After much debate, it was agreed that agents would approach Mayfield for an interview with a material witness warrant "in their pocket," to be used as a last resort.

Preparing for an arrest, the FBI asked Spanish officials for a report confirming that Mayfield's print was found in Madrid. But the Spaniards were still re-examining the prints.

On May 6, U.S. District Judge Robert E. Jones issued a material witness warrant for Mayfield. Three FBI agents drove to Mayfield's office shortly after 9 a.m. hoping to "smooth-talk him and try to get him to cooperate."

Mayfield had other ideas.

"I don't want you in my office," he told them. "I have client files in here. I don't want to talk with you."

Seeing no other choice, the agents arrested and handcuffed him. They again tried to get Mayfield into a discussion. But he told them he wanted a hearing, that he knew Judge Jones and could not believe that Jones would sign such a warrant.

During the ride to the federal courthouse, Mayfield told the agents he wanted a lawyer.

Between 10 a.m. and 3 p.m., FBI agents searched Mayfield's house, office and car, removing documents, computers and other property. Mona Mayfield told agents that she and her husband were not involved in the Madrid bombings or any other terrorist acts.

Mayfield went before Judge Jones that afternoon. He said the fingerprint wasn't his and that if it was, he had no idea how it got to Spain. Jones considered Mayfield a flight risk and ordered him to jail.

Agents soon discovered that Mayfield's home computers had accessed Web sites relating to the Spanish rail system, Spain's largest airline, a Spanish airport and a Spanish terror group known as ETA. They also found Mayfield's pilot training logs from the 1980s and a book chronicling the development of al-Qaida.

While the FBI was adding to its list of damning circumstantial evidence, long-standing doubts in Spain were becoming public.

The Spanish newspaper El Pais reported May 8 that Spanish National Police were "very doubtful" that Mayfield's print matched the one found on the bag.

Mayfield's lawyers sought his release May 17, but the FBI was still calling Mayfield's print a 100 percent match and the judge denied the move.

The release

On May 19, Portland prosecutors learned that the Spaniards had matched the blue-bag prints to an Algerian named Ouhnane Daoud. Daoud was among a group of militants who blew themselves up in April as police were raiding their suburban Madrid apartment.

During a morning hearing, a prosecutor briefed the judge in private about the new information about Daoud. Without elaborating, Jones determined that Mayfield should remain in custody.

On May 20, higher-resolution copies of Daoud's fingerprints reached the FBI lab. A top lab official told a Portland prosecutor that it would take more time to resolve the conflict but that the FBI examiners "see what the Spanish see."

While the FBI fingerprint experts agreed to return to Spain for further discussions, prosecutors in Portland decided the doubts warranted Mayfield's release. The judge granted the request that afternoon, and Mayfield returned to his family.

On May 24, Jordan held a news conference in Portland and apologized to Mayfield.

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FBI fingerprint experts eventually retreated, saying the print was of such poor quality that it could not be used. But they also sent officials back to Spain for a third time, and they got their first look at the original print and the bag.

On July 16, the FBI confirmed that the print belonged to Daoud.

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Muslim Convert & Drifter Wanted To Fly But Did Months In Jail (NYDN)

By RUSS BUETTNER, DAILY NEWS STAFF WRITER

New York Daily News, March 26, 2006

An innocent man's life left in ruins

Adam Blake thinks he was guilty of only one thing: trying to fly while Muslim.

Blake has lived a legal nightmare in the post-9/11 era. Born and raised in the Bronx, Blake was held without bail for three months and has been unable to work for nearly a year because federal officials have kept his identification. A pretrial report even alleged he belonged to a terrorist organization, court records show.

Now, as he has spiraled into homelessness, federal prosecutors have dropped every charge against him.

Blake said investigators told him his troubles began when the mother of his estranged wife allegedly reported that he was a terrorist, and because events in his life fit that profile.

Blake, 36, converted to Islam and adopted a Muslim name in 1991. He traveled through the Middle East off and on for a decade, without obvious sources of cash, before returning to the United States to study aviation.

But a closer look offers mundane explanations. His mother says she paid for his travels. His interest in aviation dates back to his childhood, when he would ride subways and buses to airfields and heliports, including Floyd Bennett Field.

"I really wish I had had the money right out of high school for him to study to be a pilot," said his mother, Toni Blake, who now lives in South Carolina.

Blake's experience highlights the line that federal investigators continue to walk between respecting the rights of innocent people and risking disaster should they let a real terrorist remain free.

Arsalan Iftikhar, the national legal director of the Council on American-Islamic Relations, acknowledged the difficulty, but added that Blake's experiences sound like too many other examples of Muslims being unnecessarily detained since 9/11. "The American Muslim community feels as though they have been under siege by an overzealous Justice Department," said Iftikhar. "Unfortunately, the vast majority of these cases turn out to be nothing more than minor civil violations."

Wants to help his son

Blake said he abhors terrorism. By the time prosecutors dropped his case, he was living at the men's homeless shelter in Manhattan. But he expressed no bitterness.

"I just want to get my identification back and get a job so I can send money to help my wife raise our son," he said.

Blake readily admits that his life has lacked focus. But his interest in aviation was always there.

Patricia Wagner, now the general manager of the E. 34th St. Metroport, said she recalled a young Blake hanging around when she ran the heliport at E. 60th St. in the late 1980s. "He just liked being around aviation, it was one of his passions," Wagner said. "He was always very personable."

Blake was born with the name Christopher Mussenden and attended public schools in the Bronx. He said he spent four years in Seattle, during which he converted to Islam, changed his name to Idris Jibreel and made a pilgrimage to Mecca. From 1997 through 2004, Blake traveled repeatedly through the Middle East and to Asia, sometimes working in the gem industry, he said.

After 9/11, he returned briefly to New York and changed his name to Adam Blake, adopting his mother's maiden name. "I didn't want problems running around with a name like Jibreel," he said. "And I never liked the name Christopher."

During a month-long trip to Kuwait in 2004, he met a Vancouver woman online.

"I told her that I had no money and no prospects," Blake said. "She said, 'Come here and let's start a new life.'"

Three months together didn't go well, though a child was conceived. In August 2004, Blake got on a bus to Seattle.

Passport photo problem

Blake said that a border patrol officer told him his passport photo wasn't right. He went to a Seattle office the next day and paid for an expedited copy.

After many calls, Blake was told the new passport was ready. But when he went to pick it up, he was arrested by federal and local officials on a 1993 warrant alleging he had used his employer's phone to make personal calls, said Lawrence Hildes, a Washington attorney who advised Blake on his passport woes.

"It gives the strong appearance that they were targeting him because they believed him to be part of a terrorist organization, which I'm 100% sure he's not," Hildes said.

Blake said he was held at a county jail for six weeks. After his release, he enrolled in a correspondence course in aviation.

In January 2005, he was told again that his passport was ready. This time he was interrogated by the FBI for five hours before being sent home, he said.

The following day, Blake was arrested on charges that in 1995 he had failed to check a box on a passport application noting that he had previously possessed a passport, and that on another application in 1996 he had misstated the date that his most recent passport had been issued.

Blake's wife, Megan Harrison, told the Daily News she didn't believe her mother had called authorities - or that Blake has ever been interested in terrorism.

"It's laughable to anyone who knows him," said Harrison, who still lives in Vancouver.

Blake was sent back to Manhattan and held without bail until April, when he was released on a $50,000 bond signed by his mother. Still lacking his essential identification papers, prosecutors gave him a letter saying he had a federal case pending.

Last month, prosecutors offered Blake a deferred prosecution agreement. It would have erased the case after a year if he followed the "instructions and advice" of a pretrial services officer - and waived his right to sue.

Blake resisted, even as his court-appointed attorneys and the judge in his case, John Keenan, pressured him to sign.

"I told you it was a great deal," Keenan said in court. "I never met a man in my life until I met you that wouldn't accept a deferred prosecution agreement."

"This, unfortunately, I believe, is the br'er rabbit defense," added Frederick Cohn, Blake's court-appointed attorney. "But I don't believe he was born and bred in the briar patch."

Cohn declined to comment to The News.

But on March 6, prosecutors dropped the charges based on "a review of the evidence."

Blake has now boarded a bus and moved to his mother's home.

"It's just terrible what they tried to do to him," she said. "He's never been in any trouble."

Detainee's Release May Be Coming (LAT)

By H.g. Reza

The Los Angeles Times, March 26, 2006

Magistrate's finding and a ruling in another case bolster hopes of Muslim immigrant held 20 months. U.S. accuses him of ties to terrorists.

Accused of having ties to terrorists and being a national security risk but convicted only of living in the United States illegally, a Buena Park man could soon be released after 20 months in jail.

Abdel-Jabbar Hamdan's hopes have been buoyed by a federal magistrate's recommendation last week that he be released and by an appeals court ruling in the case of a Sri Lankan immigrant.

"I am very excited and hope that a judge will see that my incarceration is unjust," Hamdan, a Jordanian of Palestinian descent, said in a telephone interview from jail. "I want to go home to my wife and children."

U.S. Magistrate Judge Jeffrey W. Johnson said that Hamdan's "indefinite detention" was unreasonable and violated a 2001 Supreme Court ruling. Johnson forwarded his 12-page recommendation to U.S. District Court in Los Angeles.

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Hamdan's case has been a rallying cry for critics of the Bush administration's practice of using terrorism allegations to arrest Muslims. In almost every case, suspects are not charged with terrorism but instead are prosecuted for immigration law violations and held without bond.

Hamdan has been locked up at the immigration detention facility at Terminal Island after he was arrested July 27, 2004, convicted of living illegally in the United States and ordered deported. Normally, he would qualify for bond pending deportation, but Department of Homeland Security officials said he should remain jailed because of his alleged ties to terrorism and for being a security threat.

Hamdan worked as a fund-raiser for the Texas-based Holy Land Foundation, an Islamic charity U.S. officials shut down in December 2001 for allegedly raising money for Hamas, a Palestinian organization the U.S. State Department has designated as terrorist. He was arrested along with three other foundation leaders.

Although Homeland Security officials said Hamdan, 45, had ties to terrorism, he was charged only with violating immigration law. He was convicted of overstaying the student visa he received in 1979. His three co-defendants were charged with terrorism-related crimes. They were released on their own recognizance after a federal judge ruled that the government had failed to prove they were flight risks and a threat to national security.

Johnson said that keeping Hamdan locked up violates a Supreme Court ruling prohibiting an immigrant's indefinite detention. A U.S. District Court judge will decide if Hamdan, an engineering graduate of USC, should be freed while awaiting deportation. Hamdan's lawyers have also filed a habeas corpus petition to obtain his release.

Hamdan's appeal appears to have been strengthened by a March 7 ruling by the U.S. 9th Circuit Court of Appeals in the case of Ahilan Nadarajah.

After Nadarajah was arrested in October 2001 in San Diego, immigration judges twice awarded him political asylum. But Homeland Security officials kept him jailed on grounds that he was a terrorist and national security threat while they appealed his grant of asylum.

The court ruled that Nadarajah's lengthy incarceration was unreasonable.

"The government does not possess the authority under the general detention statutes to hold Nadarajah, or any other alien who is similarly situated, indefinitely," the panel said in a 37-page ruling. It also called Nadarajah's detention of nearly five years "plainly unreasonable under any measure."

Nadarajah walked out of jail Tuesday, on his 26th birthday, wearing the same clothes he wore when he was arrested almost five years ago. Like Hamdan, Nadarajah was represented by the ACLU in Los Angeles.

ACLU attorney Ahilan T. Arulanantham who represented Nadarajah, said the 9th Circuit ruling is one of the first successful challenges to the Bush administration's policy of indefinite detention of immigrants.

As they did in Nadarajah's case, U.S. officials say they have the authority to keep Hamdan locked up while appeals are pending.

Officials at the U.S. Justice Department and the U.S. Immigration and Customs Enforcement declined to comment. In 2005, an immigration judge ordered Hamdan deported for being in the country illegally. However, the same judge then blocked immigration officials from sending him to Jordan — a U.S. ally — on grounds that he would be tortured there.

Hamdan, who helped found a mosque in Anaheim, is being held without bond while Justice Department lawyers appeal the order that stopped the government from sending him to Jordan. His wife and six American-born children visit him in jail four times a week.

Johnson wrote that Hamdan's continued detention violates the Supreme Court ruling that an immigrant can be detained for only six months following a judge's deportation order if U.S. officials cannot find a country that will accept him. Johnson said it is unlikely that another country would accept Hamdan after American authorities tied him to terrorism.

Johnson said that U.S. officials could have continued Hamdan's detention if Atty. Gen. Alberto R. Gonzales had certified him a national security threat under the Patriot Act.

The judge said failure to use the law suggests that the "government does not now believe [Hamdan] is a significant threat to the security of this country."

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Because Johnson's finding is only a recommendation, attorneys for Hamdan and the government must file responses by April 10.

Hamdan said he did not know if any money he raised went to Hamas. He said it was supposed to go to Palestinian families.

"I was proud to help my people, but in a legitimate way. As far as I know, Holy Land was an American charity abiding by American laws," he said.

Lawyer Cleared To Visit Guantanamo Inmate (AP)

By Pete Yost

AP, March 26, 2006

Chronicling a long list of delays by the Bush administration at the Guantanamo Bay prison, a federal magistrate has ordered the government to stop blocking a private attorney from meeting with one of the 500 detainees at the facility.

The 33-page opinion released last week by U.S. Magistrate Alan Kay may be among the last by lower-court judges criticizing the administration's conduct at Guantanamo Bay. President Bush signed the Detainee Treatment Act on Dec. 30, which sharply curtails the prisoners' ability to go to court. The Bush administration is seeking to apply the new law to existing detainee cases.

Kay said the cases of 11 detainees have been at a standstill in the courts since October because the administration is challenging the standing of one detainee to file a petition on behalf of another.

Fifty-six other detainees who represent themselves sent petitions that took as long as six months to arrive at court through the military's mail system, according to information contained in Kay's ruling.

As of last month, nearly a year after the 56 prisoners wrote the petitions, not a single detainee had met or spoken with court-appointed lawyers, Kay wrote.

In October 2004, Kay noted, federal courts rejected the Bush administration's legal position that detainees' access to lawyers "existed purely at the pleasure of the government."

Ruling in the case of Salim Muhood Adem, the magistrate said the Sudanese national who was arrested in Pakistan had asked for a lawyer in late 2004 to help him challenge his detention.

Adem communicated his request for a lawyer through another Guantanamo prisoner who did have an attorney.

After a lawyer was arranged for Adem through the Center for Constitutional Rights, the government said it needed written authorization before allowing a face-to-face meeting. Kay noted that such evidence is hard to come by without seeing his client.

The magistrate noted that until midsummer 2005, the government raised no objection to the practice of any detainee initiating a petition through a fellow detainee who was a friend.

The government then began challenging the standing of detainees serving as "next friends."

At the same time, the government refused to allow Adem's lawyer to meet with the detainee.

The government suggested that Adem's lawyer mail a letter to Adem seeking authorization, creating "another Catch-22," Kay noted.

The government barred the lawyer from using the military's swift delivery system for legal mail because the government refused to acknowledge the lawyer's authority to represent Adem. The letter from early January had to be sent instead by much slower nonlegal military mail, which is subject to review and censorship by military personnel at Guantanamo. The attorney hasn't heard back yet.

"They are not singling me out," Adem's lawyer, Murray Fogler, said Friday of the Bush administration. "They are treating a vast array of detainees this way. The government is setting up as many roadblocks as they can."

Adem, a Sudanese national, was arrested in Pakistan where he had lived since 1991.

The government alleges that Adem is an al-Qaida associate. Adem denies it, saying he was an education official whose job was to inspect teachers at schools run by the Revival of Islamic Heritage Society.

Globalization 2.0 (NYT)

By David Rieff

The New York Times, March 26, 2006

DOJ_NMG_0021621

Globalization is both unavoidable and of great benefit to the world as a whole. At least that has been the conventional wisdom for more than two decades now, except at the far fringes of the radical, antiglobalization left and the xenophobic, protectionist right. But is it true? Is the march toward economic interdependence, open markets and the weakening of national identity really as unstoppable as all that?

Two recent controversies — the sale of port facilities to a company owned by the government of Dubai and the negotiation of a controversial nuclear cooperation deal with India — underscore the tensions and contradictions between America's commitment to economic globalization and its political priorities in a post-9/11 world.

In part, these controversies pitted desirable outcomes — political stability and national security on the one hand; economic dynamism on the other — against one another. In the ports case, the principles of globalization demanded that the Dubai company be allowed to take over the management of the six ports in question. But advocates of globalization never really took into account the possibility that even as nations become interdependent on one another, political difficulties may continue to separate them.

Globalization is a coherent theory for times of comparative peace and economic expansion like the 1990's. It is less persuasive in times of conflict and fear like those we live in today. Although the presidential adviser Karl Rove has insisted that Democrats live in a pre-9/11 world and Republicans do not, the Bush administration's defense of the ports deal seems like a classic case of pre-9/11 thinking. The administration argued that the deal had to go forward if Americans were to remain true to their commitment to open markets and the free movement of investment capital. But add the threat of terrorism and the specter of weapons of mass destruction to the equation, and suddenly the words "free movement" seem more like a threat than a harbinger of a more prosperous economic future.

Bush's deal with India also illustrates the new and unexpected conundrums of globalization. The administration pledged to help India develop nuclear power plants despite that country's refusal to sign the Nuclear Nonproliferation Treaty and its maintenance of an atomic-weapons arsenal. An implicit argument was this: Because India is so important a strategic partner and, prospectively at least, a major economic power, Washington is no longer in a position to insist, even rhetorically, that New Delhi abide by the established rules of the nuclear game.

U.S. officials made little effort to deny that they were making an exception in India's case — an exception they were at pains to point out they would never make for Iran. Rather, as Bush made clear in his joint press conference with the Indian prime minister, Manmohan Singh, the cementing and deepening of the U.S.-Indian alliance were simply too important to allow a mere international legal regime to get in the way. In a world where the economic balance of power is steadily tilting toward Asia, American concerns about runaway arms races are very likely to be overshadowed by American concerns about the need to prevent a destructive competition for scarce fossil-fuel resources with India and China. Better to accept an India that uses more civilian nuclear power (and offers U.S. companies the chance to benefit from the sector's expansion) than to vainly chastise an India that is not going to abandon its nuclear arsenal anyway, whatever the effect on nonproliferation globally.

In retrospect, globalization's most fervent partisans and critics were both naïve to imagine that geopolitics would play second fiddle to geoeconomics. Obviously, the Dubai ports fiasco and the nuclear agreement with India posed very different policy challenges. In the case of Dubai ports, America's traditional role of sponsor and advocate for globalization was politically unsustainable, much to the chagrin of the Bush administration. In the case of the agreement with India, the administration took the view that long-term global stability, including the stability of energy prices, required the abandonment of long-held international legal rules. This is certainly not your grandfather's globalization.

The Achilles heel of that "inevitabilist" vision of globalization, so dominant in the 1990's, was its rigid, almost Marxist-like economic determinism. Today's globalization — inseparable from political concerns, no longer able to overrule nationalist sentiments or national security objections, increasingly marked by the phenomenon of Asian companies buying European and North American assets — is most likely to be far more controversial and far less orderly.

In all likelihood, Asians will complain about Western hypocrisy. After all, when globalization meant Western companies buying one another and acquiring assets in Asia, the U.S. and the countries of the European Union were unstinting advocates of globalization. Now it may seem that Western nations were never committed to economic interdependence — globalization in the true sense of the word — but simply to opening new markets for their own corporations and exporting political and legal norms

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coined in Washington or Brussels. But could it have been otherwise? As both the Indian nuclear agreement and the furor over the Dubai ports deal demonstrate, imagining that nations could not politicize international trade and economic issues or legal norms is as vain a hope as expecting them to act against their own self-interest in any other sphere of public life. Doubtless, some form of globalization is unavoidable. It will just not be the globalization we had been led to expect.

HOMELAND RESPONSE:

Company Defends Its Security Plans (WT/AP)

By William Foreman, Associated Press

The Washington Times, March 26, 2006

HONG KONG -- A Hong Kong conglomerate that has won a U.S. government contract to screen U.S.-bound cargo in the Bahamas for terror threats defended the plan yesterday, saying it would not be feasible for American officials to work in ports across the globe.

Some U.S. lawmakers and security specialists have expressed concern about the contract for Hutchison Whampoa Ltd. because American customs agents will not be working with the screening equipment, designed to detect smuggled radioactive materials.

The Hong Kong company is in the final stages of being awarded a no-bid, $6 million contract from the United States for screening at the Freeport Container Terminal in the Bahamas, just 65 miles from the American shoreline.

John Meredith, group managing director for Hutchison Port Holdings, the maritime subsidiary for Hutchison Whampoa Ltd. and the world's largest ports company, said it would be impractical for American agents to work in every port that handles U.S.-bound cargo.

Mr. Meredith said the best option for the United States is to rely on trusted agents using sophisticated inspection equipment to scan shipments at ports abroad.

Among concerns is that a low-paid employee might be vulnerable to bribes and provide terrorists with information about how the equipment works and which material triggers alarms, security specialists said.

But Mr. Meredith told the Associated Press his firm has elaborate security checks, including filming inspectors checking the containers.

U.S. customs inspectors already work at 43 foreign ports helping to inspect and scan cargo with the permission of foreign governments under a U.S. port-security program known as the "container security initiative."

Some of the 43 ports are operated by Hutchison, and each of these ports has radiation scanners. Cargo that flows through the ports is expedited through American security procedures once it reaches the United States.

Customs security procedures at the Bahamas port are not rigorous enough to qualify it for participation in the U.S. customs security program, and no American agents work there.

Hutchison's billionaire chairman, Li Ka-shing, has substantial business ties to the Chinese government that have raised U.S. concerns over the years. But Mr. Meredith said Mr. Li's relations with Chinese leaders should not be an issue.

"It's unfair to go and chop a guy up because he knows people," he said. "He's a 100 percent self-made businessman. He's respected by heads of state everywhere."

Sen. Charles E. Schumer, New York Democrat, who raised early questions about the Bahamas contract and was a leading opponent of a Dubai company's effort to gain operational control of six U.S. ports, said he does not oppose awarding the contract to a foreign company. But he thinks U.S. customs agents should be stationed at the Bahamas port.

Airport Rangers Ride To The Rescue (WP)

By Sylvia Moreno

The Washington Post, March 26, 2006

Houston Group Formed After 9/11 Patrols Woods Around Bush Intercontinental

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HOUSTON -- This threat was deemed to be credible: Some storage tanks on the west side of the sprawling George Bush Intercontinental Airport might be targeted by terrorists. Who you gonna call?

The Airport Rangers, a group of vetted urban cowpokes and their trusty horses.

The SWAT team, they're not. The Special Forces, they aren't. Armed? Not unless you count a cellphone. But they've passed background checks, they're trained, they're badged, and they patrol the perimeter of Houston's largest airport looking for anything unusual, including, maybe, al-Qaeda terrorists.

"I live within spitting distance from the airport on the north side -- about three miles -- so it's to my advantage to make sure that those areas are safe and patrolled," said Jeannie Green, who, along with her 28-year-old quarter horse, Cowboy, answered the call for volunteers to respond to what authorities had determined was a possible threat to the airport in January.

Green is one of 800 volunteers who make up the Houston Airport Rangers, a post-Sept. 11, low-tech project created to increase security at the nation's fourth-largest airport system. Like tens of thousands of Americans who responded to calls by the Bush administration to join in the domestic fight against terrorism, Green stepped up. Some volunteer programs are run under the administration's Citizens Corps and others by the Coast Guard auxiliary. Still others are run by various states and cities.

Within a month of the Sept. 11 attacks, the Austin Police Department created a volunteer battalion that has performed tasks including patrolling gas pipeline facilities and water treatment plants looking for terrorists, and scouting school zones in search of sexual predators believed to be residing in the area. Austin's program was aimed at attracting retired citizens, but 60 to 70 percent of the 400-strong battalion is younger than 55.

The Houston airport isn't the only busy airport using civilians in its security plan. After the 2001 attacks, Boston's Logan Airport -- from which the two Boeing 767s that destroyed the World Trade Center departed -- tightened security significantly. As a result, clammers long accustomed to digging in Boston Harbor off the airport's shoreline were banned. Officials later relented, but the clammers had to agree to undergo a security check, wear badges and special vests while working the mudflats, and report suspicious activity to airport authorities.

Recently, the Transportation Security Administration asked the clammers to test new technology to control access to facility perimeters. The clammers were lent Global Positioning System-equipped, voice-activated cellphones for a 90-day test that ended in January. They used the phones to register their voices and locations as they approached the clam beds, and the airport, in their boats.

"The goal is to determine if this type of device can augment security and add to our multi-layer security plan," TSA spokeswoman Ann Davis said.

The Houston Airport Ranger program was also born out of a post-Sept. 11 heightened security plan. Equestrians who had been riding in the woods around the airport for years were suddenly prohibited from the property. Airport director Richard Vacar, an avid horseman, sympathized with them. He decided to give them access, under certain rules, if they would help with security, said Mark Mancuso, the airport director of public safety.

The mounted volunteer force began patrolling the perimeter of Bush Intercontinental in December 2003. Since then, the program has grown to 800 riders, nearly 70 percent of them women in their forties. It will soon be replicated by Nashville International Airport, officials there said.

"Is it a fun program? Of course," said David Poynor, the Houston program's coordinator. "But it's a serious security program."

The Houston airport is installing a sophisticated $3.5 million intrusion detection system that is capable of tracking ground-based moving targets, such as missiles. In the meantime, its homespun patrol program cost $50,000. The budget paid for the background checks and badges for volunteers, and for cutting 50 miles of rough trails through the heavily wooded perimeter of the 12,000-acre airport. Poynor, an airport employee, holds weekend training sessions in a classroom and on horseback as part of his job.

Rangers provide their own horses and cellphones and attend regular training sessions. Their job is not to get into a confrontation with anyone, but to alert airport police to suspicious activity so officers can be dispatched. The advantage the rangers have, officials said, is they can ride where police vehicles can't: along rough, narrow trails and through the woods.

There is no set schedule for rangers to ride, intentionally keeping the patrols unpredictable.

There have been no terrorist sightings. But there have been many discoveries of deer poachers, all-terrain vehicle joy-riders, target shooters, bikers, homeless campers, aviation enthusiasts and one suspicious character who turned out to be driving a stolen car. All were trespassing on airport property; all were reported to authorities. Rangers have also reported damaged fences along the airport perimeter and the dumping of hazardous waste.

"We're not out there being cops," said Green, who responded to Poynor's emergency request in late January for rangers to ride the airport perimeter because of a threat of a weekend attack on the Houston facility. (Ultimately, the threat was discredited, Poynor said.) "We're trying to be their eyes and ears," she said.

In November 2004, Green also responded to Poynor's request for rangers to report for duty on Election Day because of concerns that the reelection of George W. Bush might prompt threats against George Bush Intercontinental Airport, named after Bush's father.

The day was gray, cold and rainy, but Green, who took a day of vacation from her job as a software developer to do ranger duty, went out on Cowboy anyway. She did not see a soul during her five-hour, bone-chilling patrol, but she had no complaints.

"There are a lot of things about Houston that might make us a target -- the port, all the refineries. Our airport is George Bush Intercontinental," Green said. "I'm not a vigilante type of person. . . . But if I can enjoy riding my horse and I think I'm making a difference, that works for me."

A Chemical Nonreaction (LAT)

By Jonathan Chait

The Los Angeles Times, March 26, 2006

I DON'T WANT to alarm you. No, wait. I do want to alarm you. You and your loved ones are in danger of dying horrible, gruesome deaths at the hands of a terrorist chemical attack, and the government has refused to do anything about it.

The prospect of a chemical attack, of course, has been a favorite weapon in the Republican arsenal for years. President Bush has insisted that, after 9/11, he could not ignore the potential threat from Iraq's weapons of mass destruction. Stopping Iraq from obtaining nuclear weapons was, in my view, a good rationale for war, but Iraq didn't have those yet. So Bush thought it would be scarier to emphasize the stuff Iraq was known to have, namely chemical weapons. But the notion that Iraq's chemical weapons posed any threat to us was wildly farfetched. Mustard gas is effective in trench warfare, not in cross-hemisphere attacks. Even if terrorists smuggled chemical weapons into the country, the casualties would be fairly minor.

The only way to kill lots of people with chemicals is to concentrate the chemicals in huge quantities near a big city. And, in fact, this country has lots of weapons like that. They're called chemical plants. Attacking one with a truck bomb, or a small plane, would disperse far more toxins than any chemical weapons attack. The Congressional Research Service has found that we have 100 chemical plants that, if struck, would endanger more than 1 million lives. Indeed, U.S. intelligence has discovered that Al Qaeda has studied the possibilities.

After the 9/11 attacks, both Republicans and Democrats reacted with horror at the prospect of a terrorist chemical attack. Then-Sen. Jon Corzine (D-N.J.) sponsored a bill to require tough security measures at vulnerable chemical plants, and the Senate Committee on the Environment and Public Works passed it by a vote of 19 to 1. But lobbyists for the chemical industry went to work and persuaded Republicans to kill the bill, which they did.

The Republican position since then is that we can rely on voluntary action by the chemical industry. Newspaper exposes have shown that many plants have remained appallingly vulnerable. Domestic security experts have shouted from the rooftops that something has to be done. Nothing has.

Last week, finally, Homeland Security Secretary Michael Chertoff appeared before the American Chemistry Council to gently nudge it out of its inaction. He expressed his desire for legislation but remained vague on the details. The closest Chertoff came to a rousing call for action was his observation that "we are four years after 9/11, and the time to wait on voluntariness [sic] as the sole solution, I think, has begun to pass." Well, let's not rush ourselves.

You may wonder where all the so-called post-9/11 conservatives are on this issue. You know, the hawks who remind us every day that we're still at war and insist that Sept. 11 "changed everything." I think the answer is that they're so wedded to the

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image of Bush as decisive war leader who prioritizes terrorism above all that they simply refuse to consider any evidence to the contrary.

One of the few times I've seen a conservative even engage the issue of Bush's inaction on chemical security is in a book called "Bush Country," a paean to Bush's wisdom and greatness. The author, John Podhoretz, labels the idea that Bush has fallen short on homeland security a "crazy liberal idea." He cites a 2003 article I wrote in the New Republic detailing the GOP's initial cave-in on the chemical plant security bill. Podhoretz was aghast that the bill "would have authorized civil and criminal actions against plant managers and officials who supposedly weren't doing enough to secure their facilities."

Why is this bad? Because "such law would turn Americans against each other rather than allow them to focus on the true, external threat." Our very social fabric would be torn — brother against brother, chemical plant owner against nonchemical plant owner. Much better to leave the plants unprotected than risk those bitter divisions.

Podhoretz goes on to argue, in a manner revealing of the conservative mind-set, that my critique of the situation "flies in the face of the passionate seriousness with which Bush has addressed the issue of homeland security and the war on terror." Let me translate: We know Bush is serious about homeland security because he says he is.

Of course, Bush said he was serious about planning for Hurricane Katrina too.

Terrorist 007, Exposed (WP)

By Rita Katz And Michael Kern

The Washington Post, March 26, 2006

For almost two years, intelligence services around the world tried to uncover the identity of an Internet hacker who had become a key conduit for al-Qaeda. The savvy, English-speaking, presumably young webmaster taunted his pursuers, calling himself Irhabi -- Terrorist -- 007. He hacked into American university computers, propagandized for the Iraq insurgents led by Abu Musab al-Zarqawi and taught other online jihadists how to wield their computers for the cause.

Suddenly last fall, Irhabi 007 disappeared from the message boards. The postings ended after Scotland Yard arrested a 22-year-old West Londoner, Younis Tsouli, suspected of participating in an alleged bomb plot. In November, British authorities brought a range of charges against him related to that plot. Only later, according to our sources familiar with the British probe, was Tsouli's other suspected identity revealed. British investigators eventually confirmed to us that they believe he is Irhabi 007.

The unwitting end of the hunt comes at a time when al-Qaeda sympathizers like Irhabi 007 are making explosive new use of the Internet. Countless Web sites and password-protected forums -- most of which have sprung up in the last several years -- now cater to would-be jihadists like Irhabi 007. The terrorists who congregate in those cybercommunities are rapidly becoming skilled in hacking, programming, executing online attacks and mastering digital and media design -- and Irhabi was a master of all those arts.

But the manner of his arrest demonstrates how challenging it is to combat such online activities and to prevent others from following Irhabi's example: After pursuing an investigation into a European terrorism suspect, British investigators raided Tsouli's house, where they found stolen credit card information, according to an American source familiar with the probe. Looking further, they found that the cards were used to pay American Internet providers on whose servers he had posted jihadi propaganda. Only then did investigators come to believe that they had netted the infamous hacker. And that element of luck is a problem. The Internet has presented investigators with an extraordinary challenge. But our future security is going to depend increasingly on identifying and catching the shadowy figures who exist primarily in the elusive online world.

The short career of Irhabi 007 offers a case study in the evolving nature of the threat that we at the SITE Institute track every day by monitoring and then joining the password-protected forums and communicating with the online jihadi community. Celebrated for his computer expertise, Irhabi 007 had propelled the jihadists into a 21st-century offensive through his ability to covertly and securely disseminate manuals of weaponry, videos of insurgent feats such as beheadings and other inflammatory material. It is by analyzing the trail of information left by such postings that we are able to distinguish the patterns of communication used by individual terrorists.

Irhabi's success stemmed from a combination of skill and timing. In early 2004, he joined the password-protected message forum known as Muntada al-Ansar al-Islami (Islam Supporters Forum) and, soon after, al-Ekhlas (Sincerity) -- two of the

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password-protected forums with thousands of members that al-Qaeda had been using for military instructions, propaganda and recruitment. (These two forums have since been taken down.) This was around the time that Zarqawi began using the Internet as his primary means of disseminating propaganda for his insurgency in Iraq. Zarqawi needed computer-savvy associates, and Irhabi proved to be a standout among the volunteers, many of whom were based in Europe.

Irhabi's central role became apparent to outsiders in April of that year, when Zarqawi's group, later renamed al-Qaeda in Iraq, began releasing its communiqués through its official spokesman, Abu Maysara al-Iraqi, on the Ansar forum. In his first posting, al-Iraqi wrote in Arabic about "the good news" that "a group of proud and brave men" intended to "strike the economic interests of the countries of blasphemy and atheism, that came to raise the banner of the Cross in the country of the Muslims."

At the time, some doubted that posting's authenticity, but Irhabi, who was the first to post a response, offered words of support. Before long, al-Iraqi answered in like fashion, establishing their relationship -- and Irhabi's central role.

Over the following year and a half, Irhabi established himself as the top jihadi expert on all things Internet-related. He became a very active member of many jihadi forums in Arabic and English. He worked on both defeating and enhancing online security, linking to multimedia and providing online seminars on the use of the Internet. He seemed to be online night and day, ready to answer questions about how to post a video, for example -- and often willing to take over and do the posting himself. Irhabi focused on hacking into Web sites as well as educating Internet surfers in the secrets to anonymous browsing.

In one instance, Irhabi posted a 20-page message titled "Seminar on Hacking Websites," to the Ekhlas forum. It provided detailed information on the art of hacking, listing dozens of vulnerable Web sites to which one could upload shared media. Irhabi used this strategy himself, uploading data to a Web site run by the state of Arkansas, and then to another run by George Washington University. This stunt led many experts to believe -- erroneously -- that Irhabi was based in the United States.

Irhabi used countless other Web sites as free hosts for material that the jihadists needed to upload and share. In addition to these sites, Irhabi provided techniques for discovering server vulnerabilities, in the event that his suggested sites became secure. In this way, jihadists could use third-party hosts to disseminate propaganda so that they did not have to risk using their own web space and, more importantly, their own money.

As he provided seemingly limitless space captured from vulnerable servers throughout the Internet, Irhabi was celebrated by his online followers. A mark of that appreciation was the following memorandum of praise offered by a member of Ansar in August 2004:

"To Our Brother Irhabi 007. Our brother Irhabi 007, you have shown very good efforts in serving this message board, as I can see, and in serving jihad for the sake of God. By God, we do not like to hear what hurts you, so we ask God to keep you in his care.

You are one of the top people who care about serving your brothers. May God add all of that on the side of your good work, and may you go careful and successful.

We say carry on with God's blessing.

Carry on, may God protect you.

Carry on serving jihad and its supporters.

And I ask the mighty, gracious and merciful God to keep for us everyone who wants to support his faith.

Amen."

Irhabi's hacking ability was useful not only in the exchange of media, but also in the distribution of large-scale al-Qaeda productions. In one instance, a film produced by Zarqawi's al-Qaeda, titled "All Is for Allah's Religion," was distributed from a page at www.alaflam.net/wdkl .

The links, uploaded in June 2005, provided numerous outlets where visitors could find the video. In the event that one of the sites was disabled, many other sources were available as backups. Several were based on domains such as www.irhabi007.ca or www.irhabi007.tv , indicating a strong involvement by Irhabi himself. The film, a major release by al-Qaeda in Iraq, showed many of the insurgents' recent exploits compiled with footage of Osama bin Laden, commentary on the Abu Ghraib prison, and political statements about the rule of then-Iraqi Interim Prime Minister Ayad Allawi.

Tsouli has been charged with eight offenses including conspiracy to murder, conspiracy to cause an explosion, conspiracy to cause a public nuisance, conspiracy to obtain money by deception and offences relating to the possession of

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articles for terrorist purposes and fundraising. So far there are no charges directly related to his alleged activities as Irhabi on the Internet, but given the charges already mounted against him, it will probably be a long time before the 22-year-old is able to go online again.

But Irhabi's absence from the Internet may not be as noticeable as many hope. Indeed, the hacker had anticipated his own disappearance. In the months beforehand, Irhabi released his will on the Internet. In it, he provided links to help visitors with their own Internet security and hacking skills in the event of his absence -- a rubric for jihadists seeking the means to continue to serve their nefarious ends. Irhabi may have been caught, but his online legacy may be the creation of many thousands of 007s.

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Rita Katz is the author of "Terrorist Hunter" (HarperCollins) and the director of the SITE Institute, which is dedicated to the "search for international terrorist entities." Michael Kern is a senior analyst with the institute.

FEMA: 'Don't Wait On Maps' (BRA/AP)

By Lara Jakes Jordan, Associated Press

Baton Rogue Advocate, March 26, 2006

Old levels valid on flood policies

WASHINGTON — Delays in releasing new federal maps of New Orleans' most flood-prone neighborhoods have slowed rebuilding, frustrated homeowners and created uncertainty about the future of the region ravaged by Hurricane Katrina.

And the angst may all be for nothing, the government says.

Residents of the city and surrounding communities have waited since the fall for the maps that will help determine how much flood insurance they will need to rebuild. Under current maps, 80 percent of New Orleans lies in a federally designated flood plain; that figure probably will rise.

Without the maps, homeowners say they do not know if they can afford to stay and buy the additional insurance required by mortgages or if they will be forced to leave and move farther inland.

The Federal Emergency Management Agency, which is issuing preliminary new building standards as early as this week, says homeowners do not have to make that decision now.

They say people who build now will not have to pay higher flood insurance rates even if the new maps and building standards eventually require higher rates. Only people building after the new maps and standards are finished will face higher rates, they say. That process could take another year.

The confusion is the latest example of Gulf Coast residents' distrust of FEMA, which is widely blamed for the government's slow and lackluster storm response. Katrina, which hit Aug. 29, left more than 1,300 people dead and hundreds of thousands homeless.

Asked why so many on the Gulf Coast believe the maps will have an immediate effect on insurance rates, FEMA flood map spokesman Butch Kinerney acknowledged, "They won't believe us."

He also said FEMA has not done a good enough job explaining its policy.

New Orleans native John Hyatt returned to the city after the waters receded to find his home gutted and covered with mold from 5 feet of water. Hyatt is rebuilding his house, but he fears his annual $469 flood insurance premium will double or triple when the maps are issued.

"There's just not a lot of money," said Hyatt, 62, a cargo shipping consultant who cashed in about $60,000 of his retirement savings to repair his gutted, moldy shell of a house.

"We might be faced with a couple of different options — like not take the insurance and hope for the best," Hyatt said.

After months of delays, FEMA is expected to issue advisory standards this week suggesting how high homes need to be rebuilt to be considered safer from floods in Orleans, Jefferson, St. Bernard and Plaquemines parishes in southern Louisiana. Orleans includes the city of New Orleans.

The standards will be followed by geographic maps later this spring that probably will expand the boundary of the region's flood plain — the area with the greatest potential to flood each year.

The flood plain maps have not been updated since the mid-1980s.

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The preliminary building standards and maps must be approved by local officials, many of whom will spend the next year negotiating the details.

Construction begun before the maps are approved will be insured under current rates, FEMA's Kinerney said. Only projects built after the maps are adopted will feel the rate change, he said.

"You don't need to wait on us, and you don't need to wait on these maps," Kinerney said. "Rates are not going up for anyone in compliance. As long as you're in compliance now when you build your house, you'll always be in compliance."

The problem comes as Congress considers revamping the FEMA-run National Flood Insurance Program, which will pay out an estimated $23 billion in flood insurance claims as a result of hurricanes Katrina and Rita. The program collects about $2 billion annually in premiums, and is depending on loans from the Treasury to fulfill current claims.

Bud Schauerte, who administered the flood insurance program in the first Bush administration between 1991 and 1993, said the maps will all but certainly raise premium rates along the Gulf Coast.

"The liability is just too great; it's too much of a risk," Schauerte said. "This is why you have insurance — to protect yourself. So they can't afford it? Maybe they should move inland if it costs more."

FEMA has issued the advisory maps in three Mississippi counties and 11 other Louisiana parishes that were not protected by levees when Katrina hit. Communities ultimately can reject the final federal standards, but they rarely do as they would then be ineligible for future flood relief.

In Gulfport, Miss., Mayor Brent Warr is pushing FEMA to scale back new flood plain building standards that raise the base of a house by 2 feet — from 15 feet to 17 feet.

The new elevation levels would be too high, Warr said, and would result in costly insurance premiums for about 600 homeowners in his city who cannot build to those standards. Homeowners who refuse to pay the higher insurance rates will almost certainly see their property values depreciate.

"It's their sole investment, and now because (FEMA) set the new line, the value of the home went down," Warr said. "And you've just taken away something that's pretty precious."

Those concerns are mirrored in the New Orleans area, too, where the map delays have exhausted the patience of residents.

"It is definitely slowing the process for people to come back and repair their homes," said Jefferson Parish flood plain manager Tom Rodrigue. "It's a joke."

Engineers' Panel Urges Study Of All Levees In New Orleans (NYT)

By John Schwartz

The New York Times, March 26, 2006

The safety of New Orleans's battered levees is "open to question" until the entire system can be analyzed in light of new information about how the 17th Street Canal levee failed after Hurricane Katrina, according to a review panel of civil engineers.

In a strongly worded letter sent Friday to Lt. Gen. Carl A. Strock, the chief engineer of the Army Corps of Engineers, the panel, from the American Society of Civil Engineers, said that "a determination of the overall safety of the hurricane protection system cannot be made until such time as the remainder of the system can be evaluated with the benefit of this new information."

The Corps has been racing to repair damaged sections of the levees by June 1, the start of the Atlantic hurricane season. The letter argues that regardless of the quality of those repairs, the parts of the system that survived the hurricane and were built to the old standard should be given a close look before the city can be declared safe.

The group found that the 17th Street Canal floodwall "appears to reflect an overall pattern of engineering judgment inconsistent with that required for critical structures."

The design, the letter said, did not include a margin of safety allowing for stresses beyond the expected: for example, I-shaped walls were used when an inverted-T shape would have provided greater strength.

The review panel, which the Corps formed to analyze the work of its own investigation of the levee failures, was responding to a March 10 report by the investigators. The report found that the designers of the levees and floodwalls had not anticipated that

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floodwaters might push the floodwall away from the soil base, allowing water to course down into the gap and push the structure aside.

A 1988 report by the Corps showed that such a chain of events was possible. That and other studies, apparently, "never triggered an assessment of the impact that such a gap would have on the stability of the existing levee and floodwall system," the panel of engineers said.

The Corps investigators' report said a second factor in the 17th Street Canal failure was soft soils behind the levee that did not withstand the push from within the canal.

All such soils should be tested and "all I-walls should be re-evaluated" immediately to see what stress they can withstand, the engineers' group said in its letter.

Ivor van Heerden, a leader of Team Louisiana, the group studying the levee failures for the state, said he was pleasantly surprised to see that the panel had reached similar findings. The fact that the groups the Corps formed to review its work have taken such a strong stand, he said, means "it's not just the crazy Cajuns with funny-sounding accents" criticizing the Corps.

A Corps spokesman, Paul Johnston, said that "in general, we agree" with the engineers' concerns, adding, "In fact, we're already implementing a lot of those recommendations."

The review panel's chairman, David E. Daniel, said in an interview that he was encouraged to see that the Corps accepted the conclusions. But, he said, "Simply restoring levees to pre-Katrina levels does not address the question of whether the design was adequate in the first place."

Dr. Daniel, who is also the president of the University of Texas at Dallas, also criticized the tendency of some Corps officials and public figures to proclaim the levees safe.

People deserve "the straight scoop on what the risks are, for those who do decide to return to New Orleans," Dr. Daniel said.

WAR NEWS:

Fear Casts A Shadow On 'Free City' Touted By Bush (LAT)

By Louise Roug, Times Staff Writer

The Los Angeles Times, March 26, 2006

TALL AFAR, Iraq — Last fall, thousands of U.S. and Iraqi troops descended on this ancient city close to the border with Syria. In the shadow of an Ottoman-era castle, they fought in narrow alleyways to clear the city of insurgents.

Last week, President Bush held up Tall Afar as an example of success in the country, calling it "a free city that gives reason for hope for a free Iraq."

The large-scale offensive in September, dubbed "Restoring Rights," may have rid Tall Afar of hard-core insurgent cells. But today this ethnically mixed city has become mired in the same sectarian strife and economic problems that afflict much of the rest of the country.

Fear is palpable in the streets of Tall Afar. Residents complain that the city is increasingly divided as tribal violence sharpens the boundaries between Sunni and Shiite Muslim neighborhoods.

"Violence has increased, mortar attacks have increased, roadside bombs have increased," said Mohammed Taqi, a national legislator from the city who recently wrote to Iraq's interim president and prime minister, requesting that Tall Afar's administrative affairs be handled in Baghdad rather than the provincial capital, Mosul. The roads to that city — as well as two neighborhoods in Tall Afar — are controlled by insurgents, he said.

While acknowledging the rebel holdouts in the city, U.S. commanders here say that attacks have decreased significantly after last fall's offensive.

To prevent more violence, the streets have been blanketed with troops. Four thousand U.S. troops and 8,000 Iraqi troops as well as about 1,700 police officers are in the city of 200,000 residents, said Col. Sean MacFarland, commander of the 1st Brigade Combat Team, 1st Armored Division.

"You can't go very far without seeing a patrol base or a checkpoint," he said.

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But families in Tall Afar complain of no-go areas in the city, boundaries drawn up by sectarian violence or intimidation by rebels.

One sheik, Hashim Antar, said rebels were targeting Shiites to incite sectarian violence. These days, he said, Shiites cannot safely visit the city's only hospital.

"What is increasing is the targeting of the Shiites by the terrorist groups," he said.

MacFarland acknowledged that "there's a lot of intimidation going on" in the city, adding that most of the recent violence is between tribes.

"The situation is bad in Tall Afar," said Mohammed Abdullah, a 52-year-old retired government employee, as he was leaving the Khalil Yas mosque in the Sarai neighborhood Friday.

"Every day we hear about the police and the army clashing with armed men [and] random assassinations between the tribes," said Abdullah, a Sunni. "The people can't live their normal lives. The man is afraid of his brother."

A hospital official said 71 Tall Afar residents had been killed in the last five months.

Although U.S. troops will remain in and around Tall Afar, commanders have moved up the date of the city's transfer this year to the Iraqi army's control.

"Our goal is to slowly diminish the U.S. presence," MacFarland said.

In a press tour last week arranged by U.S. officials to highlight advances made in the city, Mayor Najim Abdullah Jubouri said he believed it would take at least three years before Iraqi security forces would be able to secure the city without the help of American forces.

Later that day, a mortar attack in the city wounded six children.

Devising an economic as well as a military strategy will be key to overcoming violence in the city, U.S. commanders say.

"It's been said that you can't kill your way out of an insurgency, and it's true," MacFarland said. "I think a military-age male, after a hard day of digging the land, won't go out and plant" roadside bombs.

But six months after the U.S.-led operation destroyed parts of the city, the local government has not honored claims from thousands of families whose houses or businesses were ruined.

The Iraqi government initially promised $50 million to rebuild the city, but not all of the money has arrived, said Mohammed Jimsheed, head of the city's reconstruction committee.

Money to compensate families has been allocated but not yet distributed, Jimsheed said, pointing to a holdup at the mayor's office.

The mayor said that processing paperwork for nearly 30,000 families had taken longer than expected and that, eventually, each family would receive 250,000 Iraqi dinars, or about $170.

Many of Tall Afar's residents remain displaced, some waiting for compensation to rebuild their homes, others fearing violence. MacFarland estimated that about a quarter of Tall Afar remained empty, with parts of the city still uninhabitable.

At the market, many shopkeepers draw the shutters and close their business as early as 4 p.m., afraid of walking through the city at night.

"The place here is not safe at all," said Salim Ibrahim, a local leader. He, like many others, is still apprehensive about Tall Afar's future. For now, he said, "it's a city of ghosts."

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A special correspondent in Mosul contributed to this report.

Colonel Becomes Bush Poster Boy (BOS)

By Nina J. Easton

The Boston Globe, March 26, 2006

In the brutal world of Washington politics, it pays to keep your friends close -- and your potential critics even closer. Was that President Bush's strategy last week when he repeatedly lauded the work of Colonel H. R. McMaster of the Third Armored Calvary Regiment?

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McMaster led US and Iraqi forces last year in a successful operation to recapture the town of Tal Afar, which had become a haven for Al Qaeda after US forces failed to keep the region under their control. The town's mayor commended McMaster for transforming a terrorist-controlled "slaughterhouse" into a city that is "breathing life again."

But McMaster also happens to be the author of the award-winning book "Dereliction of Duty: Lyndon Johnson, Robert McNamara, the Joint Chiefs of Staff, and the Lies that Led to Vietnam," published in 1997 and still widely read among Pentagon brass. As the title suggests, McMaster's book is a searing account of official deception behind the Vietnam War.

McMaster's position at the heart of the Iraq war begs the question: Does he hold views that will wind up in a similarly critical account of President Bush's war? "As a trained historian, I'm reluctant to draw parallels," McMaster said in an interview Friday.

Meanwhile, this soldier-scholar -- who taught at West Point and was a fellow at Stanford University's Hoover Institution -- now stars in Bush speeches explaining how the military is winning friends in Iraq.

In other words, McMaster has become the president's poster boy for US progress on the ground.

McMaster, who spoke to us from Fort Carson, Colo., where his regiment is based, wasn't about to spill the beans on his personal views about the leadership of the Iraq war or whether there's another book in his future.

"As a military officer, it's my job to do our mission," he said.

When pressed for his views on the Iraq war, McMaster laughed and added, "Gosh, it's a lot easier to talk about things from 30 years ago."

Rumsfeldian wit stays sharp

The knives were out for Defense Secretary Donald H. Rumsfeld last week, starting with a New York Times op-ed article March 19 in which retired General Paul D. Eaton, who was in charge of training the Iraqi military from 2003 to 2004, called for his former boss's resignation and accused Rumsfeld of putting the Pentagon "at the mercy of his ego."

The Washington press corps took the cue, and at a news conference Thursday, reporters pestered the irascible Rumsfeld with questions about whether he felt "at all embattled" or whether he should "step down and smell the roses, perhaps?"

It's safe to report that the defense secretary has lost none of the famed Rumsfeldian wit. One reporter cited a column by New York Times columnist Maureen Dowd quoting an unnamed administration official asserting that in administration meetings Rumsfeld is treated as "an eccentric old uncle who's ignored."

Rumsfeld shot back, "If you believe everything you read in Maureen Dowd, you better get a life." With that, Rumsfeld got a laugh.

Website targets legislator's tastes

Republicans have launched a website, www.fancyford.com, which ridicules US Representative Harold Ford Jr., the Tennessee Democrat running for Senator Bill Frist's seat this year, for his expensive tastes.

Ford, the site says, "likes to live the good life . . . perhaps a little too much. . . . Lavish hotel stays. Fine Dining. Couture suits. Parties with Playboy playmates. All on the campaign contributors' dime."

Apparently, though, Ford considered this slam below-the-(Armani) belt, so he complained.

The result? More publicity for the Republican website. The site has now received more than 256,000 hits, and Dan Ronayne, spokesman for the National Republican Senatorial Committee, says he appreciates the help.

Of course, the Democrats have struck back with their own Web attack: www.fancyfrist.com, which accuses the Senate Republican leader of lavish hotel stays, big business-funded chartered flights, and investment schemes with the family fortune.

The only problem with the Democrats' counterattack: Ford is running for a Senate seat; Frist is retiring.

Weapon of choice? The Web

And more Web attacks: Republicans are trying to make light of the Democrats' repeated allegation of "dangerous incompetence" against the White House.

The Michigan GOP -- thrilled with Democratic Senator Debbie Stabenow's unfortunate video image in which she stood next to a sign reading "DANGEROUS INCOMPETENCE" -- have launched a fairly hilarious website mocking her: www.dangerousdebbie.com.

Kennedy pitches book in blue zone

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Howard Dean, Democratic National Committee chairman, may be trekking through conservative states to make the case for his party. But Senator Edward M. Kennedy apparently doesn't feel the need. The tour for his newly released book, "America Back on Track," stays safely inside the Amtrak blue zone: New York, Boston, and Washington, D.C.

Plan Is Floated To Open Choice Of Premier To Iraqi Parliament (NYT)

By Edward Wong

The New York Times, March 26, 2006

BAGHDAD, Iraq, March 25 — Iraqi politicians say they are considering asking the main Shiite political bloc to allow a vote by the entire Parliament on a candidate for prime minister. In the proposed plan, the Parliament would choose among three candidates, including Ibrahim al-Jaafari, the current prime minister, the politicians say.

The Shiite bloc, which has 130 of 275 seats in the Parliament, has already nominated Mr. Jaafari to be the next prime minister. Political negotiations to form a new government have been deadlocked over the past month on the issue — the main Kurdish, Sunni Arab and secular blocs in Parliament are all opposing Mr. Jaafari, for various reasons.

Under the Constitution that Iraqi voters approved last fall, the bloc with the most seats in Parliament gets first shot at nominating a prime minister. The document has no explicit passages allowing the entire Parliament to decide on a nominee.

The idea of having Parliament vote for one of three Shiite candidates is being floated among the blocs opposing Mr. Jaafari's candidacy. Some leaders of those blocs would prefer that the Shiites nominate Adel Abdul Mahdi, another prominent Shiite politician. Early last month, the Shiites held a secret ballot among themselves to choose the nominee, and Mr. Mahdi lost to Mr. Jaafari by one vote.

Politicians supporting a parliamentary vote to nominate the prime minister say the plan has yet to be formally presented to the Shiite bloc.

The vote would be a way for the Shiite bloc, the United Iraqi Alliance, to back down from their support of Mr. Jaafari in light of the intense opposition and still save face, said Mahmoud Othman, a Kurdish legislator.

"We don't want to embarrass the United Iraqi Alliance," he said in a telephone interview.

Mr. Jaafari has been widely criticized for failing to quell the insurgency, letting Shiite death squads run rampant and doing little to improve reconstruction.

So far, the various parties in the Shiite bloc have publicly stood by Mr. Jaafari. The question is whether there is dissent among them behind closed doors, and whether the Shiite alliance will crack.

Haider al-Ubady, an adviser to Mr. Jaafari and a member of the Shiite bloc, said the proposed vote "is not being discussed at all inside the alliance." He said there was no legal mechanism that allowed for the Parliament as a whole to elect the nominee for prime minister.

The talks over government formation continued Saturday afternoon at the riverside villa of President Jalal Talabani. Before the negotiations, Mr. Talabani met briefly with the United States ambassador, Zalmay Khalilzad, and a delegation of visiting American politicians including Senator John McCain, Republican of Arizona, and Senator Russell D. Feingold, Democrat of Wisconsin.

"We expressed our concern and urgency concerning the issue of forming a government of unity," Senator McCain said at a news conference.

A bomb in a traffic police booth exploded in the morning, killing at least four civilians in a minibus and wounding two others, an Interior Ministry official said. Friday night, American forces found the bodies of six people who had been garroted, and the Iraqi police on Saturday found a body that had been tortured and shot, the official said. At least 240 bodies of people shot dead have been found in nearly three weeks. A 4 p.m., a mortar struck a residential area of Mahmudiya, south of Baghdad, killing at least four people and wounding at least 13.

Failure To Form Government Is Hurting Iraq, Leaders Admit (KRT)

By Nancy A. Youssef

Knight Ridder, March 26, 2006

DOJ_NMG_0021633

BAGHDAD - Iraqi leaders acknowledge that their inability to form a government more than three months after national elections aggravates religious and ethnic violence and is eroding public confidence that they can solve the nation's problems.

Some leaders said that forming an effective and inclusive democratic state takes time, but the security situation does not give them that luxury. Some fear that even after a government is formed, it could be difficult to reverse religious tensions that have only increased since the Dec. 15 elections.

"The situation is getting worse, and people are losing hope. That despair stokes violence," said Saleh Al-Mutlaq, a Sunni Muslim and member of the Iraqi National Dialogue slate.

Since the Feb. 22 bombing of the sacred Shiite Golden Dome in Samarra, as many as 1,000 people have been killed in retaliatory violence. Another 10 bodies were discovered throughout Baghdad Saturday, nearly all tortured.

Both sects of Islam are under attack. Scores of the dead have been Sunnis killed by largely Shiite militias, while Shiites have been targeted by the Sunni-dominated insurgency. The tit-for-tat killings cause Iraqis to feel that they must fend for themselves because the state cannot protect them from members of their rival sect, who are often their neighbors.

On Saturday, Zalmay Khalilzad, the U.S. ambassador to Iraq, said that militias now are killing more Iraqis than the insurgency, an apparent reversal since the election.

"It obviously is not good to have a vacuum. That is undeniable," said Barham Saleh, a top Kurdish leader. "We need to make a change and bring about a government."

Leaders offered a myriad of reasons for the delay in forming a government, and their reasoning often reflected their religious or ethnic loyalties. Shiite leaders accused American officials of interfering too much, saying the Americans want to give Sunnis more power than they earned in the election. Sunnis charged that the other parties are not committed to a national unity government and are unwilling to share power.

The Shiite slate, the United Iraqi Alliance, won 128 seats, 10 short of a majority; members will serve four-year terms.

Khalilzad has "shown bias to certain groups and that impedes the flow of negotiations," said Haider Ibadi, an advisor to interim Prime Minister Ibrahim al Jaafari. "There must be coordination and cooperation among Iraqi groups to accelerate the formation of the government. Instead, it is clear there is an effort to weaken the biggest block."

Still others said the delay was because leaders couldn't decide whether the newly created National Security Council should be more than an advisory board. And they said they still don't know who will serve in key ministries, like Defense and Interior.

Mahmoud Othman, a Kurdish National Assembly member, said elected leaders did not begin serious discussions until 10 days ago.

Shortly after the election for Iraq's 275-member parliament, U.S. leaders said the new governing body must be more representative than the largely Shiite interim assembly. They said that if Sunnis still feel ostracized after voting, it could strengthen the insurgency.

Despite the delay, the fact that elected leaders are willing to take some responsibility for the state of the country is encouraging, said Noah Feldman, a law professor of New York University, who visited Iraq with U.S. officials in 2003.

"If they are acknowledging that the delay is costing them - that it is making things worse - that is a step in the right direction," said Feldman.

During a visit to Khartoum Friday, Iraq's Foreign Minister Hoshiyar Zebari said he was optimistic that the parties would not continuing holding out for only their own interests.

"If we fail to get a government that is accepted by all key Iraqi political players and communities, the country would degenerate into more instability and everybody would then take the law into their own hands and the country would be divided," he said.

Jaafari has said he thinks leaders will form a new government by the end of next month.

Knight Ridder special correspondents Ahmed Mukhtar and Mohammed al Awsy contributed to this report.

U.S. Losing Patience, Senators Tell Iraqis (WP)

By Vanessa Arrington

The Washington Post, March 26, 2006

BAGHDAD, Iraq -- As a gunbattle raged south of Baghdad, Sens. John McCain and Russell Feingold told Iraqi leaders Saturday that American patience was growing thin and they needed to urgently overcome their stalemate and form a national unity government.

It was the second high-level U.S. delegation in less than a week delivering the same stark message to Iraqi politicians as the Bush administration steps up pressure to overcome the political impasse that threatens to scuttle hopes to start an American troop pullout this summer.

"We need very badly to form this unity government as soon as possible," McCain, R-Ariz., said at a news conference after meetings with President Jalal Talabani and Prime Minister Ibrahim al-Jaafari. "We all know the polls show declining support among the American people."

The U.S. delegation also voiced alarm about increasing sectarian violence in Iraq showing itself in the daily count of drive-by shootings, bombings and dumped corpses, victims of execution-style killings in the shadowy Shiite-Sunni settling of scores.

Seven people _ most civilians killed in their homes by mortar fire _ died and several others were wounded in a gunbattle between forces of the Shiite Mahdi Army militia and Sunni insurgents near Mahmoudiya, about 20 miles south of the capital.

At least 13 other people were killed in scattered violence Saturday and two more bodies were found dumped in the capital, shot in the head with their hands and feet bound.

U.S. Ambassador Zalmay Khalilzad, who has patiently shepherded negotiations to form a new government, already was looking beyond that task to the need to cap the sectarian, militia-inspired killing.

"More Iraqis are dying today from the militia violence than from the terrorists," Khalilzad told reporters during a visit to a sports complex refurbished with American aid. "This will be a challenge for the new government _ what to do about the militias."

The country's leadership must "overcome the strife that threatens to rip apart Iraq," he said.

Nevertheless, a sixth session of multi-party meetings Saturday failed to overcome the logjam that has snarled formation of a government for more than three months.

Feingold, of Wisconsin and the ranking Democrat in the U.S. delegation joined McCain in pressing for the quick formation of a government, but he spoke bluntly of his concern that the continued presence of American forces was prolonging the conflict.

"It's the reality of a situation like this that when you have a large troop presence that it has the tendency to fuel the insurgency because they can make the incorrect and unfair claim that somehow the United States is here to occupy this country, which of course is not true," Feingold said.

With November's midterm congressional elections drawing nearer and American voters increasingly disenchanted with the Iraq war, the two visits in quick succession by high-powered U.S. politicians signaled deep concern over potential fallout from a lack of progress in Iraq.

"We are very concerned about the sectarian violence that is happening out there and how that erodes not only the confidence of the Iraqi people in this process, but certainly also the confidence of the American people and their commitment to this effort," Sen. John Thune, R-S.D., said.

Talabani, a Kurd, has formed a coalition with Sunni and secular politicians against a second term for al-Jaafari, a move that only deepened the government stalemate more than three months after the Dec. 15 parliamentary elections.

The U.S. politicians met separately with each of the men, as well as the U.S. commander in Iraq, Gen. George Casey.

On Tuesday, a delegation led by Sen. John Warner, the Virginia Republican who is chairman of the Armed Services Committee, delivered the same tough message, saying the uneasiness back home could force U.S. lawmakers to press for a reduction in American troop strength if the government delay were prolonged _ regardless of the consequences.

McCain agreed that the damage could be enormous.

Failure in Iraq, he said, would leave "this part of the world in chaos. Not just Iraq, but all of the surrounding countries as well."

In other violence Saturday, according to police:

_ A female teacher was killed by Iraqi soldiers as she drove past their convoy in Baghdad.

_ A Sunni mosque preacher was killed by gunmen when he stopped to have his car repaired in west Baghdad.

_ Gunmen killed a man driving with his family and wounded his two sons in the capital.

_ A bomb exploded in a traffic police hut near the Iraqi Finance Ministry in north Baghdad, killing four civilians and wounding five people, including a traffic policeman.

_ Gunmen killed three people in the northern city of Mosul.

_ A roadside bomb killed two people in Balabroz, 55 miles northeast of Baghdad.

_ Drive-by gunmen killed the bodyguard of the head of Basra's Sunni Endowment, the organization that oversees the sect's religious property in the predominantly Shiite southern city.

U.S. Again Presses Iraqis On Task (LAT)

By Richard Boudreaux, Times Staff Writer

The Los Angeles Times, March 26, 2006

Visiting officials note waning support among Americans for the war and remind leaders of the urgent need to form a unity government.

BAGHDAD — For the second time in less than a week, a group of U.S. senators met Saturday with Iraqi leaders to warn that American interest in stabilizing the country could dwindle unless they speed up work to form a unity government.

"This issue needs to be resolved, not only quickly but also inclusively," Sen. John McCain (R-Ariz.) said as Iraqi President Jalal Talabani, standing beside him, nodded in agreement.

McCain, who backed the 2003 U.S.-led invasion to topple Saddam Hussein, said later he believed Iraqis "understand the sense of urgency we have conveyed to them."

"We all know the polls show declining support among the American people," McCain said.

As his delegation left a lunch at Talabani's villa, heavily armed convoys arrived, bringing leaders of Iraq's main political blocs to another round of wrangling over priorities and procedural rules for a new government. Later they reported progress, but cautioned that the task was complex.

Political violence claimed at least 20 lives across the country Saturday. The bloodiest attack occurred in Mahmoudiya, about 20 miles south of Baghdad, where mortar rounds from insurgents that were apparently aimed at an Iraqi army base hit a nearby neighborhood and mosque, killing four civilians and wounding 13.

In Baghdad, a bomb explosion in a vacant traffic police booth killed four people on a passing minibus.

The day's casualties also included victims of apparent sectarian attacks, a Sunni Muslim imam who had stopped on a Baghdad street to repair his car and two men found with hands and feet tied and bullet wounds to the head.

Speaking at a community sports center during the day, U.S. Ambassador Zalmay Khalilzad told Iraqi athletes that the violence "threatens to rip Iraq apart." He called the effort to form a government "a defining moment." Iraq's ethnic and religious political factions have been deadlocked in that effort since the Dec. 15 elections left none with a majority in parliament.

One obstacle has been resistance to the dominant Shiite bloc's nomination of interim Prime Minister Ibrahim Jafari to keep his job. Another is distrust among the religious, ethnic and secular political factions.

Facing vocal criticism from U.S. officials and ordinary Iraqis, factional leaders have met several times over the last two weeks and reported some progress. A week ago, they agreed to create a 19-member council representing the main factions to guide the new government's policies. On Friday they settled a dispute over the council's authority by deciding that its decisions wouldn't be binding on the prime minister or his Cabinet.

Saturday's talks focused on principles for the government, a formula for giving each faction a share of Cabinet seats, and a procedure for reaching Cabinet decisions.

Participants said they expected to reach agreement on those points in the coming days. They said they had set no deadline for the more difficult task of deciding who would fill the posts of president, prime minister, speaker of parliament, and the Cabinet.

"I sympathize very much with people who say the Iraqi street is very disturbed by this delay," Tariq Hashimi, a Sunni participant in the talks, said at a news conference after Saturday's session. "What we are discussing is quite serious. It demands

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a lot of effort to prepare a solid political foundation. Naming the people in charge of the government, that will happen as soon as we build the foundation."

A Western diplomat monitoring the talks said the effort was more complex than it was last year, when Shiites and Kurds took nearly three months to form an interim government.

"This time the Sunnis are in the game," he said, noting that Sunni parties had boycotted the January 2005 vote. "It's good that the talks are more inclusive, but it's harder to make the necessary compromises."

The most explosive issue for the new government is how to curb Shiite militias. Some of them operate from within the police force, and they are accused of killing hundreds of unarmed Sunnis in sectarian attacks. The principles being studied in the negotiations include a commitment to dissolve those militias.

McCain said his delegation asked Iraqi leaders about the issue Saturday but "didn't get any real frank discussion of it." The delegation included two other senators, three House members and three governors. A separate delegation of six senators visited Iraq on Tuesday.

Sen. Russell D. Feingold, a Wisconsin Democrat and opponent of the war, joined Saturday in pressing for the speedy formation of a government. But he also voiced concern that the continued U.S. presence "has the tendency to fuel the insurgency."

Asked by reporters whether the U.S. visitors had brought helpful advice for breaking the stalemate, Talabani said: "Only friendly words like, 'Please hurry up.' "

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Times special correspondent Asmaa Waguih in Baghdad contributed to this report.

McCain, Feingold Air Views In Iraq (WP)

By Jonathan Finer

The Washington Post, March 26, 2006

Visiting Legislators Debate U.S. Policy as Violence Rages

BAGHDAD, March 25 -- The increasingly rancorous public debate in the United States over the war spilled into Iraq during a news conference Saturday with two visiting lawmakers who are outspoken in their opposing stands on the issue.

Sens. John McCain (R-Ariz.), a longtime supporter of the Bush administration's Iraq policy, and Russell Feingold (D-Wis.), who voted against the invasion and has spoken out against the war ever since, said they had come not to air their divergent views but to urge Iraqi politicians to speed up the process of forming a government. But during questions from reporters, they argued -- cordially and pointedly -- over such issues as the timing of any withdrawal of U.S. troops and whether their continued presence is doing more harm than good.

Feingold said he believed "a large troop presence has a tendency to fuel the insurgency because they can make the incorrect and unfair claim that the U.S. is here to occupy the country."

"I think that it's very possible that the sectarian differences are inflamed by the fact that U.S. troops are here," he continued, adding that their long-term presence "may well be destabilizing, not stabilizing."

Asked a question on a different topic, McCain quickly responded: "I believe that premature troop withdrawal is not in consonance with what's going on the ground."

With Iraq bogged down in sectarian violence in recent months while political leaders struggle to form a new government, debate over the American presence has intensified in the United States. Several visiting politicians, including McCain, have warned that the American public was turning against the war and urged Iraqi leaders to move more quickly in building a coalition government.

U.S. politicians traditionally avoid public disagreements when traveling abroad, particularly in war zones where U.S. troops are engaged. McCain said the argument was better suited for the Senate floor, and Feingold said he would "go into more details when I'm home." The two senators, considered potential presidential candidates in 2008, were among a seven-member delegation of legislators and governors -- five Republicans and two Democrats -- who met Saturday with such Iraqi leaders as President Jalal Talabani and Prime Minister Ibrahim al-Jafari, and with U.S. military commanders.

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Their visit came as more violence was reported across Iraq, including a terrifying incident earlier in the week in the western city of Ramadi. On Wednesday, armed insurgents burst into the classroom of Khidhir al-Mihallawi, an English teacher at Sajariyah High School, accused him of being an agent for the CIA and Israeli intelligence and beheaded him in front of his students, according to students, fellow instructors and a physician at a local hospital.

One teacher, who spoke on the condition that he not be named because he feared retaliation from insurgents, said that most students ran from the classroom but that some stayed to watch. Many stopped coming to school after the incident, he said. Another teacher, who said he moved his mathematics class to his home to accommodate frightened students, said Mihallawi had earlier been threatened because he worked as a translator for U.S. forces in Ramadi, a hotbed of the Sunni Arab insurgency.

Mihallawi "looked at us just like he was telling us that we do not have to be scared. Even as we were running out of the door, his looks were still telling us that nothing will happen and we do not have to be scared," said a student, whose father asked that his name not be used. "I heard him screaming for a few seconds, then stop screaming."

The father said his son has had trouble sleeping since the incident. "He always has nightmares and he always wakes up screaming and shaking, talking in his dreams," he said.

The mujaheddin shura, a recently formed council of insurgent groups believed to be led by al-Qaeda in Iraq, said in a statement distributed in several Ramadi mosques that Mihallawi had provided information about insurgents to U.S. forces. "Because of that, the religious committee at the al-Qaeda court sentenced him to death to apply God's punishment," the statement continued.

A physician at Ramadi's hospital said he kept Mihallawi's body in a morgue refrigerator until his family could recover it discreetly. The Post is withholding the physician's name for security reasons.

A spokesman for the U.S. Marines in Anbar province, of which Ramadi is the capital, said he had no information on the attack. A spokesman for al-Qaeda in Iraq, Abu Maysara al-Iraqi, acknowledged that the group had killed Mihallawi but denied he was beheaded and said he was killed outside the school. He asked reporters not to publicize the incident, calling it "an internal affair."

In Baghdad on Saturday, a mortar shell struck a home in the restive neighborhood of Dora, killing two people and wounding six, according to police Capt. Raad al-Timmimi.

Elsewhere in Iraq, police officers south of Baghdad found the bodies of at least 10 people shot to death with their hands bound. East of Baghdad, four people were killed and two wounded when a roadside bomb tore through their vehicle. And in the town of Mahmudiyah, police said Sunni insurgents fought for several hours with members of a Shiite militia loyal to influential cleric Moqtada al-Sadr, leading to the detention of several insurgents.

With sectarian violence surging across the country since the bombing last month of a Shiite shrine in Samarra, north of Baghdad, each member of the U.S. delegation visiting Baghdad stressed the urgency of forming a new government. McCain pointed to a dearth of economic development but said he had been encouraged by reports of improvements in Iraq's security forces and a burgeoning rift between Iraqi and foreign insurgents. "The statistics that I see is that slow and steady progress is being made," the Arizona senator said.

Feingold, who recently called for the Senate to censure President Bush over a domestic surveillance program run by the National Security Agency, said he was dismayed not to hear any of the military commanders he met with mention al-Qaeda as a source of the problems in Iraq. The Bush administration and U.S. officials here often point to the radical group as a major source of instability in the country.

"There seems to be a disconnect between the rhetoric in Washington about what this is all about and what we hear here," Feingold said. McCain responded that he did "not want to get into a back-and-forth with one of my best friends."

"Russ could have been a lot more outspoken," said Rep. Tom Udall (D-N.M.), who was part of the visiting delegation. "There's always been with foreign policy an idea that debate stops at the shores. . . . At times today it didn't."

Special correspondents Naseer Nouri, Omar Fekeiki and Saad al-Izzi in Baghdad and Saad Sarhan in Najaf contributed to this report.

Violence Worse In Iraq, Pawlenty Says (MINNST)

By Mary Lynn Smith

Minneapolis Star Tribune, March 26, 2006

In a visit to Iraq, he urged officials there to move more quickly to form a government

On his second tour of Iraq since 2004, Gov. Tim Pawlenty said he could see and feel that the violence there has worsened. But withdrawing troops would create more chaos in the Middle East, he said during a Saturday telephone news conference from Baghdad.

Pawlenty quietly left Minnesota on Thursday for a visit to Iraq with a delegation led by Sen. John McCain, R-Ariz. With 2,600 Minnesota National Guard members headed to Iraq, Pawlenty got an up-close look at the situation there.

The delegation met with leaders in Kuwait and then made its way to Iraq, where it has met with high-ranking U.S. and Iraqi officials.

Pawlenty acknowledged growing frustration among Americans over the war.

"In many ways, it has been two steps forward and one step back," Pawlenty said Saturday. "There's no question about that. And there have been mistakes made. There's no question about that and we have to be candid and blunt about that."

More than three months after Iraqi elections, the country's coalition government still isn't up and running, Pawlenty said. "And that is a matter of significant concern," he said.

Talking to Iraqi leaders, the American delegation made clear there's an urgency to show more tangible progress

The hope is that a coalition government will bring the opposing factions to the table, possibly reducing the violence and the need for U.S. soldiers.

Withdrawing U.S. troops now could result in more instability in Iraq, Pawlenty said. "It has the potential of creating turmoil in the Middle East [at] a profound level," he said.

"People understandably have mixed feelings about the war," he said. But he called for unified support of the troops, who he said display fortitude, courage, morale and dedication that are inspiring.

The delegation, he said, is meeting with troops to express gratitude for their service. Pawlenty said he will return to Minnesota in a few days but said he couldn't disclose travel plans because of security concerns.

A Professor's Bleak View Of Iraq's Future (NYT)

By The New York Times

The New York Times, March 26, 2006

"Insurgency and Counter-Insurgency in Iraq" (Cornell), by Prof. Ahmed S. Hashim of the United States Naval War College, is a pessimistic analysis of the war that is causing controversy ahead of its May publication.

In a phone interview, Mr. Hashim, who finished the book last November, discussed his findings.

Q. Can the insurgency be stopped?

A.The insurgency is primarily in Anbar Province, in western Iraq, but also along the fault lines wherever the major ethno-sectarian groups rub up against one another.

To begin to improve the situation, we need to focus on resolving violence in those places, make sure the Iraqi security forces are representative of the entire country and, thirdly, to stop cosseting the Shiite religious bodies. Not by ignoring them — you can't ignore groups that represent 60 percent of the population. But they are not our natural allies in trying create a democratic Iraq. They are trying to create a theocracy, and the more religion enters Iraqi politics, the more violence there will be.

Q. So what should American troops do?

A. We still tend to have an approach of big unit actions, killing people instead of creating a mixed basket of military, political, economic, diplomatic and cultural initiatives to help the Iraqis.

The military culture still has little understanding of the origins and goals of the insurgency. They still think it has primarily to do with Al Qaeda, and ignore the fact that the Sunni insurgents feel their identity is threatened.

Q. What is likely to happen next?

A. The best way to salvage the situation is to reorient our strategy to create a loose federation, stationing American troops at the fault lines between the ethno-sectarian groups to prevent them from killing each other until the hatred and violence of last few

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years dissipate. In a few years' time, they can sit down and talk and wonder how they can proceed from their loose confederation to something else.

Bound, Blindfolded And Dead: The Face Of Atrocity In Baghdad (NYT)

By Jeffrey Gettleman

The New York Times, March 26, 2006

BAGHDAD, Iraq, March 25 — Mohannad al-Azawi had just finished sprinkling food in his bird cages at his pet shop in southern Baghdad, when three carloads of gunmen pulled up.

In front of a crowd, he was grabbed by his shirt and driven off.

Mr. Azawi was among the few Sunni Arabs on the block, and, according to witnesses, when a Shiite friend tried to intervene, a gunman stuck a pistol to his head and said, "You want us to blow your brains out, too?"

Mr. Azawi's body was found the next morning at a sewage treatment plant. A slight man who raised nightingales, he had been hogtied, drilled with power tools and shot.

In the last month, hundreds of men have been kidnapped, tortured and executed in Baghdad. As Iraqi and American leaders struggle to avert a civil war, the bodies keep piling up. The city's homicide rate has tripled from 11 to 33 a day, military officials said. The period from March 7 to March 21 was typically brutal: at least 191 bodies, many mutilated, surfaced in garbage bins, drainage ditches, minibuses and pickup trucks.

There were the four Duleimi brothers, Khalid, Tarek, Taleb and Salaam, seized from their home in front of their wives. And Achmed Abdulsalam, last seen at a checkpoint in his freshly painted BMW and found dead under a bridge two days later. And Mushtak al-Nidawi, a law student nicknamed Titanic for his Leonardo DiCaprio good looks, whose body was returned to his family with his skull chopped in half.

What frightens Iraqis most about these gangland-style killings is the impunity. According to reports filed by family members and more than a dozen interviews, many men were taken in daylight, in public, with witnesses all around. Few cases, if any, have been investigated.

Part of the reason may be that most victims are Sunnis, and there is growing suspicion that they were killed by Shiite death squads backed by government forces in a cycle of sectarian revenge. That allegation has been circulating in Baghdad for months, and as more Sunnis turn up dead, more people are inclined to believe it.

"This is sectarian cleansing," said Mahmoud Othman, a Kurdish member of Parliament, who has maintained a degree of neutrality between Shiites and Sunnis.

Mr. Othman said there were atrocities on each side. "But what is different is when Shiites get killed by suicide bombs, everyone comes together to fight the Sunni terrorists," he said. "When Shiites kill Sunnis, there is no response, because much of this killing is done by militias connected to the government."

The imbalance of killing, and the suspicion the government may be involved, is deepening the Shiite-Sunni divide, just as American officials are urging Sunni and Shiite leaders to form an inclusive government, hoping that such a show of unity will prevent a full-scale civil war.

The pressure is increasing on Prime Minister Ibrahim al-Jaafari, a Shiite, but few expect him to crack down, partly because he needs the support of the Shiite militias to stay in power.

Haidar al-Ibadi, Mr. Jaafari's spokesman, acknowledged that "some of the police forces have been infiltrated." But he said "outsiders," rather than Iraqis, were to blame.

Now many Sunnis, who used to be the most anti-American community in Iraq, are asking for American help.

"If the Americans leave, we are finished," said Hassan al-Azawi, whose brother was taken from the pet shop.

He thought for a moment more.

"We may be finished already."

The human rights office of the Iraqi Islamic Party, a mostly Sunni group, has cataloged more than 540 cases of Sunni men and a few of Sunni women who were kidnapped and killed since Feb. 22, when a Shiite shrine in Samarra was destroyed, unleashing a wave of sectarian fury.

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As the case of Mr. Azawi shows, some were easy targets.

Mr. Azawi was the youngest of five brothers. He was 27 and lived with his parents. He loved birds since he was a boy. Nightingales were his favorite. Then canaries, pigeons and doves.

During Saddam Hussein's reign, he was drafted into the army, but he deserted.

"He was crazy about birds," said a Shiite neighbor, Ibrahim Muhammad.

A few years ago, Mr. Azawi opened a small pet shop in Dawra, a rough-and-tumble, mostly Shiite neighborhood in southern Baghdad.

Friends said that Mr. Azawi was not interested in politics or religion. He never went to the Sunni mosque, though his brothers did. He did not pay attention to news or watch television. That characteristic might have cost him his life.

On Feb. 22, the Askariya Shrine in Samarra was attacked at 7 a.m. But Mr. Azawi did not know what had happened until 4 p.m., his friends said. He was in his own little world, tending his birds, when a Shiite shopkeeper broke the news and told him to close. He stayed in his house for three days after that. His friends said he was terrified.

The day of the shrine attack, Shiite mobs began rampaging through Baghdad, burning Sunni mosques and slaughtering Sunni residents. Some Sunnis struck back and killed Shiites. The mayhem claimed hundreds of lives and exposed tensions that until then had been bubbling just beneath the surface.

Two Shiite militias, the Badr Organization, which once trained in Iran, and the Mahdi Army, the foot soldiers of a young, firebrand Shiite cleric, Moktada al-Sadr, were blamed for much of the bloodshed. Mr. Sadr's men often wear all-black uniforms, and many of the relatives of kidnapped people said men in black uniforms had taken them. Many people also said the men in black arrived with the police.

Around 9 on the night of the shrine bombing, a mob of black-clad men surrounded the Duleimi brothers, family members said.

The brothers lived in New Baghdad, a working-class neighborhood that is mostly Shiite. They were all gardeners and religious men who prayed five times a day. They had relatives in Falluja, in the heart of Sunni territory.

Where a family hails from in Iraq often reveals whether it is Sunni or Shiite. Nowadays, because of the sectarian friction, people are increasingly aware of the slight regional differences in accent, dress and name. Some first names, like Omar for Sunnis, or Haidar for Shiites, are clear giveaways. Others, like Khalid, are not. Tribal names can also be a sign.

A cousin of the Duleimi brothers, who identified himself as Khalaf, said the four men were taken at gunpoint from the small house they shared. The next day, their bodies turned up in a drainage ditch near Sadr City, a stronghold of the Mahdi Army. All their fingers and toes had been sawed off.

That same day Mushtak al-Nidawi, 20, was kidnapped. According to an aunt, Aliah al-Bakr, he was chatting on his cellphone outside his home in Bayah when a squad of Mahdi militiamen marched up the street, shouting, "We're coming after you, Sunnis!"

Ms. Bakr said they snatched Mr. Nidawi while his mother stood at the door. His body surfaced on the streets seven days later, his skin a map of bruises, his handsome face burned by acid, his fingernails pulled out.

"I told his mother he was shot," Ms. Bakr said.

Sheik Kamal al-Araji, a spokesman for Mr. Sadr, said "the Mahdi Army does not commit such crimes."

He also said the militiamen would soon change their uniforms so they would no longer be confused with thugs.

The question of who exactly is behind these collective assassinations has become a delicate political issue. So has the disparity in the killings.

Many Sunni politicians, including secular ones like Methal al-Alusi, accuse the Shiite-led government of backing a campaign to wipe out Sunnis. Many Shiite leaders, including Prime Minister Jaafari, blame "foreign terrorists," without being more specific. It seems that Shiite militias, unable to strike back against the presumably Sunni suicide bombers who kill Shiite civilians, are now victimizing Sunni civilians. There is no evidence that the Sunnis who have been kidnapped and killed are connected to terrorists.

Zalmay Khalilzad, the American ambassador, is now saying that militias are Iraq's No. 1 security threat. But he has been careful to paint the problem in broad strokes, implying both sides are at fault.

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There are a few Shiite victims, like Mohammed Jabbar Hussein, who lived in a mostly Sunni area west of Baghdad. He disappeared on Feb. 26 and was found four days later, shot in the head.

But the militias under the greatest suspicion, and the ones with the strongest ties to the government, are Shiite. Maj. Gen. Rick Lynch, a spokesman for the American military, said Shiite militias have played a role in the killings and "the government of Iraq has to take action."

Then there is the question of prosecution. While countless Sunni insurgents have been arrested and tried on murder charges, very few Shiite militiamen have been apprehended.

Thamir al-Janabi, who is in charge of the Interior Ministry's criminal investigation department, declined to comment. So did several other Interior Ministry officials.

A new round of revenge attacks began March 12, around 6 p.m., when a string of car bombs exploded in Sadr City, killing nearly 50 civilians. Most security officials, Shiite and Sunni, blamed Sunni terrorists.

An hour and a half later, half a dozen gunmen arrived at Mr. Azawi's pet shop.

Wisam Saad Nawaf was playing pool across the street. He said that a man wearing a ski mask arrived with the gunmen, who were not wearing masks, and that when they grabbed Mr. Azawi, the masked man nodded. "He must have been an informant from the neighborhood," Mr. Nawaf explained.

Mr. Azawi got into a car. The gunmen closed the doors. The next morning Mr. Azawi's body was found at the sewage plant. Autopsy photos showed how badly he had been abused. His skin was covered with purple welts. His legs and face had drill holes in them. Both shoulders had been broken.

His brother Hassan carries the autopsy photos with him, along with a pistol. "I cannot live without vengeance," he said.

Hassan said there were a few Shiites at his brother's funeral, which he took as a grim speck of hope.

One week later, on March 20, the body of Mr. Abdulsalam, another Sunni, was found under a bridge. Mr. Abdulsalam, 21, worked with his father in a real estate office. His family said he was last seen in his BMW, stopped at a Mahdi Army checkpoint.

Redirecting Bullets In Baghdad (NYT)

By Jeffrey Gettleman

The New York Times, March 26, 2006

BAGHDAD, Iraq

I GOT back to Iraq two weeks ago, having been away more than a year. The first story I covered began with a tip that vigilantes had hanged four suspected terrorists from lamp posts in Sadr City, a Shiite slum. The minute I got to the scene, I realized I was stepping into a new Iraq. Another new Iraq, really; maybe even the third Iraq I have seen since I began reporting here in 2003.

Gone were the American tanks that used to guard the intersections. Instead, aggressive teenagers with machine guns and shiny soccer jerseys ruled the streets. They poked their heads into cars and detained whomever they wanted. There were even 8-year-olds running checkpoints, some toting toy pistols, others toting real ones. Whatever they carried, 4-foot-tall militias made me nervous. The streets now had a truly Liberian feel.

The episode was oddly symmetrical with a moment in 2004 when mobs in Falluja swarmed four American contractors and hung the bodies from a bridge. But there were a few big differences. For one, this wasn't Falluja, angry heart of the insurgency. This was Baghdad. And these weren't Americans dangling from rope. They were Sunni Arab Iraqis.

I had thought Iraq might be getting quieter. Fewer mortars were sailing into the Green Zone, where the Americans are based, and fewer suicide bombings were disrupting the morning rush. Even the airport road, the most dreaded strip of asphalt in the world, was doing better. It had been repaved and was flowing with traffic.

But soon I caught on. The violence had not declined. It had just turned inward. No longer was most of it pointed at the Americans, either directly or indirectly, as it had been during the invasion and when the insurgency exploded in 2004. Back then, if G.I.'s were not the targets, their helpers were — the Iraqi police, regional governors, Kurdish leaders, foreign civilians, anyone remotely connected to the "occupiers."

It's true that American soldiers are still dying, but the focus of the bloodshed has changed.

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The day after that mob scene in Sadr City, bodies started showing up, first a couple and then dozens. By conservative counts, nearly 200 civilian men have been executed in the past two weeks and dumped on Baghdad's streets. Many have been hogtied. Some have had acid splashed on their faces. Others have been found without toes, fingers, eyes.

Granted, Baghdad is no stranger to the corpse. There were assassinations two years ago, when an entire intellectual class was being wiped out.

But this new wave of executions was different. It was more sadistic and less selective. These people weren't rounded up because they were important. They were tortured and killed simply because of their religion. And because most of them were Sunni Muslim Arabs, there was no response from the Shiite-led government.

Mass murder used to provoke some form of official reaction, however feeble. I remember seeing the Iraqi police seal off areas after big bomb attacks and poke around for evidence. Now, there are major crimes with no crime scenes. Very few of these mystery killings have been investigated, and it isn't for lack of witnesses. Many of these men were abducted in daylight, in public, in front of crowds.

Not enough can be said about the attack on a Shiite shrine in Samarra last month. That explosion opened a cycle of revenge that seems to have split modern Iraqi history. There is before Samarra and after. Before Samarra, many Iraqis tried to play down Sunni-Shiite tensions. Since Samarra, they live in mortal fear of them.

If this all sounds depressing, it is. That's how people here feel. I've been looking hard, but in two weeks I haven't found an Iraqi optimist. In the summer of 2004, I profiled a band of young artists who braved dangerous roads to get away from Baghdad and paint pretty pictures of the Tigris River. Now, they're homebound. There is a similar sense of newfound hopelessness in the faces of the Iraqis I work with.

"What is the style of death?" is the No. 1 question in our bureau, now that all these bodies have turned up.

Of course, the old insurgency hasn't abated. Last week, 200 masked insurgents besieged a jail, killing more than a dozen guards and springing their comrades. A few days ago, one of our translator's uncles was killed when a box of sweets blew up in a tea shop. It seems as if half of our staff has had family murdered.

It is difficult to communicate just how violent Baghdad has become. A DVD was recently circulated in markets showing an imam being dragged behind a pickup truck. There was also a home video of a family of four, including a 10-day-old girl, all of them wrapped in plastic in the morgue.

Everyone has guns. We interviewed an educated woman who rides the bus with a loaded Glock pistol in her lap.

This is not to say life has ground to a halt. Stores are open, though the curfew has cut into business. Children go to school. The other day a mortar shell flew over a swing set and the children kept on swinging, even as a cloud of dust rose behind them.

I recently met a Sunni man who used to be virulently anti-American. He showed me postmortem pictures of his younger brother, who had been kidnapped by death squads and had holes drilled in his face.

"Even the Americans wouldn't do this," he said.

Ancient Rift Brings Fear On Streets Of Baghdad (NYT)

By Jeffrey Gettleman

The New York Times, March 26, 2006

BAGHDAD, Iraq, March 25 — The difference between Shiites and Sunnis is sometimes explained simply as a disagreement over who should have become the leader of the Muslim community after the Prophet Muhammad died nearly 1,400 years ago.

But in Iraq, the divide goes beyond that, partly because of geography and partly because of history. With sectarian tensions rising, Iraqis are paying more attention to the little things that signal whether someone is Shiite or Sunni. None of the indicators are foolproof. But a name, an accent and even the color of a head scarf can provide clues.

Complicating all of this is the reality that many Iraqis have intermarried and that for much of Iraq's history, the two communities have coexisted peacefully. Very rarely has sectarian identity been a life or death matter, the way it is now on some of Baghdad's streets.

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Shiites split off from Sunnis after the Prophet Muhammad died in the seventh century. That created a crisis over who would succeed him as leader of the Muslim community. One group of Muslims chose Muhammad's friend, Abu Bakr. They would become the Sunnis, a vast majority of the world's Muslims.

A smaller group believed the rightful successor was Ali, the prophet's son-in-law and cousin. They would become the Shiites, who today are concentrated in India, Pakistan and Persian Gulf countries. Abu Bakr won out, though after he died Ali eventually became caliph. He was assassinated, and the Muslim community began to splinter. Ali's son Hussein led a rebellion but he, too, was cut down, in a battle in Karbala, Iraq. Hussein's death was the beginning of Shiism and it started a culture of martyrdom, evident each year during a festival in Karbala when Shiites whip and cut themselves to symbolize Hussein's pain.

Over the years, the rivalry between the partisans of Ali and those who supported Abu Bakr evolved into two schools of theology. For example, when it comes time to pray, Shiites believe a person's arms should be straight; most Sunnis say they should be bent. Shiites allow temporary marriage; Sunnis say it is forbidden. In some cases, Shiite inheritance law is more generous to women than is Sunni inheritance law.

Shiites follow ayatollahs, or supreme jurists, who some believe have divine powers. Sunni Islam is more decentralized among local imams.

Southern Iraq is essentially the center of Shiite Islam, with holy shrines in Karbala, Kufa and Najaf. The Sunni Arabs are concentrated in the west, especially in Anbar Province, the heartland of Iraqi tribal culture. In Baghdad and eastern cities like Baquba, the populations are mixed, while in the north, Sunni Kurds predominate.

In Iraq, tribal identity is also important, and many people use tribal names as last names. Because certain tribes are rooted in certain areas, a last name like Saidi, Maliki or Kinani may be typically Shiite, while names like Zobi, Tikriti and Hamdani are typically Sunni.

Certain first names may also reveal sect: Omar and Othman are Sunni names; Haidar and Karrar are Shiite ones.

Dress, too, can be a sign, but again not because it has religious significance. In western Iraq, the favored headdress is white and red; in the south it is white and black.

Historians say Shiites and Sunnis in Iraq have had periods of peace and conflict. Saddam Hussein exacerbated the rivalry, most notably after 1991, when Shiites in the south revolted and he used predominantly Sunni tribes to crush them.

Nearly 60 percent of Iraq's population of some 25 million are Shiite, with Sunni Arabs and Sunni Kurds making up roughly 40 percent.

Iran To Talk With US Conditionally: Ahmadinejad (AFP)

AFP, March 26, 2006

TEHRAN (AFP) - Iran's President Mahmoud Ahmadinejad reportedly said Tehran will hold talks on neighboring Iraq with Washington "in spite of distrusting Americans."

"We will ... talk with America about Iraq because of requests by the Iraqi people and government, but with consideration of Iraqis and the Islamic world's interests and in consultation with Islamic countries," Ahmadinejad said during a meeting with Syria's visiting First Vice President Faruq al-Shara according to the ISNA news agency.

"We basically do not trust Americans," he added.

Iran's supreme leader, Ayatollah Ali Khamenei, on Tuesday gave a tacit blessing to talks between the Islamic republic and the United States, but said the Islamic republic wanted Washington to leave Iraq.

The idea was first floated just over a week ago by Ali Larjani, head of Iran's Supreme National Security Council, its nuclear chief and one of the country's most visible officials.

US Secretary of State Condoleezza Rice said Friday she was "quite certain" that US officials would hold direct talks with Iran on the turmoil in Iraq, but could not say when.

In an interview with the Washington Post, US envoy to Baghdad Zalmay Khalilzad, who would lead talks with Tehran, accused the Islamic republic of aiding Iraqi militia and insurgents groups.

The White House suspects Iran waited months to accept the US offer, first approved last November, in order to deflect pressure from Tehran's atomic energy program, which has been referred to the UN Security Council.

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The United States charges Iran with seeking to obtain nuclear weapons, while Tehran insists its programme is meant only for peaceful purposes.

The Word At War (WP)

By Lynne Duke

The Washington Post, March 26, 2006

Propaganda? Nah, Here's the Scoop, Say the Guys Who Planted Stories in Iraqi Papers

Oh, no, not at all -- the Lincoln Group does not do propaganda. Sure, the firm's been tarred by some in Congress, the media and the defense establishment for paying Iraqi newspapers to publish hundreds of "news" stories secretly written by U.S. troops.

But Paige Craig, the West Point dropout and former Marine intelligence specialist who is the Lincoln Group's president, says the practice is not propaganda. The word carries such baggage, such suggestions of mind control. So in an industry in which euphemism thrives, a more elegant word is deployed.

"We call it 'influence,' " says Craig, whose business has 12 U.S. government contracts totaling more than $130 million.

The Lincoln Group even has a "senior director for insight and influence." His name is Andrew Garfield. Over lunch near the group's Pennsylvania Avenue offices, he also tries to steer the lexicon at play around the table and to clarify what he calls the "tradecraft" of "influence."

Take "psyops," for instance. That's short for "psychological operations." Like the word "propaganda," it, too, conjures mystery, deception.

But that's not what the Lincoln Group does, says Garfield. The company has been contracted by a psyops division of the U.S. military, but Garfield insists that Lincoln's work cannot be considered psyops. That word, Garfield protests, refers to a military operation. And Garfield is very familiar with military psyops, as he is a former British military and intelligence official who regularly teaches a course at the U.S. Army base at Fort Bragg -- a course on . . . psyops.

Bombs are blasting in Baghdad. War fills the air there and fills the airwaves here. But a more quiet war -- the information war -- is waged by stealth, in the words and images deployed by pundits, partisans, policymakers, propagandists, psychological operators and influence specialists, both civilian and military.

Call it influence. Or call it propaganda, info-ops, psyops or strat comm (that's short for "strategic communications"). It's all information, and information can be a weapon as lethal, at times, as bullets and bombs.

But wait! Not only are we in an information war, we are also in a war over the info war -- over techniques such as Lincoln's and the extent to which the U.S. government should or does disseminate propaganda, even pay to publish favorable "news" stories.

Outrage was so great when word leaked last December of Lincoln Group's Iraq activities -- one writer described it as bribery -- that the Pentagon launched an investigation. Army Gen. George W. Casey announced earlier this month that the probe had found the Lincoln Group's work violated no law or policy. But the final report, while completed, is under internal review. No additional details have been released.

Lincoln's work in Iraq continues.

And so we meet the influencers: Craig, 31, one of the brains behind the business, a California guy who grew up fascinated by foreign cultures and drawn by geopolitics; Garfield, 45, the former intelligence analyst turned romantic who married an American physical therapist who helped him through an illness; and Scott Feldmayer, 29, the former Army brat in Europe turned Army captain in Iraq turned influence manager at Lincoln.

Over a recent lunch, they agreed to discuss what they do, albeit only in broad brush. They are stingy with details, they said, because their contracts prohibit them from revealing too much.

Lincoln Group works in Iraq, Afghanistan, United Arab Emirates and Jordan, employing about 200 people, says Craig, who attended but did not graduate from West Point before he joined the Marines. He founded Lincoln along with Christian Bailey, a British entrepreneur. Bailey was not available for lunch, as he was off in the world somewhere, influencing.The P-Word

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Words can change what people think. Add some emotional punch and piercing imagery, and words can change how people behave. Repeat these words and images over and over, and they can define a culture.

That's the info war -- far more intense than mere "spin" -- and it's been raging in the United States since the words "war on terror" were uttered in public and the national zeitgeist became one of fear. With the body politic and the vox populi deeply polarized before and after the war started, "we look at everything in terms of propaganda," says Nancy Snow, a former State Department official and author of "Information War."

Think of all the big-ticket war issues that still are contested: WMD, aluminum tubes, uranium, the spurious Saddam-9/11 connection, the Iraqis whom U.S. officials said would greet U.S. troops as liberators, the good news that allegedly is being ignored by all those journalists who keep writing about the bombs still exploding, the bodies still falling.

In the most recent burst of concern about disinformation and the war, enter the Lincoln Group and accusations that its packaging of an American point of view is just propaganda.

It's that P-word again. So let's parse it. It means "any systematic, widespread dissemination or promotion of particular ideas, doctrines, practices, etc., to further one's own cause or to damage an opposing one." That's the basic Webster definition, which sounds so straightforward.

In the real world, though, the word is "a contested term, ideologically based," says Snow, a senior research fellow at the Center on Public Diplomacy at the University of Southern California and an assistant professor in communications at the California State University at Fullerton.

It's a slippery word indeed. At the core, it's about manipulation, planting an idea in your head or a sentiment in your heart on the sly.

"Part of the beauty of real successful propaganda is it works without you knowing that it works," says Anthony Pratkanis, co-author of "Age of Propaganda" and a professor of social psychology at the University of California at Santa Cruz.

The word "propaganda" conjures some pretty ugly stuff, like the old Bolshevik and Soviet agitprop, the sinister wordsmithery of Nazi Joseph Goebbels, the "destroy the village to save it" doublespeak of U.S. military leaders during the Vietnam War.

To be lumped with those folks is, well, understandably upsetting.

"When you use that term about our business, you discredit our business," says Garfield, the influence director.

For Craig, the Lincoln Group president, "propaganda" conjures "posters from World War II where every American is thinking that Germans are just stabbing babies or the Japanese are a bunch of crazy lunatics."

Says Garfield: "One of the things our critics do in the deployment of the term propaganda is they then seek to stifle any debate."

Now he breaks into a full-bore lecture: "It's as if telling the Iraqi people about the positive aspects, about the emergence of democracy in their country, the significant efforts being done by the coalition to protect them, to achieve the security that everybody acknowledges is necessary for people to embrace a new government and a new armed forces -- as if all of that is bad. The moment you label it with the term propaganda, you immediately end any debate. It's absolutely necessary to counter the negative use of information by our adversaries."Sending Signals

So how does the Lincoln Group attempt to capture Iraqi hearts and minds? "We use whatever mediums one could employ to influence an audience," says Garfield.

They've planted those fake news articles trumpeting pro-U.S. stories. They've conceived and distributed anti-terror comic strips and leaflets. They ran a campaign that distributed water bottles bearing a phone number that Iraqis could call to report terror activity to U.S. authorities. They do research, media analysis, polling and focus groups. They seek to completely understand a culture, so they can better influence it.

Speaking hypothetically, the Lincoln officials said entertainment, music, soap operas, comedy, documentaries, educational programs and advertising also can be employed to influence.

Would a visitor be able to identify Lincoln Group's work in Iraq?

"You shouldn't stumble across our work," says Garfield. "What I mean is: You shouldn't know it was our work."

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Lincoln's work complements military psyops. In Iraq and Afghanistan, psyops teams have air-dropped leaflets telling people not to resist U.S. troops. They've hollered through loudspeakers urging the enemy to surrender. They have transmitted radio broadcasts from an airplane called Commando Solo and distributed radios on which such broadcasts can be heard.

Military commanders have at times used false information to fool the enemy, such as the October 2004 announcement that the battle of Fallujah had started when, in fact, it did not begin until three weeks later. Information has been used to buoy the spirits of the American public, such as the initial heroic fiction offered on the capture and rescue of Army Pfc. Jessica Lynch.

The Lynch story was among the stories cited in a 2003 analysis titled "Truth From These Podia," by Sam Gardiner, a retired U.S. Air Force colonel and former instructor at the National War College. Gardiner studied the Iraq-war-related statements of U.S. and British officials and found "over 50 stories manufactured or at least engineered that distorted the picture" for American and British newspaper readers.

These media-related tactics aren't limited to wartime. Remember those columnists paid to write in support of Bush administration education and marriage initiatives? And the dissemination of fake TV news stories to promote the administration's prescription drug plan? "The Daily Show" dubbed these techniques "infoganda."

But none of this is new -- especially not in war. The effort to sway, influence, deceive and propagandize is as old as combat.Back in the 4th century B.C., Alexander the Great ordered his troops to craft huge breastplates of armor that they left behind to trick the enemy into thinking Alexander had giants in his army.

During World War I, the U.S. government's Office of Public Information dispatched thousands of "four-minute men" in cities and towns across the country to make boisterous and emotional pro-war appeals.

During World War II, there was the Orwellian-sounding Office of Facts and Figures, later renamed the Office of War Information. It touted war bonds and rationing. It immortalized "Rosie the Riveter" to propel women to leave their homes and go to work. It leaned on Hollywood to make patriotic films. It warned Americans to watch their tongues. A famous wartime poster said: "Loose Lips Might Sink Ships" -- now a timeworn and abbreviated cliche.Rumsfeld's 'Roadmap'

But Americans just don't understand. The culture hasn't come to grips with information as a part of warfare. That's Garfield, lecturing again.

"I think we've got to back up a little bit and look at warfare," he says, telling how the conventional notion of war has changed, with insurgencies and asymmetric conflict growing more prevalent, meaning that bullets and bombs alone won't win. Information -- its strategic use -- can tip the scales. And yet this fact does not yet resonate in American culture.

"People are more comfortable with killing than they are with influencing," he says. "The majority can be convinced that the use of military force is acceptable, but everybody becomes very uncomfortable when you talk about the use of information," like "promoting your cause, promoting your ideals" and "discrediting the tactics and the arguments and the strategy of the enemy."

Not surprisingly, considering who the Lincoln Group's big client is, Garfield sounds very much in sync with Secretary of Defense Donald Rumsfeld.

Rumsfeld's got an "Information Operations Roadmap," which he approved in 2003 and which was declassified earlier this year. It's supposed to "advance the goal of information operations as a core military competency."

The Roadmap follows an earlier information effort, the Pentagon's Office of Strategic Influence, which was dismantled in 2002 after news reports, since denied, that the Pentagon intended to plant false news items in the foreign press. A version of that effort was then outsourced to the Lincoln Group, though Craig and Garfield say they traffic only in truth.

In an op-ed piece last month in the Los Angeles Times, Rumsfeld bemoaned the uproar over the Lincoln Group and described its work as a "non-traditional means to provide accurate information to the Iraqi people in the face of an aggressive campaign of disinformation. Yet this has been portrayed as inappropriate: for example, the allegations of 'buying news.' "

In a way, this is the price to be paid for not going covert all the way. Had the program been conducted completely undercover, it would have been better, says Reuel Marc Gerecht, a former CIA case officer and now a resident fellow at the American Enterprise Institute.

"You can compliment the Pentagon for at least trying," he says of the military's outsourcing to Lincoln. "I think the agency [CIA] should have been engaged in this a long time ago."

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"I suppose the historical parallel would be the agency's efforts during the Cold War to fund magazines, newspapers and journalists who believed that the West should triumph over communism," he says. "Much of what you do ought to be covert, and, certainly, if you contract it out, it isn't."The Truth of the Matter

Craig and Garfield make much of their assertion that they traffic in the truth. It's as if they think truth and propaganda are mutually exclusive. But consider this:

"For a long time, propagandists have recognized that lying must be avoided," wrote Jacques Ellul in his classic 1965 work, "Propaganda: The Formation of Men's Attitudes." For the masses to believe it, "propaganda must be based on some truth that can be said in a few words and is able to linger in the collective consciousness."

But truth can be elastic, even inconvenient. For instance, Garfield says Lincoln really had no choice but to hide the authorship of those upbeat "news" stories.

Had they been identified as products of the U.S. government, someone could have gotten killed. And just how receptive would Iraqi readers have been to a U.S. government product anyway?

"You wouldn't look at them objectively," says Garfield, projecting what an Iraqi reader might think. "You wouldn't give them a fair hearing."

He says: "How do you get a fair hearing when (a) the audience is preconditioned to respond negatively to anything you say, and (b) just as importantly, there's a whole bunch of people out there who will do whatever they can to prevent that fair hearing? If you just stand up and say, 'I stand for truth and freedom and you should listen to me because of it,' forget it. You're dead. Do you not engage in an argument with those people because it doesn't say, 'Paid for by the United States'?"

So, yes, there was that deception.

"But the aim is not deceit," he says.

It's just a means to an end in wartime.

Embedded With U.S. Troops In Ramadi (WP/AP)

By The Associated Press

The Washington Post, March 26, 2006

RAMADI

My flight to Ramadi left from a heliport in Baghdad's so-called "Green Zone." For Americans, this is probably the safest place in the country. It is a grid of protected streets along the banks of the Tigris River, surrounded by high concrete blast walls and coils of barbed wire, where suicide bomber-weary tank turrets point at passing traffic.

There is high security here because this is home to the U.S. Embassy as well as the seat of the Iraqi government. Most everything outside, they call the "Red Zone."

I wait for several hours in a room reserved for press heading for embeds. The Pentagon Channel plays on a large flat-screen TV, showing feature stories on Afghanistan and Iraq, and a special about searching for the remains of soldiers still missing from the Vietnam War.

I am carrying a white helmet, and some soldiers are cracking jokes about it. White will stand out at night, and help insurgents pinpoint my forehead, they say. After another soldier points at my helmet with real concern, I start getting worried. I ask if there is any camouflage netting I can string over it. There is not, but he finds a can of black spray-paint, and soon we are outside doing an urgent paint job.

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I eat dinner in what used to be Saddam Hussein's blue-domed Republican Palace. In the parking lot outside are scores of white or black Chevrolets, huge armored vehicles with no license plates that belong to American forces or diplomatic personnel. Inside, something is drapped over a wall-sized photo of Saddam to hide his image.

In the dinning hall, the fridges are full of milk, Gatorade and canned sodas. There is salad, Mexican fare and pumpkin pie. There are rows and rows of tables. Some people are eating outside, beside a sprawling pool and palm tree strung with lights.

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Later at the helipad's one-roomed waiting room, I'm surprised to find a "customer satisfaction survey." I don't fill it out. There are only a couple people flying. A soldier working there has bought a new X-Box video console. I'm looking forward to watching him play Halo 2, but he plugs it mistakenly into a 220 volt plug, frying the machine.

We board a cream-colored, twin-rotored Marine Chinook helicopter near midnight and lift into the sky, with the lights of Baghdad below us. The back door is wide open, and air flows easily through, out the gunner's windows in front. It is safer to fly at night, without lights, and so we do.

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We arrived in Ramadi around 2 a.m. Saturday. I'm picked up by a public affairs Sgt. 1st Class Richard Scaricaciottoli, known to most here as Sgt. Scary.

Knowing my tent would not stand up well to a mortar attack, and knowing the base has come under attack, I ask if there are any "Duck And Cover Bunkers" _ small concrete shelters _ like they have in the Green Zone. "If you don't get hit, you're good," he says. "If you get hit, you'll probably never know it."

The tent I sleep in is full of soldiers.

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On Sunday, another public affairs officer, Capt. Alfred Smith, escorts me to a briefing with the command. It is a slideshow projected on the wall, and I see a picture I saw at the heliport in Baghdad _ a newspaper photograph of Marine Sgt. Michael Burghardt, who was wounded by an improvised explosive device in Ramadi in September. Medics have removed his bloodied pants, but he is standing, surrounded by soldiers with Humvees and the blades of a waiting medical evacuation helicopter behind him.

The picture has become famous among troops here, because he is waving his middle finger in the air, ostensibly at insurgents somewhere in the distance. The photo caption explains Burghardt is "signaling his defiance."

The medics who attended Burghardt were surprised he was alive, and even more surprised he refused a stretcher and walked away on his own two feet from the blast site, said Col. Regis Cardiff, Deputy Commander of the Army's 2nd Brigade Combat Team, 28th Infantry Division, which is responsible for Ramadi. Commanders say the image symbolizes their defiance against the insurgents, that no matter what happens, the troops will fight on and win.

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The U.S. military's mission here, deputy commander Col. Regis Cardiff says, is to help train the Iraqi army and police, help the government develop, and return "normalcy" to Ramadi.

There are no police deployed here yet, though an initial batch just graduated from a 10-week training course in Baghdad and will be on the streets next month. U.S. troops are deployed in the roughest parts of Ramadi, but Cardiff says Iraqi troops control "battlespace" in some areas of town. Despite that, insurgent attacks occur daily.

"I don't want sugarcoat it," Cardiff says. "Ramadi is a dangerous place."

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Afterward, I am walking to lunch with Smith, and the base air-raid sirens go off briefly, bellowing the word "incoming" over loudspeakers. We sprint up to some sand-filled barriers for cover, and as we kneel down against them, Smith tells me that several troops on the base were killed in rocket or mortar attacks in just this way. One of them was also walking to lunch.

One of them was disintegrated. This time, there are no booms.

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Hours later, I am waiting near the gate to go out on a patrol with the Philadelphia-based 104th Calvary Regiment of the Pennsylvania National Guard unit when three or four mortars hit somewhere just outside the base. A brief volley of outgoing U.S. artillery fire follows. We jump in the Humvees and try to find a suspicious vehicle that was in the area at the time.

Along the highway, two trucks have stopped after seeing explosions. It is dark, and the soldiers order them out at gunpoint and search their vehicles, then let them go.

I spend the rest of the night with these soldiers moving up and down a highway in Humvees. Their lights off, and they steer with night-vision goggles. We check on observation posts scattered along the roads _ tanks or humvees perched on highway overpasses and beside the Euphrates River.

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At one post by the roadside, we are standing beside the vehicles with the stars above us. I can see the Orion Nebula brightly lit overhead. The soldiers talk of how insurgents have sniped troops or blown up their tanks with roadside bombs. They talk of how to avoid casualties. Some talk of home. I am glad to be here with them, seeing Iraq with my own eyes again.

There is one burst of light on the horizon, followed a few seconds later by a loud boom. It could have been a roadside bomb, or perhaps a controlled explosion. Later, we hear machine-gun fire repeatedly. Troops somewhere are at the firing range.

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Friday, March 24, 2 p.m. local

We were picked up Thursday at Baghdad International Airport by our security guards, who inform us there have been a couple "incidents" _ brief gunfights _ that afternoon on the main road we were to travel on to town. Snipers have been firing on the convoys of private security contractors, they say.

It's nothing new. One guy was shot in the neck recently but it's unclear how. Was his window open? Was he standing out of the vehicle in some kind of turret? You try not to envisage these things, but they stick in your mind as you pass all the two and three story villas set a small ways from the roadsides and wonder if somebody is in one of them looking for targets.

We are given flak jackets, and I put on one, then cover it with my black jacket because I don't want to stand out any more than I already do.

We get in our bulletproof vehicle and head onto the highway into the city. As always, it looks absolutely normal, almost. There are thousands of Iraqi civilian vehicles on the streets. Coming the other direction is a line of U.S. military Humvees. U.S. Bradley fighting vehicles are pulling guard duty in a median in the road. It's a quiet drive, and I'm grateful.

I haven't been to the Palestine Hotel, where AP's Baghdad offices are located, in a year. After a suicide bomber rammed through the high blast walls surrounding the hotel complex a few months ago, the place is still a wreck. The hotel itself is completely intact, but wires hang down from the broken walls overhead in the lobby. Plastic sheets hang over shattered windows. Twisted metal and rubble are piled up outside. A lightpost is bent over an angle, probably damaged by the blast.

Journalists and translators already here tell me there are a couple running gunbattles going on in Baghdad. From where we sit though, it's quiet, except for the noise of traffic outside. Soon that will stop, too: there is an 8 p.m. curfew these days.

I go to the window in my hotel room to look out at the beautiful blue-domed mosque on the other side of a roundabout. A couple gunshots ring out in the distance and police in four-wheel drives speed by.

In 2004, the U.S. army cleared a swathe of the bank along the Tigris River which we can see from the hotel balcony. Technically, it was a good idea, but it seemed odd at the time _ mortar rounds were landing daily in the park and across the river in the Green Zone. Who would want to picnic there? They cleared it flat, though it is still interspersed with trees, and built curving sidewalks. Today, it appears to be abandoned, desolate. There is a lot of very tall grass you could get lost in.

I see one of the Iraqi reporters here, a good friend, and ask him how things are going. "It's getting worse not by the day, but by the hour," he says, laughing a little bit. The head of AP television here starts ticking off several neighborhoods he says are too dangerous these days even for his brave Iraqi cameramen to go. More than 50 Iraqis have been killed in scattered violence yesterday, the day I arrived.

Today in Baghdad alone, nearly 20 are dead in drive-by shootings, roadside bombings and sectarian violence. Nearly everybody here has a tragic story to tell, of friends and family being killed or kidnapped, of staying in the hotel with us for fear of their own lives. Many have fled to nearby countries.

The reporter _ I don't want to name him _ hides what he does from people in his neighborhood, who think he is a businessman. He cannot say he's working with Americans _ even if it is a news agency.

I've come to Iraq to embed with U.S. troops stationed in Ramadi, and Baghdad is a stopover. I'm hoping to get on a military helicopter flight there tonight.

The Post And The Whole Picture In Iraq (WP)

By Deborah Howell

The Washington Post, March 26, 2006

DOJ_NMG_0021650

The third anniversary of the U.S.-led invasion of Iraq provides an opportunity to look at The Post's war reporting, which has brought a steady trickle of complaints that the coverage focuses too much on violence.

It's understandable that military and civilian readers, especially those with family members in Iraq, hunger for positive stories. The Post has done many such stories, but they are overshadowed in readers' minds by the more spectacular articles and images of violence from the insurgency.

The Post's senior military reporter, Thomas E. Ricks, believes journalists in Iraq are providing a more accurate picture about what is happening than the military. He believes that any problems between the military and the media "grow out of the fundamentally political nature of the fight. The military wants to be judged in military terms -- 'look at all the bad guys we killed, and don't forget the school our soldiers painted.' But the media, which is trained to measure the politics of a situation, knows the answer isn't killing bad guys, and may not be painting schools. It probably is providing security to the people."

Post reporters scramble to keep up with daily events in an atmosphere so dangerous that it is impossible to move freely around Baghdad or the countryside. About 60 Post journalists, from the buildup to the invasion through today, have covered the war -- all of them volunteers. The hardest day-to-day work falls to three full-time U.S. employees stationed in Baghdad: Ellen Knickmeyer, the bureau chief; Jonathan Finer, a correspondent; and one reporter on rotation (now John Ward Anderson). The Post also has four Iraqi reporter-translators -- Naseer Nouri, Omar Fekeiki, Bassam Sebti and K.I. Ibrahim -- who frequently have bylined stories; most have been with The Post since shortly after the fall of Baghdad.

Recent reporting trips by Ricks, Pentagon reporter Ann Scott Tyson and op-ed columnist David Ignatius have added depth to the daily coverage. Last Sunday's coverage, tied to the anniversary of the 2003 invasion and including interviews with soldiers who are or had been there, provided a needed dimension, as did the excellent Outlook section articles, most of them written by Iraqis, whose thoughts and feelings are often the missing elements in daily journalism.

To look at balance, I re-read February's staff-written stories from Iraq, not including editorial page pieces. Seventeen stories were on the troops, their mission or democracy-building; five of those stories were on Page 1. Fifteen stories were on violence or corruption; five of those were on Page 1. Two inside stories were routine. I felt the coverage was balanced and authoritative.

Staff writer Steve Fainaru, who recently returned after 14 months in Iraq, said, "There aren't that many people who want to go to Iraq. Maybe that's why reporters are sensitive to criticism that they are in it with an agenda. The job of soldiering over there is incredibly difficult. I have tremendous respect for those guys. But sometimes I find the criticism bewildering. Should we really be focusing on a school opening when Iraq is teetering on the brink of civil war?"

Bryan Whitman, deputy assistant secretary of defense for public affairs, almost echoed Fainaru: "I have a tremendous respect for the journalists over there. I don't want to minimize the danger of operating in Iraq. Journalists are a target of the insurgency. They have competing pressures with limited resources."

Yet Whitman is frustrated because, he says, soldiers, public officials and reconstruction workers return to the United States from Iraq and complain that what they see in the way of economic and military progress isn't represented in news coverage.

Some of the best Post reporting has come from "embedding," which puts reporters in the field with military units and gives them freedom to report in exchange for agreeing not to endanger the troops' security. Embedding is also dangerous. ABC-TV's Bob Woodruff was seriously injured while embedded.

Marine Col. David Lapan, a public affairs officer just back from Fallujah, and Army Lt. Col. Barry Johnson, who manages reporters' embeds at the Combined Press Information Center in Baghdad, strongly support embedding, but they cannot force it on commanders.

While the vast majority of requests are granted, a number of reporters, including the legendary military correspondent Joe Galloway of Knight Ridder, tell me that they have been turned down for embed assignments by commanders in the field. That's unfortunate.

Retired Maj. Gen. John Batiste, now president of Klein Steel Service in Rochester, N.Y., was in Iraq until February 2005 and never turned down a reporter seeking an embed. He had the right approach: "You have to take a risk. We owe to the citizens of our country to tell them what is going on. I share everything with embeds. I never regretted taking them into my confidence."

While Batiste and other commanders may have good relations with the press, the military and the media are generally going to be at loggerheads in wartime. The two institutions have vastly different missions.

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Lapan gave what I think is an excellent description of the cultural difference between the military and the press: "Reporters are generally idealists, trained to be skeptical (some would say cynical), and we're generally optimists and realists. Reporters are taught to question authority; we're taught to follow it."

David Hoffman, assistant managing editor for foreign news, supervises coverage of Iraq. "Impaired mobility" is the biggest obstacle to reporting more stories, "especially about the daily lives of ordinary Iraqis," he said. "We do all we can in the time we have. Iraq is a country at war. We're stationed right in the middle of it. That's what we do, observe, describe, report. If we lived in a perfect world, we would see everything. You cover the war you got. The people who complain of the limitations ignore the reality of what courageous reporters do."

My research on Iraq coverage has gone on for months, with interviews with experts in journalism and the military. Readers are invited to see some of that research in a much longer article at http://www.washingtonpost.com/opinions.

Russia Denies Leaking U.S. Intelligence To Iraq In 2003 (WP/AP)

By Associated Press

The Washington Post, March 26, 2006

MOSCOW, March 25 -- Russia's foreign spy agency denied Saturday that Moscow had given former Iraqi president Saddam Hussein information on U.S. troop movements and plans during the invasion of Iraq, while analysts speculated that the Pentagon claim was tied to a growing rift between the West and the Kremlin.

A Pentagon report Friday cited two seized Iraqi documents as saying Russia obtained information from sources "inside the American Central Command" in Qatar and passed battlefield intelligence to Hussein through the former Russian ambassador in Baghdad.

The Russian Foreign Intelligence Service dismissed the claims.

"Similar baseless accusations concerning Russia's intelligence have been made more than once," Boris Labusov, an agency spokesman, said. "We don't consider it necessary to comment on such fabrications."

A leading Russian Internet news agency, Gazeta.ru, speculated that the Pentagon report was released to affect the U.N. Security Council debate on what to do about Iran's nuclear program, with Russia, along with China, resisting U.S. and European demands for a tough stand.

Sergei Oznobishchev, head of the Institute of Strategic Evaluations and Analyses, also tied the report to increasing U.S. distrust of Russia. "They are irritated by Russia's strengthening position in the international arena and its foreign policy course," Oznobishchev was quoted as saying by the RIA Novosti news agency.

The Pentagon report wasn't the first to raise questions about Russian assistance to Hussein's government at the time of the invasion in March 2003.

Gazeta.ru reported then that two retired Russian generals had visited Baghdad less than 10 days before the U.S.-led offensive and speculated that they were advising the Iraqi military. The report showed photographs of them receiving medals from the Iraqi defense minister.

Nezavisimaya Gazeta, a newspaper believed at the time to have well-placed contacts in Russia's military and intelligence spheres, reported in March 2003 that Russian intelligence agents were holding daily meetings with Iraqi officials.

The unclassified Pentagon report did not assess the value or accuracy of the information Hussein received or offer details on Russia's information pipeline.

Russia Denies Spying For Saddam In 2003 (WT/AP)

By Judith Ingram, Associated Press

The Washington Times, March 26, 2006

MOSCOW -- Russia's foreign spy agency yesterday denied that Moscow gave Saddam Hussein information on U.S. troop movements and plans during the invasion of Iraq in 2003.

A Pentagon report Friday cited two seized Iraqi documents as saying Russia obtained information from sources "inside the American Central Command" in Qatar and passed battlefield intelligence to Saddam through the former Russian ambassador in Baghdad, Vladimir Titorenko.

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The Russian Foreign Intelligence Service dismissed the claims.

"Similar, baseless accusations concerning Russia's intelligence have been made more than once," agency spokesman Boris Labusov said. "We don't consider it necessary to comment on such fabrications."

Yevgenia Albats, a Moscow-based journalist who specializes in intelligence matters, said she suspected there was "at least a certain truth reflected in the Pentagon report," considering Russia's close relationship with the ousted Iraqi leader.

But she cautioned that didn't necessarily mean the Kremlin was involved.

"It is sometimes difficult to figure out whether certain steps were undertaken with the knowledge of top Russian authorities or whether those were steps undertaken by certain intelligence officers on their own," Miss Albats told the Associated Press.

Sergei Oznobishchev, head of the Institute of Strategic Evaluations and Analysis, suggested that the public release of the report reflected increasing U.S. distrust for Russia.

"They are irritated by Russia's strengthening position in the international arena and its foreign policy course," Mr. Oznobishchev was quoted as saying by the RIA Novosti news agency.

The Iraqi documents also left unknown who may have been the sources at Central Command's war-fighting headquarters, which is at Camp As Sayliyah just outside Doha, the capital of Qatar. No Russians were authorized to be at the closely guarded base.

In Baghdad, meanwhile, Sens. John McCain and Russell Feingold told Iraqi leaders yesterday that American patience was growing thin and they needed to urgently overcome their stalemate and form a national unity government.

"We need very badly to form this unity government as soon as possible," Mr. McCain, Arizona Republican, said after meetings with President Jalal Talabani and Prime Minister Ibrahim al-Jaafari.

Russia Denies Slipping U.S. War Plans To Iraq (LAT)

By Kim Murphy, Times Staff Writer

The Los Angeles Times, March 26, 2006

MOSCOW—Russia on Saturday dismissed a new Pentagon report that said Russian diplomats shared information about U.S. war plans in Iraq with the government of Saddam Hussein.

In a series of official denials, Russian authorities asserted there was no truth to the captured Iraqi documents cited in the study, which was released Friday. However, military analysts in Moscow said it was well known that Russian intelligence agents and retired Russian generals were operating in Iraq before the war and were in close contact with the Iraqi government.

Retired Col. Gen. Igor Maltsev, the former deputy commander of Soviet air defense who made several trips to Baghdad on the eve of the U.S.-led invasion in 2003, told The Times that he advised the Iraqis on how to improve their air defenses but was not involved in concrete aid to the Iraqi regime.

The Russian Information Agency quoted Boris Labusov, head of the Foreign Intelligence Service's press office, as calling the U.S. revelations "unsubstantiated allegations." The agency quoted an unnamed official who said they were "a form of revenge on the part of the U.S. for Russia's firm position in regard to hostilities on Iraq's territory."

Maltsev and other Russian officials, including the former Russian ambassador apparently cited in the documents, have long been at the center of controversy over allegations that Russian diplomats and intelligence agents hauled secret cargo out of Iraq in the early days of the war.

One news report said they removed Iraqi intelligence files. Other reports suggested they took samples of U.S. military equipment recovered during the invasion, and one military analyst suggested to The Times that they took confidential Russian Embassy papers that the Kremlin did not want to fall into U.S. hands.

"Common sense suggests that if Russians had something they wanted to carry out from Iraq, they certainly did it. But it's a waste of time to talk about it, if no one knows about it for sure," Maltsev said.

Russia's ambassador to Iraq at the time of the invasion, Vladimir Titorenko, was shot and wounded in April 2003 along with three other people when their convoy came under U.S. fire as they were leaving Baghdad.

The Pentagon study, which examined the Iraqi military's decision-making, included one document that purported to summarize information on U.S. troop movements provided by the Russian ambassador to Iraqi officials. Another claimed

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Moscow had "sources" inside the U.S. military's headquarters in Qatar during the invasion. Some of the information about U.S. troop movements and intentions later proved inaccurate.

Pavel Felgenhauer, an independent military analyst in Moscow, said he noticed similarities between the information in the study and a series of postings on a Russian website in 2003 that purported to come from a group of retired intelligence officers who claimed to have contacts with "special informational structures."

It was common knowledge that agents of the Russian GRU, or military intelligence, were then operating in Iraq. But Felgenhauer said the Internet postings did not appear to be the kind of top-level information that was going to the Kremlin.

Still, Felgenhauer said the postings revealed "obvious military intelligence connections," so the documents in the Pentagon study seemed plausible.

But another senior military analyst at a Russian think tank, Dmitry Trenin of the Carnegie Moscow Center, said it was highly unlikely that the Kremlin would have done something as risky as passing intelligence to Iraqi officials.

"I think Russia was essentially trying to avoid at that time a major clash with the United States over Iraq," he said. "But in any situation like this, there are things that countries were doing … that will be kept secret for a long time, if not forever."

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Yakov Ryzhak of The Times' Moscow Bureau contributed to this report.

Karzai Striving To Free Convert (WT/AP)

By Daniel Cooney, Associated Press

The Washington Times, March 26, 2006

KABUL, Afghanistan -- President Hamid Karzai searched yesterday for a way to free an Afghan man on trial for converting from Islam to Christianity without angering Muslim clerics who have called for him to be killed.

Mr. Karzai and several Cabinet ministers discussed the case of Abdul Rahman, who faces a possible death sentence for apostasy, an official at Mr. Karzai's palace said. But she declined to comment on the outcome of the talks yesterday.

Hours earlier, another official said Mr. Rahman "could be released soon." Both spoke on the condition of anonymity because they were not authorized to discuss the matter with the press.

Pope Benedict XVI has sent a message to Mr. Karzai asking that the case be dropped, citing respect for religious freedom, the Vatican said.

Afghan clerics have questioned Mr. Karzai's authority to order Mr. Rahman's release and have warned of a possible revolt if he tries.

"The Koran is very clear, and the words of our prophet are very clear. There can only be one outcome: death," said cleric Khoja Ahmad Sediqi, who is also a member of the Supreme Court. "If Karzai releases him, it will play into the hands of our enemy, and there could be an uprising."

Mr. Rahman is being prosecuted under Afghanistan's Islamic laws for converting 16 years ago while working as a medical aid worker for an international Christian group helping Afghan refugees in Pakistan.

The case has put Mr. Karzai in an awkward position.

While the United States, Britain and other countries that prop up his government have demanded Mr. Rahman's release, the president would be reluctant to offend Islamic sensibilities at home or alienate religious hard-liners who wield considerable power.

The trial highlights a conflict of values between Islam and the West. Throughout much of the Muslim world, conversion from Islam to Christianity or any other religion is considered a capital offense. Anyone born to Muslim parents is automatically considered a Muslim and is not allowed to change their religion.

The pope's message to Mr. Karzai came in a letter dated March 22 and written by the Vatican's No. 2 official, Cardinal Angelo Sodano, Vatican spokesman Joaquin Navarro-Valls said in a statement yesterday.

"I am certain, Mr. President, that dropping the case against Mr. Rahman would bestow great honor upon the Afghan people and would raise a chorus of admiration in the international community," Cardinal Sodano said in the letter.

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Meanwhile, a respected cleric in the northern city of Mazar-e-Sharif, Mohammed Qasim, said: "We don't care if the West drops its support for us. God will look after Afghanistan."

In Kabul, A Test For Shariah (NYT)

By Andrea Elliott

The New York Times, March 26, 2006

THE news that a man in Afghanistan might face a death sentence for converting to Christianity brought cries of outrage around the world last week.

In Washington, the matter of Abdul Rahman commanded attention at the highest levels. President Bush said he was "deeply troubled." Secretary of State Condoleezza Rice called Afghanistan's President, Hamid Karzai, to urge a "favorable resolution," her spokesman said. In Kabul, the judge in the case said he would resist interference.

More quietly, the case struck a chord among Muslim scholars in the West who have been immersed in a debate about the adaptability of Shariah, or Islamic law, to the modern era.

Mr. Rahman, 41, stands accused of apostasy, or ridda, the act of renouncing one's faith. Apostasy is a grave sin in Islam, and according to classical Shariah, it warrants a punishment of execution. But Islamic laws, including those governing the treatment of apostates, were developed as early as the eighth century against a vastly different political and social backdrop.

Progressive Muslim scholars argue that the meaning of those laws has been lost over time: When the laws were created, they say, apostasy was seen as the equivalent of treason. "To be a Muslim was to live in an Islamic state or empire, so the presumption was you were not only becoming the enemy of God but the enemy of the empire," said John L. Esposito, a professor of religion and international affairs at Georgetown University.

Muslim jurists who support the execution of apostates often point to a hadith — a tradition attributed to the Prophet Muhammad in the seventh century — in which he is recorded as saying that a person who changes religions should be killed.

But while the Koran mentions ridda, it never calls for the execution of apostates. There is no record of the prophet killing an apostate himself. And executions of apostates have been rare in Islamic history.

"The common argument is that it clearly contradicts the Koran, which says there should not be compulsion in religion," said Khaled Abou El Fadl, an Islamic law expert and professor at the University of California, Los Angeles.

What complicates the debate is that Islam has no central doctrinal authority, no Vatican to issue an ultimate decree. And while Shariah is the product of human interpretation, it is also seen as divine law, which prompts many Muslims to argue against change.

Still, only a handful of apostasy executions are known to have occurred in Muslim-majority countries in recent decades.

An official of the United States Commission on International Religious Freedom, an advisory body created by Congress, said he knew of only four such cases: one in Sudan in 1985; two in Iran, in 1989 and 1998; and one in Saudi Arabia in 1992.

The notion that classical Islamic law calls for the execution of apostates is widely known but often ignored in predominantly Muslim countries. Most have not adopted official laws against apostasy.

IT'S like the issue of slavery," said Bernard Haykel, an Islamic studies professor at New York University. "Slavery exists in Islamic law and most Muslims have decided to ignore it. It's what I call collective amnesia."

Yet apostasy has a deep cultural resonance among Muslims, making a case like Mr. Rahman's an opportunity for religious conservatives with political agendas, Mr. Haykel said.

"Islamists will always use cases like this one to gain political mileage and credibility," he said. "They become the champions of Islamic law, of Islam. They can present themselves as authentic Muslims."

The case of Mr. Rahman, whose conversion was reported to the authorities by family members after he sought custody of his children from his parents, has been widely characterized as a test for Afghanistan's American-backed government.

Afghanistan's new Constitution, like Iraq's, makes room for both Shariah and secular law, but it is still unclear how successfully they will coexist. The Afghan Constitution states that "no law shall contravene the tenets and provisions of the holy religion of Islam," but it also declares that the state will observe the Universal Declaration of Human Rights.

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"Iraq has more vigorous protections in its Constitution for human rights than Afghanistan, yet still it has a provision that no law should be contrary to Islam," said Tad Stahnke, policy director of the United States Commission on International Religious Freedom. "It hasn't been tested. But it will."

A recent report by the commission, which examined the constitutions of 44 predominantly Muslim countries, found that most included some protections for religious freedoms. Those protections were most common in countries where no role is provided for Shariah in the constitution.

The commission still lists Afghanistan as one of the world's 10 declared Islamic states. But even under the Taliban, which meted out harsh justice to women and others — including execution — there were no known apostasy executions, several experts said.

The Crescent And The Gavel (NYT)

By J Alexander Thier

The New York Times, March 26, 2006

Washington

DIVORCE proceedings bring out the worst in people. When Abdul Rahman tried to get custody of his daughters in Kabul, Afghanistan, his wife's family told the court that he was unfit to care for his children because he had converted from Islam to Christianity some 16 years ago. A zealous prosecutor, hearing of the case, charged Mr. Rahman with apostasy, a crime punishable by death under some interpretations of Islamic law. If Mr. Rahman does not repudiate Christianity, the judge in the case has said, he will get the death penalty.

Mr. Rahman's case is a discouraging illustration of the uneasy balance between the democratic norms Afghanistan's Constitution enshrines and the conservative Islamic values its judiciary upholds. On the one hand, the Afghan Constitution states that "followers of other religions are free to exercise their faith and perform their religious rites within the limits of the provisions of the law," and it requires the state to adhere to the Universal Declaration of Human Rights, which clearly protects freedom of conscience and the right to change one's religion.

On the other hand, the Constitution also says that no law can be "contrary to the beliefs and provisions of Islam," and it gives judges broad power to interpret and apply Islamic law. Several schools of Islam do indeed prescribe the ultimate punishment for those who abandon the faith. And so Mr. Rahman's case may well come down to the interpretive leanings of the court.

Moderate Islamic jurists in some countries have attempted to balance or reconcile these often-conflicting interests. In Egypt, for instance, the Islamic Research Center decreed that although apostasy may be a crime, the time period for redemption is limitless — in other words, it is up to the individual, not the state, to adhere to divine will. The former chief justice of Pakistan, which has explicit anti-blasphemy laws, has written that the death penalty for apostasy is not required by the Koran and conflicts with other Islamic values.

Afghanistan's post-Taliban judiciary, however, has shown a propensity to use Islam as a political weapon. The country's chief justice, Fazil Hadi Shinwari, is a hard-line conservative associated with the Islamist parties of Abdul Rasul Sayyaf and Burhanuddin Rabbani. He has used the court as a bully-pulpit, issuing fatwas on a variety of issues outside his jurisdiction.

For instance, under Justice Shinwari's leadership the Supreme Court has variously attempted to ban co-education; tried to eliminate a rival to President Hamid Karzai from the 2004 elections; and jailed newspaper editors, all in the name of Islam.

In other words, the court has overstepped its bounds and contributed to the radicalization of Afghan politics in the process. To further his aims, Justice Shinwari has packed the lower courts with judges who have Islamic educations but no foundation in Afghan law or experience in the judiciary.

President Karzai has a unique opportunity to change this. Under the Constitution, Mr. Karzai must appoint a new Supreme Court this month, and he sent his slate of nine justices to Parliament for approval last week. Although the current chief justice has retained his position, there are some very promising choices among the eight other justices. They include known moderates, like the former chairman of the Judicial Reform Commission, Bahauddin Baha, and the deputy minister of justice, Qasim Hashimzai, who led a major corruption investigation involving members of President Karzai's cabinet.

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These appointments mark President Karzai's first opportunity to compose Afghanistan's Supreme Court under a fully constitutional government. They are of momentous importance to the country's stabilization and the consolidation of its nascent democracy.

By creating a competent, professional and moderate judiciary, President Karzai will help to establish the rule of law. If, however, the court remains in the thrall of ideology and factionalism, Afghanistan's experiment in democracy will be compromised.

But the new judges will be powerless to reform the system unless they are given the political support and resources to do so. International involvement in Afghanistan's justice sector since 2001 has been inadequate. Both the Afghan government and its donors need a strategic vision for the judiciary's future and the political focus to make it a reality.

The new judiciary will need support to review the qualifications of the lower court judges, facilities to train new judges and functioning courthouses in the provinces. It will need to be able to share information, laws and legal decisions among officials throughout the country and to pay judges a living wage.

We must do more than simply react loudly to the most extreme cases, like that of Mr. Rahman. Instead, we must partner with the Afghans and other democratic governments in the Islamic world as they struggle to promote modernity and the rule of law. This means working with judicial systems on less controversial, bread-and-butter issues like criminal law and property disputes.

We have seen throughout the world, and in our own history, that competent and independent judges will stand up for the rule of law even when their decisions indict the powerful and defend the unpopular. Mr. Rahman's case should remind us of how important it is to help Afghanistan develop such judges if we want its democracy to succeed.

Where Are All The Jobs? (CHIST)

By Cheryl L. Reed

Chicago Sun-Times, March 26, 2006

In two tours in Iraq as a Marine sergeant, Angelina Summerfield supervised up to 50 switchboard and radio operators whose job was to monitor U.S. spy planes and report sightings of roadside bombs.

Now back in civilian life and living in Blue Island, Summerfield, like thousands of other veterans returning home after serving in Iraq, is finding it tough to get a job despite her military experience.

"I've filled out dozens of applications," said Summerfield, 28. "They say you need a college education to do these jobs. Yet I was a supervisor in the military."

More than half a million reservists and guardsmen have been called to active duty in Iraq. When they come home, will they have jobs?

She has been scanning the classifieds, interviewing for security jobs and hunting for work at a couple of malls, where she applied for security work and also to be a sales clerk or a cashier. "I'm not even good at retail," she said, "but I'd do it for a paycheck."

Summerfield said she has faced tough challenges before and come out fine: She boxed in the Marine Corps' women's league, winning seven of 10 bouts. But, after three months on unemployment, she said, "I'm finding it hard to adjust."

Three years into the war in Iraq, Americans who leave the military are coming home to face a problem most never expected: Veterans are having a hard time getting hired.

It's a national problem. But it's affecting some vets more than others. Hardest hit are the youngest vets -- whose unemployment rate is the highest since the early 1980s -- and those trying to find work in the Chicago area and the rest of Illinois, according to the U.S. Labor Department, which distributes $161 million a year to subsidize states' efforts to help veterans get jobs. Illinois state officials question the Labor Department figures. But, even by their reckoning, the state still ranks among the nation's worst at finding jobs for vets.

Nationwide, the unemployment rate for veterans between 20 and 24 years old was 16 percent last year -- compared with a 9 percent unemployment rate for non-vets in that same age range. Overall, the nation's unemployment rate last year was 5.1 percent.

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"In a strong economy, these numbers don't fit," said Sen. Larry Craig (R-Idaho), who chairs the Senate's Veterans Affairs Committee.

Recruitment ads boast that those who enlist will learn job skills in the military.

"It's a very shrewd, sophisticated marketing strategy," said Robert Bruno, a professor at the Institute of Labor and Industrial Relations at the University of Illinois at Chicago. "It doesn't bear any real significance to the marketability of someone coming back into civilian life."

Skills learned in the military often don't translate to civilian jobs, vets and labor experts say -- unless the job seekers also have college degrees and work experience.

"The jobs that are offered veterans suck," said one state veterans employment representative, speaking only on the condition that his name not be used because his agency ordered workers not to talk with a reporter. "They are coming home to a society that wants to pay them $9 an hour, with no benefits. And they cannot afford to live on that. Employers are not taking into consideration their military experience."

Why it's so hard to find a job

Among reasons vets' unemployment is higher today:

*This war hasn't boosted the nation's economy like past wars have, creating civilian jobs. Heavy employment among war veterans in past generations had more to do with the economy than patriotism, Bruno said. When vets came home from World War II and Korea, they found a greater demand for labor generated by those wars, he said.

*Fewer corporate managers today have personal connections to the military and so are less likely to highly value the skills learned in the military, Bruno said.

*There's a stigma in the eyes of some employers about vets in an era when psychological problems such as post-traumatic stress disorder is far more commonly diagnosed. The Journal of the American Medical Association published a military study this month that found that 35 percent of those who have returned from service in Iraq have sought mental health services.

*More than ever, experts say, employers are looking for workers who have demonstrated skills that tie directly to the job. Vets might have skills, even leadership experience, but that isn't always enough to convince skittish employers.

"The military might have taught them skills such as dealing with war and weaponry," said Lane Knox, who heads Illinois' veterans employment representatives. "Of course, there are no demands for that once they are released from the military."

Illinois' job efforts faulted

In Illinois, which gets $6.5 million a year from the federal government to help veterans find work, 34 percent of unemployed vets who sought help from the Illinois Department of Employment Security found jobs last year, according to the U.S. Labor Department, which ranks Illinois as the worst state in the nation for getting jobs for vets.

"It makes me angry, and it's discouraging to thousands of veterans in Illinois who have served their country," Sen. Barack Obama (D-Ill.) said. "We can't afford what appears to be mismanagement of a program that is vital in making sure veterans can support themselves."

Illinois employment officials dispute the Labor Department's rankings. They point to new data that show the state is doing better. Even so, the Illinois program would rate better than those in only seven other states for helping uninjured vets find work last year -- and better than those in just four other states at getting jobs for disabled vets.

Indiana ranked near the top for helping vets get jobs -- and No. 1 by a measure that looked at how long vets hold on to those jobs.

Defending state's record

Illinois' veterans employment representatives also maintain that younger vets here are more likely to choose to go to college rather than keep looking for permanent employment -- especially when they realize how limited their job prospects are without a college degree.

In the last five years, the number of veterans using GI Bill college benefits nationwide has risen 20 percent. But in Illinois, it has gone up more than 53 percent. A key reason: This is one of the few states to offer veterans four years of college benefits, in addition to what they get through the federal GI Bill.

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In some cases, Illinois Department of Employment Security workers say, veterans register with the agency's Illinois Skills Match computerized job bank but have no intention of taking a job. Instead, they plan to live off their GI Bill money -- $1,034 a month -- while their state education benefits pay their college tuition. "A lot of our younger veterans went into the military so they could get benefits to go to school," Knox said. "They don't want to work. But if someone's taking statistics, all they see is this person is not working."

A bigger problem, according to the state agency, is poor tracking. Illinois doesn't require Social Security numbers when veterans register for jobs on the state's job bank -- which they say makes it more enticing for vets to sign up, for privacy reasons, but impossible for the state to track whether a vet finds work.

At Summerfield's home in Blue Island, her job-hunting troubles strike her father as history repeating itself. Marvin Summerfield says he found many doors closed when he returned from serving in Vietnam as a Marine in 1969.

"Nobody wanted to talk to you," said Marvin Summerfield, 58. "Employers would say, 'We'll get back to you.' Everyone was suspicious. They didn't know if you were psycho and going to grab a gun and shoot someone."

After six months of looking for work, he says he got hired as a salesman -- on commission -- at a Loop printing business. "I don't expect them to be more open to veterans now," he said. "Nobody's going to give a veteran the edge just because they served in a foreign country."

'All a smoke screen'

When Michael McCoy returned from Iraq to Chicago Heights in April 2004, he saw yellow ribbons and American flags everywhere. "I thought I would have an upper hand [compared] to everyone else in the world," he said. "I thought it would look good on my background. I was wrong."

McCoy's job in the Army was ordering parts for military vehicles. He hoped his Army job training would help him find similar work as a civilian, but potential employers told him he would need a college degree. Now he feels duped, saying of the Army's recruiting pitch, "It was all a smoke screen, this stuff about them training you for a job."

McCoy, 24, signed up for unemployment benefits and registered on Illinois Skills Match. Many of the jobs listed on the state job bank are for unskilled labor. Earlier this month, the database listed 27,857 job openings. Four percent were management positions. Vying for those jobs were 12,611 veterans and 97,148 civilians.

Fighting a stigma

It took McCoy five months to get a job -- which he found on his own -- as a UPS package handler, making $8.50 an hour, with no benefits, and just part-time. But that was OK with McCoy, who plans to use his military education benefits to get the credential other employers told him he needs -- a college education.

One problem McCoy realizes he faces is dealing with the psychological repercussions of his experience in Iraq. Recently, he was diagnosed with post-traumatic stress disorder -- a common condition among Iraq war vets, according to the military study's findings released earlier this month.

Employers "look at you the wrong way," said McCoy, who now sees a Department of Veterans Affairs therapist. "You've been to war, and they think you're a dangerous guy."

State veterans employment representatives -- many of whom are Vietnam War veterans -- call it the "crazy vet stigma" and counsel vets on how to avoid being stigmatized by it.

Reginald Whitley, an Illinois veterans employment representative, recently coached Summerfield on how to deal with an interview for a job doing undercover security. Summerfield wanted to play up her extensive experience with weapons. Whitley shook his head.

"You shouldn't mention the weapons," he told her. "It might make them a little nervous."

A Pointed Symbol Brings Cross Words (LAT)

By John M. Glionna, Times Staff Writer

The Los Angeles Times, March 26, 2006

Around the nation, the icons erected as memorials to service members killed in Iraq inspire bitter exchanges, even violence.

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ALBION, Calif. — Crosses in hand, the protesters gathered in the predawn gloom along the Mendocino coastline, two dozen rural Californians sickened by the mounting body count of war.

Under a cold November rain, they busily pounded 2,035 foot-tall redwood symbols into the soggy ground along both sides of Highway 1 — one for each U.S. serviceman and woman who had been killed in Iraq as of that date.

Said resident Beth Bosk: "The sea of crosses shows just how crowded the cemetery is getting."

The gesture provoked an immediate response — but not one the activists had anticipated. State highway crews soon arrived to tear down the crosses. Critics said that using a religious symbol in a protest was offensive at worst, insensitive at best. Defenders countered that the field of crosses was a fitting tribute to combatants fighting for their country.

Protesters are discovering that symbols, like certain words, can convey meanings never intended. Cross critics and defenders alike accuse each other of trying to hijack the icon's powerful emotional image for their own ends.

Nationwide, the memorials, which evoke the seemingly endless rows of crosses of World War II-era cemeteries in Europe, are inspiring bitter exchanges and even violence.

Last summer, a man in Crawford, Texas, attached a pipe and chain to his pickup truck and mowed down many of the 2,000 crosses erected outside President Bush's ranch. In December, vandals drove over 100 crosses that were part of a rural memorial in Stoutsville, Ohio. Vandals also removed several crosses erected last fall at the University of Georgia.

Organized by veterans and antiwar groups, cross memorials have sprung up along roadsides, in churchyards and on such public beaches as Santa Monica and Santa Barbara. Erected each weekend when visibility is highest and then dismantled, the displays often include small American flags, votive candles and the names and photos of dead soldiers.

Others, like the Albion memorial, are impromptu gestures by individuals — permanent dedications of crudely made crosses. More crosses often are added as the number of war dead rises.

Detractors say the crosses do a disservice to the dead.

"I object to these groups who say they're mourning for our soldiers — people they didn't even know," said Deb Meyer, a South Bend, Ind., mother whose stepson died in Iraq in 2003. "There's a difference between honoring the dead and counting bodies for your own political purposes."

Recently, Meyer tried to retrieve one of 2,000 white crosses that activists erected outside a military recruiting office, but arrived after they had been removed.

"Yes, I'm aware my stepson was killed; I live with it every day," she said. "For those people to use his death like that — it was a slap in the face. I wanted that cross back."

Sylvia Grider, an anthropologist at Texas A&M University, said the cross isn't the first symbol to cause division. During the Vietnam War, the circular peace symbol enraged many older Americans. Other symbols, like the Nazi swastika, are used to provoke a reaction.

"The point is that symbols draw attention and elicit an emotional response," she said. "For most people, whether they realize it or not, that's usually their intention of using [symbols]."

Michael Astley said he wasn't trying to provoke anyone when he created a 10,000-square-foot memorial last September in a field outside the town of Stoutsville in central Ohio.

The memorial featured 676 white wooden crosses arranged like standing ranks of soldiers. A sign read: "The Cost of War; Final Formation."

Tempers quickly flared, tiffs that often spilled into church when neighbors faced off after Sunday services. Soon, vandals drove over many of the crosses near Astley's rural market.

Astley salvaged the broken crosses and re-erected them.

"I had heard talk, folks saying, 'You know those crosses out on Highway 22? We ought to do something about them,' " said Astley, 52.

"You can see the crosses as a positive thing or the work of another damn peacenik trying to tear down the country. For those who vilified me, my message was misunderstood."

Neighbor Art Dossman understands just fine.

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"It's not a memorial; it's an anti-Bush demonstration," said Doss, 75, a Korean War veteran. "He can keep those crosses up; it's his land. But his sign should read, 'The price of freedom.' "

Much of the cross debate is being argued on religious grounds. Detractors, saying the icons exclude Jews and Muslims, have pushed for the Star of David and the crescent moon to be added to memorials.

In Albion, critics called the crosses a thinly veiled religious statement about Christian supremacy that suggested a modern crusade against Muslims. The cross, they argued via a local Internet chat room, carried too much religious and historical freight to convey an unambiguous meaning.

"The cross is not a universal symbol," said Marinela Miclea, a Bay Area software writer who spearheaded the Internet debate. "Not everyone who died in Iraq is a Christian. I know I would resent someone representing me with a cross."

Another writer didn't find fault with the crosses: "Two small sticks of wood nailed together and multiplied by 2000-plus is symbolically a simple and immediately powerful way to communicate the tragedy of lives lost. It's a brilliant, heart-wrenching display."

In Christianity, the cross is the faith's most powerful symbol, representing both sacrifice — Christ's crucifixion — and the promise of salvation.

But plain crosses also have been used for generations as nonsecular markers for the dead.

"People even mark the graves of pets with crosses," said Grider, the anthropologist. "That cross doesn't mean that Fluffy was a Christian; it just means Fluffy was a beloved pet now buried in a marked grave in the backyard. The cross furor seems an overreaction to a long-standing tradition."

Activist Cliff Kindy didn't take lightly his group's decision to uses crosses at a memorial in Fort Wayne, Ind., for the more than 50 servicemen and women from the state who had been killed in Iraq.

"We debated it for weeks," said the organizer for the Chicago-based antiwar group known as the Christian Peacemakers Team. "We struggled with questions about what the crosses represented. We didn't want to hurt people's feelings."

Kindy didn't even refer to the crosses as crosses. He called them "markers."

Still, when the memorial moved last fall to a nearby college, a professor complained that it should have included icons for Jews and Muslims.

"It didn't dawn on us to use any other symbol," Kindy said. "But after it was brought to our attention, that's what we did."

Antiwar activists in Waterville, Maine, never considered using crosses in a memorial erected last fall, choosing instead another traditional icon: a white flag.

Lisa Savage said her group obtained a city permit to display the 2,000 flags, along with signs protesting the war. They worked hard to find a proper symbol to express their sorrow over lives lost in Iraq and briefly considered small U.S. flags. But they wanted a simple, unique image.

"Black flags were rejected as too morbid and red as too bloody," she said. "White seemed a color associated with memorials and cemeteries."

Local veterans insisted that the white flags signified surrender. In a Veterans Day standoff, five men were arrested for criminal trespass as they ceremoniously began pulling up flags before officers moved in to stop them.

"I was fuming," said Wayne Elkins, a carpenter and Vietnam veteran who was one of those arrested. "Those people didn't understand the symbol they were using. They needed to do their homework because those flags offended veterans."

Savage says veterans stole their message: "If someone installs a memorial, why do other people get to define what it symbolizes? They can tell us they're offended. They can't tell us what we meant to portray."

In Albion, 180 miles north of San Francisco, activists said their intentions also were misinterpreted.

Soon after the 2,035 crosses were erected, Caltrans workers began removing them — not because of their political intent but because they were considered a safety hazard. Protesters called the action a desecration.

"Please don't do that," Bosk pleaded with the workers as she videotaped them. "Can't you stop one minute and think why those crosses are here? You're the same age as the men and women who are dying in this war. It's a shame."

The men continued throwing the crosses into a pile.

"I can't debate this," a supervisor said. "We've got to get these picked up.

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"We're sorry," he added softly.

Activists later moved the crosses to a small, private, triangular field within sight of the town's main market and post office.

Passersby have added flowers and small U.S. flags. Nearby is a plaque whose message begins: "Here are the symbolic grave markers for the young Americans who volunteered to fight and ultimately lose their lives in a sovereign country, halfway around the world."

Most residents appear to support the memorial, organized by a local Vietnam veteran. The critics, they insist, are outsiders.

"These crosses can't be claimed by any religion," Bosk said. "They belong to every mother who gave birth to a son who has fallen in this war."

Despite the controversy, she added, the crosses will stay where they are for now.

Rescued Hostage Rations His Thanks (WT/LST)

By Sean Rayment, London Sunday Telegraph

The Washington Times, March 26, 2006

LONDON -- Freed peace activist Norman Kember gave qualified thanks yesterday to the soldiers who rescued him and two colleagues after 119 days of captivity in Iraq.

"I do not believe that a lasting peace is achieved by armed force," Mr. Kember said, "but I pay tribute to their courage and thank those who played a part in my rescue."

The brief statement by the retired physics professor appeared to be an attempt to quell the furor surrounding his failure -- and that of others in the Christian Peacemaker Teams (CPT) organization -- to thank the soldiers who risked their lives in the three-month rescue effort.

Mr. Kember, 74, spoke upon being reunited with his wife, Pat, after flying into London's Heathrow Airport from Kuwait on a commercial flight.

Anger and disbelief had greeted his earlier failure to thank the hundreds of British and American personnel who worked to free him and the three other original captives, all members of the CPT.

When Mr. Kember and two of the others were freed Thursday, the CPT's co-chairman, Doug Pritchard, told reporters in Toronto that "the illegal occupation of Iraq by multinational forces" was the "root cause" of the kidnappings. He offered no words of thanks for multinational forces that participated in the rescue.

Gen. Mike Jackson, chief of the British general staff, had expressed dismay at Mr. Kember's apparent refusal to say "thank you," saying he was "saddened that there does not seem to have been a note of gratitude for the soldiers who risked their lives to save those lives."

The three freed hostages refused to take part in a critical debriefing session with intelligence officers.

"It is the ordinary people of Iraq that you should be talking to -- the people who have suffered so much over many years and still await the stable and just society that they deserve," Mr. Kember said yesterday.

"While in Baghdad we had opportunity to thank the British Embassy staff who worked so diligently for our release. I now thank the staff in Britain who also dedicated so much time to the same end."

The full gamut of Britain's intelligence services was involved in the hunt for the hostages, in an operation that cost millions of dollars. Agents from MI6, MI5, the Joint Communications Headquarters at Cheltenham and soldiers from the Special Air Service and the Special Reconnaissance Regiment all took part.

Cobra, the civil contingencies committee made up of senior Cabinet ministers and intelligence chiefs, was kept up to date on developments in the search for the Briton, American and two Canadians following their abduction in November by a group calling itself the Swords of Righteousness Brigade.

Jan Benvie, 51, an Edinburgh teacher who is due to go to Iraq with CPT this summer, said: "We make clear that if we are kidnapped we do not want there to be force or any form of violence used to release us."

Rescuing Mr. Kember and his colleagues became the main priority of Task Force Black, the coalition special forces unit that carries out counter-terrorist operations in Baghdad.

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After the slayings of Kenneth Bigley and Margaret Hassan, two British nationals killed by kidnappers in Iraq, few within the British military expected Mr. Kember to be found alive.

Those fears grew when Tom Fox, a resident of Clear Brook, Va., and the fourth captive in Mr. Kember's group, was killed and his body dumped two weeks ago.

"Nobody expected Mr. Kember or the others to be found alive, especially after one was murdered," a senior officer said, "so it was a real champagne moment when he was found safely."

Freed British Hostage Returns Home (WP)

By Thomas Wagner

The Washington Post, March 26, 2006

LONDON -- Freed British hostage Norman Kember returned home Saturday after four months in captivity in Iraq and thanked the soldiers who saved him and two other peace activists.

Kember, 74, arrived on a commercial flight from Kuwait and was reunited with his wife, Pat, in a terminal in Heathrow Airport. He waved to the waiting TV cameras.

A joint U.S.-British military operation freed Kember and Canadians James Loney, 41, and Harmeet Singh Sooden, 32, on Thursday. They were rescued without violence from a house west of Baghdad.

"I do not believe that a lasting peace is achieved by armed force, but I pay tribute to their courage and thank those who played a part in my rescue," Kember said in a statement he read to journalists while smiling and holding his wife's hand.

After their rescue, the three members of the Christian Peacemakers Teams group learned that a fellow hostage, 54-year-old American Tom Fox, had been killed by the hostage-takers weeks earlier.

Kember declined to answer questions about his ordeal and said the world's focus should be on the needs of the Iraqi people.

"There's a real sense in which you are interviewing the wrong person. It's the ordinary people of Iraq you should be talking to, the people who have suffered so much over many years and still await the stable and just society they deserve."

Some British media were critical of what they viewed as an apparent lack of a formal thank you from the peace activists for the efforts to rescue them. But Kember's supporters maintained that thanks was expressed quickly.

"We are thankful to all the people who gave of themselves sacrificially to free Jim, Norman, Harmeet and Tom over the last four months, and those supporters who prayed and wept for our brothers in captivity, for their loved ones and for us, their co-workers," Christian Peacemaker Teams said Thursday in a statement.

Kember was flown out of Baghdad Friday on a British military plane, saying: "I'm very much looking forward to getting home to British soil and to being reunited with my family."

The two Canadians left Iraq on Saturday on a flight to the United Arab Emirates.

The Rev. Bob Gardiner of the Harrow Baptist Church in London, where Kember and his wife worship, praised the soldiers for carrying out the rescue without any violence or loss of life.

"We were impressed by the sensitivity with which it (the British government) responded to our concerns about any possible use of force in any rescue attempt," Gardiner said.

Maj. Gen. Rick Lynch, a U.S. military spokesman in Baghdad, said the rescue was launched three hours after a detainee captured the night before told American forces where the hostages were.

The four activists were kidnapped Nov. 26, and Fox's body was found dumped in western Baghdad on March 9. He had been shot in the head and chest.

The release of the trio has raised hopes among U.S. officials and family members that American reporter Jill Carroll, a freelance writer for The Christian Science Monitor who was abducted Jan. 7, could eventually be freed.

Peggy Gish, a Christian Peacekeeping Team member in Baghdad, said Kember and the two Canadians did not appear to have been tortured or abused. Most of the time, the captives were not tied up, and the captors _ a little-known Iraqi radical group _ provided Kember with medication for high blood pressure and an aneurysm.

Gish said the captors tied up the hostages, then fled before the multinational forces arrived.

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Keeping The Faith, Globally (LAT)

By Gregory Rodriguez

The Los Angeles Times, March 26, 2006

Evangelical Christians have no interest in the U.S. becoming isolationist.

AFTER THREE LONG years of war in Iraq, a growing number of Americans are deciding that the U.S. should turn its attention inward. An October poll found that since 2002 the percentage of Americans who think that the nation "should mind its own business internationally" has risen from 30% to 42%. Likewise, trade protectionism and nativism are on the rise. Is the United States destined to enter a period of isolationism? Probably not. That's because evangelical Christians, who make up somewhere between one-quarter and one-third of the U.S. population, won't let it happen.

Surprised? You may characterize evangelicals only by way of hot-button domestic issues — abortion, stem cell research, same-sex marriage. But it's at least as interesting to look at them in terms of global issues. Once upon a time, they were among the most isolationist of Americans, but no more. If that weren't true, we'd see much higher figures when it came to those who think the United States should merely be minding "its own business."

"Bible-believing" Christians have, in a way, always been internationalists. After all, "evangelism" means spreading the Gospel and missionary work around the world is central to their faith. But before the last quarter of the 20th century, most evangelical leaders eschewed real-world politics and foreign policy strategizing for more otherworldly concerns. In 1965, Jerry Falwell gave a now famous sermon, "Ministers and Marchers," in which he declared that evangelicals' duty was to "preach the Word" and not to "reform the externals."

But that was when conservative Christians felt that their culture was America's culture. It was the liberal shift during the cultural revolution of the late 1960s and early 1970s that pushed them into the public square, at the same time that they felt themselves becoming marginalized. Politicized, activist evangelism, as sociologist Christian Smith observed, "thrives on distinction, engagement, tension, conflict and threat."

This sense of "minorityness" became an important element in pushing evangelical engagement with global human rights issues. One of their initial forays into foreign policy was driven by their concern for the persecution of fellow Christians overseas.

In 1998, U.S. evangelical activists scored a major foreign policy victory with the passage of the International Religious Freedom Act, one of the most comprehensive human rights laws on the books. It established an ambassador-at-large for international religious freedom and mandated that the State Department publish an annual report on the status of religious freedom around the world. The fruits of such activism were on display last week as the State Department spoke out against the impending execution of a Christian convert in Afghanistan.

In recent years, evangelicals such as Charles Colson have turned their attention to efforts to halt human trafficking. Last March, the National Evangelical Assn., which represents 30 million Americans from 56 denominations, published a call to civic responsibility, which emphasized evangelicals' global involvement in activities such as disaster relief, refugee resettlement, the fight against AIDS and poverty, and the need for greater international aid.

More recently, evangelical lobbying has pushed President Bush to pay attention to the genocide and famine in the Darfur region in Sudan. Last month, 80 prominent evangelical leaders launched a campaign to persuade their congregants that more should be done to combat global warming.

As U.S. evangelicalism has grown in scope and strength, its most fundamentalist branches have become less central to the movement. "It's not just Jerry Falwell in Virginia anymore," says Dennis Hoover, vice president for research and publications at the Institute for Global Engagement. "Now it's also Hawaiian-shirt-wearing Rick Warren in California and huge megachurches in middle America."

This broader profile coupled with a growing interest in foreign affairs has forged alliances that once would have been impossible to imagine. One example: Sen. Sam Brownback of Kansas, a leading evangelical figure, has teamed with California Sen. Barbara Boxer on women's rights in Afghanistan.

Evangelicals are among the Americans who believe most strongly in this nation's providential role in history. And because they make up one-quarter of the U.S. electorate, they see themselves positioned to help it along.

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"Never before has God given American evangelicals such an awesome opportunity to shape public policy in ways that could contribute to the well-being of the entire world," wrote the board of the National Evangelical Assn. in its call to civic responsibility. "Disengagement is not an option."

DOJ:

Minnesota Lawmakers Fight For Grants To Battle Drugs (MINNST)

By Aaron Blake

Minneapolis Star Tribune, March 26, 2006

Members of Congress want to save a federal law-enforcement program, but critics say it funds corrupt policing.

WASHINGTON - When the White House launched a website that helps taxpayers understand federal programs, something called the Byrne Grants received a very low rating. The program, which pays for drug task forces and other local law enforcement programs, has no meaningful goals, is unfocused and should be axed altogether, the White House said.

Perfect fodder for a Congress in budget-cutting mode? Hardly, if you ask members of the Minnesota delegation.

The Edward Byrne Memorial Justice Assistance Grant Program, or Byrne Grants, has lots of enemies - from the American Civil Liberties Union to conservative groups - and for the second consecutive year it is slated for elimination in President Bush's budget. But a number of legislators, including several in Minnesota, feel passionately that it represents a lifeline in the war on drugs - specifically, methamphetamine - and will fight to save it yet again this year.

The battle is one of the first being fought in what's sure to be another tooth-pulling process within Congress over the growing federal budget. And it shows that sides aren't always drawn according to party politics.

This month the Senate fired the first salvo, approving Sen. Mark Dayton's legislation to restore funding for the Byrne Grants to $900 million. The Senate did the same thing last year, but Congress ended up approving just $416 million, and funding has declined each of the past four years.

Minnesota lawmakers are painting an ominous picture should that figure creep lower.

"Who will be there to protect our children from those making and pushing poisons like meth if the House approves the elimination of the Byrne Justice Assistance Grant program?" Rep. Mark Kennedy, R-Minn., asked the House Budget Committee.

Critics say the grants are ineffective and prone to corruption. For example, in Tulia, Texas, in 1999, dozens of residents were sentenced to decades in prison based on the uncorroborated testimony of one drug task force officer. Most of them were pardoned four years later by Gov. Rick Perry, and the officer was convicted of perjury.

Last May, Rep. Sheila Jackson Lee, D-Texas, introduced a "No More Tulias" Act, which would require states either to install safeguards against task force corruption or to eliminate task forces altogether in order to receive any law enforcement money from the Justice Department.

The structure of the task forces is "hugely problematic," said Bill Piper, director of national affairs for the Drug Policy Alliance. Task forces are federally funded, state managed and locally staffed, and often they cover multiple jurisdictions. The number of scandals speaks for itself, he said.

"There's enough to suggest that it's not a question of a few bad apples in law enforcement; it's more of a system that's inherently corrupt," Piper said.

Minnesota lawmakers say that local problems are simply that and that Minnesota is an example of how effective state oversight can be.

"Don't paint the whole country with a problem that's occurred in Houston; try to fix your problem," said Rep. Jim Oberstar, D-Minn.

Critics also say the program isn't being held accountable by the federal, and often state, governments. The Government Accountability Office has issued reports in recent years that say the monitoring of Byrne Grants has lacked documentation.

David Muhlhausen, a senior policy analyst at the conservative Heritage Foundation, said lawmakers use Byrne Grants simply to appear tough on drugs and crime. Other conservative groups, including Americans for Tax Reform and the National Taxpayers Union, have urged that the Byrne Grants be eliminated.

"After that press release goes out, Congress really doesn't care too much what goes on with the funding," Muhlhausen said.

Dayton, D-Minn., said he judges the program based on the feedback he gets from Minnesota officers: "This is one of the important and one of the very few ways in which the federal government helps state and local governments with law enforcement."

Minnesota has 21 task forces, which will receive $2.6 million from the grants in 2006. In 2005, the state's drug task forces seized more than 180 pounds of methamphetamine and cocaine, made almost 6,000 arrests, seized 100 meth labs and made more than 500 educational presentations to 46,000 people. Almost half of their arrests involved meth.

This month the Dakota County Drug Task Force assisted in the arrests of 26 alleged gang members on federal narcotics and firearms trafficking charges in what federal officials call one of the largest drug busts in Minnesota history.

CORPORATE SCANDALS:

Quattrone's Victory May Not Echo (BLOOM)

By Ann Woolner, BLOOMBERG NEWS

Bloomberg News, March 26, 2006

Frank Quattrone has squeezed by again. Catlike in his ability to maneuver through tight spaces and survive steep falls, the former high-tech investment banker last week shook off a conviction it took prosecutors two trials and three years to nail.

The 2nd U.S. Circuit Court of Appeals set it aside because of a few wrong words in the judge's jury instructions, even while finding sufficient evidence to convict.

The appeals court gave Quattrone another boost, too, by removing U.S. District Judge Richard Owen from his case. If Quattrone is retried, he won't again face the same pro-prosecution judge who made the defense miserable through his first two trials.

For Quattrone, this surely is pretty thrilling stuff.

Prosecutors haven't said whether they will seek retrial, go for a plea deal, appeal or simply drop the whole thing. Any of those options would be better than the 18 months in prison assigned to him by Owen, and there's a decent chance Quattrone just might land in the clear.

But what does this decision mean to anyone else?

Coming after the reversal of Arthur Andersen LLP's conviction, does it represent a pendulum swing against corporate criminal prosecutions? Might it help Enron Corp.'s two former chief executives now on trial in Houston?

No and no.

The Quattrone decision is a limited one and, like the Andersen ruling, came in a case involving document destruction.

Kenneth Lay and Jeffrey Skilling, on the other hand, are accused of lying to the public about Enron's finances.

Quattrone's misstep came at a time when a federal grand jury and the Securities and Exchange Commission were looking into certain conduct at Credit Suisse First Boston, where he ran the high-tech group.

As 2000 was ending, Quattrone endorsed and sent to all employees in his group an e-mail drafted by an underling.

"With the recent tumble in stock prices, and many deals now trading below issue price, I understand the securities litigation bar is mounting an all-out assault on broken tech IPOs," banker Richard Char wrote.

Char quoted from the company's document retention and destruction policy and urged everyone to "catch up on file cleanup."

Quattrone had just learned about the grand jury investigation. Before forwarding the e-mail, he added to Char's message, "I strongly advise you to follow these procedures," noting that he had been "a key witness in a securities litigation case."

A New York federal jury decided that was obstruction and witness tampering, just as a federal jury in Houston convicted Andersen of obstructing justice for urging employees to shred documents wanted by the SEC.

The reversals have nothing to do with the sort of fraud alleged in the Enron trial.

Besides, two cases do not a trend make.

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"For every high-profile reversal, there are probably 20 convictions," said William Mateja, who formerly helped oversee the Justice Department's Corporate Crime Task Force.

As of last summer, the task force counted 700 corporate fraud convictions over three years, including 100 CEOs and company presidents, according to the Justice Department.

"The numbers are staggering," said Mateja, now a defense lawyer at the Dallas firm of Fish and Richardson.

Even in the limited area of document destruction, there is little in the Quattrone case to help those who shred possibly incriminating papers when worried about regulators, prosecutors or plaintiffs' lawyers getting them.

Owen correctly charged the jury on what it takes to convict someone of obstructing justice and tampering with a witness. The problem is that the judge added words that undid all the others, the appeals court said.

After explaining criminal intent, after telling jurors they needed to find some nexus between Quattrone urging document destruction and his knowledge that those documents were wanted by investigators, Owen then "eviscerated" a crucial requirement he had already explained, the appeals court said.

He told jurors they could convict if they decided that Quattrone "directed the destruction of documents that were called for by a grand jury subpoena" regardless of whether he knew they were wanted by the jury.

The law says a defendant had to have known the documents to be destroyed could be wanted by authorities for it to constitute obstruction.

And even though the appellate judges found prosecutors had offered sufficient evidence for reasonable jurors to conclude Quattrone knew exactly what he was doing when he endorsed a file cleanup, the appellate judges said they couldn't be certain the jury would have convicted if Owen hadn't improperly made it so easy to do so.

CRIMINAL LAW:

Former DeLay Aide Enriched By Nonprofit (WP)

By R. Jeffrey Smith

The Washington Post, March 26, 2006

Bulk of Group's Funds Tied to Abramoff

A top adviser to former House Whip Tom DeLay received more than a third of all the money collected by the U.S. Family Network, a nonprofit organization the adviser created to promote a pro-family political agenda in Congress, according to the group's accounting records.

DeLay's former chief of staff, Edwin A. Buckham, who helped create the group while still in DeLay's employ, and his wife, Wendy, were the principal beneficiaries of the group's $3.02 million in revenue, collecting payments totaling $1,022,729 during a five-year period ending in 2001, public and private records show.

The group's revenue was drawn mostly from clients of Republican lobbyist Jack Abramoff, according to its records. From an FBI subpoena for the records, it can be inferred that the bureau is exploring whether there were links between the payments and favorable legislative treatment of Abramoff's clients by DeLay's office.

In recent months, Abramoff pleaded guilty to charges of tax fraud and conspiracy to defraud clients and bribe a public official; DeLay (R-Tex.) stepped down from his post as House majority leader; and Buckham folded his lobbying firm, the Alexander Strategy Group.

In the late 1990s, when DeLay's influence was growing, the lawmaker depicted the USFN in a promotional letter as a nationwide, grass-roots organization. In fact, it had a tiny staff that barely registered an impact on Capitol Hill. The group appears to have served mostly as a vehicle for funneling corporate funds to DeLay's advisers and financing ads that attacked Democrats.

The group's payments to the Buckhams -- in the form of a monthly retainer as well as commissions on donations by Abramoff's clients -- overlapped briefly with Edwin Buckham's service as chief of staff to DeLay and continued during his subsequent role as DeLay's chief political adviser.

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During this latter period, Buckham and his wife, Wendy, acting through their consulting firm, made monthly payments averaging $3,200-$3,400 apiece to DeLay's wife, Christine, for three of the years in which he collected money from the USFN and some other clients.

Even though Buckham left DeLay's staff at the end of 1997, he still coordinated much of the congressional office's work and ran DeLay's principal fundraising committee from a building bought with USFN money, according to three former DeLay staff members who said they had firsthand knowledge of his role then.

"If an individual called DeLay's appointments secretary saying they wanted to talk to DeLay about overregulation, the appointment secretary would say go speak to Buckham," one former aide said. Buckham, an evangelical minister, also continued to serve as DeLay's spiritual adviser and prayed frequently with him, the former aides said.

DeLay's lawyer, Richard Cullen, disputed the accounts of Buckham's influence. He said Buckham made appointment requests but was not involved in final decisions on scheduling after he left the office. He also said Buckham did not coordinate the office's activities, saying that was done by successors.

Abramoff, for his part, once boasted that he had invested a million dollars in Buckham, according to a former Abramoff colleague who said he witnessed the conversation. Abramoff expressed confidence that the funds would bring a good return for his clients, the colleague said. Abramoff, through a spokesman, declined comment on this claim or other details of this article.

Wendy Buckham was not the only spouse of a DeLay staffer to benefit from the USFN revenue stream sustained by Abramoff's clients. A consulting firm owned by the wife of Tony C. Rudy, DeLay's deputy chief of staff, was paid $15,600 by the group in 1999 and another $10,400 in 2000. Rudy resigned to work with Abramoff in 2001. It could not be determined what the payments were for.

DeLay supported the interests of many USFN donors on Capitol Hill, including an Indian tribe seeking to keep a tax exemption for gambling revenue and wealthy Russians seeking a favorable vote on Russian aid legislation. DeLay's spokesman has said his opinions and votes were based solely on "good policy" and national interests.

Edwin and Wendy Buckham and their lawyer, Laura A. Miller, did not respond to multiple requests for comment on USFN spending or the money they received. The Rudys did not return calls to their home and Tony Rudy's cellphone.

The accounting records reviewed by The Washington Post included a list of every transaction by the USFN from 1996 to 2000 and the group's tax returns for 2001, the last year it existed. They demonstrate that the consulting fees, bonuses and fundraising commissions for the Buckhams -- plus the purchase of a townhouse that served as the locus of DeLay's own fundraising efforts -- consumed far more of the group's budget than its spending for lobbying on "moral fitness" issues.

A previous article in The Post detailed how USFN had drawn its largest checks from Abramoff's clients, including $1 million from what several former Buckham associates described as Russian oil and gas executives and hundreds of thousands of dollars from an Indian tribe.

Records obtained by federal investigators after that article appeared and reviewed by The Post make clear just how unusual USFN's spending was. Its revenue was lavished not only on DeLay's advisers but on a variety of expenses that experts say are atypical for such a small nonprofit: $62,375 for wall art, a vase listed at $20,100, airfare and meals for Abramoff that cost $11,548, and $267,202 in travel and entertainment expenses that appear to have benefited mostly Buckham, the group's board members, and its tiny staff.

"They were using donor funds for interior decorating," said Chris Geeslin, a pastor in Frederick, Md., who between 1998 and 2001 served as one of the group's directors and then its president. He blamed what he described as the group's misspending on Buckham, who he said "would tell us where you should put things. He orchestrated all this. . . . He used us."A Handpicked Board

When the USFN was incorporated at Buckham's instigation in 1996, it described its purpose as promoting policies favorable for "families, the economic prosperity, social improvement, moral fitness, and general well being of the United States."

From the outset, it was organized differently from other public advocacy groups located in the capital that hoped to influence the nation's leaders. For example, Buckham selected as its board members three evangelical Christians from the tiny town of Republic, Wash. (pop. 954), who associates say he had met at a religious retreat.

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According to the minutes from its March 1997 board meeting, the group considered appointing "J. Abramoff" to the board, but never did. The group's first donation, a $15,000 check, came from the Mississippi Band of Choctaw Indians, one of Abramoff's highest-paying clients, and the next two donor checks came from other groups linked with Abramoff.

Formally, Buckham was a consultant to the board, but he said in an October 2003 deposition taken by Federal Election Commission lawyers and obtained by The Post that he had a verbal understanding allowing him to take whatever actions he deemed "in the best interest of the USFN pertaining to issues that they cared about." This included authorizing payments to others.

But some routine procedures were not followed: USFN officials did not register as lobbyists until 2000, when the group became the target of a complaint at the FEC, and they sent in retroactive registrations for the three previous years.

The Buckhams closely controlled the group's finances. Wendy Buckham formally served as the group's treasurer and secretary for only five months in 1996 and 1997, but kept the books and signed its checks until it folded in 2001, according to its tax forms and former officers. Edwin Buckham said in the 2003 deposition it was he who suggested she take this role.

USFN nevertheless paid both an accounting firm and Wendy Buckham for accounting in 1997. She also collected $43,000 in "commissions" that year on the first $524,975 in contributions to the group from business entities that worked with Abramoff, according to its ledger. Congressional ethics rules do not bar such payments to spouses unless they are meant to purchase favors from lawmakers or staff.

The Alexander Strategy Group began collecting its monthly stipend of $10,000-$12,000 from USFN in October 1997 to perform fundraising and other services, even while Buckham was still receiving a salary from the whip's office, according to House payroll records. House rules allow such overlap only if the outside income is limited and not a reward for official acts.

Within four weeks after Buckham resigned from DeLay's staff in December 1997, the Alexander Strategy Group began also collecting commissions on donations to USFN from firms that worked with Abramoff. The largest were two $75,000 payments in 1998 and one for $104,500 in 1999. The total reached $364,500 before they stopped at the end of 1999. USFN's ledger also lists an unexplained "bonus" payment of $60,000 in December 1998.

The Internal Revenue Service generally requires that board members of nonprofits approve all payments to related entities. But several documents labeled as contracts with Buckham's firm in the group's papers are not signed, and Geeslin said in an interview that some of the minutes for board meetings in 1998 and 1999 were formally written after the FEC began its investigation.

Besides spending lavishly during its meetings at various resorts, the group also spent $149,000 in July 1998 to lease a skybox at MCI Center "at the request of one of the donors to USFN," the group's internal audit states. Geeslin said that person was actually Abramoff, who expressed his gratitude while sitting near him at a sporting event.

In the version of the group's official, typewritten ledgers, supplied to the FBI last month under subpoena, several of its most unusual expenditures are partially crossed out and relabeled in ink. The $20,100 purchase of a vase in October 1999 from a Royal Doulton dealer in Miami was relabeled "office equipment," and the $62,375 purchase in January 1999 of a collection of Salvador Dali and Peter Max prints was relabeled "office fixtures."

Asked about the handwritten changes, the group's former lawyer, J. Thomas Smith, said he did not recall seeing them and declined further comment.

Art Taylor, head of the Better Business Bureau's Wise Giving Alliance, a watchdog group, noted after reviewing the nonprofit group's tax returns for 1998 and 1999 that a tax inspector might wonder if "they have enough activity going on" of public benefit to justify their tax exemption. "If they were a charity," he said, "they don't meet our standards."Labor in the Marianas

One of the first policy issues to be discussed by the group's board, according to its March 1997 minutes, was a "free-market research project" in the Northern Marianas Islands, a U.S. protectorate in the Pacific Ocean.

At the time, Abramoff was under contract with the Marianas government to lobby against congressional legislation to impede the free flow of immigrant labor to the islands from China and elsewhere in Asia, and impose a minimum hourly wage exceeding the island's standard rate of $3.05.

To U.S. immigration officials and other critics, maintaining the Marianas' exemptions from these rules amounted to providing legal protection for sweatshops. But textile manufacturers, who dominated the islands' politics and profited heavily from

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paying immigrant workers less than required on the mainland, ardently opposed the legislation. The Marianas government paid Abramoff a total of $7.17 million in lobbying fees from 1996 to 2001, according to an audit there.

Abramoff focused on DeLay's office in his lobbying effort, billing the Marianas for 187 contacts in 1996 and 1997, including 104 conversations with Buckham and 16 direct meetings with DeLay, according to Abramoff's billing records. Buckham affirmed in a 1995 interview withNational Journal that Abramoff "is someone on our side. . . . He has access to DeLay."

So it was perhaps understandable that in the spring of 1997, USFN's board was eager to demonstrate that the economic policies that were good for the Marianas (pop. 53,552) could be good for America. To do so, it dispatched its first director, a former manager of DeLay's 1996 Texas reelection campaign named Robert G. Mills.

During the trip, Mills -- accompanied by Buckham, who was still on DeLay's staff -- met with Willie Tan, the islands' largest private employer. Tan's textile companies had settled a lawsuit filed five years earlier by the U.S. Labor Department charging workplace abuses, and he had long cultivated contacts in Washington to stop the immigration and wage legislation.

In April 1997, for example, a longtime Tan aide and island politician named Benigno Fitial went to Washington, where he sang "Happy Birthday" to DeLay in the whip's office. He sent Buckham an e-mail after the trip expressing appreciation for his support and recalling Buckham's explanation that one of his roles was to "stop legislation from getting on the floor of the House." Fitial signed the e-mail, "YOUR 'ADOPTED' BROTHER BEN."

Three months earlier, Tan's network of companies had written five checks of $10,000 each to USFN, and Buckham's wife had claimed $10,000 in "commissions" on these checks, according to the group's ledger.

These were just the first of 23 payments by Tan's companies to the group, which eventually totaled $650,000.

Later in 1997, Wendy Buckham claimed another $10,000 in commissions on Tan's checks, and in 1998, the couple's jointly owned consulting firm took another $20,000 in commissions explicitly attributed to the Tan donations, according to the ledger. Many other "commissions" collected by the couple were not linked in the ledgers to a specific donor.

DeLay saw Tan when he took his wife and daughter to the Marianas in a December 1997 trip arranged with the help of Abramoff and his lobby firm. After brunching with Tan on his first full day, followed by a round of golf with Tan and others, DeLay attended a dinner in his honor sponsored by Tan's holding company at the local Pacific Islands Club.

It was at this dinner that DeLay gave the speech in which he called Abramoff "one of my closest and dearest friends," according to a copy. DeLay also reminded Tan and his colleagues of his earlier promise that no wage and immigration legislation would be passed.

"Stand firm," DeLay said in his closing. "Resist evil. Remember that all truth and blessings emanate from our Creator." He then departed with Tan to see a cockfight, according to a written account by one of the trip participants.

In response to a reporter's question, Tan said in an e-mail Friday that "we hired [a] reputable firm, and we never ask[ed] the firm to do anything wrong." He said he was unaware of the commissions collected personally by the Buckhams.

No Marianas immigration or wage reform legislation passed Congress. Aides to Rep. George Miller (D-Calif.), a key sponsor, say that Senate-passed legislation was never taken up by any House committee.Attack Ads

Before the U.S. Family Network folded in 2001 under pressure from an FEC probe, it became involved in other controversial political matters.

In 1998, the group lobbied Congress against new regulations on cigarettes and collected a $100,000 donation from the R.J. Reynolds Tobacco Co. It also spent $75,863 that year on radio ads that called for President Clinton's resignation and attacked Democrats, according to the group's ledger and transcripts of the ads.

The following year, the National Republican Congressional Committee gave the USFN a $500,000 check to finance additional radio ads in the districts of vulnerable Democrats. Buckham told the FEC he solicited the check, and others told FEC investigators it was paid over the objections of the NRCC's director and chief counsel.

Of the $500,000, USFN gave just $300,000 to another nonprofit group for the ads. In his deposition, Buckham explained that he retained a portion of the Republican Party's check as a commission. "If I raise money, I get a portion," Buckham said. "It is in my contract."

The NRCC in 2004 paid the eighth-highest fine in FEC history to settle allegations that some of its officials colluded with USFN on the ads in violation of campaign finance laws.

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As the group started to wind down, it made five payments totaling nearly $200,000 to entities affiliated with its staff or board members or located at USFN's address, according to the ledger. It sold the townhouse at a $19,000 loss.

The board also agreed at its final meeting in January 2001 to pay $150,000 to the Dorothy Joan Morris Foundation.

The minutes state this was done at the request of "the gentleman who donated the largest amount of money to USFN" -- a term that Geeslin said is a euphemism for Buckham's fundraising.

Incorporation papers on file with the Maryland Secretary of State list the foundation's location as an insurance company office in a strip mall in Frederick.

The papers state that the foundation is in turn owned by another group, Foundation Ministries Inc., which has its legal address at the Frederick home of the Buckhams.

Dorothy Joan Morris is the name of the 79-year-old mother of a former Buckham assistant named Roger Albanese, who is described in USFN documents as collecting roughly $20,000 from the group for "program services related to prayer." She says she never authorized the use of her name for the foundation, was never told about the $150,000 donation and never saw any of the proceeds.

"What rights does he [Buckham] have to put that in my name?" asked Morris, who said she lives with her husband in a trailer home parked in Las Vegas. "It's fishy."

Research editor Lucy Shackelford, researchers Alice Crites and Madonna Lebling, research database editor Derek Willis, and staff writer James V. Grimaldi contributed to this report.

From A Conservative, A Lack Of Compassion For Ralph Reed (WP)

By Thomas B. Edsall And Dan Balz

The Washington Post, March 26, 2006

Ralph Reed, candidate for Georgia lieutenant governor and former executive director of the Christian Coalition, has a standard line when opponents link him to disgraced lobbyist Jack Abramoff. "The Democrats, radical left, and dominant media have made numerous unfair personal attacks against Ralph," his Web site declares.

Lately, however, it's becoming harder for Reed to dismiss his critics as ideologically motivated. One of the toughest is Marvin Olasky, a close associate of President Bush who helped developed the administration's faith-based initiative and the concept of "compassionate conservatism."

Olasky, a journalism professor at the University of Texas, is editor in chief of World magazine, the mission of which "is to glorify God and enjoy Him forever." Since Nov. 19, World has run 10 articles and essays describing the $4 million in gambling money Abramoff paid to Reed to lobby against casinos competing with Abramoff's clients. The articles have highlighted incriminating e-mails and other disclosures that have raised doubts about Reed's explanations of his activities.

Reed, Olasky wrote March 4, "has damaged Christian political work by confirming for some the stereotype that evangelicals are easily manipulated and that evangelical leaders use moral issues to line their own pockets."

On Feb. 6, Reed wrote Olasky to say he was " very disappointed that WORLD would repeat false and politically-motivated attacks by liberal groups in Texas."

In language similar to his campaign stump responses, Reed said: "Had I known then what I know now, I would not have undertaken the work. On reflection, I should have declined the work and I regret any difficulty it has caused the pro-family community, for which I have accepted full responsibility. . . . What I do not appreciate and what I am confident your readers will reject is an unfair attempt by the media to engage in guilt by association."

Some polling data have been published in Georgia indicating that the Abramoff scandal has hurt Reed's first bid for elective office. Most recently, the Atlanta Journal-Constitution cited a survey suggesting that if Reed wins the Republican nomination, his presence could weaken support for the reelection of Gov. Sonny Perdue (R).

When 500 Republicans were asked whether the presence of Reed on a ticket with Perdue would increase or decrease their likelihood of voting for the Republican governor, 18 percent said it would improve the chances, while 26 percent said it would diminish the prospect of voting for Perdue, a net eight-point negative, the newspaper reported.MoveOn to Stoke House Races

One of the biggest obstacles facing Democrats in their quest to capture control of the House in November is the relatively limited number of competitive seats. MoveOn.org, the liberal grass-roots activist organization, hopes to help make the playing field bigger.

Beginning in April, MoveOn will begin bombarding five congressional districts with advertising campaigns aimed at turning second-tier targets into competitive contests, all with the goal of generating the kind of anti-incumbent sentiment that will topple the Republican majority.

"If we can put enough districts in play that [analysts] say the House is up for grabs, that will open the floodgate in terms of energy from our members and in terms of money from donors who otherwise might be reticent to give to many different races," said Eli Pariser, executive director of MoveOn's political action committee. "The earlier that we can flip that switch where someone says that, the better off we believe we are in terms of the amount of energy that people are going to put into the election."

Pariser won't say which five districts will draw the initial advertising, only that the commercials will attempt to connect a local House member's votes to sentiment that lobbyists and corporate interests have too much sway with the current Congress. Nor will Pariser say whether MoveOn will seek to go into additional districts if the first ads prove successful.

MoveOn's PAC has become one of the largest collectors of so-called hard-dollar contributions in the country. In the 2004 cycle, the group raised about $30 million, putting it behind Emily's List but ahead of any number of other well-known interest groups on the left and right. Last year, the organization raised $10 million, and this year has set a goal of $15 million to $20 million. Some of that will be used for ads, some for voter mobilization, some for direct contributions.

The ads will run at what Pariser called "near saturation" level, with interruptions, for a period of about three months. "Realistically, we're not going to single-handedly create a change election," Pariser said. "I think we can play a role in tipping a number of close races and helping to make sure that as we move closer to the election that the right issues are on voters' minds."

Bombing Victim's Father Goes On Trial In Birmingham (AJC)

By DREW JUBERA, The Atlanta Journal-Constitution

The Atlanta Journal-Constitution, March 26, 2006

Dad of girl killed in curch blast faces bribery charges

Birmingham — It's this city's most sacred acre. About 100,000 visitors file each year through the Sixteenth Street Baptist Church, most pausing in the basement at what's now an outdated kitchen, but which nearly 43 years ago was the ladies room where four black schoolgirls died in a bomb blast while straightening their dresses for a Sunday youth service.

Plotted by four Klansmen, the 1963 murders caused even whites to realize that things were out of hand in a city whose dynamite-happy segregationists earned it the nickname "Bombingham."

The murders became modern Birmingham's defining moment, and perhaps no one is linked more closely with the city's recovery than Chris McNair, father of 11-year-old Denise, youngest of the four girls killed.

McNair emerged from his daughter's racist killing as a bridge between blacks and whites. He and his wife, Maxine, waited 39 years for the final conviction in their daughter's murder, in 2002, and McNair became one of the first African-Americans since Reconstruction elected to the state Legislature, as well as a long-serving county commissioner.

The Birmingham News lauded him as the city's "steady father figure." A fellow county commissioner compared him to Job.

But in a turn almost as shocking to many here as the bombings, McNair, now 80, is scheduled to stand trial in federal court next month on bribery charges, with almost any jail time effectively seen as a life sentence.

He is accused of taking nearly $1 million in work, goods and cash from contractors hired for part of the county's $3 billion sewer rebuild. His defense lawyer is Doug Jones, who prosecuted two of the church bombers for the U.S. attorney's office.

McNair has pleaded not guilty and calls the charges against him "a grave injustice."

The town, both black and white, has been stunned into a kind of silent, if simmering, disbelief. Many, regardless of whether they think McNair is guilty, say he and his wife have suffered enough, victims of both murderous racism and a system that long did what it could to deny them justice.

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"This would be one of the last things we would want to happen to a person like Chris and his family," said the Rev. Abraham Woods, president of the local chapter of the Southern Christian Leadership Conference. "It's hit us like a ton of bricks."

"It's like somebody dropping a bomb on them again," added Barbara Cross, who as the oldest daughter of the Rev. John Cross, then pastor of Sixteenth Street Baptist, was in the church basement when Denise — along with Addie Mae Collins, Carole Robertson and Cynthia Wesley, all 14 — was killed. "I just hope it's not true."

Even white conservatives, who often chafe at the city's frequent civil rights commemorations, have been largely mum on the topic.

"It's almost taboo," Russ Fine, co-host of a popular talk-radio show, said of the lack of discussion of McNair's indictments. "I think whites and blacks alike feel the same way: 'Please, let's just get by this.' This makes us all uncomfortable."

Fine added: "I feel bad for what happened to him and his family and the grief they've had to deal with all their lives. But that doesn't justify this, if he's complicit in what he's charged with."

Much of the black community has yet to react to the trial's possible consequences. Woods, who called the indictments "suspicious," said the SCLC and other civil rights organizations might rally at the trial "depending on what transpires."

Donna Edwards Todd, 54, a volunteer tour guide at 16th Street Baptist, added that most blacks here view the indictments as "more farcical than anything."

"If people felt it was serious, they'd be marching in the street," she said. "But I don't think anybody thinks he'll end up found guilty or put in jail. I mean, come on. Chris McNair? In jail?"

From grief to action

McNair's role as racial reconciler began shortly after the church bombing. He wasn't an activist before that — 41 racially motivated bombings between 1947 and 1963 prompted many local blacks to keep a low profile.

But McNair, a Tuskegee Institute graduate who has long owned a photography studio, took pictures of prominent movement figures and events for black publications such as Jet, including Gov. George Wallace standing in front of the "schoolhouse door" on June 11, 1963, to preserve segregation at the University of Alabama.

Then, at 10:22 a.m. on Sept. 15, 1963, a bomb made of bundled dynamite exploded beneath a stone staircase on the Baptist church's east side. Neither McNair, nor the country, would ever be the same.

"It was the worst noise. I thought Russia had attacked," recalled Cross, whose last-minute Sunday school assignment kept her from being in the restroom with her four friends.

McNair was at another church when he heard about the bombing. A block away, he ran into his wife's cousin, who told him Denise was missing. He found her dead in a hospital room with the three other girls.

"It's still a shocker to me today," McNair said. "I didn't cry for months after. I was angry. But I had a sense of balance. People were asking me, 'Why don't you leave?' I said, 'Where else can I go and not still be black in the United States?'

"My intent was to try to make this a better section of the world. Being angry doesn't ever totally escape you. But you have to be broad and smart enough not to let anger control your emotions."

"I might not have done what some people hoped I'd do," he added of more militant activists. "But I did the good Lord's will."

Several years later, McNair supported local officials in their bid to gain Birmingham "All American City" status, which they hoped would help erase the bombing's blot. In 1973, he was elected to the state House, winning white votes largely out of sympathy for what he'd been through and appreciation for how he'd reacted, political observers say. Yet he never mentioned his daughter's death then, or in later campaigns.

During the Alabama Legislature's turbulent, post-segregation years, McNair remained a calming presence. Alvin Holmes, a black Democrat from Montgomery elected a year later, took more provocative stands, which he said prompted white legislators to negotiate with middle-of-the-roaders like McNair.

"He was not as aggressive as I was, but he wasn't no Uncle Tom," Holmes said. "He and I conflicted sometimes. He thought I was too militant and I thought he was too mild."

Meanwhile, McNair and his wife began a new family: two daughters were born within five years of Denise's killing. The McNairs worked hard to keep the two girls from being overshadowed by their dead sister, whose mythology grew each year the killers remained free. (A Justice Department report later concluded that former FBI Director J. Edgar Hoover had blocked their

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prosecution in 1965). The story was resurrected in 1977 when Robert "Dynamite Bob" Chambliss was convicted of the murders in state court and sentenced to life in prison. He died there in 1985.

"My parents didn't want to 'wash our face in it,' that was what my dad always said," recalled Kimberly McNair, 37, who works in her father's studio. "People had their perception of how they thought we should live our lives. My mother felt the pressure that everyone's always watching, seeing how we're reacting."

Unexpected resignation

McNair ran for the U.S. House in 1978 against now-Republican U.S. Sen. Richard Shelby, then a Democrat, and lost. He then ran against Shelby for U.S. Senate in 1992. He lost again, but carried Jefferson County, the state's most populous, where he'd been a commissioner since 1987.

His reputation was as a moderate, often stubborn, sometimes maverick politician who kept an eye on government spending.

Then McNair resigned unexpectedly in 2001, 19 months into his term. He says he was "just tired out."

Rumors circulated about money falling like rain around the county. A multibillion-dollar sewer project was prompted by a 1994 suit by the U.S. Justice Department that alleged the county's crumbling system put it in violation of the Clean Water Act.

In the year after McNair's resignation, the world media again descended on Birmingham for the bombing trials of Thomas Blanton and Bobby Frank Cherry. Prosecuted by Jones, who met McNair as a college student in the early '70s, both men were convicted of murder and got life sentences.

McNair continued to run his studio, located on a rundown business strip south of downtown. It now included a gallery room devoted to Denise's memory.

Among the room's items: the black Buster Brown patent leather shoes Denise wore the day she died, her children's prayer book, and a flat stone pulled from her skull. A tissue box rests atop a display case of her toys — jump rope, cowgirl hat, roller skates. Student groups from as far away as California and New York tour the room and talk with McNair.

"It's always with me," he said. "My daughter would be 54. You see kids who were her classmates, they're grandparents now. And you wonder, 'What would my daughter be doing now?' "

'No special treatment'

Prosecutors view McNair as merely one of 16 defendants in a massive corruption case.

"I'm aware he was a county commissioner, and that we allege he took bribes," said Alice Martin, U.S. attorney for the Northern District of Alabama. "He'll receive no special treatment. Like every other person under federal indictment, he's innocent until proven guilty, and we look forward to presenting our case."

In the 80-page indictment against a parade of individuals and corporations, McNair is accused of taking about $955,000 from those who won bids on the county's $3 billion sewer system upgrade, which began in 1997.

This includes $225,000 for work done at McNair's studio as part of the building's elaborate expansion, including the memorial room.

Prosecutors also contend McNair accepted work worth $320,000 by contractors to build a lake house in Arkansas, where he grew up; $410,000 in cash; and tickets for Alaska cruise vacations.

"Mr. McNair not only pleads not guilty," Jones said, "but we don't believe a jury will see any kind of corrupt attempt whatsoever on his part in this case."

The trial begins April 3 and some here wonder how a local jury will react to the sight of McNair at the defense table. He and his wife, the last surviving parents of the four murdered girls, have sat through three highly publicized trials for their daughter's killers. For two of those trials, Jones has been their high-profile advocate.

Then just last month, the 16th Street Baptist Church, a staging area for movement meetings before the bombing, was declared a national historic landmark. Attending the ceremony: U.S. Attorney General Alberto Gonzalez and Interior Secretary Gale Norton, who leaves office at the end of this month. And McNair.

"It's impossible to separate Chris from the bombing incident," said Jesse Lewis, who founded the black Birmingham Times in 1964, and now runs a local marketing firm. "It has to have an effect on how people feel. Everybody's in sympathy with what happened to him."

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Natalie Davis, a political analyst and pollster who did work for McNair during his campaigns and is a professor at Birmingham-Southern College, went further.

"Chris McNair is a hero in this community, to whites and blacks," said Davis, who is white. "Jurors are going to have a very hard time with this case. If I was on the jury, and if the evidence was compelling on the part of the prosecution, I don't care what it was, I'd find Chris McNair not guilty.

"I know that's wrong," she added. "But anybody whose child was bombed in Birmingham and who has rendered decent service to this community — I just couldn't go there."

Can Judge Avert A Mistrial? (CHIT)

By Michael Higgins And Matt O'connor, Tribune Staff Reporters. Tribune Staff Reporters Rudolph Bush, Jeff Coen And Ray Gibson Contributed To This Report

Chicago Tribune, March 26, 2006

Questionable pasts put case on thin ice

The discovery that two jurors appear to have hidden arrests or convictions has pushed the corruption trial of former Gov. George Ryan into treacherous seas, forcing a federal judge to steer carefully to avoid a mistrial, veteran trial lawyers said.

U.S. District Judge Rebecca Pallmeyer has options, but none of them is without risks.

"Any misstep by the trial court can lead to a reversal," said Ronald Safer, a defense attorney and former federal prosecutor. "It's an extremely delicate process.... If you leave a juror on, you can be reversed. If you take a juror off, you can be reversed."

After a 5 1/2-month trial and eight days of jury deliberations, the Tribune uncovered public records last week that appear to indicate that two jurors gave false answers on their jury questionnaires.

The Tribune revealed on its Web site Thursday that a male juror had the same name and other identifying characteristics as a man with a felony DUI conviction. Shortly after learning of the Tribune's information, Pallmeyer sent the jury home early and said she had launched an investigation into one juror.

On Friday, the Tribune revealed on its Web site that a second juror, a woman, could be linked through public records to an alias. The woman with that alias faced drug and other charges. She was not convicted, records show.

The jurors both said on pretrial questionnaires that they had never been charged with a crime.

In other cases in recent years, false statements during jury screening have led to juror dismissals or mistrials, or they have formed the basis for appeals.

Assessing what happens next is difficult, because Pallmeyer has gagged the lawyers from talking to reporters and has held all discussions about the jurors behind closed doors.

But lawyers suggest that Pallmeyer might remove the two jurors and call in alternate jurors to replace them.

Or, if she decides to remove just one juror, she might order the deliberations to continue with only 11 jurors.

It's not a situation that any judge envies, said Gregory Mize, a retired judge in the Superior Court of the District of Columbia who studies juries.

A judge's nightmare

"When a court and lawyers work so hard to prepare a case, to have something like this come up at the tail end is a nightmare," Mize said.

The case also raises the issue of whether the court or prosecutors should run background checks on prospective jurors early in the selection process to ensure they've filled out juror questionnaires honestly.

Federal prosecutors appear to run background checks rarely, if ever.

Many states' prosecutors avoid them as well. Faced with limited resources, they rely on jurors' honesty and the common belief that people are far more likely to lie to get off a jury than to get on.

Yet at least some prosecutors in state courts, including Cook County State's Atty. Richard Devine's office, say they routinely check prospective jurors for criminal records.

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High-priced defense attorneys typically hire jury consultants, though the attorneys in this case have never publicly discussed their strategy, including whether they have hired consultants. Jury consultants are mixed on whether they do criminal background checks--some say they do, others say they don't.

But the defense lawyers would have been obligated, as officers of the court, to reveal to prosecutors and Pallmeyer if they had discovered that a juror had been untruthful on a questionnaire.

Ryan, 72, and his co-defendant, lobbyist Lawrence Warner, 67, are on trial on charges that the former governor steered millions of dollars in state contracts and leases to Warner and other friends in return for vacations, gifts and other benefits.

Pallmeyer might remove the two jurors, call two alternate jurors back to the courthouse and restart jury deliberations from the beginning. But she must confirm that the alternates have obeyed her orders not to discuss the case and to avoid media coverage.

"What's the likelihood of that?" Safer said. "You know that they're exposed to press coverage. You know that they talked to friends. You know that they've formed opinions outside the jury room. All that is poison to deliberations."

Rick Halprin, a veteran criminal-defense lawyer, saw the situation as less dire. He said the alternates likely would be cleared to serve if they simply said they could put aside those issues and be fair to Ryan.

As a result of the trial's length and expense, Halprin said, he expects the judge "to move heaven and earth to keep it going."

"She has all the resources of all the judges there," he said. "They'll figure out the answers. There's a lot of latitude here for the judge as long as they're still deliberating."

If Pallmeyer decides that only one juror must be removed, she could order deliberations to continue with 11 jurors. To reduce the jury to 10, however, she would need the consent of the defense, which would be highly unlikely, several lawyers said.

Prosecutors also would have to agree.

Even if Pallmeyer dismisses one or both jurors, she still must address whether the jury selection process had been tainted by any bias held by either juror, several lawyers said.

The man with the same name as one of the jurors had his driving privileges suspended or revoked on numerous occasions when Ryan was secretary of state.

Adding to the complexities would be that one or two alternates could be joining a jury in conflict, apparently divided in cliques. Last week, jurors sent out two notes about difficulties in deliberation. Pallmeyer responded with a note warning jurors to treat one another "with dignity and respect."

Some jurors hide past

Some studies have suggested potential jurors often hide important information, especially in response to what are often intrusive questions.

In 1998, Mize studied the issue at his own courthouse in Washington, D.C. The court's standard practice was to question potential jurors in open court, asking them, for example, to raise their hands if they had been convicted of a felony or knew someone in the case.

Instead, Mize decided that he and the lawyers in each case also would question each juror briefly in a small room, asking the jurors, in a more private setting, if they had anything else to add.

The results were "absolutely jaw-dropping," Mize said. "One woman said to me, `I'm sorry, Judge. I should have said this. The defendant is my fiance.'"

In theory, prosecutors should be able to determine if any potential juror has concealed a criminal record.

Devine's office has checked the backgrounds of prospective jurors at the Criminal Courts Building and other courthouses as a matter of routine for decades, First Assistant State's Atty. Robert Milan said.

The checks take place after jurors are notified about their jury duty but before they appear, Milan said. Prosecutors have a brief report on hand to use in questioning each juror at the start of a trial.

Milan said the checks are made at each courthouse in the Cook County system, for both felonies and misdemeanors.

"For both prosecutors and defense attorneys to have it is important," Milan said. "We see it as integral when this person is being asked to decide on a criminal case."

A matter of trust

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In the federal court system, however, many prosecutors said such checks are simply not done.

"I've never heard of it happening," said Thom Mrozek, spokesman for the U.S. Atty. Debra Wong Yang in Los Angeles. "I think it's just a matter of [believing] in the system and the truthfulness" of potential jurors.

The U.S. attorney's office in Seattle also does not check, a spokeswoman said.

"Courts doing any kind of confirmation is very unusual, because they just don't have the staffing," said Paula Hannaford-Agor, director of the Center for Jury Studies at the National Center for State Courts. "You're really dependent on the candid responses of the jurors."

It is also very rare to charge a lying juror with perjury, experts said. But some also noted that the Ryan trial is far from typical.

"It's a high profile case; I think they would be more inclined to set an example," said Jean Rosenbluth, a law professor at University of Southern California and a former federal prosecutor.

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Ryan Mistrial Unlikely, Say Legal Experts (CHIST)

By RUMMANA HUSSAIN AND ART GOLAB, Staff Reporters

Chicago Sun-Times, March 26, 2006

Despite the revelation that two jurors in George Ryan's public corruption trial may have hidden their criminal records from the judge, legal experts said Saturday the possibility of a mistrial is highly unlikely.

"It would surprise me from the outside looking in if she declared a mistrial," University of Illinois at Urbana-Champaign law Professor Andrew Leipold said of U.S. District Judge Rebecca Pallmeyer's options.

Last week Pallmeyer was investigating a suburban male juror who may have hidden his felony DUI conviction from her, when it was revealed a female juror from Chicago appeared to have six arrests under a different name. Pallmeyer's probe into the suburban juror came after questions were raised by the Chicago Tribune.

The Chicago juror was never convicted, but public records indicate that between 1984 and 1994, she was charged with crimes including misdemeanor child neglect, assault and weapons possession, as well as felony drug possession. The records also appear to show she served about two months in jail after a 1994 drug arrest before being found not guilty.

Both jurors wrote on their pre-trial juror questionnaires that they had never been accused of a crime.

However, the female juror was apparently called to serve under her married name, while the charges were filed under her original name. Both names are linked by birth date and Social Security numbers in public records.

'Appearance of justice'

Not only do experts doubt a mistrial will be declared, some question if Pallmeyer will even replace the two jurors with alternates. If she does, the jury would be asked to begin its deliberations over again. Pallmeyer could opt to bounce the jurors and deliberate with 10, but she would need approval from both the feds and the defense, and that's unlikely, lawyers specializing in the jury system said.

"The appearance of justice is very important," DePaul University law Professor Stephen Landsman said. "When you have jurors who lie about their criminal past, you can't know how it will cut or whether it cuts at all, but there's always a nagging suspicion, and no one will be comfortable with it."

Ammunition for defense

University of Chicago law Professor Albert Alschuler said there's a high probability more jurors lie about their criminal backgrounds than people think. "If I were the judge, I would just continue with the 12 jurors she's got. I think it'd be a bad mistake to substitute the jurors at this time," Alschuler said.

Chicago-Kent College law Professor Richard Kling found it "absolutely astonishing" that neither the U.S. attorney's office nor the defense team did additional background checks on the jurors. "Even in state courts, they do it inevitably," he said.

Most of the experts said it's hard to gauge what Pallmeyer will do.

But some said the legal fiasco could eventually be ammunition for the defense. "No matter what happens, all of this will be used as a base for an appeal if there is conviction," said John Marshall Law School acting Dean John Corkery.

Retired F.B.I. Agent Is Accused Of Helping In Mafia Murders (NYT)

By Anthony Ramirez

The New York Times, March 26, 2006

A grand jury in Brooklyn has accused a retired F.B.I. agent of helping a Mafia killer and bureau informant murder or help murder at least three people, a law enforcement official with knowledge of the indictment confirmed yesterday.

The murder indictment in Supreme Court names R. Lindley DeVecchio, a career investigator and onetime head of the bureau's Colombo and Bonanno families squads. He led a government surveillance team during a bloody mob civil war in the 1980's. That war left at least 10 men dead and 14 wounded.

Mr. DeVecchio, 65, reached yesterday by telephone at his home in Sarasota, Fla., denied any wrongdoing and referred all further questions to his lawyer, Douglas Grover, who said the district attorney's case against his client was "complete nonsense."

"I'm going to bang the table" in court on Monday "and get a copy of the indictment," he said. Mr. Grover, a former federal prosecutor with the Organized Crime Task Force, added: "It's common for an indictment to be filed and sealed and kept secret until prosecutors make a decision as to how they want to deal with the arraignment. But it's uncommon to leak it to the press."

Starting in 1982, Mr. DeVecchio began grooming Gregory Scarpa Sr., a captain and an assassin for the Colombo crime family, as a mole for the F.B.I.

According to the still-sealed indictment, the law enforcement official said, Mr. DeVecchio, while an F.B.I. agent, provided information to Mr. Scarpa, who in 1984 killed Mary Bari, who had dated a mobster and become a bureau informant.

The indictment also charges that Mr. DeVecchio provided information that helped Mr. Scarpa assist in the 1987 killing of Joseph DeDomenico, a mobster also known as Joe Brewster, as well as in the 1992 death of Larry Lampesi, a mob associate.

Mr. DeVecchio had also been investigated in the death of a fourth person, Nicholas Grancio, a Colombo family captain. It is not clear if that case is addressed in the indictment.

In 1992, a hit team organized by Mr. Scarpa pulled alongside Mr. Grancio's car and killed him with a shotgun blast. Investigators wondered whether Mr. DeVecchio had withdrawn F.B.I. agents from the scene, making the murder possible.

In 1993, Mr. Scarpa pleaded guilty to murder and racketeering charges. He died of AIDS a year later in a prison hospital at age 66 after contracting the virus that causes it from a blood transfusion.

The indictment of Mr. DeVecchio was reported yesterday in The New York Daily News and The New York Post. Details of his possible indictment were also reported this month by Jerry Capeci, a longtime reporter on organized crime, on his Web site, GangLandNews.com.

Mr. DeVecchio's lawyer, Mr. Grover, said that Mr. Scarpa was interviewed in prison by the F.B.I. and was asked specifically whether Mr. DeVecchio was his source. "Scarpa said no," Mr. Grover said.

Mr. Grover described Mr. DeVecchio as a friend who had become a client and who had testified or worked in many organized-crime cases while Mr. Grover was a federal prosecutor.

Contrary to some press depictions of his client as a hermit, Mr. Grover said, "Lynn is not a recluse. He lives in a house in Florida. He has a significant other. He is retired from the F.B.I. but still works for a living, and he travels to New York on occasion. And I have seen him socially."

Ex-FBI Handler Charged With Aiding Rubouts (NYDN)

By NANCIE L. KATZ, DAILY NEWS STAFF WRITER

New York Daily News, March 26, 2006

A retired FBI agent has been charged with helping a mob informant carry out at least three bloody hits, the Daily News has learned.

The blockbuster indictment delivered by a secret Brooklyn grand jury caps an exhaustive six-month probe into allegations that Lindley DeVecchio, a federal agent for 33 years, helped his longtime Colombo crime family informer, Gregory Scarpa Sr., wipe out at least three enemies, a well-informed source said.

Prosecutors do not believe DeVecchio was directly involved in the slayings - including that of Mary Bari, a beautiful brunette - but they presented evidence the agent gave Scarpa information that led him to kill, sources said.

DeVecchio is expected to be arraigned on at least three counts of second-degree murder in Brooklyn Supreme Court next week. He could face up to 25 years to life in prison on each count if convicted.

DeVecchio declined to return a phone call to his Florida home and his attorney Mark Federo said he was unaware of any indictment.

"The allegations that he is involved in the murder of Mary Bari or gangsters or anyone of that sort is absolutely ridiculous," Federo said. "We will vigorously defend against those allegations and will do so in court."

DeVecchio, an FBI supervisor for 11 years, has long weathered accusations of an improper relationship with Scarpa. But he was cleared of wrongdoing after a two-year federal probe in 1996 and by a federal judge in 2004.

Scarpa, a violent sociopath who died in prison in 1994 at 66, rose through the ranks of the Colombo family and was a paid FBI informant for more than 30 years. For 13 of those years, beginning in 1980, DeVecchio was his handler.

The Brooklyn grand jury heard evidence that DeVecchio told Scarpa in 1984 that Mary Bari - a dark-haired beauty who hung out with a Colombo family mobster - was a paid informant for the FBI. Scarpa shot her dead on Sept. 24, 1984, in a Brooklyn club as his son, Gregory Jr., held her down, according to court records quoted by the Web site Gangland News.

A second victim, Joseph (Joe Brewster) DeDomenico, was killed in 1987 after DeVecchio told Scarpa the mobster might become a turncoat, sources said. In 1992, during the 1991-93 Colombo family war, DeVecchio also is accused of helping Scarpa find and kill Larry Lampesi, a mob rival, sources said.

The office of Brooklyn District Attorney Charles Hynes, which led the probe, declined to comment yesterday. The FBI did not return calls.

Red Cross, Humane Society Under Investigation (WP)

By Jacqueline L. Salmon

The Washington Post, March 26, 2006

The Louisiana attorney general has launched inquiries into two of the country's best-known charities -- the American Red Cross and the Humane Society of the United States -- after receiving complaints that they misused some of the millions of dollars they raised in the fall to help the human and non-human victims of Hurricane Katrina.

Attorney General Charles C. Foti Jr. plans to announce tomorrow that he is looking into allegations that Red Cross volunteers diverted money and supplies meant for hurricane victims in New Orleans, spokeswoman Kris Wartelle said. And the attorney general's office has begun an inquiry into whether the Humane Society spent the money it raised after Hurricane Katrina appropriately.

The Red Cross said yesterday that it has dismissed three of its volunteers who had been involved in food and shelter operations in the stricken city after the storm. The volunteers "have been relieved of their duties" after it was determined that "allegations involving waste and abuse were substantial enough to warrant their immediate removal," said a senior Red Cross official, who spoke on condition of anonymity.

He said the organization expects to refer its findings -- including possible criminal activity -- to law enforcement agencies.

Such controversies over how nonprofit organizations have used the more than $3 billion raised from the American public for the Katrina relief effort are severely damaging public confidence in charities, Paul Light, a professor of public service at New York University, said yesterday.

Trust in charities, which dropped sharply after the Sept. 11, 2001, terrorist attacks when questions arose over how billions raised to help victims was spent, has dropped further since Hurricane Katrina, Light said. More than 40 percent of the American public has "no confidence or not much confidence" in U.S. charities, Light said, compared with about one-third who said they lacked such trust before Katrina struck.

And the crisis in confidence hasn't affected just the charities involved in Katrina relief efforts, he said.

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"I don't know of a single nationally known charity whose confidence has managed to hold up in the wake of Katrina. It's serious," Light said. "It's almost like the beating that businesses took after Enron. It didn't matter how clean you were, the public lost confidence."

Foti's examination of Katrina charities might extend beyond the Humane Society and the Red Cross, which is also under investigation by the Senate Finance Committee.

Wartelle said her office is looking into complaints lodged against a number of charities that raised money for Katrina victims, although it has opened only these two formal inquiries.

"In general, the attorney general's office is very concerned about the number of charities that raised money for the Katrina disaster," she said. Often in disasters, "the money doesn't necessarily go to the people" affected.

Yesterday, Red Cross volunteer Jerome Nickerson Jr., a Baltimore lawyer who was asked by the Red Cross in the fall to team with another volunteer to investigate complaints of misuse of supplies and cash, said he found numerous problems in the disaster-relief operation.

He said they found "rogue warehouses" filled with Red Cross supplies that they believed were being sold. Also, some disaster staffers were ordering suspiciously large volumes of such supplies as cooking oil, coffee and canned food from Red Cross warehouses for areas in which they weren't needed. Large numbers of prepared meals were also being ordered and, in at least once instance, were delivered to local restaurants, Nickerson said. Red Cross volunteers were also using multiple debit cards loaded with thousands of dollars in Red Cross funds. "It was completely out of control," he said.

Nickerson said other Red Cross disaster volunteers and staffers interfered with their investigation, corrupting computer files and refusing to give them documents.

But in December, after Nickerson and his partner, Michael Wolters, a Wisconsin security guard, presented their findings to Red Cross officials in Louisiana, and told them they wanted to investigate further, they were sent home.

"It was very disappointing," Nickerson said.

In the case of the Humane Society, Wartelle said her office is in the initial phase of fact-finding regarding for what purpose the money was raised and whether it was used for the intended purpose. She declined to identify the charity, but Humane Society officials confirmed that it was their organization.

Humane Society officials said they are cooperating with Foti's inquiry, but they believe they have done nothing wrong.

"I can't for the life of me see any issue here," said Wayne Pacelle, chief executive of the Washington-based group, which raised $30 million from the public. Pacelle said that so far, the organization has spent or committed $25 million of that to rescue animals, rebuild destroyed shelters along the Gulf Coast and reunite Katrina evacuees with their pets.

Wartelle said her office has received complaints that even though the organization had raised millions of dollars, it had not done enough to reunite Katrina evacuees with their pets.

Pacelle said the group set up a reunion center and, with other groups, helped reunite about 2,300 pets with their owners. More than 10,000 animals were rescued from areas devastated by Katrina.

Red Cross Fires 3rd Volunteer Amid Inquiry (NYT)

By The New York Times

The New York Times, March 26, 2006

By The New York Times

The American Red Cross has dismissed a third volunteer in its widening inquiry into accusations of improprieties involving the relief effort after Hurricane Katrina, and the agency expects to make criminal referrals to the authorities, a Red Cross official said Saturday.

The Red Cross acknowledged last week that it was looking into accusations that relief supplies were improperly diverted, that volunteers had failed to follow Red Cross procedures in tracking and distributing supplies, and that felons were used as volunteers in violation of Red Cross rules.

Though supervisors said they had no official estimates of the cash or the value of supplies that might have been misappropriated, the volunteers who made the accusations said the amount was in the millions of dollars.

Americans donated $3.6 billion for hurricane relief, and 60 percent of that went to the Red Cross, where 95 percent of the personnel, including supervisors, are volunteers.

"Three volunteers have now been relieved of their duties by Red Cross investigators, who determined on scene that allegations of waste and abuse involving those volunteers were substantial enough to warrant their immediate removal," Charles Dean Connor, a spokesman for the agency, said on Saturday. "The Red Cross will spare no effort as it continues its investigation. Criminal referrals to appropriate law enforcement agencies are anticipated."

Mr. Connor did not identify any of the three dismissed volunteers. But last week, three other volunteers currently involved in relief operations in New Orleans identified one of them as Patrick Keena, the senior official responsible for the agency's food and shelter operations in the disaster area. They said he was fired on Friday.

Mr. Keena, who had been affiliated with the Red Cross for 25 years, could not be reached for comment. But he reportedly told volunteers he worked with that he was leaving because of a medical emergency.

CIVIL LAW:

Rendell Vetoes Bill Limiting Civil Liability (AP)

By MARC LEVY, The Associated Press

AP, March 25, 2006

HARRISBURG, Pa. - Gov. Ed Rendell on Friday vetoed legislation that would have broadly scaled back the obligation of defendants to pay damage awards in some civil lawsuits, including medical malpractice.

The legislation, championed largely by Republicans and opposed mostly by Democrats, would have unfairly restricted the ability of victims to get compensation for their injuries or damages, Rendell said.

Lawyers' groups and business advocates have lobbied heavily over the issue for years. Competing legislation favored by the Democratic governor failed narrowly in the Republican-controlled Legislature.

"I believe we must find a better way - a law that will balance the equities between our businesses and the victims of negligence," Rendell said in a statement.

Republicans, business advocates and Rendell's presumptive Republican opponent in the fall general election, Lynn Swann, cried foul, saying that Rendell had signaled his support for their legislation during his campaign for governor several years ago. The legislation's sponsor, Sen. Jake Corman, R-Centre, said he believed the bill was fair and would have freed businesses to spend more on payroll and less on liability costs.

"We had to make hard choices and you have to weigh anyone's right to sue anyone for anything against the ability to have family sustaining jobs," Corman said in a telephone interview.

The AARP and Mothers Against Drunk Driving had supported a veto, Rendell said. Lawsuits over drunk-driving crashes, environmental accidents and intentional actions would not have been covered by the legislation.

The Republican-sponsored bill would have revived a 2002 law that was never enforced before Democrats filed a legal challenge and a court struck it down, citing procedural errors in its passage.

The legislation would have prevented victims from suing multiple defendants with one lawsuit. Also, defendants would only have to pay a share of the damages proportionate to their liability, unless they were at least 60 percent liable or their actions were intentional.

Under current law, victims can sue multiple defendants and be reimbursed for an entire damage award. If defendants do not have enough money to pay their share, then the other defendants must pay that share.

The legislation that Rendell favored would have lowered financial penalties for defendants in cases where the plaintiff bore some responsibility for an injury or damage.

That legislation failed 26-24 in the Senate in December and 100-99 in the House of Representatives last week.

CIVIL RIGHTS:

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Skullcap On Recruit's Head Keeps Him From Serving In Coast Guard (NYT)

By Andy Newman

The New York Times, March 26, 2006

Jack Rosenberg wants to serve his country.

Mr. Rosenberg, a 34-year-old tire technician and a certified pilot from Spring Valley, N.Y., signed up for the Coast Guard Auxiliary last year, hoping to fly on search-and-rescue missions and the like.

He underwent a full military background check. He had several sets of fingerprints taken. He passed the boating test and the written course.

"But as soon as I got sworn in and got ready to put on the uniform," Mr. Rosenberg said, "the commander came to me and said it's going to be a problem."

The problem was on top of Mr. Rosenberg's head. He is a Hasidic Jew, and he wears a skullcap at all times except when showering or swimming. The skullcap clashed with the uniform.

Wearing a visible piece of religious garb violates Coast Guard regulations. It says so in the Coast Guard manual, right between "Umbrellas" ("Plain black or navy blue, expandable, straight handle. Must be carried in left hand.") and "Backpacks" ("Must be carried in left hand when in uniform"). "Religious Items," the manual says. "Concealed or worn only during religious services."

Mr. Rosenberg's main skullcap, a black velvet model, is about six inches across. On occasions when Coast Guard protocol calls for wearing the official cap, including most outdoor activities, it would conceal the skullcap.

But indoors, auxiliarists are not supposed to wear their caps. (They are also told not to wear them while walking to a plane at an airport; a blast of prop wash could lead to the undignified sight of an auxiliarist chasing his bounding cap across the tarmac.)

If Mr. Rosenberg had joined the Army, things might be different. Since 1987, in response to a lawsuit, the armed services have let members wear skullcaps, head scarves, and other religious garments "except under circumstances in which an item is not neat and conservative or its wearing shall interfere with the performance of the member's military duties."

Other organizations have dealt with similar controversies. The Metropolitan Transportation Authority has eased its restrictions even as it fights a federal suit involving bus drivers who were not allowed to wear their Muslim head scarves.

But the Coast Guard does not answer to the Department of Defense, or to the transportation authority for that matter. It is under the Department of Homeland Security, and it has its own regulations.

Mr. Rosenberg said his flotilla commander, Arthur Ramirez, of the auxiliary unit based in Lincoln Park., N.J., tried to accommodate him.

"Is it possible," Commander Ramirez asked in an e-mail message, "that you could wear a 'miniature' yarmulke, small enough to be concealed by your hair?"

It would have to be very small indeed. Mr. Rosenberg is bald on top.

Commander Ramirez referred the matter to his supervisors, to no avail.

Things looked grim. Mr. Rosenberg's smart blue dress uniform hung unworn in a closet in his home in Rockland County. He was not about to compromise on the skullcap, which Orthodox Jews commonly wear to remind them of God's position above humankind.

"If my religion requires it," Mr. Rosenberg said, "there's not a choice."

A relative referred Mr. Rosenberg to a state assemblyman in Brooklyn, Dov Hikind, who has many Orthodox constituents. Mr. Hikind wrote on March 7 to the commandant of the Coast Guard, reminding him that a homeland security expert at the University of Maryland had recently called the Coast Guard "vastly understaffed and underresourced" and that turning away a willing volunteer might not be a good idea.

The commandant has not responded. But as it turns out, the Coast Guard's uniform board has its annual meeting this week in Washington.

One item up for discussion is whether to relax the restrictions on religious accessories to bring them in line with armed forces policy. The policy chief for the Coast Guard Auxiliary, Steve Minutolo, said he expected a change.

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"I'd be striving to align as closely as possible with our D.O.D. counterparts," he said, adding that he had not heard of Mr. Rosenberg's case and that the proposal had been in the works long before Mr. Hikind's letter.

So it now looks as if Mr. Rosenberg may be able to take his uniform out of the closet after all. As long as he keeps his beard less than half an inch long, that is.

Or at least, as long as it looks as if he does.

"Do you know how long my beard is?" Mr. Rosenberg asked. He reached under his chin, undid a hidden black rubber band, and pulled and teased and pulled and teased until two long locks of hair flowed down from his chin to his navel.

"You just have to keep it up," he said.

Meeting On Fatal Police Shooting Of Man In Charles (WP)

The Washington Post, March 26, 2006

Officials from Charles County, La Plata and several organizations have scheduled a community meeting Wednesday evening to discuss last weekend's fatal shooting of a suspect by a sheriff's officer.

Jonathon Lyles of Oxon Hill, who had been visiting an apartment complex along Zekiah Run Road, was arrested after officers administered a field sobriety test. As officers attempted to handcuff him, Lyles pulled away and "a violent struggle ensued," sheriff's office spokeswoman Kristen Timko said last week. Authorities said Lyles pulled out a handgun and shot at police, missing them. One of three officers on the scene then fired back once and hit Lyles in the chest, police said.

In announcing the meeting, the sheriff's office said it is for residents of the La Plata Grande Apartments and the Phoenix Run, Kent Square and Heritage Place neighborhoods as well as other concerned community members. The sheriff's office announcement said the facts surrounding the shooting will be presented, and authorities will address any concerns residents might have regarding the investigation or efforts to ensure the safety of residents in these neighborhoods.

In addition to the sheriff's office, others planning to participate in the meeting are the Charles County commissioners, the Charles County state's attorney's office, La Plata officials, county public school officials, the LifeStyles Inc. community service organization, the NAACP, the U.S. Justice Department and church leaders.

The meeting is scheduled to begin at 7 p.m. Wednesday at the Department of Social Services, 200 Kent Ave., La Plata.

Election Whistle-Blower Stymied By Vendors (WP)

By Peter Whoriskey

The Washington Post, March 26, 2006

After Official's Criticism About Security, Three Firms Reject Bid for Voting Machines

MIAMI -- Among those who worry that hackers might sabotage election tallies, Ion Sancho is something of a hero.

The maverick elections supervisor in Leon County, Fla., last year helped show that electronic voting machines from one of the major manufacturers are vulnerable, according to experts, and would allow election workers to alter vote counts without detection.

Now, however, Sancho may be paying an unexpected price for his whistle-blowing: None of the state-approved companies here will sell him the voting machines the county needs.

"I've essentially embarrassed the current companies for the way they do business, and now I believe I'm being singled out for punishment by the vendors," he said.

There are three vendors approved to sell voting equipment in Florida, and each has indicated it cannot or will not fill Sancho's order for 160 voting machines for the disabled. Already, he has had to return a $564,000 federal grant to buy the machines because he has been unable to acquire the machines yet.

"I'm very troubled by this, to be honest -- I can't believe the way he's being treated," said David Wagner, a computer scientist at the University of California at Berkeley who sits on a California board that reviews voting machine security. "What kind of message is this sending to elections supervisors?"

The trouble began last year when Sancho allowed a Finnish computer scientist to test Leon County's Diebold voting machines, a common type that uses an optical scanner to count votes from ballots that voters have marked. Diebold Election Systems is one of the largest voting machine companies in the United States.

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While some tests showed that the system is resistant to outside attack, others showed that elections workers could alter the vote tallies by manipulating the removable memory cards in the voting machines, and do so without detection.

A Diebold spokesman scoffed at the results, and compared them to "leaving your car unlocked, with the windows down and keys left in the ignition and then acting surprised when your car is stolen."

State officials similarly played down the results.

But last month, California elections officials arranged for experts to perform a similar analysis of the Diebold machines and also found them vulnerable -- noting a wider variety of flaws than Sancho's experts had. They characterized the vulnerabilities as "serious" but "fixable."

"What he [Sancho] discovered was -- oops -- that the conventional wisdom was all wrong," said Wagner, a member of the panel that reviewed the Diebold machines. "It was possible to subvert the memory card without detection."

In the wake of that finding, Florida elections officials issued new guidelines this month for handling the memory cards. They require records showing who had custody of the memory cards, and are aimed at the same kind of security attack Sancho had simulated.

"It was total vindication," Sancho said.

Diebold officials maintain that their systems are secure when standard safety procedures are used to protect the memory cards from tampering.

"It didn't vindicate Mr. Sancho," said Diebold spokesman David Bear. "You basically follow these industry standards, and you don't have issues."

Regardless, the announcement out of California echoing the Leon County findings was a sweet moment for Sancho, a public official for whom election validity is a very personal interest. In 1986, Sancho was defeated in a botched county commission election in which thousands of votes were believed to have been lost.

"That was the most searing event of my life," he said. "Having run for office and seeing the whole process come down on my head has made me who I am."

He ran for elections supervisor in 1988 and won.

Now he is required under federal laws instituted after the Florida voting debacle in 2000 to acquire 160 voting machines for disabled people -- and none of the state-approved vendors will provide the machines.

A spokesman said Diebold will not sell to Sancho without assurances that he will not permit more such tests, which the company considers a reckless use of the machines.

"While we welcome authorized testing and examination of our products by qualified professionals," Diebold attorney Michael E. Lindroos wrote Sancho last year, "actions such as yours only serve to undermine the public's confidence in the security and accuracy that good systems can provide when used with the proper procedures and by authorized personnel."

Another company, Sequoia Voting Systems, backed out of discussions with Sancho earlier this year. Spokesman Michelle Shafer said the company lacks the capacity to fill his order.

The third voting machine company, Election Systems & Software Inc., did not respond to three calls for comment directed through their sales representative.

The dispute highlights what many elections experts say is a failure in federal oversight. In Maryland, North Carolina, Texas and elsewhere, elections officials have called into question the security and accuracy of new voting machines. The experts said that a more rigorous federal oversight process, in which machine testers have no financial connections to the voting machine companies, is needed to ensure election security in the United States.

"The federal certification process for voting machines is broken, sadly, when it comes to security," Wagner said. "It was designed for the era of mechanical machines, and it hasn't kept up."

Florida County Supervisor Draws Criticism (AP)

By Brent Kallestad

AP, March 26, 2006

DOJ_NMG_0021684

Elections controversies just seem to stick to Florida. With the memory of a botched 2000 presidential election still etched in the minds of most elections supervisors in the state, Leon County's Ion Sancho is now finding he can't get the equipment he says he needs to guarantee an honest election.

Vendors of the ATM-like electronic voting machines, tired of Sancho's criticisms over the level of security in their software, no longer want to do business with him or the county. All three companies certified to do business in Florida — Diebold Inc., Election Systems & Software Inc. and Sequoia Voting Systems Inc. — have said "no."

Sancho's insistence on quality also has angered several Florida officials, including Gov. Jeb Bush, and has already cost his county more than a half million dollars.

Nonetheless, the feisty 55-year-old has his share of supporters, with the Tallahassee Democrat dubbing him "a zealous soldier in election reform battles."

"Ion is one of the few to ask the questions," said Herbert Thompson, chief security strategist for Boston-based firm Security Innovation. "Like, what is this thing actually doing to my vote? How is it processing my vote?"

Thompson said most elections officials use the new equipment blindly.

"Nowadays, with the electronic voting systems, you don't know what even looks suspicious if you're an elections official," Thompson said. "You need people who understand software and software security to understand what the risks are."

The 2000 vote recount in Florida that settled the U.S. presidential race exposed myriad problems in the state and led to widespread voter skepticism across the nation.

More problems surfaced during the 2002 election cycle in Broward and Miami-Dade counties in heavily populated southeastern Florida, helping to spur Congress to pass a law that led more counties to adopt the high-tech, e-voting equipment.

Nearly a quarter of Americans who voted in 2004 used an electronic ballot, almost doubling the percentage from the 2002 election, according to the political consulting firm, Election Data Services.

But a September report from Government Accountability Office, the investigative arm of Congress, pointed to significant security and reliability problems long the subject of complaints from computer scientists and security experts.

A separate review of voting machine logs used in Palm Beach County in the 2002 election revealed thousands of errors — just two years after it was forced to manually recount votes when Florida's massive elections problems surfaced while a presidential election was being settled.

Sancho wants to make sure such problems don't occur in Leon County.

"Florida is one example of how partisan politics interfere with having folks' votes being counted accurately," Sancho said in his office overlooking a series of mildew-stained white government buildings near the state Capitol. "Americans have taken elections for granted for far too long."

A major concern in Florida is around computerized ballots — their frequent inability to produce a written receipt of a vote. Beginning with Nevada, some 25 states now have requirements for e-voting machines with attached printers producing voter-verified paper audit trails while others, like Florida, rely on the audit capabilities of the equipment.

"If you make a system that can be manipulated, unfortunately in our current political environment, it probably will be," Sancho said. "Why take that chance?"

He likes the optical scanners used in his county the past several election cycles, but if a county is going to use electronic machines, he believes there ought to be a paper trail. To underscore the system's vulnerabilities, he even had his own system hacked into in December.

And that has ruffled some of his colleagues around the state.

"He kind of has his own drummer," said Susan Gill, the Citrus County elections supervisor who also serves as president of the Florida State Association of Supervisors of Elections. "He doesn't object to being viewed as someone standing out there by himself."

A 1986 Florida State law school graduate of Puerto Rican and French descent, Sancho worries that his demands for security guarantees have led vendors to boycott Leon County, home to Florida's capital in Tallahassee.

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He recently ran into trouble with his commissioners over the loss of $564,421 in federal grant money because the county missed a Jan. 1 deadline for meeting a federal requirement to provide voting systems for disabled people. Now, it's up to the Legislature to decide whether to reinstate the money.

Sancho, who got into the elections business after losing a 1986 bid for a county commission seat in a disputed election, had tried to buy touchscreen machines for the disabled from ES&S, but they refused to fill his order.

"We did not believe that we would have the kind of working relationship that is key to providing smooth running, reliable and accurate elections," ES&S spokesman Ken Fields said.

Sequioa and Diebold also refused.

A Sequoia spokeswoman said it was simply a business decision.

"Due to the timing and everything our plate is full," Michelle Shafer said. "We haven't been taking on new customers that haven't already signed contracts."

Diebold, which currently supplies Leon's optical scanners, did not immediately return a message for comment. Leon has a legal dispute with Diebold over software upgrades for the optical scanners.

For the disabled, Sancho now prefers to use a vote-by-phone system from Louisville-based IVS LLC, saying it's cheaper, more reliable and more user-friendly, but it's not one of the three companies certified in Florida.

The three vendors' refusal to work with Sancho led to a complaint from the Miami-Dade Election Reform Coalition on Wednesday, asking Attorney General Charlie Crist to investigate if those companies were violating antitrust laws.

"It's of concern," Crist said Thursday. "We want to make sure we have free, fair and open elections."

Sancho met March 13 for the first time with Florida Secretary of State Sue Cobb in hopes of getting equipment put in place by May 1.

"What he's done has put the entire state of Florida in jeopardy," Cobb's spokeswoman Jenny Nash said, explaining that the U.S. Department of Justice will declare the entire state noncompliant just because one county isn't.

While unpopular in some halls of government and even among some of his supervisors, Sancho is supported by voters in his county. First elected in 1988, he's been sent back four times since.

Sancho said the first elections supervisors conference he ever attended inspired his long pursuit of seeking perfection in the voting process. And he's still wary of the politics in that process.

"An honest man with integrity is probably not the person you want to bet on in the American political system," Sancho said.

Voting Rights Act On Table (BRA)

By Damiane Ricks

Baton Rogue Advocate, March 26, 2006

Symposium focuses on N.O. election

Legal professionals warned Saturday there is the “opportunity” to dilute” the voter rights of people displaced by Hurricanes Katrina and Rita unless the Voting Rights Act of 1965 is renewed.

Attorneys, judges and legal scholars took part in a symposium at the Southern University Law Center aimed at discussing the importance of the Voting Rights Act and the dangers of living without it.

While most of the act is permanent, three sections will expire in 2007 unless renewed by Congress.

Those sections require state and parish governments to get federal approval before changing election laws and procedures, provides language assistance to voters who do not speak English, and empowers the U.S. attorney general to send federal examiners to monitor elections, said LaShawn Warren of the American Civil Liberties Union in Washington, D.C.

While the Constitution of the United States gives every U.S. citizen the right to vote, the Voting Rights Act prohibits city and state governing bodies from practices — such as imposing literacy tests and gerrymandering — which would exclude a group of voters, said Stanley Halpin, a Southern University Law Center professor.

Gerrymandering is the dividing of a geographic area into voting districts so as to give an unfair advantage to one voting group over others.

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Halpin said this practice was used in the past to prevent black voters in predominantly black areas from electing their own representatives to office. He said the same could happen if predominantly black New Orleans became predominantly white after large numbers of black voters were displaced by last year's hurricanes.

"Our task, I think, is to determine how the Voting Rights Act can be used, and to make sure it's renewed so that it can be used to deal with this discrimination," Halpin said.

Attorney Rob McDuff said that 20 years ago, state judiciaries remained non-representative of the people with only six black judges elected to office across Louisiana until litigation redrew election districts for trial and appeal court judges in Louisiana in 1992.

There are presently 76 black judges in Louisiana, the largest number of elected black judges per capita in the nation, said Judge Gene Thibodeaux of the state 3rd Circuit Court of Appeal, a symposium panelist.

McDuff, who was part of the litigation in Louisiana, as well as similar litigation in Mississippi, said the gains of the past can be undone without the Voting Rights Act.

"Until the people of Mississippi and Louisiana start voting on the basis of qualifications and stop voting on the basis of race, until the dominant majority really allows the political system to be opened up, the Voting Rights Act has to stay in place," McDuff said.

Professor Donald Tibbs, director of Southern University Law Center's Civil Rights and Justice Institute, said the potential dilution of blacks' voter rights, especially hurricane survivors, is not a foregone conclusion, but more people are needed to champion the cause to renew the act.

As part of the symposium, some volunteers took part in advocacy training to advance efforts to renew the Voting Rights Act and help displaced New Orleans residents participate in upcoming Orleans Parish elections on April 22.

Tibbs said everyone should be concerned when efforts are made to subvert the rights granted by the Constitution.

"This is not just a black issue, it's a Constitutional issue," he said.

Missouri Lawmakers May End Limits On Funding (SLPD)

By Jo Mannies

St. Louis Post-Dispatch, March 26, 2006

The Missouri Senate has voted to ask Gov. Matt Blunt to consider scrapping the state's campaign-finance restrictions that his father helped put in place 12 years ago.

It's now up to the state House to take up the proposal, which would eliminate Missouri's limits on how much individuals or groups can donate to candidates running for office. The proposal is attached to a broader ethics bill.

The measure was approved by the state Senate earlier this month and instead would impose contribution and spending limits on state House and Senate campaign committees. It also would bar legislators from collecting contributions when the Legislature is in session.

State Sen. Tim Green, the proposal's architect, said he's calling for the changes out of frustration. He added that he is somewhat surprised fellow senators overwhelmingly approved the idea.

Green, D-St. Louis County, says the limits have become "a complete joke" because so many officeholders have figured out ways to skirt them.

"We're not stopping the flow of money from coming in," he said. "You just can't track it."

Green contends that it would be better if Missouri went back to its old system of unlimited donations, with full disclosure. That's the approach still in place in Illinois.

A spokesman for the governor says he has yet to take a position on the bill. That's also the case for the state Republican and Democratic parties.

But Missouri Attorney General Jay Nixon says he opposes any effort to remove Missouri's donation limits, which he defended in court during numerous legal battles throughout the 1990s. In the end, the U.S. Supreme Court ruled in 2000 in favor of the current setup.

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"As I said in the U.S. Supreme Court. ... a regime of unlimited contributions creates a public belief that access to an elected official and control over the public agenda are for sale, and available for a price that only a few can pay," Nixon said.

Missouri's current individual donation limits are $1,275 per election for statewide candidates, $650 for state Senate candidates and $325 for state House candidates. Similar restrictions, which are increased periodically to reflect inflation, also apply to candidates for local offices.

But Green notes that many officeholders and donors are finding legal ways around the limits. Some officials influence "legislative district committees," which are fundraising entities set up by local political parties or activists. These committees can accept donations of any size.

Any private donor can give unlimited amounts to multiple independent or political groups, who each in turn can make donations within the limits to the same favored candidate.

Political parties and independent groups also can collect donations of unlimited size for "independent expenditures" on behalf of a candidate. That spending doesn't count against the donation limits, as long as there is no coordination with the candidate.

"I'm just sick of seeing all the money funneled to these committees," Green said. He noted that he was in the state House when it approved the limits in 1994. "We thought we'd slow this spending down. We didn't."

Bipartisan push for limits

The effort to set Missouri's donation limits was born in 1993, just months after the state's voters overwhelmingly approved term limits for state legislators.

Among those lobbying for the limits was Roy Blunt, who lost a 1992 bid for governor and had just left office as Missouri's secretary of state. During his eight years as the state's chief elections official, Blunt had annually called for donation restrictions.

In 1993, Blunt became one of the leaders of Missourians for Fair Elections, a bipartisan group that launched an initiative-petition drive for donation limits because the Legislature refused to act.

Blunt, who's now the Republican majority leader in the U.S. House, still supports Missouri's campaign-donation limits.

"The introduction of limits on political contributions in our state was a good thing," Blunt said Friday. "I'm not opposed to revisiting the amount of the limits, but I would hate to see them eliminated altogether. The state House and Senate have plenty of time to revisit the issue, and I'll be watching the issue with interest."

At issue in 1993 was the long-standing practice of Missouri candidates to rely on "angels," a name given donors who were willing to contribute large sums to campaigns.

For example: Anheuser-Busch Cos. Inc., the state's undisputed largest donor at the time, gave more than $200,000 just to the two major-party nominees for governor in 1992. The brewery donated $131,000 to Republican William L. Webster and $75,000 to Democrat Mel Carnahan.

Soon other organizations joined in the pro-limit effort, including the Missouri leaders of Ross Perot's United We Stand, and the neighborhood-activist group known as ACORN.

Blunt and his allies dropped the initiative-petition drive after then-Gov. Carnahan persuaded the Legislature to approve the current setup in 1994.

But ACORN then launched its own effort for even lower donation limits. In November 1994, 74 percent of Missouri voters approved Proposition A, which restricted individual contributions to no more than $300 during each two-year election cycle.

A long court fight ensued. By July 1996, the U.S. Supreme Court had tossed out Proposition A. In January 2000, the high court ruled in favor of the current setup.

However, for a few weeks in 1999, Missouri candidates could accept donations of any size while the Supreme Court pondered its decision. And the state's candidates for governor took advantage.

Republican nominee Jim Talent collected $50,000 from a candy company executive, while Democrat Bob Holden got $100,000 from a dentist in Dallas.

Green acknowledges that a return to such large donations may raise eyebrows. But he added that at least the public will know who wrote those big checks, and who got them.

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N.J. Dems Dump Arab-American Candidate (AP)

By Wayne Parry

AP, March 26, 2006

Democrats pulled an Arab-American candidate from their election ticket on Saturday amid a furor over comments he made four years ago that some interpreted as sympathetic to Palestinian suicide bombers.

At the urging of state party leaders, including Gov. Jon S. Corzine and U.S. Sen. Robert Menendez, Passaic County Democrats withdrew its endorsement of Sami Merhi for freeholder, a member of the county's legislative body. They chose a school board member to run in his place.

"I'm in shock, feeling betrayed," Merhi said. "They should be ashamed of themselves."

The Lebanese-born Merhi made the comments at a September 2002 Democratic fundraiser U.S. Rep. Bill Pascrell (news, bio, voting record), where he condemned the Sept. 11 terrorists "as cold-blooded murders" and "crazy fanatics."

When asked whether he would apply the same label to Palestinian suicide bombers who target Israelis, Merhi said, "I can't see the comparison."

In an interview with The Associated Press earlier this week, Merhi said, while all murder is wrong, the World Trade Center attack was mass murder on an unprecedented scale. It also was an attack in which his godson was killed.

Merhi, who narrowly lost out on the party's nod in 2004 because of the comments, was endorsed by the party last week. But top Democrats said they opposed his candidacy and asked county leaders decided to reconsider.

Merhi said he appealed to them during Saturday's meeting, saying that he opposes all forms of terrorism and that killing innocent people is always wrong. But, he said, party chairman John Currie told him, "We love you. We all like you. But this is about politics."

Currie did not immediately return messages left at his office and home Saturday.

"They have insulted an entire community," said Merhi, who runs a medical marketing firm with his business partner, an Israeli Jew. "I have done nothing to deserve this insult."

James Zogby, president of the Arab American Institute in Washington, said the county Democrats had offered Merhi another, lesser position. But he said New Jersey Democrats still risk alienating a sizable community of Arab-American and Muslim voters.

Merhi has not decided whether he will run in the primary without the party's endorsement or whether he'd consider changing his party affiliation to Republican.

He said he was asked after the meeting if Democrats should be worried about whether a ticket with him on it could win in November in the heavily Arab-American area.

"They should be more worried about a ticket without me on it," he said.

For Some Women, Senate Choice Is No Choice (PPG)

By Maeve Reston

Pittsburgh Post-Gazette, March 26, 2006

WASHINGTON -- One of the more intriguing dynamics of this year's Pennsylvania Senate race is that when faced with a Democrat and a Republican who both oppose abortion, some Democratic women are going to sit the race out.

The issue was thrust to the forefront this past week when several women's groups endorsed a virtually unknown Democrat, Alan M. Sandals, as their choice to challenge Sen. Rick Santorum, largely because Mr. Sandals supports abortion rights.

In interviews, members of the National Organization for Women and other women who are staunch supporters of abortion rights, said they were still seething over party leadership's decision to push the candidacy of state Treasurer Bob Casey Jr. Some said they felt abandoned by their party and that they would skip that race on the ballot in November and wouldn't be opening their checkbooks as they have for other Democrats.

For now, Mr. Casey appears to be doing fine without them. He is clobbering Mr. Santorum in the polls, largely because of the perception that he can beat the incumbent Republican senator. His treasury is robust and the party leaders who ushered him into the race are working to soothe the concerns of abortion rights advocates within the Democratic base.

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But the question of how many women will stay home is creating interesting calculations in the campaign war rooms. One is whether the desire among Democrats to topple Mr. Santorum can balance out the women the campaign will lose on abortion. Another is whether Mr. Casey's positions on abortion and gun rights can bring back significant numbers of conservative Democrats who have been voting Republican.

In 2004, when Pennsylvania's electoral votes hung in the balance, President Bush and Sen. John F. Kerry raced through narrowly divided areas such as the Philadelphia suburbs, competing for what became the archetypal Pennsylvania swing voter: Republican women who tilted toward Mr. Bush on national security issues, but agreed with Mr. Kerry on abortion rights.

Though Mr. Casey and Mr. Santorum still are likely to compete for that trove of unpredictable voters, abortion won't be the swing issue.

Like Mr. Santorum, Mr. Casey believes Roe v. Wade should be overturned. He doesn't think the federal government should expand its support of embryonic stem cell research beyond the policy Mr. Bush laid out in 2001, and he said he would have voted to confirm Supreme Court Justice Samuel A. Alito Jr., who was opposed by 41 of the Senate's 44 Democratic senators.

But Mr. Casey's campaign manager, Jay Reiff, said he believed many Democratic women who favor abortion rights would side with his candidate because of related issues on which the two candidates disagree. For example, Mr. Casey supports making emergency contraceptives available and wants to boost federal funding for family planning in the United States and abroad, while Mr. Santorum does not.

"[Mr. Casey] believes that there is a consensus in this country from President Bush to Senator Clinton that we should be working toward reducing abortions ... and often that consensus gets overlooked," Mr. Reiff said.

Mr. Reiff predicted that Mr. Casey would do better across the state and in the rural middle of the state than more liberal Democrats have done because of what he sees as the consensus on the issue.

"I think it kind of all balances out," Mr. Reiff said.

But Mr. Santorum's supporters are eager to play up the fissures among Democrats at this early stage.

Sen. Arlen Specter, a Pennsylvania Republican who has benefited mightily from the crossover vote on abortion rights, which he supports, said this week that Mr. Casey's views on abortion would help Mr. Santorum.

"There's a lot of angst in the country and in the state about a woman's right to choose. People are very edgy about what [Chief Justice John] Roberts and [Justice] Alito are going to do," said Mr. Specter, who oversaw the Supreme Court confirmation hearings as Senate Judiciary Committee chairman.

"The people who really care about that issue are going to stay home [this fall]," Mr. Specter said. "Maybe not all of them will stay home, but there won't be enthusiasm, they won't be getting their friends out."

One of those people is Jeanne K.C. Clark, of Shadyside, who heads a group known as Women Leaders Online and says she corresponds constantly with women across Pennsylvania who share her frustration with Mr. Casey's views on abortion, stem cell research, the Patriot Act and Justice Alito.

"He doesn't just need people to vote for him, he needs people to work for him," Ms. Clark said of Mr. Casey, adding that when she goes to the polls this November, she expects to leave the Casey-Santorum choice blank.

"I have been involved in every campaign since I turned 21 ... and I know that, where I live in Pittsburgh and across the state, the Democrats poured out their hearts for John Kerry. And they did it for [Governor] Ed Rendell, but they didn't do it for [2000 Democratic Senate candidate] Ron Klink, and they're not about to do it for Bob Casey."

There are many Democrats who do not agree with that sentiment. Some strategists note that while Mr. Santorum defeated Mr. Klink, who was anti-abortion and pro-gun rights, the incumbent senator led by significant margins in most polls throughout the race.

They note that Mr. Casey's father, who was far more outspoken than his son about his opposition to abortion, swept the 1990 governor's race by a huge margin.

So to allay concerns among some Democrats about the abortion issue and to make sure they stay involved, prominent members of the party such as Mr. Rendell and Democratic U.S. Rep. Allyson Y. Schwartz are talking up what they see as the strengths of Mr. Casey's record on women's issues.

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Ms. Schwartz, an abortion rights supporter who represents Montgomery County and Northeast Philadelphia, said women who care about abortion rights "will also look at who can they trust to stand up for quality education, access to health care for themselves and their children, and who can they better trust to care about issues like child care."

"In every one of those categories, Bob Casey comes out ahead," Ms. Schwartz said.

And the decision-making process of women such as Kate Michelman, the former head of the abortion rights group NARAL who considered running in the Pennsylvania Senate race as an independent, might become a template for the women who share her views.

"It was very hard for me, personally, to decide what the right thing to do is, and I think for many voters in Pennsylvania, pro-choice or concerned about the future of our personal and religious liberties, this race has caused some conflict," Ms. Michelman said.

"In the end, defeating Santorum as an important step in taking back the country from the forces of extremism became a principle unto its own," she said.

But asked whether she would work to get Mr. Casey elected, Ms. Michelman said that was one decision she had yet to make.

Morning After In America (LAT)

The Los Angeles Times, March 26, 2006

PRESIDENT BUSH'S UNEASY relationship with science and policy is about to hurt him as much as it has already hurt American women. For years now the Food and Drug Administration has failed to make the morning-after contraceptive pill, commonly known as Plan B, available over the counter. This despite numerous studies (including ones by the FDA) showing that the medication is effective and as safe as Tylenol. The result? Millions of women have been deprived of easier and cheaper access to an important product. And the agency has seriously damaged its reputation among scientists, Congress and the American public.

Now this inaction is about to claim another avoidable casualty. Bush has nominated Dr. Andrew C. von Eschenbach, who has been the agency's acting commissioner since fall, to keep his job permanently. Von Eschenbach is a sound choice with a stellar resume. He is a respected Texas surgeon who headed the National Cancer Institute for four years. And he is a cancer survivor, so it's hard not to root for him in a Lance Armstrong sort of way.

But Democratic Sens. Hillary Clinton of New York and Patty Murray of Washington are invoking senatorial privilege to block the nomination until the agency makes a decision on Plan B. In this case, the senators have every right to resort to blackmail. Last summer, they agreed to back the nomination of former FDA Commissioner Lester M. Crawford only after he promised to approve the drug. But the minute he got in office, he balked; then he abruptly resigned two months later.

In the months since, it's been downright painful listening to FDA officials explain their obfuscations on the issue. Even they can barely say "we need to study the issue some more" with a straight face. To see why, visit the website of Rep. Henry Waxman (D-Los Angeles) — earlier this month, he posted leaked evidence from within the agency showing its scientists supported the retail sale of Plan B in 2004.

Incredibly, that smoking gun probably won't shame agency officials into changing their minds. Yet the administration insists that the issue will be addressed soon and that senators should just go ahead and approve the nomination. (If anyone buys that, we've got a beautiful plot of land in Antarctica they just have too see.)

It's high time for the FDA to approve the morning-after pill for retail sale. Then Von Eschenbach can begin to help the troubled agency deal with its many urgent reforms.

ANTITRUST:

Officials Target BGE Merger (WT/AP)

By Kristen Wyatt, Associated Press

The Washington Times, March 26, 2006

DOJ_NMG_0021691

ANNAPOLIS -- Maryland lawmakers moved closer yesterday to delaying the upcoming merger of Baltimore Gas & Electric's parent company and a Florida utility, which has resulted in the power company's saying a lawsuit is possible.

The debate about whether to delay an $11 billion merger between the parent company, Constellation Energy Group, and Florida Power & Light, is the latest political maneuver by state lawmakers looking for ways to cushion double-digit rate increases expected this summer across much of Maryland when rate caps expire.

The bill doesn't address rate increases specifically, but it would give the General Assembly more say over the workings of Constellation.

The House voted to give preliminary approval to the bill, with final approval possible this week.

The measure would require the General Assembly, not just the utility-regulating Public Service Commission, to sign off on a utility merger. The bill's sponsor, Delegate Dereck Davis, Prince George's Democrat, said lawmakers need to know more about the proposed merger of BGE with an out-of-state company.

"We haven't determined yet whether it's a good thing," he said.

Constellation strongly opposes the measure, calling it an unwarranted intrusion. Company spokesman Rob Gould said yesterday a lawsuit is possible if lawmakers attempt to meddle with Florida Power's $11 billion purchase of Constellation.

"We're extremely troubled by the prospect that the legislature is attempting to hold our proposed merger hostage, and to that end we will be considering all options, including the legal route," Mr. Gould said.

Mr. Gould said Friday that blocking the merger would create an economic condition that would keep the company from gradually phasing in a 72 percent increase in electricity bills.

The Senate has yet to consider the measure, which is opposed by Gov. Robert L. Ehrlich Jr., a Republican.

Some House Republicans also oppose the idea. Delegate George C. Edwards, Allegany and Garrett counties Republican, compared the plan to a law enacted earlier this year to require Wal-Mart to spend more on employee health care. Business groups are now fighting the move in court.

"Here again we're getting into private enterprise," said Mr. Edwards, who also said Democrats wanted to "micromanage" businesses.

"We don't need to be getting into the mergers of companies," he said.

The rate increases are partly the result of the 1999 deregulation plan approved by the Democratic-controlled General Assembly and signed by Gov. Parris N. Glendening, a Democrat.

ENVIRONMENT:

When A Disease Loses Its Most Potent Ally, Fear (NYT)

By Donald G. Mcneil Jr.

The New York Times, March 26, 2006

THE obituary for mad cow disease was written earlier this month. Maybe you didn't notice.

The disease isn't really dead. But its power to terrify seems to be.

On March 13, the government said that a cow in Alabama was the third in the country to have the disease. The New York Times ran its article on Page 25, and other papers did roughly the same.

There was no clamor of "press cover-up!" But neither had the disease, formally called spongiform encephalopathy, which turns the brain into a grainy lump of Swiss cheese, become any less horrific since the first mad cow in the United States, discovered in December 2003, led to nervous "Is Beef Safe?" headlines across the country.

Instead, it had finally become clear that any threat to people is very, very remote.

Over the last two years, bending to pressure from consumer groups and its own inspector general, the Agriculture Department had finally tested 650,000 animals instead of a token handful. It had also adopted rapid tests and banned "downer" cattle from the food supply so that the most disgusting aspect of the first case would not be repeated: that the old dairy cow that tested positive had been in a truckload of animals so broken by age, disease and injury that some had to be winched out to the slaughter, and that all had been ground into hamburger and sold before the test results were in.

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Mad cow isn't the only disease in recent years to soar into high-flying panic and then collapse into the "I wonder whatever happened to ... ?" category.

One could argue that the obituary for resurgent smallpox was written on June 18, 2003, and that SARS died on Feb. 19, 2005.

The first date is the one on which the Centers for Disease Control admitted that the smallpox vaccination drive ordered by the Bush administration in the lead-up to invading Iraq had ground to a halt. The administration had wanted 500,000 health workers to be vaccinated because Saddam Hussein or others might unleash weaponized smallpox. But barely 38,000 volunteered.

The latter date is the one on which a microbiologist from the University of Colorado, after a review of worldwide scientific literature, announced that the virus that causes SARS, a respiratory illness that had killed about 10 percent of 8,000 victims two years earlier, was no longer found in humans. (Later, scientists found that it thrives in bats, ending hope of total eradication.)

Why, in each of these cases, was a public frenzy whipped up, only to fade again? And what does that say about today's mounting frenzy over avian flu? In the past, "we cried wolf too fast, revving up the emotions and there was nothing to show for it," said Judith Walzer Leavitt, professor of medical history at the University of Wisconsin.

An obvious scapegoat is the media, which is often accused of being alarmist about medical news. But a more important factor was simpler: fear waxed or waned according to whether the public thought government was being honest.

In the case of mad cow disease, there were early accusations that the government was playing down the threat to protect the beef industry. The secretary of agriculture when the first case was found, Ann M. Veneman, was a former food industry lobbyist, her critics noted, and her chief spokeswoman's last job had been press representative for the National Cattlemen's Beef Association.

In the case of smallpox, there was suspicion that the government was exaggerating the threat to whip up support for its drive to war. As skeptics then pointed out, smallpox had been eradicated worldwide in 1977, and if Mr. Hussein had a cache, he presumably would have vaccinated his troops against it, which he had not.

In the case of SARS, it was not the American government, but the Chinese one, whose motives were questioned. It was concealing cases and refusing entry to international disease detectives.

"If you want the public's cooperation, honesty and frankness is much better," Professor Leavitt said.

In 1894, she noted, smallpox sparked a month of rioting in Milwaukee. The cause wasn't the disease itself, but the city's policy of seizing sick children in immigrant Polish and German neighborhoods and taking them to isolation hospitals, while leaving wealthy families alone, saying their larger houses and abundant servants would isolate them. With rioters flinging hot water and pepper in the eyes of the police and their horses, a vaccination drive collapsed and the epidemic spread.

Now the public is nervous about another potential pandemic.

Virologists disagree about whether the A(H5N1) virus that is killing chickens by the millions has the genetic power to do the same to humans, as the flus of 1918, 1957 and 1968 did. It could be a plague of medieval proportions — or it could fade as the swine flu threat of 1976 did.

Right now, the situation is reminiscent of SARS. Like that disease, avian flu originated in China, and some crucial questions have never been answered — like how much Chinese poultry vaccines were to blame for the disease festering in birds for nine years, and whether the virus infected thousands of Chinese who never got sick.

But no one is speculating about an American government cover-up. Its most respected health officials, like Dr. Anthony Fauci and Dr. Julie Gerberding, have admitted that the country is utterly vulnerable.

Nor is any powerful industry, like drugmakers or poultry raisers, accused of having a thumb on the scale of public policy, as the beef industry was during mad cow.

Predicting what a virus will do is impossible. But humans are predictable. John M. Barry, author of "The Great Influenza," a history of the 1918 pandemic argued that even if A(H5N1) becomes a killer, the panic it creates will fade faster than might be expected now, when a sense of mystery still enshrouds a threat that normally would sound silly — a "killer bird flu."

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"What people are afraid of is the unknown," he said. "Not eating meat because you're worried about mad cow is like not going in the water because you saw 'Jaws.' But once the threat arrives, even if there's an undercurrent of terror in the whole society, people see the consequences and they get accustomed to it, just as they got accustomed to plague in the Middle Ages."

Congressman Faces Fight Over Species Act (AP)

By Erica Werner

AP, March 26, 2006

Rep. Richard Pombo (news, bio, voting record) has never gotten over being outfoxed by the endangered San Joaquin kit fox.

The rancher and chairman of the House Resources Committee is closer than ever to his goal of rewriting the Endangered Species Act to expand property rights — his mission ever since the obscure fox species blocked development of a neighboring town 25 years ago.

The prospect of long-fought success has made Pombo a target in the November election. The conservative Republican has abandoned the cowboy hat in his official congressional photo and is looking a little more worldly as he confronts a changing electorate in his district.

Seeking his eighth term, Pombo, 45, faces a primary challenge on June 6 from a moderate Republican who helped write the landmark species protections. Democrats see a glimmer of hope of capturing the seat; environmentalists say his defeat would be the best thing that could happen in November.

On top of all that, Pombo is facing ethical questions arising from his ties with disgraced lobbyist Jack Abramoff and his own unconventional financial arrangements.

"The easiest thing in the world is for an incumbent congressman to get re-elected if you don't do anything," Pombo said in the kitchen of his ranch on sloping central California farmland. "But I figure I'm here for a reason — that's to get things done."

Pombo grew up in a large Portuguese ranching family. He says his immigrant grandfather taught him to prize land ownership above almost anything. That pride of ownership is evident as he points out cows, sheep and the barn he just built on the ranch he shares with his wife, Annette, and their three children. His parents and brothers live next door.

"There's got to be something that you're willing to lose your election over," he says. He describes moderates as people who "just can't make up their mind what they believe in."

Pombo's country style — he still wears cowboy boots — is an odd fit in upscale, liberal towns such as Pleasanton that were added to his district after the 2000 census. But he remains popular with traditional constituents in the agricultural sections of an area that straddles the San Joaquin Valley and the San Francisco Bay area, including his hometown of Tracy, where signs for his uncle's real estate firm dot rural roads.

"He comes from a good family, a long, longtime Tracy family," said Linda Alegre, who works at a menswear store in the fast-growing exurb's faded downtown. "The Democrats want to get rid of him because he's gotten too strong."

But Claudia Hess, a gallery director in Pleasanton and a Republican undecided about how to vote, says, "He looks like a hick to me."

In 2004, Pombo won with 61 percent of the vote in a district where Republicans outnumber Democrats.

He is favored against little-known Democratic contenders — among them engineer Jerry McNerney and Steve Filson, a Navy veteran and airline pilot. But it is early and the national Democratic Party is spending time and money to try to weaken him.

First, Pombo faces a primary challenge from former Rep. Pete McCloskey, an author of the Endangered Species Act. McCloskey moved into the district after failing to recruit another Republican to run against Pombo.

"He's been there too long and power has corrupted him," McCloskey said.

Environmentalists promise to spend plenty against Pombo. They note his proposals to sell public lands and his support for oil drilling offshore and in an Alaskan wildlife refuge, as well as his stance on endangered species.

"Getting rid of him would be the best thing politically that could happen to us in the November election," said Rodger Schlickeisen, president of Defenders of Wildlife.

Pombo's quest to rewrite the species act had its genesis in an earlier fight.

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In the early 1980s, he was upset when the presence of the endangered San Joaquin kit fox contributed to stopping development of a proposed town outside Tracy. After serving on the Tracy City Council from 1990 to 1992, Pombo won a congressional seat by pledging to revise the legislation.

Opponents "were able to use an endangered species that no one had ever seen or heard of in order to stop that project from going forward," said Pombo, co-author of the 1996 book, "This Land is Our Land: How to End the War on Private Property."

He pushed a bill through the House last year that would require the government to compensate property owners if species protections thwart development plans and would block critical habitat designations that restrict development.

Senators may write their own version. It remains unclear whether any legislation will reach President Bush.

As for ethics, Pombo is among lawmakers who got thousands of dollars in questionable contributions from Abramoff or his clients while supporting the lobbyist's causes. After that came out, Pombo gave $7,000 to charity that he had received from Abramoff. The congressman denies taking any positions because of the money.

Pombo has been criticized for billing taxpayers $5,000 to rent an RV to tour national parks and for letting a top committee aide who lives in California bill for frequent travel to Washington.

Pombo asserts: "I don't break the rules."

Bending With The Wind (WP)

The Washington Post, March 26, 2006

"He fought against federal control of lands and resources to which Alaskans are rightfully entitled -- a battle he continues today."

-- from Rep. Don Young's Web site

FOR YEARS NOW a story line in Massachusetts has featured the Kennedy family, enthusiastic environmentalists all, loudly opposing one of the most environmentally progressive schemes in the state's history: a large, offshore wind farm known as Cape Wind, to be placed in Nantucket Sound, the only viable site for such a farm off the New England coast. Although the farm would cleanly and quietly produce three-quarters of the total electrical demand for Cape Cod and nearby islands -- a region that could otherwise soon be facing serious power shortages -- and although it has passed through multiple regulatory hoops, both Robert F. Kennedy Jr. and his uncle, Sen. Edward M. Kennedy (D-Mass.), have denounced the project, in part on the grounds that it would spoil the views "from 16 historic sites and lighthouses on the cape and nearby islands" and presumably from their own summer house as well.

But while everyone was clucking at the Kennedy hypocrisy, few noticed that Cape Wind had a much more dangerous opponent: Rep. Don Young (R-Alaska). Mr. Young has used his position as chairman of the House Transportation and Infrastructure Committee to insert a last-minute clause into the Coast Guard appropriations bill that would ban all offshore wind projects within 1.5 miles of a navigation channel. Not only would the amendment stop Cape Wind, it could halt other offshore wind projects as well (which is why the chairman and ranking Democrat on the Senate Energy Committee both oppose it). Ostensibly, the amendment addresses Coast Guard concerns. But the Coast Guard has the opportunity to oppose or modify the project under current regulations, and a number of European countries have safely built offshore wind farms without imposing similar restrictions.

Why, then, is Mr. Young, an Alaskan and lifelong opponent of federal intervention in state resource issues, pushing a federal regulation to block a Massachusetts wind farm that the Massachusetts public overwhelmingly supports? Apparently he doesn't want anyone to explore that question; he refuses to discuss the issue with the company concerned, his spokesman refers queries to the office of Rep. William D. Delahunt (D-Mass.) and he kept his amendment out of the legislation until the last minute. That means Congress cannot reject it without scuttling the annual funding package for the Coast Guard, along with its port security programs. Others on the transportation committee say they aren't sure how this became an issue, since it was never mentioned in earlier discussions of the bill.

Here's one possible explanation. According to Capecodtoday.com, the http:// Alliance to Protect Nantucket Sound, founded by Nantucket Island and Cape Cod homeowners and receiving 80 percent of its funding from just 30 people, has spent more

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than $1 million on Washington lobbyists, including some with ties to Mr. Young. One of the alliance's founders, William Koch -- owner of a Cape Cod summer home,

as well as an oil and gas billionaire who might have other reasons to dislike wind farms -- has separately funneled money through his company's Washington lobbyists to another firm that has ties to Mr. Young. Cape Wind has also spent money lobbying but apparently not as well.

Sadly, then, this appears to be another dis-

turbing story about the power of the wealthy to change laws in Washington and the lack of transparency in the legislative process. Whether this wind farm deserves to be built should be a matter for local officials and regulators to decide, not for a congressional committee acting on behalf of its chairman or his friends.

FBI/DEA/ATF/USMS:

Medical Cannabis User Tries Novel Approach In Federal Court Appeal (FRARGUS)

By Josh Richman, STAFF WRITER

Fremont (CA) Argus, March 26, 2006

Oakland patient invokes Fifth, Ninth amendments in marijuana case

Less than a year after the U.S. Supreme Court ruled against her, Oakland medical marijuana patient and advocate Angel Raich will go back before a federal appeals court Monday with a different legal argument.

Her lawyers will try to persuade a three-judge panel of the 9th U.S. Circuit Court of Appeals, sitting in Pasadena, that keeping her from using marijuana as medicine unduly burdens her fundamental rights to life and freedom from pain, as protected by the Fifth Amendment's due process clause and the Ninth Amendment.

The government argues there is no constitutionally protected fundamental right to obtain and use marijuana in defiance of the federal ban on the drug.

"Nor can plaintiffs establish that the use of any particular drug, free of a regulatory scheme designed to protect the public health and safety, is a fundamental right that is deeply rooted in our nation's history, legal traditions and practices," Assistant U.S. Attorney Mark Quinlivan wrote in his January brief to the appeals court.

Each side will have 30 minutes to argue its case. It will probably be months before the court rules.

Raich and Diane Monson of Oroville, plus two unnamed providers, sued the government in October 2002 to prevent any interference with their medical marijuana use, but this case's seeds actually were sown in the Supreme Court's May 2001 decision on the Oakland Cannabis Buyers Cooperative's case.

The court in that case ruled there is no collective medical necessity exception to the federal ban, which defines marijuana as having no valid medical use. But it didn't rule on constitutional questions underlying the medical marijuana debate, so Raich, Monson and their lawyers tailor-made a case raising exactly those issues.

A federal judge in San Francisco rejected their arguments in March 2003, but a 9th Circuit appeal panel reversed that ruling nine months later.

That panel believed the plaintiffs could prevail at trial on their claim that the Constitution's Commerce Clause lets Congress regulate only interstate commerce, and that Californians' medical marijuana use neither crosses state lines nor involves money changing hands.

The U.S. Supreme Court in June 2005 ruled 6-3 to uphold the federal ban, finding that even marijuana grown in back yards for personal medical use can affect or contribute to the illegal interstate market for marijuana and so it is within Congress' constitutional reach.

But the 9th Circuit panel and the Supreme Court dealt only with the commerce clause argument,

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not the other constitutional issues. With the case remanded back to the 9th Circuit, Raich's attorneys now are pursuing the remaining arguments; Monson dropped out of the case late last year.

Besides the Fifth- and Ninth-Amendment arguments, Raich's lawyers also claim the common-law doctrine of necessity — the idea that it's OK to break the law when forces beyond one's control compel it and there's no reasonable, legal alternative — bars the government from applying the Controlled Substances Act to ban medically necessary activities. The government argues the Supreme Court's decision in the Oakland Cannabis Buyers Cooperative case already ruled out a medical-necessity argument.

And Raich's lawyers claim the Tenth Amendment protects against federal interference with state regulation of personal, non-commercial medical activities within their own borders — namely, medical marijuana laws. But the government says the Supreme Court's rejection of the Commerce Clause argument last year already covered that ground.

"I know we're going to win, I feel pretty good about the 9th Circuit," Raich said Friday.

Raich says without the drug's appetite boost, her wasting syndrome causes rapid, dangerous weight loss threatening her life. She also suffers from ailments including an inoperable brain tumor and nonepileptic seizures, and in November had a hysterectomy following her precervical-cancer diagnosis.

Meanwhile, she's planning a Capitol Hill lobbying blitz with renowned talk-show host and fellow medical marijuana user Montel Williams, perhaps to begin as early as May.

The House last June defeated an amendment which would've forbidden the Justice Department from using public money to raid, arrest or prosecute patients and providers in states with medical marijuana laws. The amendment got 161 votes — more votes than it had in 2003 and 2004 — but still fell 57 short of the 218 it needed for passage.

IMMIGRATION:

An Issue Without Borders (CHIT)

By Jeff Zeleny

Chicago Tribune, March 26, 2006

The immigration debate, resonating in political campaigns from Texas to Iowa, creates special problems for the Republican Party

Brian Kennedy, a Republican candidate for Congress, stood near the banks of the Rio Grande as a photographer snapped a picture of a boat crossing the water behind him. Within days, he turned the image into a campaign ad, demanding "Do something about illegal immigration!"

The exercise in political theater was hardly remarkable, except for one notable geographical point: Kennedy lives 1,384 miles away from the site he selected along the Mexican border, and the congressional seat he seeks is an eastern Iowa district with a minuscule immigrant population.

"Illegal immigration has become a dominant issue in this race," Kennedy said. "It's another example of where people see a lack of leadership in Washington."

As a fight over immigration intensifies next week in the Senate, politicians and candidates aren't waiting for a federal solution to what has become one of the more divisive issues in the midterm election year, a fact made vivid Friday by pro-immigration demonstrators in Los Angeles, Phoenix and Atlanta. More immigration-related bills have been introduced in state legislatures than at any other time in the last decade as Republicans across the nation scramble to distance themselves from the White House.

President Bush has urged a civil debate "in a way that doesn't pit one group of people against another." His advisers and party strategists worry that a rising anti-immigration sentiment could cost Republicans the support of Latino voters, the fastest-growing segment of the electorate. They also are concerned about alienating moderates and business leaders who rely on an immigrant labor force.

"This is a really tough political issue, particularly for Republicans," said Sen. Sam Brownback (R-Kan.). "It's not just happening in border states. Anywhere you go, this is passionately, passionately raised, and people have a visceral reaction to it."

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In Iowa, lawmakers have sought to prohibit illegal immigrants from buying homes. In New Hampshire, legislators have tried changing state law so undocumented workers could be charged with trespassing. In Colorado, lawmakers attempted to make employers liable for any "bad behavior" by illegal immigrants.

In other states, businesses could face felony charges and fines for employing illegal immigrants. Elsewhere, lawmakers have proposed denying health services to people who cannot prove their citizenship. Even though many of the proposals are unlikely to pass, nearly 400 bills have been introduced in at least 42 states, underscoring the scope of concern.

"Obviously the federal government has not done enough. It would be silly to suggest the current system is working," said Minnesota Gov. Tim Pawlenty. "I don't know if it is a lack of will or lack of interest or if it has been too politically dicey, but states are hitting a tipping point."

After releasing a study showing illegal immigrants cost Minnesota taxpayers up to $188 million a year, Pawlenty recently proposed a seven-point plan to crack down on the problem. The plan drew applause from the Republican's conservative base but stirred criticism from Democrats and immigrant-rights groups.

"You can't use positive economic news to justify the behavior. There are all kinds of illegal acts that could boost the economy," said Pawlenty, who is seeking re-election this fall. "But as soon as I brought up the proposals, people on the left were spouting off that I was racist and those on the right also were using words that were harsh or inflammatory."

Governor eases position

Still, a week after announcing his initiative, Pawlenty took a softer approach and introduced another seven-point plan designed to help immigrants "play by the rules." His ideas include providing a $300 tax credit per family to help pay for English classes and citizenship application fees as well as increasing immunizations for immigrants.

Steve Camarota, director of research at the Center for Immigration Studies, said states' proposals have the potential of creating a chaotic patchwork of immigration laws rather than a uniform policy.

"It's an issue that is important in the public's mind, but politicians just don't know how to talk about it," said Camarota, whose group favors tighter controls on immigration. "The Republicans are tearing themselves to pieces over it."

To be sure, Democrats hope to achieve gains over immigration. Yet the party has its own struggles, particularly among blue-collar workers concerned about losing jobs to immigrants.

The fissures inside the Republican Party will be exposed when the Senate is scheduled to begin debating major immigration reforms next week. Among the points of contention is a White House proposal to create a guest-worker program for some of the estimated 11 million people who are living in the U.S. illegally. That proposal has met strong opposition from conservatives who consider it a form of amnesty for lawbreakers.

For three weeks, members of the Senate Judiciary Committee have struggled to reach a resolution that would toughen border security while also making some accommodation for illegal immigrants. Senate Majority Leader Bill Frist (R-Tenn.) has threatened to bypass that compromise legislation by bringing a hard-line enforcement bill to the floor. The House has passed a similar bill.

Republicans from border states and beyond say such a move could be politically disastrous.

"Some conservatives and some Republicans don't appear to be interested in solving the problem, but rather to use it as a way of attracting attention to themselves or using it for political reasons," Sen. John Cornyn (R-Texas) said. "The important thing for me is that they not represent the face of the Republican Party for a lot of reasons."

If Republicans pursue a course of simply building a wall or increasing border security, Cornyn said, "we are doing so at our own peril."

Cecilia Munoz, vice president of the pro-immigrant National Council of La Raza, said, "You can't court the Latino community for votes after you criminalize them."

Scent of election politics

Patricia Hamm, a political scientist at Iowa State University who specializes in immigration policy, said officials at all levels of government are paying more attention to immigration because it is an election year. The debate is complicated further, she said, because Frist and others with presidential ambitions are eager to appeal to social conservatives through hot-button issues such as illegal immigration.

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"The most visible way of being tough is doing something physical like sending more agents to the border or building walls," Hamm said. "They sound tough, and [it] may work in the short run, but in the long run they are not doing anything to solve the question of unauthorized immigration."

Max Cardenas, a consultant to immigrant-owned businesses in Iowa, added, "No one is going to vote for you just because of your immigration policy."

Rep. Tom Tancredo (R-Colo.) is challenging that theory. He is seeking grass-roots support for a possible presidential bid built on his sharp anti-immigration views. Along the way, he is influencing the immigration debate in other races, including the U.S. House seat in eastern Iowa.

Kennedy said Tancredo's message resonates with social conservatives. The two other Republicans in the primary race have increased their discussion of illegal immigration, and he dismissed the suggestion by some Republicans that the party should tread lightly.

"It an issue where a lot of our anxieties come together, from national security anxieties to economic anxieties," Kennedy said. "We put principle first and worry about politics later."

The Rio Grande picture was e-mailed this week in a campaign solicitation. Below the photograph were two words: "Donate Today."

A G.O.P. Split On Immigration Vexes A Senator (NYT)

By Rachel L. Swarns

The New York Times, March 26, 2006

WASHINGTON, March 25 — The telephone lines in the unassuming Houston offices of Senator John Cornyn, Republican of Texas, have been sizzling in recent weeks as anxious Republican voters call to find out precisely where their tough-minded senator stands on illegal immigration.

Mr. Cornyn is a former state attorney general and a fiscal conservative, a Texan who wears cowboy boots with his pinstripes and prides himself on his 100 percent approval rating from the American Conservative Union.

But as the Senate prepares to wrestle this week with the question of legalizing much of the illegal immigrant population, Mr. Cornyn, like many Republicans, finds himself squeezed by warring factions in his own party.

President Bush focused on the issue in his weekly radio speech on Saturday, a day after protests in three cities by immigrant rights advocates. As Mr. Bush spoke, people gathered at rallies across the country, including hundreds of thousands of immigrant rights advocates in Los Angeles and a few hundred demonstrators in New York. [Page 31.]

Mr. Cornyn has been criticized on conservative talk radio and labeled a "sellout" on some Web logs for promoting legislation that would allow millions of illegal immigrants to remain in the United States for five more years. The proposal would also create a temporary worker program that would allow those immigrants and hundreds of thousands of foreigners abroad to work here legally for up to six years.

At the same time, business groups have been pressing him to go further by supporting legislation that would put their illegal workers on the road to citizenship.

The legislative battle has pitted Republican against Republican, with conservatives deriding guest worker programs as an amnesty for lawbreakers and calling for a wall to be built along the border with Mexico, and with business leaders pushing for legalization of the illegal workforce and the admission of thousands of foreign workers.

With the Senate expected to start voting on legislation as early as Tuesday and Congressional staff members negotiating furiously over the fine print, some lawmakers are struggling to find middle ground.

In his radio talk, Mr. Bush acknowledged the difficulty that lawmakers faced. "This is an emotional debate," he said. "America does not have to choose between being a welcoming society and being a lawful society. We can be both at the same time."

But finding that balance has been enormously difficult. When asked how he felt on a recent day when he had shuttled from a telephone interview on Fox News Radio to a luncheon with business executives, Mr. Cornyn said, "In between."

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"I have people come to see me who say, 'The wall is the answer,' " Mr. Cornyn said as he settled into a leather couch in his office in Houston. "I hear others say we ought to be sympathetic, we ought to just let them stay and call them legal and declare an amnesty. And I don't think either of those alternatives are possible or viable.

"Sometimes they end up yelling at me," he said of his conservative constituents. "But my job, and our job in Congress, is to see the whole picture and to come up with a realistic consensus."

Mr. Cornyn acknowledged, however, that it would be difficult to reach given the deep divide within his party. "It's the hardest thing," he said. "I honestly don't think we'll know the outcome until we get there."

The rift emerged in 2004 when Mr. Bush first urged Congress to create a program that would legalize illegal workers and allow for foreign workers to come here in the future. Both groups would be required to return home after a period of time.

The proposal was hailed by the United States Chamber of Commerce, typically a staunch Republican ally and a formidable political force. But it fueled a revolt among some conservatives in the party who demanded tighter border controls to stop the waves of illegal immigration that they view as a threat to American culture, jobs and security.

In December, the Republican-controlled House defied Mr. Bush's call for a temporary worker program. Instead, the House passed a tough border security bill that would, among other things, make it a federal crime to live in this country illegally, turning the millions of illegal immigrants here into felons, ineligible to win any legal status. (Currently, living in this country without authorization is a violation of civil immigration law, not criminal law.)

Meanwhile, many business leaders have thrown their weight behind legislation sponsored by Senators John McCain, Republican of Arizona, and Edward M. Kennedy, Democrat of Massachusetts, that would grant permanent residency — and ultimately citizenship — to the 11 million illegal immigrants believed to be living in the United States. To qualify, immigrants would have to pay a fine and back taxes, learn English and work here for six more years.

Mr. Cornyn has tried to build a middle path: sponsoring legislation that would deal with illegal immigrants and the needs of businesses for foreign workers while trying to avoid being tarred with the amnesty label by requiring both groups to return home after a certain time. Under his plan, people could only apply for permanent residency from their home countries.

The Senate Judiciary Committee, of which Mr. Cornyn is a member, is trying to cobble together elements of both pieces of legislation to produce a bill for the vote. Any legislation that passes the Senate will have to be reconciled with the House bill.

"Amnesty is off the table," Mr. Cornyn has said repeatedly.

But Republican hard-liners here and on the Judiciary Committee scoff at efforts to distinguish temporary worker plans from Mr. McCain's more liberal proposal. Many fear participants in such a program will simply vanish when it is time for them to go home.

"You say it's not amnesty, but it is," Senator Charles E. Grassley of Iowa said of temporary worker proposals. "If it looks, acts and smells like amnesty, then in my eyes, it is amnesty."

The issue is so politically explosive, particularly with Congressional elections looming, that some Republicans on the Judiciary Committee avoid discussing it. Senators Mike DeWine of Ohio and Orrin G. Hatch of Utah, who have favored immigrant rights in the past, both declined interviews to discuss their positions publicly. Both are up for re-election.

And Senator Lindsey Graham of South Carolina, who supports legalizing illegal immigrants, warned fellow Republicans that they could expect little more than criticism for their labors.

"A lot of people, particularly on our side, don't want to have a debate about this," Mr. Graham said. "Even if you debate it, you're wrong. Even if you're open-minded about compromise, you're wrong."

Mr. Cornyn, however, has thrown himself into the fray with enthusiasm.

He recently entered into negotiations with Mr. Kennedy and others in an effort to build some consensus on a temporary worker program. He appears regularly on conservative talk radio and meets with competing constituencies like conservative leaders, business executives and Hispanic lawyers. Members of his staff have also been in regular contact with the White House.

"Coming from a red state, one that has a large Hispanic population and one that's a border state, makes it easier to bridge those divisions among Republicans and find common ground with some Democrats," said Mr. Cornyn, who has close ties to Karl Rove, Mr. Bush's adviser.

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His efforts were welcomed at a luncheon at the InterContinental Hotel in Houston, where business leaders gave him a standing ovation. But even some of those executives said they were optimistic that his position might shift a bit.

That was not the view of a group of about 25 conservative voters protesting recently outside of Mr. Cornyn's office.

Leslie Wetzel, who organized the protest, dismissed Mr. Cornyn's balancing act as more "mixed messages." "He professes to be a conservative, but like so many other Republicans he's not a true conservative," Mrs. Wetzel said. "They say, 'Oh, it's not amnesty; it's guest worker.' Well, I don't care what kind of spin you put on it. It's rewarding people for breaking the law."

With conservatives turning up the heat, Mr. Cornyn issued a flurry of press releases, emphasizing again that he opposed amnesty. Some Congressional staff members said he had rejected a compromise with Mr. Kennedy and Mr. McCain.

But business leaders said they still hoped Mr. Cornyn would strive for some consensus. "There's a lot of pressure on him," said Laura Reiff, a co-chairwoman of the Essential Worker Immigration Coalition, which represents hotels, restaurants, construction companies and other service industries. "He's put in a position now of really having to soul search and figure out where he's going to be."

U.S. Can Be 'Welcoming,' 'Lawful' (LAT)

By Faye Fiore, Times Staff Writer

The Los Angeles Times, March 26, 2006

President Bush treads carefully in his radio address as he makes the case for an immigration policy overhaul.

WASHINGTON — With the Senate poised for an emotional debate on immigration law this week, President Bush called Saturday for an immigration policy that embraces some foreign workers while increasing security at the nation's borders.

"America does not have to choose between being a welcoming society and being a lawful society. We can do both at the same time," Bush said in his weekly radio address, which he devoted to a subject that has divided his party and the nation.

The president repeated his call for a guest-worker program that would "create a legal way to match willing foreign workers with willing American employers to fill jobs that Americans will not do."

At the same time, Bush endorsed measures already underway to tighten security. He repeated his opposition to amnesty, which he said would "allow those who break the law to jump ahead of people who play by the rules and wait in the citizenship line."

Since he took office, Bush said, border security funding has risen 66% and the Department of Homeland Security has caught and sent home nearly 6 million illegal immigrants.

"We're making good progress, but we have much more work ahead, and we will not be satisfied until we have control of our border," he said.

Striving to appear both tough and compassionate on a contentious subject, Bush announced he would attend a naturalization ceremony Monday in Washington, saying "America is better off" because of those who immigrate legally.

But the president's remarks fell against a backdrop of bicoastal unrest.

In Los Angeles and elsewhere, huge rallies have been held to protest strict immigration curbs passed by the House in December. That bill, sponsored by Rep. F. James Sensenbrenner Jr. (R-Wis.), calls for erecting a 700-mile fence along the Mexican border and making it a felony to immigrate illegally or help someone who has.

In Washington, the Senate is expected to take up its own proposals this week to overhaul immigration policy, with lawmakers bitterly split over key provisions, such as whether to permit some of the estimated 12 million illegal immigrants in the United States to stay while pursuing legal status.

Members of the restaurant, hotel and agricultural industries favor an approach by Sens. Edward M. Kennedy (D-Mass.) and John McCain (R-Ariz.) that includes a guest-worker program that would lead to legal status as well as a path to citizenship for some illegal immigrants already in the United States.

Senate Majority Leader Bill Frist (R-Tenn.) proposed a bill last week that addresses only border security and enforcement, with no provisions for allowing current undocumented workers to remain in the United States or additional foreigners to enter for work.

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Congressional and public rhetoric has grown so heated that Bush last week called for the discussion to proceed "in a way that brings dignity to the process."

Again on Saturday, he asked those deciding the issue to remember that "there are hard-working individuals, doing jobs that Americans will not do, who are contributing to the economic vitality of our country."

Much is at stake for Bush and his party. A harsh debate over immigration could wipe out recent GOP gains among Latinos, whose move toward the Republican Party has been a key objective for Bush's chief political advisor, Karl Rove.

Bush Calls For Fair Immigration Bill (AP)

By Deb Riechmann

AP, March 26, 2006

The debate over immigration stretched from the White House to the West Coast on Saturday as thousands of demonstrators protested proposals to crack down on illegal immigrants.

President Bush, in addressing an issue that has divided his party, underscored America's immigrant history and called for secure borders and strict immigration enforcement.

Bush also urged Congress to write new immigration law with a guest worker program that could provide legal status — short of citizenship — for some of the estimated 12 million undocumented immigrants in the United States.

"As we debate the immigration issue, we must remember there are hardworking individuals, doing jobs that Americans will not do, who are contributing to the economic vitality of our country," Bush said in his weekly radio address.

The House has passed legislation that would make it a felony to be in the U.S. illegally, impose new penalties on employers who hire illegal immigrants, and erect fences along one-third of the U.S.-Mexican border. The Senate is to begin debating immigration proposals on Tuesday.

In Los Angeles, thousands of people — some waving and wearing flags of Mexico and other nations — streamed into downtown streets for what was expected to be one of the city's largest pro-immigrant rallies.

Efforts to get tough on illegal immigration also spurred thousands of people to stage school walkouts, work stoppages and marches on Friday in cities such as Los Angeles, Phoenix and Atlanta.

The demonstrations are expected to culminate April 10 in a "National Day of Action" organized by labor, immigration, civil rights and religious groups.

Bush, who plans to attend a naturalization ceremony on Monday in Washington, is bracing for a standoff in the Senate this week before he heads south to Cancun, Mexico, where he'll discuss immigration with Mexican President Vicente Fox, a supporter of Bush's guest worker plan.

"America is a nation of immigrants, and we're also a nation of laws, and our immigration laws are in need of reform," Bush said.

Bush wants Congress to create a program to let foreigners gain legal status for a set amount of time to do specific jobs. When the time is up, they would be required to return home without an automatic path to citizenship.

"This program would create a legal way to match willing foreign workers with willing American employers to fill jobs that Americans will not do," he said.

Some critics argue that a guest worker program would create an underclass of foreign workers and stigmatize some jobs associated with foreign labor.

Some Republicans worry that the foreign workers would stay on and become citizens, further straining America's social service and education systems.

Senate Majority Leader Bill Frist, R-Tenn., thinks immigration enforcement, national security and border concerns should drive immigration reform. Frist's bill, which sidesteps the question of temporary work permits, would tighten borders, add Border Patrol agents and punish employers who hire illegal immigrants.

Senate Minority Leader Harry Reid, D-Nev., backed by labor unions, has said he will do all he can, including filibuster, to thwart Frist's legislation.

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The hottest debate in the Senate will be whether to pass some version of a guest worker program proposed by Sens. John McCain, R-Ariz., and Edward Kennedy, D-Mass. Their bill would provide up to 400,000 visas in the first year and allow participants, after six years, to seek permanent residency.

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Associated Press writers Peter Prengaman and Tim Molloy in Los Angeles contributed to this report.

Immigration March Draws 500,000 In L.A. (SFC/AP)

By Peter Prengaman, Associated Press Writer

San Francisco Chronicle, March 26, 2006

(03-25) 21:17 PST LOS ANGELES, (AP) --

Immigration rights advocates more than 500,000 strong marched in downtown Los Angeles on Saturday, demanding that Congress abandon attempts to make illegal immigration a felony and to build more walls along the border.

The massive demonstration, by far the biggest of several around the nation in recent days, came as President Bush prodded Republican congressional leaders to give some illegal immigrants a chance to work legally in the U.S. under certain conditions.

Wearing white shirts to symbolize peace, marchers chanted "Mexico!""USA!" and "Si se puede," an old Mexican-American civil rights shout that means "Yes, we can." They waved the flags of the U.S., Mexico and other countries, and some wore them as capes.

Saturday's march was among the largest for any cause in recent U.S. history. Police came up with the crowd estimate using aerial photographs and other techniques, police Cmdr. Louis Gray Jr. said.

Other demonstrations drew 50,000 people in Denver and several thousand in Sacramento and Charlotte, N.C.

Many protesters said lawmakers were unfairly targeting immigrants who provide a major labor pool for America's economy.

"Enough is enough of the xenophobic movement," said Norman Martinez, 63, who immigrated from Honduras as a child and marched in Los Angeles. "They are picking on the weakest link in society, which has built this country."

The U.S. House of Representatives has passed legislation that would make it a felony to be in the U.S. illegally, impose new penalties on employers who hire illegal immigrants, require churches to check the legal status of people they help, and erect fences along one-third of the U.S.-Mexican border.

Elger Aloy, 26, of Riverside, a premed student, pushed a stroller with his 8-month-old son at Saturday's Los Angeles march and called the legislation "inhumane."

"Everybody deserves the right to a better life," he said.

The Senate is to begin debating the proposals on Tuesday.

President Bush on Saturday called for legislation that does not force America to choose between being a welcoming society and a lawful one.

"America is a nation of immigrants, and we're also a nation of laws," Bush said in his weekly radio address, discussing an issue that had driven a wedge into his own party.

Bush sides with business leaders who want legislation to let some of the estimated 12 million undocumented immigrants stay in the country and work for a set period of time. Others, including Senate Majority Leader Bill Frist, say national security concerns should drive immigration reform.

"They say we are criminals. We are not criminals," said Salvador Hernandez, 43, of Los Angeles, a resident alien who came to the United States illegally from El Salvador 14 years ago and worked as truck driver, painter and day laborer.

Francisco Flores, 27, a wood flooring installer from Santa Clarita who is a former illegal immigrant, said, "We want to work legally, so we can pay our taxes and support the country, our country."

In Denver, police said more than 50,000 people gathered downtown at Civic Center Park next to the Capitol to urge the state Senate to reject a resolution supporting a ballot issue that would deny many government services to illegal immigrants in Colorado.

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Elsa Rodriguez, 30, a trained pilot who came to Colorado in 1999 from Mexico to look for work, said she just wants to be considered equal.

"We're like the ancestors who started this country, they came from other countries without documents, too," the Arvada resident. "They call us lazy and dirty, but we just want to come to work. If you see, we have families, too."

Between 5,000 and 7,000 people gathered Saturday in Charlotte, carrying signs with slogans such as "Am I Not a Human Being?" In Sacramento, more than 4,000 people protested immigration legislation at an annual march honoring the late farm labor leader Cesar Chavez.

About 200 people protested outside a town hall-style meeting held by Rep. James Sensenbrenner, R-Wis., a leading sponsor of the House bill. He defended the legislation, saying he's trying to stop people from exploiting illegal immigrants for cheap labor, drug trafficking and prostitution.

"Those who do that are 21st-century slave masters, just like the 19th-century slave masters that we fought a civil war to get rid of," Sensenbrenner said at the meeting. "Unless we do something about illegal immigration, we're consigning illegal immigrants to be a permanent underclass, and I don't think that's moral."

Since Thursday tens of thousands of people have joined in rallies in cities including Milwaukee, Los Angeles, Phoenix and Atlanta, and staged school walkouts, marches and work stoppages.

The demonstrations are expected to culminate April 10 in a "National Day of Action" organized by labor, immigration, civil rights and religious groups.

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Associated Press writers Bob Jablon and Kim Nguyen contributed to this report.

Bush Defends Need For Immigrants And Opposes Amnesty (Update1) (BLOOM)

By Brendan Murray

Bloomberg, March 25, 2006

March 25 (Bloomberg) -- President George W. Bush endorsed the economic importance of immigrants while opposing amnesty for those who enter the U.S. illegally as thousands of protesters renewed street demonstrations against tougher curbs on immigration.

``America does not have to choose between being a welcoming society and being a lawful society," Bush said in his weekly radio broadcast. ``We can be both at the same time."

Congress will consider immigration proposals next week in a debate that has divided Bush's Republican Party. Lawmakers are trying to balance voter demands for tighter border security with a need for companies to hire workers from abroad.

Thousands of protesters took to the streets for a second straight day, rallying against proposed legislation to strengthen enforcement along the U.S.-Mexico border and require employers to certify their workers are in the U.S. legally. Demonstrators waved flags of Mexico and other nations as they streamed into downtown Los Angeles today, the Associated Press reported. Phoenix and Atlanta have had similar protests.

``As we debate the immigration issue, we must remember there are hard-working individuals, doing jobs that Americans will not do, who are contributing to the economic vitality of our country," Bush said in his radio address.

He said he will attend a naturalization ceremony next week for immigrants who are becoming American citizens and will lay out his ideas for changing the law. He said he will call for improving border security, enforcing existing laws, ending the ``unwise practice" of catching and then releasing illegal immigrants into society and forming a temporary worker program.

Guest Workers

Bush has backed a ``guest worker program" to encourage people already in the U.S. to register. Business groups, including the U.S. Chamber of Commerce, support the idea.

``This program would create a legal way to match willing foreign workers with willing American employers to fill jobs that Americans will not do," Bush said. ``By reducing the number of people trying to sneak across the border, we would free up our law enforcement officers to focus on criminals and drug dealers and terrorists and others who mean us harm."

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More than 1.1 million people were caught trying to illegally cross the U.S.-Mexico border in 2004, and an estimated 11 million undocumented immigrants now live in the U.S.

Republican Opposition

Representative Tom Tancredo of Colorado is leading the Republican opposition to Bush's guest worker proposal, pushing instead for tougher enforcement on the border and requiring companies to certify their employees are eligible to work.

Bush cautioned that the guest worker program wouldn't include provisions to give illegal immigrants ``amnesty'' from U.S. laws.

``Granting amnesty would be unfair, because it would allow those who break the law to jump ahead of people who play by the rules and wait in the citizenship line," Bush said. ``Amnesty would also be unwise, because it would encourage waves of illegal immigration, increase pressure on the border and make it more difficult for law enforcement to focus on those who mean us harm."

Compromise on immigration legislation in Congress has been elusive, and Bush predicted an ``emotional debate" and urged unity.

``We must also ensure that immigrants assimilate into our society and learn our customs and values -- including the English language," Bush said. ``By working together, we can meet our duty to fix our immigration system and deliver a bill that protects our country, upholds our laws and makes our nation proud."

Resuming Debate

The Senate Judiciary Committee is scheduled to resume debate next week on a program that would let workers remain in the U.S. for as many as six years before returning to their home countries.

Representatives of restaurants, hotels and the agricultural industry prefer the approach of Democrat Edward Kennedy of Massachusetts and Arizona Republican John McCain, whose proposal wouldn't require temporary workers to return home.

Senate Majority Leader Bill Frist, a Tennessee Republican, last week filed a measure that addresses only border security and enforcement, which he says he will bring to the Senate floor as early as next week. He indicated he might change course if the Judiciary Committee agrees on a more comprehensive alternative.

Immigration may be on the agenda when Bush meets with President Vicente Fox of Mexico and Prime Minister Stephen Harper of Canada in the resort city of Cancun, Mexico, on March 30-31.

Bush Shifts Emphasis To Safe Borders (WT)

By Stephen Dinan

The Washington Times, March 26, 2006

President Bush, stepping up his focus on border security in the run-up to the Senate immigration debate this week, yesterday used his weekly radio address to tout increased spending on related law enforcement.

"Comprehensive immigration reform begins with securing our borders," Mr. Bush said.

The president cited a 66 percent increase in border-security funding since he took office, along with a 42 percent increase in interior-enforcement spending and a total of 6 million illegal aliens caught and returned home.

The administration failed in the early part of the immigration debate by not concentrating on border security, White House press secretary Scott McClellan said Thursday, but Mr. Bush has been committed all along to enforcing the law.

"I think that he was focusing on all aspects. I'm not sure that all aspects were getting the kind of attention that maybe it should have," Mr. McClellan said. "That's probably, from a communication standpoint, probably our fault."

Mr. Bush yesterday underscored his commitment to border security by saying the government is trying to end the practice of releasing illegal aliens soon after capture because of a lack of space in detention centers.

"We're adding more beds, so we can hold the people we catch, and we're reducing the time it takes to send them back home," the president said. "When illegal immigrants know they will be caught and sent home, they will be less likely to break the rules, and our immigration system will be more orderly and secure."

In recent weeks, Mr. Bush has put far more emphasis on enforcement in an effort to convince lawmakers he is serious about the issue, even as he tries to win passage of a guest-worker program.

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The president said he hopes the Senate, which begins floor debate this week, will pass a bill that includes both issues. Still, although he has laid out a somewhat detailed guest-worker proposal, he has not produced a major new enforcement measure. This leaves some House Republicans wondering how serious he is about it.

The House in December passed an enforcement-only bill that calls for fences and a way for employers to ensure they are hiring legal workers. The legislation was widely considered a rejection of the president's call for guest workers and for temporary legal status for current illegal aliens.

Top House Republicans said they needed to prove the borders could be secured and laws enforced before voters would accept a new guest-worker program. However, Mr. Bush insists the issues fit together, arguing a new worker program would offer a legal channel to many currently illegal aliens and would allow the U.S. Border Patrol to focus on the others.

Opponents of a guest-worker plan said it rewards illegal aliens by giving them exactly what they seek -- some sort of legal status. They also say the federal government has shown it cannot tell who is coming and going, which could be a security hole in any new program.

"Recent reports have shown that the agency that would handle a foreign-worker program is overwhelmed and is unable to correct or even detect rampant corruption among its employees," said Rep. Tom Tancredo, Colorado Republican. "With no effective screening process in place, such a plan poses a major national security threat."

For the first 18 months after he proposed his guest-worker plan in January 2004, Mr. Bush focused on the workers and economic need. Last October, however, with the House clearly moving toward a security-first approach, Mr. Bush began highlighting border security far more heavily.

In a town hall event and a press conference last week, the president said the first priority is securing the border.

"Step one, focus on enforcing the border," he told an audience in Cleveland. "When we find people, [we] send them home, so that the work of our Border Patrol is productive work."

Mr. Bush met Thursday with representatives of groups, mostly businesses, that want to legalize illegal-alien workers and create a new stream of foreign workers. Participants said Mr. Bush realizes his role, for now, is limited to pressing for action. But they also said the president promised to be active in helping to write the final proposal when the House and Senate go to conference on their bills.

In his radio address yesterday,Mr. Bush said he will attend a naturalization ceremony tomorrow and press for action on a comprehensive immigration bill.

But he stressed that he will not accept amnesty.

"Granting amnesty would be unfair, because it would allow those who break the law to jump ahead of people who play by the rules and wait in the citizenship line," he said, adding that amnesty now would encourage another wave of illegal aliens in the future.

Mr. Bush also repeated his call for civility as the congressional debate continues.

"This is an emotional debate," he said. "America does not have to choose between being a welcoming society and being a lawful society. We can be both at the same time."

L.A. Braces For Protest, As Bush Addresses 'emotional Debate' (CNN)

CNN, March 26, 2006

Pending legislation spurs tens of thousands to march

LOS ANGELES, California (CNN) -- As thousands of people were expected to protest legislation cracking down on illegal immigrants on Saturday, President Bush said he planned to toughen enforcement of immigration laws.

"America is a nation of immigrants, and we're also a nation of laws," Bush said in his weekly radio address.

"When illegal immigrants know they will be caught and sent home, they will be less likely to break the rules, and our immigration system will be more orderly and secure."

The president acknowledged it was an "emotional debate" but continued "America does not have to choose between being a welcoming society and being a lawful society."

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A march against proposed legislation in Congress was set for Saturday through downtown Los Angeles, California, a day after thousands of people staged similar demonstrations in Georgia, Arizona and elsewhere.

Next week, the Senate will take up immigration overhaul, with at least four different proposals rattling around the Capitol.

Among the thorny issues the Senate will tackle is Bush's guest worker program for immigrants, which has proven unpopular with many of his fellow Republicans. Senators must also decide whether more than 11 million people already in the United States illegally will be given a chance to earn legal status -- a process critics dismiss as "amnesty."

An immigration bill that passed the House of Representatives in December makes entering the country illegally a felony and calls for construction of 700 miles of security fence along the U.S.-Mexico border.

The House bill would also require employers to verify the immigration status of workers before hiring them, with increased fines for employers who fail to comply. The proposals have angered many Latinos.

"As we debate the immigration issue, we must remember there are hardworking individuals, doing jobs that Americans will not do, who are contributing to the economic vitality of our country," said Bush.

In Phoenix, Arizona, on Friday, police said 20,000 demonstrators marched to the office of Republican Sen. Jon Kyl, co-sponsor of a bill that would give illegal immigrants up to five years to leave the country, The Associated Press reported. The turnout clogged major thoroughfares in what officials said was one of the largest protests in the city's history. People also protested outside Kyl's Tucson office, according to AP.

Protesters "should be pleased that the Senate is probably going to address this in a much more comprehensive way," Kyl told the Tucson Citizen newspaper during a meeting with its editorial board, according to AP.

In Los Angeles, more than 2,700 students from at least eight high schools and junior high schools walked out Friday, district officials told AP. Some carried Mexican flags as they walked down the streets, police cruisers behind them. Peach State protest

In Georgia, activists said tens of thousands of workers did not show up at their jobs Friday after calls for a work stoppage to protest a bill passed by the Georgia House on Thursday.

That bill, which has yet to gain Senate approval, would deny state services to adults living in the U.S. illegally and impose a 5 percent surcharge on wire transfers from illegal immigrants.

Supporters say the Georgia measure is vital to homeland security and frees up limited state services for people legally entitled to them. Opponents say it unfairly targets workers meeting the demands of some of the state's largest industries.

Teodoro Maus, an organizer of the Georgia protest, estimated as many as 80,000 Hispanics did not show up for work, AP reported. About 200 converged on the steps of the Georgia Capitol, some wrapped in Mexican flags and holding signs reading: "Don't panic, we're Hispanic" and "We have a dream, too."

Jennifer Garcia told AP she was worried what the proposal would do to her family. She said her husband is an illegal Mexican immigrant.

"If they send him back to Mexico, who's going to take care of them and me?" she asked AP. Garcia said of herself and her four children. "This is the United States. We need to come together and be a whole."

On Monday, Bush is to attend a naturalization ceremony in Washington where he will watch new citizens raise their right hands and swear to uphold the laws of the United States, according to The Associated Press. Later in the week, immigration likely will surface as a topic in Cancun, Mexico, where Bush is to meet with Mexico's President Vicente Fox, AP reported.

Bush said the government is trying to end a decades-long practice of releasing illegal immigrants soon after capture because of a lack of space in detention centers.

"We're adding more beds so we can hold the people we catch, and we're reducing the time it takes to send them back home," he said.

The president emphasized that a temporary worker program he's proposed would not provide amnesty to illegal immigrants in the United States. "For the sake of justice and for the sake of border security, I firmly oppose amnesty," Bush said.

Hot-button Immigration Debate Looms (KCS)

By Rick Montgomery

DOJ_NMG_0021707

The Kansas City Star, March 26, 2006

A nervous Congress — pushed by voters who want action now — is bracing for an immigration showdown.

The Senate Judiciary Committee on Monday will attempt to hammer out a bill certain to press some of the hottest buttons of this election year: swelling number of illegal immigrants, proposals for temporary guest-worker status and the porous state of America's border with Mexico.

The Republican Party, in particular, is deeply cleaved over what to do.

¦ U.S. Sen. Sam Brownback, the Kansas conservative, is locking arms with U.S. Sen. Ted Kennedy, the Massachusetts liberal, in pushing legislation that would pave a path toward citizenship for roughly 7 million undocumented workers.

¦ Senate Majority Leader Bill Frist couldn't disagree more. He's offered up a bill that stiffens border enforcement but defiantly leaves out President Bush's calls for a guest-worker program.

¦ And Bush himself faces a difficult week ahead, as immigration troubles likely will dominate talks with Mexico's President Vicente Fox.

"All of Congress is boxed in a corner here," said John Keeley of the Center for Immigration Studies. "It's a mess of their own making."

Across the nation, including in Kansas City, Kan., on Friday, thousands of immigrants and their advocates have marched in support of comprehensive, compassionate reform. On Saturday, for example, an estimated 500,000 people rallied in Los Angeles.

In many areas, Latino-owned businesses shut down to let their workers march. On Monday, Washington will be host to a large rally of faith leaders opposed to criminalizing undocumented workers.

Some experts sense a historic decision is in the making, but only if lawmakers are able to compromise.

More Than 500,000 Rally In L.A. For Immigrants' Rights (LAT)

By Teresa Watanabe And Anna Gorman

The Los Angeles Times, March 26, 2006

Joining what some are calling the nation's largest mobilization of immigrants ever, hundreds of thousands of people boisterously marched in downtown Los Angeles Saturday to protest federal legislation that would crack down on undocumented immigrants, penalize those who help them and build a security wall on the U.S. southern border. Spirited crowds representing labor, religious groups, civil-rights advocates and ordinary immigrants stretched over 26 blocks of downtown Los Angeles from Adams Blvd. along Spring Street and Broadway to City Hall, tooting kazoos, waving American flags and chanting "Si se puede!" (Yes we can!). The crowd, estimated by police at more than 500.000, represented one of the largest protest marches in Los Angeles history, surpassing Vietnam War demonstrations and the 70,000 who rallied downtown against Proposition 187, a 1994 state initiative that denied public benefits to undocumented migrants.

The marchers included both longtime residents and the newly arrived, bound by a desire for a better life and a love for this county.

Arbelica Lazo, 40, illegally immigrated from El Salvador two decades ago but said she now owns two business and pays $7,000 in taxes annually.

Jose Alberto Salvador, 33, came here illegally just four months ago to find work to support the wife and five children he left behind; in his native Guatemala, he said, what little work he could find paid only $10 a day. "As much as we need this country, we love this country," Salvador said, waving a stick with both the American and Guatemalan flag. "This country gives us opportunities we don't get at home."

Saturday's rally, spurred by anger over legislation passed by the U.S. House of Representatives last December, was part of what many say is an unprecedented effort to organize immigrants and their supporters across the nation. The U.S. Senate Judiciary Committee is to take up efforts Monday to complete work on a comprehensive immigration reform proposal. Unlike the House bill, which beefed up border security and toughened immigration laws, the Senate committee's version is expected to include a guest worker program and a path to legalization for the nation's 10 to 12 million undocumented immigrants.

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In recent weeks, hundreds of thousands of people have staged demonstrations in more than a dozen cities. The Roman Catholic Church and other religious communities have launched immigrant rights campaigns, with Los Angeles Cardinal Roger Mahony taking a leading role in speaking out against the House bill and calling on his priests to defy its provisions that would make felons of anyone who aided undocumented immigrants. In addition, several cities, including Los Angeles, have passed resolutions against the House legislation and some, such as Maywood, have declared itself a "sanctuary" for undocumented immigrants.

"There has never been this kind of mobilization in the immigrant community ever," said Joshua Hoyt, executive director of the Illinois Coalition for Immigrant and Refugee Rights. "They have kicked the sleeping giant. It's the beginning of a massive immigrant civil rights struggle."

One of the marchers Saturday, Jose Alberto Salvador, 33, left his wife and children behind in Guatemala four months ago to cross the border into the United States so he could earn enough money to return home and buy a house.

Jorge Valdovinos, 43, is a legal immigrant from Mexico who has three US-born children and works as a financial advisor.

Amid a sea of American and Mexican flags, protesters chanted "Si Se Puede!" and waved banners in Spanish that read, "We aren't criminals" and "The USA is made by immigrants."

"I love this country as if it were my own, for the opportunities it has given me," said Laurentino Ramirez, an illegal immigrant from Mexico who works at a garment factory. "The law is unjust for those who don't have papers. We come to work. We don't come to do harm to anyone."

Many of the marchers were immigrants themselves — both legal and illegal -- from Mexico and Central America. Some had just crossed the border, while others had been here for decades. There were construction workers and business owners; families with young children and people in wheelchairs. Throughout the afternoon, protesters heard speakers demand a path toward legalization and denounce HR 4437, which would tighten border enforcement and crack down on employers who hire undocumented workers.

The rally was organized by numerous unions, religious organizations and immigrant rights groups and publicized through Spanish-language media, which encouraged participants to wear white to symbolize peace and bring American flags. The mostly peaceful march stretched over 26 blocks, shutting down streets and tying up traffic around downtown for hours. Police estimated the crowd at 500,000, more than five times the size of the 1994 rally against California's Proposition 187, which would have denied services to undocumented immigrants. Participants said the massive mobilization shows that immigrants' voices must be heard and that they are contributing to the country's economy.

500,000 March In L.A. Against Immigration Bill (WP/AP)

By Associated Press

The Washington Post, March 26, 2006

Measure Was Passed by U.S. House

LOS ANGELES, March 25 -- They surprised the police, and maybe themselves, their T-shirts turning block after block of downtown Los Angeles streets white in a demonstration so massive that few causes in recent U.S. history could have matched it.

Police said more than 500,000 people marched Saturday to protest a proposed federal crackdown on illegal immigration. Wearing white as a sign of peace -- and waving flags from the United States, Mexico, Guatemala and other countries -- they came to show that illegal immigrants are already part of the American fabric, and want the chance to be legal, law-abiding citizens.

Police used helicopters to come up with the crowd estimate. "I've been on the force 38 years, and I've never seen a rally this big," said Cmdr. Louis Gray Jr., incident commander for the rally.

In Charlotte, between 5,000 and 7,000 people gathered Saturday carrying signs with slogans such as "Am I Not a Human Being?" In Sacramento, more than 4,000 people protested during a march honoring the late farm labor leader Cesar Chavez. In Denver, more than 50,000 people protested downtown, according to police who had expected only a few thousand.

Phoenix was similarly surprised Friday when an estimated 20,000 people gathered for one of the biggest demonstrations in city history, and more than 10,000 marched in Milwaukee on Thursday.

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The demonstrators oppose legislation passed by the U.S. House that would make it a felony to be in the United States illegally. It would also impose new penalties on employers who hire illegal immigrants, require churches to check the legal status of parishioners before helping them, and order the construction of fences along one-third of the U.S.-Mexican border.

"I think it's just inhumane. . . . Everybody deserves the right to a better life," said Elger Aloy of Riverside, 26, who brought his infant son to the Los Angeles march.

Many of the demonstrators who weren't immigrants said they have relatives who are. "My mom came from Mexico. She had to cross the river, and thank God she did," said David Gonzalez, 22. He rejected assertions by advocates of the legislation that it would help protect the nation from terrorism. He said it would hurt Hispanics the most.

The Senate is to begin debating immigration proposals Tuesday.

President Bush is pushing for a guest-worker program that could provide temporary legal status to some of the estimated 12 million illegal immigrants. Many of his fellow Republicans are taking a more restrictive stance.

Many Stories, A Single Theme (LAT)

By Anna Gorman, Michelle Keller And Kelly-anne Suarez

The Los Angeles Times, March 26, 2006

Recent illegal migrants and those who have gained legal status cite their contributions to the U.S. 'I love this country,' says one undocumented man.

Candido Hernandez, 26, trekked through the mountains from Mexico more than two decades ago and now works construction to support his three U.S.-born children.

Carmen Vazquez, 50, cleaned homes in Los Angeles while relatives raised her daughter in El Salvador before she became a legal resident and the two were able to reunite here several years later.

Maria Ortega, 30, came from Mexico to look for better opportunities and found work at a plastics factory after presenting false documents.

The three were among a festive crowd police estimated at 500,000 that marched through downtown Los Angeles to City Hall on Saturday to support immigrants rights and oppose a pending federal bill that would make illegal immigration a felony.

The march stretched more than 20 blocks along three streets, tying up traffic through midafternoon. There were no arrests.

"This was a massive protest," said Los Angeles Police Department spokeswoman Sandra Escalante, who said the crowd peaked at just over half a million by 11:30 a.m. "I can't recall a larger one."

Amid a sea of American and Mexican flags, protesters waved banners in Spanish that read, "We aren't criminals" and "The USA is made by immigrants."

"I love this country as if it were my own, for the opportunities it has given me," said Laurentino Ramirez, 32, an illegal immigrant from Mexico who makes minimum wage at a Los Angeles garment factory.

Ramirez took the day off to attend the march with 20 relatives. He worries about being deported and separated from his two children. If he became a permanent resident, Ramirez said, he could get a driver's license and a higher-paying job.

The marchers passed kazoo and ice pop vendors and carts steaming with hot dogs. Music blared over loudspeakers, Aztec dancers performed and peddlers hawked flags. A circle of drummers stopped frequently along the procession to play and shout. Many of the participants were immigrants — both legal and illegal — from Mexico and Central America. Some had recently crossed the border, while others have been in the United States for decades. Construction workers, business owners, families with young children and people in wheelchairs joined the march, coming from San Francisco, San Diego and other parts of the state.

Jorge Valdovinos, 43, of Fresno came with his wife and three children to show that he and other immigrants have made significant contributions to the U.S. economy.

"It's outrageous, because this country is built by immigrants," said Valdovinos, a permanent resident who owns a financial services company.

Julio Cruz, 20, said he does not want to return to Mexico because his infant daughter is hospitalized here.

In Mexico, Cruz made about $3.50 a day. Here, he said, he earns considerably more in construction.

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"I came here to work," said Cruz. "I didn't come here to be out in the streets.... I don't think it would be too much to ask for legal documents so that I could keep working."

The rally was organized and funded by unions, religious organizations and immigrants rights groups, including Service Employees International Union Local 660; United Farm Workers; Hermandad Mexicana, an organization that assists immigrants; and the Korean Resource Center in Los Angeles.

It was publicized through Spanish-language media, which encouraged participants to wear white for peace and carry American flags to show patriotism. The organizers bused in participants who lacked transportation and helped guide them along the route.

The march started at 9th Street and followed Broadway, Main and Spring streets before converging at City Hall. Speakers demanded a path toward legalization and denounced congressional legislation that would tighten border enforcement and crack down on employers who hire undocumented workers.

"We're not going to let them treat us like modern-day slaves," Angela Sanbrano, executive director of the Central American Resource Center, said to the crowd in Spanish. "You have all sent a very clear message to the president. We're going to fight for just laws that recognize what immigrants have done for this country."

Organizers said the massive mobilization shows that immigrants' voices must be heard.

"People are really upset that all the work they do, everything that they give to this nation, is ignored," said Angelica Salas, executive director of the Coalition of Humane Immigrant Rights, which helped organize the march.

"Instead," she said, "there are all these proposed laws against them.... This is unacceptable."

One bill proposes adding 700 miles of fencing along the southern border, which Mexican immigrant Ortega said will only make the journey for illegal immigrants riskier.

Ortega, who has three children, paid a coyote to take her through the mountains nine years ago. "The people aren't going to stop coming; there will be more deaths."

Ortega said she also worries that police will be given more power to enforce immigration law. "Instead of trusting them, we are going to fear them," she said.

Ana Velasquez, 46, worked as a seamstress after arriving from El Salvador 26 years ago. She became a citizen after the 1986 amnesty and believes others should have the same opportunity.

"I want justice for the people who have been here and deserve to be here," Velasquez said as she marched on Broadway. "I'm very grateful for the chance to be in this country."

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Times staff writers Hector Becerra and Rong-Gong Lin II contributed to this article.

Thousands March On Kyl Offices (ADS)

By Brady McCombs

Arizona Daily Star, March 26, 2006

Senator's bill gives illegal entrants five years to leave the country

Oscar Soto took the day off from his warehouse job Friday to come with his wife, two children, nephew, niece and mother-in-law to an immigrant-rights rally on Tucson's Northwest Side to stand up for himself and his family.

Oscar Cruz managed to get time off from his apartment maintenance job to stand on the front line of the protest at Sen. Jon Kyl's Tucson office, 7315 N. Oracle Road, and hold a cardboard sign with white spray paint that read: "Senator Kyl: No more walls." It rested on top of a sign that read: "Humanitarian Aid Is Never A Crime."

On Friday both were part of an estimated 500 boisterous protesters who hoisted signs, held U.S. and Mexican flags and chanted, sang and shouted when drivers honked in support.

Participants wore white stickers that had the rally's theme in black letters: "We are not the enemy, we are part of the solution" or "No Somos el enemigo, somos parte de la solución."

In Phoenix, an estimated 20,000 people marched to Kyl's office to protest, according to Phoenix police.

Thousands more took part in protests in cities across the country, staging school walkouts, marches and work stoppages.

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In Los Angeles where 2,700 students from at least eight high schools and junior high schools walked out, fights broke out between black students and Hispanic students attempting to join the protest.

In Tucson, neither Cruz nor Soto — who have both lived and worked in the United States for more than a decade without permanent residency or citizenship — had ever been to a rally before. But they said they staunchly oppose recent immigration proposals like House Bill 4437 and a proposal from Sens. Kyl, R-Ariz., and John Cornyn, R-Texas, that they believe would make them criminals.

"We want residency," said Cruz, 48, who was born in Nicaragua and lived in El Salvador before arriving in the United States in 1985.

Cruz has been able to work on renewable visas under the Nicaraguan Adjustment and Central American Relief Act but says he wants a chance to become a legal permanent resident.

Mexican native Soto, 32, wants the same thing. He came here 10 years ago to work and said he pays taxes, obeys laws and respects the culture and government of the United States.

"We came here so they don't treat us like criminals," Soto said about participating in the rally.

Soto's two children, an 8-year-old girl and a 6-year-old boy, are U.S. citizens who were born in this country. He and his wife, Jocabed Soto, are preparing to buy a house. They feel they are law-abiding and productive and deserve the chance to become citizens.

"It is not a crime to work," Oscar Soto said.

U.S. citizens Marge and Bill Kinkead of Green Valley joined the largely Spanish-speaking crowd to let lawmakers like Kyl hear their displeasure.

"They deserve some way to come into this country and work without the fear of being sent back in four of five years," said Bill Kinkead, 73, who is a member of Humane Borders.

The Kyl-Cornyn proposal would give illegal entrants up to five years to leave the country. These illegal entrants could apply from their home country to return as temporary workers, or they could apply for permanent residency. House Bill 4437, passed by the House on Dec. 16, would create 700 miles of fence along the border, make living in the country illegally a felony and increase penalties for employers who hire illegal workers.

"We're getting fed up, particularly with the gentleman whose office is behind us," Bill Kinkead said. "I hate the fact that he represents Arizona in Congress."

In a written response to Friday's rallies, Kyl didn't address the protesters as much as reiterate his stance on the issues.

"I have advocated for the adoption of a comprehensive plan that increases border security, provides a temporary-worker program, ensures enforcement of our laws at the border and at the workplace, and deals with those illegal immigrants already in the country," the statement said.

Democrat Jim Pederson, who is challenging Kyl for his Senate seat, issued a statement criticizing Kyl's proposal as a last-ditch election-year effort that "borders on fantasy."

He said marchers targeted Kyl's office because "they know that Jon Kyl's immigration plan is no plan at all. It's unworkable, partisan and needlessly divisive."

He said he would offer a plan that addresses border enforcement as well as a way to deal with the people already here.

Jennifer Allen, director of the Border Action Network, called Friday's rally one of the biggest immigrant-rights rallies in recent Tucson history. Allen said 200 people showed up in December for a similar rally.

"People know that this is a historic moment and that the immigrant community is part of making history," Allen said. "That's why they are here."

Glenn Spencer, president of the American Border Patrol, which advocates for stricter border enforcement, watched and filmed the protest. He said the relatively small number of cars that honked represented the true sentiment.

Those who didn't honk "are the silent majority," Spencer said. "They do nothing and I think that's a reflection of the polls that show people want our borders controlled."

Cruz and the Sotos said Friday's rally, which concluded about 12:30 p.m., will make an impact.

"It will make them see how many we are and what we want," Jocabed Soto said.

Tens Of Thousands Protest Bill (DENP)

By Kirk Mitchell and Annette Espinoza

Denver Post, March 26, 2006

Immigration bill sparks Denver gathering

If there was any doubt about the large volume of migrant workers in Colorado, a crowd of more than 50,000 Latino demonstrators proved it today.

Throngs of people marched in front of the State Capitol on Colfax Avenue and packed Civic Center, waving signs that said "No on H.R. 4437," a proposed federal law that would make illegal immigration a felony, and chanted "Si se puede," or "yes we can" (unite).

"It's just incredible," said Polly Baca, former state legislator and executive director of Latin American Research and Service Agency. "You can see that a day without these people working would be devastating for Colorado's economy."

But U.S. Rep. Tom Tancredo, R-Colo., said the crowd would have been much smaller or could have been quickly dispersed had Immigration and Customs Enforcement officers shown up with buses and started checking identification.

"When the rest of America looks at these demonstrations they'll agree it's getting more difficult to control illegal immigration," Tancrado said. "We'd better do something about this."

Farm, construction and hotel workers from Pueblo to Fort Collins drove to Denver for the mass demonstration, Baca said. Many people walked from as far as 20 blocks, pushing baby strollers and waving large red, white and green Mexican flags.

The large turnout stunned even the organizers.

A grass-roots campaign to get people to participate in the demonstration has been weeks in the making, with announcements on Spanish-language radio stations and at churches such as Centro Nueva Vida, 6738 E. Colfax Ave.

"The Time is Now Rally" organizers began meeting eight days ago. At its first meeting, the organizers anticipated two dozen, by last Wednesday they thought it would be a couple of hundred. They never imagined it would be more than that.

"Our goal is to get mass awarness to the people of Colorado and to the immigrant community on current immigration issues and to call for action," said Ida Sandoval.

Illegal immigration has also been in the spotlight in Colorado with bills in the Legislature including one that would make it a felony to transport illegal immigrants. On Monday and Tuesday, more than 80 illegal immigrants were arrested after highway accidents during a snowstorm.

"My people come not because they are bad people but because they are hungry," said Maria Zayas, who was a migrant worker for 20 years before becoming a U.S. citizen. "If we leave, the U.S. would go down."

Joel Canales said undocumented immigrants are worried about HB 4437 because it will prevent them from working. "They're just looking for a better life for themselves," said Canales, who is a U.S. citizen but has several relatives who are illegal and work in the United States.

The bill, which recently passed the House, would turn 11 million undocumented workers in the U.S. into criminals. Tancredo said the bill would give the U.S. power to enforce the law.

Protesters Rally For Immigrants' Rights (DMN)

By Karin Shaw Anderson And Dianne Solis

The Dallas Morning News, March 26, 2006

Latino protesters criticize current policies, ask for better treatment

Sitting next to bronze statues of cattle in Dallas' Pioneer Plaza, 12-year-old Cesar Hernandez talked about the struggles his family has endured while making a life in the U.S.

His mother returned to Mexico last year to get treatment for her diabetes, something she could not find here because of her immigrant status.

MARIA OLIVAS / Special to Al Dia Demonstrators gathered in front of Dallas' City Hall on Saturday afternoon to protest immigration proposals.

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Cesar attended a rally Saturday near City Hall with two of his aunts and two cousins to push for immigrant rights and to protest recent proposals to keep more people from entering the country illegally.

"We need papers and passports," he said, translating for the aunt who now cares for him in Dallas. "We came here to earn respect. We need a better life."

About 1,500 protesters attended the rally, one of several in cities across the country.

Baltazar Ortega pressed his face to a Mexican flag someone handed him before the rally started.

"I love my flag," he said. "It's a source of pride for me. It's my first time holding a flag in my hands."

Dozens of flags from many Latin American countries fluttered in the wind as speakers took the stage.

Mr. Ortega came to the gathering with his friends Hugo Ortega and Juan Carlos Martinez to show their contributions to the American workforce.

"I'm a truck driver," Mr. Martinez said, hugging his daughter. "But a lot of people think that if you are an illegal, you're a criminal."

After a recording of his song "Mexican Revolution" was played at the rally, rapper Jorge Ruiz said that Latino immigrants like his parents helped build Dallas.

"We construct your schools. We cook your food," he said. "We are the motor of this nation, but people don't see us.

"Blacks and whites, they had their revolution. They had their Martin Luther King. Now it is time for us."

Diana Flores, a Mexican-American and a trustee with the Dallas County Community College District, roused the crowd.

"People don't sleep anymore. People don't sleep anymore," she said in Spanish. "When we don't get involved, when we don't participate ... they treat us as though as we are the worst element of this city.

"You are not alone," she said. "We are here to demand [legal] residency. We cannot stop. We will achieve justice."

Francisco Rojas, a member of Grupo Jalisco, said he could see changes stirring.

"We are right now doing our first step," he said in Spanish. "It's like an animal that's waking from many years of sleep. We are very strong, and right now is our opportunity to be important through our words and our ideas."

About 200 Demonstrate In Waukesha Against Immigration Bill (MJS)

By Larry Sandler

Milwaukee Journal Sentinel, March 26, 2006

Waukesha - Some 200 protesters rallied Saturday against U.S. Rep. Jim Sensenbrenner's bill to levy criminal penalties against illegal immigrants and those who aid them.

But as the demonstrators chanted outside Waukesha State Bank in Spanish and English, the Menomonee Falls Republican held firm to his position in a feisty debate with constituents inside.

"We're here protesting everything he stands for," Barney Gonzales of Waukesha told the largely Latino crowd gathered in the bank's parking lot.

Sensenbrenner's bill represents "discrimination and oppression" against "people who came here for a better life," added Deborah Luna of Waukesha.

But Sensenbrenner said he was concerned about businesses that see illegal immigrants as cheap labor and "coyotes" who smuggle people across the U.S.-Mexican border for drug trafficking and prostitution. He said U.S. schools and social services would be overtaxed if projections hold true that the number of illegal immigrants eventually will grow from 11 million to 30 million.

"Unless we do something about illegal immigration, we're consigning illegal immigrants to be a permanent underclass, and I don't think that's moral," Sensenbrenner told about 50 people at his town hall meeting at the bank.

Sensenbrenner's bill, which has been approved by the House, also would build a wall along the border and get tough on businesses that hire illegal immigrants. The legislation has stirred controversy nationwide, drawing 100,000 people to a rally in Chicago this month and at least 10,000 to a march Thursday in Milwaukee.

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By contrast, Gonzales conceded, Saturday's demonstration was a "small-scale protest." Demonstrators started gathering well before the meeting started and kept chanting slogans and waving signs after it ended, even as they were pelted by freezing rain.

Chants of "¡Viva La Raza!" (Long live the Hispanic people), "Sí, se puede" (Yes, we can) and "Latinos unidos" (Latinos united) echoed throughout downtown Waukesha. Protesters held up U.S. flags and signs that read: "We're not a threat. We love America, too," and "America was built on immigration."

Inside, questions about immigration policy dominated the meeting. Sensenbrenner's critics were led by Stewards of Prophetic, Hopeful, Intentional Action, or SOPHIA, a coalition of Waukesha County churches.

Mark Doremus, the coalition's president, urged Sensenbrenner to "temper justice with mercy." Doremus noted that churches often help immigrants and added, "To tell us that someone who reaches out in Christian love to another will be a felon is very disturbing."

Sensenbrenner, the House Judiciary Committee chairman, said he had tried to amend his bill to change the crime from a felony to a misdemeanor but Democrats helped vote down that move. Many of the votes cast against that amendment were aimed at defeating the bill altogether.

Bishop Paul Stumme-Diers, leader of the Greater Milwaukee Synod of the Evangelical Lutheran Church in America, said he hoped Congress would adopt legislation less like Sensenbrenner's and more like a competing measure sponsored by Sens. John McCain (R-Ariz.) and Edward Kennedy (D-Mass.). The McCain-Kennedy bill would provide a way for illegal immigrants already in this country to win legal status.

Sensenbrenner called the McCain-Kennedy legislation "an amnesty bill." He said he could not accept amnesty for illegal immigrants because it would give them precedence over those who were following the long process to immigrate and win citizenship legally.

Ralph Onsager of Brookfield lashed out at Sensenbrenner's Christian critics, claiming the Bible said they should follow the law.

"Just like Jesus?" the crowd jeered, recalling how Jesus had resisted the Roman authorities.

The Senate will open debate Tuesday on immigration reform. Sen. Arlen Specter (R-Pa.), chairman of the Senate Judiciary Committee, is seeking to forge a compromise between the Sensenbrenner and McCain-Kennedy bills.

Sensenbrenner said he could not predict how the Senate would act but noted he would sit on the conference committee that shapes the final deal.

Leading Charge, Taking The Fire (MJS)

By Graig Gilbert and daniel Reilly

Milwaukee Journal Sentinel, March 26, 2006

Chairman's bill rallies his foes on immigration

Washington - As chairman of the House Judiciary Committee, Jim Sensenbrenner is a pivotal figure in the fight over immigration.

But lately he has become more than that.

With the issue boiling over politically, Sensenbrenner and the get-tough immigration bill he sponsored have turned into bitter rallying cries for an increasingly vocal opposition, especially among Hispanics, fueling protests such as the one that drew more than 10,000 people Thursday in Milwaukee.

About 200 protesters confronted Sensenbrenner at a town meeting Saturday in Waukesha.

To those mobilizing against his bill, the 62-year-old congressman has attained a kind of infamy.

"Chairman Sensenbrenner is becoming a household word in the Latino community," said Cecilia Muñoz of the National Council of La Raza, a leading Hispanic group.

"We want to thank Congressman Sensenbrenner, because he has brought us all together," said Luis Pelayo, a Chicago activist and the president of the Hispanic Council, a small non-profit in Bensenville, Ill. "We have never had a leader so powerful that has united our community like him."

One sign at last week's Milwaukee protest read "Deportemos Sensenbrenner" - "Let's Deport Sensenbrenner."

A Latino group in Chicago briefly boycotted Miller Brewing Co. because it's a Wisconsin company that gave money to the lawmaker's re-election campaign.

"People who know very little about bills and Congress do know who Congressman Sensenbrenner is. He's become shorthand for the anti-immigrant movement," said Deepak Barghava, a Washington anti-poverty activist fighting the Sensenbrenner bill. "In church basements and town meetings, the name Sensenbrenner gets an incredible reaction."

Denies he's anti-immigration

In an interview last week, Sensenbrenner said the reaction he and his House-approved legislation have inspired "comes as no surprise to me."

"Let me say this shows how tremendously difficult it is do anything to fix our broken immigration system," Sensenbrenner said. "I've never been one that shied away from controversy. What I'm doing is the right thing. We've got to get control of our borders."

He rejects the notion that he is anti-immigration, and his high profile on the issue is a relatively recent thing. In fact, he calls Colorado Rep. Tom Tancredo, an outspoken Republican crusader against immigration, a "zealot."

But last year, Sensenbrenner got a law enacted that was aimed at barring illegal immigrants from getting driver's licenses. And in December, he left his stamp on the broader immigration debate. The powerful committee chairman sponsored and won passage of an immigration bill that would build a long wall on the Mexican border, beef up enforcement against hiring undocumented workers, criminalize illegal presence in the United States and expand the laws against aiding illegal immigrants.

A compromise

Sensenbrenner says his bill is what the public wants and was the only approach that could win approval from a deeply divided GOP majority.

"The Republicans are not like the Rockettes on the issue of immigration," he said.

Focused on security and enforcement, his measure steered clear of the most divisive questions: whether to let in more foreigners as temporary workers and whether to give the estimated 11 million to 12 million illegal immigrants already in the U.S. a way to earn legal status.

The bill was hailed by those who want to restrict immigration, a goal shared by many Americans, particularly in the GOP's conservative base. But it has pitted Sensenbrenner against a broad set of political forces: not just Hispanic groups and congressional Democrats, but President Bush, the business lobby, the Roman Catholic Church and others who favor a more liberal immigration policy.

With the Senate debate coming to a head over the next few weeks, opponents of the Sensenbrenner bill are massing against it, with protests and vigils and demonstrations around the country. A rally in Chicago this month drew an estimated 100,000 people and was followed by nationwide events, including Saturday in Los Angeles, where more than 100,000 marched. Organizers plan events in Milwaukee and at least nine other cities April 10.

At a news conference here last week, activists opposing the bill called it "ugly," "evil" and "un-American." They said it was punitive and failed to give undocumented workers a path "out of the shadows." They also argued that it would backfire politically on the GOP by alienating the nation's growing Hispanic population, a concern shared by some Republican strategists.

Talk of repercussions

The refrain from the bill's opponents is that Sensenbrenner has roused a "sleeping giant" in America's immigrant population.

"He is (now) famous as a guy who put forward a bill that criminalizes 11 million people and criminalizes people who are engaged in charity," said Muñoz, of La Raza. "I have worked in Washington for almost 20 years, and that is not the kind of guy the chairman is. But I think he and the Republican leadership are making a very grave mistake with this bill. And that mistake will have repercussions for their priorities for years to come."

"The Sensenbrenner bill has proven to be one of the great mobilizing forces for the pro (immigration) reform alliance in this country," said Frank Sharry, executive director of the National Immigration Forum, an immigrant's rights organization based in Washington.

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"Growers, restaurant owners, nursing home operators, unions, immigrant communities, the Catholic Church are coming out against this bill. . . . This has proven to be a match on a fire," he said.

Cardinal Roger Mahony of Los Angeles has urged priests there to ignore the bill if its provisions against aiding illegal immigrants become law.

Sen. Hillary Rodham Clinton (D-N.Y.) joined in last week, saying Sensenbrenner's bill "would literally criminalize the good Samaritan - and probably even Jesus himself."

Moral element is argued

Sensenbrenner says his bill is not aimed at criminalizing good Samaritans coming to the aid of undocumented immigrants but at so-called coyotes who smuggle people across the border.

And he defends the idea of making illegal presence a crime. It is now a civil violation.

"The way to come to the United States is to obey the law. And illegal immigrants are violating the law," he said.

Sensenbrenner argues that "the best way to help illegal aliens is to stop illegal immigration," which he says creates an exploited underclass.

"Those who hire large numbers of illegal aliens are the 21st-century slave masters. And in my opinion, that's just as immoral as the 19th-century slave masters we had to fight a civil war to get rid of," said Sensenbrenner, who wants the legal status of workers to be verified before they're hired.

He says cracking down on illegal immigration is a "national security issue."

As for the politics, the Menomonee Falls Republican accused "zealots" on both sides of polarizing the discussion.

"It's much harder as a result of the shrillness of the debate," said Sensenbrenner, who accuses the Mexican government of engaging in a public relations campaign against the bill "that's aimed greatly at me."

One activist on Sensenbrenner's side of the debate, Mark Krikorian of the Center for Immigration Studies, said he thought the congressman's critics were making a tactical mistake by excoriating him.

"I'm not really sure these protests against him and personalizing him as the locus of evil is going to do the other side any good," Krikorian said. "As far as I can tell, he's not the sort of guy that's going to take very well to that kind of thing."

The Senate Judiciary Committee will attempt to agree on a bill Monday that includes guest workers and could provide a way for illegal immigrants to become legal residents. But Senate Majority Leader Bill Frist has offered a bill much more like Sensenbrenner's.

Anything passed by the Senate would become the subject of negotiations with the House, and Sensenbrenner will play a key role in that process. He says one of his bottom lines is no "amnesty" for illegal immigrants. By that, Sensenbrenner means that illegal immigrants should have to return to their country of origin before they can be considered for legal residence in the U.S., an idea that his critics say is unworkable.

The lawmaker said last week that he doesn't know if Congress can agree on a new immigration law.

"I have said repeatedly this is the most difficult thing I have done in my public career," Sensenbrenner said.

And one that, one way or another, might shape his political legacy.

Miscue Enables 15 Illegals To Go Free (WT)

By Valerie Richardson

The Washington Times, March 26, 2006

DENVER -- When a Colorado state trooper pulled over a van crammed with 15 illegal aliens headed for Iowa City, it looked like their plans to visit the Hawkeye State had come to a screeching halt.

Instead, Trooper John Lopez released the van and its occupants after an Immigration and Customs Enforcement (ICE) agent told the Colorado State Patrol that he didn't have the staff to detain the admitted illegal aliens.

Immigration officials now say that the decision Thursday to let them go was based on a miscommunication about the van's location. Even so, the release has fueled frustration over what critics see as the federal agency's inability to handle the unabated flow of undocumented workers.

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"What I've picked up on is that ICE seems to be understaffed, underfunded and doesn't seem to be able to handle the magnitude of the problem we have here in Colorado," said Fred Elbel, co-director of Defend Colorado Now, which plans to place a measure on the November ballot aimed at discouraging illegal immigration.

"Local police have told me on numerous occasions that they're reluctant to call ICE, because often ICE can't do anything," Mr. Elbel said.

ICE regional spokesman Carl Rusnok said the agency is "reviewing what happened and wants to correct this," but he defended its overall record of handling calls from local authorities.

Immigration officials have had their hands full as illegal aliens pour into the country for the spring planting season: On Monday and Tuesday, 113 illegal aliens were picked up on Colorado highways after their vehicles rolled over or skidded off the highway during a snowstorm. The Justice Prisoner Alien Transportation System is in the process of returning them to Mexico, Mr. Rusnok said.

"I'm not saying that it never happens, that we always respond to these calls, but look what happened on Tuesday," he said. "We had all these rollovers, and we responded to each of those and took custody of all illegal aliens in a timely manner."

On Thursday, the state patrol contacted the ICE office in Brush, Colo., when Trooper Lopez discovered the 15 illegal aliens after a traffic stop. Their 2000 Chevy Astro was traveling on Interstate 76 about six miles east of Sterling in northeast Colorado.

But the ICE agent thought the trooper said Interstate 70, more than 100 miles away in Denver, Mr. Rusnok said.

"The agent thought they said I-70, and it would have been a manpower problem. He didn't have the guys to drive all the way over there," Mr. Rusnok said. "What he should have said was, 'You know, I don't have the manpower for this right now, why don't you call the Denver office.' "

Mr. Rusnok added that he didn't know exactly what the agent told the state patrol.

"I don't know if he told them to let them go, or he didn't have enough manpower, but it's essentially the same thing," he said.

Colorado State Patrol Master Trooper Ron Watkins attributed the miscommunication to ICE. "There's no way our trooper is going to say I-70 when he's on the I-76," he said.

After the agent said he couldn't send officers to the scene, the state patrol could do nothing more.

"[Trooper Lopez] told them where he was at, and they said they couldn't respond. We don't have the jurisdiction or authority to arrest them. That's Immigration's job," Trooper Watkins said, referring to ICE.

The state patrol encounters about 500 illegal aliens each week on Colorado highways, but ICE agents don't always respond, he said.

"They don't always handle it," Trooper Watkins said. "It's an overwhelming number. It not only ties up ICE; it ties up us, too."

The state legislature took on the issue Monday when the Senate Judiciary Committee approved 6-0 two bills to crack down on human smuggling and trafficking. The legislation, introduced by state Sen. Peter Groff, would make such crimes felonies.

Customs Agent Let Drugs Slip Through (HC)

By James Pinkerton

Houston Chronicle, March 26, 2006

Case is example of border official lured to 'dark side' by easy money

PROGRESO - With surveillance cameras secretly rolling, U.S. Customs Inspector Lizandro Martinez greeted the driver of a truck that pulled into his inspection lane at 5:30 a.m.

The driver, a pal from the inspector's days as a police officer more than a decade earlier, told Martinez that the cargo he'd been expecting was right behind his truck. And sure enough, a white Ford pickup appeared. It carried 1,635 pounds of marijuana, packed and ready for the streets of America.

But Martinez didn't stop it, didn't inspect it, didn't call out the dogs. He just waved it through on that lonely morning, FBI agents say. And for that, agents say, drug traffickers paid him $10,000.

Three years later, Martinez, 44, is behind bars, suspected of taking more than $1 million in bribes while waving through more than 50 tons of drugs — more than his law-abiding colleagues seized at eight South Texas ports of entry in an entire year.

As Martinez awaits sentencing, set for April 26, authorities are trying to figure out what happened, how an agent on the front lines of the so-called "drug war" went so terribly bad. And what's emerging, some former law enforcement officials say, is a troubling picture, a striking example of how Customs failed to prevent flagrant corruption on the Texas-Mexico border.

Neither Martinez, in custody since his arrest on Nov. 7, 2004, nor his lawyer, Charles Banker, could be reached for comment.

In October, court records show, Martinez pleaded guilty to charges of money laundering and conspiracy to import more than 1,000 kilos of marijuana. He faces as much as life in prison and a $4 million fine.

What's most disturbing about his case, some law enforcement officials say, is that U.S. Customs and Border Protection kept Martinez on its payroll even as complaints against him mounted during his 13-year tenure.

Customs internal affairs officers investigated Martinez 15 times, resulting in letters of caution, oral and written reprimands, mandatory counseling, three short suspensions and two attempts to fire him permanently, according to testimony at a Feb. 22, 2005, court hearing.

Customs officials declined to talk about why Martinez wasn't taken off the streets sooner. "We don't comment on specific cases," said Lynn Holinger, a CBP spokeswoman in Washington.

Martinez kept his job on one occasion, thanks to the Washington, D.C.-based National Treasury Employees Union.

Union officials said they only tried to ensure that Martinez was treated fairly.

"The role of NTEU or any union is to ensure that employees accused of misconduct are fairly represented in proceedings with the agency," union president Colleen M. Kelley said in a statement.

Cash purchases

According to court records, the FBI and Immigration and Customs Enforcement learned that Martinez was allegedly taking drug bribes in August 2003. The agencies — along with the IRS and the Texas Department of Public Safety — began investigating him as part of what they called Operation Dark Shadows.

Investigators found that Martinez and his wife, Sandra, who was not charged in the case, appeared to be living far beyond their means. He earned $55,664 a year and she did not report an income. Yet in 2003, agents said, the couple made more than $400,000 in cash purchases. They bought such items as diamond rings and a diamond-studded Rolex watch. They purchased a $240,000 used car dealership in downtown McAllen and 10 classic, big-engine "muscle cars" worth $76,800, according to government documents.

They also made cash payments toward a $529,963 home in McAllen. The luxurious house featured a swimming pool, elaborate stained-glass windows, balconies, a basement movie theater and two free-standing garages. Each room was equipped with a television.

All despite the fact that Martinez and his wife had gone through bankruptcy proceedings in 2000 and had claimed assets of only $7,850, court records show.

Martinez began working at Customs in September 1991. He had been a police officer in the South Texas town of Hidalgo in 1984 and 1985. While there, he met Roberto Dominguez, an officer since 1979. But Dominguez was fired in 1996 after an alleged off-duty shoplifting incident in McAllen, said his lawyer, Al Alvarez.

Sometime later, federal agents say, Dominguez began working with traffickers. They allege he escorted trucks carrying drug loads and tipped off Martinez when they were about to cross the border.

In November 2004, Dominguez was indicted along with Martinez and six others. Now in custody, Dominguez has pleaded guilty to drug charges and awaits sentencing.

During their investigation, agents filmed Martinez as he waved drug-laden trucks through his lane at Progreso. The trucks' cargo beds were covered with tarps and "filled to the top with marijuana ... sometimes you could see it protruding," FBI agent Marella Ruelas testified.

To avoid letting the smugglers know that Martinez was being watched, agents allowed the drug loads to pass through Progreso. But they arranged for state troopers or police to stop the vehicles later and seize the drugs as part of what would appear to be unrelated traffic stops, Ruelas said.

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The federal indictment formally charged Martinez with allowing eight loads of marijuana totalling 9,530 pounds to cross at Progreso. Court records show he was accused but not charged in connection with another four loads weighing 3,945 pounds, meaning he was linked to a total of 13,475 pounds of illicit cargo.

But investigators in the case suspect that Martinez actually waved through much more contraband — more than 100,000 pounds of drugs, according to an estimate by an investigator familiar with the case.

That would be more narcotics than was confiscated at eight ports of entry stretching from Brownsville to Del Rio in fiscal 2005, ending Sept. 30. During that period, inspectors seized 79,633 pounds — or 39.8 tons — of marijuana and 10,600 pounds — or 5.3 tons — of cocaine from cars and trucks, federal statistics show.

Investigators say their estimates of what Martinez allowed to cross are based on interviews with drivers accused of bringing loads across the bridge. They calculate he let through at least 100 loads.

Smugglers were so confident, sometimes they crossed the bridge in the inspector's lane twice a day, agents say.

The smuggling operation fell apart after one participant and an informant began talking to authorities, Alvarez said.

"All these cases end up the same way," said Alvarez. "There is no honor among thieves, as they say."

Disciplinary problemsWhat surprised some law enforcement officers was that Martinez wasn't caught sooner.

His history of disciplinary problems came to light at the Feb. 22, 2005, McAllen court hearing in which his lawyer was appealing a district court decision to hold him and Dominguez without bail.

According to testimony at the hearing:

Customs suspended Martinez for 30 days in August 1993 for allegedly threatening to cut off the penis of a man he suspected of having an affair with his wife. That punishment was reduced to 14 days after union arbitration.

In May 1997, according to testimony, Customs fired Martinez after internal affairs officers investigated allegations that he had been spotted at a party attended by Mexican drug traffickers, made threatening calls to the home where his ex-wife lived and used a government vehicle to run personal errands.

But the union got Martinez reinstated, with back pay, in April 1998.

"We defended Mr. Martinez on a charge of misuse of a government vehicle, not a drug-related charge," Kelley said in her statement. "Whatever he may have been suspected of then or now had no bearing on that case, and he was reinstated by a neutral third party.

"In our society, everyone is entitled to a defense and that is what we provided Mr. Martinez in the case involving the government vehicle. Any attack on our role in that matter is fundamentally an attack on the right of every American to have adequate representation when accused of an offense."

Given last chance

Customs later tried firing Martinez again, accusing the inspector of being absent without leave, improperly copying Customs entry documents and allegedly forcing a teenage girl to partially disrobe even though female inspectors were available, a violation of search guidelines.

But after union arbitration, his proposed dismissal was reduced to a 30-day suspension in March 2001 and he was transferred to Progreso under a "last chance" agreement.

Customs officials say that only a tiny minority of border agents is ever accused of drug corruption.

"But is one too many? Darn tooting, and it's a sad thing," said David Higgerson, acting director of field operations at the CBP's regional office in Laredo.

"We are always concerned with these cases," Higgerson said. "We have an ongoing program with our managers to spot these things before it gets too bad. We have ways of ferreting out people who go over to the dark side. And it's sad. These are people who have taken an oath."

Bill Spurs Brief Boycott Of Miller Brewing (MJS)

By daniel Reilly

Milwaukee Journal Sentinel, March 26, 2006

Chicago group targeted company because of Sensenbrenner donation

Washington - Opposition to Rep. Jim Sensenbrenner's immigration bill led one Chicago group to launch a boycott of Miller Brewing Co. this month because Miller is a Wisconsin company that has made contributions to the GOP lawmaker.

The brief boycott was called off after the two sides met in Chicago and the brewery agreed to run newspaper ads denouncing the bill and to help the group lobby in Washington against the measure.

Miller says it had decided before meeting with the group to oppose the legislation.

On March 10, at a massive pro-immigration rally in Chicago, the Chicago Committee Against HR 4437, an umbrella group composed of Latino community organizations from across the Midwest, announced the boycott.

"The primary reason we targeted Miller was that they had donated money to Sensenbrenner's campaign," said Omar Lopez, a member of the committee and one of the organizers of the boycott. "And since Miller does a lot of business in the Mexican community, we felt they needed to get in sync with the (sentiments) of one of their biggest audiences."

$2,000 donation

The Miller Brewing political action committee made $2,000 in political contributions to Sensenbrenner in the 2004 election cycle, according to Federal Election Commission records.

The boycott ended after one week. Miller took out a full-page ad in the Spanish-language newspaper Hoy in Chicago and agreed to help arrange meetings on behalf of the group.

However, the boycott did not determine Miller's position on Sensenbrenner's bill as "the decision to oppose it. . . and vocally demonstrate our opposition to the bill had already been made," according to Pete Marino, acting corporate media relations director at Miller.

According to Lopez, Miller also agreed to take out similar full-page ads in The New York Times and The Washington Post. But Marino would not confirm that, stating that the company had agreed to place ads in English-language media, but "the exact locations of those ads are still being determined."

Support in the future?

Although Miller has expressed its displeasure over the legislation, it is unclear whether that will affect the company's future support of Sensenbrenner.

"Certainly, we will consider Representative Sensenbrenner's sponsorship of this bill in terms of future support. However, we do not support or oppose any candidate based on any one single issue," Marino said.

Lopez said that the Chicago committee was evaluating other companies that support Sensenbrenner and would not rule out the possibility of other boycotts.

'Guest Workers' Won't Work (WP)

By Tamar Jacoby

The Washington Post, March 26, 2006

A Path to Permanent Citizenship Would Benefit Everyone

The conventional wisdom is all but unanimous, so much so that even those who hold the opposing view pay homage to it. Sure, some people dispute even the notion that we need foreign workers to keep the U.S. economy growing. But among those who recognize the necessity of a continued flow of immigrants to do dirty, unskilled jobs that educated Americans increasingly no longer want to do, the mantra goes unquestioned: What's needed is a guest worker program to deliver this labor in a timely, efficient way.

But the conventional wisdom is wrong, and as the Senate debates immigration in the weeks to come, members would do well to reexamine the assumption. The last thing the United States needs is an inflexible guest worker plan.

It isn't hard to understand where the idea came from or why it's popular in Washington. Policymakers from George W. Bush to Sens. John McCain, John Cornyn and Edward Kennedy grasp that the main problem with our immigration system is the lack of visas for foreign workers. International supply and demand -- demand created by U.S. labor needs -- generate a flow of roughly 1.5 million immigrants a year. But our annual immigration quotas accommodate less than two-thirds of that number, producing an annual spillover of about a half-million illegal workers that erodes the rule of law and undermines our security.

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The logical remedy: to provide these additional workers with visas and allow them to enter the country in a lawful, dignified way. The only problem: Policymakers are afraid the public would reject such a large increase in permanent immigration. So even those who have been most courageous in promoting reform talk instead about temporary visas. Bush and Cornyn would require foreigners to go home at the end of their work stints. McCain and Kennedy would allow some workers to stay permanently, but they, too, call their proposal a temporary worker program, and many of those who support their package -- including myself -- have gone along in adopting the term.

The problem with the guest worker idea starts with practicality: Appealing as it sounds to some, a time-limited program will not work. The adage is true: There is nothing more permanent than a temporary worker. Many of those who come to the United States for short stints will want to stay on when their visas expire, perpetuating the underground economy that the program is supposed to eliminate.

This isn't just speculation -- look at the reality today. True enough, many young foreign workers initially come to the United States for what they think will be a short visit, and many do go home after a few years. But unlike past such workers, an increasing number are now staying on. This is partly a result of U.S. policy: Our efforts to fortify the border have made it harder for people to travel back and forth. But other, deeper forces are at work. The traditional flow of migrant farmworkers -- truly seasonal laborers, usually single men -- is giving way to a more diverse stream: both men and women, often with families, less rooted at home and more open to the lure of life in America.

Meanwhile, growing immigrant communities have made settling here a more attractive choice. Of some 11 million illegal immigrants in the United States, only 2.4 million are single men, while nearly half are couples and many have children. Legal migrants are even more rooted.

The bottom line: It won't help to bring our quotas more into line with the size of the immigrant flow if we don't also craft a policy in keeping with the way these workers behave -- and today that means accepting the reality that many will want to settle permanently in the United States.

But that's not all. Admitting foreign workers on a strictly temporary basis would also violate American traditions -- our democratic values and our history as a nation of immigrants -- and it would be deeply unpopular with the voting public.

The Manhattan Institute and the National Immigration Forum recently conducted a series of focus groups testing two contrasting options: a guest worker program or a more traditional immigration plan based on the idea of citizenship. The results ran sharply counter to the expectations of policymakers in Washington. Democrats and Republicans alike overwhelmingly preferred the citizenship model for reasons of both principle and practicality. It might make sense initially, these voters said, to admit workers on a provisional basis. It might also make sense to create incentives for the more transient to go home at the end of their work stints. But if they worked hard, put down roots and invested in their communities, wouldn't we want to encourage them to stay? Don't we want immigrants to assimilate? Don't we want to attract the kind of hard-working, committed folks who plan for the future and invest?

The answer is, of course, that we do. This isn't just the American way, it's also the antidote to many of our worst fears about immigration: Sojourners with no stake in the future are going to be much less likely to learn English or buy their own homes or make an effort to move up on the job.

Sure, a citizenship plan looks like a bigger gamble; like the workers, the changes that come with it will be permanent. But surely it would be better to face up to that change and shape it in a way consistent with our values. Rather than a one-size-fits-all guest worker program, we need a system that leaves room for workers to choose, welcoming those who feel they belong and who work their way up and make our country stronger as they do.

Tamar Jacoby is a senior fellow at the Manhattan Institute.

Kiss Me, I'm Illegal (NYT)

By Paul Vitello

The New York Times, March 26, 2006

MURKY self-described patriot groups call them "terrorists." On combative talk radio shows the term is "illegal aliens." Advocates for immigrants prefer the Emma Lazarus-evoking "economic refugees."

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The most common label attached to the estimated 12 million foreign-born people living in the United States without visas may be "illegal immigrants," even though some grammarians argue that the adjective can modify actions and things (like left turns and hallucinogenic drugs) but not people. President Bush, a proponent of offering citizenship to at least some of them, has used the more optimistic and implicitly promising term "undocumented immigrants."

There is an almost magical power in naming things. To give a person, an act or a group its name is to define it, assert a measure of control over how it is perceived. (See Adam, in Genesis 2:20, who "gave names to all cattle, and to the fowl of the air, and to every beast of the field." Also, see the playbooks of most campaign managers.)

Like the battles over civil rights and abortion, the contest over immigration has been joined as much in the naming of things as in the writing of laws. Consider the labyrinth of language in play as Congress grapples with an overhaul of immigration policy, its effort to fix what is widely considered a broken system of deciding how many and which foreigners are allowed to enter, work in or become citizens of the United States.

Tumbling in the air of the debate like so many juggled balls are enough words and catch phrases — some old, some new — to form a peculiar dialect of the national ambivalence: Guest workers. Willing workers. America's security. Permanent temporary residents. Immigrant smuggling syndicate. Earned legalization. Virtual fence. Birthright citizenship abuse (coined by lawmakers who would cancel the citizenship rights of children born here to illegal immigrants). Anchor babies (the term coined for such children). Police state (what Senator Hillary Rodham Clinton of New York says would result if illegal immigration were criminalized). Two-time losers (Justice Antonin Scalia's phrase for illegal immigrants who are deported twice — one such immigrant brought a case heard by the court last week).

George Lakoff, a linguistics professor at the University of California at Berkeley and author of "Don't Think of an Elephant: Know Your Values and Frame the Debate," says the different language used in any public policy debate is ultimately a contest for the public mind. "Metaphors repeated often enough eventually become part of your physical brain," he said. "Use the word 'illegal' often enough, which suggests criminal, which suggests immoral, and you have framed the issue of immigration to a remarkable degree."

Every side, of course, claims that its choice of words is not only correct but a reflection of the literal truth. Those favoring more restrictive laws, for instance, assert that people who violate immigration laws are, de facto, illegal residents.

"Immigration is such an emotional issue at this point that every word is being hotly contested," said Frank Sherry, executive director of the National Immigration Forum, a group based in Washington that advocates a liberalized policy. "You know where people stand pretty much from the language they use," said Mr. Sherry, who uses the term "undocumented immigrants."

A House bill that would stiffen penalties for unauthorized immigration adds yet another term to the list of synonyms for the illegal immigrant: felon. Under that bill, which led to protests in Washington, Chicago and San Francisco a couple of weeks ago, illegal immigrants would be charged with aggravated felony and face five years in prison.

A Senate bill produced yet more terminology — earned legalization — which would apply to illegal immigrants who pay their back taxes and stiff fines, promise to learn English and wait in line. Earned legalization is not to be confused with amnesty, a word in the immigration debate that is a bugaboo to all sides, on the theory that rewarding illegal behavior would only lead to more of it.

The language can be so arcane that even people who track immigration policy might have been hard pressed to follow the conversation on ABC's "This Week" between the host, George Stephanopoulos, and the Senate majority leader, Bill Frist. In one 10-second exchange, Mr. Frist said he was for enforcement, and Mr. Stephanopoulos asked if Mr. Frist was also for guest worker, to which Mr. Frist replied that he was for guest worker but against amnesty.

Enforcement, in the debate, is code for border security. The enforcement-only bill passed by the House focuses exclusively on tightening border security. It authorizes the building of a 700-mile fence, or the deployment of electronic devices and drone aircraft to create a "virtual fence." It does not establish a guest worker program.

The enforcement-plus bills under review in the Senate (there are three, with a fourth pending) tighten border security and create versions of a guest worker program. (In Washington, to be in favor of "enforcement-only" or "enforcement-plus" is to state one's immigration weltanschauung.)

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As for the meaning of "guest worker" in the enforcement-plus universe, it depends. It can signify a long-term foreign worker who might eventually become a citizen. It can also indicate someone who works for two years with no such expectation, and then goes home. It can be a seasonal worker who goes home after every harvest. And in the most restrictive version, it is perhaps a little like the homey status of the political prisoners in Frank O'Connor's short story "Guests of the Nation." The prisoners are treated like friends of the family until one is ordered executed in the national interest.

Ultimately, there may be no neutral language possible in the immigration debate — any more than there is in other emotionally charged human interaction, said Deborah Tannen, a professor of linguistics at Georgetown University and the author of the best-selling "You're Wearing That? Understanding Mothers and Daughters in Conversation." Ms. Tannen claims no special expertise about immigration, but she knows communication. "People cling to words, and use them, as a way of showing whose side they're on, who their people are," she said.

Guillermo Gómez-Peña, a performance artist and writer born in Mexico known for his observations about the cultural life of the border, has coined his own term for the movement of people, legally or illegally, temporarily or permanently, willingly or not, from south of the border to the north. In a recent performance, he mordantly referred to it all as "original sin."

Making Sense Of Immigration (LAT)

The Los Angeles Times, March 26, 2006

THERE ARE TWO SCHOOLS of thought in Washington on immigration reform. The negative one bemoans the fact that, after George Bush pushed the issue early on in his presidency, populist scare-politics have hijacked the effort, as evidenced by the absurd bill passed in the House of Representatives in December.

The more positive one marvels at the fact that despite this misdirection, there still appears a sliver of a chance for sensible legislation that would address the nation's need for immigrant workers without turning them into criminals.

Reason is still trying to prevail in the Senate, where a compromise bill by Senate Judiciary Committee Chairman Sen. Arlen Specter (R-Pa.) may be considered this week. The Specter proposal, which is still being fleshed out, incorporates much of the White House's thinking on the issue, as well as features from legislation by Sens. John McCain (R-Ariz.) and Edward M. Kennedy (D-Mass.). But it faces long odds, especially in light of the split within the Republican Party on immigration.

The party's own Senate majority leader, Bill Frist (R-Tenn.), is fighting the White House, threatening to advance alternative legislation that apes the House's nonsensical bill, which is all about enforcing border security without adopting any type of guest-worker program. The subtext here is that Frist, as he did in the Terri Schiavo tragedy, is pandering to the far right in preparation for his 2008 presidential bid, though conservative Republicans should know better than to try outlawing the supply of labor while ignoring the demand for it.

The Specter compromise is a practical, fair and sensible approach to immigration, making it very different from the reflexive xenophobia we've come to expect from this session of Congress. It focuses both on tightening border security and creating a program that allows the millions of people already in the country illegally to obtain guest-worker permits.

The bill does not give a free pass to illegal immigrants. Employers would have to demonstrate that U.S. workers wouldn't take the position offered to the guest worker. Once the visa has expired, probably after six years, the workers could apply for U.S. citizenship, but their applications would be processed after those of legal immigrants waiting in line, and they would have to pay hefty fines. Thus, contrary to the accusations of opponents, the law would by no means reward people who came to this country illegally, nor is it unfair to those who played by the rules.

Immigration is among the thorniest of issues for Republicans, with their business-oriented base heavily in favor of a guest-worker program and their social conservative base wanting to build a wall across the border and kick the illegals out. The split is complicated by President Bush's weakness, upcoming congressional elections and the 2008 presidential race.

But the Senate as an institution has an opportunity, and an obligation, to rise above Washington's preelection silly season and pass immigration legislation that reflects the country's real needs, not its baser instincts.

CONGRESS-ADMINISTRATION:

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War May Hurt GOP In Heartland (LAT)

By Maura Reynolds And Johanna Neuman, Times Staff Writers

The Los Angeles Times, March 26, 2006

Democrats hope that souring public opinion will swing parts of the country their way.

SEYMOUR, Ind. — As Liz Larrison cooks up breakfast for customers at her family's diner in a farm town long friendly to the Republican Party, she listens as the regulars sling political opinions as easily as she slings ham steaks.

Increasingly, the talk these days revolves around Iraq, and it is the kind of talk that could spell trouble for the GOP.

"Nobody is against the people fighting the war. I think you'll hear that everywhere," she said. "We're just against it going on and on."

On top of other woes confronting Republicans, the continuing violence in Iraq and President Bush's message last week that the deployment would last several more years has heightened Republicans' concerns about how voters such as Larrison will view the party in the November elections.

In fact, Larrison — who, like many of her customers, considers herself independent but tends to vote for Republicans — says she will vote against her Republican congressman.

Even in the heartland, Democrats suddenly see advantage on an issue that is usually considered a GOP trump card: national security.

Baron Hill, who hopes to unseat the Republican who represents this region of Indiana, said it used to be hard for Democrats to criticize the Iraq war without sounding unpatriotic.

"Not anymore," Hill said in an interview. "I think people are very skeptical now about what is going on over there, and you have more freedom to talk about Iraq."

A Fox News poll this month showed the war in a statistical tie with spending and taxes as voters' top concerns heading into election season. And 50% of respondents to a recent Newsweek poll said they would like to see Democrats take control of Congress; 34% said they would like to see it remain in Republican hands.

It's too soon to conclude whether the political winds will blow against Republicans all the way until election day in November. But with bad news about Iraq beginning to penetrate deep in the heartland, Democrats are hoping that parts of the country that swung Republican in recent years will swing Democratic again.

"All you need is a weak Republican year for Democrats to be competitive in southern Indiana," said political scientist Bill Blomquist of Indiana University-Purdue University Indianapolis. "And this is a weak Republican year."

The equation is true elsewhere as Republicans try to repel Democratic efforts to seize control of the House and Senate this year.

Among Republicans most at risk are those closely allied with Bush and the war effort.

Two years ago in Kentucky, Republican Rep. Anne M. Northup wrapped herself in the American flag, held hands with the president, and defeated a popular Democrat in part by suggesting that his antiwar views would leave America unprotected.

This time, Democratic challenger Andrew Horne — one of more than 50 war veterans running for Congress as Democrats — is betting that public opinion has so soured against the war in Iraq in this horse-country swing district that it's now safe for him to run against Northup's support for the war.

Like many he grew up with, Horne was an independent for most of his voting life.

He registered as a Democrat for the first time in December, when he announced his candidacy.

At the Red Barn, a social hall at the University of Louisville, Horne, a Marine who served in Iraq, spent hours working the crowd last week along with his wife, Stephanie.

"War is not the most important question for this district, but that's what gets me in the door," he said in an interview.

His message — that the Bush administration's handling of the war is symptomatic of a series of leadership failures — seemed to resonate with students.

Sophomore Dennis Chaney said he was a registered Republican and planned to support Horne. Like the candidate, he sees the administration's actions on Iraq as emblematic: "They're corrupt, so they lied about the war," he said.

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Challenging Horne in the May 16 Democratic primary is a better-known candidate: John Yarmuth, a liberal who founded an alternative newspaper in Louisville.

But no one counts out Northup, a fierce competitor and skillful fundraiser who has delivered economic benefits to her district. Despite seeing antiwar protesters on her front lawn in Louisville every Sunday, Northup said, she sensed little change in the mood of constituents.

"Nobody thinks we should just leave," she said of U.S. troops in Iraq. But in a softer moment she demurred: "I'm not saying, 'No matter what it costs.' But I still have hope that it's not only possible, it's likely we'll succeed."

In Indiana, Republican Mike Sodrel unseated a Democrat in 2004 and now represents the state's 9th District, which includes Seymour. Like Northup, Sodrel — a trucking company owner who won by 1,425 votes out of more than 280,000 cast — is struggling to find the right balance between "staying the course" in Iraq and expressing his concern over the ongoing losses.

In travels around his district during a congressional recess last week, Sodrel was asked often about Iraq. Though he supports the president — and stood side-by-side with Bush at a public fundraiser Friday — he emphasized not only progress but also his hopes for withdrawal.

"The goal isn't to have an Iraq that is bomb-free or incident-free before we can leave," Sodrel told students at Shawe Memorial High School in Madison, Ind. "We just have to have a government that is stable enough and a military that is trained enough and a society that is cohesive enough."

A few hours later, speaking at Hanover College in Hanover, Ind., his pitch was more direct: "I would like to see a serious withdrawal as soon as this government is formed."

The tone appeared to work with his audience. Some said it sounded as if Sodrel had changed his position on the war.

But Sodrel said that his support for the president and the war hadn't flagged and that he was not worried about Bush's sagging poll numbers. Sodrel faces a fierce rematch with Hill, who represented the district for three terms in Congress before Sodrel ousted him in 2004.

While in Congress, Hill voted to authorize the invasion of Iraq. He considers his vote — and his story about how he believes he was misled by the administration — to be an advantage with voters, he said.

Hill said he had planned to vote against the war resolution until he was invited to the Pentagon for a top-secret briefing from Defense Secretary Donald H. Rumsfeld. There, Hill said, he was shown intelligence that suggested Iraq had the ability to attack the United States with weapons of mass destruction using unmanned aircraft.

That briefing "was a deliberate misrepresentation," Hill said, and his message to Indiana's independent-minded voters will be that "it's healthy for us to be skeptical."

Similar themes are cropping up in eastern Pennsylvania, where Republican Rep. Jim Gerlach is fighting for reelection in the state's 6th District.

Mindful that the district voted Democratic in the last two presidential elections, local GOP leaders are playing down their candidate's party loyalty and portraying him as a centrist who puts constituent interests ahead of party politics.

"This is going to be one of the interesting case studies nationally of how far he can run away from the president," said Chris Borick, director of the Muhlenberg College Institute of Public Opinion in Allentown, Pa. "One of the things he's going to have to do is make clear … that he is not in lock step with the White House."

In the end, the biggest hurdle for incumbent Republicans across the country might not be their Democratic challengers but voter turnout. Fewer people vote in midterm elections at the best of times.

Former Seymour Mayor Bill Bailey predicted that many Republicans might not bother to vote this year.

"With this Iraq war, every month that goes by, it becomes tougher for Sodrel or any other Republican who rode in on Bush's coattails," Bailey said. "I think you'll see a lot of people stay home."

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Times staff writer Nick Timiraos contributed to this report.

Debating Bush Censure Serves Dueling Purposes Ronald Brownstein (LAT)

By Ronald Brownstein

DOJ_NMG_0021726

The Los Angeles Times, March 26, 2006

Maybe to save money and reduce duplication, MoveOn.org and the Republican National Committee should just hire the same ad agency.

Usually, the RNC and MoveOn, the giant online liberal advocacy group, go at it hammer and tongs. But they have found common cause of a sort. Both are highlighting the resolution by Sen. Russell D. Feingold (D-Wis.) asking the Senate to censure President Bush for authorizing warrantless surveillance by the National Security Agency.

Feingold and his resolution dominated prime real estate on the websites of both MoveOn.org and the RNC. Possibly not since an unknown Bruce Springsteen simultaneously scored the covers of Time and Newsweek three decades ago has any public figure landed such an unlikely twofer.

MoveOn, of course, championed Feingold's idea, and the RNC condemned it. But both want it in the voters' minds as the elections approach.

One group has been conspicuously absent from that consensus: most Democrats in Washington. Their objections to Feingold's gambit are both substantive and political. Although sharing his concern about the legality of the NSA program, some worry about formally sanctioning another president so soon after the Republican Congress impeached Bill Clinton. Others complain that Feingold's resolution diverts the debate from the surveillance program itself to whether it is appropriate to officially rebuke the commander in chief at a time of war (as Republicans like to put it).

It's an understatement to say Feingold's proposal doesn't fit with his party's emerging election strategy. In a narrow sense, many Democrats would rather focus on Iraq than on the NSA surveillance, on which polls show Bush enjoys greater support.

On a broader level, Democratic leaders are drifting toward a midterm message that indicts Bush more on grounds of competence (on issues such as Iraq, Hurricane Katrina and prescription drugs) than ideology. It wasn't a coincidence when three senior Senate Democrats marked the third anniversary of the Iraq war last weekend by employing variations on the phrase "dangerous incompetence" to describe Bush's record there.

Such language is a tip-off that Democrats want Americans to cast their ballots this November looking backward, at the missteps and setbacks that have depressed Bush's approval ratings to anemic levels.

A focus on ideology, by contrast, inherently tilts the election forward: It asks voters to decide which side has a better plan to move ahead. Most Democratic leaders seem leery about that approach.

Not Feingold. He and his allies, such as MoveOn, believe Democrats should present clear, confrontational alternatives to Bush (like censure) that will inspire a large turnout from the party's base. "Our biggest problem is Democrats, all over America, saying: 'Why don't you guys ever stand up?' " Feingold insists.

Eli Pariser, executive director of MoveOn's political action committee, seconds Feingold. Promoting censure, Pariser says, will convince voters that "Democrats are strong and will take principled positions."

Republican strategists, perhaps over-optimistically, welcome such talk. They insist their prospects will improve if Democrats present a sharper alternative this fall. Republicans want voters to see the election more as a choice than a referendum.

That's one reason Republicans are drawing attention to Feingold's censure idea. The Senate Judiciary Committee has scheduled a hearing on it Friday. Almost daily, the RNC issues statements charging that Feingold's resolution is the first step in a Democratic plan to impeach Bush if the party recaptures the House.

Those jabs are designed mostly to energize the Republican base. But they are also likely to be one of many GOP efforts this year to persuade voters that Democrats can't be trusted with power.

The censure debate carries implications for 2008 too. Feingold, who appears likely to seek the Democratic presidential nomination, is positioning himself as the next Howard Dean: the truth-teller willing to confront Bush when a spineless party establishment won't. In that sense, Feingold may welcome opposition to the resolution from his Democratic colleagues (whom he didn't notify before introducing it two weeks ago). The more they oppose him, the more they prove his point.

Feingold's ambitions, and ideals, help explain his call for censure. But the debate also seems the nearly inevitable product of Washington's unending spiral of conflict.

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The resolution wasn't the first punch in this fight. It followed months of frustration among Senate Democrats over the White House's refusal to provide meaningful answers about the NSA program and the unwillingness of most Senate Republicans to demand them.

The Senate Judiciary Committee is exploring the program's legal justification, but shortly before Feingold introduced his proposal, the Senate Intelligence Committee, on a party-line vote, rejected an investigation of the program's operation. The same day, four Senate Republicans introduced legislation to legalize the program with little change.

Feingold said those decisions convinced him that the possibility of serious accountability or change "had been completely shut down." So he rolled his grenade into the tent. With that, Feingold successfully blasted the dispute back into the headlines.

Now, the question is whether everyone involved wants to find solutions — or just escalate further. A showdown over censure promises unnecessary division. But so does the prospect of Republicans imposing a GOP-only solution to the NSA controversy.

The country needs a stable strategy for collecting intelligence on terrorists, and that will come only with a bipartisan consensus on the balance between civil liberties and national security. Whether the Senate endorses, rejects or ignores Feingold's resolution, the job of fashioning such a durable accommodation will still be waiting.

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Ronald Brownstein's column appears every Sunday.

Censure Resolution Could Pay Off For Feingold (GBPG/AP)

By Frederic J. Frommer, Associated Press

Green Bay Press Gazette, March 26, 2006

WASHINGTON — So far, only two Senate Democrats have embraced Sen. Russ Feingold's call for censuring President Bush. But most Democratic voters favor the proposal, a national poll shows, suggesting the move might pay off for Feingold as he ponders a presidential race.

Feingold, a Wisconsin Democrat, insists that his proposal has nothing to do with his own political ambitions. But he does challenge Democrats who argue that it will help energize the Republican base.

"Those Democrats said that within two minutes of my announcing my idea," Feingold said in a telephone interview last week. "I don't see any serious evidence of that."

Feingold's resolution would censure Bush for authorizing a warrantless surveillance program, which the senator contends is illegal. The White House argues that Bush was authorized to do so under his powers as commander in chief. Tom Harkin, D-Iowa, and Barbara Boxer, D-Calif., are the only senators who have co-sponsored the resolution.

A Newsweek poll taken March 16-17 found that 50 percent of those surveyed opposed censure while 42 percent supported it, but among Democrats, 60 percent supported it.

Feingold said his sole purpose was holding Bush accountable, but he argued it was also good politics.

"These Democratic pundits are all scared of the Republican base getting energized, but they're willing to pay the price of not energizing the Democratic base," he said. "It's an overly defensive and meek approach to politics."

Some Democrats have called the proposal a distraction, especially at a time when the Bush administration was on the ropes over Iraq and a since-scuttled port deal.

"It just takes us off discussions we ought to be having in this country on issues that really matter in people's lives," said Rep. Sherrod Brown, a liberal Democrat from Ohio who is running for Senate.

Republicans have been thanking Feingold for what they consider a political fumble.

"This is such a gift," Rush Limbaugh said on his radio show. The National Review came to an identical conclusion. In an online editorial titled, "Feingold's Gift to the GOP," the conservative magazine wrote that Republican National Committee Chairman Ken Mehlman would hug Feingold if given the chance.

During a visit to Wisconsin last week, Mehlman skipped the hug and instead criticized Feingold's proposal. That reinforced an RNC radio buy in the state, in which a narrator says, "Call Russ Feingold and ask him why he's more interested in censuring the president than protecting our freedom."

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The RNC even makes Feingold its poster child, featuring a photo of him on its Web site pointing his finger, next to the words, "Democrats Want To Censure President Bush For Fighting The War on Terror."

Feingold's response, essentially, is bring it on.

"I welcome their attempt to make a campaign issue of the question of whether there will be accountability for the president's breaking the law," he said. "They will remind people every minute that the president thumbed his nose at the law. So I hope they do it. I hope they do it every day. You know why? It will be a flop."

Feingold's analysis is shared by William Kristol, editor of the conservative Weekly Standard, who gave Feingold credit for taking a "principled stand."

"And I honestly believe that, in fact, he's winning this debate right now," Kristol said on "Fox News Sunday." "... Suddenly everyone is talking about warrantless wiretapping."

Still, Republicans argue that the issue will help them in this year's midterm congressional elections.

"The bottom line is that Republicans have worked with President Bush to enact policies that kept America safe during the war on terror," said Brian Nick, a spokesman for the National Republican Senatorial Committee.

For Some Who Solve Puzzle, Medicare Drug Plan Pays Off (NYT)

By Robert Pear

The New York Times, March 26, 2006

TULSA, Okla., March 21 — When Virginia G. Shores went to a pharmacy here to pick up five prescriptions, she thought she heard the pharmacist say she owed $250, but she was wrong. The cost, with her new Medicare prescription drug card, was just $50.

"I was flabbergasted," said Mrs. Shores, whose kitchen counter looks like a medicine chest, full of pills for high blood pressure, heart failure, arthritis, nerve pain and lung disease.

Mrs. Shores, 80, had been buying medicines from a mail-order pharmacy in Winnipeg, Manitoba, but now uses Medicare instead. "I was amazed at the amount of money it saved," Mrs. Shores said. "It was hard to believe."

She is one of Medicare's satisfied customers. They are not vocal, they are not organized, but they say it was worth wading through the confusion and complexity of the new program to enroll.

Treasury Department figures show that Medicare spent a total of $5.1 billion on prescription drug benefits in January and February, the first months of the new program, which is expected to cost more than $675 billion over 10 years. Medicare officials say the program is paying for more than a million prescriptions a day.

One way to assess the program is to talk to people in a place like Tulsa. People here are far removed from the raucous debate in Washington, where Republicans describe the drug benefit as a boon to older Americans and many Democrats call it a disaster.

The experience of those who have enrolled is particularly significant because millions of Medicare beneficiaries face a May 15 deadline for signing up. Current beneficiaries who decide to join after that date will generally have to wait until Nov. 15 and will then pay higher premiums as a penalty for late enrollment.

In Oklahoma, Medicare beneficiaries can choose from 43 prescription drug plans, with premiums ranging from $10.07 to $70.79 a month, different co-payments and very different lists of covered drugs.

Satisfied beneficiaries say they could never have analyzed the options or made a choice without the help of friends and relatives, pharmacists or counselors from groups like LIFE Senior Services, a private nonprofit group, which offers advice at seminars and enrollment clinics in the Tulsa area.

The counselors are adept at using the Medicare Web site to compare drug plans and identify the ones with the lowest overall annual cost for a particular beneficiary. Before selecting a plan, a beneficiary typically must spend an hour with a counselor, but some spend much more time.

For example, Bobby G. Brown, a retired letter carrier, and his wife, Anna, both 71, spent four hours with a LIFE counselor. "It was well worth the time," said Mrs. Brown, who is being treated for congestive heart failure, rheumatoid arthritis, lupus, high cholesterol, depression and other ailments.

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He takes 6 drugs; she takes 18. They enrolled in different plans — WellCare's Signature plan and the basic plan offered by Blue Cross and Blue Shield of Oklahoma — and their combined drug costs will plunge to $4,900 or less a year, from more than $25,000.

Mrs. Brown, 71, had been relying on free samples from doctors for some expensive medications, but she found it demeaning to ask for them. "You get the feeling you're a beggar," she said.

The satisfaction of some beneficiaries stands in contrast to the frustration of many others, who were overcharged or unable to get essential medicines in the first chaotic weeks of the program.

"People who are satisfied are the quieter voices," said Leslie A. Dick, executive director of the Burgundy Place retirement community in Tulsa.

Many beneficiaries say they are grateful to local insurance counselors, rather than to Medicare, the government or politicians.

"We had a whole lot better deal before the government started messing with it," said Francis A. Murphy, 79, a retired airline mechanic who is losing drug benefits from a former employer. He said he did not expect to see any savings under Medicare. Beneficiaries are anxious about their choices for good reason. Their out-of-pocket costs under different plans can vary by hundreds or thousands of dollars a year.

Jack L. Coffey, associate dean of the University of Oklahoma College of Pharmacy, owns four drugstores. "In a majority of cases, I have seen some reduction in costs to the patient," Mr. Coffey said. "But for some people, their medications will cost them more."

People may pay more if they already had good coverage, from Medicaid or private insurance, or if they select a Medicare drug plan that does not cover the drugs they need.

Even those who save money may complain because the new program is "much too complicated for a lot of people to understand," Mr. Coffey said.

Todd E. Pendergraft, owner of a Medicine Shoppe pharmacy in Broken Arrow, Okla., outside Tulsa, said the new drug coverage was "significantly beneficial" to one-third of his 750 Medicare patients, "marginally beneficial" to half the patients and "no benefit at all" to the remainder.

People satisfied with the new drug benefit appear to share these characteristics:

They did not sign up for one plan and then switch to another.

They did not rely on advertising or their own instincts, but got help from Medicare experts, insurance counselors or computer-savvy friends and relatives, who used the automated "plan finder" at the medicare.gov Web site.

They are not on Medicaid, the federal-state program for the poor. People eligible for both Medicaid and Medicare had comprehensive drug coverage under Medicaid, but lost it on Jan. 1 and were assigned at random to private Medicare drug plans. The Medicare plans may charge slightly higher co-payments and often cover fewer drugs.

In addition, Medicare beneficiaries are more likely to appreciate the new benefit if they live in places like Oklahoma that did not have generous state-financed programs to help them with their drug costs. Drug benefits have been available for years to low-income people through state programs in Maine, New Jersey, New York and Pennsylvania, among other states.

Dr. M. Jean Root, a geriatrician in Tulsa with several hundred Medicare patients, said: "About half of my patients say they like the new benefit and are saving money. The people most likely to benefit have enough education and perseverance to navigate the system, which is extremely convoluted and complex. Or they have friends and relatives to help them."

But Dr. Root said, "The other half of my patients, including those with dementia and terminal illnesses, don't have the energy, the interest or the mental capacity to work through the system."

Counselors are reaching a small fraction of all beneficiaries. Carol H. Carter, a spokeswoman for LIFE Senior Services, said: "Many beneficiaries are terrified of making the wrong decision and overwhelmed by having so many choices. The only reliable way to compare plans is on the Medicare Web site, and that in itself is scary to some seniors."

Beneficiaries could face new problems in coming months. Insurers can impose stricter limits on access to certain drugs after March 31, when a 90-day transition period ends. In addition, some beneficiaries will have to pay more at the pharmacy

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counter, because most drug plans have a gap in coverage after a person's total drug costs reach $2,250. The gap lasts until the beneficiary incurs total drug costs of $5,100. Beyond that point, Medicare pays about 95 percent of the cost of each prescription.

Still, counselors say, many beneficiaries will come out ahead if they enroll.

Those who have signed up say the total cost of all their drugs under Medicare is often less than the amount they were paying for just one prescription in the past.

Mary N. Hooser, 89, of Sapulpa, Okla., takes eight medications for heart disease, ulcers, depression and early signs of Alzheimer's disease. Her children had been chipping in to cover the cost, $476 a month, including $155 for the Alzheimer's drug. Under Medicare, the cost for all her drugs is less than $100 a month.

"This is a tremendous help to my mother and me," said Mrs. Hooser's 73-year-old daughter, Mary L. Ward.

Charlene G. Bandurski, who had polio as a young child, was not enthusiastic about the prospect of signing up for the Medicare drug benefit. Indeed, she said: "I looked forward to it with dread. We had heard that it was a mess, and so confusing."

But since signing up in December, Ms. Bandurski said, she has been pleasantly surprised. "For a medicine that cost $120, we now pay $20," she said. "At first, you don't believe it. It's almost like it's too good to be true."

Dems Lambast Prescription Drug Benefit (AP)

AP, March 26, 2006

Seniors need another six months to sign up for the Medicare prescription drug benefit, a Democratic congressman who's also a pharmacist said Saturday.

Rep. Marion Berry (news, bio, voting record) of Arkansas also said the government needs to think long and hard about meaningful Medicare reform.

Berry said people eligible for the prescription benefit are confused by the various offerings, and some are even paying more for medicine now than they were before they joined the program.

"We need to extend the sign-up period by six months to give seniors more time to make sense of this benefit, and we need to eliminate the Bush administration's prescription drug tax," Berry said in the Democrats' weekly radio address.

May 15 is the deadline for enrolling in the new Medicare drug benefit plan, which was enacted by Congress in 2003. People who sign up later probably will have to pay higher premiums.

Seniors complain they're confused by the myriad of private options offered in the prescription drug program. Many poor people ran into problems when they were switched over from their drug benefits within Medicaid, the health insurance program for the poor, to the Medicare drug benefit.

And many pharmacists are struggling because they haven't been paid for drugs administered by the program, Berry said.

"I will never forget one conversation I had with a pharmacist from DeWitt, Ark., who had given away $60,000 in free medications in just one week because he knew his customers might die if they did not receive their refill that day. Medicare Part D is the FEMA of health care," Berry said.

Medicare could bargain for lower drug prices to save money for the government and for the elderly, he said.

"Every American deserves the best health care we can provide. We do not have to accept a failed benefit and we do not have to tolerate a culture of corruption or leaders who are afraid to admit their mistakes. Democrats have the answer, and under a Democratic Congress, we will give seniors the prescription drug benefit they were promised years ago. Together we can do better," Berry said.

Schools Cut Back Subjects To Push Reading And Math (NYT)

By Sam Dillon

The New York Times, March 26, 2006

SACRAMENTO — Thousands of schools across the nation are responding to the reading and math testing requirements laid out in No Child Left Behind, President Bush's signature education law, by reducing class time spent on other subjects and, for some low-proficiency students, eliminating it.

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Schools from Vermont to California are increasing — in some cases tripling — the class time that low-proficiency students spend on reading and math, mainly because the federal law, signed in 2002, requires annual exams only in those subjects and punishes schools that fall short of rising benchmarks.

The changes appear to principally affect schools and students who test below grade level.

The intense focus on the two basic skills is a sea change in American instructional practice, with many schools that once offered rich curriculums now systematically trimming courses like social studies, science and art. A nationwide survey by a nonpartisan group that is to be made public on March 28 indicates that the practice, known as narrowing the curriculum, has become standard procedure in many communities.

The survey, by the Center on Education Policy, found that since the passage of the federal law, 71 percent of the nation's 15,000 school districts had reduced the hours of instructional time spent on history, music and other subjects to open up more time for reading and math. The center is an independent group that has made a thorough study of the new act and has published a detailed yearly report on the implementation of the law in dozens of districts.

"Narrowing the curriculum has clearly become a nationwide pattern," said Jack Jennings, the president of the center, which is based in Washington.

At Martin Luther King Jr. Junior High School in Sacramento, about 150 of the school's 885 students spend five of their six class periods on math, reading and gym, leaving only one 55-minute period for all other subjects.

About 125 of the school's lowest-performing students are barred from taking anything except math, reading and gym, a measure that Samuel Harris, a former lieutenant colonel in the Army who is the school's principal, said was draconian but necessary. "When you look at a kid and you know he can't read, that's a tough call you've got to make," Mr. Harris said.

The increasing focus on two basic subjects has divided the nation's educational establishment. Some authorities, including Secretary of Education Margaret Spellings, say the federal law's focus on basic skills is raising achievement in thousands of low-performing schools. Other experts warn that by reducing the academic menu to steak and potatoes, schools risk giving bored teenagers the message that school means repetition and drilling.

"Only two subjects? What a sadness," said Thomas Sobol, an education professor at Columbia Teachers College and a former New York State education commissioner. "That's like a violin student who's only permitted to play scales, nothing else, day after day, scales, scales, scales. They'd lose their zest for music."

But officials in Cuero, Tex., have adopted an intensive approach and said it was helping them meet the federal requirements. They have doubled the time that all sixth graders and some seventh and eighth graders devote to reading and math, and have reduced it for other subjects.

"When you only have so many hours per day and you're behind in some area that's being hammered on, you have to work on that," said Henry Lind, the schools superintendent. "It's like basketball. If you can't make layups, then you've got to work on layups."

Chad Colby, a spokesman for the federal Department of Education, said the department neither endorsed nor criticized schools that concentrated instructional time on math and reading as they sought to meet the test benchmarks laid out in the federal law's accountability system, known as adequate yearly progress.

"We don't choose the curriculum," Mr. Colby said. "That's a decision that local leaders have to make. But for every school you point to, I can show you five other schools across the country where students are still taking a well-rounded curriculum and are still making adequate yearly progress. I don't think it's unreasonable to ask our schools to get kids proficient at grade level in reading and math."

Since America's public schools began taking shape in the early 1800's, shifting fashions have repeatedly reworked the curriculum. Courses like woodworking and sewing joined the three R's. After World War I, vocational courses, languages and other subjects broadened the instructional menu into a smorgasbord.

A federal law passed after the Russian launching of Sputnik in 1957 spurred a renewed emphasis on science and math, and a 1975 law that guaranteed educational rights for the disabled also provoked sweeping change, said William Reese, a professor at the University of Wisconsin and author of "America's Public Schools: From the Common School to No Child Left Behind." But the education law has leveraged one of the most abrupt instructional shifts, he said.

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"Because of its emphasis on testing and accountability in particular subjects, it apparently forces some school districts down narrow intellectual paths," Dr. Reese said. "If a subject is not tested, why teach it?"

The shift has been felt in the labor market, heightening demand for math teachers and forcing educators in subjects like art and foreign languages to search longer for work, leaders of teachers groups said.

The survey coming out this week looks at 299 school districts in 50 states. It was conducted as part of a four-year study of No Child Left Behind and appears to be the most systematic effort to track the law's footprints through the classroom, although other authorities had warned of its effect on teaching practices.

The historian David McCullough told a Senate Committee last June that because of the law, "history is being put on the back burner or taken off the stove altogether in many or most schools, in favor of math and reading."

The report says that at districts in Colorado, Texas, Vermont, California, Nebraska and elsewhere, math and reading are squeezing other subjects. At one district cited, the Bayonne City Schools in New Jersey, low-performing ninth graders will be barred from taking Spanish, music or any other elective next fall so they can take extra periods of math and reading, said Ellen O'Connor, an assistant superintendent.

"We're using that as a motivation," Dr. O'Connor said. "We're hoping they'll concentrate on their math and reading so they can again participate in some course they love."

At King Junior High, in a poor neighborhood in Sacramento a few miles from a decommissioned Air Force base, the intensive reading and math classes have raised test scores for several years running. That has helped Larry Buchanan, the superintendent of the Grant Joint Union High School District, which oversees the school, to be selected by an administrators' group as California's 2005 superintendent of the year.

But in spite of the progress, the school's scores on California state exams, used for compliance with the federal law, are increasing not nearly fast enough to allow the school to keep up with the rising test benchmarks. On the math exams administered last spring, for instance, 17.4 percent of students scored at the proficient level or above, and on the reading exams, only 14.9 percent.

With scores still so low, Mr. Harris, the school's principal, and Mr. Buchanan said they had little alternative but to continue remedial instruction for the lower-achieving among the school's nearly 900 students.

The students are the sons and daughters of mostly Hispanic, black and Laotian Hmong parents, many of whom work as gardeners, welders and hotel maids or are unemployed. The district administers frequent diagnostic tests so that teachers can carefully calibrate lessons to students' needs.

Rubén Jimenez, a seventh grader whose father is a construction laborer, has a schedule typical of many students at the school, with six class periods a day, not counting lunch.

Rubén studies English for the first three periods, and pre-algebra and math during the fourth and fifth. His sixth period is gym. How does he enjoy taking only reading and math, a recent visitor asked.

"I don't like history or science anyway," Rubén said. But a moment later, perhaps recalling something exciting he had heard about lab science, he sounded ambivalent.

"It'd be fun to dissect something," he said.

Martín Lara, Rubén's teacher, said the intense focus on math was paying off because his math skills were solidifying. Rubén said math had become his favorite subject.

But other students, like Paris Smith, an eighth grader, were less enthusiastic. Last semester, Paris failed one of the two math classes he takes, back to back, each morning.

"I hate having two math classes in a row," Paris said. "Two hours of math is too much. I can't concentrate that long."

Donna Simmons, his mother, said Mr. Lara seemed to be working hard to help Paris understand math.

"The school cares," Ms. Simmons said. "The faculty cares. I want him to keep trying."

Sydney Smith, a vice principal who oversees instruction at the school, said she had heard only minimal grumbling from students excluded from electives.

"I've only had about two students come to my office and say: 'What in the world? I'm just taking two courses?' " Ms. Smith said. "So most students are not complaining about being miserable."

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But Lorie Turner, who teaches English to some pupils for three consecutive periods and to others for two periods each day, said she used some students' frustration to persuade them to try for higher scores on the annual exams administered under California's Standardized Testing and Reporting program, known as Star.

"I have some little girls who are dying to get out of this class and get into a mainstream class," Ms. Turner said. "But I tell them the only way out is to do better on that Star test."

U.S. Planning Base On Moon To Prepare For Trip To Mars (WP)

By Guy Gugliotta

The Washington Post, March 26, 2006

Scientists Hard at Work On Technological Hurdles

HOUSTON -- For the first time since 1972, the United States is planning to fly to the moon, but instead of a quick, Apollo-like visit, astronauts intend to build a permanent base and live there while they prepare what may be the most ambitious undertaking in history -- putting human beings on Mars.

President Bush in 2004 announced to great fanfare plans to build a new spaceship, get back to the moon by 2020 and travel on to Mars after that. But, with NASA focused on designing a new spaceship and spending about 40 percent of its budget on the troubled space shuttle and international space station programs, that timetable may suffer.

Still, NASA's moon planners are closely following the spaceship initiative and, within six months, will outline what they need from the new vehicle to enable astronauts to explore the lunar surface.

"It's deep in the future before we go there," said architect Larry Toups, head of habitation systems for NASA's Advanced Projects Office. "But it's like going on a camping trip and buying a new car. You want to make sure you have a trailer hitch if you need it."

Scientists and engineers are hard at work studying technologies that don't yet exist and puzzling over questions such as how to handle the psychological stress of moon settlement, how to build lunar bulldozers and how to reacquire what planetary scientist Christopher P. McKay of NASA's Ames Research Center calls "our culture of exploration."

The moon is not for the faint of heart. It is a lethal place, without atmosphere, pelted constantly by cosmic rays and micrometeorites, plagued by temperature swings of hundreds of degrees, and swathed in a blanket of dust that can ruin space suits, pollute the air supply and bring machinery to a screeching halt.

And that says nothing about the imponderables. Will working in one-sixth of Earth's gravity for a year cause crippling health problems? What happens when someone suffers from a traumatic injury that can't be treated by fellow astronauts? How do people react to living in a tiny space under dangerous conditions for six months?

"It's like Magellan. You send them off, and maybe they come back, maybe they don't," said planetary scientist Wendell W. Mendell, manager of NASA's Office for Human Exploration Science, during an interview at the recently concluded Lunar and Planetary Science Conference here. "There's a lot of pathologies that show up, and there's nobody in the Yellow Pages."

In some ways, the moon will be harder than Mars. Moon dust is much more abrasive than Mars dust; Mars has atmosphere; Mars has more gravity (one-third of Earth's); Mars has plenty of ice for a potential water supply, while the moon may have some, but probably not very much.

Still, the moon is ultimately much more forgiving because it is much closer -- 250,000 miles away, while Mars is 34 million miles from Earth at its closest point. If someone needs help on the moon, it takes three days to get there. By contrast, Mars will be several months away even with the help of advanced -- and as yet nonexistent -- propulsion systems.

Not having to pay as dearly for mistakes is one key reason why the moon is an integral part of the Bush initiative. The other, as even scientists point out, is that if the United States does not return to the moon, others will.

"The new thing is China, and they've announced they're going to the moon. The Europeans want to go; the Russians want to go; and if we don't go, maybe they'll go with the Chinese," Mars Institute Chairman Pascal Lee said in an interview. "Could we bypass the moon and go to Mars while India and China are going to the moon? I don't think so."

Bush's 2004 "Vision for Space Exploration," by calling for a lunar return and a subsequent Mars mission, set goals, which, if achieved, would keep the United States in the forefront of space exploration for decades.

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Since then, mishaps and delays with the space shuttle and the space station programs have shrunk both the moon research budget and the rhetoric promoting the mission.

Instead, NASA Administrator Michael D. Griffin has focused agency attention and resources on the design and construction of a new "crew exploration vehicle" and its attendant rocketry -- the spacecraft that will push U.S. astronauts once again beyond low Earth orbit.

Despite the moon's current low profile, however, NASA continues to plan a lunar mission and to promote the technological advances needed to achieve it. Toups, one of the moon program's designers, said NASA envisions that a lunar presence, once achieved, will begin with two-to-four years of "sorties" to "targeted areas."

These early forays will resemble the six Apollo lunar missions, which ended in 1972. "You have four crew for seven to 10 days," Toups said in a telephone interview. "Then, if you found a site of particular interest, you would want to set up a permanent outpost there."

The south pole is currently the top target. It is a craggy and difficult area, but it is also the likeliest part of the lunar surface to have both permanent sunlight, for electric power, and ice, although many scientists have questions about how much ice there is. Without enough water, mission planners might pick a gentler landscape.

Site selection will mark the end of what McKay calls Apollo-style "camping trips." "There's got to be a lot more autonomy, so we keep it simple," McKay said. "We're going to be on Mars for a long time, and we have to use the moon to think in those terms."

The templates, cited frequently by moon mavens, are the U.S. bases in Antarctica, noteworthy for isolation, extreme environment, limited access, lack of indigenous population and no possibility of survival without extensive logistical support.

"The lunar base is not a 'colony,' " Lee said. " 'Colonization' implies populating the place, and that's not on the plate. This is a research outpost."

Once planners choose a base, the astronauts will immediately need to bring a host of technologies to bear, none of which currently exist. "Power is a big challenge," Toups said. Solar arrays are an obvious answer, but away from the poles 14 days of lunar sunlight are followed by 14 days of darkness, so "how do you handle the dormancy periods?"

Next is the spacesuit. Apollo suits weighed 270 pounds on Earth, a relatively comfortable "felt weight" of 40 to 50 pounds on the moon, but an unacceptable 102 pounds on Mars. "You can't haul that around, bend down or climb hills," Lee said. "Somehow we have to cut the mass of the current spacesuit in half."

And the new suit, unlike the Apollo suits or the current 300-pound shuttle suit, is going to have to be relatively easy to put on and take off, and to be able withstand the dreaded moon dust.

After three days, Apollo astronauts reported that the dust was causing the joints in their suits to jam, "and we're not talking about three outings," Lee said of the next moon missions. "We're talking about once a week for 500 days -- between 70 and 100 spacewalks."

Dealing with dust is also a major concern in building shelters on the lunar surface. Toups said it might be possible to harden the ground by microwaving it, creating a crust "like a tarp when you're camping." Otherwise, the dust pervades everything, and prolonged exposure could even lead to silicosis.

Dust also makes it virtually impossible to use any kind of machinery with ball bearings. Civil engineer Darryl J. Calkins, of the Army Corps of Engineers Cold Regions Research and Engineering Laboratory, warned that the combination of dust, low gravity, temperature swings and the high cost of flying things to the moon is going to define the lunar tool kit in unforeseen ways.

"You can't put a diesel up there; you can't put a 20,000-pound bulldozer up there; and none of our oils or hydraulic fluids are going to survive," Calkins said in a telephone interview. "We may have to go back to the 19th century to find appropriate tools -- use cables, pulleys, levers."

And even then, it will be difficult to level a base site and haul away the fill because there's not enough gravity to give a tractor adequate purchase. Instead, Calkins envisions a device that can "scrape and shave" small amounts of soil and take it away bit by bit.

But in the end, "you have to learn how to do it, with real people," McKay said. "This is hard, but we can learn it. And if we do it right on the moon, we will be able to answer my ultimate question: Can Mars be habitable? I think the answer is 'yes.' "

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OTHER NEWS:

Home-Sale Reports Keep Market In Check (WP)

The Washington Post, March 26, 2006

The stock market was so somnolent last week that after five days and hundreds of billions of dollars of trading, the Dow Jones industrial average moved just a third of a point.

Not that it matters when the move is so small, but the Dow did advance -- to 11,279.97 from 11,279.65. The Nasdaq Stock Market composite index gained six points, closing at 2312.82. The Standard & Poor's 500-stock index fell four points to 1302.95.

The market was encouraged by Thursday's report that sales of existing homes jumped in February, but that impact was offset a day later by news that new-home sales had slumped.

The new-home number is probably a better indicator of what's ahead. Sales of existing homes are reported after a sale closes. New-home sales are recorded after a sales contract is signed -- weeks or months before move-in.

Thus, the jump in sales of existing houses tells us people were buying earlier this year, while the new-home number reveals they're not buying as much now.

If people are buying fewer houses, they could be buying less of everything -- even stocks.

Grads See Rise In Job Offers (PPG)

By Anya Sostek

Pittsburgh Post-Gazette, March 26, 2006

Colleges report best in years

When Shaun Byrnes graduated from college in 2001, he dropped off more than 200 resumes and was rewarded with two job offers.

Despite the fact that Mr. Byrnes had gotten an undergraduate degree from the Wharton School at the University of Pennsylvania, one of the most prestigious business programs in the country, neither job offered to him was in his preferred area of financial planning or asset management.

Oh, how times have changed. As Mr. Byrnes, 27, of Squirrel Hill, prepares to graduate this spring with a master's degree in information security policy and management from Carnegie Mellon University, he has multiple offers for government information technology jobs in Washington, D.C., which is exactly what he wants to do and where he wants to be.

As Mr. Byrnes and other college and graduate students can attest, after years of meager offerings, the job market is looking up, fueled by a national economy in its fifth year of expansion and a local economy expected to experience its first significant job growth since the late 1990s.

"We were the first year after the bust. We just didn't have much opportunity" Mr. Byrnes said of his 2001 job hunt. "It does seem like it's a lot easier this time around."

The National Association of Colleges and Employers reports a 14.5 percent jump in the number of new college graduates that companies nationwide expect to hire this year over last year, bringing hiring to its highest levels since 2001.

At the University of Pittsburgh career center last week, students were doing mock job interviews as part of Real World Week and picking up fliers listing careers for liberal arts majors such as classics and philosophy.

Marvin Roth, director of career services at Pitt, said the bottom started to fall out of the job market in 2001. "Each year thereafter," he said, "there's been a gradual increase in employer activity. Each year, we've seen ... improvement over the previous year."

At Carnegie Mellon, the number of companies participating in the school's spring job fair is up 50 percent over last year, to 120 from roughly 80, said Judi Mancuso, associate director of the Carnegie Mellon career center.

Those numbers aren't as good as they were six or seven years ago, but, then again, many of the jobs that were filled back then are no longer around.

"In 1999 and 2000, it was a very unrealistic job market," Ms. Mancuso said. "A lot of those jobs were based on companies that don't even exist anymore."

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At one of Carnegie Mellon's fall job fairs this year, senior William Gronim stopped by a booth run by the online selling giant Amazon.com. He quickly answered a few general computer questions from the recruiter, and then some specific questions about Amazon's business before being invited to further interviews.

Last summer, Mr. Gronim was an intern at IBM's hyper-competitive Extreme Blue program for promising students pursuing software development and MBA degrees. He received three job offers from IBM at the end of the summer program, then, in the fall, interviewed for several other jobs, including one on an Army base where he would have had to take a daily two-hour afternoon break to escape deafening artillery tests, and received more job offers.

"I didn't think it would be this easy," he said in an interview last week. Some companies, he said, are now cold-calling him to offer jobs, drawn by his experience with Extreme Blue.

Mr. Gronim, a computer science major originally from Brooklyn, N.Y., eventually chose to move to Seattle for what he calls "a dream job" at Amazon.com.

He'll make about $80,000, not including a signing bonus and company stock. "I was shocked when they offered me stock," he said. "I thought that was a six-years-ago kind of thing."

While Mr. Gronim's experience shows that some companies have clearly returned to the good old days, it's not yet the norm, particularly for students looking locally.

"The job market has clearly picked up in Pittsburgh, there's no question in my mind," said Jim McClenahan, director of the career services center at Duquesne University. "But it still isn't what it should be for all of our students. I wouldn't call this a strong job market."

Even though the seven-county area added 3,300 jobs last year and is forecast to add more than 11,000 this year, it still has a lot of ground to make up. Regional nonfarm employment last year trailed its 2001 peak by 17,000, according to recent estimates from the state Department of Labor and Industry.

Mr. McClenahan said he had seen strong demand regionally in accounting, finance and supply management jobs, but that demand for students with information technology degrees was still somewhat weak.

In other words, for every William Gronim, there's a Michelle Behm, a Pitt senior still looking for a post-graduation IT job.

She's put her resume on such national job search sites as monster.com, but has heard back only from companies that are out of state, or out of country, in India.

"I don't feel like it's gotten that much better," she said. "You still have to know people."

Her friend and fellow Pitt senior, Melissa Ellsworth, hasn't found a job either, though she acknowledges she hasn't done much looking. With a double major in political science and communications, she's not optimistic about her prospects.

"I started with pharmacy," she said. "I should have stuck with pharmacy."

Mr. Roth, at Pitt, notes that even with an improved job market, students still need to get experience through internships and be aggressive about their job searches.

"The fear I have is that students might become complacent," he said. "It's still not a situation where students will find employers falling all over themselves."

U.S. And Russia Divided On Wording Of U.N. Statement On Iran (NYT)

By Steven R. Weisman

The New York Times, March 26, 2006

WASHINGTON, March 25 — The Bush administration and Russia, struggling to forge a joint strategy on Iran, remain at odds over whether the United Nations Security Council should take a step toward imposing penalties on Iran by labeling its nuclear activities a threat to world peace, American and European officials say.

The officials say that the Russian-American impasse, in which leading European countries are siding with the Bush administration, has held up what the West had hoped would be a unanimous move by the Security Council on Iran this month. The impasse also has echoes of the Iraq war, they say, in that Russia is concerned about a possible replay of the United States' using resolutions by the Council to confront Iran in the same way it acted against Iraq.

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Secretary of State Condoleezza Rice and the Russian foreign minister, Sergey V. Lavrov, spoke Friday to try to close a crucial difference over the language of a possible Security Council statement on Iran, specifically the statement's reference to Iran's nuclear activities as "a threat to international peace and security," various officials said. That wording, by implication, would open the door for further Security Council action against Iran.

Ms. Rice said Friday that Russian and American officials would work through the weekend to resolve their differences.

The sensitive talks with Russia are only the latest in a series of difficulties that have strained relations in the last couple years. Among the irritants have been Russia's crackdown on dissent, its cutoff of natural gas shipments to Ukraine and its efforts to extend influence in the region.

A new source of irritation could come with the disclosure from Iraqi documents that a possible Russian spy operation early in the Iraq war in 2003 provided Saddam Hussein with information about American war plans and troop movements.

A senior State Department official said Saturday that the department was studying details related to the disclosure, and no decision had been made on whether to raise the matter diplomatically with the Russians. But American officials say that Russia is extremely sensitive over the Iraq war, and it has vowed not to let the United States use pressure from the Security Council on Iran as a means to authorize economic penalties or even military action.

Russia's foreign intelligence service has denied passing information the war plans. On Saturday, a state news agency, RIA, cited unidentified Russian security officials as saying that the American Defense Department study that included the documents seemed intended to punish Russia for opposing the 2003 invasion. "This kind of unsubstantiated allegation against Russia's intelligence service has been voiced repeatedly," said Boris Labusov, a spokesman for the service.

A Western diplomat, referring to the Security Council discussions on Iran, and speaking on condition of anonymity because the negotiations are confidential, said: "The Russians are worried that if you label Iran a threat to international peace, it's the beginning of a process. If there is going to be a solution, it will have to be negotiated by Lavrov and Rice."

The Bush administration had some hope over the weekend that the Russian-American talks could produce agreement soon. That contrasted with the mood early this week after a contentious session involving American, European, Russian and Chinese envoys at the United Nations.

Bush administration officials have declined to discuss the possibility of penalties on Iran. They and European diplomats emphasize that any future penalties against Tehran would be structured to avoid strangling the Iranian economy as a whole and stirring anti-Western resentment among ordinary Iranians.

The administration concern is that suffering by Iranians would delay the day of a more pro-Western government taking power in Tehran, undercutting a planned $85 million American program to subsidize Iranian dissidents, promote exchange programs and sponsor broadcasts to encourage pro-Western attitudes.

Despite the desire to win over Iranians, the administration and its European partners have prepared a series of escalating economic and political penalties that could be ready for imposition on Iran by the summer, officials said.

Those penalties, they said, would start with imposing travel bans or freezing foreign-held assets of Iranian officials, followed by a ban on commercial dealings with any businesses connected to Iran's military or to its nuclear programs.

More sweeping bans on commercial, business and energy relations would be saved for later, various officials have said, adding that if the Security Council does not authorize penalties, European countries may act unilaterally after consultation with the United States.

But a ban on military and nuclear energy dealings with Iran would have immediate economic effects on Russia, which has contracted with Iran to develop military defense systems and establish a civilian nuclear reactor on the Persian Gulf coast city of Bushehr. For its part, Russia argues that penalties would backfire and cut off what little cooperation Iran is still giving.

European diplomats also say that the Russians have raised objections to the American spending plan to encourage political change inside Iran. The plan is widely seen as analogous to efforts to bring about "regime change" in Iraq a few years ago.

Iranian news media outlets, meanwhile, are praising Russia and China for trying to block a Security Council action that would impose penalties on Iran, according to Abbas Milani, director of Iranian studies at Stanford University.

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"The Iranian papers are bursting with stories about how China and Russia are not caving to the American pressure to punish Iran," Mr. Milani said. "It's clear that they are trying to portray this as a victory for Iranian diplomacy, which has gotten Russia and China not to cave in to U.S. pressure."

UN Nuclear Chief Wants Urgent Reform Of Security Council (AFP)

AFP, March 26, 2006

The head of the United Nations nuclear watchdog called for urgent reform of the UN Security Council to give it greater powers, especially in addressing the threat of nuclear proliferation.

"It is clearly time for the Security Council to be reformed, expanded and strengthened, as part of the current efforts to reform and revitalize the United Nations," said Mohamed ElBaradei, head of the International Agency for Atomic Energy (IAEA) in Vienna, currently at the centre of a tense stand-off with Iran over nuclear power.

In a highly critical review of the UN body's record, he said a lecture, the text of which was published on the IAEA website: "When dealing with threats of nuclear proliferation and arms control, the Security Council has too often fallen short."

In specific cases of arms control, the Security Council's efforts had not been very systematic or successful.

In the case of Iraq, it had over a decade imposed a series of blanket economic sanctions "which were manipulated to the advantage of the ruthless regime in power, and resulted in the death and suffering of hundreds of thousands of innocent civilians.

"The Council could not later agree, in 2003, on either the need for or the timing of the use of force in Iraq."

The Council had also "made little effort to address nuclear proliferation threats in context, by dealing with the drivers of insecurity that give rise to proliferation.

"It has not responded or followed up effectively to the emergence of new countries with nuclear weapons. And it has not exercised its arms limitation mandate."

"Too often, the Security Councils engagement is inadequate, selective, or after the fact," ElBaradei said.

"The tragedies of recent years in Rwanda, the Democratic Republic of the Congo (DRC), and Darfur are cases in point.

"In the case of Rwanda in mid-1994, the Security Council was unable to move much beyond hand-wringing, with the result that 800 000 people lost their lives in the span of a few months."

In the DRC War, its efforts in the interest of diplomacy and peacekeeping had not been enough to prevent the deaths of an estimated 3.8 millions.

The UN Security Council is currently stalled over issuing a statement that would call on Iran to suspend enrichment, which Tehran says is to produce nuclear reactor fuel but can make atom bomb material.

Washington and its European allies have been pressing Tehran to suspend its uranium enrichment activities and return to negotiations aimed at weaning them from suspected nuclear ambitions with economic and other incentives.

Iran denies claims that it is seeking to acquire nuclear weapons and insists that as a signatory of the nuclear Non-Proliferation Treaty, it has a right to conduct uranium enrichment.

A Knesset Class In Need Of Remedial Ethics (NYT)

By Greg Myre

The New York Times, March 26, 2006

JERUSALEM, March 25 — How pervasive were the misdeeds of Israel's departing legislators?

At least 15 lawmakers have been investigated, indicted or convicted in the Parliament that is leaving, accounting for more than 10 percent of the legislature. If they banded together, they would constitute one of the largest factions in the Knesset.

As Israel prepares for parliamentary elections on Tuesday, the departing legislature is being described as perhaps the most ethically challenged in the country's history. And while the conflict with the Palestinians has been the dominant campaign theme, corruption has become a major issue for voters.

"In terms of corruption, the last Parliament was the worst in the state of Israel," said Yossi Sarid, a left-wing lawmaker who is retiring after 32 years. "We're not talking about minor individuals and backbenchers, we're talking about some of the most prominent figures."

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The election is at a pivotal time for Israel: Prime Minister Ariel Sharon lies in a coma. On Saturday, the Palestinian president, Mahmoud Abbas, signaled that he would not block the formation of a government dominated by the militant group Hamas. And Israel's acting prime minister, Ehud Olmert, says he wants to unilaterally draw Israel's borders if he is elected. Yet for all that, the campaign has been lackluster, and voter turnout is forecast to be well below the norm.

Many analysts agree that the corruption scandals and a general distrust of politicians have fueled much of the discontent, a sense that there is too much conniving in the Knesset.

On Thursday, Yair Peretz from the religious party Shas became the fourth member of the current Parliament to be convicted of a crime. The Tel Aviv Magistrates Court found that Mr. Peretz had submitted papers written by others to fraudulently obtain a university degree. Mr. Peretz resigned from Parliament immediately after the verdict.

The Israeli news media reported that one of the papers he had submitted had been written by a woman, and he had not taken the trouble to change the feminine form of the Hebrew words into the masculine.

Four additional legislators have been charged with crimes or soon will be, the attorney general said. They include a cabinet minister, Tzachi Hanegbi, who, according to an investigation by the attorney general, gave government jobs to friends. Also, two lawmakers have been reprimanded by Parliament's Ethics Committee. At least five more are under investigation.

Mr. Sharon has been the subject of two investigations linked to his family's finances and his campaigns. In one case, an Israeli businessman was charged with paying hundreds of thousands of dollars in bribes sent to Mr. Sharon's son Gilad. Mr. Sharon's older son, Omri, also a member of Parliament, pleaded guilty in November to illegal fund-raising in the 1999 campaign. He was sentenced to nine months in prison and resigned from Parliament.

Israel's politics are intensely competitive, and politicians frequently toss accusations of wrongdoing at rivals. In addition, news media and legal scrutiny often leads to public investigations. And frequent elections — this is the fourth national ballot in seven years — create a need for frequent fund-raising, which has been at the root of several scandals. Some politicians complain that the fund-raising laws are too strict in an era of television campaigning.

During this campaign, the state comptroller, who investigates government matters, has examined two questions involving Mr. Olmert.

The comptroller recently reported that nothing was illegal about a deal in which Mr. Olmert sold his Jerusalem home for $2.7 million to S. Daniel Abraham, an American billionaire who has contributed money to Israeli politics. Mr. Olmert has continued living in the home, renting it for around $2,500 a month, while he builds another.

In the second matter, the comptroller is still investigating whether anything was improper about personnel appointments made by Mr. Olmert while he was minister of trade and industry. Mr. Olmert has denied any wrongdoing.

"There is a school of thought here that says we are too quick to undermine our elected leaders," said Uri Dromi of the Israel Democracy Institute, a private research organization.

"But this Knesset was truly outstanding when it came to corruption," said Mr. Dromi, who was the spokesman for Yitzhak Rabin, the prime minister who was assassinated in 1995. "They crossed a lot of thresholds and turned this into an issue that couldn't be ignored."

Some cases have bordered on farce.

One lawmaker, Yehiel Hazan, is facing forgery charges — accused of voting twice, once for himself and once for an absent lawmaker during a marathon budget debate in 2003. The act was captured on camera, prosecutors said. Last November, Mr. Hazan went into a Knesset storeroom and removed the voting machine in question. This, too, was caught on camera. Mr. Hazan said that he had permission to remove it and that he later returned it.

Another Likud legislator, Michael Gorlovsky, acknowledged voting from the seat of an absent lawmaker in the same 2003 parliamentary session, but said he did it because he saw others doing the same thing. Last week, Mr. Gorlovsky was in Belarus, the Israeli news media reported, observing the presidential balloting that was declared invalid by the United States and others.

Another case involved Joseph Paritzky, formerly a leading figure in Shinui, a centrist party that fared well in the 2003 election on its clean government platform.

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But Mr. Paritzky was drummed out of the party a year later after Israeli television played a tape of him plotting with a private investigator to, as Mr. Paritzky put it, "set a trap" to ruin the political career of a fellow Shinui legislator. Mr. Paritzky was investigated but not charged.

"In the 1970's, you could only find rare cases of corruption," said Eliad Shraga, a prominent lawyer who founded the Movement for Quality Government in Israel, a private watchdog group. "Unfortunately, in recent years we've been on a slippery slope, and we have to fight to preserve our values and norms."

At the group's offices in Jerusalem, law students sit in front of a bank of computers, where they take calls from citizens who have complaints about the government in Israel at all levels.

More than 1,000 complaints a year are called in, and the group carries out its own investigations. In cases with enough evidence, the group forwards its finding to the police or the attorney general. It may also petition Israel's High Court of Justice. Many prosecutions have resulted.

The group's stature is such that Mr. Olmert made a campaign stop at its offices on Tuesday to sign its charter against corruption.

"We have many lovely, honest people here, and we are not a corrupt society," Mr. Shraga said. "But we have had messed-up management."

Populist Bids Israeli Voters Back To Labor (WP)

By Scott Wilson

The Washington Post, March 26, 2006

Amir Peretz Invokes Traditional Themes in Campaign to Return Party to Power

KIBBUTZ MISGAV AM, Israel -- Amir Peretz is everything that previous leaders of Israel's Labor Party were not: North African by birth, populist in his politics, dynamic on the stump. Even the moustache that his opponents cite as evidence of everything from ethnic radicalism to a resemblance to Joseph Stalin sets Peretz apart from the Israeli founding fathers whose party he took over last year.

Many Israelis of Peretz's background turned against Labor decades ago. To punish a governing party that in their eyes had become an elitist enterprise unconcerned with the plight of immigrants from North Africa and the Middle East, known collectively as Mizrahi Jews, they turned to the more hawkish Likud Party. Peretz is trying to win them back.

In the campaign leading to Tuesday's national elections, Peretz has focused on returning Labor to its roots, promising to raise the minimum wage, patch up Israel's fraying social safety net and pursue negotiations with the Palestinians at a time when a unilateral withdrawal from the occupied territories is in vogue. Along the way, Peretz, a former leader of Israel's largest trade-union federation, is finding new enemies in old friends and new friends in old enemies. As the Mizrahi Jews weigh whether to return to Labor, many of the Ashkenazi Jews -- those of European descent -- who dominate the party are unconvinced that he is the man to lead the party into elections.

"There are two genies in this campaign: the nationalist and the ethnic," Peretz, 54, said in an interview Thursday during a campaign swing through Galilee. "Both genies are working against the social revolution I have in mind. And I am trying my best to kill them both."

The short journey between Kibbutz Misgav Am, a cliff-top community where Labor candidates have traditionally felt at home, and the market stalls of Kiryat Shmona on the flatlands below spans the opportunities and challenges Peretz faces as he tries to return the party to power.

The kibbutz movement has been a symbol of the Labor elite since before Israel's founding in 1948, which was made possible in part by the Histadrut labor union federation created by early Zionists to develop the economy and secure a sovereign Jewish state. The Labor Party held power for Israel's first three decades of independence, but "by the 1960s the Labor movement had nothing new to say and nothing has changed since then until today," said Zeev Sternhell, a retired Hebrew University professor and author of the "The Founding Myths of Israel." "The first time the party has had a chance to create something new is now."

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As evinced by the small audience here to see Peretz, the kibbutz movement is made up almost entirely of Ashkenazi Jews. The sons and daughters of Labor's pre-state pioneers still live here in a wind-swept compound overlooking southern Lebanon, idyllic except for the threat of the radical Islamic movement Hezbollah across the border.

For years its collective business enterprises have thrived on land provided by the state. The socialists have grown rich, and Israel as a whole has prospered over the decades. But the Labor Party's vision of equality among Jews remains unfulfilled. As a result, resentment has welled up not only in places like the neglected southern city of Sderot in the Negev desert, where Peretz grew up, but also within the party's populist wing that he embodies.

"A part of the Labor Party, and I hope it's a small part, is disappointed because they do not think Peretz is the person to head it," said Aharon Valency, 63, a French immigrant and kibbutz member who has always voted Labor. "The important thing is that this is not only Peretz, but the team."

Yellow Hezbollah banners were visible from the overlook where Peretz gathered with kibbutz leaders and Matan Vilnai, a former major general on the Labor candidate list, in a photo opportunity intended to convey a commitment to security. In the party of Moshe Dayan, Yitzhak Rabin, and Ehud Barak, Peretz's scant military experience has been something he has had to defend.

While serving in the Sinai Peninsula during the 1973 Middle East war, Peretz was crushed under an Israeli tank while trying to free it from the sand. Doctors told him he would never walk again, a prediction he defied after two years of arduous rehabilitation.

Peretz told the audience here that he trusted the Israeli military to combat the nation's enemies. But he also said another unilateral withdrawal from Palestinian territories would not bring peace to Israel, a shot at the front-running Kadima party now peeling off votes in Labor enclaves like this one.

Less than a year after Prime Minister Ariel Sharon engineered Israel's withdrawal from the Gaza Strip and formed Kadima when some of his fellow Likud members balked at the move, Kadima's leaders have outlined plans to withdraw Israeli soldiers and settlers from parts of the West Bank, keeping large settlement blocs on Israel's side of the separation barrier. Their idea, which has won popular support, is to define Israel's final borders without negotiating terms with the Palestinians.

"Kadima are the only ones that will give back territory," said Jospeh Lakho, 63, who has lived on this kibbutz for more than four decades and voted Labor even longer, a streak he will break in this election. "Peretz is new to this, and according to the polls, he doesn't have much chance."

But Peretz, a disciple of Rabin, who as prime minister signed the Oslo accords with the Palestinians in 1993 and was killed by a Jewish extremist two years later, maintains that "disengagement was not an act of peace, but of security. Peace must be agreed upon by both parties."

After acting Prime Minister Ehud Olmert, the second candidate on Kadima's list is Shimon Peres, 82, who was one of Labor's earliest activists. Peretz narrowly defeated Peres for the party leadership in November, and the older man joined his long-time friend Sharon in Kadima soon after. Peres said in a meeting with foreign reporters Thursday that Labor's "campaign has not changed according to the needs of the times."

In introducing Peretz here, Valency admitted that he had favored Peres in the Labor leadership vote. But he urged the audience to support Peretz and the party, now projected to win 21 of parliament's 120 seats. That would put Labor a distant second to Kadima.

Peretz was criticized early in his decade running the Histadrut union for calling frequent general strikes that damaged the economy. He changed tactics over time and earned the respect of many government ministers. He also remained popular among the Mizrahi Jews and Arab citizens of Israel who comprise much of the union ranks. Now he is seeking their support.

At the same time, Peretz has filled out his candidate list with well-known Ashkenazis. Among them are Vilnai, who was deputy commander of Israel's military when he retired, and Avishay Braverman, a former World Bank economist and university president who was pursued by various parties like colleges pursue a high-school basketball star. He said he chose Peretz's Labor because "a moral society must be our goal," but also said he joined to "whiten" the party leader.

Down the mountain, a different crowd welcomed Peretz in what has long been a no-go zone for Labor politicians identified with the hilltop elite.

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"This time we're voting for the Moroccan," shouted Morris Ben-Itah, a wiry man in a knit kippa , or skullcap, as Peretz's bus pulled into the market of Kiryat Shmona.

Ben-Itah, 52, arrived more than four decades ago from Algeria. As soon as he was old enough, he cast his ballot for Likud and hasn't stopped.

But the father of five said Likud had done nothing to improve his life after promising to do so in each election season. A gardener for the municipal government, he hasn't been paid in two months.

"Likud is burned to me," Ben-Itah said. "This time I won't be ashamed to vote for the Moroccan. He's promised better pay for everyone. We're going to give him a chance. If he fails, we'll vote him out."

Peretz emerged from the bus to the celebratory screech of ululation imported from the Arab Middle East. The smell of greasy food followed him into the crowded vegetable stalls where he handed out ersatz $1,000 bills, the sum he proposes for the monthly minimum wage. He has promised not to sit in a government that does not agree.

"These are people who voted for Likud but in their day-to-day lives are social democrats," Peretz said in a voice that is disappearing as the campaign winds down. "This is the first time there will be a completeness in the way they live and in the way they vote these values."

Palestinian Leader To Accept Hamas Cabinet (WP)

By Scott Wilson

The Washington Post, March 26, 2006

Aide Says Abbas Seeks 'Transformation' Of Rival Party's Stance Toward Israelis

JERUSALEM, March 25 -- Palestinian leader Mahmoud Abbas notified Hamas officials Saturday that he would accept their proposed cabinet even though its program does not endorse previous agreements or peace initiatives that recognize Israel and are backed by the Palestinian Authority.

At the same time, Abbas reiterated his demand that Hamas adopt his vision of a two-state solution to the Israeli-Palestinian conflict to avoid putting "our national struggle in opposition to international legitimacy." Hamas, known formally as the Islamic Resistance Movement, is designated a terrorist organization by the United States and the European Union.

Abbas, the Palestinian Authority president, outlined his position in a letter addressed to Ismail Haniyeh, whom Hamas designated to become prime minister after the party's surprise victory in January parliamentary elections.

The document clears the way for the Palestinian parliament to begin debating the proposed cabinet, comprising only Hamas members and independents allied with the movement, early next week. Haniyeh said the parliament would approve the new ministers Wednesday, a day after Israel's national elections.

The letter also signals Abbas's approach to the Hamas cabinet at a time when international donors are deciding whether to continue funding the Palestinian Authority. His strategy, as outlined by two people close to him, is a gamble that will depend on cooperation from Israel and such donors as the United States to achieve his goal of pressuring Hamas to abandon its declared war with Israel.

"What we need is for the world to support the moderate line and help Abbas step in to save the day," said one of the sources, who outlined the calculations behind the letter on condition of anonymity. "There is no immediate clear-cut solution to this. This is a long-term process of transformation or a collapse of the Palestinian Authority."

Abbas's letter warns Hamas that its position imperils political and financial support for the Palestinians' national cause and precludes the formation of a unity government, which would include his secular-nationalist Fatah movement. The source called those warnings "battle lines" that Abbas will invoke in what he hopes will become a domestic political contest with Hamas, which has no governing experience above the local level.

Abbas could have rejected Hamas's proposed cabinet and risked a constitutional crisis that could have resulted in the dissolution of the Palestinian Authority. But Abbas wrote that he would accept the cabinet "out of respect for the democratic process."

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He is also doing so to challenge Hamas to govern effectively or suffer the consequences. Abbas is betting that Hamas will do no better than Fatah in controlling Palestinian militias, improving the economy or reducing the Israeli checkpoints, military operations, crossing closures and other hardships of the occupation.

The president does not have the legal authority to call new parliamentary elections, although he can dismiss the prime minister and his cabinet. But sources close to Abbas say they believe Hamas leaders might agree to new elections, perhaps as soon as six months from now, if the party's political standing fades while leading the government.

In the meantime, Abbas may propose the outline of a peace settlement with Israel to rally the Palestinian public around his approach.

But Abbas is counting on the next Israeli government and international donors to support the Palestinian Authority after Hamas takes over its ministries, something that appears unlikely. Cutting off foreign aid that accounts for nearly half the authority's budget would allow Hamas to blame its failures on what one source called a "foreign conspiracy."

"That would defeat the whole purpose," one of the sources said.

Israel has frozen the monthly transfer of roughly $55 million in tax and customs revenue it collects for the Palestinian Authority, an amount equal to nearly half its payroll. The Bush administration has suspended U.S.-funded development projects in the Palestinian territories.

Abbas is calculating that neither Israel nor foreign donors want the Palestinian Authority to collapse. That would require the Israeli government, as the occupying power, to assume a larger role in the territories at a time when Israel's leading political party is proposing a unilateral withdrawal from parts of the West Bank after the election.

"Where we differ from the international community is that Abbas doesn't want Hamas to fail; Abbas wants Hamas to transform," one source close to the president said. "His ultimate constituency is the domestic one. What we hope is that the international community will see his engagement as part of a complex situation and not that he is in bed with terrorists."

Translation: Is The Whole World Watching? (NYT)

By Lorne Manly

The New York Times, March 26, 2006

HOW you see something," said Nigel Parsons, the managing director of Al Jazeera International, "depends very much on where you're sitting."

Those words could well serve as the manifesto for the channel, the English-language offspring of the polarizing pan-Arab network, which will make its debut in more than 40 million households in late May.

Addressing hundreds of journalists and academics who had come to Doha, Qatar, for the second Al Jazeera Forum, Mr. Parsons promised that the new channel — with its headquarters there and broadcast centers in Washington, London and Kuala Lumpur — will cover the stories and people that the Western-owned news media overlook. "We're not going to be another CNN, BBC or Sky," he told the attendees on the last day of January. "If we were, there'd be no point." But, he added, "It's not our position to tell viewers what to think."

During a freewheeling question-and-answer session, the audience pressed him for details. With costs already surpassing a billion dollars, Al Jazeera is the most ambitious television network start-up in recent years. Will it be the first network to crack the Western monopoly on delivering news and opinion to a global audience? Will it provide an Arab and Muslim point of view to the rest of the world?

Many at the forum hoped it would. But its top management is British, and its high-profile hires — like the smooth interviewer David Frost and the former "Nightline" correspondent Dave Marash — are hardly representative of the developing world. Will it then, the journalists wanted to know, just be colonialism in more modern garb?

Outside of that crowded conference room, the pressure is just as great. In the Arab world, Al Jazeera has a reputation for tackling the thorny issues. But in the United States, where it is best known for showing tapes of Osama Bin Laden's tirades, one person's fearless reporting can quickly become another's dangerous propaganda. And the more widely it is viewed as a terrorist mouthpiece, the harder a time the channel will have getting a spot on the already-crowded American cable line-ups.

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Mr. Parsons understands the need to reassure new viewers in the West without disappointing old ones in the Arab world. "Essentially, it's about getting the balance right," he said.

A little more than five minutes from the 1980's-era opulence of the vast Sheraton on the Doha's corniche — if the traffic-clogged roundabouts thoughtfully bequeathed by the British do not double the commute time — lies the headquarters of the Al Jazeera networks. To describe the exterior as nondescript would be giving the dusty compound of squat buildings and satellite transponders too much credit. But inside, another story unfolds.

The Arabic-channel's new newsroom, which opened last year, is an airy space filled with Aeron chairs, slick flat-screen LG and Samsung monitors and on-air sets whose color scheme (orangey green) morphs through the day. Next door, in a former parking lot, swarms of men in smocks — imported cheap labor from Southeast Asia — hurry to complete the English-language headquarters.

Employees at Al Jazeera International boast of having one of the largest plasma screens of any newsroom in the world. From the newsroom on the first floor, a glass spiral staircase will lead to a mezzanine of open-plan news desks for the Web site and glass-walled offices, a rarity in the Arab world, where executive suites are more often clubby, private affairs. A fiber-optic network will connect Doha to its broadcast centers and other bureaus. There will also be a prayer room, as is customary in Qatari workplaces. Over all, it's a far cry from the tiny newsroom of the channel's early years, the one that prompted the Egyptian leader Hosni Mubarak to marvel during a 2000 visit, "All this trouble from a matchbox like this."

Al Jazeera's rapid growth over the last decade is primarily the doing of one man, the emir of Qatar, Sheik Hamad bin Khalifa al Thani. Since bloodlessly overthrowing his father in 1995, Sheik Hamad has overseen the vast natural gas reserves of his country, a sandy spit of land about the size of Connecticut and Rhode Island combined that juts out of Saudi Arabia into the Persian Gulf.

But those reserves will not last forever, so he has used the profits to diversify. He has opened Qatar to the West, turning it into a regional education hub, setting off a building boom and loosening some political restrictions. In 1996, he issued a decree establishing Al Jazeera, and then bankrolled its first five years with a grant of $137 million. He is still footing the bulk of the channel's annual budget.

"He's thinking long-term," said Hugh Miles, the author of "Al Jazeera: The Inside Story of the Arab News Channel That is Challenging the West" (Grove Press). In a rough neighborhood, he wants to build "an Arab version of Switzerland — rich, neutral and secure," Mr. Miles said.

Mahmud Shammam, the Washington bureau chief of Al Watan newspaper and Newsweek in Arabic, as well as the emir's latest addition to Al Jazeera's board of directors, said Sheik Hamad hoped the network would be a countervailing force to some of the political and social trends in the Middle East. "He wants Al Jazeera to be a force for democracy and modernization in the Arab world," Mr. Shammam said.

Certainly the region has not been a haven for the free press. Owned or controlled by the state, the television channels in the region are often filled with dreary state receptions and handshakes of smiling kings and autocratic generals, breaking-news bulletins of the queen's latest ribbon cutting, and an avoidance of anything remotely controversial.

But since its debut in November 1996, Al Jazeera has offended multitudes with news and commentary that do not necessarily conform to the views of mullahs or kings. To the outrage of social conservatives, the host of a religion show said the Koran did not forbid fellatio. Guests have questioned the right of the Saud family to rule Saudi Arabia. At some time or another, nearly every country in the Middle East — save Israel — has banned or curtailed its reporters.

Meanwhile Defense Secretary Donald H. Rumsfeld has accused the network of "vicious lies" and of promoting an anti-American worldview. (An Al Jazeera journalist in Spain was sentenced last year in that country to seven years in prison for collaborating with Al Qaeda; Al Jazeera is appealing the verdict.)

The reality of what is on the channel is more nuanced. (See sidebar.) Just as the emir and Qatar play host to the American military while offering asylum to Saddam Hussein's wife, Al Jazeera offers a showcase for dissenting views — such as Dr. Wafa Sultan, an Arab-American psychiatrist who recently denounced some Muslims for what she called their backwardness — but a definite worldview dominates, one that is pro-Palestinian and skeptical of the West's intentions. Particularly America's intentions,

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post 9/11. Recently the administration has chosen to engage more with the channel; American officials, such as Condoleezza Rice, have occasionally appeared as guests.

"Al Jazeera has played a very important role in creating foundations for democracy and pluralism in the Middle East," said Marc Lynch, an associate professor of political science at Williams College and the author of "Voices of a New Arab Public: Iraq, Al Jazeera and a Middle East Politics Today" (Columbia University Press). "It can also fan the flame of populism and anti-Americanism. And there's an ongoing struggle between these two forces."

Dealing with that struggle falls to Mr. Parsons, as he sets out to convince cable and satellite operators, politicians and curious prospective viewers that Al Jazeera International will not be biased against the West, but will nonetheless offer a needed alternative to CNN International and BBC World.

The son of a British military officer, Mr. Parsons, 54, grew up in countries like Singapore and Malaysia, and has spent 30 years working for news outlets ranging from BBC Radio to Associated Press Television News. When he was first approached about the position at Al Jazeera International, he was frustrated with the tenor of most English-language news. "Especially the coverage of the Iraqi invasion," he said. "Somehow it seemed to me that the Fourth Estate had got into bed with the third estate and the rest of us had been left outside the bedroom. So when this came along, it was blank sheet of paper and a chance to make a difference, and to do things differently."

The new English-language channel will have all of the standard accoutrements: interview programs, panels of political experts and critiques of the news media. "Frost Over the World," for example, will showcase Mr. Frost's one-on-one skills with global newsmakers each Friday.

But Al Jazeera's main business program has the far-from-Wall-Street title "People and Power," and its host, a former Economist correspondent, Dr. Shereen El Feki, pledges to cover the "grassroots" along with the executive suites. And "Witness," the channel's daily documentary series out of London, will feature the films as well as conversations with their makers.

And though Al Jazeera International's competitors have also laid claim to the think globally, act locally mentality (and dispute that Western ownership leads to Western-centric newscasts), the new channel is turning the idea into a physical reality. Its broadcasting day is expected to begin in Kuala Lumpur, 9 a.m. local time, and over the next four hours the journalists there will drive the report. The following 11 hours will come out of Doha, before the London broadcast center takes the reins for five. Then, for four hours beginning at 4 p.m. on the East Coast of the United States, Washington will gain its measure of control.

This setup, Al Jazeera International executives say, will differentiate the channel from its more centralized competitors and ensure that important regional stories do not get overlooked — as Bangladesh's deadly typhoons did in the aftermath of Hurricane Rita, said Steve Clark, a former Sky News executive who is the new channel's director of news.

So do not expect much coverage of the World Economic Forum in Davos, Switzerland, the annual winter home for privileged white men (and Angelina Jolie) that is much adored by the Western news media. "I don't think we'd have even gone there," Mr. Parsons said.

Just how willingly an international audience will flock to this alternative news channel — and whether that migration will reward the emir's huge wager — is unclear. "People are far more interested in the price of petrol at their local petrol station than they are in probably what's happening in Sudan," Mr. Parsons said. "That's just a fact. But there is a hunger for international news. If you do it through human interest, people will always relate."

The fact that Al Jazeera International's target audience — Arab and Asian expatriates, non Arabic-speaking Muslims and news hounds — is so geographically diffuse only complicates matters. Al Jazeera also faces the same squeeze in the United States as other fledgling cable channels not backed by a media conglomerate: no room at the inn.

Executives do not want the channel relegated to a premium tier, as the Arabic-language channel is in this country, available only to subscribers of the Dish Network willing to pay an extra $26 to $40 a month. But mainstream tiers are already crowded, and newer channels devoted to murder mysteries (Sleuth) and conspicuous consumption (Fine Living) can be much more lucrative. And there's another competitor looming; BBC World has said it plans to bring its 24-hour news channel to the United States, and is working with Discovery Communications.

So far, Al Jazeera International has not found a cable or satellite provider. The search continues, and the channel says it has received offers across the United States, including a proposal from one major cable operator. And the channel is

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considering streaming the video over the Internet, so viewers can watch the network on computers. Either way, the emir's largess takes some of the pressure off. "We'd love to have cable distribution," said Lindsay Oliver, the channel's commercial director, "but it's not going to kill us if we don't."

The perception that despite the Middle Eastern base, Westerners once again are dictating the news could ultimately pose a much bigger threat to the channel. At the Al Jazeera forum in Doha, some employees of the Arabic-language channel joined the grumbling about the Western tilt in the top ranks.

The English-language channel has been filling out its staff with Arab and Muslim journalists, but even so, the complaints continue. "Does the emir know," asked one post on the Friends of Al Jazeera blog, "his money is being shared around a group of television people who would make Fox News proud? Fellow Arabs in Doha are not amused."

All told, Al Jazeera International expects to hire more than 500 people, of which more than 150 will be journalists. Although the new channel will be a separate entity, it will share some resources with its Arabic-language sibling, and to build camaraderie between the two staffs, movie nights and dinners have already been held.

Mr. Shammam of Al Watan said that while he understands why language requirements would limit the network's hiring pool, he would like to see more diversity. "If it is international, it has to be international," he said.

And any eventual success of Al Jazeera International will probably not be measured on the bottom line, but on the international battlefield of ideas. "It has a chance of shifting slightly the agenda-setting decisions made by the media in New York, London and Atlanta," said Daoud Kuttab, the director of the Institute of Modern Media at Al Quds University in Ramallah.

For the emir of a tiny country striving to show the West "the real Arab world, the real Muslim world," in the words of Mr. Shammam, that may be victory enough.

America, The Global Target (WP)

By Jim Hoagland

The Washington Post, March 26, 2006

Hoping to lower tensions between the Muslim world and the West, British Prime Minister Tony Blair maintained the other day that the world confronts "a clash about civilization," not "a clash between civilizations." But the overriding lesson of events since Sept. 11, 2001, may be that you can't have one without the other.

In radical Islamic propaganda, the United States has graduated from being a mere Great Satan out to undermine Iran's ayatollahs to being depicted as a global monster responsible for virtually every crime and failing since the dawn of modern history. Meet the new Jews: the Americans.

Don't misunderstand. Americans have not replaced Jews at the top of the hate parade in Islamic countries. But the history of anti-Semitism, a word coined in Germany to provide a bogus scientific basis for prejudice against Jews, and its spread in recent years across the Middle East as an all-purpose explanation of whatever is wrong, should give Americans no cause for complacency.

The centrality of American power to global change -- good and bad, economic and political, topsy and turvy -- inevitably carries with it a heavy burden abroad of resentment and opposition. In the wake of Sept. 11 and wars in Iraq and Afghanistan, a widespread stereotyping and a visceral hatred that imputes racial characteristics to national policies and actions have also taken hold.

The distemper of these global times can be read in a wide variety of settings, where this new virulent anti-Americanism competes with historical anti-Semitism as a single explanation for the failures and delusions of entire nations.

The change can be seen in Turkish and Egyptian movie houses, where overflow crowds watch depictions of Americans routinely raping, killing, firebombing mosques and torturing innocents as a function of national character. It flows through the fanatical statements of Osama bin Laden and others that conflate "Jews" and "Crusaders." It peeks out of an overjoyed online announcement I came across last week that Hitler's favorite book, "The Riddle of the Jew's Success," is back in print.

Nothing new in this, it can be said. Besides, American movies, comics, journalists and politicians among others have never hesitated to stereotype Arabs, Turks or any other foreigners for their purposes, and often in extremely crude terms. Finally, the

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terrible polarizing effect of the conflict in Iraq and the crimes committed at Abu Ghraib and elsewhere do invite harsh criticism of Americans rooted not in animus but in a sense of justice.

But the central and intrusive role of the United States in unleashing the traumatic changes of globalization on families, workplaces and nations everywhere brings unintended consequences. The forces that created anti-Semitism are not confined to one group of people or one moment in history.

" The Jew is in every respect the center of the language of the Third Reich, indeed of its whole view of the epoch," literary scholar Viktor Klemperer wrote in his Nazi-era diary. A forthcoming book quotes that passage to explain how long-standing prejudice was mobilized as engine and rationale for mass murder and state terrorism in Germany.

"Anti-Semitism was not only a set of prejudices and hatreds but also an explanatory framework for historical events," Jeffrey Herf writes in "The Jewish Enemy." He demonstrates that while Hitler was convincing Germans that the Jews were about to annihilate them, the numbers and influence of Jews in Germany were sharply declining. Facts did not get in Hitler's way.

A vehement counter-ideology is developing across the Arab world today to President Bush's drive to put America even more at the center of democratic change and material progress in that region. Some of the reaction is reasoned and pragmatic; much of it veers into hate propaganda that confounds nationality with race.

That suggests two initial propositions for an ongoing discussion of this vast subject:

The Bush administration must avoid throwing gasoline on this raging fire by making assertive declarations about preemptive warfare, or God's gifts of democracy being distributed to Arabs by Americans or the like. It must show that misbehavior or crimes in Iraq or elsewhere will be punished up to the highest level of responsibility.

Second, Americans need to recognize that the problems we face in the Middle East are bigger than the failings or mistakes of Bush & Co. Those problems would not fade quickly if U.S. troops left Iraq tomorrow. Repairing America's image at home and abroad is also a complex, generational task that begins now.

In Dubai, An Outcry From Asians For Workplace Rights (NYT)

By Hassan M. Fattah

The New York Times, March 26, 2006

DUBAI, United Arab Emirates, March 25 — For Rajee Kumaran, this was the city of dreams.

Dubai's gleaming high rises, idyllic beaches and seemingly limitless opportunities glittered on the pages of brochures and in the stories told by laborers returning home to his native Kerala, India. But after five years here, surviving in squalid conditions and barely making ends meet on less than $200 a month, Mr. Kumaran, 28, says his dream has long since faded.

"I thought this was the land of opportunity, but I was fooled," he said Thursday, as he stood with several other construction workers outside their work camp in the desert on the outskirts of the city.

When hundreds of workers angered by low salaries and mistreatment rioted Tuesday night at the site of what is to become the world's tallest skyscraper, not only were they expressing the growing frustration of Asian migrants here, they offered a glimpse of an increasingly organized labor force.

Far from the high-rise towers and luxury hotels emblematic of Dubai, the workers turning this swath of desert into a modern metropolis live in a Dickensian world of cramped labor camps, low pay and increasing desperation.

For years, workers like Mr. Kumaran have done whatever they could to get here, often paying thousands of dollars to unscrupulous recruiters for the chance to work at one of the hundreds of construction sites in the emirates.

Of the 1.5 million residents of Dubai, as many as a million are immigrants who have come here to work in some capacity, with the largest subgroup being construction workers, said Hadi Ghaemi, a researcher with Human Rights Watch who covers the United Arab Emirates, citing government statistics. A vast majority of the immigrants come from the Indian subcontinent and the Philippines.

With the cost of living rising, many have abandoned dreams of returning with a fortune. The construction workers' camps, in particular, have been set up ever deeper in the desert. That adds an hour or two just to get to the job site every morning, in addition to the workers' 12-hour shifts.

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A growing number have resorted to suicide rather than return home with empty pockets: last year, 84 South Asians committed suicide in Dubai, according to the Indian Consulate here, up from 70 in 2004.

Mr. Kumaran, who earns 550 dirhams every month, or about $150, as a laborer, sends home almost half his earnings and lives on the equivalent of roughly $60 a month. That is barely enough to pay for food and cigarettes and using his cellphone from time to time. But he is not sure how he will repay the loan he took to get here.

"If I'd stayed in India and worked just as hard as I do now, I could have made the same money," he said. "And I wouldn't have needed to get a loan to come here."

Since last September, when 800 workers staged a protest march down a main highway in the heart of the city and set off a national debate about the treatment of foreign workers, laborers have held at least eight major strikes to demand their rights and get their pay, which is sometimes withheld.

But the mass action on Tuesday was the most significant of its kind. Hundreds of workers building the Burj Dubai skyscraper chased security guards and broke into offices, smashing computers, scattering files and wrecking cars and construction machines. When they returned to work the next day, demanding better pay and improved working conditions, thousands of laborers building an airport terminal across town also laid down their tools, demanding better conditions, too. The workers also halted work on Thursday, until a settlement was negotiated.

"It was a watershed moment in coordination and organization," Mr. Ghaemi said. "It started with increasing numbers of strikes, and has now evolved into very organized and coordinated activities. If these grievances are not addressed quickly by the government they are sure to begin hurting the economic growth of the country."

Those workers have few rights. Visa sponsors and employers typically confiscate their passports and residency permits when they sign on, restricting their freedom of movement and their ability to report abuse.

Most pay money to recruiters to find work here, a practice that the U.A.E. government has sought to stop. When they get here, few can leave the country without the permission of their employers, who can block them from working elsewhere in the country if they resign or are fired.

Unionizing is forbidden, too, and most workers have no recourse other than the Labor Ministry.

Denial of wages is the most common abuse of workers, as contracting companies typically wait to pay their workers until they themselves get paid. In the worst cases, workers have been denied wages for more than 10 months, only to lose the entire salary when the contracting companies go bankrupt, leaving the men destitute and with few options.

The U.A.E.'s Ministry of Labor has tried to tackle the problem in recent months, making changes meant to allow workers to change employers more easily and imposing strict penalties on employers that do not pay their workers.

Workers can call a toll-free hot line to the ministry to lodge complaints, which are investigated. And ministry inspectors do travel to work camps to inspect them.

"We always support the workers and want to protect their rights, but we must protect employers' rights as well," said Ali al-Kaabi, the labor minister in the U.A.E. "As long as these three factors are in place, the workers have no reason to protest. If they have any problems or complaints they should speak with a supervisor, who should come to the ministry. Then if we don't act they have the right to protest."

But the sheer number of workers who have poured into the country over the past two years and inadequate staffing at the ministry have meant that many problems slip through, some officials and human rights workers say.

Only 80 government inspectors oversee about 200,000 companies and other establishments that employ migrant workers, Mr. Ghaemi said, citing government figures. The inspectors also look at labor camps: of the 36 camps inspected from May through December last year, the ministry ranked 27 well below government standards.

"There's such a boom and so many laborers required here that the government is bringing measures which are not entirely adequate," said B. S. Mubarak, labor and welfare consul at the Consulate General of India in Dubai. "Neither we nor the ministry can cope with the growing number of laborers and growing number of complaints."

As he boards a bus to his construction site every morning but Friday, Mr. Kumaran says he looks up at Dubai's skyline of gleaming high rises with a degree of sadness.

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"I wish the rich people would realize who is building these towers," Mr. Kumaran said, flanked by his co-workers. "I wish they could come and see how sad this life is."

Imams In Spain Say Muslims And Jews Must Confront Extremism (NYT)

By Renwick Mclean

The New York Times, March 26, 2006

SEVILLE, Spain, March 23 -- Scores of rabbis and imams gathered here this week to discuss what they called a deepening crisis in relations between Muslims and Jews, saying religious leaders must confront religious extremism and the failure to make meaningful progress on the conflict in the Middle East.

The meeting did not produce any sweeping agreements, but it was nonetheless heralded by many participants as a breakthrough, bringing together religious leaders who have the potential to bridge the divisions between Muslims and Jews, but who rarely interact.

Leaders who seldom cross paths despite living only minutes apart, like ultra-Orthodox rabbis from Israel and former members of the radical Palestinian group Hamas, spent four days in a hotel here sitting in the same rooms, eating the same meals and occasionally talking, guardedly at first, but increasingly freely as the conference progressed.

"You have some of the most fundamentalist people from both religions here," said Eliezer Simcha Weisz, a rabbi in Emek Hefer, Israel. "These people would never sit together in Israel."

The meeting, organized by the French foundation Hommes de Parole, which promotes dialogue between conflicting groups, included hostile exchanges and pointed arguments about terrorism, Israeli settlements and claims to Jerusalem. But it also led to some uninhibited displays of camaraderie, like rabbis and imams singing and dancing together during an impromptu musical performance in the hotel lobby near midnight.

But sporadic displays of conviviality did not temper the underlying tension. At the opening ceremony on Sunday, the chief rabbi of Israel, Yona Metzger, noting that most Muslims are moderates, asked the imams in the audience: "Why don't you speak when Bin Laden invokes your religion to justify terrorism? Why don't you express yourselves in a loud voice?"

Even discussions as seemingly innocuous as the virtues of peace often turned into arguments. "No one can speak about peace while there is occupation," said Imad al-Falouji, a former Hamas member and one of the most prominent imams in Gaza, referring to the Israeli presence in the West Bank.

But the participants appeared to agree broadly that tensions between Muslims and Jews had grown worse in recent years in part because religious leaders had lost their voice, allowing politicians, diplomats and, most worrisome, extremists to dictate relations between the two religions.

"Religion has been misused by the fundamentalists, who have taken over religion and made us hostages," said André Azoulay, a Jew from Morocco who is a senior adviser to King Mohammed VI. "They could do so because we were silent."

Rabbi Daniel Sperber, president of the Institute for Advanced Torah Studies at Bar-Ilan University in Ramat Gan, Israel, said that religious leaders had many shared beliefs and might be able to reach agreements where diplomats had failed.

"We haven't even begun to tap the resources of the religious world," he said. "This is the first stage, trying to bring people together to establish some sort of common agenda."

At the conclusion of the conference on Wednesday, the leaders issued a joint communiqué denouncing the use of religion to justify violence and urging respect for religious symbols, an apparent response to the recent protests of cartoons depicting the Prophet Muhammad.

The declaration also included an implicit condemnation of statements from Hamas and the president of Iran, Mahmoud Ahmadinejad, calling for the destruction of Israel. "We condemn any incitement against a faith or people, let alone any call for their elimination, and we urge authorities to do likewise," the statement said.

But the real value of the conference, most participants said, was in the informal meetings that took place in the hallways and at the dinner tables, allowing participants to put faces on people often portrayed as the enemy back home.

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Ashour Kullab, a Muslim leader from Gaza who had never spoken with a rabbi before coming here, said he spoke with two rabbis on the first morning of the conference. “There were no problems with them,” he said. “They listened and I listened. They are my friends now.”

The encounter, he said, could never have happened in the Gaza Strip, where extremists do not tolerate friendships with Jews. “If I go with them in the streets in Gaza, I might get shot,” he said.

The group first met last year in Brussels. In bringing the conference to Seville this year, organizers hoped to recapture some of the relative harmony that is said to have governed Muslim-Jewish relations here during the Middle Ages, when Spain was a Muslim-controlled territory called Al Andalus.

That sense of cooperation seemed to find its way into many discussions.

During a coffee break early in the conference, Stuart Altshuler, a rabbi from Mission Viejo, Calif., got into an angry dispute with Mr. Falouji, the imam from Gaza, over the conflict between Israelis and Palestinians.

But the two made up shortly after, saying they had benefited from the exchange. “I was able to meet with Falouji from Gaza,” Rabbi Altshuler said the next day. “I’ve dreamed of a chance to do that.”

Belarus Police Deter Thousands Of Protesters (NYT)

By C. J. Chivers

The New York Times, March 26, 2006

MINSK, Belarus, March 25 — Riot police dispersed a fresh challenge to President Aleksandr G. Lukashenko on Saturday, blocking thousands of antigovernment demonstrators from reaching the central square in the capital and later arresting a top opposition leader.

The leader, Aleksandr V. Kazulin, was seized as he marched with hundreds of supporters on a prison where opposition members are held. The police also shoved and beat many of the protesters while they gathered on the sidewalks in the capital's center. Dozens of people were arrested, the opposition said.

Before the police seized Mr. Kazulin, one of the candidates who had challenged Mr. Lukashenko in the recent election, the two sides had been jostling throughout the day to show their strength, and the opposition displayed surprising resolve in the first hour.

Despite hundreds of arrests during the week and a police crackdown in which many of the most active members of the opposition have been detained, at least 6,000 people appeared at noon in central Minsk, where they were met by phalanxes of riot police with clubs. Some demonstrators carried flowers. They chanted "Truth! Truth! Truth!" and "Freedom! Freedom!"

After being blocked from October Square during a tense hour of confrontations with formations of riot police, the crowd dispersed and reassembled at a nearby Yanka Kupala Park, where another opposition leader said they would not cease in their campaign of civil disobedience against Mr. Lukashenko and his autocratic government.

"What is going on in Belarus can be compared to the storm of a fortress," said Aleksandr Milinkevich, the principal challenger to Mr. Lukashenko in the election this month. "This was the first storm. We will use peaceful methods. We will surround that fortress and we will not retreat."

In time, he said, "We will turn that fortress upside down."

Later, when demonstrators led by Mr. Kazulin marched on the prison, participants said the police dispersed them using stun grenades. Mr. Kazulin was arrested by a team of special forces officers who rushed him and snatched him from the crowd, witnesses said.

The police also arrested Mr. Milinkevich's spokesman in a separate confrontation. He was later released. The charges against Mr. Kazulin were not immediately clear.

The unauthorized rallies continued a week of small but intensive public defiance against Mr. Lukashenko, who is often called Europe's last dictator and whose police state, an island of Soviet nostalgia and Communist ideology, is feared by citizens for its brutality.

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Mr. Lukashenko was re-elected on March 19 in a vote the West and the opposition regard as rigged, and the United States has called for a new vote and said it will impose penalties against Mr. Lukashenko and his top officials. The European Union has also said it will seek penalties.

For the first time in 12 years of Mr. Lukashenko's rule, people have carried out sustained demonstrations against him, including four nights of continuous protests on October Square, before the riot police conducted a mass arrest of hundreds of demonstrators early on Friday morning.

Mr. Milinkevich had called for another demonstration on Saturday, an unofficial holiday celebrating a brief period of Belarussian independence in 1918.

The turnout on Saturday in the face of police violence suggested that the opposition had far more support than Mr. Lukashenko had conceded in his derisive public remarks.

The protesters, who have modeled their effort in part after freedom movements against Communist or post-Soviet governments in Poland, Serbia, Georgia, Ukraine and elsewhere, were young and old, men and women. They called loudly for a new way of life, free of state repression and with integration with the West, which Mr. Lukashenko loathes.

In a move reminiscent of Soviet times, the authorities said protesters were not allowed to walk on October Square because the ice on the skating rink there was being removed for spring. The demonstrators rejected the explanation as another official lie.

They massed on the sidewalks near the square, waved flowers and banned Belarussian flags, and shouted at the police: "Shame! Shame! Shame!" As their numbers grew they began to push, at one point forcing a line of police half a block backward, and almost reaching the square's edge.

But the police reinforced themselves swiftly, and thick lines of officers jogged into place and stopped the advance. The demonstrators also briefly blocked traffic two times at one of Minsk's main intersections, but were forced away within minutes by police charges.

More police reinforcements arrived, and began plunging into the crowd in platoon-sized formations, separating it into smaller groups that were then forced to move away.

Many demonstrators in the front rows were beaten, punched or kicked, but the officers did not seem as interested in arresting them as they were in clearing them from Independence Avenue, one of Minsk's principal streets. Once the crowd backed away the officers did not pursue it. As the demonstrators gave ground, they jeered at the dense formations of officers, clad in black, on whom they said the government had spent extravagant sums to protect itself from its own people.

"This is where our money goes," said Galina Apalko, 23, a student, before being chased back half a block by a rushing line of police.

Another protester cursed them as they rushed past her.

"These special forces — they are black cockroaches," said one stooped and elderly pensioner, who gave only her first name, Maria. "They are hirelings. My parents were oppressed. I am oppressed. I hate this power."

Mr. Milinkevich said in an interview in the evening that it was possible the authorities might arrest him as well, but that he would continue to organize peaceful resistance.

He disapproved of Mr. Kazulin's march on the prison, saying that marching on a secure building was too provocative, and that demonstrators should try to assemble in public spaces. "I am categorically against such actions," he said. "It is important for us to show that we are not aggressive, that we are for only peaceful acts. Then we attract more people and we can grow."

Mr. Milinkevich said the opposition's next attempt at mass public assembly would be April 26, the 20th anniversary of the nuclear disaster at Chernobyl, which blanketed much of Belarus with radioactive waste.

He said he would be working with volunteers to mobilize more people to demonstrate on that day, using his supporters to spread the word in small meetings, e-mail messages and fliers. Gathering public supporters here is difficult, as students have been threatened with expulsion and workers with dismissal for participating in opposition events.

There is also virtually no independent news media in Belarus, and television is run by Mr. Lukashenko's centralized state, making it difficult for opposition organizers to circulate word of their actions. Still, Mr. Milinkevich has been confident in recent days, saying that Belarussians are shedding their fear, and that Mr. Lukashenko will be chased from power before the end of his five-year term.

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As has been the case all week, state television belittled the opposition and the demonstrators, saying on the news that they were agents of foreign governments.

"Today, the ex-candidates who lost the elections call on a storm of state offices, the forced seizure of power and a push to bloodshed in the streets of Minsk," the presenter on BT television station said.

"As it became known to us from informed circles, the organization of riots in the streets of Minsk is taking place in accordance with the instructions received from the European Union."

Protest Takes Bloody Detour In Belarus (LAT)

By Kim Murphy, Times Staff Writer

The Los Angeles Times, March 26, 2006

In a clash over the March 19 vote, riot police confront marchers, clubbing some to the ground and arresting dozens.

MOSCOW — A rally billed as a last-ditch attempt to challenge a discredited presidential election in Belarus erupted in violence Saturday as riot police plunged into the crowd with truncheons and arrested dozens of people, including opposition candidate Alexander Kozulin.

As protesters, some of them bloodied, ran screaming from the scene, police chased organizers down side streets of the capital, Minsk, clubbing them to the ground once they were caught.

"Law enforcement took maximum security measures to prevent an escalation, and protected people who were simply trying to spend their leisure time nearby," Interior Minister Vladimir Naumov said at a news conference later in the day.

He accused Kozulin, one of two opposition candidates who unsuccessfully challenged President Alexander G. Lukashenko in the March 19 election, of urging supporters to storm a jail where detained activists were being held and of calling "for the physical elimination of the head of state, and for a power grab."

But Kozulin's spokeswoman, Nina Shidlovskaya, said the protest was only intended as a peaceful show of support for the detainees.

Kozulin, a former university rector, stepped in front of the crowd to negotiate, "to try to explain why we were here, and that we didn't mean any harm," she said in a telephone interview. "But when he started walking toward them, the police began to beat their clubs against their shields, and they were advancing toward us like an iron-clad army."

The protesters turned down another street, but were suddenly set upon by police who broke the crowd into sections of several dozen each and began beating protesters with clubs, Shidlovskaya said.

"People began to fall down with bloodied heads. It was a horrible scene. All I could see was clubs rising and falling on people's heads. The street was filled with screams of pain," she said. "I turned and saw Alexander [Kozulin], who had been all the time next to me. He was a few steps behind me, and a policeman was holding him with one hand and raising his club with the other hand over his head. That was the last time I saw him."

Eight policemen were injured in the clashes, authorities said.

Lukashenko, a former collective farm manager who has been accused of manipulating elections to remain in power for the last 12 years, maintains a government-controlled economy and repressive security apparatus to run a country often seen as a relic of the Soviet era.

Relative prosperity and a wide social services network have assured Lukashenko's popularity, but international observers found deep flaws in the voting that handed the president an 82.6% victory. They said harassment and arrests of opposition leaders and members of the independent media rendered the balloting undemocratic.

On Friday, the United States and the European Union said they would impose targeted travel restrictions and financial sanctions on Belarus.

In an interview with Kremlin political consultant Gleb Pavlovsky that aired on the Russian NTV network Saturday night, Lukashenko asserted that Belarus compared favorably with Western Europe.

"They say that Lukashenko is a bad one because he is taking a third term. But why is nobody saying that [British Prime Minister Tony] Blair is bad because he's taking a third term?" Lukashenko said, speaking of himself in the third person. "They say France has such a democratic society, but then we saw Paris on fire. What kind of democracy is this?"

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"Everyone lives together amicably here," he said, adding that the West was unhappy because he had frustrated plans to extend the reach of institutions such as the EU and NATO into Belarus.

The rally, on the anniversary of the declaration of the first independent Belarusian state in 1918, began as a peaceful show of support for a new election.

When police quietly blocked access to Oktyabrskaya Square in the center of the city, the scene of major protests for several days last week, an estimated 5,000 people moved farther down the street to a nearby park. Demonstrators waved flags and chanted "We are not afraid!"

Another opposition candidate, Alexander Milinkevich, who won 6% of the vote in the official count, announced the creation of a broad-based new civil rights movement: Truth, Justice and Freedom.

After about three hours, Kozulin, who drew about 2% of the vote, called on about 1,000 supporters to march toward the detention center. Shidlovskaya, his spokeswoman, said the plan was to "express solidarity with our comrades who were arrested" during the forced closure early Friday of an opposition tent camp in Oktyabrskaya Square.

Milinkevich was furious, saying Kozulin's move helped turn the peaceful protest into a violent debacle.

"We were resolutely against it. We knew it would provoke the authorities," he said in a telephone interview from a police station where he was seeking the release of his press secretary.

"We didn't want to offer the authorities another chance to show their cruel face, and we wanted people to go home," he said. "It was a bloody, violent scene, and that's exactly what the authorities wanted. Now they're going to portray us all over television as terrorists…. But it was not a fight. Peaceful, unarmed people were beaten up by heavily armed police."

He said the arrests numbered in the hundreds. Authorities declined to give a number.

Milinkevich said opposition leaders were not planning more rallies during the next 30 days.

"Some people think I should hide, that the authorities may be looking for me to arrest me," he said. "But if they want to arrest me, I have no place to hide. I'm certainly not leaving the country, not now, not ever."

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Times staff writer Sergei L. Loiko in Moscow contributed to this report.

Belarus Witness: 'They Knocked My Husband Off His Feet And Dragged Him Away' (TIME)

By Yuri Zarakhovich

Time, March 26, 2006

After the brutal crackdown, an opposition leader's wife gives her firsthand account of his beating and arrest

"My husband walked up to the commanding officer smiling and with flowers in hand. But before he started talking, the officer ordered attack. They knocked my husband off his feet, started beating him up, and then dragged him away" Irina Kozulina told Time in a phone interview, Saturday. "Then, they started beating up the rest of us."

The beating and arrest Saturday of Alexander Kozulin, a key opposition leader and a presidential candidate in last week's election — now branded as a farce by the EU and the U.S. — signaled the onset of a bloody melee in Minsk that left thousands beaten up,several of them in grave condition, tear-gassed, stunned with percussion grenades and chased all over town by club-wielding policemen. Hundreds have been detained. Arrests are still underway in the city. Earlier, Kazulin had told TIME in an interview that the government's response to the protests underscored its lack of legitimacy.

Although the habit is frowned upon by the government, March 25 is celebrated by many in Belarus as Liberty Day — the anniversary of the short-lived independent People's Republic of Belarus, proclaimed in 1918, but crushed by the Bolsheviks six months later. This year's anniversary coincided with a mass protest rally against the fraudulent election staged by President Alexander Lukashenko in order to extend his 12 years in power.

The opposition had planned to hold the rally in Oktyabrskaya Square in the center of the capital, Minsk, where police on Friday had destroyed a protest tent camp and arrested 328 activists. Human rights groups allege that many of these detainees were badly beaten and abused. And then, as Saturday's protesters began heading to the Square, they found it and the approaching streets blocked by riot police, who had blockaded the entire town, forcing the opposition into a nearby Yanka Kupala park.

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The opposition stresses its intentions had been peaceful. "We're not planning any violence, any taking of the Bastille," vowed Alexander Milinkevich, a presidential candidate of united democratic parties and opposition leader. "I hope the authorities understand this."

But the authorities that had rigged the election were in no mood to extend such understanding to Milinkevich and his followers. Instead, their attempt to squelch a peaceful protest added to the growing resentment and provoked a major clash.

Says Irina Khalip, a respected Belarus journalist and human rights activist honored in 2005 as one of Time's European Heroes, "There were some 20,000 of us, packed in the park and gathered around. The people were angry with the rigged election, mass arrests and inhuman treatment of the detainees which their families learned about from cell phone calls and messages, before the phones were taken away. Most families did not even know where their sons and daughters were held. So, Kozulin led the protest march to the Okrestina street jail. The people wanted to protest and to find out where their relatives are."

Nataliya Razina of the Charter 97 human rights group, who took part in the march, says marchers headed for Okrestina jail in a Liberty Day show of solidarity with the prisoners. "It was all so peaceful, people were carrying balloons, flowers, and smiling," she says. "I don't recall having felt so good over these last tense weeks. But all of a sudden they started shooting grenades and tear gas at us. It was such a transition to horror."

The column had been met with lines of riot police, whose commanding officer Kozulin approached with a smile on his lips and flowers in hand. Khalip remembers the troopers launching the assault, but it's painful to her to talk more — she is still suffering aftershocks of a stun grenade exploding near her.

Now, even more people are desperately searching for their arrested or missing relatives and friends. "We have been calling all the precincts, jails and hospitals for the last two hours," Irina Kozulina told Time, "But we still don't know where they keep my husband and what became of him."

Nor do the people know what will become of their Belarus under the authoritarian rule of Lukashenko. Shortly before Saturday's crackdown, Milinkevich had pledged to join forces with Kozulin to create an opposition united front. But Milinkevich has since blamed Kozulin for having provoked the melee, suggesting the nascent coalition may be short-lived — and leaving opposition supporters disorganized and leaderless in the face of a crackdown. Still, many vow they will fight back, regardless of who is willing to lead them.

Ukraine Is The Winner As Nation Heads To The Polls (LAT)

By David Holley, Times Staff Writer

The Los Angeles Times, March 26, 2006

The first parliamentary election since the Orange Revolution reflects the nuanced politics expected of a democracy.

KIEV, Ukraine — Less than a year and a half after President Viktor Yushchenko struggled to power in a historic contest filled with clashes over corruption and fraud, voters today head into parliamentary elections in which the tone is much closer to the nuanced politics expected of a democracy.

The dreamy pro-Western coalition that brought Yushchenko victory through the Orange Revolution has broken into competing factions.

That sets the stage for a three-way race featuring the Party of Regions, headed by Viktor Yanukovich, the pro-Russian former prime minister who lost the 2004 presidential race; Yushchenko's Our Ukraine; and the Yulia Tymoshenko Bloc.

None of these parties is expected to win a majority, but any combination of two probably could name the next prime minister.

Yushchenko contends that by bringing democracy to this former Soviet republic of 48 million, the Orange Revolution is an irreversible success, whoever comes to power this time.

"This is the first democratic election," Yushchenko said at a recent news conference. "Colleagues, it is sufficient for us to be proud of."

Polls show that Yanukovich's party, with its strong base in industrialized eastern Ukraine, is likely to finish first, with about 30% of the vote, and the two main parties that led the Orange Revolution are each expected to have a share of 15% to 20%. Seats in the 450-member parliament are allocated proportionally according to the vote count.

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A total of 45 parties and blocs are competing in the election, several of which are likely to get at least 3% of the vote, the threshold for getting into parliament. Some of them are seen as potential coalition partners for any of the three main parties.

No matter who comes out the winner, the most important changes triggered by the Orange Revolution are permanent because "the train has already moved way too far toward Europe and democracy and freedom," said Denis Bohush, who is running on the Pora-PRP ticket, which unites Orange activists and the Reforms and Order Party.

"People had perceived themselves as a second-class nation, or the younger brother of Russia. Now we are very proud of our country, and you can't kill that," Bohush said.

"That's the main thing. Second, censorship in the media is gone." Unlike the early rounds of balloting in 2004, this election will be honest, he said.

"Even if Yanukovich wins this election, the people would know this is fair," he said. "That's another positive fact: The results of this election will be the real results."

University student Aleksandra Dubnya, a supporter of the Orange Revolution, has one worry: that parties loyal to the two leaders who clashed so bitterly in the presidential race could end up running the country jointly in a "grand coalition."

"I think that's something that might happen," she said. "I would be very sad about it. We have a saying that 'you can't mix holy things and sins.' "

For Dubnya, 20, the "holy things" are the people and dreams that came together two years ago around Yushchenko's campaign, which achieved victory only after huge protests against electoral fraud forced a repeat runoff with Yanukovich, who was prime minister.

The orange-bedecked revolutionaries, who supported Yushchenko's vision of remaking Ukraine in the image of a Western European country, viewed Yanukovich as the representative of corrupt business interests from the country's generally pro-Russian eastern region.

How the post-election horse-trading will work out is far from clear, but many observers think it conceivable that Yanukovich could end up back in the prime minister's post, as Dubnya fears.

Her friend Victor Kusnezh, 23, a graduate student in physics who also backs Yushchenko, is more sanguine. He says that the Orange Revolution's dreams and passions soared unrealistically high, and that whatever happens, things will be OK now.

"Everything was seen as black and white: Yanukovich was a thief and an enemy, and Yushchenko was the hero of the Ukrainian nation," Kusnezh said. "But it was impossible for that to be completely accurate. There were many different kinds of people on Yushchenko's side — they can't be 'holy.' I think even if Yushchenko makes a deal with Yanukovich, that's not terrible. That's democracy. The purpose of the fight was democracy in Ukraine."

The leader of the third main party, Tymoshenko, played a key role in bringing Yushchenko to power and served as his first prime minister. Their split in September was triggered by feuding allies and differences over economic policy and the pace of changes: Tymoshenko favored radical moves and the president a more cautious approach.

Tymoshenko has said she would never join forces with Yanukovich. But Yushchenko has kept the door open to that possibility.

Supporters of a Yanukovich-Yushchenko coalition think it would help unify Ukraine's disparate regions and ensure steady economic development.

But critics say it would be a sellout by Yushchenko of the Orange Revolution's democratic and pro-Western ideals.

Anna Bychkova, 66, a pensioner in the eastern city of Alchevsk who moved from Russia in 1958 to take a job at a chemical factory, is typical of those who hope Yanukovich will come back to power and boost government backing for state-run industries.

"Yanukovich speaks Russian more, and he's more for the simple people," she said.

Although most Ukrainians can speak both languages, those in western Ukraine tend to prefer Ukrainian and those in the eastern part of the country are more likely to think in Russian.

Promotion of Russian as a second official language is in the Party of Regions' campaign platform. Yushchenko and Tymoshenko usually speak Ukrainian at political events and Yanukovich typically speaks Russian.

Stanislav Belich, head of the miners union at the Bazhanov coal mine near the eastern city of Donetsk, said he would vote for the Party of Regions because he liked the government's policies when Yanukovich was prime minister, from 2002 to 2004.

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"They stopped closing the mines," he said. "Factories increased production. This happened when Yanukovich was in power, so the eastern regions have been supporting him."

In Ukraine, Moscow's Man Makes Comeback (WP)

By Peter Finn

The Washington Post, March 26, 2006

Kremlin Trying to Maintain Sympathies of Ex-Soviet States

KIEV, Ukraine, March 25 -- For a man who was supposed to be politically dead, Viktor Yanukovych has a light step. With a bounce in his stride, he emerged onto a downtown stage Friday evening, faux-marble columns framing his salute, as a crowd of thousands chanted his name in four hard beats: "Yan-U-Kov-Ych."

The Kremlin's favorite for power in this former Soviet republic, he was vanquished 16 months ago by the weeks of marches and sit-ins known as the Orange Revolution. Now, opinion polls predict that his party will win the largest number of seats in parliamentary elections Sunday.

His comeback reflects the advent of genuine democratic freedoms in Ukraine, a nation of 47 million people on the shores of the Black Sea, and the rapid disintegration of the political coalition the revolution brought to office. President Viktor Yushchenko and his former allies on the streets now trade accusations of corruption, incompetence and betrayal almost daily.

Russia is watching the vote closely. Yanukovych is the country's hope for the central goal of its foreign policy: the fostering of sympathetic governments in the former Soviet republics that share its borders. In the months since the revolution, Ukraine has aligned itself firmly with the European Union, the United States and NATO; Yanukovych has said that any government he heads would swing back toward Moscow.

Across the border in Belarus, elections last weekend brought results that pleased Russia, an official 82 percent victory for pro-Moscow President Alexander Lukashenko. On Friday and Saturday, riot police were crushing the seeds of what the opposition was calling the Denim Revolution. The West has promised sanctions. Russia has nodded its approval of the conduct of the election and the police response to the demonstrations.

Russia last year signed a military cooperation agreement with Uzbekistan, which closed a U.S. air base and is rounding up dissidents, but elsewhere, the Kremlin has failed to keep the former republics in its orbit. The three Baltic states, Latvia, Lithuania and Estonia, are now E.U. members; Georgia has a strongly pro-Western president.

Following independence with the 1991 breakup of the Soviet Union, Ukraine remained largely in Russia's camp. State television and newspapers hardly mentioned the opposition; permits for rallies were rarely granted; and protesters were often harassed. There were accusations of politically motivated murders.

In late 2004, Yanukovych campaigned with Moscow's backing against Yushchenko. Drawing most of his votes from Ukraine's large Russian-speaking population in its eastern region, Yanukovych was declared the winner. That brought hundreds of thousands of people into the streets, led by Yushchenko and Yulia Tymoshenko, a charismatic businesswoman and politician. A new vote was ordered; this time, Yushchenko was declared the winner.

But in September, Yushchenko dismissed Tymoshenko from the post of prime minister, sundering the alliance that was at the heart of the demonstrations. The political divorce heightened deep public discontent with Ukraine's weakening economy under their stewardship.

Economic growth fell dramatically in 2005 and is now stalled. In the first two months of this year, the economy expanded at an annual rate of only 2 percent, one of the slowest in Eastern Europe.

"There was a crash of illusions, a crash of expectations," said Kost Bondarenko, a political analyst. "A year ago, Yushchenko was an unambiguous hero."

In addition, tensions mounted with Russia. This winter, Russia's state-controlled energy firm Gazprom briefly cut off natural gas supplies in a pricing dispute that was seen here as punishment for the government's westward turn.

A recent opinion poll by the Democratic Initiative Fund and Ukrainian Social Service projected that Yanukovych's party would win 30 percent of the vote, the biggest of any group, assuring it the largest share of seats in the 450-seat parliament.

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At his rally Friday, Yanukovych declared 2006 to be "the year of unification and revival. They deceived one part of the nation and put the other part on its knees," he said, referring to the Orange Revolution leaders. "We should never again allow such irresponsible power."

Jostling for second place in the polls is Yushchenko's Our Ukraine party, with 17 percent of the vote, and Bloc Yulia, the political arm of Tymoshenko, with a slightly smaller figure.

After the vote, Ukraine will likely face weeks of backroom negotiations on the formation of a government. And while Yushchenko and Tymoshenko may yet reconcile and overcome their months of bitter sniping, a once unimaginable possibility has floated out of the wreckage of their alliance: a government formed between the parties of Yushchenko and Yanukovych.

"It is sad that those who falsified the elections only yesterday and humiliated citizens are shouting about comeback today," said Yushchenko, 52, in a televised address to the nation Friday night. But he did not rule out the possibility of working with Yanukovych. Tymoshenko, however, has. "Why did we have a revolution then?" she asked at a meeting with foreign reporters Thursday.

Bondarenko, the analyst, sees positive potential in an alliance. "For Yushchenko," he said, "a coalition with the Party of Regions can offer a period of stable development and it may also legitimize his presidency in eastern Ukraine" among Russian speakers there.

But other analysts believe that such a shift could leave Tymoshenko as the sole inheritor of the Orange Revolution and its voters in future elections. "Going with the Party of Regions will be a political death for Yushchenko," said Volodymyr Polokhalo, editor in chief of Political Thought, a political science journal.

While the shape of the future government and Ukraine's strategic direction remains uncertain, the Orange Revolution has bequeathed one visible legacy, vibrant politics.

The election campaign, though fueled by the funds of local tycoons who continue to wield enormous influence behind the scenes, is competitive; foreign monitors expect it to be largely free and fair.

Until Friday night, the official end of the campaign, the streets here were alive with the colors of parties -- 45 in all -- that are vying for seats. Not just Yushchenko's orange, Yanukovych's blue and Tymoshenko's white, but the pink, greens, yellows and reds of smaller parties. The airwaves crackled with the kind debate and analysis that doesn't exist in many other parts of the former Soviet Union.

"It's very confusing and I think there are too many parties, but you can't deny the competition and I like that," said Larysa Bilevych, a 58-year-old pensioner.

Supporters of opposing parties mingled easily, unlike in 2004, and phalanxes of flag-waving activists marched around the city, which was dotted with the tents of all the major parties.

It's a stark contrast with Belarus. International election observers called the election there seriously flawed. Thousands of opposition supporters, seeking to emulate the Orange Revolution, took to the streets in a small but unprecedented defiance of the government.

The Kremlin congratulated Lukashenko and accused the Organization for Security and Cooperation in Europe, a transatlantic group that monitors elections, of bias and incitement.

Belarusian police waited until the middle of the night Friday, when the strength of the crowd was at its weakest, and then cleared a central square that demonstrators had occupied. On Saturday, they sealed off the square and dispersed reassembling protesters with baton charges and tear gas. "I declare the creation of a popular movement for the liberation of Belarus," opposition leader Alexander Milinkevich told his supporters Saturday.

The opposition announced that no new rallies were planned until April 26, the 20th anniversary of Chernobyl nuclear disaster.

Ukraine's Election (WP)

The Washington Post, March 26, 2006

AS UKRAINIANS prepare to participate in the most democratic election in their nation's history today, they need only cast a glance northward to see how much they gained from their Orange Revolution. Early Friday morning riot police in neighboring

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Belarus scattered or arrested the courageous citizens who had camped in the main square of Minsk to protest last weekend's blatantly unfair presidential

vote, which extended the mandate of autocrat Alexander Lukashenko. Police broke up another protest yesterday.

Mr. Lukashenko awarded himself 83 percent of the vote, a result deemed credible by only one world leader -- Russian President Vladimir Putin, who backs Belarus's corrupt dictatorship in order to maintain Moscow's dominion over the country. Mr. Putin's colleagues in the Group of Eight nations are rushing to announce new sanctions against Mr. Lukashenko's regime while studiously ignoring the fact that their chairman, who is proudly preparing to host the G-8 summit this summer, is responsible for it.

Mr. Putin tried the same strategy in Ukraine, but the crowds that gathered in Kiev in 2004 were too large to disperse, and the attempt to install a president by thuggery and fraud collapsed. As a direct result Ukrainians will vote today for a newly empowered parliament: Forty-

five parties are competing, and everything indicates the election will be free and fair.

That doesn't mean, of course, that this strategic country has become a stable democracy. Ukraine has had a bumpy 16 months since the revolution. Its government split after a populist prime minister recklessly mismanaged the economy, and the popularity of President Viktor Yushchenko, the revolution's hero, has plunged. Mr. Putin, meanwhile, has managed to gain a stranglehold over Ukraine's energy supplies through a one-sided and probably corrupt gas deal. The pro-Russian party he tried to install in power has made a comeback and could win the largest share of today's vote.

This muddled situation has prompted a debate in Washington about how to manage relations with Ukraine once the vote comes in. Some in the Bush administration are quietly encouraging the Orange Revolution parties to set aside their differences and form a new coalition so as to prevent the pro-Moscow candidate, Viktor Yanukovych, from becoming prime minister. But a few experts outside the government argue that Mr. Yanukovych's party, backed by some of Ukraine's biggest private businessmen, is ready to embrace Western capitalism and that a coalition between it and Mr. Yushchenko's party could heal Ukraine's lingering divisions.

Whatever the outcome, continued Western engagement with Ukraine will be vital. To preserve the country's independence, the new government will need closer ties with the European Union and NATO. It may seek a NATO "membership action plan"; if so, the alliance should respond favorably. The new administration will also need Western support to renegotiate the terms of energy supplies with Russia, so as to eliminate the corruption and unfairness of the current arrangement. Mr. Putin's vision for Ukraine was on stark display in Belarus last week. If Western governments want to preserve the democracy that has flourished against his wishes, they must provide it tangible support.

Bulldozed By Growth, Stonewalled By Government (WP)

By Edward Cody

The Washington Post, March 26, 2006

Pleas by Peasant Farmers for Fair Payment for Land Are Left Unanswered

AOSHI, China -- On a recent day in this southern Chinese village, an elderly peasant wearing a conical straw hat hoed fitfully at the dirt in a vacant lot. Only 90 feet to the east, but a world away, the winners in China's new economy pulled into a shiny new Honda dealership.

Not long ago, the two-acre lot where the cars are sold -- under a proud red tower with "Honda" emblazoned on it -- was lush with rice paddies, truck farms and peanut plots. But times have changed. The fields of Aoshi and surrounding hamlets have been swallowed up by economic development unfurling at breakneck speed across the plains and hills here in Guangdong province, about 175 miles northwest of Hong Kong.

Like the stooped peasant working the soil, many farmers here have been reduced to tilling vacant strips along the borders of new buildings and construction sites, raising crops on ground that is no longer legally theirs to work. Their land, on the edge of fast-growing Yunfu city, has been marked for development, and they have been marked for obsolescence.

"We can't afford to buy those cars," a farmer said, looking at the Honda dealership as if it were in a foreign country. "The only ones buying them are government officials."

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Across China, millions of farmers in thousands of villages have met similar fates, pushed aside by the need for land to build factories, apartments, hospitals and roads in a country enjoying more than 9 percent annual growth. The boom has led to a better life for most of the 1.3 billion Chinese, often including farmers. But it has come at the price of tearing peasants from their roots and their livelihood, leaving them no option but to become migrant workers in factories far from home.

"We don't have our land anymore, so where do we go?" said a young farmer whose family plot in Aoshi was bulldozed to make way for a fire station.

Without an independent court system and unschooled in the ways of bureaucracy, the farmers fend for themselves against frequently corrupt local Communist Party officials with broad authority and powerful economic incentive to confiscate farmland to sell to developers. In recent years, the result increasingly has been rage and violent protest. Stability in the countryside has become a major worry for President Hu Jintao's government, leading Hu to launch an intense campaign for improving life in the countryside.

In Aoshi and the adjacent villages of Xiangyang, Baimianshi and Shangxiangwei, the price of progress was made clear when officials from Yunfu city showed up one day a year and a half ago and told farmers to quickly harvest as many fruits and vegetables as they could. Heavy equipment arrived 90 minutes later and was in use until nightfall, villagers recalled, destroying rice paddies, truck gardens and peanut plots that had provided them with a livelihood for generations untold.Protests Put Down

The farmers in Aoshi, on Yunfu's northern edge, protested noisily when the bulldozers came. Hundreds of policemen quickly put down the demonstration. Ten farmers said they were arrested -- a pattern that would be repeated during protests over the next year.

The bulldozers and front-end loaders kept at it for 10 days, until about 36 acres had been scraped bare for construction. Although not a large amount of land by U.S. standards, farmers supporting 144 families, comprising most of the four villages' 800 residents, had been put out of work, their leaders said.

Within two weeks, the farmers had organized and gone to Yunfu's Land and Resources Administration to complain. Yunfu's compensation offer, a one-time payment averaging $875 per landholding villager, was inadequate, they said. Instead, they insisted on a lifetime pension of $44 a month per villager. Officials repeatedly told them everything had been carried out according to law.

They also turned to the courts. But a court official told them nothing could be done. "Yunfu is just too corrupt," the official told them. They went to see provincial authorities in Guangzhou, who also rejected their pleas.

Undaunted, the farmers traveled to Beijing on Nov. 19, 2004, two months after the bulldozers showed up. They visited the Land and Resources Ministry, the petition office of Premier Wen Jiabao's government headquarters and China Central Television, where, they said, no one was interested in a DVD showing the destruction of their fields.

Instead of attention, they said, they received repeated visits from city and provincial officials urging them to stay home and avoid making more trouble. Three months passed, and they were no closer to recovering their land or getting what they considered acceptable compensation.4out of their villages at 1 a.m., six of the farmers traveled to the capital on March 15, 2005. Despite their stealth, they recalled, Yunfu police and civilian officials tracked them down and ordered them to drop their petitions or face problems at home.

The farmers instead split into three pairs to shake the tail. The tactic worked. One team eluded the police and presented another petition to Wen's office. There was no response, and on the train back to Guangzhou, they noticed a policeman still shadowing them.

By May, work had begun on the Honda dealership and, down the road, on the regional fire station. With no compensation settlement in sight, villagers grew desperate as months went by. Again sneaking out one by one after midnight Nov. 1, six farmers returned to Beijing, hoping to present their petition anew in Wen's office.

"That's the only place we knew to go," one said.Hopes Dashed

This time, their hopes rose. An official in the petition office of the State Council, or cabinet, gave them a letter in a sealed envelope. Do not open it, they recalled him saying, but give it to the Guangdong provincial petition office and await a response. On Nov. 17, they got an appointment to present the letter. The Guangdong petition official, they recalled, read the letter from Beijing and then handed them another letter, also sealed, and asked them to hand it over unopened to the Yunfu petition office.

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At last, things seemed to be working. So by Nov. 21, when they got in to see a Yunfu petition official and give him the provincial letter, their spirits were high. The official reminded them that the petition office was only a mediator, they recalled, but he promised to turn the letter over to the appropriate authorities and get them an answer.

Nearly three months went by, the farmers said, before village leaders were finally called into a meeting on Feb. 16 with two North Yunfu District officials. "They once again said the land confiscation was legal," a participant said.

The distraught farmers pulled out a newspaper in which the Guangdong provincial party secretary, Zhang Dejiang, was quoted as saying that no land confiscation could be carried out until farmers and authorities agreed on the compensation. "Yes, we've seen that," one of the officials responded laconically, according to farmers in the meeting. "But you have to understand us. Our city is very poor. We can't give you everything you want."

Ye Rui, who heads the Yunfu Land and Resources Administration, said the city followed government rules, calculating compensation according to the value of crops in recent years. Asked for a more detailed accounting, he said in a telephone conversation that he first needed authorization from Guangdong provincial authorities. Provincial authorities, asked for the authorization, forwarded a fax nine days later affirming that the rules had been followed and adding no details.

An entrepreneur involved in the Honda dealership's land-use purchase said that the owner paid $250,000 for a little more than two acres. That amounted to many times the compensation offered to the peasants who worked the land, the farmers said, and they expressed interest in knowing who pocketed the difference.

Similar transactions have made land confiscations a source of revenue for cities across China, according to government officials, and a pool of ready funds for corrupt cadres to skim from. Zhou Tianyong, a professor at the Central Party School, estimated last year that resale of farmland for development has brought in $600 billion nationwide since 2003, and only 10 percent of that was paid to farmers in compensation.

In a recent speech, Wen condemned such profit-taking, joining President Hu in urging better treatment for China's 750 million farmers. The Yunfu party secretary, Zheng Liping, echoed the party's new theme recently, calling on the local government to "sincerely welcome petitions and sincerely resolve problems" raised by farmers, according to the South China Morning Post.

But in Aoshi and surrounding villages, the welcome was tense. Yunfu peppered the area with police after a Washington Post correspondent visited recently. Because of the heavy police presence, farmers were reluctant to leave their homes. Most of those interviewed asked that their names not be used for fear of retribution.

When the Post correspondent returned a couple of weeks later, he was swiftly surrounded by four unmarked vehicles and taken by plainclothes police to North Yunfu District headquarters. There he was interrogated and lectured on the need for authorization from provincial authorities for any reporting in Yunfu, before being escorted to the city limits and sent on his way.

Nigeria Will End Asylum For Warlord (NYT)

By Lydia Polgreen And Marc Lacey

The New York Times, March 26, 2006

FREETOWN, Sierra Leone, March 25 — Nigeria said Saturday that it would end the asylum of the deposed Liberian dictator Charles G. Taylor and turn him over to the Liberian government for trial.

Mr. Taylor, a warlord-turned-president, spawned a bloody cycle of civil wars that killed 300,000 people across West Africa in the 1990's. He was indicted by the United Nations-backed Special Court here in Sierra Leone in 2003 for war crimes and crimes against humanity during this country's decade-long insurgency.

But the court has been unable to arrest Mr. Taylor, who left Liberia as rebels narrowed in on him in 2003. Instead, he went into exile in Nigeria, where authorities agreed in an internationally brokered deal to grant him safe haven in order to end 14 years of civil war in Liberia.

"God willing, I will be back," the flamboyant Mr. Taylor said as he bid farewell to his country.

Since agreeing to accept Mr. Taylor, the Nigerian government has rebuffed many attempts to put him on trial before the international court, saying it was awaiting a request from an elected Liberian government. Liberia's new president, Ellen Johnson Sirleaf, raised the issue this month with President Olusegun Obasanjo of Nigeria, describing it as an important part of bringing stability to Liberia.

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"Liberia's peace is fragile," she said this month after announcing her extradition request. "There are many loyalists in our country to Mr. Taylor."

In Sierra Leone, where a cell has sat empty awaiting Mr. Taylor's arrival, there was fear and awe of the man who let loose so much misery in a nation smaller than South Carolina and home to five million people.

"We are very afraid of Charles Taylor coming here," said Jerry Nyuma Bongay, a 25-year-old student in Freetown. "But we want him to face justice. He hurt us too much."

Desmond De Silva, the chief prosecutor for the Sierra Leone court, hailed the announcement. "This is a remarkable day for justice," he said. "This is very important because it is all part of the fight against impunity."

In a statement on Saturday, Mr. Obasanjo said Liberia was free to take Mr. Taylor into custody. Although he is not under indictment in Liberia, United Nations peacekeepers there have been authorized by the Security Council to transfer him to Sierra Leone.

The statement gave no date or details for the transfer, but Mr. Obasanjo said he had never been against surrendering Mr. Taylor to a democratically elected government in Liberia. Ms. Johnson Sirleaf was sworn in as Liberia's president in January, becoming Africa's first woman to be elected head of state.

Mr. Taylor was forbidden from leaving Nigeria during his exile, but he continued to meddle in his former country's affairs from his government guest house in Calabar, on Nigeria's southern coast, using some of the millions of dollars he is accused of stealing from Liberia's coffers.

Security around Mr. Taylor's villa has been lax, said Corinne Dufka, a researcher for Human Rights Watch based in Dakar, Senegal, prompting fears that Mr. Taylor may try to escape. "We are calling on Nigeria to tighten security around Taylor," Ms. Dufka said. "I think there will be a great sense of relief when Charles Taylor is actually in the custody of the special court."

The court, set up in 2000, had issued an arrest warrant for Mr. Taylor on 17 counts in 2003 but Nigeria ignored it. Mr. Obasanjo had said that he would honor a request by Liberia's government to relinquish Mr. Taylor, but until this year Liberia had only transitional leaders.

With the backing of Libya and other regional powers, Mr. Taylor unleashed his horrific brand of warfare across the region for the better part of two decades, dragooning young boys into combat, first with violence, then with drugs, money and sex.

In Sierra Leone, he is accused of training and arming Sierra Leone's rebels in a bloody conflict left tens of thousands of people dead.

Nigeria Ready To Surrender Ex-Liberian Ruler For War Crimes Trial (WP)

By Michelle Faul

The Washington Post, March 26, 2006

ABUJA, Nigeria, March 25 -- Nigeria announced Saturday that it was ready to hand over former Liberian president Charles Taylor to a U.N. tribunal, a move that would make him the first former African head of state to stand trial for crimes against humanity.

The tribunal has accused Taylor of instigating wars that devastated two West African countries, killed 1.2 million people and left millions homeless and maimed. He also allegedly harbored al-Qaeda suicide bombers who attacked the U.S. embassies in Kenya and Tanzania in 1998.

Taylor has been living in exile in the southern Nigerian city of Calabar since he was forced from power under a 2003 accord that ended a rebel assault on Liberia's capital. But Nigeria had resisted extraditing him, arguing he was given refuge under an internationally brokered peace deal.

Many African leaders are reluctant to prosecute former presidents or dictators, apparently concerned they could be the next to be accused of human rights abuses or other crimes. Others fear that a push to prosecute toppled leaders would encourage those in power to more fiercely resist democratic change.

In the case of Taylor, President Olusegun Obasanjo of Nigeria said in a statement that he had informed Liberia's president, Ellen Johnson-Sirleaf, that "the government of Liberia is free to take former President Charles Taylor into its custody."

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After her inauguration in January, Johnson-Sirleaf said a trial for Taylor wasn't a priority. But she made a formal request to Nigeria after an official visit to Washington, a major source of aid needed to rebuild Liberia, which was founded by freed American slaves in 1847.

There was speculation that Taylor would be sent directly to the U.N. war crimes tribunal in Sierra Leone rather than to Liberia, where some have expressed concern that his presence could destabilize efforts to recover from 14 years of war.

Liberia's government had no immediate comment, and neither Taylor nor his spokesman could be reached for comment.

David M. Crane, the American prosecutor who drew up Taylor's indictment, said his extradition would send a powerful message. "Certainly African leaders, members of the good-old-boy network, are under notice that you cannot destroy your own citizens for your own personal gain, and you don't go after women and children, don't rape women, don't turn children into monsters," he said.

Taylor started a civil war in his homeland that brutalized tens of thousands of boys and girls drafted as rebel fighters. He also is blamed for a savage war in neighboring Sierra Leone where rebels terrorized victims with a maiming campaign.

Taylor allegedly started the Sierra Leone war to enable his fighters to gain access to its rich diamond fields. In Liberia, he enriched himself from diamonds, timber and rubber.

In Nigeria, Things Fall Apart (NYT)

The New York Times, March 26, 2006

When President Olusegun Obasanjo of Nigeria visits Washington this week, he will probably be lauded for his crucial role as a regional African leader. During his seven years in power, Mr. Obasanjo helped end Liberia's civil war by taking in the strongman Charles Taylor and refused to accept a coup in Togo. He was instrumental in making sure that the African Union did not destroy its international credibility by installing Sudan's president, Omar Hassan al-Bashir, as its head despite the continuing carnage in Darfur. President Thabo Mbeki of South Africa, the continent's other big player, could learn a lot from Mr. Obasanjo about how to use his country's economic and military strength to promote peace and stability around the region.

Unfortunately, while Mr. Obasanjo deserves credit for good deeds outside of Nigeria, his own country is deteriorating fast and he is partly to blame. For one thing, by trying to change Nigeria's Constitution to allow himself to run for a third four-year term as president, Mr. Obasanjo is further enflaming political tensions among Nigeria's polarized ethnic groups, particularly the Muslims in the north and Christians in the south.

Nigeria lost more than 100 people in tit-for-tat sectarian rioting over Danish caricatures of the Prophet Muhammad. In the north, Muslims attacked and killed Christians. In the south, Christian mobs wielding machetes and knives set upon their Muslim neighbors in retaliation. And in the Niger River delta, militants seeking more local control over oil money have attacked pipelines and even captured oil workers.

Fueling some of this is the perception, right or wrong, that Mr. Obasanjo's much vaunted anti-corruption campaign concentrates only on critics of his government. Certainly, bad things continue to happen to foes of the Obasanjo government. Three months ago, the wife of a prominent northern politician was found stabbed to death in her home. Nothing was taken from the house, leading many to conclude that her killing was a warning to her husband, Abubakar Rimi, a crucial member of a coalition of powerful northerners opposed to any extension of Mr. Obasanjo's rule. And last week, police arrested Mr. Rimi and other opposition leaders for trying to hold a peaceful rally.

The last thing Africa needs is its most populous country — Nigeria has between 120 million and 150 million people — in a civil war. An out-of-control Nigeria would undermine its already fragile neighbors, like Liberia, Togo, Ivory Coast and the Congo.

In his two terms, Mr. Obasanjo has helped bring stability to a volatile region. But two terms is enough, and it is incumbent on President Bush to tell Mr. Obasanjo that changing his country's Constitution so that he can remain in office is foolhardy. Another four years is not worth a Nigerian civil war.

Gov. Bush's Plan To Aid Haiti Fails To Draw Wide Support (FLSUNSEN)

By Alva James-johnson

South Florida Sun-Sentinel, March 26, 2006

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Gov. Jeb Bush's vision for a Florida plan to aid Haiti included efforts to improve security, host political reconciliation talks, prepare for disasters and develop the impoverished nation's economy.

But a year after the governor's Haiti Advisory Group recommended assistance to Florida's Caribbean neighbor, the state has made little progress toward those goals, some Haitian Americans say.

The advisory group, set up in July 2004, called for a state-funded entity to manage an ongoing Florida-Haiti initiative. Despite the Republican Bush's status as a strong governor whose party controls both houses of the Legislature, the governor could not win $1 million in recommended funding.

Florida also delayed work on an ambitious goal: to "sponsor and host" National Dialogue and Reconciliation talks between Haitian political forces and parties. At the suggestion of the U.S. Agency for International Development, Bush postponed the conference pending the Haitian elections. Haiti held a presidential election in February and scheduled a legislative runoff for April 21.

State officials and members of volunteer groups have made some technical training and information gathering trips to Haiti, but the advisory group's 25 proposals largely remain a wish list.

"They have to put the money where their mouth is," said Dr. Aldy Castor, a Weston gynecologist and Republican who served on the task force. "If not, this will turn out like many initiatives in Haiti -- 1 million projects without a mission."

Still, Castor commended Bush for setting up the taskforce. He also blamed the lack of progress on Haiti's interim government and political upheaval in the country.

But another task force member, state Rep. Phillip Brutus, D-Miami, said the recommendations have "sat on the shelf gathering dust," because neither Tallahassee nor Washington has the will to foster real change in Haiti.

The largest expatriate Haitian community lives in Florida. They're among those living abroad who send more than $1 billion in remittances annually to their homeland.

When the advisory group submitted its report a year ago, some Haitian Americans greeted it with enthusiasm because Haiti's interim prime minister, Gerard Latortue, a former Boca Raton retiree, was in power. They hoped his connection to South Florida would allow Haitian-Americans to play a greater role in stabilizing the country.

A U.S.-backed group of "eminent Haitians" appointed Latortue prime minister in 2004 after former President Jean-Bertrand Aristide left during a bloody rebellion.

Last month, the Haitian Electoral Council declared a former Aristide protege, René Préval, president amid controversial results.

Bush spokesman Russell Schweiss said the governor included the $1 million for the Haiti initiative in his recommended state budget last year, but could not convince state legislators to fund it. Bush will try again, Schweiss said.

The governor's office helped send volunteers to Haiti to conduct disaster preparedness and economic development workshops, and to develop plans to address the HIV virus and AIDS, according to a staff report. The state Legislature also gave the Florida Association for Volunteer Action in the Caribbean and the Americas $650,000 for missions to the Caribbean with special emphasis on Haiti. That was $150,000 more than Florida gave the organization in 2004.

"The governor's office will continue to work to implement the recommendations of the advisory group," Schweiss said.

Dan Erikson, an analyst with the Inter-American Dialogue, a Washington think tank, said the governor's plan could succeed if it extends beyond his term to the next Florida administration and is continued by his successor. Any effort to help rebuild the impoverished nation should be judged on a long-term basis, Erikson said.

States can do little to change a foreign country, but Florida is in a unique position because of its proximity to Haiti and the governor's relationship to the president, Erikson said

"It's only an hour-and-a-half plane ride away, and there's no state in the union better positioned be useful than Florida," he said. "But obviously there are going to be limitations."

Still, some think the Republican governor and his task force did not go far enough.

"The governor has the good fortune to have the House and the Senate controlled by his party," said Jean-Robert Lafortune, president of Haitian American Grassroots Coalition in Miami. "If he says he has failed to get funding for those initiatives being proposed by the advisory board, I think this is an indication of his leadership or his commitment regarding Haiti."

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Lafortune said many Haitian Americans wanted temporary protected status for Haitian refugees trying to escape political turmoil in their homeland.

Temporary protected status allows foreign nationals who might have slipped into the United States illegally, overstayed their visas, or who are seeking asylum, to live and work in the United States without being deported.

"The fact that the advisory board didn't make TPS a priority sent a bad vibe to the Haitian community here," Lafortune said. "It seems the advisory board had a political aim to it, instead of a humanitarian aim that people think it should have. It was just a way for the governor to appease the Haitian community by showing that he's doing something good."

Marie Florence Bell, a Republican who was chairwoman of the now dissolved advisory group, said it chose to focus on security, disaster preparedness, economic development and the environment.

"Immigration is not one of our key areas because there are other people on the forefront of immigration," she said.

Bell said the state delayed a student exchange program and other initiatives because of political upheaval in Haiti, but the governor's office is working on them. She expects Bush to obtain funding this year.

"He's committed to completing all his obligations before the end of his term," she said. "That's what he said and I believe him."

Bolivia Bomb Suspect 'Own Worst Enemy' (LAT)

By Patrick J. Mcdonnell And Lee Romney, Times Staff Writers

The Los Angeles Times, March 26, 2006

Northern California native served time in state youth and mental facilities and six months in Argentina for a 2005 blast at a bank.

BUENOS AIRES — As a defiant youngster in rural California, he spat at a judge, spent years in juvenile lockups and psychiatric institutions and was suspected of blowing up a telephone booth.

As an adult, he decamped to South America, where he posted Internet messages seeking female companionship, became infatuated with a Uruguayan hairdresser 21 years his senior and was jailed for six months for bombing a bank in Argentina.

He described himself as a pagan high priest, a lawyer, a philosopher. He adopted the name of a literary vampire.

Finally, he ended up in the rough-and-tumble dynamite trade in Bolivia, distributing a racy promotional calendar that featured his girlfriend posing in the buff amid a cache of explosives.

But none of Triston Jay Amero's previous misadventures compare to his current predicament: Amero, 24, and his Uruguayan companion are in custody in Bolivia facing murder charges in connection with bombings at two hotels that killed two people and wounded seven others last week in the capital, La Paz.

As grave as the blasts were, the matter escalated into an international incident when Bolivia's outspoken president, Evo Morales, cited the possible involvement of a U.S. government eager to undermine his new socialist administration, which at times has been openly hostile to Washington.

"This American was putting bombs in hotels," Morales told reporters. "The U.S. government fights terrorism, and they send us terrorists."

U.S. officials dismissed any link to the bombings, and Bolivian investigators said the bomber may well have been mentally deranged or had vague "religious" motives.

At the center of this unlikely imbroglio is Amero, a paunchy, ponytailed, Internet-blabbing native of Northern California with sociopathic tendencies and a fierce rage against a system he views as victimizing him. He also has a thing for explosives.

"He was a troubled, probably fairly bright individual," said Joseph Warchol, chief probation officer of El Dorado County in Northern California, where the teenage Amero first went astray of the law.

While Amero was in juvenile hall, Warchol recalled, he cut himself and scribbled threats on the wall in his own blood.

Amero's rebel-without-a-cause fury aggravated the significance of relatively minor juvenile offenses. He peppered the California Youth Authority with nearly 20 lawsuits, assailing the "dread Court" and claiming his civil rights had been violated. He made constant threats to those in power, addressing menacing missives to his overseers and at one point spitting in the face of a juvenile judge — an act he later ascribed to "political reasons."

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Said Warchol: "He was his own worst enemy.... He just had an uncontrollable mouth."

Amero is a native of Butte County, a rural pastiche of farmland, forested hills and suburban settlements north of Sacramento.

In comments to authorities, Amero said he never advanced beyond second grade and was kicked out of elementary school. "I absolutely despise formal academic curriculum," Amero declared in one statement. "I am a lone wolf, when it comes to studying."

He said he was committed to a psychiatric institution as a youth and diagnosed with a sociopathic personality disorder, among other maladies.

By age 14, he was questioned as a suspect in the bombing of a phone booth outside a market in the small town of Magalia. Much of his teenage years were spent in and out of juvenile detention sites, where he declared a "war of wills" between himself and authorities.

"They wanted to change me in their image," Amero said. "I knew that the only way ... I could get out of that kind of a program is to raise hell."

Once freed, Amero launched his expansive Internet life, casting his online persona as a "Wiccan High Priest" fed up with "Bible-mongering Christians" and adept at discerning the metaphysical forces of good and evil.

Reviewing a treatise titled "Satanic Rituals," Amero cautioned against emulating such rites, but agreed with the author's assessment "on the state of society: In short, that most people tend to be scum."

Despite such misanthropic tendencies, Amero apparently aspired to be a democratic representative of the people, seeking seats on both a school board and a fire protection panel in the November 2002 elections in El Dorado County. He finished last in both races, but received 4,360 votes in the hotly contested school board contest — not a bad showing for someone who went by his "Lord Cactus" moniker on the ballot and described his occupation as "Clergyman/Process Server."

Evidently soured on politics, Amero made good on his longtime vow to flee the United States. For reasons that remain opaque, he chose South America as his destination, despite his lack of Spanish-language skills. In this case, though, part of his motivation seemed wholly conventional: women.

In May 2004, he posted his particulars on a website frequented by visitors to Colombia, describing himself as "a political refugee from the United States" and explaining that he was seeking an "affectionate woman aged 18-25 for a possible long-term relationship." He only encouraged replies from "those who speak good English."

A month later on the site, he bemoaned his checkered love life, describing himself as "SUPER LOOSER OF THE SUPER LOOSERS" (sic). "The last time I was rejected by a woman (in Uruguay), I tried to kill Myself like six times in one Week," he wrote.

By now, Amero had adopted his signature alternate identity, concluding his Web postings with the grandiose signoff Lestat Claudius de Orléans y Montevideo, declaring, "yes, that is my Real Name."

Lestat is the name of the vampire in the dark novels of Anne Rice, a role played on screen by Tom Cruise in "Interview With the Vampire."

At some point, Amero met Alba Ribeiro Acosta, the hairdresser who seems to have become his soul mate. In an entry presumably written by Amero on Wikipedia, a user-contributed online encyclopedia, Ribeiro is described as a "sacred woman" pregnant with the child of "Political Philosopher" Lestat.

The couple lived for a while in the tranquil Uruguayan river town of Fray Bentos, where, according to media accounts, Amero gained the nickname tira-bomba, or bomb-thrower, because of his propensity to toss small explosives at pigeons in a plaza.

Bolivian authorities say the two touched down in their country in May 2005 in the grim mining town of Potosi, where sticks of dynamite are sold openly in the markets.

Both were arrested when a bomb went off shortly after midnight on June 2, 2005, at a branch of Banco Macro in the Argentine town of La Quiaca, on the border with Bolivia. Police called it a botched attempt to get money from an ATM. Amero spent six months in jail; Ribeiro was judged not guilty.

Both returned to Bolivia in December 2005, authorities say, and apparently dedicated themselves to their dynamite business, selling liquor and fireworks as a sideline.

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The motive for last week's dynamite bombing at the pair of hotels remains unclear, authorities say. Police say Amero was also scouting other potential targets here in Bolivia, including the Chilean Consulate in La Paz.

The couple faces up to 30 years in prison if convicted in the hotel attacks. Police say Amero confessed to the crime, and his alleged accomplice screamed to reporters that her "husband" was to blame — though it was unclear if the two were ever married.

"From what I know about the kid, he's capable of doing it," said Todd Riebe, district attorney in Amador County in Northern California. "He was a very disturbed kid."

*

McDonnell reported from Buenos Aires and Romney from San Francisco. Times staff writer Robert Salladay in Sacramento and Times researchers Andrés D'Alessandro in Buenos Aires and John L. Jackson in Los Angeles, and special correspondents Oscar Ordoñez in La Paz and Diego Elgart in Fray Bentos, Uruguay, contributed to this report.

Fighting For The Rainforests (NSWK)

By Antonia Francis

Newsweek, March 26, 2006

An environmentalist discusses how big business is helping to preserve the Amazon—and how Bolivian President Evo Morales's efforts to help poor coca farmers could threaten these efforts.

There's a reason that William Powers's writing is so down to earth. It's because Powers's goal is to protect the earth. On the front line of conservation in the Amazon, Powers has successfully initiated the largest rainforest-based carbon project in the world. He has harnessed big-business financing from companies such as British Petroleum and American Electric Power to protect Bolivia's rainforests in exchange for "green points"—a system allowing Kyoto Protocol signatories to gain credits for activities that boost the environment's capacity to absorb carbon.

In the process, Powers's project has protected 2 million hectares—almost 5 million acres—of carbon-absorbent forest, saved endangered species such as the jaguar and river dolphin and ensured legal rights to the land for 2,000 native Chiquitano Indians, who now head the project themselves. His new book, "Whispering in the Giant's Ear" (Bloomsbury) is a rip-roaring chronicle of the struggles and compromises, doubts and determination needed to implement the Kyoto accords—an international agreement setting targets for industrialized countries to cut their greenhouse-gas emissions—in Bolivia. With a host of unlikely heroes, it pits petroleum companies alongside local Indians, fighting against loggers.

Bolivia's leftist new president, however, could pose a fresh threat to the protected forests as he tries to help his nation's impoverished farmers. Evo Morales and his party, the Movimiento al Socialismo (MAS), advocate the expansion of legal coca cultivation, which could encourage thousands of coca growers and landless poor into protected forests in search of new soil to harvest. (Over the last 20 years, the coca-growing region of Chapare has lost about 40,000 hectares—almost 99,000 acres—of forest.) Industrial soya and cattle farmers are also lobbying hard for access to these areas. To aggravate matters for the environmentalists, MAS last month closed Bolivia's Ministry of Sustainable Development. MAS describes the change as structural readjustment and says that the ministry's responsibilities have simply been absorbed by three larger ministries; Powers says its removal makes harder for the Bolivian government to co-ordinate a national conservation plan. Powers spoke to Antonia Francis about Kyoto, coca and Morales. Excerpts:

FRANCIS: You've led the largest Kyoto experiment in the world here in Bolivia. Why is it considered such a success?

William Powers: The Noel Kempff Climate Action Project is the largest rainforest-based Kyoto Protocol pilot in the world. It shows how you can combine, synergetically, biodiversity conservation of one of the most important areas in the world, the Amazon, empowering native Americans and [working toward] the primary objective [of] slowing global warming. It's brilliant because they've been able to tweak market incentives to give value to rainforests that wouldn't have existed otherwise. And the [rainforest's] value is to suck carbon out of the atmosphere and cool the planet.

You criticize other international environmental aid agencies such as the World Wildlife Fund and CARE, claiming donors could spend their money better. What's your Kyoto alternative?

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With many aid organizations, there's a feel-good, warm and fuzzy idea that if you show enough pretty pictures, it's going to change things. But you have to ask, what are the incentives for change? How are you going to make it last? If one hectare of rainforest is worth $100 as ranch land but worth $101 to remain as rainforest, you've created the incentive.

It's cheaper for companies to buy Kyoto Protocol green points here rather than reduce their own pollutant emissions. Is this a case of industrialized countries shifting their problems onto poorer countries like Bolivia?

Of course, the companies are not doing this out of the goodness of their heart. Nor are they doing this for "green-washing." They are doing this because the global community got together and passed the Kyoto Protocol, which forced these companies to reduce their [greenhouse gas] emissions. Right now you have carbon brokers traveling the world, looking for projects they can actually invest in. I see this project as a complete win-win—for the environment, the local people and for the climate. To the cynics, I ask: What have you done for the 2,000 Chiquitano Indians, who, thanks to this project have been able to leapfrog local corrupt officials, oligarchic governments and gain land tenure and business in their territory?

What is President Evo Morales doing for the environment?

Evo is indigenous, so there's a positive side to his leadership, a sense of new ownership amongst indigenous people. In Carrasco National Park, local Indians are actually blocking migrant colonists from settling in the park. Why? Because they say, now the park is ours, we will protect it. But at the same time, there are bulldozers gassing up on the other edge of the park, ready to [illegally] cut a road right through. I don't see how we can stop that.

Could Morales stop the bulldozers if he wanted to?

Of course Evo could stop them. It's a national park. But he probably won't. Evo's MAS party is not prioritizing environmental issues, despite its rhetoric about how George Bush is the enemy of the global environment. In practice, the environment is [about] No. 20 on MAS's list of things to do. Of course, shutting down the sustainable-development ministry makes it even harder for MAS to co-ordinate conservation into a national vision.

Why does Morales seem so unconcerned about the environment? Is it because of his promises to the coca-growing unions?

Definitely. The coca growers are a danger. If they came en masse, it could mean the construction of roads into the national parks like Madidi and Carrasco. Even now, the cocaleros [coca growers] have been entering right inside, cutting lines every hundred meters [330 feet]. On a big scale, they could just slash and burn to the horizon. Coca's the most lucrative crop around and it grows really well in national park region.

So current U.S. anti-coca-cultivation policies are indirectly protecting Bolivia's rainforests?

[I've] never looked at it like that before. No. What protects Bolivia's forests is the fact they are national parks, legal entities that protect that part of Bolivia for nature. The problem is that those boundaries are not as respected now that MAS has come into power. That's the main issue.

And have you seen MAS supporters slashing and burning the land?

Well, I've had those experiences several years before with MAS. In 2003, I was in the buffer zone of Amboró National Park, and new colonists tied to the MAS party threatened us with machetes, saying we were on their land. It wasn't their land, it was a 1,200 hectare cloud forest that belonged to a Bolivian environmental organization. But that's the ideology amongst many of the campesinos [rural population]—the land is for those who work it.

What other dangers are there to the forests apart from the coca growers?

The biggest short-term pressure from within the MAS party is to give land to the poor.

There's also the temptation to open up the Bolivian Amazon to cash-crop interests—for example, the Brazilian soy companies. The price of land in Bolivia is something like 10 times less than it is in Brazil, right now. The same risk with cattle ranching. So the danger of Morales? Instead of doing what he should do—which is protect the rainforest for the long term sustainable growth of this country—he could just to sell it off.

Do you support coca cultivation for legal purposes?

Well, we're working with one municipality which wants to become an "eco-coca zone." They've zoned the ecological area, but they want to plant coca as well. They say they'll sell it for local, traditional use—to chew, to use as toothpaste, treatment for

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hunger and altitude sickness. They've actually named 35 products they can make from the coca leaf. But the reality of it is that a lot of it will go into the illegal drugs market.

Why don't you believe all the coca will be used for legal purposes?

How is that possible? The market is the market. Of course the solution is to change that market—make Bolivian coca-leaf products into a brand. But promoting new products takes a long time.

Jews In France Feel Sting As Anti-Semitism Surges Among Children Of Immigrants (NYT)

By Craig S. Smith

The New York Times, March 26, 2006

SARCELLES, France — In working-class Parisian suburbs like this one, heavily populated by North African immigrants, the word "Jew" is now a standard epithet. It appears in graffiti on middle school walls and neighborhood playgrounds and on the tongues of the young.

"It's blacks and Arabs on one side and Jews on the other," said Sebastian Daranal, a young black man standing in the parking lot of a government-subsidized housing project with two friends.

Eight men beat the son of a rabbi here in March. Another Jew was attacked the next day.

In the wake of the torture and killing in February of Ilan Halimi, a 23-year-old Jew, attention has focused on an undeniable problem: anti-Semitism among France's second-generation immigrant youth, whose high jobless rate the government is trying to address with a law drawing widespread protests across the country.

The law, intended to increase employment, especially among the young, has drawn opposition because of a provision that allows companies to hire people 25 or younger for a two-year trial period, during which they can be fired without cause.

Schools are the battleground over anti-Semitism, and teachers complain that the government has done little, despite many proposals.

"The minister of education has done nothing," said Jean-Pierre Obin, an inspector general of education in France, who wrote a report in 2004 that called anti-Semitism "ubiquitous" in the 61 schools surveyed. "He prefers not to talk about it."

Mr. Obin wrote in the report of "a stupefying and cruel reality: in France, Jewish children — and they are alone in this case — can no longer be educated in just any school."

Ianis Roder, 34, a history teacher in a middle school northeast of Paris, said he was stunned by what he witnessed after Sept. 11, 2001. The next day, someone spray-painted in a stairwell of the school the image of an airplane crashing into the World Trade Center beside the words "Death to the U.S., Death to Jews."

When he told his class months later that Hitler had killed millions of million Jews, one boy blurted out, "He would have made a good Muslim!" Mr. Roder told of a Muslim teacher who dismissed her class after a shouting match over Nazi propaganda. The students said the offensive images accurately depicted Jews.

Even today, he said, there is widespread belief that the Sept. 11 attacks were a Jewish plot and that Jews were notified beforehand.

Barbara Lefèbvre, a history teacher who has taught in several of the working-class suburbs, said many people minimize the anti-Semitism among France's youth.

"They say, 'That's the way the kids talk — they don't mean it in the same way that you or I would,' " she said. Ms. Lefèbvre, who is Jewish, said she had to argue with the principal of her school several years ago to get an investigation when a student wrote "dirty Jew" on a notebook used by her class. The student, a French-Arab boy, was ultimately given just two hours of detention.

Some teachers simply gloss over subjects likely to elicit anti-Semitic responses. Ms. Lefèbvre said she knows teachers who even show fictional films, like Roberto Benigni's "Life Is Beautiful," instead of treating the Holocaust directly.

France was the first European country to offer Jews full citizenship and has done as much as any to exorcise the ghosts of Nazi collaboration.

But the postwar climate for Jews has steadily soured as attention has focused on the Palestinian cause and Muslims have moved here in large numbers.

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With the outbreak of the second Palestinian Intifada against Israel in 2000, anti-Semitic attacks in France skyrocketed. While the number of reported incidents has fallen since peaking in 2004, anti-Semitism is now entrenched in many of the country's working-class housing projects.

The Arab communities of North Africa had no postwar sense of Holocaust guilt. If anything, distress over the creation of Israel in 1948 reinforced anger at Jews to the point that successive waves of anti-Jewish riots drove most of North Africa's Jews to Israel and Europe — primarily France — in the 1950's and 1960's.

Some people say that many of the North African Arabs who subsequently moved to France carried anti-Jewish prejudices with them and passed them to a second-generation, where they have been reinforced by support for the Palestinian cause. And French guilt over colonialism has made such prejudices harder to counter.

"As long as anti-Semitism came from the extreme right there was a reaction," said Ms. Lefèbvre, who has written about anti-Semitism and sexism in the schools. "But when it came from that part of the population that itself was a victim of racism, no one wanted to see it."

Sitting in a room hung with posters deploring racism at a youth center in La Courneuve, a suburb on the outskirts of Paris, Yannis, the 16-year-old son of a French father and Algerian mother, said racist talk was common. "We've become used to it, hearing it day after day, so we've all started to speak like that," he said, adding that even 7-year-olds say, "Don't eat like a Jew," if someone is being stingy with food.

Fahima, 14, with long black hair and limpid eyes, doing her homework beside him, spoke of a confrontation she had with a Jewish teacher two years ago.

"He said, 'You blacks and Arabs will never get apartments in Paris,' " she said, explaining that he meant the students would never manage to move out of the poor suburbs. Fahima, who is French-Algerian, said she retorted, "You Jews only have apartments there because you were picked on during the war."

"I was mean," she said, playing with a shiny cellphone. "But I'm not anti-Semitic."

The girls with her complained about the teacher, saying he talked often about his family's suffering in the Holocaust. "He cries whenever he mentions his grandmother," one girl said with exasperation.

Some schools have tried to defuse the problem without addressing it directly. After a Jewish girl was harassed in Saint-Ouen two years ago, the administration of her school decided to show "Night and Fog," a haunting 1955 documentary film that includes graphic footage of Nazi death camps.

Initially, teachers feared that showing the movie risked inciting confusing comparisons between the Holocaust and the Israeli-Palestinian conflict, but then relented.

At the film's end, one boy — not a Muslim — asked how Jews who had known such suffering could treat Palestinians "the same way."

No one responded, though Carole Diamant, a philosophy teacher, said she spoke to him privately later about why he was wrong. "I felt like we were on a wire," she said, describing the tension. Since then, the school has included the Holocaust in a broader program on genocide.

Anti-Semitism is felt most acutely in communities like Sarcelles, where many North Africans settled in the 1950's and 1960's. Sarcelles is home to one of the most concentrated Jewish communities in France, surrounded by an unsightly sprawl of apartment blocks that house the North African and sub-Saharan immigrants who arrived later.

France has a well-established Jewish community with European roots, many of whose members occupy the upper echelons of French society. Hundreds of thousands of poorer North African Jews have more recently swelled the Jewish community to about 600,000, making it the largest in Europe. Those North African Jews and their children bear the brunt of the anti-Semitism in the working-class neighborhoods.

Each time anti-Semitic attacks make news, the Interior Ministry promises more security around Jewish institutions. But "more police aren't the answer because it remains in the spirit of the people," said Dr. Marc Djebali, a spokesman for the Jewish community in Sarcelles.

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Laurent Berros, the synagogue's rabbi, said local imams had evaded his suggestion that Jewish and Muslim leaders go together into troubled neighborhoods. "They say that bringing a rabbi into these neighborhoods isn't easy," he said. "There is a fear that they'll be seen as collaborators."

The deteriorating climate has led thousands of French Jews to move to Israel in the past five years, including about 3,300 last year, a 35-year high.

Murielle Brami, 42, whose parents immigrated to France to escape anti-Jewish riots in Tunisia, has the sinking feeling that history is repeating itself. "All the Jews in France want one thing, to leave for Israel or the United States," she said. That is hyperbole, but it is a sign of the anxiety percolating through France's Jewish community. "When our parents came, it was paradise here," said Ms. Brami, who remembers staying out late without worrying about her safety.

Now she avoids certain neighborhoods even in the day and no longer allows her son to wear a yarmulke in the street after some youths put a knife to his throat last year.

Paris Burning, Once Again (WP)

By Claire Berlinski

The Washington Post, March 26, 2006

PARIS

Last Saturday morning, needing help to move several heavy cartons of books from my apartment in central Paris to a storage room, I hired two movers and a van from the want ads. Students were in the streets protesting the Contrat de Premier Embauche (CPE) -- a law proposed to combat unemployment by giving employers more flexibility to fire young employees -- and the barricades and traffic diversions made our four-block drive into a half-hour ordeal. As we turned down one obstructed street after another, the movers -- both Arab immigrants -- became more and more incensed."They're idiots," said the driver, gesturing toward the ecstatic protesters. "Puppets for the socialists and the communists." He pantomimed pulling the strings of a marionette.

"It's us they hurt," added the second man. By this he meant immigrants and their children, particularly the residents of France's suburban ghettos, where unemployment runs as high as 50 percent. And, of course, he was right, as everyone with even a rudimentary grasp of economics appreciates: If employers are unable to fire workers, they will be less likely to hire them. It is now almost impossible to fire an employee in France, a circumstance that disproportionately penalizes groups seen by employers as risky: minorities, inexperienced workers and those without elite educations, like the outraged man sitting beside me.

This is the second time in four months that France has been seized with violent protests. And in an important sense, these are counter-riots, since the goals of the privileged students conflict with those of the suburban rioters who took to the streets last November. The message of the suburban rioters: Things must change. The message of the students: Things must stay the same. In other words: Screw the immigrants.

The issue at stake is not, of course, the CPE, which in addition to being unknown in its effects would apply only to a two-year trial period, after which employees would still, effectively, be guaranteed jobs for life. The issue is fear of a real overhaul of France's economically stifling labor laws. While some of the suburban hoodlums have joined in these protests -- after all, a riot is a riot -- it is clear that unless this overhaul proceeds, the immigrants are doomed. If so, last year's violence will seem a lark compared with what is coming.

Curiously, however, no French politician will say this openly. They will not even say these obvious words: France is a representative democracy; if you don't like what your elected leaders are doing, you can vote against them. Some more words you will never hear in France: Students who continue to disrupt civil and academic life will be expelled. Strikers will be fired. We are calling in the troops.

Instead, Prime Minister Dominique de Villepin is nightly seen on television, earnestly proposing one compromise after the other, even as his supporters scuttle for cover. The powerful barons of the labor unions, on the other hand -- the puppet masters of that golden flock of imbeciles now on the streets -- can scarcely be bothered to give interviews. Compromise? Only when the law is repealed. By then, of course, compromise would be unnecessary. Instead of negotiations, they call for a general strike.

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That's because France is still in the grip of precisely the political mentality that has prevailed here since the Middle Ages. As the protesters themselves cheerfully declare: It's the street that rules. Today's mobs, like their predecessors, are notable for their poor grasp of economic principles and their hostility to the free market. Only wardrobe distinguishes these demonstrations from those that led to the invasion of the national convention in 1795, when first the mob protested that commodity prices were too high; when the government responded with price controls, it protested with equal vigor that goods had disappeared and black market prices had risen. Similarly, the students on the streets today espouse economic views entirely unpolluted by reality. If the CPE is enacted, said one young woman, "You'll get a job knowing that you've got to do every single thing they ask you to do because otherwise you may get sacked."

Imagine that.

As a legacy of this long tradition, the choice in France now is between popular legislation -- that is, useless legislation -- and the street. Thus the paradox at the heart of the protests: Those who want power exploit the mobs to maneuver themselves into position, but having gained power cannot use it to achieve anything worthwhile, lest the same tactics be used against them. The fear of the mob has created a cadre of politicians in France who are unable to speak the truth and thereby prepare French citizens for the inevitable. No one in France -- not one single politician, nor anyone in the media -- is willing to say it: France's labor laws are an absurdity, and if they are not reformed at once, France will go under. "What do they think?" said my driver, who was not, he told me, a mover by trade but an unemployed radio journalist forced to moonlight. "Do they think that jobs just fall from the sky?"

Apparently, they think just that.

In this regard, France, like every European country, remains blackmailed by its history. French rulers, seemingly unable to appeal to the legitimacy they possess as elected leaders, instead behave as popular kings, or as leaders of some faction -- like a king's ministers. They cannot seem to forget what happens when a king loses his popularity. There are thus two choices for the French ruling elite, as they see it: toady or go under.

When Margaret Thatcher took power in 1979, an urgent question hung in the air: In Britain, who rules? It was a question to which Britain's powerful unions had a ready answer: We do. Men such as Arthur Scargill, the head of the miner's union, were convinced that although they would never lead Britain, it was within their power to run it and to run it for their benefit through labor laws that anyone beyond the union halls could see would destroy the nation as a competitive economic power. Thatcher so thoroughly crushed both Scargill and his union that neither recovered. For a brief moment, power politics stood revealed. The unions had made a bid for power. They lost.

The same question is now being raised in France: Who rules? This is the second time in 11 years that a popularly elected government here faces dismissal not from the voters, but from the streets. If this does not represent a direct challenge to the government's power, it is hard to know what would. Should the government fall, the question will have been answered.

And the answer will be the mob. As usual.

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DEPARTMENT OF JUSTICE *NEWS CLIPS*

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TERRORISM NEWS:

Court Case Challenges Power Of President (WP)

By Charles Lane

The Washington Post, March 26, 2006

Military Tribunals' Legitimacy at Issue

Seized by U.S. forces in Afghanistan and imprisoned at Guantanamo Bay, Cuba, Osama bin Laden's former chauffeur is now seeking victory over President Bush in a new arena: the Supreme Court.

In oral arguments Tuesday, an attorney for Salim Ahmed Hamdan will ask the justices to declare unconstitutional the U.S. military commission that plans to try him for conspiring with his former boss to carry out terrorist attacks.

Significant as that demand is, its potential impact is much wider, making Hamdan's case one of the most important of Bush's presidency. It is a challenge to the broad vision of presidential power that Bush has asserted since the terrorist attacks of Sept. 11, 2001.

In blunt terms, Hamdan's brief calls on the court to stop "this unprecedented arrogation of power." Just as urgently, the administration's brief urges the court not to second-guess the decisions of the commander in chief while "the armed conflict against al Qaeda remains ongoing."

The case may not produce a frontal clash between the judiciary and the executive -- if the court decides that a recently enacted federal law on military commissions deprives it of jurisdiction to rule on Hamdan's case. Yet another possibility is that the court could reach an inconclusive 4 to 4 tie because Chief Justice John G. Roberts Jr. had ruled on the case while he was on a federal appeals court and must sit out now.

But if the court fears to tread on such difficult ground, it has given no sign of that. It has refused the administration's invitation to dismiss the case for lack of jurisdiction before hearing arguments, and, perhaps more important, it has already refused to defer completely to the president in two previous terrorism-related cases.

"There are so many issues in the case -- whether the president was authorized by the Constitution, or a statute, to set up the commissions -- right down to exactly how to fit this kind of a war into the existing laws of war," said Richard Lazarus, a law professor at Georgetown University who specializes in Supreme Court litigation. "Most cases have two or three or four issues. This one has 10 or 12, which makes it very hard to handicap."

Whether designating an American citizen as an "enemy combatant" subject to military confinement, denying coverage under the Geneva Conventions to detainees at Guantanamo Bay, or using the National Security Agency to eavesdrop on domestic communications, Bush has said that the Constitution and a broadly worded congressional resolution passed three days after Sept. 11, 2001, empower him to wage war against terrorists all but unencumbered by judicial review, congressional oversight or international law.

Those assertions emerged in Bush's Military Order No. 1 of Nov. 13, 2001, which established the commissions and set off one of the first political debates in the United States over terrorism after two months of relative unity after the attacks.

The administration wanted a tough-minded alternative to the civilian court system that the Clinton administration had used against terrorists. Yet the swift and certain punishment that supporters of the commissions expected has not materialized. Though 10 of the 490 terrorism suspects currently held at the U.S. prison at Guantanamo Bay have been designated for trial, not a single case has been decided.

From the outset, the commissions have been plagued by questions about their fairness and workability. Critics argued that the commissions were flawed because, as Hamdan's brief, written by Georgetown University law professor Neal K. Katyal, puts it, they would try suspects "for crimes defined by the President alone, under procedures lacking basic protections, before 'judges' who are his chosen subordinates."

After lengthy internal debates, the administration modified the commissions, requiring that trials be public and that defendants be presumed innocent until proved guilty beyond a reasonable doubt.

But that did not persuade critics who pointed out that the executive branch would still be the only one deciding who is an "unlawful enemy combatant" eligible for trial in the first place.

Critics also argue that the Geneva Conventions require that each detainee should be given an individual hearing, with access to the federal courts through habeas corpus.

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Historically, the courts have been reluctant to take on presidents during wartime. As a result, Lazarus said, Hamdan's supporters "need to make it clear there is a reason not to trust" Bush with unchecked power. That reason, Lazarus noted, may come from the allegations of torture at Guantanamo Bay and at Abu Ghraib prison in Iraq, which surfaced in 2004 and are discussed extensively in briefs on Hamdan's side.

Several members of the court are especially sensitive to international opinion, which has generally seen Guantanamo as a symbol of U.S. excesses in the war against al-Qaeda. The court has been bombarded by friend-of-the-court briefs urging it to think about the impact of the Hamdan case on the image of the United States abroad.

Two years ago, the Supreme Court ruled 6 to 3 that federal law gave U.S. courts the power to hear the prisoners' challenges to their detention at Guantanamo Bay. In a separate case involving an American citizen held there, a plurality of justices noted that the court would not give the president "a blank check" on national security matters.

That triggered a flood of habeas corpus petitions, including Hamdan's, from lawyers representing hundreds of Guantanamo Bay prisoners.

Hamdan's attorneys say that neither the broadly worded Sept. 14, 2001, House-Senate resolution that endorsed the use of force against al-Qaeda nor older statutes give Bush the clear legislative approval he needs to set up the commissions. They also contend that the commissions violate the Geneva Conventions, which, they say, are enforceable by U.S. courts and entitle Hamdan to the same kind of trial a U.S. soldier would get from a court-martial.

The rules of the tribunals, which allow evidence that "would . . . have probative value to a reasonable person," provide no guarantee against the use of evidence gathered through torture, Hamdan's supporters say.

In response, the Bush administration notes that military commissions have a long history in war and were contemplated by the Sept. 14, 2001, resolution.

But the administration's brief, written by Solicitor General Paul D. Clement, also says that "even if Congress's support for the President's Military Order were not so clear, the President has the inherent authority to convene military commissions to try and punish captured enemy combatants in wartime -- even in the absence of any statutory authorization."

As for the Geneva Conventions, they are not enforceable by U.S. courts and do not apply to Hamdan because al-Qaeda is a terrorist network that has not signed the conventions and regularly violates them, the administration says.

So far, the administration has prevailed. Last year, a three-judge panel of the U.S. Court of Appeals for the District of Columbia Circuit, one of whose members was Roberts, upheld the administration's position, overruling a decision in Hamdan's favor by the U.S. District Court in Washington.

After the Supreme Court agreed to hear Hamdan's appeal of the D.C. Circuit's ruling, Congress stepped in.

The Detainee Treatment Act (DTA), enacted in December, reinforces the president's authority under the Sept. 14 resolution, the administration says. By modifying the rules related to the commissions, the measure implicitly accepts their legitimacy, the administration says.

The DTA stripped federal courts of jurisdiction over habeas corpus petitions from the Guantanamo Bay detainees "pending on or after" the date of its enactment -- and it provides an alternative military process for reviewing their enemy combatant status, to be followed by appeals to the D.C. Circuit court. Under the law, that court is the exclusive venue for appeals of military commission verdicts.

On Jan. 12, the administration asked the Supreme Court to dismiss the Hamdan case, arguing that it is covered by the "pending on or after" phrase. The proper time for his constitutional challenge is after his trial, the administration argued.

But Hamdan's attorneys contend that the DTA was a compromise intended to apply only to new cases, not to those that had already been filed. At a minimum, it does not provide a clear enough statement of congressional intent to deny Hamdan and others a day in court, they say.

The case is Hamdan v. Rumsfeld , No. 05-184. A decision is expected by July.

Bush's Powers Again Under Review By Court (AP)

By Gina Holland

AP, March 26, 2006

His wartime powers undercut once before by the Supreme Court, President Bush could take a second hit in a case in which Osama bin Laden's former driver is seeking to head off a trial before military officers.

At stake is more than whether Salim Ahmed Hamdan, after nearly four years at the Navy prison in Guantanamo Bay, Cuba, goes on trial for war crimes before a special military commission.

Analysts say if the high court rejects Bush's plan to hold such trials for the first time since the aftermath of World War II, it could rein in the president's expanded powers in pursuing and punishing suspected terrorists.

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In addition to special military trials for Hamdan and others, the Bush administration since the attacks of Sept. 11, 2001, has claimed it has the authority to eavesdrop on telephone conversations without court oversight, aggressively interrogate foreigners and imprison people without giving them traditional legal rights.

Hamdan was one of hundreds of people captured during the 2001 U.S.-led war that drove the ruling Taliban from power in Afghanistan. The native of Yemen denies that he is a terrorist and claims he took the driving job to provide for his young family.

Hamdan's appeal, set for arguments Tuesday, is one of the biggest cases of the court's current term, the first for Chief Justice John Roberts. He, however, will not participate in the Hamdan case. Last year, Roberts was on a three-judge panel of the U.S. Court of Appeals for the District of Columbia Circuit that ruled unanimously against Hamdan.

It is that ruling that the Supreme Court now is reviewing.

With Roberts withdrawing from the case, the high court could split 4-4, leaving the appeals court ruling in place. A ruling is expected before July.

"The stakes are very high for this administration because it has predicated all of its policies in this war on terror on the principle that the president as commander in chief cannot be constrained by Congress or the courts," said Scott Silliman, a former military lawyer who teaches at Duke University.

"If the court in any way limits presidential authority with regard to military commissions, it will spill over into other areas of his authority in this new type of war," Silliman said.

A second element of Bush's terrorism-fighting measures is under scrutiny as the Senate Judiciary Committee on Wednesday examines the president's domestic eavesdropping program, which The New York Times disclosed in December.

Since shortly after the attacks of Sept. 11, 2001, the National Security Agency has monitored the international communications of people inside the United States when their calls and e-mails are believed to be linked to al-Qaida. The government normally has to get a court order to monitor domestic communications; Bush signed an executive order directing the NSA to conduct the operations without a judge's approval.

Hamdan may find hope for his appeal from a pair of 2004 rulings in which the justices rejected the president's claim of authority to seize and detain terrorism suspects while indefinitely deny access to courts or lawyers.

Justice Sandra Day O'Connor wrote at the time that "a state of war is not a blank check for the president when it comes to the rights of the nation's citizens."

The moderate O'Connor has been replaced by a Bush appointee, Samuel Alito, who could play a prominent role in the Hamdan case. As a former Reagan administration lawyer he could be sympathetic to White House arguments.

Hamdan is one of about 490 prisoners being held at Guantanamo Bay as what the administration terms as enemy combatants. Only 10 of them have been charged with a crime.

The administration had kept secret the identities, home countries and other information about the men, who were accused of having links to the Taliban or al-Qaida. But this month the Pentagon released details after losing a lawsuit filing by The Associated Press under the Freedom of Information Act.

The importance of the Hamdan case is illustrated by the dozens of filings on both sides.

The issues it raises are complex, with claims based on the Constitution, federal laws and treaties.

The administration hopes to get Hamdan's appeal dismissed altogether, on grounds that Congress last year stripped the Supreme Court's authority to consider it. A law passed late last year bars Guantanamo prisoners from filing petitions to fight their detentions; the administration claims this law retroactively voided hundreds of lawsuits.

Hamdan's lawyers dispute the government's claim that the law is retroactive and they say the administration has set up a sham system to try Hamdan on a charge of conspiracy to commit war crimes, murder and terrorism.

"The president's assertion of absolute dominion over human subjects and trial and punishment cannot be reconciled" with the Constitution, lead lawyer Neal Katyal, a Georgetown law professor, told justices in a filing this month.

Accused terrorists can receive the death penalty in the military trials, although the government says it is not seeking that against Hamdan.

In his filings, the administration's Supreme Court lawyer, Paul Clement, cites the "savage attacks" of Sept. 11 and the president's response. Clement portrays Hamdan as a trained terrorist who served as a personal bodyguard to bin Laden.

The justices said they will release an audio of the argument after it concludes, something done only for high-profile cases.

The case is Hamdan v. Rumsfeld, 05-184.

Justices To Hear Constitutional Challenge To Special War Courts (KRT)

By Carol Rosenberg

Knight Ridder, March 26, 2006

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Five years ago, Salim Hamdan was living all but anonymously in Taliban-ruled Afghanistan, driving a Toyota pickup for Osama bin Laden on his Kandahar farm.

On Tuesday, the tale of the wiry Yemeni with a fourth-grade education will take center stage at the U.S. Supreme Court, as lawyers argue a landmark case over whether President Bush had the power to create a special war court to try Hamdan.

An extraordinary case for extraordinary times, Hamdan's constitutional challenge claims that the court the Pentagon constructed is unfair and un-American. He's joined in his argument by a celebrated cast of supporters - a former secretary of state, retired federal judges and U.S. military officers, and international jurists - in a clash that's not lost on him.

"Are we going to be making history?" he asked his military lawyer, Navy Lt. Comdr. Charles Swift, as the case headed for the high court.

"I don't want to make history," he added. "I just want to go home."

He'll sit out the arguments in his 7-by-8-foot cell, 1,300 miles away, at the U.S. naval base at Guantanamo Bay, Cuba.

At issue is not whether the U.S. has the power to detain the 36-year-old father of two at the Navy base, where he'll have been held four years by the time the justices rule this summer.

The core of the challenge is in which American court, if any, Hamdan can face an American military charge of conspiracy as part of al Qaida's world-terrorism network.

Government lawyers say Congress gave President Bush the power to create a war court in its use-of-force resolution after the Sept. 11, 2001 attacks. They say Hamdan should challenge the new panel system only after he's tried at Guantanamo Bay, and only if he's convicted.

Hamdan's advocates argue that he deserves to face an already established U.S. court, not the first American war-crimes tribunal since World War II. They also argue that the U.S. breached international treaty obligations by denying Hamdan the possibility of prisoner-of-war status under the Geneva Conventions.

"Not only do these military commissions betray our commitment to the rule of law, they damage our reputation abroad and undermine our ability to promote the global rule of law as an antidote to terrorism," Yale Law School Dean Harold Hongju Koh says in a brief for former Secretary of State Madeleine Albright and 20 other former U.S. diplomats.

Hamdan's case not only tests the limits of presidential powers over the 10 Guantanamo captives facing trial by a tribunal of American military officers, called a military commission. Legal experts say his case also has implications for the nearly 500 "enemy combatants": whether and how they can turn to civilian courts to intervene on their behalf in Pentagon detention processes.

Said lawyer Scott Silliman, a retired Air Force colonel who now runs the Duke University Center on Law, Ethics and National Security:

"Hamdan gives the court the opportunity to define this war on terrorism, to give us a more current view of the constitutional authority of the president in this new type of war and the tools available to him in fighting it."

Bush advocates argue that America is facing an enemy unrivaled in its history, so it's crafted a court that shields classified information from public view to allow prosecutions in a war with no end in sight.

Air Force Col. Moe Davis, the chief prosecutor, noted the quandary of waiting until the war on terrorism ends to try captives: "Damned if you do, damned if you don't," he said.

In a sense, Hamdan started down his roundabout road to the Supreme Court on Nov. 13, 2001, when President Bush signed an order authorizing the defense secretary to detain foreigners indefinitely - and ordered him to prepare military commissions to try some of them.

Across the globe, when U.S. bombs blasted Afghanistan, Hamdan spirited his pregnant wife and 2-year-old daughter to safety in Pakistan.

Hamdan's attorney says Hamdan was returning a borrowed car when Afghan warlords captured him and handed him over to American forces, for a bounty that U.S. agents were offering for foreign Muslims, he believes.

By the time Washington inaugurated its offshore interrogation center with an 8,000-mile air bridge to Cuba in January 2002, Hamdan was already in American hands.

He was taken to Cuba four months later, manacled and masked in a 27-hour trip long after the Bush administration had declared captives there "unlawful combatants," not prisoners of war.

Hamdan told his attorney Swift that he wasn't a war criminal. He described himself as a privately paid $200-a-month driver who worked at bin Laden's farm; his livelihood vanished when terrorists crashed those planes into the Pentagon and World Trade Center.

On Feb. 10, 2004, Swift told his client's story for the first time: The man who would challenge President Bush's war powers was an alleged foot soldier, not an al Qaida architect.

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Rather than enter a guilty plea, Swift sued the United States by filing a habeas corpus petition in U.S. District Court in Washington.

Defense attorneys from all four military services - the Army, Navy, Air Force and Marines - call the war court unconstitutional. They charge that the Bush administration crafted an unfair court rather than try Hamdan before civilian judges in the United States or at a U.S. military court-martial, which would offer him the same rights and protections as an American soldier.

"It's a separation of powers, checks-and-balances issue," said Marine Col. Dwight Sullivan, the chief commission defense counsel and a former lawyer with the American Civil Liberties Union.

Sullivan cautioned that, whatever the high court decides, it's not being asked to rule in the larger debate over whether the United States should close its prison camp at Guantanamo.

The chief justice of the United States, John G. Roberts, is recusing himself because as an appeals court judge he was part of the panel that unanimously upheld Bush's war powers in the Hamdan case.

Republican Sens. John Kyl of Arizona and Lindsey Graham of South Carolina argue that Hamdan's case shouldn't be before the high court in the first place. They championed a measure that Congress passed late last year stripping Guantanamo captives of pretrial civilian review.

Now the court must decide how much of that law stands, too.

The Bush administration originally argued that, as enemy combatants held offshore, Guantanamo captives couldn't sue in civilian court. The Supreme Court rejected that notion in

June 2004, opening the federal courts to review the case of any detainee who sues for his freedom.

"Guantanamo Bay is a military base in a foreign country," the senators write in their brief, echoing the government's position. "The military's mission of winning battles cannot be encumbered with a requirement that every enemy captured abroad be given a lawyer and a hearing."

A Bellwether For The Power Of A President (NYT)

By Jonathan Mahler

The New York Times, March 26, 2006

TAKE a good look at the prosecution of Zacarias Moussaoui, an admitted member of Al Qaeda who may soon be sentenced to death, after pleading guilty to conspiracy in connection with the Sept. 11 attacks. It may be the last time a suspected terrorist will enjoy the full panoply of rights — a jury of civilians, an independent judge, the guarantee of an open trial — accorded to criminal defendants in the United States.

Instead, the government plans to try accused terrorists before special tribunals in which the judge is appointed by the Pentagon, the jurors are military officers and certain canonical rights in our civil system — like the right to be present at all sessions of the trial — are absent. The future of the tribunals will be up to the Supreme Court, which will rule on their legality in Salim Hamdan v. Defense Secretary Donald Rumsfeld, which is to be argued on Tuesday.

Salim Hamdan, born in Yemen, was captured in Afghanistan in November 2001 and has confessed to working as a driver for Osama bin Laden. Like Mr. Moussaoui, Mr. Hamdan was charged with conspiring with Al Qaeda to commit acts of terrorism. The critical distinction, though, is that Mr. Hamdan was charged as a war criminal, meaning he was designated for prosecution before a military tribunal rather than in a federal court. His lawyers, led by Neal K. Katyal, a professor at Georgetown University, have sued to block the tribunal; hence Hamdan v. Rumsfeld.

There is much more at stake here than the fate of one detainee. Mr. Hamdan's case will test a broader strategic shift in the American approach to fighting terrorism. By treating terrorism as an act of war rather than a crime, the Bush administration is hoping to end an embarrassing string of botched criminal terrorism prosecutions, including those of Mr. Moussaoui — where the judge recently rebuked a government prosecutor for improperly coaching witnesses — and Sami al-Arian, who is accused of being an Islamic Jihad activist and who was acquitted of various charges by a Florida jury several months ago.

The administration is also trying to ease the burdens of proof on its prosecutors, whom the government believes are at a disadvantage in the post-Sept. 11 era, when the emphasis is on prevention of terrorist attacks rather than their prosecution. "If you are serious about stopping people before things take off, then necessarily your evidence is going to be more ambiguous," said Andrew McCarthy, the lead prosecutor in the 1993 World Trade Center bombing.

More significant, President Bush would be extending his commander-in-chief authority to the war on terror. What this means in a practical sense is that he and his successors would be vested with perhaps greater wartime powers than any previous president. Unlike prior wars, limited by duration and geography, the war on terror is global and potentially endless. Indeed, terrorism will last well beyond the defeat of radical Islam.

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IS the war on terror really a war? The logical parallel to Sept. 11 would appear to be Pearl Harbor, but Bruce Ackerman, a Yale law professor and author of "Before the Next Attack," argues that the two are not the same. "Pearl Harbor was an act of violent incursion that everybody recognized augured more violent acts of incursion because there was a Japanese fleet out there," he says. "We don't know whether we're looking at a powerful and well-organized enemy, or some terrorists who just happened to get lucky."

Yet the alternative — defining terrorist attacks simply as crimes — doesn't seem quite right either. After all, it was no coincidence that a target of the Sept. 11 hijackers was the headquarters of the United States military. Terrorists are capable of inflicting damage on a scale beyond the reach of any criminal enterprise. Anyway, the United States has responded to the attacks with military force; it seems a little late to debate whether the country is at war.

What are the implications of an unending war with no geographical boundaries? In one of their briefs, Mr. Hamdan's lawyers warn of "a dangerous and unprecedented expansion of executive authority" that would be tantamount to a re-allocation of constitutional power. A precedent that gave the president sweeping authority to fight the war on terror, they argue, could become "the edifice upon which any number of actions could be grounded, even against U.S. citizens." The president could assert his commander-in-chief powers to permit electronic surveillance without a wiretap, for instance, or to detain indefinitely an American citizen arrested in Cleveland.

Draconian as this sounds, advocates of the administration's position point out that warrantless surveillance and protracted detentions of suspected enemy combatants, even if they are American citizens, pale in comparison with the suspensions of civil rights deemed necessary in previous wars. During World War I, for instance, an American was sentenced to 10 years for questioning the "good faith" of our ally. His crime was making a film that depicted British atrocities in the Revolutionary War.

The court has traditionally deferred to the president in wartime, then gradually stripped the office of any newly accrued authority once the hostilities ended. Given the indefinite nature of the war on terror, though, this pattern no longer seems relevant.

The last time a president tried to make the case that the theater of war should not be confined to the area of hostilities, he was rebuffed: during the Korean War, the Supreme Court barred Harry S. Truman from seizing steel mills to prevent a strike. Of course, Truman could not point to a recent attack on American soil to help make his case.

In short, the Hamdan case presents the Supreme Court with two historically unappealing choices: to police the president's ability to make war or to allow executive authority to go unchecked.

9/11 Trial Reveals Troubles Then, And Ahead (LAT)

By Richard A. Serrano, Times Staff Writer

The Los Angeles Times, March 26, 2006

WASHINGTON — Harry Samit was green. He'd been an FBI agent just two years. He was assigned to a terrorism task force, but in the bureau's field office in Minneapolis — about the least likely city in America for stumbling across an extremist.

Michael Rolince was a coat-and-tie supervisor at the FBI headquarters in Washington. For nearly 30 years, he'd worked for the bureau, handling organized crime, drugs, intelligence. Now he was running the international terrorism operations section. That made him a regular at classified meetings in the White House Situation Room.

Out in Minneapolis, Samit was tipped that an inexperienced student at a local flight school had plunked down cash to learn to fly jumbo jets. The young agent pounced. The student, a French Muslim, was arrested, and Samit worked desperately to get him to talk.

The matter was duly reported to the terrorism operations center in Washington, but Rolince heard about it in just two brief hallway chats with other bureau officials. The ops center was already tracking 70 threats; only a tiny fraction had anything to do with airplanes. There were at least 100 buildings in New York and Washington alone that Rolince viewed as "logical targets."

Later, when Samit sent Rolince's office a 25-page memo pleading for search warrants, the veteran FBI supervisor didn't even see it.

The time was August 2001, and history was about to drop the hammer. The man Samit collared and tried to warn Rolince and others about was Zacarias Moussaoui, now on trial for his life as the only Sept. 11 conspirator to be prosecuted in the United States. And the story of the new FBI agent and his veteran superior in the weeks before Sept. 11 — as it is emerging in Moussaoui's sentencing trial — is more than a tragedy of fumbled opportunities.

And it is a lesson for the future. Much has been done to improve the nation's defenses against terrorism, but the evidence presented over the last several weeks underscores just how daunting the challenge remains. Extracting meaningful clues from the mass of tips and gossip and incomplete information is worse than looking for a needle in a haystack. It's like looking for a particular wisp of hay in that haystack.

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Samit and Rolince were hard-working public servants, as were their colleagues. Neither underestimated the threat. Yet both fell short.

In demanding the death penalty for Moussaoui, Justice Department lawyers argue that if he had fully disclosed what he knew about the Sept. 11 plot, it could have been thwarted. Moussaoui's lawyers contend that the government's anti-terrorism system was so fouled up that nothing could have kept the hijackers out of the planes.

A jury will sort out the question as it applies to Moussaoui. But the larger issue — how to make sure the system spots important scraps of information among mountains of such scraps — is far from resolved.

Samit and Rolince are not alone in the glare of hindsight. The trial has shown that Federal Aviation Administration officials barely raised an eyebrow when told that Mohamed Atta, who turned out to be the lead hijacker, had abandoned a small plane on a runway at Miami International Airport. Further, testimony has detailed how CIA agents missed clues that two other hijackers were living in San Diego.

But it is the Olympian battle between Samit and Rolince that has defined much of this trial and offered new insights into the challenge of preventing terrorism — insights into how something as elusive as the mind set of the FBI can play a role, for example, or the different perspectives of two men who stood at a historic crossroads but did not quite realize their moment.

Samit said FBI headquarters was guilty of "criminal negligence" for not letting him seek search warrants on Moussaoui and learn more about the plot. Rolince countered that Samit was an overeager agent who was being "spun up," that he was obsessing about Moussaoui's arrest on a minor immigration infraction.

Samit continues to fight crime in Minneapolis. Rolince retired last October. Both men love the FBI.

"I didn't agree with them, but they are in charge," Samit said of headquarters. Said Rolince: "Agent Samit's suppositions and hunches were one thing. What we actually knew at the time of the arrest was clearly something else."

Samit is a short, stocky man with a buzz haircut, a leftover from his enlistment as a naval intelligence officer and pilot. At the FBI field office in Minneapolis, he was attached to "Squad 5" and its joint task force on terrorism.

Samit was alarmed that Moussaoui, with little flying experience, was training on a jumbo jet simulator, had paid cash for lessons and was outspoken in his criticism of America.

Washington initially advised Samit to limit himself to putting Moussaoui under surveillance. But Samit had already told the manager of the Residence Inn where Moussaoui was staying that the FBI wanted him. The agent decided he had to act.

Agents arrested Moussaoui in mid-August as he was coming out of the motel. He had a small knife in his pocket, another in his car. Taken to an immigration detention center, he talked to Samit for a while, saying he was in the U.S. to learn to fly for personal reasons. Moussaoui then asked for a lawyer, and that ended all interviews.

Samit still wanted to search Moussaoui's belongings — his laptop computer, a black duffel bag and other items in his car and his apartment back in Norman, Okla.

The agent asked Washington for approval to seek a criminal search warrant; Washington said no because more seasoned heads felt it would be denied for insufficient evidence. Samit asked Washington for permission to obtain a special intelligence court search warrant. Washington said no again, fearing that if the intelligence court said no, the bureau would never be able to go back and get a warrant from a criminal court judge.

The next request was for approval to place an informant inside Moussaoui's jail cell. Denied again.

Worse, as Samit saw it, was that FBI headquarters never told him of other leads percolating around the country, most important, a fellow agent's memo out of Phoenix that reported suspicious Middle Eastern immigrants taking flying lessons.

"You didn't know at that point in time that Mr. Moussaoui was the most dangerous man in the history of the United States?" Samit was asked by a defense lawyer.

"Absolutely not, sir."

But Samit had not stopped. He spent several days drafting the 25-page memo to Rolince's office

He described the knives and the flying lessons. He discussed the large amounts of cash Moussaoui was carrying. He reported how Moussaoui's companion spoke of his friend's determination to wage jihad, his hatred of Americans, his loyalty to Al Qaeda leader Osama bin Laden.

"You wanted the people in Washington to know all this information about Moussaoui, didn't you?" he was asked on the stand.

"Yes, sir, that's correct," he said. "I did."

But when Washington came through, it was too late.

Rolince was besieged with his own problems. He said his office was taking in leads from 56 FBI field offices and 400 smaller agencies around the country.

The summer chatter was high, but Rolince said none of the tips rose to the level of "actionable" information for agents to make arrests.

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"The threats covered about every area that one could possibly conceive," he told the jury. "From the traditional truck bomb to the use of chemical, radiological, biological, nuclear, to kidnappings, to assassinations …."

Sometimes the threats dealt with civil aviation, but "I think that was on three occasions out of the thousand or something" raw leads, Rolince said.

On June 12, the CIA warned that Khalid Shaikh Mohammed, the suspected mastermind of the Sept. 11 plot, "was recruiting people to travel to the United States to meet with colleagues already there so that they might conduct terrorist attacks on Osama bin Laden's behalf."

On June 10, the CIA notified all its station chiefs of a possible "Al Qaeda suicide attack on a United States target over the next few days."

Late in the month, a CIA terrorist threat advisory indicated a "high probability of near-term spectacular terrorist attacks resulting in numerous casualties." More such warnings poured in. Meetings in the White House Situation Room were now increased to three times a week.

And then Rolince heard a whisper about Samit's case.

"My unit chief approached me on two different occasions in hallway conversations that an individual had been reported by a flight school," Rolince recalled. But Rolince said that "the FBI did not possess sufficient information to levy a charge."

In his eyes, whatever threat Moussaoui had posed was neutralized by his arrest. For that reason, Rolince said, the search warrants were not approved.

Instead, Rolince OKd Samit's last-ditch idea to fly with Moussaoui when he was deported back to Europe. Moussaoui's bags and other belongings would be automatically subject to inspection there.

Rolince gave his approval late in the day, on Sept. 10.

But the next morning, no one was going anywhere.

Does Killing Really Give Closure? (WP)

By Dahlia Lithwick

The Washington Post, March 26, 2006

The past few weeks have been rife with the prospect of closure denied.

The families of Slobodan Milosevic's tens of thousands of victims were ostensibly denied closure when he died before the conclusion of his war crimes tribunal. The decision over where to try exiled Liberian ruler Charles Taylor turns largely on how to afford closure to his victims. And the families of those killed in the Sept. 11, 2001, attacks despaired that government misconduct had ended not only the prosecution, but also their one chance at closure. "I felt like my heart had been ripped out," said Rosemary Dillard, whose husband died in the attack on the Pentagon. "I felt like my husband had been killed again."

The death penalty trial of Zacarias Moussaoui has been touted by the government as a way to bring resolution to bereft families. Hundreds watch the proceedings on remote, closed-circuit televisions. Dozens will testify about their losses. This will be their "day in court." Since as far back as 2002, when then-Attorney General John D. Ashcroft announced he'd seek the death penalty for Moussaoui to "carry out justice," it's been assumed that this outcome would bring closure. Just as, in 2001, when Ashcroft decided that family members of the Oklahoma City bombing victims could witness the execution of Timothy McVeigh on closed-circuit television, he said it would "meet their need for closure."

Why? What's the empirical basis for the government assumption that all, or even most victims of terrible tragedy will find "closure" through protracted trials and executions?

To the extent the data on the needs of victims suggests anything at all, it says there is no magical solution, no one-size-fits-all mechanism to afford closure to the victims and survivors of violent crime. That makes the Justice Department's message that healing requires victim participation in the Moussaoui trial and an eventual execution for the offender even more disturbing; it offers the illusion of government-approved "closure" to thousands of people who desperately seek it, but may not ever find it here.

In a seminal 1985 law review article, law professor Lynne Henderson examined the relationship between victims' rights and criminal justice policy. Looking carefully at the psychological data on the needs of victims, Henderson discovered a wide array of responses to tragedy -- responses that differ widely from victim to victim, and that change significantly over a victim's lifetime. More crucially, Henderson's research reveals that "common assumptions about crime victims -- that they are all 'outraged' and want revenge and tougher law enforcement -- underlie much of the current victim's rights rhetoric. But in light of the existing psychological evidence, these assumptions fail to address the experience and real needs of past victims."

Criminal trials and the promise of an execution offer a seemingly appealing tool for assigning blame and channeling rage. But many crime victims have reported that the endless repetition of their tragic stories, the formal legal rules, and the years and years between appeals only serve to increase stress and delay healing.

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This isn't to say that many victims of 9/11 don't want to see Moussaoui executed. As the mother of one victim told ABC News, "I was looking to this trial to see if we could eradicate one evil person, to remove one force of evil from this beautiful world." It is to say that in promoting the notion that only a death penalty can afford closure, the prosecution is disregarding the wants and needs of many others.

This is not the first time we have seen this phenomenon: The survivors of the Oklahoma City bombings who didn't want to see McVeigh executed were not permitted to offer victim impact statements. As Bruce Shapiro pointed out in a 1997 essay in Salon, the terror trial that made "victim closure" a national buzzword was structured such that "any victim or relative who wanted to play a part in the sentencing phase of the trial first had to pass a death-penalty loyalty test."

Many, many victims of violent tragedy object to this assumption that their interest in justice is congruent with that of state prosecutors seeking the death penalty. Just last month, Vicki Schieber, the mother of Shannon Schieber, a Wharton Business School student murdered in 1998 by a serial rapist, testified before the U.S. Senate's subcommittee on the Constitution, civil rights and property rights. As she told the committee: "The word closure is invoked so frequently in discussions of victims and the death penalty that victims' family members jokingly refer to it as 'the c word.' But I can tell you with all seriousness that there is no such thing as closure when a violent crime rips away the life of someone dear to you." Schieber testified that a single-minded government focus on executions shifts the focus away from other, more meaningful legal reforms that might better honor victims and support their families.

This jibes with Henderson's empirical data, which suggests that more than anything -- maybe even executions -- the families of tragedy victims ultimately need answers. They need to know "why." And perhaps it's no accident, then, that so many of the 9/11 families who are avidly following the Moussaoui trial say they are not doing so in the hopes of a death sentence. Some don't want to give Moussaoui the martyr status that he craves. Many others just seem to be looking for answers. As Blake Allison, whose wife was killed, told The Washington Post: "I felt the government wasn't telling us all that it knew." Fiona Havlish, who lost her husband, echoed that: "I think what all of us are looking for is the truth, and the truth has not been forthcoming out of Washington."

And if Henderson's data is right, and what most 9/11 victims need is answers, you have to wonder whether the government is in fact victimizing them twice with this crazy trial. Not only is the Bush administration still withholding vital information that might afford them comfort. It's also proving that government incompetence, bureaucracy and willful blindness were as much the reason "why" as Zacarias Moussaoui.

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One Mistaken Clue Sets A Spy Saga In Motion (OREG)

By Mark Larabee And Ashbel S. Green, The Oregonian

The Oregonian, March 26, 2006

Mayfield case - A report reveals the secret steps agents took to trail a terror suspect, and the flaws that led them to the wrong man

A newly declassified report into the FBI's investigation of Brandon Mayfield offers a rare look inside a fast-paced international terrorism investigation, revealing some of the secret tactics investigators used, the intense pressures they faced and their disagreements.

In its 273 pages, the report by the Justice Department's inspector general reveals that investigators initially worried that Mayfield -- who was wrongly linked by faulty fingerprint analysis to the March 2004 bombings in Madrid, Spain -- could be part of a second wave of U.S. terror attacks.

The report explains how investigators' goal from the beginning was to spy on Mayfield and possibly recruit him as a covert agent. But media leaks in Europe forced their hand.

The FBI bungled its surveillance, the report says, to the degree that the mild-mannered Portland-area lawyer figured out that he was being watched before federal agents were ready to confront him.

"Had Mayfield been a terrorist, the FBI's failure . . . could have had serious national security implications," the report says.

And the report makes clear that without the media leaks, Spanish police eventually would have figured out that the fingerprint belonged to an Algerian terrorist, allowing the FBI to realize its mistake and shut down the Mayfield operation.

Mayfield's secret file would have been forever sealed away in FBI archives without most people ever knowing it existed.

Not even Brandon Mayfield.

Fueled by coincidences

Eight days after Islamic terrorists bombed Spanish commuter trains in March 2004, counterterrorism officials at FBI headquarters called field agents in Portland.

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A fingerprint on a blue plastic bag filled with detonators found near the bombing site in Madrid belonged to Mayfield.

Within hours, investigators were digging into Mayfield's background and by that afternoon had him under 24-hour surveillance.

Initially, Portland's squad of investigators had just a few pieces of information about Mayfield other than the fingerprint.

They knew his birthday and Social Security number and that he'd served in the military from 1985 to 1994. Analysts checked FBI databases to see if Mayfield was the subject of any investigations. He wasn't, but a deeper search circumstantially connected Mayfield to "other suspected terrorists."

Court records showed that less than two years earlier, Mayfield had represented Jeffrey Leon Battle in a custody dispute. Battle was a member of the Portland Seven, a group arrested in 2002 for plotting to fight with the Taliban against U.S. soldiers.

This was one of several coincidences that fueled the investigation's initial sense of urgency.

Investigators learned that Mayfield was a converted Muslim whose wife was an Egyptian naturalized as a U.S. citizen and that he went to a Portland-area mosque where some of the Portland Seven worshipped.

Mayfield had telephone contact with the U.S. director of an international Islamic charity accused of having terrorist connections. And Mayfield advertised in a business directory administered by a man convicted in the 1998 U.S. Embassy bombings in Kenya and Tanzania.

From the first day of the investigation, the government used every tool available to investigate Mayfield.

The FBI issued National Security Letters, which can be used in intelligence cases to obtain a variety of information, including financial records. The letters prohibit the source of the information, such as a bank or credit card company, from disclosing the inquiry.

A federal grand jury issued subpoenas for information about Mayfield. And the government placed Mayfield's name on national watch lists.

The FBI applied to a secret court for a warrant under the Foreign Intelligence Surveillance Act, known as FISA. The FISA court gave FBI agents retroactive authority to listen to Mayfield's conversations and conduct "sneak and peek" searches, a rarely used and controversial tactic that would allow agents to go into Mayfield's office and home and collect information without telling him they were there.

During covert searches of Mayfield's home and office, FBI agents photographed documents and made copies of computer hard drives. They also copied some of Mayfield's client files, requiring the assignment of a "taint agent," to filter documents that were protected by attorney-client privilege.

The FBI searched the trash at Mayfield's office complex looking for information and blue plastic bags like the one found in Madrid.

During a second search of Mayfield's house, the FBI collected 10 DNA samples and six cigarette butts to compare with samples from Madrid.

The report shows that the hasty surveillance was picked up by Mayfield. Suspicious that he was under surveillance, Mayfield tried to catch his pursuers in the act.

FBI agents noticed him pulling into driveways and cul-de-sacs, only to quickly turn around. He would drive into parking lots, sit for a few moments and then pull out. On his way home, he would drive around the block several times and sit in his driveway and watch to see if he was being followed. The FBI also saw Mona Mayfield using binoculars in the parking lot of her husband's office.

Even as Mayfield suspected someone was following him, he continued to go through his daily routines at work and home, leading one agent to say that "if he is guilty -- he is one cool customer."

After entering Mayfield's home a second time, the FBI realized "there were problems with the search." It's unclear how because the details in the report are blacked out by federal authorities. But it's possible that the FBI agents overheard the Mayfields talking about their suspicions.

Mayfield's wife, Mona, would later tell reporters that she saw footprints in the carpeting and that blinds in the home were not in their usual position.

The FBI called off any more sneak and peeks.

Doubts begin

As investigators pored through the material seized during the searches, they were not finding evidence of a link to Spain.

There was no record of Mayfield's traveling there, and the couple's passports had expired.

The agents believed there was a possibility Mayfield had used an alias to travel to Spain. But "given the character and known terrorism ties of several of his associates, it appears possible that someone else in the community is the link between Mayfield and the Madrid bombings," one FBI memo said.

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Eventually, investigators began to wonder if Mayfield could have touched the blue bag in the U.S. before it was "transported by a third unknown party to Europe."

If they couldn't find more evidence, the FBI planned to interview Mayfield in June. Until then, they would continue surveillance.

But bigger doubts about Mayfield were brewing in Spain.

Spanish authorities had all along expressed concern about the Mayfield identification. Initially, the Spanish were amazed that an American would be involved an attack in which all the suspects were local Moroccans.

By mid-April 2004, the Spaniards were more doubtful, and they challenged the FBI's fingerprint identification of Mayfield. To their eyes, the FBI's findings were "inconclusive." While the Spaniards saw many points of similarity between the two prints, they discounted Mayfield based on several significant differences.

This became known as the "April 13 Negativo Report."

Looking again, FBI fingerprint examiners saw a "concerning discrepancy," but they theorized that it was due to a blurring by a "second touch" in the corner of what they still insisted was Mayfield's fingerprint. Convinced they were right, FBI examiners agreed to travel to Spain to explain their findings.

Word of the Negativo Report raised red flags among Portland investigators and prosecutors. But FBI officials in Washington reassured them.

"I spoke with the lab this morning and they are absolutely confident that they have a match on the print. -- No doubt about it!!!! -- They will testify in any court you swear them into," said an April 15 e-mail from an FBI counterterrorism supervisor.

About a week later, an FBI examiner flew to Madrid and demonstrated to Spanish officials how the FBI lab made the match. Although the Spaniards still noted significant differences between the two prints, they agreed to take another look.

But a different version of the meeting was transmitted to officials in the United States.

The Madrid legal attache, or legat, the only American at the meeting who spoke Spanish and served as translator, said the Spaniards seemed satisfied with the FBI's presentation. He also said he expected the Spaniards to fully confirm the FBI.

For now, the FBI's "full-court press" on Mayfield continued.

The arrest

On May 4, a Paris-based Los Angeles Times reporter called the FBI legat in Madrid and asked whether two fingerprint experts could disagree over the identification of a single print. Then the reporter asked, "What about this American" whose print was found in connection with the Madrid bombings?

It was the first indication of a leak, but not the last. The next day, a reporter from a Spanish magazine made a similar inquiry.

The news forced investigators to make a decision. Portland FBI chief Robert Jordan didn't want to take any chances, arguing to take Mayfield into custody to prevent him from fleeing the country.

But top anti-terrorism officials in Washington wanted to continue surveillance. One top official said he did not want to lose the opportunity to "recruit" Mayfield and get him to help the FBI thwart a "second wave" of U.S. terror attacks.

After much debate, it was agreed that agents would approach Mayfield for an interview with a material witness warrant "in their pocket," to be used as a last resort.

Preparing for an arrest, the FBI asked Spanish officials for a report confirming that Mayfield's print was found in Madrid. But the Spaniards were still re-examining the prints.

On May 6, U.S. District Judge Robert E. Jones issued a material witness warrant for Mayfield. Three FBI agents drove to Mayfield's office shortly after 9 a.m. hoping to "smooth-talk him and try to get him to cooperate."

Mayfield had other ideas.

"I don't want you in my office," he told them. "I have client files in here. I don't want to talk with you."

Seeing no other choice, the agents arrested and handcuffed him. They again tried to get Mayfield into a discussion. But he told them he wanted a hearing, that he knew Judge Jones and could not believe that Jones would sign such a warrant.

During the ride to the federal courthouse, Mayfield told the agents he wanted a lawyer.

Between 10 a.m. and 3 p.m., FBI agents searched Mayfield's house, office and car, removing documents, computers and other property. Mona Mayfield told agents that she and her husband were not involved in the Madrid bombings or any other terrorist acts.

Mayfield went before Judge Jones that afternoon. He said the fingerprint wasn't his and that if it was, he had no idea how it got to Spain. Jones considered Mayfield a flight risk and ordered him to jail.

Agents soon discovered that Mayfield's home computers had accessed Web sites relating to the Spanish rail system, Spain's largest airline, a Spanish airport and a Spanish terror group known as ETA. They also found Mayfield's pilot training logs from the 1980s and a book chronicling the development of al-Qaida.

While the FBI was adding to its list of damning circumstantial evidence, long-standing doubts in Spain were becoming public.

The Spanish newspaper El Pais reported May 8 that Spanish National Police were "very doubtful" that Mayfield's print matched the one found on the bag.

Mayfield's lawyers sought his release May 17, but the FBI was still calling Mayfield's print a 100 percent match and the judge denied the move.

The release

On May 19, Portland prosecutors learned that the Spaniards had matched the blue-bag prints to an Algerian named Ouhnane Daoud. Daoud was among a group of militants who blew themselves up in April as police were raiding their suburban Madrid apartment.

During a morning hearing, a prosecutor briefed the judge in private about the new information about Daoud. Without elaborating, Jones determined that Mayfield should remain in custody.

On May 20, higher-resolution copies of Daoud's fingerprints reached the FBI lab. A top lab official told a Portland prosecutor that it would take more time to resolve the conflict but that the FBI examiners "see what the Spanish see."

While the FBI fingerprint experts agreed to return to Spain for further discussions, prosecutors in Portland decided the doubts warranted Mayfield's release. The judge granted the request that afternoon, and Mayfield returned to his family.

On May 24, Jordan held a news conference in Portland and apologized to Mayfield.

FBI fingerprint experts eventually retreated, saying the print was of such poor quality that it could not be used. But they also sent officials back to Spain for a third time, and they got their first look at the original print and the bag.

On July 16, the FBI confirmed that the print belonged to Daoud.

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Muslim Convert & Drifter Wanted To Fly But Did Months In Jail (NYDN)

By RUSS BUETTNER, DAILY NEWS STAFF WRITER

New York Daily News, March 26, 2006

An innocent man's life left in ruins

Adam Blake thinks he was guilty of only one thing: trying to fly while Muslim.

Blake has lived a legal nightmare in the post-9/11 era. Born and raised in the Bronx, Blake was held without bail for three months and has been unable to work for nearly a year because federal officials have kept his identification. A pretrial report even alleged he belonged to a terrorist organization, court records show.

Now, as he has spiraled into homelessness, federal prosecutors have dropped every charge against him.

Blake said investigators told him his troubles began when the mother of his estranged wife allegedly reported that he was a terrorist, and because events in his life fit that profile.

Blake, 36, converted to Islam and adopted a Muslim name in 1991. He traveled through the Middle East off and on for a decade, without obvious sources of cash, before returning to the United States to study aviation.

But a closer look offers mundane explanations. His mother says she paid for his travels. His interest in aviation dates back to his childhood, when he would ride subways and buses to airfields and heliports, including Floyd Bennett Field.

"I really wish I had had the money right out of high school for him to study to be a pilot," said his mother, Toni Blake, who now lives in South Carolina.

Blake's experience highlights the line that federal investigators continue to walk between respecting the rights of innocent people and risking disaster should they let a real terrorist remain free.

Arsalan Iftikhar, the national legal director of the Council on American-Islamic Relations, acknowledged the difficulty, but added that Blake's experiences sound like too many other examples of Muslims being unnecessarily detained since 9/11. "The American Muslim community feels as though they have been under siege by an overzealous Justice Department," said Iftikhar. "Unfortunately, the vast majority of these cases turn out to be nothing more than minor civil violations."

Wants to help his son

Blake said he abhors terrorism. By the time prosecutors dropped his case, he was living at the men's homeless shelter in Manhattan. But he expressed no bitterness.

"I just want to get my identification back and get a job so I can send money to help my wife raise our son," he said.

Blake readily admits that his life has lacked focus. But his interest in aviation was always there.

Patricia Wagner, now the general manager of the E. 34th St. Metroport, said she recalled a young Blake hanging around when she ran the heliport at E. 60th St. in the late 1980s. "He just liked being around aviation, it was one of his passions," Wagner said. "He was always very personable."

Blake was born with the name Christopher Mussenden and attended public schools in the Bronx. He said he spent four years in Seattle, during which he converted to Islam, changed his name to Idris Jibreel and made a pilgrimage to Mecca. From 1997 through 2004, Blake traveled repeatedly through the Middle East and to Asia, sometimes working in the gem industry, he said.

After 9/11, he returned briefly to New York and changed his name to Adam Blake, adopting his mother's maiden name. "I didn't want problems running around with a name like Jibreel," he said. "And I never liked the name Christopher."

During a month-long trip to Kuwait in 2004, he met a Vancouver woman online.

"I told her that I had no money and no prospects," Blake said. "She said, 'Come here and let's start a new life.'"

Three months together didn't go well, though a child was conceived. In August 2004, Blake got on a bus to Seattle.

Passport photo problem

Blake said that a border patrol officer told him his passport photo wasn't right. He went to a Seattle office the next day and paid for an expedited copy.

After many calls, Blake was told the new passport was ready. But when he went to pick it up, he was arrested by federal and local officials on a 1993 warrant alleging he had used his employer's phone to make personal calls, said Lawrence Hildes, a Washington attorney who advised Blake on his passport woes.

"It gives the strong appearance that they were targeting him because they believed him to be part of a terrorist organization, which I'm 100% sure he's not," Hildes said.

Blake said he was held at a county jail for six weeks. After his release, he enrolled in a correspondence course in aviation.

In January 2005, he was told again that his passport was ready. This time he was interrogated by the FBI for five hours before being sent home, he said.

The following day, Blake was arrested on charges that in 1995 he had failed to check a box on a passport application noting that he had previously possessed a passport, and that on another application in 1996 he had misstated the date that his most recent passport had been issued.

Blake's wife, Megan Harrison, told the Daily News she didn't believe her mother had called authorities - or that Blake has ever been interested in terrorism.

"It's laughable to anyone who knows him," said Harrison, who still lives in Vancouver.

Blake was sent back to Manhattan and held without bail until April, when he was released on a $50,000 bond signed by his mother. Still lacking his essential identification papers, prosecutors gave him a letter saying he had a federal case pending.

Last month, prosecutors offered Blake a deferred prosecution agreement. It would have erased the case after a year if he followed the "instructions and advice" of a pretrial services officer - and waived his right to sue.

Blake resisted, even as his court-appointed attorneys and the judge in his case, John Keenan, pressured him to sign.

"I told you it was a great deal," Keenan said in court. "I never met a man in my life until I met you that wouldn't accept a deferred prosecution agreement."

"This, unfortunately, I believe, is the br'er rabbit defense," added Frederick Cohn, Blake's court-appointed attorney. "But I don't believe he was born and bred in the briar patch."

Cohn declined to comment to The News.

But on March 6, prosecutors dropped the charges based on "a review of the evidence."

Blake has now boarded a bus and moved to his mother's home.

"It's just terrible what they tried to do to him," she said. "He's never been in any trouble."

Detainee's Release May Be Coming (LAT)

By H.g. Reza

The Los Angeles Times, March 26, 2006

Magistrate's finding and a ruling in another case bolster hopes of Muslim immigrant held 20 months. U.S. accuses him of ties to terrorists.

Accused of having ties to terrorists and being a national security risk but convicted only of living in the United States illegally, a Buena Park man could soon be released after 20 months in jail.

Abdel-Jabbar Hamdan's hopes have been buoyed by a federal magistrate's recommendation last week that he be released and by an appeals court ruling in the case of a Sri Lankan immigrant.

"I am very excited and hope that a judge will see that my incarceration is unjust," Hamdan, a Jordanian of Palestinian descent, said in a telephone interview from jail. "I want to go home to my wife and children."

U.S. Magistrate Judge Jeffrey W. Johnson said that Hamdan's "indefinite detention" was unreasonable and violated a 2001 Supreme Court ruling. Johnson forwarded his 12-page recommendation to U.S. District Court in Los Angeles.

Hamdan's case has been a rallying cry for critics of the Bush administration's practice of using terrorism allegations to arrest Muslims. In almost every case, suspects are not charged with terrorism but instead are prosecuted for immigration law violations and held without bond.

Hamdan has been locked up at the immigration detention facility at Terminal Island after he was arrested July 27, 2004, convicted of living illegally in the United States and ordered deported. Normally, he would qualify for bond pending deportation, but Department of Homeland Security officials said he should remain jailed because of his alleged ties to terrorism and for being a security threat.

Hamdan worked as a fund-raiser for the Texas-based Holy Land Foundation, an Islamic charity U.S. officials shut down in December 2001 for allegedly raising money for Hamas, a Palestinian organization the U.S. State Department has designated as terrorist. He was arrested along with three other foundation leaders.

Although Homeland Security officials said Hamdan, 45, had ties to terrorism, he was charged only with violating immigration law. He was convicted of overstaying the student visa he received in 1979. His three co-defendants were charged with terrorism-related crimes. They were released on their own recognizance after a federal judge ruled that the government had failed to prove they were flight risks and a threat to national security.

Johnson said that keeping Hamdan locked up violates a Supreme Court ruling prohibiting an immigrant's indefinite detention. A U.S. District Court judge will decide if Hamdan, an engineering graduate of USC, should be freed while awaiting deportation. Hamdan's lawyers have also filed a habeas corpus petition to obtain his release.

Hamdan's appeal appears to have been strengthened by a March 7 ruling by the U.S. 9th Circuit Court of Appeals in the case of Ahilan Nadarajah.

After Nadarajah was arrested in October 2001 in San Diego, immigration judges twice awarded him political asylum. But Homeland Security officials kept him jailed on grounds that he was a terrorist and national security threat while they appealed his grant of asylum.

The court ruled that Nadarajah's lengthy incarceration was unreasonable.

"The government does not possess the authority under the general detention statutes to hold Nadarajah, or any other alien who is similarly situated, indefinitely," the panel said in a 37-page ruling. It also called Nadarajah's detention of nearly five years "plainly unreasonable under any measure."

Nadarajah walked out of jail Tuesday, on his 26th birthday, wearing the same clothes he wore when he was arrested almost five years ago. Like Hamdan, Nadarajah was represented by the ACLU in Los Angeles.

ACLU attorney Ahilan T. Arulanantham who represented Nadarajah, said the 9th Circuit ruling is one of the first successful challenges to the Bush administration's policy of indefinite detention of immigrants.

As they did in Nadarajah's case, U.S. officials say they have the authority to keep Hamdan locked up while appeals are pending.

Officials at the U.S. Justice Department and the U.S. Immigration and Customs Enforcement declined to comment. In 2005, an immigration judge ordered Hamdan deported for being in the country illegally. However, the same judge then blocked immigration officials from sending him to Jordan — a U.S. ally — on grounds that he would be tortured there.

Hamdan, who helped found a mosque in Anaheim, is being held without bond while Justice Department lawyers appeal the order that stopped the government from sending him to Jordan. His wife and six American-born children visit him in jail four times a week.

Johnson wrote that Hamdan's continued detention violates the Supreme Court ruling that an immigrant can be detained for only six months following a judge's deportation order if U.S. officials cannot find a country that will accept him. Johnson said it is unlikely that another country would accept Hamdan after American authorities tied him to terrorism.

Johnson said that U.S. officials could have continued Hamdan's detention if Atty. Gen. Alberto R. Gonzales had certified him a national security threat under the Patriot Act.

The judge said failure to use the law suggests that the "government does not now believe [Hamdan] is a significant threat to the security of this country."

Because Johnson's finding is only a recommendation, attorneys for Hamdan and the government must file responses by April 10.

Hamdan said he did not know if any money he raised went to Hamas. He said it was supposed to go to Palestinian families.

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"I was proud to help my people, but in a legitimate way. As far as I know, Holy Land was an American charity abiding by American laws," he said.

Lawyer Cleared To Visit Guantanamo Inmate (AP)

By Pete Yost

AP, March 26, 2006

Chronicling a long list of delays by the Bush administration at the Guantanamo Bay prison, a federal magistrate has ordered the government to stop blocking a private attorney from meeting with one of the 500 detainees at the facility.

The 33-page opinion released last week by U.S. Magistrate Alan Kay may be among the last by lower-court judges criticizing the administration's conduct at Guantanamo Bay. President Bush signed the Detainee Treatment Act on Dec. 30, which sharply curtails the prisoners' ability to go to court. The Bush administration is seeking to apply the new law to existing detainee cases.

Kay said the cases of 11 detainees have been at a standstill in the courts since October because the administration is challenging the standing of one detainee to file a petition on behalf of another.

Fifty-six other detainees who represent themselves sent petitions that took as long as six months to arrive at court through the military's mail system, according to information contained in Kay's ruling.

As of last month, nearly a year after the 56 prisoners wrote the petitions, not a single detainee had met or spoken with court-appointed lawyers, Kay wrote.

In October 2004, Kay noted, federal courts rejected the Bush administration's legal position that detainees' access to lawyers "existed purely at the pleasure of the government."

Ruling in the case of Salim Muhood Adem, the magistrate said the Sudanese national who was arrested in Pakistan had asked for a lawyer in late 2004 to help him challenge his detention.

Adem communicated his request for a lawyer through another Guantanamo prisoner who did have an attorney.

After a lawyer was arranged for Adem through the Center for Constitutional Rights, the government said it needed written authorization before allowing a face-to-face meeting. Kay noted that such evidence is hard to come by without seeing his client.

The magistrate noted that until midsummer 2005, the government raised no objection to the practice of any detainee initiating a petition through a fellow detainee who was a friend.

The government then began challenging the standing of detainees serving as "next friends."

At the same time, the government refused to allow Adem's lawyer to meet with the detainee.

The government suggested that Adem's lawyer mail a letter to Adem seeking authorization, creating "another Catch-22," Kay noted.

The government barred the lawyer from using the military's swift delivery system for legal mail because the government refused to acknowledge the lawyer's authority to represent Adem. The letter from early January had to be sent instead by much slower nonlegal military mail, which is subject to review and censorship by military personnel at Guantanamo. The attorney hasn't heard back yet.

"They are not singling me out," Adem's lawyer, Murray Fogler, said Friday of the Bush administration. "They are treating a vast array of detainees this way. The government is setting up as many roadblocks as they can."

Adem, a Sudanese national, was arrested in Pakistan where he had lived since 1991.

The government alleges that Adem is an al-Qaida associate. Adem denies it, saying he was an education official whose job was to inspect teachers at schools run by the Revival of Islamic Heritage Society.

Globalization 2.0 (NYT)

By David Rieff

The New York Times, March 26, 2006

Globalization is both unavoidable and of great benefit to the world as a whole. At least that has been the conventional wisdom for more than two decades now, except at the far fringes of the radical, antiglobalization left and the xenophobic, protectionist right. But is it true? Is the march toward economic interdependence, open markets and the weakening of national identity really as unstoppable as all that?

Two recent controversies — the sale of port facilities to a company owned by the government of Dubai and the negotiation of a controversial nuclear cooperation deal with India — underscore the tensions and contradictions between America's commitment to economic globalization and its political priorities in a post-9/11 world.

In part, these controversies pitted desirable outcomes — political stability and national security on the one hand; economic dynamism on the other — against one another. In the ports case, the principles of globalization demanded that the Dubai

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company be allowed to take over the management of the six ports in question. But advocates of globalization never really took into account the possibility that even as nations become interdependent on one another, political difficulties may continue to separate them.

Globalization is a coherent theory for times of comparative peace and economic expansion like the 1990's. It is less persuasive in times of conflict and fear like those we live in today. Although the presidential adviser Karl Rove has insisted that Democrats live in a pre-9/11 world and Republicans do not, the Bush administration's defense of the ports deal seems like a classic case of pre-9/11 thinking. The administration argued that the deal had to go forward if Americans were to remain true to their commitment to open markets and the free movement of investment capital. But add the threat of terrorism and the specter of weapons of mass destruction to the equation, and suddenly the words "free movement" seem more like a threat than a harbinger of a more prosperous economic future.

Bush's deal with India also illustrates the new and unexpected conundrums of globalization. The administration pledged to help India develop nuclear power plants despite that country's refusal to sign the Nuclear Nonproliferation Treaty and its maintenance of an atomic-weapons arsenal. An implicit argument was this: Because India is so important a strategic partner and, prospectively at least, a major economic power, Washington is no longer in a position to insist, even rhetorically, that New Delhi abide by the established rules of the nuclear game.

U.S. officials made little effort to deny that they were making an exception in India's case — an exception they were at pains to point out they would never make for Iran. Rather, as Bush made clear in his joint press conference with the Indian prime minister, Manmohan Singh, the cementing and deepening of the U.S.-Indian alliance were simply too important to allow a mere international legal regime to get in the way. In a world where the economic balance of power is steadily tilting toward Asia, American concerns about runaway arms races are very likely to be overshadowed by American concerns about the need to prevent a destructive competition for scarce fossil-fuel resources with India and China. Better to accept an India that uses more civilian nuclear power (and offers U.S. companies the chance to benefit from the sector's expansion) than to vainly chastise an India that is not going to abandon its nuclear arsenal anyway, whatever the effect on nonproliferation globally.

In retrospect, globalization's most fervent partisans and critics were both naïve to imagine that geopolitics would play second fiddle to geoeconomics. Obviously, the Dubai ports fiasco and the nuclear agreement with India posed very different policy challenges. In the case of Dubai ports, America's traditional role of sponsor and advocate for globalization was politically unsustainable, much to the chagrin of the Bush administration. In the case of the agreement with India, the administration took the view that long-term global stability, including the stability of energy prices, required the abandonment of long-held international legal rules. This is certainly not your grandfather's globalization.

The Achilles heel of that "inevitabilist" vision of globalization, so dominant in the 1990's, was its rigid, almost Marxist-like economic determinism. Today's globalization — inseparable from political concerns, no longer able to overrule nationalist sentiments or national security objections, increasingly marked by the phenomenon of Asian companies buying European and North American assets — is most likely to be far more controversial and far less orderly.

In all likelihood, Asians will complain about Western hypocrisy. After all, when globalization meant Western companies buying one another and acquiring assets in Asia, the U.S. and the countries of the European Union were unstinting advocates of globalization. Now it may seem that Western nations were never committed to economic interdependence — globalization in the true sense of the word — but simply to opening new markets for their own corporations and exporting political and legal norms coined in Washington or Brussels. But could it have been otherwise? As both the Indian nuclear agreement and the furor over the Dubai ports deal demonstrate, imagining that nations could not politicize international trade and economic issues or legal norms is as vain a hope as expecting them to act against their own self-interest in any other sphere of public life. Doubtless, some form of globalization is unavoidable. It will just not be the globalization we had been led to expect.

HOMELAND RESPONSE:

Company Defends Its Security Plans (WT/AP)

By William Foreman, Associated Press

The Washington Times, March 26, 2006

HONG KONG -- A Hong Kong conglomerate that has won a U.S. government contract to screen U.S.-bound cargo in the Bahamas for terror threats defended the plan yesterday, saying it would not be feasible for American officials to work in ports across the globe.

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Some U.S. lawmakers and security specialists have expressed concern about the contract for Hutchison Whampoa Ltd. because American customs agents will not be working with the screening equipment, designed to detect smuggled radioactive materials.

The Hong Kong company is in the final stages of being awarded a no-bid, $6 million contract from the United States for screening at the Freeport Container Terminal in the Bahamas, just 65 miles from the American shoreline.

John Meredith, group managing director for Hutchison Port Holdings, the maritime subsidiary for Hutchison Whampoa Ltd. and the world's largest ports company, said it would be impractical for American agents to work in every port that handles U.S.-bound cargo.

Mr. Meredith said the best option for the United States is to rely on trusted agents using sophisticated inspection equipment to scan shipments at ports abroad.

Among concerns is that a low-paid employee might be vulnerable to bribes and provide terrorists with information about how the equipment works and which material triggers alarms, security specialists said.

But Mr. Meredith told the Associated Press his firm has elaborate security checks, including filming inspectors checking the containers.

U.S. customs inspectors already work at 43 foreign ports helping to inspect and scan cargo with the permission of foreign governments under a U.S. port-security program known as the "container security initiative."

Some of the 43 ports are operated by Hutchison, and each of these ports has radiation scanners. Cargo that flows through the ports is expedited through American security procedures once it reaches the United States.

Customs security procedures at the Bahamas port are not rigorous enough to qualify it for participation in the U.S. customs security program, and no American agents work there.

Hutchison's billionaire chairman, Li Ka-shing, has substantial business ties to the Chinese government that have raised U.S. concerns over the years. But Mr. Meredith said Mr. Li's relations with Chinese leaders should not be an issue.

"It's unfair to go and chop a guy up because he knows people," he said. "He's a 100 percent self-made businessman. He's respected by heads of state everywhere."

Sen. Charles E. Schumer, New York Democrat, who raised early questions about the Bahamas contract and was a leading opponent of a Dubai company's effort to gain operational control of six U.S. ports, said he does not oppose awarding the contract to a foreign company. But he thinks U.S. customs agents should be stationed at the Bahamas port.

Airport Rangers Ride To The Rescue (WP)

By Sylvia Moreno

The Washington Post, March 26, 2006

Houston Group Formed After 9/11 Patrols Woods Around Bush Intercontinental

HOUSTON -- This threat was deemed to be credible: Some storage tanks on the west side of the sprawling George Bush Intercontinental Airport might be targeted by terrorists. Who you gonna call?

The Airport Rangers, a group of vetted urban cowpokes and their trusty horses.

The SWAT team, they're not. The Special Forces, they aren't. Armed? Not unless you count a cellphone. But they've passed background checks, they're trained, they're badged, and they patrol the perimeter of Houston's largest airport looking for anything unusual, including, maybe, al-Qaeda terrorists.

"I live within spitting distance from the airport on the north side -- about three miles -- so it's to my advantage to make sure that those areas are safe and patrolled," said Jeannie Green, who, along with her 28-year-old quarter horse, Cowboy, answered the call for volunteers to respond to what authorities had determined was a possible threat to the airport in January.

Green is one of 800 volunteers who make up the Houston Airport Rangers, a post-Sept. 11, low-tech project created to increase security at the nation's fourth-largest airport system. Like tens of thousands of Americans who responded to calls by the Bush administration to join in the domestic fight against terrorism, Green stepped up. Some volunteer programs are run under the administration's Citizens Corps and others by the Coast Guard auxiliary. Still others are run by various states and cities.

Within a month of the Sept. 11 attacks, the Austin Police Department created a volunteer battalion that has performed tasks including patrolling gas pipeline facilities and water treatment plants looking for terrorists, and scouting school zones in search of sexual predators believed to be residing in the area. Austin's program was aimed at attracting retired citizens, but 60 to 70 percent of the 400-strong battalion is younger than 55.

The Houston airport isn't the only busy airport using civilians in its security plan. After the 2001 attacks, Boston's Logan Airport -- from which the two Boeing 767s that destroyed the World Trade Center departed -- tightened security significantly. As a result, clammers long accustomed to digging in Boston Harbor off the airport's shoreline were banned. Officials later relented, but

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the clammers had to agree to undergo a security check, wear badges and special vests while working the mudflats, and report suspicious activity to airport authorities.

Recently, the Transportation Security Administration asked the clammers to test new technology to control access to facility perimeters. The clammers were lent Global Positioning System-equipped, voice-activated cellphones for a 90-day test that ended in January. They used the phones to register their voices and locations as they approached the clam beds, and the airport, in their boats.

"The goal is to determine if this type of device can augment security and add to our multi-layer security plan," TSA spokeswoman Ann Davis said.

The Houston Airport Ranger program was also born out of a post-Sept. 11 heightened security plan. Equestrians who had been riding in the woods around the airport for years were suddenly prohibited from the property. Airport director Richard Vacar, an avid horseman, sympathized with them. He decided to give them access, under certain rules, if they would help with security, said Mark Mancuso, the airport director of public safety.

The mounted volunteer force began patrolling the perimeter of Bush Intercontinental in December 2003. Since then, the program has grown to 800 riders, nearly 70 percent of them women in their forties. It will soon be replicated by Nashville International Airport, officials there said.

"Is it a fun program? Of course," said David Poynor, the Houston program's coordinator. "But it's a serious security program."

The Houston airport is installing a sophisticated $3.5 million intrusion detection system that is capable of tracking ground-based moving targets, such as missiles. In the meantime, its homespun patrol program cost $50,000. The budget paid for the background checks and badges for volunteers, and for cutting 50 miles of rough trails through the heavily wooded perimeter of the 12,000-acre airport. Poynor, an airport employee, holds weekend training sessions in a classroom and on horseback as part of his job.

Rangers provide their own horses and cellphones and attend regular training sessions. Their job is not to get into a confrontation with anyone, but to alert airport police to suspicious activity so officers can be dispatched. The advantage the rangers have, officials said, is they can ride where police vehicles can't: along rough, narrow trails and through the woods.

There is no set schedule for rangers to ride, intentionally keeping the patrols unpredictable.

There have been no terrorist sightings. But there have been many discoveries of deer poachers, all-terrain vehicle joy-riders, target shooters, bikers, homeless campers, aviation enthusiasts and one suspicious character who turned out to be driving a stolen car. All were trespassing on airport property; all were reported to authorities. Rangers have also reported damaged fences along the airport perimeter and the dumping of hazardous waste.

"We're not out there being cops," said Green, who responded to Poynor's emergency request in late January for rangers to ride the airport perimeter because of a threat of a weekend attack on the Houston facility. (Ultimately, the threat was discredited, Poynor said.) "We're trying to be their eyes and ears," she said.

In November 2004, Green also responded to Poynor's request for rangers to report for duty on Election Day because of concerns that the reelection of George W. Bush might prompt threats against George Bush Intercontinental Airport, named after Bush's father.

The day was gray, cold and rainy, but Green, who took a day of vacation from her job as a software developer to do ranger duty, went out on Cowboy anyway. She did not see a soul during her five-hour, bone-chilling patrol, but she had no complaints.

"There are a lot of things about Houston that might make us a target -- the port, all the refineries. Our airport is George Bush Intercontinental," Green said. "I'm not a vigilante type of person. . . . But if I can enjoy riding my horse and I think I'm making a difference, that works for me."

A Chemical Nonreaction (LAT)

By Jonathan Chait

The Los Angeles Times, March 26, 2006

I DON'T WANT to alarm you. No, wait. I do want to alarm you. You and your loved ones are in danger of dying horrible, gruesome deaths at the hands of a terrorist chemical attack, and the government has refused to do anything about it.

The prospect of a chemical attack, of course, has been a favorite weapon in the Republican arsenal for years. President Bush has insisted that, after 9/11, he could not ignore the potential threat from Iraq's weapons of mass destruction. Stopping Iraq from obtaining nuclear weapons was, in my view, a good rationale for war, but Iraq didn't have those yet. So Bush thought it would be scarier to emphasize the stuff Iraq was known to have, namely chemical weapons. But the notion that Iraq's chemical weapons posed any threat to us was wildly farfetched. Mustard gas is effective in trench warfare, not in cross-hemisphere attacks. Even if terrorists smuggled chemical weapons into the country, the casualties would be fairly minor.

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The only way to kill lots of people with chemicals is to concentrate the chemicals in huge quantities near a big city. And, in fact, this country has lots of weapons like that. They're called chemical plants. Attacking one with a truck bomb, or a small plane, would disperse far more toxins than any chemical weapons attack. The Congressional Research Service has found that we have 100 chemical plants that, if struck, would endanger more than 1 million lives. Indeed, U.S. intelligence has discovered that Al Qaeda has studied the possibilities.

After the 9/11 attacks, both Republicans and Democrats reacted with horror at the prospect of a terrorist chemical attack. Then-Sen. Jon Corzine (D-N.J.) sponsored a bill to require tough security measures at vulnerable chemical plants, and the Senate Committee on the Environment and Public Works passed it by a vote of 19 to 1. But lobbyists for the chemical industry went to work and persuaded Republicans to kill the bill, which they did.

The Republican position since then is that we can rely on voluntary action by the chemical industry. Newspaper exposes have shown that many plants have remained appallingly vulnerable. Domestic security experts have shouted from the rooftops that something has to be done. Nothing has.

Last week, finally, Homeland Security Secretary Michael Chertoff appeared before the American Chemistry Council to gently nudge it out of its inaction. He expressed his desire for legislation but remained vague on the details. The closest Chertoff came to a rousing call for action was his observation that "we are four years after 9/11, and the time to wait on voluntariness [sic] as the sole solution, I think, has begun to pass." Well, let's not rush ourselves.

You may wonder where all the so-called post-9/11 conservatives are on this issue. You know, the hawks who remind us every day that we're still at war and insist that Sept. 11 "changed everything." I think the answer is that they're so wedded to the image of Bush as decisive war leader who prioritizes terrorism above all that they simply refuse to consider any evidence to the contrary.

One of the few times I've seen a conservative even engage the issue of Bush's inaction on chemical security is in a book called "Bush Country," a paean to Bush's wisdom and greatness. The author, John Podhoretz, labels the idea that Bush has fallen short on homeland security a "crazy liberal idea." He cites a 2003 article I wrote in the New Republic detailing the GOP's initial cave-in on the chemical plant security bill. Podhoretz was aghast that the bill "would have authorized civil and criminal actions against plant managers and officials who supposedly weren't doing enough to secure their facilities."

Why is this bad? Because "such law would turn Americans against each other rather than allow them to focus on the true, external threat." Our very social fabric would be torn — brother against brother, chemical plant owner against nonchemical plant owner. Much better to leave the plants unprotected than risk those bitter divisions.

Podhoretz goes on to argue, in a manner revealing of the conservative mind-set, that my critique of the situation "flies in the face of the passionate seriousness with which Bush has addressed the issue of homeland security and the war on terror." Let me translate: We know Bush is serious about homeland security because he says he is.

Of course, Bush said he was serious about planning for Hurricane Katrina too.

Terrorist 007, Exposed (WP)

By Rita Katz And Michael Kern

The Washington Post, March 26, 2006

For almost two years, intelligence services around the world tried to uncover the identity of an Internet hacker who had become a key conduit for al-Qaeda. The savvy, English-speaking, presumably young webmaster taunted his pursuers, calling himself Irhabi -- Terrorist -- 007. He hacked into American university computers, propagandized for the Iraq insurgents led by Abu Musab al-Zarqawi and taught other online jihadists how to wield their computers for the cause.

Suddenly last fall, Irhabi 007 disappeared from the message boards. The postings ended after Scotland Yard arrested a 22-year-old West Londoner, Younis Tsouli, suspected of participating in an alleged bomb plot. In November, British authorities brought a range of charges against him related to that plot. Only later, according to our sources familiar with the British probe, was Tsouli's other suspected identity revealed. British investigators eventually confirmed to us that they believe he is Irhabi 007.

The unwitting end of the hunt comes at a time when al-Qaeda sympathizers like Irhabi 007 are making explosive new use of the Internet. Countless Web sites and password-protected forums -- most of which have sprung up in the last several years -- now cater to would-be jihadists like Irhabi 007. The terrorists who congregate in those cybercommunities are rapidly becoming skilled in hacking, programming, executing online attacks and mastering digital and media design -- and Irhabi was a master of all those arts.

But the manner of his arrest demonstrates how challenging it is to combat such online activities and to prevent others from following Irhabi's example: After pursuing an investigation into a European terrorism suspect, British investigators raided Tsouli's house, where they found stolen credit card information, according to an American source familiar with the probe. Looking further, they found that the cards were used to pay American Internet providers on whose servers he had posted jihadi propaganda.

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Only then did investigators come to believe that they had netted the infamous hacker. And that element of luck is a problem. The Internet has presented investigators with an extraordinary challenge. But our future security is going to depend increasingly on identifying and catching the shadowy figures who exist primarily in the elusive online world.

The short career of Irhabi 007 offers a case study in the evolving nature of the threat that we at the SITE Institute track every day by monitoring and then joining the password-protected forums and communicating with the online jihadi community. Celebrated for his computer expertise, Irhabi 007 had propelled the jihadists into a 21st-century offensive through his ability to covertly and securely disseminate manuals of weaponry, videos of insurgent feats such as beheadings and other inflammatory material. It is by analyzing the trail of information left by such postings that we are able to distinguish the patterns of communication used by individual terrorists.

Irhabi's success stemmed from a combination of skill and timing. In early 2004, he joined the password-protected message forum known as Muntada al-Ansar al-Islami (Islam Supporters Forum) and, soon after, al-Ekhlas (Sincerity) -- two of the password-protected forums with thousands of members that al-Qaeda had been using for military instructions, propaganda and recruitment. (These two forums have since been taken down.) This was around the time that Zarqawi began using the Internet as his primary means of disseminating propaganda for his insurgency in Iraq. Zarqawi needed computer-savvy associates, and Irhabi proved to be a standout among the volunteers, many of whom were based in Europe.

Irhabi's central role became apparent to outsiders in April of that year, when Zarqawi's group, later renamed al-Qaeda in Iraq, began releasing its communiqués through its official spokesman, Abu Maysara al-Iraqi, on the Ansar forum. In his first posting, al-Iraqi wrote in Arabic about "the good news" that "a group of proud and brave men" intended to "strike the economic interests of the countries of blasphemy and atheism, that came to raise the banner of the Cross in the country of the Muslims."

At the time, some doubted that posting's authenticity, but Irhabi, who was the first to post a response, offered words of support. Before long, al-Iraqi answered in like fashion, establishing their relationship -- and Irhabi's central role.

Over the following year and a half, Irhabi established himself as the top jihadi expert on all things Internet-related. He became a very active member of many jihadi forums in Arabic and English. He worked on both defeating and enhancing online security, linking to multimedia and providing online seminars on the use of the Internet. He seemed to be online night and day, ready to answer questions about how to post a video, for example -- and often willing to take over and do the posting himself. Irhabi focused on hacking into Web sites as well as educating Internet surfers in the secrets to anonymous browsing.

In one instance, Irhabi posted a 20-page message titled "Seminar on Hacking Websites," to the Ekhlas forum. It provided detailed information on the art of hacking, listing dozens of vulnerable Web sites to which one could upload shared media. Irhabi used this strategy himself, uploading data to a Web site run by the state of Arkansas, and then to another run by George Washington University. This stunt led many experts to believe -- erroneously -- that Irhabi was based in the United States.

Irhabi used countless other Web sites as free hosts for material that the jihadists needed to upload and share. In addition to these sites, Irhabi provided techniques for discovering server vulnerabilities, in the event that his suggested sites became secure. In this way, jihadists could use third-party hosts to disseminate propaganda so that they did not have to risk using their own web space and, more importantly, their own money.

As he provided seemingly limitless space captured from vulnerable servers throughout the Internet, Irhabi was celebrated by his online followers. A mark of that appreciation was the following memorandum of praise offered by a member of Ansar in August 2004:

"To Our Brother Irhabi 007. Our brother Irhabi 007, you have shown very good efforts in serving this message board, as I can see, and in serving jihad for the sake of God. By God, we do not like to hear what hurts you, so we ask God to keep you in his care.

You are one of the top people who care about serving your brothers. May God add all of that on the side of your good work, and may you go careful and successful.

We say carry on with God's blessing.

Carry on, may God protect you.

Carry on serving jihad and its supporters.

And I ask the mighty, gracious and merciful God to keep for us everyone who wants to support his faith.

Amen."

Irhabi's hacking ability was useful not only in the exchange of media, but also in the distribution of large-scale al-Qaeda productions. In one instance, a film produced by Zarqawi's al-Qaeda, titled "All Is for Allah's Religion," was distributed from a page at www.alaflam.net/wdkl .

The links, uploaded in June 2005, provided numerous outlets where visitors could find the video. In the event that one of the sites was disabled, many other sources were available as backups. Several were based on domains such as www.irhabi007.ca or www.irhabi007.tv , indicating a strong involvement by Irhabi himself. The film, a major release by al-Qaeda

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in Iraq, showed many of the insurgents' recent exploits compiled with footage of Osama bin Laden, commentary on the Abu Ghraib prison, and political statements about the rule of then-Iraqi Interim Prime Minister Ayad Allawi.

Tsouli has been charged with eight offenses including conspiracy to murder, conspiracy to cause an explosion, conspiracy to cause a public nuisance, conspiracy to obtain money by deception and offences relating to the possession of articles for terrorist purposes and fundraising. So far there are no charges directly related to his alleged activities as Irhabi on the Internet, but given the charges already mounted against him, it will probably be a long time before the 22-year-old is able to go online again.

But Irhabi's absence from the Internet may not be as noticeable as many hope. Indeed, the hacker had anticipated his own disappearance. In the months beforehand, Irhabi released his will on the Internet. In it, he provided links to help visitors with their own Internet security and hacking skills in the event of his absence -- a rubric for jihadists seeking the means to continue to serve their nefarious ends. Irhabi may have been caught, but his online legacy may be the creation of many thousands of 007s.

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Rita Katz is the author of "Terrorist Hunter" (HarperCollins) and the director of the SITE Institute, which is dedicated to the "search for international terrorist entities." Michael Kern is a senior analyst with the institute.

FEMA: 'Don't Wait On Maps' (BRA/AP)

By Lara Jakes Jordan, Associated Press

Baton Rogue Advocate, March 26, 2006

Old levels valid on flood policies

WASHINGTON — Delays in releasing new federal maps of New Orleans' most flood-prone neighborhoods have slowed rebuilding, frustrated homeowners and created uncertainty about the future of the region ravaged by Hurricane Katrina.

And the angst may all be for nothing, the government says.

Residents of the city and surrounding communities have waited since the fall for the maps that will help determine how much flood insurance they will need to rebuild. Under current maps, 80 percent of New Orleans lies in a federally designated flood plain; that figure probably will rise.

Without the maps, homeowners say they do not know if they can afford to stay and buy the additional insurance required by mortgages or if they will be forced to leave and move farther inland.

The Federal Emergency Management Agency, which is issuing preliminary new building standards as early as this week, says homeowners do not have to make that decision now.

They say people who build now will not have to pay higher flood insurance rates even if the new maps and building standards eventually require higher rates. Only people building after the new maps and standards are finished will face higher rates, they say. That process could take another year.

The confusion is the latest example of Gulf Coast residents' distrust of FEMA, which is widely blamed for the government's slow and lackluster storm response. Katrina, which hit Aug. 29, left more than 1,300 people dead and hundreds of thousands homeless.

Asked why so many on the Gulf Coast believe the maps will have an immediate effect on insurance rates, FEMA flood map spokesman Butch Kinerney acknowledged, "They won't believe us."

He also said FEMA has not done a good enough job explaining its policy.

New Orleans native John Hyatt returned to the city after the waters receded to find his home gutted and covered with mold from 5 feet of water. Hyatt is rebuilding his house, but he fears his annual $469 flood insurance premium will double or triple when the maps are issued.

"There's just not a lot of money," said Hyatt, 62, a cargo shipping consultant who cashed in about $60,000 of his retirement savings to repair his gutted, moldy shell of a house.

"We might be faced with a couple of different options — like not take the insurance and hope for the best," Hyatt said.

After months of delays, FEMA is expected to issue advisory standards this week suggesting how high homes need to be rebuilt to be considered safer from floods in Orleans, Jefferson, St. Bernard and Plaquemines parishes in southern Louisiana. Orleans includes the city of New Orleans.

The standards will be followed by geographic maps later this spring that probably will expand the boundary of the region's flood plain — the area with the greatest potential to flood each year.

The flood plain maps have not been updated since the mid-1980s.

The preliminary building standards and maps must be approved by local officials, many of whom will spend the next year negotiating the details.

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Construction begun before the maps are approved will be insured under current rates, FEMA's Kinerney said. Only projects built after the maps are adopted will feel the rate change, he said.

"You don't need to wait on us, and you don't need to wait on these maps," Kinerney said. "Rates are not going up for anyone in compliance. As long as you're in compliance now when you build your house, you'll always be in compliance."

The problem comes as Congress considers revamping the FEMA-run National Flood Insurance Program, which will pay out an estimated $23 billion in flood insurance claims as a result of hurricanes Katrina and Rita. The program collects about $2 billion annually in premiums, and is depending on loans from the Treasury to fulfill current claims.

Bud Schauerte, who administered the flood insurance program in the first Bush administration between 1991 and 1993, said the maps will all but certainly raise premium rates along the Gulf Coast.

"The liability is just too great; it's too much of a risk," Schauerte said. "This is why you have insurance — to protect yourself. So they can't afford it? Maybe they should move inland if it costs more."

FEMA has issued the advisory maps in three Mississippi counties and 11 other Louisiana parishes that were not protected by levees when Katrina hit. Communities ultimately can reject the final federal standards, but they rarely do as they would then be ineligible for future flood relief.

In Gulfport, Miss., Mayor Brent Warr is pushing FEMA to scale back new flood plain building standards that raise the base of a house by 2 feet — from 15 feet to 17 feet.

The new elevation levels would be too high, Warr said, and would result in costly insurance premiums for about 600 homeowners in his city who cannot build to those standards. Homeowners who refuse to pay the higher insurance rates will almost certainly see their property values depreciate.

"It's their sole investment, and now because (FEMA) set the new line, the value of the home went down," Warr said. "And you've just taken away something that's pretty precious."

Those concerns are mirrored in the New Orleans area, too, where the map delays have exhausted the patience of residents.

"It is definitely slowing the process for people to come back and repair their homes," said Jefferson Parish flood plain manager Tom Rodrigue. "It's a joke."

Engineers' Panel Urges Study Of All Levees In New Orleans (NYT)

By John Schwartz

The New York Times, March 26, 2006

The safety of New Orleans's battered levees is "open to question" until the entire system can be analyzed in light of new information about how the 17th Street Canal levee failed after Hurricane Katrina, according to a review panel of civil engineers.

In a strongly worded letter sent Friday to Lt. Gen. Carl A. Strock, the chief engineer of the Army Corps of Engineers, the panel, from the American Society of Civil Engineers, said that "a determination of the overall safety of the hurricane protection system cannot be made until such time as the remainder of the system can be evaluated with the benefit of this new information."

The Corps has been racing to repair damaged sections of the levees by June 1, the start of the Atlantic hurricane season. The letter argues that regardless of the quality of those repairs, the parts of the system that survived the hurricane and were built to the old standard should be given a close look before the city can be declared safe.

The group found that the 17th Street Canal floodwall "appears to reflect an overall pattern of engineering judgment inconsistent with that required for critical structures."

The design, the letter said, did not include a margin of safety allowing for stresses beyond the expected: for example, I-shaped walls were used when an inverted-T shape would have provided greater strength.

The review panel, which the Corps formed to analyze the work of its own investigation of the levee failures, was responding to a March 10 report by the investigators. The report found that the designers of the levees and floodwalls had not anticipated that floodwaters might push the floodwall away from the soil base, allowing water to course down into the gap and push the structure aside.

A 1988 report by the Corps showed that such a chain of events was possible. That and other studies, apparently, "never triggered an assessment of the impact that such a gap would have on the stability of the existing levee and floodwall system," the panel of engineers said.

The Corps investigators' report said a second factor in the 17th Street Canal failure was soft soils behind the levee that did not withstand the push from within the canal.

All such soils should be tested and "all I-walls should be re-evaluated" immediately to see what stress they can withstand, the engineers' group said in its letter.

Ivor van Heerden, a leader of Team Louisiana, the group studying the levee failures for the state, said he was pleasantly surprised to see that the panel had reached similar findings. The fact that the groups the Corps formed to review its work have taken such a strong stand, he said, means "it's not just the crazy Cajuns with funny-sounding accents" criticizing the Corps.

A Corps spokesman, Paul Johnston, said that "in general, we agree" with the engineers' concerns, adding, "In fact, we're already implementing a lot of those recommendations."

The review panel's chairman, David E. Daniel, said in an interview that he was encouraged to see that the Corps accepted the conclusions. But, he said, "Simply restoring levees to pre-Katrina levels does not address the question of whether the design was adequate in the first place."

Dr. Daniel, who is also the president of the University of Texas at Dallas, also criticized the tendency of some Corps officials and public figures to proclaim the levees safe.

People deserve "the straight scoop on what the risks are, for those who do decide to return to New Orleans," Dr. Daniel said.

WAR NEWS:

Fear Casts A Shadow On 'Free City' Touted By Bush (LAT)

By Louise Roug, Times Staff Writer

The Los Angeles Times, March 26, 2006

TALL AFAR, Iraq — Last fall, thousands of U.S. and Iraqi troops descended on this ancient city close to the border with Syria. In the shadow of an Ottoman-era castle, they fought in narrow alleyways to clear the city of insurgents.

Last week, President Bush held up Tall Afar as an example of success in the country, calling it "a free city that gives reason for hope for a free Iraq."

The large-scale offensive in September, dubbed "Restoring Rights," may have rid Tall Afar of hard-core insurgent cells. But today this ethnically mixed city has become mired in the same sectarian strife and economic problems that afflict much of the rest of the country.

Fear is palpable in the streets of Tall Afar. Residents complain that the city is increasingly divided as tribal violence sharpens the boundaries between Sunni and Shiite Muslim neighborhoods.

"Violence has increased, mortar attacks have increased, roadside bombs have increased," said Mohammed Taqi, a national legislator from the city who recently wrote to Iraq's interim president and prime minister, requesting that Tall Afar's administrative affairs be handled in Baghdad rather than the provincial capital, Mosul. The roads to that city — as well as two neighborhoods in Tall Afar — are controlled by insurgents, he said.

While acknowledging the rebel holdouts in the city, U.S. commanders here say that attacks have decreased significantly after last fall's offensive.

To prevent more violence, the streets have been blanketed with troops. Four thousand U.S. troops and 8,000 Iraqi troops as well as about 1,700 police officers are in the city of 200,000 residents, said Col. Sean MacFarland, commander of the 1st Brigade Combat Team, 1st Armored Division.

"You can't go very far without seeing a patrol base or a checkpoint," he said.

But families in Tall Afar complain of no-go areas in the city, boundaries drawn up by sectarian violence or intimidation by rebels.

One sheik, Hashim Antar, said rebels were targeting Shiites to incite sectarian violence. These days, he said, Shiites cannot safely visit the city's only hospital.

"What is increasing is the targeting of the Shiites by the terrorist groups," he said.

MacFarland acknowledged that "there's a lot of intimidation going on" in the city, adding that most of the recent violence is between tribes.

"The situation is bad in Tall Afar," said Mohammed Abdullah, a 52-year-old retired government employee, as he was leaving the Khalil Yas mosque in the Sarai neighborhood Friday.

"Every day we hear about the police and the army clashing with armed men [and] random assassinations between the tribes," said Abdullah, a Sunni. "The people can't live their normal lives. The man is afraid of his brother."

A hospital official said 71 Tall Afar residents had been killed in the last five months.

Although U.S. troops will remain in and around Tall Afar, commanders have moved up the date of the city's transfer this year to the Iraqi army's control.

"Our goal is to slowly diminish the U.S. presence," MacFarland said.

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In a press tour last week arranged by U.S. officials to highlight advances made in the city, Mayor Najim Abdullah Jubouri said he believed it would take at least three years before Iraqi security forces would be able to secure the city without the help of American forces.

Later that day, a mortar attack in the city wounded six children.

Devising an economic as well as a military strategy will be key to overcoming violence in the city, U.S. commanders say.

"It's been said that you can't kill your way out of an insurgency, and it's true," MacFarland said. "I think a military-age male, after a hard day of digging the land, won't go out and plant" roadside bombs.

But six months after the U.S.-led operation destroyed parts of the city, the local government has not honored claims from thousands of families whose houses or businesses were ruined.

The Iraqi government initially promised $50 million to rebuild the city, but not all of the money has arrived, said Mohammed Jimsheed, head of the city's reconstruction committee.

Money to compensate families has been allocated but not yet distributed, Jimsheed said, pointing to a holdup at the mayor's office.

The mayor said that processing paperwork for nearly 30,000 families had taken longer than expected and that, eventually, each family would receive 250,000 Iraqi dinars, or about $170.

Many of Tall Afar's residents remain displaced, some waiting for compensation to rebuild their homes, others fearing violence. MacFarland estimated that about a quarter of Tall Afar remained empty, with parts of the city still uninhabitable.

At the market, many shopkeepers draw the shutters and close their business as early as 4 p.m., afraid of walking through the city at night.

"The place here is not safe at all," said Salim Ibrahim, a local leader. He, like many others, is still apprehensive about Tall Afar's future. For now, he said, "it's a city of ghosts."

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A special correspondent in Mosul contributed to this report.

Colonel Becomes Bush Poster Boy (BOS)

By Nina J. Easton

The Boston Globe, March 26, 2006

In the brutal world of Washington politics, it pays to keep your friends close -- and your potential critics even closer. Was that President Bush's strategy last week when he repeatedly lauded the work of Colonel H. R. McMaster of the Third Armored Calvary Regiment?

McMaster led US and Iraqi forces last year in a successful operation to recapture the town of Tal Afar, which had become a haven for Al Qaeda after US forces failed to keep the region under their control. The town's mayor commended McMaster for transforming a terrorist-controlled "slaughterhouse" into a city that is "breathing life again."

But McMaster also happens to be the author of the award-winning book "Dereliction of Duty: Lyndon Johnson, Robert McNamara, the Joint Chiefs of Staff, and the Lies that Led to Vietnam," published in 1997 and still widely read among Pentagon brass. As the title suggests, McMaster's book is a searing account of official deception behind the Vietnam War.

McMaster's position at the heart of the Iraq war begs the question: Does he hold views that will wind up in a similarly critical account of President Bush's war? "As a trained historian, I'm reluctant to draw parallels," McMaster said in an interview Friday.

Meanwhile, this soldier-scholar -- who taught at West Point and was a fellow at Stanford University's Hoover Institution -- now stars in Bush speeches explaining how the military is winning friends in Iraq.

In other words, McMaster has become the president's poster boy for US progress on the ground.

McMaster, who spoke to us from Fort Carson, Colo., where his regiment is based, wasn't about to spill the beans on his personal views about the leadership of the Iraq war or whether there's another book in his future.

"As a military officer, it's my job to do our mission," he said.

When pressed for his views on the Iraq war, McMaster laughed and added, "Gosh, it's a lot easier to talk about things from 30 years ago."

Rumsfeldian wit stays sharp

The knives were out for Defense Secretary Donald H. Rumsfeld last week, starting with a New York Times op-ed article March 19 in which retired General Paul D. Eaton, who was in charge of training the Iraqi military from 2003 to 2004, called for his former boss's resignation and accused Rumsfeld of putting the Pentagon "at the mercy of his ego."

The Washington press corps took the cue, and at a news conference Thursday, reporters pestered the irascible Rumsfeld with questions about whether he felt "at all embattled" or whether he should "step down and smell the roses, perhaps?"

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It's safe to report that the defense secretary has lost none of the famed Rumsfeldian wit. One reporter cited a column by New York Times columnist Maureen Dowd quoting an unnamed administration official asserting that in administration meetings Rumsfeld is treated as "an eccentric old uncle who's ignored."

Rumsfeld shot back, "If you believe everything you read in Maureen Dowd, you better get a life." With that, Rumsfeld got a laugh.

Website targets legislator's tastes

Republicans have launched a website, www.fancyford.com, which ridicules US Representative Harold Ford Jr., the Tennessee Democrat running for Senator Bill Frist's seat this year, for his expensive tastes.

Ford, the site says, "likes to live the good life . . . perhaps a little too much. . . . Lavish hotel stays. Fine Dining. Couture suits. Parties with Playboy playmates. All on the campaign contributors' dime."

Apparently, though, Ford considered this slam below-the-(Armani) belt, so he complained.

The result? More publicity for the Republican website. The site has now received more than 256,000 hits, and Dan Ronayne, spokesman for the National Republican Senatorial Committee, says he appreciates the help.

Of course, the Democrats have struck back with their own Web attack: www.fancyfrist.com, which accuses the Senate Republican leader of lavish hotel stays, big business-funded chartered flights, and investment schemes with the family fortune.

The only problem with the Democrats' counterattack: Ford is running for a Senate seat; Frist is retiring.

Weapon of choice? The Web

And more Web attacks: Republicans are trying to make light of the Democrats' repeated allegation of "dangerous incompetence" against the White House.

The Michigan GOP -- thrilled with Democratic Senator Debbie Stabenow's unfortunate video image in which she stood next to a sign reading "DANGEROUS INCOMPETENCE" -- have launched a fairly hilarious website mocking her: www.dangerousdebbie.com.

Kennedy pitches book in blue zone

Howard Dean, Democratic National Committee chairman, may be trekking through conservative states to make the case for his party. But Senator Edward M. Kennedy apparently doesn't feel the need. The tour for his newly released book, "America Back on Track," stays safely inside the Amtrak blue zone: New York, Boston, and Washington, D.C.

Plan Is Floated To Open Choice Of Premier To Iraqi Parliament (NYT)

By Edward Wong

The New York Times, March 26, 2006

BAGHDAD, Iraq, March 25 — Iraqi politicians say they are considering asking the main Shiite political bloc to allow a vote by the entire Parliament on a candidate for prime minister. In the proposed plan, the Parliament would choose among three candidates, including Ibrahim al-Jaafari, the current prime minister, the politicians say.

The Shiite bloc, which has 130 of 275 seats in the Parliament, has already nominated Mr. Jaafari to be the next prime minister. Political negotiations to form a new government have been deadlocked over the past month on the issue — the main Kurdish, Sunni Arab and secular blocs in Parliament are all opposing Mr. Jaafari, for various reasons.

Under the Constitution that Iraqi voters approved last fall, the bloc with the most seats in Parliament gets first shot at nominating a prime minister. The document has no explicit passages allowing the entire Parliament to decide on a nominee.

The idea of having Parliament vote for one of three Shiite candidates is being floated among the blocs opposing Mr. Jaafari's candidacy. Some leaders of those blocs would prefer that the Shiites nominate Adel Abdul Mahdi, another prominent Shiite politician. Early last month, the Shiites held a secret ballot among themselves to choose the nominee, and Mr. Mahdi lost to Mr. Jaafari by one vote.

Politicians supporting a parliamentary vote to nominate the prime minister say the plan has yet to be formally presented to the Shiite bloc.

The vote would be a way for the Shiite bloc, the United Iraqi Alliance, to back down from their support of Mr. Jaafari in light of the intense opposition and still save face, said Mahmoud Othman, a Kurdish legislator.

"We don't want to embarrass the United Iraqi Alliance," he said in a telephone interview.

Mr. Jaafari has been widely criticized for failing to quell the insurgency, letting Shiite death squads run rampant and doing little to improve reconstruction.

So far, the various parties in the Shiite bloc have publicly stood by Mr. Jaafari. The question is whether there is dissent among them behind closed doors, and whether the Shiite alliance will crack.

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Haider al-Ubady, an adviser to Mr. Jaafari and a member of the Shiite bloc, said the proposed vote "is not being discussed at all inside the alliance." He said there was no legal mechanism that allowed for the Parliament as a whole to elect the nominee for prime minister.

The talks over government formation continued Saturday afternoon at the riverside villa of President Jalal Talabani. Before the negotiations, Mr. Talabani met briefly with the United States ambassador, Zalmay Khalilzad, and a delegation of visiting American politicians including Senator John McCain, Republican of Arizona, and Senator Russell D. Feingold, Democrat of Wisconsin.

"We expressed our concern and urgency concerning the issue of forming a government of unity," Senator McCain said at a news conference.

A bomb in a traffic police booth exploded in the morning, killing at least four civilians in a minibus and wounding two others, an Interior Ministry official said. Friday night, American forces found the bodies of six people who had been garroted, and the Iraqi police on Saturday found a body that had been tortured and shot, the official said. At least 240 bodies of people shot dead have been found in nearly three weeks. A 4 p.m., a mortar struck a residential area of Mahmudiya, south of Baghdad, killing at least four people and wounding at least 13.

Failure To Form Government Is Hurting Iraq, Leaders Admit (KRT)

By Nancy A. Youssef

Knight Ridder, March 26, 2006

BAGHDAD - Iraqi leaders acknowledge that their inability to form a government more than three months after national elections aggravates religious and ethnic violence and is eroding public confidence that they can solve the nation's problems.

Some leaders said that forming an effective and inclusive democratic state takes time, but the security situation does not give them that luxury. Some fear that even after a government is formed, it could be difficult to reverse religious tensions that have only increased since the Dec. 15 elections.

"The situation is getting worse, and people are losing hope. That despair stokes violence," said Saleh Al-Mutlaq, a Sunni Muslim and member of the Iraqi National Dialogue slate.

Since the Feb. 22 bombing of the sacred Shiite Golden Dome in Samarra, as many as 1,000 people have been killed in retaliatory violence. Another 10 bodies were discovered throughout Baghdad Saturday, nearly all tortured.

Both sects of Islam are under attack. Scores of the dead have been Sunnis killed by largely Shiite militias, while Shiites have been targeted by the Sunni-dominated insurgency. The tit-for-tat killings cause Iraqis to feel that they must fend for themselves because the state cannot protect them from members of their rival sect, who are often their neighbors.

On Saturday, Zalmay Khalilzad, the U.S. ambassador to Iraq, said that militias now are killing more Iraqis than the insurgency, an apparent reversal since the election.

"It obviously is not good to have a vacuum. That is undeniable," said Barham Saleh, a top Kurdish leader. "We need to make a change and bring about a government."

Leaders offered a myriad of reasons for the delay in forming a government, and their reasoning often reflected their religious or ethnic loyalties. Shiite leaders accused American officials of interfering too much, saying the Americans want to give Sunnis more power than they earned in the election. Sunnis charged that the other parties are not committed to a national unity government and are unwilling to share power.

The Shiite slate, the United Iraqi Alliance, won 128 seats, 10 short of a majority; members will serve four-year terms.

Khalilzad has "shown bias to certain groups and that impedes the flow of negotiations," said Haider Ibadi, an advisor to interim Prime Minister Ibrahim al Jaafari. "There must be coordination and cooperation among Iraqi groups to accelerate the formation of the government. Instead, it is clear there is an effort to weaken the biggest block."

Still others said the delay was because leaders couldn't decide whether the newly created National Security Council should be more than an advisory board. And they said they still don't know who will serve in key ministries, like Defense and Interior.

Mahmoud Othman, a Kurdish National Assembly member, said elected leaders did not begin serious discussions until 10 days ago.

Shortly after the election for Iraq's 275-member parliament, U.S. leaders said the new governing body must be more representative than the largely Shiite interim assembly. They said that if Sunnis still feel ostracized after voting, it could strengthen the insurgency.

Despite the delay, the fact that elected leaders are willing to take some responsibility for the state of the country is encouraging, said Noah Feldman, a law professor of New York University, who visited Iraq with U.S. officials in 2003.

"If they are acknowledging that the delay is costing them - that it is making things worse - that is a step in the right direction," said Feldman.

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During a visit to Khartoum Friday, Iraq's Foreign Minister Hoshiyar Zebari said he was optimistic that the parties would not continuing holding out for only their own interests.

"If we fail to get a government that is accepted by all key Iraqi political players and communities, the country would degenerate into more instability and everybody would then take the law into their own hands and the country would be divided," he said.

Jaafari has said he thinks leaders will form a new government by the end of next month.

Knight Ridder special correspondents Ahmed Mukhtar and Mohammed al Awsy contributed to this report.

U.S. Losing Patience, Senators Tell Iraqis (WP)

By Vanessa Arrington

The Washington Post, March 26, 2006

BAGHDAD, Iraq -- As a gunbattle raged south of Baghdad, Sens. John McCain and Russell Feingold told Iraqi leaders Saturday that American patience was growing thin and they needed to urgently overcome their stalemate and form a national unity government.

It was the second high-level U.S. delegation in less than a week delivering the same stark message to Iraqi politicians as the Bush administration steps up pressure to overcome the political impasse that threatens to scuttle hopes to start an American troop pullout this summer.

"We need very badly to form this unity government as soon as possible," McCain, R-Ariz., said at a news conference after meetings with President Jalal Talabani and Prime Minister Ibrahim al-Jaafari. "We all know the polls show declining support among the American people."

The U.S. delegation also voiced alarm about increasing sectarian violence in Iraq showing itself in the daily count of drive-by shootings, bombings and dumped corpses, victims of execution-style killings in the shadowy Shiite-Sunni settling of scores.

Seven people _ most civilians killed in their homes by mortar fire _ died and several others were wounded in a gunbattle between forces of the Shiite Mahdi Army militia and Sunni insurgents near Mahmoudiya, about 20 miles south of the capital.

At least 13 other people were killed in scattered violence Saturday and two more bodies were found dumped in the capital, shot in the head with their hands and feet bound.

U.S. Ambassador Zalmay Khalilzad, who has patiently shepherded negotiations to form a new government, already was looking beyond that task to the need to cap the sectarian, militia-inspired killing.

"More Iraqis are dying today from the militia violence than from the terrorists," Khalilzad told reporters during a visit to a sports complex refurbished with American aid. "This will be a challenge for the new government _ what to do about the militias."

The country's leadership must "overcome the strife that threatens to rip apart Iraq," he said.

Nevertheless, a sixth session of multi-party meetings Saturday failed to overcome the logjam that has snarled formation of a government for more than three months.

Feingold, of Wisconsin and the ranking Democrat in the U.S. delegation joined McCain in pressing for the quick formation of a government, but he spoke bluntly of his concern that the continued presence of American forces was prolonging the conflict.

"It's the reality of a situation like this that when you have a large troop presence that it has the tendency to fuel the insurgency because they can make the incorrect and unfair claim that somehow the United States is here to occupy this country, which of course is not true," Feingold said.

With November's midterm congressional elections drawing nearer and American voters increasingly disenchanted with the Iraq war, the two visits in quick succession by high-powered U.S. politicians signaled deep concern over potential fallout from a lack of progress in Iraq.

"We are very concerned about the sectarian violence that is happening out there and how that erodes not only the confidence of the Iraqi people in this process, but certainly also the confidence of the American people and their commitment to this effort," Sen. John Thune, R-S.D., said.

Talabani, a Kurd, has formed a coalition with Sunni and secular politicians against a second term for al-Jaafari, a move that only deepened the government stalemate more than three months after the Dec. 15 parliamentary elections.

The U.S. politicians met separately with each of the men, as well as the U.S. commander in Iraq, Gen. George Casey.

On Tuesday, a delegation led by Sen. John Warner, the Virginia Republican who is chairman of the Armed Services Committee, delivered the same tough message, saying the uneasiness back home could force U.S. lawmakers to press for a reduction in American troop strength if the government delay were prolonged _ regardless of the consequences.

McCain agreed that the damage could be enormous.

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Failure in Iraq, he said, would leave "this part of the world in chaos. Not just Iraq, but all of the surrounding countries as well."

In other violence Saturday, according to police:

_ A female teacher was killed by Iraqi soldiers as she drove past their convoy in Baghdad.

_ A Sunni mosque preacher was killed by gunmen when he stopped to have his car repaired in west Baghdad.

_ Gunmen killed a man driving with his family and wounded his two sons in the capital.

_ A bomb exploded in a traffic police hut near the Iraqi Finance Ministry in north Baghdad, killing four civilians and wounding five people, including a traffic policeman.

_ Gunmen killed three people in the northern city of Mosul.

_ A roadside bomb killed two people in Balabroz, 55 miles northeast of Baghdad.

_ Drive-by gunmen killed the bodyguard of the head of Basra's Sunni Endowment, the organization that oversees the sect's religious property in the predominantly Shiite southern city.

U.S. Again Presses Iraqis On Task (LAT)

By Richard Boudreaux, Times Staff Writer

The Los Angeles Times, March 26, 2006

Visiting officials note waning support among Americans for the war and remind leaders of the urgent need to form a unity government.

BAGHDAD — For the second time in less than a week, a group of U.S. senators met Saturday with Iraqi leaders to warn that American interest in stabilizing the country could dwindle unless they speed up work to form a unity government.

"This issue needs to be resolved, not only quickly but also inclusively," Sen. John McCain (R-Ariz.) said as Iraqi President Jalal Talabani, standing beside him, nodded in agreement.

McCain, who backed the 2003 U.S.-led invasion to topple Saddam Hussein, said later he believed Iraqis "understand the sense of urgency we have conveyed to them."

"We all know the polls show declining support among the American people," McCain said.

As his delegation left a lunch at Talabani's villa, heavily armed convoys arrived, bringing leaders of Iraq's main political blocs to another round of wrangling over priorities and procedural rules for a new government. Later they reported progress, but cautioned that the task was complex.

Political violence claimed at least 20 lives across the country Saturday. The bloodiest attack occurred in Mahmoudiya, about 20 miles south of Baghdad, where mortar rounds from insurgents that were apparently aimed at an Iraqi army base hit a nearby neighborhood and mosque, killing four civilians and wounding 13.

In Baghdad, a bomb explosion in a vacant traffic police booth killed four people on a passing minibus.

The day's casualties also included victims of apparent sectarian attacks, a Sunni Muslim imam who had stopped on a Baghdad street to repair his car and two men found with hands and feet tied and bullet wounds to the head.

Speaking at a community sports center during the day, U.S. Ambassador Zalmay Khalilzad told Iraqi athletes that the violence "threatens to rip Iraq apart." He called the effort to form a government "a defining moment." Iraq's ethnic and religious political factions have been deadlocked in that effort since the Dec. 15 elections left none with a majority in parliament.

One obstacle has been resistance to the dominant Shiite bloc's nomination of interim Prime Minister Ibrahim Jafari to keep his job. Another is distrust among the religious, ethnic and secular political factions.

Facing vocal criticism from U.S. officials and ordinary Iraqis, factional leaders have met several times over the last two weeks and reported some progress. A week ago, they agreed to create a 19-member council representing the main factions to guide the new government's policies. On Friday they settled a dispute over the council's authority by deciding that its decisions wouldn't be binding on the prime minister or his Cabinet.

Saturday's talks focused on principles for the government, a formula for giving each faction a share of Cabinet seats, and a procedure for reaching Cabinet decisions.

Participants said they expected to reach agreement on those points in the coming days. They said they had set no deadline for the more difficult task of deciding who would fill the posts of president, prime minister, speaker of parliament, and the Cabinet.

"I sympathize very much with people who say the Iraqi street is very disturbed by this delay," Tariq Hashimi, a Sunni participant in the talks, said at a news conference after Saturday's session. "What we are discussing is quite serious. It demands a lot of effort to prepare a solid political foundation. Naming the people in charge of the government, that will happen as soon as we build the foundation."

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A Western diplomat monitoring the talks said the effort was more complex than it was last year, when Shiites and Kurds took nearly three months to form an interim government.

"This time the Sunnis are in the game," he said, noting that Sunni parties had boycotted the January 2005 vote. "It's good that the talks are more inclusive, but it's harder to make the necessary compromises."

The most explosive issue for the new government is how to curb Shiite militias. Some of them operate from within the police force, and they are accused of killing hundreds of unarmed Sunnis in sectarian attacks. The principles being studied in the negotiations include a commitment to dissolve those militias.

McCain said his delegation asked Iraqi leaders about the issue Saturday but "didn't get any real frank discussion of it." The delegation included two other senators, three House members and three governors. A separate delegation of six senators visited Iraq on Tuesday.

Sen. Russell D. Feingold, a Wisconsin Democrat and opponent of the war, joined Saturday in pressing for the speedy formation of a government. But he also voiced concern that the continued U.S. presence "has the tendency to fuel the insurgency."

Asked by reporters whether the U.S. visitors had brought helpful advice for breaking the stalemate, Talabani said: "Only friendly words like, 'Please hurry up.' "

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Times special correspondent Asmaa Waguih in Baghdad contributed to this report.

McCain, Feingold Air Views In Iraq (WP)

By Jonathan Finer

The Washington Post, March 26, 2006

Visiting Legislators Debate U.S. Policy as Violence Rages

BAGHDAD, March 25 -- The increasingly rancorous public debate in the United States over the war spilled into Iraq during a news conference Saturday with two visiting lawmakers who are outspoken in their opposing stands on the issue.

Sens. John McCain (R-Ariz.), a longtime supporter of the Bush administration's Iraq policy, and Russell Feingold (D-Wis.), who voted against the invasion and has spoken out against the war ever since, said they had come not to air their divergent views but to urge Iraqi politicians to speed up the process of forming a government. But during questions from reporters, they argued -- cordially and pointedly -- over such issues as the timing of any withdrawal of U.S. troops and whether their continued presence is doing more harm than good.

Feingold said he believed "a large troop presence has a tendency to fuel the insurgency because they can make the incorrect and unfair claim that the U.S. is here to occupy the country."

"I think that it's very possible that the sectarian differences are inflamed by the fact that U.S. troops are here," he continued, adding that their long-term presence "may well be destabilizing, not stabilizing."

Asked a question on a different topic, McCain quickly responded: "I believe that premature troop withdrawal is not in consonance with what's going on the ground."

With Iraq bogged down in sectarian violence in recent months while political leaders struggle to form a new government, debate over the American presence has intensified in the United States. Several visiting politicians, including McCain, have warned that the American public was turning against the war and urged Iraqi leaders to move more quickly in building a coalition government.

U.S. politicians traditionally avoid public disagreements when traveling abroad, particularly in war zones where U.S. troops are engaged. McCain said the argument was better suited for the Senate floor, and Feingold said he would "go into more details when I'm home." The two senators, considered potential presidential candidates in 2008, were among a seven-member delegation of legislators and governors -- five Republicans and two Democrats -- who met Saturday with such Iraqi leaders as President Jalal Talabani and Prime Minister Ibrahim al-Jafari, and with U.S. military commanders.

Their visit came as more violence was reported across Iraq, including a terrifying incident earlier in the week in the western city of Ramadi. On Wednesday, armed insurgents burst into the classroom of Khidhir al-Mihallawi, an English teacher at Sajariyah High School, accused him of being an agent for the CIA and Israeli intelligence and beheaded him in front of his students, according to students, fellow instructors and a physician at a local hospital.

One teacher, who spoke on the condition that he not be named because he feared retaliation from insurgents, said that most students ran from the classroom but that some stayed to watch. Many stopped coming to school after the incident, he said. Another teacher, who said he moved his mathematics class to his home to accommodate frightened students, said Mihallawi had earlier been threatened because he worked as a translator for U.S. forces in Ramadi, a hotbed of the Sunni Arab insurgency.

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Mihallawi "looked at us just like he was telling us that we do not have to be scared. Even as we were running out of the door, his looks were still telling us that nothing will happen and we do not have to be scared," said a student, whose father asked that his name not be used. "I heard him screaming for a few seconds, then stop screaming."

The father said his son has had trouble sleeping since the incident. "He always has nightmares and he always wakes up screaming and shaking, talking in his dreams," he said.

The mujaheddin shura, a recently formed council of insurgent groups believed to be led by al-Qaeda in Iraq, said in a statement distributed in several Ramadi mosques that Mihallawi had provided information about insurgents to U.S. forces. "Because of that, the religious committee at the al-Qaeda court sentenced him to death to apply God's punishment," the statement continued.

A physician at Ramadi's hospital said he kept Mihallawi's body in a morgue refrigerator until his family could recover it discreetly. The Post is withholding the physician's name for security reasons.

A spokesman for the U.S. Marines in Anbar province, of which Ramadi is the capital, said he had no information on the attack. A spokesman for al-Qaeda in Iraq, Abu Maysara al-Iraqi, acknowledged that the group had killed Mihallawi but denied he was beheaded and said he was killed outside the school. He asked reporters not to publicize the incident, calling it "an internal affair."

In Baghdad on Saturday, a mortar shell struck a home in the restive neighborhood of Dora, killing two people and wounding six, according to police Capt. Raad al-Timmimi.

Elsewhere in Iraq, police officers south of Baghdad found the bodies of at least 10 people shot to death with their hands bound. East of Baghdad, four people were killed and two wounded when a roadside bomb tore through their vehicle. And in the town of Mahmudiyah, police said Sunni insurgents fought for several hours with members of a Shiite militia loyal to influential cleric Moqtada al-Sadr, leading to the detention of several insurgents.

With sectarian violence surging across the country since the bombing last month of a Shiite shrine in Samarra, north of Baghdad, each member of the U.S. delegation visiting Baghdad stressed the urgency of forming a new government. McCain pointed to a dearth of economic development but said he had been encouraged by reports of improvements in Iraq's security forces and a burgeoning rift between Iraqi and foreign insurgents. "The statistics that I see is that slow and steady progress is being made," the Arizona senator said.

Feingold, who recently called for the Senate to censure President Bush over a domestic surveillance program run by the National Security Agency, said he was dismayed not to hear any of the military commanders he met with mention al-Qaeda as a source of the problems in Iraq. The Bush administration and U.S. officials here often point to the radical group as a major source of instability in the country.

"There seems to be a disconnect between the rhetoric in Washington about what this is all about and what we hear here," Feingold said. McCain responded that he did "not want to get into a back-and-forth with one of my best friends."

"Russ could have been a lot more outspoken," said Rep. Tom Udall (D-N.M.), who was part of the visiting delegation. "There's always been with foreign policy an idea that debate stops at the shores. . . . At times today it didn't."

Special correspondents Naseer Nouri, Omar Fekeiki and Saad al-Izzi in Baghdad and Saad Sarhan in Najaf contributed to this report.

Violence Worse In Iraq, Pawlenty Says (MINNST)

By Mary Lynn Smith

Minneapolis Star Tribune, March 26, 2006

In a visit to Iraq, he urged officials there to move more quickly to form a government

On his second tour of Iraq since 2004, Gov. Tim Pawlenty said he could see and feel that the violence there has worsened. But withdrawing troops would create more chaos in the Middle East, he said during a Saturday telephone news conference from Baghdad.

Pawlenty quietly left Minnesota on Thursday for a visit to Iraq with a delegation led by Sen. John McCain, R-Ariz. With 2,600 Minnesota National Guard members headed to Iraq, Pawlenty got an up-close look at the situation there.

The delegation met with leaders in Kuwait and then made its way to Iraq, where it has met with high-ranking U.S. and Iraqi officials.

Pawlenty acknowledged growing frustration among Americans over the war.

"In many ways, it has been two steps forward and one step back," Pawlenty said Saturday. "There's no question about that. And there have been mistakes made. There's no question about that and we have to be candid and blunt about that."

More than three months after Iraqi elections, the country's coalition government still isn't up and running, Pawlenty said. "And that is a matter of significant concern," he said.

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Talking to Iraqi leaders, the American delegation made clear there's an urgency to show more tangible progress

The hope is that a coalition government will bring the opposing factions to the table, possibly reducing the violence and the need for U.S. soldiers.

Withdrawing U.S. troops now could result in more instability in Iraq, Pawlenty said. "It has the potential of creating turmoil in the Middle East [at] a profound level," he said.

"People understandably have mixed feelings about the war," he said. But he called for unified support of the troops, who he said display fortitude, courage, morale and dedication that are inspiring.

The delegation, he said, is meeting with troops to express gratitude for their service. Pawlenty said he will return to Minnesota in a few days but said he couldn't disclose travel plans because of security concerns.

A Professor's Bleak View Of Iraq's Future (NYT)

By The New York Times

The New York Times, March 26, 2006

"Insurgency and Counter-Insurgency in Iraq" (Cornell), by Prof. Ahmed S. Hashim of the United States Naval War College, is a pessimistic analysis of the war that is causing controversy ahead of its May publication.

In a phone interview, Mr. Hashim, who finished the book last November, discussed his findings.

Q. Can the insurgency be stopped?

A.The insurgency is primarily in Anbar Province, in western Iraq, but also along the fault lines wherever the major ethno-sectarian groups rub up against one another.

To begin to improve the situation, we need to focus on resolving violence in those places, make sure the Iraqi security forces are representative of the entire country and, thirdly, to stop cosseting the Shiite religious bodies. Not by ignoring them — you can't ignore groups that represent 60 percent of the population. But they are not our natural allies in trying create a democratic Iraq. They are trying to create a theocracy, and the more religion enters Iraqi politics, the more violence there will be.

Q. So what should American troops do?

A. We still tend to have an approach of big unit actions, killing people instead of creating a mixed basket of military, political, economic, diplomatic and cultural initiatives to help the Iraqis.

The military culture still has little understanding of the origins and goals of the insurgency. They still think it has primarily to do with Al Qaeda, and ignore the fact that the Sunni insurgents feel their identity is threatened.

Q. What is likely to happen next?

A. The best way to salvage the situation is to reorient our strategy to create a loose federation, stationing American troops at the fault lines between the ethno-sectarian groups to prevent them from killing each other until the hatred and violence of last few years dissipate. In a few years' time, they can sit down and talk and wonder how they can proceed from their loose confederation to something else.

Bound, Blindfolded And Dead: The Face Of Atrocity In Baghdad (NYT)

By Jeffrey Gettleman

The New York Times, March 26, 2006

BAGHDAD, Iraq, March 25 — Mohannad al-Azawi had just finished sprinkling food in his bird cages at his pet shop in southern Baghdad, when three carloads of gunmen pulled up.

In front of a crowd, he was grabbed by his shirt and driven off.

Mr. Azawi was among the few Sunni Arabs on the block, and, according to witnesses, when a Shiite friend tried to intervene, a gunman stuck a pistol to his head and said, "You want us to blow your brains out, too?"

Mr. Azawi's body was found the next morning at a sewage treatment plant. A slight man who raised nightingales, he had been hogtied, drilled with power tools and shot.

In the last month, hundreds of men have been kidnapped, tortured and executed in Baghdad. As Iraqi and American leaders struggle to avert a civil war, the bodies keep piling up. The city's homicide rate has tripled from 11 to 33 a day, military officials said. The period from March 7 to March 21 was typically brutal: at least 191 bodies, many mutilated, surfaced in garbage bins, drainage ditches, minibuses and pickup trucks.

There were the four Duleimi brothers, Khalid, Tarek, Taleb and Salaam, seized from their home in front of their wives. And Achmed Abdulsalam, last seen at a checkpoint in his freshly painted BMW and found dead under a bridge two days later. And Mushtak al-Nidawi, a law student nicknamed Titanic for his Leonardo DiCaprio good looks, whose body was returned to his family with his skull chopped in half.

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What frightens Iraqis most about these gangland-style killings is the impunity. According to reports filed by family members and more than a dozen interviews, many men were taken in daylight, in public, with witnesses all around. Few cases, if any, have been investigated.

Part of the reason may be that most victims are Sunnis, and there is growing suspicion that they were killed by Shiite death squads backed by government forces in a cycle of sectarian revenge. That allegation has been circulating in Baghdad for months, and as more Sunnis turn up dead, more people are inclined to believe it.

"This is sectarian cleansing," said Mahmoud Othman, a Kurdish member of Parliament, who has maintained a degree of neutrality between Shiites and Sunnis.

Mr. Othman said there were atrocities on each side. "But what is different is when Shiites get killed by suicide bombs, everyone comes together to fight the Sunni terrorists," he said. "When Shiites kill Sunnis, there is no response, because much of this killing is done by militias connected to the government."

The imbalance of killing, and the suspicion the government may be involved, is deepening the Shiite-Sunni divide, just as American officials are urging Sunni and Shiite leaders to form an inclusive government, hoping that such a show of unity will prevent a full-scale civil war.

The pressure is increasing on Prime Minister Ibrahim al-Jaafari, a Shiite, but few expect him to crack down, partly because he needs the support of the Shiite militias to stay in power.

Haidar al-Ibadi, Mr. Jaafari's spokesman, acknowledged that "some of the police forces have been infiltrated." But he said "outsiders," rather than Iraqis, were to blame.

Now many Sunnis, who used to be the most anti-American community in Iraq, are asking for American help.

"If the Americans leave, we are finished," said Hassan al-Azawi, whose brother was taken from the pet shop.

He thought for a moment more.

"We may be finished already."

The human rights office of the Iraqi Islamic Party, a mostly Sunni group, has cataloged more than 540 cases of Sunni men and a few of Sunni women who were kidnapped and killed since Feb. 22, when a Shiite shrine in Samarra was destroyed, unleashing a wave of sectarian fury.

As the case of Mr. Azawi shows, some were easy targets.

Mr. Azawi was the youngest of five brothers. He was 27 and lived with his parents. He loved birds since he was a boy. Nightingales were his favorite. Then canaries, pigeons and doves.

During Saddam Hussein's reign, he was drafted into the army, but he deserted.

"He was crazy about birds," said a Shiite neighbor, Ibrahim Muhammad.

A few years ago, Mr. Azawi opened a small pet shop in Dawra, a rough-and-tumble, mostly Shiite neighborhood in southern Baghdad.

Friends said that Mr. Azawi was not interested in politics or religion. He never went to the Sunni mosque, though his brothers did. He did not pay attention to news or watch television. That characteristic might have cost him his life.

On Feb. 22, the Askariya Shrine in Samarra was attacked at 7 a.m. But Mr. Azawi did not know what had happened until 4 p.m., his friends said. He was in his own little world, tending his birds, when a Shiite shopkeeper broke the news and told him to close. He stayed in his house for three days after that. His friends said he was terrified.

The day of the shrine attack, Shiite mobs began rampaging through Baghdad, burning Sunni mosques and slaughtering Sunni residents. Some Sunnis struck back and killed Shiites. The mayhem claimed hundreds of lives and exposed tensions that until then had been bubbling just beneath the surface.

Two Shiite militias, the Badr Organization, which once trained in Iran, and the Mahdi Army, the foot soldiers of a young, firebrand Shiite cleric, Moktada al-Sadr, were blamed for much of the bloodshed. Mr. Sadr's men often wear all-black uniforms, and many of the relatives of kidnapped people said men in black uniforms had taken them. Many people also said the men in black arrived with the police.

Around 9 on the night of the shrine bombing, a mob of black-clad men surrounded the Duleimi brothers, family members said.

The brothers lived in New Baghdad, a working-class neighborhood that is mostly Shiite. They were all gardeners and religious men who prayed five times a day. They had relatives in Falluja, in the heart of Sunni territory.

Where a family hails from in Iraq often reveals whether it is Sunni or Shiite. Nowadays, because of the sectarian friction, people are increasingly aware of the slight regional differences in accent, dress and name. Some first names, like Omar for Sunnis, or Haidar for Shiites, are clear giveaways. Others, like Khalid, are not. Tribal names can also be a sign.

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A cousin of the Duleimi brothers, who identified himself as Khalaf, said the four men were taken at gunpoint from the small house they shared. The next day, their bodies turned up in a drainage ditch near Sadr City, a stronghold of the Mahdi Army. All their fingers and toes had been sawed off.

That same day Mushtak al-Nidawi, 20, was kidnapped. According to an aunt, Aliah al-Bakr, he was chatting on his cellphone outside his home in Bayah when a squad of Mahdi militiamen marched up the street, shouting, "We're coming after you, Sunnis!"

Ms. Bakr said they snatched Mr. Nidawi while his mother stood at the door. His body surfaced on the streets seven days later, his skin a map of bruises, his handsome face burned by acid, his fingernails pulled out.

"I told his mother he was shot," Ms. Bakr said.

Sheik Kamal al-Araji, a spokesman for Mr. Sadr, said "the Mahdi Army does not commit such crimes."

He also said the militiamen would soon change their uniforms so they would no longer be confused with thugs.

The question of who exactly is behind these collective assassinations has become a delicate political issue. So has the disparity in the killings.

Many Sunni politicians, including secular ones like Methal al-Alusi, accuse the Shiite-led government of backing a campaign to wipe out Sunnis. Many Shiite leaders, including Prime Minister Jaafari, blame "foreign terrorists," without being more specific. It seems that Shiite militias, unable to strike back against the presumably Sunni suicide bombers who kill Shiite civilians, are now victimizing Sunni civilians. There is no evidence that the Sunnis who have been kidnapped and killed are connected to terrorists.

Zalmay Khalilzad, the American ambassador, is now saying that militias are Iraq's No. 1 security threat. But he has been careful to paint the problem in broad strokes, implying both sides are at fault.

There are a few Shiite victims, like Mohammed Jabbar Hussein, who lived in a mostly Sunni area west of Baghdad. He disappeared on Feb. 26 and was found four days later, shot in the head.

But the militias under the greatest suspicion, and the ones with the strongest ties to the government, are Shiite. Maj. Gen. Rick Lynch, a spokesman for the American military, said Shiite militias have played a role in the killings and "the government of Iraq has to take action."

Then there is the question of prosecution. While countless Sunni insurgents have been arrested and tried on murder charges, very few Shiite militiamen have been apprehended.

Thamir al-Janabi, who is in charge of the Interior Ministry's criminal investigation department, declined to comment. So did several other Interior Ministry officials.

A new round of revenge attacks began March 12, around 6 p.m., when a string of car bombs exploded in Sadr City, killing nearly 50 civilians. Most security officials, Shiite and Sunni, blamed Sunni terrorists.

An hour and a half later, half a dozen gunmen arrived at Mr. Azawi's pet shop.

Wisam Saad Nawaf was playing pool across the street. He said that a man wearing a ski mask arrived with the gunmen, who were not wearing masks, and that when they grabbed Mr. Azawi, the masked man nodded. "He must have been an informant from the neighborhood," Mr. Nawaf explained.

Mr. Azawi got into a car. The gunmen closed the doors. The next morning Mr. Azawi's body was found at the sewage plant. Autopsy photos showed how badly he had been abused. His skin was covered with purple welts. His legs and face had drill holes in them. Both shoulders had been broken.

His brother Hassan carries the autopsy photos with him, along with a pistol. "I cannot live without vengeance," he said.

Hassan said there were a few Shiites at his brother's funeral, which he took as a grim speck of hope.

One week later, on March 20, the body of Mr. Abdulsalam, another Sunni, was found under a bridge. Mr. Abdulsalam, 21, worked with his father in a real estate office. His family said he was last seen in his BMW, stopped at a Mahdi Army checkpoint.

Redirecting Bullets In Baghdad (NYT)

By Jeffrey Gettleman

The New York Times, March 26, 2006

BAGHDAD, Iraq

I GOT back to Iraq two weeks ago, having been away more than a year. The first story I covered began with a tip that vigilantes had hanged four suspected terrorists from lamp posts in Sadr City, a Shiite slum. The minute I got to the scene, I realized I was stepping into a new Iraq. Another new Iraq, really; maybe even the third Iraq I have seen since I began reporting here in 2003.

Gone were the American tanks that used to guard the intersections. Instead, aggressive teenagers with machine guns and shiny soccer jerseys ruled the streets. They poked their heads into cars and detained whomever they wanted. There were even

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8-year-olds running checkpoints, some toting toy pistols, others toting real ones. Whatever they carried, 4-foot-tall militias made me nervous. The streets now had a truly Liberian feel.

The episode was oddly symmetrical with a moment in 2004 when mobs in Falluja swarmed four American contractors and hung the bodies from a bridge. But there were a few big differences. For one, this wasn't Falluja, angry heart of the insurgency. This was Baghdad. And these weren't Americans dangling from rope. They were Sunni Arab Iraqis.

I had thought Iraq might be getting quieter. Fewer mortars were sailing into the Green Zone, where the Americans are based, and fewer suicide bombings were disrupting the morning rush. Even the airport road, the most dreaded strip of asphalt in the world, was doing better. It had been repaved and was flowing with traffic.

But soon I caught on. The violence had not declined. It had just turned inward. No longer was most of it pointed at the Americans, either directly or indirectly, as it had been during the invasion and when the insurgency exploded in 2004. Back then, if G.I.'s were not the targets, their helpers were — the Iraqi police, regional governors, Kurdish leaders, foreign civilians, anyone remotely connected to the "occupiers."

It's true that American soldiers are still dying, but the focus of the bloodshed has changed.

The day after that mob scene in Sadr City, bodies started showing up, first a couple and then dozens. By conservative counts, nearly 200 civilian men have been executed in the past two weeks and dumped on Baghdad's streets. Many have been hogtied. Some have had acid splashed on their faces. Others have been found without toes, fingers, eyes.

Granted, Baghdad is no stranger to the corpse. There were assassinations two years ago, when an entire intellectual class was being wiped out.

But this new wave of executions was different. It was more sadistic and less selective. These people weren't rounded up because they were important. They were tortured and killed simply because of their religion. And because most of them were Sunni Muslim Arabs, there was no response from the Shiite-led government.

Mass murder used to provoke some form of official reaction, however feeble. I remember seeing the Iraqi police seal off areas after big bomb attacks and poke around for evidence. Now, there are major crimes with no crime scenes. Very few of these mystery killings have been investigated, and it isn't for lack of witnesses. Many of these men were abducted in daylight, in public, in front of crowds.

Not enough can be said about the attack on a Shiite shrine in Samarra last month. That explosion opened a cycle of revenge that seems to have split modern Iraqi history. There is before Samarra and after. Before Samarra, many Iraqis tried to play down Sunni-Shiite tensions. Since Samarra, they live in mortal fear of them.

If this all sounds depressing, it is. That's how people here feel. I've been looking hard, but in two weeks I haven't found an Iraqi optimist. In the summer of 2004, I profiled a band of young artists who braved dangerous roads to get away from Baghdad and paint pretty pictures of the Tigris River. Now, they're homebound. There is a similar sense of newfound hopelessness in the faces of the Iraqis I work with.

"What is the style of death?" is the No. 1 question in our bureau, now that all these bodies have turned up.

Of course, the old insurgency hasn't abated. Last week, 200 masked insurgents besieged a jail, killing more than a dozen guards and springing their comrades. A few days ago, one of our translator's uncles was killed when a box of sweets blew up in a tea shop. It seems as if half of our staff has had family murdered.

It is difficult to communicate just how violent Baghdad has become. A DVD was recently circulated in markets showing an imam being dragged behind a pickup truck. There was also a home video of a family of four, including a 10-day-old girl, all of them wrapped in plastic in the morgue.

Everyone has guns. We interviewed an educated woman who rides the bus with a loaded Glock pistol in her lap.

This is not to say life has ground to a halt. Stores are open, though the curfew has cut into business. Children go to school. The other day a mortar shell flew over a swing set and the children kept on swinging, even as a cloud of dust rose behind them.

I recently met a Sunni man who used to be virulently anti-American. He showed me postmortem pictures of his younger brother, who had been kidnapped by death squads and had holes drilled in his face.

"Even the Americans wouldn't do this," he said.

Ancient Rift Brings Fear On Streets Of Baghdad (NYT)

By Jeffrey Gettleman

The New York Times, March 26, 2006

BAGHDAD, Iraq, March 25 — The difference between Shiites and Sunnis is sometimes explained simply as a disagreement over who should have become the leader of the Muslim community after the Prophet Muhammad died nearly 1,400 years ago.

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But in Iraq, the divide goes beyond that, partly because of geography and partly because of history. With sectarian tensions rising, Iraqis are paying more attention to the little things that signal whether someone is Shiite or Sunni. None of the indicators are foolproof. But a name, an accent and even the color of a head scarf can provide clues.

Complicating all of this is the reality that many Iraqis have intermarried and that for much of Iraq's history, the two communities have coexisted peacefully. Very rarely has sectarian identity been a life or death matter, the way it is now on some of Baghdad's streets.

Shiites split off from Sunnis after the Prophet Muhammad died in the seventh century. That created a crisis over who would succeed him as leader of the Muslim community. One group of Muslims chose Muhammad's friend, Abu Bakr. They would become the Sunnis, a vast majority of the world's Muslims.

A smaller group believed the rightful successor was Ali, the prophet's son-in-law and cousin. They would become the Shiites, who today are concentrated in India, Pakistan and Persian Gulf countries. Abu Bakr won out, though after he died Ali eventually became caliph. He was assassinated, and the Muslim community began to splinter. Ali's son Hussein led a rebellion but he, too, was cut down, in a battle in Karbala, Iraq. Hussein's death was the beginning of Shiism and it started a culture of martyrdom, evident each year during a festival in Karbala when Shiites whip and cut themselves to symbolize Hussein's pain.

Over the years, the rivalry between the partisans of Ali and those who supported Abu Bakr evolved into two schools of theology. For example, when it comes time to pray, Shiites believe a person's arms should be straight; most Sunnis say they should be bent. Shiites allow temporary marriage; Sunnis say it is forbidden. In some cases, Shiite inheritance law is more generous to women than is Sunni inheritance law.

Shiites follow ayatollahs, or supreme jurists, who some believe have divine powers. Sunni Islam is more decentralized among local imams.

Southern Iraq is essentially the center of Shiite Islam, with holy shrines in Karbala, Kufa and Najaf. The Sunni Arabs are concentrated in the west, especially in Anbar Province, the heartland of Iraqi tribal culture. In Baghdad and eastern cities like Baquba, the populations are mixed, while in the north, Sunni Kurds predominate.

In Iraq, tribal identity is also important, and many people use tribal names as last names. Because certain tribes are rooted in certain areas, a last name like Saidi, Maliki or Kinani may be typically Shiite, while names like Zobi, Tikriti and Hamdani are typically Sunni.

Certain first names may also reveal sect: Omar and Othman are Sunni names; Haidar and Karrar are Shiite ones.

Dress, too, can be a sign, but again not because it has religious significance. In western Iraq, the favored headdress is white and red; in the south it is white and black.

Historians say Shiites and Sunnis in Iraq have had periods of peace and conflict. Saddam Hussein exacerbated the rivalry, most notably after 1991, when Shiites in the south revolted and he used predominantly Sunni tribes to crush them.

Nearly 60 percent of Iraq's population of some 25 million are Shiite, with Sunni Arabs and Sunni Kurds making up roughly 40 percent.

Iran To Talk With US Conditionally: Ahmadinejad (AFP)

AFP, March 26, 2006

TEHRAN (AFP) - Iran's President Mahmoud Ahmadinejad reportedly said Tehran will hold talks on neighboring Iraq with Washington "in spite of distrusting Americans."

"We will ... talk with America about Iraq because of requests by the Iraqi people and government, but with consideration of Iraqis and the Islamic world's interests and in consultation with Islamic countries," Ahmadinejad said during a meeting with Syria's visiting First Vice President Faruq al-Shara according to the ISNA news agency.

"We basically do not trust Americans," he added.

Iran's supreme leader, Ayatollah Ali Khamenei, on Tuesday gave a tacit blessing to talks between the Islamic republic and the United States, but said the Islamic republic wanted Washington to leave Iraq.

The idea was first floated just over a week ago by Ali Larjani, head of Iran's Supreme National Security Council, its nuclear chief and one of the country's most visible officials.

US Secretary of State Condoleezza Rice said Friday she was "quite certain" that US officials would hold direct talks with Iran on the turmoil in Iraq, but could not say when.

In an interview with the Washington Post, US envoy to Baghdad Zalmay Khalilzad, who would lead talks with Tehran, accused the Islamic republic of aiding Iraqi militia and insurgents groups.

The White House suspects Iran waited months to accept the US offer, first approved last November, in order to deflect pressure from Tehran's atomic energy program, which has been referred to the UN Security Council.

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The United States charges Iran with seeking to obtain nuclear weapons, while Tehran insists its programme is meant only for peaceful purposes.

The Word At War (WP)

By Lynne Duke

The Washington Post, March 26, 2006

Propaganda? Nah, Here's the Scoop, Say the Guys Who Planted Stories in Iraqi Papers

Oh, no, not at all -- the Lincoln Group does not do propaganda. Sure, the firm's been tarred by some in Congress, the media and the defense establishment for paying Iraqi newspapers to publish hundreds of "news" stories secretly written by U.S. troops.

But Paige Craig, the West Point dropout and former Marine intelligence specialist who is the Lincoln Group's president, says the practice is not propaganda. The word carries such baggage, such suggestions of mind control. So in an industry in which euphemism thrives, a more elegant word is deployed.

"We call it 'influence,' " says Craig, whose business has 12 U.S. government contracts totaling more than $130 million.

The Lincoln Group even has a "senior director for insight and influence." His name is Andrew Garfield. Over lunch near the group's Pennsylvania Avenue offices, he also tries to steer the lexicon at play around the table and to clarify what he calls the "tradecraft" of "influence."

Take "psyops," for instance. That's short for "psychological operations." Like the word "propaganda," it, too, conjures mystery, deception.

But that's not what the Lincoln Group does, says Garfield. The company has been contracted by a psyops division of the U.S. military, but Garfield insists that Lincoln's work cannot be considered psyops. That word, Garfield protests, refers to a military operation. And Garfield is very familiar with military psyops, as he is a former British military and intelligence official who regularly teaches a course at the U.S. Army base at Fort Bragg -- a course on . . . psyops.

Bombs are blasting in Baghdad. War fills the air there and fills the airwaves here. But a more quiet war -- the information war -- is waged by stealth, in the words and images deployed by pundits, partisans, policymakers, propagandists, psychological operators and influence specialists, both civilian and military.

Call it influence. Or call it propaganda, info-ops, psyops or strat comm (that's short for "strategic communications"). It's all information, and information can be a weapon as lethal, at times, as bullets and bombs.

But wait! Not only are we in an information war, we are also in a war over the info war -- over techniques such as Lincoln's and the extent to which the U.S. government should or does disseminate propaganda, even pay to publish favorable "news" stories.

Outrage was so great when word leaked last December of Lincoln Group's Iraq activities -- one writer described it as bribery -- that the Pentagon launched an investigation. Army Gen. George W. Casey announced earlier this month that the probe had found the Lincoln Group's work violated no law or policy. But the final report, while completed, is under internal review. No additional details have been released.

Lincoln's work in Iraq continues.

And so we meet the influencers: Craig, 31, one of the brains behind the business, a California guy who grew up fascinated by foreign cultures and drawn by geopolitics; Garfield, 45, the former intelligence analyst turned romantic who married an American physical therapist who helped him through an illness; and Scott Feldmayer, 29, the former Army brat in Europe turned Army captain in Iraq turned influence manager at Lincoln.

Over a recent lunch, they agreed to discuss what they do, albeit only in broad brush. They are stingy with details, they said, because their contracts prohibit them from revealing too much.

Lincoln Group works in Iraq, Afghanistan, United Arab Emirates and Jordan, employing about 200 people, says Craig, who attended but did not graduate from West Point before he joined the Marines. He founded Lincoln along with Christian Bailey, a British entrepreneur. Bailey was not available for lunch, as he was off in the world somewhere, influencing.The P-Word

Words can change what people think. Add some emotional punch and piercing imagery, and words can change how people behave. Repeat these words and images over and over, and they can define a culture.

That's the info war -- far more intense than mere "spin" -- and it's been raging in the United States since the words "war on terror" were uttered in public and the national zeitgeist became one of fear. With the body politic and the vox populi deeply polarized before and after the war started, "we look at everything in terms of propaganda," says Nancy Snow, a former State Department official and author of "Information War."

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Think of all the big-ticket war issues that still are contested: WMD, aluminum tubes, uranium, the spurious Saddam-9/11 connection, the Iraqis whom U.S. officials said would greet U.S. troops as liberators, the good news that allegedly is being ignored by all those journalists who keep writing about the bombs still exploding, the bodies still falling.

In the most recent burst of concern about disinformation and the war, enter the Lincoln Group and accusations that its packaging of an American point of view is just propaganda.

It's that P-word again. So let's parse it. It means "any systematic, widespread dissemination or promotion of particular ideas, doctrines, practices, etc., to further one's own cause or to damage an opposing one." That's the basic Webster definition, which sounds so straightforward.

In the real world, though, the word is "a contested term, ideologically based," says Snow, a senior research fellow at the Center on Public Diplomacy at the University of Southern California and an assistant professor in communications at the California State University at Fullerton.

It's a slippery word indeed. At the core, it's about manipulation, planting an idea in your head or a sentiment in your heart on the sly.

"Part of the beauty of real successful propaganda is it works without you knowing that it works," says Anthony Pratkanis, co-author of "Age of Propaganda" and a professor of social psychology at the University of California at Santa Cruz.

The word "propaganda" conjures some pretty ugly stuff, like the old Bolshevik and Soviet agitprop, the sinister wordsmithery of Nazi Joseph Goebbels, the "destroy the village to save it" doublespeak of U.S. military leaders during the Vietnam War.

To be lumped with those folks is, well, understandably upsetting.

"When you use that term about our business, you discredit our business," says Garfield, the influence director.

For Craig, the Lincoln Group president, "propaganda" conjures "posters from World War II where every American is thinking that Germans are just stabbing babies or the Japanese are a bunch of crazy lunatics."

Says Garfield: "One of the things our critics do in the deployment of the term propaganda is they then seek to stifle any debate."

Now he breaks into a full-bore lecture: "It's as if telling the Iraqi people about the positive aspects, about the emergence of democracy in their country, the significant efforts being done by the coalition to protect them, to achieve the security that everybody acknowledges is necessary for people to embrace a new government and a new armed forces -- as if all of that is bad. The moment you label it with the term propaganda, you immediately end any debate. It's absolutely necessary to counter the negative use of information by our adversaries."Sending Signals

So how does the Lincoln Group attempt to capture Iraqi hearts and minds? "We use whatever mediums one could employ to influence an audience," says Garfield.

They've planted those fake news articles trumpeting pro-U.S. stories. They've conceived and distributed anti-terror comic strips and leaflets. They ran a campaign that distributed water bottles bearing a phone number that Iraqis could call to report terror activity to U.S. authorities. They do research, media analysis, polling and focus groups. They seek to completely understand a culture, so they can better influence it.

Speaking hypothetically, the Lincoln officials said entertainment, music, soap operas, comedy, documentaries, educational programs and advertising also can be employed to influence.

Would a visitor be able to identify Lincoln Group's work in Iraq?

"You shouldn't stumble across our work," says Garfield. "What I mean is: You shouldn't know it was our work."

Lincoln's work complements military psyops. In Iraq and Afghanistan, psyops teams have air-dropped leaflets telling people not to resist U.S. troops. They've hollered through loudspeakers urging the enemy to surrender. They have transmitted radio broadcasts from an airplane called Commando Solo and distributed radios on which such broadcasts can be heard.

Military commanders have at times used false information to fool the enemy, such as the October 2004 announcement that the battle of Fallujah had started when, in fact, it did not begin until three weeks later. Information has been used to buoy the spirits of the American public, such as the initial heroic fiction offered on the capture and rescue of Army Pfc. Jessica Lynch.

The Lynch story was among the stories cited in a 2003 analysis titled "Truth From These Podia," by Sam Gardiner, a retired U.S. Air Force colonel and former instructor at the National War College. Gardiner studied the Iraq-war-related statements of U.S. and British officials and found "over 50 stories manufactured or at least engineered that distorted the picture" for American and British newspaper readers.

These media-related tactics aren't limited to wartime. Remember those columnists paid to write in support of Bush administration education and marriage initiatives? And the dissemination of fake TV news stories to promote the administration's prescription drug plan? "The Daily Show" dubbed these techniques "infoganda."

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But none of this is new -- especially not in war. The effort to sway, influence, deceive and propagandize is as old as combat.Back in the 4th century B.C., Alexander the Great ordered his troops to craft huge breastplates of armor that they left behind to trick the enemy into thinking Alexander had giants in his army.

During World War I, the U.S. government's Office of Public Information dispatched thousands of "four-minute men" in cities and towns across the country to make boisterous and emotional pro-war appeals.

During World War II, there was the Orwellian-sounding Office of Facts and Figures, later renamed the Office of War Information. It touted war bonds and rationing. It immortalized "Rosie the Riveter" to propel women to leave their homes and go to work. It leaned on Hollywood to make patriotic films. It warned Americans to watch their tongues. A famous wartime poster said: "Loose Lips Might Sink Ships" -- now a timeworn and abbreviated cliche.Rumsfeld's 'Roadmap'

But Americans just don't understand. The culture hasn't come to grips with information as a part of warfare. That's Garfield, lecturing again.

"I think we've got to back up a little bit and look at warfare," he says, telling how the conventional notion of war has changed, with insurgencies and asymmetric conflict growing more prevalent, meaning that bullets and bombs alone won't win. Information -- its strategic use -- can tip the scales. And yet this fact does not yet resonate in American culture.

"People are more comfortable with killing than they are with influencing," he says. "The majority can be convinced that the use of military force is acceptable, but everybody becomes very uncomfortable when you talk about the use of information," like "promoting your cause, promoting your ideals" and "discrediting the tactics and the arguments and the strategy of the enemy."

Not surprisingly, considering who the Lincoln Group's big client is, Garfield sounds very much in sync with Secretary of Defense Donald Rumsfeld.

Rumsfeld's got an "Information Operations Roadmap," which he approved in 2003 and which was declassified earlier this year. It's supposed to "advance the goal of information operations as a core military competency."

The Roadmap follows an earlier information effort, the Pentagon's Office of Strategic Influence, which was dismantled in 2002 after news reports, since denied, that the Pentagon intended to plant false news items in the foreign press. A version of that effort was then outsourced to the Lincoln Group, though Craig and Garfield say they traffic only in truth.

In an op-ed piece last month in the Los Angeles Times, Rumsfeld bemoaned the uproar over the Lincoln Group and described its work as a "non-traditional means to provide accurate information to the Iraqi people in the face of an aggressive campaign of disinformation. Yet this has been portrayed as inappropriate: for example, the allegations of 'buying news.' "

In a way, this is the price to be paid for not going covert all the way. Had the program been conducted completely undercover, it would have been better, says Reuel Marc Gerecht, a former CIA case officer and now a resident fellow at the American Enterprise Institute.

"You can compliment the Pentagon for at least trying," he says of the military's outsourcing to Lincoln. "I think the agency [CIA] should have been engaged in this a long time ago."

"I suppose the historical parallel would be the agency's efforts during the Cold War to fund magazines, newspapers and journalists who believed that the West should triumph over communism," he says. "Much of what you do ought to be covert, and, certainly, if you contract it out, it isn't."The Truth of the Matter

Craig and Garfield make much of their assertion that they traffic in the truth. It's as if they think truth and propaganda are mutually exclusive. But consider this:

"For a long time, propagandists have recognized that lying must be avoided," wrote Jacques Ellul in his classic 1965 work, "Propaganda: The Formation of Men's Attitudes." For the masses to believe it, "propaganda must be based on some truth that can be said in a few words and is able to linger in the collective consciousness."

But truth can be elastic, even inconvenient. For instance, Garfield says Lincoln really had no choice but to hide the authorship of those upbeat "news" stories.

Had they been identified as products of the U.S. government, someone could have gotten killed. And just how receptive would Iraqi readers have been to a U.S. government product anyway?

"You wouldn't look at them objectively," says Garfield, projecting what an Iraqi reader might think. "You wouldn't give them a fair hearing."

He says: "How do you get a fair hearing when (a) the audience is preconditioned to respond negatively to anything you say, and (b) just as importantly, there's a whole bunch of people out there who will do whatever they can to prevent that fair hearing? If you just stand up and say, 'I stand for truth and freedom and you should listen to me because of it,' forget it. You're dead. Do you not engage in an argument with those people because it doesn't say, 'Paid for by the United States'?"

So, yes, there was that deception.

"But the aim is not deceit," he says.

It's just a means to an end in wartime.

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Embedded With U.S. Troops In Ramadi (WP/AP)

By The Associated Press

The Washington Post, March 26, 2006

RAMADI

My flight to Ramadi left from a heliport in Baghdad's so-called "Green Zone." For Americans, this is probably the safest place in the country. It is a grid of protected streets along the banks of the Tigris River, surrounded by high concrete blast walls and coils of barbed wire, where suicide bomber-weary tank turrets point at passing traffic.

There is high security here because this is home to the U.S. Embassy as well as the seat of the Iraqi government. Most everything outside, they call the "Red Zone."

I wait for several hours in a room reserved for press heading for embeds. The Pentagon Channel plays on a large flat-screen TV, showing feature stories on Afghanistan and Iraq, and a special about searching for the remains of soldiers still missing from the Vietnam War.

I am carrying a white helmet, and some soldiers are cracking jokes about it. White will stand out at night, and help insurgents pinpoint my forehead, they say. After another soldier points at my helmet with real concern, I start getting worried. I ask if there is any camouflage netting I can string over it. There is not, but he finds a can of black spray-paint, and soon we are outside doing an urgent paint job.

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I eat dinner in what used to be Saddam Hussein's blue-domed Republican Palace. In the parking lot outside are scores of white or black Chevrolets, huge armored vehicles with no license plates that belong to American forces or diplomatic personnel. Inside, something is drapped over a wall-sized photo of Saddam to hide his image.

In the dinning hall, the fridges are full of milk, Gatorade and canned sodas. There is salad, Mexican fare and pumpkin pie. There are rows and rows of tables. Some people are eating outside, beside a sprawling pool and palm tree strung with lights.

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Later at the helipad's one-roomed waiting room, I'm surprised to find a "customer satisfaction survey." I don't fill it out. There are only a couple people flying. A soldier working there has bought a new X-Box video console. I'm looking forward to watching him play Halo 2, but he plugs it mistakenly into a 220 volt plug, frying the machine.

We board a cream-colored, twin-rotored Marine Chinook helicopter near midnight and lift into the sky, with the lights of Baghdad below us. The back door is wide open, and air flows easily through, out the gunner's windows in front. It is safer to fly at night, without lights, and so we do.

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We arrived in Ramadi around 2 a.m. Saturday. I'm picked up by a public affairs Sgt. 1st Class Richard Scaricaciottoli, known to most here as Sgt. Scary.

Knowing my tent would not stand up well to a mortar attack, and knowing the base has come under attack, I ask if there are any "Duck And Cover Bunkers" _ small concrete shelters _ like they have in the Green Zone. "If you don't get hit, you're good," he says. "If you get hit, you'll probably never know it."

The tent I sleep in is full of soldiers.

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On Sunday, another public affairs officer, Capt. Alfred Smith, escorts me to a briefing with the command. It is a slideshow projected on the wall, and I see a picture I saw at the heliport in Baghdad _ a newspaper photograph of Marine Sgt. Michael Burghardt, who was wounded by an improvised explosive device in Ramadi in September. Medics have removed his bloodied pants, but he is standing, surrounded by soldiers with Humvees and the blades of a waiting medical evacuation helicopter behind him.

The picture has become famous among troops here, because he is waving his middle finger in the air, ostensibly at insurgents somewhere in the distance. The photo caption explains Burghardt is "signaling his defiance."

The medics who attended Burghardt were surprised he was alive, and even more surprised he refused a stretcher and walked away on his own two feet from the blast site, said Col. Regis Cardiff, Deputy Commander of the Army's 2nd Brigade Combat Team, 28th Infantry Division, which is responsible for Ramadi. Commanders say the image symbolizes their defiance against the insurgents, that no matter what happens, the troops will fight on and win.

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The U.S. military's mission here, deputy commander Col. Regis Cardiff says, is to help train the Iraqi army and police, help the government develop, and return "normalcy" to Ramadi.

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There are no police deployed here yet, though an initial batch just graduated from a 10-week training course in Baghdad and will be on the streets next month. U.S. troops are deployed in the roughest parts of Ramadi, but Cardiff says Iraqi troops control "battlespace" in some areas of town. Despite that, insurgent attacks occur daily.

"I don't want sugarcoat it," Cardiff says. "Ramadi is a dangerous place."

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Afterward, I am walking to lunch with Smith, and the base air-raid sirens go off briefly, bellowing the word "incoming" over loudspeakers. We sprint up to some sand-filled barriers for cover, and as we kneel down against them, Smith tells me that several troops on the base were killed in rocket or mortar attacks in just this way. One of them was also walking to lunch.

One of them was disintegrated. This time, there are no booms.

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Hours later, I am waiting near the gate to go out on a patrol with the Philadelphia-based 104th Calvary Regiment of the Pennsylvania National Guard unit when three or four mortars hit somewhere just outside the base. A brief volley of outgoing U.S. artillery fire follows. We jump in the Humvees and try to find a suspicious vehicle that was in the area at the time.

Along the highway, two trucks have stopped after seeing explosions. It is dark, and the soldiers order them out at gunpoint and search their vehicles, then let them go.

I spend the rest of the night with these soldiers moving up and down a highway in Humvees. Their lights off, and they steer with night-vision goggles. We check on observation posts scattered along the roads _ tanks or humvees perched on highway overpasses and beside the Euphrates River.

At one post by the roadside, we are standing beside the vehicles with the stars above us. I can see the Orion Nebula brightly lit overhead. The soldiers talk of how insurgents have sniped troops or blown up their tanks with roadside bombs. They talk of how to avoid casualties. Some talk of home. I am glad to be here with them, seeing Iraq with my own eyes again.

There is one burst of light on the horizon, followed a few seconds later by a loud boom. It could have been a roadside bomb, or perhaps a controlled explosion. Later, we hear machine-gun fire repeatedly. Troops somewhere are at the firing range.

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Friday, March 24, 2 p.m. local

We were picked up Thursday at Baghdad International Airport by our security guards, who inform us there have been a couple "incidents" _ brief gunfights _ that afternoon on the main road we were to travel on to town. Snipers have been firing on the convoys of private security contractors, they say.

It's nothing new. One guy was shot in the neck recently but it's unclear how. Was his window open? Was he standing out of the vehicle in some kind of turret? You try not to envisage these things, but they stick in your mind as you pass all the two and three story villas set a small ways from the roadsides and wonder if somebody is in one of them looking for targets.

We are given flak jackets, and I put on one, then cover it with my black jacket because I don't want to stand out any more than I already do.

We get in our bulletproof vehicle and head onto the highway into the city. As always, it looks absolutely normal, almost. There are thousands of Iraqi civilian vehicles on the streets. Coming the other direction is a line of U.S. military Humvees. U.S. Bradley fighting vehicles are pulling guard duty in a median in the road. It's a quiet drive, and I'm grateful.

I haven't been to the Palestine Hotel, where AP's Baghdad offices are located, in a year. After a suicide bomber rammed through the high blast walls surrounding the hotel complex a few months ago, the place is still a wreck. The hotel itself is completely intact, but wires hang down from the broken walls overhead in the lobby. Plastic sheets hang over shattered windows. Twisted metal and rubble are piled up outside. A lightpost is bent over an angle, probably damaged by the blast.

Journalists and translators already here tell me there are a couple running gunbattles going on in Baghdad. From where we sit though, it's quiet, except for the noise of traffic outside. Soon that will stop, too: there is an 8 p.m. curfew these days.

I go to the window in my hotel room to look out at the beautiful blue-domed mosque on the other side of a roundabout. A couple gunshots ring out in the distance and police in four-wheel drives speed by.

In 2004, the U.S. army cleared a swathe of the bank along the Tigris River which we can see from the hotel balcony. Technically, it was a good idea, but it seemed odd at the time _ mortar rounds were landing daily in the park and across the river in the Green Zone. Who would want to picnic there? They cleared it flat, though it is still interspersed with trees, and built curving sidewalks. Today, it appears to be abandoned, desolate. There is a lot of very tall grass you could get lost in.

I see one of the Iraqi reporters here, a good friend, and ask him how things are going. "It's getting worse not by the day, but by the hour," he says, laughing a little bit. The head of AP television here starts ticking off several neighborhoods he says are too dangerous these days even for his brave Iraqi cameramen to go. More than 50 Iraqis have been killed in scattered violence yesterday, the day I arrived.

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Today in Baghdad alone, nearly 20 are dead in drive-by shootings, roadside bombings and sectarian violence. Nearly everybody here has a tragic story to tell, of friends and family being killed or kidnapped, of staying in the hotel with us for fear of their own lives. Many have fled to nearby countries.

The reporter _ I don't want to name him _ hides what he does from people in his neighborhood, who think he is a businessman. He cannot say he's working with Americans _ even if it is a news agency.

I've come to Iraq to embed with U.S. troops stationed in Ramadi, and Baghdad is a stopover. I'm hoping to get on a military helicopter flight there tonight.

The Post And The Whole Picture In Iraq (WP)

By Deborah Howell

The Washington Post, March 26, 2006

The third anniversary of the U.S.-led invasion of Iraq provides an opportunity to look at The Post's war reporting, which has brought a steady trickle of complaints that the coverage focuses too much on violence.

It's understandable that military and civilian readers, especially those with family members in Iraq, hunger for positive stories. The Post has done many such stories, but they are overshadowed in readers' minds by the more spectacular articles and images of violence from the insurgency.

The Post's senior military reporter, Thomas E. Ricks, believes journalists in Iraq are providing a more accurate picture about what is happening than the military. He believes that any problems between the military and the media "grow out of the fundamentally political nature of the fight. The military wants to be judged in military terms -- 'look at all the bad guys we killed, and don't forget the school our soldiers painted.' But the media, which is trained to measure the politics of a situation, knows the answer isn't killing bad guys, and may not be painting schools. It probably is providing security to the people."

Post reporters scramble to keep up with daily events in an atmosphere so dangerous that it is impossible to move freely around Baghdad or the countryside. About 60 Post journalists, from the buildup to the invasion through today, have covered the war -- all of them volunteers. The hardest day-to-day work falls to three full-time U.S. employees stationed in Baghdad: Ellen Knickmeyer, the bureau chief; Jonathan Finer, a correspondent; and one reporter on rotation (now John Ward Anderson). The Post also has four Iraqi reporter-translators -- Naseer Nouri, Omar Fekeiki, Bassam Sebti and K.I. Ibrahim -- who frequently have bylined stories; most have been with The Post since shortly after the fall of Baghdad.

Recent reporting trips by Ricks, Pentagon reporter Ann Scott Tyson and op-ed columnist David Ignatius have added depth to the daily coverage. Last Sunday's coverage, tied to the anniversary of the 2003 invasion and including interviews with soldiers who are or had been there, provided a needed dimension, as did the excellent Outlook section articles, most of them written by Iraqis, whose thoughts and feelings are often the missing elements in daily journalism.

To look at balance, I re-read February's staff-written stories from Iraq, not including editorial page pieces. Seventeen stories were on the troops, their mission or democracy-building; five of those stories were on Page 1. Fifteen stories were on violence or corruption; five of those were on Page 1. Two inside stories were routine. I felt the coverage was balanced and authoritative.

Staff writer Steve Fainaru, who recently returned after 14 months in Iraq, said, "There aren't that many people who want to go to Iraq. Maybe that's why reporters are sensitive to criticism that they are in it with an agenda. The job of soldiering over there is incredibly difficult. I have tremendous respect for those guys. But sometimes I find the criticism bewildering. Should we really be focusing on a school opening when Iraq is teetering on the brink of civil war?"

Bryan Whitman, deputy assistant secretary of defense for public affairs, almost echoed Fainaru: "I have a tremendous respect for the journalists over there. I don't want to minimize the danger of operating in Iraq. Journalists are a target of the insurgency. They have competing pressures with limited resources."

Yet Whitman is frustrated because, he says, soldiers, public officials and reconstruction workers return to the United States from Iraq and complain that what they see in the way of economic and military progress isn't represented in news coverage.

Some of the best Post reporting has come from "embedding," which puts reporters in the field with military units and gives them freedom to report in exchange for agreeing not to endanger the troops' security. Embedding is also dangerous. ABC-TV's Bob Woodruff was seriously injured while embedded.

Marine Col. David Lapan, a public affairs officer just back from Fallujah, and Army Lt. Col. Barry Johnson, who manages reporters' embeds at the Combined Press Information Center in Baghdad, strongly support embedding, but they cannot force it on commanders.

While the vast majority of requests are granted, a number of reporters, including the legendary military correspondent Joe Galloway of Knight Ridder, tell me that they have been turned down for embed assignments by commanders in the field. That's unfortunate.

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Retired Maj. Gen. John Batiste, now president of Klein Steel Service in Rochester, N.Y., was in Iraq until February 2005 and never turned down a reporter seeking an embed. He had the right approach: "You have to take a risk. We owe to the citizens of our country to tell them what is going on. I share everything with embeds. I never regretted taking them into my confidence."

While Batiste and other commanders may have good relations with the press, the military and the media are generally going to be at loggerheads in wartime. The two institutions have vastly different missions.

Lapan gave what I think is an excellent description of the cultural difference between the military and the press: "Reporters are generally idealists, trained to be skeptical (some would say cynical), and we're generally optimists and realists. Reporters are taught to question authority; we're taught to follow it."

David Hoffman, assistant managing editor for foreign news, supervises coverage of Iraq. "Impaired mobility" is the biggest obstacle to reporting more stories, "especially about the daily lives of ordinary Iraqis," he said. "We do all we can in the time we have. Iraq is a country at war. We're stationed right in the middle of it. That's what we do, observe, describe, report. If we lived in a perfect world, we would see everything. You cover the war you got. The people who complain of the limitations ignore the reality of what courageous reporters do."

My research on Iraq coverage has gone on for months, with interviews with experts in journalism and the military. Readers are invited to see some of that research in a much longer article at http://www.washingtonpost.com/opinions.

Russia Denies Leaking U.S. Intelligence To Iraq In 2003 (WP/AP)

By Associated Press

The Washington Post, March 26, 2006

MOSCOW, March 25 -- Russia's foreign spy agency denied Saturday that Moscow had given former Iraqi president Saddam Hussein information on U.S. troop movements and plans during the invasion of Iraq, while analysts speculated that the Pentagon claim was tied to a growing rift between the West and the Kremlin.

A Pentagon report Friday cited two seized Iraqi documents as saying Russia obtained information from sources "inside the American Central Command" in Qatar and passed battlefield intelligence to Hussein through the former Russian ambassador in Baghdad.

The Russian Foreign Intelligence Service dismissed the claims.

"Similar baseless accusations concerning Russia's intelligence have been made more than once," Boris Labusov, an agency spokesman, said. "We don't consider it necessary to comment on such fabrications."

A leading Russian Internet news agency, Gazeta.ru, speculated that the Pentagon report was released to affect the U.N. Security Council debate on what to do about Iran's nuclear program, with Russia, along with China, resisting U.S. and European demands for a tough stand.

Sergei Oznobishchev, head of the Institute of Strategic Evaluations and Analyses, also tied the report to increasing U.S. distrust of Russia. "They are irritated by Russia's strengthening position in the international arena and its foreign policy course," Oznobishchev was quoted as saying by the RIA Novosti news agency.

The Pentagon report wasn't the first to raise questions about Russian assistance to Hussein's government at the time of the invasion in March 2003.

Gazeta.ru reported then that two retired Russian generals had visited Baghdad less than 10 days before the U.S.-led offensive and speculated that they were advising the Iraqi military. The report showed photographs of them receiving medals from the Iraqi defense minister.

Nezavisimaya Gazeta, a newspaper believed at the time to have well-placed contacts in Russia's military and intelligence spheres, reported in March 2003 that Russian intelligence agents were holding daily meetings with Iraqi officials.

The unclassified Pentagon report did not assess the value or accuracy of the information Hussein received or offer details on Russia's information pipeline.

Russia Denies Spying For Saddam In 2003 (WT/AP)

By Judith Ingram, Associated Press

The Washington Times, March 26, 2006

MOSCOW -- Russia's foreign spy agency yesterday denied that Moscow gave Saddam Hussein information on U.S. troop movements and plans during the invasion of Iraq in 2003.

A Pentagon report Friday cited two seized Iraqi documents as saying Russia obtained information from sources "inside the American Central Command" in Qatar and passed battlefield intelligence to Saddam through the former Russian ambassador in Baghdad, Vladimir Titorenko.

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The Russian Foreign Intelligence Service dismissed the claims.

"Similar, baseless accusations concerning Russia's intelligence have been made more than once," agency spokesman Boris Labusov said. "We don't consider it necessary to comment on such fabrications."

Yevgenia Albats, a Moscow-based journalist who specializes in intelligence matters, said she suspected there was "at least a certain truth reflected in the Pentagon report," considering Russia's close relationship with the ousted Iraqi leader.

But she cautioned that didn't necessarily mean the Kremlin was involved.

"It is sometimes difficult to figure out whether certain steps were undertaken with the knowledge of top Russian authorities or whether those were steps undertaken by certain intelligence officers on their own," Miss Albats told the Associated Press.

Sergei Oznobishchev, head of the Institute of Strategic Evaluations and Analysis, suggested that the public release of the report reflected increasing U.S. distrust for Russia.

"They are irritated by Russia's strengthening position in the international arena and its foreign policy course," Mr. Oznobishchev was quoted as saying by the RIA Novosti news agency.

The Iraqi documents also left unknown who may have been the sources at Central Command's war-fighting headquarters, which is at Camp As Sayliyah just outside Doha, the capital of Qatar. No Russians were authorized to be at the closely guarded base.

In Baghdad, meanwhile, Sens. John McCain and Russell Feingold told Iraqi leaders yesterday that American patience was growing thin and they needed to urgently overcome their stalemate and form a national unity government.

"We need very badly to form this unity government as soon as possible," Mr. McCain, Arizona Republican, said after meetings with President Jalal Talabani and Prime Minister Ibrahim al-Jaafari.

Russia Denies Slipping U.S. War Plans To Iraq (LAT)

By Kim Murphy, Times Staff Writer

The Los Angeles Times, March 26, 2006

MOSCOW—Russia on Saturday dismissed a new Pentagon report that said Russian diplomats shared information about U.S. war plans in Iraq with the government of Saddam Hussein.

In a series of official denials, Russian authorities asserted there was no truth to the captured Iraqi documents cited in the study, which was released Friday. However, military analysts in Moscow said it was well known that Russian intelligence agents and retired Russian generals were operating in Iraq before the war and were in close contact with the Iraqi government.

Retired Col. Gen. Igor Maltsev, the former deputy commander of Soviet air defense who made several trips to Baghdad on the eve of the U.S.-led invasion in 2003, told The Times that he advised the Iraqis on how to improve their air defenses but was not involved in concrete aid to the Iraqi regime.

The Russian Information Agency quoted Boris Labusov, head of the Foreign Intelligence Service's press office, as calling the U.S. revelations "unsubstantiated allegations." The agency quoted an unnamed official who said they were "a form of revenge on the part of the U.S. for Russia's firm position in regard to hostilities on Iraq's territory."

Maltsev and other Russian officials, including the former Russian ambassador apparently cited in the documents, have long been at the center of controversy over allegations that Russian diplomats and intelligence agents hauled secret cargo out of Iraq in the early days of the war.

One news report said they removed Iraqi intelligence files. Other reports suggested they took samples of U.S. military equipment recovered during the invasion, and one military analyst suggested to The Times that they took confidential Russian Embassy papers that the Kremlin did not want to fall into U.S. hands.

"Common sense suggests that if Russians had something they wanted to carry out from Iraq, they certainly did it. But it's a waste of time to talk about it, if no one knows about it for sure," Maltsev said.

Russia's ambassador to Iraq at the time of the invasion, Vladimir Titorenko, was shot and wounded in April 2003 along with three other people when their convoy came under U.S. fire as they were leaving Baghdad.

The Pentagon study, which examined the Iraqi military's decision-making, included one document that purported to summarize information on U.S. troop movements provided by the Russian ambassador to Iraqi officials. Another claimed Moscow had "sources" inside the U.S. military's headquarters in Qatar during the invasion. Some of the information about U.S. troop movements and intentions later proved inaccurate.

Pavel Felgenhauer, an independent military analyst in Moscow, said he noticed similarities between the information in the study and a series of postings on a Russian website in 2003 that purported to come from a group of retired intelligence officers who claimed to have contacts with "special informational structures."

It was common knowledge that agents of the Russian GRU, or military intelligence, were then operating in Iraq. But Felgenhauer said the Internet postings did not appear to be the kind of top-level information that was going to the Kremlin.

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Still, Felgenhauer said the postings revealed "obvious military intelligence connections," so the documents in the Pentagon study seemed plausible.

But another senior military analyst at a Russian think tank, Dmitry Trenin of the Carnegie Moscow Center, said it was highly unlikely that the Kremlin would have done something as risky as passing intelligence to Iraqi officials.

"I think Russia was essentially trying to avoid at that time a major clash with the United States over Iraq," he said. "But in any situation like this, there are things that countries were doing … that will be kept secret for a long time, if not forever."

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Yakov Ryzhak of The Times' Moscow Bureau contributed to this report.

Karzai Striving To Free Convert (WT/AP)

By Daniel Cooney, Associated Press

The Washington Times, March 26, 2006

KABUL, Afghanistan -- President Hamid Karzai searched yesterday for a way to free an Afghan man on trial for converting from Islam to Christianity without angering Muslim clerics who have called for him to be killed.

Mr. Karzai and several Cabinet ministers discussed the case of Abdul Rahman, who faces a possible death sentence for apostasy, an official at Mr. Karzai's palace said. But she declined to comment on the outcome of the talks yesterday.

Hours earlier, another official said Mr. Rahman "could be released soon." Both spoke on the condition of anonymity because they were not authorized to discuss the matter with the press.

Pope Benedict XVI has sent a message to Mr. Karzai asking that the case be dropped, citing respect for religious freedom, the Vatican said.

Afghan clerics have questioned Mr. Karzai's authority to order Mr. Rahman's release and have warned of a possible revolt if he tries.

"The Koran is very clear, and the words of our prophet are very clear. There can only be one outcome: death," said cleric Khoja Ahmad Sediqi, who is also a member of the Supreme Court. "If Karzai releases him, it will play into the hands of our enemy, and there could be an uprising."

Mr. Rahman is being prosecuted under Afghanistan's Islamic laws for converting 16 years ago while working as a medical aid worker for an international Christian group helping Afghan refugees in Pakistan.

The case has put Mr. Karzai in an awkward position.

While the United States, Britain and other countries that prop up his government have demanded Mr. Rahman's release, the president would be reluctant to offend Islamic sensibilities at home or alienate religious hard-liners who wield considerable power.

The trial highlights a conflict of values between Islam and the West. Throughout much of the Muslim world, conversion from Islam to Christianity or any other religion is considered a capital offense. Anyone born to Muslim parents is automatically considered a Muslim and is not allowed to change their religion.

The pope's message to Mr. Karzai came in a letter dated March 22 and written by the Vatican's No. 2 official, Cardinal Angelo Sodano, Vatican spokesman Joaquin Navarro-Valls said in a statement yesterday.

"I am certain, Mr. President, that dropping the case against Mr. Rahman would bestow great honor upon the Afghan people and would raise a chorus of admiration in the international community," Cardinal Sodano said in the letter.

Meanwhile, a respected cleric in the northern city of Mazar-e-Sharif, Mohammed Qasim, said: "We don't care if the West drops its support for us. God will look after Afghanistan."

In Kabul, A Test For Shariah (NYT)

By Andrea Elliott

The New York Times, March 26, 2006

THE news that a man in Afghanistan might face a death sentence for converting to Christianity brought cries of outrage around the world last week.

In Washington, the matter of Abdul Rahman commanded attention at the highest levels. President Bush said he was "deeply troubled." Secretary of State Condoleezza Rice called Afghanistan's President, Hamid Karzai, to urge a "favorable resolution," her spokesman said. In Kabul, the judge in the case said he would resist interference.

More quietly, the case struck a chord among Muslim scholars in the West who have been immersed in a debate about the adaptability of Shariah, or Islamic law, to the modern era.

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Mr. Rahman, 41, stands accused of apostasy, or ridda, the act of renouncing one's faith. Apostasy is a grave sin in Islam, and according to classical Shariah, it warrants a punishment of execution. But Islamic laws, including those governing the treatment of apostates, were developed as early as the eighth century against a vastly different political and social backdrop.

Progressive Muslim scholars argue that the meaning of those laws has been lost over time: When the laws were created, they say, apostasy was seen as the equivalent of treason. "To be a Muslim was to live in an Islamic state or empire, so the presumption was you were not only becoming the enemy of God but the enemy of the empire," said John L. Esposito, a professor of religion and international affairs at Georgetown University.

Muslim jurists who support the execution of apostates often point to a hadith — a tradition attributed to the Prophet Muhammad in the seventh century — in which he is recorded as saying that a person who changes religions should be killed.

But while the Koran mentions ridda, it never calls for the execution of apostates. There is no record of the prophet killing an apostate himself. And executions of apostates have been rare in Islamic history.

"The common argument is that it clearly contradicts the Koran, which says there should not be compulsion in religion," said Khaled Abou El Fadl, an Islamic law expert and professor at the University of California, Los Angeles.

What complicates the debate is that Islam has no central doctrinal authority, no Vatican to issue an ultimate decree. And while Shariah is the product of human interpretation, it is also seen as divine law, which prompts many Muslims to argue against change.

Still, only a handful of apostasy executions are known to have occurred in Muslim-majority countries in recent decades.

An official of the United States Commission on International Religious Freedom, an advisory body created by Congress, said he knew of only four such cases: one in Sudan in 1985; two in Iran, in 1989 and 1998; and one in Saudi Arabia in 1992.

The notion that classical Islamic law calls for the execution of apostates is widely known but often ignored in predominantly Muslim countries. Most have not adopted official laws against apostasy.

IT'S like the issue of slavery," said Bernard Haykel, an Islamic studies professor at New York University. "Slavery exists in Islamic law and most Muslims have decided to ignore it. It's what I call collective amnesia."

Yet apostasy has a deep cultural resonance among Muslims, making a case like Mr. Rahman's an opportunity for religious conservatives with political agendas, Mr. Haykel said.

"Islamists will always use cases like this one to gain political mileage and credibility," he said. "They become the champions of Islamic law, of Islam. They can present themselves as authentic Muslims."

The case of Mr. Rahman, whose conversion was reported to the authorities by family members after he sought custody of his children from his parents, has been widely characterized as a test for Afghanistan's American-backed government.

Afghanistan's new Constitution, like Iraq's, makes room for both Shariah and secular law, but it is still unclear how successfully they will coexist. The Afghan Constitution states that "no law shall contravene the tenets and provisions of the holy religion of Islam," but it also declares that the state will observe the Universal Declaration of Human Rights.

"Iraq has more vigorous protections in its Constitution for human rights than Afghanistan, yet still it has a provision that no law should be contrary to Islam," said Tad Stahnke, policy director of the United States Commission on International Religious Freedom. "It hasn't been tested. But it will."

A recent report by the commission, which examined the constitutions of 44 predominantly Muslim countries, found that most included some protections for religious freedoms. Those protections were most common in countries where no role is provided for Shariah in the constitution.

The commission still lists Afghanistan as one of the world's 10 declared Islamic states. But even under the Taliban, which meted out harsh justice to women and others — including execution — there were no known apostasy executions, several experts said.

The Crescent And The Gavel (NYT)

By J Alexander Thier

The New York Times, March 26, 2006

Washington

DIVORCE proceedings bring out the worst in people. When Abdul Rahman tried to get custody of his daughters in Kabul, Afghanistan, his wife's family told the court that he was unfit to care for his children because he had converted from Islam to Christianity some 16 years ago. A zealous prosecutor, hearing of the case, charged Mr. Rahman with apostasy, a crime punishable by death under some interpretations of Islamic law. If Mr. Rahman does not repudiate Christianity, the judge in the case has said, he will get the death penalty.

Mr. Rahman's case is a discouraging illustration of the uneasy balance between the democratic norms Afghanistan's Constitution enshrines and the conservative Islamic values its judiciary upholds. On the one hand, the Afghan Constitution states

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that "followers of other religions are free to exercise their faith and perform their religious rites within the limits of the provisions of the law," and it requires the state to adhere to the Universal Declaration of Human Rights, which clearly protects freedom of conscience and the right to change one's religion.

On the other hand, the Constitution also says that no law can be "contrary to the beliefs and provisions of Islam," and it gives judges broad power to interpret and apply Islamic law. Several schools of Islam do indeed prescribe the ultimate punishment for those who abandon the faith. And so Mr. Rahman's case may well come down to the interpretive leanings of the court.

Moderate Islamic jurists in some countries have attempted to balance or reconcile these often-conflicting interests. In Egypt, for instance, the Islamic Research Center decreed that although apostasy may be a crime, the time period for redemption is limitless — in other words, it is up to the individual, not the state, to adhere to divine will. The former chief justice of Pakistan, which has explicit anti-blasphemy laws, has written that the death penalty for apostasy is not required by the Koran and conflicts with other Islamic values.

Afghanistan's post-Taliban judiciary, however, has shown a propensity to use Islam as a political weapon. The country's chief justice, Fazil Hadi Shinwari, is a hard-line conservative associated with the Islamist parties of Abdul Rasul Sayyaf and Burhanuddin Rabbani. He has used the court as a bully-pulpit, issuing fatwas on a variety of issues outside his jurisdiction.

For instance, under Justice Shinwari's leadership the Supreme Court has variously attempted to ban co-education; tried to eliminate a rival to President Hamid Karzai from the 2004 elections; and jailed newspaper editors, all in the name of Islam.

In other words, the court has overstepped its bounds and contributed to the radicalization of Afghan politics in the process. To further his aims, Justice Shinwari has packed the lower courts with judges who have Islamic educations but no foundation in Afghan law or experience in the judiciary.

President Karzai has a unique opportunity to change this. Under the Constitution, Mr. Karzai must appoint a new Supreme Court this month, and he sent his slate of nine justices to Parliament for approval last week. Although the current chief justice has retained his position, there are some very promising choices among the eight other justices. They include known moderates, like the former chairman of the Judicial Reform Commission, Bahauddin Baha, and the deputy minister of justice, Qasim Hashimzai, who led a major corruption investigation involving members of President Karzai's cabinet.

These appointments mark President Karzai's first opportunity to compose Afghanistan's Supreme Court under a fully constitutional government. They are of momentous importance to the country's stabilization and the consolidation of its nascent democracy.

By creating a competent, professional and moderate judiciary, President Karzai will help to establish the rule of law. If, however, the court remains in the thrall of ideology and factionalism, Afghanistan's experiment in democracy will be compromised.

But the new judges will be powerless to reform the system unless they are given the political support and resources to do so. International involvement in Afghanistan's justice sector since 2001 has been inadequate. Both the Afghan government and its donors need a strategic vision for the judiciary's future and the political focus to make it a reality.

The new judiciary will need support to review the qualifications of the lower court judges, facilities to train new judges and functioning courthouses in the provinces. It will need to be able to share information, laws and legal decisions among officials throughout the country and to pay judges a living wage.

We must do more than simply react loudly to the most extreme cases, like that of Mr. Rahman. Instead, we must partner with the Afghans and other democratic governments in the Islamic world as they struggle to promote modernity and the rule of law. This means working with judicial systems on less controversial, bread-and-butter issues like criminal law and property disputes.

We have seen throughout the world, and in our own history, that competent and independent judges will stand up for the rule of law even when their decisions indict the powerful and defend the unpopular. Mr. Rahman's case should remind us of how important it is to help Afghanistan develop such judges if we want its democracy to succeed.

Where Are All The Jobs? (CHIST)

By Cheryl L. Reed

Chicago Sun-Times, March 26, 2006

In two tours in Iraq as a Marine sergeant, Angelina Summerfield supervised up to 50 switchboard and radio operators whose job was to monitor U.S. spy planes and report sightings of roadside bombs.

Now back in civilian life and living in Blue Island, Summerfield, like thousands of other veterans returning home after serving in Iraq, is finding it tough to get a job despite her military experience.

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"I've filled out dozens of applications," said Summerfield, 28. "They say you need a college education to do these jobs. Yet I was a supervisor in the military."

More than half a million reservists and guardsmen have been called to active duty in Iraq. When they come home, will they have jobs?

She has been scanning the classifieds, interviewing for security jobs and hunting for work at a couple of malls, where she applied for security work and also to be a sales clerk or a cashier. "I'm not even good at retail," she said, "but I'd do it for a paycheck."

Summerfield said she has faced tough challenges before and come out fine: She boxed in the Marine Corps' women's league, winning seven of 10 bouts. But, after three months on unemployment, she said, "I'm finding it hard to adjust."

Three years into the war in Iraq, Americans who leave the military are coming home to face a problem most never expected: Veterans are having a hard time getting hired.

It's a national problem. But it's affecting some vets more than others. Hardest hit are the youngest vets -- whose unemployment rate is the highest since the early 1980s -- and those trying to find work in the Chicago area and the rest of Illinois, according to the U.S. Labor Department, which distributes $161 million a year to subsidize states' efforts to help veterans get jobs. Illinois state officials question the Labor Department figures. But, even by their reckoning, the state still ranks among the nation's worst at finding jobs for vets.

Nationwide, the unemployment rate for veterans between 20 and 24 years old was 16 percent last year -- compared with a 9 percent unemployment rate for non-vets in that same age range. Overall, the nation's unemployment rate last year was 5.1 percent.

"In a strong economy, these numbers don't fit," said Sen. Larry Craig (R-Idaho), who chairs the Senate's Veterans Affairs Committee.

Recruitment ads boast that those who enlist will learn job skills in the military.

"It's a very shrewd, sophisticated marketing strategy," said Robert Bruno, a professor at the Institute of Labor and Industrial Relations at the University of Illinois at Chicago. "It doesn't bear any real significance to the marketability of someone coming back into civilian life."

Skills learned in the military often don't translate to civilian jobs, vets and labor experts say -- unless the job seekers also have college degrees and work experience.

"The jobs that are offered veterans suck," said one state veterans employment representative, speaking only on the condition that his name not be used because his agency ordered workers not to talk with a reporter. "They are coming home to a society that wants to pay them $9 an hour, with no benefits. And they cannot afford to live on that. Employers are not taking into consideration their military experience."

Why it's so hard to find a job

Among reasons vets' unemployment is higher today:

*This war hasn't boosted the nation's economy like past wars have, creating civilian jobs. Heavy employment among war veterans in past generations had more to do with the economy than patriotism, Bruno said. When vets came home from World War II and Korea, they found a greater demand for labor generated by those wars, he said.

*Fewer corporate managers today have personal connections to the military and so are less likely to highly value the skills learned in the military, Bruno said.

*There's a stigma in the eyes of some employers about vets in an era when psychological problems such as post-traumatic stress disorder is far more commonly diagnosed. The Journal of the American Medical Association published a military study this month that found that 35 percent of those who have returned from service in Iraq have sought mental health services.

*More than ever, experts say, employers are looking for workers who have demonstrated skills that tie directly to the job. Vets might have skills, even leadership experience, but that isn't always enough to convince skittish employers.

"The military might have taught them skills such as dealing with war and weaponry," said Lane Knox, who heads Illinois' veterans employment representatives. "Of course, there are no demands for that once they are released from the military."

Illinois' job efforts faulted

In Illinois, which gets $6.5 million a year from the federal government to help veterans find work, 34 percent of unemployed vets who sought help from the Illinois Department of Employment Security found jobs last year, according to the U.S. Labor Department, which ranks Illinois as the worst state in the nation for getting jobs for vets.

"It makes me angry, and it's discouraging to thousands of veterans in Illinois who have served their country," Sen. Barack Obama (D-Ill.) said. "We can't afford what appears to be mismanagement of a program that is vital in making sure veterans can support themselves."

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Illinois employment officials dispute the Labor Department's rankings. They point to new data that show the state is doing better. Even so, the Illinois program would rate better than those in only seven other states for helping uninjured vets find work last year -- and better than those in just four other states at getting jobs for disabled vets.

Indiana ranked near the top for helping vets get jobs -- and No. 1 by a measure that looked at how long vets hold on to those jobs.

Defending state's record

Illinois' veterans employment representatives also maintain that younger vets here are more likely to choose to go to college rather than keep looking for permanent employment -- especially when they realize how limited their job prospects are without a college degree.

In the last five years, the number of veterans using GI Bill college benefits nationwide has risen 20 percent. But in Illinois, it has gone up more than 53 percent. A key reason: This is one of the few states to offer veterans four years of college benefits, in addition to what they get through the federal GI Bill.

In some cases, Illinois Department of Employment Security workers say, veterans register with the agency's Illinois Skills Match computerized job bank but have no intention of taking a job. Instead, they plan to live off their GI Bill money -- $1,034 a month -- while their state education benefits pay their college tuition. "A lot of our younger veterans went into the military so they could get benefits to go to school," Knox said. "They don't want to work. But if someone's taking statistics, all they see is this person is not working."

A bigger problem, according to the state agency, is poor tracking. Illinois doesn't require Social Security numbers when veterans register for jobs on the state's job bank -- which they say makes it more enticing for vets to sign up, for privacy reasons, but impossible for the state to track whether a vet finds work.

At Summerfield's home in Blue Island, her job-hunting troubles strike her father as history repeating itself. Marvin Summerfield says he found many doors closed when he returned from serving in Vietnam as a Marine in 1969.

"Nobody wanted to talk to you," said Marvin Summerfield, 58. "Employers would say, 'We'll get back to you.' Everyone was suspicious. They didn't know if you were psycho and going to grab a gun and shoot someone."

After six months of looking for work, he says he got hired as a salesman -- on commission -- at a Loop printing business. "I don't expect them to be more open to veterans now," he said. "Nobody's going to give a veteran the edge just because they served in a foreign country."

'All a smoke screen'

When Michael McCoy returned from Iraq to Chicago Heights in April 2004, he saw yellow ribbons and American flags everywhere. "I thought I would have an upper hand [compared] to everyone else in the world," he said. "I thought it would look good on my background. I was wrong."

McCoy's job in the Army was ordering parts for military vehicles. He hoped his Army job training would help him find similar work as a civilian, but potential employers told him he would need a college degree. Now he feels duped, saying of the Army's recruiting pitch, "It was all a smoke screen, this stuff about them training you for a job."

McCoy, 24, signed up for unemployment benefits and registered on Illinois Skills Match. Many of the jobs listed on the state job bank are for unskilled labor. Earlier this month, the database listed 27,857 job openings. Four percent were management positions. Vying for those jobs were 12,611 veterans and 97,148 civilians.

Fighting a stigma

It took McCoy five months to get a job -- which he found on his own -- as a UPS package handler, making $8.50 an hour, with no benefits, and just part-time. But that was OK with McCoy, who plans to use his military education benefits to get the credential other employers told him he needs -- a college education.

One problem McCoy realizes he faces is dealing with the psychological repercussions of his experience in Iraq. Recently, he was diagnosed with post-traumatic stress disorder -- a common condition among Iraq war vets, according to the military study's findings released earlier this month.

Employers "look at you the wrong way," said McCoy, who now sees a Department of Veterans Affairs therapist. "You've been to war, and they think you're a dangerous guy."

State veterans employment representatives -- many of whom are Vietnam War veterans -- call it the "crazy vet stigma" and counsel vets on how to avoid being stigmatized by it.

Reginald Whitley, an Illinois veterans employment representative, recently coached Summerfield on how to deal with an interview for a job doing undercover security. Summerfield wanted to play up her extensive experience with weapons. Whitley shook his head.

"You shouldn't mention the weapons," he told her. "It might make them a little nervous."

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A Pointed Symbol Brings Cross Words (LAT)

By John M. Glionna, Times Staff Writer

The Los Angeles Times, March 26, 2006

Around the nation, the icons erected as memorials to service members killed in Iraq inspire bitter exchanges, even violence.

ALBION, Calif. — Crosses in hand, the protesters gathered in the predawn gloom along the Mendocino coastline, two dozen rural Californians sickened by the mounting body count of war.

Under a cold November rain, they busily pounded 2,035 foot-tall redwood symbols into the soggy ground along both sides of Highway 1 — one for each U.S. serviceman and woman who had been killed in Iraq as of that date.

Said resident Beth Bosk: "The sea of crosses shows just how crowded the cemetery is getting."

The gesture provoked an immediate response — but not one the activists had anticipated. State highway crews soon arrived to tear down the crosses. Critics said that using a religious symbol in a protest was offensive at worst, insensitive at best. Defenders countered that the field of crosses was a fitting tribute to combatants fighting for their country.

Protesters are discovering that symbols, like certain words, can convey meanings never intended. Cross critics and defenders alike accuse each other of trying to hijack the icon's powerful emotional image for their own ends.

Nationwide, the memorials, which evoke the seemingly endless rows of crosses of World War II-era cemeteries in Europe, are inspiring bitter exchanges and even violence.

Last summer, a man in Crawford, Texas, attached a pipe and chain to his pickup truck and mowed down many of the 2,000 crosses erected outside President Bush's ranch. In December, vandals drove over 100 crosses that were part of a rural memorial in Stoutsville, Ohio. Vandals also removed several crosses erected last fall at the University of Georgia.

Organized by veterans and antiwar groups, cross memorials have sprung up along roadsides, in churchyards and on such public beaches as Santa Monica and Santa Barbara. Erected each weekend when visibility is highest and then dismantled, the displays often include small American flags, votive candles and the names and photos of dead soldiers.

Others, like the Albion memorial, are impromptu gestures by individuals — permanent dedications of crudely made crosses. More crosses often are added as the number of war dead rises.

Detractors say the crosses do a disservice to the dead.

"I object to these groups who say they're mourning for our soldiers — people they didn't even know," said Deb Meyer, a South Bend, Ind., mother whose stepson died in Iraq in 2003. "There's a difference between honoring the dead and counting bodies for your own political purposes."

Recently, Meyer tried to retrieve one of 2,000 white crosses that activists erected outside a military recruiting office, but arrived after they had been removed.

"Yes, I'm aware my stepson was killed; I live with it every day," she said. "For those people to use his death like that — it was a slap in the face. I wanted that cross back."

Sylvia Grider, an anthropologist at Texas A&M University, said the cross isn't the first symbol to cause division. During the Vietnam War, the circular peace symbol enraged many older Americans. Other symbols, like the Nazi swastika, are used to provoke a reaction.

"The point is that symbols draw attention and elicit an emotional response," she said. "For most people, whether they realize it or not, that's usually their intention of using [symbols]."

Michael Astley said he wasn't trying to provoke anyone when he created a 10,000-square-foot memorial last September in a field outside the town of Stoutsville in central Ohio.

The memorial featured 676 white wooden crosses arranged like standing ranks of soldiers. A sign read: "The Cost of War; Final Formation."

Tempers quickly flared, tiffs that often spilled into church when neighbors faced off after Sunday services. Soon, vandals drove over many of the crosses near Astley's rural market.

Astley salvaged the broken crosses and re-erected them.

"I had heard talk, folks saying, 'You know those crosses out on Highway 22? We ought to do something about them,' " said Astley, 52.

"You can see the crosses as a positive thing or the work of another damn peacenik trying to tear down the country. For those who vilified me, my message was misunderstood."

Neighbor Art Dossman understands just fine.

"It's not a memorial; it's an anti-Bush demonstration," said Doss, 75, a Korean War veteran. "He can keep those crosses up; it's his land. But his sign should read, 'The price of freedom.' "

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Much of the cross debate is being argued on religious grounds. Detractors, saying the icons exclude Jews and Muslims, have pushed for the Star of David and the crescent moon to be added to memorials.

In Albion, critics called the crosses a thinly veiled religious statement about Christian supremacy that suggested a modern crusade against Muslims. The cross, they argued via a local Internet chat room, carried too much religious and historical freight to convey an unambiguous meaning.

"The cross is not a universal symbol," said Marinela Miclea, a Bay Area software writer who spearheaded the Internet debate. "Not everyone who died in Iraq is a Christian. I know I would resent someone representing me with a cross."

Another writer didn't find fault with the crosses: "Two small sticks of wood nailed together and multiplied by 2000-plus is symbolically a simple and immediately powerful way to communicate the tragedy of lives lost. It's a brilliant, heart-wrenching display."

In Christianity, the cross is the faith's most powerful symbol, representing both sacrifice — Christ's crucifixion — and the promise of salvation.

But plain crosses also have been used for generations as nonsecular markers for the dead.

"People even mark the graves of pets with crosses," said Grider, the anthropologist. "That cross doesn't mean that Fluffy was a Christian; it just means Fluffy was a beloved pet now buried in a marked grave in the backyard. The cross furor seems an overreaction to a long-standing tradition."

Activist Cliff Kindy didn't take lightly his group's decision to uses crosses at a memorial in Fort Wayne, Ind., for the more than 50 servicemen and women from the state who had been killed in Iraq.

"We debated it for weeks," said the organizer for the Chicago-based antiwar group known as the Christian Peacemakers Team. "We struggled with questions about what the crosses represented. We didn't want to hurt people's feelings."

Kindy didn't even refer to the crosses as crosses. He called them "markers."

Still, when the memorial moved last fall to a nearby college, a professor complained that it should have included icons for Jews and Muslims.

"It didn't dawn on us to use any other symbol," Kindy said. "But after it was brought to our attention, that's what we did."

Antiwar activists in Waterville, Maine, never considered using crosses in a memorial erected last fall, choosing instead another traditional icon: a white flag.

Lisa Savage said her group obtained a city permit to display the 2,000 flags, along with signs protesting the war. They worked hard to find a proper symbol to express their sorrow over lives lost in Iraq and briefly considered small U.S. flags. But they wanted a simple, unique image.

"Black flags were rejected as too morbid and red as too bloody," she said. "White seemed a color associated with memorials and cemeteries."

Local veterans insisted that the white flags signified surrender. In a Veterans Day standoff, five men were arrested for criminal trespass as they ceremoniously began pulling up flags before officers moved in to stop them.

"I was fuming," said Wayne Elkins, a carpenter and Vietnam veteran who was one of those arrested. "Those people didn't understand the symbol they were using. They needed to do their homework because those flags offended veterans."

Savage says veterans stole their message: "If someone installs a memorial, why do other people get to define what it symbolizes? They can tell us they're offended. They can't tell us what we meant to portray."

In Albion, 180 miles north of San Francisco, activists said their intentions also were misinterpreted.

Soon after the 2,035 crosses were erected, Caltrans workers began removing them — not because of their political intent but because they were considered a safety hazard. Protesters called the action a desecration.

"Please don't do that," Bosk pleaded with the workers as she videotaped them. "Can't you stop one minute and think why those crosses are here? You're the same age as the men and women who are dying in this war. It's a shame."

The men continued throwing the crosses into a pile.

"I can't debate this," a supervisor said. "We've got to get these picked up.

"We're sorry," he added softly.

Activists later moved the crosses to a small, private, triangular field within sight of the town's main market and post office.

Passersby have added flowers and small U.S. flags. Nearby is a plaque whose message begins: "Here are the symbolic grave markers for the young Americans who volunteered to fight and ultimately lose their lives in a sovereign country, halfway around the world."

Most residents appear to support the memorial, organized by a local Vietnam veteran. The critics, they insist, are outsiders.

"These crosses can't be claimed by any religion," Bosk said. "They belong to every mother who gave birth to a son who has fallen in this war."

Despite the controversy, she added, the crosses will stay where they are for now.

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Rescued Hostage Rations His Thanks (WT/LST)

By Sean Rayment, London Sunday Telegraph

The Washington Times, March 26, 2006

LONDON -- Freed peace activist Norman Kember gave qualified thanks yesterday to the soldiers who rescued him and two colleagues after 119 days of captivity in Iraq.

"I do not believe that a lasting peace is achieved by armed force," Mr. Kember said, "but I pay tribute to their courage and thank those who played a part in my rescue."

The brief statement by the retired physics professor appeared to be an attempt to quell the furor surrounding his failure -- and that of others in the Christian Peacemaker Teams (CPT) organization -- to thank the soldiers who risked their lives in the three-month rescue effort.

Mr. Kember, 74, spoke upon being reunited with his wife, Pat, after flying into London's Heathrow Airport from Kuwait on a commercial flight.

Anger and disbelief had greeted his earlier failure to thank the hundreds of British and American personnel who worked to free him and the three other original captives, all members of the CPT.

When Mr. Kember and two of the others were freed Thursday, the CPT's co-chairman, Doug Pritchard, told reporters in Toronto that "the illegal occupation of Iraq by multinational forces" was the "root cause" of the kidnappings. He offered no words of thanks for multinational forces that participated in the rescue.

Gen. Mike Jackson, chief of the British general staff, had expressed dismay at Mr. Kember's apparent refusal to say "thank you," saying he was "saddened that there does not seem to have been a note of gratitude for the soldiers who risked their lives to save those lives."

The three freed hostages refused to take part in a critical debriefing session with intelligence officers.

"It is the ordinary people of Iraq that you should be talking to -- the people who have suffered so much over many years and still await the stable and just society that they deserve," Mr. Kember said yesterday.

"While in Baghdad we had opportunity to thank the British Embassy staff who worked so diligently for our release. I now thank the staff in Britain who also dedicated so much time to the same end."

The full gamut of Britain's intelligence services was involved in the hunt for the hostages, in an operation that cost millions of dollars. Agents from MI6, MI5, the Joint Communications Headquarters at Cheltenham and soldiers from the Special Air Service and the Special Reconnaissance Regiment all took part.

Cobra, the civil contingencies committee made up of senior Cabinet ministers and intelligence chiefs, was kept up to date on developments in the search for the Briton, American and two Canadians following their abduction in November by a group calling itself the Swords of Righteousness Brigade.

Jan Benvie, 51, an Edinburgh teacher who is due to go to Iraq with CPT this summer, said: "We make clear that if we are kidnapped we do not want there to be force or any form of violence used to release us."

Rescuing Mr. Kember and his colleagues became the main priority of Task Force Black, the coalition special forces unit that carries out counter-terrorist operations in Baghdad.

After the slayings of Kenneth Bigley and Margaret Hassan, two British nationals killed by kidnappers in Iraq, few within the British military expected Mr. Kember to be found alive.

Those fears grew when Tom Fox, a resident of Clear Brook, Va., and the fourth captive in Mr. Kember's group, was killed and his body dumped two weeks ago.

"Nobody expected Mr. Kember or the others to be found alive, especially after one was murdered," a senior officer said, "so it was a real champagne moment when he was found safely."

Freed British Hostage Returns Home (WP)

By Thomas Wagner

The Washington Post, March 26, 2006

LONDON -- Freed British hostage Norman Kember returned home Saturday after four months in captivity in Iraq and thanked the soldiers who saved him and two other peace activists.

Kember, 74, arrived on a commercial flight from Kuwait and was reunited with his wife, Pat, in a terminal in Heathrow Airport. He waved to the waiting TV cameras.

A joint U.S.-British military operation freed Kember and Canadians James Loney, 41, and Harmeet Singh Sooden, 32, on Thursday. They were rescued without violence from a house west of Baghdad.

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"I do not believe that a lasting peace is achieved by armed force, but I pay tribute to their courage and thank those who played a part in my rescue," Kember said in a statement he read to journalists while smiling and holding his wife's hand.

After their rescue, the three members of the Christian Peacemakers Teams group learned that a fellow hostage, 54-year-old American Tom Fox, had been killed by the hostage-takers weeks earlier.

Kember declined to answer questions about his ordeal and said the world's focus should be on the needs of the Iraqi people.

"There's a real sense in which you are interviewing the wrong person. It's the ordinary people of Iraq you should be talking to, the people who have suffered so much over many years and still await the stable and just society they deserve."

Some British media were critical of what they viewed as an apparent lack of a formal thank you from the peace activists for the efforts to rescue them. But Kember's supporters maintained that thanks was expressed quickly.

"We are thankful to all the people who gave of themselves sacrificially to free Jim, Norman, Harmeet and Tom over the last four months, and those supporters who prayed and wept for our brothers in captivity, for their loved ones and for us, their co-workers," Christian Peacemaker Teams said Thursday in a statement.

Kember was flown out of Baghdad Friday on a British military plane, saying: "I'm very much looking forward to getting home to British soil and to being reunited with my family."

The two Canadians left Iraq on Saturday on a flight to the United Arab Emirates.

The Rev. Bob Gardiner of the Harrow Baptist Church in London, where Kember and his wife worship, praised the soldiers for carrying out the rescue without any violence or loss of life.

"We were impressed by the sensitivity with which it (the British government) responded to our concerns about any possible use of force in any rescue attempt," Gardiner said.

Maj. Gen. Rick Lynch, a U.S. military spokesman in Baghdad, said the rescue was launched three hours after a detainee captured the night before told American forces where the hostages were.

The four activists were kidnapped Nov. 26, and Fox's body was found dumped in western Baghdad on March 9. He had been shot in the head and chest.

The release of the trio has raised hopes among U.S. officials and family members that American reporter Jill Carroll, a freelance writer for The Christian Science Monitor who was abducted Jan. 7, could eventually be freed.

Peggy Gish, a Christian Peacekeeping Team member in Baghdad, said Kember and the two Canadians did not appear to have been tortured or abused. Most of the time, the captives were not tied up, and the captors _ a little-known Iraqi radical group _ provided Kember with medication for high blood pressure and an aneurysm.

Gish said the captors tied up the hostages, then fled before the multinational forces arrived.

Keeping The Faith, Globally (LAT)

By Gregory Rodriguez

The Los Angeles Times, March 26, 2006

Evangelical Christians have no interest in the U.S. becoming isolationist.

AFTER THREE LONG years of war in Iraq, a growing number of Americans are deciding that the U.S. should turn its attention inward. An October poll found that since 2002 the percentage of Americans who think that the nation "should mind its own business internationally" has risen from 30% to 42%. Likewise, trade protectionism and nativism are on the rise. Is the United States destined to enter a period of isolationism? Probably not. That's because evangelical Christians, who make up somewhere between one-quarter and one-third of the U.S. population, won't let it happen.

Surprised? You may characterize evangelicals only by way of hot-button domestic issues — abortion, stem cell research, same-sex marriage. But it's at least as interesting to look at them in terms of global issues. Once upon a time, they were among the most isolationist of Americans, but no more. If that weren't true, we'd see much higher figures when it came to those who think the United States should merely be minding "its own business."

"Bible-believing" Christians have, in a way, always been internationalists. After all, "evangelism" means spreading the Gospel and missionary work around the world is central to their faith. But before the last quarter of the 20th century, most evangelical leaders eschewed real-world politics and foreign policy strategizing for more otherworldly concerns. In 1965, Jerry Falwell gave a now famous sermon, "Ministers and Marchers," in which he declared that evangelicals' duty was to "preach the Word" and not to "reform the externals."

But that was when conservative Christians felt that their culture was America's culture. It was the liberal shift during the cultural revolution of the late 1960s and early 1970s that pushed them into the public square, at the same time that they felt themselves becoming marginalized. Politicized, activist evangelism, as sociologist Christian Smith observed, "thrives on distinction, engagement, tension, conflict and threat."

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This sense of "minorityness" became an important element in pushing evangelical engagement with global human rights issues. One of their initial forays into foreign policy was driven by their concern for the persecution of fellow Christians overseas.

In 1998, U.S. evangelical activists scored a major foreign policy victory with the passage of the International Religious Freedom Act, one of the most comprehensive human rights laws on the books. It established an ambassador-at-large for international religious freedom and mandated that the State Department publish an annual report on the status of religious freedom around the world. The fruits of such activism were on display last week as the State Department spoke out against the impending execution of a Christian convert in Afghanistan.

In recent years, evangelicals such as Charles Colson have turned their attention to efforts to halt human trafficking. Last March, the National Evangelical Assn., which represents 30 million Americans from 56 denominations, published a call to civic responsibility, which emphasized evangelicals' global involvement in activities such as disaster relief, refugee resettlement, the fight against AIDS and poverty, and the need for greater international aid.

More recently, evangelical lobbying has pushed President Bush to pay attention to the genocide and famine in the Darfur region in Sudan. Last month, 80 prominent evangelical leaders launched a campaign to persuade their congregants that more should be done to combat global warming.

As U.S. evangelicalism has grown in scope and strength, its most fundamentalist branches have become less central to the movement. "It's not just Jerry Falwell in Virginia anymore," says Dennis Hoover, vice president for research and publications at the Institute for Global Engagement. "Now it's also Hawaiian-shirt-wearing Rick Warren in California and huge megachurches in middle America."

This broader profile coupled with a growing interest in foreign affairs has forged alliances that once would have been impossible to imagine. One example: Sen. Sam Brownback of Kansas, a leading evangelical figure, has teamed with California Sen. Barbara Boxer on women's rights in Afghanistan.

Evangelicals are among the Americans who believe most strongly in this nation's providential role in history. And because they make up one-quarter of the U.S. electorate, they see themselves positioned to help it along.

"Never before has God given American evangelicals such an awesome opportunity to shape public policy in ways that could contribute to the well-being of the entire world," wrote the board of the National Evangelical Assn. in its call to civic responsibility. "Disengagement is not an option."

DOJ:

Minnesota Lawmakers Fight For Grants To Battle Drugs (MINNST)

By Aaron Blake

Minneapolis Star Tribune, March 26, 2006

Members of Congress want to save a federal law-enforcement program, but critics say it funds corrupt policing.

WASHINGTON - When the White House launched a website that helps taxpayers understand federal programs, something called the Byrne Grants received a very low rating. The program, which pays for drug task forces and other local law enforcement programs, has no meaningful goals, is unfocused and should be axed altogether, the White House said.

Perfect fodder for a Congress in budget-cutting mode? Hardly, if you ask members of the Minnesota delegation.

The Edward Byrne Memorial Justice Assistance Grant Program, or Byrne Grants, has lots of enemies - from the American Civil Liberties Union to conservative groups - and for the second consecutive year it is slated for elimination in President Bush's budget. But a number of legislators, including several in Minnesota, feel passionately that it represents a lifeline in the war on drugs - specifically, methamphetamine - and will fight to save it yet again this year.

The battle is one of the first being fought in what's sure to be another tooth-pulling process within Congress over the growing federal budget. And it shows that sides aren't always drawn according to party politics.

This month the Senate fired the first salvo, approving Sen. Mark Dayton's legislation to restore funding for the Byrne Grants to $900 million. The Senate did the same thing last year, but Congress ended up approving just $416 million, and funding has declined each of the past four years.

Minnesota lawmakers are painting an ominous picture should that figure creep lower.

"Who will be there to protect our children from those making and pushing poisons like meth if the House approves the elimination of the Byrne Justice Assistance Grant program?" Rep. Mark Kennedy, R-Minn., asked the House Budget Committee.

Critics say the grants are ineffective and prone to corruption. For example, in Tulia, Texas, in 1999, dozens of residents were sentenced to decades in prison based on the uncorroborated testimony of one drug task force officer. Most of them were pardoned four years later by Gov. Rick Perry, and the officer was convicted of perjury.

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Last May, Rep. Sheila Jackson Lee, D-Texas, introduced a "No More Tulias" Act, which would require states either to install safeguards against task force corruption or to eliminate task forces altogether in order to receive any law enforcement money from the Justice Department.

The structure of the task forces is "hugely problematic," said Bill Piper, director of national affairs for the Drug Policy Alliance. Task forces are federally funded, state managed and locally staffed, and often they cover multiple jurisdictions. The number of scandals speaks for itself, he said.

"There's enough to suggest that it's not a question of a few bad apples in law enforcement; it's more of a system that's inherently corrupt," Piper said.

Minnesota lawmakers say that local problems are simply that and that Minnesota is an example of how effective state oversight can be.

"Don't paint the whole country with a problem that's occurred in Houston; try to fix your problem," said Rep. Jim Oberstar, D-Minn.

Critics also say the program isn't being held accountable by the federal, and often state, governments. The Government Accountability Office has issued reports in recent years that say the monitoring of Byrne Grants has lacked documentation.

David Muhlhausen, a senior policy analyst at the conservative Heritage Foundation, said lawmakers use Byrne Grants simply to appear tough on drugs and crime. Other conservative groups, including Americans for Tax Reform and the National Taxpayers Union, have urged that the Byrne Grants be eliminated.

"After that press release goes out, Congress really doesn't care too much what goes on with the funding," Muhlhausen said.

Dayton, D-Minn., said he judges the program based on the feedback he gets from Minnesota officers: "This is one of the important and one of the very few ways in which the federal government helps state and local governments with law enforcement."

Minnesota has 21 task forces, which will receive $2.6 million from the grants in 2006. In 2005, the state's drug task forces seized more than 180 pounds of methamphetamine and cocaine, made almost 6,000 arrests, seized 100 meth labs and made more than 500 educational presentations to 46,000 people. Almost half of their arrests involved meth.

This month the Dakota County Drug Task Force assisted in the arrests of 26 alleged gang members on federal narcotics and firearms trafficking charges in what federal officials call one of the largest drug busts in Minnesota history.

CORPORATE SCANDALS:

Quattrone's Victory May Not Echo (BLOOM)

By Ann Woolner, BLOOMBERG NEWS

Bloomberg News, March 26, 2006

Frank Quattrone has squeezed by again. Catlike in his ability to maneuver through tight spaces and survive steep falls, the former high-tech investment banker last week shook off a conviction it took prosecutors two trials and three years to nail.

The 2nd U.S. Circuit Court of Appeals set it aside because of a few wrong words in the judge's jury instructions, even while finding sufficient evidence to convict.

The appeals court gave Quattrone another boost, too, by removing U.S. District Judge Richard Owen from his case. If Quattrone is retried, he won't again face the same pro-prosecution judge who made the defense miserable through his first two trials.

For Quattrone, this surely is pretty thrilling stuff.

Prosecutors haven't said whether they will seek retrial, go for a plea deal, appeal or simply drop the whole thing. Any of those options would be better than the 18 months in prison assigned to him by Owen, and there's a decent chance Quattrone just might land in the clear.

But what does this decision mean to anyone else?

Coming after the reversal of Arthur Andersen LLP's conviction, does it represent a pendulum swing against corporate criminal prosecutions? Might it help Enron Corp.'s two former chief executives now on trial in Houston?

No and no.

The Quattrone decision is a limited one and, like the Andersen ruling, came in a case involving document destruction.

Kenneth Lay and Jeffrey Skilling, on the other hand, are accused of lying to the public about Enron's finances.

Quattrone's misstep came at a time when a federal grand jury and the Securities and Exchange Commission were looking into certain conduct at Credit Suisse First Boston, where he ran the high-tech group.

As 2000 was ending, Quattrone endorsed and sent to all employees in his group an e-mail drafted by an underling.

"With the recent tumble in stock prices, and many deals now trading below issue price, I understand the securities litigation bar is mounting an all-out assault on broken tech IPOs," banker Richard Char wrote.

Char quoted from the company's document retention and destruction policy and urged everyone to "catch up on file cleanup."

Quattrone had just learned about the grand jury investigation. Before forwarding the e-mail, he added to Char's message, "I strongly advise you to follow these procedures," noting that he had been "a key witness in a securities litigation case."

A New York federal jury decided that was obstruction and witness tampering, just as a federal jury in Houston convicted Andersen of obstructing justice for urging employees to shred documents wanted by the SEC.

The reversals have nothing to do with the sort of fraud alleged in the Enron trial.

Besides, two cases do not a trend make.

"For every high-profile reversal, there are probably 20 convictions," said William Mateja, who formerly helped oversee the Justice Department's Corporate Crime Task Force.

As of last summer, the task force counted 700 corporate fraud convictions over three years, including 100 CEOs and company presidents, according to the Justice Department.

"The numbers are staggering," said Mateja, now a defense lawyer at the Dallas firm of Fish and Richardson.

Even in the limited area of document destruction, there is little in the Quattrone case to help those who shred possibly incriminating papers when worried about regulators, prosecutors or plaintiffs' lawyers getting them.

Owen correctly charged the jury on what it takes to convict someone of obstructing justice and tampering with a witness. The problem is that the judge added words that undid all the others, the appeals court said.

After explaining criminal intent, after telling jurors they needed to find some nexus between Quattrone urging document destruction and his knowledge that those documents were wanted by investigators, Owen then "eviscerated" a crucial requirement he had already explained, the appeals court said.

He told jurors they could convict if they decided that Quattrone "directed the destruction of documents that were called for by a grand jury subpoena" regardless of whether he knew they were wanted by the jury.

The law says a defendant had to have known the documents to be destroyed could be wanted by authorities for it to constitute obstruction.

And even though the appellate judges found prosecutors had offered sufficient evidence for reasonable jurors to conclude Quattrone knew exactly what he was doing when he endorsed a file cleanup, the appellate judges said they couldn't be certain the jury would have convicted if Owen hadn't improperly made it so easy to do so.

CRIMINAL LAW:

Former DeLay Aide Enriched By Nonprofit (WP)

By R. Jeffrey Smith

The Washington Post, March 26, 2006

Bulk of Group's Funds Tied to Abramoff

A top adviser to former House Whip Tom DeLay received more than a third of all the money collected by the U.S. Family Network, a nonprofit organization the adviser created to promote a pro-family political agenda in Congress, according to the group's accounting records.

DeLay's former chief of staff, Edwin A. Buckham, who helped create the group while still in DeLay's employ, and his wife, Wendy, were the principal beneficiaries of the group's $3.02 million in revenue, collecting payments totaling $1,022,729 during a five-year period ending in 2001, public and private records show.

The group's revenue was drawn mostly from clients of Republican lobbyist Jack Abramoff, according to its records. From an FBI subpoena for the records, it can be inferred that the bureau is exploring whether there were links between the payments and favorable legislative treatment of Abramoff's clients by DeLay's office.

In recent months, Abramoff pleaded guilty to charges of tax fraud and conspiracy to defraud clients and bribe a public official; DeLay (R-Tex.) stepped down from his post as House majority leader; and Buckham folded his lobbying firm, the Alexander Strategy Group.

In the late 1990s, when DeLay's influence was growing, the lawmaker depicted the USFN in a promotional letter as a nationwide, grass-roots organization. In fact, it had a tiny staff that barely registered an impact on Capitol Hill. The group appears to have served mostly as a vehicle for funneling corporate funds to DeLay's advisers and financing ads that attacked Democrats.

The group's payments to the Buckhams -- in the form of a monthly retainer as well as commissions on donations by Abramoff's clients -- overlapped briefly with Edwin Buckham's service as chief of staff to DeLay and continued during his subsequent role as DeLay's chief political adviser.

During this latter period, Buckham and his wife, Wendy, acting through their consulting firm, made monthly payments averaging $3,200-$3,400 apiece to DeLay's wife, Christine, for three of the years in which he collected money from the USFN and some other clients.

Even though Buckham left DeLay's staff at the end of 1997, he still coordinated much of the congressional office's work and ran DeLay's principal fundraising committee from a building bought with USFN money, according to three former DeLay staff members who said they had firsthand knowledge of his role then.

"If an individual called DeLay's appointments secretary saying they wanted to talk to DeLay about overregulation, the appointment secretary would say go speak to Buckham," one former aide said. Buckham, an evangelical minister, also continued to serve as DeLay's spiritual adviser and prayed frequently with him, the former aides said.

DeLay's lawyer, Richard Cullen, disputed the accounts of Buckham's influence. He said Buckham made appointment requests but was not involved in final decisions on scheduling after he left the office. He also said Buckham did not coordinate the office's activities, saying that was done by successors.

Abramoff, for his part, once boasted that he had invested a million dollars in Buckham, according to a former Abramoff colleague who said he witnessed the conversation. Abramoff expressed confidence that the funds would bring a good return for his clients, the colleague said. Abramoff, through a spokesman, declined comment on this claim or other details of this article.

Wendy Buckham was not the only spouse of a DeLay staffer to benefit from the USFN revenue stream sustained by Abramoff's clients. A consulting firm owned by the wife of Tony C. Rudy, DeLay's deputy chief of staff, was paid $15,600 by the group in 1999 and another $10,400 in 2000. Rudy resigned to work with Abramoff in 2001. It could not be determined what the payments were for.

DeLay supported the interests of many USFN donors on Capitol Hill, including an Indian tribe seeking to keep a tax exemption for gambling revenue and wealthy Russians seeking a favorable vote on Russian aid legislation. DeLay's spokesman has said his opinions and votes were based solely on "good policy" and national interests.

Edwin and Wendy Buckham and their lawyer, Laura A. Miller, did not respond to multiple requests for comment on USFN spending or the money they received. The Rudys did not return calls to their home and Tony Rudy's cellphone.

The accounting records reviewed by The Washington Post included a list of every transaction by the USFN from 1996 to 2000 and the group's tax returns for 2001, the last year it existed. They demonstrate that the consulting fees, bonuses and fundraising commissions for the Buckhams -- plus the purchase of a townhouse that served as the locus of DeLay's own fundraising efforts -- consumed far more of the group's budget than its spending for lobbying on "moral fitness" issues.

A previous article in The Post detailed how USFN had drawn its largest checks from Abramoff's clients, including $1 million from what several former Buckham associates described as Russian oil and gas executives and hundreds of thousands of dollars from an Indian tribe.

Records obtained by federal investigators after that article appeared and reviewed by The Post make clear just how unusual USFN's spending was. Its revenue was lavished not only on DeLay's advisers but on a variety of expenses that experts say are atypical for such a small nonprofit: $62,375 for wall art, a vase listed at $20,100, airfare and meals for Abramoff that cost $11,548, and $267,202 in travel and entertainment expenses that appear to have benefited mostly Buckham, the group's board members, and its tiny staff.

"They were using donor funds for interior decorating," said Chris Geeslin, a pastor in Frederick, Md., who between 1998 and 2001 served as one of the group's directors and then its president. He blamed what he described as the group's misspending on Buckham, who he said "would tell us where you should put things. He orchestrated all this. . . . He used us."A Handpicked Board

When the USFN was incorporated at Buckham's instigation in 1996, it described its purpose as promoting policies favorable for "families, the economic prosperity, social improvement, moral fitness, and general well being of the United States."

From the outset, it was organized differently from other public advocacy groups located in the capital that hoped to influence the nation's leaders. For example, Buckham selected as its board members three evangelical Christians from the tiny town of Republic, Wash. (pop. 954), who associates say he had met at a religious retreat.

According to the minutes from its March 1997 board meeting, the group considered appointing "J. Abramoff" to the board, but never did. The group's first donation, a $15,000 check, came from the Mississippi Band of Choctaw Indians, one of Abramoff's highest-paying clients, and the next two donor checks came from other groups linked with Abramoff.

Formally, Buckham was a consultant to the board, but he said in an October 2003 deposition taken by Federal Election Commission lawyers and obtained by The Post that he had a verbal understanding allowing him to take whatever actions he

deemed "in the best interest of the USFN pertaining to issues that they cared about." This included authorizing payments to others.

But some routine procedures were not followed: USFN officials did not register as lobbyists until 2000, when the group became the target of a complaint at the FEC, and they sent in retroactive registrations for the three previous years.

The Buckhams closely controlled the group's finances. Wendy Buckham formally served as the group's treasurer and secretary for only five months in 1996 and 1997, but kept the books and signed its checks until it folded in 2001, according to its tax forms and former officers. Edwin Buckham said in the 2003 deposition it was he who suggested she take this role.

USFN nevertheless paid both an accounting firm and Wendy Buckham for accounting in 1997. She also collected $43,000 in "commissions" that year on the first $524,975 in contributions to the group from business entities that worked with Abramoff, according to its ledger. Congressional ethics rules do not bar such payments to spouses unless they are meant to purchase favors from lawmakers or staff.

The Alexander Strategy Group began collecting its monthly stipend of $10,000-$12,000 from USFN in October 1997 to perform fundraising and other services, even while Buckham was still receiving a salary from the whip's office, according to House payroll records. House rules allow such overlap only if the outside income is limited and not a reward for official acts.

Within four weeks after Buckham resigned from DeLay's staff in December 1997, the Alexander Strategy Group began also collecting commissions on donations to USFN from firms that worked with Abramoff. The largest were two $75,000 payments in 1998 and one for $104,500 in 1999. The total reached $364,500 before they stopped at the end of 1999. USFN's ledger also lists an unexplained "bonus" payment of $60,000 in December 1998.

The Internal Revenue Service generally requires that board members of nonprofits approve all payments to related entities. But several documents labeled as contracts with Buckham's firm in the group's papers are not signed, and Geeslin said in an interview that some of the minutes for board meetings in 1998 and 1999 were formally written after the FEC began its investigation.

Besides spending lavishly during its meetings at various resorts, the group also spent $149,000 in July 1998 to lease a skybox at MCI Center "at the request of one of the donors to USFN," the group's internal audit states. Geeslin said that person was actually Abramoff, who expressed his gratitude while sitting near him at a sporting event.

In the version of the group's official, typewritten ledgers, supplied to the FBI last month under subpoena, several of its most unusual expenditures are partially crossed out and relabeled in ink. The $20,100 purchase of a vase in October 1999 from a Royal Doulton dealer in Miami was relabeled "office equipment," and the $62,375 purchase in January 1999 of a collection of Salvador Dali and Peter Max prints was relabeled "office fixtures."

Asked about the handwritten changes, the group's former lawyer, J. Thomas Smith, said he did not recall seeing them and declined further comment.

Art Taylor, head of the Better Business Bureau's Wise Giving Alliance, a watchdog group, noted after reviewing the nonprofit group's tax returns for 1998 and 1999 that a tax inspector might wonder if "they have enough activity going on" of public benefit to justify their tax exemption. "If they were a charity," he said, "they don't meet our standards."Labor in the Marianas

One of the first policy issues to be discussed by the group's board, according to its March 1997 minutes, was a "free-market research project" in the Northern Marianas Islands, a U.S. protectorate in the Pacific Ocean.

At the time, Abramoff was under contract with the Marianas government to lobby against congressional legislation to impede the free flow of immigrant labor to the islands from China and elsewhere in Asia, and impose a minimum hourly wage exceeding the island's standard rate of $3.05.

To U.S. immigration officials and other critics, maintaining the Marianas' exemptions from these rules amounted to providing legal protection for sweatshops. But textile manufacturers, who dominated the islands' politics and profited heavily from paying immigrant workers less than required on the mainland, ardently opposed the legislation. The Marianas government paid Abramoff a total of $7.17 million in lobbying fees from 1996 to 2001, according to an audit there.

Abramoff focused on DeLay's office in his lobbying effort, billing the Marianas for 187 contacts in 1996 and 1997, including 104 conversations with Buckham and 16 direct meetings with DeLay, according to Abramoff's billing records. Buckham affirmed in a 1995 interview withNational Journal that Abramoff "is someone on our side. . . . He has access to DeLay."

So it was perhaps understandable that in the spring of 1997, USFN's board was eager to demonstrate that the economic policies that were good for the Marianas (pop. 53,552) could be good for America. To do so, it dispatched its first director, a former manager of DeLay's 1996 Texas reelection campaign named Robert G. Mills.

During the trip, Mills -- accompanied by Buckham, who was still on DeLay's staff -- met with Willie Tan, the islands' largest private employer. Tan's textile companies had settled a lawsuit filed five years earlier by the U.S. Labor Department charging workplace abuses, and he had long cultivated contacts in Washington to stop the immigration and wage legislation.

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In April 1997, for example, a longtime Tan aide and island politician named Benigno Fitial went to Washington, where he sang "Happy Birthday" to DeLay in the whip's office. He sent Buckham an e-mail after the trip expressing appreciation for his support and recalling Buckham's explanation that one of his roles was to "stop legislation from getting on the floor of the House." Fitial signed the e-mail, "YOUR 'ADOPTED' BROTHER BEN."

Three months earlier, Tan's network of companies had written five checks of $10,000 each to USFN, and Buckham's wife had claimed $10,000 in "commissions" on these checks, according to the group's ledger.

These were just the first of 23 payments by Tan's companies to the group, which eventually totaled $650,000.

Later in 1997, Wendy Buckham claimed another $10,000 in commissions on Tan's checks, and in 1998, the couple's jointly owned consulting firm took another $20,000 in commissions explicitly attributed to the Tan donations, according to the ledger. Many other "commissions" collected by the couple were not linked in the ledgers to a specific donor.

DeLay saw Tan when he took his wife and daughter to the Marianas in a December 1997 trip arranged with the help of Abramoff and his lobby firm. After brunching with Tan on his first full day, followed by a round of golf with Tan and others, DeLay attended a dinner in his honor sponsored by Tan's holding company at the local Pacific Islands Club.

It was at this dinner that DeLay gave the speech in which he called Abramoff "one of my closest and dearest friends," according to a copy. DeLay also reminded Tan and his colleagues of his earlier promise that no wage and immigration legislation would be passed.

"Stand firm," DeLay said in his closing. "Resist evil. Remember that all truth and blessings emanate from our Creator." He then departed with Tan to see a cockfight, according to a written account by one of the trip participants.

In response to a reporter's question, Tan said in an e-mail Friday that "we hired [a] reputable firm, and we never ask[ed] the firm to do anything wrong." He said he was unaware of the commissions collected personally by the Buckhams.

No Marianas immigration or wage reform legislation passed Congress. Aides to Rep. George Miller (D-Calif.), a key sponsor, say that Senate-passed legislation was never taken up by any House committee.Attack Ads

Before the U.S. Family Network folded in 2001 under pressure from an FEC probe, it became involved in other controversial political matters.

In 1998, the group lobbied Congress against new regulations on cigarettes and collected a $100,000 donation from the R.J. Reynolds Tobacco Co. It also spent $75,863 that year on radio ads that called for President Clinton's resignation and attacked Democrats, according to the group's ledger and transcripts of the ads.

The following year, the National Republican Congressional Committee gave the USFN a $500,000 check to finance additional radio ads in the districts of vulnerable Democrats. Buckham told the FEC he solicited the check, and others told FEC investigators it was paid over the objections of the NRCC's director and chief counsel.

Of the $500,000, USFN gave just $300,000 to another nonprofit group for the ads. In his deposition, Buckham explained that he retained a portion of the Republican Party's check as a commission. "If I raise money, I get a portion," Buckham said. "It is in my contract."

The NRCC in 2004 paid the eighth-highest fine in FEC history to settle allegations that some of its officials colluded with USFN on the ads in violation of campaign finance laws.

As the group started to wind down, it made five payments totaling nearly $200,000 to entities affiliated with its staff or board members or located at USFN's address, according to the ledger. It sold the townhouse at a $19,000 loss.

The board also agreed at its final meeting in January 2001 to pay $150,000 to the Dorothy Joan Morris Foundation.

The minutes state this was done at the request of "the gentleman who donated the largest amount of money to USFN" -- a term that Geeslin said is a euphemism for Buckham's fundraising.

Incorporation papers on file with the Maryland Secretary of State list the foundation's location as an insurance company office in a strip mall in Frederick.

The papers state that the foundation is in turn owned by another group, Foundation Ministries Inc., which has its legal address at the Frederick home of the Buckhams.

Dorothy Joan Morris is the name of the 79-year-old mother of a former Buckham assistant named Roger Albanese, who is described in USFN documents as collecting roughly $20,000 from the group for "program services related to prayer." She says she never authorized the use of her name for the foundation, was never told about the $150,000 donation and never saw any of the proceeds.

"What rights does he [Buckham] have to put that in my name?" asked Morris, who said she lives with her husband in a trailer home parked in Las Vegas. "It's fishy."

Research editor Lucy Shackelford, researchers Alice Crites and Madonna Lebling, research database editor Derek Willis, and staff writer James V. Grimaldi contributed to this report.

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From A Conservative, A Lack Of Compassion For Ralph Reed (WP)

By Thomas B. Edsall And Dan Balz

The Washington Post, March 26, 2006

Ralph Reed, candidate for Georgia lieutenant governor and former executive director of the Christian Coalition, has a standard line when opponents link him to disgraced lobbyist Jack Abramoff. "The Democrats, radical left, and dominant media have made numerous unfair personal attacks against Ralph," his Web site declares.

Lately, however, it's becoming harder for Reed to dismiss his critics as ideologically motivated. One of the toughest is Marvin Olasky, a close associate of President Bush who helped developed the administration's faith-based initiative and the concept of "compassionate conservatism."

Olasky, a journalism professor at the University of Texas, is editor in chief of World magazine, the mission of which "is to glorify God and enjoy Him forever." Since Nov. 19, World has run 10 articles and essays describing the $4 million in gambling money Abramoff paid to Reed to lobby against casinos competing with Abramoff's clients. The articles have highlighted incriminating e-mails and other disclosures that have raised doubts about Reed's explanations of his activities.

Reed, Olasky wrote March 4, "has damaged Christian political work by confirming for some the stereotype that evangelicals are easily manipulated and that evangelical leaders use moral issues to line their own pockets."

On Feb. 6, Reed wrote Olasky to say he was " very disappointed that WORLD would repeat false and politically-motivated attacks by liberal groups in Texas."

In language similar to his campaign stump responses, Reed said: "Had I known then what I know now, I would not have undertaken the work. On reflection, I should have declined the work and I regret any difficulty it has caused the pro-family community, for which I have accepted full responsibility. . . . What I do not appreciate and what I am confident your readers will reject is an unfair attempt by the media to engage in guilt by association."

Some polling data have been published in Georgia indicating that the Abramoff scandal has hurt Reed's first bid for elective office. Most recently, the Atlanta Journal-Constitution cited a survey suggesting that if Reed wins the Republican nomination, his presence could weaken support for the reelection of Gov. Sonny Perdue (R).

When 500 Republicans were asked whether the presence of Reed on a ticket with Perdue would increase or decrease their likelihood of voting for the Republican governor, 18 percent said it would improve the chances, while 26 percent said it would diminish the prospect of voting for Perdue, a net eight-point negative, the newspaper reported.MoveOn to Stoke House Races

One of the biggest obstacles facing Democrats in their quest to capture control of the House in November is the relatively limited number of competitive seats. MoveOn.org, the liberal grass-roots activist organization, hopes to help make the playing field bigger.

Beginning in April, MoveOn will begin bombarding five congressional districts with advertising campaigns aimed at turning second-tier targets into competitive contests, all with the goal of generating the kind of anti-incumbent sentiment that will topple the Republican majority.

"If we can put enough districts in play that [analysts] say the House is up for grabs, that will open the floodgate in terms of energy from our members and in terms of money from donors who otherwise might be reticent to give to many different races," said Eli Pariser, executive director of MoveOn's political action committee. "The earlier that we can flip that switch where someone says that, the better off we believe we are in terms of the amount of energy that people are going to put into the election."

Pariser won't say which five districts will draw the initial advertising, only that the commercials will attempt to connect a local House member's votes to sentiment that lobbyists and corporate interests have too much sway with the current Congress. Nor will Pariser say whether MoveOn will seek to go into additional districts if the first ads prove successful.

MoveOn's PAC has become one of the largest collectors of so-called hard-dollar contributions in the country. In the 2004 cycle, the group raised about $30 million, putting it behind Emily's List but ahead of any number of other well-known interest groups on the left and right. Last year, the organization raised $10 million, and this year has set a goal of $15 million to $20 million. Some of that will be used for ads, some for voter mobilization, some for direct contributions.

The ads will run at what Pariser called "near saturation" level, with interruptions, for a period of about three months. "Realistically, we're not going to single-handedly create a change election," Pariser said. "I think we can play a role in tipping a number of close races and helping to make sure that as we move closer to the election that the right issues are on voters' minds."

Bombing Victim's Father Goes On Trial In Birmingham (AJC)

DOJ_NMG_0021833

By DREW JUBERA, The Atlanta Journal-Constitution

The Atlanta Journal-Constitution, March 26, 2006

Dad of girl killed in curch blast faces bribery charges

Birmingham — It's this city's most sacred acre. About 100,000 visitors file each year through the Sixteenth Street Baptist Church, most pausing in the basement at what's now an outdated kitchen, but which nearly 43 years ago was the ladies room where four black schoolgirls died in a bomb blast while straightening their dresses for a Sunday youth service.

Plotted by four Klansmen, the 1963 murders caused even whites to realize that things were out of hand in a city whose dynamite-happy segregationists earned it the nickname "Bombingham."

The murders became modern Birmingham's defining moment, and perhaps no one is linked more closely with the city's recovery than Chris McNair, father of 11-year-old Denise, youngest of the four girls killed.

McNair emerged from his daughter's racist killing as a bridge between blacks and whites. He and his wife, Maxine, waited 39 years for the final conviction in their daughter's murder, in 2002, and McNair became one of the first African-Americans since Reconstruction elected to the state Legislature, as well as a long-serving county commissioner.

The Birmingham News lauded him as the city's "steady father figure." A fellow county commissioner compared him to Job.

But in a turn almost as shocking to many here as the bombings, McNair, now 80, is scheduled to stand trial in federal court next month on bribery charges, with almost any jail time effectively seen as a life sentence.

He is accused of taking nearly $1 million in work, goods and cash from contractors hired for part of the county's $3 billion sewer rebuild. His defense lawyer is Doug Jones, who prosecuted two of the church bombers for the U.S. attorney's office.

McNair has pleaded not guilty and calls the charges against him "a grave injustice."

The town, both black and white, has been stunned into a kind of silent, if simmering, disbelief. Many, regardless of whether they think McNair is guilty, say he and his wife have suffered enough, victims of both murderous racism and a system that long did what it could to deny them justice.

"This would be one of the last things we would want to happen to a person like Chris and his family," said the Rev. Abraham Woods, president of the local chapter of the Southern Christian Leadership Conference. "It's hit us like a ton of bricks."

"It's like somebody dropping a bomb on them again," added Barbara Cross, who as the oldest daughter of the Rev. John Cross, then pastor of Sixteenth Street Baptist, was in the church basement when Denise — along with Addie Mae Collins, Carole Robertson and Cynthia Wesley, all 14 — was killed. "I just hope it's not true."

Even white conservatives, who often chafe at the city's frequent civil rights commemorations, have been largely mum on the topic.

"It's almost taboo," Russ Fine, co-host of a popular talk-radio show, said of the lack of discussion of McNair's indictments. "I think whites and blacks alike feel the same way: 'Please, let's just get by this.' This makes us all uncomfortable."

Fine added: "I feel bad for what happened to him and his family and the grief they've had to deal with all their lives. But that doesn't justify this, if he's complicit in what he's charged with."

Much of the black community has yet to react to the trial's possible consequences. Woods, who called the indictments "suspicious," said the SCLC and other civil rights organizations might rally at the trial "depending on what transpires."

Donna Edwards Todd, 54, a volunteer tour guide at 16th Street Baptist, added that most blacks here view the indictments as "more farcical than anything."

"If people felt it was serious, they'd be marching in the street," she said. "But I don't think anybody thinks he'll end up found guilty or put in jail. I mean, come on. Chris McNair? In jail?"

From grief to action

McNair's role as racial reconciler began shortly after the church bombing. He wasn't an activist before that — 41 racially motivated bombings between 1947 and 1963 prompted many local blacks to keep a low profile.

But McNair, a Tuskegee Institute graduate who has long owned a photography studio, took pictures of prominent movement figures and events for black publications such as Jet, including Gov. George Wallace standing in front of the "schoolhouse door" on June 11, 1963, to preserve segregation at the University of Alabama.

Then, at 10:22 a.m. on Sept. 15, 1963, a bomb made of bundled dynamite exploded beneath a stone staircase on the Baptist church's east side. Neither McNair, nor the country, would ever be the same.

"It was the worst noise. I thought Russia had attacked," recalled Cross, whose last-minute Sunday school assignment kept her from being in the restroom with her four friends.

McNair was at another church when he heard about the bombing. A block away, he ran into his wife's cousin, who told him Denise was missing. He found her dead in a hospital room with the three other girls.

"It's still a shocker to me today," McNair said. "I didn't cry for months after. I was angry. But I had a sense of balance. People were asking me, 'Why don't you leave?' I said, 'Where else can I go and not still be black in the United States?'

"My intent was to try to make this a better section of the world. Being angry doesn't ever totally escape you. But you have to be broad and smart enough not to let anger control your emotions."

"I might not have done what some people hoped I'd do," he added of more militant activists. "But I did the good Lord's will."

Several years later, McNair supported local officials in their bid to gain Birmingham "All American City" status, which they hoped would help erase the bombing's blot. In 1973, he was elected to the state House, winning white votes largely out of sympathy for what he'd been through and appreciation for how he'd reacted, political observers say. Yet he never mentioned his daughter's death then, or in later campaigns.

During the Alabama Legislature's turbulent, post-segregation years, McNair remained a calming presence. Alvin Holmes, a black Democrat from Montgomery elected a year later, took more provocative stands, which he said prompted white legislators to negotiate with middle-of-the-roaders like McNair.

"He was not as aggressive as I was, but he wasn't no Uncle Tom," Holmes said. "He and I conflicted sometimes. He thought I was too militant and I thought he was too mild."

Meanwhile, McNair and his wife began a new family: two daughters were born within five years of Denise's killing. The McNairs worked hard to keep the two girls from being overshadowed by their dead sister, whose mythology grew each year the killers remained free. (A Justice Department report later concluded that former FBI Director J. Edgar Hoover had blocked their prosecution in 1965). The story was resurrected in 1977 when Robert "Dynamite Bob" Chambliss was convicted of the murders in state court and sentenced to life in prison. He died there in 1985.

"My parents didn't want to 'wash our face in it,' that was what my dad always said," recalled Kimberly McNair, 37, who works in her father's studio. "People had their perception of how they thought we should live our lives. My mother felt the pressure that everyone's always watching, seeing how we're reacting."

Unexpected resignation

McNair ran for the U.S. House in 1978 against now-Republican U.S. Sen. Richard Shelby, then a Democrat, and lost. He then ran against Shelby for U.S. Senate in 1992. He lost again, but carried Jefferson County, the state's most populous, where he'd been a commissioner since 1987.

His reputation was as a moderate, often stubborn, sometimes maverick politician who kept an eye on government spending.

Then McNair resigned unexpectedly in 2001, 19 months into his term. He says he was "just tired out."

Rumors circulated about money falling like rain around the county. A multibillion-dollar sewer project was prompted by a 1994 suit by the U.S. Justice Department that alleged the county's crumbling system put it in violation of the Clean Water Act.

In the year after McNair's resignation, the world media again descended on Birmingham for the bombing trials of Thomas Blanton and Bobby Frank Cherry. Prosecuted by Jones, who met McNair as a college student in the early '70s, both men were convicted of murder and got life sentences.

McNair continued to run his studio, located on a rundown business strip south of downtown. It now included a gallery room devoted to Denise's memory.

Among the room's items: the black Buster Brown patent leather shoes Denise wore the day she died, her children's prayer book, and a flat stone pulled from her skull. A tissue box rests atop a display case of her toys — jump rope, cowgirl hat, roller skates. Student groups from as far away as California and New York tour the room and talk with McNair.

"It's always with me," he said. "My daughter would be 54. You see kids who were her classmates, they're grandparents now. And you wonder, 'What would my daughter be doing now?' "

'No special treatment'

Prosecutors view McNair as merely one of 16 defendants in a massive corruption case.

"I'm aware he was a county commissioner, and that we allege he took bribes," said Alice Martin, U.S. attorney for the Northern District of Alabama. "He'll receive no special treatment. Like every other person under federal indictment, he's innocent until proven guilty, and we look forward to presenting our case."

In the 80-page indictment against a parade of individuals and corporations, McNair is accused of taking about $955,000 from those who won bids on the county's $3 billion sewer system upgrade, which began in 1997.

This includes $225,000 for work done at McNair's studio as part of the building's elaborate expansion, including the memorial room.

Prosecutors also contend McNair accepted work worth $320,000 by contractors to build a lake house in Arkansas, where he grew up; $410,000 in cash; and tickets for Alaska cruise vacations.

"Mr. McNair not only pleads not guilty," Jones said, "but we don't believe a jury will see any kind of corrupt attempt whatsoever on his part in this case."

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The trial begins April 3 and some here wonder how a local jury will react to the sight of McNair at the defense table. He and his wife, the last surviving parents of the four murdered girls, have sat through three highly publicized trials for their daughter's killers. For two of those trials, Jones has been their high-profile advocate.

Then just last month, the 16th Street Baptist Church, a staging area for movement meetings before the bombing, was declared a national historic landmark. Attending the ceremony: U.S. Attorney General Alberto Gonzalez and Interior Secretary Gale Norton, who leaves office at the end of this month. And McNair.

"It's impossible to separate Chris from the bombing incident," said Jesse Lewis, who founded the black Birmingham Times in 1964, and now runs a local marketing firm. "It has to have an effect on how people feel. Everybody's in sympathy with what happened to him."

Natalie Davis, a political analyst and pollster who did work for McNair during his campaigns and is a professor at Birmingham-Southern College, went further.

"Chris McNair is a hero in this community, to whites and blacks," said Davis, who is white. "Jurors are going to have a very hard time with this case. If I was on the jury, and if the evidence was compelling on the part of the prosecution, I don't care what it was, I'd find Chris McNair not guilty.

"I know that's wrong," she added. "But anybody whose child was bombed in Birmingham and who has rendered decent service to this community — I just couldn't go there."

Can Judge Avert A Mistrial? (CHIT)

By Michael Higgins And Matt O'connor, Tribune Staff Reporters. Tribune Staff Reporters Rudolph Bush, Jeff Coen And Ray Gibson Contributed To This Report

Chicago Tribune, March 26, 2006

Questionable pasts put case on thin ice

The discovery that two jurors appear to have hidden arrests or convictions has pushed the corruption trial of former Gov. George Ryan into treacherous seas, forcing a federal judge to steer carefully to avoid a mistrial, veteran trial lawyers said.

U.S. District Judge Rebecca Pallmeyer has options, but none of them is without risks.

"Any misstep by the trial court can lead to a reversal," said Ronald Safer, a defense attorney and former federal prosecutor. "It's an extremely delicate process.... If you leave a juror on, you can be reversed. If you take a juror off, you can be reversed."

After a 5 1/2-month trial and eight days of jury deliberations, the Tribune uncovered public records last week that appear to indicate that two jurors gave false answers on their jury questionnaires.

The Tribune revealed on its Web site Thursday that a male juror had the same name and other identifying characteristics as a man with a felony DUI conviction. Shortly after learning of the Tribune's information, Pallmeyer sent the jury home early and said she had launched an investigation into one juror.

On Friday, the Tribune revealed on its Web site that a second juror, a woman, could be linked through public records to an alias. The woman with that alias faced drug and other charges. She was not convicted, records show.

The jurors both said on pretrial questionnaires that they had never been charged with a crime.

In other cases in recent years, false statements during jury screening have led to juror dismissals or mistrials, or they have formed the basis for appeals.

Assessing what happens next is difficult, because Pallmeyer has gagged the lawyers from talking to reporters and has held all discussions about the jurors behind closed doors.

But lawyers suggest that Pallmeyer might remove the two jurors and call in alternate jurors to replace them.

Or, if she decides to remove just one juror, she might order the deliberations to continue with only 11 jurors.

It's not a situation that any judge envies, said Gregory Mize, a retired judge in the Superior Court of the District of Columbia who studies juries.

A judge's nightmare

"When a court and lawyers work so hard to prepare a case, to have something like this come up at the tail end is a nightmare," Mize said.

The case also raises the issue of whether the court or prosecutors should run background checks on prospective jurors early in the selection process to ensure they've filled out juror questionnaires honestly.

Federal prosecutors appear to run background checks rarely, if ever.

Many states' prosecutors avoid them as well. Faced with limited resources, they rely on jurors' honesty and the common belief that people are far more likely to lie to get off a jury than to get on.

Yet at least some prosecutors in state courts, including Cook County State's Atty. Richard Devine's office, say they routinely check prospective jurors for criminal records.

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High-priced defense attorneys typically hire jury consultants, though the attorneys in this case have never publicly discussed their strategy, including whether they have hired consultants. Jury consultants are mixed on whether they do criminal background checks--some say they do, others say they don't.

But the defense lawyers would have been obligated, as officers of the court, to reveal to prosecutors and Pallmeyer if they had discovered that a juror had been untruthful on a questionnaire.

Ryan, 72, and his co-defendant, lobbyist Lawrence Warner, 67, are on trial on charges that the former governor steered millions of dollars in state contracts and leases to Warner and other friends in return for vacations, gifts and other benefits.

Pallmeyer might remove the two jurors, call two alternate jurors back to the courthouse and restart jury deliberations from the beginning. But she must confirm that the alternates have obeyed her orders not to discuss the case and to avoid media coverage.

"What's the likelihood of that?" Safer said. "You know that they're exposed to press coverage. You know that they talked to friends. You know that they've formed opinions outside the jury room. All that is poison to deliberations."

Rick Halprin, a veteran criminal-defense lawyer, saw the situation as less dire. He said the alternates likely would be cleared to serve if they simply said they could put aside those issues and be fair to Ryan.

As a result of the trial's length and expense, Halprin said, he expects the judge "to move heaven and earth to keep it going."

"She has all the resources of all the judges there," he said. "They'll figure out the answers. There's a lot of latitude here for the judge as long as they're still deliberating."

If Pallmeyer decides that only one juror must be removed, she could order deliberations to continue with 11 jurors. To reduce the jury to 10, however, she would need the consent of the defense, which would be highly unlikely, several lawyers said.

Prosecutors also would have to agree.

Even if Pallmeyer dismisses one or both jurors, she still must address whether the jury selection process had been tainted by any bias held by either juror, several lawyers said.

The man with the same name as one of the jurors had his driving privileges suspended or revoked on numerous occasions when Ryan was secretary of state.

Adding to the complexities would be that one or two alternates could be joining a jury in conflict, apparently divided in cliques. Last week, jurors sent out two notes about difficulties in deliberation. Pallmeyer responded with a note warning jurors to treat one another "with dignity and respect."

Some jurors hide past

Some studies have suggested potential jurors often hide important information, especially in response to what are often intrusive questions.

In 1998, Mize studied the issue at his own courthouse in Washington, D.C. The court's standard practice was to question potential jurors in open court, asking them, for example, to raise their hands if they had been convicted of a felony or knew someone in the case.

Instead, Mize decided that he and the lawyers in each case also would question each juror briefly in a small room, asking the jurors, in a more private setting, if they had anything else to add.

The results were "absolutely jaw-dropping," Mize said. "One woman said to me, `I'm sorry, Judge. I should have said this. The defendant is my fiance.'"

In theory, prosecutors should be able to determine if any potential juror has concealed a criminal record.

Devine's office has checked the backgrounds of prospective jurors at the Criminal Courts Building and other courthouses as a matter of routine for decades, First Assistant State's Atty. Robert Milan said.

The checks take place after jurors are notified about their jury duty but before they appear, Milan said. Prosecutors have a brief report on hand to use in questioning each juror at the start of a trial.

Milan said the checks are made at each courthouse in the Cook County system, for both felonies and misdemeanors.

"For both prosecutors and defense attorneys to have it is important," Milan said. "We see it as integral when this person is being asked to decide on a criminal case."

A matter of trust

In the federal court system, however, many prosecutors said such checks are simply not done.

"I've never heard of it happening," said Thom Mrozek, spokesman for the U.S. Atty. Debra Wong Yang in Los Angeles. "I think it's just a matter of [believing] in the system and the truthfulness" of potential jurors.

The U.S. attorney's office in Seattle also does not check, a spokeswoman said.

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"Courts doing any kind of confirmation is very unusual, because they just don't have the staffing," said Paula Hannaford-Agor, director of the Center for Jury Studies at the National Center for State Courts. "You're really dependent on the candid responses of the jurors."

It is also very rare to charge a lying juror with perjury, experts said. But some also noted that the Ryan trial is far from typical.

"It's a high profile case; I think they would be more inclined to set an example," said Jean Rosenbluth, a law professor at University of Southern California and a former federal prosecutor.

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Ryan Mistrial Unlikely, Say Legal Experts (CHIST)

By RUMMANA HUSSAIN AND ART GOLAB, Staff Reporters

Chicago Sun-Times, March 26, 2006

Despite the revelation that two jurors in George Ryan's public corruption trial may have hidden their criminal records from the judge, legal experts said Saturday the possibility of a mistrial is highly unlikely.

"It would surprise me from the outside looking in if she declared a mistrial," University of Illinois at Urbana-Champaign law Professor Andrew Leipold said of U.S. District Judge Rebecca Pallmeyer's options.

Last week Pallmeyer was investigating a suburban male juror who may have hidden his felony DUI conviction from her, when it was revealed a female juror from Chicago appeared to have six arrests under a different name. Pallmeyer's probe into the suburban juror came after questions were raised by the Chicago Tribune.

The Chicago juror was never convicted, but public records indicate that between 1984 and 1994, she was charged with crimes including misdemeanor child neglect, assault and weapons possession, as well as felony drug possession. The records also appear to show she served about two months in jail after a 1994 drug arrest before being found not guilty.

Both jurors wrote on their pre-trial juror questionnaires that they had never been accused of a crime.

However, the female juror was apparently called to serve under her married name, while the charges were filed under her original name. Both names are linked by birth date and Social Security numbers in public records.

'Appearance of justice'

Not only do experts doubt a mistrial will be declared, some question if Pallmeyer will even replace the two jurors with alternates. If she does, the jury would be asked to begin its deliberations over again. Pallmeyer could opt to bounce the jurors and deliberate with 10, but she would need approval from both the feds and the defense, and that's unlikely, lawyers specializing in the jury system said.

"The appearance of justice is very important," DePaul University law Professor Stephen Landsman said. "When you have jurors who lie about their criminal past, you can't know how it will cut or whether it cuts at all, but there's always a nagging suspicion, and no one will be comfortable with it."

Ammunition for defense

University of Chicago law Professor Albert Alschuler said there's a high probability more jurors lie about their criminal backgrounds than people think. "If I were the judge, I would just continue with the 12 jurors she's got. I think it'd be a bad mistake to substitute the jurors at this time," Alschuler said.

Chicago-Kent College law Professor Richard Kling found it "absolutely astonishing" that neither the U.S. attorney's office nor the defense team did additional background checks on the jurors. "Even in state courts, they do it inevitably," he said.

Most of the experts said it's hard to gauge what Pallmeyer will do.

But some said the legal fiasco could eventually be ammunition for the defense. "No matter what happens, all of this will be used as a base for an appeal if there is conviction," said John Marshall Law School acting Dean John Corkery.

Retired F.B.I. Agent Is Accused Of Helping In Mafia Murders (NYT)

By Anthony Ramirez

The New York Times, March 26, 2006

A grand jury in Brooklyn has accused a retired F.B.I. agent of helping a Mafia killer and bureau informant murder or help murder at least three people, a law enforcement official with knowledge of the indictment confirmed yesterday.

The murder indictment in Supreme Court names R. Lindley DeVecchio, a career investigator and onetime head of the bureau's Colombo and Bonanno families squads. He led a government surveillance team during a bloody mob civil war in the 1980's. That war left at least 10 men dead and 14 wounded.

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Mr. DeVecchio, 65, reached yesterday by telephone at his home in Sarasota, Fla., denied any wrongdoing and referred all further questions to his lawyer, Douglas Grover, who said the district attorney's case against his client was "complete nonsense."

"I'm going to bang the table" in court on Monday "and get a copy of the indictment," he said. Mr. Grover, a former federal prosecutor with the Organized Crime Task Force, added: "It's common for an indictment to be filed and sealed and kept secret until prosecutors make a decision as to how they want to deal with the arraignment. But it's uncommon to leak it to the press."

Starting in 1982, Mr. DeVecchio began grooming Gregory Scarpa Sr., a captain and an assassin for the Colombo crime family, as a mole for the F.B.I.

According to the still-sealed indictment, the law enforcement official said, Mr. DeVecchio, while an F.B.I. agent, provided information to Mr. Scarpa, who in 1984 killed Mary Bari, who had dated a mobster and become a bureau informant.

The indictment also charges that Mr. DeVecchio provided information that helped Mr. Scarpa assist in the 1987 killing of Joseph DeDomenico, a mobster also known as Joe Brewster, as well as in the 1992 death of Larry Lampesi, a mob associate.

Mr. DeVecchio had also been investigated in the death of a fourth person, Nicholas Grancio, a Colombo family captain. It is not clear if that case is addressed in the indictment.

In 1992, a hit team organized by Mr. Scarpa pulled alongside Mr. Grancio's car and killed him with a shotgun blast. Investigators wondered whether Mr. DeVecchio had withdrawn F.B.I. agents from the scene, making the murder possible.

In 1993, Mr. Scarpa pleaded guilty to murder and racketeering charges. He died of AIDS a year later in a prison hospital at age 66 after contracting the virus that causes it from a blood transfusion.

The indictment of Mr. DeVecchio was reported yesterday in The New York Daily News and The New York Post. Details of his possible indictment were also reported this month by Jerry Capeci, a longtime reporter on organized crime, on his Web site, GangLandNews.com.

Mr. DeVecchio's lawyer, Mr. Grover, said that Mr. Scarpa was interviewed in prison by the F.B.I. and was asked specifically whether Mr. DeVecchio was his source. "Scarpa said no," Mr. Grover said.

Mr. Grover described Mr. DeVecchio as a friend who had become a client and who had testified or worked in many organized-crime cases while Mr. Grover was a federal prosecutor.

Contrary to some press depictions of his client as a hermit, Mr. Grover said, "Lynn is not a recluse. He lives in a house in Florida. He has a significant other. He is retired from the F.B.I. but still works for a living, and he travels to New York on occasion. And I have seen him socially."

Ex-FBI Handler Charged With Aiding Rubouts (NYDN)

By NANCIE L. KATZ, DAILY NEWS STAFF WRITER

New York Daily News, March 26, 2006

A retired FBI agent has been charged with helping a mob informant carry out at least three bloody hits, the Daily News has learned.

The blockbuster indictment delivered by a secret Brooklyn grand jury caps an exhaustive six-month probe into allegations that Lindley DeVecchio, a federal agent for 33 years, helped his longtime Colombo crime family informer, Gregory Scarpa Sr., wipe out at least three enemies, a well-informed source said.

Prosecutors do not believe DeVecchio was directly involved in the slayings - including that of Mary Bari, a beautiful brunette - but they presented evidence the agent gave Scarpa information that led him to kill, sources said.

DeVecchio is expected to be arraigned on at least three counts of second-degree murder in Brooklyn Supreme Court next week. He could face up to 25 years to life in prison on each count if convicted.

DeVecchio declined to return a phone call to his Florida home and his attorney Mark Federo said he was unaware of any indictment.

"The allegations that he is involved in the murder of Mary Bari or gangsters or anyone of that sort is absolutely ridiculous," Federo said. "We will vigorously defend against those allegations and will do so in court."

DeVecchio, an FBI supervisor for 11 years, has long weathered accusations of an improper relationship with Scarpa. But he was cleared of wrongdoing after a two-year federal probe in 1996 and by a federal judge in 2004.

Scarpa, a violent sociopath who died in prison in 1994 at 66, rose through the ranks of the Colombo family and was a paid FBI informant for more than 30 years. For 13 of those years, beginning in 1980, DeVecchio was his handler.

The Brooklyn grand jury heard evidence that DeVecchio told Scarpa in 1984 that Mary Bari - a dark-haired beauty who hung out with a Colombo family mobster - was a paid informant for the FBI. Scarpa shot her dead on Sept. 24, 1984, in a Brooklyn club as his son, Gregory Jr., held her down, according to court records quoted by the Web site Gangland News.

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A second victim, Joseph (Joe Brewster) DeDomenico, was killed in 1987 after DeVecchio told Scarpa the mobster might become a turncoat, sources said. In 1992, during the 1991-93 Colombo family war, DeVecchio also is accused of helping Scarpa find and kill Larry Lampesi, a mob rival, sources said.

The office of Brooklyn District Attorney Charles Hynes, which led the probe, declined to comment yesterday. The FBI did not return calls.

Red Cross, Humane Society Under Investigation (WP)

By Jacqueline L. Salmon

The Washington Post, March 26, 2006

The Louisiana attorney general has launched inquiries into two of the country's best-known charities -- the American Red Cross and the Humane Society of the United States -- after receiving complaints that they misused some of the millions of dollars they raised in the fall to help the human and non-human victims of Hurricane Katrina.

Attorney General Charles C. Foti Jr. plans to announce tomorrow that he is looking into allegations that Red Cross volunteers diverted money and supplies meant for hurricane victims in New Orleans, spokeswoman Kris Wartelle said. And the attorney general's office has begun an inquiry into whether the Humane Society spent the money it raised after Hurricane Katrina appropriately.

The Red Cross said yesterday that it has dismissed three of its volunteers who had been involved in food and shelter operations in the stricken city after the storm. The volunteers "have been relieved of their duties" after it was determined that "allegations involving waste and abuse were substantial enough to warrant their immediate removal," said a senior Red Cross official, who spoke on condition of anonymity.

He said the organization expects to refer its findings -- including possible criminal activity -- to law enforcement agencies.

Such controversies over how nonprofit organizations have used the more than $3 billion raised from the American public for the Katrina relief effort are severely damaging public confidence in charities, Paul Light, a professor of public service at New York University, said yesterday.

Trust in charities, which dropped sharply after the Sept. 11, 2001, terrorist attacks when questions arose over how billions raised to help victims was spent, has dropped further since Hurricane Katrina, Light said. More than 40 percent of the American public has "no confidence or not much confidence" in U.S. charities, Light said, compared with about one-third who said they lacked such trust before Katrina struck.

And the crisis in confidence hasn't affected just the charities involved in Katrina relief efforts, he said.

"I don't know of a single nationally known charity whose confidence has managed to hold up in the wake of Katrina. It's serious," Light said. "It's almost like the beating that businesses took after Enron. It didn't matter how clean you were, the public lost confidence."

Foti's examination of Katrina charities might extend beyond the Humane Society and the Red Cross, which is also under investigation by the Senate Finance Committee.

Wartelle said her office is looking into complaints lodged against a number of charities that raised money for Katrina victims, although it has opened only these two formal inquiries.

"In general, the attorney general's office is very concerned about the number of charities that raised money for the Katrina disaster," she said. Often in disasters, "the money doesn't necessarily go to the people" affected.

Yesterday, Red Cross volunteer Jerome Nickerson Jr., a Baltimore lawyer who was asked by the Red Cross in the fall to team with another volunteer to investigate complaints of misuse of supplies and cash, said he found numerous problems in the disaster-relief operation.

He said they found "rogue warehouses" filled with Red Cross supplies that they believed were being sold. Also, some disaster staffers were ordering suspiciously large volumes of such supplies as cooking oil, coffee and canned food from Red Cross warehouses for areas in which they weren't needed. Large numbers of prepared meals were also being ordered and, in at least once instance, were delivered to local restaurants, Nickerson said. Red Cross volunteers were also using multiple debit cards loaded with thousands of dollars in Red Cross funds. "It was completely out of control," he said.

Nickerson said other Red Cross disaster volunteers and staffers interfered with their investigation, corrupting computer files and refusing to give them documents.

But in December, after Nickerson and his partner, Michael Wolters, a Wisconsin security guard, presented their findings to Red Cross officials in Louisiana, and told them they wanted to investigate further, they were sent home.

"It was very disappointing," Nickerson said.

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In the case of the Humane Society, Wartelle said her office is in the initial phase of fact-finding regarding for what purpose the money was raised and whether it was used for the intended purpose. She declined to identify the charity, but Humane Society officials confirmed that it was their organization.

Humane Society officials said they are cooperating with Foti's inquiry, but they believe they have done nothing wrong.

"I can't for the life of me see any issue here," said Wayne Pacelle, chief executive of the Washington-based group, which raised $30 million from the public. Pacelle said that so far, the organization has spent or committed $25 million of that to rescue animals, rebuild destroyed shelters along the Gulf Coast and reunite Katrina evacuees with their pets.

Wartelle said her office has received complaints that even though the organization had raised millions of dollars, it had not done enough to reunite Katrina evacuees with their pets.

Pacelle said the group set up a reunion center and, with other groups, helped reunite about 2,300 pets with their owners. More than 10,000 animals were rescued from areas devastated by Katrina.

Red Cross Fires 3rd Volunteer Amid Inquiry (NYT)

By The New York Times

The New York Times, March 26, 2006

By The New York Times

The American Red Cross has dismissed a third volunteer in its widening inquiry into accusations of improprieties involving the relief effort after Hurricane Katrina, and the agency expects to make criminal referrals to the authorities, a Red Cross official said Saturday.

The Red Cross acknowledged last week that it was looking into accusations that relief supplies were improperly diverted, that volunteers had failed to follow Red Cross procedures in tracking and distributing supplies, and that felons were used as volunteers in violation of Red Cross rules.

Though supervisors said they had no official estimates of the cash or the value of supplies that might have been misappropriated, the volunteers who made the accusations said the amount was in the millions of dollars.

Americans donated $3.6 billion for hurricane relief, and 60 percent of that went to the Red Cross, where 95 percent of the personnel, including supervisors, are volunteers.

"Three volunteers have now been relieved of their duties by Red Cross investigators, who determined on scene that allegations of waste and abuse involving those volunteers were substantial enough to warrant their immediate removal," Charles Dean Connor, a spokesman for the agency, said on Saturday. "The Red Cross will spare no effort as it continues its investigation. Criminal referrals to appropriate law enforcement agencies are anticipated."

Mr. Connor did not identify any of the three dismissed volunteers. But last week, three other volunteers currently involved in relief operations in New Orleans identified one of them as Patrick Keena, the senior official responsible for the agency's food and shelter operations in the disaster area. They said he was fired on Friday.

Mr. Keena, who had been affiliated with the Red Cross for 25 years, could not be reached for comment. But he reportedly told volunteers he worked with that he was leaving because of a medical emergency.

CIVIL LAW:

Rendell Vetoes Bill Limiting Civil Liability (AP)

By MARC LEVY, The Associated Press

AP, March 25, 2006

HARRISBURG, Pa. - Gov. Ed Rendell on Friday vetoed legislation that would have broadly scaled back the obligation of defendants to pay damage awards in some civil lawsuits, including medical malpractice.

The legislation, championed largely by Republicans and opposed mostly by Democrats, would have unfairly restricted the ability of victims to get compensation for their injuries or damages, Rendell said.

Lawyers' groups and business advocates have lobbied heavily over the issue for years. Competing legislation favored by the Democratic governor failed narrowly in the Republican-controlled Legislature.

"I believe we must find a better way - a law that will balance the equities between our businesses and the victims of negligence," Rendell said in a statement.

Republicans, business advocates and Rendell's presumptive Republican opponent in the fall general election, Lynn Swann, cried foul, saying that Rendell had signaled his support for their legislation during his campaign for governor several

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years ago. The legislation's sponsor, Sen. Jake Corman, R-Centre, said he believed the bill was fair and would have freed businesses to spend more on payroll and less on liability costs.

"We had to make hard choices and you have to weigh anyone's right to sue anyone for anything against the ability to have family sustaining jobs," Corman said in a telephone interview.

The AARP and Mothers Against Drunk Driving had supported a veto, Rendell said. Lawsuits over drunk-driving crashes, environmental accidents and intentional actions would not have been covered by the legislation.

The Republican-sponsored bill would have revived a 2002 law that was never enforced before Democrats filed a legal challenge and a court struck it down, citing procedural errors in its passage.

The legislation would have prevented victims from suing multiple defendants with one lawsuit. Also, defendants would only have to pay a share of the damages proportionate to their liability, unless they were at least 60 percent liable or their actions were intentional.

Under current law, victims can sue multiple defendants and be reimbursed for an entire damage award. If defendants do not have enough money to pay their share, then the other defendants must pay that share.

The legislation that Rendell favored would have lowered financial penalties for defendants in cases where the plaintiff bore some responsibility for an injury or damage.

That legislation failed 26-24 in the Senate in December and 100-99 in the House of Representatives last week.

CIVIL RIGHTS:

Skullcap On Recruit's Head Keeps Him From Serving In Coast Guard (NYT)

By Andy Newman

The New York Times, March 26, 2006

Jack Rosenberg wants to serve his country.

Mr. Rosenberg, a 34-year-old tire technician and a certified pilot from Spring Valley, N.Y., signed up for the Coast Guard Auxiliary last year, hoping to fly on search-and-rescue missions and the like.

He underwent a full military background check. He had several sets of fingerprints taken. He passed the boating test and the written course.

"But as soon as I got sworn in and got ready to put on the uniform," Mr. Rosenberg said, "the commander came to me and said it's going to be a problem."

The problem was on top of Mr. Rosenberg's head. He is a Hasidic Jew, and he wears a skullcap at all times except when showering or swimming. The skullcap clashed with the uniform.

Wearing a visible piece of religious garb violates Coast Guard regulations. It says so in the Coast Guard manual, right between "Umbrellas" ("Plain black or navy blue, expandable, straight handle. Must be carried in left hand.") and "Backpacks" ("Must be carried in left hand when in uniform"). "Religious Items," the manual says. "Concealed or worn only during religious services."

Mr. Rosenberg's main skullcap, a black velvet model, is about six inches across. On occasions when Coast Guard protocol calls for wearing the official cap, including most outdoor activities, it would conceal the skullcap.

But indoors, auxiliarists are not supposed to wear their caps. (They are also told not to wear them while walking to a plane at an airport; a blast of prop wash could lead to the undignified sight of an auxiliarist chasing his bounding cap across the tarmac.)

If Mr. Rosenberg had joined the Army, things might be different. Since 1987, in response to a lawsuit, the armed services have let members wear skullcaps, head scarves, and other religious garments "except under circumstances in which an item is not neat and conservative or its wearing shall interfere with the performance of the member's military duties."

Other organizations have dealt with similar controversies. The Metropolitan Transportation Authority has eased its restrictions even as it fights a federal suit involving bus drivers who were not allowed to wear their Muslim head scarves.

But the Coast Guard does not answer to the Department of Defense, or to the transportation authority for that matter. It is under the Department of Homeland Security, and it has its own regulations.

Mr. Rosenberg said his flotilla commander, Arthur Ramirez, of the auxiliary unit based in Lincoln Park., N.J., tried to accommodate him.

"Is it possible," Commander Ramirez asked in an e-mail message, "that you could wear a 'miniature' yarmulke, small enough to be concealed by your hair?"

It would have to be very small indeed. Mr. Rosenberg is bald on top.

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Commander Ramirez referred the matter to his supervisors, to no avail.

Things looked grim. Mr. Rosenberg's smart blue dress uniform hung unworn in a closet in his home in Rockland County. He was not about to compromise on the skullcap, which Orthodox Jews commonly wear to remind them of God's position above humankind.

"If my religion requires it," Mr. Rosenberg said, "there's not a choice."

A relative referred Mr. Rosenberg to a state assemblyman in Brooklyn, Dov Hikind, who has many Orthodox constituents. Mr. Hikind wrote on March 7 to the commandant of the Coast Guard, reminding him that a homeland security expert at the University of Maryland had recently called the Coast Guard "vastly understaffed and underresourced" and that turning away a willing volunteer might not be a good idea.

The commandant has not responded. But as it turns out, the Coast Guard's uniform board has its annual meeting this week in Washington.

One item up for discussion is whether to relax the restrictions on religious accessories to bring them in line with armed forces policy. The policy chief for the Coast Guard Auxiliary, Steve Minutolo, said he expected a change.

"I'd be striving to align as closely as possible with our D.O.D. counterparts," he said, adding that he had not heard of Mr. Rosenberg's case and that the proposal had been in the works long before Mr. Hikind's letter.

So it now looks as if Mr. Rosenberg may be able to take his uniform out of the closet after all. As long as he keeps his beard less than half an inch long, that is.

Or at least, as long as it looks as if he does.

"Do you know how long my beard is?" Mr. Rosenberg asked. He reached under his chin, undid a hidden black rubber band, and pulled and teased and pulled and teased until two long locks of hair flowed down from his chin to his navel.

"You just have to keep it up," he said.

Meeting On Fatal Police Shooting Of Man In Charles (WP)

The Washington Post, March 26, 2006

Officials from Charles County, La Plata and several organizations have scheduled a community meeting Wednesday evening to discuss last weekend's fatal shooting of a suspect by a sheriff's officer.

Jonathon Lyles of Oxon Hill, who had been visiting an apartment complex along Zekiah Run Road, was arrested after officers administered a field sobriety test. As officers attempted to handcuff him, Lyles pulled away and "a violent struggle ensued," sheriff's office spokeswoman Kristen Timko said last week. Authorities said Lyles pulled out a handgun and shot at police, missing them. One of three officers on the scene then fired back once and hit Lyles in the chest, police said.

In announcing the meeting, the sheriff's office said it is for residents of the La Plata Grande Apartments and the Phoenix Run, Kent Square and Heritage Place neighborhoods as well as other concerned community members. The sheriff's office announcement said the facts surrounding the shooting will be presented, and authorities will address any concerns residents might have regarding the investigation or efforts to ensure the safety of residents in these neighborhoods.

In addition to the sheriff's office, others planning to participate in the meeting are the Charles County commissioners, the Charles County state's attorney's office, La Plata officials, county public school officials, the LifeStyles Inc. community service organization, the NAACP, the U.S. Justice Department and church leaders.

The meeting is scheduled to begin at 7 p.m. Wednesday at the Department of Social Services, 200 Kent Ave., La Plata.

Election Whistle-Blower Stymied By Vendors (WP)

By Peter Whoriskey

The Washington Post, March 26, 2006

After Official's Criticism About Security, Three Firms Reject Bid for Voting Machines

MIAMI -- Among those who worry that hackers might sabotage election tallies, Ion Sancho is something of a hero.

The maverick elections supervisor in Leon County, Fla., last year helped show that electronic voting machines from one of the major manufacturers are vulnerable, according to experts, and would allow election workers to alter vote counts without detection.

Now, however, Sancho may be paying an unexpected price for his whistle-blowing: None of the state-approved companies here will sell him the voting machines the county needs.

"I've essentially embarrassed the current companies for the way they do business, and now I believe I'm being singled out for punishment by the vendors," he said.

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There are three vendors approved to sell voting equipment in Florida, and each has indicated it cannot or will not fill Sancho's order for 160 voting machines for the disabled. Already, he has had to return a $564,000 federal grant to buy the machines because he has been unable to acquire the machines yet.

"I'm very troubled by this, to be honest -- I can't believe the way he's being treated," said David Wagner, a computer scientist at the University of California at Berkeley who sits on a California board that reviews voting machine security. "What kind of message is this sending to elections supervisors?"

The trouble began last year when Sancho allowed a Finnish computer scientist to test Leon County's Diebold voting machines, a common type that uses an optical scanner to count votes from ballots that voters have marked. Diebold Election Systems is one of the largest voting machine companies in the United States.

While some tests showed that the system is resistant to outside attack, others showed that elections workers could alter the vote tallies by manipulating the removable memory cards in the voting machines, and do so without detection.

A Diebold spokesman scoffed at the results, and compared them to "leaving your car unlocked, with the windows down and keys left in the ignition and then acting surprised when your car is stolen."

State officials similarly played down the results.

But last month, California elections officials arranged for experts to perform a similar analysis of the Diebold machines and also found them vulnerable -- noting a wider variety of flaws than Sancho's experts had. They characterized the vulnerabilities as "serious" but "fixable."

"What he [Sancho] discovered was -- oops -- that the conventional wisdom was all wrong," said Wagner, a member of the panel that reviewed the Diebold machines. "It was possible to subvert the memory card without detection."

In the wake of that finding, Florida elections officials issued new guidelines this month for handling the memory cards. They require records showing who had custody of the memory cards, and are aimed at the same kind of security attack Sancho had simulated.

"It was total vindication," Sancho said.

Diebold officials maintain that their systems are secure when standard safety procedures are used to protect the memory cards from tampering.

"It didn't vindicate Mr. Sancho," said Diebold spokesman David Bear. "You basically follow these industry standards, and you don't have issues."

Regardless, the announcement out of California echoing the Leon County findings was a sweet moment for Sancho, a public official for whom election validity is a very personal interest. In 1986, Sancho was defeated in a botched county commission election in which thousands of votes were believed to have been lost.

"That was the most searing event of my life," he said. "Having run for office and seeing the whole process come down on my head has made me who I am."

He ran for elections supervisor in 1988 and won.

Now he is required under federal laws instituted after the Florida voting debacle in 2000 to acquire 160 voting machines for disabled people -- and none of the state-approved vendors will provide the machines.

A spokesman said Diebold will not sell to Sancho without assurances that he will not permit more such tests, which the company considers a reckless use of the machines.

"While we welcome authorized testing and examination of our products by qualified professionals," Diebold attorney Michael E. Lindroos wrote Sancho last year, "actions such as yours only serve to undermine the public's confidence in the security and accuracy that good systems can provide when used with the proper procedures and by authorized personnel."

Another company, Sequoia Voting Systems, backed out of discussions with Sancho earlier this year. Spokesman Michelle Shafer said the company lacks the capacity to fill his order.

The third voting machine company, Election Systems & Software Inc., did not respond to three calls for comment directed through their sales representative.

The dispute highlights what many elections experts say is a failure in federal oversight. In Maryland, North Carolina, Texas and elsewhere, elections officials have called into question the security and accuracy of new voting machines. The experts said that a more rigorous federal oversight process, in which machine testers have no financial connections to the voting machine companies, is needed to ensure election security in the United States.

"The federal certification process for voting machines is broken, sadly, when it comes to security," Wagner said. "It was designed for the era of mechanical machines, and it hasn't kept up."

Florida County Supervisor Draws Criticism (AP)

By Brent Kallestad

AP, March 26, 2006

Elections controversies just seem to stick to Florida. With the memory of a botched 2000 presidential election still etched in the minds of most elections supervisors in the state, Leon County's Ion Sancho is now finding he can't get the equipment he says he needs to guarantee an honest election.

Vendors of the ATM-like electronic voting machines, tired of Sancho's criticisms over the level of security in their software, no longer want to do business with him or the county. All three companies certified to do business in Florida — Diebold Inc., Election Systems & Software Inc. and Sequoia Voting Systems Inc. — have said "no."

Sancho's insistence on quality also has angered several Florida officials, including Gov. Jeb Bush, and has already cost his county more than a half million dollars.

Nonetheless, the feisty 55-year-old has his share of supporters, with the Tallahassee Democrat dubbing him "a zealous soldier in election reform battles."

"Ion is one of the few to ask the questions," said Herbert Thompson, chief security strategist for Boston-based firm Security Innovation. "Like, what is this thing actually doing to my vote? How is it processing my vote?"

Thompson said most elections officials use the new equipment blindly.

"Nowadays, with the electronic voting systems, you don't know what even looks suspicious if you're an elections official," Thompson said. "You need people who understand software and software security to understand what the risks are."

The 2000 vote recount in Florida that settled the U.S. presidential race exposed myriad problems in the state and led to widespread voter skepticism across the nation.

More problems surfaced during the 2002 election cycle in Broward and Miami-Dade counties in heavily populated southeastern Florida, helping to spur Congress to pass a law that led more counties to adopt the high-tech, e-voting equipment.

Nearly a quarter of Americans who voted in 2004 used an electronic ballot, almost doubling the percentage from the 2002 election, according to the political consulting firm, Election Data Services.

But a September report from Government Accountability Office, the investigative arm of Congress, pointed to significant security and reliability problems long the subject of complaints from computer scientists and security experts.

A separate review of voting machine logs used in Palm Beach County in the 2002 election revealed thousands of errors — just two years after it was forced to manually recount votes when Florida's massive elections problems surfaced while a presidential election was being settled.

Sancho wants to make sure such problems don't occur in Leon County.

"Florida is one example of how partisan politics interfere with having folks' votes being counted accurately," Sancho said in his office overlooking a series of mildew-stained white government buildings near the state Capitol. "Americans have taken elections for granted for far too long."

A major concern in Florida is around computerized ballots — their frequent inability to produce a written receipt of a vote. Beginning with Nevada, some 25 states now have requirements for e-voting machines with attached printers producing voter-verified paper audit trails while others, like Florida, rely on the audit capabilities of the equipment.

"If you make a system that can be manipulated, unfortunately in our current political environment, it probably will be," Sancho said. "Why take that chance?"

He likes the optical scanners used in his county the past several election cycles, but if a county is going to use electronic machines, he believes there ought to be a paper trail. To underscore the system's vulnerabilities, he even had his own system hacked into in December.

And that has ruffled some of his colleagues around the state.

"He kind of has his own drummer," said Susan Gill, the Citrus County elections supervisor who also serves as president of the Florida State Association of Supervisors of Elections. "He doesn't object to being viewed as someone standing out there by himself."

A 1986 Florida State law school graduate of Puerto Rican and French descent, Sancho worries that his demands for security guarantees have led vendors to boycott Leon County, home to Florida's capital in Tallahassee.

He recently ran into trouble with his commissioners over the loss of $564,421 in federal grant money because the county missed a Jan. 1 deadline for meeting a federal requirement to provide voting systems for disabled people. Now, it's up to the Legislature to decide whether to reinstate the money.

Sancho, who got into the elections business after losing a 1986 bid for a county commission seat in a disputed election, had tried to buy touchscreen machines for the disabled from ES&S, but they refused to fill his order.

"We did not believe that we would have the kind of working relationship that is key to providing smooth running, reliable and accurate elections," ES&S spokesman Ken Fields said.

Sequioa and Diebold also refused.

A Sequoia spokeswoman said it was simply a business decision.

"Due to the timing and everything our plate is full," Michelle Shafer said. "We haven't been taking on new customers that haven't already signed contracts."

Diebold, which currently supplies Leon's optical scanners, did not immediately return a message for comment. Leon has a legal dispute with Diebold over software upgrades for the optical scanners.

For the disabled, Sancho now prefers to use a vote-by-phone system from Louisville-based IVS LLC, saying it's cheaper, more reliable and more user-friendly, but it's not one of the three companies certified in Florida.

The three vendors' refusal to work with Sancho led to a complaint from the Miami-Dade Election Reform Coalition on Wednesday, asking Attorney General Charlie Crist to investigate if those companies were violating antitrust laws.

"It's of concern," Crist said Thursday. "We want to make sure we have free, fair and open elections."

Sancho met March 13 for the first time with Florida Secretary of State Sue Cobb in hopes of getting equipment put in place by May 1.

"What he's done has put the entire state of Florida in jeopardy," Cobb's spokeswoman Jenny Nash said, explaining that the U.S. Department of Justice will declare the entire state noncompliant just because one county isn't.

While unpopular in some halls of government and even among some of his supervisors, Sancho is supported by voters in his county. First elected in 1988, he's been sent back four times since.

Sancho said the first elections supervisors conference he ever attended inspired his long pursuit of seeking perfection in the voting process. And he's still wary of the politics in that process.

"An honest man with integrity is probably not the person you want to bet on in the American political system," Sancho said.

Voting Rights Act On Table (BRA)

By Damiane Ricks

Baton Rogue Advocate, March 26, 2006

Symposium focuses on N.O. election

Legal professionals warned Saturday there is the “opportunity” to dilute” the voter rights of people displaced by Hurricanes Katrina and Rita unless the Voting Rights Act of 1965 is renewed.

Attorneys, judges and legal scholars took part in a symposium at the Southern University Law Center aimed at discussing the importance of the Voting Rights Act and the dangers of living without it.

While most of the act is permanent, three sections will expire in 2007 unless renewed by Congress.

Those sections require state and parish governments to get federal approval before changing election laws and procedures, provides language assistance to voters who do not speak English, and empowers the U.S. attorney general to send federal examiners to monitor elections, said LaShawn Warren of the American Civil Liberties Union in Washington, D.C.

While the Constitution of the United States gives every U.S. citizen the right to vote, the Voting Rights Act prohibits city and state governing bodies from practices — such as imposing literacy tests and gerrymandering — which would exclude a group of voters, said Stanley Halpin, a Southern University Law Center professor.

Gerrymandering is the dividing of a geographic area into voting districts so as to give an unfair advantage to one voting group over others.

Halpin said this practice was used in the past to prevent black voters in predominantly black areas from electing their own representatives to office. He said the same could happen if predominantly black New Orleans became predominantly white after large numbers of black voters were displaced by last year’s hurricanes.

“Our task, I think, is to determine how the Voting Rights Act can be used, and to make sure it’s renewed so that it can be used to deal with this discrimination,” Halpin said.

Attorney Rob McDuff said that 20 years ago, state judiciaries remained non-representative of the people with only six black judges elected to office across Louisiana until litigation redrew election districts for trial and appeal court judges in Louisiana in 1992.

There are presently 76 black judges in Louisiana, the largest number of elected black judges per capita in the nation, said Judge Gene Thibodeaux of the state 3rd Circuit Court of Appeal, a symposium panelist.

McDuff, who was part of the litigation in Louisiana, as well as similar litigation in Mississippi, said the gains of the past can be undone without the Voting Rights Act.

“Until the people of Mississippi and Louisiana start voting on the basis of qualifications and stop voting on the basis of race, until the dominant majority really allows the political system to be opened up, the Voting Rights Act has to stay in place,” McDuff said.

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Professor Donald Tibbs, director of Southern University Law Center's Civil Rights and Justice Institute, said the potential dilution of blacks' voter rights, especially hurricane survivors, is not a foregone conclusion, but more people are needed to champion the cause to renew the act.

As part of the symposium, some volunteers took part in advocacy training to advance efforts to renew the Voting Rights Act and help displaced New Orleans residents participate in upcoming Orleans Parish elections on April 22.

Tibbs said everyone should be concerned when efforts are made to subvert the rights granted by the Constitution.

"This is not just a black issue, it's a Constitutional issue," he said.

Missouri Lawmakers May End Limits On Funding (SLPD)

By Jo Mannies

St. Louis Post-Dispatch, March 26, 2006

The Missouri Senate has voted to ask Gov. Matt Blunt to consider scrapping the state's campaign-finance restrictions that his father helped put in place 12 years ago.

It's now up to the state House to take up the proposal, which would eliminate Missouri's limits on how much individuals or groups can donate to candidates running for office. The proposal is attached to a broader ethics bill.

The measure was approved by the state Senate earlier this month and instead would impose contribution and spending limits on state House and Senate campaign committees. It also would bar legislators from collecting contributions when the Legislature is in session.

State Sen. Tim Green, the proposal's architect, said he's calling for the changes out of frustration. He added that he is somewhat surprised fellow senators overwhelmingly approved the idea.

Green, D-St. Louis County, says the limits have become "a complete joke" because so many officeholders have figured out ways to skirt them.

"We're not stopping the flow of money from coming in," he said. "You just can't track it."

Green contends that it would be better if Missouri went back to its old system of unlimited donations, with full disclosure. That's the approach still in place in Illinois.

A spokesman for the governor says he has yet to take a position on the bill. That's also the case for the state Republican and Democratic parties.

But Missouri Attorney General Jay Nixon says he opposes any effort to remove Missouri's donation limits, which he defended in court during numerous legal battles throughout the 1990s. In the end, the U.S. Supreme Court ruled in 2000 in favor of the current setup.

"As I said in the U.S. Supreme Court. ... a regime of unlimited contributions creates a public belief that access to an elected official and control over the public agenda are for sale, and available for a price that only a few can pay," Nixon said.

Missouri's current individual donation limits are $1,275 per election for statewide candidates, $650 for state Senate candidates and $325 for state House candidates. Similar restrictions, which are increased periodically to reflect inflation, also apply to candidates for local offices.

But Green notes that many officeholders and donors are finding legal ways around the limits. Some officials influence "legislative district committees," which are fundraising entities set up by local political parties or activists. These committees can accept donations of any size.

Any private donor can give unlimited amounts to multiple independent or political groups, who each in turn can make donations within the limits to the same favored candidate.

Political parties and independent groups also can collect donations of unlimited size for "independent expenditures" on behalf of a candidate. That spending doesn't count against the donation limits, as long as there is no coordination with the candidate.

"I'm just sick of seeing all the money funneled to these committees," Green said. He noted that he was in the state House when it approved the limits in 1994. "We thought we'd slow this spending down. We didn't."

Bipartisan push for limits

The effort to set Missouri's donation limits was born in 1993, just months after the state's voters overwhelmingly approved term limits for state legislators.

Among those lobbying for the limits was Roy Blunt, who lost a 1992 bid for governor and had just left office as Missouri's secretary of state. During his eight years as the state's chief elections official, Blunt had annually called for donation restrictions.

In 1993, Blunt became one of the leaders of Missourians for Fair Elections, a bipartisan group that launched an initiative-petition drive for donation limits because the Legislature refused to act.

Blunt, who's now the Republican majority leader in the U.S. House, still supports Missouri's campaign-donation limits.

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"The introduction of limits on political contributions in our state was a good thing," Blunt said Friday. "I'm not opposed to revisiting the amount of the limits, but I would hate to see them eliminated altogether. The state House and Senate have plenty of time to revisit the issue, and I'll be watching the issue with interest."

At issue in 1993 was the long-standing practice of Missouri candidates to rely on "angels," a name given donors who were willing to contribute large sums to campaigns.

For example: Anheuser-Busch Cos. Inc., the state's undisputed largest donor at the time, gave more than $200,000 just to the two major-party nominees for governor in 1992. The brewery donated $131,000 to Republican William L. Webster and $75,000 to Democrat Mel Carnahan.

Soon other organizations joined in the pro-limit effort, including the Missouri leaders of Ross Perot's United We Stand, and the neighborhood-activist group known as ACORN.

Blunt and his allies dropped the initiative-petition drive after then-Gov. Carnahan persuaded the Legislature to approve the current setup in 1994.

But ACORN then launched its own effort for even lower donation limits. In November 1994, 74 percent of Missouri voters approved Proposition A, which restricted individual contributions to no more than $300 during each two-year election cycle.

A long court fight ensued. By July 1996, the U.S. Supreme Court had tossed out Proposition A. In January 2000, the high court ruled in favor of the current setup.

However, for a few weeks in 1999, Missouri candidates could accept donations of any size while the Supreme Court pondered its decision. And the state's candidates for governor took advantage.

Republican nominee Jim Talent collected $50,000 from a candy company executive, while Democrat Bob Holden got $100,000 from a dentist in Dallas.

Green acknowledges that a return to such large donations may raise eyebrows. But he added that at least the public will know who wrote those big checks, and who got them.

N.J. Dems Dump Arab-American Candidate (AP)

By Wayne Parry

AP, March 26, 2006

Democrats pulled an Arab-American candidate from their election ticket on Saturday amid a furor over comments he made four years ago that some interpreted as sympathetic to Palestinian suicide bombers.

At the urging of state party leaders, including Gov. Jon S. Corzine and U.S. Sen. Robert Menendez, Passaic County Democrats withdrew its endorsement of Sami Merhi for freeholder, a member of the county's legislative body. They chose a school board member to run in his place.

"I'm in shock, feeling betrayed," Merhi said. "They should be ashamed of themselves."

The Lebanese-born Merhi made the comments at a September 2002 Democratic fundraiser U.S. Rep. Bill Pascrell (news, bio, voting record), where he condemned the Sept. 11 terrorists "as cold-blooded murders" and "crazy fanatics."

When asked whether he would apply the same label to Palestinian suicide bombers who target Israelis, Merhi said, "I can't see the comparison."

In an interview with The Associated Press earlier this week, Merhi said, while all murder is wrong, the World Trade Center attack was mass murder on an unprecedented scale. It also was an attack in which his godson was killed.

Merhi, who narrowly lost out on the party's nod in 2004 because of the comments, was endorsed by the party last week. But top Democrats said they opposed his candidacy and asked county leaders decided to reconsider.

Merhi said he appealed to them during Saturday's meeting, saying that he opposes all forms of terrorism and that killing innocent people is always wrong. But, he said, party chairman John Currie told him, "We love you. We all like you. But this is about politics."

Currie did not immediately return messages left at his office and home Saturday.

"They have insulted an entire community," said Merhi, who runs a medical marketing firm with his business partner, an Israeli Jew. "I have done nothing to deserve this insult."

James Zogby, president of the Arab American Institute in Washington, said the county Democrats had offered Merhi another, lesser position. But he said New Jersey Democrats still risk alienating a sizable community of Arab-American and Muslim voters.

Merhi has not decided whether he will run in the primary without the party's endorsement or whether he'd consider changing his party affiliation to Republican.

He said he was asked after the meeting if Democrats should be worried about whether a ticket with him on it could win in November in the heavily Arab-American area.

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"They should be more worried about a ticket without me on it," he said.

For Some Women, Senate Choice Is No Choice (PPG)

By Maeve Reston

Pittsburgh Post-Gazette, March 26, 2006

WASHINGTON -- One of the more intriguing dynamics of this year's Pennsylvania Senate race is that when faced with a Democrat and a Republican who both oppose abortion, some Democratic women are going to sit the race out.

The issue was thrust to the forefront this past week when several women's groups endorsed a virtually unknown Democrat, Alan M. Sandals, as their choice to challenge Sen. Rick Santorum, largely because Mr. Sandals supports abortion rights.

In interviews, members of the National Organization for Women and other women who are staunch supporters of abortion rights, said they were still seething over party leadership's decision to push the candidacy of state Treasurer Bob Casey Jr. Some said they felt abandoned by their party and that they would skip that race on the ballot in November and wouldn't be opening their checkbooks as they have for other Democrats.

For now, Mr. Casey appears to be doing fine without them. He is clobbering Mr. Santorum in the polls, largely because of the perception that he can beat the incumbent Republican senator. His treasury is robust and the party leaders who ushered him into the race are working to soothe the concerns of abortion rights advocates within the Democratic base.

But the question of how many women will stay home is creating interesting calculations in the campaign war rooms. One is whether the desire among Democrats to topple Mr. Santorum can balance out the women the campaign will lose on abortion. Another is whether Mr. Casey's positions on abortion and gun rights can bring back significant numbers of conservative Democrats who have been voting Republican.

In 2004, when Pennsylvania's electoral votes hung in the balance, President Bush and Sen. John F. Kerry raced through narrowly divided areas such as the Philadelphia suburbs, competing for what became the archetypal Pennsylvania swing voter: Republican women who tilted toward Mr. Bush on national security issues, but agreed with Mr. Kerry on abortion rights.

Though Mr. Casey and Mr. Santorum still are likely to compete for that trove of unpredictable voters, abortion won't be the swing issue.

Like Mr. Santorum, Mr. Casey believes Roe v. Wade should be overturned. He doesn't think the federal government should expand its support of embryonic stem cell research beyond the policy Mr. Bush laid out in 2001, and he said he would have voted to confirm Supreme Court Justice Samuel A. Alito Jr., who was opposed by 41 of the Senate's 44 Democratic senators.

But Mr. Casey's campaign manager, Jay Reiff, said he believed many Democratic women who favor abortion rights would side with his candidate because of related issues on which the two candidates disagree. For example, Mr. Casey supports making emergency contraceptives available and wants to boost federal funding for family planning in the United States and abroad, while Mr. Santorum does not.

"[Mr. Casey] believes that there is a consensus in this country from President Bush to Senator Clinton that we should be working toward reducing abortions ... and often that consensus gets overlooked," Mr. Reiff said.

Mr. Reiff predicted that Mr. Casey would do better across the state and in the rural middle of the state than more liberal Democrats have done because of what he sees as the consensus on the issue.

"I think it kind of all balances out," Mr. Reiff said.

But Mr. Santorum's supporters are eager to play up the fissures among Democrats at this early stage.

Sen. Arlen Specter, a Pennsylvania Republican who has benefited mightily from the crossover vote on abortion rights, which he supports, said this week that Mr. Casey's views on abortion would help Mr. Santorum.

"There's a lot of angst in the country and in the state about a woman's right to choose. People are very edgy about what [Chief Justice John] Roberts and [Justice] Alito are going to do," said Mr. Specter, who oversaw the Supreme Court confirmation hearings as Senate Judiciary Committee chairman.

"The people who really care about that issue are going to stay home [this fall]," Mr. Specter said. "Maybe not all of them will stay home, but there won't be enthusiasm, they won't be getting their friends out."

One of those people is Jeanne K.C. Clark, of Shadyside, who heads a group known as Women Leaders Online and says she corresponds constantly with women across Pennsylvania who share her frustration with Mr. Casey's views on abortion, stem cell research, the Patriot Act and Justice Alito.

"He doesn't just need people to vote for him, he needs people to work for him," Ms. Clark said of Mr. Casey, adding that when she goes to the polls this November, she expects to leave the Casey-Santorum choice blank.

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"I have been involved in every campaign since I turned 21 ... and I know that, where I live in Pittsburgh and across the state, the Democrats poured out their hearts for John Kerry. And they did it for [Governor] Ed Rendell, but they didn't do it for [2000 Democratic Senate candidate] Ron Klink, and they're not about to do it for Bob Casey."

There are many Democrats who do not agree with that sentiment. Some strategists note that while Mr. Santorum defeated Mr. Klink, who was anti-abortion and pro-gun rights, the incumbent senator led by significant margins in most polls throughout the race.

They note that Mr. Casey's father, who was far more outspoken than his son about his opposition to abortion, swept the 1990 governor's race by a huge margin.

So to allay concerns among some Democrats about the abortion issue and to make sure they stay involved, prominent members of the party such as Mr. Rendell and Democratic U.S. Rep. Allyson Y. Schwartz are talking up what they see as the strengths of Mr. Casey's record on women's issues.

Ms. Schwartz, an abortion rights supporter who represents Montgomery County and Northeast Philadelphia, said women who care about abortion rights "will also look at who can they trust to stand up for quality education, access to health care for themselves and their children, and who can they better trust to care about issues like child care."

"In every one of those categories, Bob Casey comes out ahead," Ms. Schwartz said.

And the decision-making process of women such as Kate Michelman, the former head of the abortion rights group NARAL who considered running in the Pennsylvania Senate race as an independent, might become a template for the women who share her views.

"It was very hard for me, personally, to decide what the right thing to do is, and I think for many voters in Pennsylvania, pro-choice or concerned about the future of our personal and religious liberties, this race has caused some conflict," Ms. Michelman said.

"In the end, defeating Santorum as an important step in taking back the country from the forces of extremism became a principle unto its own," she said.

But asked whether she would work to get Mr. Casey elected, Ms. Michelman said that was one decision she had yet to make.

Morning After In America (LAT)

The Los Angeles Times, March 26, 2006

PRESIDENT BUSH'S UNEASY relationship with science and policy is about to hurt him as much as it has already hurt American women. For years now the Food and Drug Administration has failed to make the morning-after contraceptive pill, commonly known as Plan B, available over the counter. This despite numerous studies (including ones by the FDA) showing that the medication is effective and as safe as Tylenol. The result? Millions of women have been deprived of easier and cheaper access to an important product. And the agency has seriously damaged its reputation among scientists, Congress and the American public.

Now this inaction is about to claim another avoidable casualty. Bush has nominated Dr. Andrew C. von Eschenbach, who has been the agency's acting commissioner since fall, to keep his job permanently. Von Eschenbach is a sound choice with a stellar resume. He is a respected Texas surgeon who headed the National Cancer Institute for four years. And he is a cancer survivor, so it's hard not to root for him in a Lance Armstrong sort of way.

But Democratic Sens. Hillary Clinton of New York and Patty Murray of Washington are invoking senatorial privilege to block the nomination until the agency makes a decision on Plan B. In this case, the senators have every right to resort to blackmail. Last summer, they agreed to back the nomination of former FDA Commissioner Lester M. Crawford only after he promised to approve the drug. But the minute he got in office, he balked; then he abruptly resigned two months later.

In the months since, it's been downright painful listening to FDA officials explain their obfuscations on the issue. Even they can barely say "we need to study the issue some more" with a straight face. To see why, visit the website of Rep. Henry Waxman (D-Los Angeles) — earlier this month, he posted leaked evidence from within the agency showing its scientists supported the retail sale of Plan B in 2004.

Incredibly, that smoking gun probably won't shame agency officials into changing their minds. Yet the administration insists that the issue will be addressed soon and that senators should just go ahead and approve the nomination. (If anyone buys that, we've got a beautiful plot of land in Antarctica they just have too see.)

It's high time for the FDA to approve the morning-after pill for retail sale. Then Von Eschenbach can begin to help the troubled agency deal with its many urgent reforms.

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ANTITRUST:

Officials Target BGE Merger (WT/AP)

By Kristen Wyatt, Associated Press

The Washington Times, March 26, 2006

ANNAPOLIS -- Maryland lawmakers moved closer yesterday to delaying the upcoming merger of Baltimore Gas & Electric's parent company and a Florida utility, which has resulted in the power company's saying a lawsuit is possible.

The debate about whether to delay an $11 billion merger between the parent company, Constellation Energy Group, and Florida Power & Light, is the latest political maneuver by state lawmakers looking for ways to cushion double-digit rate increases expected this summer across much of Maryland when rate caps expire.

The bill doesn't address rate increases specifically, but it would give the General Assembly more say over the workings of Constellation.

The House voted to give preliminary approval to the bill, with final approval possible this week.

The measure would require the General Assembly, not just the utility-regulating Public Service Commission, to sign off on a utility merger. The bill's sponsor, Delegate Dereck Davis, Prince George's Democrat, said lawmakers need to know more about the proposed merger of BGE with an out-of-state company.

"We haven't determined yet whether it's a good thing," he said.

Constellation strongly opposes the measure, calling it an unwarranted intrusion. Company spokesman Rob Gould said yesterday a lawsuit is possible if lawmakers attempt to meddle with Florida Power's $11 billion purchase of Constellation.

"We're extremely troubled by the prospect that the legislature is attempting to hold our proposed merger hostage, and to that end we will be considering all options, including the legal route," Mr. Gould said.

Mr. Gould said Friday that blocking the merger would create an economic condition that would keep the company from gradually phasing in a 72 percent increase in electricity bills.

The Senate has yet to consider the measure, which is opposed by Gov. Robert L. Ehrlich Jr., a Republican.

Some House Republicans also oppose the idea. Delegate George C. Edwards, Allegany and Garrett counties Republican, compared the plan to a law enacted earlier this year to require Wal-Mart to spend more on employee health care. Business groups are now fighting the move in court.

"Here again we're getting into private enterprise," said Mr. Edwards, who also said Democrats wanted to "micromanage" businesses.

"We don't need to be getting into the mergers of companies," he said.

The rate increases are partly the result of the 1999 deregulation plan approved by the Democratic-controlled General Assembly and signed by Gov. Parris N. Glendening, a Democrat.

ENVIRONMENT:

When A Disease Loses Its Most Potent Ally, Fear (NYT)

By Donald G. Mcneil Jr.

The New York Times, March 26, 2006

THE obituary for mad cow disease was written earlier this month. Maybe you didn't notice.

The disease isn't really dead. But its power to terrify seems to be.

On March 13, the government said that a cow in Alabama was the third in the country to have the disease. The New York Times ran its article on Page 25, and other papers did roughly the same.

There was no clamor of "press cover-up!" But neither had the disease, formally called spongiform encephalopathy, which turns the brain into a grainy lump of Swiss cheese, become any less horrific since the first mad cow in the United States, discovered in December 2003, led to nervous "Is Beef Safe?" headlines across the country.

Instead, it had finally become clear that any threat to people is very, very remote.

Over the last two years, bending to pressure from consumer groups and its own inspector general, the Agriculture Department had finally tested 650,000 animals instead of a token handful. It had also adopted rapid tests and banned "downer" cattle from the food supply so that the most disgusting aspect of the first case would not be repeated: that the old dairy cow that tested positive had been in a truckload of animals so broken by age, disease and injury that some had to be winched out to the slaughter, and that all had been ground into hamburger and sold before the test results were in.

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Mad cow isn't the only disease in recent years to soar into high-flying panic and then collapse into the "I wonder whatever happened to ... ?" category.

One could argue that the obituary for resurgent smallpox was written on June 18, 2003, and that SARS died on Feb. 19, 2005.

The first date is the one on which the Centers for Disease Control admitted that the smallpox vaccination drive ordered by the Bush administration in the lead-up to invading Iraq had ground to a halt. The administration had wanted 500,000 health workers to be vaccinated because Saddam Hussein or others might unleash weaponized smallpox. But barely 38,000 volunteered.

The latter date is the one on which a microbiologist from the University of Colorado, after a review of worldwide scientific literature, announced that the virus that causes SARS, a respiratory illness that had killed about 10 percent of 8,000 victims two years earlier, was no longer found in humans. (Later, scientists found that it thrives in bats, ending hope of total eradication.)

Why, in each of these cases, was a public frenzy whipped up, only to fade again? And what does that say about today's mounting frenzy over avian flu? In the past, "we cried wolf too fast, revving up the emotions and there was nothing to show for it," said Judith Walzer Leavitt, professor of medical history at the University of Wisconsin.

An obvious scapegoat is the media, which is often accused of being alarmist about medical news. But a more important factor was simpler: fear waxed or waned according to whether the public thought government was being honest.

In the case of mad cow disease, there were early accusations that the government was playing down the threat to protect the beef industry. The secretary of agriculture when the first case was found, Ann M. Veneman, was a former food industry lobbyist, her critics noted, and her chief spokeswoman's last job had been press representative for the National Cattlemen's Beef Association.

In the case of smallpox, there was suspicion that the government was exaggerating the threat to whip up support for its drive to war. As skeptics then pointed out, smallpox had been eradicated worldwide in 1977, and if Mr. Hussein had a cache, he presumably would have vaccinated his troops against it, which he had not.

In the case of SARS, it was not the American government, but the Chinese one, whose motives were questioned. It was concealing cases and refusing entry to international disease detectives.

"If you want the public's cooperation, honesty and frankness is much better," Professor Leavitt said.

In 1894, she noted, smallpox sparked a month of rioting in Milwaukee. The cause wasn't the disease itself, but the city's policy of seizing sick children in immigrant Polish and German neighborhoods and taking them to isolation hospitals, while leaving wealthy families alone, saying their larger houses and abundant servants would isolate them. With rioters flinging hot water and pepper in the eyes of the police and their horses, a vaccination drive collapsed and the epidemic spread.

Now the public is nervous about another potential pandemic.

Virologists disagree about whether the A(H5N1) virus that is killing chickens by the millions has the genetic power to do the same to humans, as the flus of 1918, 1957 and 1968 did. It could be a plague of medieval proportions — or it could fade as the swine flu threat of 1976 did.

Right now, the situation is reminiscent of SARS. Like that disease, avian flu originated in China, and some crucial questions have never been answered — like how much Chinese poultry vaccines were to blame for the disease festering in birds for nine years, and whether the virus infected thousands of Chinese who never got sick.

But no one is speculating about an American government cover-up. Its most respected health officials, like Dr. Anthony Fauci and Dr. Julie Gerberding, have admitted that the country is utterly vulnerable.

Nor is any powerful industry, like drugmakers or poultry raisers, accused of having a thumb on the scale of public policy, as the beef industry was during mad cow.

Predicting what a virus will do is impossible. But humans are predictable. John M. Barry, author of "The Great Influenza," a history of the 1918 pandemic argued that even if A(H5N1) becomes a killer, the panic it creates will fade faster than might be expected now, when a sense of mystery still enshrouds a threat that normally would sound silly — a "killer bird flu."

"What people are afraid of is the unknown," he said. "Not eating meat because you're worried about mad cow is like not going in the water because you saw 'Jaws.' But once the threat arrives, even if there's an undercurrent of terror in the whole society, people see the consequences and they get accustomed to it, just as they got accustomed to plague in the Middle Ages."

Congressman Faces Fight Over Species Act (AP)

By Erica Werner

AP, March 26, 2006

Rep. Richard Pombo (news, bio, voting record) has never gotten over being outfoxed by the endangered San Joaquin kit fox.

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The rancher and chairman of the House Resources Committee is closer than ever to his goal of rewriting the Endangered Species Act to expand property rights — his mission ever since the obscure fox species blocked development of a neighboring town 25 years ago.

The prospect of long-fought success has made Pombo a target in the November election. The conservative Republican has abandoned the cowboy hat in his official congressional photo and is looking a little more worldly as he confronts a changing electorate in his district.

Seeking his eighth term, Pombo, 45, faces a primary challenge on June 6 from a moderate Republican who helped write the landmark species protections. Democrats see a glimmer of hope of capturing the seat; environmentalists say his defeat would be the best thing that could happen in November.

On top of all that, Pombo is facing ethical questions arising from his ties with disgraced lobbyist Jack Abramoff and his own unconventional financial arrangements.

"The easiest thing in the world is for an incumbent congressman to get re-elected if you don't do anything," Pombo said in the kitchen of his ranch on sloping central California farmland. "But I figure I'm here for a reason — that's to get things done."

Pombo grew up in a large Portuguese ranching family. He says his immigrant grandfather taught him to prize land ownership above almost anything. That pride of ownership is evident as he points out cows, sheep and the barn he just built on the ranch he shares with his wife, Annette, and their three children. His parents and brothers live next door.

"There's got to be something that you're willing to lose your election over," he says. He describes moderates as people who "just can't make up their mind what they believe in."

Pombo's country style — he still wears cowboy boots — is an odd fit in upscale, liberal towns such as Pleasanton that were added to his district after the 2000 census. But he remains popular with traditional constituents in the agricultural sections of an area that straddles the San Joaquin Valley and the San Francisco Bay area, including his hometown of Tracy, where signs for his uncle's real estate firm dot rural roads.

"He comes from a good family, a long, longtime Tracy family," said Linda Alegre, who works at a menswear store in the fast-growing exurb's faded downtown. "The Democrats want to get rid of him because he's gotten too strong."

But Claudia Hess, a gallery director in Pleasanton and a Republican undecided about how to vote, says, "He looks like a hick to me."

In 2004, Pombo won with 61 percent of the vote in a district where Republicans outnumber Democrats.

He is favored against little-known Democratic contenders — among them engineer Jerry McNerney and Steve Filson, a Navy veteran and airline pilot. But it is early and the national Democratic Party is spending time and money to try to weaken him.

First, Pombo faces a primary challenge from former Rep. Pete McCloskey, an author of the Endangered Species Act. McCloskey moved into the district after failing to recruit another Republican to run against Pombo.

"He's been there too long and power has corrupted him," McCloskey said.

Environmentalists promise to spend plenty against Pombo. They note his proposals to sell public lands and his support for oil drilling offshore and in an Alaskan wildlife refuge, as well as his stance on endangered species.

"Getting rid of him would be the best thing politically that could happen to us in the November election," said Rodger Schlickeisen, president of Defenders of Wildlife.

Pombo's quest to rewrite the species act had its genesis in an earlier fight.

In the early 1980s, he was upset when the presence of the endangered San Joaquin kit fox contributed to stopping development of a proposed town outside Tracy. After serving on the Tracy City Council from 1990 to 1992, Pombo won a congressional seat by pledging to revise the legislation.

Opponents "were able to use an endangered species that no one had ever seen or heard of in order to stop that project from going forward," said Pombo, co-author of the 1996 book, "This Land is Our Land: How to End the War on Private Property."

He pushed a bill through the House last year that would require the government to compensate property owners if species protections thwart development plans and would block critical habitat designations that restrict development.

Senators may write their own version. It remains unclear whether any legislation will reach President Bush.

As for ethics, Pombo is among lawmakers who got thousands of dollars in questionable contributions from Abramoff or his clients while supporting the lobbyist's causes. After that came out, Pombo gave $7,000 to charity that he had received from Abramoff. The congressman denies taking any positions because of the money.

Pombo has been criticized for billing taxpayers $5,000 to rent an RV to tour national parks and for letting a top committee aide who lives in California bill for frequent travel to Washington.

Pombo asserts: "I don't break the rules."

Bending With The Wind (WP)

The Washington Post, March 26, 2006

"He fought against federal control of lands and resources to which Alaskans are rightfully entitled -- a battle he continues today."

-- from Rep. Don Young's Web site

FOR YEARS NOW a story line in Massachusetts has featured the Kennedy family, enthusiastic environmentalists all, loudly opposing one of the most environmentally progressive schemes in the state's history: a large, offshore wind farm known as Cape Wind, to be placed in Nantucket Sound, the only viable site for such a farm off the New England coast. Although the farm would cleanly and quietly produce three-quarters of the total electrical demand for Cape Cod and nearby islands -- a region that could otherwise soon be facing serious power shortages -- and although it has passed through multiple regulatory hoops, both Robert F. Kennedy Jr. and his uncle, Sen. Edward M. Kennedy (D-Mass.), have denounced the project, in part on the grounds that it would spoil the views "from 16 historic sites and lighthouses on the cape and nearby islands" and presumably from their own summer house as well.

But while everyone was clucking at the Kennedy hypocrisy, few noticed that Cape Wind had a much more dangerous opponent: Rep. Don Young (R-Alaska). Mr. Young has used his position as chairman of the House Transportation and Infrastructure Committee to insert a last-minute clause into the Coast Guard appropriations bill that would ban all offshore wind projects within 1.5 miles of a navigation channel. Not only would the amendment stop Cape Wind, it could halt other offshore wind projects as well (which is why the chairman and ranking Democrat on the Senate Energy Committee both oppose it). Ostensibly, the amendment addresses Coast Guard concerns. But the Coast Guard has the opportunity to oppose or modify the project under current regulations, and a number of European countries have safely built offshore wind farms without imposing similar restrictions.

Why, then, is Mr. Young, an Alaskan and lifelong opponent of federal intervention in state resource issues, pushing a federal regulation to block a Massachusetts wind farm that the Massachusetts public overwhelmingly supports? Apparently he doesn't want anyone to explore that question; he refuses to discuss the issue with the company concerned, his spokesman refers queries to the office of Rep. William D. Delahunt (D-Mass.) and he kept his amendment out of the legislation until the last minute. That means Congress cannot reject it without scuttling the annual funding package for the Coast Guard, along with its port security programs. Others on the transportation committee say they aren't sure how this became an issue, since it was never mentioned in earlier discussions of the bill.

Here's one possible explanation. According to Capecodtoday.com, the http:// Alliance to Protect Nantucket Sound, founded by Nantucket Island and Cape Cod homeowners and receiving 80 percent of its funding from just 30 people, has spent more than $1 million on Washington lobbyists, including some with ties to Mr. Young. One of the alliance's founders, William Koch -- owner of a Cape Cod summer home,

as well as an oil and gas billionaire who might have other reasons to dislike wind farms -- has separately funneled money through his company's Washington lobbyists to another firm that has ties to Mr. Young. Cape Wind has also spent money lobbying but apparently not as well.

Sadly, then, this appears to be another dis-

turbing story about the power of the wealthy to change laws in Washington and the lack of transparency in the legislative process. Whether this wind farm deserves to be built should be a matter for local officials and regulators to decide, not for a congressional committee acting on behalf of its chairman or his friends.

FBI/DEA/ATF/USMS:

Medical Cannabis User Tries Novel Approach In Federal Court Appeal (FRARGUS)

By Josh Richman, STAFF WRITER

Fremont (CA) Argus, March 26, 2006

Oakland patient invokes Fifth, Ninth amendments in marijuana case

Less than a year after the U.S. Supreme Court ruled against her, Oakland medical marijuana patient and advocate Angel Raich will go back before a federal appeals court Monday with a different legal argument.

Her lawyers will try to persuade a three-judge panel of the 9th U.S. Circuit Court of Appeals, sitting in Pasadena, that keeping her from using marijuana as medicine unduly burdens her fundamental rights to life and freedom from pain, as protected by the Fifth Amendment's due process clause and the Ninth Amendment.

The government argues there is no constitutionally protected fundamental right to obtain and use marijuana in defiance of the federal ban on the drug.

"Nor can plaintiffs establish that the use of any particular drug, free of a regulatory scheme designed to protect the public health and safety, is a fundamental right that is deeply rooted in our nation's history, legal traditions and practices," Assistant U.S. Attorney Mark Quinlivan wrote in his January brief to the appeals court.

Each side will have 30 minutes to argue its case. It will probably be months before the court rules.

Raich and Diane Monson of Oroville, plus two unnamed providers, sued the government in October 2002 to prevent any interference with their medical marijuana use, but this case's seeds actually were sown in the Supreme Court's May 2001 decision on the Oakland Cannabis Buyers Cooperative's case.

The court in that case ruled there is no collective medical necessity exception to the federal ban, which defines marijuana as having no valid medical use. But it didn't rule on constitutional questions underlying the medical marijuana debate, so Raich, Monson and their lawyers tailor-made a case raising exactly those issues.

A federal judge in San Francisco rejected their arguments in March 2003, but a 9th Circuit appeal panel reversed that ruling nine months later.

That panel believed the plaintiffs could prevail at trial on their claim that the Constitution's Commerce Clause lets Congress regulate only interstate commerce, and that Californians' medical marijuana use neither crosses state lines nor involves money changing hands.

The U.S. Supreme Court in June 2005 ruled 6-3 to uphold the federal ban, finding that even marijuana grown in back yards for personal medical use can affect or contribute to the illegal interstate market for marijuana and so it is within Congress' constitutional reach.

But the 9th Circuit panel and the Supreme Court dealt only with the commerce clause argument,

Advertisement

not the other constitutional issues. With the case remanded back to the 9th Circuit, Raich's attorneys now are pursuing the remaining arguments; Monson dropped out of the case late last year.

Besides the Fifth- and Ninth-Amendment arguments, Raich's lawyers also claim the common-law doctrine of necessity — the idea that it's OK to break the law when forces beyond one's control compel it and there's no reasonable, legal alternative — bars the government from applying the Controlled Substances Act to ban medically necessary activities. The government argues the Supreme Court's decision in the Oakland Cannabis Buyers Cooperative case already ruled out a medical-necessity argument.

And Raich's lawyers claim the Tenth Amendment protects against federal interference with state regulation of personal, non-commercial medical activities within their own borders — namely, medical marijuana laws. But the government says the Supreme Court's rejection of the Commerce Clause argument last year already covered that ground.

"I know we're going to win, I feel pretty good about the 9th Circuit," Raich said Friday.

Raich says without the drug's appetite boost, her wasting syndrome causes rapid, dangerous weight loss threatening her life. She also suffers from ailments including an inoperable brain tumor and nonepileptic seizures, and in November had a hysterectomy following her precervical-cancer diagnosis.

Meanwhile, she's planning a Capitol Hill lobbying blitz with renowned talk-show host and fellow medical marijuana user Montel Williams, perhaps to begin as early as May.

The House last June defeated an amendment which would've forbidden the Justice Department from using public money to raid, arrest or prosecute patients and providers in states with medical marijuana laws. The amendment got 161 votes — more votes than it had in 2003 and 2004 — but still fell 57 short of the 218 it needed for passage.

IMMIGRATION:

An Issue Without Borders (CHIT)

By Jeff Zeleny

Chicago Tribune, March 26, 2006

The immigration debate, resonating in political campaigns from Texas to Iowa, creates special problems for the Republican Party

Brian Kennedy, a Republican candidate for Congress, stood near the banks of the Rio Grande as a photographer snapped a picture of a boat crossing the water behind him. Within days, he turned the image into a campaign ad, demanding "Do something about illegal immigration!"

DOJ_NMG_0021855

The exercise in political theater was hardly remarkable, except for one notable geographical point: Kennedy lives 1,384 miles away from the site he selected along the Mexican border, and the congressional seat he seeks is an eastern Iowa district with a minuscule immigrant population.

"Illegal immigration has become a dominant issue in this race," Kennedy said. "It's another example of where people see a lack of leadership in Washington."

As a fight over immigration intensifies next week in the Senate, politicians and candidates aren't waiting for a federal solution to what has become one of the more divisive issues in the midterm election year, a fact made vivid Friday by pro-immigration demonstrators in Los Angeles, Phoenix and Atlanta. More immigration-related bills have been introduced in state legislatures than at any other time in the last decade as Republicans across the nation scramble to distance themselves from the White House.

President Bush has urged a civil debate "in a way that doesn't pit one group of people against another." His advisers and party strategists worry that a rising anti-immigration sentiment could cost Republicans the support of Latino voters, the fastest-growing segment of the electorate. They also are concerned about alienating moderates and business leaders who rely on an immigrant labor force.

"This is a really tough political issue, particularly for Republicans," said Sen. Sam Brownback (R-Kan.). "It's not just happening in border states. Anywhere you go, this is passionately, passionately raised, and people have a visceral reaction to it."

In Iowa, lawmakers have sought to prohibit illegal immigrants from buying homes. In New Hampshire, legislators have tried changing state law so undocumented workers could be charged with trespassing. In Colorado, lawmakers attempted to make employers liable for any "bad behavior" by illegal immigrants.

In other states, businesses could face felony charges and fines for employing illegal immigrants. Elsewhere, lawmakers have proposed denying health services to people who cannot prove their citizenship. Even though many of the proposals are unlikely to pass, nearly 400 bills have been introduced in at least 42 states, underscoring the scope of concern.

"Obviously the federal government has not done enough. It would be silly to suggest the current system is working," said Minnesota Gov. Tim Pawlenty. "I don't know if it is a lack of will or lack of interest or if it has been too politically dicey, but states are hitting a tipping point."

After releasing a study showing illegal immigrants cost Minnesota taxpayers up to $188 million a year, Pawlenty recently proposed a seven-point plan to crack down on the problem. The plan drew applause from the Republican's conservative base but stirred criticism from Democrats and immigrant-rights groups.

"You can't use positive economic news to justify the behavior. There are all kinds of illegal acts that could boost the economy," said Pawlenty, who is seeking re-election this fall. "But as soon as I brought up the proposals, people on the left were spouting off that I was racist and those on the right also were using words that were harsh or inflammatory."

Governor eases position

Still, a week after announcing his initiative, Pawlenty took a softer approach and introduced another seven-point plan designed to help immigrants "play by the rules." His ideas include providing a $300 tax credit per family to help pay for English classes and citizenship application fees as well as increasing immunizations for immigrants.

Steve Camarota, director of research at the Center for Immigration Studies, said states' proposals have the potential of creating a chaotic patchwork of immigration laws rather than a uniform policy.

"It's an issue that is important in the public's mind, but politicians just don't know how to talk about it," said Camarota, whose group favors tighter controls on immigration. "The Republicans are tearing themselves to pieces over it."

To be sure, Democrats hope to achieve gains over immigration. Yet the party has its own struggles, particularly among blue-collar workers concerned about losing jobs to immigrants.

The fissures inside the Republican Party will be exposed when the Senate is scheduled to begin debating major immigration reforms next week. Among the points of contention is a White House proposal to create a guest-worker program for some of the estimated 11 million people who are living in the U.S. illegally. That proposal has met strong opposition from conservatives who consider it a form of amnesty for lawbreakers.

For three weeks, members of the Senate Judiciary Committee have struggled to reach a resolution that would toughen border security while also making some accommodation for illegal immigrants. Senate Majority Leader Bill Frist (R-Tenn.) has threatened to bypass that compromise legislation by bringing a hard-line enforcement bill to the floor. The House has passed a similar bill.

Republicans from border states and beyond say such a move could be politically disastrous.

"Some conservatives and some Republicans don't appear to be interested in solving the problem, but rather to use it as a way of attracting attention to themselves or using it for political reasons," Sen. John Cornyn (R-Texas) said. "The important thing for me is that they not represent the face of the Republican Party for a lot of reasons."

If Republicans pursue a course of simply building a wall or increasing border security, Cornyn said, "we are doing so at our own peril."

Cecilia Munoz, vice president of the pro-immigrant National Council of La Raza, said, "You can't court the Latino community for votes after you criminalize them."

Scent of election politics

Patricia Hamm, a political scientist at Iowa State University who specializes in immigration policy, said officials at all levels of government are paying more attention to immigration because it is an election year. The debate is complicated further, she said, because Frist and others with presidential ambitions are eager to appeal to social conservatives through hot-button issues such as illegal immigration.

"The most visible way of being tough is doing something physical like sending more agents to the border or building walls," Hamm said. "They sound tough, and [it] may work in the short run, but in the long run they are not doing anything to solve the question of unauthorized immigration."

Max Cardenas, a consultant to immigrant-owned businesses in Iowa, added, "No one is going to vote for you just because of your immigration policy."

Rep. Tom Tancredo (R-Colo.) is challenging that theory. He is seeking grass-roots support for a possible presidential bid built on his sharp anti-immigration views. Along the way, he is influencing the immigration debate in other races, including the U.S. House seat in eastern Iowa.

Kennedy said Tancredo's message resonates with social conservatives. The two other Republicans in the primary race have increased their discussion of illegal immigration, and he dismissed the suggestion by some Republicans that the party should tread lightly.

"It an issue where a lot of our anxieties come together, from national security anxieties to economic anxieties," Kennedy said. "We put principle first and worry about politics later."

The Rio Grande picture was e-mailed this week in a campaign solicitation. Below the photograph were two words: "Donate Today."

A G.O.P. Split On Immigration Vexes A Senator (NYT)

By Rachel L. Swarns

The New York Times, March 26, 2006

WASHINGTON, March 25 — The telephone lines in the unassuming Houston offices of Senator John Cornyn, Republican of Texas, have been sizzling in recent weeks as anxious Republican voters call to find out precisely where their tough-minded senator stands on illegal immigration.

Mr. Cornyn is a former state attorney general and a fiscal conservative, a Texan who wears cowboy boots with his pinstripes and prides himself on his 100 percent approval rating from the American Conservative Union.

But as the Senate prepares to wrestle this week with the question of legalizing much of the illegal immigrant population, Mr. Cornyn, like many Republicans, finds himself squeezed by warring factions in his own party.

President Bush focused on the issue in his weekly radio speech on Saturday, a day after protests in three cities by immigrant rights advocates. As Mr. Bush spoke, people gathered at rallies across the country, including hundreds of thousands of immigrant rights advocates in Los Angeles and a few hundred demonstrators in New York. [Page 31.]

Mr. Cornyn has been criticized on conservative talk radio and labeled a "sellout" on some Web logs for promoting legislation that would allow millions of illegal immigrants to remain in the United States for five more years. The proposal would also create a temporary worker program that would allow those immigrants and hundreds of thousands of foreigners abroad to work here legally for up to six years.

At the same time, business groups have been pressing him to go further by supporting legislation that would put their illegal workers on the road to citizenship.

The legislative battle has pitted Republican against Republican, with conservatives deriding guest worker programs as an amnesty for lawbreakers and calling for a wall to be built along the border with Mexico, and with business leaders pushing for legalization of the illegal workforce and the admission of thousands of foreign workers.

With the Senate expected to start voting on legislation as early as Tuesday and Congressional staff members negotiating furiously over the fine print, some lawmakers are struggling to find middle ground.

In his radio talk, Mr. Bush acknowledged the difficulty that lawmakers faced. "This is an emotional debate," he said. "America does not have to choose between being a welcoming society and being a lawful society. We can be both at the same time."

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But finding that balance has been enormously difficult. When asked how he felt on a recent day when he had shuttled from a telephone interview on Fox News Radio to a luncheon with business executives, Mr. Cornyn said, "In between."

"I have people come to see me who say, 'The wall is the answer,' " Mr. Cornyn said as he settled into a leather couch in his office in Houston. "I hear others say we ought to be sympathetic, we ought to just let them stay and call them legal and declare an amnesty. And I don't think either of those alternatives are possible or viable.

"Sometimes they end up yelling at me," he said of his conservative constituents. "But my job, and our job in Congress, is to see the whole picture and to come up with a realistic consensus."

Mr. Cornyn acknowledged, however, that it would be difficult to reach given the deep divide within his party. "It's the hardest thing," he said. "I honestly don't think we'll know the outcome until we get there."

The rift emerged in 2004 when Mr. Bush first urged Congress to create a program that would legalize illegal workers and allow for foreign workers to come here in the future. Both groups would be required to return home after a period of time.

The proposal was hailed by the United States Chamber of Commerce, typically a staunch Republican ally and a formidable political force. But it fueled a revolt among some conservatives in the party who demanded tighter border controls to stop the waves of illegal immigration that they view as a threat to American culture, jobs and security.

In December, the Republican-controlled House defied Mr. Bush's call for a temporary worker program. Instead, the House passed a tough border security bill that would, among other things, make it a federal crime to live in this country illegally, turning the millions of illegal immigrants here into felons, ineligible to win any legal status. (Currently, living in this country without authorization is a violation of civil immigration law, not criminal law.)

Meanwhile, many business leaders have thrown their weight behind legislation sponsored by Senators John McCain, Republican of Arizona, and Edward M. Kennedy, Democrat of Massachusetts, that would grant permanent residency — and ultimately citizenship — to the 11 million illegal immigrants believed to be living in the United States. To qualify, immigrants would have to pay a fine and back taxes, learn English and work here for six more years.

Mr. Cornyn has tried to build a middle path: sponsoring legislation that would deal with illegal immigrants and the needs of businesses for foreign workers while trying to avoid being tarred with the amnesty label by requiring both groups to return home after a certain time. Under his plan, people could only apply for permanent residency from their home countries.

The Senate Judiciary Committee, of which Mr. Cornyn is a member, is trying to cobble together elements of both pieces of legislation to produce a bill for the vote. Any legislation that passes the Senate will have to be reconciled with the House bill.

"Amnesty is off the table," Mr. Cornyn has said repeatedly.

But Republican hard-liners here and on the Judiciary Committee scoff at efforts to distinguish temporary worker plans from Mr. McCain's more liberal proposal. Many fear participants in such a program will simply vanish when it is time for them to go home.

"You say it's not amnesty, but it is," Senator Charles E. Grassley of Iowa said of temporary worker proposals. "If it looks, acts and smells like amnesty, then in my eyes, it is amnesty."

The issue is so politically explosive, particularly with Congressional elections looming, that some Republicans on the Judiciary Committee avoid discussing it. Senators Mike DeWine of Ohio and Orrin G. Hatch of Utah, who have favored immigrant rights in the past, both declined interviews to discuss their positions publicly. Both are up for re-election.

And Senator Lindsey Graham of South Carolina, who supports legalizing illegal immigrants, warned fellow Republicans that they could expect little more than criticism for their labors.

"A lot of people, particularly on our side, don't want to have a debate about this," Mr. Graham said. "Even if you debate it, you're wrong. Even if you're open-minded about compromise, you're wrong."

Mr. Cornyn, however, has thrown himself into the fray with enthusiasm.

He recently entered into negotiations with Mr. Kennedy and others in an effort to build some consensus on a temporary worker program. He appears regularly on conservative talk radio and meets with competing constituencies like conservative leaders, business executives and Hispanic lawyers. Members of his staff have also been in regular contact with the White House.

"Coming from a red state, one that has a large Hispanic population and one that's a border state, makes it easier to bridge those divisions among Republicans and find common ground with some Democrats," said Mr. Cornyn, who has close ties to Karl Rove, Mr. Bush's adviser.

His efforts were welcomed at a luncheon at the InterContinental Hotel in Houston, where business leaders gave him a standing ovation. But even some of those executives said they were optimistic that his position might shift a bit.

That was not the view of a group of about 25 conservative voters protesting recently outside of Mr. Cornyn's office.

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Leslie Wetzel, who organized the protest, dismissed Mr. Cornyn's balancing act as more "mixed messages." "He professes to be a conservative, but like so many other Republicans he's not a true conservative," Mrs. Wetzel said. "They say, 'Oh, it's not amnesty; it's guest worker.' Well, I don't care what kind of spin you put on it. It's rewarding people for breaking the law."

With conservatives turning up the heat, Mr. Cornyn issued a flurry of press releases, emphasizing again that he opposed amnesty. Some Congressional staff members said he had rejected a compromise with Mr. Kennedy and Mr. McCain.

But business leaders said they still hoped Mr. Cornyn would strive for some consensus. "There's a lot of pressure on him," said Laura Reiff, a co-chairwoman of the Essential Worker Immigration Coalition, which represents hotels, restaurants, construction companies and other service industries. "He's put in a position now of really having to soul search and figure out where he's going to be."

U.S. Can Be 'Welcoming,' 'Lawful' (LAT)

By Faye Fiore, Times Staff Writer

The Los Angeles Times, March 26, 2006

President Bush treads carefully in his radio address as he makes the case for an immigration policy overhaul.

WASHINGTON — With the Senate poised for an emotional debate on immigration law this week, President Bush called Saturday for an immigration policy that embraces some foreign workers while increasing security at the nation's borders.

"America does not have to choose between being a welcoming society and being a lawful society. We can do both at the same time," Bush said in his weekly radio address, which he devoted to a subject that has divided his party and the nation.

The president repeated his call for a guest-worker program that would "create a legal way to match willing foreign workers with willing American employers to fill jobs that Americans will not do."

At the same time, Bush endorsed measures already underway to tighten security. He repeated his opposition to amnesty, which he said would "allow those who break the law to jump ahead of people who play by the rules and wait in the citizenship line."

Since he took office, Bush said, border security funding has risen 66% and the Department of Homeland Security has caught and sent home nearly 6 million illegal immigrants.

"We're making good progress, but we have much more work ahead, and we will not be satisfied until we have control of our border," he said.

Striving to appear both tough and compassionate on a contentious subject, Bush announced he would attend a naturalization ceremony Monday in Washington, saying "America is better off" because of those who immigrate legally.

But the president's remarks fell against a backdrop of bicoastal unrest.

In Los Angeles and elsewhere, huge rallies have been held to protest strict immigration curbs passed by the House in December. That bill, sponsored by Rep. F. James Sensenbrenner Jr. (R-Wis.), calls for erecting a 700-mile fence along the Mexican border and making it a felony to immigrate illegally or help someone who has.

In Washington, the Senate is expected to take up its own proposals this week to overhaul immigration policy, with lawmakers bitterly split over key provisions, such as whether to permit some of the estimated 12 million illegal immigrants in the United States to stay while pursuing legal status.

Members of the restaurant, hotel and agricultural industries favor an approach by Sens. Edward M. Kennedy (D-Mass.) and John McCain (R-Ariz.) that includes a guest-worker program that would lead to legal status as well as a path to citizenship for some illegal immigrants already in the United States.

Senate Majority Leader Bill Frist (R-Tenn.) proposed a bill last week that addresses only border security and enforcement, with no provisions for allowing current undocumented workers to remain in the United States or additional foreigners to enter for work.

Congressional and public rhetoric has grown so heated that Bush last week called for the discussion to proceed "in a way that brings dignity to the process."

Again on Saturday, he asked those deciding the issue to remember that "there are hard-working individuals, doing jobs that Americans will not do, who are contributing to the economic vitality of our country."

Much is at stake for Bush and his party. A harsh debate over immigration could wipe out recent GOP gains among Latinos, whose move toward the Republican Party has been a key objective for Bush's chief political advisor, Karl Rove.

Bush Calls For Fair Immigration Bill (AP)

By Deb Riechmann

AP, March 26, 2006

DOJ_NMG_0021859

The debate over immigration stretched from the White House to the West Coast on Saturday as thousands of demonstrators protested proposals to crack down on illegal immigrants.

President Bush, in addressing an issue that has divided his party, underscored America's immigrant history and called for secure borders and strict immigration enforcement.

Bush also urged Congress to write new immigration law with a guest worker program that could provide legal status — short of citizenship — for some of the estimated 12 million undocumented immigrants in the United States.

"As we debate the immigration issue, we must remember there are hardworking individuals, doing jobs that Americans will not do, who are contributing to the economic vitality of our country," Bush said in his weekly radio address.

The House has passed legislation that would make it a felony to be in the U.S. illegally, impose new penalties on employers who hire illegal immigrants, and erect fences along one-third of the U.S.-Mexican border. The Senate is to begin debating immigration proposals on Tuesday.

In Los Angeles, thousands of people — some waving and wearing flags of Mexico and other nations — streamed into downtown streets for what was expected to be one of the city's largest pro-immigrant rallies.

Efforts to get tough on illegal immigration also spurred thousands of people to stage school walkouts, work stoppages and marches on Friday in cities such as Los Angeles, Phoenix and Atlanta.

The demonstrations are expected to culminate April 10 in a "National Day of Action" organized by labor, immigration, civil rights and religious groups.

Bush, who plans to attend a naturalization ceremony on Monday in Washington, is bracing for a standoff in the Senate this week before he heads south to Cancun, Mexico, where he'll discuss immigration with Mexican President Vicente Fox, a supporter of Bush's guest worker plan.

"America is a nation of immigrants, and we're also a nation of laws, and our immigration laws are in need of reform," Bush said.

Bush wants Congress to create a program to let foreigners gain legal status for a set amount of time to do specific jobs. When the time is up, they would be required to return home without an automatic path to citizenship.

"This program would create a legal way to match willing foreign workers with willing American employers to fill jobs that Americans will not do," he said.

Some critics argue that a guest worker program would create an underclass of foreign workers and stigmatize some jobs associated with foreign labor.

Some Republicans worry that the foreign workers would stay on and become citizens, further straining America's social service and education systems.

Senate Majority Leader Bill Frist, R-Tenn., thinks immigration enforcement, national security and border concerns should drive immigration reform. Frist's bill, which sidesteps the question of temporary work permits, would tighten borders, add Border Patrol agents and punish employers who hire illegal immigrants.

Senate Minority Leader Harry Reid, D-Nev., backed by labor unions, has said he will do all he can, including filibuster, to thwart Frist's legislation.

The hottest debate in the Senate will be whether to pass some version of a guest worker program proposed by Sens. John McCain, R-Ariz., and Edward Kennedy, D-Mass. Their bill would provide up to 400,000 visas in the first year and allow participants, after six years, to seek permanent residency.

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Associated Press writers Peter Prengaman and Tim Molloy in Los Angeles contributed to this report.

Immigration March Draws 500,000 In L.A. (SFC/AP)

By Peter Prengaman, Associated Press Writer

San Francisco Chronicle, March 26, 2006

(03-25) 21:17 PST LOS ANGELES, (AP) --

Immigration rights advocates more than 500,000 strong marched in downtown Los Angeles on Saturday, demanding that Congress abandon attempts to make illegal immigration a felony and to build more walls along the border.

The massive demonstration, by far the biggest of several around the nation in recent days, came as President Bush prodded Republican congressional leaders to give some illegal immigrants a chance to work legally in the U.S. under certain conditions.

Wearing white shirts to symbolize peace, marchers chanted "Mexico!""USA!" and "Si se puede," an old Mexican-American civil rights shout that means "Yes, we can." They waved the flags of the U.S., Mexico and other countries, and some wore them as capes.

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Saturday's march was among the largest for any cause in recent U.S. history. Police came up with the crowd estimate using aerial photographs and other techniques, police Cmdr. Louis Gray Jr. said.

Other demonstrations drew 50,000 people in Denver and several thousand in Sacramento and Charlotte, N.C.

Many protesters said lawmakers were unfairly targeting immigrants who provide a major labor pool for America's economy.

"Enough is enough of the xenophobic movement," said Norman Martinez, 63, who immigrated from Honduras as a child and marched in Los Angeles. "They are picking on the weakest link in society, which has built this country."

The U.S. House of Representatives has passed legislation that would make it a felony to be in the U.S. illegally, impose new penalties on employers who hire illegal immigrants, require churches to check the legal status of people they help, and erect fences along one-third of the U.S.-Mexican border.

Elger Aloy, 26, of Riverside, a premed student, pushed a stroller with his 8-month-old son at Saturday's Los Angeles march and called the legislation "inhumane."

"Everybody deserves the right to a better life," he said.

The Senate is to begin debating the proposals on Tuesday.

President Bush on Saturday called for legislation that does not force America to choose between being a welcoming society and a lawful one.

"America is a nation of immigrants, and we're also a nation of laws," Bush said in his weekly radio address, discussing an issue that had driven a wedge into his own party.

Bush sides with business leaders who want legislation to let some of the estimated 12 million undocumented immigrants stay in the country and work for a set period of time. Others, including Senate Majority Leader Bill Frist, say national security concerns should drive immigration reform.

"They say we are criminals. We are not criminals," said Salvador Hernandez, 43, of Los Angeles, a resident alien who came to the United States illegally from El Salvador 14 years ago and worked as truck driver, painter and day laborer.

Francisco Flores, 27, a wood flooring installer from Santa Clarita who is a former illegal immigrant, said, "We want to work legally, so we can pay our taxes and support the country, our country."

In Denver, police said more than 50,000 people gathered downtown at Civic Center Park next to the Capitol to urge the state Senate to reject a resolution supporting a ballot issue that would deny many government services to illegal immigrants in Colorado.

Elsa Rodriguez, 30, a trained pilot who came to Colorado in 1999 from Mexico to look for work, said she just wants to be considered equal.

"We're like the ancestors who started this country, they came from other countries without documents, too," the Arvada resident. "They call us lazy and dirty, but we just want to come to work. If you see, we have families, too."

Between 5,000 and 7,000 people gathered Saturday in Charlotte, carrying signs with slogans such as "Am I Not a Human Being?" In Sacramento, more than 4,000 people protested immigration legislation at an annual march honoring the late farm labor leader Cesar Chavez.

About 200 people protested outside a town hall-style meeting held by Rep. James Sensenbrenner, R-Wis., a leading sponsor of the House bill. He defended the legislation, saying he's trying to stop people from exploiting illegal immigrants for cheap labor, drug trafficking and prostitution.

"Those who do that are 21st-century slave masters, just like the 19th-century slave masters that we fought a civil war to get rid of," Sensenbrenner said at the meeting. "Unless we do something about illegal immigration, we're consigning illegal immigrants to be a permanent underclass, and I don't think that's moral."

Since Thursday tens of thousands of people have joined in rallies in cities including Milwaukee, Los Angeles, Phoenix and Atlanta, and staged school walkouts, marches and work stoppages.

The demonstrations are expected to culminate April 10 in a "National Day of Action" organized by labor, immigration, civil rights and religious groups.

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Associated Press writers Bob Jablon and Kim Nguyen contributed to this report.

Bush Defends Need For Immigrants And Opposes Amnesty (Update1) (BLOOM)

By Brendan Murray

Bloomberg, March 25, 2006

March 25 (Bloomberg) -- President George W. Bush endorsed the economic importance of immigrants while opposing amnesty for those who enter the U.S. illegally as thousands of protesters renewed street demonstrations against tougher curbs on immigration.

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``America does not have to choose between being a welcoming society and being a lawful society," Bush said in his weekly radio broadcast. ``We can be both at the same time."

Congress will consider immigration proposals next week in a debate that has divided Bush's Republican Party. Lawmakers are trying to balance voter demands for tighter border security with a need for companies to hire workers from abroad.

Thousands of protesters took to the streets for a second straight day, rallying against proposed legislation to strengthen enforcement along the U.S.-Mexico border and require employers to certify their workers are in the U.S. legally. Demonstrators waved flags of Mexico and other nations as they streamed into downtown Los Angeles today, the Associated Press reported. Phoenix and Atlanta have had similar protests.

``As we debate the immigration issue, we must remember there are hard-working individuals, doing jobs that Americans will not do, who are contributing to the economic vitality of our country," Bush said in his radio address.

He said he will attend a naturalization ceremony next week for immigrants who are becoming American citizens and will lay out his ideas for changing the law. He said he will call for improving border security, enforcing existing laws, ending the ``unwise practice" of catching and then releasing illegal immigrants into society and forming a temporary worker program.

Guest Workers

Bush has backed a ``guest worker program" to encourage people already in the U.S. to register. Business groups, including the U.S. Chamber of Commerce, support the idea.

``This program would create a legal way to match willing foreign workers with willing American employers to fill jobs that Americans will not do," Bush said. ``By reducing the number of people trying to sneak across the border, we would free up our law enforcement officers to focus on criminals and drug dealers and terrorists and others who mean us harm."

More than 1.1 million people were caught trying to illegally cross the U.S.-Mexico border in 2004, and an estimated 11 million undocumented immigrants now live in the U.S.

Republican Opposition

Representative Tom Tancredo of Colorado is leading the Republican opposition to Bush's guest worker proposal, pushing instead for tougher enforcement on the border and requiring companies to certify their employees are eligible to work.

Bush cautioned that the guest worker program wouldn't include provisions to give illegal immigrants ``amnesty" from U.S. laws.

``Granting amnesty would be unfair, because it would allow those who break the law to jump ahead of people who play by the rules and wait in the citizenship line," Bush said. ``Amnesty would also be unwise, because it would encourage waves of illegal immigration, increase pressure on the border and make it more difficult for law enforcement to focus on those who mean us harm."

Compromise on immigration legislation in Congress has been elusive, and Bush predicted an ``emotional debate" and urged unity.

``We must also ensure that immigrants assimilate into our society and learn our customs and values -- including the English language," Bush said. ``By working together, we can meet our duty to fix our immigration system and deliver a bill that protects our country, upholds our laws and makes our nation proud."

Resuming Debate

The Senate Judiciary Committee is scheduled to resume debate next week on a program that would let workers remain in the U.S. for as many as six years before returning to their home countries.

Representatives of restaurants, hotels and the agricultural industry prefer the approach of Democrat Edward Kennedy of Massachusetts and Arizona Republican John McCain, whose proposal wouldn't require temporary workers to return home.

Senate Majority Leader Bill Frist, a Tennessee Republican, last week filed a measure that addresses only border security and enforcement, which he says he will bring to the Senate floor as early as next week. He indicated he might change course if the Judiciary Committee agrees on a more comprehensive alternative.

Immigration may be on the agenda when Bush meets with President Vicente Fox of Mexico and Prime Minister Stephen Harper of Canada in the resort city of Cancun, Mexico, on March 30-31.

Bush Shifts Emphasis To Safe Borders (WT)

By Stephen Dinan

The Washington Times, March 26, 2006

President Bush, stepping up his focus on border security in the run-up to the Senate immigration debate this week, yesterday used his weekly radio address to tout increased spending on related law enforcement.

"Comprehensive immigration reform begins with securing our borders," Mr. Bush said.

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The president cited a 66 percent increase in border-security funding since he took office, along with a 42 percent increase in interior-enforcement spending and a total of 6 million illegal aliens caught and returned home.

The administration failed in the early part of the immigration debate by not concentrating on border security, White House press secretary Scott McClellan said Thursday, but Mr. Bush has been committed all along to enforcing the law.

"I think that he was focusing on all aspects. I'm not sure that all aspects were getting the kind of attention that maybe it should have," Mr. McClellan said. "That's probably, from a communication standpoint, probably our fault."

Mr. Bush yesterday underscored his commitment to border security by saying the government is trying to end the practice of releasing illegal aliens soon after capture because of a lack of space in detention centers.

"We're adding more beds, so we can hold the people we catch, and we're reducing the time it takes to send them back home," the president said. "When illegal immigrants know they will be caught and sent home, they will be less likely to break the rules, and our immigration system will be more orderly and secure."

In recent weeks, Mr. Bush has put far more emphasis on enforcement in an effort to convince lawmakers he is serious about the issue, even as he tries to win passage of a guest-worker program.

The president said he hopes the Senate, which begins floor debate this week, will pass a bill that includes both issues. Still, although he has laid out a somewhat detailed guest-worker proposal, he has not produced a major new enforcement measure. This leaves some House Republicans wondering how serious he is about it.

The House in December passed an enforcement-only bill that calls for fences and a way for employers to ensure they are hiring legal workers. The legislation was widely considered a rejection of the president's call for guest workers and for temporary legal status for current illegal aliens.

Top House Republicans said they needed to prove the borders could be secured and laws enforced before voters would accept a new guest-worker program. However, Mr. Bush insists the issues fit together, arguing a new worker program would offer a legal channel to many currently illegal aliens and would allow the U.S. Border Patrol to focus on the others.

Opponents of a guest-worker plan said it rewards illegal aliens by giving them exactly what they seek -- some sort of legal status. They also say the federal government has shown it cannot tell who is coming and going, which could be a security hole in any new program.

"Recent reports have shown that the agency that would handle a foreign-worker program is overwhelmed and is unable to correct or even detect rampant corruption among its employees," said Rep. Tom Tancredo, Colorado Republican. "With no effective screening process in place, such a plan poses a major national security threat."

For the first 18 months after he proposed his guest-worker plan in January 2004, Mr. Bush focused on the workers and economic need. Last October, however, with the House clearly moving toward a security-first approach, Mr. Bush began highlighting border security far more heavily.

In a town hall event and a press conference last week, the president said the first priority is securing the border.

"Step one, focus on enforcing the border," he told an audience in Cleveland. "When we find people, [we] send them home, so that the work of our Border Patrol is productive work."

Mr. Bush met Thursday with representatives of groups, mostly businesses, that want to legalize illegal-alien workers and create a new stream of foreign workers. Participants said Mr. Bush realizes his role, for now, is limited to pressing for action. But they also said the president promised to be active in helping to write the final proposal when the House and Senate go to conference on their bills.

In his radio address yesterday,Mr. Bush said he will attend a naturalization ceremony tomorrow and press for action on a comprehensive immigration bill.

But he stressed that he will not accept amnesty.

"Granting amnesty would be unfair, because it would allow those who break the law to jump ahead of people who play by the rules and wait in the citizenship line," he said, adding that amnesty now would encourage another wave of illegal aliens in the future.

Mr. Bush also repeated his call for civility as the congressional debate continues.

"This is an emotional debate," he said. "America does not have to choose between being a welcoming society and being a lawful society. We can be both at the same time."

L.A. Braces For Protest, As Bush Addresses 'emotional Debate' (CNN)

CNN, March 26, 2006

Pending legislation spurs tens of thousands to march

LOS ANGELES, California (CNN) -- As thousands of people were expected to protest legislation cracking down on illegal immigrants on Saturday, President Bush said he planned to toughen enforcement of immigration laws.

"America is a nation of immigrants, and we're also a nation of laws," Bush said in his weekly radio address.

"When illegal immigrants know they will be caught and sent home, they will be less likely to break the rules, and our immigration system will be more orderly and secure."

The president acknowledged it was an "emotional debate" but continued "America does not have to choose between being a welcoming society and being a lawful society."

A march against proposed legislation in Congress was set for Saturday through downtown Los Angeles, California, a day after thousands of people staged similar demonstrations in Georgia, Arizona and elsewhere.

Next week, the Senate will take up immigration overhaul, with at least four different proposals rattling around the Capitol.

Among the thorny issues the Senate will tackle is Bush's guest worker program for immigrants, which has proven unpopular with many of his fellow Republicans. Senators must also decide whether more than 11 million people already in the United States illegally will be given a chance to earn legal status -- a process critics dismiss as "amnesty."

An immigration bill that passed the House of Representatives in December makes entering the country illegally a felony and calls for construction of 700 miles of security fence along the U.S.-Mexico border.

The House bill would also require employers to verify the immigration status of workers before hiring them, with increased fines for employers who fail to comply. The proposals have angered many Latinos.

"As we debate the immigration issue, we must remember there are hardworking individuals, doing jobs that Americans will not do, who are contributing to the economic vitality of our country," said Bush.

In Phoenix, Arizona, on Friday, police said 20,000 demonstrators marched to the office of Republican Sen. Jon Kyl, co-sponsor of a bill that would give illegal immigrants up to five years to leave the country, The Associated Press reported. The turnout clogged major thoroughfares in what officials said was one of the largest protests in the city's history. People also protested outside Kyl's Tucson office, according to AP.

Protesters "should be pleased that the Senate is probably going to address this in a much more comprehensive way," Kyl told the Tucson Citizen newspaper during a meeting with its editorial board, according to AP.

In Los Angeles, more than 2,700 students from at least eight high schools and junior high schools walked out Friday, district officials told AP. Some carried Mexican flags as they walked down the streets, police cruisers behind them. Peach State protest

In Georgia, activists said tens of thousands of workers did not show up at their jobs Friday after calls for a work stoppage to protest a bill passed by the Georgia House on Thursday.

That bill, which has yet to gain Senate approval, would deny state services to adults living in the U.S. illegally and impose a 5 percent surcharge on wire transfers from illegal immigrants.

Supporters say the Georgia measure is vital to homeland security and frees up limited state services for people legally entitled to them. Opponents say it unfairly targets workers meeting the demands of some of the state's largest industries.

Teodoro Maus, an organizer of the Georgia protest, estimated as many as 80,000 Hispanics did not show up for work, AP reported. About 200 converged on the steps of the Georgia Capitol, some wrapped in Mexican flags and holding signs reading: "Don't panic, we're Hispanic" and "We have a dream, too."

Jennifer Garcia told AP she was worried what the proposal would do to her family. She said her husband is an illegal Mexican immigrant.

"If they send him back to Mexico, who's going to take care of them and me?" she asked AP. Garcia said of herself and her four children. "This is the United States. We need to come together and be a whole."

On Monday, Bush is to attend a naturalization ceremony in Washington where he will watch new citizens raise their right hands and swear to uphold the laws of the United States, according to The Associated Press. Later in the week, immigration likely will surface as a topic in Cancun, Mexico, where Bush is to meet with Mexico's President Vicente Fox, AP reported.

Bush said the government is trying to end a decades-long practice of releasing illegal immigrants soon after capture because of a lack of space in detention centers.

"We're adding more beds so we can hold the people we catch, and we're reducing the time it takes to send them back home," he said.

The president emphasized that a temporary worker program he's proposed would not provide amnesty to illegal immigrants in the United States. "For the sake of justice and for the sake of border security, I firmly oppose amnesty," Bush said.

Hot-button Immigration Debate Looms (KCS)

By Rick Montgomery

The Kansas City Star, March 26, 2006

A nervous Congress — pushed by voters who want action now — is bracing for an immigration showdown.

The Senate Judiciary Committee on Monday will attempt to hammer out a bill certain to press some of the hottest buttons of this election year: swelling number of illegal immigrants, proposals for temporary guest-worker status and the porous state of America's border with Mexico.

The Republican Party, in particular, is deeply cleaved over what to do.

¦ U.S. Sen. Sam Brownback, the Kansas conservative, is locking arms with U.S. Sen. Ted Kennedy, the Massachusetts liberal, in pushing legislation that would pave a path toward citizenship for roughly 7 million undocumented workers.

¦ Senate Majority Leader Bill Frist couldn't disagree more. He's offered up a bill that stiffens border enforcement but defiantly leaves out President Bush's calls for a guest-worker program.

¦ And Bush himself faces a difficult week ahead, as immigration troubles likely will dominate talks with Mexico's President Vicente Fox.

"All of Congress is boxed in a corner here," said John Keeley of the Center for Immigration Studies. "It's a mess of their own making."

Across the nation, including in Kansas City, Kan., on Friday, thousands of immigrants and their advocates have marched in support of comprehensive, compassionate reform. On Saturday, for example, an estimated 500,000 people rallied in Los Angeles.

In many areas, Latino-owned businesses shut down to let their workers march. On Monday, Washington will be host to a large rally of faith leaders opposed to criminalizing undocumented workers.

Some experts sense a historic decision is in the making, but only if lawmakers are able to compromise.

More Than 500,000 Rally In L.A. For Immigrants' Rights (LAT)

By Teresa Watanabe And Anna Gorman

The Los Angeles Times, March 26, 2006

Joining what some are calling the nation's largest mobilization of immigrants ever, hundreds of thousands of people boisterously marched in downtown Los Angeles Saturday to protest federal legislation that would crack down on undocumented immigrants, penalize those who help them and build a security wall on the U.S. southern border. Spirited crowds representing labor, religious groups, civil-rights advocates and ordinary immigrants stretched over 26 blocks of downtown Los Angeles from Adams Blvd. along Spring Street and Broadway to City Hall, tooting kazoos, waving American flags and chanting "Si se puede!" (Yes we can!). The crowd, estimated by police at more than 500.000, represented one of the largest protest marches in Los Angeles history, surpassing Vietnam War demonstrations and the 70,000 who rallied downtown against Proposition 187, a 1994 state initiative that denied public benefits to undocumented migrants.

The marchers included both longtime residents and the newly arrived, bound by a desire for a better life and a love for this county.

Arbelica Lazo, 40, illegally immigrated from El Salvador two decades ago but said she now owns two business and pays $7,000 in taxes annually.

Jose Alberto Salvador, 33, came here illegally just four months ago to find work to support the wife and five children he left behind; in his native Guatemala, he said, what little work he could find paid only $10 a day. "As much as we need this country, we love this country," Salvador said, waving a stick with both the American and Guatemalan flag. "This country gives us opportunities we don't get at home."

Saturday's rally, spurred by anger over legislation passed by the U.S. House of Representatives last December, was part of what many say is an unprecedented effort to organize immigrants and their supporters across the nation. The U.S. Senate Judiciary Committee is to take up efforts Monday to complete work on a comprehensive immigration reform proposal. Unlike the House bill, which beefed up border security and toughened immigration laws, the Senate committee's version is expected to include a guest worker program and a path to legalization for the nation's 10 to 12 million undocumented immigrants.

In recent weeks, hundreds of thousands of people have staged demonstrations in more than a dozen cities. The Roman Catholic Church and other religious communities have launched immigrant rights campaigns, with Los Angeles Cardinal Roger Mahony taking a leading role in speaking out against the House bill and calling on his priests to defy its provisions that would make felons of anyone who aided undocumented immigrants. In addition, several cities, including Los Angeles, have passed resolutions against the House legislation and some, such as Maywood, have declared itself a "sanctuary" for undocumented immigrants.

"There has never been this kind of mobilization in the immigrant community ever," said Joshua Hoyt, executive director of the Illinois Coalition for Immigrant and Refugee Rights. "They have kicked the sleeping giant. It's the beginning of a massive immigrant civil rights struggle."

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One of the marchers Saturday, Jose Alberto Salvador, 33, left his wife and children behind in Guatemala four months ago to cross the border into the United States so he could earn enough money to return home and buy a house.

Jorge Valdovinos, 43, is a legal immigrant from Mexico who has three US-born children and works as a financial advisor.

Amid a sea of American and Mexican flags, protesters chanted "Si Se Puede!" and waved banners in Spanish that read, "We aren't criminals" and "The USA is made by immigrants."

"I love this country as if it were my own, for the opportunities it has given me," said Laurentino Ramirez, an illegal immigrant from Mexico who works at a garment factory. "The law is unjust for those who don't have papers. We come to work. We don't come to do harm to anyone."

Many of the marchers were immigrants themselves — both legal and illegal -- from Mexico and Central America. Some had just crossed the border, while others had been here for decades. There were construction workers and business owners; families with young children and people in wheelchairs. Throughout the afternoon, protesters heard speakers demand a path toward legalization and denounce HR 4437, which would tighten border enforcement and crack down on employers who hire undocumented workers.

The rally was organized by numerous unions, religious organizations and immigrant rights groups and publicized through Spanish-language media, which encouraged participants to wear white to symbolize peace and bring American flags. The mostly peaceful march stretched over 26 blocks, shutting down streets and tying up traffic around downtown for hours. Police estimated the crowd at 500,000, more than five times the size of the 1994 rally against California's Proposition 187, which would have denied services to undocumented immigrants. Participants said the massive mobilization shows that immigrants' voices must be heard and that they are contributing to the country's economy.

500,000 March In L.A. Against Immigration Bill (WP/AP)

By Associated Press

The Washington Post, March 26, 2006

Measure Was Passed by U.S. House

LOS ANGELES, March 25 -- They surprised the police, and maybe themselves, their T-shirts turning block after block of downtown Los Angeles streets white in a demonstration so massive that few causes in recent U.S. history could have matched it.

Police said more than 500,000 people marched Saturday to protest a proposed federal crackdown on illegal immigration. Wearing white as a sign of peace -- and waving flags from the United States, Mexico, Guatemala and other countries -- they came to show that illegal immigrants are already part of the American fabric, and want the chance to be legal, law-abiding citizens.

Police used helicopters to come up with the crowd estimate. "I've been on the force 38 years, and I've never seen a rally this big," said Cmdr. Louis Gray Jr., incident commander for the rally.

In Charlotte, between 5,000 and 7,000 people gathered Saturday carrying signs with slogans such as "Am I Not a Human Being?" In Sacramento, more than 4,000 people protested during a march honoring the late farm labor leader Cesar Chavez. In Denver, more than 50,000 people protested downtown, according to police who had expected only a few thousand.

Phoenix was similarly surprised Friday when an estimated 20,000 people gathered for one of the biggest demonstrations in city history, and more than 10,000 marched in Milwaukee on Thursday.

The demonstrators oppose legislation passed by the U.S. House that would make it a felony to be in the United States illegally. It would also impose new penalties on employers who hire illegal immigrants, require churches to check the legal status of parishioners before helping them, and order the construction of fences along one-third of the U.S.-Mexican border.

"I think it's just inhumane. . . . Everybody deserves the right to a better life," said Elger Aloy of Riverside, 26, who brought his infant son to the Los Angeles march.

Many of the demonstrators who weren't immigrants said they have relatives who are. "My mom came from Mexico. She had to cross the river, and thank God she did," said David Gonzalez, 22. He rejected assertions by advocates of the legislation that it would help protect the nation from terrorism. He said it would hurt Hispanics the most.

The Senate is to begin debating immigration proposals Tuesday.

President Bush is pushing for a guest-worker program that could provide temporary legal status to some of the estimated 12 million illegal immigrants. Many of his fellow Republicans are taking a more restrictive stance.

Many Stories, A Single Theme (LAT)

By Anna Gorman, Michelle Keller And Kelly-anne Suarez

The Los Angeles Times, March 26, 2006

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Recent illegal migrants and those who have gained legal status cite their contributions to the U.S. 'I love this country,' says one undocumented man.

Candido Hernandez, 26, trekked through the mountains from Mexico more than two decades ago and now works construction to support his three U.S.-born children.

Carmen Vazquez, 50, cleaned homes in Los Angeles while relatives raised her daughter in El Salvador before she became a legal resident and the two were able to reunite here several years later.

Maria Ortega, 30, came from Mexico to look for better opportunities and found work at a plastics factory after presenting false documents.

The three were among a festive crowd police estimated at 500,000 that marched through downtown Los Angeles to City Hall on Saturday to support immigrants rights and oppose a pending federal bill that would make illegal immigration a felony.

The march stretched more than 20 blocks along three streets, tying up traffic through midafternoon. There were no arrests.

"This was a massive protest," said Los Angeles Police Department spokeswoman Sandra Escalante, who said the crowd peaked at just over half a million by 11:30 a.m. "I can't recall a larger one."

Amid a sea of American and Mexican flags, protesters waved banners in Spanish that read, "We aren't criminals" and "The USA is made by immigrants."

"I love this country as if it were my own, for the opportunities it has given me," said Laurentino Ramirez, 32, an illegal immigrant from Mexico who makes minimum wage at a Los Angeles garment factory.

Ramirez took the day off to attend the march with 20 relatives. He worries about being deported and separated from his two children. If he became a permanent resident, Ramirez said, he could get a driver's license and a higher-paying job.

The marchers passed kazoo and ice pop vendors and carts steaming with hot dogs. Music blared over loudspeakers, Aztec dancers performed and peddlers hawked flags. A circle of drummers stopped frequently along the procession to play and shout. Many of the participants were immigrants — both legal and illegal — from Mexico and Central America. Some had recently crossed the border, while others have been in the United States for decades. Construction workers, business owners, families with young children and people in wheelchairs joined the march, coming from San Francisco, San Diego and other parts of the state.

Jorge Valdovinos, 43, of Fresno came with his wife and three children to show that he and other immigrants have made significant contributions to the U.S. economy.

"It's outrageous, because this country is built by immigrants," said Valdovinos, a permanent resident who owns a financial services company.

Julio Cruz, 20, said he does not want to return to Mexico because his infant daughter is hospitalized here.

In Mexico, Cruz made about $3.50 a day. Here, he said, he earns considerably more in construction.

"I came here to work," said Cruz. "I didn't come here to be out in the streets…. I don't think it would be too much to ask for legal documents so that I could keep working."

The rally was organized and funded by unions, religious organizations and immigrants rights groups, including Service Employees International Union Local 660; United Farm Workers; Hermandad Mexicana, an organization that assists immigrants; and the Korean Resource Center in Los Angeles.

It was publicized through Spanish-language media, which encouraged participants to wear white for peace and carry American flags to show patriotism. The organizers bused in participants who lacked transportation and helped guide them along the route.

The march started at 9th Street and followed Broadway, Main and Spring streets before converging at City Hall. Speakers demanded a path toward legalization and denounced congressional legislation that would tighten border enforcement and crack down on employers who hire undocumented workers.

"We're not going to let them treat us like modern-day slaves," Angela Sanbrano, executive director of the Central American Resource Center, said to the crowd in Spanish. "You have all sent a very clear message to the president. We're going to fight for just laws that recognize what immigrants have done for this country."

Organizers said the massive mobilization shows that immigrants' voices must be heard.

"People are really upset that all the work they do, everything that they give to this nation, is ignored," said Angelica Salas, executive director of the Coalition of Humane Immigrant Rights, which helped organize the march.

"Instead," she said, "there are all these proposed laws against them…. This is unacceptable."

One bill proposes adding 700 miles of fencing along the southern border, which Mexican immigrant Ortega said will only make the journey for illegal immigrants riskier.

Ortega, who has three children, paid a coyote to take her through the mountains nine years ago. "The people aren't going to stop coming; there will be more deaths."

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Ortega said she also worries that police will be given more power to enforce immigration law. "Instead of trusting them, we are going to fear them," she said.

Ana Velasquez, 46, worked as a seamstress after arriving from El Salvador 26 years ago. She became a citizen after the 1986 amnesty and believes others should have the same opportunity.

"I want justice for the people who have been here and deserve to be here," Velasquez said as she marched on Broadway. "I'm very grateful for the chance to be in this country."

*

Times staff writers Hector Becerra and Rong-Gong Lin II contributed to this article.

Thousands March On Kyl Offices (ADS)

By Brady McCombs

Arizona Daily Star, March 26, 2006

Senator's bill gives illegal entrants five years to leave the country

Oscar Soto took the day off from his warehouse job Friday to come with his wife, two children, nephew, niece and mother-in-law to an immigrant-rights rally on Tucson's Northwest Side to stand up for himself and his family.

Oscar Cruz managed to get time off from his apartment maintenance job to stand on the front line of the protest at Sen. Jon Kyl's Tucson office, 7315 N. Oracle Road, and hold a cardboard sign with white spray paint that read: "Senator Kyl: No more walls." It rested on top of a sign that read: "Humanitarian Aid Is Never A Crime."

On Friday both were part of an estimated 500 boisterous protesters who hoisted signs, held U.S. and Mexican flags and chanted, sang and shouted when drivers honked in support.

Participants wore white stickers that had the rally's theme in black letters: "We are not the enemy, we are part of the solution" or "No Somos el enemigo, somos parte de la solución."

In Phoenix, an estimated 20,000 people marched to Kyl's office to protest, according to Phoenix police.

Thousands more took part in protests in cities across the country, staging school walkouts, marches and work stoppages.

In Los Angeles where 2,700 students from at least eight high schools and junior high schools walked out, fights broke out between black students and Hispanic students attempting to join the protest.

In Tucson, neither Cruz nor Soto — who have both lived and worked in the United States for more than a decade without permanent residency or citizenship — had ever been to a rally before. But they said they staunchly oppose recent immigration proposals like House Bill 4437 and a proposal from Sens. Kyl, R-Ariz., and John Cornyn, R-Texas, that they believe would make them criminals.

"We want residency," said Cruz, 48, who was born in Nicaragua and lived in El Salvador before arriving in the United States in 1985.

Cruz has been able to work on renewable visas under the Nicaraguan Adjustment and Central American Relief Act but says he wants a chance to become a legal permanent resident.

Mexican native Soto, 32, wants the same thing. He came here 10 years ago to work and said he pays taxes, obeys laws and respects the culture and government of the United States.

"We came here so they don't treat us like criminals," Soto said about participating in the rally.

Soto's two children, an 8-year-old girl and a 6-year-old boy, are U.S. citizens who were born in this country. He and his wife, Jocabed Soto, are preparing to buy a house. They feel they are law-abiding and productive and deserve the chance to become citizens.

"It is not a crime to work," Oscar Soto said.

U.S. citizens Marge and Bill Kinkead of Green Valley joined the largely Spanish-speaking crowd to let lawmakers like Kyl hear their displeasure.

"They deserve some way to come into this country and work without the fear of being sent back in four of five years," said Bill Kinkead, 73, who is a member of Humane Borders.

The Kyl-Cornyn proposal would give illegal entrants up to five years to leave the country. These illegal entrants could apply from their home country to return as temporary workers, or they could apply for permanent residency. House Bill 4437, passed by the House on Dec. 16, would create 700 miles of fence along the border, make living in the country illegally a felony and increase penalties for employers who hire illegal workers.

"We're getting fed up, particularly with the gentleman whose office is behind us," Bill Kinkead said. "I hate the fact that he represents Arizona in Congress."

In a written response to Friday's rallies, Kyl didn't address the protesters as much as reiterate his stance on the issues.

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"I have advocated for the adoption of a comprehensive plan that increases border security, provides a temporary-worker program, ensures enforcement of our laws at the border and at the workplace, and deals with those illegal immigrants already in the country," the statement said.

Democrat Jim Pederson, who is challenging Kyl for his Senate seat, issued a statement criticizing Kyl's proposal as a last-ditch election-year effort that "borders on fantasy."

He said marchers targeted Kyl's office because "they know that Jon Kyl's immigration plan is no plan at all. It's unworkable, partisan and needlessly divisive."

He said he would offer a plan that addresses border enforcement as well as a way to deal with the people already here.

Jennifer Allen, director of the Border Action Network, called Friday's rally one of the biggest immigrant-rights rallies in recent Tucson history. Allen said 200 people showed up in December for a similar rally.

"People know that this is a historic moment and that the immigrant community is part of making history," Allen said. "That's why they are here."

Glenn Spencer, president of the American Border Patrol, which advocates for stricter border enforcement, watched and filmed the protest. He said the relatively small number of cars that honked represented the true sentiment.

Those who didn't honk "are the silent majority," Spencer said. "They do nothing and I think that's a reflection of the polls that show people want our borders controlled."

Cruz and the Sotos said Friday's rally, which concluded about 12:30 p.m., will make an impact.

"It will make them see how many we are and what we want," Jocabed Soto said.

Tens Of Thousands Protest Bill (DENP)

By Kirk Mitchell and Annette Espinoza

Denver Post, March 26, 2006

Immigration bill sparks Denver gathering

If there was any doubt about the large volume of migrant workers in Colorado, a crowd of more than 50,000 Latino demonstrators proved it today.

Throngs of people marched in front of the State Capitol on Colfax Avenue and packed Civic Center, waving signs that said “No on H.R. 4437,” a proposed federal law that would make illegal immigration a felony, and chanted “Si se puede,” or “yes we can” (unite).

“It's just incredible,” said Polly Baca, former state legislator and executive director of Latin American Research and Service Agency. “You can see that a day without these people working would be devastating for Colorado's economy.”

But U.S. Rep. Tom Tancredo, R-Colo., said the crowd would have been much smaller or could have been quickly dispersed had Immigration and Customs Enforcement officers shown up with buses and started checking identification.

“When the rest of America looks at these demonstrations they'll agree it's getting more difficult to control illegal immigration,” Tancrado said. “We'd better do something about this.”

Farm, construction and hotel workers from Pueblo to Fort Collins drove to Denver for the mass demonstration, Baca said. Many people walked from as far as 20 blocks, pushing baby strollers and waving large red, white and green Mexican flags.

The large turnout stunned even the organizers.

A grass-roots campaign to get people to participate in the demonstration has been weeks in the making, with announcements on Spanish-language radio stations and at churches such as Centro Nueva Vida, 6738 E. Colfax Ave.

“The Time is Now Rally” organizers began meeting eight days ago. At its first meeting, the organizers anticipated two dozen, by last Wednesday they thought it would be a couple of hundred. They never imagined it would be more than that.

"Our goal is to get mass awarness to the people of Colorado and to the immigrant community on current immigration issues and to call for action," said Ida Sandoval.

Illegal immigration has also been in the spotlight in Colorado with bills in the Legislature including one that would make it a felony to transport illegal immigrants. On Monday and Tuesday, more than 80 illegal immigrants were arrested after highway accidents during a snowstorm.

“My people come not because they are bad people but because they are hungry,” said Maria Zayas, who was a migrant worker for 20 years before becoming a U.S. citizen. “If we leave, the U.S. would go down.”

Joel Canales said undocumented immigrants are worried about HB 4437 because it will prevent them from working. “They're just looking for a better life for themselves,” said Canales, who is a U.S. citizen but has several relatives who are illegal and work in the United States.

The bill, which recently passed the House, would turn 11 million undocumented workers in the U.S. into criminals. Tancredo said the bill would give the U.S. power to enforce the law.

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Protesters Rally For Immigrants' Rights (DMN)

By Karin Shaw Anderson And Dianne Solis

The Dallas Morning News, March 26, 2006

Latino protesters criticize current policies, ask for better treatment

Sitting next to bronze statues of cattle in Dallas' Pioneer Plaza, 12-year-old Cesar Hernandez talked about the struggles his family has endured while making a life in the U.S.

His mother returned to Mexico last year to get treatment for her diabetes, something she could not find here because of her immigrant status.

MARIA OLIVAS / Special to Al Dia Demonstrators gathered in front of Dallas' City Hall on Saturday afternoon to protest immigration proposals.

Cesar attended a rally Saturday near City Hall with two of his aunts and two cousins to push for immigrant rights and to protest recent proposals to keep more people from entering the country illegally.

"We need papers and passports," he said, translating for the aunt who now cares for him in Dallas. "We came here to earn respect. We need a better life."

About 1,500 protesters attended the rally, one of several in cities across the country.

Baltazar Ortega pressed his face to a Mexican flag someone handed him before the rally started.

"I love my flag," he said. "It's a source of pride for me. It's my first time holding a flag in my hands."

Dozens of flags from many Latin American countries fluttered in the wind as speakers took the stage.

Mr. Ortega came to the gathering with his friends Hugo Ortega and Juan Carlos Martinez to show their contributions to the American workforce.

"I'm a truck driver," Mr. Martinez said, hugging his daughter. "But a lot of people think that if you are an illegal, you're a criminal."

After a recording of his song "Mexican Revolution" was played at the rally, rapper Jorge Ruiz said that Latino immigrants like his parents helped build Dallas.

"We construct your schools. We cook your food," he said. "We are the motor of this nation, but people don't see us.

"Blacks and whites, they had their revolution. They had their Martin Luther King. Now it is time for us."

Diana Flores, a Mexican-American and a trustee with the Dallas County Community College District, roused the crowd.

"People don't sleep anymore. People don't sleep anymore," she said in Spanish. "When we don't get involved, when we don't participate ... they treat us as though as we are the worst element of this city.

"You are not alone," she said. "We are here to demand [legal] residency. We cannot stop. We will achieve justice."

Francisco Rojas, a member of Grupo Jalisco, said he could see changes stirring.

"We are right now doing our first step," he said in Spanish. "It's like an animal that's waking from many years of sleep. We are very strong, and right now is our opportunity to be important through our words and our ideas."

About 200 Demonstrate In Waukesha Against Immigration Bill (MJS)

By Larry Sandler

Milwaukee Journal Sentinel, March 26, 2006

Waukesha - Some 200 protesters rallied Saturday against U.S. Rep. Jim Sensenbrenner's bill to levy criminal penalties against illegal immigrants and those who aid them.

But as the demonstrators chanted outside Waukesha State Bank in Spanish and English, the Menomonee Falls Republican held firm to his position in a feisty debate with constituents inside.

"We're here protesting everything he stands for," Barney Gonzales of Waukesha told the largely Latino crowd gathered in the bank's parking lot.

Sensenbrenner's bill represents "discrimination and oppression" against "people who came here for a better life," added Deborah Luna of Waukesha.

But Sensenbrenner said he was concerned about businesses that see illegal immigrants as cheap labor and "coyotes" who smuggle people across the U.S.-Mexican border for drug trafficking and prostitution. He said U.S. schools and social services would be overtaxed if projections hold true that the number of illegal immigrants eventually will grow from 11 million to 30 million.

"Unless we do something about illegal immigration, we're consigning illegal immigrants to be a permanent underclass, and I don't think that's moral," Sensenbrenner told about 50 people at his town hall meeting at the bank.

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Sensenbrenner's bill, which has been approved by the House, also would build a wall along the border and get tough on businesses that hire illegal immigrants. The legislation has stirred controversy nationwide, drawing 100,000 people to a rally in Chicago this month and at least 10,000 to a march Thursday in Milwaukee.

By contrast, Gonzales conceded, Saturday's demonstration was a "small-scale protest." Demonstrators started gathering well before the meeting started and kept chanting slogans and waving signs after it ended, even as they were pelted by freezing rain.

Chants of "¡Viva La Raza!" (Long live the Hispanic people), "Sí, se puede" (Yes, we can) and "Latinos unidos" (Latinos united) echoed throughout downtown Waukesha. Protesters held up U.S. flags and signs that read: "We're not a threat. We love America, too," and "America was built on immigration."

Inside, questions about immigration policy dominated the meeting. Sensenbrenner's critics were led by Stewards of Prophetic, Hopeful, Intentional Action, or SOPHIA, a coalition of Waukesha County churches.

Mark Doremus, the coalition's president, urged Sensenbrenner to "temper justice with mercy." Doremus noted that churches often help immigrants and added, "To tell us that someone who reaches out in Christian love to another will be a felon is very disturbing."

Sensenbrenner, the House Judiciary Committee chairman, said he had tried to amend his bill to change the crime from a felony to a misdemeanor but Democrats helped vote down that move. Many of the votes cast against that amendment were aimed at defeating the bill altogether.

Bishop Paul Stumme-Diers, leader of the Greater Milwaukee Synod of the Evangelical Lutheran Church in America, said he hoped Congress would adopt legislation less like Sensenbrenner's and more like a competing measure sponsored by Sens. John McCain (R-Ariz.) and Edward Kennedy (D-Mass.). The McCain-Kennedy bill would provide a way for illegal immigrants already in this country to win legal status.

Sensenbrenner called the McCain-Kennedy legislation "an amnesty bill." He said he could not accept amnesty for illegal immigrants because it would give them precedence over those who were following the long process to immigrate and win citizenship legally.

Ralph Onsager of Brookfield lashed out at Sensenbrenner's Christian critics, claiming the Bible said they should follow the law.

"Just like Jesus?" the crowd jeered, recalling how Jesus had resisted the Roman authorities.

The Senate will open debate Tuesday on immigration reform. Sen. Arlen Specter (R-Pa.), chairman of the Senate Judiciary Committee, is seeking to forge a compromise between the Sensenbrenner and McCain-Kennedy bills.

Sensenbrenner said he could not predict how the Senate would act but noted he would sit on the conference committee that shapes the final deal.

Leading Charge, Taking The Fire (MJS)

By Graig Gilbert and daniel Reilly

Milwaukee Journal Sentinel, March 26, 2006

Chairman's bill rallies his foes on immigration

Washington - As chairman of the House Judiciary Committee, Jim Sensenbrenner is a pivotal figure in the fight over immigration.

But lately he has become more than that.

With the issue boiling over politically, Sensenbrenner and the get-tough immigration bill he sponsored have turned into bitter rallying cries for an increasingly vocal opposition, especially among Hispanics, fueling protests such as the one that drew more than 10,000 people Thursday in Milwaukee.

About 200 protesters confronted Sensenbrenner at a town meeting Saturday in Waukesha.

To those mobilizing against his bill, the 62-year-old congressman has attained a kind of infamy.

"Chairman Sensenbrenner is becoming a household word in the Latino community," said Cecilia Muñoz of the National Council of La Raza, a leading Hispanic group.

"We want to thank Congressman Sensenbrenner, because he has brought us all together," said Luis Pelayo, a Chicago activist and the president of the Hispanic Council, a small non-profit in Bensenville, Ill. "We have never had a leader so powerful that has united our community like him."

One sign at last week's Milwaukee protest read "Deportemos Sensenbrenner" - "Let's Deport Sensenbrenner."

A Latino group in Chicago briefly boycotted Miller Brewing Co. because it's a Wisconsin company that gave money to the lawmaker's re-election campaign.

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"People who know very little about bills and Congress do know who Congressman Sensenbrenner is. He's become shorthand for the anti-immigrant movement," said Deepak Barghava, a Washington anti-poverty activist fighting the Sensenbrenner bill. "In church basements and town meetings, the name Sensenbrenner gets an incredible reaction."

Denies he's anti-immigration

In an interview last week, Sensenbrenner said the reaction he and his House-approved legislation have inspired "comes as no surprise to me."

"Let me say this shows how tremendously difficult it is do anything to fix our broken immigration system," Sensenbrenner said. "I've never been one that shied away from controversy. What I'm doing is the right thing. We've got to get control of our borders."

He rejects the notion that he is anti-immigration, and his high profile on the issue is a relatively recent thing. In fact, he calls Colorado Rep. Tom Tancredo, an outspoken Republican crusader against immigration, a "zealot."

But last year, Sensenbrenner got a law enacted that was aimed at barring illegal immigrants from getting driver's licenses. And in December, he left his stamp on the broader immigration debate. The powerful committee chairman sponsored and won passage of an immigration bill that would build a long wall on the Mexican border, beef up enforcement against hiring undocumented workers, criminalize illegal presence in the United States and expand the laws against aiding illegal immigrants.

A compromise

Sensenbrenner says his bill is what the public wants and was the only approach that could win approval from a deeply divided GOP majority.

"The Republicans are not like the Rockettes on the issue of immigration," he said.

Focused on security and enforcement, his measure steered clear of the most divisive questions: whether to let in more foreigners as temporary workers and whether to give the estimated 11 million to 12 million illegal immigrants already in the U.S. a way to earn legal status.

The bill was hailed by those who want to restrict immigration, a goal shared by many Americans, particularly in the GOP's conservative base. But it has pitted Sensenbrenner against a broad set of political forces: not just Hispanic groups and congressional Democrats, but President Bush, the business lobby, the Roman Catholic Church and others who favor a more liberal immigration policy.

With the Senate debate coming to a head over the next few weeks, opponents of the Sensenbrenner bill are massing against it, with protests and vigils and demonstrations around the country. A rally in Chicago this month drew an estimated 100,000 people and was followed by nationwide events, including Saturday in Los Angeles, where more than 100,000 marched. Organizers plan events in Milwaukee and at least nine other cities April 10.

At a news conference here last week, activists opposing the bill called it "ugly," "evil" and "un-American." They said it was punitive and failed to give undocumented workers a path "out of the shadows." They also argued that it would backfire politically on the GOP by alienating the nation's growing Hispanic population, a concern shared by some Republican strategists.

Talk of repercussions

The refrain from the bill's opponents is that Sensenbrenner has roused a "sleeping giant" in America's immigrant population.

"He is (now) famous as a guy who put forward a bill that criminalizes 11 million people and criminalizes people who are engaged in charity," said Muñoz, of La Raza. "I have worked in Washington for almost 20 years, and that is not the kind of guy the chairman is. But I think he and the Republican leadership are making a very grave mistake with this bill. And that mistake will have repercussions for their priorities for years to come."

"The Sensenbrenner bill has proven to be one of the great mobilizing forces for the pro (immigration) reform alliance in this country," said Frank Sharry, executive director of the National Immigration Forum, an immigrant's rights organization based in Washington.

"Growers, restaurant owners, nursing home operators, unions, immigrant communities, the Catholic Church are coming out against this bill. . . . This has proven to be a match on a fire," he said.

Cardinal Roger Mahony of Los Angeles has urged priests there to ignore the bill if its provisions against aiding illegal immigrants become law.

Sen. Hillary Rodham Clinton (D-N.Y.) joined in last week, saying Sensenbrenner's bill "would literally criminalize the good Samaritan - and probably even Jesus himself."

Moral element is argued

Sensenbrenner says his bill is not aimed at criminalizing good Samaritans coming to the aid of undocumented immigrants but at so-called coyotes who smuggle people across the border.

And he defends the idea of making illegal presence a crime. It is now a civil violation.

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"The way to come to the United States is to obey the law. And illegal immigrants are violating the law," he said.

Sensenbrenner argues that "the best way to help illegal aliens is to stop illegal immigration," which he says creates an exploited underclass.

"Those who hire large numbers of illegal aliens are the 21st-century slave masters. And in my opinion, that's just as immoral as the 19th-century slave masters we had to fight a civil war to get rid of," said Sensenbrenner, who wants the legal status of workers to be verified before they're hired.

He says cracking down on illegal immigration is a "national security issue."

As for the politics, the Menomonee Falls Republican accused "zealots" on both sides of polarizing the discussion.

"It's much harder as a result of the shrillness of the debate," said Sensenbrenner, who accuses the Mexican government of engaging in a public relations campaign against the bill "that's aimed greatly at me."

One activist on Sensenbrenner's side of the debate, Mark Krikorian of the Center for Immigration Studies, said he thought the congressman's critics were making a tactical mistake by excoriating him.

"I'm not really sure these protests against him and personalizing him as the locus of evil is going to do the other side any good," Krikorian said. "As far as I can tell, he's not the sort of guy that's going to take very well to that kind of thing."

The Senate Judiciary Committee will attempt to agree on a bill Monday that includes guest workers and could provide a way for illegal immigrants to become legal residents. But Senate Majority Leader Bill Frist has offered a bill much more like Sensenbrenner's.

Anything passed by the Senate would become the subject of negotiations with the House, and Sensenbrenner will play a key role in that process. He says one of his bottom lines is no "amnesty" for illegal immigrants. By that, Sensenbrenner means that illegal immigrants should have to return to their country of origin before they can be considered for legal residence in the U.S., an idea that his critics say is unworkable.

The lawmaker said last week that he doesn't know if Congress can agree on a new immigration law.

"I have said repeatedly this is the most difficult thing I have done in my public career," Sensenbrenner said.

And one that, one way or another, might shape his political legacy.

Miscue Enables 15 Illegals To Go Free (WT)

By Valerie Richardson

The Washington Times, March 26, 2006

DENVER -- When a Colorado state trooper pulled over a van crammed with 15 illegal aliens headed for Iowa City, it looked like their plans to visit the Hawkeye State had come to a screeching halt.

Instead, Trooper John Lopez released the van and its occupants after an Immigration and Customs Enforcement (ICE) agent told the Colorado State Patrol that he didn't have the staff to detain the admitted illegal aliens.

Immigration officials now say that the decision Thursday to let them go was based on a miscommunication about the van's location. Even so, the release has fueled frustration over what critics see as the federal agency's inability to handle the unabated flow of undocumented workers.

"What I've picked up on is that ICE seems to be understaffed, underfunded and doesn't seem to be able to handle the magnitude of the problem we have here in Colorado," said Fred Elbel, co-director of Defend Colorado Now, which plans to place a measure on the November ballot aimed at discouraging illegal immigration.

"Local police have told me on numerous occasions that they're reluctant to call ICE, because often ICE can't do anything," Mr. Elbel said.

ICE regional spokesman Carl Rusnok said the agency is "reviewing what happened and wants to correct this," but he defended its overall record of handling calls from local authorities.

Immigration officials have had their hands full as illegal aliens pour into the country for the spring planting season: On Monday and Tuesday, 113 illegal aliens were picked up on Colorado highways after their vehicles rolled over or skidded off the highway during a snowstorm. The Justice Prisoner Alien Transportation System is in the process of returning them to Mexico, Mr. Rusnok said.

"I'm not saying that it never happens, that we always respond to these calls, but look what happened on Tuesday," he said. "We had all these rollovers, and we responded to each of those and took custody of all illegal aliens in a timely manner."

On Thursday, the state patrol contacted the ICE office in Brush, Colo., when Trooper Lopez discovered the 15 illegal aliens after a traffic stop. Their 2000 Chevy Astro was traveling on Interstate 76 about six miles east of Sterling in northeast Colorado.

But the ICE agent thought the trooper said Interstate 70, more than 100 miles away in Denver, Mr. Rusnok said.

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"The agent thought they said I-70, and it would have been a manpower problem. He didn't have the guys to drive all the way over there," Mr. Rusnok said. "What he should have said was, 'You know, I don't have the manpower for this right now, why don't you call the Denver office.' "

Mr. Rusnok added that he didn't know exactly what the agent told the state patrol.

"I don't know if he told them to let them go, or he didn't have enough manpower, but it's essentially the same thing," he said.

Colorado State Patrol Master Trooper Ron Watkins attributed the miscommunication to ICE. "There's no way our trooper is going to say I-70 when he's on the I-76," he said.

After the agent said he couldn't send officers to the scene, the state patrol could do nothing more.

"[Trooper Lopez] told them where he was at, and they said they couldn't respond. We don't have the jurisdiction or authority to arrest them. That's Immigration's job," Trooper Watkins said, referring to ICE.

The state patrol encounters about 500 illegal aliens each week on Colorado highways, but ICE agents don't always respond, he said.

"They don't always handle it," Trooper Watkins said. "It's an overwhelming number. It not only ties up ICE; it ties up us, too."

The state legislature took on the issue Monday when the Senate Judiciary Committee approved 6-0 two bills to crack down on human smuggling and trafficking. The legislation, introduced by state Sen. Peter Groff, would make such crimes felonies.

Customs Agent Let Drugs Slip Through (HC)

By James Pinkerton

Houston Chronicle, March 26, 2006

Case is example of border official lured to 'dark side' by easy money

PROGRESO - With surveillance cameras secretly rolling, U.S. Customs Inspector Lizandro Martinez greeted the driver of a truck that pulled into his inspection lane at 5:30 a.m.

The driver, a pal from the inspector's days as a police officer more than a decade earlier, told Martinez that the cargo he'd been expecting was right behind his truck. And sure enough, a white Ford pickup appeared. It carried 1,635 pounds of marijuana, packed and ready for the streets of America.

But Martinez didn't stop it, didn't inspect it, didn't call out the dogs. He just waved it through on that lonely morning, FBI agents say. And for that, agents say, drug traffickers paid him $10,000.

Three years later, Martinez, 44, is behind bars, suspected of taking more than $1 million in bribes while waving through more than 50 tons of drugs — more than his law-abiding colleagues seized at eight South Texas ports of entry in an entire year.

As Martinez awaits sentencing, set for April 26, authorities are trying to figure out what happened, how an agent on the front lines of the so-called "drug war" went so terribly bad. And what's emerging, some former law enforcement officials say, is a troubling picture, a striking example of how Customs failed to prevent flagrant corruption on the Texas-Mexico border.

Neither Martinez, in custody since his arrest on Nov. 7, 2004, nor his lawyer, Charles Banker, could be reached for comment.

In October, court records show, Martinez pleaded guilty to charges of money laundering and conspiracy to import more than 1,000 kilos of marijuana. He faces as much as life in prison and a $4 million fine.

What's most disturbing about his case, some law enforcement officials say, is that U.S. Customs and Border Protection kept Martinez on its payroll even as complaints against him mounted during his 13-year tenure.

Customs internal affairs officers investigated Martinez 15 times, resulting in letters of caution, oral and written reprimands, mandatory counseling, three short suspensions and two attempts to fire him permanently, according to testimony at a Feb. 22, 2005, court hearing.

Customs officials declined to talk about why Martinez wasn't taken off the streets sooner. "We don't comment on specific cases," said Lynn Holinger, a CBP spokeswoman in Washington.

Martinez kept his job on one occasion, thanks to the Washington, D.C.-based National Treasury Employees Union.

Union officials said they only tried to ensure that Martinez was treated fairly.

"The role of NTEU or any union is to ensure that employees accused of misconduct are fairly represented in proceedings with the agency," union president Colleen M. Kelley said in a statement.

Cash purchases

According to court records, the FBI and Immigration and Customs Enforcement learned that Martinez was allegedly taking drug bribes in August 2003. The agencies — along with the IRS and the Texas Department of Public Safety — began investigating him as part of what they called Operation Dark Shadows.

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Investigators found that Martinez and his wife, Sandra, who was not charged in the case, appeared to be living far beyond their means. He earned $55,664 a year and she did not report an income. Yet in 2003, agents said, the couple made more than $400,000 in cash purchases. They bought such items as diamond rings and a diamond-studded Rolex watch. They purchased a $240,000 used car dealership in downtown McAllen and 10 classic, big-engine "muscle cars" worth $76,800, according to government documents.

They also made cash payments toward a $529,963 home in McAllen. The luxurious house featured a swimming pool, elaborate stained-glass windows, balconies, a basement movie theater and two free-standing garages. Each room was equipped with a television.

All despite the fact that Martinez and his wife had gone through bankruptcy proceedings in 2000 and had claimed assets of only $7,850, court records show.

Martinez began working at Customs in September 1991. He had been a police officer in the South Texas town of Hidalgo in 1984 and 1985. While there, he met Roberto Dominguez, an officer since 1979. But Dominguez was fired in 1996 after an alleged off-duty shoplifting incident in McAllen, said his lawyer, Al Alvarez.

Sometime later, federal agents say, Dominguez began working with traffickers. They allege he escorted trucks carrying drug loads and tipped off Martinez when they were about to cross the border.

In November 2004, Dominguez was indicted along with Martinez and six others. Now in custody, Dominguez has pleaded guilty to drug charges and awaits sentencing.

During their investigation, agents filmed Martinez as he waved drug-laden trucks through his lane at Progreso. The trucks' cargo beds were covered with tarps and "filled to the top with marijuana ... sometimes you could see it protruding," FBI agent Marella Ruelas testified.

To avoid letting the smugglers know that Martinez was being watched, agents allowed the drug loads to pass through Progreso. But they arranged for state troopers or police to stop the vehicles later and seize the drugs as part of what would appear to be unrelated traffic stops, Ruelas said.

The federal indictment formally charged Martinez with allowing eight loads of marijuana totalling 9,530 pounds to cross at Progreso. Court records show he was accused but not charged in connection with another four loads weighing 3,945 pounds, meaning he was linked to a total of 13,475 pounds of illicit cargo.

But investigators in the case suspect that Martinez actually waved through much more contraband — more than 100,000 pounds of drugs, according to an estimate by an investigator familiar with the case.

That would be more narcotics than was confiscated at eight ports of entry stretching from Brownsville to Del Rio in fiscal 2005, ending Sept. 30. During that period, inspectors seized 79,633 pounds — or 39.8 tons — of marijuana and 10,600 pounds — or 5.3 tons — of cocaine from cars and trucks, federal statistics show.

Investigators say their estimates of what Martinez allowed to cross are based on interviews with drivers accused of bringing loads across the bridge. They calculate he let through at least 100 loads.

Smugglers were so confident, sometimes they crossed the bridge in the inspector's lane twice a day, agents say.

The smuggling operation fell apart after one participant and an informant began talking to authorities, Alvarez said.

"All these cases end up the same way," said Alvarez. "There is no honor among thieves, as they say."

Disciplinary problemsWhat surprised some law enforcement officers was that Martinez wasn't caught sooner.

His history of disciplinary problems came to light at the Feb. 22, 2005, McAllen court hearing in which his lawyer was appealing a district court decision to hold him and Dominguez without bail.

According to testimony at the hearing:

Customs suspended Martinez for 30 days in August 1993 for allegedly threatening to cut off the penis of a man he suspected of having an affair with his wife. That punishment was reduced to 14 days after union arbitration.

In May 1997, according to testimony, Customs fired Martinez after internal affairs officers investigated allegations that he had been spotted at a party attended by Mexican drug traffickers, made threatening calls to the home where his ex-wife lived and used a government vehicle to run personal errands.

But the union got Martinez reinstated, with back pay, in April 1998.

"We defended Mr. Martinez on a charge of misuse of a government vehicle, not a drug-related charge," Kelley said in her statement. "Whatever he may have been suspected of then or now had no bearing on that case, and he was reinstated by a neutral third party.

"In our society, everyone is entitled to a defense and that is what we provided Mr. Martinez in the case involving the government vehicle. Any attack on our role in that matter is fundamentally an attack on the right of every American to have adequate representation when accused of an offense."

Given last chance

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Customs later tried firing Martinez again, accusing the inspector of being absent without leave, improperly copying Customs entry documents and allegedly forcing a teenage girl to partially disrobe even though female inspectors were available, a violation of search guidelines.

But after union arbitration, his proposed dismissal was reduced to a 30-day suspension in March 2001 and he was transferred to Progreso under a "last chance" agreement.

Customs officials say that only a tiny minority of border agents is ever accused of drug corruption.

"But is one too many? Darn tooting, and it's a sad thing," said David Higgerson, acting director of field operations at the CBP's regional office in Laredo.

"We are always concerned with these cases," Higgerson said. "We have an ongoing program with our managers to spot these things before it gets too bad. We have ways of ferreting out people who go over to the dark side. And it's sad. These are people who have taken an oath."

Bill Spurs Brief Boycott Of Miller Brewing (MJS)

By daniel Reilly

Milwaukee Journal Sentinel, March 26, 2006

Chicago group targeted company because of Sensenbrenner donation

Washington - Opposition to Rep. Jim Sensenbrenner's immigration bill led one Chicago group to launch a boycott of Miller Brewing Co. this month because Miller is a Wisconsin company that has made contributions to the GOP lawmaker.

The brief boycott was called off after the two sides met in Chicago and the brewery agreed to run newspaper ads denouncing the bill and to help the group lobby in Washington against the measure.

Miller says it had decided before meeting with the group to oppose the legislation.

On March 10, at a massive pro-immigration rally in Chicago, the Chicago Committee Against HR 4437, an umbrella group composed of Latino community organizations from across the Midwest, announced the boycott.

"The primary reason we targeted Miller was that they had donated money to Sensenbrenner's campaign," said Omar Lopez, a member of the committee and one of the organizers of the boycott. "And since Miller does a lot of business in the Mexican community, we felt they needed to get in sync with the (sentiments) of one of their biggest audiences."

$2,000 donation

The Miller Brewing political action committee made $2,000 in political contributions to Sensenbrenner in the 2004 election cycle, according to Federal Election Commission records.

The boycott ended after one week. Miller took out a full-page ad in the Spanish-language newspaper Hoy in Chicago and agreed to help arrange meetings on behalf of the group.

However, the boycott did not determine Miller's position on Sensenbrenner's bill as "the decision to oppose it. . . and vocally demonstrate our opposition to the bill had already been made," according to Pete Marino, acting corporate media relations director at Miller.

According to Lopez, Miller also agreed to take out similar full-page ads in The New York Times and The Washington Post. But Marino would not confirm that, stating that the company had agreed to place ads in English-language media, but "the exact locations of those ads are still being determined."

Support in the future?

Although Miller has expressed its displeasure over the legislation, it is unclear whether that will affect the company's future support of Sensenbrenner.

"Certainly, we will consider Representative Sensenbrenner's sponsorship of this bill in terms of future support. However, we do not support or oppose any candidate based on any one single issue," Marino said.

Lopez said that the Chicago committee was evaluating other companies that support Sensenbrenner and would not rule out the possibility of other boycotts.

'Guest Workers' Won't Work (WP)

By Tamar Jacoby

The Washington Post, March 26, 2006

A Path to Permanent Citizenship Would Benefit Everyone

The conventional wisdom is all but unanimous, so much so that even those who hold the opposing view pay homage to it. Sure, some people dispute even the notion that we need foreign workers to keep the U.S. economy growing. But among those who recognize the necessity of a continued flow of immigrants to do dirty, unskilled jobs that educated Americans increasingly no

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longer want to do, the mantra goes unquestioned: What's needed is a guest worker program to deliver this labor in a timely, efficient way.

But the conventional wisdom is wrong, and as the Senate debates immigration in the weeks to come, members would do well to reexamine the assumption. The last thing the United States needs is an inflexible guest worker plan.

It isn't hard to understand where the idea came from or why it's popular in Washington. Policymakers from George W. Bush to Sens. John McCain, John Cornyn and Edward Kennedy grasp that the main problem with our immigration system is the lack of visas for foreign workers. International supply and demand -- demand created by U.S. labor needs -- generate a flow of roughly 1.5 million immigrants a year. But our annual immigration quotas accommodate less than two-thirds of that number, producing an annual spillover of about a half-million illegal workers that erodes the rule of law and undermines our security.

The logical remedy: to provide these additional workers with visas and allow them to enter the country in a lawful, dignified way. The only problem: Policymakers are afraid the public would reject such a large increase in permanent immigration. So even those who have been most courageous in promoting reform talk instead about temporary visas. Bush and Cornyn would require foreigners to go home at the end of their work stints. McCain and Kennedy would allow some workers to stay permanently, but they, too, call their proposal a temporary worker program, and many of those who support their package -- including myself -- have gone along in adopting the term.

The problem with the guest worker idea starts with practicality: Appealing as it sounds to some, a time-limited program will not work. The adage is true: There is nothing more permanent than a temporary worker. Many of those who come to the United States for short stints will want to stay on when their visas expire, perpetuating the underground economy that the program is supposed to eliminate.

This isn't just speculation -- look at the reality today. True enough, many young foreign workers initially come to the United States for what they think will be a short visit, and many do go home after a few years. But unlike past such workers, an increasing number are now staying on. This is partly a result of U.S. policy: Our efforts to fortify the border have made it harder for people to travel back and forth. But other, deeper forces are at work. The traditional flow of migrant farmworkers -- truly seasonal laborers, usually single men -- is giving way to a more diverse stream: both men and women, often with families, less rooted at home and more open to the lure of life in America.

Meanwhile, growing immigrant communities have made settling here a more attractive choice. Of some 11 million illegal immigrants in the United States, only 2.4 million are single men, while nearly half are couples and many have children. Legal migrants are even more rooted.

The bottom line: It won't help to bring our quotas more into line with the size of the immigrant flow if we don't also craft a policy in keeping with the way these workers behave -- and today that means accepting the reality that many will want to settle permanently in the United States.

But that's not all. Admitting foreign workers on a strictly temporary basis would also violate American traditions -- our democratic values and our history as a nation of immigrants -- and it would be deeply unpopular with the voting public.

The Manhattan Institute and the National Immigration Forum recently conducted a series of focus groups testing two contrasting options: a guest worker program or a more traditional immigration plan based on the idea of citizenship. The results ran sharply counter to the expectations of policymakers in Washington. Democrats and Republicans alike overwhelmingly preferred the citizenship model for reasons of both principle and practicality. It might make sense initially, these voters said, to admit workers on a provisional basis. It might also make sense to create incentives for the more transient to go home at the end of their work stints. But if they worked hard, put down roots and invested in their communities, wouldn't we want to encourage them to stay? Don't we want immigrants to assimilate? Don't we want to attract the kind of hard-working, committed folks who plan for the future and invest?

The answer is, of course, that we do. This isn't just the American way, it's also the antidote to many of our worst fears about immigration: Sojourners with no stake in the future are going to be much less likely to learn English or buy their own homes or make an effort to move up on the job.

Sure, a citizenship plan looks like a bigger gamble; like the workers, the changes that come with it will be permanent. But surely it would be better to face up to that change and shape it in a way consistent with our values. Rather than a one-size-fits-all guest worker program, we need a system that leaves room for workers to choose, welcoming those who feel they belong and who work their way up and make our country stronger as they do.

Tamar Jacoby is a senior fellow at the Manhattan Institute.

Kiss Me, I'm Illegal (NYT)

By Paul Vitello

The New York Times, March 26, 2006

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MURKY self-described patriot groups call them "terrorists." On combative talk radio shows the term is "illegal aliens." Advocates for immigrants prefer the Emma Lazarus-evoking "economic refugees."

The most common label attached to the estimated 12 million foreign-born people living in the United States without visas may be "illegal immigrants," even though some grammarians argue that the adjective can modify actions and things (like left turns and hallucinogenic drugs) but not people. President Bush, a proponent of offering citizenship to at least some of them, has used the more optimistic and implicitly promising term "undocumented immigrants."

There is an almost magical power in naming things. To give a person, an act or a group its name is to define it, assert a measure of control over how it is perceived. (See Adam, in Genesis 2:20, who "gave names to all cattle, and to the fowl of the air, and to every beast of the field." Also, see the playbooks of most campaign managers.)

Like the battles over civil rights and abortion, the contest over immigration has been joined as much in the naming of things as in the writing of laws. Consider the labyrinth of language in play as Congress grapples with an overhaul of immigration policy, its effort to fix what is widely considered a broken system of deciding how many and which foreigners are allowed to enter, work in or become citizens of the United States.

Tumbling in the air of the debate like so many juggled balls are enough words and catch phrases — some old, some new — to form a peculiar dialect of the national ambivalence: Guest workers. Willing workers. America's security. Permanent temporary residents. Immigrant smuggling syndicate. Earned legalization. Virtual fence. Birthright citizenship abuse (coined by lawmakers who would cancel the citizenship rights of children born here to illegal immigrants). Anchor babies (the term coined for such children). Police state (what Senator Hillary Rodham Clinton of New York says would result if illegal immigration were criminalized). Two-time losers (Justice Antonin Scalia's phrase for illegal immigrants who are deported twice — one such immigrant brought a case heard by the court last week).

George Lakoff, a linguistics professor at the University of California at Berkeley and author of "Don't Think of an Elephant: Know Your Values and Frame the Debate," says the different language used in any public policy debate is ultimately a contest for the public mind. "Metaphors repeated often enough eventually become part of your physical brain," he said. "Use the word 'illegal' often enough, which suggests criminal, which suggests immoral, and you have framed the issue of immigration to a remarkable degree."

Every side, of course, claims that its choice of words is not only correct but a reflection of the literal truth. Those favoring more restrictive laws, for instance, assert that people who violate immigration laws are, de facto, illegal residents.

"Immigration is such an emotional issue at this point that every word is being hotly contested," said Frank Sherry, executive director of the National Immigration Forum, a group based in Washington that advocates a liberalized policy. "You know where people stand pretty much from the language they use," said Mr. Sherry, who uses the term "undocumented immigrants."

A House bill that would stiffen penalties for unauthorized immigration adds yet another term to the list of synonyms for the illegal immigrant: felon. Under that bill, which led to protests in Washington, Chicago and San Francisco a couple of weeks ago, illegal immigrants would be charged with aggravated felony and face five years in prison.

A Senate bill produced yet more terminology — earned legalization — which would apply to illegal immigrants who pay their back taxes and stiff fines, promise to learn English and wait in line. Earned legalization is not to be confused with amnesty, a word in the immigration debate that is a bugaboo to all sides, on the theory that rewarding illegal behavior would only lead to more of it.

The language can be so arcane that even people who track immigration policy might have been hard pressed to follow the conversation on ABC's "This Week" between the host, George Stephanopoulos, and the Senate majority leader, Bill Frist. In one 10-second exchange, Mr. Frist said he was for enforcement, and Mr. Stephanopoulos asked if Mr. Frist was also for guest worker, to which Mr. Frist replied that he was for guest worker but against amnesty.

Enforcement, in the debate, is code for border security. The enforcement-only bill passed by the House focuses exclusively on tightening border security. It authorizes the building of a 700-mile fence, or the deployment of electronic devices and drone aircraft to create a "virtual fence." It does not establish a guest worker program.

The enforcement-plus bills under review in the Senate (there are three, with a fourth pending) tighten border security and create versions of a guest worker program. (In Washington, to be in favor of "enforcement-only" or "enforcement-plus" is to state one's immigration weltanschauung.)

As for the meaning of "guest worker" in the enforcement-plus universe, it depends. It can signify a long-term foreign worker who might eventually become a citizen. It can also indicate someone who works for two years with no such expectation, and then goes home. It can be a seasonal worker who goes home after every harvest. And in the most restrictive version, it is perhaps a little like the homey status of the political prisoners in Frank O'Connor's short story "Guests of the Nation." The prisoners are treated like friends of the family until one is ordered executed in the national interest.

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Ultimately, there may be no neutral language possible in the immigration debate — any more than there is in other emotionally charged human interaction, said Deborah Tannen, a professor of linguistics at Georgetown University and the author of the best-selling "You're Wearing That? Understanding Mothers and Daughters in Conversation." Ms. Tannen claims no special expertise about immigration, but she knows communication. "People cling to words, and use them, as a way of showing whose side they're on, who their people are," she said.

Guillermo Gómez-Peña, a performance artist and writer born in Mexico known for his observations about the cultural life of the border, has coined his own term for the movement of people, legally or illegally, temporarily or permanently, willingly or not, from south of the border to the north. In a recent performance, he mordantly referred to it all as "original sin."

Making Sense Of Immigration (LAT)

The Los Angeles Times, March 26, 2006

THERE ARE TWO SCHOOLS of thought in Washington on immigration reform. The negative one bemoans the fact that, after George Bush pushed the issue early on in his presidency, populist scare-politics have hijacked the effort, as evidenced by the absurd bill passed in the House of Representatives in December.

The more positive one marvels at the fact that despite this misdirection, there still appears a sliver of a chance for sensible legislation that would address the nation's need for immigrant workers without turning them into criminals.

Reason is still trying to prevail in the Senate, where a compromise bill by Senate Judiciary Committee Chairman Sen. Arlen Specter (R-Pa.) may be considered this week. The Specter proposal, which is still being fleshed out, incorporates much of the White House's thinking on the issue, as well as features from legislation by Sens. John McCain (R-Ariz.) and Edward M. Kennedy (D-Mass.). But it faces long odds, especially in light of the split within the Republican Party on immigration.

The party's own Senate majority leader, Bill Frist (R-Tenn.), is fighting the White House, threatening to advance alternative legislation that apes the House's nonsensical bill, which is all about enforcing border security without adopting any type of guest-worker program. The subtext here is that Frist, as he did in the Terri Schiavo tragedy, is pandering to the far right in preparation for his 2008 presidential bid, though conservative Republicans should know better than to try outlawing the supply of labor while ignoring the demand for it.

The Specter compromise is a practical, fair and sensible approach to immigration, making it very different from the reflexive xenophobia we've come to expect from this session of Congress. It focuses both on tightening border security and creating a program that allows the millions of people already in the country illegally to obtain guest-worker permits.

The bill does not give a free pass to illegal immigrants. Employers would have to demonstrate that U.S. workers wouldn't take the position offered to the guest worker. Once the visa has expired, probably after six years, the workers could apply for U.S. citizenship, but their applications would be processed after those of legal immigrants waiting in line, and they would have to pay hefty fines. Thus, contrary to the accusations of opponents, the law would by no means reward people who came to this country illegally, nor is it unfair to those who played by the rules.

Immigration is among the thorniest of issues for Republicans, with their business-oriented base heavily in favor of a guest-worker program and their social conservative base wanting to build a wall across the border and kick the illegals out. The split is complicated by President Bush's weakness, upcoming congressional elections and the 2008 presidential race.

But the Senate as an institution has an opportunity, and an obligation, to rise above Washington's preelection silly season and pass immigration legislation that reflects the country's real needs, not its baser instincts.

CONGRESS-ADMINISTRATION:

War May Hurt GOP In Heartland (LAT)

By Maura Reynolds And Johanna Neuman, Times Staff Writers

The Los Angeles Times, March 26, 2006

Democrats hope that souring public opinion will swing parts of the country their way.

SEYMOUR, Ind. — As Liz Larrison cooks up breakfast for customers at her family's diner in a farm town long friendly to the Republican Party, she listens as the regulars sling political opinions as easily as she slings ham steaks.

Increasingly, the talk these days revolves around Iraq, and it is the kind of talk that could spell trouble for the GOP.

"Nobody is against the people fighting the war. I think you'll hear that everywhere," she said. "We're just against it going on and on."

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On top of other woes confronting Republicans, the continuing violence in Iraq and President Bush's message last week that the deployment would last several more years has heightened Republicans' concerns about how voters such as Larrison will view the party in the November elections.

In fact, Larrison — who, like many of her customers, considers herself independent but tends to vote for Republicans — says she will vote against her Republican congressman.

Even in the heartland, Democrats suddenly see advantage on an issue that is usually considered a GOP trump card: national security.

Baron Hill, who hopes to unseat the Republican who represents this region of Indiana, said it used to be hard for Democrats to criticize the Iraq war without sounding unpatriotic.

"Not anymore," Hill said in an interview. "I think people are very skeptical now about what is going on over there, and you have more freedom to talk about Iraq."

A Fox News poll this month showed the war in a statistical tie with spending and taxes as voters' top concerns heading into election season. And 50% of respondents to a recent Newsweek poll said they would like to see Democrats take control of Congress; 34% said they would like to see it remain in Republican hands.

It's too soon to conclude whether the political winds will blow against Republicans all the way until election day in November. But with bad news about Iraq beginning to penetrate deep in the heartland, Democrats are hoping that parts of the country that swung Republican in recent years will swing Democratic again.

"All you need is a weak Republican year for Democrats to be competitive in southern Indiana," said political scientist Bill Blomquist of Indiana University-Purdue University Indianapolis. "And this is a weak Republican year."

The equation is true elsewhere as Republicans try to repel Democratic efforts to seize control of the House and Senate this year.

Among Republicans most at risk are those closely allied with Bush and the war effort.

Two years ago in Kentucky, Republican Rep. Anne M. Northup wrapped herself in the American flag, held hands with the president, and defeated a popular Democrat in part by suggesting that his antiwar views would leave America unprotected.

This time, Democratic challenger Andrew Horne — one of more than 50 war veterans running for Congress as Democrats — is betting that public opinion has so soured against the war in Iraq in this horse-country swing district that it's now safe for him to run against Northup's support for the war.

Like many he grew up with, Horne was an independent for most of his voting life.

He registered as a Democrat for the first time in December, when he announced his candidacy.

At the Red Barn, a social hall at the University of Louisville, Horne, a Marine who served in Iraq, spent hours working the crowd last week along with his wife, Stephanie.

"War is not the most important question for this district, but that's what gets me in the door," he said in an interview.

His message — that the Bush administration's handling of the war is symptomatic of a series of leadership failures — seemed to resonate with students.

Sophomore Dennis Chaney said he was a registered Republican and planned to support Horne. Like the candidate, he sees the administration's actions on Iraq as emblematic: "They're corrupt, so they lied about the war," he said.

Challenging Horne in the May 16 Democratic primary is a better-known candidate: John Yarmuth, a liberal who founded an alternative newspaper in Louisville.

But no one counts out Northup, a fierce competitor and skillful fundraiser who has delivered economic benefits to her district. Despite seeing antiwar protesters on her front lawn in Louisville every Sunday, Northup said, she sensed little change in the mood of constituents.

"Nobody thinks we should just leave," she said of U.S. troops in Iraq. But in a softer moment she demurred: "I'm not saying, 'No matter what it costs.' But I still have hope that it's not only possible, it's likely we'll succeed."

In Indiana, Republican Mike Sodrel unseated a Democrat in 2004 and now represents the state's 9th District, which includes Seymour. Like Northup, Sodrel — a trucking company owner who won by 1,425 votes out of more than 280,000 cast — is struggling to find the right balance between "staying the course" in Iraq and expressing his concern over the ongoing losses.

In travels around his district during a congressional recess last week, Sodrel was asked often about Iraq. Though he supports the president — and stood side-by-side with Bush at a public fundraiser Friday — he emphasized not only progress but also his hopes for withdrawal.

"The goal isn't to have an Iraq that is bomb-free or incident-free before we can leave," Sodrel told students at Shawe Memorial High School in Madison, Ind. "We just have to have a government that is stable enough and a military that is trained enough and a society that is cohesive enough."

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A few hours later, speaking at Hanover College in Hanover, Ind., his pitch was more direct: "I would like to see a serious withdrawal as soon as this government is formed."

The tone appeared to work with his audience. Some said it sounded as if Sodrel had changed his position on the war.

But Sodrel said that his support for the president and the war hadn't flagged and that he was not worried about Bush's sagging poll numbers. Sodrel faces a fierce rematch with Hill, who represented the district for three terms in Congress before Sodrel ousted him in 2004.

While in Congress, Hill voted to authorize the invasion of Iraq. He considers his vote — and his story about how he believes he was misled by the administration — to be an advantage with voters, he said.

Hill said he had planned to vote against the war resolution until he was invited to the Pentagon for a top-secret briefing from Defense Secretary Donald H. Rumsfeld. There, Hill said, he was shown intelligence that suggested Iraq had the ability to attack the United States with weapons of mass destruction using unmanned aircraft.

That briefing "was a deliberate misrepresentation," Hill said, and his message to Indiana's independent-minded voters will be that "it's healthy for us to be skeptical."

Similar themes are cropping up in eastern Pennsylvania, where Republican Rep. Jim Gerlach is fighting for reelection in the state's 6th District.

Mindful that the district voted Democratic in the last two presidential elections, local GOP leaders are playing down their candidate's party loyalty and portraying him as a centrist who puts constituent interests ahead of party politics.

"This is going to be one of the interesting case studies nationally of how far he can run away from the president," said Chris Borick, director of the Muhlenberg College Institute of Public Opinion in Allentown, Pa. "One of the things he's going to have to do is make clear … that he is not in lock step with the White House."

In the end, the biggest hurdle for incumbent Republicans across the country might not be their Democratic challengers but voter turnout. Fewer people vote in midterm elections at the best of times.

Former Seymour Mayor Bill Bailey predicted that many Republicans might not bother to vote this year.

"With this Iraq war, every month that goes by, it becomes tougher for Sodrel or any other Republican who rode in on Bush's coattails," Bailey said. "I think you'll see a lot of people stay home."

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Times staff writer Nick Timiraos contributed to this report.

Debating Bush Censure Serves Dueling Purposes Ronald Brownstein (LAT)

By Ronald Brownstein

The Los Angeles Times, March 26, 2006

Maybe to save money and reduce duplication, MoveOn.org and the Republican National Committee should just hire the same ad agency.

Usually, the RNC and MoveOn, the giant online liberal advocacy group, go at it hammer and tongs. But they have found common cause of a sort. Both are highlighting the resolution by Sen. Russell D. Feingold (D-Wis.) asking the Senate to censure President Bush for authorizing warrantless surveillance by the National Security Agency.

Feingold and his resolution dominated prime real estate on the websites of both MoveOn.org and the RNC. Possibly not since an unknown Bruce Springsteen simultaneously scored the covers of Time and Newsweek three decades ago has any public figure landed such an unlikely twofer.

MoveOn, of course, championed Feingold's idea, and the RNC condemned it. But both want it in the voters' minds as the elections approach.

One group has been conspicuously absent from that consensus: most Democrats in Washington. Their objections to Feingold's gambit are both substantive and political. Although sharing his concern about the legality of the NSA program, some worry about formally sanctioning another president so soon after the Republican Congress impeached Bill Clinton. Others complain that Feingold's resolution diverts the debate from the surveillance program itself to whether it is appropriate to officially rebuke the commander in chief at a time of war (as Republicans like to put it).

It's an understatement to say Feingold's proposal doesn't fit with his party's emerging election strategy. In a narrow sense, many Democrats would rather focus on Iraq than on the NSA surveillance, on which polls show Bush enjoys greater support.

On a broader level, Democratic leaders are drifting toward a midterm message that indicts Bush more on grounds of competence (on issues such as Iraq, Hurricane Katrina and prescription drugs) than ideology. It wasn't a coincidence when three senior Senate Democrats marked the third anniversary of the Iraq war last weekend by employing variations on the phrase "dangerous incompetence" to describe Bush's record there.

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Such language is a tip-off that Democrats want Americans to cast their ballots this November looking backward, at the missteps and setbacks that have depressed Bush's approval ratings to anemic levels.

A focus on ideology, by contrast, inherently tilts the election forward: It asks voters to decide which side has a better plan to move ahead. Most Democratic leaders seem leery about that approach.

Not Feingold. He and his allies, such as MoveOn, believe Democrats should present clear, confrontational alternatives to Bush (like censure) that will inspire a large turnout from the party's base. "Our biggest problem is Democrats, all over America, saying: 'Why don't you guys ever stand up?' " Feingold insists.

Eli Pariser, executive director of MoveOn's political action committee, seconds Feingold. Promoting censure, Pariser says, will convince voters that "Democrats are strong and will take principled positions."

Republican strategists, perhaps over-optimistically, welcome such talk. They insist their prospects will improve if Democrats present a sharper alternative this fall. Republicans want voters to see the election more as a choice than a referendum.

That's one reason Republicans are drawing attention to Feingold's censure idea. The Senate Judiciary Committee has scheduled a hearing on it Friday. Almost daily, the RNC issues statements charging that Feingold's resolution is the first step in a Democratic plan to impeach Bush if the party recaptures the House.

Those jabs are designed mostly to energize the Republican base. But they are also likely to be one of many GOP efforts this year to persuade voters that Democrats can't be trusted with power.

The censure debate carries implications for 2008 too. Feingold, who appears likely to seek the Democratic presidential nomination, is positioning himself as the next Howard Dean: the truth-teller willing to confront Bush when a spineless party establishment won't. In that sense, Feingold may welcome opposition to the resolution from his Democratic colleagues (whom he didn't notify before introducing it two weeks ago). The more they oppose him, the more they prove his point.

Feingold's ambitions, and ideals, help explain his call for censure. But the debate also seems the nearly inevitable product of Washington's unending spiral of conflict.

The resolution wasn't the first punch in this fight. It followed months of frustration among Senate Democrats over the White House's refusal to provide meaningful answers about the NSA program and the unwillingness of most Senate Republicans to demand them.

The Senate Judiciary Committee is exploring the program's legal justification, but shortly before Feingold introduced his proposal, the Senate Intelligence Committee, on a party-line vote, rejected an investigation of the program's operation. The same day, four Senate Republicans introduced legislation to legalize the program with little change.

Feingold said those decisions convinced him that the possibility of serious accountability or change "had been completely shut down." So he rolled his grenade into the tent. With that, Feingold successfully blasted the dispute back into the headlines.

Now, the question is whether everyone involved wants to find solutions — or just escalate further. A showdown over censure promises unnecessary division. But so does the prospect of Republicans imposing a GOP-only solution to the NSA controversy.

The country needs a stable strategy for collecting intelligence on terrorists, and that will come only with a bipartisan consensus on the balance between civil liberties and national security. Whether the Senate endorses, rejects or ignores Feingold's resolution, the job of fashioning such a durable accommodation will still be waiting.

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Ronald Brownstein's column appears every Sunday.

Censure Resolution Could Pay Off For Feingold (GBPG/AP)

By Frederic J. Frommer, Associated Press

Green Bay Press Gazette, March 26, 2006

WASHINGTON — So far, only two Senate Democrats have embraced Sen. Russ Feingold's call for censuring President Bush. But most Democratic voters favor the proposal, a national poll shows, suggesting the move might pay off for Feingold as he ponders a presidential race.

Feingold, a Wisconsin Democrat, insists that his proposal has nothing to do with his own political ambitions. But he does challenge Democrats who argue that it will help energize the Republican base.

"Those Democrats said that within two minutes of my announcing my idea," Feingold said in a telephone interview last week. "I don't see any serious evidence of that."

Feingold's resolution would censure Bush for authorizing a warrantless surveillance program, which the senator contends is illegal. The White House argues that Bush was authorized to do so under his powers as commander in chief. Tom Harkin, D-Iowa, and Barbara Boxer, D-Calif., are the only senators who have co-sponsored the resolution.

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A Newsweek poll taken March 16-17 found that 50 percent of those surveyed opposed censure while 42 percent supported it, but among Democrats, 60 percent supported it.

Feingold said his sole purpose was holding Bush accountable, but he argued it was also good politics.

"These Democratic pundits are all scared of the Republican base getting energized, but they're willing to pay the price of not energizing the Democratic base," he said. "It's an overly defensive and meek approach to politics."

Some Democrats have called the proposal a distraction, especially at a time when the Bush administration was on the ropes over Iraq and a since-scuttled port deal.

"It just takes us off discussions we ought to be having in this country on issues that really matter in people's lives," said Rep. Sherrod Brown, a liberal Democrat from Ohio who is running for Senate.

Republicans have been thanking Feingold for what they consider a political fumble.

"This is such a gift," Rush Limbaugh said on his radio show. The National Review came to an identical conclusion. In an online editorial titled, "Feingold's Gift to the GOP," the conservative magazine wrote that Republican National Committee Chairman Ken Mehlman would hug Feingold if given the chance.

During a visit to Wisconsin last week, Mehlman skipped the hug and instead criticized Feingold's proposal. That reinforced an RNC radio buy in the state, in which a narrator says, "Call Russ Feingold and ask him why he's more interested in censuring the president than protecting our freedom."

The RNC even makes Feingold its poster child, featuring a photo of him on its Web site pointing his finger, next to the words, "Democrats Want To Censure President Bush For Fighting The War on Terror."

Feingold's response, essentially, is bring it on.

"I welcome their attempt to make a campaign issue of the question of whether there will be accountability for the president's breaking the law," he said. "They will remind people every minute that the president thumbed his nose at the law. So I hope they do it. I hope they do it every day. You know why? It will be a flop."

Feingold's analysis is shared by William Kristol, editor of the conservative Weekly Standard, who gave Feingold credit for taking a "principled stand."

"And I honestly believe that, in fact, he's winning this debate right now," Kristol said on "Fox News Sunday." "... Suddenly everyone is talking about warrantless wiretapping."

Still, Republicans argue that the issue will help them in this year's midterm congressional elections.

"The bottom line is that Republicans have worked with President Bush to enact policies that kept America safe during the war on terror," said Brian Nick, a spokesman for the National Republican Senatorial Committee.

For Some Who Solve Puzzle, Medicare Drug Plan Pays Off (NYT)

By Robert Pear

The New York Times, March 26, 2006

TULSA, Okla., March 21 — When Virginia G. Shores went to a pharmacy here to pick up five prescriptions, she thought she heard the pharmacist say she owed $250, but she was wrong. The cost, with her new Medicare prescription drug card, was just $50.

"I was flabbergasted," said Mrs. Shores, whose kitchen counter looks like a medicine chest, full of pills for high blood pressure, heart failure, arthritis, nerve pain and lung disease.

Mrs. Shores, 80, had been buying medicines from a mail-order pharmacy in Winnipeg, Manitoba, but now uses Medicare instead. "I was amazed at the amount of money it saved," Mrs. Shores said. "It was hard to believe."

She is one of Medicare's satisfied customers. They are not vocal, they are not organized, but they say it was worth wading through the confusion and complexity of the new program to enroll.

Treasury Department figures show that Medicare spent a total of $5.1 billion on prescription drug benefits in January and February, the first months of the new program, which is expected to cost more than $675 billion over 10 years. Medicare officials say the program is paying for more than a million prescriptions a day.

One way to assess the program is to talk to people in a place like Tulsa. People here are far removed from the raucous debate in Washington, where Republicans describe the drug benefit as a boon to older Americans and many Democrats call it a disaster.

The experience of those who have enrolled is particularly significant because millions of Medicare beneficiaries face a May 15 deadline for signing up. Current beneficiaries who decide to join after that date will generally have to wait until Nov. 15 and will then pay higher premiums as a penalty for late enrollment.

In Oklahoma, Medicare beneficiaries can choose from 43 prescription drug plans, with premiums ranging from $10.07 to $70.79 a month, different co-payments and very different lists of covered drugs.

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Satisfied beneficiaries say they could never have analyzed the options or made a choice without the help of friends and relatives, pharmacists or counselors from groups like LIFE Senior Services, a private nonprofit group, which offers advice at seminars and enrollment clinics in the Tulsa area.

The counselors are adept at using the Medicare Web site to compare drug plans and identify the ones with the lowest overall annual cost for a particular beneficiary. Before selecting a plan, a beneficiary typically must spend an hour with a counselor, but some spend much more time.

For example, Bobby G. Brown, a retired letter carrier, and his wife, Anna, both 71, spent four hours with a LIFE counselor. "It was well worth the time," said Mrs. Brown, who is being treated for congestive heart failure, rheumatoid arthritis, lupus, high cholesterol, depression and other ailments.

He takes 6 drugs; she takes 18. They enrolled in different plans — WellCare's Signature plan and the basic plan offered by Blue Cross and Blue Shield of Oklahoma — and their combined drug costs will plunge to $4,900 or less a year, from more than $25,000.

Mrs. Brown, 71, had been relying on free samples from doctors for some expensive medications, but she found it demeaning to ask for them. "You get the feeling you're a beggar," she said.

The satisfaction of some beneficiaries stands in contrast to the frustration of many others, who were overcharged or unable to get essential medicines in the first chaotic weeks of the program.

"People who are satisfied are the quieter voices," said Leslie A. Dick, executive director of the Burgundy Place retirement community in Tulsa.

Many beneficiaries say they are grateful to local insurance counselors, rather than to Medicare, the government or politicians.

"We had a whole lot better deal before the government started messing with it," said Francis A. Murphy, 79, a retired airline mechanic who is losing drug benefits from a former employer. He said he did not expect to see any savings under Medicare. Beneficiaries are anxious about their choices for good reason. Their out-of-pocket costs under different plans can vary by hundreds or thousands of dollars a year.

Jack L. Coffey, associate dean of the University of Oklahoma College of Pharmacy, owns four drugstores. "In a majority of cases, I have seen some reduction in costs to the patient," Mr. Coffey said. "But for some people, their medications will cost them more."

People may pay more if they already had good coverage, from Medicaid or private insurance, or if they select a Medicare drug plan that does not cover the drugs they need.

Even those who save money may complain because the new program is "much too complicated for a lot of people to understand," Mr. Coffey said.

Todd E. Pendergraft, owner of a Medicine Shoppe pharmacy in Broken Arrow, Okla., outside Tulsa, said the new drug coverage was "significantly beneficial" to one-third of his 750 Medicare patients, "marginally beneficial" to half the patients and "no benefit at all" to the remainder.

People satisfied with the new drug benefit appear to share these characteristics:

They did not sign up for one plan and then switch to another.

They did not rely on advertising or their own instincts, but got help from Medicare experts, insurance counselors or computer-savvy friends and relatives, who used the automated "plan finder" at the medicare.gov Web site.

They are not on Medicaid, the federal-state program for the poor. People eligible for both Medicaid and Medicare had comprehensive drug coverage under Medicaid, but lost it on Jan. 1 and were assigned at random to private Medicare drug plans. The Medicare plans may charge slightly higher co-payments and often cover fewer drugs.

In addition, Medicare beneficiaries are more likely to appreciate the new benefit if they live in places like Oklahoma that did not have generous state-financed programs to help them with their drug costs. Drug benefits have been available for years to low-income people through state programs in Maine, New Jersey, New York and Pennsylvania, among other states.

Dr. M. Jean Root, a geriatrician in Tulsa with several hundred Medicare patients, said: "About half of my patients say they like the new benefit and are saving money. The people most likely to benefit have enough education and perseverance to navigate the system, which is extremely convoluted and complex. Or they have friends and relatives to help them."

But Dr. Root said, "The other half of my patients, including those with dementia and terminal illnesses, don't have the energy, the interest or the mental capacity to work through the system."

Counselors are reaching a small fraction of all beneficiaries. Carol H. Carter, a spokeswoman for LIFE Senior Services, said: "Many beneficiaries are terrified of making the wrong decision and overwhelmed by having so many choices. The only reliable way to compare plans is on the Medicare Web site, and that in itself is scary to some seniors."

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Beneficiaries could face new problems in coming months. Insurers can impose stricter limits on access to certain drugs after March 31, when a 90-day transition period ends. In addition, some beneficiaries will have to pay more at the pharmacy counter, because most drug plans have a gap in coverage after a person's total drug costs reach $2,250. The gap lasts until the beneficiary incurs total drug costs of $5,100. Beyond that point, Medicare pays about 95 percent of the cost of each prescription.

Still, counselors say, many beneficiaries will come out ahead if they enroll.

Those who have signed up say the total cost of all their drugs under Medicare is often less than the amount they were paying for just one prescription in the past.

Mary N. Hooser, 89, of Sapulpa, Okla., takes eight medications for heart disease, ulcers, depression and early signs of Alzheimer's disease. Her children had been chipping in to cover the cost, $476 a month, including $155 for the Alzheimer's drug. Under Medicare, the cost for all her drugs is less than $100 a month.

"This is a tremendous help to my mother and me," said Mrs. Hooser's 73-year-old daughter, Mary L. Ward.

Charlene G. Bandurski, who had polio as a young child, was not enthusiastic about the prospect of signing up for the Medicare drug benefit. Indeed, she said: "I looked forward to it with dread. We had heard that it was a mess, and so confusing."

But since signing up in December, Ms. Bandurski said, she has been pleasantly surprised. "For a medicine that cost $120, we now pay $20," she said. "At first, you don't believe it. It's almost like it's too good to be true."

Dems Lambast Prescription Drug Benefit (AP)

AP, March 26, 2006

Seniors need another six months to sign up for the Medicare prescription drug benefit, a Democratic congressman who's also a pharmacist said Saturday.

Rep. Marion Berry (news, bio, voting record) of Arkansas also said the government needs to think long and hard about meaningful Medicare reform.

Berry said people eligible for the prescription benefit are confused by the various offerings, and some are even paying more for medicine now than they were before they joined the program.

"We need to extend the sign-up period by six months to give seniors more time to make sense of this benefit, and we need to eliminate the Bush administration's prescription drug tax," Berry said in the Democrats' weekly radio address.

May 15 is the deadline for enrolling in the new Medicare drug benefit plan, which was enacted by Congress in 2003. People who sign up later probably will have to pay higher premiums.

Seniors complain they're confused by the myriad of private options offered in the prescription drug program. Many poor people ran into problems when they were switched over from their drug benefits within Medicaid, the health insurance program for the poor, to the Medicare drug benefit.

And many pharmacists are struggling because they haven't been paid for drugs administered by the program, Berry said.

"I will never forget one conversation I had with a pharmacist from DeWitt, Ark., who had given away $60,000 in free medications in just one week because he knew his customers might die if they did not receive their refill that day. Medicare Part D is the FEMA of health care," Berry said.

Medicare could bargain for lower drug prices to save money for the government and for the elderly, he said.

"Every American deserves the best health care we can provide. We do not have to accept a failed benefit and we do not have to tolerate a culture of corruption or leaders who are afraid to admit their mistakes. Democrats have the answer, and under a Democratic Congress, we will give seniors the prescription drug benefit they were promised years ago. Together we can do better," Berry said.

Schools Cut Back Subjects To Push Reading And Math (NYT)

By Sam Dillon

The New York Times, March 26, 2006

SACRAMENTO — Thousands of schools across the nation are responding to the reading and math testing requirements laid out in No Child Left Behind, President Bush's signature education law, by reducing class time spent on other subjects and, for some low-proficiency students, eliminating it.

Schools from Vermont to California are increasing — in some cases tripling — the class time that low-proficiency students spend on reading and math, mainly because the federal law, signed in 2002, requires annual exams only in those subjects and punishes schools that fall short of rising benchmarks.

The changes appear to principally affect schools and students who test below grade level.

The intense focus on the two basic skills is a sea change in American instructional practice, with many schools that once offered rich curriculums now systematically trimming courses like social studies, science and art. A nationwide survey by a

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nonpartisan group that is to be made public on March 28 indicates that the practice, known as narrowing the curriculum, has become standard procedure in many communities.

The survey, by the Center on Education Policy, found that since the passage of the federal law, 71 percent of the nation's 15,000 school districts had reduced the hours of instructional time spent on history, music and other subjects to open up more time for reading and math. The center is an independent group that has made a thorough study of the new act and has published a detailed yearly report on the implementation of the law in dozens of districts.

"Narrowing the curriculum has clearly become a nationwide pattern," said Jack Jennings, the president of the center, which is based in Washington.

At Martin Luther King Jr. Junior High School in Sacramento, about 150 of the school's 885 students spend five of their six class periods on math, reading and gym, leaving only one 55-minute period for all other subjects.

About 125 of the school's lowest-performing students are barred from taking anything except math, reading and gym, a measure that Samuel Harris, a former lieutenant colonel in the Army who is the school's principal, said was draconian but necessary. "When you look at a kid and you know he can't read, that's a tough call you've got to make," Mr. Harris said.

The increasing focus on two basic subjects has divided the nation's educational establishment. Some authorities, including Secretary of Education Margaret Spellings, say the federal law's focus on basic skills is raising achievement in thousands of low-performing schools. Other experts warn that by reducing the academic menu to steak and potatoes, schools risk giving bored teenagers the message that school means repetition and drilling.

"Only two subjects? What a sadness," said Thomas Sobol, an education professor at Columbia Teachers College and a former New York State education commissioner. "That's like a violin student who's only permitted to play scales, nothing else, day after day, scales, scales, scales. They'd lose their zest for music."

But officials in Cuero, Tex., have adopted an intensive approach and said it was helping them meet the federal requirements. They have doubled the time that all sixth graders and some seventh and eighth graders devote to reading and math, and have reduced it for other subjects.

"When you only have so many hours per day and you're behind in some area that's being hammered on, you have to work on that," said Henry Lind, the schools superintendent. "It's like basketball. If you can't make layups, then you've got to work on layups."

Chad Colby, a spokesman for the federal Department of Education, said the department neither endorsed nor criticized schools that concentrated instructional time on math and reading as they sought to meet the test benchmarks laid out in the federal law's accountability system, known as adequate yearly progress.

"We don't choose the curriculum," Mr. Colby said. "That's a decision that local leaders have to make. But for every school you point to, I can show you five other schools across the country where students are still taking a well-rounded curriculum and are still making adequate yearly progress. I don't think it's unreasonable to ask our schools to get kids proficient at grade level in reading and math."

Since America's public schools began taking shape in the early 1800's, shifting fashions have repeatedly reworked the curriculum. Courses like woodworking and sewing joined the three R's. After World War I, vocational courses, languages and other subjects broadened the instructional menu into a smorgasbord.

A federal law passed after the Russian launching of Sputnik in 1957 spurred a renewed emphasis on science and math, and a 1975 law that guaranteed educational rights for the disabled also provoked sweeping change, said William Reese, a professor at the University of Wisconsin and author of "America's Public Schools: From the Common School to No Child Left Behind." But the education law has leveraged one of the most abrupt instructional shifts, he said.

"Because of its emphasis on testing and accountability in particular subjects, it apparently forces some school districts down narrow intellectual paths," Dr. Reese said. "If a subject is not tested, why teach it?"

The shift has been felt in the labor market, heightening demand for math teachers and forcing educators in subjects like art and foreign languages to search longer for work, leaders of teachers groups said.

The survey coming out this week looks at 299 school districts in 50 states. It was conducted as part of a four-year study of No Child Left Behind and appears to be the most systematic effort to track the law's footprints through the classroom, although other authorities had warned of its effect on teaching practices.

The historian David McCullough told a Senate Committee last June that because of the law, "history is being put on the back burner or taken off the stove altogether in many or most schools, in favor of math and reading."

The report says that at districts in Colorado, Texas, Vermont, California, Nebraska and elsewhere, math and reading are squeezing other subjects. At one district cited, the Bayonne City Schools in New Jersey, low-performing ninth graders will be barred from taking Spanish, music or any other elective next fall so they can take extra periods of math and reading, said Ellen O'Connor, an assistant superintendent.

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"We're using that as a motivation," Dr. O'Connor said. "We're hoping they'll concentrate on their math and reading so they can again participate in some course they love."

At King Junior High, in a poor neighborhood in Sacramento a few miles from a decommissioned Air Force base, the intensive reading and math classes have raised test scores for several years running. That has helped Larry Buchanan, the superintendent of the Grant Joint Union High School District, which oversees the school, to be selected by an administrators' group as California's 2005 superintendent of the year.

But in spite of the progress, the school's scores on California state exams, used for compliance with the federal law, are increasing not nearly fast enough to allow the school to keep up with the rising test benchmarks. On the math exams administered last spring, for instance, 17.4 percent of students scored at the proficient level or above, and on the reading exams, only 14.9 percent.

With scores still so low, Mr. Harris, the school's principal, and Mr. Buchanan said they had little alternative but to continue remedial instruction for the lower-achieving among the school's nearly 900 students.

The students are the sons and daughters of mostly Hispanic, black and Laotian Hmong parents, many of whom work as gardeners, welders and hotel maids or are unemployed. The district administers frequent diagnostic tests so that teachers can carefully calibrate lessons to students' needs.

Rubén Jimenez, a seventh grader whose father is a construction laborer, has a schedule typical of many students at the school, with six class periods a day, not counting lunch.

Rubén studies English for the first three periods, and pre-algebra and math during the fourth and fifth. His sixth period is gym. How does he enjoy taking only reading and math, a recent visitor asked.

"I don't like history or science anyway," Rubén said. But a moment later, perhaps recalling something exciting he had heard about lab science, he sounded ambivalent.

"It'd be fun to dissect something," he said.

Martín Lara, Rubén's teacher, said the intense focus on math was paying off because his math skills were solidifying. Rubén said math had become his favorite subject.

But other students, like Paris Smith, an eighth grader, were less enthusiastic. Last semester, Paris failed one of the two math classes he takes, back to back, each morning.

"I hate having two math classes in a row," Paris said. "Two hours of math is too much. I can't concentrate that long."

Donna Simmons, his mother, said Mr. Lara seemed to be working hard to help Paris understand math.

"The school cares," Ms. Simmons said. "The faculty cares. I want him to keep trying."

Sydney Smith, a vice principal who oversees instruction at the school, said she had heard only minimal grumbling from students excluded from electives.

"I've only had about two students come to my office and say: 'What in the world? I'm just taking two courses?' " Ms. Smith said. "So most students are not complaining about being miserable."

But Lorie Turner, who teaches English to some pupils for three consecutive periods and to others for two periods each day, said she used some students' frustration to persuade them to try for higher scores on the annual exams administered under California's Standardized Testing and Reporting program, known as Star.

"I have some little girls who are dying to get out of this class and get into a mainstream class," Ms. Turner said. "But I tell them the only way out is to do better on that Star test."

U.S. Planning Base On Moon To Prepare For Trip To Mars (WP)

By Guy Gugliotta

The Washington Post, March 26, 2006

Scientists Hard at Work On Technological Hurdles

HOUSTON -- For the first time since 1972, the United States is planning to fly to the moon, but instead of a quick, Apollo-like visit, astronauts intend to build a permanent base and live there while they prepare what may be the most ambitious undertaking in history -- putting human beings on Mars.

President Bush in 2004 announced to great fanfare plans to build a new spaceship, get back to the moon by 2020 and travel on to Mars after that. But, with NASA focused on designing a new spaceship and spending about 40 percent of its budget on the troubled space shuttle and international space station programs, that timetable may suffer.

Still, NASA's moon planners are closely following the spaceship initiative and, within six months, will outline what they need from the new vehicle to enable astronauts to explore the lunar surface.

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"It's deep in the future before we go there," said architect Larry Toups, head of habitation systems for NASA's Advanced Projects Office. "But it's like going on a camping trip and buying a new car. You want to make sure you have a trailer hitch if you need it."

Scientists and engineers are hard at work studying technologies that don't yet exist and puzzling over questions such as how to handle the psychological stress of moon settlement, how to build lunar bulldozers and how to reacquire what planetary scientist Christopher P. McKay of NASA's Ames Research Center calls "our culture of exploration."

The moon is not for the faint of heart. It is a lethal place, without atmosphere, pelted constantly by cosmic rays and micrometeorites, plagued by temperature swings of hundreds of degrees, and swathed in a blanket of dust that can ruin space suits, pollute the air supply and bring machinery to a screeching halt.

And that says nothing about the imponderables. Will working in one-sixth of Earth's gravity for a year cause crippling health problems? What happens when someone suffers from a traumatic injury that can't be treated by fellow astronauts? How do people react to living in a tiny space under dangerous conditions for six months?

"It's like Magellan. You send them off, and maybe they come back, maybe they don't," said planetary scientist Wendell W. Mendell, manager of NASA's Office for Human Exploration Science, during an interview at the recently concluded Lunar and Planetary Science Conference here. "There's a lot of pathologies that show up, and there's nobody in the Yellow Pages."

In some ways, the moon will be harder than Mars. Moon dust is much more abrasive than Mars dust; Mars has atmosphere; Mars has more gravity (one-third of Earth's); Mars has plenty of ice for a potential water supply, while the moon may have some, but probably not very much.

Still, the moon is ultimately much more forgiving because it is much closer -- 250,000 miles away, while Mars is 34 million miles from Earth at its closest point. If someone needs help on the moon, it takes three days to get there. By contrast, Mars will be several months away even with the help of advanced -- and as yet nonexistent -- propulsion systems.

Not having to pay as dearly for mistakes is one key reason why the moon is an integral part of the Bush initiative. The other, as even scientists point out, is that if the United States does not return to the moon, others will.

"The new thing is China, and they've announced they're going to the moon. The Europeans want to go; the Russians want to go; and if we don't go, maybe they'll go with the Chinese," Mars Institute Chairman Pascal Lee said in an interview. "Could we bypass the moon and go to Mars while India and China are going to the moon? I don't think so."

Bush's 2004 "Vision for Space Exploration," by calling for a lunar return and a subsequent Mars mission, set goals, which, if achieved, would keep the United States in the forefront of space exploration for decades.

Since then, mishaps and delays with the space shuttle and the space station programs have shrunk both the moon research budget and the rhetoric promoting the mission.

Instead, NASA Administrator Michael D. Griffin has focused agency attention and resources on the design and construction of a new "crew exploration vehicle" and its attendant rocketry -- the spacecraft that will push U.S. astronauts once again beyond low Earth orbit.

Despite the moon's current low profile, however, NASA continues to plan a lunar mission and to promote the technological advances needed to achieve it. Toups, one of the moon program's designers, said NASA envisions that a lunar presence, once achieved, will begin with two-to-four years of "sorties" to "targeted areas."

These early forays will resemble the six Apollo lunar missions, which ended in 1972. "You have four crew for seven to 10 days," Toups said in a telephone interview. "Then, if you found a site of particular interest, you would want to set up a permanent outpost there."

The south pole is currently the top target. It is a craggy and difficult area, but it is also the likeliest part of the lunar surface to have both permanent sunlight, for electric power, and ice, although many scientists have questions about how much ice there is. Without enough water, mission planners might pick a gentler landscape.

Site selection will mark the end of what McKay calls Apollo-style "camping trips." "There's got to be a lot more autonomy, so we keep it simple," McKay said. "We're going to be on Mars for a long time, and we have to use the moon to think in those terms."

The templates, cited frequently by moon mavens, are the U.S. bases in Antarctica, noteworthy for isolation, extreme environment, limited access, lack of indigenous population and no possibility of survival without extensive logistical support.

"The lunar base is not a 'colony,' " Lee said. " 'Colonization' implies populating the place, and that's not on the plate. This is a research outpost."

Once planners choose a base, the astronauts will immediately need to bring a host of technologies to bear, none of which currently exist. "Power is a big challenge," Toups said. Solar arrays are an obvious answer, but away from the poles 14 days of lunar sunlight are followed by 14 days of darkness, so "how do you handle the dormancy periods?"

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Next is the spacesuit. Apollo suits weighed 270 pounds on Earth, a relatively comfortable "felt weight" of 40 to 50 pounds on the moon, but an unacceptable 102 pounds on Mars. "You can't haul that around, bend down or climb hills," Lee said. "Somehow we have to cut the mass of the current spacesuit in half."

And the new suit, unlike the Apollo suits or the current 300-pound shuttle suit, is going to have to be relatively easy to put on and take off, and to be able withstand the dreaded moon dust.

After three days, Apollo astronauts reported that the dust was causing the joints in their suits to jam, "and we're not talking about three outings," Lee said of the next moon missions. "We're talking about once a week for 500 days -- between 70 and 100 spacewalks."

Dealing with dust is also a major concern in building shelters on the lunar surface. Toups said it might be possible to harden the ground by microwaving it, creating a crust "like a tarp when you're camping." Otherwise, the dust pervades everything, and prolonged exposure could even lead to silicosis.

Dust also makes it virtually impossible to use any kind of machinery with ball bearings. Civil engineer Darryl J. Calkins, of the Army Corps of Engineers Cold Regions Research and Engineering Laboratory, warned that the combination of dust, low gravity, temperature swings and the high cost of flying things to the moon is going to define the lunar tool kit in unforeseen ways.

"You can't put a diesel up there; you can't put a 20,000-pound bulldozer up there; and none of our oils or hydraulic fluids are going to survive," Calkins said in a telephone interview. "We may have to go back to the 19th century to find appropriate tools -- use cables, pulleys, levers."

And even then, it will be difficult to level a base site and haul away the fill because there's not enough gravity to give a tractor adequate purchase. Instead, Calkins envisions a device that can "scrape and shave" small amounts of soil and take it away bit by bit.

But in the end, "you have to learn how to do it, with real people," McKay said. "This is hard, but we can learn it. And if we do it right on the moon, we will be able to answer my ultimate question: Can Mars be habitable? I think the answer is 'yes.' "

OTHER NEWS:

Home-Sale Reports Keep Market In Check (WP)

The Washington Post, March 26, 2006

The stock market was so somnolent last week that after five days and hundreds of billions of dollars of trading, the Dow Jones industrial average moved just a third of a point.

Not that it matters when the move is so small, but the Dow did advance -- to 11,279.97 from 11,279.65. The Nasdaq Stock Market composite index gained six points, closing at 2312.82. The Standard & Poor's 500-stock index fell four points to 1302.95.

The market was encouraged by Thursday's report that sales of existing homes jumped in February, but that impact was offset a day later by news that new-home sales had slumped.

The new-home number is probably a better indicator of what's ahead. Sales of existing homes are reported after a sale closes. New-home sales are recorded after a sales contract is signed -- weeks or months before move-in.

Thus, the jump in sales of existing houses tells us people were buying earlier this year, while the new-home number reveals they're not buying as much now.

If people are buying fewer houses, they could be buying less of everything -- even stocks.

Grads See Rise In Job Offers (PPG)

By Anya Sostek

Pittsburgh Post-Gazette, March 26, 2006

Colleges report best in years

When Shaun Byrnes graduated from college in 2001, he dropped off more than 200 resumes and was rewarded with two job offers.

Despite the fact that Mr. Byrnes had gotten an undergraduate degree from the Wharton School at the University of Pennsylvania, one of the most prestigious business programs in the country, neither job offered to him was in his preferred area of financial planning or asset management.

Oh, how times have changed. As Mr. Byrnes, 27, of Squirrel Hill, prepares to graduate this spring with a master's degree in information security policy and management from Carnegie Mellon University, he has multiple offers for government information technology jobs in Washington, D.C., which is exactly what he wants to do and where he wants to be.

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As Mr. Byrnes and other college and graduate students can attest, after years of meager offerings, the job market is looking up, fueled by a national economy in its fifth year of expansion and a local economy expected to experience its first significant job growth since the late 1990s.

"We were the first year after the bust. We just didn't have much opportunity" Mr. Byrnes said of his 2001 job hunt. "It does seem like it's a lot easier this time around."

The National Association of Colleges and Employers reports a 14.5 percent jump in the number of new college graduates that companies nationwide expect to hire this year over last year, bringing hiring to its highest levels since 2001.

At the University of Pittsburgh career center last week, students were doing mock job interviews as part of Real World Week and picking up fliers listing careers for liberal arts majors such as classics and philosophy.

Marvin Roth, director of career services at Pitt, said the bottom started to fall out of the job market in 2001. "Each year thereafter," he said, "there's been a gradual increase in employer activity. Each year, we've seen ... improvement over the previous year."

At Carnegie Mellon, the number of companies participating in the school's spring job fair is up 50 percent over last year, to 120 from roughly 80, said Judi Mancuso, associate director of the Carnegie Mellon career center.

Those numbers aren't as good as they were six or seven years ago, but, then again, many of the jobs that were filled back then are no longer around.

"In 1999 and 2000, it was a very unrealistic job market," Ms. Mancuso said. "A lot of those jobs were based on companies that don't even exist anymore."

At one of Carnegie Mellon's fall job fairs this year, senior William Gronim stopped by a booth run by the online selling giant Amazon.com. He quickly answered a few general computer questions from the recruiter, and then some specific questions about Amazon's business before being invited to further interviews.

Last summer, Mr. Gronim was an intern at IBM's hyper-competitive Extreme Blue program for promising students pursuing software development and MBA degrees. He received three job offers from IBM at the end of the summer program, then, in the fall, interviewed for several other jobs, including one on an Army base where he would have had to take a daily two-hour afternoon break to escape deafening artillery tests, and received more job offers.

"I didn't think it would be this easy," he said in an interview last week. Some companies, he said, are now cold-calling him to offer jobs, drawn by his experience with Extreme Blue.

Mr. Gronim, a computer science major originally from Brooklyn, N.Y., eventually chose to move to Seattle for what he calls "a dream job" at Amazon.com.

He'll make about $80,000, not including a signing bonus and company stock. "I was shocked when they offered me stock," he said. "I thought that was a six-years-ago kind of thing."

While Mr. Gronim's experience shows that some companies have clearly returned to the good old days, it's not yet the norm, particularly for students looking locally.

"The job market has clearly picked up in Pittsburgh, there's no question in my mind," said Jim McClenahan, director of the career services center at Duquesne University. "But it still isn't what it should be for all of our students. I wouldn't call this a strong job market."

Even though the seven-county area added 3,300 jobs last year and is forecast to add more than 11,000 this year, it still has a lot of ground to make up. Regional nonfarm employment last year trailed its 2001 peak by 17,000, according to recent estimates from the state Department of Labor and Industry.

Mr. McClenahan said he had seen strong demand regionally in accounting, finance and supply management jobs, but that demand for students with information technology degrees was still somewhat weak.

In other words, for every William Gronim, there's a Michelle Behm, a Pitt senior still looking for a post-graduation IT job.

She's put her resume on such national job search sites as monster.com, but has heard back only from companies that are out of state, or out of country, in India.

"I don't feel like it's gotten that much better," she said. "You still have to know people."

Her friend and fellow Pitt senior, Melissa Ellsworth, hasn't found a job either, though she acknowledges she hasn't done much looking. With a double major in political science and communications, she's not optimistic about her prospects.

"I started with pharmacy," she said. "I should have stuck with pharmacy."

Mr. Roth, at Pitt, notes that even with an improved job market, students still need to get experience through internships and be aggressive about their job searches.

"The fear I have is that students might become complacent," he said. "It's still not a situation where students will find employers falling all over themselves."

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U.S. And Russia Divided On Wording Of U.N. Statement On Iran (NYT)

By Steven R. Weisman

The New York Times, March 26, 2006

WASHINGTON, March 25 — The Bush administration and Russia, struggling to forge a joint strategy on Iran, remain at odds over whether the United Nations Security Council should take a step toward imposing penalties on Iran by labeling its nuclear activities a threat to world peace, American and European officials say.

The officials say that the Russian-American impasse, in which leading European countries are siding with the Bush administration, has held up what the West had hoped would be a unanimous move by the Security Council on Iran this month. The impasse also has echoes of the Iraq war, they say, in that Russia is concerned about a possible replay of the United States' using resolutions by the Council to confront Iran in the same way it acted against Iraq.

Secretary of State Condoleezza Rice and the Russian foreign minister, Sergey V. Lavrov, spoke Friday to try to close a crucial difference over the language of a possible Security Council statement on Iran, specifically the statement's reference to Iran's nuclear activities as "a threat to international peace and security," various officials said. That wording, by implication, would open the door for further Security Council action against Iran.

Ms. Rice said Friday that Russian and American officials would work through the weekend to resolve their differences.

The sensitive talks with Russia are only the latest in a series of difficulties that have strained relations in the last couple years. Among the irritants have been Russia's crackdown on dissent, its cutoff of natural gas shipments to Ukraine and its efforts to extend influence in the region.

A new source of irritation could come with the disclosure from Iraqi documents that a possible Russian spy operation early in the Iraq war in 2003 provided Saddam Hussein with information about American war plans and troop movements.

A senior State Department official said Saturday that the department was studying details related to the disclosure, and no decision had been made on whether to raise the matter diplomatically with the Russians. But American officials say that Russia is extremely sensitive over the Iraq war, and it has vowed not to let the United States use pressure from the Security Council on Iran as a means to authorize economic penalties or even military action.

Russia's foreign intelligence service has denied passing information the war plans. On Saturday, a state news agency, RIA, cited unidentified Russian security officials as saying that the American Defense Department study that included the documents seemed intended to punish Russia for opposing the 2003 invasion. "This kind of unsubstantiated allegation against Russia's intelligence service has been voiced repeatedly," said Boris Labusov, a spokesman for the service.

A Western diplomat, referring to the Security Council discussions on Iran, and speaking on condition of anonymity because the negotiations are confidential, said: "The Russians are worried that if you label Iran a threat to international peace, it's the beginning of a process. If there is going to be a solution, it will have to be negotiated by Lavrov and Rice."

The Bush administration had some hope over the weekend that the Russian-American talks could produce agreement soon. That contrasted with the mood early this week after a contentious session involving American, European, Russian and Chinese envoys at the United Nations.

Bush administration officials have declined to discuss the possibility of penalties on Iran. They and European diplomats emphasize that any future penalties against Tehran would be structured to avoid strangling the Iranian economy as a whole and stirring anti-Western resentment among ordinary Iranians.

The administration concern is that suffering by Iranians would delay the day of a more pro-Western government taking power in Tehran, undercutting a planned $85 million American program to subsidize Iranian dissidents, promote exchange programs and sponsor broadcasts to encourage pro-Western attitudes.

Despite the desire to win over Iranians, the administration and its European partners have prepared a series of escalating economic and political penalties that could be ready for imposition on Iran by the summer, officials said.

Those penalties, they said, would start with imposing travel bans or freezing foreign-held assets of Iranian officials, followed by a ban on commercial dealings with any businesses connected to Iran's military or to its nuclear programs.

More sweeping bans on commercial, business and energy relations would be saved for later, various officials have said, adding that if the Security Council does not authorize penalties, European countries may act unilaterally after consultation with the United States.

But a ban on military and nuclear energy dealings with Iran would have immediate economic effects on Russia, which has contracted with Iran to develop military defense systems and establish a civilian nuclear reactor on the Persian Gulf coast city of Bushehr. For its part, Russia argues that penalties would backfire and cut off what little cooperation Iran is still giving.

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European diplomats also say that the Russians have raised objections to the American spending plan to encourage political change inside Iran. The plan is widely seen as analogous to efforts to bring about "regime change" in Iraq a few years ago.

Iranian news media outlets, meanwhile, are praising Russia and China for trying to block a Security Council action that would impose penalties on Iran, according to Abbas Milani, director of Iranian studies at Stanford University.

"The Iranian papers are bursting with stories about how China and Russia are not caving to the American pressure to punish Iran," Mr. Milani said. "It's clear that they are trying to portray this as a victory for Iranian diplomacy, which has gotten Russia and China not to cave in to U.S. pressure."

UN Nuclear Chief Wants Urgent Reform Of Security Council (AFP)

AFP, March 26, 2006

The head of the United Nations nuclear watchdog called for urgent reform of the UN Security Council to give it greater powers, especially in addressing the threat of nuclear proliferation.

"It is clearly time for the Security Council to be reformed, expanded and strengthened, as part of the current efforts to reform and revitalize the United Nations," said Mohamed ElBaradei, head of the International Agency for Atomic Energy (IAEA) in Vienna, currently at the centre of a tense stand-off with Iran over nuclear power.

In a highly critical review of the UN body's record, he said a lecture, the text of which was published on the IAEA website: "When dealing with threats of nuclear proliferation and arms control, the Security Council has too often fallen short."

In specific cases of arms control, the Security Council's efforts had not been very systematic or successful.

In the case of Iraq, it had over a decade imposed a series of blanket economic sanctions "which were manipulated to the advantage of the ruthless regime in power, and resulted in the death and suffering of hundreds of thousands of innocent civilians.

"The Council could not later agree, in 2003, on either the need for or the timing of the use of force in Iraq."

The Council had also "made little effort to address nuclear proliferation threats in context, by dealing with the drivers of insecurity that give rise to proliferation.

"It has not responded or followed up effectively to the emergence of new countries with nuclear weapons. And it has not exercised its arms limitation mandate."

"Too often, the Security Councils engagement is inadequate, selective, or after the fact," ElBaradei said.

"The tragedies of recent years in Rwanda, the Democratic Republic of the Congo (DRC), and Darfur are cases in point.

"In the case of Rwanda in mid-1994, the Security Council was unable to move much beyond hand-wringing, with the result that 800 000 people lost their lives in the span of a few months."

In the DRC War, its efforts in the interest of diplomacy and peacekeeping had not been enough to prevent the deaths of an estimated 3.8 millions.

The UN Security Council is currently stalled over issuing a statement that would call on Iran to suspend enrichment, which Tehran says is to produce nuclear reactor fuel but can make atom bomb material.

Washington and its European allies have been pressing Tehran to suspend its uranium enrichment activities and return to negotiations aimed at weaning them from suspected nuclear ambitions with economic and other incentives.

Iran denies claims that it is seeking to acquire nuclear weapons and insists that as a signatory of the nuclear Non-Proliferation Treaty, it has a right to conduct uranium enrichment.

A Knesset Class In Need Of Remedial Ethics (NYT)

By Greg Myre

The New York Times, March 26, 2006

JERUSALEM, March 25 — How pervasive were the misdeeds of Israel's departing legislators?

At least 15 lawmakers have been investigated, indicted or convicted in the Parliament that is leaving, accounting for more than 10 percent of the legislature. If they banded together, they would constitute one of the largest factions in the Knesset.

As Israel prepares for parliamentary elections on Tuesday, the departing legislature is being described as perhaps the most ethically challenged in the country's history. And while the conflict with the Palestinians has been the dominant campaign theme, corruption has become a major issue for voters.

"In terms of corruption, the last Parliament was the worst in the state of Israel," said Yossi Sarid, a left-wing lawmaker who is retiring after 32 years. "We're not talking about minor individuals and backbenchers, we're talking about some of the most prominent figures."

The election is at a pivotal time for Israel: Prime Minister Ariel Sharon lies in a coma. On Saturday, the Palestinian president, Mahmoud Abbas, signaled that he would not block the formation of a government dominated by the militant group

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Hamas. And Israel's acting prime minister, Ehud Olmert, says he wants to unilaterally draw Israel's borders if he is elected. Yet for all that, the campaign has been lackluster, and voter turnout is forecast to be well below the norm.

Many analysts agree that the corruption scandals and a general distrust of politicians have fueled much of the discontent, a sense that there is too much conniving in the Knesset.

On Thursday, Yair Peretz from the religious party Shas became the fourth member of the current Parliament to be convicted of a crime. The Tel Aviv Magistrates Court found that Mr. Peretz had submitted papers written by others to fraudulently obtain a university degree. Mr. Peretz resigned from Parliament immediately after the verdict.

The Israeli news media reported that one of the papers he had submitted had been written by a woman, and he had not taken the trouble to change the feminine form of the Hebrew words into the masculine.

Four additional legislators have been charged with crimes or soon will be, the attorney general said. They include a cabinet minister, Tzachi Hanegbi, who, according to an investigation by the attorney general, gave government jobs to friends. Also, two lawmakers have been reprimanded by Parliament's Ethics Committee. At least five more are under investigation.

Mr. Sharon has been the subject of two investigations linked to his family's finances and his campaigns. In one case, an Israeli businessman was charged with paying hundreds of thousands of dollars in bribes sent to Mr. Sharon's son Gilad. Mr. Sharon's older son, Omri, also a member of Parliament, pleaded guilty in November to illegal fund-raising in the 1999 campaign. He was sentenced to nine months in prison and resigned from Parliament.

Israel's politics are intensely competitive, and politicians frequently toss accusations of wrongdoing at rivals. In addition, news media and legal scrutiny often leads to public investigations. And frequent elections — this is the fourth national ballot in seven years — create a need for frequent fund-raising, which has been at the root of several scandals. Some politicians complain that the fund-raising laws are too strict in an era of television campaigning.

During this campaign, the state comptroller, who investigates government matters, has examined two questions involving Mr. Olmert.

The comptroller recently reported that nothing was illegal about a deal in which Mr. Olmert sold his Jerusalem home for $2.7 million to S. Daniel Abraham, an American billionaire who has contributed money to Israeli politics. Mr. Olmert has continued living in the home, renting it for around $2,500 a month, while he builds another.

In the second matter, the comptroller is still investigating whether anything was improper about personnel appointments made by Mr. Olmert while he was minister of trade and industry. Mr. Olmert has denied any wrongdoing.

"There is a school of thought here that says we are too quick to undermine our elected leaders," said Uri Dromi of the Israel Democracy Institute, a private research organization.

"But this Knesset was truly outstanding when it came to corruption," said Mr. Dromi, who was the spokesman for Yitzhak Rabin, the prime minister who was assassinated in 1995. "They crossed a lot of thresholds and turned this into an issue that couldn't be ignored."

Some cases have bordered on farce.

One lawmaker, Yehiel Hazan, is facing forgery charges — accused of voting twice, once for himself and once for an absent lawmaker during a marathon budget debate in 2003. The act was captured on camera, prosecutors said. Last November, Mr. Hazan went into a Knesset storeroom and removed the voting machine in question. This, too, was caught on camera. Mr. Hazan said that he had permission to remove it and that he later returned it.

Another Likud legislator, Michael Gorlovsky, acknowledged voting from the seat of an absent lawmaker in the same 2003 parliamentary session, but said he did it because he saw others doing the same thing. Last week, Mr. Gorlovsky was in Belarus, the Israeli news media reported, observing the presidential balloting that was declared invalid by the United States and others.

Another case involved Joseph Paritzky, formerly a leading figure in Shinui, a centrist party that fared well in the 2003 election on its clean government platform.

But Mr. Paritzky was drummed out of the party a year later after Israeli television played a tape of him plotting with a private investigator to, as Mr. Paritzky put it, "set a trap" to ruin the political career of a fellow Shinui legislator. Mr. Paritzky was investigated but not charged.

"In the 1970's, you could only find rare cases of corruption," said Eliad Shraga, a prominent lawyer who founded the Movement for Quality Government in Israel, a private watchdog group. "Unfortunately, in recent years we've been on a slippery slope, and we have to fight to preserve our values and norms."

At the group's offices in Jerusalem, law students sit in front of a bank of computers, where they take calls from citizens who have complaints about the government in Israel at all levels.

More than 1,000 complaints a year are called in, and the group carries out its own investigations. In cases with enough evidence, the group forwards its finding to the police or the attorney general. It may also petition Israel's High Court of Justice. Many prosecutions have resulted.

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The group's stature is such that Mr. Olmert made a campaign stop at its offices on Tuesday to sign its charter against corruption.

"We have many lovely, honest people here, and we are not a corrupt society," Mr. Shraga said. "But we have had messed-up management."

Populist Bids Israeli Voters Back To Labor (WP)

By Scott Wilson

The Washington Post, March 26, 2006

Amir Peretz Invokes Traditional Themes in Campaign to Return Party to Power

KIBBUTZ MISGAV AM, Israel -- Amir Peretz is everything that previous leaders of Israel's Labor Party were not: North African by birth, populist in his politics, dynamic on the stump. Even the moustache that his opponents cite as evidence of everything from ethnic radicalism to a resemblance to Joseph Stalin sets Peretz apart from the Israeli founding fathers whose party he took over last year.

Many Israelis of Peretz's background turned against Labor decades ago. To punish a governing party that in their eyes had become an elitist enterprise unconcerned with the plight of immigrants from North Africa and the Middle East, known collectively as Mizrahi Jews, they turned to the more hawkish Likud Party. Peretz is trying to win them back.

In the campaign leading to Tuesday's national elections, Peretz has focused on returning Labor to its roots, promising to raise the minimum wage, patch up Israel's fraying social safety net and pursue negotiations with the Palestinians at a time when a unilateral withdrawal from the occupied territories is in vogue. Along the way, Peretz, a former leader of Israel's largest trade-union federation, is finding new enemies in old friends and new friends in old enemies. As the Mizrahi Jews weigh whether to return to Labor, many of the Ashkenazi Jews -- those of European descent -- who dominate the party are unconvinced that he is the man to lead the party into elections.

"There are two genies in this campaign: the nationalist and the ethnic," Peretz, 54, said in an interview Thursday during a campaign swing through Galilee. "Both genies are working against the social revolution I have in mind. And I am trying my best to kill them both."

The short journey between Kibbutz Misgav Am, a cliff-top community where Labor candidates have traditionally felt at home, and the market stalls of Kiryat Shmona on the flatlands below spans the opportunities and challenges Peretz faces as he tries to return the party to power.

The kibbutz movement has been a symbol of the Labor elite since before Israel's founding in 1948, which was made possible in part by the Histadrut labor union federation created by early Zionists to develop the economy and secure a sovereign Jewish state. The Labor Party held power for Israel's first three decades of independence, but "by the 1960s the Labor movement had nothing new to say and nothing has changed since then until today," said Zeev Sternhell, a retired Hebrew University professor and author of the "The Founding Myths of Israel." "The first time the party has had a chance to create something new is now."

As evinced by the small audience here to see Peretz, the kibbutz movement is made up almost entirely of Ashkenazi Jews. The sons and daughters of Labor's pre-state pioneers still live here in a wind-swept compound overlooking southern Lebanon, idyllic except for the threat of the radical Islamic movement Hezbollah across the border.

For years its collective business enterprises have thrived on land provided by the state. The socialists have grown rich, and Israel as a whole has prospered over the decades. But the Labor Party's vision of equality among Jews remains unfulfilled. As a result, resentment has welled up not only in places like the neglected southern city of Sderot in the Negev desert, where Peretz grew up, but also within the party's populist wing that he embodies.

"A part of the Labor Party, and I hope it's a small part, is disappointed because they do not think Peretz is the person to head it," said Aharon Valency, 63, a French immigrant and kibbutz member who has always voted Labor. "The important thing is that this is not only Peretz, but the team."

Yellow Hezbollah banners were visible from the overlook where Peretz gathered with kibbutz leaders and Matan Vilnai, a former major general on the Labor candidate list, in a photo opportunity intended to convey a commitment to security. In the party of Moshe Dayan, Yitzhak Rabin, and Ehud Barak, Peretz's scant military experience has been something he has had to defend.

While serving in the Sinai Peninsula during the 1973 Middle East war, Peretz was crushed under an Israeli tank while trying to free it from the sand. Doctors told him he would never walk again, a prediction he defied after two years of arduous rehabilitation.

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Peretz told the audience here that he trusted the Israeli military to combat the nation's enemies. But he also said another unilateral withdrawal from Palestinian territories would not bring peace to Israel, a shot at the front-running Kadima party now peeling off votes in Labor enclaves like this one.

Less than a year after Prime Minister Ariel Sharon engineered Israel's withdrawal from the Gaza Strip and formed Kadima when some of his fellow Likud members balked at the move, Kadima's leaders have outlined plans to withdraw Israeli soldiers and settlers from parts of the West Bank, keeping large settlement blocs on Israel's side of the separation barrier. Their idea, which has won popular support, is to define Israel's final borders without negotiating terms with the Palestinians.

"Kadima are the only ones that will give back territory," said Jospeh Lakho, 63, who has lived on this kibbutz for more than four decades and voted Labor even longer, a streak he will break in this election. "Peretz is new to this, and according to the polls, he doesn't have much chance."

But Peretz, a disciple of Rabin, who as prime minister signed the Oslo accords with the Palestinians in 1993 and was killed by a Jewish extremist two years later, maintains that "disengagement was not an act of peace, but of security. Peace must be agreed upon by both parties."

After acting Prime Minister Ehud Olmert, the second candidate on Kadima's list is Shimon Peres, 82, who was one of Labor's earliest activists. Peretz narrowly defeated Peres for the party leadership in November, and the older man joined his long-time friend Sharon in Kadima soon after. Peres said in a meeting with foreign reporters Thursday that Labor's "campaign has not changed according to the needs of the times."

In introducing Peretz here, Valency admitted that he had favored Peres in the Labor leadership vote. But he urged the audience to support Peretz and the party, now projected to win 21 of parliament's 120 seats. That would put Labor a distant second to Kadima.

Peretz was criticized early in his decade running the Histadrut union for calling frequent general strikes that damaged the economy. He changed tactics over time and earned the respect of many government ministers. He also remained popular among the Mizrahi Jews and Arab citizens of Israel who comprise much of the union ranks. Now he is seeking their support.

At the same time, Peretz has filled out his candidate list with well-known Ashkenazis. Among them are Vilnai, who was deputy commander of Israel's military when he retired, and Avishay Braverman, a former World Bank economist and university president who was pursued by various parties like colleges pursue a high-school basketball star. He said he chose Peretz's Labor because "a moral society must be our goal," but also said he joined to "whiten" the party leader.

Down the mountain, a different crowd welcomed Peretz in what has long been a no-go zone for Labor politicians identified with the hilltop elite.

"This time we're voting for the Moroccan," shouted Morris Ben-Itah, a wiry man in a knit kippa , or skullcap, as Peretz's bus pulled into the market of Kiryat Shmona.

Ben-Itah, 52, arrived more than four decades ago from Algeria. As soon as he was old enough, he cast his ballot for Likud and hasn't stopped.

But the father of five said Likud had done nothing to improve his life after promising to do so in each election season. A gardener for the municipal government, he hasn't been paid in two months.

"Likud is burned to me," Ben-Itah said. "This time I won't be ashamed to vote for the Moroccan. He's promised better pay for everyone. We're going to give him a chance. If he fails, we'll vote him out."

Peretz emerged from the bus to the celebratory screech of ululation imported from the Arab Middle East. The smell of greasy food followed him into the crowded vegetable stalls where he handed out ersatz $1,000 bills, the sum he proposes for the monthly minimum wage. He has promised not to sit in a government that does not agree.

"These are people who voted for Likud but in their day-to-day lives are social democrats," Peretz said in a voice that is disappearing as the campaign winds down. "This is the first time there will be a completeness in the way they live and in the way they vote these values."

Palestinian Leader To Accept Hamas Cabinet (WP)

By Scott Wilson

The Washington Post, March 26, 2006

Aide Says Abbas Seeks 'Transformation' Of Rival Party's Stance Toward Israelis

JERUSALEM, March 25 -- Palestinian leader Mahmoud Abbas notified Hamas officials Saturday that he would accept their proposed cabinet even though its program does not endorse previous agreements or peace initiatives that recognize Israel and are backed by the Palestinian Authority.

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At the same time, Abbas reiterated his demand that Hamas adopt his vision of a two-state solution to the Israeli-Palestinian conflict to avoid putting "our national struggle in opposition to international legitimacy." Hamas, known formally as the Islamic Resistance Movement, is designated a terrorist organization by the United States and the European Union.

Abbas, the Palestinian Authority president, outlined his position in a letter addressed to Ismail Haniyeh, whom Hamas designated to become prime minister after the party's surprise victory in January parliamentary elections.

The document clears the way for the Palestinian parliament to begin debating the proposed cabinet, comprising only Hamas members and independents allied with the movement, early next week. Haniyeh said the parliament would approve the new ministers Wednesday, a day after Israel's national elections.

The letter also signals Abbas's approach to the Hamas cabinet at a time when international donors are deciding whether to continue funding the Palestinian Authority. His strategy, as outlined by two people close to him, is a gamble that will depend on cooperation from Israel and such donors as the United States to achieve his goal of pressuring Hamas to abandon its declared war with Israel.

"What we need is for the world to support the moderate line and help Abbas step in to save the day," said one of the sources, who outlined the calculations behind the letter on condition of anonymity. "There is no immediate clear-cut solution to this. This is a long-term process of transformation or a collapse of the Palestinian Authority."

Abbas's letter warns Hamas that its position imperils political and financial support for the Palestinians' national cause and precludes the formation of a unity government, which would include his secular-nationalist Fatah movement. The source called those warnings "battle lines" that Abbas will invoke in what he hopes will become a domestic political contest with Hamas, which has no governing experience above the local level.

Abbas could have rejected Hamas's proposed cabinet and risked a constitutional crisis that could have resulted in the dissolution of the Palestinian Authority. But Abbas wrote that he would accept the cabinet "out of respect for the democratic process."

He is also doing so to challenge Hamas to govern effectively or suffer the consequences. Abbas is betting that Hamas will do no better than Fatah in controlling Palestinian militias, improving the economy or reducing the Israeli checkpoints, military operations, crossing closures and other hardships of the occupation.

The president does not have the legal authority to call new parliamentary elections, although he can dismiss the prime minister and his cabinet. But sources close to Abbas say they believe Hamas leaders might agree to new elections, perhaps as soon as six months from now, if the party's political standing fades while leading the government.

In the meantime, Abbas may propose the outline of a peace settlement with Israel to rally the Palestinian public around his approach.

But Abbas is counting on the next Israeli government and international donors to support the Palestinian Authority after Hamas takes over its ministries, something that appears unlikely. Cutting off foreign aid that accounts for nearly half the authority's budget would allow Hamas to blame its failures on what one source called a "foreign conspiracy."

"That would defeat the whole purpose," one of the sources said.

Israel has frozen the monthly transfer of roughly $55 million in tax and customs revenue it collects for the Palestinian Authority, an amount equal to nearly half its payroll. The Bush administration has suspended U.S.-funded development projects in the Palestinian territories.

Abbas is calculating that neither Israel nor foreign donors want the Palestinian Authority to collapse. That would require the Israeli government, as the occupying power, to assume a larger role in the territories at a time when Israel's leading political party is proposing a unilateral withdrawal from parts of the West Bank after the election.

"Where we differ from the international community is that Abbas doesn't want Hamas to fail; Abbas wants Hamas to transform," one source close to the president said. "His ultimate constituency is the domestic one. What we hope is that the international community will see his engagement as part of a complex situation and not that he is in bed with terrorists."

Translation: Is The Whole World Watching? (NYT)

By Lorne Manly

The New York Times, March 26, 2006

HOW you see something," said Nigel Parsons, the managing director of Al Jazeera International, "depends very much on where you're sitting."

Those words could well serve as the manifesto for the channel, the English-language offspring of the polarizing pan-Arab network, which will make its debut in more than 40 million households in late May.

Addressing hundreds of journalists and academics who had come to Doha, Qatar, for the second Al Jazeera Forum, Mr. Parsons promised that the new channel — with its headquarters there and broadcast centers in Washington, London and Kuala

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Lumpur — will cover the stories and people that the Western-owned news media overlook. "We're not going to be another CNN, BBC or Sky," he told the attendees on the last day of January. "If we were, there'd be no point." But, he added, "It's not our position to tell viewers what to think."

During a freewheeling question-and-answer session, the audience pressed him for details. With costs already surpassing a billion dollars, Al Jazeera is the most ambitious television network start-up in recent years. Will it be the first network to crack the Western monopoly on delivering news and opinion to a global audience? Will it provide an Arab and Muslim point of view to the rest of the world?

Many at the forum hoped it would. But its top management is British, and its high-profile hires — like the smooth interviewer David Frost and the former "Nightline" correspondent Dave Marash — are hardly representative of the developing world. Will it then, the journalists wanted to know, just be colonialism in more modern garb?

Outside of that crowded conference room, the pressure is just as great. In the Arab world, Al Jazeera has a reputation for tackling the thorny issues. But in the United States, where it is best known for showing tapes of Osama Bin Laden's tirades, one person's fearless reporting can quickly become another's dangerous propaganda. And the more widely it is viewed as a terrorist mouthpiece, the harder a time the channel will have getting a spot on the already-crowded American cable line-ups.

Mr. Parsons understands the need to reassure new viewers in the West without disappointing old ones in the Arab world. "Essentially, it's about getting the balance right," he said.

A little more than five minutes from the 1980's-era opulence of the vast Sheraton on the Doha's corniche — if the traffic-clogged roundabouts thoughtfully bequeathed by the British do not double the commute time — lies the headquarters of the Al Jazeera networks. To describe the exterior as nondescript would be giving the dusty compound of squat buildings and satellite transponders too much credit. But inside, another story unfolds.

The Arabic-channel's new newsroom, which opened last year, is an airy space filled with Aeron chairs, slick flat-screen LG and Samsung monitors and on-air sets whose color scheme (orangey green) morphs through the day. Next door, in a former parking lot, swarms of men in smocks — imported cheap labor from Southeast Asia — hurry to complete the English-language headquarters.

Employees at Al Jazeera International boast of having one of the largest plasma screens of any newsroom in the world. From the newsroom on the first floor, a glass spiral staircase will lead to a mezzanine of open-plan news desks for the Web site and glass-walled offices, a rarity in the Arab world, where executive suites are more often clubby, private affairs. A fiber-optic network will connect Doha to its broadcast centers and other bureaus. There will also be a prayer room, as is customary in Qatari workplaces. Over all, it's a far cry from the tiny newsroom of the channel's early years, the one that prompted the Egyptian leader Hosni Mubarak to marvel during a 2000 visit, "All this trouble from a matchbox like this."

Al Jazeera's rapid growth over the last decade is primarily the doing of one man, the emir of Qatar, Sheik Hamad bin Khalifa al Thani. Since bloodlessly overthrowing his father in 1995, Sheik Hamad has overseen the vast natural gas reserves of his country, a sandy spit of land about the size of Connecticut and Rhode Island combined that juts out of Saudi Arabia into the Persian Gulf.

But those reserves will not last forever, so he has used the profits to diversify. He has opened Qatar to the West, turning it into a regional education hub, setting off a building boom and loosening some political restrictions. In 1996, he issued a decree establishing Al Jazeera, and then bankrolled its first five years with a grant of $137 million. He is still footing the bulk of the channel's annual budget.

"He's thinking long-term," said Hugh Miles, the author of "Al Jazeera: The Inside Story of the Arab News Channel That is Challenging the West" (Grove Press). In a rough neighborhood, he wants to build "an Arab version of Switzerland — rich, neutral and secure," Mr. Miles said.

Mahmud Shammam, the Washington bureau chief of Al Watan newspaper and Newsweek in Arabic, as well as the emir's latest addition to Al Jazeera's board of directors, said Sheik Hamad hoped the network would be a countervailing force to some of the political and social trends in the Middle East. "He wants Al Jazeera to be a force for democracy and modernization in the Arab world," Mr. Shammam said.

Certainly the region has not been a haven for the free press. Owned or controlled by the state, the television channels in the region are often filled with dreary state receptions and handshakes of smiling kings and autocratic generals, breaking-news bulletins of the queen's latest ribbon cutting, and an avoidance of anything remotely controversial.

But since its debut in November 1996, Al Jazeera has offended multitudes with news and commentary that do not necessarily conform to the views of mullahs or kings. To the outrage of social conservatives, the host of a religion show said the Koran did not forbid fellatio. Guests have questioned the right of the Saud family to rule Saudi Arabia. At some time or another, nearly every country in the Middle East — save Israel — has banned or curtailed its reporters.

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Meanwhile Defense Secretary Donald H. Rumsfeld has accused the network of "vicious lies" and of promoting an anti-American worldview. (An Al Jazeera journalist in Spain was sentenced last year in that country to seven years in prison for collaborating with Al Qaeda; Al Jazeera is appealing the verdict.)

The reality of what is on the channel is more nuanced. (See sidebar.) Just as the emir and Qatar play host to the American military while offering asylum to Saddam Hussein's wife, Al Jazeera offers a showcase for dissenting views — such as Dr. Wafa Sultan, an Arab-American psychiatrist who recently denounced some Muslims for what she called their backwardness — but a definite worldview dominates, one that is pro-Palestinian and skeptical of the West's intentions. Particularly America's intentions, post 9/11. Recently the administration has chosen to engage more with the channel; American officials, such as Condoleezza Rice, have occasionally appeared as guests.

"Al Jazeera has played a very important role in creating foundations for democracy and pluralism in the Middle East," said Marc Lynch, an associate professor of political science at Williams College and the author of "Voices of a New Arab Public: Iraq, Al Jazeera and a Middle East Politics Today" (Columbia University Press). "It can also fan the flame of populism and anti-Americanism. And there's an ongoing struggle between these two forces."

Dealing with that struggle falls to Mr. Parsons, as he sets out to convince cable and satellite operators, politicians and curious prospective viewers that Al Jazeera International will not be biased against the West, but will nonetheless offer a needed alternative to CNN International and BBC World.

The son of a British military officer, Mr. Parsons, 54, grew up in countries like Singapore and Malaysia, and has spent 30 years working for news outlets ranging from BBC Radio to Associated Press Television News. When he was first approached about the position at Al Jazeera International, he was frustrated with the tenor of most English-language news. "Especially the coverage of the Iraqi invasion," he said. "Somehow it seemed to me that the Fourth Estate had got into bed with the third estate and the rest of us had been left outside the bedroom. So when this came along, it was blank sheet of paper and a chance to make a difference, and to do things differently."

The new English-language channel will have all of the standard accoutrements: interview programs, panels of political experts and critiques of the news media. "Frost Over the World," for example, will showcase Mr. Frost's one-on-one skills with global newsmakers each Friday.

But Al Jazeera's main business program has the far-from-Wall-Street title "People and Power," and its host, a former Economist correspondent, Dr. Shereen El Feki, pledges to cover the "grassroots" along with the executive suites. And "Witness," the channel's daily documentary series out of London, will feature the films as well as conversations with their makers.

And though Al Jazeera International's competitors have also laid claim to the think globally, act locally mentality (and dispute that Western ownership leads to Western-centric newscasts), the new channel is turning the idea into a physical reality. Its broadcasting day is expected to begin in Kuala Lumpur, 9 a.m. local time, and over the next four hours the journalists there will drive the report. The following 11 hours will come out of Doha, before the London broadcast center takes the reins for five. Then, for four hours beginning at 4 p.m. on the East Coast of the United States, Washington will gain its measure of control.

This setup, Al Jazeera International executives say, will differentiate the channel from its more centralized competitors and ensure that important regional stories do not get overlooked — as Bangladesh's deadly typhoons did in the aftermath of Hurricane Rita, said Steve Clark, a former Sky News executive who is the new channel's director of news.

So do not expect much coverage of the World Economic Forum in Davos, Switzerland, the annual winter home for privileged white men (and Angelina Jolie) that is much adored by the Western news media. "I don't think we'd have even gone there," Mr. Parsons said.

Just how willingly an international audience will flock to this alternative news channel — and whether that migration will reward the emir's huge wager — is unclear. "People are far more interested in the price of petrol at their local petrol station than they are in probably what's happening in Sudan," Mr. Parsons said. "That's just a fact. But there is a hunger for international news. If you do it through human interest, people will always relate."

The fact that Al Jazeera International's target audience — Arab and Asian expatriates, non Arabic-speaking Muslims and news hounds — is so geographically diffuse only complicates matters. Al Jazeera also faces the same squeeze in the United States as other fledgling cable channels not backed by a media conglomerate: no room at the inn.

Executives do not want the channel relegated to a premium tier, as the Arabic-language channel is in this country, available only to subscribers of the Dish Network willing to pay an extra $26 to $40 a month. But mainstream tiers are already crowded, and newer channels devoted to murder mysteries (Sleuth) and conspicuous consumption (Fine Living) can be much more lucrative. And there's another competitor looming; BBC World has said it plans to bring its 24-hour news channel to the United States, and is working with Discovery Communications.

So far, Al Jazeera International has not found a cable or satellite provider. The search continues, and the channel says it has received offers across the United States, including a proposal from one major cable operator. And the channel is considering

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streaming the video over the Internet, so viewers can watch the network on computers. Either way, the emir's largess takes some of the pressure off. "We'd love to have cable distribution," said Lindsay Oliver, the channel's commercial director, "but it's not going to kill us if we don't."

The perception that despite the Middle Eastern base, Westerners once again are dictating the news could ultimately pose a much bigger threat to the channel. At the Al Jazeera forum in Doha, some employees of the Arabic-language channel joined the grumbling about the Western tilt in the top ranks.

The English-language channel has been filling out its staff with Arab and Muslim journalists, but even so, the complaints continue. "Does the emir know," asked one post on the Friends of Al Jazeera blog, "his money is being shared around a group of television people who would make Fox News proud? Fellow Arabs in Doha are not amused."

All told, Al Jazeera International expects to hire more than 500 people, of which more than 150 will be journalists. Although the new channel will be a separate entity, it will share some resources with its Arabic-language sibling, and to build camaraderie between the two staffs, movie nights and dinners have already been held.

Mr. Shammam of Al Watan said that while he understands why language requirements would limit the network's hiring pool, he would like to see more diversity. "If it is international, it has to be international," he said.

And any eventual success of Al Jazeera International will probably not be measured on the bottom line, but on the international battlefield of ideas. "It has a chance of shifting slightly the agenda-setting decisions made by the media in New York, London and Atlanta," said Daoud Kuttab, the director of the Institute of Modern Media at Al Quds University in Ramallah.

For the emir of a tiny country striving to show the West "the real Arab world, the real Muslim world," in the words of Mr. Shammam, that may be victory enough.

America, The Global Target (WP)

By Jim Hoagland

The Washington Post, March 26, 2006

Hoping to lower tensions between the Muslim world and the West, British Prime Minister Tony Blair maintained the other day that the world confronts "a clash about civilization," not "a clash between civilizations." But the overriding lesson of events since Sept. 11, 2001, may be that you can't have one without the other.

In radical Islamic propaganda, the United States has graduated from being a mere Great Satan out to undermine Iran's ayatollahs to being depicted as a global monster responsible for virtually every crime and failing since the dawn of modern history. Meet the new Jews: the Americans.

Don't misunderstand. Americans have not replaced Jews at the top of the hate parade in Islamic countries. But the history of anti-Semitism, a word coined in Germany to provide a bogus scientific basis for prejudice against Jews, and its spread in recent years across the Middle East as an all-purpose explanation of whatever is wrong, should give Americans no cause for complacency.

The centrality of American power to global change -- good and bad, economic and political, topsy and turvy -- inevitably carries with it a heavy burden abroad of resentment and opposition. In the wake of Sept. 11 and wars in Iraq and Afghanistan, a widespread stereotyping and a visceral hatred that imputes racial characteristics to national policies and actions have also taken hold.

The distemper of these global times can be read in a wide variety of settings, where this new virulent anti-Americanism competes with historical anti-Semitism as a single explanation for the failures and delusions of entire nations.

The change can be seen in Turkish and Egyptian movie houses, where overflow crowds watch depictions of Americans routinely raping, killing, firebombing mosques and torturing innocents as a function of national character. It flows through the fanatical statements of Osama bin Laden and others that conflate "Jews" and "Crusaders." It peeks out of an overjoyed online announcement I came across last week that Hitler's favorite book, "The Riddle of the Jew's Success," is back in print.

Nothing new in this, it can be said. Besides, American movies, comics, journalists and politicians among others have never hesitated to stereotype Arabs, Turks or any other foreigners for their purposes, and often in extremely crude terms. Finally, the terrible polarizing effect of the conflict in Iraq and the crimes committed at Abu Ghraib and elsewhere do invite harsh criticism of Americans rooted not in animus but in a sense of justice.

But the central and intrusive role of the United States in unleashing the traumatic changes of globalization on families, workplaces and nations everywhere brings unintended consequences. The forces that created anti-Semitism are not confined to one group of people or one moment in history.

" The Jew is in every respect the center of the language of the Third Reich, indeed of its whole view of the epoch," literary scholar Viktor Klemperer wrote in his Nazi-era diary. A forthcoming book quotes that passage to explain how long-standing prejudice was mobilized as engine and rationale for mass murder and state terrorism in Germany.

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"Anti-Semitism was not only a set of prejudices and hatreds but also an explanatory framework for historical events," Jeffrey Herf writes in "The Jewish Enemy." He demonstrates that while Hitler was convincing Germans that the Jews were about to annihilate them, the numbers and influence of Jews in Germany were sharply declining. Facts did not get in Hitler's way.

A vehement counter-ideology is developing across the Arab world today to President Bush's drive to put America even more at the center of democratic change and material progress in that region. Some of the reaction is reasoned and pragmatic; much of it veers into hate propaganda that confounds nationality with race.

That suggests two initial propositions for an ongoing discussion of this vast subject:

The Bush administration must avoid throwing gasoline on this raging fire by making assertive declarations about preemptive warfare, or God's gifts of democracy being distributed to Arabs by Americans or the like. It must show that misbehavior or crimes in Iraq or elsewhere will be punished up to the highest level of responsibility.

Second, Americans need to recognize that the problems we face in the Middle East are bigger than the failings or mistakes of Bush & Co. Those problems would not fade quickly if U.S. troops left Iraq tomorrow. Repairing America's image at home and abroad is also a complex, generational task that begins now.

In Dubai, An Outcry From Asians For Workplace Rights (NYT)

By Hassan M. Fattah

The New York Times, March 26, 2006

DUBAI, United Arab Emirates, March 25 — For Rajee Kumaran, this was the city of dreams.

Dubai's gleaming high rises, idyllic beaches and seemingly limitless opportunities glittered on the pages of brochures and in the stories told by laborers returning home to his native Kerala, India. But after five years here, surviving in squalid conditions and barely making ends meet on less than $200 a month, Mr. Kumaran, 28, says his dream has long since faded.

"I thought this was the land of opportunity, but I was fooled," he said Thursday, as he stood with several other construction workers outside their work camp in the desert on the outskirts of the city.

When hundreds of workers angered by low salaries and mistreatment rioted Tuesday night at the site of what is to become the world's tallest skyscraper, not only were they expressing the growing frustration of Asian migrants here, they offered a glimpse of an increasingly organized labor force.

Far from the high-rise towers and luxury hotels emblematic of Dubai, the workers turning this swath of desert into a modern metropolis live in a Dickensian world of cramped labor camps, low pay and increasing desperation.

For years, workers like Mr. Kumaran have done whatever they could to get here, often paying thousands of dollars to unscrupulous recruiters for the chance to work at one of the hundreds of construction sites in the emirates.

Of the 1.5 million residents of Dubai, as many as a million are immigrants who have come here to work in some capacity, with the largest subgroup being construction workers, said Hadi Ghaemi, a researcher with Human Rights Watch who covers the United Arab Emirates, citing government statistics. A vast majority of the immigrants come from the Indian subcontinent and the Philippines.

With the cost of living rising, many have abandoned dreams of returning with a fortune. The construction workers' camps, in particular, have been set up ever deeper in the desert. That adds an hour or two just to get to the job site every morning, in addition to the workers' 12-hour shifts.

A growing number have resorted to suicide rather than return home with empty pockets: last year, 84 South Asians committed suicide in Dubai, according to the Indian Consulate here, up from 70 in 2004.

Mr. Kumaran, who earns 550 dirhams every month, or about $150, as a laborer, sends home almost half his earnings and lives on the equivalent of roughly $60 a month. That is barely enough to pay for food and cigarettes and using his cellphone from time to time. But he is not sure how he will repay the loan he took to get here.

"If I'd stayed in India and worked just as hard as I do now, I could have made the same money," he said. "And I wouldn't have needed to get a loan to come here."

Since last September, when 800 workers staged a protest march down a main highway in the heart of the city and set off a national debate about the treatment of foreign workers, laborers have held at least eight major strikes to demand their rights and get their pay, which is sometimes withheld.

But the mass action on Tuesday was the most significant of its kind. Hundreds of workers building the Burj Dubai skyscraper chased security guards and broke into offices, smashing computers, scattering files and wrecking cars and construction machines. When they returned to work the next day, demanding better pay and improved working conditions, thousands of laborers building an airport terminal across town also laid down their tools, demanding better conditions, too. The workers also halted work on Thursday, until a settlement was negotiated.

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"It was a watershed moment in coordination and organization," Mr. Ghaemi said. "It started with increasing numbers of strikes, and has now evolved into very organized and coordinated activities. If these grievances are not addressed quickly by the government they are sure to begin hurting the economic growth of the country."

Those workers have few rights. Visa sponsors and employers typically confiscate their passports and residency permits when they sign on, restricting their freedom of movement and their ability to report abuse.

Most pay money to recruiters to find work here, a practice that the U.A.E. government has sought to stop. When they get here, few can leave the country without the permission of their employers, who can block them from working elsewhere in the country if they resign or are fired.

Unionizing is forbidden, too, and most workers have no recourse other than the Labor Ministry.

Denial of wages is the most common abuse of workers, as contracting companies typically wait to pay their workers until they themselves get paid. In the worst cases, workers have been denied wages for more than 10 months, only to lose the entire salary when the contracting companies go bankrupt, leaving the men destitute and with few options.

The U.A.E.'s Ministry of Labor has tried to tackle the problem in recent months, making changes meant to allow workers to change employers more easily and imposing strict penalties on employers that do not pay their workers.

Workers can call a toll-free hot line to the ministry to lodge complaints, which are investigated. And ministry inspectors do travel to work camps to inspect them.

"We always support the workers and want to protect their rights, but we must protect employers' rights as well," said Ali al-Kaabi, the labor minister in the U.A.E. "As long as these three factors are in place, the workers have no reason to protest. If they have any problems or complaints they should speak with a supervisor, who should come to the ministry. Then if we don't act they have the right to protest."

But the sheer number of workers who have poured into the country over the past two years and inadequate staffing at the ministry have meant that many problems slip through, some officials and human rights workers say.

Only 80 government inspectors oversee about 200,000 companies and other establishments that employ migrant workers, Mr. Ghaemi said, citing government figures. The inspectors also look at labor camps: of the 36 camps inspected from May through December last year, the ministry ranked 27 well below government standards.

"There's such a boom and so many laborers required here that the government is bringing measures which are not entirely adequate," said B. S. Mubarak, labor and welfare consul at the Consulate General of India in Dubai. "Neither we nor the ministry can cope with the growing number of laborers and growing number of complaints."

As he boards a bus to his construction site every morning but Friday, Mr. Kumaran says he looks up at Dubai's skyline of gleaming high rises with a degree of sadness.

"I wish the rich people would realize who is building these towers," Mr. Kumaran said, flanked by his co-workers. "I wish they could come and see how sad this life is."

Imams In Spain Say Muslims And Jews Must Confront Extremism (NYT)

By Renwick Mclean

The New York Times, March 26, 2006

SEVILLE, Spain, March 23 -- Scores of rabbis and imams gathered here this week to discuss what they called a deepening crisis in relations between Muslims and Jews, saying religious leaders must confront religious extremism and the failure to make meaningful progress on the conflict in the Middle East.

The meeting did not produce any sweeping agreements, but it was nonetheless heralded by many participants as a breakthrough, bringing together religious leaders who have the potential to bridge the divisions between Muslims and Jews, but who rarely interact.

Leaders who seldom cross paths despite living only minutes apart, like ultra-Orthodox rabbis from Israel and former members of the radical Palestinian group Hamas, spent four days in a hotel here sitting in the same rooms, eating the same meals and occasionally talking, guardedly at first, but increasingly freely as the conference progressed.

“You have some of the most fundamentalist people from both religions here,” said Eliezer Simcha Weisz, a rabbi in Emek Hefer, Israel. “These people would never sit together in Israel.”

The meeting, organized by the French foundation Hommes de Parole, which promotes dialogue between conflicting groups, included hostile exchanges and pointed arguments about terrorism, Israeli settlements and claims to Jerusalem. But it also led to some uninhibited displays of camaraderie, like rabbis and imams singing and dancing together during an impromptu musical performance in the hotel lobby near midnight.

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But sporadic displays of conviviality did not temper the underlying tension. At the opening ceremony on Sunday, the chief rabbi of Israel, Yona Metzger, noting that most Muslims are moderates, asked the imams in the audience: "Why don't you speak when Bin Laden invokes your religion to justify terrorism? Why don't you express yourselves in a loud voice?"

Even discussions as seemingly innocuous as the virtues of peace often turned into arguments. "No one can speak about peace while there is occupation," said Imad al-Falouji, a former Hamas member and one of the most prominent imams in Gaza, referring to the Israeli presence in the West Bank.

But the participants appeared to agree broadly that tensions between Muslims and Jews had grown worse in recent years in part because religious leaders had lost their voice, allowing politicians, diplomats and, most worrisome, extremists to dictate relations between the two religions.

"Religion has been misused by the fundamentalists, who have taken over religion and made us hostages," said André Azoulay, a Jew from Morocco who is a senior adviser to King Mohammed VI. "They could do so because we were silent."

Rabbi Daniel Sperber, president of the Institute for Advanced Torah Studies at Bar-Ilan University in Ramat Gan, Israel, said that religious leaders had many shared beliefs and might be able to reach agreements where diplomats had failed.

"We haven't even begun to tap the resources of the religious world," he said. "This is the first stage, trying to bring people together to establish some sort of common agenda."

At the conclusion of the conference on Wednesday, the leaders issued a joint communiqué denouncing the use of religion to justify violence and urging respect for religious symbols, an apparent response to the recent protests of cartoons depicting the Prophet Muhammad.

The declaration also included an implicit condemnation of statements from Hamas and the president of Iran, Mahmoud Ahmadinejad, calling for the destruction of Israel. "We condemn any incitement against a faith or people, let alone any call for their elimination, and we urge authorities to do likewise," the statement said.

But the real value of the conference, most participants said, was in the informal meetings that took place in the hallways and at the dinner tables, allowing participants to put faces on people often portrayed as the enemy back home.

Ashour Kullab, a Muslim leader from Gaza who had never spoken with a rabbi before coming here, said he spoke with two rabbis on the first morning of the conference. "There were no problems with them," he said. "They listened and I listened. They are my friends now."

The encounter, he said, could never have happened in the Gaza Strip, where extremists do not tolerate friendships with Jews. "If I go with them in the streets in Gaza, I might get shot," he said.

The group first met last year in Brussels. In bringing the conference to Seville this year, organizers hoped to recapture some of the relative harmony that is said to have governed Muslim-Jewish relations here during the Middle Ages, when Spain was a Muslim-controlled territory called Al Andalus.

That sense of cooperation seemed to find its way into many discussions.

During a coffee break early in the conference, Stuart Altshuler, a rabbi from Mission Viejo, Calif., got into an angry dispute with Mr. Falouji, the imam from Gaza, over the conflict between Israelis and Palestinians.

But the two made up shortly after, saying they had benefited from the exchange. "I was able to meet with Falouji from Gaza," Rabbi Altshuler said the next day. "I've dreamed of a chance to do that."

Belarus Police Deter Thousands Of Protesters (NYT)

By C. J. Chivers

The New York Times, March 26, 2006

MINSK, Belarus, March 25 — Riot police dispersed a fresh challenge to President Aleksandr G. Lukashenko on Saturday, blocking thousands of antigovernment demonstrators from reaching the central square in the capital and later arresting a top opposition leader.

The leader, Aleksandr V. Kazulin, was seized as he marched with hundreds of supporters on a prison where opposition members are held. The police also shoved and beat many of the protesters while they gathered on the sidewalks in the capital's center. Dozens of people were arrested, the opposition said.

Before the police seized Mr. Kazulin, one of the candidates who had challenged Mr. Lukashenko in the recent election, the two sides had been jostling throughout the day to show their strength, and the opposition displayed surprising resolve in the first hour.

Despite hundreds of arrests during the week and a police crackdown in which many of the most active members of the opposition have been detained, at least 6,000 people appeared at noon in central Minsk, where they were met by phalanxes of riot police with clubs. Some demonstrators carried flowers. They chanted "Truth! Truth! Truth!" and "Freedom! Freedom!"

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After being blocked from October Square during a tense hour of confrontations with formations of riot police, the crowd dispersed and reassembled at a nearby Yanka Kupala Park, where another opposition leader said they would not cease in their campaign of civil disobedience against Mr. Lukashenko and his autocratic government.

"What is going on in Belarus can be compared to the storm of a fortress," said Aleksandr Milinkevich, the principal challenger to Mr. Lukashenko in the election this month. "This was the first storm. We will use peaceful methods. We will surround that fortress and we will not retreat."

In time, he said, "We will turn that fortress upside down."

Later, when demonstrators led by Mr. Kazulin marched on the prison, participants said the police dispersed them using stun grenades. Mr. Kazulin was arrested by a team of special forces officers who rushed him and snatched him from the crowd, witnesses said.

The police also arrested Mr. Milinkevich's spokesman in a separate confrontation. He was later released. The charges against Mr. Kazulin were not immediately clear.

The unauthorized rallies continued a week of small but intensive public defiance against Mr. Lukashenko, who is often called Europe's last dictator and whose police state, an island of Soviet nostalgia and Communist ideology, is feared by citizens for its brutality.

Mr. Lukashenko was re-elected on March 19 in a vote the West and the opposition regard as rigged, and the United States has called for a new vote and said it will impose penalties against Mr. Lukashenko and his top officials. The European Union has also said it will seek penalties.

For the first time in 12 years of Mr. Lukashenko's rule, people have carried out sustained demonstrations against him, including four nights of continuous protests on October Square, before the riot police conducted a mass arrest of hundreds of demonstrators early on Friday morning.

Mr. Milinkevich had called for another demonstration on Saturday, an unofficial holiday celebrating a brief period of Belarussian independence in 1918.

The turnout on Saturday in the face of police violence suggested that the opposition had far more support than Mr. Lukashenko had conceded in his derisive public remarks.

The protesters, who have modeled their effort in part after freedom movements against Communist or post-Soviet governments in Poland, Serbia, Georgia, Ukraine and elsewhere, were young and old, men and women. They called loudly for a new way of life, free of state repression and with integration with the West, which Mr. Lukashenko loathes.

In a move reminiscent of Soviet times, the authorities said protesters were not allowed to walk on October Square because the ice on the skating rink there was being removed for spring. The demonstrators rejected the explanation as another official lie.

They massed on the sidewalks near the square, waved flowers and banned Belarussian flags, and shouted at the police: "Shame! Shame! Shame!" As their numbers grew they began to push, at one point forcing a line of police half a block backward, and almost reaching the square's edge.

But the police reinforced themselves swiftly, and thick lines of officers jogged into place and stopped the advance. The demonstrators also briefly blocked traffic two times at one of Minsk's main intersections, but were forced away within minutes by police charges.

More police reinforcements arrived, and began plunging into the crowd in platoon-sized formations, separating it into smaller groups that were then forced to move away.

Many demonstrators in the front rows were beaten, punched or kicked, but the officers did not seem as interested in arresting them as they were in clearing them from Independence Avenue, one of Minsk's principal streets. Once the crowd backed away the officers did not pursue it. As the demonstrators gave ground, they jeered at the dense formations of officers, clad in black, on whom they said the government had spent extravagant sums to protect itself from its own people.

"This is where our money goes," said Galina Apalko, 23, a student, before being chased back half a block by a rushing line of police.

Another protester cursed them as they rushed past her.

"These special forces — they are black cockroaches," said one stooped and elderly pensioner, who gave only her first name, Maria. "They are hirelings. My parents were oppressed. I am oppressed. I hate this power."

Mr. Milinkevich said in an interview in the evening that it was possible the authorities might arrest him as well, but that he would continue to organize peaceful resistance.

He disapproved of Mr. Kazulin's march on the prison, saying that marching on a secure building was too provocative, and that demonstrators should try to assemble in public spaces. "I am categorically against such actions," he said. "It is important for us to show that we are not aggressive, that we are for only peaceful acts. Then we attract more people and we can grow."

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Mr. Milinkevich said the opposition's next attempt at mass public assembly would be April 26, the 20th anniversary of the nuclear disaster at Chernobyl, which blanketed much of Belarus with radioactive waste.

He said he would be working with volunteers to mobilize more people to demonstrate on that day, using his supporters to spread the word in small meetings, e-mail messages and fliers. Gathering public supporters here is difficult, as students have been threatened with expulsion and workers with dismissal for participating in opposition events.

There is also virtually no independent news media in Belarus, and television is run by Mr. Lukashenko's centralized state, making it difficult for opposition organizers to circulate word of their actions. Still, Mr. Milinkevich has been confident in recent days, saying that Belarussians are shedding their fear, and that Mr. Lukashenko will be chased from power before the end of his five-year term.

As has been the case all week, state television belittled the opposition and the demonstrators, saying on the news that they were agents of foreign governments.

"Today, the ex-candidates who lost the elections call on a storm of state offices, the forced seizure of power and a push to bloodshed in the streets of Minsk," the presenter on BT television station said.

"As it became known to us from informed circles, the organization of riots in the streets of Minsk is taking place in accordance with the instructions received from the European Union."

Protest Takes Bloody Detour In Belarus (LAT)

By Kim Murphy, Times Staff Writer

The Los Angeles Times, March 26, 2006

In a clash over the March 19 vote, riot police confront marchers, clubbing some to the ground and arresting dozens.

MOSCOW — A rally billed as a last-ditch attempt to challenge a discredited presidential election in Belarus erupted in violence Saturday as riot police plunged into the crowd with truncheons and arrested dozens of people, including opposition candidate Alexander Kozulin.

As protesters, some of them bloodied, ran screaming from the scene, police chased organizers down side streets of the capital, Minsk, clubbing them to the ground once they were caught.

"Law enforcement took maximum security measures to prevent an escalation, and protected people who were simply trying to spend their leisure time nearby," Interior Minister Vladimir Naumov said at a news conference later in the day.

He accused Kozulin, one of two opposition candidates who unsuccessfully challenged President Alexander G. Lukashenko in the March 19 election, of urging supporters to storm a jail where detained activists were being held and of calling "for the physical elimination of the head of state, and for a power grab."

But Kozulin's spokeswoman, Nina Shidlovskaya, said the protest was only intended as a peaceful show of support for the detainees.

Kozulin, a former university rector, stepped in front of the crowd to negotiate, "to try to explain why we were here, and that we didn't mean any harm," she said in a telephone interview. "But when he started walking toward them, the police began to beat their clubs against their shields, and they were advancing toward us like an iron-clad army."

The protesters turned down another street, but were suddenly set upon by police who broke the crowd into sections of several dozen each and began beating protesters with clubs, Shidlovskaya said.

"People began to fall down with bloodied heads. It was a horrible scene. All I could see was clubs rising and falling on people's heads. The street was filled with screams of pain," she said. "I turned and saw Alexander [Kozulin], who had been all the time next to me. He was a few steps behind me, and a policeman was holding him with one hand and raising his club with the other hand over his head. That was the last time I saw him."

Eight policemen were injured in the clashes, authorities said.

Lukashenko, a former collective farm manager who has been accused of manipulating elections to remain in power for the last 12 years, maintains a government-controlled economy and repressive security apparatus to run a country often seen as a relic of the Soviet era.

Relative prosperity and a wide social services network have assured Lukashenko's popularity, but international observers found deep flaws in the voting that handed the president an 82.6% victory. They said harassment and arrests of opposition leaders and members of the independent media rendered the balloting undemocratic.

On Friday, the United States and the European Union said they would impose targeted travel restrictions and financial sanctions on Belarus.

In an interview with Kremlin political consultant Gleb Pavlovsky that aired on the Russian NTV network Saturday night, Lukashenko asserted that Belarus compared favorably with Western Europe.

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"They say that Lukashenko is a bad one because he is taking a third term. But why is nobody saying that [British Prime Minister Tony] Blair is bad because he's taking a third term?" Lukashenko said, speaking of himself in the third person. "They say France has such a democratic society, but then we saw Paris on fire. What kind of democracy is this?"

"Everyone lives together amicably here," he said, adding that the West was unhappy because he had frustrated plans to extend the reach of institutions such as the EU and NATO into Belarus.

The rally, on the anniversary of the declaration of the first independent Belarusian state in 1918, began as a peaceful show of support for a new election.

When police quietly blocked access to Oktyabrskaya Square in the center of the city, the scene of major protests for several days last week, an estimated 5,000 people moved farther down the street to a nearby park. Demonstrators waved flags and chanted "We are not afraid!"

Another opposition candidate, Alexander Milinkevich, who won 6% of the vote in the official count, announced the creation of a broad-based new civil rights movement: Truth, Justice and Freedom.

After about three hours, Kozulin, who drew about 2% of the vote, called on about 1,000 supporters to march toward the detention center. Shidlovskaya, his spokeswoman, said the plan was to "express solidarity with our comrades who were arrested" during the forced closure early Friday of an opposition tent camp in Oktyabrskaya Square.

Milinkevich was furious, saying Kozulin's move helped turn the peaceful protest into a violent debacle.

"We were resolutely against it. We knew it would provoke the authorities," he said in a telephone interview from a police station where he was seeking the release of his press secretary.

"We didn't want to offer the authorities another chance to show their cruel face, and we wanted people to go home," he said. "It was a bloody, violent scene, and that's exactly what the authorities wanted. Now they're going to portray us all over television as terrorists…. But it was not a fight. Peaceful, unarmed people were beaten up by heavily armed police."

He said the arrests numbered in the hundreds. Authorities declined to give a number.

Milinkevich said opposition leaders were not planning more rallies during the next 30 days.

"Some people think I should hide, that the authorities may be looking for me to arrest me," he said. "But if they want to arrest me, I have no place to hide. I'm certainly not leaving the country, not now, not ever."

*

Times staff writer Sergei L. Loiko in Moscow contributed to this report.

Belarus Witness: 'They Knocked My Husband Off His Feet And Dragged Him Away' (TIME)

By Yuri Zarakhovich

Time, March 26, 2006

After the brutal crackdown, an opposition leader's wife gives her firsthand account of his beating and arrest

"My husband walked up to the commanding officer smiling and with flowers in hand. But before he started talking, the officer ordered attack. They knocked my husband off his feet, started beating him up, and then dragged him away" Irina Kozulina told Time in a phone interview, Saturday. "Then, they started beating up the rest of us."

The beating and arrest Saturday of Alexander Kozulin, a key opposition leader and a presidential candidate in last week's election — now branded as a farce by the EU and the U.S. — signaled the onset of a bloody melee in Minsk that left thousands beaten up,several of them in grave condition, tear-gassed, stunned with percussion grenades and chased all over town by club-wielding policemen. Hundreds have been detained. Arrests are still underway in the city. Earlier, Kazulin had told TIME in an interview that the government's response to the protests underscored its lack of legitimacy.

Although the habit is frowned upon by the government, March 25 is celebrated by many in Belarus as Liberty Day — the anniversary of the short-lived independent People's Republic of Belarus, proclaimed in 1918, but crushed by the Bolsheviks six months later. This year's anniversary coincided with a mass protest rally against the fraudulent election staged by President Alexander Lukashenko in order to extend his 12 years in power.

The opposition had planned to hold the rally in Oktyabrskaya Square in the center of the capital, Minsk, where police on Friday had destroyed a protest tent camp and arrested 328 activists. Human rights groups allege that many of these detainees were badly beaten and abused. And then, as Saturday's protesters began heading to the Square, they found it and the approaching streets blocked by riot police, who had blockaded the entire town, forcing the opposition into a nearby Yanka Kupala park.

The opposition stresses its intentions had been peaceful. "We're not planning any violence, any taking of the Bastille," vowed Alexander Milinkevich, a presidential candidate of united democratic parties and opposition leader. "I hope the authorities understand this."

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But the authorities that had rigged the election were in no mood to extend such understanding to Milinkevich and his followers. Instead, their attempt to squelch a peaceful protest added to the growing resentment and provoked a major clash.

Says Irina Khalip, a respected Belarus journalist and human rights activist honored in 2005 as one of Time's European Heroes, "There were some 20,000 of us, packed in the park and gathered around. The people were angry with the rigged election, mass arrests and inhuman treatment of the detainees which their families learned about from cell phone calls and messages, before the phones were taken away. Most families did not even know where their sons and daughters were held. So, Kozulin led the protest march to the Okrestina street jail. The people wanted to protest and to find out where their relatives are."

Nataliya Razina of the Charter 97 human rights group, who took part in the march, says marchers headed for Okrestina jail in a Liberty Day show of solidarity with the prisoners. "It was all so peaceful, people were carrying balloons, flowers, and smiling," she says. "I don't recall having felt so good over these last tense weeks. But all of a sudden they started shooting grenades and tear gas at us. It was such a transition to horror."

The column had been met with lines of riot police, whose commanding officer Kozulin approached with a smile on his lips and flowers in hand. Khalip remembers the troopers launching the assault, but it's painful to her to talk more — she is still suffering aftershocks of a stun grenade exploding near her.

Now, even more people are desperately searching for their arrested or missing relatives and friends. "We have been calling all the precincts, jails and hospitals for the last two hours," Irina Kozulina told Time, "But we still don't know where they keep my husband and what became of him."

Nor do the people know what will become of their Belarus under the authoritarian rule of Lukashenko. Shortly before Saturday's crackdown, Milinkevich had pledged to join forces with Kozulin to create an opposition united front. But Milinkevich has since blamed Kozulin for having provoked the melee, suggesting the nascent coalition may be short-lived — and leaving opposition supporters disorganized and leaderless in the face of a crackdown. Still, many vow they will fight back, regardless of who is willing to lead them.

Ukraine Is The Winner As Nation Heads To The Polls (LAT)

By David Holley, Times Staff Writer

The Los Angeles Times, March 26, 2006

The first parliamentary election since the Orange Revolution reflects the nuanced politics expected of a democracy.

KIEV, Ukraine — Less than a year and a half after President Viktor Yushchenko struggled to power in a historic contest filled with clashes over corruption and fraud, voters today head into parliamentary elections in which the tone is much closer to the nuanced politics expected of a democracy.

The dreamy pro-Western coalition that brought Yushchenko victory through the Orange Revolution has broken into competing factions.

That sets the stage for a three-way race featuring the Party of Regions, headed by Viktor Yanukovich, the pro-Russian former prime minister who lost the 2004 presidential race; Yushchenko's Our Ukraine; and the Yulia Tymoshenko Bloc.

None of these parties is expected to win a majority, but any combination of two probably could name the next prime minister.

Yushchenko contends that by bringing democracy to this former Soviet republic of 48 million, the Orange Revolution is an irreversible success, whoever comes to power this time.

"This is the first democratic election," Yushchenko said at a recent news conference. "Colleagues, it is sufficient for us to be proud of."

Polls show that Yanukovich's party, with its strong base in industrialized eastern Ukraine, is likely to finish first, with about 30% of the vote, and the two main parties that led the Orange Revolution are each expected to have a share of 15% to 20%. Seats in the 450-member parliament are allocated proportionally according to the vote count.

A total of 45 parties and blocs are competing in the election, several of which are likely to get at least 3% of the vote, the threshold for getting into parliament. Some of them are seen as potential coalition partners for any of the three main parties.

No matter who comes out the winner, the most important changes triggered by the Orange Revolution are permanent because "the train has already moved way too far toward Europe and democracy and freedom," said Denis Bohush, who is running on the Pora-PRP ticket, which unites Orange activists and the Reforms and Order Party.

"People had perceived themselves as a second-class nation, or the younger brother of Russia. Now we are very proud of our country, and you can't kill that," Bohush said.

"That's the main thing. Second, censorship in the media is gone." Unlike the early rounds of balloting in 2004, this election will be honest, he said.

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"Even if Yanukovich wins this election, the people would know this is fair," he said. "That's another positive fact: The results of this election will be the real results."

University student Aleksandra Dubnya, a supporter of the Orange Revolution, has one worry: that parties loyal to the two leaders who clashed so bitterly in the presidential race could end up running the country jointly in a "grand coalition."

"I think that's something that might happen," she said. "I would be very sad about it. We have a saying that 'you can't mix holy things and sins.' "

For Dubnya, 20, the "holy things" are the people and dreams that came together two years ago around Yushchenko's campaign, which achieved victory only after huge protests against electoral fraud forced a repeat runoff with Yanukovich, who was prime minister.

The orange-bedecked revolutionaries, who supported Yushchenko's vision of remaking Ukraine in the image of a Western European country, viewed Yanukovich as the representative of corrupt business interests from the country's generally pro-Russian eastern region.

How the post-election horse-trading will work out is far from clear, but many observers think it conceivable that Yanukovich could end up back in the prime minister's post, as Dubnya fears.

Her friend Victor Kusnezh, 23, a graduate student in physics who also backs Yushchenko, is more sanguine. He says that the Orange Revolution's dreams and passions soared unrealistically high, and that whatever happens, things will be OK now.

"Everything was seen as black and white: Yanukovich was a thief and an enemy, and Yushchenko was the hero of the Ukrainian nation," Kusnezh said. "But it was impossible for that to be completely accurate. There were many different kinds of people on Yushchenko's side — they can't be 'holy.' I think even if Yushchenko makes a deal with Yanukovich, that's not terrible. That's democracy. The purpose of the fight was democracy in Ukraine."

The leader of the third main party, Tymoshenko, played a key role in bringing Yushchenko to power and served as his first prime minister. Their split in September was triggered by feuding allies and differences over economic policy and the pace of changes: Tymoshenko favored radical moves and the president a more cautious approach.

Tymoshenko has said she would never join forces with Yanukovich. But Yushchenko has kept the door open to that possibility.

Supporters of a Yanukovich-Yushchenko coalition think it would help unify Ukraine's disparate regions and ensure steady economic development.

But critics say it would be a sellout by Yushchenko of the Orange Revolution's democratic and pro-Western ideals.

Anna Bychkova, 66, a pensioner in the eastern city of Alchevsk who moved from Russia in 1958 to take a job at a chemical factory, is typical of those who hope Yanukovich will come back to power and boost government backing for state-run industries.

"Yanukovich speaks Russian more, and he's more for the simple people," she said.

Although most Ukrainians can speak both languages, those in western Ukraine tend to prefer Ukrainian and those in the eastern part of the country are more likely to think in Russian.

Promotion of Russian as a second official language is in the Party of Regions' campaign platform. Yushchenko and Tymoshenko usually speak Ukrainian at political events and Yanukovich typically speaks Russian.

Stanislav Belich, head of the miners union at the Bazhanov coal mine near the eastern city of Donetsk, said he would vote for the Party of Regions because he liked the government's policies when Yanukovich was prime minister, from 2002 to 2004.

"They stopped closing the mines," he said. "Factories increased production. This happened when Yanukovich was in power, so the eastern regions have been supporting him."

In Ukraine, Moscow's Man Makes Comeback (WP)

By Peter Finn

The Washington Post, March 26, 2006

Kremlin Trying to Maintain Sympathies of Ex-Soviet States

KIEV, Ukraine, March 25 -- For a man who was supposed to be politically dead, Viktor Yanukovych has a light step. With a bounce in his stride, he emerged onto a downtown stage Friday evening, faux-marble columns framing his salute, as a crowd of thousands chanted his name in four hard beats: "Yan-U-Kov-Ych."

The Kremlin's favorite for power in this former Soviet republic, he was vanquished 16 months ago by the weeks of marches and sit-ins known as the Orange Revolution. Now, opinion polls predict that his party will win the largest number of seats in parliamentary elections Sunday.

His comeback reflects the advent of genuine democratic freedoms in Ukraine, a nation of 47 million people on the shores of the Black Sea, and the rapid disintegration of the political coalition the revolution brought to office. President Viktor Yushchenko and his former allies on the streets now trade accusations of corruption, incompetence and betrayal almost daily.

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Russia is watching the vote closely. Yanukovych is the country's hope for the central goal of its foreign policy: the fostering of sympathetic governments in the former Soviet republics that share its borders. In the months since the revolution, Ukraine has aligned itself firmly with the European Union, the United States and NATO; Yanukovych has said that any government he heads would swing back toward Moscow.

Across the border in Belarus, elections last weekend brought results that pleased Russia, an official 82 percent victory for pro-Moscow President Alexander Lukashenko. On Friday and Saturday, riot police were crushing the seeds of what the opposition was calling the Denim Revolution. The West has promised sanctions. Russia has nodded its approval of the conduct of the election and the police response to the demonstrations.

Russia last year signed a military cooperation agreement with Uzbekistan, which closed a U.S. air base and is rounding up dissidents, but elsewhere, the Kremlin has failed to keep the former republics in its orbit. The three Baltic states, Latvia, Lithuania and Estonia, are now E.U. members; Georgia has a strongly pro-Western president.

Following independence with the 1991 breakup of the Soviet Union, Ukraine remained largely in Russia's camp. State television and newspapers hardly mentioned the opposition; permits for rallies were rarely granted; and protesters were often harassed. There were accusations of politically motivated murders.

In late 2004, Yanukovych campaigned with Moscow's backing against Yushchenko. Drawing most of his votes from Ukraine's large Russian-speaking population in its eastern region, Yanukovych was declared the winner. That brought hundreds of thousands of people into the streets, led by Yushchenko and Yulia Tymoshenko, a charismatic businesswoman and politician. A new vote was ordered; this time, Yushchenko was declared the winner.

But in September, Yushchenko dismissed Tymoshenko from the post of prime minister, sundering the alliance that was at the heart of the demonstrations. The political divorce heightened deep public discontent with Ukraine's weakening economy under their stewardship.

Economic growth fell dramatically in 2005 and is now stalled. In the first two months of this year, the economy expanded at an annual rate of only 2 percent, one of the slowest in Eastern Europe.

"There was a crash of illusions, a crash of expectations," said Kost Bondarenko, a political analyst. "A year ago, Yushchenko was an unambiguous hero."

In addition, tensions mounted with Russia. This winter, Russia's state-controlled energy firm Gazprom briefly cut off natural gas supplies in a pricing dispute that was seen here as punishment for the government's westward turn.

A recent opinion poll by the Democratic Initiative Fund and Ukrainian Social Service projected that Yanukovych's party would win 30 percent of the vote, the biggest of any group, assuring it the largest share of seats in the 450-seat parliament.

At his rally Friday, Yanukovych declared 2006 to be "the year of unification and revival. They deceived one part of the nation and put the other part on its knees," he said, referring to the Orange Revolution leaders. "We should never again allow such irresponsible power."

Jostling for second place in the polls is Yushchenko's Our Ukraine party, with 17 percent of the vote, and Bloc Yulia, the political arm of Tymoshenko, with a slightly smaller figure.

After the vote, Ukraine will likely face weeks of backroom negotiations on the formation of a government. And while Yushchenko and Tymoshenko may yet reconcile and overcome their months of bitter sniping, a once unimaginable possibility has floated out of the wreckage of their alliance: a government formed between the parties of Yushchenko and Yanukovych.

"It is sad that those who falsified the elections only yesterday and humiliated citizens are shouting about comeback today," said Yushchenko, 52, in a televised address to the nation Friday night. But he did not rule out the possibility of working with Yanukovych. Tymoshenko, however, has. "Why did we have a revolution then?" she asked at a meeting with foreign reporters Thursday.

Bondarenko, the analyst, sees positive potential in an alliance. "For Yushchenko," he said, "a coalition with the Party of Regions can offer a period of stable development and it may also legitimize his presidency in eastern Ukraine" among Russian speakers there.

But other analysts believe that such a shift could leave Tymoshenko as the sole inheritor of the Orange Revolution and its voters in future elections. "Going with the Party of Regions will be a political death for Yushchenko," said Volodymyr Polokhalo, editor in chief of Political Thought, a political science journal.

While the shape of the future government and Ukraine's strategic direction remains uncertain, the Orange Revolution has bequeathed one visible legacy, vibrant politics.

The election campaign, though fueled by the funds of local tycoons who continue to wield enormous influence behind the scenes, is competitive; foreign monitors expect it to be largely free and fair.

Until Friday night, the official end of the campaign, the streets here were alive with the colors of parties -- 45 in all -- that are vying for seats. Not just Yushchenko's orange, Yanukovych's blue and Tymoshenko's white, but the pink, greens, yellows and

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reds of smaller parties. The airwaves crackled with the kind debate and analysis that doesn't exist in many other parts of the former Soviet Union.

"It's very confusing and I think there are too many parties, but you can't deny the competition and I like that," said Larysa Bilevych, a 58-year-old pensioner.

Supporters of opposing parties mingled easily, unlike in 2004, and phalanxes of flag-waving activists marched around the city, which was dotted with the tents of all the major parties.

It's a stark contrast with Belarus. International election observers called the election there seriously flawed. Thousands of opposition supporters, seeking to emulate the Orange Revolution, took to the streets in a small but unprecedented defiance of the government.

The Kremlin congratulated Lukashenko and accused the Organization for Security and Cooperation in Europe, a transatlantic group that monitors elections, of bias and incitement.

Belarusian police waited until the middle of the night Friday, when the strength of the crowd was at its weakest, and then cleared a central square that demonstrators had occupied. On Saturday, they sealed off the square and dispersed reassembling protesters with baton charges and tear gas. "I declare the creation of a popular movement for the liberation of Belarus," opposition leader Alexander Milinkevich told his supporters Saturday.

The opposition announced that no new rallies were planned until April 26, the 20th anniversary of Chernobyl nuclear disaster.

Ukraine's Election (WP)

The Washington Post, March 26, 2006

AS UKRAINIANS prepare to participate in the most democratic election in their nation's history today, they need only cast a glance northward to see how much they gained from their Orange Revolution. Early Friday morning riot police in neighboring Belarus scattered or arrested the courageous citizens who had camped in the main square of Minsk to protest last weekend's blatantly unfair presidential

vote, which extended the mandate of autocrat Alexander Lukashenko. Police broke up another protest yesterday.

Mr. Lukashenko awarded himself 83 percent of the vote, a result deemed credible by only one world leader -- Russian President Vladimir Putin, who backs Belarus's corrupt dictatorship in order to maintain Moscow's dominion over the country. Mr. Putin's colleagues in the Group of Eight nations are rushing to announce new sanctions against Mr. Lukashenko's regime while studiously ignoring the fact that their chairman, who is proudly preparing to host the G-8 summit this summer, is responsible for it.

Mr. Putin tried the same strategy in Ukraine, but the crowds that gathered in Kiev in 2004 were too large to disperse, and the attempt to install a president by thuggery and fraud collapsed. As a direct result Ukrainians will vote today for a newly empowered parliament: Forty-

five parties are competing, and everything indicates the election will be free and fair.

That doesn't mean, of course, that this strategic country has become a stable democracy. Ukraine has had a bumpy 16 months since the revolution. Its government split after a populist prime minister recklessly mismanaged the economy, and the popularity of President Viktor Yushchenko, the revolution's hero, has plunged. Mr. Putin, meanwhile, has managed to gain a stranglehold over Ukraine's energy supplies through a one-sided and probably corrupt gas deal. The pro-Russian party he tried to install in power has made a comeback and could win the largest share of today's vote.

This muddled situation has prompted a debate in Washington about how to manage relations with Ukraine once the vote comes in. Some in the Bush administration are quietly encouraging the Orange Revolution parties to set aside their differences and form a new coalition so as to prevent the pro-Moscow candidate, Viktor Yanukovych, from becoming prime minister. But a few experts outside the government argue that Mr. Yanukovych's party, backed by some of Ukraine's biggest private businessmen, is ready to embrace Western capitalism and that a coalition between it and Mr. Yushchenko's party could heal Ukraine's lingering divisions.

Whatever the outcome, continued Western engagement with Ukraine will be vital. To preserve the country's independence, the new government will need closer ties with the European Union and NATO. It may seek a NATO "membership action plan"; if so, the alliance should respond favorably. The new administration will also need Western support to renegotiate the terms of energy supplies with Russia, so as to eliminate the corruption and unfairness of the current arrangement. Mr. Putin's vision for Ukraine was on stark display in Belarus last week. If Western governments want to preserve the democracy that has flourished against his wishes, they must provide it tangible support.

Bulldozed By Growth, Stonewalled By Government (WP)

DOJ_NMG_0021909

By Edward Cody

The Washington Post, March 26, 2006

Pleas by Peasant Farmers for Fair Payment for Land Are Left Unanswered

AOSHI, China -- On a recent day in this southern Chinese village, an elderly peasant wearing a conical straw hat hoed fitfully at the dirt in a vacant lot. Only 90 feet to the east, but a world away, the winners in China's new economy pulled into a shiny new Honda dealership.

Not long ago, the two-acre lot where the cars are sold -- under a proud red tower with "Honda" emblazoned on it -- was lush with rice paddies, truck farms and peanut plots. But times have changed. The fields of Aoshi and surrounding hamlets have been swallowed up by economic development unfurling at breakneck speed across the plains and hills here in Guangdong province, about 175 miles northwest of Hong Kong.

Like the stooped peasant working the soil, many farmers here have been reduced to tilling vacant strips along the borders of new buildings and construction sites, raising crops on ground that is no longer legally theirs to work. Their land, on the edge of fast-growing Yunfu city, has been marked for development, and they have been marked for obsolescence.

"We can't afford to buy those cars," a farmer said, looking at the Honda dealership as if it were in a foreign country. "The only ones buying them are government officials."

Across China, millions of farmers in thousands of villages have met similar fates, pushed aside by the need for land to build factories, apartments, hospitals and roads in a country enjoying more than 9 percent annual growth. The boom has led to a better life for most of the 1.3 billion Chinese, often including farmers. But it has come at the price of tearing peasants from their roots and their livelihood, leaving them no option but to become migrant workers in factories far from home.

"We don't have our land anymore, so where do we go?" said a young farmer whose family plot in Aoshi was bulldozed to make way for a fire station.

Without an independent court system and unschooled in the ways of bureaucracy, the farmers fend for themselves against frequently corrupt local Communist Party officials with broad authority and powerful economic incentive to confiscate farmland to sell to developers. In recent years, the result increasingly has been rage and violent protest. Stability in the countryside has become a major worry for President Hu Jintao's government, leading Hu to launch an intense campaign for improving life in the countryside.

In Aoshi and the adjacent villages of Xiangyang, Baimianshi and Shangxiangwei, the price of progress was made clear when officials from Yunfu city showed up one day a year and a half ago and told farmers to quickly harvest as many fruits and vegetables as they could. Heavy equipment arrived 90 minutes later and was in use until nightfall, villagers recalled, destroying rice paddies, truck gardens and peanut plots that had provided them with a livelihood for generations untold.Protests Put Down

The farmers in Aoshi, on Yunfu's northern edge, protested noisily when the bulldozers came. Hundreds of policemen quickly put down the demonstration. Ten farmers said they were arrested -- a pattern that would be repeated during protests over the next year.

The bulldozers and front-end loaders kept at it for 10 days, until about 36 acres had been scraped bare for construction. Although not a large amount of land by U.S. standards, farmers supporting 144 families, comprising most of the four villages' 800 residents, had been put out of work, their leaders said.

Within two weeks, the farmers had organized and gone to Yunfu's Land and Resources Administration to complain. Yunfu's compensation offer, a one-time payment averaging $875 per landholding villager, was inadequate, they said. Instead, they insisted on a lifetime pension of $44 a month per villager. Officials repeatedly told them everything had been carried out according to law.

They also turned to the courts. But a court official told them nothing could be done. "Yunfu is just too corrupt," the official told them. They went to see provincial authorities in Guangzhou, who also rejected their pleas.

Undaunted, the farmers traveled to Beijing on Nov. 19, 2004, two months after the bulldozers showed up. They visited the Land and Resources Ministry, the petition office of Premier Wen Jiabao's government headquarters and China Central Television, where, they said, no one was interested in a DVD showing the destruction of their fields.

Instead of attention, they said, they received repeated visits from city and provincial officials urging them to stay home and avoid making more trouble. Three months passed, and they were no closer to recovering their land or getting what they considered acceptable compensation.4out of their villages at 1 a.m., six of the farmers traveled to the capital on March 15, 2005. Despite their stealth, they recalled, Yunfu police and civilian officials tracked them down and ordered them to drop their petitions or face problems at home.

The farmers instead split into three pairs to shake the tail. The tactic worked. One team eluded the police and presented another petition to Wen's office. There was no response, and on the train back to Guangzhou, they noticed a policeman still shadowing them.

By May, work had begun on the Honda dealership and, down the road, on the regional fire station. With no compensation settlement in sight, villagers grew desperate as months went by. Again sneaking out one by one after midnight Nov. 1, six farmers returned to Beijing, hoping to present their petition anew in Wen's office.

"That's the only place we knew to go," one said.Hopes Dashed

This time, their hopes rose. An official in the petition office of the State Council, or cabinet, gave them a letter in a sealed envelope. Do not open it, they recalled him saying, but give it to the Guangdong provincial petition office and await a response. On Nov. 17, they got an appointment to present the letter. The Guangdong petition official, they recalled, read the letter from Beijing and then handed them another letter, also sealed, and asked them to hand it over unopened to the Yunfu petition office.

At last, things seemed to be working. So by Nov. 21, when they got in to see a Yunfu petition official and give him the provincial letter, their spirits were high. The official reminded them that the petition office was only a mediator, they recalled, but he promised to turn the letter over to the appropriate authorities and get them an answer.

Nearly three months went by, the farmers said, before village leaders were finally called into a meeting on Feb. 16 with two North Yunfu District officials. "They once again said the land confiscation was legal," a participant said.

The distraught farmers pulled out a newspaper in which the Guangdong provincial party secretary, Zhang Dejiang, was quoted as saying that no land confiscation could be carried out until farmers and authorities agreed on the compensation. "Yes, we've seen that," one of the officials responded laconically, according to farmers in the meeting. "But you have to understand us. Our city is very poor. We can't give you everything you want."

Ye Rui, who heads the Yunfu Land and Resources Administration, said the city followed government rules, calculating compensation according to the value of crops in recent years. Asked for a more detailed accounting, he said in a telephone conversation that he first needed authorization from Guangdong provincial authorities. Provincial authorities, asked for the authorization, forwarded a fax nine days later affirming that the rules had been followed and adding no details.

An entrepreneur involved in the Honda dealership's land-use purchase said that the owner paid $250,000 for a little more than two acres. That amounted to many times the compensation offered to the peasants who worked the land, the farmers said, and they expressed interest in knowing who pocketed the difference.

Similar transactions have made land confiscations a source of revenue for cities across China, according to government officials, and a pool of ready funds for corrupt cadres to skim from. Zhou Tianyong, a professor at the Central Party School, estimated last year that resale of farmland for development has brought in $600 billion nationwide since 2003, and only 10 percent of that was paid to farmers in compensation.

In a recent speech, Wen condemned such profit-taking, joining President Hu in urging better treatment for China's 750 million farmers. The Yunfu party secretary, Zheng Liping, echoed the party's new theme recently, calling on the local government to "sincerely welcome petitions and sincerely resolve problems" raised by farmers, according to the South China Morning Post.

But in Aoshi and surrounding villages, the welcome was tense. Yunfu peppered the area with police after a Washington Post correspondent visited recently. Because of the heavy police presence, farmers were reluctant to leave their homes. Most of those interviewed asked that their names not be used for fear of retribution.

When the Post correspondent returned a couple of weeks later, he was swiftly surrounded by four unmarked vehicles and taken by plainclothes police to North Yunfu District headquarters. There he was interrogated and lectured on the need for authorization from provincial authorities for any reporting in Yunfu, before being escorted to the city limits and sent on his way.

Nigeria Will End Asylum For Warlord (NYT)

By Lydia Polgreen And Marc Lacey

The New York Times, March 26, 2006

FREETOWN, Sierra Leone, March 25 — Nigeria said Saturday that it would end the asylum of the deposed Liberian dictator Charles G. Taylor and turn him over to the Liberian government for trial.

Mr. Taylor, a warlord-turned-president, spawned a bloody cycle of civil wars that killed 300,000 people across West Africa in the 1990's. He was indicted by the United Nations-backed Special Court here in Sierra Leone in 2003 for war crimes and crimes against humanity during this country's decade-long insurgency.

But the court has been unable to arrest Mr. Taylor, who left Liberia as rebels narrowed in on him in 2003. Instead, he went into exile in Nigeria, where authorities agreed in an internationally brokered deal to grant him safe haven in order to end 14 years of civil war in Liberia.

"God willing, I will be back," the flamboyant Mr. Taylor said as he bid farewell to his country.

Since agreeing to accept Mr. Taylor, the Nigerian government has rebuffed many attempts to put him on trial before the international court, saying it was awaiting a request from an elected Liberian government. Liberia's new president, Ellen Johnson

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Sirleaf, raised the issue this month with President Olusegun Obasanjo of Nigeria, describing it as an important part of bringing stability to Liberia.

"Liberia's peace is fragile," she said this month after announcing her extradition request. "There are many loyalists in our country to Mr. Taylor."

In Sierra Leone, where a cell has sat empty awaiting Mr. Taylor's arrival, there was fear and awe of the man who let loose so much misery in a nation smaller than South Carolina and home to five million people.

"We are very afraid of Charles Taylor coming here," said Jerry Nyuma Bongay, a 25-year-old student in Freetown. "But we want him to face justice. He hurt us too much."

Desmond De Silva, the chief prosecutor for the Sierra Leone court, hailed the announcement. "This is a remarkable day for justice," he said. "This is very important because it is all part of the fight against impunity."

In a statement on Saturday, Mr. Obasanjo said Liberia was free to take Mr. Taylor into custody. Although he is not under indictment in Liberia, United Nations peacekeepers there have been authorized by the Security Council to transfer him to Sierra Leone.

The statement gave no date or details for the transfer, but Mr. Obasanjo said he had never been against surrendering Mr. Taylor to a democratically elected government in Liberia. Ms. Johnson Sirleaf was sworn in as Liberia's president in January, becoming Africa's first woman to be elected head of state.

Mr. Taylor was forbidden from leaving Nigeria during his exile, but he continued to meddle in his former country's affairs from his government guest house in Calabar, on Nigeria's southern coast, using some of the millions of dollars he is accused of stealing from Liberia's coffers.

Security around Mr. Taylor's villa has been lax, said Corinne Dufka, a researcher for Human Rights Watch based in Dakar, Senegal, prompting fears that Mr. Taylor may try to escape. "We are calling on Nigeria to tighten security around Taylor," Ms. Dufka said. "I think there will be a great sense of relief when Charles Taylor is actually in the custody of the special court."

The court, set up in 2000, had issued an arrest warrant for Mr. Taylor on 17 counts in 2003 but Nigeria ignored it. Mr. Obasanjo had said that he would honor a request by Liberia's government to relinquish Mr. Taylor, but until this year Liberia had only transitional leaders.

With the backing of Libya and other regional powers, Mr. Taylor unleashed his horrific brand of warfare across the region for the better part of two decades, dragooning young boys into combat, first with violence, then with drugs, money and sex.

In Sierra Leone, he is accused of training and arming Sierra Leone's rebels in a bloody conflict left tens of thousands of people dead.

Nigeria Ready To Surrender Ex-Liberian Ruler For War Crimes Trial (WP)

By Michelle Faul

The Washington Post, March 26, 2006

ABUJA, Nigeria, March 25 -- Nigeria announced Saturday that it was ready to hand over former Liberian president Charles Taylor to a U.N. tribunal, a move that would make him the first former African head of state to stand trial for crimes against humanity.

The tribunal has accused Taylor of instigating wars that devastated two West African countries, killed 1.2 million people and left millions homeless and maimed. He also allegedly harbored al-Qaeda suicide bombers who attacked the U.S. embassies in Kenya and Tanzania in 1998.

Taylor has been living in exile in the southern Nigerian city of Calabar since he was forced from power under a 2003 accord that ended a rebel assault on Liberia's capital. But Nigeria had resisted extraditing him, arguing he was given refuge under an internationally brokered peace deal.

Many African leaders are reluctant to prosecute former presidents or dictators, apparently concerned they could be the next to be accused of human rights abuses or other crimes. Others fear that a push to prosecute toppled leaders would encourage those in power to more fiercely resist democratic change.

In the case of Taylor, President Olusegun Obasanjo of Nigeria said in a statement that he had informed Liberia's president, Ellen Johnson-Sirleaf, that "the government of Liberia is free to take former President Charles Taylor into its custody."

After her inauguration in January, Johnson-Sirleaf said a trial for Taylor wasn't a priority. But she made a formal request to Nigeria after an official visit to Washington, a major source of aid needed to rebuild Liberia, which was founded by freed American slaves in 1847.

There was speculation that Taylor would be sent directly to the U.N. war crimes tribunal in Sierra Leone rather than to Liberia, where some have expressed concern that his presence could destabilize efforts to recover from 14 years of war.

Liberia's government had no immediate comment, and neither Taylor nor his spokesman could be reached for comment.

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David M. Crane, the American prosecutor who drew up Taylor's indictment, said his extradition would send a powerful message. "Certainly African leaders, members of the good-old-boy network, are under notice that you cannot destroy your own citizens for your own personal gain, and you don't go after women and children, don't rape women, don't turn children into monsters," he said.

Taylor started a civil war in his homeland that brutalized tens of thousands of boys and girls drafted as rebel fighters. He also is blamed for a savage war in neighboring Sierra Leone where rebels terrorized victims with a maiming campaign.

Taylor allegedly started the Sierra Leone war to enable his fighters to gain access to its rich diamond fields. In Liberia, he enriched himself from diamonds, timber and rubber.

In Nigeria, Things Fall Apart (NYT)

The New York Times, March 26, 2006

When President Olusegun Obasanjo of Nigeria visits Washington this week, he will probably be lauded for his crucial role as a regional African leader. During his seven years in power, Mr. Obasanjo helped end Liberia's civil war by taking in the strongman Charles Taylor and refused to accept a coup in Togo. He was instrumental in making sure that the African Union did not destroy its international credibility by installing Sudan's president, Omar Hassan al-Bashir, as its head despite the continuing carnage in Darfur. President Thabo Mbeki of South Africa, the continent's other big player, could learn a lot from Mr. Obasanjo about how to use his country's economic and military strength to promote peace and stability around the region.

Unfortunately, while Mr. Obasanjo deserves credit for good deeds outside of Nigeria, his own country is deteriorating fast and he is partly to blame. For one thing, by trying to change Nigeria's Constitution to allow himself to run for a third four-year term as president, Mr. Obasanjo is further enflaming political tensions among Nigeria's polarized ethnic groups, particularly the Muslims in the north and Christians in the south.

Nigeria lost more than 100 people in tit-for-tat sectarian rioting over Danish caricatures of the Prophet Muhammad. In the north, Muslims attacked and killed Christians. In the south, Christian mobs wielding machetes and knives set upon their Muslim neighbors in retaliation. And in the Niger River delta, militants seeking more local control over oil money have attacked pipelines and even captured oil workers.

Fueling some of this is the perception, right or wrong, that Mr. Obasanjo's much vaunted anti-corruption campaign concentrates only on critics of his government. Certainly, bad things continue to happen to foes of the Obasanjo government. Three months ago, the wife of a prominent northern politician was found stabbed to death in her home. Nothing was taken from the house, leading many to conclude that her killing was a warning to her husband, Abubakar Rimi, a crucial member of a coalition of powerful northerners opposed to any extension of Mr. Obasanjo's rule. And last week, police arrested Mr. Rimi and other opposition leaders for trying to hold a peaceful rally.

The last thing Africa needs is its most populous country — Nigeria has between 120 million and 150 million people — in a civil war. An out-of-control Nigeria would undermine its already fragile neighbors, like Liberia, Togo, Ivory Coast and the Congo.

In his two terms, Mr. Obasanjo has helped bring stability to a volatile region. But two terms is enough, and it is incumbent on President Bush to tell Mr. Obasanjo that changing his country's Constitution so that he can remain in office is foolhardy. Another four years is not worth a Nigerian civil war.

Gov. Bush's Plan To Aid Haiti Fails To Draw Wide Support (FLSUNSEN)

By Alva James-johnson

South Florida Sun-Sentinel, March 26, 2006

Gov. Jeb Bush's vision for a Florida plan to aid Haiti included efforts to improve security, host political reconciliation talks, prepare for disasters and develop the impoverished nation's economy.

But a year after the governor's Haiti Advisory Group recommended assistance to Florida's Caribbean neighbor, the state has made little progress toward those goals, some Haitian Americans say.

The advisory group, set up in July 2004, called for a state-funded entity to manage an ongoing Florida-Haiti initiative. Despite the Republican Bush's status as a strong governor whose party controls both houses of the Legislature, the governor could not win $1 million in recommended funding.

Florida also delayed work on an ambitious goal: to "sponsor and host" National Dialogue and Reconciliation talks between Haitian political forces and parties. At the suggestion of the U.S. Agency for International Development, Bush postponed the conference pending the Haitian elections. Haiti held a presidential election in February and scheduled a legislative runoff for April 21.

State officials and members of volunteer groups have made some technical training and information gathering trips to Haiti, but the advisory group's 25 proposals largely remain a wish list.

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"They have to put the money where their mouth is," said Dr. Aldy Castor, a Weston gynecologist and Republican who served on the task force. "If not, this will turn out like many initiatives in Haiti -- 1 million projects without a mission."

Still, Castor commended Bush for setting up the taskforce. He also blamed the lack of progress on Haiti's interim government and political upheaval in the country.

But another task force member, state Rep. Phillip Brutus, D-Miami, said the recommendations have "sat on the shelf gathering dust," because neither Tallahassee nor Washington has the will to foster real change in Haiti.

The largest expatriate Haitian community lives in Florida. They're among those living abroad who send more than $1 billion in remittances annually to their homeland.

When the advisory group submitted its report a year ago, some Haitian Americans greeted it with enthusiasm because Haiti's interim prime minister, Gerard Latortue, a former Boca Raton retiree, was in power. They hoped his connection to South Florida would allow Haitian-Americans to play a greater role in stabilizing the country.

A U.S.-backed group of "eminent Haitians" appointed Latortue prime minister in 2004 after former President Jean-Bertrand Aristide left during a bloody rebellion.

Last month, the Haitian Electoral Council declared a former Aristide protege, René Préval, president amid controversial results.

Bush spokesman Russell Schweiss said the governor included the $1 million for the Haiti initiative in his recommended state budget last year, but could not convince state legislators to fund it. Bush will try again, Schweiss said.

The governor's office helped send volunteers to Haiti to conduct disaster preparedness and economic development workshops, and to develop plans to address the HIV virus and AIDS, according to a staff report. The state Legislature also gave the Florida Association for Volunteer Action in the Caribbean and the Americas $650,000 for missions to the Caribbean with special emphasis on Haiti. That was $150,000 more than Florida gave the organization in 2004.

"The governor's office will continue to work to implement the recommendations of the advisory group," Schweiss said.

Dan Erikson, an analyst with the Inter-American Dialogue, a Washington think tank, said the governor's plan could succeed if it extends beyond his term to the next Florida administration and is continued by his successor. Any effort to help rebuild the impoverished nation should be judged on a long-term basis, Erikson said.

States can do little to change a foreign country, but Florida is in a unique position because of its proximity to Haiti and the governor's relationship to the president, Erikson said

"It's only an hour-and-a-half plane ride away, and there's no state in the union better positioned be useful than Florida," he said. "But obviously there are going to be limitations."

Still, some think the Republican governor and his task force did not go far enough.

"The governor has the good fortune to have the House and the Senate controlled by his party," said Jean-Robert Lafortune, president of Haitian American Grassroots Coalition in Miami. "If he says he has failed to get funding for those initiatives being proposed by the advisory board, I think this is an indication of his leadership or his commitment regarding Haiti."

Lafortune said many Haitian Americans wanted temporary protected status for Haitian refugees trying to escape political turmoil in their homeland.

Temporary protected status allows foreign nationals who might have slipped into the United States illegally, overstayed their visas, or who are seeking asylum, to live and work in the United States without being deported.

"The fact that the advisory board didn't make TPS a priority sent a bad vibe to the Haitian community here," Lafortune said. "It seems the advisory board had a political aim to it, instead of a humanitarian aim that people think it should have. It was just a way for the governor to appease the Haitian community by showing that he's doing something good."

Marie Florence Bell, a Republican who was chairwoman of the now dissolved advisory group, said it chose to focus on security, disaster preparedness, economic development and the environment.

"Immigration is not one of our key areas because there are other people on the forefront of immigration," she said.

Bell said the state delayed a student exchange program and other initiatives because of political upheaval in Haiti, but the governor's office is working on them. She expects Bush to obtain funding this year.

"He's committed to completing all his obligations before the end of his term," she said. "That's what he said and I believe him."

Bolivia Bomb Suspect 'Own Worst Enemy' (LAT)

By Patrick J. Mcdonnell And Lee Romney, Times Staff Writers

The Los Angeles Times, March 26, 2006

Northern California native served time in state youth and mental facilities and six months in Argentina for a 2005 blast at a bank.

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BUENOS AIRES — As a defiant youngster in rural California, he spat at a judge, spent years in juvenile lockups and psychiatric institutions and was suspected of blowing up a telephone booth.

As an adult, he decamped to South America, where he posted Internet messages seeking female companionship, became infatuated with a Uruguayan hairdresser 21 years his senior and was jailed for six months for bombing a bank in Argentina.

He described himself as a pagan high priest, a lawyer, a philosopher. He adopted the name of a literary vampire.

Finally, he ended up in the rough-and-tumble dynamite trade in Bolivia, distributing a racy promotional calendar that featured his girlfriend posing in the buff amid a cache of explosives.

But none of Triston Jay Amero's previous misadventures compare to his current predicament: Amero, 24, and his Uruguayan companion are in custody in Bolivia facing murder charges in connection with bombings at two hotels that killed two people and wounded seven others last week in the capital, La Paz.

As grave as the blasts were, the matter escalated into an international incident when Bolivia's outspoken president, Evo Morales, cited the possible involvement of a U.S. government eager to undermine his new socialist administration, which at times has been openly hostile to Washington.

"This American was putting bombs in hotels," Morales told reporters. "The U.S. government fights terrorism, and they send us terrorists."

U.S. officials dismissed any link to the bombings, and Bolivian investigators said the bomber may well have been mentally deranged or had vague "religious" motives.

At the center of this unlikely imbroglio is Amero, a paunchy, ponytailed, Internet-blabbing native of Northern California with sociopathic tendencies and a fierce rage against a system he views as victimizing him. He also has a thing for explosives.

"He was a troubled, probably fairly bright individual," said Joseph Warchol, chief probation officer of El Dorado County in Northern California, where the teenage Amero first went astray of the law.

While Amero was in juvenile hall, Warchol recalled, he cut himself and scribbled threats on the wall in his own blood.

Amero's rebel-without-a-cause fury aggravated the significance of relatively minor juvenile offenses. He peppered the California Youth Authority with nearly 20 lawsuits, assailing the "dread Court" and claiming his civil rights had been violated. He made constant threats to those in power, addressing menacing missives to his overseers and at one point spitting in the face of a juvenile judge — an act he later ascribed to "political reasons."

Said Warchol: "He was his own worst enemy…. He just had an uncontrollable mouth."

Amero is a native of Butte County, a rural pastiche of farmland, forested hills and suburban settlements north of Sacramento.

In comments to authorities, Amero said he never advanced beyond second grade and was kicked out of elementary school. "I absolutely despise formal academic curriculum," Amero declared in one statement. "I am a lone wolf, when it comes to studying."

He said he was committed to a psychiatric institution as a youth and diagnosed with a sociopathic personality disorder, among other maladies.

By age 14, he was questioned as a suspect in the bombing of a phone booth outside a market in the small town of Magalia. Much of his teenage years were spent in and out of juvenile detention sites, where he declared a "war of wills" between himself and authorities.

"They wanted to change me in their image," Amero said. "I knew that the only way … I could get out of that kind of a program is to raise hell."

Once freed, Amero launched his expansive Internet life, casting his online persona as a "Wiccan High Priest" fed up with "Bible-mongering Christians" and adept at discerning the metaphysical forces of good and evil.

Reviewing a treatise titled "Satanic Rituals," Amero cautioned against emulating such rites, but agreed with the author's assessment "on the state of society: In short, that most people tend to be scum."

Despite such misanthropic tendencies, Amero apparently aspired to be a democratic representative of the people, seeking seats on both a school board and a fire protection panel in the November 2002 elections in El Dorado County. He finished last in both races, but received 4,360 votes in the hotly contested school board contest — not a bad showing for someone who went by his "Lord Cactus" moniker on the ballot and described his occupation as "Clergyman/Process Server."

Evidently soured on politics, Amero made good on his longtime vow to flee the United States. For reasons that remain opaque, he chose South America as his destination, despite his lack of Spanish-language skills. In this case, though, part of his motivation seemed wholly conventional: women.

In May 2004, he posted his particulars on a website frequented by visitors to Colombia, describing himself as "a political refugee from the United States" and explaining that he was seeking an "affectionate woman aged 18-25 for a possible long-term relationship." He only encouraged replies from "those who speak good English."

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A month later on the site, he bemoaned his checkered love life, describing himself as "SUPER LOOSER OF THE SUPER LOOSERS" (sic). "The last time I was rejected by a woman (in Uruguay), I tried to kill Myself like six times in one Week," he wrote.

By now, Amero had adopted his signature alternate identity, concluding his Web postings with the grandiose signoff Lestat Claudius de Orléans y Montevideo, declaring, "yes, that is my Real Name."

Lestat is the name of the vampire in the dark novels of Anne Rice, a role played on screen by Tom Cruise in "Interview With the Vampire."

At some point, Amero met Alba Ribeiro Acosta, the hairdresser who seems to have become his soul mate. In an entry presumably written by Amero on Wikipedia, a user-contributed online encyclopedia, Ribeiro is described as a "sacred woman" pregnant with the child of "Political Philosopher" Lestat.

The couple lived for a while in the tranquil Uruguayan river town of Fray Bentos, where, according to media accounts, Amero gained the nickname tira-bomba, or bomb-thrower, because of his propensity to toss small explosives at pigeons in a plaza.

Bolivian authorities say the two touched down in their country in May 2005 in the grim mining town of Potosi, where sticks of dynamite are sold openly in the markets.

Both were arrested when a bomb went off shortly after midnight on June 2, 2005, at a branch of Banco Macro in the Argentine town of La Quiaca, on the border with Bolivia. Police called it a botched attempt to get money from an ATM. Amero spent six months in jail; Ribeiro was judged not guilty.

Both returned to Bolivia in December 2005, authorities say, and apparently dedicated themselves to their dynamite business, selling liquor and fireworks as a sideline.

The motive for last week's dynamite bombing at the pair of hotels remains unclear, authorities say. Police say Amero was also scouting other potential targets here in Bolivia, including the Chilean Consulate in La Paz.

The couple faces up to 30 years in prison if convicted in the hotel attacks. Police say Amero confessed to the crime, and his alleged accomplice screamed to reporters that her "husband" was to blame — though it was unclear if the two were ever married.

"From what I know about the kid, he's capable of doing it," said Todd Riebe, district attorney in Amador County in Northern California. "He was a very disturbed kid."

*

McDonnell reported from Buenos Aires and Romney from San Francisco. Times staff writer Robert Salladay in Sacramento and Times researchers Andrés D'Alessandro in Buenos Aires and John L. Jackson in Los Angeles, and special correspondents Oscar Ordoñez in La Paz and Diego Elgart in Fray Bentos, Uruguay, contributed to this report.

Fighting For The Rainforests (NSWK)

By Antonia Francis

Newsweek, March 26, 2006

An environmentalist discusses how big business is helping to preserve the Amazon—and how Bolivian President Evo Morales's efforts to help poor coca farmers could threaten these efforts.

There's a reason that William Powers's writing is so down to earth. It's because Powers's goal is to protect the earth. On the front line of conservation in the Amazon, Powers has successfully initiated the largest rainforest-based carbon project in the world. He has harnessed big-business financing from companies such as British Petroleum and American Electric Power to protect Bolivia's rainforests in exchange for "green points"—a system allowing Kyoto Protocol signatories to gain credits for activities that boost the environment's capacity to absorb carbon.

In the process, Powers's project has protected 2 million hectares—almost 5 million acres—of carbon-absorbent forest, saved endangered species such as the jaguar and river dolphin and ensured legal rights to the land for 2,000 native Chiquitano Indians, who now head the project themselves. His new book, "Whispering in the Giant's Ear" (Bloomsbury) is a rip-roaring chronicle of the struggles and compromises, doubts and determination needed to implement the Kyoto accords—an international agreement setting targets for industrialized countries to cut their greenhouse-gas emissions—in Bolivia. With a host of unlikely heroes, it pits petroleum companies alongside local Indians, fighting against loggers.

Bolivia's leftist new president, however, could pose a fresh threat to the protected forests as he tries to help his nation's impoverished farmers. Evo Morales and his party, the Movimiento al Socialismo (MAS), advocate the expansion of legal coca cultivation, which could encourage thousands of coca growers and landless poor into protected forests in search of new soil to harvest. (Over the last 20 years, the coca-growing region of Chapare has lost about 40,000 hectares—almost 99,000 acres—of forest.) Industrial soya and cattle farmers are also lobbying hard for access to these areas. To aggravate matters for the

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environmentalists, MAS last month closed Bolivia's Ministry of Sustainable Development. MAS describes the change as structural readjustment and says that the ministry's responsibilities have simply been absorbed by three larger ministries; Powers says its removal makes harder for the Bolivian government to co-ordinate a national conservation plan. Powers spoke to Antonia Francis about Kyoto, coca and Morales. Excerpts:

FRANCIS: You've led the largest Kyoto experiment in the world here in Bolivia. Why is it considered such a success?

William Powers: The Noel Kempff Climate Action Project is the largest rainforest-based Kyoto Protocol pilot in the world. It shows how you can combine, synergetically, biodiversity conservation of one of the most important areas in the world, the Amazon, empowering native Americans and [working toward] the primary objective [of] slowing global warming. It's brilliant because they've been able to tweak market incentives to give value to rainforests that wouldn't have existed otherwise. And the [rainforest's] value is to suck carbon out of the atmosphere and cool the planet.

You criticize other international environmental aid agencies such as the World Wildlife Fund and CARE, claiming donors could spend their money better. What's your Kyoto alternative?

With many aid organizations, there's a feel-good, warm and fuzzy idea that if you show enough pretty pictures, it's going to change things. But you have to ask, what are the incentives for change? How are you going to make it last? If one hectare of rainforest is worth $100 as ranch land but worth $101 to remain as rainforest, you've created the incentive.

It's cheaper for companies to buy Kyoto Protocol green points here rather than reduce their own pollutant emissions. Is this a case of industrialized countries shifting their problems onto poorer countries like Bolivia?

Of course, the companies are not doing this out of the goodness of their heart. Nor are they doing this for "green-washing." They are doing this because the global community got together and passed the Kyoto Protocol, which forced these companies to reduce their [greenhouse gas] emissions. Right now you have carbon brokers traveling the world, looking for projects they can actually invest in. I see this project as a complete win-win—for the environment, the local people and for the climate. To the cynics, I ask: What have you done for the 2,000 Chiquitano Indians, who, thanks to this project have been able to leapfrog local corrupt officials, oligarchic governments and gain land tenure and business in their territory?

What is President Evo Morales doing for the environment?

Evo is indigenous, so there's a positive side to his leadership, a sense of new ownership amongst indigenous people. In Carrasco National Park, local Indians are actually blocking migrant colonists from settling in the park. Why? Because they say, now the park is ours, we will protect it. But at the same time, there are bulldozers gassing up on the other edge of the park, ready to [illegally] cut a road right through. I don't see how we can stop that.

Could Morales stop the bulldozers if he wanted to?

Of course Evo could stop them. It's a national park. But he probably won't. Evo's MAS party is not prioritizing environmental issues, despite its rhetoric about how George Bush is the enemy of the global environment. In practice, the environment is [about] No. 20 on MAS's list of things to do. Of course, shutting down the sustainable-development ministry makes it even harder for MAS to co-ordinate conservation into a national vision.

Why does Morales seem so unconcerned about the environment? Is it because of his promises to the coca-growing unions?

Definitely. The coca growers are a danger. If they came en masse, it could mean the construction of roads into the national parks like Madidi and Carrasco. Even now, the cocaleros [coca growers] have been entering right inside, cutting lines every hundred meters [330 feet]. On a big scale, they could just slash and burn to the horizon. Coca's the most lucrative crop around and it grows really well in national park region.

So current U.S. anti-coca-cultivation policies are indirectly protecting Bolivia's rainforests?

[I've] never looked at it like that before. No. What protects Bolivia's forests is the fact they are national parks, legal entities that protect that part of Bolivia for nature. The problem is that those boundaries are not as respected now that MAS has come into power. That's the main issue.

And have you seen MAS supporters slashing and burning the land?

Well, I've had those experiences several years before with MAS. In 2003, I was in the buffer zone of Amboró National Park, and new colonists tied to the MAS party threatened us with machetes, saying we were on their land. It wasn't their land, it was a 1,200 hectare cloud forest that belonged to a Bolivian environmental organization. But that's the ideology amongst many of the campesinos [rural population]—the land is for those who work it.

What other dangers are there to the forests apart from the coca growers?

The biggest short-term pressure from within the MAS party is to give land to the poor.

There's also the temptation to open up the Bolivian Amazon to cash-crop interests—for example, the Brazilian soy companies. The price of land in Bolivia is something like 10 times less than it is in Brazil, right now. The same risk with cattle

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ranching. So the danger of Morales? Instead of doing what he should do—which is protect the rainforest for the long term sustainable growth of this country—he could just to sell it off.

Do you support coca cultivation for legal purposes?

Well, we're working with one municipality which wants to become an "eco-coca zone." They've zoned the ecological area, but they want to plant coca as well. They say they'll sell it for local, traditional use—to chew, to use as toothpaste, treatment for hunger and altitude sickness. They've actually named 35 products they can make from the coca leaf. But the reality of it is that a lot of it will go into the illegal drugs market.

Why don't you believe all the coca will be used for legal purposes?

How is that possible? The market is the market. Of course the solution is to change that market—make Bolivian coca-leaf products into a brand. But promoting new products takes a long time.

Jews In France Feel Sting As Anti-Semitism Surges Among Children Of Immigrants (NYT)

By Craig S. Smith

The New York Times, March 26, 2006

SARCELLES, France — In working-class Parisian suburbs like this one, heavily populated by North African immigrants, the word "Jew" is now a standard epithet. It appears in graffiti on middle school walls and neighborhood playgrounds and on the tongues of the young.

"It's blacks and Arabs on one side and Jews on the other," said Sebastian Daranal, a young black man standing in the parking lot of a government-subsidized housing project with two friends.

Eight men beat the son of a rabbi here in March. Another Jew was attacked the next day.

In the wake of the torture and killing in February of Ilan Halimi, a 23-year-old Jew, attention has focused on an undeniable problem: anti-Semitism among France's second-generation immigrant youth, whose high jobless rate the government is trying to address with a law drawing widespread protests across the country.

The law, intended to increase employment, especially among the young, has drawn opposition because of a provision that allows companies to hire people 25 or younger for a two-year trial period, during which they can be fired without cause.

Schools are the battleground over anti-Semitism, and teachers complain that the government has done little, despite many proposals.

"The minister of education has done nothing," said Jean-Pierre Obin, an inspector general of education in France, who wrote a report in 2004 that called anti-Semitism "ubiquitous" in the 61 schools surveyed. "He prefers not to talk about it."

Mr. Obin wrote in the report of "a stupefying and cruel reality: in France, Jewish children — and they are alone in this case — can no longer be educated in just any school."

Ianis Roder, 34, a history teacher in a middle school northeast of Paris, said he was stunned by what he witnessed after Sept. 11, 2001. The next day, someone spray-painted in a stairwell of the school the image of an airplane crashing into the World Trade Center beside the words "Death to the U.S., Death to Jews."

When he told his class months later that Hitler had killed millions of million Jews, one boy blurted out, "He would have made a good Muslim!" Mr. Roder told of a Muslim teacher who dismissed her class after a shouting match over Nazi propaganda. The students said the offensive images accurately depicted Jews.

Even today, he said, there is widespread belief that the Sept. 11 attacks were a Jewish plot and that Jews were notified beforehand.

Barbara Lefèbvre, a history teacher who has taught in several of the working-class suburbs, said many people minimize the anti-Semitism among France's youth.

"They say, 'That's the way the kids talk — they don't mean it in the same way that you or I would,' " she said. Ms. Lefèbvre, who is Jewish, said she had to argue with the principal of her school several years ago to get an investigation when a student wrote "dirty Jew" on a notebook used by her class. The student, a French-Arab boy, was ultimately given just two hours of detention.

Some teachers simply gloss over subjects likely to elicit anti-Semitic responses. Ms. Lefèbvre said she knows teachers who even show fictional films, like Roberto Benigni's "Life Is Beautiful," instead of treating the Holocaust directly.

France was the first European country to offer Jews full citizenship and has done as much as any to exorcise the ghosts of Nazi collaboration.

But the postwar climate for Jews has steadily soured as attention has focused on the Palestinian cause and Muslims have moved here in large numbers.

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With the outbreak of the second Palestinian Intifada against Israel in 2000, anti-Semitic attacks in France skyrocketed. While the number of reported incidents has fallen since peaking in 2004, anti-Semitism is now entrenched in many of the country's working-class housing projects.

The Arab communities of North Africa had no postwar sense of Holocaust guilt. If anything, distress over the creation of Israel in 1948 reinforced anger at Jews to the point that successive waves of anti-Jewish riots drove most of North Africa's Jews to Israel and Europe — primarily France — in the 1950's and 1960's.

Some people say that many of the North African Arabs who subsequently moved to France carried anti-Jewish prejudices with them and passed them to a second-generation, where they have been reinforced by support for the Palestinian cause. And French guilt over colonialism has made such prejudices harder to counter.

"As long as anti-Semitism came from the extreme right there was a reaction," said Ms. Lefèbvre, who has written about anti-Semitism and sexism in the schools. "But when it came from that part of the population that itself was a victim of racism, no one wanted to see it."

Sitting in a room hung with posters deploring racism at a youth center in La Courneuve, a suburb on the outskirts of Paris, Yannis, the 16-year-old son of a French father and Algerian mother, said racist talk was common. "We've become used to it, hearing it day after day, so we've all started to speak like that," he said, adding that even 7-year-olds say, "Don't eat like a Jew," if someone is being stingy with food.

Fahima, 14, with long black hair and limpid eyes, doing her homework beside him, spoke of a confrontation she had with a Jewish teacher two years ago.

"He said, 'You blacks and Arabs will never get apartments in Paris,' " she said, explaining that he meant the students would never manage to move out of the poor suburbs. Fahima, who is French-Algerian, said she retorted, "You Jews only have apartments there because you were picked on during the war."

"I was mean," she said, playing with a shiny cellphone. "But I'm not anti-Semitic."

The girls with her complained about the teacher, saying he talked often about his family's suffering in the Holocaust. "He cries whenever he mentions his grandmother," one girl said with exasperation.

Some schools have tried to defuse the problem without addressing it directly. After a Jewish girl was harassed in Saint-Ouen two years ago, the administration of her school decided to show "Night and Fog," a haunting 1955 documentary film that includes graphic footage of Nazi death camps.

Initially, teachers feared that showing the movie risked inciting confusing comparisons between the Holocaust and the Israeli-Palestinian conflict, but then relented.

At the film's end, one boy — not a Muslim — asked how Jews who had known such suffering could treat Palestinians "the same way."

No one responded, though Carole Diamant, a philosophy teacher, said she spoke to him privately later about why he was wrong. "I felt like we were on a wire," she said, describing the tension. Since then, the school has included the Holocaust in a broader program on genocide.

Anti-Semitism is felt most acutely in communities like Sarcelles, where many North Africans settled in the 1950's and 1960's. Sarcelles is home to one of the most concentrated Jewish communities in France, surrounded by an unsightly sprawl of apartment blocks that house the North African and sub-Saharan immigrants who arrived later.

France has a well-established Jewish community with European roots, many of whose members occupy the upper echelons of French society. Hundreds of thousands of poorer North African Jews have more recently swelled the Jewish community to about 600,000, making it the largest in Europe. Those North African Jews and their children bear the brunt of the anti-Semitism in the working-class neighborhoods.

Each time anti-Semitic attacks make news, the Interior Ministry promises more security around Jewish institutions. But "more police aren't the answer because it remains in the spirit of the people," said Dr. Marc Djebali, a spokesman for the Jewish community in Sarcelles.

Laurent Berros, the synagogue's rabbi, said local imams had evaded his suggestion that Jewish and Muslim leaders go together into troubled neighborhoods. "They say that bringing a rabbi into these neighborhoods isn't easy," he said. "There is a fear that they'll be seen as collaborators."

The deteriorating climate has led thousands of French Jews to move to Israel in the past five years, including about 3,300 last year, a 35-year high.

Murielle Brami, 42, whose parents immigrated to France to escape anti-Jewish riots in Tunisia, has the sinking feeling that history is repeating itself. "All the Jews in France want one thing, to leave for Israel or the United States," she said. That is hyperbole, but it is a sign of the anxiety percolating through France's Jewish community. "When our parents came, it was paradise here," said Ms. Brami, who remembers staying out late without worrying about her safety.

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Now she avoids certain neighborhoods even in the day and no longer allows her son to wear a yarmulke in the street after some youths put a knife to his throat last year.

Paris Burning, Once Again (WP)

By Claire Berlinski

The Washington Post, March 26, 2006

PARIS

Last Saturday morning, needing help to move several heavy cartons of books from my apartment in central Paris to a storage room, I hired two movers and a van from the want ads. Students were in the streets protesting the Contrat de Premier Embauche (CPE) -- a law proposed to combat unemployment by giving employers more flexibility to fire young employees -- and the barricades and traffic diversions made our four-block drive into a half-hour ordeal. As we turned down one obstructed street after another, the movers -- both Arab immigrants -- became more and more incensed."They're idiots," said the driver, gesturing toward the ecstatic protesters. "Puppets for the socialists and the communists." He pantomimed pulling the strings of a marionette.

"It's us they hurt," added the second man. By this he meant immigrants and their children, particularly the residents of France's suburban ghettos, where unemployment runs as high as 50 percent. And, of course, he was right, as everyone with even a rudimentary grasp of economics appreciates: If employers are unable to fire workers, they will be less likely to hire them. It is now almost impossible to fire an employee in France, a circumstance that disproportionately penalizes groups seen by employers as risky: minorities, inexperienced workers and those without elite educations, like the outraged man sitting beside me.

This is the second time in four months that France has been seized with violent protests. And in an important sense, these are counter-riots, since the goals of the privileged students conflict with those of the suburban rioters who took to the streets last November. The message of the suburban rioters: Things must change. The message of the students: Things must stay the same. In other words: Screw the immigrants.

The issue at stake is not, of course, the CPE, which in addition to being unknown in its effects would apply only to a two-year trial period, after which employees would still, effectively, be guaranteed jobs for life. The issue is fear of a real overhaul of France's economically stifling labor laws. While some of the suburban hoodlums have joined in these protests -- after all, a riot is a riot -- it is clear that unless this overhaul proceeds, the immigrants are doomed. If so, last year's violence will seem a lark compared with what is coming.

Curiously, however, no French politician will say this openly. They will not even say these obvious words: France is a representative democracy; if you don't like what your elected leaders are doing, you can vote against them. Some more words you will never hear in France: Students who continue to disrupt civil and academic life will be expelled. Strikers will be fired. We are calling in the troops.

Instead, Prime Minister Dominique de Villepin is nightly seen on television, earnestly proposing one compromise after the other, even as his supporters scuttle for cover. The powerful barons of the labor unions, on the other hand -- the puppet masters of that golden flock of imbeciles now on the streets -- can scarcely be bothered to give interviews. Compromise? Only when the law is repealed. By then, of course, compromise would be unnecessary. Instead of negotiations, they call for a general strike.

That's because France is still in the grip of precisely the political mentality that has prevailed here since the Middle Ages. As the protesters themselves cheerfully declare: It's the street that rules. Today's mobs, like their predecessors, are notable for their poor grasp of economic principles and their hostility to the free market. Only wardrobe distinguishes these demonstrations from those that led to the invasion of the national convention in 1795, when first the mob protested that commodity prices were too high; when the government responded with price controls, it protested with equal vigor that goods had disappeared and black market prices had risen. Similarly, the students on the streets today espouse economic views entirely unpolluted by reality. If the CPE is enacted, said one young woman, "You'll get a job knowing that you've got to do every single thing they ask you to do because otherwise you may get sacked."

Imagine that.

As a legacy of this long tradition, the choice in France now is between popular legislation -- that is, useless legislation -- and the street. Thus the paradox at the heart of the protests: Those who want power exploit the mobs to maneuver themselves into position, but having gained power cannot use it to achieve anything worthwhile, lest the same tactics be used against them. The fear of the mob has created a cadre of politicians in France who are unable to speak the truth and thereby prepare French citizens for the inevitable. No one in France -- not one single politician, nor anyone in the media -- is willing to say it: France's labor laws are an absurdity, and if they are not reformed at once, France will go under. "What do they think?" said my driver, who

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was not, he told me, a mover by trade but an unemployed radio journalist forced to moonlight. "Do they think that jobs just fall from the sky?"

Apparently, they think just that.

In this regard, France, like every European country, remains blackmailed by its history. French rulers, seemingly unable to appeal to the legitimacy they possess as elected leaders, instead behave as popular kings, or as leaders of some faction -- like a king's ministers. They cannot seem to forget what happens when a king loses his popularity. There are thus two choices for the French ruling elite, as they see it: toady or go under.

When Margaret Thatcher took power in 1979, an urgent question hung in the air: In Britain, who rules? It was a question to which Britain's powerful unions had a ready answer: We do. Men such as Arthur Scargill, the head of the miner's union, were convinced that although they would never lead Britain, it was within their power to run it and to run it for their benefit through labor laws that anyone beyond the union halls could see would destroy the nation as a competitive economic power. Thatcher so thoroughly crushed both Scargill and his union that neither recovered. For a brief moment, power politics stood revealed. The unions had made a bid for power. They lost.

The same question is now being raised in France: Who rules? This is the second time in 11 years that a popularly elected government here faces dismissal not from the voters, but from the streets. If this does not represent a direct challenge to the government's power, it is hard to know what would. Should the government fall, the question will have been answered.

And the answer will be the mob. As usual.

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From:	USDOJ- Office of Public Affairs
Sent:	Monday, March 27, 2006 9:20 AM
To:	USDOJ- Office of Public Affairs
Subject:	Attorney General's News Briefing for Saturday, March 25, 2006
Attachments:	agnb060325.pdf; agnb060325.doc

THE ATTORNEY GENERAL'S *NEWS BRIEFING*

PREPARED FOR THE OFFICE OF PUBLIC AFFAIRS, U.S. DEPARTMENT OF JUSTICE

TO: THE ATTORNEY GENERAL AND SENIOR STAFF

DATE: SATURDAY, MARCH 25, 2006 7:45 AM EST

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TERRORISM NEWS:

DOJ Says NSA Can Eavesdrop On Lawyer-Client, Doctor-Patient Communications. The New York Times (3/25, 1.19M) reports that the the Justice Department told Congress in "written responses to nearly 100 questions posed by Republicans and Democrats about the N.S.A.'s eavesdropping program" that "the National Security Agency has the authority to listen without warrants to conversations between lawyers and their clients and doctors and their patients if a connection to Al Qaeda is suspected." Michigan Rep. John Conyers Jr. (D) said "the answers were 'vague and unresponsive' and reflected an effort by the administration to 'thumb its nose at the American people and their elected representatives.'" The AP (3/25, Shrader) adds, "the department also said that it sees no prohibition to using information collected under the NSA's program in court."

Judge Appointed To FISA Court. The AP (3/25) reports U.S. District Judge John Bates has been named to the FISA court to replace "U.S. District Judge James Robertson, who quit shortly after news reports about the Bush administration going around the court to eavesdrop on U.S. citizens suspected of communicating with terrorists."

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Moussaoui Trial Shines Unwelcome Light On FBI. The New York Times (3/25, Lewis, Johnston, 1.19M) reports, "even those who strongly supported an aggressive prosecution may wonder whether the trial has shed as much light on Mr. Moussaoui's culpability as it has on the missteps and mistakes by law enforcement agencies. The testimony of two prosecution witnesses," Harry Samit, an F.B.I. agent and Michael Rolince, a retired F.B.I. counterterrorism supervisor, "has brought renewed and unwelcome attention to how the Federal Bureau of Investigation dealt with early warning signs." Another "problem for the bureau is that the backbone of the prosecution case, that the bureau could have disrupted the plot had Mr. Moussaoui admitted all he knew, represents a substantial revision of conventional wisdom at the law enforcement agency."

Martin Won't Testify On Her Actions. The Washington Post (3/25, A8, Markon, 744K) reports that "Judge Leonie M. Brinkema yesterday quashed the subpoena" for Carla J. Martin, the "government lawyer whose misconduct nearly derailed the death-penalty trial of Zacarias Moussaoui," to testify at his trial. Legal experts said this could mean she advised the court she "planned to invoke her Fifth Amendment right against self-incrimination and refuse to testify." The Minneapolis Star Tribune (3/25, Gordon, 424K) adds, "It was not immediately clear whether Martin, a Transportation Security Administration attorney, would appear later or had signaled her intention to exercise her Fifth Amendment right against self-incrimination. It was also possible her testimony was no longer thought to be necessary."

Defense Attorneys Appeal "Classified" Mosque Wiretap Order. The AP (3/24) reports, "Defense lawyers have asked a federal appeals court to intervene in the case of two Albany Muslims accused of supporting terrorism, saying the judge erred in letting authorities keep information about wiretaps secret." The AP continues, "Attorneys for Yassin Aref and Mohammed Hossain filed a writ Friday asking the Second Circuit U.S. Court of Appeals to review Judge Thomas McAvoy's pretrial ruling. Arguing that illegal warrantless wiretaps may have been used, they had filed a motion to thrown out charges, suppress any evidence from such wiretaps and force prosecutors to disclose whether they were used." The AP adds, "McAvoy on March 10 rejected the motion. His 'classified' ruling leaves his reasons secret. The earlier responses by prosecutors and the U.S. Justice Department also were classified. … The writ says the judge 'failed to rule on the legality of the NSA surveillance program, even though it is clearly a source of evidence in this case.' They called the judge's handling of the issue 'an especially serious breach of due process.' … Yassin Aref, 35, imam at Masjid as-Salam in Albany, and Mohammed Hossain, 50, are accused of laundering money in 2003-2004 for an FBI informant, a Pakistani businessman posing as an arms dealer. Neither is accused of actual violence."

Pakistan Repels Militant Attack. The Los Angeles Times (3/25, Ali, 958K) reports, "Pakistani security forces shot dead at least 18 militants in the volatile North Waziristan tribal region near the border with Afghanistan early Friday, security officials said," although "government claims could not be independently verified." According to officials, "the attackers fired rockets on the troops and security forces returned fire," and "one security official said that Cobra helicopters were called in to assist ground forces in repulsing the attack."

Italy Opposition Leader Pans US Travel Alert. The Washington Post (3/25, Delaney, 744K) reports, "Opposition leader Romano Prodi says he got on the phone to the US ambassador right away to demand an explanation: Why did the State Department issue a public announcement warning Americans in Italy to stay away from political rallies because of possible violence?" Prodi is quoted as saying, "The US alert surprised me. ... A move like this, with elections nearing, can cause a sense of anguish and fear, and there is no need for that." A US embassy spokesman is quoted as saying that the warning "is not political."

Israeli Athlete From '72 Games Recounts Terrorist Attack. The New York Times (3/25, Salzman, 1.19M) reports that Dan Alon, a former champion Israeli fencer who survived the attacks at the Munich Olympics in 1972, "spoke about his ordeal for the first time in the United States on Thursday night at Yale, warning that reprisal killings of terrorists only lead to 'bloodshed and more bloodshed.'" He "had kept silent in the nearly 34 years since the attack, not even telling his wife and daughter," but "said he was inspired by watching the movie "Munich" to tell the story of his escape from the building where the Palestinian terrorist group Black September had taken his fellow athletes and some coaches hostage, later killing 11 of them."

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HOMELAND RESPONSE:

Thompson Seeks Assurances On Port Security Deal. The AP (3/25, Bridis) reports that Mississippi Rep. Bennie Thompson (D), the senior Democrat on the House Homeland Security Committee, "sought assurances Friday over a no-bid contract the Bush administration is finalizing with a Hong Kong conglomerate to help detect nuclear materials inside cargo passing through the Bahamas to the United States and elsewhere" in "the first time a foreign company will be involved in running sophisticated U.S. radiation-detection equipment at an overseas port without American customs agents present." Thompson is "h concerned there will be inadequate oversight."

The AP (3/25, Bridis, Solomon) adds, "A U.S. military intelligence report, once marked 'secret,' cited Hutchison in 1999 as a potential risk for smuggling arms and other prohibited materials into the United States from the Bahamas," and "some security experts questioned whether the U.S. should pay a foreign company with ties to China to keep radioactive material out of the United States."

Lawmakers Move To Change Investment-Review Process. The Wall Street Journal (3/25, Hitt, King, 2.11M) reports, "With lawmakers still fuming over DP World and economic nationalism running high, Congress is all but certain to pass sweeping changes to the investment-review process." Now, "building on their win in the Dubai ports deal, U.S. lawmakers are moving to gain leverage over a swath of foreign investments in the U.S., an effort that business leaders and President Bush's aides warn could harm the U.S. economy." Senate Banking Chairman Richard Shelby "released the summary of a bill Friday that would greatly expand the array of foreign acquisitions subject to automatic scrutiny and would require the administration to notify lawmakers as soon as it begins to review any foreign transaction," although "the bill wouldn't give lawmakers the power to veto a deal, as many critics feared."

Despite Lack Of Support Some Struggle Against 9/11 Memorial. The Los Angeles Times (3/25, Barry, 958K) reports Rosaleen Tallon, the sister of firefighter who died in the Twin Towers collapse has tried for months to rally a broad protest against the 9/11, "memorial, 'Reflecting Absence,' in a city that is frustrated with paralysis at ground zero. Three weeks ago, intent on getting out her message, she came up with the idea of a vigil. Now, every night, outside the fire station, she," and a small group warn, "that the underground memorial could bring on a new cataclysm, trapping innocent people in the event of an attack." The Times adds now New Yorkers are saying, "what they had not said before: that certain Sept. 11 families were obstructing progress at ground zero and should step aside." … If there is a point of consensus, it is that the hole has gaped here too long. With plans to rebuild office buildings at a deadlock over financing, 'Reflecting Absence' is the only plan that seems to be moving forward."

Spitzer Questions Plans For Rebuilding Ground Zero. The New York Times (3/25, Healy, 1.19M) reports new York Attorney General Eliot Spitzer "expressed concern last night that the Freedom Tower project at ground zero lacked 'economic viability' and could turn into 'a white elephant.'" Spitzer" suggested that, as New York's next governor, he would move more swiftly than Gov. George E. Pataki in rebuilding Lower Manhattan."

Red Cross Accused Of Mishandling Katrina Funds. ABC's World News Tonight (3/24, story 1, 3:00, Vargas) led its broadcast last night with a report detailing, "allegations of fraud and theft inside" the American Red Cross after hurricane Katrina. ABC continued, "After Katrina, the American Red Cross raised more than $2 billion to help hurricane victims. But this internal Red Cross investigation obtained by ABC News says much of that money, perhaps million, was misused. The report uncovered 'outright contempt for well established arc fiscal controls, intentionally diluted or ignored' for personal gain, fraud constituting 'a breathtaking systematic failure on the part of senior management.'"

The CBS Evening News (3/24, story 4, 2:30, Stahl, 7.66M) reported, "Today the Red Cross said that it is aggressively investigating allegations brought by volunteers of outright criminal activity during Katrina. Former Red Cross volunteer and attorney Jerome Nickerson wrote a tough investigative report made public today. In an exclusive interview with CBS News Nickerson says he found widespread evidence of theft and fraud including a veritable black market of disaster relief goods operating out of New Orleans with the knowledge of some Red Cross supervisors."

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The New York Times (3/25, Strom, 1.19M) reports, "In a major shake-up of its relief operations in New Orleans, the American Red Cross dismissed two key supervisors yesterday as part of a wide-ranging inquiry into the improper diversion of relief supplies after Hurricane Katrina, a Red Cross official said." The supervisors "were in charge of the organization's kitchens and shelters, which have assisted tens of thousands of the hurricane's victims." The dismissals "came a day after the interim president of the Red Cross said the organization was investigating accusations of impropriety, including possible criminal activity." Among the accusations under investigation: "That supervisors in charge of the kitchens have been ordering more food than is needed, raising questions about where the extra food is going."

Senator Presses Red Cross Investigation. The AP (3/25, Kellman) reports, "Pressed by Congress, the American Red Cross said Friday it is investigating claims that volunteers engaged in widespread theft in the wake of Hurricane Katrina. … Allegations of wrongdoing go far beyond what the statement said were 'inevitable ... departures from standard procedures' after such a catastrophe, according to the chairman of the Senate Finance Committee," IA Sen. Charles Grassley (R). Grassley "has said volunteers may have committed criminal fraud."

Civil Engineers Questions Army Corps Of Engineers Design of New Orleans Flood Walls. The Army Corps of Engineers has come under criticism from a civil engineers organization that is reviewing the Army Corps of Engineers' levee work in New Orleans. The Washington Post (3/25, A6, Warrick, Whoriskey, 744K) reports that the American Society of Civil Engineers' External Review Panel, "which was appointed to oversee the Corps investigation of the levee system's collapse during Hurricane Katrina," has questioned "the soundness of large portions of New Orleans's levee system, warning that the city's federally designed flood walls were not built to standards stringent enough to protect a large city."

Texans Said To See Administration As "Heartless" On Recovery. The Los Angeles Times (3/25, Bustillo, 958K) reports that six months after Hurricane Rita, "in the president's home state, in a region densely populated by energy and petrochemical industries with warm ties to the White House, consensus is that progress is being made in spite of the federal government, not because of it. Dissatisfaction with what is seen as a heartless Bush administration recovery effort is widespread." However, "Federal officials counter that…Compared with the calamity Katrina caused in Mississippi and Louisiana, Rita's toll on Texas is smaller and commands less attention, especially because the state is well on the road to recovery."

Houstonians Believe Katrina Refugees A "Considerable Strain" On City. The Houston Chronicle (3/25, Berger, 581K) reports that "a new poll finds Houstonians increasingly weary and wary of the 150,000 Louisiana evacuees who landed here after fleeing Hurricane Katrina. Three-quarters of Harris County residents surveyed by Rice University sociologist Stephen Klineberg say the influx of Katrina evacuees, many of whom remain seven months after landfall, has put a 'considerable strain' on the Houston community." Also, two-thirds "say evacuees bear responsibility for 'a major increase in violent crime,' and twice as many local residents believe Houston will be 'worse off' rather than 'better off' if most evacuees remain here permanently." The survey "is expected to be finalized later this month." Houston's Mayor Bill White "acknowledged the increased strains on city services, notably crime and traffic management."

Barbara Bush Donation Stipulated Buying Son's Software. The Los Angeles Times (3/25, Hart, 958K) reports that Barbara Bush's donation to the Bush-Clinton Houston Hurricane Relief Fund "stipulated that part of her contribution was to be spent on educational software purchased from her son Neil's company, Ignite Learning of Austin, Texas." Daniel Borochoff, president of the American Institute of Philanthropy, a charity watchdog group, "said donors who direct that their money be used to buy products from a family business set a bad precedent."

WAR NEWS:

Russians Passed Invasion Data To Baghdad. The Pentagon revealed the Russian government, in particular its ambassador to Iraq before the US toppled Saddam Hussein, passed detailed information on the US invasion plans to Hussein. While US officials downplayed the value of the information it was seen as a potential problem for US-Russian relations. The story was widely covered by wire services, major US newspapers and all three network news broadcasts.

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Highlighting the seriousness of the problem for the US, ABC's World News Tonight (3/24, story 2, 3:00, Vargas) reported, "Now to potentially explosive report about an important U.S. Ally. Iraqi government documents just released show that before the war began in Iraq, a Russian diplomat obtained details about the U.S. war plans and then gave them to the Iraqis. This raises major questions about the Russians and about the U.S. government's ability to guard top secret information."

The CBS Evening News (3/24, lead story, 2:00, Orr, 7.66M) reported, "U.S. officials say none of the information passed on by the Russians had any real strategic value. Military officials here will only say on the record that they were surprised by the Russian's actions. And only time will tell whether or not this has a big impact on future U.S.-Russian relations." Stahl: "Does the Pentagon know why the Russians did this. They didn't think Saddam was going to win, did they?" Orr: "The information wasn't very good so it is doubtful anybody thought it would affect the military outcome. The best guess is this Russia was trying to curry favor with the bureaucracy in Baghdad to maintain good economic relations no matter who was in power. So going forward they would have good economic relations."

NBC Nightly News (3/24, story 3, 1:00, Miklaszewski, 9.87M) reported, "Military investigators found no evidence any spies were operating in the command. It is believed the Russians obtained the information through electronic eavesdropping. Saddam Hussein didn't believe the information and made no attempts to try to counter the attack. Three days later the US Army stormed into Baghdad."

The Washington Post (3/25, A1, Tyson, White, 744K) in a front page story reports, "A Russian official at the United Nations strongly rejected the allegations that Russian officials gave information to Baghdad. 'This is absolutely nonsense,' said Maria Zakharova, a spokeswoman for the Russian mission to the United Nations." U.S. military and defense officials who released the study "said they believe the captured Iraqi documents are authentic."

The New York Times (3/25, Shanker, 1.19M) notes that the revelation "may have more political than military significance," and that "the study notes that some information obtained by Iraq from Russian sources was false, raising at least the possibility that it was circulated as part of a deliberate American campaign intended to fool or demoralize Iraqi troops and leaders." The Los Angeles Times (3/25, Spiegel, Miller, 958K) adds, "Analysts also said it would be important to learn whether upper levels of the Russian government were involved, adding that the signals were more likely to have come from diplomatic and intelligence agents in the region rather than from Moscow."

The AP (3/25, Burns) also mentions the possibility the Russians fed Iraq false data. In contrast, the Washington Times (3/25, A1, Scarborough, 90K) in a front page story is more strident, reporting, "The new disclosures show that Moscow was working against the Bush administration in private."

US, Iran Will Meet On Iraq, Rice Says. The AP (3/25) reports, Secretary Rice "said Friday she was sure US and Iranian representatives would meet to discuss security in Iraq, but she gave no time for the sessions. 'Those meetings will take place, I'm certain, at the appropriate time,' Rice said. The United States previously had said contact with the Iranians could occur if Washington found it useful, but questioned the timing and motive of Iran in seeking talks." Rice is later quoted as saying, "I think that everybody just needs to get to work and let's get this done so that the Iranians have a very clear message about what's going on. ... We agreed to ask our negotiators to work again over the next of couple of days...really deciding that maybe they won't even have a weekend because we need to work on this text.'

US Commander Praises Iraqi Forces After Mosque Bombing. The New York Times (3/25, Shanker, 1.19M) reports that Lt. Gen. Martin E. Dempsey, the US commander for training Iraqi security forces, "expressed guarded satisfaction on Friday with the performance of new Iraqi Army and national police units in tamping down the sectarian violence that erupted after the bombing of the Golden Mosque in Samarra last month," although he "acknowledged that the crisis also provided a clearer picture of the troubling shortfalls of the Iraqi local police, on whom, he said, American trainers now must focus their efforts." Dempsey "also raised concern about the role played by independent militias during the crisis."

Murtha Speaks On Iraq War. The Uniontown Herald Standard (3/25, Zalar) reports that Speaking during a taping of "Behind the Headlines," U.S. Rep. John Murtha said that "when initial threats that biological weapons would be used if troops crossed a certain line didn't come to fruition and weapons of mass destruction were not found, he felt something was wrong and started 'sending signals to the

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White House.'" He said that "he is perplexed as to why Bush will not admit he made a mistake by relying on flawed intelligence," adding "'You have to wonder if they're competent,'…of the people making decisions regarding the war."

Iraq's President Is Optimistic About Unity Government. The AP (3/25, Abdul-Zahra) reports that Iraqi President Jalal Talabani "issued a highly optimistic report yesterday on progress among politicians trying to hammer out the shape of a new unity government," saying that "the government could be in place for parliamentary approval by the end of the month." However, "a less optimistic Prime Minister Ibrahim al-Jaafari…has said a Cabinet list could be ready by the end of April."

Laura Bush Maintains US Is Admired By Much Of The World. Asked on CNN'S Larry King Live (3/24) how she is "handling the stress of diminishing poll results," First Lady Laura Bush replied, "I know how every problem in the world eventually comes to the foot of the President of the United States to the American people, because we are so much more prosperous, so much more affluent in many ways, not just financially affluent as a country, but also many of the ideas we have. … They may say they're anti-American, they may say they hate things we stand for, but in most cases, I think they would like their countries to have similar values and similar qualities, and certainly a similar sort of life." Bush added, "I think it's difficult, it's very difficult to watch on television and see the loss of our soldiers in Iraq and to get the idea that the Iraqis don't care, that they don't want us there, that it's a sacrifice they don't respect or regard. I do think they do. … I know the people of Afghanistan, from when I've been there, say, 'don't leave. Don't leave us yet. Let us build our democracy. Let us get all of the institutions of democracy into place before you go.'"

Zaraqawi Keeping Lower Profile. The New York Times (3/25, A1, Filkins, 1.19M) reports that Abu Musab al-Zarqawi "has sharply lowered his profile in recent months, and his group claims to have submitted itself to the leadership of an Iraqi" as part of a council with five other guerrilla groups. The group, Al Qaeda in Mesopotamia, "stopped taking responsibility for large-scale suicide attacks against civilians,…toned down its fierce verbal attacks against Iraq's Shiite majority," and stopped "beheading its captives," which seems "to follow closely the advice in a letter believed to have been written last year by Ayman al-Zawahiri, Al Qaeda's second in command."

US Arrests Translator For Bribery. The US arrested Faheem Mousa Salam, a translator working in Iraq, at Dulles International Airport, charging him with offering a bribe to entice a police official to buy armored vests and other equipment for $1 million. The New York Times (3/25, Glanz, 1.19M) reports that the Justice Department said Salam, "probably acting as an intermediary for others who have not yet been identified, offered tens of thousands of dollars in bribes to people inside the Iraqi Interior Ministry for a contract to provide some $1 million in flak jackets and other equipment to an organization that trains Iraqi police officers."

The Washington Post/AP (3/25, A20) adds, "The bribery charge is the latest case to emerge from investigations begun by Inspector General Stuart W. Bowen Jr., who was appointed to look into Iraq reconstruction contracts. At least seven Americans have been implicated in a separate bribery-and-kickback scheme involving the award of millions of dollars in reconstruction contracts."

No Charges To Be Filed In Contractor Incident. The Washington Post (3/25, A15, Witte, White, 744K) reports, "Military investigators said yesterday that they will not file any charges after completing their investigation into an incident in Iraq last May in which a group of Marines alleged they had been fired on by U.S. security contractors" and the contractors "had said they were detained by the Marines…and subjected to rough treatment." The encounter "highlighted tension in the field between active-duty military personnel and the burgeoning ranks of private contractors the Defense Department has hired to support the war effort."

Newspaper Editor Disputes Iraq Coverage Bias Claim. Clark Hoyt, Knight Ridder's Washington editor, writes in an op-ed in Knight Ridder (3/25) that "President Bush, Vice President Dick Cheney, Secretary of Defense Donald H. Rumsfeld and assorted supporters...are blaming the messengers - the news media - for the public's growing disenchantment with the war in Iraq." Since "the polls have gone south…the administration has escalated a soft attack on the media." However, Robert J. Callahan, who served as the press attache at the U.S. Embassy in Baghdad from June 2004 to May 2005, "doesn't think" that "the story of Iraq being distorted by reporting that focuses on violence and fails to tell the good news." He says, "American reporters

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have faced criticism for their coverage of Iraq, but rarely from those of us who have been there and have seen these journalists at work." Callahan also notes that "American diplomats stopped encouraging coverage of good-news events such as the reconstruction of a school because it often invited terrorist attacks that cost innocent lives."

Reporter's Video Diary Shows Increasing Instability In Iraq. NBC correspondent Richard Engel's daily video diary of his experiences in Iraq portray the environment as growing worse as violence increases. NBC Nightly News (3/24, story 5, 2:20, Engel, 9.87M) reported that while Iraq was relatively secure after the liberation, "in March 2004, four American contractors were ambushed in Falujah and everything changed." When the "violence increased, like Iraqis, foreign reporters adapted. It's too dangerous to run on the streets, so we use a treadmill." Engel noted, "Reporting trips are now military-style missions. … It's been a three year journey through war, and it's not nearly over."

In a story similarly describing the environment in Iraq as deteriorating the Los Angeles Times (3/25, Roug, 958K) adds that for Iraqi psychiatrist Baher Butti, after Hussein was toppled "a hope grew. With the Americans, perhaps a kind of progress would arrive." However, "instead of progress, he and his wife saw advancing irrationality," and after their daughter was injured by a bomb, it was "a seed of hope he could no longer sustain." He decided to move from Iraq.

Killings Continue In Iraq. The Los Angeles Times/AP (3/25) reports, "At least 51 people, including two U.S. soldiers and five Sunnis leaving a mosque, were killed Friday in attacks around Iraq," and "Baghdad police said they found 25 more bodies blindfolded, shot and dumped throughout the capital." The other "victims died in a variety of attacks, which included drive-by slayings of three policemen in west Baghdad and three power station workers headed to their jobs in Taji, just north of the capital, police said."

UN Concerned For Safety Of Palestinians In Iraq. The United Nations refugee agency is concerned about the safety of Palestinians in Iraq after death threats against families in one Baghdad neighborhood. The New York Times (3/25, Semple, 1.19M) reports, "The Palestinian community was once a pet cause of Saddam Hussein, who granted its members special treatment," and "now, its members say, they are suffering the backlash of that favoritism," as "Palestinians have been frequent targets of Shiite death squads." The Palestinian observer to the United Nations "appealed for international intervention to protect the Palestinians in Iraq." The AP (3/25, Klapper) adds, "Many Shiites and Kurds have come to view Palestinians as sympathetic to the Sunni-dominated insurgency."

Governors Visit Iraq With McCain. The Minneapolis Star Tribune (3/25, Lopez, Brunswick, 424K) reports that Minnesota "Gov. Tim Pawlenty has left for Iraq as part of a delegation led by U.S. Sen. John McCain," along with Govs. Bob Riley of Alabama and Jon Huntsman Jr. of Utah. Pawlenty also "visited Baghdad in February 2004 at the invitation of President Bush, as part of a six-governor fact-finding mission." Although "Pawlenty said he never felt endangered on that trip, it was marked by heavy outbreaks of violence in the region, including tracer fire and suicide bombers who killed more than 100 people in two days."

Unique Relationship With US Keeps Salvadorans In Iraq. The Washington Post (3/25, A1, Aizenman, 744K) in a front page story reports that for Salvadoran troops, combat in Iraq is reminiscent of fighting in their own civil war. The Post reports, "The Salvadoran government's willingness to keep sending troops to Iraq -- after three other Latin American countries pulled out their forces -- underscores the unusually strong political and economic bonds, as well as the unique military relationship, forged in the past two decades between this tiny country and the United States." Analysts say "one reason El Salvador has agreed to stay…is that its three most recent elected presidents have been members of the rightist ARENA party, which has close ties with the Bush administration and shares its commitment to a proposed regional free-trade agreement."

US Officials Confident Case Of Afghan Convert Will Be Resolved. US officials were confident that US and international pressure would save an Afghan man facing the death penalty for converting to Christianity, but the story was seen as potentially adding to President Bush's problems. It was prominently featured by the network news broadcasts and major US newspapers. The CBS Evening News (3/24, story 2, 2:15, Axelrod, 7.66M) reported, "Administration officials are growing more confident tonight that Abdul Rahmen will not be executed for converting from Islam to Christianity." Secretary of State Condoleezza Rice: "We are working with the Afghans and we look to a favorable resolution of this case. It needs to be favorably

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resolved." ... Axelrod: "Look for Rahmen to be freed before Tuesday. Why? Well, Congress is considering a request from the Bush administration for an additional $2.5 billion in aid to Afghanistan. And Tuesday is the day Secretary of State Rice goes to Capitol Hill to make the case for that money."

Stressing the problems the dispute presents for Bush, ABC's World News Tonight (3/24, story 3, 2:00, Raddatz) reported, "For 4 1/2 year, the Bush Administration has been touting Afghanistan and its President Hamid Karzai as shining examples of freedom and democracy. But President Karzai is in an extremely tough position, with the enormous amount of capital the U.S. is providing on one hand, and his country's conservative public on the other. But it appears Hamid Karzai is siding with the U.S. Tonight a senior U.S. Official tells ABC News that the Afghan government may be releasing Abdul Rahman soon."

NBC Nightly News (3/24, story 2, 2:10, Brown, 9.87M) reported, "This case created a diplomatic nightmare for the US at home and abroad. Kabul's proposed solution may not be good enough for Washington." NBC (Mitchell) added, "Christian conservatives, a crucial part of George Bush's republican base, protesting today outside the Afghan embassy in Washington." Protestors: "The whole world is watching." Mitchell: "Desperate to prevent a rebellion on the right, the administration ratcheted up the pressure for the release of 41 year old Abdul Rahman, threatened with death for converting to Christianity." The dispute "could cost President Bush more support for the war in Iraq." Lt. Col. Robert Maginnis (ret.), Christian Broadcast Analyst: "The American people don't want to think we spent our blood and treasures for new regimes that are just as oppressive as the old."

The Washington Times/AP (3/25, A1, Shah) adds that Ansarullah Mawlavi Zada, the chief among three judges trying the case "defended the court's autonomy yesterday amid reports the man could be freed." The New York Times (3/25, Wafa, 1.19M) reports that in Afghanistan "preachers used Friday Prayer services to call for the execution of an Afghan Muslim who converted to Christianity, despite growing protests in the West."

Bush Under Pressure From Core Constituency. The AP (3/25, Spielmann) reports, "Christian lobby groups are urging President Bush to do more to save a man on trial in Afghanistan for converting from Islam to Christianity," and "American Christians have criticized the Bush administration for what they feel is an inadequate response to a fundamental issue of freedom of conscience." Shoul Rahman be executed, "political experts agree, Bush will have alienated his most loyal core constituency — Christian conservatives."

Karzai Facing Pressure From Both Sides. The Time (3/25, Morarjee) reports that Afghan President Hamid Karzai "must…contend with deeply conservative Afghans" even as "the judge presiding over the case has rejected international calls for leniency and warned the Karzai government not to interfere with the judicial process." However, "Karzai is acutely aware of how badly a death sentence would play with foreign governments whose aid dollars keep the Afghan economy afloat — and whose troops keep the peace."

Cohen Notes That West And Islam Are At Conflict Here. Roger Cohen writes in his column in the New York Times (3/25, 1.19M) that this situation "has elements that should lead everyone to ponder whether the West's problem is really with a 'perversion' of Islam, as politicians from President George W. Bush to Prime Minister Tony Blair of Britain have insisted, or with Islam itself." Both sides "mutual incomprehension, and anger, is strong," and "Rahman offers a timely reminder. The West and Islam are not at war, but they are in conflict. And it seems myopic and counterproductive to view the war as anything but the extreme expression of that conflict."

Foundation Drives For $65 Million For Memorial To Disabled Veterans. The AP (3/25, Hananel) reports, "Planners are raising money for a new site -- nestled among the tributes to fallen war heroes, from World War II, Korea and Vietnam -- to salute roughly 3 million disabled veterans." The memorial, dubbed the "American Veterans Disabled for Life Memorial," expected "to open in the next three to four years" will be "on an impressive two-acre site near the National Mall, just steps from the Capitol." The project is being planned by the Disabled Veterans LIFE Memorial Foundation, which "is in the midst of a $65 million private fundraising campaign to build the memorial."

American Use Of Torture In Iraq Condemned. In a Los Angeles Times (3/25, 958K) op-ed Olga Talamante, the executive director of California's Chicana/Latina Foundation and a survivor of torture in Argentina during the 1970's, writes, "three years into the Iraq war, we have seen the images of Abu Ghraib and read accounts of the atrocities at Baghdad's Camp Nama.

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Americans once shocked by my experience now hear officials defend torture as a necessary evil in the war against terrorism. But it is only evil." Talamante continues, "The Argentine military had its own sick rationale for policies that would ultimately 'disappear' thousands of men, women and children — they were fighting an enemy from within. But the Argentine people had a better name for it: the 'dirty war.' … Iraq has become our dirty war. To those who defend torture there, beware. There will be survivors, and they will tell their stories."

Psychotherapist Sees "Desperation" In Military Recruitment Effort. In an op-ed that reflects poorly on the US military's recruitment efforts, psychotherapist Brian Ford writes in the Washington Post (3/25, A19, 744K) about his evaluation of a military recruit who left the service three years ago under a "general discharge." In the op-ed, headlined "Uncle Sam's Desperation – And A Recruit's," Ford writes, "To my knowledge, a general discharge was both negative and not that easy to get. The kid must have been in pretty bad shape." In recapping the session with the recruit, Ford notes his concerns with the recruit's past history and says the recruiter "sounded like a realtor or a car salesman making one last pitch to a prospect."

CORPORATE SCANDALS:

SEC Lifts NASD's Lifetime Ban On Quattrone. The Wall Street Journal (3/25, Smith) reports, "The Securities and Exchange Commission set aside a lifetime ban from the securities industry that had been imposed against Frank Quattrone, the former star investment banker." The Journal continues, "It was Mr. Quattrone's second big win of the week related to charges against him. On Monday, a federal appeals court vacated his May 2004 criminal conviction on obstruction-of-justice charges, citing faulty jury instructions and other errors by his trial judge." The Journal adds, "In the SEC action Friday, the federal securities regulator struck down a lifetime ban from the business, which had been imposed in November 2004 by an arm of the National Association of Securities Dealers. The move puts him a step closer to returning to the securities industry. … The ban resulted from Mr. Quattrone's failure to testify during an investigation by the NASD into allegations of possible improper 'spinning,' or rule violations related to steering hot initial public offerings of stock to investment-banking clients."

Current SEC Punishments Considered Ineffective. In a New York Times (3/25, 1.19M) op-ed Gary Weiss, author of forthcoming book on Wall Street, states to combat illegal Wall Street actions we need, "some pain. The SEC needs to make Wall Street firms wince when they do something wrong." Weiss continues, "An admission of guilt would be a good start. Then private litigants stand a far better chance of collecting. Call it the regulatory equivalent of a tow truck. Congress could help by passing a provision of tax-relief legislation, now before a House-Senate conference, that would make it harder for firms to take write-offs from settlements with government agencies. Market observers speak of a 'cycle of scandal' on Wall Street — a pattern of transgressions recurring periodically, often as a coda to bull markets, undeterred by an inadequate regulatory response. Until regulators start making errant firms feel some real pain, the next Wall Street scandal is not a question of if, but when."

PBGC Seeks Outside Counsel In GMAC Negotiations. The Wall Street Journal (3/25, 2.11M) reports the Pension Benefit Guaranty Corp. "is seeking outside legal counsel to help represent its interests in financial transactions at General Motors Corp." The PBGC "filed a solicitation for help in negotiations with GM over its plans to spin off a portion of its valuable financing unit, General Motors Acceptance Corp. The PBGC wants to make sure that it has access to all GM assets if it were required to take on GM employee pension obligations."

CRIMINAL LAW:

Abramoff Says He Will Not Implicate DeLay In Any Wrongdoing. Syndicated columnist Robert Novak (3/25) writes that Jack Abramoff "has advised friends that he has no derogatory information about former House Majority Leader Tom DeLay and is not implicating him as part of his plea bargain with federal prosecutors. … However, Abramoff has not given a clean bill of health to any other congressman -- including Rep. Robert Ney."

Abramoff Subpoenaed In "Mob-Style" Murder Related To Casino Boat. The AP (3/25, Anderson) reports Circuit Judge Michael Kaplan "approved subpoenas for" Jack Abramoff and Adam Kidan, "an ex-business partner to answer questions about the mob-style slaying of the owner of a gambling fleet they bought." Abramoff and Kidan "have

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insisted…that they know nothing about the slaying of Konstantinos 'Gus' Boulis, who was ambushed in his car by a gunman in Fort Lauderdale a few months after the pair bought SunCruz Casinos from him." Abramoff and Kidan "are not charged in the slaying but are scheduled to be sentenced Wednesday in federal court after pleading guilty earlier this year to fraud charges stemming from the purchase."

US Charges Translator With Offering Bribe. The AP (3/25, Sherman) reports, "U.S. authorities have arrested a translator working in Iraq, charging him with offering a bribe to entice a police official to buy armored vests and other equipment for $1 million." The AP continues, "Faheem Mousa Salam, 27, of Livonia, Mich., was arrested Thursday at Dulles International Airport in Virginia, the Justice Department said. Salam is an employee of the Titan Corp., a government contractor working in Iraq. … He was released from custody after a hearing Friday in U.S. District Court in Washington. He is due back in court April 5." The AP adds, "Salam was charged under the Foreign Corrupt Practices Act. He is accused of offering $60,000 to an Iraqi police official who Salam believed could help arrange the purchase of the goods by a police training organization, according to a criminal complaint. … Salam said he wanted to sell the group 1,000 vests and a sophisticated map printer, the court papers said. … Salam, described in court papers as a naturalized U.S. citizen, later made similar offers to an undercover investigator posing as a purchasing officer for the police group, the Civilian Police Assistance Training Team, the complaint said."

Second Juror In Ryan Case Under Scrutiny. The Chicago Tribune (3/25, Gibson, O'Connor, Heinzmann) reports, "Public records reviewed by the Tribune suggest that a second juror deciding the fate of former Gov. George Ryan has a history of arrests that was not disclosed during the jury-selection process." The Tribune continues, "The revelation comes one day after the Tribune reported that a male juror has the same name and other identifying characteristics as a man with a felony drunken driving conviction." The Tribune adds, "Hours after learning of the Tribune's information on Thursday, U.S. District Judge Rebecca Pallmeyer halted deliberations and said she had launched an investigation into a juror. … Further record searches Friday linked the name of a female juror to an alias. The woman with that alias faced felony drug charges, as well as misdemeanor child-neglect and assault charges, records show. She was not convicted of these charges, the records show. … The female juror linked to that alias stated on a jury questionnaire before the trial that she had never been charged or accused of a crime." The Tribune notes, "After sending the jury home early Thursday, Pallmeyer said she would not reveal the outcome of her investigation before Monday. … The judge met with prosecutors and defense attorneys in the case on Friday, then returned to the bench and said the investigation was continuing. … She also said she expected the jury to resume deliberations on Monday."

SCOTUS To Rehear Death Penalty Case. The AP (3/25) reports the Supreme Court announced on Friday "it would hear arguments a second time before ruling on the constitutionality of a Kansas death penalty law, apparently so new Justice Samuel Alito can break a tie. The case is the second one that deadlocked the court following Justice Sandra Day O'Connor's retirement in late January. The other one involves government whistleblowers."

The Kansas City Star (3/25, Bauer, Klepper, 286K) reports, "Some said it was not unprecedented for the court to ask to rehear arguments when there is a new justice. Others believe the court is split and Alito would break the tie. One reason: It ordered the same arguments presented and did not request additional briefs."

Former DSCC Aide Sentenced For Accessing Steele's Credit Card History. The Baltimore Sun/AP (3/25) reports Lauren B. Weiner, a former Democratic staffer "pleaded guilty today to computer fraud for snooping on" Maryland Lt. Gov. Michael S. Steele. "Under the plea agreement in U.S. District Court," Weiner "avoids jail time, but she has a year to do 150 hours of community service." Steele "was notified by Democrats in Washington that a staffer used Steele's Social Security number to obtain his credit report last year. Weiner was fired from the Democratic Senatorial Campaign Committee after the breach was discovered."

Steele Considering Civil Suit Against Weiner And DSCC. The Washington Post (3/25, B2, Wagner, 744K) reports, "An attorney for Steele said the lieutenant governor is considering a civil suit against Weiner…and the Democratic committee to learn more about what he called 'a dirty trick.'"

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CIVIL LAW:

Small Heart Device Maker Under Federal Probe. The New York Times (3/25, Meier) reports, "Federal authorities are conducting an inquiry into Ela Medical, a small maker of defibrillators and other heart devices, according to a government official and an industry official." The Times continues, "The precise nature of the government's interest in Ela Medical, which is a division of the Sorin Group, is unclear and any inquiry appears to be at an early stage. But the inquiry comes amid a broader, continuing government investigation into relationships between larger makers of heart devices and doctors. That investigation is looking into whether the companies provided incentives to physicians to use their products." The Times adds, "One government official said authorities were looking into Ela Medical's activities in the Miami area. Separately, a device industry official said that federal authorities had made inquiries about Ela Medical. Both people spoke on the condition of anonymity because the inquiry is in progress and not yet a public matter. … The inquiry into Ela Medical is apparently being conducted by investigators with the Food and Drug Administration and the Office of the Inspector General of the Department of Health and Human Services." The Times notes, "The Justice Department is investigating whether the country's three big makers of implanted heart devices — Medtronic, Guidant and St. Jude Medical — used illegal inducements to get doctors to use their products. They have all denied wrongdoing."

CIVIL RIGHTS:

DOJ Alleges Voting Bias In Euclid, OH. The Cleveland Plain Dealer (3/25, Ott, Atassi) reports, "The Justice Department has threatened to sue Euclid (OH) and force changes in an election system that the federal government says prevents black candidates from winning seats on its City Council." The Plain Dealer continues, "A former Justice Department lawyer found the timing suspicious. He suggested that the Bush administration, which has not vigorously pressed voting-rights suits, may be trying to polish its image quickly. The Senate Judiciary Committee plans to question Justice Department officials in May about whether they have adequately protected the rights of minority voters. … 'It's an outright embarrassment that this appears to be the first case on behalf of black voters brought forth during the Bush administration,' said David Becker, who worked for the Department of Justice from 1998 to 2005. The department 'had to file a case on behalf of black voters before the oversight hearing took place. Otherwise they would have had a lot of explaining to do about why it hasn't happened in almost six years.'" The Plain Dealer adds, "Though Euclid's black population reached 30 percent in the last census, voters have never elected a black candidate to any city or school office. The school board appointed Howard Drake to a vacant seat in 1998, but he lost in an election the next year. … The investigation, which began three years ago, targeted elections for City Council. The city is broken into four wards, which each elect one council member. Four other council members and the council president are elected citywide. … All five of those elected citywide in 2005 live in the same ward, in Euclid's northeast corner. … In a letter dated Monday, the head of the Justice Department's Civil Rights Division told Euclid Law Director Chris Frey that the structure dilutes minority voting power in a city that is racially divided and votes along racial lines. Black candidates would have a better chance of winning if the city were broken into eight wards, with one council member elected in each, Assistant Attorney General Wan Kim said in the letter."

DOJ Asked To Probe Tennessee Police Beating. The Jackson (TN) Sun (3/25, Reed) reports that Dr. Isaac Richmond, national director for the Commission on Religion and Racism, has joined with "members of Memphis-based CORR and more than 30 concerned citizens from the Brownsville (TN) community" to urge that "two white Brownsville Police investigators to be charged, put on trial and dismissed from the police force." Richmond accuses Chad Jackson and Brian Nichols with "brutally beating Robert Lee Jones, 42, of Brownsville, on March 17. Richmond said that Jones had not violated any laws and that the charges Jones now faces were false. … However, Mayor Webb Banks said Thursday night that Jones did break the law by attempting to evade arrest about 6:09 p.m. on March 17 on Margin Street. Banks said Jackson and Nichols chased after Jones, and that Jones swallowed what appeared to be crack cocaine during the chase." The Sun adds, "Robert Lee Jones was arraigned Monday and charged with aggravated assault, evading arrest, resisting arrest and tampering with evidence. He is being held without bond in Haywood County Jail. … A news release from CORR on Friday said that the group 'has

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filed charges with the U.S. Department of Justice, seeking an investigation of the Brownsville law enforcement for the human rights violations of African-American males in general, and Mr. Jones' case in particular.' The release also said that the Civil Rights Division of the Justice Department has been requested to bring charges against the officers. … Banks said Thursday that an internal investigation is being conducted by the Brownsville police, but the officers are still on active duty."

Federal Judge To Rehear New Orleans Poll Complaints. The New Orleans Times-Picayune (3/25, Eggler) reports, "A New Orleans federal judge who refused last month to order Louisiana officials to provide out-of-state satellite polling places or take other steps to help displaced residents vote in the upcoming municipal elections has agreed to rehear some of the claims of those who say African-American voters will not have a fair chance to participate in the balloting." The Times-Picayune continues, "Judge Ivan Lemelle will hold a hearing Monday on a request by the NAACP Legal Defense Fund that he reconsider his decision not to order the state to take further steps to assist displaced voters beyond those already taken by Secretary of State Al Ater and approved by a recent special session of the Legislature." The Times-Picayune adds, "Ater has said that thanks to those actions and an aggressive campaign to notify displaced voters how they can participate in the election, this will be 'the most accessible election' in U.S. history. … The U.S. Justice Department last week approved the plans for the elections, saying the actions taken by the state meet the federal Voting Rights Act's requirements for protecting black voters' rights. … But the NAACP lawyers and local lawyers Roy Rodney and John Etter, working with them, submitted a 21-page motion citing a list of reasons why Lemelle should order further action 'to prevent manifest injustice' …"

California County Phases Out Punch Cards To Comply With DOJ Rules. The Los Angeles Times (3/25, Griggs) reports Ventura County election officials "are replacing their decades-old punch-card voting system in time for the June 6 primary election. After more than 30 years of voting with punch cards, most county voters will now mark their choices with ink. … The U.S. Department of Justice had accused the county of discriminating against Latinos, who make up about a third of the population, by failing to employ sufficient numbers of bilingual poll workers or to provide adequate Spanish-language voting materials."

Black Activists Seek Satellite Voting For Displaced New Orleans Residents. The AP (3/25, Lester) reports "several black leaders" are advocating allowing displaced New Orleans to vote from "locations outside Louisiana." The AP cites Al Sharpton, Jesse Jackson, NAACP President Bruce Gordon and Urban League President Marc Morial.

Keeton Strayhorn Sues Texas Secretary Of State Over Petition Rules. The AP (3/25, Shannon) reports comptroller of Texas and independent gubernatorial candidate Carole Keeton Strayhorn "sued the secretary of state Friday, claiming he is hurting her campaign for governor by unfairly enforcing rules for independent political candidates. Keeton Strayhorn "has complained for weeks about Secretary of State Roger Williams and even urged that he be removed from office because of his close ties with Perry. … Strayhorn's campaign sued in federal court in Austin over Williams' plan to have her petition examined manually, signature by signature, instead of using statistical sampling, which examines only a portion of the signatures."

Affirmative Action For Males Opposed. In his New York Times (3/25, 1.19M) op-ed column John Tierney says as the number of males in the college, "applicant pool keeps shrinking — it will soon be down to 40 percent nationally — colleges are admitting less-qualified boys in order to keep the gender ratio balanced on campus." Tierney thinks this is not fair to girls and it's, "not fair to the boys, either, if they're not ready to keep up with their classmates. Affirmative action just makes them prone to fail." Tierney concludes rather than admit less qualified males the Education Department should be, "figuring out how to help boys reach college."

Pro-Abortion Activists Seek To Overturn New South Dakota Law. The Los Angeles Times (3/25, Riccardi, 958K) reports, "Opponents of South Dakota's ban on nearly all abortions announced the launch of a ballot initiative Friday aimed at overturning the new law. If the South Dakota Campaign For Healthy Families collects 16,728 signatures, the law — a direct challenge to Roe vs. Wade — will be placed on hold." According to the Times, "Proponents

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of the ban said they welcomed the challenge, and said the measure to reverse the law would fail at the polls."

NYTimes Says Block FDA Nominee Until Action On Morning After Pill. An editorial in The New York Times (3/25, 1.19M) thinks both, "Senators Hillary Clinton and Patty Murray surely have good cause to block a vote on the nomination of Dr. Andrew von Eschenbach to become commissioner of the Food and Drug Administration until the agency makes a final decision on the morning-after pill. There is no excuse for the administration's endless obfuscation and delays on making the pill available without a prescription when the overwhelming bulk of expert opinion says it is safe to do so." The Time adds, "There is little likelihood that the Senate will reject Dr. von Eschenbach's nomination in a floor vote, although the senators could at least push him for guarantees that safety issues will not be submerged in the rush to approve new drugs and conquer cancer. But the vote should not take place until the FDA has the spine to tackle the morning-after pill head-on."

ANTITRUST:

Proposed Alcatel-Lucent Merger To Face US Scrutiny. The Financial Times (3/25, Kirchgaessner, Hollinger, Taylor) reports, "Alcatel's talks with Lucent about a possible takeover – a deal that would combine a telecoms equipment company that controls sensitive US technology with a French group – will face a regulatory review in Washington on national security grounds." The Times continues, "Such a move would come at a time when protectionist sentiment in the US is at an all-time high, and raises questions about whether the Bush administration would be prepared to approve the deal." The Times adds, "The merger, which is being driven by growing competitive pressure on equipment makers and could be valued at up to $36bn, would create the world's leading maker of fixed telecoms networks and the second largest in mobile infrastructure. … It also follows in the wake of a wave of consolidation in the telecoms sector – in particlular between some of the companies' biggest clients, including the proposed merger between AT&T and BellSouth and the recent takeover of MCI by Verizon."

The Washington Post (3/25, D1, Mohammed) reports, "A merger of Lucent Technologies Inc. and France's Alcatel would likely draw federal scrutiny to see if it threatens national security following the furor over a Dubai-based company's plan to acquire control of six U.S. ports, communications and national security analysts said yesterday. … But analysts said they saw no obvious reason why a combination of the two telecommunications equipment makers would face major objections from the government on security or antitrust grounds." The Post adds, "Murray Hill, N.J.-based Lucent and Paris-based Alcatel said late Thursday that they are 'engaged in discussions about a potential merger,' but said they could not guarantee they would reach any agreement. A merger would greatly expand Alcatel's business in the United States and allow the two companies to cut costs and better compete with their larger competitors. … It is unclear how a merger, if one materializes, would be structured."

BGE Says Merger Will Buffer Rate Increases. The Washington Times (3/25, Miller) reports, "A Baltimore Gas and Electric Co. executive yesterday warned that lawmakers' attempts to block a multibillion-dollar merger could force the utility to more quickly implement a 72-percent increase in energy rates. … 'Without the merger there is no room to lower rates,' said Robert L. Gould, communications director for BGE parent company Constellation Energy Group. 'We have gone right to the edge of how much we can tolerate on the balance sheet.'" The Times continues, "He also said if lawmakers make good on their threat to block Florida Power & Light's $11 billion purchase of Constellation Energy, they likely would derail plans to gradually phase in a 72-percent increase in electric bills. … 'One of the benefits of the merger is you have a bigger balance sheet,' Mr. Gould said. 'You take that away, and it will be tougher and our credit rating will be thrown into question.' … As proof, he said Moody's Investor Service has already put Constellation on a watch list because of uncertainty about the regulatory environment taking shape in Maryland's legislature."

ENVIRONMENT/INDIAN AFFAIRS:

Results Of Yucca Probe Forwarded To DOJ. The Las Vegas Review-Journal (3/25, Tetreault) reports, "Federal prosecutors are reviewing evidence gathered by investigators into whether scientists falsified quality assurance documents at Yucca Mountain, officials confirmed Friday." The Review-Journal continues, "Inspectors general for the Interior and Energy departments sent a report to U.S. Attorney Daniel Bogden in Las Vegas in the past month, said Roy

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Kimes, a spokesman for Interior Department Inspector General Earl Devaney. … 'The investigative work has been done, and the report has been forwarded to the Department of Justice,' Kimes said. 'It is not considered finalized until we get an indication from DOJ that they are going to prosecute or not going to prosecute.'" Denise Smith, a spokeswoman for Energy Department Inspector General Gregory Friedman, "said 'it is possible' that evidence of wrongdoing was discovered, but communications between investigators and prosecutors do not necessarily signal the probe is near an end. … 'As evidence is uncovered, there are dealings with the U.S. attorney's office, and oftentimes the U.S. attorney may have us do additional work or not depending on what is found,' Smith said. … Inspectors were asked to determine possible criminal activity by federal employees after the disclosure in March 2005 of provocative e-mails. … In the messages, which were written between 1998 and 2000, several workers discussed possible alterations of quality assurance documents that backed up their water infiltration models at the nuclear waste site."

Officials Warn Of Threat From Viruses Transmitted From Animals To Humans. The New York Times (3/25, Altman, 1.19M) reports, "Stronger ties between veterinarians and physicians are needed to prevent further outbreaks of the animal diseases that have caused deaths and serious illness among humans in many countries in recent years," according to international health officials. The Times notes, "The AIDS, SARS and A(H5N1) avian influenza viruses and at least eight other infectious agents carried by animals have led to new and emerging human diseases in recent years."

NYTimes Wants National Forest Sale Blocked. A New York Times (3/25, 1.19M) editorial says President Bush's 2007 budget proposes to raise money by, "auctioning off about 300,000 acres of federal forest in 41 states, at an anticipated price of $800 million." The Time continues, "This page has objected on many occasions to the administration's efforts to roll back protections for the national forests, chiefly its decision to rescind President Bill Clinton's 'roadless rule,' which would have shielded nearly 60 million acres of national forest from further commercial intrusions. Though it involves much less acreage, the proposal to sell forest land reflects the same insensitivity to environmental values, not to mention misplaced budget priorities. In addition to the forest sale, the administration also proposes to sell a half-million acres managed by the Interior Department, not for any purposes related to stewardship of the public lands, but simply to reduce a national deficit already bloated by tax cuts. Congress should reject both ideas out of hand."

Sections Of Voting Rights Act Affecting Indians Soon Up For Reauthorization. Indian Country Today (3/24, Melmer) reports, "The Voting Rights Act, enacted in 1965, will celebrate its 41st anniversary on Aug. 7; yet some provisions of the act, which supporters argue have brought American Indians into the political arena, are due to expire in 2007." ICT continues, "American Indian and non-Indian organizations are in the midst of compiling and reporting research that shows the VRA - with some permanent provisions and some temporary - has made a difference to many minorities and furthers the argument that the VRA is still needed in its entirety." ICT adds, "Section 5 of the act, renewed several times, requires nine states and portion of seven states to submit changes that affect voting in any way to the U.S. Department of Justice for approval, or pre-clearance, as it is referred. That section is due to expire in 2007. Section 5 was last renewed by Congress for a term of 25 years, and that is the recommendation again. … Section 203, which requires assistance for limited-English speakers at the polls, and Sections 6 - 9, which authorize the federal government to monitor elections, are all set to expire. … The American Civil Liberties Union submitted a comprehensive report on how the VRA affects Indian country. The states that benefited the most from the VRA were Montana, Nebraska, Wyoming, Colorado and South Dakota. In each state, litigation or the threat of litigation mitigated state voting legislation that would have adversely impacted American Indian residents."

FBI/DEA/ATF/USMS:

Mueller Addresses Houston Crime, Terrorism Forum. KPRC-TV Houston (3/24, 10:05 p.m.) reported, "The director of the FBI was in town today talking about Houston safety and security. Gang violence, human smuggling and port security were just some of the big issues Robert Mueller talked about," and "he says the key to fighting the growing crime in Houston is by sharing intelligence and creating task forces." KRIV-TV Houston

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(3/24, 9:47 p.m.) noted that "Mueller made a stop in Houston today, but it wasn't for investigative work. He spoke to the Houston Forum on Globalization of Crime and Terror." KHOU-TV Houston (3/24, McShan) reports, "The FBI is helping police identify gang members from New Orleans who are now in Houston." FBI director Robert Mueller said of the bureau's role, "We have worked together both New Orleans and in Houston to exchange intelligence information that will enable both (HPD Chief Harold Hurtt) and the New Orleans police department to do the jobs. We recognize that not just in terms of New Orleans and Houston, but gangs and criminals that traverse the country now." KHOU adds that "both cities are cracking down on gangs, and no one wants them to call their city home."

KHOU-TV Houston (3/26, Edwards) reports on the proliferation of New Orleans gang graffiti, noting, "Authorities said the new markings are all over southeast and parts of southwest Houston" and "authorities said they have brought their turf war to Houston." But it is "a battle that the FBI director said can be stopped with the help of local police. 'For us to be effective, we have to work together,' FBI Director Robert Mueller said. 'We are here in Houston and as well as back in New Orleans.'"

Mueller Praises New Orleans Agents, Says Headquarters Will Reopen In June. The New Orleans Times-Picayune (3/24, Chapple) reports, "The FBI will move back into its New Orleans headquarters on the Lakefront by early June, agency Director Robert Mueller said Thursday after visiting agents in St. Tammany Parish. … Despite having to relocate and work under adverse conditions, local agents and staff have never missed a beat, Mueller said. They were able to salvage all evidence and case files from the New Orleans office after the storm, he said. And continuing fraud investigations have resulted in 71 indictments or charges, he said." Mueller added, "I wanted to talk to the FBI personnel here. Many lost their homes and continued to work. I wanted to see how they were doing in terms of rebuilding." Before his meeting with Mueller, St. Bernard Parish Sheriff Jack Stephens "praised the FBI," saying, "They're one federal agency which I have no complaints about. They were there for us when we needed them."

WDSU-TV New Orleans (3/24, 6:11 p.m.) reported, "Since Hurricane Katrina damaged the FBI's building in Lakefront, the bureau has been using rented space at the Covington Country Club on the north shore. Agency Director Robert Mueller says that despite relocating, agents and staff were able to salvage evidence and case files from the New Orleans office after the storm." WGNO-TV New Orleans (3/24, 5:01 p.m.) noted that "Mueller visited the temporary office yesterday."

Three Plead Guilty In "Operation Lively Green" Probe. The Washington Times (3/25, Seper) reports, "Two U.S. soldiers and a former Air Force sergeant have pleaded guilty in a widespread bribery and extortion conspiracy as part of an ongoing undercover investigation that has already resulted in 50 guilty pleas from servicemen and civilian government workers, Assistant Attorney General Alice S. Fisher said yesterday." The Times continues, "Pleading guilty in Tucson, Ariz., on Thursday to one count each of 'conspiring to enrich themselves by obtaining cash bribes from persons they believed to be drug traffickers' were Curtis W. Boston II, 24, formerly a sergeant in the U.S. Air Force; U.S. Army Staff Sgt. Rodney E. Mills, 39; and Arizona National Guard Sgt. Gustavo C. Soto, 33." The Times adds, "Court documents show the smugglers were actually undercover FBI agents, part of 'Operation Lively Green,' with whom the three are accused of conspiring to use their positions to 'assist, protect and participate in the activities of an illegal narcotics trafficking organization engaged in the business of transporting and distributing cocaine from Arizona to other locations in the southwestern United States.' … In order to protect the cocaine shipments, the records said, the men wore their uniforms, carried official identification cards and drove in military vehicles to prevent police inspections for narcotics as they transported the drugs through U.S. Border Patrol, Arizona Department of Public Safety and Nevada law-enforcement checkpoints. … Mrs. Fisher, who heads the Justice Department's criminal division, said all the defendants escorted at least one shipment of cocaine from locations that included Nogales, Ariz., and Tucson, to large metro areas including Phoenix and Las Vegas. The three who pleaded guilty on Thursday accepted $50,000 in bribes for their participation. The conspiracy charge carries a maximum penalty of five years in prison and a $250,000 fine. All three agreed to cooperate in the ongoing investigation and will be sentenced in June."

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IMMIGRATION:

Bush Seen As Unlikely To Make Progress On Immigration In Cancun. Knight Ridder (3/25, Douglas) reports that when President Bush, Canadian Prime Minister Stephen Harper and Mexican President Vicente Fox meet in Cancun on Thursday "U.S.-Mexican immigration is expected to dominate the two-day meeting. … Given the political climate across the United States, it's doubtful that Bush will get his wish for a nondivisive debate. Many in Washington question whether any immigration legislation can pass this year. Bush is weakened by low approval ratings, and opposition to illegal immigration has become a red-hot issue in many states where lawmakers face voters in November. Moreover, several potential 2008 presidential candidates are weighing in from opposing sides, lessening the chance for compromise."

Cornyn Describes McCain-Kennedy Bill As "Amnesty." The Fort Worth Star-Telegram (3/25, Montgomery, 247K) reports Sen. John Cornyn "vowed Friday to oppose a bipartisan immigration measure that would put millions of illegal immigrants on track toward legalization, saying the bill would 'encourage further disrespect for our laws.' … He described the McCain-Kennedy bill as amnesty for illegal immigrants."

Cornyn-Kyl Bill Ridiculed As "Report-To-Deport" Plan. The Dallas Morning News (3/25, Mittelstadt), in an article carried by at least fourteen papers across the US, reports Cornyn and Sen. Jon Kyl "have crafted a rival proposal that would permit illegal immigrants to become guest workers for six years but then require them to return home. That plan, derided as 'report-to-deport' by critics, has received little support – and those who marched on Mr. Kyl's office Friday favor a much more liberal legalization plan."

Legal Scholars Object To Senate Bills' Provision On Immigration Appeals. The New York Times (3/25, Swarns, 1.19M) reports that "a little-noticed provision" in Senate immigration bills sponsored by Sens. Bill Frist and Arlen Specter "would reshape the handling of immigration appeals cases and has touched off an outcry from several legal scholars, federal judges and the policy-making group for the federal courts." The bill designates the United States Court of Appeals for the Federal Circuit, which "currently handles no immigration appeals, as the only court in the nation to handle immigration appeals. Such appeals are currently shared by the 12 other federal appellate courts. The judges and scholars say that the circuit court in Washington, which handles about 1,500 nonimmigration cases a year, would be swamped by an additional 12,000 immigration cases. And they say that the court lacks the expertise to handle complex immigration cases, which often raise a host of constitutional and human-rights issues."

Guest Worker Proposals' Antecedents Noted. The AP (3/25, Abrams) reports, "Proponents of a guest worker program to address the chaos of illegal immigration have a hard sell in front of them. Similar programs in the past have been plagued by abuses and have done little to stem the influx of undocumented workers." McCain and Kennedy's bill "would build on a near-century old tradition of turning to foreign unskilled laborers, mainly from Mexico, in response to labor shortages, often during times of war." During World War I, "an agreement was reached with Mexico to let in unskilled workers. … A much larger exchange, the Bracero program, began in 1942, during World War II, and continued in varying forms through 1964."

Immigrants Protest Congressional Border Security Bill. NBC Nightly News (3/24, lead story, 3:00, Brown, 9.87M) opened its broadcast with a report on immigrants' protests across the country. ABC and CBS also ran relatively long pieces on the immigration issue, but ABC concentrated on legislation being considered by the Georgia legislature that would severely restrict the ability of Illegals to find employment. NBC reported, "It is happening around the country now, by the thousands people are taking to the streets in protest, walking out of schools, shutting down businesses. The issue they are so outraged over is immigration. … The protests were sparked by a plan Congress is taking up next week aimed at cracking down on illegal immigration with tough new penalties." NBC contended, "Here in California and across the US everyone agrees that the immigration system needs to be fixed, the question is how." Senator Bill Frist was shown saying, "In order to stop the flow of illegal immigration and make America safer from criminals and terrorists."

ABC's World News Tonight (3/24, story 5, 2:00, Vargas) reported, "Today, protesters around the country opposed tough, new immigration laws that are in the works. 10,000 people rallied in Phoenix. 30,000 marched in Milwaukee. And in Los Angeles, 500 students walked out of their school."

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The CBS Evening News (3/24, story 3, 2:20, Stahl, 7.66M) reported, "The protests were much bigger and angrier than anyone expected." CBS added, "A usually silent minority made some noise today. … Fighting against house Bill 4437 passed in December, it would make illegal immigrants felons and build a 700 mile border fence." The Senate "begins work on its immigration reform bill on Monday with republicans fractured. Some side with President Bush who wants a guest worker program for the more than 12 million illegal immigrants. Others are calling for more restrictive reform." According to CBS, "the rallies aren't over yet. Tomorrow in Los Angeles, another protest. Tens of thousands of people are expected to march through downtown."

The Scripps Howard News Service/Arizona Daily Star (3/25, McCombs) reports, "Immigrant advocates across the country want to make sure nobody misses their message: Don't criminalize illegal entrants. Groups have ramped up efforts this month by organizing large street rallies, holding press conferences and meeting with state and federal lawmakers."

Phoenix Protestors March On Kyl's Office. The AP (3/25) reports, "In Phoenix, the police said 20,000 people marched to the office of Senator Jon Kyl, a Republican and the co-sponsor of a bill that would give illegal immigrants up to five years to leave the country. Officials said it was one of the largest protests in the city's history. Mr. Kyl pointed out that most were speaking out against the House bill making it a felony to be an illegal immigrant, not against his bill, which would also step up border enforcement and create a temporary guest-worker program."

KOLD-TV Tucson, AZ (3/25, Patel) reports, "Hundreds of mothers, children, teachers, and construction workers with American and Mexican flags stood on Ina and Oracle in front of Senator John Kyl's Tucson office. Up in Phoenix, more than 20-thousand marched to Kyl's office. All voicing their opposition for Bill H.R. 4437 that's headed for the Senate. If passed it makes it a felony for illegal immigrants to live here and penalizes anyone who helps them. Some protestors believe the Sensenbrenner Bill H.R.4437 is similar to another bill Senator Kyl is trying to pass."

Los Angeles Students Stage Walkout. The Los Angeles Times (3/25, Keller, Gorman, 958K) reports, "On the eve of a large rally planned downtown, hundreds of Los Angeles-area high school students staged a walkout Friday. … Disrupting classes at more than half a dozen schools, students marched onto city streets waving Mexican flags and clutching red, white and green balloons as they chanted 'Viva Mexico!'" The Times claims, "Students said they were protesting what activists see as mostly punitive legislation proposed by Rep. F. James Sensenbrenner."

Border Region Sheriffs Meet To Coordinate Efforts. The Dallas Morning News (3/25, Corchado) reports, "Border county sheriffs from Texas to California joined forces Friday in an effort to stop the violence along an increasingly chaotic U.S.-Mexico border and pressure the U.S. government to take control of its territory. Following a two-day closed-door meeting here [El Paso] sheriffs from California, Arizona and New Mexico pledged to work with their hosts, the 16-member Texas Sheriff Coalition, to stop traffickers and potential terrorists at the border."

Proposed Georgia Immigration Reform Among Nation's Most Restrictive. ABC's World News Tonight (3/24, story 5, 2:00, Vargas) reported, "The government estimates there are 8 million to 10 million illegal workers in the country right now. There is legislation in Washington that may soon change that, but many states aren't willing to wait and are taking action on their own." ABC went on to note that the Georgia legislature is likely to approve "one of the most restrictive pieces of immigration legislation in the country." If the legislation becomes law, "Any employers with state contracts…would be barred from hiring illegal immigrants. Private businesses would face stiff fines for the same practice. Illegal immigrants would be dropped from social services, health care programs, schools, anything funded with taxpayer dollars. And there's even a possible 5% tax on money illegal immigrants wire to other countries. Georgia lawmakers say that if congress can't seem to curb illegal immigration, they will do it for them." ABC noted, "In Georgia, polls show that 80% of residents support limiting illegals."

The CBS Evening News (3/24, story 3, 2:20, Stahl, 7.66M) reported, "In Georgia today an estimated 80,000 Hispanics didn't show up for work."

CONGRESS-ADMINISTRATION:

Bush And Cheney Highlight Differences With Democrats. President Bush and Vice President Cheney aggressively challenged Democrats on both domestic and foreign policy Friday. Their effort was characterized as a political response to dropping poll ratings

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as the 2006 elections approach. Bush's trip received prominent coverage in the nation's major newspapers, on local TV stations and on cable TV, but was ignored by the national network news.

The AP (3/25, Riechmann) reports Bush and Cheney "launched a one-two political punch against Democrats on Friday, saying they are ill-equipped to handle the economic recovery or the war on terror." In the face of "dismal poll ratings, Bush worked to frame the debate ahead of this year's congressional elections by telling supporters that 'the difference is clear' between the two parties on how to sustain the recovery." Meanwhile, Cheney "took on Senate Democratic leader Harry Reid and party chairman Howard Dean by name. He said leading Democrats have demanded a 'sudden withdrawal from the battle against terrorists in Iraq -- the very kind of retreat that Osama bin Laden has been predicting.'"

The Washington Post (3/25, A3, Vandehei, 744K) says Bush "provided a preview of his two-front strategy for protecting the Republican congressional majority in an ominous political climate: hammer Democrats on national security and the economy, and raise millions of dollars for embattled GOP candidates." He "is adjusting his approach to befit the environment and is shifting into campaign mode. He realizes, aides say, that he is no longer the political force he was in the days before the 2002 and 2004 elections." Their "short-term goal is stabilize Bush's low public-approval ratings by talking about the progress and prospects for victory in Iraq. The White House also hopes to minimize intramural GOP feuding with a skeletal domestic agenda." Meanwhile, "Cheney has emerged as a central player in this strategy." He "has participated in 46 fundraisers since the beginning of 2005, including 25 for House members." In Florida Cheney "offered a variation of the new White House attack on Democrats that aides said will become a staple of campaign-oriented speeches." He "portrayed the entire Democratic leadership as wobbly in the fight against terrorism."

The Los Angeles Times (3/25, Gerstenzang, 958K) in an article titled "Bush Slams Democrats On Taxes, War" reports, "As he has all week, Bush delivered a strong pitch for fighting the war in Iraq." Bush said, "The only way that we can lose is if we lose our will. … It's the only way we can lose." Yet "he also spotlighted domestic issues, blasting Democratic opposition to the tax cuts that have been at the core of his economic program." Bush was quoted saying, "The difference is clear. … If you want the government in your pocket, vote Democrat. If you want to keep more of your hard-earned money, vote Republican" by most newspaper coverage Saturday morning.

Bloomberg (3/25 Murray, Roberts) adds, "In Indiana today, Bush said he understood that the 'turbulence on the TV screen affects the conscience of America.' He maintained that Iraqi troops are improving and that the U.S. won't retreat." While Cheney said in Florida "With that sorry record, the leaders of the Democratic Party have decided to run on the theme of competence."

Fox News Special Report With Brit Hume (3/24, Angle) reported President Bush and Vice President Dick Cheney "hit the ground today." Cameron: "At a campaign fundraiser for Indiana candidate it took only 13 words for the president to lay out the G.O.P. strategy as painting themselves as strong and democrats as timid on terror." Bush: "We must have members of the United States congress who will not weaken." Cameron: "That was tame compared to vice president Dick Cheney who had an answer too -- he blasted top party democrats for the their comments saying plans are dangerously incompetent."

CNN's The Situation Room (3/24, 7:00 p.m.) reported, "The top guns of the Bush White House have been firing away at Democrats. President Bush and Vice President Cheney appearing in different states but seem to be working together to try to help their party and perhaps the President's poll numbers as well."

CNN correspondent Dana Bash said on CNN's The Situation Room (3/24, 7:00 p.m.) that "today really felt like the beginning of 2006, the campaign year of 2006 for this White House. As you mentioned, both the Vice President and the President were out at fund-raisers for Congressional candidates. And Mr. Cheney, for his part, came out breathing fire on Iraq. His mission today was to hit back against the Democratic" leadership.

Local Newspaper Coverage. The Indianapolis Star (3/25, Ruthhart, 267K) reports, "Bush said he needs more 'good, honest' men like Sodrel in Congress to help him push his agenda during the final two years of his presidency. Several times Bush laid out his policy positions, punctuated by the phrase 'and Mike Sodrel understands that.'" The Star notes, "Perhaps his most emphatic call came for making permanent the tax cuts passed earlier in his presidency, which will expire in coming years if no action is taken."

The Indianapolis Star (3/25, 267K) also provides a minute-by-minute account of Bush's trip saying, "Speaking for

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about 30 minutes, the president offered a folksy defense of his policies and made a hard push for a continued Republican-controlled Congress."

The Pittsburgh Post-Gazette (3/25, 261K) in a brief article without much coverage of Bush's message reports, "While at the airport," Bush "also presented the President's Volunteer Service Award to Edy Hope, a volunteer with Carebreak at the Watson Institute in Sewickley who helps a family with a 6-year-old autistic girl." Meanwhile, "Bush opponents…organized a demonstration in downtown Sewickley last night."

In a second article from Orlando the AP (3/25, Reed) reports, "Vice President Dick Cheney blasted Democrats for opposing provisions of the Patriot Act and criticizing President Bush's approval of secret wiretaps for domestic surveillance at a fundraising lunch Friday," saying that "if Democrats were capable of handling the war on terror, 'Then I ought to be singing on American Idol.'"

The Orlando Sentinel (3/25, Damron, 265K) reports, "Vice President Dick Cheney touted a robust economy and defended the Bush administration's tax cuts and handling of the Iraq war to an Orlando crowd of fundraisers for U.S. Rep. Ric Keller on Friday." The "event raised $250,000 for a re-election campaign that now has $1.2 million." Florida Today (3/25, Peterson, 84K) also covers this story.

Bush Poor Poll Numbers Dominate Local TV Campaign Stop Coverage. More than 30 local television stations reported on President Bush's campaign stops in Indiana and Pennsylvania. The stories focused heavily on Bush's negative poll numbers and frequently said that Senator Santorum was avoiding being publicly seen with the President. Still many of the stories mention the large financial boon these trips are expected to bring for the candidates. One example: KDKA-TV Pittsburgh (3/24, 4:00 p.m.) reported, "This morning, he left Washington DC on a campaign trek first to Indianapolis and later to Pittsburgh and here to help Senator Rick Santorum for an event I'm told may raise as much as $1 million dollars." KDKA continues that at "this event Senator Santorum I think is worried that President Bush's poll numbers in Pennsylvania are really low. They're very low right at the moment. And the fact is, that he may not want to be tarred with the President."

WTAE-TV Pittsburgh (3/24, 5:30 p.m.) reported, "President Bush is in Pittsburgh, he's here breaking away from a string of visits to get support for the war on terror to help a fellow Republican, a fund-raiser for Rick Santorum." WPXI-TV Pittsburgh (3/24, 11:00 p.m.) reported, "President Bush hopes the stop in Sewickley will pay off in November. The President was in town for that private fundraiser for Rick Santorum."

WLWT-TV Cincinnati (3/24, 5:00 p.m.) reported, "Bush headed out to campaign in Indiana today lugging heavy baggage. The war in Iraq Hurricane Katrina, and a wave of layoffs. House Republican Mike Sodrel braved the stage with Mr. Bush today. But tonight's fundraiser in Pittsburgh is closed." WKRN-TV Nashville (3/24, 5:30 a.m.) reported, "President Bush's visit to a fund raiser today in Indianapolis could bring in more than a-half million dollars for Indiana Congressman Mike Sodrel."

KQCA-TV Sacramento-Stockton (3/24 10:00 p.m.) reported, "President Bush's popularity is so bad that even in Republican circles, candidates are giving the Commander-in-Chief the cold shoulder. In most years, candidates are begging the White House for the President to campaign with them. Not this year. Tonight, one particular fundraiser in Pittsburgh was closed to the public, so Senator Rick Santorum could avoid being seen in public with President Bush. The President's current approval rating is 34 percent."

KSFY-TV Sioux Falls-Mitchell (3/24, 5:30 a.m.) reported, "President Bush will be on the campaign fund-raising trail today in Indiana and Pennsylvania." Earlier this week, "Bush told a White House news conference he knows congressional republicans are nervous this year. But despite Bush's slump in public opinion polls, spokesman Scott McClellan says the President is still a big fund-raising draw."

GOP Candidates Keep Distance From Bush But Seek His Fundraising Help. Virtually ignoring Bush's message and focusing on the problems Bush faces in getting support from GOP lawmakers while on the campaign trail, the New York Times (3/25, Stolberg, 1.19M) reports "when Mr. Bush arrived at the Pittsburgh airport…Santorum was the first to greet him, and the president spun the senator so that he faced the press pool for photos of the two of them, according to the pool report."

The AP (3/25, Raum), in an article titled "Candidates Cool To Bush, But Not His Money," reports, "Many worried Republicans on the ballot in November have been pushing away from the White House, not wanting to be dragged under by President Bush's sinking approval ratings and growing anxiety over Iraq. That doesn't mean they're fleeing his cash offerings, however." The AP adds, "Bush remains the nation's most successful fundraiser. Vice President Dick Cheney,

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whose poll numbers are even lower than Bush's, is not far behind. … Even as some Republicans are becoming increasingly defiant on a range of issues, they're still lining up dutifully for the president's campaign dollars." The AP goes on to note several instances in which GOP candidates have failed to attend events featuring either the president or vice president.

Time Poll Suggests GOP Will Retain Control Of Congress. Time (3/25) in a web exclusive reports its latest poll conducted March 22-23 "finds Americans unhappy with the performance of the Republican-controlled Congress — 39% approve, versus 49% who disapprove — and gives Democrats a 9-point lead when voters are asked to state which party's candidate they would choose for a House of Representatives seat (50% answered Democrat, 41% chose Republican)." Yet, "voter unhappiness over the Republican-controlled Congress and White House has not yet translated into a groundswell of support for the Democrats. … Nor will President Bush's dismal 39% approval rating necessarily drag down his party: almost half of voters (44%) were indifferent to whether their preferred Congressional candidate supports or opposes Bush." Time notes that "one strong sign that a political earthquake is unlikely in November: almost two out of three respondents (63%) approved of the job their own congressional representative is doing." Currently, the Democrats' "9-point advantage in party preference may not be a reliable indicator of a shift in control of the House of Representatives."

House GOP Said To Hope Baker Group Provides Iraq Exit Strategy. Newsweek's Eleanor Clift (3/25) writes, "Bush has his eye on his legacy, but House Republicans have a more immediate concern -- and that is how to save their jobs come November. 'Stay the course' is not a popular slogan on the campaign trail. That's why a new Iraq Study Group commissioned by Congress and co-chaired by former cabinet member James A. Baker III, the Bush family Mr. Fix-It, is seen by many Republicans as their best hope to forge a path out of the hell that Iraq has become. … It's Baker's cunning and diplomatic deftness that Republicans hope will extricate them from Iraq, or at least give them some new talking points in the run-up to the election."

Small Towns Begin To Have Doubts About The Iraq War. NBC Nightly News (3/24, story 4, 1:50, Brown, 9.87M) reported on how the war in Iraq has affected two small towns – one in rural Pennsylvania and on in Mississippi. According to NBC, "At Susquehanna High in rural Pennsylvania" National Guard recruiters are "welcome in a school where even in wartime the military's an attractive option. … But for all of the authentic Patriotism here" recruiters have "heard more and more doubts raised about the war itself." NBC added that in Bruce, Mississippi, "though there's still support for the war" also "there are now more questions."

Support For Impeaching Bush Seen As Gaining Steam Among Liberals. The Washington Post (3/25, A1, Powell, 744K) in a front page story titled "Impeachment Whispers Get Louder" on its web site focuses on how support for impeaching Bush in is growing reporting, "It would be a considerable overstatement to say the fledgling impeachment movement threatens to topple a presidency -- there are just 33 House co-sponsors of a motion by Rep. John Conyers Jr. (D-Mich.) to investigate and perhaps impeach Bush, and a large majority of elected Democrats think it is a bad idea. But talk bubbles up in many corners of the nation, and on the Internet, where several Web sites have led the charge, giving liberals an outlet for anger that has been years in the making." In addition to local Democrats, one "Zogby International poll showed that 51 percent of respondents agreed that Bush should be impeached if he lied about Iraq, a far greater percentage than believed President Bill Clinton should be impeached during the Monica S. Lewinsky scandal."

Specter Schedules Hearing For Bush Censure Resolution. The AP (3/25) in a brief story notes, "The Senate Judiciary Committee has scheduled a hearing for next Friday on Sen. Russ Feingold's resolution to censure President Bush for authorizing a warrantless surveillance program."

The New York Times (3/25, 1.19M) reports Sen. Arlen Specter "said he had decided to schedule the session after Mr. Feingold, in a television interview, pressed for hearings on the censure proposal." He "said his intent was not to use the session as a political forum but to explore issues surrounding the proposed censure. He said he believed the proposal was baseless." Specter said, "I am prepared to deal with it. … I am sure not going to sit back and have Feingold spout off."

More Commentary On Bush And Cheney Challenge To Democrats. Former presidential adviser David Gergen said on CNN's Lou Dobbs Tonight (3/24, 6:00 p.m.), "It seems like a peculiar time for rhetorical volleys back and forth. They have a few months to get this straightened out in Iraq, the window's closing there. Got get a government, an all-hands effort to push the Iraqis. And the President was

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talking about that this week. We need action. We need the secretary of state over there, the Vice President over there knocking heads among Iraqis to get a government tomorrow formed and they've got to have a strategy." Gergen added, "They ought to stress policy and action and personnel, not all this rhetorical stuff."

Chris Matthews said on MSNBC's Hardball (3/24, 7:00 p.m.) "The White House unleashed Dick Cheney to defend the honor of the President and crush Democratic critics who question his fitness to protect the country." He later added "Let me ask you about this Cheney thing. People think he is the most powerful Vice President and he goes today with a mission which he announced himself and said I'm going out to defend the President of the United States against the charge of incompetence. I find that so ironic and almost disloyal to Bush because it looks like they made a charge against him and had to defend him."

Syndicated columnist Charles Krauthammer on Fox News Special Report With Brit Hume (3/24, Angle) compared Cheney's remarks to Spiro Agnew's complaints about the "nattering nabobs of negativism" and said, "Look, the Vice President is out there swinging, although, I'm not sure you can laugh off the competence charge with a joke like that. After all, even apart from the war, you have Katrina, the Harriet Miers deal, the ports stuff, stuff that was not really well-handled. The way to handle the competence charge is to do thing that are competent between now and election day. They ought to draw on the weakness of the Democrats and the war but they are all over the map. With the speeches he made speaking without a prompter and from his heart, the President at least rallies those who support the war."

Morton Kondracke on Fox News Special Report With Brit Hume (3/24, Angle) said that "the problem is I'm not sure talk will do it this time. Talk by itself. I think there's got to be a government forum in Iraq, it's got to be a good government. The Iraqi military has got to fight and win battles against the insurgency, and there's got to be troop withdrawal by November in order for the republicans to do well in the election."

Fred Barnes on Fox News Special Report With Brit Hume (3/24, Angle) said, "What Cheney previewed was the campaign Republicans are going to run probably before the fall. They are not going to allow it, don't want it to be a referendum on the President. They want it to be a choice. They say 'you may not agree fully with what we're doing in Iraq but these guys are going to pull out and the whole world will collapse.' And they are going to make it a them or us choice."

Democratic strategist James Carville said on CNN's The Situation Room (3/24, 7:00 p.m.), "here is a man who said that we would be greeted as liberators, that Iraq had reconstituted the nuclear weapons program. It is kind of funny. Him talking about competence is like me talking about hair. Don't know very much about it now, do we? And I have to say when it comes to Cheney -- red Rover, red Rover, send Dick Cheney right over."

President of American Cause Bay Buchanan said on CNN's The Situation Room (3/24, 7:00 p.m.) "The key is this is reminiscent of the old Spiro Agnew. The key -- what the vice president is trying to do here is create a national agenda for Republicans. So whether he goes into this state or not or just talks to national television, the point is make that trump card stronger than ever. National security works for Republicans. Let's bring it up there. Let's put the Democrats on the defense. They are splintered on it. They fall apart every time somebody says something strong in their -- takes strong action in their party. Let that happen again between now and November."

Former Presidential Candidate Rev. Al Sharpton said on MSNBC's Hardball (3/24, 7:00 p.m.) "I think that for the Cheney statements today and others to act as though they can shift this to the competence of the Democrats when they were in charge not only of the White House, but of the Congress, is what's going to come and burn them in the midterm election." He later added, "If we had a meeting at democratic headquarters to choose who we could get to defend Bush, Dick Cheney would have won. He would be by far, the one I would want to help Bush."

First Lady Says She Has Hand In White House Personnel Decisions. The New York Times (3/25, Bumiller, 1.19M) reports that in an interview with CNN's Larry King broadcast Friday night, First Lady Laura Bush said "she advised her husband regularly on personnel, and she suggested that she had weighed in on the continuing calls from Republicans for new blood in the West Wing." The Times notes that the First Lady "made her comments in response to questions from Mr. King about a Washington Post article on Friday by Sally Quinn. In a 'Dear Laura' essay in the Style section, Ms. Quinn wrote that Mrs. Bush was the only person who could tell her husband the truth about the problems he faces." Asked if she gives the president advise

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about personnel, she responded, "I would certainly — that's one of the things we do talk about the most, are personalities. I know everyone as well as he does, who works here. I've worked with them also. So certainly I would give him that kind of advice."

Bush To Throw Out First Pitch In Cincinnati. The Cincinatti Enquirer (3/25, Wilkinson) reports, "President Bush will become the first sitting president to throw out the ceremonial first pitch at the Reds' Opening Day game, the White House and the team confirmed Friday." Sen. Mike DeWine, a season ticket holder "will be in his seat on the mezzanine level for Opening Day."

Government Releases $1.5 Billion To States To Offset Health Costs. The AP (3/25) reports, "The federal government released $1.5 billion on Friday to offset health care expenses that states incurred when assisting Hurricane Katrina evacuees." Congress has "set aside $2 billion to reimburse states" and "the $500 million not distributed yet will cover future expenses." The federal government "granted waivers to states that had temporarily enrolled evacuees into their Medicaid programs" after the hurricane.

Medicare Benefit Makes Obtaining Drugs Harder For Some Seniors. Knight Ridder (3/25, Pugh) reports patients "are facing a new problem with the fledgling Medicare prescription drug benefit: Medications they once received without question from other plans are being denied by the private insurers running the Medicare plan. When they appeal the coverage denials, the patients and their physicians face confusing forms, time-consuming demands for personal medical information and long delays." Knight Ridder adds, "And many fear things will worsen in April when tens of thousands of elderly and disabled patients must formally petition the plans to get refills on medications that were provided on a temporary emergency basis.

Employees Often Burdened By Obligations To Elderly Parents. The New York Times (3/25, Gross, 1.19M) reports that "as corporate America scrambles to help the soaring number of baby boomers, mostly working women, whose obligation to frail, elderly parents results in absenteeism, workday distractions or stress-related health problems. Companies are responding, but experts say they often use child care benefits as a model when they do not suit the different and unpredictable needs of the elderly."

OTHER NEWS:

New Home Sales' Steep Drop May Signal End Of Housing Boom. The CBS Evening News (3/24, story 6, :30, Stahl, 7.66M) reported, "A sharp drop in new-home sales reported today surprised analysts who say the long housing boom may finally be losing steam. Sales of new single-family homes fell 10.5% in February, the biggest decline in almost nine years. And for the fourth straight month the median price of a new home dropped to $230,400."

The Washington Times (3/25, A1, Hill, 90K) in a front page story reports, "The downturn in the housing market is deepening, with new home sales at a nine-year low, prices down for the fourth month in a row and mortgage applications at their lowest point in three years." The "rapidly decelerating housing market" is a concern for both the stock market and the Federal Reserve which "is scheduled to meet on Tuesday to decide on raising interest rates once again. While most Fed-watchers say another rate increase is in store next week, the faltering housing market may influence the Fed to consider pausing later this spring."

The Washington Post (3/25, D1, Tse, 744K) notes that in contrast a National Association of Realtors survey showed "that existing-home sales had increased in February after a five-month decline." While experts "cautioned against reading too much into monthly changes in either report," there "is no question, experts said, that things are cooling."

Bloomberg (3/25, Richter) notes it was the biggest decline "in nine years" and says, "Rising mortgage rates are making new homes less affordable. The average rate on a 30-year mortgage rose to 6.25 percent in February from 6.15 percent the month before, according to Freddie Mac."

The Financial Times (3/25, Swann) adds, "A big slowdown could prompt consumers to cut spending and boost savings. Such a shift could help reduce the current account deficit but at the cost of significantly slower growth." The Wall Street Journal (3/25, Dunham, 2.11M) and the Los Angeles Times (3/25, Haddad, 958K) also report on the drop in new-home sales.

Stocks Finish Up Slightly For The Week. NBC Nightly News (3/24, story 7, 0:20, Brown, 9.87M) reported, "On Wall Street today stocks finished the week with modest gains. The Dow was up just under 10 points. For the week the Dow was almost unchanged up less than one point. The NASDAQ gained just over six points on the week."

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The Wall Street Journal (3/25, McKay, 2.11M) reports, "Economic data from the Commerce Department contributed to the gains, after a seesaw day of trading. Durable-goods orders rose 2.6% in February, better than analysts expected." And while the Commerce Department reported new-home sales plunged in February, "it was something of a welcome sign for investors hoping the Fed will limit further interest-rate increases, convinced the economy isn't overheating."

Bloomberg (3/25, Baker) notes, "The S&P 500 rose 1.28, or 0.1 percent, to 1302.95. The Dow Jones Industrial Average added 9.68, or 0.1 percent, to 11,279.97. Google's gain aided the Nasdaq Composite Index, which advanced 12.67, or 0.6 percent, to 2312.82."

Iran Could Have Bomb In 3 Years, LATimes Reports. The Los Angeles Times (3/25, Rubin, Farley, 958K) reports, "With efforts to halt its nuclear program at an impasse, Iran is moving faster than expected and is just days from making the first steps toward enriching uranium, said diplomats who have been briefed on the program. If engineers encounter no major technical problems, Iran could manufacture enough highly enriched uranium to build a bomb within three years, much more quickly than the common estimate of five to 10 years, the diplomats said." According to the Times, "New information about Iran's program came from diplomats representing countries on the United Nations Security Council." A "senior diplomat in Vienna" is quoted as saying, "We're getting conflicting signals from the United States; it now appears they want to escalate the situation. ... The Russians see that as a slippery slope."

Iran Top Of Agenda For Rice European Trip Next Week. AFP (3/25) reports, "Secretary of State Condoleezza Rice will travel to Europe next week for talks to be dominated by the dispute over Iran's nuclear program, diplomatic sources said. The trip will begin Thursday in Germany and also take in France and Britain -- the three European Union countries that had led negotiations to press Iran to suspend all uranium-enrichment activities." According to AFP, "The German government confirmed that Rice would meet Chancellor Angela Merkel and Foreign Minister Frank-Walter Steinmeier in Berlin Thursday. Government spokesman Thomas Steg told a press conference that their talks would cover a wide range of topics, including the Iranian nuclear crisis."

"Military Solution" Not A Near-Term Option, Pace Says. AFP (3/24) reports, 'The top US military officer said here that Washington does not consider military action as an immediate option to resolve the dispute over Iran's nuclear program. 'Iran is a long way from needing any kind of military solution,' General Peter Pace...said in an interview with the NTV news channel during a visit to Turkey. 'The United Kingdom, France, Germany, Russia-- other countries, certainly the Turkish government -- are all working to persuade the Iranian government to function in a way that is not dangerous. ... There are many more things to be done politically and diplomatically before anybody, any country, considers some kind of a military option.'"

Sharon's Shadow Looms Over Upcoming Election. A number of print sources cover the Tuesday election in Israel. The New York Times (3/25, Erlanger, 1.19M) reports, 'Nearly three months after [Israeli Prime Minister Ariel] Sharon's major stroke on Jan. 4, his spirit hangs over this Israeli election, as the country prepares to give its verdict on Tuesday on Kadima, the centrist party he created. Ehud Olmert, the acting prime minister, leaves Mr. Sharon's big chair empty at the center of the cabinet table and does not use the prime minister's office. Mr. Sharon's huge photo is wrapped around the suburban headquarters of Kadima. ... Yet the image of Mr. Sharon, so recently considered the indispensable figure in Israeli politics, has now faded from the advertisements and even the television programs."

The Wall Street Journal (3/25, Leggett, Spindle, 2.11M) notes, "Kadima, the political party he created just weeks before suffering a brain hemorrhage, may score a sweeping victory, according to polls. Acting Prime Minister Ehud Olmert, previously Mr. Sharon's little-noticed deputy, is poised to ride Mr. Sharon's legacy to the prime minister's office. That could mean important changes in Israeli policies, especially concerning relations with the Palestinians. And it could present new challenges for the US and Europe when it comes to Middle East peacemaking."

Olmert is largely relying on Sharon's legacy, as a Financial Times (3/25, Morris) analysis adds, "If Ehud Olmert next week fulfills a life-long ambition to become prime minister of Israel, it will not be on the basis of his personal popularity. In a telling response to pollsters, evidently running out of questions to ask the public in one of the country's least animated election campaigns, only one in eight Israelis queried said they would want him as a dinner partner. It is a statistic that might floor a more sensitive candidate. But Mr

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Olmert has grown a tough skin during an abrasive political career spanning more than four decades in which he has rarely gone out of his way to court the public's affection."

As Israelis Prep For Vote, Unilateralism Is The New Watchword. Knight Ridder (3/25, Nissenbaum) reports, "Few people who are preparing to vote Tuesday talk about peace. Instead, they talk about giving the next government a green light to set Israel's boundaries without negotiating with the Palestinians. Acting Israeli Prime Minister Ehud Olmert has said that within four years he wants to shut down the more remote Jewish communities in the predominantly Palestinian West Bank, formally absorb the bigger Jewish settlements around Jerusalem and retain a protective military presence in the occupied valley near Jordan. Critics of the plan say it's likely to backfire. Instead of buying Israel a few years of stability, they warn, the idea of effectively seizing more West Bank land that's supposed to be part of a Palestinian state, walling Israel behind the separation barrier and retaining a military presence near Jordan will only inflame frustrations." Yossi Alpher, a former director of the Jaffe Center for Strategic Studies at Tel Aviv University, is quoted as saying, "Unilateralism cannot forge a lasting peace. ... It can't forge any peace. Unilateralism creates a better territorial situation looking towards a peace process somewhere down the line."

"Everything Is Open," Hamas Leader Says Of Vote. Newsweek (3/25, Peraino) reports, "Mahmoud Zahar is an unlikely expert on Israeli politics. In the almost two decades since he helped to found the Islamist group Hamas, Zahar has lived through six Israeli election cycles. But the most important lesson his experience has taught him is that predicting the results is a fool's errand—even in a year when one party seems poised to dominate." Zahar is quoted as saying, "Israeli society is divided into so many parties and sectors. ... Even in one party there are different sectors." Newsweek continues, "Acting Prime Minister Ehud Olmert's Kadima bloc may seem poised to crush its nearest rivals in next Tuesday's parliamentary polls. But Zahar knows the real game doesn't begin until the postelection horse-trading starts—an inevitability in a nation where 15 different parties are likely to win seats in Parliament, and none a majority. 'In Israel, everything is open,' Zahar says."

Impact Of Israeli-Arab Voters Likely To Be Limited. The Los Angeles Times (3/25, King, 958K) reports, "Arab citizens of Israel make up 13% of the country's eligible voters, and if numbers alone were what counted, they would be a powerful political bloc, eagerly courted by all sides. Instead, the mood among the Arab electorate is largely one of listlessness. Pollsters are forecasting that their turnout will be low, and those who do vote are likely to divide their support among a number of small Arab parties."

UN Help In Offing For Trial Of Hariri Murder Suspects. AFP (3/25) reports, "The Security Council was set to ask UN chief Kofi Annan next week to strike a deal with Lebanon on creating an international tribunal to try suspects in the murder of Lebanon's ex-premier, Argentina's ambassador said. Cesar Mayoral, the president of the Security Council for March, told reporters that the 15-member body would vote Tuesday on a French-drafted resolution urging Annan to negotiate an accord on the tribunal for suspects in the slaying of Rafiq Hariri. Diplomats said the text was virtually certain to be adopted."

Activist Develops A Presidential Following In Lebanon. Newsweek (3/25, Glain) reports, "Even though a national election isn't scheduled, human-rights activist Chibli Mallat is running for president. And his chances of winning are looking better all the time. Chibli Mallat, a Lebanese human-rights lawyer and activist, is campaigning as an independent for his country's presidency. That makes him unique, for two reasons: First, in Lebanon's highly factionalized politics, no one gets anywhere without belonging to an ethnic or religious clan. Second, there are no scheduled elections to contest."

Cunningham-Linked Contractor Formed Non-Profit To Push Democracy In Iran. Knight Ridder (3/25, Strobel) reports, "In a new example of disgraced defense contractor Mitchell Wade's attempts to exert influence in Washington and beyond, Wade and two business partners formed a nonprofit group in 2004 to promote democracy in Iran, according to documents and interviews. Wade and the two partners, who have been large contributors to Republican political campaigns, formed the Iranian Democratization Foundation in April 2004, according to incorporation papers filed in Washington. The timing coincides with a push by opponents of the theocratic regime in Tehran to appropriate more money for democracy programs." Knight Ridder adds, "Behrooz Behbudi, who helped incorporate the foundation, said in a telephone interview that Wade 'was supposed to get funds from the Congress' for the project. The two later fell out over business dealings in Iraq, Behbudi said."

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Columnist Questions Whether US Democracy-Promotion Efforts Are Targeted Correctly. In a Los Angeles Times (3/25, 958K) column, former Malaysian deputy Prime Minister Anwar Ibrahim, writes, "Since 9/11, the United States has pursued what the White House calls a 'forward strategy of freedom' predicated on the belief that a dearth of democracy in Muslim countries has led to the spread of a deadly strain of Islamic extremism." However, "as the first returns come in on this democratization effort in the Muslim world, there is growing anxiety in the US about the resulting character of these nascent, freely elected governments. Some have begun to even question whether these countries have the innate ability to sustain democracy. For the United States, the fear is real, though perhaps tinged with a bit of Islamophobia: How terrible an irony it would be if this grand effort to spread liberty abroad resulted in anti-US Islamic states imposing Sharia, or Islamic law, on their people."

Egyptian Activist Endured Jail In Name Of Democracy -- And Islamic Law. In a related story, the New York Times (3/25, Slackman, 1.19M) asks, "What makes a person go to jail for his beliefs and fortifies that person to hold strong while the moments of life — weddings, births, deaths — pass by? Essam el-Erian missed six and a half years of freedom for his political work." But "Mr. Erian's push for democracy does not sit as well with those in the West, namely the United States and Europe, because while he calls for free elections, freedom of speech and due process, he freely admits that he wants those political changes to help bring Islamic law to Egypt. His critics believe that religious-based organizations like his want to use the mechanics of democracy to achieve power, but have no intention of actually supporting democratic values or practices." Erian, a leading figure in the Muslim Brotherhood, is quoted as saying, "It is a duty to do it, it is a religious duty. ... Our people look like slaves to dictatorships, and Islam came to release people from slavery to be only slaves of the God."

US Retracts Pakistani Senator's Visa. The Washington Post (3/25, A3, Vedantam, 744K) reports, "The Bush administration has withdrawn an invitation to a Pakistani lawmaker and a prominent critic of President Pervez Musharraf who was to arrive in the United States today as a guest of the State Department, setting off charges that the action came at the behest of the Pakistani government. Sana Ullah Baloch, who had been invited by the State Department last year and issued a visa, was told recently by the US Embassy in Islamabad that he could not attend a State Department-sponsored program on accountability in government and business and that a visa he had already received had been revoked." During a Wednesday interview, "State Department spokeswoman Nancy Beck said the problem was not funding but rather new information that was received after Baloch had been approved that 'led us to believe he was not eligible for a visa.' She declined to elaborate."

Indian Premier Favors Treaty, Pakistan Asks For Kashmir Solution First. The New York Times (3/25, Sengupta, 1.19M) reports, Indian "Prime Minister Manmohan Singh called Friday for a far-reaching 'treaty of peace, security and friendship' between India and Pakistan, in what appeared to be an effort to stanch criticism from across the border for inaction on the contested Kashmir region. Pakistan politely welcomed the offer but pointed, not surprisingly, to the need to take on the Kashmir issue." Mr. Singh is quoted as saying, "We are not afraid of discussing Jammu and Kashmir or of finding pragmatic, practical solutions to resolve this issue as well," though he added that territorial lines were not up for discussion.

US, Europe Will Place Sanctions On Belarus. The New York Times (3/25, Chivers, 1.19M) reports, "The United States and Europe said Friday that they would impose sanctions against President Aleksandr G. Lukashenko of Belarus and other top officials for cracking down on a peaceful protest over his re-election, which was widely seen as a sham." The US "stopped short of cutting its ties with the Belarus government, but a senior State Department official said that travel and financial restrictions already in place on 'fewer than a dozen' Belarussian government officials would probably be extended to more than 50, including Mr. Lukashenko. The European Union announced similar moves."

In its coverage, the Financial Times (3/25, Buckley, Dombey) notes, "The tough EU and US response set them sharply at odds with Russia. Moscow has accepted the election results and congratulated Mr Lukashenko on winning a third five-year presidential term with an official 82.6 per cent of the vote, on a 92 per cent turnout." Russian Foreign Minister Sergei Lavrov, "on Friday accused the

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Organization for Security and Cooperation in Europe...of delivering a biased verdict."

The Washington Post (3/25, A12, Branigin, 744K) adds, "White House press secretary Scott McClellan said the United States demanded the immediate release of hundreds of protesters who have been arrested for demonstrating against March 19 elections, which President Alexander Lukashenko claims to have won with nearly 83 percent of the vote." McClellan is quoted as saying, "The United States calls on authorities in Belarus to release without delay the hundreds of citizens who have been detained not only in the past 24 hours but in recent days and weeks simply for expressing their political views. ... We strongly condemn the actions by Belarusan security services, [who] forcibly seized and detained citizens of Belarus who were peacefully demonstrating against the fraudulent March 19th election results."

And in an exclusive interview with Professor Alexander Kozulin, one of the two top Belarussian opposition leaders, Time (3/24, Zarakhovich) quotes Kozulin as saying, "Lukashenko's lost his nerve. Tomorrow, Saturday, March 25, is a major national holiday, albeit unrecognized officially — the anniversary of the Belarus People's Republic, our independent state, proclaimed back in 1918 and destroyed several months later. Lots of people always gather to mark this day. Now, the anniversary coincided with mass election fraud protests. The opposition has called upon the people to come to the square en masse to protest. The authorities were scared that this 'pathetic tent camp' worked as a toehold for the dozens of thousands who would show up tomorrow — and turn Minsk into a free city. So they moved to remove it." The AP (3/25) also covers the story.

Opposition Focus Shifts To Detention Center. A separate New York Times (3/25, Chivers, 1.19M) notes, "The center of the psychological chess game between the autocratic government of Belarus and its emboldened new opposition shifted Friday from a small camp on October Square to a pretrial detention center, where much of the opposition movement now finds itself locked up." On Friday, "relatives of the detained and opposition members who had eluded arrest turned up at the jailhouse walls, demanding to know who was inside, and trying to get the officials to accept parcels for the detainees. The bags contained nuts, juice, toothbrushes and clean clothes."

Schumer, Graham Take Softer Line On China Penalties. The Financial Times (3/25, Dyer, Swann) reports, "Advocates of free trade were hopeful on Friday that a more conciliatory stance by two US senators who have threatened draconian legislation against China would help cool anger in Congress over China's trade policies. Senators Charles Schumer of New York and Lindsey Graham of South Carolina, who sponsored a bill to place a 27.5 per cent tariff on Chinese exports entering the US, said the country had taken 'a big first step' towards establishing a more flexible currency regime. Speaking on a visit to China, they said they would make a decision only next week on whether to put their bill for a vote on March 31. They hinted, however, that any vote would be delayed for at least a month."

Lucent, Alcatel Hope An Ascendant China Will Give Legs To Tie-Up. As Alcatel pursues a $13 billion merger with Lucent Technologies Inc., the Wall Street Journal (3/25, Silver, Berman, Abboud, 2.11M) reports, "There is renewed urgency for a deal. Chinese upstarts such as Huawei Technologies Co. and ZTE Corp. are beginning to enter their turf with cheaper products, threatening to seize market share, take jobs and set industry standards for the huge Chinese market." Both Lucent and Alcatel hope that the fast-changing global telecom landscape will keep their deal from becoming a political football," as the recent Dubai Ports World debacle and the "possible purchase of Unocal Corp. by China's Cnooc Ltd., fell apart over U.S. opposition."

China's Imposition Of Consumption Taxes A Good Example For US, NYTimes Says. After an announcement by Beijing last week that it would "raise existing taxes and impose new ones on things like gas-guzzling cars and trucks, and disposable wooden chopsticks," the New York Times (3/25, 1.19M) editorializes, "China's relentless economic growth has created severe environmental problems and depleted its natural resources. Its energy demands have contributed to rising oil prices and the gases associated with global warming. So it is heartening when China, the world's most populous nation, takes steps to curb its appetites. We hope other countries (like the United States) may be similarly inspired."

US Proposal To Change How UN Funding Mechanism Rankles Russia, China. The Financial Times (3/25, Nations) reports, "The US has sparked protests from Russia and China by proposing a

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fundamental change to the way contributions to the United Nations are calculated that would make them pay more. The US...wants to shift from a formula broadly based on gross national income (GNI) to one that takes account of purchasing power parity (PPP) – a tool used by economists to compare living standards in different countries more accurately. In testimony prepared for a congressional hearing, before that hearing was delayed, John Bolton, the US ambassador to the UN, argued that the GNI-based calculations could be 'greatly skewed by distortions introduced into the marketplace by -currencies which are non--convertible'." But "the move is a clear challenge to China and Russia, and to developing countries, whose relative wealth is considerably higher when measured by PPP. 'PPP would radically shift the balance,' said one UN diplomat. 'Developing countries would pay a lot more.'"

UN Security Council Wants Faster Darfur Planning. The AFP (3/25) reports, "The UN Security Council called for faster preparations for the African Union (AU) to hand over its peacekeeping mission in Sudan's western Darfur region to the United Nations. The 15-member body unanimously adopted a resolution that also decided to extend for at least six months the mandate of the UN mission in south Sudan (UNMIS). The text directed UN chief Kofi Annan, working with the AU and in consultations with the council 'to expedite the necessary preparatory planning for transition' from the AU force known as AMIS to a UN operation."

THE BIG PICTURE:

Headlines From Today's Front Pages.

Los Angeles Times:
"Playing After A Big Loss."
"Bush's Requests For Iraqi Base Funding Make Some Wary Of Extended Stay."
"Release Of Westerners In Iraq Is Bittersweet."
"White House Presses Afghans Not To Punish Christian Convert."
"A Plan To Spread Homeless Countywide."
China's Chopstick Tax Seems Dim To Some."
"Near Santa Monica's Glitz, The Grit Of A Different Life."

New York Times:
"Iraq Qaeda Chief Seems To Pursue A Lower Profile."
"US And Europe Plan Sanctions Against Belarus."
"Sharon's Spirit, And, Absence Pervade Election."
"Red Cross Fires Administrators In New Orleans."
"As Parents Age, Baby Boomers And Business Struggle To Cope."
"New York City Meets Stranger From West: The Brush Fire."

Washington Post:
"Area Soon To Be Mostly Minority."
"Russians Helped Iraq, Study Says."
"For George Mason, It's Pure Madness."
"Salvadorans Ambushed By Memories In Iraq."
"Near Paul Revere Country, Anti-Bush Cries Get Louder."
"For The French, Joi De Vevre Fades Into Fear."

Washington Times:
"Afghan Judge Balks At Prodding."
"New Homes Sales Slumping."
"Moscow Spies Tipped Saddam On US War Plan."
"Patriots In Elite Company."
"BGE Sees Merger As Buffer For Rates."
"Chirac Gives Use Of English Tongue Lashing."
"Revolution On The Mark."

Detroit Free Press:
"Health Care Threatens To Swallow City Budget."
Soccer's Popularity Outshoots Field Access."
"GM Pricing Plan Starting To Work."
"Holding On To His Memory."

Atlanta Journal-Constitution:
"Cap On Class Size Passes."
"Folks Sure Are Sweet, Pie Lady Discovers."
"Iraq's Fallen Handled With Reverence."

Dallas Morning News:
"For Boy, 2, 'All The Safeguards Failed.'"
"Gifts To Officials: Details Optional."
"Trucker Pleads Guilty."
"Mobilizing For Immigration."
"Bar Arrests Elicit Outrage."

Houston Chronicle:
"Academy Classes May Double."
"Time Running Out On Bagwell."
"Houston Man Kills Suspected Home Invader."
"Big Easy's Mayoral Candidates Here Today."
"Perry's Plan For Tax Relief Has 2 Phases."
"Rice Lab Gets A Leg Up On Joint Replacement."

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"Violence Goes From 'Bad To Worse.'"

Story Lineup From Last Night's Network News:

ABC: Post-Katrina Red Cross Fraud; Russia Official/Iraq Invasion Plans; Afghan Christian Convert; New Cardinals; Immigrants' Protests/Georgia Immigration Legislation; WWII Vet's Remains; Volunteer Students.

CBS: Russia Official/Iraq Invasion Plans; Christian On Trial In Afghanistan; Immigrant Protests; Post-Katrina Red Cross Fraud; Tiger Woods; US Housing Market; Hair Replacement; New Cardinals; Mail for the Homeless.

NBC: Immigration Protests; Afghan Christian Convert; Russian-Saddam Connection; War's Effect On Small Town USA; Reporter's Iraq Video Diary; Autism Rate Increases; DOW Finishes Up; WWII Airman's Body Found; Post-Katrina Prom.

WASHINGTON'S SCHEDULE:

Today's Events In Washington.

White House:

PRESIDENT BUSH – No schedule available.

VICE PRESIDENT CHENEY -- No schedule available.

US Senate: -- No events scheduled.

US House: -- No events scheduled.

Other. ALL DAY

March 23 - 26. HISPANIC HEALTH _ The National Hispanic Medical Association holds its 10th Annual Conference. Location: Marriott Wardman Park Hotel, 2660 Woodley Road NW. Contacts: Carol Castaneda, 703-369-0414

March 24 - 27. ASIA-PACIFIC CATHOLICS _ Representatives of the first National Asian and Pacific Catholic Convocation, which will held in June in Arlington, hold media availabilities to discuss the conference. Highlights:

Availabilities from 10-10:30 a.m., 3-3:30 p.m., and 7-8 p.m. Location: Hyatt Regency-Crystal City, 2799 Jefferson Davis Hwy., Arlington, Va. Contacts: Margaret Lacson-Ecarma, 703-459-8484

March 25 - 26. FLU PANDEMIC _ The Caring Institute holds a conference on pandemic preparedness. Location: Omni Shoreham Hotel, 2500 Calvert St. NW. Contacts: n/a, 201-843-5600

10 a.m. - 5:30 p.m. CHERRY BLOSSOM FESTIVAL _ The National Building Museum hosts a family day and kick-off ceremony for the National Cherry Blossom Festival. Highlights: 10 a.m. - 4 p.m. Family day featuring Japanese activities, performances and demonstrations, including gardening and origami, anime screenings, Dance Dance Revolution video game stations, mukimono fruit carving, and bonsai displays. 4 p.m. - 5:30 p.m. Opening ceremony, rain or shine. Remarks by local dignitaries, the introduction of the festival goodwill ambassadors, and a taiko performance. Location: National Building Museum, 401 F St. NW. Contacts: Julie Neubauer, 202-772-2448 ext 3109

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THE ATTORNEY GENERAL'S *NEWS BRIEFING*

PREPARED FOR THE OFFICE OF PUBLIC AFFAIRS, U.S. DEPARTMENT OF JUSTICE

TO: THE ATTORNEY GENERAL AND SENIOR STAFF

DATE: SATURDAY, MARCH 25, 2006 7:45 AM EST

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TERRORISM NEWS:

DOJ Says NSA Can Eavesdrop On Lawyer-Client, Doctor-Patient Communications. The New York Times (3/25, 1.19M) reports that the the Justice Department told Congress in "written responses to nearly 100 questions posed by Republicans and Democrats about the N.S.A.'s eavesdropping program" that "the National Security Agency has the authority to listen without warrants to conversations between lawyers and their clients and doctors and their patients if a connection to Al Qaeda is suspected." Michigan Rep. John Conyers Jr. (D) said "the answers were 'vague and unresponsive' and reflected an effort by the administration to 'thumb its nose at the American people and their elected representatives.'" The AP (3/25, Shrader) adds, "the department also said that it sees no prohibition to using information collected under the NSA's program in court."

Judge Appointed To FISA Court. The AP (3/25) reports U.S. District Judge John Bates has been named to the FISA court to replace "U.S. District Judge James Robertson, who quit shortly after news reports about the Bush administration going around the court to eavesdrop on U.S. citizens suspected of communicating with terrorists."

Moussaoui Trial Shines Unwelcome Light On FBI. The New York Times (3/25, Lewis, Johnston, 1.19M) reports, "even those who strongly supported an aggressive prosecution may wonder whether the trial has shed as much light on Mr. Moussaoui's culpability as it has on the missteps and mistakes by law enforcement agencies. The testimony of two prosecution witnesses," Harry Samit, an F.B.I. agent and Michael Rolince, a retired F.B.I. counterterrorism supervisor, "has brought renewed and unwelcome attention to how the Federal Bureau of Investigation dealt with early warning signs." Another "problem for the bureau is that the backbone of the prosecution case, that the bureau could have disrupted the plot had Mr. Moussaoui admitted all he knew, represents a substantial revision of conventional wisdom at the law enforcement agency."

Martin Won't Testify On Her Actions. The Washington Post (3/25, A8, Markon, 744K) reports that "Judge Leonie M. Brinkema yesterday quashed the subpoena" for Carla J. Martin, the "government lawyer whose misconduct nearly derailed the death-penalty trial of Zacarias Moussaoui," to testify at his trial. Legal experts said this could mean she advised the court she "planned to invoke her Fifth Amendment right against self-incrimination and refuse to testify." The Minneapolis Star Tribune (3/25, Gordon, 424K) adds, "It was not immediately clear whether Martin, a Transportation Security Administration attorney, would appear later or had signaled her intention to exercise her Fifth Amendment right against self-incrimination. It was also possible her testimony was no longer thought to be necessary."

Defense Attorneys Appeal "Classified" Mosque Wiretap Order. The AP (3/24) reports, "Defense lawyers

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have asked a federal appeals court to intervene in the case of two Albany Muslims accused of supporting terrorism, saying the judge erred in letting authorities keep information about wiretaps secret." The AP continues, "Attorneys for Yassin Aref and Mohammed Hossain filed a writ Friday asking the Second Circuit U.S. Court of Appeals to review Judge Thomas McAvoy's pretrial ruling. Arguing that illegal warrantless wiretaps may have been used, they had filed a motion to thrown out charges, suppress any evidence from such wiretaps and force prosecutors to disclose whether they were used." The AP adds, "McAvoy on March 10 rejected the motion. His 'classified' ruling leaves his reasons secret. The earlier responses by prosecutors and the U.S. Justice Department also were classified. … The writ says the judge 'failed to rule on the legality of the NSA surveillance program, even though it is clearly a source of evidence in this case.' They called the judge's handling of the issue 'an especially serious breach of due process.' … Yassin Aref, 35, imam at Masjid as-Salam in Albany, and Mohammed Hossain, 50, are accused of laundering money in 2003-2004 for an FBI informant, a Pakistani businessman posing as an arms dealer. Neither is accused of actual violence."

Pakistan Repels Militant Attack. The Los Angeles Times (3/25, Ali, 958K) reports, "Pakistani security forces shot dead at least 18 militants in the volatile North Waziristan tribal region near the border with Afghanistan early Friday, security officials said," although "government claims could not be independently verified." According to officials, "the attackers fired rockets on the troops and security forces returned fire," and "one security official said that Cobra helicopters were called in to assist ground forces in repulsing the attack."

Italy Opposition Leader Pans US Travel Alert. The Washington Post (3/25, Delaney, 744K) reports, "Opposition leader Romano Prodi says he got on the phone to the US ambassador right away to demand an explanation: Why did the State Department issue a public announcement warning Americans in Italy to stay away from political rallies because of possible violence?" Prodi is quoted as saying, "The US alert surprised me. ... A move like this, with elections nearing, can cause a sense of anguish and fear, and there is no need for that." A US embassy spokesman is quoted as saying that the warning "is not political."

Israeli Athlete From '72 Games Recounts Terrorist Attack. The New York Times (3/25, Salzman, 1.19M) reports that Dan Alon, a former champion Israeli fencer who survived the attacks at the Munich Olympics in 1972, "spoke about his ordeal for the first time in the United States on Thursday night at Yale, warning that reprisal killings of terrorists only lead to 'bloodshed and more bloodshed.'" He "had kept silent in the nearly 34 years since the attack, not even telling his wife and daughter," but "said he was inspired by watching the movie "Munich" to tell the story of his escape from the building where the Palestinian terrorist group Black September had taken his fellow athletes and some coaches hostage, later killing 11 of them."

HOMELAND RESPONSE:

Thompson Seeks Assurances On Port Security Deal. The AP (3/25, Bridis) reports that Mississippi Rep. Bennie Thompson (D), the senior Democrat on the House Homeland Security Committee, "sought assurances Friday over a no-bid contract the Bush administration is finalizing with a Hong Kong conglomerate to help detect nuclear materials inside cargo passing through the Bahamas to the United States and elsewhere" in "the first time a foreign company will be involved in running sophisticated U.S. radiation-detection equipment at an overseas port without American customs agents present." Thompson is "h concerned there will be inadequate oversight."

The AP (3/25, Bridis, Solomon) adds, "A U.S. military intelligence report, once marked 'secret,' cited Hutchison in 1999 as a potential risk for smuggling arms and other prohibited materials into the United States from the Bahamas," and "some security experts questioned whether the U.S. should pay a foreign company with ties to China to keep radioactive material out of the United States."

Lawmakers Move To Change Investment-Review Process. The Wall Street Journal (3/25, Hitt, King, 2.11M) reports, "With lawmakers still fuming over DP World and economic nationalism running high, Congress is all but certain to pass sweeping changes to the investment-review process." Now, "building on their win in the Dubai ports deal, U.S. lawmakers are moving to gain leverage over a swath of foreign investments in the U.S., an effort that business leaders and President Bush's aides warn could harm the U.S. economy." Senate Banking Chairman Richard Shelby "released the summary of a bill Friday that would greatly expand the array of foreign acquisitions subject to automatic scrutiny and would require the administration to notify lawmakers as soon as it begins to review any foreign transaction," although "the bill wouldn't give lawmakers the power to veto a deal, as many critics feared."

Despite Lack Of Support Some Struggle Against 9/11 Memorial. The Los Angeles Times (3/25, Barry, 958K) reports Rosaleen Tallon, the sister of firefighter who died in the Twin Towers collapse has tried for months to rally a broad protest against the 9/11, "memorial, 'Reflecting Absence,' in a city that is frustrated with paralysis at ground zero. Three weeks ago, intent on getting out her message, she came up with the idea of a vigil. Now, every night,

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outside the fire station, she," and a small group warn, "that the underground memorial could bring on a new cataclysm, trapping innocent people in the event of an attack." The Times adds now New Yorkers are saying, "what they had not said before: that certain Sept. 11 families were obstructing progress at ground zero and should step aside." … If there is a point of consensus, it is that the hole has gaped here too long. With plans to rebuild office buildings at a deadlock over financing, 'Reflecting Absence' is the only plan that seems to be moving forward."

Spitzer Questions Plans For Rebuilding Ground Zero. The New York Times (3/25, Healy, 1.19M) reports new York Attorney General Eliot Spitzer "expressed concern last night that the Freedom Tower project at ground zero lacked 'economic viability' and could turn into 'a white elephant.'" Spitzer" suggested that, as New York's next governor, he would move more swiftly than Gov. George E. Pataki in rebuilding Lower Manhattan."

Red Cross Accused Of Mishandling Katrina Funds. ABC's World News Tonight (3/24, story 1, 3:00, Vargas) led its broadcast last night with a report detailing, "allegations of fraud and theft inside" the American Red Cross after hurricane Katrina. ABC continued, "After Katrina, the American Red Cross raised more than $2 billion to help hurricane victims. But this internal Red Cross investigation obtained by ABC News says much of that money, perhaps million, was misused. The report uncovered 'outright contempt for well established arc fiscal controls, intentionally diluted or ignored' for personal gain, fraud constituting 'a breathtaking systematic failure on the part of senior management.'"

The CBS Evening News (3/24, story 4, 2:30, Stahl, 7.66M) reported, "Today the Red Cross said that it is aggressively investigating allegations brought by volunteers of outright criminal activity during Katrina. Former Red Cross volunteer and attorney Jerome Nickerson wrote a tough investigative report made public today. In an exclusive interview with CBS News Nickerson says he found widespread evidence of theft and fraud including a veritable black market of disaster relief goods operating out of New Orleans with the knowledge of some Red Cross supervisors."

The New York Times (3/25, Strom, 1.19M) reports, "In a major shake-up of its relief operations in New Orleans, the American Red Cross dismissed two key supervisors yesterday as part of a wide-ranging inquiry into the improper diversion of relief supplies after Hurricane Katrina, a Red Cross official said." The supervisors "were in charge of the organization's kitchens and shelters, which have assisted tens of thousands of the hurricane's victims." The dismissals "came a day after the interim president of the Red Cross said the organization was investigating accusations of impropriety, including possible criminal activity." Among the accusations under investigation: "That supervisors in charge of the kitchens have been ordering more food than is needed, raising questions about where the extra food is going."

Senator Presses Red Cross Investigation. The AP (3/25, Kellman) reports, "Pressed by Congress, the American Red Cross said Friday it is investigating claims that volunteers engaged in widespread theft in the wake of Hurricane Katrina. … Allegations of wrongdoing go far beyond what the statement said were 'inevitable ... departures from standard procedures' after such a catastrophe, according to the chairman of the Senate Finance Committee," IA Sen. Charles Grassley (R). Grassley "has said volunteers may have committed criminal fraud."

Civil Engineers Questions Army Corps Of Engineers Design of New Orleans Flood Walls. The Army Corps of Engineers has come under criticism from a civil engineers organization that is reviewing the Army Corps of Engineers' levee work in New Orleans. The Washington Post (3/25, A6, Warrick, Whoriskey, 744K) reports that the American Society of Civil Engineers' External Review Panel, "which was appointed to oversee the Corps investigation of the levee system's collapse during Hurricane Katrina," has questioned "the soundness of large portions of New Orleans's levee system, warning that the city's federally designed flood walls were not built to standards stringent enough to protect a large city."

Texans Said To See Administration As "Heartless" On Recovery. The Los Angeles Times (3/25, Bustillo, 958K) reports that six months after Hurricane Rita, "in the president's home state, in a region densely populated by energy and petrochemical industries with warm ties to the White House, consensus is that progress is being made in spite of the federal government, not because of it. Dissatisfaction with what is seen as a heartless Bush administration recovery effort is widespread." However, "Federal officials counter that…Compared with the calamity Katrina caused in Mississippi and Louisiana, Rita's toll on Texas is smaller and commands less attention, especially because the state is well on the road to recovery."

Houstonians Believe Katrina Refugees A "Considerable Strain" On City. The Houston Chronicle (3/25, Berger, 581K) reports that "a new poll finds Houstonians increasingly weary and wary of the 150,000 Louisiana evacuees who landed here after fleeing Hurricane Katrina. Three-quarters of Harris County residents surveyed by Rice University sociologist Stephen Klineberg say the influx of Katrina evacuees, many of whom remain seven months after landfall, has put a 'considerable strain' on the

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Houston community." Also, two-thirds "say evacuees bear responsibility for 'a major increase in violent crime,' and twice as many local residents believe Houston will be 'worse off' rather than 'better off' if most evacuees remain here permanently." The survey "is expected to be finalized later this month." Houston's Mayor Bill White "acknowledged the increased strains on city services, notably crime and traffic management."

Barbara Bush Donation Stipulated Buying Son's Software. The Los Angeles Times (3/25, Hart, 958K) reports that Barbara Bush's donation to the Bush-Clinton Houston Hurricane Relief Fund "stipulated that part of her contribution was to be spent on educational software purchased from her son Neil's company, Ignite Learning of Austin, Texas." Daniel Borochoff, president of the American Institute of Philanthropy, a charity watchdog group, "said donors who direct that their money be used to buy products from a family business set a bad precedent."

WAR NEWS:

Russians Passed Invasion Data To Baghdad. The Pentagon revealed the Russian government, in particular its ambassador to Iraq before the US toppled Saddam Hussein, passed detailed information on the US invasion plans to Hussein. While US officials downplayed the value of the information it was seen as a potential problem for US-Russian relations. The story was widely covered by wire services, major US newspapers and all three network news broadcasts.

Highlighting the seriousness of the problem for the US, ABC's World News Tonight (3/24, story 2, 3:00, Vargas) reported, "Now to potentially explosive report about an important U.S. Ally. Iraqi government documents just released show that before the war began in Iraq, a Russian diplomat obtained details about the U.S. war plans and then gave them to the Iraqis. This raises major questions about the Russians and about the U.S. government's ability to guard top secret information."

The CBS Evening News (3/24, lead story, 2:00, Orr, 7.66M) reported, "U.S. officials say none of the information passed on by the Russians had any real strategic value. Military officials here will only say on the record that they were surprised by the Russian's actions. And only time will tell whether or not this has a big impact on future U.S.-Russian relations." Stahl: "Does the Pentagon know why the Russians did this. They didn't think Saddam was going to win, did they?" Orr: "The information wasn't very good so it is doubtful anybody thought it would affect the military outcome. The best guess is this Russia was trying to curry favor with the bureaucracy in Baghdad to maintain good economic relations no matter who was in power. So going forward they would have good economic relations."

NBC Nightly News (3/24, story 3, 1:00, Miklaszewski, 9.87M) reported, "Military investigators found no evidence any spies were operating in the command. It is believed the Russians obtained the information through electronic eavesdropping. Saddam Hussein didn't believe the information and made no attempts to try to counter the attack. Three days later the US Army stormed into Baghdad."

The Washington Post (3/25, A1, Tyson, White, 744K) in a front page story reports, "A Russian official at the United Nations strongly rejected the allegations that Russian officials gave information to Baghdad. 'This is absolutely nonsense,' said Maria Zakharova, a spokeswoman for the Russian mission to the United Nations." U.S. military and defense officials who released the study "said they believe the captured Iraqi documents are authentic."

The New York Times (3/25, Shanker, 1.19M) notes that the revelation "may have more political than military significance," and that "the study notes that some information obtained by Iraq from Russian sources was false, raising at least the possibility that it was circulated as part of a deliberate American campaign intended to fool or demoralize Iraqi troops and leaders." The Los Angeles Times (3/25, Spiegel, Miller, 958K) adds, "Analysts also said it would be important to learn whether upper levels of the Russian government were involved, adding that the signals were more likely to have come from diplomatic and intelligence agents in the region rather than from Moscow."

The AP (3/25, Burns) also mentions the possibility the Russians fed Iraq false data. In contrast, the Washington Times (3/25, A1, Scarborough, 90K) in a front page story is more strident, reporting, "The new disclosures show that Moscow was working against the Bush administration in private."

US, Iran Will Meet On Iraq, Rice Says. The AP (3/25) reports, Secretary Rice "said Friday she was sure US and Iranian representatives would meet to discuss security in Iraq, but she gave no time for the sessions. 'Those meetings will take place, I'm certain, at the appropriate time,' Rice said. The United States previously had said contact with the Iranians could occur if Washington found it useful, but questioned the timing and motive of Iran in seeking talks." Rice is later quoted as saying, "I think that everybody just needs to get to work and let's get this done so that the Iranians have a very clear message about what's going on. ... We agreed to ask our negotiators to work again over the next of couple of days...really deciding that maybe they won't even have a weekend because we need to work on this text.'

US Commander Praises Iraqi Forces After Mosque Bombing. The New York Times (3/25,

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Shanker, 1.19M) reports that Lt. Gen. Martin E. Dempsey, the US commander for training Iraqi security forces, "expressed guarded satisfaction on Friday with the performance of new Iraqi Army and national police units in tamping down the sectarian violence that erupted after the bombing of the Golden Mosque in Samarra last month," although he "acknowledged that the crisis also provided a clearer picture of the troubling shortfalls of the Iraqi local police, on whom, he said, American trainers now must focus their efforts." Dempsey "also raised concern about the role played by independent militias during the crisis."

Murtha Speaks On Iraq War. The Uniontown Herald Standard (3/25, Zalar) reports that Speaking during a taping of "Behind the Headlines," U.S. Rep. John Murtha said that "when initial threats that biological weapons would be used if troops crossed a certain line didn't come to fruition and weapons of mass destruction were not found, he felt something was wrong and started 'sending signals to the White House.'" He said that "he is perplexed as to why Bush will not admit he made a mistake by relying on flawed intelligence," adding "'You have to wonder if they're competent,'…of the people making decisions regarding the war."

Iraq's President Is Optimistic About Unity Government. The AP (3/25, Abdul-Zahra) reports that Iraqi President Jalal Talabani "issued a highly optimistic report yesterday on progress among politicians trying to hammer out the shape of a new unity government," saying that "the government could be in place for parliamentary approval by the end of the month." However, "a less optimistic Prime Minister Ibrahim al-Jaafari…has said a Cabinet list could be ready by the end of April."

Laura Bush Maintains US Is Admired By Much Of The World. Asked on CNN'S Larry King Live (3/24) how she is "handling the stress of diminishing poll results," First Lady Laura Bush replied, "I know how every problem in the world eventually comes to the foot of the President of the United States to the American people, because we are so much more prosperous, so much more affluent in many ways, not just financially affluent as a country, but also many of the ideas we have. … They may say they're anti-American, they may say they hate things we stand for, but in most cases, I think they would like their countries to have similar values and similar qualities, and certainly a similar sort of life." Bush added, "I think it's difficult, it's very difficult to watch on television and see the loss of our soldiers in Iraq and to get the idea that the Iraqis don't care, that they don't want us there, that it's a sacrifice they don't respect or regard. I do think they do. … I know the people of Afghanistan, from when I've been there, say, 'don't leave. Don't leave us yet. Let us build our democracy. Let us get all of the institutions of democracy into place before you go.'"

Zaraqawi Keeping Lower Profile. The New York Times (3/25, A1, Filkins, 1.19M) reports that Abu Musab al-Zarqawi "has sharply lowered his profile in recent months, and his group claims to have submitted itself to the leadership of an Iraqi" as part of a council with five other guerrilla groups. The group, Al Qaeda in Mesopotamia, "stopped taking responsibility for large-scale suicide attacks against civilians,…toned down its fierce verbal attacks against Iraq's Shiite majority," and stopped "beheading its captives," which seems "to follow closely the advice in a letter believed to have been written last year by Ayman al-Zawahiri, Al Qaeda's second in command."

US Arrests Translator For Bribery. The US arrested Faheem Mousa Salam, a translator working in Iraq, at Dulles International Airport, charging him with offering a bribe to entice a police official to buy armored vests and other equipment for $1 million. The New York Times (3/25, Glanz, 1.19M) reports that the Justice Department said Salam, "probably acting as an intermediary for others who have not yet been identified, offered tens of thousands of dollars in bribes to people inside the Iraqi Interior Ministry for a contract to provide some $1 million in flak jackets and other equipment to an organization that trains Iraqi police officers."

The Washington Post/AP (3/25, A20) adds, "The bribery charge is the latest case to emerge from investigations begun by Inspector General Stuart W. Bowen Jr., who was appointed to look into Iraq reconstruction contracts. At least seven Americans have been implicated in a separate bribery-and-kickback scheme involving the award of millions of dollars in reconstruction contracts."

No Charges To Be Filed In Contractor Incident. The Washington Post (3/25, A15, Witte, White, 744K) reports, "Military investigators said yesterday that they will not file any charges after completing their investigation into an incident in Iraq last May in which a group of Marines alleged they had been fired on by U.S. security contractors" and the contractors "had said they were detained by the Marines…and subjected to rough treatment." The encounter "highlighted tension in the field between active-duty military personnel and the burgeoning ranks of private contractors the Defense Department has hired to support the war effort."

Newspaper Editor Disputes Iraq Coverage Bias Claim. Clark Hoyt, Knight Ridder's Washington editor, writes in an op-ed in Knight Ridder (3/25) that "President Bush, Vice President Dick Cheney, Secretary of Defense Donald H. Rumsfeld and assorted supporters...are blaming the messengers - the news media - for the public's growing

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disenchantment with the war in Iraq." Since "the polls have gone south…the administration has escalated a soft attack on the media." However, Robert J. Callahan, who served as the press attache at the U.S. Embassy in Baghdad from June 2004 to May 2005, "doesn't think" that "the story of Iraq being distorted by reporting that focuses on violence and fails to tell the good news." He says, "American reporters have faced criticism for their coverage of Iraq, but rarely from those of us who have been there and have seen these journalists at work." Callahan also notes that "American diplomats stopped encouraging coverage of good-news events such as the reconstruction of a school because it often invited terrorist attacks that cost innocent lives."

Reporter's Video Diary Shows Increasing Instability In Iraq. NBC correspondent Richard Engel's daily video diary of his experiences in Iraq portray the environment as growing worse as violence increases. NBC Nightly News (3/24, story 5, 2:20, Engel, 9.87M) reported that while Iraq was relatively secure after the liberation, "in March 2004, four American contractors were ambushed in Falujah and everything changed." When the "violence increased, like Iraqis, foreign reporters adapted. It's too dangerous to run on the streets, so we use a treadmill." Engel noted, "Reporting trips are now military-style missions. … It's been a three year journey through war, and it's not nearly over."

In a story similarly describing the environment in Iraq as deteriorating the Los Angeles Times (3/25, Roug, 958K) adds that for Iraqi psychiatrist Baher Butti, after Hussein was toppled "a hope grew. With the Americans, perhaps a kind of progress would arrive." However, "instead of progress, he and his wife saw advancing irrationality," and after their daughter was injured by a bomb, it was "a seed of hope he could no longer sustain." He decided to move from Iraq.

Killings Continue In Iraq. The Los Angeles Times/AP (3/25) reports, "At least 51 people, including two U.S. soldiers and five Sunnis leaving a mosque, were killed Friday in attacks around Iraq," and "Baghdad police said they found 25 more bodies blindfolded, shot and dumped throughout the capital." The other "victims died in a variety of attacks, which included drive-by slayings of three policemen in west Baghdad and three power station workers headed to their jobs in Taji, just north of the capital, police said."

UN Concerned For Safety Of Palestinians In Iraq. The United Nations refugee agency is concerned about the safety of Palestinians in Iraq after death threats against families in one Baghdad neighborhood. The New York Times (3/25, Semple, 1.19M) reports, "The Palestinian community was once a pet cause of Saddam Hussein, who granted its members special treatment," and "now, its members say, they are suffering the backlash of that favoritism," as "Palestinians have been frequent targets of Shiite death squads." The Palestinian observer to the United Nations "appealed for international intervention to protect the Palestinians in Iraq." The AP (3/25, Klapper) adds, "Many Shiites and Kurds have come to view Palestinians as sympathetic to the Sunni-dominated insurgency."

Governors Visit Iraq With McCain. The Minneapolis Star Tribune (3/25, Lopez, Brunswick, 424K) reports that Minnesota "Gov. Tim Pawlenty has left for Iraq as part of a delegation led by U.S. Sen. John McCain," along with Govs. Bob Riley of Alabama and Jon Huntsman Jr. of Utah. Pawlenty also "visited Baghdad in February 2004 at the invitation of President Bush, as part of a six-governor fact-finding mission." Although "Pawlenty said he never felt endangered on that trip, it was marked by heavy outbreaks of violence in the region, including tracer fire and suicide bombers who killed more than 100 people in two days."

Unique Relationship With US Keeps Salvadorans In Iraq. The Washington Post (3/25, A1, Aizenman, 744K) in a front page story reports that for Salvadoran troops, combat in Iraq is reminiscent of fighting in their own civil war. The Post reports, "The Salvadoran government's willingness to keep sending troops to Iraq -- after three other Latin American countries pulled out their forces -- underscores the unusually strong political and economic bonds, as well as the unique military relationship, forged in the past two decades between this tiny country and the United States." Analysts say "one reason El Salvador has agreed to stay…is that its three most recent elected presidents have been members of the rightist ARENA party, which has close ties with the Bush administration and shares its commitment to a proposed regional free-trade agreement."

US Officials Confident Case Of Afghan Convert Will Be Resolved. US officials were confident that US and international pressure would save an Afghan man facing the death penalty for converting to Christianity, but the story was seen as potentially adding to President Bush's problems. It was prominently featured by the network news broadcasts and major US newspapers. The CBS Evening News (3/24, story 2, 2:15, Axelrod, 7.66M) reported, "Administration officials are growing more confident tonight that Abdul Rahmen will not be executed for converting from Islam to Christianity." Secretary of State Condoleezza Rice: "We are working with the Afghans and we look to a favorable resolution of this case. It needs to be favorably resolved." ... Axelrod: "Look for Rahmen to be freed before Tuesday. Why? Well, Congress is considering a request from the Bush administration for an additional $2.5 billion in aid to Afghanistan. And Tuesday is the day Secretary of State Rice goes to Capitol Hill to make the case for that money."

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Stressing the problems the dispute presents for Bush, ABC's World News Tonight (3/24, story 3, 2:00, Raddatz) reported, "For 4 1/2 year, the Bush Administration has been touting Afghanistan and its President Hamid Karzai as shining examples of freedom and democracy. But President Karzai is in an extremely tough position, with the enormous amount of capital the U.S. is providing on one hand, and his country's conservative public on the other. But it appears Hamid Karzai is siding with the U.S. Tonight a senior U.S. Official tells ABC News that the Afghan government may be releasing Abdul Rahman soon."

NBC Nightly News (3/24, story 2, 2:10, Brown, 9.87M) reported, "This case created a diplomatic nightmare for the US at home and abroad. Kabul's proposed solution may not be good enough for Washington." NBC (Mitchell) added, "Christian conservatives, a crucial part of George Bush's republican base, protesting today outside the Afghan embassy in Washington." Protestors: "The whole world is watching." Mitchell: "Desperate to prevent a rebellion on the right, the administration ratcheted up the pressure for the release of 41 year old Abdul Rahman, threatened with death for converting to Christianity." The dispute "could cost President Bush more support for the war in Iraq." Lt. Col. Robert Maginnis (ret.), Christian Broadcast Analyst: "The American people don't want to think we spent our blood and treasures for new regimes that are just as oppressive as the old."

The Washington Times/AP (3/25, A1, Shah) adds that Ansarullah Mawlavi Zada, the chief among three judges trying the case "defended the court's autonomy yesterday amid reports the man could be freed." The New York Times (3/25, Wafa, 1.19M) reports that in Afghanistan "preachers used Friday Prayer services to call for the execution of an Afghan Muslim who converted to Christianity, despite growing protests in the West."

Bush Under Pressure From Core Constituency. The AP (3/25, Spielmann) reports, "Christian lobby groups are urging President Bush to do more to save a man on trial in Afghanistan for converting from Islam to Christianity," and "American Christians have criticized the Bush administration for what they feel is an inadequate response to a fundamental issue of freedom of conscience." Shoul Rahman be executed, "political experts agree, Bush will have alienated his most loyal core constituency — Christian conservatives."

Karzai Facing Pressure From Both Sides. The Time (3/25, Morarjee) reports that Afghan President Hamid Karzai "must…contend with deeply conservative Afghans" even as "the judge presiding over the case has rejected international calls for leniency and warned the Karzai government not to interfere with the judicial process." However, "Karzai is acutely aware of how badly a death sentence would play with foreign governments whose aid dollars keep the Afghan economy afloat — and whose troops keep the peace."

Cohen Notes That West And Islam Are At Conflict Here. Roger Cohen writes in his column in the New York Times (3/25, 1.19M) that this situation "has elements that should lead everyone to ponder whether the West's problem is really with a 'perversion' of Islam, as politicians from President George W. Bush to Prime Minister Tony Blair of Britain have insisted, or with Islam itself." Both sides "mutual incomprehension, and anger, is strong," and "Rahman offers a timely reminder. The West and Islam are not at war, but they are in conflict. And it seems myopic and counterproductive to view the war as anything but the extreme expression of that conflict."

Foundation Drives For $65 Million For Memorial To Disabled Veterans. The AP (3/25, Hananel) reports, "Planners are raising money for a new site -- nestled among the tributes to fallen war heroes, from World War II, Korea and Vietnam -- to salute roughly 3 million disabled veterans." The memorial, dubbed the "American Veterans Disabled for Life Memorial," expected "to open in the next three to four years" will be "on an impressive two-acre site near the National Mall, just steps from the Capitol." The project is being planned by the Disabled Veterans LIFE Memorial Foundation, which "is in the midst of a $65 million private fundraising campaign to build the memorial."

American Use Of Torture In Iraq Condemned. In a Los Angeles Times (3/25, 958K) op-ed Olga Talamante, the executive director of California's Chicana/Latina Foundation and a survivor of torture in Argentina during the 1970's, writes, "three years into the Iraq war, we have seen the images of Abu Ghraib and read accounts of the atrocities at Baghdad's Camp Nama. Americans once shocked by my experience now hear officials defend torture as a necessary evil in the war against terrorism. But it is only evil." Talamante continues, "The Argentine military had its own sick rationale for policies that would ultimately 'disappear' thousands of men, women and children — they were fighting an enemy from within. But the Argentine people had a better name for it: the 'dirty war.' … Iraq has become our dirty war. To those who defend torture there, beware. There will be survivors, and they will tell their stories."

Psychotherapist Sees "Desperation" In Military Recruitment Effort. In an op-ed that reflects poorly on the US military's recruitment efforts, psychotherapist Brian Ford writes in the Washington Post (3/25, A19, 744K) about his evaluation of a military recruit who left the service three years ago under a "general discharge." In the op-ed, headlined "Uncle Sam's Desperation – And A Recruit's," Ford writes, "To my knowledge, a general discharge was both

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negative and not that easy to get. The kid must have been in pretty bad shape." In recapping the session with the recruit, Ford notes his concerns with the recruit's past history and says the recruiter "sounded like a realtor or a car salesman making one last pitch to a prospect."

CORPORATE SCANDALS:

SEC Lifts NASD's Lifetime Ban On Quattrone. The Wall Street Journal (3/25, Smith) reports, "The Securities and Exchange Commission set aside a lifetime ban from the securities industry that had been imposed against Frank Quattrone, the former star investment banker." The Journal continues, "It was Mr. Quattrone's second big win of the week related to charges against him. On Monday, a federal appeals court vacated his May 2004 criminal conviction on obstruction-of-justice charges, citing faulty jury instructions and other errors by his trial judge." The Journal adds, "In the SEC action Friday, the federal securities regulator struck down a lifetime ban from the business, which had been imposed in November 2004 by an arm of the National Association of Securities Dealers. The move puts him a step closer to returning to the securities industry. … The ban resulted from Mr. Quattrone's failure to testify during an investigation by the NASD into allegations of possible improper 'spinning,' or rule violations related to steering hot initial public offerings of stock to investment-banking clients."

Current SEC Punishments Considered Ineffective. In a New York Times (3/25, 1.19M) op-ed Gary Weiss, author of forthcoming book on Wall Street, states to combat illegal Wall Street actions we need, "some pain. The SEC needs to make Wall Street firms wince when they do something wrong." Weiss continues, "An admission of guilt would be a good start. Then private litigants stand a far better chance of collecting. Call it the regulatory equivalent of a tow truck. Congress could help by passing a provision of tax-relief legislation, now before a House-Senate conference, that would make it harder for firms to take write-offs from settlements with government agencies. Market observers speak of a 'cycle of scandal' on Wall Street — a pattern of transgressions recurring periodically, often as a coda to bull markets, undeterred by an inadequate regulatory response. Until regulators start making errant firms feel some real pain, the next Wall Street scandal is not a question of if, but when."

PBGC Seeks Outside Counsel In GMAC Negotiations. The Wall Street Journal (3/25, 2.11M) reports the Pension Benefit Guaranty Corp. "is seeking outside legal counsel to help represent its interests in financial transactions at General Motors Corp." The PBGC "filed a solicitation for help in negotiations with GM over its plans to spin off a portion of its valuable financing unit, General Motors Acceptance Corp. The PBGC wants to make sure that it has access to all GM assets if it were required to take on GM employee pension obligations."

CRIMINAL LAW:

Abramoff Says He Will Not Implicate DeLay In Any Wrongdoing. Syndicated columnist Robert Novak (3/25) writes that Jack Abramoff "has advised friends that he has no derogatory information about former House Majority Leader Tom DeLay and is not implicating him as part of his plea bargain with federal prosecutors. … However, Abramoff has not given a clean bill of health to any other congressman -- including Rep. Robert Ney."

Abramoff Subpoenaed In "Mob-Style" Murder Related To Casino Boat. The AP (3/25, Anderson) reports Circuit Judge Michael Kaplan "approved subpoenas for" Jack Abramoff and Adam Kidan, "an ex-business partner to answer questions about the mob-style slaying of the owner of a gambling fleet they bought." Abramoff and Kidan "have insisted…that they know nothing about the slaying of Konstantinos 'Gus' Boulis, who was ambushed in his car by a gunman in Fort Lauderdale a few months after the pair bought SunCruz Casinos from him." Abramoff and Kidan "are not charged in the slaying but are scheduled to be sentenced Wednesday in federal court after pleading guilty earlier this year to fraud charges stemming from the purchase."

US Charges Translator With Offering Bribe. The AP (3/25, Sherman) reports, "U.S. authorities have arrested a translator working in Iraq, charging him with offering a bribe to entice a police official to buy armored vests and other equipment for $1 million." The AP continues, "Faheem Mousa Salam, 27, of Livonia, Mich., was arrested Thursday at Dulles International Airport in Virginia, the Justice Department said. Salam is an employee of the Titan Corp., a government contractor working in Iraq. … He was released from custody after a hearing Friday in U.S. District Court in Washington. He is due back in court April 5." The AP adds, "Salam was charged under the Foreign Corrupt Practices Act. He is accused of offering $60,000 to an Iraqi police official who Salam believed could help arrange the purchase of the goods by a police training organization, according to a criminal complaint. … Salam said he wanted to sell the group 1,000 vests and a sophisticated map printer, the court papers said. … Salam, described in court papers as a naturalized U.S. citizen, later made similar offers to an undercover investigator posing as a purchasing officer for the police group, the Civilian Police Assistance Training Team, the complaint said."

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Second Juror In Ryan Case Under Scrutiny. The Chicago Tribune (3/25, Gibson, O'Connor, Heinzmann) reports, "Public records reviewed by the Tribune suggest that a second juror deciding the fate of former Gov. George Ryan has a history of arrests that was not disclosed during the jury-selection process." The Tribune continues, "The revelation comes one day after the Tribune reported that a male juror has the same name and other identifying characteristics as a man with a felony drunken driving conviction." The Tribune adds, "Hours after learning of the Tribune's information on Thursday, U.S. District Judge Rebecca Pallmeyer halted deliberations and said she had launched an investigation into a juror. … Further record searches Friday linked the name of a female juror to an alias. The woman with that alias faced felony drug charges, as well as misdemeanor child-neglect and assault charges, records show. She was not convicted of these charges, the records show. … The female juror linked to that alias stated on a jury questionnaire before the trial that she had never been charged or accused of a crime." The Tribune notes, "After sending the jury home early Thursday, Pallmeyer said she would not reveal the outcome of her investigation before Monday. … The judge met with prosecutors and defense attorneys in the case on Friday, then returned to the bench and said the investigation was continuing. … She also said she expected the jury to resume deliberations on Monday."

SCOTUS To Rehear Death Penalty Case. The AP (3/25) reports the Supreme Court announced on Friday "it would hear arguments a second time before ruling on the constitutionality of a Kansas death penalty law, apparently so new Justice Samuel Alito can break a tie. The case is the second one that deadlocked the court following Justice Sandra Day O'Connor's retirement in late January. The other one involves government whistleblowers."

The Kansas City Star (3/25, Bauer, Klepper, 286K) reports, "Some said it was not unprecedented for the court to ask to rehear arguments when there is a new justice. Others believe the court is split and Alito would break the tie. One reason: It ordered the same arguments presented and did not request additional briefs."

Former DSCC Aide Sentenced For Accessing Steele's Credit Card History. The Baltimore Sun/AP (3/25) reports Lauren B. Weiner, a former Democratic staffer "pleaded guilty today to computer fraud for snooping on" Maryland Lt. Gov. Michael S. Steele. "Under the plea agreement in U.S. District Court," Weiner "avoids jail time, but she has a year to do 150 hours of community service." Steele "was notified by Democrats in Washington that a staffer used Steele's Social Security number to obtain his credit report last year. Weiner was fired from the Democratic Senatorial Campaign Committee after the breach was discovered."

Steele Considering Civil Suit Against Weiner And DSCC. The Washington Post (3/25, B2, Wagner, 744K) reports, "An attorney for Steele said the lieutenant governor is considering a civil suit against Weiner…and the Democratic committee to learn more about what he called 'a dirty trick.'"

CIVIL LAW:

Small Heart Device Maker Under Federal Probe. The New York Times (3/25, Meier) reports, "Federal authorities are conducting an inquiry into Ela Medical, a small maker of defibrillators and other heart devices, according to a government official and an industry official." The Times continues, "The precise nature of the government's interest in Ela Medical, which is a division of the Sorin Group, is unclear and any inquiry appears to be at an early stage. But the inquiry comes amid a broader, continuing government investigation into relationships between larger makers of heart devices and doctors. That investigation is looking into whether the companies provided incentives to physicians to use their products." The Times adds, "One government official said authorities were looking into Ela Medical's activities in the Miami area. Separately, a device industry official said that federal authorities had made inquiries about Ela Medical. Both people spoke on the condition of anonymity because the inquiry is in progress and not yet a public matter. … The inquiry into Ela Medical is apparently being conducted by investigators with the Food and Drug Administration and the Office of the Inspector General of the Department of Health and Human Services." The Times notes, "The Justice Department is investigating whether the country's three big makers of implanted heart devices — Medtronic, Guidant and St. Jude Medical — used illegal inducements to get doctors to use their products. They have all denied wrongdoing."

CIVIL RIGHTS:

DOJ Alleges Voting Bias In Euclid, OH. The Cleveland Plain Dealer (3/25, Ott, Atassi) reports, "The Justice Department has threatened to sue Euclid (OH) and force changes in an election system that the federal government says prevents black candidates from winning seats on its City Council." The Plain Dealer continues, "A former Justice Department lawyer found the timing suspicious. He suggested that the Bush administration, which has not vigorously pressed voting-rights suits, may be trying to polish its image quickly. The Senate Judiciary Committee plans to question Justice Department officials in May about

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whether they have adequately protected the rights of minority voters. … 'It's an outright embarrassment that this appears to be the first case on behalf of black voters brought forth during the Bush administration,' said David Becker, who worked for the Department of Justice from 1998 to 2005. The department 'had to file a case on behalf of black voters before the oversight hearing took place. Otherwise they would have had a lot of explaining to do about why it hasn't happened in almost six years.'" The Plain Dealer adds, "Though Euclid's black population reached 30 percent in the last census, voters have never elected a black candidate to any city or school office. The school board appointed Howard Drake to a vacant seat in 1998, but he lost in an election the next year. … The investigation, which began three years ago, targeted elections for City Council. The city is broken into four wards, which each elect one council member. Four other council members and the council president are elected citywide. … All five of those elected citywide in 2005 live in the same ward, in Euclid's northeast corner. … In a letter dated Monday, the head of the Justice Department's Civil Rights Division told Euclid Law Director Chris Frey that the structure dilutes minority voting power in a city that is racially divided and votes along racial lines. Black candidates would have a better chance of winning if the city were broken into eight wards, with one council member elected in each, Assistant Attorney General Wan Kim said in the letter."

DOJ Asked To Probe Tennessee Police Beating. The Jackson (TN) Sun (3/25, Reed) reports that Dr. Isaac Richmond, national director for the Commission on Religion and Racism, has joined with "members of Memphis-based CORR and more than 30 concerned citizens from the Brownsville (TN) community" to urge that "two white Brownsville Police investigators to be charged, put on trial and dismissed from the police force." Richmond accuses Chad Jackson and Brian Nichols with "brutally beating Robert Lee Jones, 42, of Brownsville, on March 17. Richmond said that Jones had not violated any laws and that the charges Jones now faces were false. … However, Mayor Webb Banks said Thursday night that Jones did break the law by attempting to evade arrest about 6:09 p.m. on March 17 on Margin Street. Banks said Jackson and Nichols chased after Jones, and that Jones swallowed what appeared to be crack cocaine during the chase." The Sun adds, "Robert Lee Jones was arraigned Monday and charged with aggravated assault, evading arrest, resisting arrest and tampering with evidence. He is being held without bond in Haywood County Jail. … A news release from CORR on Friday said that the group 'has filed charges with the U.S. Department of Justice, seeking an investigation of the Brownsville law enforcement for the human rights violations of African-American males in general, and Mr. Jones' case in particular.' The release also said that the Civil Rights Division of the Justice Department has been requested to bring charges against the officers. … Banks said Thursday that an internal investigation is being conducted by the Brownsville police, but the officers are still on active duty."

Federal Judge To Rehear New Orleans Poll Complaints. The New Orleans Times-Picayune (3/25, Eggler) reports, "A New Orleans federal judge who refused last month to order Louisiana officials to provide out-of-state satellite polling places or take other steps to help displaced residents vote in the upcoming municipal elections has agreed to rehear some of the claims of those who say African-American voters will not have a fair chance to participate in the balloting." The Times-Picayune continues, "Judge Ivan Lemelle will hold a hearing Monday on a request by the NAACP Legal Defense Fund that he reconsider his decision not to order the state to take further steps to assist displaced voters beyond those already taken by Secretary of State Al Ater and approved by a recent special session of the Legislature." The Times-Picayune adds, "Ater has said that thanks to those actions and an aggressive campaign to notify displaced voters how they can participate in the election, this will be 'the most accessible election' in U.S. history. … The U.S. Justice Department last week approved the plans for the elections, saying the actions taken by the state meet the federal Voting Rights Act's requirements for protecting black voters' rights. … But the NAACP lawyers and local lawyers Roy Rodney and John Etter, working with them, submitted a 21-page motion citing a list of reasons why Lemelle should order further action 'to prevent manifest injustice' …"

California County Phases Out Punch Cards To Comply With DOJ Rules. The Los Angeles Times (3/25, Griggs) reports Ventura County election officials "are replacing their decades-old punch-card voting system in time for the June 6 primary election. After more than 30 years of voting with punch cards, most county voters will now mark their choices with ink. … The U.S. Department of Justice had accused the county of discriminating against Latinos, who make up about a third of the population, by failing to employ sufficient numbers of bilingual poll workers or to provide adequate Spanish-language voting materials."

Black Activists Seek Satellite Voting For Displaced New Orleans Residents. The AP (3/25, Lester) reports "several black leaders" are advocating allowing displaced New Orleans to vote from "locations outside Louisiana." The AP cites Al Sharpton, Jesse Jackson, NAACP President Bruce Gordon and Urban League President Marc Morial.

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Keeton Strayhorn Sues Texas Secretary Of State Over Petition Rules. The AP (3/25, Shannon) reports comptroller of Texas and independent gubernatorial candidate Carole Keeton Strayhorn "sued the secretary of state Friday, claiming he is hurting her campaign for governor by unfairly enforcing rules for independent political candidates. Keeton Strayhorn "has complained for weeks about Secretary of State Roger Williams and even urged that he be removed from office because of his close ties with Perry. … Strayhorn's campaign sued in federal court in Austin over Williams' plan to have her petition examined manually, signature by signature, instead of using statistical sampling, which examines only a portion of the signatures."

Affirmative Action For Males Opposed. In his New York Times (3/25, 1.19M) op-ed column John Tierney says as the number of males in the college, "applicant pool keeps shrinking — it will soon be down to 40 percent nationally — colleges are admitting less-qualified boys in order to keep the gender ratio balanced on campus." Tierney thinks this is not fair to girls and it's, "not fair to the boys, either, if they're not ready to keep up with their classmates. Affirmative action just makes them prone to fail." Tierney concludes rather than admit less qualified males the Education Department should be, "figuring out how to help boys reach college."

Pro-Abortion Activists Seek To Overturn New South Dakota Law. The Los Angeles Times (3/25, Riccardi, 958K) reports, "Opponents of South Dakota's ban on nearly all abortions announced the launch of a ballot initiative Friday aimed at overturning the new law. If the South Dakota Campaign For Healthy Families collects 16,728 signatures, the law — a direct challenge to Roe vs. Wade — will be placed on hold." According to the Times, "Proponents of the ban said they welcomed the challenge, and said the measure to reverse the law would fail at the polls."

NYTimes Says Block FDA Nominee Until Action On Morning After Pill. An editorial in The New York Times (3/25, 1.19M) thinks both, "Senators Hillary Clinton and Patty Murray surely have good cause to block a vote on the nomination of Dr. Andrew von Eschenbach to become commissioner of the Food and Drug Administration until the agency makes a final decision on the morning-after pill. There is no excuse for the administration's endless obfuscation and delays on making the pill available without a prescription when the overwhelming bulk of expert opinion says it is safe to do so." The Time adds, "There is little likelihood that the Senate will reject Dr. von Eschenbach's nomination in a floor vote, although the senators could at least push him for guarantees that safety issues will not be submerged in the rush to approve new drugs and conquer cancer. But the vote should not take place until the FDA has the spine to tackle the morning-after pill head-on."

ANTITRUST:

Proposed Alcatel-Lucent Merger To Face US Scrutiny. The Financial Times (3/25, Kirchgaessner, Hollinger, Taylor) reports, "Alcatel's talks with Lucent about a possible takeover – a deal that would combine a telecoms equipment company that controls sensitive US technology with a French group – will face a regulatory review in Washington on national security grounds." The Times continues, "Such a move would come at a time when protectionist sentiment in the US is at an all-time high, and raises questions about whether the Bush administration would be prepared to approve the deal." The Times adds, "The merger, which is being driven by growing competitive pressure on equipment makers and could be valued at up to $36bn, would create the world's leading maker of fixed telecoms networks and the second largest in mobile infrastructure. … It also follows in the wake of a wave of consolidation in the telecoms sector – in particlular between some of the companies' biggest clients, including the proposed merger between AT&T and BellSouth and the recent takeover of MCI by Verizon."

The Washington Post (3/25, D1, Mohammed) reports, "A merger of Lucent Technologies Inc. and France's Alcatel would likely draw federal scrutiny to see if it threatens national security following the furor over a Dubai-based company's plan to acquire control of six U.S. ports, communications and national security analysts said yesterday. … But analysts said they saw no obvious reason why a combination of the two telecommunications equipment makers would face major objections from the government on security or antitrust grounds." The Post adds, "Murray Hill, N.J.-based Lucent and Paris-based Alcatel said late Thursday that they are 'engaged in discussions about a potential merger,' but said they could not guarantee they would reach any agreement. A merger would greatly expand Alcatel's business in the United States and allow the two companies to cut costs and better compete with their larger competitors. … It is unclear how a merger, if one materializes, would be structured."

BGE Says Merger Will Buffer Rate Increases. The Washington Times (3/25, Miller) reports, "A Baltimore Gas and Electric Co. executive yesterday warned that lawmakers' attempts to block a multibillion-dollar merger could force the utility to more quickly implement a 72-percent increase in energy rates. … 'Without the merger there is no room to lower rates,' said Robert L. Gould, communications director for BGE parent company Constellation Energy

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Group. 'We have gone right to the edge of how much we can tolerate on the balance sheet.'" The Times continues, "He also said if lawmakers make good on their threat to block Florida Power & Light's $11 billion purchase of Constellation Energy, they likely would derail plans to gradually phase in a 72-percent increase in electric bills. … 'One of the benefits of the merger is you have a bigger balance sheet,' Mr. Gould said. 'You take that away, and it will be tougher and our credit rating will be thrown into question.' … As proof, he said Moody's Investor Service has already put Constellation on a watch list because of uncertainty about the regulatory environment taking shape in Maryland's legislature."

ENVIRONMENT/INDIAN AFFAIRS:

Results Of Yucca Probe Forwarded To DOJ. The Las Vegas Review-Journal (3/25, Tetreault) reports, "Federal prosecutors are reviewing evidence gathered by investigators into whether scientists falsified quality assurance documents at Yucca Mountain, officials confirmed Friday." The Review-Journal continues, "Inspectors general for the Interior and Energy departments sent a report to U.S. Attorney Daniel Bogden in Las Vegas in the past month, said Roy Kimes, a spokesman for Interior Department Inspector General Earl Devaney. … 'The investigative work has been done, and the report has been forwarded to the Department of Justice,' Kimes said. 'It is not considered finalized until we get an indication from DOJ that they are going to prosecute or not going to prosecute.'" Denise Smith, a spokeswoman for Energy Department Inspector General Gregory Friedman, "said 'it is possible' that evidence of wrongdoing was discovered, but communications between investigators and prosecutors do not necessarily signal the probe is near an end. … 'As evidence is uncovered, there are dealings with the U.S. attorney's office, and oftentimes the U.S. attorney may have us do additional work or not depending on what is found,' Smith said. … Inspectors were asked to determine possible criminal activity by federal employees after the disclosure in March 2005 of provocative e-mails. … In the messages, which were written between 1998 and 2000, several workers discussed possible alterations of quality assurance documents that backed up their water infiltration models at the nuclear waste site."

Officials Warn Of Threat From Viruses Transmitted From Animals To Humans. The New York Times (3/25, Altman, 1.19M) reports, "Stronger ties between veterinarians and physicians are needed to prevent further outbreaks of the animal diseases that have caused deaths and serious illness among humans in many countries in recent years," according to international health officials. The Times notes, "The AIDS, SARS and A(H5N1) avian influenza viruses and at least eight other infectious agents carried by animals have led to new and emerging human diseases in recent years."

NYTimes Wants National Forest Sale Blocked. A New York Times (3/25, 1.19M) editorial says President Bush's 2007 budget proposes to raise money by, "auctioning off about 300,000 acres of federal forest in 41 states, at an anticipated price of $800 million." The Time continues, "This page has objected on many occasions to the administration's efforts to roll back protections for the national forests, chiefly its decision to rescind President Bill Clinton's 'roadless rule,' which would have shielded nearly 60 million acres of national forest from further commercial intrusions. Though it involves much less acreage, the proposal to sell forest land reflects the same insensitivity to environmental values, not to mention misplaced budget priorities. In addition to the forest sale, the administration also proposes to sell a half-million acres managed by the Interior Department, not for any purposes related to stewardship of the public lands, but simply to reduce a national deficit already bloated by tax cuts. Congress should reject both ideas out of hand."

Sections Of Voting Rights Act Affecting Indians Soon Up For Reauthorization. Indian Country Today (3/24, Melmer) reports, "The Voting Rights Act, enacted in 1965, will celebrate its 41st anniversary on Aug. 7; yet some provisions of the act, which supporters argue have brought American Indians into the political arena, are due to expire in 2007." ICT continues, "American Indian and non-Indian organizations are in the midst of compiling and reporting research that shows the VRA - with some permanent provisions and some temporary - has made a difference to many minorities and furthers the argument that the VRA is still needed in its entirety." ICT adds, "Section 5 of the act, renewed several times, requires nine states and portion of seven states to submit changes that affect voting in any way to the U.S. Department of Justice for approval, or pre-clearance, as it is referred. That section is due to expire in 2007. Section 5 was last renewed by Congress for a term of 25 years, and that is the recommendation again. … Section 203, which requires assistance for limited-English speakers at the polls, and Sections 6 - 9, which authorize the federal government to monitor elections, are all set to expire. … The American Civil Liberties Union submitted a comprehensive report on how the VRA affects Indian country. The states that benefited the most from the VRA were Montana, Nebraska, Wyoming, Colorado and South Dakota. In each state, litigation or the threat of litigation mitigated state voting legislation that would have adversely impacted American Indian residents."

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FBI/DEA/ATF/USMS:

Mueller Addresses Houston Crime, Terrorism Forum. KPRC-TV Houston (3/24, 10:05 p.m.) reported, "The director of the FBI was in town today talking about Houston safety and security. Gang violence, human smuggling and port security were just some of the big issues Robert Mueller talked about," and "he says the key to fighting the growing crime in Houston is by sharing intelligence and creating task forces." KRIV-TV Houston (3/24, 9:47 p.m.) noted that "Mueller made a stop in Houston today, but it wasn't for investigative work. He spoke to the Houston Forum on Globalization of Crime and Terror." KHOU-TV Houston (3/24, McShan) reports, "The FBI is helping police identify gang members from New Orleans who are now in Houston." FBI director Robert Mueller said of the bureau's role, "We have worked together both New Orleans and in Houston to exchange intelligence information that will enable both (HPD Chief Harold Hurtt) and the New Orleans police department to do the jobs. We recognize that not just in terms of New Orleans and Houston, but gangs and criminals that traverse the country now." KHOU adds that "both cities are cracking down on gangs, and no one wants them to call their city home."

KHOU-TV Houston (3/26, Edwards) reports on the proliferation of New Orleans gang graffiti, noting, "Authorities said the new markings are all over southeast and parts of southwest Houston" and "authorities said they have brought their turf war to Houston." But it is "a battle that the FBI director said can be stopped with the help of local police. 'For us to be effective, we have to work together,' FBI Director Robert Mueller said. 'We are here in Houston and as well as back in New Orleans.'"

Mueller Praises New Orleans Agents, Says Headquarters Will Reopen In June. The New Orleans Times-Picayune (3/24, Chapple) reports, "The FBI will move back into its New Orleans headquarters on the Lakefront by early June, agency Director Robert Mueller said Thursday after visiting agents in St. Tammany Parish. … Despite having to relocate and work under adverse conditions, local agents and staff have never missed a beat, Mueller said. They were able to salvage all evidence and case files from the New Orleans office after the storm, he said. And continuing fraud investigations have resulted in 71 indictments or charges, he said." Mueller added, "I wanted to talk to the FBI personnel here. Many lost their homes and continued to work. I wanted to see how they were doing in terms of rebuilding." Before his meeting with Mueller, St. Bernard Parish Sheriff Jack Stephens "praised the FBI," saying, "They're one federal agency which I have no complaints about. They were there for us when we needed them."

WDSU-TV New Orleans (3/24, 6:11 p.m.) reported, "Since Hurricane Katrina damaged the FBI's building in Lakefront, the bureau has been using rented space at the Covington Country Club on the north shore. Agency Director Robert Mueller says that despite relocating, agents and staff were able to salvage evidence and case files from the New Orleans office after the storm." WGNO-TV New Orleans (3/24, 5:01 p.m.) noted that "Mueller visited the temporary office yesterday."

Three Plead Guilty In "Operation Lively Green" Probe. The Washington Times (3/25, Seper) reports, "Two U.S. soldiers and a former Air Force sergeant have pleaded guilty in a widespread bribery and extortion conspiracy as part of an ongoing undercover investigation that has already resulted in 50 guilty pleas from servicemen and civilian government workers, Assistant Attorney General Alice S. Fisher said yesterday." The Times continues, "Pleading guilty in Tucson, Ariz., on Thursday to one count each of 'conspiring to enrich themselves by obtaining cash bribes from persons they believed to be drug traffickers' were Curtis W. Boston II, 24, formerly a sergeant in the U.S. Air Force; U.S. Army Staff Sgt. Rodney E. Mills, 39; and Arizona National Guard Sgt. Gustavo C. Soto, 33." The Times adds, "Court documents show the smugglers were actually undercover FBI agents, part of 'Operation Lively Green,' with whom the three are accused of conspiring to use their positions to 'assist, protect and participate in the activities of an illegal narcotics trafficking organization engaged in the business of transporting and distributing cocaine from Arizona to other locations in the southwestern United States.' … In order to protect the cocaine shipments, the records said, the men wore their uniforms, carried official identification cards and drove in military vehicles to prevent police inspections for narcotics as they transported the drugs through U.S. Border Patrol, Arizona Department of Public Safety and Nevada law-enforcement checkpoints. … Mrs. Fisher, who heads the Justice Department's criminal division, said all the defendants escorted at least one shipment of cocaine from locations that included Nogales, Ariz., and Tucson, to large metro areas including Phoenix and Las Vegas. The three who pleaded guilty on Thursday accepted $50,000 in bribes for their participation. The conspiracy charge carries a maximum penalty of five years in prison and a $250,000 fine. All three agreed to cooperate in the ongoing investigation and will be sentenced in June."

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IMMIGRATION:

Bush Seen As Unlikely To Make Progress On Immigration In Cancun. Knight Ridder (3/25, Douglas) reports that when President Bush, Canadian Prime Minister Stephen Harper and Mexican President Vicente Fox meet in Cancun on Thursday "U.S.-Mexican immigration is expected to dominate the two-day meeting. … Given the political climate across the United States, it's doubtful that Bush will get his wish for a nondivisive debate. Many in Washington question whether any immigration legislation can pass this year. Bush is weakened by low approval ratings, and opposition to illegal immigration has become a red-hot issue in many states where lawmakers face voters in November. Moreover, several potential 2008 presidential candidates are weighing in from opposing sides, lessening the chance for compromise."

Cornyn Describes McCain-Kennedy Bill As "Amnesty." The Fort Worth Star-Telegram (3/25, Montgomery, 247K) reports Sen. John Cornyn "vowed Friday to oppose a bipartisan immigration measure that would put millions of illegal immigrants on track toward legalization, saying the bill would 'encourage further disrespect for our laws.' … He described the McCain-Kennedy bill as amnesty for illegal immigrants."

Cornyn-Kyl Bill Ridiculed As "Report-To-Deport" Plan. The Dallas Morning News (3/25, Mittelstadt), in an article carried by at least fourteen papers across the US, reports Cornyn and Sen. Jon Kyl "have crafted a rival proposal that would permit illegal immigrants to become guest workers for six years but then require them to return home. That plan, derided as 'report-to-deport' by critics, has received little support – and those who marched on Mr. Kyl's office Friday favor a much more liberal legalization plan."

Legal Scholars Object To Senate Bills' Provision On Immigration Appeals. The New York Times (3/25, Swarns, 1.19M) reports that "a little-noticed provision" in Senate immigration bills sponsored by Sens. Bill Frist and Arlen Specter "would reshape the handling of immigration appeals cases and has touched off an outcry from several legal scholars, federal judges and the policy-making group for the federal courts." The bill designates the United States Court of Appeals for the Federal Circuit, which "currently handles no immigration appeals, as the only court in the nation to handle immigration appeals. Such appeals are currently shared by the 12 other federal appellate courts. The judges and scholars say that the circuit court in Washington, which handles about 1,500 nonimmigration cases a year, would be swamped by an additional 12,000 immigration cases. And they say that the court lacks the expertise to handle complex immigration cases, which often raise a host of constitutional and human-rights issues."

Guest Worker Proposals' Antecedents Noted. The AP (3/25, Abrams) reports, "Proponents of a guest worker program to address the chaos of illegal immigration have a hard sell in front of them. Similar programs in the past have been plagued by abuses and have done little to stem the influx of undocumented workers." McCain and Kennedy's bill "would build on a near-century old tradition of turning to foreign unskilled laborers, mainly from Mexico, in response to labor shortages, often during times of war." During World War I, "an agreement was reached with Mexico to let in unskilled workers. … A much larger exchange, the Bracero program, began in 1942, during World War II, and continued in varying forms through 1964."

Immigrants Protest Congressional Border Security Bill. NBC Nightly News (3/24, lead story, 3:00, Brown, 9.87M) opened its broadcast with a report on immigrants' protests across the country. ABC and CBS also ran relatively long pieces on the immigration issue, but ABC concentrated on legislation being considered by the Georgia legislature that would severely restrict the ability of Illegals to find employment. NBC reported, "It is happening around the country now, by the thousands people are taking to the streets in protest, walking out of schools, shutting down businesses. The issue they are so outraged over is immigration. … The protests were sparked by a plan Congress is taking up next week aimed at cracking down on illegal immigration with tough new penalties." NBC contended, "Here in California and across the US everyone agrees that the immigration system needs to be fixed, the question is how." Senator Bill Frist was shown saying, "In order to stop the flow of illegal immigration and make America safer from criminals and terrorists."

ABC's World News Tonight (3/24, story 5, 2:00, Vargas) reported, "Today, protesters around the country opposed tough, new immigration laws that are in the works. 10,000 people rallied in Phoenix. 30,000 marched in Milwaukee. And in Los Angeles, 500 students walked out of their school."

The CBS Evening News (3/24, story 3, 2:20, Stahl, 7.66M) reported, "The protests were much bigger and angrier than anyone expected." CBS added, "A usually silent minority made some noise today. … Fighting against house Bill 4437 passed in December, it would make illegal immigrants felons and build a 700 mile border fence." The Senate "begins work on its immigration reform bill on Monday with republicans fractured. Some side with President Bush who wants a guest worker program for the more than 12 million illegal immigrants. Others are calling for more restrictive reform." According to CBS, "the rallies aren't over yet. Tomorrow in Los Angeles, another protest. Tens of

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thousands of people are expected to march through downtown."

The Scripps Howard News Service/Arizona Daily Star (3/25, McCombs) reports, "Immigrant advocates across the country want to make sure nobody misses their message: Don't criminalize illegal entrants. Groups have ramped up efforts this month by organizing large street rallies, holding press conferences and meeting with state and federal lawmakers."

Phoenix Protestors March On Kyl's Office. The AP (3/25) reports, "In Phoenix, the police said 20,000 people marched to the office of Senator Jon Kyl, a Republican and the co-sponsor of a bill that would give illegal immigrants up to five years to leave the country. Officials said it was one of the largest protests in the city's history. Mr. Kyl pointed out that most were speaking out against the House bill making it a felony to be an illegal immigrant, not against his bill, which would also step up border enforcement and create a temporary guest-worker program."

KOLD-TV Tucson, AZ (3/25, Patel) reports, "Hundreds of mothers, children, teachers, and construction workers with American and Mexican flags stood on Ina and Oracle in front of Senator John Kyl's Tucson office. Up in Phoenix, more than 20-thousand marched to Kyl's office. All voicing their opposition for Bill H.R. 4437 that's headed for the Senate. If passed it makes it a felony for illegal immigrants to live here and penalizes anyone who helps them. Some protestors believe the Sensenbrenner Bill H.R.4437 is similar to another bill Senator Kyl is trying to pass."

Los Angeles Students Stage Walkout. The Los Angeles Times (3/25, Keller, Gorman, 958K) reports, "On the eve of a large rally planned downtown, hundreds of Los Angeles-area high school students staged a walkout Friday. … Disrupting classes at more than half a dozen schools, students marched onto city streets waving Mexican flags and clutching red, white and green balloons as they chanted 'Viva Mexico!'" The Times claims, "Students said they were protesting what activists see as mostly punitive legislation proposed by Rep. F. James Sensenbrenner."

Border Region Sheriffs Meet To Coordinate Efforts. The Dallas Morning News (3/25, Corchado) reports, "Border county sheriffs from Texas to California joined forces Friday in an effort to stop the violence along an increasingly chaotic U.S.-Mexico border and pressure the U.S. government to take control of its territory. Following a two-day closed-door meeting here [El Paso] sheriffs from California, Arizona and New Mexico pledged to work with their hosts, the 16-member Texas Sheriff Coalition, to stop traffickers and potential terrorists at the border."

Proposed Georgia Immigration Reform Among Nation's Most Restrictive. ABC's World News Tonight (3/24, story 5, 2:00, Vargas) reported, "The government estimates there are 8 million to 10 million illegal workers in the country right now. There is legislation in Washington that may soon change that, but many states aren't willing to wait and are taking action on their own." ABC went on to note that the Georgia legislature is likely to approve "one of the most restrictive pieces of immigration legislation in the country." If the legislation becomes law, "Any employers with state contracts…would be barred from hiring illegal immigrants. Private businesses would face stiff fines for the same practice. Illegal immigrants would be dropped from social services, health care programs, schools, anything funded with taxpayer dollars. And there's even a possible 5% tax on money illegal immigrants wire to other countries. Georgia lawmakers say that if congress can't seem to curb illegal immigration, they will do it for them." ABC noted, "In Georgia, polls show that 80% of residents support limiting illegals."

The CBS Evening News (3/24, story 3, 2:20, Stahl, 7.66M) reported, "In Georgia today an estimated 80,000 Hispanics didn't show up for work."

CONGRESS-ADMINISTRATION:

Bush And Cheney Highlight Differences With Democrats. President Bush and Vice President Cheney aggressively challenged Democrats on both domestic and foreign policy Friday. Their effort was characterized as a political response to dropping poll ratings as the 2006 elections approach. Bush's trip received prominent coverage in the nation's major newspapers, on local TV stations and on cable TV, but was ignored by the national network news.

The AP (3/25, Riechmann) reports Bush and Cheney "launched a one-two political punch against Democrats on Friday, saying they are ill-equipped to handle the economic recovery or the war on terror." In the face of "dismal poll ratings, Bush worked to frame the debate ahead of this year's congressional elections by telling supporters that 'the difference is clear' between the two parties on how to sustain the recovery." Meanwhile, Cheney "took on Senate Democratic leader Harry Reid and party chairman Howard Dean by name. He said leading Democrats have demanded a 'sudden withdrawal from the battle against terrorists in Iraq -- the very kind of retreat that Osama bin Laden has been predicting.'"

The Washington Post (3/25, A3, Vandehei, 744K) says Bush "provided a preview of his two-front strategy for protecting the Republican congressional majority in an ominous political climate: hammer Democrats on national security and the economy, and raise millions of dollars for embattled GOP candidates." He "is adjusting his approach to befit the environment and is shifting into campaign mode. He

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realizes, aides say, that he is no longer the political force he was in the days before the 2002 and 2004 elections." Their "short-term goal is stabilize Bush's low public-approval ratings by talking about the progress and prospects for victory in Iraq. The White House also hopes to minimize intramural GOP feuding with a skeletal domestic agenda." Meanwhile, "Cheney has emerged as a central player in this strategy." He "has participated in 46 fundraisers since the beginning of 2005, including 25 for House members." In Florida Cheney "offered a variation of the new White House attack on Democrats that aides said will become a staple of campaign-oriented speeches." He "portrayed the entire Democratic leadership as wobbly in the fight against terrorism."

The Los Angeles Times (3/25, Gerstenzang, 958K) in an article titled "Bush Slams Democrats On Taxes, War" reports, "As he has all week, Bush delivered a strong pitch for fighting the war in Iraq." Bush said, "The only way that we can lose is if we lose our will. … It's the only way we can lose." Yet "he also spotlighted domestic issues, blasting Democratic opposition to the tax cuts that have been at the core of his economic program." Bush was quoted saying, "The difference is clear. … If you want the government in your pocket, vote Democrat. If you want to keep more of your hard-earned money, vote Republican" by most newspaper coverage Saturday morning.

Bloomberg (3/25 Murray, Roberts) adds, "In Indiana today, Bush said he understood that the 'turbulence on the TV screen affects the conscience of America.' He maintained that Iraqi troops are improving and that the U.S. won't retreat." While Cheney said in Florida "With that sorry record, the leaders of the Democratic Party have decided to run on the theme of competence."

Fox News Special Report With Brit Hume (3/24, Angle) reported President Bush and Vice President Dick Cheney "hit the ground today." Cameron: "At a campaign fundraiser for Indiana candidate it took only 13 words for the president to lay out the G.O.P. strategy as painting themselves as strong and democrats as timid on terror." Bush: "We must have members of the United States congress who will not weaken." Cameron: "That was tame compared to vice president Dick Cheney who had an answer too -- he blasted top party democrats for the their comments saying plans are dangerously incompetent."

CNN's The Situation Room (3/24, 7:00 p.m.) reported, "The top guns of the Bush White House have been firing away at Democrats. President Bush and Vice President Cheney appearing in different states but seem to be working together to try to help their party and perhaps the President's poll numbers as well."

CNN correspondent Dana Bash said on CNN's The Situation Room (3/24, 7:00 p.m.) that "today really felt like the beginning of 2006, the campaign year of 2006 for this White House. As you mentioned, both the Vice President and the President were out at fund-raisers for Congressional candidates. And Mr. Cheney, for his part, came out breathing fire on Iraq. His mission today was to hit back against the Democratic" leadership.

Local Newspaper Coverage. The Indianapolis Star (3/25, Ruthhart, 267K) reports, "Bush said he needs more 'good, honest' men like Sodrel in Congress to help him push his agenda during the final two years of his presidency. Several times Bush laid out his policy positions, punctuated by the phrase 'and Mike Sodrel understands that.'" The Star notes, "Perhaps his most emphatic call came for making permanent the tax cuts passed earlier in his presidency, which will expire in coming years if no action is taken."

The Indianapolis Star (3/25, 267K) also provides a minute-by-minute account of Bush's trip saying, "Speaking for about 30 minutes, the president offered a folksy defense of his policies and made a hard push for a continued Republican-controlled Congress."

The Pittsburgh Post-Gazette (3/25, 261K) in a brief article without much coverage of Bush's message reports, "While at the airport," Bush "also presented the President's Volunteer Service Award to Edy Hope, a volunteer with Carebreak at the Watson Institute in Sewickley who helps a family with a 6-year-old autistic girl." Meanwhile, "Bush opponents…organized a demonstration in downtown Sewickley last night."

In a second article from Orlando the AP (3/25, Reed) reports, "Vice President Dick Cheney blasted Democrats for opposing provisions of the Patriot Act and criticizing President Bush's approval of secret wiretaps for domestic surveillance at a fundraising lunch Friday," saying that "if Democrats were capable of handling the war on terror, 'Then I ought to be singing on American Idol.'"

The Orlando Sentinel (3/25, Damron, 265K) reports, "Vice President Dick Cheney touted a robust economy and defended the Bush administration's tax cuts and handling of the Iraq war to an Orlando crowd of fundraisers for U.S. Rep. Ric Keller on Friday." The "event raised $250,000 for a re-election campaign that now has $1.2 million." Florida Today (3/25, Peterson, 84K) also covers this story.

Bush Poor Poll Numbers Dominate Local TV Campaign Stop Coverage. More than 30 local television stations reported on President Bush's campaign stops in Indiana and Pennsylvania. The stories focused heavily on Bush's negative poll numbers and frequently said that Senator Santorum was avoiding being publicly seen with the President. Still many of the stories mention the large financial boon these trips are expected to bring for the candidates. One example: KDKA-TV Pittsburgh (3/24, 4:00 p.m.) reported, "This morning, he left Washington DC on a campaign trek first to Indianapolis and later to Pittsburgh and here to help Senator Rick Santorum for an event I'm told may raise as much as $1 million dollars." KDKA continues that at

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"this event Senator Santorum I think is worried that President Bush's poll numbers in Pennsylvania are really low. They're very low right at the moment. And the fact is, that he may not want to be tarred with the President."

WTAE-TV Pittsburgh (3/24, 5:30 p.m.) reported, "President Bush is in Pittsburgh, he's here breaking away from a string of visits to get support for the war on terror to help a fellow Republican, a fund-raiser for Rick Santorum." WPXI-TV Pittsburgh (3/24, 11:00 p.m.) reported, "President Bush hopes the stop in Sewickley will pay off in November. The President was in town for that private fundraiser for Rick Santorum."

WLWT-TV Cincinnati (3/24, 5:00 p.m.) reported, "Bush headed out to campaign in Indiana today lugging heavy baggage. The war in Iraq Hurricane Katrina, and a wave of layoffs. House Republican Mike Sodrel braved the stage with Mr. Bush today. But tonight's fundraiser in Pittsburgh is closed." WKRN-TV Nashville (3/24, 5:30 a.m.) reported, "President Bush's visit to a fund raiser today in Indianapolis could bring in more than a-half million dollars for Indiana Congressman Mike Sodrel."

KQCA-TV Sacramento-Stockton (3/24 10:00 p.m.) reported, "President Bush's popularity is so bad that even in Republican circles, candidates are giving the Commander-in-Chief the cold shoulder. In most years, candidates are begging the White House for the President to campaign with them. Not this year. Tonight, one particular fundraiser in Pittsburgh was closed to the public, so Senator Rick Santorum could avoid being seen in public with President Bush. The President's current approval rating is 34 percent."

KSFY-TV Sioux Falls-Mitchell (3/24, 5:30 a.m.) reported, "President Bush will be on the campaign fund-raising trail today in Indiana and Pennsylvania." Earlier this week, "Bush told a White House news conference he knows congressional republicans are nervous this year. But despite Bush's slump in public opinion polls, spokesman Scott McClellan says the President is still a big fund-raising draw."

GOP Candidates Keep Distance From Bush But Seek His Fundraising Help. Virtually ignoring Bush's message and focusing on the problems Bush faces in getting support from GOP lawmakers while on the campaign trail, the New York Times (3/25, Stolberg, 1.19M) reports "when Mr. Bush arrived at the Pittsburgh airport…Santorum was the first to greet him, and the president spun the senator so that he faced the press pool for photos of the two of them, according to the pool report."

The AP (3/25, Raum), in an article titled "Candidates Cool To Bush, But Not His Money," reports, "Many worried Republicans on the ballot in November have been pushing away from the White House, not wanting to be dragged under by President Bush's sinking approval ratings and growing anxiety over Iraq. That doesn't mean they're fleeing his cash offerings, however." The AP adds, "Bush remains the nation's most successful fundraiser. Vice President Dick Cheney, whose poll numbers are even lower than Bush's, is not far behind. … Even as some Republicans are becoming increasingly defiant on a range of issues, they're still lining up dutifully for the president's campaign dollars." The AP goes on to note several instances in which GOP candidates have failed to attend events featuring either the president or vice president.

Time Poll Suggests GOP Will Retain Control Of Congress. Time (3/25) in a web exclusive reports its latest poll conducted March 22-23 "finds Americans unhappy with the performance of the Republican-controlled Congress — 39% approve, versus 49% who disapprove — and gives Democrats a 9-point lead when voters are asked to state which party's candidate they would choose for a House of Representatives seat (50% answered Democrat, 41% chose Republican)." Yet, "voter unhappiness over the Republican-controlled Congress and White House has not yet translated into a groundswell of support for the Democrats. … Nor will President Bush's dismal 39% approval rating necessarily drag down his party: almost half of voters (44%) were indifferent to whether their preferred Congressional candidate supports or opposes Bush." Time notes that "one strong sign that a political earthquake is unlikely in November: almost two out of three respondents (63%) approved of the job their own congressional representative is doing." Currently, the Democrats' "9-point advantage in party preference may not be a reliable indicator of a shift in control of the House of Representatives."

House GOP Said To Hope Baker Group Provides Iraq Exit Strategy. Newsweek's Eleanor Clift (3/25) writes, "Bush has his eye on his legacy, but House Republicans have a more immediate concern -- and that is how to save their jobs come November. 'Stay the course' is not a popular slogan on the campaign trail. That's why a new Iraq Study Group commissioned by Congress and co-chaired by former cabinet member James A. Baker III, the Bush family Mr. Fix-It, is seen by many Republicans as their best hope to forge a path out of the hell that Iraq has become. … It's Baker's cunning and diplomatic deftness that Republicans hope will extricate them from Iraq, or at least give them some new talking points in the run-up to the election."

Small Towns Begin To Have Doubts About The Iraq War. NBC Nightly News (3/24, story 4, 1:50, Brown, 9.87M) reported on how the war in Iraq has affected two small towns – one in rural Pennsylvania and on in Mississippi. According to NBC, "At Susquehanna High in rural Pennsylvania" National Guard recruiters are "welcome in a school where even in wartime the military's an attractive option. … But for all of the authentic Patriotism here" recruiters have "heard more and more doubts raised about the war itself." NBC added that in Bruce, Mississippi, "though there's still support for the war" also "there are now more questions."

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Support For Impeaching Bush Seen As Gaining Steam Among Liberals. The Washington Post (3/25, A1, Powell, 744K) in a front page story titled "Impeachment Whispers Get Louder" on its web site focuses on how support for impeaching Bush in is growing reporting, "It would be a considerable overstatement to say the fledgling impeachment movement threatens to topple a presidency -- there are just 33 House co-sponsors of a motion by Rep. John Conyers Jr. (D-Mich.) to investigate and perhaps impeach Bush, and a large majority of elected Democrats think it is a bad idea. But talk bubbles up in many corners of the nation, and on the Internet, where several Web sites have led the charge, giving liberals an outlet for anger that has been years in the making." In addition to local Democrats, one "Zogby International poll showed that 51 percent of respondents agreed that Bush should be impeached if he lied about Iraq, a far greater percentage than believed President Bill Clinton should be impeached during the Monica S. Lewinsky scandal."

Specter Schedules Hearing For Bush Censure Resolution. The AP (3/25) in a brief story notes, "The Senate Judiciary Committee has scheduled a hearing for next Friday on Sen. Russ Feingold's resolution to censure President Bush for authorizing a warrantless surveillance program."

The New York Times (3/25, 1.19M) reports Sen. Arlen Specter "said he had decided to schedule the session after Mr. Feingold, in a television interview, pressed for hearings on the censure proposal." He "said his intent was not to use the session as a political forum but to explore issues surrounding the proposed censure. He said he believed the proposal was baseless." Specter said, "I am prepared to deal with it. … I am sure not going to sit back and have Feingold spout off."

More Commentary On Bush And Cheney Challenge To Democrats. Former presidential adviser David Gergen said on CNN's Lou Dobbs Tonight (3/24, 6:00 p.m.), "It seems like a peculiar time for rhetorical volleys back and forth. They have a few months to get this straightened out in Iraq, the window's closing there. Got get a government, an all-hands effort to push the Iraqis. And the President was talking about that this week. We need action. We need the secretary of state over there, the Vice President over there knocking heads among Iraqis to get a government tomorrow formed and they've got to have a strategy." Gergen added, "They ought to stress policy and action and personnel, not all this rhetorical stuff."

Chris Matthews said on MSNBC's Hardball (3/24, 7:00 p.m.) "The White House unleashed Dick Cheney to defend the honor of the President and crush Democratic critics who question his fitness to protect the country." He later added "Let me ask you about this Cheney thing. People think he is the most powerful Vice President and he goes today with a mission which he announced himself and said I'm going out to defend the President of the United States against the charge of incompetence. I find that so ironic and almost disloyal to Bush because it looks like they made a charge against him and had to defend him."

Syndicated columnist Charles Krauthammer on Fox News Special Report With Brit Hume (3/24, Angle) compared Cheney's remarks to Spiro Agnew's complaints about the "nattering nabobs of negativism" and said, "Look, the Vice President is out there swinging, although, I'm not sure you can laugh off the competence charge with a joke like that. After all, even apart from the war, you have Katrina, the Harriet Miers deal, the ports stuff, stuff that was not really well-handled. The way to handle the competence charge is to do thing that are competent between now and election day. They ought to draw on the weakness of the Democrats and the war but they are all over the map. With the speeches he made speaking without a prompter and from his heart, the President at least rallies those who support the war."

Morton Kondracke on Fox News Special Report With Brit Hume (3/24, Angle) said that "the problem is I'm not sure talk will do it this time. Talk by itself. I think there's got to be a government forum in Iraq, it's got to be a good government. The Iraqi military has got to fight and win battles against the insurgency, and there's got to be troop withdrawal by November in order for the republicans to do well in the election."

Fred Barnes on Fox News Special Report With Brit Hume (3/24, Angle) said, "What Cheney previewed was the campaign Republicans are going to run probably before the fall. They are not going to allow it, don't want it to be a referendum on the President. They want it to be a choice. They say 'you may not agree fully with what we're doing in Iraq but these guys are going to pull out and the whole world will collapse.' And they are going to make it a them or us choice."

Democratic strategist James Carville said on CNN's The Situation Room (3/24, 7:00 p.m.), "here is a man who said that we would be greeted as liberators, that Iraq had reconstituted the nuclear weapons program. It is kind of funny. Him talking about competence is like me talking about hair. Don't know very much about it now, do we? And I have to say when it comes to Cheney -- red Rover, red Rover, send Dick Cheney right over."

President of American Cause Bay Buchanan said on CNN's The Situation Room (3/24, 7:00 p.m.) "The key is this is reminiscent of the old Spiro Agnew. The key -- what the vice president is trying to do here is create a national agenda for Republicans. So whether he goes into this state or not or just talks to national television, the point is make that trump card stronger than ever. National security works for Republicans. Let's bring it up there. Let's put the Democrats on the defense. They are splintered on it. They fall apart

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every time somebody says something strong in their -- takes strong action in their party. Let that happen again between now and November."

Former Presidential Candidate Rev. Al Sharpton said on MSNBC's Hardball (3/24, 7:00 p.m.) "I think that for the Cheney statements today and others to act as though they can shift this to the competence of the Democrats when they were in charge not only of the White House, but of the Congress, is what's going to come and burn them in the midterm election." He later added, "If we had a meeting at democratic headquarters to choose who we could get to defend Bush, Dick Cheney would have won. He would be by far, the one I would want to help Bush."

First Lady Says She Has Hand In White House Personnel Decisions. The New York Times (3/25, Bumiller, 1.19M) reports that in an interview with CNN's Larry King broadcast Friday night, First Lady Laura Bush said "she advised her husband regularly on personnel, and she suggested that she had weighed in on the continuing calls from Republicans for new blood in the West Wing." The Times notes that the First Lady "made her comments in response to questions from Mr. King about a Washington Post article on Friday by Sally Quinn. In a 'Dear Laura' essay in the Style section, Ms. Quinn wrote that Mrs. Bush was the only person who could tell her husband the truth about the problems he faces." Asked if she gives the president advise about personnel, she responded, "I would certainly — that's one of the things we do talk about the most, are personalities. I know everyone as well as he does, who works here. I've worked with them also. So certainly I would give him that kind of advice."

Bush To Throw Out First Pitch In Cincinnati. The Cincinatti Enquirer (3/25, Wilkinson) reports, "President Bush will become the first sitting president to throw out the ceremonial first pitch at the Reds' Opening Day game, the White House and the team confirmed Friday." Sen. Mike DeWine, a season ticket holder "will be in his seat on the mezzanine level for Opening Day."

Government Releases $1.5 Billion To States To Offset Health Costs. The AP (3/25) reports, "The federal government released $1.5 billion on Friday to offset health care expenses that states incurred when assisting Hurricane Katrina evacuees." Congress has "set aside $2 billion to reimburse states" and "the $500 million not distributed yet will cover future expenses." The federal government "granted waivers to states that had temporarily enrolled evacuees into their Medicaid programs" after the hurricane.

Medicare Benefit Makes Obtaining Drugs Harder For Some Seniors. Knight Ridder (3/25, Pugh) reports patients "are facing a new problem with the fledgling Medicare prescription drug benefit: Medications they once received without question from other plans are being denied by the private insurers running the Medicare plan. When they appeal the coverage denials, the patients and their physicians face confusing forms, time-consuming demands for personal medical information and long delays." Knight Ridder adds, "And many fear things will worsen in April when tens of thousands of elderly and disabled patients must formally petition the plans to get refills on medications that were provided on a temporary emergency basis.

Employees Often Burdened By Obligations To Elderly Parents. The New York Times (3/25, Gross, 1.19M) reports that "as corporate America scrambles to help the soaring number of baby boomers, mostly working women, whose obligation to frail, elderly parents results in absenteeism, workday distractions or stress-related health problems. Companies are responding, but experts say they often use child care benefits as a model when they do not suit the different and unpredictable needs of the elderly."

OTHER NEWS:

New Home Sales' Steep Drop May Signal End Of Housing Boom. The CBS Evening News (3/24, story 6, :30, Stahl, 7.66M) reported, "A sharp drop in new-home sales reported today surprised analysts who say the long housing boom may finally be losing steam. Sales of new single-family homes fell 10.5% in February, the biggest decline in almost nine years. And for the fourth straight month the median price of a new home dropped to $230,400."

The Washington Times (3/25, A1, Hill, 90K) in a front page story reports, "The downturn in the housing market is deepening, with new home sales at a nine-year low, prices down for the fourth month in a row and mortgage applications at their lowest point in three years." The "rapidly decelerating housing market" is a concern for both the stock market and the Federal Reserve which "is scheduled to meet on Tuesday to decide on raising interest rates once again. While most Fed-watchers say another rate increase is in store next week, the faltering housing market may influence the Fed to consider pausing later this spring."

The Washington Post (3/25, D1, Tse, 744K) notes that in contrast a National Association of Realtors survey showed "that existing-home sales had increased in February after a five-month decline." While experts "cautioned against reading too much into monthly changes in either report," there "is no question, experts said, that things are cooling."

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Bloomberg (3/25, Richter) notes it was the biggest decline "in nine years" and says, "Rising mortgage rates are making new homes less affordable. The average rate on a 30-year mortgage rose to 6.25 percent in February from 6.15 percent the month before, according to Freddie Mac."

The Financial Times (3/25, Swann) adds, "A big slowdown could prompt consumers to cut spending and boost savings. Such a shift could help reduce the current account deficit but at the cost of significantly slower growth." The Wall Street Journal (3/25, Dunham, 2.11M) and the Los Angeles Times (3/25, Haddad, 958K) also report on the drop in new-home sales.

Stocks Finish Up Slightly For The Week. NBC Nightly News (3/24, story 7, 0:20, Brown, 9.87M) reported, "On Wall Street today stocks finished the week with modest gains. The Dow was up just under 10 points. For the week the Dow was almost unchanged up less than one point. The NASDAQ gained just over six points on the week."

The Wall Street Journal (3/25, McKay, 2.11M) reports, "Economic data from the Commerce Department contributed to the gains, after a seesaw day of trading. Durable-goods orders rose 2.6% in February, better than analysts expected." And while the Commerce Department reported new-home sales plunged in February, "it was something of a welcome sign for investors hoping the Fed will limit further interest-rate increases, convinced the economy isn't overheating."

Bloomberg (3/25, Baker) notes, "The S&P 500 rose 1.28, or 0.1 percent, to 1302.95. The Dow Jones Industrial Average added 9.68, or 0.1 percent, to 11,279.97. Google's gain aided the Nasdaq Composite Index, which advanced 12.67, or 0.6 percent, to 2312.82."

Iran Could Have Bomb In 3 Years, LATimes Reports. The Los Angeles Times (3/25, Rubin, Farley, 958K) reports, "With efforts to halt its nuclear program at an impasse, Iran is moving faster than expected and is just days from making the first steps toward enriching uranium, said diplomats who have been briefed on the program. If engineers encounter no major technical problems, Iran could manufacture enough highly enriched uranium to build a bomb within three years, much more quickly than the common estimate of five to 10 years, the diplomats said." According to the Times, "New information about Iran's program came from diplomats representing countries on the United Nations Security Council." A "senior diplomat in Vienna" is quoted as saying, "We're getting conflicting signals from the United States; it now appears they want to escalate the situation. ... The Russians see that as a slippery slope."

Iran Top Of Agenda For Rice European Trip Next Week. AFP (3/25) reports, "Secretary of State Condoleezza Rice will travel to Europe next week for talks to be dominated by the dispute over Iran's nuclear program, diplomatic sources said. The trip will begin Thursday in Germany and also take in France and Britain -- the three European Union countries that had led negotiations to press Iran to suspend all uranium-enrichment activities." According to AFP, "The German government confirmed that Rice would meet Chancellor Angela Merkel and Foreign Minister Frank-Walter Steinmeier in Berlin Thursday. Government spokesman Thomas Steg told a press conference that their talks would cover a wide range of topics, including the Iranian nuclear crisis."

"Military Solution" Not A Near-Term Option, Pace Says. AFP (3/24) reports, 'The top US military officer said here that Washington does not consider military action as an immediate option to resolve the dispute over Iran's nuclear program. 'Iran is a long way from needing any kind of military solution,' General Peter Pace...said in an interview with the NTV news channel during a visit to Turkey. 'The United Kingdom, France, Germany, Russia-- other countries, certainly the Turkish government -- are all working to persuade the Iranian government to function in a way that is not dangerous. ... There are many more things to be done politically and diplomatically before anybody, any country, considers some kind of a military option.'"

Sharon's Shadow Looms Over Upcoming Election. A number of print sources cover the Tuesday election in Israel. The New York Times (3/25, Erlanger, 1.19M) reports, 'Nearly three months after [Israeli Prime Minister Ariel] Sharon's major stroke on Jan. 4, his spirit hangs over this Israeli election, as the country prepares to give its verdict on Tuesday on Kadima, the centrist party he created. Ehud Olmert, the acting prime minister, leaves Mr. Sharon's big chair empty at the center of the cabinet table and does not use the prime minister's office. Mr. Sharon's huge photo is wrapped around the suburban headquarters of Kadima. ... Yet the image of Mr. Sharon, so recently considered the indispensable figure in Israeli politics, has now faded from the advertisements and even the television programs."

The Wall Street Journal (3/25, Leggett, Spindle, 2.11M) notes, "Kadima, the political party he created just weeks before suffering a brain hemorrhage, may score a sweeping victory, according to polls. Acting Prime Minister Ehud Olmert, previously Mr. Sharon's little-noticed deputy, is poised to ride Mr. Sharon's legacy to the prime minister's office. That could mean important changes in Israeli policies, especially concerning relations with the Palestinians. And it could present new challenges for the US and Europe when it comes to Middle East peacemaking."

Olmert is largely relying on Sharon's legacy, as a Financial Times (3/25, Morris) analysis adds, "If Ehud Olmert next week fulfills a life-long ambition to become prime

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minister of Israel, it will not be on the basis of his personal popularity. In a telling response to pollsters, evidently running out of questions to ask the public in one of the country's least animated election campaigns, only one in eight Israelis queried said they would want him as a dinner partner. It is a statistic that might floor a more sensitive candidate. But Mr Olmert has grown a tough skin during an abrasive political career spanning more than four decades in which he has rarely gone out of his way to court the public's affection."

As Israelis Prep For Vote, Unilateralism Is The New Watchword. Knight Ridder (3/25, Nissenbaum) reports, "Few people who are preparing to vote Tuesday talk about peace. Instead, they talk about giving the next government a green light to set Israel's boundaries without negotiating with the Palestinians. Acting Israeli Prime Minister Ehud Olmert has said that within four years he wants to shut down the more remote Jewish communities in the predominantly Palestinian West Bank, formally absorb the bigger Jewish settlements around Jerusalem and retain a protective military presence in the occupied valley near Jordan. Critics of the plan say it's likely to backfire. Instead of buying Israel a few years of stability, they warn, the idea of effectively seizing more West Bank land that's supposed to be part of a Palestinian state, walling Israel behind the separation barrier and retaining a military presence near Jordan will only inflame frustrations." Yossi Alpher, a former director of the Jaffe Center for Strategic Studies at Tel Aviv University, is quoted as saying, "Unilateralism cannot forge a lasting peace. ... It can't forge any peace. Unilateralism creates a better territorial situation looking towards a peace process somewhere down the line."

"Everything Is Open," Hamas Leader Says Of Vote. Newsweek (3/25, Peraino) reports, "Mahmoud Zahar is an unlikely expert on Israeli politics. In the almost two decades since he helped to found the Islamist group Hamas, Zahar has lived through six Israeli election cycles. But the most important lesson his experience has taught him is that predicting the results is a fool's errand—even in a year when one party seems poised to dominate." Zahar is quoted as saying, "Israeli society is divided into so many parties and sectors. ... Even in one party there are different sectors." Newsweek continues, "Acting Prime Minister Ehud Olmert's Kadima bloc may seem poised to crush its nearest rivals in next Tuesday's parliamentary polls. But Zahar knows the real game doesn't begin until the postelection horse-trading starts—an inevitability in a nation where 15 different parties are likely to win seats in Parliament, and none a majority. 'In Israel, everything is open,' Zahar says."

Impact Of Israeli-Arab Voters Likely To Be Limited. The Los Angeles Times (3/25, King, 958K) reports, "Arab citizens of Israel make up 13% of the country's eligible voters, and if numbers alone were what counted, they would be a powerful political bloc, eagerly courted by all sides. Instead, the mood among the Arab electorate is largely one of listlessness. Pollsters are forecasting that their turnout will be low, and those who do vote are likely to divide their support among a number of small Arab parties."

UN Help In Offing For Trial Of Hariri Murder Suspects. AFP (3/25) reports, "The Security Council was set to ask UN chief Kofi Annan next week to strike a deal with Lebanon on creating an international tribunal to try suspects in the murder of Lebanon's ex-premier, Argentina's ambassador said. Cesar Mayoral, the president of the Security Council for March, told reporters that the 15-member body would vote Tuesday on a French-drafted resolution urging Annan to negotiate an accord on the tribunal for suspects in the slaying of Rafiq Hariri. Diplomats said the text was virtually certain to be adopted."

Activist Develops A Presidential Following In Lebanon. Newsweek (3/25, Glain) reports, "Even though a national election isn't scheduled, human-rights activist Chibli Mallat is running for president. And his chances of winning are looking better all the time. Chibli Mallat, a Lebanese human-rights lawyer and activist, is campaigning as an independent for his country's presidency. That makes him unique, for two reasons: First, in Lebanon's highly factionalized politics, no one gets anywhere without belonging to an ethnic or religious clan. Second, there are no scheduled elections to contest."

Cunningham-Linked Contractor Formed Non-Profit To Push Democracy In Iran. Knight Ridder (3/25, Strobel) reports, "In a new example of disgraced defense contractor Mitchell Wade's attempts to exert influence in Washington and beyond, Wade and two business partners formed a nonprofit group in 2004 to promote democracy in Iran, according to documents and interviews. Wade and the two partners, who have been large contributors to Republican political campaigns, formed the Iranian Democratization Foundation in April 2004, according to incorporation papers filed in Washington. The timing coincides with a push by opponents of the theocratic regime in Tehran to appropriate more money for democracy programs." Knight Ridder adds, "Behrooz Behbudi, who helped incorporate the foundation, said in a telephone interview that Wade 'was supposed to get funds from the Congress' for the project. The two later fell out over business dealings in Iraq, Behbudi said."

Columnist Questions Whether US Democracy-Promotion Efforts Are Targeted Correctly. In a Los Angeles Times (3/25, 958K) column, former Malaysian deputy Prime Minister Anwar Ibrahim, writes, "Since 9/11, the United States has pursued what the White House calls a

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'forward strategy of freedom' predicated on the belief that a dearth of democracy in Muslim countries has led to the spread of a deadly strain of Islamic extremism." However, "as the first returns come in on this democratization effort in the Muslim world, there is growing anxiety in the US about the resulting character of these nascent, freely elected governments. Some have begun to even question whether these countries have the innate ability to sustain democracy. For the United States, the fear is real, though perhaps tinged with a bit of Islamophobia: How terrible an irony it would be if this grand effort to spread liberty abroad resulted in anti-US Islamic states imposing Sharia, or Islamic law, on their people."

Egyptian Activist Endured Jail In Name Of Democracy -- And Islamic Law. In a related story, the New York Times (3/25, Slackman, 1.19M) asks, "What makes a person go to jail for his beliefs and fortifies that person to hold strong while the moments of life — weddings, births, deaths — pass by? Essam el-Erian missed six and a half years of freedom for his political work." But "Mr. Erian's push for democracy does not sit as well with those in the West, namely the United States and Europe, because while he calls for free elections, freedom of speech and due process, he freely admits that he wants those political changes to help bring Islamic law to Egypt. His critics believe that religious-based organizations like his want to use the mechanics of democracy to achieve power, but have no intention of actually supporting democratic values or practices." Erian, a leading figure in the Muslim Brotherhood, is quoted as saying, "It is a duty to do it, it is a religious duty. ... Our people look like slaves to dictatorships, and Islam came to release people from slavery to be only slaves of the God."

US Retracts Pakistani Senator's Visa. The Washington Post (3/25, A3, Vedantam, 744K) reports, "The Bush administration has withdrawn an invitation to a Pakistani lawmaker and a prominent critic of President Pervez Musharraf who was to arrive in the United States today as a guest of the State Department, setting off charges that the action came at the behest of the Pakistani government. Sana Ullah Baloch, who had been invited by the State Department last year and issued a visa, was told recently by the US Embassy in Islamabad that he could not attend a State Department-sponsored program on accountability in government and business and that a visa he had already received had been revoked." During a Wednesday interview, "State Department spokeswoman Nancy Beck said the problem was not funding but rather new information that was received after Baloch had been approved that 'led us to believe he was not eligible for a visa.' She declined to elaborate."

Indian Premier Favors Treaty, Pakistan Asks For Kashmir Solution First. The New York Times (3/25, Sengupta, 1.19M) reports, Indian "Prime Minister Manmohan Singh called Friday for a far-reaching 'treaty of peace, security and friendship' between India and Pakistan, in what appeared to be an effort to stanch criticism from across the border for inaction on the contested Kashmir region. Pakistan politely welcomed the offer but pointed, not surprisingly, to the need to take on the Kashmir issue." Mr. Singh is quoted as saying, "We are not afraid of discussing Jammu and Kashmir or of finding pragmatic, practical solutions to resolve this issue as well," though he added that territorial lines were not up for discussion.

US, Europe Will Place Sanctions On Belarus. The New York Times (3/25, Chivers, 1.19M) reports, "The United States and Europe said Friday that they would impose sanctions against President Aleksandr G. Lukashenko of Belarus and other top officials for cracking down on a peaceful protest over his re-election, which was widely seen as a sham." The US "stopped short of cutting its ties with the Belarus government, but a senior State Department official said that travel and financial restrictions already in place on 'fewer than a dozen' Belarussian government officials would probably be extended to more than 50, including Mr. Lukashenko. The European Union announced similar moves."

In its coverage, the Financial Times (3/25, Buckley, Dombey) notes, "The tough EU and US response set them sharply at odds with Russia. Moscow has accepted the election results and congratulated Mr Lukashenko on winning a third five-year presidential term with an official 82.6 per cent of the vote, on a 92 per cent turnout." Russian Foreign Minister Sergei Lavrov, "on Friday accused the Organization for Security and Cooperation in Europe...of delivering a biased verdict."

The Washington Post (3/25, A12, Branigin, 744K) adds, "White House press secretary Scott McClellan said the United States demanded the immediate release of hundreds of protesters who have been arrested for demonstrating against March 19 elections, which President Alexander Lukashenko claims to have won with nearly 83 percent of the vote." McClellan is quoted as saying, "The United States calls on authorities in Belarus to release without delay the hundreds of citizens who have been detained not only in the past 24 hours but in recent days and weeks simply for expressing their political views. ... We strongly condemn the actions by Belarusan security services, [who] forcibly seized and detained citizens of Belarus who were peacefully demonstrating against the fraudulent March 19th election results."

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And in an exclusive interview with Professor Alexander Kozulin, one of the two top Belarussian opposition leaders, Time (3/24, Zarakhovich) quotes Kozulin as saying, "Lukashenko's lost his nerve. Tomorrow, Saturday, March 25, is a major national holiday, albeit unrecognized officially — the anniversary of the Belarus People's Republic, our independent state, proclaimed back in 1918 and destroyed several months later. Lots of people always gather to mark this day. Now, the anniversary coincided with mass election fraud protests. The opposition has called upon the people to come to the square en masse to protest. The authorities were scared that this 'pathetic tent camp' worked as a toehold for the dozens of thousands who would show up tomorrow — and turn Minsk into a free city. So they moved to remove it." The AP (3/25) also covers the story.

Opposition Focus Shifts To Detention Center. A separate New York Times (3/25, Chivers, 1.19M) notes, "The center of the psychological chess game between the autocratic government of Belarus and its emboldened new opposition shifted Friday from a small camp on October Square to a pretrial detention center, where much of the opposition movement now finds itself locked up." On Friday, "relatives of the detained and opposition members who had eluded arrest turned up at the jailhouse walls, demanding to know who was inside, and trying to get the officials to accept parcels for the detainees. The bags contained nuts, juice, toothbrushes and clean clothes."

Schumer, Graham Take Softer Line On China Penalties. The Financial Times (3/25, Dyer, Swann) reports, "Advocates of free trade were hopeful on Friday that a more conciliatory stance by two US senators who have threatened draconian legislation against China would help cool anger in Congress over China's trade policies. Senators Charles Schumer of New York and Lindsey Graham of South Carolina, who sponsored a bill to place a 27.5 per cent tariff on Chinese exports entering the US, said the country had taken 'a big first step' towards establishing a more flexible currency regime. Speaking on a visit to China, they said they would make a decision only next week on whether to put their bill for a vote on March 31. They hinted, however, that any vote would be delayed for at least a month."

Lucent, Alcatel Hope An Ascendant China Will Give Legs To Tie-Up. As Alcatel pursues a $13 billion merger with Lucent Technologies Inc., the Wall Street Journal (3/25, Silver, Berman, Abboud, 2.11M) reports, "There is renewed urgency for a deal. Chinese upstarts such as Huawei Technologies Co. and ZTE Corp. are beginning to enter their turf with cheaper products, threatening to seize market share, take jobs and set industry standards for the huge Chinese market." Both Lucent and Alcatel hope that the fast-changing global telecom landscape will keep their deal from becoming a political football," as the recent Dubai Ports World debacle and the "possible purchase of Unocal Corp. by China's Cnooc Ltd., fell apart over U.S. opposition."

China's Imposition Of Consumption Taxes A Good Example For US, NYTimes Says. After an announcement by Beijing last week that it would "raise existing taxes and impose new ones on things like gas-guzzling cars and trucks, and disposable wooden chopsticks," the New York Times (3/25, 1.19M) editorializes, "China's relentless economic growth has created severe environmental problems and depleted its natural resources. Its energy demands have contributed to rising oil prices and the gases associated with global warming. So it is heartening when China, the world's most populous nation, takes steps to curb its appetites. We hope other countries (like the United States) may be similarly inspired."

US Proposal To Change How UN Funding Mechanism Rankles Russia, China. The Financial Times (3/25, Nations) reports, "The US has sparked protests from Russia and China by proposing a fundamental change to the way contributions to the United Nations are calculated that would make them pay more. The US...wants to shift from a formula broadly based on gross national income (GNI) to one that takes account of purchasing power parity (PPP) – a tool used by economists to compare living standards in different countries more accurately. In testimony prepared for a congressional hearing, before that hearing was delayed, John Bolton, the US ambassador to the UN, argued that the GNI-based calculations could be 'greatly skewed by distortions introduced into the marketplace by -currencies which are non--convertible'." But "the move is a clear challenge to China and Russia, and to developing countries, whose relative wealth is considerably higher when measured by PPP. 'PPP would radically shift the balance,' said one UN diplomat. 'Developing countries would pay a lot more.'"

UN Security Council Wants Faster Darfur Planning. The AFP (3/25) reports, "The UN Security Council called for faster preparations for the African Union (AU) to hand over its peacekeeping mission in Sudan's western Darfur region to the United Nations. The 15-member body unanimously adopted a resolution that also decided to extend for at least six months the mandate of the UN mission in south Sudan (UNMIS). The text directed UN chief Kofi Annan, working with the AU and in consultations with the council 'to expedite the necessary preparatory planning for transition' from the AU force known as AMIS to a UN operation."

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THE BIG PICTURE:

Headlines From Today's Front Pages.

Los Angeles Times:
"Playing After A Big Loss."
"Bush's Requests For Iraqi Base Funding Make Some Wary Of Extended Stay."
"Release Of Westerners In Iraq Is Bittersweet."
"White House Presses Afghans Not To Punish Christian Convert."
"A Plan To Spread Homeless Countywide."
China's Chopstick Tax Seems Dim To Some."
"Near Santa Monica's Glitz, The Grit Of A Different Life."

New York Times:
"Iraq Qaeda Chief Seems To Pursue A Lower Profile."
"US And Europe Plan Sanctions Against Belarus."
"Sharon's Spirit, And, Absence Pervade Election."
"Red Cross Fires Administrators In New Orleans."
"As Parents Age, Baby Boomers And Business Struggle To Cope."
"New York City Meets Stranger From West: The Brush Fire."

Washington Post:
"Area Soon To Be Mostly Minority."
"Russians Helped Iraq, Study Says."
"For George Mason, It's Pure Madness."
"Salvadorans Ambushed By Memories In Iraq."
"Near Paul Revere Country, Anti-Bush Cries Get Louder."
"For The French, Joi De Vevre Fades Into Fear."

Washington Times:
"Afghan Judge Balks At Prodding."
"New Homes Sales Slumping."
"Moscow Spies Tipped Saddam On US War Plan."
"Patriots In Elite Company."
"BGE Sees Merger As Buffer For Rates."
"Chirac Gives Use Of English Tongue Lashing."
"Revolution On The Mark."

Detroit Free Press:
"Health Care Threatens To Swallow City Budget."
Soccer's Popularity Outshoots Field Access."
"GM Pricing Plan Starting To Work."
"Holding On To His Memory."

Atlanta Journal-Constitution:
"Cap On Class Size Passes."
"Folks Sure Are Sweet, Pie Lady Discovers."
"Iraq's Fallen Handled With Reverence."

Dallas Morning News:
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"Gifts To Officials: Details Optional."
"Trucker Pleads Guilty."
"Mobilizing For Immigration."
"Bar Arrests Elicit Outrage."

Houston Chronicle:
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"Time Running Out On Bagwell."
"Houston Man Kills Suspected Home Invader."
"Big Easy's Mayoral Candidates Here Today."
"Perry's Plan For Tax Relief Has 2 Phases."
"Rice Lab Gets A Leg Up On Joint Replacement."
"Violence Goes From 'Bad To Worse.'"

Story Lineup From Last Night's Network News:
ABC: Post-Katrina Red Cross Fraud; Russia Official/Iraq Invasion Plans; Afghan Christian Convert; New Cardinals; Immigrants' Protests/Georgia Immigration Legislation; WWII Vet's Remains; Volunteer Students.
CBS: Russia Official/Iraq Invasion Plans; Christian On Trial In Afghanistan; Immigrant Protests; Post-Katrina Red Cross Fraud; Tiger Woods; US Housing Market; Hair Replacement; New Cardinals; Mail for the Homeless.
NBC: Immigration Protests; Afghan Christian Convert; Russian-Saddam Connection; War's Effect On Small Town USA; Reporter's Iraq Video Diary; Autism Rate Increases; DOW Finishes Up; WWII Airman's Body Found; Post-Katrina Prom.

WASHINGTON'S SCHEDULE:

Today's Events In Washington.

White House:
PRESIDENT BUSH – No schedule available.
VICE PRESIDENT CHENEY -- No schedule available.

US Senate: -- No events scheduled.

US House: -- No events scheduled.

Other. ALL DAY

March 23 - 26. HISPANIC HEALTH _ The National Hispanic Medical Association holds its 10th Annual Conference. Location: Marriott Wardman Park Hotel, 2660 Woodley Road NW. Contacts: Carol Castaneda, 703-369-0414

March 24 - 27. ASIA-PACIFIC CATHOLICS _ Representatives of the first National Asian and Pacific Catholic Convocation, which will held in June in Arlington, hold media availabilities to discuss the conference. Highlights:

Availabilities from 10-10:30 a.m., 3-3:30 p.m., and 7-8 p.m. Location: Hyatt Regency-Crystal City, 2799 Jefferson Davis Hwy., Arlington, Va. Contacts: Margaret Lacson-Ecarma, 703-459-8484

March 25 - 26. FLU PANDEMIC _ The Caring Institute holds a conference on pandemic preparedness. Location:

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Omni Shoreham Hotel, 2500 Calvert St. NW. Contacts: n/a, 201-843-5600

10 a.m. - 5:30 p.m. CHERRY BLOSSOM FESTIVAL _ The National Building Museum hosts a family day and kick-off ceremony for the National Cherry Blossom Festival. Highlights: 10 a.m. - 4 p.m. Family day featuring Japanese activities, performances and demonstrations, including gardening and origami, anime screenings, Dance Dance Revolution video game stations, mukimono fruit carving, and bonsai displays. 4 p.m. - 5:30 p.m. Opening ceremony, rain or shine. Remarks by local dignitaries, the introduction of the festival goodwill ambassadors, and a taiko performance. Location: National Building Museum, 401 F St. NW. Contacts: Julie Neubauer, 202-772-2448 ext 3109

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DEPARTMENT OF JUSTICE *NEWS CLIPS*

PREPARED FOR THE OFFICE OF PUBLIC AFFAIRS, US DEPARTMENT OF JUSTICE

TO: THE ATTORNEY GENERAL AND SENIOR STAFF

DATE: SATURDAY, MARCH 25, 2006 7:45 AM EST

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TERRORISM NEWS:

Privileged Conversations Said Not Excluded From Spying (NYT)

By The New York Times

The New York Times, March 25, 2006

WASHINGTON, March 24 — The National Security Agency has the authority to listen without warrants to conversations between lawyers and their clients and doctors and their patients if a connection to Al Qaeda is suspected, the Justice Department told Congress in a report released Friday.

"Although the program does not specifically target the communications of attorneys or physicians, calls involving such persons would not be categorically excluded from interception" if they met the other requirements of the eavesdropping program, including if there were a suspected link to Al Qaeda and if one party were outside the United States, the Justice Department said. It did not say whether that authority had been used.

Federal policy generally recognizes a high standard of confidentiality for privileged attorney-client and doctor-patient conversations. The monitoring of federal jailhouse conversations between a lawyer and a client, for instance, requires a special order of the attorney general.

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The Justice Department's position on the question of privileged conversations came in its written responses to nearly 100 questions posed by Republicans and Democrats about the N.S.A.'s eavesdropping program, which has provoked fierce debate in Congress since it was disclosed last December.

Representative John Conyers Jr. of Michigan, one of the Democrats who questioned the department about the legal and operational details of the program, said the administration's suggestion that privileged communications could be monitored without a warrant was "one of the few revealing answers" in more than 50 pages of responses.

For the most part, Mr. Conyers said, the answers were "vague and unresponsive" and reflected an effort by the administration to "thumb its nose at the American people and their elected representatives."

The bulk of the written responses repeated the assertions the administration has made in defending the program in public statements, written reports and Congressional testimony in the last three months.

Once again, the Justice Department strongly defended the legality of the program, based on President Bush's constitutional authority to protect the country and a Congressional resolution passed after the Sept. 11 terrorist attacks. The department characterized as flawed and unfounded charges from critics that the program violated the Foreign Intelligence Surveillance Act of 1978, which required warrants from a special court for eavesdropping operations in intelligence cases.

The department also defended the effectiveness of the program, despite suggestions from some law enforcement officials that it had led to far more dead ends than productive leads. With the operation aimed at preventing another terrorist attack, the Justice Department said it "is confident that the program is helping to achieve that goal."

But as it has done repeatedly, the department refused to answer directly nearly all the questions raised by Democrats about the operational aspects of the program or what limits if any it saw to the president's legal authority to protect the country.

DOJ: NSA Could've Monitored Lawyers' Calls (AP)

By Katherine Shrader

AP, March 25, 2006

The National Security Agency could have legally monitored ordinarily confidential communications between doctors and patients or attorneys and their clients, the Justice Department said Friday of its controversial warrantless surveillance program.

Responding to questions from Congress, the department also said that it sees no prohibition to using information collected under the NSA's program in court.

"Because collecting foreign intelligence information without a warrant does not violate the Fourth Amendment and because the Terrorist Surveillance Program is lawful, there appears to be no legal barrier against introducing this evidence in a criminal prosecution," the department said in responses to questions from lawmakers released Friday evening.

The department said that considerations, including whether classified information could be disclosed, must be weighed.

In classified court filings, the Justice Department has responded to questions about whether information from the government's warrantless surveillance program was used to prosecute terror suspects. Defense attorneys are hoping to use that information to challenge the cases against their clients.

Since the program was disclosed in December, some skeptical lawmakers have investigated the Bush administration's legal footing, raising questions including whether the program could capture doctor-patient and attorney-client communications. Such communications normally receive special legal protections.

"Although the program does not specifically target the communications of attorneys or physicians, calls involving such persons would not be categorically excluded from interception," the department said.

The department said the same general criteria for the surveillance program would also apply to doctors' and lawyers' calls: one party must be outside the United States and there must be reason to believe one party is linked to al-Qaida. The department's written response also said that these communications aren't specifically targeted and safeguards are in place to protect privacy rights.

Michigan Rep. John Conyers (news, bio, voting record), the House Judiciary Committee's top Democrat, complained about the department's evasiveness in answers to questions from the House and Senate Judiciary Committees, submitted to Attorney

General Alberto Gonzales. All but two of 45 answers to the House Judiciary Democrats were vague and unresponsive, Conyers said.

He found the response regarding doctor-patient and attorney-client privilege particularly troublesome. More generally, the "need for oversight is especially glaring," he said in a statement.

Justice Department spokesman Brian Roehrkasse said the department "has been extremely forthcoming and clear about the administration's legal analysis through multiple briefings with Congress, three hearings with the Attorney General, multiple letters to Congress, a 42-page white paper and dozens of questions for the record."

Responding in 75 typed pages, the department clarified some points in the three-month-old debate over the program. But it also left many questions unanswered, citing the need for national security.

The House Democrats asked if any other president has authorized wiretaps without court warrants since the passage of the 1978 Foreign Intelligence Surveillance Act, which governs intelligence collection inside the United States.

Choosing its words carefully, the department said, "if the question is limited to 'electronic surveillance' ... we are unaware of such authorizations."

The department also made clear that the program — as confirmed by President Bush — has never been suspended since it began in October 2001. That would include 2004, when reports indicate serious doubts about the program were raised by Justice Department officials.

But the department refused to discuss, or even confirm, a meeting in 2004 at then-Attorney General John Ashcroft's hospital bed. News reports indicated that White House Chief of Staff Andy Card and Gonzales, then White House counsel, needed his help to quell dissent about the program.

Lawmakers also asked whether federal judges on a secretive intelligence court objected to the program and, if so, how the administration responded.

The department wouldn't answer, citing the need to protect classified information. "We assure you, however, that the department keeps the Foreign Intelligence Surveillance Court fully informed regarding information that is relevant to the FISA process," the response said.

The department also avoided questions on whether the administration believes it is legal to wiretap purely domestic calls without a warrant, when al-Qaida activity is suspected. The department wouldn't say specifically that it hasn't been done.

"Interception of the content of domestic communications would present a different legal question," the department said.

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Associated Press Writer Mark Sherman contributed to this report.

Federal Judge Appointed To FISA Court (AP)

AP, March 25, 2006

U.S. District Judge John D. Bates has been named to replace a judge who resigned from the secretive court set up by Congress to oversee domestic spying.

Bates, a former Whitewater prosecutor, was appointed by Chief Justice John Roberts in February to replace U.S. District Judge James Robertson, who quit shortly after news reports about the Bush administration going around the court to eavesdrop on U.S. citizens suspected of communicating with terrorists.

The appointment was not announced by the court. Secrecy News reported the appointment Friday after it appeared in Bates' official online biography.

"In February 2006, he was appointed by Chief Justice Roberts to serve as a judge of the United States Foreign Intelligence Surveillance Court," according to Bates' bio on the Web site maintained by the U.S. District Court of the District of Columbia.

Bates was named to the federal bench in 2001 by President Bush. Prior to joining the court, Bates worked as a private practice attorney. From 1995 to 1997, he was an assistant U.S. attorney who wored for Independent Counsel Kenneth Starr on the investigation into President Clinton's Whitewater investment deals.

The FISA court reviews applications for domestic intelligence surveillance and search warrant requests, as outlined in the 1978 Foreign Intelligence Surveillance Act.

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While Robertson never spoke publicly of his resignation, many believe he quit in protest over the National Security Agency's monitoring of international calls — when one party is inside the United States — without first getting court approval.

Under the program first disclosed last year, the NSA has been conducting the surveillance when calls and e-mails are thought to involve al-Qaida. President Bush authorized the program after the Sept. 11, 2001, terror attacks.

Unwelcome Attention From Moussaoui Trial (NYT)

By Neil A. Lewis And David Johnston

The New York Times, March 25, 2006

WASHINGTON, March 24 — The sentencing trial of Zacarias Moussaoui was supposed to have been the government's best opportunity to hold someone accountable for the deaths on Sept. 11, 2001.

But after federal prosecutors finished laying out their case this week, even those who strongly supported an aggressive prosecution may wonder whether the trial has shed as much light on Mr. Moussaoui's culpability as it has on the missteps and mistakes by law enforcement agencies.

The testimony of two prosecution witnesses, in particular, has brought renewed and unwelcome attention to how the Federal Bureau of Investigation dealt with early warning signs.

Mr. Moussaoui is the sole person to go to trial in an American courtroom for the attacks, making him a proxy for the 19 hijackers who were killed carrying out the attacks and the chief planners who are being held in secret C.I.A. prisons overseas.

Mr. Moussaoui in jail on Sept. 11, but prosecutors have argued that he deserves to be executed because he lied to investigators about what he knew of Al Qaeda plans to fly planes into buildings when he was arrested three weeks earlier on immigration violations.

On Monday, defense lawyers are expected to offer a set of extraordinary trial exhibits, statements about Mr. Moussaoui by a handful of senior Qaeda officials gathered somewhere in the secret overseas detention centers that the C.I.A. maintains.

The jury will be read the statements from detainees including Khalid Shaik Mohammed, the mastermind of Sept. 11, and Ramzi bin al-Shibh, its paymaster. Officials expect the two to describe Mr. Moussaoui as an unreliable fringe figure in Al Qaeda.

The government presentation, which ended on Thursday, did not go smoothly. First, the prosecution nearly collapsed after the disclosure that a transportation lawyer working with the prosecutors had improperly coached aviation witnesses.

Although that occurred out of the jury's view, other problems surfaced when the prosecutors presented two witnesses supposed to bolster their case that Mr. Moussaoui's lies made him responsible for nearly 3,000 deaths. The two witnesses testified that if he had told the truth on Aug. 16, 2001, the bureau could have moved swiftly to foil the plot.

The first witness, Harry Samit, an F.B.I. agent in Minnesota who questioned Mr. Moussaoui at his arrest, firmly asserted that had he been given the truth "we would have several new leads to investigate," and the plot might have been thwarted. Instead, he said, Mr. Moussaoui's answers sent investigators on "wild goose chases."

Under cross-examination by Edward B. MacMahon Jr., a court-appointed lawyer for Mr. Moussaoui, Mr. Samit acknowledged that after the attacks he had written strongly worded reports saying his superiors had improperly blocked his efforts to investigate Mr. Moussaoui. He added that he was convinced that Mr. Moussaoui was a terrorist involved in an imminent hijacking plot.

That senior bureau officials dragged their feet on investigating Mr. Moussaoui by seeking search warrants from a special intelligence court or a more routine criminal search warrant was not new. But it had never been presented so vividly as a reluctant Mr. Samit was obliged to do under cross-examination.

He offered a devastating comment from a supervisor who said pressing too hard to obtain a warrant for Mr. Moussaoui would hurt his career. Mr. Samit also wrote that his superiors did not act because they were guilty of "criminal negligence" and they were gambling that Mr. Moussaoui had little to offer. The lost wager, Mr. Samit said, was paid in many lives.

Mr. Samit was followed to the witness stand by Michael Rolince, a retired F.B.I. counterterrorism supervisor who similarly recited a list of actions that the bureau could have taken if Mr. Moussaoui had told them about Qaeda plans to take over planes with knives and fly into buildings.

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But when Mr. MacMahon began reading from a document detailing many suspicions about Mr. Moussaoui's intentions, Mr. Rolince interrupted, "Can I ask what document that's coming from?"

Mr. MacMahon obliged, noting that it was an urgent memorandum written by Mr. Samit on Aug. 18, 2001, hoping to attract the attention of headquarters. Mr. Rolince had inadvertently underlined that the agent's suspicions had never risen to his attention.

One problem for the bureau is that the backbone of the prosecution case, that the bureau could have disrupted the plot had Mr. Moussaoui admitted all he knew, represents a substantial revision of conventional wisdom at the law enforcement agency.

For years, agents have expressed the view that Mr. Moussaoui knew little about what his Qaeda superiors wanted of him and had said that it was highly speculative whether more information would have deterred the attacks.

A number of bureau officials have contended that even if the bureau had more clues about the hijackers, they might have been able only to put them under surveillance because they had not committed any crime.

Sally Regenhard of the Bronx, whose son, a probationary firefighter, was killed in the collapse of the World Trade Center, said she was upset by the reminders of the failure of law enforcement authorities to heed many leads before the attacks.

"It's dismaying, but there it is," said Ms. Regenhard, who has been one of the dozens of family members of Sept. 11 victims who have visited the Virginia courtroom to observe the trial. "There were discrete warnings known to the government. People don't realize this."

The most pivotal moment may occur next week, however, when Mr. Moussaoui is expected to take the stand. Under the federal death penalty law, the jurors have to consider first whether he is responsible for any of the Sept. 11 deaths before they consider several factors in deciding whether to order his execution. The jury would have to be unanimous in deciding he bore responsibility for the trial to go to the next phase.

In addition to the evidence, the jurors may respond viscerally and decide that Mr. Moussaoui is an odious figure undeserving of sympathy. They have heard some of his outbursts in pretrial proceedings in which he proclaimed in their presence his membership in Al Qaeda. He has said that he was indeed training to fly a plane into a building but that he was not involved in the Sept. 11 plot and should not be executed for it.

His testimony will give the jurors another opportunity to take his measure.

9/11 Lawyer Won't Testify On Her Actions (WP)

By Jerry Markon

The Washington Post, March 25, 2006

Violation Halted Moussaoui Case

A government lawyer whose misconduct nearly derailed the death-penalty trial of Zacarias Moussaoui will not have to testify about her actions at a hearing Monday, court officials said yesterday.

Attorneys for Moussaoui had subpoenaed Carla J. Martin, who brought Moussaoui's sentencing hearing to a halt last week after she violated a court order by sharing testimony with upcoming witnesses. The subpoena had instructed her to report to U.S. District Court in Alexandria.

But Judge Leonie M. Brinkema yesterday quashed the subpoena, according to a brief notation on the court docket, which said a hearing scheduled for 9 a.m. Monday had been canceled. The docket did not offer an explanation. Attorneys for Moussaoui and Martin declined to comment because the matter remains under a court seal.

One reason a judge would quash a subpoena, legal experts said, is if the person ordered to court planned to invoke her Fifth Amendment right against self-incrimination and refuse to testify. Martin declined to testify at a hearing last week. Her attorney, Roscoe C. Howard Jr., has said Martin is assembling a defense but is not yet ready to explain her actions publicly.

Moussaoui, 37, pleaded guilty last year to conspiring with al-Qaeda and is the only person convicted in an American courtroom on charges stemming from the attacks on the World Trade Center and Pentagon. A federal jury in Alexandria will decide whether he receives the death penalty.

Brinkema stopped the sentencing hearing for a week after Martin violated the order forbidding most witnesses from attending or following the trial or reading transcripts. Martin e-mailed trial transcripts to seven witnesses and coached them on their testimony. She had been a liaison between aviation witnesses and the prosecution team.

Brinkema called it "the most egregious violation of the court's rules on witnesses" she had seen "in all the years I've been on the bench."

In response, Brinkema barred the testimony of the witnesses Martin had contacted and all aviation evidence, severely damaging the government's case. But after prosecutors offered a compromise, Brinkema issued a revised order saying they could use new aviation witnesses untainted by Martin's conduct.

The aviation evidence is crucial to the government's central argument for Moussaoui's execution: that if he had not lied to the FBI when he was arrested in August 2001, the Sept. 11 attacks could have been stopped. Armed with Moussaoui's information about the plot, prosecutors say, the Federal Aviation Administration could have ratcheted up security at the nation's airports.

Moussaoui Trial: Attempt To Subpoena Martin Is Quashed (MINNST)

By Greg Gordon

Minneapolis Star Tribune, March 25, 2006

ALEXANDRIA, VA. - Without public explanation, the judge in the death-penalty trial of Zacarias Moussaoui on Friday quashed a defense subpoena for the testimony of Carla Martin, a government lawyer found to have improperly coached prosecution witnesses.

It was not immediately clear whether Martin, a Transportation Security Administration attorney, would appear later or had signaled her intention to exercise her Fifth Amendment right against self-incrimination. It was also possible her testimony was no longer thought to be necessary.

Disclosures that Martin circulated transcripts of the trial's first day to seven potential federal aviation witnesses and made suggestions as to how some of them should testify nearly undermined the government's push for Moussaoui's execution.

But Brinkema allowed prosecutors to present a new witness, former Federal Aviation Administration official Robert Cammaroto, this week after holding a closed hearing to evaluate whether he was free of any taint.

Cammaroto testified that if Moussaoui had told federal agents what he knew about an Al-Qaida suicide hijacking plot when he was arrested in Minnesota weeks before the Sept. 11 attacks, the FAA could have swiftly tightened security at the nation's airports.

Defense lawyers, however, petitioned the court to require Martin to testify to determine whether the "taint" extended further and subpoenaed her to appear in court at 9 a.m. Monday. Prosecutors had advised the judge they welcomed her appearance, but only if she would not invoke the Fifth Amendment.

Martin's attorney, Roscoe Howard, declined to respond to phone calls.

Greg Gordon is a correspondent in the Star Tribune Washington Bureau.

Attorneys Appeal "classified" Order On Wiretaps In Mosque Case (AP)

AP, March 24, 2006

ALBANY, N.Y. (AP) — Defense lawyers have asked a federal appeals court to intervene in the case of two Albany Muslims accused of supporting terrorism, saying the judge erred in letting authorities keep information about wiretaps secret.

Attorneys for Yassin Aref and Mohammed Hossain filed a writ Friday asking the Second Circuit U.S. Court of Appeals to review Judge Thomas McAvoy's pretrial ruling. Arguing that illegal warrantless wiretaps may have been used, they had filed a motion to thrown out charges, suppress any evidence from such wiretaps and force prosecutors to disclose whether they were used.

McAvoy on March 10 rejected the motion. His "classified" ruling leaves his reasons secret. The earlier responses by prosecutors and the U.S. Justice Department also were classified.

The writ says the judge "failed to rule on the legality of the NSA surveillance program, even though it is clearly a source of evidence in this case." They called the judge's handling of the issue "an especially serious breach of due process."

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Yassin Aref, 35, imam at Masjid as-Salam in Albany, and Mohammed Hossain, 50, are accused of laundering money in 2003-2004 for an FBI informant, a Pakistani businessman posing as an arms dealer. Neither is accused of actual violence.

Both deny charges that they conspired to provide support to Jaish-e-Mohammed, a Pakistan-based group listed by the federal government as a terrorist organization. Aref, an emigre from the Kurdish region of northern Iraq, remains in jail awaiting trial, while Hossain is free on bond.

The NSA wiretap program, disclosed publicly Dec. 16 by The New York Times, began sometime after the Sept. 11, 2001, terrorist attacks and involved electronic intercepts of telephone calls and e-mails in the U.S. of people with suspected ties to al-Qaida and other terrorist groups.

The disclosure prompted national debate about its legality. President Bush defended the program, saying it is an effective tool to disrupt terrorists and insisted it was not an abuse of Americans' civil liberties. Its details have not been disclosed.

On Friday, the Justice Department told Congress that it sees no prohibition to using information from the NSA program in court, and thatcalls between attorneys and their clients "would not be categorically excluded from interception." The department asserted that collecting foreign intelligence information does not violate the Fourth Amendment prohibition against unlawful searches and that the terrorist surveillance program is lawful.

Prosecutors had also asked McAvoy to shield several documents about the Albany investigation since the men were arrested almost two years ago, citing national security. Some information was released Tuesday in compliance with another order from McAvoy.

Pakistani Forces Kill 18 Militants (LAT)

By Zulfiqar Ali

The Los Angeles Times, March 25, 2006

Security officials say the fighting began when a government outpost was attacked in the volatile North Waziristan tribal region. One soldier dies.

PESHAWAR, Pakistan — Pakistani security forces shot dead at least 18 militants in the volatile North Waziristan tribal region near the border with Afghanistan early Friday, security officials said.

Syed Zaheerul Islam, administrator of the troubled region, said one soldier was killed and two others were wounded in the two-hour battle. He also said that foreign militants might be among the dead. The government claims could not be independently verified.

Officials said the fighting began in the Tith Nary area, southwest of Miram Shah, the regional administrative headquarters, when militants attacked a government outpost. The attackers fired rockets on the troops and security forces returned fire, authorities said.

One security official said that Cobra helicopters were called in to assist ground forces in repulsing the attack.

"We have not counted the bodies, but from the blood littered at the area and some eyewitnesses reports, we can presume that militants have suffered heavy casualties," the official said.

A recent wave of clashes has left nearly 200 militants dead in the region, officials said. Authorities have set a night curfew in Miram Shah to curtail attacks on security forces and government installations.

Opposition Decries U.S. Travel Alert For Italy As Interference In Election (WP)

By Sarah Delaney

The Washington Post, March 25, 2006

ROME, March 24 -- Opposition leader Romano Prodi says he got on the phone to the U.S. ambassador right away to demand an explanation: Why did the State Department issue a public announcement warning Americans in Italy to stay away from political rallies because of possible violence?

The March 21 caution came in the final weeks of a vitriolic election campaign in which Prime Minister Silvio Berlusconi, a close U.S. ally, is trailing in the polls. To many opposition ears, the U.S. statement seemed to support Berlusconi's accusations that Prodi's alliance harbors fringe groups in its ranks that resort to violence.

DOJ_NMG_0021987

"The U.S. alert surprised me," Prodi told reporters here. ". . . A move like this, with elections nearing, can cause a sense of anguish and fear, and there is no need for that."

The warning to travelers and a U.S. decision to allow Berlusconi to address a joint session of Congress in Washington on March 1, a rare honor for a foreign leader, have led to allegations here that the United States is trying to help Berlusconi win a new term.

The warning "is not political," a U.S. Embassy spokesman said. "It's not taking sides. It doesn't even have to be necessarily a political protest. We're just urging Americans to be prudent in any public protest situation." The announcement cited a March 11 incident in Milan in which youths clashed with riot police, injuring some of them and causing considerable damage to streets, cars and shops.

In a day of bickering over the warning, Berlusconi criticized Prodi for contacting the ambassador, Ronald P. Spogli, calling it "undue interference in American affairs." He said the State Department had been justified in issuing the warning, because "the United States addresses its citizens, as is its right, warning them that in Italian political demonstrations there are situations that may be dangerous for Americans."

Prodi's "outburst is meant to cover up the reality of things -- that the left is the home of people who practice violence," Berlusconi said.

Prodi accused the Italian government of being behind the State Department announcement, citing an explanatory note posted on the embassy Web site in response to criticisms. "The Italian government is aware of this announcement, which corresponds to various public statements by Italian authorities," the note read. The embassy said it had acted on its own initiative.

Berlusconi has backed the war in Iraq, sending about 3,000 troops to the southern part of the country after the 2003 U.S.-led invasion. Italy's participation has been unpopular with its people; from the start, the opposition has strongly criticized Berlusconi for sending the force.

The campaign has been heating up as the April 9-10 elections near. Polls show Berlusconi's House of Liberties coalition trailing the opposition's Union coalition by as much as 5 percentage points.

Last weekend, the prime minister addressed Confindustria, the powerful employers' association, accusing opposition leaders of siding with the left and calling people who supported the opposition "out of their minds."

He denied that Italy was in economic decline and said that left-leaning newspapers, some bankers and some industrialists were intentionally giving the wrong impression of the country's economic health.

Berlusconi and Prodi have already faced off in a television debate, in a format close to that used for U.S. presidential debates. The formal and tightly monitored question-and-answer formula favored Prodi, many political analysts concluded, with Berlusconi coming off looking tense.

The two are to debate again on April 3.

Israeli Athlete In '72 Games Recalls Terror (NYT)

By Avi Salzman

The New York Times, March 25, 2006

NEW HAVEN, March 23 — An Israeli athlete who survived the attacks at the Munich Olympics in 1972 spoke about his ordeal for the first time in the United States on Thursday night at Yale, warning that reprisal killings of terrorists only lead to "bloodshed and more bloodshed."

Dan Alon, once a champion Israeli fencer, said he was inspired by watching the movie "Munich" to tell the story of his escape from the building where the Palestinian terrorist group Black September had taken his fellow athletes and some coaches hostage, later killing 11 of them. He said he had kept silent in the nearly 34 years since the attack, not even telling his wife and daughter, who sat in the back of the room.

"It was emotional," he said later, explaining why he kept silent for so long. "It was very hard for me to talk."

Mr. Alon, now 60, recalled the harrowing details of his escape, including the decision by members of the shooting team not to use the guns they had brought for competition to attack the terrorists, and the sound of the creaky steps the athletes had to walk down to escape from the building.

DOJ_NMG_0021988

The Munich Games, he said, had begun on a high note. The opening ceremony was "the most beautiful day of my life," he said, particularly because it was the first Olympic Games in Germany since the Holocaust.

"Coming in with the Israeli flag, it was really something I can't explain," he said. "It was really very touching."

Around 4:30 a.m. on Sept. 5, 1972, Mr. Alon said he awoke to loud noises, but he figured that another team was celebrating and he fell back asleep. Soon afterward, however, gunshots shook the walls of his room. Looking out the window, he saw a wrestling coach, Moshe Weinberg, lying on the ground outside and heard one of the terrorists speaking to German police about how they had taken hostages and wanted hundreds of Palestinian prisoners released. The terrorists, Mr. Alon said, had attacked the Israelis in apartments on either side of him, but for some unknown reason they had passed his door. He said he thinks Mr. Weinberg protected him by leading the terrorists away from his apartment.

Mr. Alon was staying with members of the shooting team, who had guns. After a short discussion, however, the athletes decided not to shoot their attackers because they did not know how many had entered the complex or whether they would retaliate by killing the hostages.

They crept slowly down the stairs of their apartment — "walking on eggs" — so as not to alert the attackers, he said.

Eventually, they got out of the building by jumping over a balcony railing and running through a garden to the German police, who shuttled them to safety. Mr. Alon said he started to cry when he saw his fellow Israelis ride by as hostages in a bus on their way to the airport where they would all die.

HOMELAND RESPONSE:

Assurances Sought On Port-Security Deal (AP)

By Ted Bridis

AP, March 25, 2006

The senior Democrat on the House Homeland Security Committee sought assurances Friday over a no-bid contract the Bush administration is finalizing with a Hong Kong conglomerate to help detect nuclear materials inside cargo passing through the Bahamas to the United States and elsewhere.

Rep. Bennie Thompson (news, bio, voting record), D-Miss., said he was concerned there will be inadequate oversight in the Bahamas, just 65 miles from Florida's coast. He cited a story published Thursday by The Associated Press describing the $6 million contract involving radiation-scanning at the largest seaport in the Bahamas.

The administration acknowledges its contract with Hutchison Whampoa Ltd. represents the first time a foreign company will be involved in running sophisticated U.S. radiation-detection equipment at an overseas port without American customs agents present.

"I am concerned that under the arrangement detailed, a foreign company is responsible for screening containers for illicit materials without any government involvement," Thompson wrote in a letter to leaders at the Homeland Security Department and the Energy Department.

The Republican chairman of the Homeland Security Committee, Rep. Peter King (news, bio, voting record) of New York, could not be reached Friday for comment.

The contract is being negotiated by the National Nuclear Security Administration, part of the Energy Department. It has said employees of Hutchison — the world's largest ports operator — will drive the towering, truck-like radiation scanner at the sprawling Freeport Container Port under the direct supervision of Bahamian customs officials.

Any positive reading would set off alarms monitored simultaneously by Bahamian customs inspectors at Freeport and by U.S. customs officials working at an anti-terrorism center in northern Virginia.

A spokesman for the NNSA said the agency had not yet received the letter from Thompson.

News of the contract surfaced just as Homeland Security Secretary Michael Chertoff prepared to leave on a trip to China, Japan and Singapore, where part of his mission will be to discuss air and sea port security.

Hutchison's ports subsidiary said in a statement Friday from its headquarters in Hong Kong that the U.S. contract was not yet finalized and that it was confident Bahamian customs inspectors will notify U.S. authorities whenever it is appropriate.

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Under the contract, no U.S. officials would be stationed permanently in the Bahamas with the radiation scanner. Separately, there are no U.S. customs agents checking cargo containers in Freeport under a related U.S. port-security program known as the Container Security Initiative run by U.S. Customs and Border Protection.

In his letter, Thompson urged better coordination between the two security programs run by agencies within the departments of Energy and Homeland Security.

"A coordinated policy between your departments would ensure that our government would have oversight over the deployment and operation of equipment in any event, especially if involvement of a foreign company is necessary," Thompson wrote to Chertoff and to Energy Secretary Samuel Bodman.

Thompson said he will support upcoming legislative efforts to combine the two programs under offices within the Homeland Security Department "to create a more streamlined security system."

Hutchison Whampoa is among the shipping industry's most-respected companies and was an early adopter of U.S. anti-terror measures. But its billionaire chairman, Li Ka-Shing, also has substantial business ties to China's government that have raised U.S. concerns over the years.

The Homeland Security Department has worked since last year to include Freeport in its Container Security Initiative program, which would include stationing U.S. customs agents at the ports. Thompson asked when those efforts will be completed. Other Hutchison-run ports in other countries already participate in that program.

U.S. To Contract Foreign Co. To Scan Cargo (AP)

By Ted Bridis And John Solomon

AP, March 25, 2006

One of Americans' favorite beach destinations, the Bahamas, is getting a new U.S. arrival — sophisticated equipment to detect radioactive materials in shipping cargo.

But U.S. customs agents won't be on site to supervise the machine's use as a nuclear safeguard for the American shoreline that is just 65 miles away from Freeport. Under an unusual arrangement, a Hong Kong company will help operate the detector.

The Bush administration says it is finalizing a no-bid contract with Hutchison Whampoa Ltd. It acknowledged the deal is the first time a foreign company will be involved in running a radiation detector at an overseas port without American customs agents present.

The administration is negotiating a second no-bid contract for a Philippine company to install radiation detectors in its home country, according to documents obtained by The Associated Press. At dozens of other overseas ports, foreign governments are primarily responsible for scanning cargo.

While President Bush recently reassured Congress that foreigners would not manage security at U.S. ports, the Hutchison deal in the Bahamas illustrates how the administration is relying on foreign companies at overseas ports to safeguard cargo headed to the United States.

Hutchison Whampoa is the world's largest ports operator and among the industry's most-respected companies. It was an early adopter of U.S. anti-terror measures. But its billionaire chairman, Li Ka-Shing, also has substantial business ties to China's government that have raised U.S. concerns over the years.

"Li Ka-Shing is pretty close to a lot of senior leaders of the Chinese government and the Chinese Communist Party," said Larry M. Wortzel, head of a U.S. government commission that studies China security and economic issues. But Wortzel said Hutchison operates independently from Beijing, and he described Li as "a very legitimate international businessman."

"One can conceive legitimate security concerns and would hope either the Homeland Security Department or the intelligence services of the United States work very hard to satisfy those concerns," Wortzel said.

Three years ago, the Bush administration effectively blocked a Hutchison subsidiary from buying part of a bankrupt U.S. telecommunications company, Global Crossing Ltd., on national security grounds.

And a U.S. military intelligence report, once marked "secret," cited Hutchison in 1999 as a potential risk for smuggling arms and other prohibited materials into the United States from the Bahamas.

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Hutchison's port operations in the Bahamas and Panama "could provide a conduit for illegal shipments of technology or prohibited items from the West to the PRC (People's Republic of China), or facilitate the movement of arms and other prohibited items into the Americas," the now-declassified assessment said.

The CIA currently has no security concerns about Hutchison's port operations, and the Bush administration believes the pending deal with the foreign company would be safe, officials said.

Supervised by Bahamian customs officials, Hutchison employees will drive the towering, truck-like radiation scanner that moves slowly over large cargo containers and scans them for radiation that might be emitted by plutonium or a radiological weapon.

Any positive reading would set off alarms monitored simultaneously by Bahamian customs inspectors at Freeport and by U.S. Customs and Border Protection officials working at an anti-terrorism center 800 miles away in northern Virginia. Any alarm would prompt a closer inspection of the cargo, and there are multiple layers of security to prevent tampering, officials said.

"The equipment operates itself," said Bryan Wilkes, a spokesman for the U.S. National Nuclear Security Administration, the agency negotiating the contract. "It's not going to be someone standing at the controls pressing buttons and flipping switches."

Hutchison's ports subsidiary said in a statement Friday from its headquarters in Hong Kong it was confident that Bahamian customs inspectors will notify U.S. authorities whenever it is appropriate.

The administration is finalizing the contract amid a national debate over maritime security sparked by the furor over now-abandoned plans by Dubai-owned DP World to take over significant operations at major U.S. ports.

Rep. Bennie Thompson (news, bio, voting record), the senior Democrat on the House Homeland Security Committee, said President Bush "needs to explain what safeguards are in place at foreign ports to assure that operators are not jeopardizing our security."

"If a port operator has been identified as posing a potential threat to national security, it is only common sense that Americans should be working on site to assure U.S. security is taken seriously," Thompson said. "If the president needs more U.S. Customs inspectors to get the job done, I'd be happy to lead the charge to get however many is needed to keep America safe."

Some security experts questioned whether the U.S. should pay a foreign company with ties to China to keep radioactive material out of the United States.

"Giving a no-bid contract to a foreign company to carry out the most sensitive security screening for radioactive materials at ports abroad raises many questions," said Sen. Charles Schumer (news, bio, voting record), D-N.Y.

A low-paid employee with access to the screening equipment could frustrate international security by studying how the equipment works and which materials set off its alarms, warned a retired U.S. Customs investigator who specialized in smuggling cases.

"Money buys a lot of things," Robert Sheridan said. "The fact that foreign workers would have access to how the United States screens various containers for nuclear material and how this technology scrutinizes the containers — all those things allow someone with a nefarious intention to thwart the screening."

The Hutchison deal in the Bahamas was flagged in a report in October by ATS Worldwide Services, a Florida firm that identifies potential risks for private-sector and government clients. Company officials said they shared the report with some officials in Congress, the military and law enforcement.

Other experts discounted concerns. They cited Hutchison's reputation as a leading ports company and said the United States inevitably must rely for some security on large commercial operators in the global maritime industry.

"We must not allow an unwarranted fear of foreign ownership or involvement in offshore operations to impair our ability to protect against nuclear weapons being smuggled into this country," said Sen. Norm Coleman (news, bio, voting record), R-Minn., a member of the Senate Homeland Security and Governmental Affairs Committee. "We must work with these foreign companies."

A former Coast Guard commander, Stephen Flynn, said foreign companies sometimes prove more trustworthy — and susceptible to U.S. influence — than governments.

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"It's a very fragile system," Flynn said. Foreign companies "recognize the U.S. has the capacity and willingness to exercise a kill switch if something goes wrong."

There are no U.S. customs agents checking any cargo containers at the Hutchison port in Freeport. Under the contract, no U.S. officials would be stationed permanently in the Bahamas with the radiation scanner.

Hutchison operates the sprawling Freeport Container Port on Grand Bahama Island. Its subsidiary, Hutchison Port Holdings, has operations in more than 20 countries but none in the United States.

Contract documents obtained by AP indicate Hutchison will be paid roughly $6 million. The contract is for one year with options for three years.

The National Nuclear Security Administration, which is an Energy Department agency tasked with strengthening nuclear security worldwide, is negotiating the Bahamas contract under a $121 million program it calls the "second line of defense." Wilkes, the NNSA spokesman, said the Bahamian government dictated that the U.S. give the contract to Hutchison.

"It's their country, their port. The driver of the mobile carrier is the contractor selected by their government. We had no say or no choice," he said. "We are fortunate to have allies who are signing these agreements with us."

Some security experts said that is a weak explanation in the Bahamas, with its close reliance on the United States. The administration could insist that the Bahamas permit U.S. Customs agents to operate at the port, said Albert Santoli, an expert on national security issues in Asia and the Pacific.

"Why would they not accept that?" said Santoli, a former national security aide to Rep. Dana Rohrabacher (news, bio, voting record), R-Calif. "There is an interest in the Bahamas and every other country in the region to make sure the U.S. stays safe and strong. That's how this should be negotiated."

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Associated Press writers Bill Foreman in Hong Kong and Jim Gomez in Manila contributed to this story.

Lawmakers Seek Earlier Notice On Foreign Deals (WSJ)

By Greg Hitt And Neil King Jr.

The Wall Street Journal, March 25, 2006

Congress Aims for Leverage After Dubai Ports Conflict; White House Fears Impact

WASHINGTON -- Building on their win in the Dubai ports deal, U.S. lawmakers are moving to gain leverage over a swath of foreign investments in the U.S., an effort that business leaders and President Bush's aides warn could harm the U.S. economy.

In the first serious legislative move, Senate Banking Chairman Richard Shelby (R., Ala.) released the summary of a bill Friday that would greatly expand the array of foreign acquisitions subject to automatic scrutiny and would require the administration to notify lawmakers as soon as it begins to review any foreign transaction. The bill also would require the administration to rank all countries according to their relations with the U.S. and their support for weapons-control deals. Approvals would then depend in part on the ranking of a company's home country.

The administration would have to report to Congress on why it approved or rejected any transaction, but the bill wouldn't give lawmakers the power to veto a deal, as many critics feared.

Business groups and Bush administration officials expressed immediate alarm over several provisions in the bill, which Shelby aides claim has the support of other members of the Banking Committee. In a letter to Sen. Shelby this week, seven groups representing the nation's top banks and finance companies warned that legislative proposals making the rounds of Congress "would threaten job-creation prospects for the U.S. economy" and "reduce U.S. economic growth."

David Marchick, a corporate lawyer at Covington & Burling who has just written a book on foreign investment and national security, called the Shelby measure "an extremely tough bill that reflects an incredibly difficult political environment." But he also said that the bill "risks chilling foreign investment" across a significant portion of the U.S. economy.

Beyond the Shelby bill, lawmakers have introduced more than half a dozen measures in recent weeks, all meant to alter the way the government reviews foreign mergers and acquisitions in the U.S., a job that now falls to the confidential interagency Committee on Foreign Investment in the U.S., known as CFIUS. Nearly all of the measures call for notifying Congress of deals in time for lawmakers to shape the outcome of debate within the administration.

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Some lawmakers, including Senate Majority Leader Bill Frist (R., Tenn.) want to go further by giving Congress a de facto veto over administration decisions, a move the White House would stiffly oppose. The legislative action comes two weeks after congressional critics threatened to block Dubai Ports World's plan to take over management of commercial operations at five major U.S. ports. The company now promises to pull out of the U.S. market.

With lawmakers still fuming over DP World and economic nationalism running high, Congress is all but certain to pass sweeping changes to the investment-review process. In an interview, Commerce Secretary Carlos Gutierrez said the Bush administration intends to "do everything we can to avoid" legislation "that tells the world that we are less welcoming of foreign capital."

The U.S. relies heavily on foreign investment. Last year, foreign direct investment in the U.S., which covers things like buildings and factories, totaled $128.63 billion, up 20% from 2004. Foreign investors annually spend tens of billions more on U.S. stocks and bonds, drawn by the stability and transparency of the nation's economy. If that cross-border flow of investments ever dried up, many economists fear the U.S. would suffer a painful economic adjustment.

The Shelby bill is intended as a compromise to head off more-draconian measures floated by other lawmakers. It proposes keeping the Treasury Department as the lead agency in the review process, while creating a vice-chairman position held by the secretary of defense. It would also require that all proposed acquisitions by state-owned foreign companies be given higher scrutiny. In a move sure to generate stiff business opposition, the bill would require immediate review of all transactions involving "critical infrastructure," including food, energy, telecommunications and computer companies and banks.

CFIUS considers dozens of cases every year, the vast majority of which concern defense contractors, which was the original intent of the 1988 law. From 1997 to 2004, the committee received 470 notifications of pending deals. Of those, only eight were given extended scrutiny -- a 45-day investigation on top of the standard 30-day review.

The White House and the business community have mobilized to fend off congressional attempts to alter the review process too dramatically. Treasury Department officials are fighting in particular to assure that the review process doesn't become politicized within Congress and that corporate proprietary information won't be leaked. As such, the administration wants to limit notification of active reviews to a small number of lawmakers.

"We want increased transparency," said House Small Business Chairman Don Manzullo (R., Ill.), one of the biggest advocates for changes to CFIUS. "There should be a way of knowing when a review is going on." But critics have strong doubts about giving lawmakers a heads-up on pending deals. They suggest a less stringent model of disclosure, such as the regular briefings provided lawmakers -- after the fact -- on antitrust cases.

Trying To Fill A Void Left By 9/11 (LAT)

By Ellen Barry

The Los Angeles Times, March 25, 2006

Rosaleen Tallon's little brother, a firefighter, died in the towers' collapse. She's fought a lonely battle in his memory ever since.

NEW YORK — Some time around 4 a.m., when Rosaleen Tallon has stretched out on a cot on the bare, freezing sidewalk, a still figure appears on the corner beside her.

He is a firefighter named O'Toole, with broad shoulders and a drooping ginger-colored mustache, and he has driven down from the Bronx to Lower Manhattan a couple of hours before his shift started. He doesn't wake her, but stands there in the dark, quietly watching to make sure she is OK.

It is Rosaleen's eighth night outside. It is a full-moon night, clear and wind-whipped, and the cold creeps up from the sidewalk through the sleeping bag and her husband's ski pants. The only sound is the rumble of the commuter rail as it comes into the World Trade Center station. She is a tiny figure, surrounded by skyscrapers.

News crews might be around the next morning, and Rosaleen could find an audience for the message she desperately wants to convey: that the Sept. 11 memorial under construction is dangerous and disgraces the memory of the people who died that day, including her brother, rookie firefighter Sean Tallon.

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But at 4 a.m., the night seems endless. Pedestrian traffic has dropped off. Three supporters lie near her, clutching themselves against the cold. O'Toole wonders aloud, as he stands near the sleeping figures, what this is going to accomplish.

"They're going to make their stand, their Little Big Horn," said O'Toole, who met Rosaleen at a union rally and gives his first name as "Toolie." "They're going to get their ass kicked, and she knows it."

Rosaleen is 34, and has a 3-year-old and a 1-year-old at home. Every night, she tucks them into bed and says goodbye to her husband, a builder named Rob DeRos who described himself as "100% supportive." Then she leaves her home, a Tudor-style three-bedroom in Yonkers, and drives to a stretch of sidewalk outside Engine Company 10-Ladder Company 10 — the fire station that faces ground zero.

Sleeping outside her brother's firehouse is, she knows, an extreme measure. For months she has tried to rally broad protest against the memorial, "Reflecting Absence," in a city that is frustrated with paralysis at ground zero. Three weeks ago, intent on getting out her message, she came up with the idea of a vigil. Now, every night, outside the fire station, she warns passersby that the underground memorial could bring on a new cataclysm, trapping innocent people in the event of an attack.

"It almost makes my stomach turn thinking of people pouring into the hole, into an underground cavern," she said.

When she arrives about 10 p.m. — swathed in woolens, impossibly cheerful — a small group of well-wishers converge. A ground zero volunteer known as "Billy Cigars" presents her with a loaf of soda bread baked by his mother. Bernhard Goetz — who became known as the "subway vigilante" after shooting four would-be muggers on the train in 1987 — is chattering anxiously about the weather.

"This is overdoing it. They should have a tent. I think they should have warmer stuff. If you're going to be out like this, you should have outdoor camping stuff," said Goetz, who now operates a small company called Vigilante Electronics. "What are your thoughts on that? Isn't it a little cold to be out?

"This is crazy," he said. "Ay yi yi."

Among the regulars at ground zero is an array of missionaries and lost souls. There are also sophisticated lobbying organizations formed by families that had lost relatives on Sept. 11. Rosaleen, a stay-at-home mom whose activism before the attacks consisted of antiabortion prayer vigils, does not fall precisely into either category.

Her companion here is the Rev. Bill Minson, a former producer from Santa Monica who broke into show business in the 1960s managing a troupe of unicyclists. Minson, 56, has been a presence at ground zero for almost five years, building a following among Sept. 11 families, who have by and large adjusted to his quirks.

This week, for instance, he is on a liquid fast, subsisting on a mixture of lemon juice, water and honey, as well as regular doses of oil of oregano. He occasionally ducks into a Chinatown office building to coat his skin with olive oil, a tip he got from comedian and civil rights activist Dick Gregory, a former client, who said it would keep him from becoming dehydrated.

Rosaleen, a devout Roman Catholic and the daughter of Irish immigrants, confesses that she is leery of "the whole lemon thing." But she is steadfastly loyal to Minson. "I said, 'Bill, if this helps you in terms of talking to God, that's your business,' " she said.

Rosaleen's only sibling was in her thrall from early on. As a toddler, Sean would wander around the house looking lost if Rosaleen, three years his senior, left home for a play date. He could not get over her mastery of the button accordion or the columns of A's on her report cards. If he was going on a date, he would ask her to check his outfit.

"He was average," said her mother, Eileen Tallon. "And she loved him."

Sean Tallon, 26, was in the firehouse when the first plane crashed into the north tower. The firefighters went out to the street, where debris was raining down from a black sky, and rushed around the corner to the building's lobby. The Tallon family later saw footage shot there by a French filmmaker. Sean, said his mother, "had a very sad, worried face on him. He was so worried-looking that it rips you down inside."

He was on the 30th floor when the tower collapsed. His body was found two weeks later with a cluster of civilians and firefighters; the firefighters had apparently tried to protect the civilians with their gear. A steel beam had fallen on his head, crushing it.

Sean's death sent Rosaleen outside the previous boundaries of her life. She thrust herself into political activism: The family attempted to sue the city and Motorola Inc. over radios that did not transmit an evacuation order to firefighters. (The suit was

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rejected, most recently by the U.S. Supreme Court, because the plaintiffs had accepted money from the victims' compensation fund.)

Rosaleen also brought a complaint — shared by many in the fire department — to the Lower Manhattan Development Commission, entrusted with building the Sept. 11 memorial. She said that the memorial should list rescue workers separately from other victims, because, unlike the others, they "gave their lives so the innocent men and women whom the terrorists targeted might be saved."

The designer, Michael Arad, disagreed, saying the list of the dead should evoke the day's randomness.

It was at a meeting to discuss the issue that Rosaleen set eyes on a model of "Reflecting Absence," selected by a jury two years ago after a painstaking review of 5,201 entries. At that moment, she forgot about the names.

The design centers on two "voids" on the towers' footprints, and requires visitors to descend past curtains of water to underground plazas that give a view of the towers' foundations. The jury praised the design for "letting absence speak for itself." But Rosaleen was appalled that it would be underground. She had imagined a monument glistening in the sun. "Reflecting Absence" made her think of falling, of the people who fell.

Hers is not a popular argument in New York right now. Late last year, Sept. 11 families succeeded in scuttling a proposal for the International Freedom Center, whose exhibits were intended to delineate "freedom's evolution." Its critics said that the exhibits might dishonor the site with unpatriotic messages.

New Yorkers began to say what they had not said before: that certain Sept. 11 families were obstructing progress at ground zero and should step aside. New York magazine put a group on the cover with the headline "The Bullies of Ground Zero."

If there is a point of consensus, it is that the hole has gaped here too long. With plans to rebuild office buildings at a deadlock over financing, "Reflecting Absence" is the only plan that seems to be moving forward. On March 13, construction workers began, without fanfare, clearing gravel off the space where the buildings once stood.

Rosaleen knows the odds of halting construction are long. She was unsuccessful, she said, when she tried to rally families behind an aboveground monument. Although the Coalition of 9/11 Families has filed a lawsuit against the development commission to stop construction, it is for another reason: Because "Reflecting Absence" alters the historic footprints of the towers.

As for ordinary New Yorkers, Rosaleen said, "They are 9/11'd out. I am too."

But the passion keeps rising up in her. She glows every time a sympathetic pedestrian comes by to talk to her. She is heartened by her new website and by the 8,500 people who have signed a petition calling for an aboveground memorial.

There are times when the vigil itself gives her a feeling of great clarity.

After a few nights outside, she was feeling so miserably guilty about leaving her children that she went to Toys "R" Us to buy them gifts. She was in the parking lot when she was flooded with the conviction that she should go forward. At the fire station, the feeling returns to her.

"I feel like I have a connection to that spot," she said. "I can feel him leaving there, going up. He went and he faced the worst you can face. He would have been so nervous. This would have been his first real fire. I think of him and what he faced that day, and I could do anything. I could face any kind of ridicule. You feel an amazing strength. What people have factored out … is the strength of the souls that have gone out of there."

At other times, she is pierced by sadness, by how far she has drifted from normal.

Not long ago, she was walking through the A&P supermarket to pick up lemons for Minson's mixture. All around her, women pushed carts full of cereal and vegetables and hamburger meat, ordinary food for ordinary families.

"I felt like, 'Everyone here is normal, and I'm on this strange journey,' " she said. At this thought, her cheerful expression went to pieces; she began to cry, homesick for that old life.

It is after midnight on Liberty Street when five people hold hands in a circle. Minson — on Day 12 without solid food — thanks God for giving them "hearts with fire in them." A garbage collector, Andrew Macchio, stands on the corner and sings "Amazing Grace" in a resonant, operatic tenor before leaving to catch the last train home.

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Then the streets are empty. The protesters sit on folding chairs and chat about Osama bin Laden and Minson's snoring. Dominick DeRubbio, 20, who lost his uncle, a firefighter, on Sept. 11, holds up a can of Budweiser and proposes a toast to "all the people behind us."

At 1:53 a.m., Rosaleen lies down on her cot and burrows into her sleeping bag. The temperature has dropped to freezing.

Sally Regenhard, whose firefighter son, Christian, also died in the World Trade Center, fishes out a black fur coat from a bag of used clothing and lays it carefully on top of Rosaleen. There is no movement, no conversation. Foul-smelling steam rises out of a nearby sewer vent. Minson, wrapped like a mummy in his sleeping bag, snores steadily.

Rosaleen often does not sleep at all, she said, but lies there with her mind racing.

It's like she has two angels whispering in her ears; "one a planner," she said, and "one a doubter." How many signatures would she get on the petition tomorrow? What will she say to the TV cameras? Is there any point to this at all?

Sometimes she has the feeling that this is it — her last big push. Minson plans to leave New York in the fall and travel south to minister to Hurricane Katrina victims. The time is coming, Rosaleen thinks, when she too will no longer be on a mission.

Already, she feels some of the burden lifted.

"I will someday let it all go. There comes a point in time when you have put forth your fight, and that's the best you can do and you can be proud of it," she said.

At about 4:30, delivery trucks roll into the streets around ground zero, and Wall Street Journals slap down in doorways. The first few customers tug open the door at Charly's on Trinity Place, where a tray of blueberry muffins, crusted with sugar, has been delivered. Just before 6 a.m., the streetlights flicker off.

The protesters pack up their camp and scatter.

Rosaleen will drive back to Yonkers and the warm bodies of her sleeping children, who may or may not know that she was gone.

By this time, the sky is pale blue and luminous. Light reflects from thousands of mirrored windows onto windows opposite, reflecting and reflecting until it tips into the great hole.

Spitzer Assails Leadership In Ground Zero Stalemate (NYT)

By Patrick Healy

The New York Times, March 25, 2006

Attorney General Eliot Spitzer, a candidate for governor, expressed concern last night that the Freedom Tower project at ground zero lacked "economic viability" and could turn into "a white elephant."

Mr. Spitzer suggested that, as New York's next governor, he would move more swiftly than Gov. George E. Pataki in rebuilding Lower Manhattan.

In his most expansive comments to date about ground zero, which were made during an interview on NY1 News, Mr. Spitzer said that Mr. Pataki, if anyone, deserved blame for "a failure of leadership" that has led to disputes and over plans for the 9/11 site. In turn, he also tacitly defended Larry A. Silverstein, the ground zero developer, who has been accused by Pataki allies of delaying work there out of greed.

"I think it's too bad that people are pointing the finger at one individual and saying he's at fault — if anybody's responsible, it's the governor," said Mr. Spitzer, who is leading in polls for the Democratic nomination. "The governor must be in a position to demonstrate leadership, get everybody to agree upon a plan."

By contrast, Mr. Spitzer said, "If I'm governor, on January 1, we will put ourselves in a room if this issue isn't resolved and we will get it resolved so quickly that people will say, 'Wow, what happened?' "

Mr. Spitzer raised particular doubts about plans for the Freedom Tower, the symbolic centerpiece of the site, given the challenges of finding tenants and ensuring security and the disputes about the cost and insurance money for the tower.

"I certainly think that there's a very serious question about the economic viability of the Freedom Tower," Mr. Spitzer said. "The prospect that the Freedom Tower would be built and would sit there vacant — as essentially a white elephant — that would sap the entire cash available to build the other buildings, is something that is very problematic."

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Mr. Spitzer stopped short of seconding Mayor Michael R. Bloomberg's call for a sizable residential component at ground zero. But he did indicate that he might try to reorder the sequence of new buildings at the site, which will include towers and a memorial that commemorates the 9/11 attack.

Mr. Spitzer rarely makes direct, or critical, comparisons between himself and Mr. Pataki, who is stepping down this fall after three terms.

David M. Catalfamo, a spokesman for Governor Pataki, replied to Mr. Spitzer's remarks by noting the political environment.

"It must be campaign season, because it's the first time that I've heard Eliot Spitzer mention the words 'ground zero' in four years," Mr. Catalfamo said.

Mr. Spitzer answered a range of questions during the half-hour interview. He disclosed that he voted for Michael S. Dukakis for president in 1988 and would have preferred that Mr. Dukakis, a former governor of Massachusetts, as president instead of George H. W. Bush.

William F. Weld, a Republican candidate for governor, had characterized Mr. Spitzer and Mr. Dukakis as big-government Democrats in a speech on Thursday; Mr. Weld himself is a former governor of Massachusetts.

In response to Mr. Spitzer's remark, Mr. Weld said last night, "I'm not at all surprised that Mr. Spitzer voted for Governor Dukakis, as they both appear to embrace the 'nanny state' approach to government."

Mr. Spitzer also ruled out attacking Mr. Weld over his leadership at Decker College, a bankrupt Kentucky trade school that is now under federal investigation for alleged financial aid fraud. "It's not relevant to me," Mr. Spitzer said.

Red Cross Fires Administrators In New Orleans (NYT)

By Stephanie Strom

The New York Times, March 25, 2006

In a major shake-up of its relief operations in New Orleans, the American Red Cross dismissed two key supervisors yesterday as part of a wide-ranging inquiry into the improper diversion of relief supplies after Hurricane Katrina, a Red Cross official said.

The supervisors — volunteers, as are 95 percent of Red Cross personnel — were in charge of the organization's kitchens and shelters, which have assisted tens of thousands of the hurricane's victims.

The move came a day after the interim president of the Red Cross said the organization was investigating accusations of impropriety, including possible criminal activity.

"We have relieved certain volunteers of their duties in connection with our investigation," said a senior Red Cross official, who spoke on condition of anonymity because he was not authorized to speak publicly about the actions.

Three volunteers currently working in the area identified one of the officials who was dismissed as Patrick Keena, the senior official responsible for the organization's food and shelter operations in the disaster area. They said he was fired early yesterday.

The identity of the other dismissed supervisor could not be determined.

Mr. Keena, who has been affiliated with the Red Cross for 25 years, told volunteers in the disaster area that he was leaving because of a medical emergency.

He could not be reached for comment yesterday.

Several volunteers who had served in the area complained over the last four months that Mr. Keena had ignored Red Cross rules, overridden efforts to establish procedures to keep track of relief supplies and interfered with internal investigations into the diversion of supplies.

Two volunteers assigned by Red Cross national headquarters last fall to look into those and other accusations of wrongdoing urged the removal of Mr. Keena and other senior managers in a report they filed with senior organization officials on Dec. 5.

A second supervisor, Jill Paul, who was in charge of the kitchens where meals were prepared for delivery to the needy, told volunteers yesterday that she had elected to leave the operation, several volunteers said. But it could not be determined if Ms. Paul was the second worker ordered out of the area.

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She could not be reached for comment.

Teala Brewer, a former Secret Service agent who is the Red Cross's director of ethics and compliance, was in New Orleans yesterday with volunteers who had pointed out problems.

One of the accusations they are investigating is that supervisors in charge of the kitchens have been ordering more food than is needed, raising questions about where the extra food is going.

In one case highlighted by the volunteers, Ms. Paul recommended sending 1,500 meals a day into the New Orleans neighborhood of Bywater because residents had only limited access to utilities, potable water and a small convenience store.

Eight days after she filed her recommendation, volunteers assigned to go street by street in Bywater to estimate the number of meals needed said they came up with an assessment of only 500 meals needed on the route every day.

"They found that not only did a great portion of the route have full utilities, they also had a major grocery store up and running and public transportation," said a volunteer who had seen their report but requested anonymity because she said she had been physically threatened by a supervisor. "Much of the area was back to pre-Katrina, and the rest of it was so bad that no one was living in it."

Volunteers delivering meals said investigators from national headquarters had been trailing them over the last week and interviewing people living along their routes.

The interim president of the Red Cross, John F. McGuire, acknowledged this week that the organization was investigating accusations that relief supplies had been improperly diverted and that procedures for tracking inventory had been ignored.

Initially, according to those raising such concerns, their warnings were ignored.

In fact, Jerome H. Nickerson Jr. and Michael A. Wolters, who wrote the report recommending that the supervisors in New Orleans be removed, said they were relieved of their responsibilities.

Mr. Nickerson, a Maryland lawyer, said his name disappeared from the Red Cross database of trained disaster volunteers, and Mr. Wolters, a security guard, said his local chapter was told that he was forbidden from entering disaster areas on orders of the Red Cross's general counsel.

"When I first came out of New Orleans, I couldn't sleep for about a month because I just couldn't figure out why people weren't moving on this," Mr. Nickerson said yesterday. "But now people are paying attention, and the people who were doing this bad stuff are being called to account."

According to Red Cross publications, Mr. Keena has assisted with disaster response for the last 12 of his 25 years as a volunteer, working at 26 major disasters. The Colorado Springs Gazette reported last year that Mr. Keena, whose wife is in the Air Force, worked at the Double Eagle Casino in Cripple Creek, Colo.

The Gazette said Mr. Keena volunteered at the local Pikes Peak Chapter of the Red Cross, but Paul Koch, the financial director there, said yesterday that he did not know Mr. Keena.

Mr. Keena was on an elite team of paid Red Cross volunteers, known as temporary disaster reserves, who have extensive experience in disaster relief work. They are called out at the onset of an emergency and paid because they are needed for an extended period.

Red Cross Probes Katrina Misconduct, Theft (AP)

By Laurie Kellman

AP, March 25, 2006

Pressed by Congress, the American Red Cross said Friday it is investigating claims that volunteers engaged in widespread theft in the wake of Hurricane Katrina.

"Any conduct that violates either the law or Red Cross code of conduct is not tolerated," said spokesman Chuck Connor, adding that any criminal wrongdoing uncovered by the group's conduct and ethics office will be turned over to law enforcement officials.

Allegations of wrongdoing go far beyond what the statement said were "inevitable ... departures from standard procedures" after such a catastrophe, according to the chairman of the Senate Finance Committee.

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Sen. Charles Grassley (news, bio, voting record), R-Iowa, has said volunteers may have committed criminal fraud. The accusations include improperly diverting relief supplies and violating Red Cross rules by using felons as volunteers in the disaster area. Grassley has threatened to rewrite or revoke the organization's charter if it does not overhaul its operations.

In a statement Friday, Grassley said he hopes the Red Cross' investigation will embrace whistleblowers and provide a top-to-bottom review of the group's leadership, oversight and openness.

Especially worrying, Grassley said, was the Red Cross' failure to take seriously the concerns of volunteers reporting the thefts "until I drew attention to them."

"The Red Cross needs to change its mind-set so it addresses volunteers' concerns swiftly and appropriately, regardless of whether a Senate committee chairman is asking questions," Grassley said.

The New York Times reported Friday that more than a dozen Red Cross volunteers described an organization that had few cost controls, little oversight of its inventory and no system of basic background checks for its volunteers.

The volunteers cited little direct evidence of criminal activity, but the magnitude of the missing goods had convinced them that the operations were being manipulated for private gain.

In one case, a kitchen manager swapped 300 prepared meals for parking spaces for Red Cross emergency response vehicles without creating any record of the transaction.

The Red Cross had 235,000 volunteers working in the Katrina disaster area, nearly six times the previous peak of 40,000. The sheer number collapsed the normal vetting process, the volunteers said.

The charity has said it responded to Katrina the best it could in circumstances almost unimaginable, while acknowledging that it stumbled in "technology, logistics and coordination."

That admission was not good enough for Grassley, who said he is set to meet next week with American Red Cross board of governors chairwoman Bonnie McElveen-Hunter.

"I hope to understand better what the timeline is for a complete review and reforms," Grassley said.

The inquiry comes after the Red Cross has seen two presidents resign in a little more than four years. Both resignations came after clashes with the board of governors on the tail of major disasters: Dr. Bernadine Healy stepped down shortly after the Sept. 11, 2001 terror attacks and, more recently, Marsha Evans quit following Hurricane Katrina.

Army Corps Is Faulted On New Orleans Levees (WP)

By Joby Warrick And Peter Whoriskey

The Washington Post, March 25, 2006

Panel Says Studies Foresaw Failure, Urges New Scrutiny

An organization of civil engineers yesterday questioned the soundness of large portions of New Orleans's levee system, warning that the city's federally designed flood walls were not built to standards stringent enough to protect a large city.

The group faulted the agency responsible for the levees, the Army Corps of Engineers, for adopting safety standards that were "too close to the margin" to protect human life. It also called for an urgent reexamination of the entire levee system, saying there are no assurances that the miles of concrete "I-walls" in New Orleans will hold up against even a moderate hurricane.

"The ability of any I-wall in New Orleans to withstand . . . is unknown," said the American Society of Civil Engineers' External Review Panel, which was appointed to oversee the Corps investigation of the levee system's collapse during Hurricane Katrina.

The civil engineers group also rejected the explanation given by the Corps that the system had failed because Katrina had unleashed "unforeseeable" physical forces that weakened the flood walls. In a letter to Lt. Gen. Carl A. Strock, the Corps' commander, the civil engineers cited three previous Corps studies that predicted precisely the chain of events that caused the city's 17th Street Canal flood wall to fail. The breach left much of central and downtown New Orleans underwater.

"It appears that this information never triggered an assessment . . . neither at the time of the design of the 17th Street Canal flood wall, nor following its construction," the letter said.

Corps officials said they had already taken steps to address problems identified in the letter, starting with an effort to replace miles of I-walls with sturdier structures. But agency officials insisted the Corps was not solely to blame for weaknesses in the system.

"We have done the best things we could have done. We live here," spokeswoman Susan J. Jackson said. During four decades of levee-building in New Orleans, Jackson said, the agency frequently found its hands tied because of restrictions imposed by budgets, by Congress or by local governments that often failed to meet financial responsibilities to help build and maintain the levees. Jackson added: "It was a question of who was going to pay, and how much."

The American Society of Civil Engineers panel is one of three independent teams investigating the failure of the New Orleans levees, and until now it has been the most cautious in its public criticisms. The other investigating teams quickly endorsed its findings.

"We agree that every single foot of the I-walls is suspect," said Ivor van Heerden, leader of a Louisiana-appointed team of engineers. "When asked, we have constantly urged anyone returning to New Orleans to exercise caution, because the system now in place could fail in a Category 2 storm. It has already failed during a fast-moving Category 3 storm that missed New Orleans by 30 miles."

Two weeks ago, the Corps proposed a new theory for why the 17th Street Canal flood wall collapsed on Aug. 29, despite never being overtopped by Katrina's floodwaters. Whereas previous investigations had pointed to weak soils beneath the flood wall, new data suggested a combination of factors: First, the force of rising floodwaters inside the canal bent the walls outward, creating a small gap between the walls and their earthen foundation. Then, water surged into the gap, pressing the walls further until they broke through a layer of weak soil piled up against the sides. In effect, the levee was sliced in half along its ridge.

Corps officials initially said they had never known a levee to fail this way, and they suggested that no one could have predicted it. But the civil engineers panel said yesterday that the failure was foreseen by the Corps' own studies, dating to the mid-1980s. It said the Corps' failure to anticipate the problem reflected an "overall pattern of engineering judgment inconsistent with that required for critical structures."

Throughout the design process, the civil engineers said, the Corps consistently failed to make the kinds of conservative judgments necessary when working in an environment where the soils are notoriously unstable and the stakes, as measured in human lives, are high.

"These findings present significant implications for current and future safety offered by levees, flood walls and control structures in New Orleans, and perhaps elsewhere," the letter to Strock said.

The civil engineers panel is due to release a formal report on its findings in two weeks, but its members chose to send the letter to Strock separately, citing the "gravity and potential impact" of their findings.

Whoriskey reported from New Orleans.

Thanks For Nothing, Texans Say (LAT)

By Miguel Bustillo, Times Staff Writer

The Los Angeles Times, March 25, 2006

Gulf Coast residents are seeing life return to normal after Hurricane Rita, but they give little credit to the federal government.

PORT ARTHUR, Texas — Sitting on a sheet of fresh plywood atop a newly rebuilt roof, Joaquin Rojas thanked the heavens for all the help he was receiving to repair his El Buen Pastor church after Hurricane Rita.

The pastor was not praising the generosity of President Bush and other Washington politicians.

Rather, he was expressing gratitude that good-hearted fellow Christians from Michigan traveled to Texas and volunteered to piece his broken church back together.

"What's happening here is because of other churches, not because of the government," Rojas said in Spanish. "Those missionaries from Michigan, I thank the Lord for them."

Six months after Hurricane Rita delivered a second wallop to a Gulf Coast region already socked by Hurricane Katrina, life is slowly but surely returning to normal in the blue-collar oil and gas towns of southeastern Texas, where more than 70,000 houses were damaged or destroyed by 120-mph winds.

But even here in the president's home state, in a region densely populated by energy and petrochemical industries with warm ties to the White House, consensus is that progress is being made in spite of the federal government, not because of it. Dissatisfaction with what is seen as a heartless Bush administration recovery effort is widespread.

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"We need some compassionate conservatism," said Mark Viator, a chemical company official who is chairman of the Southeast Texas Recovery Coalition, a group of area leaders that has been lobbying Washington for assistance.

Some Texas officials are convinced the state has become a victim of hurricane politics, and said White House officials might be neglecting Texas for fear that helping the state would raise accusations of favoritism.

Others complain that Republicans in Congress and in the Bush administration, many of them Texans, have taken a rigid ideological stand against compensating hurricane losses not covered by insurance, including millions that utilities have spent to restore basic water and electricity.

"Make no mistake about it: They don't care about you, and they don't care about what is happening in our communities," said Chester R. Jourdan Jr., executive director of the Southeast Texas Regional Planning Commission. Jourdan made his comments at a public meeting last week less than two hours after returning from a fruitless lobbying trip to the nation's capital.

"This went on deaf ears in D.C., deaf ears. One of the biggest challenges we have is the administration," he said.

Federal officials counter that the truth is more mundane: Compared with the calamity Katrina caused in Mississippi and Louisiana, Rita's toll on Texas is smaller and commands less attention, especially because the state is well on the road to recovery.

"I don't think the perception of being an afterthought is really true," said Dianne Coghlan, the Federal Emergency Management Agency's senior official in southeast Texas. "I hate to compare it to other states, but if you look at what we have done here, we have clearly made major strides."

Many in Texas are particularly upset by the lack of federal funding flowing into the Lone Star State compared with Louisiana and Mississippi.

Texas politicians note that just across the state line, parts of rural Louisiana also hit hard by Rita have received more money.

And Texas officials say that a state that opened its doors to half a million hurricane evacuees from Louisiana and Mississippi — and is still housing more than 400,000 — should be better reimbursed for its effort.

Sen. Christopher S. Bond (R-Mo.) recently angered Texas officials when he said that Texas was not entitled to repayment for merely "being a good neighbor."

His words apparently represented the feeling of many on Capitol Hill. A recent request for $2 billion in aid by Texas' governor, Republican Rick Perry, is going nowhere, according to some of its backers.

"I know the administration has a tremendous burden responding to the enormity of this disaster, and everyone acknowledges that Louisiana and Mississippi took the worst hit. But I think what is happening in Texas is not fair," said Sen. Kay Bailey Hutchison (R-Texas), one of the most aggressive supporters of the state's case.

"The administration acknowledges we are getting $4,000 per pupil when it costs $6,000 to $7,000 to educate a child. It's just frustrating that we have not been able to get across the point that this is a new kind of crisis," she said.

While Texas politicians continue to complain about aid and reimbursement, FEMA officials rattle off statistics to show that Texas has made progress more quickly than other hurricane-damaged states.

Rita's winds reportedly felled 25% of trees in some heavily wooded parts of eastern Texas. But 99% of the debris has been cleaned up.

Of the 4,500 Texans who requested temporary trailers, 3,880 have received them. Blue tarps have been installed on 21,000 damaged homes. The federal Small Business Administration has provided Texans with $157 million in loans, and FEMA has spent close to $500 million assisting individuals.

In contrast to much of Louisiana, FEMA officials contend, Texas has advanced from the initial crisis stage of hurricane relief since the storm made landfall near the Sabine Pass on Sept. 24, and the state is on the path to long-term recovery.

Some residents agree. "Things are almost back to normal. I see business bouncing back," said Carlton Jackson, a 41-year-old construction worker, as he loaded some pipes into his truck last week to finish repairs on his home in Beaumont.

Yet local officials report sluggish progress. They express concerns that long-term housing shortages and high electricity bills from utilities looking to recoup hurricane costs could cripple a Texas Gulf Coast region that accounts for about a quarter of the nation's oil refining capacity.

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"We are strategically very important to this country," said Everett "Bo" Alfred, a commissioner in Jefferson County, an area of 250,000 people that includes the city of Beaumont. "You think gasoline prices are high now? Just wait to see what happens if we get hit with another hurricane. We've been depleted."

Joe Hopkins, mayor of Vidor, is still recovering from broken ribs he suffered when he tumbled out of a tree that had fallen on a constituent's home.

The Fire Department serving this community of 11,000, which is home to many refinery employees, is still working out of temporary buildings resembling Quonset huts across the street from City Hall.

"We have an opportunity for people to get back to work. I'd say 80% of businesses have help-wanted [advertisements], but we don't have places for people to stay," Hopkins said. "Our grandchildren are going to be paying for this."

At the El Buen Pastor church in Port Arthur, Rojas maintains a more positive outlook. He and most of his 120 parishioners evacuated en masse to San Antonio when Rita roared toward Texas' coast. They returned days later to find the church soaked in water, its roof torn off.

Damage was extensive, but the church is close to being repaired because of the largesse of volunteer workers.

Rojas, 51, said he received $2,000 from FEMA immediately after the storm, and was grateful for it. But he said he understood that the real rebuilding assistance would have to come from the religious community, not the government.

"The government is the government," said Dina Lozano, Rojas' sister-in-law. From his newly rebuilt rooftop, Rojas sipped bottled water and nodded in agreement.

Houstonians Evacuee-weary, Poll Says (HC)

Houston Chronicle, March 25, 2006

While residents are proud of city's response, they feel a growing 'strain'

Amid growing concern about the city's homicide rate and overburdened social services, a new poll finds Houstonians increasingly weary and wary of the 150,000 Louisiana evacuees who landed here after fleeing Hurricane Katrina.

Three-quarters of Harris County residents surveyed by Rice University sociologist Stephen Klineberg say the influx of Katrina evacuees, many of whom remain seven months after landfall, has put a "considerable strain" on the Houston community.

Additionally, two-thirds say evacuees bear responsibility for "a major increase in violent crime," and twice as many local residents believe Houston will be "worse off" rather than "better off" if most evacuees remain here permanently.

The preliminary results of Klineberg's annual survey, which is expected to be finalized later this month, suggest that a sizable fraction of area residents have tired of their guests from New Orleans.

"These results reflect what I'm hearing from my constituents," said U.S. Rep. John Culberson, R-Houston. "I think the percentage of people unhappy with the deadbeats from New Orleans would be larger but for the big hearts of Houstonians who want these folks to get back on their feet, as I do."

Houston Mayor Bill White, who along with Harris County Judge Robert Eckels led efforts to welcome and shelter evacuees, acknowledged the increased strains on city services, notably crime and traffic management.

"People are of two minds on this issue," White said. "They are proud of the competence that Houston showed in responding to Americans in need. But they are also aware that it's not a disaster for nothing. There's a big job that the evacuees and the host community have in getting people on their feet, employed and looking to the future."

Culberson said the sentiment is much stronger, at least in his district (which includes west Houston, the Texas Medical Center and much of western and northwestern Harris County). He said his constituents are concerned about rising crime and no longer want to house New Orleanians who choose to rely on social services.

"If they can work, but won't work, ship 'em back," he said. "If they cause problems in the schools, if they commit crime, there ought to be a one-strike rule — ship 'em back."

Although Culberson said he has been trying to attach such a provision to pending legislation, it's unclear how such an idea could be implemented.

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"Whatever we want to do, these are American citizens, and they can stay here if they want," said Eckels. "The difference is, when they're here and they get into trouble, there are consequences. They put up with a lot of things in New Orleans that we don't put up with here."

Generous responseHouston arguably had the most generous response to Katrina's devastation. Largely because of White, and the need to empty evacuees from shelters and area hotels, Houston launched a federally reimbursed program to provide 12 months of apartment housing and utilities to anyone from an area affected by Katrina or Rita. About 80,000 Louisiana residents were housed by the program.

It became so popular that evacuees from Louisiana who initially landed elsewhere flocked to Houston. Just before Houston stopped enrolling evacuees in mid-December, three-quarters of applicants for the housing program had been in the area for three days or less.

Houston clearly still feels good about its initial generosity after the storm, when 60,000 residents flooded Reliant Park to help in any way they could, and the positive publicity it generated around the country. According to the survey, 97 percent of respondents agreed that Houston "really came together" to assist evacuees.

"People are very proud of the first phase, when Houston opened its doors," Klineberg said. "I've never had a question where there's been 97 percent agreement. That's real, and that's a reflection of a remarkable month and a half when Houston poured its heart out."

Crime on people's mindsKlineberg has conducted his survey annually since 1982. He surveyed 765 Harris County residents in late February, and the results have a margin of error of plus or minus 3.5 percentage points.

For the first time since 1999, he said, most people now say crime is the city's biggest problem, topping such issues as traffic.

Additionally, there are more requests for public help from the medically uninsured and city health officials have added staff to deal with an increased number of sexually transmitted diseases attributed to evacuees.

Still, Klineberg believes the problems associated with evacuees will fade over time as 150,000 Louisianans return home or melt into the greater Houston area's 5.6 million people.

In studies of civic engagement — which measure such things as participation in civic clubs — Houston generally scores well below other cities, Klineberg said. We spend more time in our cars and less time in collective activities.

But the outpouring after Katrina may represent a new Houston, a collective action and a sense of shared responsibility.

"Houston has always been for individualism," he said. "After Katrina we had this moment of extraordinary civic engagement, and I think that's what's going to remain with us. I may be overly optimistic, but that's what I really believe."

Evacuees' view differs

The view is less optimistic from the vantage point of some evacuees in Houston.

Angelo Edwards, vice president of the ACORN Katrina Survivors Association, said he and others have sensed some resentment from local residents. Locals will grumble about the free housing and the money given out initially after the storm, Edwards said, asking why, if it's good enough for people from another state, it's not good enough for us?

"We're definitely seeing it," he said. "But no one is saying anything about Florida, after they have hurricanes there, and San Francisco, where they have earthquakes."

Edwards also fears that tensions between school-age children from Houston and Louisiana could "boil over" once the school year ends and there are fewer structured activities during the day.

"I'm not saying it will happen, but this is something that's ripe for conflict," he said.

Will tensions subside?But another local official, Harris County Tax Assessor-Collector Paul Bettencourt, agreed with Klineberg's view that tensions would probably subside with time.

Texas has better resources and a better criminal-justice system than Louisiana, Bettencourt said.

"Eventually what happens is you clean up all the bad apples," he said. "We're not going to get another wave of bad apples. We're just going to have to clean up whatever problems local government in Louisiana had been ignoring, like B-Stupid, and we'll do that." (His reference was to Ivory "B-Stupid" Harris, an evacuee suspected in New Orleans and Houston homicides, who was arrested last week after a major manhunt in both cities.)

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Bettencourt is optimistic for another reason — tax receipts are up. Sales taxes have averaged double-digit increases, he said, housing prices are up, and evacuees have attracted some $150 million in loans from the U.S. Small Business Administration.

Looking aheadThe evacuees who crowded into the Reliant Astrodome may have been more visible, he said, but there have been just as many residents from New Orleans who bought homes and are actively contributing to the economy.

A political science professor at the University of Houston, Richard Murray, said he did not believe the current opinions on evacuees would ultimately harm the political fortunes of White and Eckels. They have a handy scapegoat, he said: the Federal Emergency Management Agency.

"These politicos will probably raise hell with the feds for not fully reimbursing us," Murray said, "and that will tend to deflect a lot of the flak."

Indeed, during an interview for this article, without being asked, White expressed his concern about needing more federal funding for crime and housing, noting that Houston was "on the front lines of our nations's response to a national disaster."

Hurricane Donation Benefited Bush Son (LAT)

By Lianne Hart

The Los Angeles Times, March 25, 2006

Barbara Bush required that some of her gift be spent on software from Neil Bush's Texas firm.

HOUSTON — In a city housing thousands of Katrina evacuees, Barbara Bush's donation to a local hurricane relief fund normally would not seem controversial.

But more than a few eyebrows were raised when the former first lady stipulated that part of her contribution was to be spent on educational software purchased from her son Neil's company, Ignite Learning of Austin, Texas.

"I would think if she wants to do something beneficial for Katrina victims, she shouldn't be making the decision that the vendor is her son," said Daniel Borochoff, president of the American Institute of Philanthropy, a charity watchdog group. "Other education experts need to be making that decision, not somebody who has a family interest in the success of her son's business."

Barbara Bush's donation to the Bush-Clinton Houston Hurricane Relief Fund was made a few weeks ago, said Steve Maislin, president of the Greater Houston Community Foundation, which administers the fund. That fund, which supports Houston-area relief efforts, is not connected to the national Bush-Clinton Katrina Fund, he said.

The Houston fund forwarded Bush's donation to another nonprofit organization, which bought the software.

"There are a lot of students who went through Katrina and Rita in the Houston area, and she wanted to do something very specific to help them," Jean Becker, chief of staff for former President George H.W. Bush, said of Barbara Bush.

"She is a huge fan of her son's software program — it has gotten great reviews from teachers and students — and she wanted to make sure it was available to the students."

Maislin would not disclose the amount of the donation, but he said it was not unusual for a contributor to specify how his or her money should be spent.

"It's common for someone to say: 'I want to give money, but I want it to go to a certain organization,' " he said.

But Borochoff said donors who direct that their money be used to buy products from a family business set a bad precedent.

"If everybody started doing that, it would ruin our whole system for tax-exempt organizations, because people would be using them to benefit their business rather than for the public benefit. That's not why our government gives tax deductions for donations," he said. "I hope other donors across the country don't start dictating that their contributions go to their family business. That would be a rip-off of our tax system."

Bush contributed to the relief fund instead of directly to her son's company to help publicize the nonprofit, Maislin said. "It helps us when someone with her visibility contributes. We could advertise the fact … and help build momentum" for donations.

WAR NEWS:

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Russians Helped Iraq, Study Says (WP)

By Ann Scott Tyson And Josh White

The Washington Post, March 25, 2006

Papers Show Hussein Was Tipped Off About U.S. Strategy During Invasion

Russian officials collected intelligence on U.S. troop movements and attack plans from inside the American military command leading the 2003 invasion of Iraq and passed that information to Iraqi leader Saddam Hussein, according to a U.S. military study released yesterday.

The intelligence reports, which the study said were provided to Hussein through the Russian ambassador in Baghdad at the height of the U.S. assault, warned accurately that American formations intended to bypass Iraqi cities on their thrust toward Baghdad. The reports provided some specific numbers on U.S. troops, units and locations, according to Iraqi documents dated March and April 2003 and later captured by the United States.

"The information that the Russians have collected from their sources inside the American Central Command in Doha is that the United States is convinced that occupying Iraqi cities are impossible, and that they have changed their tactic," said one captured Iraqi document titled "Letter from Russian Official to Presidential Secretary Concerning American Intentions in Iraq" and dated March 25, 2003.

A Russian official at the United Nations strongly rejected the allegations that Russian officials gave information to Baghdad. "This is absolutely nonsense," said Maria Zakharova, a spokeswoman for the Russian mission to the United Nations. She said the allegations were never presented to the Russian government before being issued to the news media.

Russia was among the nations opposed to the U.S. war with Iraq. Russian President Vladimir Putin warned on the eve of the U.S.-led invasion in March 2003 that an American attack would have grave consequences. He urged Washington to resolve its conflicts with Baghdad peacefully.

The study gives no indication who the alleged sources inside the U.S. Central Command might have been, or whether American officials believe the Kremlin authorized the transfer of information to Hussein's government.

The Central Command, which oversees military operations in the Middle East and is headquartered in Tampa, did not respond to requests for comment. A State Department spokeswoman declined to comment.

The U.S. military and defense officials who released the study said the revelations about Russia in the captured documents came as a surprise. They said they believe the captured Iraqi documents are authentic.

"Certainly, sure, I was surprised," said Army Brig. Gen. Anthony A. Cucolo III, director of the Joint Center for Operational Analysis and Lessons Learned under the Joint Forces Command in Norfolk. He said he thinks the alleged Russian intelligence-sharing was linked to Moscow's commercial interests in Iraq. "Essentially, it's driven by economic interests," he told reporters at the Pentagon. "I don't see it as an aberration. I see it as a follow-on to economic engagement." Retired Lt. Col. Kevin M. Woods, the project director, said he has "no reason to doubt the Iraqi documents."

The 210-page study, called the Iraqi Perspectives Project, draws on declassified information from an internal U.S. military report that was based on the examination of more than half a million files of Iraqi documents and dozens of interviews with former senior Iraqi military and political leaders. Some of that information remains classified.

The study offers little analysis of the consequences for the U.S. military of the alleged Russian-supplied intelligence, which was received by what the study depicts as a hopelessly confused Iraqi chain of command.

One document, for example, was sent to Hussein as rumors swirled in Baghdad that the main American military push would come not from the south -- as it in fact did -- but through Jordan into western Iraq, a misperception that U.S. Special Forces units operating throughout the western desert were seeking to create.

"Significantly, the regime was also receiving intelligence from the Russians that fed suspicions that the attack out of Kuwait was merely a diversion," the study says, citing the March 25 document.

Another captured Iraqi document, dated April 2, 2003, said Russian intelligence had reported to Hussein more detailed and potentially damaging information: The Americans had their heaviest concentration of forces, 12,000 troops and 1,000 vehicles, near the Iraqi city of Karbala and were moving to cut off Baghdad.

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In fact, the Army's 3rd Infantry Division and other U.S. forces at the time were making a precarious move through a narrow strip of land known as the Karbala Gap, where they anticipated major resistance from the Iraqi Republican Guard and possible chemical or biological weapons attacks.

One senior Republican Guard commander, Raad Majid Rashid al-Hamdani, issued a warning in line with the Russian intelligence when he told Hussein's son Qusay that the main U.S. attack was coming past Karbala. But Hamdani was largely ignored by Qusay Hussein and other generals, to his dismay, he told the authors of the study while describing the internal debates in an interview. "It was the kind of arguments that I imagine took place in Hitler's bunker in Berlin. Were all these men on drugs?" he said.

Michael E. O'Hanlon, a defense expert at the Brookings Institution, said the passing of information on U.S. troop movements during combat, if true, constituted "a stark betrayal." He added: "I think we should be demanding a fairly clear explanation from Moscow."

But Celeste A. Wallander, director of the Russia and Eurasia program at the Center for Strategic and International Studies, said that although Russia probably had intelligence on U.S. war plans, she is skeptical that the Kremlin would have ordered that it be passed to Hussein's government.

It is more likely that a "freelancing" Russian official such as the ambassador in Baghdad personally shuttled the information, she said.

"If it were the case that the Kremlin had approved passing along what the Russian military knew about American war planning, that would be extraordinary," Wallander said.

"If it were ordered, it would be a direct action that would in effect help another country to use more effectively their military forces against U.S. forces."

Staff writer Colum Lynch at the United Nations contributed to this report.

U.S. Inquiry Finds Russians Passed Spy Data To Iraq In '03 (NYT)

By Thom Shanker

The New York Times, March 25, 2006

WASHINGTON, March 24 — Captured Iraqi documents describe a Russian spy operation that was aimed at the United States Central Command in the early days of the American invasion of Iraq in 2003, according to a new American military report. The report says information on war plans and troop movements was passed through the Russian ambassador in Baghdad.

Revelation of the operation, contained in the public version of a Joint Forces Command classified study, the Iraqi Perspectives Project, may have more political than military significance because American forces overwhelmed the underequipped and poorly led Iraqi Army to oust Saddam Hussein.

The information in the military study, an analysis based on captured documents and interviews with Iraqi military and political leaders, makes it difficult to get a clear picture of the Russian spy operation. It says a captured Iraqi document cited "information that the Russians have collected from their sources inside the American Central Command in Doha," in Qatar.

But the study notes that some information obtained by Iraq from Russian sources was false, raising at least the possibility that it was circulated as part of a deliberate American campaign intended to fool or demoralize Iraqi troops and leaders. Military officers have disclosed separately that false war plans were part of the campaign, and it remains unclear whether any Russians may have played into that strategy.

The Central Command, responsible for American military actions from the Red Sea to the Indian Ocean, led the Iraq war from headquarters in Qatar, where access was highly restricted. But the documents cite the Qatar headquarters as the source of the intelligence.

"Significantly, the regime was also receiving intelligence from the Russians that fed suspicions that the attack out of Kuwait was merely a diversion," the report states, citing a document sent to Mr. Hussein on March 24, 2003.

The Russian report stated — inaccurately — that the coalition thrust into Baghdad would come from the west and would await the Fourth Infantry Division, whose entry from the north was vetoed by Turkey. In fact, the main lines of the offensive moved from Kuwait in the south before the arrival of the Fourth Infantry.

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An author of the study, Kevin M. Woods, said during a Pentagon news conference that there was no obvious reason to doubt the authenticity of the documents.

At the same briefing, Brig. Gen. Anthony Cucolo, in charge of the unit that conducted the study, said any intelligence-gathering by the Russians was very likely motivated by economic ties with Iraq.

Russians Told Iraqi Regime Of U.S. Troop Movements (LAT)

By Peter Spiegel And Greg Miller

The Los Angeles Times, March 25, 2006

WASHINGTON — Russian diplomats passed detailed but sometimes inaccurate information about American troop movements to senior Iraqi officials even as U.S. troops closed in on Baghdad during the 2003 invasion, according to a Pentagon study released Friday.

The revelations, based on captured Iraqi intelligence documents, could jeopardize U.S.-Russian relations more than any single event since the end of the Cold War, analysts said. Although they cautioned that Moscow might have an explanation, the analysts said some of the details were so sensitive that they would be difficult for the government of President Vladimir V. Putin to justify.

One of the documents, which purports to be a summary of a letter sent to Saddam Hussein's office by a Russian official, claimed that Moscow had "sources inside the American Central Command in Doha," the U.S. military's headquarters in Qatar during the war.

Russia had well-known and extensive diplomatic and economic ties to Baghdad before the U.S.-led invasion and occasionally clashed with the Bush administration during the international debate over how to deal with Hussein's regime.

But the documents, made public in a study of the Iraqi military's decision-making, are the first to assert that Russia actively passed sensitive military intelligence to Baghdad during the war.

"This is one step short of firing upon us themselves with Russian equipment," said Michael O'Hanlon, a military analyst with the Brookings Institution. "It's actively aiding and abetting the enemy tactically. It's hard to get more unfriendly than that."

Press officials at the Russian Embassy did not return calls seeking comment. An official who answered the phone in the military attache's office at the embassy said he was unfamiliar with the report.

One of the most sensitive revelations, which came in a captured letter detailing Russian intelligence on American troop movements, accurately informed Baghdad that U.S. forces were massing south of a narrow passage near the southern city of Karbala.

The April 2, 2003, letter, which was reportedly passed through Moscow's ambassador to Baghdad, informed Iraqi leaders that "the heaviest concentration of troops (12,000 troops plus 1,000 vehicles) was in the vicinity of Karbala."

The Army's 3rd Infantry Division eventually captured western Baghdad after pushing through the Karbala gap just days later. Marines moved into Baghdad from the east.

Other information provided by the Russians, however, was wildly inaccurate. In a document on March 24 and again in the April 2 letter, the Iraqis were told to expect the main U.S. offensive from the western desert, including a major attack from Jordanian soil.

Kevin Wood, a retired Army officer who served as the senior researcher and chief author of the study, said he was surprised when he learned of the Russian actions. Although there was little corroboration of the contacts beyond the documents themselves, his team had no reason to doubt their authenticity, Wood said.

But Frederick Kagan, a Russia and defense expert at the American Enterprise Institute, said the actions would not be out of keeping with other efforts by Moscow to advance Iraq's cause internationally.

"We knew the Russians were opposed to the sanctions; we knew they opposed the war," Kagan said. "I'm not terribly surprised."

Analysts also said it would be important to learn whether upper levels of the Russian government were involved, adding that the signals were more likely to have come from diplomatic and intelligence agents in the region rather than from Moscow.

It also was unclear how much of the information was genuine intelligence and how much was educated guesswork.

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Regardless, the revelations could undermine efforts to forge a united front against Iran's nuclear program.

"I think we have to assume that we can't trust the Russians to be impartial or even honest with us," Kagan said. "The Russians have ties with the Iranians that are also very worrying."

The 210-page report, compiled by staff at the Pentagon's Joint Forces Command after interviewing more than 100 former Iraqi officials and sifting through half a million documents, contains the most detailed accounts to date of Hussein's thinking as U.S. and coalition troops massed on his border and eventually pushed into Iraq.

It is unclear whether the Iraqi leader, who was not interviewed for the report, acted on any of the Russian information.

The authors depict Hussein as more worried about an internal coup or a repeat of the 1991 Shiite uprising in the south than he was about the coalition forces, even when they were on the outskirts of Baghdad. He continued to make tactical military decisions based on that fear until the last days of his regime.

Senior military commanders were ordered not to blow up bridges connecting Baghdad to southern Iraq so that Hussein could send loyal troops to quell any domestic opposition, even though the bridges made it easier for the Americans to advance.

The report also said Hussein frequently pointed to the failed American operation in Somalia and Washington's reluctance to introduce ground forces in the Balkans as proof the U.S. would not long tolerate bloody ground warfare.

And although Hussein had established loyal paramilitaries to suppress any uprisings and scattered them throughout Iraq, the report casts doubt on the idea that his regime made preparations to launch an insurgency if the Iraqi army met with defeat.

"There were no national plans to transition to a guerrilla war in the event of a military defeat," the report found. "Nor, as their world crumbled around them, did the regime appear to cobble together such plans."

The report's authors found Hussein and his top commanders to be badly out of touch with reality, both before and during the war. Hussein and his inner circle were fed a steady diet of lies, mainly overly optimistic assessments about Iraq's military capabilities, from subordinates who feared they would pay with their lives for speaking the truth.

Misinformation also flowed down through the ranks. The report cited an April 6 memo from the Defense Ministry telling subordinate units that "we are doing great" and reminding officers to "avoid exaggerating the enemy's abilities."

But as the scope of the defeat dawned on him, Hussein's tone was that of a man "who had lost his will to resist," and "knew the regime was coming to an end," said Tarik Aziz, the former deputy prime minister who was one of 23 senior officials interviewed by U.S. military researchers.

Hussein was moving from one safe house to another every three to six hours. During a late-night meeting with his sons and members of his inner circle April 6, Hussein issued orders to defend Baghdad to the death and prepare for urban warfare.

By then, however, "an American armored brigade already held Baghdad's airport," the report said, and American armor "was busily chewing up the manicured lawn in front of his palace in the center of the city."

The United States also made miscalculations, including devoting significant resources to preventing the destruction of Iraqi oil fields.

The report indicates that regional Iraqi commanders had made plans to destroy the northern and southern oil fields, and there are accounts that demolition charges and other equipment were moved into place.

The report quoted a senior Republican Guard officer as saying Hussein blocked those plans because he believed that destroying the oil fields would damage the morale of soldiers and the Iraqi people.

Report: Russia Had Sources In U.S. Command (AP)

By Robert Burns

AP, March 25, 2006

The Russian government collected intelligence from sources inside the American military command as the U.S. mounted the invasion of Iraq, and the Russians fed information to Saddam Hussein on troop movements and plans, according to Iraqi documents cited in a Pentagon report released Friday.

The Russians relayed information to Saddam during the opening days of the war in late March and early April 2003, including a crucial time before the ground assault on Baghdad, according to the documents.

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The unclassified report does not assess the value of the information or provide details beyond citing two captured Iraqi documents that say the Russians collected information from sources "inside the American Central Command" and that battlefield intelligence was provided to Saddam through the Russian ambassador in Baghdad.

A classified version of the Pentagon report, titled "Iraqi Perspectives Project," is not being made public.

In Moscow, a duty officer with Russia's Foreign Ministry declined to comment on the report late Friday. No one answered the phones at the Defense Ministry.

A Pentagon spokesman, Lt. Col. Barry Venable, referred inquiries seeking comment to Central Command. At Central Command headquarters in Tampa, Fla., officials did not immediately respond to a request.

State Department spokesman Adam Ereli declined to comment.

In addition to citing the Iraqi documents on the matter of Russian intelligence, the report also directly asserted that an intelligence link existed.

"Significantly, the regime was also receiving intelligence from the Russians that fed suspicions that the attack out of Kuwait was merely a diversion," the report's authors wrote. They cited as an example a document that was sent to Saddam on March 24, 2003, and captured by the U.S. military after Baghdad fell.

The report said the Iraqi document was titled, "Letter from Russian official to presidential secretary concerning American intentions in Iraq." The Iraqi document said, "The information that the Russians have collected from their sources inside the American Central Command in Doha is that the United States is convinced that occupying Iraqi cities are impossible," and that as a result the U.S. military would avoid urban combat.

"The strategy is to isolate Iraq from its western borders," the document added.

Central Command's war-fighting headquarters is at an encampment in the desert just outside Doha, Qatar.

The lead author of the Pentagon report, Kevin Woods, told reporters at a briefing that he was surprised to learn that the Russians had passed intelligence to Saddam, and he said he had no reason to doubt the authenticity of the Iraqi documents.

"But I don't have any other knowledge of that topic," Woods added, referring to the Russian link.

Brig. Gen. Anthony Cucolo, who appeared with Woods and also was closely involved in the project, said he believed such a link reflected a long-standing close economic relationship between Moscow and Baghdad.

"I don't see it as an aberration," Cucolo said. "I see it as a follow-on to economic engagement and economic interests."

In the end, one piece of Russian intelligence actually contributed to an important U.S. military deception effort. By telling Saddam that the main attack on Baghdad would not begin until the Army's 4th Infantry Division arrived around April 15, the Russians reinforced an impression that U.S. commanders were trying to catch the Iraqis by surprise.

The attack on Baghdad began well before the 4th Infantry arrived, and the government collapsed quickly.

As originally planned by Gen. Tommy Franks, the Central Command chief who ran the war, the 4th Infantry was to attack into northern Iraq from Turkey, but the Turkish government refused to go along. Meanwhile the 4th Infantry's tanks and other equipment remained on ships in the eastern Mediterranean for weeks — a problem that Franks sought to turn into an advantage by attacking Baghdad without them.

Based on a captured Iraqi document — a memo to Saddam from his Ministry of Foreign Affairs, dated April 2 — Russian intelligence reported through its ambassador that the American forces were moving to cut off Baghdad from the south, east and north, with the heaviest concentration of troops in the Karbala area. It said the Americans had 12,000 troops in the area, along with 1,000 vehicles.

Indeed, Karbala was a major step on the U.S. invasion route along the Euphrates River to Baghdad. A key bridge over the Euphrates, near Karbala, was seized on April 2, permitting U.S. forces to approach Baghdad from the southwest before Iraq could move sufficient forces from the north.

The Pentagon report also said the Russians told the Iraqis that the Americans planned to concentrate on bombing in and around Baghdad, cutting the road to Syria and Jordan and creating enough confusion to force residents to flee.

The Pentagon report, designed to help U.S. officials understand in hindsight how Saddam and his military commanders prepared for and fought the war, paints a picture of an Iraqi government blind to the threat it faced, hampered by Saddam's inept military leadership and deceived by its own propaganda.

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"The largest contributing factor to the complete defeat of Iraq's military forces was the continued interference by Saddam," the report said.

Moscow Spies Tipped Saddam On U.S. War Plan (WT)

By Rowan Scarborough

The Washington Times, March 25, 2006

Moscow had informants inside U.S. Central Command whose information on the March 2003 invasion of Iraq was relayed to dictator Saddam Hussein days before American troops ousted him from power, according to a Defense Department history released yesterday.

And, as U.S. troops encircled Baghdad in April, Russia's ambassador fed information from Moscow's intelligence service to Saddam's regime regarding U.S. troop movements.

The new disclosures show that Moscow was working against the Bush administration in private, as it opposed in public the U.S. desire for a United Nations Security Council resolution explicitly authorizing the invasion.

The report was produced in book form by U.S. Forces Command, which studies "lessons learned" in military operations. This document, however, focused not on American units, but on how Saddam, his regime and military prepared for the March 19, 2003, attack and tried to blunt it. Titled "Iraqi Perspective Project: A View of Operation Iraqi Freedom From Saddam's Senior Leadership," it is based largely on postwar interviews and seized documents. It is in one of those documents that the Iraqis told of spies inside U.S. Central Command, which planned and executed the invasion.

"The information that the Russians have collected from their sources inside the American Central Command in Doha [Qatar] is that the United States is convinced that occupying Iraqi cities are impossible, and that they have changed their tactic," states the Iraq intelligence report. Another part states, "Jordan had accepted the American 4th Mechanized Infantry Division."

Although U.S. forces did avoid occupying towns and cities on the march to Baghdad, they did enter Tikrit, Mosul and other large cities. But as for Jordan, the 4th Infantry Division never docked there, instead traveling by sea to Kuwait.

The Forces Command report offered no information on whether Central Command ever identified and purged the spies.

The report also tells of a seized memorandum from Iraqi's Foreign Ministry. The memo said Russia's ambassador was relaying intelligence reports to Saddam aides, including one memo that stated that allied forces would not enter Baghdad until the 4th Infantry Division arrived. That turned out to be false.

In other report findings:

• The regime planned to restart production of weapons of mass destruction. It continued to hide scientists from U.N. inspectors right up to the time U.N. inspectors left and the war began.

A seized Dec. 15, 2002, memo, written by an Iraqi intelligence agent posing as a U.N. escort, states, "Inside Bader WMD inspection site, there are Russian and Turkish scientists. When we visited the site, they were forced to hide from inspectors' eyes."

And, Saddam continued to tell his commanders he still had such weapons. "For him, there were real dividends to be gained by letting his enemies believe he possessed WMD, whether it was true or not," the report said.

•The quickly assembled air strike on one of Saddam's residences, Dora Farms, in pre-dawn March 19, 2003, never had a chance of succeeding. Saddam had not stayed there since 1995.

•There was no evidence that Saddam or his top aides planned the insurgency, now in its fourth year; in fact, Saddam was sure the Americans would never advance on Baghdad.

"There were no national plans to transition to a guerrilla war in the event of military defeat," the report states.

This fact helps explain why commanders did not predict, nor plan for, the robust insurgency and al Qaeda terrorists now spreading violence.

Saddam's misguided belief that he would stay in power in 2003 was fed by the support he got from France and Russia, his top aide, Tariq Aziz, told U.S. investigators.

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"France and Russia each secure millions of dollars worth of trade and service contracts in Iraq, with the implied understanding that their political posture with regard to sanctions on Iraq would be pro-Iraqi," Mr. Aziz said. "In addition, the French wanted sanctions lifted to safeguard their trade and service contracts in Iraq."

Rice Expects U.S., Iran To Meet On Iraq (AP)

AP, March 25, 2006

Secretary of State Condoleezza Rice said Friday she was sure U.S. and Iranian representatives would meet to discuss security in Iraq, but she gave no time for the sessions.

"Those meetings will take place, I'm certain, at the appropriate time," Rice said.

The United States previously had said contact with the Iranians could occur if Washington found it useful, but questioned the timing and motive of Iran in seeking talks.

The Bush administration says discussions would be limited to the situation in Iraq, where Washington has long accused Iran of making trouble. The U.S. ambassador in Baghdad has had authority to talk to his Iranian counterpart since last year, but Tehran only recently said it wants to meet.

President Bush's national security adviser, Steven J. Hadley, last week dismissed Iran's willingness to talk about Iraq as a way for Iran to divert pressure from the nuclear weapons issue. Iran claims it is pursuing nuclear technology only for generation of electricity.

The two countries have had no diplomatic relations since the 1979 storming of the U.S. Embassy in Tehran.

The United States is now pushing for strong U.N. Security Council action to try to stop what it claims is Iranian ambition to build a nuclear bomb. The U.N. body has been bogged down for two weeks over how to make a first move.

"I think that everybody just needs to get to work and let's get this done so that the Iranians have a very clear message about what's going on," Rice said when asked whether Iran allies Russia and China are dragging their feet.

Rice spoke Friday to Russian Foreign Minister Sergey Lavrov to try to break an impasse over the wording of a Security Council statement on Iran, and may meet soon with other permanent members of the Security Council if the group can agree on the document.

"We agreed to ask our negotiators to work again over the next of couple of days," Rice told reporters, "really deciding that maybe they won't even have a weekend because we need to work on this text."

Rice spoke following a meeting with Mexican Foreign Minister Luis Derbez.

She also met in Washington with U.N. Ambassador John Bolton on Iran and other topics.

"We are waiting to see what happens in the talks between the ministers of foreign affairs of the P-5," Argentina's U.N. Ambassador Cesar Mayoral, the current Security Council president, said Friday, when asked when the council might meet to discuss the proposed statement.

The U.S. and its European allies want a statement reiterating demands by the U.N. nuclear watchdog _ the International Atomic Energy Agency _ that Iran suspend uranium enrichment, the process that can be used to generate nuclear power or make nuclear weapons.

The Russians and Chinese have opposed tough language including a demand for a report in 14 days on Iran's compliance with the IAEA demands.

Russia and China also want the IAEA to keep the main role in cajoling Iran on uranium enrichment. They have raised concerns that pushing Iran too hard could lead to its withdrawal from the Nuclear Nonproliferation Treaty and expulsion of IAEA inspectors.

"The Security Council has, of course, at its disposal tools that are not there for the IAEA," Rice said Friday.

"This first order of business is to get a presidential statement that will make very clear that it is in the international community's very strong demand of Iran that Iran adhere to these requirements."

General Praises Iraqi Forces In Mosque Attack Mayhem (NYT)

By Thom Shanker

The New York Times, March 25, 2006

DOJ_NMG_0022011

WASHINGTON, March 24 — The United States commander for training Iraqi security forces expressed guarded satisfaction on Friday with the performance of new Iraqi Army and national police units in tamping down the sectarian violence that erupted after the bombing of the Golden Mosque in Samarra last month.

But the commander, Lt. Gen. Martin E. Dempsey, acknowledged that the crisis also provided a clearer picture of the troubling shortfalls of the Iraqi local police, on whom, he said, American trainers now must focus their efforts.

American officers in Iraq and Pentagon officials reviewing reports from the field say the Iraqi Army helped calm the situation. They also say that the national police responded well, but that some local police units only huddled in their stations during the early hours of the crisis.

General Dempsey also raised concern about the role played by independent militias during the crisis. In a video news conference from Baghdad, General Dempsey pointed out that certain militias were recognized under the new Constitution — like the pesh merga force of Kurdish fighters and the Badr Corps, a Shiite militia — and that efforts were under way to assimilate them into security units. But he said one powerful militia, which answers to Moktada al-Sadr, a radical Shiite cleric, remained outside of any government control.

"What happened in the aftermath of the Samarra mosque bombing was that several of these militias took to the streets, took to the streets in a way that could have been very threatening to the population, particularly in the mixed areas," General Dempsey said. "The Iraqi legitimate security forces, the army and the police, in every case were a settling influence."

Because of the threat of spiraling sectarian violence, Iraqi government and security officials "made a conscious decision not to confront but rather to contain these militias," General Dempsey said. "They decided that they wouldn't add the militia problem to their other problem, which is the heightened tensions after the bombing."

General Dempsey said Iraqi security forces facing off against these armed, unofficial bands were ordered to stop them from violating the law — but did not always halt their movements through checkpoints if they were traveling peacefully. "They separated groups," he said. "They protected mosques. They talked to political leaders, religious leaders, politicians, local leaders, and they really did a fantastic job of settling the situation without also confronting the militia."

The militia problem is clearly a threat to stability in Iraq, and General Dempsey said the issue was "something the new government's got to take on with some immediacy as soon as they get seated."

President Bush's strategy for withdrawing American troops from Iraq requires an increasing number of Iraqi security forces to take on increasing levels of responsibility. Last week, Lt. Gen. Peter W. Chiarelli, commander of day-to-day military operations in Iraq, announced that by the end of summer, 75 percent of the country would be the responsibility of Iraqi security forces.

Asked whether Iraqis were given security responsibilities only in relatively stable or underpopulated areas, General Dempsey said Friday that Iraqis already controlled some crowded, tense areas — certain neighborhoods of Baghdad, for example — and that this percentage would grow.

Military officers in Iraq and at the Pentagon said both the army and national police responded rapidly in the hours after the mosque bombing. All Iraqi personnel not already on duty were called back from leaves and ordered to increase patrols.

One senior officer said that while the new Iraqi security forces took sides in sectarian violence in 2004, the aftermath of the Samarra bombing resulted in "very, very few reports of either the army or national police battalions acting in a sectarian way themselves."

In interviews and e-mails from Iraq, American military officers underscored that the efforts by local clerics and politicians were even more important than the actions of security forces in keeping the lid on civil war in recent weeks.

Since the insurgency began, American commanders have argued that there is no solely military path to ultimate success in Iraq, only a political solution. After the mosque bombing, these officers say, it is inconceivable that the Iraqi Army and police alone could have tamped down the violence unless senior clerics and the Iraqi political leadership — Sunni, Shiite and Kurd — had immediately called for calm, as they did.

Despite concerns of sweeping sectarian attacks, the violence after the mosque bombing was limited to specific neighborhoods, mostly in the mixed Sunni-Shiite areas near the Sadr City slum in Baghdad and other areas mostly north of the capital.

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And as bodies keep turning up, especially in Baghdad, proof that sectarian killings continue at an alarming rate, commanders admit that the local police cannot halt such individual acts of sectarian vengeance.

"You've heard us call this the year of the police," said General Dempsey, who previously spent 14 months in Iraq as commander of the First Armored Division. "We're really equipping them at a very aggressive rate in order to put them in a position to restore civil security by the end of the year."

Murtha Defends Position On War In Iraq (HS)

By Amy Zalar

Herald Standard, March 25, 2006

U.S. Rep. John Murtha (D-Johnstown), theorized Friday that President George W. Bush was trying to justify what didn't happen following the first Gulf War when he waged war on Iraq three years ago.

Murtha, 73, said he believes there was a miscalculation when troops didn't stay around to rehabilitate the Middle East after the conclusion of the first Gulf War, and it led to the current conflict.

Regarding the current Iraq war, Murtha said when initial threats that biological weapons would be used if troops crossed a certain line didn't come to fruition and weapons of mass destruction were not found, he felt something was wrong and started "sending signals to the White House."

Speaking during a taping of "Behind the Headlines" for HSTV, Murtha said although he supported the war initially, he began to lose confidence because of the way it has been handled. The Vietnam veteran said the three things that are needed to go to war were not there for the Iraq invasion, including a threat to national security, the use of overwhelming force and an exit strategy.

Murtha has been criticized for publicly taking the position that the United States needs to get out of Iraq, a stance that he unequivocally defended.

"It's time for us to redeploy to the periphery and let the Iraqis do this themselves," Murtha said. He said he is also concerned about the $450 billion cost of the war and the burden on the American people.

Murtha said he is perplexed as to why Bush will not admit he made a mistake by relying on flawed intelligence. He said when Bush's father, George Herbert Walker Bush, contemplated the first Gulf War, he established a real international coalition and Congress participated in the process, two things that did not occur this time. A long-time member of the Defense Appropriations Subcommittee, Murtha has had intimate involvement with major war decisions during his years in Congress. He was first elected in 1974.

Now, Murtha said the Iraq conflict has deteriorated into a civil war and the American troops are caught in the middle. "The Iraqis are fighting with each other and we're caught in between," Murtha said.

Murtha said Vice President Dick Cheney was a "damn good secretary of defense" in the elder Bush's administration, but many people said they don't know Cheney today. "You have to wonder if they're competent," Murtha said of the people making decisions regarding the war.

Calling this administration the most secretive he has ever seen, Murtha said when you are in public office, you must listen to the people and look at history. Murtha said some Republicans would have to speak out against the war for anything to change. "I feel it is an American problem and not a political problem. Because (Bush) didn't seek advice it has gotten to where it is now and that's a very dangerous situation," Murtha said.

In being asked to speak about comparisons between the Iraq War and Vietnam, Murtha said that big difference is we support the troops in the current war. Murtha said he has worked to ensure troops receive body armor and equipment that is needed. "We have separated the warrior from the war and in Vietnam we didn't do that," Murtha said.

A weekly visitor to military hospitals, Murtha said in addition to the 2,300 American soldiers that have been killed, there are between 16,000 and 17,000 that have been wounded, and the government must take care of them.

Murtha said he wasn't completely surprised that his military record was attacked when he spoke out against the current direction of the war, but he said he didn't think such vicious attacks were warranted. He said attacking someone who disagrees with you isn't the way it should be done. "To me what's important is the country," Murtha said.

Murtha said the White House tried to get military officials to attack him, which was largely unsuccessful. He predicted a Democratic-controlled Con-gress after the fall election, and possibly a Democratic-controlled Senate also.

Murtha is seeking re-election, but will not face a Democratic challenger. Washington County Commissioner Diana Irey has filed to run as a Republican. Murtha said he takes any opponent seriously. He said since Irey has taken a position in favor of the war, it will likely be a campaign issue.

Murtha said he has credibility in the House, as well as years of experience and an important position on the Defense Appropriations Subcommittee. He said it would be difficult for a new person to get things done for the district that he has achieved.

Murtha said he concentrates on a lot of projects that are important to the district, including diabetes, and works with county commissioners to get infrastructure projects, which he called the glue to put everything together.

IRAQI PREZ OPTIMISTIC ABOUT CABINET; 51 MORE DIE (PHDN)

By Qassim Abdul-zahra

Philadelphia Daily News, March 25, 2006

BAGHDAD - Iraq's president issued a highly optimistic report yesterday on progress among politicians trying to hammer out the shape of a new unity government. At the same time, at least 51 more people, including two U.S. soldiers, were reported dead in rampant violence.

President Jalal Talabani said the government could be in place for parliamentary approval by the end of the month, though he acknowledged "I am usually a very optimistic person."

U.S. Ambassador Zalmay Khalilzad brokered the sessions, with the Bush administration applying extreme pressure on Iraqi politicians to form a government. Washington hopes to begin withdrawing troops this summer, banking on a decrease in violence once a national unity government is in place.

A less optimistic Prime Minister Ibrahim al-Jaafari, whose nomination by the Shiite bloc for a second term produced the political stalemate, has said a Cabinet list could be ready by the end of April, a full month beyond the Talabani estimate.

The rising death toll among Iraqis included five worshippers killed yesterday in a bombing outside a Sunni mosque.

The two U.S. soldiers were killed in combat in insurgent-ridden Anbar province, the American military reported yesterday. The statement said the soldiers, assigned to the 2/28th Brigade Combat Team, were killed Thursday.

Iraq Qaeda Chief Seems To Pursue A Lower Profile (NYT)

By Dexter Filkins

The New York Times, March 25, 2006

Abu Musab al-Zarqawi, the Jordanian terrorist and the head of Al Qaeda in Mesopotamia, has sharply lowered his profile in recent months, and his group claims to have submitted itself to the leadership of an Iraqi.

In postings on Web sites used by jihadi groups, Al Qaeda in Mesopotamia, the terrorist network's arm in Iraq, claims to have joined with five other guerrilla groups to form the Mujahedeen Shura, or Council of Holy Warriors. The new group, whose formation was announced in January, is said to be headed by an Iraqi named Abdullah Rashid al-Baghdadi. Since then, Al Qaeda in Mesopotamia has stopped issuing its own proclamations.

The Mujahedeen Shura, which continues to call for attacks against American and Iraqi forces, has stopped taking responsibility for large-scale suicide attacks against civilians, and it has toned down its fierce verbal attacks against Iraq's Shiite majority.

Mr. Zarqawi's group also appears to have stopped, at least for now, the practice of beheading its captives. Since last summer, the group has begun to carry out attacks outside Iraq.

The activities seem to follow closely the advice in a letter believed to have been written last year by Ayman al-Zawahiri, Al Qaeda's second in command.

Previously, Mr. Zarqawi's group celebrated large-scale civilian massacres, and often made videos of the attacks and of beheadings and posted the videos on jihadi Web sites. Al Qaeda in Mesopotamia, which is dominated by followers of Islam's Sunni sect, also boasted of the mass killing of Shiite civilians, whom it labeled derogatorily as "converters."

While it is impossible to verify the claims on the Web sites, experts believe it significant that Mr. Zarqawi apparently feels the need to send such signals, which offer clues about what he and other senior jihadi leaders might be thinking and doing.

Since the announcement of the Mujahedeen Shura in January, Mr. Zarqawi has stayed largely out of view. His last public statement, released a few days before the announcement, ranted in typical fashion against Americans and Jews but gave no sign that changes were afoot.

American and Iraqi officials, as well as independent terrorism experts, are divided on the signals from Al Qaeda. Most believe that Mr. Zarqawi is alive, in Iraq, and still in charge of Al Qaeda in Mesopotamia. They say the group remains the leading suspect in the Feb. 22 attack against the Shiite shrine in Samarra, which set off a wave of sectarian violence. No group has taken responsibility for that attack.

Sectarian attacks have helped bring Iraq to the brink of full-scale civil war. A document obtained by the Americans in January 2004, and believed to have been written by Mr. Zarqawi, calls for attacks on Shiites in order to bring about a sectarian bloodbath.

American and Iraqi officials concede that they know little about the Mujahedeen Shura or of Mr. Baghdadi or, indeed, whether they exist at all. The officials say the proclamations by Al Qaeda and the Mujahedeen Shura, as well as the claim that an Iraqi is in charge, are probably ploys to give the illusion of changes that have not taken place.

"Propaganda is a critical component of his efforts, and that's what's involved here," said an American intelligence official. "It's a shift in tactics, not a real change."

In the letter thought to have been written by Mr. Zawahiri, an Egyptian physician believed to be hiding along the mountainous border between Pakistan and Afghanistan, Mr. Zarqawi was told that he needed to cultivate local support in Iraq to ensure the survival of his movement. The letter was captured by the Americans last summer.

The letter suggested a role for a council that would unite the various insurgent groups and help lay the political groundwork for the day the Americans depart.

It also questioned Mr. Zarqawi's emphasis on killing Shiites, suggesting that such killings alienated Iraqis and detracted from the larger goal of driving out the Americans. For the same reasons, the letter said, it was not necessary to cut off the heads of captives. "We can kill the captives by bullet," the letter said.

The letter also called for Mr. Zarqawi to "extend the jihad to secular countries neighboring Iraq." In recent months, Al Qaeda in Mesopotamia has taken responsibility for a number of attacks outside the country, including the suicide bombing of three hotels in Amman, Jordan, in November, which killed more than 57 people. The group has also said it fired rockets from Lebanon into Israel last December, and a pair of missiles at American naval vessels in Aqaba, Jordan, last August.

"Zarqawi wanted to hand over Al Qaeda to the Iraqis so he could move on to the next phase of jihad," said Rita Katz, the director of the SITE Institute, which tracks violent Islamist groups. Ms. Katz recently made such an argument in an opinion article in The Boston Globe.

Bruce Hoffman, a terrorist expert at the Rand Corporation's Washington office, said he believed that the Mujahedeen Shura and Mr. Baghdadi were real, but was unconvinced that Mr. Zarqawi had ceded control of Al Qaeda in Mesopotamia. Having brought the country to the brink of civil war, Mr. Zarqawi may have decided that it was a good time to step back as events in Iraq unfold, Mr. Hoffman said, "like a poker player."

There are other reasons why Mr. Zarqawi might want to take a less prominent role in Iraq. As a Jordanian, Mr. Zarqawi is a foreigner in Iraq, where family and blood lines count for a lot. In recent months, evidence has surfaced that Iraqi guerrillas resent the dominance of foreigners in the insurgency.

In addition, there have been growing indications that the large-scale suicide bombings directed at civilians were alienating Arab backers outside the country as well as ordinary Iraqis. Mr. Zarqawi is believed to depend heavily on money provided by Arabs from outside of Iraq.

The suicide attacks on the three Jordanian hotels set off a wave of popular anger so furious that Mr. Zarqawi released an audio tape to explain his actions. Mr. Zarqawi did not apologize for the attacks — far from it — but he was clearly stunned by the vehemence of the reaction. "As for those Muslims who were killed," Mr. Zarqawi said on the tape, "we have not thought for even one moment about targeting them, even if they are sinful people."

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Ms. Katz, the director of SITE, which provided the translations of his statements, said that even if he had stepped back, Mr. Zarqawi was probably still the dominant force in Al Qaeda in Mesopotamia.

Mr. Zarqawi has long made it clear that he sees Iraq as a stepping stone to the larger goal of overthrowing what he believes to be corrupt and secular regimes across the Arab world and re-establishing the Islamic Caliphate that reigned over the Middle East for centuries.

Whatever Mr. Zarqawi is up to, the successor organization, the Mujahedeen Shura, has lost no vehemence. In one of its most recent communiqués, it celebrated an attack on an American Humvee it claimed to have carried out this week in Miqadadiya, Iraq.

"A car bomb was detonated on a Crusader support patrol, resulting in the destruction of the Humvee and all who were in it," the statement said. "Thanks unto God."

Iraqi Translator Is Accused Of Bribery In Kickback Case (NYT)

By James Glanz

The New York Times, March 25, 2006

The Justice Department said yesterday that it had arrested an Iraqi-American translator from Michigan on bribery charges in the latest case involving accusations of corruption, which have become a steady accompaniment to the war in Iraq.

The Justice Department said the translator, Faheem Mousa Salam, 27, of Livonia, Mich., probably acting as an intermediary for others who have not yet been identified, offered tens of thousands of dollars in bribes to people inside the Iraqi Interior Ministry for a contract to provide some $1 million in flak jackets and other equipment to an organization that trains Iraqi police officers.

Mr. Salam was working as a translator for the Titan Corporation, a division of the L-3 Government Services Group. The federal complaint says that in the course of his work, Mr. Salam offered $60,000 to an Iraqi police official who eventually referred Mr. Salam to someone the official described as a procurement officer for the American-operated program to train the Iraqi police.

In fact, the officer was an undercover agent for the Special Inspector General for Iraq Reconstruction, an independent office that has been investigating cases of potential fraud, waste and abuse. Mr. Salam repeated his bribery offer and was arrested late Thursday night at Dulles International Airport near Washington, as he returned from Iraq.

Stuart W. Bowen Jr., who heads the office of the inspector general, said he expected more arrests in the case but declined to give further details or say who had been expected to provide the approximately 1,000 flak jackets — Mr. Salam showed a sample to the undercover agent — to the Interior Ministry. Mr. Salam also offered to sell a sophisticated map printer as part of the deal.

Mr. Bowen said that in the cash economy of Iraq, where traditional investigative methods like tracing money transfers are nonexistent, tracking down fraud is especially challenging.

"We realize we have to use every means at our disposal," Mr. Bowen said. The traditional sting operation, he added, "is one of them."

A call to the federal public defender acting as Mr. Salam's lawyer, Tony Axam, went unanswered yesterday. A spokesman for L-3 Government Services, Rick Kiernan, said the reported bribery attempt "appears to be isolated and not part of a larger incident."

"L-3 has not been related in any way to the incident itself," Mr. Kiernan said. "We have been cooperating with the Department of Justice on this entire matter."

The case against Mr. Salam is one of at least eight major cases said to involve bribery, kickbacks, money laundering, conspiracy, fraudulent billing and other crimes that prosecutors say have plagued civilians and military personnel who work with contractors in Iraq.

At least a dozen arrests have been made and more are expected as the cases widen and new cases emerge. Mr. Bowen said his office alone was investigating around 60 cases that had not yet been made public.

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Still, Mr. Bowen said out-and-out fraud was not pervasive among Americans now in Iraq, adding that many of his cases turned up in the early months after the invasion when controls were especially weak.

"I think it's a few individuals who took advantage of a chaotic situation early on," he said, "and it's my job to track them down and bring them to justice."

Of the arrests, at least six involve people who at one time worked directly for Kellogg Brown & Root, the Halliburton subsidiary, or for outside subcontractors working for the company. The Army has awarded Kellogg Brown & Root three huge contracts to do things like deliver food and fuel and repair oil equipment and facilities in Iraq.

The largest single case has swirled around an American businessman, Philip H. Bloom, who lived in Romania for many years but won at least $8.6 million in reconstruction contracts around Hilla, south of Baghdad, by paying what prosecutors said were hundreds of thousands of dollars in bribes in 2003 and 2004 to at least a half-dozen officials in the Coalition Provisional Authority.

Some expect more arrests. "I would suspect that the more we peel back on this, the more we're going to find," said Steve Ellis, a vice president at Taxpayers for Common Sense in Washington. So many arrests have been announced recently, Mr. Ellis said, that "it's not until you actually step back and you look at the whole of it that you realize how enormous the waste and corruption may actually be."

U.S. Charges Civilian Translator With Trying To Bribe Iraqi Police (WP/AP)

By Associated Press

The Washington Post, March 25, 2006

U.S. authorities have arrested a translator working in Iraq and charged him with offering a bribe to entice a police official to buy armored vests and other equipment for $1 million.

Faheem Mousa Salam, 27, of Livonia, Mich., was arrested Thursday at Dulles International Airport, the Justice Department said. Salam is an employee of the Titan Corp., a government contractor working in Iraq.

He was released from custody after a hearing yesterday in U.S. District Court in Washington. He is due back in court on April 5.

Salam was charged under the Foreign Corrupt Practices Act for offering $60,000 to an Iraqi police official who Salam believed could help arrange the purchase of the goods by a police training organization, according to a criminal complaint. Salam said he wanted to sell the group 1,000 vests and a sophisticated map printer, the court papers said.

Salam, described in court papers as a naturalized U.S. citizen, later made similar offers to an undercover investigator who was posing as a purchasing officer for the police group, the Civilian Police Assistance Training Team, the complaint said.

Titan Corp. did not immediately comment.

If convicted, Salam faces up to five years in prison and a fine of at least $100,000.

The bribery charge is the latest case to emerge from investigations begun by Inspector General Stuart W. Bowen Jr., who was appointed to look into Iraq reconstruction contracts.

At least seven Americans have been implicated in a separate bribery-and-kickback scheme involving the award of millions of dollars in reconstruction contracts. Robert J. Stein Jr., a former contracting official in Iraq, pleaded guilty last month to conspiring to steal more than $2 million in reconstruction money and steer contracts to a businessman in exchange for more than $1 million in cash, cars and jewelry.

Navy Won't File Charges In Iraq Contractor Fracas (WP)

By Griff Witte And Josh White

The Washington Post, March 25, 2006

Military investigators said yesterday that they will not file any charges after completing their investigation into an incident in Iraq last May in which a group of Marines alleged they had been fired on by U.S. security contractors.

The contractors, in turn, had said they were detained by the Marines for three days in a holding facility normally reserved for suspected insurgents, and subjected to rough treatment. The incident highlighted tension in the field between active-duty military personnel and the burgeoning ranks of private contractors the Defense Department has hired to support the war effort.

But the Naval Criminal Investigative Service said there was not sufficient evidence to warrant prosecution of Marines or employees of North Carolina-based Zapata Engineering.

"There was evidence that shots had been fired by Zapata, but there was no way to connect the dots together in a way that we could go forward with the case," said NCIS spokesman Ed Buice.

The 16 American contractors have never denied that they fired shots on May 28, 2005, as they traveled through Fallujah. But they say their shots -- three in total -- went straight into the ground as they tried to get the attention of a truck driver who was moving precariously close to their convoy.

The Marines told a different story, accusing the contractors of firing indiscriminately at civilians and at a Marine checkpoint. Buice said yesterday that investigators had not been able to verify that conclusion.

"It's a world of relief," said Pete Ginter, one of the contractors who were detained. "We knew from the beginning that we didn't do anything wrong. But we were being penalized for something we didn't do."

Ginter said he and the other contractors involved have been effectively blacklisted since the incident, with many of them having trouble finding work and unable to return to Iraq, where demand for contractors is high.

Mark Schopper, an attorney for four of the detained contractors, said that while he welcomed the NCIS's decision, questions remain. "We're still incensed at what happened to them," Schopper said.

Marine officials at the Pentagon yesterday referred questions on the matter to military spokesmen in Baghdad, who were unable to comment immediately.

The contractors claim they were changing a tire at a Marine checkpoint last May when they were suddenly ordered to report to a nearby base. From there they were taken to a detention facility where they each were handed an orange jumpsuit, a bottle in which to urinate, a Koran and a prayer mat. The contractors, many of whom were ex-Marines, said they received rough treatment, with guards shoving them to the ground and, in Ginter's case, squeezing his testicles.

The men were held for three days in the same facility where the military held suspected insurgents. During that time, they have said, they were refused all requests to contact the Red Cross, their employer or their families. Once released, they were barred from operating in a large area of Iraq. They also lost their jobs with Zapata, which had a contract with the Army Corps of Engineers to dispose of ordnance.

Buice, the NCIS spokesman, said investigators never formally looked into the allegations of abuse because the contractors did not go through the proper channels of filing a complaint. He also said the treatment they received appeared to be standard for incoming prisoners. "The fact that you're asked to take off all your clothes and put on an orange jumpsuit, that's not mistreatment," he said.

But Gary Myers, a lawyer representing several of the contractors, said the way the military handled the case was unjust.

"These men did nothing wrong. They were forced out of the country by the Marines who in fact had engaged in conduct that was abusive to our own citizens," Myers said. "I'm pleased that whatever cloud that was hanging over those men is now removed, even if the Marine Corps will not admit it made a mistake."

An estimated 20,000 private security contractors are operating in Iraq. Tension between contractors and active-duty personnel has run high in some cases because the contractors fall outside the normal military chain of command and make considerably higher salaries than their counterparts in the armed forces. In this case, Schopper said the Marines taunted the contractors while they were in custody by asking, "How does it feel to be a rich contractor now?"

Gary Simpler, a 20-year Army veteran who was among the contractors detained, said in an e-mailed response to questions that the Marine Corps was "heavy-handed, abusive to fellow American citizens and should apologize."

Reporting From Iraq: A Failure Or An Accurate Account Of What's Happening? (KRT)

By Clark Hoyt

Knight Ridder, March 25, 2006

WASHINGTON - Ever since Cleopatra threatened to have a slave whipped with wire and stewed in brine for bringing her the news that Mark Antony had married Caesar's sister, people in power haven't had much tolerance for bearers of bad tidings.

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It doesn't matter that, as Cleopatra's poor slave said in Shakespeare's "Antony and Cleopatra," "I that do bring the news made not the match."

Today, it's President Bush, Vice President Dick Cheney, Secretary of Defense Donald H. Rumsfeld and assorted supporters who are blaming the messengers - the news media - for the public's growing disenchantment with the war in Iraq.

As the polls have gone south - 65 percent disapprove of the president's handling of the war in the latest Newsweek Poll - the administration has escalated a soft attack on the media. I say "soft" because the criticism usually is artfully couched. It's not that reporters are disloyal or motivated by partisanship. They're either huddled fearfully in their hotels and can't see what's really happening or they're trapped in a definition of news that values only vividly violent bad news, preferably with pictures.

Last week on CBS' "Face the Nation," Cheney said his comments that Iraqis would welcome Americans as "liberators" and the Iraqi insurgency was "in its last throes" were "basically accurate and reflect reality." The problem, he said, was that news reporting has created a negative impression "because what's newsworthy is the car bomb in Baghdad. It's not all the work that went on that day in 15 other provinces in terms of making progress toward rebuilding Iraq."

So, is the story of Iraq being distorted by reporting that focuses on violence and fails to tell the good news?

Robert J. Callahan, who served as the press attache at the U.S. Embassy in Baghdad from June 2004 to May 2005, doesn't think so. In an article in the current American Journalism Review, Callahan, who's still a Foreign Service officer, said, "American reporters have faced criticism for their coverage of Iraq, but rarely from those of us who have been there and have seen these journalists at work."

The most persistent criticism, Callahan wrote, comes from people who charge that the media are ignoring the good news in Iraq. He disagrees and points to the saturation coverage of the January 2005 election, when purple ink-stained fingers "became an international symbol of courage and defiance."

Callahan said American diplomats stopped encouraging coverage of good-news events such as the reconstruction of a school because it often invited terrorist attacks that cost innocent lives. "It was frustrating, to be sure," he said, "but prudent."

The truth of Iraq is complex. It's not as rosy as a presidential anecdote about U.S. military success in one isolated town, Tal Afar, suggests. But it's more than the carnage on television news.

Our reporting tells us that it's true that there are areas of Iraq - in the Shiite south and the Kurdish north - where people walk the streets in relative peace. But Baghdad, Iraq's capital and most populous city, and the Sunni Triangle to its northwest are hellishly dangerous. And that lack of security has overshadowed everything else as Iraqis struggle to build a democratic future.

Iraqis have held two successful elections since the U.S.-led invasion, but they're having a hard time establishing a permanent representative government. Though unemployment is more than 30 percent, cell phones and satellite dishes - once forbidden - are everywhere. Baghdad's legendary traffic jams are partly a result of an explosion of automobile ownership.

An Iraqi acquaintance agrees with a majority of Americans that her country is better off without Saddam Hussein, but she says that doesn't mean Iraqis feel good about their lives today. In the old days, in her mixed Baghdad neighborhood of Sunni and Shiite Muslims, everyone knew who the informers were, and to whom they were informing. Now, people live in fear of everyone outside their own families. Death squads roam the streets. Neighbors disappear in the night. Nobody knows who took them, where or why.

A lot of American reconstruction money has been diverted to pay for security, according to the Government Accountability Office. Some projects have ground to a halt. Iraqi oil production remains below prewar levels. So does the availability of electricity. Sewage overflows, and there's little running water that's safe to drink. In a nation that has one of the world's largest known reserves of oil, Iraqis wait in lines a mile long for gasoline.

Through it all, more than 60 percent of Iraqis say they're hopeful about their future. And more than 85 percent want the United States to set a timetable for getting American troops out.

To bring the story of Iraq to you, Knight Ridder maintains a bureau in Baghdad and a network of Iraqi special correspondents around the country. Bureau Chief Nancy A. Youssef, who speaks Arabic, and correspondent Tom Lasseter often are joined by other Knight Ridder colleagues. Our Berlin correspondent, Matthew Schofield, a veteran of several Iraq tours, has just concluded a rotation. They're aided in Baghdad by a staff of a dozen Iraqis: drivers, so-called "fixers" and translators, many of whom have embraced Western journalistic values and become excellent reporters. They're able to go where Americans cannot.

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The hotel that houses the Knight Ridder bureau isn't in the isolated Green Zone, where U.S. diplomats and Iraqi leaders are, but it's heavily fortified with concrete blast walls we helped pay for, and it's guarded by an international force of security agents, which we also help support. The hotel has twice been shaken by bombs, once so violently that most of the windows blew out.

Knight Ridder maintains security advisers, former British Royal Marine commandoes who are combat veterans. They're heavily armed. They train the staff daily in security procedures and first aid.

Despite the danger, Nancy and her colleagues do venture out and do find inventive ways to talk with ordinary Iraqis. Nancy says, "When I go grocery shopping, I listen to people's conversations. What are they talking about? And how has their conversation changed since the week before?" Several times, her careful listening has led to stories.

It's a dangerous and sometimes frustrating job. Nancy says, "A colleague of mine described it beautifully. We are living in darkness, shining a flashlight around us and reporting on what we see. Sometimes we see the most important things, sometimes not."

Regardless, each story is part of the fabric of truth.

3 Years Of War Wither A Family's Seed Of Hope (LAT)

By Louise Roug

The Los Angeles Times, March 25, 2006

BAGHDAD — As U.S. forces made their way to the capital, Baher Butti sat alone in his house with the AK-47 that Baath Party officials had given him to guard his neighborhood. It was March 25, 2003, and the psychiatrist had just celebrated his 43rd birthday.

"The war on Iraq has started," he wrote in his diary. "I have not prepared myself to be a fighter but a doctor and a family man."

A man trained to heal the suffering of others, Butti would see trauma enter his own house in the three years to follow. Fighting and havoc would empty his church, claim the lives of friends and relatives and, finally, touch his 9-year-old daughter — leaving her scarred and traumatized after a bomb ripped through her school bus.

That March night, Butti described sneaking out from his forced guard duty to see his wife and three children at her father's home.

"I used a road that I thought was convenient to avoid the risk of bombings. I returned back very quickly to resume my duties," he wrote. "I am now in my house. I feel mentally exhausted."

Target practice had been part of Butti's high school curriculum, and Baath Party membership was almost mandatory for him to work as a doctor. But the idea of using a weapon to defend the regime repelled him.

"I feel afraid after I was put by the [party] in this silly role," he wrote. "I was overcome by the feeling of being a sheep on the way to the slaughterhouse."

Street fighting never came to his neighborhood. On April 6, Butti crossed the river and joined his family. Together on a rooftop they watched the tanks enter the city. His wife, Balsam, a more vociferous critic of Saddam Hussein's regime, greeted arriving U.S. soldiers with tea and biscuits.

The soldiers refused.

"We were so happy" that the soldiers had arrived, Balsam Butti recalled later. "But they were afraid of us."

Her husband, for his part, was bewildered by the sight of Americans riding their tanks through the streets of his city.

The idea that his country was occupied by foreigners made Butti uncomfortable. Still, a hope grew. With the Americans, perhaps a kind of progress would arrive.

Butti, a graduate of the Jesuit High School in Baghdad, quickly became involved in local politics, writing pamphlets and columns. He talked to journalists and pontificated on the meaning of democracy, tyranny and freedom.

He stopped keeping a diary. His writing — by necessity private during Hussein's regime — became public.

In June, three months after the invasion, Butti was still trying to articulate what was happening in his country.

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"When people saw the statue [of Hussein] falling in Firdos Square, the mountains of oppression that were in their souls started to explode," Butti wrote with characteristic flair.

With Hussein gone, U.S. forces watched as Iraqis looted the city. Freedom meant "do what you feel like," he wrote.

He was still ambivalent about the Americans — "friend or an enemy?"

A few days after the invasion, his wife, an obstetrician, returned to her clinic. Their children, a girl and two boys, went back to school. And Butti resumed his job at Ibn Rushd Teaching Psychiatric Hospital, Baghdad's biggest mental hospital.

Psychiatry had been a neglected field in Iraq for decades. Butti and his colleagues maintained little contact with the outside world and relied on outdated theories and textbooks.

The psychiatrist dreamed of building a small clinic in Baghdad that would offer group therapy and counseling. He brought American doctors to Iraqi mental wards to show them Iraq's abysmal healthcare system. He sent funding proposals to the Coalition Provisional Authority, which ruled Iraq after Hussein's fall.

U.S. officials listened with sympathy but had no money for his project. Their priorities were first relief, then election campaigns and eventually security, he said.

As violence worsened, American and Iraqi officials moved into the Green Zone, a heavily fortified compound along the Tigris River. U.S. soldiers began to refer to the city outside as the "red zone." Baghdad was being divided.

"We used to meet them outside the Green Zone," Butti said of U.S. officials. "Then things became that we had to go to the Green Zone [because] they couldn't go out. Then our entrance to the Green Zone became very difficult."

Outside the compound, gunmen took over streets, kidnapping and killing Iraqis. Doctors and academics in particular became targets. By 2004, many of the doctors who stayed in Iraq carried guns as they made their hospital rounds.

Leaving the house became a gamble, said Butti, who refused to arm himself for work.

Instead of progress, he and his wife saw advancing irrationality. Baher Butti — a slight, balding man with a bookish air — observed the proliferation of faith healers. Balsam Butti — composed, beautiful and partial to charcoal-colored suits — noticed that more women were giving birth at home, unable to make it to the hospital because of curfews or violence. As a result, more babies were stillborn and more women bled to death during labor, she said.

"Collectively speaking, we have regressed," Baher Butti said. "I'm a believer in God, but it doesn't make me superstitious. But our people are becoming superstitious."

Fundamentalism also took hold. Arsonists torched the Buttis' local library. Liquor store owners were assassinated. Three gunmen shot Balsam Butti's cousin in the stomach as he stood behind the counter of his convenience store. His family believes he was killed for selling beer.

Under Hussein's secular rule, Iraq's Christians were allowed to prosper and practice their faith without much trouble. At Christmas, Iraqi Muslims would go out caroling with their Christian neighbors.

But in the new Iraq, Christians in the Buttis' neighborhood received death threats and fled. By Christmas 2004, pews at their local church were half empty. Extremists targeted barbers for giving Western-style haircuts and violating strict Islamic teachings by trimming or removing men's beards. Baher Butti forbade his teenage son to wear his hair the way he wanted it — spiky.

Violence closed in. Their world was shrinking.

Friends left the country. The Buttis no longer went swimming at the Al Wiya Club in downtown Baghdad, now nearly deserted. Eventually, they stopped visiting relatives living outside the capital.

The retreat into their middle-class home in the Baghdad suburbs was bittersweet. Suddenly, there was more time with each other and their children — 9-year-old Ula and her two brothers, 17-year-old Sarmad and 20-year-old Fadhil. Baher and Balsam's marriage blossomed.

On most nights, the family would gather in their cozy living room, watching their favorite TV shows — "Friends" and "The West Wing." Shipwrecked by the upheaval around them, they clung to each other and their island of normality.

Baher refused his family's advice: Abandon Baghdad, move abroad and start a new life. He believed his roots in Iraq were too deep. His grandfather had served as a minister of culture. Baher wanted to build his own legacy — the Al Janna, or Paradise, clinic.

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On May 7, 2005, a bright Saturday morning, Balsam was standing in the kitchen rolling up dolmas. The phone rang and Sarmad picked it up. After a brief conversation, he turned to his mother. "Mama, Ula is in danger," he said. "She is in Al Kindi Hospital."

A bomb had ripped through the school bus carrying Ula and seven other girls from Dijla Primary School. Balsam, otherwise unflappable, panicked. She frantically called Baher, who had taken their car for repairs. Rushing to the hospital in a taxi, Baher prayed incessantly for his daughter's survival.

At Al Kindi — a dirty, depleted hospital downtown — doctors had taken Ula for X-rays, examining the damage done to her freckled face. They stitched her wounds without anesthetics.

When Baher found Ula, he showered her bruised and bloodied face with kisses. He thanked God that shrapnel had slashed his daughter's nose rather than her eyes, that only her lips, not her throat, had been slit open. He swept her up and took her to a plastic surgeon, a family friend, who immediately treated the girl. Eventually, the scars would disfigure only Ula's skinny arms.

"That day," Balsam said, "she blamed me because she didn't want to go to school but I had forced her to go."

Ula's nightmares, which she often remembered the next morning, added to her mother's feelings of guilt.

"During the first month, every day she would give us a segment of the incident, a phrase here and a phrase there," Balsam said. "She used to say: 'There was a tank beside us, and the tank was hit. The driver was injured.' In another segment she said: 'The girl beside me was silent. Why was she silent? Did she die or not?' "

Although some were seriously injured, all seven girls survived.

Later her daughter told her, " 'I don't want to remember,' " Balsam said. " 'I don't remember and I don't want to remember.' "

Baher let his daughter be. Better that she forgets, he thought, even if he could not.

On a recent spring day in Baghdad, traffic was at a standstill as trucks unloaded mountains of generators and washing machines — goods once unobtainable in Iraq.

A hot dog vendor did brisk business underneath a sign advertising the South Korean company LG and its slogan, "Life's good." Down a side street, a group of boys played soccer in a dusty field.

Around the corner in a garden, six female doctors and healthcare workers sat in the shade, talking shop. Baher Butti was listening in on their discussion. Behind him, a sign spelled out "Al Janna" — Paradise.

He had finally built it.

An Iraqi advertising executive, looking for publicity, had donated $10,000. Baher used the money to buy a modest house, creating a refuge for the afflicted. Upstairs, in an empty studio, a patient had been working on a painting as part of his therapy. The half-finished piece on the aisle showed soldiers on horseback attacked by lions.

"It's a small place, but it's just the beginning," Baher said, mixing pride and apology.

For him, however, it was the end — a seed of hope he could no longer sustain. After Ula's school bus was hit, the Buttis decided to leave Iraq. As soon as Sarmad finishes his exams, they will join relatives in the United Arab Emirates.

But that decision ruptured the family bond that had strengthened during the last three years of violence.

The older son, Fadhil, has refused to leave, convinced that he and his friends will be able to change Iraq for the better.

"It's my country," Fadhil said. "This is the place I was born, and I want to die here. I don't want to go outside. We — the students — we will change it. It's our duty."

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Times staff writers Borzou Daragahi and Shamil Aziz in Baghdad contributed to this report.

2 U.S. Soldiers Among 51 People Slain In Iraqi Violence (LAT/AP)

By Associated Press

The Los Angeles Times, March 25, 2006

Five Sunnis die in a mosque attack north of Baghdad. Talabani sees progress on the Cabinet.

BAGHDAD — At least 51 people, including two U.S. soldiers and five Sunnis leaving a mosque, were killed Friday in attacks around Iraq.

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The soldiers died in combat in Al Anbar province, the U.S. military said in a statement. It said the men, assigned to the 2/28th Brigade Combat Team, were killed Thursday.

The deaths raised to at least 2,320 the number of U.S. military personnel who have died since the war began in March 2003.

The mosque attack took place in Khalis, north of Baghdad, Iraq's military reported. In addition to the worshipers killed, at least 15 were wounded, it said.

Baghdad police said they found 25 more bodies blindfolded, shot and dumped throughout the capital. Sectarian killings among Shiite and Sunni Muslims have become increasingly common in the city since the Feb. 22 bombing of a key Shiite shrine in Samarra.

The rest of the victims died in a variety of attacks, which included drive-by slayings of three policemen in west Baghdad and three power station workers headed to their jobs in Taji, just north of the capital, police said.

In south Baghdad, gunmen killed four pastry shop employees, officers said.

Meanwhile, former hostage Norman Kember, 74, flew out of Baghdad on a British transport plane Friday, according to the Christian Peacemaker Teams, a day after he and two Canadian men were rescued by U.S., British and Canadian forces.

The two Canadians were to leave this weekend. Friday was Harmeet Singh Sooden's 33rd birthday, and he and James Loney, 41, celebrated with a white cake decorated with a pink Canadian maple leaf.

The three men were kidnapped Nov. 26 along with an American colleague, Tom Fox, 54. Fox's body was found this month, shot and dumped in west Baghdad.

Amid Friday's violence, Iraq's president issued a highly optimistic report on progress among politicians trying to hammer out a new unity government.

Jalal Talabani said the government could be in place for parliamentary approval by the end of the month, though he acknowledged that "I am usually a very optimistic person."

He spoke to reporters after a fifth round of talks among the country's polarized political factions.

A less optimistic Prime Minister Ibrahim Jafari has said a Cabinet list could be ready by the end of April.

Separately, the Iraqi mission to the United Nations said the country had signed two deals for a metering system to track oil and gas flows, a step that could help get its economy back on track and reduce oil smuggling.

Iraq's economy has been severely weakened by oil smuggling to neighboring countries. Some experts think oil smuggling may be funding Iraq's insurgency.

If you want other stories on this topic, search the Archives at latimes.com/archives.

As Palestinians Wait At Iraqi Border, Others Get Threats (NYT)

By Kirk Semple

The New York Times, March 25, 2006

BAGHDAD, Iraq, March 24 — The bill of death appeared overnight, scattered on doorsteps and littering the sidewalk. It was addressed to "the Palestinian traitors."

"We warn you that we will eliminate you all if you don't leave the area for good within 10 days," the leaflet said. It bore the signature of a group called the Judgment Day Battalion, and the Palestinian residents of Hurriya, a northern Baghdad neighborhood, found it when they awoke Thursday morning.

"We are ready to leave Iraq — if we have the chance," a Palestinian resident said Friday, declining to provide his name because of fear of retribution. "This is the opinion of everyone here. We feel unsafe, and today is better than tomorrow."

The Palestinian community was once a pet cause of Saddam Hussein, who granted its members special treatment. But now, its members say, they are suffering the backlash of that favoritism, and are singled out for being Sunni Arabs.

As sectarian killings have intensified in the past several weeks, the Palestinians have been frequent targets of Shiite death squads, some in the uniforms of government security forces, several Palestinians said in interviews this week. Scores have been pulled from their homes in Palestinian enclaves around the capital, residents said, and many have turned up dead in the morgue.

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The Palestinian observer to the United Nations has appealed to the Security Council for help, and the office of the United Nations High Commissioner for Refugees has warned of the potential for a crisis.

Many Palestinian families "are in a state of shock and panic," according to a statement from the refugee agency distributed Friday. "This panic may spread and lead to more Palestinians fleeing Baghdad." Many Palestinians pulled their children from schools and stopped going to work, the statement said.

Violence has afflicted every community in Iraq, which has suffered increased sectarian bloodshed since a major Shiite mosque in Samarra was bombed last month.

Insurgent attacks on Friday killed 12 people. One attack involved an improvised bomb that killed 5 worshipers and wounded 17 as they left a Sunni Arab mosque in Khalis, about 35 miles east of Baghdad. The American military reported that two soldiers died in combat in Anbar Province on Thursday.

And the authorities recovered 15 more bodies from the streets of Baghdad on Friday, the latest victims in a wave of mysterious slayings. More than 200 bodies — most bound, some blindfolded and all either shot in the head or garroted — have been discovered in less than three weeks in the Baghdad area, according to the Interior Ministry.

Some victims have been Palestinians, relatives said in interviews, and community members insist they are targets because of their special relationship with Mr. Hussein and their sectarian allegiances.

Riyad Mansour, the Palestinian observer to the United Nations, said in a letter to the Security Council on Thursday that 10 Palestinians were killed and several kidnapped in the previous week alone. He appealed for international intervention to protect the Palestinians in Iraq.

The United Nations estimates that 34,000 Palestinians live in Iraq, and many were born in the country. They were given safe harbor during successive regional crises, beginning with the Arab-Israeli war of 1948.

Mr. Hussein, as part of his campaign to fashion himself into a pan-Arab leader, was particularly solicitous of their support. He provided many with free schooling, and free or heavily subsidized housing. But he did not give them the right to own property or the right to citizenship — legal restrictions that remain.

With the fall of Mr. Hussein, many Palestinians were driven from their homes by property owners whose houses had been appropriated by Mr. Hussein. Others came under attack by resentful Iraqis.

Several Palestinians interviewed Friday said the latest generation of violent persecution began last year. At first it was gradual: an unexplained detention here, an assassination there. But since the bombing of the Askariya shrine in Samarra on Feb. 22, violence against Palestinians, particularly in Baghdad, has greatly increased, community members say.

"Now any Palestinian, whether a child or an adult, thinks of himself as a target," said Ali Hussein, 66, a resident of an housing complex for poor Palestinians in Baladiyat, in eastern Baghdad.

Another Baladiyat resident, Fatma Ahmed, said her husband was dragged from his barber shop on Jan. 15 by armed men and driven away. His family found his body in a morgue in March with gunshots to the head and torture wounds on his body.

Sitting in her small apartment in the squalid housing complex, Ms. Ahmed, a heavyset woman with sad eyes, presented a reporter with a two-page typed testimony to her husband's life and unexplained death. "He was known as a hard worker and serious man," the document said, "and his only crime was being Palestinian."

On March 14, the United Nations high commissioner for refugees, António Guterres, sent a letter to President Jalal Talabani expressing his concern about reports of violence against Palestinians, and "the limited capacity of the Iraqi security forces to provide effective protection," according to Astrid van Genderen Stort, a spokeswoman for the refugee agency. Mr. Guterres suggested the creation of "a special protection office" in areas populated by Palestinians.

Last Sunday, 89 Palestinians from enclaves around Baghdad arrived at the Jordanian border in two buses seeking refuge. They were turned back by the Jordanian authorities, who closed the border on Monday, and they remained stranded for several days between the Iraqi and Jordanian border posts, a Jordanian government spokesman said.

On Wednesday, the Iraqi government moved them to an Iraqi camp near the border, where the United Nations refugee agency delivered supplies and food. Jordan reopened the border early Thursday, according to Nasser Judeh, a Jordanian spokesman.

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The group is "adamant" that it does not want to remain in Iraq, according to a statement from United Nations agency. "They said the killings, disappearance and hostage-taking, affecting their families, neighbors and friends, had become intolerable."

Neighbors and relatives of those in the group say they are watching what happens on the border before they decide whether they, too, will try to flee. But they also said they feared the consequences of staying put.

A Palestinian laborer and resident of Hurriya said the posted death threats have made waiting unbearable. "The countdown has begun," he said.

Threats On Palestians Concern U.N. Agency (AP)

By Bradley S. Klapper, Associated Press Writer

AP, March 25, 2006

The United Nations refugee agency said Friday it was concerned about the safety of Palestinians in Iraq, citing death threats against families in one Baghdad neighborhood.

"They are feeling increasingly trapped, and for security reasons, many have stopped going to work and have taken their children out of school," said Jennifer Pagonis, spokeswoman for the U.N.'s High Commissioner for Refugees.

The agency said threats were posted Thursday on the doors of about 100 Palestinian families. "We will eliminate you all if you don't leave the area for good within 10 days," read a translation of the threats obtained by the U.N. agency.

In the sectarian strife that has recently roiled Iraq, many Shiites and Kurds have come to view Palestinians as sympathetic to the Sunni-dominated insurgency. There also is resentment over privileges they received under Saddam Hussein's rule.

Astrid van Genderen Stort, another UNHCR spokeswoman, said the agency has asked Iraqi authorities to provide increased protection for the Palestinians. Attacks against Palestinians appear to have increased in recent months, she said.

Pagonis said the agency also was concerned about several dozen Palestinians who fled recently to Iraq's Jordanian border.

Jordan refused the group entry and has said it will not take any refugees from Iraq, fearing another exodus to a country already burdened by Palestinians displaced in previous wars.

The UNHCR estimates about 34,000 Palestinians live in Iraq. Many came as refugees of the Arab-Israeli wars.

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Associated Press correspondent Shafika Mattar in Amman, Jordan, contributed to this report.

Pawlenty Goes To Iraq In Group Led By McCain (MINNST)

By Patricia Lopez and Mark Brunswick

Minneapolis Star Tribune, March 25, 2006

He will "be getting a forward look" at challenges facing Minnesota soldiers soon.

Gov. Tim Pawlenty has left for Iraq as part of a delegation led by U.S. Sen. John McCain, R-Ariz., the governor's office said Friday.

Brian McClung, Pawlenty's spokesman, said that the governor left Thursday afternoon but that McCain's office had asked them to withhold further details of the trip. Also in the delegation are Govs. Bob Riley of Alabama and Jon Huntsman Jr. of Utah.

Pawlenty expects to speak to the news media in a conference at midday today.

In a statement released Friday morning, he said the trip is in part to scope out the ground situation in the Middle East, where 2,600 Minnesota National Guard members are headed.

"Together, with Minnesota Reserves and active-duty military, there will be more than 3,000 Minnesota soldiers in Iraq," Pawlenty said in the statement. "During this trip, I will be getting a forward look at the challenges and conditions our Minnesota soldiers will now be facing."

He said he will meet with Minnesota soldiers and military and Iraqi leaders during his stay.

McClung said McCain approached Pawlenty with the invitation after they had chatted at the recent National Governors Association meeting in February. National Guard spokeswoman Lt. Shannon Purvis said few of the new Minnesota troops are in Iraq. Most remain in Kuwait being trained and getting acclimated to desert conditions.

This will be Pawlenty's second surprise visit to Iraq.

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He visited Baghdad in February 2004 at the invitation of President Bush, as part of a six-governor fact-finding mission.

While Pawlenty said he never felt endangered on that trip, it was marked by heavy outbreaks of violence in the region, including tracer fire and suicide bombers who killed more than 100 people in two days.

McCain, considered a presidential contender for 2008, is also scheduled to headline fundraisers for Pawlenty in Minneapolis and St. Cloud on April 12.

Salvadorans Ambushed By Memories In Iraq (WP)

By N.c. Aizenman

The Washington Post, March 25, 2006

U.S. Had Aided Soldiers in Civil War

SAN SALVADOR -- The convoy of Salvadoran troops was rumbling along a highway in southern Iraq when a bomb exploded under the first Humvee, slicing the driver's neck with shrapnel. As a medic scrambled to reach him, insurgents hiding nearby unleashed a torrent of small-arms fire.

It was the soldiers' first taste of combat in Iraq. But for those who had fought in El Salvador's fierce civil war as teenagers two decades earlier, the skirmish near Diwaniyah last September felt uncomfortably familiar.

Once again, they were crouching for cover against the deafening rat-a-tat-tat of AK-47 assault rifles. Once again, they were firing back with weapons and ammunition supplied by the U.S. government.

"Suddenly all these memories of the civil war came back to me," recalled Gustavo, a 35-year-old sergeant who returned to his village in northern El Salvador last month. Like other soldiers interviewed, he asked that his full name not be published because he was not authorized to speak publicly. "It was strange," he said. "I started remembering all these ambushes and battles I hadn't thought about in so long."

The Salvadoran government's willingness to keep sending troops to Iraq -- after three other Latin American countries pulled out their forces -- underscores the unusually strong political and economic bonds, as well as the unique military relationship, forged in the past two decades between this tiny country and the United States. More than 1 million Salvadorans now live in the United States, including 125,000 in the Washington region, census figures show. The Salvadoran Embassy estimates the number in the region at 500,000.

The Salvadoran and U.S. militaries have largely reversed their roles in the two conflicts. In El Salvador, Salvadoran soldiers did nearly all the fighting against leftist guerrillas, while dozens of U.S. military advisers trained, armed and often secretly directed them as part of a broader policy to prevent any more Central American nations from succumbing to the leftist revolution that swept Nicaragua in 1979.

In Iraq, the roughly 380 Salvadoran troops are a tiny presence compared with the 133,000 U.S. troops there. Perhaps their greatest contribution is to help preserve the diminishing "coalition of the willing" that President Bush assembled in 2003. Honduras, Nicaragua and the Dominican Republic originally sent troops but have since withdrawn.

One reason El Salvador has agreed to stay, according to analysts, is that its three most recent elected presidents have been members of the rightist ARENA party, which has close ties with the Bush administration and shares its commitment to a proposed regional free-trade agreement.

Salvadoran workers in the United States send home $2.8 billion annually, and the current Salvadoran president, Elias Antonio Saca, has been lobbying the U.S. government to liberalize immigration laws so more can enter legally. He has also requested repeated extensions of the temporary legal status that the United States granted to more than 220,000 illegal Salvadoran immigrants in 2001 after earthquakes devastated El Salvador.

Last month, the Bush administration announced the latest extension of the controversial program, two weeks after Saca agreed to send a sixth contingent of troops to Iraq. So far, more than 2,300 Salvadorans have served there, and two have been killed.

"ARENA has evolved considerably, but the continuity is still there," noted Peter Hakim, president of the Inter-American Dialogue, a Washington-based research group. Although neither government has acknowledged a link to El Salvador's Iraq policy, "it certainly doesn't hurt," he observed.

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Some Salvadorans feel it is unfair to send the troops to Iraq. One is Herminia Ramos, whose son Natividad died there in 2004.

"Yes, they have a duty to serve. But it's a duty to protect their own country, not to take care of a country so far away that has nothing to do with us," Ramos, 47, said bitterly on a recent morning as she shelled peas in the dirt yard of her village home. "It's like our government is selling these soldiers to the United States."

Ramos said Natividad dropped out of school at age 15 to join the army after his father died. Ramos, an illiterate laundress, needed money to raise her three younger children, and the army paid about $240 a month.

Within two years, Natividad was deployed to Iraq. He was killed in the city of Najaf on April 4, 2004, when supporters of the Shiite cleric Moqtada al-Sadr stormed a barracks defended by Salvadoran and Spanish troops. A second Salvadoran soldier died in a vehicle accident.

Ramos said she knew her son was dead the moment she saw a delegation of soldiers coming up the path to her mud-brick hut. "I had this horrible feeling in my stomach," she recalled, tears rolling down her cheeks. "All I felt was pain."

Her grief soon turned to anger. It took months of nagging to get the military to build the small cement house it had promised her, and Natividad's $7,000 government life insurance payment soon ran out.

Last summer, with help from another son, Ramos wrote to President Saca, begging him not to send any more soldiers to Iraq. But there have been only small, scattered antiwar demonstrations in El Salvador, and several recently returned soldiers said they did not resent being deployed.

"Maybe going doesn't benefit me personally. But I know it's good for the country and for all those Salvadorans in the United States," Gustavo said.

Other soldiers said that when they passed through John F. Kennedy International Airport in New York on their way to Iraq, Salvadoran janitors thanked them, saying their military service was creating more respect for Salvadoran immigrants.

Many also said they felt a personal duty to repay U.S. soldiers for serving alongside them during the civil war.

The U.S. involvement in that conflict remains controversial because U.S. officials overlooked or played down atrocities committed by the Salvadoran military against civilians. But many Salvadorans who were drafted as teenagers to fight guerrillas viewed the U.S. money and training as a lifesaver for their country.

In Iraq, the warm relations have continued. Salvadorans said many U.S. soldiers, particularly those who spoke some Spanish, would seek them out in mess halls or stop by their barracks to say hello.

"They'd call us 'brother' and ask for our Salvadoran flag patches to put on their uniforms," recalled Cesar, 37, a sergeant who lives near the capital. In response, he said, he stuck an American flag patch on his flak vest, until his Iraqi translator warned him it would increase his chances of being shot at by insurgents.

Salvadoran soldiers have faced plenty of danger in Iraq, including the ambush at Diwaniyah. On patrols, they said, bullets would strike their Humvees; at night, their barracks were frequently attacked with mortars.

One day, Gustavo's unit was called to guard the scene of a suicide bombing in a market. Picking his way past body parts, he said, he was flooded with gruesome memories of the civil war he had tried to forget: his brother, blinded after stepping on a mine; the corpse of a female social worker, cut open and left naked in the middle of a road.

Now, three weeks after returning home, Gustavo said he still has trouble sleeping. If his wife taps him even gently, he bounds out of bed and takes cover.

"You felt like you were taunting death every time you went out," Gustavo said.

Over time, the soldiers became more reluctant to go on patrols. The decline in morale was partly fueled by rumors of corruption among the battalion's leadership, whom soldiers suspected of stealing new uniforms and boots. They were also humiliated to learn that troops from other developing nations were being paid up to seven times what they were getting.

Pablo, 37, a corporal now on leave in his cinder-block home in a slum near the capital, said he was hoping for his first raise in 10 years. If it doesn't come through, he said, he will have no choice but to try to sneak into the United States. He has four young children and mounting school expenses.

Besides, he said with a hopeful smile, "if the border police catch me, then I'll just explain to them that I'm a Salvadoran who served in Iraq. Then maybe they'll let me stay."

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Afghan Judge Balks At Prodding (WT/AP)

By Amir Shah, Associated Press

The Washington Times, March 25, 2006

KABUL -- The chief judge trying an Afghan man who faces a death sentence for converting from Islam to Christianity defended the court's autonomy yesterday amid reports the man could be freed.

Ansarullah Mawlavi Zada, the chief among three judges trying the case, asserted the autonomy of the court.

"We have constitution and law here. Nobody has the right to put pressure on us," he said. International pressure against the case has been building, and the Afghan government may be rethinking the charges against Abdul Rahman. A government official and MSNBC said yesterday that Mr. Rahman may be freed within the next few days.

Senior clerics condemned Mr. Rahman as an apostate.

Mr. Rahman had "committed the greatest sin" by converting to Christianity and deserved to be killed, cleric Abdul Raoulf said in a sermon yesterday at Herati Mosque.

"God's way is the right way, and this man whose name is Abdul Rahman is an apostate," he told about 150 worshippers.

Another cleric, Asife Muhseni, told a gathering of preachers and intellectuals at a Kabul hotel that the Afghan president had no right to overturn the punishment of an apostate.

He demanded that clerics be able to question Mr. Rahman in jail to discover why he had converted to Christianity. He suggested it could have been the result of a conspiracy by Western nations or Jews.

Nevertheless, speculation grew yesterday that the death penalty would not be carried out. "He could be released soon," an Afghan government official said on the condition of anonymity because he was not authorized to comment on the case.

MSNBC, citing an Afghan diplomatic official it did not identify, said Mr. Rahman, 41, could be released Monday. The British Broadcasting Corp. said government officials were meeting today to discuss the case.

Senior clerics in the Afghan capital have voiced strong support for prosecuting Mr. Rahman and again warned yesterday they would incite people to kill him unless he reverted to Islam.

Australia's Prime Minister John Howard, meanwhile, joined the chorus of Western leaders expressing outrage over the prosecution and said he would protest personally to President Hamid Karzai.

"This is appalling. When I saw the report about this I felt sick literally," Mr. Howard told an Australian radio network yesterday. "The idea that a person could be punished because of their religious belief and the idea they might be executed is just beyond belief."

Mr. Rahman faces the death penalty under Afghanistan's Islamic laws for converting 16 years ago while working as a medical aid worker for an international Christian group helping Afghan refugees in Pakistan.

Mr. Karzai's office has declined to comment on the case, which has put the Afghan leader in an awkward position.

Mr. Karzai took power after the ouster of the hard-line Taliban regime in a U.S.-led war in late 2001 and he relies on international forces to maintain his still-shaky grip on the country. However, he could be reluctant to offend Islamic sensibilities at home or alienate religious conservatives wielding considerable power.

Diplomats have said the Afghan government is searching for a way to drop the case. On Wednesday, authorities said Mr. Rahman is suspected of being mentally ill and would undergo psychological examinations to determine whether he is fit to stand trial.

Secretary of State Condoleezza Rice telephoned Mr. Karzai on Thursday, seeking a "favorable resolution" of the case. She said Washington looked forward to that "in the very near future."

At a fruit market in Kabul, many ordinary Afghans said they supported the death penalty, but some wanted more investigation before meting out the punishment.

"In the past 30 years, so many Afghans have been killed in name of communism, Taliban and politics or for robbery. It's enough Afghans killed," said Ghulam Muhammad, 45, a former army officer. "Clerics should talk to [Mr. Rahman] and bring him to the right way," he said.

Preachers In Kabul Urge Execution Of Convert To Christianity (NYT)

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By Abdul Waheed Wafa

The New York Times, March 25, 2006

KABUL, Afghanistan, March 24 — Preachers used Friday Prayer services to call for the execution of an Afghan Muslim who converted to Christianity, despite growing protests in the West. The conversion of the man, Abdul Rahman, 15 years ago was brought to the attention of the authorities as part of a child custody dispute.

The Bush administration and European governments have strongly protested the case as a violation of religious freedom. But Mr. Rahman has drawn a strong reaction in Afghanistan, too, and for many hardline clerics, there is no greater offense than apostasy.

One speaker, Maulavi Habibullah, told more than a thousand clerics and young people gathered in Kabul: "Afghanistan does not have any obligation under international laws. The prophet says, when somebody changes religion, he must be killed."

He and others demanded that the country's political leaders and judges resist international pressure.

Germany's chancellor, Angela Merkel, told reporters on Friday that she had been assured by President Hamid Karzai in a telephone call that Mr. Rahman would not be executed, The Associated Press reported.

A senior government official said Mr. Rahman, 41, would be released from jail soon, Agence France-Presse reported. The agency did not identify the official, who added that there would be a top-level meeting on the case on Saturday.

The dispute has exposed the contradictions in Afghanistan's Constitution, which promises freedom of religion on the one hand, and on the other declares Islam supreme.

Sheik Asif Muhsini, a Shiite cleric, emphasized that the Constitution says, "No law can contradict Islam and the values of the Constitution."

The case has fueled feelings here of an assault against Islam, coming after reports of the possible desecration of the Koran in Guantánamo Bay, Cuba, in 2004 by American soldiers and, more recently, cartoons published in Europe that mocked the Prophet Muhammad.

U.S. Christians Outraged Over Afghan Trial (AP)

By Peter James Spielmann

AP, March 25, 2006

Christian lobby groups are urging President Bush to do more to save a man on trial in Afghanistan for converting from Islam to Christianity.

Anger among American Christians continued to mount against the U.S.-backed government of Afghanistan, where Abdul Rahman, a 41-year-old former medical aid worker, faces the death penalty under Islamic laws for becoming a Christian.

Rahman's trial, which started last week, has fired passions in conservative Muslim Afghanistan and highlighted a conflict of values between Afghanistan and its Western backers — notably American Christians who cheered the Bush administration when it toppled the oppressive Taliban regime.

American Christians have criticized the Bush administration for what they feel is an inadequate response to a fundamental issue of freedom of conscience.

"That there should even be such a trial is an outrage. How can we congratulate ourselves for liberating Afghanistan from the rule of jihadists only to be ruled by radical Islamists who kill Christians?" Family Research Council president Tony Perkins said in a statement.

"Americans will not give their blood and treasure to prop up new Islamic fundamentalist regimes. Religious freedom is not just 'an important element' of democracy; it is its cornerstone. Religious persecution leads inevitably to political tyranny. Five hundred years of history confirm this. Americans have not given their lives so that Christians can be put to death," Perkins said.

Such sentiments are spreading through Christian radio stations, Web sites and blogs, stoked by traditional conservative institutions as National Review magazine.

National Review Online quoted Chuck Colson, a former Nixon White House official, disgraced by Watergate and rehabilitated as a Christian preacher, as saying:

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"I have supported the Bush administration's foreign policy because I came to believe that the best way to stop Islamo-fascism was by promoting democracy," Colson said. "But if we can't guarantee fundamental religious freedoms in the countries where we establish democratic reforms, then the whole credibility of our foreign policy is thrown into serious question."

The American Family Association has organized an Internet campaign to e-mail Bush and "ask him to intervene to save the life of Abdul Rahman. Help get others involved in saving the life of this Christian who refuses to deny Christ."

Bush expressed alarm this week, and on Thursday, Secretary of State Condoleezza Rice phoned Karzai, seeking a "favorable resolution" of the Rahman case.

Rice spokesman Sean McCormack said she told Karzai it is important for the Afghan people to know that freedom of religion is observed in their country.

Diplomats have said the Afghan government is searching for a way to drop the case. On Wednesday, authorities said Rahman is suspected of being mentally ill and would undergo psychological examinations to see whether he is fit to stand trial.

If Rahman is executed, political experts agree, Bush will have alienated his most loyal core constituency — Christian conservatives.

"The Bush administration simply cannot let this happen. They have to stop this one way or the other. It would make a mockery of much of what President Bush has about our creation of a new democracy in Afghanistan," said Professor Larry Sabato of the University of Virginia, a keen analyst of American political trends.

"It splits his base, and it will be endless trouble for him if it goes forward, and I'm sure he won't it happen," Sabato said.

The largest Protestant denomination in America, the usually conservative Southern Baptists, also mobilized on the issue:

"The American people are not sending their young men and women to Afghanistan for this definition of freedom," said Richard Land, president of the Southern Baptist Ethics and Religious Liberty Commission. "Compulsion in the name of any religion is shameful and should be rejected by any sincere professor of any religion. Mr. Rahman should be released immediately.

Christian activists have had strong influence over particular Bush foreign policy issues which they see as morally pivotal.

Christian lobbyists have focused on global trafficking in refugees, especially sex slaves; tried to pacify a two-decade war in Sudan between the Muslim government in the north and Christian and animist groups in the south; and have tried to crack North Korea's oppressive isolation by sending aid to covert Christian groups and smuggling out refugees.

Republican Congressman Chris Smith wrote to Bush saying that "the arrest of Mr. Rahman indicates that religious freedom and the fundamental human rights of not just this one man, but of each and every Afghan citizen, are still not fully protected in Afghanistan."

The Compass Direct News Agency, a group that monitors the persecutions of Christians worldwide, reported this week that two more Afghan Christians have been arrested and said more are being beaten and harassed by Afghans riled over the Rahman case.

The Afghan Christian: A Problem For Karzai (TIME)

By Rachel Morarjee

Time, March 24, 2006

The man facing a death sentence for converting to Christianity has put Afghanistan's president in a bind

President Hamid Karzai's fragile Afghan government finds itself in a bind over the trial of Abdul Rahman, 41, who faces the death sentence for converting to Christianity. International pressure is building on Karzai to interfere in the judicial process and free Rahman. But the President must also contend with deeply conservative Afghans — many of whom already regard him as too pro-West — who believe the convert should be punished under Islamic law.

This week, several world leaders — including those with peacekeeping troops in Afghanistan — have voiced alarm about the trial. Secretary of State Condoleezza Rice phoned Karzai on Thursday, urging a "favorable resolution" to the case.

But for many Afghans, the "favorable resolution" would be Rahman's execution. It's not only the country's conservative clergy that is calling for his death. "He has brought shame on the name of Afghanistan and deserves to die," said Daud Massoud, 37, a taxi driver in Kabul. That sentiment resonates strongest in the country's deeply conservative south and east, over which

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Kabul exercises little control. These are also the areas where the Taliban is making a comeback and top Al-Qaeda commanders are believed to be hiding.

Meanwhile, the judge presiding over the case has rejected international calls for leniency and warned the Karzai government not to interfere with the judicial process. Ansarullah Maulavizada appealed for the West to respect the independence of the Afghan judiciary. “In the West you allow two women to get married because that is the law and I respect that,” he told TIME. “In Afghanistan, we have Sharia law and the people respect and accept this.”

The only concession Maulavizada is prepared to make is to speed up the trial process. "Because this is a complex case we would like to get it over with quickly — the hearing will be this week," he said.

Karzai is acutely aware of how badly a death sentence would play with foreign governments whose aid dollars keep the Afghan economy afloat — and whose troops keep the peace. “There is no way it would come to a death penalty,” a top Afghan government official told TIME, “because Karzai would have the final say on any appeal [Rahman] made to have his sentence commuted.” Karzai has greenlighted only one death sentence since he came to office.

It may not come to that. Some officials have suggested that Rahman may be declared mentally ill, allowing the judge to show leniency. “He has said he is a Christian, but we do not know about his mental state,” said Maulavizada. “We will investigate and if we find he is mentally ill we will send him to the doctors.”

In Afghan Christian, Story Of A Larger Conflict (NYT)

By Roger Cohen International Herald Tribune

The New York Times, March 25, 2006

BERLIN Edmund Stoiber, the conservative German who runs the conservative and successful state of Bavaria, put his country's outrage bluntly. "A change of belief is supremely private," he said. "The state has nothing to do with it."

The change in question was that of Abdul Rahman, an Afghan Muslim who converted to Christianity. Apostasy is about as bad as it gets under Islamic law and Rahman is facing a possible death sentence in Kabul.

The plight of Rahman, who was denounced by his family for abandoning Islam and is in jail in Afghanistan, has got Germany in a tizzy. The case has all the elements to stoke German outrage.

It also has elements that should lead everyone to ponder whether the West's problem is really with a "perversion" of Islam, as politicians from President George W. Bush to Prime Minister Tony Blair of Britain have insisted, or with Islam itself.

German ire has been particularly intense for several reasons: Rahman once lived in Germany; the country is ferociously opposed to the death sentence; it is ferociously attached to freedom of religious choice; and it has over 2,000 troops in Afghanistan to promote precisely the democratic values it sees being trampled in the Rahman case.

Rahman's words in a recent Kabul court appearance have become a kind of rallying cry for an indignant Germany: "I'm not an apostate, I'm obedient to God but I'm a Christian, that's my choice."

Seems reasonable enough to the average citizen of the West. But not to the conservative religious leaders who dominate Afghan courts. The judge told Rahman, who converted 15 years ago while working for an aid group in Pakistan, that he could face the death penalty if he refused to become a Muslim again.

So what, Germans wondered, were their troops doing in this faraway place, if a 41-year-old man who has not hurt a flea but prefers Christianity to Islam could face execution?

Politicians have scurried to register outrage. Chancellor Angela Merkel, a Christian Democrat, called the Afghan president, Hamid Karzai, to protest. She then declared that "Afghanistan must keep to its international obligations," whatever they may be.

Frank-Walter Steinmeier, the Social Democratic foreign minister, has also been on the phone, speaking to the Afghan foreign minister, Abdullah. He expressed hope that a solution might be found and cautioned that the withdrawal of German aid or soldiers - a measure demanded by several members of Parliament - could "play into the hands of those who would like to reverse the process of recent years."

Germany, of course, is not alone in its indignation. Bush has said he's "deeply troubled." Condoleezza Rice, the secretary of state, has given Abdullah an earful. A State Department spokesman has alluded to the flouting of "universal democratic values." Christian talk shows in the United States have moved into overdrive.

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With all this commotion, it seems reasonable to take a deep breath and ask what's actually going on. Afghan prosecutors have no doubt Rahman's a "microbe," as they've called him, and that they are fulfilling their obligations under Shariah law.

European and American politicians have no doubt that the values of the civilization they represent are being threatened in a state they are striving to remake, if not in their image, at least in an image acceptable to the West.

The mutual incomprehension, and anger, is strong. It reflects a basic fact that Western politicians have tended to shy away from: Islam, the youngest of the world's major religions, is still, more than a quarter-century after the Iranian revolution, in the midst of a tremendous political effervescence.

After the eclipse of Nasserite pan- Arabism, it became the political refuge of millions of people questing for some alternative to the corrupt Middle Eastern tyrannies they saw being supported by the West, particularly the United States. The contemporary rise of Hamas, and the political success of the Taliban in Afghanistan in the 1990s, are just two illustrations of this phenomenon.

Such political Islam takes many forms, but central to it is the notion that the Koran and other sacred texts provide a complete system of laws for societies and individuals. The Western notion of a separation of church and state, of religion and politics belonging respectively to the private and public spheres, is anathema.

In this sense, two worlds often confront each other across the gulf between the West and Islam, worlds that the West would characterize as modern and anti-modern. To ignore this seems treacherous.

But Western leaders have striven to confine the scope of the conflict. They talk of being at war with Islamic fundamentalists who have "perverted" their religion in the name of a murderous and fanatical ideology. They insist their quarrel is not with Islam itself.

This is understandable: Islam is a great world religion followed by more than a fifth of humanity. No Islamic text exhorts the random slaughter of civilians, although every violent and fundamentalist group of the bin Laden school has tried to sanctify its actions through references to jihad against the infidel and claims to represent a purer, more authentic Islam.

In reality, it seems, there is an overall conflict and there is a war. The war has been declared by Bush against Islamic extremism, the kind that produced the 9/11 attack. The overall conflict is illustrated in the Rahman case.

Here, over the fate of a Christian Afghan, the values of the West and the values of Islam fight each other. They are violently at odds; no ecumenical circumlocution gets around that.

The West and Islam also fight each other in European societies where honor killings take the lives of young Muslim women, or homosexuals get assaulted. Two views of society and the place of religion within it vie with each other.

In this sense, Rahman offers a timely reminder. The West and Islam are not at war, but they are in conflict. And it seems myopic and counterproductive to view the war as anything but the extreme expression of that conflict.

Planners Raise Funds For Veterans Memorial (AP)

By Sam Hananel

AP, March 25, 2006

Soldiers returning from Iraq and other conflicts with missing limbs and shattered bodies will have a place of honor among the memorials of the nation's capital.

Planners are raising money for a new site — nestled among the tributes to fallen war heroes, from World War II, Korea and Vietnam — to salute roughly 3 million disabled veterans.

The American Veterans Disabled for Life Memorial is expected to open in the next three to four years on an impressive two-acre site near the National Mall, just steps from the Capitol.

Authorized by federal legislation in 2000, the future memorial has taken on added meaning as Americans watch a new generation of disabled veterans return from war in Iraq and Afghanistan.

"Now it's even more important than ever with the number of people coming back wounded, maimed and in some cases disabled for life," said Arthur Wilson, president of the Disabled Veterans' LIFE Memorial Foundation, the group planning the project. "This will be the only war memorial that will honor the living as opposed to the deceased."

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The foundation is in the midst of a $65 million private fundraising campaign to build the memorial. Earlier this year, the group tapped former Veterans Affairs Secretary Anthony Principi to join its advisory board and help raise the private funds needed to design and build the site.

Actor Gary Sinise, who played the crusty, wheelchair-bound Vietnam Veteran Lt. Dan in the movie "Forrest Gump," is serving as a national spokesman for the memorial.

Inspiration for the memorial came from an unlikely source: philanthropist Lois Pope, a former Broadway actress and widow of National Enquirer founder Generoso Pope.

Pope said she was moved by the story of wounded soldiers in the 1970s, after she performed for injured veterans at the Rusk Rehabilitation Center in New York.

"I chose the song 'Somewhere' from 'West Side Story' and one of the lyrics goes, 'Hold my hand and I'll take you there,'" she said in a telephone interview from her office in Delray Beach, Fla. "I looked down and one of the men had no hands, but he smiled and it changed my life."

Several years later, she began working with then-Veterans Affairs Secretary Jesse Brown to persuade Congress to approve the memorial. It received strong bipartisan support, and President Clinton signed legislation authorizing the plan in 2000. Pope has already donated $2 million toward the project and has pledged to give more through matching gifts.

The memorial's design — still being fine tuned — features a reflecting pool with an eternal flame at the center, surrounded by a grove of trees. Two walls of glass will be etched with quotations from dignitaries and veterans of various wars, with comments discussing when they were injured and how they cope with being disabled.

Four 9-foot-tall bronze sculptures interspersed in openings along the glass wall will show the human body in various states of injury to suggest a sense of loss.

Ironically, interest in the memorial has increased since the Iraq war began. So far, the foundation has raised more than $10 million and received support and donations from a variety of veterans groups, including Kansas City, Mo.-based Veterans of Foreign Wars, which donated $100,000.

While there are no firm statistics yet on how many disabled veterans have emerged from the wars in Iraq and Afghanistan, the rate of severe injuries is higher than previous wars because improvements in body armor and battlefield medical treatment allow more troops to survive blast injuries.

Jeremy Chwat, policy director of the service members' aid group Wounded Warrior Project, estimates 6,000 to 8,000 of the wounded soldiers in the conflicts have suffered severe injuries.

"And by severe, we mean living with a disability for the rest of their lives," Chwat said.

That includes more than 1,000 soldiers suffering traumatic brain injury and nearly 400 amputees — many from roadside bombs — according to the latest figures from the U.S. Army Medical Command and Walter Reed Army Medical Center in Washington.

Surviving To Tell The Tale Of Torture (LAT)

By Olga Talamante, Olga Talamante Is The Executive Director Of California's Chicana/latina Foundation.

The Los Angeles Times, March 25, 2006

THE BURLAP BAG felt rough and scratchy against my cheek, but it also smelled earthy and deceptively comforting. Thick tape already covered my eyes, so the bag's only purpose was to frighten me. And it worked. I knew I had entered another dimension.

A day earlier I had been a not-too-unusual 24-year-old American student from UC Santa Cruz, working with the Peronist Youth organization for social change in Azul, Argentina. For the next 16 months, I would become one of thousands of political prisoners and torture victims taken into custody as Argentina first declared martial law and then later suffered a right-wing military coup. But I was one of the lucky ones — a survivor, thanks to family and friends in the United States who won my release on March 27, 1976.

When I returned home to California and testified about the torture, my stories horrified listeners. But we could feel safe here because torture was the province of brutal, unsophisticated despots. It was a time when the average American could not imagine

our soldiers abroad participating in anything remotely similar. Now, three years into the Iraq war, we have seen the images of Abu Ghraib and read accounts of the atrocities at Baghdad's Camp Nama.

Americans once shocked by my experience now hear officials defend torture as a necessary evil in the war against terrorism. But it is only evil.

In my secret torture chamber — later it was confirmed to have been within the walls of the local police station — a slight turn of my head could bring on a new barrage of insults and fists.

On one occasion, hands grabbed and pushed me up stairs. I could feel furniture and tried to use the contour of a chair, the edge of a table and sounds to get my bearings. I wanted to know exactly where I was: to the left of the table, to the right of the credenza or in front of the water fountain?

My torturers pushed me here and there. But I was determined. With my elbow, I felt the corner of a table, then a chair. Victory. They wanted me confused, but I knew my exact position. I was between the table and the chair. As long as my position was clear, some odd reasoning assured me, survival would follow.

They took me to another room. I sensed several new people. I heard men's voices. They untied my hands and feet. They ordered me to take my clothes off. I hesitated, and they made it clear that it was not a request but a demand. Now naked except for the tape over my eyes, I felt hands sit me down on a bed and then push me back, spreading my arms and legs, tying them at each corner. If I know where I am, I can survive? The thought was less convincing.

Electric currents were applied to the most sensitive parts of my body.

All I could do was scream. The terror came after. They are going to do it again, I thought. Someone shoved a pillow over my face to muffle my screams. I panicked. To survive, I must be able to breathe and scream.

After about the third time the electric current surged, I figured out a brilliant maneuver. Right before the hands holding the pillow pushed down again, I turned my head sideways and took a breath. The timing of this took complete focus. It was a project. New reasoning kicked in: As long as I could get the timing right, I would survive.

Now, every time I read a story about U.S. forces participating in similar acts, it takes me back to that torture room.

The Argentine military had its own sick rationale for policies that would ultimately "disappear" thousands of men, women and children — they were fighting an enemy from within. But the Argentine people had a better name for it: the "dirty war."

As Argentina marked the 30th anniversary of the military coup last week, ex-Gen. Jorge Rafael Videla, key implementer of that dirty war, was under house arrest, with thousands of people camped outside his home. The former general has been convicted for multiple cases of robbery, homicide, aggravated false arrests, torture and torture resulting in death between 1976 and 1981. He has been sentenced to life imprisonment. The people are demanding that he serve out that sentence.

Iraq has become our dirty war. To those who defend torture there, beware. There will be survivors, and they will tell their stories.

Uncle Sam's Desperation -- And A Recruit's (WP)

By Brian Ford

The Washington Post, March 25, 2006

"Can you give a psychological clearance for someone who wants to go into the military?" asked the caller, in a crisp, authoritative voice.

Having heard so much about the military's recent recruiting difficulties, I was intrigued. "Sure, assuming the person's okay."

"Now, I'm only authorized to pay for one session, but we don't want you to do psychoanalysis. You just need to say that this kid is okay to rejoin the Army."

"Rejoin?"

"He signed up three years ago, but then he got homesick and depressed, didn't feel comfortable handling weapons or with all the violence. He was generally discharged."

To my knowledge, a general discharge was both negative and not that easy to get. The kid must have been in pretty bad shape. "Why would he be any different now?"

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"Says he sees the opportunity he gave up and now he wants to make the Army his career. We'd like to help him do that." "Help him" seemed to hang in the air, like a hawk above some oblivious fledgling.

"Honestly," the recruiter said, "we didn't used to consider someone like this, but we're under lots of pressure these days."

I thought back to my hospital emergency room days and the many patients I'd seen whose first psychiatric problems had emerged while they were in the military. They might have arisen anyway, but the stress of military service had always seemed a contributing factor.

"Maybe you'd like to see his discharge report?"

A grainy fax soon arrived. "Serious symptoms of anxiety and depression," the evaluator had written, "likely to get worse if subject remains in military." Also attached was the kid's own handwritten statement. "I hate this 'kill, kill, kill' all the time. Maybe the army is great, but it's not for me."

The plaintive tone was even more compelling than the evaluator's. Could the kid's attitude possibly have changed that much? Still, I tried to be open-minded when Juan arrived next morning in a worn gray sweatshirt and jeans. He was so short, maybe 5-3, that I wondered if the Army had any sort of height requirement.

I ran through the standard questions about hallucinations, delusions, substance abuse, suicidal or violent thoughts, suppressing an ironic smile at this last query. Juan said nothing remarkable.

"I've got your discharge evaluation," I told him finally, plucking the document from my desk, "but maybe it would be better if you just tell me what happened back then."

Juan took a deep breath. "Bad timing," he said. "I signed up between my junior and senior years in high school, but by the time I had to go I was married and had a son. My wife kept writing saying how much she missed me, how I wasn't seeing my baby grow up. That really got me. She's all for it now," he quickly added. "She's thinking of joining herself once she gets her GED."

"You had a hard time with all the violence."

Juan ducked his head sheepishly. "I made that up. It wasn't like I loved the Army or anything, but back then I didn't know what life was about. As soon as I left I wanted to go back, but you have to wait two years to reapply after a general discharge."

"What have you done since then?"

"Worked at a warehouse till it closed, McDonald's, Wal-Mart. I'm temping now since my family's been in the shelter."

"The shelter."

"Couldn't pay the rent. It's kind of funny, the building is right across the street from the recruiting center." Juan smiled at this evident transparency. "But that's why I want to enlist -- put a roof over my family's head."

Maybe with more sessions we could have explored whether this was what he really wanted. But that wasn't our task. "If you get in, I guess you could wind up in Iraq."

"They tell us 70 percent."

"How do you feel about possibly getting wounded or even killed?"

"I just keep my mind on the paycheck, health insurance, even the uniform. I think of my son looking at me and saying, 'Wow! A soldier.' "

I looked at him. Was it a facade or had he accurately calculated that this truly was the most promising of his potential life paths? I didn't know which was worse.

"So what do you think?" he asked.

"You seem fine now. I'm concerned how you'll manage if you get back in."

"No one knows that."

"We have to consider past history."

"Even though I'm saying I made it all up?"

"Yes."

He looked crushed, as though seeing life's opportunities lost to one youthful indiscretion. "But really, I'm all right now."

The recruiter called after he left. "Do you have to write that you're not sure how he'll manage?"

"Yes."

"The kid really wants this." He sounded like a realtor or a car salesman making one last pitch to a prospect.

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"I know."

Juan came by next morning to pick up his evaluation. "If this doesn't work out, what will you do?" I asked.

"Just keep trying," He tucked the letter in his pocket. "This is my dream."

The writer is a psychotherapist who practices in Metuchen, N.J., and New York City.

CORPORATE SCANDALS:

SEC Overturns Lifetime Ban On Quattrone By NASD (WSJ)

By Randall Smith

The Wall Street Journal, March 25, 2006

The Securities and Exchange Commission set aside a lifetime ban from the securities industry that had been imposed against Frank Quattrone, the former star investment banker.

It was Mr. Quattrone's second big win of the week related to charges against him. On Monday, a federal appeals court vacated his May 2004 criminal conviction on obstruction-of-justice charges, citing faulty jury instructions and other errors by his trial judge.

In the SEC action Friday, the federal securities regulator struck down a lifetime ban from the business, which had been imposed in November 2004 by an arm of the National Association of Securities Dealers. The move puts him a step closer to returning to the securities industry.

The ban resulted from Mr. Quattrone's failure to testify during an investigation by the NASD into allegations of possible improper "spinning," or rule violations related to steering hot initial public offerings of stock to investment-banking clients.

A lawyer for Mr. Quattrone, Jerome B. Falk, said the SEC decision "corrects the NASD's gross injustice," and is "particularly appropriate" considering the appeals court ruling. The NASD declined to comment, saying it was "reviewing the commission's decision." A Quattrone spokesman said it is "too early" to address any possible return to Wall Street by the banker.

Although the ruling could open the door for Mr. Quattrone's return to the securities business, he faces a possible third trial on the same federal criminal obstruction charges, and a separate set of charges against him by the NASD remains pending. Those charges relate to the issues of spinning and research bias. A criminal conviction would carry a 10-year industry ban.

Mr. Quattrone, 50 years old, who at the time the NASD sought his testimony was under investigation for possible obstruction, cited his fifth-amendment right against self-incrimination. He had previously testified in the same proceeding, and asked for a delay until the criminal proceedings were resolved.

In January 2004, an NASD hearing panel suspended Mr. Quattrone for a year. After both the NASD and Mr. Quattrone appealed, the NASD's National Adjudicatory Council ordered a more stringent lifetime ban, which Mr. Quattrone then appealed to the SEC.

Mr. Quattrone argued that because the NASD was probing possible spinning and research-bias charges against numerous firms in conjunction with the SEC, the NASD was acting as a government agency, which should have given him the right to avoid testifying. He also said he was being treated unfairly because of his notoriety. Mr. Quattrone was the top technology banker for the former Credit Suisse First Boston unit of Credit Suisse Group during the Internet market mania.

Friday's SEC ruling said that the NASD should have given Mr. Quattrone's argument a hearing.

Write to Randall Smith at randall.smith@wsj.com1

A Fine That Fits The Crime (NYT)

By Gary Weiss

The New York Times, March 25, 2006

THE mutual fund scandals, which exploded with a thunderclap of attention in September 2003, are winding down. You might even say they are over. The more or less final act came earlier this month, when Bear Stearns agreed to a settlement with the Securities and Exchange Commission under which it would pay $250 million to investors for its alleged fund-related transgressions.

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If one represents "yelling at customers" and 10 is "stealing their money," what Bear Stearns did was a solid six on the scale of Wall Street improprieties. Professional traders, mostly at hedge funds, had engaged in rapid-fire trading of otherwise innocent-looking mutual funds. This seesaw damaged the funds' net asset values and thus the IRA's and 401(k)'s of small investors. By some accounts, traders had been doing that kind of thing for many years, until regulators and, particularly, Eliot Spitzer, the New York State attorney general, nabbed them.

Through it all, regulators have relied mainly, though not exclusively, on monetary sanctions. Bear Stearns's wasn't even the largest — Bank of America holds the record at $675 million.

But while these large "fines," as they are usually called in the news media, are reassuring, it's arguable at best whether they mean very much to the companies being penalized. Just as the hedge fund giant Long-Term Capital Management was too big to fail in 1998, when it was bailed out to keep from torpedoing the entire financial system, the biggest Wall Street firms are simply too large to be effectively punished. At least, not by the kind of sanctions meted out to Bear Stearns.

To begin with, Bear Stearns did not pay a "fine." The company will pay $250 million in "disgorgements and penalties." The penalty part was just $90 million. The other $160 million consisted of restitution, with interest, of profits gained by abetting the illicit trading from 1999 to 2003. As is typical in S.E.C. settlements, Bear Stearns agreed to pay all this money without admitting or denying the allegations.

Whatever you call it, the simple fact is that a firm the size of Bear Stearns can easily afford to pay that kind of money.

Sure, the $250 million comprises nearly half of the company's net income for the first quarter. But keep in mind that this is not "income" in the sense of the word used by most people. The corporate term of art describes (broadly speaking) revenue in excess of expenses — what most people would call "money tucked away for a rainy day." If you had committed a crime and as punishment you had to give up half of what you would normally put in a savings or retirement account over a three-month period — well, would you complain? I certainly wouldn't. I'd sign a settlement like that, particularly if I didn't have to say I did anything wrong.

When compared to what most people would define as "income," the penalty shrinks to a hair under one-fifteenth (one-14.6th, to be exact) of Bear Stearns's gross revenue of $3.6 billion during the first quarter. For most households struggling to make ends meet on $100,000 a year, a fine of one-14.6th of three months' pay would come to about $1,712. That's about, oh, maybe 15 unpaid New York City parking tickets?

The penalty has the same unimpressive quality when compared to Bear Stearns's total wealth. The company's shareholders' equity is just shy of $11.2 billion. Divided into that sum, the $250 million shrinks way down to one-44.7th of the total. Now really, if you were caught doing something allegedly illegal, and had a net worth of, say, $200,000, would you object to a fine of about $4,500?

To be fair, I should point out that Bear Stearns did more than just agree to pay some money that it didn't admit owing from all the things it didn't admit doing. The firm also agreed, among other things, to hire a consultant to ensure that all the stuff it didn't admit doing never happens again.

A real shellacking — in the form of, say, a meaningful fine — was never in the cards, and for good reason. While it's easy to scoff at the size of the penalties, it cannot be disputed that Bear Stearns, as a premier bond trader, stock titan and derivatives powerhouse, is far too large to risk driving out of business. The only other alternative would be jail terms. But they carry their own disadvantages, not the least of which is that mutual fund trading transgressions are not on the same level of perfidy as, say, boiler-room thievery.

So we are left with an essentially meaningless penalty, no admission of guilt — and, in all likelihood, a Wall Street that is no less likely to push against the envelope of propriety.

What's needed is some pain. The S.E.C. needs to make Wall Street firms wince when they do something wrong. The same kind of hurt you or I feel when we have to trudge down to the impound lot to get our cars out of hock for those 15 unpaid parking tickets.

An admission of guilt would be a good start. Then private litigants stand a far better chance of collecting. Call it the regulatory equivalent of a tow truck. Congress could help by passing a provision of tax-relief legislation, now before a House-Senate conference, that would make it harder for firms to take write-offs from settlements with government agencies.

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Market observers speak of a "cycle of scandal" on Wall Street — a pattern of transgressions recurring periodically, often as a coda to bull markets, undeterred by an inadequate regulatory response. Until regulators start making errant firms feel some real pain, the next Wall Street scandal is not a question of if, but when.

Pension Agency Seeks Counsel For GM Case (WSJ)

The Wall Street Journal, March 25, 2006

WASHINGTON -- The federal agency that insures private pensions is seeking outside legal counsel to help represent its interests in financial transactions at General Motors Corp.

The Pension Benefit Guaranty Corp. filed a solicitation for help in negotiations with GM over its plans to spin off a portion of its valuable financing unit, General Motors Acceptance Corp. The PBGC wants to make sure that it has access to all GM assets if it were required to take on GM employee pension obligations.

The agency, which hired counsel in the bankruptcy of UAL Corp.'s United Airlines, has a responsibility to protect its financial interests in the event that GM decided to file for bankruptcy protection down the road.

The PBGC, which insures defined-benefit plans, has reported a deficit of $22.8 billion. Bankrupt steel and airline companies that have transferred pension responsibilities to the PBGC have been a major factor in the agency's swollen debt.

CRIMINAL LAW:

Abramoff Clearing DeLay (TH)

By Robert Novak

Towhall, March 25, 2006

WASHINGTON -- Disgraced lobbyist Jack Abramoff has advised friends that he has no derogatory information about former House Majority Leader Tom DeLay and is not implicating him as part of his plea bargain with federal prosecutors.

Abramoff's guilty plea on fraud, tax evasion and conspiracy charges requires him to provide evidence about members of Congress. That led to speculation that this would mean trouble for DeLay, who faces money laundering and conspiracy charges in Texas.

However, Abramoff has not given a clean bill of health to any other congressman -- including Rep. Robert Ney, who has stepped down as chairman of the House Administration Committee. Ney was the only member of Congress named in court papers connected with Abramoff's guilty plea Jan. 4.

BUSH'S SPRING OFFENSIVE

While President Bush hits the road to build support, his spring offensive is bringing conservative activists and businessmen into the White House for briefings in small groups.

"I've been in the White House more in the last two weeks than I was in the last two years," Grover Norquist of Americans for Tax Reform told this column. Norquist and conservative theoretician Jeffrey Bell were called into a meeting on the administration's embattled immigration bill. Also attending were representatives of the U.S. Chamber of Commerce, the National Association of Manufacturers and the National Federation of Independent Business.

Bush has been criticized for being reclusive as he and the Republican Party tumble in the polls.

KERRY IN '08

Al Gore's withdrawal from consideration for another presidential try in 2008 is viewed by Democratic insiders as strengthening Sen. John Kerry's bid for a second straight nomination, running to the left of Sen. Hillary Rodham Clinton.

Even before Gore's surprising decision, Kerry political operatives were telling Democrats that the senator was a likely candidate. Kerry's 2004 running mate, John Edwards, is also inclined to run. But his campaign is menaced by a possible candidacy by Iowa Gov. Tom Vilsack, who would block Edwards in the Iowa caucuses.

A footnote: Democratic politicians were surprised by the message from Sen. Clinton's camp that she henceforth would censor Bill Clinton's comments to prevent recurrence of their heavily publicized disagreements over Dubai Ports. While such restraint on the former president was considered desirable, it was viewed as something that should not be talked about publicly.

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DEMOCRATIC TARGET

Rep. Rahm Emanuel, chairman of the Democratic Congressional Campaign Committee (DCCC), has taken the unusual step of targeting his Republican counterpart, Rep. Tom Reynolds, for defeat in his upstate New York district this year. There is no record of a House campaign committee chairman ever being defeated for re-election by the opposition party.

The DCCC claims secret polls showed the supposedly safe Republican district represented by Reynolds is competitive this year. Reynolds, chairman of the National Republican Congressional Committee, in 2004 won re-election to a fourth term with a surprisingly low 56 percent. His Democratic opponent was retired industrialist Jack Davis, who spent $1,250,000 of his own money in 2004 and is trying again.

In its campaign to seize control of the House, the DCCC is aiming at three other upstate New York districts to take advantage of the region's low popularity ratings for President Bush and the Republican Party. The Democrats have targeted ninth-term Rep. James Walsh and fourth-term Rep. John Sweeney, plus the seat left vacant by 12-term Rep. Sherwood Boehlert's retirement.

STUMBLING IN JERSEY

Republican State Sen. Tom Kean Jr., who has lost an early lead in his New Jersey campaign for the U.S. Senate, is engaged in a backstage power struggle with the influential, relatively conservative Republican organizations in Bergen and Passaic counties.

Kean, whose father was a two-term governor, has identified himself with the pro-choice social liberals in the state party. A key role in his campaign is being played by former Rep. Bob Franks, considered a moderate during four terms in Congress.

After starting the campaign ahead of appointed Democratic Sen. Robert Menendez, Kean has fallen behind by four percentage points according to surveys last week by the Quinnipiac University poll. Democrats chided Kean for coming so late to his own Newark fund-raiser Monday that he missed the principal speech by Vice President Dick Cheney.

Robert Novak is a television personality and columnist. Novak is also editor of the Evans-Novak Political Report available through a free offer from Human Events Online.

Abramoff, Ex-Partner May Give Statements (WP)

By Curt Anderson

The Washington Post, March 25, 2006

FORT LAUDERDALE, Fla. -- A judge has approved subpoenas for former lobbyist Jack Abramoff and an ex-business partner to answer questions about the mob-style slaying of the owner of a gambling fleet they bought.

Abramoff and Adam Kidan have insisted, through their attorneys, that they know nothing about the slaying of Konstantinos "Gus" Boulis, who was ambushed in his car by a gunman in Fort Lauderdale a few months after the pair bought SunCruz Casinos from him.

A lawyer for Anthony "Big Tony" Moscatiello, one of three men charged in the 2001 slaying, wants to question Abramoff and Kidan, according to court documents. Circuit Judge Michael Kaplan approved the request Thursday, but the subpoenas had not been issued as of Friday.

The SunCruz purchase is "at the heart" of the murder case, Moscatiello attorney Dave Bogenschutz said in court papers.

Abramoff and Kidan are not charged in the slaying but are scheduled to be sentenced Wednesday in federal court after pleading guilty earlier this year to fraud charges stemming from the purchase. Their lawyers did not return telephone calls or e-mails seeking comment Friday.

Abramoff, once a prominent Republican lobbyist and political fundraiser, has also pleaded guilty to federal charges in a Washington corruption investigation that threatens several powerful members of Congress and their staff members.

As part of their federal plea deals, Abramoff and Kidan are required to cooperate with prosecutors in any state or federal investigation.

Moscatiello, 67, allegedly has ties to New York's Gambino crime family and worked as a consultant for Kidan at SunCruz.

Kidan paid companies linked to Moscatiello about $145,000 while he ran SunCruz. Prosecutors have said they believe Boulis was slain in a battle for control of the gambling fleet out of concern that those payments might dry up.

Bogenschutz said in an interview Friday that Abramoff and Kidan's testimony is critical in showing the bitter feelings and power struggle that followed their purchase of SunCruz. He said Abramoff has never been implicated in the Boulis slaying.

"He knows the inside workings of SunCruz Casinos. It's clearly of interest to us," Bogenschutz said, adding that it was not certain that Abramoff would actually testify in a trial. "It depends on what he says."

Prosecutor Brian Cavanagh said his office had not intended on calling Abramoff as a witness in part because he would be given immunity from prosecution for anything he says under those conditions. Cavanagh also said that Kidan has not been cleared as a suspect in the Boulis slaying.

Moscatiello is charged along with Anthony "Little Tony" Ferrari, 49, and 28-year-old James "Pudgy" Fiorillo in the Boulis killing. All three have pleaded not guilty and could face the death penalty if convicted.

Investigators have testified that records show that cell phones belonging to Ferrari and Fiorillo were within 500 feet of the Boulis murder scene moments after the killing and that one was used to call Moscatiello.

Kaplan heard testimony Friday on a motion by Moscatiello and Fiorillo claiming that the prosecution's case isn't strong enough to warrant keeping them in custody without bail, but no decision was made. Ferrari has not joined in that motion.

Abramoff and Kidan face prison sentences of just more than seven years in the Florida fraud case. They admitted fabricating a fake wire transfer to make it appear they were putting a sizable chunk of their own money into the $147.5 million purchase of the gambling fleet.

Translator Accused Of Offering A Bribe (AP)

By Mark Sherman

AP, March 25, 2006

WASHINGTON - U.S. authorities have arrested a translator working in Iraq, charging him with offering a bribe to entice a police official to buy armored vests and other equipment for $1 million.

Faheem Mousa Salam, 27, of Livonia, Mich., was arrested Thursday at Dulles International Airport in Virginia, the Justice Department said. Salam is an employee of the Titan Corp., a government contractor working in Iraq.

He was released from custody after a hearing Friday in U.S. District Court in Washington. He is due back in court April 5.

Salam was charged under the Foreign Corrupt Practices Act. He is accused of offering $60,000 to an Iraqi police official who Salam believed could help arrange the purchase of the goods by a police training organization, according to a criminal complaint.

Salam said he wanted to sell the group 1,000 vests and a sophisticated map printer, the court papers said.

Salam, described in court papers as a naturalized U.S. citizen, later made similar offers to an undercover investigator posing as a purchasing officer for the police group, the Civilian Police Assistance Training Team, the complaint said.

The Titan Corp. did not immediately comment Friday.

If convicted, Salam faces up to five years in prison and a fine of at least $100,000.

The bribery charge is the latest case to emerge from investigations begun by Inspector General Stuart Bowen Jr., who was appointed to look into Iraqi reconstruction contracts.

At least seven Americans have been implicated in a separate bribery and kickback scheme involving the award of millions of dollars in reconstruction contracts.

Robert Stein, a former contracting official in Iraq, pleaded guilty last month to conspiring to steal more than $2 million in reconstruction money and steer contracts to a businessman in exchange for more than $1 million in cash, cars and jewelry.

2nd Ryan Juror In Question (CHIT)

By Ray Gibson, Matt O'Connor And David Heinzmann, Tribune Staff Reporters

Chicago Tribune, March 25, 2006

Tribune record search finds apparent history of arrests

Public records reviewed by the Tribune suggest that a second juror deciding the fate of former Gov. George Ryan has a history of arrests that was not disclosed during the jury-selection process.

The revelation comes one day after the Tribune reported that a male juror has the same name and other identifying characteristics as a man with a felony drunken driving conviction.

Hours after learning of the Tribune's information on Thursday, U.S. District Judge Rebecca Pallmeyer halted deliberations and said she had launched an investigation into a juror.

Further record searches Friday linked the name of a female juror to an alias. The woman with that alias faced felony drug charges, as well as misdemeanor child-neglect and assault charges, records show. She was not convicted of these charges, the records show.

The female juror linked to that alias stated on a jury questionnaire before the trial that she had never been charged or accused of a crime.

A number of public records--from bankruptcy filings to land transactions--appear to show that the juror and the woman with several arrests are the same person.

It is unclear what impact the revelation regarding the second juror will have on the deliberations in the 5-month-old public corruption trial.

Prosecutors could argue someone with that background might be biased against law enforcement.

After sending the jury home early Thursday, Pallmeyer said she would not reveal the outcome of her investigation before Monday.

The judge met with prosecutors and defense attorneys in the case on Friday, then returned to the bench and said the investigation was continuing.

She also said she expected the jury to resume deliberations on Monday.

Earlier Friday, the Tribune contacted federal court officials to ask about the second juror, and Chief Judge Charles Kocoras indicated he intended to speak to Pallmeyer about the matter.

The Tribune is not identifying either juror it has raised questions about because it is the newspaper's standard practice not to name a member of a jury during a trial. The newspaper also cannot approach jurors to confirm the information because a court order bars contact with the jury.

Defense lawyers and prosecutors involved in the case are prohibited from discussing the developments because of a gag order issued by Pallmeyer.

The questionnaires filled out by jurors are used to screen for possible bias, and lying on them can disrupt a trial for several reasons. In other criminal cases, such false statements have led judges to dismiss jurors and have formed the basis for appeals.

Potential jurors in the Ryan case had to sign the questionnaires under penalty of perjury, and they swore that their answers were "true and correct to the best of my knowledge and belief."

In answer to a question asking whether the potential juror had "ever been charged with or accused of a crime," the female juror checked "No."

The paper trail from the juror to the woman charged with crimes is a complicated one.

The juror has the same name as a woman who filed for bankruptcy. Land records also link the two.

Further, the juror and the woman who filed for bankruptcy list the same obscure profession for their husband.

The bankruptcy records list an alias for the woman. Both names have the same Social Security number.

Records under that alias, with the same Social Security number as the woman in the bankruptcy, show a criminal history of six charges dating to 1984.

That woman and four other people were arrested on felony drug charges in the 1200 block of West 13th Street on Jan. 4, 1994. One of the men was convicted of unlawful possession of a weapon by a felon and armed violence in the case, but all five defendants were acquitted of the drug charges in a trial on April 28, 1994, according to court records.

Records show all the other charges against the woman were dropped.

The revelations of the links between two jurors and criminal records have cast a shadow over the trial and raised questions about the course of jury deliberations, which were already troubled. Earlier on Thursday Pallmeyer responded to indications of dissension on the jury by warning jurors to treat each other "with dignity and respect."

Jurors had deliberated for eight days before Pallmeyer interrupted their work to deal with the emerging problems.

"Right now I am expecting that they will resume their deliberation, I hope, by around 11 o'clock on Monday morning. I think that should give us the time that we need to complete whatever additional investigation there may be in the case," Pallmeyer said in court Friday afternoon.

The judge has the sole discretion to decide jurors' fates. If she dismisses one or two jurors, she may replace them with alternates. She also may decide to reduce the size of the jury to 11 people instead of 12. But she may not reduce the jury to 10 people.

Typically, federal prosecutors have not conducted background checks of potential or impaneled jurors.

While the revelations about the jurors may provide fodder for eventual appeals of the case, it is unclear what effect removing one or two jurors might have on the deliberations.

During the jury-selection process, when the female juror was questioned about her impressions of the allegations against Ryan, she said, "I wouldn't want to be in his shoes--the decisions he had to make."

Ryan, 72, and co-defendant Lawrence Warner, 67, are charged with using Ryan's offices as secretary of state and governor to enrich themselves.

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About the discrepancies

A woman with a name previously used by the juror faced felony drug charges and misdemeanor child neglect and assault charges in the 1980s and 1990s. She was never convicted on any charges.

Supreme Court To Rehear Death Penalty Case (AP)

AP, March 25, 2006

The Supreme Court said Friday that it would hear arguments a second time before ruling on the constitutionality of a Kansas death penalty law, apparently so new Justice Samuel Alito can break a tie.

The case is the second one that deadlocked the court following Justice Sandra Day O'Connor's retirement in late January. The other one involves government whistleblowers.

Justices heard arguments on Dec. 7 in the Kansas case, which involves rules for how juries weigh evidence for and against the death penalty.

The 1994 law says if the evidence for and against imposing a death sentence is equal, Kansas juries must impose death instead of life in prison. The state Supreme Court struck it down, invalidating the death sentences of six convicted killers.

The Supreme Court did not say when a new argument would be scheduled.

Alito could vote differently than O'Connor would have in the case.

O'Connor was a swing vote in death penalty cases, sometimes joining the four more liberal members in throwing out death sentences.

Fifteen states had filed friend-of-the-court briefs, predicting that a ruling against Kansas would require states with capital punishment to set up special systems for juries to weigh evidence at sentencing.

The case is Kansas v. Marsh, 04-1170.

Kansas Death Penalty Statute Heads Back To U.S. High Court (KCS)

By Laura Bauer And David Klepper

The Kansas City Star, March 25, 2006

Three months after the U.S. Supreme Court heard arguments over the constitutionality of Kansas' death penalty, justices want to hear them again.

But this time, a new justice — Samuel Alito — will hear those arguments. Those who want to see Kansas' law kept in place think this could work in their favor.

In an order released Friday, the court said the case would be put back on its calendar. According to attorneys on both sides of the issue, it could be reheard in as little as a month's time.

The court announced the rehearing in a one-sentence order that did not explain why. This left the significance of the move open to interpretation.

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Some said it was not unprecedented for the court to ask to rehear arguments when there is a new justice. Others believe the court is split and Alito would break the tie. One reason: It ordered the same arguments presented and did not request additional briefs.

House Speaker Doug Mays, a Topeka Republican, said: "It increases the likelihood they will reinstate the death penalty."

In 2004 the state Supreme Court struck down the capital punishment law, ruling 4-3 that language concerning jury instructions was unfair to defendants. This left the fate of seven inmates sentenced to death uncertain.

The instructions had to do with how juries weigh evidence. The law indicated that jurors should vote for capital punishment — rather than life imprisonment — in instances where the evidence for and against execution was equal. Juries have not received those instructions in years, but the requirements were never deleted from the death penalty statute.

The only way to reinstate the death sentences of serial killer John E. Robinson Sr. and the rest of the state's death row is if the high court overturns the ruling. The Kansas Supreme Court had commuted their sentences to prison terms.

Rebecca Woodman of the Kansas capital appellate defender's office, who argued the case the first time opposite Attorney General Phill Kline, does not agree with legislators who see Friday's order as a positive sign.

"I think all of that is speculation, and I don't want to speculate what's in the court's mind," she said. "I read it as the court is hung up on something and wants to hear it again."

Woodman represents Michael Marsh II of Wichita, who was sentenced to die for the 1996 murders of Marry Ane Pusch and her 19-month-old daughter. The mother was shot and stabbed, her throat was slit, and she was doused with lighter fluid and set on fire. Her daughter died of burns.

In its ruling, the Kansas Supreme Court struck down the death penalty law and ordered a new trial for Marsh.

Woodman argued in December that the state court's decision should stand. Kline disagreed.

In a statement his office issued Friday and through comments by his spokesman Whitney Watson, the attorney general said he welcomed the chance to speak before the justices again.

"This is an important issue to Kansans," his statement read, "and I am committed to make sure that this tool for justice remains available to prosecutors and that the voice of the people will be heard."

Alito replaced Justice Sandra Day O'Connor, who was a swing vote in death penalty cases, sometimes joining the four more liberal members in throwing out death sentences.

If the U.S. Supreme Court agrees with the state court, the men originally sentenced to death will serve life sentences and the Legislature would need to craft a new death penalty law. The court could determine it does not have jurisdiction to hear a case relating to the Kansas Constitution.

If the court overturns the Kansas ruling, the death penalty would stand and the convicted killers could ultimately be put to death.

So everyone from legislators and attorneys to prosecutors wait to see what the federal court does. If there is indeed a tie and Alito breaks it, many proponents think it will bode well for Kline and his push to have the state ruling overturned.

State Sen. John Vratil, a Leawood Republican who leads the Senate Judiciary Committee, cautioned against the assumption that that the court is deadlocked 4-4.

Vratil said the court could be split 3-3, with two justices undecided, or other similar permutations. Some justices may want to overturn the ruling while others want to remand it to Kansas court.

"You can't absolutely conclude that there's a 4-4 split," he said. "It's not just an up or down situation."

Fifteen states had filed friend-of-the-court briefs, predicting that a ruling against Kansas would require states with capital punishment to set up special systems for juries to weigh evidence at sentencing.

The case is Kansas v. Marsh, 04-1170.

About the case

¦ On an appeal by convicted killer Michael Marsh II, the Kansas Supreme Court in 2004 overturned the state's death penalty statute. The court rejected a section of the law that said when evidence for and against execution balances out, a jury must decide in favor of execution over life in prison. The state appealed that ruling to the U.S. Supreme Court, which heard arguments in December 2005.

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Woman Pleads Guilty In Steele Credit Report Case (BSUN/AP)

By Associated press

The Baltimore Sun, March 25, 2006

Former Democratic staffer avoids jail time for computer fraud

WASHINGTON -- A former Democratic staffer pleaded guilty today to computer fraud for snooping on Lt. Gov. Michael S. Steele.

Under the plea agreement in U.S. District Court, Lauren B. Weiner, 25, avoids jail time, but she has a year to do 150 hours of community service.

Steele -- a Republican running for U.S. Senate -- was notified by Democrats in Washington that a staffer used Steele's Social Security number to obtain his credit report last year. Weiner was fired from the Democratic Senatorial Campaign Committee after the breach was discovered.

Democrats say Steele's credit information was promptly destroyed, but Steele's lawyer, E. Mark Braden, says he wants to know more about why Democrats tapped into Steele's personal financial records.

Democrat Pleads Guilty In Steele Case (WP)

By John Wagner

The Washington Post, March 25, 2006

Researcher Falsely Got Credit Report; Charge Could Be Dropped in Year

A Democratic researcher pleaded guilty yesterday to misrepresenting herself on a Web site as Michael S. Steele, Maryland's lieutenant governor and a Republican candidate for the U.S. Senate, and fraudulently obtaining his credit report last summer.

Under a plea agreement reached with prosecutors, the misdemeanor charge against Lauren B. Weiner, a former staff member of the Democratic Senatorial Campaign Committee, could be dropped in a year if she completes 150 hours of community service and commits no other offenses.

"I believe this is the end of the episode, and she can now get on with her life," said Whitney C. Ellerman, an attorney for Weiner.

An attorney for Steele said the lieutenant governor is considering a civil suit against Weiner, 25, and the Democratic committee to learn more about what he called "a dirty trick."

E. Mark Braden, who attended the hearing in U.S. District Court in Washington, said a "statement of the offense" released yesterday contains several troubling details about the episode, including Weiner's use of a committee credit card to access Steele's report over the Internet.

The discovery process of a civil suit would allow Steele to learn more about what happened, Braden said. "I don't think the story is necessarily over," he said. "This answers some questions but not all questions. We'll have to see where we go from here. . . . This was a carefully calculated plan to steal private information."

The episode took place in July as both parties started investigating the backgrounds of candidates in Maryland's marquee races this year.

According to the prosecutor's statement, which Weiner said was accurate, she used Steele's Social Security number to access his credit report on a Web site designed to let people view their reports.

Weiner pretended that she was Steele, even creating an e-mail address -- gopsteele@yahoo.com -- needed to obtain the report, the statement said. She also agreed to the "terms of service" on the site, which included a warning "not to impersonate another person."

According to the statement, Weiner's superiors were notified within hours of the episode, and the report was destroyed the next morning before it could be disseminated. Weiner and her boss, the committee's director of research, later resigned.

Dan Ronayne, a spokesman for the National Republican Senatorial Committee, said it does not appear as though Weiner acted alone. "It looks like the DSCC is trying to make a scapegoat of a younger staffer," he said.

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Phil Singer, a spokesman for the committee, said yesterday that the prosecutor's statement showed that "the DSCC responded to this incident in an exemplary way."

"The U.S. attorney's office also confirmed that the DSCC, as it has repeatedly said, did not use the credit report for any financial or political purpose and that Mr. Steele suffered no economic harm," Singer said. He said he believes "this matter is now closed."

Yesterday's hearing was delayed briefly after Magistrate Judge John M. Facciola disclosed from the bench that "Michael Steele is a friend of mine." Facciola said he and Steele are members of the John Carroll Society, an association of Catholic laypeople, and he offered to recuse himself.

Neither Weiner nor the U.S. attorney's office objected to Facciola continuing to handle the case.

Weiner was instructed to return to Facciola's courtroom for sentencing a year from now. Ellerman, her attorney, said he expects the charge to be dropped then.

In the meantime, Facciola told Weiner that she will need the court's permission before leaving the Washington area for more than 48 hours and is expected to remain a District resident.

CIVIL LAW:

Small Maker Of Heart Devices Is Said To Be Focus Of Inquiry (NYT)

By Barry Meier

The New York Times, March 25, 2006

Federal authorities are conducting an inquiry into Ela Medical, a small maker of defibrillators and other heart devices, according to a government official and an industry official.

The precise nature of the government's interest in Ela Medical, which is a division of the Sorin Group, is unclear and any inquiry appears to be at an early stage. But the inquiry comes amid a broader, continuing government investigation into relationships between larger makers of heart devices and doctors. That investigation is looking into whether the companies provided incentives to physicians to use their products.

One government official said authorities were looking into Ela Medical's activities in the Miami area. Separately, a device industry official said that federal authorities had made inquiries about Ela Medical. Both people spoke on the condition of anonymity because the inquiry is in progress and not yet a public matter.

The general counsel for the Sorin Group, an Italian company based in Milan, said in a statement that the device maker was unaware of any investigations. The company has said it complies with all applicable regulations and industry practices.

"To the best of our knowledge, neither Ela Medical nor any other Sorin Group company is a target of any inquiry or investigation by any law enforcement agency," that executive, Brian Sheridan, wrote this month in an e-mail message.

The inquiry into Ela Medical is apparently being conducted by investigators with the Food and Drug Administration and the Office of the Inspector General of the Department of Health and Human Services.

A spokesman for the F.D.A., Jason Brodsky, and a spokeswoman for the inspector general's office, Laura Bradbard, said that as a matter of policy the agencies do not confirm or deny the existence of any investigation.

Ela Medical is a very small player in the United States market for heart devices like defibrillators, according to analysts' estimates. Together, it and Biotronik, a German company based in Berlin, have about a 5 percent market share.

A defibrillator is a device that uses electricity to interrupt a type of irregular heart rhythm that is potentially fatal. A pacemaker stimulates a heart that is beating too slowly.

With the aging of the population, defibrillators are among the fastest growing categories of medical devices and can cost from $20,000 to $35,000 a unit. They also have profit margins of about 75 percent.

Not surprisingly, there is intense competition by producers for the loyalties of heart specialists who either prescribe or implant such devices.

The Justice Department is investigating whether the country's three big makers of implanted heart devices — Medtronic, Guidant and St. Jude Medical — used illegal inducements to get doctors to use their products. They have all denied wrongdoing.

Federal law prohibits certain types of payments to doctors that are meant to influence their choice of a particular product.

The Justice Department investigation is said to be looking at whether the big companies, among other things, provided doctors with excessive payments to enroll patients in post-marketing studies of their devices as a way of increasing sales. Such studies can have questionable scientific value, experts said.

That investigation began in October, soon after an article in The New York Times reported that internal Guidant e-mail messages suggested that a product evaluation survey run by that company, in which doctors were paid $1,000 each to participate, was actually an effort to improve device sales.

In October, when the Justice Department issued its subpoenas, it did not send one to Ela Medical. The company said recently that it had not received any demands for information.

Late last year, the Sorin Group, in response to an inquiry from a reporter, declined to release a list of the postmarketing trials that Ela Medical was sponsoring in this country. The company said it believed that its payments to doctors were modest and in line with payments made by other producers.

Several hospitals in the Miami area said this month that they had not been contacted by government officials about Ela Medical. Company sales representatives in Florida did not return telephone calls seeking comment.

CIVIL RIGHTS:

Euclid Accused Of Bias In Voting (CLPD)

By Thomas Ott And Leila Atassi, Plain Dealer Reporters

The Cleveland Plain Dealer, March 25, 2006

Blacks can't win office, U.S. probe concludes

Euclid -- The Justice Department has threatened to sue Euclid and force changes in an election system that the federal government says prevents black candidates from winning seats on its City Council.

A former Justice Department lawyer found the timing suspicious. He suggested that the Bush administration, which has not vigorously pressed voting-rights suits, may be trying to polish its image quickly. The Senate Judiciary Committee plans to question Justice Department officials in May about whether they have adequately protected the rights of minority voters.

"It's an outright embarrassment that this appears to be the first case on behalf of black voters brought forth during the Bush administration," said David Becker, who worked for the Department of Justice from 1998 to 2005. The department "had to file a case on behalf of black voters before the oversight hearing took place. Otherwise they would have had a lot of explaining to do about why it hasn't happened in almost six years."

Though Euclid's black population reached 30 percent in the last census, voters have never elected a black candidate to any city or school office. The school board appointed Howard Drake to a vacant seat in 1998, but he lost in an election the next year.

The investigation, which began three years ago, targeted elections for City Council. The city is broken into four wards, which each elect one council member. Four other council members and the council president are elected citywide.

All five of those elected citywide in 2005 live in the same ward, in Euclid's northeast corner.

In a letter dated Monday, the head of the Justice Department's Civil Rights Division told Euclid Law Director Chris Frey that the structure dilutes minority voting power in a city that is racially divided and votes along racial lines. Black candidates would have a better chance of winning if the city were broken into eight wards, with one council member elected in each, Assistant Attorney General Wan Kim said in the letter.

Kim has approved filing a lawsuit but will wait to see if the Justice Department and the city can work out a settlement. Frey said the system could be changed by voter approval or court order.

The Justice Department would not discuss the matter. Rep. Stephanie Tubbs Jones, who represents Euclid in Congress, said that the legal issue here isn't whether Euclid purposely tried to exclude black people from public office.

"In discrimination lawsuits, often we look at policies, practices or laws that appear to be neutral on their face but the outcome is discriminatory," she said.

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Mayor Bill Cervenik and Council President Ed Gudenas said they want to hear details of the investigation before deciding how to respond.

Cervenik said the federal government should consider factors such as black voter turnout and the lack of black candidates.

Though three black candidates ran for council in 2003, last year's ballot had none. Cervenik said that he welcomes ways to involve black residents in Euclid's government but that the city should not be targeted to appease President Bush's critics.

"I'm very convinced that the city of Euclid has done nothing wrong - at least not intentionally," he said.

The Rev. Gary Henderson, the black pastor at Euclid's East Shore United Methodist Church, said the city must take aggressive steps to elect black leaders.

"Our officials, in ethnic identity, don't reflect the racial makeup of the community," he said. "If all our players are not sitting at the table, it's difficult to make decisions the whole community can embrace."

Cervenik and his predecessor, Paul Oyaski, appointed several black residents to boards and commissions.

Cervenik and Frey said they aggressively lobbied a black resident to run in the last election, but she declined.

Euclid has a long way to go before it erases a reputation for racial bias.

In 1975, the school board avoided more-serious Justice Department action by agreeing to hire more black teachers. The federal government froze hundreds of thousands of dollars in grants in the late 1970s until the city agreed to promote fair housing.

Two years ago, voters rejected rezoning for a new church and houses proposed by a black congregation from Cleveland. Cervenik overturned the vote to settle a lawsuit that the church filed in federal court, then successfully survived a recall prompted in part by his action.

Washington bureau chief Stephen Koff contributed to this story.

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Protesters Claim Police Brutality (JACKSUN)

By TYRONE TONY REED JR.

Jackson (TN) Sun, March 25, 2006

Brownsville police conducting internal probe, Mayor Banks says

BROWNSVILLE - Dr. Isaac Richmond, national director for the Commission on Religion and Racism summed up in one thought why he was protesting what he called the "vicious beating" and "unlawful detainment" of a black man in Brownsville on March 17:

"If we don't stand together, we'll be beaten separately."

Richmond, members of Memphis-based CORR and more than 30 concerned citizens from the Brownsville community stood together in front of City Hall on a chilly Friday afternoon. They sang freedom hymns and chanted for two white Brownsville Police investigators to be charged, put on trial and dismissed from the police force. "Let's put an end to police brutality in Brownsville, Tennessee," Richmond said through a megaphone. "Chad Jackson and Brian Nichols must be brought to justice."

Richmond accuses Jackson and Nichols of brutally beating Robert Lee Jones, 42, of Brownsville, on March 17. Richmond said that Jones had not violated any laws and that the charges Jones now faces were false.

However, Mayor Webb Banks said Thursday night that Jones did break the law by attempting to evade arrest about 6:09 p.m. on March 17 on Margin Street. Banks said Jackson and Nichols chased after Jones, and that Jones swallowed what appeared to be crack cocaine during the chase.

After the officers caught Jones, the three of them scuffled and Jones attempted to grab Jackson's gun to shoot the officers, Banks said.

While all three suffered minor injuries, CORR had accused the officers of denying Jones medical attention. Banks denied that claim.

"When the report was first given to me, it said that he did not receive medical treatment," Richmond said during the protest. "So, let me clear it up now. Mr. Jones did in fact receive medical treatment, which is clear evidence that he was beaten."

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Robert Lee Jones' brother, David Jones, 35, of Stanton, said that he notified CORR of his brother's situation and that he knows that his brother was beaten by the officers because he has heard it from too many witnesses.

"I want justice to be served," David Jones said during the protest. "I want those officers removed from the force. My brother is on crutches, his face is swollen and he's been complaining about his ribs."

David Jones said that his brother told him that Jackson and Nichols didn't identify themselves as officers.

Robert Lee Jones was arraigned Monday and charged with aggravated assault, evading arrest, resisting arrest and tampering with evidence. He is being held without bond in Haywood County Jail.

A news release from CORR on Friday said that the group "has filed charges with the U.S. Department of Justice, seeking an investigation of the Brownsville law enforcement for the human rights violations of African-American males in general, and Mr. Jones' case in particular." The release also said that the Civil Rights Division of the Justice Department has been requested to bring charges against the officers.

Banks said Thursday that an internal investigation is being conducted by the Brownsville police, but the officers are still on active duty.

Judge To Rehear Poll Complaints (NOTP)

By Bruce Eggler, Staff Writer

New Orleans Times-Picayune, March 25, 2006

N.O. plan is called unfair to black voters

A New Orleans federal judge who refused last month to order Louisiana officials to provide out-of-state satellite polling places or take other steps to help displaced residents vote in the upcoming municipal elections has agreed to rehear some of the claims of those who say African-American voters will not have a fair chance to participate in the balloting.

Judge Ivan Lemelle will hold a hearing Monday on a request by the NAACP Legal Defense Fund that he reconsider his decision not to order the state to take further steps to assist displaced voters beyond those already taken by Secretary of State Al Ater and approved by a recent special session of the Legislature.

Ater has said that thanks to those actions and an aggressive campaign to notify displaced voters how they can participate in the election, this will be "the most accessible election" in U.S. history.

The U.S. Justice Department last week approved the plans for the elections, saying the actions taken by the state meet the federal Voting Rights Act's requirements for protecting black voters' rights.

But the NAACP lawyers and local lawyers Roy Rodney and John Etter, working with them, submitted a 21-page motion citing a list of reasons why Lemelle should order further action "to prevent manifest injustice," including:

-- A law passed at the special session to allow absentee voting by mail by first-time voters who registered by mail and have never voted in person applies only to those who registered between Oct. 5, 2004, and Sept. 24, 2005. The motion says this would help only 1,800 of 15,000 potential first-time voters, 72 percent of whom are black.

-- The law setting up satellite polling places in 10 other Louisiana parishes, where displaced New Orleans voters can cast early ballots April 10-13 and April 15 for the April 22 primary, restricted their use to voters who registered before Sept. 24, although registration for the primary did not close until this week.

-- State officials never seriously considered the idea of establishing out-of-state satellite polling places, such as figuring out how much they would cost.

-- Lack of money and transportation is likely to keep tens of thousands of displaced voters, now living both in and outside Louisiana, from traveling to New Orleans or one of the 10 in-state satellite polls. Most of these voters are African-American, the motion says.

-- On March 16, the City Council, at the behest of Ater's office, changed the polling places for 93 precincts, most of them in majority-black wards, making it likely that many potential voters are likely to be confused about where to go and end up not voting, especially because many of the new sites "are not currently accessible by public transportation."

During a February hearing, the NAACP's motion says, Lemelle said the issue before him was whether the changes approved by the Legislature were "sufficient now to take care of any adverse impact on black voters."

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"The answer to this question is a resounding 'No!' " the motion says.

The NAACP request is opposed by a group of voters, later joined by the ACLU, who filed suit in December seeking to have the New Orleans elections, which Gov. Kathleen Blanco had postponed indefinitely after Hurricane Katrina, held as soon as possible.

With Lemelle pressing for the same goal, the primary and runoff elections, originally set for Feb. 4 and March 4, eventually were rescheduled for April 22 and May 20.

In a related development, a group of civil rights leaders gathered in Washington, D.C., Friday to condemn the scheduled election as unfair to displaced African-American voters now living in 44 states.

"We are about to witness the most blatant and dramatic violation of the Voting Rights Act since it was passed in 1965," the Rev. Al Sharpton said. "This is beyond the poll tax. This is the high-tech disenfranchisement of voters."

Sharpton, Jesse Jackson and Urban League President and former New Orleans Mayor Marc Morial were among those who called on the state to erect satellite voting places in cities such as Houston, Dallas and Atlanta. Morial said that asking evacuees to vote by mail places a "cumbersome, complex and confusing" burden on them and offers no guarantee their votes will be counted.

In a letter to Blanco, Jackson noted that satellite voting places have been set up to make it easier for Iraqis and Mexicans living in the United States to cast ballots in their native countries' elections. "Our New Orleans citizens deserve no less from our democracy," he wrote.

Despite the cordial tone of his March 22 letter, Jackson left little doubt Friday that he sees Blanco as the engineer of a scheme to keep African-American evacuees from the polls. He called her and other Louisiana Democrats who supported the voting procedures approved by the Legislature "Dixiecrats," the name given to the group of Southern politicians who broke with the Democratic Party in 1948 over the party's support for civil rights.

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Staff writer Bill Walsh contributed to this report.

Bruce Eggler can be reached at beggler@timespicayune.com or (504) 826-3320.

Ventura County Plugs Hole In Voting System With Ink (LAT)

By Gregory W. Griggs

The Los Angeles Times, March 25, 2006

To comply with a federal order to end bias against Latinos, it's replacing punch cards with pens.

Ventura County election officials are replacing their decades-old punch-card voting system in time for the June 6 primary election.

After more than 30 years of voting with punch cards, most county voters will now mark their choices with ink. Those who have trouble seeing the ballots or using the pens will be able to vote on computer touch screens.

County officials say their new systems will serve Spanish-speaking voters better and ensure that those who are disabled can cast secret ballots.

The county has used punch-card technology for more than three decades, but officials agreed in 2004 to replace the system under a federal consent decree.

The U.S. Department of Justice had accused the county of discriminating against Latinos, who make up about a third of the population, by failing to employ sufficient numbers of bilingual poll workers or to provide adequate Spanish-language voting materials.

The settlement required the county to print bilingual ballots. But Gene Browning, the county's assistant registrar of voters, said the old punch cards could not be printed easily in two languages.

The new system, which cost $6 million, was paid for using federal and state funds. It was manufactured by Oakland-based Sequoia Voting Systems. And like the punch-card system, it uses paper.

Although other counties have opted to switch entirely to computer touch screens, Browning said county voters made it clear that they still wanted a paper-based system.

"Whenever they would hear about counties going totally electronic, the reaction was: 'We need to have paper,' " he said.

In the new system, voters will feed their completed ballots into optical scanners that will instantly check for errors. The scanners will kick back incomplete ballots or ones filled out incorrectly, with too many candidates selected.

Once approved, results will be recorded on memory cards, which will later be uploaded into a centralized elections computer in Ventura. A percentage of the paper ballots also will be hand-counted to verify results, Browning said.

At each polling place, voters who are visually impaired or have difficulty using a pen will be able to cast secret ballots using computer touch screens. The machines will be equipped with headphones for people to hear the choices on the ballot.

California passed a law in 2004 requiring electronic ballot machines to also use some form of paper verification. Counties have until June 2006 to comply.

To meet the deadline, Riverside County in January agreed to spend $14.2 million to replace its 6-year-old touch-screen voting machines with newer models that provide paper confirmation.

By never abandoning paper-based voting, Ventura County showed its fiscal prudence, said Kim Alexander, president of the California Voter Foundation.

"Counties that go all electronic typically spend three times more to purchase new equipment," Alexander said.

Prominent Blacks Want N.O. Satellite Voting (AP)

By Will Lester

AP, March 25, 2006

Displaced New Orleans residents deserve the same voting privileges as the people of war-torn Iraq, several black leaders argued Friday in pushing for satellite voting from locations outside Louisiana.

"We are seeing people from Iraq being treated better than people from New Orleans," said Al Sharpton, who joined Jesse Jackson, NAACP President Bruce Gordon, Urban League President Marc Morial and several other influential black leaders in calling for steps to improve participation in New Orleans' April 22 elections.

Hurricane Katrina displaced more than 200,000 New Orleans residents of voting age, many of them black voters, and the black leaders contend that city elections could violate the 1965 Voting Rights Act.

"This is a Florida in the making," said Morial, a former New Orleans mayor, referring to Florida's extensive voting problems in the 2000 elections. "If you see an election train wreck coming, why not do something to prevent it before the wreck occurs?"

A spokeswoman for Secretary of State Al Ater, the state's top election official, said out-of-state voting operations are not legal under Louisiana law.

The Justice Department approved the city's election plan last week.

Complaints about the plan included inadequate voting options for thousands of displaced New Orleans residents, cumbersome absentee ballot procedures, frequent movement of precinct locations and a refusal to share information about how candidates can reach displaced voters.

The groups upset about the election are calling for an April 1 march on New Orleans to protest elections they claim could sharply erode one of the most important federal civil rights laws.

The New Orleans' election was postponed from its original Feb. 4 date, when state officials said they could not organize it in time, given the destruction of polling places and dispersal of voters caused by Katrina.

Justice Department spokesman Eric Holland said Louisiana's legislative black caucus has endorsed the plan. However, several members of the caucus voted against it, and state Sen. Cleo Fields, a prominent member of the caucus, is a leader in the effort to delay the election.

The decision not to share the contact information for displaced New Orleans voters was not the choice of the secretary of state, said his spokeswoman, Jennifer Marusak. She said federal officials ordered the state not to share the Federal Emergency Management Agency's list of displaced New Orleans residents to protect their privacy.

Jackson has called for Gov. Kathleen Blanco to postpone the election to allow a fairer election plan.

State officials have worked out a plan for the election and are doing their best to contact displaced voters, said Blanco's spokeswoman Denise Bottcher, adding, "We are going forward."

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Republican Sen. Rick Santorum (news, bio, voting record) said Friday that Democrats are out to defeat him to avenge the 2004 defeat of then-Senate Minority Leader Tom Daschle by Republican John Thune.

"They see this as sort of payback time for Tom Daschle's loss, and I'm running for the No. 2 spot on the Republican leadership ladder and this would be a plum for them, if they are able to pick me off," the Pennsylvania lawmaker said in an interview broadcast Friday evening on Fox News' Special Report.

The GOP holds a 55-44 majority in the Senate, with one Democratic-leaning independent. Democrats see the Senate race in Pennsylvania, a state that went for John Kerry in 2004, as a prime target.

Santorum, the No. 3 Senate Republican, has trailed his leading Democratic opponent, State Treasurer Bob Casey, in polls. Casey is the son of the late Pennsylvania governor with the same name.

"I think I'm safe to say that if his name wasn't Bob Casey, he wouldn't be running for the U.S. Senate today, and my name's Rick Santorum and I didn't get to be a U.S. senator cause my name's Rick Santorum," Santorum said.

Casey told the news channel that voters want change, and Santorum is too cozy with lobbyists.

"I think when you are the leading recipient of lobbyist money and you are meeting with lobbyists and they've having, I think, a disproportionate and sometimes adverse impact on legislation that affects real people, then I think you've got some explaining to do."

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Associated Press reporter Kimberly Hefling contributed to this report.

Texas Candidate Sues Over Campaign Laws (AP)

By Kelley Shannon

AP, March 25, 2006

The comptroller of Texas sued the secretary of state Friday, claiming he is hurting her campaign for governor by unfairly enforcing rules for independent political candidates.

Keeton Strayhorn, elected as comptroller in 1998 and running as an independent against Republican Gov. Rick Perry, has complained for weeks about Secretary of State Roger Williams and even urged that he be removed from office because of his close ties with Perry. Williams, a Perry appointee, is the state's chief elections officer.

Strayhorn's campaign sued in federal court in Austin over Williams' plan to have her petition examined manually, signature by signature, instead of using statistical sampling, which examines only a portion of the signatures. The lawsuit says Williams' plan violates her constitutional rights.

Spokesman Scott Haywood said Williams will continue to apply Texas law fairly to all candidates "and will not grant special treatment to any candidate."

Perry's spokesman, Robert Black, called Williams "an outstanding public servant" who won't give preferential treatment to anyone.

Independent candidates for governor must collect 45,540 signatures from registered voters who did not cast ballots in the Republican or Democratic primaries. The petitions are due May 11.

Because multiple candidates are trying to get on the November ballot as independents, the signatures need to be verified individually, Haywood said. Musician and author Kinky Friedman also is running as an independent.

The secretary of state's office has said it will take possibly until July to validate signatures and determine whether the candidates make the November ballot.

The lawsuit — which includes three voters as plaintiffs — seeks to require Williams to review the validity of her petition immediately after he receives it in the quickest manner possible, said her campaign spokesman, Mark Sanders.

Suggesting the agency is trying to prevent Strayhorn from getting on the November ballot, Sanders said, "This whole situation begs the question: What are they afraid of?"

Strayhorn's campaign has complained about other treatment, including that it was not allowed to begin collecting signatures immediately after the primary polls closed. Williams cited state law in rejecting the request.

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Texas has some of the nation's toughest laws on independent candidates. No independent has been elected governor there since Sam Houston in 1859.

Former Congressman Chris Bell is the Democratic nominee for governor.

On Campus, A Good Man Is Hard To Find (NYT)

By John Tierney

The New York Times, March 25, 2006

When a boy opens his acceptance letter from college, he now has to wonder what most impressed the admissions officers. Did they want him for his mind, or just his body?

The admissions director at Kenyon College, Jennifer Delahunty Britz, published an Op-Ed article this week revealing an awkward truth about her job: affirmative action for boys. As the share of the boys in the applicant pool keeps shrinking — it will soon be down to 40 percent nationally — colleges are admitting less-qualified boys in order to keep the gender ratio balanced on campus.

This week's revelation did not please Kim Gandy, the president of the National Organization for Women, who told me that she might challenge the legality of affirmative action for male applicants. She and I are not normally ideological soulmates, but I have some sympathy with her on this policy.

It's not fair to the girls who are rejected despite having higher grades and test scores than the boys who get fat envelopes. It's not fair to the boys, either, if they're not ready to keep up with their classmates. Affirmative action just makes them prone to fail, and is probably one of the reasons that men are more likely than women to drop out of college.

After consulting with the federal Education Department, I can confidently report that this discrimination may violate the law — or then again, it may not. Either way, I agree with Gandy that public colleges shouldn't practice it, because the government shouldn't favor one group over another.

Gandy's also wary of allowing private schools like Kenyon to discriminate, and she's skeptical of their justification: that they need a fairly even male-female ratio on campus to attract the best applicants of either sex. I'm not sure if that's true, but I trust the colleges to know better than me or Gandy or federal lawyers. As long as a school is private, let it favor whomever it wants — men, women, alumni children, Latinos, African-Americans — without any interference from the Education Department.

What the department should be doing is figuring out how to help boys reach college. The gender gap has been getting worse for two decades, but the Education Department still isn't focusing on it. Instead, it has an "educational equity" program aimed at helping girls and women.

The department is paying to encourage African and Slavic girls and women in Oregon to pursue careers in science. There's a grant to help women in West Virginia overcome "traditional, outdated 19th-century attitudes" by pursuing jobs in blue-collar trades. Another grant aims to motivate women at the Medgar Evers College in Brooklyn to study math.

Those are all noble goals. I'd be glad to see the women in Brooklyn take up advanced calculus. But the chief "equity" issue at their college is the shortage of men, who make up barely a fifth of the student body. What happened to the boys who didn't make it?

Boys are, on average, as smart as girls, but they are much less fond of school. They consistently receive lower grades, have more discipline problems and are more likely to be held back for a year or placed in special education classes. The Harvard economist Brian Jacob attributes these problems to boys' lack of "noncognitive skills," like their difficulties with paying attention in class, their disorganization and their reluctance to seek help from others.

Those are serious handicaps, but they could be mitigated if schools became more boy-friendly.

A few educators have suggested reforms: more games and competitions that appeal to boys, more outdoor exercise, more male teachers, more experiments with single-sex schools. But those ideas have gotten little attention or money. Schools have been too busy trying to close the gender gap in the few areas where boys are ahead, like sports and science.

No matter what changes are made to help boys, they'll probably still be less likely than girls to go on to college, simply because girls' skills and interests are better suited to the types of white-collar jobs that now require college degrees. Boys will remain more inclined to skip college in favor of relatively high-paying jobs in fields like construction and manufacturing.

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There's no reason to expect a 50-50 ratio on campus — and certainly no reason to mandate it. Boys don't need that kind of affirmative action. What they could use, long before college, is equal attention.

Initiative Targets Abortion Ban (LAT)

By Nicholas Riccardi, Times Staff Writer

The Los Angeles Times, March 25, 2006

Foes of South Dakota's new law are gathering signatures for a ballot challenge to overturn it.

Opponents of South Dakota's ban on nearly all abortions announced the launch of a ballot initiative Friday aimed at overturning the new law.

If the South Dakota Campaign For Healthy Families collects 16,728 signatures, the law — a direct challenge to Roe vs. Wade — will be placed on hold.

Democratic State Sen. Elaine Roberts said at a news conference in Sioux Falls that legislators went too far when they passed their bill last month banning abortions even in cases of rape and incest. The only exception is if physicians deem an abortion necessary to save the mother's life.

"The vast majority of South Dakotans are somewhere in the middle," Roberts said. "They have mixed feelings on this issue."

Proponents of the ban said they welcomed the challenge, and said the measure to reverse the law would fail at the polls.

"I know South Dakota politics," said Leslee Unruh, president of the Abstinence Clearinghouse in Sioux Falls and a prominent antiabortion activist. "The people of South Dakota stand for life, for protecting an unborn child."

South Dakota is one of several states that opened the year mulling a strict ban that would contradict Roe vs. Wade.

Some antiabortion activists hope that President Bush's two Supreme Court appointments could lead the court to overturn the landmark 1973 Supreme Court case that established abortion as a constitutional right.

The legislature overwhelmingly passed the bill last month, and South Dakota Gov. Michael Rounds, a Republican, signed it into law shortly afterward.

As opponents and proponents each released polls showing a majority of voters siding with them on the ban, abortion-rights advocates were debating whether to challenge the law in court or at the ballot box.

Some prominent state Democrats were leaning toward a ballot challenge. This week they unveiled a bipartisan group — led by a former Republican state legislator — to move the initiative campaign forward.

Planned Parenthood, which operates the only abortion clinic in the state, also is involved.

"We don't want it to be seen as a partisan assault on the ban," said Jeff Masten, a former chairman of the state Democratic Party who is involved in the campaign. "That legislation simply went too far."

Republican South Dakota House Speaker Matt Michels, who backed the ban, predicted that organizers would easily collect enough signatures to place it on the ballot because of what he deemed the state's minimal requirements for voter initiatives.

He also forecast a campaign financed by big-money donors on both sides of the issue that would saturate the airwaves of the lightly populated state.

"They're going to bombard us," Michels said.

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Associated Press contributed to this report.

Time To Stall A Bush Nominee (NYT)

The New York Times, March 25, 2006

We don't generally approve of holding nominations hostage to other political objectives. But Senators Hillary Clinton and Patty Murray surely have good cause to block a vote on the nomination of Dr. Andrew von Eschenbach to become commissioner of the Food and Drug Administration until the agency makes a final decision on the morning-after pill. There is no excuse for the administration's endless obfuscation and delays on making the pill available without a prescription when the overwhelming bulk

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of expert opinion says it is safe to do so. The pill must be taken within 72 hours of unprotected intercourse, preferably within 24 hours, leaving little time to visit a doctor to get a prescription.

The two senators, both Democrats, have good reason to feel betrayed. When they threatened last year to hold up the confirmation of a previous commissioner until a decision on the pill was made, they ultimately relented because of a written assurance from Michael Leavitt, the secretary of health and human services, who said the F.D.A. would act on the issue by Sept. 1. Sadly, Mr. Leavitt was misinformed by the agency, overruled by the White House or deliberately deceptive with the senators. The only action the agency took in September was to defer a decision indefinitely.

The case for approving the use of the pill without a prescription has become even stronger in recent months. Evidence has emerged that high officials at the agency overruled their professional staff and ignored expert advisory committees when they rejected the application. Moreover, the agency's claim that it needed more time to consider "novel" issues raised by a proposal to require prescriptions for young teenagers was belied by internal documents revealing that the issues had been discussed for some time but not analyzed aggressively. The logical inference is that the result was dictated by politics — by a desire to placate religious and social conservatives who consider the pill an invitation to promiscuity and an abortifacient.

Should this nomination ultimately go forward, senators will still need to assess the qualifications of Dr. von Eschenbach, who has been acting commissioner since last September. He is a respected surgeon and was president-elect of the American Cancer Society. But his record as director of the National Cancer Institute, a post he holds even as he runs the F.D.A., gets mixed reviews.

His goal to eliminate death and suffering from cancer by 2015 is deemed visionary by some, but wildly unrealistic by others. His desire to bring medicines to market more quickly and more cheaply wins plaudits from the drug industry and some patient advocates, but criticism from consumer advocates who worry that safety will be undermined.

There is little likelihood that the Senate will reject Dr. von Eschenbach's nomination in a floor vote, although the senators could at least push him for guarantees that safety issues will not be submerged in the rush to approve new drugs and conquer cancer. But the vote should not take place until the F.D.A. has the spine to tackle the morning-after pill head-on.

ANTITRUST:

Alcatel And Lucent Set To Face US Review (FT)

By Stephanie Kirchgaessner In Washington, Peggy Hollinger In Paris And Paul Taylor In New York

Financial Times, March 25, 2006

Alcatel's talks with Lucent about a possible takeover – a deal that would combine a telecoms equipment company that controls sensitive US technology with a French group – will face a regulatory review in Washington on national security grounds.

Such a move would come at a time when protectionist sentiment in the US is at an all-time high, and raises questions about whether the Bush administration would be prepared to approve the deal.

The merger, which is being driven by growing competitive pressure on equipment makers and could be valued at up to $36bn, would create the world's leading maker of fixed telecoms networks and the second largest in mobile infrastructure.

It also follows in the wake of a wave of consolidation in the telecoms sector – in particlular between some of the companies' biggest clients, including the proposed merger between AT&T and BellSouth and the recent takeover of MCI by Verizon.

The companies have provisionally agreed that Lucent's chief executive Patricia Russo will succeed Alcatel's 68-year-old Serge Tchuruk as chief executive when he steps up to chairman in June.

It is far from clear, however, whether a deal that is viewed as increasingly necessary for the two companies will be able to withstand Washington regulatory scrutiny. While US authorities may be concerned about the security issues surrounding Bell Labs, a revered US research facility, the French government is likely to welcome the deal if the headquarters remain in France.

However it will be keen to safeguard Alcatel's sensitive interests, including its 9.5 per cent stake in defence electronics group Thales and the missile joint venture with Italy's Finmeccanica. One option would be to sell these to Franco-German aerospace group EADS, which has long wanted to acquire Thales.

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Even if the deal is presented as a merger of equals, regulatory experts say it faces an extensive review by the US Committee on Foreign Investments in the US, or Cfius, an inter-agency panel that investigates foreign acquisitions of US assets.

Lawmakers in the Senate are in the process of negotiating legislation that would make Cfius reviews even tougher and more lengthy.

The Dubai Ports World debacle, in which a Dubai-controlled company was forced to agree to sell port terminals it acquired after receiving regulatory clearance from Cfius because of a backlash in Congress, has, according to an attorney who works on Cfius deals, changed the balance of power of the panel.

An Israeli company, Check Point Software, was on Thursday forced to withdraw from a merger with a US group, Sourcefire, after the Bush administration raised national security concerns, underscoring that even the US's closest allies are under close scrutiny.

Lucent-Alcatel Merger Would Face Scrutiny (WP)

By Arshad Mohammed

The Washington Post, March 25, 2006

A merger of Lucent Technologies Inc. and France's Alcatel would likely draw federal scrutiny to see if it threatens national security following the furor over a Dubai-based company's plan to acquire control of six U.S. ports, communications and national security analysts said yesterday.

But analysts said they saw no obvious reason why a combination of the two telecommunications equipment makers would face major objections from the government on security or antitrust grounds.

Murray Hill, N.J.-based Lucent and Paris-based Alcatel said late Thursday that they are "engaged in discussions about a potential merger," but said they could not guarantee they would reach any agreement. A merger would greatly expand Alcatel's business in the United States and allow the two companies to cut costs and better compete with their larger competitors.

It is unclear how a merger, if one materializes, would be structured. The two companies said they were discussing "a merger of equals that is intended to be priced at market." Spokespeople for Alcatel and Lucent, which had discussed merging in May 2001, declined comment beyond their statement.

If Alcatel, the larger of the two companies, were to buy Lucent, that could trigger a review by the Committee on Foreign Investments in the United States (CFIUS), the interagency group chaired by the Treasury secretary that is charged with investigating such deals to ensure they do not endanger U.S. national security.

"I think in this political climate, everything that is coming through CFIUS is gong to get more attention," said Richard A. Falkenrath, a Brookings Institution scholar who served as deputy homeland security adviser and deputy assistant to the president in 2003 and 2004.

Congressional concerns this month forced the United Arab Emirates-based maritime company Dubai Ports World to abandon its plan to acquire operations at six U.S. ports, amid heightened worries about protecting vital infrastructure after the Sept. 11, 2001, attacks.

But analysts saw few appropriate comparisons in the possible Alcatel-Lucent deal, noting that the French company already does work for the U.S. government and that the sale of telecom equipment is a less sensitive matter than the management of U.S. ports, which have long been seen as vulnerable to attack.

"Alcatel is already delivering advanced network solutions to the federal government. Lucent of course has a long history of providing advanced communications services and infrastructure to the federal government," said Mark Bieberich of the Boston-based Yankee Group Research Inc. "Both companies have been properly vetted . . . so I think the risk posed by the merger to the federal government is minimal."

AT&T Corp., the former long-distance giant that has now been dismembered, spun off Lucent as a separate company in 1996. Bell Labs, AT&T's legendary research arm, went with Lucent.

At its peak, Bell Labs was deeply involved in classified work for the U.S. government. It worked on radar and missile guidance systems, and it designed a secure, scrambled communications system that allowed Franklin Delano Roosevelt and Winston Churchill to talk to each other during World War II, said AT&T's former corporate historian Sheldon Hochheiser.

While Lucent still does work for the government, the amount is a far cry from the Cold War, when Hochheiser estimated that as much as a third of Bell Labs' budget was paid for by Washington.

In fiscal 2005, Lucent had $104.7 million in federal contracts, with about 65 percent of those coming from the U.S. Army, according to Eagle Eye Publishers Inc., a Fairfax company that tracks federal contracts. Alcatel had $22.4 million in such contracts the same year, with nearly 53 percent for the Army, according to Eagle Eye figures. Today, Alcatel and Lucent are the seventh- and ninth-largest telecom equipment makers, respectively, according to Yankee Group.

"In its heyday, this would have been a huge blow to national security and to national pride, but Lucent is a shadow of itself," said University of Colorado law professor Philip J. Weiser.

BGE Sees Merger As Buffer For Rates (WT)

By S.a. Miller, The Washington Times

The Washington Times, March 25, 2006

BALTIMORE -- A Baltimore Gas and Electric Co. executive yesterday warned that lawmakers' attempts to block a multibillion-dollar merger could force the utility to more quickly implement a 72-percent increase in energy rates.

"Without the merger there is no room to lower rates," said Robert L. Gould, communications director for BGE parent company Constellation Energy Group. "We have gone right to the edge of how much we can tolerate on the balance sheet."

He also said if lawmakers make good on their threat to block Florida Power & Light's $11 billion purchase of Constellation Energy, they likely would derail plans to gradually phase in a 72-percent increase in electric bills.

"One of the benefits of the merger is you have a bigger balance sheet," Mr. Gould said. "You take that away, and it will be tougher and our credit rating will be thrown into question."

As proof, he said Moody's Investor Service has already put Constellation on a watch list because of uncertainty about the regulatory environment taking shape in Maryland's legislature.

A spokeswoman for Gov. Robert L. Ehrlich Jr., a Republican, said the governor is wary of government interference in business but "still believes that more can and should be done" to keep electricity affordable.

"He does support the merger, and he is aware of the negative impact that interfering in the merger could have on Maryland business," said spokeswoman Shareese N. DeLeaver. But "the governor believes that we should put the customer first."

Staving off "rate shocks" for BGE's 1.2 million customers has become the hottest issue in this election year, in which Mr. Ehrlich is seeking re-election and every seat in the General Assembly is up for grabs.

Since the increases were announced March 7, several bills have been introduced to prevent or postpone Maryland's higher energy rates, including plans to cap rates, to give the legislature authority over utility mergers and even to return to a public utility system.

Miss DeLeaver said the legislature's attack of the energy issue was "like a cat swatting a ball of yarn," while the governor was crafting an alternative rate-reduction plan to be presented to the power company in coming weeks.

The power company has proposed gradually phasing in higher rates over a 15-month period, beginning with a 13-percent increase in July. The average BGE electric bill would increase from $81.65 to $92.60 a month, according to the company.

Rates would increase 15 percent in January and 15 percent in June 2007, then increase to market rates by fall 2007. At that time, the average electric bill would have increased from $81.65 to $140.50. Customers also would pay a monthly charge of $4.40 for the next eight years -- a total of about $422 -- to pay for the loan BGE would need to cover the cost of the deferred rate increase, according to the company.

"We have put a very aggressive package on the table already," Mr. Gould said.

He said the proposal also included $150 million to reduce electric rates in the future. The money, he said, would come from cost savings resulting from the merger.

"That's a true subsidy," Mr. Gould said. "We would actually reach in our pockets and lower rates that much."

The increases are partly the result of the 1999 deregulation plan approved by the Democratic-controlled General Assembly and signed by Gov. Parris N. Glendening, a Democrat.

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The plan included rate caps that kept electric bills artificially low for the past six years and discouraged competition from entering Maryland's partially deregulated utility market.

The caps expire in July, when rates are set to increase 72 percent to market levels for BGE customers. Rates also are increasing 39 percent for Potomac Electric Power Co. and 35 percent for Delmarva Power.

Utility executives warn that continued price controls could bankrupt Maryland power companies and cause power shortages like those in California in 2000.

Last summer, residential customers paid an average of 11.72 cents per kilowatt-hour in the mid-Atlantic region, according to the Edison Electric Institute, an electric utility association.

However, BGE customers paid an average 9.251 cents per kilowatt-hour last summer, according to the Maryland Public Service Commission, which regulates utilities.

BGE's planned increase to 14.834 cents per kilowatt-hour should bring its prices up to current market rates, said Jason Cuevas of the Edison Electric Institute.

ENVIRONMENT/INDIAN AFFAIRS:

Yucca Probe Forwarded (LVRJ)

By STEVE TETREAULT, STEPHENS WASHINGTON BUREAU

Las Vegas Review-Journal, March 25, 2006

Federal prosecutors reviewing evidence

WASHINGTON -- Federal prosecutors are reviewing evidence gathered by investigators into whether scientists falsified quality assurance documents at Yucca Mountain, officials confirmed Friday.

Inspectors general for the Interior and Energy departments sent a report to U.S. Attorney Daniel Bogden in Las Vegas in the past month, said Roy Kimes, a spokesman for Interior Department Inspector General Earl Devaney.

"The investigative work has been done, and the report has been forwarded to the Department of Justice," Kimes said. "It is not considered finalized until we get an indication from DOJ that they are going to prosecute or not going to prosecute."

Neither Kimes nor Denise Smith, a spokeswoman for Energy Department Inspector General Gregory Friedman, would discuss details.

Smith said "it is possible" that evidence of wrongdoing was discovered, but communications between investigators and prosecutors do not necessarily signal the probe is near an end.

"As evidence is uncovered, there are dealings with the U.S. attorney's office, and oftentimes the U.S. attorney may have us do additional work or not depending on what is found," Smith said.

Inspectors were asked to determine possible criminal activity by federal employees after the disclosure in March 2005 of provocative e-mails.

In the messages, which were written between 1998 and 2000, several workers discussed possible alterations of quality assurance documents that backed up their water infiltration models at the nuclear waste site.

Natalie Collins, an aide to Bogden, said she would not confirm or deny the federal attorney's involvement in the matter.

A person familiar with the process said, "I wouldn't think they would send something over (to Bogden) that they didn't think ought to be considered for prosecution."

On Thursday, Rep. Jon Porter, R-Nev., told reporters that a Justice Department evaluation "was forthcoming."

"They want to find out if it was done maliciously or done in error," Porter said of the allegations of document mishandling. "They want to find out if there was any criminal activity."

Porter heads a House subcommittee that has been conducting a separate probe of quality assurance at Yucca Mountain and issues related to the e-mails.

The Yucca project was rocked and investigations were triggered when the e-mails were disclosed by Energy Secretary Samuel Bodman and by Charles Groat, then-director of the U.S. Geological Survey.

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The messages circulated among a small number of employees. The primary authors later were identified as USGS hydrologists Joseph Hevesi, Allen Flint and Lorraine Flint.

Hevesi appeared before Porter's subcommittee in June and offered explanations for some of the messages. He testified under oath that he did not alter documents or data. The Flints, who are married, were questioned by subcommittee investigators but have not commented publicly.

The Energy Department recently completed an audit of the work performed by the USGS scientists. A report issued Feb. 17 concluded the science was valid but the research would be redone by Sandia National Laboratories to meet quality assurance standards.

The hydrologists remain employed at the USGS, spokeswoman A.B. Wade said. Agency officials have said any possible disciplinary action was being postponed until completion of the inspectors general probe.

Review-Journal writer Keith Rogers contributed to this report.

Tackling The Animal-to-Human Link In Illness (NYT)

By Lawrence K. Altman

The New York Times, March 25, 2006

ATLANTA, March 24 — Stronger ties between veterinarians and physicians are needed to prevent further outbreaks of the animal diseases that have caused deaths and serious illness among humans in many countries in recent years, international health officials said at a meeting here.

The diseases are known as zoonoses because they affect animals primarily, and humans only incidentally. The AIDS, SARS and A(H5N1) avian influenza viruses and at least eight other infectious agents carried by animals have led to new and emerging human diseases in recent years.

The spread of new and emerging diseases can be a two-way street as people occasionally transmit human diseases like tuberculosis to elephants in captivity in the United States and Sweden and mongooses in Africa.

The latest and most visible zoonosis is A(H5N1) avian influenza. Through illness and culling, the virus has led to the death of an estimated 200 million birds worldwide. In Asia and Europe, the virus has caused 185 human cases of which 104 have been fatal.

New diseases are occurring in part because of globalization and because people are encroaching on areas once reserved for wildlife. After the AIDS virus infected tens of millions of people worldwide and an animal disease, anthrax, was deliberately spread through the United States postal system after Sept. 11, public health has become intertwined with national security.

Experts at the three-day International Symposium on Emerging Zoonoses said they had no way of predicting what human disease would emerge next from an animal source.

Preventing further outbreaks, participants said, will require a variety of measures, including more education about zoonoses among veterinarians and physicians; more integration of animal diseases into health plans; the creation of more laboratories to detect animal diseases; and possibly changes in the foods people eat and the animals they keep as pets.

Breaking down barriers among government agencies, academia and special interest groups will be needed as scientists seek new ways to collect reliable evidence to protect the health of animals and humans, participants said.

But "no single institution has the capacity to do all this," said Dr. Pierre Formenty, a veterinarian and epidemiologist at the World Health Organization in Geneva.

The meeting was the first between the World Animal Health Organization, a cooperative of chief veterinary officers from 167 countries, based in Paris, and the federal Centers for Disease Control and Prevention, based in Atlanta, said Dr. Lonnie King, the dean of Michigan State University's veterinary school.

Dr. King is soon joining the C.D.C., which is expected to become a laboratory and epidemiology reference center for the animal organization.

"We are creating the conditions for the spread of these viruses" that cause zoonoses and human illness through tourism, hunting and farming, said Dr. Bruno Chomel, a professor of zoonoses at the University of California, Davis.

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For example, Dr. Chomel said, the corn mouse that carries the virus that causes Argentine hemorrhagic fever has spread its range with changes in farming, leading to outbreaks of the bleeding disease.

The liver infection caused by the hepatitis E virus, which has been detected mainly in poor countries, is being increasingly recognized in wealthy countries in small numbers. Two outbreaks of hepatitis E occurred recently in Japan after people ate raw liver from infected wild boar and deer, Dr. Chomel said.

In 1999, scientists discovered the Nipah virus among pig workers in Malaysia and Singapore who developed inflammation of the brain and respiratory illness. Farming practices on pig farms where fruit trees were abundant created opportunities for transmission of the Nipah virus, said Dr. Peter W. Daniels of the Australian Animal Health Laboratory in Geelong.

Fruit bats carried the Nipah virus, and it was transmitted to pigs that lived in an open farm environment. In turn, the virus was transmitted to humans and their pets.

Additional factors favoring Nipah virus transmission were disrespect for regulations and the frequent breaking of rules to increase profits. It was a lesson that self-regulation must be realistically audited, Dr. Daniels said.

The demand for exotic pets can also spread zoonoses.

Customs inspectors recently stopped the potential spread of A(H5N1) virus in Belgium by catching a man trying to smuggle infected Thai eagles that had been stuffed alive in a roller tube.

Cats, leopards and tigers have died from A(H5N1) avian influenza in southeast Asia and Europe. Though the number of cases is small, they have raised concern that the virus could become a bigger problem among felines. The 10,000 tigers now being kept as pets in the United States outnumber the 6,000 in the wild worldwide, Dr. Chomel said.

Another zoonosis, rabies, killed 50,000 people in 2005, mainly from dog bites in Africa and Asia despite availability of an effective vaccine, according to the World Health Organization.

In poor countries, many dogs go unvaccinated because they are believed to be strays. But many strays turn out not to be strays, said Dr. Jakob Zinsstag of the Swiss Tropical Institute in Basel. In a pilot study in Chad, his team vaccinated and tagged stray dogs. When the Swiss team recaptured stray dogs, it found that 70 percent had been vaccinated, concluding that their owners had let them roam freely and that opportunities existed to conduct rabies vaccination programs.

Many disease outbreaks like avian influenza often lead to mass cullings that create practical and emotional problems for animal health workers, said Dr. Larry Granger, a veterinarian at the United States Department of Agriculture in Riverdale, Md. When mass euthanasia of animals is carried out, all workers should be debriefed to help relieve their stress, Dr. Granger said.

Selling The Forests (NYT)

The New York Times, March 25, 2006

It's rarely a good idea to sell off assets to pay normal operating expenses. It's an even worse idea when the assets are chunks of national forest. But that's exactly what the Bush administration wants to do.

Washington has long sent money to isolated local communities surrounded by national forests. The communities cannot tax federal property, so the money helps pay for schools. The grants were calculated as a percentage of timber sales. When the annual harvest declined, partly as a result of court rulings in favor of various endangered species, the money was taken from general revenues.

President Bush's 2007 budget proposes to raise the money by auctioning off about 300,000 acres of federal forest in 41 states, at an anticipated price of $800 million. The administration recently sent a bill to Congress that would give the Forest Service the authority to conduct the sales. The bill has many defects, especially a provision that would sharply limit the public's opportunity to comment on the sales, short of embarking on expensive litigation. But its most glaring defect is its underlying strategy of trading long-term assets for short-term gain.

Gov. Mike Easley of North Carolina, which would lose 9,828 acres, or nearly 1 percent of its national forest acreage, put the matter eloquently in a letter to Mark Rey, the under secretary of agriculture who helped concoct this scheme. The plan, he said, would blatantly contradict North Carolina's efforts to preserve open space for future generations by removing priceless resources "from public access for all time in order to provide temporary funding."

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This page has objected on many occasions to the administration's efforts to roll back protections for the national forests, chiefly its decision to rescind President Bill Clinton's "roadless rule," which would have shielded nearly 60 million acres of national forest from further commercial intrusions. Though it involves much less acreage, the proposal to sell forest land reflects the same insensitivity to environmental values, not to mention misplaced budget priorities. In addition to the forest sale, the administration also proposes to sell a half-million acres managed by the Interior Department, not for any purposes related to stewardship of the public lands, but simply to reduce a national deficit already bloated by tax cuts.

Congress should reject both ideas out of hand.

Sections Of The Voting Rights Act Will Soon Need Reauthorization (ICT)

By David Melmer, Indian Country Today

Indian Country Today, March 24, 2006

WASHINGTON - The Voting Rights Act, enacted in 1965, will celebrate its 41st anniversary on Aug. 7; yet some provisions of the act, which supporters argue have brought American Indians into the political arena, are due to expire in 2007.

American Indian and non-Indian organizations are in the midst of compiling and reporting research that shows the VRA - with some permanent provisions and some temporary - has made a difference to many minorities and furthers the argument that the VRA is still needed in its entirety.

Section 5 of the act, renewed several times, requires nine states and portion of seven states to submit changes that affect voting in any way to the U.S. Department of Justice for approval, or pre-clearance, as it is referred. That section is due to expire in 2007. Section 5 was last renewed by Congress for a term of 25 years, and that is the recommendation again.

Section 203, which requires assistance for limited-English speakers at the polls, and Sections 6 - 9, which authorize the federal government to monitor elections, are all set to expire.

The American Civil Liberties Union submitted a comprehensive report on how the VRA affects Indian country. The states that benefited the most from the VRA were Montana, Nebraska, Wyoming, Colorado and South Dakota. In each state, litigation or the threat of litigation mitigated state voting legislation that would have adversely impacted American Indian residents.

"By tearing down the barriers to equal opportunity for racial and language minorities in voting, the Act removed the political mechanism that was essential to maintaining the legal structure of segregation. As the Supreme Court has said, the equal right to vote is fundamental because it is preservative of all rights," the report stated.

The report used selected documentation from trial transcripts to support the claim that the VRA is important to Indian country. In other parts of the country, specifically Southern states, litigation and voting rights changes have occurred since the VRA's beginning in 1965. It hasn't been until recently that Indian country has benefited from the VRA.

Had it not been for the VRA, the report asserts, American Indians in some states would not have the representation they prefer; yet there is more work to do and litigation is still a necessary tool in keeping the states in line.

Although the act eradicated at-large voting, just after it was signed some states changed some districts to at-large voting only to face legal action. At-large representation was ended early on in the act's life in the South, but in Indian country only just recently has at-large selection of representatives been stopped.

Only one lawsuit was filed between 1974 and 1990 in Indian country. That lawsuit challenged the Montana at-large elections as diluting American Indian voting strength, despite the presence of seven reservations and a significant American Indian population. American Indians make up eight percent of Montana's population.

Other lawsuits filed in Montana resulted in the election of eight American Indians to the state Legislature, more American Indian lawmakers than any other state. Not all the lawsuits in Montana went to court.

The 1992 redistricting plan in Montana was challenged four years later. The redistricting commission, made up of both political parties, did not have any American Indian representation, but tribes submitted a plan that they thought would be fair. The commission rejected the plan and ended up in court in 1996. It was redrawn, but not to the full satisfaction of the tribes.

In 2000, the commission included one American Indian and the result was the creation of 100 house districts, six of which were majority American Indian; and 50 Senate districts, three of which were majority American Indian, the report noted.

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South Dakota, with a larger American Indian population and smaller overall population than Montana, has only four American Indians in the state Legislature. Changes to redistricting after the state was found in violation of the VRA resulted in a split district that may allow American Indian voters to elect up to three more of their preferred candidates.

South Dakota is the only state in the Plains and Mountain states required by the VRA to submit any changes in voting laws or rules to the Justice Department for pre-clearance. Two of its counties, Todd and Shannon, home to the Rosebud and Pine Ridge reservations respectively, are listed under Section 5.

According to the report, several factors kept lawsuits at bay in Indian country: lack of resources and access to legal assistance, lax enforcement of the VRA by the Department of Justice, the isolation of the American Indian community and the debilitating legacy of years of discrimination by the federal and state governments.

American Indian voters' rights were being challenged in the southern Plains states as well.

It wasn't until 1970 that the Colorado Constitution was amended to allow American Indians to vote and take part in the political process.

In the 1980s and 1990s, Ute members were not allowed to register to vote at the tribal headquarters, while the non-Indian population was afforded satellite registration locations in various communities. Litigation changed that situation. Prior to 1997, no American Indian had ever been elected to a county office in Montezuma County, home of the Ute Mountain Utes.

The report stated that defendants in American Indian voting rights cases frequently argue that "Indians are mainly loyal to their tribes and simply don't care about participation in elections run by the state."

The report went on to say it was the state itself that created an atmosphere of non-loyalty to the state by denying the American Indian the right to vote.

"The courts have invariably found patterns of widespread discrimination against Indians in the political process, including chronic racial bloc voting," the report stated.

FBI/DEA/ATF/USMS:

FBI Helps ID New Orleans Gangs In Houston (KHOU-TV)

By Jeff McShan, 11 News

KHOU-TV, March 25, 2006

The FBI is helping police identify gang members from New Orleans who are now in Houston.

11 News talked with Houston's police chief about the gang crackdown and how officers are using the information.

In New Orleans, police say some gang members that evacuated their city are now beginning to come back.

"I think what we have seen is a few bad guys have reoccupied the city," said New Orleans police chief Warren Riley.

Apparently they are coming back to redefine their territories.

"The people we suspect of this are some folks that were in Houston a while back. I think Houston's obviously on them," said Riley.

After a slow start. Houston, specifically HPD, is onto them because vital communication between the two cities is finally taking place.

FBI director Robert Mueller says the federal agency played a big role in making that happen.

"We have worked together both New Orleans and in Houston to exchange intelligence information that will enable both Harold and the New Orleans police department to do the jobs. We recognize that not just in terms of New Orleans and Houston, but gangs and criminals that traverse the country now," said Mueller.

It's been well documented that after the storm, homicides here shot up more than 25 percent.

Chief Harold Hurtt said his department is getting a handle on it by targeting the hot spots and getting much-needed information on the criminals that came here from our neighboring state.

"I think we are doing a good job of sharing intelligence now because they are getting access to databases in Louisiana which we didn't have in the beginning. And we have identified a lot of people as you know, locally here in the media. We have

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done some roundups of some individuals from New Orleans that was involved in gang activity, as well as drugs, and we are going to stay on top of that," said Hurtt.

In New Orleans the chief says they're trying to stay on top of it too.

"Advise citizens that we're on it, let the gang members know that we're on it and to do all we can to discourage them from re-occupying or coming back to the city," said Riley.

In other words, both cities are cracking down on gangs and no one wants them to call their city home.

New Graffiti Signs Put Officials On Alert (KHOU-TV)

By Wendell Edwards, 11 News

KHOU-TV, March 25, 2006

At a fund-raiser for the Mademoiselles of Madison High School, washing cars was the easy part.

But the group said they wish keeping buildings graffiti-free in the neighborhood was just as simple.

"It's a disgrace to the neighborhood," student Kelcie Fields said. "It's trashy."

Houston is no stranger to gangs or how members mark their territory.

But when strange symbols and signs started showing up, Precinct 7 deputies took notice.

"It wasn't very long after their arrival," Sgt. Ray Hughes said. "They made themselves very known pretty quickly."

Sgt. Ray Hughes said the new graffiti is from New Orleans gangs.

Authorities said the new markings are all over southeast and parts of southwest Houston, adding to an already crowded canvas.

"It's very hard. I gotta tell you — we're swamped," Sgt. Hughes said. "We try really hard to keep up with it but we can't."

In New Orleans, they aren't called gangs. They are known as members of rival housing projects. But authorities said they have brought their turf war to Houston.

A war that includes graffiti and violent crime.

A battle that the FBI director said can be stopped with the help of local police.

"For us to be effective, we have to work together," FBI Director Robert Mueller said. "We are here in Houston and as well as back in New Orleans."

A crackdown that puts gangs on alert, authorities on patrol and a clear sign that neither side is backing down.

FBI Planning To Return To N.O. By Early June (NOTP)

By Charlie Chapple, St. Tammany Bureau

New Orleans Times-Picayune, March 25, 2006

Director tours temporary site

The FBI will move back into its New Orleans headquarters on the Lakefront by early June, agency Director Robert Mueller said Thursday after visiting agents in St. Tammany Parish.

"We expect to be back sometime in late May or early June," Mueller said after meeting with agents and other law enforcement officials at the FBI's temporary field office and compound at Covington Country Club.

After the FBI's Lakefront headquarters were heavily damaged by Hurricane Katrina, the agency rented the country club's clubhouse and turned the facility into a fenced and secured compound for agents and staff members.

Mueller, a former U.S. attorney and prosecutor who has led the agency since August 2001, said he has made several trips to the New Orleans area since the hurricane, but Thursday was his first visit to the temporary office.

Despite having to relocate and work under adverse conditions, local agents and staff have never missed a beat, Mueller said. They were able to salvage all evidence and case files from the New Orleans office after the storm, he said. And continuing fraud investigations have resulted in 71 indictments or charges, he said.

During his two-hour visit to the temporary office, Mueller also met with several state and local law enforcement officers, including State Police Superintendent Henry Whitehorn, St. Bernard Parish Sheriff Jack Stephens and representatives from the New Orleans Police Department, the Jefferson Parish Sheriff's Office and Plaquemines Parish Sheriff's Office.

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Mueller said his visit had a dual purpose. "I wanted to talk to the FBI personnel here," Mueller said. "Many lost their homes and continued to work. I wanted to see how they were doing in terms of rebuilding."

The FBI head said he also wanted to thank state and local law enforcement officers for continuing the relationship they've built with the agency since Katrina and to "assure them we are ready for the next hurricane down the line."

As he waited to talk with Mueller, Stephens praised the FBI. "They're one federal agency which I have no complaints about," he said. "They were there for us when we needed them."

. . . . . .

Charlie Chapple can be reached at cchapple@timespicayune.com or (985) 898-4828.

6 Convicted Of Racketeering After Muscling In On Mob (NYT)

By JULIA PRESTON

The New York Times, March 25, 2006

Six men accused of being members of a gang led by Balkan immigrants that seized control of illegal gambling in old-time Mafia strongholds were convicted of racketeering yesterday in federal court.

Prosecutors charged that the organization, which they said was sometimes called the Corporation, had used strong-arm tactics to set up illegal gambling clubs in Astoria and Bayside, Queens, and in the Bronx, pushing aside the Luchese and Gambino crime family.

Gang leaders at one point sought to show their muscle by insisting on being seated at the old table of the late John J. Gotti, the don of the Gambino crime family, at Rao's restaurant in East Harlem, the prosecutors said.

After a three-month trial in Federal District Court in Manhattan, Alex Rudaj, who is from Montenegro and who prosecutors said was the ringleader of the Albanian organized crime group, and five other defendants were found guilty of multiple counts of racketeering, illegal gambling and extortion.

Mr. Rudaj and another defendant, Nardino Colotti, were acquitted of the most serious charge in the trial, the attempted murder of Gaetano Peduto, then an associate of the Bonnano crime family, during a Bronx car chase in 1993.

Mr. Rudaj's lawyer, James Kousouros, said that defeating the attempted murder charge was "huge" for the defense, because that charge carries a mandatory life sentence.

The jury also found the defendants not guilty of another serious charge of violence, a pistol-whipping attack in August 2001 on a gang rival.

But the guilty verdicts showed that the jury was amply persuaded that Mr. Rudaj, 38, and his associates were part of a criminal organization that spread its illegal gambling operation, often with threats of force, from Astoria to Westchester County. The assistant United States attorneys who prosecuted the case, Jennifer G. Rodgers, Timothy Treanor and Benjamin Gruenstein, said that Mr. Rudaj's group collected at least $4 million a year from a network of 50 video gambling machines. The machines are not illegal, prosecutors said, but collecting gambling proceeds from them is.

"They used force and intimidation as their primary business tactic," Ms. Rodgers said in her closing arguments on Dec. 19.

"They took and they tried to take territory by violence, force and threat of violence," she said.

Ms. Rodgers described an instance in which she said Mr. Rudaj had beaten an extortion victim to a "bloody pulp" and then complained that the victim's blood had spattered all over his off-white pants.

Mr. Kousouros never denied during the trial that Mr. Rudaj had engaged in gambling. "A lot of it," Mr. Kousouros said. But he argued that his client was not part of a violent organized crime group.

The other defendants were Nikola Dedaj, Prenka Ivezaj, Ljusa Nuculovic and Angelo DiPietro.

The jurors found that the gang, which prosecutors said was formed in 1993, engaged in loan sharking, and extorted bars and social clubs to force in their illegal gambling operations. The defendants face seven years to life. Mr. Kousouros said he planned an appeal for Mr. Rudaj on the extortion charges. </NYT_TEXT>

3 Plead Guilty In Conspiracy (WT)

By Jerry Seper, The Washington Times

The Washington Times, March 25, 2006

Two U.S. soldiers and a former Air Force sergeant have pleaded guilty in a widespread bribery and extortion conspiracy as part of an ongoing undercover investigation that has already resulted in 50 guilty pleas from servicemen and civilian government workers, Assistant Attorney General Alice S. Fisher said yesterday.

Pleading guilty in Tucson, Ariz., on Thursday to one count each of "conspiring to enrich themselves by obtaining cash bribes from persons they believed to be drug traffickers" were Curtis W. Boston II, 24, formerly a sergeant in the U.S. Air Force; U.S. Army Staff Sgt. Rodney E. Mills, 39; and Arizona National Guard Sgt. Gustavo C. Soto, 33.

Court documents show the smugglers were actually undercover FBI agents, part of "Operation Lively Green," with whom the three are accused of conspiring to use their positions to "assist, protect and participate in the activities of an illegal narcotics trafficking organization engaged in the business of transporting and distributing cocaine from Arizona to other locations in the southwestern United States."

In order to protect the cocaine shipments, the records said, the men wore their uniforms, carried official identification cards and drove in military vehicles to prevent police inspections for narcotics as they transported the drugs through U.S. Border Patrol, Arizona Department of Public Safety and Nevada law-enforcement checkpoints.

Mrs. Fisher, who heads the Justice Department's criminal division, said all the defendants escorted at least one shipment of cocaine from locations that included Nogales, Ariz., and Tucson, to large metro areas including Phoenix and Las Vegas. The three who pleaded guilty on Thursday accepted $50,000 in bribes for their participation. The conspiracy charge carries a maximum penalty of five years in prison and a $250,000 fine. All three agreed to cooperate in the ongoing investigation and will be sentenced in June.

The fifty who have already pleaded were involved in more than $420,000 in bribes, Justice Department officials said, adding that more than 1,500 pounds of cocaine was transported by the servicemen and others. They will also be sentenced in June.

Authorities detailed one of the previous cases where soldiers drove three official government vehicles, including two military Humvees, to a clandestine desert airstrip near Benson, Ariz., where they met a twin-engine King Air aircraft flown by undercover FBI agents.

While in full uniform, the soldiers supervised the unloading of more than 130 pounds of cocaine from the airplane into their vehicles, which they then delivered to other agents posing as high-echelon narcotics traffickers at a resort hotel in Phoenix, the authorities said.

The cases are part of a joint investigation by the Southern Arizona Corruption Task Force, which is comprised of the FBI, U.S. Drug Enforcement Administration, U.S. Immigration and Customs Enforcement and the Tucson Police Department.

IMMIGRATION:

Immigration To Take Center Stage At Trilateral Summit (KRT)

By William Douglas

Knight Ridder, March 25, 2006

WASHINGTON - President Bush will meet with Mexican President Vicente Fox in Cancun on Thursday to discuss immigration reform, even as the Senate debates whether to give legal status to the millions of illegal immigrants who are already in the United States.

Bush and Fox are scheduled to meet in the Yucatan vacation resort as part of a trilateral summit with new Canadian Prime Minister Stephen Harper. While Bush has serious economic issues to address with Harper, U.S.-Mexican immigration is expected to dominate the two-day meeting.

"The immigration debate is a vital debate for our country," Bush said Thursday, after a White House meeting on the issue with agricultural and faith-based leaders. "It must be done in a way that doesn't pit one group of people against another."

Given the political climate across the United States, it's doubtful that Bush will get his wish for a nondivisive debate. Many in Washington question whether any immigration legislation can pass this year. Bush is weakened by low approval ratings, and opposition to illegal immigration has become a red-hot issue in many states where lawmakers face voters in November.

Moreover, several potential 2008 presidential candidates are weighing in from opposing sides, lessening the chance for compromise.

"There's nothing that Bush can promise credibly to the Mexicans," said George Grayson, a professor who specializes in U.S.-Mexico relations at Virginia's College of William and Mary. "He's had a rough couple of months, and the Republicans sought to separate themselves from him in the Dubai Ports deal. They have a chance to do it again with immigration."

That isn't stopping Bush from promoting his plan to overhaul immigration law. He highlights his call for a guest-worker program, which would allow illegal immigrants and foreign workers to apply for temporary legal status to accept U.S. jobs. After a maximum of six years, they would be required to go back to their home countries and wouldn't be placed on track for permanent residency.

Bowing to rising resentment of illegal immigrants across the heartland, Bush also has recently emphasized tighter security along the U.S.-Mexican border and called for illegal immigrants registering for his guest-worker program to pay unspecified fines.

Senate Majority Leader Bill Frist, R-Tenn., a potential 2008 presidential candidate, is staking out a harder stance. The Senate will begin two weeks of debate on immigration on Tuesday, and Frist is sponsoring a bill that would toughen border security without offering a guest-worker program.

His proposal mirrors an enforcement-only bill that the House of Representatives passed on Dec. 16. Lawmakers opposing the guest-worker plan say that giving illegal immigrants the opportunity to work and live here legally would reward bad behavior.

Meanwhile, on Monday the Senate Judiciary Committee will take up a bill by Sens. Edward Kennedy, D-Mass, and John McCain, R-Ariz., another likely 2008 presidential candidate, that would let illegal immigrants hold temporary work visas for up to six years after they pay $1,000 fines and pass background checks. Illegal immigrants could apply for permanent residence and eventual citizenship under the Kennedy-McCain measure.

Sen. Arlen Specter, R-Pa., the panel's chairman, is trying to broker a compromise that includes guest-worker and enforcement provisions.

Most experts think Bush faces an uphill fight to win congressional approval of any terms granting legal status to illegal aliens, which opponents denounce as amnesty for lawbreakers.

"I think it's going to be difficult for the president," said Ira Mehlman, spokesman for the Federation for American Immigration Reform, which opposes giving legal status to illegal aliens. "Whatever political capital he thought he had last year is spent and, like the rest of the federal government, is in deficit. Amnesty, on a visceral level, most Americans object to."

Polls reflect America's unease with some of the proposed changes. In a Quinnipiac national survey last month, 62 percent said they oppose making it easier for illegal immigrants to become citizens, while only 32 percent supported the idea. An NBC News/Wall Street Journal poll two weeks ago found that 56 percent said the United States shouldn't grant temporary worker status to illegal immigrants.

Mexican officials are under a growing sense of urgency after watching the issue heat up among their northern neighbors. Fox is in his last year in office and would like immigration reform to be part of his legacy, Grayson said.

"Fox leaves office and has precious little to show," Grayson said. "He's hoping to pull a rabbit out of his hat."

Seeking to influence U.S. lawmakers and public opinion, the Fox government paid $369,500 for full-page ads that advocate a guest-worker program and argue that Mexico should help the United States design it. The ads ran this week in The Washington Post, The New York Times and The Los Angeles Times.

"Perhaps we are at the most important moment in this debate in the last five, six years," said Geronimo Gutierrez, undersecretary for North America in Mexico's Ministry of Foreign Affairs. "... Anything can happen with migration reform in the U.S., and we are aware of that. ... We want to send a message that Mexico is part of the solution, not part of the problem."

The NBC News/Wall Street Journal Poll was taken March 10-13. The poll was a sampling of 1,005 adults - 48 percent male, 52 percent females. The margin of error is plus or minus 3.1 percentage points. The Quinnipiac University Poll was conducted Feb. 21-28 with 1,892 registered voters nationwide. The margin of error is plus or minus 2.3 percentage points.

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Cornyn Vows To Oppose Immigration Bill (FWST)

By Dave Montgomery

The Fort Worth Star-Telegram, March 25, 2006

WASHINGTON — Sen. John Cornyn of Texas vowed Friday to oppose a bipartisan immigration measure that would put millions of illegal immigrants on track toward legalization, saying the bill would "encourage further disrespect for our laws."

The Texas Republican signaled his intention to oppose the bill, by Sens. John McCain, R-Ariz., and Edward Kennedy, D-Mass., amid signs that a tentative compromise among Senate Judiciary Committee members may be collapsing.

The Senate faces a showdown on immigration next week.

Senators are deeply divided over proposals to toughen border security and more comprehensive measures that would include President Bush's calls for a guest worker plan.

Senate Majority Leader Bill Frist, R-Tenn., said he will submit a limited border enforcement measure as a starting point unless the Judiciary Committee completes work on a more extensive plan embracing key elements of the McCain-Kennedy bill.

Frist gave the committee until late Monday to complete its work.

"I don't think the Judiciary Committee is going to be able to complete a bill by Monday," said Cornyn, a member of the panel and co-sponsor of a rival immigration bill. "There is just not enough time for us to have a committee product."

Most of the committee embraced a tentative compromise before Congress began a weeklong recess, with plans to return and vote on a final version Monday.

But immigration advocates said the agreement may be disintegrating as committee staff members struggle to draft a bill.

"I'm not sure that's holding," said Tamar Jacoby of the Manhattan Institute, which supports a guest worker plan. "The handshake from last Thursday is turning out to be pretty hard to write into legislative language."

The McCain-Kennedy bill would let illegal immigrants hold temporary work visas for up to six years after they pay a $1,000 fine, pass background checks and meet other conditions.

They would also be eligible to apply for permanent residence and eventual citizenship.

"I'm not going to vote for anything that essentially rewards illegal conduct," said Cornyn.

He described the McCain-Kennedy bill as amnesty for illegal immigrants.

The bill's supporters say the amnesty tag is inaccurate because illegal immigrants would have to pay a fine.

Thousands Rally For Immigrants' Rights (DMN)

By Michelle Mittelstadt

The Dallas Morning News, March 25, 2006

WASHINGTON – In church pews, union halls and now the streets of Chicago, Phoenix, Milwaukee and Los Angeles, hundreds of thousands have clamored in recent weeks for Congress to confer legal status on the country's 11 million-plus illegal immigrants.

The street rallies, scattered work stoppages and protests in cities across the nation are reaching a crescendo this weekend in preparation for Monday's launch of a two-week Senate debate to fix the deeply dysfunctional immigration system.

More than 20,000 spilled into the streets of Phoenix on Friday, marching on the office of a senator who wants illegal immigrants to leave the country before they can apply to return as temporary workers. Perhaps as many as a half-million marchers are expected today for a rally in Los Angeles, and hundreds more will gather at Dallas City Hall.

At the top of their agenda: Pressuring senators to bring the nation's illegal immigrants out of the shadows and create legal pathways for workers who want to come here in the future.

AP Thousands of supporters of immigrant rights clogged major thoroughfares in central Phoenix Friday.

"Not since the days of César Chavez have we seen such grassroots mobilization for any cause," said the Rev. Samuel Rodriguez Jr., head of the National Hispanic Christian Leadership Conference.

Said Joshua Hoyt, executive director of the Illinois Coalition for Immigrant and Refugee Rights: "Nothing like this has been seen in this country. And if it continues moving forward, it's the beginning of a massive immigrant civil-rights struggle."

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Angered by the House's approval in December of an enforcement-only strategy that calls for Southwest border fencing, beefed-up security, and the criminalization of illegal immigrants and those who help them, the protesters are using street theater to flex their political muscle.

"We believe this [proposal] is not fair and goes against human rights and, more importantly, against our Christian beliefs of providing protection to whomever needs it, no questions asked," said Gustavo Bujanda Reyes, leader of Redes Ciudadanas, a network of community groups in Dallas.

Support in doubt

With individual senators indicating a deep unease with some of the harshest House provisions, the Senate appears unlikely to embrace the House's course.

But it remains unclear whether there's enough support in the Senate for any type of plan to legalize illegal immigrants here and create a guest worker program for future arrivals – though advocates insist they remain hopeful.

Texas Sen. John Cornyn, who chairs the Senate immigration subcommittee, made clear Friday that he will oppose the leading legalization proposal, offered by Sens. John McCain, R-Ariz., and Edward Kennedy, D-Mass.

Their plan would place illegal immigrants on a path to eventual citizenship if they pay $2,000 in fines, make good on any back taxes, pass a criminal background check and demonstrate English proficiency.

The proposal "rewards illegal immigrants and will be considered an amnesty by Americans," Mr. Cornyn said. "It will encourage further disrespect for our laws, and will undercut our efforts to shore up homeland security."

Mr. Cornyn and a fellow Republican, Arizona Sen. Jon Kyl, have crafted a rival proposal that would permit illegal immigrants to become guest workers for six years but then require them to return home. That plan, derided as "report-to-deport" by critics, has received little support – and those who marched on Mr. Kyl's office Friday favor a much more liberal legalization plan.

'Anti-amnesty'

Though the protesters have received major attention, there's a quieter effort under way by opponents of a broad legalization program. Don Stewart, a spokesman for Mr. Cornyn, said that 50 to 60 percent of the calls to the senator's offices in Texas and Washington are "anti-amnesty."

"If we are just listening to our constituents here, I know where we are headed," Mr. Stewart said.

The showdown begins Monday when the Senate Judiciary Committee meets in a last-ditch bid to finalize several weeks of work on a massive immigration bill that would provide for increased border security and immigration enforcement – and possibly include a guest worker program.

The committee's slow pace was jolted when Senate Majority Leader Bill Frist, R-Tenn., imposed a tight deadline.

To the consternation of many senators, Dr. Frist has made clear that if the committee doesn't approve a bill Monday, he'll substitute his own border security plan for the Senate debate that kicks off Tuesday. Doing so, Sen. Dianne Feinstein, D-Calif., predicted, would lead to a "donnybrook" on the floor as senators fight to attach a slew of competing immigration plans to what's already a huge and complicated bill.

GOP schism

Fraught with controversy in the best of times, the immigration debate has been further complicated this year by a deep philosophical schism in the Republican Party and the presidential aspirations of Dr. Frist, Mr. McCain and other key players.

And while the immigration debate hasn't broken neatly along party lines, a rift opened this week when Senate Democratic Leader Harry Reid of Nevada threatened a filibuster or other legislative tactics if Dr. Frist brings up a bill that doesn't address the status of illegal immigrants.

President Bush, who has remained largely out of the legislative fray, on Thursday renewed his push for a bill that pairs increased border security with a guest worker program. He'll renew that message Monday in a speech in downtown Washington to a group of newest Americans: Those taking the oath of citizenship.

Al Dia staff writer Patricia Estrada contributed to this report.

In Bills' Small Print, Critics See A Threat To Immigration (NYT)

By Rachel L Swarns

The New York Times, March 25, 2006

WASHINGTON, March 24 — A little-noticed provision in two key Senate immigration bills would reshape the handling of immigration appeals cases and has touched off an outcry from several legal scholars, federal judges and the policy-making group for the federal courts.

The measure would designate the United States Court of Appeals for the Federal Circuit here, an administrative court that focuses primarily on patent cases and currently handles no immigration appeals, as the only court in the nation to handle immigration appeals. Such appeals are currently shared by the 12 other federal appellate courts.

The judges and scholars say that the circuit court in Washington, which handles about 1,500 nonimmigration cases a year, would be swamped by an additional 12,000 immigration cases. And they say that the court lacks the expertise to handle complex immigration cases, which often raise a host of constitutional and human-rights issues.

The question of how these cases are handled is particularly sensitive because federal appeals judges have sharply criticized what they have described as a pattern of biased and incoherent decisions from immigration judges in asylum cases, which make up the bulk of immigration appeals.

The two bills — one by Senator Arlen Specter, Republican of Pennsylvania and chairman of the Senate Judiciary Committee, the other by Senator Bill Frist, Republican of Tennessee and the majority leader — were intended in part to ease the burden on the nation's federal appeals courts, which have had a sharp increase in immigration cases. The provisions may come up for a vote in the Senate as early as next week.

Judiciary Committee staff members said that designating a single court to handle the cases would ensure a consistent standard for immigration decisions and discourage immigrants from shopping for favorable courts. They said that immigration lawyers would also be assigned to the court to help enhance expertise and that the number of judges would be increased to 15 from 12.

"You're trying to avoid forum shopping and trying to create a uniform national policy for immigration," said a senior aide to Mr. Specter who spoke on condition of anonymity because details of the legislation were still being negotiated.

But Richard A. Posner, a prominent federal appeals judge in Chicago, said the measures were "not a sound solution."

Even with the three additional judges, Judge Posner said, the annual caseload would surge to 900 per judge from 125.

"I cannot think of an area of law that is more remote from immigration than patents," the judge wrote to Senator Richard J. Durbin, an Illinois Democrat on the Judiciary Committee. "No doubt the judges of the federal circuit can become knowledgeable about immigration law, but they will be overwhelmed by the new caseload."

Leonidas Ralph Mecham, secretary for the Judicial Conference of the United States, a group of judges who make policy for the federal courts and who present the judiciary's views to Congress, raised similar concerns.

"No sufficient justification to support changing the status quo and shifting these cases from the regional courts to the Federal Circuit has been provided," Mr. Mecham wrote to Mr. Specter.

The judges also raised concerns about a proposal that would appoint a single judge to decide whether immigration cases were worthy of consideration for appeal. If the judge declined the case, no further review would be available.

Mr. Durbin said he planned to offer an amendment that would kill the measures, telling his colleagues on the Judiciary Committee that it would be premature to make such changes before holding hearings.

But the senior aide to Mr. Specter strongly defended the measure, noting that the Federal Circuit would have fewer cases than many of the federal appeals circuits, even with the additional workload. He also pointed out that most of the Federal Circuit's judges were generalists, not specialists, before they were appointed.

The surge in immigration appeals occurred after Attorney General John Ashcroft made changes in 2002 to streamline appellate review within the immigration courts.

Many appellate judges say those changes essentially shifted work to them. Immigration cases accounted for about 17 percent of all federal appeals cases last year, up from 3 percent in 2001. In New York and California, nearly 40 percent of federal appeals involved immigration.

Critics of the new legislation say that shifting appeals to Washington is misdirected and that a better solution would be to add resources to the overstrapped local immigration courts and to an interim-level immigration appeals court, known as the

Board of Immigration Appeals. They said proposed increases in financing were inadequate, leaving immigration judges overburdened and threatening immigrants' rights to federal review.

"Congress needs to address the virtual collapse of the immigration judge and appeals system, not deny immigrants a chance to have their day in federal court," said Lucas Guttentag, director of the American Civil Liberties Union's immigrant rights project.

The American Intellectual Property Law Association, which represents 16,000 lawyers, also objects to the change, saying the caseload increase would hurt the way patent cases are handled.

Guest Worker Programs Have Flawed Past (MINNST/AP)

By Jim Abrams, Associated Press

Minneapolis Star Tribune, March 25, 2006

WASHINGTON (AP) - Proponents of a guest worker program to address the chaos of illegal immigration have a hard sell in front of them. Similar programs in the past have been plagued by abuses and have done little to stem the influx of undocumented workers.

By JIM ABRAMS, Associated Press Writer WASHINGTON (AP) - Proponents of a guest worker program to address the chaos of illegal immigration have a hard sell in front of them. Similar programs in the past have been plagued by abuses and have done little to stem the influx of undocumented workers.

"These programs are seductive, and that is what is so troubling to us right now," said Ana Avendano, associate general counsel of the AFL-CIO. The labor federation has been critical of guest worker programs in proposed immigration reform legislation that the Senate will debate next week.

President Bush urged Congress two years ago to write new immigration law with a guest worker program that could provide legal status, but not a road to citizenship, for some of the 11 million undocumented immigrants in the country.

The hottest debate in the Senate will be whether to pass some version of a guest worker program proposed by Sens. John McCain, R-Ariz., and Edward Kennedy, D-Mass. The bill by McCain, a contender for the 2008 GOP presidential nomination, and Kennedy would provide up to 400,000 visas in the first year and allow participants, after six years, to seek permanent residency.

Their proposal, strongly backed by the business community, would supplement existing temporary worker programs, such as the H-2A program that brings about 45,000 agriculture workers into the country every year, and H-1B visas issued to up to 65,000 high-tech and other skilled foreign workers.

It also would build on a near-century old tradition of turning to foreign unskilled laborers, mainly from Mexico, in response to labor shortages, often during times of war.

"Its historic role has been as a national emergency program," Cornell University economist Vernon Briggs wrote in a 2004 paper. "They are extraordinary policies to be used as a last resort - and then only as temporary measures."

In 1917, during World War I, an agreement was reached with Mexico to let in unskilled workers. During the program's five-year life span, 77,000 Mexicans were admitted but fewer than half returned to Mexico. "The program spawned illegal immigration," Briggs said.

A much larger exchange, the Bracero program, began in 1942, during World War II, and continued in varying forms through 1964. Some 4.6 million Mexicans came to the United States, with a peak of 439,000 in 1959.

The program stipulated that guest workers were to get free housing, medical treatment, transportation and prevailing wages. The reality was often different.

Avendano of the AFL-CIO said workers were underpaid or cheated out of wages, exposed to unsafe conditions, faced racial discrimination and were saddled with debt from recruiters and employers. Workers were unable to exercise their rights because the employer could have them deported. Under such conditions, she said, "Workers would rather be undocumented because they have full mobility."

Others argue that guest worker programs create an underclass of foreign workers and stigmatize some jobs associated with foreign labor.

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Kennedy, in a statement, agreed that the existing system hasn't worked because it allows "so much exploitation and abuse of temporary workers and undermines the jobs, wages and working conditions of U.S. workers."

But he said the McCain-Kennedy bill and others like it "will avoid those problems by streamlining the application process for employers and strengthening key protections for the workers."

Major immigration reform enacted in 1986 included language providing eventual permanent resident status to those who could prove they had worked in agriculture the previous year. Nearly 1 million applications were accepted. Critics argued that many used fraudulent documents and that this amnesty rewarded those who entered the country illegally.

In 1995, the U.S. Commission on Immigration, headed by the late Rep. Barbara Jordan, D-Texas, reported to Congress its unanimous conclusion that an agriculture guest worker program "is not in the national interest and ... would be a grievous mistake."

Sen. Dianne Feinstein, D-Calif., at recent Senate hearings on the immigration bill, said the recent tide of illegal immigrants raises "the question of whether guest worker programs become magnets for more undocumented populations."

Eliseo Medina, executive vice president of the Service Employees International Union, said his father was a "bracero" so he's "very aware of how these programs can be abused."

Medina said he supports the McCain-Kennedy approach because it gives temporary workers job portability, so they don't have to stay with an employer who mistreats them.

"When you were dependent on that one employer, people couldn't complain," Medina said. "That was my father's experience."

Immigrant Advocates Feel 'sense Of Urgency' About Border Policy (ADS)

By BRADY McCOMBS

Arizona Daily Star, March 24, 2006

TUCSON, Ariz. -- Immigrant advocates across the country want to make sure nobody misses their message: Don't criminalize illegal entrants.

Groups have ramped up efforts this month by organizing large street rallies, holding press conferences and meeting with state and federal lawmakers.

"There is definitely a sense of urgency," said Geoffrey Boyce, spokesman for No More Deaths. "People are feeling like if our voices are going to be heard, now is the time."

On Thursday, Derechos Humanos and the Unidos en Arizona Coalition organized a press conference at El Tiradito Shrine in Downtown Tucson with three out-of-state legislators who spoke out against proposed immigration legislation.

Friday, a host of groups including Border Action Network and No More Deaths are organized a late-morning rally in Tucson. In Phoenix, organizers are expecting thousands at the rally there. Previous rallies held this month in Chicago; Washington, D.C.; and Trenton, N.J., have drawn thousands.

A week ago, the Coalition to Bring Down the Walls sent a delegation to Washington to meet with federal lawmakers about their concerns.

"I think the biggest advantage is that people are waking up and realizing that if they don't speak up now it will be too late," said Felix Ortiz, a Democratic assemblyman from New York and president of the National Hispanic Caucus of State Legislatures.

Ortiz was one of three members of the caucus who came to Tucson this week to see the border and show their support. Ryan Guillen, a Texas Democrat, and Minnie Gonzalez, a Connecticut Democrat, traveled into Mexico south of Sasabe Thursday to see a staging ground for illegal entrants preparing to enter the United States.

They told about 20 people Thursday that they must stand up against anti-immigrant legislation and demand legislation that respects the dignity and civil rights of illegal entrants. Guillen believes politicians will listen because of the power of the collective voice.

"I think they've woken a sleeping giant, and that's the reason this movement has started," Guillen said.

Jennifer Allen, director of the Border Action Network, said organizers are trying to make sure the rallies take place while the Senate Judiciary Committee is still considering legislation.

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The source of the ire from the immigrant advocacy groups is directed at the Border Protection, Anti-Terrorism and Illegal Immigration Control Act, sponsored by Rep. James Sensenbrenner, R-Wis., passed by the House Dec. 16 by a vote of 239-182.

The proposal would create 700 miles of fence on along the border, make living in the country illegally a felony and increase penalties for employers who hire illegal workers.

20,000 In Phoenix Rally For Immigrant Rights (NYT/AP)

By The Associated Press

The New York Times, March 25, 2006

LOS ANGELES, March 24 (AP) — Thousands of people across the country protested Friday against legislation cracking down on illegal immigrants, with demonstrators in cities including Los Angeles, Phoenix and Atlanta staging school walkouts, marches and work stoppages.

Congress is considering bills that would make it a felony to be in the United States illegally, impose new penalties on employers who hire illegal immigrants and erect fences along one-third of the border with Mexico. The proposals have angered many Hispanics.

The Los Angeles demonstration led to fights between black and Hispanic students at one high school, but the protests were largely peaceful, the authorities said.

In Phoenix, the police said 20,000 people marched to the office of Senator Jon Kyl, a Republican and the co-sponsor of a bill that would give illegal immigrants up to five years to leave the country. Officials said it was one of the largest protests in the city's history.

Mr. Kyl pointed out that most were speaking out against the House bill making it a felony to be an illegal immigrant, not against his bill, which would also step up border enforcement and create a temporary guest-worker program.

In Georgia, activists said tens of thousands of workers did not show up at their jobs after calls to protest a state bill that would deny state services to adults living in the country illegally. The House passed the bill on Thursday, but it has yet to gain Senate approval.

In Atlanta, about 200 protesters converged on the steps of the State Capitol, some wrapped in Mexican flags and holding signs saying "Don't panic, we're Hispanic" and "We have a dream, too."

Marchers And Protestors Hit The Streets Of Arizona (KTV)

By Kaushal Patel

KOLD-TV, March 25, 2006

KOLD News 13

Some say the solution to the problem is simple, but having lawmakers and protestors agree on a law that enhances border security, supports economic growth and gives lawful permanent residency for the millions of illegal immigrants in our country is a challenge.

Hundreds of mothers, children, teachers, and construction workers with American and Mexican flags stood on Ina and Oracle in front of Senator John Kyl's Tucson office.

Up in Phoenix, more than 20-thousand marched to Kyl's office.

All voicing their opposition for Bill H.R. 4437 that's headed for the Senate. If passed it makes it a felony for illegal immigrants to live here and penalizes anyone who helps them.

Some protestors believe the Sensenbrenner Bill H.R.4437 is similar to another bill Senator Kyl is trying to pass.

While Kyl is against amnesty, his bill proposes people who are here illegally sign up for a guest worker program and work for 5-years then go back to Mexico and re-apply.

Jim Peterson is running against Kyl in November and says it's time to get practical and produce a bill that's not a fantasy.

Kyl's bill passed in the house and on Monday will be voted on by the Senate Judiciary Committee.

High School Students Leave School To Protest Immigration Legislation (LAT)

By Michelle Keller And Anna Gorman, Times Staff Writers

DOJ_NMG_0022071

The Los Angeles Times, March 25, 2006

Hundreds take to the streets to call attention to a Republican House bill that activists contend is punitive and tinged with racism.

On the eve of a large rally planned downtown, hundreds of Los Angeles-area high school students staged a walkout Friday to protest proposed federal legislation that calls for building a 700-mile-long wall along the Mexican border and making felons of illegal immigrants.

Disrupting classes at more than half a dozen schools, students marched onto city streets waving Mexican flags and clutching red, white and green balloons as they chanted "Viva Mexico!"

"Without immigrants, this country wouldn't be anything," said freshman Anna Benitez, as she joined about 500 fellow Huntington Park High students outside the school on Firestone Boulevard. "This protest is not about rebellion. We're not criminals. We're in this country to work."

Walkouts also took place at Garfield, Roosevelt and Montebello high schools, while students at South Gate, Bell and San Fernando high schools protested on campus. At Bell, teacher Joan Dooley said hundreds of students climbed the gates when administrators declared a lockdown.

"Those kids had a right to walk out," Dooley said. "When they saw this huge mob … they should have opened the gate."

Outside South East High in South Gate, at least one person was arrested on suspicion of throwing bottles at police officers, but it was unclear if it was a student, said Dan Isaacs, chief operating officer for the Los Angeles Unified School District. For the most part, however, the protests were peaceful, causing a few traffic tie-ups, he said.

In Riverside County, 400 students at two campuses in the Moreno Valley Unified School District held rallies but did not leave school grounds, officials said.

Students said they were protesting what activists see as mostly punitive legislation proposed by Rep. F. James Sensenbrenner Jr. (R-Wis.) that the House passed in December.

Sensenbrenner's bill would crack down on employers who hire illegal immigrants, penalize those who assist them and step up enforcement along the Mexican border, a move that could include erecting 700 miles of fencing.

The bill would also make it a felony to enter the country illegally. Supporters say tougher controls are needed to secure the country's border and to protect American jobs.

The Senate Judiciary Committee is scheduled to begin hearings Monday on a possible compromise bill, after several weeks of debate over whether to concentrate solely on enforcement or to also develop a temporary guest worker program. The highly charged issue has divided the Republican-controlled Congress.

"This economy is based on immigrants," said Garfield High School student William Pasillas, 14, who left campus Friday morning to participate in a rally. Pasillas said his parents came from Mexico in the 1970s and now are naturalized citizens. "Why shouldn't other people get that opportunity?"

Other students were protesting what they said was the racism that many immigrants face.

"I'm here to make sure that the Mexicans get their freedom, their rights," said Montebello High School student Jeannette Garcia, 15, who held up a sign that said "Freedom."

Los Angeles school officials said activists and community groups e-mailed students, urging them to walk out. Several students said they received fliers and heard about the demonstrations from friends.

"We have always condoned freedom of expression on our campuses," said Isaacs, the L.A. Unified official. "We do not condone students leaving campus."

A protest march in downtown Los Angeles is planned for today as part of a "Weekend of Action" against the Sensenbrenner bill and related legislation. A similar demonstration in Phoenix on Friday drew more than 15,000 protesters.

Immigrant rights groups said they were demanding more tolerant and humane laws that would give undocumented workers a chance at becoming citizens.

"We want to send a message to Congress that enough is enough, that we need real reform that gives folks here a path to legal residency and citizenship," said Alvaro Huerta, spokesman for the Coalition for Humane Immigrant Rights of Los Angeles. "We don't want this second-class status."

Border Sheriffs Unite For Order (DMN)

By Alfredo Corchado

The Dallas Morning News, March 25, 2006

Officials from Texas to California want U.S. aid to halt drug violence

EL PASO – Border county sheriffs from Texas to California joined forces Friday in an effort to stop the violence along an increasingly chaotic U.S.-Mexico border and pressure the U.S. government to take control of its territory.

Following a two-day closed-door meeting here, sheriffs from California, Arizona and New Mexico pledged to work with their hosts, the 16-member Texas Sheriff Coalition, to stop traffickers and potential terrorists at the border.

"When you squeeze one area, other parts of the border heat up," said Sheriff Larry A. Dever of Cochise County in Bisbee, Ariz., referring to the attention now focused on the Laredo-Nuevo Laredo border region.

"There's a serious problem and it's not just on the border anymore," said Sheriff Dever. "It's now reached the interior of the country, and communities across the nation are beginning to feel the pinch."

Drug-related violence in Nuevo Laredo, Mexico, continues unchecked as the Gulf and Sinaloa cartels battle for control of the lucrative route from Nuevo Laredo via Interstate 35 through Texas and Dallas, an important hub for drug distribution, and north to Canada.

This week, authorities discovered three charred bodies in a shallow hole in the city. Last week, four federal police officers were assassinated, and two weeks ago gunmen killed the chief of the state police unit in Nuevo Laredo.

Sheriff Omar Lucio of Cameron County in the Lower Rio Grande Valley welcomed the sheriffs, saying: "In the end, the task of stopping traffickers and terrorists at the border falls on us. We have to stop these criminals before they reach Dallas, or Houston, or New York City."

The newly formed Southwest Border Sheriff's Coalition hopes to flex its political muscle in demanding more resources from Congress for one of the most impoverished regions in the country.

The new group includes all sheriffs' departments within the 24 border counties, from California to Texas.

Specifically, the sheriffs want more money for manpower, equipment and training. Timing is crucial. Congress is debating immigration reform, and one plan calls for earmarking $100 million to help sheriffs with increased resources.

The alliance grew out of concern about the killing of Mexican local, state and federal policemen, the discovery of underground tunnels used for smuggling drugs and what some called routine confrontation with drug smugglers "armed to the teeth," said Sheriff Rick Flores of Webb County, which includes Laredo.

"We're outgunned. We're outmanned. And we're outspent," Sheriff Flores said. "That's no way to protect our border and our country. It's shameful."

Most recently, the resignation of Nuevo Laredo Police Chief Omar Pimentel raised concerns among some of the sheriffs who view his departure as a sign that the Mexican government is losing control of the situation.

"He was in a tough situation, and I'm not surprised at all that he resigned," Sheriff Lucio said. "The violence from Nuevo Laredo is not just spilling across the border into Laredo and other Texas cities, but it's also spreading up and down the border, and that's a big concern for all of us here, especially for my county."

But U.S. Rep. Silvestre Reyes, a 26-year law enforcement veteran and former Border Patrol chief, cautioned sheriffs not to make Mexico a punching bag to justify increased funding. Cooperation between the countries, he said, is key.

"Mexico is a friend of ours, and we don't have an antagonistic relationship with them," the El Paso Democrat said. "We also know that the issue of corruption is big, but it doesn't stop at the border. It affects both sides."

In a separate interview, Mr. Reyes added: "What kind of a border do we want with Mexico? Do we want a border fraught with barriers and walls, with deputies armed to the teeth with high-caliber weapons, or do we want a peaceful, tranquil border with a willing partner in Mexico? What's in our long-term interest?"

CONGRESS-ADMINISTRATION:

Bush And Cheney Go After The Democrats (AP)

DOJ_NMG_0022073

By Deb Riechmann

AP, March 25, 2006

President Bush and Vice President Dick Cheney launched a one-two political punch against Democrats on Friday, saying they are ill-equipped to handle the economic recovery or the war on terror.

Shouldering dismal poll ratings, Bush worked to frame the debate ahead of this year's congressional elections by telling supporters that "the difference is clear" between the two parties on how to sustain the recovery.

"If you want the government in your pocket, vote Democrat," Bush said. "If you want to keep more of your hard-earned money, vote Republican."

Cheney, speaking at a GOP fundraiser in Orlando, Fla., took on Senate Democratic leader Harry Reid and party chairman Howard Dean by name. He said leading Democrats have demanded a "sudden withdrawal from the battle against terrorists in Iraq — the very kind of retreat that Osama bin Laden has been predicting."

"With that sorry record, the leaders of the Democratic Party have decided to run on the theme of competence. If they're competent to fight this war, then I ought to be singing on 'American Idol,'" Cheney said.

The remark drew robust laughter. "I don't know why that's funny," Cheney said at the event for Rep. Ric Keller (news, bio, voting record), R-Fla.

Democrats were quick to counterpunch.

"Under this administration's watch, Iraq has become a training ground and launching pad for international terrorism, North Korea has likely quadrupled its nuclear arsenal, bin Laden remains on the loose, terror attacks across the world are on the rise, and Katrina exposed the staggering gaps in the administration's ability to protect America," said Reid's spokesman, Jim Manley.

Democratic National Committee spokesman Luis Miranda said: "Instead of offering a plan for victory in Iraq, the vice president today again resorted to attacks to try to distract from the Bush administration's commitment to a failed strategy."

Bush and Cheney appeared to be repeating a page from the 2004 presidential campaign.

During a campaign stop then in Des Moines, Iowa, Cheney said a vote for Democrat John Kerry would risk another terror attack. Making the "wrong choice" on Election Day would mean Kerry would follow a pre-Sept. 11 policy of reacting defensively, Cheney said.

Some wary Republicans on the ballot in November have been trying to stay at arm's length from the White House to avoid being tainted by Bush's job approval ratings, in the 30s. But presidents attract crowds and supporters with deep pockets, and Bush remains the nation's most successful fundraiser.

Cheney, whose poll numbers are even lower than Bush's, is not far behind. Both have raised tens of millions of dollars for GOP congressional and gubernatorial candidates running in this year's midterm elections.

Bush spoke at a fundraiser for Rep. Mike Sodrel, raising more than $500,000 to help the freshman Republican beat Democrat Baron Hill. The race is considered a toss-up in the GOP quest to retain control of the House.

He said the Republicans have an economic record to run on, and he urged Congress to make permanent various tax cuts due to expire within a few years. He tried to draw a sharp contrast between the two parties' economic policies.

"In 2001, more than 90 percent of the congressional Democrats voted against cutting income tax rates," Bush said, referring to votes on his initial package of tax cuts.

He told the Republican audience that, by overwhelming margins, Democrats also voted to reject his legislation — which eventually passed — to provide tax relief for married couples, double the child credit and cut taxes on dividends and capital gains.

Later, the president traveled to an affluent Pittsburgh suburb to raise an estimated $700,000 for Sen. Rick Santorum (news, bio, voting record).

Santorum, trailing Casey in polls, broke with Bush on a plan to have an Arab company based in Dubai run terminals at some U.S. ports and has raised concerns about the administration's conduct of the war in Iraq. But Santorum met Bush at an airport in Pittsburgh, and the two smiled for cameras.

Democrats are hungry for a victory in Pennsylvania and hope to replace the two-term senator with State Treasurer Bob Casey Jr., a Democrat who is against abortion.

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"Senator Santorum and President Bush should publicly explain why they've advanced policies that have cost Pennsylvania over 180,000 manufacturing jobs and caused over 700,000 Pennsylvanians to lose their health insurance," said Casey spokesman Larry Smar. "Senator Santorum should work for the people of Pennsylvania and not be a rubber stamp in order to gain campaign cash."

Bush Shows Strategy For Keeping Hill Majorities (WP)

By Jim Vandehei

The Washington Post, March 25, 2006

Democrats Assailed On National Security, As Well as the Economy

INDIANAPOLIS, March 24 -- President Bush on Friday provided a preview of his two-front strategy for protecting the Republican congressional majority in an ominous political climate: hammer Democrats on national security and the economy, and raise millions of dollars for embattled GOP candidates such as Rep. Michael E. Sodrel (Ind.).

At a luncheon fundraiser here, Bush repeatedly called Sodrel an indispensable ally in fighting terrorism, and emphasized his support for the military and a robust U.S. foreign policy. Sodrel, he said, "understands this is a nation at war" against terrorists intent on striking America again. It is imperative that voters elect candidates who know that "there is an enemy which hates those of us who embrace freedom and would like to strike us again." He warned the crowd that Democrats will raise taxes and harm the economy if they are elected. "If you want the government in your pocket, vote Democrat," Bush said.

It was not cheap to hear the president's newest campaign pitch eight months before the midterm elections. Republicans paid $1,000 for the buffet lunch and presidential speech; $10,000 if they wanted a picture snapped at a private reception afterward. For Sodrel, who won by a thinner margin than any other House member in 2004, the $500,000 he expected to raise through the event is much needed to fend off a tough challenger, former Democratic representative Baron Hill. Afterward, Bush flew to Pennsylvania for a nighttime fundraiser that was expected to net half a million dollars for Sen. Rick Santorum (R-Pa.), who faces one of the toughest reelection campaigns in the country.

The back-to-back events capped a week that highlighted how a president dogged by sagging poll numbers and an unpopular war plans to help his party and himself. Election analysts say Republicans could lose seats, if not their House and Senate majorities, if the public's gloomy view of Bush, Congress and the direction of the country does not brighten this summer.

A Democratic majority in the House or the Senate would be likely to launch hearings and investigations into the war and other issues, and would be positioned to stop the Bush agenda in the remaining two years of the Bush presidency. "The Democrats' plan for 2006? Take the House and Senate, and impeach the president," Ken Mehlman, the chairman of the Republican National Committee, warned in a fundraising e-mail sent to party members this week. "With our nation at war, is this the kind of Congress you want?"

Bush is adjusting his approach to befit the environment and is shifting into campaign mode. He realizes, aides say, that he is no longer the political force he was in the days before the 2002 and 2004 elections, when lawmakers lined up for high-profile presidential visits. In fact, some lawmakers in tight races in swing states such as Ohio have passed on chances to appear side by side with Bush at recent events. Santorum, for instance, cited "scheduling conflicts" in skipping a recent Bush speech in his state but has not missed a chance to raise money with the president at private gatherings like the one held Friday night.

Bush remains popular with the Republican base, and he and Vice President Cheney are top fundraising draws. GOP strategists say Bush and Cheney have sent word to Capitol Hill that they would be happy to raise money even for those candidates who, for political reasons, want to put some distance between themselves and the White House.

The short-term goal is stabilize Bush's low public-approval ratings by talking about the progress and prospects for victory in Iraq. The White House also hopes to minimize intramural GOP feuding with a skeletal domestic agenda. Congressional leaders have a legislative schedule that will have members out of Washington much of the time.

With little notice, Cheney has emerged as a central player in this strategy. The vice president has participated in 46 fundraisers since the beginning of 2005, including 25 for House members, according to his office. He took part in five events this week alone, including one that raised $500,000 for Sen. Jon Kyl (R-Ariz.) Thursday night.

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In Florida on Friday, Cheney played host at an event for Rep. Ric Keller (R) and offered a variation of the new White House attack on Democrats that aides said will become a staple of campaign-oriented speeches in the weeks ahead. Attacking figures ranging from Sen. John F. Kerry (Mass.) to Democratic National Committee Chairman Howard Dean, Cheney portrayed the entire Democratic leadership as wobbly in the fight against terrorism.

"Leading Democrats have demanded a sudden withdrawal from the battle against terrorists in Iraq -- the very kind of retreat that Osama bin Laden has been predicting," Cheney said. "And with that sorry record, the leaders of the Democratic Party have decided to run on the theme of competence. If they're competent to fight this war, then I ought to be singing on 'American Idol.' "

Recent polls show a growing number of Americans questioning the competence of the Bush White House. Since the Hurricane Katrina disaster, Democrats have made the charge of incompetence the centerpiece of their attack on Bush, and many Republicans are worried that it is sticking. "The president and I welcome the debate, because every voter in America needs to know how the leaders of the Democratic Party view the war on terror," Cheney said.

Bush Slams Democrats On Taxes, War (LAT)

By James Gerstenzang

The Los Angeles Times, March 25, 2006

SEWICKLEY HEIGHTS, Pa. — President Bush focused on politics Friday, campaigning for two Republicans who face tough reelection challenges and sharply attacking Democrats over their opposition to tax cuts.

Vice President Dick Cheney also was on the campaign trail, headlining a fundraiser in Florida. He used the occasion to question the commitment by leading Democrats to the "the battle against terrorists in Iraq."

Accusing them of having a "sorry record" on that issue, Cheney said Democratic leaders had "decided to run on the theme of competence. If they're competent to fight this war, then I ought to be singing on 'American Idol.' "

After his crack drew a big laugh, Cheney — with a slight smile on his face — responded, "I don't know why that's funny."

Democrats lashed back.

"Under this administration's watch, Iraq has become a training ground and launching pad for international terrorism, North Korea has likely quadrupled its nuclear arsenal, [Osama] bin Laden remains on the loose, terror attacks across the world are on the rise, and Katrina exposed the staggering gaps in the administration's ability to protect America," said a spokesman for Senate Minority Leader Harry Reid (D-Nev.).

Bush began his day in Indianapolis, helping freshman Rep. Mike Sodrel raise $500,000 for his reelection bid. And he ended it in this tony suburb of Pittsburgh as the star attraction at an event expected to generate more than $1 million for Sen. Rick Santorum's run for a third term.

Bush has raised $88 million at 26 appearances in 2005 and 2006 for the GOP and its candidates, and Cheney has raised nearly $17 million at 47 events, according to Tracey Schmitt, communications director for the Republican National Committee.

Sodrel is facing yet another rematch with former Democratic lawmaker Baron Hill in a House race likely to be among the most competitive in the nation. Hill won a third term when he defeated Sodrel in 2002, but the Republican upended the incumbent in 2004, claiming the seat by fewer than 1,500 votes.

As he has all week, Bush delivered a strong pitch for fighting the war in Iraq.

"The only way that we can lose is if we lose our will," he said. "It's the only way we can lose."

But he also spotlighted domestic issues, blasting Democratic opposition to the tax cuts that have been at the core of his economic program.

"The Democratic Party has a clear record. In 2001, more than 90% of the congressional Democrats voted against cutting income tax rates," he said, referring to votes on the initial legislative package he proposed that year.

"The difference is clear," he went on, his voice rising to a near shout. "If you want the government in your pocket, vote Democrat. If you want to keep more of your hard-earned money, vote Republican."

The president made no public remarks during his stop for Santorum.

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A conservative running behind in Pennsylvania polls, Santorum was waiting to greet Bush as the president descended the steps of Air Force One, which provided a brief photo opportunity. But the fundraising event at a nearby white brick home was closed to news coverage.

The low-key nature of Bush's visit was not surprising. He and his campaign team worked hard to try to carry Pennsylvania in the 2000 and 2004 presidential campaigns, but he lost the state both times.

Now with Bush's approval rating at an all-time low in several national polls, fewer GOP candidates regard a public appearance with the president as a way to capture the backing of swing voters. Instead, the president is relied upon to draw the party faithful — and their contributions.

Democrats view the Pennsylvania race as one of the prime opportunities to gain a Senate seat in November's election.

Santorum's likely opponent is Bob Casey Jr., the state treasurer who party leaders hope can peel away some of Santorum's support because he shares the incumbent's opposition to abortion rights.

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The Associated Press contributed to this report.

Cheney Assails Democrats' `Competence' Against Terror (Update2) (BLOOM)

By Brendan Murray

Bloomberg, March 24, 2006

March 24 (Bloomberg) -- Vice President Dick Cheney said Democrats have a ``sorry record'' on national security and suggested the withdrawal of U.S. troops from Iraq they have proposed would fulfill the hopes of terrorist leader Osama Bin Laden.

``The leaders of the Democratic Party have decided to run on the theme of competence,'' Cheney said in Orlando at a fund- raising event for U.S. Representative Ric Keller, a Florida Republican. ``If they're competent to fight this war, then I ought to be singing on American Idol.''

Cheney was responding to statements by the Democratic National Committee, which has called the Bush administration and its Iraq war plan ``dangerously incompetent.'' U.S. Representative John Murtha, a Pennsylvania Democrat, and some other party lawmakers have called for the U.S. to begin a withdrawal from Iraq.

``Issues of national security will clearly be at the top of the agenda as the mid-term elections near,'' Cheney said. ``The president and I welcome the debate, because every voter in America needs to know how the leaders of the Democratic Party view the war on terror.''

The Bush administration has stepped up defense of its Iraq policy this week as the war enters its fourth year. Five times in the past seven days President George W. Bush has restated his reasoning behind the March 2003 invasion of Iraq, saying toppling Saddam Hussein's regime was an important part of the global war against terrorism.

Turbulence

In Indiana today, Bush said he understood that the ``turbulence on the TV screen affects the conscience of America.'' He maintained that Iraqi troops are improving and that the U.S. won't retreat.

Cheney said in Florida that ``leading Democrats have demanded a sudden withdrawal from the battle against terrorists in Iraq -- the very kind of retreat that Osama bin Laden has been predicting.''

``With that sorry record, the leaders of the Democratic Party have decided to run on the theme of competence,'' he said.

The U.S. military and their coalition partners in Iraq have battled an insurgency, and there have been 1,821 U.S. military personnel killed in combat since the start of the war, according to a Defense Department tally.

The financial cost of the conflicts in Iraq and Afghanistan has risen to $9.8 billion a month from the $6.8 billion a month the Pentagon said it spent last year, according to a report this month by the nonpartisan Congressional Research Service.

A Wall Street Journal/NBC News poll released March 16 showed 51 percent of respondents said the overthrow of Hussein's regime in Iraq hasn't been worth the cost in human and financial terms.

Debate

DOJ_NMG_0022077

Opponents of an open-ended engagement in Iraq plan to try to force a debate in the House of Representatives, according to North Carolina Republican Walter B. Jones. Jones said he was ``very surprised'' at Bush's suggestion during a press conference this week that the next U.S. president would have to complete a pullout of troops.

``When you say to the American people and to the Congress, `Well, we've going to be there three more years from now and the next president can deal with it,' that to me, is not leadership,'' Jones said in a telephone interview today.

Jones, Republican Representatives Wayne Gilchrest of Maryland and Ron Paul of Texas, and a number of Democrats plan to seek a vote in the House on April 5 to force Republican leaders to open up a debate on Bush's Iraq policy.

``I do believe than many of my colleagues in the Republican Party are concerned by the fact that there seems to be no end point,'' to the U.S. military action in Iraq, Jones said.

Bush Visit Is Boon For Congressman (INDYSTAR)

By Bill Ruthhart

The Indianapolis Star, March 25, 2006

'Mike Sodrel understands,' Bush emphasizes at Downtown stop

President Bush called for resolve in Iraq and tax cuts at home during a stop in Indianapolis on Friday to help a Southern Indiana congressman facing a tough re-election race.

Airport stop: Upon his arrival in Indianapolis, President Bush gave Marvin Bardo the President's Volunteer Service Award. The Indianapolis resident co-founded the Kappa League, a mentoring program for high school males that emphasizes leadership and organizational skills, in 1994. - MATT KRYGER / The Star

ON THE ISSUES

Here's a quick look at what the president had to say in Indianapolis on a variety of issues:

War against terrorism

"This turbulence on your TV screens affects the conscience of Americans. I know that, and so does the enemy. But amidst all the turmoil, I want you to remember that progress towards democracy is being made."

Tax cuts

"The fundamental question confronting us in Washington is how do we keep this economic recovery going. . . . The first thing is: Make the tax cuts permanent."

Education

"I think it makes sense if you're spending a lot of money to say to the school districts, 'Why don't you show us whether or not a child can read and write?' It seems like a legitimate question to me."

Alternative fuels

"I want people driving with corn extract, ethanol, grown right here in the state of Indiana in order to keep these cars moving."

Mitch Daniels

"I like a fellow who doesn't run a poll to tell him what to think. I like somebody who stands up and does what he thinks is right."

WORKERS NOT HAPPY ABOUT THIS 'HOLIDAY'

The president's visit Friday meant a half-day off without pay for 100 construction workers working on the airport's new terminal.

John Kish, the project director at the airport, said officials were told the construction site had to close at noon as part of the security for Bush's visit. Hourly construction workers did not receive pay for the afternoon because they could not work those hours, he said.

"The folks who were sent home without pay already had a short week with the snowstorm Monday, so they were particularly unhappy about it," Kish said.

With his own popularity at record lows, Bush made his second trip to Indiana in the past month to raise money for a congressional candidate -- this time for U.S. Rep. Mike Sodrel.

DOJ_NMG_0022078

The president helped reel in an estimated $500,000 for Sodrel, who is expected to face a November rematch against former Democratic Rep. Baron Hill in Indiana's 9th District.

"I'm here because I strongly believe it's in Indiana's interest to send Mike Sodrel back to the United States Congress," Bush said. "Some of you are from his district, some of you aren't, but all of you are wise enough to know a good candidate when you see one."

Bush spoke for about 30 minutes at the Murat Centre in Downtown Indianapolis. Roughly 75 of the 500 chairs set up for the $1,000 per plate luncheon were empty, many of them in the back corners of the building's Egyptian Room.

"That clearly shows a lack of support for Mike Sodrel," said Indiana Democratic Party Chairman Dan Parker. "He couldn't fill up the room, even though he had the president there."

Campaign officials cautioned against putting too much emphasis on empty chairs. A number of people at the event also paid $10,000 for a picture with the president at a private reception before the speech. In addition, some paying guests couldn't come because of other commitments, and extra chairs are often set up for nonpaying guests.

Sodrel defeated Hill, then a three-term incumbent, in 2004 in one of the tightest congressional races nationwide.

Bush said he needs more "good, honest" men like Sodrel in Congress to help him push his agenda during the final two years of his presidency. Several times Bush laid out his policy positions, punctuated by the phrase "and Mike Sodrel understands that."

Perhaps his most emphatic call came for making permanent the tax cuts passed earlier in his presidency, which will expire in coming years if no action is taken.

"If you want the government in your pocket, vote Democrat," Bush said.

While the president has visited Indiana twice recently, he has made no appearances in a setting where the general public could see him.

"Bush and (Vice President Dick) Cheney both have been out at a lot of fundraisers," said Larry J. Sabato, director of the Center for Politics at the University of Virginia. "It's the one thing they both can still do for their party."

An Indianapolis Star poll two weeks ago showed Bush's approval rating had sunk to 37 percent among Hoosiers. Sabato said his national rating has been similar but added that more than 80 percent of Republicans still support the president.

"Despite his overall unpopularity, the president is still able to raise money for the congressmen who need it," Sabato said.

Bush raised more than $600,000 in South Bend last month for U.S. Rep. Chris Chocola. Sodrel said the money raised Friday will be key to his campaign. The $500,000 is more than half of the $900,0000 he raised during all of last year. He spent $1.4 million in his 2004 campaign.

"This is a big boost for me, particularly to have it come this early in the election season," Sodrel said after the fundraiser.

Democrats criticized Bush for not traveling to Sodrel's district.

"He had to bring the president to Indianapolis to raise money for him, because it's clear he doesn't want to be seen with the president in his district," the Democrats' Parker said.

Sodrel denied the president is reluctant to partake in public events, saying, "A lot of the president's travel is in the public."

After leaving Indianapolis around 3:30 p.m., Bush flew to Pittsburgh for a fundraiser at a private residence for Sen. Rick Santorum, R-Pa.

Bush's popularity isn't sagging with Charlie Bryant, who drove up from Southern Indiana and paid $1,000 to attend the fundraiser.

"It was worth every penny," said Bryant, 63, a retired farm equipment dealer. "It's not every day you see the president of the United States."

Sodrel's campaign said it would pay $40,000 to reimburse the president's travel expenses, since the appearance was purely a political one. The Indianapolis Police Department spent an estimated $19,500 to free up 110 police officers to provide security for Bush's two-hour visit.

Cam Savage, a spokesman for Sodrel's office, said some cities in the past have requested reimbursements for such expenses if they are tied to a political trip from the president. Savage said Indianapolis typically doesn't and hadn't Thursday.

About 250 protesters gathered outside the Murat during the president's visit, including Harold Donle.

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The 57-year-old ex-Marine from Greenwood shouted a popular cheer among protesters even though buses shielded them from Bush's arrival.

"Hey, ho, Bush and Cheney got to go! Bring the troops home now!"

Minute-by-minute Account Of Visit (INDYSTAR)

The Indianapolis Star, March 25, 2006

A team of Star reporters filed these accounts during President Bush's visit to Indianapolis.

3:34 P.M. -- President departs and one crewman moves on

If you're an airplane buff, you could spend a long time just staring at Air Force One. Especially at the Indianapolis International Airport, an aircraft of the Boeing 747's size stands out. Indianapolis is an airport served by mostly small "regional jets" and airliners no larger than the Boeing 737, Airbus 319 and DC-9. The largest plane to regularly use the Indianapolis airport is the MD-11 cargo plane that serves the FedEx freight terminal.

For the presidential visit, Bush's support equipment came in on a military C-17, an oversized plane that, with its huge, sloping wings, is an impressive sight -- but that aircraft is dwarfed by Air Force One.

Only a few people get to work on the huge plane, and for one of them the Friday trip was his final journey as a crew member. Air Force officer William Thomas of Maryland has worked in the plane's communications section for 20 years, and is moving on after the Indianapolis trip. His wife and infant daughter were at international arrivals to meet the president. "He was so friendly," Jennifer Thomas said about meeting Bush.

Air buffs might have gotten to see the president's plane in the air when the clouds weren't in the way, but they had little chance to see it on the ground. Only the tail was visible from the road that passes the international arrivals terminal, and that road was closed during the presidential visit.

The end of the presidential trip had the same sort of weather luck as the beginning. When word spread that the motorcade was rolling from Downtown to the airport, a high black cloud was forming to the west where it framed Air Force One. By the time the police motorcycle escort reached the international arrivals ramp, the cloud had moved overhead and was dropping snow on the area.

Bush got out of his limousine, walked up the main steps alone and waved twice, while the rest of the contingent went up the plane's back steps. Air Force One taxied away, reached the runway and took off, disappearing in the clouds and the spray kicked up by its engines. Barely five minutes after the motorcade reached the airport, the plane was loaded and leaving -- around 3:35 p.m., on time.

As soon as the plane moved out of sight, the same people who had worked hard to prepare for the started to undo what they had done. Cables were removed, barriers put away and equipment stored on the Air Force cargo plane.

-- Kevin O'Neal

3:16 P.M. -- Bush talks of tax cuts, Iraq

Speaking for about 30 minutes, the president offered a folksy defense of his policies and made a hard push for a continued Republican-controlled Congress.

"I saw a threat in Saddam Hussein," he said. "Removing Saddam Hussein has made this nation and this world a safer place."

Bush acknowledged the current public nervousness about the war, but argued, "I'm not going to make up my mind about Iraq based on polls and focus groups."

The speech was little different than numerous others Bush has given. He pushed for tax cuts and Social Security reform.

He said members of Congress like Sodrel, "understand this is a nation at war," that needs to remain focused on national security. He spoke of enemies who have "an ideology of hatred" that can only be defeated "with a philosophy of light."

The room included many of the state's top Republican names, such as Gov. Mitch Daniels, but there were also dozens of empty seats.

-- Matt Tully

2:26 P.M. -- Hey, isn't that ...

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No, it wasn't Richard Nixon, but many people did a double take on John Ancelep, 23, who works for a landscaping firm in downtown Indianapolis.

Clocking out a little early today, Ancelep - in a gray suit and tie - walked around the Murat with a first-class mask of Nixon.

He was hoping President Bush would see him - poised to give him the classic Nixon salute.

Two hands up, two fingers extended, "I am not a crook" - as a way of poining out what he calls a parallel between Bush and Nixon: "An unpopular president and an unpopular war," he said.

Ancelep said he got the mask last year for Halloween.

By now, he is one no more than a dozen people remaining outside the Murat. Most people took down their signs, rolled up their flags and left the area once Bush entered the Murat.

-- Rob Schneider

1:51 P.M. -- Motorcade arrives at Murat

President Bush has arrived in downtown Indianapolis.

The presidential motorcade pulled into New Jersey Street entrance to the Murat, zipping by protesters in the process.

Demonstrators rushed toward the intersection of Michigan and Alabama holding up signs. But Bush likely did not get much of a glimpse.

-- Rob Schneider

1:44 P.M. -- Air Force One lands

When Air Force One landed at Indianapolis International Airport at 1:22 p.m., light rain began to fall from the cloudy skies and by the time Bush's entourage had left the airport for the Murat downtown, the motorcade was wet from what had turned into a steady rainfall.

It was the exact opposite of a 1988 arrival, when the current president's father appeared with Dan Quayle at a campaign rally in Huntington, Ind. On that day, a rainy morning, the skies cleared and the sun came out just as the candidates emerged from the Huntington courthouse.

Today, the weather did not discourage Marvin Bardo of the Kappa Alpha Psi Fraternity, who was part of the welcoming party and briefly got to meet the President.

"It was pretty cool. He talked to me. He said thanks for volunteering," said Bardo of his momentary time with Bush.

Watching the presidential arrival gave an impression of how tightly organized the arrival business can be on Air Force One.

The first people to emerge from the Boeing 747 using a rear staircase were military assistants and the Washington D.C. press corps. Some of them had gathered next to one of the airplane's engines by the time the President emerged from a front door and came down one of the outside staircases at the airport.

After a brief meeting with Bardo and several others outside the plane, the president waved once again to the group watching, mostly reporters and photographers behind a steel barrier, got into a custom Cadillac limousine, and drove away.

Prominent at the end of the motorcade - and a reminder of how seriously this exercise is taken - was a Wishard Hospital advance life support medic ambulance.

-- Kevin O'Neal

1:37 P.M. -- Conrbread protest falters

They wanted to serve beans and cornbread - a cheap meal compared to the big-buck buffet inside the Murat - but a coalition of groups focused on hunger issues and economic justice - could not get a health permit in time for today's protest.

So instead, they're handing out cans of beans and boxes of cornbread.

Meanwhile, about 250 people had lined the curbs along Alabama Street in front of the Murat, where a marquee was perhaps a little more welcoming than those chanting and holding signs.

The signs were varied:

"War is not the answer"

"$10,000: Lunch with Bush; Standing up for justice: priceless"

"Guilty of war crimes"

"Impeach bush"

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Also, a large Hispanic group chanting slogans in Spanish protesting federal legislation making criminals out of people who assist undocumented workers - including social workers and churches.

-- Rob Schneider

1:06 P.M. -- Republicans nibble on appetizers, rhetoric

Inside the Murat, about 500 people are expected to turn out, according to organizers, a number that is expected to raise roughly $500,000 U.S. Rep. Mike Sodrel's reelection campaign.

The Republicans dined on fried appetizers and listened to red-meat speeches prior to Bush's arrival.

"You want to know what Baron Hill's supporters look like? said US Rep. Steve Buyer. "They are right across the street."

He was referring to protesters lined up to jeer the president, including a group of veterans who are against the war in Iraq.

The crowd so far includes several members of Gov. Mitch Daniels' administration, former Indianapolis Mayor Stephen Goldsmith and many Republican members of Congress and the Indiana General Assembly.

-- Matt Tully

12:45 P.M. -- Bush shielded from demonstrators

Protesters on both sides of the Bush fence stood shoulder to shoulder in front of the Chatterbox Tavern in the 400 block of Mass. Ave., just a block away from the Murat.

On one side was the Veterans For Peace, Indiana Chapter 49.

On the other, the College Republicans from Indiana University in Bloomington.

The veterans were holding American flags and their own black and white flag with an image of a dove. The young Republicans were holding Bush-Cheney signs from the presidential campaign.

Tara Virgil, an IU sophomore from Newberry, Ind., hoisted one sign up high, even though she had little hope that Bush would be able to see it as he rode the caravan to the Murat.

"We just wanted to show our support in general," said Virgil. "We support what he is doing for our country."

Meanwhile, 57-year-old ex-Marine Harold Donle of Greenwood was joining his fellow protesters with this chant: "Hey hey ho, Bush and Cheney got to go. Bring the troops home now."

A line of IndyGo buses filled the intersection of Mass. and Michigan, making it virtually impossible for anyone on the other side to see what was going on.

Donle was asked if he planned to do some marching today.

"Hell no, I've got diabetes. I am not going to march anywhere," he replied.

Donle added that he was sorry to see the buses lined up, indicating to him that Bush does not want to see anything unpleasant.

"We've got no business being in Iraq. He lied to get us into the war."

-- Rob Schneider

12:44 P.M. -- Hoping for more volunteers

With about 40 minutes before the president's arrival, the International Arrivals terminal has gotten busy. More reporters and guests have shown up, and the weather has improved - the morning's steady snow and drizzle has ended, although it's still cold and breezy.

While police milled around the International Arrivals ramp, drivers lined up the vans for the motorcade downtown and TV reporters got ready for the president's arrival, Marvin Bardo stood and watched the flurry of activity. "I think it's really exciting to see the cameras and the Secret Service and to see everyone running around like they're important," said Bardo, one of the leaders of the Kappa Alpha Psi fraternity in Indianapolis. The organization, which was active with a Black History Month information fair and a prostate cancer information program in February, drew the attention of the White House, and the president planned to meet Bardo when he made his trip to Indianapolis. Bardo didn't learn until Monday about the meeting.

He still doesn't know how he came to the White House's attention.

While Bardo's honored to have the chance to meet President Bush, he also hoping to use the event to attract more volunteers to work with the fraternity's programs. "You never have enough volunteers," he said, adding that people who want to help can check the fraternity's web site at http://www.indykappa.com/.

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-- Kevin O'Neal

12:39 P.M. -- Motorcade drivers ready to roll

The guys behind the wheels of the Presidential motorcade got their official White House pins a few moments ago and promptly stuck them into their outfits, branding themselves as the official navigators of Bush's visit to Indianapolis.

There are seven drivers in all gathered at the airport along with a large contingent of media from local newspapers, radio stations and television stations. U.S. Rep. Mike Sodrel is busy working the media with interviews.

-- Bill Ruthhart

12:13 P.M. -- VIPs begin to arrive

Not only reporters are being kept at the international arrivals terminal in a medium-sized room, filled mostly with an X-ray machine and metal detector.

Marvin Bardo, the community volunteer who's due to get some attention from the president, is an early arrival at Indianapolis International Airport. Also on hand is Rep. Mike Sodrel, R-Ind., and a small entourage

.

"It's pretty hectic when you get an event like this," Sodrel said on his arrival. "People say it will be a tight race. I ran for Congress twice; both of them were tight races, and I don't think this will be any different."

Sodrel said he hopes to raise $500,000 - as much as a quarter of his campaign budget - from President Bush's visit.

Also there's Christi Boze, her husband and granddaughter, a three-decade GOP precinct committee leader in Anderson, who managed to work her connections and attend the arrival. Boze said she's met every president since Kennedy except Clinton and the second Bush.

On politics in Anderson, often controlled by Democrats, Boze said "For Republicans, politics is a hobby. For Democrats, politics is a profession."

The color scheme of this day is gray. The walls of the International Arrivals terminal are gray, matching the color of the rainy sky outside. The only sign of color for those waiting for the president is the yellow paint on the camera platform that will be used when Bush arrives in Indianapolis. The platform is visible from the holding room where reporters are waiting for the start of the trip. Already, that group has gone through the procedure of setting equipment bags on the floor and having one of the military police dogs sniff them for anything risky.

Other than the airliners outside in the murky gray, the only movement comes from plainclothes men in dark coats and suits, radio attachments inserted in one ear.

-- Kevin O'Neal

10:16 A.M. -- Snowflakes greet advance team

The National Weather Service got the forecast right. There are snow showers falling at the Indianapolis International Airport, creating a cold, non-glamorous atmosphere as the advance crew gathers for the arrival of President Bush.

The international arrivals terminal that the president will use looks at first as if it's a staging area for this week's winter storm. Some of the airport snowplows that were hard at work keeping runways clear are lined up along a fence outside the terminal. Those big, heavy trucks are clearly forming an additional barrier between the terminal's parking lot and the ramp where the president's plane will arrive. Already parked on that ramp is a big four-engine Air Force transport plane.

A collection of police is gathering in the parking lot, including a couple of military police from Midwest bases and their search dogs. They'll be used to check the terminal before the president arrives. One of those officers joked that the weather turned bad the last time Bush made a trip to the Midwest.

This chilly morning is far different than other times at this isolated terminal, when sports fans have gathered to greet the Pacers and Colts after big playoff victories on the road. And it's different than Bush's 2000 campaign trip to Indianapolis, where he arrived in a private jet, stopped at the smaller Raytheon hangar, and caught a ride down from then-mayor Steve Goldsmith.

Bush Visits Pittsburgh For Santorum Fund-raiser (PPG)

Pittsburgh Post-Gazette, March 25, 2006

Visit sparks evening protest vigil on downtown Sewickley corner

Above, President Bush encourages Sen. Rick Santorum, R-Pa., to wave to the traveling press corps after Air Force One landed yesterday at the 911th Airlift Wing at Pittsburgh International Airport.

Mr. Bush attended a fund-raiser for Mr. Santorum last night in Sewickley Heights. While at the airport, he also presented the President's Volunteer Service Award to Edy Hope, a volunteer with Carebreak at the Watson Institute in Sewickley who helps a family with a 6-year-old autistic girl.

Bush opponents, below, organized a demonstration in downtown Sewickley last night.

Left to right, Clara Murray, 9; Pilar Puyana, 10; Mary Torrance, 10; Claire Torrance, 7; and Allegra Menniti, 10, all from Sewickley, protest President Bush?s visit to Santorum fund-raiser at the candlelight vigil took place at the corner of Broad and Beaver streets.

Cheney Goes On Attack In Orlando After Dems Blast Bush (ORS/AP)

By Travis Reed, Associated Press

The Orlando Sentinel, March 25, 2006

Vice President Dick Cheney blasted Democrats for opposing provisions of the Patriot Act and criticizing President Bush's approval of secret wiretaps for domestic surveillance at a fundraising lunch Friday.

Two days after Senate Democratic Leader Harry Reid called Bush "dangerously incompetent," Cheney said if Democrats were capable of handling the war on terror, "Then I ought to be singing on American Idol."

"The president and I welcome the debate, because every voter in America needs to know how the leaders of the Democratic party view the war on terror," he said at the event for U.S. Rep. Ric Keller, R-Orlando.

Reid had said the United States was failing military and economically in Iraq, and questioned why Bush was campaigning for Republicans instead of meeting with leaders in the Middle East.

Cheney defended the wiretaps, which he said the president has reauthorized more than 30 times since the Sept. 11 terrorist attacks, as "essential to the security of the United States."

"Instead of acknowledging the urgent need to track enemy communications in a time of war, some Democrats in Congress have decided that the president is the enemy, and that the terrorist surveillance program is grounds for censuring the president," Cheney said. "This outrageous proposition that we ought to protect the al-Qaida ability to communicate as they plot against America poses a key test for Democratic leaders. Do they support the extreme, counterproductive antics of a few, or do they support a lawful program vital to the security of this nation?"

The Orlando speech was one of several around the nation for Cheney, who along with Bush continues to rake in millions at campaign stops despite low approval ratings. Cheney was also scheduled to visit Jacksonville Friday before leaving Florida.

The 200-person event raised $225,000 for Keller, who faces two challengers for his central Florida seat.

Some candidates in targeted districts have sought to distance themselves from the administration, but Keller appeared onstage with Cheney.

In brief remarks before introducing Cheney, Keller said he told the vice president he opposed the abandoned Dubai-owned DP World bid to run terminals at some U.S. ports and an administration plan to sell nearly 1,000 acres of the Florida's Ocala National Forest.

"The vice president replied, 'Now don't be too hasty. Let's go hunting and we'll talk about it,'" Keller joked.

At a news conference before the speech, Democratic challenger Charlie Stuart criticized Keller for increasing the national debt and voting against veterans' benefits. Stuart's campaign has raised about $360,000, just a shade more than Keller netted from Cheney's visit alone.

However, the former office furniture executive and current business consultant, author and speaker said he welcomed the attention from Washington.

"I'm thrilled that they see such a challenge that they have to bring in the vice president this close to the campaign," he said, adding that he'd be appearing Sunday with former U.S. senator and Florida governor Bob Graham.

Keller's other Democratic challenger, Orange County Commissioner Homer Hartage, declined to comment Friday.

Cheney Stumps For Keller Campaign (ORS)

By David Damron

The Orlando Sentinel, March 25, 2006

The vice president defends the Bush tax cuts and helps Keller raise cash.

Vice President Dick Cheney touted a robust economy and defended the Bush administration's tax cuts and handling of the Iraq war to an Orlando crowd of fundraisers for U.S. Rep. Ric Keller on Friday.

Cheney said the country's low unemployment rate is in peril without locking in tax cuts that Keller, R-Orlando, helped President Bush pass.

"If we do nothing, Americans would face a massive tax increase," Cheney said. "Congress needs to make the Bush tax cuts permanent."

The Keller event raised $250,000 for a re-election campaign that now has $1.2 million. Keller faces a possible primary foe in Republican Elizabeth Doran. Democrats Charlie Stuart and Orange County Commissioner Homer Hartage also have announced to run.

Keller waved off the Bush administration's low approval ratings in the polls and said Cheney's visit was not an indication that he was worried about his re-election chances.

But Keller said he used his private time with Cheney to not only discuss national security, but also political differences.

"I believe the vice president is the most effective vice president in the history of our country," Keller said. "But he realizes that I've opposed this administration on the ports deal, on the potential sale of part of the Ocala National Forest, and on the administration's attempt to get rid of the Perkins student-loan program."

The takeover of major U.S. ocean ports by a Middle East company touched off a political uproar when Bush approved of the deal. The Dubai-owned company later offered to transfer fully its U.S. operations to an unspecified American company.

Perkins loans are low-interest advances awarded to lower-income students based on need.

Restaurant owner Eric Holm liked Cheney's focus on preserving tax cuts and was reassured that national security is top priority. "Bottom line: We are secure," said Holm, 50.

Ashley Ansara, president of a Lake Mary financial holding company, said he hoped to hear more about controlling the deficit and pulling U.S. troops out of Iraq. "The civil war there has already set in."

A few protesters outside the Orlando Marriott Downtown event urged passers-by to "Drive Out the Bush Regime."

"I've just gotten tired of one scandal after another," said student Thomas Hellinger, 22. "There's a need for boots on the street."

Keller and Cheney both quipped about the vice president's recent shooting of a hunting companion. After sharing his political quarrels, Keller joked that Cheney responded, " 'Let's go hunting and we'll talk about it.' "

Cheney Gives Keller A Boost (FLTODAY)

By Patrick Peterson

Florida Today, March 25, 2006

ORLANDO - Vice President Dick Cheney raised $250,000 Friday at a fundraiser at the Downtown Marriott for 8th District Congressman Ric Keller.

From 200 lunch guests, Keller raised a quarter-million dollars, charging $500 for lunch, $1,000 for a photo session and received donations of up to $7,500, said a spokesman.

Cheney has raised $1.6 million this year at 11 other events, according to a report by The Associated Press.

Like Cheney, Keller has his supporters.

Republican restaurateur Eric Holm stands by Keller for sponsoring a bill that makes overeaters responsible for their weight gain.

"It made it difficult to sue us," said Holm, who owns 36 restaurants that specialize in beef.

"Ric Keller eats with us," added Holm, who attended with his wife, Diane. "I think he's a great congressman."

After a joke about shooting a Texas lawyer during a quail-hunting trip, Cheney read a speech that contained all the familiar positions and touchstones.

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The economy is good. The Bush tax cuts should be permanent. Judicial restraint is ensconced in the U.S. Supreme Court. There will be no timeline for troop withdrawals.

And Iraqis are making progress, despite scores of civilian deaths daily, an elected government that cannot function and falling public support in the U.S.

"There's still hard work ahead in the war on terror," said Cheney, who added that progress has been "steady."

"We have no fear of the future because we intend to shape it," said Cheney, who wears the same brand of heart monitoring device as Keller.

Despite lagging poll numbers, President Bush and Cheney remain popular with their core supporters.

Even on the thorniest issues, Republicans remain staunch.

"I think we're doing the right thing in Iraq," said Khaled Akkawi, an Orlando shooting range owner who graduated from high school with Keller. "Sometimes, doing the right thing isn't popular."

Not every Republican at the Downtown Marriott was a supporter.

"I've been disappointed in two or three things," said Atlanta health care executive Joe Malloy, in town on business with his wife, Janet.

The Malloys waited in the lobby for a glimpse of Cheney, but did not attend the luncheon. They have given money to the Republican party, but intend to withhold financial support for a while.

The Malloys are not ready to abandon the GOP, however.

"I don't think (the Democrats) have a plan," Janet Malloy said.

Meanwhile, four protesters stood on a curb outside the Marriott, holding homemade banners.

"Can you believe what (the Republicans) are doing now?" said Miami Democrat Bob Kunst, referring to a proposed deal that would give a Hong Kong company control of some port security.

While Cheney spoke in the luxury hotel, Kunst campaigned on the street with a poster for New York Sen. Hillary Clinton, who has yet to declare that she will run for president in 2008.

"I've gotten a pretty good reaction," said Kunst, who said he has attended 120 demonstrations. "We could turn this thing around."

Bush, On The Road, Adds To G.O.P. War Chest (NYT)

By Sheryl Gay Stolberg

The New York Times, March 25, 2006

INDIANAPOLIS, March 24 — President Bush took to the campaign trail Friday, raising $1.2 million for two of his party's most vulnerable incumbents: Representative Mike Sodrel of Indiana and Senator Rick Santorum of Pennsylvania.

At a $1,000-a-plate luncheon in a downtown auditorium here, Mr. Bush delivered a 30-minute speech centered largely on a defense of the war in Iraq, and then exhorted the crowd of 500 to re-elect Mr. Sodrel, a freshman locked in a tight race against Baron Hill, a former Democratic congressman whom he unseated in 2004.

Later, Mr. Bush flew to Pennsylvania to join Mr. Santorum, who is facing a difficult race against the Democratic challenger, Robert P. Casey Jr., the state treasurer and son of a popular former governor.

The Santorum event, a dinner at a residence in the Pittsburgh suburb of Sewickley Heights, was closed to the press. That was standard procedure for the Bush White House when a fund-raiser is held at a private home, but an excuse for Democrats to make a case that growing numbers of Republicans no longer want to be seen in public with a president bedeviled by political woes.

Yet when Mr. Bush arrived at the Pittsburgh airport on Friday, Mr. Santorum was the first to greet him, and the president spun the senator so that he faced the press pool for photos of the two of them, according to the pool report.

Further, whatever Mr. Bush's poll ratings in a year when his party is running hard to retain its majorities in both houses of Congress, Republicans in trouble embrace him and Vice President Dick Cheney for their ability to raise money. The president has raised more than $12.5 million for Republicans this year, the Republican National Committee says, and Mr. Cheney more than $1.5 million.

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The fund-raiser for Mr. Sodrel was Mr. Bush's fourth for a House member facing re-election in 2006, and Mr. Cheney has held about two dozen House events in recent months, said Carl Forti, spokesman for the National Republican Congressional Committee.

"The president and vice president are the best fund-raisers we have," said Mr. Forti, adding that the visits brought good local press for candidates. "They're on the front page of the paper the day before they come, the front page of the paper the day they're there and the front page the day after. It's great exposure."

Indeed, Mr. Sodrel was beaming Friday as he stood alongside Mr. Bush for the traditional grip-and-grin campaign photograph. His organization hoped to bring in $500,000 from the event.

But Mr. Bush's last fund-raising trip to Indiana, for Representative Chris Chocola, proved costly for the incumbent. The presidential visit generated critical news accounts about the security expense to taxpayers, and Mr. Chocola wound up promising to reimburse two Indiana communities, South Bend and Mishawaka, a total of $12,000.

And some Republicans, especially in swing states, do appear to be avoiding Mr. Bush and Mr. Cheney.

On Monday, for instance, Thomas H. Kean Jr., a Republican running for the Senate from New Jersey, took an uncommon route to a fund-raiser on his behalf featuring Mr. Cheney; Mr. Kean, who is challenging Senator Robert Menendez, became trapped in bumper-to-bumper traffic and did not arrive until after the vice president had left, prompting questions about whether he was practicing the politics of avoidance.

The same day, Senator Mike DeWine, an Ohio Republican in a tough race, skipped an appearance by Mr. Bush in Cleveland. His campaign spokesman, Brian Seitchik, said Friday that the senator had been in Florida with his father, who is recuperating from surgery.

That was not the only Bush trip Mr. DeWine has missed. When the president appeared in Dublin, Ohio, in February to talk about health care, Mr. DeWine was back in Washington, running a subcommittee hearing. And when Mr. Bush traveled to Ohio to raise money for Mr. DeWine, the senator did not welcome him at the airport. "He wanted to greet his guests, the attendees, personally," Mr. Seitchik explained.

Candidates Cool To Bush, But Not His Money (AP)

By Tom Raum

AP, March 25, 2006

Many worried Republicans on the ballot in November have been pushing away from the White House, not wanting to be dragged under by President Bush's sinking approval ratings and growing anxiety over Iraq.

That doesn't mean they're fleeing his cash offerings, however.

Despite approval ratings in the mid-to-upper 30s, Bush remains the nation's most successful fundraiser. Vice President Dick Cheney, whose poll numbers are even lower than Bush's, is not far behind. Both have raised tens of millions of dollars for GOP congressional and gubernatorial candidates running in this year's midterm elections.

Even as some Republicans are becoming increasingly defiant on a range of issues, they're still lining up dutifully for the president's campaign dollars.

"I would be shocked if a legitimate Republican candidate, not just a fringe candidate, who got word that the president was coming to do a fundraiser said, `No, don't come to my district,'" said GOP consultant Rich Galen.

That said, Republican candidates don't want to be forced off message by such a visit and "have to spend the next two or three days talking about the president's policies ... or what happened yesterday in Ramadi (Iraq)," Galen said.

It has resulted in some fancy GOP footwork as candidates in tight races step away from Bush and Cheney on divisive issues but dance toward them when the subject is money.

Bush presided over a fundraiser Friday for Rep. Mike Sodrel of Indiana at The Murat Centre in Indianapolis, calling Sodrel "a strong supporter of the United States military" and citing "troubled times."

Another one was scheduled for later Friday for Sen. Rick Santorum (news, bio, voting record), R-Pa., at a private residence in the Pittsburgh area.

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He's doing another fundraiser at a Washington hotel on Monday for Sen. Conrad Burns (news, bio, voting record), R-Mont., where $1,000 will get you in the door, and $10,000 in combined contributions from others will get you a "photo opportunity with the president," according to an invitation.

Bush and Santorum, the Senate's No. 3 Republican, are not scheduled to appear together publicly on Friday. Santorum, trailing Democrat Bob Casey in polls, broke with Bush on a plan to have an Arab company based in Dubai run terminals at some U.S. ports and has raised concerns about the administration's conduct of the war in Iraq.

When Bush went to Cleveland earlier in the week to make a major speech on Iraq, there was a noticeable absence of top Ohio Republicans, including Sen. Mike DeWine (news, bio, voting record), who is locked in a tight re-election race.

Cheney went to Newark, N.J., earlier in the week to help raise $400,000 for New Jersey GOP Senate candidate Tom Kean Jr. But Kean showed up 15 minutes after Cheney left. Kean said he got stuck in traffic, a claim critics questioned based on the route he took.

Michael Steele, the GOP Senate candidate in Maryland, skipped Bush's speech at the U.S. Naval Academy in November, but joined the president later at a $500,000 fundraiser.

At a local GOP gathering in Nevada last weekend, Republican Sen. John Ensign (news, bio, voting record) tied himself to Ronald Reagan rather than Bush, saying spending under the Bush administration "has upset me."

Rep. Jon Porter (news, bio, voting record), R-Nev., who also attended the gathering, told reporters: "I believe the president has his agenda, his focus. I have mine. I will always run on mine."

Worries over the Iraq war are weighing down all Republicans and causing strains between Bush and his congressional allies. "The big issue is now the war," said House Majority Leader John Boehner, R-Ohio.

In a White House news conference earlier this week, Bush acknowledged the war was dominating the nation's attention. "So there's a certain unease as you head into an election year. I understand that," he said.

A president is typically his party's fundraiser-in-chief, and Bush has embraced the role like no other, besting even the reception-loving Bill Clinton in total dollars collected. Bush headlined events that raised more than $140 million for Republican Party committees and candidates in each of the 2002 and 2004 election cycles.

In 2005, Bush held 20 fundraising events, raising $75.5 million, while Cheney held 36 events that brought in $15 million. So far this year, Bush has held six events raising $12.5 million, and Cheney has held 11 events that raised $1.6 million, according to a GOP tabulation.

"The Republicans want to make withdrawals from the White House ATM. But at the same time, they don't want to be photographed or be seen being anywhere near the White House at this time," said Phil Singer, spokesman for the Democratic Senatorial Campaign Committee.

But Brian Nick, spokesman of the counterpart National Republican Senatorial Committee, said the large sums of money that Bush and Cheney are able to attract are "indicative of what both the president and the vice president have been willing to do since their election. ... It shows the dedication to keeping the majority."

Polls show Bush and Cheney remain enormously popular with the GOP base and conservatives. An AP-Ipsos poll earlier this month showed Bush holding a 74 percent approval rating among Republicans, compared with 37 percent overall.

"He enjoys very strong support there. His problem is with swing voters," said Rutgers political scientist Ross Baker.

It is in states like New Jersey and Ohio, where swing voters have the most clout, that the races are the tightest, and where Democrats are working hard to tie Republican candidates to Bush administration policies.

Democrats, for instance, had some fun with Kean missing Cheney at the New Jersey fundraiser, pointing to news accounts that he had taken traffic-clogged Route 1 — at rush hour — rather than driving on the less-congested New Jersey Turnpike. "We made the photo that Tom Kean Jr. feared," said a Democratic news release with a computer-generated picture of Kean and Cheney standing side by side.

For his part, Cheney seemed to take Kean's absence in stride. "I do some of my best work when I'm without a candidate," he quipped at the fundraiser.

A New Poll: The Democrats By 9 Points (TIME)

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Time, March 24, 2006

TIME's survey shows unhappiness with the GOP in Congress, but can the Democrats translate that into a power shift?

TIME's latest poll finds American voters heading into November's election dissatisfied with the Republican-dominated status quo, but not necessarily convinced that the answer lies in voting Democratic. The poll, conducted March 22-23, finds Americans unhappy with the performance of the Republican-controlled Congress — 39% approve, versus 49% who disapprove — and gives Democrats a 9-point lead when voters are asked to state which party's candidate they would choose for a House of Representatives seat (50% answered Democrat, 41% chose Republican). Voters favor Democratic control of Congress by 49% compared with 38% for Republican control.

But voter unhappiness over the Republican-controlled Congress and White House has not yet translated into a groundswell of support for the Democrats. Right now, the approval rating for Congressional Democrats is no higher (39%) than that of Republicans, and 56% of voters don't believe the Democrats offer a clear set of alternative policies. Nor will President Bush's dismal 39% approval rating necessarily drag down his party: almost half of voters (44%) were indifferent to whether their preferred Congressional candidate supports or opposes Bush.

Although the Democrats have a 14-point edge on the issue of dealing with corruption, one in three voters — including almost half of independents — says neither party has much to crow about on this issue. And one strong sign that a political earthquake is unlikely in November: almost two out of three respondents (63%) approved of the job their own congressional representative is doing.

At this stage, then, the Democrats' 9-point advantage in party preference may not be a reliable indicator of a shift in control of the House of Representatives. Democrats almost always trump Republicans on the generic party preference question in pre-election polling, but the voting day outcomes are often shaped by turnout. Indeed, the equivalent question in a spring 1994 Gallup survey gave the Democrats a 6-point lead — and that was the year of the Republican Revolution, in which Newt Gingrich's troops, armed with their Contract with America, gained control of both chambers of Congress.

Gingrich's Contract was a voter-friendly manifesto that tied together Republican advantages on themes as disparate as congressional ethics and tax policy into a manifesto for an electoral landslide. The Democrats may envy the former House Speaker's success in creating a winning narrative, given the large advantage they enjoy on issues such as rebuilding after Hurricane Katrina, protecting Americans' rights, standing up to special interests and corruption, managing government spending and tax policy. Still, the Republicans retain an 11-point edge over the Democrats on the question of dealing with terrorism, while voters are evenly split on the question of which party would better handle the war in Iraq — issues that were key to the Republicans' success in the last two elections.

Mr. Fix-It (NSWK)

By Eleanor Clift

Newsweek, March 24, 2006

Republicans hope that James Baker's involvement in the new Iraq Study Group will help them forge a path out of the war-torn country.

President Bush was trying to show resolve, but instead it looked like he was trying to pass the buck when he said the decision on when to withdraw U.S. troops from Iraq would be made by a future U.S. president and Iraqi government.

Handing off responsibility is a hallmark of Bush's leadership. He doesn't want to go down in history as the president who lost Iraq, so he'll hang tough and leave the day of reckoning to his successor. Stating publicly and proudly that there is no end in sight for the U.S. mission in Iraq feeds Bush's delusion that his determination—along with his low poll numbers—will be vindicated at some future date.

Bush has his eye on his legacy, but House Republicans have a more immediate concern—and that is how to save their jobs come November. "Stay the course" is not a popular slogan on the campaign trail. That's why a new Iraq Study Group commissioned by Congress and co-chaired by former cabinet member James A. Baker III, the Bush family Mr. Fix-It, is seen by many Republicans as their best hope to forge a path out of the hell that Iraq has become. It was Baker—the secretary of State in the first Bush administration—who parachuted into Florida after the disputed 2000 vote and executed the legal strategy that made

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Bush president. Now it's Baker's cunning and diplomatic deftness that Republicans hope will extricate them from Iraq, or at least give them some new talking points in the run-up to the election.

The commission was the inspiration of Virginia Republican Rep. Frank Wolf, a thoughtful moderate with genuine concerns about his party's policies in Iraq. He also has an important seat on the House Appropriations Committee, which decides the State Department's budget, so when it comes to diplomacy, he has a captive audience. Wolf has been calling for a fresh look at Iraq since at least last fall, and his main criterion for choosing the commission's 11 bipartisan members was that they bring a wow factor, that their very names would command attention. Co-chairing with Baker is the Democrats' Mr. Integrity, former Indiana congressman Lee Hamilton, who is fresh from co-chairing the 9/11 commission. Among the other luminaries are former New York mayor Rudy Giuliani and the Clinton's confidant—superlawyer Vernon Jordan. "They're going to go everywhere and look at this thing and come up with something, and the president will pay attention," vows a foreign-policy specialist who helped shape the idea.

The prospect of getting bailed out by his daddy's buddy must rankle Bush, but he needs a new approach. He can't keep asserting, as he did this week, that we're at war and he's got a plan for victory. Baker has an enviable track record in the diplomatic and political arenas, but he didn't do handstands when he got called to serve. "It's like being called over to the White House when you're 25 points behind and you're made chief of staff," says a former colleague. "The odds are against finding a solution." Still, if anybody can find a light to lead U.S. forces out of the current morass, it's Baker. There is a high degree of confidence in his abilities on both sides of the aisle. "He has the interest; he has the clout, and he'll make the time," says the foreign-policy adviser who worked with Baker in the former Bush administration.

Among Baker's admirers is former ambassador Joseph Wilson, who recalls the secretary of State's heroic efforts in putting together the coalition for the first gulf war. Wilson prefers to talk about the way ahead in Iraq rather than the still unresolved case of who leaked the identity of his wife, Valerie Plame, as a CIA operative. He told NEWSWEEK that a debate based on setting a timetable and exit strategies is "all wrong." Though Wilson gained notoriety as a critic of the Bush administration over its WMD claims, he stands with the president in believing U.S. troops cannot leave Iraq until there is a political solution. Wilson proposes what he calls a "concert of nations" that would bring together all the various factions and their patrons in the region, which means having the Iranians at the table along with the Saudis, Jordanians, Egyptians, Russians, some of the Europeans and the Turks. "If they're not there to hammer out a political solution, you can be darned sure they'll be there supporting their various factions as we go through cycle after cycle of instability, insurrection and civil war," he says.

They don't call it a "concert of nations" at the White House or at Baker's shop, but a similar proposal for a major diplomatic push is making the rounds. It would test U.S. leadership and force the administration to reach out to friends as well as foes. The one card Bush has left to play in November is that he's not backing down. Implicit in that statement is that the Democrats will. Whether the voters still buy the tough talk is another matter.

Near Paul Revere Country, Anti-Bush Cries Get Louder (WP)

By Michael Powell

The Washington Post, March 25, 2006

HOLYOKE, Mass. -- To drive through the mill towns and curling country roads here is to journey into New England's impeachment belt. Three of this state's 10 House members have called for the investigation and possible impeachment of President Bush.

Thirty miles north, residents in four Vermont villages voted earlier this month at annual town meetings to buy more rock salt, approve school budgets, and impeach the president for lying about Iraq having weapons of mass destruction and for sanctioning torture.

Window cleaner Ira Clemons put down his squeegee in the lobby of a city mall and stroked his goatee as he considered the question: Would you support your congressman's call to impeach Bush? His smile grew until it looked like a three-quarters moon.

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"Why not? The man's been lying from Jump Street on the war in Iraq," Clemons said. "Bush says there were weapons of mass destruction, but there wasn't. Says we had enough soldiers, but we didn't. Says it's not a civil war -- but it is." He added: "I was really upset about 9/11 -- so don't lie to me."

It would be a considerable overstatement to say the fledgling impeachment movement threatens to topple a presidency -- there are just 33 House co-sponsors of a motion by Rep. John Conyers Jr. (D-Mich.) to investigate and perhaps impeach Bush, and a large majority of elected Democrats think it is a bad idea. But talk bubbles up in many corners of the nation, and on the Internet, where several Web sites have led the charge, giving liberals an outlet for anger that has been years in the making.

"The value of a powerful idea, like impeachment of the president for criminal acts, is that it has a long shelf life and opens a debate," said Bill Goodman of the Center for Constitutional Rights, which represents Guantanamo Bay detainees.

The San Francisco Board of Supervisors voted last month to urge Congress to impeach Bush, as have state Democratic parties, including those of New Mexico, Nevada, North Carolina and Wisconsin. A Zogby International poll showed that 51 percent of respondents agreed that Bush should be impeached if he lied about Iraq, a far greater percentage than believed President Bill Clinton should be impeached during the Monica S. Lewinsky scandal.

And Harper's Magazine this month ran a cover piece titled "The Case for Impeachment: Why We Can No Longer Afford George W. Bush."

"If the president says 'We made mistakes,' fine, let's move on," said Rep. Michael E. Capuano (D-Mass.). "But if he lied to get America into a war, I can't imagine anything more impeachable."

Democrats remain far from unified. Prominent party leaders -- and a large majority of those in Congress -- distance themselves from the effort. They say the very word is a distraction, that talk of impeachment and censure reflect the polarization of politics. Activists spend too many hours dialing Democratic politicians and angrily demanding impeachment votes, they say.

In California, poet Kevin Hearle, an impeachment supporter, is challenging liberal Rep. Tom Lantos -- who opposes impeachment -- in the Democratic primary in June.

"Impeachment is an outlet for anger and frustration, which I share, but politics ain't therapy," said Rep. Barney Frank, a Massachusetts liberal who declined to sign the Conyers resolution. "Bush would much rather debate impeachment than the disastrous war in Iraq."

The GOP establishment has welcomed the threat. It has been a rough patch for the party -- Bush's approval ratings in polls are lower than for any president in recent history. With midterm elections in the offing, Republican leaders view impeachment as kerosene poured on the bonfires of their party base.

"The Democrats' plan for 2006?" Republican National Committee Chairman Ken Mehlman wrote in a fundraising e-mail Thursday. "Take the House and Senate and impeach the president. With our nation at war, is this the kind of Congress you want?"

The argument for an impeachment inquiry -- which draws support from prominent constitutional scholars such as Harvard's Laurence H. Tribe and former Reagan deputy attorney general Bruce Fein -- centers on Bush's conduct before and after the invasion of Iraq in 2003.

It is argued that Bush and his officials conspired to manufacture evidence of weapons of mass destruction to persuade Congress to approve the invasion. Former Treasury secretary Paul H. O'Neill told CBS News's "60 Minutes" that "from the very beginning there was a conviction that Saddam Hussein was a bad person and that he needed to go . . . it was all about finding a way to do it." And a senior British intelligence official wrote in what is now known as the "Downing Street memo" that Bush officials were intent on fixing "the intelligence and the facts . . . around the policy."

Critics point to Bush's approval of harsh interrogations of prisoners captured Iraq and Afghanistan, tactics that human rights groups such as Amnesty International say amount to torture. Bush also authorized warrantless electronic surveillance of telephone calls and e-mails, subjecting possibly thousands of Americans each year to eavesdropping since 2001.

"Bush is saying 'I'm the president' and, on a range of issues -- from war to torture to illegal surveillance -- 'I can do as I like,' " said Michael Ratner of the Center for Constitutional Rights. "This administration needs to be slapped down and held accountable for actions that could change the shape of our democracy."

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Tribe wrote Conyers, dismissing Bush's defense of warrantless surveillance as "poppycock." It constituted, Tribe concluded, "as grave an abuse of executive authority as I can recall ever having studied."

But posed against this bill of aggrievement are legal and practical realities. Not all scholars, even of a liberal bent, agree that Bush has committed "high crimes and misdemeanors." Bush's legal advice may be wrong, they say, but still reside within the bounds of reason.

"The Clinton impeachment was plainly unconstitutional, and a Bush impeachment would be nearly as bad," said Cass R. Sunstein, a professor of constitutional law at the University of Chicago. "There is a very good argument that the president had it wrong on WMD in Iraq but that he was acting in complete good faith."

Sunstein argues that Bush's decision to conduct surveillance of Americans without court approval flowed from Congress's vote to allow an armed struggle against al-Qaeda. "If you can kill them, why can't you spy on them?" Sunstein said, adding that this is a minority view.

Here in Massachusetts and Vermont, though, in the back roads and on the streets of Holyoke and Springfield, the discontent with Bush is palpable. These are states that, per capita, have sent disproportionate numbers of soldiers to Iraq. Many in these middle- and working-class towns are not pleased that so many friends and cousins are coming back wounded or dead.

"He picks and chooses his information and can't admit it's erroneous, and he annoys me," said Colleen Kucinski, walking Aleks, 5, and Gregory, 2, home.

Would she support impeachment? Kucinski wags her head "yes" before the question is finished. "Without a doubt. This is far more serious than Clinton and Monica. This is about life and death. We're fighting a war on his say-so and it was all wrong."

Senate To Hold Hearing On Feingold's Censure Resolution (FWST)

The Fort Worth Star-Telegram, March 25, 2006

WASHINGTON - The Senate Judiciary Committee has scheduled a hearing for next Friday on Sen. Russ Feingold's resolution to censure President Bush for authorizing a warrantless surveillance program.

Feingold, D-Wis., argues that the program is illegal. The White House maintains that Bush was authorized to do so under his powers as commander in chief.

So far, only two senators, Tom Harkin, D-Iowa, and Barbara Boxer, D-Calif., have co-sponsored the resolution.

A censure resolution, if adopted, would amount to Congress scolding the president.

Senator Sets Hearing On Censure Of Bush (NYT)

By The New York Times

The New York Times, March 25, 2006

WASHINGTON, March 24 — The Senate Judiciary Committee has set a hearing for next Friday on the call by Senator Russell D. Feingold, Democrat of Wisconsin, to censure President Bush for his approval of a program to allow electronic eavesdropping without warrants.

Senator Arlen Specter, the Pennsylvania Republican who is chairman of the panel, said he had decided to schedule the session after Mr. Feingold, in a television interview, pressed for hearings on the censure proposal.

Some Republicans have seized on the issue to rally their supporters by arguing that the censure plan is evidence that Democrats would try to take some action against Mr. Bush should they gain control of the House or Senate in the November elections.

The issue has also energized some Democrats who contend their party has shied from confronting Mr. Bush. But Mr. Feingold's Democratic colleagues have been cautious about endorsing the plan.

Mr. Specter said his intent was not to use the session as a political forum but to explore issues surrounding the proposed censure. He said he believed the proposal was baseless.

"I am prepared to deal with it," Mr. Specter said. "I am sure not going to sit back and have Feingold spout off."

First Lady Has Husband's Ear, Even About Staffing, She Says (NYT)

By Elisabeth Bumiller

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The New York Times, March 25, 2006

WASHINGTON, March 24 — President Bush has said he is listening to advice about his staff from a lot of people, and one of them is evidently his wife.

In an interview with Larry King broadcast on CNN on Friday night, Laura Bush said that she advised her husband regularly on personnel, and she suggested that she had weighed in on the continuing calls from Republicans for new blood in the West Wing.

Mrs. Bush made her comments in response to questions from Mr. King about a Washington Post article on Friday by Sally Quinn. In a "Dear Laura" essay in the Style section, Ms. Quinn wrote that Mrs. Bush was the only person who could tell her husband the truth about the problems he faces.

With the president's poll numbers at record lows, Congressional Republicans in rebellion and Americans increasingly doubtful about the war in Iraq, Ms. Quinn advised Mrs. Bush to tell her husband that he needed to listen to outside opinion, pay attention to Congress and bring an old Washington hand into the White House.

Asked what she thought of the advice, Mrs. Bush said, "There's some of it that's right and some of it that isn't, of course."

She added: "And I know that the view from outside is a lot different from the view that George and I have inside, with each other, by ourselves. And there's certainly some advice I would feel free to give him, and do. There's other advice that I really don't think I should give him."

Mr. King asked, "Like personnel?"

Mrs. Bush replied, "Well, no, I mean, I would certainly — that's one of the things we do talk about the most, are personalities. I know everyone as well as he does, who works here. I've worked with them also. So certainly I would give him that kind of advice."

Mrs. Bush also said: "This is so typical of Washington that on the front page of the Style section would be the advice to the first lady. But I take advice to heart. I really do."

In the same interview, Mrs. Bush restated that she thought Secretary of State Condoleezza Rice would make an "excellent" president, "but I don't think we can talk her into running."

The first lady added, "I think she sincerely does not want to run, but I wish she would."

Mrs. Bush said that Ms. Rice "probably wants to move back to California and have a wonderful life, post-secretary of state."

Bush Accepts Reds' Pitch (CINE)

By Howard Wilkinson

The Cincinnati Enquirer, March 25, 2006

President Bush will become the first sitting president to throw out the ceremonial first pitch at the Reds' Opening Day game, the White House and the team confirmed Friday.

Bush will take the mound shortly before the 2:10 p.m. start of the Reds' game against the Chicago Cubs on April 3.

"The president looks forward to throwing out the first pitch," White House spokesman Blair Jones said.

Bob Castellini, the Reds' new chief executive officer, has been a Bush supporter, raising more than $100,000 for the president's 2004 re-election campaign.

Last month, Castellini was among those who greeted the president at a private home in Indian Hill, where Bush attended a $1.1 million fundraiser for Sen. Mike DeWine.

DeWine, a Reds season-ticket holder since the early days of Riverfront Stadium, will be in his seat on the mezzanine level for Opening Day.

President Bush won't be the first of his family to throw out a first pitch on Opening Day. Three years ago, at the inaugural game of Great American Ball Park, his father, former President George H.W. Bush, did the honors.

Having a president in the ball park will mean extra security, and if it is anything like the 2004 Opening Day, when Vice President Dick Cheney tossed out the ball, fans can expect some delays getting to their seats.

When Cheney came to Opening Day, fans with tickets in the lower terrace level, from first base to third base, had to pass through metal detectors to get to their seats, in addition to the usual bag check outside the ballpark's turnstiles.

The extra security meant that some got to their seats after the real "first pitch" of the game.

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President Nixon came to Cincinnati in July, 1970, Riverfront Stadium's inaugural season, to throw out the first pitch at the All-Star Game.

Last year, President Bush threw out the ceremonial first pitch in Washington, D.C., for the first home game of the Washington Nationals.

States Get Reimbursement For Katrina Aid (AP)

AP, March 25, 2006

The federal government released $1.5 billion on Friday to offset health care expenses that states incurred when assisting Hurricane Katrina evacuees.

Congress set aside $2 billion to reimburse states. The $500 million not distributed yet will cover future expenses.

After the hurricane, the federal government granted waivers to states that had temporarily enrolled evacuees into their Medicaid programs. The benefits particularly targeted low-income children, pregnant women, the elderly and disabled.

Medicaid is the state-federal health insurance program for the poor. The reimbursement can also be used to leverage an additional $4.5 billion in federal funding, officials with the Department of Health and Human Services said.

The states getting relief funds are Texas, Alabama, Mississippi, Florida, Idaho, Arkansas, Georgia, Tennessee, South Carolina, Indiana, Maryland, Louisiana, Nevada, California, Ohio, Rhode Island, North Carolina, Wyoming, Arizona, Massachusetts, North Dakota, Delaware, Pennsylvania, Oregon, Iowa, Virginia, Minnesota, Montana, Utah and Wisconsin. Puerto Rico and the District of Columbia also received funding.

Seniors Struggle To Get Drug Plans To Pay For Some Prescriptions (KRT)

By Tony Pugh

Knight Ridder, March 25, 2006

WASHINGTON - Some patients and doctors are facing a new problem with the fledgling Medicare prescription drug benefit: Medications they once received without question from other plans are being denied by the private insurers running the Medicare plan.

When they appeal the coverage denials, the patients and their physicians face confusing forms, time-consuming demands for personal medical information and long delays.

In some cases, the private plans won't cover the full dosage called for in a prescription or try to steer patients to drugs other than those prescribed by their doctors.

When disputes arise, doctors are asked to justify their prescribing decisions in writing, sometimes with patients' medical histories or test results as supporting evidence. Some plans even ask for doctors' notes or for peer-reviewed articles that justify their decisions.

"Whether intended or not, it's a process that nobody can navigate in an efficient way. It's a major problem right now," said Sam Muszynski, head of health care systems and financing at the American Psychiatric Institute.

And many fear things will worsen in April when tens of thousands of elderly and disabled patients must formally petition the plans to get refills on medications that were provided on a temporary emergency basis.

"The system is going to melt down, and I think it's going to require some emergency legislation," said Dr. Holly Leeds, a general practitioner in Auburn, Calif.

Amid widespread complaints about coverage lapses following the January launch of the Medicare drug benefit, federal officials told plans to pay for drugs that they wouldn't normally cover until March 31. Meanwhile, patients were urged to either switch to medications that were covered or file appeals to have the plans pay for their preferred drugs.

Many of those who petitioned the plans say the appeals process is often a poorly managed, highly subjective nightmare. Doctors say phone delays frequently leave their staff on hold with the plans for hours.

Some plans don't meet mandatory time requirements to resolve appeals. Dr. Elizabeth Delesante, a psychiatrist in Brainerd, Minn., said she still hasn't heard from anyone at the Humana plan she filed two appeals with in January.

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Delesante gives her patients free samples to ensure that they get their medication while the cases are pending. "If it weren't for that, these people would be in trouble," she said. Officials at Humana said they have contacted Delesante and will work to resolve her complaints.

Doctors also say it's hard getting the proper forms from the Medicare plans. "And none of these are standardized forms. Every company uses a different one, which is ridiculous," said Dr. Rosemary Deleo of Kingston, N.Y.

Mohit Ghose, a spokesman for America's Health Insurance Plans, a trade association, acknowledged that the process has problems. He said the plans are working with Medicare and physician groups to develop standardized appeals forms to simplify the process.

The plans also will soon offer a messaging system that gives pharmacists a list of alternative medications that patients can use when a plan denies a prescription request.

"I can assure you that the processes are getting better and they are getting streamlined," Ghose said.

Medicare administrator Mark McClellan said the agency will monitor complaints about the appeals process and could levy fines and penalties if widespread problems persist.

To avoid further complications, Medicare is urging the plans to alert members whose medications will no longer be covered in April. Medicare officials also want the plans to increase telephone staffing for the expected rush of appeals and to extend drug coverage for people who haven't resolved appeals by March 31.

But many worry that patients who lose their appeals could be forced to take less effective alternative medicines or, at worst, drugs that could endanger their health.

Don Riley of Danville, Ohio, is a 72-year-old retired truck driver. A diabetic stroke victim with heart problems and failing kidneys, Riley takes 12 medications a day, including Norvasc for high blood pressure.

Riley has used Norvasc since 2004, but after his drug coverage shifted from Medicaid to Medicare in January, he ran into problems. Riley's Medicare plan from United Healthcare won't pay for the drug in the amount prescribed by his doctors - two 10mg tablets a day.

The plan would cover only one 10mg tablet a day. To continue the higher dosages, the plan wanted a written explanation and supporting documents from his doctors. One doctor complied. Another refused, unwilling to spend untold hours on the phone chasing plan representatives, said Riley's daughter-in-law, Paula Riley.

After Riley was denied twice by the plan, Paula Riley started working with attorneys from the Medicare Rights Center, a national patient advocacy group, to appeal the case to a mediator that's contracted by Medicare. Until his case is resolved, Riley is taking only half his Norvasc dosage, and his blood pressure is creeping up.

The plan said he can switch to a new medication that's fully covered, but his family is reluctant because neuropathy has diminished his ability to feel what's going on in his body.

"If he changes medicines and has a side effect, he can't feel it or tell you what it is," Paula Riley said. "The only way we can detect it is by having him on a monitor or watching him. And I don't have 24 hours a day to watch this man. So I don't want to change what's working. I don't feel I should have to."

Neither does Dr. Larry Fields, president of the American Academy of Family Physicians. He said that if a doctor thinks a higher dose is needed, the drug plan should stay out of it.

"That's a doctor's decision. The doctor is taking the responsibility to give a different dose and that should not be something that the plan's involved in," Fields said. "Their job is to supply drugs for the patients. ... It's not their job to decide which drug and it's not their job to decide how much."

Because of privacy laws, United Healthcare officials couldn't comment directly on Riley's case. But they said U.S. Food and Drug Administration guidelines set the maximum dosage level for Norvasc at 10mg per day. Federal rules require Medicare drug plans to follow these guidelines and other medically accepted practices when covering drugs under the Medicare benefit, said United Healthcare spokeswoman Joyce Larkin.

While doctors often exceed FDA-recommended dosing levels and sometimes prescribe drugs for ailments they weren't designed to treat, these practices require strict review by Medicare plans to determine their medical appropriateness and eligibility for program coverage.

If a Medicare drug plan denies a prescription request, the patient or doctor can call the plan to seek a coverage exception. Plans are required to respond within 72 hours or within 24 hours if a doctor makes an expedited request for a patient whose health is in danger.

If the plan denies the request, the patient can seek a second review by the plan. Second reviews must be decided within seven days or 72 hours for an expedited appeal. Leeds said that most plans don't meet the time requirements, even on the expedited requests. "If I'm lucky it might happen, but more often than not, it doesn't," she said.

If a patient still isn't satisfied, he or she can appeal the case to an independent review agency contracted by Medicare, the Maximus Center for Health Dispute Resolution. So far, the company has received nearly 1,000 requests for appeals, McClellan said.

Additional appeals can then go to an administrative law judge, to the Medicare Appeals Council and even to federal court.

As Parents Age, Baby Boomers And Business Struggle To Cope (NYT)

By Jane Gross

The New York Times, March 25, 2006

Nancy Goodman's employer, a telecommunications company in Boston, offers benefits to help employees care for elderly parents. But she found them nearly useless during four years of caring for her mother, who has Parkinson's disease, and her father, who died of kidney failure last year.

"They say they want to do the right thing," Ms. Goodman, 58, said of her employer, which she would not identify for fear of losing her job. "But when it comes down to it, they're not seeing the true picture."

Ms. Goodman's lament is common, as corporate America scrambles to help the soaring number of baby boomers, mostly working women, whose obligation to frail, elderly parents results in absenteeism, workday distractions or stress-related health problems.

Companies are responding, but experts say they often use child care benefits as a model when they do not suit the different and unpredictable needs of the elderly. In addition, at a time of cutbacks in expensive health insurance and pensions, the most commonly offered benefits are those that cost a company little or nothing, like referral services and unpaid leaves.

Ms. Goodman, for instance, tried her company's referral service to supplement inadequate staffing when her parents lived at an assisted living center in Connecticut. It was "like going to the yellow pages," she said, since it did not relieve her of the time-consuming tasks of arranging for and supervising the services from afar. Ms. Goodman was also entitled to a year's leave of absence, a benefit a new mother might appreciate. But if she took a leave now, what happened if her mother lingered?

Employees with ailing parents, more than 20 million nationwide, cite other benefits that would allow them to focus more on their jobs, like geriatric case managers to guide them through the mysteries of Medicaid and Medicare, or backup care for emergencies like a last-minute business trip. Companies that offer this kind of hands-on assistance generally pay for at least part of the service.

But they are rare. According to the Society for Human Resource Management, which represents more than 200,000 human resource and other corporate officials, 39 percent of its members said in 2003 that elder care benefits were "too costly to be feasible." Only 1 percent of their companies subsidized any elder care benefits last year. And only 3 percent offered the emergency backup care — subsidized or otherwise — that experts say saves money by keeping workers at work.

"The perception among companies is that they can't afford elder care benefits," said Frank Scanlan, a spokesman for the society.

It is the largest companies that are the most generous, but even those often subscribe to the mistaken notion that the Mommy Track and the Daughter Track are the same, said Chris Gatti, president of the Work Options Group in Superior, Colo. Work Options, whose clients employ 400,000 people nationwide, provides in-home care for children and the elderly.

"These benefits fall under the same umbrella but are fundamentally different," Mr. Gatti said. "Child care programs are relatively straight-forward and easy to administer compared to elder care, which is a maze with lots of sharp corners and dark secluded places."

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An individual supervisor can ease an employee's burden but still leave them vulnerable to management changes. Just 6 percent of employers have written policies about elder care, according to surveys by the Society for Human Resource Management, while 76 percent say they help employees on a case-by-case basis.

For Ms. Goodman, the one godsend since her father died and her mother moved into her Boston apartment has been permission to work at home. But that is likely to change with a new boss. "I'm walking on eggs right now," Ms. Goodman said.

The distinctions between child care and elder care have become apparent as the first of the 77 million baby boomers turn 60 and their parents live past 85, joining the fastest-growing segment of the population.

The most obvious is that children's schedules are predictable — a school holiday next Monday — while elderly parents' needs — a trip to the emergency room — are crisis-driven. Also, children are raised at home; an elderly parent often lives far away.

Guiding the decisions of an elderly parent also requires mastery of arcane legal, financial and medical matters.

"It's a new and very confusing skill set," said Maureen Corcoran, a vice president at Prudential Financial. "You don't just give people a list; you lead them there. Otherwise they spend hours upon hours figuring it out themselves."

For both employees and employers, the costs of elder care are enormous, according to studies by the MetLife Mature Market Institute, which is in the midst of updated analysis to reflect rapidly changing demographics.

The price tag for employers in 1997 ranged from $11.5 billion to $29 billion a year. Most expensive were the replacement of lost workers (at least $4.9 billion a year), workday interruptions ($3.7 billion) and absenteeism ($885 million). The employees lose salary, Social Security and pension benefits as a result of refusing promotions, switching to part-time work or retiring early.

Certain benefits mitigate these costs, and certain companies have learned there is a clear return on investment. At Prudential, for instance, subsidized emergency backup care prevents absenteeism and workday interruptions. Prudential's 21,000 employees, with one phone call to Work Options Group, can get help for parents by the next morning, for a co-payment of $4 an hour.

A $20-an-hour aide, on an eight-hour shift, would otherwise cost a Prudential employee $160, rather than $32. Yet the company says it will save $650,000 during a three-year contract with Work Options, Ms. Corcoran said, because "if our employees needs are taken care of, they can focus on work."

Diane Yankencheck, a Prudential employee in Newark, said the service kept her working during a crisis. Her father has a degenerative neurological disease and round-the-clock care. Her mother manages the household, or did until she broke her wrist. Now an aide from Work Options cooks, cleans and helps her bathe and dress.

Kent Burtis, a Verizon technician in Bayville, N.J., uses similar backup care for his father, who is paralyzed and incontinent. For a while, Mr. Burtis spent hours before work feeding, diapering and dressing him. Now an aide does the morning shift. "It's kept me from slitting my throat," Mr. Burtis said.

Elder care benefits most often seem a luxury at small companies and nonprofits. So even at AARP, dedicated to the needs of older Americans, Deborah Russell, the director of work force issues, was daunted by coordinating long-distance care for her mother and then missing weeks of work to be at her bedside when death neared.

Ms. Russell and her two sisters, grateful for AARP's excellent referral service, still spent "an inordinate amount of time on the telephone" during working hours, distracted and unproductive. As their mother's condition deteriorated, and the siblings rotated weeks in Florida, Ms. Russell used paid vacation time rather than the 12 weeks of unpaid leave guaranteed by the federal Family Medical Leave Act or AARP's more generous 16-week program, also unpaid.

Another benefit assumed to be useful is the flexible spending account, governed by the Internal Revenue Service and widely offered by companies. It permits the use of pretax dollars for dependent care, as long as the dependent meets the I.R.S. definition. Virtually all children do, but most aged parents do not. That means tax breaks for baby sitters but not companions for the elderly.

Experts disagree about whether women will push employers for help with their parents, as they did 30 years ago when child care was their pressing issue.

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Ellen Galinsky, 63, president of the Family and Work Institute, led the charge for a day care center at Bank Street College when she was a researcher there in 1969. After "huge resistance," the center opened in 1974. Ms. Galinsky predicts a similar awakening to elder care issues because "demographics are destiny."

"Everyone I know is dealing with this," said Ms. Galinsky, who recently stayed at the bedside of her 98-year-old mother for the last two months of her life. The institute allows unlimited sick leave for such family emergencies. But even with that leeway, Ms. Galinsky said: "I was on another planet. It's like no other experience. I barely have words for how hard it is."

Todd Groves, founder of LTC Financial Partners in Seattle, who advises human resource managers on long term care, is not convinced that women like Ms. Galinsky will have the same galvanizing effect this time around, regardless of their numbers or their passion.

"Back then you still had a paternal business culture," Mr. Groves said. "Now people feel out on their own. They are fearful about their careers and don't feel they can ask for help."

OTHER NEWS:

New Home Sales Slumping (WT)

By Patrice Hill

The Washington Times, March 25, 2006

The downturn in the housing market is deepening, with new home sales at a nine-year low, prices down for the fourth month in a row and mortgage applications at their lowest point in three years.

Last month's 1.08 million rate of new home sales was 10.5 percent below January's rate and down 13.4 percent from a year ago, the Commerce Department reported yesterday.

New home prices have declined steadily from a median of $243,900 in October to $230,400 last month, the agency said.

The rapidly decelerating housing market is causing concern on Wall Street and at the Federal Reserve. A collapse in the market is one of the biggest risks facing the U.S. economy because it would drag down consumer spending that has been closely linked to climbing house prices and kill thousands of high-paid jobs in the real estate industry.

"Bubbles burst, they really do," said Joel Naroff of Naroff Economic Advisers. "The Federal Reserve has to be concerned that just may happen, which could make them more cautious going forward."

The Fed is scheduled to meet on Tuesday to decide on raising interest rates once again. While most Fed-watchers say another rate increase is in store next week, the faltering housing market may influence the Fed to consider pausing later this spring.

Federal Reserve Bank of Boston President Cathy Minehan said this week that the Fed's forecast of "solid growth" in the economy this year was predicated on the housing market cooling off or leveling. But anything more dramatic than that would be "a downside risk to growth," she said, because it would cause consumers to stop using their houses like ATMs and cut back on spending.

"We see construction diminishing somewhat and real estate prices flattening, not declining," she said. "Clearly, however, we could be wrong on the magnitudes."

Housing wealth, which surged by $5 trillion in the first half of the decade, has been a powerful generator of consumer spending since nearly 70 percent of American households own homes. Consumers liquidated as much as $600 billion of their home equity last year to spend and invest, according to the Federal Deposit Insurance Corp., eclipsing their $375 billion gain in after-tax income.

Mr. Naroff said the home market's steep decline since the fall may start snowballing and affecting consumer wealth. Already, sluggish sales and traffic have prompted homebuilders to offer discounts and incentives on homes for sale, but they will have to start cutting prices in earnest if they want to unload the record inventories of unsold homes they've been accumulating, he said.

Unsold new homes totaled 548,000 last month or 6.3 months of homes at the current sales rate -- a stunning 45 percent above year-ago levels, according to the department.

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"The product overhang just keeps growing," in both the markets for new and existing homes, where unsold homes also are at record highs, said Mr. Naroff.

"Declining new home prices would ultimately spill over into the existing home market," where the consuming public would start to feel the pinch, he said.

Economists say falling home prices could wreak disaster on consumer finances, not only by preventing many from cashing into home equity as they have been to boost their incomes and spending, but also by putting many borrowers on shaky financial ground because they took out huge mortgages with backloaded payment schedules to purchase their homes.

Meredith Whitney, executive director at CIBC World Markets, said the Fed has been trying to cool down the housing market with sharply higher short-term rates, and that is hurting the most vulnerable borrowers who took out adjustable-rate mortgages keyed to rates driven higher by the Fed.

Caught between the squeeze of rising rates and a falling market, these borrowers -- most heavily indebted segment of the consuming public -- will fall into a spending slump this year because they have taken on burdensome and risky mortgages and are too overstretched to maintain their spending and debt payments, she said.

"The picture is getting less and less pretty," said Phillip Neuhart, economist with Wachovia Securities. But he noted that other housing reports, notably one showing a 5.6 percent boost in existing home sales in January due to unseasonably warm weather, are not signaling as profound a weakness as yesterday's report.

"One month of surprisingly weak new home sales does not constitute a market bust," he said. "However, if new home sales were to continue their plummet and existing home sales follow suit," the Fed would have to start worrying about the health of the economy.

New-Home Sales Fell In Feb.; Inventories Rose To New Record (WP)

By Tomoeh Murakami Tse

The Washington Post, March 25, 2006

Sales of new homes fell more than expected in February, while a record number of houses sat unsold, according to a Commerce Department report released yesterday.

The inventory of 548,000 new single-family homes -- the largest since the department began tracking data in 1963 -- represents a 6.3 month supply of houses. In comparison, the supply in January was 5.3 months; in February of last year, it was 4.4 months.

The pace of sales fell 10.5 percent last month to an annualized rate of 1.08 million. It was the largest percentage drop in almost nine years.

The median sales price also dropped for the fourth straight month, to $230,400.

Taken together, the figures provide further evidence that the housing boom of the past five years is ending, economists said.

"The numbers are really, really, really weak," said Patrick Newport, economist at Global Insight, a Massachusetts-based market research firm. Newport had expected sales to drop by a much slower rate of 3 percent.

Despite the report, shares of large home-building firms remained stable yesterday. NVR Inc. stock closed at $775.98, up a third of a percentage point, and Toll Brothers Inc. stock closed at $34.35, down a third of a percentage point.

Yesterday's report came a day after the National Association of Realtors released a survey showing that existing-home sales had increased in February after a five-month decline. According to the survey, sales of existing single-family houses, townhouses and condos went up 5.2 percent from January, but were down 0.3 percent from February 2005.

Economists attributed the increase to warm weather, which spurred sales, particularly in the Northeast and the Midwest, regions typically more affected by climate.

Market observers cautioned against reading too much into monthly changes in either report. The new-home statistics, in particular, are based on a small sample with large margins of error. And the "noise" in the data is amplified when "markets are turning," said Susan Wachter, professor of real estate and finance at the University of Pennsylvania's Wharton School. For

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example, Wachter said, limited-time incentives that home builders started offering at the beginning of the year, such as help with closing costs, could have propped up January figures by luring in buyers who may otherwise have waited until February.

But there is no question, experts said, that things are cooling. "All of the numbers are basically telling you the same thing," Newport said. "We're just going to see a continued slowdown over the next few months and it's probably going to extend into the next few years."

In the government report released yesterday, the South region, which includes the Washington area, saw a more moderate decline in sales compared with the nation as a whole. The region experienced a 6.4 percent decline compared with the previous month, and a 9.6 percent drop from February 2005.

"The market has peaked. Now the question is, when do we start going down the back side?" said Christopher Thornberg, an economist for the Anderson Forecast at UCLA's Anderson School of Business. "I don't hear the wind whistling past my ears just yet. But I think I will over the course of this year."

U.S. Economy: New Home Sales Fell Most In Nine Years (Update4) (BLOOM)

By Courtney Schlisserman Joe Richter

Bloomberg, March 24, 2006

March 24 (Bloomberg) -- Sales of new U.S. homes slumped by the most in nine years and demand for business equipment declined last month, prompting some economists to lower their growth forecasts.

Home purchases fell 10.5 percent to an annual rate of 1.08 million, causing prices to fall and leaving more houses on the market, the Commerce Department said in Washington. Orders for durable goods excluding transportation equipment fell 1.3 percent, the most since July, the department also said.

``The new home sales report is in an indication of what we'll see in the remainder of 2006 for housing, and that unequivocally points to a slowdown," said Brian Bethune, an economist at Global Insight, a forecasting firm in Lexington, Massachusetts. At the same time, he said, ``this will be more of an average quarter for business investment, not a stellar quarter."

The drop in durable goods orders caused economists at Morgan Stanley to mark down their first-quarter growth estimate to 4.2 percent from 4.6 percent. U.S. Treasury securities rose on speculation less business investment and slower home sales will limit the number of Federal Reserve interest-rate increases.

The yield on the benchmark 10-year Treasury note fell 6 basis points to 4.67 percent at 4:04 p.m. in New York. A basis point is 0.01 percentage point. The dollar fell to $1.2039 per euro, the first drop in five days, from $1.1973 late yesterday.

`More Cautious'

February's decline in home sales was the biggest since April 1997. Economists expected new home sales to fall to a 1.2 million rate from January's originally reported 1.233 million, according to the median of 61 forecasts in a Bloomberg News survey. Estimates ranged from 1.17 million to 1.275 million.

``Consumers are a little more cautious," J. Larry Sorsby, chief financial officer of Hovnanian Enterprises Inc., New Jersey's largest homebuilder, said in an interview. ``You can't open a newspaper these days without seeing someone saying the housing market is softening."

The report comes a day after the National Association of Realtors said sales of previously owned homes rose 5.2 percent last month to an annual rate of 6.91 million. Purchases of new homes are considered a leading indicator of housing because they are based on contract signings, which typically occur at least a month before the closing. The rise in February sales of existing homes may have reflected purchase decisions made in January, when record-warm temperatures brought out buyers.

The median selling price of a new home last month fell 2.9 percent from February 2005, to $230,400, the first decrease since December 2003 and the biggest year-over-year decline since January 2003.

The number of homes for sale rose to a record 548,000 from January's 525,000. At the current sales pace, there were enough new homes on the market to satisfy demand for the next 6.3 months, the largest amount in more than a decade.

Less Affordable

Rising mortgage rates are making new homes less affordable. The average rate on a 30-year mortgage rose to 6.25 percent in February from 6.15 percent the month before, according to Freddie Mac.

Sales fell in two of four regions. They declined 29 percent in the West and 6.4 percent in the South. Sales rose 12.7 percent in the Northeast and 5.2 percent in the Midwest.

Orders for durable goods excluding transportation equipment fell after rising 1.6 percent a month earlier. A jump in demand for commercial aircraft led to a 2.6 percent increase in orders for all durable goods after an 8.9 percent decrease.

Economists projected durable goods orders would rise 1.3 percent in February, based on the median of 70 estimates in a Bloomberg News survey. Orders excluding transportation equipment were forecast to rise 1 percent.

Aircraft Orders

Orders for transportation equipment rose 13 percent after falling 29 percent in January. Aircraft orders jumped 53 percent after falling 70 percent in the previous month. Bookings for motor vehicles fell 3.3 percent.

Chicago-based Boeing Co., the world's second-biggest maker of commercial airplanes, said it received 25 aircraft orders in February, down from the 39 in the previous month. Boeing's orders more than tripled to a record 1,002 last year on demand from Asian and Middle Eastern carriers.

Production Cuts

Production cuts by some automakers may have restrained durable goods orders in February. Cars and light trucks sold at a seasonally adjusted annual rate of 16.6 million during the month, down from 17.6 million in January.

General Motors Corp. and Ford Motor Co., the two biggest U.S. automakers, on March 1 said they will cut second-quarter production in North America after reporting U.S. sales declines in February.

Sales of non-defense capital goods excluding aircraft, which the government uses to construct quarterly gross domestic product figures, fell 1.1 percent in February after no change. Orders for non-defense capital goods excluding aircraft, a proxy for future business investment, fell 2.3 percent last month after rising 0.3 percent.

Unfilled orders of business equipment rose 0.5 percent in February after no change.

Inventories of durable goods fell 0.5 percent after rising 1 percent in January. Unfilled orders, a gauge of future production, rose 0.9 percent after falling 0.2 percent.

Signs Of Slowdown In US Housing (FT)

By Christopher Swann

Financial Times, March 25, 2006

Sales of new US homes plunged 10.5 per cent last month, prices fell and the stock of unsold homes hit its highest level in 10 years, providing the clearest indications yet that the red-hot housing market may be cooling.

A big slowdown could prompt consumers to cut spending and boost savings. Such a shift could help reduce the current account deficit but at the cost of significantly slower growth.

New home sales slid to 1.08m, the fourth consecutive decline, and the price of new homes fell 3 per cent from a year ago. With a flood of new properties coming on to the market, at the present pace of sales, it will take 6.3 months to clear the backlog.

Economists have long been expecting a slowdown and some have predicted declines in prices. “New home sales are softening fast,” said Celia Chen, a housing expert at Economy.com. “Affordability has declined to a near 15-year low. Rising mortgage interest rates and rising house prices are constraining demand.”

Ian Morris, economist at HSBC, said: “Over the next 12 months we suspect a hard landing is more likely.” But there had been regional factors in the slowdown. Sales fell in the west but rose in the midwest and north-east.

The rising stock of unsold houses could lower prices still further. Research at HSBC suggests that seven months’ supply of unsold housing will mean a soft landing for the market. But if the figure rises towards nine months it will be a hard landing.

New-Home Sales Tumble 10.5%; Durable-Goods Picture Is Mixed (WSJ)

By Kemba J. Dunham

The Wall Street Journal, March 25, 2006

Sales of new homes in February took the biggest one-month drop in nearly nine years as inventories soared, in the latest sign that the housing market is cooling. Meanwhile, a separate report used to forecast the health of the manufacturing sector offered a mixed reading.

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The Commerce Department Friday said newly built single-family homes sold at a seasonally adjusted annual rate of 1.080 million units in February, a 10.5% drop after a revised 5.3% decline one month earlier. The February drop was the largest since the same percentage decrease occurred in April 1997.

The new-home data followed Thursday's more optimistic report on existing-home sales. The National Association of Realtors said sales of previously occupied homes, which account for about 85% of the residential market, climbed 5.2% in February. Economists, however, suspect sales were inflated by unusually warm weather.

The reality regarding the state of housing demand "is probably somewhere in between the two reports," said Stephen Stanley, chief economist at RBS Greenwich Capital Markets. Economists point out that the new-home sales series is extremely volatile during the first few months of the year. Mr. Stanley added that such huge monthly increases and declines aren't uncommon and there usually are significant revisions to the data.

Still, "the main message is that new-home sales are coming off at a faster clip than we had expected," said Haseeb Ahmed, an economist at J.P. Morgan Chase & Co. That was illuminated this past week when KB Home, one of the nation's largest home builders, said new-home orders fell 12% during its first quarter ended Feb. 28.

In a separate report, the Commerce Department Friday said new orders for durable goods -- vehicles, machinery, appliances and other items intended to last more than three years -- rose a greater-than-expected 2.6% to $215.8 billion in February. That is up from a revised 8.9% plunge a month earlier.

Economists say the durable-goods picture tends to be muddled because month-to-month changes can be extreme, particularly in the areas of defense and aircraft. Indeed, the February increase was fueled by a 52.5% rise in civilian aircraft orders and a 104.1% rise in defense orders. Also, the January plunge stemmed from a 70.1% decline in civilian aircraft orders.

Stripping out the volatile transportation category, new orders for durable goods declined 1.3% in February, following gains of 1.6% in January and 1.9% in December. Orders for motor vehicles dropped 3.3% in February after a 3.2% decline in January. Meanwhile, nondefense capital-goods orders excluding aircraft -- considered an important indicator of future business-equipment investment -- fell 2.3%. Though the decline follows a four-month cumulative increase of more than 6%, some economists were nevertheless disappointed.

"While nothing is falling apart, there is clearly a softening on the domestic variables that influence manufacturing," said Cliff Waldman, economist for Manufacturers Alliance/MAPI.

In the new-home sales report, economists said the most troubling factor was the severe climb in inventories. There were about 548,000 homes for sale at the end of February, representing a 6.3 months' supply at the current sales rate. That is up from a 5.3 months' supply a month earlier. Some pointed out that this could have reflected an increasing number of speculators putting homes on the market.

The median sales price of a new home declined to $230,400 in February from $234,200 a month earlier, while the average sales price rose to $296,700 from $287,200.

New-Home Sales Rise In Region (LAT)

By Annette Haddad

The Los Angeles Times, March 25, 2006

While the U.S. posts a 10.5% month-to-month fall, Southern California records a 9.5% gain.

In what's increasingly becoming a tale of widely divergent regional real estate markets, Southern California's new-home sector is holding up much better than other parts of the nation and even the rest of the state.

The latest evidence came Friday when the Commerce Department reported that the number of new single-family homes sold nationwide fell 10.5% last month from the month before, to an annual rate of 1.08 million units, marking the biggest drop in new-home sales in nearly nine years.

The drop pushed a gauge of the volume of unsold new homes to its highest level in more than a decade. In February, 548,000 new homes went unsold, representing a 6.3-month supply — meaning it would take that long to sell them at current sales rates. In January, there was a 5.3-month supply.

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In the West, which includes California, the sales plunge was even worse: down 29.4%, partly reflecting stalling sales in Sacramento and the Central Valley and in other Western states such as Arizona.

Yet in Southern California, sales of new single-family houses and condominiums saw their strongest February since 1988, according to statistics compiled by real estate research firm DataQuick Information Systems. Last month, sales rose 9.5% to 4,980 from January's 4,550, and were up 19% from the year before.

By comparison, new-home sales in the Sacramento area have been much weaker, DataQuick said. Although sales there were up 13% in February from the previous month, that was after January marked the worst month in six years. As many new homes were sold in December as in January and February combined, according to DataQuick. And sales plunged 45% in February from the year before.

What's more, the inventory of unsold new homes in Southern California, although rising, is below levels elsewhere in the West and in the nation.

In February, there was a 2.1-month supply of unsold new homes from Ventura County to the Mexican border, said Steve Johnson, director of the Southern California region for real estate consulting firm MetroStudy. Around Phoenix, there's three times the inventory available.

The reason for the difference: There has been less home building in much of Southern California, thanks largely to tight governmental regulations and a lack of available land.

"We just don't have much excess supply," Johnson said.

The Southland housing market also is holding up better because its economy is more diverse and job creation remains strong, thanks in part to growth in such sectors as tourism, trade and aerospace. The region also is proving to be less volatile because the presence of real estate speculators has been less than in other hot markets.

However, the Southland's February inventory of unsold homes was up 80% from a year earlier, Johnson said, suggesting that demand here was cooling nonetheless.

"Builders used to be able to take the 'Field of Dreams' approach — built it and they will come," Johnson said. "Now they have to do their homework and evaluate the market more carefully."

One thing builders are finding is that rising home prices, coupled with rising mortgage rates, are tempering the ardor of prospective buyers, experts said.

Many Southland builders are working to adjust their strategies to accommodate the more-reticent attitude of buyers.

They are building smaller homes, such as condominiums and town homes, or converting existing apartment units into for-sale housing, which are usually priced lower than single-family houses.

Builders also have scaled back the number of homes released for sale at their new-home communities. "Builders will shift their mix of products to accommodate the market," said John Karevoll, chief analyst for DataQuick.

That has helped local builders avoid having to offer discounts or other concessions to stoke buyer demand. At certain new-home communities in Sacramento, for instance, builders slashed prices to close sales.

"The Sacramento market went up very quickly, perhaps too quickly," said Patrick Duffy, a market analyst for Hanley Wood Market Intelligence.

Builders in Southern California, he said, generally are reluctant to offer price cuts or free upgrades.

"It's like car dealers," Duffy said. "Once you start offering incentives, then everybody starts expecting them."

Stocks Rise Slightly Ahead Of Fed Meeting (WSJ)

By Peter A. McKay

The Wall Street Journal, March 25, 2006

Stocks inched higher, as investors did some last-minute fine-tuning of their portfolios before an impending meeting of Federal Reserve policy makers.

Economic data from the Commerce Department contributed to the gains, after a seesaw day of trading. Durable-goods orders rose 2.6% in February, better than analysts expected.

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The Dow Jones Industrial Average rose 9.68 points, or 0.1%, to 11279.97, nearly unchanged for the week and within reach of a six-year high. Boeing and United Technologies were among the Dow's strongest components, helped by the durable-goods data.

The government also reported that new-home sales plunged 10.5% in February, the biggest drop in almost nine years.

Although that might sound like bad news, it was something of a welcome sign for investors hoping the Fed will limit further interest-rate increases, convinced the economy isn't overheating. Higher interest rates typically are a negative for the stock market because they increase costs for businesses and consumers.

"Investors are reasonably comfortable with what's going on," said Robert E. Weissenstein, managing director at Credit Suisse Securities LLC. "They're focused on the positive aspects of the housing market slowing down, not the negatives."

The Fed's rate-setting committee, which meets Monday and Tuesday, is expected to raise its target short-term rate by a quarter percentage point to 4.75%. But Wall Street has been busy guessing how far the Fed will go beyond that level. Federal-funds futures indicate investors expect one more increase in May, bringing the rate to 5%.

Other stock indicators followed the Dow higher. The broad Standard & Poor's 500-stock index also gained 0.1%, or 1.28 points, to end at 1302.95, off 0.3% on the week.

The Nasdaq Composite Index gained 0.6%, or 12.67, to close at 2312.82, up 0.3% on the week. Talk of a possible merger of Lucent Technologies and Alcatel helped the tech sector, as did Thursday night's news that Google will be added to the S&P 500.

Holding stocks in check all week was a gradual rise in oil futures; they rose 2.4% on the week, to $64.26 a barrel. In major U.S. market action:

Stock1 and bond prices2 rose. The 10-year Treasury note gained 17/32, or $5.31 for each $1,000 invested, pushing the yield down to 4.673%. The 30-year bond gained 30/32 to yield 4.693%.

The dollar weakened3, to 117.45 yen from 117.90 yen; the euro rose to $1.2036 from $1.1974.

U.S. Stocks Rise As Home Sales Ease Fed Concern; Lucent Gains (BLOOM)

By Nick Baker

Bloomberg, March 24, 2006

March 24 (Bloomberg) -- U.S. stocks rose after the biggest reported drop in new-home sales since 1997 and falling orders for business equipment diminished the risk that the Federal Reserve will persist in raising interest rates.

``Hopefully this puts a ceiling on where the Fed ultimately goes," said Wendell Perkins, who helps manage $1.3 billion at Johnson Asset Management in Racine, Wisconsin. ``This, generally, would be a positive" for the market, he said.

Phone-equipment makers rallied after Alcatel SA said it may buy Lucent Technologies Inc. for at least $12.6 billion. Again in oil prices lifted energy shares. Google Inc. climbed after being picked to join the Standard & Poor's 500 Index.

Losses for retailers and real-estate developers, among industries affected most by higher rates, limited the advance and left indexes little changed for the week. Fed policy makers will meet next week.

The S&P 500 rose 1.28, or 0.1 percent, to 1302.95. The Dow Jones Industrial Average added 9.68, or 0.1 percent, to 11,279.97. Google's gain aided the Nasdaq Composite Index, which advanced 12.67, or 0.6 percent, to 2312.82.

This week, the S&P 500 slipped 0.3 percent, while the Dow industrials rose less than 1 point. The Nasdaq added 0.3 percent. All three have gained more than 4 percent so far this year as investors bet profit growth will outpace gains in borrowing costs.

Interest Rates

Remarks by Fed Chairman Ben S. Bernanke and a report on producer prices earlier in the week increased speculation the Fed will keep raising rates past midyear. Data yesterday showing that sales of existing homes unexpectedly rose in February had reinforced those expectations. The Fed will boost the main U.S. interest rate a 15th time to 4.75 percent on March 28, according to all except two of 90 economists surveyed by Bloomberg.

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A U.S. Commerce Department report today indicated the housing market is cooling after a five-year boom. New-home sales fell 10.5 percent last month to an annual rate of 1.08 million, the biggest drop since April 1997, from a revised 1.207 million in January. The number of homes for sale rose to a record 548,000 from January's 525,000.

Excluding more-volatile transportation items, factory orders for equipment made to last at least several years fell 1.3 percent last month, the biggest drop since July, according to another Commerce Department report.

Lucent

Lucent, the largest U.S. maker of phone equipment, jumped 24 cents, or 8.5 percent, to $3.06. Alcatel, the biggest maker of broadband Internet gear, may buy Lucent to create a communications-equipment company with combined sales of more than $25 billion. Alcatel American depositary receipts, each representing one regular share, added 25 cents to $15.70.

Lucent had the biggest gain in the S&P 500, followed by phone-equipment makers Tellabs Inc. and Ciena Corp. Tellabs advanced $1.11, or 7.8 percent, to $15.35, while Ciena rose 34 cents, or 7.1 percent, to $5.15. Nortel Networks Corp., North America's largest telephone-equipment maker, added 12 cents to $2.93.

A gauge of energy shares gained 0.6 percent for the largest advance among 10 industry group in the S&P 500. Chevron Corp., the No. 2 U.S. oil company, rose 94 cents to $57.57. BJ Services Co., an oilfield contractor, rose 51 cents to $33.52. Crude for May delivery climbed 0.6 percent to $64.26 a barrel in New York.

Google

Google added $23.91, or 7 percent, to $365.80. The most- used Internet search engine will replace Burlington Resources Inc., an oil producer being sold to ConocoPhillips, on March 31. Google fell 18 percent this year before being tapped for the index amid concern growth may slow.

Google had a market value of $101.6 billion at the close of trading yesterday, while Burlington was worth $33.9 billion.

``Indexers have to raise money to pay for Google because the market cap for Google is substantially higher than the name coming out," said Peter Boockvar, equity strategist at Miller Tabak & Co. in New York. To do that, funds that track the S&P 500's performance have to pare their stakes in the other 499 companies in the benchmark, which may pressure the index, he added. ``This is how the game works."

Retailers and real-estate companies slid ahead of the Fed's meeting next week.

A gauge of retailers dropped 0.6 percent for the biggest decline among 24 groups in the S&P 500. Home Depot Inc., the No. 1 home-improvement retailer, fell 69 cents to $43.12. Wal-Mart Stores Inc., the biggest retailer in the world, slipped 35 cents to $48.19.

Real-Estate Companies

A measure of real-estate companies slid 0.5 percent, extending its drop for the week to 3 percent. Vornado Realty Trust, a property owner with investments in retailers including Sears Holdings Corp. and Toys ``R" Us Inc., slumped 44 cents to $95.41. Archstone-Smith Trust, an apartment developer, lost 50 cents to $48.20.

The durable-goods-orders data pressured some industrial companies. Caterpillar Inc., the world's largest maker of earthmoving equipment, slumped 76 cents, or 1 percent, to $75.50 for the second-biggest drop in the Dow average.

Tim Hortons Inc. surged $5.01, or 22 percent, to $28.17 in the stock's debut. The No. 1 Canadian doughnut chain had the biggest North American initial public offering in nine months. Wendy's International Inc., which owns Tim Hortons, had the third-biggest decline in the S&P 500, falling $2.08, or 3.2 percent, to $62.93.

About seven stocks advanced for every four that declined on the New York Stock Exchange. Some 1.46 billion shares changed hands on the Big Board, 12 percent less than the three-month daily average.

Cephalon Slides

Cephalon Inc. dropped $9.51, or 13 percent, to $63.80 after its drug for attention deficit disorder in children was deemed not safe enough by the U.S. Food and Drug Administration to be put on the market. Credit Suisse cut its price forecast on the stock to $70 from $86, citing the decision.

Apollo Group Inc. lost $2.12, or 4 percent, to $51.60 for the second-biggest drop in the S&P 500. The No. 1 U.S. for- profit education company's share-price estimate was cut to $62 from $66 by Morgan Stanley analyst Chris Gutek, who wrote that declining enrollment was ``troubling."

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Iran's Nuclear Steps Quicken, Diplomats Say (LAT)

By Alissa J. Rubin And Maggie Farley, Times Staff Writers

The Los Angeles Times, March 25, 2006

Tehran reportedly is gearing up for uranium enrichment. A split in the Security Council may impede efforts to halt the program.

VIENNA — With efforts to halt its nuclear program at an impasse, Iran is moving faster than expected and is just days from making the first steps toward enriching uranium, said diplomats who have been briefed on the program.

If engineers encounter no major technical problems, Iran could manufacture enough highly enriched uranium to build a bomb within three years, much more quickly than the common estimate of five to 10 years, the diplomats said.

Iran insists that it is interested only in producing electricity, which requires low-grade enrichment of uranium.

New information about Iran's program came from diplomats representing countries on the United Nations Security Council. They were briefed by senior staff of the International Atomic Energy Agency, which maintains monitors in Iran. The diplomats spoke on condition of anonymity because the briefing was private.

Even as Iran apparently moves forward, diplomatic efforts to persuade it to halt its nuclear work appeared to be faltering in the face of distrust among powerful Security Council members and disagreements over the best strategy.

"We're getting conflicting signals from the United States; it now appears they want to escalate the situation," said a senior diplomat in Vienna. "The Russians see that as a slippery slope."

Officials said Iran was on the verge of feeding uranium gas into centrifuges, the first step toward enrichment. That move is in keeping with Iran's experience level and its previous statements, experts said.

According to one non-Western official who closely follows Iran's progress, engineers at a pilot plant in Natanz are likely to start crucial testing in the next couple of days to ensure that the centrifuges and the pipes connecting them are properly vacuum sealed. They are likely to begin feeding uranium hexafluoride gas into a series of 164 connected centrifuges within about two weeks, the official said.

Diplomats and experts say Iran has forgone usual testing periods for individual centrifuges and small series of linked centrifuges, instead apparently trying to put together as many as possible, as quickly as possible.

They said Iran also was likely to begin assembling more centrifuges in mid-April to put together additional cascades of linked centrifuges. The pilot plant can hold up to six cascades of 164 centrifuges each. It could take many months to complete that work, the diplomats said.

The U.S. and its British, French and German allies believe Iran intends to build nuclear weapons, and must be stopped before learning how to enrich uranium. They view the ability to operate a series of centrifuges as a technological tipping point.

"If you can do one centrifuge, you can do 164," said Emyr Jones Parry, British envoy to the U.N. "If you can do 164, you probably can do many more. That means you have the potential to do full-scale enrichment. If you can do enrichment up to 7%, you can do 80%. If you can do 80%, you can produce a bomb."

Policymakers watching Iran's program are making two separate assessments: a technical one based on Iran's ability to enrich uranium and a political judgment on whether Iran is attempting to make a bomb or merely trying to enrich uranium to a low level for civilian purposes, as Iranian officials insist.

The three-year time frame for Iran to produce a bomb cited by diplomats is the same as an estimate by former nuclear weapons inspector David Albright.

In a paper that will be released Monday by the Institute for Science and International Security, which Albright founded, he and a colleague give a detailed description of how, under a best-case scenario, Iran would be able to manufacture enough highly enriched uranium for a crude nuclear device in three years. Albright cautioned, however, that Iran faces many technical hurdles it might find difficult to overcome.

Gary S. Samore, a former nonproliferation expert at the National Security Council, now at the John D. and Catherine T. MacArthur Foundation, also said it was far more likely that the Iranians would encounter problems and that it could take them four to five years.

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If Iran decides to make highly enriched uranium, it would need either to do so clandestinely, or leave the Nuclear Nonproliferation Treaty, which prohibits signatories from producing highly enriched uranium.

The IAEA board of governors reported Iran to the Security Council for failing to respond to requests from inspectors for information about its program, which it kept hidden for 18 years.

All the members of the Security Council agree that Iran should not be permitted to produce a bomb. Under an agreement with Russia and China, the council only began to discuss Tehran's case in mid-March. The next steps are hotly disputed.

The European Union and the Americans want to exert vigorous pressure on Iran. They insist on a reinstatement of a total moratorium on uranium enrichment that Iran had voluntarily put in place in late 2004 while negotiating with the EU. The U.S. and EU are willing to use a U.N. procedure that gives Security Council resolutions the force of law, and to impose sanctions.

The Russians and the Chinese, mindful of the buildup to the U.S.-led invasion of Iraq three years ago, fear that taking too hard a line would lead to an escalation of tensions that could result in military action against Iran. They believe that sanctions and other measures might push Iran to abandon the nonproliferation treaty, which keeps international inspectors in the country.

Russia and China would be willing to allow Iran to retain a small cascade of centrifuges for research purposes.

The difference among the permanent Security Council members suggest it could be a long time before they reach a consensus.

"I don't think anyone can predict if there will be serious action in the Security Council," said Stephen G. Rademaker, acting assistant secretary of State for security and nonproliferation, in an interview this week.

The U.S. and its allies face the difficulty of allaying Russian suspicion that reporting Iran to the Security Council was a way to make the case for military action.

"The Russian concern is with the medium- and long-term plan: 'Where's it going?' " said a diplomat from a European Union country. "Even though we say military action is not an option, they have a concern that we're going down a route that ends up in a single place."

The diplomat said the West's counter-argument is that moving ahead in a unified way sends a signal that the five powerful permanent members of the Security Council are united and that Iran needs to listen.

However, getting Russia on board probably will be more difficult after a letter written by John Sawers of the British Foreign Office to his counterparts in the United States, France and German, was leaked this week. The letter touched on several issues, including the need for the U.S. to be involved in a package of incentives for Iran to halt its uranium enrichment, but it also made it clear that the U.S. and its European partners jointly were negotiating a position without consulting the Russians and Chinese.

"Moscow is unlikely to agree to anything devised behind its back and then presented as the sole solution possible," said Russian Foreign Minister Sergei V. Lavrov.

In the meantime, the situation is changing daily as the Iranians move ahead.

"We're getting to the point where this fundamental difference between the U.S. and EU position and that of the Russians is being overtaken by Iran's … putting new facts on the ground," said Mark Fitzpatrick, a nuclear nonproliferation expert at the International Institute for Strategic Studies in London, who previously worked for the U.S. State Department on nuclear issues. "Iran is closer and closer to enrichment, so the effort to deny them the capability is rapidly failing."

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Rubin reported from Vienna and Farley from the United Nations.

Rice To Tour Europe Next Week For Talks On Iran: Sources (AFP)

AFP, March 25, 2006

US Secretary of State Condoleezza Rice will travel to Europe next week for talks to be dominated by the dispute over Iran's nuclear program, diplomatic sources said.

The trip will begin Thursday in Germany and also take in France and Britain -- the three European Union countries that had led negotiations to press Iran to suspend all uranium-enrichment activities.

The German government confirmed that Rice would meet Chancellor Angela Merkel and Foreign Minister Frank-Walter Steinmeier in Berlin Thursday.

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Government spokesman Thomas Steg told a press conference that their talks would cover a wide range of topics, including the Iranian nuclear crisis.

He said Rice's trip would also help prepare the way for Merkel's next visit to the United States in May when she is to attend the 100th anniversary celebrations for the American Jewish Committee in New York.

No press conference has been scheduled as yet during Rice's visit to Berlin.

Rice last came to Germany in December at the height of the controversy over European countries' reported involvement in clandestine CIA flights.

The diplomatic sources said Rice would stay in Berlin for a few hours Thursday before continuing on to Paris and then London.

Rice displayed impatience Thursday with slow UN talks on Iran's nuclear activities.

"There is no time for delay in taking on this issue," Rice said of the discussions on a draft UN Security Council statement on Iran that has faced objections from Russia and China.

"There can't be any stalling. The international community has got to act."

A Western diplomat said Thursday that the UN Security Council would not reach agreement this week on a Franco-British statement demanding that Iran suspend all uranium-enrichment activities.

The diplomat, who asked not to be named, said the council's five veto-wielding permanent members -- Britain, China, France, Russia and the United States -- were too far apart for a deal to be sealed this week.

Washington and its European allies have been pressing Tehran to suspend its uranium-enrichment activities and return to negotiations on economic and other incentives for abandoning any nuclear weapons aspirations.

Iran Dispute 'long Way' From Military Solution: US Army Chief (AFP)

AFP, March 24, 2006

The top US military officer said here that Washington does not consider military action as an immediate option to resolve the dispute over Iran's nuclear program.

"Iran is a long way from needing any kind of military solution," General Peter Pace, the chairman of the US joint chiefs of staff, said in an interview with the NTV news channel during a visit to Turkey.

"The United Kingdom, France, Germany, Russia-- other countries, certainly the Turkish government -- are all working to persuade the Iranian government to function in a way that is not dangerous or threatening to its neighbors, to have power, but not nuclear weapons power.

"There are many more things to be done politically and diplomatically before anybody, any country, considers some kind of a military option," he said.

Pace denied media speculation that the United States might be seeking the use of Turkish military bases for a possible strike on Iran, Turkey's eastern neighbor.

Earlier in the day, Pace addressed a conference on global terrorism in Ankara, and on Thursday met Turkish Prime Minister Recep Tayyip Erdogan and the chief of general staff, General Hilmi Ozkok.

Sharon's Spirit, And Absence, Pervade Election (NYT)

By Steven Erlanger

The New York Times, March 25, 2006

JERUSALEM, March 24 — On Ariel Sharon's 78th birthday a few weeks ago, those closest to him joined his two sons around the bedside where he lies, silent and comatose, in a hospital on a hill high above Jerusalem. They chatted and ate cake made by a friend of his late wife, Lily, using her recipe.

Uri Dan, a Sharon intimate and chronicler since 1954, was among them. "The Jewish Caesar is there alive," he said. People come up to Mr. Dan all the time to express their pain, he said.

"They knew they could sleep at night because he was not sleeping, that there was someone to guide the Zionist ship in a sea full of mines," he said. "They feel that the captain is gone."

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Nearly three months after Mr. Sharon's major stroke on Jan. 4, his spirit hangs over this Israeli election, as the country prepares to give its verdict on Tuesday on Kadima, the centrist party he created.

Ehud Olmert, the acting prime minister, leaves Mr. Sharon's big chair empty at the center of the cabinet table and does not use the prime minister's office. Mr. Sharon's huge photo is wrapped around the suburban headquarters of Kadima, whose name means "forward," and the party's e-mail messages still come from kadimasharon.co.il.

Yet the image of Mr. Sharon, so recently considered the indispensable figure in Israeli politics, has now faded from the advertisements and even the television programs.

Mr. Olmert has carefully tried to extract himself from Mr. Sharon's huge shadow, forced by politics to create his own identity as a prime minister, and not just as a clever, cigar-smoking aide. He and Kadima pay every due respect to their fallen leader.

But it is their opposition, especially the Likud Party that Mr. Sharon broke apart, that uses Mr. Sharon's image more to portray the former general, whom the rump Likud battled to the end and regarded as a betrayer, as a heroic figure in contrast with their present foe, Mr. Olmert.

"Olmert's real race wasn't against the opposition," said Aluf Benn, a political correspondent for the daily Haaretz. "It was against the shadow, the candidate who isn't here: Sharon." By now, he said, "the public doesn't talk about Sharon very much."

But Mr. Sharon's absence has probably cost Kadima at least six parliamentary seats. His illness and a less dynamic group of contenders seem to have taken the passion out of an election that is about important issues, including the next Israeli pullout from the West Bank. Kadima is still well ahead in the polls, though complacency and an expected low voter turnout could hurt it.

Mr. Sharon is missed in the alleys of the Mahane Yehuda market, where Jerusalemites were shopping for the weekend amid the smells of spices, baking bread and freshly butchered meat.

"I think about him all the time," Leah Nakash, 70, said when asked about Mr. Sharon. She stopped to squeeze some tomatoes, then said: "I hope he'll get better, but I think there's no hope. We pray for him."

She would have voted for Mr. Sharon at the head of Kadima without a second thought, she said. Now, she is not so sure, torn between Mr. Olmert's Kadima and Benjamin Netanyahu's Likud. "It wasn't a very safe country with Sharon," Mrs. Nakash said. "But now, it's a little more dangerous."

Yitzik Sasson, 51, has four children and lives in the settlement of Qiryat Arba, where he works in security. He said that he had moved there less for ideology than for cheap housing, but that he would also have voted for Mr. Sharon. Now he is torn between Mr. Olmert's Kadima and Avigdor Lieberman's Yisrael Beiteinu, a hawkish Russian-oriented party that wants to swap Arab Israeli towns for West Bank settlements.

Mr. Sharon has a great legacy, Mr. Sasson said, and the country is somber, but life continues. "Of course, I hope he'll get better," he said. "But he won't return to anything."

At first, Mr. Sharon's image was everywhere, and Kadima's first television spots emphasized his stewardship and his "team." But by the end of January, the party jingle was "Kadima Israel," not, as planned, "Kadima Sharon."

Eyal Arad, one of Mr. Sharon's closest political advisers, continues to advise Kadima. "Sharon founded Kadima, selected the people and Ehud Olmert to be his deputy," Mr. Arad said. Inside the new party, "there's a strong commitment to continue what he started to make happen," he said. "The emotional commitment is stronger than what you usually get in campaigns."

The focus groups continue to show strong attachment to Mr. Sharon, Mr. Arad said, as a guarantor of security. "Now he's gone, people wonder, 'What will happen to us?' They're looking for someone not with a particular policy statement, but someone who can continue the same path as Sharon."

The effort has been to portray Mr. Olmert and his team "as good enough people to follow in the footsteps of Sharon," Mr. Arad said. "People liked the center, and Sharon promised to build them a home there. They liked the builder. But the wish for the center and the liking of the plans doesn't disappear."

But there is less passion.

Mr. Dan, Mr. Sharon's friend and defender, is fiercely hopeful. Israel is "a country of at least a miracle a day," he said. "And we may find ourselves one day coming to Sharon, 80 and recovered, and asking him, 'Can you get us out of this mess?' "

But Idan Haroush, 23, like most Israelis, has no such faith. He works in his family's hardware shop; he wears an earring and a sweatshirt reading, "No Bad Power!"

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"I'm very patriotic," he said. "I think about what Sharon did for the country. But Sharon is history, I'm sorry to say it."

As Israel Votes, Sharon's Vision Is Taking Hold (WSJ)

By Karby Leggett And Bill Spindle

The Wall Street Journal, March 25, 2006

'Disengagement' Becomes The Best Hope for Security For Many Weary of Violence

JERUSALEM -- When Israeli Prime Minister Ariel Sharon became incapacitated in January, his political agenda looked as if could suffer a similar fate.

But as Israeli voters prepare to go to the polls on Tuesday, Mr. Sharon's controversial vision for Israel has done more than survive. Kadima, the political party he created just weeks before suffering a brain hemorrhage, may score a sweeping victory, according to polls. Acting Prime Minister Ehud Olmert, previously Mr. Sharon's little-noticed deputy, is poised to ride Mr. Sharon's legacy to the prime minister's office.

That could mean important changes in Israeli policies, especially concerning relations with the Palestinians. And it could present new challenges for the U.S. and Europe when it comes to Middle East peacemaking. Under the 60-year-old Mr. Olmert's surprisingly assertive leadership, Kadima is pushing forward Mr. Sharon's ideas for reshaping Israel's future faster and more forcefully than Mr. Sharon did.

The party, whose name means "forward" in Hebrew, has embraced an idea that just a few years ago was so controversial few Israeli politicians spoke openly about its full implications for Israelis, Palestinians and the international community. Dubbed "disengagement," the idea is straightforward: Israel can't expect to negotiate a deal with the Palestinians or to crush them militarily, so it must separate from them by drawing its own borders based on what's best for Israel.

Mr. Sharon rarely spelled out what that could mean -- certainly not with the clarity Mr. Olmert has adopted. The notion of unilaterally setting borders flies in the face of decades of internationally backed Middle East peacemaking efforts. Those efforts, including the Bush administration's signature "road map" initiative, envision Israelis and Palestinians eventually negotiating mutually acceptable borders for two states with intertwined economies and a shared capital in Jerusalem.

The idea is also not simple to implement. Among the roughly seven million people of Israel, it almost certainly invites a nasty brawl, politically and literally, with supporters of nearly a quarter-million Jews who have settled in the West Bank during the decades of occupation. Many of those settlements would have to be dismantled to create the borders Kadima now favors drawing unilaterally. For the nearly four million Palestinians, it would mean having Israel impose frontiers that cut through land where they live and work without consulting or compensating them.

Some large settlements that Mr. Olmert has vowed Israel will keep jut far into the West Bank, cutting Palestinian cities off from one another. And for all sides it could mean managing a downward-spiraling Palestinian economy that leaves more Palestinians angry and, perhaps, violent.

A few analysts argue disengagement might lead in the end to a better solution for all sides. It would begin to roll back settlement expansion that has inflamed Palestinians for years. And if Hamas, the militant group swept to power in recent Palestinian elections, focuses more attention on Palestinians and less on attacking Israel, both sides could wind up curtailing the activities most provocative to the other. "You'll have two parallel processes," says Asher Susser, director of the Moshe Dayan Center for Middle Eastern and African Studies at Tel Aviv University. "Maybe in the end a better result emerges than you could get through negotiations."

But others worry that aggressive unilateral moves by Israel to set borders could enrage Arab governments, isolate Israel and subvert what has long been considered the only viable end game -- two states with mutually agreed borders.

For many Kadima supporters, the immediate goal is security. They don't see how negotiations or military force has made them safer. And Mr. Sharon, a longtime security hawk and settlements advocate, offered them a decisive way out.

Disengagement remains so closely associated with Mr. Sharon that supporters sometimes talk as if Mr. Sharon were still heading Kadima. "I wouldn't have voted for him in the past, but I like the path Sharon took," said Osnat Acker, a 24-year-old student from Jerusalem, at a Kadima rally where huge posters of Messrs. Sharon and Olmert hung side by side in large hall.

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"The last few years have been the worst. Sharon opened a way to end this situation. I'm pessimistic it will end, but if someone opens a gate, we have to try to go through it."

Many predicted that Kadima -- which Mr. Sharon formed by luring high-profile politicians from both the left-leaning Labor and right-leaning Likud parties -- would crumble without Mr. Sharon's forceful and popular personality at the helm. After Mr. Sharon's stroke, Mr. Olmert and a team of Mr. Sharon's longtime advisers held the party together by twisting arms behind the scenes and laying out the disengagement vision with a clarity and forcefulness Mr. Sharon himself never dared.

"Olmert has taken it much, much further than Sharon," said Avraham Diskin, a political scientist at Hebrew University of Jerusalem.

Disengagement might never have taken hold without Mr. Sharon. The son of Russian immigrants, he is a former general who participated in all of Israel's wars. As defense minister, he orchestrated Israel's invasion of Lebanon in 1982. He lost that job after an Israeli inquiry held him "indirectly responsible" for the massacre of Palestinian refugees by Israeli-allied Christian militiamen in a Beirut camp.

In and out of government, Mr. Sharon was a huge supporter of Israel's settlers. He encouraged thousands of Jews to move to the Palestinian-dominated West Bank and Gaza Strip, helping transform the settlement enterprise into a national and religious movement from the mid-1970s on.

Mr. Sharon became prime minister in 2001 as a period of relative calm between Palestinians and Israelis was coming unraveled. It was the fruitless end of a decade-long negotiation between the two sides that had become known as the Oslo Process. Mr. Sharon bitterly opposed it as offering far too much to the Palestinians.

His first years in office saw a spiral of violence. Radical Palestinian groups tapped what seemed like an endless reservoir of suicide bombers to kill Israelis. Israelis re-extended a taxing military occupation of Palestinian territory. Israel methodically assassinated the leaders of terrorist groups, sometimes hitting Palestinian bystanders in the strikes.

Then, in late 2003, came rumblings of change. Mr. Sharon sent his deputy, Mr. Olmert, to represent him at an annual commemoration day for Israel's first prime minister, David Ben-Gurion. In his speech, Mr. Olmert raised eyebrows with a vague call for Israeli leaders capable of making "a painful compromise."

His speech was widely viewed as a trial balloon -- Mr. Sharon testing public reaction to an explosive idea. Behind the scenes, he and his inner circle had decided on a plan that would be bitterly divisive for Israelis: dismantling all 21 settlements in Gaza. Containing about 8,000 Jews among about 1.3 million Palestinians, the settlements were simply too draining for Israel to defend, Mr. Sharon believed.

The notion of separating Israelis from the Palestinians had bubbled beneath the surface prior to this. Mr. Sharon had backed construction of a security barrier that attempted to divide the two populations -- and that helped reduce the number of suicide attacks. But Mr. Sharon always described the barrier -- a combination of walls, fences and checkpoints winding from north to south though the West Bank -- as merely a way to stop suicide bombers. When it cut deep into Palestinian-dominated areas, often dividing Palestinian towns and fields, he denied it constituted a border or had any political significance.

Mr. Sharon emptied Gaza and four West Bank enclaves of Jewish settlers in a tumultuous few weeks last year. Against expectations, his popularity rose among Israelis.

Still, many fellow conservatives, who cherished the settlers and saw any pullback as rewarding terrorists, were only beginning to realize the extent of Mr. Sharon's plans and his determination to carry them out. Some could scarcely believe one of the biggest backers of the settlement movement was now determined to clip its wings. Mr. Sharon made clear he had every intention of keeping the largest settlements. He also vowed to keep the whole of Jerusalem, which today is informally split into Israeli and Palestinian parts and contains holy sites for Jews, Muslims and Christians, though Israel controls the entire city.

When members of his own Likud Party challenged him late last year, however, Mr. Sharon again shocked Israelis by leaving a party he had been a part of for decades. He formed Kadima on Nov. 21, quickly pulling in important politicians from the Labor Party to go along with a cadre of conservatives who followed him out of Likud. Simultaneously, he began to prepare for next week's elections.

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Within weeks, Mr. Sharon had reshaped Israel's political landscape. Then, on Dec. 18, he suffered a minor stroke. After a brief hospitalization, he was given a blood thinner and even went back to work, hammering out Kadima's lineup. But while resting on his farm in Southern Israel's Negev region on Jan. 4, Mr. Sharon suffered a massive brain hemorrhage. Israel was in crisis.

Mr. Olmert was named acting prime minister 20 minutes before midnight that evening. A highly defended motorcade picked him up at his home the next morning and whisked him to the prime minister's office. There, Mr. Olmert presided over an emergency meeting of the cabinet. Mr. Sharon's chair sat empty next to him.

Kadima had no plan for how to carry on without Mr. Sharon's towering presence. Even after Mr. Sharon's first stroke, discussion of a succession plan, "was like eating pork in a synagogue," said one senior Sharon adviser.

Kadima still had no finalized positions, no set list of candidates, not even an official No. 2 behind Mr. Sharon. Mr. Olmert wasn't particularly popular among Israelis, according to opinion polls taken before Mr. Sharon's incapacitation.

To prevent infighting, Mr. Olmert personally called members of Mr. Sharon's brain trust of private advisers and asked them to stay on. They urged Kadima members to remain on board. Kadima would crumble if they scurried back to their former parties now. Kadima needed, in the words of one Sharon adviser, "to stay in line."

The party overcame the immediate crisis a month later. With Mr. Sharon still unconscious, the dozen founding members of Kadima met behind closed doors in a room at the Knesset, Israel's parliament. There they voted unanimously to make Mr. Olmert Kadima's new leader, according to people familiar with the meeting.

Mr. Olmert, a lawyer who entered politics at age 28, had been mayor of Jerusalem for a decade before joining Mr. Sharon's government in 2003. Before Mr. Sharon's incapacitation, Mr. Olmert was an important player in Kadima, but hardly one of its more charismatic figures.

With the election just a few months away, Kadima strategists had been gearing up for a campaign built around Mr. Sharon -- especially his record as someone capable of leading Israelis down a difficult new path. They had also planned to be careful about outlining what exactly that meant.

Indeed, Mr. Sharon and his inner circle deliberately stopped short of even drafting a detailed internal plan for themselves. That would have involved naming settlements for evacuation, which would infuriate many Israelis. They also knew any talk of setting permanent borders unilaterally would encounter stiff resistance from the outside world, particularly Europe and the U.S. Mr. Sharon was a master of ambiguity, leaving all sides guessing but trustful enough to go along. Mr. Olmert and Kadima strategists soon decided that wouldn't work for him.

Another historic turn worked in favor of a more aggressive plan. In late January, Hamas won a sweeping victory in Palestinian elections. While Hamas stopped attacks in the past several months, the group still calls for the destruction of Israel. Potential Palestinian negotiating partners appeared further away than ever.

Kadima is now attempting to create a sense of a historic moment -- with Mr. Sharon still comatose but present in spirit at every turn in Kadima's campaign. Mr. Olmert now wants a clear electoral mandate for his plan to separate Israel from the Palestinians and draw permanent borders on Israel's terms.

Mr. Olmert has made clear that all but the biggest settlements outside the security barrier now under construction could find themselves outside Israel forever. Kadima, he states clearly, wants to set those borders within just a few years.

To gain support from the left, he has said that if a reasonable Palestinian negotiating partner emerges, he would negotiate those borders. To bolster his right, Mr. Olmert says the Israeli military would continue to occupy evacuated settlement lands so the Palestinians can't claim to have driven Jews from them. But he's hammered home that Kadima aims to establish permanent borders for Israel.

That message has resonated with voters so far. Recent polls show Kadima becoming the largest bloc in the Knesset, capturing perhaps as much as double the number of seats as Likud or Labor. Still, even with a strong showing, Kadima won't be able to rule without forming a coalition government. That could force Mr. Olmert to water down his agenda. Some predict the party will come unraveled as it tries to implement its plans in the years ahead.

Pollsters also caution that polls may not reflect the actual results. The number of undecided voters is unusually high, and it's unclear how many Israelis will turn out to vote in a campaign dominated by an untested new party.

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But whatever the outcome, the appeal of separation isn't likely to evaporate with a Hamas-led government representing the Palestinians and an Israeli public tired of dealing with an occupation.

An Unloved Vote Winner (FT)

By Harvey Morris

Financial Times, March 25, 2006

If Ehud Olmert next week fulfills a life-long ambition to become prime minister of Israel, it will not be on the basis of his personal popularity. In a telling response to pollsters, evidently running out of questions to ask the public in one of the country's least animated election campaigns, only one in eight Israelis queried said they would want him as a dinner partner.

It is a statistic that might floor a more sensitive candidate. But Mr Olmert has grown a tough skin during an abrasive political career spanning more than four decades in which he has rarely gone out of his way to court the public's affection.

Comparing him with his nearest rivals, Labour's Amir Peretz and Likud's Benjamin Netanyahu, Nadav Eyal, the daily Maariv's commentator, wrote: "The difference between him and the other two is that Olmert has never sought love. He just wants to win."

The acting prime minister is a career politician, a relatively rare phenomenon in a country that during its 58-year history has been principally governed at the top by a succession of founding fathers and ex-generals.

Absent is the whiff of cordite that trailed the likes of Ariel Sharon, perhaps the last example of a disappearing breed. Mr Olmert favours elegant suits, Havana cigars and a daily six-mile jog. It is a style perhaps better suited to a maturing Israeli state in which sociologists note the decline of ideology and the rise of a more hard-headed pragmatism, a longing for bourgeois normality in the midst of a deeply perceived existential threat.

The frontiersmen of the West Bank settlements, once fêted by rightwing politicians such as Mr Olmert, are rapidly going the way of the almost extinct socialist kibbutzniks as models of Zionist idealism.

So, even though they may not like him very much, enough Israelis are apparently prepared to vote for him next Tuesday as the standard-bearer of the new centrism to hand him sufficient seats to form the next coalition government. They probably would have preferred Mr Sharon as a safer and more experienced pair of hands. But the stroke that incapacitated the prime minister in January catapulted his successor into power earlier than had been expected.

The fact that his elevation owed more to accident than design did not mean, however, that it was one for which Mr Olmert had not long prepared. He is said to have dreamt of becoming prime minister since he was a boy growing up in the uncertain first decade of the new state, an ambition that was to win out over a parallel obsession with soccer.

He was born in 1945 to a Russian-born father and Ukrainian-born mother, activists in the militant rightwing Irgun that harried the British in the closing years of their mandate. His political home was the revisionist Herut party, a movement that brooded on the sidelines during the first three decades of Labour Zionist domination before coming to power in 1977 as the most ideological element of the rightist Likud bloc.

Unlike Mr Sharon, latest in a line of powerful mentors to whom he attached himself, Mr Olmert was a political princeling, heir to a pre-state tradition that dreamt of an Israel that would span both banks of the Jordan river. He was a member of the rightwing Betar youth movement and remains a loyal supporter of the Betar Jerusalem soccer team that bears its name. Mr Olmert, however, has travelled considerably further than many of his fellow fans, whose aggressive anti-Arabism has given the club a reputation for unbridled -jingoism.

While his political transformation in recent years is seen by some rivals as political opportunism, Mr Olmert never entirely fitted the mould of unreconstructed rightist. He first made his mark as a precocious 20-year-old, eight years before he was to become the youngest member of the Knesset, when he upbraided Menachem Begin, the veteran Herut leader, for losing six elections in a row and called on him to resign.

He was among those of Yitzhak Shamir's inner circle who in 1990 persuaded the then prime minister to start peace talks with the Palestinians and Israel's other Arab neighbours. A Herut heir, he married a committed leftwinger, the artist and writer Aliza Richter, of whom he joked: "Thirty five years of Aliza working on me are at last starting to bear fruit."

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For a decade from 1993, Mr Olmert laboured in the relative backwater of the Jerusalem mayor's office after Mr Netanyahu, three years his junior, won the Likud leadership. He used his municipal role in part to promote the expansion of Jewish settlements around the city.

Mr Sharon summoned him back to national politics for the 2003 election, although the low 34th place he secured on the Likud electoral list was a reflection of his lack of popularity within the ruling party. He coveted the finance minister's post that went to Mr Netanyahu. But the consolation prize of the deputy premiership put him in poll position when Mr Sharon was felled by a stroke.

During Mr Sharon's second term, he emerged as the prime minister's most loyal ally and most trusted aide. He embraced and promoted Mr Sharon's politically risky plan to turn his back on a legacy of expansion and disengage unilaterally from Palestinian territories for which Israel had no long-term use. Both men argued it was the only way to preserve Israel's existence as both a democratic and Jewish state.

In some ways, Mr Olmert had moved beyond his mentor, who, despite a career aggressively promoting the settler cause, was ultimately seen as returning to his Labour Zionist roots.

Mr Olmert, who had long since burnt his bridges with much of the Likud leadership, is credited with encouraging Mr Sharon to abandon it and form the Kadima party as a platform for possible further territorial moves.

The new centrist faction has faltered slightly in opinion polls since Mr Sharon's exit from the political scene, but Mr Olmert's delicate handling of the succession has won him plaudits for statesmanship even among those who baulked in the past at his argumentative style.

He has declined to occupy the prime minister's seat until he earns it on his own merit and has been sparing in his usual sharp-tongued criticism of his rivals. His enemies on the right have nevertheless accused him of exploiting the Sharon legacy by posing as natural heir-apparent.

Apart from set-piece interviews, he has been remarkably absent from a generally low-key campaign. Perhaps it is the right approach towards an electorate that would not invite him for dinner.

Talk Of Peace Negotiations Has All But Ended In Israel (KRT)

By Dion Nissenbaum

Knight Ridder, March 25, 2006

BINYAMINA, Israel - Drora Vered is tired of fruitless peace talks with the Palestinians; so tired that she supports completion of the contentious separation barrier that slices through parts of the West Bank.

"I want a wall," Vered said as she threw up her hands in her living room. "We're here, you are there and a wall in between us until we meet again."

The 58-year-old tour guide's view is shared by many Israelis, who are expected to endorse a risky strategic shift in Israel's quest for security. Few people who are preparing to vote Tuesday talk about peace. Instead, they talk about giving the next government a green light to set Israel's boundaries without negotiating with the Palestinians.

Acting Israeli Prime Minister Ehud Olmert has said that within four years he wants to shut down the more remote Jewish communities in the predominantly Palestinian West Bank, formally absorb the bigger Jewish settlements around Jerusalem and retain a protective military presence in the occupied valley near Jordan.

The "convergence plan" being pushed by the fledgling Kadima party, now headed by Olmert, is proving to be popular with voters such as Vered. But even some supporters of this unilateral approach concede that ignoring the Palestinians isn't likely to lead to long-term peace, much less near-term stability.

"Unilateralism cannot forge a lasting peace," said Yossi Alpher, a former director of the Jaffe Center for Strategic Studies at Tel Aviv University who now runs the www.bitterlemons.org political Web site. "It can't forge any peace. Unilateralism creates a better territorial situation looking towards a peace process somewhere down the line."

Critics of the plan say it's likely to backfire. Instead of buying Israel a few years of stability, they warn, the idea of effectively seizing more West Bank land that's supposed to be part of a Palestinian state, walling Israel behind the separation barrier and retaining a military presence near Jordan will only inflame frustrations.

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"I absolutely don't think there is a unilateral solution that works," said Shibley Telhami, a senior fellow at the Brookings Institution's Saban Center for Middle East Policy. "It works fine as a tactical argument, but it isn't going to solve even the immediate problems. I don't think that worsening economic and political conditions in the Palestinian areas are going to be helpful to the Israelis."

In fact, Telhami said, a second settlement pullout could end up further empowering Hamas, the Islamist militant group that now dominates the Palestinian Authority. Hamas has argued that its suicide-bombing strategy was a main reason that Israel withdrew from the predominantly Palestinian Gaza Strip last summer.

Edward Abington, a former U.S. consul general who's now advising Palestinian Authority President Mahmoud Abbas, said the plan as laid out by Olmert did little more than create more politically palatable Israeli domination.

"What the Israelis are saying is they've given up on any idea of any kind of agreement leading to statehood with the Palestinians," Abington said. "What they have settled on instead is reorganizing the occupation in a way where, by Israeli calculations, they will be more secure and suffer less in the way of casualties. It's not stable."

Unilateralism has quickly become Israel's populist political movement. And, for the first time, Israelis will have a chance to formally endorse the idea.

When Ariel Sharon became prime minister in 2001, he publicly rebuffed talk of abandoning some 250,000 Jews living in disputed West Bank and Gaza Strip settlements amid millions of Palestinians under Israeli military rule.

So many people were shocked in 2004 when Sharon unveiled his plan to raze all 21 Jewish settlements in the Gaza Strip and end Israel's military presence in the coastal region, which is home to 1.3 million Palestinians.

Israel's pullout from Gaza last summer won broad support from the Israeli public, and Sharon was considering a similar plan for the West Bank when his political career was cut short by a debilitating stroke in January.

Olmert, then Sharon's second-in-command, stepped in as acting prime minister and leader of the new breakaway Kadima party, which is expected to win the most parliamentary seats Tuesday.

Olmert has made it clear that he'll form a coalition government only with smaller political parties that support the idea of a partial West Bank pullout.

"I want to make this clear, so that no one is in any doubt: I intend to implement this plan," Olmert told Israeli television last week. "Anyone who does not wish this plan to be implemented will not be in my coalition. I do not intend to compromise on the details of the plan. This is the plan, and there is no other."

The idea of going it alone has gained greater cachet since Hamas won control of the Palestinian Authority through elections in January.

Hamas has ruled out recognizing Israel as a nation, much less negotiating with it. That's allowed Israeli politicians to shun Hamas as a potential partner and has given more credence to the unilateral proposal.

Miri Eisin, a former intelligence officer in the Israel Defense Forces, said that, while risky, unilateralism was the only option Israel had now.

"Anybody will tell you that you can't define a border unilaterally; that's an oxymoron," Eisin said. "But the alternative is to negotiate, and that's not feasible with Hamas."

Eisin admits that peace isn't on the horizon, but she sees no other alternative after years of suicide bombings and peace talks that produced few stable results.

"It's a different mood," she said. "Israelis don't talk about peace. We talk about nonviolence. We talk about separation. The last five and a half years have pretty dramatically changed the Israeli society's psyche and the political realpolitik."

'Everything Is Open' (NSWK)

By Kevin Peraino

Newsweek, March 25, 2006

Even with a clear front runner in next Tuesday's Israeli parliamentary elections, the makeup of the future government—and its relations with Hamas—remain uncertain.

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Mahmoud Zahar is an unlikely expert on Israeli politics. In the almost two decades since he helped to found the Islamist group Hamas, Zahar has lived through six Israeli election cycles. But the most important lesson his experience has taught him is that predicting the results is a fool's errand—even in a year when one party seems poised to dominate. "Israeli society is divided into so many parties and sectors," Zahar told NEWSWEEK earlier this week at his Gaza City home. "Even in one party there are different sectors." Acting Prime Minister Ehud Olmert's Kadima bloc may seem poised to crush its nearest rivals in next Tuesday's parliamentary polls. But Zahar knows the real game doesn't begin until the postelection horse-trading starts—an inevitability in a nation where 15 different parties are likely to win seats in Parliament, and none a majority. "In Israel, everything is open," Zahar says.

On the surface, this year's contest has been one of the least dynamic in recent memory. Despite a string of jarring plot twists—like the incapacitating illness of Prime Minister Ariel Sharon and the surprise victory of Hamas in January's Palestinian elections—the poll numbers have hardly budged. The latest projections suggest Kadima will win roughly 37 of Israel's 120 Knesset seats, Amir Peretz's Labor Party around 19 seats and Benjamin Netanyahu's Likud Party about 14—pretty much exactly where they were three months ago. Olmert's numbers jumped slightly after Israeli troops raided a Jericho prison a week and a half ago and seized a Palestinian militant. But a week later, they were right back to preraid levels. So much for what the pundits were calling "the Jericho effect."

What accounts for the stability? A lack of disruptive suicide attacks, to start. In 1996, Likud candidate Netanyahu came from behind to defeat Labor's Shimon Peres—thanks largely to intensified attacks from Zahar's associates in Hamas. "If they lose their security just before the election, they are not going to vote for the present government," says Zahar. But this year, Hamas seems committed to at least a short-term truce. Of course, that doesn't mean it can control all the factions in the Palestinian territories, and last-minute attacks could still shake up the numbers. Just last week, Israeli police chased down a van on the main highway from Jerusalem to Tel Aviv after the Shin Bet security service warned of a possible imminent attack. As helicopters swooped overhead in pursuit, traffic backed up for miles. When Israeli troopers stormed the van, they discovered an unexploded 15-pound bomb.

As the Israeli campaign limps into its final days, there are some signs that hard-liners are beginning to make gains. One surprise candidate: Avigdor Lieberman, a controversial Russian immigrant whose Israel Beitenu Party advocates shifting some Israeli Arab villages to Palestinian control. Lieberman's bloc could win as many as 10 seats in the Knesset, a dramatic jump from the early days of the campaign. But the gains would come partly at the expense of disenchanted hawks in Likud. And Lieberman's surge probably owes more to his catchy ad campaign than to any bedrock shift in the Israeli electorate. Lieberman's secret weapon from America: Republican Party strategist Arthur Finkelstein, a veteran of Israeli campaigns who helped supercharge Israel's political system by introducing the techniques of modern campaigning in the 1996 election cycle. In this campaign, Israelis all over the country are repeating Lieberman's catchy tagline in Russian: "Nyet, Nyet, Da" (No, No, Yes). Even rival strategists, like Kadima media boss Eyal Arad, admit Lieberman's ads are some of the best of the campaign. (For a look at some of the Israeli political ads, see "Air Power: A Fight for the Last Voter.")

If Hamas was one architect of Netanyahu's victory in 1996, Arad was the other. As Netanyahu's campaign manager in that contest, Arad deftly exploited Israeli security fears. But Arad switched loyalties when Sharon abandoned Likud and now finds himself in a unique position to savage his former boss. Kadima's attack ads in this cycle have made quick work of Netanyahu. The most effective one: a smarmy image of Netanyahu's face with a simple voice-over: "Once was enough." Arad's tougher challenge has been to convince swing voters that Olmert is as dynamic a character as Sharon, who is still in a coma and not expected to recover. These voters "lean toward Kadima," Arad told NEWSWEEK recently at his party's Tel Aviv production offices. "But they're hesitant about Olmert." Yet ads alone can't do much to shape these kinds of long-term perceptions. Only time—and not a few external factors—can do that.

Zahar's Hamas organization is perhaps the ultimate X factor. Around the same time Israelis will vote next week, Zahar is expected to be named the Palestinian Authority's new foreign minister. Saddled with crushing budget shortfalls, Zahar will travel the Middle East trying to woo potential donors. It won't be easy. So far, "nobody is committed except Saudi Arabia," Zahar says. And that's where Olmert's real problems could start. For now, Hamas is busy trying to seat its own government and has little interest in antagonizing Israel as it attempts to recover aid money. But if the economy continues to deteriorate, "the people are not

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going to allow Israel to starve them," Zahar warns. Such a situation could lead to what Zahar describes—a little menacingly—only as "problems. For us, and the Israelis." Olmert and Kadima may well weather the fire from their political opponents in Tuesday's election. But in the Middle East, the real trouble often starts only after the returns are in.

With Joanna Chen in Jerusalem

Israeli Arabs Feel Little Stake In Vote (LAT)

By Laura King, Times Staff Writer

The Los Angeles Times, March 25, 2006

As they gear up for polls, some in the minority electorate say they feel cut off from the state.

NAZARETH, Israel — Lounging in the doorway of a dress shop just down the street from the towering Basilica of the Annunciation, Majdoline Mimo shook her curly head and clucked her tongue at the mention of Israel's elections Tuesday.

"I'll cast a blank ballot," the young Israeli Arab woman said, as her girlfriends nodded in agreement. "I don't see any party that really represents my goals."

Arab citizens of Israel make up 13% of the country's eligible voters, and if numbers alone were what counted, they would be a powerful political bloc, eagerly courted by all sides. Instead, the mood among the Arab electorate is largely one of listlessness. Pollsters are forecasting that their turnout will be low, and those who do vote are likely to divide their support among a number of small Arab parties.

In Nazareth, Israel's largest Arab-dominated city and the town where Jesus is believed to have spent his boyhood, nearly all those asked said they felt cut off from the Jewish state and its institutions. But according to the polls, up to one-fifth of Arab voters will nonetheless cast ballots for one of the mainstream Israeli parties.

Israel's left-leaning Labor Party is expected to attract considerable numbers of Arab voters, in part because of its leftist platform and in part because it is headed by Amir Peretz, a Moroccan-born Jew whose native language is Arabic.

"Everyone is saying we should vote for the Arab parties, because they are our own people, but to me it is throwing the vote away," said Azhar abu Hamad, 19, in Nazareth. She said she would vote for Meretz, the most leftist of what people here call the "Zionist" parties.

Three Arab parties are likely to divide the rest of the Arab vote among themselves, for a total of about 10 of the 120 seats in the Knesset, or parliament.

A political bloc of that size can often wield disproportionate clout under Israel's parliamentary system by positioning itself as a swing vote. But the Arab parties tend to be sidetracked by their differing ideologies, which run from Islamist to communist.

"If we ran a single Arab list of candidates, everyone would have to pay more attention to us in the parliament," said Yusef Habiballah, a student from a village outside Nazareth. "But it seems we can't find a way to unite."

Some commentators have predicted an "echo effect" from the triumph of the militant group Hamas in January's Palestinian elections, with a surge in support for Islamists. But others say they do not see these candidates winning a much larger following than usual — in part because the Islamic movement is split into two factions, one of which is boycotting the balloting.

In Nazareth, where tensions between Christians and Muslims occasionally boil over into violence, many expressed nervousness over a vote boycott called by a little-known Islamic group calling itself Ansar Allah, or Followers of God. The group distributed fliers describing the Knesset as a defamer of the prophet Muhammad.

Boycott calls have come from secular Arabs as well, including some intellectuals who see the vote as an exercise in colonialism because Israel's Arab citizens are a downtrodden minority.

Joblessness and poverty rates are much higher among Israeli Arabs than among the Jewish majority. Arabs as a rule do not serve in the Israeli army, which gives many young Israelis a boost in their career prospects.

Arab cities and towns inside Israel receive substantially less funding than Jewish municipalities. And a poll last week suggested that a majority of Israeli Jews regard Arab citizens as a threat to national security.

"People feel disaffected, certainly," said Sammy Smooha, a University of Haifa sociologist who specializes in Israeli Arab issues. "Many Arab citizens feel that Jews view them as disloyal to Israel."

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Most of the Arab candidates use their campaign appearances to drive that point home. At a town hall-type gathering in a Nazareth neighborhood last week, Azmi Bishara, a candidate for the nationalist Balad party, told the crowd: "Israel sees you only as a demographic liability."

"Our situation today is that of citizens without true citizenship," Ahmed Tibi, running on the ticket of the Arab Party for Change, told the Haaretz newspaper.

Most Israeli Jews paid little attention to campaign events on the Arab side. Somewhat tellingly, the debate among the main candidates of the Arab parties took place not on Israeli television, but on Al Jazeera, the pan-Arab satellite channel.

This month, the government of acting Prime Minister Ehud Olmert proposed an initiative to guarantee more civil service jobs to Arab citizens, a gesture that even Israeli media described as an election ploy.

"Whenever the elections approach, the political establishment suddenly remembers that a fifth of the country's population is Arab, and that they are deprived," the mass-circulation Yediot Aharonot newspaper said in a commentary. "So all of a sudden, a program is devised for aid, rehabilitation, recovery.... It is very doubtful that even a small portion of this money finds its way to the Arab sector."

All the Arab parties have their own take on what is a central dilemma for Israeli Arabs: whether they should identify more strongly with their Palestinian brethren in the West Bank and Gaza Strip or seek to strengthen their own identity within Israel.

Balad, for example, calls for Israel to recognize Arab citizens as a national minority and grant them control over their own governing and cultural institutions. The communist-inspired Hadash party has advocated changing Israel's exclusively Jewish national symbols, including the Star of David on the flag.

But as the elections approached, many Arab voters acknowledged an overpowering sense of weariness with the political process.

"There are so many problems for which there seem to be no real solution," said Ayad Mahroun, a young Nazareth woman who said she would vote for Hadash, but only because she felt it was her civic duty. "We are looking for equality," she said, "and no election will bring that."

Security Council To Okay UN Help For Trial Of Hariri Murder Suspects (AFP)

AFP, March 25, 2006

The Security Council was set to ask UN chief Kofi Annan next week to strike a deal with Lebanon on creating an international tribunal to try suspects in the murder of Lebanon's ex-premier, Argentina's ambassador said.

Cesar Mayoral, the president of the Security Council for March, told reporters that the 15-member body would vote Tuesday on a French-drafted resolution urging Annan to negotiate an accord on the tribunal for suspects in the slaying of Rafiq Hariri.

Diplomats said the text was virtually certain to be adopted.

The draft, made available Friday, also asks Annan "to submit in a timely manner for the consideration of the Council a report on the implementation of this resolution ... including options for a funding mechanism appropriate to ensure the continued and effective functioning of the tribunal."

In a report released Tuesday, Annan suggested creation of a mixed tribunal involving Lebanese and international judges that "would best balance the need for Lebanese and international involvement in the work of the tribunal."

"That balance would be determined by such important characteristics as the tribunal's founding instrument, applicable law, location, composition and financial arrangements," it added.

It noted that Lebanese authorities believe that for security reasons the court should be established outside Lebanon.

The UN Security Council last December authorized Lebanon to create a special tribunal for the murder of Hariri and 20 others in a February 2005 bombing in downtown Beirut.

Belgian prosecutor Serge Brammertz, who is currently leading a six-month UN probe of the slaying, last week cited progress in the investigation but stressed that Syrian cooperation would be crucial to make further headway.

Two previous reports by Brammertz's predecessor, German prosecutor Detlev Mehlis, had suggested top-level Syrian involvement in the assassination plot, and blasted Damascus for failing to cooperate and actively seeking to mislead the investigation.

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Syria, the longtime powerbroker in Lebanon, has denied any involvement in Hariri's murder and accused the UN panel of political bias.

From Dreamer To Contender (NSWK)

By Stephen Glain

Newsweek, March 25, 2006

Even though a national election isn't scheduled, human-rights activist Chibli Mallat is running for president. And his chances of winning are looking better all the time.

Chibli Mallat, a Lebanese human-rights lawyer and activist, is campaigning as an independent for his country's presidency. That makes him unique, for two reasons: First, in Lebanon's highly factionalized politics, no one gets anywhere without belonging to an ethnic or religious clan. Second, there are no scheduled elections to contest. Last year's Cedar Revolution, ignited by the killing of the Sunni political leader Rafik Hariri, may have put an end to Syria's decades-long occupation of Lebanon, but Syrian proxy Emile Lahoud remains as the country's president. Pro-democracy groups engaged in a so-called National Dialogue have as yet failed to hatch a plan to remove Lahoud without provoking a violent backlash from Damascus.

Nonetheless, political groups are jockeying for power, inspired in part by what they say is stiff pressure on Syria from Arab governments—in particular Saudi Arabia, which enjoyed close ties with Hariri—in favor of a peaceful transition of power in Lebanon. The 46-year-old Mallat's own poll numbers meanwhile, indicate he has reached spoiler status. This month, Lebanon's Maronite patriarch, the leader of the country's largest Christian sect, gave the candidate what was interpreted by some as a passive endorsement, and the Saudi and Iranian ambassadors have requested interviews with Mallat. He spoke with NEWSWEEK's Stephen Glain this week. Excerpts:

NEWSWEEK: What are the odds that Syria will remove Lahoud anytime soon?

Chibli Mallat: Considering that everyone in the National Dialogue accepts there is a crisis in the presidency that needs to be addressed and the only way to address it is with a new president, the likelihood is much higher today than it was two months ago. You could have a new president in a week or a month.

What makes you think Lahoud's presidency may be in jeopardy?

The Syrians will hang on to him as much as they can, but eventually they will cut their losses because Arab leaders are pressuring them to do so. It's because of Saad Hariri [Rafik's son and a political leader]. He is saying "I want him out," and the Saudis will not go against him on this, though the pressure is clandestine. The atmosphere has changed to the point where the Saudis are saying, "Let's agree on [a Lahoud successor]" rather than "let's not stir up change in Lebanon."

Assuming Lahoud goes and an election is scheduled, how do you rate your chances?

The [candidate] that is least objectionable to everyone involved is probably me, because while I belong to this Cedar Revolution atmosphere, I am not directly associated with or against any one camp. The patriarch came out with specifications for a best-candidate's profile—someone young, educated, middle of the road—which was read widely to be a reference to me. Since I announced my campaign, I've propelled my image from innocuous dreamer to one of the contenders on the public radar. We had a poll done this week between me and [Gen. Michel] Aoun and the result was 59 percent for Aoun and 40 percent for Mallat, which is significant [considering] when I started out.

What is it about you that appeals to voters?

There is a sense of relative youth, a sense of novelty that is not available with other candidates, who are all either steeped in blood like Aoun or were in arrangements with the Syrians to be deputies of one thing or another. Most important, the political movement in Lebanon is a movement of the professional class, the middle class, and that is my profile. It is a revolt of the bankers and lawyers. To see them in the street is very unusual in Lebanon.

The leaders of the National Dialogue seem to be maneuvering to simply name a successor rather than hold an election. Wasn't the Cedar Revolution all about the popular yearning for a pluralist democracy?

Of course. But people in this country are so tired of violence in politics they don't see the importance of democratic competition. In democracy, there is the notion that the losers of today will be the winners of tomorrow. That alternation game is the essence of democracy, but there is a sense that Lebanon is so fragile and people are obsessed with consensus. The only

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practical alternative in my view is to allow the constitutional process to play itself out in the form of an election. That way, hopefully, the best person will emerge.

President George W. Bush continues to make the spread of democracy the cornerstone of his foreign policy. Does that sustain you?

I support his policy wholeheartedly. We activists in the human-rights community have been calling for democracy for years, and now that the Americans are embracing it, we won't turn back. My only request is that the policy be imposed without exemption. It is easy to attack Syria on the basis that it is not democratic, but it is important that the [United States] apply the same standards to Egypt, to push for peaceful change at the top there. That also includes Tunisia, which is an extraordinary dictatorship, and of course Israel, which is ruining the lives of millions of people under its occupation. The Bush administration must do something positive on this to show his call for freedom and democracy is not opportunistic.

Is the United States doing enough to pressure Syria to allow Lebanon full independence?

Short of sending 100,000 Marines to Damascus, my sense is the U.S. policy on Damascus is the correct one. I don't think sanctions would be useful in any way, and in fact they've proved counterproductive elsewhere. The Syrians are not behaving well on a number of fronts, including in Lebanon, and that will continue. But most worryingly, what we're seeing in Syria is that the country is going down the path of domestic violence. Every few days we hear of skirmishes and numbers of people killed. This touches a broad spectrum of the population, which is increasingly unhappy. It really has nothing to do with Lebanon, and it is bound to get worse.

Disgraced Defense Contractor Planned To Promote Democracy In Iran (KRT)

By Warren P. Strobel

Knight Ridder, March 25, 2006

WASHINGTON - In a new example of disgraced defense contractor Mitchell Wade's attempts to exert influence in Washington and beyond, Wade and two business partners formed a nonprofit group in 2004 to promote democracy in Iran, according to documents and interviews.

Wade and the two partners, who have been large contributors to Republican political campaigns, formed the Iranian Democratization Foundation in April 2004, according to incorporation papers filed in Washington.

The timing coincides with a push by opponents of the theocratic regime in Tehran to appropriate more money for democracy programs.

In November 2004, Congress approved spending $3 million to promote democracy in Iran. Secretary of State Condoleezza Rice last month asked Congress for a large boost in funding, to $75 million.

Behrooz Behbudi, who helped incorporate the foundation, said in a telephone interview that Wade "was supposed to get funds from the Congress" for the project. The two later fell out over business dealings in Iraq, Behbudi said.

Wade, who headed contractor MZM Inc., pleaded guilty last month to bribery-related charges and making illegal campaign contributions. His chief congressional patron, former Rep. Randy "Duke" Cunningham, pleaded guilty in November to taking bribes.

Wade's dealings, which include contracts MZM received from Pentagon intelligence agencies, are under investigation.

A phone call to Wade's lawyer seeking comment wasn't immediately returned.

Much is still unclear about the Iranian Democratization Foundation, including whether it ever took in money or carried out any activities. It was dissolved in November 2004 and apparently never filed federal disclosure forms required of nonprofits with more than $25,000 in income.

The foundation's existence was first reported this month by the Web log Talking Points Memo.

Behbudi, who lives in West Vancouver, Canada, and whose family was close to the late shah of Iran, said Wade apparently saw him as a conduit for helping expand his activities in the Middle East.

Behbudi said he was introduced to Wade by New York-based real estate developer Sonny Lee, the third officer of the foundation. The foundation's listed address was the same as MZM's.

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"We wanted to bring freedom to the people of Iran, freedom from the mullahs," Lee said in a brief telephone interview. The project was stopped "after the government told us they would take care of that themselves," he said. He didn't elaborate.

Behbudi and Lee donated heavily to Republican political causes, according to federal records.

Behbudi gave $17,000 to the National Republican Senatorial Committee in 2003 and $1,250 to President Bush's 2004 re-election campaign.

Lee gave at least $41,250 to the Senatorial Committee and $2,000 to Bush. A biography on the Rotary Club of New York's Web site says Lee was twice awarded the Medal of Freedom by the National Republican Senatorial Committee.

Lee, chairman of the Great American International Development Corp., called Wade "a good Christian man" and said they met through Wade's wife, Christiane.

Behbudi said he and Wade had a deal to try to get a contract to rebuild the gutted Central Bank of Iraq headquarters building in downtown Baghdad.

Behbudi said he traveled twice to Baghdad soon after the fall of Saddam Hussein's regime and "came up with the most beautiful building" design for the new headquarters.

"Mitch was supposed to come up with the contracts and secure the funds. I was supposed to do the work," Behbudi said. But, he said, Wade never paid him for the design work.

Behbudi's account couldn't be independently confirmed. He said he had a signed contract with Wade, but had to check with his business partners before making it public.

Available contracting records show MZM got one contract for Iraq reconstruction, a $5 million award in March 2003 to provide linguists and interpreters for the Pentagon.

Jonathan S. Landay of Knight Ridder Newspapers contributed to this report.

Cultivating The Seeds Of Democracy (LAT)

By Anwar Ibrahim, Anwar Ibrahim Is A Former Finance Minister And Deputy Prime Minister Of Malaysia. He Is A Visiting P

The Los Angeles Times, March 25, 2006

SINCE 9/11, the United States has pursued what the White House calls a "forward strategy of freedom" predicated on the belief that a dearth of democracy in Muslim countries has led to the spread of a deadly strain of Islamic extremism. Emboldened by a hard-won ideological victory over the regimes in Eastern Europe during the Cold War, the U.S. once again has sought to foment democracy abroad to ensure security at home.

However, as the first returns come in on this democratization effort in the Muslim world, there is growing anxiety in the U.S. about the resulting character of these nascent, freely elected governments. Some have begun to even question whether these countries have the innate ability to sustain democracy.

Although it cannot be denied that U.S. initiatives for reform have contributed significantly to developments in the Middle East, fear is growing that radicals may hijack democracy. Recent Islamist electoral successes in Iran, Egypt and the Palestinian territories have given rise to questions about the ability of liberal forces to prevail against fundamentalism.

For the United States, the fear is real, though perhaps tinged with a bit of Islamophobia: How terrible an irony it would be if this grand effort to spread liberty abroad resulted in anti-U.S. Islamic states imposing Sharia, or Islamic law, on their people.

The example of Hamas' ascension in Gaza and the West Bank presents obvious difficulties. But it would be fallacious to assume that it was democracy that voted in Islamic extremism. More correctly, it was the years of corruption and abuse of power of the Fatah-led administration that voted Hamas into power. If the exercise of democracy is about venting the people's anger and dissatisfaction with the powers that be, then the outcome was a foregone conclusion.

Be that as it may, there are some who say that "stability" not liberty is what the U.S. should be promoting throughout the Islamic world. Their view is that championing electoral democracy does not immediately serve U.S. interests abroad, particularly in the war on terrorism, and that the hearts and minds of terrorists and suicide bombers are not turned by the virtues of democracy. They say the war against terrorism must be waged with an iron hand, not kid gloves woven from the fabric of constitutional liberties.

These views on democracy and stability in the Muslim world are not only wrong but carry grave consequences.

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In a way, Washington's strategy may be viewed as expiation for past sins, when the U.S. was a stumbling block to democracy in the Middle East. Iran was a democracy in 1953 when the CIA engineered the coup that transformed it into an absolute monarchy. The U.S. also has supported other tyrants in the region, including, of course, Saddam Hussein. All of this in the name of stability and security in the decades-long confrontation with the communist bloc.

Is Washington really caught between the Scylla of supporting dictators and the Charybdis of promoting democracies that could bring Islamist radicals to power?

THE BEST ANSWERS to the question of whether America should reassess its strategy lie in Indonesia and Turkey, refreshing examples of Muslim democratic self-assertion.

Seven years ago, Indonesia plunged headlong into democracy after more than 30 years of autocratic dictatorship. As the largest Muslim nation in the world, it stands out as perhaps the most significant political phenomenon in the recent history of democracy. Indonesians have gone to the polls twice since, and they overwhelmingly rejected the Islamist radicals, who then tried to push their agenda through other avenues. Again, this was met with a resounding "no" by the Indonesian people, including major Muslim organizations.

The press in Indonesia is free, and the elections are fair. Fundamental liberties are enshrined in the constitution and fully recognized and respected by the powers that be. For example, unlike in neighboring Malaysia, Indonesians may gather to protest government decisions and policies without fear of reprisals. Arbitrary arrests and political detentions are unheard of.

As fledgling democracies, Indonesia and Turkey still have a long way to go. In Indonesia, it is in fulfilling the socioeconomic objectives of democracy that can only happen over time. In Turkey, the containment of an unrestricted military establishment has aided in that country's European Union ascension. Nevertheless, they now stand as beacons, both for Muslim nations and for those who seek to help them.

To be successful in its efforts to spread freedom, the U.S. must remember that constitutional democracy cannot take root in a society, whether secular or Islamic, without the firm commitment of the politically empowered to protect the fundamental rights to liberty, equality and freedom of all.

The true cultivation of democracy requires more than simply the introduction of elections. It also requires the establishment of democratic processes and a leveling of the political playing field. It needs the guarantee of a separation of powers and the liberation of the judicial system from the stranglehold of autocrats and tyrants. Most of all, it requires the protection of fundamental liberties and a free press.

It is in these prerequisites of democracy that the U.S. and the Muslim world need to invest, with far more significant effort, for the causes of liberty to truly prevail.

Braving Jail For Democracy, But Is That A Goal Or A Tool? (NYT)

By Michael Slackman

The New York Times, March 25, 2006

CAIRO

WHAT makes a person go to jail for his beliefs and fortifies that person to hold strong while the moments of life — weddings, births, deaths — pass by?

Essam el-Erian missed six and a half years of freedom for his political work. In that way he has something in common with those who accepted prison to call for freedom from the oppression of the Soviet Union. He shares something in common with Riad Seif, a former prisoner in Syria who was recently released after serving more than five years for his democracy work, and Ayman Nour, sentenced to five years hard labor in Egypt after challenging the governing party's monopoly on power.

But Mr. Erian's push for democracy does not sit as well with those in the West, namely the United States and Europe, because while he calls for free elections, freedom of speech and due process, he freely admits that he wants those political changes to help bring Islamic law to Egypt. His critics believe that religious-based organizations like his want to use the mechanics of democracy to achieve power, but have no intention of actually supporting democratic values or practices.

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"It is a duty to do it, it is a religious duty," Mr. Erian, 52, said when asked about his motivation. "I put my first footprint in this way more than 35 years ago, to save myself. Of course it may be difficult to understand, but secondly, it is to save our people. Our people look like slaves to dictatorships, and Islam came to release people from slavery to be only slaves of the God."

Mr. Erian is a leading figure within the Muslim Brotherhood, a fundamentalist Islamic organization that is technically illegal in Egypt but is officially tolerated. He has worked for decades to help the group emerge from years in the underground as Egypt's only real political opposition. He was released in October after his latest stretch in prison, five and a half months, and got right back to work, rejoining the ranks of the Brotherhood just as its members won 88 seats in Parliament, a small step toward realizing his dreams.

Yet, facing an increasingly intolerant government, Mr. Erian operates on a short leash, which can snap back at any time. On Wednesday, for example, as he tried to board a flight to attend a conference in Bahrain, he was stopped at passport control and denied permission to leave the country. No reason was given.

If he has his way, the Brotherhood will follow in the footsteps of Hamas, the militant Palestinian organization that won parliamentary elections in January. And that, critics say, is precisely the problem. The Brotherhood, they say, is professing fealty to democracy only to gain power, after which it intends to dismantle democratic practices.

Mr. Erian is clear about his agenda: transforming Egypt into his vision of an Islamic state, where the Koran is not just the basis of all law, as in Egypt today, but where it is the law. But he rejects those who say he and the Brotherhood are antidemocratic.

"The main goal of Islam is to liberate people," he said during an interview in the office of the Muslim Brotherhood on the banks of the Nile here. "The way that you can apply liberty in your life now is democracy. All are linked. They come from the same source. Of course you can find many, many Muslims, or the majority of Muslims, who do not understand that, but Hassan al-Bana, who is the founder of the Muslim Brotherhood, said that freedom, liberty is one of the main pieces of Islam."

MR. ERIAN was born in a small village in Giza, called Nahya, not far from the Pyramids. His father was a teacher, and like most of the people in the village, he was raised observant, praying five times a day and fasting during the holy month of Ramadan. But he heard the call — to faith and politics — after an accident. He said he was about 15 years old when he was nearly electrocuted by touching the exposed wires on a lamp.

"I went to the street alone and asked myself, 'What am I living for?' "

For a teenager, the answer was found in the Muslim Brotherhood. "When I found the Muslim Brothers, of course, it was very good help for me because I put all my efforts in clear strategy, clear techniques, clear tasks," he said.

Mr. Erian, one of the two brightest students in his village, was selected to study medicine in Cairo. While in school, he joined a whole class of young people who were working to transform the Brotherhood with pragmatic ideas and a strategy of pushing the group into politics. Alarmed, the government struck back, and Mr. Erian, as the vanguard of that new generation, often felt the heat personally. He eventually earned a master's degree in clinical pathology but never managed to finish his medical training because he was sent to jail, he said.

Mr. Erian served in the Egyptian Parliament from 1987 to 1990 as an independent, because the Brotherhood could not run candidates as an outlawed group. In 1995 he was sentenced to five years in prison for belonging to a banned group that sought to create an Islamic state in Egypt. That conviction automatically disqualified him from running for public office again.

The Brotherhood has a violent past, and was outlawed after its members tried to assassinate Gamal Abdel Nasser even before he became president. Now it has to contend with that not-so-subtle undercurrent of suspicion that Mr. Erian and others are opportunists looking to ride the coattails of democracy to power — with no intention of then ever letting go. American policy makers have gone so far as to say they refuse to speak with the Brotherhood because of its illegal status. Recently, however, a British publication, The New Statesman, published documents on its Web site leaked from the British Embassy in Cairo in which an analyst there said that it was time to begin at least an informal dialogue with the Brotherhood.

MR. ERIAN bridles at the policy of opposing the Brotherhood because of what it might do, saying it diverted attention from more substantive issues. "The problem is that our rulers in this region are in power for half a century or more, supported by the states and they don't leave power," he said. "You are afraid that somebody else can come to power and not give away. Let us put

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guarantees to prevent this. Don't prevent people from change because you are afraid or because you are weak. Strengthen yourself, don't weaken the others."

Mr. Erian has picked supporters outside Islamic ranks. Saad Eddin Ibrahim, a Western-educated pioneer in pressing Egypt's government for accountability who found himself imprisoned some years ago for his trouble, said he trusted Mr. Erian. "Probably because of his moderate attitude and his outstanding leadership qualities, Mubarak's regime put Essam el-Erian behind bars," wrote Mr. Ibrahim while he was in jail. "So, let all the free people in Egypt and the world unite with him.

"Hands off Essam el-Erian, Mubarak!"

That call never did resonate, in Washington or Europe. But Mr. Erian said he did not care much, because he took the risks in support of his faith. "It is only to obey my God," he said.

U.S. Revokes Visa Of Pakistani Senator (WP)

By Shankar Vedantam

The Washington Post, March 25, 2006

Musharraf Critic Was to Be State Dept. Guest

The Bush administration has withdrawn an invitation to a Pakistani lawmaker and a prominent critic of President Pervez Musharraf who was to arrive in the United States today as a guest of the State Department, setting off charges that the action came at the behest of the Pakistani government.

Sana Ullah Baloch, who had been invited by the State Department last year and issued a visa, was told recently by the U.S. Embassy in Islamabad that he could not attend a State Department-sponsored program on accountability in government and business and that a visa he had already received had been revoked.

American officials first told Baloch in a letter sent March 13 that they had taken the action because of "a recent withdrawal in funding which made it necessary for us to scale back the program."

In an interview Wednesday, State Department spokeswoman Nancy Beck said the problem was not funding but rather new information that was received after Baloch had been approved that "led us to believe he was not eligible for a visa." She declined to elaborate.

The incident has drawn sharp parallels with the case of Mukhtar Mai, a woman gang-raped in 2002 by a village council in Pakistan, who was prevented by the Pakistani government from traveling to the United States last summer to publicize her story. The government later relented.

The changing explanations fueled suspicion among some South Asia experts in Washington that Pakistan, a U.S. ally in the hunt for al-Qaeda leaders, asked the Bush administration not to permit Baloch to come to the United States. Baloch has been highly critical of Musharraf's handling of an intensifying conflict in Baluchistan, a restive province that Baloch represents in the national parliament.

"What is truly outrageous about his situation is this was a U.S.-government-sponsored trip," said Michael McFaul, a senior fellow at the Hoover Institution in Washington, who spent three weeks with Baloch at a meeting at Stanford University aimed at promoting democracy and human rights. "Since when do we let other countries decide whom we should invite to our country?"

"We are all embarrassed because we all suspect the same thing, but so far the questions we have asked the administration remain unanswered," said Frederic Grare, a scholar at the Carnegie Endowment for International Peace, which was forced to cancel next week's event for Baloch.

Amnesty International's advocacy director for Asia, T. Kumar, said the group would bring the issue to the attention of Congress: "This is a coverup. This is a war on terror issue, and they need Pakistan."

Baloch's allies note that they have no direct evidence of their claims, and the Pakistani government and the State Department deny that Pakistan was involved.

Tariq Azim Khan, one of Baloch's fellow senators and a spokesman for the Pakistani government, joked that "it is surprising to note that Pakistan has that much sway with the State Department and the American Embassy in Islamabad."

Baloch was welcome to express his views anywhere, Khan said, adding that the Pakistani government itself had included the critic in many interparliamentary delegations. Khan described the unrest in Baluchistan as the work of a tiny but vocal

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minority, led by people such as Baloch, who Khan charged was upset because traditional roles of patronage were being sidelined by development programs.

Marvin Weinbaum, a former State Department analyst for Afghanistan who now works for the Middle East Institute in Washington, said the department's intelligence analysts may have learned something problematic about Baloch. But Selig Harrison, author of "In Afghanistan's Shadow," a book on Baluch nationalism, said that absent evidence, "one would discount that as simply a cover story."

In an interview via cellphone, Baloch said that his province -- the largest in Pakistan -- was being exploited for its natural resources, even as the region was starved of development funds. The province borders Iran and Afghanistan and is strategically important to oil-shipping lanes. Baloch said locals want more authority but were being undermined by the Pakistani government's leverage of radical Islam in the liberal-minded region.

"They don't want to allow any Baluch political activist to get in touch with the international community regarding the human rights violations in Baluchistan," he said, adding that about 600 people had been killed in recent months.

As Indian Premier Calls For Treaty, Pakistan Says Kashmir Is The Key (NYT)

By Somini Sengupta

The New York Times, March 25, 2006

NEW DELHI, March 24 — Prime Minister Manmohan Singh called Friday for a far-reaching "treaty of peace, security and friendship" between India and Pakistan, in what appeared to be an effort to stanch criticism from across the border for inaction on the contested Kashmir region.

Pakistan politely welcomed the offer but pointed, not surprisingly, to the need to take on the Kashmir issue.

"We are not afraid of discussing Jammu and Kashmir or of finding pragmatic, practical solutions to resolve this issue as well," Mr. Singh said. He went on to say that territorial lines could not be redrawn — the Indian government's longstanding position — but that the two countries could work toward making them irrelevant, or as he also put it, "just lines on a map."

The two countries, violently separated at birth in 1947 but unable ever since to agree over who controls the Himalayan territory of Kashmir, have been engaged in peace talks for more than two years. Those talks have yielded little more than modest agreements to open train and bus links across the border.

For the last several months Pakistan has stepped up criticism of India for what it calls New Delhi's recalcitrance on resolving the Kashmir dispute. Pakistan's president, Gen. Pervez Musharraf, for his part, has dangled the idea of greater self-rule for Kashmiris on both sides of the de facto border.

"I think it's a response to Pakistan's upping the diplomatic ante recently," said Kanti Bajpai, the principal of the exclusive Doon School in the Indian city of Dehra Dun and an expert on Kashmir.

India and Pakistan have fought three wars, two of them over Kashmir, and reached the brink of a fourth.

The spokeswoman for the Pakistani Foreign Ministry, Tasnim Aslam, on Friday called India's overtures positive but also described Kashmir as being "at the heart of conflict, mistrust and hostility" and having "bedeviled relations between the two countries for such a long time."

"We also need sincerity and flexibility in order to overcome the legacy of the past," Ms. Aslam said.

Mr. Singh praised General Musharraf's efforts to curb terrorism and urged him to do more. Mr. Singh also spoke of the need to address lingering disputes over the waters of Sir Creek, at the southern end of the countries' common border, and a dam called Baglihar on the Indian-held side of Kashmir that Pakistan fears will allow India to tamper with its water supply.

Mr. Singh's statement was perhaps more revealing for where it was delivered than what it said. He spoke at the unveiling of the latest bus link between the countries, this one cutting across divided Punjab from the Indian city of Amritsar to the Sikh pilgrimage site of Nankana Sahib in Pakistan, the birthplace of the Sikh religion's founder.

Punjab is the center of the carnage that characterized the partition of South Asia in 1947, when India and Pakistan won independence from British rule. Millions streamed across the frontier at the time, Sikhs and Hindus to India, Muslims to Pakistan.

Mr. Singh was among them. A Sikh, he was born in what is now the Pakistani province of Punjab, just as General Musharraf was born here in what is now the capital of India.

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U.S. And Europe Plan Sanctions Against Belarus (NYT)

By C. J. Chivers

The New York Times, March 25, 2006

MINSK, Belarus, March 24 — The United States and Europe said Friday that they would impose sanctions against President Aleksandr G. Lukashenko of Belarus and other top officials for cracking down on a peaceful protest over his re-election, which was widely seen as a sham.

The swift and nearly unanimous condemnations from Western nations widened their rift with Belarus and posed new challenges for their relations with Russia, which has stood behind Mr. Lukashenko.

The United States stopped short of cutting its ties with the Belarus government, but a senior State Department official said that travel and financial restrictions already in place on "fewer than a dozen" Belarussian government officials would probably be extended to more than 50, including Mr. Lukashenko.

The European Union announced similar moves.

The announcements came as Belarussian authorities were processing hundreds of demonstrators in a Soviet-era prison here in the capital, and holding what the opposition described as closed trials without legal representation or defense witnesses.

The opposition also said that since their members were arrested in a police sweep early Friday morning, many detainees had been beaten, denied the use of toilets, forced to stand for hours in subfreezing temperatures, and packed nearly by the score into small prison cells.

"It is a horrible violation of human rights and the law," said Aleksandr Milinkevich, the principal challenger to Mr. Lukashenko in last Sunday's presidential election. "They do not consider us to be people."

Mr. Lukashenko made no immediate comment about the planned sanctions. But Belarus's Foreign Ministry suggested the West was being hypocritical and he hinted at retaliation.

"If the United States and European Union countries respect the people of Belarus, they should respect their choice," Andrei Popov, a ministry spokesman, said on national television. "The Republic of Belarus retains the right to take retaliatory measures.'

The threat seemed to expand on a remark earlier in the week by Mr. Lukashenko, who said Europe would hardly be able to restrict its trade with Belarus, a main transit route to the West for Russian gas and oil.

The United States said that it "condemns the actions of the Belarussian security services" in which "they forcibly seized and detained Belarussian citizens who were peacefully demonstrating against the fraudulent March 19 election results," according to a State Department statement.

The sanctions are likely to irritate Russia, which endorsed the presidential election on Monday and made light of the violence on Friday.

As many as 1,000 people have been arrested in the past several days for participating in rallies or supporting the opposition, including for trying to give demonstrators food, according to Mr. Milinkevich and Aleksandr Kazulin, another presidential candidate. The United States echoed appeals by both candidates for Belarus to release the detainees immediately.

"The United States calls on authorities in Belarus to release without delay the hundreds of citizens who have been detained, not only in the past 24 hours, but in recent days and weeks, simply for expressing their political views," said the White House press secretary, Scott McClellan.

Leaders of the European Union said they would add Mr. Lukashenko's name to an existing visa ban against six Belarussian officials. The move puts him on the same blacklist as Zimbabwe's president, Robert Mugabe, and Myanmar's military leaders, all of whom have had their European assets frozen.

The Polish foreign minister, Stefan Meller, said the new restrictions, which will take effect around April 10, could involve more than a dozen people. "This is a fight of good against evil," he said.

The officials subject to the sanctions would be forbidden to travel to the United States or Europe, or to fly on airlines belonging to any of those countries. Assets they hold in American or European banks will probably be frozen, though officials noted that the details had not yet been determined.

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The administration hopes the threat of sanctions might change behavior in Belarus even before the new rules are put into place. Their goal, said the senior State Department official, who declined to be identified under department rules, is to "hold individuals accountable, to squeeze them" so that some might "peel off" to escape "the tightening noose."

The crackdown creates a fresh strain on relations between the West and Russia, which has congratulated Mr. Lukashenko for his official victory, and said the election, seen in the West as a farce, signified "the development of democratic institutions and the strengthening of the foundations of civic society in Belarus."

Russia, which holds the rotating chairmanship of the Group of Eight industrialized nations, showed no sign on Friday of rejecting its embrace of Mr. Lukashenko, who, according to official results, was re-elected to a third term on Sunday with 83 percent of the vote.

Foreign Minister Sergey V. Lavrov, at a news conference in Moscow, dismissed the protests as "illegal activities." He accused the Organization for Security and Cooperation in Europe, which monitored the elections, of having prejudged them and of instigating the demonstrations that followed.

"It has played an inflammatory role," Mr. Lavrov said, according to a transcript provided by the Foreign Ministry. "To goad people into illegal activities is, I think, wrong."

Christian Strohal, director of the organization's human rights arm, responded in a statement that Mr. Lavrov's statements showed "a deliberate disregard" for the facts.

The State Department played down the American disagreement with Russia. A spokesman, Adam Ereli, noted that Secretary of State Condoleezza Rice spoke with Mr. Lavrov by telephone on Friday and did not even bring up the issue of Belarus.

Nonetheless, the West's actions may be seen as a challenge in Russia. "The United States and Europe have laid down markers that it will not accept fraudulent elections in Belarus," said Celeste A. Wallander, director of the Russia and Eurasia program at the Center for Strategic and International Studies in Washington. The implication, she said, is that the West "will not accept fraud in Russian elections, either."

But James. M. Goldgeier, a Russia expert at the Council on Foreign Relations, said that message may be undercut by the fact that Russia faced no consequences after similar disagreements over other elections in its former republics over the past two years.

In Minsk, the police crackdown hardly lessened the tension. For all its speed and efficiency, with hundreds of protesters being removed from their camp on October Square by the riot police in less than 25 minutes, the action seemed to have done little to break the opposition's will.

Opposition members and relatives of those detained gathered outside the walls of the pretrial detention center and cheered every time a bus with detainees left the compound.

The unrest in recent days was the first sustained public dissent in the 12-year rule of a president often called Europe's last dictator. Freedom of assembly and speech are almost nonexistent here, and the economy remains managed by the state.

Mr. Milinkevich called for wide sanctions against Belarussian officials, including television journalists who he said knowingly spread lies on state television. He said a rally planned for Saturday would go forward, no matter how few people showed up.

The event seems certain to present a fresh challenge to the government, if only on a small scale. Several demonstrators who have thus far eluded arrest said they would appear on October Square, against the government's orders, in a continued show of civil disobedience.

One young man, who said he escaped from the crackdown early Friday by running from the police as they began seizing the demonstrators, stood on the square Friday afternoon, wearing a red-and-white button that read "For Freedom."

The protester, who gave only his first name, Mikhail, said that he would be back with more demonstrators on Saturday, and that he expected he would be arrested.

West Backs Sanctions Against Belarus (FT)

By Neil Buckley And Daniel Dombey

Financial Times, March 25, 2006

DOJ_NMG_0022127

Alexander Lukashenko, Belarus' authoritarian president, was on Friday night facing coordinated sanctions from the European Union and US, hours after riot police wielding batons arrested 200 people staging a peaceful protest over Sunday's disputed elections in the capital, Minsk.

EU leaders, at a summit in Brussels, and the White House both indicated they would impose visa bans on a wide range of senior officials from the former Soviet republic, including Mr Lukashenko himself. They also planned financial sanctions, such as freezes on bank accounts abroad.

The tough EU and US response set them sharply at odds with Russia. Moscow has accepted the election results and congratulated Mr Lukashenko on winning a third five-year presidential term with an official 82.6 per cent of the vote, on a 92 per cent turnout.

Sergei Lavrov, Russian foreign minister, on Friday accused the Organisation for Security and Co-operation in Europe – which described the elections as severely flawed – of delivering a biased verdict and playing an "inflammatory role" in Belarus. The OSCE insisted it had given an "impartial, balanced picture of the entire election process".

In Minsk, Alexander Milinkevich, the main opposition candidate, vowed to go ahead with a peaceful rally planned for Saturday, anniversary of the start of an earlier short-lived period of independence for Belarus in 1918.

It was unclear, however, how many supporters would attend and whether the authorities would allow the rally to take place.

Several thousand opposition supporters have gathered on Minsk's central October Square each evening since last Sunday. But police at about 3am on Friday stormed a small colony of tents demonstrators had erected on the square in a round-the-clock protest, bundling their occupants into trucks.

The EU and US both condemned the crackdown, calling on the Belarusian authorities to release those arrested and refrain from action against any peaceful protest on Saturday.

Brussels and Washington have endorsed the findings of the 500-strong OSCE monitoring mission which concluded that last Sunday's election was not free and fair, and took place in a "climate of intimidation".

"Lukashenko will be banned from travelling to the EU," said Stefan Meller, foreign minister of Poland, which championed EU sanctions together with Lithuania – both neighbours of Belarus. He added that the new visa ban would apply to "many, many officials", and significantly broaden an existing ban imposed in 2004 on six lower-level Belarusian officials.

Scott McLellan, the White House spokesman, said the US planned "parallel steps involving targeted travel restrictions and financial sanctions"

U.S. To Sanction Belarus For Stifling Protests (WP)

By William Branigin

The Washington Post, March 25, 2006

Demonstrators Are Jailed in Capital for Rally Against Vote

The White House yesterday denounced the suppression of political protests against election fraud in Belarus and said the United States planned to join European nations in imposing sanctions on Belarusan leaders.

White House press secretary Scott McClellan said the United States demanded the immediate release of hundreds of protesters who have been arrested for demonstrating against March 19 elections, which President Alexander Lukashenko claims to have won with nearly 83 percent of the vote.

Riot police broke up days of demonstrations in Minsk, the Belarusan capital, early yesterday. About 200 protesters who had been camped in the main square were arrested and carted away in trucks.

The opposition, whose candidate received only 6 percent of the vote, charged that the elections were blatantly fraudulent, an assertion backed by independent election observers and the United States.

Under Lukashenko, 51, a former Soviet collective farm manager who came to power in 1994 as an anti-corruption crusader, Belarus has become one of the world's "outposts of tyranny," a phrase Secretary of State Condoleezza Rice has used to describe half a dozen authoritarian countries. But the man Western critics have dubbed "Europe's last dictator" has won the support of Russian President Vladimir Putin, whose foreign minister defended today's police action against the protesters.

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McClellan told reporters, "The United States calls on authorities in Belarus to release without delay the hundreds of citizens who have been detained not only in the past 24 hours but in recent days and weeks simply for expressing their political views."

He said, "We strongly condemn the actions by Belarusan security services," who "forcibly seized and detained citizens of Belarus who were peacefully demonstrating against the fraudulent March 19th election results."

Praising the European Union's decision to impose sanctions on Belarusan leaders, McClellan said, "We plan to take parallel steps involving targeted travel restrictions and financial sanctions." The U.S. sanctions appeared likely to include travel restrictions against Lukashenko and other top Belarusan officials.

Lukashenko has denied being a dictator but has freely acknowledged his authoritarian tendencies.

"An authoritarian style of rule is characteristic of me, and I have always admitted it," he said in 2003, according to a BBC profile. "You need to control the country, and the main thing is not to ruin people's lives."

Election observers from the Organization for Security and Cooperation in Europe concluded that the March 19 balloting was not free and fair, citing a "pattern of intimidation" by the state throughout the campaign. However, some Western and Russian polling organizations have found considerable popular support for Lukashenko in Belarus, which has recorded strong economic growth under his presidency and has avoided some pitfalls of the transition to capitalism experienced by other former Soviet republics.

Behind The Crackdown In Belarus (TIME)

By Yuri Zarakhovich

Time, March 24, 2006

Exclusive: "A legitimately elected President does not have to react so cowardly," an opposition leader tells TIME in an interview after police break up a five-day protest

After five days of protests against the reelection of Alexander Lukashenko as President of Belarus, police early Friday morning arrested hundreds in an improvised tent camp in downtown Minsk, installed there as a token of popular protest against an election widely described as fraudulent and unrecognized by the U.S. TIME's Yuri Zarakhovich discussed the overnight crackdown in a phone interview with Professor Alexander Kozulin, a presidential candidate from the opposition Social-Democratic Hramada party and one of the two top opposition leaders in Belarus.

TIME: The authorities have been promising not to crack down on what they called "a pathetic tent camp." Why such a change of heart on their part?

Kozulin: Lukashenko's lost his nerve. Tomorrow, Saturday, March 25, is a major national holiday, albeit unrecognized officially — the anniversary of the Belarus People's Republic, our independent state, proclaimed back in 1918 and destroyed several months later. Lots of people always gather to mark this day. Now, the anniversary coincided with mass election fraud protests. The opposition has called upon the people to come to the square en masse to protest. The authorities were scared that this "pathetic tent camp" worked as a toehold for the dozens of thousands who would show up tomorrow — and turn Minsk into a free city. So they moved to remove it.

TIME: How did the crackdown happen?

Kozulin: As the night was falling, most people left the square. Just some 300 kids were staying there to keep vigil overnight. Most of them students. When the police surrounded them, the kids just sat on the ground in a circle, holding hands. They did not resist. First, the cops removed all the media from the vicinity of the square, then they started carrying the protesters to prison wagons bodily. My two nephews were among those arrested in the square. They are still in jail.

TIME: How do the people react?

Kozulin: My mom, who survived the Nazi occupation, says that Lukashism is worse.

TIME: How so?

Kozulin: What happened last night is just a part of a general crackdown. They have been picking up people individually — not just opposition activists, but many of those who as much as dared bring food to the tent camp. Same as the Nazis arrested those trying to bring some food to concentration camps inmates. In just three days after the election, they have arrested close to 1,000 people, including the kids in the square. They had also arrested some 500 activists within the week before the election.

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They destroy this country's future when they stifle the people's right to self-expression and protest. They destroy this country's future when they thrown the young in jails. This is Lukashism.

TIME: What now?

Kozulin: Now they will cordon the square off and try to keep the people out. But the people will be coming tomorrow anyway. We have always called for peaceful protests, but now Lukashenko provokes violence. He will bear the entire responsibility, should it happen. The authorities should have learned to listen to their people. But they are provoking violence instead. This only proves once again that they are illegitimate, and that this "election" was a fraudulent farce.

TIME: Why?

Kozulin: A legitimately elected President does not have to react so cowardly. Lukashenko has overstepped all the boundaries. He is a menace to his own people. He has been scared of a revolution, but what he does not understand is that he has triggered that revolution himself. His abuse of power has triggered the most important revolution of all — the one in people's minds. Even many of those who had sided with him are now indignant at this rape of the Constitution and crackdown on the people.

TIME: What do you think of the world's reaction?

Kozulin: The U.S. and the E.U. stands have been very encouraging. However, it is important that they remain consistent positions, rather than just one-time declared stands. All the possibilities of talking with Lukashenko have been exhausted; he understands only the language of force. He is not a menace just to his own country; he is a menace to the world. If the international community wants to defuse this menace, the Belarusian issue must be brought to the U.N. Security Council and raised at the G-8 summit, planned in St. Petersburg, Russia in July. Otherwise, this summit will be just so much mockery of the G-8 principles.

White House Joins In Sanctions Vs. Belarus (AP)

AP, March 25, 2006

The United States joined European nations Friday in imposing sanctions on Belarus in retaliation for a crackdown on political protesters after an election that the White House said was fraudulent.

Washington will act in unison with the European Union in applying targeted travel restrictions and financial sanctions against President Alexander Lukashenko and others, the White House said.

"Our nation's thoughts are with those who have been harassed, detained, imprisoned or beaten for their efforts" to return freedom to Belarus, the White House said in a presidential message.

White House press secretary Scott McClellan said the administration urges "all members of the international community to demand that authorities in Belarus respect the rights of their own citizens to express themselves peacefully and to condemn any and all abuses."

He said the United States strongly condemned actions by Belarus' security forces who seized and detained citizens demonstrating against the results of the presidential election.

"The United States calls on authorities in Belarus to release without delay the hundreds of citizens who have been detained not only in the past 24 hours but in recent days and weeks simply for expressing their political views," McClellan said.

Russia, which is close to the former Soviet republic, has taken a different tack, saying the media had distorted the severity of the police action.

A State Department spokesman, Adam Ereli, said, "The Russians have obviously taken a position regarding the elections in Belarus I think that differs from ours."

"Every country is obviously free to decide what it wants to do," Ereli said.

Defiant Belarus Opposition Shifts To A Jailhouse Wall (NYT)

By C. J. Chivers

The New York Times, March 25, 2006

MINSK, Belarus, March 24 — The young man stood by the prison wall and read the names to a crowd of family members.

"Vitushka," he said. "Ten days."

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"Vinogradov," he said. "Ten days."

"Marchuk," he said, and repeated the same jail sentence, written on a scrap of paper he said the opposition had managed to smuggle out.

The center of the psychological chess game between the autocratic government of Belarus and its emboldened new opposition shifted Friday from a small camp on October Square to a pretrial detention center, where much of the opposition movement now finds itself locked up.

Since March 19, when President Aleksandr G. Lukashenko won a landslide re-election that the West and the opposition say was tainted by abuse and fraud, Belarus's opposition has challenged Mr. Lukashenko as never before, risking police violence and arrest to assemble in public and denounce the official result.

Mr. Lukashenko and his police forces, which had never allowed such dissent, refrained from arresting the demonstrators until early Friday morning, when the riot police broke up a demonstration that had continued for more than 80 hours.

The crackdown stopped the largest public display of defiance against Mr. Lukashenko's rule, but it was only the most visible effort of the government's effort to tamp down these protests before they spread.

During the demonstration, each time protesters ventured away from the relative safety of their camp, they faced a gantlet of undercover security officers, waiting at subway token booths, lurking on train platforms, loitering near their homes.

The officers arrested demonstrators by the score, and hunted for anyone believed to be a potential supporter or participant in the demonstration.

On Friday, the relatives of the detained and opposition members who had eluded arrest turned up at the jailhouse walls, demanding to know who was inside, and trying to get the officials to accept parcels for the detainees. The bags contained nuts, juice, toothbrushes and clean clothes.

The jail officials refused to accept them, just as they refused to provide a list of detainees, forcing the relatives to rely on the occasional call from within on smuggled cellphones, and to trade stories of beatings and young men spending the night shivering outside in the jail yard.

Sometimes the gates would open and several prisoners would be seen being transferred away by bus. "We are together!" their friends and family would chant. Sometimes an ambulance would appear, and the crowd would wonder who had been hurt?

One man passed the limited word they had of trials. The trend was clear: 10-day sentences. The charge: participating in an unsanctioned rally.

Jail sentences will not stop them, opposition members said. Their next move, they said, will be to try to assemble for another demonstration on Saturday.

But the government was already moving against them, deploying more police officers on the square, and using state television to denounce those already in jail.

A propaganda campaign was also under way. After the protest was broken up, state television showed images of a square littered with alcohol containers and pornography, along with syringes and packets of white powder, and suggested that the camp was simply a drug-fueled orgy.

"Of course it is easier to carry out different sexual experiments on psychologically unstable youth," the news broadcaster said. October Square, he said, was turned by the demonstrators into "an ugly, criminal tumor on Minsk's body."

But journalists for The New York Times passed all four nights night on the square and saw no alcohol, drugs or pornographic materials inside the camp. Minutes after the riot police departed early Friday, alcohol bottles and pornography were in abundance, as if they had been planted.

At the prison walls, the remaining opposition members said they were undeterred. "It is easy to sit in your warm kitchen and speak against this regime," said Sergei Karievsky, 50, an architect. "But if the sleeping society is ever going to be awakened, someone has to go out in the cold and fight for their rights."

Senators Soften Line On China Trade Sanctions (FT)

By Geoff Dyer And Chris Swann

Financial Times, March 25, 2006

DOJ_NMG_0022131

Advocates of free trade were hopeful on Friday that a more conciliatory stance by two US senators who have threatened draconian legislation against China would help cool anger in Congress over China's trade policies.

Senators Charles Schumer of New York and Lindsey Graham of South Carolina, who sponsored a bill to place a 27.5 per cent tariff on Chinese exports entering the US, said the country had taken "a big first step" towards establishing a more flexible currency regime. Speaking on a visit to China, they said they would make a decision only next week on whether to put their bill for a vote on March 31. They hinted, however, that any vote would be delayed for at least a month.

The two senators have been visiting China this week to monitor progress China has made in reforming its currency, which they believe is 15-40 per cent undervalued. Their bill has become the focal point of growing commercial tensions between the US and China and prompted fears of a wave of protectionism.

"There has been a meeting of minds [on the issue of a floating currency] which we have helped accomplish," Mr Schumer said in Shanghai on Friday. "Before Sunday I would have characterised China's trade policy as mercantilist. But I am convinced now that the Chinese government agrees that the currency should float."

The idea had been included in China's 11th five-year plan, outlined this month, although it was added at the last minute, he said. His latest comments gave reason to believe that he would not push for a vote on the bill next week.

The softer tone may also take pressure off the administration of President George W. Bush, which has been struggling to contain mounting frustration on Congress.

"The legislation was unlikely ever to have become law, because the Republican leadership in the House would have been reluctant to let it go to a vote," said Dan Griswold, director of the centre for trade policy studies at the Cato Institute. "But as a symbol the proposed legislation was very unhelpful. The threat of high and sweeping tariffs against our third largest trading partner was the height of irresponsibility."

China revalued its currency by 2.1 per cent last July but since then the pace of appreciation has been slow, with the renminbi rising by less than 1 per cent against the dollar. According to Mr Schumer, Zhou Xiaochuan, the head of the Chinese central bank, explained that the government had needed time to establish the market infrastructure for a floating currency.

The senators did not give the Chinese a deadline for moving to a floating renminbi, although Mr Schumer added: "Six months is obviously too short for the Chinese,10 years too long."

Mr Graham was more sceptical. "Are they just doing the least amount possible or is there a genuine effort to embrace reform? The jury is still out," he said. However, he implied that any vote on the bill would be delayed at least until after the April visit to the US of President Hu Jintao of China. "By the end of April we will know more [about Chinese intentions]," he said.

Stephen Green, economist with Standard Chartered Bank in Shanghai, said: "We believe that Senator Schumer will not table the bill on the basis of the real progress that has been made...in part because of the pressure created by their bill."

However, Chuck Grassley, the chairman of the Senate finance committee, and Max Baucus, the ranking Democrat, may yet unveil even stronger draft legislation on China next week. It is expected to include provisions for the US to push complaints forward at the World Trade Organisation.

Enemy Lines In Lucent Deal, Two Rivals Face Inroads From China (WSJ)

By Sara Silver, Dennis K. Berman, Leila Abboud

The Wall Street Journal, March 25, 2006

U.S. Firm, France's Alcatel See Bulking Up as a Key To Thriving in Telecom Gearing for Beijing Olympics

One key factor fueling the merger talks between France's leading telecommunications-equipment maker and its longtime U.S. rival is a looming competitive threat: China.

In a plan made public late Thursday night, Alcatel SA of Paris is pursuing a more than $13 billion merger1 with Lucent Technologies Inc., whose roots stretch back to Alexander Graham Bell's first telephone. The two came close to merging five years ago but talks fell apart.

Now, there is renewed urgency for a deal. Chinese upstarts such as Huawei Technologies Co. and ZTE Corp. are beginning to enter their turf with cheaper products, threatening to seize market share, take jobs and set industry standards for the huge Chinese market.

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Alcatel, Lucent and its main competitors Telefon AB L.M. Ericsson, Nokia Corp. and Nortel Networks Corp., make technology that is largely invisible to consumers but underlies many of the services they use: telecommunications networks transmitting voice, video and Internet traffic.

Both Lucent and Alcatel hope that the fast-changing global telecom landscape will keep their deal from becoming a political football. A slew of other recent deals, including Dubai Ports World's plan to take over some operations at key U.S. ports and a possible purchase of Unocal Corp. by China's Cnooc Ltd., fell apart over U.S. opposition. Lucent may be an especially sensitive target, because its research arm, Bell Labs, develops defense and homeland-security technology. So far there hasn't been any uproar in Washington over the prospect of a deal.

Across the Atlantic, France has become increasingly prickly about mergers affecting its home-grown companies. The proposed Alcatel-Lucent deal would likely cost thousands of jobs, as the companies try to slash costs.

The planned transaction comes amid a massive consolidation of the U.S. telecom industry, which is still struggling to recover from a collapse that began in 2001. Some $200 billion of deals have been announced in the past two years. Most recently, AT&T Inc. announced plans to buy BellSouth Corp. for $67 billion. Other transactions have included Verizon Communications Inc.'s acquisition of MCI Inc., and the earlier purchase of AT&T Corp. by the former SBC Communications Inc., which took the AT&T name.

For Alcatel and Lucent, the deal makes sense because of the shrinking of the U.S. and European client pool and the prospect of stronger Chinese competition.

Last year, for instance, BT Group PLC of the United Kingdom signaled Huawei had arrived on the global stage by awarding it a sizeable piece of its multibillion-dollar project to upgrade its infrastructure. Huawei, based in the southern Chinese city of Shenzhen, started by concentrating its export strategy on developing countries, partly to avoid competing with the industry's giants as it built up its expertise, touting deals in Thailand, Indonesia and Bulgaria.

The pressures Lucent and Alcatel are facing in such markets was visible at an industry trade show in New Delhi this week. Just inside the main entrance, the first sight for many attendees was the giant booth of China's ZTE, where it demonstrated equipment for next-generation cellphone networks, wireless broadband and video cellphones.

For ZTE and Huawei, India is a second big opportunity to prove themselves against global competitors. Both companies played starring roles in the rapid buildup of China's wireless networks during the past six years.

Meanwhile, China is expected to start awarding licenses for so-called third-generation, or 3G, networks in the next six months in order to give its own state-owned phone companies time to prepare services for the 2008 Olympics in Beijing. China already is the largest mobile-phone market, and the upgrade may form the world's biggest high-speed wireless network.

To be sure, Chinese vendors including Huawei currently make up a fraction of the world market. They hold about 5% of the wireless market, including new contracts within China, and about 10% of the market for optical equipment such as switches, according to analyst Paul Sagawa of Sanford Bernstein.

"The biggest impediment to Huawei on a global stage is the lack of a service and support infrastructure," Mr. Sagawa says. "Carriers don't want to have to rely on engineers in Beijing to solve problems. They want people on the ground."

Once a highflying industry leader, Lucent now stands to represent something far different: the globalization of technology markets, where a few huge players supply gear to everyone from Polish wireless companies to Brazilian cable-TV firms.

In this transition, Lucent, once the most widely held stock in America, would enter a new era. As envisioned, the combined company will be registered as a French firm, have its executive offices in Paris and its operational offices in New Jersey, according to people familiar with the matter. It would trade on European markets, with its American depositary receipts still trading on the New York Stock Exchange. All told, Alcatel would hold about 60% of a newly combined firm.

Lucent would continue to hold power, too. Current Chief Executive Patricia Russo would become the company's chief executive, with Alcatel's Mike Quigley retaining his No. 2 spot.

Alcatel's Serge Tchuruk would be company chairman, and the two sides would share equal representation on the board.

The two sides have already had a preliminary agreement in place for about two weeks, said a person familiar with the matter. A final announcement could come next week, this person said, though the timing could slip. One item still on the agenda: the new firm's name. The two companies are more likely to choose an entirely new moniker than keep their existing names.

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Lucent and Alcatel declined to comment.

Integrating two bureaucratic organizations -- Lucent has 30,000 employees and Alcatel about 56,000 -- would be a difficult task for any manager. Language differences and time-zone changes make that harder.

Industry observers have long expected equipment makers to follow the wave of mergers among operators that has marked the telecommunications industry in recent years.

But consolidation among operators in domestic markets is just one factor pushing equipment makers into each other's arms. New equipment makers have arrived on the scene as developing countries are becoming major markets for advanced technology. European and American companies don't have deep-rooted business connections to lock out the newcomers in those markets. Indeed, some countries see a political, as well as economic, advantage in working with manufacturers from other developing countries, such as China.

For Lucent, a deal with Alcatel would reinsert it in a larger company after a roller-coaster decade on its own. Spun off from the old AT&T in 1996, Lucent ultimately slashed close to 80% of its peak work force through spinoffs, buyouts and layoffs. Ms. Russo, a former Eastman Kodak Co. executive, became chairwoman and CEO of Lucent in 2002, and was credited with navigating the turmoil.

She tried to focus the company more on its customers, use its scientists to help solve their problems and to devise new business lines for the company, and expand into emerging markets, especially China. Lucent recently won bids to provide Internet-based network systems for television, telephone and high-speed data traffic that are expected to produce significant sales in 2007.

Lucent was profitable in 2004 and 2005, although most were paper profits from credits in the company's overfunded pension plans, not profit from operations.

It was in part delays in signing contracts to build China's next-generation networks that led Lucent to a loss in its first fiscal quarter of 2006, which began in October.

Any merger would mark a big boost for Alcatel and cap Mr. Tchuruk's decade at its helm. If successful, the move would stake Alcatel's future on increasing its market in the U.S. Lucent is strong in the wireless technology, called CDMA, used by big U.S. mobile-phone providers such as Verizon Wireless and Sprint Nextel Corp. Geographical reach in the U.S. was one of the main reasons Alcatel had sought a failed merger with Lucent five years ago.

The Marseilles-born son of Armenian immigrants, Mr. Tchuruk guided Alcatel through the tech bubble, and subsequent implosion, by streamlining operations and refocusing on telecom. He reduced Alcatel's work force by about 70%, or 40,000 employees, through job cuts and by selling off its mobile-handset division and engineering units.

Slowly, Alcatel emerged as a global leader in DSL technology, which updates regular telephone lines to carry high-speed Internet and other digital services. The company won major contracts with phone companies, which needed to revamp their lines to offer new services such as digital TV to compete with cable companies raiding their turf.

Even as Mr. Tchuruk had stabilized the business, signs of problems began emerging last year, analysts say. The company lost some contracts, issued profit warnings and experienced volatile swings. Alcatel also faced looming strategic choices: Should it focus investment on its dominant fixed-line business, or try to bolster its relatively weak wireless business through acquisitions?

Some analysts wonder why Mr. Tchuruk is plunging the company into a risky deal when Alcatel just now seems to have gotten its own house in order. "It would take a herculean feat to put two companies together," said Richard Windsor, an analyst at Nomura Securities. "You likely end up with a value-destroying merger."

Large buyers of telecom equipment signaled their support over the prospect of a deal. William Smith, chief technology officer of BellSouth, says that "there is an onslaught of new Chinese technology" that poses a threat to companies such as Lucent and Alcatel. By pooling research resources, the telecom industry could see the development of more new technologies, he adds. "You haven't seen any Nobel Prizes out of those organizations recently," he said.

--Evan Ramstad, Christopher Rhoads and Dionne Searcey contributed to this article.

Follow The Chopsticks (NYT)

The New York Times, March 25, 2006

China's relentless economic growth has created severe environmental problems and depleted its natural resources. Its energy demands have contributed to rising oil prices and the gases associated with global warming. So it is heartening when China, the world's most populous nation, takes steps to curb its appetites. We hope other countries (like the United States) may be similarly inspired.

Last week, Beijing announced plans to raise existing taxes and impose new ones on things like gas-guzzling cars and trucks, and disposable wooden chopsticks. The 5 percent chopsticks tax (a tax that also extends to floor planking) is intended to persuade people to buy reusable and plastic chopsticks in order to slow clear-cutting in Southeast Asia.

Similarly, Chinese officials announced a big jump in taxes on vehicles with large engines, while reducing taxes on smaller vehicles. This follows an earlier directive imposing more stringent fuel-economy standards on all vehicles sold after July 1. Taken together, the moves reflect growing official concern about the rapid proliferation of private vehicles in China.

This is good news for anyone worried about global warming because a big percentage of greenhouse gas emissions come from vehicles. Even with more efficient cars, however, China is expected to be an increasingly heavy producer of those gases because it relies so heavily on coal-fired power plants. The increased gases from these plants are likely to cancel out any savings from automobiles unless some way is found to reduce them.

Still, China is to be commended for using regulatory levers and economic incentives to encourage more efficient cars and trucks. Neither Congress nor the White House has done much of anything to improve the efficiency of this country's vehicles for the past 20 years.

Russia And China Bridle At Paying UN More (FT)

By Mark Turner

Financial Times, March 25, 2006

The US has sparked protests from Russia and China by proposing a fundamental change to the way contributions to the United Nations are calculated that would make them pay more.

The US, the organisation's biggest contributor, wants to shift from a formula broadly based on gross national income (GNI) to one that takes account of purchasing power parity (PPP) – a tool used by economists to compare living standards in different countries more accurately.

In testimony prepared for a congressional hearing, before that hearing was delayed, John Bolton, the US ambassador to the UN, argued that the GNI-based calculations could be "greatly skewed by distortions introduced into the marketplace by -currencies which are non--convertible". By using PPP indicators "as an important economic tool in its discussions of scale of assessments", Mr Bolton says, the UN would be "be better equipped and have more balanced data".

But the move is a clear challenge to China and Russia, and to developing countries, whose relative wealth is considerably higher when measured by PPP.

"PPP would radically shift the balance," said one UN diplomat. "Developing countries would pay a lot more."

China would be particularly affected: its share of world GNI is about 4 per cent, a UN economist said, but when measured by PPP it rises to 12 per cent.

Currently China contributes only 2.1 per cent of the UN's budget, while Russia accounts for 1.1 per cent. By contrast, the US pays 22 per cent, and France and the UK each pay about 6 per cent.

Wang Guangya, China's ambassador to the UN, told the FT that Beijing was "definitely opposed" to a PPP-based formula. He said there was no consensus on how it should be measured.

Andrey Denisov, the Russian ambassador, similarly hit out against the proposal, saying that Moscow was ready to consider increasing its contribution but that this had to be done "in a voluntary way", through a "more fair, less induced" mechanism.

The US proposal is being made as European countries seek to increase or remove a cap that limits to 22 per cent the percentage of the UN's core budget paid by any one member state. Without that cap, the US contribution would rise to more than 30 per cent under the current formula, a diplomat said. Meanwhile Japan is pushing what its diplomats describe as a more

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“modest proposal”, which does not use PPP. It wants permanent members of the Security Council to pay at least 3 or 5 per cent of the core budget.

The US and Japanese proposals will be considered among others by an expert committee in June, ahead of a final decision by the end of the year.

Security Council Urges Faster Planning For UN Force In Darfur (AFP)

AFP, March 25, 2006

The UN Security Council called for faster preparations for the African Union (AU) to hand over its peacekeeping mission in Sudan's western Darfur region to the United Nations.

The 15-member body unanimously adopted a resolution that also decided to extend for at least six months the mandate of the UN mission in south Sudan (UNMIS).

The text directed UN chief Kofi Annan, working with the AU and in consultations with the council "to expedite the necessary preparatory planning for transition" from the AU force known as AMIS to a UN operation.

This would include options for how UNMIS can provide transitional assistance -- such as in logistics, mobility and communications.

"The unacceptable violence in western Darfur and on the Chad border has influenced the discussions in New York about the renewal of the UNMIS mandate in a way that we are looking to help facilitate the transition to a rehatted UN force by putting in language and procedures to strengthen that now and not have to wait for six months," US State Department Deputy spokesman Adam Ereli said in Washington.

Early this month, AU foreign ministers agreed in principle at a meeting in the Ethiopian capital Addis Ababa to transfer the AU mission in strife-torn Darfur to the United Nations. They also extended the current AMIS mission for six months.

The AU reached the decision despite spirited opposition from Khartoum, which argued that the transfer would risk worsening the situation in Darfur.

Friday's resolution also called on Annan to report to the council by April 24 "on a range of options for a United Nations operation in Darfur" and to continue to provide "maximum possible assistance to AMIS."

It asked Annan and the AU to consult with international and regional bodies and member states "to identify resources to support AMIS during transition to a United Nations operation."

The text also strongly condemned activities of militias and armed groups such as Uganda's rebel Lord's Resistance Army (LRA), "which continue to attack civilians and commit human rights abuses in Sudan."

Under pressure from Ugandan troops, LRA rebels have fled to southern Sudan and Democratic Republic of Congo (DRC). Ugandan troops have permission from Khartoum to pursue the rebels on southern Sudanese soil.

Sunday Annan appealed for Sudanese cooperation in the handover of AMIS peacekeeping duties to the UN as security deteriorates in Darfur.

"The situation in Darfur is deteriorating. We must do everything to help the displaced people and those in need of assistance," he told a press conference at the end of a visit to the Indian Ocean island of Madagascar.

"I hope we will have the cooperation of the Sudanese government," he added.

In February, the Security Council approved contingency planning for a UN takeover in Darfur and Annan suggested that Western countries help by providing logistical support and air assets for the new UN force.

The 7,000-strong AMIS force, which was deployed in 2004, has been suffering from poor funding and inadequate resources to contain the escalating bloodshed.

The United States has been lobbying for the sending of a UN-led force, backed by NATO, and probably double the current AU deployment, to take over peacekeeping in Darfur.

War in Darfur broke out in February 2003, when black ethnic groups launched a rebellion against Khartoum that was brutally repressed by the Arab Islamist regime and local militiamen, the Janjaweed. Both sides have been accused of violating a truce signed in April 2004.

DOJ_NMG_0022136

The combined effect of the war and one of the world's worst humanitarian crises has left up to 300,000 people dead and an estimated 2.4 million displaced.

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DEPARTMENT OF JUSTICE *NEWS CLIPS*

PREPARED FOR THE OFFICE OF PUBLIC AFFAIRS, US DEPARTMENT OF JUSTICE

TO: THE ATTORNEY GENERAL AND SENIOR STAFF

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TERRORISM NEWS:

Privileged Conversations Said Not Excluded From Spying (NYT)

By The New York Times

The New York Times, March 25, 2006

WASHINGTON, March 24 — The National Security Agency has the authority to listen without warrants to conversations between lawyers and their clients and doctors and their patients if a connection to Al Qaeda is suspected, the Justice Department told Congress in a report released Friday.

"Although the program does not specifically target the communications of attorneys or physicians, calls involving such persons would not be categorically excluded from interception" if they met the other requirements of the eavesdropping program, including if there were a suspected link to Al Qaeda and if one party were outside the United States, the Justice Department said. It did not say whether that authority had been used.

Federal policy generally recognizes a high standard of confidentiality for privileged attorney-client and doctor-patient conversations. The monitoring of federal jailhouse conversations between a lawyer and a client, for instance, requires a special order of the attorney general.

The Justice Department's position on the question of privileged conversations came in its written responses to nearly 100 questions posed by Republicans and Democrats about the N.S.A.'s eavesdropping program, which has provoked fierce debate in Congress since it was disclosed last December.

Representative John Conyers Jr. of Michigan, one of the Democrats who questioned the department about the legal and operational details of the program, said the administration's suggestion that privileged communications could be monitored without a warrant was "one of the few revealing answers" in more than 50 pages of responses.

For the most part, Mr. Conyers said, the answers were "vague and unresponsive" and reflected an effort by the administration to "thumb its nose at the American people and their elected representatives."

The bulk of the written responses repeated the assertions the administration has made in defending the program in public statements, written reports and Congressional testimony in the last three months.

Once again, the Justice Department strongly defended the legality of the program, based on President Bush's constitutional authority to protect the country and a Congressional resolution passed after the Sept. 11 terrorist attacks. The department characterized as flawed and unfounded charges from critics that the program violated the Foreign Intelligence Surveillance Act of 1978, which required warrants from a special court for eavesdropping operations in intelligence cases.

The department also defended the effectiveness of the program, despite suggestions from some law enforcement officials that it had led to far more dead ends than productive leads. With the operation aimed at preventing another terrorist attack, the Justice Department said it "is confident that the program is helping to achieve that goal."

But as it has done repeatedly, the department refused to answer directly nearly all the questions raised by Democrats about the operational aspects of the program or what limits if any it saw to the president's legal authority to protect the country.

DOJ: NSA Could've Monitored Lawyers' Calls (AP)

By Katherine Shrader

AP, March 25, 2006

The National Security Agency could have legally monitored ordinarily confidential communications between doctors and patients or attorneys and their clients, the Justice Department said Friday of its controversial warrantless surveillance program.

Responding to questions from Congress, the department also said that it sees no prohibition to using information collected under the NSA's program in court.

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"Because collecting foreign intelligence information without a warrant does not violate the Fourth Amendment and because the Terrorist Surveillance Program is lawful, there appears to be no legal barrier against introducing this evidence in a criminal prosecution," the department said in responses to questions from lawmakers released Friday evening.

The department said that considerations, including whether classified information could be disclosed, must be weighed.

In classified court filings, the Justice Department has responded to questions about whether information from the government's warrantless surveillance program was used to prosecute terror suspects. Defense attorneys are hoping to use that information to challenge the cases against their clients.

Since the program was disclosed in December, some skeptical lawmakers have investigated the Bush administration's legal footing, raising questions including whether the program could capture doctor-patient and attorney-client communications. Such communications normally receive special legal protections.

"Although the program does not specifically target the communications of attorneys or physicians, calls involving such persons would not be categorically excluded from interception," the department said.

The department said the same general criteria for the surveillance program would also apply to doctors' and lawyers' calls: one party must be outside the United States and there must be reason to believe one party is linked to al-Qaida. The department's written response also said that these communications aren't specifically targeted and safeguards are in place to protect privacy rights.

Michigan Rep. John Conyers (news, bio, voting record), the House Judiciary Committee's top Democrat, complained about the department's evasiveness in answers to questions from the House and Senate Judiciary Committees, submitted to Attorney General Alberto Gonzales. All but two of 45 answers to the House Judiciary Democrats were vague and unresponsive, Conyers said.

He found the response regarding doctor-patient and attorney-client privilege particularly troublesome. More generally, the "need for oversight is especially glaring," he said in a statement.

Justice Department spokesman Brian Roehrkasse said the department "has been extremely forthcoming and clear about the administration's legal analysis through multiple briefings with Congress, three hearings with the Attorney General, multiple letters to Congress, a 42-page white paper and dozens of questions for the record."

Responding in 75 typed pages, the department clarified some points in the three-month-old debate over the program. But it also left many questions unanswered, citing the need for national security.

The House Democrats asked if any other president has authorized wiretaps without court warrants since the passage of the 1978 Foreign Intelligence Surveillance Act, which governs intelligence collection inside the United States.

Choosing its words carefully, the department said, "if the question is limited to 'electronic surveillance' ... we are unaware of such authorizations."

The department also made clear that the program — as confirmed by President Bush — has never been suspended since it began in October 2001. That would include 2004, when reports indicate serious doubts about the program were raised by Justice Department officials.

But the department refused to discuss, or even confirm, a meeting in 2004 at then-Attorney General John Ashcroft's hospital bed. News reports indicated that White House Chief of Staff Andy Card and Gonzales, then White House counsel, needed his help to quell dissent about the program.

Lawmakers also asked whether federal judges on a secretive intelligence court objected to the program and, if so, how the administration responded.

The department wouldn't answer, citing the need to protect classified information. "We assure you, however, that the department keeps the Foreign Intelligence Surveillance Court fully informed regarding information that is relevant to the FISA process," the response said.

The department also avoided questions on whether the administration believes it is legal to wiretap purely domestic calls without a warrant, when al-Qaida activity is suspected. The department wouldn't say specifically that it hasn't been done.

"Interception of the content of domestic communications would present a different legal question," the department said.

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Associated Press Writer Mark Sherman contributed to this report.

Federal Judge Appointed To FISA Court (AP)

AP, March 25, 2006

U.S. District Judge John D. Bates has been named to replace a judge who resigned from the secretive court set up by Congress to oversee domestic spying.

DOJ_NMG_0022141

Bates, a former Whitewater prosecutor, was appointed by Chief Justice John Roberts in February to replace U.S. District Judge James Robertson, who quit shortly after news reports about the Bush administration going around the court to eavesdrop on U.S. citizens suspected of communicating with terrorists.

The appointment was not announced by the court. Secrecy News reported the appointment Friday after it appeared in Bates' official online biography.

"In February 2006, he was appointed by Chief Justice Roberts to serve as a judge of the United States Foreign Intelligence Surveillance Court," according to Bates' bio on the Web site maintained by the U.S. District Court of the District of Columbia.

Bates was named to the federal bench in 2001 by President Bush. Prior to joining the court, Bates worked as a private practice attorney. From 1995 to 1997, he was an assistant U.S. attorney who wored for Independent Counsel Kenneth Starr on the investigation into President Clinton's Whitewater investment deals.

The FISA court reviews applications for domestic intelligence surveillance and search warrant requests, as outlined in the 1978 Foreign Intelligence Surveillance Act.

While Robertson never spoke publicly of his resignation, many believe he quit in protest over the National Security Agency's monitoring of international calls — when one party is inside the United States — without first getting court approval.

Under the program first disclosed last year, the NSA has been conducting the surveillance when calls and e-mails are thought to involve al-Qaida. President Bush authorized the program after the Sept. 11, 2001, terror attacks.

Unwelcome Attention From Moussaoui Trial (NYT)

By Neil A. Lewis And David Johnston

The New York Times, March 25, 2006

WASHINGTON, March 24 — The sentencing trial of Zacarias Moussaoui was supposed to have been the government's best opportunity to hold someone accountable for the deaths on Sept. 11, 2001.

But after federal prosecutors finished laying out their case this week, even those who strongly supported an aggressive prosecution may wonder whether the trial has shed as much light on Mr. Moussaoui's culpability as it has on the missteps and mistakes by law enforcement agencies.

The testimony of two prosecution witnesses, in particular, has brought renewed and unwelcome attention to how the Federal Bureau of Investigation dealt with early warning signs.

Mr. Moussaoui is the sole person to go to trial in an American courtroom for the attacks, making him a proxy for the 19 hijackers who were killed carrying out the attacks and the chief planners who are being held in secret C.I.A. prisons overseas.

Mr. Moussaoui in jail on Sept. 11, but prosecutors have argued that he deserves to be executed because he lied to investigators about what he knew of Al Qaeda plans to fly planes into buildings when he was arrested three weeks earlier on immigration violations.

On Monday, defense lawyers are expected to offer a set of extraordinary trial exhibits, statements about Mr. Moussaoui by a handful of senior Qaeda officials gathered somewhere in the secret overseas detention centers that the C.I.A. maintains.

The jury will be read the statements from detainees including Khalid Shaik Mohammed, the mastermind of Sept. 11, and Ramzi bin al-Shibh, its paymaster. Officials expect the two to describe Mr. Moussaoui as an unreliable fringe figure in Al Qaeda.

The government presentation, which ended on Thursday, did not go smoothly. First, the prosecution nearly collapsed after the disclosure that a transportation lawyer working with the prosecutors had improperly coached aviation witnesses.

Although that occurred out of the jury's view, other problems surfaced when the prosecutors presented two witnesses supposed to bolster their case that Mr. Moussaoui's lies made him responsible for nearly 3,000 deaths. The two witnesses testified that if he had told the truth on Aug. 16, 2001, the bureau could have moved swiftly to foil the plot.

The first witness, Harry Samit, an F.B.I. agent in Minnesota who questioned Mr. Moussaoui at his arrest, firmly asserted that had he been given the truth "we would have several new leads to investigate," and the plot might have been thwarted. Instead, he said, Mr. Moussaoui's answers sent investigators on "wild goose chases."

Under cross-examination by Edward B. MacMahon Jr., a court-appointed lawyer for Mr. Moussaoui, Mr. Samit acknowledged that after the attacks he had written strongly worded reports saying his superiors had improperly blocked his efforts to investigate Mr. Moussaoui. He added that he was convinced that Mr. Moussaoui was a terrorist involved in an imminent hijacking plot.

That senior bureau officials dragged their feet on investigating Mr. Moussaoui by seeking search warrants from a special intelligence court or a more routine criminal search warrant was not new. But it had never been presented so vividly as a reluctant Mr. Samit was obliged to do under cross-examination.

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He offered a devastating comment from a supervisor who said pressing too hard to obtain a warrant for Mr. Moussaoui would hurt his career. Mr. Samit also wrote that his superiors did not act because they were guilty of "criminal negligence" and they were gambling that Mr. Moussaoui had little to offer. The lost wager, Mr. Samit said, was paid in many lives.

Mr. Samit was followed to the witness stand by Michael Rolince, a retired F.B.I. counterterrorism supervisor who similarly recited a list of actions that the bureau could have taken if Mr. Moussaoui had told them about Qaeda plans to take over planes with knives and fly into buildings.

But when Mr. MacMahon began reading from a document detailing many suspicions about Mr. Moussaoui's intentions, Mr. Rolince interrupted, "Can I ask what document that's coming from?"

Mr. MacMahon obliged, noting that it was an urgent memorandum written by Mr. Samit on Aug. 18, 2001, hoping to attract the attention of headquarters. Mr. Rolince had inadvertently underlined that the agent's suspicions had never risen to his attention.

One problem for the bureau is that the backbone of the prosecution case, that the bureau could have disrupted the plot had Mr. Moussaoui admitted all he knew, represents a substantial revision of conventional wisdom at the law enforcement agency.

For years, agents have expressed the view that Mr. Moussaoui knew little about what his Qaeda superiors wanted of him and had said that it was highly speculative whether more information would have deterred the attacks.

A number of bureau officials have contended that even if the bureau had more clues about the hijackers, they might have been able only to put them under surveillance because they had not committed any crime.

Sally Regenhard of the Bronx, whose son, a probationary firefighter, was killed in the collapse of the World Trade Center, said she was upset by the reminders of the failure of law enforcement authorities to heed many leads before the attacks.

"It's dismaying, but there it is," said Ms. Regenhard, who has been one of the dozens of family members of Sept. 11 victims who have visited the Virginia courtroom to observe the trial. "There were discrete warnings known to the government. People don't realize this."

The most pivotal moment may occur next week, however, when Mr. Moussaoui is expected to take the stand. Under the federal death penalty law, the jurors have to consider first whether he is responsible for any of the Sept. 11 deaths before they consider several factors in deciding whether to order his execution. The jury would have to be unanimous in deciding he bore responsibility for the trial to go to the next phase.

In addition to the evidence, the jurors may respond viscerally and decide that Mr. Moussaoui is an odious figure undeserving of sympathy. They have heard some of his outbursts in pretrial proceedings in which he proclaimed in their presence his membership in Al Qaeda. He has said that he was indeed training to fly a plane into a building but that he was not involved in the Sept. 11 plot and should not be executed for it.

His testimony will give the jurors another opportunity to take his measure.

9/11 Lawyer Won't Testify On Her Actions (WP)

By Jerry Markon

The Washington Post, March 25, 2006

Violation Halted Moussaoui Case

A government lawyer whose misconduct nearly derailed the death-penalty trial of Zacarias Moussaoui will not have to testify about her actions at a hearing Monday, court officials said yesterday.

Attorneys for Moussaoui had subpoenaed Carla J. Martin, who brought Moussaoui's sentencing hearing to a halt last week after she violated a court order by sharing testimony with upcoming witnesses. The subpoena had instructed her to report to U.S. District Court in Alexandria.

But Judge Leonie M. Brinkema yesterday quashed the subpoena, according to a brief notation on the court docket, which said a hearing scheduled for 9 a.m. Monday had been canceled. The docket did not offer an explanation. Attorneys for Moussaoui and Martin declined to comment because the matter remains under a court seal.

One reason a judge would quash a subpoena, legal experts said, is if the person ordered to court planned to invoke her Fifth Amendment right against self-incrimination and refuse to testify. Martin declined to testify at a hearing last week. Her attorney, Roscoe C. Howard Jr., has said Martin is assembling a defense but is not yet ready to explain her actions publicly.

Moussaoui, 37, pleaded guilty last year to conspiring with al-Qaeda and is the only person convicted in an American courtroom on charges stemming from the attacks on the World Trade Center and Pentagon. A federal jury in Alexandria will decide whether he receives the death penalty.

Brinkema stopped the sentencing hearing for a week after Martin violated the order forbidding most witnesses from attending or following the trial or reading transcripts. Martin e-mailed trial transcripts to seven witnesses and coached them on their testimony. She had been a liaison between aviation witnesses and the prosecution team.

Brinkema called it "the most egregious violation of the court's rules on witnesses" she had seen "in all the years I've been on the bench."

In response, Brinkema barred the testimony of the witnesses Martin had contacted and all aviation evidence, severely damaging the government's case. But after prosecutors offered a compromise, Brinkema issued a revised order saying they could use new aviation witnesses untainted by Martin's conduct.

The aviation evidence is crucial to the government's central argument for Moussaoui's execution: that if he had not lied to the FBI when he was arrested in August 2001, the Sept. 11 attacks could have been stopped. Armed with Moussaoui's information about the plot, prosecutors say, the Federal Aviation Administration could have ratcheted up security at the nation's airports.

Moussaoui Trial: Attempt To Subpoena Martin Is Quashed (MINNST)

By Greg Gordon

Minneapolis Star Tribune, March 25, 2006

ALEXANDRIA, VA. - Without public explanation, the judge in the death-penalty trial of Zacarias Moussaoui on Friday quashed a defense subpoena for the testimony of Carla Martin, a government lawyer found to have improperly coached prosecution witnesses.

It was not immediately clear whether Martin, a Transportation Security Administration attorney, would appear later or had signaled her intention to exercise her Fifth Amendment right against self-incrimination. It was also possible her testimony was no longer thought to be necessary.

Disclosures that Martin circulated transcripts of the trial's first day to seven potential federal aviation witnesses and made suggestions as to how some of them should testify nearly undermined the government's push for Moussaoui's execution.

But Brinkema allowed prosecutors to present a new witness, former Federal Aviation Administration official Robert Cammaroto, this week after holding a closed hearing to evaluate whether he was free of any taint.

Cammaroto testified that if Moussaoui had told federal agents what he knew about an Al-Qaida suicide hijacking plot when he was arrested in Minnesota weeks before the Sept. 11 attacks, the FAA could have swiftly tightened security at the nation's airports.

Defense lawyers, however, petitioned the court to require Martin to testify to determine whether the "taint" extended further and subpoenaed her to appear in court at 9 a.m. Monday. Prosecutors had advised the judge they welcomed her appearance, but only if she would not invoke the Fifth Amendment.

Martin's attorney, Roscoe Howard, declined to respond to phone calls.

Greg Gordon is a correspondent in the Star Tribune Washington Bureau.

Attorneys Appeal "classified" Order On Wiretaps In Mosque Case (AP)

AP, March 24, 2006

ALBANY, N.Y. (AP) — Defense lawyers have asked a federal appeals court to intervene in the case of two Albany Muslims accused of supporting terrorism, saying the judge erred in letting authorities keep information about wiretaps secret.

Attorneys for Yassin Aref and Mohammed Hossain filed a writ Friday asking the Second Circuit U.S. Court of Appeals to review Judge Thomas McAvoy's pretrial ruling. Arguing that illegal warrantless wiretaps may have been used, they had filed a motion to thrown out charges, suppress any evidence from such wiretaps and force prosecutors to disclose whether they were used.

McAvoy on March 10 rejected the motion. His "classified" ruling leaves his reasons secret. The earlier responses by prosecutors and the U.S. Justice Department also were classified.

The writ says the judge "failed to rule on the legality of the NSA surveillance program, even though it is clearly a source of evidence in this case." They called the judge's handling of the issue "an especially serious breach of due process."

Yassin Aref, 35, imam at Masjid as-Salam in Albany, and Mohammed Hossain, 50, are accused of laundering money in 2003-2004 for an FBI informant, a Pakistani businessman posing as an arms dealer. Neither is accused of actual violence.

Both deny charges that they conspired to provide support to Jaish-e-Mohammed, a Pakistan-based group listed by the federal government as a terrorist organization. Aref, an emigre from the Kurdish region of northern Iraq, remains in jail awaiting trial, while Hossain is free on bond.

The NSA wiretap program, disclosed publicly Dec. 16 by The New York Times, began sometime after the Sept. 11, 2001, terrorist attacks and involved electronic intercepts of telephone calls and e-mails in the U.S. of people with suspected ties to al-Qaida and other terrorist groups.

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The disclosure prompted national debate about its legality. President Bush defended the program, saying it is an effective tool to disrupt terrorists and insisted it was not an abuse of Americans' civil liberties. Its details have not been disclosed.

On Friday, the Justice Department told Congress that it sees no prohibition to using information from the NSA program in court, and thatcalls between attorneys and their clients "would not be categorically excluded from interception." The department asserted that collecting foreign intelligence information does not violate the Fourth Amendment prohibition against unlawful searches and that the terrorist surveillance program is lawful.

Prosecutors had also asked McAvoy to shield several documents about the Albany investigation since the men were arrested almost two years ago, citing national security. Some information was released Tuesday in compliance with another order from McAvoy.

Pakistani Forces Kill 18 Militants (LAT)

By Zulfiqar Ali

The Los Angeles Times, March 25, 2006

Security officials say the fighting began when a government outpost was attacked in the volatile North Waziristan tribal region. One soldier dies.

PESHAWAR, Pakistan — Pakistani security forces shot dead at least 18 militants in the volatile North Waziristan tribal region near the border with Afghanistan early Friday, security officials said.

Syed Zaheerul Islam, administrator of the troubled region, said one soldier was killed and two others were wounded in the two-hour battle. He also said that foreign militants might be among the dead. The government claims could not be independently verified.

Officials said the fighting began in the Tith Nary area, southwest of Miram Shah, the regional administrative headquarters, when militants attacked a government outpost. The attackers fired rockets on the troops and security forces returned fire, authorities said.

One security official said that Cobra helicopters were called in to assist ground forces in repulsing the attack.

"We have not counted the bodies, but from the blood littered at the area and some eyewitnesses reports, we can presume that militants have suffered heavy casualties," the official said.

A recent wave of clashes has left nearly 200 militants dead in the region, officials said. Authorities have set a night curfew in Miram Shah to curtail attacks on security forces and government installations.

Opposition Decries U.S. Travel Alert For Italy As Interference In Election (WP)

By Sarah Delaney

The Washington Post, March 25, 2006

ROME, March 24 -- Opposition leader Romano Prodi says he got on the phone to the U.S. ambassador right away to demand an explanation: Why did the State Department issue a public announcement warning Americans in Italy to stay away from political rallies because of possible violence?

The March 21 caution came in the final weeks of a vitriolic election campaign in which Prime Minister Silvio Berlusconi, a close U.S. ally, is trailing in the polls. To many opposition ears, the U.S. statement seemed to support Berlusconi's accusations that Prodi's alliance harbors fringe groups in its ranks that resort to violence.

"The U.S. alert surprised me," Prodi told reporters here. ". . . A move like this, with elections nearing, can cause a sense of anguish and fear, and there is no need for that."

The warning to travelers and a U.S. decision to allow Berlusconi to address a joint session of Congress in Washington on March 1, a rare honor for a foreign leader, have led to allegations here that the United States is trying to help Berlusconi win a new term.

The warning "is not political," a U.S. Embassy spokesman said. "It's not taking sides. It doesn't even have to be necessarily a political protest. We're just urging Americans to be prudent in any public protest situation." The announcement cited a March 11 incident in Milan in which youths clashed with riot police, injuring some of them and causing considerable damage to streets, cars and shops.

In a day of bickering over the warning, Berlusconi criticized Prodi for contacting the ambassador, Ronald P. Spogli, calling it "undue interference in American affairs." He said the State Department had been justified in issuing the warning, because "the United States addresses its citizens, as is its right, warning them that in Italian political demonstrations there are situations that may be dangerous for Americans."

Prodi's "outburst is meant to cover up the reality of things -- that the left is the home of people who practice violence," Berlusconi said.

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Prodi accused the Italian government of being behind the State Department announcement, citing an explanatory note posted on the embassy Web site in response to criticisms. "The Italian government is aware of this announcement, which corresponds to various public statements by Italian authorities," the note read. The embassy said it had acted on its own initiative.

Berlusconi has backed the war in Iraq, sending about 3,000 troops to the southern part of the country after the 2003 U.S.-led invasion. Italy's participation has been unpopular with its people; from the start, the opposition has strongly criticized Berlusconi for sending the force.

The campaign has been heating up as the April 9-10 elections near. Polls show Berlusconi's House of Liberties coalition trailing the opposition's Union coalition by as much as 5 percentage points.

Last weekend, the prime minister addressed Confindustria, the powerful employers' association, accusing opposition leaders of siding with the left and calling people who supported the opposition "out of their minds."

He denied that Italy was in economic decline and said that left-leaning newspapers, some bankers and some industrialists were intentionally giving the wrong impression of the country's economic health.

Berlusconi and Prodi have already faced off in a television debate, in a format close to that used for U.S. presidential debates. The formal and tightly monitored question-and-answer formula favored Prodi, many political analysts concluded, with Berlusconi coming off looking tense.

The two are to debate again on April 3.

Israeli Athlete In '72 Games Recalls Terror (NYT)

By Avi Salzman

The New York Times, March 25, 2006

NEW HAVEN, March 23 — An Israeli athlete who survived the attacks at the Munich Olympics in 1972 spoke about his ordeal for the first time in the United States on Thursday night at Yale, warning that reprisal killings of terrorists only lead to "bloodshed and more bloodshed."

Dan Alon, once a champion Israeli fencer, said he was inspired by watching the movie "Munich" to tell the story of his escape from the building where the Palestinian terrorist group Black September had taken his fellow athletes and some coaches hostage, later killing 11 of them. He said he had kept silent in the nearly 34 years since the attack, not even telling his wife and daughter, who sat in the back of the room.

"It was emotional," he said later, explaining why he kept silent for so long. "It was very hard for me to talk."

Mr. Alon, now 60, recalled the harrowing details of his escape, including the decision by members of the shooting team not to use the guns they had brought for competition to attack the terrorists, and the sound of the creaky steps the athletes had to walk down to escape from the building.

The Munich Games, he said, had begun on a high note. The opening ceremony was "the most beautiful day of my life," he said, particularly because it was the first Olympic Games in Germany since the Holocaust.

"Coming in with the Israeli flag, it was really something I can't explain," he said. "It was really very touching."

Around 4:30 a.m. on Sept. 5, 1972, Mr. Alon said he awoke to loud noises, but he figured that another team was celebrating and he fell back asleep. Soon afterward, however, gunshots shook the walls of his room. Looking out the window, he saw a wrestling coach, Moshe Weinberg, lying on the ground outside and heard one of the terrorists speaking to German police about how they had taken hostages and wanted hundreds of Palestinian prisoners released. The terrorists, Mr. Alon said, had attacked the Israelis in apartments on either side of him, but for some unknown reason they had passed his door. He said he thinks Mr. Weinberg protected him by leading the terrorists away from his apartment.

Mr. Alon was staying with members of the shooting team, who had guns. After a short discussion, however, the athletes decided not to shoot their attackers because they did not know how many had entered the complex or whether they would retaliate by killing the hostages.

They crept slowly down the stairs of their apartment — "walking on eggs" — so as not to alert the attackers, he said.

Eventually, they got out of the building by jumping over a balcony railing and running through a garden to the German police, who shuttled them to safety. Mr. Alon said he started to cry when he saw his fellow Israelis ride by as hostages in a bus on their way to the airport where they would all die.

HOMELAND RESPONSE:

Assurances Sought On Port-Security Deal (AP)

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By Ted Bridis
AP, March 25, 2006

The senior Democrat on the House Homeland Security Committee sought assurances Friday over a no-bid contract the Bush administration is finalizing with a Hong Kong conglomerate to help detect nuclear materials inside cargo passing through the Bahamas to the United States and elsewhere.

Rep. Bennie Thompson (news, bio, voting record), D-Miss., said he was concerned there will be inadequate oversight in the Bahamas, just 65 miles from Florida's coast. He cited a story published Thursday by The Associated Press describing the $6 million contract involving radiation-scanning at the largest seaport in the Bahamas.

The administration acknowledges its contract with Hutchison Whampoa Ltd. represents the first time a foreign company will be involved in running sophisticated U.S. radiation-detection equipment at an overseas port without American customs agents present.

"I am concerned that under the arrangement detailed, a foreign company is responsible for screening containers for illicit materials without any government involvement," Thompson wrote in a letter to leaders at the Homeland Security Department and the Energy Department.

The Republican chairman of the Homeland Security Committee, Rep. Peter King (news, bio, voting record) of New York, could not be reached Friday for comment.

The contract is being negotiated by the National Nuclear Security Administration, part of the Energy Department. It has said employees of Hutchison — the world's largest ports operator — will drive the towering, truck-like radiation scanner at the sprawling Freeport Container Port under the direct supervision of Bahamian customs officials.

Any positive reading would set off alarms monitored simultaneously by Bahamian customs inspectors at Freeport and by U.S. customs officials working at an anti-terrorism center in northern Virginia.

A spokesman for the NNSA said the agency had not yet received the letter from Thompson.

News of the contract surfaced just as Homeland Security Secretary Michael Chertoff prepared to leave on a trip to China, Japan and Singapore, where part of his mission will be to discuss air and sea port security.

Hutchison's ports subsidiary said in a statement Friday from its headquarters in Hong Kong that the U.S. contract was not yet finalized and that it was confident Bahamian customs inspectors will notify U.S. authorities whenever it is appropriate.

Under the contract, no U.S. officials would be stationed permanently in the Bahamas with the radiation scanner. Separately, there are no U.S. customs agents checking cargo containers in Freeport under a related U.S. port-security program known as the Container Security Initiative run by U.S. Customs and Border Protection.

In his letter, Thompson urged better coordination between the two security programs run by agencies within the departments of Energy and Homeland Security.

"A coordinated policy between your departments would ensure that our government would have oversight over the deployment and operation of equipment in any event, especially if involvement of a foreign company is necessary," Thompson wrote to Chertoff and to Energy Secretary Samuel Bodman.

Thompson said he will support upcoming legislative efforts to combine the two programs under offices within the Homeland Security Department "to create a more streamlined security system."

Hutchison Whampoa is among the shipping industry's most-respected companies and was an early adopter of U.S. anti-terror measures. But its billionaire chairman, Li Ka-Shing, also has substantial business ties to China's government that have raised U.S. concerns over the years.

The Homeland Security Department has worked since last year to include Freeport in its Container Security Initiative program, which would include stationing U.S. customs agents at the ports. Thompson asked when those efforts will be completed. Other Hutchison-run ports in other countries already participate in that program.

U.S. To Contract Foreign Co. To Scan Cargo (AP)

By Ted Bridis And John Solomon
AP, March 25, 2006

One of Americans' favorite beach destinations, the Bahamas, is getting a new U.S. arrival — sophisticated equipment to detect radioactive materials in shipping cargo.

But U.S. customs agents won't be on site to supervise the machine's use as a nuclear safeguard for the American shoreline that is just 65 miles away from Freeport. Under an unusual arrangement, a Hong Kong company will help operate the detector.

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The Bush administration says it is finalizing a no-bid contract with Hutchison Whampoa Ltd. It acknowledged the deal is the first time a foreign company will be involved in running a radiation detector at an overseas port without American customs agents present.

The administration is negotiating a second no-bid contract for a Philippine company to install radiation detectors in its home country, according to documents obtained by The Associated Press. At dozens of other overseas ports, foreign governments are primarily responsible for scanning cargo.

While President Bush recently reassured Congress that foreigners would not manage security at U.S. ports, the Hutchison deal in the Bahamas illustrates how the administration is relying on foreign companies at overseas ports to safeguard cargo headed to the United States.

Hutchison Whampoa is the world's largest ports operator and among the industry's most-respected companies. It was an early adopter of U.S. anti-terror measures. But its billionaire chairman, Li Ka-Shing, also has substantial business ties to China's government that have raised U.S. concerns over the years.

"Li Ka-Shing is pretty close to a lot of senior leaders of the Chinese government and the Chinese Communist Party," said Larry M. Wortzel, head of a U.S. government commission that studies China security and economic issues. But Wortzel said Hutchison operates independently from Beijing, and he described Li as "a very legitimate international businessman."

"One can conceive legitimate security concerns and would hope either the Homeland Security Department or the intelligence services of the United States work very hard to satisfy those concerns," Wortzel said.

Three years ago, the Bush administration effectively blocked a Hutchison subsidiary from buying part of a bankrupt U.S. telecommunications company, Global Crossing Ltd., on national security grounds.

And a U.S. military intelligence report, once marked "secret," cited Hutchison in 1999 as a potential risk for smuggling arms and other prohibited materials into the United States from the Bahamas.

Hutchison's port operations in the Bahamas and Panama "could provide a conduit for illegal shipments of technology or prohibited items from the West to the PRC (People's Republic of China), or facilitate the movement of arms and other prohibited items into the Americas," the now-declassified assessment said.

The CIA currently has no security concerns about Hutchison's port operations, and the Bush administration believes the pending deal with the foreign company would be safe, officials said.

Supervised by Bahamian customs officials, Hutchison employees will drive the towering, truck-like radiation scanner that moves slowly over large cargo containers and scans them for radiation that might be emitted by plutonium or a radiological weapon.

Any positive reading would set off alarms monitored simultaneously by Bahamian customs inspectors at Freeport and by U.S. Customs and Border Protection officials working at an anti-terrorism center 800 miles away in northern Virginia. Any alarm would prompt a closer inspection of the cargo, and there are multiple layers of security to prevent tampering, officials said.

"The equipment operates itself," said Bryan Wilkes, a spokesman for the U.S. National Nuclear Security Administration, the agency negotiating the contract. "It's not going to be someone standing at the controls pressing buttons and flipping switches."

Hutchison's ports subsidiary said in a statement Friday from its headquarters in Hong Kong it was confident that Bahamian customs inspectors will notify U.S. authorities whenever it is appropriate.

The administration is finalizing the contract amid a national debate over maritime security sparked by the furor over now-abandoned plans by Dubai-owned DP World to take over significant operations at major U.S. ports.

Rep. Bennie Thompson (news, bio, voting record), the senior Democrat on the House Homeland Security Committee, said President Bush "needs to explain what safeguards are in place at foreign ports to assure that operators are not jeopardizing our security."

"If a port operator has been identified as posing a potential threat to national security, it is only common sense that Americans should be working on site to assure U.S. security is taken seriously," Thompson said. "If the president needs more U.S. Customs inspectors to get the job done, I'd be happy to lead the charge to get however many is needed to keep America safe."

Some security experts questioned whether the U.S. should pay a foreign company with ties to China to keep radioactive material out of the United States.

"Giving a no-bid contract to a foreign company to carry out the most sensitive security screening for radioactive materials at ports abroad raises many questions," said Sen. Charles Schumer (news, bio, voting record), D-N.Y.

A low-paid employee with access to the screening equipment could frustrate international security by studying how the equipment works and which materials set off its alarms, warned a retired U.S. Customs investigator who specialized in smuggling cases.

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"Money buys a lot of things," Robert Sheridan said. "The fact that foreign workers would have access to how the United States screens various containers for nuclear material and how this technology scrutinizes the containers — all those things allow someone with a nefarious intention to thwart the screening."

The Hutchison deal in the Bahamas was flagged in a report in October by ATS Worldwide Services, a Florida firm that identifies potential risks for private-sector and government clients. Company officials said they shared the report with some officials in Congress, the military and law enforcement.

Other experts discounted concerns. They cited Hutchison's reputation as a leading ports company and said the United States inevitably must rely for some security on large commercial operators in the global maritime industry.

"We must not allow an unwarranted fear of foreign ownership or involvement in offshore operations to impair our ability to protect against nuclear weapons being smuggled into this country," said Sen. Norm Coleman (news, bio, voting record), R-Minn., a member of the Senate Homeland Security and Governmental Affairs Committee. "We must work with these foreign companies."

A former Coast Guard commander, Stephen Flynn, said foreign companies sometimes prove more trustworthy — and susceptible to U.S. influence — than governments.

"It's a very fragile system," Flynn said. Foreign companies "recognize the U.S. has the capacity and willingness to exercise a kill switch if something goes wrong."

There are no U.S. customs agents checking any cargo containers at the Hutchison port in Freeport. Under the contract, no U.S. officials would be stationed permanently in the Bahamas with the radiation scanner.

Hutchison operates the sprawling Freeport Container Port on Grand Bahama Island. Its subsidiary, Hutchison Port Holdings, has operations in more than 20 countries but none in the United States.

Contract documents obtained by AP indicate Hutchison will be paid roughly $6 million. The contract is for one year with options for three years.

The National Nuclear Security Administration, which is an Energy Department agency tasked with strengthening nuclear security worldwide, is negotiating the Bahamas contract under a $121 million program it calls the "second line of defense." Wilkes, the NNSA spokesman, said the Bahamian government dictated that the U.S. give the contract to Hutchison.

"It's their country, their port. The driver of the mobile carrier is the contractor selected by their government. We had no say or no choice," he said. "We are fortunate to have allies who are signing these agreements with us."

Some security experts said that is a weak explanation in the Bahamas, with its close reliance on the United States. The administration could insist that the Bahamas permit U.S. Customs agents to operate at the port, said Albert Santoli, an expert on national security issues in Asia and the Pacific.

"Why would they not accept that?" said Santoli, a former national security aide to Rep. Dana Rohrabacher (news, bio, voting record), R-Calif. "There is an interest in the Bahamas and every other country in the region to make sure the U.S. stays safe and strong. That's how this should be negotiated."

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Associated Press writers Bill Foreman in Hong Kong and Jim Gomez in Manila contributed to this story.

Lawmakers Seek Earlier Notice On Foreign Deals (WSJ)

By Greg Hitt And Neil King Jr.

The Wall Street Journal, March 25, 2006

Congress Aims for Leverage After Dubai Ports Conflict; White House Fears Impact

WASHINGTON -- Building on their win in the Dubai ports deal, U.S. lawmakers are moving to gain leverage over a swath of foreign investments in the U.S., an effort that business leaders and President Bush's aides warn could harm the U.S. economy.

In the first serious legislative move, Senate Banking Chairman Richard Shelby (R., Ala.) released the summary of a bill Friday that would greatly expand the array of foreign acquisitions subject to automatic scrutiny and would require the administration to notify lawmakers as soon as it begins to review any foreign transaction. The bill also would require the administration to rank all countries according to their relations with the U.S. and their support for weapons-control deals. Approvals would then depend in part on the ranking of a company's home country.

The administration would have to report to Congress on why it approved or rejected any transaction, but the bill wouldn't give lawmakers the power to veto a deal, as many critics feared.

Business groups and Bush administration officials expressed immediate alarm over several provisions in the bill, which Shelby aides claim has the support of other members of the Banking Committee. In a letter to Sen. Shelby this week, seven

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groups representing the nation's top banks and finance companies warned that legislative proposals making the rounds of Congress "would threaten job-creation prospects for the U.S. economy" and "reduce U.S. economic growth."

David Marchick, a corporate lawyer at Covington & Burling who has just written a book on foreign investment and national security, called the Shelby measure "an extremely tough bill that reflects an incredibly difficult political environment." But he also said that the bill "risks chilling foreign investment" across a significant portion of the U.S. economy.

Beyond the Shelby bill, lawmakers have introduced more than half a dozen measures in recent weeks, all meant to alter the way the government reviews foreign mergers and acquisitions in the U.S., a job that now falls to the confidential interagency Committee on Foreign Investment in the U.S., known as CFIUS. Nearly all of the measures call for notifying Congress of deals in time for lawmakers to shape the outcome of debate within the administration.

Some lawmakers, including Senate Majority Leader Bill Frist (R., Tenn.) want to go further by giving Congress a de facto veto over administration decisions, a move the White House would stiffly oppose. The legislative action comes two weeks after congressional critics threatened to block Dubai Ports World's plan to take over management of commercial operations at five major U.S. ports. The company now promises to pull out of the U.S. market.

With lawmakers still fuming over DP World and economic nationalism running high, Congress is all but certain to pass sweeping changes to the investment-review process. In an interview, Commerce Secretary Carlos Gutierrez said the Bush administration intends to "do everything we can to avoid" legislation "that tells the world that we are less welcoming of foreign capital."

The U.S. relies heavily on foreign investment. Last year, foreign direct investment in the U.S., which covers things like buildings and factories, totaled $128.63 billion, up 20% from 2004. Foreign investors annually spend tens of billions more on U.S. stocks and bonds, drawn by the stability and transparency of the nation's economy. If that cross-border flow of investments ever dried up, many economists fear the U.S. would suffer a painful economic adjustment.

The Shelby bill is intended as a compromise to head off more-draconian measures floated by other lawmakers. It proposes keeping the Treasury Department as the lead agency in the review process, while creating a vice-chairman position held by the secretary of defense. It would also require that all proposed acquisitions by state-owned foreign companies be given higher scrutiny. In a move sure to generate stiff business opposition, the bill would require immediate review of all transactions involving "critical infrastructure," including food, energy, telecommunications and computer companies and banks.

CFIUS considers dozens of cases every year, the vast majority of which concern defense contractors, which was the original intent of the 1988 law. From 1997 to 2004, the committee received 470 notifications of pending deals. Of those, only eight were given extended scrutiny -- a 45-day investigation on top of the standard 30-day review.

The White House and the business community have mobilized to fend off congressional attempts to alter the review process too dramatically. Treasury Department officials are fighting in particular to assure that the review process doesn't become politicized within Congress and that corporate proprietary information won't be leaked. As such, the administration wants to limit notification of active reviews to a small number of lawmakers.

"We want increased transparency," said House Small Business Chairman Don Manzullo (R., Ill.), one of the biggest advocates for changes to CFIUS. "There should be a way of knowing when a review is going on." But critics have strong doubts about giving lawmakers a heads-up on pending deals. They suggest a less stringent model of disclosure, such as the regular briefings provided lawmakers -- after the fact -- on antitrust cases.

Trying To Fill A Void Left By 9/11 (LAT)

By Ellen Barry

The Los Angeles Times, March 25, 2006

Rosaleen Tallon's little brother, a firefighter, died in the towers' collapse. She's fought a lonely battle in his memory ever since.

NEW YORK — Some time around 4 a.m., when Rosaleen Tallon has stretched out on a cot on the bare, freezing sidewalk, a still figure appears on the corner beside her.

He is a firefighter named O'Toole, with broad shoulders and a drooping ginger-colored mustache, and he has driven down from the Bronx to Lower Manhattan a couple of hours before his shift started. He doesn't wake her, but stands there in the dark, quietly watching to make sure she is OK.

It is Rosaleen's eighth night outside. It is a full-moon night, clear and wind-whipped, and the cold creeps up from the sidewalk through the sleeping bag and her husband's ski pants. The only sound is the rumble of the commuter rail as it comes into the World Trade Center station. She is a tiny figure, surrounded by skyscrapers.

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News crews might be around the next morning, and Rosaleen could find an audience for the message she desperately wants to convey: that the Sept. 11 memorial under construction is dangerous and disgraces the memory of the people who died that day, including her brother, rookie firefighter Sean Tallon.

But at 4 a.m., the night seems endless. Pedestrian traffic has dropped off. Three supporters lie near her, clutching themselves against the cold. O'Toole wonders aloud, as he stands near the sleeping figures, what this is going to accomplish.

"They're going to make their stand, their Little Big Horn," said O'Toole, who met Rosaleen at a union rally and gives his first name as "Toolie." "They're going to get their ass kicked, and she knows it."

Rosaleen is 34, and has a 3-year-old and a 1-year-old at home. Every night, she tucks them into bed and says goodbye to her husband, a builder named Rob DeRos who described himself as "100% supportive." Then she leaves her home, a Tudor-style three-bedroom in Yonkers, and drives to a stretch of sidewalk outside Engine Company 10-Ladder Company 10 — the fire station that faces ground zero.

Sleeping outside her brother's firehouse is, she knows, an extreme measure. For months she has tried to rally broad protest against the memorial, "Reflecting Absence," in a city that is frustrated with paralysis at ground zero. Three weeks ago, intent on getting out her message, she came up with the idea of a vigil. Now, every night, outside the fire station, she warns passersby that the underground memorial could bring on a new cataclysm, trapping innocent people in the event of an attack.

"It almost makes my stomach turn thinking of people pouring into the hole, into an underground cavern," she said.

When she arrives about 10 p.m. — swathed in woolens, impossibly cheerful — a small group of well-wishers converge. A ground zero volunteer known as "Billy Cigars" presents her with a loaf of soda bread baked by his mother. Bernhard Goetz — who became known as the "subway vigilante" after shooting four would-be muggers on the train in 1987 — is chattering anxiously about the weather.

"This is overdoing it. They should have a tent. I think they should have warmer stuff. If you're going to be out like this, you should have outdoor camping stuff," said Goetz, who now operates a small company called Vigilante Electronics. "What are your thoughts on that? Isn't it a little cold to be out?

"This is crazy," he said. "Ay yi yi."

Among the regulars at ground zero is an array of missionaries and lost souls. There are also sophisticated lobbying organizations formed by families that had lost relatives on Sept. 11. Rosaleen, a stay-at-home mom whose activism before the attacks consisted of antiabortion prayer vigils, does not fall precisely into either category.

Her companion here is the Rev. Bill Minson, a former producer from Santa Monica who broke into show business in the 1960s managing a troupe of unicyclists. Minson, 56, has been a presence at ground zero for almost five years, building a following among Sept. 11 families, who have by and large adjusted to his quirks.

This week, for instance, he is on a liquid fast, subsisting on a mixture of lemon juice, water and honey, as well as regular doses of oil of oregano. He occasionally ducks into a Chinatown office building to coat his skin with olive oil, a tip he got from comedian and civil rights activist Dick Gregory, a former client, who said it would keep him from becoming dehydrated.

Rosaleen, a devout Roman Catholic and the daughter of Irish immigrants, confesses that she is leery of "the whole lemon thing." But she is steadfastly loyal to Minson. "I said, 'Bill, if this helps you in terms of talking to God, that's your business,' " she said.

Rosaleen's only sibling was in her thrall from early on. As a toddler, Sean would wander around the house looking lost if Rosaleen, three years his senior, left home for a play date. He could not get over her mastery of the button accordion or the columns of A's on her report cards. If he was going on a date, he would ask her to check his outfit.

"He was average," said her mother, Eileen Tallon. "And she loved him."

Sean Tallon, 26, was in the firehouse when the first plane crashed into the north tower. The firefighters went out to the street, where debris was raining down from a black sky, and rushed around the corner to the building's lobby. The Tallon family later saw footage shot there by a French filmmaker. Sean, said his mother, "had a very sad, worried face on him. He was so worried-looking that it rips you down inside."

He was on the 30th floor when the tower collapsed. His body was found two weeks later with a cluster of civilians and firefighters; the firefighters had apparently tried to protect the civilians with their gear. A steel beam had fallen on his head, crushing it.

Sean's death sent Rosaleen outside the previous boundaries of her life. She thrust herself into political activism: The family attempted to sue the city and Motorola Inc. over radios that did not transmit an evacuation order to firefighters. (The suit was rejected, most recently by the U.S. Supreme Court, because the plaintiffs had accepted money from the victims' compensation fund.)

Rosaleen also brought a complaint — shared by many in the fire department — to the Lower Manhattan Development Commission, entrusted with building the Sept. 11 memorial. She said that the memorial should list rescue workers separately

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from other victims, because, unlike the others, they "gave their lives so the innocent men and women whom the terrorists targeted might be saved."

The designer, Michael Arad, disagreed, saying the list of the dead should evoke the day's randomness.

It was at a meeting to discuss the issue that Rosaleen set eyes on a model of "Reflecting Absence," selected by a jury two years ago after a painstaking review of 5,201 entries. At that moment, she forgot about the names.

The design centers on two "voids" on the towers' footprints, and requires visitors to descend past curtains of water to underground plazas that give a view of the towers' foundations. The jury praised the design for "letting absence speak for itself." But Rosaleen was appalled that it would be underground. She had imagined a monument glistening in the sun. "Reflecting Absence" made her think of falling, of the people who fell.

Hers is not a popular argument in New York right now. Late last year, Sept. 11 families succeeded in scuttling a proposal for the International Freedom Center, whose exhibits were intended to delineate "freedom's evolution." Its critics said that the exhibits might dishonor the site with unpatriotic messages.

New Yorkers began to say what they had not said before: that certain Sept. 11 families were obstructing progress at ground zero and should step aside. New York magazine put a group on the cover with the headline "The Bullies of Ground Zero."

If there is a point of consensus, it is that the hole has gaped here too long. With plans to rebuild office buildings at a deadlock over financing, "Reflecting Absence" is the only plan that seems to be moving forward. On March 13, construction workers began, without fanfare, clearing gravel off the space where the buildings once stood.

Rosaleen knows the odds of halting construction are long. She was unsuccessful, she said, when she tried to rally families behind an aboveground monument. Although the Coalition of 9/11 Families has filed a lawsuit against the development commission to stop construction, it is for another reason: Because "Reflecting Absence" alters the historic footprints of the towers.

As for ordinary New Yorkers, Rosaleen said, "They are 9/11'd out. I am too."

But the passion keeps rising up in her. She glows every time a sympathetic pedestrian comes by to talk to her. She is heartened by her new website and by the 8,500 people who have signed a petition calling for an aboveground memorial.

There are times when the vigil itself gives her a feeling of great clarity.

After a few nights outside, she was feeling so miserably guilty about leaving her children that she went to Toys "R" Us to buy them gifts. She was in the parking lot when she was flooded with the conviction that she should go forward. At the fire station, the feeling returns to her.

"I feel like I have a connection to that spot," she said. "I can feel him leaving there, going up. He went and he faced the worst you can face. He would have been so nervous. This would have been his first real fire. I think of him and what he faced that day, and I could do anything. I could face any kind of ridicule. You feel an amazing strength. What people have factored out … is the strength of the souls that have gone out of there."

At other times, she is pierced by sadness, by how far she has drifted from normal.

Not long ago, she was walking through the A&P supermarket to pick up lemons for Minson's mixture. All around her, women pushed carts full of cereal and vegetables and hamburger meat, ordinary food for ordinary families.

"I felt like, 'Everyone here is normal, and I'm on this strange journey,' " she said. At this thought, her cheerful expression went to pieces; she began to cry, homesick for that old life.

It is after midnight on Liberty Street when five people hold hands in a circle. Minson — on Day 12 without solid food — thanks God for giving them "hearts with fire in them." A garbage collector, Andrew Macchio, stands on the corner and sings "Amazing Grace" in a resonant, operatic tenor before leaving to catch the last train home.

Then the streets are empty. The protesters sit on folding chairs and chat about Osama bin Laden and Minson's snoring. Dominick DeRubbio, 20, who lost his uncle, a firefighter, on Sept. 11, holds up a can of Budweiser and proposes a toast to "all the people behind us."

At 1:53 a.m., Rosaleen lies down on her cot and burrows into her sleeping bag. The temperature has dropped to freezing.

Sally Regenhard, whose firefighter son, Christian, also died in the World Trade Center, fishes out a black fur coat from a bag of used clothing and lays it carefully on top of Rosaleen. There is no movement, no conversation. Foul-smelling steam rises out of a nearby sewer vent. Minson, wrapped like a mummy in his sleeping bag, snores steadily.

Rosaleen often does not sleep at all, she said, but lies there with her mind racing.

It's like she has two angels whispering in her ears; "one a planner," she said, and "one a doubter." How many signatures would she get on the petition tomorrow? What will she say to the TV cameras? Is there any point to this at all?

Sometimes she has the feeling that this is it — her last big push. Minson plans to leave New York in the fall and travel south to minister to Hurricane Katrina victims. The time is coming, Rosaleen thinks, when she too will no longer be on a mission.

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Already, she feels some of the burden lifted.

"I will someday let it all go. There comes a point in time when you have put forth your fight, and that's the best you can do and you can be proud of it," she said.

At about 4:30, delivery trucks roll into the streets around ground zero, and Wall Street Journals slap down in doorways. The first few customers tug open the door at Charly's on Trinity Place, where a tray of blueberry muffins, crusted with sugar, has been delivered. Just before 6 a.m., the streetlights flicker off.

The protesters pack up their camp and scatter.

Rosaleen will drive back to Yonkers and the warm bodies of her sleeping children, who may or may not know that she was gone.

By this time, the sky is pale blue and luminous. Light reflects from thousands of mirrored windows onto windows opposite, reflecting and reflecting until it tips into the great hole.

Spitzer Assails Leadership In Ground Zero Stalemate (NYT)

By Patrick Healy

The New York Times, March 25, 2006

Attorney General Eliot Spitzer, a candidate for governor, expressed concern last night that the Freedom Tower project at ground zero lacked "economic viability" and could turn into "a white elephant."

Mr. Spitzer suggested that, as New York's next governor, he would move more swiftly than Gov. George E. Pataki in rebuilding Lower Manhattan.

In his most expansive comments to date about ground zero, which were made during an interview on NY1 News, Mr. Spitzer said that Mr. Pataki, if anyone, deserved blame for "a failure of leadership" that has led to disputes and over plans for the 9/11 site. In turn, he also tacitly defended Larry A. Silverstein, the ground zero developer, who has been accused by Pataki allies of delaying work there out of greed.

"I think it's too bad that people are pointing the finger at one individual and saying he's at fault — if anybody's responsible, it's the governor," said Mr. Spitzer, who is leading in polls for the Democratic nomination. "The governor must be in a position to demonstrate leadership, get everybody to agree upon a plan."

By contrast, Mr. Spitzer said, "If I'm governor, on January 1, we will put ourselves in a room if this issue isn't resolved and we will get it resolved so quickly that people will say, 'Wow, what happened?' "

Mr. Spitzer raised particular doubts about plans for the Freedom Tower, the symbolic centerpiece of the site, given the challenges of finding tenants and ensuring security and the disputes about the cost and insurance money for the tower.

"I certainly think that there's a very serious question about the economic viability of the Freedom Tower," Mr. Spitzer said. "The prospect that the Freedom Tower would be built and would sit there vacant — as essentially a white elephant — that would sap the entire cash available to build the other buildings, is something that is very problematic."

Mr. Spitzer stopped short of seconding Mayor Michael R. Bloomberg's call for a sizable residential component at ground zero. But he did indicate that he might try to reorder the sequence of new buildings at the site, which will include towers and a memorial that commemorates the 9/11 attack.

Mr. Spitzer rarely makes direct, or critical, comparisons between himself and Mr. Pataki, who is stepping down this fall after three terms.

David M. Catalfamo, a spokesman for Governor Pataki, replied to Mr. Spitzer's remarks by noting the political environment.

"It must be campaign season, because it's the first time that I've heard Eliot Spitzer mention the words 'ground zero' in four years," Mr. Catalfamo said.

Mr. Spitzer answered a range of questions during the half-hour interview. He disclosed that he voted for Michael S. Dukakis for president in 1988 and would have preferred that Mr. Dukakis, a former governor of Massachusetts, as president instead of George H. W. Bush.

William F. Weld, a Republican candidate for governor, had characterized Mr. Spitzer and Mr. Dukakis as big-government Democrats in a speech on Thursday; Mr. Weld himself is a former governor of Massachusetts.

In response to Mr. Spitzer's remark, Mr. Weld said last night, "I'm not at all surprised that Mr. Spitzer voted for Governor Dukakis, as they both appear to embrace the 'nanny state' approach to government."

Mr. Spitzer also ruled out attacking Mr. Weld over his leadership at Decker College, a bankrupt Kentucky trade school that is now under federal investigation for alleged financial aid fraud. "It's not relevant to me," Mr. Spitzer said.

Red Cross Fires Administrators In New Orleans (NYT)

By Stephanie Strom

DOJ_NMG_0022153

The New York Times, March 25, 2006

In a major shake-up of its relief operations in New Orleans, the American Red Cross dismissed two key supervisors yesterday as part of a wide-ranging inquiry into the improper diversion of relief supplies after Hurricane Katrina, a Red Cross official said.

The supervisors — volunteers, as are 95 percent of Red Cross personnel — were in charge of the organization's kitchens and shelters, which have assisted tens of thousands of the hurricane's victims.

The move came a day after the interim president of the Red Cross said the organization was investigating accusations of impropriety, including possible criminal activity.

"We have relieved certain volunteers of their duties in connection with our investigation," said a senior Red Cross official, who spoke on condition of anonymity because he was not authorized to speak publicly about the actions.

Three volunteers currently working in the area identified one of the officials who was dismissed as Patrick Keena, the senior official responsible for the organization's food and shelter operations in the disaster area. They said he was fired early yesterday.

The identity of the other dismissed supervisor could not be determined.

Mr. Keena, who has been affiliated with the Red Cross for 25 years, told volunteers in the disaster area that he was leaving because of a medical emergency.

He could not be reached for comment yesterday.

Several volunteers who had served in the area complained over the last four months that Mr. Keena had ignored Red Cross rules, overridden efforts to establish procedures to keep track of relief supplies and interfered with internal investigations into the diversion of supplies.

Two volunteers assigned by Red Cross national headquarters last fall to look into those and other accusations of wrongdoing urged the removal of Mr. Keena and other senior managers in a report they filed with senior organization officials on Dec. 5.

A second supervisor, Jill Paul, who was in charge of the kitchens where meals were prepared for delivery to the needy, told volunteers yesterday that she had elected to leave the operation, several volunteers said. But it could not be determined if Ms. Paul was the second worker ordered out of the area.

She could not be reached for comment.

Teala Brewer, a former Secret Service agent who is the Red Cross's director of ethics and compliance, was in New Orleans yesterday with volunteers who had pointed out problems.

One of the accusations they are investigating is that supervisors in charge of the kitchens have been ordering more food than is needed, raising questions about where the extra food is going.

In one case highlighted by the volunteers, Ms. Paul recommended sending 1,500 meals a day into the New Orleans neighborhood of Bywater because residents had only limited access to utilities, potable water and a small convenience store.

Eight days after she filed her recommendation, volunteers assigned to go street by street in Bywater to estimate the number of meals needed said they came up with an assessment of only 500 meals needed on the route every day.

"They found that not only did a great portion of the route have full utilities, they also had a major grocery store up and running and public transportation," said a volunteer who had seen their report but requested anonymity because she said she had been physically threatened by a supervisor. "Much of the area was back to pre-Katrina, and the rest of it was so bad that no one was living in it."

Volunteers delivering meals said investigators from national headquarters had been trailing them over the last week and interviewing people living along their routes.

The interim president of the Red Cross, John F. McGuire, acknowledged this week that the organization was investigating accusations that relief supplies had been improperly diverted and that procedures for tracking inventory had been ignored.

Initially, according to those raising such concerns, their warnings were ignored.

In fact, Jerome H. Nickerson Jr. and Michael A. Wolters, who wrote the report recommending that the supervisors in New Orleans be removed, said they were relieved of their responsibilities.

Mr. Nickerson, a Maryland lawyer, said his name disappeared from the Red Cross database of trained disaster volunteers, and Mr. Wolters, a security guard, said his local chapter was told that he was forbidden from entering disaster areas on orders of the Red Cross's general counsel.

"When I first came out of New Orleans, I couldn't sleep for about a month because I just couldn't figure out why people weren't moving on this," Mr. Nickerson said yesterday. "But now people are paying attention, and the people who were doing this bad stuff are being called to account."

According to Red Cross publications, Mr. Keena has assisted with disaster response for the last 12 of his 25 years as a volunteer, working at 26 major disasters. The Colorado Springs Gazette reported last year that Mr. Keena, whose wife is in the Air Force, worked at the Double Eagle Casino in Cripple Creek, Colo.

The Gazette said Mr. Keena volunteered at the local Pikes Peak Chapter of the Red Cross, but Paul Koch, the financial director there, said yesterday that he did not know Mr. Keena.

Mr. Keena was on an elite team of paid Red Cross volunteers, known as temporary disaster reserves, who have extensive experience in disaster relief work. They are called out at the onset of an emergency and paid because they are needed for an extended period.

Red Cross Probes Katrina Misconduct, Theft (AP)

By Laurie Kellman

AP, March 25, 2006

Pressed by Congress, the American Red Cross said Friday it is investigating claims that volunteers engaged in widespread theft in the wake of Hurricane Katrina.

"Any conduct that violates either the law or Red Cross code of conduct is not tolerated," said spokesman Chuck Connor, adding that any criminal wrongdoing uncovered by the group's conduct and ethics office will be turned over to law enforcement officials.

Allegations of wrongdoing go far beyond what the statement said were "inevitable ... departures from standard procedures" after such a catastrophe, according to the chairman of the Senate Finance Committee.

Sen. Charles Grassley (news, bio, voting record), R-Iowa, has said volunteers may have committed criminal fraud. The accusations include improperly diverting relief supplies and violating Red Cross rules by using felons as volunteers in the disaster area. Grassley has threatened to rewrite or revoke the organization's charter if it does not overhaul its operations.

In a statement Friday, Grassley said he hopes the Red Cross' investigation will embrace whistleblowers and provide a top-to-bottom review of the group's leadership, oversight and openness.

Especially worrying, Grassley said, was the Red Cross' failure to take seriously the concerns of volunteers reporting the thefts "until I drew attention to them."

"The Red Cross needs to change its mind-set so it addresses volunteers' concerns swiftly and appropriately, regardless of whether a Senate committee chairman is asking questions," Grassley said.

The New York Times reported Friday that more than a dozen Red Cross volunteers described an organization that had few cost controls, little oversight of its inventory and no system of basic background checks for its volunteers.

The volunteers cited little direct evidence of criminal activity, but the magnitude of the missing goods had convinced them that the operations were being manipulated for private gain.

In one case, a kitchen manager swapped 300 prepared meals for parking spaces for Red Cross emergency response vehicles without creating any record of the transaction.

The Red Cross had 235,000 volunteers working in the Katrina disaster area, nearly six times the previous peak of 40,000. The sheer number collapsed the normal vetting process, the volunteers said.

The charity has said it responded to Katrina the best it could in circumstances almost unimaginable, while acknowledging that it stumbled in "technology, logistics and coordination."

That admission was not good enough for Grassley, who said he is set to meet next week with American Red Cross board of governors chairwoman Bonnie McElveen-Hunter.

"I hope to understand better what the timeline is for a complete review and reforms," Grassley said.

The inquiry comes after the Red Cross has seen two presidents resign in a little more than four years. Both resignations came after clashes with the board of governors on the tail of major disasters: Dr. Bernadine Healy stepped down shortly after the Sept. 11, 2001 terror attacks and, more recently, Marsha Evans quit following Hurricane Katrina.

Army Corps Is Faulted On New Orleans Levees (WP)

By Joby Warrick And Peter Whoriskey

The Washington Post, March 25, 2006

Panel Says Studies Foresaw Failure, Urges New Scrutiny

An organization of civil engineers yesterday questioned the soundness of large portions of New Orleans's levee system, warning that the city's federally designed flood walls were not built to standards stringent enough to protect a large city.

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The group faulted the agency responsible for the levees, the Army Corps of Engineers, for adopting safety standards that were "too close to the margin" to protect human life. It also called for an urgent reexamination of the entire levee system, saying there are no assurances that the miles of concrete "I-walls" in New Orleans will hold up against even a moderate hurricane.

"The ability of any I-wall in New Orleans to withstand . . . is unknown," said the American Society of Civil Engineers' External Review Panel, which was appointed to oversee the Corps investigation of the levee system's collapse during Hurricane Katrina.

The civil engineers group also rejected the explanation given by the Corps that the system had failed because Katrina had unleashed "unforeseeable" physical forces that weakened the flood walls. In a letter to Lt. Gen. Carl A. Strock, the Corps' commander, the civil engineers cited three previous Corps studies that predicted precisely the chain of events that caused the city's 17th Street Canal flood wall to fail. The breach left much of central and downtown New Orleans underwater.

"It appears that this information never triggered an assessment . . . neither at the time of the design of the 17th Street Canal flood wall, nor following its construction," the letter said.

Corps officials said they had already taken steps to address problems identified in the letter, starting with an effort to replace miles of I-walls with sturdier structures. But agency officials insisted the Corps was not solely to blame for weaknesses in the system.

"We have done the best things we could have done. We live here," spokeswoman Susan J. Jackson said. During four decades of levee-building in New Orleans, Jackson said, the agency frequently found its hands tied because of restrictions imposed by budgets, by Congress or by local governments that often failed to meet financial responsibilities to help build and maintain the levees. Jackson added: "It was a question of who was going to pay, and how much."

The American Society of Civil Engineers panel is one of three independent teams investigating the failure of the New Orleans levees, and until now it has been the most cautious in its public criticisms. The other investigating teams quickly endorsed its findings.

"We agree that every single foot of the I-walls is suspect," said Ivor van Heerden, leader of a Louisiana-appointed team of engineers. "When asked, we have constantly urged anyone returning to New Orleans to exercise caution, because the system now in place could fail in a Category 2 storm. It has already failed during a fast-moving Category 3 storm that missed New Orleans by 30 miles."

Two weeks ago, the Corps proposed a new theory for why the 17th Street Canal flood wall collapsed on Aug. 29, despite never being overtopped by Katrina's floodwaters. Whereas previous investigations had pointed to weak soils beneath the flood wall, new data suggested a combination of factors: First, the force of rising floodwaters inside the canal bent the walls outward, creating a small gap between the walls and their earthen foundation. Then, water surged into the gap, pressing the walls further until they broke through a layer of weak soil piled up against the sides. In effect, the levee was sliced in half along its ridge.

Corps officials initially said they had never known a levee to fail this way, and they suggested that no one could have predicted it. But the civil engineers panel said yesterday that the failure was foreseen by the Corps' own studies, dating to the mid-1980s. It said the Corps' failure to anticipate the problem reflected an "overall pattern of engineering judgment inconsistent with that required for critical structures."

Throughout the design process, the civil engineers said, the Corps consistently failed to make the kinds of conservative judgments necessary when working in an environment where the soils are notoriously unstable and the stakes, as measured in human lives, are high.

"These findings present significant implications for current and future safety offered by levees, flood walls and control structures in New Orleans, and perhaps elsewhere," the letter to Strock said.

The civil engineers panel is due to release a formal report on its findings in two weeks, but its members chose to send the letter to Strock separately, citing the "gravity and potential impact" of their findings.

Whoriskey reported from New Orleans.

Thanks For Nothing, Texans Say (LAT)

By Miguel Bustillo, Times Staff Writer

The Los Angeles Times, March 25, 2006

Gulf Coast residents are seeing life return to normal after Hurricane Rita, but they give little credit to the federal government.

PORT ARTHUR, Texas — Sitting on a sheet of fresh plywood atop a newly rebuilt roof, Joaquin Rojas thanked the heavens for all the help he was receiving to repair his El Buen Pastor church after Hurricane Rita.

The pastor was not praising the generosity of President Bush and other Washington politicians.

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Rather, he was expressing gratitude that good-hearted fellow Christians from Michigan traveled to Texas and volunteered to piece his broken church back together.

"What's happening here is because of other churches, not because of the government," Rojas said in Spanish. "Those missionaries from Michigan, I thank the Lord for them."

Six months after Hurricane Rita delivered a second wallop to a Gulf Coast region already socked by Hurricane Katrina, life is slowly but surely returning to normal in the blue-collar oil and gas towns of southeastern Texas, where more than 70,000 houses were damaged or destroyed by 120-mph winds.

But even here in the president's home state, in a region densely populated by energy and petrochemical industries with warm ties to the White House, consensus is that progress is being made in spite of the federal government, not because of it. Dissatisfaction with what is seen as a heartless Bush administration recovery effort is widespread.

"We need some compassionate conservatism," said Mark Viator, a chemical company official who is chairman of the Southeast Texas Recovery Coalition, a group of area leaders that has been lobbying Washington for assistance.

Some Texas officials are convinced the state has become a victim of hurricane politics, and said White House officials might be neglecting Texas for fear that helping the state would raise accusations of favoritism.

Others complain that Republicans in Congress and in the Bush administration, many of them Texans, have taken a rigid ideological stand against compensating hurricane losses not covered by insurance, including millions that utilities have spent to restore basic water and electricity.

"Make no mistake about it: They don't care about you, and they don't care about what is happening in our communities," said Chester R. Jourdan Jr., executive director of the Southeast Texas Regional Planning Commission. Jourdan made his comments at a public meeting last week less than two hours after returning from a fruitless lobbying trip to the nation's capital.

"This went on deaf ears in D.C., deaf ears. One of the biggest challenges we have is the administration," he said.

Federal officials counter that the truth is more mundane: Compared with the calamity Katrina caused in Mississippi and Louisiana, Rita's toll on Texas is smaller and commands less attention, especially because the state is well on the road to recovery.

"I don't think the perception of being an afterthought is really true," said Dianne Coghlan, the Federal Emergency Management Agency's senior official in southeast Texas. "I hate to compare it to other states, but if you look at what we have done here, we have clearly made major strides."

Many in Texas are particularly upset by the lack of federal funding flowing into the Lone Star State compared with Louisiana and Mississippi.

Texas politicians note that just across the state line, parts of rural Louisiana also hit hard by Rita have received more money.

And Texas officials say that a state that opened its doors to half a million hurricane evacuees from Louisiana and Mississippi — and is still housing more than 400,000 — should be better reimbursed for its effort.

Sen. Christopher S. Bond (R-Mo.) recently angered Texas officials when he said that Texas was not entitled to repayment for merely "being a good neighbor."

His words apparently represented the feeling of many on Capitol Hill. A recent request for $2 billion in aid by Texas' governor, Republican Rick Perry, is going nowhere, according to some of its backers.

"I know the administration has a tremendous burden responding to the enormity of this disaster, and everyone acknowledges that Louisiana and Mississippi took the worst hit. But I think what is happening in Texas is not fair," said Sen. Kay Bailey Hutchison (R-Texas), one of the most aggressive supporters of the state's case.

"The administration acknowledges we are getting $4,000 per pupil when it costs $6,000 to $7,000 to educate a child. It's just frustrating that we have not been able to get across the point that this is a new kind of crisis," she said.

While Texas politicians continue to complain about aid and reimbursement, FEMA officials rattle off statistics to show that Texas has made progress more quickly than other hurricane-damaged states.

Rita's winds reportedly felled 25% of trees in some heavily wooded parts of eastern Texas. But 99% of the debris has been cleaned up.

Of the 4,500 Texans who requested temporary trailers, 3,880 have received them. Blue tarps have been installed on 21,000 damaged homes. The federal Small Business Administration has provided Texans with $157 million in loans, and FEMA has spent close to $500 million assisting individuals.

In contrast to much of Louisiana, FEMA officials contend, Texas has advanced from the initial crisis stage of hurricane relief since the storm made landfall near the Sabine Pass on Sept. 24, and the state is on the path to long-term recovery.

Some residents agree. "Things are almost back to normal. I see business bouncing back," said Carlton Jackson, a 41-year-old construction worker, as he loaded some pipes into his truck last week to finish repairs on his home in Beaumont.

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Yet local officials report sluggish progress. They express concerns that long-term housing shortages and high electricity bills from utilities looking to recoup hurricane costs could cripple a Texas Gulf Coast region that accounts for about a quarter of the nation's oil refining capacity.

"We are strategically very important to this country," said Everett "Bo" Alfred, a commissioner in Jefferson County, an area of 250,000 people that includes the city of Beaumont. "You think gasoline prices are high now? Just wait to see what happens if we get hit with another hurricane. We've been depleted."

Joe Hopkins, mayor of Vidor, is still recovering from broken ribs he suffered when he tumbled out of a tree that had fallen on a constituent's home.

The Fire Department serving this community of 11,000, which is home to many refinery employees, is still working out of temporary buildings resembling Quonset huts across the street from City Hall.

"We have an opportunity for people to get back to work. I'd say 80% of businesses have help-wanted [advertisements], but we don't have places for people to stay," Hopkins said. "Our grandchildren are going to be paying for this."

At the El Buen Pastor church in Port Arthur, Rojas maintains a more positive outlook. He and most of his 120 parishioners evacuated en masse to San Antonio when Rita roared toward Texas' coast. They returned days later to find the church soaked in water, its roof torn off.

Damage was extensive, but the church is close to being repaired because of the largesse of volunteer workers.

Rojas, 51, said he received $2,000 from FEMA immediately after the storm, and was grateful for it. But he said he understood that the real rebuilding assistance would have to come from the religious community, not the government.

"The government is the government," said Dina Lozano, Rojas' sister-in-law. From his newly rebuilt rooftop, Rojas sipped bottled water and nodded in agreement.

Houstonians Evacuee-weary, Poll Says (HC)

Houston Chronicle, March 25, 2006

While residents are proud of city's response, they feel a growing 'strain'

Amid growing concern about the city's homicide rate and overburdened social services, a new poll finds Houstonians increasingly weary and wary of the 150,000 Louisiana evacuees who landed here after fleeing Hurricane Katrina.

Three-quarters of Harris County residents surveyed by Rice University sociologist Stephen Klineberg say the influx of Katrina evacuees, many of whom remain seven months after landfall, has put a "considerable strain" on the Houston community.

Additionally, two-thirds say evacuees bear responsibility for "a major increase in violent crime," and twice as many local residents believe Houston will be "worse off" rather than "better off" if most evacuees remain here permanently.

The preliminary results of Klineberg's annual survey, which is expected to be finalized later this month, suggest that a sizable fraction of area residents have tired of their guests from New Orleans.

"These results reflect what I'm hearing from my constituents," said U.S. Rep. John Culberson, R-Houston. "I think the percentage of people unhappy with the deadbeats from New Orleans would be larger but for the big hearts of Houstonians who want these folks to get back on their feet, as I do."

Houston Mayor Bill White, who along with Harris County Judge Robert Eckels led efforts to welcome and shelter evacuees, acknowledged the increased strains on city services, notably crime and traffic management.

"People are of two minds on this issue," White said. "They are proud of the competence that Houston showed in responding to Americans in need. But they are also aware that it's not a disaster for nothing. There's a big job that the evacuees and the host community have in getting people on their feet, employed and looking to the future."

Culberson said the sentiment is much stronger, at least in his district (which includes west Houston, the Texas Medical Center and much of western and northwestern Harris County). He said his constituents are concerned about rising crime and no longer want to house New Orleanians who choose to rely on social services.

"If they can work, but won't work, ship 'em back," he said. "If they cause problems in the schools, if they commit crime, there ought to be a one-strike rule — ship 'em back."

Although Culberson said he has been trying to attach such a provision to pending legislation, it's unclear how such an idea could be implemented.

"Whatever we want to do, these are American citizens, and they can stay here if they want," said Eckels. "The difference is, when they're here and they get into trouble, there are consequences. They put up with a lot of things in New Orleans that we don't put up with here."

Generous responseHouston arguably had the most generous response to Katrina's devastation. Largely because of White, and the need to empty evacuees from shelters and area hotels, Houston launched a federally reimbursed program to provide 12

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months of apartment housing and utilities to anyone from an area affected by Katrina or Rita. About 80,000 Louisiana residents were housed by the program.

It became so popular that evacuees from Louisiana who initially landed elsewhere flocked to Houston. Just before Houston stopped enrolling evacuees in mid-December, three-quarters of applicants for the housing program had been in the area for three days or less.

Houston clearly still feels good about its initial generosity after the storm, when 60,000 residents flooded Reliant Park to help in any way they could, and the positive publicity it generated around the country. According to the survey, 97 percent of respondents agreed that Houston "really came together" to assist evacuees.

"People are very proud of the first phase, when Houston opened its doors," Klineberg said. "I've never had a question where there's been 97 percent agreement. That's real, and that's a reflection of a remarkable month and a half when Houston poured its heart out."

Crime on people's mindsKlineberg has conducted his survey annually since 1982. He surveyed 765 Harris County residents in late February, and the results have a margin of error of plus or minus 3.5 percentage points.

For the first time since 1999, he said, most people now say crime is the city's biggest problem, topping such issues as traffic.

Additionally, there are more requests for public help from the medically uninsured and city health officials have added staff to deal with an increased number of sexually transmitted diseases attributed to evacuees.

Still, Klineberg believes the problems associated with evacuees will fade over time as 150,000 Louisianans return home or melt into the greater Houston area's 5.6 million people.

In studies of civic engagement — which measure such things as participation in civic clubs — Houston generally scores well below other cities, Klineberg said. We spend more time in our cars and less time in collective activities.

But the outpouring after Katrina may represent a new Houston, a collective action and a sense of shared responsibility.

"Houston has always been for individualism," he said. "After Katrina we had this moment of extraordinary civic engagement, and I think that's what's going to remain with us. I may be overly optimistic, but that's what I really believe."

Evacuees' view differs

The view is less optimistic from the vantage point of some evacuees in Houston.

Angelo Edwards, vice president of the ACORN Katrina Survivors Association, said he and others have sensed some resentment from local residents. Locals will grumble about the free housing and the money given out initially after the storm, Edwards said, asking why, if it's good enough for people from another state, it's not good enough for us?

"We're definitely seeing it," he said. "But no one is saying anything about Florida, after they have hurricanes there, and San Francisco, where they have earthquakes."

Edwards also fears that tensions between school-age children from Houston and Louisiana could "boil over" once the school year ends and there are fewer structured activities during the day.

"I'm not saying it will happen, but this is something that's ripe for conflict," he said.

Will tensions subside?But another local official, Harris County Tax Assessor-Collector Paul Bettencourt, agreed with Klineberg's view that tensions would probably subside with time.

Texas has better resources and a better criminal-justice system than Louisiana, Bettencourt said.

"Eventually what happens is you clean up all the bad apples," he said. "We're not going to get another wave of bad apples. We're just going to have to clean up whatever problems local government in Louisiana had been ignoring, like B-Stupid, and we'll do that." (His reference was to Ivory "B-Stupid" Harris, an evacuee suspected in New Orleans and Houston homicides, who was arrested last week after a major manhunt in both cities.)

Bettencourt is optimistic for another reason — tax receipts are up. Sales taxes have averaged double-digit increases, he said, housing prices are up, and evacuees have attracted some $150 million in loans from the U.S. Small Business Administration.

Looking aheadThe evacuees who crowded into the Reliant Astrodome may have been more visible, he said, but there have been just as many residents from New Orleans who bought homes and are actively contributing to the economy.

A political science professor at the University of Houston, Richard Murray, said he did not believe the current opinions on evacuees would ultimately harm the political fortunes of White and Eckels. They have a handy scapegoat, he said: the Federal Emergency Management Agency.

"These politicos will probably raise hell with the feds for not fully reimbursing us," Murray said, "and that will tend to deflect a lot of the flak."

Indeed, during an interview for this article, without being asked, White expressed his concern about needing more federal funding for crime and housing, noting that Houston was "on the front lines of our nations's response to a national disaster."

Hurricane Donation Benefited Bush Son (LAT)

By Lianne Hart

The Los Angeles Times, March 25, 2006

Barbara Bush required that some of her gift be spent on software from Neil Bush's Texas firm.

HOUSTON — In a city housing thousands of Katrina evacuees, Barbara Bush's donation to a local hurricane relief fund normally would not seem controversial.

But more than a few eyebrows were raised when the former first lady stipulated that part of her contribution was to be spent on educational software purchased from her son Neil's company, Ignite Learning of Austin, Texas.

"I would think if she wants to do something beneficial for Katrina victims, she shouldn't be making the decision that the vendor is her son," said Daniel Borochoff, president of the American Institute of Philanthropy, a charity watchdog group. "Other education experts need to be making that decision, not somebody who has a family interest in the success of her son's business."

Barbara Bush's donation to the Bush-Clinton Houston Hurricane Relief Fund was made a few weeks ago, said Steve Maislin, president of the Greater Houston Community Foundation, which administers the fund. That fund, which supports Houston-area relief efforts, is not connected to the national Bush-Clinton Katrina Fund, he said.

The Houston fund forwarded Bush's donation to another nonprofit organization, which bought the software.

"There are a lot of students who went through Katrina and Rita in the Houston area, and she wanted to do something very specific to help them," Jean Becker, chief of staff for former President George H.W. Bush, said of Barbara Bush.

"She is a huge fan of her son's software program — it has gotten great reviews from teachers and students — and she wanted to make sure it was available to the students."

Maislin would not disclose the amount of the donation, but he said it was not unusual for a contributor to specify how his or her money should be spent.

"It's common for someone to say: 'I want to give money, but I want it to go to a certain organization,' " he said.

But Borochoff said donors who direct that their money be used to buy products from a family business set a bad precedent.

"If everybody started doing that, it would ruin our whole system for tax-exempt organizations, because people would be using them to benefit their business rather than for the public benefit. That's not why our government gives tax deductions for donations," he said. "I hope other donors across the country don't start dictating that their contributions go to their family business. That would be a rip-off of our tax system."

Bush contributed to the relief fund instead of directly to her son's company to help publicize the nonprofit, Maislin said. "It helps us when someone with her visibility contributes. We could advertise the fact … and help build momentum" for donations.

WAR NEWS:

Russians Helped Iraq, Study Says (WP)

By Ann Scott Tyson And Josh White

The Washington Post, March 25, 2006

Papers Show Hussein Was Tipped Off About U.S. Strategy During Invasion

Russian officials collected intelligence on U.S. troop movements and attack plans from inside the American military command leading the 2003 invasion of Iraq and passed that information to Iraqi leader Saddam Hussein, according to a U.S. military study released yesterday.

The intelligence reports, which the study said were provided to Hussein through the Russian ambassador in Baghdad at the height of the U.S. assault, warned accurately that American formations intended to bypass Iraqi cities on their thrust toward Baghdad. The reports provided some specific numbers on U.S. troops, units and locations, according to Iraqi documents dated March and April 2003 and later captured by the United States.

"The information that the Russians have collected from their sources inside the American Central Command in Doha is that the United States is convinced that occupying Iraqi cities are impossible, and that they have changed their tactic," said one captured Iraqi document titled "Letter from Russian Official to Presidential Secretary Concerning American Intentions in Iraq" and dated March 25, 2003.

A Russian official at the United Nations strongly rejected the allegations that Russian officials gave information to Baghdad. "This is absolutely nonsense," said Maria Zakharova, a spokeswoman for the Russian mission to the United Nations. She said the allegations were never presented to the Russian government before being issued to the news media.

DOJ_NMG_0022160

Russia was among the nations opposed to the U.S. war with Iraq. Russian President Vladimir Putin warned on the eve of the U.S.-led invasion in March 2003 that an American attack would have grave consequences. He urged Washington to resolve its conflicts with Baghdad peacefully.

The study gives no indication who the alleged sources inside the U.S. Central Command might have been, or whether American officials believe the Kremlin authorized the transfer of information to Hussein's government.

The Central Command, which oversees military operations in the Middle East and is headquartered in Tampa, did not respond to requests for comment. A State Department spokeswoman declined to comment.

The U.S. military and defense officials who released the study said the revelations about Russia in the captured documents came as a surprise. They said they believe the captured Iraqi documents are authentic.

"Certainly, sure, I was surprised," said Army Brig. Gen. Anthony A. Cucolo III, director of the Joint Center for Operational Analysis and Lessons Learned under the Joint Forces Command in Norfolk. He said he thinks the alleged Russian intelligence-sharing was linked to Moscow's commercial interests in Iraq. "Essentially, it's driven by economic interests," he told reporters at the Pentagon. "I don't see it as an aberration. I see it as a follow-on to economic engagement." Retired Lt. Col. Kevin M. Woods, the project director, said he has "no reason to doubt the Iraqi documents."

The 210-page study, called the Iraqi Perspectives Project, draws on declassified information from an internal U.S. military report that was based on the examination of more than half a million files of Iraqi documents and dozens of interviews with former senior Iraqi military and political leaders. Some of that information remains classified.

The study offers little analysis of the consequences for the U.S. military of the alleged Russian-supplied intelligence, which was received by what the study depicts as a hopelessly confused Iraqi chain of command.

One document, for example, was sent to Hussein as rumors swirled in Baghdad that the main American military push would come not from the south -- as it in fact did -- but through Jordan into western Iraq, a misperception that U.S. Special Forces units operating throughout the western desert were seeking to create.

"Significantly, the regime was also receiving intelligence from the Russians that fed suspicions that the attack out of Kuwait was merely a diversion," the study says, citing the March 25 document.

Another captured Iraqi document, dated April 2, 2003, said Russian intelligence had reported to Hussein more detailed and potentially damaging information: The Americans had their heaviest concentration of forces, 12,000 troops and 1,000 vehicles, near the Iraqi city of Karbala and were moving to cut off Baghdad.

In fact, the Army's 3rd Infantry Division and other U.S. forces at the time were making a precarious move through a narrow strip of land known as the Karbala Gap, where they anticipated major resistance from the Iraqi Republican Guard and possible chemical or biological weapons attacks.

One senior Republican Guard commander, Raad Majid Rashid al-Hamdani, issued a warning in line with the Russian intelligence when he told Hussein's son Qusay that the main U.S. attack was coming past Karbala. But Hamdani was largely ignored by Qusay Hussein and other generals, to his dismay, he told the authors of the study while describing the internal debates in an interview. "It was the kind of arguments that I imagine took place in Hitler's bunker in Berlin. Were all these men on drugs?" he said.

Michael E. O'Hanlon, a defense expert at the Brookings Institution, said the passing of information on U.S. troop movements during combat, if true, constituted "a stark betrayal." He added: "I think we should be demanding a fairly clear explanation from Moscow."

But Celeste A. Wallander, director of the Russia and Eurasia program at the Center for Strategic and International Studies, said that although Russia probably had intelligence on U.S. war plans, she is skeptical that the Kremlin would have ordered that it be passed to Hussein's government.

It is more likely that a "freelancing" Russian official such as the ambassador in Baghdad personally shuttled the information, she said.

"If it were the case that the Kremlin had approved passing along what the Russian military knew about American war planning, that would be extraordinary," Wallander said.

"If it were ordered, it would be a direct action that would in effect help another country to use more effectively their military forces against U.S. forces."

Staff writer Colum Lynch at the United Nations contributed to this report.

U.S. Inquiry Finds Russians Passed Spy Data To Iraq In '03 (NYT)

By Thom Shanker

The New York Times, March 25, 2006

DOJ_NMG_0022161

WASHINGTON, March 24 — Captured Iraqi documents describe a Russian spy operation that was aimed at the United States Central Command in the early days of the American invasion of Iraq in 2003, according to a new American military report. The report says information on war plans and troop movements was passed through the Russian ambassador in Baghdad.

Revelation of the operation, contained in the public version of a Joint Forces Command classified study, the Iraqi Perspectives Project, may have more political than military significance because American forces overwhelmed the underequipped and poorly led Iraqi Army to oust Saddam Hussein.

The information in the military study, an analysis based on captured documents and interviews with Iraqi military and political leaders, makes it difficult to get a clear picture of the Russian spy operation. It says a captured Iraqi document cited "information that the Russians have collected from their sources inside the American Central Command in Doha," in Qatar.

But the study notes that some information obtained by Iraq from Russian sources was false, raising at least the possibility that it was circulated as part of a deliberate American campaign intended to fool or demoralize Iraqi troops and leaders. Military officers have disclosed separately that false war plans were part of the campaign, and it remains unclear whether any Russians may have played into that strategy.

The Central Command, responsible for American military actions from the Red Sea to the Indian Ocean, led the Iraq war from headquarters in Qatar, where access was highly restricted. But the documents cite the Qatar headquarters as the source of the intelligence.

"Significantly, the regime was also receiving intelligence from the Russians that fed suspicions that the attack out of Kuwait was merely a diversion," the report states, citing a document sent to Mr. Hussein on March 24, 2003.

The Russian report stated — inaccurately — that the coalition thrust into Baghdad would come from the west and would await the Fourth Infantry Division, whose entry from the north was vetoed by Turkey. In fact, the main lines of the offensive moved from Kuwait in the south before the arrival of the Fourth Infantry.

An author of the study, Kevin M. Woods, said during a Pentagon news conference that there was no obvious reason to doubt the authenticity of the documents.

At the same briefing, Brig. Gen. Anthony Cucolo, in charge of the unit that conducted the study, said any intelligence-gathering by the Russians was very likely motivated by economic ties with Iraq.

Russians Told Iraqi Regime Of U.S. Troop Movements (LAT)

By Peter Spiegel And Greg Miller

The Los Angeles Times, March 25, 2006

WASHINGTON — Russian diplomats passed detailed but sometimes inaccurate information about American troop movements to senior Iraqi officials even as U.S. troops closed in on Baghdad during the 2003 invasion, according to a Pentagon study released Friday.

The revelations, based on captured Iraqi intelligence documents, could jeopardize U.S.-Russian relations more than any single event since the end of the Cold War, analysts said. Although they cautioned that Moscow might have an explanation, the analysts said some of the details were so sensitive that they would be difficult for the government of President Vladimir V. Putin to justify.

One of the documents, which purports to be a summary of a letter sent to Saddam Hussein's office by a Russian official, claimed that Moscow had "sources inside the American Central Command in Doha," the U.S. military's headquarters in Qatar during the war.

Russia had well-known and extensive diplomatic and economic ties to Baghdad before the U.S.-led invasion and occasionally clashed with the Bush administration during the international debate over how to deal with Hussein's regime.

But the documents, made public in a study of the Iraqi military's decision-making, are the first to assert that Russia actively passed sensitive military intelligence to Baghdad during the war.

"This is one step short of firing upon us themselves with Russian equipment," said Michael O'Hanlon, a military analyst with the Brookings Institution. "It's actively aiding and abetting the enemy tactically. It's hard to get more unfriendly than that."

Press officials at the Russian Embassy did not return calls seeking comment. An official who answered the phone in the military attache's office at the embassy said he was unfamiliar with the report.

One of the most sensitive revelations, which came in a captured letter detailing Russian intelligence on American troop movements, accurately informed Baghdad that U.S. forces were massing south of a narrow passage near the southern city of Karbala.

The April 2, 2003, letter, which was reportedly passed through Moscow's ambassador to Baghdad, informed Iraqi leaders that "the heaviest concentration of troops (12,000 troops plus 1,000 vehicles) was in the vicinity of Karbala."

DOJ_NMG_0022162

The Army's 3rd Infantry Division eventually captured western Baghdad after pushing through the Karbala gap just days later. Marines moved into Baghdad from the east.

Other information provided by the Russians, however, was wildly inaccurate. In a document on March 24 and again in the April 2 letter, the Iraqis were told to expect the main U.S. offensive from the western desert, including a major attack from Jordanian soil.

Kevin Wood, a retired Army officer who served as the senior researcher and chief author of the study, said he was surprised when he learned of the Russian actions. Although there was little corroboration of the contacts beyond the documents themselves, his team had no reason to doubt their authenticity, Wood said.

But Frederick Kagan, a Russia and defense expert at the American Enterprise Institute, said the actions would not be out of keeping with other efforts by Moscow to advance Iraq's cause internationally.

"We knew the Russians were opposed to the sanctions; we knew they opposed the war," Kagan said. "I'm not terribly surprised."

Analysts also said it would be important to learn whether upper levels of the Russian government were involved, adding that the signals were more likely to have come from diplomatic and intelligence agents in the region rather than from Moscow.

It also was unclear how much of the information was genuine intelligence and how much was educated guesswork.

Regardless, the revelations could undermine efforts to forge a united front against Iran's nuclear program.

"I think we have to assume that we can't trust the Russians to be impartial or even honest with us," Kagan said. "The Russians have ties with the Iranians that are also very worrying."

The 210-page report, compiled by staff at the Pentagon's Joint Forces Command after interviewing more than 100 former Iraqi officials and sifting through half a million documents, contains the most detailed accounts to date of Hussein's thinking as U.S. and coalition troops massed on his border and eventually pushed into Iraq.

It is unclear whether the Iraqi leader, who was not interviewed for the report, acted on any of the Russian information.

The authors depict Hussein as more worried about an internal coup or a repeat of the 1991 Shiite uprising in the south than he was about the coalition forces, even when they were on the outskirts of Baghdad. He continued to make tactical military decisions based on that fear until the last days of his regime.

Senior military commanders were ordered not to blow up bridges connecting Baghdad to southern Iraq so that Hussein could send loyal troops to quell any domestic opposition, even though the bridges made it easier for the Americans to advance.

The report also said Hussein frequently pointed to the failed American operation in Somalia and Washington's reluctance to introduce ground forces in the Balkans as proof the U.S. would not long tolerate bloody ground warfare.

And although Hussein had established loyal paramilitaries to suppress any uprisings and scattered them throughout Iraq, the report casts doubt on the idea that his regime made preparations to launch an insurgency if the Iraqi army met with defeat.

"There were no national plans to transition to a guerrilla war in the event of a military defeat," the report found. "Nor, as their world crumbled around them, did the regime appear to cobble together such plans."

The report's authors found Hussein and his top commanders to be badly out of touch with reality, both before and during the war. Hussein and his inner circle were fed a steady diet of lies, mainly overly optimistic assessments about Iraq's military capabilities, from subordinates who feared they would pay with their lives for speaking the truth.

Misinformation also flowed down through the ranks. The report cited an April 6 memo from the Defense Ministry telling subordinate units that "we are doing great" and reminding officers to "avoid exaggerating the enemy's abilities."

But as the scope of the defeat dawned on him, Hussein's tone was that of a man "who had lost his will to resist," and "knew the regime was coming to an end," said Tarik Aziz, the former deputy prime minister who was one of 23 senior officials interviewed by U.S. military researchers.

Hussein was moving from one safe house to another every three to six hours. During a late-night meeting with his sons and members of his inner circle April 6, Hussein issued orders to defend Baghdad to the death and prepare for urban warfare.

By then, however, "an American armored brigade already held Baghdad's airport," the report said, and American armor "was busily chewing up the manicured lawn in front of his palace in the center of the city."

The United States also made miscalculations, including devoting significant resources to preventing the destruction of Iraqi oil fields.

The report indicates that regional Iraqi commanders had made plans to destroy the northern and southern oil fields, and there are accounts that demolition charges and other equipment were moved into place.

The report quoted a senior Republican Guard officer as saying Hussein blocked those plans because he believed that destroying the oil fields would damage the morale of soldiers and the Iraqi people.

Report: Russia Had Sources In U.S. Command (AP)

By Robert Burns
AP, March 25, 2006

The Russian government collected intelligence from sources inside the American military command as the U.S. mounted the invasion of Iraq, and the Russians fed information to Saddam Hussein on troop movements and plans, according to Iraqi documents cited in a Pentagon report released Friday.

The Russians relayed information to Saddam during the opening days of the war in late March and early April 2003, including a crucial time before the ground assault on Baghdad, according to the documents.

The unclassified report does not assess the value of the information or provide details beyond citing two captured Iraqi documents that say the Russians collected information from sources "inside the American Central Command" and that battlefield intelligence was provided to Saddam through the Russian ambassador in Baghdad.

A classified version of the Pentagon report, titled "Iraqi Perspectives Project," is not being made public.

In Moscow, a duty officer with Russia's Foreign Ministry declined to comment on the report late Friday. No one answered the phones at the Defense Ministry.

A Pentagon spokesman, Lt. Col. Barry Venable, referred inquiries seeking comment to Central Command. At Central Command headquarters in Tampa, Fla., officials did not immediately respond to a request.

State Department spokesman Adam Ereli declined to comment.

In addition to citing the Iraqi documents on the matter of Russian intelligence, the report also directly asserted that an intelligence link existed.

"Significantly, the regime was also receiving intelligence from the Russians that fed suspicions that the attack out of Kuwait was merely a diversion," the report's authors wrote. They cited as an example a document that was sent to Saddam on March 24, 2003, and captured by the U.S. military after Baghdad fell.

The report said the Iraqi document was titled, "Letter from Russian official to presidential secretary concerning American intentions in Iraq." The Iraqi document said, "The information that the Russians have collected from their sources inside the American Central Command in Doha is that the United States is convinced that occupying Iraqi cities are impossible," and that as a result the U.S. military would avoid urban combat.

"The strategy is to isolate Iraq from its western borders," the document added.

Central Command's war-fighting headquarters is at an encampment in the desert just outside Doha, Qatar.

The lead author of the Pentagon report, Kevin Woods, told reporters at a briefing that he was surprised to learn that the Russians had passed intelligence to Saddam, and he said he had no reason to doubt the authenticity of the Iraqi documents.

"But I don't have any other knowledge of that topic," Woods added, referring to the Russian link.

Brig. Gen. Anthony Cucolo, who appeared with Woods and also was closely involved in the project, said he believed such a link reflected a long-standing close economic relationship between Moscow and Baghdad.

"I don't see it as an aberration," Cucolo said. "I see it as a follow-on to economic engagement and economic interests."

In the end, one piece of Russian intelligence actually contributed to an important U.S. military deception effort. By telling Saddam that the main attack on Baghdad would not begin until the Army's 4th Infantry Division arrived around April 15, the Russians reinforced an impression that U.S. commanders were trying to catch the Iraqis by surprise.

The attack on Baghdad began well before the 4th Infantry arrived, and the government collapsed quickly.

As originally planned by Gen. Tommy Franks, the Central Command chief who ran the war, the 4th Infantry was to attack into northern Iraq from Turkey, but the Turkish government refused to go along. Meanwhile the 4th Infantry's tanks and other equipment remained on ships in the eastern Mediterranean for weeks — a problem that Franks sought to turn into an advantage by attacking Baghdad without them.

Based on a captured Iraqi document — a memo to Saddam from his Ministry of Foreign Affairs, dated April 2 — Russian intelligence reported through its ambassador that the American forces were moving to cut off Baghdad from the south, east and north, with the heaviest concentration of troops in the Karbala area. It said the Americans had 12,000 troops in the area, along with 1,000 vehicles.

Indeed, Karbala was a major step on the U.S. invasion route along the Euphrates River to Baghdad. A key bridge over the Euphrates, near Karbala, was seized on April 2, permitting U.S. forces to approach Baghdad from the southwest before Iraq could move sufficient forces from the north.

The Pentagon report also said the Russians told the Iraqis that the Americans planned to concentrate on bombing in and around Baghdad, cutting the road to Syria and Jordan and creating enough confusion to force residents to flee.

The Pentagon report, designed to help U.S. officials understand in hindsight how Saddam and his military commanders prepared for and fought the war, paints a picture of an Iraqi government blind to the threat it faced, hampered by Saddam's inept military leadership and deceived by its own propaganda.

"The largest contributing factor to the complete defeat of Iraq's military forces was the continued interference by Saddam," the report said.

Moscow Spies Tipped Saddam On U.S. War Plan (WT)

By Rowan Scarborough

The Washington Times, March 25, 2006

Moscow had informants inside U.S. Central Command whose information on the March 2003 invasion of Iraq was relayed to dictator Saddam Hussein days before American troops ousted him from power, according to a Defense Department history released yesterday.

And, as U.S. troops encircled Baghdad in April, Russia's ambassador fed information from Moscow's intelligence service to Saddam's regime regarding U.S. troop movements.

The new disclosures show that Moscow was working against the Bush administration in private, as it opposed in public the U.S. desire for a United Nations Security Council resolution explicitly authorizing the invasion.

The report was produced in book form by U.S. Forces Command, which studies "lessons learned" in military operations. This document, however, focused not on American units, but on how Saddam, his regime and military prepared for the March 19, 2003, attack and tried to blunt it. Titled "Iraqi Perspective Project: A View of Operation Iraqi Freedom From Saddam's Senior Leadership," it is based largely on postwar interviews and seized documents. It is in one of those documents that the Iraqis told of spies inside U.S. Central Command, which planned and executed the invasion.

"The information that the Russians have collected from their sources inside the American Central Command in Doha [Qatar] is that the United States is convinced that occupying Iraqi cities are impossible, and that they have changed their tactic," states the Iraq intelligence report. Another part states, "Jordan had accepted the American 4th Mechanized Infantry Division."

Although U.S. forces did avoid occupying towns and cities on the march to Baghdad, they did enter Tikrit, Mosul and other large cities. But as for Jordan, the 4th Infantry Division never docked there, instead traveling by sea to Kuwait.

The Forces Command report offered no information on whether Central Command ever identified and purged the spies.

The report also tells of a seized memorandum from Iraqi's Foreign Ministry. The memo said Russia's ambassador was relaying intelligence reports to Saddam aides, including one memo that stated that allied forces would not enter Baghdad until the 4th Infantry Division arrived. That turned out to be false.

In other report findings:

· The regime planned to restart production of weapons of mass destruction. It continued to hide scientists from U.N. inspectors right up to the time U.N. inspectors left and the war began.

A seized Dec. 15, 2002, memo, written by an Iraqi intelligence agent posing as a U.N. escort, states, "Inside Bader WMD inspection site, there are Russian and Turkish scientists. When we visited the site, they were forced to hide from inspectors' eyes."

And, Saddam continued to tell his commanders he still had such weapons. "For him, there were real dividends to be gained by letting his enemies believe he possessed WMD, whether it was true or not," the report said.

·The quickly assembled air strike on one of Saddam's residences, Dora Farms, in pre-dawn March 19, 2003, never had a chance of succeeding. Saddam had not stayed there since 1995.

·There was no evidence that Saddam or his top aides planned the insurgency, now in its fourth year; in fact, Saddam was sure the Americans would never advance on Baghdad.

"There were no national plans to transition to a guerrilla war in the event of military defeat," the report states.

This fact helps explain why commanders did not predict, nor plan for, the robust insurgency and al Qaeda terrorists now spreading violence.

Saddam's misguided belief that he would stay in power in 2003 was fed by the support he got from France and Russia, his top aide, Tariq Aziz, told U.S. investigators.

"France and Russia each secure millions of dollars worth of trade and service contracts in Iraq, with the implied understanding that their political posture with regard to sanctions on Iraq would be pro-Iraqi," Mr. Aziz said. "In addition, the French wanted sanctions lifted to safeguard their trade and service contracts in Iraq."

Rice Expects U.S., Iran To Meet On Iraq (AP)

AP, March 25, 2006

Secretary of State Condoleezza Rice said Friday she was sure U.S. and Iranian representatives would meet to discuss security in Iraq, but she gave no time for the sessions.

"Those meetings will take place, I'm certain, at the appropriate time," Rice said.

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The United States previously had said contact with the Iranians could occur if Washington found it useful, but questioned the timing and motive of Iran in seeking talks.

The Bush administration says discussions would be limited to the situation in Iraq, where Washington has long accused Iran of making trouble. The U.S. ambassador in Baghdad has had authority to talk to his Iranian counterpart since last year, but Tehran only recently said it wants to meet.

President Bush's national security adviser, Steven J. Hadley, last week dismissed Iran's willingness to talk about Iraq as a way for Iran to divert pressure from the nuclear weapons issue. Iran claims it is pursuing nuclear technology only for generation of electricity.

The two countries have had no diplomatic relations since the 1979 storming of the U.S. Embassy in Tehran.

The United States is now pushing for strong U.N. Security Council action to try to stop what it claims is Iranian ambition to build a nuclear bomb. The U.N. body has been bogged down for two weeks over how to make a first move.

"I think that everybody just needs to get to work and let's get this done so that the Iranians have a very clear message about what's going on," Rice said when asked whether Iran allies Russia and China are dragging their feet.

Rice spoke Friday to Russian Foreign Minister Sergey Lavrov to try to break an impasse over the wording of a Security Council statement on Iran, and may meet soon with other permanent members of the Security Council if the group can agree on the document.

"We agreed to ask our negotiators to work again over the next of couple of days," Rice told reporters, "really deciding that maybe they won't even have a weekend because we need to work on this text."

Rice spoke following a meeting with Mexican Foreign Minister Luis Derbez.

She also met in Washington with U.N. Ambassador John Bolton on Iran and other topics.

"We are waiting to see what happens in the talks between the ministers of foreign affairs of the P-5," Argentina's U.N. Ambassador Cesar Mayoral, the current Security Council president, said Friday, when asked when the council might meet to discuss the proposed statement.

The U.S. and its European allies want a statement reiterating demands by the U.N. nuclear watchdog _ the International Atomic Energy Agency _ that Iran suspend uranium enrichment, the process that can be used to generate nuclear power or make nuclear weapons.

The Russians and Chinese have opposed tough language including a demand for a report in 14 days on Iran's compliance with the IAEA demands.

Russia and China also want the IAEA to keep the main role in cajoling Iran on uranium enrichment. They have raised concerns that pushing Iran too hard could lead to its withdrawal from the Nuclear Nonproliferation Treaty and expulsion of IAEA inspectors.

"The Security Council has, of course, at its disposal tools that are not there for the IAEA," Rice said Friday.

"This first order of business is to get a presidential statement that will make very clear that it is in the international community's very strong demand of Iran that Iran adhere to these requirements."

General Praises Iraqi Forces In Mosque Attack Mayhem (NYT)

By Thom Shanker

The New York Times, March 25, 2006

WASHINGTON, March 24 — The United States commander for training Iraqi security forces expressed guarded satisfaction on Friday with the performance of new Iraqi Army and national police units in tamping down the sectarian violence that erupted after the bombing of the Golden Mosque in Samarra last month.

But the commander, Lt. Gen. Martin E. Dempsey, acknowledged that the crisis also provided a clearer picture of the troubling shortfalls of the Iraqi local police, on whom, he said, American trainers now must focus their efforts.

American officers in Iraq and Pentagon officials reviewing reports from the field say the Iraqi Army helped calm the situation. They also say that the national police responded well, but that some local police units only huddled in their stations during the early hours of the crisis.

General Dempsey also raised concern about the role played by independent militias during the crisis. In a video news conference from Baghdad, General Dempsey pointed out that certain militias were recognized under the new Constitution— like the pesh merga force of Kurdish fighters and the Badr Corps, a Shiite militia — and that efforts were under way to assimilate them into security units. But he said one powerful militia, which answers to Moktada al-Sadr, a radical Shiite cleric, remained outside of any government control.

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"What happened in the aftermath of the Samarra mosque bombing was that several of these militias took to the streets, took to the streets in a way that could have been very threatening to the population, particularly in the mixed areas," General Dempsey said. "The Iraqi legitimate security forces, the army and the police, in every case were a settling influence."

Because of the threat of spiraling sectarian violence, Iraqi government and security officials "made a conscious decision not to confront but rather to contain these militias," General Dempsey said. "They decided that they wouldn't add the militia problem to their other problem, which is the heightened tensions after the bombing."

General Dempsey said Iraqi security forces facing off against these armed, unofficial bands were ordered to stop them from violating the law — but did not always halt their movements through checkpoints if they were traveling peacefully. "They separated groups," he said. "They protected mosques. They talked to political leaders, religious leaders, politicians, local leaders, and they really did a fantastic job of settling the situation without also confronting the militia."

The militia problem is clearly a threat to stability in Iraq, and General Dempsey said the issue was "something the new government's got to take on with some immediacy as soon as they get seated."

President Bush's strategy for withdrawing American troops from Iraq requires an increasing number of Iraqi security forces to take on increasing levels of responsibility. Last week, Lt. Gen. Peter W. Chiarelli, commander of day-to-day military operations in Iraq, announced that by the end of summer, 75 percent of the country would be the responsibility of Iraqi security forces.

Asked whether Iraqis were given security responsibilities only in relatively stable or underpopulated areas, General Dempsey said Friday that Iraqis already controlled some crowded, tense areas — certain neighborhoods of Baghdad, for example — and that this percentage would grow.

Military officers in Iraq and at the Pentagon said both the army and national police responded rapidly in the hours after the mosque bombing. All Iraqi personnel not already on duty were called back from leaves and ordered to increase patrols.

One senior officer said that while the new Iraqi security forces took sides in sectarian violence in 2004, the aftermath of the Samarra bombing resulted in "very, very few reports of either the army or national police battalions acting in a sectarian way themselves."

In interviews and e-mails from Iraq, American military officers underscored that the efforts by local clerics and politicians were even more important than the actions of security forces in keeping the lid on civil war in recent weeks.

Since the insurgency began, American commanders have argued that there is no solely military path to ultimate success in Iraq, only a political solution. After the mosque bombing, these officers say, it is inconceivable that the Iraqi Army and police alone could have tamped down the violence unless senior clerics and the Iraqi political leadership — Sunni, Shiite and Kurd — had immediately called for calm, as they did.

Despite concerns of sweeping sectarian attacks, the violence after the mosque bombing was limited to specific neighborhoods, mostly in the mixed Sunni-Shiite areas near the Sadr City slum in Baghdad and other areas mostly north of the capital.

And as bodies keep turning up, especially in Baghdad, proof that sectarian killings continue at an alarming rate, commanders admit that the local police cannot halt such individual acts of sectarian vengeance.

"You've heard us call this the year of the police," said General Dempsey, who previously spent 14 months in Iraq as commander of the First Armored Division. "We're really equipping them at a very aggressive rate in order to put them in a position to restore civil security by the end of the year."

Murtha Defends Position On War In Iraq (HS)

By Amy Zalar

Herald Standard, March 25, 2006

U.S. Rep. John Murtha (D-Johnstown), theorized Friday that President George W. Bush was trying to justify what didn't happen following the first Gulf War when he waged war on Iraq three years ago.

Murtha, 73, said he believes there was a miscalculation when troops didn't stay around to rehabilitate the Middle East after the conclusion of the first Gulf War, and it led to the current conflict.

Regarding the current Iraq war, Murtha said when initial threats that biological weapons would be used if troops crossed a certain line didn't come to fruition and weapons of mass destruction were not found, he felt something was wrong and started "sending signals to the White House."

Speaking during a taping of "Behind the Headlines" for HSTV, Murtha said although he supported the war initially, he began to lose confidence because of the way it has been handled. The Vietnam veteran said the three things that are needed to go to war were not there for the Iraq invasion, including a threat to national security, the use of overwhelming force and an exit strategy.

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Murtha has been criticized for publicly taking the position that the United States needs to get out of Iraq, a stance that he unequivocally defended.

"It's time for us to redeploy to the periphery and let the Iraqis do this themselves," Murtha said. He said he is also concerned about the $450 billion cost of the war and the burden on the American people.

Murtha said he is perplexed as to why Bush will not admit he made a mistake by relying on flawed intelligence. He said when Bush's father, George Herbert Walker Bush, contemplated the first Gulf War, he established a real international coalition and Congress participated in the process, two things that did not occur this time. A long-time member of the Defense Appropriations Subcommittee, Murtha has had intimate involvement with major war decisions during his years in Congress. He was first elected in 1974.

Now, Murtha said the Iraq conflict has deteriorated into a civil war and the American troops are caught in the middle. "The Iraqis are fighting with each other and we're caught in between," Murtha said.

Murtha said Vice President Dick Cheney was a "damn good secretary of defense" in the elder Bush's administration, but many people said they don't know Cheney today. "You have to wonder if they're competent," Murtha said of the people making decisions regarding the war.

Calling this administration the most secretive he has ever seen, Murtha said when you are in public office, you must listen to the people and look at history. Murtha said some Republicans would have to speak out against the war for anything to change. "I feel it is an American problem and not a political problem. Because (Bush) didn't seek advice it has gotten to where it is now and that's a very dangerous situation," Murtha said.

In being asked to speak about comparisons between the Iraq War and Vietnam, Murtha said that big difference is we support the troops in the current war. Murtha said he has worked to ensure troops receive body armor and equipment that is needed. "We have separated the warrior from the war and in Vietnam we didn't do that," Murtha said.

A weekly visitor to military hospitals, Murtha said in addition to the 2,300 American soldiers that have been killed, there are between 16,000 and 17,000 that have been wounded, and the government must take care of them.

Murtha said he wasn't completely surprised that his military record was attacked when he spoke out against the current direction of the war, but he said he didn't think such vicious attacks were warranted. He said attacking someone who disagrees with you isn't the way it should be done. "To me what's important is the country," Murtha said.

Murtha said the White House tried to get military officials to attack him, which was largely unsuccessful. He predicted a Democratic-controlled Con-gress after the fall election, and possibly a Democratic-controlled Senate also.

Murtha is seeking re-election, but will not face a Democratic challenger. Washington County Commissioner Diana Irey has filed to run as a Republican. Murtha said he takes any opponent seriously. He said since Irey has taken a position in favor of the war, it will likely be a campaign issue.

Murtha said he has credibility in the House, as well as years of experience and an important position on the Defense Appropriations Subcommittee. He said it would be difficult for a new person to get things done for the district that he has achieved.

Murtha said he concentrates on a lot of projects that are important to the district, including diabetes, and works with county commissioners to get infrastructure projects, which he called the glue to put everything together.

IRAQI PREZ OPTIMISTIC ABOUT CABINET; 51 MORE DIE (PHDN)

By Qassim Abdul-zahra

Philadelphia Daily News, March 25, 2006

BAGHDAD - Iraq's president issued a highly optimistic report yesterday on progress among politicians trying to hammer out the shape of a new unity government. At the same time, at least 51 more people, including two U.S. soldiers, were reported dead in rampant violence.

President Jalal Talabani said the government could be in place for parliamentary approval by the end of the month, though he acknowledged "I am usually a very optimistic person."

U.S. Ambassador Zalmay Khalilzad brokered the sessions, with the Bush administration applying extreme pressure on Iraqi politicians to form a government. Washington hopes to begin withdrawing troops this summer, banking on a decrease in violence once a national unity government is in place.

A less optimistic Prime Minister Ibrahim al-Jaafari, whose nomination by the Shiite bloc for a second term produced the political stalemate, has said a Cabinet list could be ready by the end of April, a full month beyond the Talabani estimate.

The rising death toll among Iraqis included five worshippers killed yesterday in a bombing outside a Sunni mosque.

The two U.S. soldiers were killed in combat in insurgent-ridden Anbar province, the American military reported yesterday. The statement said the soldiers, assigned to the 2/28th Brigade Combat Team, were killed Thursday.

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Iraq Qaeda Chief Seems To Pursue A Lower Profile (NYT)

By Dexter Filkins

The New York Times, March 25, 2006

Abu Musab al-Zarqawi, the Jordanian terrorist and the head of Al Qaeda in Mesopotamia, has sharply lowered his profile in recent months, and his group claims to have submitted itself to the leadership of an Iraqi.

In postings on Web sites used by jihadi groups, Al Qaeda in Mesopotamia, the terrorist network's arm in Iraq, claims to have joined with five other guerrilla groups to form the Mujahedeen Shura, or Council of Holy Warriors. The new group, whose formation was announced in January, is said to be headed by an Iraqi named Abdullah Rashid al-Baghdadi. Since then, Al Qaeda in Mesopotamia has stopped issuing its own proclamations.

The Mujahedeen Shura, which continues to call for attacks against American and Iraqi forces, has stopped taking responsibility for large-scale suicide attacks against civilians, and it has toned down its fierce verbal attacks against Iraq's Shiite majority.

Mr. Zarqawi's group also appears to have stopped, at least for now, the practice of beheading its captives. Since last summer, the group has begun to carry out attacks outside Iraq.

The activities seem to follow closely the advice in a letter believed to have been written last year by Ayman al-Zawahiri, Al Qaeda's second in command.

Previously, Mr. Zarqawi's group celebrated large-scale civilian massacres, and often made videos of the attacks and of beheadings and posted the videos on jihadi Web sites. Al Qaeda in Mesopotamia, which is dominated by followers of Islam's Sunni sect, also boasted of the mass killing of Shiite civilians, whom it labeled derogatorily as "converters."

While it is impossible to verify the claims on the Web sites, experts believe it significant that Mr. Zarqawi apparently feels the need to send such signals, which offer clues about what he and other senior jihadi leaders might be thinking and doing.

Since the announcement of the Mujahedeen Shura in January, Mr. Zarqawi has stayed largely out of view. His last public statement, released a few days before the announcement, ranted in typical fashion against Americans and Jews but gave no sign that changes were afoot.

American and Iraqi officials, as well as independent terrorism experts, are divided on the signals from Al Qaeda. Most believe that Mr. Zarqawi is alive, in Iraq, and still in charge of Al Qaeda in Mesopotamia. They say the group remains the leading suspect in the Feb. 22 attack against the Shiite shrine in Samarra, which set off a wave of sectarian violence. No group has taken responsibility for that attack.

Sectarian attacks have helped bring Iraq to the brink of full-scale civil war. A document obtained by the Americans in January 2004, and believed to have been written by Mr. Zarqawi, calls for attacks on Shiites in order to bring about a sectarian bloodbath.

American and Iraqi officials concede that they know little about the Mujahedeen Shura or of Mr. Baghdadi or, indeed, whether they exist at all. The officials say the proclamations by Al Qaeda and the Mujahedeen Shura, as well as the claim that an Iraqi is in charge, are probably ploys to give the illusion of changes that have not taken place.

"Propaganda is a critical component of his efforts, and that's what's involved here," said an American intelligence official. "It's a shift in tactics, not a real change."

In the letter thought to have been written by Mr. Zawahiri, an Egyptian physician believed to be hiding along the mountainous border between Pakistan and Afghanistan, Mr. Zarqawi was told that he needed to cultivate local support in Iraq to ensure the survival of his movement. The letter was captured by the Americans last summer.

The letter suggested a role for a council that would unite the various insurgent groups and help lay the political groundwork for the day the Americans depart.

It also questioned Mr. Zarqawi's emphasis on killing Shiites, suggesting that such killings alienated Iraqis and detracted from the larger goal of driving out the Americans. For the same reasons, the letter said, it was not necessary to cut off the heads of captives. "We can kill the captives by bullet," the letter said.

The letter also called for Mr. Zarqawi to "extend the jihad to secular countries neighboring Iraq." In recent months, Al Qaeda in Mesopotamia has taken responsibility for a number of attacks outside the country, including the suicide bombing of three hotels in Amman, Jordan, in November, which killed more than 57 people. The group has also said it fired rockets from Lebanon into Israel last December, and a pair of missiles at American naval vessels in Aqaba, Jordan, last August.

"Zarqawi wanted to hand over Al Qaeda to the Iraqis so he could move on to the next phase of jihad," said Rita Katz, the director of the SITE Institute, which tracks violent Islamist groups. Ms. Katz recently made such an argument in an opinion article in The Boston Globe.

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Bruce Hoffman, a terrorist expert at the Rand Corporation's Washington office, said he believed that the Mujahedeen Shura and Mr. Baghdadi were real, but was unconvinced that Mr. Zarqawi had ceded control of Al Qaeda in Mesopotamia. Having brought the country to the brink of civil war, Mr. Zarqawi may have decided that it was a good time to step back as events in Iraq unfold, Mr. Hoffman said, "like a poker player."

There are other reasons why Mr. Zarqawi might want to take a less prominent role in Iraq. As a Jordanian, Mr. Zarqawi is a foreigner in Iraq, where family and blood lines count for a lot. In recent months, evidence has surfaced that Iraqi guerrillas resent the dominance of foreigners in the insurgency.

In addition, there have been growing indications that the large-scale suicide bombings directed at civilians were alienating Arab backers outside the country as well as ordinary Iraqis. Mr. Zarqawi is believed to depend heavily on money provided by Arabs from outside of Iraq.

The suicide attacks on the three Jordanian hotels set off a wave of popular anger so furious that Mr. Zarqawi released an audio tape to explain his actions. Mr. Zarqawi did not apologize for the attacks — far from it — but he was clearly stunned by the vehemence of the reaction. "As for those Muslims who were killed," Mr. Zarqawi said on the tape, "we have not thought for even one moment about targeting them, even if they are sinful people."

Ms. Katz, the director of SITE, which provided the translations of his statements, said that even if he had stepped back, Mr. Zarqawi was probably still the dominant force in Al Qaeda in Mesopotamia.

Mr. Zarqawi has long made it clear that he sees Iraq as a stepping stone to the larger goal of overthrowing what he believes to be corrupt and secular regimes across the Arab world and re-establishing the Islamic Caliphate that reigned over the Middle East for centuries.

Whatever Mr. Zarqawi is up to, the successor organization, the Mujahedeen Shura, has lost no vehemence. In one of its most recent communiqués, it celebrated an attack on an American Humvee it claimed to have carried out this week in Miqadadiya, Iraq.

"A car bomb was detonated on a Crusader support patrol, resulting in the destruction of the Humvee and all who were in it," the statement said. "Thanks unto God."

Iraqi Translator Is Accused Of Bribery In Kickback Case (NYT)

By James Glanz

The New York Times, March 25, 2006

The Justice Department said yesterday that it had arrested an Iraqi-American translator from Michigan on bribery charges in the latest case involving accusations of corruption, which have become a steady accompaniment to the war in Iraq.

The Justice Department said the translator, Faheem Mousa Salam, 27, of Livonia, Mich., probably acting as an intermediary for others who have not yet been identified, offered tens of thousands of dollars in bribes to people inside the Iraqi Interior Ministry for a contract to provide some $1 million in flak jackets and other equipment to an organization that trains Iraqi police officers.

Mr. Salam was working as a translator for the Titan Corporation, a division of the L-3 Government Services Group. The federal complaint says that in the course of his work, Mr. Salam offered $60,000 to an Iraqi police official who eventually referred Mr. Salam to someone the official described as a procurement officer for the American-operated program to train the Iraqi police.

In fact, the officer was an undercover agent for the Special Inspector General for Iraq Reconstruction, an independent office that has been investigating cases of potential fraud, waste and abuse. Mr. Salam repeated his bribery offer and was arrested late Thursday night at Dulles International Airport near Washington, as he returned from Iraq.

Stuart W. Bowen Jr., who heads the office of the inspector general, said he expected more arrests in the case but declined to give further details or say who had been expected to provide the approximately 1,000 flak jackets — Mr. Salam showed a sample to the undercover agent — to the Interior Ministry. Mr. Salam also offered to sell a sophisticated map printer as part of the deal.

Mr. Bowen said that in the cash economy of Iraq, where traditional investigative methods like tracing money transfers are nonexistent, tracking down fraud is especially challenging.

"We realize we have to use every means at our disposal," Mr. Bowen said. The traditional sting operation, he added, "is one of them."

A call to the federal public defender acting as Mr. Salam's lawyer, Tony Axam, went unanswered yesterday. A spokesman for L-3 Government Services, Rick Kiernan, said the reported bribery attempt "appears to be isolated and not part of a larger incident."

"L-3 has not been related in any way to the incident itself," Mr. Kiernan said. "We have been cooperating with the Department of Justice on this entire matter."

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The case against Mr. Salam is one of at least eight major cases said to involve bribery, kickbacks, money laundering, conspiracy, fraudulent billing and other crimes that prosecutors say have plagued civilians and military personnel who work with contractors in Iraq.

At least a dozen arrests have been made and more are expected as the cases widen and new cases emerge. Mr. Bowen said his office alone was investigating around 60 cases that had not yet been made public.

Still, Mr. Bowen said out-and-out fraud was not pervasive among Americans now in Iraq, adding that many of his cases turned up in the early months after the invasion when controls were especially weak.

"I think it's a few individuals who took advantage of a chaotic situation early on," he said, "and it's my job to track them down and bring them to justice."

Of the arrests, at least six involve people who at one time worked directly for Kellogg Brown & Root, the Halliburton subsidiary, or for outside subcontractors working for the company. The Army has awarded Kellogg Brown & Root three huge contracts to do things like deliver food and fuel and repair oil equipment and facilities in Iraq.

The largest single case has swirled around an American businessman, Philip H. Bloom, who lived in Romania for many years but won at least $8.6 million in reconstruction contracts around Hilla, south of Baghdad, by paying what prosecutors said were hundreds of thousands of dollars in bribes in 2003 and 2004 to at least a half-dozen officials in the Coalition Provisional Authority.

Some expect more arrests. "I would suspect that the more we peel back on this, the more we're going to find," said Steve Ellis, a vice president at Taxpayers for Common Sense in Washington. So many arrests have been announced recently, Mr. Ellis said, that "it's not until you actually step back and you look at the whole of it that you realize how enormous the waste and corruption may actually be."

U.S. Charges Civilian Translator With Trying To Bribe Iraqi Police (WP/AP)

By Associated Press

The Washington Post, March 25, 2006

U.S. authorities have arrested a translator working in Iraq and charged him with offering a bribe to entice a police official to buy armored vests and other equipment for $1 million.

Faheem Mousa Salam, 27, of Livonia, Mich., was arrested Thursday at Dulles International Airport, the Justice Department said. Salam is an employee of the Titan Corp., a government contractor working in Iraq.

He was released from custody after a hearing yesterday in U.S. District Court in Washington. He is due back in court on April 5.

Salam was charged under the Foreign Corrupt Practices Act for offering $60,000 to an Iraqi police official who Salam believed could help arrange the purchase of the goods by a police training organization, according to a criminal complaint. Salam said he wanted to sell the group 1,000 vests and a sophisticated map printer, the court papers said.

Salam, described in court papers as a naturalized U.S. citizen, later made similar offers to an undercover investigator who was posing as a purchasing officer for the police group, the Civilian Police Assistance Training Team, the complaint said.

Titan Corp. did not immediately comment.

If convicted, Salam faces up to five years in prison and a fine of at least $100,000.

The bribery charge is the latest case to emerge from investigations begun by Inspector General Stuart W. Bowen Jr., who was appointed to look into Iraq reconstruction contracts.

At least seven Americans have been implicated in a separate bribery-and-kickback scheme involving the award of millions of dollars in reconstruction contracts. Robert J. Stein Jr., a former contracting official in Iraq, pleaded guilty last month to conspiring to steal more than $2 million in reconstruction money and steer contracts to a businessman in exchange for more than $1 million in cash, cars and jewelry.

Navy Won't File Charges In Iraq Contractor Fracas (WP)

By Griff Witte And Josh White

The Washington Post, March 25, 2006

Military investigators said yesterday that they will not file any charges after completing their investigation into an incident in Iraq last May in which a group of Marines alleged they had been fired on by U.S. security contractors.

The contractors, in turn, had said they were detained by the Marines for three days in a holding facility normally reserved for suspected insurgents, and subjected to rough treatment. The incident highlighted tension in the field between active-duty military personnel and the burgeoning ranks of private contractors the Defense Department has hired to support the war effort.

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But the Naval Criminal Investigative Service said there was not sufficient evidence to warrant prosecution of Marines or employees of North Carolina-based Zapata Engineering.

"There was evidence that shots had been fired by Zapata, but there was no way to connect the dots together in a way that we could go forward with the case," said NCIS spokesman Ed Buice.

The 16 American contractors have never denied that they fired shots on May 28, 2005, as they traveled through Fallujah. But they say their shots -- three in total -- went straight into the ground as they tried to get the attention of a truck driver who was moving precariously close to their convoy.

The Marines told a different story, accusing the contractors of firing indiscriminately at civilians and at a Marine checkpoint. Buice said yesterday that investigators had not been able to verify that conclusion.

"It's a world of relief," said Pete Ginter, one of the contractors who were detained. "We knew from the beginning that we didn't do anything wrong. But we were being penalized for something we didn't do."

Ginter said he and the other contractors involved have been effectively blacklisted since the incident, with many of them having trouble finding work and unable to return to Iraq, where demand for contractors is high.

Mark Schopper, an attorney for four of the detained contractors, said that while he welcomed the NCIS's decision, questions remain. "We're still incensed at what happened to them," Schopper said.

Marine officials at the Pentagon yesterday referred questions on the matter to military spokesmen in Baghdad, who were unable to comment immediately.

The contractors claim they were changing a tire at a Marine checkpoint last May when they were suddenly ordered to report to a nearby base. From there they were taken to a detention facility where they each were handed an orange jumpsuit, a bottle in which to urinate, a Koran and a prayer mat. The contractors, many of whom were ex-Marines, said they received rough treatment, with guards shoving them to the ground and, in Ginter's case, squeezing his testicles.

The men were held for three days in the same facility where the military held suspected insurgents. During that time, they have said, they were refused all requests to contact the Red Cross, their employer or their families. Once released, they were barred from operating in a large area of Iraq. They also lost their jobs with Zapata, which had a contract with the Army Corps of Engineers to dispose of ordnance.

Buice, the NCIS spokesman, said investigators never formally looked into the allegations of abuse because the contractors did not go through the proper channels of filing a complaint. He also said the treatment they received appeared to be standard for incoming prisoners. "The fact that you're asked to take off all your clothes and put on an orange jumpsuit, that's not mistreatment," he said.

But Gary Myers, a lawyer representing several of the contractors, said the way the military handled the case was unjust.

"These men did nothing wrong. They were forced out of the country by the Marines who in fact had engaged in conduct that was abusive to our own citizens," Myers said. "I'm pleased that whatever cloud that was hanging over those men is now removed, even if the Marine Corps will not admit it made a mistake."

An estimated 20,000 private security contractors are operating in Iraq. Tension between contractors and active-duty personnel has run high in some cases because the contractors fall outside the normal military chain of command and make considerably higher salaries than their counterparts in the armed forces. In this case, Schopper said the Marines taunted the contractors while they were in custody by asking, "How does it feel to be a rich contractor now?"

Gary Simpler, a 20-year Army veteran who was among the contractors detained, said in an e-mailed response to questions that the Marine Corps was "heavy-handed, abusive to fellow American citizens and should apologize."

Reporting From Iraq: A Failure Or An Accurate Account Of What's Happening? (KRT)

By Clark Hoyt

Knight Ridder, March 25, 2006

WASHINGTON - Ever since Cleopatra threatened to have a slave whipped with wire and stewed in brine for bringing her the news that Mark Antony had married Caesar's sister, people in power haven't had much tolerance for bearers of bad tidings.

It doesn't matter that, as Cleopatra's poor slave said in Shakespeare's "Antony and Cleopatra," "I that do bring the news made not the match."

Today, it's President Bush, Vice President Dick Cheney, Secretary of Defense Donald H. Rumsfeld and assorted supporters who are blaming the messengers - the news media - for the public's growing disenchantment with the war in Iraq.

As the polls have gone south - 65 percent disapprove of the president's handling of the war in the latest Newsweek Poll - the administration has escalated a soft attack on the media. I say "soft" because the criticism usually is artfully couched. It's not that reporters are disloyal or motivated by partisanship. They're either huddled fearfully in their hotels and can't see what's really happening or they're trapped in a definition of news that values only vividly violent bad news, preferably with pictures.

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Last week on CBS' "Face the Nation," Cheney said his comments that Iraqis would welcome Americans as "liberators" and the Iraqi insurgency was "in its last throes" were "basically accurate and reflect reality." The problem, he said, was that news reporting has created a negative impression "because what's newsworthy is the car bomb in Baghdad. It's not all the work that went on that day in 15 other provinces in terms of making progress toward rebuilding Iraq."

So, is the story of Iraq being distorted by reporting that focuses on violence and fails to tell the good news?

Robert J. Callahan, who served as the press attache at the U.S. Embassy in Baghdad from June 2004 to May 2005, doesn't think so. In an article in the current American Journalism Review, Callahan, who's still a Foreign Service officer, said, "American reporters have faced criticism for their coverage of Iraq, but rarely from those of us who have been there and have seen these journalists at work."

The most persistent criticism, Callahan wrote, comes from people who charge that the media are ignoring the good news in Iraq. He disagrees and points to the saturation coverage of the January 2005 election, when purple ink-stained fingers "became an international symbol of courage and defiance."

Callahan said American diplomats stopped encouraging coverage of good-news events such as the reconstruction of a school because it often invited terrorist attacks that cost innocent lives. "It was frustrating, to be sure," he said, "but prudent."

The truth of Iraq is complex. It's not as rosy as a presidential anecdote about U.S. military success in one isolated town, Tal Afar, suggests. But it's more than the carnage on television news.

Our reporting tells us that it's true that there are areas of Iraq - in the Shiite south and the Kurdish north - where people walk the streets in relative peace. But Baghdad, Iraq's capital and most populous city, and the Sunni Triangle to its northwest are hellishly dangerous. And that lack of security has overshadowed everything else as Iraqis struggle to build a democratic future.

Iraqis have held two successful elections since the U.S.-led invasion, but they're having a hard time establishing a permanent representative government. Though unemployment is more than 30 percent, cell phones and satellite dishes - once forbidden - are everywhere. Baghdad's legendary traffic jams are partly a result of an explosion of automobile ownership.

An Iraqi acquaintance agrees with a majority of Americans that her country is better off without Saddam Hussein, but she says that doesn't mean Iraqis feel good about their lives today. In the old days, in her mixed Baghdad neighborhood of Sunni and Shiite Muslims, everyone knew who the informers were, and to whom they were informing. Now, people live in fear of everyone outside their own families. Death squads roam the streets. Neighbors disappear in the night. Nobody knows who took them, where or why.

A lot of American reconstruction money has been diverted to pay for security, according to the Government Accountability Office. Some projects have ground to a halt. Iraqi oil production remains below prewar levels. So does the availability of electricity. Sewage overflows, and there's little running water that's safe to drink. In a nation that has one of the world's largest known reserves of oil, Iraqis wait in lines a mile long for gasoline.

Through it all, more than 60 percent of Iraqis say they're hopeful about their future. And more than 85 percent want the United States to set a timetable for getting American troops out.

To bring the story of Iraq to you, Knight Ridder maintains a bureau in Baghdad and a network of Iraqi special correspondents around the country. Bureau Chief Nancy A. Youssef, who speaks Arabic, and correspondent Tom Lasseter often are joined by other Knight Ridder colleagues. Our Berlin correspondent, Matthew Schofield, a veteran of several Iraq tours, has just concluded a rotation. They're aided in Baghdad by a staff of a dozen Iraqis: drivers, so-called "fixers" and translators, many of whom have embraced Western journalistic values and become excellent reporters. They're able to go where Americans cannot.

The hotel that houses the Knight Ridder bureau isn't in the isolated Green Zone, where U.S. diplomats and Iraqi leaders are, but it's heavily fortified with concrete blast walls we helped pay for, and it's guarded by an international force of security agents, which we also help support. The hotel has twice been shaken by bombs, once so violently that most of the windows blew out.

Knight Ridder maintains security advisers, former British Royal Marine commandoes who are combat veterans. They're heavily armed. They train the staff daily in security procedures and first aid.

Despite the danger, Nancy and her colleagues do venture out and do find inventive ways to talk with ordinary Iraqis. Nancy says, "When I go grocery shopping, I listen to people's conversations. What are they talking about? And how has their conversation changed since the week before?" Several times, her careful listening has led to stories.

It's a dangerous and sometimes frustrating job. Nancy says, "A colleague of mine described it beautifully. We are living in darkness, shining a flashlight around us and reporting on what we see. Sometimes we see the most important things, sometimes not."

Regardless, each story is part of the fabric of truth.

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3 Years Of War Wither A Family's Seed Of Hope (LAT)

By Louise Roug

The Los Angeles Times, March 25, 2006

BAGHDAD — As U.S. forces made their way to the capital, Baher Butti sat alone in his house with the AK-47 that Baath Party officials had given him to guard his neighborhood. It was March 25, 2003, and the psychiatrist had just celebrated his 43rd birthday.

"The war on Iraq has started," he wrote in his diary. "I have not prepared myself to be a fighter but a doctor and a family man."

A man trained to heal the suffering of others, Butti would see trauma enter his own house in the three years to follow. Fighting and havoc would empty his church, claim the lives of friends and relatives and, finally, touch his 9-year-old daughter — leaving her scarred and traumatized after a bomb ripped through her school bus.

That March night, Butti described sneaking out from his forced guard duty to see his wife and three children at her father's home.

"I used a road that I thought was convenient to avoid the risk of bombings. I returned back very quickly to resume my duties," he wrote. "I am now in my house. I feel mentally exhausted."

Target practice had been part of Butti's high school curriculum, and Baath Party membership was almost mandatory for him to work as a doctor. But the idea of using a weapon to defend the regime repelled him.

"I feel afraid after I was put by the [party] in this silly role," he wrote. "I was overcome by the feeling of being a sheep on the way to the slaughterhouse."

Street fighting never came to his neighborhood. On April 6, Butti crossed the river and joined his family. Together on a rooftop they watched the tanks enter the city. His wife, Balsam, a more vociferous critic of Saddam Hussein's regime, greeted arriving U.S. soldiers with tea and biscuits.

The soldiers refused.

"We were so happy" that the soldiers had arrived, Balsam Butti recalled later. "But they were afraid of us."

Her husband, for his part, was bewildered by the sight of Americans riding their tanks through the streets of his city.

The idea that his country was occupied by foreigners made Butti uncomfortable. Still, a hope grew. With the Americans, perhaps a kind of progress would arrive.

Butti, a graduate of the Jesuit High School in Baghdad, quickly became involved in local politics, writing pamphlets and columns. He talked to journalists and pontificated on the meaning of democracy, tyranny and freedom.

He stopped keeping a diary. His writing — by necessity private during Hussein's regime — became public.

In June, three months after the invasion, Butti was still trying to articulate what was happening in his country.

"When people saw the statue [of Hussein] falling in Firdos Square, the mountains of oppression that were in their souls started to explode," Butti wrote with characteristic flair.

With Hussein gone, U.S. forces watched as Iraqis looted the city. Freedom meant "do what you feel like," he wrote.

He was still ambivalent about the Americans — "friend or an enemy?"

A few days after the invasion, his wife, an obstetrician, returned to her clinic. Their children, a girl and two boys, went back to school. And Butti resumed his job at Ibn Rushd Teaching Psychiatric Hospital, Baghdad's biggest mental hospital.

Psychiatry had been a neglected field in Iraq for decades. Butti and his colleagues maintained little contact with the outside world and relied on outdated theories and textbooks.

The psychiatrist dreamed of building a small clinic in Baghdad that would offer group therapy and counseling. He brought American doctors to Iraqi mental wards to show them Iraq's abysmal healthcare system. He sent funding proposals to the Coalition Provisional Authority, which ruled Iraq after Hussein's fall.

U.S. officials listened with sympathy but had no money for his project. Their priorities were first relief, then election campaigns and eventually security, he said.

As violence worsened, American and Iraqi officials moved into the Green Zone, a heavily fortified compound along the Tigris River. U.S. soldiers began to refer to the city outside as the "red zone." Baghdad was being divided.

"We used to meet them outside the Green Zone," Butti said of U.S. officials. "Then things became that we had to go to the Green Zone [because] they couldn't go out. Then our entrance to the Green Zone became very difficult."

Outside the compound, gunmen took over streets, kidnapping and killing Iraqis. Doctors and academics in particular became targets. By 2004, many of the doctors who stayed in Iraq carried guns as they made their hospital rounds.

Leaving the house became a gamble, said Butti, who refused to arm himself for work.

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Instead of progress, he and his wife saw advancing irrationality. Baher Butti — a slight, balding man with a bookish air — observed the proliferation of faith healers. Balsam Butti — composed, beautiful and partial to charcoal-colored suits — noticed that more women were giving birth at home, unable to make it to the hospital because of curfews or violence. As a result, more babies were stillborn and more women bled to death during labor, she said.

"Collectively speaking, we have regressed," Baher Butti said. "I'm a believer in God, but it doesn't make me superstitious. But our people are becoming superstitious."

Fundamentalism also took hold. Arsonists torched the Buttis' local library. Liquor store owners were assassinated. Three gunmen shot Balsam Butti's cousin in the stomach as he stood behind the counter of his convenience store. His family believes he was killed for selling beer.

Under Hussein's secular rule, Iraq's Christians were allowed to prosper and practice their faith without much trouble. At Christmas, Iraqi Muslims would go out caroling with their Christian neighbors.

But in the new Iraq, Christians in the Buttis' neighborhood received death threats and fled. By Christmas 2004, pews at their local church were half empty. Extremists targeted barbers for giving Western-style haircuts and violating strict Islamic teachings by trimming or removing men's beards. Baher Butti forbade his teenage son to wear his hair the way he wanted it — spiky.

Violence closed in. Their world was shrinking.

Friends left the country. The Buttis no longer went swimming at the Al Wiya Club in downtown Baghdad, now nearly deserted. Eventually, they stopped visiting relatives living outside the capital.

The retreat into their middle-class home in the Baghdad suburbs was bittersweet. Suddenly, there was more time with each other and their children — 9-year-old Ula and her two brothers, 17-year-old Sarmad and 20-year-old Fadhil. Baher and Balsam's marriage blossomed.

On most nights, the family would gather in their cozy living room, watching their favorite TV shows — "Friends" and "The West Wing." Shipwrecked by the upheaval around them, they clung to each other and their island of normality.

Baher refused his family's advice: Abandon Baghdad, move abroad and start a new life. He believed his roots in Iraq were too deep. His grandfather had served as a minister of culture. Baher wanted to build his own legacy — the Al Janna, or Paradise, clinic.

On May 7, 2005, a bright Saturday morning, Balsam was standing in the kitchen rolling up dolmas. The phone rang and Sarmad picked it up. After a brief conversation, he turned to his mother. "Mama, Ula is in danger," he said. "She is in Al Kindi Hospital."

A bomb had ripped through the school bus carrying Ula and seven other girls from Dijla Primary School. Balsam, otherwise unflappable, panicked. She frantically called Baher, who had taken their car for repairs. Rushing to the hospital in a taxi, Baher prayed incessantly for his daughter's survival.

At Al Kindi — a dirty, depleted hospital downtown — doctors had taken Ula for X-rays, examining the damage done to her freckled face. They stitched her wounds without anesthetics.

When Baher found Ula, he showered her bruised and bloodied face with kisses. He thanked God that shrapnel had slashed his daughter's nose rather than her eyes, that only her lips, not her throat, had been slit open. He swept her up and took her to a plastic surgeon, a family friend, who immediately treated the girl. Eventually, the scars would disfigure only Ula's skinny arms.

"That day," Balsam said, "she blamed me because she didn't want to go to school but I had forced her to go."

Ula's nightmares, which she often remembered the next morning, added to her mother's feelings of guilt.

"During the first month, every day she would give us a segment of the incident, a phrase here and a phrase there," Balsam said. "She used to say: 'There was a tank beside us, and the tank was hit. The driver was injured.' In another segment she said: 'The girl beside me was silent. Why was she silent? Did she die or not?' "

Although some were seriously injured, all seven girls survived.

Later her daughter told her, " 'I don't want to remember,' " Balsam said. " 'I don't remember and I don't want to remember.' "

Baher let his daughter be. Better that she forgets, he thought, even if he could not.

On a recent spring day in Baghdad, traffic was at a standstill as trucks unloaded mountains of generators and washing machines — goods once unobtainable in Iraq.

A hot dog vendor did brisk business underneath a sign advertising the South Korean company LG and its slogan, "Life's good." Down a side street, a group of boys played soccer in a dusty field.

Around the corner in a garden, six female doctors and healthcare workers sat in the shade, talking shop. Baher Butti was listening in on their discussion. Behind him, a sign spelled out "Al Janna" — Paradise.

He had finally built it.

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An Iraqi advertising executive, looking for publicity, had donated $10,000. Baher used the money to buy a modest house, creating a refuge for the afflicted. Upstairs, in an empty studio, a patient had been working on a painting as part of his therapy. The half-finished piece on the aisle showed soldiers on horseback attacked by lions.

"It's a small place, but it's just the beginning," Baher said, mixing pride and apology.

For him, however, it was the end — a seed of hope he could no longer sustain. After Ula's school bus was hit, the Buttis decided to leave Iraq. As soon as Sarmad finishes his exams, they will join relatives in the United Arab Emirates.

But that decision ruptured the family bond that had strengthened during the last three years of violence.

The older son, Fadhil, has refused to leave, convinced that he and his friends will be able to change Iraq for the better.

"It's my country," Fadhil said. "This is the place I was born, and I want to die here. I don't want to go outside. We — the students — we will change it. It's our duty."

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Times staff writers Borzou Daragahi and Shamil Aziz in Baghdad contributed to this report.

2 U.S. Soldiers Among 51 People Slain In Iraqi Violence (LAT/AP)

By Associated Press

The Los Angeles Times, March 25, 2006

Five Sunnis die in a mosque attack north of Baghdad. Talabani sees progress on the Cabinet.

BAGHDAD — At least 51 people, including two U.S. soldiers and five Sunnis leaving a mosque, were killed Friday in attacks around Iraq.

The soldiers died in combat in Al Anbar province, the U.S. military said in a statement. It said the men, assigned to the 2/28th Brigade Combat Team, were killed Thursday.

The deaths raised to at least 2,320 the number of U.S. military personnel who have died since the war began in March 2003.

The mosque attack took place in Khalis, north of Baghdad, Iraq's military reported. In addition to the worshipers killed, at least 15 were wounded, it said.

Baghdad police said they found 25 more bodies blindfolded, shot and dumped throughout the capital. Sectarian killings among Shiite and Sunni Muslims have become increasingly common in the city since the Feb. 22 bombing of a key Shiite shrine in Samarra.

The rest of the victims died in a variety of attacks, which included drive-by slayings of three policemen in west Baghdad and three power station workers headed to their jobs in Taji, just north of the capital, police said.

In south Baghdad, gunmen killed four pastry shop employees, officers said.

Meanwhile, former hostage Norman Kember, 74, flew out of Baghdad on a British transport plane Friday, according to the Christian Peacemaker Teams, a day after he and two Canadian men were rescued by U.S., British and Canadian forces.

The two Canadians were to leave this weekend. Friday was Harmeet Singh Sooden's 33rd birthday, and he and James Loney, 41, celebrated with a white cake decorated with a pink Canadian maple leaf.

The three men were kidnapped Nov. 26 along with an American colleague, Tom Fox, 54. Fox's body was found this month, shot and dumped in west Baghdad.

Amid Friday's violence, Iraq's president issued a highly optimistic report on progress among politicians trying to hammer out a new unity government.

Jalal Talabani said the government could be in place for parliamentary approval by the end of the month, though he acknowledged that "I am usually a very optimistic person."

He spoke to reporters after a fifth round of talks among the country's polarized political factions.

A less optimistic Prime Minister Ibrahim Jafari has said a Cabinet list could be ready by the end of April.

Separately, the Iraqi mission to the United Nations said the country had signed two deals for a metering system to track oil and gas flows, a step that could help get its economy back on track and reduce oil smuggling.

Iraq's economy has been severely weakened by oil smuggling to neighboring countries. Some experts think oil smuggling may be funding Iraq's insurgency.

If you want other stories on this topic, search the Archives at latimes.com/archives.

As Palestinians Wait At Iraqi Border, Others Get Threats (NYT)

By Kirk Semple

The New York Times, March 25, 2006

DOJ_NMG_0022176

BAGHDAD, Iraq, March 24 — The bill of death appeared overnight, scattered on doorsteps and littering the sidewalk. It was addressed to "the Palestinian traitors."

"We warn you that we will eliminate you all if you don't leave the area for good within 10 days," the leaflet said. It bore the signature of a group called the Judgment Day Battalion, and the Palestinian residents of Hurriya, a northern Baghdad neighborhood, found it when they awoke Thursday morning.

"We are ready to leave Iraq — if we have the chance," a Palestinian resident said Friday, declining to provide his name because of fear of retribution. "This is the opinion of everyone here. We feel unsafe, and today is better than tomorrow."

The Palestinian community was once a pet cause of Saddam Hussein, who granted its members special treatment. But now, its members say, they are suffering the backlash of that favoritism, and are singled out for being Sunni Arabs.

As sectarian killings have intensified in the past several weeks, the Palestinians have been frequent targets of Shiite death squads, some in the uniforms of government security forces, several Palestinians said in interviews this week. Scores have been pulled from their homes in Palestinian enclaves around the capital, residents said, and many have turned up dead in the morgue.

The Palestinian observer to the United Nations has appealed to the Security Council for help, and the office of the United Nations High Commissioner for Refugees has warned of the potential for a crisis.

Many Palestinian families "are in a state of shock and panic," according to a statement from the refugee agency distributed Friday. "This panic may spread and lead to more Palestinians fleeing Baghdad." Many Palestinians pulled their children from schools and stopped going to work, the statement said.

Violence has afflicted every community in Iraq, which has suffered increased sectarian bloodshed since a major Shiite mosque in Samarra was bombed last month.

Insurgent attacks on Friday killed 12 people. One attack involved an improvised bomb that killed 5 worshipers and wounded 17 as they left a Sunni Arab mosque in Khalis, about 35 miles east of Baghdad. The American military reported that two soldiers died in combat in Anbar Province on Thursday.

And the authorities recovered 15 more bodies from the streets of Baghdad on Friday, the latest victims in a wave of mysterious slayings. More than 200 bodies — most bound, some blindfolded and all either shot in the head or garroted — have been discovered in less than three weeks in the Baghdad area, according to the Interior Ministry.

Some victims have been Palestinians, relatives said in interviews, and community members insist they are targets because of their special relationship with Mr. Hussein and their sectarian allegiances.

Riyad Mansour, the Palestinian observer to the United Nations, said in a letter to the Security Council on Thursday that 10 Palestinians were killed and several kidnapped in the previous week alone. He appealed for international intervention to protect the Palestinians in Iraq.

The United Nations estimates that 34,000 Palestinians live in Iraq, and many were born in the country. They were given safe harbor during successive regional crises, beginning with the Arab-Israeli war of 1948.

Mr. Hussein, as part of his campaign to fashion himself into a pan-Arab leader, was particularly solicitous of their support. He provided many with free schooling, and free or heavily subsidized housing. But he did not give them the right to own property or the right to citizenship — legal restrictions that remain.

With the fall of Mr. Hussein, many Palestinians were driven from their homes by property owners whose houses had been appropriated by Mr. Hussein. Others came under attack by resentful Iraqis.

Several Palestinians interviewed Friday said the latest generation of violent persecution began last year. At first it was gradual: an unexplained detention here, an assassination there. But since the bombing of the Askariya shrine in Samarra on Feb. 22, violence against Palestinians, particularly in Baghdad, has greatly increased, community members say.

"Now any Palestinian, whether a child or an adult, thinks of himself as a target," said Ali Hussein, 66, a resident of an housing complex for poor Palestinians in Baladiyat, in eastern Baghdad.

Another Baladiyat resident, Fatma Ahmed, said her husband was dragged from his barber shop on Jan. 15 by armed men and driven away. His family found his body in a morgue in March with gunshots to the head and torture wounds on his body.

Sitting in her small apartment in the squalid housing complex, Ms. Ahmed, a heavyset woman with sad eyes, presented a reporter with a two-page typed testimony to her husband's life and unexplained death. "He was known as a hard worker and serious man," the document said, "and his only crime was being Palestinian."

On March 14, the United Nations high commissioner for refugees, António Guterres, sent a letter to President Jalal Talabani expressing his concern about reports of violence against Palestinians, and "the limited capacity of the Iraqi security forces to provide effective protection," according to Astrid van Genderen Stort, a spokeswoman for the refugee agency. Mr. Guterres suggested the creation of "a special protection office" in areas populated by Palestinians.

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Last Sunday, 89 Palestinians from enclaves around Baghdad arrived at the Jordanian border in two buses seeking refuge. They were turned back by the Jordanian authorities, who closed the border on Monday, and they remained stranded for several days between the Iraqi and Jordanian border posts, a Jordanian government spokesman said.

On Wednesday, the Iraqi government moved them to an Iraqi camp near the border, where the United Nations refugee agency delivered supplies and food. Jordan reopened the border early Thursday, according to Nasser Judeh, a Jordanian spokesman.

The group is "adamant" that it does not want to remain in Iraq, according to a statement from United Nations agency. "They said the killings, disappearance and hostage-taking, affecting their families, neighbors and friends, had become intolerable."

Neighbors and relatives of those in the group say they are watching what happens on the border before they decide whether they, too, will try to flee. But they also said they feared the consequences of staying put.

A Palestinian laborer and resident of Hurriya said the posted death threats have made waiting unbearable. "The countdown has begun," he said.

Threats On Palestians Concern U.N. Agency (AP)

By Bradley S. Klapper, Associated Press Writer

AP, March 25, 2006

The United Nations refugee agency said Friday it was concerned about the safety of Palestinians in Iraq, citing death threats against families in one Baghdad neighborhood.

"They are feeling increasingly trapped, and for security reasons, many have stopped going to work and have taken their children out of school," said Jennifer Pagonis, spokeswoman for the U.N.'s High Commissioner for Refugees.

The agency said threats were posted Thursday on the doors of about 100 Palestinian families. "We will eliminate you all if you don't leave the area for good within 10 days," read a translation of the threats obtained by the U.N. agency.

In the sectarian strife that has recently roiled Iraq, many Shiites and Kurds have come to view Palestinians as sympathetic to the Sunni-dominated insurgency. There also is resentment over privileges they received under Saddam Hussein's rule.

Astrid van Genderen Stort, another UNHCR spokeswoman, said the agency has asked Iraqi authorities to provide increased protection for the Palestinians. Attacks against Palestinians appear to have increased in recent months, she said.

Pagonis said the agency also was concerned about several dozen Palestinians who fled recently to Iraq's Jordanian border.

Jordan refused the group entry and has said it will not take any refugees from Iraq, fearing another exodus to a country already burdened by Palestinians displaced in previous wars.

The UNHCR estimates about 34,000 Palestinians live in Iraq. Many came as refugees of the Arab-Israeli wars.

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Associated Press correspondent Shafika Mattar in Amman, Jordan, contributed to this report.

Pawlenty Goes To Iraq In Group Led By McCain (MINNST)

By Patricia Lopez and Mark Brunswick

Minneapolis Star Tribune, March 25, 2006

He will "be getting a forward look" at challenges facing Minnesota soldiers soon.

Gov. Tim Pawlenty has left for Iraq as part of a delegation led by U.S. Sen. John McCain, R-Ariz., the governor's office said Friday.

Brian McClung, Pawlenty's spokesman, said that the governor left Thursday afternoon but that McCain's office had asked them to withhold further details of the trip. Also in the delegation are Govs. Bob Riley of Alabama and Jon Huntsman Jr. of Utah.

Pawlenty expects to speak to the news media in a conference at midday today.

In a statement released Friday morning, he said the trip is in part to scope out the ground situation in the Middle East, where 2,600 Minnesota National Guard members are headed.

"Together, with Minnesota Reserves and active-duty military, there will be more than 3,000 Minnesota soldiers in Iraq," Pawlenty said in the statement. "During this trip, I will be getting a forward look at the challenges and conditions our Minnesota soldiers will now be facing."

He said he will meet with Minnesota soldiers and military and Iraqi leaders during his stay.

McClung said McCain approached Pawlenty with the invitation after they had chatted at the recent National Governors Association meeting in February. National Guard spokeswoman Lt. Shannon Purvis said few of the new Minnesota troops are in Iraq. Most remain in Kuwait being trained and getting acclimated to desert conditions.

This will be Pawlenty's second surprise visit to Iraq.

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He visited Baghdad in February 2004 at the invitation of President Bush, as part of a six-governor fact-finding mission.

While Pawlenty said he never felt endangered on that trip, it was marked by heavy outbreaks of violence in the region, including tracer fire and suicide bombers who killed more than 100 people in two days.

McCain, considered a presidential contender for 2008, is also scheduled to headline fundraisers for Pawlenty in Minneapolis and St. Cloud on April 12.

Salvadorans Ambushed By Memories In Iraq (WP)

By N.c. Aizenman

The Washington Post, March 25, 2006

U.S. Had Aided Soldiers in Civil War

SAN SALVADOR -- The convoy of Salvadoran troops was rumbling along a highway in southern Iraq when a bomb exploded under the first Humvee, slicing the driver's neck with shrapnel. As a medic scrambled to reach him, insurgents hiding nearby unleashed a torrent of small-arms fire.

It was the soldiers' first taste of combat in Iraq. But for those who had fought in El Salvador's fierce civil war as teenagers two decades earlier, the skirmish near Diwaniyah last September felt uncomfortably familiar.

Once again, they were crouching for cover against the deafening rat-a-tat-tat of AK-47 assault rifles. Once again, they were firing back with weapons and ammunition supplied by the U.S. government.

"Suddenly all these memories of the civil war came back to me," recalled Gustavo, a 35-year-old sergeant who returned to his village in northern El Salvador last month. Like other soldiers interviewed, he asked that his full name not be published because he was not authorized to speak publicly. "It was strange," he said. "I started remembering all these ambushes and battles I hadn't thought about in so long."

The Salvadoran government's willingness to keep sending troops to Iraq -- after three other Latin American countries pulled out their forces -- underscores the unusually strong political and economic bonds, as well as the unique military relationship, forged in the past two decades between this tiny country and the United States. More than 1 million Salvadorans now live in the United States, including 125,000 in the Washington region, census figures show. The Salvadoran Embassy estimates the number in the region at 500,000.

The Salvadoran and U.S. militaries have largely reversed their roles in the two conflicts. In El Salvador, Salvadoran soldiers did nearly all the fighting against leftist guerrillas, while dozens of U.S. military advisers trained, armed and often secretly directed them as part of a broader policy to prevent any more Central American nations from succumbing to the leftist revolution that swept Nicaragua in 1979.

In Iraq, the roughly 380 Salvadoran troops are a tiny presence compared with the 133,000 U.S. troops there. Perhaps their greatest contribution is to help preserve the diminishing "coalition of the willing" that President Bush assembled in 2003. Honduras, Nicaragua and the Dominican Republic originally sent troops but have since withdrawn.

One reason El Salvador has agreed to stay, according to analysts, is that its three most recent elected presidents have been members of the rightist ARENA party, which has close ties with the Bush administration and shares its commitment to a proposed regional free-trade agreement.

Salvadoran workers in the United States send home $2.8 billion annually, and the current Salvadoran president, Elias Antonio Saca, has been lobbying the U.S. government to liberalize immigration laws so more can enter legally. He has also requested repeated extensions of the temporary legal status that the United States granted to more than 220,000 illegal Salvadoran immigrants in 2001 after earthquakes devastated El Salvador.

Last month, the Bush administration announced the latest extension of the controversial program, two weeks after Saca agreed to send a sixth contingent of troops to Iraq. So far, more than 2,300 Salvadorans have served there, and two have been killed.

"ARENA has evolved considerably, but the continuity is still there," noted Peter Hakim, president of the Inter-American Dialogue, a Washington-based research group. Although neither government has acknowledged a link to El Salvador's Iraq policy, "it certainly doesn't hurt," he observed.

Some Salvadorans feel it is unfair to send the troops to Iraq. One is Herminia Ramos, whose son Natividad died there in 2004.

"Yes, they have a duty to serve. But it's a duty to protect their own country, not to take care of a country so far away that has nothing to do with us," Ramos, 47, said bitterly on a recent morning as she shelled peas in the dirt yard of her village home. "It's like our government is selling these soldiers to the United States."

Ramos said Natividad dropped out of school at age 15 to join the army after his father died. Ramos, an illiterate laundress, needed money to raise her three younger children, and the army paid about $240 a month.

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Within two years, Natividad was deployed to Iraq. He was killed in the city of Najaf on April 4, 2004, when supporters of the Shiite cleric Moqtada al-Sadr stormed a barracks defended by Salvadoran and Spanish troops. A second Salvadoran soldier died in a vehicle accident.

Ramos said she knew her son was dead the moment she saw a delegation of soldiers coming up the path to her mud-brick hut. "I had this horrible feeling in my stomach," she recalled, tears rolling down her cheeks. "All I felt was pain."

Her grief soon turned to anger. It took months of nagging to get the military to build the small cement house it had promised her, and Natividad's $7,000 government life insurance payment soon ran out.

Last summer, with help from another son, Ramos wrote to President Saca, begging him not to send any more soldiers to Iraq. But there have been only small, scattered antiwar demonstrations in El Salvador, and several recently returned soldiers said they did not resent being deployed.

"Maybe going doesn't benefit me personally. But I know it's good for the country and for all those Salvadorans in the United States," Gustavo said.

Other soldiers said that when they passed through John F. Kennedy International Airport in New York on their way to Iraq, Salvadoran janitors thanked them, saying their military service was creating more respect for Salvadoran immigrants.

Many also said they felt a personal duty to repay U.S. soldiers for serving alongside them during the civil war.

The U.S. involvement in that conflict remains controversial because U.S. officials overlooked or played down atrocities committed by the Salvadoran military against civilians. But many Salvadorans who were drafted as teenagers to fight guerrillas viewed the U.S. money and training as a lifesaver for their country.

In Iraq, the warm relations have continued. Salvadorans said many U.S. soldiers, particularly those who spoke some Spanish, would seek them out in mess halls or stop by their barracks to say hello.

"They'd call us 'brother' and ask for our Salvadoran flag patches to put on their uniforms," recalled Cesar, 37, a sergeant who lives near the capital. In response, he said, he stuck an American flag patch on his flak vest, until his Iraqi translator warned him it would increase his chances of being shot at by insurgents.

Salvadoran soldiers have faced plenty of danger in Iraq, including the ambush at Diwaniyah. On patrols, they said, bullets would strike their Humvees; at night, their barracks were frequently attacked with mortars.

One day, Gustavo's unit was called to guard the scene of a suicide bombing in a market. Picking his way past body parts, he said, he was flooded with gruesome memories of the civil war he had tried to forget: his brother, blinded after stepping on a mine; the corpse of a female social worker, cut open and left naked in the middle of a road.

Now, three weeks after returning home, Gustavo said he still has trouble sleeping. If his wife taps him even gently, he bounds out of bed and takes cover.

"You felt like you were taunting death every time you went out," Gustavo said.

Over time, the soldiers became more reluctant to go on patrols. The decline in morale was partly fueled by rumors of corruption among the battalion's leadership, whom soldiers suspected of stealing new uniforms and boots. They were also humiliated to learn that troops from other developing nations were being paid up to seven times what they were getting.

Pablo, 37, a corporal now on leave in his cinder-block home in a slum near the capital, said he was hoping for his first raise in 10 years. If it doesn't come through, he said, he will have no choice but to try to sneak into the United States. He has four young children and mounting school expenses.

Besides, he said with a hopeful smile, "if the border police catch me, then I'll just explain to them that I'm a Salvadoran who served in Iraq. Then maybe they'll let me stay."

Afghan Judge Balks At Prodding (WT/AP)

By Amir Shah, Associated Press

The Washington Times, March 25, 2006

KABUL -- The chief judge trying an Afghan man who faces a death sentence for converting from Islam to Christianity defended the court's autonomy yesterday amid reports the man could be freed.

Ansarullah Mawlavi Zada, the chief among three judges trying the case, asserted the autonomy of the court.

"We have constitution and law here. Nobody has the right to put pressure on us," he said. International pressure against the case has been building, and the Afghan government may be rethinking the charges against Abdul Rahman. A government official and MSNBC said yesterday that Mr. Rahman may be freed within the next few days.

Senior clerics condemned Mr. Rahman as an apostate.

Mr. Rahman had "committed the greatest sin" by converting to Christianity and deserved to be killed, cleric Abdul Raoulf said in a sermon yesterday at Herati Mosque.

"God's way is the right way, and this man whose name is Abdul Rahman is an apostate," he told about 150 worshippers.

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Another cleric, Asife Muhseni, told a gathering of preachers and intellectuals at a Kabul hotel that the Afghan president had no right to overturn the punishment of an apostate.

He demanded that clerics be able to question Mr. Rahman in jail to discover why he had converted to Christianity. He suggested it could have been the result of a conspiracy by Western nations or Jews.

Nevertheless, speculation grew yesterday that the death penalty would not be carried out. "He could be released soon," an Afghan government official said on the condition of anonymity because he was not authorized to comment on the case.

MSNBC, citing an Afghan diplomatic official it did not identify, said Mr. Rahman, 41, could be released Monday. The British Broadcasting Corp. said government officials were meeting today to discuss the case.

Senior clerics in the Afghan capital have voiced strong support for prosecuting Mr. Rahman and again warned yesterday they would incite people to kill him unless he reverted to Islam.

Australia's Prime Minister John Howard, meanwhile, joined the chorus of Western leaders expressing outrage over the prosecution and said he would protest personally to President Hamid Karzai.

"This is appalling. When I saw the report about this I felt sick literally," Mr. Howard told an Australian radio network yesterday. "The idea that a person could be punished because of their religious belief and the idea they might be executed is just beyond belief."

Mr. Rahman faces the death penalty under Afghanistan's Islamic laws for converting 16 years ago while working as a medical aid worker for an international Christian group helping Afghan refugees in Pakistan.

Mr. Karzai's office has declined to comment on the case, which has put the Afghan leader in an awkward position.

Mr. Karzai took power after the ouster of the hard-line Taliban regime in a U.S.-led war in late 2001 and he relies on international forces to maintain his still-shaky grip on the country. However, he could be reluctant to offend Islamic sensibilities at home or alienate religious conservatives wielding considerable power.

Diplomats have said the Afghan government is searching for a way to drop the case. On Wednesday, authorities said Mr. Rahman is suspected of being mentally ill and would undergo psychological examinations to determine whether he is fit to stand trial.

Secretary of State Condoleezza Rice telephoned Mr. Karzai on Thursday, seeking a "favorable resolution" of the case. She said Washington looked forward to that "in the very near future."

At a fruit market in Kabul, many ordinary Afghans said they supported the death penalty, but some wanted more investigation before meting out the punishment.

"In the past 30 years, so many Afghans have been killed in name of communism, Taliban and politics or for robbery. It's enough Afghans killed," said Ghulam Muhammad, 45, a former army officer. "Clerics should talk to [Mr. Rahman] and bring him to the right way," he said.

Preachers In Kabul Urge Execution Of Convert To Christianity (NYT)

By Abdul Waheed Wafa

The New York Times, March 25, 2006

KABUL, Afghanistan, March 24 — Preachers used Friday Prayer services to call for the execution of an Afghan Muslim who converted to Christianity, despite growing protests in the West. The conversion of the man, Abdul Rahman, 15 years ago was brought to the attention of the authorities as part of a child custody dispute.

The Bush administration and European governments have strongly protested the case as a violation of religious freedom. But Mr. Rahman has drawn a strong reaction in Afghanistan, too, and for many hardline clerics, there is no greater offense than apostasy.

One speaker, Maulavi Habibullah, told more than a thousand clerics and young people gathered in Kabul: "Afghanistan does not have any obligation under international laws. The prophet says, when somebody changes religion, he must be killed."

He and others demanded that the country's political leaders and judges resist international pressure.

Germany's chancellor, Angela Merkel, told reporters on Friday that she had been assured by President Hamid Karzai in a telephone call that Mr. Rahman would not be executed, The Associated Press reported.

A senior government official said Mr. Rahman, 41, would be released from jail soon, Agence France-Presse reported. The agency did not identify the official, who added that there would be a top-level meeting on the case on Saturday.

The dispute has exposed the contradictions in Afghanistan's Constitution, which promises freedom of religion on the one hand, and on the other declares Islam supreme.

Sheik Asif Muhsini, a Shiite cleric, emphasized that the Constitution says, "No law can contradict Islam and the values of the Constitution."

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The case has fueled feelings here of an assault against Islam, coming after reports of the possible desecration of the Koran in Guantánamo Bay, Cuba, in 2004 by American soldiers and, more recently, cartoons published in Europe that mocked the Prophet Muhammad.

U.S. Christians Outraged Over Afghan Trial (AP)

By Peter James Spielmann

AP, March 25, 2006

Christian lobby groups are urging President Bush to do more to save a man on trial in Afghanistan for converting from Islam to Christianity.

Anger among American Christians continued to mount against the U.S.-backed government of Afghanistan, where Abdul Rahman, a 41-year-old former medical aid worker, faces the death penalty under Islamic laws for becoming a Christian.

Rahman's trial, which started last week, has fired passions in conservative Muslim Afghanistan and highlighted a conflict of values between Afghanistan and its Western backers — notably American Christians who cheered the Bush administration when it toppled the oppressive Taliban regime.

American Christians have criticized the Bush administration for what they feel is an inadequate response to a fundamental issue of freedom of conscience.

"That there should even be such a trial is an outrage. How can we congratulate ourselves for liberating Afghanistan from the rule of jihadists only to be ruled by radical Islamists who kill Christians?" Family Research Council president Tony Perkins said in a statement.

"Americans will not give their blood and treasure to prop up new Islamic fundamentalist regimes. Religious freedom is not just 'an important element' of democracy; it is its cornerstone. Religious persecution leads inevitably to political tyranny. Five hundred years of history confirm this. Americans have not given their lives so that Christians can be put to death," Perkins said.

Such sentiments are spreading through Christian radio stations, Web sites and blogs, stoked by traditional conservative institutions as National Review magazine.

National Review Online quoted Chuck Colson, a former Nixon White House official, disgraced by Watergate and rehabilitated as a Christian preacher, as saying:

"I have supported the Bush administration's foreign policy because I came to believe that the best way to stop Islamo-fascism was by promoting democracy," Colson said. "But if we can't guarantee fundamental religious freedoms in the countries where we establish democratic reforms, then the whole credibility of our foreign policy is thrown into serious question."

The American Family Association has organized an Internet campaign to e-mail Bush and "ask him to intervene to save the life of Abdul Rahman. Help get others involved in saving the life of this Christian who refuses to deny Christ."

Bush expressed alarm this week, and on Thursday, Secretary of State Condoleezza Rice phoned Karzai, seeking a "favorable resolution" of the Rahman case.

Rice spokesman Sean McCormack said she told Karzai it is important for the Afghan people to know that freedom of religion is observed in their country.

Diplomats have said the Afghan government is searching for a way to drop the case. On Wednesday, authorities said Rahman is suspected of being mentally ill and would undergo psychological examinations to see whether he is fit to stand trial.

If Rahman is executed, political experts agree, Bush will have alienated his most loyal core constituency — Christian conservatives.

"The Bush administration simply cannot let this happen. They have to stop this one way or the other. It would make a mockery of much of what President Bush has about our creation of a new democracy in Afghanistan," said Professor Larry Sabato of the University of Virginia, a keen analyst of American political trends.

"It splits his base, and it will be endless trouble for him if it goes forward, and I'm sure he won't it happen," Sabato said.

The largest Protestant denomination in America, the usually conservative Southern Baptists, also mobilized on the issue:

"The American people are not sending their young men and women to Afghanistan for this definition of freedom," said Richard Land, president of the Southern Baptist Ethics and Religious Liberty Commission. "Compulsion in the name of any religion is shameful and should be rejected by any sincere professor of any religion. Mr. Rahman should be released immediately.

Christian activists have had strong influence over particular Bush foreign policy issues which they see as morally pivotal.

Christian lobbyists have focused on global trafficking in refugees, especially sex slaves; tried to pacify a two-decade war in Sudan between the Muslim government in the north and Christian and animist groups in the south; and have tried to crack North Korea's oppressive isolation by sending aid to covert Christian groups and smuggling out refugees.

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Republican Congressman Chris Smith wrote to Bush saying that "the arrest of Mr. Rahman indicates that religious freedom and the fundamental human rights of not just this one man, but of each and every Afghan citizen, are still not fully protected in Afghanistan."

The Compass Direct News Agency, a group that monitors the persecutions of Christians worldwide, reported this week that two more Afghan Christians have been arrested and said more are being beaten and harassed by Afghans riled over the Rahman case.

The Afghan Christian: A Problem For Karzai (TIME)

By Rachel Morarjee

Time, March 24, 2006

The man facing a death sentence for converting to Christianity has put Afghanistan's president in a bind

President Hamid Karzai's fragile Afghan government finds itself in a bind over the trial of Abdul Rahman, 41, who faces the death sentence for converting to Christianity. International pressure is building on Karzai to interfere in the judicial process and free Rahman. But the President must also contend with deeply conservative Afghans — many of whom already regard him as too pro-West — who believe the convert should be punished under Islamic law.

This week, several world leaders — including those with peacekeeping troops in Afghanistan — have voiced alarm about the trial. Secretary of State Condoleezza Rice phoned Karzai on Thursday, urging a "favorable resolution" to the case.

But for many Afghans, the "favorable resolution" would be Rahman's execution. It's not only the country's conservative clergy that is calling for his death. "He has brought shame on the name of Afghanistan and deserves to die," said Daud Massoud, 37, a taxi driver in Kabul. That sentiment resonates strongest in the country's deeply conservative south and east, over which Kabul exercises little control. These are also the areas where the Taliban is making a comeback and top Al-Qaeda commanders are believed to be hiding.

Meanwhile, the judge presiding over the case has rejected international calls for leniency and warned the Karzai government not to interfere with the judicial process. Ansarullah Maulavizada appealed for the West to respect the independence of the Afghan judiciary. "In the West you allow two women to get married because that is the law and I respect that," he told TIME. "In Afghanistan, we have Sharia law and the people respect and accept this."

The only concession Maulavizada is prepared to make is to speed up the trial process. "Because this is a complex case we would like to get it over with quickly — the hearing will be this week," he said.

Karzai is acutely aware of how badly a death sentence would play with foreign governments whose aid dollars keep the Afghan economy afloat — and whose troops keep the peace. "There is no way it would come to a death penalty," a top Afghan government official told TIME, "because Karzai would have the final say on any appeal [Rahman] made to have his sentence commuted." Karzai has greenlighted only one death sentence since he came to office.

It may not come to that. Some officials have suggested that Rahman may be declared mentally ill, allowing the judge to show leniency. "He has said he is a Christian, but we do not know about his mental state," said Maulavizada. "We will investigate and if we find he is mentally ill we will send him to the doctors."

In Afghan Christian, Story Of A Larger Conflict (NYT)

By Roger Cohen International Herald Tribune

The New York Times, March 25, 2006

BERLIN Edmund Stoiber, the conservative German who runs the conservative and successful state of Bavaria, put his country's outrage bluntly. "A change of belief is supremely private," he said. "The state has nothing to do with it."

The change in question was that of Abdul Rahman, an Afghan Muslim who converted to Christianity. Apostasy is about as bad as it gets under Islamic law and Rahman is facing a possible death sentence in Kabul.

The plight of Rahman, who was denounced by his family for abandoning Islam and is in jail in Afghanistan, has got Germany in a tizzy. The case has all the elements to stoke German outrage.

It also has elements that should lead everyone to ponder whether the West's problem is really with a "perversion" of Islam, as politicians from President George W. Bush to Prime Minister Tony Blair of Britain have insisted, or with Islam itself.

German ire has been particularly intense for several reasons: Rahman once lived in Germany; the country is ferociously opposed to the death sentence; it is ferociously attached to freedom of religious choice; and it has over 2,000 troops in Afghanistan to promote precisely the democratic values it sees being trampled in the Rahman case.

Rahman's words in a recent Kabul court appearance have become a kind of rallying cry for an indignant Germany: "I'm not an apostate, I'm obedient to God but I'm a Christian, that's my choice."

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Seems reasonable enough to the average citizen of the West. But not to the conservative religious leaders who dominate Afghan courts. The judge told Rahman, who converted 15 years ago while working for an aid group in Pakistan, that he could face the death penalty if he refused to become a Muslim again.

So what, Germans wondered, were their troops doing in this faraway place, if a 41-year-old man who has not hurt a flea but prefers Christianity to Islam could face execution?

Politicians have scurried to register outrage. Chancellor Angela Merkel, a Christian Democrat, called the Afghan president, Hamid Karzai, to protest. She then declared that "Afghanistan must keep to its international obligations," whatever they may be.

Frank-Walter Steinmeier, the Social Democratic foreign minister, has also been on the phone, speaking to the Afghan foreign minister, Abdullah. He expressed hope that a solution might be found and cautioned that the withdrawal of German aid or soldiers - a measure demanded by several members of Parliament - could "play into the hands of those who would like to reverse the process of recent years."

Germany, of course, is not alone in its indignation. Bush has said he's "deeply troubled." Condoleezza Rice, the secretary of state, has given Abdullah an earful. A State Department spokesman has alluded to the flouting of "universal democratic values." Christian talk shows in the United States have moved into overdrive.

With all this commotion, it seems reasonable to take a deep breath and ask what's actually going on. Afghan prosecutors have no doubt Rahman's a "microbe," as they've called him, and that they are fulfilling their obligations under Shariah law.

European and American politicians have no doubt that the values of the civilization they represent are being threatened in a state they are striving to remake, if not in their image, at least in an image acceptable to the West.

The mutual incomprehension, and anger, is strong. It reflects a basic fact that Western politicians have tended to shy away from: Islam, the youngest of the world's major religions, is still, more than a quarter-century after the Iranian revolution, in the midst of a tremendous political effervescence.

After the eclipse of Nasserite pan- Arabism, it became the political refuge of millions of people questing for some alternative to the corrupt Middle Eastern tyrannies they saw being supported by the West, particularly the United States. The contemporary rise of Hamas, and the political success of the Taliban in Afghanistan in the 1990s, are just two illustrations of this phenomenon.

Such political Islam takes many forms, but central to it is the notion that the Koran and other sacred texts provide a complete system of laws for societies and individuals. The Western notion of a separation of church and state, of religion and politics belonging respectively to the private and public spheres, is anathema.

In this sense, two worlds often confront each other across the gulf between the West and Islam, worlds that the West would characterize as modern and anti-modern. To ignore this seems treacherous.

But Western leaders have striven to confine the scope of the conflict. They talk of being at war with Islamic fundamentalists who have "perverted" their religion in the name of a murderous and fanatical ideology. They insist their quarrel is not with Islam itself.

This is understandable: Islam is a great world religion followed by more than a fifth of humanity. No Islamic text exhorts the random slaughter of civilians, although every violent and fundamentalist group of the bin Laden school has tried to sanctify its actions through references to jihad against the infidel and claims to represent a purer, more authentic Islam.

In reality, it seems, there is an overall conflict and there is a war. The war has been declared by Bush against Islamic extremism, the kind that produced the 9/11 attack. The overall conflict is illustrated in the Rahman case.

Here, over the fate of a Christian Afghan, the values of the West and the values of Islam fight each other. They are violently at odds; no ecumenical circumlocution gets around that.

The West and Islam also fight each other in European societies where honor killings take the lives of young Muslim women, or homosexuals get assaulted. Two views of society and the place of religion within it vie with each other.

In this sense, Rahman offers a timely reminder. The West and Islam are not at war, but they are in conflict. And it seems myopic and counterproductive to view the war as anything but the extreme expression of that conflict.

Planners Raise Funds For Veterans Memorial (AP)

By Sam Hananel

AP, March 25, 2006

Soldiers returning from Iraq and other conflicts with missing limbs and shattered bodies will have a place of honor among the memorials of the nation's capital.

Planners are raising money for a new site — nestled among the tributes to fallen war heroes, from World War II, Korea and Vietnam — to salute roughly 3 million disabled veterans.

The American Veterans Disabled for Life Memorial is expected to open in the next three to four years on an impressive two-acre site near the National Mall, just steps from the Capitol.

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Authorized by federal legislation in 2000, the future memorial has taken on added meaning as Americans watch a new generation of disabled veterans return from war in Iraq and Afghanistan.

"Now it's even more important than ever with the number of people coming back wounded, maimed and in some cases disabled for life," said Arthur Wilson, president of the Disabled Veterans' LIFE Memorial Foundation, the group planning the project. "This will be the only war memorial that will honor the living as opposed to the deceased."

The foundation is in the midst of a $65 million private fundraising campaign to build the memorial. Earlier this year, the group tapped former Veterans Affairs Secretary Anthony Principi to join its advisory board and help raise the private funds needed to design and build the site.

Actor Gary Sinise, who played the crusty, wheelchair-bound Vietnam Veteran Lt. Dan in the movie "Forrest Gump," is serving as a national spokesman for the memorial.

Inspiration for the memorial came from an unlikely source: philanthropist Lois Pope, a former Broadway actress and widow of National Enquirer founder Generoso Pope.

Pope said she was moved by the story of wounded soldiers in the 1970s, after she performed for injured veterans at the Rusk Rehabilitation Center in New York.

"I chose the song 'Somewhere' from 'West Side Story' and one of the lyrics goes, 'Hold my hand and I'll take you there,'" she said in a telephone interview from her office in Delray Beach, Fla. "I looked down and one of the men had no hands, but he smiled and it changed my life."

Several years later, she began working with then-Veterans Affairs Secretary Jesse Brown to persuade Congress to approve the memorial. It received strong bipartisan support, and President Clinton signed legislation authorizing the plan in 2000. Pope has already donated $2 million toward the project and has pledged to give more through matching gifts.

The memorial's design — still being fine tuned — features a reflecting pool with an eternal flame at the center, surrounded by a grove of trees. Two walls of glass will be etched with quotations from dignitaries and veterans of various wars, with comments discussing when they were injured and how they cope with being disabled.

Four 9-foot-tall bronze sculptures interspersed in openings along the glass wall will show the human body in various states of injury to suggest a sense of loss.

Ironically, interest in the memorial has increased since the Iraq war began. So far, the foundation has raised more than $10 million and received support and donations from a variety of veterans groups, including Kansas City, Mo.-based Veterans of Foreign Wars, which donated $100,000.

While there are no firm statistics yet on how many disabled veterans have emerged from the wars in Iraq and Afghanistan, the rate of severe injuries is higher than previous wars because improvements in body armor and battlefield medical treatment allow more troops to survive blast injuries.

Jeremy Chwat, policy director of the service members' aid group Wounded Warrior Project, estimates 6,000 to 8,000 of the wounded soldiers in the conflicts have suffered severe injuries.

"And by severe, we mean living with a disability for the rest of their lives," Chwat said.

That includes more than 1,000 soldiers suffering traumatic brain injury and nearly 400 amputees — many from roadside bombs — according to the latest figures from the U.S. Army Medical Command and Walter Reed Army Medical Center in Washington.

Surviving To Tell The Tale Of Torture (LAT)

By Olga Talamante, Olga Talamante Is The Executive Director Of California's Chicana/latina Foundation.

The Los Angeles Times, March 25, 2006

THE BURLAP BAG felt rough and scratchy against my cheek, but it also smelled earthy and deceptively comforting. Thick tape already covered my eyes, so the bag's only purpose was to frighten me. And it worked. I knew I had entered another dimension.

A day earlier I had been a not-too-unusual 24-year-old American student from UC Santa Cruz, working with the Peronist Youth organization for social change in Azul, Argentina. For the next 16 months, I would become one of thousands of political prisoners and torture victims taken into custody as Argentina first declared martial law and then later suffered a right-wing military coup. But I was one of the lucky ones — a survivor, thanks to family and friends in the United States who won my release on March 27, 1976.

When I returned home to California and testified about the torture, my stories horrified listeners. But we could feel safe here because torture was the province of brutal, unsophisticated despots. It was a time when the average American could not imagine our soldiers abroad participating in anything remotely similar. Now, three years into the Iraq war, we have seen the images of Abu Ghraib and read accounts of the atrocities at Baghdad's Camp Nama.

Americans once shocked by my experience now hear officials defend torture as a necessary evil in the war against terrorism. But it is only evil.

In my secret torture chamber — later it was confirmed to have been within the walls of the local police station — a slight turn of my head could bring on a new barrage of insults and fists.

On one occasion, hands grabbed and pushed me up stairs. I could feel furniture and tried to use the contour of a chair, the edge of a table and sounds to get my bearings. I wanted to know exactly where I was: to the left of the table, to the right of the credenza or in front of the water fountain?

My torturers pushed me here and there. But I was determined. With my elbow, I felt the corner of a table, then a chair. Victory. They wanted me confused, but I knew my exact position. I was between the table and the chair. As long as my position was clear, some odd reasoning assured me, survival would follow.

They took me to another room. I sensed several new people. I heard men's voices. They untied my hands and feet. They ordered me to take my clothes off. I hesitated, and they made it clear that it was not a request but a demand. Now naked except for the tape over my eyes, I felt hands sit me down on a bed and then push me back, spreading my arms and legs, tying them at each corner. If I know where I am, I can survive? The thought was less convincing.

Electric currents were applied to the most sensitive parts of my body.

All I could do was scream. The terror came after. They are going to do it again, I thought. Someone shoved a pillow over my face to muffle my screams. I panicked. To survive, I must be able to breathe and scream.

After about the third time the electric current surged, I figured out a brilliant maneuver. Right before the hands holding the pillow pushed down again, I turned my head sideways and took a breath. The timing of this took complete focus. It was a project. New reasoning kicked in: As long as I could get the timing right, I would survive.

Now, every time I read a story about U.S. forces participating in similar acts, it takes me back to that torture room.

The Argentine military had its own sick rationale for policies that would ultimately "disappear" thousands of men, women and children — they were fighting an enemy from within. But the Argentine people had a better name for it: the "dirty war."

As Argentina marked the 30th anniversary of the military coup last week, ex-Gen. Jorge Rafael Videla, key implementer of that dirty war, was under house arrest, with thousands of people camped outside his home. The former general has been convicted for multiple cases of robbery, homicide, aggravated false arrests, torture and torture resulting in death between 1976 and 1981. He has been sentenced to life imprisonment. The people are demanding that he serve out that sentence.

Iraq has become our dirty war. To those who defend torture there, beware. There will be survivors, and they will tell their stories.

Uncle Sam's Desperation -- And A Recruit's (WP)

By Brian Ford

The Washington Post, March 25, 2006

"Can you give a psychological clearance for someone who wants to go into the military?" asked the caller, in a crisp, authoritative voice.

Having heard so much about the military's recent recruiting difficulties, I was intrigued. "Sure, assuming the person's okay."

"Now, I'm only authorized to pay for one session, but we don't want you to do psychoanalysis. You just need to say that this kid is okay to rejoin the Army."

"Rejoin?"

"He signed up three years ago, but then he got homesick and depressed, didn't feel comfortable handling weapons or with all the violence. He was generally discharged."

To my knowledge, a general discharge was both negative and not that easy to get. The kid must have been in pretty bad shape. "Why would he be any different now?"

"Says he sees the opportunity he gave up and now he wants to make the Army his career. We'd like to help him do that." "Help him" seemed to hang in the air, like a hawk above some oblivious fledgling.

"Honestly," the recruiter said, "we didn't used to consider someone like this, but we're under lots of pressure these days."

I thought back to my hospital emergency room days and the many patients I'd seen whose first psychiatric problems had emerged while they were in the military. They might have arisen anyway, but the stress of military service had always seemed a contributing factor.

"Maybe you'd like to see his discharge report?"

A grainy fax soon arrived. "Serious symptoms of anxiety and depression," the evaluator had written, "likely to get worse if subject remains in military." Also attached was the kid's own handwritten statement. "I hate this 'kill, kill, kill' all the time. Maybe the army is great, but it's not for me."

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The plaintive tone was even more compelling than the evaluator's. Could the kid's attitude possibly have changed that much? Still, I tried to be open-minded when Juan arrived next morning in a worn gray sweatshirt and jeans. He was so short, maybe 5-3, that I wondered if the Army had any sort of height requirement.

I ran through the standard questions about hallucinations, delusions, substance abuse, suicidal or violent thoughts, suppressing an ironic smile at this last query. Juan said nothing remarkable.

"I've got your discharge evaluation," I told him finally, plucking the document from my desk, "but maybe it would be better if you just tell me what happened back then."

Juan took a deep breath. "Bad timing," he said. "I signed up between my junior and senior years in high school, but by the time I had to go I was married and had a son. My wife kept writing saying how much she missed me, how I wasn't seeing my baby grow up. That really got me. She's all for it now," he quickly added. "She's thinking of joining herself once she gets her GED."

"You had a hard time with all the violence."

Juan ducked his head sheepishly. "I made that up. It wasn't like I loved the Army or anything, but back then I didn't know what life was about. As soon as I left I wanted to go back, but you have to wait two years to reapply after a general discharge."

"What have you done since then?"

"Worked at a warehouse till it closed, McDonald's, Wal-Mart. I'm temping now since my family's been in the shelter."

"The shelter."

"Couldn't pay the rent. It's kind of funny, the building is right across the street from the recruiting center." Juan smiled at this evident transparency. "But that's why I want to enlist -- put a roof over my family's head."

Maybe with more sessions we could have explored whether this was what he really wanted. But that wasn't our task. "If you get in, I guess you could wind up in Iraq."

"They tell us 70 percent."

"How do you feel about possibly getting wounded or even killed?"

"I just keep my mind on the paycheck, health insurance, even the uniform. I think of my son looking at me and saying, 'Wow! A soldier.' "

I looked at him. Was it a facade or had he accurately calculated that this truly was the most promising of his potential life paths? I didn't know which was worse.

"So what do you think?" he asked.

"You seem fine now. I'm concerned how you'll manage if you get back in."

"No one knows that."

"We have to consider past history."

"Even though I'm saying I made it all up?"

"Yes."

He looked crushed, as though seeing life's opportunities lost to one youthful indiscretion. "But really, I'm all right now."

The recruiter called after he left. "Do you have to write that you're not sure how he'll manage?"

"Yes."

"The kid really wants this." He sounded like a realtor or a car salesman making one last pitch to a prospect.

"I know."

Juan came by next morning to pick up his evaluation. "If this doesn't work out, what will you do?" I asked.

"Just keep trying," He tucked the letter in his pocket. "This is my dream."

The writer is a psychotherapist who practices in Metuchen, N.J., and New York City.

CORPORATE SCANDALS:

SEC Overturns Lifetime Ban On Quattrone By NASD (WSJ)

By Randall Smith

The Wall Street Journal, March 25, 2006

The Securities and Exchange Commission set aside a lifetime ban from the securities industry that had been imposed against Frank Quattrone, the former star investment banker.

It was Mr. Quattrone's second big win of the week related to charges against him. On Monday, a federal appeals court vacated his May 2004 criminal conviction on obstruction-of-justice charges, citing faulty jury instructions and other errors by his trial judge.

In the SEC action Friday, the federal securities regulator struck down a lifetime ban from the business, which had been imposed in November 2004 by an arm of the National Association of Securities Dealers. The move puts him a step closer to returning to the securities industry.

The ban resulted from Mr. Quattrone's failure to testify during an investigation by the NASD into allegations of possible improper "spinning," or rule violations related to steering hot initial public offerings of stock to investment-banking clients.

A lawyer for Mr. Quattrone, Jerome B. Falk, said the SEC decision "corrects the NASD's gross injustice," and is "particularly appropriate" considering the appeals court ruling. The NASD declined to comment, saying it was "reviewing the commission's decision." A Quattrone spokesman said it is "too early" to address any possible return to Wall Street by the banker.

Although the ruling could open the door for Mr. Quattrone's return to the securities business, he faces a possible third trial on the same federal criminal obstruction charges, and a separate set of charges against him by the NASD remains pending. Those charges relate to the issues of spinning and research bias. A criminal conviction would carry a 10-year industry ban.

Mr. Quattrone, 50 years old, who at the time the NASD sought his testimony was under investigation for possible obstruction, cited his fifth-amendment right against self-incrimination. He had previously testified in the same proceeding, and asked for a delay until the criminal proceedings were resolved.

In January 2004, an NASD hearing panel suspended Mr. Quattrone for a year. After both the NASD and Mr. Quattrone appealed, the NASD's National Adjudicatory Council ordered a more stringent lifetime ban, which Mr. Quattrone then appealed to the SEC.

Mr. Quattrone argued that because the NASD was probing possible spinning and research-bias charges against numerous firms in conjunction with the SEC, the NASD was acting as a government agency, which should have given him the right to avoid testifying. He also said he was being treated unfairly because of his notoriety. Mr. Quattrone was the top technology banker for the former Credit Suisse First Boston unit of Credit Suisse Group during the Internet market mania.

Friday's SEC ruling said that the NASD should have given Mr. Quattrone's argument a hearing.

Write to Randall Smith at randall.smith@wsj.com1

A Fine That Fits The Crime (NYT)

By Gary Weiss

The New York Times, March 25, 2006

THE mutual fund scandals, which exploded with a thunderclap of attention in September 2003, are winding down. You might even say they are over. The more or less final act came earlier this month, when Bear Stearns agreed to a settlement with the Securities and Exchange Commission under which it would pay $250 million to investors for its alleged fund-related transgressions.

If one represents "yelling at customers" and 10 is "stealing their money," what Bear Stearns did was a solid six on the scale of Wall Street improprieties. Professional traders, mostly at hedge funds, had engaged in rapid-fire trading of otherwise innocent-looking mutual funds. This seesaw damaged the funds' net asset values and thus the IRA's and 401(k)'s of small investors. By some accounts, traders had been doing that kind of thing for many years, until regulators and, particularly, Eliot Spitzer, the New York State attorney general, nabbed them.

Through it all, regulators have relied mainly, though not exclusively, on monetary sanctions. Bear Stearns's wasn't even the largest — Bank of America holds the record at $675 million.

But while these large "fines," as they are usually called in the news media, are reassuring, it's arguable at best whether they mean very much to the companies being penalized. Just as the hedge fund giant Long-Term Capital Management was too big to fail in 1998, when it was bailed out to keep from torpedoing the entire financial system, the biggest Wall Street firms are simply too large to be effectively punished. At least, not by the kind of sanctions meted out to Bear Stearns.

To begin with, Bear Stearns did not pay a "fine." The company will pay $250 million in "disgorgements and penalties." The penalty part was just $90 million. The other $160 million consisted of restitution, with interest, of profits gained by abetting the illicit trading from 1999 to 2003. As is typical in S.E.C. settlements, Bear Stearns agreed to pay all this money without admitting or denying the allegations.

Whatever you call it, the simple fact is that a firm the size of Bear Stearns can easily afford to pay that kind of money.

Sure, the $250 million comprises nearly half of the company's net income for the first quarter. But keep in mind that this is not "income" in the sense of the word used by most people. The corporate term of art describes (broadly speaking) revenue in excess of expenses — what most people would call "money tucked away for a rainy day." If you had committed a crime and as punishment you had to give up half of what you would normally put in a savings or retirement account over a three-month period — well, would you complain? I certainly wouldn't. I'd sign a settlement like that, particularly if I didn't have to say I did anything wrong.

When compared to what most people would define as "income," the penalty shrinks to a hair under one-fifteenth (one-14.6th, to be exact) of Bear Stearns's gross revenue of $3.6 billion during the first quarter. For most households struggling to make ends meet on $100,000 a year, a fine of one-14.6th of three months' pay would come to about $1,712. That's about, oh, maybe 15 unpaid New York City parking tickets?

The penalty has the same unimpressive quality when compared to Bear Stearns's total wealth. The company's shareholders' equity is just shy of $11.2 billion. Divided into that sum, the $250 million shrinks way down to one-44.7th of the total. Now really, if you were caught doing something allegedly illegal, and had a net worth of, say, $200,000, would you object to a fine of about $4,500?

To be fair, I should point out that Bear Stearns did more than just agree to pay some money that it didn't admit owing from all the things it didn't admit doing. The firm also agreed, among other things, to hire a consultant to ensure that all the stuff it didn't admit doing never happens again.

A real shellacking — in the form of, say, a meaningful fine — was never in the cards, and for good reason. While it's easy to scoff at the size of the penalties, it cannot be disputed that Bear Stearns, as a premier bond trader, stock titan and derivatives powerhouse, is far too large to risk driving out of business. The only other alternative would be jail terms. But they carry their own disadvantages, not the least of which is that mutual fund trading transgressions are not on the same level of perfidy as, say, boiler-room thievery.

So we are left with an essentially meaningless penalty, no admission of guilt — and, in all likelihood, a Wall Street that is no less likely to push against the envelope of propriety.

What's needed is some pain. The S.E.C. needs to make Wall Street firms wince when they do something wrong. The same kind of hurt you or I feel when we have to trudge down to the impound lot to get our cars out of hock for those 15 unpaid parking tickets.

An admission of guilt would be a good start. Then private litigants stand a far better chance of collecting. Call it the regulatory equivalent of a tow truck. Congress could help by passing a provision of tax-relief legislation, now before a House-Senate conference, that would make it harder for firms to take write-offs from settlements with government agencies.

Market observers speak of a "cycle of scandal" on Wall Street — a pattern of transgressions recurring periodically, often as a coda to bull markets, undeterred by an inadequate regulatory response. Until regulators start making errant firms feel some real pain, the next Wall Street scandal is not a question of if, but when.

Pension Agency Seeks Counsel For GM Case (WSJ)

The Wall Street Journal, March 25, 2006

WASHINGTON -- The federal agency that insures private pensions is seeking outside legal counsel to help represent its interests in financial transactions at General Motors Corp.

The Pension Benefit Guaranty Corp. filed a solicitation for help in negotiations with GM over its plans to spin off a portion of its valuable financing unit, General Motors Acceptance Corp. The PBGC wants to make sure that it has access to all GM assets if it were required to take on GM employee pension obligations.

The agency, which hired counsel in the bankruptcy of UAL Corp.'s United Airlines, has a responsibility to protect its financial interests in the event that GM decided to file for bankruptcy protection down the road.

The PBGC, which insures defined-benefit plans, has reported a deficit of $22.8 billion. Bankrupt steel and airline companies that have transferred pension responsibilities to the PBGC have been a major factor in the agency's swollen debt.

CRIMINAL LAW:

Abramoff Clearing DeLay (TH)

By Robert Novak

Towhall, March 25, 2006

WASHINGTON -- Disgraced lobbyist Jack Abramoff has advised friends that he has no derogatory information about former House Majority Leader Tom DeLay and is not implicating him as part of his plea bargain with federal prosecutors.

Abramoff's guilty plea on fraud, tax evasion and conspiracy charges requires him to provide evidence about members of Congress. That led to speculation that this would mean trouble for DeLay, who faces money laundering and conspiracy charges in Texas.

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However, Abramoff has not given a clean bill of health to any other congressman -- including Rep. Robert Ney, who has stepped down as chairman of the House Administration Committee. Ney was the only member of Congress named in court papers connected with Abramoff's guilty plea Jan. 4.

BUSH'S SPRING OFFENSIVE

While President Bush hits the road to build support, his spring offensive is bringing conservative activists and businessmen into the White House for briefings in small groups.

"I've been in the White House more in the last two weeks than I was in the last two years," Grover Norquist of Americans for Tax Reform told this column. Norquist and conservative theoretician Jeffrey Bell were called into a meeting on the administration's embattled immigration bill. Also attending were representatives of the U.S. Chamber of Commerce, the National Association of Manufacturers and the National Federation of Independent Business.

Bush has been criticized for being reclusive as he and the Republican Party tumble in the polls.

KERRY IN '08

Al Gore's withdrawal from consideration for another presidential try in 2008 is viewed by Democratic insiders as strengthening Sen. John Kerry's bid for a second straight nomination, running to the left of Sen. Hillary Rodham Clinton.

Even before Gore's surprising decision, Kerry political operatives were telling Democrats that the senator was a likely candidate. Kerry's 2004 running mate, John Edwards, is also inclined to run. But his campaign is menaced by a possible candidacy by Iowa Gov. Tom Vilsack, who would block Edwards in the Iowa caucuses.

A footnote: Democratic politicians were surprised by the message from Sen. Clinton's camp that she henceforth would censor Bill Clinton's comments to prevent recurrence of their heavily publicized disagreements over Dubai Ports. While such restraint on the former president was considered desirable, it was viewed as something that should not be talked about publicly.

DEMOCRATIC TARGET

Rep. Rahm Emanuel, chairman of the Democratic Congressional Campaign Committee (DCCC), has taken the unusual step of targeting his Republican counterpart, Rep. Tom Reynolds, for defeat in his upstate New York district this year. There is no record of a House campaign committee chairman ever being defeated for re-election by the opposition party.

The DCCC claims secret polls showed the supposedly safe Republican district represented by Reynolds is competitive this year. Reynolds, chairman of the National Republican Congressional Committee, in 2004 won re-election to a fourth term with a surprisingly low 56 percent. His Democratic opponent was retired industrialist Jack Davis, who spent $1,250,000 of his own money in 2004 and is trying again.

In its campaign to seize control of the House, the DCCC is aiming at three other upstate New York districts to take advantage of the region's low popularity ratings for President Bush and the Republican Party. The Democrats have targeted ninth-term Rep. James Walsh and fourth-term Rep. John Sweeney, plus the seat left vacant by 12-term Rep. Sherwood Boehlert's retirement.

STUMBLING IN JERSEY

Republican State Sen. Tom Kean Jr., who has lost an early lead in his New Jersey campaign for the U.S. Senate, is engaged in a backstage power struggle with the influential, relatively conservative Republican organizations in Bergen and Passaic counties.

Kean, whose father was a two-term governor, has identified himself with the pro-choice social liberals in the state party. A key role in his campaign is being played by former Rep. Bob Franks, considered a moderate during four terms in Congress.

After starting the campaign ahead of appointed Democratic Sen. Robert Menendez, Kean has fallen behind by four percentage points according to surveys last week by the Quinnipiac University poll. Democrats chided Kean for coming so late to his own Newark fund-raiser Monday that he missed the principal speech by Vice President Dick Cheney.

Robert Novak is a television personality and columnist. Novak is also editor of the Evans-Novak Political Report available through a free offer from Human Events Online.

Abramoff, Ex-Partner May Give Statements (WP)

By Curt Anderson

The Washington Post, March 25, 2006

FORT LAUDERDALE, Fla. -- A judge has approved subpoenas for former lobbyist Jack Abramoff and an ex-business partner to answer questions about the mob-style slaying of the owner of a gambling fleet they bought.

Abramoff and Adam Kidan have insisted, through their attorneys, that they know nothing about the slaying of Konstantinos "Gus" Boulis, who was ambushed in his car by a gunman in Fort Lauderdale a few months after the pair bought SunCruz Casinos from him.

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A lawyer for Anthony "Big Tony" Moscatiello, one of three men charged in the 2001 slaying, wants to question Abramoff and Kidan, according to court documents. Circuit Judge Michael Kaplan approved the request Thursday, but the subpoenas had not been issued as of Friday.

The SunCruz purchase is "at the heart" of the murder case, Moscatiello attorney Dave Bogenschutz said in court papers.

Abramoff and Kidan are not charged in the slaying but are scheduled to be sentenced Wednesday in federal court after pleading guilty earlier this year to fraud charges stemming from the purchase. Their lawyers did not return telephone calls or e-mails seeking comment Friday.

Abramoff, once a prominent Republican lobbyist and political fundraiser, has also pleaded guilty to federal charges in a Washington corruption investigation that threatens several powerful members of Congress and their staff members.

As part of their federal plea deals, Abramoff and Kidan are required to cooperate with prosecutors in any state or federal investigation.

Moscatiello, 67, allegedly has ties to New York's Gambino crime family and worked as a consultant for Kidan at SunCruz.

Kidan paid companies linked to Moscatiello about $145,000 while he ran SunCruz. Prosecutors have said they believe Boulis was slain in a battle for control of the gambling fleet out of concern that those payments might dry up.

Bogenschutz said in an interview Friday that Abramoff and Kidan's testimony is critical in showing the bitter feelings and power struggle that followed their purchase of SunCruz. He said Abramoff has never been implicated in the Boulis slaying.

"He knows the inside workings of SunCruz Casinos. It's clearly of interest to us," Bogenschutz said, adding that it was not certain that Abramoff would actually testify in a trial. "It depends on what he says."

Prosecutor Brian Cavanagh said his office had not intended on calling Abramoff as a witness in part because he would be given immunity from prosecution for anything he says under those conditions. Cavanagh also said that Kidan has not been cleared as a suspect in the Boulis slaying.

Moscatiello is charged along with Anthony "Little Tony" Ferrari, 49, and 28-year-old James "Pudgy" Fiorillo in the Boulis killing. All three have pleaded not guilty and could face the death penalty if convicted.

Investigators have testified that records show that cell phones belonging to Ferrari and Fiorillo were within 500 feet of the Boulis murder scene moments after the killing and that one was used to call Moscatiello.

Kaplan heard testimony Friday on a motion by Moscatiello and Fiorillo claiming that the prosecution's case isn't strong enough to warrant keeping them in custody without bail, but no decision was made. Ferrari has not joined in that motion.

Abramoff and Kidan face prison sentences of just more than seven years in the Florida fraud case. They admitted fabricating a fake wire transfer to make it appear they were putting a sizable chunk of their own money into the $147.5 million purchase of the gambling fleet.

Translator Accused Of Offering A Bribe (AP)

By Mark Sherman

AP, March 25, 2006

WASHINGTON - U.S. authorities have arrested a translator working in Iraq, charging him with offering a bribe to entice a police official to buy armored vests and other equipment for $1 million.

Faheem Mousa Salam, 27, of Livonia, Mich., was arrested Thursday at Dulles International Airport in Virginia, the Justice Department said. Salam is an employee of the Titan Corp., a government contractor working in Iraq.

He was released from custody after a hearing Friday in U.S. District Court in Washington. He is due back in court April 5.

Salam was charged under the Foreign Corrupt Practices Act. He is accused of offering $60,000 to an Iraqi police official who Salam believed could help arrange the purchase of the goods by a police training organization, according to a criminal complaint.

Salam said he wanted to sell the group 1,000 vests and a sophisticated map printer, the court papers said.

Salam, described in court papers as a naturalized U.S. citizen, later made similar offers to an undercover investigator posing as a purchasing officer for the police group, the Civilian Police Assistance Training Team, the complaint said.

The Titan Corp. did not immediately comment Friday.

If convicted, Salam faces up to five years in prison and a fine of at least $100,000.

The bribery charge is the latest case to emerge from investigations begun by Inspector General Stuart Bowen Jr., who was appointed to look into Iraqi reconstruction contracts.

At least seven Americans have been implicated in a separate bribery and kickback scheme involving the award of millions of dollars in reconstruction contracts.

Robert Stein, a former contracting official in Iraq, pleaded guilty last month to conspiring to steal more than $2 million in reconstruction money and steer contracts to a businessman in exchange for more than $1 million in cash, cars and jewelry.

2nd Ryan Juror In Question (CHIT)

By Ray Gibson, Matt O'Connor And David Heinzmann, Tribune Staff Reporters

Chicago Tribune, March 25, 2006

Tribune record search finds apparent history of arrests

Public records reviewed by the Tribune suggest that a second juror deciding the fate of former Gov. George Ryan has a history of arrests that was not disclosed during the jury-selection process.

The revelation comes one day after the Tribune reported that a male juror has the same name and other identifying characteristics as a man with a felony drunken driving conviction.

Hours after learning of the Tribune's information on Thursday, U.S. District Judge Rebecca Pallmeyer halted deliberations and said she had launched an investigation into a juror.

Further record searches Friday linked the name of a female juror to an alias. The woman with that alias faced felony drug charges, as well as misdemeanor child-neglect and assault charges, records show. She was not convicted of these charges, the records show.

The female juror linked to that alias stated on a jury questionnaire before the trial that she had never been charged or accused of a crime.

A number of public records--from bankruptcy filings to land transactions--appear to show that the juror and the woman with several arrests are the same person.

It is unclear what impact the revelation regarding the second juror will have on the deliberations in the 5-month-old public corruption trial.

Prosecutors could argue someone with that background might be biased against law enforcement.

After sending the jury home early Thursday, Pallmeyer said she would not reveal the outcome of her investigation before Monday.

The judge met with prosecutors and defense attorneys in the case on Friday, then returned to the bench and said the investigation was continuing.

She also said she expected the jury to resume deliberations on Monday.

Earlier Friday, the Tribune contacted federal court officials to ask about the second juror, and Chief Judge Charles Kocoras indicated he intended to speak to Pallmeyer about the matter.

The Tribune is not identifying either juror it has raised questions about because it is the newspaper's standard practice not to name a member of a jury during a trial. The newspaper also cannot approach jurors to confirm the information because a court order bars contact with the jury.

Defense lawyers and prosecutors involved in the case are prohibited from discussing the developments because of a gag order issued by Pallmeyer.

The questionnaires filled out by jurors are used to screen for possible bias, and lying on them can disrupt a trial for several reasons. In other criminal cases, such false statements have led judges to dismiss jurors and have formed the basis for appeals.

Potential jurors in the Ryan case had to sign the questionnaires under penalty of perjury, and they swore that their answers were "true and correct to the best of my knowledge and belief."

In answer to a question asking whether the potential juror had "ever been charged with or accused of a crime," the female juror checked "No."

The paper trail from the juror to the woman charged with crimes is a complicated one.

The juror has the same name as a woman who filed for bankruptcy. Land records also link the two.

Further, the juror and the woman who filed for bankruptcy list the same obscure profession for their husband.

The bankruptcy records list an alias for the woman. Both names have the same Social Security number.

Records under that alias, with the same Social Security number as the woman in the bankruptcy, show a criminal history of six charges dating to 1984.

That woman and four other people were arrested on felony drug charges in the 1200 block of West 13th Street on Jan. 4, 1994. One of the men was convicted of unlawful possession of a weapon by a felon and armed violence in the case, but all five defendants were acquitted of the drug charges in a trial on April 28, 1994, according to court records.

Records show all the other charges against the woman were dropped.

The revelations of the links between two jurors and criminal records have cast a shadow over the trial and raised questions about the course of jury deliberations, which were already troubled. Earlier on Thursday Pallmeyer responded to indications of dissension on the jury by warning jurors to treat each other "with dignity and respect."

Jurors had deliberated for eight days before Pallmeyer interrupted their work to deal with the emerging problems.

"Right now I am expecting that they will resume their deliberation, I hope, by around 11 o'clock on Monday morning. I think that should give us the time that we need to complete whatever additional investigation there may be in the case," Pallmeyer said in court Friday afternoon.

The judge has the sole discretion to decide jurors' fates. If she dismisses one or two jurors, she may replace them with alternates. She also may decide to reduce the size of the jury to 11 people instead of 12. But she may not reduce the jury to 10 people.

Typically, federal prosecutors have not conducted background checks of potential or impaneled jurors.

While the revelations about the jurors may provide fodder for eventual appeals of the case, it is unclear what effect removing one or two jurors might have on the deliberations.

During the jury-selection process, when the female juror was questioned about her impressions of the allegations against Ryan, she said, "I wouldn't want to be in his shoes--the decisions he had to make."

Ryan, 72, and co-defendant Lawrence Warner, 67, are charged with using Ryan's offices as secretary of state and governor to enrich themselves.

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About the discrepancies

A woman with a name previously used by the juror faced felony drug charges and misdemeanor child neglect and assault charges in the 1980s and 1990s. She was never convicted on any charges.

Supreme Court To Rehear Death Penalty Case (AP)

AP, March 25, 2006

The Supreme Court said Friday that it would hear arguments a second time before ruling on the constitutionality of a Kansas death penalty law, apparently so new Justice Samuel Alito can break a tie.

The case is the second one that deadlocked the court following Justice Sandra Day O'Connor's retirement in late January. The other one involves government whistleblowers.

Justices heard arguments on Dec. 7 in the Kansas case, which involves rules for how juries weigh evidence for and against the death penalty.

The 1994 law says if the evidence for and against imposing a death sentence is equal, Kansas juries must impose death instead of life in prison. The state Supreme Court struck it down, invalidating the death sentences of six convicted killers.

The Supreme Court did not say when a new argument would be scheduled.

Alito could vote differently than O'Connor would have in the case.

O'Connor was a swing vote in death penalty cases, sometimes joining the four more liberal members in throwing out death sentences.

Fifteen states had filed friend-of-the-court briefs, predicting that a ruling against Kansas would require states with capital punishment to set up special systems for juries to weigh evidence at sentencing.

The case is Kansas v. Marsh, 04-1170.

Kansas Death Penalty Statute Heads Back To U.S. High Court (KCS)

By Laura Bauer And David Klepper

The Kansas City Star, March 25, 2006

Three months after the U.S. Supreme Court heard arguments over the constitutionality of Kansas' death penalty, justices want to hear them again.

But this time, a new justice — Samuel Alito — will hear those arguments. Those who want to see Kansas' law kept in place think this could work in their favor.

In an order released Friday, the court said the case would be put back on its calendar. According to attorneys on both sides of the issue, it could be reheard in as little as a month's time.

The court announced the rehearing in a one-sentence order that did not explain why. This left the significance of the move open to interpretation.

Some said it was not unprecedented for the court to ask to rehear arguments when there is a new justice. Others believe the court is split and Alito would break the tie. One reason: It ordered the same arguments presented and did not request additional briefs.

House Speaker Doug Mays, a Topeka Republican, said: "It increases the likelihood they will reinstate the death penalty."

In 2004 the state Supreme Court struck down the capital punishment law, ruling 4-3 that language concerning jury instructions was unfair to defendants. This left the fate of seven inmates sentenced to death uncertain.

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The instructions had to do with how juries weigh evidence. The law indicated that jurors should vote for capital punishment — rather than life imprisonment — in instances where the evidence for and against execution was equal. Juries have not received those instructions in years, but the requirements were never deleted from the death penalty statute.

The only way to reinstate the death sentences of serial killer John E. Robinson Sr. and the rest of the state's death row is if the high court overturns the ruling. The Kansas Supreme Court had commuted their sentences to prison terms.

Rebecca Woodman of the Kansas capital appellate defender's office, who argued the case the first time opposite Attorney General Phill Kline, does not agree with legislators who see Friday's order as a positive sign.

"I think all of that is speculation, and I don't want to speculate what's in the court's mind," she said. "I read it as the court is hung up on something and wants to hear it again."

Woodman represents Michael Marsh II of Wichita, who was sentenced to die for the 1996 murders of Marry Ane Pusch and her 19-month-old daughter. The mother was shot and stabbed, her throat was slit, and she was doused with lighter fluid and set on fire. Her daughter died of burns.

In its ruling, the Kansas Supreme Court struck down the death penalty law and ordered a new trial for Marsh.

Woodman argued in December that the state court's decision should stand. Kline disagreed.

In a statement his office issued Friday and through comments by his spokesman Whitney Watson, the attorney general said he welcomed the chance to speak before the justices again.

"This is an important issue to Kansans," his statement read, "and I am committed to make sure that this tool for justice remains available to prosecutors and that the voice of the people will be heard."

Alito replaced Justice Sandra Day O'Connor, who was a swing vote in death penalty cases, sometimes joining the four more liberal members in throwing out death sentences.

If the U.S. Supreme Court agrees with the state court, the men originally sentenced to death will serve life sentences and the Legislature would need to craft a new death penalty law. The court could determine it does not have jurisdiction to hear a case relating to the Kansas Constitution.

If the court overturns the Kansas ruling, the death penalty would stand and the convicted killers could ultimately be put to death.

So everyone from legislators and attorneys to prosecutors wait to see what the federal court does. If there is indeed a tie and Alito breaks it, many proponents think it will bode well for Kline and his push to have the state ruling overturned.

State Sen. John Vratil, a Leawood Republican who leads the Senate Judiciary Committee, cautioned against the assumption that that the court is deadlocked 4-4.

Vratil said the court could be split 3-3, with two justices undecided, or other similar permutations. Some justices may want to overturn the ruling while others want to remand it to Kansas court.

"You can't absolutely conclude that there's a 4-4 split," he said. "It's not just an up or down situation."

Fifteen states had filed friend-of-the-court briefs, predicting that a ruling against Kansas would require states with capital punishment to set up special systems for juries to weigh evidence at sentencing.

The case is Kansas v. Marsh, 04-1170.

About the case

¦ On an appeal by convicted killer Michael Marsh II, the Kansas Supreme Court in 2004 overturned the state's death penalty statute. The court rejected a section of the law that said when evidence for and against execution balances out, a jury must decide in favor of execution over life in prison. The state appealed that ruling to the U.S. Supreme Court, which heard arguments in December 2005.

Woman Pleads Guilty In Steele Credit Report Case (BSUN/AP)

By Associated press

The Baltimore Sun, March 25, 2006

Former Democratic staffer avoids jail time for computer fraud

WASHINGTON -- A former Democratic staffer pleaded guilty today to computer fraud for snooping on Lt. Gov. Michael S. Steele.

Under the plea agreement in U.S. District Court, Lauren B. Weiner, 25, avoids jail time, but she has a year to do 150 hours of community service.

Steele -- a Republican running for U.S. Senate -- was notified by Democrats in Washington that a staffer used Steele's Social Security number to obtain his credit report last year. Weiner was fired from the Democratic Senatorial Campaign Committee after the breach was discovered.

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Democrats say Steele's credit information was promptly destroyed, but Steele's lawyer, E. Mark Braden, says he wants to know more about why Democrats tapped into Steele's personal financial records.

Democrat Pleads Guilty In Steele Case (WP)

By John Wagner

The Washington Post, March 25, 2006

Researcher Falsely Got Credit Report; Charge Could Be Dropped in Year

A Democratic researcher pleaded guilty yesterday to misrepresenting herself on a Web site as Michael S. Steele, Maryland's lieutenant governor and a Republican candidate for the U.S. Senate, and fraudulently obtaining his credit report last summer.

Under a plea agreement reached with prosecutors, the misdemeanor charge against Lauren B. Weiner, a former staff member of the Democratic Senatorial Campaign Committee, could be dropped in a year if she completes 150 hours of community service and commits no other offenses.

"I believe this is the end of the episode, and she can now get on with her life," said Whitney C. Ellerman, an attorney for Weiner.

An attorney for Steele said the lieutenant governor is considering a civil suit against Weiner, 25, and the Democratic committee to learn more about what he called "a dirty trick."

E. Mark Braden, who attended the hearing in U.S. District Court in Washington, said a "statement of the offense" released yesterday contains several troubling details about the episode, including Weiner's use of a committee credit card to access Steele's report over the Internet.

The discovery process of a civil suit would allow Steele to learn more about what happened, Braden said. "I don't think the story is necessarily over," he said. "This answers some questions but not all questions. We'll have to see where we go from here. . . . This was a carefully calculated plan to steal private information."

The episode took place in July as both parties started investigating the backgrounds of candidates in Maryland's marquee races this year.

According to the prosecutor's statement, which Weiner said was accurate, she used Steele's Social Security number to access his credit report on a Web site designed to let people view their reports.

Weiner pretended that she was Steele, even creating an e-mail address -- gopsteele@yahoo.com -- needed to obtain the report, the statement said. She also agreed to the "terms of service" on the site, which included a warning "not to impersonate another person."

According to the statement, Weiner's superiors were notified within hours of the episode, and the report was destroyed the next morning before it could be disseminated. Weiner and her boss, the committee's director of research, later resigned.

Dan Ronayne, a spokesman for the National Republican Senatorial Committee, said it does not appear as though Weiner acted alone. "It looks like the DSCC is trying to make a scapegoat of a younger staffer," he said.

Phil Singer, a spokesman for the committee, said yesterday that the prosecutor's statement showed that "the DSCC responded to this incident in an exemplary way."

"The U.S. attorney's office also confirmed that the DSCC, as it has repeatedly said, did not use the credit report for any financial or political purpose and that Mr. Steele suffered no economic harm," Singer said. He said he believes "this matter is now closed."

Yesterday's hearing was delayed briefly after Magistrate Judge John M. Facciola disclosed from the bench that "Michael Steele is a friend of mine." Facciola said he and Steele are members of the John Carroll Society, an association of Catholic laypeople, and he offered to recuse himself.

Neither Weiner nor the U.S. attorney's office objected to Facciola continuing to handle the case.

Weiner was instructed to return to Facciola's courtroom for sentencing a year from now. Ellerman, her attorney, said he expects the charge to be dropped then.

In the meantime, Facciola told Weiner that she will need the court's permission before leaving the Washington area for more than 48 hours and is expected to remain a District resident.

CIVIL LAW:

Small Maker Of Heart Devices Is Said To Be Focus Of Inquiry (NYT)

By Barry Meier

DOJ_NMG_0022195

The New York Times, March 25, 2006

Federal authorities are conducting an inquiry into Ela Medical, a small maker of defibrillators and other heart devices, according to a government official and an industry official.

The precise nature of the government's interest in Ela Medical, which is a division of the Sorin Group, is unclear and any inquiry appears to be at an early stage. But the inquiry comes amid a broader, continuing government investigation into relationships between larger makers of heart devices and doctors. That investigation is looking into whether the companies provided incentives to physicians to use their products.

One government official said authorities were looking into Ela Medical's activities in the Miami area. Separately, a device industry official said that federal authorities had made inquiries about Ela Medical. Both people spoke on the condition of anonymity because the inquiry is in progress and not yet a public matter.

The general counsel for the Sorin Group, an Italian company based in Milan, said in a statement that the device maker was unaware of any investigations. The company has said it complies with all applicable regulations and industry practices.

"To the best of our knowledge, neither Ela Medical nor any other Sorin Group company is a target of any inquiry or investigation by any law enforcement agency," that executive, Brian Sheridan, wrote this month in an e-mail message.

The inquiry into Ela Medical is apparently being conducted by investigators with the Food and Drug Administration and the Office of the Inspector General of the Department of Health and Human Services.

A spokesman for the F.D.A., Jason Brodsky, and a spokeswoman for the inspector general's office, Laura Bradbard, said that as a matter of policy the agencies do not confirm or deny the existence of any investigation.

Ela Medical is a very small player in the United States market for heart devices like defibrillators, according to analysts' estimates. Together, it and Biotronik, a German company based in Berlin, have about a 5 percent market share.

A defibrillator is a device that uses electricity to interrupt a type of irregular heart rhythm that is potentially fatal. A pacemaker stimulates a heart that is beating too slowly.

With the aging of the population, defibrillators are among the fastest growing categories of medical devices and can cost from $20,000 to $35,000 a unit. They also have profit margins of about 75 percent.

Not surprisingly, there is intense competition by producers for the loyalties of heart specialists who either prescribe or implant such devices.

The Justice Department is investigating whether the country's three big makers of implanted heart devices — Medtronic, Guidant and St. Jude Medical — used illegal inducements to get doctors to use their products. They have all denied wrongdoing.

Federal law prohibits certain types of payments to doctors that are meant to influence their choice of a particular product.

The Justice Department investigation is said to be looking at whether the big companies, among other things, provided doctors with excessive payments to enroll patients in post-marketing studies of their devices as a way of increasing sales. Such studies can have questionable scientific value, experts said.

That investigation began in October, soon after an article in The New York Times reported that internal Guidant e-mail messages suggested that a product evaluation survey run by that company, in which doctors were paid $1,000 each to participate, was actually an effort to improve device sales.

In October, when the Justice Department issued its subpoenas, it did not send one to Ela Medical. The company said recently that it had not received any demands for information.

Late last year, the Sorin Group, in response to an inquiry from a reporter, declined to release a list of the postmarketing trials that Ela Medical was sponsoring in this country. The company said it believed that its payments to doctors were modest and in line with payments made by other producers.

Several hospitals in the Miami area said this month that they had not been contacted by government officials about Ela Medical. Company sales representatives in Florida did not return telephone calls seeking comment.

CIVIL RIGHTS:

Euclid Accused Of Bias In Voting (CLPD)

By Thomas Ott And Leila Atassi, Plain Dealer Reporters

The Cleveland Plain Dealer, March 25, 2006

Blacks can't win office, U.S. probe concludes

Euclid -- The Justice Department has threatened to sue Euclid and force changes in an election system that the federal government says prevents black candidates from winning seats on its City Council.

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A former Justice Department lawyer found the timing suspicious. He suggested that the Bush administration, which has not vigorously pressed voting-rights suits, may be trying to polish its image quickly. The Senate Judiciary Committee plans to question Justice Department officials in May about whether they have adequately protected the rights of minority voters.

"It's an outright embarrassment that this appears to be the first case on behalf of black voters brought forth during the Bush administration," said David Becker, who worked for the Department of Justice from 1998 to 2005. The department "had to file a case on behalf of black voters before the oversight hearing took place. Otherwise they would have had a lot of explaining to do about why it hasn't happened in almost six years."

Though Euclid's black population reached 30 percent in the last census, voters have never elected a black candidate to any city or school office. The school board appointed Howard Drake to a vacant seat in 1998, but he lost in an election the next year.

The investigation, which began three years ago, targeted elections for City Council. The city is broken into four wards, which each elect one council member. Four other council members and the council president are elected citywide.

All five of those elected citywide in 2005 live in the same ward, in Euclid's northeast corner.

In a letter dated Monday, the head of the Justice Department's Civil Rights Division told Euclid Law Director Chris Frey that the structure dilutes minority voting power in a city that is racially divided and votes along racial lines. Black candidates would have a better chance of winning if the city were broken into eight wards, with one council member elected in each, Assistant Attorney General Wan Kim said in the letter.

Kim has approved filing a lawsuit but will wait to see if the Justice Department and the city can work out a settlement. Frey said the system could be changed by voter approval or court order.

The Justice Department would not discuss the matter. Rep. Stephanie Tubbs Jones, who represents Euclid in Congress, said that the legal issue here isn't whether Euclid purposely tried to exclude black people from public office.

"In discrimination lawsuits, often we look at policies, practices or laws that appear to be neutral on their face but the outcome is discriminatory," she said.

Mayor Bill Cervenik and Council President Ed Gudenas said they want to hear details of the investigation before deciding how to respond.

Cervenik said the federal government should consider factors such as black voter turnout and the lack of black candidates.

Though three black candidates ran for council in 2003, last year's ballot had none. Cervenik said that he welcomes ways to involve black residents in Euclid's government but that the city should not be targeted to appease President Bush's critics.

"I'm very convinced that the city of Euclid has done nothing wrong - at least not intentionally," he said.

The Rev. Gary Henderson, the black pastor at Euclid's East Shore United Methodist Church, said the city must take aggressive steps to elect black leaders.

"Our officials, in ethnic identity, don't reflect the racial makeup of the community," he said. "If all our players are not sitting at the table, it's difficult to make decisions the whole community can embrace."

Cervenik and his predecessor, Paul Oyaski, appointed several black residents to boards and commissions.

Cervenik and Frey said they aggressively lobbied a black resident to run in the last election, but she declined.

Euclid has a long way to go before it erases a reputation for racial bias.

In 1975, the school board avoided more-serious Justice Department action by agreeing to hire more black teachers. The federal government froze hundreds of thousands of dollars in grants in the late 1970s until the city agreed to promote fair housing.

Two years ago, voters rejected rezoning for a new church and houses proposed by a black congregation from Cleveland. Cervenik overturned the vote to settle a lawsuit that the church filed in federal court, then successfully survived a recall prompted in part by his action.

Washington bureau chief Stephen Koff contributed to this story.

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Protesters Claim Police Brutality (JACKSUN)

By TYRONE TONY REED JR.

Jackson (TN) Sun, March 25, 2006

Brownsville police conducting internal probe, Mayor Banks says

DOJ_NMG_0022197

BROWNSVILLE - Dr. Isaac Richmond, national director for the Commission on Religion and Racism summed up in one thought why he was protesting what he called the "vicious beating" and "unlawful detainment" of a black man in Brownsville on March 17:

"If we don't stand together, we'll be beaten separately."

Richmond, members of Memphis-based CORR and more than 30 concerned citizens from the Brownsville community stood together in front of City Hall on a chilly Friday afternoon. They sang freedom hymns and chanted for two white Brownsville Police investigators to be charged, put on trial and dismissed from the police force. "Let's put an end to police brutality in Brownsville, Tennessee," Richmond said through a megaphone. "Chad Jackson and Brian Nichols must be brought to justice."

Richmond accuses Jackson and Nichols of brutally beating Robert Lee Jones, 42, of Brownsville, on March 17. Richmond said that Jones had not violated any laws and that the charges Jones now faces were false.

However, Mayor Webb Banks said Thursday night that Jones did break the law by attempting to evade arrest about 6:09 p.m. on March 17 on Margin Street. Banks said Jackson and Nichols chased after Jones, and that Jones swallowed what appeared to be crack cocaine during the chase.

After the officers caught Jones, the three of them scuffled and Jones attempted to grab Jackson's gun to shoot the officers, Banks said.

While all three suffered minor injuries, CORR had accused the officers of denying Jones medical attention. Banks denied that claim.

"When the report was first given to me, it said that he did not receive medical treatment," Richmond said during the protest. "So, let me clear it up now. Mr. Jones did in fact receive medical treatment, which is clear evidence that he was beaten."

Robert Lee Jones' brother, David Jones, 35, of Stanton, said that he notified CORR of his brother's situation and that he knows that his brother was beaten by the officers because he has heard it from too many witnesses.

"I want justice to be served," David Jones said during the protest. "I want those officers removed from the force. My brother is on crutches, his face is swollen and he's been complaining about his ribs."

David Jones said that his brother told him that Jackson and Nichols didn't identify themselves as officers.

Robert Lee Jones was arraigned Monday and charged with aggravated assault, evading arrest, resisting arrest and tampering with evidence. He is being held without bond in Haywood County Jail.

A news release from CORR on Friday said that the group "has filed charges with the U.S. Department of Justice, seeking an investigation of the Brownsville law enforcement for the human rights violations of African-American males in general, and Mr. Jones' case in particular." The release also said that the Civil Rights Division of the Justice Department has been requested to bring charges against the officers.

Banks said Thursday that an internal investigation is being conducted by the Brownsville police, but the officers are still on active duty.

Judge To Rehear Poll Complaints (NOTP)

By Bruce Eggler, Staff Writer

New Orleans Times-Picayune, March 25, 2006

N.O. plan is called unfair to black voters

A New Orleans federal judge who refused last month to order Louisiana officials to provide out-of-state satellite polling places or take other steps to help displaced residents vote in the upcoming municipal elections has agreed to rehear some of the claims of those who say African-American voters will not have a fair chance to participate in the balloting.

Judge Ivan Lemelle will hold a hearing Monday on a request by the NAACP Legal Defense Fund that he reconsider his decision not to order the state to take further steps to assist displaced voters beyond those already taken by Secretary of State Al Ater and approved by a recent special session of the Legislature.

Ater has said that thanks to those actions and an aggressive campaign to notify displaced voters how they can participate in the election, this will be "the most accessible election" in U.S. history.

The U.S. Justice Department last week approved the plans for the elections, saying the actions taken by the state meet the federal Voting Rights Act's requirements for protecting black voters' rights.

But the NAACP lawyers and local lawyers Roy Rodney and John Etter, working with them, submitted a 21-page motion citing a list of reasons why Lemelle should order further action "to prevent manifest injustice," including:

-- A law passed at the special session to allow absentee voting by mail by first-time voters who registered by mail and have never voted in person applies only to those who registered between Oct. 5, 2004, and Sept. 24, 2005. The motion says this would help only 1,800 of 15,000 potential first-time voters, 72 percent of whom are black.

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-- The law setting up satellite polling places in 10 other Louisiana parishes, where displaced New Orleans voters can cast early ballots April 10-13 and April 15 for the April 22 primary, restricted their use to voters who registered before Sept. 24, although registration for the primary did not close until this week.

-- State officials never seriously considered the idea of establishing out-of-state satellite polling places, such as figuring out how much they would cost.

-- Lack of money and transportation is likely to keep tens of thousands of displaced voters, now living both in and outside Louisiana, from traveling to New Orleans or one of the 10 in-state satellite polls. Most of these voters are African-American, the motion says.

-- On March 16, the City Council, at the behest of Ater's office, changed the polling places for 93 precincts, most of them in majority-black wards, making it likely that many potential voters are likely to be confused about where to go and end up not voting, especially because many of the new sites "are not currently accessible by public transportation."

During a February hearing, the NAACP's motion says, Lemelle said the issue before him was whether the changes approved by the Legislature were "sufficient now to take care of any adverse impact on black voters."

"The answer to this question is a resounding 'No!' " the motion says.

The NAACP request is opposed by a group of voters, later joined by the ACLU, who filed suit in December seeking to have the New Orleans elections, which Gov. Kathleen Blanco had postponed indefinitely after Hurricane Katrina, held as soon as possible.

With Lemelle pressing for the same goal, the primary and runoff elections, originally set for Feb. 4 and March 4, eventually were rescheduled for April 22 and May 20.

In a related development, a group of civil rights leaders gathered in Washington, D.C., Friday to condemn the scheduled election as unfair to displaced African-American voters now living in 44 states.

"We are about to witness the most blatant and dramatic violation of the Voting Rights Act since it was passed in 1965," the Rev. Al Sharpton said. "This is beyond the poll tax. This is the high-tech disenfranchisement of voters."

Sharpton, Jesse Jackson and Urban League President and former New Orleans Mayor Marc Morial were among those who called on the state to erect satellite voting places in cities such as Houston, Dallas and Atlanta. Morial said that asking evacuees to vote by mail places a "cumbersome, complex and confusing" burden on them and offers no guarantee their votes will be counted.

In a letter to Blanco, Jackson noted that satellite voting places have been set up to make it easier for Iraqis and Mexicans living in the United States to cast ballots in their native countries' elections. "Our New Orleans citizens deserve no less from our democracy," he wrote.

Despite the cordial tone of his March 22 letter, Jackson left little doubt Friday that he sees Blanco as the engineer of a scheme to keep African-American evacuees from the polls. He called her and other Louisiana Democrats who supported the voting procedures approved by the Legislature "Dixiecrats," the name given to the group of Southern politicians who broke with the Democratic Party in 1948 over the party's support for civil rights.

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Staff writer Bill Walsh contributed to this report.

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Ventura County Plugs Hole In Voting System With Ink (LAT)

By Gregory W. Griggs

The Los Angeles Times, March 25, 2006

To comply with a federal order to end bias against Latinos, it's replacing punch cards with pens.

Ventura County election officials are replacing their decades-old punch-card voting system in time for the June 6 primary election.

After more than 30 years of voting with punch cards, most county voters will now mark their choices with ink. Those who have trouble seeing the ballots or using the pens will be able to vote on computer touch screens.

County officials say their new systems will serve Spanish-speaking voters better and ensure that those who are disabled can cast secret ballots.

The county has used punch-card technology for more than three decades, but officials agreed in 2004 to replace the system under a federal consent decree.

The U.S. Department of Justice had accused the county of discriminating against Latinos, who make up about a third of the population, by failing to employ sufficient numbers of bilingual poll workers or to provide adequate Spanish-language voting materials.

The settlement required the county to print bilingual ballots. But Gene Browning, the county's assistant registrar of voters, said the old punch cards could not be printed easily in two languages.

The new system, which cost $6 million, was paid for using federal and state funds. It was manufactured by Oakland-based Sequoia Voting Systems. And like the punch-card system, it uses paper.

Although other counties have opted to switch entirely to computer touch screens, Browning said county voters made it clear that they still wanted a paper-based system.

"Whenever they would hear about counties going totally electronic, the reaction was: 'We need to have paper,' " he said.

In the new system, voters will feed their completed ballots into optical scanners that will instantly check for errors. The scanners will kick back incomplete ballots or ones filled out incorrectly, with too many candidates selected.

Once approved, results will be recorded on memory cards, which will later be uploaded into a centralized elections computer in Ventura. A percentage of the paper ballots also will be hand-counted to verify results, Browning said.

At each polling place, voters who are visually impaired or have difficulty using a pen will be able to cast secret ballots using computer touch screens. The machines will be equipped with headphones for people to hear the choices on the ballot.

California passed a law in 2004 requiring electronic ballot machines to also use some form of paper verification. Counties have until June 2006 to comply.

To meet the deadline, Riverside County in January agreed to spend $14.2 million to replace its 6-year-old touch-screen voting machines with newer models that provide paper confirmation.

By never abandoning paper-based voting, Ventura County showed its fiscal prudence, said Kim Alexander, president of the California Voter Foundation.

"Counties that go all electronic typically spend three times more to purchase new equipment," Alexander said.

Prominent Blacks Want N.O. Satellite Voting (AP)

By Will Lester

AP, March 25, 2006

Displaced New Orleans residents deserve the same voting privileges as the people of war-torn Iraq, several black leaders argued Friday in pushing for satellite voting from locations outside Louisiana.

"We are seeing people from Iraq being treated better than people from New Orleans," said Al Sharpton, who joined Jesse Jackson, NAACP President Bruce Gordon, Urban League President Marc Morial and several other influential black leaders in calling for steps to improve participation in New Orleans' April 22 elections.

Hurricane Katrina displaced more than 200,000 New Orleans residents of voting age, many of them black voters, and the black leaders contend that city elections could violate the 1965 Voting Rights Act.

"This is a Florida in the making," said Morial, a former New Orleans mayor, referring to Florida's extensive voting problems in the 2000 elections. "If you see an election train wreck coming, why not do something to prevent it before the wreck occurs?"

A spokeswoman for Secretary of State Al Ater, the state's top election official, said out-of-state voting operations are not legal under Louisiana law.

The Justice Department approved the city's election plan last week.

Complaints about the plan included inadequate voting options for thousands of displaced New Orleans residents, cumbersome absentee ballot procedures, frequent movement of precinct locations and a refusal to share information about how candidates can reach displaced voters.

The groups upset about the election are calling for an April 1 march on New Orleans to protest elections they claim could sharply erode one of the most important federal civil rights laws.

The New Orleans' election was postponed from its original Feb. 4 date, when state officials said they could not organize it in time, given the destruction of polling places and dispersal of voters caused by Katrina.

Justice Department spokesman Eric Holland said Louisiana's legislative black caucus has endorsed the plan. However, several members of the caucus voted against it, and state Sen. Cleo Fields, a prominent member of the caucus, is a leader in the effort to delay the election.

The decision not to share the contact information for displaced New Orleans voters was not the choice of the secretary of state, said his spokeswoman, Jennifer Marusak. She said federal officials ordered the state not to share the Federal Emergency Management Agency's list of displaced New Orleans residents to protect their privacy.

Jackson has called for Gov. Kathleen Blanco to postpone the election to allow a fairer election plan.

State officials have worked out a plan for the election and are doing their best to contact displaced voters, said Blanco's spokeswoman Denise Bottcher, adding, "We are going forward."

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Republican Sen. Rick Santorum (news, bio, voting record) said Friday that Democrats are out to defeat him to avenge the 2004 defeat of then-Senate Minority Leader Tom Daschle by Republican John Thune.

"They see this as sort of payback time for Tom Daschle's loss, and I'm running for the No. 2 spot on the Republican leadership ladder and this would be a plum for them, if they are able to pick me off," the Pennsylvania lawmaker said in an interview broadcast Friday evening on Fox News' Special Report.

The GOP holds a 55-44 majority in the Senate, with one Democratic-leaning independent. Democrats see the Senate race in Pennsylvania, a state that went for John Kerry in 2004, as a prime target.

Santorum, the No. 3 Senate Republican, has trailed his leading Democratic opponent, State Treasurer Bob Casey, in polls. Casey is the son of the late Pennsylvania governor with the same name.

"I think I'm safe to say that if his name wasn't Bob Casey, he wouldn't be running for the U.S. Senate today, and my name's Rick Santorum and I didn't get to be a U.S. senator cause my name's Rick Santorum," Santorum said.

Casey told the news channel that voters want change, and Santorum is too cozy with lobbyists.

"I think when you are the leading recipient of lobbyist money and you are meeting with lobbyists and they've having, I think, a disproportionate and sometimes adverse impact on legislation that affects real people, then I think you've got some explaining to do."

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Associated Press reporter Kimberly Hefling contributed to this report.

Texas Candidate Sues Over Campaign Laws (AP)

By Kelley Shannon

AP, March 25, 2006

The comptroller of Texas sued the secretary of state Friday, claiming he is hurting her campaign for governor by unfairly enforcing rules for independent political candidates.

Keeton Strayhorn, elected as comptroller in 1998 and running as an independent against Republican Gov. Rick Perry, has complained for weeks about Secretary of State Roger Williams and even urged that he be removed from office because of his close ties with Perry. Williams, a Perry appointee, is the state's chief elections officer.

Strayhorn's campaign sued in federal court in Austin over Williams' plan to have her petition examined manually, signature by signature, instead of using statistical sampling, which examines only a portion of the signatures. The lawsuit says Williams' plan violates her constitutional rights.

Spokesman Scott Haywood said Williams will continue to apply Texas law fairly to all candidates "and will not grant special treatment to any candidate."

Perry's spokesman, Robert Black, called Williams "an outstanding public servant" who won't give preferential treatment to anyone.

Independent candidates for governor must collect 45,540 signatures from registered voters who did not cast ballots in the Republican or Democratic primaries. The petitions are due May 11.

Because multiple candidates are trying to get on the November ballot as independents, the signatures need to be verified individually, Haywood said. Musician and author Kinky Friedman also is running as an independent.

The secretary of state's office has said it will take possibly until July to validate signatures and determine whether the candidates make the November ballot.

The lawsuit — which includes three voters as plaintiffs — seeks to require Williams to review the validity of her petition immediately after he receives it in the quickest manner possible, said her campaign spokesman, Mark Sanders.

Suggesting the agency is trying to prevent Strayhorn from getting on the November ballot, Sanders said, "This whole situation begs the question: What are they afraid of?"

Strayhorn's campaign has complained about other treatment, including that it was not allowed to begin collecting signatures immediately after the primary polls closed. Williams cited state law in rejecting the request.

Texas has some of the nation's toughest laws on independent candidates. No independent has been elected governor there since Sam Houston in 1859.

Former Congressman Chris Bell is the Democratic nominee for governor.

On Campus, A Good Man Is Hard To Find (NYT)

By John Tierney

The New York Times, March 25, 2006

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When a boy opens his acceptance letter from college, he now has to wonder what most impressed the admissions officers. Did they want him for his mind, or just his body?

The admissions director at Kenyon College, Jennifer Delahunty Britz, published an Op-Ed article this week revealing an awkward truth about her job: affirmative action for boys. As the share of the boys in the applicant pool keeps shrinking — it will soon be down to 40 percent nationally — colleges are admitting less-qualified boys in order to keep the gender ratio balanced on campus.

This week's revelation did not please Kim Gandy, the president of the National Organization for Women, who told me that she might challenge the legality of affirmative action for male applicants. She and I are not normally ideological soulmates, but I have some sympathy with her on this policy.

It's not fair to the girls who are rejected despite having higher grades and test scores than the boys who get fat envelopes. It's not fair to the boys, either, if they're not ready to keep up with their classmates. Affirmative action just makes them prone to fail, and is probably one of the reasons that men are more likely than women to drop out of college.

After consulting with the federal Education Department, I can confidently report that this discrimination may violate the law — or then again, it may not. Either way, I agree with Gandy that public colleges shouldn't practice it, because the government shouldn't favor one group over another.

Gandy's also wary of allowing private schools like Kenyon to discriminate, and she's skeptical of their justification: that they need a fairly even male-female ratio on campus to attract the best applicants of either sex. I'm not sure if that's true, but I trust the colleges to know better than me or Gandy or federal lawyers. As long as a school is private, let it favor whomever it wants — men, women, alumni children, Latinos, African-Americans — without any interference from the Education Department.

What the department should be doing is figuring out how to help boys reach college. The gender gap has been getting worse for two decades, but the Education Department still isn't focusing on it. Instead, it has an "educational equity" program aimed at helping girls and women.

The department is paying to encourage African and Slavic girls and women in Oregon to pursue careers in science. There's a grant to help women in West Virginia overcome "traditional, outdated 19th-century attitudes" by pursuing jobs in blue-collar trades. Another grant aims to motivate women at the Medgar Evers College in Brooklyn to study math.

Those are all noble goals. I'd be glad to see the women in Brooklyn take up advanced calculus. But the chief "equity" issue at their college is the shortage of men, who make up barely a fifth of the student body. What happened to the boys who didn't make it?

Boys are, on average, as smart as girls, but they are much less fond of school. They consistently receive lower grades, have more discipline problems and are more likely to be held back for a year or placed in special education classes. The Harvard economist Brian Jacob attributes these problems to boys' lack of "noncognitive skills," like their difficulties with paying attention in class, their disorganization and their reluctance to seek help from others.

Those are serious handicaps, but they could be mitigated if schools became more boy-friendly.

A few educators have suggested reforms: more games and competitions that appeal to boys, more outdoor exercise, more male teachers, more experiments with single-sex schools. But those ideas have gotten little attention or money. Schools have been too busy trying to close the gender gap in the few areas where boys are ahead, like sports and science.

No matter what changes are made to help boys, they'll probably still be less likely than girls to go on to college, simply because girls' skills and interests are better suited to the types of white-collar jobs that now require college degrees. Boys will remain more inclined to skip college in favor of relatively high-paying jobs in fields like construction and manufacturing.

There's no reason to expect a 50-50 ratio on campus — and certainly no reason to mandate it. Boys don't need that kind of affirmative action. What they could use, long before college, is equal attention.

Initiative Targets Abortion Ban (LAT)

By Nicholas Riccardi, Times Staff Writer

The Los Angeles Times, March 25, 2006

Foes of South Dakota's new law are gathering signatures for a ballot challenge to overturn it.

Opponents of South Dakota's ban on nearly all abortions announced the launch of a ballot initiative Friday aimed at overturning the new law.

If the South Dakota Campaign For Healthy Families collects 16,728 signatures, the law — a direct challenge to Roe vs. Wade — will be placed on hold.

Democratic State Sen. Elaine Roberts said at a news conference in Sioux Falls that legislators went too far when they passed their bill last month banning abortions even in cases of rape and incest. The only exception is if physicians deem an abortion necessary to save the mother's life.

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"The vast majority of South Dakotans are somewhere in the middle," Roberts said. "They have mixed feelings on this issue."

Proponents of the ban said they welcomed the challenge, and said the measure to reverse the law would fail at the polls.

"I know South Dakota politics," said Leslee Unruh, president of the Abstinence Clearinghouse in Sioux Falls and a prominent antiabortion activist. "The people of South Dakota stand for life, for protecting an unborn child."

South Dakota is one of several states that opened the year mulling a strict ban that would contradict Roe vs. Wade.

Some antiabortion activists hope that President Bush's two Supreme Court appointments could lead the court to overturn the landmark 1973 Supreme Court case that established abortion as a constitutional right.

The legislature overwhelmingly passed the bill last month, and South Dakota Gov. Michael Rounds, a Republican, signed it into law shortly afterward.

As opponents and proponents each released polls showing a majority of voters siding with them on the ban, abortion-rights advocates were debating whether to challenge the law in court or at the ballot box.

Some prominent state Democrats were leaning toward a ballot challenge. This week they unveiled a bipartisan group — led by a former Republican state legislator — to move the initiative campaign forward.

Planned Parenthood, which operates the only abortion clinic in the state, also is involved.

"We don't want it to be seen as a partisan assault on the ban," said Jeff Masten, a former chairman of the state Democratic Party who is involved in the campaign. "That legislation simply went too far."

Republican South Dakota House Speaker Matt Michels, who backed the ban, predicted that organizers would easily collect enough signatures to place it on the ballot because of what he deemed the state's minimal requirements for voter initiatives.

He also forecast a campaign financed by big-money donors on both sides of the issue that would saturate the airwaves of the lightly populated state.

"They're going to bombard us," Michels said.

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Associated Press contributed to this report.

Time To Stall A Bush Nominee (NYT)

The New York Times, March 25, 2006

We don't generally approve of holding nominations hostage to other political objectives. But Senators Hillary Clinton and Patty Murray surely have good cause to block a vote on the nomination of Dr. Andrew von Eschenbach to become commissioner of the Food and Drug Administration until the agency makes a final decision on the morning-after pill. There is no excuse for the administration's endless obfuscation and delays on making the pill available without a prescription when the overwhelming bulk of expert opinion says it is safe to do so. The pill must be taken within 72 hours of unprotected intercourse, preferably within 24 hours, leaving little time to visit a doctor to get a prescription.

The two senators, both Democrats, have good reason to feel betrayed. When they threatened last year to hold up the confirmation of a previous commissioner until a decision on the pill was made, they ultimately relented because of a written assurance from Michael Leavitt, the secretary of health and human services, who said the F.D.A. would act on the issue by Sept. 1. Sadly, Mr. Leavitt was misinformed by the agency, overruled by the White House or deliberately deceptive with the senators. The only action the agency took in September was to defer a decision indefinitely.

The case for approving the use of the pill without a prescription has become even stronger in recent months. Evidence has emerged that high officials at the agency overruled their professional staff and ignored expert advisory committees when they rejected the application. Moreover, the agency's claim that it needed more time to consider "novel" issues raised by a proposal to require prescriptions for young teenagers was belied by internal documents revealing that the issues had been discussed for some time but not analyzed aggressively. The logical inference is that the result was dictated by politics — by a desire to placate religious and social conservatives who consider the pill an invitation to promiscuity and an abortifacient.

Should this nomination ultimately go forward, senators will still need to assess the qualifications of Dr. von Eschenbach, who has been acting commissioner since last September. He is a respected surgeon and was president-elect of the American Cancer Society. But his record as director of the National Cancer Institute, a post he holds even as he runs the F.D.A., gets mixed reviews.

His goal to eliminate death and suffering from cancer by 2015 is deemed visionary by some, but wildly unrealistic by others. His desire to bring medicines to market more quickly and more cheaply wins plaudits from the drug industry and some patient advocates, but criticism from consumer advocates who worry that safety will be undermined.

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There is little likelihood that the Senate will reject Dr. von Eschenbach's nomination in a floor vote, although the senators could at least push him for guarantees that safety issues will not be submerged in the rush to approve new drugs and conquer cancer. But the vote should not take place until the F.D.A. has the spine to tackle the morning-after pill head-on.

ANTITRUST:

Alcatel And Lucent Set To Face US Review (FT)

By Stephanie Kirchgaessner In Washington, Peggy Hollinger In Paris And Paul Taylor In New York

Financial Times, March 25, 2006

Alcatel's talks with Lucent about a possible takeover – a deal that would combine a telecoms equipment company that controls sensitive US technology with a French group – will face a regulatory review in Washington on national security grounds.

Such a move would come at a time when protectionist sentiment in the US is at an all-time high, and raises questions about whether the Bush administration would be prepared to approve the deal.

The merger, which is being driven by growing competitive pressure on equipment makers and could be valued at up to $36bn, would create the world's leading maker of fixed telecoms networks and the second largest in mobile infrastructure.

It also follows in the wake of a wave of consolidation in the telecoms sector – in particlular between some of the companies' biggest clients, including the proposed merger between AT&T and BellSouth and the recent takeover of MCI by Verizon.

The companies have provisionally agreed that Lucent's chief executive Patricia Russo will succeed Alcatel's 68-year-old Serge Tchuruk as chief executive when he steps up to chairman in June.

It is far from clear, however, whether a deal that is viewed as increasingly necessary for the two companies will be able to withstand Washington regulatory scrutiny. While US authorities may be concerned about the security issues surrounding Bell Labs, a revered US research facility, the French government is likely to welcome the deal if the headquarters remain in France.

However it will be keen to safeguard Alcatel's sensitive interests, including its 9.5 per cent stake in defence electronics group Thales and the missile joint venture with Italy's Finmeccanica. One option would be to sell these to Franco-German aerospace group EADS, which has long wanted to acquire Thales.

Even if the deal is presented as a merger of equals, regulatory experts say it faces an extensive review by the US Committee on Foreign Investments in the US, or Cfius, an inter-agency panel that investigates foreign acquisitions of US assets.

Lawmakers in the Senate are in the process of negotiating legislation that would make Cfius reviews even tougher and more lengthy.

The Dubai Ports World debacle, in which a Dubai-controlled company was forced to agree to sell port terminals it acquired after receiving regulatory clearance from Cfius because of a backlash in Congress, has, according to an attorney who works on Cfius deals, changed the balance of power of the panel.

An Israeli company, Check Point Software, was on Thursday forced to withdraw from a merger with a US group, Sourcefire, after the Bush administration raised national security concerns, underscoring that even the US's closest allies are under close scrutiny.

Lucent-Alcatel Merger Would Face Scrutiny (WP)

By Arshad Mohammed

The Washington Post, March 25, 2006

A merger of Lucent Technologies Inc. and France's Alcatel would likely draw federal scrutiny to see if it threatens national security following the furor over a Dubai-based company's plan to acquire control of six U.S. ports, communications and national security analysts said yesterday.

But analysts said they saw no obvious reason why a combination of the two telecommunications equipment makers would face major objections from the government on security or antitrust grounds.

Murray Hill, N.J.-based Lucent and Paris-based Alcatel said late Thursday that they are "engaged in discussions about a potential merger," but said they could not guarantee they would reach any agreement. A merger would greatly expand Alcatel's business in the United States and allow the two companies to cut costs and better compete with their larger competitors.

It is unclear how a merger, if one materializes, would be structured. The two companies said they were discussing "a merger of equals that is intended to be priced at market." Spokespeople for Alcatel and Lucent, which had discussed merging in May 2001, declined comment beyond their statement.

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If Alcatel, the larger of the two companies, were to buy Lucent, that could trigger a review by the Committee on Foreign Investments in the United States (CFIUS), the interagency group chaired by the Treasury secretary that is charged with investigating such deals to ensure they do not endanger U.S. national security.

"I think in this political climate, everything that is coming through CFIUS is gong to get more attention," said Richard A. Falkenrath, a Brookings Institution scholar who served as deputy homeland security adviser and deputy assistant to the president in 2003 and 2004.

Congressional concerns this month forced the United Arab Emirates-based maritime company Dubai Ports World to abandon its plan to acquire operations at six U.S. ports, amid heightened worries about protecting vital infrastructure after the Sept. 11, 2001, attacks.

But analysts saw few appropriate comparisons in the possible Alcatel-Lucent deal, noting that the French company already does work for the U.S. government and that the sale of telecom equipment is a less sensitive matter than the management of U.S. ports, which have long been seen as vulnerable to attack.

"Alcatel is already delivering advanced network solutions to the federal government. Lucent of course has a long history of providing advanced communications services and infrastructure to the federal government," said Mark Bieberich of the Boston-based Yankee Group Research Inc. "Both companies have been properly vetted . . . so I think the risk posed by the merger to the federal government is minimal."

AT&T Corp., the former long-distance giant that has now been dismembered, spun off Lucent as a separate company in 1996. Bell Labs, AT&T's legendary research arm, went with Lucent.

At its peak, Bell Labs was deeply involved in classified work for the U.S. government. It worked on radar and missile guidance systems, and it designed a secure, scrambled communications system that allowed Franklin Delano Roosevelt and Winston Churchill to talk to each other during World War II, said AT&T's former corporate historian Sheldon Hochheiser.

While Lucent still does work for the government, the amount is a far cry from the Cold War, when Hochheiser estimated that as much as a third of Bell Labs' budget was paid for by Washington.

In fiscal 2005, Lucent had $104.7 million in federal contracts, with about 65 percent of those coming from the U.S. Army, according to Eagle Eye Publishers Inc., a Fairfax company that tracks federal contracts. Alcatel had $22.4 million in such contracts the same year, with nearly 53 percent for the Army, according to Eagle Eye figures. Today, Alcatel and Lucent are the seventh- and ninth-largest telecom equipment makers, respectively, according to Yankee Group.

"In its heyday, this would have been a huge blow to national security and to national pride, but Lucent is a shadow of itself," said University of Colorado law professor Philip J. Weiser.

BGE Sees Merger As Buffer For Rates (WT)

By S.a. Miller, The Washington Times

The Washington Times, March 25, 2006

BALTIMORE -- A Baltimore Gas and Electric Co. executive yesterday warned that lawmakers' attempts to block a multibillion-dollar merger could force the utility to more quickly implement a 72-percent increase in energy rates.

"Without the merger there is no room to lower rates," said Robert L. Gould, communications director for BGE parent company Constellation Energy Group. "We have gone right to the edge of how much we can tolerate on the balance sheet."

He also said if lawmakers make good on their threat to block Florida Power & Light's $11 billion purchase of Constellation Energy, they likely would derail plans to gradually phase in a 72-percent increase in electric bills.

"One of the benefits of the merger is you have a bigger balance sheet," Mr. Gould said. "You take that away, and it will be tougher and our credit rating will be thrown into question."

As proof, he said Moody's Investor Service has already put Constellation on a watch list because of uncertainty about the regulatory environment taking shape in Maryland's legislature.

A spokeswoman for Gov. Robert L. Ehrlich Jr., a Republican, said the governor is wary of government interference in business but "still believes that more can and should be done" to keep electricity affordable.

"He does support the merger, and he is aware of the negative impact that interfering in the merger could have on Maryland business," said spokeswoman Shareese N. DeLeaver. But "the governor believes that we should put the customer first."

Staving off "rate shocks" for BGE's 1.2 million customers has become the hottest issue in this election year, in which Mr. Ehrlich is seeking re-election and every seat in the General Assembly is up for grabs.

Since the increases were announced March 7, several bills have been introduced to prevent or postpone Maryland's higher energy rates, including plans to cap rates, to give the legislature authority over utility mergers and even to return to a public utility system.

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Miss DeLeaver said the legislature's attack of the energy issue was "like a cat swatting a ball of yarn," while the governor was crafting an alternative rate-reduction plan to be presented to the power company in coming weeks.

The power company has proposed gradually phasing in higher rates over a 15-month period, beginning with a 13-percent increase in July. The average BGE electric bill would increase from $81.65 to $92.60 a month, according to the company.

Rates would increase 15 percent in January and 15 percent in June 2007, then increase to market rates by fall 2007. At that time, the average electric bill would have increased from $81.65 to $140.50. Customers also would pay a monthly charge of $4.40 for the next eight years -- a total of about $422 -- to pay for the loan BGE would need to cover the cost of the deferred rate increase, according to the company.

"We have put a very aggressive package on the table already," Mr. Gould said.

He said the proposal also included $150 million to reduce electric rates in the future. The money, he said, would come from cost savings resulting from the merger.

"That's a true subsidy," Mr. Gould said. "We would actually reach in our pockets and lower rates that much."

The increases are partly the result of the 1999 deregulation plan approved by the Democratic-controlled General Assembly and signed by Gov. Parris N. Glendening, a Democrat.

The plan included rate caps that kept electric bills artificially low for the past six years and discouraged competition from entering Maryland's partially deregulated utility market.

The caps expire in July, when rates are set to increase 72 percent to market levels for BGE customers. Rates also are increasing 39 percent for Potomac Electric Power Co. and 35 percent for Delmarva Power.

Utility executives warn that continued price controls could bankrupt Maryland power companies and cause power shortages like those in California in 2000.

Last summer, residential customers paid an average of 11.72 cents per kilowatt-hour in the mid-Atlantic region, according to the Edison Electric Institute, an electric utility association.

However, BGE customers paid an average 9.251 cents per kilowatt-hour last summer, according to the Maryland Public Service Commission, which regulates utilities.

BGE's planned increase to 14.834 cents per kilowatt-hour should bring its prices up to current market rates, said Jason Cuevas of the Edison Electric Institute.

ENVIRONMENT/INDIAN AFFAIRS:

Yucca Probe Forwarded (LVRJ)

By STEVE TETREAULT, STEPHENS WASHINGTON BUREAU

Las Vegas Review-Journal, March 25, 2006

Federal prosecutors reviewing evidence

WASHINGTON -- Federal prosecutors are reviewing evidence gathered by investigators into whether scientists falsified quality assurance documents at Yucca Mountain, officials confirmed Friday.

Inspectors general for the Interior and Energy departments sent a report to U.S. Attorney Daniel Bogden in Las Vegas in the past month, said Roy Kimes, a spokesman for Interior Department Inspector General Earl Devaney.

"The investigative work has been done, and the report has been forwarded to the Department of Justice," Kimes said. "It is not considered finalized until we get an indication from DOJ that they are going to prosecute or not going to prosecute."

Neither Kimes nor Denise Smith, a spokeswoman for Energy Department Inspector General Gregory Friedman, would discuss details.

Smith said "it is possible" that evidence of wrongdoing was discovered, but communications between investigators and prosecutors do not necessarily signal the probe is near an end.

"As evidence is uncovered, there are dealings with the U.S. attorney's office, and oftentimes the U.S. attorney may have us do additional work or not depending on what is found," Smith said.

Inspectors were asked to determine possible criminal activity by federal employees after the disclosure in March 2005 of provocative e-mails.

In the messages, which were written between 1998 and 2000, several workers discussed possible alterations of quality assurance documents that backed up their water infiltration models at the nuclear waste site.

Natalie Collins, an aide to Bogden, said she would not confirm or deny the federal attorney's involvement in the matter.

A person familiar with the process said, "I wouldn't think they would send something over (to Bogden) that they didn't think ought to be considered for prosecution."

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On Thursday, Rep. Jon Porter, R-Nev., told reporters that a Justice Department evaluation "was forthcoming."

"They want to find out if it was done maliciously or done in error," Porter said of the allegations of document mishandling. "They want to find out if there was any criminal activity."

Porter heads a House subcommittee that has been conducting a separate probe of quality assurance at Yucca Mountain and issues related to the e-mails.

The Yucca project was rocked and investigations were triggered when the e-mails were disclosed by Energy Secretary Samuel Bodman and by Charles Groat, then-director of the U.S. Geological Survey.

The messages circulated among a small number of employees. The primary authors later were identified as USGS hydrologists Joseph Hevesi, Allen Flint and Lorraine Flint.

Hevesi appeared before Porter's subcommittee in June and offered explanations for some of the messages. He testified under oath that he did not alter documents or data. The Flints, who are married, were questioned by subcommittee investigators but have not commented publicly.

The Energy Department recently completed an audit of the work performed by the USGS scientists. A report issued Feb. 17 concluded the science was valid but the research would be redone by Sandia National Laboratories to meet quality assurance standards.

The hydrologists remain employed at the USGS, spokeswoman A.B. Wade said. Agency officials have said any possible disciplinary action was being postponed until completion of the inspectors general probe.

Review-Journal writer Keith Rogers contributed to this report.

Tackling The Animal-to-Human Link In Illness (NYT)

By Lawrence K. Altman

The New York Times, March 25, 2006

ATLANTA, March 24 — Stronger ties between veterinarians and physicians are needed to prevent further outbreaks of the animal diseases that have caused deaths and serious illness among humans in many countries in recent years, international health officials said at a meeting here.

The diseases are known as zoonoses because they affect animals primarily, and humans only incidentally. The AIDS, SARS and A(H5N1) avian influenza viruses and at least eight other infectious agents carried by animals have led to new and emerging human diseases in recent years.

The spread of new and emerging diseases can be a two-way street as people occasionally transmit human diseases like tuberculosis to elephants in captivity in the United States and Sweden and mongooses in Africa.

The latest and most visible zoonosis is A(H5N1) avian influenza. Through illness and culling, the virus has led to the death of an estimated 200 million birds worldwide. In Asia and Europe, the virus has caused 185 human cases of which 104 have been fatal.

New diseases are occurring in part because of globalization and because people are encroaching on areas once reserved for wildlife. After the AIDS virus infected tens of millions of people worldwide and an animal disease, anthrax, was deliberately spread through the United States postal system after Sept. 11, public health has become intertwined with national security.

Experts at the three-day International Symposium on Emerging Zoonoses said they had no way of predicting what human disease would emerge next from an animal source.

Preventing further outbreaks, participants said, will require a variety of measures, including more education about zoonoses among veterinarians and physicians; more integration of animal diseases into health plans; the creation of more laboratories to detect animal diseases; and possibly changes in the foods people eat and the animals they keep as pets.

Breaking down barriers among government agencies, academia and special interest groups will be needed as scientists seek new ways to collect reliable evidence to protect the health of animals and humans, participants said.

But "no single institution has the capacity to do all this," said Dr. Pierre Formenty, a veterinarian and epidemiologist at the World Health Organization in Geneva.

The meeting was the first between the World Animal Health Organization, a cooperative of chief veterinary officers from 167 countries, based in Paris, and the federal Centers for Disease Control and Prevention, based in Atlanta, said Dr. Lonnie King, the dean of Michigan State University's veterinary school.

Dr. King is soon joining the C.D.C., which is expected to become a laboratory and epidemiology reference center for the animal organization.

"We are creating the conditions for the spread of these viruses" that cause zoonoses and human illness through tourism, hunting and farming, said Dr. Bruno Chomel, a professor of zoonoses at the University of California, Davis.

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For example, Dr. Chomel said, the corn mouse that carries the virus that causes Argentine hemorrhagic fever has spread its range with changes in farming, leading to outbreaks of the bleeding disease.

The liver infection caused by the hepatitis E virus, which has been detected mainly in poor countries, is being increasingly recognized in wealthy countries in small numbers. Two outbreaks of hepatitis E occurred recently in Japan after people ate raw liver from infected wild boar and deer, Dr. Chomel said.

In 1999, scientists discovered the Nipah virus among pig workers in Malaysia and Singapore who developed inflammation of the brain and respiratory illness. Farming practices on pig farms where fruit trees were abundant created opportunities for transmission of the Nipah virus, said Dr. Peter W. Daniels of the Australian Animal Health Laboratory in Geelong.

Fruit bats carried the Nipah virus, and it was transmitted to pigs that lived in an open farm environment. In turn, the virus was transmitted to humans and their pets.

Additional factors favoring Nipah virus transmission were disrespect for regulations and the frequent breaking of rules to increase profits. It was a lesson that self-regulation must be realistically audited, Dr. Daniels said.

The demand for exotic pets can also spread zoonoses.

Customs inspectors recently stopped the potential spread of A(H5N1) virus in Belgium by catching a man trying to smuggle infected Thai eagles that had been stuffed alive in a roller tube.

Cats, leopards and tigers have died from A(H5N1) avian influenza in southeast Asia and Europe. Though the number of cases is small, they have raised concern that the virus could become a bigger problem among felines. The 10,000 tigers now being kept as pets in the United States outnumber the 6,000 in the wild worldwide, Dr. Chomel said.

Another zoonosis, rabies, killed 50,000 people in 2005, mainly from dog bites in Africa and Asia despite availability of an effective vaccine, according to the World Health Organization.

In poor countries, many dogs go unvaccinated because they are believed to be strays. But many strays turn out not to be strays, said Dr. Jakob Zinsstag of the Swiss Tropical Institute in Basel. In a pilot study in Chad, his team vaccinated and tagged stray dogs. When the Swiss team recaptured stray dogs, it found that 70 percent had been vaccinated, concluding that their owners had let them roam freely and that opportunities existed to conduct rabies vaccination programs.

Many disease outbreaks like avian influenza often lead to mass cullings that create practical and emotional problems for animal health workers, said Dr. Larry Granger, a veterinarian at the United States Department of Agriculture in Riverdale, Md. When mass euthanasia of animals is carried out, all workers should be debriefed to help relieve their stress, Dr. Granger said.

Selling The Forests (NYT)

The New York Times, March 25, 2006

It's rarely a good idea to sell off assets to pay normal operating expenses. It's an even worse idea when the assets are chunks of national forest. But that's exactly what the Bush administration wants to do.

Washington has long sent money to isolated local communities surrounded by national forests. The communities cannot tax federal property, so the money helps pay for schools. The grants were calculated as a percentage of timber sales. When the annual harvest declined, partly as a result of court rulings in favor of various endangered species, the money was taken from general revenues.

President Bush's 2007 budget proposes to raise the money by auctioning off about 300,000 acres of federal forest in 41 states, at an anticipated price of $800 million. The administration recently sent a bill to Congress that would give the Forest Service the authority to conduct the sales. The bill has many defects, especially a provision that would sharply limit the public's opportunity to comment on the sales, short of embarking on expensive litigation. But its most glaring defect is its underlying strategy of trading long-term assets for short-term gain.

Gov. Mike Easley of North Carolina, which would lose 9,828 acres, or nearly 1 percent of its national forest acreage, put the matter eloquently in a letter to Mark Rey, the under secretary of agriculture who helped concoct this scheme. The plan, he said, would blatantly contradict North Carolina's efforts to preserve open space for future generations by removing priceless resources "from public access for all time in order to provide temporary funding."

This page has objected on many occasions to the administration's efforts to roll back protections for the national forests, chiefly its decision to rescind President Bill Clinton's "roadless rule," which would have shielded nearly 60 million acres of national forest from further commercial intrusions. Though it involves much less acreage, the proposal to sell forest land reflects the same insensitivity to environmental values, not to mention misplaced budget priorities. In addition to the forest sale, the administration also proposes to sell a half-million acres managed by the Interior Department, not for any purposes related to stewardship of the public lands, but simply to reduce a national deficit already bloated by tax cuts.

Congress should reject both ideas out of hand.

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Sections Of The Voting Rights Act Will Soon Need Reauthorization (ICT)

By David Melmer, Indian Country Today

Indian Country Today, March 24, 2006

WASHINGTON - The Voting Rights Act, enacted in 1965, will celebrate its 41st anniversary on Aug. 7; yet some provisions of the act, which supporters argue have brought American Indians into the political arena, are due to expire in 2007.

American Indian and non-Indian organizations are in the midst of compiling and reporting research that shows the VRA - with some permanent provisions and some temporary - has made a difference to many minorities and furthers the argument that the VRA is still needed in its entirety.

Section 5 of the act, renewed several times, requires nine states and portion of seven states to submit changes that affect voting in any way to the U.S. Department of Justice for approval, or pre-clearance, as it is referred. That section is due to expire in 2007. Section 5 was last renewed by Congress for a term of 25 years, and that is the recommendation again.

Section 203, which requires assistance for limited-English speakers at the polls, and Sections 6 - 9, which authorize the federal government to monitor elections, are all set to expire.

The American Civil Liberties Union submitted a comprehensive report on how the VRA affects Indian country. The states that benefited the most from the VRA were Montana, Nebraska, Wyoming, Colorado and South Dakota. In each state, litigation or the threat of litigation mitigated state voting legislation that would have adversely impacted American Indian residents.

"By tearing down the barriers to equal opportunity for racial and language minorities in voting, the Act removed the political mechanism that was essential to maintaining the legal structure of segregation. As the Supreme Court has said, the equal right to vote is fundamental because it is preservative of all rights," the report stated.

The report used selected documentation from trial transcripts to support the claim that the VRA is important to Indian country. In other parts of the country, specifically Southern states, litigation and voting rights changes have occurred since the VRA's beginning in 1965. It hasn't been until recently that Indian country has benefited from the VRA.

Had it not been for the VRA, the report asserts, American Indians in some states would not have the representation they prefer; yet there is more work to do and litigation is still a necessary tool in keeping the states in line.

Although the act eradicated at-large voting, just after it was signed some states changed some districts to at-large voting only to face legal action. At-large representation was ended early on in the act's life in the South, but in Indian country only just recently has at-large selection of representatives been stopped.

Only one lawsuit was filed between 1974 and 1990 in Indian country. That lawsuit challenged the Montana at-large elections as diluting American Indian voting strength, despite the presence of seven reservations and a significant American Indian population. American Indians make up eight percent of Montana's population.

Other lawsuits filed in Montana resulted in the election of eight American Indians to the state Legislature, more American Indian lawmakers than any other state. Not all the lawsuits in Montana went to court.

The 1992 redistricting plan in Montana was challenged four years later. The redistricting commission, made up of both political parties, did not have any American Indian representation, but tribes submitted a plan that they thought would be fair. The commission rejected the plan and ended up in court in 1996. It was redrawn, but not to the full satisfaction of the tribes.

In 2000, the commission included one American Indian and the result was the creation of 100 house districts, six of which were majority American Indian; and 50 Senate districts, three of which were majority American Indian, the report noted.

South Dakota, with a larger American Indian population and smaller overall population than Montana, has only four American Indians in the state Legislature. Changes to redistricting after the state was found in violation of the VRA resulted in a split district that may allow American Indian voters to elect up to three more of their preferred candidates.

South Dakota is the only state in the Plains and Mountain states required by the VRA to submit any changes in voting laws or rules to the Justice Department for pre-clearance. Two of its counties, Todd and Shannon, home to the Rosebud and Pine Ridge reservations respectively, are listed under Section 5.

According to the report, several factors kept lawsuits at bay in Indian country: lack of resources and access to legal assistance, lax enforcement of the VRA by the Department of Justice, the isolation of the American Indian community and the debilitating legacy of years of discrimination by the federal and state governments.

American Indian voters' rights were being challenged in the southern Plains states as well.

It wasn't until 1970 that the Colorado Constitution was amended to allow American Indians to vote and take part in the political process.

In the 1980s and 1990s, Ute members were not allowed to register to vote at the tribal headquarters, while the non-Indian population was afforded satellite registration locations in various communities. Litigation changed that situation. Prior to 1997, no American Indian had ever been elected to a county office in Montezuma County, home of the Ute Mountain Utes.

The report stated that defendants in American Indian voting rights cases frequently argue that "Indians are mainly loyal to their tribes and simply don't care about participation in elections run by the state."

The report went on to say it was the state itself that created an atmosphere of non-loyalty to the state by denying the American Indian the right to vote.

"The courts have invariably found patterns of widespread discrimination against Indians in the political process, including chronic racial bloc voting," the report stated.

FBI/DEA/ATF/USMS:

FBI Helps ID New Orleans Gangs In Houston (KHOU-TV)

By Jeff McShan, 11 News

KHOU-TV, March 25, 2006

The FBI is helping police identify gang members from New Orleans who are now in Houston.

11 News talked with Houston's police chief about the gang crackdown and how officers are using the information.

In New Orleans, police say some gang members that evacuated their city are now beginning to come back.

"I think what we have seen is a few bad guys have reoccupied the city," said New Orleans police chief Warren Riley.

Apparently they are coming back to redefine their territories.

"The people we suspect of this are some folks that were in Houston a while back. I think Houston's obviously on them," said Riley.

After a slow start. Houston, specifically HPD, is onto them because vital communication between the two cities is finally taking place.

FBI director Robert Mueller says the federal agency played a big role in making that happen.

"We have worked together both New Orleans and in Houston to exchange intelligence information that will enable both Harold and the New Orleans police department to do the jobs. We recognize that not just in terms of New Orleans and Houston, but gangs and criminals that traverse the country now," said Mueller.

It's been well documented that after the storm, homicides here shot up more than 25 percent.

Chief Harold Hurtt said his department is getting a handle on it by targeting the hot spots and getting much-needed information on the criminals that came here from our neighboring state.

"I think we are doing a good job of sharing intelligence now because they are getting access to databases in Louisiana which we didn't have in the beginning. And we have identified a lot of people as you know, locally here in the media. We have done some roundups of some individuals from New Orleans that was involved in gang activity, as well as drugs, and we are going to stay on top of that," said Hurtt.

In New Orleans the chief says they're trying to stay on top of it too.

"Advise citizens that we're on it, let the gang members know that we're on it and to do all we can to discourage them from re-occupying or coming back to the city," said Riley.

In other words, both cities are cracking down on gangs and no one wants them to call their city home.

New Graffiti Signs Put Officials On Alert (KHOU-TV)

By Wendell Edwards, 11 News

KHOU-TV, March 25, 2006

At a fund-raiser for the Mademoiselles of Madison High School, washing cars was the easy part.

But the group said they wish keeping buildings graffiti-free in the neighborhood was just as simple.

“It’s a disgrace to the neighborhood,” student Kelcie Fields said. “It’s trashy.”

Houston is no stranger to gangs or how members mark their territory.

But when strange symbols and signs started showing up, Precinct 7 deputies took notice.

“It wasn’t very long after their arrival,” Sgt. Ray Hughes said. “They made themselves very known pretty quickly.”

Sgt. Ray Hughes said the new graffiti is from New Orleans gangs.

Authorities said the new markings are all over southeast and parts of southwest Houston, adding to an already crowded canvas.

“It’s very hard. I gotta tell you — we’re swamped,” Sgt. Hughes said. ”We try really hard to keep up with it but we can’t.”

In New Orleans, they aren’t called gangs. They are known as members of rival housing projects. But authorities said they have brought their turf war to Houston.

A war that includes graffiti and violent crime.

A battle that the FBI director said can be stopped with the help of local police.

"For us to be effective, we have to work together," FBI Director Robert Mueller said. "We are here in Houston and as well as back in New Orleans."

A crackdown that puts gangs on alert, authorities on patrol and a clear sign that neither side is backing down.

FBI Planning To Return To N.O. By Early June (NOTP)

By Charlie Chapple, St. Tammany Bureau

New Orleans Times-Picayune, March 25, 2006

Director tours temporary site

The FBI will move back into its New Orleans headquarters on the Lakefront by early June, agency Director Robert Mueller said Thursday after visiting agents in St. Tammany Parish.

"We expect to be back sometime in late May or early June," Mueller said after meeting with agents and other law enforcement officials at the FBI's temporary field office and compound at Covington Country Club.

After the FBI's Lakefront headquarters were heavily damaged by Hurricane Katrina, the agency rented the country club's clubhouse and turned the facility into a fenced and secured compound for agents and staff members.

Mueller, a former U.S. attorney and prosecutor who has led the agency since August 2001, said he has made several trips to the New Orleans area since the hurricane, but Thursday was his first visit to the temporary office.

Despite having to relocate and work under adverse conditions, local agents and staff have never missed a beat, Mueller said. They were able to salvage all evidence and case files from the New Orleans office after the storm, he said. And continuing fraud investigations have resulted in 71 indictments or charges, he said.

During his two-hour visit to the temporary office, Mueller also met with several state and local law enforcement officers, including State Police Superintendent Henry Whitehorn, St. Bernard Parish Sheriff Jack Stephens and representatives from the New Orleans Police Department, the Jefferson Parish Sheriff's Office and Plaquemines Parish Sheriff's Office.

Mueller said his visit had a dual purpose. "I wanted to talk to the FBI personnel here," Mueller said. "Many lost their homes and continued to work. I wanted to see how they were doing in terms of rebuilding."

The FBI head said he also wanted to thank state and local law enforcement officers for continuing the relationship they've built with the agency since Katrina and to "assure them we are ready for the next hurricane down the line."

As he waited to talk with Mueller, Stephens praised the FBI. "They're one federal agency which I have no complaints about," he said. "They were there for us when we needed them."

. . . . . .

Charlie Chapple can be reached at cchapple@timespicayune.com or (985) 898-4828.

6 Convicted Of Racketeering After Muscling In On Mob (NYT)

By JULIA PRESTON

The New York Times, March 25, 2006

Six men accused of being members of a gang led by Balkan immigrants that seized control of illegal gambling in old-time Mafia strongholds were convicted of racketeering yesterday in federal court.

Prosecutors charged that the organization, which they said was sometimes called the Corporation, had used strong-arm tactics to set up illegal gambling clubs in Astoria and Bayside, Queens, and in the Bronx, pushing aside the Luchese and Gambino crime family.

Gang leaders at one point sought to show their muscle by insisting on being seated at the old table of the late John J. Gotti, the don of the Gambino crime family, at Rao's restaurant in East Harlem, the prosecutors said.

After a three-month trial in Federal District Court in Manhattan, Alex Rudaj, who is from Montenegro and who prosecutors said was the ringleader of the Albanian organized crime group, and five other defendants were found guilty of multiple counts of racketeering, illegal gambling and extortion.

Mr. Rudaj and another defendant, Nardino Colotti, were acquitted of the most serious charge in the trial, the attempted murder of Gaetano Peduto, then an associate of the Bonnano crime family, during a Bronx car chase in 1993.

Mr. Rudaj's lawyer, James Kousouros, said that defeating the attempted murder charge was "huge" for the defense, because that charge carries a mandatory life sentence.

The jury also found the defendants not guilty of another serious charge of violence, a pistol-whipping attack in August 2001 on a gang rival.

But the guilty verdicts showed that the jury was amply persuaded that Mr. Rudaj, 38, and his associates were part of a criminal organization that spread its illegal gambling operation, often with threats of force, from Astoria to Westchester County. The assistant United States attorneys who prosecuted the case, Jennifer G. Rodgers, Timothy Treanor and Benjamin Gruenstein, said that Mr. Rudaj's group collected at least $4 million a year from a network of 50 video gambling machines. The machines are not illegal, prosecutors said, but collecting gambling proceeds from them is.

"They used force and intimidation as their primary business tactic," Ms. Rodgers said in her closing arguments on Dec. 19.

"They took and they tried to take territory by violence, force and threat of violence," she said.

Ms. Rodgers described an instance in which she said Mr. Rudaj had beaten an extortion victim to a "bloody pulp" and then complained that the victim's blood had spattered all over his off-white pants.

Mr. Kousouros never denied during the trial that Mr. Rudaj had engaged in gambling. "A lot of it," Mr. Kousouros said. But he argued that his client was not part of a violent organized crime group.

The other defendants were Nikola Dedaj, Prenka Ivezaj, Ljusa Nuculovic and Angelo DiPietro.

The jurors found that the gang, which prosecutors said was formed in 1993, engaged in loan sharking, and extorted bars and social clubs to force in their illegal gambling operations. The defendants face seven years to life. Mr. Kousouros said he planned an appeal for Mr. Rudaj on the extortion charges. </NYT_TEXT>

3 Plead Guilty In Conspiracy (WT)

By Jerry Seper, The Washington Times

The Washington Times, March 25, 2006

Two U.S. soldiers and a former Air Force sergeant have pleaded guilty in a widespread bribery and extortion conspiracy as part of an ongoing undercover investigation that has already resulted in 50 guilty pleas from servicemen and civilian government workers, Assistant Attorney General Alice S. Fisher said yesterday.

Pleading guilty in Tucson, Ariz., on Thursday to one count each of "conspiring to enrich themselves by obtaining cash bribes from persons they believed to be drug traffickers" were Curtis W. Boston II, 24, formerly a sergeant in the U.S. Air Force; U.S. Army Staff Sgt. Rodney E. Mills, 39; and Arizona National Guard Sgt. Gustavo C. Soto, 33.

Court documents show the smugglers were actually undercover FBI agents, part of "Operation Lively Green," with whom the three are accused of conspiring to use their positions to "assist, protect and participate in the activities of an illegal narcotics trafficking organization engaged in the business of transporting and distributing cocaine from Arizona to other locations in the southwestern United States."

In order to protect the cocaine shipments, the records said, the men wore their uniforms, carried official identification cards and drove in military vehicles to prevent police inspections for narcotics as they transported the drugs through U.S. Border Patrol, Arizona Department of Public Safety and Nevada law-enforcement checkpoints.

Mrs. Fisher, who heads the Justice Department's criminal division, said all the defendants escorted at least one shipment of cocaine from locations that included Nogales, Ariz., and Tucson, to large metro areas including Phoenix and Las Vegas. The three who pleaded guilty on Thursday accepted $50,000 in bribes for their participation. The conspiracy charge carries a maximum penalty of five years in prison and a $250,000 fine. All three agreed to cooperate in the ongoing investigation and will be sentenced in June.

The fifty who have already pleaded were involved in more than $420,000 in bribes, Justice Department officials said, adding that more than 1,500 pounds of cocaine was transported by the servicemen and others. They will also be sentenced in June.

Authorities detailed one of the previous cases where soldiers drove three official government vehicles, including two military Humvees, to a clandestine desert airstrip near Benson, Ariz., where they met a twin-engine King Air aircraft flown by undercover FBI agents.

While in full uniform, the soldiers supervised the unloading of more than 130 pounds of cocaine from the airplane into their vehicles, which they then delivered to other agents posing as high-echelon narcotics traffickers at a resort hotel in Phoenix, the authorities said.

The cases are part of a joint investigation by the Southern Arizona Corruption Task Force, which is comprised of the FBI, U.S. Drug Enforcement Administration, U.S. Immigration and Customs Enforcement and the Tucson Police Department.

IMMIGRATION:

Immigration To Take Center Stage At Trilateral Summit (KRT)

By William Douglas

Knight Ridder, March 25, 2006

WASHINGTON - President Bush will meet with Mexican President Vicente Fox in Cancun on Thursday to discuss immigration reform, even as the Senate debates whether to give legal status to the millions of illegal immigrants who are already in the United States.

Bush and Fox are scheduled to meet in the Yucatan vacation resort as part of a trilateral summit with new Canadian Prime Minister Stephen Harper. While Bush has serious economic issues to address with Harper, U.S.-Mexican immigration is expected to dominate the two-day meeting.

"The immigration debate is a vital debate for our country," Bush said Thursday, after a White House meeting on the issue with agricultural and faith-based leaders. "It must be done in a way that doesn't pit one group of people against another."

Given the political climate across the United States, it's doubtful that Bush will get his wish for a nondivisive debate. Many in Washington question whether any immigration legislation can pass this year. Bush is weakened by low approval ratings, and opposition to illegal immigration has become a red-hot issue in many states where lawmakers face voters in November. Moreover, several potential 2008 presidential candidates are weighing in from opposing sides, lessening the chance for compromise.

"There's nothing that Bush can promise credibly to the Mexicans," said George Grayson, a professor who specializes in U.S.-Mexico relations at Virginia's College of William and Mary. "He's had a rough couple of months, and the Republicans sought to separate themselves from him in the Dubai Ports deal. They have a chance to do it again with immigration."

That isn't stopping Bush from promoting his plan to overhaul immigration law. He highlights his call for a guest-worker program, which would allow illegal immigrants and foreign workers to apply for temporary legal status to accept U.S. jobs. After a maximum of six years, they would be required to go back to their home countries and wouldn't be placed on track for permanent residency.

Bowing to rising resentment of illegal immigrants across the heartland, Bush also has recently emphasized tighter security along the U.S.-Mexican border and called for illegal immigrants registering for his guest-worker program to pay unspecified fines.

Senate Majority Leader Bill Frist, R-Tenn., a potential 2008 presidential candidate, is staking out a harder stance. The Senate will begin two weeks of debate on immigration on Tuesday, and Frist is sponsoring a bill that would toughen border security without offering a guest-worker program.

His proposal mirrors an enforcement-only bill that the House of Representatives passed on Dec. 16. Lawmakers opposing the guest-worker plan say that giving illegal immigrants the opportunity to work and live here legally would reward bad behavior.

Meanwhile, on Monday the Senate Judiciary Committee will take up a bill by Sens. Edward Kennedy, D-Mass, and John McCain, R-Ariz., another likely 2008 presidential candidate, that would let illegal immigrants hold temporary work visas for up to six years after they pay $1,000 fines and pass background checks. Illegal immigrants could apply for permanent residence and eventual citizenship under the Kennedy-McCain measure.

Sen. Arlen Specter, R-Pa., the panel's chairman, is trying to broker a compromise that includes guest-worker and enforcement provisions.

Most experts think Bush faces an uphill fight to win congressional approval of any terms granting legal status to illegal aliens, which opponents denounce as amnesty for lawbreakers.

"I think it's going to be difficult for the president," said Ira Mehlman, spokesman for the Federation for American Immigration Reform, which opposes giving legal status to illegal aliens. "Whatever political capital he thought he had last year is spent and, like the rest of the federal government, is in deficit. Amnesty, on a visceral level, most Americans object to."

Polls reflect America's unease with some of the proposed changes. In a Quinnipiac national survey last month, 62 percent said they oppose making it easier for illegal immigrants to become citizens, while only 32 percent supported the idea. An NBC News/Wall Street Journal poll two weeks ago found that 56 percent said the United States shouldn't grant temporary worker status to illegal immigrants.

Mexican officials are under a growing sense of urgency after watching the issue heat up among their northern neighbors. Fox is in his last year in office and would like immigration reform to be part of his legacy, Grayson said.

"Fox leaves office and has precious little to show," Grayson said. "He's hoping to pull a rabbit out of his hat."

Seeking to influence U.S. lawmakers and public opinion, the Fox government paid $369,500 for full-page ads that advocate a guest-worker program and argue that Mexico should help the United States design it. The ads ran this week in The Washington Post, The New York Times and The Los Angeles Times.

"Perhaps we are at the most important moment in this debate in the last five, six years," said Geronimo Gutierrez, undersecretary for North America in Mexico's Ministry of Foreign Affairs. "... Anything can happen with migration reform in the U.S., and we are aware of that. ... We want to send a message that Mexico is part of the solution, not part of the problem."

The NBC News/Wall Street Journal Poll was taken March 10-13. The poll was a sampling of 1,005 adults - 48 percent male, 52 percent females. The margin of error is plus or minus 3.1 percentage points. The Quinnipiac University Poll was conducted Feb. 21-28 with 1,892 registered voters nationwide. The margin of error is plus or minus 2.3 percentage points.

Cornyn Vows To Oppose Immigration Bill (FWST)

By Dave Montgomery

The Fort Worth Star-Telegram, March 25, 2006

WASHINGTON — Sen. John Cornyn of Texas vowed Friday to oppose a bipartisan immigration measure that would put millions of illegal immigrants on track toward legalization, saying the bill would "encourage further disrespect for our laws."

The Texas Republican signaled his intention to oppose the bill, by Sens. John McCain, R-Ariz., and Edward Kennedy, D-Mass., amid signs that a tentative compromise among Senate Judiciary Committee members may be collapsing.

The Senate faces a showdown on immigration next week.

Senators are deeply divided over proposals to toughen border security and more comprehensive measures that would include President Bush's calls for a guest worker plan.

Senate Majority Leader Bill Frist, R-Tenn., said he will submit a limited border enforcement measure as a starting point unless the Judiciary Committee completes work on a more extensive plan embracing key elements of the McCain-Kennedy bill.

Frist gave the committee until late Monday to complete its work.

"I don't think the Judiciary Committee is going to be able to complete a bill by Monday," said Cornyn, a member of the panel and co-sponsor of a rival immigration bill. "There is just not enough time for us to have a committee product."

Most of the committee embraced a tentative compromise before Congress began a weeklong recess, with plans to return and vote on a final version Monday.

But immigration advocates said the agreement may be disintegrating as committee staff members struggle to draft a bill.

"I'm not sure that's holding," said Tamar Jacoby of the Manhattan Institute, which supports a guest worker plan. "The handshake from last Thursday is turning out to be pretty hard to write into legislative language."

The McCain-Kennedy bill would let illegal immigrants hold temporary work visas for up to six years after they pay a $1,000 fine, pass background checks and meet other conditions.

They would also be eligible to apply for permanent residence and eventual citizenship.

"I'm not going to vote for anything that essentially rewards illegal conduct," said Cornyn.

He described the McCain-Kennedy bill as amnesty for illegal immigrants.

The bill's supporters say the amnesty tag is inaccurate because illegal immigrants would have to pay a fine.

Thousands Rally For Immigrants' Rights (DMN)

By Michelle Mittelstadt

The Dallas Morning News, March 25, 2006

WASHINGTON – In church pews, union halls and now the streets of Chicago, Phoenix, Milwaukee and Los Angeles, hundreds of thousands have clamored in recent weeks for Congress to confer legal status on the country's 11 million-plus illegal immigrants.

The street rallies, scattered work stoppages and protests in cities across the nation are reaching a crescendo this weekend in preparation for Monday's launch of a two-week Senate debate to fix the deeply dysfunctional immigration system.

More than 20,000 spilled into the streets of Phoenix on Friday, marching on the office of a senator who wants illegal immigrants to leave the country before they can apply to return as temporary workers. Perhaps as many as a half-million marchers are expected today for a rally in Los Angeles, and hundreds more will gather at Dallas City Hall.

At the top of their agenda: Pressuring senators to bring the nation's illegal immigrants out of the shadows and create legal pathways for workers who want to come here in the future.

AP Thousands of supporters of immigrant rights clogged major thoroughfares in central Phoenix Friday.

"Not since the days of César Chavez have we seen such grassroots mobilization for any cause," said the Rev. Samuel Rodriguez Jr., head of the National Hispanic Christian Leadership Conference.

Said Joshua Hoyt, executive director of the Illinois Coalition for Immigrant and Refugee Rights: "Nothing like this has been seen in this country. And if it continues moving forward, it's the beginning of a massive immigrant civil-rights struggle."

Angered by the House's approval in December of an enforcement-only strategy that calls for Southwest border fencing, beefed-up security, and the criminalization of illegal immigrants and those who help them, the protesters are using street theater to flex their political muscle.

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"We believe this [proposal] is not fair and goes against human rights and, more importantly, against our Christian beliefs of providing protection to whomever needs it, no questions asked," said Gustavo Bujanda Reyes, leader of Redes Ciudadanas, a network of community groups in Dallas.

Support in doubt

With individual senators indicating a deep unease with some of the harshest House provisions, the Senate appears unlikely to embrace the House's course.

But it remains unclear whether there's enough support in the Senate for any type of plan to legalize illegal immigrants here and create a guest worker program for future arrivals – though advocates insist they remain hopeful.

Texas Sen. John Cornyn, who chairs the Senate immigration subcommittee, made clear Friday that he will oppose the leading legalization proposal, offered by Sens. John McCain, R-Ariz., and Edward Kennedy, D-Mass.

Their plan would place illegal immigrants on a path to eventual citizenship if they pay $2,000 in fines, make good on any back taxes, pass a criminal background check and demonstrate English proficiency.

The proposal "rewards illegal immigrants and will be considered an amnesty by Americans," Mr. Cornyn said. "It will encourage further disrespect for our laws, and will undercut our efforts to shore up homeland security."

Mr. Cornyn and a fellow Republican, Arizona Sen. Jon Kyl, have crafted a rival proposal that would permit illegal immigrants to become guest workers for six years but then require them to return home. That plan, derided as "report-to-deport" by critics, has received little support – and those who marched on Mr. Kyl's office Friday favor a much more liberal legalization plan.

'Anti-amnesty'

Though the protesters have received major attention, there's a quieter effort under way by opponents of a broad legalization program. Don Stewart, a spokesman for Mr. Cornyn, said that 50 to 60 percent of the calls to the senator's offices in Texas and Washington are "anti-amnesty."

"If we are just listening to our constituents here, I know where we are headed," Mr. Stewart said.

The showdown begins Monday when the Senate Judiciary Committee meets in a last-ditch bid to finalize several weeks of work on a massive immigration bill that would provide for increased border security and immigration enforcement – and possibly include a guest worker program.

The committee's slow pace was jolted when Senate Majority Leader Bill Frist, R-Tenn., imposed a tight deadline.

To the consternation of many senators, Dr. Frist has made clear that if the committee doesn't approve a bill Monday, he'll substitute his own border security plan for the Senate debate that kicks off Tuesday. Doing so, Sen. Dianne Feinstein, D-Calif., predicted, would lead to a "donnybrook" on the floor as senators fight to attach a slew of competing immigration plans to what's already a huge and complicated bill.

GOP schism

Fraught with controversy in the best of times, the immigration debate has been further complicated this year by a deep philosophical schism in the Republican Party and the presidential aspirations of Dr. Frist, Mr. McCain and other key players.

And while the immigration debate hasn't broken neatly along party lines, a rift opened this week when Senate Democratic Leader Harry Reid of Nevada threatened a filibuster or other legislative tactics if Dr. Frist brings up a bill that doesn't address the status of illegal immigrants.

President Bush, who has remained largely out of the legislative fray, on Thursday renewed his push for a bill that pairs increased border security with a guest worker program. He'll renew that message Monday in a speech in downtown Washington to a group of newest Americans: Those taking the oath of citizenship.

Al Dia staff writer Patricia Estrada contributed to this report.

In Bills' Small Print, Critics See A Threat To Immigration (NYT)

By Rachel L Swarns

The New York Times, March 25, 2006

WASHINGTON, March 24 — A little-noticed provision in two key Senate immigration bills would reshape the handling of immigration appeals cases and has touched off an outcry from several legal scholars, federal judges and the policy-making group for the federal courts.

The measure would designate the United States Court of Appeals for the Federal Circuit here, an administrative court that focuses primarily on patent cases and currently handles no immigration appeals, as the only court in the nation to handle immigration appeals. Such appeals are currently shared by the 12 other federal appellate courts.

The judges and scholars say that the circuit court in Washington, which handles about 1,500 nonimmigration cases a year, would be swamped by an additional 12,000 immigration cases. And they say that the court lacks the expertise to handle complex immigration cases, which often raise a host of constitutional and human-rights issues.

The question of how these cases are handled is particularly sensitive because federal appeals judges have sharply criticized what they have described as a pattern of biased and incoherent decisions from immigration judges in asylum cases, which make up the bulk of immigration appeals.

The two bills — one by Senator Arlen Specter, Republican of Pennsylvania and chairman of the Senate Judiciary Committee, the other by Senator Bill Frist, Republican of Tennessee and the majority leader — were intended in part to ease the burden on the nation's federal appeals courts, which have had a sharp increase in immigration cases. The provisions may come up for a vote in the Senate as early as next week.

Judiciary Committee staff members said that designating a single court to handle the cases would ensure a consistent standard for immigration decisions and discourage immigrants from shopping for favorable courts. They said that immigration lawyers would also be assigned to the court to help enhance expertise and that the number of judges would be increased to 15 from 12.

"You're trying to avoid forum shopping and trying to create a uniform national policy for immigration," said a senior aide to Mr. Specter who spoke on condition of anonymity because details of the legislation were still being negotiated.

But Richard A. Posner, a prominent federal appeals judge in Chicago, said the measures were "not a sound solution."

Even with the three additional judges, Judge Posner said, the annual caseload would surge to 900 per judge from 125.

"I cannot think of an area of law that is more remote from immigration than patents," the judge wrote to Senator Richard J. Durbin, an Illinois Democrat on the Judiciary Committee. "No doubt the judges of the federal circuit can become knowledgeable about immigration law, but they will be overwhelmed by the new caseload."

Leonidas Ralph Mecham, secretary for the Judicial Conference of the United States, a group of judges who make policy for the federal courts and who present the judiciary's views to Congress, raised similar concerns.

"No sufficient justification to support changing the status quo and shifting these cases from the regional courts to the Federal Circuit has been provided," Mr. Mecham wrote to Mr. Specter.

The judges also raised concerns about a proposal that would appoint a single judge to decide whether immigration cases were worthy of consideration for appeal. If the judge declined the case, no further review would be available.

Mr. Durbin said he planned to offer an amendment that would kill the measures, telling his colleagues on the Judiciary Committee that it would be premature to make such changes before holding hearings.

But the senior aide to Mr. Specter strongly defended the measure, noting that the Federal Circuit would have fewer cases than many of the federal appeals circuits, even with the additional workload. He also pointed out that most of the Federal Circuit's judges were generalists, not specialists, before they were appointed.

The surge in immigration appeals occurred after Attorney General John Ashcroft made changes in 2002 to streamline appellate review within the immigration courts.

Many appellate judges say those changes essentially shifted work to them. Immigration cases accounted for about 17 percent of all federal appeals cases last year, up from 3 percent in 2001. In New York and California, nearly 40 percent of federal appeals involved immigration.

Critics of the new legislation say that shifting appeals to Washington is misdirected and that a better solution would be to add resources to the overstrapped local immigration courts and to an interim-level immigration appeals court, known as the Board of Immigration Appeals. They said proposed increases in financing were inadequate, leaving immigration judges overburdened and threatening immigrants' rights to federal review.

"Congress needs to address the virtual collapse of the immigration judge and appeals system, not deny immigrants a chance to have their day in federal court," said Lucas Guttentag, director of the American Civil Liberties Union's immigrant rights project.

The American Intellectual Property Law Association, which represents 16,000 lawyers, also objects to the change, saying the caseload increase would hurt the way patent cases are handled.

Guest Worker Programs Have Flawed Past (MINNST/AP)

By Jim Abrams, Associated Press

Minneapolis Star Tribune, March 25, 2006

WASHINGTON (AP) - Proponents of a guest worker program to address the chaos of illegal immigration have a hard sell in front of them. Similar programs in the past have been plagued by abuses and have done little to stem the influx of undocumented workers.

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By JIM ABRAMS, Associated Press Writer WASHINGTON (AP) - Proponents of a guest worker program to address the chaos of illegal immigration have a hard sell in front of them. Similar programs in the past have been plagued by abuses and have done little to stem the influx of undocumented workers.

"These programs are seductive, and that is what is so troubling to us right now," said Ana Avendano, associate general counsel of the AFL-CIO. The labor federation has been critical of guest worker programs in proposed immigration reform legislation that the Senate will debate next week.

President Bush urged Congress two years ago to write new immigration law with a guest worker program that could provide legal status, but not a road to citizenship, for some of the 11 million undocumented immigrants in the country.

The hottest debate in the Senate will be whether to pass some version of a guest worker program proposed by Sens. John McCain, R-Ariz., and Edward Kennedy, D-Mass. The bill by McCain, a contender for the 2008 GOP presidential nomination, and Kennedy would provide up to 400,000 visas in the first year and allow participants, after six years, to seek permanent residency.

Their proposal, strongly backed by the business community, would supplement existing temporary worker programs, such as the H-2A program that brings about 45,000 agriculture workers into the country every year, and H-1B visas issued to up to 65,000 high-tech and other skilled foreign workers.

It also would build on a near-century old tradition of turning to foreign unskilled laborers, mainly from Mexico, in response to labor shortages, often during times of war.

"Its historic role has been as a national emergency program," Cornell University economist Vernon Briggs wrote in a 2004 paper. "They are extraordinary policies to be used as a last resort - and then only as temporary measures."

In 1917, during World War I, an agreement was reached with Mexico to let in unskilled workers. During the program's five-year life span, 77,000 Mexicans were admitted but fewer than half returned to Mexico. "The program spawned illegal immigration," Briggs said.

A much larger exchange, the Bracero program, began in 1942, during World War II, and continued in varying forms through 1964. Some 4.6 million Mexicans came to the United States, with a peak of 439,000 in 1959.

The program stipulated that guest workers were to get free housing, medical treatment, transportation and prevailing wages. The reality was often different.

Avendano of the AFL-CIO said workers were underpaid or cheated out of wages, exposed to unsafe conditions, faced racial discrimination and were saddled with debt from recruiters and employers. Workers were unable to exercise their rights because the employer could have them deported. Under such conditions, she said, "Workers would rather be undocumented because they have full mobility."

Others argue that guest worker programs create an underclass of foreign workers and stigmatize some jobs associated with foreign labor.

Kennedy, in a statement, agreed that the existing system hasn't worked because it allows "so much exploitation and abuse of temporary workers and undermines the jobs, wages and working conditions of U.S. workers."

But he said the McCain-Kennedy bill and others like it "will avoid those problems by streamlining the application process for employers and strengthening key protections for the workers."

Major immigration reform enacted in 1986 included language providing eventual permanent resident status to those who could prove they had worked in agriculture the previous year. Nearly 1 million applications were accepted. Critics argued that many used fraudulent documents and that this amnesty rewarded those who entered the country illegally.

In 1995, the U.S. Commission on Immigration, headed by the late Rep. Barbara Jordan, D-Texas, reported to Congress its unanimous conclusion that an agriculture guest worker program "is not in the national interest and ... would be a grievous mistake."

Sen. Dianne Feinstein, D-Calif., at recent Senate hearings on the immigration bill, said the recent tide of illegal immigrants raises "the question of whether guest worker programs become magnets for more undocumented populations."

Eliseo Medina, executive vice president of the Service Employees International Union, said his father was a "bracero" so he's "very aware of how these programs can be abused."

Medina said he supports the McCain-Kennedy approach because it gives temporary workers job portability, so they don't have to stay with an employer who mistreats them.

"When you were dependent on that one employer, people couldn't complain," Medina said. "That was my father's experience."

Immigrant Advocates Feel 'sense Of Urgency' About Border Policy (ADS)

By BRADY McCOMBS

Arizona Daily Star, March 24, 2006

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TUCSON, Ariz. -- Immigrant advocates across the country want to make sure nobody misses their message: Don't criminalize illegal entrants.

Groups have ramped up efforts this month by organizing large street rallies, holding press conferences and meeting with state and federal lawmakers.

"There is definitely a sense of urgency," said Geoffrey Boyce, spokesman for No More Deaths. "People are feeling like if our voices are going to be heard, now is the time."

On Thursday, Derechos Humanos and the Unidos en Arizona Coalition organized a press conference at El Tiradito Shrine in Downtown Tucson with three out-of-state legislators who spoke out against proposed immigration legislation.

Friday, a host of groups including Border Action Network and No More Deaths are organized a late-morning rally in Tucson. In Phoenix, organizers are expecting thousands at the rally there. Previous rallies held this month in Chicago; Washington, D.C.; and Trenton, N.J., have drawn thousands.

A week ago, the Coalition to Bring Down the Walls sent a delegation to Washington to meet with federal lawmakers about their concerns.

"I think the biggest advantage is that people are waking up and realizing that if they don't speak up now it will be too late," said Felix Ortiz, a Democratic assemblyman from New York and president of the National Hispanic Caucus of State Legislatures.

Ortiz was one of three members of the caucus who came to Tucson this week to see the border and show their support. Ryan Guillen, a Texas Democrat, and Minnie Gonzalez, a Connecticut Democrat, traveled into Mexico south of Sasabe Thursday to see a staging ground for illegal entrants preparing to enter the United States.

They told about 20 people Thursday that they must stand up against anti-immigrant legislation and demand legislation that respects the dignity and civil rights of illegal entrants. Guillen believes politicians will listen because of the power of the collective voice.

"I think they've woken a sleeping giant, and that's the reason this movement has started," Guillen said.

Jennifer Allen, director of the Border Action Network, said organizers are trying to make sure the rallies take place while the Senate Judiciary Committee is still considering legislation.

The source of the ire from the immigrant advocacy groups is directed at the Border Protection, Anti-Terrorism and Illegal Immigration Control Act, sponsored by Rep. James Sensenbrenner, R-Wis., passed by the House Dec. 16 by a vote of 239-182.

The proposal would create 700 miles of fence on along the border, make living in the country illegally a felony and increase penalties for employers who hire illegal workers.

20,000 In Phoenix Rally For Immigrant Rights (NYT/AP)

By The Associated Press

The New York Times, March 25, 2006

LOS ANGELES, March 24 (AP) — Thousands of people across the country protested Friday against legislation cracking down on illegal immigrants, with demonstrators in cities including Los Angeles, Phoenix and Atlanta staging school walkouts, marches and work stoppages.

Congress is considering bills that would make it a felony to be in the United States illegally, impose new penalties on employers who hire illegal immigrants and erect fences along one-third of the border with Mexico. The proposals have angered many Hispanics.

The Los Angeles demonstration led to fights between black and Hispanic students at one high school, but the protests were largely peaceful, the authorities said.

In Phoenix, the police said 20,000 people marched to the office of Senator Jon Kyl, a Republican and the co-sponsor of a bill that would give illegal immigrants up to five years to leave the country. Officials said it was one of the largest protests in the city's history.

Mr. Kyl pointed out that most were speaking out against the House bill making it a felony to be an illegal immigrant, not against his bill, which would also step up border enforcement and create a temporary guest-worker program.

In Georgia, activists said tens of thousands of workers did not show up at their jobs after calls to protest a state bill that would deny state services to adults living in the country illegally. The House passed the bill on Thursday, but it has yet to gain Senate approval.

In Atlanta, about 200 protesters converged on the steps of the State Capitol, some wrapped in Mexican flags and holding signs saying "Don't panic, we're Hispanic" and "We have a dream, too."

Marchers And Protestors Hit The Streets Of Arizona (KTV)

By Kaushal Patel

DOJ_NMG_0022218

KOLD-TV, March 25, 2006
KOLD News 13

Some say the solution to the problem is simple, but having lawmakers and protestors agree on a law that enhances border security, supports economic growth and gives lawful permanent residency for the millions of illegal immigrants in our country is a challenge.

Hundreds of mothers, children, teachers, and construction workers with American and Mexican flags stood on Ina and Oracle in front of Senator John Kyl's Tucson office.

Up in Phoenix, more than 20-thousand marched to Kyl's office.

All voicing their opposition for Bill H.R. 4437 that's headed for the Senate. If passed it makes it a felony for illegal immigrants to live here and penalizes anyone who helps them.

Some protestors believe the Sensenbrenner Bill H.R.4437 is similar to another bill Senator Kyl is trying to pass.

While Kyl is against amnesty, his bill proposes people who are here illegally sign up for a guest worker program and work for 5-years then go back to Mexico and re-apply.

Jim Peterson is running against Kyl in November and says it's time to get practical and produce a bill that's not a fantasy.

Kyl's bill passed in the house and on Monday will be voted on by the Senate Judiciary Committee.

High School Students Leave School To Protest Immigration Legislation (LAT)

By Michelle Keller And Anna Gorman, Times Staff Writers
The Los Angeles Times, March 25, 2006

Hundreds take to the streets to call attention to a Republican House bill that activists contend is punitive and tinged with racism.

On the eve of a large rally planned downtown, hundreds of Los Angeles-area high school students staged a walkout Friday to protest proposed federal legislation that calls for building a 700-mile-long wall along the Mexican border and making felons of illegal immigrants.

Disrupting classes at more than half a dozen schools, students marched onto city streets waving Mexican flags and clutching red, white and green balloons as they chanted "Viva Mexico!"

"Without immigrants, this country wouldn't be anything," said freshman Anna Benitez, as she joined about 500 fellow Huntington Park High students outside the school on Firestone Boulevard. "This protest is not about rebellion. We're not criminals. We're in this country to work."

Walkouts also took place at Garfield, Roosevelt and Montebello high schools, while students at South Gate, Bell and San Fernando high schools protested on campus. At Bell, teacher Joan Dooley said hundreds of students climbed the gates when administrators declared a lockdown.

"Those kids had a right to walk out," Dooley said. "When they saw this huge mob … they should have opened the gate."

Outside South East High in South Gate, at least one person was arrested on suspicion of throwing bottles at police officers, but it was unclear if it was a student, said Dan Isaacs, chief operating officer for the Los Angeles Unified School District. For the most part, however, the protests were peaceful, causing a few traffic tie-ups, he said.

In Riverside County, 400 students at two campuses in the Moreno Valley Unified School District held rallies but did not leave school grounds, officials said.

Students said they were protesting what activists see as mostly punitive legislation proposed by Rep. F. James Sensenbrenner Jr. (R-Wis.) that the House passed in December.

Sensenbrenner's bill would crack down on employers who hire illegal immigrants, penalize those who assist them and step up enforcement along the Mexican border, a move that could include erecting 700 miles of fencing.

The bill would also make it a felony to enter the country illegally. Supporters say tougher controls are needed to secure the country's border and to protect American jobs.

The Senate Judiciary Committee is scheduled to begin hearings Monday on a possible compromise bill, after several weeks of debate over whether to concentrate solely on enforcement or to also develop a temporary guest worker program. The highly charged issue has divided the Republican-controlled Congress.

"This economy is based on immigrants," said Garfield High School student William Pasillas, 14, who left campus Friday morning to participate in a rally. Pasillas said his parents came from Mexico in the 1970s and now are naturalized citizens. "Why shouldn't other people get that opportunity?"

Other students were protesting what they said was the racism that many immigrants face.

"I'm here to make sure that the Mexicans get their freedom, their rights," said Montebello High School student Jeannette Garcia, 15, who held up a sign that said "Freedom."

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Los Angeles school officials said activists and community groups e-mailed students, urging them to walk out. Several students said they received fliers and heard about the demonstrations from friends.

"We have always condoned freedom of expression on our campuses," said Isaacs, the L.A. Unified official. "We do not condone students leaving campus."

A protest march in downtown Los Angeles is planned for today as part of a "Weekend of Action" against the Sensenbrenner bill and related legislation. A similar demonstration in Phoenix on Friday drew more than 15,000 protesters.

Immigrant rights groups said they were demanding more tolerant and humane laws that would give undocumented workers a chance at becoming citizens.

"We want to send a message to Congress that enough is enough, that we need real reform that gives folks here a path to legal residency and citizenship," said Alvaro Huerta, spokesman for the Coalition for Humane Immigrant Rights of Los Angeles. "We don't want this second-class status."

Border Sheriffs Unite For Order (DMN)

By Alfredo Corchado

The Dallas Morning News, March 25, 2006

Officials from Texas to California want U.S. aid to halt drug violence

EL PASO – Border county sheriffs from Texas to California joined forces Friday in an effort to stop the violence along an increasingly chaotic U.S.-Mexico border and pressure the U.S. government to take control of its territory.

Following a two-day closed-door meeting here, sheriffs from California, Arizona and New Mexico pledged to work with their hosts, the 16-member Texas Sheriff Coalition, to stop traffickers and potential terrorists at the border.

"When you squeeze one area, other parts of the border heat up," said Sheriff Larry A. Dever of Cochise County in Bisbee, Ariz., referring to the attention now focused on the Laredo-Nuevo Laredo border region.

"There's a serious problem and it's not just on the border anymore," said Sheriff Dever. "It's now reached the interior of the country, and communities across the nation are beginning to feel the pinch."

Drug-related violence in Nuevo Laredo, Mexico, continues unchecked as the Gulf and Sinaloa cartels battle for control of the lucrative route from Nuevo Laredo via Interstate 35 through Texas and Dallas, an important hub for drug distribution, and north to Canada.

This week, authorities discovered three charred bodies in a shallow hole in the city. Last week, four federal police officers were assassinated, and two weeks ago gunmen killed the chief of the state police unit in Nuevo Laredo.

Sheriff Omar Lucio of Cameron County in the Lower Rio Grande Valley welcomed the sheriffs, saying: "In the end, the task of stopping traffickers and terrorists at the border falls on us. We have to stop these criminals before they reach Dallas, or Houston, or New York City."

The newly formed Southwest Border Sheriff's Coalition hopes to flex its political muscle in demanding more resources from Congress for one of the most impoverished regions in the country.

The new group includes all sheriffs' departments within the 24 border counties, from California to Texas.

Specifically, the sheriffs want more money for manpower, equipment and training. Timing is crucial. Congress is debating immigration reform, and one plan calls for earmarking $100 million to help sheriffs with increased resources.

The alliance grew out of concern about the killing of Mexican local, state and federal policemen, the discovery of underground tunnels used for smuggling drugs and what some called routine confrontation with drug smugglers "armed to the teeth," said Sheriff Rick Flores of Webb County, which includes Laredo.

"We're outgunned. We're outmanned. And we're outspent," Sheriff Flores said. "That's no way to protect our border and our country. It's shameful."

Most recently, the resignation of Nuevo Laredo Police Chief Omar Pimentel raised concerns among some of the sheriffs who view his departure as a sign that the Mexican government is losing control of the situation.

"He was in a tough situation, and I'm not surprised at all that he resigned," Sheriff Lucio said. "The violence from Nuevo Laredo is not just spilling across the border into Laredo and other Texas cities, but it's also spreading up and down the border, and that's a big concern for all of us here, especially for my county."

But U.S. Rep. Silvestre Reyes, a 26-year law enforcement veteran and former Border Patrol chief, cautioned sheriffs not to make Mexico a punching bag to justify increased funding. Cooperation between the countries, he said, is key.

"Mexico is a friend of ours, and we don't have an antagonistic relationship with them," the El Paso Democrat said. "We also know that the issue of corruption is big, but it doesn't stop at the border. It affects both sides."

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In a separate interview, Mr. Reyes added: "What kind of a border do we want with Mexico? Do we want a border fraught with barriers and walls, with deputies armed to the teeth with high-caliber weapons, or do we want a peaceful, tranquil border with a willing partner in Mexico? What's in our long-term interest?"

CONGRESS-ADMINISTRATION:

Bush And Cheney Go After The Democrats (AP)

By Deb Riechmann

AP, March 25, 2006

President Bush and Vice President Dick Cheney launched a one-two political punch against Democrats on Friday, saying they are ill-equipped to handle the economic recovery or the war on terror.

Shouldering dismal poll ratings, Bush worked to frame the debate ahead of this year's congressional elections by telling supporters that "the difference is clear" between the two parties on how to sustain the recovery.

"If you want the government in your pocket, vote Democrat," Bush said. "If you want to keep more of your hard-earned money, vote Republican."

Cheney, speaking at a GOP fundraiser in Orlando, Fla., took on Senate Democratic leader Harry Reid and party chairman Howard Dean by name. He said leading Democrats have demanded a "sudden withdrawal from the battle against terrorists in Iraq — the very kind of retreat that Osama bin Laden has been predicting."

"With that sorry record, the leaders of the Democratic Party have decided to run on the theme of competence. If they're competent to fight this war, then I ought to be singing on 'American Idol,'" Cheney said.

The remark drew robust laughter. "I don't know why that's funny," Cheney said at the event for Rep. Ric Keller (news, bio, voting record), R-Fla.

Democrats were quick to counterpunch.

"Under this administration's watch, Iraq has become a training ground and launching pad for international terrorism, North Korea has likely quadrupled its nuclear arsenal, bin Laden remains on the loose, terror attacks across the world are on the rise, and Katrina exposed the staggering gaps in the administration's ability to protect America," said Reid's spokesman, Jim Manley.

Democratic National Committee spokesman Luis Miranda said: "Instead of offering a plan for victory in Iraq, the vice president today again resorted to attacks to try to distract from the Bush administration's commitment to a failed strategy."

Bush and Cheney appeared to be repeating a page from the 2004 presidential campaign.

During a campaign stop then in Des Moines, Iowa, Cheney said a vote for Democrat John Kerry would risk another terror attack. Making the "wrong choice" on Election Day would mean Kerry would follow a pre-Sept. 11 policy of reacting defensively, Cheney said.

Some wary Republicans on the ballot in November have been trying to stay at arm's length from the White House to avoid being tainted by Bush's job approval ratings, in the 30s. But presidents attract crowds and supporters with deep pockets, and Bush remains the nation's most successful fundraiser.

Cheney, whose poll numbers are even lower than Bush's, is not far behind. Both have raised tens of millions of dollars for GOP congressional and gubernatorial candidates running in this year's midterm elections.

Bush spoke at a fundraiser for Rep. Mike Sodrel, raising more than $500,000 to help the freshman Republican beat Democrat Baron Hill. The race is considered a toss-up in the GOP quest to retain control of the House.

He said the Republicans have an economic record to run on, and he urged Congress to make permanent various tax cuts due to expire within a few years. He tried to draw a sharp contrast between the two parties' economic policies.

"In 2001, more than 90 percent of the congressional Democrats voted against cutting income tax rates," Bush said, referring to votes on his initial package of tax cuts.

He told the Republican audience that, by overwhelming margins, Democrats also voted to reject his legislation — which eventually passed — to provide tax relief for married couples, double the child credit and cut taxes on dividends and capital gains.

Later, the president traveled to an affluent Pittsburgh suburb to raise an estimated $700,000 for Sen. Rick Santorum (news, bio, voting record).

Santorum, trailing Casey in polls, broke with Bush on a plan to have an Arab company based in Dubai run terminals at some U.S. ports and has raised concerns about the administration's conduct of the war in Iraq. But Santorum met Bush at an airport in Pittsburgh, and the two smiled for cameras.

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Democrats are hungry for a victory in Pennsylvania and hope to replace the two-term senator with State Treasurer Bob Casey Jr., a Democrat who is against abortion.

"Senator Santorum and President Bush should publicly explain why they've advanced policies that have cost Pennsylvania over 180,000 manufacturing jobs and caused over 700,000 Pennsylvanians to lose their health insurance," said Casey spokesman Larry Smar. "Senator Santorum should work for the people of Pennsylvania and not be a rubber stamp in order to gain campaign cash."

Bush Shows Strategy For Keeping Hill Majorities (WP)

By Jim Vandehei

The Washington Post, March 25, 2006

Democrats Assailed On National Security, As Well as the Economy

INDIANAPOLIS, March 24 -- President Bush on Friday provided a preview of his two-front strategy for protecting the Republican congressional majority in an ominous political climate: hammer Democrats on national security and the economy, and raise millions of dollars for embattled GOP candidates such as Rep. Michael E. Sodrel (Ind.).

At a luncheon fundraiser here, Bush repeatedly called Sodrel an indispensable ally in fighting terrorism, and emphasized his support for the military and a robust U.S. foreign policy. Sodrel, he said, "understands this is a nation at war" against terrorists intent on striking America again. It is imperative that voters elect candidates who know that "there is an enemy which hates those of us who embrace freedom and would like to strike us again." He warned the crowd that Democrats will raise taxes and harm the economy if they are elected. "If you want the government in your pocket, vote Democrat," Bush said.

It was not cheap to hear the president's newest campaign pitch eight months before the midterm elections. Republicans paid $1,000 for the buffet lunch and presidential speech; $10,000 if they wanted a picture snapped at a private reception afterward. For Sodrel, who won by a thinner margin than any other House member in 2004, the $500,000 he expected to raise through the event is much needed to fend off a tough challenger, former Democratic representative Baron Hill. Afterward, Bush flew to Pennsylvania for a nighttime fundraiser that was expected to net half a million dollars for Sen. Rick Santorum (R-Pa.), who faces one of the toughest reelection campaigns in the country.

The back-to-back events capped a week that highlighted how a president dogged by sagging poll numbers and an unpopular war plans to help his party and himself. Election analysts say Republicans could lose seats, if not their House and Senate majorities, if the public's gloomy view of Bush, Congress and the direction of the country does not brighten this summer.

A Democratic majority in the House or the Senate would be likely to launch hearings and investigations into the war and other issues, and would be positioned to stop the Bush agenda in the remaining two years of the Bush presidency. "The Democrats' plan for 2006? Take the House and Senate, and impeach the president," Ken Mehlman, the chairman of the Republican National Committee, warned in a fundraising e-mail sent to party members this week. "With our nation at war, is this the kind of Congress you want?"

Bush is adjusting his approach to befit the environment and is shifting into campaign mode. He realizes, aides say, that he is no longer the political force he was in the days before the 2002 and 2004 elections, when lawmakers lined up for high-profile presidential visits. In fact, some lawmakers in tight races in swing states such as Ohio have passed on chances to appear side by side with Bush at recent events. Santorum, for instance, cited "scheduling conflicts" in skipping a recent Bush speech in his state but has not missed a chance to raise money with the president at private gatherings like the one held Friday night.

Bush remains popular with the Republican base, and he and Vice President Cheney are top fundraising draws. GOP strategists say Bush and Cheney have sent word to Capitol Hill that they would be happy to raise money even for those candidates who, for political reasons, want to put some distance between themselves and the White House.

The short-term goal is stabilize Bush's low public-approval ratings by talking about the progress and prospects for victory in Iraq. The White House also hopes to minimize intramural GOP feuding with a skeletal domestic agenda. Congressional leaders have a legislative schedule that will have members out of Washington much of the time.

With little notice, Cheney has emerged as a central player in this strategy. The vice president has participated in 46 fundraisers since the beginning of 2005, including 25 for House members, according to his office. He took part in five events this week alone, including one that raised $500,000 for Sen. Jon Kyl (R-Ariz.) Thursday night.

In Florida on Friday, Cheney played host at an event for Rep. Ric Keller (R) and offered a variation of the new White House attack on Democrats that aides said will become a staple of campaign-oriented speeches in the weeks ahead. Attacking figures ranging from Sen. John F. Kerry (Mass.) to Democratic National Committee Chairman Howard Dean, Cheney portrayed the entire Democratic leadership as wobbly in the fight against terrorism.

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"Leading Democrats have demanded a sudden withdrawal from the battle against terrorists in Iraq -- the very kind of retreat that Osama bin Laden has been predicting," Cheney said. "And with that sorry record, the leaders of the Democratic Party have decided to run on the theme of competence. If they're competent to fight this war, then I ought to be singing on 'American Idol.' "

Recent polls show a growing number of Americans questioning the competence of the Bush White House. Since the Hurricane Katrina disaster, Democrats have made the charge of incompetence the centerpiece of their attack on Bush, and many Republicans are worried that it is sticking. "The president and I welcome the debate, because every voter in America needs to know how the leaders of the Democratic Party view the war on terror," Cheney said.

Bush Slams Democrats On Taxes, War (LAT)

By James Gerstenzang

The Los Angeles Times, March 25, 2006

SEWICKLEY HEIGHTS, Pa. — President Bush focused on politics Friday, campaigning for two Republicans who face tough reelection challenges and sharply attacking Democrats over their opposition to tax cuts.

Vice President Dick Cheney also was on the campaign trail, headlining a fundraiser in Florida. He used the occasion to question the commitment by leading Democrats to the "the battle against terrorists in Iraq."

Accusing them of having a "sorry record" on that issue, Cheney said Democratic leaders had "decided to run on the theme of competence. If they're competent to fight this war, then I ought to be singing on 'American Idol.' "

After his crack drew a big laugh, Cheney — with a slight smile on his face — responded, "I don't know why that's funny."

Democrats lashed back.

"Under this administration's watch, Iraq has become a training ground and launching pad for international terrorism, North Korea has likely quadrupled its nuclear arsenal, [Osama] bin Laden remains on the loose, terror attacks across the world are on the rise, and Katrina exposed the staggering gaps in the administration's ability to protect America," said a spokesman for Senate Minority Leader Harry Reid (D-Nev.).

Bush began his day in Indianapolis, helping freshman Rep. Mike Sodrel raise $500,000 for his reelection bid. And he ended it in this tony suburb of Pittsburgh as the star attraction at an event expected to generate more than $1 million for Sen. Rick Santorum's run for a third term.

Bush has raised $88 million at 26 appearances in 2005 and 2006 for the GOP and its candidates, and Cheney has raised nearly $17 million at 47 events, according to Tracey Schmitt, communications director for the Republican National Committee.

Sodrel is facing yet another rematch with former Democratic lawmaker Baron Hill in a House race likely to be among the most competitive in the nation. Hill won a third term when he defeated Sodrel in 2002, but the Republican upended the incumbent in 2004, claiming the seat by fewer than 1,500 votes.

As he has all week, Bush delivered a strong pitch for fighting the war in Iraq.

"The only way that we can lose is if we lose our will," he said. "It's the only way we can lose."

But he also spotlighted domestic issues, blasting Democratic opposition to the tax cuts that have been at the core of his economic program.

"The Democratic Party has a clear record. In 2001, more than 90% of the congressional Democrats voted against cutting income tax rates," he said, referring to votes on the initial legislative package he proposed that year.

"The difference is clear," he went on, his voice rising to a near shout. "If you want the government in your pocket, vote Democrat. If you want to keep more of your hard-earned money, vote Republican."

The president made no public remarks during his stop for Santorum.

A conservative running behind in Pennsylvania polls, Santorum was waiting to greet Bush as the president descended the steps of Air Force One, which provided a brief photo opportunity. But the fundraising event at a nearby white brick home was closed to news coverage.

The low-key nature of Bush's visit was not surprising. He and his campaign team worked hard to try to carry Pennsylvania in the 2000 and 2004 presidential campaigns, but he lost the state both times.

Now with Bush's approval rating at an all-time low in several national polls, fewer GOP candidates regard a public appearance with the president as a way to capture the backing of swing voters. Instead, the president is relied upon to draw the party faithful — and their contributions.

Democrats view the Pennsylvania race as one of the prime opportunities to gain a Senate seat in November's election.

Santorum's likely opponent is Bob Casey Jr., the state treasurer who party leaders hope can peel away some of Santorum's support because he shares the incumbent's opposition to abortion rights.

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The Associated Press contributed to this report.

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Cheney Assails Democrats' `Competence' Against Terror (Update2) (BLOOM)

By Brendan Murray

Bloomberg, March 24, 2006

March 24 (Bloomberg) -- Vice President Dick Cheney said Democrats have a ``sorry record'' on national security and suggested the withdrawal of U.S. troops from Iraq they have proposed would fulfill the hopes of terrorist leader Osama Bin Laden.

``The leaders of the Democratic Party have decided to run on the theme of competence,'' Cheney said in Orlando at a fund- raising event for U.S. Representative Ric Keller, a Florida Republican. ``If they're competent to fight this war, then I ought to be singing on American Idol.''

Cheney was responding to statements by the Democratic National Committee, which has called the Bush administration and its Iraq war plan ``dangerously incompetent.'' U.S. Representative John Murtha, a Pennsylvania Democrat, and some other party lawmakers have called for the U.S. to begin a withdrawal from Iraq.

``Issues of national security will clearly be at the top of the agenda as the mid-term elections near,'' Cheney said. ``The president and I welcome the debate, because every voter in America needs to know how the leaders of the Democratic Party view the war on terror.''

The Bush administration has stepped up defense of its Iraq policy this week as the war enters its fourth year. Five times in the past seven days President George W. Bush has restated his reasoning behind the March 2003 invasion of Iraq, saying toppling Saddam Hussein's regime was an important part of the global war against terrorism.

Turbulence

In Indiana today, Bush said he understood that the ``turbulence on the TV screen affects the conscience of America.'' He maintained that Iraqi troops are improving and that the U.S. won't retreat.

Cheney said in Florida that ``leading Democrats have demanded a sudden withdrawal from the battle against terrorists in Iraq -- the very kind of retreat that Osama bin Laden has been predicting.''

``With that sorry record, the leaders of the Democratic Party have decided to run on the theme of competence,'' he said.

The U.S. military and their coalition partners in Iraq have battled an insurgency, and there have been 1,821 U.S. military personnel killed in combat since the start of the war, according to a Defense Department tally.

The financial cost of the conflicts in Iraq and Afghanistan has risen to $9.8 billion a month from the $6.8 billion a month the Pentagon said it spent last year, according to a report this month by the nonpartisan Congressional Research Service.

A Wall Street Journal/NBC News poll released March 16 showed 51 percent of respondents said the overthrow of Hussein's regime in Iraq hasn't been worth the cost in human and financial terms.

Debate

Opponents of an open-ended engagement in Iraq plan to try to force a debate in the House of Representatives, according to North Carolina Republican Walter B. Jones. Jones said he was ``very surprised'' at Bush's suggestion during a press conference this week that the next U.S. president would have to complete a pullout of troops.

``When you say to the American people and to the Congress, `Well, we've going to be there three more years from now and the next president can deal with it,' that to me, is not leadership,'' Jones said in a telephone interview today.

Jones, Republican Representatives Wayne Gilchrest of Maryland and Ron Paul of Texas, and a number of Democrats plan to seek a vote in the House on April 5 to force Republican leaders to open up a debate on Bush's Iraq policy.

``I do believe than many of my colleagues in the Republican Party are concerned by the fact that there seems to be no end point,'' to the U.S. military action in Iraq, Jones said.

Bush Visit Is Boon For Congressman (INDYSTAR)

By Bill Ruthhart

The Indianapolis Star, March 25, 2006

'Mike Sodrel understands,' Bush emphasizes at Downtown stop

President Bush called for resolve in Iraq and tax cuts at home during a stop in Indianapolis on Friday to help a Southern Indiana congressman facing a tough re-election race.

Airport stop: Upon his arrival in Indianapolis, President Bush gave Marvin Bardo the President's Volunteer Service Award. The Indianapolis resident co-founded the Kappa League, a mentoring program for high school males that emphasizes leadership and organizational skills, in 1994. - MATT KRYGER / The Star

ON THE ISSUES

Here's a quick look at what the president had to say in Indianapolis on a variety of issues:

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War against terrorism

"This turbulence on your TV screens affects the conscience of Americans. I know that, and so does the enemy. But amidst all the turmoil, I want you to remember that progress towards democracy is being made."

Tax cuts

"The fundamental question confronting us in Washington is how do we keep this economic recovery going. . . . The first thing is: Make the tax cuts permanent."

Education

"I think it makes sense if you're spending a lot of money to say to the school districts, 'Why don't you show us whether or not a child can read and write?' It seems like a legitimate question to me."

Alternative fuels

"I want people driving with corn extract, ethanol, grown right here in the state of Indiana in order to keep these cars moving."

Mitch Daniels

"I like a fellow who doesn't run a poll to tell him what to think. I like somebody who stands up and does what he thinks is right."

WORKERS NOT HAPPY ABOUT THIS 'HOLIDAY'

The president's visit Friday meant a half-day off without pay for 100 construction workers working on the airport's new terminal.

John Kish, the project director at the airport, said officials were told the construction site had to close at noon as part of the security for Bush's visit. Hourly construction workers did not receive pay for the afternoon because they could not work those hours, he said.

"The folks who were sent home without pay already had a short week with the snowstorm Monday, so they were particularly unhappy about it," Kish said.

With his own popularity at record lows, Bush made his second trip to Indiana in the past month to raise money for a congressional candidate -- this time for U.S. Rep. Mike Sodrel.

The president helped reel in an estimated $500,000 for Sodrel, who is expected to face a November rematch against former Democratic Rep. Baron Hill in Indiana's 9th District.

"I'm here because I strongly believe it's in Indiana's interest to send Mike Sodrel back to the United States Congress," Bush said. "Some of you are from his district, some of you aren't, but all of you are wise enough to know a good candidate when you see one."

Bush spoke for about 30 minutes at the Murat Centre in Downtown Indianapolis. Roughly 75 of the 500 chairs set up for the $1,000 per plate luncheon were empty, many of them in the back corners of the building's Egyptian Room.

"That clearly shows a lack of support for Mike Sodrel," said Indiana Democratic Party Chairman Dan Parker. "He couldn't fill up the room, even though he had the president there."

Campaign officials cautioned against putting too much emphasis on empty chairs. A number of people at the event also paid $10,000 for a picture with the president at a private reception before the speech. In addition, some paying guests couldn't come because of other commitments, and extra chairs are often set up for nonpaying guests.

Sodrel defeated Hill, then a three-term incumbent, in 2004 in one of the tightest congressional races nationwide.

Bush said he needs more "good, honest" men like Sodrel in Congress to help him push his agenda during the final two years of his presidency. Several times Bush laid out his policy positions, punctuated by the phrase "and Mike Sodrel understands that."

Perhaps his most emphatic call came for making permanent the tax cuts passed earlier in his presidency, which will expire in coming years if no action is taken.

"If you want the government in your pocket, vote Democrat," Bush said.

While the president has visited Indiana twice recently, he has made no appearances in a setting where the general public could see him.

"Bush and (Vice President Dick) Cheney both have been out at a lot of fundraisers," said Larry J. Sabato, director of the Center for Politics at the University of Virginia. "It's the one thing they both can still do for their party."

An Indianapolis Star poll two weeks ago showed Bush's approval rating had sunk to 37 percent among Hoosiers. Sabato said his national rating has been similar but added that more than 80 percent of Republicans still support the president.

"Despite his overall unpopularity, the president is still able to raise money for the congressmen who need it," Sabato said.

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Bush raised more than $600,000 in South Bend last month for U.S. Rep. Chris Chocola. Sodrel said the money raised Friday will be key to his campaign. The $500,000 is more than half of the $900,0000 he raised during all of last year. He spent $1.4 million in his 2004 campaign.

"This is a big boost for me, particularly to have it come this early in the election season," Sodrel said after the fundraiser.

Democrats criticized Bush for not traveling to Sodrel's district.

"He had to bring the president to Indianapolis to raise money for him, because it's clear he doesn't want to be seen with the president in his district," the Democrats' Parker said.

Sodrel denied the president is reluctant to partake in public events, saying, "A lot of the president's travel is in the public."

After leaving Indianapolis around 3:30 p.m., Bush flew to Pittsburgh for a fundraiser at a private residence for Sen. Rick Santorum, R-Pa.

Bush's popularity isn't sagging with Charlie Bryant, who drove up from Southern Indiana and paid $1,000 to attend the fundraiser.

"It was worth every penny," said Bryant, 63, a retired farm equipment dealer. "It's not every day you see the president of the United States."

Sodrel's campaign said it would pay $40,000 to reimburse the president's travel expenses, since the appearance was purely a political one. The Indianapolis Police Department spent an estimated $19,500 to free up 110 police officers to provide security for Bush's two-hour visit.

Cam Savage, a spokesman for Sodrel's office, said some cities in the past have requested reimbursements for such expenses if they are tied to a political trip from the president. Savage said Indianapolis typically doesn't and hadn't Thursday.

About 250 protesters gathered outside the Murat during the president's visit, including Harold Donle.

The 57-year-old ex-Marine from Greenwood shouted a popular cheer among protesters even though buses shielded them from Bush's arrival.

"Hey, ho, Bush and Cheney got to go! Bring the troops home now!"

Minute-by-minute Account Of Visit (INDYSTAR)

The Indianapolis Star, March 25, 2006

A team of Star reporters filed these accounts during President Bush's visit to Indianapolis.

3:34 P.M. -- President departs and one crewman moves on

If you're an airplane buff, you could spend a long time just staring at Air Force One. Especially at the Indianapolis International Airport, an aircraft of the Boeing 747's size stands out. Indianapolis is an airport served by mostly small "regional jets" and airliners no larger than the Boeing 737, Airbus 319 and DC-9. The largest plane to regularly use the Indianapolis airport is the MD-11 cargo plane that serves the FedEx freight terminal.

For the presidential visit, Bush's support equipment came in on a military C-17, an oversized plane that, with its huge, sloping wings, is an impressive sight -- but that aircraft is dwarfed by Air Force One.

Only a few people get to work on the huge plane, and for one of them the Friday trip was his final journey as a crew member. Air Force officer William Thomas of Maryland has worked in the plane's communications section for 20 years, and is moving on after the Indianapolis trip. His wife and infant daughter were at international arrivals to meet the president. "He was so friendly," Jennifer Thomas said about meeting Bush.

Air buffs might have gotten to see the president's plane in the air when the clouds weren't in the way, but they had little chance to see it on the ground. Only the tail was visible from the road that passes the international arrivals terminal, and that road was closed during the presidential visit.

The end of the presidential trip had the same sort of weather luck as the beginning. When word spread that the motorcade was rolling from Downtown to the airport, a high black cloud was forming to the west where it framed Air Force One. By the time the police motorcycle escort reached the international arrivals ramp, the cloud had moved overhead and was dropping snow on the area.

Bush got out of his limousine, walked up the main steps alone and waved twice, while the rest of the contingent went up the plane's back steps. Air Force One taxied away, reached the runway and took off, disappearing in the clouds and the spray kicked up by its engines. Barely five minutes after the motorcade reached the airport, the plane was loaded and leaving -- around 3:35 p.m., on time.

As soon as the plane moved out of sight, the same people who had worked hard to prepare for the started to undo what they had done. Cables were removed, barriers put away and equipment stored on the Air Force cargo plane.

-- Kevin O'Neal

3:16 P.M. -- Bush talks of tax cuts, Iraq

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Speaking for about 30 minutes, the president offered a folksy defense of his policies and made a hard push for a continued Republican-controlled Congress.

"I saw a threat in Saddam Hussein," he said. "Removing Saddam Hussein has made this nation and this world a safer place."

Bush acknowledged the current public nervousness about the war, but argued, "I'm not going to make up my mind about Iraq based on polls and focus groups."

The speech was little different than numerous others Bush has given. He pushed for tax cuts and Social Security reform.

He said members of Congress like Sodrel, "understand this is a nation at war," that needs to remain focused on national security. He spoke of enemies who have "an ideology of hatred" that can only be defeated "with a philosophy of light."

The room included many of the state's top Republican names, such as Gov. Mitch Daniels, but there were also dozens of empty seats.

-- Matt Tully

2:26 P.M. -- Hey, isn't that ...

No, it wasn't Richard Nixon, but many people did a double take on John Ancelep, 23, who works for a landscaping firm in downtown Indianapolis.

Clocking out a little early today, Ancelep - in a gray suit and tie - walked around the Murat with a first-class mask of Nixon.

He was hoping President Bush would see him - poised to give him the classic Nixon salute.

Two hands up, two fingers extended, "I am not a crook" - as a way of poining out what he calls a parallel between Bush and Nixon: "An unpopular president and an unpopular war," he said.

Ancelep said he got the mask last year for Halloween.

By now, he is one no more than a dozen people remaining outside the Murat. Most people took down their signs, rolled up their flags and left the area once Bush entered the Murat.

-- Rob Schneider

1:51 P.M. -- Motorcade arrives at Murat

President Bush has arrived in downtown Indianapolis.

The presidential motorcade pulled into New Jersey Street entrance to the Murat, zipping by protesters in the process.

Demonstrators rushed toward the intersection of Michigan and Alabama holding up signs. But Bush likely did not get much of a glimpse.

-- Rob Schneider

1:44 P.M. -- Air Force One lands

When Air Force One landed at Indianapolis International Airport at 1:22 p.m., light rain began to fall from the cloudy skies and by the time Bush's entourage had left the airport for the Murat downtown, the motorcade was wet from what had turned into a steady rainfall.

It was the exact opposite of a 1988 arrival, when the current president's father appeared with Dan Quayle at a campaign rally in Huntington, Ind. On that day, a rainy morning, the skies cleared and the sun came out just as the candidates emerged from the Huntington courthouse.

Today, the weather did not discourage Marvin Bardo of the Kappa Alpha Psi Fraternity, who was part of the welcoming party and briefly got to meet the President.

"It was pretty cool. He talked to me. He said thanks for volunteering," said Bardo of his momentary time with Bush.

Watching the presidential arrival gave an impression of how tightly organized the arrival business can be on Air Force One.

The first people to emerge from the Boeing 747 using a rear staircase were military assistants and the Washington D.C. press corps. Some of them had gathered next to one of the airplane's engines by the time the President emerged from a front door and came down one of the outside staircases at the airport.

After a brief meeting with Bardo and several others outside the plane, the president waved once again to the group watching, mostly reporters and photographers behind a steel barrier, got into a custom Cadillac limousine, and drove away.

Prominent at the end of the motorcade - and a reminder of how seriously this exercise is taken - was a Wishard Hospital advance life support medic ambulance.

-- Kevin O'Neal

1:37 P.M. -- Conrbread protest falters

They wanted to serve beans and cornbread - a cheap meal compared to the big-buck buffet inside the Murat - but a coalition of groups focused on hunger issues and economic justice - could not get a health permit in time for today's protest.

So instead, they're handing out cans of beans and boxes of cornbread.

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Meanwhile, about 250 people had lined the curbs along Alabama Street in front of the Murat, where a marquee was perhaps a little more welcoming than those chanting and holding signs.

The signs were varied:

"War is not the answer"

"$10,000: Lunch with Bush; Standing up for justice: priceless"

"Guilty of war crimes"

"Impeach bush"

Also, a large Hispanic group chanting slogans in Spanish protesting federal legislation making criminals out of people who assist undocumented workers - including social workers and churches.

-- Rob Schneider

1:06 P.M. -- Republicans nibble on appetizers, rhetoric

Inside the Murat, about 500 people are expected to turn out, according to organizers, a number that is expected to raise roughly $500,000 U.S. Rep. Mike Sodrel's reelection campaign.

The Republicans dined on fried appetizers and listened to red-meat speeches prior to Bush's arrival.

"You want to know what Baron Hill's supporters look like? said US Rep. Steve Buyer. "They are right across the street."

He was referring to protesters lined up to jeer the president, including a group of veterans who are against the war in Iraq.

The crowd so far includes several members of Gov. Mitch Daniels' administration, former Indianapolis Mayor Stephen Goldsmith and many Republican members of Congress and the Indiana General Assembly.

-- Matt Tully

12:45 P.M. -- Bush shielded from demonstrators

Protesters on both sides of the Bush fence stood shoulder to shoulder in front of the Chatterbox Tavern in the 400 block of Mass. Ave., just a block away from the Murat.

On one side was the Veterans For Peace, Indiana Chapter 49.

On the other, the College Republicans from Indiana University in Bloomington.

The veterans were holding American flags and their own black and white flag with an image of a dove. The young Republicans were holding Bush-Cheney signs from the presidential campaign.

Tara Virgil, an IU sophomore from Newberry, Ind., hoisted one sign up high, even though she had little hope that Bush would be able to see it as he rode the caravan to the Murat.

"We just wanted to show our support in general," said Virgil. "We support what he is doing for our country."

Meanwhile, 57-year-old ex-Marine Harold Donle of Greenwood was joining his fellow protesters with this chant: "Hey hey ho, Bush and Cheney got to go. Bring the troops home now."

A line of IndyGo buses filled the intersection of Mass. and Michigan, making it virtually impossible for anyone on the other side to see what was going on.

Donle was asked if he planned to do some marching today.

"Hell no, I've got diabetes. I am not going to march anywhere," he replied.

Donle added that he was sorry to see the buses lined up, indicating to him that Bush does not want to see anything unpleasant.

"We've got no business being in Iraq. He lied to get us into the war."

-- Rob Schneider

12:44 P.M. -- Hoping for more volunteers

With about 40 minutes before the president's arrival, the International Arrivals terminal has gotten busy. More reporters and guests have shown up, and the weather has improved - the morning's steady snow and drizzle has ended, although it's still cold and breezy.

While police milled around the International Arrivals ramp, drivers lined up the vans for the motorcade downtown and TV reporters got ready for the president's arrival, Marvin Bardo stood and watched the flurry of activity. "I think it's really exciting to see the cameras and the Secret Service and to see everyone running around like they're important," said Bardo, one of the leaders of the Kappa Alpha Psi fraternity in Indianapolis. The organization, which was active with a Black History Month information fair and a prostate cancer information program in February, drew the attention of the White House, and the president planned to meet Bardo when he made his trip to Indianapolis. Bardo didn't learn until Monday about the meeting.

He still doesn't know how he came to the White House's attention.

While Bardo's honored to have the chance to meet President Bush, he also hoping to use the event to attract more volunteers to work with the fraternity's programs. "You never have enough volunteers," he said, adding that people who want to help can check the fraternity's web site at http://www.indykappa.com/.

-- Kevin O'Neal

12:39 P.M. -- Motorcade drivers ready to roll

The guys behind the wheels of the Presidential motorcade got their official White House pins a few moments ago and promptly stuck them into their outfits, branding themselves as the official navigators of Bush's visit to Indianapolis.

There are seven drivers in all gathered at the airport along with a large contingent of media from local newspapers, radio stations and television stations. U.S. Rep. Mike Sodrel is busy working the media with interviews.

-- Bill Ruthhart

12:13 P.M. -- VIPs begin to arrive

Not only reporters are being kept at the international arrivals terminal in a medium-sized room, filled mostly with an X-ray machine and metal detector.

Marvin Bardo, the community volunteer who's due to get some attention from the president, is an early arrival at Indianapolis International Airport. Also on hand is Rep. Mike Sodrel, R-Ind., and a small entourage

.

"It's pretty hectic when you get an event like this," Sodrel said on his arrival. "People say it will be a tight race. I ran for Congress twice; both of them were tight races, and I don't think this will be any different."

Sodrel said he hopes to raise $500,000 - as much as a quarter of his campaign budget - from President Bush's visit.

Also there's Christi Boze, her husband and granddaughter, a three-decade GOP precinct committee leader in Anderson, who managed to work her connections and attend the arrival. Boze said she's met every president since Kennedy except Clinton and the second Bush.

On politics in Anderson, often controlled by Democrats, Boze said "For Republicans, politics is a hobby. For Democrats, politics is a profession."

The color scheme of this day is gray. The walls of the International Arrivals terminal are gray, matching the color of the rainy sky outside. The only sign of color for those waiting for the president is the yellow paint on the camera platform that will be used when Bush arrives in Indianapolis. The platform is visible from the holding room where reporters are waiting for the start of the trip. Already, that group has gone through the procedure of setting equipment bags on the floor and having one of the military police dogs sniff them for anything risky.

Other than the airliners outside in the murky gray, the only movement comes from plainclothes men in dark coats and suits, radio attachments inserted in one ear.

-- Kevin O'Neal

10:16 A.M. -- Snowflakes greet advance team

The National Weather Service got the forecast right. There are snow showers falling at the Indianapolis International Airport, creating a cold, non-glamorous atmosphere as the advance crew gathers for the arrival of President Bush.

The international arrivals terminal that the president will use looks at first as if it's a staging area for this week's winter storm. Some of the airport snowplows that were hard at work keeping runways clear are lined up along a fence outside the terminal. Those big, heavy trucks are clearly forming an additional barrier between the terminal's parking lot and the ramp where the president's plane will arrive. Already parked on that ramp is a big four-engine Air Force transport plane.

A collection of police is gathering in the parking lot, including a couple of military police from Midwest bases and their search dogs. They'll be used to check the terminal before the president arrives. One of those officers joked that the weather turned bad the last time Bush made a trip to the Midwest.

This chilly morning is far different than other times at this isolated terminal, when sports fans have gathered to greet the Pacers and Colts after big playoff victories on the road. And it's different than Bush's 2000 campaign trip to Indianapolis, where he arrived in a private jet, stopped at the smaller Raytheon hangar, and caught a ride down from then-mayor Steve Goldsmith.

Bush Visits Pittsburgh For Santorum Fund-raiser (PPG)

Pittsburgh Post-Gazette, March 25, 2006

Visit sparks evening protest vigil on downtown Sewickley corner

Above, President Bush encourages Sen. Rick Santorum, R-Pa., to wave to the traveling press corps after Air Force One landed yesterday at the 911th Airlift Wing at Pittsburgh International Airport.

Mr. Bush attended a fund-raiser for Mr. Santorum last night in Sewickley Heights. While at the airport, he also presented the President's Volunteer Service Award to Edy Hope, a volunteer with Carebreak at the Watson Institute in Sewickley who helps a family with a 6-year-old autistic girl.

Bush opponents, below, organized a demonstration in downtown Sewickley last night.

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Left to right, Clara Murray, 9; Pilar Puyana, 10; Mary Torrance, 10; Claire Torrance, 7; and Allegra Menniti, 10, all from Sewickley, protest President Bush?s visit to Santorum fund-raiser at the candlelight vigil took place at the corner of Broad and Beaver streets.

Cheney Goes On Attack In Orlando After Dems Blast Bush (ORS/AP)

By Travis Reed, Associated Press

The Orlando Sentinel, March 25, 2006

Vice President Dick Cheney blasted Democrats for opposing provisions of the Patriot Act and criticizing President Bush's approval of secret wiretaps for domestic surveillance at a fundraising lunch Friday.

Two days after Senate Democratic Leader Harry Reid called Bush "dangerously incompetent," Cheney said if Democrats were capable of handling the war on terror, "Then I ought to be singing on American Idol."

"The president and I welcome the debate, because every voter in America needs to know how the leaders of the Democratic party view the war on terror," he said at the event for U.S. Rep. Ric Keller, R-Orlando.

Reid had said the United States was failing military and economically in Iraq, and questioned why Bush was campaigning for Republicans instead of meeting with leaders in the Middle East.

Cheney defended the wiretaps, which he said the president has reauthorized more than 30 times since the Sept. 11 terrorist attacks, as "essential to the security of the United States."

"Instead of acknowledging the urgent need to track enemy communications in a time of war, some Democrats in Congress have decided that the president is the enemy, and that the terrorist surveillance program is grounds for censuring the president," Cheney said. "This outrageous proposition that we ought to protect the al-Qaida ability to communicate as they plot against America poses a key test for Democratic leaders. Do they support the extreme, counterproductive antics of a few, or do they support a lawful program vital to the security of this nation?"

The Orlando speech was one of several around the nation for Cheney, who along with Bush continues to rake in millions at campaign stops despite low approval ratings. Cheney was also scheduled to visit Jacksonville Friday before leaving Florida.

The 200-person event raised $225,000 for Keller, who faces two challengers for his central Florida seat.

Some candidates in targeted districts have sought to distance themselves from the administration, but Keller appeared onstage with Cheney.

In brief remarks before introducing Cheney, Keller said he told the vice president he opposed the abandoned Dubai-owned DP World bid to run terminals at some U.S. ports and an administration plan to sell nearly 1,000 acres of the Florida's Ocala National Forest.

"The vice president replied, 'Now don't be too hasty. Let's go hunting and we'll talk about it,'" Keller joked.

At a news conference before the speech, Democratic challenger Charlie Stuart criticized Keller for increasing the national debt and voting against veterans' benefits. Stuart's campaign has raised about $360,000, just a shade more than Keller netted from Cheney's visit alone.

However, the former office furniture executive and current business consultant, author and speaker said he welcomed the attention from Washington.

"I'm thrilled that they see such a challenge that they have to bring in the vice president this close to the campaign," he said, adding that he'd be appearing Sunday with former U.S. senator and Florida governor Bob Graham.

Keller's other Democratic challenger, Orange County Commissioner Homer Hartage, declined to comment Friday.

Cheney Stumps For Keller Campaign (ORS)

By David Damron

The Orlando Sentinel, March 25, 2006

The vice president defends the Bush tax cuts and helps Keller raise cash.

Vice President Dick Cheney touted a robust economy and defended the Bush administration's tax cuts and handling of the Iraq war to an Orlando crowd of fundraisers for U.S. Rep. Ric Keller on Friday.

Cheney said the country's low unemployment rate is in peril without locking in tax cuts that Keller, R-Orlando, helped President Bush pass.

"If we do nothing, Americans would face a massive tax increase," Cheney said. "Congress needs to make the Bush tax cuts permanent."

The Keller event raised $250,000 for a re-election campaign that now has $1.2 million. Keller faces a possible primary foe in Republican Elizabeth Doran. Democrats Charlie Stuart and Orange County Commissioner Homer Hartage also have announced to run.

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Keller waved off the Bush administration's low approval ratings in the polls and said Cheney's visit was not an indication that he was worried about his re-election chances.

But Keller said he used his private time with Cheney to not only discuss national security, but also political differences.

"I believe the vice president is the most effective vice president in the history of our country," Keller said. "But he realizes that I've opposed this administration on the ports deal, on the potential sale of part of the Ocala National Forest, and on the administration's attempt to get rid of the Perkins student-loan program."

The takeover of major U.S. ocean ports by a Middle East company touched off a political uproar when Bush approved of the deal. The Dubai-owned company later offered to transfer fully its U.S. operations to an unspecified American company.

Perkins loans are low-interest advances awarded to lower-income students based on need.

Restaurant owner Eric Holm liked Cheney's focus on preserving tax cuts and was reassured that national security is top priority. "Bottom line: We are secure," said Holm, 50.

Ashley Ansara, president of a Lake Mary financial holding company, said he hoped to hear more about controlling the deficit and pulling U.S. troops out of Iraq. "The civil war there has already set in."

A few protesters outside the Orlando Marriott Downtown event urged passers-by to "Drive Out the Bush Regime."

"I've just gotten tired of one scandal after another," said student Thomas Hellinger, 22. "There's a need for boots on the street."

Keller and Cheney both quipped about the vice president's recent shooting of a hunting companion. After sharing his political quarrels, Keller joked that Cheney responded, " 'Let's go hunting and we'll talk about it.' "

Cheney Gives Keller A Boost (FLTODAY)

By Patrick Peterson

Florida Today, March 25, 2006

ORLANDO - Vice President Dick Cheney raised $250,000 Friday at a fundraiser at the Downtown Marriott for 8th District Congressman Ric Keller.

From 200 lunch guests, Keller raised a quarter-million dollars, charging $500 for lunch, $1,000 for a photo session and received donations of up to $7,500, said a spokesman.

Cheney has raised $1.6 million this year at 11 other events, according to a report by The Associated Press.

Like Cheney, Keller has his supporters.

Republican restaurateur Eric Holm stands by Keller for sponsoring a bill that makes overeaters responsible for their weight gain.

"It made it difficult to sue us," said Holm, who owns 36 restaurants that specialize in beef.

"Ric Keller eats with us," added Holm, who attended with his wife, Diane. "I think he's a great congressman."

After a joke about shooting a Texas lawyer during a quail-hunting trip, Cheney read a speech that contained all the familiar positions and touchstones.

The economy is good. The Bush tax cuts should be permanent. Judicial restraint is ensconced in the U.S. Supreme Court. There will be no timeline for troop withdrawals.

And Iraqis are making progress, despite scores of civilian deaths daily, an elected government that cannot function and falling public support in the U.S.

"There's still hard work ahead in the war on terror," said Cheney, who added that progress has been "steady."

"We have no fear of the future because we intend to shape it," said Cheney, who wears the same brand of heart monitoring device as Keller.

Despite lagging poll numbers, President Bush and Cheney remain popular with their core supporters.

Even on the thorniest issues, Republicans remain staunch.

"I think we're doing the right thing in Iraq," said Khaled Akkawi, an Orlando shooting range owner who graduated from high school with Keller. "Sometimes, doing the right thing isn't popular."

Not every Republican at the Downtown Marriott was a supporter.

"I've been disappointed in two or three things," said Atlanta health care executive Joe Malloy, in town on business with his wife, Janet.

The Malloys waited in the lobby for a glimpse of Cheney, but did not attend the luncheon. They have given money to the Republican party, but intend to withhold financial support for a while.

The Malloys are not ready to abandon the GOP, however.

"I don't think (the Democrats) have a plan," Janet Malloy said.

Meanwhile, four protesters stood on a curb outside the Marriott, holding homemade banners.

"Can you believe what (the Republicans) are doing now?" said Miami Democrat Bob Kunst, referring to a proposed deal that would give a Hong Kong company control of some port security.

While Cheney spoke in the luxury hotel, Kunst campaigned on the street with a poster for New York Sen. Hillary Clinton, who has yet to declare that she will run for president in 2008.

"I've gotten a pretty good reaction," said Kunst, who said he has attended 120 demonstrations. "We could turn this thing around."

Bush, On The Road, Adds To G.O.P. War Chest (NYT)

By Sheryl Gay Stolberg

The New York Times, March 25, 2006

INDIANAPOLIS, March 24 — President Bush took to the campaign trail Friday, raising $1.2 million for two of his party's most vulnerable incumbents: Representative Mike Sodrel of Indiana and Senator Rick Santorum of Pennsylvania.

At a $1,000-a-plate luncheon in a downtown auditorium here, Mr. Bush delivered a 30-minute speech centered largely on a defense of the war in Iraq, and then exhorted the crowd of 500 to re-elect Mr. Sodrel, a freshman locked in a tight race against Baron Hill, a former Democratic congressman whom he unseated in 2004.

Later, Mr. Bush flew to Pennsylvania to join Mr. Santorum, who is facing a difficult race against the Democratic challenger, Robert P. Casey Jr., the state treasurer and son of a popular former governor.

The Santorum event, a dinner at a residence in the Pittsburgh suburb of Sewickley Heights, was closed to the press. That was standard procedure for the Bush White House when a fund-raiser is held at a private home, but an excuse for Democrats to make a case that growing numbers of Republicans no longer want to be seen in public with a president bedeviled by political woes.

Yet when Mr. Bush arrived at the Pittsburgh airport on Friday, Mr. Santorum was the first to greet him, and the president spun the senator so that he faced the press pool for photos of the two of them, according to the pool report.

Further, whatever Mr. Bush's poll ratings in a year when his party is running hard to retain its majorities in both houses of Congress, Republicans in trouble embrace him and Vice President Dick Cheney for their ability to raise money. The president has raised more than $12.5 million for Republicans this year, the Republican National Committee says, and Mr. Cheney more than $1.5 million.

The fund-raiser for Mr. Sodrel was Mr. Bush's fourth for a House member facing re-election in 2006, and Mr. Cheney has held about two dozen House events in recent months, said Carl Forti, spokesman for the National Republican Congressional Committee.

"The president and vice president are the best fund-raisers we have," said Mr. Forti, adding that the visits brought good local press for candidates. "They're on the front page of the paper the day before they come, the front page of the paper the day they're there and the front page the day after. It's great exposure."

Indeed, Mr. Sodrel was beaming Friday as he stood alongside Mr. Bush for the traditional grip-and-grin campaign photograph. His organization hoped to bring in $500,000 from the event.

But Mr. Bush's last fund-raising trip to Indiana, for Representative Chris Chocola, proved costly for the incumbent. The presidential visit generated critical news accounts about the security expense to taxpayers, and Mr. Chocola wound up promising to reimburse two Indiana communities, South Bend and Mishawaka, a total of $12,000.

And some Republicans, especially in swing states, do appear to be avoiding Mr. Bush and Mr. Cheney.

On Monday, for instance, Thomas H. Kean Jr., a Republican running for the Senate from New Jersey, took an uncommon route to a fund-raiser on his behalf featuring Mr. Cheney; Mr. Kean, who is challenging Senator Robert Menendez, became trapped in bumper-to-bumper traffic and did not arrive until after the vice president had left, prompting questions about whether he was practicing the politics of avoidance.

The same day, Senator Mike DeWine, an Ohio Republican in a tough race, skipped an appearance by Mr. Bush in Cleveland. His campaign spokesman, Brian Seitchik, said Friday that the senator had been in Florida with his father, who is recuperating from surgery.

That was not the only Bush trip Mr. DeWine has missed. When the president appeared in Dublin, Ohio, in February to talk about health care, Mr. DeWine was back in Washington, running a subcommittee hearing. And when Mr. Bush traveled to Ohio to raise money for Mr. DeWine, the senator did not welcome him at the airport. "He wanted to greet his guests, the attendees, personally," Mr. Seitchik explained.

Candidates Cool To Bush, But Not His Money (AP)

By Tom Raum

DOJ_NMG_0022232

AP, March 25, 2006

Many worried Republicans on the ballot in November have been pushing away from the White House, not wanting to be dragged under by President Bush's sinking approval ratings and growing anxiety over Iraq.

That doesn't mean they're fleeing his cash offerings, however.

Despite approval ratings in the mid-to-upper 30s, Bush remains the nation's most successful fundraiser. Vice President Dick Cheney, whose poll numbers are even lower than Bush's, is not far behind. Both have raised tens of millions of dollars for GOP congressional and gubernatorial candidates running in this year's midterm elections.

Even as some Republicans are becoming increasingly defiant on a range of issues, they're still lining up dutifully for the president's campaign dollars.

"I would be shocked if a legitimate Republican candidate, not just a fringe candidate, who got word that the president was coming to do a fundraiser said, `No, don't come to my district,'" said GOP consultant Rich Galen.

That said, Republican candidates don't want to be forced off message by such a visit and "have to spend the next two or three days talking about the president's policies ... or what happened yesterday in Ramadi (Iraq)," Galen said.

It has resulted in some fancy GOP footwork as candidates in tight races step away from Bush and Cheney on divisive issues but dance toward them when the subject is money.

Bush presided over a fundraiser Friday for Rep. Mike Sodrel of Indiana at The Murat Centre in Indianapolis, calling Sodrel "a strong supporter of the United States military" and citing "troubled times."

Another one was scheduled for later Friday for Sen. Rick Santorum (news, bio, voting record), R-Pa., at a private residence in the Pittsburgh area.

He's doing another fundraiser at a Washington hotel on Monday for Sen. Conrad Burns (news, bio, voting record), R-Mont., where $1,000 will get you in the door, and $10,000 in combined contributions from others will get you a "photo opportunity with the president," according to an invitation.

Bush and Santorum, the Senate's No. 3 Republican, are not scheduled to appear together publicly on Friday. Santorum, trailing Democrat Bob Casey in polls, broke with Bush on a plan to have an Arab company based in Dubai run terminals at some U.S. ports and has raised concerns about the administration's conduct of the war in Iraq.

When Bush went to Cleveland earlier in the week to make a major speech on Iraq, there was a noticeable absence of top Ohio Republicans, including Sen. Mike DeWine (news, bio, voting record), who is locked in a tight re-election race.

Cheney went to Newark, N.J., earlier in the week to help raise $400,000 for New Jersey GOP Senate candidate Tom Kean Jr. But Kean showed up 15 minutes after Cheney left. Kean said he got stuck in traffic, a claim critics questioned based on the route he took.

Michael Steele, the GOP Senate candidate in Maryland, skipped Bush's speech at the U.S. Naval Academy in November, but joined the president later at a $500,000 fundraiser.

At a local GOP gathering in Nevada last weekend, Republican Sen. John Ensign (news, bio, voting record) tied himself to Ronald Reagan rather than Bush, saying spending under the Bush administration "has upset me."

Rep. Jon Porter (news, bio, voting record), R-Nev., who also attended the gathering, told reporters: "I believe the president has his agenda, his focus. I have mine. I will always run on mine."

Worries over the Iraq war are weighing down all Republicans and causing strains between Bush and his congressional allies. "The big issue is now the war," said House Majority Leader John Boehner, R-Ohio.

In a White House news conference earlier this week, Bush acknowledged the war was dominating the nation's attention. "So there's a certain unease as you head into an election year. I understand that," he said.

A president is typically his party's fundraiser-in-chief, and Bush has embraced the role like no other, besting even the reception-loving Bill Clinton in total dollars collected. Bush headlined events that raised more than $140 million for Republican Party committees and candidates in each of the 2002 and 2004 election cycles.

In 2005, Bush held 20 fundraising events, raising $75.5 million, while Cheney held 36 events that brought in $15 million. So far this year, Bush has held six events raising $12.5 million, and Cheney has held 11 events that raised $1.6 million, according to a GOP tabulation.

"The Republicans want to make withdrawals from the White House ATM. But at the same time, they don't want to be photographed or be seen being anywhere near the White House at this time," said Phil Singer, spokesman for the Democratic Senatorial Campaign Committee.

But Brian Nick, spokesman of the counterpart National Republican Senatorial Committee, said the large sums of money that Bush and Cheney are able to attract are "indicative of what both the president and the vice president have been willing to do since their election. ... It shows the dedication to keeping the majority."

Polls show Bush and Cheney remain enormously popular with the GOP base and conservatives. An AP-Ipsos poll earlier this month showed Bush holding a 74 percent approval rating among Republicans, compared with 37 percent overall.

"He enjoys very strong support there. His problem is with swing voters," said Rutgers political scientist Ross Baker.

It is in states like New Jersey and Ohio, where swing voters have the most clout, that the races are the tightest, and where Democrats are working hard to tie Republican candidates to Bush administration policies.

Democrats, for instance, had some fun with Kean missing Cheney at the New Jersey fundraiser, pointing to news accounts that he had taken traffic-clogged Route 1 — at rush hour — rather than driving on the less-congested New Jersey Turnpike. "We made the photo that Tom Kean Jr. feared," said a Democratic news release with a computer-generated picture of Kean and Cheney standing side by side.

For his part, Cheney seemed to take Kean's absence in stride. "I do some of my best work when I'm without a candidate," he quipped at the fundraiser.

A New Poll: The Democrats By 9 Points (TIME)

Time, March 24, 2006

TIME's survey shows unhappiness with the GOP in Congress, but can the Democrats translate that into a power shift?

TIME's latest poll finds American voters heading into November's election dissatisfied with the Republican-dominated status quo, but not necessarily convinced that the answer lies in voting Democratic. The poll, conducted March 22-23, finds Americans unhappy with the performance of the Republican-controlled Congress — 39% approve, versus 49% who disapprove — and gives Democrats a 9-point lead when voters are asked to state which party's candidate they would choose for a House of Representatives seat (50% answered Democrat, 41% chose Republican). Voters favor Democratic control of Congress by 49% compared with 38% for Republican control.

But voter unhappiness over the Republican-controlled Congress and White House has not yet translated into a groundswell of support for the Democrats. Right now, the approval rating for Congressional Democrats is no higher (39%) than that of Republicans, and 56% of voters don't believe the Democrats offer a clear set of alternative policies. Nor will President Bush's dismal 39% approval rating necessarily drag down his party: almost half of voters (44%) were indifferent to whether their preferred Congressional candidate supports or opposes Bush.

Although the Democrats have a 14-point edge on the issue of dealing with corruption, one in three voters — including almost half of independents — says neither party has much to crow about on this issue. And one strong sign that a political earthquake is unlikely in November: almost two out of three respondents (63%) approved of the job their own congressional representative is doing.

At this stage, then, the Democrats' 9-point advantage in party preference may not be a reliable indicator of a shift in control of the House of Representatives. Democrats almost always trump Republicans on the generic party preference question in pre-election polling, but the voting day outcomes are often shaped by turnout. Indeed, the equivalent question in a spring 1994 Gallup survey gave the Democrats a 6-point lead — and that was the year of the Republican Revolution, in which Newt Gingrich's troops, armed with their Contract with America, gained control of both chambers of Congress.

Gingrich's Contract was a voter-friendly manifesto that tied together Republican advantages on themes as disparate as congressional ethics and tax policy into a manifesto for an electoral landslide. The Democrats may envy the former House Speaker's success in creating a winning narrative, given the large advantage they enjoy on issues such as rebuilding after Hurricane Katrina, protecting Americans' rights, standing up to special interests and corruption, managing government spending and tax policy. Still, the Republicans retain an 11-point edge over the Democrats on the question of dealing with terrorism, while voters are evenly split on the question of which party would better handle the war in Iraq — issues that were key to the Republicans' success in the last two elections.

Mr. Fix-It (NSWK)

By Eleanor Clift

Newsweek, March 24, 2006

Republicans hope that James Baker's involvement in the new Iraq Study Group will help them forge a path out of the war-torn country.

President Bush was trying to show resolve, but instead it looked like he was trying to pass the buck when he said the decision on when to withdraw U.S. troops from Iraq would be made by a future U.S. president and Iraqi government.

Handing off responsibility is a hallmark of Bush's leadership. He doesn't want to go down in history as the president who lost Iraq, so he'll hang tough and leave the day of reckoning to his successor. Stating publicly and proudly that there is no end in

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sight for the U.S. mission in Iraq feeds Bush's delusion that his determination—along with his low poll numbers—will be vindicated at some future date.

Bush has his eye on his legacy, but House Republicans have a more immediate concern—and that is how to save their jobs come November. "Stay the course" is not a popular slogan on the campaign trail. That's why a new Iraq Study Group commissioned by Congress and co-chaired by former cabinet member James A. Baker III, the Bush family Mr. Fix-It, is seen by many Republicans as their best hope to forge a path out of the hell that Iraq has become. It was Baker—the secretary of State in the first Bush administration—who parachuted into Florida after the disputed 2000 vote and executed the legal strategy that made Bush president. Now it's Baker's cunning and diplomatic deftness that Republicans hope will extricate them from Iraq, or at least give them some new talking points in the run-up to the election.

The commission was the inspiration of Virginia Republican Rep. Frank Wolf, a thoughtful moderate with genuine concerns about his party's policies in Iraq. He also has an important seat on the House Appropriations Committee, which decides the State Department's budget, so when it comes to diplomacy, he has a captive audience. Wolf has been calling for a fresh look at Iraq since at least last fall, and his main criterion for choosing the commission's 11 bipartisan members was that they bring a wow factor, that their very names would command attention. Co-chairing with Baker is the Democrats' Mr. Integrity, former Indiana congressman Lee Hamilton, who is fresh from co-chairing the 9/11 commission. Among the other luminaries are former New York mayor Rudy Giuliani and the Clinton's confidant—superlawyer Vernon Jordan. "They're going to go everywhere and look at this thing and come up with something, and the president will pay attention," vows a foreign-policy specialist who helped shape the idea.

The prospect of getting bailed out by his daddy's buddy must rankle Bush, but he needs a new approach. He can't keep asserting, as he did this week, that we're at war and he's got a plan for victory. Baker has an enviable track record in the diplomatic and political arenas, but he didn't do handstands when he got called to serve. "It's like being called over to the White House when you're 25 points behind and you're made chief of staff," says a former colleague. "The odds are against finding a solution." Still, if anybody can find a light to lead U.S. forces out of the current morass, it's Baker. There is a high degree of confidence in his abilities on both sides of the aisle. "He has the interest; he has the clout, and he'll make the time," says the foreign-policy adviser who worked with Baker in the former Bush administration.

Among Baker's admirers is former ambassador Joseph Wilson, who recalls the secretary of State's heroic efforts in putting together the coalition for the first gulf war. Wilson prefers to talk about the way ahead in Iraq rather than the still unresolved case of who leaked the identity of his wife, Valerie Plame, as a CIA operative. He told NEWSWEEK that a debate based on setting a timetable and exit strategies is "all wrong." Though Wilson gained notoriety as a critic of the Bush administration over its WMD claims, he stands with the president in believing U.S. troops cannot leave Iraq until there is a political solution. Wilson proposes what he calls a "concert of nations" that would bring together all the various factions and their patrons in the region, which means having the Iranians at the table along with the Saudis, Jordanians, Egyptians, Russians, some of the Europeans and the Turks. "If they're not there to hammer out a political solution, you can be darned sure they'll be there supporting their various factions as we go through cycle after cycle of instability, insurrection and civil war," he says.

They don't call it a "concert of nations" at the White House or at Baker's shop, but a similar proposal for a major diplomatic push is making the rounds. It would test U.S. leadership and force the administration to reach out to friends as well as foes. The one card Bush has left to play in November is that he's not backing down. Implicit in that statement is that the Democrats will. Whether the voters still buy the tough talk is another matter.

Near Paul Revere Country, Anti-Bush Cries Get Louder (WP)

By Michael Powell

The Washington Post, March 25, 2006

HOLYOKE, Mass. -- To drive through the mill towns and curling country roads here is to journey into New England's impeachment belt. Three of this state's 10 House members have called for the investigation and possible impeachment of President Bush.

Thirty miles north, residents in four Vermont villages voted earlier this month at annual town meetings to buy more rock salt, approve school budgets, and impeach the president for lying about Iraq having weapons of mass destruction and for sanctioning torture.

Window cleaner Ira Clemons put down his squeegee in the lobby of a city mall and stroked his goatee as he considered the question: Would you support your congressman's call to impeach Bush? His smile grew until it looked like a three-quarters moon.

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"Why not? The man's been lying from Jump Street on the war in Iraq," Clemons said. "Bush says there were weapons of mass destruction, but there wasn't. Says we had enough soldiers, but we didn't. Says it's not a civil war -- but it is." He added: "I was really upset about 9/11 -- so don't lie to me."

It would be a considerable overstatement to say the fledgling impeachment movement threatens to topple a presidency -- there are just 33 House co-sponsors of a motion by Rep. John Conyers Jr. (D-Mich.) to investigate and perhaps impeach Bush, and a large majority of elected Democrats think it is a bad idea. But talk bubbles up in many corners of the nation, and on the Internet, where several Web sites have led the charge, giving liberals an outlet for anger that has been years in the making.

"The value of a powerful idea, like impeachment of the president for criminal acts, is that it has a long shelf life and opens a debate," said Bill Goodman of the Center for Constitutional Rights, which represents Guantanamo Bay detainees.

The San Francisco Board of Supervisors voted last month to urge Congress to impeach Bush, as have state Democratic parties, including those of New Mexico, Nevada, North Carolina and Wisconsin. A Zogby International poll showed that 51 percent of respondents agreed that Bush should be impeached if he lied about Iraq, a far greater percentage than believed President Bill Clinton should be impeached during the Monica S. Lewinsky scandal.

And Harper's Magazine this month ran a cover piece titled "The Case for Impeachment: Why We Can No Longer Afford George W. Bush."

"If the president says 'We made mistakes,' fine, let's move on," said Rep. Michael E. Capuano (D-Mass.). "But if he lied to get America into a war, I can't imagine anything more impeachable."

Democrats remain far from unified. Prominent party leaders -- and a large majority of those in Congress -- distance themselves from the effort. They say the very word is a distraction, that talk of impeachment and censure reflect the polarization of politics. Activists spend too many hours dialing Democratic politicians and angrily demanding impeachment votes, they say.

In California, poet Kevin Hearle, an impeachment supporter, is challenging liberal Rep. Tom Lantos -- who opposes impeachment -- in the Democratic primary in June.

"Impeachment is an outlet for anger and frustration, which I share, but politics ain't therapy," said Rep. Barney Frank, a Massachusetts liberal who declined to sign the Conyers resolution. "Bush would much rather debate impeachment than the disastrous war in Iraq."

The GOP establishment has welcomed the threat. It has been a rough patch for the party -- Bush's approval ratings in polls are lower than for any president in recent history. With midterm elections in the offing, Republican leaders view impeachment as kerosene poured on the bonfires of their party base.

"The Democrats' plan for 2006?" Republican National Committee Chairman Ken Mehlman wrote in a fundraising e-mail Thursday. "Take the House and Senate and impeach the president. With our nation at war, is this the kind of Congress you want?"

The argument for an impeachment inquiry -- which draws support from prominent constitutional scholars such as Harvard's Laurence H. Tribe and former Reagan deputy attorney general Bruce Fein -- centers on Bush's conduct before and after the invasion of Iraq in 2003.

It is argued that Bush and his officials conspired to manufacture evidence of weapons of mass destruction to persuade Congress to approve the invasion. Former Treasury secretary Paul H. O'Neill told CBS News's "60 Minutes" that "from the very beginning there was a conviction that Saddam Hussein was a bad person and that he needed to go . . . it was all about finding a way to do it." And a senior British intelligence official wrote in what is now known as the "Downing Street memo" that Bush officials were intent on fixing "the intelligence and the facts . . . around the policy."

Critics point to Bush's approval of harsh interrogations of prisoners captured Iraq and Afghanistan, tactics that human rights groups such as Amnesty International say amount to torture. Bush also authorized warrantless electronic surveillance of telephone calls and e-mails, subjecting possibly thousands of Americans each year to eavesdropping since 2001.

"Bush is saying 'I'm the president' and, on a range of issues -- from war to torture to illegal surveillance -- 'I can do as I like,' " said Michael Ratner of the Center for Constitutional Rights. "This administration needs to be slapped down and held accountable for actions that could change the shape of our democracy."

Tribe wrote Conyers, dismissing Bush's defense of warrantless surveillance as "poppycock." It constituted, Tribe concluded, "as grave an abuse of executive authority as I can recall ever having studied."

But posed against this bill of aggrievement are legal and practical realities. Not all scholars, even of a liberal bent, agree that Bush has committed "high crimes and misdemeanors." Bush's legal advice may be wrong, they say, but still reside within the bounds of reason.

"The Clinton impeachment was plainly unconstitutional, and a Bush impeachment would be nearly as bad," said Cass R. Sunstein, a professor of constitutional law at the University of Chicago. "There is a very good argument that the president had it wrong on WMD in Iraq but that he was acting in complete good faith."

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Sunstein argues that Bush's decision to conduct surveillance of Americans without court approval flowed from Congress's vote to allow an armed struggle against al-Qaeda. "If you can kill them, why can't you spy on them?" Sunstein said, adding that this is a minority view.

Here in Massachusetts and Vermont, though, in the back roads and on the streets of Holyoke and Springfield, the discontent with Bush is palpable. These are states that, per capita, have sent disproportionate numbers of soldiers to Iraq. Many in these middle- and working-class towns are not pleased that so many friends and cousins are coming back wounded or dead.

"He picks and chooses his information and can't admit it's erroneous, and he annoys me," said Colleen Kucinski, walking Aleks, 5, and Gregory, 2, home.

Would she support impeachment? Kucinski wags her head "yes" before the question is finished. "Without a doubt. This is far more serious than Clinton and Monica. This is about life and death. We're fighting a war on his say-so and it was all wrong."

Senate To Hold Hearing On Feingold's Censure Resolution (FWST)

The Fort Worth Star-Telegram, March 25, 2006

WASHINGTON - The Senate Judiciary Committee has scheduled a hearing for next Friday on Sen. Russ Feingold's resolution to censure President Bush for authorizing a warrantless surveillance program.

Feingold, D-Wis., argues that the program is illegal. The White House maintains that Bush was authorized to do so under his powers as commander in chief.

So far, only two senators, Tom Harkin, D-Iowa, and Barbara Boxer, D-Calif., have co-sponsored the resolution.

A censure resolution, if adopted, would amount to Congress scolding the president.

Senator Sets Hearing On Censure Of Bush (NYT)

By The New York Times

The New York Times, March 25, 2006

WASHINGTON, March 24 — The Senate Judiciary Committee has set a hearing for next Friday on the call by Senator Russell D. Feingold, Democrat of Wisconsin, to censure President Bush for his approval of a program to allow electronic eavesdropping without warrants.

Senator Arlen Specter, the Pennsylvania Republican who is chairman of the panel, said he had decided to schedule the session after Mr. Feingold, in a television interview, pressed for hearings on the censure proposal.

Some Republicans have seized on the issue to rally their supporters by arguing that the censure plan is evidence that Democrats would try to take some action against Mr. Bush should they gain control of the House or Senate in the November elections.

The issue has also energized some Democrats who contend their party has shied from confronting Mr. Bush. But Mr. Feingold's Democratic colleagues have been cautious about endorsing the plan.

Mr. Specter said his intent was not to use the session as a political forum but to explore issues surrounding the proposed censure. He said he believed the proposal was baseless.

"I am prepared to deal with it," Mr. Specter said. "I am sure not going to sit back and have Feingold spout off."

First Lady Has Husband's Ear, Even About Staffing, She Says (NYT)

By Elisabeth Bumiller

The New York Times, March 25, 2006

WASHINGTON, March 24 — President Bush has said he is listening to advice about his staff from a lot of people, and one of them is evidently his wife.

In an interview with Larry King broadcast on CNN on Friday night, Laura Bush said that she advised her husband regularly on personnel, and she suggested that she had weighed in on the continuing calls from Republicans for new blood in the West Wing.

Mrs. Bush made her comments in response to questions from Mr. King about a Washington Post article on Friday by Sally Quinn. In a "Dear Laura" essay in the Style section, Ms. Quinn wrote that Mrs. Bush was the only person who could tell her husband the truth about the problems he faces.

With the president's poll numbers at record lows, Congressional Republicans in rebellion and Americans increasingly doubtful about the war in Iraq, Ms. Quinn advised Mrs. Bush to tell her husband that he needed to listen to outside opinion, pay attention to Congress and bring an old Washington hand into the White House.

Asked what she thought of the advice, Mrs. Bush said, "There's some of it that's right and some of it that isn't, of course."

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She added: "And I know that the view from outside is a lot different from the view that George and I have inside, with each other, by ourselves. And there's certainly some advice I would feel free to give him, and do. There's other advice that I really don't think I should give him."

Mr. King asked, "Like personnel?"

Mrs. Bush replied, "Well, no, I mean, I would certainly — that's one of the things we do talk about the most, are personalities. I know everyone as well as he does, who works here. I've worked with them also. So certainly I would give him that kind of advice."

Mrs. Bush also said: "This is so typical of Washington that on the front page of the Style section would be the advice to the first lady. But I take advice to heart. I really do."

In the same interview, Mrs. Bush restated that she thought Secretary of State Condoleezza Rice would make an "excellent" president, "but I don't think we can talk her into running."

The first lady added, "I think she sincerely does not want to run, but I wish she would."

Mrs. Bush said that Ms. Rice "probably wants to move back to California and have a wonderful life, post-secretary of state."

Bush Accepts Reds' Pitch (CINE)

By Howard Wilkinson

The Cincinnati Enquirer, March 25, 2006

President Bush will become the first sitting president to throw out the ceremonial first pitch at the Reds' Opening Day game, the White House and the team confirmed Friday.

Bush will take the mound shortly before the 2:10 p.m. start of the Reds' game against the Chicago Cubs on April 3.

"The president looks forward to throwing out the first pitch," White House spokesman Blair Jones said.

Bob Castellini, the Reds' new chief executive officer, has been a Bush supporter, raising more than $100,000 for the president's 2004 re-election campaign.

Last month, Castellini was among those who greeted the president at a private home in Indian Hill, where Bush attended a $1.1 million fundraiser for Sen. Mike DeWine.

DeWine, a Reds season-ticket holder since the early days of Riverfront Stadium, will be in his seat on the mezzanine level for Opening Day.

President Bush won't be the first of his family to throw out a first pitch on Opening Day. Three years ago, at the inaugural game of Great American Ball Park, his father, former President George H.W. Bush, did the honors.

Having a president in the ball park will mean extra security, and if it is anything like the 2004 Opening Day, when Vice President Dick Cheney tossed out the ball, fans can expect some delays getting to their seats.

When Cheney came to Opening Day, fans with tickets in the lower terrace level, from first base to third base, had to pass through metal detectors to get to their seats, in addition to the usual bag check outside the ballpark's turnstiles.

The extra security meant that some got to their seats after the real "first pitch" of the game.

President Nixon came to Cincinnati in July, 1970, Riverfront Stadium's inaugural season, to throw out the first pitch at the All-Star Game.

Last year, President Bush threw out the ceremonial first pitch in Washington, D.C., for the first home game of the Washington Nationals.

States Get Reimbursement For Katrina Aid (AP)

AP, March 25, 2006

The federal government released $1.5 billion on Friday to offset health care expenses that states incurred when assisting Hurricane Katrina evacuees.

Congress set aside $2 billion to reimburse states. The $500 million not distributed yet will cover future expenses.

After the hurricane, the federal government granted waivers to states that had temporarily enrolled evacuees into their Medicaid programs. The benefits particularly targeted low-income children, pregnant women, the elderly and disabled.

Medicaid is the state-federal health insurance program for the poor. The reimbursement can also be used to leverage an additional $4.5 billion in federal funding, officials with the Department of Health and Human Services said.

The states getting relief funds are Texas, Alabama, Mississippi, Florida, Idaho, Arkansas, Georgia, Tennessee, South Carolina, Indiana, Maryland, Louisiana, Nevada, California, Ohio, Rhode Island, North Carolina, Wyoming, Arizona, Massachusetts, North Dakota, Delaware, Pennsylvania, Oregon, Iowa, Virginia, Minnesota, Montana, Utah and Wisconsin. Puerto Rico and the District of Columbia also received funding.

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Seniors Struggle To Get Drug Plans To Pay For Some Prescriptions (KRT)

By Tony Pugh

Knight Ridder, March 25, 2006

WASHINGTON - Some patients and doctors are facing a new problem with the fledgling Medicare prescription drug benefit: Medications they once received without question from other plans are being denied by the private insurers running the Medicare plan.

When they appeal the coverage denials, the patients and their physicians face confusing forms, time-consuming demands for personal medical information and long delays.

In some cases, the private plans won't cover the full dosage called for in a prescription or try to steer patients to drugs other than those prescribed by their doctors.

When disputes arise, doctors are asked to justify their prescribing decisions in writing, sometimes with patients' medical histories or test results as supporting evidence. Some plans even ask for doctors' notes or for peer-reviewed articles that justify their decisions.

"Whether intended or not, it's a process that nobody can navigate in an efficient way. It's a major problem right now," said Sam Muszynski, head of health care systems and financing at the American Psychiatric Institute.

And many fear things will worsen in April when tens of thousands of elderly and disabled patients must formally petition the plans to get refills on medications that were provided on a temporary emergency basis.

"The system is going to melt down, and I think it's going to require some emergency legislation," said Dr. Holly Leeds, a general practitioner in Auburn, Calif.

Amid widespread complaints about coverage lapses following the January launch of the Medicare drug benefit, federal officials told plans to pay for drugs that they wouldn't normally cover until March 31. Meanwhile, patients were urged to either switch to medications that were covered or file appeals to have the plans pay for their preferred drugs.

Many of those who petitioned the plans say the appeals process is often a poorly managed, highly subjective nightmare. Doctors say phone delays frequently leave their staff on hold with the plans for hours.

Some plans don't meet mandatory time requirements to resolve appeals. Dr. Elizabeth Delesante, a psychiatrist in Brainerd, Minn., said she still hasn't heard from anyone at the Humana plan she filed two appeals with in January.

Delesante gives her patients free samples to ensure that they get their medication while the cases are pending. "If it weren't for that, these people would be in trouble," she said. Officials at Humana said they have contacted Delesante and will work to resolve her complaints.

Doctors also say it's hard getting the proper forms from the Medicare plans. "And none of these are standardized forms. Every company uses a different one, which is ridiculous," said Dr. Rosemary Deleo of Kingston, N.Y.

Mohit Ghose, a spokesman for America's Health Insurance Plans, a trade association, acknowledged that the process has problems. He said the plans are working with Medicare and physician groups to develop standardized appeals forms to simplify the process.

The plans also will soon offer a messaging system that gives pharmacists a list of alternative medications that patients can use when a plan denies a prescription request.

"I can assure you that the processes are getting better and they are getting streamlined," Ghose said.

Medicare administrator Mark McClellan said the agency will monitor complaints about the appeals process and could levy fines and penalties if widespread problems persist.

To avoid further complications, Medicare is urging the plans to alert members whose medications will no longer be covered in April. Medicare officials also want the plans to increase telephone staffing for the expected rush of appeals and to extend drug coverage for people who haven't resolved appeals by March 31.

But many worry that patients who lose their appeals could be forced to take less effective alternative medicines or, at worst, drugs that could endanger their health.

Don Riley of Danville, Ohio, is a 72-year-old retired truck driver. A diabetic stroke victim with heart problems and failing kidneys, Riley takes 12 medications a day, including Norvasc for high blood pressure.

Riley has used Norvasc since 2004, but after his drug coverage shifted from Medicaid to Medicare in January, he ran into problems. Riley's Medicare plan from United Healthcare won't pay for the drug in the amount prescribed by his doctors - two 10mg tablets a day.

The plan would cover only one 10mg tablet a day. To continue the higher dosages, the plan wanted a written explanation and supporting documents from his doctors. One doctor complied. Another refused, unwilling to spend untold hours on the phone chasing plan representatives, said Riley's daughter-in-law, Paula Riley.

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After Riley was denied twice by the plan, Paula Riley started working with attorneys from the Medicare Rights Center, a national patient advocacy group, to appeal the case to a mediator that's contracted by Medicare. Until his case is resolved, Riley is taking only half his Norvasc dosage, and his blood pressure is creeping up.

The plan said he can switch to a new medication that's fully covered, but his family is reluctant because neuropathy has diminished his ability to feel what's going on in his body.

"If he changes medicines and has a side effect, he can't feel it or tell you what it is," Paula Riley said. "The only way we can detect it is by having him on a monitor or watching him. And I don't have 24 hours a day to watch this man. So I don't want to change what's working. I don't feel I should have to."

Neither does Dr. Larry Fields, president of the American Academy of Family Physicians. He said that if a doctor thinks a higher dose is needed, the drug plan should stay out of it.

"That's a doctor's decision. The doctor is taking the responsibility to give a different dose and that should not be something that the plan's involved in," Fields said. "Their job is to supply drugs for the patients. ... It's not their job to decide which drug and it's not their job to decide how much."

Because of privacy laws, United Healthcare officials couldn't comment directly on Riley's case. But they said U.S. Food and Drug Administration guidelines set the maximum dosage level for Norvasc at 10mg per day. Federal rules require Medicare drug plans to follow these guidelines and other medically accepted practices when covering drugs under the Medicare benefit, said United Healthcare spokeswoman Joyce Larkin.

While doctors often exceed FDA-recommended dosing levels and sometimes prescribe drugs for ailments they weren't designed to treat, these practices require strict review by Medicare plans to determine their medical appropriateness and eligibility for program coverage.

If a Medicare drug plan denies a prescription request, the patient or doctor can call the plan to seek a coverage exception. Plans are required to respond within 72 hours or within 24 hours if a doctor makes an expedited request for a patient whose health is in danger.

If the plan denies the request, the patient can seek a second review by the plan. Second reviews must be decided within seven days or 72 hours for an expedited appeal. Leeds said that most plans don't meet the time requirements, even on the expedited requests. "If I'm lucky it might happen, but more often than not, it doesn't," she said.

If a patient still isn't satisfied, he or she can appeal the case to an independent review agency contracted by Medicare, the Maximus Center for Health Dispute Resolution. So far, the company has received nearly 1,000 requests for appeals, McClellan said.

Additional appeals can then go to an administrative law judge, to the Medicare Appeals Council and even to federal court.

As Parents Age, Baby Boomers And Business Struggle To Cope (NYT)

By Jane Gross

The New York Times, March 25, 2006

Nancy Goodman's employer, a telecommunications company in Boston, offers benefits to help employees care for elderly parents. But she found them nearly useless during four years of caring for her mother, who has Parkinson's disease, and her father, who died of kidney failure last year.

"They say they want to do the right thing," Ms. Goodman, 58, said of her employer, which she would not identify for fear of losing her job. "But when it comes down to it, they're not seeing the true picture."

Ms. Goodman's lament is common, as corporate America scrambles to help the soaring number of baby boomers, mostly working women, whose obligation to frail, elderly parents results in absenteeism, workday distractions or stress-related health problems.

Companies are responding, but experts say they often use child care benefits as a model when they do not suit the different and unpredictable needs of the elderly. In addition, at a time of cutbacks in expensive health insurance and pensions, the most commonly offered benefits are those that cost a company little or nothing, like referral services and unpaid leaves.

Ms. Goodman, for instance, tried her company's referral service to supplement inadequate staffing when her parents lived at an assisted living center in Connecticut. It was "like going to the yellow pages," she said, since it did not relieve her of the time-consuming tasks of arranging for and supervising the services from afar. Ms. Goodman was also entitled to a year's leave of absence, a benefit a new mother might appreciate. But if she took a leave now, what happened if her mother lingered?

Employees with ailing parents, more than 20 million nationwide, cite other benefits that would allow them to focus more on their jobs, like geriatric case managers to guide them through the mysteries of Medicaid and Medicare, or backup care for emergencies like a last-minute business trip. Companies that offer this kind of hands-on assistance generally pay for at least part of the service.

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But they are rare. According to the Society for Human Resource Management, which represents more than 200,000 human resource and other corporate officials, 39 percent of its members said in 2003 that elder care benefits were "too costly to be feasible." Only 1 percent of their companies subsidized any elder care benefits last year. And only 3 percent offered the emergency backup care — subsidized or otherwise — that experts say saves money by keeping workers at work.

"The perception among companies is that they can't afford elder care benefits," said Frank Scanlan, a spokesman for the society.

It is the largest companies that are the most generous, but even those often subscribe to the mistaken notion that the Mommy Track and the Daughter Track are the same, said Chris Gatti, president of the Work Options Group in Superior, Colo. Work Options, whose clients employ 400,000 people nationwide, provides in-home care for children and the elderly.

"These benefits fall under the same umbrella but are fundamentally different," Mr. Gatti said. "Child care programs are relatively straight-forward and easy to administer compared to elder care, which is a maze with lots of sharp corners and dark secluded places."

An individual supervisor can ease an employee's burden but still leave them vulnerable to management changes. Just 6 percent of employers have written policies about elder care, according to surveys by the Society for Human Resource Management, while 76 percent say they help employees on a case-by-case basis.

For Ms. Goodman, the one godsend since her father died and her mother moved into her Boston apartment has been permission to work at home. But that is likely to change with a new boss. "I'm walking on eggs right now," Ms. Goodman said.

The distinctions between child care and elder care have become apparent as the first of the 77 million baby boomers turn 60 and their parents live past 85, joining the fastest-growing segment of the population.

The most obvious is that children's schedules are predictable — a school holiday next Monday — while elderly parents' needs — a trip to the emergency room — are crisis-driven. Also, children are raised at home; an elderly parent often lives far away.

Guiding the decisions of an elderly parent also requires mastery of arcane legal, financial and medical matters.

"It's a new and very confusing skill set," said Maureen Corcoran, a vice president at Prudential Financial. "You don't just give people a list; you lead them there. Otherwise they spend hours upon hours figuring it out themselves."

For both employees and employers, the costs of elder care are enormous, according to studies by the MetLife Mature Market Institute, which is in the midst of updated analysis to reflect rapidly changing demographics.

The price tag for employers in 1997 ranged from $11.5 billion to $29 billion a year. Most expensive were the replacement of lost workers (at least $4.9 billion a year), workday interruptions ($3.7 billion) and absenteeism ($885 million). The employees lose salary, Social Security and pension benefits as a result of refusing promotions, switching to part-time work or retiring early.

Certain benefits mitigate these costs, and certain companies have learned there is a clear return on investment. At Prudential, for instance, subsidized emergency backup care prevents absenteeism and workday interruptions. Prudential's 21,000 employees, with one phone call to Work Options Group, can get help for parents by the next morning, for a co-payment of $4 an hour.

A $20-an-hour aide, on an eight-hour shift, would otherwise cost a Prudential employee $160, rather than $32. Yet the company says it will save $650,000 during a three-year contract with Work Options, Ms. Corcoran said, because "if our employees needs are taken care of, they can focus on work."

Diane Yankencheck, a Prudential employee in Newark, said the service kept her working during a crisis. Her father has a degenerative neurological disease and round-the-clock care. Her mother manages the household, or did until she broke her wrist. Now an aide from Work Options cooks, cleans and helps her bathe and dress.

Kent Burtis, a Verizon technician in Bayville, N.J., uses similar backup care for his father, who is paralyzed and incontinent. For a while, Mr. Burtis spent hours before work feeding, diapering and dressing him. Now an aide does the morning shift. "It's kept me from slitting my throat," Mr. Burtis said.

Elder care benefits most often seem a luxury at small companies and nonprofits. So even at AARP, dedicated to the needs of older Americans, Deborah Russell, the director of work force issues, was daunted by coordinating long-distance care for her mother and then missing weeks of work to be at her bedside when death neared.

Ms. Russell and her two sisters, grateful for AARP's excellent referral service, still spent "an inordinate amount of time on the telephone" during working hours, distracted and unproductive. As their mother's condition deteriorated, and the siblings rotated weeks in Florida, Ms. Russell used paid vacation time rather than the 12 weeks of unpaid leave guaranteed by the federal Family Medical Leave Act or AARP's more generous 16-week program, also unpaid.

Another benefit assumed to be useful is the flexible spending account, governed by the Internal Revenue Service and widely offered by companies. It permits the use of pretax dollars for dependent care, as long as the dependent meets the I.R.S.

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definition. Virtually all children do, but most aged parents do not. That means tax breaks for baby sitters but not companions for the elderly.

Experts disagree about whether women will push employers for help with their parents, as they did 30 years ago when child care was their pressing issue.

Ellen Galinsky, 63, president of the Family and Work Institute, led the charge for a day care center at Bank Street College when she was a researcher there in 1969. After "huge resistance," the center opened in 1974. Ms. Galinsky predicts a similar awakening to elder care issues because "demographics are destiny."

"Everyone I know is dealing with this," said Ms. Galinsky, who recently stayed at the bedside of her 98-year-old mother for the last two months of her life. The institute allows unlimited sick leave for such family emergencies. But even with that leeway, Ms. Galinsky said: "I was on another planet. It's like no other experience. I barely have words for how hard it is."

Todd Groves, founder of LTC Financial Partners in Seattle, who advises human resource managers on long term care, is not convinced that women like Ms. Galinsky will have the same galvanizing effect this time around, regardless of their numbers or their passion.

"Back then you still had a paternal business culture," Mr. Groves said. "Now people feel out on their own. They are fearful about their careers and don't feel they can ask for help."

OTHER NEWS:

New Home Sales Slumping (WT)

By Patrice Hill

The Washington Times, March 25, 2006

The downturn in the housing market is deepening, with new home sales at a nine-year low, prices down for the fourth month in a row and mortgage applications at their lowest point in three years.

Last month's 1.08 million rate of new home sales was 10.5 percent below January's rate and down 13.4 percent from a year ago, the Commerce Department reported yesterday.

New home prices have declined steadily from a median of $243,900 in October to $230,400 last month, the agency said.

The rapidly decelerating housing market is causing concern on Wall Street and at the Federal Reserve. A collapse in the market is one of the biggest risks facing the U.S. economy because it would drag down consumer spending that has been closely linked to climbing house prices and kill thousands of high-paid jobs in the real estate industry.

"Bubbles burst, they really do," said Joel Naroff of Naroff Economic Advisers. "The Federal Reserve has to be concerned that just may happen, which could make them more cautious going forward."

The Fed is scheduled to meet on Tuesday to decide on raising interest rates once again. While most Fed-watchers say another rate increase is in store next week, the faltering housing market may influence the Fed to consider pausing later this spring.

Federal Reserve Bank of Boston President Cathy Minehan said this week that the Fed's forecast of "solid growth" in the economy this year was predicated on the housing market cooling off or leveling. But anything more dramatic than that would be "a downside risk to growth," she said, because it would cause consumers to stop using their houses like ATMs and cut back on spending.

"We see construction diminishing somewhat and real estate prices flattening, not declining," she said. "Clearly, however, we could be wrong on the magnitudes."

Housing wealth, which surged by $5 trillion in the first half of the decade, has been a powerful generator of consumer spending since nearly 70 percent of American households own homes. Consumers liquidated as much as $600 billion of their home equity last year to spend and invest, according to the Federal Deposit Insurance Corp., eclipsing their $375 billion gain in after-tax income.

Mr. Naroff said the home market's steep decline since the fall may start snowballing and affecting consumer wealth. Already, sluggish sales and traffic have prompted homebuilders to offer discounts and incentives on homes for sale, but they will have to start cutting prices in earnest if they want to unload the record inventories of unsold homes they've been accumulating, he said.

Unsold new homes totaled 548,000 last month or 6.3 months of homes at the current sales rate -- a stunning 45 percent above year-ago levels, according to the department.

"The product overhang just keeps growing," in both the markets for new and existing homes, where unsold homes also are at record highs, said Mr. Naroff.

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"Declining new home prices would ultimately spill over into the existing home market," where the consuming public would start to feel the pinch, he said.

Economists say falling home prices could wreak disaster on consumer finances, not only by preventing many from cashing into home equity as they have been to boost their incomes and spending, but also by putting many borrowers on shaky financial ground because they took out huge mortgages with backloaded payment schedules to purchase their homes.

Meredith Whitney, executive director at CIBC World Markets, said the Fed has been trying to cool down the housing market with sharply higher short-term rates, and that is hurting the most vulnerable borrowers who took out adjustable-rate mortgages keyed to rates driven higher by the Fed.

Caught between the squeeze of rising rates and a falling market, these borrowers -- most heavily indebted segment of the consuming public -- will fall into a spending slump this year because they have taken on burdensome and risky mortgages and are too overstretched to maintain their spending and debt payments, she said.

"The picture is getting less and less pretty," said Phillip Neuhart, economist with Wachovia Securities. But he noted that other housing reports, notably one showing a 5.6 percent boost in existing home sales in January due to unseasonably warm weather, are not signaling as profound a weakness as yesterday's report.

"One month of surprisingly weak new home sales does not constitute a market bust," he said. "However, if new home sales were to continue their plummet and existing home sales follow suit," the Fed would have to start worrying about the health of the economy.

New-Home Sales Fell In Feb.; Inventories Rose To New Record (WP)

By Tomoeh Murakami Tse

The Washington Post, March 25, 2006

Sales of new homes fell more than expected in February, while a record number of houses sat unsold, according to a Commerce Department report released yesterday.

The inventory of 548,000 new single-family homes -- the largest since the department began tracking data in 1963 -- represents a 6.3 month supply of houses. In comparison, the supply in January was 5.3 months; in February of last year, it was 4.4 months.

The pace of sales fell 10.5 percent last month to an annualized rate of 1.08 million. It was the largest percentage drop in almost nine years.

The median sales price also dropped for the fourth straight month, to $230,400.

Taken together, the figures provide further evidence that the housing boom of the past five years is ending, economists said.

"The numbers are really, really, really weak," said Patrick Newport, economist at Global Insight, a Massachusetts-based market research firm. Newport had expected sales to drop by a much slower rate of 3 percent.

Despite the report, shares of large home-building firms remained stable yesterday. NVR Inc. stock closed at $775.98, up a third of a percentage point, and Toll Brothers Inc. stock closed at $34.35, down a third of a percentage point.

Yesterday's report came a day after the National Association of Realtors released a survey showing that existing-home sales had increased in February after a five-month decline. According to the survey, sales of existing single-family houses, townhouses and condos went up 5.2 percent from January, but were down 0.3 percent from February 2005.

Economists attributed the increase to warm weather, which spurred sales, particularly in the Northeast and the Midwest, regions typically more affected by climate.

Market observers cautioned against reading too much into monthly changes in either report. The new-home statistics, in particular, are based on a small sample with large margins of error. And the "noise" in the data is amplified when "markets are turning," said Susan Wachter, professor of real estate and finance at the University of Pennsylvania's Wharton School. For example, Wachter said, limited-time incentives that home builders started offering at the beginning of the year, such as help with closing costs, could have propped up January figures by luring in buyers who may otherwise have waited until February.

But there is no question, experts said, that things are cooling. "All of the numbers are basically telling you the same thing," Newport said. "We're just going to see a continued slowdown over the next few months and it's probably going to extend into the next few years."

In the government report released yesterday, the South region, which includes the Washington area, saw a more moderate decline in sales compared with the nation as a whole. The region experienced a 6.4 percent decline compared with the previous month, and a 9.6 percent drop from February 2005.

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"The market has peaked. Now the question is, when do we start going down the back side?" said Christopher Thornberg, an economist for the Anderson Forecast at UCLA's Anderson School of Business. "I don't hear the wind whistling past my ears just yet. But I think I will over the course of this year."

U.S. Economy: New Home Sales Fell Most In Nine Years (Update4) (BLOOM)

By Courtney Schlisserman Joe Richter

Bloomberg, March 24, 2006

March 24 (Bloomberg) -- Sales of new U.S. homes slumped by the most in nine years and demand for business equipment declined last month, prompting some economists to lower their growth forecasts.

Home purchases fell 10.5 percent to an annual rate of 1.08 million, causing prices to fall and leaving more houses on the market, the Commerce Department said in Washington. Orders for durable goods excluding transportation equipment fell 1.3 percent, the most since July, the department also said.

``The new home sales report is in an indication of what we'll see in the remainder of 2006 for housing, and that unequivocally points to a slowdown," said Brian Bethune, an economist at Global Insight, a forecasting firm in Lexington, Massachusetts. At the same time, he said, ``this will be more of an average quarter for business investment, not a stellar quarter."

The drop in durable goods orders caused economists at Morgan Stanley to mark down their first-quarter growth estimate to 4.2 percent from 4.6 percent. U.S. Treasury securities rose on speculation less business investment and slower home sales will limit the number of Federal Reserve interest-rate increases.

The yield on the benchmark 10-year Treasury note fell 6 basis points to 4.67 percent at 4:04 p.m. in New York. A basis point is 0.01 percentage point. The dollar fell to $1.2039 per euro, the first drop in five days, from $1.1973 late yesterday.

`More Cautious'

February's decline in home sales was the biggest since April 1997. Economists expected new home sales to fall to a 1.2 million rate from January's originally reported 1.233 million, according to the median of 61 forecasts in a Bloomberg News survey. Estimates ranged from 1.17 million to 1.275 million.

``Consumers are a little more cautious," J. Larry Sorsby, chief financial officer of Hovnanian Enterprises Inc., New Jersey's largest homebuilder, said in an interview. ``You can't open a newspaper these days without seeing someone saying the housing market is softening."

The report comes a day after the National Association of Realtors said sales of previously owned homes rose 5.2 percent last month to an annual rate of 6.91 million. Purchases of new homes are considered a leading indicator of housing because they are based on contract signings, which typically occur at least a month before the closing. The rise in February sales of existing homes may have reflected purchase decisions made in January, when record-warm temperatures brought out buyers.

The median selling price of a new home last month fell 2.9 percent from February 2005, to $230,400, the first decrease since December 2003 and the biggest year-over-year decline since January 2003.

The number of homes for sale rose to a record 548,000 from January's 525,000. At the current sales pace, there were enough new homes on the market to satisfy demand for the next 6.3 months, the largest amount in more than a decade.

Less Affordable

Rising mortgage rates are making new homes less affordable. The average rate on a 30-year mortgage rose to 6.25 percent in February from 6.15 percent the month before, according to Freddie Mac.

Sales fell in two of four regions. They declined 29 percent in the West and 6.4 percent in the South. Sales rose 12.7 percent in the Northeast and 5.2 percent in the Midwest.

Orders for durable goods excluding transportation equipment fell after rising 1.6 percent a month earlier. A jump in demand for commercial aircraft led to a 2.6 percent increase in orders for all durable goods after an 8.9 percent decrease.

Economists projected durable goods orders would rise 1.3 percent in February, based on the median of 70 estimates in a Bloomberg News survey. Orders excluding transportation equipment were forecast to rise 1 percent.

Aircraft Orders

Orders for transportation equipment rose 13 percent after falling 29 percent in January. Aircraft orders jumped 53 percent after falling 70 percent in the previous month. Bookings for motor vehicles fell 3.3 percent.

Chicago-based Boeing Co., the world's second-biggest maker of commercial airplanes, said it received 25 aircraft orders in February, down from the 39 in the previous month. Boeing's orders more than tripled to a record 1,002 last year on demand from Asian and Middle Eastern carriers.

Production Cuts

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Production cuts by some automakers may have restrained durable goods orders in February. Cars and light trucks sold at a seasonally adjusted annual rate of 16.6 million during the month, down from 17.6 million in January.

General Motors Corp. and Ford Motor Co., the two biggest U.S. automakers, on March 1 said they will cut second-quarter production in North America after reporting U.S. sales declines in February.

Sales of non-defense capital goods excluding aircraft, which the government uses to construct quarterly gross domestic product figures, fell 1.1 percent in February after no change. Orders for non-defense capital goods excluding aircraft, a proxy for future business investment, fell 2.3 percent last month after rising 0.3 percent.

Unfilled orders of business equipment rose 0.5 percent in February after no change.

Inventories of durable goods fell 0.5 percent after rising 1 percent in January. Unfilled orders, a gauge of future production, rose 0.9 percent after falling 0.2 percent.

Signs Of Slowdown In US Housing (FT)

By Christopher Swann

Financial Times, March 25, 2006

Sales of new US homes plunged 10.5 per cent last month, prices fell and the stock of unsold homes hit its highest level in 10 years, providing the clearest indications yet that the red-hot housing market may be cooling.

A big slowdown could prompt consumers to cut spending and boost savings. Such a shift could help reduce the current account deficit but at the cost of significantly slower growth.

New home sales slid to 1.08m, the fourth consecutive decline, and the price of new homes fell 3 per cent from a year ago. With a flood of new properties coming on to the market, at the present pace of sales, it will take 6.3 months to clear the backlog.

Economists have long been expecting a slowdown and some have predicted declines in prices. “New home sales are softening fast,” said Celia Chen, a housing expert at Economy.com. “Affordability has declined to a near 15-year low. Rising mortgage interest rates and rising house prices are constraining demand.”

Ian Morris, economist at HSBC, said: “Over the next 12 months we suspect a hard landing is more likely.” But there had been regional factors in the slowdown. Sales fell in the west but rose in the midwest and north-east.

The rising stock of unsold houses could lower prices still further. Research at HSBC suggests that seven months’ supply of unsold housing will mean a soft landing for the market. But if the figure rises towards nine months it will be a hard landing.

New-Home Sales Tumble 10.5%; Durable-Goods Picture Is Mixed (WSJ)

By Kemba J. Dunham

The Wall Street Journal, March 25, 2006

Sales of new homes in February took the biggest one-month drop in nearly nine years as inventories soared, in the latest sign that the housing market is cooling. Meanwhile, a separate report used to forecast the health of the manufacturing sector offered a mixed reading.

The Commerce Department Friday said newly built single-family homes sold at a seasonally adjusted annual rate of 1.080 million units in February, a 10.5% drop after a revised 5.3% decline one month earlier. The February drop was the largest since the same percentage decrease occurred in April 1997.

The new-home data followed Thursday's more optimistic report on existing-home sales. The National Association of Realtors said sales of previously occupied homes, which account for about 85% of the residential market, climbed 5.2% in February. Economists, however, suspect sales were inflated by unusually warm weather.

The reality regarding the state of housing demand "is probably somewhere in between the two reports," said Stephen Stanley, chief economist at RBS Greenwich Capital Markets. Economists point out that the new-home sales series is extremely volatile during the first few months of the year. Mr. Stanley added that such huge monthly increases and declines aren't uncommon and there usually are significant revisions to the data.

Still, "the main message is that new-home sales are coming off at a faster clip than we had expected," said Haseeb Ahmed, an economist at J.P. Morgan Chase & Co. That was illuminated this past week when KB Home, one of the nation's largest home builders, said new-home orders fell 12% during its first quarter ended Feb. 28.

In a separate report, the Commerce Department Friday said new orders for durable goods -- vehicles, machinery, appliances and other items intended to last more than three years -- rose a greater-than-expected 2.6% to $215.8 billion in February. That is up from a revised 8.9% plunge a month earlier.

Economists say the durable-goods picture tends to be muddled because month-to-month changes can be extreme, particularly in the areas of defense and aircraft. Indeed, the February increase was fueled by a 52.5% rise in civilian aircraft orders and a 104.1% rise in defense orders. Also, the January plunge stemmed from a 70.1% decline in civilian aircraft orders.

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Stripping out the volatile transportation category, new orders for durable goods declined 1.3% in February, following gains of 1.6% in January and 1.9% in December. Orders for motor vehicles dropped 3.3% in February after a 3.2% decline in January. Meanwhile, nondefense capital-goods orders excluding aircraft -- considered an important indicator of future business-equipment investment -- fell 2.3%. Though the decline follows a four-month cumulative increase of more than 6%, some economists were nevertheless disappointed.

"While nothing is falling apart, there is clearly a softening on the domestic variables that influence manufacturing," said Cliff Waldman, economist for Manufacturers Alliance/MAPI.

In the new-home sales report, economists said the most troubling factor was the severe climb in inventories. There were about 548,000 homes for sale at the end of February, representing a 6.3 months' supply at the current sales rate. That is up from a 5.3 months' supply a month earlier. Some pointed out that this could have reflected an increasing number of speculators putting homes on the market.

The median sales price of a new home declined to $230,400 in February from $234,200 a month earlier, while the average sales price rose to $296,700 from $287,200.

New-Home Sales Rise In Region (LAT)

By Annette Haddad

The Los Angeles Times, March 25, 2006

While the U.S. posts a 10.5% month-to-month fall, Southern California records a 9.5% gain.

In what's increasingly becoming a tale of widely divergent regional real estate markets, Southern California's new-home sector is holding up much better than other parts of the nation and even the rest of the state.

The latest evidence came Friday when the Commerce Department reported that the number of new single-family homes sold nationwide fell 10.5% last month from the month before, to an annual rate of 1.08 million units, marking the biggest drop in new-home sales in nearly nine years.

The drop pushed a gauge of the volume of unsold new homes to its highest level in more than a decade. In February, 548,000 new homes went unsold, representing a 6.3-month supply — meaning it would take that long to sell them at current sales rates. In January, there was a 5.3-month supply.

In the West, which includes California, the sales plunge was even worse: down 29.4%, partly reflecting stalling sales in Sacramento and the Central Valley and in other Western states such as Arizona.

Yet in Southern California, sales of new single-family houses and condominiums saw their strongest February since 1988, according to statistics compiled by real estate research firm DataQuick Information Systems. Last month, sales rose 9.5% to 4,980 from January's 4,550, and were up 19% from the year before.

By comparison, new-home sales in the Sacramento area have been much weaker, DataQuick said. Although sales there were up 13% in February from the previous month, that was after January marked the worst month in six years. As many new homes were sold in December as in January and February combined, according to DataQuick. And sales plunged 45% in February from the year before.

What's more, the inventory of unsold new homes in Southern California, although rising, is below levels elsewhere in the West and in the nation.

In February, there was a 2.1-month supply of unsold new homes from Ventura County to the Mexican border, said Steve Johnson, director of the Southern California region for real estate consulting firm MetroStudy. Around Phoenix, there's three times the inventory available.

The reason for the difference: There has been less home building in much of Southern California, thanks largely to tight governmental regulations and a lack of available land.

"We just don't have much excess supply," Johnson said.

The Southland housing market also is holding up better because its economy is more diverse and job creation remains strong, thanks in part to growth in such sectors as tourism, trade and aerospace. The region also is proving to be less volatile because the presence of real estate speculators has been less than in other hot markets.

However, the Southland's February inventory of unsold homes was up 80% from a year earlier, Johnson said, suggesting that demand here was cooling nonetheless.

"Builders used to be able to take the 'Field of Dreams' approach — built it and they will come," Johnson said. "Now they have to do their homework and evaluate the market more carefully."

One thing builders are finding is that rising home prices, coupled with rising mortgage rates, are tempering the ardor of prospective buyers, experts said.

Many Southland builders are working to adjust their strategies to accommodate the more-reticent attitude of buyers.

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They are building smaller homes, such as condominiums and town homes, or converting existing apartment units into for-sale housing, which are usually priced lower than single-family houses.

Builders also have scaled back the number of homes released for sale at their new-home communities. "Builders will shift their mix of products to accommodate the market," said John Karevoll, chief analyst for DataQuick.

That has helped local builders avoid having to offer discounts or other concessions to stoke buyer demand. At certain new-home communities in Sacramento, for instance, builders slashed prices to close sales.

"The Sacramento market went up very quickly, perhaps too quickly," said Patrick Duffy, a market analyst for Hanley Wood Market Intelligence.

Builders in Southern California, he said, generally are reluctant to offer price cuts or free upgrades.

"It's like car dealers," Duffy said. "Once you start offering incentives, then everybody starts expecting them."

Stocks Rise Slightly Ahead Of Fed Meeting (WSJ)

By Peter A. McKay

The Wall Street Journal, March 25, 2006

Stocks inched higher, as investors did some last-minute fine-tuning of their portfolios before an impending meeting of Federal Reserve policy makers.

Economic data from the Commerce Department contributed to the gains, after a seesaw day of trading. Durable-goods orders rose 2.6% in February, better than analysts expected.

The Dow Jones Industrial Average rose 9.68 points, or 0.1%, to 11279.97, nearly unchanged for the week and within reach of a six-year high. Boeing and United Technologies were among the Dow's strongest components, helped by the durable-goods data.

The government also reported that new-home sales plunged 10.5% in February, the biggest drop in almost nine years.

Although that might sound like bad news, it was something of a welcome sign for investors hoping the Fed will limit further interest-rate increases, convinced the economy isn't overheating. Higher interest rates typically are a negative for the stock market because they increase costs for businesses and consumers.

"Investors are reasonably comfortable with what's going on," said Robert E. Weissenstein, managing director at Credit Suisse Securities LLC. "They're focused on the positive aspects of the housing market slowing down, not the negatives."

The Fed's rate-setting committee, which meets Monday and Tuesday, is expected to raise its target short-term rate by a quarter percentage point to 4.75%. But Wall Street has been busy guessing how far the Fed will go beyond that level. Federal-funds futures indicate investors expect one more increase in May, bringing the rate to 5%.

Other stock indicators followed the Dow higher. The broad Standard & Poor's 500-stock index also gained 0.1%, or 1.28 points, to end at 1302.95, off 0.3% on the week.

The Nasdaq Composite Index gained 0.6%, or 12.67, to close at 2312.82, up 0.3% on the week. Talk of a possible merger of Lucent Technologies and Alcatel helped the tech sector, as did Thursday night's news that Google will be added to the S&P 500.

Holding stocks in check all week was a gradual rise in oil futures; they rose 2.4% on the week, to $64.26 a barrel. In major U.S. market action:

Stock1 and bond prices2 rose. The 10-year Treasury note gained 17/32, or $5.31 for each $1,000 invested, pushing the yield down to 4.673%. The 30-year bond gained 30/32 to yield 4.693%.

The dollar weakened3, to 117.45 yen from 117.90 yen; the euro rose to $1.2036 from $1.1974.

U.S. Stocks Rise As Home Sales Ease Fed Concern; Lucent Gains (BLOOM)

By Nick Baker

Bloomberg, March 24, 2006

March 24 (Bloomberg) -- U.S. stocks rose after the biggest reported drop in new-home sales since 1997 and falling orders for business equipment diminished the risk that the Federal Reserve will persist in raising interest rates.

``Hopefully this puts a ceiling on where the Fed ultimately goes," said Wendell Perkins, who helps manage $1.3 billion at Johnson Asset Management in Racine, Wisconsin. ``This, generally, would be a positive" for the market, he said.

Phone-equipment makers rallied after Alcatel SA said it may buy Lucent Technologies Inc. for at least $12.6 billion. A gain in oil prices lifted energy shares. Google Inc. climbed after being picked to join the Standard & Poor's 500 Index.

Losses for retailers and real-estate developers, among industries affected most by higher rates, limited the advance and left indexes little changed for the week. Fed policy makers will meet next week.

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The S&P 500 rose 1.28, or 0.1 percent, to 1302.95. The Dow Jones Industrial Average added 9.68, or 0.1 percent, to 11,279.97. Google's gain aided the Nasdaq Composite Index, which advanced 12.67, or 0.6 percent, to 2312.82.

This week, the S&P 500 slipped 0.3 percent, while the Dow industrials rose less than 1 point. The Nasdaq added 0.3 percent. All three have gained more than 4 percent so far this year as investors bet profit growth will outpace gains in borrowing costs.

Interest Rates

Remarks by Fed Chairman Ben S. Bernanke and a report on producer prices earlier in the week increased speculation the Fed will keep raising rates past midyear. Data yesterday showing that sales of existing homes unexpectedly rose in February had reinforced those expectations. The Fed will boost the main U.S. interest rate a 15th time to 4.75 percent on March 28, according to all except two of 90 economists surveyed by Bloomberg.

A U.S. Commerce Department report today indicated the housing market is cooling after a five-year boom. New-home sales fell 10.5 percent last month to an annual rate of 1.08 million, the biggest drop since April 1997, from a revised 1.207 million in January. The number of homes for sale rose to a record 548,000 from January's 525,000.

Excluding more-volatile transportation items, factory orders for equipment made to last at least several years fell 1.3 percent last month, the biggest drop since July, according to another Commerce Department report.

Lucent

Lucent, the largest U.S. maker of phone equipment, jumped 24 cents, or 8.5 percent, to $3.06. Alcatel, the biggest maker of broadband Internet gear, may buy Lucent to create a communications-equipment company with combined sales of more than $25 billion. Alcatel American depositary receipts, each representing one regular share, added 25 cents to $15.70.

Lucent had the biggest gain in the S&P 500, followed by phone-equipment makers Tellabs Inc. and Ciena Corp. Tellabs advanced $1.11, or 7.8 percent, to $15.35, while Ciena rose 34 cents, or 7.1 percent, to $5.15. Nortel Networks Corp., North America's largest telephone-equipment maker, added 12 cents to $2.93.

A gauge of energy shares gained 0.6 percent for the largest advance among 10 industry group in the S&P 500. Chevron Corp., the No. 2 U.S. oil company, rose 94 cents to $57.57. BJ Services Co., an oilfield contractor, rose 51 cents to $33.52. Crude for May delivery climbed 0.6 percent to $64.26 a barrel in New York.

Google

Google added $23.91, or 7 percent, to $365.80. The most- used Internet search engine will replace Burlington Resources Inc., an oil producer being sold to ConocoPhillips, on March 31. Google fell 18 percent this year before being tapped for the index amid concern growth may slow.

Google had a market value of $101.6 billion at the close of trading yesterday, while Burlington was worth $33.9 billion.

``Indexers have to raise money to pay for Google because the market cap for Google is substantially higher than the name coming out," said Peter Boockvar, equity strategist at Miller Tabak & Co. in New York. To do that, funds that track the S&P 500's performance have to pare their stakes in the other 499 companies in the benchmark, which may pressure the index, he added. ``This is how the game works."

Retailers and real-estate companies slid ahead of the Fed's meeting next week.

A gauge of retailers dropped 0.6 percent for the biggest decline among 24 groups in the S&P 500. Home Depot Inc., the No. 1 home-improvement retailer, fell 69 cents to $43.12. Wal-Mart Stores Inc., the biggest retailer in the world, slipped 35 cents to $48.19.

Real-Estate Companies

A measure of real-estate companies slid 0.5 percent, extending its drop for the week to 3 percent. Vornado Realty Trust, a property owner with investments in retailers including Sears Holdings Corp. and Toys ``R" Us Inc., slumped 44 cents to $95.41. Archstone-Smith Trust, an apartment developer, lost 50 cents to $48.20.

The durable-goods-orders data pressured some industrial companies. Caterpillar Inc., the world's largest maker of earthmoving equipment, slumped 76 cents, or 1 percent, to $75.50 for the second-biggest drop in the Dow average.

Tim Hortons Inc. surged $5.01, or 22 percent, to $28.17 in the stock's debut. The No. 1 Canadian doughnut chain had the biggest North American initial public offering in nine months. Wendy's International Inc., which owns Tim Hortons, had the third-biggest decline in the S&P 500, falling $2.08, or 3.2 percent, to $62.93.

About seven stocks advanced for every four that declined on the New York Stock Exchange. Some 1.46 billion shares changed hands on the Big Board, 12 percent less than the three-month daily average.

Cephalon Slides

Cephalon Inc. dropped $9.51, or 13 percent, to $63.80 after its drug for attention deficit disorder in children was deemed not safe enough by the U.S. Food and Drug Administration to be put on the market. Credit Suisse cut its price forecast on the stock to $70 from $86, citing the decision.

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Apollo Group Inc. lost $2.12, or 4 percent, to $51.60 for the second-biggest drop in the S&P 500. The No. 1 U.S. for- profit education company's share-price estimate was cut to $62 from $66 by Morgan Stanley analyst Chris Gutek, who wrote that declining enrollment was ``troubling."

Iran's Nuclear Steps Quicken, Diplomats Say (LAT)

By Alissa J. Rubin And Maggie Farley, Times Staff Writers

The Los Angeles Times, March 25, 2006

Tehran reportedly is gearing up for uranium enrichment. A split in the Security Council may impede efforts to halt the program.

VIENNA — With efforts to halt its nuclear program at an impasse, Iran is moving faster than expected and is just days from making the first steps toward enriching uranium, said diplomats who have been briefed on the program.

If engineers encounter no major technical problems, Iran could manufacture enough highly enriched uranium to build a bomb within three years, much more quickly than the common estimate of five to 10 years, the diplomats said.

Iran insists that it is interested only in producing electricity, which requires low-grade enrichment of uranium.

New information about Iran's program came from diplomats representing countries on the United Nations Security Council. They were briefed by senior staff of the International Atomic Energy Agency, which maintains monitors in Iran. The diplomats spoke on condition of anonymity because the briefing was private.

Even as Iran apparently moves forward, diplomatic efforts to persuade it to halt its nuclear work appeared to be faltering in the face of distrust among powerful Security Council members and disagreements over the best strategy.

"We're getting conflicting signals from the United States; it now appears they want to escalate the situation," said a senior diplomat in Vienna. "The Russians see that as a slippery slope."

Officials said Iran was on the verge of feeding uranium gas into centrifuges, the first step toward enrichment. That move is in keeping with Iran's experience level and its previous statements, experts said.

According to one non-Western official who closely follows Iran's progress, engineers at a pilot plant in Natanz are likely to start crucial testing in the next couple of days to ensure that the centrifuges and the pipes connecting them are properly vacuum sealed. They are likely to begin feeding uranium hexafluoride gas into a series of 164 connected centrifuges within about two weeks, the official said.

Diplomats and experts say Iran has forgone usual testing periods for individual centrifuges and small series of linked centrifuges, instead apparently trying to put together as many as possible, as quickly as possible.

They said Iran also was likely to begin assembling more centrifuges in mid-April to put together additional cascades of linked centrifuges. The pilot plant can hold up to six cascades of 164 centrifuges each. It could take many months to complete that work, the diplomats said.

The U.S. and its British, French and German allies believe Iran intends to build nuclear weapons, and must be stopped before learning how to enrich uranium. They view the ability to operate a series of centrifuges as a technological tipping point.

"If you can do one centrifuge, you can do 164," said Emyr Jones Parry, British envoy to the U.N. "If you can do 164, you probably can do many more. That means you have the potential to do full-scale enrichment. If you can do enrichment up to 7%, you can do 80%. If you can do 80%, you can produce a bomb."

Policymakers watching Iran's program are making two separate assessments: a technical one based on Iran's ability to enrich uranium and a political judgment on whether Iran is attempting to make a bomb or merely trying to enrich uranium to a low level for civilian purposes, as Iranian officials insist.

The three-year time frame for Iran to produce a bomb cited by diplomats is the same as an estimate by former nuclear weapons inspector David Albright.

In a paper that will be released Monday by the Institute for Science and International Security, which Albright founded, he and a colleague give a detailed description of how, under a best-case scenario, Iran would be able to manufacture enough highly enriched uranium for a crude nuclear device in three years. Albright cautioned, however, that Iran faces many technical hurdles it might find difficult to overcome.

Gary S. Samore, a former nonproliferation expert at the National Security Council, now at the John D. and Catherine T. MacArthur Foundation, also said it was far more likely that the Iranians would encounter problems and that it could take them four to five years.

If Iran decides to make highly enriched uranium, it would need either to do so clandestinely, or leave the Nuclear Nonproliferation Treaty, which prohibits signatories from producing highly enriched uranium.

The IAEA board of governors reported Iran to the Security Council for failing to respond to requests from inspectors for information about its program, which it kept hidden for 18 years.

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All the members of the Security Council agree that Iran should not be permitted to produce a bomb. Under an agreement with Russia and China, the council only began to discuss Tehran's case in mid-March. The next steps are hotly disputed.

The European Union and the Americans want to exert vigorous pressure on Iran. They insist on a reinstatement of a total moratorium on uranium enrichment that Iran had voluntarily put in place in late 2004 while negotiating with the EU. The U.S. and EU are willing to use a U.N. procedure that gives Security Council resolutions the force of law, and to impose sanctions.

The Russians and the Chinese, mindful of the buildup to the U.S.-led invasion of Iraq three years ago, fear that taking too hard a line would lead to an escalation of tensions that could result in military action against Iran. They believe that sanctions and other measures might push Iran to abandon the nonproliferation treaty, which keeps international inspectors in the country.

Russia and China would be willing to allow Iran to retain a small cascade of centrifuges for research purposes.

The difference among the permanent Security Council members suggest it could be a long time before they reach a consensus.

"I don't think anyone can predict if there will be serious action in the Security Council," said Stephen G. Rademaker, acting assistant secretary of State for security and nonproliferation, in an interview this week.

The U.S. and its allies face the difficulty of allaying Russian suspicion that reporting Iran to the Security Council was a way to make the case for military action.

"The Russian concern is with the medium- and long-term plan: 'Where's it going?' " said a diplomat from a European Union country. "Even though we say military action is not an option, they have a concern that we're going down a route that ends up in a single place."

The diplomat said the West's counter-argument is that moving ahead in a unified way sends a signal that the five powerful permanent members of the Security Council are united and that Iran needs to listen.

However, getting Russia on board probably will be more difficult after a letter written by John Sawers of the British Foreign Office to his counterparts in the United States, France and German, was leaked this week. The letter touched on several issues, including the need for the U.S. to be involved in a package of incentives for Iran to halt its uranium enrichment, but it also made it clear that the U.S. and its European partners jointly were negotiating a position without consulting the Russians and Chinese.

"Moscow is unlikely to agree to anything devised behind its back and then presented as the sole solution possible," said Russian Foreign Minister Sergei V. Lavrov.

In the meantime, the situation is changing daily as the Iranians move ahead.

"We're getting to the point where this fundamental difference between the U.S. and EU position and that of the Russians is being overtaken by Iran's … putting new facts on the ground," said Mark Fitzpatrick, a nuclear nonproliferation expert at the International Institute for Strategic Studies in London, who previously worked for the U.S. State Department on nuclear issues. "Iran is closer and closer to enrichment, so the effort to deny them the capability is rapidly failing."

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Rubin reported from Vienna and Farley from the United Nations.

Rice To Tour Europe Next Week For Talks On Iran: Sources (AFP)

AFP, March 25, 2006

US Secretary of State Condoleezza Rice will travel to Europe next week for talks to be dominated by the dispute over Iran's nuclear program, diplomatic sources said.

The trip will begin Thursday in Germany and also take in France and Britain -- the three European Union countries that had led negotiations to press Iran to suspend all uranium-enrichment activities.

The German government confirmed that Rice would meet Chancellor Angela Merkel and Foreign Minister Frank-Walter Steinmeier in Berlin Thursday.

Government spokesman Thomas Steg told a press conference that their talks would cover a wide range of topics, including the Iranian nuclear crisis.

He said Rice's trip would also help prepare the way for Merkel's next visit to the United States in May when she is to attend the 100th anniversary celebrations for the American Jewish Committee in New York.

No press conference has been scheduled as yet during Rice's visit to Berlin.

Rice last came to Germany in December at the height of the controversy over European countries' reported involvement in clandestine CIA flights.

The diplomatic sources said Rice would stay in Berlin for a few hours Thursday before continuing on to Paris and then London.

Rice displayed impatience Thursday with slow UN talks on Iran's nuclear activities.

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"There is no time for delay in taking on this issue," Rice said of the discussions on a draft UN Security Council statement on Iran that has faced objections from Russia and China.

"There can't be any stalling. The international community has got to act."

A Western diplomat said Thursday that the UN Security Council would not reach agreement this week on a Franco-British statement demanding that Iran suspend all uranium-enrichment activities.

The diplomat, who asked not to be named, said the council's five veto-wielding permanent members -- Britain, China, France, Russia and the United States -- were too far apart for a deal to be sealed this week.

Washington and its European allies have been pressing Tehran to suspend its uranium-enrichment activities and return to negotiations on economic and other incentives for abandoning any nuclear weapons aspirations.

Iran Dispute 'long Way' From Military Solution: US Army Chief (AFP)

AFP, March 24, 2006

The top US military officer said here that Washington does not consider military action as an immediate option to resolve the dispute over Iran's nuclear program.

"Iran is a long way from needing any kind of military solution," General Peter Pace, the chairman of the US joint chiefs of staff, said in an interview with the NTV news channel during a visit to Turkey.

"The United Kingdom, France, Germany, Russia-- other countries, certainly the Turkish government -- are all working to persuade the Iranian government to function in a way that is not dangerous or threatening to its neighbors, to have power, but not nuclear weapons power.

"There are many more things to be done politically and diplomatically before anybody, any country, considers some kind of a military option," he said.

Pace denied media speculation that the United States might be seeking the use of Turkish military bases for a possible strike on Iran, Turkey's eastern neighbor.

Earlier in the day, Pace addressed a conference on global terrorism in Ankara, and on Thursday met Turkish Prime Minister Recep Tayyip Erdogan and the chief of general staff, General Hilmi Ozkok.

Sharon's Spirit, And Absence, Pervade Election (NYT)

By Steven Erlanger

The New York Times, March 25, 2006

JERUSALEM, March 24 — On Ariel Sharon's 78th birthday a few weeks ago, those closest to him joined his two sons around the bedside where he lies, silent and comatose, in a hospital on a hill high above Jerusalem. They chatted and ate cake made by a friend of his late wife, Lily, using her recipe.

Uri Dan, a Sharon intimate and chronicler since 1954, was among them. "The Jewish Caesar is there alive," he said. People come up to Mr. Dan all the time to express their pain, he said.

"They knew they could sleep at night because he was not sleeping, that there was someone to guide the Zionist ship in a sea full of mines," he said. "They feel that the captain is gone."

Nearly three months after Mr. Sharon's major stroke on Jan. 4, his spirit hangs over this Israeli election, as the country prepares to give its verdict on Tuesday on Kadima, the centrist party he created.

Ehud Olmert, the acting prime minister, leaves Mr. Sharon's big chair empty at the center of the cabinet table and does not use the prime minister's office. Mr. Sharon's huge photo is wrapped around the suburban headquarters of Kadima, whose name means "forward," and the party's e-mail messages still come from kadimasharon.co.il.

Yet the image of Mr. Sharon, so recently considered the indispensable figure in Israeli politics, has now faded from the advertisements and even the television programs.

Mr. Olmert has carefully tried to extract himself from Mr. Sharon's huge shadow, forced by politics to create his own identity as a prime minister, and not just as a clever, cigar-smoking aide. He and Kadima pay every due respect to their fallen leader.

But it is their opposition, especially the Likud Party that Mr. Sharon broke apart, that uses Mr. Sharon's image more to portray the former general, whom the rump Likud battled to the end and regarded as a betrayer, as a heroic figure in contrast with their present foe, Mr. Olmert.

"Olmert's real race wasn't against the opposition," said Aluf Benn, a political correspondent for the daily Haaretz. "It was against the shadow, the candidate who isn't here: Sharon." By now, he said, "the public doesn't talk about Sharon very much."

But Mr. Sharon's absence has probably cost Kadima at least six parliamentary seats. His illness and a less dynamic group of contenders seem to have taken the passion out of an election that is about important issues, including the next Israeli pullout from the West Bank. Kadima is still well ahead in the polls, though complacency and an expected low voter turnout could hurt it.

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Mr. Sharon is missed in the alleys of the Mahane Yehuda market, where Jerusalemites were shopping for the weekend amid the smells of spices, baking bread and freshly butchered meat.

"I think about him all the time," Leah Nakash, 70, said when asked about Mr. Sharon. She stopped to squeeze some tomatoes, then said: "I hope he'll get better, but I think there's no hope. We pray for him."

She would have voted for Mr. Sharon at the head of Kadima without a second thought, she said. Now, she is not so sure, torn between Mr. Olmert's Kadima and Benjamin Netanyahu's Likud. "It wasn't a very safe country with Sharon," Mrs. Nakash said. "But now, it's a little more dangerous."

Yitzik Sasson, 51, has four children and lives in the settlement of Qiryat Arba, where he works in security. He said that he had moved there less for ideology than for cheap housing, but that he would also have voted for Mr. Sharon. Now he is torn between Mr. Olmert's Kadima and Avigdor Lieberman's Yisrael Beiteinu, a hawkish Russian-oriented party that wants to swap Arab Israeli towns for West Bank settlements.

Mr. Sharon has a great legacy, Mr. Sasson said, and the country is somber, but life continues. "Of course, I hope he'll get better," he said. "But he won't return to anything."

At first, Mr. Sharon's image was everywhere, and Kadima's first television spots emphasized his stewardship and his "team." But by the end of January, the party jingle was "Kadima Israel," not, as planned, "Kadima Sharon."

Eyal Arad, one of Mr. Sharon's closest political advisers, continues to advise Kadima. "Sharon founded Kadima, selected the people and Ehud Olmert to be his deputy," Mr. Arad said. Inside the new party, "there's a strong commitment to continue what he started to make happen," he said. "The emotional commitment is stronger than what you usually get in campaigns."

The focus groups continue to show strong attachment to Mr. Sharon, Mr. Arad said, as a guarantor of security. "Now he's gone, people wonder, 'What will happen to us?' They're looking for someone not with a particular policy statement, but someone who can continue the same path as Sharon."

The effort has been to portray Mr. Olmert and his team "as good enough people to follow in the footsteps of Sharon," Mr. Arad said. "People liked the center, and Sharon promised to build them a home there. They liked the builder. But the wish for the center and the liking of the plans doesn't disappear."

But there is less passion.

Mr. Dan, Mr. Sharon's friend and defender, is fiercely hopeful. Israel is "a country of at least a miracle a day," he said. "And we may find ourselves one day coming to Sharon, 80 and recovered, and asking him, 'Can you get us out of this mess?' "

But Idan Haroush, 23, like most Israelis, has no such faith. He works in his family's hardware shop; he wears an earring and a sweatshirt reading, "No Bad Power!"

"I'm very patriotic," he said. "I think about what Sharon did for the country. But Sharon is history, I'm sorry to say it."

As Israel Votes, Sharon's Vision Is Taking Hold (WSJ)

By Karby Leggett And Bill Spindle

The Wall Street Journal, March 25, 2006

'Disengagement' Becomes The Best Hope for Security For Many Weary of Violence

JERUSALEM -- When Israeli Prime Minister Ariel Sharon became incapacitated in January, his political agenda looked as if could suffer a similar fate.

But as Israeli voters prepare to go to the polls on Tuesday, Mr. Sharon's controversial vision for Israel has done more than survive. Kadima, the political party he created just weeks before suffering a brain hemorrhage, may score a sweeping victory, according to polls. Acting Prime Minister Ehud Olmert, previously Mr. Sharon's little-noticed deputy, is poised to ride Mr. Sharon's legacy to the prime minister's office.

That could mean important changes in Israeli policies, especially concerning relations with the Palestinians. And it could present new challenges for the U.S. and Europe when it comes to Middle East peacemaking. Under the 60-year-old Mr. Olmert's surprisingly assertive leadership, Kadima is pushing forward Mr. Sharon's ideas for reshaping Israel's future faster and more forcefully than Mr. Sharon did.

The party, whose name means "forward" in Hebrew, has embraced an idea that just a few years ago was so controversial few Israeli politicians spoke openly about its full implications for Israelis, Palestinians and the international community. Dubbed "disengagement," the idea is straightforward: Israel can't expect to negotiate a deal with the Palestinians or to crush them militarily, so it must separate from them by drawing its own borders based on what's best for Israel.

Mr. Sharon rarely spelled out what that could mean -- certainly not with the clarity Mr. Olmert has adopted. The notion of unilaterally setting borders flies in the face of decades of internationally backed Middle East peacemaking efforts. Those efforts, including the Bush administration's signature "road map" initiative, envision Israelis and Palestinians eventually negotiating mutually acceptable borders for two states with intertwined economies and a shared capital in Jerusalem.

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The idea is also not simple to implement. Among the roughly seven million people of Israel, it almost certainly invites a nasty brawl, politically and literally, with supporters of nearly a quarter-million Jews who have settled in the West Bank during the decades of occupation. Many of those settlements would have to be dismantled to create the borders Kadima now favors drawing unilaterally. For the nearly four million Palestinians, it would mean having Israel impose frontiers that cut through land where they live and work without consulting or compensating them.

Some large settlements that Mr. Olmert has vowed Israel will keep jut far into the West Bank, cutting Palestinian cities off from one another. And for all sides it could mean managing a downward-spiraling Palestinian economy that leaves more Palestinians angry and, perhaps, violent.

A few analysts argue disengagement might lead in the end to a better solution for all sides. It would begin to roll back settlement expansion that has inflamed Palestinians for years. And if Hamas, the militant group swept to power in recent Palestinian elections, focuses more attention on Palestinians and less on attacking Israel, both sides could wind up curtailing the activities most provocative to the other. "You'll have two parallel processes," says Asher Susser, director of the Moshe Dayan Center for Middle Eastern and African Studies at Tel Aviv University. "Maybe in the end a better result emerges than you could get through negotiations."

But others worry that aggressive unilateral moves by Israel to set borders could enrage Arab governments, isolate Israel and subvert what has long been considered the only viable end game -- two states with mutually agreed borders.

For many Kadima supporters, the immediate goal is security. They don't see how negotiations or military force has made them safer. And Mr. Sharon, a longtime security hawk and settlements advocate, offered them a decisive way out.

Disengagement remains so closely associated with Mr. Sharon that supporters sometimes talk as if Mr. Sharon were still heading Kadima. "I wouldn't have voted for him in the past, but I like the path Sharon took," said Osnat Acker, a 24-year-old student from Jerusalem, at a Kadima rally where huge posters of Messrs. Sharon and Olmert hung side by side in large hall. "The last few years have been the worst. Sharon opened a way to end this situation. I'm pessimistic it will end, but if someone opens a gate, we have to try to go through it."

Many predicted that Kadima -- which Mr. Sharon formed by luring high-profile politicians from both the left-leaning Labor and right-leaning Likud parties -- would crumble without Mr. Sharon's forceful and popular personality at the helm. After Mr. Sharon's stroke, Mr. Olmert and a team of Mr. Sharon's longtime advisers held the party together by twisting arms behind the scenes and laying out the disengagement vision with a clarity and forcefulness Mr. Sharon himself never dared.

"Olmert has taken it much, much further than Sharon," said Avraham Diskin, a political scientist at Hebrew University of Jerusalem.

Disengagement might never have taken hold without Mr. Sharon. The son of Russian immigrants, he is a former general who participated in all of Israel's wars. As defense minister, he orchestrated Israel's invasion of Lebanon in 1982. He lost that job after an Israeli inquiry held him "indirectly responsible" for the massacre of Palestinian refugees by Israeli-allied Christian militiamen in a Beirut camp.

In and out of government, Mr. Sharon was a huge supporter of Israel's settlers. He encouraged thousands of Jews to move to the Palestinian-dominated West Bank and Gaza Strip, helping transform the settlement enterprise into a national and religious movement from the mid-1970s on.

Mr. Sharon became prime minister in 2001 as a period of relative calm between Palestinians and Israelis was coming unraveled. It was the fruitless end of a decade-long negotiation between the two sides that had become known as the Oslo Process. Mr. Sharon bitterly opposed it as offering far too much to the Palestinians.

His first years in office saw a spiral of violence. Radical Palestinian groups tapped what seemed like an endless reservoir of suicide bombers to kill Israelis. Israelis re-extended a taxing military occupation of Palestinian territory. Israel methodically assassinated the leaders of terrorist groups, sometimes hitting Palestinian bystanders in the strikes.

Then, in late 2003, came rumblings of change. Mr. Sharon sent his deputy, Mr. Olmert, to represent him at an annual commemoration day for Israel's first prime minister, David Ben-Gurion. In his speech, Mr. Olmert raised eyebrows with a vague call for Israeli leaders capable of making "a painful compromise."

His speech was widely viewed as a trial balloon -- Mr. Sharon testing public reaction to an explosive idea. Behind the scenes, he and his inner circle had decided on a plan that would be bitterly divisive for Israelis: dismantling all 21 settlements in Gaza. Containing about 8,000 Jews among about 1.3 million Palestinians, the settlements were simply too draining for Israel to defend, Mr. Sharon believed.

The notion of separating Israelis from the Palestinians had bubbled beneath the surface prior to this. Mr. Sharon had backed construction of a security barrier that attempted to divide the two populations -- and that helped reduce the number of suicide attacks. But Mr. Sharon always described the barrier -- a combination of walls, fences and checkpoints winding from

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north to south though the West Bank -- as merely a way to stop suicide bombers. When it cut deep into Palestinian-dominated areas, often dividing Palestinian towns and fields, he denied it constituted a border or had any political significance.

Mr. Sharon emptied Gaza and four West Bank enclaves of Jewish settlers in a tumultuous few weeks last year. Against expectations, his popularity rose among Israelis.

Still, many fellow conservatives, who cherished the settlers and saw any pullback as rewarding terrorists, were only beginning to realize the extent of Mr. Sharon's plans and his determination to carry them out. Some could scarcely believe one of the biggest backers of the settlement movement was now determined to clip its wings. Mr. Sharon made clear he had every intention of keeping the largest settlements. He also vowed to keep the whole of Jerusalem, which today is informally split into Israeli and Palestinian parts and contains holy sites for Jews, Muslims and Christians, though Israel controls the entire city.

When members of his own Likud Party challenged him late last year, however, Mr. Sharon again shocked Israelis by leaving a party he had been a part of for decades. He formed Kadima on Nov. 21, quickly pulling in important politicians from the Labor Party to go along with a cadre of conservatives who followed him out of Likud. Simultaneously, he began to prepare for next week's elections.

Within weeks, Mr. Sharon had reshaped Israel's political landscape. Then, on Dec. 18, he suffered a minor stroke. After a brief hospitalization, he was given a blood thinner and even went back to work, hammering out Kadima's lineup. But while resting on his farm in Southern Israel's Negev region on Jan. 4, Mr. Sharon suffered a massive brain hemorrhage. Israel was in crisis.

Mr. Olmert was named acting prime minister 20 minutes before midnight that evening. A highly defended motorcade picked him up at his home the next morning and whisked him to the prime minister's office. There, Mr. Olmert presided over an emergency meeting of the cabinet. Mr. Sharon's chair sat empty next to him.

Kadima had no plan for how to carry on without Mr. Sharon's towering presence. Even after Mr. Sharon's first stroke, discussion of a succession plan, "was like eating pork in a synagogue," said one senior Sharon adviser.

Kadima still had no finalized positions, no set list of candidates, not even an official No. 2 behind Mr. Sharon. Mr. Olmert wasn't particularly popular among Israelis, according to opinion polls taken before Mr. Sharon's incapacitation.

To prevent infighting, Mr. Olmert personally called members of Mr. Sharon's brain trust of private advisers and asked them to stay on. They urged Kadima members to remain on board. Kadima would crumble if they scurried back to their former parties now. Kadima needed, in the words of one Sharon adviser, "to stay in line."

The party overcame the immediate crisis a month later. With Mr. Sharon still unconscious, the dozen founding members of Kadima met behind closed doors in a room at the Knesset, Israel's parliament. There they voted unanimously to make Mr. Olmert Kadima's new leader, according to people familiar with the meeting.

Mr. Olmert, a lawyer who entered politics at age 28, had been mayor of Jerusalem for a decade before joining Mr. Sharon's government in 2003. Before Mr. Sharon's incapacitation, Mr. Olmert was an important player in Kadima, but hardly one of its more charismatic figures.

With the election just a few months away, Kadima strategists had been gearing up for a campaign built around Mr. Sharon -- especially his record as someone capable of leading Israelis down a difficult new path. They had also planned to be careful about outlining what exactly that meant.

Indeed, Mr. Sharon and his inner circle deliberately stopped short of even drafting a detailed internal plan for themselves. That would have involved naming settlements for evacuation, which would infuriate many Israelis. They also knew any talk of setting permanent borders unilaterally would encounter stiff resistance from the outside world, particularly Europe and the U.S. Mr. Sharon was a master of ambiguity, leaving all sides guessing but trustful enough to go along. Mr. Olmert and Kadima strategists soon decided that wouldn't work for him.

Another historic turn worked in favor of a more aggressive plan. In late January, Hamas won a sweeping victory in Palestinian elections. While Hamas stopped attacks in the past several months, the group still calls for the destruction of Israel. Potential Palestinian negotiating partners appeared further away than ever.

Kadima is now attempting to create a sense of a historic moment -- with Mr. Sharon still comatose but present in spirit at every turn in Kadima's campaign. Mr. Olmert now wants a clear electoral mandate for his plan to separate Israel from the Palestinians and draw permanent borders on Israel's terms.

Mr. Olmert has made clear that all but the biggest settlements outside the security barrier now under construction could find themselves outside Israel forever. Kadima, he states clearly, wants to set those borders within just a few years.

To gain support from the left, he has said that if a reasonable Palestinian negotiating partner emerges, he would negotiate those borders. To bolster his right, Mr. Olmert says the Israeli military would continue to occupy evacuated settlement lands so the Palestinians can't claim to have driven Jews from them. But he's hammered home that Kadima aims to establish permanent borders for Israel.

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That message has resonated with voters so far. Recent polls show Kadima becoming the largest bloc in the Knesset, capturing perhaps as much as double the number of seats as Likud or Labor. Still, even with a strong showing, Kadima won't be able to rule without forming a coalition government. That could force Mr. Olmert to water down his agenda. Some predict the party will come unraveled as it tries to implement its plans in the years ahead.

Pollsters also caution that polls may not reflect the actual results. The number of undecided voters is unusually high, and it's unclear how many Israelis will turn out to vote in a campaign dominated by an untested new party.

But whatever the outcome, the appeal of separation isn't likely to evaporate with a Hamas-led government representing the Palestinians and an Israeli public tired of dealing with an occupation.

An Unloved Vote Winner (FT)

By Harvey Morris

Financial Times, March 25, 2006

If Ehud Olmert next week fulfills a life-long ambition to become prime minister of Israel, it will not be on the basis of his personal popularity. In a telling response to pollsters, evidently running out of questions to ask the public in one of the country's least animated election campaigns, only one in eight Israelis queried said they would want him as a dinner partner.

It is a statistic that might floor a more sensitive candidate. But Mr Olmert has grown a tough skin during an abrasive political career spanning more than four decades in which he has rarely gone out of his way to court the public's affection.

Comparing him with his nearest rivals, Labour's Amir Peretz and Likud's Benjamin Netanyahu, Nadav Eyal, the daily Maariv's commentator, wrote: "The difference between him and the other two is that Olmert has never sought love. He just wants to win."

The acting prime minister is a career politician, a relatively rare phenomenon in a country that during its 58-year history has been principally governed at the top by a succession of founding fathers and ex-generals.

Absent is the whiff of cordite that trailed the likes of Ariel Sharon, perhaps the last example of a disappearing breed. Mr Olmert favours elegant suits, Havana cigars and a daily six-mile jog. It is a style perhaps better suited to a maturing Israeli state in which sociologists note the decline of ideology and the rise of a more hard-headed pragmatism, a longing for bourgeois normality in the midst of a deeply perceived existential threat.

The frontiersmen of the West Bank settlements, once fêted by rightwing politicians such as Mr Olmert, are rapidly going the way of the almost extinct socialist kibbutzniks as models of Zionist idealism.

So, even though they may not like him very much, enough Israelis are apparently prepared to vote for him next Tuesday as the standard-bearer of the new centrism to hand him sufficient seats to form the next coalition government. They probably would have preferred Mr Sharon as a safer and more experienced pair of hands. But the stroke that incapacitated the prime minister in January catapulted his successor into power earlier than had been expected.

The fact that his elevation owed more to accident than design did not mean, however, that it was one for which Mr Olmert had not long prepared. He is said to have dreamt of becoming prime minister since he was a boy growing up in the uncertain first decade of the new state, an ambition that was to win out over a parallel obsession with soccer.

He was born in 1945 to a Russian-born father and Ukrainian-born mother, activists in the militant rightwing Irgun that harried the British in the closing years of their mandate. His political home was the revisionist Herut party, a movement that brooded on the sidelines during the first three decades of Labour Zionist domination before coming to power in 1977 as the most ideological element of the rightist Likud bloc.

Unlike Mr Sharon, latest in a line of powerful mentors to whom he attached himself, Mr Olmert was a political princeling, heir to a pre-state tradition that dreamt of an Israel that would span both banks of the Jordan river. He was a member of the rightwing Betar youth movement and remains a loyal supporter of the Betar Jerusalem soccer team that bears its name. Mr Olmert, however, has travelled considerably further than many of his fellow fans, whose aggressive anti-Arabism has given the club a reputation for unbridled -jingoism.

While his political transformation in recent years is seen by some rivals as political opportunism, Mr Olmert never entirely fitted the mould of unreconstructed rightist. He first made his mark as a precocious 20-year-old, eight years before he was to become the youngest member of the Knesset, when he upbraided Menachem Begin, the veteran Herut leader, for losing six elections in a row and called on him to resign.

He was among those of Yitzhak Shamir's inner circle who in 1990 persuaded the then prime minister to start peace talks with the Palestinians and Israel's other Arab neighbours. A Herut heir, he married a committed leftwinger, the artist and writer Aliza Richter, of whom he joked: "Thirty five years of Aliza working on me are at last starting to bear fruit."

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For a decade from 1993, Mr Olmert laboured in the relative backwater of the Jerusalem mayor's office after Mr Netanyahu, three years his junior, won the Likud leadership. He used his municipal role in part to promote the expansion of Jewish settlements around the city.

Mr Sharon summoned him back to national politics for the 2003 election, although the low 34th place he secured on the Likud electoral list was a reflection of his lack of popularity within the ruling party. He coveted the finance minister's post that went to Mr Netanyahu. But the consolation prize of the deputy premiership put him in poll position when Mr Sharon was felled by a stroke.

During Mr Sharon's second term, he emerged as the prime minister's most loyal ally and most trusted aide. He embraced and promoted Mr Sharon's politically risky plan to turn his back on a legacy of expansion and disengage unilaterally from Palestinian territories for which Israel had no long-term use. Both men argued it was the only way to preserve Israel's existence as both a democratic and Jewish state.

In some ways, Mr Olmert had moved beyond his mentor, who, despite a career aggressively promoting the settler cause, was ultimately seen as returning to his Labour Zionist roots.

Mr Olmert, who had long since burnt his bridges with much of the Likud leadership, is credited with encouraging Mr Sharon to abandon it and form the Kadima party as a platform for possible further territorial moves.

The new centrist faction has faltered slightly in opinion polls since Mr Sharon's exit from the political scene, but Mr Olmert's delicate handling of the succession has won him plaudits for statesmanship even among those who baulked in the past at his argumentative style.

He has declined to occupy the prime minister's seat until he earns it on his own merit and has been sparing in his usual sharp-tongued criticism of his rivals. His enemies on the right have nevertheless accused him of exploiting the Sharon legacy by posing as natural heir-apparent.

Apart from set-piece interviews, he has been remarkably absent from a generally low-key campaign. Perhaps it is the right approach towards an electorate that would not invite him for dinner.

Talk Of Peace Negotiations Has All But Ended In Israel (KRT)

By Dion Nissenbaum

Knight Ridder, March 25, 2006

BINYAMINA, Israel - Drora Vered is tired of fruitless peace talks with the Palestinians; so tired that she supports completion of the contentious separation barrier that slices through parts of the West Bank.

"I want a wall," Vered said as she threw up her hands in her living room. "We're here, you are there and a wall in between us until we meet again."

The 58-year-old tour guide's view is shared by many Israelis, who are expected to endorse a risky strategic shift in Israel's quest for security. Few people who are preparing to vote Tuesday talk about peace. Instead, they talk about giving the next government a green light to set Israel's boundaries without negotiating with the Palestinians.

Acting Israeli Prime Minister Ehud Olmert has said that within four years he wants to shut down the more remote Jewish communities in the predominantly Palestinian West Bank, formally absorb the bigger Jewish settlements around Jerusalem and retain a protective military presence in the occupied valley near Jordan.

The "convergence plan" being pushed by the fledgling Kadima party, now headed by Olmert, is proving to be popular with voters such as Vered. But even some supporters of this unilateral approach concede that ignoring the Palestinians isn't likely to lead to long-term peace, much less near-term stability.

"Unilateralism cannot forge a lasting peace," said Yossi Alpher, a former director of the Jaffe Center for Strategic Studies at Tel Aviv University who now runs the www.bitterlemons.org political Web site. "It can't forge any peace. Unilateralism creates a better territorial situation looking towards a peace process somewhere down the line."

Critics of the plan say it's likely to backfire. Instead of buying Israel a few years of stability, they warn, the idea of effectively seizing more West Bank land that's supposed to be part of a Palestinian state, walling Israel behind the separation barrier and retaining a military presence near Jordan will only inflame frustrations.

"I absolutely don't think there is a unilateral solution that works," said Shibley Telhami, a senior fellow at the Brookings Institution's Saban Center for Middle East Policy. "It works fine as a tactical argument, but it isn't going to solve even the immediate problems. I don't think that worsening economic and political conditions in the Palestinian areas are going to be helpful to the Israelis."

In fact, Telhami said, a second settlement pullout could end up further empowering Hamas, the Islamist militant group that now dominates the Palestinian Authority. Hamas has argued that its suicide-bombing strategy was a main reason that Israel withdrew from the predominantly Palestinian Gaza Strip last summer.

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Edward Abington, a former U.S. consul general who's now advising Palestinian Authority President Mahmoud Abbas, said the plan as laid out by Olmert did little more than create more politically palatable Israeli domination.

"What the Israelis are saying is they've given up on any idea of any kind of agreement leading to statehood with the Palestinians," Abington said. "What they have settled on instead is reorganizing the occupation in a way where, by Israeli calculations, they will be more secure and suffer less in the way of casualties. It's not stable."

Unilateralism has quickly become Israel's populist political movement. And, for the first time, Israelis will have a chance to formally endorse the idea.

When Ariel Sharon became prime minister in 2001, he publicly rebuffed talk of abandoning some 250,000 Jews living in disputed West Bank and Gaza Strip settlements amid millions of Palestinians under Israeli military rule.

So many people were shocked in 2004 when Sharon unveiled his plan to raze all 21 Jewish settlements in the Gaza Strip and end Israel's military presence in the coastal region, which is home to 1.3 million Palestinians.

Israel's pullout from Gaza last summer won broad support from the Israeli public, and Sharon was considering a similar plan for the West Bank when his political career was cut short by a debilitating stroke in January.

Olmert, then Sharon's second-in-command, stepped in as acting prime minister and leader of the new breakaway Kadima party, which is expected to win the most parliamentary seats Tuesday.

Olmert has made it clear that he'll form a coalition government only with smaller political parties that support the idea of a partial West Bank pullout.

"I want to make this clear, so that no one is in any doubt: I intend to implement this plan," Olmert told Israeli television last week. "Anyone who does not wish this plan to be implemented will not be in my coalition. I do not intend to compromise on the details of the plan. This is the plan, and there is no other."

The idea of going it alone has gained greater cachet since Hamas won control of the Palestinian Authority through elections in January.

Hamas has ruled out recognizing Israel as a nation, much less negotiating with it. That's allowed Israeli politicians to shun Hamas as a potential partner and has given more credence to the unilateral proposal.

Miri Eisin, a former intelligence officer in the Israel Defense Forces, said that, while risky, unilateralism was the only option Israel had now.

"Anybody will tell you that you can't define a border unilaterally; that's an oxymoron," Eisin said. "But the alternative is to negotiate, and that's not feasible with Hamas."

Eisin admits that peace isn't on the horizon, but she sees no other alternative after years of suicide bombings and peace talks that produced few stable results.

"It's a different mood," she said. "Israelis don't talk about peace. We talk about nonviolence. We talk about separation. The last five and a half years have pretty dramatically changed the Israeli society's psyche and the political realpolitik."

'Everything Is Open' (NSWK)

By Kevin Peraino

Newsweek, March 25, 2006

Even with a clear front runner in next Tuesday's Israeli parliamentary elections, the makeup of the future government—and its relations with Hamas—remain uncertain.

Mahmoud Zahar is an unlikely expert on Israeli politics. In the almost two decades since he helped to found the Islamist group Hamas, Zahar has lived through six Israeli election cycles. But the most important lesson his experience has taught him is that predicting the results is a fool's errand—even in a year when one party seems poised to dominate. "Israeli society is divided into so many parties and sectors," Zahar told NEWSWEEK earlier this week at his Gaza City home. "Even in one party there are different sectors." Acting Prime Minister Ehud Olmert's Kadima bloc may seem poised to crush its nearest rivals in next Tuesday's parliamentary polls. But Zahar knows the real game doesn't begin until the postelection horse-trading starts—an inevitability in a nation where 15 different parties are likely to win seats in Parliament, and none a majority. "In Israel, everything is open," Zahar says.

On the surface, this year's contest has been one of the least dynamic in recent memory. Despite a string of jarring plot twists—like the incapacitating illness of Prime Minister Ariel Sharon and the surprise victory of Hamas in January's Palestinian elections—the poll numbers have hardly budged. The latest projections suggest Kadima will win roughly 37 of Israel's 120 Knesset seats, Amir Peretz's Labor Party around 19 seats and Benjamin Netanyahu's Likud Party about 14—pretty much exactly where they were three months ago. Olmert's numbers jumped slightly after Israeli troops raided a Jericho prison a week and a half ago and seized a Palestinian militant. But a week later, they were right back to preraid levels. So much for what the pundits were calling "the Jericho effect."

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What accounts for the stability? A lack of disruptive suicide attacks, to start. In 1996, Likud candidate Netanyahu came from behind to defeat Labor's Shimon Peres—thanks largely to intensified attacks from Zahar's associates in Hamas. "If they lose their security just before the election, they are not going to vote for the present government," says Zahar. But this year, Hamas seems committed to at least a short-term truce. Of course, that doesn't mean it can control all the factions in the Palestinian territories, and last-minute attacks could still shake up the numbers. Just last week, Israeli police chased down a van on the main highway from Jerusalem to Tel Aviv after the Shin Bet security service warned of a possible imminent attack. As helicopters swooped overhead in pursuit, traffic backed up for miles. When Israeli troopers stormed the van, they discovered an unexploded 15-pound bomb.

As the Israeli campaign limps into its final days, there are some signs that hard-liners are beginning to make gains. One surprise candidate: Avigdor Lieberman, a controversial Russian immigrant whose Israel Beitenu Party advocates shifting some Israeli Arab villages to Palestinian control. Lieberman's bloc could win as many as 10 seats in the Knesset, a dramatic jump from the early days of the campaign. But the gains would come partly at the expense of disenchanted hawks in Likud. And Lieberman's surge probably owes more to his catchy ad campaign than to any bedrock shift in the Israeli electorate. Lieberman's secret weapon from America: Republican Party strategist Arthur Finkelstein, a veteran of Israeli campaigns who helped supercharge Israel's political system by introducing the techniques of modern campaigning in the 1996 election cycle. In this campaign, Israelis all over the country are repeating Lieberman's catchy tagline in Russian: "Nyet, Nyet, Da" (No, No, Yes). Even rival strategists, like Kadima media boss Eyal Arad, admit Lieberman's ads are some of the best of the campaign. (For a look at some of the Israeli political ads, see "Air Power: A Fight for the Last Voter.")

If Hamas was one architect of Netanyahu's victory in 1996, Arad was the other. As Netanyahu's campaign manager in that contest, Arad deftly exploited Israeli security fears. But Arad switched loyalties when Sharon abandoned Likud and now finds himself in a unique position to savage his former boss. Kadima's attack ads in this cycle have made quick work of Netanyahu. The most effective one: a smarmy image of Netanyahu's face with a simple voice-over: "Once was enough." Arad's tougher challenge has been to convince swing voters that Olmert is as dynamic a character as Sharon, who is still in a coma and not expected to recover. These voters "lean toward Kadima," Arad told NEWSWEEK recently at his party's Tel Aviv production offices. "But they're hesitant about Olmert." Yet ads alone can't do much to shape these kinds of long-term perceptions. Only time—and not a few external factors—can do that.

Zahar's Hamas organization is perhaps the ultimate X factor. Around the same time Israelis will vote next week, Zahar is expected to be named the Palestinian Authority's new foreign minister. Saddled with crushing budget shortfalls, Zahar will travel the Middle East trying to woo potential donors. It won't be easy. So far, "nobody is committed except Saudi Arabia," Zahar says. And that's where Olmert's real problems could start. For now, Hamas is busy trying to seat its own government and has little interest in antagonizing Israel as it attempts to recover aid money. But if the economy continues to deteriorate, "the people are not going to allow Israel to starve them," Zahar warns. Such a situation could lead to what Zahar describes—a little menacingly—only as "problems. For us, and the Israelis." Olmert and Kadima may well weather the fire from their political opponents in Tuesday's election. But in the Middle East, the real trouble often starts only after the returns are in.

With Joanna Chen in Jerusalem

Israeli Arabs Feel Little Stake In Vote (LAT)

By Laura King, Times Staff Writer

The Los Angeles Times, March 25, 2006

As they gear up for polls, some in the minority electorate say they feel cut off from the state.

NAZARETH, Israel — Lounging in the doorway of a dress shop just down the street from the towering Basilica of the Annunciation, Majdoline Mimo shook her curly head and clucked her tongue at the mention of Israel's elections Tuesday.

"I'll cast a blank ballot," the young Israeli Arab woman said, as her girlfriends nodded in agreement. "I don't see any party that really represents my goals."

Arab citizens of Israel make up 13% of the country's eligible voters, and if numbers alone were what counted, they would be a powerful political bloc, eagerly courted by all sides. Instead, the mood among the Arab electorate is largely one of listlessness. Pollsters are forecasting that their turnout will be low, and those who do vote are likely to divide their support among a number of small Arab parties.

In Nazareth, Israel's largest Arab-dominated city and the town where Jesus is believed to have spent his boyhood, nearly all those asked said they felt cut off from the Jewish state and its institutions. But according to the polls, up to one-fifth of Arab voters will nonetheless cast ballots for one of the mainstream Israeli parties.

Israel's left-leaning Labor Party is expected to attract considerable numbers of Arab voters, in part because of its leftist platform and in part because it is headed by Amir Peretz, a Moroccan-born Jew whose native language is Arabic.

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"Everyone is saying we should vote for the Arab parties, because they are our own people, but to me it is throwing the vote away," said Azhar abu Hamad, 19, in Nazareth. She said she would vote for Meretz, the most leftist of what people here call the "Zionist" parties.

Three Arab parties are likely to divide the rest of the Arab vote among themselves, for a total of about 10 of the 120 seats in the Knesset, or parliament.

A political bloc of that size can often wield disproportionate clout under Israel's parliamentary system by positioning itself as a swing vote. But the Arab parties tend to be sidetracked by their differing ideologies, which run from Islamist to communist.

"If we ran a single Arab list of candidates, everyone would have to pay more attention to us in the parliament," said Yusef Habiballah, a student from a village outside Nazareth. "But it seems we can't find a way to unite."

Some commentators have predicted an "echo effect" from the triumph of the militant group Hamas in January's Palestinian elections, with a surge in support for Islamists. But others say they do not see these candidates winning a much larger following than usual — in part because the Islamic movement is split into two factions, one of which is boycotting the balloting.

In Nazareth, where tensions between Christians and Muslims occasionally boil over into violence, many expressed nervousness over a vote boycott called by a little-known Islamic group calling itself Ansar Allah, or Followers of God. The group distributed fliers describing the Knesset as a defamer of the prophet Muhammad.

Boycott calls have come from secular Arabs as well, including some intellectuals who see the vote as an exercise in colonialism because Israel's Arab citizens are a downtrodden minority.

Joblessness and poverty rates are much higher among Israeli Arabs than among the Jewish majority. Arabs as a rule do not serve in the Israeli army, which gives many young Israelis a boost in their career prospects.

Arab cities and towns inside Israel receive substantially less funding than Jewish municipalities. And a poll last week suggested that a majority of Israeli Jews regard Arab citizens as a threat to national security.

"People feel disaffected, certainly," said Sammy Smooha, a University of Haifa sociologist who specializes in Israeli Arab issues. "Many Arab citizens feel that Jews view them as disloyal to Israel."

Most of the Arab candidates use their campaign appearances to drive that point home. At a town hall-type gathering in a Nazareth neighborhood last week, Azmi Bishara, a candidate for the nationalist Balad party, told the crowd: "Israel sees you only as a demographic liability."

"Our situation today is that of citizens without true citizenship," Ahmed Tibi, running on the ticket of the Arab Party for Change, told the Haaretz newspaper.

Most Israeli Jews paid little attention to campaign events on the Arab side. Somewhat tellingly, the debate among the main candidates of the Arab parties took place not on Israeli television, but on Al Jazeera, the pan-Arab satellite channel.

This month, the government of acting Prime Minister Ehud Olmert proposed an initiative to guarantee more civil service jobs to Arab citizens, a gesture that even Israeli media described as an election ploy.

"Whenever the elections approach, the political establishment suddenly remembers that a fifth of the country's population is Arab, and that they are deprived," the mass-circulation Yediot Aharonot newspaper said in a commentary. "So all of a sudden, a program is devised for aid, rehabilitation, recovery…. It is very doubtful that even a small portion of this money finds its way to the Arab sector."

All the Arab parties have their own take on what is a central dilemma for Israeli Arabs: whether they should identify more strongly with their Palestinian brethren in the West Bank and Gaza Strip or seek to strengthen their own identity within Israel.

Balad, for example, calls for Israel to recognize Arab citizens as a national minority and grant them control over their own governing and cultural institutions. The communist-inspired Hadash party has advocated changing Israel's exclusively Jewish national symbols, including the Star of David on the flag.

But as the elections approached, many Arab voters acknowledged an overpowering sense of weariness with the political process.

"There are so many problems for which there seem to be no real solution," said Ayad Mahroun, a young Nazareth woman who said she would vote for Hadash, but only because she felt it was her civic duty. "We are looking for equality," she said, "and no election will bring that."

Security Council To Okay UN Help For Trial Of Hariri Murder Suspects (AFP)

AFP, March 25, 2006

The Security Council was set to ask UN chief Kofi Annan next week to strike a deal with Lebanon on creating an international tribunal to try suspects in the murder of Lebanon's ex-premier, Argentina's ambassador said.

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Cesar Mayoral, the president of the Security Council for March, told reporters that the 15-member body would vote Tuesday on a French-drafted resolution urging Annan to negotiate an accord on the tribunal for suspects in the slaying of Rafiq Hariri.

Diplomats said the text was virtually certain to be adopted.

The draft, made available Friday, also asks Annan "to submit in a timely manner for the consideration of the Council a report on the implementation of this resolution ... including options for a funding mechanism appropriate to ensure the continued and effective functioning of the tribunal."

In a report released Tuesday, Annan suggested creation of a mixed tribunal involving Lebanese and international judges that "would best balance the need for Lebanese and international involvement in the work of the tribunal."

"That balance would be determined by such important characteristics as the tribunal's founding instrument, applicable law, location, composition and financial arrangements," it added.

It noted that Lebanese authorities believe that for security reasons the court should be established outside Lebanon.

The UN Security Council last December authorized Lebanon to create a special tribunal for the murder of Hariri and 20 others in a February 2005 bombing in downtown Beirut.

Belgian prosecutor Serge Brammertz, who is currently leading a six-month UN probe of the slaying, last week cited progress in the investigation but stressed that Syrian cooperation would be crucial to make further headway.

Two previous reports by Brammertz's predecessor, German prosecutor Detlev Mehlis, had suggested top-level Syrian involvement in the assassination plot, and blasted Damascus for failing to cooperate and actively seeking to mislead the investigation.

Syria, the longtime powerbroker in Lebanon, has denied any involvement in Hariri's murder and accused the UN panel of political bias.

From Dreamer To Contender (NSWK)

By Stephen Glain

Newsweek, March 25, 2006

Even though a national election isn't scheduled, human-rights activist Chibli Mallat is running for president. And his chances of winning are looking better all the time.

Chibli Mallat, a Lebanese human-rights lawyer and activist, is campaigning as an independent for his country's presidency. That makes him unique, for two reasons: First, in Lebanon's highly factionalized politics, no one gets anywhere without belonging to an ethnic or religious clan. Second, there are no scheduled elections to contest. Last year's Cedar Revolution, ignited by the killing of the Sunni political leader Rafik Hariri, may have put an end to Syria's decades-long occupation of Lebanon, but Syrian proxy Emile Lahoud remains as the country's president. Pro-democracy groups engaged in a so-called National Dialogue have as yet failed to hatch a plan to remove Lahoud without provoking a violent backlash from Damascus.

Nonetheless, political groups are jockeying for power, inspired in part by what they say is stiff pressure on Syria from Arab governments—in particular Saudi Arabia, which enjoyed close ties with Hariri—in favor of a peaceful transition of power in Lebanon. The 46-year-old Mallat's own poll numbers meanwhile, indicate he has reached spoiler status. This month, Lebanon's Maronite patriarch, the leader of the country's largest Christian sect, gave the candidate what was interpreted by some as a passive endorsement, and the Saudi and Iranian ambassadors have requested interviews with Mallat. He spoke with NEWSWEEK's Stephen Glain this week. Excerpts:

NEWSWEEK: What are the odds that Syria will remove Lahoud anytime soon?

Chibli Mallat: Considering that everyone in the National Dialogue accepts there is a crisis in the presidency that needs to be addressed and the only way to address it is with a new president, the likelihood is much higher today than it was two months ago. You could have a new president in a week or a month.

What makes you think Lahoud's presidency may be in jeopardy?

The Syrians will hang on to him as much as they can, but eventually they will cut their losses because Arab leaders are pressuring them to do so. It's because of Saad Hariri [Rafik's son and a political leader]. He is saying "I want him out," and the Saudis will not go against him on this, though the pressure is clandestine. The atmosphere has changed to the point where the Saudis are saying, "Let's agree on [a Lahoud successor]" rather than "let's not stir up change in Lebanon."

Assuming Lahoud goes and an election is scheduled, how do you rate your chances?

The [candidate] that is least objectionable to everyone involved is probably me, because while I belong to this Cedar Revolution atmosphere, I am not directly associated with or against any one camp. The patriarch came out with specifications for a best-candidate's profile—someone young, educated, middle of the road—which was read widely to be a reference to me. Since I announced my campaign, I've propelled my image from innocuous dreamer to one of the contenders on the public radar.

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We had a poll done this week between me and [Gen. Michel] Aoun and the result was 59 percent for Aoun and 40 percent for Mallat, which is significant [considering] when I started out.

What is it about you that appeals to voters?

There is a sense of relative youth, a sense of novelty that is not available with other candidates, who are all either steeped in blood like Aoun or were in arrangements with the Syrians to be deputies of one thing or another. Most important, the political movement in Lebanon is a movement of the professional class, the middle class, and that is my profile. It is a revolt of the bankers and lawyers. To see them in the street is very unusual in Lebanon.

The leaders of the National Dialogue seem to be maneuvering to simply name a successor rather than hold an election. Wasn't the Cedar Revolution all about the popular yearning for a pluralist democracy?

Of course. But people in this country are so tired of violence in politics they don't see the importance of democratic competition. In democracy, there is the notion that the losers of today will be the winners of tomorrow. That alternation game is the essence of democracy, but there is a sense that Lebanon is so fragile and people are obsessed with consensus. The only practical alternative in my view is to allow the constitutional process to play itself out in the form of an election. That way, hopefully, the best person will emerge.

President George W. Bush continues to make the spread of democracy the cornerstone of his foreign policy. Does that sustain you?

I support his policy wholeheartedly. We activists in the human-rights community have been calling for democracy for years, and now that the Americans are embracing it, we won't turn back. My only request is that the policy be imposed without exemption. It is easy to attack Syria on the basis that it is not democratic, but it is important that the [United States] apply the same standards to Egypt, to push for peaceful change at the top there. That also includes Tunisia, which is an extraordinary dictatorship, and of course Israel, which is ruining the lives of millions of people under its occupation. The Bush administration must do something positive on this to show his call for freedom and democracy is not opportunistic.

Is the United States doing enough to pressure Syria to allow Lebanon full independence?

Short of sending 100,000 Marines to Damascus, my sense is the U.S. policy on Damascus is the correct one. I don't think sanctions would be useful in any way, and in fact they've proved counterproductive elsewhere. The Syrians are not behaving well on a number of fronts, including in Lebanon, and that will continue. But most worryingly, what we're seeing in Syria is that the country is going down the path of domestic violence. Every few days we hear of skirmishes and numbers of people killed. This touches a broad spectrum of the population, which is increasingly unhappy. It really has nothing to do with Lebanon, and it is bound to get worse.

Disgraced Defense Contractor Planned To Promote Democracy In Iran (KRT)

By Warren P. Strobel

Knight Ridder, March 25, 2006

WASHINGTON - In a new example of disgraced defense contractor Mitchell Wade's attempts to exert influence in Washington and beyond, Wade and two business partners formed a nonprofit group in 2004 to promote democracy in Iran, according to documents and interviews.

Wade and the two partners, who have been large contributors to Republican political campaigns, formed the Iranian Democratization Foundation in April 2004, according to incorporation papers filed in Washington.

The timing coincides with a push by opponents of the theocratic regime in Tehran to appropriate more money for democracy programs.

In November 2004, Congress approved spending $3 million to promote democracy in Iran. Secretary of State Condoleezza Rice last month asked Congress for a large boost in funding, to $75 million.

Behrooz Behbudi, who helped incorporate the foundation, said in a telephone interview that Wade "was supposed to get funds from the Congress" for the project. The two later fell out over business dealings in Iraq, Behbudi said.

Wade, who headed contractor MZM Inc., pleaded guilty last month to bribery-related charges and making illegal campaign contributions. His chief congressional patron, former Rep. Randy "Duke" Cunningham, pleaded guilty in November to taking bribes.

Wade's dealings, which include contracts MZM received from Pentagon intelligence agencies, are under investigation.

A phone call to Wade's lawyer seeking comment wasn't immediately returned.

Much is still unclear about the Iranian Democratization Foundation, including whether it ever took in money or carried out any activities. It was dissolved in November 2004 and apparently never filed federal disclosure forms required of nonprofits with more than $25,000 in income.

The foundation's existence was first reported this month by the Web log Talking Points Memo.

Behbudi, who lives in West Vancouver, Canada, and whose family was close to the late shah of Iran, said Wade apparently saw him as a conduit for helping expand his activities in the Middle East.

Behbudi said he was introduced to Wade by New York-based real estate developer Sonny Lee, the third officer of the foundation. The foundation's listed address was the same as MZM's.

"We wanted to bring freedom to the people of Iran, freedom from the mullahs," Lee said in a brief telephone interview. The project was stopped "after the government told us they would take care of that themselves," he said. He didn't elaborate.

Behbudi and Lee donated heavily to Republican political causes, according to federal records.

Behbudi gave $17,000 to the National Republican Senatorial Committee in 2003 and $1,250 to President Bush's 2004 re-election campaign.

Lee gave at least $41,250 to the Senatorial Committee and $2,000 to Bush. A biography on the Rotary Club of New York's Web site says Lee was twice awarded the Medal of Freedom by the National Republican Senatorial Committee.

Lee, chairman of the Great American International Development Corp., called Wade "a good Christian man" and said they met through Wade's wife, Christiane.

Behbudi said he and Wade had a deal to try to get a contract to rebuild the gutted Central Bank of Iraq headquarters building in downtown Baghdad.

Behbudi said he traveled twice to Baghdad soon after the fall of Saddam Hussein's regime and "came up with the most beautiful building" design for the new headquarters.

"Mitch was supposed to come up with the contracts and secure the funds. I was supposed to do the work," Behbudi said. But, he said, Wade never paid him for the design work.

Behbudi's account couldn't be independently confirmed. He said he had a signed contract with Wade, but had to check with his business partners before making it public.

Available contracting records show MZM got one contract for Iraq reconstruction, a $5 million award in March 2003 to provide linguists and interpreters for the Pentagon.

Jonathan S. Landay of Knight Ridder Newspapers contributed to this report.

Cultivating The Seeds Of Democracy (LAT)

By Anwar Ibrahim, Anwar Ibrahim Is A Former Finance Minister And Deputy Prime Minister Of Malaysia. He Is A Visiting P

The Los Angeles Times, March 25, 2006

SINCE 9/11, the United States has pursued what the White House calls a "forward strategy of freedom" predicated on the belief that a dearth of democracy in Muslim countries has led to the spread of a deadly strain of Islamic extremism. Emboldened by a hard-won ideological victory over the regimes in Eastern Europe during the Cold War, the U.S. once again has sought to foment democracy abroad to ensure security at home.

However, as the first returns come in on this democratization effort in the Muslim world, there is growing anxiety in the U.S. about the resulting character of these nascent, freely elected governments. Some have begun to even question whether these countries have the innate ability to sustain democracy.

Although it cannot be denied that U.S. initiatives for reform have contributed significantly to developments in the Middle East, fear is growing that radicals may hijack democracy. Recent Islamist electoral successes in Iran, Egypt and the Palestinian territories have given rise to questions about the ability of liberal forces to prevail against fundamentalism.

For the United States, the fear is real, though perhaps tinged with a bit of Islamophobia: How terrible an irony it would be if this grand effort to spread liberty abroad resulted in anti-U.S. Islamic states imposing Sharia, or Islamic law, on their people.

The example of Hamas' ascension in Gaza and the West Bank presents obvious difficulties. But it would be fallacious to assume that it was democracy that voted in Islamic extremism. More correctly, it was the years of corruption and abuse of power of the Fatah-led administration that voted Hamas into power. If the exercise of democracy is about venting the people's anger and dissatisfaction with the powers that be, then the outcome was a foregone conclusion.

Be that as it may, there are some who say that "stability" not liberty is what the U.S. should be promoting throughout the Islamic world. Their view is that championing electoral democracy does not immediately serve U.S. interests abroad, particularly in the war on terrorism, and that the hearts and minds of terrorists and suicide bombers are not turned by the virtues of democracy. They say the war against terrorism must be waged with an iron hand, not kid gloves woven from the fabric of constitutional liberties.

These views on democracy and stability in the Muslim world are not only wrong but carry grave consequences.

In a way, Washington's strategy may be viewed as expiation for past sins, when the U.S. was a stumbling block to democracy in the Middle East. Iran was a democracy in 1953 when the CIA engineered the coup that transformed it into an

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absolute monarchy. The U.S. also has supported other tyrants in the region, including, of course, Saddam Hussein. All of this in the name of stability and security in the decades-long confrontation with the communist bloc.

Is Washington really caught between the Scylla of supporting dictators and the Charybdis of promoting democracies that could bring Islamist radicals to power?

THE BEST ANSWERS to the question of whether America should reassess its strategy lie in Indonesia and Turkey, refreshing examples of Muslim democratic self-assertion.

Seven years ago, Indonesia plunged headlong into democracy after more than 30 years of autocratic dictatorship. As the largest Muslim nation in the world, it stands out as perhaps the most significant political phenomenon in the recent history of democracy. Indonesians have gone to the polls twice since, and they overwhelmingly rejected the Islamist radicals, who then tried to push their agenda through other avenues. Again, this was met with a resounding "no" by the Indonesian people, including major Muslim organizations.

The press in Indonesia is free, and the elections are fair. Fundamental liberties are enshrined in the constitution and fully recognized and respected by the powers that be. For example, unlike in neighboring Malaysia, Indonesians may gather to protest government decisions and policies without fear of reprisals. Arbitrary arrests and political detentions are unheard of.

As fledgling democracies, Indonesia and Turkey still have a long way to go. In Indonesia, it is in fulfilling the socioeconomic objectives of democracy that can only happen over time. In Turkey, the containment of an unrestricted military establishment has aided in that country's European Union ascension. Nevertheless, they now stand as beacons, both for Muslim nations and for those who seek to help them.

To be successful in its efforts to spread freedom, the U.S. must remember that constitutional democracy cannot take root in a society, whether secular or Islamic, without the firm commitment of the politically empowered to protect the fundamental rights to liberty, equality and freedom of all.

The true cultivation of democracy requires more than simply the introduction of elections. It also requires the establishment of democratic processes and a leveling of the political playing field. It needs the guarantee of a separation of powers and the liberation of the judicial system from the stranglehold of autocrats and tyrants. Most of all, it requires the protection of fundamental liberties and a free press.

It is in these prerequisites of democracy that the U.S. and the Muslim world need to invest, with far more significant effort, for the causes of liberty to truly prevail.

Braving Jail For Democracy, But Is That A Goal Or A Tool? (NYT)

By Michael Slackman

The New York Times, March 25, 2006

CAIRO

WHAT makes a person go to jail for his beliefs and fortifies that person to hold strong while the moments of life — weddings, births, deaths — pass by?

Essam el-Erian missed six and a half years of freedom for his political work. In that way he has something in common with those who accepted prison to call for freedom from the oppression of the Soviet Union. He shares something in common with Riad Seif, a former prisoner in Syria who was recently released after serving more than five years for his democracy work, and Ayman Nour, sentenced to five years hard labor in Egypt after challenging the governing party's monopoly on power.

But Mr. Erian's push for democracy does not sit as well with those in the West, namely the United States and Europe, because while he calls for free elections, freedom of speech and due process, he freely admits that he wants those political changes to help bring Islamic law to Egypt. His critics believe that religious-based organizations like his want to use the mechanics of democracy to achieve power, but have no intention of actually supporting democratic values or practices.

"It is a duty to do it, it is a religious duty," Mr. Erian, 52, said when asked about his motivation. "I put my first footprint in this way more than 35 years ago, to save myself. Of course it may be difficult to understand, but secondly, it is to save our people. Our people look like slaves to dictatorships, and Islam came to release people from slavery to be only slaves of the God."

Mr. Erian is a leading figure within the Muslim Brotherhood, a fundamentalist Islamic organization that is technically illegal in Egypt but is officially tolerated. He has worked for decades to help the group emerge from years in the underground as Egypt's only real political opposition. He was released in October after his latest stretch in prison, five and a half months, and got right back to work, rejoining the ranks of the Brotherhood just as its members won 88 seats in Parliament, a small step toward realizing his dreams.

Yet, facing an increasingly intolerant government, Mr. Erian operates on a short leash, which can snap back at any time. On Wednesday, for example, as he tried to board a flight to attend a conference in Bahrain, he was stopped at passport control and denied permission to leave the country. No reason was given.

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If he has his way, the Brotherhood will follow in the footsteps of Hamas, the militant Palestinian organization that won parliamentary elections in January. And that, critics say, is precisely the problem. The Brotherhood, they say, is professing fealty to democracy only to gain power, after which it intends to dismantle democratic practices.

Mr. Erian is clear about his agenda: transforming Egypt into his vision of an Islamic state, where the Koran is not just the basis of all law, as in Egypt today, but where it is the law. But he rejects those who say he and the Brotherhood are antidemocratic.

"The main goal of Islam is to liberate people," he said during an interview in the office of the Muslim Brotherhood on the banks of the Nile here. "The way that you can apply liberty in your life now is democracy. All are linked. They come from the same source. Of course you can find many, many Muslims, or the majority of Muslims, who do not understand that, but Hassan al-Bana, who is the founder of the Muslim Brotherhood, said that freedom, liberty is one of the main pieces of Islam."

MR. ERIAN was born in a small village in Giza, called Nahya, not far from the Pyramids. His father was a teacher, and like most of the people in the village, he was raised observant, praying five times a day and fasting during the holy month of Ramadan. But he heard the call — to faith and politics — after an accident. He said he was about 15 years old when he was nearly electrocuted by touching the exposed wires on a lamp.

"I went to the street alone and asked myself, 'What am I living for?' "

For a teenager, the answer was found in the Muslim Brotherhood. "When I found the Muslim Brothers, of course, it was very good help for me because I put all my efforts in clear strategy, clear techniques, clear tasks," he said.

Mr. Erian, one of the two brightest students in his village, was selected to study medicine in Cairo. While in school, he joined a whole class of young people who were working to transform the Brotherhood with pragmatic ideas and a strategy of pushing the group into politics. Alarmed, the government struck back, and Mr. Erian, as the vanguard of that new generation, often felt the heat personally. He eventually earned a master's degree in clinical pathology but never managed to finish his medical training because he was sent to jail, he said.

Mr. Erian served in the Egyptian Parliament from 1987 to 1990 as an independent, because the Brotherhood could not run candidates as an outlawed group. In 1995 he was sentenced to five years in prison for belonging to a banned group that sought to create an Islamic state in Egypt. That conviction automatically disqualified him from running for public office again.

The Brotherhood has a violent past, and was outlawed after its members tried to assassinate Gamal Abdel Nasser even before he became president. Now it has to contend with that not-so-subtle undercurrent of suspicion that Mr. Erian and others are opportunists looking to ride the coattails of democracy to power — with no intention of then ever letting go. American policy makers have gone so far as to say they refuse to speak with the Brotherhood because of its illegal status. Recently, however, a British publication, The New Statesman, published documents on its Web site leaked from the British Embassy in Cairo in which an analyst there said that it was time to begin at least an informal dialogue with the Brotherhood.

MR. ERIAN bridles at the policy of opposing the Brotherhood because of what it might do, saying it diverted attention from more substantive issues. "The problem is that our rulers in this region are in power for half a century or more, supported by the states and they don't leave power," he said. "You are afraid that somebody else can come to power and not give away. Let us put guarantees to prevent this. Don't prevent people from change because you are afraid or because you are weak. Strengthen yourself, don't weaken the others."

Mr. Erian has picked supporters outside Islamic ranks. Saad Eddin Ibrahim, a Western-educated pioneer in pressing Egypt's government for accountability who found himself imprisoned some years ago for his trouble, said he trusted Mr. Erian. "Probably because of his moderate attitude and his outstanding leadership qualities, Mubarak's regime put Essam el-Erian behind bars," wrote Mr. Ibrahim while he was in jail. "So, let all the free people in Egypt and the world unite with him.

"Hands off Essam el-Erian, Mubarak!"

That call never did resonate, in Washington or Europe. But Mr. Erian said he did not care much, because he took the risks in support of his faith. "It is only to obey my God," he said.

U.S. Revokes Visa Of Pakistani Senator (WP)

By Shankar Vedantam

The Washington Post, March 25, 2006

Musharraf Critic Was to Be State Dept. Guest

The Bush administration has withdrawn an invitation to a Pakistani lawmaker and a prominent critic of President Pervez Musharraf who was to arrive in the United States today as a guest of the State Department, setting off charges that the action came at the behest of the Pakistani government.

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Sana Ullah Baloch, who had been invited by the State Department last year and issued a visa, was told recently by the U.S. Embassy in Islamabad that he could not attend a State Department-sponsored program on accountability in government and business and that a visa he had already received had been revoked.

American officials first told Baloch in a letter sent March 13 that they had taken the action because of "a recent withdrawal in funding which made it necessary for us to scale back the program."

In an interview Wednesday, State Department spokeswoman Nancy Beck said the problem was not funding but rather new information that was received after Baloch had been approved that "led us to believe he was not eligible for a visa." She declined to elaborate.

The incident has drawn sharp parallels with the case of Mukhtar Mai, a woman gang-raped in 2002 by a village council in Pakistan, who was prevented by the Pakistani government from traveling to the United States last summer to publicize her story. The government later relented.

The changing explanations fueled suspicion among some South Asia experts in Washington that Pakistan, a U.S. ally in the hunt for al-Qaeda leaders, asked the Bush administration not to permit Baloch to come to the United States. Baloch has been highly critical of Musharraf's handling of an intensifying conflict in Baluchistan, a restive province that Baloch represents in the national parliament.

"What is truly outrageous about his situation is this was a U.S.-government-sponsored trip," said Michael McFaul, a senior fellow at the Hoover Institution in Washington, who spent three weeks with Baloch at a meeting at Stanford University aimed at promoting democracy and human rights. "Since when do we let other countries decide whom we should invite to our country?"

"We are all embarrassed because we all suspect the same thing, but so far the questions we have asked the administration remain unanswered," said Frederic Grare, a scholar at the Carnegie Endowment for International Peace, which was forced to cancel next week's event for Baloch.

Amnesty International's advocacy director for Asia, T. Kumar, said the group would bring the issue to the attention of Congress: "This is a coverup. This is a war on terror issue, and they need Pakistan."

Baloch's allies note that they have no direct evidence of their claims, and the Pakistani government and the State Department deny that Pakistan was involved.

Tariq Azim Khan, one of Baloch's fellow senators and a spokesman for the Pakistani government, joked that "it is surprising to note that Pakistan has that much sway with the State Department and the American Embassy in Islamabad."

Baloch was welcome to express his views anywhere, Khan said, adding that the Pakistani government itself had included the critic in many interparliamentary delegations. Khan described the unrest in Baluchistan as the work of a tiny but vocal minority, led by people such as Baloch, who Khan charged was upset because traditional roles of patronage were being sidelined by development programs.

Marvin Weinbaum, a former State Department analyst for Afghanistan who now works for the Middle East Institute in Washington, said the department's intelligence analysts may have learned something problematic about Baloch. But Selig Harrison, author of "In Afghanistan's Shadow," a book on Baluch nationalism, said that absent evidence, "one would discount that as simply a cover story."

In an interview via cellphone, Baloch said that his province -- the largest in Pakistan -- was being exploited for its natural resources, even as the region was starved of development funds. The province borders Iran and Afghanistan and is strategically important to oil-shipping lanes. Baloch said locals want more authority but were being undermined by the Pakistani government's leverage of radical Islam in the liberal-minded region.

"They don't want to allow any Baluch political activist to get in touch with the international community regarding the human rights violations in Baluchistan," he said, adding that about 600 people had been killed in recent months.

As Indian Premier Calls For Treaty, Pakistan Says Kashmir Is The Key (NYT)

By Somini Sengupta

The New York Times, March 25, 2006

NEW DELHI, March 24 — Prime Minister Manmohan Singh called Friday for a far-reaching "treaty of peace, security and friendship" between India and Pakistan, in what appeared to be an effort to stanch criticism from across the border for inaction on the contested Kashmir region.

Pakistan politely welcomed the offer but pointed, not surprisingly, to the need to take on the Kashmir issue.

"We are not afraid of discussing Jammu and Kashmir or of finding pragmatic, practical solutions to resolve this issue as well," Mr. Singh said. He went on to say that territorial lines could not be redrawn — the Indian government's longstanding position — but that the two countries could work toward making them irrelevant, or as he also put it, "just lines on a map."

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The two countries, violently separated at birth in 1947 but unable ever since to agree over who controls the Himalayan territory of Kashmir, have been engaged in peace talks for more than two years. Those talks have yielded little more than modest agreements to open train and bus links across the border.

For the last several months Pakistan has stepped up criticism of India for what it calls New Delhi's recalcitrance on resolving the Kashmir dispute. Pakistan's president, Gen. Pervez Musharraf, for his part, has dangled the idea of greater self-rule for Kashmiris on both sides of the de facto border.

"I think it's a response to Pakistan's upping the diplomatic ante recently," said Kanti Bajpai, the principal of the exclusive Doon School in the Indian city of Dehra Dun and an expert on Kashmir.

India and Pakistan have fought three wars, two of them over Kashmir, and reached the brink of a fourth.

The spokeswoman for the Pakistani Foreign Ministry, Tasnim Aslam, on Friday called India's overtures positive but also described Kashmir as being "at the heart of conflict, mistrust and hostility" and having "bedeviled relations between the two countries for such a long time."

"We also need sincerity and flexibility in order to overcome the legacy of the past," Ms. Aslam said.

Mr. Singh praised General Musharraf's efforts to curb terrorism and urged him to do more. Mr. Singh also spoke of the need to address lingering disputes over the waters of Sir Creek, at the southern end of the countries' common border, and a dam called Baglihar on the Indian-held side of Kashmir that Pakistan fears will allow India to tamper with its water supply.

Mr. Singh's statement was perhaps more revealing for where it was delivered than what it said. He spoke at the unveiling of the latest bus link between the countries, this one cutting across divided Punjab from the Indian city of Amritsar to the Sikh pilgrimage site of Nankana Sahib in Pakistan, the birthplace of the Sikh religion's founder.

Punjab is the center of the carnage that characterized the partition of South Asia in 1947, when India and Pakistan won independence from British rule. Millions streamed across the frontier at the time, Sikhs and Hindus to India, Muslims to Pakistan.

Mr. Singh was among them. A Sikh, he was born in what is now the Pakistani province of Punjab, just as General Musharraf was born here in what is now the capital of India.

U.S. And Europe Plan Sanctions Against Belarus (NYT)

By C. J. Chivers

The New York Times, March 25, 2006

MINSK, Belarus, March 24 — The United States and Europe said Friday that they would impose sanctions against President Aleksandr G. Lukashenko of Belarus and other top officials for cracking down on a peaceful protest over his re-election, which was widely seen as a sham.

The swift and nearly unanimous condemnations from Western nations widened their rift with Belarus and posed new challenges for their relations with Russia, which has stood behind Mr. Lukashenko.

The United States stopped short of cutting its ties with the Belarus government, but a senior State Department official said that travel and financial restrictions already in place on "fewer than a dozen" Belarussian government officials would probably be extended to more than 50, including Mr. Lukashenko.

The European Union announced similar moves.

The announcements came as Belarussian authorities were processing hundreds of demonstrators in a Soviet-era prison here in the capital, and holding what the opposition described as closed trials without legal representation or defense witnesses.

The opposition also said that since their members were arrested in a police sweep early Friday morning, many detainees had been beaten, denied the use of toilets, forced to stand for hours in subfreezing temperatures, and packed nearly by the score into small prison cells.

"It is a horrible violation of human rights and the law," said Aleksandr Milinkevich, the principal challenger to Mr. Lukashenko in last Sunday's presidential election. "They do not consider us to be people."

Mr. Lukashenko made no immediate comment about the planned sanctions. But Belarus's Foreign Ministry suggested the West was being hypocritical and he hinted at retaliation.

"If the United States and European Union countries respect the people of Belarus, they should respect their choice," Andrei Popov, a ministry spokesman, said on national television. "The Republic of Belarus retains the right to take retaliatory measures.'

The threat seemed to expand on a remark earlier in the week by Mr. Lukashenko, who said Europe would hardly be able to restrict its trade with Belarus, a main transit route to the West for Russian gas and oil.

The United States said that it "condemns the actions of the Belarussian security services" in which "they forcibly seized and detained Belarussian citizens who were peacefully demonstrating against the fraudulent March 19 election results," according to a State Department statement.

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The sanctions are likely to irritate Russia, which endorsed the presidential election on Monday and made light of the violence on Friday.

As many as 1,000 people have been arrested in the past several days for participating in rallies or supporting the opposition, including for trying to give demonstrators food, according to Mr. Milinkevich and Aleksandr Kazulin, another presidential candidate. The United States echoed appeals by both candidates for Belarus to release the detainees immediately.

"The United States calls on authorities in Belarus to release without delay the hundreds of citizens who have been detained, not only in the past 24 hours, but in recent days and weeks, simply for expressing their political views," said the White House press secretary, Scott McClellan.

Leaders of the European Union said they would add Mr. Lukashenko's name to an existing visa ban against six Belarussian officials. The move puts him on the same blacklist as Zimbabwe's president, Robert Mugabe, and Myanmar's military leaders, all of whom have had their European assets frozen.

The Polish foreign minister, Stefan Meller, said the new restrictions, which will take effect around April 10, could involve more than a dozen people. "This is a fight of good against evil," he said.

The officials subject to the sanctions would be forbidden to travel to the United States or Europe, or to fly on airlines belonging to any of those countries. Assets they hold in American or European banks will probably be frozen, though officials noted that the details had not yet been determined.

The administration hopes the threat of sanctions might change behavior in Belarus even before the new rules are put into place. Their goal, said the senior State Department official, who declined to be identified under department rules, is to "hold individuals accountable, to squeeze them" so that some might "peel off" to escape "the tightening noose."

The crackdown creates a fresh strain on relations between the West and Russia, which has congratulated Mr. Lukashenko for his official victory, and said the election, seen in the West as a farce, signified "the development of democratic institutions and the strengthening of the foundations of civic society in Belarus."

Russia, which holds the rotating chairmanship of the Group of Eight industrialized nations, showed no sign on Friday of rejecting its embrace of Mr. Lukashenko, who, according to official results, was re-elected to a third term on Sunday with 83 percent of the vote.

Foreign Minister Sergey V. Lavrov, at a news conference in Moscow, dismissed the protests as "illegal activities." He accused the Organization for Security and Cooperation in Europe, which monitored the elections, of having prejudged them and of instigating the demonstrations that followed.

"It has played an inflammatory role," Mr. Lavrov said, according to a transcript provided by the Foreign Ministry. "To goad people into illegal activities is, I think, wrong."

Christian Strohal, director of the organization's human rights arm, responded in a statement that Mr. Lavrov's statements showed "a deliberate disregard" for the facts.

The State Department played down the American disagreement with Russia. A spokesman, Adam Ereli, noted that Secretary of State Condoleezza Rice spoke with Mr. Lavrov by telephone on Friday and did not even bring up the issue of Belarus.

Nonetheless, the West's actions may be seen as a challenge in Russia. "The United States and Europe have laid down markers that it will not accept fraudulent elections in Belarus," said Celeste A. Wallander, director of the Russia and Eurasia program at the Center for Strategic and International Studies in Washington. The implication, she said, is that the West "will not accept fraud in Russian elections, either."

But James. M. Goldgeier, a Russia expert at the Council on Foreign Relations, said that message may be undercut by the fact that Russia faced no consequences after similar disagreements over other elections in its former republics over the past two years.

In Minsk, the police crackdown hardly lessened the tension. For all its speed and efficiency, with hundreds of protesters being removed from their camp on October Square by the riot police in less than 25 minutes, the action seemed to have done little to break the opposition's will.

Opposition members and relatives of those detained gathered outside the walls of the pretrial detention center and cheered every time a bus with detainees left the compound.

The unrest in recent days was the first sustained public dissent in the 12-year rule of a president often called Europe's last dictator. Freedom of assembly and speech are almost nonexistent here, and the economy remains managed by the state.

Mr. Milinkevich called for wide sanctions against Belarussian officials, including television journalists who he said knowingly spread lies on state television. He said a rally planned for Saturday would go forward, no matter how few people showed up.

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The event seems certain to present a fresh challenge to the government, if only on a small scale. Several demonstrators who have thus far eluded arrest said they would appear on October Square, against the government's orders, in a continued show of civil disobedience.

One young man, who said he escaped from the crackdown early Friday by running from the police as they began seizing the demonstrators, stood on the square Friday afternoon, wearing a red-and-white button that read "For Freedom."

The protester, who gave only his first name, Mikhail, said that he would be back with more demonstrators on Saturday, and that he expected he would be arrested.

West Backs Sanctions Against Belarus (FT)

By Neil Buckley And Daniel Dombey

Financial Times, March 25, 2006

Alexander Lukashenko, Belarus' authoritarian president, was on Friday night facing coordinated sanctions from the European Union and US, hours after riot police wielding batons arrested 200 people staging a peaceful protest over Sunday's disputed elections in the capital, Minsk.

EU leaders, at a summit in Brussels, and the White House both indicated they would impose visa bans on a wide range of senior officials from the former Soviet republic, including Mr Lukashenko himself. They also planned financial sanctions, such as freezes on bank accounts abroad.

The tough EU and US response set them sharply at odds with Russia. Moscow has accepted the election results and congratulated Mr Lukashenko on winning a third five-year presidential term with an official 82.6 per cent of the vote, on a 92 per cent turnout.

Sergei Lavrov, Russian foreign minister, on Friday accused the Organisation for Security and Co-operation in Europe – which described the elections as severely flawed – of delivering a biased verdict and playing an "inflammatory role" in Belarus. The OSCE insisted it had given an "impartial, balanced picture of the entire election process".

In Minsk, Alexander Milinkevich, the main opposition candidate, vowed to go ahead with a peaceful rally planned for Saturday, anniversary of the start of an earlier short-lived period of independence for Belarus in 1918.

It was unclear, however, how many supporters would attend and whether the authorities would allow the rally to take place.

Several thousand opposition supporters have gathered on Minsk's central October Square each evening since last Sunday. But police at about 3am on Friday stormed a small colony of tents demonstrators had erected on the square in a round-the-clock protest, bundling their occupants into trucks.

The EU and US both condemned the crackdown, calling on the Belarusian authorities to release those arrested and refrain from action against any peaceful protest on Saturday.

Brussels and Washington have endorsed the findings of the 500-strong OSCE monitoring mission which concluded that last Sunday's election was not free and fair, and took place in a "climate of intimidation".

"Lukashenko will be banned from travelling to the EU," said Stefan Meller, foreign minister of Poland, which championed EU sanctions together with Lithuania – both neighbours of Belarus. He added that the new visa ban would apply to "many, many officials", and significantly broaden an existing ban imposed in 2004 on six lower-level Belarusian officials.

Scott McLellan, the White House spokesman, said the US planned "parallel steps involving targeted travel restrictions and financial sanctions"

U.S. To Sanction Belarus For Stifling Protests (WP)

By William Branigin

The Washington Post, March 25, 2006

Demonstrators Are Jailed in Capital for Rally Against Vote

The White House yesterday denounced the suppression of political protests against election fraud in Belarus and said the United States planned to join European nations in imposing sanctions on Belarusan leaders.

White House press secretary Scott McClellan said the United States demanded the immediate release of hundreds of protesters who have been arrested for demonstrating against March 19 elections, which President Alexander Lukashenko claims to have won with nearly 83 percent of the vote.

Riot police broke up days of demonstrations in Minsk, the Belarusan capital, early yesterday. About 200 protesters who had been camped in the main square were arrested and carted away in trucks.

The opposition, whose candidate received only 6 percent of the vote, charged that the elections were blatantly fraudulent, an assertion backed by independent election observers and the United States.

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Under Lukashenko, 51, a former Soviet collective farm manager who came to power in 1994 as an anti-corruption crusader, Belarus has become one of the world's "outposts of tyranny," a phrase Secretary of State Condoleezza Rice has used to describe half a dozen authoritarian countries. But the man Western critics have dubbed "Europe's last dictator" has won the support of Russian President Vladimir Putin, whose foreign minister defended today's police action against the protesters.

McClellan told reporters, "The United States calls on authorities in Belarus to release without delay the hundreds of citizens who have been detained not only in the past 24 hours but in recent days and weeks simply for expressing their political views."

He said, "We strongly condemn the actions by Belarusan security services," who "forcibly seized and detained citizens of Belarus who were peacefully demonstrating against the fraudulent March 19th election results."

Praising the European Union's decision to impose sanctions on Belarusan leaders, McClellan said, "We plan to take parallel steps involving targeted travel restrictions and financial sanctions." The U.S. sanctions appeared likely to include travel restrictions against Lukashenko and other top Belarusan officials.

Lukashenko has denied being a dictator but has freely acknowledged his authoritarian tendencies.

"An authoritarian style of rule is characteristic of me, and I have always admitted it," he said in 2003, according to a BBC profile. "You need to control the country, and the main thing is not to ruin people's lives."

Election observers from the Organization for Security and Cooperation in Europe concluded that the March 19 balloting was not free and fair, citing a "pattern of intimidation" by the state throughout the campaign. However, some Western and Russian polling organizations have found considerable popular support for Lukashenko in Belarus, which has recorded strong economic growth under his presidency and has avoided some pitfalls of the transition to capitalism experienced by other former Soviet republics.

Behind The Crackdown In Belarus (TIME)

By Yuri Zarakhovich

Time, March 24, 2006

Exclusive: "A legitimately elected President does not have to react so cowardly," an opposition leader tells TIME in an interview after police break up a five-day protest

After five days of protests against the reelection of Alexander Lukashenko as President of Belarus, police early Friday morning arrested hundreds in an improvised tent camp in downtown Minsk, installed there as a token of popular protest against an election widely described as fraudulent and unrecognized by the U.S. TIME's Yuri Zarakhovich discussed the overnight crackdown in a phone interview with Professor Alexander Kozulin, a presidential candidate from the opposition Social-Democratic Hramada party and one of the two top opposition leaders in Belarus.

TIME: The authorities have been promising not to crack down on what they called "a pathetic tent camp." Why such a change of heart on their part?

Kozulin: Lukashenko's lost his nerve. Tomorrow, Saturday, March 25, is a major national holiday, albeit unrecognized officially — the anniversary of the Belarus People's Republic, our independent state, proclaimed back in 1918 and destroyed several months later. Lots of people always gather to mark this day. Now, the anniversary coincided with mass election fraud protests. The opposition has called upon the people to come to the square en masse to protest. The authorities were scared that this "pathetic tent camp" worked as a toehold for the dozens of thousands who would show up tomorrow — and turn Minsk into a free city. So they moved to remove it.

TIME: How did the crackdown happen?

Kozulin: As the night was falling, most people left the square. Just some 300 kids were staying there to keep vigil overnight. Most of them students. When the police surrounded them, the kids just sat on the ground in a circle, holding hands. They did not resist. First, the cops removed all the media from the vicinity of the square, then they started carrying the protesters to prison wagons bodily. My two nephews were among those arrested in the square. They are still in jail.

TIME: How do the people react?

Kozulin: My mom, who survived the Nazi occupation, says that Lukashism is worse.

TIME: How so?

Kozulin: What happened last night is just a part of a general crackdown. They have been picking up people individually — not just opposition activists, but many of those who as much as dared bring food to the tent camp. Same as the Nazis arrested those trying to bring some food to concentration camps inmates. In just three days after the election, they have arrested close to 1,000 people, including the kids in the square. They had also arrested some 500 activists within the week before the election. They destroy this country's future when they stifle the people's right to self-expression and protest. They destroy this country's future when they thrown the young in jails. This is Lukashism.

TIME: What now?

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Kozulin: Now they will cordon the square off and try to keep the people out. But the people will be coming tomorrow anyway. We have always called for peaceful protests, but now Lukashenko provokes violence. He will bear the entire responsibility, should it happen. The authorities should have learned to listen to their people. But they are provoking violence instead. This only proves once again that they are illegitimate, and that this "election" was a fraudulent farce.

TIME: Why?

Kozulin: A legitimately elected President does not have to react so cowardly. Lukashenko has overstepped all the boundaries. He is a menace to his own people. He has been scared of a revolution, but what he does not understand is that he has triggered that revolution himself. His abuse of power has triggered the most important revolution of all — the one in people's minds. Even many of those who had sided with him are now indignant at this rape of the Constitution and crackdown on the people.

TIME: What do you think of the world's reaction?

Kozulin: The U.S. and the E.U. stands have been very encouraging. However, it is important that they remain consistent positions, rather than just one-time declared stands. All the possibilities of talking with Lukashenko have been exhausted; he understands only the language of force. He is not a menace just to his own country; he is a menace to the world. If the international community wants to defuse this menace, the Belarusian issue must be brought to the U.N. Security Council and raised at the G-8 summit, planned in St. Petersburg, Russia in July. Otherwise, this summit will be just so much mockery of the G-8 principles.

White House Joins In Sanctions Vs. Belarus (AP)

AP, March 25, 2006

The United States joined European nations Friday in imposing sanctions on Belarus in retaliation for a crackdown on political protesters after an election that the White House said was fraudulent.

Washington will act in unison with the European Union in applying targeted travel restrictions and financial sanctions against President Alexander Lukashenko and others, the White House said.

"Our nation's thoughts are with those who have been harassed, detained, imprisoned or beaten for their efforts" to return freedom to Belarus, the White House said in a presidential message.

White House press secretary Scott McClellan said the administration urges "all members of the international community to demand that authorities in Belarus respect the rights of their own citizens to express themselves peacefully and to condemn any and all abuses."

He said the United States strongly condemned actions by Belarus' security forces who seized and detained citizens demonstrating against the results of the presidential election.

"The United States calls on authorities in Belarus to release without delay the hundreds of citizens who have been detained not only in the past 24 hours but in recent days and weeks simply for expressing their political views," McClellan said.

Russia, which is close to the former Soviet republic, has taken a different tack, saying the media had distorted the severity of the police action.

A State Department spokesman, Adam Ereli, said, "The Russians have obviously taken a position regarding the elections in Belarus I think that differs from ours."

"Every country is obviously free to decide what it wants to do," Ereli said.

Defiant Belarus Opposition Shifts To A Jailhouse Wall (NYT)

By C. J. Chivers

The New York Times, March 25, 2006

MINSK, Belarus, March 24 — The young man stood by the prison wall and read the names to a crowd of family members.

"Vitushka," he said. "Ten days."

"Vinogradov," he said. "Ten days."

"Marchuk," he said, and repeated the same jail sentence, written on a scrap of paper he said the opposition had managed to smuggle out.

The center of the psychological chess game between the autocratic government of Belarus and its emboldened new opposition shifted Friday from a small camp on October Square to a pretrial detention center, where much of the opposition movement now finds itself locked up.

Since March 19, when President Aleksandr G. Lukashenko won a landslide re-election that the West and the opposition say was tainted by abuse and fraud, Belarus's opposition has challenged Mr. Lukashenko as never before, risking police violence and arrest to assemble in public and denounce the official result.

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Mr. Lukashenko and his police forces, which had never allowed such dissent, refrained from arresting the demonstrators until early Friday morning, when the riot police broke up a demonstration that had continued for more than 80 hours.

The crackdown stopped the largest public display of defiance against Mr. Lukashenko's rule, but it was only the most visible effort of the government's effort to tamp down these protests before they spread.

During the demonstration, each time protesters ventured away from the relative safety of their camp, they faced a gantlet of undercover security officers, waiting at subway token booths, lurking on train platforms, loitering near their homes.

The officers arrested demonstrators by the score, and hunted for anyone believed to be a potential supporter or participant in the demonstration.

On Friday, the relatives of the detained and opposition members who had eluded arrest turned up at the jailhouse walls, demanding to know who was inside, and trying to get the officials to accept parcels for the detainees. The bags contained nuts, juice, toothbrushes and clean clothes.

The jail officials refused to accept them, just as they refused to provide a list of detainees, forcing the relatives to rely on the occasional call from within on smuggled cellphones, and to trade stories of beatings and young men spending the night shivering outside in the jail yard.

Sometimes the gates would open and several prisoners would be seen being transferred away by bus. "We are together!" their friends and family would chant. Sometimes an ambulance would appear, and the crowd would wonder who had been hurt?

One man passed the limited word they had of trials. The trend was clear: 10-day sentences. The charge: participating in an unsanctioned rally.

Jail sentences will not stop them, opposition members said. Their next move, they said, will be to try to assemble for another demonstration on Saturday.

But the government was already moving against them, deploying more police officers on the square, and using state television to denounce those already in jail.

A propaganda campaign was also under way. After the protest was broken up, state television showed images of a square littered with alcohol containers and pornography, along with syringes and packets of white powder, and suggested that the camp was simply a drug-fueled orgy.

"Of course it is easier to carry out different sexual experiments on psychologically unstable youth," the news broadcaster said. October Square, he said, was turned by the demonstrators into "an ugly, criminal tumor on Minsk's body."

But journalists for The New York Times passed all four nights night on the square and saw no alcohol, drugs or pornographic materials inside the camp. Minutes after the riot police departed early Friday, alcohol bottles and pornography were in abundance, as if they had been planted.

At the prison walls, the remaining opposition members said they were undeterred. "It is easy to sit in your warm kitchen and speak against this regime," said Sergei Karievsky, 50, an architect. "But if the sleeping society is ever going to be awakened, someone has to go out in the cold and fight for their rights."

Senators Soften Line On China Trade Sanctions (FT)

By Geoff Dyer And Chris Swann

Financial Times, March 25, 2006

Advocates of free trade were hopeful on Friday that a more conciliatory stance by two US senators who have threatened draconian legislation against China would help cool anger in Congress over China's trade policies.

Senators Charles Schumer of New York and Lindsey Graham of South Carolina, who sponsored a bill to place a 27.5 per cent tariff on Chinese exports entering the US, said the country had taken "a big first step" towards establishing a more flexible currency regime. Speaking on a visit to China, they said they would make a decision only next week on whether to put their bill for a vote on March 31. They hinted, however, that any vote would be delayed for at least a month.

The two senators have been visiting China this week to monitor progress China has made in reforming its currency, which they believe is 15-40 per cent undervalued. Their bill has become the focal point of growing commercial tensions between the US and China and prompted fears of a wave of protectionism.

"There has been a meeting of minds [on the issue of a floating currency] which we have helped accomplish," Mr Schumer said in Shanghai on Friday. "Before Sunday I would have characterised China's trade policy as mercantilist. But I am convinced now that the Chinese government agrees that the currency should float."

The idea had been included in China's 11th five-year plan, outlined this month, although it was added at the last minute, he said. His latest comments gave reason to believe that he would not push for a vote on the bill next week.

The softer tone may also take pressure off the administration of President George W. Bush, which has been struggling to contain mounting frustration on Congress.

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"The legislation was unlikely ever to have become law, because the Republican leadership in the House would have been reluctant to let it go to a vote," said Dan Griswold, director of the centre for trade policy studies at the Cato Institute. "But as a symbol the proposed legislation was very unhelpful. The threat of high and sweeping tariffs against our third largest trading partner was the height of irresponsibility."

China revalued its currency by 2.1 per cent last July but since then the pace of appreciation has been slow, with the renminbi rising by less than 1 per cent against the dollar. According to Mr Schumer, Zhou Xiaochuan, the head of the Chinese central bank, explained that the government had needed time to establish the market infrastructure for a floating currency.

The senators did not give the Chinese a deadline for moving to a floating renminbi, although Mr Schumer added: "Six months is obviously too short for the Chinese,10 years too long."

Mr Graham was more sceptical. "Are they just doing the least amount possible or is there a genuine effort to embrace reform? The jury is still out," he said. However, he implied that any vote on the bill would be delayed at least until after the April visit to the US of President Hu Jintao of China. "By the end of April we will know more [about Chinese intentions]," he said.

Stephen Green, economist with Standard Chartered Bank in Shanghai, said: "We believe that Senator Schumer will not table the bill on the basis of the real progress that has been made...in part because of the pressure created by their bill."

However, Chuck Grassley, the chairman of the Senate finance committee, and Max Baucus, the ranking Democrat, may yet unveil even stronger draft legislation on China next week. It is expected to include provisions for the US to push complaints forward at the World Trade Organisation.

Enemy Lines In Lucent Deal, Two Rivals Face Inroads From China (WSJ)

By Sara Silver, Dennis K. Berman, Leila Abboud

The Wall Street Journal, March 25, 2006

U.S. Firm, France's Alcatel See Bulking Up as a Key To Thriving in Telecom Gearing for Beijing Olympics

One key factor fueling the merger talks between France's leading telecommunications-equipment maker and its longtime U.S. rival is a looming competitive threat: China.

In a plan made public late Thursday night, Alcatel SA of Paris is pursuing a more than $13 billion merger1 with Lucent Technologies Inc., whose roots stretch back to Alexander Graham Bell's first telephone. The two came close to merging five years ago but talks fell apart.

Now, there is renewed urgency for a deal. Chinese upstarts such as Huawei Technologies Co. and ZTE Corp. are beginning to enter their turf with cheaper products, threatening to seize market share, take jobs and set industry standards for the huge Chinese market.

Alcatel, Lucent and its main competitors Telefon AB L.M. Ericsson, Nokia Corp. and Nortel Networks Corp., make technology that is largely invisible to consumers but underlies many of the services they use: telecommunications networks transmitting voice, video and Internet traffic.

Both Lucent and Alcatel hope that the fast-changing global telecom landscape will keep their deal from becoming a political football. A slew of other recent deals, including Dubai Ports World's plan to take over some operations at key U.S. ports and a possible purchase of Unocal Corp. by China's Cnooc Ltd., fell apart over U.S. opposition. Lucent may be an especially sensitive target, because its research arm, Bell Labs, develops defense and homeland-security technology. So far there hasn't been any uproar in Washington over the prospect of a deal.

Across the Atlantic, France has become increasingly prickly about mergers affecting its home-grown companies. The proposed Alcatel-Lucent deal would likely cost thousands of jobs, as the companies try to slash costs.

The planned transaction comes amid a massive consolidation of the U.S. telecom industry, which is still struggling to recover from a collapse that began in 2001. Some $200 billion of deals have been announced in the past two years. Most recently, AT&T Inc. announced plans to buy BellSouth Corp. for $67 billion. Other transactions have included Verizon Communications Inc.'s acquisition of MCI Inc., and the earlier purchase of AT&T Corp. by the former SBC Communications Inc., which took the AT&T name.

For Alcatel and Lucent, the deal makes sense because of the shrinking of the U.S. and European client pool and the prospect of stronger Chinese competition.

Last year, for instance, BT Group PLC of the United Kingdom signaled Huawei had arrived on the global stage by awarding it a sizeable piece of its multibillion-dollar project to upgrade its infrastructure. Huawei, based in the southern Chinese city of Shenzhen, started by concentrating its export strategy on developing countries, partly to avoid competing with the industry's giants as it built up its expertise, touting deals in Thailand, Indonesia and Bulgaria.

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The pressures Lucent and Alcatel are facing in such markets was visible at an industry trade show in New Delhi this week. Just inside the main entrance, the first sight for many attendees was the giant booth of China's ZTE, where it demonstrated equipment for next-generation cellphone networks, wireless broadband and video cellphones.

For ZTE and Huawei, India is a second big opportunity to prove themselves against global competitors. Both companies played starring roles in the rapid buildup of China's wireless networks during the past six years.

Meanwhile, China is expected to start awarding licenses for so-called third-generation, or 3G, networks in the next six months in order to give its own state-owned phone companies time to prepare services for the 2008 Olympics in Beijing. China already is the largest mobile-phone market, and the upgrade may form the world's biggest high-speed wireless network.

To be sure, Chinese vendors including Huawei currently make up a fraction of the world market. They hold about 5% of the wireless market, including new contracts within China, and about 10% of the market for optical equipment such as switches, according to analyst Paul Sagawa of Sanford Bernstein.

"The biggest impediment to Huawei on a global stage is the lack of a service and support infrastructure," Mr. Sagawa says. "Carriers don't want to have to rely on engineers in Beijing to solve problems. They want people on the ground."

Once a highflying industry leader, Lucent now stands to represent something far different: the globalization of technology markets, where a few huge players supply gear to everyone from Polish wireless companies to Brazilian cable-TV firms.

In this transition, Lucent, once the most widely held stock in America, would enter a new era. As envisioned, the combined company will be registered as a French firm, have its executive offices in Paris and its operational offices in New Jersey, according to people familiar with the matter. It would trade on European markets, with its American depositary receipts still trading on the New York Stock Exchange. All told, Alcatel would hold about 60% of a newly combined firm.

Lucent would continue to hold power, too. Current Chief Executive Patricia Russo would become the company's chief executive, with Alcatel's Mike Quigley retaining his No. 2 spot.

Alcatel's Serge Tchuruk would be company chairman, and the two sides would share equal representation on the board.

The two sides have already had a preliminary agreement in place for about two weeks, said a person familiar with the matter. A final announcement could come next week, this person said, though the timing could slip. One item still on the agenda: the new firm's name. The two companies are more likely to choose an entirely new moniker than keep their existing names.

Lucent and Alcatel declined to comment.

Integrating two bureaucratic organizations -- Lucent has 30,000 employees and Alcatel about 56,000 -- would be a difficult task for any manager. Language differences and time-zone changes make that harder.

Industry observers have long expected equipment makers to follow the wave of mergers among operators that has marked the telecommunications industry in recent years.

But consolidation among operators in domestic markets is just one factor pushing equipment makers into each other's arms. New equipment makers have arrived on the scene as developing countries are becoming major markets for advanced technology. European and American companies don't have deep-rooted business connections to lock out the newcomers in those markets. Indeed, some countries see a political, as well as economic, advantage in working with manufacturers from other developing countries, such as China.

For Lucent, a deal with Alcatel would reinsert it in a larger company after a roller-coaster decade on its own. Spun off from the old AT&T in 1996, Lucent ultimately slashed close to 80% of its peak work force through spinoffs, buyouts and layoffs. Ms. Russo, a former Eastman Kodak Co. executive, became chairwoman and CEO of Lucent in 2002, and was credited with navigating the turmoil.

She tried to focus the company more on its customers, use its scientists to help solve their problems and to devise new business lines for the company, and expand into emerging markets, especially China. Lucent recently won bids to provide Internet-based network systems for television, telephone and high-speed data traffic that are expected to produce significant sales in 2007.

Lucent was profitable in 2004 and 2005, although most were paper profits from credits in the company's overfunded pension plans, not profit from operations.

It was in part delays in signing contracts to build China's next-generation networks that led Lucent to a loss in its first fiscal quarter of 2006, which began in October.

Any merger would mark a big boost for Alcatel and cap Mr. Tchuruk's decade at its helm. If successful, the move would stake Alcatel's future on increasing its market in the U.S. Lucent is strong in the wireless technology, called CDMA, used by big U.S. mobile-phone providers such as Verizon Wireless and Sprint Nextel Corp. Geographical reach in the U.S. was one of the main reasons Alcatel had sought a failed merger with Lucent five years ago.

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The Marseilles-born son of Armenian immigrants, Mr. Tchuruk guided Alcatel through the tech bubble, and subsequent implosion, by streamlining operations and refocusing on telecom. He reduced Alcatel's work force by about 70%, or 40,000 employees, through job cuts and by selling off its mobile-handset division and engineering units.

Slowly, Alcatel emerged as a global leader in DSL technology, which updates regular telephone lines to carry high-speed Internet and other digital services. The company won major contracts with phone companies, which needed to revamp their lines to offer new services such as digital TV to compete with cable companies raiding their turf.

Even as Mr. Tchuruk had stabilized the business, signs of problems began emerging last year, analysts say. The company lost some contracts, issued profit warnings and experienced volatile swings. Alcatel also faced looming strategic choices: Should it focus investment on its dominant fixed-line business, or try to bolster its relatively weak wireless business through acquisitions?

Some analysts wonder why Mr. Tchuruk is plunging the company into a risky deal when Alcatel just now seems to have gotten its own house in order. "It would take a herculean feat to put two companies together," said Richard Windsor, an analyst at Nomura Securities. "You likely end up with a value-destroying merger."

Large buyers of telecom equipment signaled their support over the prospect of a deal. William Smith, chief technology officer of BellSouth, says that "there is an onslaught of new Chinese technology" that poses a threat to companies such as Lucent and Alcatel. By pooling research resources, the telecom industry could see the development of more new technologies, he adds. "You haven't seen any Nobel Prizes out of those organizations recently," he said.

--Evan Ramstad, Christopher Rhoads and Dionne Searcey contributed to this article.

Follow The Chopsticks (NYT)

The New York Times, March 25, 2006

China's relentless economic growth has created severe environmental problems and depleted its natural resources. Its energy demands have contributed to rising oil prices and the gases associated with global warming. So it is heartening when China, the world's most populous nation, takes steps to curb its appetites. We hope other countries (like the United States) may be similarly inspired.

Last week, Beijing announced plans to raise existing taxes and impose new ones on things like gas-guzzling cars and trucks, and disposable wooden chopsticks. The 5 percent chopsticks tax (a tax that also extends to floor planking) is intended to persuade people to buy reusable and plastic chopsticks in order to slow clear-cutting in Southeast Asia.

Similarly, Chinese officials announced a big jump in taxes on vehicles with large engines, while reducing taxes on smaller vehicles. This follows an earlier directive imposing more stringent fuel-economy standards on all vehicles sold after July 1. Taken together, the moves reflect growing official concern about the rapid proliferation of private vehicles in China.

This is good news for anyone worried about global warming because a big percentage of greenhouse gas emissions come from vehicles. Even with more efficient cars, however, China is expected to be an increasingly heavy producer of those gases because it relies so heavily on coal-fired power plants. The increased gases from these plants are likely to cancel out any savings from automobiles unless some way is found to reduce them.

Still, China is to be commended for using regulatory levers and economic incentives to encourage more efficient cars and trucks. Neither Congress nor the White House has done much of anything to improve the efficiency of this country's vehicles for the past 20 years.

Russia And China Bridle At Paying UN More (FT)

By Mark Turner

Financial Times, March 25, 2006

The US has sparked protests from Russia and China by proposing a fundamental change to the way contributions to the United Nations are calculated that would make them pay more.

The US, the organisation's biggest contributor, wants to shift from a formula broadly based on gross national income (GNI) to one that takes account of purchasing power parity (PPP) – a tool used by economists to compare living standards in different countries more accurately.

In testimony prepared for a congressional hearing, before that hearing was delayed, John Bolton, the US ambassador to the UN, argued that the GNI-based calculations could be "greatly skewed by distortions introduced into the marketplace by -currencies which are non--convertible". By using PPP indicators "as an important economic tool in its discussions of scale of assessments", Mr Bolton says, the UN would be "be better equipped and have more balanced data".

But the move is a clear challenge to China and Russia, and to developing countries, whose relative wealth is considerably higher when measured by PPP.

"PPP would radically shift the balance," said one UN diplomat. "Developing countries would pay a lot more."

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China would be particularly affected: its share of world GNI is about 4 per cent, a UN economist said, but when measured by PPP it rises to 12 per cent.

Currently China contributes only 2.1 per cent of the UN's budget, while Russia accounts for 1.1 per cent. By contrast, the US pays 22 per cent, and France and the UK each pay about 6 per cent.

Wang Guangya, China's ambassador to the UN, told the FT that Beijing was "definitely opposed" to a PPP-based formula. He said there was no consensus on how it should be measured.

Andrey Denisov, the Russian ambassador, similarly hit out against the proposal, saying that Moscow was ready to consider increasing its contribution but that this had to be done "in a voluntary way", through a "more fair, less induced" mechanism.

The US proposal is being made as European countries seek to increase or remove a cap that limits to 22 per cent the percentage of the UN's core budget paid by any one member state. Without that cap, the US contribution would rise to more than 30 per cent under the current formula, a diplomat said. Meanwhile Japan is pushing what its diplomats describe as a more "modest proposal", which does not use PPP. It wants permanent members of the Security Council to pay at least 3 or 5 per cent of the core budget.

The US and Japanese proposals will be considered among others by an expert committee in June, ahead of a final decision by the end of the year.

Security Council Urges Faster Planning For UN Force In Darfur (AFP)

AFP, March 25, 2006

The UN Security Council called for faster preparations for the African Union (AU) to hand over its peacekeeping mission in Sudan's western Darfur region to the United Nations.

The 15-member body unanimously adopted a resolution that also decided to extend for at least six months the mandate of the UN mission in south Sudan (UNMIS).

The text directed UN chief Kofi Annan, working with the AU and in consultations with the council "to expedite the necessary preparatory planning for transition" from the AU force known as AMIS to a UN operation.

This would include options for how UNMIS can provide transitional assistance -- such as in logistics, mobility and communications.

"The unacceptable violence in western Darfur and on the Chad border has influenced the discussions in New York about the renewal of the UNMIS mandate in a way that we are looking to help facilitate the transition to a rehatted UN force by putting in language and procedures to strengthen that now and not have to wait for six months," US State Department Deputy spokesman Adam Ereli said in Washington.

Early this month, AU foreign ministers agreed in principle at a meeting in the Ethiopian capital Addis Ababa to transfer the AU mission in strife-torn Darfur to the United Nations. They also extended the current AMIS mission for six months.

The AU reached the decision despite spirited opposition from Khartoum, which argued that the transfer would risk worsening the situation in Darfur.

Friday's resolution also called on Annan to report to the council by April 24 "on a range of options for a United Nations operation in Darfur" and to continue to provide "maximum possible assistance to AMIS."

It asked Annan and the AU to consult with international and regional bodies and member states "to identify resources to support AMIS during transition to a United Nations operation."

The text also strongly condemned activities of militias and armed groups such as Uganda's rebel Lord's Resistance Army (LRA), "which continue to attack civilians and commit human rights abuses in Sudan."

Under pressure from Ugandan troops, LRA rebels have fled to southern Sudan and Democratic Republic of Congo (DRC). Ugandan troops have permission from Khartoum to pursue the rebels on southern Sudanese soil.

Sunday Annan appealed for Sudanese cooperation in the handover of AMIS peacekeeping duties to the UN as security deteriorates in Darfur.

"The situation in Darfur is deteriorating. We must do everything to help the displaced people and those in need of assistance," he told a press conference at the end of a visit to the Indian Ocean island of Madagascar.

"I hope we will have the cooperation of the Sudanese government," he added.

In February, the Security Council approved contingency planning for a UN takeover in Darfur and Annan suggested that Western countries help by providing logistical support and air assets for the new UN force.

The 7,000-strong AMIS force, which was deployed in 2004, has been suffering from poor funding and inadequate resources to contain the escalating bloodshed.

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The United States has been lobbying for the sending of a UN-led force, backed by NATO, and probably double the current AU deployment, to take over peacekeeping in Darfur.

War in Darfur broke out in February 2003, when black ethnic groups launched a rebellion against Khartoum that was brutally repressed by the Arab Islamist regime and local militiamen, the Janjaweed. Both sides have been accused of violating a truce signed in April 2004.

The combined effect of the war and one of the world's worst humanitarian crises has left up to 300,000 people dead and an estimated 2.4 million displaced.

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Block, Jonathan

From:	Block, Jonathan
Sent:	Monday, March 27, 2006 10:01 AM
To:	Block, Jonathan; 'Ed.Cogswell@ic.fbi.gov'; 'William.Carter@ic.fbi.gov'; Sampson, Kyle; Elwood, Courtney; Taylor, Jeffrey (OAG); McNulty, Paul J; Goodling, Monica; Moschella, William; Brand, Rachel; Courtney, Garrison K.; Jezierski, Crystal; Gorsuch, Neil M; 'Michael.Kortan@ic.fbi.gov'; 'Richard.Kolko@ic.fbi.gov'; 'John.Miller@ic.fbi.gov'; 'K.Hoffman@ic.fbi.gov'; Macklin, Kristi R; Mercer, Bill (ODAG); McCallum Jr, Robert L (LEO); Knocke, William (DHS); Besanceney, Brian (DHS); Bergman, Cynthia (DHS); DeZulovich, Mavis (USMS); Grant, William L.; Hines, Don (USMS); Marianos, Richard W.; Mixell, Sheree L.; Payne, Lawrence R.; Truman, Michael; Turner, David; Billingsley, Traci L; Cooper, Mary Irene; Seidel, Rebecca; Hertling, Richard; Williams, Jan; Bresson, Paul; Clinger, James H; Layne, Jennifer; Ames, Andrew; Beck, Brittany; Francis, Lynne (OPA); Holland, Eric W; Jackson, Christopher; Lesch, Jaclyn; Magnuson, Cynthia; McNeil, Tucker (OPA); Miller, Charles S; Roehrkasse, Brian; Schwartz, Arthur; Sierra, Bryan; Smith, Kimberly A; Talamona, Gina; Wade, Drew
Cc:	Webb, Lauren; Nichols, Grant W
Subject:	Sunday Show Transcripts 03/26/06
Attachments:	SUNDAY SHOW TRANSCRIPTS 3.26.doc

Attached, please find the Sunday morning talk show transcripts from March 26, 2006.

SUNDAY SHOW TRANSCRIPTS
3/26/06

NBC – MEET THE PRESS

MR. TIM RUSSERT: Our issues this Sunday: the war in Iraq, tensions with Iran and the future of this woman. Our guest: the secretary of state, Condoleezza Rice.

Then, will there be a White House staff shake-up? And what is at stake in the 2006 midterm elections? Insights and analysis from David Broder of The Washington Post; Elisabeth Bumiller, White House correspondent for The New York Times; Charlie Cook of the National Journal, and John Harwood of The Wall Street Journal and CNBC.

But first, as we begin the fourth year of the war in Iraq, we are joined by the secretary of state.

Welcome back, Madame Secretary.

SEC'Y CONDOLEEZZA RICE: Good morning. Nice to be with you, Tim.

MR. RUSSERT: Very disturbing headlines in the papers yesterday. The Russians helping Iraq and this is how it was captured in the paper: "Russian officials collected intelligence on U.S. troop movements and attack plans from inside the American military command leading the 2003 invasion of Iraq and passed that information on to Iraqi leader Saddam Hussein, according to a U.S. military study. The intelligence reports, which the study said were provided to Hussein through the Russian ambassador in Baghdad at the height of the U.S. assault, warned accurately that American formations intended to bypass Iraqi cities on their thrust towards Baghdad. The reports provided some specific numbers on U.S. troop units, locations, according to Iraqi documents dated March and April 2003 and later captured by the United States." Have you told the Russians, "What is going on?"

SEC'Y RICE: Well, we're trying first to make sure we understand fully what the documents say. These are documents that were found, an Iraqi source. And obviously, Tim, we would take very seriously any suggestion that this may have been done maybe to the detriment of the American forces. And so we will certainly raise it with the Russian government. We want to take a real hard look at the documents and then raise it with the Russian government.

MR. RUSSERT: But these are U.S. documents.

SEC'Y RICE: Yes.

MR. RUSSERT: A U.S. report. You believe the report?

SEC'Y RICE: Oh, I, I certainly think there is a lot to this report. But we really haven't much had a chance to look at the documents in detail, intend to do that and then to raise it with the Russian government. I would hope the Russian government would take it seriously.

MR. RUSSERT: Will there be an investigation as to who leaked the information to the Russians?

SEC'Y RICE: Well, I, we'll just have to see. I, I don't want to get ahead of us, but obviously we take very seriously any suggestion that this may have been done at the beginning of the war.

MR. RUSSERT: Was it...

SEC'Y RICE: That would be a quite serious charge.

MR. RUSSERT: Could it have been deliberate misinformation?

SEC'Y RICE: I don't know. I think we really have to take a look at the documents. We're finding thousands and thousands and thousands of documents. And we're going to find some, some important and surprising things in these documents. I think we have to step back, take a hard look at the documents, but I—definitely we will raise it with the Russian government.

MR. RUSSERT: When we first went into Iraq, we had some unexpected encounters with Fedayeen and we lost dozens of American men. The Russians may have been responsible for American deaths.

SEC'Y RICE: Well, I don't want to try hypothetically to, to know what impact this might have had. I think the first thing we need to do is take a good, hard look at the documents and then we definitely want to raise it with the Russian government. And again, I would hope that the Russian government would, would take it seriously and, and give us a serious answer on what they find.

MR. RUSSERT: Back in June of 2001, the president said he looked Vladimir Putin in the eye, he got a sense of his soul, found him to be very straightforward and very trustworthy. Does the president still believe that President Putin is straightforward and trustworthy?

SEC'Y RICE: I really do think that the Russians have generally done what they said they would do. They said they were going to oppose the Iraq war and they did, and they told us that from the very beginning. So I don't have an argument there. And I don't want to jump to the conclusion that this was something that was ordered out of the Kremlin. We have to look at the documents, we have to go to the Russian government, but I would hope that the Russian government would take seriously any suggestion that they may have passed data to the Iraqis at the advent of the war.

MR. RUSSERT: But the Russian ambassador is the source. How could Putin not have known? And how could it be straightforward and honest for the Russians to help Saddam Hussein?

SEC'Y RICE: Tim, we have to get to the bottom of the facts of this. We will most certainly raise it with the Russian government. I've, I've said several times, it's a serious matter. But I don't want to jump out ahead and start making accusations about what the Russians may or may not have known. This is something in the relationship that we have with the Russians that really is candid and where we do talk about difficult things all the time, where I think we'll be able to talk about this and talk about it honestly.

MR. RUSSERT: Why won't the Russians help us get sanctions in the United Nations against Iran and try to stop them from developing nuclear weapons?

SEC'Y RICE: Well, we're not yet at the stage where we're seeking sanctions. What we're doing now is we're seeking a presidential statement that would make clear to Iran the international community's determination that it live up to the obligations that everyone thinks that Iran has. We're working through it. We have the same strategy here, we have the same view of the problem. The Russians do not want a nuclear weapon in Iran either. It's been very clear in everything that they have tried to do, in the way that they set up the civil nuclear cooperation with Bushehr, in what they offered the Iranians that the Russians also do not believe that there should be enrichment and reprocessing capability on Iranian soil. And enrichment and reprocessing capability is the core here. If you're able to enrich and reprocess, then the ability to build a bomb is, is there.

And so we and the Russians, the Chinese, and certainly the Europeans, have the same view of what is, what is to be prevented. Yes, we've had some tactical differences on how to get there, but I talked with my Russian counterpart on Friday, we agreed that our people would go back and work very hard this weekend, and we'll see where we are on Monday. We're considering whether it might be a good idea to get, after we have a presidential statement, get ministries together again with the, the P5, the permanent five of the Security Council, plus Germany, to talk about charting a course forward, because everybody takes very seriously Iran's intransigence and Iran's unwillingness to do what the international community is, is determined that it will do.

MR. RUSSERT: It is the policy of our government that Iran will not be allowed to develop a nuclear weapon?

SEC'Y RICE: Tim, Iran cannot be allowed to develop a nuclear weapon. That is the view of the international community, not just the United States.

MR. RUSSERT: This article is in The New York Times, "The reality is that most of us think the Iranians are probably going to get a weapon, or the technology to make one, sooner or later, an administration official acknowledged a few weeks ago, refusing to talk on the record because such an admission amounts to a concession that dragging Iran in front of the United Nations Security Council may prove an exercise in futility. The optimists around here," about the White House, "just hope we can delay the day by 10 or 20 years, and that by that time we'll have a different relationship with a different Iranian government."

That seems like a much different policy.

SEC'Y RICE: Well, I—since I don't know who this anonymous person is, I can't tell you what, what relationship it may have to the policy. I'll tell you who doesn't think that, I don't believe that, I don't believe that the president believes that, because we're doing everything that we can to send a strong signal to the Iranians that they have no choice. If they wish to be a part of the international community, they have no choice but to give up ambitions that could lead to the technologies that would lead to a nuclear weapon.

If the international community stays really solid here, Iran cannot stand the kind of isolation from the international community that, for instance, North Korea endures almost by choice. We really do have a chance to solve this diplomatically. But, Tim, I would be the first to say we can't afford to waste time. That's why we need our, our people in, in New York to really work toward this first phase. We need to see if that has an effect on the Iranians, and if it does not have an effect on the Iranians, we need to move to the next phase.

MR. RUSSERT: Which is?

SEC'Y RICE: The next phase is to look to further options in the Security Council, for instance, perhaps the Chapter 7 resolution.

MR. RUSSERT: Which is?

SEC'Y RICE: Chapter 7 resolution essentially gives the U.N., or the Security Council, the ability to compel a state to act. It can say that there would be consequences if actions are not taken.

MR. RUSSERT: Including military?

SEC'Y RICE: Well, no one ever takes anything off the table, but I believe we're a long way from, from that. We have the possibilities of financial measures that could be taken, bans against travel. There, there are a lot of options once you're in the Security Council. That's why it was very important to get this dossier, Iranian dossier, to the Security Council and why the diplomacy that we've been working over the last couple of years to get the Europeans and the United States on the same page and to now bring the Russians and the Chinese along has been so important.

MR. RUSSERT: Do you believe if the president chose to embark on military action with Iran, he would go to Congress for authorization first?

SEC'Y RICE: I'm not going to speculate on that. The president is clear that he keeps all of his options on the table. But, Tim, I think speculating about how we might set up military action isn't helpful at a time when we really are concentrating on the diplomacy. But I want to be very clear...

MR. RUSSERT: But you wouldn't go to Congress?

SEC'Y RICE: Well, Tim, of course the administration went to Congress the last time. And I would just ask people to look at the history of how this president has, has acted; he has taken Congress as a full partner in these matters. But I'm not going to get into a discussion of what the president may or may not do constitutionally.

MR. RUSSERT: Let me turn back to Iraq. The war is now in its fourth year, and these are the grim statistics: U.S. troops killed, 2,316; wounded/injured 17,271; Iraqis killed, an estimated, estimated number of 30,000; 130,000 American troops on the ground. When you were planning

the war some three and a half years ago, did you have any idea that three years into the war those are the numbers that you would be confronting?

SEC'Y RICE: Well, I certainly thought that it would be difficult. I don't think anyone knew precisely what we would be facing in terms of numbers. And look, every one of those deaths is, is mourned by people in the administration because these are families that have lost husbands and wives and daughters and sons. But we also know that nothing of value is ever won without sacrifice.

We're in Iraq because the United States of America faces a different kind of enemy in a different kind of war. And we have to have a different kind of Middle East if we're ever going to resolve the, the, the problems of an ideology of hatred that was so great that people flew airplanes into buildings. Iraq was—Saddam Hussein's Iraq was a threat. Now that the...

MR. RUSSERT: But, but Saddam was not related to flying airplanes into buildings.

SEC'Y RICE: No, and we have never said that Saddam—Saddam was not related to the events of 9/11. But if you really believe that the only thing that happened on 9/11 was people flew airplanes into buildings, I think you have a very narrow view of what we faced on 9/11. We faced the, the outcome of an ideology of hatred throughout the Middle East that had to be dealt with. Saddam Hussein was a part of that old Middle East. The new Iraq will be a part of a new Middle East, and we will all be safer.

MR. RUSSERT: But Madame Secretary, weapons of mass destruction was the primary rationale given to go into Iraq. Lisa Myers of NBC News broke a story last week that the Iraqi foreign minister, Mr. Sabri, became a spy for the French and, and the CIA. And this is how it was reported: "Saddam Hussein's last foreign minister, Naji Sabri, was a paid spy for French intelligence, which later turned him over to the CIA to supply information about Iraq, its chemical, biological and nuclear weapons programs more than six months before the war began in March 2003, according to former senior intelligence officials. ...

"The sources said, he provided information that the Iraqi dictator had ambitions for a nuclear program but that it was not active, and that no biological weapons were being produced or stockpiled, although research was under way." That's a far cry from what the American people were told.

SEC'Y RICE: Of course, Tim, this was a single source among multiple sources, and the problem was that Saddam Hussein was unwilling, after multiple resolutions in Security Council, to account for his weapons programs. We all remember that the accounting of the U.N. mission that was supposed—the weapons inspection mission that was supposed to look into its weapons programs could not account for large stockpiles.

We all thought that Saddam Hussein had weapons of mass destruction. He certainly had a very healthy appetite for them, and he had used them before, both against his own people and against his neighbors. He was a threat. This was someone flying against our aircraft—or, or shooting at

our aircraft as they flew the no-fly zones. He'd invaded his neighbors. But the point is that now that he is gone Iraq has an opportunity to be a different Iraq in a different kind of Middle East.

I know it's hard, and I know that the numbers that you put up are difficult to see, and I know that the violence on TV is difficult. But I would ask people to, to look at the perspective here of what is really going on in Iraq. Under this, the violence—under the specter of this violence, you have Iraqis now—Sunnis, Shia, Kurds and others—determined to form a government of national unity. That's extraordinary in Iraq's history where they've always settled their differences by violence, not by politics. And when they succeed in that, you—they are going to have the basis for a very different kind of Iraq, and I think they're going to succeed.

MR. RUSSERT: But people are being asked to take your judgement on this, as we sit here this morning, and refer to previous judgements the administration made: weapons of mass destruction, there were none; we would be greeted as liberators, this is three years later; that it would not take hundreds of thousands of American troops to occupy Iraq. Tommy Franks, according to the book "Cobra II," said we'd be down to 30,000 troops in November of '03. The cost of the war: the budget director of the White House said it'd be $50 billion dollars, it's now over $350 billion dollars. Each judgement has proven to be wrong.

SEC'Y RICE: The judgement that has not proven to be wrong, Tim, is that the region is changing in fundamental ways and the region is better without Saddam Hussein. Yes, it is true that everyone thought he had weapons of mass destruction; he did not. It is, by the way, the case that the Iraqis are delighted to be rid of him. And some Iraqis, most Iraqis, in fact, are willing and want to keep coalition forces there until they can take care of this themselves. But we do have to keep things in historical perspective. These people are doing something that is quite unknown in the Middle East, and one has to ask, "What was the alternative?" Was the alternative to leave Saddam Hussein in power, continuing to threaten his neighbors, continuing with his windfall profits from the Oil for Food scandal, continuing to repress his people and build mass graves, continuing to use those Oil for Food profits to, again, build the infrastructure for his weapons of mass destruction?

MR. RUSSERT: But many will say he was contained by the no-fly zone.

SEC'Y RICE: I don't think that there is anyone...

MR. RUSSERT: He was in a box.

SEC'Y RICE: I, I do not think that he was in a box. It, it—the Oil for Food program alone shows that the billions of dollars that he was collecting, he was not just going to build palaces. This was someone who had an insatiable appetite to dominate his region.

Now, without Saddam Hussein, you can look across the region and see that a lot is changing, thanks to the president's democracy promotion and the hard work of people in those countries. You have Syrian forces out of Lebanon, you have Saddam Hussein out of Iraq. The people of the Middle East are taking on authoritarian governments across the Middle East. Kuwait has given women the right to vote. I'd be the first to say that these big, historical changes are turbulent and

they're difficult. But the notion that somehow there was a placid Middle East, that if we'd just left it alone, if we'd just not invaded Iraq, if we'd just not overthrown dictators, if we'd just not challenged Syrian power in Lebanon everything would be just fine, is simply not true. It was that Middle East, the malignancy of the Middle East, that we "disturbed" that led directly to the 9/11 event.

MR. RUSSERT: The president said this week that whether there'll be troops in Iraq for the unforeseeable future will be determined by the next president, meaning we're going to have troops in Iraq at least through January of '09.

SEC'Y RICE: Well, the president was asked this question in a particular way, and he answered that some American troops may well be there for the next president. But I would just point to what the president has said continually, which is that American forces are going to come down commensurate with the need as Iraqi forces stand up, and they are indeed standing up.

General Casey has talked about a significant reduction of American forces over the next year, and that significant reduction is because Iraqi forces are taking and holding territory now. Because during this most recent uptick of sectarian violence, the Iraqi Army behaved very, very well. So Iraqi forces are getting better, American forces are ceding territory, and I think it's entirely probable that we will see a significant draw-down of American forces over the next, next year. That's what General Casey believes.

MR. RUSSERT: This year.

SEC'Y RICE: It's all dependent on the ground, but this is—on, on events on the ground. But as General Casey has said, "We see the progress of the Iraqi forces, we see the progresss of the political process, and there's every reason to believe that American can start to draw down."

MR. RUSSERT: Is the insurgency in its last throes?

SEC'Y RICE: Well, the insurgency politically is certainly in, in danger because the Sunnis who stood outside of the political presence...

MR. RUSSERT: But in terms of violence, is in its last throes?

SEC'Y RICE: Well, the insurgency is still able to, to pull off violence and kill innocent children, or kill an innocent school teacher, yes, they're able to do that, and they might be able to do that some—for some time. But what they've not been able to do is to disrupt the political process, what they've not been able to do is to set Iraqis one against another in the political process, they've not been able to stop free elections, they're not able to stop the formation of the government. A few violent people can always grab headlines and can always kill innocent people.

MR. RUSSERT: It's more than a few.

SEC'Y RICE: Well, it's a few in terms of the population of Iraqis.

MR. RUSSERT: But it could not exist without being enabled by the population.

SEC'Y RICE: Well, the population is less and less enabling. Every day there are reports that Zarqawi and al-Qaeda meet stiff resistance, indeed violent resistance, from Iraqi tribes. Sunnis are now a part of the political process. And I know that people wonder when will the government formation finish. It, it seems to be dragging on after the election. But I would just note, I read the other day someone said, "Well, they're dividing up the spoils of the offices." That's not what they're doing in this process. They are writing a government program on which the national unity will govern. They are writing the rules by which they will govern, and they're determining who will take key positions. So, this is an extraordinary matter, an extraordinary scene with Iraqi Sunni and Shia and Kurds all working together toward a unity government.

MR. RUSSERT: Let me turn to Afghanistan. There's a story moving on the wires that the Afghan court has just dismissed the charges against this gentleman who had converted to Christianity. Are you aware that was going to happen?

SEC'Y RICE: I can't confirm that particular report, Tim. I know that the Afghans are working on it. They've been very aware of the issue and of the concerns about the issue. This is a young democracy that is working with a Constitution that, like many constitutions when they're first born, that the conflicts have to be worked out. We have our own history of conflicts that had to be worked out after a new Constitution. And so, the Afghans are working, working on it, but America has stood solidly for religious freedom as a bedrock, the bedrock of, of democracy. And we'll see, but I can't confirm that specifically.

MR. RUSSERT: Should American Christian missionaries be encouraged to go to Afghanistan?

SEC'Y RICE: Well, I think that Afghans are pleased to get the help that they can get. We need to be respectful of Afghan sovereignty.

MR. RUSSERT: Including Christian missionaries?

SEC'Y RICE: We have to be respectful of Afghan sovereignty. And, Tim, respectful of the fact that this is a country that is coming out of 25 years of civil war, a country that's going to have to find its own way, and a country that is going through one of the most difficult debates that any society goes through, and that is the proper role of religion in the politics of the state. It's a debate, by the way, that all of us went through at some point in our history.

MR. RUSSERT: But Madame Secretary, we talk all the time about spreading democracy, and your own State Department report on human rights abuses said Afghanistan says that Christianity is punishable by death, that missionaries, Christian missionaries, are not welcome, that women cannot get a passport or leave the country without permission of a man. This is a far cry from the responsibilities and rights given to most people who live in a democracy.

SEC'Y RICE: And it's also a far cry from the Taliban. This is a country that has come an enormous way in four years, where, yes, the issues of the Constitution are going to be debated in this very traditional society that is trying now to move to a modern political system. I would just ask people to remember how hard this was for us.

Tim, I am, I hate to say, 51 years old, but it's in my lifetime that black Americans were guaranteed the right to vote. Who are we to be so, so insistent that people must do this overnight? We're working with the Afghan government. They're moving in a democratic fashion. It's going to be hard. But when something arises, as with Mr. Rahman, it is the obligation of the international community and of the United States—and there has been support across Europe for this—that the Afghans be reminded that in their own Constitution they have enshrined the universal declaration on human rights which guarantees certain religious freedoms. We didn't have that Constitution with the Taliban to work with.

MR. RUSSERT: So Christians should be able to worship. People should be able to convert to Christianity in Afghanistan.

SEC'Y RICE: Of course, Tim. That our—the universal declaration of human rights is, is clear on this. But I would be the first to say that Afghans are going to have to work through some of the difficulties and contradictions.

MR. RUSSERT: But it can't be done on a case-by-case basis. It has to be ensured.

SEC'Y RICE: They will have to work through court cases, as we have, to interpret the Constitution. They will have to work through individual cases, and I'm quite certain that the evolution of Afghan democracy is going in the right direction. But I would just remind people that four years ago the Taliban was executing people wantonly in stadiums for playing music. This is a country that has come a very, very long way, and women were not being educated at all. It was punishable to educate women. This is a place that has come a long, long way. Let's support them in their quest to become a modern democracy.

MR. RUSSERT: You mentioned you're 51 and I'm curious if it's time for a career change. We've discussed future options for you on this program. Here is the headline all across the paper: NFL Commissioner Paul "Tagliabue Step Down in July." And here's our conversations in 2001, '02, '03, and '04 on this subject.

(Videotape):

MR. RUSSERT: In your next life, you want to be commissioner of the NFL?

SEC'Y RICE: Right.

(End videotape)

(Videotape):

SEC'Y RICE: I think the NFL is really a terrific institution.

I'd love to be associated with it someday.

MR. RUSSERT: Another first.

(End videotape)

(Videotape):

SEC'Y RICE: Tim, I'm going off to be commissioner of NFL, remember?

(End videotape)

(Videotape):

SEC'Y RICE: I think Paul Tagliabue is doing a fine job as NFL commissioner, but I look forward to the day that he decides to retire and I, I very much think that the, the best job in America's got to be NFL commissioner.

(End videotape)

MR. RUSSERT: You just announced your candidacy.

SEC'Y RICE: I still think the best job in America maybe NFL commissioner. It's a little too soon for me. I've got lots to do as secretary of state. I think if my ship came in, it's going to have to leave the port without me.

MR. RUSSERT: So you're not interested?

SEC'Y RICE: No, not interested.

MR. RUSSERT: Now, Fred Barnes, a reporter, has close ties to the—sources to the White House, wrote this in The Wall Street Journal the other day, "Third Term for Bush. The president's most spectacular move would be to anoint a presidential successor. This would require Vice President Cheney to resign. His replacement? Condoleezza Rice, whom Mr. Bush regards highly."

SEC'Y RICE: We've got a great vice president of the United States in Vice President Cheney. He is doing a fantastic job for the president and for the country. He is really one of the strongest supporters that I've drawn on from time to time, and he's doing a great job. I think I better try to be secretary of state. You just gave a whole list of things that I have to work on as secretary of state.

MR. RUSSERT: But if the president, if the president came to you and said, "Dick Cheney's going to resign, I want you to be my vice president because I want you to run in 2008," you wouldn't say no?

SEC'Y RICE: Tim, I think we've been through this conversation about 2008. Not, not going to—I'm not going to do that, that's not what I want to do with my life.

MR. RUSSERT: Laura Bush said you'd make an excellent president, and, "I don't think we can talk her into running."

SEC'Y RICE: Well, that's—I really appreciate that the first lady, who I admire very much, thinks that, but the last part of that's right.

MR. RUSSERT: Will not happen.

SEC'Y RICE: I don't think it's going to happen.

MR. RUSSERT: Madam Secretary, as always, we thank you for sharing your views.

SEC'Y RICE: Thank you very much.

MR. RUSSERT: Coming next, David Broder, Elisabeth Bumiller, Charlie Cook, John Harwood interpret the Washington political landscape, tackle the issue of immigration, and look at the midterm elections in 2006 right here on MEET THE PRESS.

(Announcements)

MR. RUSSERT: The politics of immigration, Iraq and the midterm congressional elections. David Broder, Elisabeth Bumiller, Charlie Cook, John Harwood, our roundtable after this station break.

(Announcements)

MR. RUSSERT: And we are back. Welcome all.

Immigration. Look at these scenes and these pictures from Los Angeles. Five hundred thousand people, according to police estimates, turned out to protest some of the immigration reforms that are being discussed, debated, perhaps legislated in Washington.

David Broder, how big of a political issue is immigration, and what are the potential pitfalls for politicians as they try to navigate the issue?

MR. DAVID BRODER: It started as a border issue in the states that have common boundaries with Mexico particularly. It has now become a national issue. Talking to Republican governor of Minnesota, it's a big issue in his state; suburban Illinois districts now find large Hispanic

populations. It has become a much tougher issue for politicians of both parties, but particularly I think for Republicans.

MR. RUSSERT: The polling we have seen with the Wall Street Journal/NBC, 88 percent say it's a serious problem; 62 percent say that illegal, illegal, immigrants should not be allowed to become citizens, and 60 percent say that we shouldn't even give them guest-worker status to come here temporarily.

Elisabeth Bumiller, you wrote a piece in The New York Times. Quote, "Bush is facing a difficult path in immigration," talking about the joint pressures on President Bush. From the business community we need these people to work, because Americans won't do the jobs, and the conservative community is saying, "Illegal immigrants: get 'em out." What does he do?

MS. ELISABETH BUMILLER: He's trying to thread the needle and walk a very fine line between both of these groups. I mean, he's a, you know, governor—he a former governor of a border state so he—this is very close to his political experience. Emotionally he is—he gives—in the early days of this debate in 2004 he was giving very emotional speeches about America, the land of immigrants, and he was proposing this, this very, what many Republicans said was a very generous guest-worker program. He has pulled back a lot now under, under onslaught from, from conservatives, and now he's emphasizing the border security part of his plan. He's trying to do both. There's a lot—as we know, there's a lot of different proposals on the Hill right now; we'll see some of them next week. The White House is hanging back, waiting to see what, what comes out of the, out of the smoke, and then will, will weigh in.

MR. RUSSERT: Charlie Cook, it appears that the American people have very firm views about immigration, and that the president and other politicians are going to try to nuance the issue. Is that possible?

MR. CHARLIE COOK: Well it's a funny issue. If you ask people what's the most important problem facing the country, it's a small single-digit issue. But then once you raise it, boy, emotions run high and it's hard to split the baby. And, and I can see where the president's trying to go the, "Let's build, build a wall or build a barrier, stop illegal immigration, but for the people we have we've got to mainstream them and keep this work force going, because that's important for agribusiness and business."

MR. RUSSERT: Is that politically acceptable to conservatives?

MR. COOK: It's not acceptable to anybody, but it's the only way, I think—I mean, they're going to have to figure out a way to split the baby. Because one way or the other is, is, is just not going to work.

MR. RUSSERT: John:

MR. JOHN HARWOOD: Well, let's don't forget, Tim, Democrats are also split on this issue. A lot of African-Americans are not very sympathetic with the cause of the guest-worker program.

The White House, one of the ways Elisabeth mentioned, trying to thread the needle, one of the things they're looking at is trying to push the final resolution of this till after the mid-term elections. That also could happen on some budget issues as well as a way of trying to make some sort of common cause between moderate Democrats and moderate Republicans.

MR. RUSSERT: You know, in 2000, "Florida, Florida, Florida"; 2004, "Ohio, Ohio, Ohio." You look at 2008, that Electoral College map, and you look at states like New Mexico and Arizona and Colorado, some real potential swing states, and this issue could be very decisive as we play it through.

MR. HARWOOD: Well, let's don't forget one other thing, Tim. This was raised in the Virginia governor's race last year by the Republican candidate who went after some of these job centers that attract illegal immigrants. Didn't work for him. So sometimes the emotion of the issue doesn't always prevail.

MR. RUSSERT: Let me turn to Iraq. A big discussion in our country about Iraq, the way the issue is being covered by the media. Vice President Cheney last Sunday made these comments: "There's a constant sort of perception, if you will, that's created because what's newsworthy is the car bomb in Baghdad. It's not all the work that went on that day in 15 other provinces in terms of making progress towards rebuilding Iraq."

Secretary of Defense Rumsfeld weighed in: "The terrorists seem to recognize that they are losing in Iraq. I believe that history will show that to be the case. Fortunately, history is not made up of daily headlines, blogs on Web sites or the latest sensational attack."

And then this Wednesday, President Bush went to a town meeting in West Virginia of his supporters, and here's one of the questions that was asked:

(Videotape, March 22, 2006):

UNIDENTIFIED WOMAN: And I ask you this from the bottom of my heart, for a solution to this, because it seems that our major media networks don't want to portray the good. They just want to focus...

PRES. GEORGE W. BUSH: OK, hold on a second.

WOMAN: They just want to focus on another car bomb, or they just want to focus on some more bloodshed.

(End of videotape)

MR. RUSSERT: Does that issue work, that it's the mainstream media that's distorting the good news that's coming out of Iraq?

MR. COOK: I think it helps with the Republican base, but I don't think it helps with swing voters at all. First of all, it's the nature of news. I mean on the evening news at night, a car that

isn't in Iraq isn't in the news—the house that doesn't burn, a building that doesn't burn, a killing that doesn't take place. News is when—is the aberration, is the change from normalcy.

Secondly, this--80 journalists so far have been killed over there. I mean it, it's, it's, I mean, getting out there and looking around, wandering around Iraq, looking for good news? Sounds to me like a good way to get killed.

And then the third thing is, I don't know if they really want to try to sell this, because people don't think that, that, that everything's fine. I mean, I think this is just an extenuation of holding up the banner that says "Mission accomplished." I mean, people don't think it's well, they can see that it's not going well. And what happens in 15 provinces doesn't matter. What—if they think that this thing is just really going to hell in a hand basket, it's kind of—I mean that's what, you know, that's that.

MR. RUSSERT: David Broder?

MR. BRODER: The ombudsman at The Post, Deborah Howell, has a very thoughtful analysis of this whole question in the paper today, which I would refer people to. I think the answer is that when there is this level of violence and turmoil in a country, that has to be the heart of the story that the press is, is telling. The other parts of it do get told, but they do not dominate the news and they can't dominate the news given the realities of that country.

MR. HARWOOD: Nor should they dominate the news. It's a very weak argument. When, when you have, as Charlie said, journalists over there who cannot move around the country to report because they know that, that they're in danger of being killed at any moment, that tells you about the state of security in the country. It's not good.

MR. RUSSERT: The White House?

MS. BUMILLER: The other thing that's interesting, what you didn't show was the president's response to her. I was there that day, and he was very, very careful not to jump on her bandwagon. In fact—I mean, obviously, he didn't have to, she did it for him. But the point is he said, "Look, wait a minute. You know, I understand your frustration, but we have a free press in this country, we can't tell them what to do." He pulled back somewhat from her comment.

And I think you're right, Charlie, that they aren't—they know they can't sell this, and when they've tried in the past, it has backfired on them.

MR. RUSSERT: But the president also said don't be afraid to go to blogs and find out some more information.

MS. BUMILLER: Yes. I mean, I mean, I'm, I'm—these are gradations here, I mean, in White House response.

MR. RUSSERT: But is the White House convinced that in order to secure the base of the Republican Party for the president, it doesn't hurt to go after the media a little bit?

MS. BUMILLER: Not—of course not. They do it all the time. And, and they complain all the time about, about, about what we do. But, but I, I have noticed this past week Scott McClellan saying, the White House press secretary, you know, "We're not blaming the media for the war in Iraq." He said that a couple times this week, and so, so it, it's—they're—again, they're being a little more careful here than usual.

MR. HARWOOD: And did you really fall asleep in that press pool, or was that a cheap shot by the president?

MS. BUMILLER: It was completely inaccurate. I won't say I haven't nodded off in previous speeches, but not that one.

MR. RUSSERT: There is a difference between, difference between meditation and sleep, you see.

David Broder, let me turn to the, the rebellion that I sense with some House members, particularly in the Republican Party when you go talk to them privately. You captured it in your column this way: "The conflict [over Dubai Ports World] brought to the surface deep-seated resentments from the Capitol end of Pennsylvania Avenue toward the people around the president - and, surprisingly, toward Bush himself. The harmony that had prevailed during most of Bush's tenure - the deference that a Republican-controlled Congress has generally shown to his wishes - disappeared. Even the normal circumspection with which congressional Republicans treat the White House withered in the unexpected heat of this dispute." And then this: Congressman "Tom Davis of Virginia, a committee chairman, told The Post, 'This is probably the worst administration ever in getting Congress's opinion on anything.'" Ouch!

MR. BRODER: Well, you'd heard this kind of comment—all of us had—privately from Republicans on the Hill. But the fact that somebody like Tom Davis, former chairman of the Republican Congressional Campaign Committee, is saying it publicly, on the record, gives you a measure of the sort of fall-off of any sense of either loyalty or intimidation, whatever you want to call it, to the White House. They feel that they are on their own and that the president is going to take care of his business, but they're going to take care of their own.

MR. RUSSERT: One of the things being talked about, Elisabeth Bumiller, is a staff shake-up at the White House.

MS. BUMILLER: Right.

MR. RUSSERT: This is how you reported it: "Republicans outside the White House said that they had pushed Mr. Bush not to replace" Karl "Rove," the chief political operator, deputy chief of staff, "but rather to bring in someone at the same level or above, perhaps as minister without portfolio. One Republican said Mr. Bush should view it as replacing a top-notch pitcher struggling in the later innings of a baseball game, rather than as a vote of no-confidence in a friend." So who's the reliever?

MS. BUMILLER: Well, there's lots of names out there. You've heard them as well as I have. Ed Gillespie, you know, Bill Paxon, there's lots of names. The question is, are they going to do it? And, and right now, there's, there's a lot of talk at the White House, there's no indications the president has signed on to this idea. Karl Rove has told people that he thinks that bringing somebody in without a clear line of authority is a mistake. It—and, and the bottom line is what is this going to—is this going to help with the war in Iraq, is it going to help with—you know, that, that—is it going—you know, we're, we're not talking about changing policies here, we're changing about, you know, changing, you know, some, some personnel. So that's—it's unclear if anything is going to happen.

MR. RUSSERT: John:

MR. HARWOOD: Chances are pretty good something will happen. The president, of course, didn't rule out the idea of bringing someone on. Bill Paxon's a possibility, Vin Weber's also a possibility. And I think over time you could see some changes in the White House staff as well. When you look at sort of the, the big three, or, or the, the biggest names in the White House, Andy Card, Karl Rove, Dan Bartlett, you could see some change over time. Andy Card probably the most likely to leave at some point, he's almost already the longest-serving chief of staff ever, you could see some change there.

MR. RUSSERT: On, on the verge of dethroning Sherman Adams...

MR. HARWOOD: You bet.

MR. RUSSERT: ...of Dwight Eisenhower fame.

MR. RUSSERT: Let me turn to the midterm elections, where all these things invariably lead. Here's our latest numbers from the Wall Street Journal poll, right track/wrong track, the United States headed in the right direction: 26 percent, one of four; 62 percent say wrong track. And then the so-called generic question, "Who do you want to control Congress?": Republicans, 37 percent; 50 percent now, a majority, say the Democrats.

But as always, Charlie Cook is warning us to go slow. And here's his latest column from the National Journal, "Despite national political trends indicating that the GOP is in serious trouble, a race-by-race 'micro' analysis suggests that Democrats cannot easily seize control of the House or the Senate this fall. In the Senate, Democrats need a net gain of six seats. ... Democrats need to win in Tennessee [where Bill Frist is retiring] ... [and] have to run the table by defeating all of the most vulnerable Republicans while holding all of their own seats, including in Minnesota, where their incumbent is retiring, and in Washington state, where Senator Maria Cantwell faces a very strong challenger. They also need to hang on to somewhat more secure open seats in Maryland and Vermont, as well as 14 other incumbents. Although not impossible in a favorable political climate, this is a very tall order."

And here are the vulnerable states, according to The Cook Report, vulnerable senators: Conrad Burns in Montana, Lincoln Chafee, Rhode Island, Mike DeWine, Ohio, Santorum in Pennsylvania, Jim Talent, Missouri, and the Tennessee seat.

Charlie, what do you see in the Senate?

MR. COOK: This is—you know, when you look at this election from the big picture, the national numbers, boy, it just looks horrible and it looks like, gosh, Republicans will be lucky if they hold on to anything. And then you do the race-by-race like this. Now, the thing is, the first three or four for Democrats probably aren't that hard. But when you get to the fifth and sixth seats, you get to, to, to winning in Ohio and you win—and, and talk about the Tennessee open seat, gosh, that's hard. I mean, it's going to take a real, real, real strong wind at their backs. And, and it's the kind of thing where there are structural barriers. I mean, 85 percent of all incumbent senators get reelected, and you've got to knock out five of them? You know, it can happen, but it's hard. And it's kind of like having structural barriers that are out there that are protecting the Republican majorities, and if this is a Category 1, 2, or 3 hurricane, those barriers are strong enough, but if it's a 4 or a 5, they're not. And the question is how tall will it be?

MR. RUSSERT: And...

MR. HARWOOD: And, Tim, some of this—some of these ranges—races can change overnight in a hurry. Conrad Burns has now got a primary challenge from a significant Republican. There's some talk among Republicans that maybe Conrad Burns would find something else to do, maybe in the Bush administration. That could change in a hurry.

MR. RUSSERT: Charlie, you also say this about the House: "In the House, where Democrats need a net gain of 15 seats, only about three dozen are truly in play today." So it's, it's tough, and you have to get a straight, an inside straight.

MR. COOK: Right. There're basically 24 Republican seats that today are vulnerable. Democrats have to win 15 out of 24 and hold on to their 11 most tough—the toughest ones. And again, they can do it. There, there, if, if there were more Republicans retirements in tough districts, if—but redistricting and the incumbency advantages that have built up over the years just make pulling this kind of win hard unless it's a Category 4 or 5.

MR. RUSSERT: Well, in 1994, you talked about microchanges, 30 to 35 seats in the House, and the tsunami came. Republicans won 52 seats, electing Newt Gingrich speaker of the House. Newt Gingrich has now weighed in, David Broder, and said that the Democrat slogan in 2006 should be, "Had Enough?" And he thinks that would work.

MR. BRODER: What a helper Gingrich is. I think the Democrats' real slogan may very well be, "Wouldn't You Like To Have Somebody Watching The Store?" Because the sense that I get from talking to voters is that they are not ready to entrust the government to the Democrats, but they're not really comfortable with the way the Republicans have been running things. And the simple idea of having a little oversight, a little checks and balances back in the system is potentially a really powerful argument for Democrats.

MR. RUSSERT: Elisabeth Bumiller, when the White House hears "a little oversight, checks and balances," to them it means hearings with subpoena power.

MS. BUMILLER: That's right.

MR. RUSSERT: And they don't like that.

MS. BUMILLER: No, no. And, you know, Karl Rove has told people he's optimistic they can hang on to both Houses if, if—but he also has said, "Yes, it can happen," the way Charlie says. And you know, you're going to see—the president's out a lot these days campaigning already, raising money for candidates, and he's out in all these big states.

MR. RUSSERT: Because the last thing the White House wants is investigation into weapons of mass destruction...

MS. BUMILLER: The last.

MR. RUSSERT: ...into prison abuse, into religious rights in Afghanistan.

Drop, drop the issue and there's a hearing.

MS. BUMILLER: Right. I mean, that's the last—that's the last two years of the Bush presidency then, and they know that.

MR. HARWOOD: That's true, Tim, but let's keep in mind, first of all, keeping Republican majority is not the top priority for this White House, winning the war in Iraq is the top priority. And secondly, it might not be the worst thing to happen to George W. Bush. If Democrats had a weak majority, you could see some deals cut, especially on entitlement programs, the last two years, as Democrats try to resolve a problem before they hope they get a president in 2009.

MR. RUSSERT: David, is it enough for the Democrats to say, "We're not the Republicans," period, or do they have to come forward with a specific proposals to deal with these problems, including Iraq?

MR. BRODER: Well, if they're going to be responsible, they need some policy. And the great void on the Democratic side is nobody can tell you today what their policy is about Iraq, about entitlements, or about any of the other challenges facing the country. Whether they need that politically, somebody else is smart enough to decide, but if they're going to be a responsible party, they need to talk about policy.

MR. RUSSERT: Do they need to do it?

MR. COOK: See, I would argue that minority parties don't have to be responsible. That's the one good thing going for them, and when they try to be responsible, they're just going to dig

themselves into a hole. I mean, you're on—your job is to throw rocks. Once you start offering alternatives, then suddenly you're playing defense as well. I think Democrats would be crazy, from a political standpoint, to offer up proposals.

MR. RUSSERT: That movie, "Cool Hand Luke," sometimes nothing's a real cool hand.

MR. COOK: Exactly.

MR. RUSSERT: Elisabeth, Afghanistan. A very thorny issue for this president who is very open about his Christianity, and now we have the situation where it appears this gentleman who converted to Christianity in Afghanistan has been spared the death penalty, but it's going to be an ongoing issue as Secretary Rice seemed to indicate, as that democracy in Afghanistan goes through some serious growing pains dealing with religious rights, women's rights, civil rights, human rights.

MS. BUMILLER: Right. Well, this is what happens when you call for democracy in, in problematic parts of the world. We saw this in the elections in the Palestinian territories. Obviously, what do you do when you call for a democracy and the wrong party wins, in your view? This is also what's going on in Afghanistan. The president was very—you know, you saw him this week saying this was deeply troubling. I was—it would be interesting to know what was going on behind the scenes and what kind of pressure was put on Afghanistan, our good ally. Obviously, it looks like they got out of this one for now.

MR. RUSSERT: John Harwood, Secretary Rice openly talking about American troop withdrawals. How much are politicians expecting to have significant troop withdrawals before the midterm elections?

MR. HARWOOD: I think Republicans are definitely expecting it, and that could change the political environment. That's one of the biggest drivers of this wrong-track sentiment that we've been talking about this morning. But as David discussed, Democrats don't exactly have a clear voice. They're going to try to finesse it this week and have an event drawing together all factions of the party behind—criticizing Bush and calling for some sort of transition without specifying exactly how it's going to take place. Trying to, to have an umbrella under which those who want to withdraw troops quickly and those who want to go more slowly can all rally behind.

MR. RUSSERT: Isn't that the Republicans' hope, David, that by October enough troops have come home the president can then give a speech which says, "You see, we're making progress. Stay the course, don't take a chance by going along with these other guys and doing something dangerous"?

MR. BRODER: If that happens, the Republicans would benefit and the country would benefit. And let's just hope that it's possible.

MR. RUSSERT: Charlie Cook, politically, will that be enough to deal with people's anxieties, concerns about Iraq?

MR. COOK: That would help a lot. I mean, your NBC/Wall Street Journal poll showed that Iraq was just a wet blanket over the administration. It was weighing everything down. And these Republican members, one of us—one of them told us he comes in for the Tuesday House Republican Conference lunch, and he can tell who's just gotten a poll back, that they have this shell-shocked look on their face. Somebody else said "ashen." One other member says suddenly they start going into fund-raising frenzies because they're getting polls back in their individual districts that are starting to reflect those national numbers that look so horrible for them.

MR. HARWOOD: It's March Madness for Congressional Republicans, too, Tim, I'll tell you that.

MR. RUSSERT: Speaking of March Madness, you're a Duke man. Who do you like now?

MR. HARWOOD: Boy, I'm rooting for George Mason. That's the, that's the underdog pick right now.

MR. RUSSERT: The Patriots. Charlie:

MR. COOK: LSU. I'm from...

MR. RUSSERT: Shreveport.

MR. COOK: ...Shreveport, Louisiana. Georgetown's out, so I'm for LSU.

MR. RUSSERT: David Broder.

MR. BRODER: Villanova.

MR. RUSSERT: Villanova.

I've got my BC hat. I was ready to wear this for the Final Four, but—huh?

I—you know what, you got to go for "Big Baby" Davis.

Elisabeth, you're the basketball fan.

MS. BUMILLER: Oh, yeah, I got—whatever you say, Tim.

MR. RUSSERT: "Who's playing?"

MS. BUMILLER: Yeah, I'm better than that.

MR. RUSSERT: All right, you sure are. Elisabeth Bumiller, John Harwood, David Broder, Charlie Cook. We'll be right back.

(Announcements)

MR. RUSSERT: Don't forget you can now watch the entire hour of MEET THE PRESS whenever, wherever you want. Our MEET THE PRESS webcast posted each Sunday at 1 p.m. Eastern on our Web site: mtp.msnbc.com.

That's all for today. We'll be back next week. If it's Sunday, it's MEET THE PRESS.

ABC – THIS WEEK

STEPHANOPOULOS: Good morning, everyone.

The immigration debate hits Congress this week after one of the largest protests in recent U.S. history. More than a million people -- half a million people marched in Los Angeles yesterday against House legislation that would make undocumented immigrants felons. They were joined by protesters in more than a dozen other cities, including 50,000 in Denver and 4,000 in Charlotte, North Carolina.

And we're joined now by two legislators at the center of this hot debate, the chairman of the Senate Judiciary Committee, Arlen Specter, and Congressman Tom Tancredo, the leading House advocate for tougher immigration laws. Welcome to This Week, gentlemen.

TANCREDO: Thank you.

SPECTER: Thank you.

TANCREDO: Pleasure to be on the show.

STEPHANOPOULOS: Senator Specter, let me begin with you. This is a very emotionally charged issue, and probably the most loaded word is amnesty. Because the bill you're talking about would give a path to citizenship or legal status for illegal immigrants, Congressman Tancredo and his allies say that's thinly disguised amnesty. How do you respond?

SPECTER: It's not amnesty, George, because these undocumented aliens are going to have to pay a fine. They're going to have to work for six years to be on the citizenship path. They're going to have to go through a criminal background check. They're going to be checked out very, very carefully. They're not going to go ahead of people who have been waiting in line for citizenship. They're going to go to the end of the line for people who have stayed at home and gone through the normal channels.

We're facing a difficult situation, because we have approximately 11 million undocumented aliens here, and we've got to find some way to deal with them. We have a national security problem. They've not been identified. If we do not have some realistic proposal to give them an opportunity to work lawfully and ultimately to obtain citizenship, then they're going to be fugitives, and we need to know who they are and where they are. And if they have criminal records, we need to send them back to their country of origin, but if they're prepared to work to

become American citizens in the long line traditionally of immigrants who have helped make this country, we can have both a nation of laws and a welcoming nation of workers who do some very, very important jobs for our economy.

STEPHANOPOULOS: There you go, Congressman Tancredo. He says it's not an amnesty.

TANCREDO: Let's see. The Black's Law Dictionary defines an amnesty as a sovereign act of forgiveness for past acts granted by a government to all persons or certain class of persons who have been guilty of a crime or a deceit.

Now, let me tell you, it is an amnesty. The crime they have committed is coming into this country without our permission. The penalty that is supposed to be applied to that, under the law that we have today, is deportation. If you say you can be here, you can do that, you can come across the border without our permission, and you will be able to stay -- and, yes, there will be some, you know, a little fine or whatever, that's -- it's not deportation, it is amnesty. And what it does is send a horrible message.

Thursday, I was speaking to a group of people who were being -- who were becoming naturalized citizens -- and I do this fairly often -- and it's a great opportunity to meet these people. It's a wonderful experience. There are about 60 people who were taking their oath of citizenship. And every time I go and speak to these folks, I always give them two messages. I say, number one, welcome to America. And, number two, thank you for doing it the right way.

Because, you see, when you reward millions and millions of people, which Senator Specter's bill does do, for coming across the border the wrong way, doing it illegally, then you -- it's a slap in the face to every single person who has done it the right way, and to everybody who's waiting out there to do it the right way. It's bad policy. And it's also, I think, for the Republican Party especially, bad policy.

STEPHANOPOULOS: So you're saying that all 11 million or so undocumented aliens in the country right now should be deported? We should go after them, round them up, send them home?

Here's what you should do. You should begin a very -- I know this is a radical proposal I'm about to make here, so everybody hold on to their seats, but let's try this. Let's try enforcing the law. We don't actually even need another law on the books. We don't need Senator Specter's. We don't need any that I have introduced.

No law is necessary if we actually enforce the ones we have on the books today, because one of those laws that would go a long way towards solving this problem, by the way, if you enforced it is the law against employers hiring people who are here illegally. If you actually began to enforce that, then you would see that millions of people will return home to their countries of origin voluntarily because, frankly, there's nothing else to do.

If you can't get a job in this country and if you can't get social service benefits, you go home. Those folks who won't do that, yes, you do need to deport because that is the law.

STEPHANOPOULOS: Senator Specter, the business community.

TANCREDO: Now, when...

STEPHANOPOULOS: Excuse me, Congressman, let me bring in Senator Specter here.

TANCREDO: I'm sorry.

STEPHANOPOULOS: The business community seems dead set against that kind of an instant check system. They say it's not going to work and they're afraid you're going to be criminalizing employers.

SPECTER: Well, we are working on a system to make it pretty much work like a credit card, but when Congressman Tancredo says they're going to go home voluntarily, I think that is wishful thinking. We have created the demand for these workers. There are 11 million of them who are doing jobs that nobody else wants to do.

If you're going to make them fugitives, if you're going to do what Congressman Tancredo wants to do, you're going to create a situation where, as President Bush last Monday in Cleveland said, you're going to be forcing them to come into 18-wheelers. Those are big trucks where they're stuffed in to come into this country illegally, and as President Bush said, that's not the American way to do it.

STEPHANOPOULOS: Both of you believe that it should be a crime to knowingly provide assistance or services to illegal immigrants. And I want to show you something Senator Hillary Clinton said this week.

(BEGIN VIDEO CLIP)

SENATOR HILLARY CLINTON (D-NY): I think we need to sound the alarm about what is being done in the Congress. This bill would literally criminalize the good Samaritan and probably even Jesus himself.

(END VIDEO CLIP)

STEPHANOPOULOS: Congressman Tancredo, she's basically saying your approach is unchristian.

TANCREDO: I'm not really surprised that Hillary Clinton doesn't know the first thing about the Bible. Her impression, her analysis, her interpretation of both the law and the Bible are certainly wrong to say the least. This has nothing to do -- the bill we passed out of the house has nothing to do with criminalizing good Samaritans nor anyone that...

STEPHANOPOULOS: Well, except, sir, let me interrupt you right there. You would make the a crime to provide some assistance to illegal immigrants, right? If someone were running a soup

kitchen and knowingly providing assistance to illegal immigrants, under your bill, that would be a crime, correct?

TANCREDO: Actually, actually, the law that has existed in this country for years is the law that is being rewritten into this bill, because there was an amendment in the Senate in the ag bill that struck provisions of it. It's not new.

It's been on the books for years, and what it says is knowingly, willfully going out, it's like going to the border, you know, providing the transportation, hiding them when they're here, if you do those kinds of things knowingly, willfully aiding and abetting then you can be prosecuted. Nobody is talking about prosecuting, nor have we ever prosecuted under the law while it was in existence anyone for providing soup at a soup kitchen or a place of rest for somebody who turns out to be an illegal alien. That is ridiculous, and it's...

SPECTER: George, if I...

STEPHANOPOULOS: Go ahead, Senator.

TANCREDO: I'm sorry. Go ahead, Senator.

SPECTER: George, if I could make a comment. I don't really care what Senator Hillary Clinton has to say about the Bible, but when she says Congress is creating a situation which is harsh, bear in mind the House of Representatives has passed a bill, but the Senate is still a part of the Congress.

And we have our own ideas and we can make changes and go to conference, and, I think, come out with a sensible bill.

STEPHANOPOULOS: But what do you think about this provision itself?

(CROSSTALK)

STEPHANOPOULOS: Let me just interrupt you right there -- about this provision that would require -- I mean would make it a crime to knowingly provide assistance.

Cardinal Mahoney of Los Angeles has said he would ask his priests to defy that legislation. He doesn't think they should be in the business of investigating like that. Do you think that provision should be part of the law?

SPECTER: I think it should be modified. I think that people who provide humanitarian assistance are justifiably worried that it is too broadly stated.

And I think, when we deal with smugglers who are bringing the people in for profit, it is one thing. And I think that's what we'll work out. There's a lot of times, George, where you have the House or even the Senate which will come up with language which is too broad.

And when it's analyzed and people read it, it'll be changed. And that language is too broad. But I'm not going to condemn the House bill for that reason.

I want to go to conference and I want to pass a Senate bill which is different -- go to conference and be sure we're not criminalizing people who are providing humanitarian assistance.

STEPHANOPOULOS: One other question on the House bill: It makes it a felony to enter the country illegally. Would your bill do that?

SPECTER: No, no. It is now a misdemeanor for somebody to come to the United States without going through the legal processes. And my bill retains that in its form as a misdemeanor.

STEPHANOPOULOS: So Congressman Tancredo, I want to -- Senator Specter says he wants to modify your bill.

Are you willing to have another look taken at that language to make sure that it's only punishing people who are ferrying immigrants across the border rather than those who might be providing some kind of other humanitarian assistance?

TANCREDO: Yes. If there is a need to do that, I'm more than willing to look at it.

Please understand why that law has been on the books for as long as it has. And please understand what happened when you actually -- what did happen is they repealed this. And, by the way, an amendment to the Ag bill repealed this provision of the law.

You know, you guys, there are organizations -- it doesn't say just any religion, it says any religion or religious institution or organization.

Now, there are certain organizations in this country affiliated with certain religions that have, in fact, provided that kind of safe haven for people.

Yes, I'm talking about Islam. And we have raided various institutions and closed them down because they give cover to, when somebody comes into this country illegally, especially someone who's coming in to do damage to us, they need cover. They need a place to go, a place to live, a job to be given.

That's what this particular language is designed to deal with. And so, you know, if you want to actually go and specifically say, but if you are providing food in a soup kitchen that nobody is going to bother you, I'm not against that.

But what happened is that the Senate did, in fact, with a very broad amendment, strike any way -- strike anything from the bill that would have criminalized that act.

STEPHANOPOULOS: Let me move on.

TANCREDO: And that went way too far.

STEPHANOPOULOS: Let me move on to another subject. Your house bill includes funding for $2.2 billion for a seven-mile wall across the border.

And I want to show a study by the Congressional Research Service that shows that the portion of the border where a wall has already been built in San Diego in 1992, they've actually had fairly good success in lowering the number of apprehensions from about 600,000 in 1992 before the wall was built to only about 200,000 today.

Senator Specter, your proposal, so far, doesn't include funding for a wall. Since it's shown to at least have had some effect in San Diego, why not expand it?

SPECTER: Well, our proposal does have provisions for a wall on metropolitan areas.

But we do not agree with the House bill about a 700-mile-long wall which is what they have proposed.

But there are areas in Arizona, for example, near border cities, San Diego, a border city, where we think the wall has some merit.

We want to use modern technological devices. We call it a virtual wall. We use overhead telemetry. We use unmanned drones. We increase border agents very, very substantially. We think we can make the borders secure without having a 700-mile wall.

STEPHANOPOULOS: We only have a couple minutes left. Congressman Tancredo, first, do you want to respond to that on the wall?

TANCREDO: Yes, you know, the 700 miles -- it didn't just, somebody flip a coin and come up with that particular kind of number. It was done because we looked at those traffic areas where we could, in fact, create an obstacle to the flow. And we wanted to direct the flow.

That's the way that the fence works, or the wall, as you say. It's really a fence. That's the way it does work. And it does direct the flow into areas where we can then have, as Senator Specter says, a virtual wall in place.

But it helps us. It's just one tiny part of a problem. One tiny part of an attempt to actually secure the border. And believe me, doing it just in the metropolitan areas, all that does, of course, is move those folks around it and into the deserts, and it's much more -- much more dangerous that way. So...

STEPHANOPOULOS: Before I let you go...

TANCREDO: ... there is a purpose...

SPECTER: George...

TANCREDO: There is a purpose for the wall.

STEPHANOPOULOS: Senator Specter, before I let you go...

SPECTER: George, may I make...

STEPHANOPOULOS: One comment, but I also want to ask you one question. First, Senator Frist has said if you can't get a bill out of committee tomorrow, that he's going to bring a bill to the floor himself that doesn't have guest worker provisions. Are you going to get your bill out tomorrow?

SPECTER: We're going to get the bill out tomorrow, George. We may have to work very, very late into the night, but we will.

I'd like to make two points very quickly. One on guest worker. Before people can bring in guest workers, there has to be a demonstrated need that there's no American which can -- who can fill the job. So we're not going to be taking away American jobs.

The second point I want to make is the point that President Bush has made, and that is that we are a nation both of laws and a nation of immigrants, and I want to cite as exhibit A my own family. Both of my parents were immigrants. When the czar wanted to send my father to Siberia in 1911, he chose instead to come to Pennsylvania, and my mother came as a child of 6 with her family, also from Russia. And my brother, two sisters and I have contributed to America, like so many immigrants have.

And it's still a country of immigrants, and it can be both a welcoming country and a country of laws.

STEPHANOPOULOS: We're going to have to end there. Senator Specter and Congressman Tancredo, thank you both very much.

The roundtable is coming up, but first, a national treasure is melting away from global warming. We go to Glacier National Park with Montana Governor Brian Schweitzer.

(BEGIN VIDEO CLIP)

STEPHANOPOULOS: How much of the park used to be glacier compared to now?

SCHWEITZER: We had over 100 glaciers. Now we're down to a couple of dozen, and by 2025, 2035, at the rate they've been declining, there will be no glaciers in Glacier National Park.

(END VIDEO CLIP)

(COMMERCIAL BREAK)

STEPHANOPOULOS: Over the next two days, ABC News is taking a comprehensive look at the facts and fear of global warming. This division-wide series will examine the latest science and possible solutions.

And it comes at a time when a new poll we conducted with Time magazine and Stanford University shows Americans more worried than ever about it: 85 percent believe global warming is real, and seven in 10 Americans think government should do more to address the problem.

With the debate in Washington at a stalemate, we went out West, where mayors and governors of both parties are taking action. One of them is Governor Brian Schweitzer of Montana.

He flew us in his state helicopter over Glacier National Park, just a spectacular sight, and dramatic evidence that global warming is not, as some argue, a hoax.

The glaciers that gave this park its name are melting.

(BEGIN VIDEOTAPE)

SCHWEITZER: If we were here in August, what you would see is just a patch of ice right along this ridge. And that would be (inaudible) glacier. In all the rest, the snow would be gone. But if you look at some photography that we have from 50 or 70 years ago, you'll see that this glacier covered this entire area.

STEPHANOPOULOS: How much of the park used to be glacier compared to now?

SCHWEITZER: We had over 100 glaciers. Now we're down to a couple of dozen. And by 2025, 2035, at the rate that they've been declining, there will be no glaciers at Glacier National Park.

STEPHANOPOULOS: Is there anything you can do or any of us can do right now to prevent the (inaudible) these glaciers, or are they gone?

SCHWEITZER: Well, at the rate that we are increasing the amount of carbon dioxide in the atmosphere, I suspect that if we stopped adding more carbon dioxide, even right now, the acceleration that we've had over the last 100 years probably cannot be stopped to save the glaciers here at Glacier National Park.

STEPHANOPOULOS: So what you're saying is, these are really some of the best, most persuasive evidence we have right now that global warming is real.

SCHWEITZER: Well, that and temperatures and precipitation from around the world. Some of the warmest -- well, I think ten of the warmest years that we've measured in the last couple hundred years have been during the last 13 years.

STEPHANOPOULOS: And if the warming continues, we're going to see more fires.

SCHWEITZER: Absolutely, because what will happen is, it will change the ecologic environment of the trees that have been adapted here. And for example, the spruce bud worm (ph) that is attacking the spruce trees that we have here and killing them. As those trees die, they become much more prone to lightning strike and burning because they dry out and we have all of that timber.

STEPHANOPOULOS: There is a move now to make this whole park a protected site in the United Nations. Tell us about that.

SCHWEITZER: Well, there's been a petition brought before the United Nations to do what we can to protect this park. This really is the canary in the mine, and people all over the world cherish Glacier National Park.

So there's a movement of what to do, what we can to protect Glacier National Park. But frankly, that's a global problem. CO2 that is emitted in Europe or Asia or North America or South America, it is all a contributor. So it means that the entire world would have to move and move quickly. I'm not optimistic.

(END VIDEOTAPE)

STEPHANOPOULOS: Back on the ground, the governor was optimistic about his big idea for energy independence in the environment, converting coal into clean gas.

(BEGIN VIDEOTAPE)

SCHWEITZER: We in America are the Saudi Arabia of coal. Montana leads the way. We have almost a third of the coal in America. The technology exists to convert that coal to energy without a smokestack, remove the mercury, the sulfur and even remove the carbon dioxide and pump it back into the earth where it came from. It's called sequestering the carbon.

If we do that we can produce the energy we need so we're no longer dependent on dictators from overseas. And it will create hundreds of thousands of jobs, and we will have less carbon dioxide in the atmosphere. It's a win for everybody.

STEPHANOPOULOS: The estimates I've seen is that the earliest you could have one of these companies up and running here to make any significant change is 2010, 2012, yet all the scientists say we have to act right now.

SCHWEITZER: It's even more critical than that. In China and India, they are building coal-fired plants at an unprecedented rate. During the next 30 years, China alone will put more carbon dioxide in the atmosphere with conventional coal-fired generators than all of the rest of the planet has during the last 150 years.

STEPHANOPOULOS: Well, then we have no hope.

SCHWEITZER: We do. We do have hope. If we develop this technology, this coal gasification technology, and we can transfer that technology to India and China, so that instead of building conventional polluting power plants they're using the kind of technology that already exists in this country, we could save the world and we could do it right here in Montana.

We've got to control our own destiny, and right now we import 60 percent of our oil, and most of it's coming from people that aren't our friends. And we give them money, they're using that money to try to destroy our way of life. Bad way to run a business.

STEPHANOPOULOS: Probably the most memorable line of the president's State of the Union address is when he said we have to end our addiction on foreign oil. Do you think he's serious about it?

SCHWEITZER: No. We're not taking the steps to end our addiction to foreign oil. We did nothing. We are not investing in alternative energies. We could do this. We could, within 10 years -- if we were challenged, if we had a chief executive that said to the American people, I will challenge you to wean ourselves from foreign oil in 10 years, you would unleash the greatest engineering...

STEPHANOPOULOS: The president did talk about alternative energy in his State of the Union.

SCHWEITZER: But you've got to take action. You can't just use words. Where is the action?

We need public-private partnerships in the same way that we beat the Russians when we decided we were going to win the space race. We created technology, engineering marvels that we've exported all over the world.

We could do the same with energy conservation, energy efficiencies, and new ways of generating electricity and making fuels in this country.

STEPHANOPOULOS: Well, and a lot of people say, though, unless you do something about consumption, unless you reduce emissions from our cars, unless we get rid of our addiction, the SUVs to pickup trucks, there is no way we're going to be able to do anything about global warming.

SCHWEITZER: There is no single silver bullet. But we've got to challenge our society and our economy to be more creative in all of these areas, generating, manufacturing and conservation.

STEPHANOPOULOS: Are you ready to challenge the drivers of Montana, the drivers of the West, and say, We have to have more fuel- efficient vehicles ?

SCHWEITZER: Well, I can challenge them right now.

My wife and I, Nancy, just bought a diesel-powered Volkswagen Jetta. And we will run it exclusively on synthetic fuel, biodiesel produced in Montana and coal-to-diesel, the synthetic fuel.

We're doing it. We would challenge every family in America to do the same.

STEPHANOPOULOS: You say that Western governors are going to have to lead the way. A lot of Democrats are also looking at your experience here -- Montana's a very red state; you're a Democrat -- for lessons on how they might win nationally.

What lessons can they draw from your experience here?

SCHWEITZER: Oh, I don't know if I have any lessons out here in Montana.

Folks on the East and West Coasts and the political experts -- they talk about red and blue states.

But when people go to the polls in places like Montana, they don't think of themselves as red or blue. They watch the folks. They're looking for people with good ideas. They're looking for people to be straight with them. That's all I've done in Montana.

STEPHANOPOULOS: But do you think Democrats in Washington have lost their way?

SCHWEITZER: Well, I think Democrats in Washington, D.C., mostly represent the coasts.

If you look at the map of the country, the so-called blue states if you will, you'll find that a great part of them are on the coasts. People are different on the coasts than they are in the heartland. They're different than we are in the Rocky Mountains.

STEPHANOPOULOS: The Democrats' front-runner right now is Senator Clinton. Can you sell her in the West?

SCHWEITZER: You know, I'll just give you a little history, a brief history of Montana. Bill Clinton got 38 percent the first time he ran; 41 percent when he ran for re-election. Let's see, John Kerry got 38 percent and Al Gore got 33 percent.

Probably Montana is not the state to look for to take us over the top in terms of a Democratic candidate.

(END VIDEOTAPE)

STEPHANOPOULOS: So Governor Schweitzer's bullish on doing something to solve global warming, not so bullish about his party's chances in Montana.

The roundtable is next with George Will, Fareed Zakaria and Katrina Vanden Heuvel.

And later, the Sunday funnies.

(BEGIN VIDEO CLIP)

STEPHEN COLBERT, HOST, THE COLBERT REPORT: Even the weather page is in a state of moral decay. What's wrong with red, white and blue, USA Today?

(LAUGHTER)

This rainbow weather map is just another example of the homo- meteorological agenda.

STEPHANOPOULOS: Our Voices this week, Harvey Mansfield and Naomi Wolf. As the political world continues to buzz about whether Condi or Hillary will be the first woman president, the Harvard professor and author of the controversial new book, Manliness, squares off with the feminist writer who taught Al Gore about earth tones on the politics of macho.

(BEGIN VIDEOTAPE)

HARVEY MANSFIELD, WRITER: Manliness I define as confidence in a situation of risk, and I think men have that more than women.

NAOMI WOLF, WRITER: I don't know what bubble he's living in. He's making these sweeping arguments as if from this bubble in 1955.

MANSFIELD: Politics is a field of competition, and women are less interested in competition. Just as they're less interested in sports. And indeed I think their interest in sports goes together with their interest in men more than in sports or politics directly.

WOLF: I don't think women think about their political convictions in that kind of, you know, nitpicky way. I think they're more concerned about clean air, clean water, good schools, health care. His timing is kind of weird because in the wake of 9/11 there has been a spontaneous sort of fetishization of big, strong, powerful men who kind of kill the enemy without thinking about their human qualities.

MANSFIELD: It's also the case that authority, manly authority needs to be prudent and sensible, and so it needs to be modified and qualified by prudence, you could say, or by intelligence and often by the prudence of a sensible woman.

WOLF: You know, George Bush does listen to women, and one of the things Professor Mansfield keeps doing in his book and his messaging, which I think is very unfortunate, is he really defines a manly man as one who really doesn't listen to women and who essentially has contempt for women.

MANSFIELD: I'm not advocating that manly men and in their excesses should be followed and obeyed. I'm just pointing out that manly is both good and bad, and that manly men have a certain nature which women must learn to understand and respect.

(END VIDEOTAPE)

STEPHANOPOULOS: Boy, I'd love to see them in the same room. You can check out more of this debate on our Voices Plus feature at thisweek.abcnews.com. Now, the Sunday funnies.

(BEGIN VIDEO CLIP)

BILL MAHER, HOST OF REAL TIME : Well, the president was everywhere this week, wasn't he? I tell you, he doesn't give a press conference for three years, and now we can't get him to shut up. (LAUGHTER)

And, of course, he was blaming the troubles in Iraq on the media, saying they're not reporting the good news. And maybe that's true. For example, today in Baghdad, this is true, it was widely reported that gunmen killed four workers in a bakery. But no one mentioned that their banana bread is delicious.

(END VIDEO CLIP)

(BEGIN VIDEO CLIP)

DAVID LETTERMAN, HOST OF THE LATE SHOW : Now, ladies and gentlemen, it's time for a segment we do on the program from time to time, George W. Bush what?

PAUL SHAFFER: Oh, yes. 1/8 playing Hail to the Chief 3/8

GEORGE W. BUSH, PRESIDENT OF THE UNITED STATES: Well, first of all, I happen to think, I don't want -- look, I'm not going to --

(LAUGHTER)

(END VIDEO CLIP)

(BEGIN VIDEO CLIP)

JON STEWART, HOST, THE DAILY SHOW : To correct the world's misperception, the president is once again going above the filter, speaking directly to the American people, and they had a chance to speak directly to him.

JOSE FELICIANO, AUDIENCE MEMBER: My name is Jose Feliciano.

(UNKNOWN): Every chief needs Indian on their side.

(UNKNOWN): Cleveland Hungarian community is planning a major event in Cleveland in October.

STEWART: That's how you take your shot when you get a question for the president? Some of the questions cut to the chase.

(UNKNOWN): Do you believe this, that the war in Iraq and the rise of terrorism are signs of the apocalypse and if not, why not?

(LAUGHTER)

STEWART: What are you waiting for? Say no! Just say no!

(END VIDEO CLIP)

STEPHANOPOULOS: That is our show for today, but stay tuned to ABC News for the rest of our series, Hot Zone, the Reality and Risk of Global Warming. World News Tonight Sunday will have the full results of our global warming poll.

And tomorrow on Good Morning America, have we reached the tipping point? We'll look at what we all can do to slow or stop global warming.

Complete coverage is available all the time at abcnews.com. Thanks for sharing part of your Sunday with us. We'll see you next week.

FOX – NEWS SUNDAY

WALLACE: I'm Chris Wallace. The case against an Afghan man who converted to Christianity is dismissed, next on Fox News Sunday .

World hot spots. Afghanistan, where converting to Christianity can bring a death sentence. Iraq, struggling to stop sectarian violence. And Iran, defying the world with its nuclear ambitions.

We'll discuss all this with Secretary of State Condoleezza Rice and Senator Carl Levin, a top Democrat just back from the region. Rice and Levin live, only on Fox News Sunday .

Plus, the battle for immigration heats up. Can the president control the debate inside his own party? We'll ask our panel, Paul Gigot, Mara Liasson, Bill Kristol and Juan Williams. And our Power Player of the Week takes care of the world's rich and famous, all right now on Fox News Sunday .

And good morning again from Fox News in Washington. Let's start with a quick check of the latest headlines. In Afghanistan, the case against Abdul Rahman, the man facing a death sentence for converting to Christianity, has been dropped this morning for lack of evidence. Officials say Rahman could be released from prison as early as tomorrow.

Iraqi politicians meeting for the sixth time Saturday failed to agree on a new government. Two congressional delegations this week pressured the Iraqis to overcome their differences.

And in Los Angeles and other cities, hundreds of thousands of protesters went to the streets to demonstrate against proposals in Congress to crack down on illegal immigrants. We'll have more on that story later in the show.

And we're joined now by the secretary of state, Condoleezza Rice.

Secretary rice, welcome back to Fox News Sunday .

RICE: Thank you, Chris. Good to be with you.

WALLACE: Thank you. Let's start with Abdul Rahman, the Afghan who was being prosecuted for converting to Christianity. As we say, his case apparently was dropped this morning. What do you know?

RICE: Well, I don't have independent confirmation, Chris, of that news report, but I do know that the Afghan government was working on it, that they were looking at the judicial case here, and that they were working very hard to try and resolve it in a favorable manner. So I hope that, in fact, this has been done. WALLACE: If that is the case, if it is dropped, but not dropped because it's just wrong to prosecute somebody for exercising freedom of religion, but rather because of technical flaws, lack of information, he's mentally incompetent, does that end the controversy? Are you satisfied with that outcome?

RICE: Well, I think the question of mental incompetence, as far as I understand, has not been raised here, that this is really about the case itself. This is a complicated situation. We have been very clear with the Afghan government that the freedom of religion and the freedom of religious conscience is at the core of democratic development.

They have constitutional expectations that have been written in that they will, in fact, live up to the universal declaration of human rights which protects individual conscience on religion. So I do understand that they need to get through this case.

The fact is, Chris, this is a young democracy. It's a young democracy that now does have a constitution that is in accordance with the modern age, but, of course, they're going to have difficulties and conflicts. There are going to be cases that are going to go one way or another.

What we have to do is stand with the Afghans to continue to insist on the principle and to help them work through some of these contradictions. There's never been a democratic constitution, including ours, by the way, where we didn't have to have struggles and debates about constitutional interpretation.

WALLACE: So assuming that the reports are right and that the case is dropped for technical reasons, your reaction is...

RICE: Well, I would hope that, in fact, if that's the case that the Afghan government has done that, it would be a very good step forward. It would be a very good step forward.

Obviously, there will continue to be discussions in Afghanistan and between Afghanistan and the international community about the importance of religious freedom, about importance of adherence to the universal declaration of human rights. But we have to recognize that this is an evolutionary process.

This isn't the Taliban. We had no constitution to which to appeal, or the people of Afghanistan had no constitution to which to appeal, so Afghanistan's made a lot of progress in four years, and we need to keep that in mind.

WALLACE: Let's turn to Iraq and the military situation there. Much was made this week of a statement by the president that the decision on pulling the last troops out of Iraq will be made by future presidents, meaning it would be made after he left office in 2008.

On the other hand, that doesn't say that there won't be significant draw downs this year. What do you think is the likelihood that there will be a significant pullout of troops, U.S. troops, before the end of 2006?

RICE: Well, as General Casey has said, if Iraqi forces continue to develop in the way that they have -- they're taking and holding territory, they performed very well in the light of this recent sectarian violence, the army did -- then it is entirely likely that there will be draw downs of American forces over this next year.

It's conditions-based. No one wants to make any definitive statement because, of course, you want to know the conditions. But the Iraqi forces are making a lot of progress and the political system is making progress. I know it's slower than we would like it to be.

But for the first time, Sunnis and Shia and Kurds and others are sitting down, and they're working toward a government of national unity, and that also is an important part of the picture as to why the stability in this country will grow.

WALLACE: I want to talk to you about the political situation. They held elections there on December 15, and you came on Fox News Sunday three days later and we talked about this. Let's listen to what you had to say.

(BEGIN VIDEO CLIP)

RICE: When you talk to Iraqis, they recognize that they need to sustain the momentum out of this election. They need to sustain it because of the insurgency and the terrorists, and they need to get a strong message that the political system is moving forward.

(END VIDEO CLIP)

WALLACE: But, Secretary Rice, today, almost 3.5 months after those elections, they still don't have a government. They haven't sustained the momentum in the way that you were talking about there.

Why shouldn't Americans be outraged that while U.S. troops fight and die -- and in fact, since December 15th, 173 of them have been killed -- Iraqi politicians are haggling about jobs?

RICE: Well, I think, Chris, that is not the way to characterize what they're doing. What the Iraqis are doing, the Iraqi leaders are doing, is they're sitting down to form a government of national unity.

Now, whenever there is an election and you have to form a government of national unity, and no one can form a government on their own -- no one got enough votes to form a government on their own -- there are going to be negotiations, and sometimes protracted negotiations. That's not unknown in the west.

What the Iraqis are also doing, though, is that they are developing a program by which this national government will actually govern. They are developing rules and institutions that they will use to govern, and they are looking at what jobs will be held by whom.

So this is a complicated process that is likely to push them very much further forward once it is completed than just having people identified as prime minister and defense minister and so forth.

We have to understand that because the Sunnis have not been a part of the process, really, at the time even that the constitution was written, they have some very important -- really even existential -- issues that they are trying to deal with, and they're grappling with some of those during this period. They need to be able to talk to one another.

Now, everybody is putting considerable pressure on the Iraqis to get this done and to get it done quickly, but we do have to understand what's really going on here. They're not just dividing up jobs. They really are developing a program by which they will govern, and they are creating the institutions by which they will govern.

WALLACE: Secretary, Senate democratic leader Harry Reid said the following this week, and let's put it up on the screen, Where is Condoleezza Rice? Why isn't she over in the Middle East, as the chief diplomat of this country should be, trying to get the political forces to form a government over there?

I know you've got a strong ambassador in Iraq, but at a time when everyone says that forming a government of unity could help stabilize the security situation over there, shouldn't the secretary of state go to Iraq and directly confront these politicians and say get it done?

RICE: Chris, first of all, we do have a very good ambassador there with whom I speak every morning about what he needs to move the process forward. But Iraqis need to talk to each other. They don't need to talk to me. They need to talk to each other about what the future...

WALLACE: But don't we have a stake in this? I mean...

RICE: Of course.

WALLACE: ... we have 133,000 troops over there.

RICE: Of course we have a stake in this. But we also have a stake in an outcome for this national government that will be stable and sustainable. And that means that they have to work through some of these difficult issues.

Now, if I thought for one minute that it would make a difference for me to get on a plane and go to Iraq and sit with them to do this, I would do it. But that is not what they need at this point. What they need at this point is to work through these issues, work through them quickly.

Zal Khalilzad is providing all the support...

WALLACE: That's the U.S. ambassador.

RICE: The U.S. ambassador is providing all the support that they need, that they need to do their job, and when it is time for the United States to intervene at my level, I'm quite certain that I can assure you that we will. But right now, Iraqis need to talk to Iraqis and come to terms with some of these extremely difficult issues.

WALLACE: Different issue related to Iraq. There's a Pentagon report out this week that during the U.S. invasion of Iraq that Russians apparently were able to get information about U.S. war plans from sources in U.S. Central Command and pass those on to the Iraqis. Do you believe that to be true?

RICE: Well, I don't have any reason to doubt or confirm the report at this point. I do think we have to look at the documents and look very carefully.

I will tell you that we take very seriously any suggestion that a foreign government may have passed information to the Iraqis prior to the American invasion that might have put our troops in danger. Of course that's a serious matter. And we will raise it with the Russian government.

I do think we owe it to everyone to take a hard look at the reports and to really understand what's there.

WALLACE: Now, I want to -- because some of the information turned out to be true, some of it turned out not to be true, as national security adviser at the time, did you know this was going on? Was this, in effect, perhaps a way to spread disinformation to Saddam Hussein?

RICE: I knew nothing of the -- to my recollection, I knew nothing of these reports at the time that I was national security adviser. But I think we have to look at the reports and, indeed, raise it with the Russian government. And I would hope the Russian government would take seriously any such charges.

WALLACE: Now, you say raise it with the Russian government. Assuming that it's true, do you protest? How big a deal is this?

RICE: Well, let's see what's there and let's talk with the Russian government. I would not jump to the conclusion that this -- if, indeed, the reports are true, that it had to be Moscow-directed. So let's take a look and let's talk with the Russian government about it.

But I would think this is something that the Russian government would take very seriously as well.

WALLACE: Speaking of the Russians, they continue to block a statement coming out of the U.N. in effect saying to the Iranians knock it off with their program to enrich uranium.

Are you prepared to step up the pressure on Moscow to try to get -- at a time when the Iranians are defying the world's will?

RICE: Well, the Iranians are defying the world's will, and the international community needs to speak and speak with one voice. We and the Russians and the Europeans and others have the same view that was expressed in the board of governors resolution on February 4th from the International Atomic Energy Agency. That is that Iran needs to suspend its enrichment activities and return to negotiation. Nobody believes that Iran should have enrichment and reprocessing capability on its territory, because that is easily transferable or easily convertible into the technology to make a weapon. And so we have agreement on what Iran must do.

There are some tactical issues about how best to express that. I spoke with Sergei Lavrov, my counterpart, Russian counterpart, on Friday. We agreed that our people would work through this weekend -- I think they're going to meet later today -- to try and resolve these differences, because we do need to speak and speak with one voice.

The Security Council brings a weight to allowing the IAEA to do its job. The IAEA has to continue to do this work, because it's the technically competent agency, but the Security Council can lend weight to what the IAEA is doing.

WALLACE: I want to turn to a difficult subject. I'm sure you heard this week that a radio host in St. Louis made a racial slur in talking about your becoming possibly the NFL commissioner, and he was immediately fired for that.

As someone who grew up in the segregated south, are you surprised that in the year 2006 this kind of thing still happens?

RICE: Well, first, let me say that my understanding is that he apologized, said he didn't mean it. I accept that, because we all say things from time to time that we shouldn't say or didn't mean to say. And so I accept it.

We all carry, I think, deep scars of how the United States came into being with slavery as an initial birth defect for this country, of years and years of racial separation, of racial tension, of years and years of not being able to come to terms with what we, the people really meant.

And what it says to me is that even mature democracies like the United States -- we still have our difficulties. And it reminds me that when people say well, why haven't the Iraqis achieved this, or why haven't the Afghans achieved this, that maybe Americans should be a little bit more humble about how hard it is to build democracy, particularly to build multi-ethnic democracy.

WALLACE: How serious a problem do you think this country still has with racism?

RICE: Oh, I think the United States still bears the scars of our founding and still bears the scars of how hard it has been to overcome it. But, Chris, anyone who says that we haven't come a very, very long way, and that for the most part Americans interact with each other as Americans, I think is also not giving you the full picture.

I was just recently in Australia, and I noted for the students in Australia that should I serve to the end of my term, it would have been 12 years since there was a white man as secretary of state in the United States. Given our history, we've come a long way. WALLACE: Finally, and you'd be disappointed if I didn't, our 2008 question, because it's who we are and it's Sunday morning. Laura Bush, the first lady, said about you on Friday -- and let's put it up on the screen -- She'd make an excellent president, but I don't think we can talk her into running. I think she sincerely does not want to run, but I wish she would.

A couple of questions. First of all, have you ever discussed the idea of a presidential run with Laura Bush?

RICE: I've generally said to the first lady, who is a dear friend as well, exactly what she said, that it's not something I want to do.

WALLACE: Has she urged you to do it?

No, we've not had discussions at that level. I think my friends know that I see my life differently, and I know that there is a lot of speculation, there's maybe going to continue to be a lot of speculation, but I know what I want to do with my life, and that isn't it.

WALLACE: And what do you say to the first lady, who may be watching this morning, about her wish, despite all of this, that you run for president?

RICE: Well, I'm really honored that she would think so, but I know that we're going to -- whatever happens in 2008, we're going to have a good candidate in the Republican Party. We're going to elect a good president and, like all Americans, I'll be there to try to support them.

WALLACE: But it won't be you.

RICE: Won't be me.

WALLACE: Secretary Rice, as always, a pleasure. Thank you for coming in today. Pleasure to have you.

RICE: Thank you. Pleasure to be with you.

WALLACE: Up next, Carl Levin, the top Democrat on the Senate Armed Services Committee, just back from Iraq, right after these messages.

(COMMERCIAL BREAK)

WALLACE: For a different perspective now on key foreign policy issues, we turn to Senator Carl Levin, who spent the past week in Iraq, Afghanistan and other countries in the region.

Senator, welcome home and welcome back to Fox News Sunday .

LEVIN: Thank you, Chris. Great to be with you.

WALLACE: Thank you. While you were in Iraq, you met with the top political leaders. What's your assessment of the political situation there 3.5 months after the election?

LEVIN: That there's a gridlock and that the Iraqi leaders are going to count on us to protect them, and we should make it very clear to them that we're only going to continue to be there if they work out a political compromise, and that's the message they've not received.

Instead, they get the kind of excuses that we just heard as to how complicated it is, how difficult it is, that constitutions and cabinet selections take time.

They're behind their own schedule for selecting a cabinet, and instead of making it easy for them to continue this gridlock by telling us how complicated it is and by telling the American people to be patient, as the president recently did, we should be putting plenty of pressure on the Iraqis.

WALLACE: But what does that mean? How tough should we get? And specifically what should we do?

LEVIN: We should tell the Iraqis what three of us -- a bipartisan letter asked the president to do. Senator Collins, Jack Reed of Rhode Island and I asked the president to make it clear to the Iraqis that our continued presence in Iraq is dependent upon the Iraqis working out a broad-based political agreement.

Otherwise, they're going to continue to get the message, which this administration has given too often, that we're there as long as they need us.

WALLACE: Would you set a specific deadline?

LEVIN: I would not. I would put the word prompt in there, that they must promptly agree to a political settlement. We can't impose it on them. We can't select their leaders. But it's essential that they do it.

But the only way they're going to do it and the only chances that they have of succeeding in defeating the insurgency and ending the violence is if the political leaders come together in a broad-based government.

WALLACE: Let's turn to the military situation. As I say, you were there on the ground this week. What's your sense of the situation, the danger of civil war and how we're doing in training Iraqi troops to take over for U.S. troops?

LEVIN: I think we're making some progress in terms of training their army, but in terms of training the police to defend the nation, instead of just reflect sectarian points of view and react positively to the militias that they come from, we have not made much progress with the police.

And the police are key. They're the ones that are going to have to prevent civil war from happening inside Baghdad particularly, so the progress has been very, very slow with the police.

WALLACE: This week, Vice President Cheney noted that some top Democrats have objected to the NSA wiretap program, wanted to make changes in the Patriot Act, had called for pullouts, and then he said the following. Let's watch.

(BEGIN VIDEO CLIP)

RICHARD B. CHENEY, VICE PRESIDENT OF THE UNITED STATES: Leading Democrats have demanded a sudden withdrawal from the battle against terrorists in Iraq, the very kind of retreat that Osama bin Laden has been predicting, and with that sorry record, the leaders of the Democratic Party have decided to run on the theme of competence.

(END VIDEO CLIP)

WALLACE: Senator Levin, what do you think of that?

LEVIN: I think that there's been much too much incompetence in this administration and it's a perfectly proper critique of the administration that they've shown incompetence both in the way they've handled the war in Iraq as well as a lot of domestic issues, including Katrina.

So the issue of competence is a very legitimate issue both to raise and to go to elections on.

WALLACE: Before we leave Iraq, as the top Democrat in the Senate Armed Services Committee, what do you make of this Pentagon report that the Russians were passing on U.S. military secrets during the invasion to the Iraqis?

LEVIN: It's possible that it happened. Things like that happen with intelligence by various countries. It would be obviously plenty discouraging as well as disgusting if, in fact, they did it, but sometimes there's disinformation which is provided.

Anything is possible in the area of intelligence. I would not jump to any conclusion one way or the other without a much deeper investigation. But if, in fact, they did it, it, number one, wouldn't surprise me, but it would be very disgusting if they did.

WALLACE: And what would you do to the Russians?

LEVIN: Find ways to let them know that that kind of conduct is not going to be acceptable to us and a whole host of reactions and retaliations. But I wouldn't prejudge this. The intelligence world is a very murky world, to put it mildly.

WALLACE: Yes, indeed. Let's turn to Afghanistan, another country that you were in this week. What do you think the prosecution and now the release, apparently, the dismissal, at least, of the case of the Afghan Christian says about the spread of democracy and democratic values in that country?

LEVIN: That there's some hope, that obviously President Karzai was able to find a way to end the prosecution of this man, and that even though the prosecution is very discouraging, that the progress in apparently ending that prosecution of this man is encouraging. So I have some hope in Afghanistan.

Actually, this action reflects, it seems to me, a good reason to be optimistic about Afghanistan. We had the united world going into Afghanistan to go after the Taliban, unlike Iraq, where the world was divided. We had NATO with us as well as many other countries going into Afghanistan. NATO is taking over now in Afghanistan.

So there's really reason to be optimistic in Afghanistan. It's a much better scene than Iraq.

WALLACE: What do you think -- on a new subject, what do you think Senator Feingold's mention to censure the president for his NSA warrantless wiretap program?

LEVIN: Well, I think there, first of all, should be, obviously, a hearing as to what happened, the legality of it, the operations of it. I think the president made a mistake in not following the requirements of the law that he seek a warrant.

But in terms of censure, I would not reach any conclusion on that until there have been hearings both on the legality issue as well as how it actually operates, whether or not, in fact, there is probable cause to believe that somebody is engaged in some kind of an operation with the Taliban, as the president says there always is.

But is there, in fact, probable cause before phones are tapped? That is something which should be investigated by both the Intelligence Committee and other appropriate committees.

WALLACE: Well, let me ask you about that. You're a member of this new Intelligence Subcommittee that has been named to oversee the program. Have you been briefed and what have you found out?

LEVIN: My briefing is about halfway through. And I don't want to tell you what I found out. I'm not allowed to, except I'll tell you what my focus is.

My focus is to see whether or not the president of the United States accurately has represented this program as one where there must be probable cause to believe that before an American's phone is tapped that he is either a member of or affiliated with the Taliban or an affiliated organization, or an agent of Taliban or -- I mean, sorry, Al Qaida, excuse me -- a member or an agent of Al Qaida or an affiliated organization. That is what my focus is going to be, because if that's not true...

WALLACE: And what have you found out so far?

LEVIN: I'm not allowed to tell you what I found out so far because these briefings are highly classified.

When I'm finished with my review, which I hope will be in the next few weeks, I hope to find out -- I hope to find a way that I can either say yes, the president accurately reflected the program or that I disagree, but I'm not sure I'll be able to even do that within the rules.

WALLACE: Well, let me ask you, just to press this a little bit further, one of your colleagues on this subcommittee, a Democratic colleague, Senator Diane Feinstein, came out afterwards and said that she thought it was a very impressive program and didn't have a contrary word to say about it.

LEVIN: Well, she has, obviously -- she feels comfortable saying what she wants to say about her briefing. I don't want to say anything about the way this program operates or reach any conclusion until my briefings are concluded.

But then again, I hope to be able to find a way that I can either look people in the eye and say this program is one where there is probable cause of the precise type that the president assured the nation. That to me is critical.

Then if there is probable cause to believe that these people who are engaged in these conversations are Al Qaida-connected agents or members, then the question is is it legal, or do you have to modify the law in order to make it legal.

WALLACE: But there's a political reality in this, too, as I don't have to tell you. Do Democrats want to be in the position of investigating the president for possible censure, a president in the middle of wartime, over a program that, at least according to some people who have been briefed on it, including a Democrat, does a good job in protecting the American people?

LEVIN: No, I think it's premature to reach any conclusion about censure, and I would first put the inquiries before you reach any conclusion.

WALLACE: Do you think it was helpful to even raise the idea?

LEVIN: No, I think to say that you should censure the president before you have had the inquiries is premature, so I don't think it's helpful to reach that conclusion at this point.

WALLACE: We're going to have to leave it there, Senator Levin. Thank you. Thanks for coming in after your long trip and, I'm sure, considerable jet lag. Please come back any time, sir.

LEVIN: Thank you.

WALLACE: Up next, the fight over immigration policy. With both parties split, will there be any compromise? We'll find out from our panel, Paul Gigot, Mara Liasson, Bill Kristol and Juan Williams. We'll be right back.

GEORGE W. BUSH, PRESIDENT OF THE UNITED STATES: When we conduct this debate, it must be done in a civil way. It must be done in a way that brings dignity to the process.

(END VIDEO CLIP)

(BEGIN VIDEO CLIP)

U.S. SENATOR HILLARY CLINTON (D-NY): And it is certainly not in keeping with my understanding of the scriptures, because this bill would literally criminalize the Good Samaritan and probably even Jesus himself.

(END VIDEO CLIP)

WALLACE: That was President Bush and Senator Hillary Clinton talking about what promises to be an explosive debate this week in the Senate over immigration policy.

And it's panel time now for Paul Gigot of the Wall Street Journal and host of The Journal Editorial Report on Fox News Channel, and Fox News contributors Mara Liasson of National Public Radio, Bill Kristol of The Weekly Standard, and Juan Williams, also from National Public Radio.

Well, as I said, the Senate takes on immigration this week, which not only divides the party but also causes some internal splits, especially among Republicans.

Bill Kristol, what do you think we should look for this week?

KRISTOL: A lively debate in the Senate for the next two weeks in which Republicans will split. And I think they may end up passing a comprehensive immigration reform, mostly with Democratic votes, but about a third of the Republicans voting for the broad immigration reform which includes border security, but also, in effect, a program of legalization for those who are now here illegally.

WALLACE: Juan?

WILLIAMS: I think that's right. I think that the president -- what you heard from the president a moment ago, Chris, was a warning to Republicans, because it's the Republicans that are split. You've got the populist base and a lot of populist anger as represented in the Minutemen and the like. But the business community is solidly with the president, so he's got the business community there.

The real question for the Democrats is how they play the unions. The unions clearly want something like the McCain-Kennedy bill which would allow for permanent residency if people can prove that they have a job and are willing to pay a fine and go through a process.

But to get back to the populist anger, the populist anger is all on the right, and the populist anger is at illegal immigration. We've got 12 million immigrants in this country illegally. That's a huge member.

But most of these people are not single men, kind of vagrants hanging around. They're mostly family people who simply want to, you know, create a better life, take advantage of education and economic opportunities in the country.

The far right, though, is all about building walls, which I think is totally impractical. You know, it cost $70 million to build a little wall in San Diego. They want to build a wall along a 2,000-mile border, but that's where the conversation is on the right.

LIASSON: Well, I think the big fight is going to become probably between the House and the Senate. What Mrs. Clinton was talking about in that clip you played was in the House bill that criminalizes instead of just making it a civil penalty to be an illegal immigrant, and...

WALLACE: Well, not only that, and also anybody who helps...

LIASSON: And anybody who helps them...

WALLACE: ... like a church or a charity.

LIASSON: ... and that's what she was referring to.

WALLACE: And that's what she was talking...

LIASSON: And that's why you have the Catholic Church in some areas saying we're not going to -- we're going to violate this law if it passes.

So I think that if the Senate does get some kind of comprehensive reform like the president wants, which includes border security and a path to legalization, then it goes to conference with the House, which defied the president on this and passed a bill only dealing with border security and not dealing with the problem of what to do with people who are already in this country illegally.

So then you're going to have a big debate, and there's going to be lots of splits in the Republican Party, and it's going to affect 2008 primary politics. And that's, I think, where you're going to have a big battle.

WALLACE: Paul, let me just -- I mean, we had huge demonstrations. There were about a half a million people in the street in Los Angeles yesterday. There were demonstrations in Phoenix, in Denver. I mean, this is a big issue on the street across the country.

What do you see happening in the Senate first, and then what do you see in terms of the ability to reconcile it with a bill already passed by the House, which is enforcement only?

GIGOT: I think the question is whether the Republicans in the Senate can save the House Republicans from their worst instincts. I mean, the House Republicans convinced themselves that being restrictionist in immigration is good politics. I'm not so sure it is.

There's a vocal, I think relatively small portion of the Republican base that wants a wall, the Tom Tancredo from Colorado Republican. They want that kind of wall set up. They want border control.

But there are other factions in the party base, including the business community, as Juan said, but also religious conservatives who are worried about, in their Good Samaritan role, being harassed, and then Hispanics.

I mean, President Bush won New Mexico in 2004 because he increased his share of the Hispanic vote. He had lost it in 2002. Republican share, presidential share of the vote, 21 percent. Bob dole in '96, 35 percent, I think, in 2000, 44 percent in 2004.

If they want to go in the other direction, they can follow the House Republicans.

WALLACE: Bill, let me ask you about the political side of this, because it certainly is going to factor into not only 2006 and the November elections but also into 2008, and you saw an interesting development this past week where Bill Frist, the Senate majority leader, said if the Senate Judiciary Committee can't come up with a comprehensive compromise, I'm going to push an enforcement-only bill.

Where does this fit both in this year and two years from now?

KRISTOL: Well, Frist, who hasn't had a terribly successful pre- presidential campaign so far, is staking a lot on this. He wants to be the representative now of the enforcement-only, close-the-border, no-help-for-those-who-are-here-illegally Republicans. And there is a lot of support for that, or appears to be.

You can't go to a Republican gathering, a conservative gathering, and not hear a lot of complaints about illegal immigration, and Frist playing to that base. McCain is strongly identified with a more liberal approach, very much like Bush's, and I think it will be a huge issue in the 2008 Republican primary.

McCain and Giuliani probably will be the only candidates who are willing to take on this sort of apparent populist upsurge of concern.

WALLACE: You're talking about in the Republican Party.

KRISTOL: In the Republican primary -- its apparent populist upsurge of concern about illegal immigration.

I'm a doubter that this is -- but I'm biased on this. And Paul and I are both for the more liberal immigration policy. We're out of touch in some respect, or out of sync with a lot of conservatives and Republicans on the base.

And I personally am doubtful that this is such a good political issue, that restrictionism ever works politically. It hasn't in the past. It hasn't in the -- it didn't in the Virginia gubernatorial race last year when the Republican candidate made a big fuss about you're helping illegal immigrants. It didn't work at all.

But you know, these things don't work until they do work. I think religious conservatives are a key swing constituency on this. You have a certain kind of Perotista, populist conservative who wants to shut the border. You have the business community which wants workers coming in.

The swing constituency in the Republican Party is the religious conservatives. I think they will end up being more generous, let's put it this way, on immigration than restrictionist. And all these liberals who spend all their time denouncing religious conservatives are going to suddenly discover that if you want a generous immigration policy, it's religious conservatives who are going to save it.

WALLACE: Mara?

LIASSON: Yes, I also think that when you talk to key Republicans in states like South Carolina, which is what we're talking about when we talk about 2008 right now, among the base, there are a lot of small business owners, and they need this system rationalized for them. They don't want to be criminalized for hiring illegal workers.

So I actually think that Bill is probably onto something. The illegal immigrant population is surging in places like South Carolina, like Iowa, not just in the south and southwest. So I think that this is going to take a while to play out, but I do think the president was onto something in 2000. This was the way he showed he was a compassionate conservative, and I think in the end he'll...

WALLACE: Let me just ask you all, because we're starting to run out of time, bottom line -- and we'll start with you, Juan -- is Congress -- I mean, because you've got to not only get it through the Senate, then you've got to reconcile it with the House. Is Congress going to pass immigration reform this year and, if so. what will it look like?

WILLIAMS: Well, I think that they will pass some form of immigration reform if you can get out of the Senate tomorrow. This coming week is so critical. The negotiations -- and it has to do with politics. The negotiations, I think, are going to go away from the Frist side.

Frist is trying to endear himself to the far right with this, separate himself from the president. I just don't think that tactic's going to work. I just don't think the support is there because the business community is with the president. And Senator McCain, you know, his competitor for the nomination, is with the president.

So I think it goes away. So if you get this Specter-titled bill that says you can apply for residency and then get the Democrats in support of that, then I think the pressure comes down to the House.

The question in my mind is whether or not a lot of these House Republicans will respond to what is pragmatic as opposed to what is the populist spirit.

WALLACE: All right. I want everybody else to take a much shorter time in answering the question.

WILLIAMS: Sorry.

WALLACE: Bill, is there going to be a bill and, if so, what?

KRISTOL: The conventional wisdom is there can't be a bill. The House will never agree to a broader version of immigration reform that the Senate may well pass. I'm not so sure that there won't be a lot of pressure to pass the bill at the end.

The president would need to show real leadership and take on a lot of his own party...

WALLACE: And it would be comprehensive, in your view.

KRISTOL: I think so.

WALLACE: Mara?

LIASSON: Yes, I think when you've got Ted Kennedy, and John McCain, and the business community, and then Democrats and moderate Republicans, that's a pretty good place to start. But this will be an important test of the president's leadership and clout, which has been diminished.

WALLACE: Paul?

GIGOT: A couple of weeks ago, I would have said it's going to blow up, nothing gets done. But I think there's enough pressure now for Republicans to do something this year that maybe we can get something good out of the Senate and then a bill.

WALLACE: All right, panel. We have to take a break here. But when we come back, the international storm over this man, who was on trial for his life for converting to Christianity. Our panel takes up that issue right after this.

(COMMERCIAL BREAK)

WALLACE: On this day in 1979, Egypt's Anwar Sadat and Israel's Menachem Begin signed a Camp David treaty ending 31 years of war between their nations. President Jimmy Carter brokered the deal during 12 days of talks.

Stay tuned for more panel and our Power Player of the Week. (COMMERCIAL BREAK)

(BEGIN VIDEO CLIP)

BUSH: It's deeply troubling that a country we helped liberate would hold a person to account because they chose a particular religion over another.

(END VIDEO CLIP)

WALLACE: That was President Bush talking about the Afghan man who faced the death penalty because he converted to Christianity.

WALLACE: And we're back now with Paul, Mara, Bill and Juan. Well, as if the president didn't have enough on his plate, he had to deal this week with the case of Abdul Rahman, the Afghan Christian. And as we've been reporting this morning, it appears that an Afghan court has dismissed the case against him.

Paul Gigot, what do you make of all this?

GIGOT: Well, I think they're very happy at the White House about this. It's a good outcome, if it's true. It's a credit to Hamid Karzai, who would, I assume, have gotten this done. And it's a credit to the outside pressure, I think, that was put on him.

I mean, the State Department's first reaction was what the State Department's first reaction always is, let's not offend any foreign country, let's be mealy-mouths about it. But President Bush found his voice later. John Howard of Australia was very forceful on this.

And I think that you have to -- I mean, when we're engaged in liberating a country like this, and we helped to put the pressure on that government to form and write the constitution -- it's still one of the most liberal constitutions in all of the Muslim world.

So I think we have to speak up, and speak our mind, and speak with authority and build deep belief in our values, and that's what we did.

WALLACE: So was this a pure success?

LIASSON: I don't know if it's a pure success. I think it is really an interesting warning about what problems might come up in Iraq. Assuming they get a government established and sectarian violence under control, and those are a lot of assumptions, they're going to face some of these same problems.

In the constitution it says Sharia law is one of the sources for Iraqi jurisprudence, and you're going to have an independent judiciary, just like you did in Afghanistan, interpreting this law, deciding well, gee, is it a crime to convert to another religion other than Islam, punishable by death.

These questions are going to come up again and again. And the Bush administration is engaged in a very complicated project of trying to create democracies that are also Islamic. And these are the kinds of things that are going to come up. And I think that this was a really interesting example of all the contradictions that you're going to meet along the way.

WALLACE: Bill, I mean, that is the really interesting question, what some people would call the inherent tensions between the president's policy of trying to create democracy, which is, after all, really just a process, and also, on the other hand, the spread of democratic values in countries that don't necessarily embrace them, values like freedom of speech and freedom to exercise religion.

KRISTOL: Right. And Afghanistan is a democracy, and they've actually let this guy off. The only reason this charge came up was there was this bizarre divorce case and custody case, basically, in which the family used this against him. To be fair to the Afghan government, it's not like they're going out trying to find people who have converted to Christianity and trying to prosecute them and execute them.

WALLACE: But when they found him, the Afghan clerics embraced it.

KRISTOL: They did. But let's talk about Saudi Arabia. That's not a democracy. Is there freedom of religion there? Where are the odds for freedom of religion better, in Afghanistan and Iraq, which are moving toward democracy, or in Saudi Arabia, where all the realists -- they love the Saudi regime. It's very stable.

The House of Saud has kept the oil going for 60 years. Is there religious freedom in Saudi Arabia? So I would bet on democracy over propping up dictators.

WILLIAMS: You know, the problem here -- I mean, I think the State Department is happy. I think the White House is happy. The pope is happy. The pope had pleaded on this man's behalf.

But what you've got is an internal situation where we had an army lieutenant general, Mike Maples, say recently there is more of a threat to Hamid Karzai's government from the Taliban, from Al Qaida, inside Afghanistan than at any point since 2001. So the situation there is deteriorating.

And so now you have people on the ground who are saying wait a second, you mean to say that the British and the Americans are now telling us, and the pope is now telling us, what to do. And so it could, in fact, weaken Hamid Karzai internally in Afghanistan, which is not in our best interest.

If you get into the southern region of Afghanistan, where the Al Qaida is still, you know, working -- now they're doing less of really threats of direct war, more fire bombings, taking over villages, that kind of thing -- that's a threat to the U.S.

So what's striking to me about this story is we're still involved in a war in Afghanistan that we seem to have forgotten.

GIGOT: Juan, are you saying that we shouldn't have spoken up about this?

WILLIAMS: Of course we should speak up, Paul, but you have to play it -- you have to realize it has come at a cost.

GIGOT: Well, I'd rather put pressure on Hamid Karzai and that government to do the right thing -- and he's a pretty skillful politician. And I think the chances under him are a lot better for freedom for women, freedom of religion in Afghanistan, than they were before, certainly, and are pretty much anywhere else in the Islamic world.

WILLIAMS: These are things I believe in deeply. I mean, I'm not saying that we shouldn't speak up for them. But I'm saying if you're talking about a geopolitical dynamic the way that Bill was just talking about what's going on in Saudi Arabia, what we tolerate in Saudi Arabia, we are holding Hamid Karzai and the Afghan government to an interesting standard at a time when we would like their help in the bigger struggle to get Osama bin Laden.

WALLACE: Well, I want to just go back to what Bill said in sort of raising the bigger issue. And I have a feeling that you were going to react to this, which is that you heard from some of the real politic experts this week, Mara, who were saying I told you so, that this shows that trying to spread democracy without understanding the realities of what goes on inside these countries is naive. What do you make of that?

LIASSON: Look, it's difficult. To say that it's impossible because you can't -- I don't think that there is a big chorus that says Islamic countries and democracy can never be merged. I disagree. I just think there's a lot of difficulty along the way. And a commitment to the building blocks of civil society and democratic values, as you said, is a precursor to a successful democracy. Democracy is not just one election.

But I don't think this event has caused some kind of growing support for the view that you cannot have democracies in the Islamic world. I don't see that.

WALLACE: But I think you'd agree, Bill -- I mean, Madeleine Albright had a big piece in the Los -- Madeleine Albright, the secretary of state under Bill Clinton, had a big piece in the Los Angeles Times where she was, in effect, saying I told you so, and this idea of dividing the world

into good and evil, and talking about democracy, and not understanding the culture of these countries creates more problems.

KRISTOL: I love Madeleine Albright lecturing the Bush administration on power politics. Madeleine Albright, who actually did compare Saddam to Hitler, who used extremely moralistic rhetoric when she was secretary of state, which I don't entirely disapprove of, who justified the war against Milosevic entirely on humanitarian and moralistic terms -- now she's suddenly a great advocate of real politic.

But it's a stupid real politic. Again, what's her suggestion? Would religious freedom be stronger in Afghanistan if it were not democratic? Is that the argument? No. It's ludicrous. We saw what a non-democratic Afghanistan was like in the late 1990s -- the Taliban. I don't think that was a lot of religious freedom there. That was her Afghanistan.

So when Madeleine Albright was doing such a wonderful job as a real politic secretary of state, Osama bin Laden was running training camps in Afghanistan. Period.

WALLACE: And what about the Palestinian Authority, where you end up with a Hamas in a democratic election?

KRISTOL: We've ended up with Hamas, I think in large part, because we tolerated a corrupt dictatorship in the Palestinian Authority.

WALLACE: All right. We're going to have to leave it there. Thank you, panel. That's it for today. See you all next week.

Time now for some mail about our interview last Sunday with Senator Dick Durbin about censuring the president over the NSA wiretaps.

John Dacy from Washington writes, Where have responsible Democrats gone? Is the party no longer interested in doing what is best for the country? Is the party only interested in turning everything into a peace of propaganda to regain power?

But Todd Rosenberg from Ohio has a different take. Durbin did a great job in countering your Republican talking points. If this was a deliberate attempt to allow the Democrats to explain their position, I applaud you.

Be sure to let us know your thoughts by e-mailing us at fnsfoxnews.com.

Up next, our Power Player of the Week.

(COMMERCIAL BREAK)

WALLACE: When power players visit Washington, they like to stay at a power hotel, and there is one spot that stands out, which leads us to our Power Player of the Week.

(BEGIN VIDEOTAPE)

CHRISTOPHER HUNSBERGER, GENERAL MANAGER, FOUR SEASONS: For us, focusing on the luxury end of the business, it's all about service and it's all about the people that deliver the service.

WALLACE: Christopher Hunsberger is general manager of the Four Seasons, Washington's only five-star, five-diamond hotel.

And when you're charging $500 a night for a room, $6,800 for one of the five presidential suites, there's almost nothing you won't do for a guest.

HUNSBERGER: Simple standards such as making sure that we answer the phone within three rings, standards such as the fact that as we talk to you, we want to use your name two to three times in the course of the interaction. We have 20 different types of pillows here for all sorts of requests as it relates to pillows.

WALLACE: It's that attention to detail from Hunsberger and his staff of 400, or two employees for every room, that attracts heads of state like the late King Hussein of Jordan and now his son, King Abdullah, for celebrities like the Rolling Stones.

HUNSBERGER: You could have a head of state or two heads of state here at the same time. They might have an entourage of 15 or 20 staff with them, traveling with them.

WALLACE: One thing the hotel offers its VIP guests is privacy, but there are stories that come out, like the unnamed foreign dignitary who came with his six teenaged grandchildren.

HUNSBERGER: That head of state wanted to provide six Hummers, real live Hummers, and have them delivered to the hotel so that the teenaged children, who were of age to drive, could have the Hummers to drive around for a couple of days while they were here.

Several days later, we were asked by the head of state to arrange to have those six Hummers shipped back to the country where the head of state was from. That's not uncommon in the normal course of what we do here at the hotel.

WALLACE: Sometimes a dignitary may ask for something less elaborate, but not any easier.

HUNSBERGER: A very high profile head of state happens to have an attachment to a soda that isn't available anywhere else in the United States but Hawaii. We had to have it flown in, short notice.

WALLACE: What's your attitude toward those kinds of requests?

HUNSBERGER: Anything goes. As long as it's not something unlawful or immoral, we'll do it for the customer.

WALLACE: But it's the little things that can make the difference. Hunsberger focuses on everything from food...

UNKNOWN: We've got turkey (inaudible) and I've got (inaudible).

WALLACE: ... to flowers...

UNKNOWN: Every Wednesday, we refresh the bathroom orchids.

WALLACE: ... to the temperature in the indoor pool.

HUNSBERGER: We want them to feel like it's their home away from home when they're here in Washington. That's really what we try to create.

WALLACE: In a city as competitive as Washington, Hunsberger admits when a head of state leaves the Four Seasons for another hotel, it's a crisis. But he says that just makes him work harder to win the guest back from his rivals. HUNSBERGER: We like to think we're one step ahead of them all. But you know what? We're always looking in the mirror every day and saying, you know, we might have been good yesterday, but we've got to be that much better today.

(END VIDEOTAPE)

WALLACE: One last Four Seasons story. There was the dignitary who wanted his M Ms sorted by color, and because the official was superstitious, each bowl had to have exactly the same number.

And that's it for today. Have a great week, and we'll see you next Fox News Sunday.

CBS – FACE THE NATION

BORGER: And welcome to the broadcast. Bob Schieffer is off this morning. And joining us now, Senator Ted Kennedy.

Senator, thanks so much for being with us this morning.

KENNEDY: Delighted.

BORGER: Let's get right to this debate on immigration. We saw hundreds of thousands of people marching in the streets of Los Angeles yesterday.

And what they're marching about is a House bill that talks, really, about enforcement. It turns illegal immigrants into felons. It would build a 700-mile wall on part of the border.

Would you filibuster that kind of a bill in the Senate?

KENNEDY: Well, first of all, let me say it's better that we not pass a bad bill, just to pass a bill.

But having said that, I'm hopeful that we can have a bill that is going to really respond to the challenges that we're facing.

We're facing a national security challenge on our borders on immigration, so we have to get immigration policy correct.

Secondly, this issue is a values issue. Who will we permit to become citizens in our nation? And third, this issue is about economic progress and hope and opportunity.

In the time that I've been in the United States Senate, I've never seen a coalition come together like it has in trying to find a common-sense approach on immigration.

We have the leaders of -- the faith-based leaders in our community. We have leaders in our business community and leaders in our labor community. They understand that we cannot solve the problem of illegal immigration just by law enforcement alone.

We have spent $20 billion on chains and fences and border guards and dogs in the southern border over the last 10 years. And it doesn't work. What we need is a comprehensive approach.

I think President Bush understands it. I think John McCain understands it. And I think we have Democrat and Republican members that understand it. And, hopefully, we'll have a chance to have that kind of an approach in the Senate.

BORGER: Well, what do you say to people -- you mentioned Senator McCain -- you have a bill with Senator McCain that provides a path to citizenship.

After six years, people pay their back taxes; they pay a fine. And then they get to apply for citizenship. What do you say to people who say you're just giving amnesty to people who have broken the law?

KENNEDY: First of all, this is not amnesty. We are not putting anyone at the head of the line. Amnesty means forgiveness. It means pardon.

What we are saying is that there are 12 million individuals that are here in the United States. Why did they come here?

Basically, they came here for economic reasons because they wanted a job and they wanted to work. They wanted to provide for their families. And they wanted to continue dedication to their beliefs.

We have 70,000 (ph) permanent resident aliens in the military serving in Iraq and Afghanistan. And then, on the other side, you have employers that have got the magnet out there, that are willing to pay for those individuals.

We have those individuals here. This is part of the challenge that we're facing. We are facing the issues on the border. We're facing the pressure on individuals who want to come in on a temporary. And how are we going to adjust the status?

Our program puts those individuals here. First of all, they pay a penalty. They have to pay their taxes. They have to demonstrate they're working. They have to learn English. And they go to the end of the line -- not to the front of the line, to the end of the line. That's what's important.

BORGER: Let me ask you about President Bush because he says allow, these workers to be here temporarily and then send them home.

Do you think you and President Bush can come to some kind of a compromise on this because he disagrees with lots of people in his own party?

KENNEDY: Well, first of all, I respect President Bush and the fact that he's talked about this issue.

We're finding out now, on a complex issue -- we're finding out that the hard right of the Republican Party is doing everything they possibly can to make it a political issue.

Look at this, Gloria. At other times when we are facing major challenges in the country -- the ones that were the most obvious to me are the civil rights issues -- Republicans and Democrats came together on it. We came together even on the Medicare issue. We came together on the higher education issue.

And the real question is, will the Senate yield to the hard right and be distracted with, in effect, criminalizing the 12 million individuals in this country? I'm always interested in our Republican friends because they're talking about family initiatives.

And one of their family initiatives is going to mean that Cardinal Mahoney from Los Angels may very well be a felon, because as Cardinal Mahoney says, my dedication is to helping the poor, and I don't make a judgment about whether the person is here as a green card worker or as a legal immigrant.

BORGER: Senator, I'm going to now switch to other matters that involve the Senate. One is this question of censuring President Bush. Your colleague, Senator Russ Feingold, wants to have a vote on the Senate floor to censure the president for eavesdropping on Americans without court-ordered warrants. Do you support his move?

KENNEDY: Well, I hope it's not going to be necessary. The fact is that the American Bar Association has stated that the president has exceeded his authority by going ahead.

BORGER: Well...

KENNEDY: Excuse me. They have. The bar association, the Congressional Research Service has done it. There was dissent within their own administration. The Justice Department in terms

of the actions on that part. Now, we are in the process now with the subcommittee that has been set up with Carl Levin and Dianne Feinstein and Jay Rockefeller. They're being briefed, and they are going to submit legislation to the Senate. I think the real test is, will administration cooperate? Or are they...

BORGER: Well, if there is a vote though, Senator, would you support it?

KENNEDY: Well, what I'm saying is, it's a close case. It's a close issue. What we want to do is to, first of all, what is most important is to assure the national security in the United States. And if there's information in there that is vital in terms of our military or for our security, we want to make sure that ware going to have access to it. That's number one.

But secondly, we are a country of laws. And we are a country of checks and balances. I was there at the time we passed what they called FISA which is the Foreign Intelligence Court wiretap. And it has worked very well. We only had one vote in dissent.

We had a President Ford at that time, an Attorney General Levi that invited the Judiciary Committee to come down to the Justice Department four different times and deal with our national security issues, and also deal with the issues regarding the oversight on it. That is the kind of action that we ought to have if we're going to just find a stone wall I think you'll find increasing support for it.

BORGER: Well, on another national security matter, there is a Pentagon report that has been out this weekend saying that the Russians provided intelligence to Saddam Hussein during the U.S. invasion. The administration is saying they are looking into it. The Russians are denying it. How important a matter is this?

KENNEDY: Well, I think it's a matter of enormous importance and consequence. Basically what that report is saying, we were endangering American lives, troops on this. And if this were to be true, this would, I think, be a matter of enormous significance and importance.

Now the administration -- and it's difficult for me to understand why the administration doesn't know today what happened. I can't think of anything that's on the president's desk or on the National Security Council desk more important. And I think we need an entirely new assessment of our relationships with Russia, should this be true.

BORGER: How so, if it's true?

KENNEDY: Well, we have the -- because they've endangered American lives.

BORGER: So what would you do? What would you do?

KENNEDY: I think you'd have to rethink whether we're going to the G-8 conference. Clearly, we're not going to have business as usual.

BORGER: That's an economic summit in St. Petersburg.

KENNEDY: That's an economic summit that establishes, helps establish economic policy between the industrial nations. I mean that's the next thing that's coming.

BORGER: So we should boycott it?

KENNEDY: Well, I would just say we're going to have a review about what the value is of our presence until we are going to be able to get to the bottom of it. I think it is a very, very serious issue and question.

BORGER: And let's move to the question of Iraq. The vice president was in that very chair.

KENNEDY: Right here? Right here? In this very chair?

BORGER: In this chair talking to Bob Schieffer last week. And he said something about your advice on foreign policy. And let's take a look at what he said, and then you can talk about it.

(BEGIN VIDEO CLIP)

RICHARD B. CHENEY, VICE PRESIDENT OF THE UNITED STATES: I would not look to Ted Kennedy for guidance and leadership on how we ought to manage national security, Bob. I think what Senator Kennedy reflects is sort of the pre-9/11 mentality about how we ought to deal with the world and that part of the world.

BORGER: Pre-9/11 mentality. What's your response?

KENNEDY: Well, I think we can get along with fewer wisecracks from the vice president and perhaps listening to some wise men and women on this issue.

I'd suggest that the vice president didn't get the 9/11. He didn't get it because 9/11 was as a result of the Taliban and Al Qaeda. And that is Afghanistan.

So, in response to the 9/11, the vice president recommended we go to war with the Taliban? No, to go to war in Iraq.

There was no question now about the misuse of intelligence. There's no question now, in looking at the 9/11 commission, that the association with Al Qaeda and 9/11 was completely fabricated.

There's no question now that the vice president's representation that there were weapons of mass destruction were wrong. There's no question, when he said that we would be welcomed as liberators, he was wrong. There's no question that, in his recent interviews, that he said we're in the last throes of the insurgency, he was wrong.

He's been wrong on every single instance. And I would hope that the president and the National Security Council would recognize that when they're listening to his advice.

BORGER: Well, you said yourself, after the president's press conference last week, that the president's stewardship of the war was, quote, not worthy of the sacrifice of our men and women in uniform.

Are you saying they're dying for a lost cause?

KENNEDY: No. Every individual, every soldier that's lost their lives and everyone that's been wounded is a hero -- is a hero. They're serving their country.

That was true in this war. It was true in Vietnam. Because they are risking their lives and the families are experiencing, in many instances, their loss, they are entitled to the best possible policy.

That's what this debate and discussion is all about. Now let me just say, I don't believe the world is safer today as a result of our going in to Iraq.

I think Iraq is a rallying cry for Al Qaida. I think we should have given the focus and attention onto Afghanistan. And I think that that's where we should have given our focus. And in the meantime, we see that the growth of the insurgency is developing very rapidly into a civil war.

BORGER: And Secretary Rice says that there's going to be a significant draw-down.

Do you want to withdraw right away? What's your timetable?

KENNEDY: No. First of all, I think what we have done, in contrast to what the administration has -- the newspapers today show that we're moving on into a civil war.

You can't read these papers into (ph) a civil war.

Two aspects of Iraq: First is the political, which is bringing the parties together; secondly, bringing the nations in the region together. Thirdly, we have to have the reconstruction.

But we have to recognize that our presence there is fueling the insurgency. And the best way to deal -- and we are a crutch to the Iraqis. We're a crutch to the Iraqis. And the best way to remove that crutch is to see a substantial withdrawal of American troops. That's what I'm for.

BORGER: OK. Thanks so much, Senator Ted Kennedy.

KENNEDY: Thank you very much.

BORGER: Thanks for being with us.

And I'll be back in a moment with the president's national security adviser, Stephen Hadley.

BORGER: And joining us now, White House national security adviser Stephen Hadley. Thanks for being with us this morning.

Let's start with that new Pentagon report we were just talking about with Senator Kennedy that says Russia gave Saddam Hussein intelligence about American troop movements. The Russians say it's nonsense. Are they lying?

HADLEY: We don't know yet. We know there's a document. We know that got into the hands of the Iraqis. We know that it dealt with war plans that we had. And for that reason, we take very seriously. Anytime a country provides information to an enemy that would potentially put people at risk, we take that very seriously. We will be raising it with the Russians.

There are a lot of things we don't know. We don't know how they got it out of Centcom. We don't know whether what the ambassador did was authorized or not. So there are further questions that we need to raise, but it's a serious matter and we'll be talking to the Russians about it.

BORGER: Well, let me ask you the question that Senator Kennedy asked a moment ago, which is why don't we know today what happened? Why are you still getting answers to these questions?

HADLEY: Because part of it is information we don't control. Was the Russian ambassador authorized to convey this information to the Iraqis or was it something that he was doing on his own? These are relevant questions in order for us to judge the seriousness of this. These are questions that in many instances, the Russians need to answer and need to answer for us. And we'll be raising it with them.

BORGER: Senator Kennedy also raised the issue that if this is indeed true, that perhaps the United States should boycott the economic summit that's going to be held in St. Petersburg this summer. Is that something you would consider doing as a protest?

HADLEY: Well, the G-8 meeting which he was referring to in July is an important forum. It's where countries get together and deal with economic and other issues.

It's going to be interesting this year, because the attention of the international community is going to be focused on St. Petersburg this summer, and one of the questions they're going to raise is what about democracy in Russia? And we think this is actually a good thing. It's going to challenge Russia. It's going to challenge President Putin to make clear and answer some of the concerns that the international has raised.

You know, Gloria, this is not the Soviet Union. And one of the things you have to think about is, if you want to encourage democracy in Russia, do you want to kick Russia out of all these institutions that are trying to enshrine these values that we would like to...

BORGER: Is that a no then?

HADLEY: We'll take a look at this issue. Obviously, we have not raised it with the Russians, but I think at this point we think there's a lot of value in going forward with the G-8, partly because

it's going to require the Russians to answer some tough questions not from us, but from the international community.

BORGER: But even if you discovered that they were endangering the lives of American soldiers?

HADLEY: We will have to take a look at it. That's why, as I said, there are some serious questions. We take the matter seriously. We're going to raise it with the Russians, and we will have some tough questions we will ask them to answer.

BORGER: Let's turn to Iraq for a moment. The president was very clear this week that he thinks it's time that Iraq form a unity government. And senators went over there last week, were talking about a unity government.

How long can we wait? Should there be a deadline?

HADLEY: The president has made very clear in his view it needs to be as soon as possible. The Iraqis last week made an announcement that their deadline was the end of March. We think the sooner the better. It is an important that the Iraqi people see all these sectarian communities joining in a unity government. But you have got to get it, but you've got to get it right. And we think they're making progress.

What they're trying to do is to develop both a program for the new government, a structure in which they'll operate, and then the identities of the ministers. We talk to our ambassador, Zalmay Khalilzad, almost every day on this subject. The leaders now of all the various groups are meeting every day to try and resolve these issues. We think they're making progress.

BORGER: When?

HADLEY: We think -- we would like them, obviously, as soon as possible. They've set the goal at the end of March. That's about a week or so from now. They ought to meet it.

BORGER: So do you think they will? Yes?

HADLEY: They're making progress.

BORGER: OK. And in the meantime, though, as they seem, as you say, to be looking towards some kind of a unity government, what we seem to be seeing in Iraq is a civil war. Do you define it that way?

HADLEY: I think what's important is rather than talking about semantics, talk about what's happened. It's clear that the bombing and destruction of the Golden Mosque in Samarra was an enormous shock to the Iraqis. And I think they looked into the abyss of a degeneration into sectarian violence.

And the interesting thing it to watch what was the response of the Iraqis to that. After about 24, 48 hours, all the principal ministers of the government and of the various religious communities came out and basically said, we don't want to go to civil war. We do want to stay together. We want to solve our problems.

Secondly, the Iraqi security forces, the army and the police, did a pretty good job. They were out front trying to contain the violence. They did not break up along sectarian lines. They held together.

The army did a pretty good job. The police did a pretty good job. There are some problems that emerged. And that's one of the things we're going to address.

So, I think the point is the Iraqi leadership clearly does not want to descend into further violence. The institutions have held together. And, if you look at the Iraqi people, every time they've had a chance on vote, they have voted for unity and they have voted for peace.

BORGER: Now, Secretary Rice said this morning that she expects what she called a significant drawdown of troops in Iraq this year.

What does that mean? What is significant?

HADLEY: General Casey was asked that question last week. And he pointed out the fact that two brigades that were supposed to go to Iraq were not sent to Iraq and are staying home. That's about 7,000 or 8,000 troops.

As you know, during the election period, we had about 160,000 or more troops there. We're now at about 130,000 or more.

The point that Secretary Rice was making and the point that the president has made is that we anticipate we will be able to draw down, but this is a decision that's going to be made on the basis of the recommendation of the commanders in the field, based on the abilities of the Iraqis to take responsibility for security and for the political process to move forward.

BORGER: And how much do you believe Iran is contributing to this insurgency in Iraq?

HADLEY: We're concerned about what Iran is doing. Clearly, there are contacts between Iran and elements in Iran and groups in Iraq that are promoting violence. We also have evidence of equipment that clearly was of Iranian origin showing up in improvised explosive devices that are killing Iraqis and killing the coalition.

BORGER: What kind of equipment? HADLEY: This is basically equipment that goes into improvised explosive devices, particularly some of those called shaped charges which can do particular damage to vehicles.

And this is something that has concern. It's an issue that we have raised with the Iranians publicly. It's an issue we will be pursuing with them privately.

BORGER: And let me just switch countries for a moment, to Afghanistan, because we've all been talking about a case that this morning we've learned has apparently been dismissed against a man whose life was threatened in Afghanistan because he converted from Islam to Christianity.

Can you confirm that he's going to be OK? And are you worried this might happen again?

HADLEY: We've seen the report that the charges have been dropped. We've seen the report that he will be released.

Obviously these are press reports. We do not yet have confirmation from the Afghan government. They are, of course, the ones who will make this decision.

We've made it very clear that if that happens, those two things happen, it will be a very good thing.

We would hope this would not come up again but, obviously, Afghanistan is a new democracy. They are trying to reconcile a religious background of their country with a commitment they made in their own constitution to the universal declaration of human rights.

This is something that we will obviously be working with them going forward.

BORGER: OK. Thank so much, Mr. Hadley. Thanks for being with us this morning.

And we'll be back in a moment.

BORGER: And that's our broadcast. Thanks for watching. Bob Schieffer will be back here next week on Face the Nation.

CNN – LATE EDITION

WOLF BLITZER, HOST: It's 11 a.m. in Washington, 8 a.m. in Los Angeles, 4 p.m. in London and 7 p.m. in Baghdad. Wherever you're watching from around the world, thanks very much for joining us for "Late Edition." We'll get to my interview with Secretary Rice in just a moment. First, though, let's get a quick check of what's in the news right now.

(NEWSBREAK)

BLITZER: With a backdrop of insurgency and sectarian violence that shows no signs of dying down, and anxiety about Iraq very high here in the United States, President Bush is calling for patience and confidence about Iraq's future, and the U.S. mission there. Just a short while ago here in Washington, I spoke with Secretary of State Condoleezza Rice about Iraq, Iran, Afghanistan and lots more.

(BEGIN VIDEOTAPE)

BLITZER: Madam Secretary, welcome back to Late Edition.

CONDOLEEZZA RICE, SECRETARY OF STATE: Great to be with you.

BLITZER: Let's talk about Afghanistan for a moment. Abdul Rahman, this Muslim man, he converted years ago to Christianity. He's now potentially facing the death sentence in Afghanistan because of that. Is that why the U.S. went to war in Afghanistan, so this kind of situation could develop?

RICE: Well, we've been very clear with the Afghan government that it has to understand the vital importance of religious freedom to democracy. We have religious freedom as a cornerstone in the United States of our democracy, and it is a cornerstone anyplace, religious conscience. In fact, the Afghans themselves in their own constitution have enshrined, through the Universal Declaration of Human Rights, a right to individual conscience and freedom, religious freedom.

And so, we're working with the Afghan government. We've made clear that we expect to see a favorable resolution of this. I've talked myself to President Karzai, and I think the Afghan government is working on this problem.

BLITZER: Even as we speak right now, there are reports he might be released. He might be declared insane, not capable of withstanding a trial. What's the latest information you have from the government of Afghanistan? RICE: Well, I've seen reports, Wolf, but I'm really working from largely press reports, too, that they may dismiss the case for reasons having to do with the judicial nature of the case. We have to understand -- and we do want a favorable resolution of this. Mr. Rahman should not face these charges. There should be a resolution of this case. But this is also a young democracy, and we have to recognize that, unlike the Taliban, it actually has a constitution to which one can appeal about the Universal Declaration of Human Rights.

We as Americans know that in democracy, as it evolves, there are difficult issues about state and church, or in this case, state and mosque. But there are difficult issues about the rights of the individual.

And so we expect that, given our own history, that we would know that Afghans are going to have to go through this evolution. But we're going to stand firm for the principle that religious freedom and freedom of religious conscience need to be upheld, and we are hoping for a favorable resolution in this case very soon.

BLITZER: You've referred now to the Afghan constitution. Let me read what Article Three of the Afghan constitution says: "In Afghanistan, no law can be contrary to the beliefs and provisions of the sacred religion of Islam." That would be Sharia, the Islamic law. That raises the question whether or not Sharia trumps the, all the other provisions of that constitution.

RICE: Well, the constitution also says that people should have certain individual rights, including freedom of conscience on issues of this kind. There are undoubtedly, as Afghan democracy evolves, there are going to be cases, there are going to be debates. They are going to

have to go through a period of coming to terms with one of the most difficult and emotional issues that any society deals with. And that's the relationship between religion and politics.

We've been through the debate. We go through it still today. Other countries went through it in a much more violent way, democratic countries, earlier in their histories. But we need to stay focused on how much progress Afghanistan has made in four years that you don't have a Taliban, where it isn't even permitted to talk about these issues.

BLITZER: It's probably no coincidence that the same provision that's in the Afghan constitution is in the Iraqi constitution, probably because Zalmay Khalilzad helped draft the Afghan constitution, and he also worked with the Iraqis on the Iraqi constitution, which Article Two states, "No law that contradicts the established provisions of Islam may be established."

Here's the question: Could you envisage the same kind of situation developing in Iraq, whereby a Muslim man converts to Christianity and faces the death sentence in Iraq because of Sharia law?

RICE: Well, first of all, this clause or a clause like this is not unique to the Iraq and Afghan constitutions. And so I wouldn't say that just because Zal Khalilzad was involved in both. All of these countries are trying to come to terms with the laws of Islam and the laws of modern democracy, if you will, having to do with individual liberty and individual conscience.

It's happening, and it's going to happen, across the Middle East. We should be fortunate and be pleased that these debates are taking place, and that they're taking place in a constitutional context.

Iraq is a very different place. Iraq, in fact, has practicing Christian populations, and has had those practicing Christian populations for a long time. It's a much different mix of people and traditions.

But I want to go back to what the United States will continue to stand for, and that is that religious freedom is the bedrock of democracy. We will, as we do around the world, continue to press that case with our allies like Afghanistan and like Iraq. We need to understand that...

BLITZER: Let me -- excuse me for interrupting.

RICE: Yes.

BLITZER: In Saudi Arabia, you can't be a Christian, either.

RICE: We are going to continue to press what we believe needs to be a principle that is universal, that people have the right to religious conscience.

But again, Wolf, these are evolutionary democracies. They're democracies in transition. Let me just remind everyone that, in my lifetime, we were still trying to get to the place where the vote was assured, even though it was enshrined in the Constitution, that the vote was really assured

for American blacks in the South. And so we should be humbled about what it takes to evolve to a completely functioning democracy.

BLITZER: Let's talk about Iraq, specifically the formation of a government of national unity. Is that happening?

RICE: The Iraqis are working on a government of national unity. They're doing it, to be totally -- more slowly than we would hope. And we've pressed that they need to expedite because of the potential for a political vacuum.

But if you look at what they're doing, they are not, as I've sometimes read, dividing the spoils of who's going to get what job. They are very involved in trying to deal with some of the most sensitive and existential issues for the new Iraq as they begin to put together a program by which the national government, the government of national unity, would actually govern.

They're putting together the rules of how they will govern, how they'll relate to each other and to different institutions. And they are going to be selecting people for particular slots. But this is the first time that Shia, Sunnis and Kurds have really had a chance to sit down and talk to each other about these very difficult issues. BLITZER: Do you want someone other than Ibrahim al-Jaafari to be the prime minister?

RICE: This is something that the Iraqis have got to determine. They have got to determine whether or not it is possible to achieve a government of national unity with that particular candidate.

The Shia do not have enough votes to govern on their own. And so they have to bring into coalition others from -- who won in the electoral process. That is what they're doing, and I think they're doing a remarkable job.

Were it not for the overhang of violence, it would not be in the least bit surprising that it is taking them some time to do it. The only reason that people are pressing them to get it done more quickly is that there is a violent insurgency that might try to take advantage of the period of time in which there isn't a government.

BLITZER: Here's what Republican Senator Chuck Hagel said a week ago today, Republican senator from Nebraska: "Are we better off today than we were three years ago? Is the Middle East more stable than it was three years ago? Absolutely not. It's more unstable."

RICE: Well, the question is not just is it unstable but is it moving in a better direction than it was when it was supposedly stable?

We thought it was stable for 60 years. And those authoritarian governments on which we counted for stability ended up producing an ideology of hatred or allowing an ideology of hatred so great to form and form terrorist groups that people flew planes into our buildings on September 11.

BLITZER: Are you referring to Saudi Arabia?

RICE: I'm talking about the entire Middle East. If you look at Al Qaida, you will find names from many of the governments in...

BLITZER: Well, 15 of the 19 hijackers were from Saudi Arabia.

RICE: Well, you'll also find that there are names from many other countries in the region.

So the authoritarianism that we associated with stability was, indeed, a false stability. Sixty years of that policy produced not just September 11 but the Cole and the bombings of our embassies, going all the way, really, frankly, back to the bombings of the '80s, the terrorist attacks of the '80s. So when people say, is it more stable today, I think the question is not "stable." The question is, are we moving in a direction in which Kuwaiti women now have the right to vote, in which Syrian forces are out of Lebanon and they are going to be able to work democratically, in which Yasser Arafat's corrupt regime is, indeed, gone? And yes, that's produced a difficult circumstance with Hamas, but Palestinians have had the chance, the right to speak their minds about who will govern them.

The point, Wolf, is that we had a false stability. It is not as if we disturbed a placid and functioning Middle East...

BLITZER: I just want to press you on this point.

RICE: ... in which our security interests were not at risk.

BLITZER: Did Saddam Hussein and his regime have anything to do with 9/11?

RICE: Saddam Hussein, and we have said this many times, as far as we know, did not order September 11, may not have even known of September 11. But that's a very narrow definition of what caused September 11.

If you think that what caused September 11 was that the people who flew airplanes in caused September 11, then no, Iraq has no relationship.

But if you think that this was a broader problem of an ideology of hatred, of terrorism becoming an acceptable means in places where there was a freedom deficit and where there was no possibility for legitimate political discourse, then you realize that you have to have a different kind of Middle East.

And a different kind of Middle East with Saddam Hussein at the middle of it is unthinkable.

BLITZER: Our recent CNN/USA Today/Gallup poll asks this question: "Was the situation in Iraq worth going to war over?"

Only 37 percent of the American public said yes. That's way down from the 60s, 70s, 80 percent three years ago.

RICE: I understand that the American people see on their screens violence. I understand that the American people are concerned, as are we, by the loss of life of Americans, coalition and Iraqis.

But I would not count on a poll to try and determine how the future of the Middle East is going to turn out when there is an Iraq with a national unity government and an Iraq that can form a different core for a different kind of Middle East. You can't measure that in a poll.

I think it's fair to say, Wolf, that if you look at any big historical change in the world, it has been turbulent and it's been difficult. And there have been times when it looked as if it was not going well or as planned.

But you have to step back and ask what was the alternative? Was the alternative really to leave a Middle East with authoritarian, repressive governments, with a Saddam Hussein who threatened his neighbors and threatened our interests or did you have to act? And this president believed it was time to act.

BLITZER: I'll have more of my interview with the secretary of state. I'll ask her about life after the Bush administration. Is a run for political office in her future plans?

Then, assessing the battle blueprint for U.S. and Iraqi forces: We'll get insight from two former top U.S. military commanders.

And is this the year to set a deadline for the start of the U.S. military withdrawal from Iraq? We'll hear from two key members of the U.S. Senate Armed Services Committee, Republican Pat Roberts and Democrat Jack Reed.

"Late Edition" continues after this.

BLITZER: Welcome back to "Late Edition." I spoke with Secretary of State Condoleezza Rice just a short while ago. Here's part two of that interview.

BLITZER: Is there evidence that the Iranian government is supporting the largely Sunni-led insurgency in Iraq?

RICE: We are concerned about reports and activities that we see of Iranians, particularly in the South, with militias.

And one of the subjects that we would, of course, talk with the Iranians about if Zal Khalilzad meets with his counterpart would be, about this kind of security problem. Zal has had these authorities for a long time.

BLITZER: To talk to Iranians?

RICE: On these very specific issues concerning Iraq. He had the authorities in Afghanistan to talk with the Iranians about security issues in Afghanistan.

And Ron Newman, by the way, our new ambassador to Afghanistan, continues to have those authorities. So that is the, kind of, nature of the issue that would be addressed.

BLITZER: Has either one of those ambassadors met with Iranians?

RICE: Well, there has -- Ron Newman has met with his counterpart. Zal's met with his counterpart.

BLITZER: When did these -- when did that happen?

RICE: It was several months ago, but we will see when it is desirable to do so again.

BLITZER: Because I think you're making some news. There have been direct contacts ...

RICE: There were... BLITZER: ... between United States officials and Iranian officials...

RICE: No, let's not say officials. I want to be very clear. No, I want to be very clear.

BLITZER: Is the Iranian ambassador in Afghanistan an official?

RICE: You're using an "s," a plural.

BLITZER: All right.

RICE: The ambassador in Afghanistan has the authority to meet with the ambassador from Iran in Afghanistan. And I believe he has done that on one occasion. The ambassador in Iraq, Zal Khalilzad, has the authority, and has had for some time, to meet with his counterpart in Iraq. When we are that close to...

BLITZER: He has met?

RICE: They have not...

BLITZER: Khalilzad?

RICE: They have not had that meeting. When it is that -- when we are that close to the Iranian border and when we have concerns, we have found it useful to have these narrow and limited discussions about Iraq or about Afghanistan. In Afghanistan, they also take place under the auspices of the U.N., which was the case when Ron Newman met with his counterpart.

BLITZER: Is there evidence that the government of Iran is supporting or harboring al Qaida operatives in Iran? RICE: Well, again, we've had concerns, and we've made them known to the Iranians through various channels, that there are, in fact, or may be Afghan -- or may be al Qaida

in Iran. And we've made clear to them that we would expect to have those people handed over. We don't know the extent of it, but yes, there are reasons for concern on that score.

BLITZER: What about the Russian role right now in getting a U.N. Security Council resolution that would threaten Iran and its nuclear program? Right now, there seems to be a disconnect between the U.S. position on the one hand and the Russian position on the other.

RICE: The United States and Russia -- and the Europeans, by the way -- and let me remind everyone that it's the United States and the Europeans who are doing this together. So it's not correct to say the United States and the Russians.

The United States and Europe are with Russia in agreement that Iran needs to do what was required of it in the IAEA -- the International Atomic Energy Agency's -- resolution of February 4. That resolution said that Iran needed to suspend its enrichment and reprocessing activities and return to negotiations, and cooperate fully with the IAEA. We have complete agreement on that. In fact, the Russians voted for that resolution. Now, the question is, what tactics do we use, now that we're in the Security Council, to get the Iranians to come to terms with what they must do. On that, we have had some differences, and Sergey Lavrov, the Russian foreign minister, and I spoke on Friday. We agreed that our people would get together this weekend, and continue those efforts to bridge that difference.

But we shouldn't delay. We do need a presidential statement that makes clear to the Iranians what is clear to everyone. Everyone is in agreement on what they need to do, but we do have some tactical disagreements about language.

BLITZER: Did Russians have a mole inside the U.S. military Central Command on the eve of the war three years ago providing information about U.S. military troop movements in Iraq directly to Saddam Hussein's government?

RICE: Well, I have obviously seen the reports as well, and I -- we're going to take a good, hard look at the documentation. We certainly will raise it with the Russian government, and any implication that the -- that there were those from a foreign government who may have been passing information to the Iraqis prior to the invasion would be, of course, very worrying. And we will talk to the Russians. I would think the Russians would want to take that very seriously as well.

BLITZER: But you haven't raised that with the Russians yet?

RICE: We're going to take a good, hard look at the documentation and understand a little bit better what's there, and then we'll raise it. BLITZER: We're almost out of time, but a few other issues I just want to go through very quickly. The Israeli elections happening this coming Tuesday. Ehud Olmert, the acting prime minister, widely expected to be elected the next prime minister of Israel, says that he's going to seek U.S. approval for future Israeli unilateral steps, withdrawal steps, disengagement steps from the West Bank, removing some of the settlements in the isolated parts of the West Bank. Is that something that the U.S. would support?

RICE: Well, first of all, the Israelis will have their elections, and that's a matter for the Israelis. Once that is done, we will of course engage with the Israeli government in discussions about how we move forward. I would note that the unilateral withdrawal, disengagement from Gaza ended up turning over to the Palestinians territories for the first time in the 30-some years of this conflict, and that was a good thing.

We will see what the Israeli government has in mind, but I think it's premature to make any judgment about what that might be.

BLITZER: The president meets this week with the leaders of Canada and Mexico. Immigration, illegal immigration in the United States, a big issue. The House passed legislation which would make it a felony for an illegal immigrant in the United States simply to be here. Is that something the Bush administration supports? RICE: The president has very clearly stated the principles on which we would work to try and get a more humane and effective immigration law, and those principles include that we really must, of course, defend our border, and we've put a lot of money into border security. The State Department has enhanced its request for border security. We are obviously determined that U.S. laws should be enforced.

It's also the case that we have a population here that needs to be treated humanely. No matter how they came here, I think Americans want to think that people would be treated humanely, and the president has talked about a temporary worker program that would allow people to -- who have work that Americans will not do, to find a way to be legally in the country.

But the president is always going to stand against amnesty, and the reason that he stands against amnesty is because our laws do need to be respected, our borders do need to be respected.

And one of the points that I made, Wolf, to the Mexican government when they were here -- I'd met with my counterpart, Foreign Minister Derbez, and Mike Chertoff met with his counterpart -- is that we need the Mexican government and expect the Mexican government also to recognize the importance of defense of the borders and of American laws, and we were assured by our counterparts that Mexico understands its responsibilities, our shared responsibility for safety and security at the border, and also for humane treatment of people, whoever they are.

BLITZER: We are all out of time, but I have to ask you about the NFL, your passion. This is what you told Ebony magazine, July 26th, 2005. "If that job comes open, I'm gone."

RICE: Oh, well...

BLITZER: That job has come open.

RICE: A little too soon, I'm afraid. As I was saying earlier, you know, I'm going to have to let this ship pass, if they'd have me. But the fact is, I'm secretary of state. I love being secretary of state, and there's always a next time on other jobs.

BLITZER: Well, speaking of other jobs, the first lady told our Larry King Friday she would love you to run for president of the United States in 2008. Listen to this little clip from Laura Bush.

(BEGIN VIDEO CLIP)

LAURA BUSH, FIRST LADY: She'd make an excellent president, but I don't think we can talk her into running.

(END VIDEO CLIP)

BLITZER: Can she talk you into running?

RICE: The second part of that's right. BLITZER: Why not?

RICE: Well, Wolf, I know what I want to do with my life, and I know what my strengths are. And I have enormous respect for people who run for office, but I love being secretary of state. I think I'm fortunate to be here at a time that is consequential, and hopefully we will make some progress on some of these very important issues while I'm here. But I know what I want to do, and I'm going to be back at Stanford, and who knows, maybe there will be other great jobs, like the NFL job.

BLITZER: You're still a very young woman.

RICE: Still young, but I know what I -- well, thanks, I appreciate that.

(LAUGHTER)

BLITZER: Thank you very much for joining us, Madam Secretary, and good luck to you.

RICE: Thank you.

(END VIDEOTAPE)

BLITZER: Ahead, Iraqi troops. How prepared are they to protect their country? We're going to get assessments from the former NATO Supreme Allied Commander, General George Joulwan and retired U.S. Marine Corps Lieutenant General Bernard Trainor. He's the co-author of an important new book, "Cobra II." But up next, we'll have a quick check of what's in the news right now, including the latest in the case against Abdul Rahman, the Afghan man on trial for converting from Islam to Christianity. Stay with "Late Edition."

(BEGIN VIDEO CLIP)

GEORGE W. BUSH, PRESIDENT OF THE UNITED STATES: If I didn't believe we could succeed, I wouldn't be there. I wouldn't put those kids there. It's -- I meet with too many families who's lost a loved one to not be able to look them in the eye and say we're doing the right thing. And we are doing the right thing.

(END VIDEO CLIP)

BLITZER; President Bush, this week, defending his Iraq war policy. Welcome back to "Late Edition." I'm Wolf Blitzer in Washington.

The rise of sectarian violence, in addition to the insurgency, posing an even more dangerous mix for U.S. and Iraqi troops right now.

And joining us now with some special insight, two guests, the former NATO supreme allied commander, retired General George Joulwan and the retired U.S. Marine Corps Lieutenant General Bernard Trainor. He's also the co-author, with Michael Gordon, of a new and important book, "Cobra II: The Inside Story of the Invasion and Occupation of Iraq."

Gentlemen, welcome back to "Late Edition." Thanks to both of you for joining us. Listen to what Lieutenant General Martin Dempsey, who's training Iraqi forces in Iraq right now, said on Friday. Listen to this.

(BEGIN VIDEO CLIP)

LT. GEN. MARTIN DEMPSEY, U.S. COMMANDER, IRAQI FORCES: We're really equipping them at a very aggressive rate in order to put them in position to restore civil security by the end of the year.

(END VIDEO CLIP)

BLITZER: I don't know if you know General Dempsey, but that seems to be pretty ambitious, by the end of this year, to have civil security under the control of Iraqi forces.

JOULWAN: Well, first of all, I do know Marty Dempsey. He used to work for me. He's a very good officer. I think what we're going to see here is that this training of Iraqis, both their police and military, is progressing. Is it progressing at the pace needed? I'm not sure.

I'm not sure that by the end of the year you'll have sufficient forces in order to provide the secure environment that's going to be required.

BLITZER: Is that an overly ambitious agenda he has for himself, General Dempsey?

GEN. BERNARD TRAINOR (RET.), CO-AUTHOR, "COBRA II": Well, you try to set the goal pretty high and strive for it. You know, you have to consider what's the alternative. If the Iraqi military forces don't step up to the requirement, then we're in terrible trouble.

BLITZER: The alternative is the U.S. has to do it.

TRAINOR: Well, if the U.S. has to do it, then that's just going to exacerbate the situation.

This is an Iraqi problem that has to be solved by the Iraqis, both politically in terms of the security and by the Iraqi politicians in coming together with some sort of a national unity government.

But in terms of training the security forces, we've got to push that as hard as we possibly can. We've learned a lot of lessons. We've wasted a lot of time. But I think we're on the correct track now. Time-wise I can't put a level on that.

BLITZER: What I hear, General Trainor say, General Joulwan, is that there's really only a political solution to this. Militarily, there's not necessarily a solution. GEN. GEORGE JOULWAN, FORMER NATO ALLIED SUPREME COMMANDER: Exactly. And I think it's the political solution that we need to concentrate on now. And part of that political is training of military and police forces.

That is, to me, the requirement that needs to take place -- and providing a secure environment for all of those other agencies that make democracy work.

Without that secure environment, it makes it very, very difficult for these aid agencies and international agencies to operate. And right now, it's very difficult to get that secure environment in Iraq.

BLITZER: General Trainor, listen to what General George Casey, who is the overall U.S. coalition commander in Iraq, told me here on "Late Edition" last Sunday. Listen to this.

(BEGIN VIDEO CLIP)

GEN. GEORGE CASEY, U.S. COMMANDER IN IRAQ: With an assumption that the political process continues on the track that it's on and we continue to have the success that we're having with the development of the Iraqi security forces, I would expect that process of gradual coalition reductions to continue through 2006 and 2007.

(END VIDEO CLIP)

BLITZER: Is that overly ambitious, too, a continued reduction in the face of the insurgency, the sectarian violence -- some say, already, civil war -- for the U.S. to start significantly withdrawing forces?

TRAINOR: Well, that certainly the hope because nobody likes their country to be occupied by foreigners.

The big danger with the military forces and the police is that they'll break apart in, kind of, a sectarian mode. And if that happens -- and there's pressure from the fringes of both the Sunni side and the Shia side to do that sort of thing -- then that is the danger of an evolving civil war, that then they would clash.

But if you can hold the center and the security forces, both the military and the police, give their allegiance to some form of central government, then the dangers of civil war, I think, are diminished and the ability for us to withdraw into the background and lower our force levels, I think is very realistic.

BLITZER: Because you raised this issue, which some say is already a serious issue. Let me bring Gen. Joulwan in. These militias that are not necessarily part of the regular Iraqi national army. The Shiite militias, the Kurdish militias, that they are very powerful, and their loyalty is to their own ethnic group as opposed to a bigger loyalty to Iraq.

JOULWAN: Exactly. And that should have been one of our first missions after the fall of Baghdad was to disarm and demobilize these militias. We didn't do it. And now they pose, I think, one of the greater risks that we have in Iraq.

But if you back to Beirut in 1983, where we had these confessional brigades. What happened in those brigades, that they split on religious boundaries, and that's what really caused a great problem. You can learn from what occurred there in what we're trying to do now in Iraq.

BLITZER: Well, are you suggesting, because you know the subject well, that Iraq could fall into the kind of sectarian civil war that we saw in Lebanon?

JOULWAN: Absolutely.

BLITZER: If that happens, then all bets are off?

TRAINOR: Oh, I agree. That is the danger. I think what they're trying very hard to do is to get these militias to meld into a central military force and not split into confessional lines, because if they do, and then you are going to face civil war.

One of the encouraging things, after the Golden Dome massacres in Samarra, was that the politicians and the clerics, most importantly, the clerics, cautioned forbearance and patience. And that, I think, is a good sign that what happened there...

BLITZER: General, do you see any signs at all that anyone is trying to disband these militias?

TRAINOR: I'm not privy to the sort of intelligence which would give an indication of that, but I think everybody is aware that, you know, you can't ignore the in militias. What you have to do is try to, if I can use the term, to co-opt them.

JOULWAN: I think one of the challenges, Wolf, is that what we need to do is take a little broader, five- to ten-year look. I know we all want to talk to an '06 or an '08. But I think you need to have a five- or ten-year plan with clear milestones for the Iraqis here.

And you need to be up front and direct with them of what needs to be accomplished, because if you don't have some sort of milestones or some sort of objectives, then the idea is they think we're going to be there for a long time.

BLITZER: Well, the first milestone is to get a government of national unity in place, which they, so far, since December, have been unable to do.

JOULWAN: But I think that we need to get the timetable here, capture the timetable, and start moving on that timetable, in my opinion.

BLITZER: All right, Generals, I'm going to have both of you stand by because we have much more to discuss. We'll take a quick break. More with our guests, generals Joulwan and Trainor, about the overall U.S. military mission in Iraq. And Defense Secretary Donald Rumsfeld, his future, all that coming up. We'll be right back.

BLITZER: Welcome back to "Late Edition." We're talking about the challenges facing U.S. and Iraqi troops in Iraq with the former NATO Supreme Allied Commander, retired General George Joulwan, and retired U.S. Marine Corps Lieutenant General Bernard Trainor, the co- author of "Cobra II," a hot new bestseller on the war in Iraq.

Here's what I don't understand, and maybe you guys can explain it to me. General Joulwan, I'll start with you. In terms of Iraqi forces, the more they get up to par, the more the U.S. can think about withdrawing.

A few months ago, they had what they said three Iraqi battalions at this level one, which is ready to operate without any U.S. support. That has now gone down to zero Iraqi battalions at level one.

They've got 53 at level two and 45 at level three which clearly need U.S. support. It seems to be moving in the wrong direction, at least as far as combat battalions ready to operate on their own.

JOULWAN: That also says there's some honesty in the reporting. I think you have to be brutally honest here. When you're going to put the Iraqi units alone in the field, I think it's going to take time. That's why I talk about a five or ten-year plan. You just can't say we've stood a unit up and then therefore it's ready to fight.

It's a different culture, it's a different discipline than we're used to. It's going to take time. And I think you have to integrate them in with U.S. and coalition forces first, and then slowly, slowly wean them away from that.

BLITZER: So you were not surprised when the president sort of inadvertently acknowledged in his news conference this week that U.S. forces are going to be in Iraq for some time to come, and future presidents, in his words, would have to make a decision when to withdraw.

TRAINOR: Oh, I don't think there's any question of that. We may reduce the combat forces considerably as the Iraqis come up on the step. But in terms of support, intelligence, logistics, strategic lift and that sort of thing, we're going to be there a very, very long time.

But in terms of their ability, I don't think we should do much on the business of the metrics, you know, whether you raise the bridge or lower the river. The fact is, your metrics and your standards are going to constantly change because it's a dynamic situation. And the rules and the yardstick that you apply today may not apply in the same way tomorrow because new characteristics come in. So it's a flexible sort of situation. But we're making progress.

BLITZER: Rumsfeld caused some stir last week when he wrote in The Washington Post these words: "If we retreat now, there's every reason to believe Saddamists and terrorist also fill the vacuum, and the free world might not have the will to face them again. Turning our backs on postwar Iraq today would be the modern equivalent of handing postwar Germany back to the Nazis."

He was criticized for making that analogy. Do you understand what he was trying to say?

JOULWAN: I don't think I -- I understand fully what he was trying to say, but I think it's very important here that what has to happen is integration in this society of all the different ethnic groups, and I think that we made a mistake in not integrating the Iraqi army early into this, into the government, and into the armed forces, in my opinion. And I think the Sunnis and the Shias and the Kurds really need to come together now, and we ought to be trying to build internal unity, not disunity.

BLITZER: Major General Paul Eaton, retired, wrote in The New York Times, he said: "In sum, he has shown himself incompetent," referring to Rumsfeld, "strategically, operationally and tactically and is far more than anyone else responsible for what has happened to our important mission in Iraq. Mr. Rumsfeld must step down."

In your book, "Cobra II," you write this, together with Michael Gordon, your co-author: "In their own way, Rumsfeld and the U.S. administrator, Paul Bremer, each contributed to the security problem. Rumsfeld limited the number of American troops in Iraq, and Bremer limited the number of Iraqi forces that were immediately available. The two decisions combined to produce a much larger security vacuum."

Question. Based on all of the research you did with Michael Gordon in writing this book, how much responsibility does Rumsfeld have for the mistakes that were made?

TRAINOR: Well, I don't know that you could put a figure on something like that. What we did was relate the information that came through when we did our research, which was exhaustive.

TRAINOR: And there were a lot of poor assumptions made. There were a lot of poor judgments made. And there was very little flexibility in correcting them when they did happen.

So in that sense, the consequences have to be borne by the people that made those decisions.

BLITZER: Do you know retired Major General Eaton?

TRAINOR: No, I don't.

BLITZER: Do you know him?

JOULWAN: No.

BLITZER: Because he was on this program about a month ago. He feels passionately that Rumsfeld should resign, given the blunders that were made.

And I'll ask both of you to just comment on that. General?

JOULWAN: Well, I think there has to be accountability here. You not only have political control of the military, you have political responsibility for the military. And that includes accountability by both military and civilian leaders.

And I think accountability is very important here. And I'm not going to get into whether a secretary of defense should resign or not. But accepting accountability for what occurs is important in our chain of command.

BLITZER: General Trainor?

TRAINOR: Well, the record is out there. But it's really up to the president to select his cabinet members. And he has selected Rumsfeld as his secretary of defense and stands by him.

And I think that's really, in a sense, the end of the decision- making process. He has made the decision.

BLITZER: Here's another quote from the book, "Cobra II." "The American war plan was never adjusted on high. General Tommy Franks, who was the overall commander, never acknowledged the enemy he faced nor did he comprehend the nature of the war he was directing.

He denigrated the Fedayeen as little more than a speed bump on the way to Baghdad and never appreciated their resilience and determination."

I read carefully your book. So many of the problems the U.S. military is currently facing in Iraq were clear, were evident, were foreseen, but people decided not to pay attention to them.

TRAINOR: There was a grand canyon between the field commanders and the central command and the administration, particularly the secretary of defense.

BLITZER: It seems as if there was wishful thinking more than there was, you know, listening to the commanders on the ground. But General, you've been in that situation.

JOULWAN: One of the key feedbacks was from Scott Wallace, the 5th Corps commander of my old corps. And he was one that made the run-up to Baghdad and said we ran into more and different opposition than we'd planned for. He got criticized.

BLITZER: He almost got fired. You write about that in the book.

JOULWAN: And that is the sort of feedback you want from your field commanders.

And so, I think, if we would have adjusted that -- in a war fight, the assumptions you make going into the fight -- if you get into that and the assumptions are wrong -- we weren't treated with rose petals and flowers.

There were no weapons of mass destruction. If those assumptions are wrong, you have to quickly adjust. And stabilization -- after taking Baghdad, stabilization is a very important part of the mission. BLITZER: We've got to leave it there. General Joulwan, thanks very much for joining us.

General Trainor, congratulations to you on this excellent book, must reading for anyone interested in this war in Iraq. Thanks to you and Michael Gordon.

TRAINOR: Thank you, Wolf.

JOULWAN: Thank you.

BLITZER: And don't forget our Web question, "How big of a threat is Iran to the United States?" An immediate threat, a long-term threat or not a threat? Cast your vote. Go to CNN.com/lateedition.

We'll be right back.

BLITZER: This is "Late Edition," the last word in Sunday talk.

(BEGIN VIDEO CLIP)

GEORGE W. BUSH, PRESIDENT OF THE UNITED STATES: I believe we'll succeed. If I didn't think we'd succeed, I would pull our troops out.

(END VIDEO CLIP)

BLITZER: On the brink of civil war? Can the Iraqi government control the violent insurgency? We'll ask two key members of the Senate armed services committee, Republican Pat Roberts and Democrat Jack Reed. Plus, perspective from the representative of the Iraqi Kurdish region, Qubad Talabany.

(BEGIN VIDEO CLIP)

SHEIKHA LUBNA AL QASIMI, UAE ECONOMICS MINISTER: We need each other. And therefore, you can't jeopardize a relationship over decades because of an incident.

(END VIDEO CLIP)

BLITZER: Mending fences after the Dubai Ports World debacle. Is it business as usual or has the U.S. snubbed a key ally? We'll ask the United Arab Emirates economy minister, Sheikha Lubna al Qasimi.

Welcome back. We'll speak with Senators Pat Roberts and Jack Reed in a moment. First, though, let's get a quick check of what's making news right now.

(NEWSBREAK)

BLITZER: With sectarian violence spreading across Iraq, one of the country's most powerful Shia politicians is now speaking out about the possibility of civil war. Abdul Aziz al Hakim sat down exclusively with our senior international correspondent Nic Robertson, who's joining us now live from Baghdad. Nic, what did he say?

NIC ROBERTSON, CNN CORRESPONDENT: Wolf, we talked about a range of issues. I asked him about Iran's involvement in Iraq. He said that's not happening. He said he's encouraging the United States to talk to Iran about the issue of Iraq. He says that he believes Iran can play a much stronger security and economic role in Iraq at the moment.

He told me that the attack on a holy shrine north of Baghdad a month ago in Samarra was what he described as Iraq's 9/11. He talked about sectarian genocide in the country. He believes that at the moment there are thousands of people now on the move.

(BEGIN VIDEO CLIP)

ROBERTSON: Sectarian shift in Baghdad, people moving from neighborhoods, do you see these divisions here beginning to establish themselves in the communities?

ABDUL AZIZ AL-HAKIM, IRAQI SHIA LEADER (THROUGH TRANSLATOR): This is true and clear in some regions. There are thousands of Shiite families and some Sunni families as well moving from one region to another. This is also part of the agenda of the next government, to return those displaced families to their region and to protect them.

We should stand and face some actions because these are presenting the goals of al Zarqawi and other religious extremist groups, and their aim is to take the community to sectarian strife and to lead them to a civil war.

(END VIDEO CLIP)

ROBERTSON: And he told me as well that if there is another big sectarian single big attack, that he thinks it will be very difficult for the community's leaders to hold people back. I asked him, why wasn't a new government formed yet? He said they hadn't even got beyond discussing procedural issues before they get to talk about who's going to get which job, Wolf.

BLITZER: Lots more of that interview coming up here on CNN. Nic, good work. Thanks very much.

Joining us now to assess where things stand in Iraq and more, two guests, Republican Senator Pat Roberts of Kansas. He's the chairman of the Senate select intelligence committee, also serves on the armed services committee. And Democratic Senator Jack Reed of Rhode Island. He, too, is a member of the Senate armed services committee.

Senators, welcome to "Late Edition." And your name is Pat Roberts, not Pat Robertson as I mistakenly pointed out, but I guess that's a common mistake.

SEN. PAT ROBERTS (R), KANSAS: Well, I pray for you every day, Wolf.

BLITZER: Thank you very much, Senator Roberts, for that. I want to get to Iraq and all of these latest developments in a moment. But I want both of you to weigh in first of all on what's happening in Afghanistan, specifically this Muslim man, Abdul Rahman, who converted to Christianity and now faces potentially the death sentence because of that conversion.

Are you as outraged as a lot of Americans are? The U.S. sent troops into Afghanistan, liberated that country from the Taliban, and to see this kind of situation develop?

ROBERTS: I'm not surprised by it, but I think it's a crossroads for their judicial system. And I think Secretary Rice, you know, put it very well. We'll have to see the course of it. But it is a true test in regards to how far we have come in regards to some kind of pluralistic society, not only to achieve stability but democracy. So it would be a terrible, terrible signal if that would take place.

BLITZER: It is sort of outrageous, don't you think, Senator?

SEN. JACK REED (D), RHODE ISLAND: It's shocking and unacceptable. We cannot allow a situation where we've spent our precious resources, including our soldiers and marines, to help a country liberate themselves from tyranny and then see this type of practice go on. It shocks the conscience of the world. I would hope that the Afghani leadership would recognize how serious it is and take steps to stop this process immediately.

BLITZER: I can't imagine, because I know President Hamid Karzai of Afghanistan. He's a moderate, reasonable man, Western-oriented. Even if he's under pressure from Muslim clerics in Afghanistan, I can't imagine that he would allow this to go forward, the actual execution.

ROBERTS: Well, I would hope not. And I agree with jack, it is shocking, but let's, you know, remember that achieving democracy in a place where it has not been and perhaps is not wanted in many sections of the country,, is very difficult.

It's not like AstroTurf that you lay over stony soil and then you hope to see something come out of that. These are first steps. This is a big test of their judicial system. Let's hope they make the right decision. If they don't, I think there's going to be a great many problems.

BLITZER: All right. We'll leave it there, and we'll move on to talk a little bit about Iraq right now. You saw this report, Senator Reed -- you're a graduate of West Point -- that the Russians supposedly had a mole at the U.S. military Central Command in Doha, Qatar, on the eve of the war, providing sensitive troop deployment, military operations information to the government of Saddam Hussein. You saw that Pentagon report this week.

REED: I did.

BLITZER: Have you had a chance to look into that?

REED: Well, we haven't had a chance since we've been on recess, but that's an issue I think we will confront when we return this week. It is, again, of great concern that any of our operational security would be penetrated by any country, and it's also, I think, of great concern that the Russians would be acting this way in a situation where, obviously, the world community should have been, if not supportive of us directly, at least not trying to interfere with our operations.

BLITZER: Are you outraged by that report? I don't know if you've had a chance to investigate.

ROBERTS: Outrage seems to be the call of the day, the watch word of the day. I'm not surprised by this. You know, we're going to have a briefing on the intelligence committee, so we'll get to the bottom of it. The Russians have already answered and said, absolutely not, this was not directed by, you know, President Putin or by Moscow.

The supposition is that this was a local individual working with Iraq at that particular time. I think the bottom line is that the advice that they gave him he ignored. Saddam Hussein just didn't get it in regards to the invasion whether we would be successful or not. He's an egomaniac. If this is the case, which is a very serious matter, I think it's more one turned on the economics of it as opposed to the military situation.

We had the oil for food situation, and then Russia depending on the oil from Iraq, so I'm not too terribly surprised. I would be surprised if that connection went all the way to Moscow, and that was some direct planning by Putin.

BLITZER: But the bottom line is not necessarily whether Saddam Hussein listened to this information, because he apparently didn't listen to anybody except whatever he wanted to believe.

ROBERTS: Exactly.

BLITZER: The bottom line is, was there a mole, a spy inside the U.S. military Central Command headquarters providing this information to the Russian ambassador in Baghdad, who was then giving it to Saddam Hussein or his military or political leaders. If there was a spy inside, that would be a serious issue.

ROBERTS: It would be a very serious issue. It is a serious issue. We will have a briefing on the intelligence committee. I know that Jack and I serve on the armed services committee. I know

that Chairman Warner and Senator Levin will be looking into that. I am not surprised, however, by Russian spying. I don't want to cause a major flap here, but that's what they do.

REED: Well, we have to assume that intelligence services around the world are trying to penetrate our military headquarters, our (inaudible).

ROBERTS: Exactly.

REED: We have to assume that.

BLITZER: We have to assume that. But if they do, that's a different level.

REED: But the question then is, one, how did it happen, and more importantly, we have to prevent it from happening in the future. But this notion that we'd be shocked that someone was actually trying to learn our battle plan, no. I think people around the globe, countries around the globe are trying to learn those plans.

REED: But it's our responsibility to prevent that. And that's the real issue, I think, is going forward, can we ensure that we've eliminated any possible compromise of military information?

BLITZER: Does it affect the overall U.S./Russian relationship, though, the relationship that President Bush has with Vladimir Putin, the Russian president?

ROBERTS: Oh, I think it does. I think we've been on sort of a downhill path for some time. He is moving more and more toward a totalitarian kind of government -- I mean, the situation in regard to the Ukraine and also Belarus and other countries.

I think there's some concern there. That doesn't mean everything has completely evaporated in terms of our close contacts with that government, but I think we have to be very wary.

BLITZER: Do you agree?

REED: Absolutely. I think we have to be skeptical of many of the Russian proposals and their policies. They operate on their own self-interests. And many times that does not reconcile or coincide with our self-interests.

BLITZER: Were you surprised, Senator Roberts, to hear the president say this week that U.S. troops, the deployment in Iraq, that future presidents were going to have to determine how long they would stay?

Did that come as a surprise to you, that, looking into 2009, there would be U.S. troops in Iraq?

ROBERTS: I think they asked him, would there be a deadline and would there be a troop withdrawal schedule and he said that would be for the next president to decide.

I'm not sure he said it was going to be lasting that long. I know the hope is that we can withdraw our troops as soon as we can, stand up the Iraqi security forces.

I think the generals were right. They also sent a very clear message to the Iraqi government, going through some very difficult times. We do have the resolve. And you can depend on the United States.

And with all of the rhetoric that we hear in the United States, we talk about the problem in Iraq toward a national unity government. I worry more about the national unity of the United States and the resolve in regard to this war, perhaps more so than what's happening in Iraq.

BLITZER: What do you think?

REED: Well, I think, whatever the president was trying to say, it came out in a very surprising fashion.

He seemed to suggest that he was abdicating his responsibility to do all he can to get our forces out before 2009. And I think that's the impression that was left with many people around the United States.

I agree, you know, we have to show resolve. But the president has to be able to demonstrate to the American public that he has a plan to reduce our forces rapidly and not wait on another administration.

It's almost as if he said, I got them in, but somebody else will have to get them out. That, I think, shocked a lot of Americans.

BLITZER: But he says that he's depending on his military commanders for that kind of troop deadline or withdrawal or redeployment.

REED: Well, he is the president. And I think he has to set the grand strategy and also listen to his military commanders.

My sense is that the military commanders in the field recognize that they have reached the limit of just what military power alone can do. Now it's a political, economic transformation that has to take place.

And, frankly, I don't think we're applying enough of that nonmilitary power, in terms of diplomacy, economic assistance, political mentoring, that we need.

And so the president seems to be stuck in a situation where the only option is a military one. And that has a limited utility.

BLITZER: All right, Senators, hold on because we're going to take a quick break. We have a lot more to discuss.

We're going to continue our conversation with Senators Roberts and Reed. We'll get their take on the president's plans going into the next -- this election year and beyond. The American public's confidence in the U.S. mission in Iraq -- how weak is it?

Then, fears that Iraq may be on the brink of civil war. We'll hear from the country's Kurdish representative to the U.S., Qubad Talabany.

And later: after the Dubai ports deal collapsed, is it back to business as usual between the United States and the United Arab Emirates? We'll hear from the UAE's economic minister, Sheikha Lubna al-Qasimi.

"Late Edition" continues after this.

BLITZER: Welcome back to "Late Edition." We're talking with the Republican chairman of the Intelligence Committee, Pat Roberts of Kansas and Democratic Senator Jack Reed of Rhode Island, a key member of the Armed Services Committee.

Senator Reed, listen to what the president said earlier in the week on Donald Rumsfeld, whether he should resign. And listen to Rumsfeld's response to a similar question a couple days later. Listen to this.

(BEGIN VIDEO CLIP)

BUSH: No, I don't believe he should resign. I think he's done a fine job of not only conducting two battles, Afghanistan and Iraq, but also transforming our military.

(END VIDEO CLIP)

(BEGIN VIDEO CLIP)

DONALD RUMSFELD, DEFENSE SECRETARY: Those kinds of calls have been going on for five-plus years. And the president has asked me not to get involved in politics. And that's politics.

(END VIDEO CLIP)

BLITZER: Should Donald Rumsfeld resign?

REED: Yes, he should. I've said that for several months now, when asked.

I think, first, it's becoming increasingly clear that his influence on the planning for the operations, particularly the occupation of Iraq, inhibited our ability to really stabilize the country.

And (inaudible) in position today is that we have significant challenges there.

And more importantly, my view, I think he's created a very acrimonious atmosphere within the military, in some respects, devaluing the opinion of military officers.

I remember when General Shinseki stood up and was asked about the size of the forces and he said upwards of 200,000 and he was disparaged.

I don't think that's the kind of atmosphere you need. I think a secretary of defense has to be able to get unbridled advice from military leaders. And again, I was listening to General Joulwan and General Trainor about General Wallace's comments about the difficulty of fighting the Fedayeen. And he was essentially threatened with dismissal. That's not the kind of atmosphere -- my sense is, you know, a good captain goes down with the ship, but a good president gets a new captain. I think this is the president's call. I think he has to step up and make a change.

BLITZER: Senator Roberts?

ROBERTS: I'm not sure changing the secretary of defense in the middle of a war against terrorism, right up against a U.S. election and the time that the Iraqis are now trying to form a unity government is a good idea.

I can look back on many other battles that we have fought in, you know, in previous wars where we've had tough times -- can name some pretty glorious names in the past, Eisenhower, Patton and so on and so forth -- there were a lot of calls for people to resign at that particular time.

I think secretary of defense has been there five years; it's been very tough. We've had Iraq. We've had transformation. We've had a very difficult war -- both in Afghanistan and Iraq. To change at this particular time, I think, could be more harmful.

BLITZER: If it were not an election year, would you want him out?

ROBERTS: No, I didn't say that. It's like Jack said. It's the president's call. And he has his detractors. And I would agree in terms of listening to the troops.

But all of this talk about, especially General Shinseki and a lot of people in the Congress who said, well, all we needed was more troops. Or if we could have just signed up the Iraqi army.

A, there wasn't any Iraqi army to be found. They were gone. I mean, they weren't in the barracks saying, here, I'm going to sign up.

B, it isn't the number of troops. It's the number of troops who are trained to do the specific job that they have to do. If anything, at the first part of this war, we ran into some real problems that we had anticipated on the Intelligence Committee, where we didn't have the right kind of troops and they were not trained to do that job.

BLITZER: Let's talk about domestic surveillance without warrants. Listen to what the vice president said this week.

(BEGIN VIDEO CLIP)

RICHARD B. CHENEY, VICE PRESIDENT OF THE UNITED STATES: Instead of acknowledging the urgent need to track enemy communications in a time of war, some Democrats in Congress have decided that the president is the enemy and that the terrorist surveillance program is grounds for censuring the president.

(END VIDEO CLIP) BLITZER: That would be Russ Feingold, who's calling for a censure resolution. I'm not sure Democrats are necessarily saying the president is the enemy along those lines. But go ahead. You're a good Democrat. What do you say?

REED: Well, first, our obligation is to protect the American people. And no one is objecting to trying to interfere with the communications of al Qaida or anyone else. The real issue is, it should be done according to the law. FISA, the Foreign Intelligence Surveillance Act has been on the books. I think it can be made to work.

And if it can't be made to work, then I think it's incumbent upon the president to come to Congress and say, we need changes. His obligation is to protect America and to defend the Constitution, support the Constitution. I don't think there was a diametrically opposed. I think they can be harmonized, and that, I think, is at the crux of this debate about wiretapping.

BLITZER: Do you support a censure resolution?

REED: I think we have do look at, determine what has happened. We're still trying to struggle to determine what this NSA program -- the boundaries, who it's intercepted, how many people it's intercepted? I think before we leap, we have to take a very hard look. And I know there's some stirrings in both the intelligence committee -- and we're here with the chairman -- and also on other committees. Senator Specter also is trying to look at what actually happened. I think we owe it to the people to determine what went on before we decide what we will do.

BLITZER: As the chairman of the intelligence committee, you've been severely been criticized, as you know, by other Democratic members of your own committee, Democrats in general, for refusing to hold those kinds of hearings that they want, the kind of hearings that Senator Specter, for example, had in the judiciary committee. What do you say to the critics who say you're not going far enough to investigate this whole surveillance without warrants?

ROBERTS: Basically, let's start off, this is the highest classified program we have. And I am literally amazed, I think it's remarkable, where some of the major media, i.e, The New York Times, decides to release this story, which is wrong on its face. A lot of wrong information and a cascade of misinformation that this is domestic spying, and we're spying on Aunt Harriet, so on and so forth.

We have a capability. It is a unique capability. It is very difficult to fit this capability into the FISA court system. It almost can't be done. And then we have a new threat or a different kind of threat in regards to terrorism. It is within the constitutional authority of the president of the United States to protect us from possible terrorist attacks.

Now, we do have al Qaida in the country. We do have sleeper cells. We do have plots. The reason I know is because I've been briefed on the program. But my -- you know, my real dilemma is, I can't tell you what the operational details are. That was limited to the four members of the leadership and the four members of the intelligence committee.

Now, I have fought very hard to have the full committee briefed on the intelligence side. We have increased it from two from five to seven. Staff's in the room. Staff has been briefed. They've been briefed. They've gone out to the NSA. I've gone out to the NSA. I think the program is lawful. I think it's essential.

And the biggest thing is that it works. And if we don't get this off the headlines and quit talking about it, we will lose the capability and America will be less safe. And this isn't a Bush issue. This is an issue for the next commander in chief to have the authority, and the one after that, to have the authority to protect the country. I know people worry about our civil liberties. I'm an old newspaper guy. I worry about them. But you don't have any civil liberties if you're dead.

BLITZER: I'm going to -- we're almost out of time, but I'll let you respond, Senator.

REED: Well, I think the issue here is, I think it's incumbent upon the president to try to fit it within the context of the constitution. I mean, that's his sworn obligation. And there was no attempt to do that. There's been limited briefings, but most of my colleagues, again, they can't talk a lot about it, suggest that those briefings weren't expansive.

And the idea that the president decides what's lawful, individual senators decide what's lawful, I think, goes against the grain. I think we can do both. We must strive to do both. I don't think they've tried to reconcile this program, this new technology with the laws and the constitution.
BLITZER: Very briefly.

ROBERTS: They were briefed. They raised questions. They supported the program. New York Times story came out. I think we have to give them again -- I said this on a previous program, some memory pills what they said in private in support of the program, which is absolutely essential for our national security and what they said public after The New York Times came out, two different things. That's not right.

REED: I think I recall a letter from Senator Rockefeller at least raising some questions about the propriety.

BLITZER: That he never made public until the time.

ROBERTS: Until the time...

BLITZER: A letter he wrote to Vice President Cheney.

ROBERTS: And one week before he declared his full support.

REED: Well, again, I think there was some concerns raised. And the problem, of course, and this is the problem with the administration overall. Everything seems to be done in secret, even things that don't appear to have the same kind of ramifications...

ROBERTS: Jack, this is the highest classified program we've got.

REED: I'm talking about other programs that aren't as classified. It's this culture of secrecy. And that I think is hurting the president.

BLITZER: We're going to continue this discussion...

ROBERTS: Well, nothing is secret anymore.

BLITZER: Well, there's plenty of secrets out there, but...

ROBERTS: Nothing is protected that somebody doesn't leak, there's some special-interest group doesn't go to the major media. It's absolutely remarkable that we have nothing classified.

BLITZER: Senators...

REED: Well, I think you're being a little bit -- overstating the point. There are some classified information. In fact, this administration classifies materials, keeps it from the Congress, that we should have. Senator Levin and others have been asking for material with respect to many different programs, and we've been told point-blank...

ROBERTS: Senator Levin has that material on the intelligence committee.

REED: Well, I'm talking about issues with respect to armed services, memoranda with respect to policies towards detention of al Qaida elements and other elements in Iraq.

ROBERTS: I'm very familiar with those. We got briefed on it in the intel committee, where it should be, not on the front pages.

REED: It shouldn't be on the front page. But we should have access within classified systems of information. And that access has been constrained mightily by this administration.

BLITZER: Good discussion. Senators, thanks to both of you for joining us. Senator Roberts, Senator Reed.

ROBERTS: Thanks, Wolf.

(LAUGHTER)

BLITZER: Coming up, Iraq at a critical crossroads. What will it take to bring the country's political factions together? My conversation with Iraq's Kurdish representative to the U.S.,

Qubad Talabany. That's coming up. Up next, though, a quick check of what's in the news right now. Stay with "Late Edition."

BLITZER: Welcome back to "Late Edition." I'm Wolf Blitzer in Washington.

He is the country's Kurdish representative to the United States -- Iraq's Kurdish representative to the United States is Qubad Talabany.

His father is Iraq's president, Jalal Talabani. He's joining us here on "Late Edition."

Qubad, thanks very much for joining us.

I want to talk about a lot of issues. But Reuters is moving a very disturbing story right now from Iraq, from Erbil.

A Kurdish writer was sentenced to one and a half years on prison on Sunday for defaming the Kurdish leader Massoud Barzani.

We've heard a lot about an Afghan Muslim who converted to Christianity and has now been sentenced to death. But is it true that, in your part of Kurdistan, in northern Iraq, someone is being sentenced to jail for defaming the Kurdish leader Massoud Barzani?

QUBAD TALABANY, IRAQI KURDISTAN'S REPRESENTATIVE TO THE UNITED STATES: The event happened. Mr. Kamal Sayid Qadir was initially sentenced to 30 years, but after an appeals court today, that sentence was reduced to one and a half years. And we're being told that after the legalities are over and done with, that the president of the Kurdistan region, Massoud Barzani will issue a pardon and have Mr. Sayid Qadir released from detention.

BLITZER: So he won't serve any time in jail?

TALABANY: He won't serve any time.

BLITZER: He's in jail right now?

TALABANY: He's in jail right now. He served a few months while his appeals process was going through. But, really, what happened was that it went through a legal process. It went through certain laws that -- maybe it's time to revise certain laws within the Kurdistan region.

BLITZER: Because to Western audiences, this sounds outrageous that, in an emerging democracy, someone goes to jail for criticizing a politician.

TALABANY: Right. Well, we are an emerging democracy. And we still need to revise some of our laws. We need to improve on our institutions. And this is an area that I think we will certainly need to focus more on, the issues of civil liberties and freedom of speech.

But the whole process has been a legal process. It's been a judicial process. And the president of the Kurdistan region will likely issue a pardon.

BLITZER: So you're free to announce that now that he's going to be released from jail?
TALABANY: Yes.

BLITZER: All right, let's move on and talk about the government in Iraq. Your father's the president of Iraq, Jalal Talabani.

Ibrahim al-Jaafari -- is he someone that should be the next prime minister? He's the acting prime minister right now. Do the Kurdish factions in the parliament support Ibrahim Al-Jaafari?

TALABANY: The Kurdistan regional national assembly does not support Mr. Jaafari's nomination. And we don't want to personalize the issue. Dr. Jaafari is a smart man; he's a brave Iraqi patriot who's been in the opposition for many, many years.

But we're feeling that, given the state that the country is in right now, given the polarization of Iraqi society, the country requires a leader that can bring about national unity and can truly lead a national unity government.

BLITZER: Who's that?

TALABANY: We're not quite sure yet, but this is the discussions that are ongoing.

BLITZER: Who's someone that would be acceptable to the Kurdish factions?

TALABANY: It's -- you know, it's not about personalities here. We need to sit down, look at the various lists of candidates. We need to find out what their policies are.

We need to find out their track history and their records. And this is something that is required, a consultative process with all of the different communities because, ultimately, we need to find a candidate that has consensus among the different communities. It's not just what we say.

BLITZER: Do you want to give us some names?

TALABANY: I would rather not give names. I think this is a process that's going on behind closed doors. And putting people's names out in the forefront could jeopardize their chances.

BLITZER: Listen to what the U.S. ambassador to Iraq, Zalmay Khalilzad, said on March 17. Listen to this.

(BEGIN VIDEO CLIP)

ZALMAY KHALILZAD, U.S. AMBASSADOR TO IRAQ: An important point from our point of view is that the prime minister should be someone who can unify Iraq, the various ethnic and sectarian groups, because the problem is the polarization.

(END VIDEO CLIP)

BLITZER: He seems to be suggesting that Ibrahim al-Jaafari is not the right guy either. But at this point, it doesn't look like there's going to be a national unity government any time soon.

TALABANY: Progress has been made, Wolf. There's been intense discussions going on over the last few weeks. We've made some good progress on the kinds of processes that we need to set in place where decisions can be made with all of the different communities being part of those decisions.

An important step was approved recently in the formation of this national security council in Iraq where different community leaders, as well as the presidency council and the prime minister and the deputy prime ministers, will decide on issues of national security together.

So we are making progress. The discussions are heated. But we're confident that soon we'll have a national unity government.

BLITZER: Let me read to you from a New York Times piece on Thursday: "Kurdistan may be part of Iraq in the legal sense, but most Kurds view the Arabs, whether Sunni or Shiite, as foreign oppressors. The fact that the Arabs are now fighting among themselves evokes little sympathy... the prospect of a civil war makes many Kurds yearn all the more fiercely for separate national status. Some even say such a war might help them make their case."

Do you want to respond to that?

TALABANY: It's no surprise that the people of Kurdistan yearn for independence. And it's no surprise, given the history of the Kurds of Iraq that they feel somewhat suspicious and scared about the developments that are going on in Iraq.

We have to be, in my opinion, prepared for every eventuality in Iraq. The Kurdish leadership has committed itself to ensuring that Iraq remains a viable federal state.

But at the same time, if the situation worsens and the state fails, which, heaven forbid, we hope that it doesn't fail, but if it does fail, then the Kurdistan region has to be able to adapt to every eventuality.

BLITZER: Qubad Talabany, you've got a tough mission ahead of you. Thanks very much for joining us.

TALABANY: Thanks, Wolf.

BLITZER: And coming up, I visited Dubai at the height of the ports controversy, but with the deal now dead in the water, where do things stand between the United States and the United Arab Emirates? We'll hear from the UAE's economic adviser, Sheikha Lubna al-Qasimi.

But first this.

(BEGIN VIDEOTAPE)

BLITZER (voice over): Tammy Duckworth: What's her story? The Iraq war veteran narrowly won her primary bid to run for the U.S. House of Representatives this week.

Duckworth, a Democrat, is vying for retiring House member Henry Hyde's seat in an historically Republican district near Chicago. Duckworth lost both her legs in combat when the Blackhawk helicopter she was piloting was hit by a grenade fired by insurgents.

Duckworth has been critical of the Bush administration's handling of the war in Iraq, advocating for better care of wounded veterans.

She's one of nine Iraq war vets running for Congress this year.

(END VIDEO CLIP)

BLITZER: Welcome back. The initial smoke may be clearing from the Dubai Ports deal collapse, but did the controversy cause some irreparable damage to U.S. interests in the Middle East, as well as relations with a key U.S. ally in the war on terror?

I spoke with the United Arab Emirates economic minister, Sheikha Lubna al-Qasimi, during her visit to Washington this week.

(BEGIN VIDEOTAPE)

BLITZER: Sheikha, thanks very much for joining us. We met in Dubai. Good to have you here in Washington. Honestly with our viewers, how much damage, if any, do you believe has resulted from the collapse of the Dubai Ports deal in terms of the overall U.S. relationship with the United Arab Emirates?

AL-QASIMI: Well, first of all, I want to confirm to the audience that it's absolutely a very solid relationship. UAE has always been a great ally to the U.S. on different levels, and assure everybody that for us this was a business case that got politicized, but it doesn't have an impact on the relationship between the two governments.

BLITZER: So there's been no negative impact.

AL-QASIMI: Not at all.

BLITZER: What about the free trade area agreements that have been postponed?

AL-QASIMI: Yeah. Well, it's important to understand what postponement means. Because I think sometimes people think this has an implication, a consequence from the DPW case, but it's

not. Usually between two rounds there are dialogue, video conferencing or meetings between the different teams.

What happened this time that a lot of us did not finish on time for the round. So on my visit here, I actually met with Ambassador Portman and John Donnelly (ph), and we pretty much set the new dates that are upcoming, and we discussed any issues between the two sides on the free trade agreement. BLITZER: The president of the National U.S. Arab Chamber of Commerce said this earlier in the month: Capital is a coward. If foreign investors see that they can play by the rules, win fair and square and then have to go to Congress to deal with domestic political considerations, most international investors will take their money elsewhere."

Will Dubai, the United Arab Emirates, which has a lot of money, take their investments and potential jobs here in the United States outside of the United States and stop investing, basically, in the United States where a lot of jobs are at stake?

AL-QASIMI: No. Because let's first pretty much explain the trade position of the UAE. UAE's the third largest trade partner of the U.S. in the Middle East after Saudi Arabia and Israel. And this has evolved and developed over the years, so it's not something new. Many of the contracts that actually have taken place, Boeing is a great example of that, $20 billion worth of...

BLITZER: You're buying Boeing 777s.

AL-QASIMI: Yes.

BLITZER: A huge contract.

AL-QASIMI: Yes.

BLITZER: Let me press on you this point because there's some suspicious now the next phase, you're not going to buy any more Boeings, you're going to Airbus because you're angry at the United States.

AL-QASIMI: No. I think every contract is actually being evaluated on merits of its own. I want to remind everyone that post- September 11, the largest purchase of Boeing was actually done by Emirate Airlines, the United Arab Emirates. So, that to me is a good example that for us business is business, and it will continue to be that way.

BLITZER: The issue for Americans, of course, is a lot of aerospace jobs in Washington State and elsewhere are at stake, assuming that the United Arab Emirates and Dubai are going to go ahead and buy a lot more U.S.-made planes.

AL-QASIMI: Well, I think it's very important to understand that foreign investments, a lot of foreign companies who establish businesses here, in many ways continue and contribute in the economy within a country. For every billion dollars you actually generate 10,000 employments here in the U.S., and this actually comes across many contracts, not just Boeing.

BLITZER: Will the U.S./UAE military strategic relationship be damaged at all? As you know, the U.S. Navy uses the ports in Dubai more than any other ports outside the United States. There are U.S. air bases that are in the United Arab Emirates. Is there going to be any impact on this military to military relationship? AL-QASIMI: No. Not at all. I think it's very important to understand, on both sides, we need each other. Therefore, you can't jeopardize a relationship over decades because of an incident. The environment in the Middle East is a challenging one and a trying one, and there is need on both sides, on the U.S. and UAE, to continue this relationship on the military aspect.

BLITZER: Let's...

AL-QASIMI: There are 600 calls per year on the U.S. Navy of the Emirates. And this is the most frequent foreign port of call outside the USA.

BLITZER: You just saw the aircraft carrier the Ronald Reagan in Dubai.

AL-QASIMI: Yes, Ronald Reagan.

BLITZER: Here's what the 9-11 Commission report said, and I want to clarify where you stand today on this matter: "The United Arab Emirates, the financial center for the Gulf area, also had a reputation for being wide open with few regulations on the control of money and a woefully inadequate anti-money laundering program. The vast majority of the money funding the September 11 attacks flowed through the UAE."

That's what the 9-11 Commission report said.

AL-QASIMI: Yeah. I'm hopeful also they mentioned that money laundering had gone through 96 countries, because we are...

BLITZER: But they said the vast majority went through your country.

AL-QASIMI: This is because of the structure of hawala (ph), the personal transfers. And as we stand today, UAE stands as a good benchmark, actually, in the acts against money laundering, with a lot of work and development between the constituencies, the organization within the U.S. and the UAE.

BLITZER: Are you funneling charitable contributions to Hamas, Hezbollah, groups the State Department deems to be terrorist organizations?

AL-QASIMI: First, let's clarify one thing. There is no cash handover in any form or shape within the Emirates going anywhere else. Usually in support of people. For example, the Palestinians, and this is in tune of the policy of the U.S. government itself. We have projects, usually we develop hospitals, roads, accommodations for people, but any money that goes through for any particular reason, actually, for example, in Palestine, gets scrutinized through the Israeli authorities because that's part of the system.

BLITZER: Because the argument is, just as Saddam Hussein gave $25,000 to families of so-called Palestinian martyrs, suicide bombers, the argument is the UAE may be doing the same thing, in effect giving money to families of what they call martyrs.

AL-QASIMI: UAE actually frowns and stands against suicide bombers and doesn't give a single dollar to, or a penny to any of these families because it's against the policy -- not only the policy, but the philosophy of the UAE itself. So there's no money that goes through. We work through NGOs like the Red Crescent.

And in this process, we only work through projects. There's no money at all. And iff there's any money of some form or shape, it actually goes through the process of Israeli clarification and approval before it gets to the -- you know, there's a joint effort between the Palestinian entities and the Israelis for any of this process.

BLITZER: Sheikha Lubna al-Qasimi, welcome to Washington. Good to have you here in "The Situation Room."

AL-QASIMI: Thank you.

(END VIDEOTAPE)

BLITZER: And up next, the results of our Web question of the week, "How big of a threat is Iran to the United States?"

Plus, in case you missed it, we'll have the highlights from the other Sunday morning talk shows here in the United States.

Also ahead, for our north American viewers, CNN reporters are "On the Story," including our senior international correspondent, Nic Robertson, looking at how Iraqis are struggling to get on with their lives despite the insurgency and the sectarian violence.

All that coming up on "On the Story" at the top of the hour. Don't miss it. Stay with us.

BLITZER: And now, in case you missed it, let's check some of the highlights from the other Sunday morning talk shows here in the United States.

On ABC's "This Week," Republican Senator Arlen Specter and Republican Congressman Tom Tancredo debated immigration reform.

(BEGIN VIDEO CLIP)

SEN. ARLEN SPECTER (R-PA) CHMN., JUDICIARY COMMITTEE: If we do not have some realistic proposal to give them an opportunity to work lawfully and ultimately to obtain citizenship, then they're going to be fugitives.

(END VIDEO CLIP)

(BEGIN VIDEO CLIP)

REP. TOM TANCREDO (R) COLORADO: When you reward millions and millions of people, which Senator Specter's bill does do, for coming across the border the wrong way, doing it illegally, then you -- it's a slap in the face to every single person who has done it the right way.
(END VIDEO CLIP)

BLITZER: On "Fox News Sunday," the top Democrat on the Senate Armed Services Committee, Carl Levin, offered a tough assessment of the political situation for Iraq.

(BEGIN VIDEO CLIP)

SEN. CARL LEVIN (D-MI) ARMED SERVICES CMTE.: I asked the president to make it clear to the Iraqis that our continued presence in Iraq is dependent upon the Iraqis working out a broad-based political agreement.

Otherwise, they're going to continue to get the message, which this administration has given too often, that we're there as long as they need us.

CHRIS WALLACE, HOST, "FOX NEWS SUNDAY": Would you set a specific deadline?

LEVIN: I would not. I would put the word "prompt" in there.

(END VIDEO CLIP)

BLITZER: On CBS's "Face the Nation," Democratic Senator Ted Kennedy said the U.S.-led invasion of Iraqi derailed the war on terror.

(BEGIN VIDEO CLIP)

SEN. EDWARD KENNEDY (D) MASSACHUSETTS: I don't believe the world is safer today as a result of our going into Iraq. I think Iraq is a rallying cry for Al Qaida.

I think we should have given the focus and attention onto Afghanistan. And I think that that's where we should have given our focus.

(END VIDEO CLIP)

BLITZER: On NBC's "Meet the Press," the noted political analyst Charlie Cook challenged the notion that Democrats should be offering alternative proposals to President Bush and the Republicans.

(BEGIN VIDEO CLIP)

CHARLIE COOK, COOK POLITICAL REPORT: Minority parties don't have to be responsible. That's the one good thing going for them.

And when they try to be responsible, they're just going to dig themselves into a hole. I mean, your job is to throw rocks. Once you start offering alternatives, then suddenly you're playing defense as well. (END VIDEO CLIP) BLITZER: Highlights from the other Sunday morning talk shows here in the United States on "Late Edition," the last word in Sunday talk.

Our "Late Edition" Web question asked this: "How big of a threat is Iran to the United States?"

Take a look at this. Here's how you voted. Fourteen percent said an immediate threat; 34 percent said a long-term threat; 52 percent said not a threat. Remember, though, this is not, repeat not, a scientific poll.

Let's check what's on the cover of this week's major newsmagazines in the United States.

Time Magazine warns, "Be Worried, Very Worried" about global warming.

U.S. News & World Report explores the world's first cancer vaccines.

And Newsweek magazine looks at putting the "we" in "Web."

That's your "Late Edition" for this Sunday, March 26. Please be sure to join us again next Sunday and every Sunday at 11:00 a.m. Eastern for the last word in Sunday talk.

I'm in "The Situation Room" here on CNN, Monday through Friday, from 4:00 p.m. to 6:00 p.m. Eastern; back at 7:00 p.m. Eastern.

Until tomorrow, thanks very much for joining us. I'm Wolf Blitzer in Washington. For our North American viewers, "On the Story" is next.

Miller, Charles S

From: Miller, Charles S
Sent: Monday, March 27, 2006 12:23 PM
To: Agarwal, Asheesh (CIV); Ames, Andrew; Baxter, Felix (CIV); Branda, Joyce (CIV); Brody, Stephen (CIV); Bucholtz, Jeffrey (CIV); Bukvics, Jennifer (CIV); Claterbos, Barbara (CIV); Cohen, David M. (CIV); Cohn, Jonathan (CIV); Davidson, Jeanne (CIV); Fargo, John (CIV); Fielding, Gabrielle (CIV); Figley, Paul (CIV); Flentje, August (CIV); Frost, Peter (CIV); Garren, Timothy (CIV); Glynn, J.Patrick (CIV); Gorsuch, Neil M; Hertz, Michael (CIV); Hollis, Robert (CIV); Hunt, Jody (CIV); Hussey, Thom (CIV); Jeweler, James (CIV); Katsas, Gregory (CIV); Keisler, Peter D (CIV); Kohn, Chris (CIV); Kopp, Robert (CIV); Letter, Douglas (CIV); Levine, Larry (EOIR); Lindemann, Michael (CIV); Magnuson, Cynthia; McCallum, Robert (SMO); Miller, Charles S; Nichols, Carl (CIV); Nowacki, John; Pyles, Phyllis (CIV); Reyes, Luis (SMO); Riley, Sharon (CIV); Rivera, Jennifer (CIV); Roehrkasse, Brian; Schiffer, Stuart (CIV); Scolinos, Tasia; Seidel, Rebecca; Senger, Jeffrey M; Spellberg, Dianne (CIV); Swenson, Lily F; Thirolf, Eugene; Wilson, Karen L; Zwick, Ken (CIV)
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Maker of body armor under fire

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Supreme Court Orders List

AP

POSTED: 11:22 am PST March 26, 2006

Medical Marijuana Battle Back In The Courtroom

SAN FRANCISCO -- Each time the U.S. Supreme Court has ruled on medical marijuana, the justices have come down against allowing the sick and dying to use the drug to ease their symptoms and possibly prolong life. But the door has never been fully closed.

This week, a federal appeals court in California will hear arguments in the latest round of legal wrangling over the issue.

The case to be argued before the 9th U.S. Circuit Court of Appeals on Monday narrows the matter to the so-called right to life theory: that marijuana should be allowed if it is the only viable option to keep a patient alive or free of excruciating pain.

It would apply only to the sickest patients and their suppliers, regardless of whether they live in one of the 11 mostly Western states authorizing medical marijuana.

"A victory would affect people who are very seriously ill, facing death or great physical suffering," said Randy Barnett, a Boston University law school professor working on the case.

The case was brought by Angel Raich, a 40-year-old mother of two from Oakland who suffers from scoliosis, a brain tumor, chronic nausea and other ailments. She uses marijuana every couple of hours to ease her pain and bolster a nonexistent appetite.

"She'd probably be dead without marijuana," said her doctor, Frank Lucido, who has recommended marijuana for some 3,000 patients. "Nothing else works."

The Bush administration says the lawsuit is without merit.

"There is no fundamental right to distribute, cultivate or possess marijuana," Assistant U.S. Attorney Mark Quinlivan, the government's lead medical marijuana attorney, wrote to the appeals court.

Voters in 1996 made California the first state to authorize patients to use marijuana with a doctor's recommendation. Ten other states have since followed suit, but the federal government says there is no medical value to the drug.

In 2001, the Supreme Court ruled that Raich's supplier, the Oakland Cannabis Buyer's Cooperative, could not lawfully dispense marijuana despite California voters approving its medical use.

Two years later, in a small victory for medical marijuana backers, the high court let stand a 9th Circuit decision saying doctors have a First Amendment right to discuss or recommend the drug to patients without the threat of federal sanctions.

But last June, the Supreme Court ruled the federal government could prosecute medical marijuana users and their suppliers.

In some states, federal agents have been sporadically arresting users and raiding so-called pot clubs that dole out the drug to patients.

Still, a footnote by Justice Clarence Thomas in his 2001 ruling left the legal questions surrounding medical marijuana unsettled and helped open the door to Monday's 9th Circuit hearing.

Thomas wrote that important underlying constitutional questions remain unresolved, such as Congress' ability to interfere with states experimenting with their own laws and whether Americans have a fundamental right to marijuana as a vehicle to stay alive and ease pain.

The justices answered the first part of that footnote in June, ruling in another case brought by Raich that

patients living in states with medical marijuana laws could be prosecuted because Congress has classified marijuana as an illegal controlled substance.

That prompted Reps. Dana Rohrabacher, R-Calif., and Maurice Hinchey, D-N.Y., to propose legislation that would have blocked the Justice Department from prosecuting medical marijuana users in states where it is legal. The House balked at the measure 264-161. A Hinchey spokesman said the congressman will resurrect the proposal this summer.

Raich is back before the 9th Circuit, one step short of the Supreme Court, in a bid to settle the second part of Thomas' footnote.

Her lawyer, Barnett, is arguing the Constitution guarantees the gravely ill a right to available medication to keep them alive and relieve torturous pain.

Even if it is successful, the case would be unlikely to stop the raids on pot clubs or protect most users and suppliers. Raich herself was arrested last week for disorderly conduct after she demonstrated outside the Oakland federal courthouse over a recent raid on a medical marijuana dispensary.

Regardless of the outcome of her case, she said she will continue using marijuana to treat her symptoms, and will keep fighting to do so without the threat or fear of federal prosecution. She expects her case to go to the Supreme Court no matter the outcome.

"I am going to keep doing this until they stop me because this is not a medical cannabis case but a right to life case," she said. "The federal government can say who can live and who can die if I lose in the Supreme Court."

END

Reuters

27 March 2006

Top court won't review anthrax libel ruling Staff and agencies

By James Vicini

WASHINGTON - The Supreme Court on Monday allowed former U.S. Army scientist Steven Hatfill to proceed with his libel lawsuit against The New York Times Co. over columns he said implicated him in the 2001 anthrax killings.

The justices refused to review a U.S. appeals court ruling that reinstated the lawsuit, which claimed that columns by Nicholas Kristof published by the newspaper in 2002 defamed Hatfill and caused him emotional distress.

Hatfill, a bioterrorism expert who formerly worked at the Army Medical Institute of Infectious Disease at Fort Detrick in Maryland, has denied any involvement in the mailing of anthrax-laced letters that killed five people in the weeks after the September 11 hijackings and heightened concerns that America was under attack.

In 2002, federal law enforcement officials, including Attorney General John Ashcroft , called Hatfill a "person of interest" in the investigation into who sent the letters to members of Congress and the news media.

Hatfill, whose home in Maryland was searched by the FBI , never was charged with any crime in the

anthrax attacks, which remain unsolved.

Attorneys for the Times argued the appeals court‘s ruling imposed substantial burdens on freedom of speech and of the press and would inhibit criticism of the government about matters of public concern.

The columns criticized the FBI‘s "inept" and "lackadaisical" handling of the investigation and expressed the view that the missteps had made the nation significantly more vulnerable to a potential bioterrorism attack.

The Times‘ attorneys also told the Supreme Court that the decision would invite additional litigation and require news organizations to defend claims that previously would not have been filed or would have been dismissed at the outset.

More than 30 news media companies and groups supported the appeal and said the Supreme Court should adopt a general rule protecting the press from liability for accurately reporting on government investigations.

Attorneys for Hatfill opposed the appeal and said the case did not warrant Supreme Court review. They said the appeals court applied settled law to the specific facts of the case.

The Supreme Court rejected the appeal without any comment or recorded dissent.

Hatfill sued the Times in federal court in Alexandria, Virginia, where a federal judge initially dismissed the lawsuit. The high court‘s rejection of the Times‘ appeal cleared the way for the case to go back to the judge for more proceedings.

END

New York Times

March 27, 2006

Detainee Case Will Pose Delicate Question for Court

By LINDA GREENHOUSE

WASHINGTON, March 26 — The Supreme Court's announcement four months ago that it would rule on the validity of the military commission by which the Bush administration wants to try Osama bin Laden's former driver, on charges of conspiracy to commit terrorism, appeared to mark a resumption of a struggle for supremacy between the court and the White House.

That struggle initially played out in three cases on terrorism and civil liberties in June 2004. In accepting the new case, as in the previous ones, the justices rejected the administration's argument that the court should simply stay out and let the president conduct his fight against terrorism unconstrained by judicial oversight.

But no one foresaw back in November that the case of the driver, Salim Ahmed Hamdan, to be argued on Tuesday, would present the Supreme Court with an additional and perhaps even greater challenge.

In the face of a measure that Congress passed and President Bush signed into law in late December to strip the federal courts of jurisdiction over cases brought by detainees at the United States naval base at Guantánamo Bay, Cuba, where Mr. Hamdan has been held since 2002, the court must decide whether it retains the right to proceed with this case at all.

For a court that has been highly protective of its own prerogatives, but at the same time notably attentive to the often arcane limits on federal court jurisdiction, the question is one of great delicacy, infused with historical resonance. Not since the immediate aftermath of the Civil War, in a case that arose from the power struggles of the Reconstruction era, has the Supreme Court permitted Congress to divest it of jurisdiction over a case it has already agreed to decide.

In that case, Ex Parte McCardle, the court had already heard four days of argument in an appeal brought by a rabble-rousing Mississippi newspaper editor who had been taken into custody and charged by the military government with fomenting insurrection.

Fearful that a Supreme Court ruling in favor of the editor, William H. McCardle, could result in invalidating military control of the former Confederate states, Congress enacted a law over President Andrew Johnson's veto to deprive the court of jurisdiction. The court then dismissed the appeal, rejecting the argument by McCardle's lawyer that it was permitting Congress to usurp the judicial function.

In the new case, Hamdan v. Rumsfeld, No. 05-184, the Bush administration filed a motion with the court in early January, days after the Detainee Treatment Act was signed into law, urging immediate dismissal of Mr. Hamdan's appeal.

"It is well settled that statutes that remove jurisdiction apply to pending cases and ordinarily should be given immediate effect," the administration, citing the McCardle case, said in the brief accompanying its motion.

More than a month later, on Feb. 21, the court declined to act on the motion, announcing instead that it would take up the jurisdictional question as part of the argument on the merits of the case. It added 30 minutes to Tuesday's argument, originally scheduled for one hour, for that purpose.

The McCardle case has been seen by many modern legal scholars as problematic, a regrettable expression of judicial weakness. Mr. Hamdan's lawyers cite it as well, but for a different proposition. While Congress spoke clearly in the court-stripping amendment at issue in the McCardle case, their brief tells the court, the Detainee Treatment Act is ambiguous on its application to pending, as opposed to future, cases. The court should interpret the act as not applying to the Hamdan case to avoid the "grave constitutional questions" that would otherwise arise, they say.

A group of law professors who filed a brief on this point on Mr. Hamdan's behalf warn the court that to give up jurisdiction would be to yield to "an unconstitutional interference with access to courts and an attack on the fundamental structure of the Constitution."

The argument rests in part on the observation that according to the language of the Detainee Treatment Act, Guantánamo detainees who are tried by a military commission will have only a circumscribed right to a subsequent appeal in federal court, in which they could not raise the basic challenge to the commission's operation that Mr. Hamdan is presenting in his Supreme Court case. So if the justices cannot decide his case, or cases brought by some 150 of the other 500 Guantánamo detainees now pending in the lower courts, fundamental questions about this alternative system of justice will go unresolved.

There may be a separate obstacle in the Supreme Court's way. Only eight justices are participating in the case, raising the prospect of a 4-to-4 tie. Chief Justice John G. Roberts Jr. is recused because he was a member of the three-judge panel of the United States Court of Appeals for the District of Columbia Circuit that upheld the government's position in the Hamdan case last July, four days before Mr. Bush nominated him to the Supreme Court.

A tie vote in the Supreme Court ordinarily simply affirms the lower court decision, without issuing an opinion or setting a precedent. But in this case, there is no lower court opinion on the jurisdictional question, since there was no Detainee Treatment Act when the appeals court ruled last July.

It would require a majority, five of the eight votes, to grant the government's motion to dismiss the case,

but the matter might not be as straightforward as that. Even if the government had not filed its motion, the court would still be obliged to assure itself that it has jurisdiction to proceed, in this as in any other case. Whether a tie favors jurisdiction or dismissal appears to be an open question of Supreme Court procedure.

Military commissions are not new; they were first used by Gen. Winfield Scott during the war with Mexico in the 1840's. But there have been none since the World War II era. If the court addresses the merits of the Hamdan case, it must decide whether Mr. Bush's military order of Nov. 13, 2001, establishing military commissions to try noncitizens for "acts of international terrorism," had proper authorization.

The administration argues that there were "multiple authorizations": from the Congressional resolution known as the Authorization for the Use of Military Force, adopted days after the terrorist attacks of Sept. 11, 2001; from the Uniform Code of Military Justice, which refers to military commissions and authorizes the president to prescribe rules for their operation; and from the president's inherent powers as commander in chief.

In addition, the administration argues that the Detainee Treatment Act itself ratified the establishment of military commissions when it circumscribed judicial review of their operations.

Mr. Hamdan's military and civilian lawyers, as well as the dozens of organizations and individuals supporting his appeal as "friends of the court," argue to the contrary that no Congressional enactment or inherent power authorized the president to set up what they call a "jerrybuilt tribunal" that falls short of the procedural protections offered by American military law and required by the Geneva Conventions.

In addition, they argue, conspiracy, with which Mr. Hamdan has been charged, is not a war crime and is therefore not subject to trial by military commission.

The administration argues that the Geneva Conventions do not apply to the conflict with Al Qaeda and that their protections cannot, in any event, be invoked by individual detainees. These assertions have provoked a flood of counterarguments from international law specialists, former senior diplomats and federal judges, and human rights organizations.

END

ScotusBlog

Sunday, March 26, 2006

Analysis: Hamdan and the prospects of tie votes

Posted by Lyle Denniston at 10:37 PM

On Tuesday morning, at 11 o'clock or a few minutes after, Chief Justice John G. Roberts, Jr., is expected to rise from the bench, and depart from the courtroom. He has taken himself out of every preliminary action on the war-on-terrorism case of *Hamdan v. Rumsfeld* (05-184), so that is expected to continue Tuesday. But his departure raises at least the possibility that the other eight Justices might cast a 4-4 tie vote.

If such a vote comes on the merits, the result will be clear-cut: the Court will have upheld a decision by the D.C. Circuit Court finding no legal defect in ithe war crimes tribunals called "military commissions." In that event, no precedent would be set, and the Justices will issue no opinion. Still, that would mean that foreign nationals facing war crimes charges would be tried under the system the Pentagon now has in place and ready at the detainee prison at Guantanamo Bay, Cuba. If any were then convicted in such a proceeding, they presumably could attempt to bring some kind of challenge in federal courts, although the

scope of that kind of review s in doubt.

But before an eight-Justice Court could rule on the merits in the *Hamdan* case, it must first satisfy itself that it has jurisdiction to hear and decide that dispute. The Supreme Court's jurisdiction to hear appeals is not open-ended, so a threshold issue in any case is whether a given lawsuit can, indeed, be decided there. Suppose, though, that the Justices split 4-4 on this issue in *Hamdan*. What then? The result is not as clear as it would be if the Court proceeded to the merits, and split 4-4.

The jurisdictional question is a more-than-routine issue in the *Hamdan* case. Congress late last year passed the Detainee Treatment Act, and the Bush Administration is arguing that the Act stripped all courts -- including the Supreme Court -- of jurisdiction to rule on any pending *habeas* challenge by any Guantanamo detainee. Salim Ahmed Hamdan's lawyers, and attorneys for other detainees, dispute that interpretation, and argue that there pre-existing habeas cases should go forward.

This issue has arisen only since the Court agreed to hear the *Hamdan* case, so there is no lower court ruling on that point being reviewed by the Justices. Thus, were the Justices to divide 4-4, the question arises: does that establish jurisdiction, does it deny jurisdiction, or might it lead to some other outcome?

When the Court is asked to review a direct appeal, only four votes are necessary to find "probable jurisdiction." (When a case reaches the Court via a petition for certiorari, four votes are needed to grant review; noting probable jurisdiction thus is rather like granting certiorari.) But when probable jurisdiction is noted on an appeal, that is not a final decision on the question of jurisdiction; the Court is entirely free to reexamine the jurisdictional question when it moves ahead with its review of an appeal In view of that, would the Court find jurisdiction in *Hamdan* with only four votes in favor of that, if that is disputed by four other Justices? There appears to be no precedent to provide an answer.

On the other hand, deciding a direct challenge to jurisdiction, based on a motion to dismiss under a specific jurisdictional statute, may be thought of as akin to deciding the merits of a case. Thus, it may take a clear majority among eight Justices -- five -- to resolve the issue in favor of jurisdiction. If that is true, a 4-4 vote could mean that the Court has not affirmatively found jurisdiction, and therefore it does not exist. Again, there seems to be no precedent.

The Court in recent years, when it has found it lacks jurisdiction of a pending case, has been in the habit of simply dismissing it without giving any specifics on why it thought jurisdiction did not exist. Would it do that if, in *Hamdan,* it split 4-4, and the Court then dismissed the case? A lack of an explanation would be a way out of a procedural dilemma, but a frustrating one.

Perhaps there are other options. One for example, would to be return the *Hamdan* case to the D.C. Circuit Court, with instructions to decide the jurisdictional question as it applies to the war crimes tribunals.. (In fact, the D.C. Circuit is already examining on its own the impact of the Detainee Treatment Act on two packets of pending Guantanamo detainee appeals not pending there, but not involving war crimes defendants.) Should the D.C. Circuit find it had no jurisdiction, the case could then return to the Supreme Court. Would Roberts be able to participate then, at least on the jurisdictional question, since he had not taken part in the Circuit Court ruling on that issue? It would seem a bit awkward.

Maybe another option in the event of a 4-4 tie would be simply to sit on the *Hamdan* case, without a decision on jurisdiction -- indeed, without any decision at all -- and wait until the D.C. Circuit has ruled on the detainee law's impact on the different cases already there. Then, any appeal to the Supreme Court could be heard by all nine Justices, since Roberts would not have taken part in this process at the Circuit Court. A ruling on the jurisdictional issue could then control jurisdiction on Hamdan's appeal.

END

New York Sun

March 27, 2006 Edition

America Seeking To Block Appeal Of Two Chinese at Guantanamo

BY JOSH GERSTEIN - Staff Reporter of the Sun

The Bush administration is asking the Supreme Court to refuse to hear an unusual petition brought by two Muslims from China who are being held at Guantanamo Bay despite the American military's determination that the pair pose no threat to America.

The men, members of the Uighur community native to western China, have picked up some surprising support in their quest for freedom, most notably from a former FBI director known as a conservative no-nonsense lawman, William Sessions.

According to the government's court filings, Abu Bakker Qassim and Adel Abdu' Al-Hakim received weapons training at a Taliban-supplied camp near Tora Bora, Afghanistan, prior to the September 11, 2001, terrorist attacks.

As military action intensified in the region, the men are said to have fled to Pakistan, where they were captured and taken to an American base in Afghanistan. In 2002, American forces deemed the two men to be "enemy combatants" and flew them to Guantanamo.

A year ago, a military tribunal formally determined that Messrs. Qassim and Al-Hakim were no longer enemy combatants. Lawyers for the men contend the military made that determination in 2003.

However, the pair has remained at Guantanamo, because they object to being returned to China, and American authorities will not admit them to this country. The pair contends they are likely to be tortured if returned to China, which has a history of harsh treatment of Uighur militants.

In a new filing with the Supreme Court, the government argues it is engaged in "substantial ongoing diplomatic efforts to transfer them to an appropriate country."

An attorney for the men, Sabin Willett, said in an interview yesterday that the men are caught in legal limbo, with no country willing to accept them.

"These guys have been there at least three years with our government saying our government is trying to resettle them," Mr. Willett complained. "We've spent a lot of money telling the world that Guantanamo is full of terrorists. Now, the world believes us and nobody wants them."

Aside from the pair involved in the litigation, at least five other Uighurs have been deemed releasable by the military and are still being detained, Mr. Willett said. He estimated 23 Muslims from China are jailed at Guantanamo.

In December, Judge James Robertson issued a ruling that found the continuing detention of Messrs. Qassim and Al-Hakim to be illegal. The judge also blasted as "Kafka-esque" the government's use of the term "no longer enemy combatants" to describe their status.

However, Judge Robertson ultimately found it was impractical to release the men on a military base and that bringing them to America "would have national security and diplomatic implications beyond the competence or the authority of this court."

"I find that a federal court has no relief to offer," the judge wrote.

Lawyers for the two men appealed to a federal appeals court in Washington, which is scheduled to hear arguments in the case in May. Six retired federal judges filed a friend-of-the-court brief last month arguing

that the Uighurs are being treated unfairly.

"The injustice petitioners continue to suffer is of the gravest kind," the brief filed by the former judges said. "The district court's failure to provide a remedy for petitioners' unlawful detention is inconsistent with the well settled understanding of the function of habeas corpus and the judicial role in ensuring the separation of powers."

Some of the ex-judges who signed the brief have backed other challenges to the treatment of prisoners at Guantanamo. A Newark-based law firm led by a former 3rd circuit judge on the brief, John Gibbons, has represented the American Civil Liberties Union in a lawsuit seeking documents that expose what the ACLU calls "torture" at Guantanamo and in Iraq.

The presence on the brief of Mr. Sessions, appointed FBI director by President Reagan and fired by President Clinton, comes as something of a surprise. Mr. Sessions, reached at his Washington home yesterday, declined to comment.

While the appeal is pending, the prisoners' legal team has also asked the Supreme Court to take up the case immediately.

In a Supreme Court filing posted Friday on the Justice Department Web site, government lawyers stated their opposition to that extraordinary review, which is rarely granted. The Justice Department noted that after World War II and the Korean War, tens of thousands of prisoners-of-war refused to return to their countries. The contention that detaining such prisoners is illegal is "contrary to both history and logic," government lawyers said.

The government also said the men are being treated well at Guantanamo and have access to an exercise yard, soccer, volleyball, and ping pong equipment, showers, air conditioning "which they control," and a television with a DVD and VCR.

There seems little dispute between the parties that the Uighurs could be in danger if returned to China. The State Department's most recent report on human rights is replete with claims that Muslims in China's western Xinjiang province are subjected to repression.

"The Chinese have already threatened to do them harm," Mr. Willett said, noting that Chinese officials flew to Guantanamo to interrogate Uighur prisoners in 2002. "The Chinese have branded these guys as terrorists. They have a history of putting Uighurs into prison, where they are never heard from again."

The new Justice Department brief said the men will not be sent back to China because of a treaty America has ratified which forbids the return of persons to countries where they are likely to be tortured.

The outcome of the Uighurs' legal challenge could turn in part on another Guantanamo-related case the Supreme Court is to take up tomorrow, Hamdan v. Rumsfeld. A key question in that dispute is whether a law passed last year, the Detainee Treatment Act, was intended to toss out all pending litigation brought by Guantanamo prisoners, or just to limit cases filed in the future.

News reports over the weekend raised questions about whether Justice Scalia should recuse himself from the case involving Salim Hamdan, a former driver for Osama bin Laden.

A report Saturday on a Supreme Court-related blog,Scotusblog.com, and another yesterday in Newsweek magazine, noted that Justice Scalia delivered a speech in Switzerland earlier this month in which he appeared to argue vigorously against trials for Guantanamo detainees. "I am not about to give this man who was captured in a war a full jury trial. I mean it's crazy," Justice Scalia said in the speech, which was videotaped and posted on the Web.

There was no indication yesterday that counsel for Mr. Hamdan plan to ask Justice Scalia to recuse himself. Chief Justice Roberts has already done so because he ruled on the case while serving as an appeals court judge.

END

New York Times

March 26, 2006

Librarians Continuing to Battle Even Revised USA Patriot Act

Alison Leigh Cowan The New York Times

The hotel ballroom was packed as a sensibly dressed, well-read crowd from around the country gathered in San Antonio on Jan. 21 to celebrate one of their own.

Yet, as many expected, the guest of honor was a no-show, despite the $500 intellectual freedom prize that awaited.

Attendees at an American Library Association gathering blamed Washington for the empty chair.

Lawmakers may be giving themselves credit for having improved safeguards on civil liberties when they reauthorized the nation's anti-terrorism law, otherwise known as the USA Patriot Act, but many civil liberties lawyers and librarians say the revisions did nothing to enable the guest of honor to take the stage and discuss the Patriot Act without risk of prosecution.

Known as John Doe in court filings, the guest of honor was the Connecticut librarian who was visited by the FBI last year and presented with what is known as a national security letter demanding patron records. The subpoena, issued as part of a counterterrorism investigation, not only barred him from disclosing the subject of the inquiry, but also forbade him and others at his place of work from ever discussing the letter or even acknowledge its receipt.

Though some 30,000 national security letters are issued a year without arousing public protest, the librarian was reluctant to comply because of professional ethics aimed at keeping library records confidential. On the advice of the American Civil Liberties Union, his employer went to court to challenge the constitutionality of the subpoena, the provisions of the Patriot Act that broadened the use of national security letters after Sept. 11, and the order permanently forbidding discussion of the FBI's demand.

As the Bush administration pushed for the act to be reauth-orized, a handful of Democratic and Republican lawmakers persuaded the White House to accept a compromise that placed library records beyond the reach of a national security letter if they were gathered by libraries operating in what many people understand to be their traditional roles.

The final bill also gave recipients of national security letters the explicit right to consult lawyers.

Some opponents of the new version of the Patriot Act are skeptical that the revisions will provide much protection against unwanted invasions of privacy or infringements on free speech.

"The revised law provides almost no protection whatsoever for libraries," said Ann Beeson, the ACLU\l "l" lawyer representing the organization that brought the suit\l "l" in Connecticut. "It's virtually meaningless."

The section of the new law that addresses "privacy protection for library patrons" states that library records are beyond the reach of national security letters so long as the library is not operating as an "electronic communication service." Elsewhere, that term is defined as "any service which provides to users thereof the ability to send or receive wire or electronic communications."

"A national security letter can be used to get any library record that is maintained via an electronic communication service," Beeson said. "That definitely includes Internet access and e-mail records and can also include patron borrowing records."

The new law does establish the recipient's right to challenge the nondisclosure orders that typically accompany national security letters and Section 215 requests. But the recipient would have to wait a year before raising the question anew if the government continued to assert the need for secrecy.

Beeson said a judge would be hard-pressed to rule against a government request to keep the information secret for reasons of national security.

In the Connecticut John Doe's case, she said, "nothing in the new law permits John Doe to disclose his identity."

Though government lawyers demanded that John Doe's identity be shielded in court filings, the government failed to completely conceal the name in court filings, which revealed the plaintiff to be the Library Connection of Windsor, Conn., a nonprofit organization that provides back-office services to some two dozen libraries in the Hartford area.

Eager to testify publicly about the Patriot Act, the group's officers won the right last summer to identify their organization as the recipient of a national security letter after Judge Janet C. Hall of U.S. District Court in Bridgeport found that the government had unjustly imposed a prior restraint on free speech.

But her decision was stayed while the government appealed, and the U.S. Court of Appeals for the 2nd Circuit has yet to rule.

"I am rather appalled that our country's laws silence John Doe and require him to remain anonymous for standing by his professional ethics," Judith F. Krug, the executive director of the Freedom to Read Foundation, told the crowd in San Antonio.

END

Bloomberg

3/27/06

Microsoft, Intel Battle Pfizer in Supreme Court EBay Case

(Bloomberg) -- The legal principle that almost scuttled the BlackBerry e-mail service is at the heart of a U.S. Supreme Court patent battle involving EBay Inc., pitting technology companies against drugmakers, with billions of dollars at stake.

The dispute revolves around whether patent holders are entitled to an almost-automatic court order to stop infringers from using their inventions. San Jose, California-based EBay, the world's largest Internet auctioneer, is appealing such an order that would force it to shut down a sales option accounting for a third of the $12 billion in goods sold on its Web site last year.

Microsoft Corp., the world's largest software maker, and Intel Corp., the world's largest semiconductor maker, are among companies supporting EBay. They say they are under siege from small patent owners who use the threat of those orders to seek high licensing fees. Arrayed against them are drugmakers including Pfizer Inc. and Johnson & Johnson, which counter that any lessening of that threat would reduce the value of their inventions.

The case, which is being argued before the justices March 29, ``potentially impacts every single company in the United States," says Brian Ferguson, a patent lawyer at McDermott, Will & Emery in Washington, who has clients on both sides of the debate. ``Intellectual property is becoming the most valuable asset for a company."

In the pharmaceutical industry alone, worldwide sales of drugs covered by patents reached $518 billion in 2004, with North America holding a 48 percent share of the market, according to Standard & Poor's.

Money Instead

The case centers on whether judges should have more authority to make patent owners accept money as an alternative to an order to shut down or change a product, especially when the patent owner doesn't use the invention itself.

Waterloo, Ontario-based Research In Motion Ltd., after losing a suit over its BlackBerry hand-held e-mail devices, paid NTP Inc. $612 million on March 3 to avoid an order to halt U.S. service and sales. Bermuda-based Tyco International Ltd.'s healthcare unit lost a patent suit and agreed in January to pay $330 million to avoid an order to stop selling machines that measure oxygen in blood.

In the EBay case, a jury found that the San Jose, California-based company's ``Buy It Now" service, which lets customers buy products at a set price instead of bidding in an auction, infringed a software patent owned by MercExchange LLC. A trial judge rejected a bid by MercExchange, based in Great Falls, Virginia, to force EBay to stop using the software.

Public Health

The U.S. Court of Appeals for the Federal Circuit, in Washington, reversed the judge's ruling, saying a finding of patent infringement should almost always lead to an order barring future violations. Shutdown orders should be denied only in rare cases, such as when an invention is needed to protect public health, the court said.

The case ``could have some meaningful impact" on EBay if it has to pay a large amount of money or change the way it does business, says Safa Rashtchy, a Piper Jaffray & Co. analyst in Palo Alto, California, who has a ``market perform" rating on EBay shares. ``It hasn't been a major overhang for the stock yet, but we'll be watching the outcome."

The Bush administration is backing MercExchange, saying in court papers that patent owners shouldn't be forced to license their inventions when they don't want to.

EBay says it isn't trying to deny patent owners the right to control the use of their inventions.

`Knee-Jerk Reaction'

``We think that if somebody has a valid patent that's infringed, they should in the vast majority of cases" get a shutdown order, says Emery Simon, counsel to the Business Software Alliance, a Washington trade group that filed court papers on EBay's behalf. ``But judges should look at all the relevant factors, including the impact on the company's business, and not do it as an automatic knee-jerk reaction."

The alliance represents companies including Redmond- Washington-based Microsoft, and Santa Clara, California-based Intel, as well as software maker Adobe Systems Inc. and Cisco Systems Inc., the world's biggest maker of computer-networking gear, both based in San Jose. Nokia Oyj, Time Warner Inc., Yahoo! Inc. and trade groups representing the securities and communications industries also filed briefs supporting EBay's stance.

On the other side are drugmakers including New York-based Pfizer, the world's largest, and New Brunswick, New Jersey-based Johnson & Johnson, which also makes Band-Aids and baby shampoo. Joining them are General Electric Co., Procter & Gamble Co., Qualcomm Inc., research universities such as the University of California and trade groups for the pharmaceutical and biotechnology industries.

Generic Competition

Drugmakers view patent protection differently than technology companies because blockbuster drugs may be based on single patents held by manufacturers who fear generic competition, lawyers say. Drug and biotech companies, as well as universities, say strong patent protection is needed to encourage costly research to develop new products.

By contrast, devices such as computers may include thousands of patented inventions; a computer maker may prefer to pay a licensing fee to a patent holder rather than risk being forced by a judge to shut down an entire product line over a single component.

``When you have a product that's complex and you're operating in a patent thicket, you tend to have a lot of people who claim you're treading on their ground," says David Simon, Intel's chief intellectual property counsel. Why, he asks, should the holder of a single patent ``be able to shut us down?"

The case, which will be decided by July, is EBay v. MercExchange, 05-130.

END

Cape Gazette (Lewes, DE)
3/26/06

Beebe Medical Center, doctors settle $1 million claim

By Henry J. Evans Jr.
Cape Gazette staff

Beebe Medical Center and two physicians who had a relationship with the hospital in the late 1990s have agreed to pay $1 million to settle a Medicare regulation dispute. The government announced the settlement Monday, March 20.

Assistant U.S. Attorney Douglas E. McCann said the dispute was about an arrangement between the hospital and doctors Richard Caruso and Vinod Parasher, who performed procedures at the medical center rather than at a freestanding clinic they owned.

The investigation, which began in 1999, involved the U.S. Department of Health and Social Services, the Office of Inspector General and the Federal Bureau of Investigation.

Under the terms of the settlement, the hospital paid $800,000 and the doctors $100,000 each. McCann said the settlement represents approximately the amount the hospital and doctors received for services during the working relationship.

Federal investigators said the doctors were paid a fee by the hospital from Medicare reimbursements, in addition to money they received from the government for performing services.

McCann said the payments violated sections of the False Claims Act. The provision had gone into effect a year earlier and prohibited doctors from being paid for referring cases to hospitals where they had a financial relationship.

McCann said there is a substantial quantity of information to know in the rules and regulations controlling Medicare reimbursement. However, he said, the hospital and doctors had access to the necessary information. “They had the cart before the horse for nine months while working with a medical consultant,” McCann said.

Edmund “Dan” Lyons Jr., Caruso’s attorney said Medicare reimbursement laws are complex and his client

“tripped over the fine print.”

Lyons said it is important to note that the case does not involve fraud, the intent to commit fraud, procedures that had not been performed, procedures performed unnecessarily or falsifying information.

“This is a very technical area of law,” Lyons said Wednesday, March 22.

Beebe Medical Center President and CEO Jeffrey Fried said the hospital essentially gave up the money it would have made for performing the procedures.

He said the $800,000 settlement paid by the hospital comes off the medical center’s balance sheet. He said in anticipation of settling the dispute, the hospital had set aside the money.

Fried said the terms of the settlement offered by the government were fair, because there were no additional fines, penalties or fees.

“We’re just glad to put it behind us,” Fried said.

END

Pittsburgh Tribune-Review

Sunday, March 26, 2006

Whistleblowers motivated by anger

By Jim Ritchie

TRIBUNE-REVIEW

A former PennDOT manager's legal quest to recoup hundreds of thousands of dollars agency consultants allegedly bilked from taxpayers is rare in Western Pennsylvania.

Few Pennsylvanians pursue so-called whistleblowers cases even though changes to the federal False Claims Act enacted in 1986 make it easier to prove wrongdoing by government agencies, records show.

Retired construction manager William Arnold, 62, of South Strabane, Washington County, is one of the few Pennsylvanians pursuing such a case. His claim is pending against 14 companies he says overbilled PennDOT, his former employer for 30 years. He retired in 2004.

Arnold contends PennDOT consultants were permitted in 2000 and 2001 to overbill the agency with the approval of agency managers, who were guests at expensive golf outings and sports events hosted by those consulting companies, court records show.

In November, PennDOT agreed to pay $500,000 to settle Arnold's initial whistleblower lawsuit. Arnold claimed he was demoted after reporting more than $800,000 worth of overbilling by contractors to his bosses and state and federal investigators.

Another legal victory with the false claims lawsuit could be lucrative for Arnold.

A favorable legal ruling means Arnold would collect up to 25 percent of the money in question. The rest of the money would be returned to the U.S. Department of Transportation, which provides about 32 percent of PennDOT's budget. A loss means Arnold and his attorneys, James Ashton and Jon Pushinsky, would

not be reimbursed for their legal expenses.

How much money is at stake is not known. Arnold's lawyers intend to determine how much money the consulting firms overbilled PennDOT, the lawsuit states.

The 14 consultants named in Arnold's claim include some of Pennsylvania's biggest contractors --- such as Mackin Engineering Co., of Robinson, and DMJM Harris, of New York. Neither company returned messages seeking comment about Arnold's claims.

The potential windfall for Arnold is just what some good-government experts envisioned. And some want to incorporate the federal legislation into Pennsylvania law.

"We spend a lot of dollars in this state and if somebody is spending those dollars fraudulently, this law would encourage people to step forward with some protection," said state Rep. George Kenney, R-Philadelphia. "Their lives are ruined once they step forward and it's a tough thing to take on."

Kenney has tried to get a law passed in Pennsylvania. His last attempt was House Bill 898 in 2003, which passed the House by a 197-0 vote but died in the Senate without a vote. Kenney plans to reintroduce a version this year.

"I think we passed it two or three times out of the House in the past," said Kenney, who chairs the House Health and Human Services Committee. "The insurance industry always seems to have a problem with it. But no one actually admits who's putting the death knell in it (in the Senate)."

That might change. The federal Government Deficit Reduction Act includes a provision that would give a state a greater share of False Claims Act receipts if it adopts a state version of the whistleblower law.

"This would set in state law a formula by which we could recover damages for abuse of taxpayer dollars," Kenney said. "Most states are moving this way because they see the federal government has done this and been successful."

Since 1986, more than 8,800 whistleblower lawsuits have been filed nationally.

Only three cases, worth about $18.9 million, have been settled in Pittsburgh since 1994, according to Taxpayers Against Fraud, a Washington, D.C., nonprofit legal group. In the same period, 65 cases, worth about $2.3 billion, were settled in Philadelphia, the group said.

"It's an amazing fact that you have this sea of fraud that you're trying to drain with two garden hoses and it's not draining real fast," said Patrick Burns, spokesman for the group.

About 400 lawsuits are filed under the False Claims Act each year and the federal government joins about 100 of those cases annually, Burns said. The average whistleblower walks away with $60,000 after paying lawyers and taxes.

Only a few high profile cases each year return five- or six-figure penalties, he said.

"What really drives whistleblowers is anger that they were asked to participate in a fraud -- it's moral outrage," Burns said. "It's not the money that drives them. It's the anger."

The act protects the whistleblower by providing reinstatement and damages equal to twice the person's lost wages if he or she is fired after filing the lawsuit. Those provisions did not apply to Arnold, who claims retaliation occurred before he filed lawsuits.

"There's a lot of fraud that's going on and I think people are generally unaware of this federal False Claims Act and the protection in there for people to not get retaliated against," said Andrew Stone, a lawyer with Stone & Stone, Downtown. "There's literally a handful of people in this town who have heard of the False Claims Act."

Cases move slowly -- an average 38 months from start to finish -- and the amount of fraud exposed is small, the taxpayers group said.

END

Newsday

3/26/06

Maker of body armor under fire

BY THOMAS MAIER
Newsday Staff Writer

In the bang-bang world of business, body armor magnate David H. Brooks knows how to take a shot.

In 1992, Brooks and his brother Jeffrey were investigated by the U.S. Securities and Exchange Commission for their part in an insider-trading scandal. The brothers agreed to pay a $405,000 fine, without admitting any wrongdoing.

That same year, Brooks began a new business: making body armor designed to help wearers survive a potentially deadly bullet. After the Sept. 11, 2001, terror attacks, profits soared at DHB Industries in Westbury, spiked by the company's sale of about 900,000 bullet-resistant vests to the military for use in Iraq and Afghanistan. According to financial records, DHB's annual sales grew to $340 million as of last July, compared with $98 million three years earlier.

But in the past few months, Brooks' once-little-known, publicly traded company has become increasingly controversial, with his own actions and his bullet-shielding vests under fire.

Probes, lawsuits

Congressional investigators have launched a review of the Defense Department's body armor program, including the "Interceptor" vests produced by Brooks' company. A spokeswoman for the U.S. Government Accountability Office, Laura Kopelson, said government investigators -- spurred by congressional concerns that the vests may be inadequate to protect troops -- are expected to launch a full review of the body armor program by July.

In addition, lawsuits by angry investors filed recently in U.S. District Court in Central Islip allege Brooks and other top company officials broke federal securities laws with a "pump and dump" scheme designed to earn the officials large sums from stock sales while they issued "false and misleading" statements about problems surrounding the company's body armor. During one high-water mark for the stock in late 2004, Brooks, the company's chairman, sold off $185 million worth of his holdings; other executives also made millions.

In its recent filings, DHB has acknowledged that the SEC is investigating financial arrangements between Brooks and the company.

As questions about the body armor's effectiveness arose, DHB stock, which traded above $20 a share in late 2004, dropped dramatically. It has hovered around $5 a share so far this year. Christopher J. Keller, one of the lawyers for the investors who are suing, said his clients lost "tens of millions of dollars" in stock value.

"There is a furiousness by investors with what has happened at DHB," says Neil Rothstein, another plaintiffs' lawyer. Referring to the $185 million, Rothstein said of Brooks, "He should be paying back every cent of that money."

The investors became even more furious when they learned Brooks, 51, who lives in Old Westbury, spent millions on a November 2005 bat mitzvah party for his daughter at Manhattan's Rainbow Room. News reports said the party cost nearly $10 million and featured performers including rapper 50 Cent and Steven Tyler of Aerosmith.

"Brooks got better talent than the NBC Katrina relief benefit," gushed one blog that published several photos from the bash.

Mike Sitrick, a spokesman for DHB, said Brooks would have no comment for this story.

However, legal representatives for Brooks and his company say the lawsuit has no merit and that criticism of Brooks' personal financial dealings is unfair. They also point to a $54-million order announced this month by the Army for more DHB body armor as a sign of a continuing good relationship with the military.

Inside trades alleged

The 19 lawsuits, now consolidated and under review by U.S. Magistrate Judge E. Thomas Boyle, contend that David Brooks "has a history of serious securities law violations" and that DHB has had four different accounting firms since 2002, which the combined suit says is "something hardly designed to boost investor confidence." By portraying DHB as a "tremendous success" with increased military sales, the lawsuit alleges, Brooks and other company officials gained "over $200 million in illegal insider trading proceeds."

The suit contends Brooks repeatedly painted a rosy picture for his company -- even as he was selling his own stock. "The future outlook for DHB appears outstanding given the continuing unstable geopolitical environment, the increased need for homeland security, and the continuing war on terror," Brooks said at about the same time as his large stock sale, according to court papers.

The suit contends that DHB executives knew then that "thousands and thousands of DHB Interceptor vests were defective," and it alleges that the investors lost millions because DHB didn't properly disclose problems with Zylon, a key substance used in some of the bullet-resistant vests that deteriorated over time.

DHB officials insist that no troops have been endangered because of their products, and that most of their anti-ballistic vests have used bullet-resistant materials other than Zylon. Last year, the National Institute of Justice, a research and advisory branch of the Justice Department, revoked its approval for the body armor using Zylon, which was found to deteriorate when exposed to high temperatures in sunlight. By August, DHB, like other body armor manufacturers, said it would stop using Zylon in vests. It also announced a voluntary recall of existing vests containing the material, and took a $60-million third-quarter charge for costs of the replacement program.

Returns, but no complaints

As a precaution, the Marines and Army have returned about 18,000 of the company's vests containing Zylon, although they say none was cited as faulty. In a written response to Newsday, an Army spokesman said the Army has seen "no concerns or complaints with the level of protection" provided by DHB's vests, many of which are manufactured by its Florida-based subsidiary, Point Blank Body Armor Inc.

Those in the metropolitan area who sell DHB's armored vests also say they've had no complaints. Warren Lehman, vice president of World of Uniforms in Medford, says his store sells the Point Blank vests for about $700 each, usually to local law enforcement.

"We've had no problems with them in eight years," Lehman said, "and no one's brought theirs back."

The lawsuit's reference to securities law violations stems from an SEC investigation that charged that $2 million in illegal profits were collected from a scheme involving a broker in a company then controlled by Brooks and his brother Jeffrey. Records show a junior-level analyst for Morgan Stanley provided confidential information about proposed takeovers to the broker in the Brookses' company, then located in East Hills. In the SEC's complaint, federal investigators said David Brooks and his brother "made no inquiries as to how [their broker] was so lucky" in trading the stocks. In the 1992 settlement, David Brooks consented to being barred for five years from the securities industry.

Brooks' representatives declined to talk about the allegations, but they stressed that he personally lent money to DHB to get it going in the 1990s, that DHB had lost money during its early days, and that Brooks and his family retain about 20 percent of the company's stock, down from a high near 50 percent in late 2004.

Lavish party criticized

"He's a self-made man -- from Brooklyn and a family of modest means," says one representative, who agreed to talk without being identified by name. He said Brooks waited years for DHB to become profitable and that certain details about Brooks' financial moves are exaggerated, including the price tag placed on his daughter's recent party.

"It's the most lavish party I've been to, and it wasn't cheap, but it wasn't nearly $10 million," said the representative, who attended the affair. None of the money for the party came from company funds, he added.

The Nov. 26 party for Brooks' 13-year-old daughter at the Rainbow Room reportedly included performers Tom Petty and Don Henley, and a cocktail serenade from saxophonist Kenny G. More than a hundred guests attended, receiving $1,000 goodie bags with new iPods stuffed inside, according to news accounts. Newsday learned that years earlier Brooks hosted a similar party for one of his older children that featured The Pointer Sisters singing group.

Some critics of DHB and Brooks' income in recent years say it is a flagrant example of profiteering from the nation's war on terror.

"He became extremely wealthy because of the war," said Sarah Anderson, a fellow at the Institute for Policy Studies, a not-for-profit Washington, D.C., think tank, which issued a report last fall about top defense contractors whose executives saw their pay jump because of the government's anti-terror campaign. DHB was one of the companies she profiled.

"It's hard to explain how someone could profit so much from this war and spend it on such a lavish party," Anderson said.

END

Los Angeles Times

3/27/06

Column: Vague U.S. Statute Underlies Google Case

Michael Hiltzik

Golden State

Relieved at averting another confrontation with the government that no one needs, all of cyberspace seemed to exhale last week when a federal judge cut way back on the data he would require Google to turn over to the Justice Department in a big privacy case.

But I'm not relieved, and you shouldn't be either.

Directly at issue in the ruling by U.S. District Judge James Ware of San Jose was a government subpoena that initially sought from Google a list of all Web pages in its search database as of last July 31 — that's billions of Web URLs — as well as every search query that had been entered by anyone for the two-month period ending that day. Similar subpoenas had been served on America Online, Yahoo, and Microsoft's MSN service, all of which rolled over for the G-men. Google, however, resisted. After the government narrowed its request considerably — to a random sample of only 50,000 Web addresses picked from Google's index — Judge Ware waved it through.

On a company weblog, Google, which contended it was trying to protect its users' privacy as well as its own trade secrets, called the narrowed order "a clear victory for our users and for our company."

But very few news articles about Ware's order reminded readers what really underlies the government's subpoena. It's an extremely troubling and slapdash statute known as the Child Online Protection Act, which Congress passed in 1998 in an attempt to be the nation's all-seeing Mrs. Grundy, and which Bill Clinton signed into law.

COPA, as it's known, would criminally punish anyone running a website for "commercial purposes" who posts on the Web any "material that is harmful to minors" and that minors might see.

Civil libertarians have huge problems with this law, as they should. COPA isn't aimed at material that might be considered obscene or at child pornography, but at a broader and more nebulous variety of content. Indeed, it's almost impossible to parse the term "harmful to minors." Even if we accept the law's three-pronged test that the forbidden material must be designed to appeal to "prurient interest" with respect to minors; represent sexual contact, acts, or genitals in a "patently offensive manner" with respect to minors; and lack redeeming value for minors, there's no way for a website to figure out whether its material falls into the forbidden zone. A minor can be anyone from the age of 1 to 16; manifestly, a wide gulf yawns between material that might "harm" a 6-year-old and what might "harm" a 16-year-old.

The law is also vague about "commercial" activities. Could the Los Angeles County Museum of Art qualify by hawking a $10.99 Gauguin print of a bare-breasted Tahiti maiden on its website? Some federal prosecutor, somewhere, might think so.

The American Civil Liberties Union, acting on behalf of the online journal Salon.com, a sexuality education site run by the Sexual Health Network and other websites aimed at adult markets, sued to overturn

COPA. "Our bottom line is that the government should not be in the business of deciding what people can and can't see on the Internet," Aden Fine, an ACLU staff attorney, told me.

The ACLU obtained a federal court injunction barring enforcement of the law, and the matter proceeded to ricochet up and down the federal court hierarchy, stopping twice at the Supreme Court, as judges tried to figure out if all or part of COPA might be unconstitutional.

It's an understatement to say that the law has twisted the Supreme Court in knots. The first time they looked it over, the justices issued five overlapping, separate and partially concurring opinions plus one dissent. That was in 2002, on a narrow question of constitutional law. They found the case dumped back in their laps in 2004, this time on the issue of whether

COPA was the least restrictive or narrowly tailored way to remedy the exposure of minors to harmful material. (That's a key test for laws that arguably restrict freedom of speech.)

Justice Anthony M. Kennedy, writing for a court majority, ruled that the ACLU might be right in arguing that commercial filtering software is both more effective and less restrictive than a law penalizing U.S.-based profit-seeking enterprises whose material might be discovered by children. The organization observed that filtering programs installed on home computers or offered by Internet service providers could block objectionable material coming from overseas, rather than just from within the U.S. — an important consideration, given that at least 40% of all Web content originates abroad.

Moreover, because a filter is presumably under the control of an adult in the house or at the public library, it can't interfere with an adult's activities online. Filters also block a far wider range of material than COPA, including e-mails, chat rooms and news groups, and can be configured to keep minors from sending information to strangers as well as receiving it.

But Kennedy found "a serious gap" in our knowledge of filters' effectiveness, and ordered the lower court to fill it. The Department of Justice commissioned Berkeley statistician Philip B. Stark to compare filters' effectiveness with COPA's, hoping that he would find that the filters were relative sieves of "harmful" material. For this task, it claimed, Stark required a database of websites culled from Google, Yahoo, AOL and MSN. Thus we ended up with a courthouse to-do over search privacy.

I don't know how Stark will be able to compare filtering software to COPA, since COPA's effectiveness depends on prosecutorial discretion and the judgments of judges and juries anywhere in the country. All we know about COPA is that it will allow strangers to impose on me and you their judgment of whether something is harmful to the minors in my house or yours. Software filters, on the other hand, allow us to impose our own judgments on the activities of our own kids, and don't bar us from seeing legitimate content that COPA might criminalize.

That's the true scandal lurking within the Google case: The government can't resist trying to shove its nose into our private affairs.

END

Supreme Court Orders List

(ORDER LIST: 547 U.S.)

MONDAY, MARCH 27, 2006

CERTIORARI -- SUMMARY DISPOSITION

04-1679 MILLER, ALLEN V. COLORADO

The petition for a writ of certiorari is granted. The judgment is vacated and the case is remanded to the Court of Appeals of Colorado for further consideration in light of Georgia v. Randolph, 547 U.S. ___ (2006).

ORDERS IN PENDING CASES

05M73 GARCIA-MEJIA, OSCAR H. V. UNITED STATES

The motion for leave to file a petition for a writ of certiorari under seal with redacted copies for the public record is granted.

05M74 BORESS, HARRY V. REYNOLDS, SCOTT, ET AL.

05M75 CARLTON, WAYNE B. V. OPM

The motions to direct the Clerk to file petitions for writs of certiorari out of time are denied.

04-473 GARCETTI, GIL, ET AL. V. CEBALLOS, RICHARD

The motion of Elaine Mittleman for leave to file a brief as amicus curiae out of time is denied.

05-18 ARLINGTON CENT. SCH. DIST. V. MURPHY, PEARL, ET VIR

05-5966 CLARK, ERIC M. V. ARIZONA

The motions of the Solicitor General for leave to participate in oral argument as amicus curiae and for divided argument are granted.

1

05-8701 SUMMERVILLE, MELTON V. LOCAL 77, ET AL.

05-8851 PHELPS, ALVIN, ET UX. V. JONES, JERRY, ET AL.

The motions of petitioners for leave to proceed in forma pauperis are denied. Petitioners are allowed until April 17, 2006, within which to pay the docketing fees required by Rule 38(a) and to submit petitions in compliance with Rule 33.1 of the Rules of this Court.

CERTIORARI GRANTED

05-8820 LAWRENCE, GARY V. FLORIDA

The motion of petitioner for leave to proceed in forma pauperis and the petition for a writ of certiorari are granted.

CERTIORARI DENIED

04-10653 JORDAN, LARRY V. ALLGROUP WHEATON

05-791 GOLIN, ELSIE Y., ET VIR V. ALLENBY, CLIFF, ET AL.

05-802 SUNRISE CORP., ET AL. V. MYRTLE BEACH, SC, ET AL.

05-864 PICKETT, HENRY L., ET AL. V. TYSON FRESH MEATS, INC.

05-890 STEEL, JOHN A. V. DEPT. FOR THE AGING, ET AL.

05-896 BOWMAN, DAVID V. AM. RIVER TRANSP. CO., ET AL.

05-897 NEW YORK TIMES CO. V. HATFILL, STEPHEN J.

05-901 BRUENN, VAUGHN H. V. NORTHROP GRUMMAN CORP., ET AL.

05-914 WARD, BERNARD J. V. DRETKE, DIR., TX DCJ

05-920 SMITH, NORRIS V. CONSOLIDATED RECREATION

05-921 KING, ANGELA, ET AL. V. GADSON, VIVIAN, ET AL.

05-922 KLEINHAMMER, RICHARD W. V. HARRISON, WARDEN

05-925 QUILLEN, MARTIN B. V. RAINES, CHRISTOPHER, ET AL.

05-926 MACTEC, INC. V. GORELICK, STEVEN

05-930 LANDES, LYNNE E. V. TARTAGLIONE, MARGARET, ET AL.

05-943 POLE, SUPT., FIVE POINTS, ET AL. V. HENRY, DWAYNE

05-947 HOROWITZ, MICHAEL G. V. PEACE CORPS

05-981 NAVY FED. CREDIT UNION V. EEOC

05-1046 PAPE, JOHN R., ET AL. V. FLORIDA BAR

05-1066 ARMCO EMPLOYEES INDEP. FED. V. AK STEEL CORP.

05-1091 ARNOLD, WILLIAM A. V. UNITED STATES

05-1093 McLEAN, EDDIE V. UNITED STATES

05-1097 SANDERS, THOMAS M. V. UNITED STATES

05-6848 FLAHERTY, RICHARD A. V. DRETKE, DIR., TX DCJ

05-7320 MOLINA-URIBE, FELIPE V. UNITED STATES

05-7488 GROOME, PETER A. V. BRADY, SUPT., OLD COLONY

05-7499 CRUTCHER, BYRON E. V. NEVADA

05-7516 PHILLIPS, KEITH D. V. UNITED STATES

05-7640 FLETCHER, LESTER V. PENNSYLVANIA

05-7647 MARTINEZ-HERNANDEZ, HECTOR V. UNITED STATES

05-7714 WILSON, ROBERT P. V. CALIFORNIA

05-7850 BERTHELOT, ELSWORTH V. UNITED STATES

05-7901 SWEARINGEN, LARRY R. V. TEXAS

05-8026 CONRAD, MICHAEL L. V. UNITED STATES

05-8195 MEREDITH I. V. CT DEPT. OF CHILDREN, ET AL.

05-8508 COSTIEL, GEORGE W. V. MICHIGAN

05-8699 SCHUSTER, LARISSA V. CALIFORNIA

05-8705 NUNEZ, JORGE A. V. CHRONES, WARDEN

05-8709 LANGHAM, ERIC V. ILLINOIS

05-8717 REVELS, KEVIN L. V. USCA 5

05-8719 BIQUET, PHILIP G. V. DRETKE, DIR., TX DCJ

05-8728 AMESBURY, RALEIGH V. OLSON, THOMAS

05-8736 POST, RONALD V. BRADSHAW, WARDEN

05-8738 MAKIDON, MITCHELL V. MICHIGAN

05-8746 BRANNUM, ROBERT V. V. LAKE, WILLIAM, ET AL.

05-8749 MORRIS, ISAAC D. V. MICHIGAN

05-8750 ALLEN, GARRY T. V. DISTRICT COURT OF OK

05-8751 ROBINSON, DONALD E. V. PADULA, WARDEN, ET AL.

05-8757 ANDREWS, ANTHONY V. GONZALES, ATT'Y GEN., ET AL.

05-8767 BURNETT, EVERETT A. V. DOSLER, T., ET AL.

05-8771 SHULMAN, ROBERT V. NEW YORK

05-8772 STOKES, THOMAS V. INDIANA

05-8775 JONES, DEWAYNE K. V. MISSISSIPPI

05-8791 LUCKETT, EDDIE L. V. FOLINO, SUPT., GREENE, ET AL.

05-8796 LITMON, DAVID V. SUPERIOR COURT OF CA

05-8802 CASTILLO, GABRIEL V. TEXAS

05-8812 BARNES, RICKEY V. COODY, ASST. WARDEN, ET AL.

05-8814 CARTER, DEAN P. V. CALIFORNIA

05-8815 WARD, CARMEN L. V. CALIFORNIA

05-8817 KING, TRACY L. V. MISSOURI

05-8822 WRIGLEY, CHARLES E. V. TEXAS

05-8823 THABET, HAFED M. V. KNOWLES, WARDEN, ET AL.

05-8828 LODHI, ZIAUNNISA V. NEW YORK

05-8833 LUTZ, DAVID E. V. FLORIDA

05-8836 LITTLE, LARRY V. ALABAMA

05-8837 THEIS, KEITH T. V. BRADSHAW, WARDEN

05-8844 JACKSON, MARK C. V. FL DEPT. OF HWY. SAFETY, ET AL.

05-8845 GRISSOM, JACKIE E. V. FLOYD CTY. POLICE DEPT., ET AL.

05-8855 DeLUCA, KAREN A. V. KATCHMERIC, DENIS

05-8858 CHAPMAN, DAVID L. V. ROCHELLE, TAMMY K., ET AL.

05-8859 LEPISCOPO, RALPH M. V. SSA

05-8860 ANDERSON, BARNARD V. SEDGWICK COUNTY, KS

05-8891 WAWA, KOYO V., ET UX. V. GONZALES, ATT'Y GEN.

05-8898 DUSHAJ, PJETRO V. DEPT. OF HOMELAND SEC., ET AL.

05-8903 GRUBOR, JOHN V. PENNSYLVANIA

05-8909 HOLDEN, HUEY L. V. NORTH CAROLINA

05-8928 RICHIE, LONNIE W. V. SIRMONS, WARDEN

05-8952 FARNSWORTH, SAMUEL L. V. VIRGINIA

05-8962 DENNIS, ANDREW V. NEW JERSEY

05-8965 DOLENC, JOHN V. PENNSYLVANIA

05-8990 NGUYEN, MINH V. REGAN, HALPERIN & LONG, PLLC

05-8993 BAILEY, DERRICK V. NEW YORK

05-8999 WYNN, BRENDA C. V. PROF'L STANDARDS COMM'N, ET AL.

05-9006 GRAHAM, CHARLES V. KEMNA, SUPT., CROSSROADS

05-9015 MAMPUSTI, ABAD T. V. CALIFORNIA

05-9029 ROSS, DONALD E. V. PENNSYLVANIA

05-9047 HARRIS, ROGER S. V. FLORIDA

05-9112 GARDNER, HENRY E. V. FAHEY, HELEN F., ET AL.

05-9115 SHOEMAKER, BILLY L. V. MOORE, SUPT., NORTHEAST

05-9129 BOLTZ, JOHN A. V. SIRMONS, WARDEN

05-9134 NELSON, ANTHONY L. V. MINNESOTA

05-9135 McGEE, WILLIE V. McBRIDE, WARDEN

05-9170 LILLY, THURMAN V. V. SCHWARTZ, MICHAEL, ET AL.

05-9187 WILLIAMS, THRESA L. V. AL PUB. HEALTH DEPT., ET AL.

05-9314 LENTZ, JAY E. V. UNITED STATES

05-9319 CROBARGER, ROGER C. V. UNITED STATES

05-9325 JOHNSON, WILLIAM H. V. UNITED STATES

05-9328 MOE, DERALD L. V. WYOMING

05-9329 OLIVER, LISA P. V. UNITED STATES

05-9333 BROWN, MELVIN V. UNITED STATES

05-9336 RAMIREZ, ABEL V. UNITED STATES

05-9339 NICHOLS, JAMES R. V. UNITED STATES

05-9340 MEGGISON, LAWRENCE E. V. UNITED STATES

05-9341 NEAL, CHARLIE V. UNITED STATES

05-9342 POWELL, CHRIS V. UNITED STATES

05-9343 SCHYBAL, PAUL A. V. UNITED STATES

05-9345 RUIZ, PABLO V. HARO, WARDEN

05-9346 SHORTER, JOHN J. V. UNITED STATES

05-9347 LATTIMORE, RODERICK L. V. UNITED STATES

05-9348 LE, DAVID B. V. UNITED STATES

05-9355 TODD, JIMMY V. UNITED STATES

05-9359 HERNANDEZ, ARTURO V. UNITED STATES

05-9360 OMAN, JASON D. V. UNITED STATES

05-9362 ALVARADO, JOE V. UNITED STATES

05-9367 NAJERA, VICTOR V. UNITED STATES

05-9369 BUCKNER, JAMES V. UNITED STATES

05-9370 BURKS, KEITH D. V. UNITED STATES

05-9371 ESCOBAR, SAUL A. V. UNITED STATES

05-9373 CHANEY, CARLTON L. V. UNITED STATES

05-9374 DAVIS, CEOPHUS V. UNITED STATES

05-9376 FARROW, DUJUAN V. UNITED STATES

05-9395 DeJESUS, FELIX V. UNITED STATES

05-9399 LASCOLA, TODD J. V. UNITED STATES

05-9400 JACKSON, VINCENT V. UNITED STATES

05-9403 PENNYWELL, CALVIN W. V. UNITED STATES

05-9404 McDONNELL, NORMAN A. V. UNITED STATES

05-9406 SINGH, HARPAL V. UNITED STATES

05-9407 ROMO, ROBERT A. V. UNITED STATES

05-9408 REED, ISAAC V. UNITED STATES

05-9409 SMITH, VIRGIL J. V. UNITED STATES

05-9412 PIDCOKE, RICHARD B. V. UNITED STATES

05-9415 VILLALOBOS, CARMELO M. V. UNITED STATES

05-9421 FELTON, LEO V., ET AL. V. UNITED STATES

05-9422 GARZA, JOSE V. UNITED STATES

05-9424 FLINT, LORENZA E. V. UNITED STATES

05-9425 HOWZE, JAMES E. V. UNITED STATES

05-9426 GIRTON, MELVIN V. UNITED STATES

05-9427 GUERRIER, RICHARD V. UNITED STATES

05-9428 GONZALEZ, JOSE M. V. UNITED STATES

05-9431 JOHNSON, EDNECDIA T. V. UNITED STATES

05-9432 MOLINA-LOPEZ, JUAN R. V. UNITED STATES

05-9433 PIRTLE, SIMONE N. V. UNITED STATES

05-9436 JONES, JEFFERY L. V. UNITED STATES

05-9437 SNIPES, CHANC D. V. UNITED STATES

05-9438 ACOSTA-SANCHEZ, MARTIN V. UNITED STATES

05-9439 DIAZ, JOSE A. V. UNITED STATES

05-9442 ALVARADO, JOE V. UNITED STATES

05-9443 BUNCHE, GARY E. V. UNITED STATES

05-9444 BRINGAS-MURRIETA, MARCELO V. UNITED STATES

05-9449 WASHINGTON, DARRELL E. V. UNITED STATES

05-9450 RIES, DAVID L. V. BEZY, WARDEN

05-9453 MORENO, MATTHEW M. V. UNITED STATES

05-9454 JACKSON, TRACY G. V. USDC MD NC

05-9455 TAYLOR, DAVID L. V. UNITED STATES

05-9456 WOOD, MICHAEL A. V. UNITED STATES

05-9459 JOHNSON, TOMMY L. V. UNITED STATES

05-9460 LOVE, LAULETTE M. V. UNITED STATES

05-9462 CLAMP, DEBARROS O. V. UNITED STATES

05-9465 VELOZ-VANCAMPO, VICTOR M. V. UNITED STATES

05-9466 WILLIAMS, LLOYD A. V. UNITED STATES

05-9468 SNYDER, MICHAEL L. V. UNITED STATES

The petitions for writs of certiorari are denied. BUSS, SUPT., IN V. WISEHART, MARK

05-668
The motion of respondent for leave to proceed in forma pauperis is granted. The petition for a writ of certiorari is denied.

05-795 ALLEGHENY INTERMEDIATE, ET AL. V. PARDINI, DAVID, ET UX.

The petition for a writ of certiorari is denied. Justice Alito took no part in the consideration or decision of this petition. WILKERSON, MELVIN E. V. KLEM, SUPT., MAHANOY, ET AL.

05-7417

05-8718 YOUNG, JAMES C. V. TENNIS, SUPT., ROCKVIEW, ET AL.

The petitions for writs of certiorari are denied. Justice Alito took no part in the consideration or decision of these petitions. OLIVER, STEVEN P. V. FBI, ET AL.

05-8732

The petition for a writ of certiorari is denied. The Chief Justice took no part in the consideration or decision of this petition. MOSS, CRAIG V. FRANKLIN CTY. DISTRICT ATT'Y

05-8779

05-8793 JOSEPH, ARTHUR D. V. W. MANHEIM POLICE DEPT., ET AL.

The petitions for writs of certiorari are denied. Justice Alito took no part in the consideration or decision of these petitions.

05-9074 KULKA, JAMES E. V. CALIFORNIA

The motion of petitioner for leave to proceed in forma

pauperis is denied, and the petition for a writ of certiorari is

dismissed. See Rule 39.8.

05-9320 JACKSON, DARRYL E. V. USDC CD CA

The motion of petitioner for leave to proceed in forma pauperis is denied, and the petition for a writ of certiorari is dismissed. See Rule 39.8. As the petitioner has repeatedly abused this Court's process, the Clerk is directed not to accept any further petitions in noncriminal matters from petitioner unless the docketing fee required by Rule 38(a) is paid and the petition is submitted in compliance with Rule 33.1. See Martin v. District of Columbia Court of Appeals, 506 U.S. 1 (1992) (per curiam). Justice Stevens dissents. See id., at 4, and cases cited therein.

05-9375 CLARK, MICHAH V. UNITED STATES

The petition for a writ of certiorari is denied. Justice Alito took no part in the consideration or decision of this petition.

HABEAS CORPUS DENIED

05-9554 IN RE CLIFFORD E. AVERY

The petition for a writ of habeas corpus is denied. Justice Souter took no part in the consideration or decision of this petition.

MANDAMUS DENIED

05-8849 IN RE DAVID KING

05-9157 IN RE STEVEN E. BEAVER

05-9334 IN RE STEPHEN BURRELL

The petitions for writs of mandamus are denied. IN RE MOHAMED BANGURA

05-8834

The petition for a writ of mandamus and/or prohibition is denied.

05-8857 IN RE JOSEPH DIXON

The motion of petitioner for leave to proceed in forma pauperis is denied, and the petition for a writ of mandamus is dismissed. See Rule 39.8.

05-9338 IN RE TYRONE TIDWELL

The petition for a writ of mandamus and/or prohibition is denied.

05-9411 IN RE BERNARD BARNETT

The motion of petitioner for leave to proceed in forma pauperis is denied, and the petition for a writ of mandamus is dismissed. See Rule 39.8.

05-9417 IN RE TYRONE TIDWELL, SR.

The petition for a writ of mandamus and/or prohibition is denied.

REHEARINGS DENIED

04-10543 DAMMERAU, ADOLPH V. JOHNSON, DIR., VA DOC

05-5041 ENGLAND, VALLON R. V. DRETKE, DIR., TX DCJ

05-6009 FULTON, KENDRICK J. V. UNITED STATES

05-6266 HUDSON, TONI V. M.S. CARRIERS, INC.

05-6991 BROWN, MARK E. V. HOWARD, LISA, ET AL.

05-7112 MURRAY, VINCENT P. V. SCOTT, JOSEPH

05-7310 RUSSELL, RAYMOND C. V. CHICAGO, IL

05-7344 WILLIAMS, CHARLIE V. BOOKER, WARDEN

05-7489 GORMAN, CARMIESHRA Y. V. CALIFORNIA

05-7498 ODUM, J. ELIZABETH V. BUONASSISSI, JOSEPH V.

05-7828 MATHISON, EUGENE H., ET UX. V. SWENSON, LYLE, ET AL.

05-8011 ROMAN, LUIS M. V. CAMPBELL, SUPT., ALBANY

The petitions for rehearing are denied.

Williams, Jan

From: Williams, Jan

Sent: Monday, March 27, 2006 2:25 PM

To: Williams, Jan; Horvath, Jane (ODAG); Garrett, Paul; Cushmac, Anne Marie; Davis, Michael; Fuentes, Maria; Balfe, Robert; Biskupic, Steven (USAWIE); Bogden, Daniel (USANV); Brooks, Susan; Brownlee, John (USAVAW); Buchanan, MaryBeth (USAPAW); Canary, Leura G. (USAALM); Charlton, Paul (USAAZ); Chiara, Margaret M. (USAMIW); Christie, Christopher (USANJ); Colantuono, Thomas P. (USANH); Connolly, Colm (USADE); Corrente, Robert (USARI); Cummins, Bud (USAARE); Dugas, David R. (USALAM); Fitzgerald, Patrick J. (USAILN); Garcia, H; Garcia, Michael J (SDNY); Graves, Todd (USAMOW); Greenlee, Jim (USAMSN); Heavican, Michael (USANE); Heffelfinger, Tom (USAMN); Huber, David L. (USAKYW); Iglesias, David C. (USANM); Immergut, Karin (USAOR); Jenkins, Anthony; Kubo, Ed (USAHI); Lam, Carol (USACAS); Lampton, Dunn (USAMSS); Larson, Charles (USAIAN); Letten, James (USALAE); 'Lockhart, Gregory'; Marino, Thomas (USAPAM); Martin, Alice (USAALN); Mauskopf, Roslynn; McDevitt, Jim A. (USAWAE); McKay, John (USAWAW); Mead, Matthew H. (USAWY); Meehan, Patrick (USAPAE); Melgren, Eric (USAKS); Mercer, Bill (USAMT); Miller, Gregory (USAFLN); Moss, Thomas (USAID); Murphy, Stephen J. (USAMIE); Nahmias, David (USAGAN); O'Connor, Kevin (USACT); 'O'Melia, Michael (USAAZ)'; Orwig, Matt (USATXE); Perez, Paul (USAFLM); Rapadas, Leonardo; Roper, Richard (USATXN); Rosenstein, Rod (USAMD); Ryan, Kevin (USACAN); Scott, McGregor (USACAE); Shappert, Gretchen (USANCW); Sperling, Sheldon J. (USAOKE); Suddaby, Glenn T. (USANYN); Sullivan, Michael (USAMA); Sutton, Johnny K. (USATXW); Vines, Jim (USATNM); Wagoner, Anna Mills S. (USANCM); Wainstein, Kenneth; Washington, Donald (USALAW); Whitaker, Matt (USAIAS); White, Greg (USAOHN); Whitney, Frank (USANCE); Wood, Lisa (USAGAS); Wood, Maxwell; Wrigley, Drew (USAND); Yang, Debra Wong (USACAC); '/o=USDOJ/ou=CRT/cn=Recipients/cn=Mailboxes/cn=wsanchez'; Bradbury, Steve; Brand, Rachel; Clark, John (USMS); Clement, Paul D; Fisher, Alice; Flores, Robert; Gillis, John; Herraiz, Domingo S.; Keisler, Peter D (CIV); Kim, Wan (CRT); Leonhart, Michele M.; McCallum, Robert (SMO); McNulty, Paul J; Moschella, William; O'Connor, Eileen J. (AAG/TAX); Schofield, Regina; Spagnoli, Deborah A. (USPC); Tamargo, Mauricio J; Tandy, Karen P (DEA); Wooldridge, Sue Ellen (ENRD); '/o=USDOJ/ou=USAPAE/cn=Recipients/cn=Mailboxes/cn=SMalloy'; Agarwal, Asheesh (CIV); Akers, Eric J.; Ames, Andrew; Barnett, Thomas O.; Battle, Michael (USAEO); Beach, Andrew; Beck, Cherith (USAARE); 'Bianco, Joseph F.'; Blomquist, Kathleen M; Boardman, Michelle; Boote, John; Bottner, Andrea; Bounds, Ryan W (OLP); Bucholtz, Jeffrey (CIV); 'Burch, Victoria'; Chambers, Shane P; Clinger, James H; Cohen, Brian; Cohn, Jonathan (CIV); Comisac, Rena (CRT); Cook, Elisebeth C; Cook, Marita L. (USAWY); Cooperstein, Theodore M; Coppenger, Chesed L. (TAX); Costigan, Michael; Coughlin, Robert; Curtis, O. Benton; Daley, Cybele; 'David, Matt'; Dhillon, Uttam; Dummermuth, Matt (USAVAE); Eisenberg, John; Elwood, Courtney; Elwood, John; Flaherty, Connor; Freeman, Sharee (CRT); Friedrich, Matthew; 'Gambatesa, Donald (USMS)'; Garre, Gregory G; Glut, Martha (USANE); 'Gober, Chris'; 'Golden, Lois'; Goodling, Monica; Gorsuch, Neil M; 'Greg Harris'; Hagle, Timothy; 'Harris, Gregory'; Henke, Tracy (SMO); Hertling, Richard; 'Hofer, Patrick F. (TAX)'; Hoisington, Jana;

Holland, Eric W; Irving, John (ODAG); Jaffer, Jamil N; Jezierski, Crystal; Jordan, Theresa (USADE); Jungeblut, Neal P.; Katsas, Gregory (CIV); Keehner, Laura; Kessler, Elizabeth A; 'Korn, Jennifer'; Lesch, Jaclyn; Little, Kimani (CRT); Longlet, Benjamin; Lonick, Saundra; Luckinbill, Trent W.; Macklin, Kristi R; MacLean, Alex (CRT); Magnuson, Cynthia; Marshall, C. Kevin; Martinson, Wanda; Masoudi, Gerald; McArthur, Patrick; McDonald, Bruce; McFarland, Steven T (ODAG); McIntosh, Brent; McKee, Cindy (USAKS); McKeown, Matt (ENRD); McKnight, Cynthia M (CRT); McNally, Edward; McNeil, Tucker (OPA); Mercer, Bill (ODAG); Meron, Daniel (CIV); Metcalf, Mark H (CRT); Miranda, Matthew; Monheim, Thomas; Moore, Miriam (ODAG); Morrison, Richard T. (TAX); Murphy, Sean; 'Neumayr, Mary (ENRD)'; Nichols, Carl (CIV); Nichols, Grant W; Nowacki, John; OConnell, James; Otis, Lee L; Otis, William G.; Pagliocca, Theresa; Parsky, Laura; Peabody, Payson R. (TAX); Peed, Carl; Potter, Janet; Racicot, Tim (USAMT); Reyes, Luis (SMO); Roe, Price (OCIO); Roehrkasse, Brian; 'Roper, Matt M'; 'Rosenberg, Chuck'; Rowe, Kiri; Sampson, Kyle; Schlozman, Brad (CRT); Schmitt, Glenn; Schwartz, Arthur; Scolinos, Tasia; Seidel, Rebecca; Selim, George (CRS); Sellers, Kiahna (OAG); Smith, Kimberly A; Sours, Raquel; Strug, Kerri; Swenson, Lily F; Taylor, Bruce A.; Tenpas, Ronald J (ODAG); Todd, Gordon (SMO); Tomlinson, Linda (USANH); Turner, Donald J. (USAPAM); Tzitzon, Nicholas; Underhill, Deborah; Vargas, Omar (CRT); Voris, Natalie (USAEO); Warren, Julie; Woodruff, William; Lewis, Matthew; Nelson, Ryan (ENRD); Becker, Grace (CRT); Masugi, Ken (OPA); Boente, Dana J. (TAX); Nash, Stuart (ODAG); Oldham, Jeffrey L; Pacold, Martha M; Purpura, Michael M (ODAG); Rowan, Patrick (ODAG); Senger, Jeffrey M; Taylor, Jeffrey (OAG); Webb, Lauren; White, Clifford; Murray, Fred F. (TAX); Becker, Grace (CRT); Quinn, Cameron (CRT); Acosta, Alex (USAFLS)

Subject: FACT SHEET: COMPREHENSIVE IMMIGRATION REFORM: SECURING OUR BORDER, ENFORCING OUR LAWS, AND UPHOLDING OUR VALUES

Attachments: tmp.htm

Importance: Low

THE WHITE HOUSE

Office of the Press Secretary

For Immediate Release March 27, 2006

Comprehensive Immigration Reform: Securing Our Border, Enforcing Our Laws, And Upholding Our Values

Today's Presidential Action

Today, President Bush Attended A Naturalization Ceremony And Discussed His Vision For Comprehensive Immigration Reform. The President supports comprehensive immigration reform to secure our border, improve enforcement of our laws, and uphold our values. The President also discussed his proposal for a temporary worker program that rejects amnesty, allows foreign workers to fill jobs no American is willing to do, and reduces smuggling and crime at the border.

* America's Immigrant Heritage Continues To Shape Our Society. Our Nation is bound together by liberty and a conviction that all people are created with equal dignity and value. Through the generations, Americans have upheld that vision by welcoming new citizens from across the globe. Immigrants have helped shape our identity and sustain our economy.

* The President Strongly Believes America Is Stronger And More Dynamic When New Citizens Are Welcomed. The President has called on Congress to increase the number of green cards that can lead to citizenship. He supports increasing the number of visas available for foreign-born workers in highly skilled fields. The President signed legislation creating a new Office of Citizenship at the Department of Homeland Security to promote knowledge of citizenship rights and procedures; the Office of Citizenship created a new official guide for immigrants, and the Administration is working with faith-based and community groups to offer civics and English-language courses. In July 2002, the President signed an Executive Order making foreign-born members of our military immediately eligible for citizenship. Over the past four years, more than 20,000 men and women in uniform have become citizens.

* Every New Citizen Makes A Lifelong Pledge To Support The Values And Laws Of America. New citizens have an obligation to learn the customs and values that define our Nation - including liberty and civic responsibility, equality under God, tolerance for others, and the English language.

The President Welcomes A Civil And Dignified Debate On Comprehensive Immigration Reform. Congress is now considering immigration reform proposals. Immigration is an emotional topic, and we need to maintain our perspective as we conduct this debate.

To Keep The Promise Of America, We Must Enforce The Laws Of America

President Bush's Proposal For Comprehensive Immigration Reform Includes Three Critical Elements - Securing The Border, Strengthening Enforcement Inside The Country, And Creating A Temporary Worker

Program. These elements depend on and reinforce one another. Together, they will give America an immigration system that meets 21st century demands.

The First Element Is Securing Our Border. Since President Bush took office, funding for border security has increased by 66 percent. The Border Patrol has been expanded to more than 12,000 agents, an increase of more than 2,700 agents, or nearly 30 percent. The President's FY07 budget funds another 1,500 new agents. Agents are being provided with cutting-edge technology like infrared cameras, advanced motion sensors, and unmanned aerial vehicles. Protective infrastructure, such as vehicle barriers and fencing in urban areas, is being installed.
Manpower, technology, and infrastructure are being integrated in more unified ways than ever before.

* The Administration's Border Security Strategy Is Getting Results.
Since President Bush took office, agents have apprehended and sent home more than 6 million people entering the country illegally - including more than 400,000 with criminal records. Federal, State, local, and tribal law enforcement are working together. More than 600,000 illegal immigrants were apprehended through the Arizona Border Control Initiative last year - an increase of more than 50 percent increase over the previous year. The men and women of our Border Patrol have made good progress - but we have much more work ahead, and we will not be satisfied until our agents have full control of our border.

* The Administration Is Ending The Practice Of "Catch And Release." The President has set a goal to end "catch and release" over the next year. Most illegal immigrants from Mexico can be returned to Mexico within 24 hours. Non-Mexican illegal immigrants present a different challenge. For decades, government detention facilities did not have enough beds for the non-Mexican illegal immigrants caught at the border - so most were released back into society. They were each assigned a court date, but virtually no one showed up. The Administration is ending the practice of "catch and release" by increasing the number of beds in detention facilities by 12 percent this year; the President's FY07 budget proposes increasing that number by another 32 percent. The Administration is expanding the use of "expedited removal," which allows us to send non-Mexican illegal immigrants home more quickly.

* We Are Making Progress In This Effort. Last year, it took an average of 66 days to process a non-Mexican illegal immigrant. Now, the process is taking only 21 days. This has helped us end "catch and release" for illegal immigrants from Brazil, Guatemala, Honduras, and Nicaragua caught crossing our Southwest border. Since last summer, the total number of non-Mexican illegal immigrants released into society has been cut by more than a third. There is more work ahead, and the Administration will work with Congress to close loopholes that make it difficult to process illegal immigrants from certain countries and will continue pressing foreign governments like China to take back their citizens who enter our country illegally.

The Second Element Is Strengthening Enforcement Of Our Laws In The Interior Of Our Country. Since

The second element is strengthening enforcement of our laws in the interior of our country. Since President Bush took office, funding for immigration enforcement has increased by 42 percent. These resources have helped agents bring to justice smugglers, terrorists, gang members, and human traffickers. For example, through Operation Community Shield, Federal agents have arrested nearly 2,300 gang members who were in America illegally, including violent criminals like the members of the "MS-13" gang.

* Better Interior Enforcement Requires Better Worksite Enforcement.
Last year, President Bush signed legislation to more than double the resources dedicated to worksite enforcement. Next month, the Administration will launch new law enforcement task forces in 11 cities to dismantle document fraud rings.

The Third Element Is Creating A New Temporary Worker Program That Would Not Provide Amnesty. A temporary worker program would make the system more rational, orderly, and secure by providing a legal way to match willing foreign workers with willing American employers to fill jobs that no American is willing to do. Workers would be able to register for legal status on a temporary basis. If workers decided to apply for citizenship, they would have to get in line. This program would help meet the demands of our growing economy and allow honest workers to provide for their families while respecting the law.

* A Temporary Worker Program Is Vital To Securing The Border.
Creating a separate, legal channel for those entering America to do an honest day's labor would dramatically reduce the number of people attempting to sneak back and forth across the border. That would help take pressure off the border and free up law enforcement to focus on the greatest threats to our security - terrorists, drug dealers, and other criminals. The program would also improve security by creating tamper-proof identification cards that would allow authorities to keep track of every temporary worker who is in America on a legal basis and help authorities identify those who are here illegally.

* A Temporary Worker Program Should Not Provide Amnesty. Granting amnesty unfairly allows those who break the law to jump ahead of people who play by the rules and wait in the citizenship line. Amnesty would also encourage future waves of illegal immigration, increase pressure on the border, and make it more difficult for law enforcement to focus on those who mean us harm. For the sake of justice and the sake of border security, the President firmly opposes amnesty.

# # #

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USDOJ- Office of Public Affairs

From: USDOJ- Office of Public Affairs
Sent: Monday, March 27, 2006 8:26 PM
To: USDOJ- Office of Public Affairs
Subject: DOJ Daily News Wrap

PUBLIC AFFAIRS DAILY NEWS WRAP
March 27, 2006

Contact: Brian Roehrkasse, Deputy Director, Office of Public Affairs (202) 514-2007

TOMORROW'S EXPECTED NEWS STORIES:

Moussaoui (OPA)

Moussaoui testified today that he and would-be shoe bomber Richard Reid were supposed to hijack a fifth airplane on Sept. 11th and fly it into the White House. Moussaoui told the court he knew the World Trade Center attack was coming and he lied to investigators when arrested in August 2001 because he wanted it to happen.

Talking Points:

- This is an ongoing trial and it would not be appropriate to comment specifically on the testimony. Since he pled guilty to the charges against him, Mr. Moussaoui has never hid the fact that he is a member of Al Queada with a mission and desire to kill Americans. At the highest levels of this government, we are well aware we have an enemy intent on killing innocent Americans and creating chaos by targeting the leadership institutions of this country.

Hamdan v. Rumsfeld (OPA)

Tomorrow, the government will argue the legality of the President's authority to set up military commissions to try detainees held at Guantanamo Bay, Cuba. The Solicitor General will argue on behalf of the government during tomorrow's Supreme Court hearings.

Talking Points:

- This issue will be heard in the Supreme Court this week and the DOJ Solicitor General's office has already filed hundreds of pages briefs that purport our position in this case.

- We will reserve the specific points for the arguments in the Supreme Court, but obviously, we are pleased with the past decision where the United States Court of Appeals ruled last year in affirmation of the President's authority to establish military commissions to try and punish enemy combatants who have violated the laws of war.

- The Court also held that the Geneva Conventions do not apply to members of affiliates of al Qaeda, and they recognized the difference between terrorists and those who legitimately wage war.

- The President's authority under the laws of our Nation to try enemy combatants is a vital part of the global war on terror.

Telemarketing Firm Official Indicted in New Hampshire Phone Jamming Case (Criminal)
Shaun Hansen, former co-owner of Idaho-based telemarketing firm Mylo Enterprises, appeared in a federal court in New Hampshire today to face charges for conspiring to commit, and aiding and abetting the commission of, interstate telephone harassment relating to a scheme to jam several New Hampshire telephone lines on Election Day, 2002. The two-count indictment was returned under seal on March 8, 2006, and unsealed today upon his appearance in court. Hansen, 34, is charged with conspiracy to commit telephone harassment and aiding and abetting telephone harassment.

Federal Court Orders New Hampshire Tax-Return Preparer to Give Customer Information to IRS (Tax)
The Justice Department announced today that a federal court in New Hampshire has ordered Mark G. Loll, who operates Tax-Tactics in Peterborough, N.H., to stop preparing frivolous income tax returns and to comply with future IRS requests that he provide his customer list or copies of returns he has prepared. The government sought the permanent injunction order as part of a crackdown on tax preparers who fail to comply with their federal-law obligation to turn over customer information to the IRS on demand.

TUESDAY'S EXPECTED EVENTS/RELEASES:

The Antitrust Division will have a press release on a criminal matter.

CRT will have a press release tomorrow on an agreement reached with the largest nationwide franchisee of Pizza Hut restaurants. The agreement will reconcile violations of the ADA and make the restaurants accessible to those with disabilities.

The Department will announce the awarding of $200 million in anti-crime funding to every state and territory. The funds, provided through the Edward Byrne Justice Assistance Grant (JAG) Program, will be used by state and local governments to support a broad range of activities to prevent and control crime and improve the criminal justice system.

USDOJ- Office of Public Affairs

From:	USDOJ- Office of Public Affairs
Sent:	Tuesday, March 28, 2006 9:09 AM
To:	USDOJ- Office of Public Affairs
Subject:	Attorney General's News Briefing for Tuesday, March 28, 2006
Attachments:	agnb060328.pdf; agnb060328.doc

THE ATTORNEY GENERAL'S *NEWS BRIEFING*

PREPARED FOR THE OFFICE OF PUBLIC AFFAIRS, U.S. DEPARTMENT OF JUSTICE

TO: THE ATTORNEY GENERAL AND SENIOR STAFF

DATE: TUESDAY, MARCH 28, 2006 7:45 AM EST

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TERRORISM NEWS:

Moussaoui Takes Stand, Claims Role In 9/11 Attacks. Zacarias Moussaoui took the stand in his own defense yesterday, over the objection of his lawyers, and told jurors that he and shoe-bomber Richard Reid were part of an al Qaeda team that was to hijack a fifth airliner on 9/11 and crash it into the White House. Moussaoui's admission contradicted his statement when he pleaded guilty last April, saying then that he was part of a later plot, and news coverage generally characterizes his testimony yesterday as undermining defense lawyers' attempts to save him from the death penalty.

ABC World News Tonight (3/27, lead story, 3:15, Vargas, 8.78M) reported, "It was stunning testimony." ABC (Thomas) added, "Moussaoui admitted to a transfixed jury that he was to fly a plane into the White House as part of the 9/11 plot, and he knew the attack would come some time after August, 2001." Michael Greenberger, former Justice Department official: "Moussaoui has really rewrapped this case in a gift box and put a nice ribbon on it for the prosecution." Moussaoui "showed no remorse, calling all Americans his enemies. At one point, he shouted 'Al Qaeda, Osama, Victory.'"

The CBS Evening News (3/27, lead story, 3:40, Mitchell, 7.66M) noted Moussaoui confirmed "everything the prosecution says about him." CBS (Stewart) added, "A defense lawyer later told CBS the testimony amounted to a public suicide. Analysts agreed." NBC Nightly News (3/27, lead story, 2:55, P. Williams, 9.87M) called Moussaoui's testimony "riveting" and added "it gave a big boost to prosecutors."

CNN's The Situation Room (3/27, Franken) reported, "He admitted that he lied to investigators, fundamental to the prosecution belief that had he told the truth he could have prevented" 9/11.

Under the headline "Claim Of 9/11 Role Shakes Up Trial," USA Today (3/28, A1, Johnson, 2.31M) adds, "His matter-of-fact description of his life as a terror operative who met Osama bin Laden and other top al-Qaeda leaders captivated the courtroom," and "his testimony likely will be key to the government's claim that he should be executed because his lies to U.S. agents kept them from uncovering the 9/11 plot."

The Los Angeles Times (3/28, Serrano, 958K) notes, "He further admitted that he lied to FBI agents when arrested in Minnesota, a key point for the government. Moussaoui said he would not cooperate because 'I wanted my mission to go ahead.' … Moussaoui was cross-examined by lead prosecutor Robert Spencer, who asked him about his reaction to the loss of nearly 3,000 lives that day. 'You are Americans, and I consider every American to be my enemy,' he said."

The New York Times (3/28, , 1.19M) also reports Moussaoui's testimony seemed "only to bolster the

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government's case," although testimony from alleged 9/11 attack planner Khalid Sheikh Mohammed, introduced by the defense yesterday, "seemed to contradict Mr. Moussaoui's assertion that he was meant to be a pilot on Sept. 11. Mr. Mohammed portrayed Mr. Moussaoui as a fringe figure who might have been used in a second wave of attacks if needed."

The Washington Post (3/28, A1, Markon, Dwyer, 744K) calls Moussaoui's testimony "stunning," and notes legal analysts said his admission that he lied to the FBI so the 9/11 plot would not be thwarted, "combined with Moussaoui's chilling demeanor in court, probably would resonate with the jury." Former federal prosecutor Eric Muller observed, "It sounds like he's toast," and RAND analyst Brian Jenkins said Moussaoui "has destroyed much of his defense."

CNN.com (3/28, Hirschkorn) reports, "Prosecutors contend that Moussaoui, 37, a French citizen of Moroccan heritage, deserves to die. Had he not lied after his arrest, they contend, investigators could have uncovered the September 11 conspiracy. … Asked by his lawyer why he lied, Moussaoui replied, 'Because I am al Qaeda. … 'The Prophet says, "war is deceit," ' Moussaoui later told prosecutor Robert Spencer. 'You're allowed to lie for jihad. You're allowed any technique to defeat your enemy.' … After Moussaoui's testimony, the defense introduced the statements from Mohammed."

The Minneapolis Star Tribune (3/28, Gordon) reports, "It was the most dramatic day of testimony in a three-week-old trial filled with tumult. Jurors, who scribbled notes as Moussaoui further implicated himself, now must sort out the conflicting portraits in determining whether he should be put to death for what he didn't tell interrogators while jailed in Minnesota. … U.S. District Judge Leonie Brinkema said she expects the first phase of the trial -- to determine whether Moussaoui is eligible for the death penalty -- to go to the jury as early as Wednesday."

The Washington Times/AP (3/28, Barakat) and Bloomberg (3/28, Arthur) report similarly on Moussaoui's testimony.

Milbank Says Moussaoui Gave "Prosecutors Just What They Needed." In his Washington Post (3/28, 744K) "Washington Sketch," reporter Dana Milbank wrote, "The terrorist gave the prosecutors just what they needed: evidence that his lies to investigators in August 2001 prevented them from thwarting the attack. Just as prosecution witnesses wound up aiding the defense earlier in the trial, Moussaoui was a gift to prosecutors. The Justice Department wants the death penalty; Moussaoui spoke like a man who wants martyrdom."

Victims' Family Members Pained By Moussaoui Testimony. In a widely-distributed story, the AP (3/28, Neumeister) reports Debra Burlingame, the sister of American Airlines pilot Charles Burlingame whose hijacked airliner struck the Pentagon, "says watching Zacarias Moussaoui's chilling testimony…provided new information for families desperate for answers, yet only worsened their emotional wounds." Sally Regenhard, "whose firefighter son Christian was killed at the World Trade Center," said "she 'felt very certain' that at least one of the plane attacks could have been thwarted if the work done by FBI field agents had been acted upon properly. … Her voice cracked as she dwelled on a truth too painful to bear: 'The cavalry never came.'"

LATimes Says Moussaoui Should Not Be Executed, Despite Yesterday's Testimony. The Los Angeles Times (3/28, 958K) editorializes, "Even if he was supposed to fly a plane into the White House…as he testified in court Monday, Zacarias Moussaoui should not be executed." The Times adds that – in addition to the paper's standard editorial opposition to the death penalty – execution would reward him by making him a martyr, and "if Moussaoui is indeed an important cog in a broad conspiracy, then he certainly has information that could potentially be useful both in further Sept. 11 investigations and in our fight against Al Qaeda."

Roberts Critical Of NSA Bill's Referral To Judiciary Committee. Senate Intelligence Committee Chairman Pat Roberts was critical of the Senate parliamentarian's decision to refer a bill concerning President Bush's National Security Agency domestic surveillance plan to the Judiciary Committee. The Washington Times (3/28, Waterman, 90K) reports an intelligence committee aide said, "Chairman Roberts's strong position is that this decision was incorrect." The Times adds the parliamentarian "referred Ohio Sen. Mike DeWine's Terrorist Surveillance Act of 2006 to the Senate Judiciary Committee, after much behind-the-scenes negotiations, according to other Senate aides." In "practice, the referral means that members and staff of the intelligence committee will have only a short time to work on whatever proposal emerges from Mr. Specter's panel -- 10 days, according to committee staff."

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Conyers Not Satisfied With DOJ's Response To NSA Probe. The National Journal's Technology Daily (3/28, Casey) reports, "Democrat John Conyers of Michigan dismissed as evasive and unresponsive the late Friday response from the Justice Department to a House Judiciary Committee inquiry into the National Security Agency program of wiretaps without warrants." Technology Daily continues, "Justice's response said the agency, through the Foreign Intelligence Surveillance Act, could have legally monitored confidential communications between doctors and patients or attorneys and their clients. … 'Although the program does not specifically target the communications of attorneys or physicians, calls involving such persons would not be categorically excluded from interception if they met' the program's criteria, the department said. … 'The evasiveness of the department prevents Congress from exercising its constitutionally mandated oversight role and obstructs Congress' ability to draft meaningful legislation to provide guidelines for this activity,' said Conyers, the ranking Democrat on the Judiciary panel. 'Some of the department's responses leave open the possibility that other surveillance programs exist with a scope far beyond this program.'" Technology Daily notes, "In its answers to 45 separate questions posed by Judiciary Committee Chairman James Sensenbrenner, R-Wis., and committee Democrats, the department acknowledged that no previous administration had authorized electronic surveillance."

Supreme Court To Hear Appeal From Bin Laden's Driver. USA Today (3/28, Biskupic, 2.31M) reports the Supreme Court today hears oral arguments in the case of Salim Ahmed Hamdan, a former driver for Osama bin Laden "who is challenging the validity of President Bush's plan to try foreign terrorism suspects before military tribunals." Hamdan's attorneys "say Bush has claimed unprecedented power 'to dispense life imprisonment and death through a judicial system of his own design.'" Attorneys for the Administration "counter that the tribunals, first ordered by Bush two months after the Sept. 11, 2001, attacks, reflect the president's broad authority to oversee war efforts." The Hamdan dispute has "been complicated by the Detainee Treatment Act, which Congress passed in December. An initial question for the justices is whether the act strips them of the power to consider Hamdan's basic claim about the validity of the tribunals that would be set up and run by the Pentagon."

Group Calls For Scalia Recusal. The CBS Evening News (3/27, story 2, 1:00, Mitchell, 7.66M) reported Justice Antonin Scalia weighed in on the "legal rights of terror suspects imprisoned on the US Navy base in Guantanamo Bay, Cuba. The question is do these detainees deserve an American style trial by jury. Here is what Justice Scalia told a college audience in Switzerland." Antonin Scalia, Supreme Court Justice (March 8): "War is war and it has never been the case that when you capture a combatant you have to give him a jury trial in your civil courts. It's a crazy idea to me." Mitchell: "Some legal experts say Scalia should recuse himself from the case."

The Washington Post (3/28, A6, Lane, 744K) reports "a group of retired U.S. generals and admirals has asked Justice Antonin Scalia to recuse himself, arguing that his recent public comments on the subject make it impossible for him to appear impartial." Scalia's remarks "'give rise to the unfortunate appearance that, even before briefing was complete, he had already made up his mind' about issues in the case, the lawyer, David H. Remes, wrote." Noting that Scalia "reportedly had discussed the rights of accused terrorists in the context of his son Matthew's recent tour as an Army officer in Iraq, Remes wrote that this creates an appearance of 'personal bias arising from his son's military service.'"

The Legal Times (3/28, Mauro) reports, "The letter seeking recusal was sent to Supreme Court clerk William Suter late Monday with the request that it be passed on to Scalia. According to Court custom, a request for a justice's recusal is addressed to the individual justice, not to the full Court, because it is the justice's decision alone whether or not to recuse. No immediate response from the justice was forthcoming, making it likely that Scalia's recusal decision will not be known until arguments begin Tuesday, and Scalia either remains seated or gets up and leaves the Court chamber. At a Supreme Court Historical Society event at the Court Monday night that featured Scalia, he made no comment about the controversy."

Top Firms Join Forces In Detainee Case. The Legal Times (3/28, Mauro) reports, "When the U.S. Supreme Court hears arguments today in a landmark dispute over executive power in wartime, the Bush administration will be outnumbered -- if not outgunned. … Many of the nation's top law firms have signed briefs against the government and in support of Salim Hamdan, the detainee who allegedly served as chauffeur to Osama bin Laden and who is being detained

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at Guantanamo Bay, Cuba." The Times continues, "More than three dozen briefs have been filed on Hamdan's side, largely arguing that the military tribunals established by the White House to try the detainees are illegal. By contrast, only a handful of briefs have been filed on the other side, backing the administration's expansive view of executive authority. … The briefs in Hamdan v. Rumsfeld have flooded in to such a degree that, with the approval of the Court clerk's office, their covers carry small captions summarizing the topic discussed within, an innovation aimed at helping justices and their law clerks keep them straight. … The covers also carry the names of the big-ticket New York, Washington, D.C., and other national law firms that are bringing their muscle to bear, from Cravath, Swaine & Moore to Covington & Burling to Akin Gump Strauss Hauer & Feld to Jones Day."

Administration Arguments In Hamdan Case Debated. USA Today (3/28, 2.31M) says in an editorial that Administration lawyers "will argue Tuesday that Hamdan has almost no rights. Worse, the government contends that the Supreme Court has no right to be hearing his case." Hamdan "has become a high-profile pawn in the administration's stubborn contention that it doesn't have to answer to anyone — not Congress, not the courts and not international treaties and organizations — in its pursuit of the war on terror. The administration asserts the right to unilaterally designate individuals as 'enemy combatants' and hold them prisoner indefinitely, possibly forever."

In an opposing view, USA Today also runs an op-ed (3/28) by Richard Samp, chief counsel of the Washington Legal Foundation, who says, "Those who have challenged the legality of the administration's policy of indefinitely detaining enemy combatants in our war against al-Qaeda have begun to face up to a harsh reality: The courts have by and large upheld the policy." Critics now "are taking a new tack. They argue that even if the administration is acting within the law, we ought to abandon the policy because it's not the right thing to do. They apparently want detainees either to be charged with crimes in our regular criminal courts or else set free. That simply is no way to fight a war."

NYCLU Urges 2nd Circuit To Unseal NSA Surveillance Ruling In Albany Mosque Case. The AP (3/28, Neumeister) reports the New York Civil Liberties Union filed a motion with the 2nd US Circuit "on Monday to force a federal judge to unseal a ruling he made…regarding the government's warrantless wiretapping program" in the case of Albany mosque imam Yassin Aref and mosque member Mohammed Hossein. "The NYCLU asked to intervene three days after defense lawyers for the men asked the same appeals court to say the judge erred in letting authorities keep information about wiretaps secret," noting "that the judge rejected the defendants' suppression motion less than two hours after the government on March 10 submitted a secret court document opposing it."

Videotaped Confessions Seen As Highest Hurdle For Hayat Defense. The AP (3/28, Thompson) reports lawyers for Umer and Hamid Hayat "will open their defense this week, and among their biggest challenges will be persuading jurors that they should not believe their own eyes. The government's case…is built partially on separate confessions they gave to FBI agents," which "were videotaped and played to jurors." The AP notes that dismissed juror Andrea Clabaugh said last week, "I don't find the FBI interrogation damning. I felt like the FBI was leading," but "legal experts said confessions tend to resonate with juries."

Levin Surveying Military Prison Workers On Abusive Tactics. The Washington Post (3/28, A19, White, 744K) reports, "American soldiers, contractors and civilians who worked in the Abu Ghraib prison and at other US military detention facilities have begun receiving detailed questionnaires from Sen. Carl M. Levin (Mich.), ranking Democrat on the Senate Armed Services Committee, about the use of severe interrogation tactics and the military chain of command's role in their implementation." Levin has "directed the committee's minority staff to ask questions of hundreds of people who worked in detention facilities to assess where the tactics originated and how they were applied -- an approach the full committee has not endorsed."

Pan Am Bomber Sentenced To Seven More Years In Prison. The Washington Post (3/25, A5, Cauvin, 744K) reported, "Almost a quarter of a century after his bomb killed a teenager aboard a Pan Am flight bound for Honolulu, Mohammed Rashed was sentenced for the crime" Friday. "But in the complicated world of counterterrorism, saving lives is sometimes weighed against avenging deaths, and that is why Rashed…was ordered to spend just seven more years behind bars. ... By the time Rashed was brought to the United States in 1998, he had already been in custody

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for a decade," but "for the past three years…Rashed has been providing significant assistance, Justice Department prosecutors Scott J. Glick and Kenneth C. Kohl" told US District Judge Royce C. Lamberth at the sentencing. The AP (3/25) noted Rashed's "sentencing…was delayed for several years because he was locked up in prisons in Greece and Africa before being turned over to the FBI."

Alleged Padilla Accomplice Faces Military Tribunal. The Wall Street Journal (3/28, A1, Bravin, 2.11M) reports in a front page story on Binyam Mohamed, who allegedly conspired with "Dirty Bomber" Jose Padilla to conduct terrorist attacks in the US. Padilla "was arrested when he arrived at O'Hare airport, accused of plotting to explode a radioactive 'dirty bomb,' and jailed without charge as an 'enemy combatant.' The result is a civil-liberties storm that has twice reached the Supreme Court." But Mohamed "wasn't a U.S. citizen. And his path," after his detention in Karachi, Pakistan, "he asserts in an account provided by one of his lawyers, has led to a Moroccan torture cell, imprisonment at Guantanamo, Cuba, and a proceeding to be held in a secretive military court created by order of President Bush after Sept. 11." A "five-page charge sheet accuses Mr. Mohamed of conspiring, along with Mr. Padilla, with al Qaeda leaders to commit the war crimes of 'attacking civilians, attacking civilian objects, murder by an unprivileged belligerent, destruction of property by an unprivileged belligerent and terrorism.' The al Qaeda leaders it cites include Osama bin Laden, Ayman al-Zawahri, Khalid Sheikh Mohammad, Abu Zubayda and the late Muhammad Atef."

PATRIOT ACT:

Harman, Conyers Call On Bush To Allow Congressional Patriot Act Oversight. The Boston Globe (3/28, Savage, 484K) reports Reps. Jane Harman and John Conyers "demanded that President Bush withdraw his assertion that he can ignore portions of the USA Patriot Act calling on him to provide periodic reports to Congress on how new law-enforcement tactics are being used." The ranking Democrats "on the Intelligence and Judiciary Committees, respectively -- sent a letter to Attorney General Alberto Gonzales asking that Bush follow the law." The Globe adds that after President Bush "signed the Patriot Act reauthorization on March 9, he issued a signing statement -- an official document in which a president lays out his understanding of the law -- asserting that he had the authority to withhold the information from Congress if he decided that disclosing it would interfere with foreign relations, national security, or executive branch operations."

Patriot Act Provision To Fast-Track Death Penalty Sparks Concern. The Las Vegas Sun (3/27, Pordum) reports, "Slipped into the thick binding of the newly authorized Patriot Act is a provision designed to speed death penalty appeals." The Sun continues, "The act, signed into law this month, allows states to ask the U.S. attorney general for so-called fast-track reviews of federal habeas corpus petitions - the last appeal of a death row inmate. … Previously federal judges made that determination, which is based on whether a state's court-appointed attorneys in death penalty appeals are able to handle them." The Sun adds, "No state had qualified for the fast-track review, but that could change under the new law. A fast-track review limits the amount of time a prisoner has to appeal and the subject matter of the appeal. … 'This is very troubling,' said Allen Lichtenstein, local attorney for the American Civil Liberties Union. 'It's an attempt by certain elements of government to eviscerate the very checks and balances that are in place to guard us against the abuses of government. … Essentially it's an attack against the Bill of Rights.'" The Sun notes, "Conservative groups, long critical of the length of time it takes for appeals to wind through the system, have championed fast-track appeals. … 'If the provision holds up, it should fix the problem,' said Kent Scheidegger, legal director of the nonprofit California-based Criminal Justice Legal Foundation, a public interest law firm dedicated to crime victims' rights."

HOMELAND RESPONSE:

GAO Reports Indicate Gaps Remain In Port, Border Security. Two GAO reports to be discussed in a Senate subcommittee hearing today are receiving broad media attention. They focus on the government's ability to detect hazardous materials coming into US ports and across borders. NBC Nightly News (3/27, story 7, 2:55, Myers, 9.87M) reported, "Four and a half years after 9/11, Senate investigators say only 39% of all containers entering the US are screened for nuclear material. Many ports, including the third-largest, Miami, still have only handheld detection devices of little value." Sen. Norm Coleman, Minnesota: "We still have massive blind spots in our ability to prevent nuclear material from being smuggled into this country." Myers:

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"This report by the Government Accountability Office concludes DHS is two years behind schedule in installing radiation monitors in ports and not likely to have them all done even by 2009." Investigators "found another hole in the system. Senator Coleman tells NBC News that undercover GAO investigators were able to bring enough radioactive material into the US to make two dirty bombs, penetrating both the northern and southern borders."

The Washington Times (3/28, Fagan, 90K) reports Coleman said DHS "must 'dramatically step up' its deployment 'to keep pace with the danger we are facing' there."

The New York Times (3/28, Lipton, 1.19M) reports that a test conducted by the GAO in December found that investigators were able to smuggle "into the United States enough radioactive material to make two dirty bombs, even after it set off alarms on radiation detectors installed at border checkpoints." A report based on the test to be released this morning demonstrates "the mixed progress by the Department of Homeland Security, among other federal agencies, in trying to prevent terrorists from smuggling radioactive material into the United States." Crossing the border at undisclosed locations from Canada and Mexico, investigators "showed the agents from the Customs and Border Protection agency forged import licenses from the Nuclear Regulatory Commission, based on an image of the real document they found on the Internet."

USA Today (3/28, Hall, 2.31M) reports, "The Homeland Security Department's equipment worked, and its agents did what they were supposed to do during the tests, according to the report. However, the GAO criticized the Nuclear Regulatory Commission for failing to require companies that sell radioactive material to verify who is buying it, saying there is no way for border agents to verify NRC licenses or other documents."

CQ (3/27, Starks) reported that a third GAO report to be discussed by the Senate Homeland Security and Governmental Affairs' Permanent Subcommittee on Investigations Tuesday finds "that radiation screening efforts by the United States in foreign countries have been hampered by poor equipment and corruption of border security officials in the former Soviet Union."

US Negotiating To Place CBP Agents At Bahamian Port. The AP (3/28) reports, "Diplomatic talks are expected to begin soon to give agents from US Customs and Border Protection a presence" at the Bahamas' largest seaport, "where the United States is hiring a Hong Kong conglomerate to help detect nuclear materials inside cargo." Jayson Ahern, assistant customs commissioner for field operations, said, "It does require bilateral discussions with another country, but we're cautiously looking at being there by the fall." He "was expected to testify Tuesday at a Senate oversight hearing on radiation detectors in the United States."

US Has No Plans For Systems To Protect Commercial Jets From Shoulder-Fired Missiles. ABC World News Tonight (3/27, story 7, 3:10, Vargas, 8.78M) reported on the "danger posed by shoulder-fired missiles." ABC (Ross) added that last November, an American Airlines pilot reported seeing a missile trail, but nothing was found and "the FBI concluded it was most likely a hobby rocket. But officially, the investigation remains open." Sen. Barbara Boxer: "We had a scare in Los Angeles. We've been told that they cannot rule out the fact that it was a shoulder-fired missile." Ross: "And that remains a very serious concern. An estimated 20,000 such shoulder-fired missiles, mostly Russian, are said by US officials to be for sale on worldwide black markets. The going price -- a few thousand dollars." In the US, "despite four years of warnings and congressional hearings and millions spent on feasibility studies, the Federal Government has no plan to protect US commercial aircraft, even though two companies have developed systems they say would defeat the missiles."

Supreme Court Refuses To Block Hatfill Defamation Suit Against NYTimes. The New York Times (3/28, 1.19M) reports the Supreme Court "refused to hear an appeal from The New York Times on Monday, allowing a libel suit by a former Army bioterrorism expert to go forward." The suit, "filed in 2003 by Steven J. Hatfill, accused Nicholas D. Kristof, an Op-Ed columnist for The Times, of implicating Dr. Hatfill in the unsolved anthrax attacks of 2001."

Bloomberg (3/28, Stohr) reports, "The justices, without comment in Washington, let stand a ruling that said Hatfill can pursue his suit over a series of New York Times columns written by Nicholas Kristof. The columns criticized the slow pace of the Federal Bureau of Investigation's probe into the attacks and discussed the possibility that Hatfill was the culprit. … The company argued in its appeal that the lower court ruling, issued by the 4th U.S. Circuit Court of Appeals in Richmond, Virginia, 'will inhibit criticism of the government and penalize speech about public matters in violation of the

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First Amendment.' … No one has ever been charged in connection with the attacks, in which five people died from exposure to anthrax spores sent through the mail. Hatfill, who worked until 1999 at the Fort Detrick infectious diseases research institute, said in a 2002 press conference that he 'had absolutely nothing to do with this terrible crime.'"

The AP (3/28, Holland) reports, "Hatfill, a physician and bioterrorism expert, was labeled a 'person of interest' by then-Attorney General John Ashcroft, although he was never charged and has since sued Ashcroft and others. … A federal judge had thrown out Hatfill's lawsuit against The New York Times over 2002 columns by writer Nicholas Kristof that faulted the FBI for failing to thoroughly investigate Hatfill. The 4th U.S. Circuit Court of Appeals reinstated the suit, and the Supreme Court declined without comment to take up the case." The AP notes, "New York attorney David Schulz, who represented the newspaper, said the appeals court decision undermines free-speech protections for reporters and invites more lawsuits over legitimate news reporting. … The Associated Press and some 30 other news organizations urged the Court to use the case to clarify reporters' free-speech protections."

US Charges Florida Inmate With Mailing Hoax Anthrax Letters. The South Florida Sun-Sentinel (3/25, Coté, 249K) reported, "Federal prosecutors on Thursday announced they charged Anthony Vassalotti…with the federal crime of mailing a hoax anthrax threat. Vassalotti allegedly sent three letters containing white powder and words such as 'breathe these anthrax spores and die die die!' to the prosecutor on his case, the Circuit Court judge who sentenced him and the Palm Beach County court clerk, according to authorities. Vassalotti was angry after being sentenced on March 16 to 40 years in prison for aggravated battery with a firearm and possession of a short-barreled shotgun, an FBI Joint Terrorism Task Force investigator wrote in an affidavit." The AP (3/25) also reported on the charges against Vassalotti.

WAR NEWS:

Afghan Christian Convert Seeks Asylum. The Washington Post/AP (3/28, Shah) reports this morning Abdul Rahman, accused of renouncing Islam in Afghanistan, "has been released from prison after the case was dropped, the justice minister said Tuesday." The announcement "came after the United Nations said that Abdul Rahman had appealed for asylum outside Afghanistan and that the world body was working to find a country willing to take him."

The New York Times (3/28, Munadi, Hauser, 1.19M) reports "a prosecutor affiliated with the case who spoke only on condition of anonymity said there were fears that Mr. Rahman might be attacked if he was sent to an Afghan hospital for a mental health evaluation. 'He would be killed immediately if they release him,' the prosecutor said." Clerics "led hundreds of people in a demonstration in the northern city of Mazar-i-Sharif on Monday, demanding that Mr. Rahman be tried under Islamic law and executed." The Times adds, "A witness named Shaahed said people at the demonstration had shouted slogans against President Bush and Zalmay Khalilzad, who is originally from Balkh Province in the north and is now the American ambassador to Iraq." AFP (3/28) and Washington Times (3/28, Sands, 90K) run similar reports.

The CBS Evening News (3/27, story 6, 0:20, Mitchell, 7.66M) reported, "The US State Department today said the government of Afghanistan will free" Rahman, and "that does not sit well with many Afghan Muslims." NBC Nightly News (3/27, story 6, 0:30, Williams, 9.87M) reported the "move…has triggered new protests by hundreds of Muslims, the charges against Abdul Rahman have been dropped, and the UN says he is asking for asylum in another country after several Muslim clerics threatened to incite their followers to kill Rahman if he is released."

More Commentary. Columnist Richard Cohen writes in the Washington Post (3/28, A23, 744K), "What strikes me about the threat to execute Abdul Rahman, the Afghan who converted to Christianity, is not that Afghanistan remains deeply medieval and not even remotely the democracy that George W. Bush would like it to be, but that with the exception of the (largely) Christian West, the rest of the world has been mostly silent. The Americans have protested, the Brits have protested, the Vatican has protested and so (I assume) have some others." But "if there has been a holler of protest from anywhere in the Muslim world, it has not reached my ears. That is appalling."

Rumsfeld Says US Doing Poorly In Ideological Battle Against Terror. The AP (3/28) reports, "The United States is faring poorly in its effort to counter ideological support for terrorism, in part because the government does not communicate effectively, Defense

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Secretary Donald H. Rumsfeld said Monday." Rumsfeld "made the remark in response to a question from a member of his audience at the Army War College, where he delivered a speech on the challenges facing the country in fighting a global war on terrorism." Said Rumsfeld, "If I were grading I would say we probably deserve a `D' or a `D-plus' as a country as to how well we're doing in the battle of ideas that's taking place in the world today. … I'm not going to suggest that it's easy, but we have not found the formula as a country" for countering the terrorists' message.

The Washington Times (3/28, Scarborough, 90K) says Rumsfeld also "delivered harsh words to war critics yesterday, saying some view al Qaeda operatives as victims, not the enemy that has killed Americans repeatedly." He also "criticized previous administrations -- without naming them -- for failing to take on Islamic terrorists despite a series of attacks, including the 1993 bombing of the World Trade Center. 'Before September 11, 2001, there was somewhat of a misunderstanding in America about terrorists, and in some circles, I suppose, there really is today,' Mr. Rumsfeld said. 'Even today, some folks view terrorists as criminals, not as combatants. Some even consider them victims.'"

Shiites Halt Talks On New Government Over US-Iraqi Raid. A joint US-Iraqi raid in Baghdad that resulted in the deaths of 16 Shiites has increased tensions between the US and the majority ethnic group. Although US leaders said the target of the raid was a leader of the Mehdi Army militia, Shiite leaders claimed that the joint raid was an assault on a mosque. ABC World News Tonight (3/27, story 5, 1:30, Harris, 8.78M) reported, "The reaction has been swift and severe. Shiite leaders cut off negotiations to form a new government. Baghdad's Shiite governor cut off all ties with the US. And Iraq's Shiite prime minister called the top US general here, demanding an investigation."

NBC Nightly News (3/27, story 4, 2:05, Hattori, 9.87M) reported, "The US military says the dead were insurgents and that the building was not a mosque. Coalition forces say they found weapons and bomb-making equipment at the site." Lt. General Peter Chiarelli, Multinational Corps Iraq Commander: "I had the opportunity to talk to the advisors who were with the Iraqi unit, and they indicated there were absolutely no prayer rugs in the buildings." Hattori: "While the facts may still be in dispute, what is not, in dispute is the furor this incident has touched off."

The CBS Evening News (3/27, story 7, 2:10, Logan, 7.66M) reported, "Iraqis accuse US forces of entering a mosque and killing as many as 22 people, but the US says this was a raid led by Iraqi special operations troops who were targeting terrorists responsible for kidnappings and executions." The US "explanation did nothing to quell popular anger in the capital, where talks for a national unity government were suspended for at least a day."

The AP (3/28, Hurst) reports "there were numerous conflicting statements from Iraqis and the Americans about the raid. Iraqi police, Shiite militia officials and major politicians have all said the structure attacked was the al-Mustafa mosque." But "the U.S. military disputed this, saying no mosques were entered and that the raid targeted a building used by 'insurgents responsible for kidnapping and execution activities.'" Knight Ridder (3/28, Youssef) says "Shiite leaders charged that Sunday's raid in northeast Baghdad was an attempt by the Americans to distance themselves" from Shiites, "trying to give Sunnis more power than they won in the Dec. 15 election because they feared that Iraq would be controlled exclusively by Shiites, rather than shared with the Sunnis."

Similarly, the New York Times (3/28, Semple, 1.19M) reports "some Shiite leaders warned that the raid had been widely interpreted among their constituents as a strong-arm tactic to cow them into making political concessions." The governor of Baghdad, Hussein al-Tahaan, "said he was suspending cooperation with the American authorities 'due to the aggression that the innocent people and worshipers were subjected to.'" The Wall Street Journal (3/28, Shishkin, 2.11M) runs a similar report under the headline "US And Iraq's Shiite Leadership Differ Sharply In Accounts Of Raid," while the Washington Post (3/28, A1, Finer, Nouri, 744K) titles its story "US Officials Defend Raid Following Shiite Backlash." The Washington Times (3/28, 90K) and the Los Angeles Times (3/28, Boudreaux, Hussein, 958K) also report the story.

Attack On Army Center Near Tal Afar Kills At Least 40 Iraqis. ABC World News Tonight (3/27, story 4, Vargas, 8.78M) reported, "At least 40 Iraqis were killed and 30 wounded when a suicide bomber blew himself up at an army recruitment center near Tal Afar. In Baghdad, gunmen kidnapped 16 employees of an Iraqi trading company. The motive is not yet known." The CBS Evening News (3/27, story 7, 2:10, Logan, 7.66M) reported, "Once again, Iraqi police recruits paid with their lives, attacked by a suicide bomber as

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they stood in line at a mobile recruiting drive near the al-Kisik training base about 14 miles from Tal Afar." NBC Nightly News (3/27, story 3, 0:20, Williams, 9.87M) reported, "The recruitment center is near a joint American/Iraqi military base but no American troops were reported wounded in this attack."

Pace Tries To Reassure Muslim Allies About Iraq Mission. The Washington Times/AP (3/28, Baldor) reports, "In the troubled region surrounding Iraq, a frequent question posed to the top US military officer visiting the area was not when his troops will pull out of Iraq, but how long they will stay. From the glittery king's palace in Saudi Arabia to the devastated slopes of the Pakistani mountainside and a staid Turkish symposium, Marine Corps Gen. Peter Pace, chairman of the Joint Chiefs of Staff, sought last week to ease concerns about whether opposition to the war at home could pressure U.S. forces to leave Iraq before it is stable." On "his first diplomatic-oriented trip since the fall," Gen. Pace "traveled to three countries whose leaders are worried about the US commitment to the Iraq war and the global war on terror. … 'I told them that from the US military's viewpoint, we would stay with the mission until we got the job done,' Gen. Pace said."

Arab Foreign Ministers Agree To Increase Diplomatic Presence In Iraq. The New York Times (3/28, Allam, 1.19M) reports, "Arab foreign ministers who gathered here over the weekend to prepare for a summit meeting agreed on a proposal to increase their diplomatic presence in Iraq. The draft resolution, which does not offer a timetable, is expected to be approved by the 22 members of the Arab League meeting here on Tuesday and Wednesday." Arab diplomatic missions "have maintained minimal staffs in Iraq since the American-led invasion in 2003 and particularly after two Algerian diplomats and an Egyptian envoy were kidnapped and killed there in July."

US Central Command Not Investigating Claim Of Russian Collusion With Saddam. The Washington Post (3/28, A20, Tyson, 744K) reports, "The US military's Central Command said yesterday it has not opened an investigation into whether sources inside the command leaked details of the 2003 US invasion of Iraq to Russian officials, and distanced itself from captured Iraqi documents that contain the allegations." A Central Command official "said the command takes 'all matters of operational security seriously' but was not probing the allegations."

Russia Sees "Hidden Political Motives" For Report. The AP (3/28) reports, "Russia's foreign minister accused the United States on Monday of having 'hidden political motives' for a report that said Moscow turned over information on American military plans to Saddam Hussein during the invasion of Iraq." Sergey Lavrov's comments "were the first formal statement from President Vladimir Putin's government about the Pentagon report, though a spokesman for Russia's foreign spy agency over the weekend denied the report's allegations." Secretary of State Condoleezza Rice "will discuss the matter with Lavrov -- either when the foreign ministers of the five permanent UN Security Council members and Germany meet in Berlin on Thursday or by telephone, the State Department said."

More Commentary. The Washington Post (3/28, A22, 744K) editorializes, "The news that Moscow would have helped Saddam Hussein fight .. forces might be unwelcome to those administration officials who still try to portray Mr. Putin as a partner of the West and a worthy host for the next summit of the Group of Eight nations." But "it shouldn't be surprising. As has been well documented, Russia did its best to weaken and then break the sanctions regime imposed on Iraq, and then to prevent the 2003 invasion. In exchange it reaped lucrative economic concessions from Saddam Hussein, including the payment of large bribes to senior officials and politicians."

Seized Iraqi Documents Made Public. The AP (3/28, Tanner) reports, "The federal government is making public a huge trove of documents seized during the invasion of Iraq, posting them on the Internet in a step that is at once a nod to the Web's power and an admission that US intelligence resources are overloaded." Republican leaders in Congress "pushed for the release, which was first proposed by conservative commentators and bloggers hoping to find evidence about the fate of Iraq's nuclear, chemical and biological weapons programs, or possible links to terror groups." The AP adds "the documents' value is uncertain — intelligence officials say that they are giving each one a quick review to remove anything sensitive. Skeptics of the war, suspicious of the Bush administration, believe that means the postings are either useless or cherry-picked to bolster arguments for the war."

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The New York Times (3/28, Shane, 1.19M) reports "American intelligence agencies and presidential commissions long ago concluded that Saddam Hussein had no unconventional weapons and no substantive ties to Al Qaeda before the 2003 invasion." However, "an unusual experiment in public access is giving anyone with a computer a chance to play intelligence analyst and second-guess the government. … Less than two weeks into the project, and with only 600 out of possibly a million documents and video and audio files posted, some conservative bloggers are already asserting that the material undermines the official view." On his blog last week, Ray Robison, "a former Army officer from Alabama, quoted a document reporting a supposed scheme to put anthrax into American leaflets dropped in Iraq and declared: 'Saddam's W.M.D. and terrorist connections all proven in one document!!!' Not so, American intelligence officials say."

In a New York Times op-ed (3/28), Peter Bergen, a fellow at the New America Foundation, says, "Bush Administration defenders, right-wing bloggers and neoconservative publications are crowing about Iraqi documents newly released by the Pentagon that, they say, prove that Al Qaeda and Saddam Hussein were in league." But a "striking feature about the supposed Qaeda-Iraq connection is that since the fall of the Taliban, not one of the thousands of documents found in Afghanistan substantiate such an alliance, even though Al Qaeda was a highly bureaucratic organization that required potential recruits to fill out application forms." This "goes to the central problem faced by proponents of the Qaeda-Iraq connection. It's long been known that Iraqi officials were playing footsie with Al Qaeda in the mid-1990's, but these desultory contacts never yielded any cooperation. And why should they have?"

Iraqi Media Growing Increasingly Sectarian. The Los Angeles Times (3/28, Roug, 958K) reports that although the Bush Administration has "poured millions of dollars into creating Western-style news media in Iraq, backing at least two television channels as well as training programs for Iraqi journalists on balance and ethics," the result "is hardly what the administration set out to accomplish. Most of the channels are increasingly sectarian and often appear to be inflaming the country's tensions, critics say." The Times adds, "Homebound because of violence and curfews, Iraqis watch their world through the kaleidoscope of satellite TV. But channel surfing Iraqi-style often offers views of the country through a sectarian lens."

Blair Defends Iraq Policies. The AP (3/28, McGuirk) reports, "British Prime Minister Tony Blair on Monday pledged to keep British troops in Iraq and Afghanistan until those countries are stabilized. 'If the going is tough, we tough it out,' Blair told a rare joint session of Australia's Parliament." Blair "told lawmakers that the 'immediate threat is from Islamist extremism,' which he said was 'not a passing spasm of anger but a global ideology at war with us and our way of life.'" AFP (3/28) reports Blair's Australian counterpart John Howard also defended his "involvement in the US-led Iraq war, describing the political situation there as 'inspiring.'"

Memo Said To Show Bush, Blair Set On War In 2003. The networks last night all followed up on an New York Times report on memorandum by an aide to British Prime Minister Tony Blair that recorded details of a January, 2003 Oval Office meeting with President Bush.

NBC Nightly News (3/27, story 5, 2:05, Mitchell, 9.87M) reported, "The President and Tony Blair were officially on a diplomatic track, but a secret memo now reveals, they were determined to go to war six weeks before invading Iraq." The memo "said Blair asked about 'aftermath planning.' And 'Condi Rice said that a great deal of work was now in hand.'" David Phillips, former State Department Iraq advisor: "Both Bush and Blair were prepared to move forward with military action without fully appreciating the level of difficulty that we would face."

ABC World News Tonight (3/27, story 6, :35, Vargas, 8.78M) reported, "A memo has surfaced that paints President Bush eager to provoke Saddam Hussein into war. Tony Blair's foreign policy aide, David Manning, wrote it weeks before the invasion. It says that Mr. Bush floated the idea of painting US aircraft in UN colors, adding, 'If Saddam fired on them, that would be a clear green light for war.' The memo also says Mr. Bush felt it would be unlikely there would be warfare between Iraq's different religious and ethnic groups."

The CBS Evening News (3/27, story 8, 0:50, Logan, 7.66M) reported, "We have not had any confirmation from US officials here or from the White House that these reports of this memo are taken in context and are correct, but it will certainly play into the hands of those who believe the Bush Administration misjudged the situation here in Iraq from the start, Russ."

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Canadian PM Thanks Bush For Help In Rescuing Hostages. The AP (3/28) reports, "Canadian Prime Minister Stephen Harper called President Bush with thanks Monday for U.S. help in rescuing three peace activists from captivity in Iraq last week." The activists, "two Canadians and one Briton -- were freed without a shot, ending a four-month hostage drama in which an American among the group was shot to death and dumped on a Baghdad street."

State Department Hardship, Danger Pay Limits For Iraq, Afghanistan Boosted By 35%. The Washington Post (3/28, A21, Graham, 744K) reports, "To help recruit US government civilians for duty in Iraq and Afghanistan, the State Department has boosted the pay allowances for both hardship and danger to the highest levels ever granted. Starting this month, U.S. government civilians serving in Iraq and in Afghanistan outside of Kabul are receiving an extra 35 percent above their base salaries for hardship and another 35 percent for danger."

Krauthammer Says Fukayama Fabricated His Comments On Iraq War. Charles Krauthammer writes in the Washington Post (3/28, A23, 744K) that Francis Fukuyama's claim that Krauthammer "attributed 'virtually unqualified success' to the [Iraq] war is a fabrication. … For Fukuyama to assert that I characterized it as 'a virtually unqualified success' is simply breathtaking. My argument then, as now, was the necessity of this undertaking, never its ensured success. And it was necessary because, as I said, there is not a single, remotely plausible, alternative strategy for attacking the root causes of Sept. 11."

CORPORATE SCANDALS:

Defense Challenges Government Witness In Enron Trial. The Wall Street Journal (3/28, McWilliams) reports, "Defense attorneys for Enron Corp.'s former two top executives continued to chip away at the testimony of a former finance executive who provided details of key meetings where the two were warned about the company's precarious state." The Journal continues, "Last week in the criminal conspiracy and fraud trial of former Enron Chairman Kenneth Lay and former President Jeffrey Skilling, former Enron treasurer Ben Glisan Jr. testified that the two executives knew several businesses had lost billions in value but did not adjust the company's books and insisted to investors the company was healthy. He also testified that Mr. Lay misled credit companies about Enron's water-distribution business in order to retain an investment-grade credit rating. … Yesterday, Mr. Glisan acknowledged he had left an Oct. 22 meeting before the company's former chief accounting officer told Mr. Lay and other Enron directors that Enron's auditors had concluded no write-down of the company's Wessex Water unit was necessary. Prosecutors contend Mr. Lay lied about auditors' decision to investors."

The New York Times (3/28, Barrionuevo) reports, "Under questioning by Bruce Collins, a lawyer for Mr. Lay, Mr. Glisan acknowledged that he had assured Mr. Lay, the chief executive, and a group of directors that Enron had enough cash to operate. … Mr. Collins displayed notes from an Oct. 22, 2001, finance committee meeting taken by Paula Rieker, the corporate secretary, that showed that Mr. Glisan and Andrew S. Fastow, then the chief financial officer, told the directors, including Mr. Lay, that Enron had adequate liquidity. … Mr. Glisan told the board that Enron had immediate access to $1.5 billion in cash and could seek more. That appeared to contradict his testimony last week that he had given Mr. Lay a much dimmer financial forecast, saying Enron's liquidity was strained and its cash flow weak."

Bloomberg (3/28, Calkins) reports, "Testimony by a former Enron Corp. executive that he warned then-Chairman Kenneth Lay in October 2001 the company's finances were 'strained' was contradicted by evidence presented today by defense lawyers at Lay's fraud trial." Bloomberg reports that Gilsan "said last week in federal court in Houston that he told Lay in September and October 2001 the company faced a liquidity crisis and that Lay knew some of Enron's assets, including a British water company, needed to be written down in value. … Today, Lay's attorney Bruce Collins presented notes from an Oct. 22, 2001, finance committee meeting that showed Glisan had optimistic estimates about the company's access to cash. The minutes show that after Glisan left the meeting, Chief Accounting Officer Rick Causey had told Lay the water company didn't need to be written down, which Lay told analysts the next day. … 'I cannot say I had all the information he had,' Glisan said under cross-examination during his fourth day on the witness stand. 'I did not have this piece of information. Mr. Causey gave a favorable report, it seems.'"

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Skilling Tried To Sell Enron Stock Days Before 9/11. The Houston Chronicle (3/28, Fowler) reports, "Former Enron CEO Jeff Skilling tried to sell one-fifth of his Enron stock holdings just weeks after he left the company and days before the Sept. 11 terrorist attacks, according to testimony in court Monday. … The sale of 200,000 shares never went through on Sept. 6, 2001, because his stockbroker still had him listed as a company officer restricted from selling, but he was able to sell 500,000 shares several weeks later." The Chronicle continues, "The failed sale itself wasn't illegal but it could cast doubt on statements Skilling gave to investigators that the only reason he sold stock after leaving the company was post-Sept. 11 worry." The Chronicle adds, "Testimony about the stock sale, one of 10 illegal sales the government claims Skilling made, came on day 31 of the trial. The government may finish its case against Skilling and former chairman Ken Lay as early as this afternoon. … Former Treasurer Ben Glisan, who left the stand Monday afternoon, was the last major witness the government planned to call."

Lay Faces Second Trial On Separate Bank Fraud Chages. The Washington Post (3/28, D1, Johnson) reports, "As lawyers for Enron Corp.'s former leaders prepare to start their defense next week, another potentially more dangerous trial looms for founder Kenneth L. Lay." The Post continues, "Lay is scheduled to be tried on four separate criminal charges related to personal bank loans, with the case opening as soon as the jury begins deliberations in the current trial, in which both Lay and former Enron chief executive Jeffrey K. Skilling are charged with fraud in Enron's collapse. … The unusual double jeopardy is the result of a bet Lay's legal team placed -- and lost -- two years ago. Lay sought to face trial alone rather than with his protege Skilling, who ran the company's daily operations." The Post adds, "Government lawyers pounced on the strategic opportunity. The judge's ruling, in what may be the worst possible outcome for Lay, gave prosecutors not one but two chances to convict the former titan. The judge kept Lay in the major fraud case, which includes Skilling. But he split off into a separate trial four narrow fraud charges against Lay that relate to personal bank loans. .. The second proceeding, to be decided by the same judge, will begin a mere two hours after jurors retire to consider the broader charges. It means that Lay, who built a fortune once valued at more than $100 million after growing up the son of a poor Baptist preacher who hopped from job to job, will face the anxiety of awaiting a jury verdict in the first trial while he defends himself against additional charges that carry a maximum penalty of a decade behind bars."

Trustees Find Billing Problems By Enron Turnaround Expert. The AP (3/28, Sherman) reports, "The turnaround expert who led Enron Corp. through its bankruptcy engaged in unacceptable billing practices and has agreed to cut in half the $25 million he has been seeking as a 'success fee,' the Justice Department said Monday." The AP continues, "The department's U.S. Trustee Program, which monitors the administration of bankruptcy cases, said it uncovered the billing problems after Stephen Forbes Cooper LLC and its principal, Stephen Cooper, asked the U.S. Bankruptcy Court in New York for $25 million as the fee for guiding the one-time energy giant, decimated by scandal, through its Chapter 11 case." The AP adds, "The firm denied any billing irregularities, but agreed to reduce its request to $12.5 million after the trustee's office shared the results of its investigation with the bankruptcy court, according to papers filed with the bankruptcy court. The court agreement did not spell out the billing issues. … U.S. Bankruptcy Judge Arthur Gonzalez will determine the size of the success fee."

Former Raytheon CEO Agrees To Fine, Bonus Forfeit. The New York Times (3/28, Wayne) reports, "The former chief executive of the Raytheon Corporation, Daniel P. Burnham, has agreed to pay a fine and return part of a $1.75 million bonus to settle Securities and Exchange Commission accusations over improper accounting practices in 2000 and 2001." The Times continues, "Disclosure of the arrangement came in a regulatory filing yesterday by the First Data Corporation, where Mr. Burnham, 59, is a director and chairman of the company's compensation committee. Mr. Burnham served as chairman and chief executive of Raytheon for five years until his resignation in July 2003." The Times adds, "The alleged accounting irregularities took place in Raytheon's troubled commercial aircraft division from 1997 to 2001 and concerned the timing of losses recorded by the company. The S.E.C. said that the company had overstated its 2001 losses and that its aircraft subsidiary should have charged up to $240 million of a $693 million loss in 2000 instead. … Since January 2003, the S.E.C. has been investigating accounting practices at Raytheon's aircraft division, which had faced a deteriorating market. Last April, the company offered to settle the investigation and recorded a charge of $12 million in the first quarter of 2005 to cover potential

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settlement costs. Raytheon has neither admitted nor denied the charges and the offer has yet to be approved."

Former Clarent CEO Pleads Not Guilty To Securities Fraud. The San Francisco Chronicle (3/25, C1, Abate) reported, "The U.S. attorney in San Francisco has charged a Los Altos man with two counts of federal securities fraud for allegedly inflating the revenues of Clarent Corp. in 2001. Shares in the publicly traded Redwood City firm, which sold equipment to send phone calls over the Internet, collapsed between September 2001 and May 2002, wiping out $200 million in stock value, according to the indictment." Former Clarent CEO Jerry Shaw-Yau Chang, "surrendered to federal authorities in San Francisco Friday," pleaded not guilty to the charges, and was released on bond. IDG News Service (3/25, Gross) also reported on Chang's indictment.

Firms Pressured By US Over Employees' Legal Fees. The Wall Street Journal (3/28, Koppel) reports, "Defense lawyers are closely watching an accounting-fraud case in New Hampshire that they see as the latest government effort to stop companies from paying the legal fees of indicted employees." The Journal continues, "In the past three years, federal prosecutors in New York, Alabama and, now, Concord, N.H., have pursued a strategy that puts companies at risk of being branded as uncooperative if they don't cut off such payments. Lawyers say that could be tantamount to convicting defendants before they have even had a trial, since they can't properly defend themselves. … 'If companies don't cooperate with the government, they can face a death penalty by being indicted,' says Ellen Podgor, a professor at Stetson University College of Law. She adds that companies fear becoming the next Arthur Andersen LLP, which imploded shortly after its indictment in 2002 for allegedly obstructing the government's investigation of fraud at Enron Corp. (The accounting firm was later convicted of obstruction, but the Supreme Court overturned the verdict last year.) 'Prosecutors can now force individuals to pay their own attorneys' fees," Prof. Podgor says, "and corporations have to go along.'" The Journal notes, "Justice Department spokesman Brian Roehrkasse counters that 'the government does not force corporations to do anything.' If a company declines to advance fees, he adds, 'that is a business decision made after weighing all of the costs and benefits of cooperation.'"

CRIMINAL LAW:

Judge Dismisses Two Jurors In Ryan Corruption Trial. The New York Times (3/28, Rudoren) reports, "A federal judge dismissed two jurors on Monday two weeks after the jury began deliberating in former Gov. George Ryan's corruption case, tossing into turmoil a trial that has stretched over six months." The Times continues, "The judge, Rebecca R. Pallmeyer of Federal District Court, said she had not made any decisions about whether to proceed and hoped to avoid a mistrial by replacing the two jurors with alternates. … But Mr. Ryan's lawyers objected to that prospect, arguing that 'asking them to "start deliberations anew" is asking the impossible.'" The Times notes, "The dismissals follow revelations in The Chicago Tribune last week that two jurors lied on questionnaires about whether they had criminal records, with one failing to disclose drunken-driving arrests that led to the revocation of his driver's license while Mr. Ryan, a Republican, was the secretary of state, whose office is responsible for such matters." The Times notes that "legal experts who have been following the proceedings described Monday's removals as a serious threat to the trial, raising a strong issue for appeal regardless of how the judge proceeds."

The Chicago Sun-Times (3/28, Korecki, Sweeney) reports, "In a motion filed this morning, Ryan's lawyers object to replacing the two questionable jurors with substitutes, saying that would constitute a violation of Ryan's Sixth Amendment right to a fair trial." The Sun-Times adds, "The two jurors in question were seen walking separate from other jurors this morning. It appeared they were leaving Pallmeyer's chambers. … The remaining jurors left the building at about 11:30 a.m." The Sun-Times notes, "A male juror did not disclose DUI convictions and a weapons conviction, and a female juror did not disclose six arrests and a weapons charge. The woman was never convicted, according to public records."

The AP (3/28, Robinson) reports, "The announcement came after a day in which deliberations where on hold while the judge met privately with attorneys on both sides to try to prevent a mistrial after six months of proceedings. … The trial has already cost millions of dollars to hold -- 'a very significant investment,' Pallmeyer noted. … She said her goal would be to forge ahead, if 'we can proceed with this case fairly.'"

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CBS 2 Chicago (3/28, Levine) reports, "As Judge Pallmeyer ponders her next step, others question the Chicago Tribune investigation that triggered the controversy. … 'It was waiting until the trial had closed and the deliberations began with replacements gone home that caused all these problems,' said Northwestern University Law Professor Ron Allen." CBS 2 continues, "According to Tribune Editor Anne Marie Lipinski, the investigation that discovered a juror's criminal background started after deliberations began as a feature story. … 'We were looking for routine information so we could contact jurors when the case was over, which is very common in stories like this,' Lipinski said. 'The reporter assigned to this came across this information. We were quite surprised by it and immediately brought it to the attention of the court.'"

Tribune Examines How Problems Were Uncovered. The Chicago Tribune (3/28, Janega) runs a report on how the newspaper uncovered the problems with the jurors' answers. The Tribune reports, "After a 5½-month trial and eight days of jury deliberations, the Chicago Tribune uncovered public records last week indicating that two jurors in the federal trial of former Gov. George Ryan gave false answers on their jury questionnaires." The Tribune continues, "Both jurors had checked boxes on pretrial questionnaires indicating that they had never been charged with a crime, but the Tribune found public records that appeared to contradict those answers." The Tribune adds, "While the information had the potential to disrupt the trial, Tribune editors recognized it could be even more damaging if it were revealed after the jury had reached its verdict. Nationally, other cases have been overturned on appeal when it was discovered after the verdict that jurors had been untruthful to the court. … Because of this, the newspaper went to Chief Judge Charles Kocoras as soon as possible, both to continue the reporting on the story and to inform court officials of the records it had discovered."

Jury Duty Can Force Unwelcome Revelations. The Chicago Tribune (3/28, Quintanilla, Janega) reports, "The white-hot spotlight of the American judicial system can be uncomfortable, with lawyers, judges and sometimes the media prying into difficult and embarrassing moments. But defendants aren't alone in the glare. From the moment a jury summons arrives, potential jurors find their own histories under scrutiny. … 'Has any member of your immediate family or a very close friend ever been the victim of a crime?' asks a typical juror questionnaire. 'Have you ever been a party to any lawsuit?'" The Tribune adds, "Experts say most jurors, facing threat of perjury, try to be honest. But they say others may be too embarrassed to answer fully, or think it doesn't matter. … 'I think some truly don't understand the gravity of the responses that they're giving. And others are being evasive, and we have no idea which it is,' said Duke University Law School professor Neil Vidmar. … If they do have something in their past, 'they may have said, "That's over and done with,"' he said. Officers of the court seldom know when a juror has stopped being truthful."

Abramoff Defenders Seek Leniency From Sentencing Judge. The New York Times (3/28, Shenon, 1.19M) reports Republican lobbyist Jack Abramoff "may be among the most unpopular men in Washington, shunned by many of his former friends at the White House and on Capitol Hill. But more than 260 others — including a House member from California, a senior Senate staff member and several leaders of the Washington Jewish community — have stepped forward in letters to a federal judge to praise Mr. Abramoff and ask that he be spared a long prison sentence." Rep. Dana Rohrabacher "said in his letter that Mr. Abramoff was a 'selfless patriot' whose work in a conservative lobbying group, Citizens for America, in the 1980's was evidence of his desire 'to make a positive contribution to the nation he loves so much.'"

Cunningham Gave NRCC $2000 In Campaign Funds. The Hill (3/28, Allen) reports that before former Rep. Randy "Duke" Cunningham (R-Calif.) "headed to prison, he prepared a small parting gift intended to help his colleagues in the upcoming election: a $2,000 check from his expiring campaign committee to the National Republican Congressional Committee (NRCC)." The December 13th contribution "followed on the heels of an Oct. 24 donation of $11,684 to the NRCC. It also came about two weeks after he admitted to taking $2.4 million in bribes to direct government business to certain defense contractors." NRCC spokesman Carl Forti said "that the party never received the $2,000 check and that it has 'no plans' to return the nearly $12,000 it accepted before Cunningham's Nov. 28 guilty plea."

Judge Lets Safavian Subpoena To Senate Aide Stand. Roll Call (3/28, Bresnahan, Newmyer) reports US District Judge Paul Friedman "has let stand a

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subpoena issued to a Senate Indian Affairs Committee staffer by attorneys for David Safavian, the former Bush administration official charged with lying to federal investigators about his relationship with Jack Abramoff." Safavian's attorneys had "subpoenaed Indian Affairs investigator Bryan David Parker for all documents or notes Parker made during his discussions with Safavian in February and March 2005. The Justice Department tried to have the subpoena quashed, arguing that Safavian's attorneys already had notes from an FBI agent who interviewed Parker. Friedman eventually sided with Safavian."

Nevada Corruption Trial Jurors Hear More FBI Wiretaps Of Alleged Bribes. KVBC-TV Las Vegas (3/27) reports, "Monday was a good day to be Dario Herrera and a bad day to be Mary Kincaid-Chauncey in the G-Sting political corruption trial. … In wiretaps played for jurors," strip club owner Mike Galardi and lobbyist Lance Malone "repeatedly conspire over how much money to offer Dario Herrera in exchange for his vote to allow nude dancing with alcohol being served at strip clubs," but "no matter what Galardi offered, Herrera wouldn't budge." Kincaid-Chauncey, however, "can be heard repeatedly conspiring with Malone to get votes to go Galardi's way, and can also be heard asking Malone for Galardi's money."

Court Hearing To Reveal Details About FBI Informant In Minnesota Bribery Case. The Minneapolis Star-Tribune (3/28, Chanen, Furst) reports Gary A. Carlson's "role last year in helping the FBI investigate Dean Zimmermann, who at the time was a City Council member, is expected to come into sharper focus today at a court hearing on the bribery allegations. Zimmermann's attorney is seeking more information about Carlson -- a real estate developer and the unnamed 'cooperating witness' who assisted the FBI," telling agents "last May that Zimmermann sought campaign contributions in exchange for supporting zoning changes that would aid Chicago Commons. Zimmermann allegedly took $7,200 from the witness during three meetings in June and August, court documents said."

Prosecution Witness Backs Up Star Witness' Testimony At "Mafia Cops" Trial. Newsday (3/28, DeStefano) reports, "Visions of the tropics as the scene of skulduggery entered the 'Mafia Cops' trial Monday, with a witness telling a federal court jury that he passed money directly to one of two ex-NYPD detectives on a Caribbean island." Thomas Galpine "said he paid $10,000 to…Louis Eppolito in 1988 or 1989 for a Caribbean time-sharing unit at the behest of businessman Burton Kaplan, a key associate of the Luchese crime family." Galpine, "who is serving a 16-year sentence for marijuana trafficking," is "testifying with a promise that prosecutors would help him get a reduction in his sentence if he is a truthful witness." Yesterday, he "the effect of backing up Kaplan on a number of points, among them, Kaplan's lending of $75,000 in marijuana smuggling money to Eppolito for a Las Vegas house purchase, and Kaplan's claim that he was getting information from two cops." The New York Times (3/28, Feuer, 1.19M) notes, "Lawyers for the two defendants were in the unenviable position of hearing Mr. Kaplan's words repeated by Mr. Galpine. On cross-examination, Bruce Cutler, Mr. Eppolito's lawyer, went on the attack. He called Mr. Galpine an 'acolyte and errand man' under the spell of Mr. Kaplan, whom Mr. Cutler called 'a Fagin character' who had led the witness on a 'spiral to perdition, to hell.' … Nonetheless, Mr. Galpine seemed unfazed."

Eppolito's Cousin Testifies For Prosecution. The New York Daily News (3/28, Marzulli, 729K) reports, "The feds yesterday called a member of Louis Eppolito's own crime family to testify against the reputed Mafia cop. Tammy Ahmed is the daughter of slain mob associate Frank Santora, who was the original intermediary between Eppolito -- his first cousin -- and Luchese crime associate Burton Kaplan." In "damning" testimony, Ahmed recalled "names and numbers in her father's phone book -- including the reputed Mafia cops, Kaplan and a tow-truck driver who is expected to testify today that he helped Santora bury the corpse of murder victim Israel Greenwald."

FBI Agents Testify Nichols Said Ex-Girlfriend's Affair Prompted Courthouse Shootings. The Atlanta Journal-Constitution (3/28, Cook, 430K) reports, "Accused killer Brian Nichols told investigators he shot up the Fulton County Courthouse on March 11, 2005, because of his former girlfriend's romantic relationship with a minister, two FBI agents testified Monday." Special Agents Joseph Fonseca and Cynthia Myers "testified they were about to leave the…apartment complex where Nichols surrendered…when he made the spontaneous admission while sitting in the back seat handcuffed and shackled. … 'We told him to wait until we got to headquarters,' said FBI

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agent Myers," and "for the rest of the drive, the conversation was light and focused primarily on the ongoing NCAA basketball playoffs." The AP (3/28, Weber) notes, "Fonseca's testimony came during a hearing in which Nichols' lawyers were seeking to have the court throw out their client's statements to police following his arrest." The defense lawyers contend "Nichols was denied counsel before he made incriminating statements," but "prosecutors have argued Nichols waived his right to counsel and spoke voluntarily."

Fourth Man Charged In New Hampshire Phone-Jamming Scheme. The AP (3/27, Ramer) reports, "The former co-owner of a telemarketing firm pleaded not guilty Monday to participating in a Republican scheme to jam New Hampshire Democrats' get-out-the-vote phone lines on Election Day 2002." The AP continues, "Shaun Hansen, 34, of Spokane, Wash., was indicted by a federal grand jury on March 8, but the charges were not made public until his arraignment Monday. … Hansen is charged with conspiring to commit and aiding the commission of telephone harassment. Prosecutors say he was paid $2,500 to have employees at Idaho-based Mylo Enterprises place hundreds of hang-up calls to phone lines installed to help voters get rides to the polls on Nov. 5, 2002. Among the contests decided that day was the close U.S. Senate race in which Republican Rep. John Sununu beat outgoing Democratic Gov. Jeanne Shaheen." The AP adds, "Three others have been convicted for their roles in the scheme." … Former state Republican Executive Director Chuck McGee pleaded guilty to devising the idea of jamming the lines and served seven months in prison. Allen Raymond, former president of Virginia-based GOP Marketplace LLC, pleaded guilty to executing the plan and is serving a three-month sentence. … James Tobin, who had served as New England chairman of President Bush's re-election campaign, was convicted in December of telephone harassment charges and faces up to five years in federal prison. He is scheduled to be sentenced in May."

Philadelphia State Senator Says White House Behind Corruption Probe. The Philadelphia Inquirer (3/28, Cattabiani, Shiffman, 423K) reports, addressing a Pennsylvania Press Club luncheon in Harrisburg yesterday, "State Sen. Vincent J. Fumo said yesterday that he wasn't worried about the two-year federal probe into his role in a South Philadelphia nonprofit, predicting that it would 'go nowhere.' … For more than two years, the U.S. Attorney's Office, the FBI, and the IRS have been investigating the spending and fund-raising of Citizens' Alliance for Better Neighborhoods, the group that the senator has called 'my nonprofit.' … Fumo suggested that the Bush administration was behind the investigation. 'In this case, you have a White House that still believes Pennsylvania should be a red state,' he said."

Texas Contractor Sentenced To Seven Years In Prison For Overcharging Lockheed. The Fort Worth Star-Telegram (3/28, Okada, 247K) reports Todd Brian Loftis, president of Lockheed Martin supplier Tools and Metals, was sentenced to seven years and three-months "and ordered to repay the aeronautics company $20 million in restitution for conspiring to defraud the U.S. government by overcharging the company since 1998" on F-16 and F/A-22 fighter jet contracts. The Star-Telegram notes, "Prosecutor Ronald Eddins, who won a guilty plea from Loftis in December, estimated the fraud to be 'in the neighborhood of $20 million.' Defense counsel Thomas Melsheimer, however, presented a retired FBI expert to testify that the amount was actually $10 million, or even less."

Law Firms Worried About Pellicano-Related Wiretap Suits. The California Recorder (3/28, Scheck, Schmitt) reports, "Indictments stemming from Hollywood's latest celebrity scandal have struck fear into L.A.'s legal community. But it's the civil fallout from private eye Anthony Pellicano's wiretapping indictment that instills true horror for law firms." The Recorder continues, "While top entertainment lawyer Terry Christensen is the only attorney indicted so far in connection with Pellicano, several others face litigation that could cripple their practices -- and possibly break up their firms." The Recorder adds, "The big problem, said Timothy Halloran, an expert in law firm liability at Murphy, Pearson, Bradley & Feeney in San Francisco, is that illegal activity such as wiretapping won't be covered by malpractice insurance. … 'I would expect that in the Pellicano matter, if the wiretapping was in connection with big litigation, someone who was wiretapped can make a pretty big damages claim,' Halloran said. 'Your professional liability insurance can't cover you for that.'" The Recorder notes, "That's the issue that much of the L.A. legal community is looking at these days, as a small but well-armed armada of plaintiffs takes aim at lawyers who

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used Pellicano for wiretaps. … Developments during the past week indicate that while Christensen may be the first lawyer indicted, another top firm -- L.A. entertainment shop Greenberg Glusker Fields Claman Machtinger & Kinsella -- may be feeling even more heat. … At least a half-dozen Greenberg Glusker attorneys are talking about leaving, according to a source within the firm. … And while some Greenberg Glusker attorneys said last week that they were confident that the firm's future was stable, others were unsure how the firm would weather Pellicano-related lawsuits."

California Business, Civic Leader Pleads Guilty To Investment Fraud. Bay City News Wires (3/27) reports, "A former president of the Moraga Chamber of Commerce and Moraga Rotary Club has pleaded guilty to nine counts of mail fraud and seven counts of wire fraud for his role in defrauding more than 30 investors out of more than $5 million." Edwin Torres "entered his plea last Friday," admitting "that he used his status…to influence potential investors to buy high-yielding Los Angeles and Orange County municipal bonds when in fact he had no intention to buy the bonds and did not do so." BCN notes, "The U.S. Attorney's office says Torres' guilty plea is the result of an investigation by the FBI in conjunction with the Contra Costa County District Attorney's Office."

Famed Coroner Resigns After Federal Indictment. The AP (3/28, Mandak) reports on Allegheny County, PA, coroner Cyril Wecht, who federal prosecutors say "used county employees, equipment, even unclaimed morgue cadavers for the benefit of his multimillion-dollar private pathology practice. … Wecht, 74, resigned from office a few days after being indicted in January on charges including fraud and theft of honest services. But he has denied any wrongdoing and continues to crisscross the country as an expert witness in murders and wrongful-death cases. He is expected to go on trial in October." The AP adds, "Buried in the 84-count indictment is the allegation that Wecht had his former county secretary type a nasty letter to Keith Sueker, a retired engineer who poked fun of Wecht's failed run for county executive in 1999. … Federal authorities say it was another instance of Wecht using a county worker for his personal benefit - in this case, political retribution. But for longtime Wecht watchers, it shows an ugly side of Wecht generally hidden from national view." The AP notes, "Wecht, who holds a law degree in addition to a medical degree, served two 10-year stretches in the elected position of coroner, first from 1970 to 1980, then from 1996 to 2006."

DeLay's Concealed Weapon License Suspended. The Washington Post (3/28, C3, Argetsinger, Roberts, 744K) reports in its "The Reliable Source" column, "Texas officials have suspended the former House majority leader's license to carry a concealed weapon, according to Fort Bend County court documents first revealed over the weekend by Brazosriver.com, a Web site based in his home county. Under Texas law, anyone indicted on felony charges is prohibited from packing a pistol, and DeLay was hit with campaign money-laundering charges in October." DeLay will "get his license back if the criminal charges are dropped or he's acquitted."

Program Aims To Curb Gang Violence In Prison. The Christian Science Monitor (3/28, Abate) reports on "an unusual program aimed at breaking one of the most pervasive - and violent - influences behind bars and on the streets of urban America: gangs. In a quest to overcome deeply ingrained and often fatal differences, the initiative brings together former rival gang members in one cell pod to eat, sleep, and live. … The program, 'Breaking Barriers,' offers counseling and courses - from substance abuse to poetry readings - to help overcome the causes of gang fealty and drug addiction. The goal is to get inmates who move through the Santa Clara County central jail to permanently sever ties with gangs, and thus reduce violence, when they transfer to a state prison or return to a life on the outside." The Monitor adds, "Experts consider it one of the only local programs of its kind in the country. While the initiative is still young - only two years old - it has already shown some success in rehabilitating individual lives." The Monitor notes, "Gangs are nothing new to prison life, but over the past four decades their presence has increased dramatically. One national study found that, of the nearly 2 million people incarcerated in the US, more than 43 percent associated with a gang."

Woman Posing As WPost Employee Suspected In Credit Card Scam. The Washington Post (3/28, A9, Cauvin) reports, "A woman posing as a Washington Post employee is suspected of duping dozens of the newspaper's advertisers into turning over their credit card numbers, according to The Post and the U.S.

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attorney's office." The Post continues, "Using the telephone numbers placed in classified ads, the woman would call advertisers claiming that she worked for the paper, Post spokesman Eric Grant said in a statement yesterday afternoon. … The woman would explain that the advertiser's credit card number had not gone through and that she needed to run it again. After the person provided the card information, the woman would use it to start making charges to that account." The Post adds, "At least 50 people have been victims of the scam, according to a person familiar with the case who spoke on the condition of anonymity because charges have not been filed. … The identity theft scam came to the paper's attention in 2002, and The Post notified the D.C. police, the paper said. Why the investigation has moved so slowly was not immediately clear, and officials would not say when the scam began or when it ended. The inquiry is now in the hands of the U.S. Postal Inspection Service, which is frequently involved in investigating identity theft, and the investigation appears to be coming to a close."

Texas Man Cautiously Returns To Society After DNA Exoneration. The New York Times (3/28, Levy) reports, "Arthur Mumphrey says he is doing his best to enjoy life these days. But after spending 18 years in prison for a rape he did not commit, he is also finding that being on the outside can be overwhelming." The Times continues, "Gov. Rick Perry pardoned Mr. Mumphrey, 42, on March 17 after a DNA test indicated that he did not sexually assault the victim, a 13-year-old seventh grader, who was forced at knifepoint into a wooded area near Conroe, about 40 miles north of Houston, and raped repeatedly on the night of Feb. 28, 1986. … Mr. Mumphrey was paroled in 2000 after serving 14 years of a 35-year sentence, but was sent back to prison two years later after failing to contact his parole officer. He points to his case as yet another example of the merits of DNA testing and the doggedness of a defense lawyer — as well as the systemic flaws of the Texas criminal justice system." The Times adds, "Mr. Mumphrey's younger brother, Charles Mumphrey, who is in jail on an unrelated crime, confessed earlier this year to participating in the rape, said Marc Brumberger, an assistant district attorney for Montgomery County. He cannot be charged, though, because the statute of limitations has expired. … A co-defendant, Steve Thomas, pleaded guilty during a 1986 trial and testified against Arthur Mumphrey in exchange for a 15-year sentence."

CIVIL LAW:

FEC Exempts Web Communications From Campaign Finance Laws. The New York Times (3/28, Nagourney, 1.19M) reports, "The Federal Election Commission ruled unanimously Monday that political communication on the Internet, including Web logs, setting up Web sites and e-mail, was not regulated by campaign finance laws." The commission, "in a 6-to-0 decision, also ruled that paid political advertisements placed on Web sites were covered by the 2002 campaign finance law, which includes restrictions on spending and contributions and bars corporations and unions from using their treasuries to purchase Web advertisements." The Washington Post (3/28, A3, Edsall, 744K) says "the 6 to 0 vote was widely expected." The Washington Times (3/28, Pfeiffer, 90K) also reports the story under the headline "C To Leave Alone Web Political Speech."

CIVIL RIGHTS:

Federal Judge Refuses To Delay New Orleans Election. The AP (3/28) reports, "New Orleans residents living in Houston, Atlanta and other cities are still waiting for the absentee ballots they applied for weeks ago. No one knows how many people will come back to the city to vote. And the polling places have yet to be selected." The AP continues, "Pulling off this city's April 22 mayoral election could wind up as a fine example of democracy under trying circumstances, or a wobbly, error-filled embarrassment." tHe AP adds, 'On Monday, a federal judge refused to postpone New Orleans' first election since Hurricane Katrina, despite complaints from civil rights groups that too many blacks scattered by the storm will be unable to take part in the voting. … U.S. District Judge Ivan Lemelle told both sides -- the state and plaintiffs -- to solve any problems that might hinder displaced residents' ability to vote. 'I recognize that there is still room for improvement in that electoral process,' he said. … Still, Lemelle said going ahead with the voting will help the city rebuild."

Emails Reveal Possible Bias By Top Florida Police Official In Boot Camp Probe. The Miami Herald (3/28, Miller, 323K) reports, "When the family of Martin Lee Anderson questioned the impartiality of Florida's top state

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lawman," Department of Law Enforcement Director Guy Tunnell, "in investigating the teen's death at a Panama City boot camp, Tunnell assured Floridians he would be fair and impartial." The family was worried because he "is a former sheriff of Bay County, founded the boot camp, and is friends with the current sheriff, Frank McKeithen," and "now, a series of e-mails obtained by The Miami Herald shows that at the same time his agency was investigating the camp, Tunnell kept a running commentary to McKeithen, other sheriffs and his own staff in which he let off steam and disparaged critics of his investigation and the state's boot camps. He also kept McKeithen abreast of the FDLE's efforts to keep a video -- which showed boot camp guards kneeing and punching the teen hours before his death -- from becoming public."

Voting Machine Glitches Spark Fears Of Widespread Problems In 2006. USA Today (3/28, Drinkard, 2.31M) reports that problems with voting machines in the Texas and Illinois primaries "have reinforced fears that the 2006 elections may be beset with glitches. … More than 30 million Americans will be voting on unfamiliar equipment this year, after modernization required by the Help America Vote Act. Congress passed the law in 2002 to address problems stemming from the 2000 presidential election in Florida." The next test of the machines will come in May when 10 states hold primaries.

Election Law Designed To Help Disabled Vote. The Pittsburgh Post-Gazette (3/27, Sherman) reports, "Florida's 2000 election, forever linked with the notorious hanging chads, did more than expose the flaws of the nation's aging voting systems. It cleared the way for Congress to address many lingering problems with how Americans vote. … One politically active group rushed to take advantage of that movement." The Post-Gazette continues, "The Help America Vote Act, passed in early 2002, created the first legal guarantees that all disabled voters would be able to participate in the democratic process just as readily as anyone else. .. The law, known as HAVA, requires both accessible polling places and voting machines that let disabled voters make their choices privately and independently. … 'The whole disability community was pushing for that,' said Jim Dickson, vice president of the American Association of People with Disabilities, based in Washington, D.C." The Post-Gazette notes, "Prior to the 2000 election, several federal laws addressed the need for improvements in voting access, but none had HAVA's weight. If state and local governments don't acquire at least one accessible machine per polling place, they could squander millions in aid and face lawsuits from the justice department. … In Allegheny County, many disabled voters have long had to rely on family, friends or poll workers to help them operate 40-year-old lever machines. Under HAVA, that must change by the May 16 primary election."

Baltimore Housing Bias Case Enters Remedy Stage. The Baltimore Sun (3/28, Siegel) reports, "Creating thousands of new opportunities for Baltimore public housing families to live in well-off suburbs was necessary to make 'real progress' in overcoming decades of government policies that segregated residents in poor, minority areas of the city, a lawyer for the tenants told a federal judge Monday." The Sun continues, "In his opening statement in the remedy phase of a public housing desegregation case, attorney Peter Buscemi said a proposal requiring the U.S. Department of Housing and Urban Development to provide 6,750 special housing vouchers and new and rehabilitated units over 10 years would give public housing families a 'better chance at life.' … But a lawyer for HUD countered that the proposal was 'plagued with problems and should not be implemented in any form.'" The Sun adds, "The judge does not have the authority to order the creation of new housing but can only ask the federal agency to review decisions that he found problematic, said HUD lawyer Peter Phipps. … In January 2005, U.S. District Judge Marvin J. Garbis found that HUD had violated federal fair-housing laws by failing to "affirmatively further fair housing" by taking a regional approach to the desegregation of public housing in Baltimore. … The ruling stemmed from a class action lawsuit filed in 1995 on behalf of black Baltimore public housing residents that claimed that the city and the federal government had failed to dismantle the segregated public housing system they set up in the 1930s and 1940s. Garbis absolved the city and its Housing Authority of wrongdoing."

Supreme Court Ponders Prison Rules About Reading Material. The AP (3/28, Locy) reports, "The Supreme Court struggled Monday with whether states can keep troublesome inmates from reading secular newspapers and magazines." Pennsylvania prison officials "urged the high court to allow them to use access to newspapers and magazines as an incentive to get inmates to behave

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themselves." The New York Times (3/28, Greenhouse, 1.19M) says the case "is a class-action lawsuit that began when the prison authorities seized a copy of The Christian Science Monitor, to which an inmate, Ronald Banks, had a subscription." The lower courts "looked at the policy as a whole, and did not scrutinize its application to individual inmates."

The Washington Post (3/28, A6, Lane, 744K) reports that "at issue is the Long-Term Segregation Unit, located in Pittsburgh until a move in recent years to Fayette County, where inmates from around the state are sent after attempting to escape or assaulting guards." Prisoners "may be kept in solitary confinement 23 hours per day. They get no television, radio, newspapers, magazines or photographs, except for religious or legal publications." The Post adds, "Access to reading material is relaxed in return for good behavior. … The appeals court ruled that Pennsylvania could not enforce the policy without evidence that it achieved its stated purposes." Then-Judge Samuel A. Alito Jr. "dissented, saying that a prisoner who was subjected to the restrictions for a long time may have a claim, but that in general the rules were reasonable. Yesterday, now-Justice Alito had to sit out the case, leaving his eight colleagues to weigh the policy."

Georgia Lawmakers Approve Public School Bible Courses. Georgia lawmakers yesterday passed a bill to fund elective Bible courses in public high schools. The bill, which awaits Gov. sonny Perdue's signature, would fund separate courses on the Old and New Testaments. The Los Angeles Times (3/28, Fausset, 958K) that the move has sparked "concern among 1st Amendment advocates," while "generating praise from lawmakers worried that children are losing their grasp on one of Western civilization's most influential texts."

ANTITRUST:

Microsoft Appeals South Korea Antitrust Ruling. The AP (3/28) reports, "Microsoft Corp. filed a lawsuit on Monday challenging a set of punitive measures that South Korea's antitrust regulators imposed on the U.S. software company for its alleged unfair business practices." The AP continues, "The suit, filed with the Seoul High Court, has been widely expected as Microsoft said after the December ruling by the Fair Trade Commission that it would take the case to court. … 'Microsoft continues to believe that its actions are consistent with Korean law and have benefited Korean consumers and the Korean technology industry,' the company said in a statement announcing its appeal." The AP notes, "The ruling, which was finalized in February, said that Microsoft's practice of tying certain software to Windows was an abuse of its dominant position in the market. … The commission ordered the U.S. company to pay a fine of $33.6 million and provide two separate versions of Windows: one stripped of the Windows Media Player and Windows Messenger, and the other carrying links to Web pages that allow consumers to download competing versions of such software."

FTC Gies Antitrust Nod To Merrill Lynch-BlackRock Merger. MarketWatch (3/28) reports, "Merrill Lynch & Co. has received antitrust clearance from the Federal Trade Commission to spin off its asset-management business and merge it with BlackRock Inc. (BLK), creating a new, independent company with nearly $1 trillion in assets under management. … The FTC said Monday that on Friday it granted Lucent early termination of the waiting period required under the Hart-Scott-Rodino Antitrust Improvements Act."

Dow Jones (3/28) reports, "As reported, Merrill Lynch has agreed to exchange its money-management business, Merrill Lynch Investment Managers, for a 49.8% stake - valued at more than $8 billion - in BlackRock, a money manager specializing in bonds. … In a press release Feb. 15, Merrill Lynch said it would have a 45% voting interest in the combined company, which will operate under the BlackRock name and be governed by a board with a majority of independent members."

Lucent, Alcatel Seek To Ease US Security Concerns. The Wall Street Journal (3/28, Berman, Silver, 2.11M) reports, "Lucent Technologies Inc. and France's Alcatel SA are moving toward a plan to place some of Lucent's most sensitive defense-related research under the eye of a separate board composed only of Americans, people familiar with the matter said." The move is aimed at appeasing US government security concerns." Both Congress and "elements within the U.S. defense establishment have taken a skeptical view to foreign takeover plans of late, fearing that national security could be compromised in the process. The companies' final plans, however, still could be changed."

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The New York Times (3/28, Bajaj, Sorkin, 1.19M) reports, "Though the companies have said that they are discussing a 'merger of equals,' experts say the deal will probably be treated as an acquisition of an American company by a foreign entity because Alcatel of France is one and a half times the size of Lucent and the combined company will probably be based in Paris."

Alcatel Board To Review Lucent Merger Talks. The AP (3/28) reports, "Alcatel SA's board will meet Thursday to review the company's merger talks with U.S. rival Lucent Technologies Inc., the French telecom equipment maker said Monday." The AP continues, "Alcatel board members will be briefed on the 'ongoing discussions' with Lucent at the meeting, company spokesman Mark Burnworth said. … 'There won't necessarily be any conclusions,' he said, declining further comment." The AP adds, "Alcatel and Lucent announced Friday that they were making a second attempt to negotiate a merger, after previous talks in 2001 ended without a deal. … Analysts say the deal would give Alcatel a foothold in the U.S. telecoms market and help the combined company cope with growing price pressures, as larger phone and Internet operators emerge from a new wave of consolidation and demand economies of scale on their equipment purchases."

Oil Sector Mergers Tripled In Value Last Year. The Financial Times (3/28, Hoyos) reports, "Mergers and acquisitions in the oil and gas industry tripled in value last year to $160bn - the highest level since the boom year of 1998 when Exxon and Mobil merged, BP took over Amoco, and Total bought PetroFina." The Times continues, "Deals by Chinese oil and natural gas companies, meanwhile, are expected to have grown sixfold to $6bn in 2005 as they became big international players, buying assets from Ecuador to Sudan and Syria, according to an authoritative industry study." The Times adds, "The report, released tomorrow, suggests oil industry executives and government leaders have been on a frantic global buying spree, under rising pressure to secure the oil and gas needed to fuel economic expansion. … The study by Harrison Lovegrove, the UK-based corporate advisers, and John S Herold, the US research firm, is widely regarded by the industry as the most comprehensive report on M&A activity in the sector. It is expected to show that last year oil companies were willing to pay 54 per cent more for acquisitions in North America as executives bet that high oil prices were here to stay. Acquisition prices in the rest of the world shot up 350 per cent. … Excluding the former Soviet Union, prices outside North America jumped 155 per cent. But the highest prices were attracted by Canada because of its political stability and favourable tax environment."

ENVIRONMENT/INDIAN AFFAIRS:

Senate Panel Considering Mandatory Emissions Controls. The Wall Street Journal (3/28, Fialka, 2.11M) reports that the Senate Energy Committee is shifting the discussion from "whether" to "how" the federal government will impose stricter emissions rules. The panel "is hearing from industry and activists about how a mandatory plan to control carbon dioxide and other so-called greenhouse gases could work. Many big businesses that resisted efforts to fight global warming are sending blueprints and companies like Southern Co. -- an Atlanta utility opposed to new controls -- have filed detailed proposals. … The energy committee has received 160 plans from companies and organizations, and members will hold a 'roundtable' next Tuesday to sift through them. It will be Congress's first review of possible regulatory mechanisms of a system of mandatory controls."

Scientific Consensus On Global Warming Influencing Politicians. ABC World News Tonight (3/27, story 8, 2:30, Blakemore, 8.78M) reported, "Seattle Mayor Greg Nickels has convinced 219 mayors in 39 states to agree to cut greenhouse gas emissions and not wait for the White House or Congress to mandate it. There's gathering momentum on Capitol Hill among both parties." Sen. Richard Lugar: "I'm much more concerned, and for that matter, much more concerned now than I was two or three years ago. There is no doubt that global warming is a massive problem." Blakemore: "Many politicians changed their minds after scientists changed theirs." In "just the past two years, reports and pictures from around the world of massive ice sheets melting faster than thought possible, species struggling in the new heat, even the deep ocean currents, normally ice cold, getting warmer."

Bush Approach To Global Warming Satirized. In his Washington Post column (3/28, C3), Art Buchwald satirizes the Bush Administration's approach to global warming, saying, "Bush's handlers pointed out to the president that he had not said anything about global warming, and it was becoming a sore point with the public. One

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adviser says, 'Let's set up a news conference and advertise the fact that the president will talk about global warming. The president agrees that it is a good idea and asks, 'Where should we hold the conference?' Another adviser answers, 'What do you think about holding a fundraiser on the Arctic Ocean?' Someone else says, 'What about on the Titanic?' 'And we'll have a big banner saying, 'Mission Accomplished.'"

Bird Flu's Possible Impact On Humans Debated. In six-article feature package, the New York Times examines several of the key issues surrounding the avian flu and its potential impacts on humans. The New York Times (3/28, McNeil, 1.19M) reports Dr. David Nabarro, chief avian flu coordinator for the United Nations, "has become gun-shy about making predictions" on the possible spread of the virus, but "describes himself as 'quite scared,' especially since the disease has broken out of Asia and reached birds in Africa, Europe and India much faster than he expected it to." Like early AIDS, he warns that the disease has still "too many unanswered questions."

On the other side of the argument, the New York Times (3/28, Rosenthal, 1.19M) reports Dr. Jeremy Farrar, who has spent time researching and treating patients with avian influenza in Vietnam, "thinks it is unlikely that the virus is poised to jump species, becoming readily transmissible to humans or among them. Nor does he believe the mantra that a horrific influenza pandemic is inevitable or long overdue." Dr. Farrar believes the world "should prepare," but finds the "doomsday" predictions "unhelpful, more fantasy than fact."

In a third article, the New York Times (3/28, Altman, 1.19M) examines the public health "dilemma" about issuing pandemic warnings to the general population. For example, "If officials do issue early warnings, and nothing happens, they stand to lose credibility among people who say that scientists promoted the worst possibilities to grab more grants and waste taxpayer dollars. If officials do not issue early or timely warnings, and a pandemic occurs, critics will say the public was not informed and protected in time."

Separately, the New York Times (3/28, Grady, 1.19M) reports that researchers at the Centers for Disease Control and Prevention in Atlanta are "studying the transmission and virulence of bird flu … trying to understand how a virus can be wildly contagious among birds but almost impossible to spread in mammals -- and what type of mutation could change that." Other articles report on the flu's impact on the global bird population and lessons that may be learned from the 1918 flu epidemic.

FBI Says Woman Arrested For Her Father's Murder On Montana Reservation. The Havre (MT) Daily News (3/28, Corner) reports FBI Salt Lake City spokesman Patrick Kiernan said yesterday that Neil Gray "was shot to death in his residence in Hays on the Fort Belknap Indian Reservation," and "Gray's daughter, Ashley Lynn Gray…is being held in connection with the crime, Kiernan said."

FBI/DEA/ATF/USMS:

Colorado Case Raises Questions About FBI Policy Of Not Recording Interviews. The Rocky Mountain News (3/27, Vaughan) reported, "While the majority of law enforcement agencies routinely record interviews with suspects during criminal investigations, one of the biggest and most powerful ones all but refuses to tape interrogations. … The FBI's long-standing practice is in the spotlight again in the case of a Denver firefighter facing federal charges of selling illegal machine guns." After Stan Ford "was arrested last November" and "sat down with an FBI agent and a Denver police officer. But exactly what he said is in dispute." The Mountain News adds, "Supervisory Special Agent Stephen Kodak of the FBI's national office in Washington, D.C., acknowledged that taping is rare." Kodak said that "the policy is based on the belief that taping, 'if instituted right away, when the witness does not wish to be tape recorded, can inhibit full and frank discussion.'" But Denver police Lt. Jon Priest "believes taping in major cases insures accuracy."

19 Indicted In San Diego In Meth-Smuggling Case. Washington Times/UPI (3/27) reports 19 people "were indicted in San Diego in an operation that allegedly used children to carry methamphetamines over the U.S.-Mexico border. The Drug Enforcement Administration, in a release Monday, said the group led by Jorge Arreola-Gomez smuggled large amounts of methamphetamines into the United States. … Authorities said they seized more than 140 pounds of methamphetamine, 20 pounds of pseudoephedrine used to make methamphetamines and a large amount of U.S. currency."

The AP (3/27) writes, "Jorge Arreola-Gomez was among 19 people named in the indictment unsealed Friday

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by the U.S. Attorney's Office alleging that the defendants used numerous couriers, many of them teenagers, to smuggle methamphetamine across the U.S.-Mexico border."

Former Baton Rouge Officer Accused Of Drug Trafficking Remains In Jail. Baton Rouge's Advocate (3/28) reports a former Baton Rouge police officer will remain in jail until trial. Daryl W. Davis "pleaded innocent Monday afternoon in Baton Rouge federal court. … A federal grand jury indicted Davis last week on one count of possession with intent to distribute 11 pounds or more of cocaine. … U.S. Drug Enforcement Administration agents investigated Davis for more than a year before arresting him last week."

Woman's Testimony Examined In Arizona Murder, Drugs Case. The Tucson (AZ) Citizen (3/27) reports Lourdes Lopez's friends "didn't believe everything she said. Federal agents didn't, either. Now, jurors will weigh Lopez's credibility when they decide whether Dr. Bradley Alan Schwartz ordered the death of Dr. Brian Stidham." The Tucson Citizen goes on to outline various conversations Lopez is said to have had with DEA agents, along with situations where she is accused of lying about her involvement with Schwartz.

California Medical Marijuana Case Focuses On Right-To-Life Issue. The AP (3/27, Kravets) reports a lawyer for a California woman whose doctor "says marijuana is the only medicine keeping her alive asked an appeals court Monday to prevent federal drug agents from ever arresting her. The case, focusing on whether the gravely ill have a right to marijuana to keep them alive when legal drugs fail, is likely to reach the U.S. Supreme Court soon. … The latest legal wrangling once again highlights the tension between the federal government, which declares marijuana an illegal controlled substance with no medical value, and the 11 states, including California and Rhode Island, allowing medical marijuana for patients with a doctor's recommendation."

In a sidebar, the AP (3/27) outlines medical marijuana Supreme Court cases.

Cable TV Coverage. CNN (3/27, 8:00 a.m.) reported, "Medical marijuana and the right to fight for life -- that's the issue facing the federal appeals court in San Francisco. They are hearing arguments whether it should be legalized in very serious and special cases."

CNN (3/27, 11:00) later reported, "A federal court in San Francisco is hearing arguments in the latest effort to make medical marijuana legal. Judges are deciding whether marijuana can be allowed if it is the only viable option to keep a patient alive or free of excruciating pain. It would apply only to the sickest patients and their suppliers. The Bush administration describes the lawsuit as baseless and says [there is] no fundamental right to use or distribute marijuana."

MSNBC (3/27, 1:00 p.m.) reported, "A federal appeals court is hearing arguments in the latest round of legal wrangling over the issue of medical marijuana. Today's case narrows the issue to [the] right-to-life theory that marijuana should be allowed if it's the only viable option to keep a patient alive or free of excruciating pain. The Bush administration says the lawsuit is without merit.

Local TV Coverage. KGO-TV, San Francisco (3/27, 11:00 a.m.) reported, "An Oakland woman's legal battle against the federal government over medical marijuana takes another turn today. The Ninth Circuit Court of Appeals in Pasadena is hearing oral arguments today in Angel Raich's challenge. She says [she uses marijuana] to ease chronic pain caused by an inoperable brain tumor."

KNTV-TV, San Francisco (3/27, 7:00 a.m.) reported, "Oakland medical marijuana patient Angel Raich is renewing her fight to legally smoke pot. It comes less than a year after the US Supreme Court ruled against her, but this afternoon her lawyers will try to persuade a federal appeals court that keeping her from using medical marijuana burdens from living a life of freedom without pain."

Baltimore Detective Faces Federal Charges, Calls Heroin Exchange Policing Technique. The Baltimore Sun (3/27, Dolan) reports William A. King, one of two Baltimore narcotics detectives "accused of selling illegal drugs testified at his federal trial Monday that confiscated heroin he gave to a confidential informant was part of an off-the-books, but acceptable, policing technique designed to apprehend some of the city's top drug dealers."

British Government Accused Of Reneging Deal With Poppy Farmers. According to UPI (3/27, Harding), a new report by the Senlis Council think tank "claims the British government has failed to honor its pledge to compensate Afghani farmers for eradicating poppy crops,

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causing widespread anger in the volatile south of the country and leading to increased support for Taliban insurgents. … Based on interviews with farmers in the Helmand province…the group claims that U.K. counter-narcotics officers promised local farmers $350 for every fifth of a hectare of poppies they destroyed."

New Jersey Lawmakers Seek ATF Release Of Gun Data. The AP (3/28) reports, "Two federal legislators from New Jersey said Monday they will introduce proposals to once again make public data that is collected about firearms used in crimes." The AP continues, "Sen. Robert Menendez and Rep. Steve Rothman, both Democrats, said they would introduce legislation this week to undo restrictions on the U.S. Bureau of Alcohol, Tobacco and Firearms' ability to share information on gun tracing with the public. … 'There is absolutely no good reason to hide gun crime data from the public,' Rothman said in a joint statement with Menendez. A member of the House Appropriations Committee, Rothman added that he would work to see the ATF use its resources to inform the public about gun trafficking and help prosecutors enforce the law." The AP adds, "While New Jersey has some of the strictest gun control laws in the nation, ATF data from 2001 -- the last time the bureau publicly released the information -- indicated that firearms used in Garden State crimes overwhelmingly came from out of state." The AP notes, "The author of the amendment that Menendez and Rothman are seeking to overturn said ATF already is permitted to release that information to the public. … Chuck Knapp, a spokesman for Rep. Todd Tiahrt, R-Kan., told The Associated Press on Monday that the ATF is free to release aggregate information about guns used in crimes, such as percentage breakdown of where federal registries say guns were originally sold."

ATF Sees Similarities Between Bombs In Colorado, Tennessee. The AP (3/28) reports, "Federal investigators say 'strong similarities' exist between three bombs that blew up near some Colorado homes and another that exploded last month in Murfreesboro (Tennessee.)" The AP continues, "No injuries have been reported in any of the explosions, but that hasn't diminished efforts to locate the prime suspect -- 54-year-old Robert Burke. … He was fired two years ago from the Serco Group, a British firm which operates the air traffic control tower at Walker Field Airport in Grand Junction, Colorado." The AP adds, "The bomb that exploded on February first in Murfreesboro was on the roof of the Serco project management office. … Federal officials say bombs placed near homes in Grand Junction went off near of Serco and Federal Aviation Administration workers."

Tennessee Man Sentenced To 20 Years For Church Arsons. The AP (3/28) reports, "A man who pleaded guilty to burning two churches in a string of arsons has been sentenced to 20 years in prison." Henry Dibrell "was charged with setting fires at two predominantly black churches and five houses in Sparta, a town of 5,000 people about 75 miles southeast of Nashville. No one was hurt in the July 8 fires." The AP notes, "Dibrell was arrested within days of the fires after an investigation led by the FBI, federal Bureau of Alcohol, Tobacco, Firearms and Explosives and state bomb and arson investigators."

IMMIGRATION:

Senate Panel Approves Immigration Reform Bill Containing Bush Proposals. The Senate Judiciary Committee yesterday reached consensus on an immigration reform bill that not only provides for a guest worker program but also gives undocumented immigrants a path towards citizenship. Media coverage describes the development as a win for President Bush. Typical of the coverage was a New York Times story (3/28, Swarns), which says, "With Republicans deeply divided, the Senate Judiciary Committee voted on Monday to legalize the nation's 11 million illegal immigrants and ultimately to grant them citizenship, provided that they hold jobs, pass criminal background checks, learn English and pay fines and back taxes." The panel also "voted to create a vast temporary worker program that would allow roughly 400,000 foreigners to come to the United States to work each year and would put them on a path to citizenship as well."

USA Today (3/28, Jackson, Kiely, 2.31M) reports the Senate Judiciary Committee "gave a strong bipartisan endorsement Monday to…Bush's plans for overhauling immigration laws," while the Washington Post (3/28, A1, Weisman, 744K) headlines its story "Senators Back Guest Workers; Panel's Measure Sides With Bush," and says the Judiciary Committee "voted 12 to 6 to side with…Bush's general approach to an immigration issue that is dividing the country, fracturing the Republican Party and ripening into one

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of the biggest political debates of this election year." The Los Angeles Times (3/28, Gaouette, Reynolds, 958K) also says the committee vote "marked a victory for immigrant advocates and for…Bush, who has urged Congress for two years to create a temporary worker program but has argued against allowing those immigrants to gain citizenship." White House "reaction was upbeat. 'We are pleased to see the Senate moving forward on legislation,' spokesman Scott McClellan said in a statement." McClellan continued, "The President believes comprehensive reform is needed if we are going to have a rational, orderly and secure immigration system. … t is a difficult issue that will require compromise and tough choices, but the important thing at this point is that the process is moving forward."

The AP (3/28, Espo) reports that "at several critical points, committee Democrats showed unity while Republicans splintered. In general, GOP Sens. Lindsey Graham of South Carolina, Sam Brownback of Kansas and Mike DeWine of Ohio, who is seeking re-election this fall, sided with Democrats." That "created a majority that allowed them to shape the bill to their liking." Sen. Dianne Feinstein "won approval for a five-year program to permit as many as 1.5 million agriculture workers into the country. … In addition, Kennedy prevailed on a proposal to allow an additional 400,000 green cards for future immigrants, regardless of the industry where they find jobs." Sen. Jon Kyl "and other conservatives said anything but a requirement for illegal immigrants to return home amounted to amnesty, and he said he had national opinion on his side."

Kyl and Sen. John Cornyn write in the Houston Chronicle (3/28, 581K) that any solution to the immigration problem must "restore respect for the law and provide sufficient resources to control the border. And because there can be no amnesty, reform must not reward illegal activity." They add, "Immigration reform ultimately must be about legal immigration — not creating a new process that only benefits illegal aliens. Immigrants must abide by the rule of law and receive equal treatment. We hope to build consensus around reform that will restore integrity to our immigration system and meet the needs of society, the economy and national security." The Washington Times (3/28, Hurt, 90K) headlines its story "Panel OKs 'Amnesty' Bill," and says the bill "would put millions of illegal aliens on a path to US citizenship, would let them stay here while applying and would not punish their unlawful entry as a felony, contrary to a House-passed bill."

Knight Ridder (3/28, Montgomery) reports that "under the guest-worker plan, foreigners must pay fees of up to $500 and show that they have US jobs waiting." They "would receive three-year visas, which could be renewed for another three years. After four years, they could apply for green cards." The CBS Evening News (3/27, story 3, 3:50, Attkisson, 7.66M) reported the Senate Judiciary bill "goes to the full Senate for debate but it's far from a done deal."

Media reports also stress the "division" in GOP ranks and its possible consequences as the midterm elections draw near. The Washington Post (3/28, A4, Fletcher, Murray, 744K) reports "both Republicans and Democrats risk alienating coveted supporters as they attempt to find the right balance between toughening enforcement and expanding legal opportunities for millions of low-skill foreign workers to take jobs in the United States." The debate "poses multiple challenges for both political parties, while offering no clearly expedient solution. Two huge electoral prizes, the Southwest and Florida, are potentially up for grabs, as are millions of Hispanic votes elsewhere." But also "in play are the votes of angry residents in border states and beyond who feel overwhelmed by the rising tide of illegal immigration."

CNN's The Situation Room (3/27, Malveaux) reported that "what happens in the next 24 to 48 hours is really critically important because it could really impact what the Congress looks like in November, even, perhaps, who is going to sit in the White House 2008. Republican strategists who I've spoken to say that this really is a very important test, a test of leadership for the President and clout. His critics argue that he's lost both, specifically the Hispanic community."

Highlighting the GOP split on immigration, Senate Majority Leader Bill Frist said yesterday he was "disappointed" with the bill. He said on Fox News' Hannity and Colmes (3/27), "The Judiciary Committee did report out a final bill that I'm a little disappointed in because I think it will be characterized as amnesty, in the sense it adopted provisions that do not require people who have been here illegally to go back to their native countries before having a green card." CQ (3/28, Sandler, Crowley) reports that before a Senate debate on the committee bill begins, Frist "must agree to swap the Judiciary draft for his own legislation (S 2454), which focuses on border security and enforcement without a guest worker proposal. Late Monday, Frist said a cloture vote on the motion to proceed to his bill scheduled for Tuesday morning would be postponed until 2:15 p.m., allowing time for

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him to meet with Judiciary Chairman Arlen Specter, R-Pa., about the next step."

In addition, Rep. James Sensenbrenner was asked on CNN's Lou Dobbs Tonight (3/27) about the Senate Judiciary Committee's approval of an immigration reform bill which includes a guest worker program. Sensenbrenner said, "It's appalling because the Senate Judiciary Committee is repeating the mistake that Congress made 20 years ago when it passed the Simpson- Mazzoli bill. The Simpson-Mazzoli bill granted amnesty to illegal aliens who were in the country at the time and also set up a system of employer sanctions to try to prevent employers from hiring any more illegal aliens. Well, the employer sanctions were never enforced. The amnesty was a big flop because people were afraid of losing their job. And instead of having two million illegal aliens, we have 10 to 12 million now."

The Hill (3/28, O'Connor) reports "GOP leaders in the House are hoping to get out in front on the issue by reminding voters that they have already passed a series of tough bills to crack down in illegal immigration." House Speaker Dennis Hastert "is expected to address immigration reform in a speech later this week before the National Urban League, and the Republican Conference office has distributed talking points lauding border-security legislation that has passed the House." Hastert spokesman Ron Bonjean said, "Our message in this debate is that the House passed a border-security bill with the understanding that America is a nation of immigrants, a nation at war and a nation of laws. … This is a complex issue, and the House looks forward to working with the Senate and the administration as the process moves forward."

Bush Urges Civility. Also yesterday, the President again weighed in on the immigration debate, calling for civility. The CBS Evening News (3/27, story 4, 1:40, Axelrod, 7.66M) reported Bush is "on a potential collision course with some conservatives over the immigration bill." Bush "issued a clear warning to Capitol Hill at a swearing in ceremony for some of America's newest citizens." Bush: "No one should pretend that immigrants are threats to American identity." Axelrod: "For the second time in two months, the President finds himself at odds with parts of his base. Last month, there was the ports deal, this time, there is no third party to offer an easier way out should Congress ultimately present the President with an immigration bill that lacks a guest worker program." CNN's The Situation Room (3/27, Blitzer) said the President is trying "to put a kinder face." However, added CNN, "let's face it: It's a bare knuckles political brawl splitting the Republican party."

The Wall Street Journal (3/28, Kronholz, 2.11M) reports Bush "made his strongest appeal yet for a law that would provide employers with enough immigrant workers to keep the economy humming. … Even with the president's backing, though, immigration overhaul faces an uphill fight this week when it reaches the Senate floor." The Financial Times (3/28, Daniel, Alden) says Bush "issued a strong defence of the role of immigrants in American history as he warned legislators not to 'play on people's fears or try to pit neighbours against each other' in the intensifying debate about immigration reform." Said Bush, "We have a chance to move beyond tired choices and the harsh attitudes of the past." ABC World News Tonight (3/27, story 2, 2:15, Raddatz, 8.78M) said Bush "was making a point today of pushing his own proposals," even as he "urged critics to keep the debate civil and dignified." The President wants "to accommodate illegal workers already in the country, while others, including many in the President's own party, want to prosecute the workers as felons."

The Washington Times (3/28, Dinan, 90K) says Bush "made a strong statement against amnesty, telling 30 new citizens at DAR Constitution Hall that it would be unfair to them to let illegal aliens jump the line for citizenship." NBC Nightly News (3/27, story 2, 2:55, Williams, 9.87M) also reported Bush "said he opposes amnesty for the 11 million to 12 million illegal immigrants already here, but some senators today said there should be a way for those with roots in the community to earn the right to stay." Sen. Dianne Fienstein, California: "They pay taxes, their children are Americans, they go to schools, they're good citizens, and they're needed."

Pro-Immigrant Protests Continue In Several Cities. NBC Nightly News (3/27, story 2, 2:55, Williams, 9.87M) reported, "The sheer number of protesters turning out for rallies in support of immigrants has shocked even the organizers. Thousands of people marched and rallied in Detroit today, just one of several cities that have drawn huge numbers over the past two weeks."

The New York Times (3/28, 1.19M) reports the "wave of angry protests" over the proposals under scrutiny on Capitol Hill continued in several US cities. In Los Angeles, about 22,000 "mostly Hispanic" students walked out of school, as did students in several Los Angeles suburbs. In San Francisco, about 1,000 demonstrators marched on the offices of Senate Judiciary Democrat Dianne Feinstein. In

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Detroit, "Hispanic business owners closed their shops in protest" and about 4,000 people appeared at a rally. A smaller rally took place in Boston. The Los Angeles Times (3/28, Cho, Gorman, 958K) says the Southern California school walkouts "are believed to eclipse in size the demonstrations that occurred during the anti-Proposition 187 campaign in 1994 and even a famous student walkout for Chicano rights in 1968."

At the US Capitol, "hundreds of immigration advocates" demonstrated, the Washington Times (3/28, Summers, 90K) reports, with crowd estimates ranging "from U.S. Capitol Park Police officers' 1,000 to organizers' 3,000." In its Metro section, the Washington Post (3/28, B8, Shapira, 744K) reports that eight middle schoolers walked out of a Northern Virginia school, while "about 250" high school students held demonstrations. As the Christian Science Monitor (3/28, Oliver, 61K) writes, "The strength of 'Latino power' has been evident in recent days at protests in many US cities."

The Washington Times (3/28, Taylor, 90K) writes that "the Roman Catholic Church, dozens of grass-roots coalitions and Spanish-language radio disc jockeys have helped fuel" the protests. Illinois Coalition for Immigrant and Refugee Rights organizer Marissa Graciosa "described the effort as 'the beginning of an immigration civil rights movement.'" The Washington Post (3/28, A1, Pomfret, Geis, 744K) also notes the talk of "the dawning of a new civil rights movement," with activists "drawing parallels with the Rev. Martin Luther King Jr. and Chicano labor activist Cesar Chavez." The Post says the "grass-roots movement of immigrant churchgoers, union members, businessmen, media personalities and laborers" hopes to "use the power of their numbers to move the debate." The Los Angeles Times (3/28, Watanabe, Beccera, 958K) profiles several of the "Spanish-language radio personalities" who joined together to help turn a march "initially expected to draw fewer than 20,000" into "a massive march that police estimated at 500,000 and said was one of the largest demonstrations in Los Angeles' history."

Polls Show Broad Concern About Illegal Immigration. The CBS Evening News (3/27, story 3, 3:50, Attkisson, 7.66M) reported "polls show 75% of Americans say the US is not doing enough to keep illegal immigrants from entering the country -- and this is key: A majority of Americans say they're more likely to vote for a candidate who favors tighter controls on illegal immigration." The Washington Times (3/28, Harper, 90K) surveys several recent polls on immigration, concluding "most Americans are concerned about the financial impact of illegal immigration and fret over porous borders, lax enforcement and easygoing policies that could reward or encourage lawbreakers." A Quinnipiac poll found 88% of registered voters, including 83% of "children or grandchildren of immigrants," think illegal immigration is a "serious problem." Meanwhile, a Gallup poll of investors found that while 84% "said illegals mostly took jobs Americans didn't want," 62% still said they "hurt the national investment climate."

Roll Call (3/28, Winston) also samples the surveys under the headline "Check The Polls, Not The Protests, On Immigration." Roll Call writes that "the views of most of the people marching in the streets of L.A. and other cities last weekend bear little or no resemblance to the majority of public opinion in this country" on the subject. For example, a January Time poll found 63% think illegal immigration is "an extremely or very serious problem," and an October 2005 New Models poll found 58% think "military troops should be used for border security." A Fox News poll, also from last October, found a slim majority in support of a "2,000-mile security fence along the U.S.-Mexico border."

Undocumented Immigrants Seen As Key Part Of US Economy. The CBS Evening News (3/27, story 5, 1:30, Mitchell, 7.66M) reported, "Illegal immigrants fill millions of unskilled, low-wage jobs in this country and have a vital role in our economy," and "now make up nearly five percent of the American workforce, according to a recent study by the Pew Hispanic Center. And in some industries, the numbers show, they've become a critical part of the labor pool."

USA Today (3/28, Kiely, 2.31M) reports on the guest worker debate on its front page, profiling a nursery company in a Cleveland suburb where "of the 350 employees hired to work the March through December busy season, 271 are Mexican nationals with visas from a 'guest worker' program." USA Today says their presence in an Ohio town "illustrates how much foreign migrant labor means to the economy" and underscores why the upcoming Senate debate "is so explosive."

Activists Try To Shame Employers Who Hire Undocumented Workers. ABC World News Tonight (3/27, story 3, 2:00, Vargas, 8.78M) reported on the efforts of activists in Lake Forest, California, who "trying to catch employers in the act of picking up illegal immigrants. They want to shame them into stopping, by posting photographs on their website, WeHireAliens.com." The group "has posted the names of

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843 companies from coast-to-coast, ranging from major corporations."

Federal Troops Help CBP Increase Apprehensions Of Illegal Border Crossers. The Washington Times (3/28, Seper, 90K) writes that a report to the Senate Armed Services Committee showed a net 60% increase in apprehensions of illegal US-Mexico border-crossers by US Customs and Border Protection last October after federal troops were deployed to assist. The "Texas-based Stryker-armored reconnaissance, surveillance and target acquisition squadron helped CBP agents capture 2,000 illegal border crossers in New Mexico and Arizona."

More Commentary. In a Wall Street Journal (3/28, A20, 2.11M) op-ed, Council on Foreign Relations senior fellow and Columbia economist Jagdish Bhagwati writes, "The profusion of proposals by politicians of left and right, the taking to the streets" by opponents of "the draconian House bill, and the agonized appeal by President Bush (a real mensch who has put his politics where his principles are, and where ours should be) that 'America is a nation of immigrants' (and 'also a nation of laws'), all underline the fact that there is now a compelling sense of public urgency about the immigration debate. … The proper objectives of American immigration reform…are twofold: to 'gain control of the border' (i.e., to have the inflow of migrants determined exclusively by legal admissions) and to treat immigrants humanely."

In a Washington Times (3/28, 90K) op-ed, American Research Foundation President Phil Kent writes, "More Americans must understand that Mexico's government, far from being a friend, is actively working to subvert our country's laws and political institutions. Not since the heyday of expansionist Soviet communism has there been such an organized effort to undermine our nation. If our borders are not controlled and immigration law enforced, will we truly be a 'United States' in another 10 years or a completely balkanized, multicultural society with English downgraded as the common tongue?"

In his Washington Post (3/28, A23, 744K) column, Eugene Robinson writes, "There are an estimated 12 million immigrants in the United States illegally. That many people don't just fade into the woodwork. The fact is, we see undocumented immigrants every day. … You probably don't know where they live. You probably don't know their children's names or where they go to school. You probably don't know what it was like for them to buy a car or even get a driver's license. You probably don't know where they get medical care. If you did know these things about individual immigrants…I think you would find the debate in Congress almost grotesque."

TAX:

Former KPMG Tax Partner Pleads Guilty. The New York Times (3/28, Browning, Moynihan) reports, "The government's criminal case against 17 former KPMG employees over sales of questionable tax shelters took an unexpected turn yesterday when one of them, David Rivkin, pleaded guilty to charges of conspiracy and tax evasion." The Times continues, "Mr. Rivkin, who was a KPMG partner in San Diego, agreed to cooperate with the government as part of his plea. His cooperation may help federal prosecutors in Manhattan build a case against the remaining defendants as well as help prosecutors in their widening inquiry into other accounting firms, banks, law firms and others that worked with KPMG to sell bogus tax shelters, lawyers not involved in the case said. … 'Obviously, this is a person who was in a position to know and understand the inner workings of everything, so this is good news for the prosecution,' said William B. Mateja, a tax lawyer and former Justice Department lawyer who has prosecuted fraud cases."

The Wall Street Journal (3/28, Davies, Reilly) reports, "Mr. Rivkin is one of 17 former executives at the giant accounting firm to be charged in connection with the sale of the questionable products. The other two defendants are an outside lawyer and investment adviser who helped KPMG structure and sell the products. … Mr. Rivkin's plea deal is expected to increase pressure on the other 18 defendants scheduled to go to trial in the fall in what is seen as one of the most complex and wide-ranging tax cases ever brought by federal prosecutors. New York-based KPMG last year reached its own deal with prosecutors, agreeing to pay $456 million and admit criminal wrongdoing as part of a deferred-prosecution pact. The pact allowed the firm to avoid a criminal indictment."

The AP (3/28, Neumeister) reports, "Rivkin admitted that he conspired with others between January 1999 and May 2004 to prepare and execute false documents so that clients could file false tax returns. … He also admitted that he took steps to conceal the existence of fraudulent tax shelters from the Internal Revenue Service and avoided registering the shelters with the IRS by claiming attorney-client privileges. …

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In pleading guilty to conspiracy and tax evasion, Rivkin signed an agreement to cooperate with prosecutors, who could then ask the judge to consider giving Rivkin a more lenient sentence rather than the years he might face in prison. Sentencing was set for Feb. 9, 2007."

Court Orders New Hampshire Tax Preparer To Turn Over Documents To IRS. The AP (3/28) reports, "A tax preparer has run into legal trouble with the IRS. … The federal court in Concord (NH) has ordered Mark Loll of Peterborough (NH), who runs a company called Tax-Tactics, to turn over his customer list and copies of tax returns whenever the IRS asks. Federal law requires tax preparers to do both." The AP continues, "The order stems from a December complaint alleging that Loll failed to comply with an IRS request to provide copies of the returns or a list with the customers' identifying information. … The court also ordered Loll to stop 'asserting frivolous unrealistic positions on tax returns he prepares.' … The Justice Department has sought and obtained injunctions against more than 160 federal tax return preparers and promoters since 2001."

CONGRESS-ADMINISTRATION:

Bush Holding Off-The-Record Briefings With Media Groups. The New York Times (3/28, Seelye, 1.19M) reports President Bush has "been holding informal off-the-record sessions with major news organizations over the last several days. Starting Thursday, he began meeting with groups of about a half-dozen reporters from newspapers, television, news agencies and magazines." One reporter who attended a briefing said "they have discussed a variety of issues including the war in Iraq." The New York Times, "which was invited to attend a session today, has declined to participate."

The Washington Post (3/28, A14, Babington, 744K) reports Bush "has been waging a private campaign that has included off-the-record sessions with White House reporters." One gathering, "which took place Thursday in the White House residence, was an unusual gesture by Bush, who has agreed to comparatively few lengthy exchanges with reporters during his five years in office." Last week's session "involved reporters from several prominent broadcast and print outlets, including ABC News and The Washington Post."

AARP Intensifying Promotion Of Medicare Prescription Drug Program. Roll Call (3/28, Ben Pershing) reports with the "deadline fast approaching for seniors to sign up for the Medicare prescription drug benefit, the on-again, off-again partnership between Congressional Republicans and AARP to promote the program appears to be back on." The "35-million-member seniors group announced last week that it was 'launching an expansive advertising campaign to help educate Americans about the benefits of the program and how to enroll, especially for those with limited incomes.'" AARP spokesman Steve Hahn "said Monday the group was prepared to spend "several million dollars" on print and radio ads in 44 cities in advance of the May 15 deadline for seniors to enroll in the drug program without a penalty. That's music to the ears of GOP lawmakers, who until now have expressed disappointment at AARP's relatively modest efforts to promote the GOP-backed plan after prominently endorsing it prior to passage."

Administration To Drop Double-Enrollees From One Plan. The New York Times (3/28, Pear, 1.19M) reports the Bush Administration "notified hundreds of thousands of Medicare beneficiaries on Monday that they were listed on the rolls of two prescription drug plans and would soon be dropped from one. They will retain coverage under the other plan." The notices "are supposed to clear up confusion resulting from errors and discrepancies in the enrollment records of Medicare's new prescription drug program. But some state officials and advocates for older Americans said the federal effort could create new confusion." Christina Pearson, "a spokeswoman for the Department of Health and Human Services, estimated that 500,000 people could receive notices as part of the 'enrollment reconciliation process.'"

Gingrey Says Democratic Criticism Of Drug Plan Costs Seniors Money. In an op-ed in The Hill (3/28), Rep. Phil Gingrey says, "Partisan politics is keeping millions of senior citizens from learning about and enrolling in a new program that is saving seniors an average of $1,100 a year on prescription-drug costs." Marketplace competition for the prescription drug benefit "is working. Premiums are a third lower than expected, and seniors are saving up to 50 percent off their monthly medication costs. To top it off, the Congressional Budget Office recently announced the program would cost $5 billion less than projected." Seniors "have less than two months left to enroll in a plan without paying a higher premium penalty. And yet there are

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Democrats in this Congress who are playing politics with our seniors' health by holding town hall meetings to encourage seniors not to enroll."

Nicholson Praises VA Healthcare System As Model. The Washington Post (3/28, A21, Lee, 744K) reports that in his "state of the VA" speech yesterday, Secretary of Veterans Affairs Jim Nicholson noted that when "Hurricane Katrina forced the relocation from New Orleans to Houston of hundreds of Veterans Affairs hospital patients, electronic medical records enabled doctors and nurses to treat the sick and injured without skipping a beat." Nicholson "cited electronic health records as one reason the VA health-care system is 'a model for our nation' and said his department, with 234,000 employees, is 'truly one of America's good-news stories.'"

House Centrists Seek More Funding For Social Programs. The Hill (3/28, Young) reports centrist Republicans in the House "hope to replicate the recent success of their Senate counterparts by boosting spending on health, welfare and education programs this year." Rep. Mike Castle "and other centrists plan to hold a press briefing today in the Capitol basement to seek bigger budgets for programs such as the National Institutes of Health, student loans, heating assistance and job training."

Conaway Offers Plan To Cut Federal Spending. In a Roll Call op-ed (3/28), Rep. Mike Conaway, who is also a CPA, offers his suggestions to reining in the Federal budget deficit, such as "no new federal programs," "line-item veto reform," "reduction in mandatory spending growth," and making President Bush's "tax cuts permanent." These suggestions, "if applied, will significantly impact how the federal government manages our money. Eliminating ineffective government programs, reducing growth of massive government entitlements and passing procedural measures for real budget reform do not sound particularly exciting, but such actions are necessary."

Bush Digs Into The Bureaucracy To Improve Government Services. The White House Bulletin/US News (3/27) reported President Bush "and his inner circle are well aware that another management disaster such as the failed federal response to Hurricane Katrina could tarnish many Republican candidates for Congress in this fall's mid-term elections. So Bush and White House Chief of Staff Andy Card have put in place a number of new systems to prevent such foulups in the future." Bush has "always asked his staff lots of questions to make sure he fully understands what's going on, and he has stepped up that effort." Chief of Staff Card said, "He's not afraid to stick a cattle prod in the system and motivate faster action consistent with his expectations." Card says Bush is "often frustrated by the pace of the bureaucracy." Card said, "He doesn't want us to defend the government. He wants us to produce results." Card says "he and Bush will be more vigilant than ever when hurricane season starts later this year. In addition, to prevent any more firestorms like the furor over the administration's proposal to let a Dubai-owned company operate six US seaports, Card requires his staff to update him regularly on what other foreign ownership deals are in the pipeline, so he can evaluate them and not allow the President to be blind-sided again."

White House Withdraws Sanborn Nomination. In what the Washington Times/UPI (3/28, Waterman) calls "continuing fallout from the collapse" of the DP World deal, the Bush Administration yesterday withdrew the nomination of David Sanborn, one of the company's executives to run the US Maritime Administration. White House spokeswoman Erin Healy "said the withdrawal was at Mr. Sanborn's request, which was made in a letter to the president yesterday." Healy "would not comment on whether the move was connected with the sudden end of DP World's proposed takeover of operations at terminals in six U.S. ports, the result of the Arab company's takeover of Britain's Peninsular & Oriental Steam Navigation Co."

Snowe Concerned SBA Has Slowed Hurricane Loan Process. The AP (3/28, Jordan) reports Sen. Olympia Snowe said in a March 23 letter to Small Business Administrator Hector Barreto that the departure of 682 disaster assistance employees from the agency troubled her "at a time when efficiency and production are of such high importance." Meanwhile, "Calling the loan application process 'a high priority,' SBA spokeswoman Anne Marie Frawley said the agency is looking to local banks and private firms to help speed recovery aid to hurricane victims." Though the agency "has approved $6.7 billion in disaster loans to Gulf Coast businesses, homeowners and renters whose properties were damaged by Hurricanes Katrina and Rita," Snowe spokesman Chris

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Chichester said "only $590 million has been distributed thus far to applicants."

Federal Judge Refuses To Delay New Orleans Mayoral Election. A hearing was held yesterday as to whether New Orleans' mayoral election should be held April 22, after the NAACP and other civil rights groups had argued that displaced voters having to pay for transportation to the city would be the "modern equivalent of a poll tax." The AP (3/28) reports US District Judge Ivan Lemelle "on Monday refused to delay" the election, "telling both sides to solve any problems that might hinder displaced residents' ability to vote." He "said voting will help the city rebuild, but he warned that its residents have already lost trust in institutions."

CNN's The Situation Room (3/27, Blitzer) reported, "Civil rights groups had raised concerns that residents displaced by the storm would not be able to cast ballots. The judge ordered both sides in the case to identify and solve any problems that might hinder voter turnout."

GOP Desire For Change Shifting From White House To Rumsfeld. The White House Bulletin/US News (3/27) reported there has been "a shift in some of the behind-the-scenes griping over recent missteps in the Administration, especially over the war in Iraq. Some senior Republicans are beginning to think that firing people on the White House staff won't make much difference in improving management and outreach, and may actually make matters worse by creating turmoil in the West Wing at a very sensitive time." White House insiders also "don't want to deprive President Bush of valued confidants, whose loyalty and company he prizes. What makes more sense, they say, is to have Bush force Defense Secretary Donald Rumsfeld out of his job. That would encourage the Pentagon brass to reconsider the current policies in Iraq and elsewhere, and might encourage fresh thinking."

NHTSA To Release New Fuel Economy Rules For Trucks. The National Highway Traffic Administration this week is expected to announce new fuel economy rules for trucks. USA Today (3/28, O'Donnell, 2.31M) reports, "The rules could pressure automakers to improve the mileage of their heftiest vehicles, often known as 'three-quarter-ton' or 'one-ton' trucks. And they could create, for automakers, a bewildering array of fuel-economy standards that could vary almost from model to model."

Report Provides Guidance For Switching To Pay-For-Performance Systems. The Washington Post (3/28, D4, Barr, 744K) reports in its "Federal Diary" column, "Creating fair pay-for-performance systems in the government will require effective ways of evaluating job performance and well-trained supervisors, according to a report from the Merit Systems Protection Board. … The report from the board, a quasi-judicial agency that hears appeals from employees facing major disciplinary action and that helps oversee the civil service, comes at a timely moment for the federal workforce. At least half of the workforce seems likely to shift into new pay systems in the next few years." The Post adds, "The MSPB report, which goes to the White House and Congress, provides a road map for federal employees and supervisors who are uncertain about the ingredients that go into performance-based pay systems. The 43-page report (at http://www.mspb.gov in the 'studies' section) offers a balanced view of what's at stake when adopting new compensation strategies."

Frist Says Deal Close On Lobbying Reform Legislation. Senate Majority Leader Bill Frist yesterday began negotiations with Senate Democrats on legislation to curb the influence of lobbyists. The Washington Times (3/28, Bellantoni, 90K) reports that Frist told reporters that he is working with Democrats "to work out a compromise and he thinks the Senate is 'very close' to completing the bill."

Roll Call (3/28, Newmyer) reports that "leading lawmakers" say "they hope to wrap up work" on a bill by the end of the day." Roll Cal adds, "The path back to lobbying reform was cleared when Senate leadership reached an agreement with Sen. Charles Schumer (D-N.Y.) to set aside his proposal for an amendment on foreign ownership of ports. … Instead, Senators will vote today on an amendment offered by Sens. Ron Wyden (D-Ore.) and Chuck Grassley (R-Iowa) that would ban the long-held Senate practice of allowing Members to hamstring legislation with anonymous holds." After that, the Senate "could move to a prearranged package of amendments, which have yet to be determined, or else Majority Leader Bill Frist (R-Tenn.) could choose to limit debate by calling for cloture on the measure."

More Controversial Issues Loom. The Washington Post (3/28, A21, Babington, 744K) reports that as if "the debates over immigration and the Iraq war weren't contentious enough, Congress is about to embark on some really hot-button issues: flag burning, same-sex marriage and

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censuring the president." The Senate Judiciary Committee "has scheduled a Friday hearing on Sen. Russell Feingold's resolution to censure President Bush for authorizing warrantless surveillance of Americans' international phone calls and e-mails." Meanwhile, "interest groups on the left and right are preparing for showdowns over flag desecration and same-sex marriage in June, when Senate Majority Leader Bill Frist (R-Tenn.) has scheduled floor votes on the always-controversial issues."

Democrats Are More Concerned About Limits On 527 Groups. The Washington Post (3/28, A3, Edsall, 744K) reports that Democrats "are a lot more worried about proposals to impose sharp limits on spending by tax-exempt, non-party political groups." According to the Post, 527 groups "are viewed by the party establishment as disruptive, encouraging conservative primary challenges to moderate incumbents as much as contributing to the defeat of Democrats. Democrats, by contrast, tend to view the independent groups with gratitude rather than resentment -- because they are doing essential political work that is not being done by others." The parties "disparate approaches to building election treasures and machinery underpin Democratic opposition to and Republican support for enactment of tough, new restrictions on the independent 527 committees."

Measure Would Ban Insider Trading By Lawmakers. The Wall Street Journal (3/28, Mullins, 2.11M) reports that some lawmakers "want to enact legislation that would prohibit members of Congress and their aides from trading stocks based on nonpublic information gathered on Capitol Hill. Two Democrat lawmakers plan to introduce today a bill that would block trading on such inside information." The Journal adds, "It isn't clear yet what kind of support the bill will garner from Republicans."

Nationals Fear Fallout From Abramoff Scandal. A front page in the Washington Post (3/28, A1, Heath, 744K) reports that while the return of a professional baseball team to Washington "provided a new venue for lobbyists to entertain members of Congress and their staff at RFK Stadium, just 20 blocks east of the Capitol," Nationals executives "are concerned that a significant piece of their business could be affected in the aftermath of the Jack Abramoff bribery and corruption scandal, which is leading many lobbyists and elected officials to reconsider how and where they do business. … Nationals President Tony Tavares said the team already has had some 'push back' from lobbyists who were ticket holders a year ago, and it has led to the cancellation of ticket plans for about 100 prime seats at RFK."

Author Urges Congress To Rein In Lobbyists. In the Financial Times (3/28) author Michael Massing writes about the negative influence of corporate lobbying, saying that "it often takes years for the short-sightedness of corporate lobbying to become apparent. In the short term, the gains wrung through lobbyists and campaign contributions might seem impressive. Over time, though, lobbying, in foiling measures designed to promote the public good, can undermine the fortunes of the very industries doing the lobbying. It is yet another reason Congress should hold firm in its effort to rein in Washington's influence peddlers."

Democrats To Unveil National Security Platform. Roll Call (3/28, Billings) reports Democratic leaders will try to "convince the electorate of their military muscle," unveiling a national security platform in which they "will vow to eliminate Osama bin Laden and destroy al-Qaida." Party leaders "will focus on five major policy areas for a safer America, both within its borders and beyond. Perhaps most ambitious among the party's objectives are calls to defeat terrorists and eradicate weapons of mass destruction." Congressional Democrats "will formally outline their national security plan Wednesday when they join other party leaders and law enforcement officials in a major event at Union Station."

Scalia's "Obscene Gesture" To Reporter Sparks Questions. Supreme Court Justice Antonin Scalia reportedly used a hand gesture in response to a reporter's question on Sunday. The AP (3/28) reports, "The Boston Herald reported Monday that the justice made 'an obscene gesture under his chin' — which prompted some online reports that Scalia had used his middle finger. Untrue. … The sign he used in Boston is frequently used by Italians to express displeasure with someone — from mild to deep irritation. It is done by cupping the hand under the chin and flicking the fingers like a backward wave."

22nd Amendment Criticized For Causing Lame Duck Presidencies. In his Boston Globe column (3/28), Peter Canellos says there were "no quacking noises at the president's press conference last week. But" President Bush "acknowledged that the political capital he won in 2004 is dwindling. He blamed the Iraq war, but even

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in the best of circumstances, presidents in their second terms become lame ducks very quickly." The "reason is the 22d Amendment to the Constitution, mandating that presidents can be elected only twice." That's "partly why a bipartisan group of legislators have been filing a bill every two years to rescind the 22d Amendment, on the grounds that it deprives the country of its proper choice of leaders."

OTHER NEWS:

Gasoline Prices Level Off After Steep Increase Last Week. Gasoline prices have leveled off after increasing nearly 14 cents a gallon last week. USA Today (3/28, Healey, 2.31M) reports that the price plateau caps "a four-week run-up at the pump" but the relief "could be short-lived. Prices often zoom as warm weather spurs more driving trips, which drain supplies. Refiners also are required by law to shift to clean-air gasoline blends for spring and summer, and those cost more to make." According to USA Today, the "nationwide average for a gallon of regular is $2.498, the U.S. Energy Information Administration reported Monday."

The CBS Evening News (3/27, story 10, 0:10, Mitchell, 7.66M) reported that the price is "up a quarter from a month ago and more than 35 cents from a year ago."

The Wall Street Journal (3/28, Levine, Davis, 2.11M) reports, "Analysts attribute the quick price moves to a shift that begins next month in gasoline blends, requiring chemicals to be added for environmental and other reasons. Because of the energy bill passed last year by lawmakers, most U.S. refiners will halt the use of methyl tertiary butyl ether as a gasoline additive and substitute ethanol."

WSJournal Blames Congress For Rising Gasoline Prices. An editorial in the Wall Street Journal (3/28, 2.11M) says gas prices are rising because "Congress's energy policy mistakes are finally catching up with it." The Journal adds that Congress "created the conditions for this mess last summer with its latest energy bill," which "contained a sop to Midwest corn farmers in the form of a huge new ethanol mandate." Congress also "refused to include liability protection for producers of MTBE, a rival oxygen fuel-additive that has become a tort lawyer target. So MTBE makers are pulling out, ethanol makers can't make up the difference quickly enough, and gas supplies are getting squeezed. … If Republicans on Capitol Hill wonder why their approval ratings stay low as gasoline prices rise this spring and summer, we suggest they look in the mirror."

NYTimes Backs Markey Measure On Oil Royalty Relief. An editorial in the New York Times (3/28, 1.19M) notes that "oil companies stand to gain a minimum of $7 billion and as much as $28 billion over the next five years under an obscure provision in last year's giant energy bill that allows companies to avoid paying royalties on oil and gas produced in the Gulf of Mexico. … Edward Markey, a Democratic member of the House from Massachusetts, has proposed a bill that would keep any new contracts from granting relief when oil and gas prices were high, and would instruct the interior secretary to try to renegotiate existing contracts. That is a fair and overdue remedy."

Stock Markets Have Mixed Finish. Stocks finished with mixed results Monday. The Wall Street Journal (3/28, 2.11M) reported on its web site that the Dow Jones Industrial Average fell 29.86 points to 11250.11. The Standard & Poor's 500-stock index slid 1.34 to 1301.61 and the Nasdaq Composite Index gained by 2.76 to 2315.58. USA Today/AP (3/28, Powell) attributes the mixed results to investors "awaited the results today of the first Federal Reserve rate-setting meeting led by new Chairman Ben Bernanke."

Bernanke Seeks To Make Fed Decisionmaking More Transparent. New Federal Reserve Chairman Ben Bernanke wants to bring more transparency to the Fed and is exploring ways to publicly communicate bank officials' views on the economy, the inflationary risks and the likely path of interest rates. The Washington Post (3/28, D1, Henderson, 744K) reports that "the options Bernanke and his colleagues have floated include several practices employed by central banks in other countries. They include: Writing lengthier statements after policymaking meetings to explain their actions. … Providing more descriptive minutes of their meetings. The minutes now are highly stylized summaries, former Fed officials say. Publishing more frequent economic forecasts by Fed policymakers, who now issue them twice a year. Holding news conferences after Fed meetings. Setting a long-term, numerical target for inflation."

Candidates Welcoming Bush, Cheney For Fundraisers, But Not Photo-Ops. The Christian Science Monitor (3/28, Feldmann, 61K) reports that as the

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2006 congressional campaigns "get into gear, there are two George W. Bushes traveling the country. One, the fundraiser, is welcome anywhere, anytime. Since January 2005, the president has set a record pace in raising cash for Republican campaign committees and individual candidates - $88 million at 26 events." The other, "the campaigner, appears radioactive, at least to candidates in tough races." Vice President Cheney, "whose job approval ratings are even lower than Bush's, is in the same boat: He's a money magnet at Republican fundraisers, but if it's for a candidate in a tight race, forget about the photo op." So far this cycle, Cheney "has appeared at 48 events and raised $16 million."

Bush Praises Burns At Fundraiser. The AP (3/28, Kalonick) reports that President Bush "on Monday urged Montanans to vote for Republican Sen. Conrad Burns, who is locked in a tight race for re-election this year. 'I'm proud to stand by this man,' Bush told a Washington audience of about 200 lobbyists, members of Congress and other supporters." Bush, in his speech, "urged support for the war in Iraq and energy independence. 'We're laying the foundation of peace, and it's important to have members of the United States Senate who can look beyond the short term, who have got a strategic view of the world in which we live,' Bush said. 'And Conrad Burns has that view.'" While some GOP candidates seeking reelection "have distanced themselves from Bush," Burns "said he is proud to stand next to the president. 'It always helps to have the president in your corner,'" Burns said.

Bush Remains Optimistic. The White House Bulletin/US News (3/27) reported senior White House officials say President Bush "is still optimistic that his policies will succeed in Iraq and at home, and confident that the Republicans will retain control of Congress in this fall's mid-term elections. The Democrats are too fractured over major issues to present a unified vision, and they are wrong on the merits of issues such as making Bush's tax cuts permanent (which many Democrats oppose) and imposing more restrictions on the warrantless surveillance of suspected terrorists (which many Democrats favor), Bush says." Bush "remains as decisive as ever -- a man who rarely second-guesses himself -- which his admirers praise as evidence of his strong leadership and his detractors condemn as evidence of stubbornness and swagger. Bush tells aides that Americans want their president to be decisive because it persuades the country that he knows what he's doing. Besides, Bush says, decisiveness is a morale builder for his staff because it breeds confidence in everyone around him."

Number Of Millionaire Households in US Grew Last Year. A report to be released today from the British market research firm TNS Financial Services says the number of US households with a net worth of $1 million or m ore grew to 8.9 million last year. The New York Times (3/28, Johnston, 1.19M) reports, "The number of millionaire families rose to 7.1 million in 1999, said Jeanette Luhr, a TNS manager who directed the survey, and then, after the Internet bubble burst, dropped steadily to 5.5 million by 2002. The ranks of millionaire households rose to 6.2 million in 2003 and 8.2 million in 2004, she said."

Religious Conservatives Unveil "Value Voters" Contract. The Washington Times (3/28, Duin, 90K) reports a "summit of evangelical Christians and conservative Catholic and Jewish activists yesterday produced a 'Values Voters' Contract with Congress,' an outline of what the religiously minded expect their elected representatives to bring about in the near future." Modeled after "the Republican Party's 1994 'Contract with America,' the 'Values Voters' Contract' stipulated 10 aims, ranging from legislation to keep the words 'under God' in the Pledge of Allegiance to laws guaranteeing greater religious freedoms in the workplace, prohibiting human cloning and embryo research, and guaranteeing a "right to life" to all children before birth."

Bloomberg (3/28) reports that faith and family values issues "are dividing the Republican Party." Bloomberg reports, "Economic conservatives and secular Republicans complain their message is being drowned out by Christian conservatives preoccupied with banning abortion and gay marriage and limiting stem-cell research. On the other side, 'values' advocates say they have provided the party with crucial support, particularly in 2004, when they mobilized religious conservatives to go to the polls to help re-elect President George W. Bush. Such concerns are turning long-simmering Republican tensions over the role of religious conservatives into an election-year split in a party already strained by differences on the Iraq war, immigration and government spending."

Leaders Of Both Parties Getting Low Job-Approval Ratings. The Washington Times (3/28,

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Lambro, 90K) reports President Bush "and the Republican Congress are not the only ones getting poor job-approval grades from voters. A large number of governors and state legislatures in both parties are receiving low scores, too." While the Washington press corps "has focused on Mr. Bush's declining approval rating, down to 36 percent in the latest Gallup poll, and on Congress, whose approval rating has sunk to 27 percent, state and local government officials are not faring much better." Independent pollsters "say the national electorate is in a sour mood and is critical of the political establishment across the board, regardless of party."

Romney-McCain Rivalry Developing. A rivalry has developed between 2008 presidential rivals Sen. John McCain and Massachusetts Gov. Mitt Romney, the AP (3/28, Johnson) reports. Romney has held fundraisers in McCain's home state of Arizona and he has repeatedly "questioned the effectiveness of the 2002 McCain-Feingold campaign finance law, arguing it has had 'unintended consequences' and 'driven money into secret corners.'" Meanwhile, McCain aides, "speaking privately like Romney's to avoid incurring the boss' wrath, labels Romney a johnny-come-lately to conservative Republican and national security causes. They also question whether a dashing candidate dubbed 'Matinee Mitt' has the mettle to endure a rough nominating battle."

Dionne Says McCain At Risk Of Losing Maverick Appeal. In his Washington Post column (3/28, A23), E.J. Dionne says Sen. John McCain "the Maverick fought for campaign finance reform, took global warming seriously, opposed Bush's tax cuts and spoke out against torture. Those positions bred mistrust in McCain's own party, even though he was always a staunch supporter of overthrowing Saddam Hussein, a firm opponent of pork-barrel spending, an abortion foe and an advocate of private accounts carved out of Social Security." McCain's problem "is that political parties rarely nominate mavericks, and McCain has decided the only way he'll ever be president is as the Republican nominee. So today he cares very much about what hurts him or helps him in his own party." The "most flagrant sign of this was his February vote to continue Bush's dividend and capital gains tax cuts, which he once eloquently opposed." But McCain's "central appeal, even to people who disagree with him, has always been his willingness to do the nonpolitical thing -- for example, to defend Kerry that day in 2004 simply because he thought the attacks on Kerry were wrong."

Disney Hires Former McCain Aide As Lobbyist. The Hill (3/28, Schor) reports the Walt Disney Co. "had big shoes to fill when lobbyist Mitch Rose left last month to open his own shop, and Disney has turned to Bill Bailey, former communications adviser to Sen. John McCain (R-Ariz.), as its lobbying arm's new No. 2." It is Bailey's "years working side by side with McCain, former Commerce Committee chairman and 2008 presidential contender, that may make him most valuable to Disney as it joins the fray over rewriting the Telecommunications Act of 1996."

Democrats Suggest Allen For NFL Commissioner. Democrats are suggesting that the NFL should consider Sen. George Allen to replace retiring commissioner Paul Tagliabue. The AP (3/28, Lester) reports that DSCC executive director J.D. Poersch, referring to Allen's comment that the Senate moves to slowly, said, "We hate to see a good Senate seat filled by someone who is so bored by his job that he doesn't even like to spend time in the state he is supposed to represent, let alone vote in a way that serves his state's interests."

Web Site Publishes Kerry's Hotel Requests. The Washington Post (3/28, C3, Argetsinger, Roberts, 744K) reports in its "The Reliable Source" column that The Smoking Gun web site yesterday published Sen. John Kerry's list of hotel room requirements from his 2004 presidential campaign. Kerry "nixed tomato-based foods and celery ('JK hates celery') while requesting cold cereal, meatloaf, chicken, cookies, Poland Spring bottled water and a recumbent bike for workouts." Kerry spokesman David Wade compared Kerry's list to Vice President Dick Cheney's, which the web site published last week. Said Wade, "Dick Cheney drinks Perrier and refuses to watch anything but Fox News. John Kerry hates Evian, eats meatloaf, and snacks on chocolate chip cookies. If these documents had been leaked during the campaign we'd have won in a landslide."

Research Finds "Educational Flatline" In US. Research led by a Duke University sociologist has found that the basic academic skills of US children has hardly budged despite nearly 30 years of quality of life improvements. USA Today (3/28, Toppo, 2.31M) reports, "The 'educational flatline,' as measured by scores on math and reading exams, defies researchers' expectations, because other quality-of-life measures, such as safety and family income, have improved steadily since 1975." The report "calls for more investments

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in preschool and adult education, as well as programs for children who enter school with inadequate English skills."

Lyn Nofziger Dead At 81. The Washington Times (3/28, Hallow, 90K) reports, "Lyn Nofziger, a long-time adviser to Ronald Reagan, died yesterday in his Falls Church home after a long bout with cancer. He was 81. Wife Bonnie, daughter Glenda Parry of Myrtle Beach, S.C., and grandson Matthew Parry were at his side when he succumbed to bladder cancer at about 5:15 p.m." The Washington Post (3/28, B6, Weil, 744K) calls Nofziger "rumpled" and "irreverent," and says he "served at Ronald Reagan's right hand both in the California capitol and in the White House, died yesterday of cancer at his home in Falls Church." The Post adds, "After leaving the White House, Mr. Nofziger felt in a personal way what he considered to be governmental overreaching. He was found guilty in 1988 on three counts of illegal lobbying at the Reagan White House within a year after he left to set up his consulting firm." But "a federal court of appeals overturned the conviction in June 1989, asserting that prosecutors had failed to prove that Mr. Nofziger 'knowingly' violated the law. The Supreme Court declined to consider reinstating the conviction."

The New York Times (3/28, Broder, 1.19M) says Nofziger "frequently expressed his disdain for Washington and for politics, but he kept returning. He put up a cynical facade that endeared him to the reporters he dealt with, but he remained devoted to Reagan, even though he was never part of the president's innermost circle."

Byrd's Wife Dies. The Hill (3/28, Downing) reports, "Erma Ora James Byrd, the wife of Sen. Robert Byrd (D-W.Va.), died Saturday after struggling with a long illness. The couple had been married for 69 years."

Gore, Blood Say "Short Term" Focus Pervades Corporate, Investment Communities. Former Vice President Al Gore, who is chairman of Generation Investment Management, and David Blood, managing partner of Generation Investment Management, write in the Wall Street Journal (3/28, 2.11M) that the "interests of shareholders, over time, will be best served by companies that maximize their financial performance by strategically managing their economic, social, environmental and ethical performance. This is increasingly true as we confront the limits of our ecological system to hold up under current patterns of use." They add, "A short-term focus still pervades both corporate and investment communities, which hinders long-term value creation. … More mechanisms to incorporate environmental and social externalities will be needed to enable capital markets to achieve their intended purpose -- to consistently allocate capital to its highest and best use for the good of the people and the planet."

Hamas Leaders Say They Are "Ready For Dialogue." USA Today (3/28, Stinson, Gutman, 2.31M) reports, "The Palestinian Authority's new leaders said Monday that they would reach out to the United States and other international peace mediators. For the first time, they raised the possibility that the Hamas-led government could recognize Israel's right to exist." The statements from Prime Minister-designate Ismail Haniyeh and his deputy Naser as-Sha'er "reflected a softening of rhetoric." The United States and Israel "dismissed the statements, saying the words had to be matched by action." In a speech to the Palestinian parliament, Haniyeh "said that his government 'is ready for dialogue' with the United States and the three other members of the so-called Quartet of international powers that have sought to broker peace between Israel and the Palestinians."

The Washington Times/AP (3/28, El Deeb) quotes Haniyeh saying, "The European Union has provided a lot of aid to our people and supported our right for freedom. ... We are interested in a strong relation with Europe." But "at the same time we expect the European Union to review some of its policies toward the conflict."

Kadima Predicted To Win Low-Turnout Israeli Election. The New York Times (3/28, Myre, 1.19M) calls Acting Israeli PM Ehud Olmert's Kadima Party "the overwhelming favorite" in today's election, which the Times says "is widely billed as one of the most important -- and least inspiring -- ballots in Israel's history." The Washington Post (3/28, Wilson, 744K) calls Israel's electorate "unsettled" and says the election occurs "after a campaign season marked by complacency, disappointment and a sense of betrayal among many voters now searching for new political leadership." The Christian Science Monitor (3/28, Mitnick, 61K) also says Kadima "ends the campaign fighting primarily voter apathy." Opinion polls "predict that voter turnout will be weak." The Washington Post (3/28, A17, Wilson, 744K) reports "the campaign has emerged as a referendum on Sharon's unfinished program to separate the

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Israeli and Palestinian populations through a series of unilateral withdrawals from the occupied territories."

PhRMA Move Against Israeli Company Sparks Anger Among US Jewish Groups. Roll Call (3/28, Ackley) reports, "A move by the Pharmaceutical Research and Manufacturers of America to punish Israel on foreign trade has sparked an uproar among some American Jewish groups and raised the ire of a major Israeli drug company." In a written submission, PhRMA "has asked the Office of the U.S. Trade Representative to designate Israel a 'priority foreign country' on a soon-to-be-released annual list. The list, known as the 'Special 301' report, is reserved for those countries with some of the worst intellectual property laws that affect American companies. And being on the list can lead to trade sanctions." Israel "is not the only country PhRMA has recommended be included on the priority foreign country list. PhRMA wants the USTR to put a handful on the list including Turkey, Poland, Germany and Canada." In response to PhRMA, "Jewish organizations, the Israeli embassy and Teva Pharmaceuticals in recent days have mounted a lobbying blitz aimed at the USTR, White House and Congress to keep Israel off the list, which is set to be released next month."

Rice To Discuss Iran During Three-Stop European Trip. The AP (3/27, Stringer) reports Secretary Rice "will visit several European capitals in the coming days, heading to Britain, France and Germany as new talks are scheduled concerning Iran's suspect nuclear program." Assistant Secretary McCormack "said Rice's trip will include stops in Berlin and Paris for meetings on Iran and other issues." British Foreign Secretary Jack Straw announced that the foreign ministers from France, China, Russia and Germany will join Rice and him in Berlin Thursday "for talks about Iran."

Meanwhile, the Christian Science Monitor (3/28, LaFranchi, 61K) says that "what was supposed to be a quick discussion in the United Nations Security Council to solidify international opposition to Iran's nuclear program has turned into a stalemate." With both Russia and China "balking at any council statement that might open the door to sanctions against Iran further down the road, agreement on a diplomatic rebuff could still be a week or more away. That is, if broadly acceptable wording for a statement can be found even then." In the short term, the United States "appears unfazed by the delay."

WSJournal Says Iranian Dissident Could Be "Iconic Figure" In Iranian "Revolution." The Wall Street Journal (3/28, 2.11M) editorializes, "Successful democratic revolutions tend to have iconic figures: Think of Nelson Mandela in South Africa, Vaclav Havel in Czechoslovakia, Lech Walesa in Poland and Viktor Yushchenko in Ukraine. These men not only led their movements to victory but also, through their personal suffering, became emblems of the suffering of their people." In Iran, "the iconic figure is Akbar Ganji, who was released this month from Tehran's Evin prison after serving a six-year sentence."

Indian Foreign Secretary Will Promote Nuclear Pact In Washington. The AP (3/27, Klug) Indian Foreign Secretary Shyam Saran "is visiting Washington this week, the start of a month-long effort to help President Bush sell his landmark civilian nuclear cooperation deal to a skeptical Congress." After Saran's visit, "a string of Indian ministers will meet in coming weeks with U.S. officials and speak at think tanks, press conferences and business gatherings across Washington. They will argue that a US-Indian deal to share nuclear technology and fuel is crucial" to meet India's "massive energy demands."

Gutierrez Urges China To Open Markets, Settle Currency Disputes. The AP (3/28) reports, "US Commerce Secretary Carlos Gutierrez on Monday called on China to open its markets to foreign goods and settle currency disputes, warning it could face protectionist sentiment in the US if its record trade surplus keeps growing." Gutierrez will be in Beijing "for talks ahead of a possible Senate vote this week on proposed sanctions to punish China for manipulating its currency."

US-China Trade War Said To Be Possible. The Wall Street Journal (3/28, Kempe, 2.11M) contrasts US-China economic competition to the nuclear standoff between Washington and Moscow during the Cold War. "As senior Washington and Beijing officials prepare for Chinese President Hu Jintao's summit with President Bush at the White House on April 20, a more unstable logic is being tested that has come to define the emerging superpower relationship that will define the first half of the 21st century. The argument holds that both countries would be so economically devastated by a trade or financial war…that neither would trigger one despite growing trade tensions. By that logic, China won't stop buying billions of U.S. dollars

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each month" and "the U.S. would not implement tough sanctions to punish China's undervalued currency. Don't bet on this logic holding. Miscalculation is the mother of all unintended conflicts."

Meanwhile, the Financial Times (3/28, Swann, Alden) reports "the administration of President George W. Bush will face mounting pressure to take tougher action against China over the value of its currency with the introduction on Tuesday of legislation that would all but force the US Treasury to brand China as a currency manipulator." The proposal, drafted by Sens. Charles Grassley and Max Baucus, "would threaten new sanctions against countries that are found to have 'currency misalignments' with the US, according to people with knowledge of the proposal."

Pro-Western Alliance Likely To Lead Ukraine. The New York Times (3/28, Myers, 1.19M) reports Ukraine "was in political gridlock on Monday" after President Viktor Yushchenko was "stunned" by his party's third place finish in parliamentary elections. The Financial Times (3/28, Wagstyl, Warner) says Yushchenko's former ally Yulia Tymoshenko "on Monday staked her claim to head the government" and "was putting pressure on" Yushchenko "to allow her back into office."

The Wall Street Journal (3/28, Chazan, 2.11M) says a Yushchenko-Tymoshenko alliance "may now be the only way for Mr. Yushchenko to keep his pro-Russian rival, Viktor Yanukovych, from forming a government himself." Another Tymoshenko premiership "has raised worries among investors leery of her populist slogans and her embrace of state intervention while in office. In recent weeks, she has promised to renegotiate a key gas-supply deal with Russia, a move that could poison already-sour relations with Moscow." Meanwhile, Washington Times/AP (3/28, Isachenkov) noted White House Press Secretary Scott McClellan called the elections "free and fair."

London Mayor Calls US Ambassador "Chiselling Little Crook." The Financial Times (3/28, Adams) reports London Mayor Ken Livingstone, "the famously outspoken left-wing mayor and long-standing critic of American foreign policy," has "accused the US ambassador to the UK of behaving 'like a chiselling little crook' in a spat over the embassy's refusal to pay the city's road toll." Livingstone's "assault on Robert Tuttle was prompted by the long-running dispute over the embassy's refusal to pay the congestion charge." An embassy spokesman is quoted: "The mayor has a tendency to hyperbole. I'm not going to dignify that."

Blair Under Fire For Campaign Finance Scandal. USA Today (3/28, Soriano, 2.31M) reports, "A campaign-finance scandal has erupted in Britain, where investigators are looking into the possibility that secret political payments were rewarded with seats in the House of Lords." British newspapers "such as The Independent have dubbed the scandal 'loans for peerages.' Scotland Yard last week began investigating wealthy donors who loaned money to Prime Minister Tony Blair's Labor Party. And Parliament's Constitutional Affairs Select Committee is scheduled to hold hearings today on political fundraising in Britain." The controversy "has led some leading British publications to call for Blair to step down." The Conservative Party "has also used loans to raise cash, but so far it has declined to identify the sources of its loans."

French Workers To Stage General Strike Today Over Jobs Law. The Financial Times (3/28, Arnold) reports, "France will be hit by widespread strikes and demonstrations on Tuesday against prime minister Dominique de Villepin's controversial youth employment law." It will be "the latest round in a battle of wills over economic reforms before next year's presidential elections." The New York Times (3/28, Smith, 1.19M) says "the strikes and protests planned for Tuesday represent a test of wills, with students and trade unions demanding that the unpopular law be rescinded and the country's embattled prime minister, Dominique de Villepin, insisting that it go into effect, albeit with possible changes." The Los Angeles Times (3/28, Rotella, 958K) also reports the story.

More Commentary. George Melloan writes in the Wall Street Journal (3/28, 2.11M), "This time it's not the disaffected Muslim youths of the banlieu rioting in France. It's the privileged students of the Sorbonne banging up cars and battling the flics. … In reality, as so often happens in France, naïve youths are being exploited by unions that know exactly what they are doing -- protecting a system that gives security to job-holding union members at the expense of the unemployed. Street demonstrations are the means by which French unions show government who's boss, and who plans to continue being boss."

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In a column titled "Who Moved My Fromage?," John Tierney writes in the New York Times (3/28, 1.19M), "As student protesters and workers try to paralyze France today, I don't suppose many of them are looking to America to come to their country's aid. Nor do I suppose many Americans are in the mood for a new Marshall Plan. But I have a modest proposal anyway. … Eventually we could introduce them to Trump's television show, but not right away. There's a good reason 'The Apprentice' hasn't made it to French TV. For now, 'You're fired' translates as 'We riot.'"

Robert Samuelson writes in the Washington Post (3/28, A23, 744K), "The street protesters are given to much make-believe -- the illusion that if they march long enough and burn enough cars, they can prevent unwanted change. The concessions that governments make to the future are usually small and slow." France "is raising full eligibility for retirement benefits from 40 to 42 years of contributions; the change occurs between now and 2020. This suggests a messy process of grudging accommodations that neither placate public opinion nor improve economic vitality."

France Makes Major Effort To Boost Nuclear Infrastructure. The Wall Street Journal (3/28, A1, Ball, 2.11M) reports that "over the past three decades, the French government has transformed" a "15-mile finger of land from a provincial backwater into one of the world's most concentrated patches of nuclear infrastructure. On an earthen pad carved from the cliffs squats a power plant with two nuclear reactors. It's expected to get a third. At the tip of the peninsula, which juts into the English Channel, sprawls a tightly guarded factory that processes spent nuclear fuel -- not just from France, but from throughout the world." The Journal adds, "Some in France look at this landscape and cringe. Others see it as a point of national pride . One thing is clear: It stems from one of the world's most unflinching campaigns to curb fossil-fuel consumption."

Serb Authorities Admit They Helped War Crimes Fugitive. The Washington Post (3/28, A20, Williams, Maroevic, 744K) reports, "After years of denial, Serbian authorities have acknowledged in a secret report that a band of about 50 intelligence and army officials conspired to conceal the movements of war crimes fugitive Ratko Mladic and provide him refuge." The report, "delivered to the government in January, was prepared by Serbia's military intelligence agency and led to firings and other moves within the country's domestic and military spy agencies, officials say. As a result, they assert, the noose around Mladic has been tightened, although there is no indication he is prepared to give up."

Three Western Hostages Freed By Nigerian Rebels. The CBS Evening News (3/27, story 9, 0:25, Mitchell, 7.66M) reported, "Two American oil workers kidnapped by militants in Nigeria were freed today by their captors. They and a Brit also freed today were among nine western oil workers kidnapped in mid-February. The others were released a few weeks ago. Militants have staged attacks and kidnappings to press their demands for a share of Nigeria's oil wealth. The violence has cut Nigeria's production and pushed oil prices even higher."

Fate Of Former Liberian Leader Remains Uncertain. The New York Times (3/28, Polgreen, 1.19M) reports, "Confusion reigned Monday over the status of Charles G. Taylor, the onetime warlord who became president of Liberia and who is wanted for war crimes by an international court based here for atrocities affecting Sierra Leone during neighboring Liberia's civil war." Liberia's current president, Ellen Johnson Sirleaf, "who had asked Nigeria on March 17 to extradite Mr. Taylor to face trial in Sierra Leone, told religious leaders in Monrovia, the capital, on Monday that Mr. Taylor should be moved directly to Sierra Leone." A State Department spokesman, Sean McCormack, 'said at a briefing on Monday that the responsibility to secure Mr. Taylor lay with the Nigerian government."

Kristof Urges Focus On Gender Discrimination In Developing World. Nicholas D. Kristof writes in the New York Times (3/28, 1.19M) that it is "time to focus on gender inequality in the developing world, for that is the greatest single source of human rights violations today. Political dissidents tend to get the world's attention. But for every dissident who is beaten to death by government torturers somewhere in the world, thousands of ordinary women or girls die prematurely because of the effects of discrimination."

THE BIG PICTURE:

Headlines From Today's Front Pages.

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Los Angeles Times:
"Immigration Fight Heats Up."
"Moussaoui Says He Was To Fly 5th Plane."
"80 Eyes On 2,400 People."
"Massive Student Walkout Spreads Across Southland."
"Angered By Fatal Raid, Shiites Exit Unity Talks."
"How DJs Put 500,000 Marchers In Motion."
"Rift Emerges Among Young Haves And Have-Nots In France."

USA Today:
"Terror Convicts May Be Linked."
"'Guest Workers' At Core Of Labor Dispute."
"Early Voting Snags Bolster '06 Fears."

New York Times:
"Bill To Broaden Immigration Law Gains In Senate."
"Shiite Leaders Suspend Talks Over Government."
"Moussaoui, Undermining Case, Now Ties Himself To 9/11 Plot."
"French Youth At the Barricades, But A Revolution? It Can Wait."
"Once A Maverick, Google Joins The Lobbying Herd."
"Iraqi Documents Are Put On Web, And Search Is On."

Washington Post:
"Senators Back Guest Workers."
"Complex At Vienna Station Is Approved."
"Immigrants' Voice Reaches The Hill."
"US Officials Defend Raid Following Shiite Backlash."
"Moussaoui Says He Was To Fly 5th Plane."
"After Abramoff, Nats Fear It's Out With The Hill Crowd."

Washington Times:
"George Mason's Final Four Spot Shocks Everyone."
"Patriots' Remarkable Run Started At Schools, Courts In Maryland."
"Panel OKs 'Amnesty' Bill."
"Coast-To-Coast 'Movement' Rages On."
"Afghan Convert Seeks Asylum."
"Moussaoui Cites 5th Jetliner Plot."
"Shi'ltes Cease Government Talks After Gunbattle."

Detroit Free Press:
"Delphi's Deal: Cash For A 35% Pay Cut."
"Group Drowns Out Words Of Hate At Soldiers' Funerals."
"Investigator Intent On Finding Animal Killer."
"$1-Billion Loan Gets Brush-Off."

Atlanta Journal-Constitution:
"US Immigration Bill Goes To Senate."
"Response From Hispanics In Georgia United."
"Moussaoui Stuns Court With 9/11 Confession."
"North Carolina Takes Ticket On Lottery Express."
"Twin Condo Towers On Gwinnett Horizon."

Houston Chronicle:
"Guest Worker Program Clears Key Senate Panel."
"Moussaoui Admits A Role In 9/11 Plot."
"Skilling's Broker Tells Of Attempt To Sell Stock."
"United Way Tops Goal In Fundraising."
"Some Hitches At Revamped Exit."

Story Lineup From Last Night's Network News:
ABC: Moussaoui Trial; Immigration Reform; Anti-Immigration Activists; Iraq Violence; Baghdad-Shiite Raid; UK Iraq Memo-Bush; Shoulder-Fired Missiles; Global Warming; NCAA Final Four; Kids' Music.
CBS: Moussaoui Trial; Terror Suspects-Scalia; Immigration Reform-Congress; Immigration Reform-Republicans; Immigration Reform-Economy; Afghanistan-Christian Convert; Iraq-Violence, Protests; UK Iraq Memo-Bush; Nigeria-Freed Hostages; Gas Prices; Stock Markets; US Schoolchildren-Handwriting; LSU-Final 4.
NBC: Moussaoui Trial; Immigration Reform; Iraq Violence; Baghdad-Shiite Raid; UK Iraq Memo-Bush; Afghanistan-Christian Convert; US Port Security; Illegal Immigration-Expansion; Stock Markets; Graceland-Landmark Designation; Healthier Pork.

Story Lineup From This Morning's Radio News Broadcasts:
ABC: Senate-Immigration Reform; Afghanistan-Rahman Released; Israel-Election; TN-Minister Murder Case; Foreign Stock Markets.
CBS: Senate-Immigration Reform; SCOTUS-Military Tribunals; Moussaoui Sentencing; Israel-Election; GM-Layoffs; Wall Street.
NPR: CA-Immigration Protests; Senate-Immigration Reform; SCOTUS-Military Tribunals; Afghanistan-Rahman Released; Israel-Election; Red Cross-African Food Shortages; TN-Minister Murder Case.

WASHINGTON'S SCHEDULE:

Today's Events In Washington.
White House:

PRESIDENT BUSH — Meets with the Cabinet. Cabinet Room.

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VICE PRESIDENT CHENEY — No public schedule.

US Senate: FLOOR SCHEDULE _ 9:45 a.m. FLOOR SCHEDULE _ The Senate convenes.

9:30 a.m. FOREIGN RELATIONS _ Full Committee. Hearing on multilateral development banks. Assistant Treasury Secretary Clay Lowery, African Development Bank Executive Director Cyunthia Shepard Perry, William Easterly, New York University, Ruth Leving, Center fort Global Development, and Adam Lerrick, Carnegie Mellon University. Location: Room 419, Dirksen.

9:30 a.m. HOMELAND SECURITY AND GOVERNMENTAL AFFAIRS _ Permanent Investigations Subcommittee. Hearing on port security. 9/11 Commission co-chair Thomas Kean, retired Coast Guard Commander Stephen Flynn, Eugene Aloise of GAO, Gregory Kutz of GAO, David Huzienga of NNSA, Vayl Oxford of DHS, and Jayson Ahern of CBP. Location: Room 342, Dirksen.

9:30 a.m. INDIAN AFFAIRS _ Full Committee. Hearing on the Cobell v. Norton class action suit. Location: Room 485, Russell.

9:30 a.m. JUDICIARY _ Full Committee. Hearing on the wartime executive powers and the NSA's surveillance authority. Location: Room 226, Dirksen.

10 a.m. APPROPRIATIONS _ Energy and Water Subcommittee. Hearing on the FY07 budget for the Bureau of Reclamation. Commissioner John Keys III, and Assistant Interior Secretary Mark Limbaugh. Location: Room 138, Dirksen.

10 a.m. COMMERCE, SCIENCE AND TRANSPORTATION _ Aviation Subcommittee. Hearing on the FAA's FY07 budget. Administrator Marion Blakey, Acting DOT Inspector General Todd Zinser, Gerald Dillingham, GAO. Location: Room 562, Dirksen.

10 a.m. HEALTH, EDUCATION, LABOR AND PENSIONS _ Bioterrorism and Public Health Preparedness Subcommittee. Hearing on the infrastructure for public health services. Richard Besser, CDC; Dutchess County, NY Health Commissioner Michael C. Caldwell; Peggy Honore, Chief Science Officer, Mississippi State Department of Health; Nicole Lurie, Senior National Scientist, RAND; Elin Gursky, Principal Deputy for Biodefense, ANSER; Tara O'Toole, CEO, Center for Biosecurity at the University of Pittsburgh. Location: Room 430, Dirksen.

2 p.m. APPROPRIATIONS _ State, Foreign Operations Subcommittee. Hearing on the State Department and foreign operations budgets. Secretary of State Rice. Location: Room 138, Dirksen.

2 p.m. BANKING, HOUSING AND URBAN AFFAIRS _ Securities and Investments Subcommittee. Hearing on the role of hedge funds in capital markets. Location: Room 538, Dirksen.

2:30 p.m. APPROPRIATIONS _ Defense Subcommittee. Hearing on the Army's budget for FY07. Secretary Francis Harvey, Chief of Sytaff Gen. Peter Schoomaker. Location: Room 192, Dirksen.

2:30 p.m. ARMED SERVICES _ Airland Subcommittee. Hearing on the FY07 budget for Air Force and Navy aviation programs. Michael J. Sullivan, GAO; Christopher Bolkcom, CRS; Lt. Gen. Donald J. Hoffman, Office of the Assistant Secretary of the Air Force for Acquisition; Rear Adm. Thomas J. Kilcline Jr., Air Warfare Division, Navy; Rear Adm. Steven L. Enewold, Joint Strike Fighter Program, Navy. Location: Room 232A, Russell.

2:30 p.m. FOREIGN RELATIONS _ Full Committee. Hearing on pending nominations. Location: Room 419, Dirksen.

2:30 p.m. HEALTH, EDUCATION, LABOR AND PENSIONS _ Retirement Security and Aging Subcommittee. Hearing on the Older Americans Act. Mason Bishop, Labor Department; Ignacio Salazar, SER-Jobs and Progbress National, Inc.; Kent Kahn, Experience Works Ohio; Tony Sarmiento, Senior Service America. Location: Room 430, Dirksen.

2:30 p.m. HOMELAND SECURITY AND GOVERNMENTAL AFFAIRS _ Federal Financial Management, Government Information and International Security Subcommittee. Hearing on eliminating Medicaid fraud. Location: Room 342, Dirksen.

US House: FLOOR SCHEDULE _ 2 p.m. Meets for legislative business. Highlights: Suspensions (12 bills): 1) H.R. 4882 - Vietnam Veterans Memorial Visitor Center Deadline Enforcement Act; 2) H.Res. 680 - Recognizing Dr. I. King Jordan for his contributions to Gallaudet University and the deaf and hard of hearing community; 3) H.R. 4786 - H. Gordon Payrow Post Office Building Designation Act; 4) H.R. 3440 - Dr. Jose Celso Barbosa Post Office Building Designation Act; 5) H.R. 4805 - Gene Vance Post Office Building Designation Act; 6) H.Res. 85 - Supporting the goals and ideals of ``National MPS Day''; 7) H.Res. 517 - Recognizing the life of Wellington Timothy Mara and his outstanding contributions to the New York Giants Football

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Club, the National Football League, and the United States; 8) H.R. 4057 - To provide that attorneys employed by the Department of Justice shall be eligible for compensatory time off for travel under section 5550b of title 5, United States Code; 9) H.R. 4979 - Local Community Recovery Act of 2006; 10) S. 2116 - Supreme Court Grounds Transfer Act of 2005; 11) S. 2120 - Milk Regulatory Equity Act of 2005; 12) H.Con.Res. 353 - Commending the people of the Republic of Haiti for holding democratic elections on February 7, 2006, and congratulating President-elect Rene Garcia Preval on his victory in these elections.

10 a.m. APPROPRIATIONS _ Transportation, Treasury, HUD, the Judiciary and District of Columbia Subcommittee. Hearing on the FY07 budget for OMB. OMB Director Joshua Bolten. Location: Room 2358, Rayburn.

10 a.m. GOVERNMENT REFORM _ Federal Workforce and Agency Organization Subcommittee. Hearing on the OPM proposed budget. OPM Director Linda Springer. Location: Room 2154, Rayburn.

1:30 p.m. APPROPRIATIONS _ Foreign Operations, Export Financing and Related Programs Subcommittee. Hearing on the VA/DoD joint health programs. Location: Room H-143, Capitol.

2 p.m. APPROPRIATIONS _ Science, State, Justice, commerce and Related Agencies Subcommittee. Hearing on FY07 appropriations for the FBI. Robert Mueller, Director, FBI. Location: Room 2359, Rayburn.

2 p.m. GOVERNMENT REFORM _ National Security, Emerging Threats and International Relations Subcommittee. Hearing on ICD sets its investigative priorities. Richard Stana, GAO; DHS Inspector General Richard Skinner; Robert Schoch, DHS; Joseph Ryan of Pace University; Caroline Frederickson of the ACLU; Joseph Webber, former ICE agent. Location: Room 2247, Rayburn.

2 p.m. INTERNATIONAL RELATIONS _ Africa, Global Human Rights and International Operations Subcommittee. Hearing on the situation in Ethiopia. Deputy Assistant Secretary of State Donald Yamamoto, Andargachew Tsege of the Colaition for Unity and Democracy Party, and obang Metho of Anuak Jusatice Council. Location: Room 2172, Rayburn.

2 p.m. JUDICIARY _ Crime, Terrorism and Homeland Security Subcommittee. Oversight hearing on BATFE changes in licensing and enforcment, followed immediately by a hearing on H.R. 5005, Firearms Correction and Improvement Act. Location: Room 2141, Rayburn.

2:30 p.m. APPROPRIATIONS _ Agriculture, Rural Development, FEA and Related Agencies Subcommittee. Hearing on the Food and Nutrition Service. Location: Room 2362A, Rayburn.

3 p.m. ARMED SERVICES _ Hearing on the FY07 budget for the Navy submarine force. Allison Stiller, deputy assistant secretary of the Navy; Adm. Charles L. Munns, commander, Naval Submarine Forces; Rear Adm. Joseph A. Walsh, director, Submarine Warfare Division; John Casey, president, Electric Boat Corp.; Mike Petters, president, Northrop Grumman Newport News; Retired Vice Adm. Albert H. Konetzni Jr., former commander, Submarine Force, U.S. Pacific Fleet. Location: Room 2118, Rayburn.

3:30 p.m. RULES _ Full Committee. Meeting to set rules for floor debate. Location: Room H-313, Capitol.

Other: CHRISTIAN VALUES _ Vision America holds the ``War on Christians and The Values Voter In 2006" conference. Highlights: 10:30 a.m. Gary Bauer. 12:30 p.m. Rep. Tom DeLay. 2 p.m. Panel on ``The Judiciary: Overruling God," with Phillip Jauregui (Vision America), Rep. Todd Akin, Rep. Louis Gohmert, Manny Miranda (Third Branch Conference). 4:45 p.m. Sen. Sam Brownback. Location: Omni Shoreham Hotel, 2500 Calvert St. NW.

HEALTH COVERAGE _ The National Association of Health Underwriters (NAHU) holds a conference to discuss solutions to the health insurance coverage problems facing Americans today. Highlights: 8:30 a.m. Congressional update with Sen. Ron Wyden, D-Ore., Special Committee on Aging. 9 a.m. Congressional staff Debate on ``The True Cost Drivers in Health Care," moderated by Moderated by Mary Agnes Carey of CQ.. Other participants are Joel White, Majority Staff Director, House Ways and Means Health Subcommittee; Debbie Curtis, Minority Staff Director, House Ways and Means Health Subcommittee; Jen Vesey, Legislative Assistant, Sen. Rick Santorum, R-Pa.; and Jocelyn Moore, Legislative Assistant, Sen. Jay Rockefeller, D-W. Va. 10 a.m. Winner of NAHU's Spirit of Independence Award. Senator Michael B. Enzi will discuss his health insurance market reform measure, S. 1955. 11 a.m. Session on ``President's Health Care Agenda," with Al Hubbard, Assistant to the President for Economic Policy and the Director of the National Economic Council. Location: Capital Hilton Hotel, 1001 16th St. NW.

MORTGAGE BROKERS _ Annual legislative conference of the National Association of Mortgage Brokers.

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Highlights: 2 p.m. HUD Secretary Jackson. Location: Wyndham Hotel, 1400 M St. NW.

TAX EXECUTIVES _ Mid-Year conference of the Tax Executives Institute. Highlights: 11:30 a.m. Treasury Secretary Snow. Location: Grand Hyatt Hotel, 1000 H St. NW.

AFRICAN AMERICAN LEADERSHIP _ Sens. Kay Bailey Hutchison and Rick Santorum co-chair the 3rd annual African American Leadership Summit. Highlights: 8:30 a.m. Sens. Hutchison and Santorum. 9:20 a.m. Session on eliminating the achievement gap, with Sen. Lamar Alexander, Rod Paige, others. 10:30 a.m. Session on community and faith-based initiatives, with Sen. David Vitter, Robert Goodwin of the Points of Light Foundation, others. 12 p.m. Luncheon - HUD Secretary Jackson. 1:25 p.m. Session on economic growth, with Sen. Norm Coleman, others. Location: Washington Renaissance Hotel, 999 9th St. NW.

CHINA-TRADE _ 10 a.m. Sens. Charles Grassley and Max Baucus hold a news conference to introduce the U.S. Trade Enhancement Act of 2006. Location: Senate Radio-TV Gallery.

HEALTH FUNDING _ 10 a.m. Rep. Mike Castle, others, hold a news conference on health and education funding. Location: Room HC-5, Capitol.

HEALTH-BUDGET _ 10 a.m. Representatives Castle holds a rally to call for increase health and education funding in the fY'2007 budget. Location: Room HC-5, Capitol.

FARMS-DISASTER ASSISTANCE _ 10:30 a.m. National Farmers Union family farmers and ranchers, Sens. Conrad, Baucus, Pryor, Salazar and others will hold a press conference in support of bipartisan disaster assistance legislation introduced by Conrad and 24 co-signers last week. Location: Senate Swamp, at the corner of Constitution and Delaware Avenues, across from the Russell Senate Office Building. Rain location at 608 Dirksen.

BUDGET GIMMICKS _ 11 a.m. The Center on Budget and Policy Priorities holds a telephone briefing on budget gimmicks to pay for a tax cut. Contacts: Michelle Bazie, 202-408-1080. Notes: Call contact for details.

CHINA TRADE _ 11 a.m. Sens. Chuck Schumer, D-N.Y., and Lindsey Graham, R-S.C., meets with Treasury Secretary John Snow to discuss China trade policy. Location: As noted. Notes: Photo op at start of private meeting on China trade policy and currency flexibility; media availability afterwards. Photo op at 11 a.m. in Room S-321, Capitol. Media availability at 11:45 a.m. in Senate Radio/TV Gallery.

BOEHNER _ 11:30 a.m. House Majority Leader John Boehner holds a pen and pad only briefing. Location: Room H-107, Capitol.

BUDGET-SPRATT _ 12 a.m. Pen and pad only briefing with Rep. John Spratt on the budget. Location: House PRESS Gallery.

DEMOCRATS _ 12:30 p.m. The Democratic Policy Committee holds a closed meeting. Location: Room S-211, Capitol.

REPUBLICANS _ 12:30 p.m. The Republican Policy Committee holds a closed meeting. Location: Room S-207, Capitol.

HOYER _ 1 p.m. House Democratic Whip Steny Hoyer holds a pen and pad only briefing. Location: Room H-306, Capitol.

LOBBYING REFORM _ 1 p.m. Chief Deputy Majority Whip Eric Cantor, R-Va., and other House members hold a press conference to discuss and highlight the what they say is the need for ``527 Political Organization'' reform and transparency in the House Lobbying Reform Bill. Location: House Radio/TV Gallery.

BODMAN _ 1:30 p.m. Energy Secretary Bodman makes remarks to the President's Council of Advisors on Science and Technology to discuss the President's Advanced Energy Initiative. Location: Marvin Center, 805 21st St. NW.

YUCCA MOUNTAIN _ 1:30 p.m. The Yucca Mountain Task Force holds a news conference to discuss pending Congressional legislation on Yucca Mountain. Participants include include Task Force co-chairmen - South Carolina Public Service Commissioner David Wright and Maine Nuclear Safety Advisor Charles Pray - and YMTF Vice Chairman LeRoy Koppendrayer, chairman of the Minnesota Public Utilities Commission and Chairman of the Nuclear Waste Strategy Coalition. Location: Hall of States (Suite 333), 444 North Capitol St. NW.

UN REFORM-COLEMAN _ 6:30 p.m. The Better World Campaign sponsors a lecture with Sen. Norm Coleman on the progress in UN reform. Location: Allison Auditorium, Heritage Foundation, 214 Massachusetts Ave. NE.

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THE ATTORNEY GENERAL'S *NEWS BRIEFING*

PREPARED FOR THE OFFICE OF PUBLIC AFFAIRS, U.S. DEPARTMENT OF JUSTICE

TO: THE ATTORNEY GENERAL AND SENIOR STAFF

DATE: TUESDAY, MARCH 28, 2006 7:45 AM EST

TODAY'S EDITION

Terrorism News:

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Roberts Critical Of NSA Bill's Referral To Judiciary Committee 4
Supreme Court To Hear Appeal From Bin Laden's Driver 4
NYCLU Urges 2nd Circuit To Unseal NSA Surveillance Ruling In Albany Mosque Case 5
Videotaped Confessions Seen As Highest Hurdle For Hayat Defense 5
Levin Surveying Military Prison Workers On Abusive Tactics 5
Pan Am Bomber Sentenced To Seven More Years In Prison 6
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TERRORISM NEWS:

Moussaoui Takes Stand, Claims Role In 9/11 Attacks. Zacarias Moussaoui took the stand in his own defense yesterday, over the objection of his lawyers, and told jurors that he and shoe-bomber Richard Reid were part of an al Qaeda team that was to hijack a fifth airliner on 9/11 and crash it into the White House. Moussaoui's admission contradicted his statement when he pleaded guilty last April, saying then that he was part of a later plot, and news coverage generally characterizes his testimony yesterday as undermining defense lawyers' attempts to save him from the death penalty.

ABC World News Tonight (3/27, lead story, 3:15, Vargas, 8.78M) reported, "It was stunning testimony." ABC (Thomas) added, "Moussaoui admitted to a transfixed jury that he was to fly a plane into the White House as part of the 9/11 plot, and he knew the attack would come some time after August, 2001." Michael Greenberger, former Justice Department official: "Moussaoui has really rewrapped this case in a gift box and put a nice ribbon on it for the prosecution." Moussaoui "showed no remorse, calling all Americans his enemies. At one point, he shouted 'Al Qaeda, Osama, Victory.'"

The CBS Evening News (3/27, lead story, 3:40, Mitchell, 7.66M) noted Moussaoui confirmed "everything the prosecution says about him." CBS (Stewart) added, "A defense lawyer later told CBS the testimony amounted to a public suicide. Analysts agreed." NBC Nightly News (3/27, lead story, 2:55, P. Williams, 9.87M) called Moussaoui's testimony "riveting" and added "it gave a big boost to prosecutors."

CNN's The Situation Room (3/27, Franken) reported, "He admitted that he lied to investigators, fundamental to the prosecution belief that had he told the truth he could have prevented" 9/11.

Under the headline "Claim Of 9/11 Role Shakes Up Trial," USA Today (3/28, A1, Johnson, 2.31M) adds, "His matter-of-fact description of his life as a terror operative who met Osama bin Laden and other top al-Qaeda leaders captivated the courtroom," and "his testimony likely will be key to the government's claim that he should be executed because his lies to U.S. agents kept them from uncovering the 9/11 plot."

The Los Angeles Times (3/28, Serrano, 958K) notes, "He further admitted that he lied to FBI agents when arrested in Minnesota, a key point for the government. Moussaoui said he would not cooperate because 'I wanted my mission to go ahead.' … Moussaoui was cross-examined by lead prosecutor Robert Spencer, who asked him about his reaction to the loss of nearly 3,000 lives that day. 'You are Americans, and I consider every American to be my enemy,' he said."

The New York Times (3/28, , 1.19M) also reports Moussaoui's testimony seemed "only to bolster the government's case," although testimony from alleged 9/11 attack planner Khalid Sheikh Mohammed, introduced by the defense yesterday, "seemed to contradict Mr. Moussaoui's assertion that he was meant to be a pilot on Sept. 11. Mr. Mohammed portrayed Mr. Moussaoui as a fringe figure who might have been used in a second wave of attacks if needed."

The Washington Post (3/28, A1, Markon, Dwyer, 744K) calls Moussaoui's testimony "stunning," and notes legal analysts said his admission that he lied to the FBI so the 9/11 plot would not be thwarted, "combined with Moussaoui's chilling demeanor in court, probably would resonate with the jury." Former federal prosecutor Eric Muller observed, "It sounds like he's toast," and RAND analyst Brian Jenkins said Moussaoui "has destroyed much of his defense."

CNN.com (3/28, Hirschkorn) reports, "Prosecutors contend that Moussaoui, 37, a French citizen of Moroccan heritage, deserves to die. Had he not lied after his arrest, they contend, investigators could have uncovered the September 11 conspiracy. … Asked by his lawyer why he lied, Moussaoui replied, 'Because I am al Qaeda. … 'The Prophet says, "war is deceit," ' Moussaoui later told prosecutor Robert Spencer. 'You're allowed to lie for jihad. You're allowed any technique to defeat your enemy.' … After Moussaoui's testimony, the defense introduced the statements from Mohammed."

The Minneapolis Star Tribune (3/28, Gordon) reports, "It was the most dramatic day of testimony in a three-week-old trial filled with tumult. Jurors, who scribbled notes as Moussaoui further implicated himself, now must sort out the conflicting portraits in determining whether he should be put to death for what he didn't tell interrogators while jailed in Minnesota. … U.S. District Judge Leonie Brinkema said she expects the first phase of the trial -- to determine whether Moussaoui is eligible for the death penalty -- to go to the jury as early as Wednesday."

The Washington Times/AP (3/28, Barakat) and Bloomberg (3/28, Arthur) report similarly on Moussaoui's testimony.

Milbank Says Moussaoui Gave "Prosecutors Just What They Needed." In his Washington Post (3/28, 744K) "Washington Sketch," reporter Dana Milbank wrote, "The terrorist gave the prosecutors just what they needed: evidence that his lies to investigators in August 2001 prevented them from thwarting the attack. Just as prosecution witnesses wound up aiding the defense earlier in the trial, Moussaoui was a gift to prosecutors. The Justice Department wants the death penalty; Moussaoui spoke like a man who wants martyrdom."

Victims' Family Members Pained By Moussaoui Testimony. In a widely-distributed story, the AP (3/28, Neumeister) reports Debra Burlingame, the sister of American Airlines pilot Charles Burlingame whose hijacked airliner struck the Pentagon, "says watching Zacarias Moussaoui's chilling testimony…provided new information for families desperate for answers, yet only worsened their emotional wounds." Sally Regenhard, "whose firefighter son Christian was killed at the World Trade Center," said "she 'felt very certain' that at least one of the plane attacks could have been thwarted if the work done by FBI field agents had been acted upon properly. … Her voice cracked as she dwelled on a truth too painful to bear: 'The cavalry never came.'"

LATimes Says Moussaoui Should Not Be Executed, Despite Yesterday's Testimony. The Los Angeles Times (3/28, 958K) editorializes, "Even if he was supposed to fly a plane into the White House…as he testified in court Monday, Zacarias Moussaoui should not be executed." The Times adds that – in addition to the paper's standard editorial opposition to the death penalty – execution would reward him by making him a martyr, and "if Moussaoui is indeed an important cog in a broad conspiracy, then he certainly has information that could potentially be useful both in further Sept. 11 investigations and in our fight against Al Qaeda."

Roberts Critical Of NSA Bill's Referral To Judiciary Committee. Senate Intelligence Committee Chairman Pat Roberts was critical of the Senate parliamentarian's decision to refer a bill concerning President Bush's National Security Agency domestic surveillance plan to the Judiciary Committee. The Washington Times (3/28, Waterman, 90K) reports an intelligence committee aide said, "Chairman Roberts's strong position is that this decision was incorrect." The Times adds the parliamentarian "referred Ohio Sen. Mike DeWine's Terrorist Surveillance Act of 2006 to the Senate Judiciary Committee, after much behind-the-scenes negotiations, according to other Senate aides." In "practice, the referral means that members and staff of the intelligence committee will have only a short time to work on whatever proposal emerges from Mr. Specter's panel -- 10 days, according to committee staff."

Conyers Not Satisfied With DOJ's Response To NSA Probe. The National Journal's Technology Daily (3/28, Casey) reports, "Democrat John Conyers of Michigan dismissed as evasive and unresponsive the late Friday response from the Justice Department to a House Judiciary Committee inquiry into the National Security Agency program of wiretaps without warrants." Technology Daily continues, "Justice's response said the agency, through the Foreign Intelligence Surveillance Act, could have legally monitored confidential communications between doctors and patients or attorneys and their clients. … 'Although the program does not specifically target the communications of attorneys or physicians, calls involving such persons would not be categorically excluded from interception if they met' the program's criteria, the department said. … 'The evasiveness of the department prevents Congress from exercising its constitutionally mandated oversight role and obstructs Congress' ability to draft meaningful legislation to provide guidelines for this activity,' said Conyers, the ranking Democrat on the Judiciary panel. 'Some of the department's responses leave open the possibility that other surveillance programs exist with a scope far beyond this program.'" Technology Daily notes, "In its answers to 45 separate questions posed by Judiciary Committee Chairman James Sensenbrenner, R-Wis., and committee Democrats, the department acknowledged that no previous administration had authorized electronic surveillance."

Supreme Court To Hear Appeal From Bin Laden's Driver. USA Today (3/28, Biskupic, 2.31M) reports the Supreme Court today hears oral arguments in the case of Salim Ahmed Hamdan, a former driver for Osama bin Laden "who is challenging the validity of President Bush's plan to try foreign terrorism suspects before military tribunals." Hamdan's attorneys "say Bush has claimed unprecedented power 'to dispense life imprisonment and death through a judicial system of his own design.'" Attorneys for the Administration "counter that the tribunals, first ordered by Bush two months after the Sept. 11, 2001, attacks, reflect the president's broad authority to oversee war efforts." The Hamdan dispute has "been complicated by the Detainee Treatment Act, which Congress passed in December. An initial question for the justices is whether the act strips them of the power to consider Hamdan's basic claim about the validity of the tribunals that would be set up and run by the Pentagon."

Group Calls For Scalia Recusal. The CBS Evening News (3/27, story 2, 1:00, Mitchell, 7.66M) reported Justice Antonin Scalia weighed in on the "legal rights of terror suspects imprisoned on the US Navy base in Guantanamo Bay, Cuba. The question is do these detainees deserve an American style trial by jury. Here is what Justice Scalia told a college audience in Switzerland." Antonin Scalia, Supreme Court Justice (March 8): "War is war and it has never been the case that when you capture a combatant you have to give him a jury trial in your civil courts. It's a crazy idea to me." Mitchell: "Some legal experts say Scalia should recuse himself from the case."

The Washington Post (3/28, A6, Lane, 744K) reports "a group of retired U.S. generals and admirals has asked Justice Antonin Scalia to recuse himself, arguing that his recent public comments on the subject make it impossible for him to appear impartial." Scalia's remarks "'give rise to the unfortunate appearance that, even before briefing was

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complete, he had already made up his mind' about issues in the case, the lawyer, David H. Remes, wrote." Noting that Scalia "reportedly had discussed the rights of accused terrorists in the context of his son Matthew's recent tour as an Army officer in Iraq, Remes wrote that this creates an appearance of 'personal bias arising from his son's military service.'"

The Legal Times (3/28, Mauro) reports, "The letter seeking recusal was sent to Supreme Court clerk William Suter late Monday with the request that it be passed on to Scalia. According to Court custom, a request for a justice's recusal is addressed to the individual justice, not to the full Court, because it is the justice's decision alone whether or not to recuse. No immediate response from the justice was forthcoming, making it likely that Scalia's recusal decision will not be known until arguments begin Tuesday, and Scalia either remains seated or gets up and leaves the Court chamber. At a Supreme Court Historical Society event at the Court Monday night that featured Scalia, he made no comment about the controversy."

Top Firms Join Forces In Detainee Case. The Legal Times (3/28, Mauro) reports, "When the U.S. Supreme Court hears arguments today in a landmark dispute over executive power in wartime, the Bush administration will be outnumbered -- if not outgunned. … Many of the nation's top law firms have signed briefs against the government and in support of Salim Hamdan, the detainee who allegedly served as chauffeur to Osama bin Laden and who is being detained at Guantanamo Bay, Cuba." The Times continues, "More than three dozen briefs have been filed on Hamdan's side, largely arguing that the military tribunals established by the White House to try the detainees are illegal. By contrast, only a handful of briefs have been filed on the other side, backing the administration's expansive view of executive authority. … The briefs in Hamdan v. Rumsfeld have flooded in to such a degree that, with the approval of the Court clerk's office, their covers carry small captions summarizing the topic discussed within, an innovation aimed at helping justices and their law clerks keep them straight. … The covers also carry the names of the big-ticket New York, Washington, D.C., and other national law firms that are bringing their muscle to bear, from Cravath, Swaine & Moore to Covington & Burling to Akin Gump Strauss Hauer & Feld to Jones Day."

Administration Arguments In Hamdan Case Debated. USA Today (3/28, 2.31M) says in an editorial that Administration lawyers "will argue Tuesday that Hamdan has almost no rights. Worse, the government contends that the Supreme Court has no right to be hearing his case." Hamdan "has become a high-profile pawn in the administration's stubborn contention that it doesn't have to answer to anyone — not Congress, not the courts and not international treaties and organizations — in its pursuit of the war on terror. The administration asserts the right to unilaterally designate individuals as 'enemy combatants' and hold them prisoner indefinitely, possibly forever."

In an opposing view, USA Today also runs an op-ed (3/28) by Richard Samp, chief counsel of the Washington Legal Foundation, who says, "Those who have challenged the legality of the administration's policy of indefinitely detaining enemy combatants in our war against al-Qaeda have begun to face up to a harsh reality: The courts have by and large upheld the policy." Critics now "are taking a new tack. They argue that even if the administration is acting within the law, we ought to abandon the policy because it's not the right thing to do. They apparently want detainees either to be charged with crimes in our regular criminal courts or else set free. That simply is no way to fight a war."

NYCLU Urges 2nd Circuit To Unseal NSA Surveillance Ruling In Albany Mosque Case. The AP (3/28, Neumeister) reports the New York Civil Liberties Union filed a motion with the 2nd US Circuit "on Monday to force a federal judge to unseal a ruling he made…regarding the government's warrantless wiretapping program" in the case of Albany mosque imam Yassin Aref and mosque member Mohammed Hossein. "The NYCLU asked to intervene three days after defense lawyers for the men asked the same appeals court to say the judge erred in letting authorities keep information about wiretaps secret," noting "that the judge rejected the defendants' suppression motion less than two hours after the government on March 10 submitted a secret court document opposing it."

Videotaped Confessions Seen As Highest Hurdle For Hayat Defense. The AP (3/28, Thompson) reports lawyers for Umer and Hamid Hayat "will open their defense this week, and among their biggest challenges will be persuading jurors that they should not believe their own eyes. The government's case…is built partially on separate confessions they gave to FBI agents," which "were videotaped and played to jurors." The AP notes that dismissed juror Andrea Clabaugh said last week, "I don't find the FBI interrogation damning. I felt like the FBI was leading," but "legal experts said confessions tend to resonate with juries."

Levin Surveying Military Prison Workers On Abusive Tactics. The Washington Post (3/28, A19, White, 744K) reports, "American soldiers, contractors and civilians who worked in the Abu Ghraib prison and at other US military detention facilities have begun receiving detailed questionnaires from Sen. Carl M. Levin (Mich.), ranking Democrat on the Senate Armed Services Committee, about the use of severe interrogation tactics and the military chain of command's role in their implementation." Levin has

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"directed the committee's minority staff to ask questions of hundreds of people who worked in detention facilities to assess where the tactics originated and how they were applied -- an approach the full committee has not endorsed."

Pan Am Bomber Sentenced To Seven More Years In Prison. The Washington Post (3/25, A5, Cauvin, 744K) reported, "Almost a quarter of a century after his bomb killed a teenager aboard a Pan Am flight bound for Honolulu, Mohammed Rashed was sentenced for the crime" Friday. "But in the complicated world of counterterrorism, saving lives is sometimes weighed against avenging deaths, and that is why Rashed…was ordered to spend just seven more years behind bars. ... By the time Rashed was brought to the United States in 1998, he had already been in custody for a decade," but "for the past three years…Rashed has been providing significant assistance, Justice Department prosecutors Scott J. Glick and Kenneth C. Kohl" told US District Judge Royce C. Lamberth at the sentencing. The AP (3/25) noted Rashed's "sentencing…was delayed for several years because he was locked up in prisons in Greece and Africa before being turned over to the FBI."

Alleged Padilla Accomplice Faces Military Tribunal. The Wall Street Journal (3/28, A1, Bravin, 2.11M) reports in a front page story on Binyam Mohamed, who allegedly conspired with "Dirty Bomber" Jose Padilla to conduct terrorist attacks in the US. Padilla "was arrested when he arrived at O'Hare airport, accused of plotting to explode a radioactive 'dirty bomb,' and jailed without charge as an 'enemy combatant.' The result is a civil-liberties storm that has twice reached the Supreme Court." But Mohamed "wasn't a U.S. citizen. And his path," after his detention in Karachi, Pakistan, "he asserts in an account provided by one of his lawyers, has led to a Moroccan torture cell, imprisonment at Guantanamo, Cuba, and a proceeding to be held in a secretive military court created by order of President Bush after Sept. 11." A "five-page charge sheet accuses Mr. Mohamed of conspiring, along with Mr. Padilla, with al Qaeda leaders to commit the war crimes of 'attacking civilians, attacking civilian objects, murder by an unprivileged belligerent, destruction of property by an unprivileged belligerent and terrorism.' The al Qaeda leaders it cites include Osama bin Laden, Ayman al-Zawahri, Khalid Sheikh Mohammad, Abu Zubayda and the late Muhammad Atef."

PATRIOT ACT:

Harman, Conyers Call On Bush To Allow Congressional Patriot Act Oversight. The Boston Globe (3/28, Savage, 484K) reports Reps. Jane Harman and John Conyers "demanded that President Bush withdraw his assertion that he can ignore portions of the USA Patriot Act calling on him to provide periodic reports to Congress on how new law-enforcement tactics are being used." The ranking Democrats "on the Intelligence and Judiciary Committees, respectively -- sent a letter to Attorney General Alberto Gonzales asking that Bush follow the law." The Globe adds that after President Bush "signed the Patriot Act reauthorization on March 9, he issued a signing statement -- an official document in which a president lays out his understanding of the law -- asserting that he had the authority to withhold the information from Congress if he decided that disclosing it would interfere with foreign relations, national security, or executive branch operations."

Patriot Act Provision To Fast-Track Death Penalty Sparks Concern. The Las Vegas Sun (3/27, Pordum) reports, "Slipped into the thick binding of the newly authorized Patriot Act is a provision designed to speed death penalty appeals." The Sun continues, "The act, signed into law this month, allows states to ask the U.S. attorney general for so-called fast-track reviews of federal habeas corpus petitions - the last appeal of a death row inmate. … Previously federal judges made that determination, which is based on whether a state's court-appointed attorneys in death penalty appeals are able to handle them." The Sun adds, "No state had qualified for the fast-track review, but that could change under the new law. A fast-track review limits the amount of time a prisoner has to appeal and the subject matter of the appeal. … 'This is very troubling,' said Allen Lichtenstein, local attorney for the American Civil Liberties Union. 'It's an attempt by certain elements of government to eviscerate the very checks and balances that are in place to guard us against the abuses of government. … Essentially it's an attack against the Bill of Rights.'" The Sun notes, "Conservative groups, long critical of the length of time it takes for appeals to wind through the system, have championed fast-track appeals. … 'If the provision holds up, it should fix the problem,' said Kent Scheidegger, legal director of the nonprofit California-based Criminal Justice Legal Foundation, a public interest law firm dedicated to crime victims' rights."

HOMELAND RESPONSE:

GAO Reports Indicate Gaps Remain In Port, Border Security. Two GAO reports to be discussed in a Senate subcommittee hearing today are receiving broad media attention. They focus on the government's ability to detect hazardous materials coming into US ports and across borders. NBC Nightly News (3/27, story 7, 2:55, Myers, 9.87M) reported, "Four and a half years after 9/11, Senate investigators say only 39% of all containers entering the US are screened for nuclear material. Many ports, including the

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third-largest, Miami, still have only handheld detection devices of little value." Sen. Norm Coleman, Minnesota: "We still have massive blind spots in our ability to prevent nuclear material from being smuggled into this country." Myers: "This report by the Government Accountability Office concludes DHS is two years behind schedule in installing radiation monitors in ports and not likely to have them all done even by 2009." Investigators "found another hole in the system. Senator Coleman tells NBC News that undercover GAO investigators were able to bring enough radioactive material into the US to make two dirty bombs, penetrating both the northern and southern borders."

The Washington Times (3/28, Fagan, 90K) reports Coleman said DHS "must 'dramatically step up' its deployment 'to keep pace with the danger we are facing' there."

The New York Times (3/28, Lipton, 1.19M) reports that a test conducted by the GAO in December found that investigators were able to smuggle "into the United States enough radioactive material to make two dirty bombs, even after it set off alarms on radiation detectors installed at border checkpoints." A report based on the test to be released this morning demonstrates "the mixed progress by the Department of Homeland Security, among other federal agencies, in trying to prevent terrorists from smuggling radioactive material into the United States." Crossing the border at undisclosed locations from Canada and Mexico, investigators "showed the agents from the Customs and Border Protection agency forged import licenses from the Nuclear Regulatory Commission, based on an image of the real document they found on the Internet."

USA Today (3/28, Hall, 2.31M) reports, "The Homeland Security Department's equipment worked, and its agents did what they were supposed to do during the tests, according to the report. However, the GAO criticized the Nuclear Regulatory Commission for failing to require companies that sell radioactive material to verify who is buying it, saying there is no way for border agents to verify NRC licenses or other documents."

CQ (3/27, Starks) reported that a third GAO report to be discussed by the Senate Homeland Security and Governmental Affairs' Permanent Subcommittee on Investigations Tuesday finds "that radiation screening efforts by the United States in foreign countries have been hampered by poor equipment and corruption of border security officials in the former Soviet Union."

US Negotiating To Place CBP Agents At Bahamian Port. The AP (3/28) reports, "Diplomatic talks are expected to begin soon to give agents from US Customs and Border Protection a presence" at the Bahamas' largest seaport, "where the United States is hiring a Hong Kong conglomerate to help detect nuclear materials inside cargo." Jayson Ahern, assistant customs commissioner for field operations, said, "It does require bilateral discussions with another country, but we're cautiously looking at being there by the fall." He "was expected to testify Tuesday at a Senate oversight hearing on radiation detectors in the United States."

US Has No Plans For Systems To Protect Commercial Jets From Shoulder-Fired Missiles. ABC World News Tonight (3/27, story 7, 3:10, Vargas, 8.78M) reported on the "danger posed by shoulder-fired missiles." ABC (Ross) added that last November, an American Airlines pilot reported seeing a missile trail, but nothing was found and "the FBI concluded it was most likely a hobby rocket. But officially, the investigation remains open." Sen. Barbara Boxer: "We had a scare in Los Angeles. We've been told that they cannot rule out the fact that it was a shoulder-fired missile." Ross: "And that remains a very serious concern. An estimated 20,000 such shoulder-fired missiles, mostly Russian, are said by US officials to be for sale on worldwide black markets. The going price -- a few thousand dollars." In the US, "despite four years of warnings and congressional hearings and millions spent on feasibility studies, the Federal Government has no plan to protect US commercial aircraft, even though two companies have developed systems they say would defeat the missiles."

Supreme Court Refuses To Block Hatfill Defamation Suit Against NYTimes. The New York Times (3/28, 1.19M) reports the Supreme Court "refused to hear an appeal from The New York Times on Monday, allowing a libel suit by a former Army bioterrorism expert to go forward." The suit, "filed in 2003 by Steven J. Hatfill, accused Nicholas D. Kristof, an Op-Ed columnist for The Times, of implicating Dr. Hatfill in the unsolved anthrax attacks of 2001."

Bloomberg (3/28, Stohr) reports, "The justices, without comment in Washington, let stand a ruling that said Hatfill can pursue his suit over a series of New York Times columns written by Nicholas Kristof. The columns criticized the slow pace of the Federal Bureau of Investigation's probe into the attacks and discussed the possibility that Hatfill was the culprit. … The company argued in its appeal that the lower court ruling, issued by the 4th U.S. Circuit Court of Appeals in Richmond, Virginia, 'will inhibit criticism of the government and penalize speech about public matters in violation of the First Amendment.' … No one has ever been charged in connection with the attacks, in which five people died from exposure to anthrax spores sent through the mail. Hatfill, who worked until 1999 at the Fort Detrick infectious diseases research institute, said in a 2002 press conference that he 'had absolutely nothing to do with this terrible crime.'"

The AP (3/28, Holland) reports, "Hatfill, a physician and bioterrorism expert, was labeled a 'person of interest' by then-

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Attorney General John Ashcroft, although he was never charged and has since sued Ashcroft and others. … A federal judge had thrown out Hatfill's lawsuit against The New York Times over 2002 columns by writer Nicholas Kristof that faulted the FBI for failing to thoroughly investigate Hatfill. The 4th U.S. Circuit Court of Appeals reinstated the suit, and the Supreme Court declined without comment to take up the case." The AP notes, "New York attorney David Schulz, who represented the newspaper, said the appeals court decision undermines free-speech protections for reporters and invites more lawsuits over legitimate news reporting. … The Associated Press and some 30 other news organizations urged the Court to use the case to clarify reporters' free-speech protections."

US Charges Florida Inmate With Mailing Hoax Anthrax Letters. The South Florida Sun-Sentinel (3/25, Coté, 249K) reported, "Federal prosecutors on Thursday announced they charged Anthony Vassalotti…with the federal crime of mailing a hoax anthrax threat. Vassalotti allegedly sent three letters containing white powder and words such as 'breathe these anthrax spores and die die die!' to the prosecutor on his case, the Circuit Court judge who sentenced him and the Palm Beach County court clerk, according to authorities. Vassalotti was angry after being sentenced on March 16 to 40 years in prison for aggravated battery with a firearm and possession of a short-barreled shotgun, an FBI Joint Terrorism Task Force investigator wrote in an affidavit." The AP (3/25) also reported on the charges against Vassalotti.

WAR NEWS:

Afghan Christian Convert Seeks Asylum. The Washington Post/AP (3/28, Shah) reports this morning Abdul Rahman, accused of renouncing Islam in Afghanistan, "has been released from prison after the case was dropped, the justice minister said Tuesday." The announcement "came after the United Nations said that Abdul Rahman had appealed for asylum outside Afghanistan and that the world body was working to find a country willing to take him."

The New York Times (3/28, Munadi, Hauser, 1.19M) reports "a prosecutor affiliated with the case who spoke only on condition of anonymity said there were fears that Mr. Rahman might be attacked if he was sent to an Afghan hospital for a mental health evaluation. 'He would be killed immediately if they release him,' the prosecutor said." Clerics "led hundreds of people in a demonstration in the northern city of Mazar-i-Sharif on Monday, demanding that Mr. Rahman be tried under Islamic law and executed." The Times adds, "A witness named Shaahed said people at the demonstration had shouted slogans against President Bush and Zalmay Khalilzad, who is originally from Balkh Province in the north and is now the American ambassador to Iraq." AFP (3/28) and Washington Times (3/28, Sands, 90K) run similar reports.

The CBS Evening News (3/27, story 6, 0:20, Mitchell, 7.66M) reported, "The US State Department today said the government of Afghanistan will free" Rahman, and "that does not sit well with many Afghan Muslims." NBC Nightly News (3/27, story 6, 0:30, Williams, 9.87M) reported the "move…has triggered new protests by hundreds of Muslims, the charges against Abdul Rahman have been dropped, and the UN says he is asking for asylum in another country after several Muslim clerics threatened to incite their followers to kill Rahman if he is released."

More Commentary. Columnist Richard Cohen writes in the Washington Post (3/28, A23, 744K), "What strikes me about the threat to execute Abdul Rahman, the Afghan who converted to Christianity, is not that Afghanistan remains deeply medieval and not even remotely the democracy that George W. Bush would like it to be, but that with the exception of the (largely) Christian West, the rest of the world has been mostly silent. The Americans have protested, the Brits have protested, the Vatican has protested and so (I assume) have some others." But "if there has been a holler of protest from anywhere in the Muslim world, it has not reached my ears. That is appalling."

Rumsfeld Says US Doing Poorly In Ideological Battle Against Terror. The AP (3/28) reports, "The United States is faring poorly in its effort to counter ideological support for terrorism, in part because the government does not communicate effectively, Defense Secretary Donald H. Rumsfeld said Monday." Rumsfeld "made the remark in response to a question from a member of his audience at the Army War College, where he delivered a speech on the challenges facing the country in fighting a global war on terrorism." Said Rumsfeld, "If I were grading I would say we probably deserve a `D' or a `D-plus' as a country as to how well we're doing in the battle of ideas that's taking place in the world today. … I'm not going to suggest that it's easy, but we have not found the formula as a country" for countering the terrorists' message.

The Washington Times (3/28, Scarborough, 90K) says Rumsfeld also "delivered harsh words to war critics yesterday, saying some view al Qaeda operatives as victims, not the enemy that has killed Americans repeatedly." He also "criticized previous administrations -- without naming them -- for failing to take on Islamic terrorists despite a series of attacks, including the 1993 bombing of the World Trade Center. 'Before September 11, 2001, there was somewhat of a misunderstanding in America about terrorists, and in some circles, I suppose, there really is today,' Mr. Rumsfeld said.

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'Even today, some folks view terrorists as criminals, not as combatants. Some even consider them victims.'"

Shiites Halt Talks On New Government Over US-Iraqi Raid. A joint US-Iraqi raid in Baghdad that resulted in the deaths of 16 Shiites has increased tensions between the US and the majority ethnic group. Although US leaders said the target of the raid was a leader of the Mehdi Army militia, Shiite leaders claimed that the joint raid was an assault on a mosque. ABC World News Tonight (3/27, story 5, 1:30, Harris, 8.78M) reported, "The reaction has been swift and severe. Shiite leaders cut off negotiations to form a new government. Baghdad's Shiite governor cut off all ties with the US. And Iraq's Shiite prime minister called the top US general here, demanding an investigation."

NBC Nightly News (3/27, story 4, 2:05, Hattori, 9.87M) reported, "The US military says the dead were insurgents and that the building was not a mosque. Coalition forces say they found weapons and bomb-making equipment at the site." Lt. General Peter Chiarelli, Multinational Corps Iraq Commander: "I had the opportunity to talk to the advisors who were with the Iraqi unit, and they indicated there were absolutely no prayer rugs in the buildings." Hattori: "While the facts may still be in dispute, what is not, in dispute is the furor this incident has touched off."

The CBS Evening News (3/27, story 7, 2:10, Logan, 7.66M) reported, "Iraqis accuse US forces of entering a mosque and killing as many as 22 people, but the US says this was a raid led by Iraqi special operations troops who were targeting terrorists responsible for kidnappings and executions." The US "explanation did nothing to quell popular anger in the capital, where talks for a national unity government were suspended for at least a day."

The AP (3/28, Hurst) reports "there were numerous conflicting statements from Iraqis and the Americans about the raid. Iraqi police, Shiite militia officials and major politicians have all said the structure attacked was the al-Mustafa mosque." But "the U.S. military disputed this, saying no mosques were entered and that the raid targeted a building used by 'insurgents responsible for kidnapping and execution activities.'" Knight Ridder (3/28, Youssef) says "Shiite leaders charged that Sunday's raid in northeast Baghdad was an attempt by the Americans to distance themselves" from Shiites, "trying to give Sunnis more power than they won in the Dec. 15 election because they feared that Iraq would be controlled exclusively by Shiites, rather than shared with the Sunnis."

Similarly, the New York Times (3/28, Semple, 1.19M) reports "some Shiite leaders warned that the raid had been widely interpreted among their constituents as a strong-arm tactic to cow them into making political concessions." The governor of Baghdad, Hussein al-Tahaan, "said he was suspending cooperation with the American authorities 'due to the aggression that the innocent people and worshipers were subjected to.'" The Wall Street Journal (3/28, Shishkin, 2.11M) runs a similar report under the headline "US And Iraq's Shiite Leadership Differ Sharply In Accounts Of Raid," while the Washington Post (3/28, A1, Finer, Nouri, 744K) titles its story "US Officials Defend Raid Following Shiite Backlash." The Washington Times (3/28, 90K) and the Los Angeles Times (3/28, Boudreaux, Hussein, 958K) also report the story.

Attack On Army Center Near Tal Afar Kills At Least 40 Iraqis. ABC World News Tonight (3/27, story 4, Vargas, 8.78M) reported, "At least 40 Iraqis were killed and 30 wounded when a suicide bomber blew himself up at an army recruitment center near Tal Afar. In Baghdad, gunmen kidnapped 16 employees of an Iraqi trading company. The motive is not yet known." The CBS Evening News (3/27, story 7, 2:10, Logan, 7.66M) reported, "Once again, Iraqi police recruits paid with their lives, attacked by a suicide bomber as they stood in line at a mobile recruiting drive near the al-Kisik training base about 14 miles from Tal Afar." NBC Nightly News (3/27, story 3, 0:20, Williams, 9.87M) reported, "The recruitment center is near a joint American/Iraqi military base but no American troops were reported wounded in this attack."

Pace Tries To Reassure Muslim Allies About Iraq Mission. The Washington Times/AP (3/28, Baldor) reports, "In the troubled region surrounding Iraq, a frequent question posed to the top US military officer visiting the area was not when his troops will pull out of Iraq, but how long they will stay. From the glittery king's palace in Saudi Arabia to the devastated slopes of the Pakistani mountainside and a staid Turkish symposium, Marine Corps Gen. Peter Pace, chairman of the Joint Chiefs of Staff, sought last week to ease concerns about whether opposition to the war at home could pressure U.S. forces to leave Iraq before it is stable." On "his first diplomatic-oriented trip since the fall," Gen. Pace "traveled to three countries whose leaders are worried about the US commitment to the Iraq war and the global war on terror. … 'I told them that from the US military's viewpoint, we would stay with the mission until we got the job done,' Gen. Pace said."

Arab Foreign Ministers Agree To Increase Diplomatic Presence In Iraq. The New York Times (3/28, Allam, 1.19M) reports, "Arab foreign ministers who gathered here over the weekend to prepare for a summit meeting agreed on a proposal to increase their diplomatic presence in Iraq. The draft resolution, which does not offer a timetable, is expected to be approved by the 22 members of the Arab League meeting here on Tuesday and Wednesday." Arab

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diplomatic missions "have maintained minimal staffs in Iraq since the American-led invasion in 2003 and particularly after two Algerian diplomats and an Egyptian envoy were kidnapped and killed there in July."

US Central Command Not Investigating Claim Of Russian Collusion With Saddam. The Washington Post (3/28, A20, Tyson, 744K) reports, "The US military's Central Command said yesterday it has not opened an investigation into whether sources inside the command leaked details of the 2003 US invasion of Iraq to Russian officials, and distanced itself from captured Iraqi documents that contain the allegations." A Central Command official "said the command takes 'all matters of operational security seriously' but was not probing the allegations."

Russia Sees "Hidden Political Motives" For Report. The AP (3/28) reports, "Russia's foreign minister accused the United States on Monday of having 'hidden political motives' for a report that said Moscow turned over information on American military plans to Saddam Hussein during the invasion of Iraq." Sergey Lavrov's comments "were the first formal statement from President Vladimir Putin's government about the Pentagon report, though a spokesman for Russia's foreign spy agency over the weekend denied the report's allegations." Secretary of State Condoleezza Rice "will discuss the matter with Lavrov -- either when the foreign ministers of the five permanent UN Security Council members and Germany meet in Berlin on Thursday or by telephone, the State Department said."

More Commentary. The Washington Post (3/28, A22, 744K) editorializes, "The news that Moscow would have helped Saddam Hussein fight .. forces might be unwelcome to those administration officials who still try to portray Mr. Putin as a partner of the West and a worthy host for the next summit of the Group of Eight nations." But "it shouldn't be surprising. As has been well documented, Russia did its best to weaken and then break the sanctions regime imposed on Iraq, and then to prevent the 2003 invasion. In exchange it reaped lucrative economic concessions from Saddam Hussein, including the payment of large bribes to senior officials and politicians."

Seized Iraqi Documents Made Public. The AP (3/28, Tanner) reports, "The federal government is making public a huge trove of documents seized during the invasion of Iraq, posting them on the Internet in a step that is at once a nod to the Web's power and an admission that US intelligence resources are overloaded." Republican leaders in Congress "pushed for the release, which was first proposed by conservative commentators and bloggers hoping to find evidence about the fate of Iraq's nuclear, chemical and biological weapons programs, or possible links to terror groups." The AP adds "the documents' value is uncertain — intelligence officials say that they are giving each one a quick review to remove anything sensitive. Skeptics of the war, suspicious of the Bush administration, believe that means the postings are either useless or cherry-picked to bolster arguments for the war."

The New York Times (3/28, Shane, 1.19M) reports "American intelligence agencies and presidential commissions long ago concluded that Saddam Hussein had no unconventional weapons and no substantive ties to Al Qaeda before the 2003 invasion." However, "an unusual experiment in public access is giving anyone with a computer a chance to play intelligence analyst and second-guess the government. … Less than two weeks into the project, and with only 600 out of possibly a million documents and video and audio files posted, some conservative bloggers are already asserting that the material undermines the official view." On his blog last week, Ray Robison, "a former Army officer from Alabama, quoted a document reporting a supposed scheme to put anthrax into American leaflets dropped in Iraq and declared: 'Saddam's W.M.D. and terrorist connections all proven in one document!!!' Not so, American intelligence officials say."

In a New York Times op-ed (3/28), Peter Bergen, a fellow at the New America Foundation, says, "Bush Administration defenders, right-wing bloggers and neoconservative publications are crowing about Iraqi documents newly released by the Pentagon that, they say, prove that Al Qaeda and Saddam Hussein were in league." But a "striking feature about the supposed Qaeda-Iraq connection is that since the fall of the Taliban, not one of the thousands of documents found in Afghanistan substantiate such an alliance, even though Al Qaeda was a highly bureaucratic organization that required potential recruits to fill out application forms." This "goes to the central problem faced by proponents of the Qaeda-Iraq connection. It's long been known that Iraqi officials were playing footsie with Al Qaeda in the mid-1990's, but these desultory contacts never yielded any cooperation. And why should they have?"

Iraqi Media Growing Increasingly Sectarian. The Los Angeles Times (3/28, Roug, 958K) reports that although the Bush Administration has "poured millions of dollars into creating Western-style news media in Iraq, backing at least two television channels as well as training programs for Iraqi journalists on balance and ethics," the result "is hardly what the administration set out to accomplish. Most of the channels are increasingly sectarian and often appear to be inflaming the country's tensions, critics say." The Times adds, "Homebound because of violence and curfews, Iraqis watch their world through the kaleidoscope of satellite TV. But channel surfing Iraqi-style often offers views of the country through a sectarian lens."

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Blair Defends Iraq Policies. The AP (3/28, McGuirk) reports, "British Prime Minister Tony Blair on Monday pledged to keep British troops in Iraq and Afghanistan until those countries are stabilized. 'If the going is tough, we tough it out,' Blair told a rare joint session of Australia's Parliament." Blair "told lawmakers that the 'immediate threat is from Islamist extremism,' which he said was 'not a passing spasm of anger but a global ideology at war with us and our way of life.'" AFP (3/28) reports Blair's Australian counterpart John Howard also defended his "involvement in the US-led Iraq war, describing the political situation there as 'inspiring.'"

Memo Said To Show Bush, Blair Set On War In 2003. The networks last night all followed up on an New York Times report on memorandum by an aide to British Prime Minister Tony Blair that recorded details of a January, 2003 Oval Office meeting with President Bush.

NBC Nightly News (3/27, story 5, 2:05, Mitchell, 9.87M) reported, "The President and Tony Blair were officially on a diplomatic track, but a secret memo now reveals, they were determined to go to war six weeks before invading Iraq." The memo "said Blair asked about 'aftermath planning.' And 'Condi Rice said that a great deal of work was now in hand.'" David Phillips, former State Department Iraq advisor: "Both Bush and Blair were prepared to move forward with military action without fully appreciating the level of difficulty that we would face."

ABC World News Tonight (3/27, story 6, :35, Vargas, 8.78M) reported, "A memo has surfaced that paints President Bush eager to provoke Saddam Hussein into war. Tony Blair's foreign policy aide, David Manning, wrote it weeks before the invasion. It says that Mr. Bush floated the idea of painting US aircraft in UN colors, adding, 'If Saddam fired on them, that would be a clear green light for war.' The memo also says Mr. Bush felt it would be unlikely there would be warfare between Iraq's different religious and ethnic groups."

The CBS Evening News (3/27, story 8, 0:50, Logan, 7.66M) reported, "We have not had any confirmation from US officials here or from the White House that these reports of this memo are taken in context and are correct, but it will certainly play into the hands of those who believe the Bush Administration misjudged the situation here in Iraq from the start, Russ."

Canadian PM Thanks Bush For Help In Rescuing Hostages. The AP (3/28) reports, "Canadian Prime Minister Stephen Harper called President Bush with thanks Monday for U.S. help in rescuing three peace activists from captivity in Iraq last week." The activists, "two Canadians and one Briton -- were freed without a shot, ending a four-month hostage drama in which an American among the group was shot to death and dumped on a Baghdad street."

State Department Hardship, Danger Pay Limits For Iraq, Afghanistan Boosted By 35%. The Washington Post (3/28, A21, Graham, 744K) reports, "To help recruit US government civilians for duty in Iraq and Afghanistan, the State Department has boosted the pay allowances for both hardship and danger to the highest levels ever granted. Starting this month, U.S. government civilians serving in Iraq and in Afghanistan outside of Kabul are receiving an extra 35 percent above their base salaries for hardship and another 35 percent for danger."

Krauthammer Says Fukayama Fabricated His Comments On Iraq War. Charles Krauthammer writes in the Washington Post (3/28, A23, 744K) that Francis Fukuyama's claim that Krauthammer "attributed 'virtually unqualified success' to the [Iraq] war is a fabrication. … For Fukuyama to assert that I characterized it as 'a virtually unqualified success' is simply breathtaking. My argument then, as now, was the necessity of this undertaking, never its ensured success. And it was necessary because, as I said, there is not a single, remotely plausible, alternative strategy for attacking the root causes of Sept. 11."

CORPORATE SCANDALS:

Defense Challenges Government Witness In Enron Trial. The Wall Street Journal (3/28, McWilliams) reports, "Defense attorneys for Enron Corp.'s former two top executives continued to chip away at the testimony of a former finance executive who provided details of key meetings where the two were warned about the company's precarious state." The Journal continues, "Last week in the criminal conspiracy and fraud trial of former Enron Chairman Kenneth Lay and former President Jeffrey Skilling, former Enron treasurer Ben Glisan Jr. testified that the two executives knew several businesses had lost billions in value but did not adjust the company's books and insisted to investors the company was healthy. He also testified that Mr. Lay misled credit companies about Enron's water-distribution business in order to retain an investment-grade credit rating. … Yesterday, Mr. Glisan acknowledged he had left an Oct. 22 meeting before the company's former chief accounting officer told Mr. Lay and other Enron directors that Enron's auditors had concluded no write-down of the company's Wessex Water unit was necessary. Prosecutors contend Mr. Lay lied about auditors' decision to investors."

The New York Times (3/28, Barrionuevo) reports, "Under questioning by Bruce Collins, a lawyer for Mr. Lay, Mr. Glisan acknowledged that he had assured Mr. Lay, the chief executive, and a group of directors that Enron had enough cash to operate. … Mr. Collins displayed notes from an Oct.

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22, 2001, finance committee meeting taken by Paula Rieker, the corporate secretary, that showed that Mr. Glisan and Andrew S. Fastow, then the chief financial officer, told the directors, including Mr. Lay, that Enron had adequate liquidity. … Mr. Glisan told the board that Enron had immediate access to $1.5 billion in cash and could seek more. That appeared to contradict his testimony last week that he had given Mr. Lay a much dimmer financial forecast, saying Enron's liquidity was strained and its cash flow weak."

Bloomberg (3/28, Calkins) reports, "Testimony by a former Enron Corp. executive that he warned then-Chairman Kenneth Lay in October 2001 the company's finances were 'strained' was contradicted by evidence presented today by defense lawyers at Lay's fraud trial." Bloomberg reports that Gilsan "said last week in federal court in Houston that he told Lay in September and October 2001 the company faced a liquidity crisis and that Lay knew some of Enron's assets, including a British water company, needed to be written down in value. … Today, Lay's attorney Bruce Collins presented notes from an Oct. 22, 2001, finance committee meeting that showed Glisan had optimistic estimates about the company's access to cash. The minutes show that after Glisan left the meeting, Chief Accounting Officer Rick Causey had told Lay the water company didn't need to be written down, which Lay told analysts the next day. … 'I cannot say I had all the information he had,' Glisan said under cross-examination during his fourth day on the witness stand. 'I did not have this piece of information. Mr. Causey gave a favorable report, it seems.'"

Skilling Tried To Sell Enron Stock Days Before 9/11. The Houston Chronicle (3/28, Fowler) reports, "Former Enron CEO Jeff Skilling tried to sell one-fifth of his Enron stock holdings just weeks after he left the company and days before the Sept. 11 terrorist attacks, according to testimony in court Monday. … The sale of 200,000 shares never went through on Sept. 6, 2001, because his stockbroker still had him listed as a company officer restricted from selling, but he was able to sell 500,000 shares several weeks later." The Chronicle continues, "The failed sale itself wasn't illegal but it could cast doubt on statements Skilling gave to investigators that the only reason he sold stock after leaving the company was post-Sept. 11 worry." The Chronicle adds, "Testimony about the stock sale, one of 10 illegal sales the government claims Skilling made, came on day 31 of the trial. The government may finish its case against Skilling and former chairman Ken Lay as early as this afternoon. … Former Treasurer Ben Glisan, who left the stand Monday afternoon, was the last major witness the government planned to call."

Lay Faces Second Trial On Separate Bank Fraud Chages. The Washington Post (3/28, D1, Johnson) reports, "As lawyers for Enron Corp.'s former leaders prepare to start their defense next week, another potentially more dangerous trial looms for founder Kenneth L. Lay." The Post continues, "Lay is scheduled to be tried on four separate criminal charges related to personal bank loans, with the case opening as soon as the jury begins deliberations in the current trial, in which both Lay and former Enron chief executive Jeffrey K. Skilling are charged with fraud in Enron's collapse. … The unusual double jeopardy is the result of a bet Lay's legal team placed -- and lost -- two years ago. Lay sought to face trial alone rather than with his protege Skilling, who ran the company's daily operations." The Post adds, "Government lawyers pounced on the strategic opportunity. The judge's ruling, in what may be the worst possible outcome for Lay, gave prosecutors not one but two chances to convict the former titan. The judge kept Lay in the major fraud case, which includes Skilling. But he split off into a separate trial four narrow fraud charges against Lay that relate to personal bank loans. .. The second proceeding, to be decided by the same judge, will begin a mere two hours after jurors retire to consider the broader charges. It means that Lay, who built a fortune once valued at more than $100 million after growing up the son of a poor Baptist preacher who hopped from job to job, will face the anxiety of awaiting a jury verdict in the first trial while he defends himself against additional charges that carry a maximum penalty of a decade behind bars."

Trustees Find Billing Problems By Enron Turnaround Expert. The AP (3/28, Sherman) reports, "The turnaround expert who led Enron Corp. through its bankruptcy engaged in unacceptable billing practices and has agreed to cut in half the $25 million he has been seeking as a 'success fee,' the Justice Department said Monday." The AP continues, "The department's U.S. Trustee Program, which monitors the administration of bankruptcy cases, said it uncovered the billing problems after Stephen Forbes Cooper LLC and its principal, Stephen Cooper, asked the U.S. Bankruptcy Court in New York for $25 million as the fee for guiding the one-time energy giant, decimated by scandal, through its Chapter 11 case." The AP adds, "The firm denied any billing irregularities, but agreed to reduce its request to $12.5 million after the trustee's office shared the results of its investigation with the bankruptcy court, according to papers filed with the bankruptcy court. The court agreement did not spell out the billing issues. … U.S. Bankruptcy Judge Arthur Gonzalez will determine the size of the success fee."

Former Raytheon CEO Agrees To Fine, Bonus Forfeit. The New York Times (3/28, Wayne) reports, "The former chief executive of the Raytheon Corporation, Daniel P. Burnham, has agreed to pay a fine and return part of a $1.75 million bonus to settle Securities and Exchange Commission accusations over improper accounting practices in 2000 and 2001." The Times continues, "Disclosure of the arrangement came in a regulatory filing yesterday by the First Data

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Corporation, where Mr. Burnham, 59, is a director and chairman of the company's compensation committee. Mr. Burnham served as chairman and chief executive of Raytheon for five years until his resignation in July 2003." The Times adds, "The alleged accounting irregularities took place in Raytheon's troubled commercial aircraft division from 1997 to 2001 and concerned the timing of losses recorded by the company. The S.E.C. said that the company had overstated its 2001 losses and that its aircraft subsidiary should have charged up to $240 million of a $693 million loss in 2000 instead. … Since January 2003, the S.E.C. has been investigating accounting practices at Raytheon's aircraft division, which had faced a deteriorating market. Last April, the company offered to settle the investigation and recorded a charge of $12 million in the first quarter of 2005 to cover potential settlement costs. Raytheon has neither admitted nor denied the charges and the offer has yet to be approved."

Former Clarent CEO Pleads Not Guilty To Securities Fraud. The San Francisco Chronicle (3/25, C1, Abate) reported, "The U.S. attorney in San Francisco has charged a Los Altos man with two counts of federal securities fraud for allegedly inflating the revenues of Clarent Corp. in 2001. Shares in the publicly traded Redwood City firm, which sold equipment to send phone calls over the Internet, collapsed between September 2001 and May 2002, wiping out $200 million in stock value, according to the indictment." Former Clarent CEO Jerry Shaw-Yau Chang, "surrendered to federal authorities in San Francisco Friday," pleaded not guilty to the charges, and was released on bond. IDG News Service (3/25, Gross) also reported on Chang's indictment.

Firms Pressured By US Over Employees' Legal Fees. The Wall Street Journal (3/28, Koppel) reports, "Defense lawyers are closely watching an accounting-fraud case in New Hampshire that they see as the latest government effort to stop companies from paying the legal fees of indicted employees." The Journal continues, "In the past three years, federal prosecutors in New York, Alabama and, now, Concord, N.H., have pursued a strategy that puts companies at risk of being branded as uncooperative if they don't cut off such payments. Lawyers say that could be tantamount to convicting defendants before they have even had a trial, since they can't properly defend themselves. … 'If companies don't cooperate with the government, they can face a death penalty by being indicted,' says Ellen Podgor, a professor at Stetson University College of Law. She adds that companies fear becoming the next Arthur Andersen LLP, which imploded shortly after its indictment in 2002 for allegedly obstructing the government's investigation of fraud at Enron Corp. (The accounting firm was later convicted of obstruction, but the Supreme Court overturned the verdict last year.) 'Prosecutors can now force individuals to pay their own attorneys' fees," Prof. Podgor says, "and corporations have to go along.'" The Journal notes, "Justice Department spokesman Brian Roehrkasse counters that 'the government does not force corporations to do anything.' If a company declines to advance fees, he adds, 'that is a business decision made after weighing all of the costs and benefits of cooperation.'"

CRIMINAL LAW:

Judge Dismisses Two Jurors In Ryan Corruption Trial. The New York Times (3/28, Rudoren) reports, "A federal judge dismissed two jurors on Monday two weeks after the jury began deliberating in former Gov. George Ryan's corruption case, tossing into turmoil a trial that has stretched over six months." The Times continues, "The judge, Rebecca R. Pallmeyer of Federal District Court, said she had not made any decisions about whether to proceed and hoped to avoid a mistrial by replacing the two jurors with alternates. … But Mr. Ryan's lawyers objected to that prospect, arguing that 'asking them to "start deliberations anew" is asking the impossible.'" The Times notes, "The dismissals follow revelations in The Chicago Tribune last week that two jurors lied on questionnaires about whether they had criminal records, with one failing to disclose drunken-driving arrests that led to the revocation of his driver's license while Mr. Ryan, a Republican, was the secretary of state, whose office is responsible for such matters." The Times notes that "legal experts who have been following the proceedings described Monday's removals as a serious threat to the trial, raising a strong issue for appeal regardless of how the judge proceeds."

The Chicago Sun-Times (3/28, Korecki, Sweeney) reports, "In a motion filed this morning, Ryan's lawyers object to replacing the two questionable jurors with substitutes, saying that would constitute a violation of Ryan's Sixth Amendment right to a fair trial." The Sun-Times adds, "The two jurors in question were seen walking separate from other jurors this morning. It appeared they were leaving Pallmeyer's chambers. … The remaining jurors left the building at about 11:30 a.m." The Sun-Times notes, "A male juror did not disclose DUI convictions and a weapons conviction, and a female juror did not disclose six arrests and a weapons charge. The woman was never convicted, according to public records."

The AP (3/28, Robinson) reports, "The announcement came after a day in which deliberations where on hold while the judge met privately with attorneys on both sides to try to prevent a mistrial after six months of proceedings. … The trial has already cost millions of dollars to hold -- 'a very significant investment,' Pallmeyer noted. … She said her

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goal would be to forge ahead, if 'we can proceed with this case fairly.'"

CBS 2 Chicago (3/28, Levine) reports, "As Judge Pallmeyer ponders her next step, others question the Chicago Tribune investigation that triggered the controversy. … 'It was waiting until the trial had closed and the deliberations began with replacements gone home that caused all these problems,' said Northwestern University Law Professor Ron Allen." CBS 2 continues, "According to Tribune Editor Anne Marie Lipinski, the investigation that discovered a juror's criminal background started after deliberations began as a feature story. … 'We were looking for routine information so we could contact jurors when the case was over, which is very common in stories like this,' Lipinski said. 'The reporter assigned to this came across this information. We were quite surprised by it and immediately brought it to the attention of the court.'"

Tribune Examines How Problems Were Uncovered. The Chicago Tribune (3/28, Janega) runs a report on how the newspaper uncovered the problems with the jurors' answers. The Tribune reports, "After a 5½-month trial and eight days of jury deliberations, the Chicago Tribune uncovered public records last week indicating that two jurors in the federal trial of former Gov. George Ryan gave false answers on their jury questionnaires." The Tribune continues, "Both jurors had checked boxes on pretrial questionnaires indicating that they had never been charged with a crime, but the Tribune found public records that appeared to contradict those answers." The Tribune adds, "While the information had the potential to disrupt the trial, Tribune editors recognized it could be even more damaging if it were revealed after the jury had reached its verdict. Nationally, other cases have been overturned on appeal when it was discovered after the verdict that jurors had been untruthful to the court. … Because of this, the newspaper went to Chief Judge Charles Kocoras as soon as possible, both to continue the reporting on the story and to inform court officials of the records it had discovered."

Jury Duty Can Force Unwelcome Revelations. The Chicago Tribune (3/28, Quintanilla, Janega) reports, "The white-hot spotlight of the American judicial system can be uncomfortable, with lawyers, judges and sometimes the media prying into difficult and embarrassing moments. But defendants aren't alone in the glare. From the moment a jury summons arrives, potential jurors find their own histories under scrutiny. … 'Has any member of your immediate family or a very close friend ever been the victim of a crime?' asks a typical juror questionnaire. 'Have you ever been a party to any lawsuit?'" The Tribune adds, "Experts say most jurors, facing threat of perjury, try to be honest. But they say others may be too embarrassed to answer fully, or think it doesn't matter. … 'I think some truly don't understand the gravity of the responses that they're giving. And others are being evasive, and we have no idea which it is,' said Duke University Law School professor Neil Vidmar. … If they do have something in their past, 'they may have said, "That's over and done with,"' he said. Officers of the court seldom know when a juror has stopped being truthful."

Abramoff Defenders Seek Leniency From Sentencing Judge. The New York Times (3/28, Shenon, 1.19M) reports Republican lobbyist Jack Abramoff "may be among the most unpopular men in Washington, shunned by many of his former friends at the White House and on Capitol Hill. But more than 260 others — including a House member from California, a senior Senate staff member and several leaders of the Washington Jewish community — have stepped forward in letters to a federal judge to praise Mr. Abramoff and ask that he be spared a long prison sentence." Rep. Dana Rohrabacher "said in his letter that Mr. Abramoff was a 'selfless patriot' whose work in a conservative lobbying group, Citizens for America, in the 1980's was evidence of his desire 'to make a positive contribution to the nation he loves so much.'"

Cunningham Gave NRCC $2000 In Campaign Funds. The Hill (3/28, Allen) reports that before former Rep. Randy "Duke" Cunningham (R-Calif.) "headed to prison, he prepared a small parting gift intended to help his colleagues in the upcoming election: a $2,000 check from his expiring campaign committee to the National Republican Congressional Committee (NRCC)." The December 13th contribution "followed on the heels of an Oct. 24 donation of $11,684 to the NRCC. It also came about two weeks after he admitted to taking $2.4 million in bribes to direct government business to certain defense contractors." NRCC spokesman Carl Forti said "that the party never received the $2,000 check and that it has 'no plans' to return the nearly $12,000 it accepted before Cunningham's Nov. 28 guilty plea."

Judge Lets Safavian Subpoena To Senate Aide Stand. Roll Call (3/28, Bresnahan, Newmyer) reports US District Judge Paul Friedman "has let stand a subpoena issued to a Senate Indian Affairs Committee staffer by attorneys for David Safavian, the former Bush administration official charged with lying to federal investigators about his relationship with Jack Abramoff." Safavian's attorneys had "subpoenaed Indian Affairs investigator Bryan David Parker for all documents or notes Parker made during his discussions with Safavian in February and March 2005. The Justice Department tried to have the subpoena quashed, arguing that Safavian's attorneys already had notes from an FBI agent who interviewed Parker. Friedman eventually sided with Safavian."

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Nevada Corruption Trial Jurors Hear More FBI Wiretaps Of Alleged Bribes. KVBC-TV Las Vegas (3/27) reports, "Monday was a good day to be Dario Herrera and a bad day to be Mary Kincaid-Chauncey in the G-Sting political corruption trial. … In wiretaps played for jurors," strip club owner Mike Galardi and lobbyist Lance Malone "repeatedly conspire over how much money to offer Dario Herrera in exchange for his vote to allow nude dancing with alcohol being served at strip clubs," but "no matter what Galardi offered, Herrera wouldn't budge." Kincaid-Chauncey, however, "can be heard repeatedly conspiring with Malone to get votes to go Galardi's way, and can also be heard asking Malone for Galardi's money."

Court Hearing To Reveal Details About FBI Informant In Minnesota Bribery Case. The Minneapolis Star-Tribune (3/28, Chanen, Furst) reports Gary A. Carlson's "role last year in helping the FBI investigate Dean Zimmermann, who at the time was a City Council member, is expected to come into sharper focus today at a court hearing on the bribery allegations. Zimmermann's attorney is seeking more information about Carlson -- a real estate developer and the unnamed 'cooperating witness' who assisted the FBI," telling agents "last May that Zimmermann sought campaign contributions in exchange for supporting zoning changes that would aid Chicago Commons. Zimmermann allegedly took $7,200 from the witness during three meetings in June and August, court documents said."

Prosecution Witness Backs Up Star Witness' Testimony At "Mafia Cops" Trial. Newsday (3/28, DeStefano) reports, "Visions of the tropics as the scene of skulduggery entered the 'Mafia Cops' trial Monday, with a witness telling a federal court jury that he passed money directly to one of two ex-NYPD detectives on a Caribbean island." Thomas Galpine "said he paid $10,000 to…Louis Eppolito in 1988 or 1989 for a Caribbean time-sharing unit at the behest of businessman Burton Kaplan, a key associate of the Luchese crime family." Galpine, "who is serving a 16-year sentence for marijuana trafficking," is "testifying with a promise that prosecutors would help him get a reduction in his sentence if he is a truthful witness." Yesterday, he "the effect of backing up Kaplan on a number of points, among them, Kaplan's lending of $75,000 in marijuana smuggling money to Eppolito for a Las Vegas house purchase, and Kaplan's claim that he was getting information from two cops." The New York Times (3/28, Feuer, 1.19M) notes, "Lawyers for the two defendants were in the unenviable position of hearing Mr. Kaplan's words repeated by Mr. Galpine. On cross-examination, Bruce Cutler, Mr. Eppolito's lawyer, went on the attack. He called Mr. Galpine an 'acolyte and errand man' under the spell of Mr. Kaplan, whom Mr. Cutler called 'a Fagin character' who had led the witness on a 'spiral to perdition, to hell.' … Nonetheless, Mr. Galpine seemed unfazed."

Eppolito's Cousin Testifies For Prosecution. The New York Daily News (3/28, Marzulli, 729K) reports, "The feds yesterday called a member of Louis Eppolito's own crime family to testify against the reputed Mafia cop. Tammy Ahmed is the daughter of slain mob associate Frank Santora, who was the original intermediary between Eppolito -- his first cousin -- and Luchese crime associate Burton Kaplan." In "damning" testimony, Ahmed recalled "names and numbers in her father's phone book -- including the reputed Mafia cops, Kaplan and a tow-truck driver who is expected to testify today that he helped Santora bury the corpse of murder victim Israel Greenwald."

FBI Agents Testify Nichols Said Ex-Girlfriend's Affair Prompted Courthouse Shootings. The Atlanta Journal-Constitution (3/28, Cook, 430K) reports, "Accused killer Brian Nichols told investigators he shot up the Fulton County Courthouse on March 11, 2005, because of his former girlfriend's romantic relationship with a minister, two FBI agents testified Monday." Special Agents Joseph Fonseca and Cynthia Myers "testified they were about to leave the…apartment complex where Nichols surrendered…when he made the spontaneous admission while sitting in the back seat handcuffed and shackled. … 'We told him to wait until we got to headquarters,' said FBI agent Myers," and "for the rest of the drive, the conversation was light and focused primarily on the ongoing NCAA basketball playoffs." The AP (3/28, Weber) notes, "Fonseca's testimony came during a hearing in which Nichols' lawyers were seeking to have the court throw out their client's statements to police following his arrest." The defense lawyers contend "Nichols was denied counsel before he made incriminating statements," but "prosecutors have argued Nichols waived his right to counsel and spoke voluntarily."

Fourth Man Charged In New Hampshire Phone-Jamming Scheme. The AP (3/27, Ramer) reports, "The former co-owner of a telemarketing firm pleaded not guilty Monday to participating in a Republican scheme to jam New Hampshire Democrats' get-out-the-vote phone lines on Election Day 2002." The AP continues, "Shaun Hansen, 34, of Spokane, Wash., was indicted by a federal grand jury on March 8, but the charges were not made public until his arraignment Monday. … Hansen is charged with conspiring to commit and aiding the commission of telephone harassment. Prosecutors say he was paid $2,500 to have employees at Idaho-based Mylo Enterprises place hundreds of hang-up calls to phone lines installed to help voters get

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rides to the polls on Nov. 5, 2002. Among the contests decided that day was the close U.S. Senate race in which Republican Rep. John Sununu beat outgoing Democratic Gov. Jeanne Shaheen." The AP adds, "Three others have been convicted for their roles in the scheme." … Former state Republican Executive Director Chuck McGee pleaded guilty to devising the idea of jamming the lines and served seven months in prison. Allen Raymond, former president of Virginia-based GOP Marketplace LLC, pleaded guilty to executing the plan and is serving a three-month sentence. … James Tobin, who had served as New England chairman of President Bush's re-election campaign, was convicted in December of telephone harassment charges and faces up to five years in federal prison. He is scheduled to be sentenced in May."

Philadelphia State Senator Says White House Behind Corruption Probe. The Philadelphia Inquirer (3/28, Cattabiani, Shiffman, 423K) reports, addressing a Pennsylvania Press Club luncheon in Harrisburg yesterday, "State Sen. Vincent J. Fumo said yesterday that he wasn't worried about the two-year federal probe into his role in a South Philadelphia nonprofit, predicting that it would 'go nowhere.' … For more than two years, the U.S. Attorney's Office, the FBI, and the IRS have been investigating the spending and fund-raising of Citizens' Alliance for Better Neighborhoods, the group that the senator has called 'my nonprofit.' … Fumo suggested that the Bush administration was behind the investigation. 'In this case, you have a White House that still believes Pennsylvania should be a red state,' he said."

Texas Contractor Sentenced To Seven Years In Prison For Overcharging Lockheed. The Fort Worth Star-Telegram (3/28, Okada, 247K) reports Todd Brian Loftis, president of Lockheed Martin supplier Tools and Metals, was sentenced to seven years and three-months "and ordered to repay the aeronautics company $20 million in restitution for conspiring to defraud the U.S. government by overcharging the company since 1998" on F-16 and F/A-22 fighter jet contracts. The Star-Telegram notes, "Prosecutor Ronald Eddins, who won a guilty plea from Loftis in December, estimated the fraud to be 'in the neighborhood of $20 million.' Defense counsel Thomas Melsheimer, however, presented a retired FBI expert to testify that the amount was actually $10 million, or even less."

Law Firms Worried About Pellicano-Related Wiretap Suits. The California Recorder (3/28, Scheck, Schmitt) reports, "Indictments stemming from Hollywood's latest celebrity scandal have struck fear into L.A.'s legal community. But it's the civil fallout from private eye Anthony Pellicano's wiretapping indictment that instills true horror for law firms." The Recorder continues, "While top entertainment lawyer Terry Christensen is the only attorney indicted so far in connection with Pellicano, several others face litigation that could cripple their practices -- and possibly break up their firms." The Recorder adds, "The big problem, said Timothy Halloran, an expert in law firm liability at Murphy, Pearson, Bradley & Feeney in San Francisco, is that illegal activity such as wiretapping won't be covered by malpractice insurance. … 'I would expect that in the Pellicano matter, if the wiretapping was in connection with big litigation, someone who was wiretapped can make a pretty big damages claim,' Halloran said. 'Your professional liability insurance can't cover you for that.'" The Recorder notes, "That's the issue that much of the L.A. legal community is looking at these days, as a small but well-armed armada of plaintiffs takes aim at lawyers who used Pellicano for wiretaps. … Developments during the past week indicate that while Christensen may be the first lawyer indicted, another top firm -- L.A. entertainment shop Greenberg Glusker Fields Claman Machtinger & Kinsella -- may be feeling even more heat. … At least a half-dozen Greenberg Glusker attorneys are talking about leaving, according to a source within the firm. … And while some Greenberg Glusker attorneys said last week that they were confident that the firm's future was stable, others were unsure how the firm would weather Pellicano-related lawsuits."

California Business, Civic Leader Pleads Guilty To Investment Fraud. Bay City News Wires (3/27) reports, "A former president of the Moraga Chamber of Commerce and Moraga Rotary Club has pleaded guilty to nine counts of mail fraud and seven counts of wire fraud for his role in defrauding more than 30 investors out of more than $5 million." Edwin Torres "entered his plea last Friday," admitting "that he used his status…to influence potential investors to buy high-yielding Los Angeles and Orange County municipal bonds when in fact he had no intention to buy the bonds and did not do so." BCN notes, "The U.S. Attorney's office says Torres' guilty plea is the result of an investigation by the FBI in conjunction with the Contra Costa County District Attorney's Office."

Famed Coroner Resigns After Federal Indictment. The AP (3/28, Mandak) reports on Allegheny County, PA, coroner Cyril Wecht, who federal prosecutors say "used county employees, equipment, even unclaimed morgue cadavers for the benefit of his multimillion-dollar private pathology practice. … Wecht, 74, resigned from office a few days after being indicted in January on charges including fraud and theft of honest services. But he has denied any wrongdoing and continues to crisscross the country as an expert witness in murders and wrongful-death

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cases. He is expected to go on trial in October." The AP adds, "Buried in the 84-count indictment is the allegation that Wecht had his former county secretary type a nasty letter to Keith Sueker, a retired engineer who poked fun of Wecht's failed run for county executive in 1999. … Federal authorities say it was another instance of Wecht using a county worker for his personal benefit - in this case, political retribution. But for longtime Wecht watchers, it shows an ugly side of Wecht generally hidden from national view." The AP notes, "Wecht, who holds a law degree in addition to a medical degree, served two 10-year stretches in the elected position of coroner, first from 1970 to 1980, then from 1996 to 2006."

DeLay's Concealed Weapon License Suspended. The Washington Post (3/28, C3, Argetsinger, Roberts, 744K) reports in its "The Reliable Source" column, "Texas officials have suspended the former House majority leader's license to carry a concealed weapon, according to Fort Bend County court documents first revealed over the weekend by Brazosriver.com, a Web site based in his home county. Under Texas law, anyone indicted on felony charges is prohibited from packing a pistol, and DeLay was hit with campaign money-laundering charges in October." DeLay will "get his license back if the criminal charges are dropped or he's acquitted."

Program Aims To Curb Gang Violence In Prison. The Christian Science Monitor (3/28, Abate) reports on "an unusual program aimed at breaking one of the most pervasive - and violent - influences behind bars and on the streets of urban America: gangs. In a quest to overcome deeply ingrained and often fatal differences, the initiative brings together former rival gang members in one cell pod to eat, sleep, and live. … The program, 'Breaking Barriers,' offers counseling and courses - from substance abuse to poetry readings - to help overcome the causes of gang fealty and drug addiction. The goal is to get inmates who move through the Santa Clara County central jail to permanently sever ties with gangs, and thus reduce violence, when they transfer to a state prison or return to a life on the outside." The Monitor adds, "Experts consider it one of the only local programs of its kind in the country. While the initiative is still young - only two years old - it has already shown some success in rehabilitating individual lives." The Monitor notes, "Gangs are nothing new to prison life, but over the past four decades their presence has increased dramatically. One national study found that, of the nearly 2 million people incarcerated in the US, more than 43 percent associated with a gang."

Woman Posing As WPost Employee Suspected In Credit Card Scam. The Washington Post (3/28, A9, Cauvin) reports, "A woman posing as a Washington Post employee is suspected of duping dozens of the newspaper's advertisers into turning over their credit card numbers, according to The Post and the U.S. attorney's office." The Post continues, "Using the telephone numbers placed in classified ads, the woman would call advertisers claiming that she worked for the paper, Post spokesman Eric Grant said in a statement yesterday afternoon. … The woman would explain that the advertiser's credit card number had not gone through and that she needed to run it again. After the person provided the card information, the woman would use it to start making charges to that account." The Post adds, "At least 50 people have been victims of the scam, according to a person familiar with the case who spoke on the condition of anonymity because charges have not been filed. … The identity theft scam came to the paper's attention in 2002, and The Post notified the D.C. police, the paper said. Why the investigation has moved so slowly was not immediately clear, and officials would not say when the scam began or when it ended. The inquiry is now in the hands of the U.S. Postal Inspection Service, which is frequently involved in investigating identity theft, and the investigation appears to be coming to a close."

Texas Man Cautiously Returns To Society After DNA Exoneration. The New York Times (3/28, Levy) reports, "Arthur Mumphrey says he is doing his best to enjoy life these days. But after spending 18 years in prison for a rape he did not commit, he is also finding that being on the outside can be overwhelming." The Times continues, "Gov. Rick Perry pardoned Mr. Mumphrey, 42, on March 17 after a DNA test indicated that he did not sexually assault the victim, a 13-year-old seventh grader, who was forced at knifepoint into a wooded area near Conroe, about 40 miles north of Houston, and raped repeatedly on the night of Feb. 28, 1986. … Mr. Mumphrey was paroled in 2000 after serving 14 years of a 35-year sentence, but was sent back to prison two years later after failing to contact his parole officer. He points to his case as yet another example of the merits of DNA testing and the doggedness of a defense lawyer — as well as the systemic flaws of the Texas criminal justice system." The Times adds, "Mr. Mumphrey's younger brother, Charles Mumphrey, who is in jail on an unrelated crime, confessed earlier this year to participating in the rape, said Marc Brumberger, an assistant district attorney for Montgomery County. He cannot be charged, though, because the statute of limitations has expired. … A co-defendant, Steve Thomas, pleaded guilty during a 1986 trial and testified against Arthur Mumphrey in exchange for a 15-year sentence."

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CIVIL LAW:

FEC Exempts Web Communications From Campaign Finance Laws. The New York Times (3/28, Nagourney, 1.19M) reports, "The Federal Election Commission ruled unanimously Monday that political communication on the Internet, including Web logs, setting up Web sites and e-mail, was not regulated by campaign finance laws." The commission, "in a 6-to-0 decision, also ruled that paid political advertisements placed on Web sites were covered by the 2002 campaign finance law, which includes restrictions on spending and contributions and bars corporations and unions from using their treasuries to purchase Web advertisements." The Washington Post (3/28, A3, Edsall, 744K) says "the 6 to 0 vote was widely expected." The Washington Times (3/28, Pfeiffer, 90K) also reports the story under the headline "C To Leave Alone Web Political Speech."

CIVIL RIGHTS:

Federal Judge Refuses To Delay New Orleans Election. The AP (3/28) reports, "New Orleans residents living in Houston, Atlanta and other cities are still waiting for the absentee ballots they applied for weeks ago. No one knows how many people will come back to the city to vote. And the polling places have yet to be selected." The AP continues, "Pulling off this city's April 22 mayoral election could wind up as a fine example of democracy under trying circumstances, or a wobbly, error-filled embarrassment." tHe AP adds, 'On Monday, a federal judge refused to postpone New Orleans' first election since Hurricane Katrina, despite complaints from civil rights groups that too many blacks scattered by the storm will be unable to take part in the voting. … U.S. District Judge Ivan Lemelle told both sides -- the state and plaintiffs -- to solve any problems that might hinder displaced residents' ability to vote. 'I recognize that there is still room for improvement in that electoral process,' he said. … Still, Lemelle said going ahead with the voting will help the city rebuild."

Emails Reveal Possible Bias By Top Florida Police Official In Boot Camp Probe. The Miami Herald (3/28, Miller, 323K) reports, "When the family of Martin Lee Anderson questioned the impartiality of Florida's top state lawman," Department of Law Enforcement Director Guy Tunnell, "in investigating the teen's death at a Panama City boot camp, Tunnell assured Floridians he would be fair and impartial." The family was worried because he "is a former sheriff of Bay County, founded the boot camp, and is friends with the current sheriff, Frank McKeithen," and "now, a series of e-mails obtained by The Miami Herald shows that at the same time his agency was investigating the camp, Tunnell kept a running commentary to McKeithen, other sheriffs and his own staff in which he let off steam and disparaged critics of his investigation and the state's boot camps. He also kept McKeithen abreast of the FDLE's efforts to keep a video -- which showed boot camp guards kneeing and punching the teen hours before his death -- from becoming public."

Voting Machine Glitches Spark Fears Of Widespread Problems In 2006. USA Today (3/28, Drinkard, 2.31M) reports that problems with voting machines in the Texas and Illinois primaries "have reinforced fears that the 2006 elections may be beset with glitches. … More than 30 million Americans will be voting on unfamiliar equipment this year, after modernization required by the Help America Vote Act. Congress passed the law in 2002 to address problems stemming from the 2000 presidential election in Florida." The next test of the machines will come in May when 10 states hold primaries.

Election Law Designed To Help Disabled Vote. The Pittsburgh Post-Gazette (3/27, Sherman) reports, "Florida's 2000 election, forever linked with the notorious hanging chads, did more than expose the flaws of the nation's aging voting systems. It cleared the way for Congress to address many lingering problems with how Americans vote. … One politically active group rushed to take advantage of that movement." The Post-Gazette continues, "The Help America Vote Act, passed in early 2002, created the first legal guarantees that all disabled voters would be able to participate in the democratic process just as readily as anyone else. .. The law, known as HAVA, requires both accessible polling places and voting machines that let disabled voters make their choices privately and independently. … 'The whole disability community was pushing for that,' said Jim Dickson, vice president of the American Association of People with Disabilities, based in Washington, D.C." The Post-Gazette notes, "Prior to the 2000 election, several federal laws addressed the need for improvements in voting access, but none had HAVA's weight. If state and local governments don't acquire at least one accessible machine per polling place, they could squander millions in aid and face lawsuits from the justice department. … In Allegheny County, many disabled voters have long had to rely on family, friends or poll workers to help them operate 40-year-old lever machines. Under HAVA, that must change by the May 16 primary election."

Baltimore Housing Bias Case Enters Remedy Stage. The Baltimore Sun (3/28, Siegel) reports, "Creating thousands of new opportunities for Baltimore public housing

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families to live in well-off suburbs was necessary to make 'real progress' in overcoming decades of government policies that segregated residents in poor, minority areas of the city, a lawyer for the tenants told a federal judge Monday." The Sun continues, "In his opening statement in the remedy phase of a public housing desegregation case, attorney Peter Buscemi said a proposal requiring the U.S. Department of Housing and Urban Development to provide 6,750 special housing vouchers and new and rehabilitated units over 10 years would give public housing families a 'better chance at life.' … But a lawyer for HUD countered that the proposal was 'plagued with problems and should not be implemented in any form.'" The Sun adds, "The judge does not have the authority to order the creation of new housing but can only ask the federal agency to review decisions that he found problematic, said HUD lawyer Peter Phipps. … In January 2005, U.S. District Judge Marvin J. Garbis found that HUD had violated federal fair-housing laws by failing to "affirmatively further fair housing" by taking a regional approach to the desegregation of public housing in Baltimore. … The ruling stemmed from a class action lawsuit filed in 1995 on behalf of black Baltimore public housing residents that claimed that the city and the federal government had failed to dismantle the segregated public housing system they set up in the 1930s and 1940s. Garbis absolved the city and its Housing Authority of wrongdoing."

Supreme Court Ponders Prison Rules About Reading Material. The AP (3/28, Locy) reports, "The Supreme Court struggled Monday with whether states can keep troublesome inmates from reading secular newspapers and magazines." Pennsylvania prison officials "urged the high court to allow them to use access to newspapers and magazines as an incentive to get inmates to behave themselves." The New York Times (3/28, Greenhouse, 1.19M) says the case "is a class-action lawsuit that began when the prison authorities seized a copy of The Christian Science Monitor, to which an inmate, Ronald Banks, had a subscription." The lower courts "looked at the policy as a whole, and did not scrutinize its application to individual inmates."

The Washington Post (3/28, A6, Lane, 744K) reports that "at issue is the Long-Term Segregation Unit, located in Pittsburgh until a move in recent years to Fayette County, where inmates from around the state are sent after attempting to escape or assaulting guards." Prisoners "may be kept in solitary confinement 23 hours per day. They get no television, radio, newspapers, magazines or photographs, except for religious or legal publications." The Post adds, "Access to reading material is relaxed in return for good behavior. … The appeals court ruled that Pennsylvania could not enforce the policy without evidence that it achieved its stated purposes." Then-Judge Samuel A. Alito Jr. "dissented, saying that a prisoner who was subjected to the restrictions for a long time may have a claim, but that in general the rules were reasonable. Yesterday, now-Justice Alito had to sit out the case, leaving his eight colleagues to weigh the policy."

Georgia Lawmakers Approve Public School Bible Courses. Georgia lawmakers yesterday passed a bill to fund elective Bible courses in public high schools. The bill, which awaits Gov. sonny Perdue's signature, would fund separate courses on the Old and New Testaments. The Los Angeles Times (3/28, Fausset, 958K) that the move has sparked "concern among 1st Amendment advocates," while "generating praise from lawmakers worried that children are losing their grasp on one of Western civilization's most influential texts."

ANTITRUST:

Microsoft Appeals South Korea Antitrust Ruling. The AP (3/28) reports, "Microsoft Corp. filed a lawsuit on Monday challenging a set of punitive measures that South Korea's antitrust regulators imposed on the U.S. software company for its alleged unfair business practices." The AP continues, "The suit, filed with the Seoul High Court, has been widely expected as Microsoft said after the December ruling by the Fair Trade Commission that it would take the case to court. … 'Microsoft continues to believe that its actions are consistent with Korean law and have benefited Korean consumers and the Korean technology industry,' the company said in a statement announcing its appeal." The AP notes, "The ruling, which was finalized in February, said that Microsoft's practice of tying certain software to Windows was an abuse of its dominant position in the market. … The commission ordered the U.S. company to pay a fine of $33.6 million and provide two separate versions of Windows: one stripped of the Windows Media Player and Windows Messenger, and the other carrying links to Web pages that allow consumers to download competing versions of such software."

FTC Gies Antitrust Nod To Merrill Lynch-BlackRock Merger. MarketWatch (3/28) reports, "Merrill Lynch & Co. has received antitrust clearance from the Federal Trade Commission to spin off its asset-management business and merge it with BlackRock Inc. (BLK), creating a new, independent company with nearly $1 trillion in assets under management. … The FTC said Monday that on Friday it granted Lucent early termination of the waiting period required under the Hart-Scott-Rodino Antitrust Improvements Act."

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Dow Jones (3/28) reports, "As reported, Merrill Lynch has agreed to exchange its money-management business, Merrill Lynch Investment Managers, for a 49.8% stake - valued at more than $8 billion - in BlackRock, a money manager specializing in bonds. … In a press release Feb. 15, Merrill Lynch said it would have a 45% voting interest in the combined company, which will operate under the BlackRock name and be governed by a board with a majority of independent members."

Lucent, Alcatel Seek To Ease US Security Concerns. The Wall Street Journal (3/28, Berman, Silver, 2.11M) reports, "Lucent Technologies Inc. and France's Alcatel SA are moving toward a plan to place some of Lucent's most sensitive defense-related research under the eye of a separate board composed only of Americans, people familiar with the matter said." The move is aimed at appeasing US government security concerns." Both Congress and "elements within the U.S. defense establishment have taken a skeptical view to foreign takeover plans of late, fearing that national security could be compromised in the process. The companies' final plans, however, still could be changed."

The New York Times (3/28, Bajaj, Sorkin, 1.19M) reports, "Though the companies have said that they are discussing a 'merger of equals,' experts say the deal will probably be treated as an acquisition of an American company by a foreign entity because Alcatel of France is one and a half times the size of Lucent and the combined company will probably be based in Paris."

Alcatel Board To Review Lucent Merger Talks. The AP (3/28) reports, "Alcatel SA's board will meet Thursday to review the company's merger talks with U.S. rival Lucent Technologies Inc., the French telecom equipment maker said Monday." The AP continues, "Alcatel board members will be briefed on the 'ongoing discussions' with Lucent at the meeting, company spokesman Mark Burnworth said. … 'There won't necessarily be any conclusions,' he said, declining further comment." The AP adds, "Alcatel and Lucent announced Friday that they were making a second attempt to negotiate a merger, after previous talks in 2001 ended without a deal. … Analysts say the deal would give Alcatel a foothold in the U.S. telecoms market and help the combined company cope with growing price pressures, as larger phone and Internet operators emerge from a new wave of consolidation and demand economies of scale on their equipment purchases."

Oil Sector Mergers Tripled In Value Last Year. The Financial Times (3/28, Hoyos) reports, "Mergers and acquisitions in the oil and gas industry tripled in value last year to $160bn - the highest level since the boom year of 1998 when Exxon and Mobil merged, BP took over Amoco, and Total bought PetroFina." The Times continues, "Deals by Chinese oil and natural gas companies, meanwhile, are expected to have grown sixfold to $6bn in 2005 as they became big international players, buying assets from Ecuador to Sudan and Syria, according to an authoritative industry study." The Times adds, "The report, released tomorrow, suggests oil industry executives and government leaders have been on a frantic global buying spree, under rising pressure to secure the oil and gas needed to fuel economic expansion. … The study by Harrison Lovegrove, the UK-based corporate advisers, and John S Herold, the US research firm, is widely regarded by the industry as the most comprehensive report on M&A activity in the sector. It is expected to show that last year oil companies were willing to pay 54 per cent more for acquisitions in North America as executives bet that high oil prices were here to stay. Acquisition prices in the rest of the world shot up 350 per cent. … Excluding the former Soviet Union, prices outside North America jumped 155 per cent. But the highest prices were attracted by Canada because of its political stability and favourable tax environment."

ENVIRONMENT/INDIAN AFFAIRS:

Senate Panel Considering Mandatory Emissions Controls. The Wall Street Journal (3/28, Fialka, 2.11M) reports that the Senate Energy Committee is shifting the discussion from "whether" to "how" the federal government will impose stricter emissions rules. The panel "is hearing from industry and activists about how a mandatory plan to control carbon dioxide and other so-called greenhouse gases could work. Many big businesses that resisted efforts to fight global warming are sending blueprints and companies like Southern Co. -- an Atlanta utility opposed to new controls -- have filed detailed proposals. … The energy committee has received 160 plans from companies and organizations, and members will hold a 'roundtable' next Tuesday to sift through them. It will be Congress's first review of possible regulatory mechanisms of a system of mandatory controls."

Scientific Consensus On Global Warming Influencing Politicians. ABC World News Tonight (3/27, story 8, 2:30, Blakemore, 8.78M) reported, "Seattle Mayor Greg Nickels has convinced 219 mayors in 39 states to agree to cut greenhouse gas emissions and not wait for the White House or Congress to mandate it. There's gathering momentum on Capitol Hill among both parties." Sen. Richard Lugar: "I'm much more concerned, and for that matter, much more concerned now than I was two or three years ago. There is no doubt that global warming is a massive problem." Blakemore: "Many politicians changed their minds after scientists changed theirs." In "just the past two years, reports

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and pictures from around the world of massive ice sheets melting faster than thought possible, species struggling in the new heat, even the deep ocean currents, normally ice cold, getting warmer."

Bush Approach To Global Warming Satirized. In his Washington Post column (3/28, C3), Art Buchwald satirizes the Bush Administration's approach to global warming, saying, "Bush's handlers pointed out to the president that he had not said anything about global warming, and it was becoming a sore point with the public. One adviser says, 'Let's set up a news conference and advertise the fact that the president will talk about global warming. The president agrees that it is a good idea and asks, 'Where should we hold the conference?' Another adviser answers, 'What do you think about holding a fundraiser on the Arctic Ocean?' Someone else says, 'What about on the Titanic?' 'And we'll have a big banner saying, 'Mission Accomplished.'"

Bird Flu's Possible Impact On Humans Debated. In six-article feature package, the New York Times examines several of the key issues surrounding the avian flu and its potential impacts on humans. The New York Times (3/28, McNeil, 1.19M) reports Dr. David Nabarro, chief avian flu coordinator for the United Nations, "has become gun-shy about making predictions" on the possible spread of the virus, but "describes himself as 'quite scared,' especially since the disease has broken out of Asia and reached birds in Africa, Europe and India much faster than he expected it to." Like early AIDS, he warns that the disease has still "too many unanswered questions."

On the other side of the argument, the New York Times (3/28, Rosenthal, 1.19M) reports Dr. Jeremy Farrar, who has spent time researching and treating patients with avian influenza in Vietnam, "thinks it is unlikely that the virus is poised to jump species, becoming readily transmissible to humans or among them. Nor does he believe the mantra that a horrific influenza pandemic is inevitable or long overdue." Dr. Farrar believes the world "should prepare," but finds the "doomsday" predictions "unhelpful, more fantasy than fact."

In a third article, the New York Times (3/28, Altman, 1.19M) examines the public health "dilemma" about issuing pandemic warnings to the general population. For example, "If officials do issue early warnings, and nothing happens, they stand to lose credibility among people who say that scientists promoted the worst possibilities to grab more grants and waste taxpayer dollars. If officials do not issue early or timely warnings, and a pandemic occurs, critics will say the public was not informed and protected in time."

Separately, the New York Times (3/28, Grady, 1.19M) reports that researchers at the Centers for Disease Control and Prevention in Atlanta are "studying the transmission and virulence of bird flu … trying to understand how a virus can be wildly contagious among birds but almost impossible to spread in mammals -- and what type of mutation could change that." Other articles report on the flu's impact on the global bird population and lessons that may be learned from the 1918 flu epidemic.

FBI Says Woman Arrested For Her Father's Murder On Montana Reservation. The Havre (MT) Daily News (3/28, Corner) reports FBI Salt Lake City spokesman Patrick Kiernan said yesterday that Neil Gray "was shot to death in his residence in Hays on the Fort Belknap Indian Reservation," and "Gray's daughter, Ashley Lynn Gray…is being held in connection with the crime, Kiernan said."

FBI/DEA/ATF/USMS:

Colorado Case Raises Questions About FBI Policy Of Not Recording Interviews. The Rocky Mountain News (3/27, Vaughan) reported, "While the majority of law enforcement agencies routinely record interviews with suspects during criminal investigations, one of the biggest and most powerful ones all but refuses to tape interrogations. … The FBI's long-standing practice is in the spotlight again in the case of a Denver firefighter facing federal charges of selling illegal machine guns." After Stan Ford "was arrested last November" and "sat down with an FBI agent and a Denver police officer. But exactly what he said is in dispute." The Mountain News adds, "Supervisory Special Agent Stephen Kodak of the FBI's national office in Washington, D.C., acknowledged that taping is rare." Kodak said that "the policy is based on the belief that taping, 'if instituted right away, when the witness does not wish to be tape recorded, can inhibit full and frank discussion.'" But Denver police Lt. Jon Priest "believes taping in major cases insures accuracy."

19 Indicted In San Diego In Meth-Smuggling Case. Washington Times/UPI (3/27) reports 19 people "were indicted in San Diego in an operation that allegedly used children to carry methamphetamines over the U.S.-Mexico border. The Drug Enforcement Administration, in a release Monday, said the group led by Jorge Arreola-Gomez smuggled large amounts of methamphetamines into the United States. … Authorities said they seized more than 140 pounds of methamphetamine, 20 pounds of pseudoephedrine used to make methamphetamines and a large amount of U.S. currency."

The AP (3/27) writes, "Jorge Arreola-Gomez was among 19 people named in the indictment unsealed Friday by the U.S. Attorney's Office alleging that the defendants

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used numerous couriers, many of them teenagers, to smuggle methamphetamine across the U.S.-Mexico border."

Former Baton Rouge Officer Accused Of Drug Trafficking Remains In Jail. Baton Rouge's Advocate (3/28) reports a former Baton Rouge police officer will remain in jail until trial. Daryl W. Davis "pleaded innocent Monday afternoon in Baton Rouge federal court. … A federal grand jury indicted Davis last week on one count of possession with intent to distribute 11 pounds or more of cocaine. … U.S. Drug Enforcement Administration agents investigated Davis for more than a year before arresting him last week."

Woman's Testimony Examined In Arizona Murder, Drugs Case. The Tucson (AZ) Citizen (3/27) reports Lourdes Lopez's friends "didn't believe everything she said. Federal agents didn't, either. Now, jurors will weigh Lopez's credibility when they decide whether Dr. Bradley Alan Schwartz ordered the death of Dr. Brian Stidham." The Tucson Citizen goes on to outline various conversations Lopez is said to have had with DEA agents, along with situations where she is accused of lying about her involvement with Schwartz.

California Medical Marijuana Case Focuses On Right-To-Life Issue. The AP (3/27, Kravets) reports a lawyer for a California woman whose doctor "says marijuana is the only medicine keeping her alive asked an appeals court Monday to prevent federal drug agents from ever arresting her. The case, focusing on whether the gravely ill have a right to marijuana to keep them alive when legal drugs fail, is likely to reach the U.S. Supreme Court soon. … The latest legal wrangling once again highlights the tension between the federal government, which declares marijuana an illegal controlled substance with no medical value, and the 11 states, including California and Rhode Island, allowing medical marijuana for patients with a doctor's recommendation."

In a sidebar, the AP (3/27) outlines medical marijuana Supreme Court cases.

Cable TV Coverage. CNN (3/27, 8:00 a.m.) reported, "Medical marijuana and the right to fight for life -- that's the issue facing the federal appeals court in San Francisco. They are hearing arguments whether it should be legalized in very serious and special cases."

CNN (3/27, 11:00) later reported, "A federal court in San Francisco is hearing arguments in the latest effort to make medical marijuana legal. Judges are deciding whether marijuana can be allowed if it is the only viable option to keep a patient alive or free of excruciating pain. It would apply only to the sickest patients and their suppliers. The Bush administration describes the lawsuit as baseless and says [there is] no fundamental right to use or distribute marijuana."

MSNBC (3/27, 1:00 p.m.) reported, "A federal appeals court is hearing arguments in the latest round of legal wrangling over the issue of medical marijuana. Today's case narrows the issue to [the] right-to-life theory that marijuana should be allowed if it's the only viable option to keep a patient alive or free of excruciating pain. The Bush administration says the lawsuit is without merit.

Local TV Coverage. KGO-TV, San Francisco (3/27, 11:00 a.m.) reported, "An Oakland woman's legal battle against the federal government over medical marijuana takes another turn today. The Ninth Circuit Court of Appeals in Pasadena is hearing oral arguments today in Angel Raich's challenge. She says [she uses marijuana] to ease chronic pain caused by an inoperable brain tumor."

KNTV-TV, San Francisco (3/27, 7:00 a.m.) reported, "Oakland medical marijuana patient Angel Raich is renewing her fight to legally smoke pot. It comes less than a year after the US Supreme Court ruled against her, but this afternoon her lawyers will try to persuade a federal appeals court that keeping her from using medical marijuana burdens from living a life of freedom without pain."

Baltimore Detective Faces Federal Charges, Calls Heroin Exchange Policing Technique. The Baltimore Sun (3/27, Dolan) reports William A. King, one of two Baltimore narcotics detectives "accused of selling illegal drugs testified at his federal trial Monday that confiscated heroin he gave to a confidential informant was part of an off-the-books, but acceptable, policing technique designed to apprehend some of the city's top drug dealers."

British Government Accused Of Reneging Deal With Poppy Farmers. According to UPI (3/27, Harding), a new report by the Senlis Council think tank "claims the British government has failed to honor its pledge to compensate Afghani farmers for eradicating poppy crops, causing widespread anger in the volatile south of the country and leading to increased support for Taliban insurgents. … Based on interviews with farmers in the Helmand province…the group claims that U.K. counter-narcotics officers promised local farmers $350 for every fifth of a hectare of poppies they destroyed."

New Jersey Lawmakers Seek ATF Release Of Gun Data. The AP (3/28) reports, "Two federal legislators from New Jersey said Monday they will introduce proposals to once again make public data that is collected about firearms used in crimes." The AP continues, "Sen. Robert Menendez and Rep. Steve Rothman, both Democrats, said they would introduce legislation this week to undo restrictions

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on the U.S. Bureau of Alcohol, Tobacco and Firearms' ability to share information on gun tracing with the public. … 'There is absolutely no good reason to hide gun crime data from the public,' Rothman said in a joint statement with Menendez. A member of the House Appropriations Committee, Rothman added that he would work to see the ATF use its resources to inform the public about gun trafficking and help prosecutors enforce the law." The AP adds, "While New Jersey has some of the strictest gun control laws in the nation, ATF data from 2001 -- the last time the bureau publicly released the information -- indicated that firearms used in Garden State crimes overwhelmingly came from out of state." The AP notes, "The author of the amendment that Menendez and Rothman are seeking to overturn said ATF already is permitted to release that information to the public. … Chuck Knapp, a spokesman for Rep. Todd Tiahrt, R-Kan., told The Associated Press on Monday that the ATF is free to release aggregate information about guns used in crimes, such as percentage breakdown of where federal registries say guns were originally sold."

ATF Sees Similarities Between Bombs In Colorado, Tennessee. The AP (3/28) reports, "Federal investigators say 'strong similarities' exist between three bombs that blew up near some Colorado homes and another that exploded last month in Murfreesboro (Tennessee.)" The AP continues, "No injuries have been reported in any of the explosions, but that hasn't diminished efforts to locate the prime suspect -- 54-year-old Robert Burke. … He was fired two years ago from the Serco Group, a British firm which operates the air traffic control tower at Walker Field Airport in Grand Junction, Colorado." The AP adds, "The bomb that exploded on February first in Murfreesboro was on the roof of the Serco project management office. … Federal officials say bombs placed near homes in Grand Junction went off near of Serco and Federal Aviation Administration workers."

Tennessee Man Sentenced To 20 Years For Church Arsons. The AP (3/28) reports, "A man who pleaded guilty to burning two churches in a string of arsons has been sentenced to 20 years in prison." Henry Dibrell "was charged with setting fires at two predominantly black churches and five houses in Sparta, a town of 5,000 people about 75 miles southeast of Nashville. No one was hurt in the July 8 fires." The AP notes, "Dibrell was arrested within days of the fires after an investigation led by the FBI, federal Bureau of Alcohol, Tobacco, Firearms and Explosives and state bomb and arson investigators."

IMMIGRATION:

Senate Panel Approves Immigration Reform Bill Containing Bush Proposals. The Senate Judiciary Committee yesterday reached consensus on an immigration reform bill that not only provides for a guest worker program but also gives undocumented immigrants a path towards citizenship. Media coverage describes the development as a win for President Bush. Typical of the coverage was a New York Times story (3/28, Swarns), which says, "With Republicans deeply divided, the Senate Judiciary Committee voted on Monday to legalize the nation's 11 million illegal immigrants and ultimately to grant them citizenship, provided that they hold jobs, pass criminal background checks, learn English and pay fines and back taxes." The panel also "voted to create a vast temporary worker program that would allow roughly 400,000 foreigners to come to the United States to work each year and would put them on a path to citizenship as well."

USA Today (3/28, Jackson, Kiely, 2.31M) reports the Senate Judiciary Committee "gave a strong bipartisan endorsement Monday to…Bush's plans for overhauling immigration laws," while the Washington Post (3/28, A1, Weisman, 744K) headlines its story "Senators Back Guest Workers; Panel's Measure Sides With Bush," and says the Judiciary Committee "voted 12 to 6 to side with…Bush's general approach to an immigration issue that is dividing the country, fracturing the Republican Party and ripening into one of the biggest political debates of this election year." The Los Angeles Times (3/28, Gaouette, Reynolds, 958K) also says the committee vote "marked a victory for immigrant advocates and for…Bush, who has urged Congress for two years to create a temporary worker program but has argued against allowing those immigrants to gain citizenship." White House "reaction was upbeat. 'We are pleased to see the Senate moving forward on legislation,' spokesman Scott McClellan said in a statement." McClellan continued, "The President believes comprehensive reform is needed if we are going to have a rational, orderly and secure immigration system. … t is a difficult issue that will require compromise and tough choices, but the important thing at this point is that the process is moving forward."

The AP (3/28, Espo) reports that "at several critical points, committee Democrats showed unity while Republicans splintered. In general, GOP Sens. Lindsey Graham of South Carolina, Sam Brownback of Kansas and Mike DeWine of Ohio, who is seeking re-election this fall, sided with Democrats." That "created a majority that allowed them to shape the bill to their liking." Sen. Dianne Feinstein "won approval for a five-year program to permit as many as 1.5 million agriculture workers into the country. … In addition,

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Kennedy prevailed on a proposal to allow an additional 400,000 green cards for future immigrants, regardless of the industry where they find jobs." Sen. Jon Kyl "and other conservatives said anything but a requirement for illegal immigrants to return home amounted to amnesty, and he said he had national opinion on his side."

Kyl and Sen. John Cornyn write in the Houston Chronicle (3/28, 581K) that any solution to the immigration problem must "restore respect for the law and provide sufficient resources to control the border. And because there can be no amnesty, reform must not reward illegal activity." They add, "Immigration reform ultimately must be about legal immigration — not creating a new process that only benefits illegal aliens. Immigrants must abide by the rule of law and receive equal treatment. We hope to build consensus around reform that will restore integrity to our immigration system and meet the needs of society, the economy and national security." The Washington Times (3/28, Hurt, 90K) headlines its story "Panel OKs 'Amnesty' Bill," and says the bill "would put millions of illegal aliens on a path to US citizenship, would let them stay here while applying and would not punish their unlawful entry as a felony, contrary to a House-passed bill."

Knight Ridder (3/28, Montgomery) reports that "under the guest-worker plan, foreigners must pay fees of up to $500 and show that they have US jobs waiting." They "would receive three-year visas, which could be renewed for another three years. After four years, they could apply for green cards." The CBS Evening News (3/27, story 3, 3:50, Attkisson, 7.66M) reported the Senate Judiciary bill "goes to the full Senate for debate but it's far from a done deal."

Media reports also stress the "division" in GOP ranks and its possible consequences as the midterm elections draw near. The Washington Post (3/28, A4, Fletcher, Murray, 744K) reports "both Republicans and Democrats risk alienating coveted supporters as they attempt to find the right balance between toughening enforcement and expanding legal opportunities for millions of low-skill foreign workers to take jobs in the United States." The debate "poses multiple challenges for both political parties, while offering no clearly expedient solution. Two huge electoral prizes, the Southwest and Florida, are potentially up for grabs, as are millions of Hispanic votes elsewhere." But also "in play are the votes of angry residents in border states and beyond who feel overwhelmed by the rising tide of illegal immigration."

CNN's The Situation Room (3/27, Malveaux) reported that "what happens in the next 24 to 48 hours is really critically important because it could really impact what the Congress looks like in November, even, perhaps, who is going to sit in the White House 2008. Republican strategists who I've spoken to say that this really is a very important test, a test of leadership for the President and clout. His critics argue that he's lost both, specifically the Hispanic community."

Highlighting the GOP split on immigration, Senate Majority Leader Bill Frist said yesterday he was "disappointed" with the bill. He said on Fox News' Hannity and Colmes (3/27), "The Judiciary Committee did report out a final bill that I'm a little disappointed in because I think it will be characterized as amnesty, in the sense it adopted provisions that do not require people who have been here illegally to go back to their native countries before having a green card." CQ (3/28, Sandler, Crowley) reports that before a Senate debate on the committee bill begins, Frist "must agree to swap the Judiciary draft for his own legislation (S 2454), which focuses on border security and enforcement without a guest worker proposal. Late Monday, Frist said a cloture vote on the motion to proceed to his bill scheduled for Tuesday morning would be postponed until 2:15 p.m., allowing time for him to meet with Judiciary Chairman Arlen Specter, R-Pa., about the next step."

In addition, Rep. James Sensenbrenner was asked on CNN's Lou Dobbs Tonight (3/27) about the Senate Judiciary Committee's approval of an immigration reform bill which includes a guest worker program. Sensenbrenner said, "It's appalling because the Senate Judiciary Committee is repeating the mistake that Congress made 20 years ago when it passed the Simpson- Mazzoli bill. The Simpson-Mazzoli bill granted amnesty to illegal aliens who were in the country at the time and also set up a system of employer sanctions to try to prevent employers from hiring any more illegal aliens. Well, the employer sanctions were never enforced. The amnesty was a big flop because people were afraid of losing their job. And instead of having two million illegal aliens, we have 10 to 12 million now."

The Hill (3/28, O'Connor) reports "GOP leaders in the House are hoping to get out in front on the issue by reminding voters that they have already passed a series of tough bills to crack down in illegal immigration." House Speaker Dennis Hastert "is expected to address immigration reform in a speech later this week before the National Urban League, and the Republican Conference office has distributed talking points lauding border-security legislation that has passed the House." Hastert spokesman Ron Bonjean said, "Our message in this debate is that the House passed a border-security bill with the understanding that America is a nation of immigrants, a nation at war and a nation of laws. … This is a complex issue, and the House looks forward to working with the Senate and the administration as the process moves forward."

Bush Urges Civility. Also yesterday, the President again weighed in on the immigration debate, calling for civility. The CBS Evening News (3/27, story 4, 1:40, Axelrod, 7.66M) reported Bush is "on a potential collision course with some conservatives over the immigration bill." Bush "issued a clear warning to Capitol Hill at a swearing in ceremony for some of America's newest citizens." Bush: "No one should

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pretend that immigrants are threats to American identity." Axelrod: "For the second time in two months, the President finds himself at odds with parts of his base. Last month, there was the ports deal, this time, there is no third party to offer an easier way out should Congress ultimately present the President with an immigration bill that lacks a guest worker program." CNN's The Situation Room (3/27, Blitzer) said the President is trying "to put a kinder face." However, added CNN, "let's face it: It's a bare knuckles political brawl splitting the Republican party."

The Wall Street Journal (3/28, Kronholz, 2.11M) reports Bush "made his strongest appeal yet for a law that would provide employers with enough immigrant workers to keep the economy humming. … Even with the president's backing, though, immigration overhaul faces an uphill fight this week when it reaches the Senate floor." The Financial Times (3/28, Daniel, Alden) says Bush "issued a strong defence of the role of immigrants in American history as he warned legislators not to 'play on people's fears or try to pit neighbours against each other' in the intensifying debate about immigration reform." Said Bush, "We have a chance to move beyond tired choices and the harsh attitudes of the past." ABC World News Tonight (3/27, story 2, 2:15, Raddatz, 8.78M) said Bush "was making a point today of pushing his own proposals," even as he "urged critics to keep the debate civil and dignified." The President wants "to accommodate illegal workers already in the country, while others, including many in the President's own party, want to prosecute the workers as felons."

The Washington Times (3/28, Dinan, 90K) says Bush "made a strong statement against amnesty, telling 30 new citizens at DAR Constitution Hall that it would be unfair to them to let illegal aliens jump the line for citizenship." NBC Nightly News (3/27, story 2, 2:55, Williams, 9.87M) also reported Bush "said he opposes amnesty for the 11 million to 12 million illegal immigrants already here, but some senators today said there should be a way for those with roots in the community to earn the right to stay." Sen. Dianne Fienstein, California: "They pay taxes, their children are Americans, they go to schools, they're good citizens, and they're needed."

Pro-Immigrant Protests Continue In Several Cities. NBC Nightly News (3/27, story 2, 2:55, Williams, 9.87M) reported, "The sheer number of protesters turning out for rallies in support of immigrants has shocked even the organizers. Thousands of people marched and rallied in Detroit today, just one of several cities that have drawn huge numbers over the past two weeks."

The New York Times (3/28, 1.19M) reports the "wave of angry protests" over the proposals under scrutiny on Capitol Hill continued in several US cities. In Los Angeles, about 22,000 "mostly Hispanic" students walked out of school, as did students in several Los Angeles suburbs. In San Francisco, about 1,000 demonstrators marched on the offices of Senate Judiciary Democrat Dianne Feinstein. In Detroit, "Hispanic business owners closed their shops in protest" and about 4,000 people appeared at a rally. A smaller rally took place in Boston. The Los Angeles Times (3/28, Cho, Gorman, 958K) says the Southern California school walkouts "are believed to eclipse in size the demonstrations that occurred during the anti-Proposition 187 campaign in 1994 and even a famous student walkout for Chicano rights in 1968."

At the US Capitol, "hundreds of immigration advocates" demonstrated, the Washington Times (3/28, Summers, 90K) reports, with crowd estimates ranging "from U.S. Capitol Park Police officers' 1,000 to organizers' 3,000." In its Metro section, the Washington Post (3/28, B8, Shapira, 744K) reports that eight middle schoolers walked out of a Northern Virginia school, while "about 250" high school students held demonstrations. As the Christian Science Monitor (3/28, Oliver, 61K) writes, "The strength of 'Latino power' has been evident in recent days at protests in many US cities."

The Washington Times (3/28, Taylor, 90K) writes that "the Roman Catholic Church, dozens of grass-roots coalitions and Spanish-language radio disc jockeys have helped fuel" the protests. Illinois Coalition for Immigrant and Refugee Rights organizer Marissa Graciosa "described the effort as 'the beginning of an immigration civil rights movement.'" The Washington Post (3/28, A1, Pomfret, Geis, 744K) also notes the talk of "the dawning of a new civil rights movement," with activists "drawing parallels with the Rev. Martin Luther King Jr. and Chicano labor activist Cesar Chavez." The Post says the "grass-roots movement of immigrant churchgoers, union members, businessmen, media personalities and laborers" hopes to "use the power of their numbers to move the debate." The Los Angeles Times (3/28, Watanabe, Beccera, 958K) profiles several of the "Spanish-language radio personalities" who joined together to help turn a march "initially expected to draw fewer than 20,000" into "a massive march that police estimated at 500,000 and said was one of the largest demonstrations in Los Angeles' history."

Polls Show Broad Concern About Illegal Immigration. The CBS Evening News (3/27, story 3, 3:50, Attkisson, 7.66M) reported "polls show 75% of Americans say the US is not doing enough to keep illegal immigrants from entering the country -- and this is key: A majority of Americans say they're more likely to vote for a candidate who favors tighter controls on illegal immigration." The Washington Times (3/28, Harper, 90K) surveys several recent polls on immigration, concluding "most Americans are concerned about the financial impact of illegal immigration and fret over porous borders, lax enforcement and easygoing policies that could reward or encourage lawbreakers." A Quinnipiac poll found 88% of registered voters, including 83% of "children or grandchildren of immigrants," think illegal

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immigration is a "serious problem." Meanwhile, a Gallup poll of investors found that while 84% "said illegals mostly took jobs Americans didn't want," 62% still said they "hurt the national investment climate."

Roll Call (3/28, Winston) also samples the surveys under the headline "Check The Polls, Not The Protests, On Immigration." Roll Call writes that "the views of most of the people marching in the streets of L.A. and other cities last weekend bear little or no resemblance to the majority of public opinion in this country" on the subject. For example, a January Time poll found 63% think illegal immigration is "an extremely or very serious problem," and an October 2005 New Models poll found 58% think "military troops should be used for border security." A Fox News poll, also from last October, found a slim majority in support of a "2,000-mile security fence along the U.S.-Mexico border."

Undocumented Immigrants Seen As Key Part Of US Economy. The CBS Evening News (3/27, story 5, 1:30, Mitchell, 7.66M) reported, "Illegal immigrants fill millions of unskilled, low-wage jobs in this country and have a vital role in our economy," and "now make up nearly five percent of the American workforce, according to a recent study by the Pew Hispanic Center. And in some industries, the numbers show, they've become a critical part of the labor pool."

USA Today (3/28, Kiely, 2.31M) reports on the guest worker debate on its front page, profiling a nursery company in a Cleveland suburb where "of the 350 employees hired to work the March through December busy season, 271 are Mexican nationals with visas from a 'guest worker' program." USA Today says their presence in an Ohio town "illustrates how much foreign migrant labor means to the economy" and underscores why the upcoming Senate debate "is so explosive."

Activists Try To Shame Employers Who Hire Undocumented Workers. ABC World News Tonight (3/27, story 3, 2:00, Vargas, 8.78M) reported on the efforts of activists in Lake Forest, California, who "trying to catch employers in the act of picking up illegal immigrants. They want to shame them into stopping, by posting photographs on their website, WeHireAliens.com." The group "has posted the names of 843 companies from coast-to-coast, ranging from major corporations."

Federal Troops Help CBP Increase Apprehensions Of Illegal Border Crossers. The Washington Times (3/28, Seper, 90K) writes that a report to the Senate Armed Services Committee showed a net 60% increase in apprehensions of illegal US-Mexico border-crossers by US Customs and Border Protection last October after federal troops were deployed to assist. The "Texas-based Stryker-armored reconnaissance, surveillance and target acquisition squadron helped CBP agents capture 2,000 illegal border crossers in New Mexico and Arizona."

More Commentary. In a Wall Street Journal (3/28, A20, 2.11M) op-ed, Council on Foreign Relations senior fellow and Columbia economist Jagdish Bhagwati writes, "The profusion of proposals by politicians of left and right, the taking to the streets" by opponents of "the draconian House bill, and the agonized appeal by President Bush (a real mensch who has put his politics where his principles are, and where ours should be) that 'America is a nation of immigrants' (and 'also a nation of laws'), all underline the fact that there is now a compelling sense of public urgency about the immigration debate. … The proper objectives of American immigration reform…are twofold: to 'gain control of the border' (i.e., to have the inflow of migrants determined exclusively by legal admissions) and to treat immigrants humanely."

In a Washington Times (3/28, 90K) op-ed, American Research Foundation President Phil Kent writes, "More Americans must understand that Mexico's government, far from being a friend, is actively working to subvert our country's laws and political institutions. Not since the heyday of expansionist Soviet communism has there been such an organized effort to undermine our nation. If our borders are not controlled and immigration law enforced, will we truly be a 'United States' in another 10 years or a completely balkanized, multicultural society with English downgraded as the common tongue?"

In his Washington Post (3/28, A23, 744K) column, Eugene Robinson writes, "There are an estimated 12 million immigrants in the United States illegally. That many people don't just fade into the woodwork. The fact is, we see undocumented immigrants every day. … You probably don't know where they live. You probably don't know their children's names or where they go to school. You probably don't know what it was like for them to buy a car or even get a driver's license. You probably don't know where they get medical care. If you did know these things about individual immigrants…I think you would find the debate in Congress almost grotesque."

TAX:

Former KPMG Tax Partner Pleads Guilty. The New York Times (3/28, Browning, Moynihan) reports, "The government's criminal case against 17 former KPMG employees over sales of questionable tax shelters took an unexpected turn yesterday when one of them, David Rivkin, pleaded guilty to charges of conspiracy and tax evasion." The Times continues, "Mr. Rivkin, who was a KPMG partner in San Diego, agreed to cooperate with the government as part of his plea. His cooperation may help federal prosecutors in Manhattan build a case against the remaining defendants as well as help prosecutors in their widening inquiry into other

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accounting firms, banks, law firms and others that worked with KPMG to sell bogus tax shelters, lawyers not involved in the case said. … 'Obviously, this is a person who was in a position to know and understand the inner workings of everything, so this is good news for the prosecution,' said William B. Mateja, a tax lawyer and former Justice Department lawyer who has prosecuted fraud cases."

The Wall Street Journal (3/28, Davies, Reilly) reports, "Mr. Rivkin is one of 17 former executives at the giant accounting firm to be charged in connection with the sale of the questionable products. The other two defendants are an outside lawyer and investment adviser who helped KPMG structure and sell the products. … Mr. Rivkin's plea deal is expected to increase pressure on the other 18 defendants scheduled to go to trial in the fall in what is seen as one of the most complex and wide-ranging tax cases ever brought by federal prosecutors. New York-based KPMG last year reached its own deal with prosecutors, agreeing to pay $456 million and admit criminal wrongdoing as part of a deferred-prosecution pact. The pact allowed the firm to avoid a criminal indictment."

The AP (3/28, Neumeister) reports, "Rivkin admitted that he conspired with others between January 1999 and May 2004 to prepare and execute false documents so that clients could file false tax returns. … He also admitted that he took steps to conceal the existence of fraudulent tax shelters from the Internal Revenue Service and avoided registering the shelters with the IRS by claiming attorney-client privileges. … In pleading guilty to conspiracy and tax evasion, Rivkin signed an agreement to cooperate with prosecutors, who could then ask the judge to consider giving Rivkin a more lenient sentence rather than the years he might face in prison. Sentencing was set for Feb. 9, 2007."

Court Orders New Hampshire Tax Preparer To Turn Over Documents To IRS. The AP (3/28) reports, "A tax preparer has run into legal trouble with the IRS. … The federal court in Concord (NH) has ordered Mark Loll of Peterborough (NH), who runs a company called Tax-Tactics, to turn over his customer list and copies of tax returns whenever the IRS asks. Federal law requires tax preparers to do both." The AP continues, "The order stems from a December complaint alleging that Loll failed to comply with an IRS request to provide copies of the returns or a list with the customers' identifying information. … The court also ordered Loll to stop 'asserting frivolous unrealistic positions on tax returns he prepares.' … The Justice Department has sought and obtained injunctions against more than 160 federal tax return preparers and promoters since 2001."

CONGRESS-ADMINISTRATION:

Bush Holding Off-The-Record Briefings With Media Groups. The New York Times (3/28, Seelye, 1.19M) reports President Bush has "been holding informal off-the-record sessions with major news organizations over the last several days. Starting Thursday, he began meeting with groups of about a half-dozen reporters from newspapers, television, news agencies and magazines." One reporter who attended a briefing said "they have discussed a variety of issues including the war in Iraq." The New York Times, "which was invited to attend a session today, has declined to participate."

The Washington Post (3/28, A14, Babington, 744K) reports Bush "has been waging a private campaign that has included off-the-record sessions with White House reporters." One gathering, "which took place Thursday in the White House residence, was an unusual gesture by Bush, who has agreed to comparatively few lengthy exchanges with reporters during his five years in office." Last week's session "involved reporters from several prominent broadcast and print outlets, including ABC News and The Washington Post."

AARP Intensifying Promotion Of Medicare Prescription Drug Program. Roll Call (3/28, Ben Pershing) reports with the "deadline fast approaching for seniors to sign up for the Medicare prescription drug benefit, the on-again, off-again partnership between Congressional Republicans and AARP to promote the program appears to be back on." The "35-million-member seniors group announced last week that it was 'launching an expansive advertising campaign to help educate Americans about the benefits of the program and how to enroll, especially for those with limited incomes.'" AARP spokesman Steve Hahn "said Monday the group was prepared to spend "several million dollars" on print and radio ads in 44 cities in advance of the May 15 deadline for seniors to enroll in the drug program without a penalty. That's music to the ears of GOP lawmakers, who until now have expressed disappointment at AARP's relatively modest efforts to promote the GOP-backed plan after prominently endorsing it prior to passage."

Administration To Drop Double-Enrollees From One Plan. The New York Times (3/28, Pear, 1.19M) reports the Bush Administration "notified hundreds of thousands of Medicare beneficiaries on Monday that they were listed on the rolls of two prescription drug plans and would soon be dropped from one. They will retain coverage under the other plan." The notices "are supposed to clear up confusion resulting from errors and discrepancies in the enrollment records of Medicare's new prescription drug program. But some state officials and advocates for older Americans said

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the federal effort could create new confusion." Christina Pearson, "a spokeswoman for the Department of Health and Human Services, estimated that 500,000 people could receive notices as part of the 'enrollment reconciliation process.'"

Gingrey Says Democratic Criticism Of Drug Plan Costs Seniors Money. In an op-ed in The Hill (3/28), Rep. Phil Gingrey says, "Partisan politics is keeping millions of senior citizens from learning about and enrolling in a new program that is saving seniors an average of $1,100 a year on prescription-drug costs." Marketplace competition for the prescription drug benefit "is working. Premiums are a third lower than expected, and seniors are saving up to 50 percent off their monthly medication costs. To top it off, the Congressional Budget Office recently announced the program would cost $5 billion less than projected." Seniors "have less than two months left to enroll in a plan without paying a higher premium penalty. And yet there are Democrats in this Congress who are playing politics with our seniors' health by holding town hall meetings to encourage seniors not to enroll."

Nicholson Praises VA Healthcare System As Model. The Washington Post (3/28, A21, Lee, 744K) reports that in his "state of the VA" speech yesterday, Secretary of Veterans Affairs Jim Nicholson noted that when "Hurricane Katrina forced the relocation from New Orleans to Houston of hundreds of Veterans Affairs hospital patients, electronic medical records enabled doctors and nurses to treat the sick and injured without skipping a beat." Nicholson "cited electronic health records as one reason the VA health-care system is 'a model for our nation' and said his department, with 234,000 employees, is 'truly one of America's good-news stories.'"

House Centrists Seek More Funding For Social Programs. The Hill (3/28, Young) reports centrist Republicans in the House "hope to replicate the recent success of their Senate counterparts by boosting spending on health, welfare and education programs this year." Rep. Mike Castle "and other centrists plan to hold a press briefing today in the Capitol basement to seek bigger budgets for programs such as the National Institutes of Health, student loans, heating assistance and job training."

Conaway Offers Plan To Cut Federal Spending. In a Roll Call op-ed (3/28), Rep. Mike Conaway, who is also a CPA, offers his suggestions to reining in the Federal budget deficit, such as "no new federal programs," "line-item veto reform," "reduction in mandatory spending growth," and making President Bush's "tax cuts permanent." These suggestions, "if applied, will significantly impact how the federal government manages our money. Eliminating ineffective government programs, reducing growth of massive government entitlements and passing procedural measures for real budget reform do not sound particularly exciting, but such actions are necessary."

Bush Digs Into The Bureaucracy To Improve Government Services. The White House Bulletin/US News (3/27) reported President Bush "and his inner circle are well aware that another management disaster such as the failed federal response to Hurricane Katrina could tarnish many Republican candidates for Congress in this fall's mid-term elections. So Bush and White House Chief of Staff Andy Card have put in place a number of new systems to prevent such foulups in the future." Bush has "always asked his staff lots of questions to make sure he fully understands what's going on, and he has stepped up that effort." Chief of Staff Card said, "He's not afraid to stick a cattle prod in the system and motivate faster action consistent with his expectations." Card says Bush is "often frustrated by the pace of the bureaucracy." Card said, "He doesn't want us to defend the government. He wants us to produce results." Card says "he and Bush will be more vigilant than ever when hurricane season starts later this year. In addition, to prevent any more firestorms like the furor over the administration's proposal to let a Dubai-owned company operate six US seaports, Card requires his staff to update him regularly on what other foreign ownership deals are in the pipeline, so he can evaluate them and not allow the President to be blind-sided again."

White House Withdraws Sanborn Nomination. In what the Washington Times/UPI (3/28, Waterman) calls "continuing fallout from the collapse" of the DP World deal, the Bush Administration yesterday withdrew the nomination of David Sanborn, one of the company's executives to run the US Maritime Administration. White House spokeswoman Erin Healy "said the withdrawal was at Mr. Sanborn's request, which was made in a letter to the president yesterday." Healy "would not comment on whether the move was connected with the sudden end of DP World's proposed takeover of operations at terminals in six U.S. ports, the result of the Arab company's takeover of Britain's Peninsular & Oriental Steam Navigation Co."

Snowe Concerned SBA Has Slowed Hurricane Loan Process. The AP (3/28, Jordan) reports Sen. Olympia Snowe said in a March 23 letter to Small Business Administrator Hector Barreto that the departure of 682 disaster assistance employees from the agency troubled her "at a time when efficiency and production are of such high importance." Meanwhile, "Calling the loan application process 'a high priority,' SBA spokeswoman Anne Marie Frawley said the agency is looking to local banks and private

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firms to help speed recovery aid to hurricane victims." Though the agency "has approved $6.7 billion in disaster loans to Gulf Coast businesses, homeowners and renters whose properties were damaged by Hurricanes Katrina and Rita," Snowe spokesman Chris Chichester said "only $590 million has been distributed thus far to applicants."

Federal Judge Refuses To Delay New Orleans Mayoral Election. A hearing was held yesterday as to whether New Orleans' mayoral election should be held April 22, after the NAACP and other civil rights groups had argued that displaced voters having to pay for transportation to the city would be the "modern equivalent of a poll tax." The AP (3/28) reports US District Judge Ivan Lemelle "on Monday refused to delay" the election, "telling both sides to solve any problems that might hinder displaced residents' ability to vote." He "said voting will help the city rebuild, but he warned that its residents have already lost trust in institutions."

CNN's The Situation Room (3/27, Blitzer) reported, "Civil rights groups had raised concerns that residents displaced by the storm would not be able to cast ballots. The judge ordered both sides in the case to identify and solve any problems that might hinder voter turnout."

GOP Desire For Change Shifting From White House To Rumsfeld. The White House Bulletin/US News (3/27) reported there has been "a shift in some of the behind-the-scenes griping over recent missteps in the Administration, especially over the war in Iraq. Some senior Republicans are beginning to think that firing people on the White House staff won't make much difference in improving management and outreach, and may actually make matters worse by creating turmoil in the West Wing at a very sensitive time." White House insiders also "don't want to deprive President Bush of valued confidants, whose loyalty and company he prizes. What makes more sense, they say, is to have Bush force Defense Secretary Donald Rumsfeld out of his job. That would encourage the Pentagon brass to reconsider the current policies in Iraq and elsewhere, and might encourage fresh thinking."

NHTSA To Release New Fuel Economy Rules For Trucks. The National Highway Traffic Administration this week is expected to announce new fuel economy rules for trucks. USA Today (3/28, O'Donnell, 2.31M) reports, "The rules could pressure automakers to improve the mileage of their heftiest vehicles, often known as 'three-quarter-ton' or 'one-ton' trucks. And they could create, for automakers, a bewildering array of fuel-economy standards that could vary almost from model to model."

Report Provides Guidance For Switching To Pay-For-Performance Systems. The Washington Post (3/28, D4, Barr, 744K) reports in its "Federal Diary" column, "Creating fair pay-for-performance systems in the government will require effective ways of evaluating job performance and well-trained supervisors, according to a report from the Merit Systems Protection Board. … The report from the board, a quasi-judicial agency that hears appeals from employees facing major disciplinary action and that helps oversee the civil service, comes at a timely moment for the federal workforce. At least half of the workforce seems likely to shift into new pay systems in the next few years." The Post adds, "The MSPB report, which goes to the White House and Congress, provides a road map for federal employees and supervisors who are uncertain about the ingredients that go into performance-based pay systems. The 43-page report (at http://www.mspb.gov in the 'studies' section) offers a balanced view of what's at stake when adopting new compensation strategies."

Frist Says Deal Close On Lobbying Reform Legislation. Senate Majority Leader Bill Frist yesterday began negotiations with Senate Democrats on legislation to curb the influence of lobbyists. The Washington Times (3/28, Bellantoni, 90K) reports that Frist told reporters that he is working with Democrats "to work out a compromise and he thinks the Senate is 'very close' to completing the bill."

Roll Call (3/28, Newmyer) reports that "leading lawmakers" say "they hope to wrap up work" on a bill by the end of the day." Roll Cal adds, "The path back to lobbying reform was cleared when Senate leadership reached an agreement with Sen. Charles Schumer (D-N.Y.) to set aside his proposal for an amendment on foreign ownership of ports. … Instead, Senators will vote today on an amendment offered by Sens. Ron Wyden (D-Ore.) and Chuck Grassley (R-Iowa) that would ban the long-held Senate practice of allowing Members to hamstring legislation with anonymous holds." After that, the Senate "could move to a prearranged package of amendments, which have yet to be determined, or else Majority Leader Bill Frist (R-Tenn.) could choose to limit debate by calling for cloture on the measure."

More Controversial Issues Loom. The Washington Post (3/28, A21, Babington, 744K) reports that as if "the debates over immigration and the Iraq war weren't contentious enough, Congress is about to embark on some really hot-button issues: flag burning, same-sex marriage and censuring the president." The Senate Judiciary Committee "has scheduled a Friday hearing on Sen. Russell Feingold's resolution to censure President Bush for authorizing warrantless surveillance of Americans' international phone calls and e-mails." Meanwhile, "interest groups on the left and right are preparing for showdowns over flag desecration and same-sex marriage in June, when Senate Majority

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Leader Bill Frist (R-Tenn.) has scheduled floor votes on the always-controversial issues."

Democrats Are More Concerned About Limits On 527 Groups. The Washington Post (3/28, A3, Edsall, 744K) reports that Democrats "are a lot more worried about proposals to impose sharp limits on spending by tax-exempt, non-party political groups." According to the Post, 527 groups "are viewed by the party establishment as disruptive, encouraging conservative primary challenges to moderate incumbents as much as contributing to the defeat of Democrats. Democrats, by contrast, tend to view the independent groups with gratitude rather than resentment -- because they are doing essential political work that is not being done by others." The parties "disparate approaches to building election treasures and machinery underpin Democratic opposition to and Republican support for enactment of tough, new restrictions on the independent 527 committees."

Measure Would Ban Insider Trading By Lawmakers. The Wall Street Journal (3/28, Mullins, 2.11M) reports that some lawmakers "want to enact legislation that would prohibit members of Congress and their aides from trading stocks based on nonpublic information gathered on Capitol Hill. Two Democrat lawmakers plan to introduce today a bill that would block trading on such inside information." The Journal adds, "It isn't clear yet what kind of support the bill will garner from Republicans."

Nationals Fear Fallout From Abramoff Scandal. A front page in the Washington Post (3/28, A1, Heath, 744K) reports that while the return of a professional baseball team to Washington "provided a new venue for lobbyists to entertain members of Congress and their staff at RFK Stadium, just 20 blocks east of the Capitol," Nationals executives "are concerned that a significant piece of their business could be affected in the aftermath of the Jack Abramoff bribery and corruption scandal, which is leading many lobbyists and elected officials to reconsider how and where they do business. … Nationals President Tony Tavares said the team already has had some 'push back' from lobbyists who were ticket holders a year ago, and it has led to the cancellation of ticket plans for about 100 prime seats at RFK."

Author Urges Congress To Rein In Lobbyists. In the Financial Times (3/28) author Michael Massing writes about the negative influence of corporate lobbying, saying that "it often takes years for the short-sightedness of corporate lobbying to become apparent. In the short term, the gains wrung through lobbyists and campaign contributions might seem impressive. Over time, though, lobbying, in foiling measures designed to promote the public good, can undermine the fortunes of the very industries doing the lobbying. It is yet another reason Congress should hold firm in its effort to rein in Washington's influence peddlers."

Democrats To Unveil National Security Platform. Roll Call (3/28, Billings) reports Democratic leaders will try to "convince the electorate of their military muscle," unveiling a national security platform in which they "will vow to eliminate Osama bin Laden and destroy al-Qaida." Party leaders "will focus on five major policy areas for a safer America, both within its borders and beyond. Perhaps most ambitious among the party's objectives are calls to defeat terrorists and eradicate weapons of mass destruction." Congressional Democrats "will formally outline their national security plan Wednesday when they join other party leaders and law enforcement officials in a major event at Union Station."

Scalia's "Obscene Gesture" To Reporter Sparks Questions. Supreme Court Justice Antonin Scalia reportedly used a hand gesture in response to a reporter's question on Sunday. The AP (3/28) reports, "The Boston Herald reported Monday that the justice made 'an obscene gesture under his chin' — which prompted some online reports that Scalia had used his middle finger. Untrue. … The sign he used in Boston is frequently used by Italians to express displeasure with someone — from mild to deep irritation. It is done by cupping the hand under the chin and flicking the fingers like a backward wave."

22nd Amendment Criticized For Causing Lame Duck Presidencies. In his Boston Globe column (3/28), Peter Canellos says there were "no quacking noises at the president's press conference last week. But" President Bush "acknowledged that the political capital he won in 2004 is dwindling. He blamed the Iraq war, but even in the best of circumstances, presidents in their second terms become lame ducks very quickly." The "reason is the 22d Amendment to the Constitution, mandating that presidents can be elected only twice." That's "partly why a bipartisan group of legislators have been filing a bill every two years to rescind the 22d Amendment, on the grounds that it deprives the country of its proper choice of leaders."

OTHER NEWS:

Gasoline Prices Level Off After Steep Increase Last Week. Gasoline prices have leveled off after increasing nearly 14 cents a gallon last week. USA Today (3/28, Healey, 2.31M) reports that the price plateau caps "a four-week run-up at the pump" but the relief "could be short-lived. Prices often zoom as warm weather spurs more driving trips, which drain supplies. Refiners also are required by law to shift to clean-air gasoline blends for spring and summer, and those cost more to make." According to USA Today, the

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"nationwide average for a gallon of regular is $2.498, the U.S. Energy Information Administration reported Monday."

The CBS Evening News (3/27, story 10, 0:10, Mitchell, 7.66M) reported that the price is "up a quarter from a month ago and more than 35 cents from a year ago."

The Wall Street Journal (3/28, Levine, Davis, 2.11M) reports, "Analysts attribute the quick price moves to a shift that begins next month in gasoline blends, requiring chemicals to be added for environmental and other reasons. Because of the energy bill passed last year by lawmakers, most U.S. refiners will halt the use of methyl tertiary butyl ether as a gasoline additive and substitute ethanol."

WSJournal Blames Congress For Rising Gasoline Prices. An editorial in the Wall Street Journal (3/28, 2.11M) says gas prices are rising because "Congress's energy policy mistakes are finally catching up with it." The Journal adds that Congress "created the conditions for this mess last summer with its latest energy bill," which "contained a sop to Midwest corn farmers in the form of a huge new ethanol mandate." Congress also "refused to include liability protection for producers of MTBE, a rival oxygen fuel-additive that has become a tort lawyer target. So MTBE makers are pulling out, ethanol makers can't make up the difference quickly enough, and gas supplies are getting squeezed. … If Republicans on Capitol Hill wonder why their approval ratings stay low as gasoline prices rise this spring and summer, we suggest they look in the mirror."

NYTimes Backs Markey Measure On Oil Royalty Relief. An editorial in the New York Times (3/28, 1.19M) notes that "oil companies stand to gain a minimum of $7 billion and as much as $28 billion over the next five years under an obscure provision in last year's giant energy bill that allows companies to avoid paying royalties on oil and gas produced in the Gulf of Mexico. … Edward Markey, a Democratic member of the House from Massachusetts, has proposed a bill that would keep any new contracts from granting relief when oil and gas prices were high, and would instruct the interior secretary to try to renegotiate existing contracts. That is a fair and overdue remedy."

Stock Markets Have Mixed Finish. Stocks finished with mixed results Monday. The Wall Street Journal (3/28, 2.11M) reported on its web site that the Dow Jones Industrial Average fell 29.86 points to 11250.11. The Standard & Poor's 500-stock index slid 1.34 to 1301.61 and the Nasdaq Composite Index gained by 2.76 to 2315.58. USA Today/AP (3/28, Powell) attributes the mixed results to investors "awaited the results today of the first Federal Reserve rate-setting meeting led by new Chairman Ben Bernanke."

Bernanke Seeks To Make Fed Decisionmaking More Transparent. New Federal Reserve Chairman Ben Bernanke wants to bring more transparency to the Fed and is exploring ways to publicly communicate bank officials' views on the economy, the inflationary risks and the likely path of interest rates. The Washington Post (3/28, D1, Henderson, 744K) reports that "the options Bernanke and his colleagues have floated include several practices employed by central banks in other countries. They include: Writing lengthier statements after policymaking meetings to explain their actions. … Providing more descriptive minutes of their meetings. The minutes now are highly stylized summaries, former Fed officials say. Publishing more frequent economic forecasts by Fed policymakers, who now issue them twice a year. Holding news conferences after Fed meetings. Setting a long-term, numerical target for inflation."

Candidates Welcoming Bush, Cheney For Fundraisers, But Not Photo-Ops. The Christian Science Monitor (3/28, Feldmann, 61K) reports that as the 2006 congressional campaigns "get into gear, there are two George W. Bushes traveling the country. One, the fundraiser, is welcome anywhere, anytime. Since January 2005, the president has set a record pace in raising cash for Republican campaign committees and individual candidates - $88 million at 26 events." The other, "the campaigner, appears radioactive, at least to candidates in tough races." Vice President Cheney, "whose job approval ratings are even lower than Bush's, is in the same boat: He's a money magnet at Republican fundraisers, but if it's for a candidate in a tight race, forget about the photo op." So far this cycle, Cheney "has appeared at 48 events and raised $16 million."

Bush Praises Burns At Fundraiser. The AP (3/28, Kalonick) reports that President Bush "on Monday urged Montanans to vote for Republican Sen. Conrad Burns, who is locked in a tight race for re-election this year. 'I'm proud to stand by this man,' Bush told a Washington audience of about 200 lobbyists, members of Congress and other supporters." Bush, in his speech, "urged support for the war in Iraq and energy independence. 'We're laying the foundation of peace, and it's important to have members of the United States Senate who can look beyond the short term, who have got a strategic view of the world in which we live,' Bush said. 'And Conrad Burns has that view.'" While some GOP candidates seeking reelection "have distanced themselves from Bush," Burns "said he is proud to stand next to the president. 'It always helps to have the president in your corner,'" Burns said.

Bush Remains Optimistic. The White House Bulletin/US News (3/27) reported senior White House officials say President Bush "is still optimistic that his policies will succeed in Iraq and at home, and confident that the Republicans will retain control of Congress in this fall's mid-term elections. The Democrats are too fractured over major issues to present a unified vision, and they are wrong on the

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merits of issues such as making Bush's tax cuts permanent (which many Democrats oppose) and imposing more restrictions on the warrantless surveillance of suspected terrorists (which many Democrats favor), Bush says." Bush "remains as decisive as ever -- a man who rarely second-guesses himself -- which his admirers praise as evidence of his strong leadership and his detractors condemn as evidence of stubbornness and swagger. Bush tells aides that Americans want their president to be decisive because it persuades the country that he knows what he's doing. Besides, Bush says, decisiveness is a morale builder for his staff because it breeds confidence in everyone around him."

Number Of Millionaire Households in US Grew Last Year. A report to be released today from the British market research firm TNS Financial Services says the number of US households with a net worth of $1 million or m ore grew to 8.9 million last year. The New York Times (3/28, Johnston, 1.19M) reports, "The number of millionaire families rose to 7.1 million in 1999, said Jeanette Luhr, a TNS manager who directed the survey, and then, after the Internet bubble burst, dropped steadily to 5.5 million by 2002. The ranks of millionaire households rose to 6.2 million in 2003 and 8.2 million in 2004, she said."

Religious Conservatives Unveil "Value Voters" Contract. The Washington Times (3/28, Duin, 90K) reports a "summit of evangelical Christians and conservative Catholic and Jewish activists yesterday produced a 'Values Voters' Contract with Congress,' an outline of what the religiously minded expect their elected representatives to bring about in the near future." Modeled after "the Republican Party's 1994 'Contract with America,' the 'Values Voters' Contract' stipulated 10 aims, ranging from legislation to keep the words 'under God' in the Pledge of Allegiance to laws guaranteeing greater religious freedoms in the workplace, prohibiting human cloning and embryo research, and guaranteeing a "right to life" to all children before birth."

Bloomberg (3/28) reports that faith and family values issues "are dividing the Republican Party." Bloomberg reports, "Economic conservatives and secular Republicans complain their message is being drowned out by Christian conservatives preoccupied with banning abortion and gay marriage and limiting stem-cell research. On the other side, 'values' advocates say they have provided the party with crucial support, particularly in 2004, when they mobilized religious conservatives to go to the polls to help re-elect President George W. Bush. Such concerns are turning long-simmering Republican tensions over the role of religious conservatives into an election-year split in a party already strained by differences on the Iraq war, immigration and government spending."

Leaders Of Both Parties Getting Low Job-Approval Ratings. The Washington Times (3/28, Lambro, 90K) reports President Bush "and the Republican Congress are not the only ones getting poor job-approval grades from voters. A large number of governors and state legislatures in both parties are receiving low scores, too." While the Washington press corps "has focused on Mr. Bush's declining approval rating, down to 36 percent in the latest Gallup poll, and on Congress, whose approval rating has sunk to 27 percent, state and local government officials are not faring much better." Independent pollsters "say the national electorate is in a sour mood and is critical of the political establishment across the board, regardless of party."

Romney-McCain Rivalry Developing. A rivalry has developed between 2008 presidential rivals Sen. John McCain and Massachusetts Gov. Mitt Romney, the AP (3/28, Johnson) reports. Romney has held fundraisers in McCain's home state of Arizona and he has repeatedly "questioned the effectiveness of the 2002 McCain-Feingold campaign finance law, arguing it has had 'unintended consequences' and 'driven money into secret corners.'" Meanwhile, McCain aides, "speaking privately like Romney's to avoid incurring the boss' wrath, labels Romney a johnny-come-lately to conservative Republican and national security causes. They also question whether a dashing candidate dubbed 'Matinee Mitt' has the mettle to endure a rough nominating battle."

Dionne Says McCain At Risk Of Losing Maverick Appeal. In his Washington Post column (3/28, A23), E.J. Dionne says Sen. John McCain "the Maverick fought for campaign finance reform, took global warming seriously, opposed Bush's tax cuts and spoke out against torture. Those positions bred mistrust in McCain's own party, even though he was always a staunch supporter of overthrowing Saddam Hussein, a firm opponent of pork-barrel spending, an abortion foe and an advocate of private accounts carved out of Social Security." McCain's problem "is that political parties rarely nominate mavericks, and McCain has decided the only way he'll ever be president is as the Republican nominee. So today he cares very much about what hurts him or helps him in his own party." The "most flagrant sign of this was his February vote to continue Bush's dividend and capital gains tax cuts, which he once eloquently opposed." But McCain's "central appeal, even to people who disagree with him, has always been his willingness to do the nonpolitical thing -- for example, to defend Kerry that day in 2004 simply because he thought the attacks on Kerry were wrong."

Disney Hires Former McCain Aide As Lobbyist. The Hill (3/28, Schor) reports the Walt Disney Co. "had big shoes to fill when lobbyist Mitch Rose left last month to open his own shop, and Disney has turned to Bill Bailey, former communications adviser to Sen. John McCain (R-Ariz.), as its

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lobbying arm's new No. 2." It is Bailey's "years working side by side with McCain, former Commerce Committee chairman and 2008 presidential contender, that may make him most valuable to Disney as it joins the fray over rewriting the Telecommunications Act of 1996."

Democrats Suggest Allen For NFL Commissioner. Democrats are suggesting that the NFL should consider Sen. George Allen to replace retiring commissioner Paul Tagliabue. The AP (3/28, Lester) reports that DSCC executive director J.D. Poersch, referring to Allen's comment that the Senate moves to slowly, said, "We hate to see a good Senate seat filled by someone who is so bored by his job that he doesn't even like to spend time in the state he is supposed to represent, let alone vote in a way that serves his state's interests."

Web Site Publishes Kerry's Hotel Requests. The Washington Post (3/28, C3, Argetsinger, Roberts, 744K) reports in its "The Reliable Source" column that The Smoking Gun web site yesterday published Sen. John Kerry's list of hotel room requirements from his 2004 presidential campaign. Kerry "nixed tomato-based foods and celery ('JK hates celery') while requesting cold cereal, meatloaf, chicken, cookies, Poland Spring bottled water and a recumbent bike for workouts." Kerry spokesman David Wade compared Kerry's list to Vice President Dick Cheney's, which the web site published last week. Said Wade, "Dick Cheney drinks Perrier and refuses to watch anything but Fox News. John Kerry hates Evian, eats meatloaf, and snacks on chocolate chip cookies. If these documents had been leaked during the campaign we'd have won in a landslide."

Research Finds "Educational Flatline" In US. Research led by a Duke University sociologist has found that the basic academic skills of US children has hardly budged despite nearly 30 years of quality of life improvements. USA Today (3/28, Toppo, 2.31M) reports, "The 'educational flatline,' as measured by scores on math and reading exams, defies researchers' expectations, because other quality-of-life measures, such as safety and family income, have improved steadily since 1975." The report "calls for more investments in preschool and adult education, as well as programs for children who enter school with inadequate English skills."

Lyn Nofziger Dead At 81. The Washington Times (3/28, Hallow, 90K) reports, "Lyn Nofziger, a long-time adviser to Ronald Reagan, died yesterday in his Falls Church home after a long bout with cancer. He was 81. Wife Bonnie, daughter Glenda Parry of Myrtle Beach, S.C., and grandson Matthew Parry were at his side when he succumbed to bladder cancer at about 5:15 p.m." The Washington Post (3/28, B6, Weil, 744K) calls Nofziger "rumpled" and "irreverent," and says he "served at Ronald Reagan's right hand both in the California capitol and in the White House, died yesterday of cancer at his home in Falls Church." The Post adds, "After leaving the White House, Mr. Nofziger felt in a personal way what he considered to be governmental overreaching. He was found guilty in 1988 on three counts of illegal lobbying at the Reagan White House within a year after he left to set up his consulting firm." But "a federal court of appeals overturned the conviction in June 1989, asserting that prosecutors had failed to prove that Mr. Nofziger 'knowingly' violated the law. The Supreme Court declined to consider reinstating the conviction."

The New York Times (3/28, Broder, 1.19M) says Nofziger "frequently expressed his disdain for Washington and for politics, but he kept returning. He put up a cynical facade that endeared him to the reporters he dealt with, but he remained devoted to Reagan, even though he was never part of the president's innermost circle."

Byrd's Wife Dies. The Hill (3/28, Downing) reports, "Erma Ora James Byrd, the wife of Sen. Robert Byrd (D-W.Va.), died Saturday after struggling with a long illness. The couple had been married for 69 years."

Gore, Blood Say "Short Term" Focus Pervades Corporate, Investment Communities. Former Vice President Al Gore, who is chairman of Generation Investment Management, and David Blood, managing partner of Generation Investment Management, write in the Wall Street Journal (3/28, 2.11M) that the "interests of shareholders, over time, will be best served by companies that maximize their financial performance by strategically managing their economic, social, environmental and ethical performance. This is increasingly true as we confront the limits of our ecological system to hold up under current patterns of use." They add, "A short-term focus still pervades both corporate and investment communities, which hinders long-term value creation. … More mechanisms to incorporate environmental and social externalities will be needed to enable capital markets to achieve their intended purpose -- to consistently allocate capital to its highest and best use for the good of the people and the planet."

Hamas Leaders Say They Are "Ready For Dialogue." USA Today (3/28, Stinson, Gutman, 2.31M) reports, "The Palestinian Authority's new leaders said Monday that they would reach out to the United States and other international peace mediators. For the first time, they raised the possibility that the Hamas-led government could recognize Israel's right to exist." The statements from Prime Minister-designate Ismail Haniyeh and his deputy Naser as-Sha'er "reflected a softening of rhetoric." The United States and Israel "dismissed the statements, saying the words had

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to be matched by action." In a speech to the Palestinian parliament, Haniyeh "said that his government 'is ready for dialogue' with the United States and the three other members of the so-called Quartet of international powers that have sought to broker peace between Israel and the Palestinians."

The Washington Times/AP (3/28, El Deeb) quotes Haniyeh saying, "The European Union has provided a lot of aid to our people and supported our right for freedom. ... We are interested in a strong relation with Europe." But "at the same time we expect the European Union to review some of its policies toward the conflict."

Kadima Predicted To Win Low-Turnout Israeli Election. The New York Times (3/28, Myre, 1.19M) calls Acting Israeli PM Ehud Olmert's Kadima Party "the overwhelming favorite" in today's election, which the Times says "is widely billed as one of the most important -- and least inspiring -- ballots in Israel's history." The Washington Post (3/28, Wilson, 744K) calls Israel's electorate "unsettled" and says the election occurs "after a campaign season marked by complacency, disappointment and a sense of betrayal among many voters now searching for new political leadership." The Christian Science Monitor (3/28, Mitnick, 61K) also says Kadima "ends the campaign fighting primarily voter apathy." Opinion polls "predict that voter turnout will be weak." The Washington Post (3/28, A17, Wilson, 744K) reports "the campaign has emerged as a referendum on Sharon's unfinished program to separate the Israeli and Palestinian populations through a series of unilateral withdrawals from the occupied territories."

PhRMA Move Against Israeli Company Sparks Anger Among US Jewish Groups. Roll Call (3/28, Ackley) reports, "A move by the Pharmaceutical Research and Manufacturers of America to punish Israel on foreign trade has sparked an uproar among some American Jewish groups and raised the ire of a major Israeli drug company." In a written submission, PhRMA "has asked the Office of the U.S. Trade Representative to designate Israel a 'priority foreign country' on a soon-to-be-released annual list. The list, known as the 'Special 301' report, is reserved for those countries with some of the worst intellectual property laws that affect American companies. And being on the list can lead to trade sanctions." Israel "is not the only country PhRMA has recommended be included on the priority foreign country list. PhRMA wants the USTR to put a handful on the list including Turkey, Poland, Germany and Canada." In response to PhRMA, "Jewish organizations, the Israeli embassy and Teva Pharmaceuticals in recent days have mounted a lobbying blitz aimed at the USTR, White House and Congress to keep Israel off the list, which is set to be released next month."

Rice To Discuss Iran During Three-Stop European Trip. The AP (3/27, Stringer) reports Secretary Rice "will visit several European capitals in the coming days, heading to Britain, France and Germany as new talks are scheduled concerning Iran's suspect nuclear program." Assistant Secretary McCormack "said Rice's trip will include stops in Berlin and Paris for meetings on Iran and other issues." British Foreign Secretary Jack Straw announced that the foreign ministers from France, China, Russia and Germany will join Rice and him in Berlin Thursday "for talks about Iran."

Meanwhile, the Christian Science Monitor (3/28, LaFranchi, 61K) says that "what was supposed to be a quick discussion in the United Nations Security Council to solidify international opposition to Iran's nuclear program has turned into a stalemate." With both Russia and China "balking at any council statement that might open the door to sanctions against Iran further down the road, agreement on a diplomatic rebuff could still be a week or more away. That is, if broadly acceptable wording for a statement can be found even then." In the short term, the United States "appears unfazed by the delay."

WSJournal Says Iranian Dissident Could Be "Iconic Figure" In Iranian "Revolution." The Wall Street Journal (3/28, 2.11M) editorializes, "Successful democratic revolutions tend to have iconic figures: Think of Nelson Mandela in South Africa, Vaclav Havel in Czechoslovakia, Lech Walesa in Poland and Viktor Yushchenko in Ukraine. These men not only led their movements to victory but also, through their personal suffering, became emblems of the suffering of their people." In Iran, "the iconic figure is Akbar Ganji, who was released this month from Tehran's Evin prison after serving a six-year sentence."

Indian Foreign Secretary Will Promote Nuclear Pact In Washington. The AP (3/27, Klug) Indian Foreign Secretary Shyam Saran "is visiting Washington this week, the start of a month-long effort to help President Bush sell his landmark civilian nuclear cooperation deal to a skeptical Congress." After Saran's visit, "a string of Indian ministers will meet in coming weeks with U.S. officials and speak at think tanks, press conferences and business gatherings across Washington. They will argue that a US-Indian deal to share nuclear technology and fuel is crucial" to meet India's "massive energy demands."

Gutierrez Urges China To Open Markets, Settle Currency Disputes. The AP (3/28) reports, "US Commerce Secretary Carlos Gutierrez on Monday called on China to open its markets to foreign goods and settle currency disputes, warning it could face protectionist sentiment in the US if its record trade surplus keeps growing."

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Gutierrez will be in Beijing "for talks ahead of a possible Senate vote this week on proposed sanctions to punish China for manipulating its currency."

US-China Trade War Said To Be Possible. The Wall Street Journal (3/28, Kempe, 2.11M) contrasts US-China economic competition to the nuclear standoff between Washington and Moscow during the Cold War. "As senior Washington and Beijing officials prepare for Chinese President Hu Jintao's summit with President Bush at the White House on April 20, a more unstable logic is being tested that has come to define the emerging superpower relationship that will define the first half of the 21st century. The argument holds that both countries would be so economically devastated by a trade or financial war…that neither would trigger one despite growing trade tensions. By that logic, China won't stop buying billions of U.S. dollars each month" and "the U.S. would not implement tough sanctions to punish China's undervalued currency. Don't bet on this logic holding. Miscalculation is the mother of all unintended conflicts."

Meanwhile, the Financial Times (3/28, Swann, Alden) reports "the administration of President George W. Bush will face mounting pressure to take tougher action against China over the value of its currency with the introduction on Tuesday of legislation that would all but force the US Treasury to brand China as a currency manipulator." The proposal, drafted by Sens. Charles Grassley and Max Baucus, "would threaten new sanctions against countries that are found to have 'currency misalignments' with the US, according to people with knowledge of the proposal."

Pro-Western Alliance Likely To Lead Ukraine. The New York Times (3/28, Myers, 1.19M) reports Ukraine "was in political gridlock on Monday" after President Viktor Yushchenko was "stunned" by his party's third place finish in parliamentary elections. The Financial Times (3/28, Wagstyl, Warner) says Yushchenko's former ally Yulia Tymoshenko "on Monday staked her claim to head the government" and "was putting pressure on" Yushchenko "to allow her back into office."

The Wall Street Journal (3/28, Chazan, 2.11M) says a Yushchenko-Tymoshenko alliance "may now be the only way for Mr. Yushchenko to keep his pro-Russian rival, Viktor Yanukovych, from forming a government himself." Another Tymoshenko premiership "has raised worries among investors leery of her populist slogans and her embrace of state intervention while in office. In recent weeks, she has promised to renegotiate a key gas-supply deal with Russia, a move that could poison already-sour relations with Moscow." Meanwhile, Washington Times/AP (3/28, Isachenkov) noted White House Press Secretary Scott McClellan called the elections "free and fair."

London Mayor Calls US Ambassador "Chiselling Little Crook." The Financial Times (3/28, Adams) reports London Mayor Ken Livingstone, "the famously outspoken left-wing mayor and long-standing critic of American foreign policy," has "accused the US ambassador to the UK of behaving 'like a chiselling little crook' in a spat over the embassy's refusal to pay the city's road toll." Livingstone's "assault on Robert Tuttle was prompted by the long-running dispute over the embassy's refusal to pay the congestion charge." An embassy spokesman is quoted: "The mayor has a tendency to hyperbole. I'm not going to dignify that."

Blair Under Fire For Campaign Finance Scandal. USA Today (3/28, Soriano, 2.31M) reports, "A campaign-finance scandal has erupted in Britain, where investigators are looking into the possibility that secret political payments were rewarded with seats in the House of Lords." British newspapers "such as The Independent have dubbed the scandal 'loans for peerages.' Scotland Yard last week began investigating wealthy donors who loaned money to Prime Minister Tony Blair's Labor Party. And Parliament's Constitutional Affairs Select Committee is scheduled to hold hearings today on political fundraising in Britain." The controversy "has led some leading British publications to call for Blair to step down." The Conservative Party "has also used loans to raise cash, but so far it has declined to identify the sources of its loans."

French Workers To Stage General Strike Today Over Jobs Law. The Financial Times (3/28, Arnold) reports, "France will be hit by widespread strikes and demonstrations on Tuesday against prime minister Dominique de Villepin's controversial youth employment law." It will be "the latest round in a battle of wills over economic reforms before next year's presidential elections." The New York Times (3/28, Smith, 1.19M) says "the strikes and protests planned for Tuesday represent a test of wills, with students and trade unions demanding that the unpopular law be rescinded and the country's embattled prime minister, Dominique de Villepin, insisting that it go into effect, albeit with possible changes." The Los Angeles Times (3/28, Rotella, 958K) also reports the story.

More Commentary. George Melloan writes in the Wall Street Journal (3/28, 2.11M), "This time it's not the disaffected Muslim youths of the banlieu rioting in France. It's the privileged students of the Sorbonne banging up cars and battling the flics. … In reality, as so often happens in France, naïve youths are being exploited by unions that know exactly what they are doing -- protecting a system that gives security to job-holding union members at the expense of the unemployed. Street demonstrations are the means by which

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French unions show government who's boss, and who plans to continue being boss."

In a column titled "Who Moved My Fromage?," John Tierney writes in the New York Times (3/28, 1.19M), "As student protesters and workers try to paralyze France today, I don't suppose many of them are looking to America to come to their country's aid. Nor do I suppose many Americans are in the mood for a new Marshall Plan. But I have a modest proposal anyway. … Eventually we could introduce them to Trump's television show, but not right away. There's a good reason 'The Apprentice' hasn't made it to French TV. For now, 'You're fired' translates as 'We riot.'"

Robert Samuelson writes in the Washington Post (3/28, A23, 744K), "The street protesters are given to much make-believe -- the illusion that if they march long enough and burn enough cars, they can prevent unwanted change. The concessions that governments make to the future are usually small and slow." France "is raising full eligibility for retirement benefits from 40 to 42 years of contributions; the change occurs between now and 2020. This suggests a messy process of grudging accommodations that neither placate public opinion nor improve economic vitality."

France Makes Major Effort To Boost Nuclear Infrastructure. The Wall Street Journal (3/28, A1, Ball, 2.11M) reports that "over the past three decades, the French government has transformed" a "15-mile finger of land from a provincial backwater into one of the world's most concentrated patches of nuclear infrastructure. On an earthen pad carved from the cliffs squats a power plant with two nuclear reactors. It's expected to get a third. At the tip of the peninsula, which juts into the English Channel, sprawls a tightly guarded factory that processes spent nuclear fuel -- not just from France, but from throughout the world." The Journal adds, "Some in France look at this landscape and cringe. Others see it as a point of national pride . One thing is clear: It stems from one of the world's most unflinching campaigns to curb fossil-fuel consumption."

Serb Authorities Admit They Helped War Crimes Fugitive. The Washington Post (3/28, A20, Williams, Maroevic, 744K) reports, "After years of denial, Serbian authorities have acknowledged in a secret report that a band of about 50 intelligence and army officials conspired to conceal the movements of war crimes fugitive Ratko Mladic and provide him refuge." The report, "delivered to the government in January, was prepared by Serbia's military intelligence agency and led to firings and other moves within the country's domestic and military spy agencies, officials say. As a result, they assert, the noose around Mladic has been tightened, although there is no indication he is prepared to give up."

Three Western Hostages Freed By Nigerian Rebels. The CBS Evening News (3/27, story 9, 0:25, Mitchell, 7.66M) reported, "Two American oil workers kidnapped by militants in Nigeria were freed today by their captors. They and a Brit also freed today were among nine western oil workers kidnapped in mid-February. The others were released a few weeks ago. Militants have staged attacks and kidnappings to press their demands for a share of Nigeria's oil wealth. The violence has cut Nigeria's production and pushed oil prices even higher."

Fate Of Former Liberian Leader Remains Uncertain. The New York Times (3/28, Polgreen, 1.19M) reports, "Confusion reigned Monday over the status of Charles G. Taylor, the onetime warlord who became president of Liberia and who is wanted for war crimes by an international court based here for atrocities affecting Sierra Leone during neighboring Liberia's civil war." Liberia's current president, Ellen Johnson Sirleaf, "who had asked Nigeria on March 17 to extradite Mr. Taylor to face trial in Sierra Leone, told religious leaders in Monrovia, the capital, on Monday that Mr. Taylor should be moved directly to Sierra Leone." A State Department spokesman, Sean McCormack, 'said at a briefing on Monday that the responsibility to secure Mr. Taylor lay with the Nigerian government."

Kristof Urges Focus On Gender Discrimination In Developing World. Nicholas D. Kristof writes in the New York Times (3/28, 1.19M) that it is "time to focus on gender inequality in the developing world, for that is the greatest single source of human rights violations today. Political dissidents tend to get the world's attention. But for every dissident who is beaten to death by government torturers somewhere in the world, thousands of ordinary women or girls die prematurely because of the effects of discrimination."

THE BIG PICTURE:

Headlines From Today's Front Pages.

Los Angeles Times:

"Immigration Fight Heats Up."
"Moussaoui Says He Was To Fly 5th Plane."
"80 Eyes On 2,400 People."
"Massive Student Walkout Spreads Across Southland."
"Angered By Fatal Raid, Shiites Exit Unity Talks."
"How DJs Put 500,000 Marchers In Motion."
"Rift Emerges Among Young Haves And Have-Nots In France."

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USA Today:
"Terror Convicts May Be Linked."
"'Guest Workers' At Core Of Labor Dispute."
"Early Voting Snags Bolster '06 Fears."

New York Times:
"Bill To Broaden Immigration Law Gains In Senate."
"Shiite Leaders Suspend Talks Over Government."
"Moussaoui, Undermining Case, Now Ties Himself To 9/11 Plot."
"French Youth At the Barricades, But A Revolution? It Can Wait."
"Once A Maverick, Google Joins The Lobbying Herd."
"Iraqi Documents Are Put On Web, And Search Is On."

Washington Post:
"Senators Back Guest Workers."
"Complex At Vienna Station Is Approved."
"Immigrants' Voice Reaches The Hill."
"US Officials Defend Raid Following Shiite Backlash."
"Moussaoui Says He Was To Fly 5th Plane."
"After Abramoff, Nats Fear It's Out With The Hill Crowd."

Washington Times:
"George Mason's Final Four Spot Shocks Everyone."
"Patriots' Remarkable Run Started At Schools, Courts In Maryland."
"Panel OKs 'Amnesty' Bill."
"Coast-To-Coast 'Movement' Rages On."
"Afghan Convert Seeks Asylum."
"Moussaoui Cites 5th Jetliner Plot."
"Shi'Ites Cease Government Talks After Gunbattle."

Detroit Free Press:
"Delphi's Deal: Cash For A 35% Pay Cut."
"Group Drowns Out Words Of Hate At Soldiers' Funerals."
"Investigator Intent On Finding Animal Killer."
"$1-Billion Loan Gets Brush-Off."

Atlanta Journal-Constitution:
"US Immigration Bill Goes To Senate."
"Response From Hispanics In Georgia United."
"Moussaoui Stuns Court With 9/11 Confession."
"North Carolina Takes Ticket On Lottery Express."
"Twin Condo Towers On Gwinnett Horizon."

Houston Chronicle:
"Guest Worker Program Clears Key Senate Panel."
"Moussaoui Admits A Role In 9/11 Plot."
"Skilling's Broker Tells Of Attempt To Sell Stock."
"United Way Tops Goal In Fundraising."
"Some Hitches At Revamped Exit."

Story Lineup From Last Night's Network News:
ABC: Moussaoui Trial; Immigration Reform; Anti-Immigration Activists; Iraq Violence; Baghdad-Shiite Raid; UK Iraq Memo-Bush; Shoulder-Fired Missiles; Global Warming; NCAA Final Four; Kids' Music.
CBS: Moussaoui Trial; Terror Suspects-Scalia; Immigration Reform-Congress; Immigration Reform-Republicans; Immigration Reform-Economy; Afghanistan-Christian Convert; Iraq-Violence, Protests; UK Iraq Memo-Bush; Nigeria-Freed Hostages; Gas Prices; Stock Markets; US Schoolchildren-Handwriting; LSU-Final 4.
NBC: Moussaoui Trial; Immigration Reform; Iraq Violence; Baghdad-Shiite Raid; UK Iraq Memo-Bush; Afghanistan-Christian Convert; US Port Security; Illegal Immigration-Expansion; Stock Markets; Graceland-Landmark Designation; Healthier Pork.

Story Lineup From This Morning's Radio News Broadcasts:
ABC: Senate-Immigration Reform; Afghanistan-Rahman Released; Israel-Election; TN-Minister Murder Case; Foreign Stock Markets.
CBS: Senate-Immigration Reform; SCOTUS-Military Tribunals; Moussaoui Sentencing; Israel-Election; GM-Layoffs; Wall Street.
NPR: CA-Immigration Protests; Senate-Immigration Reform; SCOTUS-Military Tribunals; Afghanistan-Rahman Released; Israel-Election; Red Cross-African Food Shortages; TN-Minister Murder Case.

WASHINGTON'S SCHEDULE:

Today's Events In Washington.
White House:

PRESIDENT BUSH — Meets with the Cabinet. Cabinet Room.

VICE PRESIDENT CHENEY — No public schedule.

US Senate: FLOOR SCHEDULE _ 9:45 a.m. FLOOR SCHEDULE _ The Senate convenes.

9:30 a.m. FOREIGN RELATIONS _ Full Committee. Hearing on multilateral development banks. Assistant Treasury Secretary Clay Lowery, African Development Bank Executive Director Cyunthia Shepard Perry, William Easterly, New York University, Ruth Leving, Center fort Global Development, and Adam Lerrick, Carnegie Mellon University. Location: Room 419, Dirksen.

9:30 a.m. HOMELAND SECURITY AND GOVERNMENTAL AFFAIRS _ Permanent Investigations Subcommittee. Hearing on port security. 9/11 Commission co-chair Thomas Kean, retired Coast Guard Commander Stephen Flynn, Eugene Aloise of GAO, Gregory Kutz of GAO, David Huzienga of NNSA, Vayl Oxford of DHS, and Jayson Ahern of CBP. Location: Room 342, Dirksen.

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9:30 a.m. INDIAN AFFAIRS _ Full Committee. Hearing on the Cobell v. Norton class action suit. Location: Room 485, Russell.

9:30 a.m. JUDICIARY _ Full Committee. Hearing on the wartime executive powers and the NSA's surveillance authority. Location: Room 226, Dirksen.

10 a.m. APPROPRIATIONS _ Energy and Water Subcommittee. Hearing on the FY07 budget for the Bureau of Reclamation. Commissioner John Keys III, and Assistant Interior Secretary Mark Limbaugh. Location: Room 138, Dirksen.

10 a.m. COMMERCE, SCIENCE AND TRANSPORTATION _ Aviation Subcommittee. Hearing on the FAA's FY07 budget. Administrator Marion Blakey, Acting DOT Inspector General Todd Zinser, Gerald Dillingham, GAO. Location: Room 562, Dirksen.

10 a.m. HEALTH, EDUCATION, LABOR AND PENSIONS _ Bioterrorism and Public Health Preparedness Subcommittee. Hearing on the infrastructure for public health services. Richard Besser, CDC; Dutchess County, NY Health Commissioner Michael C. Caldwell; Peggy Honore, Chief Science Officer, Mississippi State Department of Health; Nicole Lurie, Senior National Scientist, RAND; Elin Gursky, Principal Deputy for Biodefense, ANSER; Tara O'Toole, CEO, Center for Biosecurity at the University of Pittsburgh. Location: Room 430, Dirksen.

2 p.m. APPROPRIATIONS _ State, Foreign Operations Subcommittee. Hearing on the State Department and foreign operations budgets. Secretary of State Rice. Location: Room 138, Dirksen.

2 p.m. BANKING, HOUSING AND URBAN AFFAIRS _ Securities and Investments Subcommittee. Hearing on the role of hedge funds in capital markets. Location: Room 538, Dirksen.

2:30 p.m. APPROPRIATIONS _ Defense Subcommittee. Hearing on the Army's budget for FY07. Secretary Francis Harvey, Chief of Sytaff Gen. Peter Schoomaker. Location: Room 192, Dirksen.

2:30 p.m. ARMED SERVICES _ Airland Subcommittee. Hearing on the FY07 budget for Air Force and Navy aviation programs. Michael J. Sullivan, GAO; Christopher Bolkcom, CRS; Lt. Gen. Donald J. Hoffman, Office of the Assistant Secretary of the Air Force for Acquisition; Rear Adm. Thomas J. Kilcline Jr., Air Warfare Division, Navy; Rear Adm. Steven L. Enewold, Joint Strike Fighter Program, Navy. Location: Room 232A, Russell.

2:30 p.m. FOREIGN RELATIONS _ Full Committee. Hearing on pending nominations. Location: Room 419, Dirksen.

2:30 p.m. HEALTH, EDUCATION, LABOR AND PENSIONS _ Retirement Security and Aging Subcommittee. Hearing on the Older Americans Act. Mason Bishop, Labor Department; Ignacio Salazar, SER-Jobs and Progbress National, Inc.; Kent Kahn, Experience Works Ohio; Tony Sarmiento, Senior Service America. Location: Room 430, Dirksen.

2:30 p.m. HOMELAND SECURITY AND GOVERNMENTAL AFFAIRS _ Federal Financial Management, Government Information and International Security Subcommittee. Hearing on eliminating Medicaid fraud. Location: Room 342, Dirksen.

US House: FLOOR SCHEDULE _ 2 p.m. Meets for legislative business. Highlights: Suspensions (12 bills): 1) H.R. 4882 - Vietnam Veterans Memorial Visitor Center Deadline Enforcement Act; 2) H.Res. 680 - Recognizing Dr. I. King Jordan for his contributions to Gallaudet University and the deaf and hard of hearing community; 3) H.R. 4786 - H. Gordon Payrow Post Office Building Designation Act; 4) H.R. 3440 - Dr. Jose Celso Barbosa Post Office Building Designation Act; 5) H.R. 4805 - Gene Vance Post Office Building Designation Act; 6) H.Res. 85 - Supporting the goals and ideals of ``National MPS Day''; 7) H.Res. 517 - Recognizing the life of Wellington Timothy Mara and his outstanding contributions to the New York Giants Football Club, the National Football League, and the United States; 8) H.R. 4057 - To provide that attorneys employed by the Department of Justice shall be eligible for compensatory time off for travel under section 5550b of title 5, United States Code; 9) H.R. 4979 - Local Community Recovery Act of 2006; 10) S. 2116 - Supreme Court Grounds Transfer Act of 2005; 11) S. 2120 - Milk Regulatory Equity Act of 2005; 12) H.Con.Res. 353 - Commending the people of the Republic of Haiti for holding democratic elections on February 7, 2006, and congratulating President-elect Rene Garcia Preval on his victory in these elections.

10 a.m. APPROPRIATIONS _ Transportation, Treasury, HUD, the Judiciary and District of Columbia Subcommittee. Hearing on the FY07 budget for OMB. OMB Director Joshua Bolten. Location: Room 2358, Rayburn.

10 a.m. GOVERNMENT REFORM _ Federal Workforce and Agency Organization Subcommittee. Hearing on the OPM proposed budget. OPM Director Linda Springer. Location: Room 2154, Rayburn.

1:30 p.m. APPROPRIATIONS _ Foreign Operations, Export Financing and Related Programs Subcommittee. Hearing on the VA/DoD joint health programs. Location: Room H-143, Capitol.

2 p.m. APPROPRIATIONS _ Science, State, Justice, commerce and Related Agencies Subcommittee. Hearing on FY07 appropriations for the FBI. Robert Mueller, Director, FBI. Location: Room 2359, Rayburn.

2 p.m. GOVERNMENT REFORM _ National Security, Emerging Threats and International Relations Subcommittee. Hearing on ICD sets its investigative priorities. Richard Stana, GAO; DHS Inspector General Richard Skinner; Robert

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Schoch, DHS; Joseph Ryan of Pace University; Caroline Frederickson of the ACLU; Joseph Webber, former ICE agent. Location: Room 2247, Rayburn.

2 p.m. INTERNATIONAL RELATIONS _ Africa, Global Human Rights and International Operations Subcommittee. Hearing on the situation in Ethiopia. Deputy Assistant Secretary of State Donald Yamamoto, Andargachew Tsege of the Colaition for Unity and Democracy Party, and obang Metho of Anuak Jusatice Council. Location: Room 2172, Rayburn.

2 p.m. JUDICIARY _ Crime, Terrorism and Homeland Security Subcommittee. Oversight hearing on BATFE changes in licensing and enforcment, followed immediately by a hearing on H.R. 5005, Firearms Correction and Improvement Act. Location: Room 2141, Rayburn.

2:30 p.m. APPROPRIATIONS _ Agriculture, Rural Development, FEA and Related Agencies Subcommittee. Hearing on the Food and Nutrition Service. Location: Room 2362A, Rayburn.

3 p.m. ARMED SERVICES _ Hearing on the FY07 budget for the Navy submarine force. Allison Stiller, deputy assistant secretary of the Navy; Adm. Charles L. Munns, commander, Naval Submarine Forces; Rear Adm. Joseph A. Walsh, director, Submarine Warfare Division; John Casey, president, Electric Boat Corp.; Mike Petters, president, Northrop Grumman Newport News; Retired Vice Adm. Albert H. Konetzni Jr., former commander, Submarine Force, U.S. Pacific Fleet. Location: Room 2118, Rayburn.

3:30 p.m. RULES _ Full Committee. Meeting to set rules for floor debate. Location: Room H-313, Capitol.

Other: CHRISTIAN VALUES _ Vision America holds the ``War on Christians and The Values Voter In 2006" conference. Highlights: 10:30 a.m. Gary Bauer. 12:30 p.m. Rep. Tom DeLay. 2 p.m. Panel on ``The Judiciary: Overruling God," with Phillip Jauregui (Vision America), Rep. Todd Akin, Rep. Louis Gohmert, Manny Miranda (Third Branch Conference). 4:45 p.m. Sen. Sam Brownback. Location: Omni Shoreham Hotel, 2500 Calvert St. NW.

HEALTH COVERAGE _ The National Association of Health Underwriters (NAHU) holds a conference to discuss solutions to the health insurance coverage problems facing Americans today. Highlights: 8:30 a.m. Congressional update with Sen. Ron Wyden, D-Ore., Special Committee on Aging. 9 a.m. Congressional staff Debate on ``The True Cost Drivers in Health Care," moderated by Moderated by Mary Agnes Carey of CQ.. Other participants are Joel White, Majority Staff Director, House Ways and Means Health Subcommittee; Debbie Curtis, Minority Staff Director, House Ways and Means Health Subcommittee; Jen Vesey, Legislative Assistant, Sen. Rick Santorum, R-Pa.; and Jocelyn Moore, Legislative Assistant, Sen. Jay Rockefeller, D-W. Va. 10 a.m. Winner of NAHU's Spirit of Independence Award. Senator Michael B. Enzi will discuss his health insurance market reform measure, S. 1955. 11 a.m. Session on ``President's Health Care Agenda," with Al Hubbard, Assistant to the President for Economic Policy and the Director of the National Economic Council. Location: Capital Hilton Hotel, 1001 16th St. NW.

MORTGAGE BROKERS _ Annual legislative conference of the National Association of Mortgage Brokers. Highlights: 2 p.m. HUD Secretary Jackson. Location: Wyndham Hotel, 1400 M St. NW.

TAX EXECUTIVES _ Mid-Year conference of the Tax Executives Institute. Highlights: 11:30 a.m. Treasury Secretary Snow. Location: Grand Hyatt Hotel, 1000 H St. NW.

AFRICAN AMERICAN LEADERSHIP _ Sens. Kay Bailey Hutchison and Rick Santorum co-chair the 3rd annual African American Leadership Summit. Highlights: 8:30 a.m. Sens. Hutchison and Santorum. 9:20 a.m. Session on eliminating the achievement gap, with Sen. Lamar Alexander, Rod Paige, others. 10:30 a.m. Session on community and faith-based initiatives, with Sen. David Vitter, Robert Goodwin of the Points of Light Foundation, others. 12 p.m. Luncheon - HUD Secretary Jackson. 1:25 p.m. Session on economic growth, with Sen. Norm Coleman, others. Location: Washington Renaissance Hotel, 999 9th St. NW.

CHINA-TRADE _ 10 a.m. Sens. Charles Grassley and Max Baucus hold a news conference to introduce the U.S. Trade Enhancement Act of 2006. Location: Senate Radio-TV Gallery.

HEALTH FUNDING _ 10 a.m. Rep. Mike Castle, others, hold a news conference on health and education funding. Location: Room HC-5, Capitol.

HEALTH-BUDGET _ 10 a.m. Representatives Castle holds a rally to call for increase health and education funding in the fY'2007 budget. Location: Room HC-5, Capitol.

FARMS-DISASTER ASSISTANCE _ 10:30 a.m. National Farmers Union family farmers and ranchers, Sens. Conrad, Baucus, Pryor, Salazar and others will hold a press conference in support of bipartisan disaster assistance legislation introduced by Conrad and 24 co-signers last week. Location: Senate Swamp, at the corner of Constitution and Delaware Avenues, across from the Russell Senate Office Building. Rain location at 608 Dirksen.

BUDGET GIMMICKS _ 11 a.m. The Center on Budget and Policy Priorities holds a telephone briefing on budget gimmicks to pay for a tax cut. Contacts: Michelle Bazie, 202-408-1080. Notes: Call contact for details.

CHINA TRADE _ 11 a.m. Sens. Chuck Schumer, D-N.Y., and Lindsey Graham, R-S.C., meets with Treasury Secretary John Snow to discuss China trade policy. Location: As noted. Notes: Photo op at start of private meeting on China trade policy and currency flexibility; media availability afterwards. Photo op at 11 a.m. in Room S-321,

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Capitol. Media availability at 11:45 a.m. in Senate Radio/TV Gallery.

BOEHNER _ 11:30 a.m. House Majority Leader John Boehner holds a pen and pad only briefing. Location: Room H-107, Capitol.

BUDGET-SPRATT _ 12 a.m. Pen and pad only briefing with Rep. John Spratt on the budget. Location: House PRESS Gallery.

DEMOCRATS _ 12:30 p.m. The Democratic Policy Committee holds a closed meeting. Location: Room S-211, Capitol.

REPUBLICANS _ 12:30 p.m. The Republican Policy Committee holds a closed meeting. Location: Room S-207, Capitol.

HOYER _ 1 p.m. House Democratic Whip Steny Hoyer holds a pen and pad only briefing. Location: Room H-306, Capitol.

LOBBYING REFORM _ 1 p.m. Chief Deputy Majority Whip Eric Cantor, R-Va., and other House members hold a press conference to discuss and highlight the what they say is the need for ``527 Political Organization'' reform and transparency in the House Lobbying Reform Bill. Location: House Radio/TV Gallery.

BODMAN _ 1:30 p.m. Energy Secretary Bodman makes remarks to the President's Council of Advisors on Science and Technology to discuss the President's Advanced Energy Initiative. Location: Marvin Center, 805 21st St. NW.

YUCCA MOUNTAIN _ 1:30 p.m. The Yucca Mountain Task Force holds a news conference to discuss pending Congressional legislation on Yucca Mountain. Participants include include Task Force co-chairmen - South Carolina Public Service Commissioner David Wright and Maine Nuclear Safety Advisor Charles Pray - and YMTF Vice Chairman LeRoy Koppendrayer, chairman of the Minnesota Public Utilities Commission and Chairman of the Nuclear Waste Strategy Coalition. Location: Hall of States (Suite 333), 444 North Capitol St. NW.

UN REFORM-COLEMAN _ 6:30 p.m. The Better World Campaign sponsors a lecture with Sen. Norm Coleman on the progress in UN reform. Location: Allison Auditorium, Heritage Foundation, 214 Massachusetts Ave. NE.

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DEPARTMENT OF JUSTICE *NEWS CLIPS*

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TO: THE ATTORNEY GENERAL AND SENIOR STAFF

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TERRORISM NEWS:

Claim Of 9/11 Role Shakes Up Trial (USAT)

By Kevin Johnson
USA Today, March 28, 2006

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ALEXANDRIA, Va. — Convicted al-Qaeda conspirator Zacarias Moussaoui's sentencing trial took a stunning turn Monday when Moussaoui testified that he and would-be "shoe bomber" Richard Reid were assigned to crash a jet into the White House as part of the Sept. 11, 2001, attacks on New York and Washington.

Moussaoui's disclosure contradicted his earlier statements that he had nothing to do with the 9/11 plot, and that he was to have been part of a second wave of attacks. His matter-of-fact description of his life as a terror operative who met Osama bin Laden and other top al-Qaeda leaders captivated the courtroom, and seemed to undermine his attorneys' arguments that he should not be sentenced to death.

"I believe in destiny," Moussaoui told jurors in the federal trial to determine whether he is executed or gets a life sentence. "I just speak the truth. God will take care of the rest."

Testifying over his attorneys' objections, the French citizen said he came to the USA in February 2001 to take flight lessons so he could kill Americans. Asked by Assistant U.S. Attorney Robert Spencer whether he stood by an earlier statement in which he called a video of the smoking World Trade Center site "gorgeous," Moussaoui replied, "Indeed."

Moussaoui, the only person charged in the USA in the 9/11 plot, said that when he was arrested in Minnesota on immigration charges on Aug, 16, 2001, he knew the attack date was near but was not sure when it would be. He said he also did not know who was supposed to be on his hijacking crew — other than Reid, with whom Moussaoui said he had trained in Afghanistan. In December 2001, Reid tried to ignite explosives in his shoes on a jet flying from Paris to Miami. He was convicted of terrorism and received life in prison.

Moussaoui, 37, said he lied repeatedly to investigators to allow his al-Qaeda "brothers" to go forward with the 9/11 plot. "When I saw the World Trade Center in flames" on TV, "I immediately understood," he said.

His testimony likely will be key to the government's claim that he should be executed because his lies to U.S. agents kept them from uncovering the 9/11 plot. Moussaoui's attorneys say that the government missed many clues about the plot and that Moussaoui's lies and his silence do not warrant execution.

Moussaoui's new version of his role in al-Qaeda also raised questions about his credibility. Besides Moussaoui's previous statements in which he denied any role in the attacks, his attorneys on Monday offered written testimony from Sept. 11 mastermind Khalid Shaikh Mohammed. Mohammed, captured in 2003 and held at a secret location, said Moussaoui was to have been part of a "second wave" of attacks. Mohammed said that Moussaoui did not know about the timing or the targets for Sept. 11, and that if Moussaoui had, his arrest probably would have altered the plan.

Moussaoui said he met all but three of the 9/11 hijackers in Afghanistan but said he had no contact with them in the USA. That seemed to back Mohammed's statement and a theory in the 9/11 probe: that Moussaoui was rejected for a role in the Sept. 11 attacks.

Moussaoui Says He Was To Fly 5th Plane In 9/11 Attacks (LAT)

By Richard A. Serrano

The Los Angeles Times, March 28, 2006

ALEXANDRIA, Va. — Taking the stand over his lawyers' protests, Al Qaeda conspirator Zacarias Moussaoui declared Monday that he and Richard Reid, later arrested as the so-called shoe bomber, were slated to hijack a fifth airplane on Sept. 11, 2001, and fly it into the White House.

But Moussaoui's bombastic testimony — seriously doubted by intelligence officials — was immediately contradicted by the words of the captured Sept. 11 mastermind, Khalid Sheikh Mohammed, who said in an interrogation read aloud in court that Moussaoui was too "problematic" and unreliable to join the 19 hijackers on their suicide missions.

Mohammed instead said Moussaoui was being groomed for a second wave of attacks at a later date that included targets in California, such as the largest building in the state, the Library Tower in Los Angeles, and bridges in San Francisco and San Mateo.

He also described how the Sept. 11 plot originated in strategy sessions in Malaysia and how Al Qaeda initially planned for a half-dozen commercial airplanes to be hijacked over the Pacific Ocean in the mid- to late-1990s and then crashed into structures in "California and other western states."

The high drama in the federal courthouse came as U.S. District Judge Leonie M. Brinkema advised the jury that it likely will begin deliberations as early as Wednesday to decide whether Moussaoui, a 37-year-old Frenchman of Moroccan ancestry, was responsible for the deaths of nearly 3,000 people in the Sept. 11 attacks.

Moussaoui took the witness stand over repeated pleas by his court-appointed defense lawyers that his testimony was a reckless gambit and would make it easy for the jury to dispatch him to death row.

If jurors believed that Moussaoui was penciled in for the Sept. 11 mission, it would be easier for them to conclude that he did bear responsibility for the deaths that day. Arrested weeks before the attacks, he presumably would have known enough about the plot to head it off by cooperating with the FBI. Prosecutors argue that would make him eligible for the death penalty.

Indeed, Moussaoui often testified with a hard-edged bravado about how Americans were his enemy and he described his glee upon hearing in a Minnesota jail that the World Trade Center was under attack.

He also told with cold efficiency that he bought short-bladed knives and was preparing to use the weapons to take down a passenger or a flight attendant or anyone else who got in his way.

"You don't have to be trained to cut the throat of somebody," Moussaoui said. "It is not difficult."

But often his words and logic made him appear what his lawyers claim he is -- mentally unstable and almost delusional in his exalted view of himself as a soldier for Al Qaeda leader Osama bin Laden. His defense team hopes that the jurors will decide they cannot execute a man who is insane.

"I don't like the word proud. But I'm grateful to be a member of Al Qaeda," Moussaoui said at one point.

The account by Moussaoui diverged sharply from his statements when he pleaded guilty last April. That statement was consistent with Mohammed's account that he was to be part of a later wave of attacks targeting the White House, among other targets.

Moussaoui spoke in detail Monday about his duties as an Al Qaeda member in Afghanistan, where he said he met many of the hijackers in his capacity as a security officer at guesthouses for Al Qaeda recruits.

Moussaoui said he had only scant details of the overall plan when he was arrested Aug. 16, 2001. "I had knowledge that the two towers would be hit, but I didn't have the detail," Moussaoui said.

Asked by Gerald Zerkin, one of his court-appointed attorneys, if he was meant to be part of the Sept. 11 attacks, Moussaoui said: "I was supposed to pilot a plane to hit the White House."

Moussaoui said he was asked in 1999 if he wanted to be a suicide pilot in an attack on the United States, and he declined. But after two dreams, he changed his mind. He has previously described a dream in which he flew a plane into the White House.

Speaking calmly in halting English, Moussaoui said he didn't know the exact date of the planned attack but that he knew it would be soon after he was scheduled to complete his aviation training on Aug. 20. Instead, suspicious flight instructors alerted the FBI and Moussaoui was arrested.

Of his crew members on the supposed fifth plane, "one definitely was Richard Reid. As for the others, it was not definite," he said.

On Dec. 22, 2001, Reid tried to detonate a bomb in his shoe on a flight from Paris to Miami with 197 people on board. Passengers subdued him and the plane was diverted to Boston, where it landed safely.

The government and Mohammed, whose statement to interrogators was summarized in 58 pages read to the jury, agree that Moussaoui was not the so-called 20th hijacker -- the missing man on the four-hijacker plane that went down over a Pennsylvania farm field.

When Moussaoui pleaded guilty, he described himself then only obliquely as someone who was to crash a plane into the White House at a date he did not reveal. Then on Monday, facing the jury from the witness box, he filled in those details.

Dressed in his dark green prison jumpsuit and white religious cap, often stroking his long black beard and sipping from a cup of water, he refrained from the speeches and tirades that have marked his past courtroom behavior.

He concisely answered questions and often was quite polite, except when he refused to respond to the lead prosecutor who wished him a "good morning."

But the measure of the man -- the only Al Qaeda terrorist to stand trial for Sept. 11 in this country -- was also borne out by the presence of six large male deputy marshals who stood around Moussaoui as he testified, their eyes focused on his every move.

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He also declined to raise his hand and take the oath before testifying, instead simply telling the judge "yes I can" when she asked if he could tell the truth.

He testified that he knew that Mohamed Atta, the hijacker's team leader, was also in this country and that the twin towers were to be hit. But he said his role was to be different that morning.

"I was supposed to pilot a plane into the White House," he said.

Moussaoui and Reid, part of the supposed crew, had both attended the Finsbury Park mosque in London, a hotbed of Muslim extremism there. But there has been no evidence to date that Reid was in the United States in the middle of August 2001, when Moussaoui was arrested in Minnesota for overstaying his visa.

Nevertheless, Moussaoui testified that he was instructed both by Bin Laden and Atta to fly a fifth plane and to crash it into the White House. Although he said he had been given no specific date, he believed it was to be the morning of Sept. 11.

He further admitted that he lied to FBI agents when arrested in Minnesota, a key point for the government. Moussaoui said he would not cooperate because "I wanted my mission to go ahead."

"I knew it would happen after August, so I bought a radio and I was listening," he said. "On the radio they said there was a fire in the World Trade Center. Then somebody put the TV on and I saw the World Trade Center in flames.

"I immediately understood."

Moussaoui was cross-examined by lead prosecutor Robert Spencer, who asked him about his reaction to the loss of nearly 3,000 lives that day.

"You are Americans, and I consider every American to be my enemy," he said.

Spencer reminded him how he once wrote the judge in a sealed letter that he heard that one of the attendants on United Airlines Flight 93 had screamed "I don't want to die" before it crashed in western Pennsylvania.

Were you happy she died? Spencer asked.

"I didn't have any feelings," he said.

Moussaoui was ambiguous when asked whether a death sentence would make him an Al Qaeda martyr. Other juries in past terrorism cases have given defendants life rather than death for that reason.

"I'm not concerned with the death penalty. I don't believe you have, or the government, or the jury will have anything to say about my death."

He added: "I believe in destiny."

Moussaoui, Undermining Case, Now Ties Himself To 9/11 Plot (NYT)

By Neil A. Lewis

The New York Times, March 28, 2006

ALEXANDRIA, Va., March 27 — Zacarias Moussaoui, who is facing the death penalty for the Sept. 11, 2001, terrorist attacks, took the witness stand in his own defense Monday, only to bolster the government's case by unhesitatingly acknowledging the charges in the indictment against him and adding a few new, self-incriminating statements.

Mr. Moussaoui said he knew in advance of Al Qaeda's plans to fly jetliners into the World Trade Center and asserted that his role on that day was to have been to fly another plane into the White House. He said he was to have been accompanied on the suicidal mission by Richard C. Reid, the so-called shoe bomber who was convicted in a separate failed effort to blow up a plane in flight.

Although Mr. Moussaoui had said over the last few years that he was a member of Al Qaeda and was learning to fly a plane to participate in some "second wave" of terrorist attacks, until now he had always insisted that he knew little of the plot for the attacks and vowed to fight the death penalty to the last of his strength.

But when he began his long-awaited testimony on Monday, he offered a lengthy description of a far deeper involvement with Al Qaeda and its plots. Not only was he a member of the terror network, he told the jury, he also said that he knew most of the Sept. 11 hijackers, admitted that he lied to investigators about his knowledge of their plot when he was arrested on immigration violations three weeks before the attacks on New York and the Pentagon, and recounted that he was ecstatic when, behind bars, he heard the news of the attacks on a radio he had bought for that purpose.

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Before the day was over, the jury also had the extraordinary experience of hearing a reading of testimony taken in a deposition from Khalid Sheikh Mohammed, who is said to have organized the Sept. 11 attacks and is being held somewhere in the secret overseas detention system of the Central Intelligence Agency.

That deposition, in which Mr. Mohammed answered questions agreed to by prosecutors and defense lawyers, seemed to contradict Mr. Moussaoui's assertion that he was meant to be a pilot on Sept. 11.

Mr. Mohammed portrayed Mr. Moussaoui as a fringe figure who might have been used in a second wave of attacks if needed.

For more than an hour, Michael Nachmanoff, a public defender, recited Mr. Mohammed's answers in what resembled an oddly disembodied literary reading. Mr. Nachmanoff read out testimony that any planning for a second wave of attacks "was only in the most preliminary stages" and that targets had not even been selected.

But while that might seem to contradict Mr. Moussaoui's version of events, the defendant's first-person account, painting his own role in bold brushstrokes, was the day's main event.

When one of Mr. Moussaoui's court-appointed lawyers asked if he was to have been the so-called 20th hijacker — a member of the team on the plane that crashed in Pennsylvania, with only four hijackers aboard, while the planes that hit the Pentagon and the World Trade Center had teams of five — he replied, "No, I was not to be a fifth hijacker."

But, he continued, "I was supposed to fly a plane into the White House."

In addition to the other four planes? asked his lawyer, Gerald T. Zerkin.

"That's correct," Mr. Moussaoui answered.

He also asserted, for the first time, that one of his team members was to have been Mr. Reid, a British convert to Islam who was arrested on Dec. 22, 2001, while trying to detonate an explosive device in his shoe during a flight from Paris to Miami. Previous investigations have provided no evidence of Mr. Reid's involvement in any other plots, or any efforts to enter the United States in the summer of 2001.

When Robert J. Spencer, the chief prosecutor, had his turn, Mr. Moussaoui agreed with just about every incriminating question.

Mr. Spencer asked if the reason Mr. Moussaoui had lied to the F.B.I. agent who questioned him in Minneapolis on Aug. 16 was "so you could allow the operation to go forward."

"That is correct," Mr. Moussaoui replied.

After his arrest, was he looking forward to news of the attacks?

"Yes, you could say that," Mr. Moussaoui said calmly.

He used the phrase "that is correct" dozens of times as the prosecutor led him through the facts presented in the indictment.

It was correct, Mr. Moussaoui said, that he knew hijackers were in the United States for some imminent mission that involved flying planes into buildings.

Was his reason for hoping to fly a plane into the White House to kill Americans?

"That is correct," he said.

Mr. Moussaoui, who has been truculent through proceedings in the past three years and whose outbursts have drawn rebukes from the judge, spoke calmly with a heavy French accent, leaning forward in the witness chair, sometimes casually holding out an empty cup for a marshal to fill with water.

He seemed testy only when being questioned by his own lawyer, who tried with little success to elicit replies that would help his case.

Mr. Moussaoui's testimony even undercut one of the pillars of the defense his lawyers had laid out for him, that he did not know any of the 19 hijackers who died on Sept. 11. As Mr. Spencer showed him their photos, Mr. Moussaoui said he knew 17 of them from the days he helped run a Qaeda guesthouse in Afghanistan.

Mr. Moussaoui, a 37-year-old Frenchman of Moroccan heritage, has already pleaded guilty to six conspiracy counts in connection with the Sept. 11 attacks. The sole question before the jury here is whether he should be executed or spend the rest of his life in jail.

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The Justice Department has argued that he should pay with his life because had he not lied, the Federal Bureau of Investigation and the Federal Aviation Administration would have moved swiftly to thwart the plot.

The defense may complete its case by Tuesday, and Judge Leonie M. Brinkema told the jurors they might get to deliberate as early as Wednesday. Under the federal death penalty law, the jury must first consider whether Mr. Moussaoui's actions caused some deaths on Sept. 11. If they decide unanimously that his actions did, they move to another phase to consider whether the death penalty is appropriate.

Mr. Moussaoui's court-appointed lawyers, with whom he does not speak, almost certainly did not want him to testify as he did. But under the law they had no power to prevent him from doing so.

Until Mr. Moussaoui took the stand, the momentum seemed to be with the defense, which had contended that he was a fringe figure in Al Qaeda whose leaders held him in low regard.

Moreover, the government's case had been plagued by problems. After the disclosure that a government transportation lawyer had improperly coached some aviation security witnesses, the testimony of two other witnesses about how the F.B.I. handled investigative leads before Sept. 11 raised as many questions over the government's performance as it did about Mr. Moussaoui's culpability.

In addition to having served as the government's star witness, Mr. Moussaoui acknowledged to Mr. Spencer the depth of his hatred of Americans before a jury that is to decide whether he lives or dies.

He agreed that he rejoiced in the death of nearly 3,000 people on Sept. 11 and that in August 2002, he wrote that he described a tape recording of a female flight attendant pleading for her life aboard one of the planes as "gorgeous."

Moussaoui Says He Was To Fly 5th Plane (WP)

By Jerry Markon And Timothy Dwyer

The Washington Post, March 28, 2006

Zacarias Moussaoui took the stand at his death penalty trial yesterday and declared that he was supposed to hijack a fifth airplane on Sept. 11, 2001, and crash it into the White House in the terrorist attacks that killed nearly 3,000 people.

The al-Qaeda operative said his role was to head a five-man crew that included Richard Reid, the British citizen who later tried to set off explosives in his shoes aboard a transatlantic flight. Moussaoui said that his orders came from Osama bin Laden and that his plan was foiled by his arrest in August 2001.

"I was supposed to pilot a plane to hit the White House," Moussaoui told a riveted federal courtroom in Alexandria. "I only knew about the two planes of the World Trade Center in addition to my own plane."

His words were as stunning as the way in which he delivered them. When he pleaded guilty to conspiring with al-Qaeda last year, Moussaoui denied involvement in Sept. 11 and insisted that he was to be part of a second wave of attacks. He then launched into one of his rambling courtroom outbursts, ending it by screaming, "God curse America!"

The familiar Moussaoui was gone yesterday. In his place was a hardened terrorist operative who spoke calmly and methodically, looking straight at his questioners as he voiced his hatred for the nation that had put him on trial for his life. "I consider every American to be my enemy," Moussaoui, 37, said as jurors leaned forward in their seats. "For me, every American is going to want my death because I want their death."

The extraordinary spectacle of an admitted al-Qaeda member testifying about the deadliest terrorist attack in American history was later matched by something equally unusual. Defense lawyers read into the record evidence gathered in the United States' secret and controversial detention system, telling jurors what Khalid Sheik Mohammed, a key planner of Sept. 11, would have said had he taken the stand.

And Mohammed's words, given to interrogators at the undisclosed location where he is being held, contradicted Moussaoui's testimony.

He said Moussaoui had been slated for a second wave of attacks that would have included targets not hit on Sept. 11, such as the White House and the Sears Tower in Chicago. Mohammed noted that the Sept. 11 attacks on the Twin Towers and the Pentagon proceeded on schedule despite Moussaoui's arrest while taking flying lessons in Minnesota.

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Even if Moussaoui's precise role is never certain, what was clear yesterday was the damage that his testimony, given over the strenuous objections of his lawyers, had done to his defense. Under cross-examination by Assistant U.S. Attorney Robert A. Spencer, Moussaoui admitted to the government's primary argument for his execution -- that he lied to the FBI after his arrest to allow the Sept. 11 attacks to go forward.

Moussaoui acknowledged that he did not know the exact date of the attacks but that he knew they were to take place just after August. He learned of the attacks while listening to the radio while in jail in Minnesota, and "I immediately understood," he testified.

Moussaoui said he lied "because I wanted my mission to go ahead," adding that he "never told them anything about the operation."

"You hid that from them. You concealed it, right?" Spencer asked.

"Indeed," Moussaoui replied.

Legal experts said those admissions, combined with Moussaoui's chilling demeanor in court, probably would resonate with the jury, which is expected to begin deliberating this week on whether he is eligible for the death penalty. If jurors found him eligible, a second phase of the hearing would determine whether Moussaoui should be executed.

"It sounds like he's toast," said Eric Muller, a former federal prosecutor who teaches at the University of North Carolina. "The prosecution's best hope was to make him appear scary rather than crazy. It sounds like he was really scary."

Brian Jenkins, a terrorism expert who is senior adviser to the president of the Rand Corp., said Moussaoui "has destroyed much of his defense. He has gone as far as he possibly can to make the prosecution's case."

That case had appeared troubled only days ago. Prosecutors were embarrassed by the misconduct of a government lawyer, Carla J. Martin, who improperly coached witnesses. Moussaoui's attorneys unearthed government documents that showed in new detail how the FBI had ignored repeated warnings from its own agents that Moussaoui was a terrorist who wanted to hijack an airplane.

Before Moussaoui took the stand, his attorneys, with whom he does not speak, tried to block his testimony. One, Gerald T. Zerkin, said Moussaoui does not recognize the court's authority and, "as an al-Qaeda member, he believes it is okay to lie."

But prosecutors urged U.S. District Judge Leonie M. Brinkema to let him speak. Brinkema agreed, acknowledging that Moussaoui "had expressed his disdain of the United States" but had promised to behave in court.

Asked by a court clerk to raise his right hand and promise to tell the truth, Moussaoui stood motionless. He then told Brinkema he understood that he was required to speak truthfully, and he was allowed to take the stand.

From that moment on, Moussaoui was intense but controlled, often leaning forward on both forearms so close to the microphone that his lips brushed against it. He was silent when Spencer said "good morning" but answered questions from both sides politely and even apologized for "making a speech."

In a thick French accent, he matter-of-factly explained the great pleasure he derived from the deaths of so many Americans on Sept. 11. At one point, Spencer whipped out one of the numerous handwritten motions Moussaoui had written from jail when he was representing himself earlier in the case. The motion said the 19 hijackers should be "blessed" by Allah.

"You still believe that?" Spencer asked.

"One hundred percent," Moussaoui replied.

Minutes earlier, Moussaoui testified that he had bought two small knives in Oklahoma and was prepared to use them to cut the throat of a passenger or flight attendant on the plane he hijacked. "To cut the throat of somebody is not difficult," he said, explaining that he did not need training to do it.

The French citizen even injected a bit of humor, poking fun at the perception by many Americans that he was intended to be the "20th hijacker," which refers to the fact that the hijacked plane that crashed in Pennsylvania had only four crew members instead of five. Asked by Zerkin why he had signed his guilty plea as "the 20th hijacker," Moussaoui replied: "Because everybody used to refer to me as the 20th hijacker, and it was a bit of fun." He said he was not meant to be on that plane.

Moussaoui said he initially declined to take part in the Sept. 11 plot when he was first asked by senior al-Qaeda leaders in 1999 while he was managing a guest house for bin Laden's organization in Afghanistan.

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He changed his mind, he said, after dreaming about crashing a plane into the White House. He mentioned the dream to bin Laden, who sent a senior lieutenant to tell Moussaoui to get flight training in the United States.

By the summer of 2001, Moussaoui said, he knew other hijackers were in the United States, but he had no contact with them here. He identified most of the 19 hijackers when prosecutors flashed their pictures on a screen, saying he knew them from his time in Afghanistan.

His own hijacking cell, Moussaoui said, was to include Reid, who later pleaded guilty to trying to blow up a Paris-to-Miami flight by igniting his shoes. Reid, who pledged loyalty to bin Laden when he was sentenced to life in prison in 2003, once worshiped with Moussaoui at a London mosque.

Moussaoui testified repeatedly that he views himself as being at war with the United States. Asked by Zerkin whether a death sentence would make him a martyr, he said: "I believe in destiny. . . . What I'm doing now is just to speak the truth, and God will take care of the rest."

Moussaoui: White House Was My 9/11 Target (CNN)

By Phil Hirschkorn

CNN.com, March 28, 2006

Al Qaeda conspirator takes stand against his lawyers' wishes

ALEXANDRIA, Virginia (CNN) -- Al Qaeda conspirator Zacarias Moussaoui told a stunned courtroom Monday that he and would-be shoe bomber Richard Reid were supposed to hijack a fifth plane on September 11, 2001, and crash it into the White House.

In a day of startling revelations, an unrepentant Moussaoui also said for the first time that he knew about al Qaeda's plot to hijack planes and fly them into the twin towers of the World Trade Center.

Under cross-examination, Moussaoui said he rejoiced at seeing the smoldering rubble and hearing a recording of a doomed flight attendant begging for her life.

Moussaoui explained to jurors why he doesn't trust his defense team: "I consider every American my enemy." (Watch details of Moussaoui's testimony -- 2:14)

Moussaoui's boldest revelations focused on the 9/11 plot, his role, and what he knew in advance of the terrorist attacks.

"I had knowledge that the two towers would be hit, but I did not have the details," Moussaoui told jurors.

Moussaoui said that while he didn't know the "precise date to the day" of the planned terrorist attacks, he knew they would come soon after his arrest in August 2001 in Minnesota. He said he made sure he had a radio in his jail cell.

When the first news reports on September 11 described a fire at the trade center, Moussaoui said, "I immediately understood.'"It is smoking good'

Three days later, as he was flown from a Minnesota jail to New York, Moussaoui said he saw the trade center ruins and told the federal marshals transporting him: "It is smoking good."

Moussaoui testified that had he not been arrested he would have tried to fly into the White House on a fifth hijacked plane.

That claim was contradicted by alleged September 11 architect Khalid Shaikh Mohammed, whose testimony was read from a written interrogation summary.

Mohammed said Moussaoui "was never slated to be a 9/11 operative" and the sequel was on the "back burner."

Moussaoui identified Reid as one of his team members. Both men lived in London in the 1990s and attended the Finsbury Park mosque, reportedly an al Qaeda recruiting hub.

Reid was subdued by passengers in December 2001 when he attempted to set off a bomb in his shoe on board an American Airlines flight from Paris to Miami. The plane was diverted to Boston, where it landed safely and Reid was arrested. He is serving a life prison term.

Reid has written Moussaoui at least once during their incarceration.

The courtroom was packed and silent as Moussaoui took the stand against the wishes of his lawyers. Four 9/11 family members occupied the courtroom's third row and the jurors sat at attention, their pens and notepads poised.

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There were no dramatic outbursts and no speeches. But by the time he stepped down three hours later, Moussaoui seemed to have undone more than four years of work by his defense team. No remorse

Under cross examination, Moussaoui repeatedly expressed no remorse for what happened on September 11.

Referring to Moussaoui's glimpse of trade center rubble, prosecutor Rob Spencer asked, "You were happy that happened?"

"That's correct," Moussaoui said.

Moussaoui also said he had "rejoiced" at hearing a United Flight 93 attendant beg for her life on a recovered flight recorder.

Earlier, under questioning by one of his attorneys, Gerald Zerkin, Moussaoui dispelled the idea that he was intended to be the 20th hijacker -- the missing fifth man on Flight 93, which crashed in a Pennsylvania field.

Moussaoui admitted his "dream," sanctioned by al Qaeda leader Osama bin Laden, to crash a plane into the White House, when he pleaded guilty 11 months ago to joining the conspiracy. But at that time, he said the White House attack was to follow 9/11.

He testified that his knowledge of the conspiracy was compartmentalized and that he had "specific involvement only for my own plane."

Prosecutors contend that Moussaoui, 37, a French citizen of Moroccan heritage, deserves to die. Had he not lied after his arrest, they contend, investigators could have uncovered the September 11 conspiracy.

Asked by his lawyer why he lied, Moussaoui replied, "Because I am al Qaeda.'"You're allowed to lie for jihad'

"The Prophet says, 'war is deceit,' " Moussaoui later told prosecutor Robert Spencer. "You're allowed to lie for jihad. You're allowed any technique to defeat your enemy."

After Moussaoui's testimony, the defense introduced the statements from Mohammed.

Moussaoui was a "problem from the start," Mohammed said. He eventually ordered plot coordinator Ramzi Binalshibh to wire Moussaoui money for flight school and cut off ties.

Moussaoui had a hard time following instructions and was "lax with operational security," sending too many e-mails and making too many phone calls, according to Mohammed's testimony.

The potential targets for the second wave of attacks -- the White House, the Sears Tower in Chicago, Illinois, the U.S. Bank Tower in Los Angeles, California -- were not even finalized, he said.

The only question for the jury is whether Moussaoui will be put to death or spend the rest of his life in prison.

To condemn him to death, jurors must agree that he committed an act that contributed to at least one of the 2,793 deaths on September 11.

Prosecutors contend Moussaoui's lies to federal agents who arrested him in mid-August 2001 after he aroused suspicions at a Minnesota flight school furthered the conspiracy.

"I believe in destiny," Moussaoui told jurors. "I just have to speak the truth, and God will take care of the rest."

Moussaoui Testimony Stuns Court (MINNST)

By Greg Gordon, Star Tribune

Minneapolis Star Tribune, March 28, 2006

He said he was training to fly a fifth plane into the White House. The 9/11 mastermind, however, has said Zacarias Moussaoui was never considered to be one of the pilots.

ALEXANDRIA, VA. - Testifying over his lawyers' objections, Zacarias Moussaoui calmly told a stunned courtroom Monday that he had been training to be part of the Sept. 11 operation and knew Al-Qaida planned to crash two U.S. jetliners into the World Trade Center.

The confessed Al-Qaida conspirator's nearly three hours of riveting testimony, including his acknowledgment that he was prepared, "if necessary," to slit the throat of a pilot or flight attendant, could prove pivotal as a jury decides whether he should be executed.

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Moussaoui said that when he was arrested in Minnesota in August 2001, he was training to fly a fifth hijacked plane into the White House with a crew that would have included Richard Reid, a man later convicted of attempting an in-flight shoe bombing. Moussaoui admitted that he lied to interrogators so as "not to compromise" the deadliest terror attack in U.S. history.

But Moussaoui's court-appointed defense lawyers unveiled a sharply contrasting picture of the defendant, reading into the record the first public statements by Khalid Sheikh Mohammed, the admitted mastermind of the Sept. 11 attacks, since his capture in Pakistan three years ago.

In the declassified summary of his statements to U.S. interrogators, Sheikh Mohammed offered startling new details of the planning of the deadliest terror attack in U.S. history, describing a simple operation to "wake the American people up."

He said Moussaoui was never considered to be one of the Sept. 11 pilots and was being groomed for a follow-on attack on the West Coast that might have included flying a plane into San Francisco's Golden Gate Bridge or the San Mateo Bridge. Sheikh Mohammed repeatedly expressed doubts about Moussaoui's reliability and said he tried to cut him out altogether on at least two occasions.

It was the most dramatic day of testimony in a three-week-old trial filled with tumult. Jurors, who scribbled notes as Moussaoui further implicated himself, now must sort out the conflicting portraits in determining whether he should be put to death for what he didn't tell interrogators while jailed in Minnesota.

U.S. District Judge Leonie Brinkema said she expects the first phase of the trial -- to determine whether Moussaoui is eligible for the death penalty -- to go to the jury as early as Wednesday.

If the 37-year-old Frenchman of Moroccan origin is found eligible, both sides will present evidence of aggravating and mitigating factors in a second phase to determine whether he is sentenced to death or life in prison without parole.

On the witness stand

Moussaoui was granted his request to testify after defense lawyer Gerald Zerkin argued that he was incompetent to do so. Brinkema said she recognized Moussaoui's constitutional right to testify.

Moussaoui, in his green prison jump suit and white knit hat, sat hunched over in the witness chair with a phalanx of federal marshals a few feet away.

Stating his name as "Zacarias Moussaoui Ibn Omar al-Saharawi," he answered questions softly, but with precision.

During an awkward, 30-minute direct examination, Zerkin asked Moussaoui why he signed his name as "20th hijacker" in pleading guilty last year.

"Why not?" Moussaoui replied in heavily accented English. "Everybody referred to me as the 20th hijacker. It was a bit of fun, that's all."

He then told Zerkin that he was not the 20th hijacker. But when asked if he was part of the Sept. 11 operation, he responded: "I was supposed to pilot a plane into the White House."

Asked what he knew about the operation, he said, "I only knew about the two planes [hitting] the World Trade Center."

During cross examination, chief prosecutor Robert Spencer asked him: "The reason you wanted to fly the plane into the White House is to kill Americans?"

"That's correct," Moussaoui said.

Moussaoui said he knew when he was arrested that other Al-Qaida operatives were in the United States. He said he had met or seen some of the Sept. 11 hijackers in Afghanistan.

He said he spent 3½ to four years in Al-Qaida training camps in Afghanistan, where he ran a guest house, served as a driver for key operatives and mingled at times with Osama bin Laden and Al-Qaida operations chief, Muhammad Atef.

In the winter of 1999, he said, he participated in a high-level brainstorming session about why truck bombs had failed to knock down the World Trade Center.

But Moussaoui acknowledged that he got in trouble with higher ups when he traveled to Malaysia, spurned taking flight lessons at a school in Kuala Lampur and got too aggressive in urging local operatives to buy chemicals to make truck bombs and to kidnap businessmen. Moussaoui said he ultimately apologized and was reinstated.

Moussaoui said he bought a radio while in the Sherburne County jail in Minnesota so he could hear news accounts when the attack occurred.

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Asked if he stood by his comment, in a 2002 jail cell court filing, that the Sept. 11 attacks were "gorgeous," he replied: "Indeed."

Moussaoui also acknowledged that while he had trouble flying the "small planes" on which he trained in Oklahoma without getting a pilot's license, he was confident he could have flown a 747-400 jumbo jet. He was on the verge of taking his first lesson in a 747 simulator when he was arrested in the Twin Cities.

Asked repeatedly about whether he wanted to be a martyr, Moussaoui said, "I believe in destiny. I believe that ... I just have to speak the truth and God will take care of the rest."

Sheikh Mohammed's view

Sheikh Mohammed's account detailed a seven-year evolution of the Sept. 11 plot, which he traced to a 1994 plan to blow up 10 U.S. jetliners over the Pacific Ocean. Ultimately, he said, 34 Al-Qaida leaders and operatives, including Bin Laden, participated in the Sept. 11 plot targeted the Pentagon, the U.S. Capitol and the Trade Center.

He described the training of 10 of the "muscle hijackers." Each had been directed to butcher a sheep and camel with Swiss army knives "to prepare them to storm the cockpit the first time the door opened."

He said Moussaoui didn't fit into the initial wave, because he wanted all of the hijackers to be Middle Eastern in hopes he could use Europeans for the follow-on attack amid tightened security.

But Moussaoui did not follow his edicts about "operational security," Sheikh Mohammed said, violating his order not to talk about flight training by sending him an e-mail detailing his training efforts after arriving in the United States.

Sheikh Mohammed "did not want to deal with Moussaoui any longer," he said. After Moussaoui made eight phone calls to Germany-based financial conduit Ramzi Binalshibh, he told interrogators, he instructed Binalshibh "to drop contact with Moussaoui."

Greg Gordon is a correspondent in the Star Tribune Washington Bureau.

Moussaoui Cites 5th Jetliner Plot (WT/AP)

By Matthew Barakat, Associated Press

The Washington Times, March 28, 2006

Al Qaeda conspirator Zacarias Moussaoui testified yesterday that he and would-be shoe bomber Richard C. Reid were supposed to hijack a fifth airplane on September 11 and fly it into the White House.

Moussaoui's testimony on his own behalf stunned the Alexandria courtroom as his account was in stark contrast to his previous statements.

He told the court that he knew the World Trade Center attack was imminent and that he lied to investigators when arrested in August 2001 because he wanted it to happen.

"You lied because you wanted to conceal that you were a member of al Qaeda?" prosecutor Rob Spencer asked.

"That's correct," Moussaoui said.

"You lied so the plan could go forward?" Mr. Spencer asked.

"That's correct," Moussaoui said.

The exchange could be key to the government's case that the September 11 attacks might have been averted had Moussaoui been more cooperative after his arrest.

Moussaoui told the court that he knew the attacks were to occur some time after August 2001 and bought a radio so he could hear them unfold.

Specifically, he said he knew the World Trade Center was going to be attacked.

"I had knowledge that the Twin Towers would be hit," Moussaoui said. "I didn't know the details of this."

Nineteen men pulled off the attacks in New York, a Washington suburb and a Pennsylvania field in the worst act of terrorism on U.S. soil.

Asked by his attorney why he signed his guilty plea in April as "the 20th hijacker," Moussaoui replied, "Because everybody used to refer to me as the 20th hijacker, and it was a bit of fun."

Moussaoui denied he was to have been a fifth hijacker on United Airlines Flight 93, which four al Qaeda hijackers flew into a Pennsylvania field on September 11 -- the so-called missing 20th hijacker. The intended target in that attack remains a mystery.

Moussaoui said he was part of the September 11 operation and ordered to pilot a fifth jetliner into the White House. He said Reid was the only person he knew for sure would have been on that mission, but others were discussed.

On Dec. 22, 2001, Reid was subdued by passengers when he attempted to detonate a bomb in his shoe aboard an American Airlines flight from Paris to Miami. He pleaded guilty in October 2002 to trying to blow up Flight 63 and was sentenced to life in prison.

But the jury also heard the mastermind of the September 11 attacks, Khalid Shaikh Mohammed, now in U.S. custody, repeatedly state that Moussaoui was to be a part of a second wave of attacks unrelated to September 11. In a 58-page statement read to jurors, Mohammed said he only wanted Middle Easterners for September 11, so that Europeans like Moussaoui stood a better chance of mounting a subsequent attack after security was increased.

Moussaoui testified that at one point he was excluded from September 11 pre-hijacking operations because he had gotten in trouble with his al Qaeda superiors on a 2000 trip to Malaysia. He said it was only after he was called back to Afghanistan and talked with al Qaeda leader Osama bin Laden that he was approved again for the operations.

Prosecutors argue that Moussaoui, a French citizen, thwarted a prime opportunity to track down the September 11 hijackers and possibly unravel the plot when he lied after his arrest.

Had Moussaoui confessed, the FBI could have pursued leads that would have led them to most of the hijackers, government witnesses have testified.

To win the death penalty, prosecutors must first prove that Moussaoui's actions -- specifically, his lies -- were directly responsible for at least one death on September 11. If they fail, Moussaoui would get life in prison.

Mr. Spencer tried but failed to counter one of the defense's opening day arguments. Defense attorney Edward MacMahon had told the jury that Moussaoui wanted martyrdom and that the only way he could achieve that would be if the jury gave him the death penalty.

Three times, Mr. Spencer asked Moussaoui a version of this question: "If you get the death penalty, you are not a martyr?"

"It's more complex," Moussaoui said. "It depends."

"Depends on what?" Mr. Spencer asked.

"If you have fought to the best of your ability," Moussaoui said.

Moussaoui Says He, Reid Planned To Attack White House (Update4) (BLOOM)

By Bill Arthur Nadine Elsibai

Bloomberg, March 28, 2006

March 27 (Bloomberg) -- Zacarias Moussaoui testified that he and would-be shoe bomber Richard Reid planned to hijack a jetliner and fly it into the White House on the day of the Sept. 11 attacks.

``Before your arrest, were you scheduled to be a pilot in an operation run on Sept. 11, 2001?" defense lawyer Gerald Zerkin asked Moussaoui at his sentencing trial in Alexandria, Virginia. Moussaoui was arrested on immigration charges a month before the attacks.

``Yes, I was supposed to pilot a plane to hit the White House," Moussaoui said. He also said, ``I knew the towers would be hit," referring to the attacks on the World Trade Center in New York.

Moussaoui said he knew about the plot when he was arrested on Aug. 16, 2001, and that he lied to FBI agents because he wanted the attacks to go forward. Moussaoui, 37, pleaded guilty last April to conspiracy charges linked to the Sept. 11 attacks. He is the only person charged in the U.S. in connection with the attacks.

Federal agents arrested Moussaoui, a French citizen of Moroccan descent, in Minnesota after FBI agents discovered he was taking lessons to become a pilot. Prosecutors said his lies to federal agents prevented them from uncovering the Sept. 11 plot and that he is responsible for the deaths of almost 3,000 people.

The jury will decide whether Moussaoui is sentenced to death or life in prison without parole. Moussaoui took the witness stand against his lawyers' advice.

Member of Crew

Under questioning by Zerkin, Moussaoui said Reid was to be a member of his crew to fly a plane into the White House on Sept. 11. Reid is serving a life prison sentence for trying to use a shoe bomb to blow up a U.S. airliner flying from Paris to Miami in December 2001.

Moussaoui said that ``in global terms, I didn't have an overall view" of the plan for the attacks or the exact date.

Prosecutor Rob Spencer asked if he had been looking forward to what would happen in the attacks.

``Yes, you can say that," Moussaoui said.

Afterward, ``you were delighted, weren't you?" Spencer asked.

``Indeed," Moussaoui said.

He said he had bought a knife with a small blade and was prepared to use it to cut the throat of someone on the plane he planned to hijack.

Osama bin Laden

Moussaoui said al-Qaeda leaders asked him in 1999 if he wanted to be a suicide pilot and he declined. He said that later, when he was in al-Qaeda leader Osama bin Laden's compound in Afghanistan, he told bin Laden he had dreamed of making plans to fly a plane into the White House. After that he decided to become a suicide pilot, Moussaoui said.

He said he saw eventual Sept. 11 hijacker Mohamed Atta at the compound and understood that he was ``big time."

Defense lawyer Edward McMahon asked if Moussaoui was proud to be a member of al-Qaeda.

``I'm grateful to be an al-Qaeda member," Moussaoui said.

Before Moussaoui took the stand, Zerkin argued to U.S. District Judge Leonie Brinkema that he shouldn't be allowed to testify because he doesn't recognize U.S. law or the authority of the court.

When Moussaoui took the stand, Brinkema told him, ``You must promise the court that you will tell the truth when you speak." He said he understood.

Jihad

Later, Zerkin asked Moussaoui whether it was ``OK to lie in court as part of jihad," or holy war.

``Yes, it is," Moussaoui said.

When he pleaded guilty last year, Moussaoui maintained that his plot to fly a plane into the White House was separate from the Sept. 11 attacks. He had said his plot was to be carried out if the U.S. didn't cooperate in freeing Sheik Omar Abdel Rahman, who was sentenced to life in prison for plotting to blow up several U.S. targets including the United Nations in New York.

Sentencing in federal death penalty cases is held in two phases. First, jurors will decide if Moussaoui is eligible for the death penalty. Prosecutors must prove his actions were intentional and directly led to death in the Sept. 11 attacks.

A determination that Moussaoui is eligible for the death penalty would trigger a second phase of the trial, in which the jury considers factors weighing for and against a death penalty to determine whether capital punishment is the proper sentence.

After Moussaoui's testimony, jurors were read an account of U.S. authorities' questioning of Khalid Sheikh Mohammed, who is accused of being the al-Qaeda operations chief responsible for planning the attacks. He was captured in 2003 in Pakistan.

In the account, Mohammed said Moussaoui was never supposed to be involved in the Sept. 11 attacks and was recruited for a second wave of attacks. He said Moussaoui was chosen for his French citizenship because al-Qaeda leaders believed people with Arab passports would get more scrutiny after the first attacks.

The case is U.S. vs. Moussaoui, 01cr455, U.S. District Court for the Eastern District of Virginia (Alexandria).

In The Name Of Self-Defense, A Terrorist's Grand Delusion (WP)

By Dana Milbank

The Washington Post, March 28, 2006

Zacarias Moussaoui proved to be about as effective a defense witness as he was a hijacker.

The 9/11 conspirator had planned to fly a hijacked airliner into the White House, but he got arrested before the attack and had to sit it out. Yesterday, fighting the death penalty in an Alexandria courtroom, he took the stand -- over his lawyers' strenuous objections -- and pretty much destroyed the defense his team had built.

He readily agreed that he was part of the 9/11 plot. "I was supposed to pilot a plane to hit the White House," he said, and he knew of the World Trade Center attacks but lied to prevent authorities from stopping them.

"You rejoiced in the fact that Americans were killed?" the prosecutor asked.

"That is correct," Moussaoui said, matter-of-factly.

You called the collapse of the twin towers "gorgeous"?

"Indeed."

You asserted that "3,000 miscreant disbelievers" burned in a "hellfire"?

"That is correct."

The terrorist's lawyers from the public defender's office knew they were undone. "All our hard work down the tubes," one of them lamented to reporters.

Moussaoui acted as if he were the villain on a TV detective show who, confronted with his crime, improbably confesses every detail of the plot -- even volunteering that in e-mails to his handlers he pretended he was writing to a girlfriend and called the attack a "bottle of champagne."

The terrorist gave the prosecutors just what they needed: evidence that his lies to investigators in August 2001 prevented them from thwarting the attack. Just as prosecution witnesses wound up aiding the defense earlier in the trial, Moussaoui was a gift to prosecutors. The Justice Department wants the death penalty; Moussaoui spoke like a man who wants martyrdom.

This led to a day-long role reversal in which Moussaoui's own lawyers tried to paint him as crazy. "I would suggest that he does not recognize the authority of the court," defense lawyer Gerald Zerkin pleaded to Judge Leonie M. Brinkema as the defendant donned an amused expression. "He would not be a competent witness."

Prosecutor Robert A. Spencer defended the accused. "It would be unfair to deny him the opportunity to testify," he argued.

In fact, Moussaoui seemed to be all too sane. He saved his outbursts -- "Victory for Moussaoui!" "God curse you, Zerkin!" -- for the moments just after the jury had left the room. When the jury was in, he was calm, looking more loser than monster.

In a green prison jumpsuit and white skullcap, Moussaoui wore an unkempt beard and several spare pounds, a look enhanced by the shock belt he must wear to prevent misbehavior. Dark circles surrounded his eyes, and two bruises colored his forehead -- likely the result of banging the floor during prayer. He carried a yellow legal pad with Post-its and a cardboard legal portfolio, and he spent the session stroking his beard and cracking his wrists. Only his refusal to stand for the judge and jury and his constant silent lip movements -- either prayer or muttering -- hinted at the anger within.

For a terrorist, Moussaoui was particular about his manners. He yawned at least 10 times, but made sure to cover his mouth. When Spencer asked if he had used an obscenity to describe America, Moussaoui replied: "Never! . . . The F-word? I never said such a thing."

He seemed to enjoy telling his war stories and explaining Islamic law. He professed that he used the alias "Shaquille" because it is a Muslim name, but also because of "Shaquille O'Neal the basketball player." He said Islam allows lying in three instances: in jihad, to bring reconciliation between Muslims, and in marriage, "if a wife asks her husband, 'Am I beautiful?' and she is 60 years old."

Brinkema, 61, smiled.

Moussaoui was intent on being heard. When his French-accented voice caused distortion in the speakers, marshals pulled the microphone away, but he invariably rolled his eyes and moved it closer. "That's too far," he protested at one point; even some of the victims' family members had to laugh.

He showed considerable modesty for a terrorist. He insisted he was "not a big shot" in al-Qaeda. He said he had trouble renewing his French passport because he had put it in a waterproof money belt that "was not so waterproof." And he admitted that his big mouth got him into trouble with al-Qaeda colleagues ("I had to meet directly with Sheik Osama").

But he spoke about his murderous intentions with chilling dispassion. Asked if he had been trained to cut a person's throat, he answered: "No, anybody can do that. . . . To cut the throat of somebody is not difficult."

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The jurors, mostly a white, professional bunch, were rapt, staring at the defendant with wide eyes suggesting horror or disgust. Defense lawyers offered gallows smiles; they took few notes and raised few objections as their client spoke.

Zerkin, having little to work with, rambled on with extraneous questions about Moussaoui's past. The jury foreman yawned. One juror closed his eyes. Even Moussaoui, who had no place better to be, glanced at the clock. Spencer objected; Brinkema agreed.

"I think we're waaay beyond relevance," the judge said.

That was for certain. The relevant fact was that Moussaoui acted as though he would be pleased to die. When the prosecutor tried to get him to say that capital punishment would not constitute martyrdom, the terrorist replied: "It depends on if you fought to the best of your ability."

"So dying here would not get you to paradise?" Spencer pressed.

"I didn't say so," Moussaoui corrected.

"I believe in destiny," he added, to Zerkin's questioning. "I just have to speak the truth and God will take care of me." In the audience, family members muttered. A woman kicked the bench in front of her.

Sept. 11 Victim's Sister Watches Moussaoui (AP)

By Larry Neumeister

AP, March 28, 2006

NEW YORK -- The sister of a pilot whose hijacked plane struck the Pentagon on Sept. 11 says watching Zacarias Moussaoui's chilling testimony on Monday provided new information for families desperate for answers, yet only worsened their emotional wounds.

From a federal courthouse, Debra Burlingame watched the al-Qaida conspirator on a special video monitor set up for families of the victims of the attacks.

"This information is all new," said Burlingame, sister of American Airlines pilot Charles Burlingame.

"He's relaying incredible, incredible details which give insight into how Khalid Shaikh Mohammed was thinking, how Osama bin Laden was thinking," she said.

Mohammed was the mastermind of the plot; bin Laden is the terrorist network's leader.

Burlingame said she had read everything related to the attacks, including the footnotes in the official government report, but had never heard much of the information Moussaoui delivered from the witness stand.

Testifying at a trial to determine if he should be put to death, Moussaoui said that he and would-be shoe bomber Richard Reid were supposed to hijack a fifth airplane and fly it into the White House during the attacks.

Sally Regenhard, whose firefighter son Christian was killed at the World Trade Center on Sept. 11, said she was not surprised by Moussaoui's testimony. "I was convinced that this man was only a heartbeat away from taking the controls of a plane," she said.

If Moussaoui had told investigators in August 2001 what he admitted in court on Monday, "at least there would have been a chance" to head off the attacks, Regenhard said.

She said she "felt very certain" that at least one of the plane attacks could have been thwarted if the work done by FBI field agents had been acted upon properly.

Burlingame shook her fists as she described testimony that the hijackers would have taken the planes into the ground if they had seen fighter planes in the air around them.

"My brother was a fighter pilot," she said.

Her voice cracked as she dwelled on a truth too painful to bear: "The cavalry never came. The cavalry never came."

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Associated Press writer Amy Westfeldt contributed to this report.

Editorial: Execute Moussaoui? (LAT)

The Los Angeles Times, March 28, 2006

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EVEN IF HE WAS SUPPOSED TO fly a plane into the White House on the evil morning of Sept. 11, as he testified in court Monday, Zacarias Moussaoui should not be executed. Even if he knew enough, sitting in jail on immigration charges, to have stopped the slaughter at the World Trade Center, at the Pentagon and in a Pennsylvania field, killing the 20th hijacker is actually a worse idea than executing most other murderers on death row.

Monday's dramatic testimony marked the first time Moussaoui has spoken publicly since that world-changing day when 19 hijackers used four planes to kill nearly 3,000 people in the worst attack on the continental United States. Hearing his voice was like picking a scab of a wound that will never heal. And it begs a series of what-ifs: What if the FBI had let its man in Minneapolis seek search warrants based on the French Muslim's curious desire for jumbo-jet training and his professed hatred for the U.S.? What if we could hear all of the witnesses testify, instead of suffering from their silence because a federal lawyer improperly coached many of them through their expected cross-examination?

The 19 hijackers are dead. But there is still Moussaoui. He knew. He helped. Shouldn't he die?

No, he should not. Many committed opponents of the death penalty want to carve out exceptions for mass murderers or those who attack or betray the nation writ large, such as Timothy McVeigh. But if you believe, as does this page, that the death penalty debases our society, the principle becomes all the more important when it is most tempting to ignore.

But for those who don't share that conviction, there are some more practical arguments.

Would-be suicide jihadists want to die in their struggle against us in the deluded belief that God will reward their murderous cowardice. Once they are in our custody, they lose the power to achieve that goal. Capital punishment gives them the martyrdom they crave, making them symbols of sacrifice to would-be followers rather than powerless, humiliated prisoners passing the decades alone and increasingly forgotten in a cell.

More important, if Moussaoui is indeed an important cog in a broad conspiracy, then he certainly has information that could potentially be useful both in further Sept. 11 investigations and in our fight against Al Qaeda, whether now or in 10 years. We may or may not get this information from him if he lives, although life in prison is a very long time. But we will certainly not get it from him if he dies.

And killing him would do nothing to stop future attacks or alleviate the loss of the past. That's the hard thing about the death penalty: The heart screams for retribution, but it is never enough. It is vengeance devoid of benefit.

Roberts Slams Spy Bill's Referral (WT/UPI)

By Shaun Waterman, United Press International

The Washington Times, March 28, 2006

Sen. Pat Roberts, Kansas Republican and chairman of the Senate Select Committee on Intelligence, thinks that congressional officials were mistaken to send a bill on the president's program of warrantless counterterrorism surveillance to another panel.

"Chairman Roberts's strong position is that this decision was incorrect," said a senior committee staffer, who asked not to be named.

In practice, the decision will limit the input that the committee will have on the final shape of legislation.

The Senate parliamentarian, a little-known but influential official who makes decisions about the legislative procedure for Senate bills, referred Ohio Sen. Mike DeWine's Terrorist Surveillance Act of 2006 to the Senate Judiciary Committee, after much behind-the-scenes negotiations, according to other Senate aides.

The judiciary committee, which is also working on a very different bill dealing with the program drafted by its Chairman Sen. Arlen Specter, Pennsylvania Republican, plans a hearing today on the issue.

Judges from the secret court established under the Foreign Intelligence Surveillance Act (FISA) will testify. Mr. Specter's proposal would give the court authority over the program, which officials have said monitors communications into and out of the United States in which one party to the call is suspected of links to al Qaeda or another terrorist group.

Observers said that because it gives the FISA court this role, the referral of Mr. Specter's bill to the Judiciary panel was a straightforward call. But the DeWine bill gives authority and oversight over the program to the intelligence panel.

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"This is a piece of legislation about an intelligence activity, carried out by an intelligence agency, and where the only group of people fully briefed are members of an intelligence committee subcommittee and we didn't get referral," the intelligence committee staffer said.

The subcommittee, announced earlier this month by Mr. Roberts, has been fully briefed on the program and has visited the National Security Agency's Fort Meade headquarters, from which the program is run. The subcommittee, along with the program it was set up to oversee, would be given legislative approval by the bill, which is co-sponsored by Republican Sens. Chuck Hagel of Nebraska, Olympia J. Snowe of Maine and Lindsey Graham of South Carolina.

A spokesman for Mr. DeWine said that the referral was a matter for the parliamentarian and the Senate leadership.

"They work with the sponsors, but it is not our decision," said Mike Dawson, the senator's communications director.

The parliamentarian's office referred press inquiries to the office of the Senate secretary. No one from that office or the office of Senate Majority Leader Bill Frist, Tennessee Republican, returned phone calls requesting comment.

In practice, the referral means that members and staff of the intelligence committee will have only a short time to work on whatever proposal emerges from Mr. Specter's panel -- 10 days, according to committee staff.

Justice Department Responds To Lawmakers' Wiretapping Probe (NJTD)

By Winter Casey, National Journal's Technology Daily

National Journal's Technology Daily, March 28, 2006

Democrat John Conyers of Michigan dismissed as evasive and unresponsive the late Friday response from the Justice Department to a House Judiciary Committee inquiry into the National Security Agency program of wiretaps without warrants.

Justice's response said the agency, through the Foreign Intelligence Surveillance Act, could have legally monitored confidential communications between doctors and patients or attorneys and their clients.

"Although the program does not specifically target the communications of attorneys or physicians, calls involving such persons would not be categorically excluded from interception if they met" the program's criteria, the department said.

"The evasiveness of the department prevents Congress from exercising its constitutionally mandated oversight role and obstructs Congress' ability to draft meaningful legislation to provide guidelines for this activity," said Conyers, the ranking Democrat on the Judiciary panel. "Some of the department's responses leave open the possibility that other surveillance programs exist with a scope far beyond this program."

In its answers to 45 separate questions posed by Judiciary Committee Chairman James Sensenbrenner, R-Wis., and committee Democrats, the department acknowledged that no previous administration had authorized electronic surveillance.

Marc Rotenberg, director of the Electronic Privacy Information Center, said there is an "obvious need for the oversight committees to pursue these requests."

Many legal rights are implicated when the administration conducts such surveillance within the United States, he said.

"The laws of the United States, both before and after FISA's enactment, have long permitted various forms of foreign intelligence surveillance, including the use of wiretaps, outside the procedures of FISA," the department said. "If the question is limited to 'electronic surveillance' as defined by FISA, however, we are unaware of such authorizations."

Justice would not reveal how many people in the United States have been wiretapped under the program. In response to inquiries by the committee, the department repeatedly characterized the information as "classified and sensitive," and said it could "not be revealed in this setting."

Robert Turner, associate director for the Center for National Security Law, said he believes "the president has an absolute right to deny national security secrets to Congress."

But the American Civil Liberties Union said it has been repeatedly frustrated by the department's refusal to answer basic questions about the wiretapping program.

"Knowing how many innocent Americans have had their privacy invaded by this lawless program is not an 'operational' secret. It's the very question a less partisan and more independent Congress asked and got answered in the 1970s," said Caroline Fredrickson, a director at the ACLU. "That's when Congress passed the Foreign Intelligence Surveillance Act to try to prevent warrant-less spying on Americans from happening again."

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On the other side of the debate, Paul Kamenar, an attorney with the Washington Legal Foundation, said, "We support the program as far as what has been publicly released."

The foundation plans to file a brief in favor of the Justice Department in a pending ACLU case on the issue.

High Court Case Tests Extent Of Presidential Powers In War (USAT)

By Joan Biskupic

USA Today, March 28, 2006

WASHINGTON — The Supreme Court will hear an appeal today from a former driver for Osama bin Laden who is challenging the validity of President Bush's plan to try foreign terrorism suspects before military tribunals.

Besides testing a key part of the White House's legal strategy in the war on terrorism, the case has become an important barometer of judges' authority to review presidential actions during wartime.

Lawyers for Salim Ahmed Hamdan, who is awaiting trial by military tribunal at the U.S. naval base at Guantanamo Bay, Cuba, say Bush has claimed unprecedented power "to dispense life imprisonment and death through a judicial system of his own design."

Administration lawyers counter that the tribunals, first ordered by Bush two months after the Sept. 11, 2001, attacks, reflect the president's broad authority to oversee war efforts. That authority, Bush lawyers say, is rooted largely in Congress' authorization of the use of military force within days of the attacks and includes decisions on how those captured by U.S. forces are tried.

The Hamdan dispute has been complicated by the Detainee Treatment Act, which Congress passed in December. An initial question for the justices is whether the act strips them of the power to consider Hamdan's basic claim about the validity of the tribunals that would be set up and run by the Pentagon.

The debate over presidential authority has been a persistent theme in cases arising from 9/11, as it is in court documents filed in the challenge brought by Hamdan, who is accused of terrorism conspiracy and is among 10 Guantanamo detainees who have been designated for trial by a military tribunal, or commission.

The case gives the Supreme Court its first chance to review the administration's legal war on terrorism since 2004, when the justices rejected the White House's stance that detainees' cases should be kept out of federal courts. In one case, Justice Sandra Day O'Connor wrote that even in wartime, the Constitution "assuredly envisions a role for all three branches when individual liberties are at stake."

The court's lineup has changed since then. O'Connor, who was in the majority ruling that judges could hear detainees' cases, has retired. She was replaced by conservative Samuel Alito. John Roberts has taken over as chief justice for the late William Rehnquist, but Roberts has recused himself from the Hamdan case because he ruled on the matter — against Hamdan — as a member of a lower court.

With Roberts out of the case, there is a chance that the justices could tie 4-4. That would leave in place the lower court ruling but establish no national precedent.

"In 2004 the court said there is no such thing as unlimited executive power, even in wartime, but it left for another day the substantive rights any individuals have," says Deborah Pearlstein of the New York-based group Human Rights First. "This is really the Supreme Court's first opportunity to put meat on the bones of those rights."

Human Rights First is among dozens of groups opposing the tribunals, which have been suspended while the system is challenged in court. The groups say such a system must be explicitly authorized by Congress. Human Rights First also says the court should not allow tribunals to go forward without clarifying that evidence obtained by torture would be inadmissible.

Among those submitting briefs on the government's side were Edwin Meese, attorney general under President Reagan, and two former attorneys general who served under the first President Bush. They said the president needs a wide berth to devise a battle plan and that commissions are a matter of executive discretion in waging war, along the lines of troop strength.

Hamdan, a Yemeni, was picked up by the U.S. military in Afghanistan in late 2001 and sent to Guantanamo in 2002. Government lawyers say he delivered weapons and ammunition to al-Qaeda members and was aware that bin Laden and his associates had been involved in attacking the United States. In 2003, Bush designated Hamdan an "enemy combatant" to be tried by a military commission.

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In the tribunals — the first in the USA since World War II — a detainee may not attend all proceedings or see all the evidence against him. A military prosecutor sets the rules, and the evidence used is not subject to the same procedural safeguards as in civilian or courts-martial proceedings.

Administration lawyers rely largely on Congress' resolution authorizing Bush to use “all necessary and appropriate force” against those responsible for the 9/11 attacks. They also cite parts of the Uniform Code of Military Justice and the inherent powers of the president.

Hamdan's attorneys say that Congress' resolution does not cover military tribunals, and that the tribunals violate the military's Uniform Code and international rules for the treatment of prisoners. “Military commissions have served an important role in times of war,” says Georgetown University law professor Neal Katyal, Hamdan's lead attorney, but “this court has never before recognized the legitimacy of a commission except to the extent it has been specifically authorized by Congress.”

A recent Newsweek story reported on comments that Justice Antonin Scalia made in Switzerland on March 8, expressing skepticism about detainees' rights. Based on the story, a group of retired generals and admirals siding with Hamdan have asked Scalia to take himself out of the case.

It is not clear, however, that Scalia was addressing the Hamdan matter. Some of what he said echoed an opinion he wrote in 2004 in which he criticized the ruling that allowed detainees to sue in U.S. courts. Supreme Court spokeswoman Kathy Arberg said Scalia had no comment.

Scalia's Recusal Sought In Key Detainee Case (WP)

By Charles Lane

The Washington Post, March 28, 2006

On the eve of oral argument in a key Supreme Court case on the rights of alleged terrorists, a group of retired U.S. generals and admirals has asked Justice Antonin Scalia to recuse himself, arguing that his recent public comments on the subject make it impossible for him to appear impartial.

In a letter delivered to the court late yesterday, a lawyer for the retired officers cited news reports of Scalia's March 8 remarks to an audience at the University of Freiburg in Switzerland. Scalia reportedly said it was "crazy" to suggest that combatants captured fighting the United States should receive a "full jury trial," and dismissed suggestions that the Geneva Conventions might apply to detainees at Guantanamo Bay, Cuba.

Scalia's remarks "give rise to the unfortunate appearance that, even before briefing was complete, he had already made up his mind" about issues in the case, the lawyer, David H. Remes, wrote. Noting that Scalia reportedly had discussed the rights of accused terrorists in the context of his son Matthew's recent tour as an Army officer in Iraq, Remes wrote that this creates an appearance of "personal bias arising from his son's military service."

The case to be heard today -- Hamdan v. Rumsfeld , No. 05-184 -- is one of the most important terrorism-related cases to reach the court. It is a challenge by Osama bin Laden's former chauffeur, now being held at Guantanamo Bay, to the legality of the military commission that seeks to try him for war crimes. Military trials for terrorist suspects are a centerpiece of the Bush administration's anti-terrorism policy, but they have been criticized by human rights activists, especially in Europe.

The retired officers are Brig. Gen. David M. Brahms, Brig Gen. James P. Cullen, Vice Adm. Lee F. Gunn, Rear Adm. John D. Hutson and Rear Adm. Donald J. Guter. They have filed a friend of the court brief in the case opposing the military commissions, on the grounds that denying Geneva Conventions protections to detainees at Guantanamo Bay could result in their denial to U.S. troops by their captors abroad. Scalia's speech was first reported by Newsweek's Web site on Sunday.

Newsweek quoted Scalia as describing European reaction to Guantanamo Bay as "hypocritical."

In his letter to the court, Remes said Scalia's reported reference to the Geneva Conventions was of particular concern to the retired officers as it is directly at issue in the case. Their brief supports the view of the petitioner, Salim Ahmed Hamdan, that the conventions apply to him and could entitle him to a court-martial trial like that which U.S. soldiers receive.

Other calls for Scalia's recusal came yesterday from the Center for Constitutional Rights, a civil rights organization that supports the challenge to the military commissions, and from Rep. John D. Conyers (Mich.), the ranking Democrat on the House Judiciary Committee.

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Court rules say that justices must recuse in cases where their impartiality "might reasonably be questioned." But it is up to each justice to make that decision. Court analysts said yesterday it is unlikely Scalia will recuse from the case.

This is the third time in recent years Scalia has faced pressure to recuse. In 2004, he recused from a case on the constitutionality of the phrase "under God" in the Pledge of Allegiance, after speaking out on the case at a rally in Virginia.

Last year, he faced calls for his recusal from a case involving Vice President Cheney after it became public that they had gone duck hunting together. In that case, Scalia refused to step aside.

Scalia's Remarks On Detainees Raise Recusal Questions (LAW)

By Tony Mauro, Legal Times

Legal Times, March 28, 2006

On the eve of landmark arguments in a case asserting the legal rights of detainees at Guantanamo Bay, Cuba, Supreme Court Justice Antonin Scalia was asked Monday to step aside from the case because of remarks he made earlier this month on the issue.

Authors of a major amicus curiae brief on the side of Guantanamo detainee Salim Hamdan said Scalia's remarks during a speech in Switzerland "give rise to the appearance that, even before briefing in this case was complete, the justice had made up his mind about the merits."

The letter seeking recusal was sent to Supreme Court clerk William Suter late Monday with the request that it be passed on to Scalia. According to Court custom, a request for a justice's recusal is addressed to the individual justice, not to the full Court, because it is the justice's decision alone whether or not to recuse. No immediate response from the justice was forthcoming, making it likely that Scalia's recusal decision will not be known until arguments begin Tuesday, and Scalia either remains seated or gets up and leaves the Court chamber. At a Supreme Court Historical Society event at the Court Monday night that featured Scalia, he made no comment about the controversy.

Covington & Burling partner David Remes wrote the recusal letter on behalf of five retired generals and admirals whose brief he filed in the case Hamdan v. Rumsfeld, set for argument Tuesday. The military officials argue in their brief that American soldiers will be in jeopardy if the United States does not handle Guantanamo detainees according to the Geneva conventions.

"War is war, and it has never been the case that when you captured a combatant you have to give them a jury trial in your civil courts," Scalia was quoted as saying during March 8 remarks in Switzerland. "Give me a break."

Scalia's comments were first reported over the weekend on Newsweek's Web site and on Scotusblog.com. Newsweek also quoted Michael Ratner of the Center for Constitutional Rights, which represents many of the detainees, as saying, "This is clearly grounds for recusal." Georgetown University Law Center professor Neal Katyal, who will argue the case Tuesday on behalf of Hamdan, has not commented on the recusal issue.

The topic of Scalia's talk was, "Does the U.S. legal system work?" and it was delivered at the University of Fribourg in Switzerland, where Scalia spent his junior year abroad nearly 50 years ago as an undergraduate at Georgetown University. Though some reports indicated it was a private talk, a university press release beforehand said the public was invited, and a videotape of the talk does not appear to have been made surreptitiously.

The remarks that veered close to the Hamdan case came during the question-and-answer period afterward.

"Foreigners, in foreign countries, have no rights under the American Constitution," Scalia was quoted as saying. "Nobody has ever thought otherwise."

Without apparently specifying to whom he was referring, Scalia also said, "If he was captured by my Army on a battlefield, that is where he belongs. I had a son on that battlefield, and they were shooting at my son. And I am not about to give this man who was captured in a war a full jury trial. I mean, it's crazy."

Scalia's son Matthew served in Iraq as an Army captain with the First Armored Division. The young Scalia, a 1995 graduate of the U.S. Military Academy, wrote about his experiences in the Oct. 25, 2004, issue of Legal Times.

Remes' letter makes reference to Scalia's family connection to the war, suggesting that Justice Scalia's remarks "create the appearance of personal bias arising from his son's military service in Iraq."

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Three years ago, remarks Scalia made in public got him in similar trouble, this time in a case challenging inclusion of the words "under God" in the Pledge of Allegiance. Scalia criticized the lower court ruling that said public-school children should not be forced to recite the pledge as written. He recused himself from the case at the request of California atheist Michael Newdow, who had brought the case before the court.

Edward Whelan, a former Scalia law clerk who heads the Ethics and Public Policy Center, said in a column on National Review Online on Sunday that the two situations were different. Whereas Scalia had commented on the actual Pledge of Allegiance ruling that was being appealed to his Court, his comments about enemy combatants were more general, not focused on the specific case before him, in Whelan's view.

Top Law Firms Join Forces In Landmark Detainee Case (LAW)

By Tony Mauro, Legal Times

Legal Times, March 28, 2006

When the U.S. Supreme Court hears arguments today in a landmark dispute over executive power in wartime, the Bush administration will be outnumbered -- if not outgunned.

Many of the nation's top law firms have signed briefs against the government and in support of Salim Hamdan, the detainee who allegedly served as chauffeur to Osama bin Laden and who is being detained at Guantanamo Bay, Cuba.

More than three dozen briefs have been filed on Hamdan's side, largely arguing that the military tribunals established by the White House to try the detainees are illegal. By contrast, only a handful of briefs have been filed on the other side, backing the administration's expansive view of executive authority.

The briefs in Hamdan v. Rumsfeld have flooded in to such a degree that, with the approval of the Court clerk's office, their covers carry small captions summarizing the topic discussed within, an innovation aimed at helping justices and their law clerks keep them straight.

The covers also carry the names of the big-ticket New York, Washington, D.C., and other national law firms that are bringing their muscle to bear, from Cravath, Swaine & Moore to Covington & Burling to Akin Gump Strauss Hauer & Feld to Jones Day.

"The blue-chip firms are all in this case, and it's the senior partners who are involved very often," said David Remes, the Covington partner who coordinated the amicus curiae effort for Hamdan. "This is not a tousle-haired, wild-eyed group of lawyers."

Adds New York University Law School professor Burt Neuborne, who also filed a brief for Hamdan: "This is not noblesse oblige by the big firms. It is an extraordinary no-confidence vote by the establishment bar in what the administration is trying to do here."

Neuborne said the only recent parallel was the effort 50 years ago by New York firms to help desegregate public schools.

President George W. Bush ordered the creation of the military commissions two months after the Sept. 11, 2001, terrorist attacks, basing the order on his powers as commander-in-chief and on the congressional authorization of military force passed after the attacks.

Hamdan was captured in Afghanistan in November 2001, then transferred to Guantanamo. In 2004 he was referred to a military commission to be tried on conspiracy charges. The administration claims Mr. Hamdan, as bin Laden's driver, delivered weapons to al Qaeda members and was aware of bin Laden's role in the 9/11 attacks.

Hamdan filed a habeas petition challenging the commission procedure, arguing it violated the Uniform Code of Military Justice and the Geneva Conventions.

A panel of the U.S. Court of Appeals for the D.C. Circuit ruled against him.

The nearly united front among the nation's legal elite against the White House has not gone unnoticed by the administration. In remarks at a press conference at Guantanamo Bay Naval Base earlier this month, the Defense Department's chief prosecutor for the military commissions there, Air Force Colonel Moe Davis, said it was "ironic" that big law firms representing large defense contractors such as Boeing Corp. allow their lawyers to represent Guantanamo detainees pro bono.

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Miami lawyer Neal Sonnett, the American Bar Association's observer in Guantanamo, said when he heard the comment he took immediate exception, saying at a press conference that if it was meant to intimidate law firms, "it was beneath Colonel Davis' rank and status."

Sonnett, a former president of the National Association of Criminal Defense Lawyers, added, "These lawyers and their firms are true patriots."

Some who heard Davis' remarks thought he was referring specifically to Perkins Coie, the Seattle firm that has represented Hamdan from the beginning of his challenge to his detention in 2004. Perkins Coie is one of several law firms employed by Boeing, and one of the firm's lawyers will be at the counsel table when Georgetown University Law Center professor Neal Katyal argues Hamdan's case before the Court.

"If it was directed at us, it was out of line," said Perkins Coie partner Harry Schneider Jr., who has taken the lead in the firm's representation of Hamdan. Schneider said the firm has never heard negative feedback from any client about its representation of Hamdan.

He said when the firm first was approached to take the case, it was handled like any other pro bono proposal and was cleared with firm partners.

"It looked like a case where someone needed representation," he said.

As the case proceeded, eventually transferring from the Western District of Washington to Washington, D.C., its magnitude grew.

"It goes to the foundation of our system," said Schneider. "These people were taken into custody and hadn't been given an opportunity to defend themselves."

Remes of Covington Burling said he thinks that is why so many large firms -- or at least committed lawyers within those firms -- were drawn to the case.

"It sounds clichéd, but it's true; this case is about the rule of law," said Remes. "This is a power play by the administration to escape meaningful judicial review."

He said his firm did not hesitate about his involvement in the case and in defending Guantanamo detainees.

Remes sees a direct link to his work from that of Covington partner Charles Horsky, who represented Fred Korematsu in the 1944 Supreme Court case on the wartime internment of Japanese-Americans.

Neuborne too points to a long tradition of major law firms representing the unpopular.

"Wendell Willkie was representing communists and aliens in World War II," he said, referring to the one-time presidential candidate and partner in the New York firm now known as Willkie Farr & Gallagher.

But Neuborne sees the Guantanamo effort as different, and more widespread.

"The centrist establishment bar has rallied to this as a defining issue," he said. "The government has gone too far."

STAYING ON MESSAGE

Some lawyers on the side of the detainees caution against misinterpreting their advocacy for the detainees.

"This has nothing to do with 9/11 or supporting terrorism," said Paul Saunders, a Cravath partner who wrote a brief in Hamdan. "This case raises probably more fundamental issues of jurisprudence than any other case I can think of -- whether the president has the power to create a parallel system of courts that is self-executing."

Saunders, a former JAG officer in the Vietnam War, said the political implications of going up against the administration in Hamdan "were not an issue for us, not even considered."

Shearman & Sterling partner Thomas Wilner also asserts: "I'm not a wimp on terrorists. I think they should be hung ... if they find them."

Wilner is not directly involved in Hamdan, but he represented 12 Kuwaiti detainees who won Rasul v. Bush in 2004. He also argued on behalf of detainees before the U.S. Court of Appeals for the D.C. Circuit on March 22 over whether the new Detainee Treatment Act strips federal court jurisdiction over pending detainee cases -- a looming issue in Hamdan, as well.

Wilner said the detainees' Kuwaiti families hired his firm and wanted to pay for the representation, but the firm has donated the fees to a 9/11-related foundation. He said at first the firm took a lot of heat for its role, but that has since dissipated. "We are standing up for a basic principle -- the rule of law that has meant, since the Magna Carta, some form of independent review."

One reason for all the briefs on Hamdan's side is the myriad of issues that have come together in the litigation. There are threshold issues that could derail the case entirely, such as abstention -- that is, the proposition that federal courts should steer clear of Hamdan's case until after he actually goes through the military commission process.

Then, too, there are delicate issues of international law, including the relevance of the Geneva Conventions of 1949, which lay out rules for handling prisoners of war -- and which the administration says do not create an individually enforceable right for the detainees to challenge their captivity. Remes' brief filed on behalf of former U.S. military officials argues that if the United States ignores Geneva rules, U.S. soldiers will be at risk at the hands of enemies.

'CHARMING BETSY'

Some briefs reach back centuries to bolster Hamdan's position. In one filing, Christopher Wright of Harris, Wiltshire & Grannis in Washington focused exclusively on the 1804 case Murray v. The Schooner Charming Betsy, in which Chief Justice John Marshall first enunciated the view that federal statutes should be interpreted to comport with international law.

"The Court back then thought it was relatively uncontroversial to look at international law in construing our statutes," said Wright.

Another brief by Orrick, Herrington & Sutcliffe discusses how the United States, in combating Barbary pirates 200 years ago, abided by international law and custom.

But the biggest issue that has captured the attention of lawyers in the case recently is the impact of the Detainee Treatment Act, the statute argued last week in the D.C. Circuit.

Passed last fall, the law establishes a new review mechanism for detainees' status, which, according to the government, strips the Supreme Court of jurisdiction over the Hamdan case. Senator Carl Levin, D-Mich., one of the co-sponsors of the law, insists it does not apply to pending cases, but the other sponsors, Senators Lindsey Graham, R-S.C., and Jon Kyl, R-Ariz., argue otherwise.

The Court could decide that this issue, which has not yet been ruled on by any other court, needs more scrutiny and warrants sending the case back to lower courts.

Baker Botts filed a brief for Senators Graham and Kyl, one of the few private firms weighing in on the side of the administration. Partner Jeffrey Lamken said he too has been struck by the large number of firms in the case, which he describes as "a good thing."

But Lamken, a veteran of the solicitor general's office, said it is not uncommon for the government to rise before the Court with few amici at its side.

"I feel no loneliness," he said.

Bin Laden's Driver Gets Day In Court, An Opportunity Missed (USAT)

USA Today, March 28, 2006

Tuesday should be a banner day for U.S. efforts to polish its international image as a beacon of democracy and justice for all: Osama bin Laden's former driver is getting his day in court. (Related: Opposing view)

That's right. Salim Ahmed Hamdan, one-time chauffeur for the al-Qaeda zealot who inspired the 9/11 attacks, is getting his case heard. Not just by any court, but by the U.S. Supreme Court. What better example to show the world the individual rights enjoyed in America.

Unfortunately, the Bush administration, with its insistence on absolute power for the executive branch, has managed to blow this opportunity to win hearts and minds abroad. Administration lawyers will argue Tuesday that Hamdan has almost no rights. Worse, the government contends that the Supreme Court has no right to be hearing his case.

Hamdan, thought to be in his mid-30s, has become a high-profile pawn in the administration's stubborn contention that it doesn't have to answer to anyone — not Congress, not the courts and not international treaties and organizations — in its pursuit of the war on terror. The administration asserts the right to unilaterally designate individuals as "enemy combatants" and hold them prisoner indefinitely, possibly forever.

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Hamdan, like nearly 500 others in this category, is still incarcerated at the prison camp at Guantanamo Bay, Cuba. He is unusual in that he had a direct link to bin Laden. A former taxi driver with a fourth-grade education in his native Yemen, he is one of just 10 detainees who have actually been charged with terrorism and war crimes.

Whether he's a terrorist collaborator or a flunky who was swept off the battlefield in Afghanistan is hard to determine. The details of his supposed offenses are unknown. His lawyers say he was one of several prisoners seized by Afghan warlords in the chaos of the U.S. sweep against al-Qaeda and the Taliban in November 2001 and sold to the Americans for a $5,000 bounty.

The Supreme Court is not being asked to determine Hamdan's guilt or innocence. Rather, the major legal issue facing the high court is whether the president had the authority in the wake of 9/11 to resurrect a World War II system of military tribunals to try enemy prisoners — a setup in which the executive branch alone serves as judge, prosecutor and jury; rules of evidence are one-sided; and the accused and his lawyers don't even have the right to know what the evidence is.

The administration lost in 2004 when it failed to persuade the Supreme Court that Guantanamo prisoners have no right to challenge their detentions in U.S. courts. It now claims that the disputed language in a law passed by Congress in December effectively overturned the 2004 decision, and that the high court doesn't even have the right to intervene.

The court didn't try to tell the administration in 2004 how to handle the Guantanamo prisoners, and it didn't say they should have the same legal rights as U.S. citizens do. But it did establish the principle that, in the USA, no administration should expect to be exempt from judicial review of how it treats prisoners under its control.

The message from the Supreme Court Tuesday could have been a shining slice of the democratic ideal: the rule of law by an independent judiciary, a concept sacred to the Founding Fathers and a model for the world. Instead, Tuesday's hearing projects the image of an administration that has botched the handling of prisoner issues and given the USA a black eye internationally in the process.

Don't Forget We're At War (USAT)

By Richard Samp

USA Today, March 28, 2006

Those who have challenged the legality of the administration's policy of indefinitely detaining enemy combatants in our war against al-Qaeda have begun to face up to a harsh reality: The courts have by and large upheld the policy. They have rejected efforts aimed at closing down the detention facility at Guantanamo Bay and upheld the president's decision to convene military commissions to try some of the detainees as war criminals. (Related: Our view)

So now critics are taking a new tack. They argue that even if the administration is acting within the law, we ought to abandon the policy because it's not the right thing to do. They apparently want detainees either to be charged with crimes in our regular criminal courts or else set free.

That simply is no way to fight a war. In response to the 9/11 attacks that killed thousands of Americans, our military has rounded up hundreds of al-Qaeda fighters. By holding these enemy combatants in custody for the duration of hostilities, the military is preventing them from renewing the attack and is operating the way every army operates. Given the manner of their capture, for many of the detainees it is unlikely that the military could meet the evidentiary standards required for conviction in a regular criminal court. But armies have never been held to that standard.

Moreover, every detainee who has protested his innocence has been afforded a hearing before a military tribunal. The tribunals have ordered the release of all those for whom there was not substantial evidence demonstrating their enemy combatant status. So there is little danger that the Guantanamo detainees include non-combatants who were mistakenly taken into custody.

Military commissions to bring war crimes charges against the most dangerous detainees have a pedigree that dates back to the Revolutionary War. The need for such commissions — an alternative to regular criminal trials that both provides flexibility and protects sensitive information from unwarranted disclosure — is well illustrated by the ongoing trial of Zacarias Moussaoui, who is awaiting sentencing for his part in the 9/11 plot. Proceedings in that trial have been delayed for years by the types of procedural obstacles that can be avoided in trials before military commissions.

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Richard Samp, chief counsel of the Washington Legal Foundation, filed a "friend of the court" in support of the government in the Hamdan case.

Activists Want Ruling Open In Terror Case (NSDY/AP)

By Larry Neumeister, Associated Press Writer

Long Island Newsday, March 28, 2006

NEW YORK -- A civil liberties group asked an appeals court on Monday to force a federal judge to unseal a ruling he made in a terrorism case regarding the government's warrantless wiretapping program.

The judge's sealing of the ruling without an explanation is unprecedented, the New York Civil Liberties Union said.

"Courts do not have authority to issue entire opinions in secret," the group said.

The group's submission to the 2nd U.S. Circuit Court of Appeals came in the case of two Muslims accused of supporting terrorism. The NYCLU asked to intervene three days after defense lawyers for the men asked the same appeals court to say the judge erred in letting authorities keep information about wiretaps secret.

The two men -- Yassin Aref, imam at an Albany mosque, and Mohammed Hossain, a pizzeria owner and mosque member -- are accused of laundering money in 2003-04 for an FBI informant, a Pakistani businessman posing as an arms dealer.

The mosque was raided by federal agents in August 2004 following a yearlong sting aimed at Aref.

The defense lawyers argued that charges against their clients should be tossed out and evidence from wiretaps should be suppressed because illegal wiretaps may have been used.

The NYCLU noted in its papers that the judge rejected the defendants' suppression motion less than two hours after the government on March 10 submitted a secret court document opposing it.

The judge's classified ruling leaves his reasons secret, and an after-hours call to his clerk's office Monday wasn't immediately returned.

The NYCLU said the First Amendment requires U.S. District Judge Thomas McAvoy in Albany to make public his ruling and the government's submission or to find a narrowly tailored response to the need to protect classified national security information.

The NYCLU asked the appeals court to order the judge to release his opinion publicly with redactions only to the extent necessary to protect classified information.

"It's not a surprise that the government wants this to be secret, but it's extraordinary for a court to go along," said Chris Dunn, NYCLU associate legal director.

Assistant U.S. Attorney William C. Pericek declined to comment.

Countering Confessions Will Be Key To Defense In Lodi Terror Case (AP)

By Don Thompson

AP, March 28, 2006

SACRAMENTO - Attorneys for a father and son charged in a federal terrorism probe will open their defense this week, and among their biggest challenges will be persuading jurors that they should not believe their own eyes.

The government's case against Umer Hayat and his son, Hamid, is built partially on separate confessions they gave to FBI agents. The statements were videotaped and played to jurors.

"Overcoming a confession in the best of circumstances is a difficult hurdle," said Steven Drizin, legal director of the Center on Wrongful Convictions at the Northwestern University School of Law.

The Hayats are charged with lying about whether the younger man attended an al-Qaida training camp in Pakistan in 2003. Hamid Hayat, 23, also is charged with providing material support to terrorists by attending the camp.

The defense has pointed out that the government has no firm evidence that Hamid Hayat ever attended such a camp and is expected to say that both men confessed under pressure to something they didn't do. In doing so, the defense lawyers hope to show that the confessions are meaningless.

Johnny Griffin III, who is defending Umer Hayat, said confessions are worthless if there is no crime.

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"Say a person walks into the FBI office and says, 'I just robbed a Bank of America at 4th and G in Sacramento.' The government still has to prove, Number 1, that there is a Bank of America at 4th and G, and Number 2, that it was robbed. Only then can they say that there's a valid confession to a crime," Griffin said.

He said prosecutors have to prove that Hamid Hayat attended a specific terrorist training camp in Pakistan and that his father knew about it.

"If you can't show the (criminal) conduct took place, the case is over," he said.

Umer Hayat confessed, Griffin said, "because he was psychologically bullied and emotionally pressured." Hamid Hayat's attorney, Wazhma Mojaddidi, offers a similar explanation for her client's confession.

The Hayats have been in federal custody since their arrest last June, shortly after Hamid Hayat returned home to the Central Valley agricultural town of Lodi after a two-year trip to Pakistan. They are being tried together before separate juries.

Hamid Hayat, who worked part time in a fruit-packing shed, faces three counts of lying to the FBI by denying he went to the camp and separate charges of providing material support to terrorists. He faces up to 39 years in prison if convicted on all counts.

Umer Hayat, a 48-year-old ice cream truck driver, is charged with two counts of making false statements to the FBI when he denied knowing of the training camps or that his son attended one. He faces up to 16 years in prison if convicted.

Their videotaped confessions are a central part of the government's case. Prosecutors also have introduced jihadist literature found at the Hayat home and transcripts pulled from hundreds of hours of audiotapes secretly recorded by a government informant.

The confessions came during several hours of interrogation at the FBI's regional headquarters in Sacramento. The videotapes capture parts of those sessions and show the men looking tired and providing statements that often are conflicting.

Their attorneys say the confessions actually are nothing more than both men agreeing to leading questions posed by FBI agents and were given only after they were worn down. They have said the Hayats were only telling the agents what they thought they wanted to hear.

Prosecutors are expected to rest their side of the case on Wednesday. The balancing act for the defense will be to convince jurors that the Hayats falsely confessed without reinforcing prosecutors' contention that the men are liars.

Undermining a confession means "you have to attack your own client," said Laurie Levenson, a former federal prosecutor and professor at Loyola Law School in Los Angeles. "It's better for him to be known as a liar than a terrorist."

A juror who was removed from the case last week suggested there was hope for the defense's strategy.

Former juror Andrea Clabaugh said she believed Hamid Hayat's confession was not convincing.

"I don't find the FBI interrogation damning. I felt like the FBI was leading," said Clabaugh, 39, who heard most of the government's case before her dismissal. "Hamid was worn out and tired, and I could easily see where someone in that situation would tell (FBI agents) what they wanted to hear so they would be done."

Even so, legal experts said confessions tend to resonate with juries. Some jurors might find it difficult to believe that an innocent suspect would freely admit an association with terrorists, said William Portanova, who spent 17 years as a state and federal prosecutor.

"It is unlikely that an innocent person would just turn the facts on their heads and declare themselves to be an international terrorist and describe the locations where they trained," said Portanova, who now is a defense attorney but is not involved in the Hayat case.

The defense lawyers are likely to note that FBI agents only began videotaping the interrogations after the Hayats began cooperating, said Drizin, of Northwestern. They also could focus on the inconsistencies in the Hayats' statements, particularly where the confessions don't match reality.

Hamid Hayat's descriptions of the camp and its location varied widely during his interrogation. Umer Hayat's account of a camp that prosecutors say he toured seems fantastic. On the FBI videotape, Umer Hayat described the camp as an enormous underground basement where he witnessed hundreds of trainees twirling swords, firing automatic weapons and pole-vaulting subterranean streams.

"The hallmark of a false confession is where the confession did not fit with the knowable, verifiable facts of the crime," Drizin said.

Moreover, the Hayats' attorneys must be careful not to overemphasize that their clients were lying when they confessed, Portanova said.

"That's the conundrum here for the defense attorneys: They're charged with lying, and the defense is they're liars," Portanova said.

Workers Surveyed On Detainee Abuse (WP)

By Josh White

The Washington Post, March 28, 2006

American soldiers, contractors and civilians who worked in the Abu Ghraib prison and at other U.S. military detention facilities have begun receiving detailed questionnaires from Sen. Carl M. Levin (Mich.), ranking Democrat on the Senate Armed Services Committee, about the use of severe interrogation tactics and the military chain of command's role in their implementation.

The move to conduct the surveys, signed by Levin, came after Democrats failed to persuade Congress to conduct its own investigation of detainee abuse in the wars in Afghanistan and Iraq. Democrats and some Republicans on the Senate panel have expressed concerns about whether high-level officers have been held adequately accountable for abusive interrogation approaches.

Levin has directed the committee's minority staff to ask questions of hundreds of people who worked in detention facilities to assess where the tactics originated and how they were applied -- an approach the full committee has not endorsed.

The first wave of letters was sent in recent weeks to about 50 military intelligence and military police soldiers who were affiliated with Abu Ghraib in Iraq, including some who were implicated in the abuse, according to congressional staff members familiar with the investigation. Separate questionnaires are being developed for people who worked at detention facilities at Bagram, Afghanistan; Guantanamo Bay, Cuba; and locations in Iraq, including at Qaim, where an Iraqi general was killed during an interrogation in November 2003.

"Consistent with the Senate Armed Services Committee's ongoing oversight responsibilities, an examination is being conducted into U.S. policies, practices and activities relating to the detention and interrogation of detainees in U.S. custody," the first letter reads. The investigation will look at detainees' "alleged mistreatment by U.S. personnel, the factors that may have contributed to such mistreatment, and the accountability of officials for policies, actions, or failures to act, which may have contributed to detainee abuse."

The letter poses 19 questions, including who authorized tactics such as isolation, nudity, sleep manipulation, the use of dogs, stress positions and placing detainees in female underwear. It also requests descriptions of how Army Special Forces soldiers, contractors and "other government agencies" -- usually a euphemism for the CIA -- may have ordered or directed mistreatment.

Pentagon officials said they consider such an investigation unwarranted because there have been more than a dozen inquiries into detainee abuse and several subsequent criminal prosecutions and administrative punishments for soldiers who broke the rules.

"I would hope that nobody is suggesting that they don't have the trust and confidence in our senior military officers who have conducted these investigations and of our commanders who are charged with carrying out their responsibilities under the Uniform Code of Military Justice," said Bryan Whitman, a Pentagon spokesman. "It would be a terrible disservice if there was a survey that neglected the thousands of dedicated service members who clearly understood their responsibilities and carried out detention and interrogation operations in a professional and humane manner."

Levin had hinted at the survey effort last month in two Senate hearings. On Feb. 15, he said he had "initiated a fact-finding effort to fill in some gaps in the investigations into detainee abuses and to examine issues of accountability for policies, practices and activities that may have contributed to such a mistreatment." He complained that a lack of accountability above the level of enlisted soldiers was "stunning" and "unacceptable" in a hearing the week before.

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Levin and Sen. John W. Warner (R-Va.), chairman of the Armed Services Committee, intend to call Maj. Gen. Geoffrey Miller, former commander at Guantanamo Bay, and Col. Thomas M. Pappas, the top military intelligence officer at Abu Ghraib, to testify about their roles in using the severe tactics, according to John Ullyot, a spokesman for Warner.

Last week, in a court-martial that convicted a dog handler of using his dog to frighten detainees at Abu Ghraib, Pappas testified that he approved the use of dogs during an interrogation of a high-value detainee in late 2003. He said he learned about the tactic from an advisory group that Miller had brought to Iraq. Miller invoked his right not to testify at the court-martial.

"The examination's goal is to get information back that could be used to extend further inquiries to higher-up people," said a member of Levin's staff who spoke anonymously because he was not authorized to discuss the matter.

Gary Myers, an attorney for former staff sergeant Ivan L. "Chip" Frederick, a military police soldier sentenced to more than eight years in prison for abuse at Abu Ghraib, said his client received one of Levin's questionnaires.

"I not only welcome this, I have been encouraging an independent inquiry since April 2004," Myers said. "It's about time."

Bomber Of 1982 Flight Gets 7 Years (WP)

By Henri E. Cauvin

The Washington Post, March 28, 2006

Judge Reluctantly Grants Prosecutors' Request for Leniency

Almost a quarter of a century after his bomb killed a teenager aboard a Pan Am flight bound for Honolulu, Mohammed Rashed was sentenced for the crime yesterday in federal court.

But in the complicated world of counterterrorism, saving lives is sometimes weighed against avenging deaths, and that is why Rashed, having agreed to cooperate with investigators, was ordered to spend just seven more years behind bars.

The 59-year-old Jordanian-born Palestinian has been in U.S. custody for eight years. He previously spent eight years in custody in Greece, where he was captured and tried, and two more detained in Egypt. When he is released in 2013 and deported, he will have spent about 25 years in custody.

But after listening yesterday to the words of some of the people who were aboard Flight 830, where Rashed admittedly took one life and was trying to take many more in the Aug. 11, 1982, attack, U.S. District Judge Royce C. Lamberth was troubled by the prospect of imposing such a short sentence on a man who had scarred so many people.

Lamberth accepted Rashed's secret December 2002 guilty plea to conspiracy and murder charges, just over a year after the Sept. 11 attacks. The plea, he said yesterday in court, "was less troubling" then.

Rashed had been a member of a pro-Palestinian group that in the 1980s undertook a terrorist campaign against U.S. and Israeli interests, according to prosecutors. The group, known as the 15th of May for the date in 1948 when the first Arab-Israeli War began, was based in Iraq, with operatives around the world.

By the time Rashed was brought to the United States in 1998, he had already been in custody for a decade. But prosecutors believed he could still help them. For the past three years, with his plea under seal, Rashed has been providing significant assistance, Justice Department prosecutors Scott J. Glick and Kenneth C. Kohl told Lamberth yesterday.

They did not elaborate in court about Rashed's cooperation, but after the sentencing they said that among the investigations he has aided is one in which a foreign government was able to charge two people in connection with a bombing that killed a 4-year-old girl.

But Lamberth said he was having a hard time reconciling that aid with statements in court yesterday from people aboard the flight and the sadness of the Japanese family whose teenage son died in the bomb blast.

Toru Ozawa was sitting in seat 47K -- the seat under which Rashed had secreted a bomb during the first leg of the plane's journey, from Baghdad to Tokyo. Rashed, his companion and their child left the plane in Tokyo. Ozawa and his family, bound for a vacation in Hawaii, got on.

When the bomb exploded about 140 miles outside Honolulu, Ozawa was killed and 15 other passengers were injured. As he watched his son dying before him, Shigetsugu Ozawa wanted his own life to end, too.

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"At the time, my honest emotion was to wish the plane would crash into the Hawaiian ocean as I had lost the will to live since my son was no longer alive," the father, who was too ill to travel to the United States for the sentencing, said in a written statement read by the government.

Lamberth wondered aloud about what he should do. "I'm struggling with what options the court has," he said.

It is up to the executive branch, and not the courts, to wage the war on terrorism, he said. But, Lamberth said, he still must weigh all the interests involved. Glick said the government, too, had wrestled with those issues and ultimately decided the proposed sentence was the right course of action.

After hearing from Rashed's lawyer and from Rashed, who, through a translator, said he was "very, very sorry," Lamberth agreed, "with some trepidation" to impose the sentence.

Jordanian Sentenced In 1982 Plane Bombing (AP)

AP, March 28, 2006

WASHINGTON - A Jordanian terrorist was sentenced Friday to another seven years in prison in connection with a bombing that killed a Japanese teenager aboard a Pan Am flight in 1982.

The sentencing of Mohammed Rashed was delayed for several years because he was locked up in prisons in Greece and Africa before being turned over to the FBI.

Rashed served eight years in prison in Greece after authorities there refused to extradite him to the United States. He was tried by the Greek courts twice for murdering the teenager.

After his release, he traveled to Africa where he was taken into custody and eventually turned over to the FBI and brought to the United States.

In all, Rashed will have served 25 years in prison. U.S. District Judge Royce Lamberth sentenced Rashed to remain locked up until March 2013 and pay $116,525 to the Japanese teenager's parents.

In a secret U.S. District Court hearing here in 2002, Rashed pleaded guilty to murder and conspiracy and promised to cooperate with U.S. authorities investigating al-Qaida and other terrorists.

Rashed was a member of the "15 May" terrorist group formed in 1979 to bring attention to Palestinian demands for a homeland in the Middle East. U.S. authorities believe the now-defunct group was responsible for five bombings in the early 1980s.

On Aug. 11, 1982, Rashed planted a bomb on Pan Am Flight 830, which was traveling from Tokyo to Honolulu. The explosion killed the Japanese teenager and injured several other passengers. Rashed's two accomplices remain fugitives.

Court On Trial As Justices Weigh Military Tribunals, A Guantanamo Tale (WSJ)

By Jess Bravin

The Wall Street Journal, March 28, 2006

Four years ago, a Muslim convert from Chicago and another from London set out from Karachi, Pakistan, intent on terrorism in America, the U.S. government says. The two were stopped at the Karachi airport for problems with their papers. Then their paths diverged.

The Chicagoan, Jose Padilla, was arrested when he arrived at O'Hare airport, accused of plotting to explode a radioactive "dirty bomb," and jailed without charge as an "enemy combatant." The result is a civil-liberties storm that has twice reached the Supreme Court. It is a flash point in the debate over executive power, individual rights and homeland security that has smoldered since Sept. 11, 2001.

The other Muslim convert wasn't a U.S. citizen. And his path, he asserts in an account provided by one of his lawyers, has led to a Moroccan torture cell, imprisonment at Guantanamo, Cuba, and a proceeding to be held in a secretive military court created by order of President Bush after Sept. 11.

The identity of this second inmate, even his existence, largely escaped notice. The announcement of Mr. Padilla's arrest in 2002 by then-Attorney General John Ashcroft made no reference to a second man. His existence was briefly mentioned two years later at a news conference on the Padilla case, although then-Deputy Attorney General James Comey said this prisoner's name was classified.

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But last November, after the Defense Department quietly listed five Guantanamo prisoners newly approved for military trials, the name of the alleged accomplice of Mr. Padilla could be pinpointed. He is Binyam Mohamed, a 27-year-old who was born in Ethiopia, lived for a time in America and moved to London in his teens. His story, which is impossible to verify, is that he was tortured and told by his captors what they wanted him to say.

The profound constitutional issues these murky events raise are now coming to the fore. The Supreme Court today will hear arguments over the validity of the military commissions set up to try prisoners at Guantanamo. Lawyers for the prisoners will argue they are illegal. The government will say the president has inherent power to create such commissions and that traditional laws of war give prisoners accused of war crimes limited rights.

Adding to the constitutional confusion, the justices face administration claims that a law known as the Graham-Levin Amendment, which provides limited legal rights to Guantanamo prisoners, strips the Supreme Court of jurisdiction over the military-commissions case. One of the amendment's authors, Democratic Sen. Carl Levin of Michigan, says the law does no such thing.

Then next week, proceedings in such a commission are to begin against Mr. Mohamed. The proceedings in his case and Mr. Padilla's underscore the contrasts between traditional law and special military trials in addressing the modern scourge of terrorism.

With Mr. Padilla, the administration acknowledges it can't use some evidence because it was collected while the Chicagoan was held without charge and denied the rights to have a lawyer and avoid self-incrimination.

The military-tribunal system doesn't bar such evidence. Advocates say it may be the only way a suspect can be held to account for a plot with alleged al Qaeda ties, because a civilian trial might entitle the defendant to subpoena al Qaeda leaders the U.S. holds abroad -- exposing intelligence sources and methods. But critics say such a military proceeding comes at the cost of a fair trial, and that this cost is too high. A military-commission trial, they warn, risks countenancing evidence extracted by torture.

The commissions are panels of four or more military officers, one a lawyer, and held at Guantanamo. The public can't attend, in contrast to civilian trials, but the Pentagon flies in a handful of reporters to file accounts, unless the presiding officer deems the information too sensitive.

A five-page charge sheet accuses Mr. Mohamed of conspiring, along with Mr. Padilla, with al Qaeda leaders to commit the war crimes of "attacking civilians, attacking civilian objects, murder by an unprivileged belligerent, destruction of property by an unprivileged belligerent and terrorism." The al Qaeda leaders it cites include Osama bin Laden, Ayman al-Zawahri, Khalid Sheikh Mohammad, Abu Zubayda and the late Muhammad Atef.

The sheet says that around May 2001, after a conversion to Islam, Mr. Mohamed went to an al Qaeda training camp in Afghanistan, attended a lecture by Mr. bin Laden and was sent to a 30-day "city warfare course" in Kabul. It says he trained on AK-47 assault rifles but not pistols "due to lack of ammunition." It says he went to an explosives class in Kabul also attended by Richard Reid, the so-called shoe bomber.

Then, the charge sheet says, Mr. Mohamed went to Pakistan with Abu Zubayda, a senior al Qaeda figure later captured there. Along the way, it says, Mr. Mohamed met Mr. Padilla, and in Lahore they "reviewed instructions on a computer...on how to make an improvised 'dirty bomb.' " However, the sheet says, Abu Zubayda considered a dirty bomb unfeasible, so they weighed alternatives, "such as blowing up gas tankers and spraying people with cyanide in nightclubs."

The sheet says Khalid Sheikh Mohammad -- the alleged Sept. 11 mastermind, now also in custody -- explained in Karachi that their mission would involve targeting gas stations and natural-gas-heated apartment buildings, using the gas to cause explosions. It says in April 2002 Messrs. Mohamed and Padilla were given $6,000 and $10,000, respectively, to go to the U.S. and execute the plot.

Mr. Padilla has told interrogators the two were feted the night before their departure by al Qaeda leaders including Khalid Sheikh Mohammad and Ramzi Binalshibh, according to Mr. Comey at the 2004 news conference. "That is," Mr. Comey said, they were "hosted at a farewell dinner by the mastermind of Sept. 11 and the coordinator of those attacks." (Both are now in custody.) Because of the conditions under which Mr. Padilla was being held, such a statement by him couldn't be used against him in federal court, but could at a military commission.

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The two didn't get far. Passport control stopped them at the Karachi airport and held them overnight.

Mr. Padilla, under U.S. surveillance, was allowed to proceed to Chicago, where Federal Bureau of Investigation agents arrested him as a material witness in a criminal probe. A month later, just before a deadline to justify his detention, the U.S. transferred him, at President Bush's order, to a military prison.

Last November, as the Supreme Court weighed a challenge to his military detention, Attorney General Alberto Gonzales announced plans to return Mr. Padilla to civilian custody and prosecute him for other crimes. Instead of a dirty-bomb plot, he now is under indictment for having supported a terrorist organization during the 1990s, among other charges. These charges, the U.S. says, are based on evidence it obtained lawfully. He has pleaded not guilty.

Mr. Mohamed, meanwhile, returned to the Karachi airport a week later with a forged passport, the Pentagon's charges say, attempting to fly to London. He was arrested again. The charge sheet ends there. The Pentagon declines to elaborate about "allegations that may become the subject of litigation in Mr. Mohamed's military commission."

His attorneys filed a brief supporting today's Supreme Court challenge to the validity of the military commissions, which concerns another Guantanamo inmate. The brief asserts that Mr. Mohamed "was rendered to Morocco by United States personnel...where he underwent unspeakable torture."

Besides this brief, Mr. Mohamed's version emerges in two other places: an interview with his brother, a U.S. citizen who asked not to be named for fear of reprisal for his relationship to an accused terrorist; and an account written by one of Mr. Mohamed's attorneys, Clive Stafford Smith, which the attorney says reflects what Mr. Mohamed told him during meetings at the Guantanamo naval base. The Wall Street Journal reviewed this 26-page account but had no way to authenticate it as Mr. Mohamed's own words.

Mr. Mohamed was born in Ethiopia, says his brother, and reared for a time in Nairobi, Kenya, where their father was an engineer for Ethiopian Airlines. Although of Muslim background, the family was secular, said the brother, adding that Mr. Mohamed attended a Catholic school. With Ethiopia in turmoil, the family in the early 1990s moved to the U.S., where Mr. Mohamed's brother and two sisters received asylum. Young Binyam knew nothing of the Quran, says his brother, but he "memorized 'Police Academy' " and was always reciting dialogue from the 1984 Steve Guttenberg comedy. "It was annoying."

Their father returned to Ethiopia and Binyam stayed in the U.S., the brother says. But "my sister and I didn't want to take the responsibility of raising a 14-year-old kid," so their father placed Binyam in the care of family friends in Britain. He later moved to a London YMCA. This brother says he last saw Mr. Mohamed in 1998 but the family spoke to him weekly until July 2001, when he stopped answering his telephone.

The brother says he knew nothing of Binyam's interest in Islam or of his fate until May 2002, when two FBI agents arrived, showed a photo of Mr. Padilla and said Mr. Mohamed had been seen with him. The brother says he finally learned Binyam's whereabouts in January 2005 after the International Red Cross said he was a prisoner at Guantanamo.

According to Mr. Stafford Smith, Mr. Mohamed, after studying kickboxing and computer programming, found his Islamic faith in 2000. He was having a rough time in life because of a drug problem, the lawyer says in an interview, "and he converted because it seemed like a sanctuary." The attorney says Mr. Mohamed worked as a janitor for a London mosque and then journeyed to Afghanistan. Besides getting away from the streets, "he also wanted to see the Taliban with his own eyes, to decide whether it was a 'good Islamic country or not.' "

Mr. Stafford Smith is a Briton who was educated in the U.S. and spent 25 years here opposing capital punishment, winning honors from Queen Elizabeth II. He founded an international advocacy group called Reprieve for prisoners facing the death penalty. His name was passed around by British inmates of Guantanamo seeking a sympathetic lawyer, he says, and in January 2005 he got a postcard from Mr. Mohamed requesting his representation, sent via the International Red Cross.

He says Mr. Mohamed "dabbled with the idea of going to Chechnya" to join Islamic rebels fighting Russian rule but denies any tie to a terrorist plot against the U.S. -- or knowing Mr. Padilla.

Mr. Stafford Smith ridicules the suggestion that his client, who he says spoke no Arabic when he got to Afghanistan, and Mr. Padilla, who is not alleged to belong to al Qaeda, were feted by its leadership. "The idea of a conspiracy that involves two very minor people...and every major figure in al Qaeda except bin Laden himself seems risible," Mr. Stafford Smith wrote in a defense memorandum.

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The attorney quotes Mr. Mohamed as saying he had "never met anybody like Khalid Sheikh Mohammad." But the lawyer also says he hasn't pressed his client to say whether he encountered any of the numerous al Qaeda figures the charge sheet says he conspired with.

An attorney for Mr. Padilla declined to say whether his client admits knowing Mr. Mohamed. The Padilla attorney, Andrew Patel, said he is weighing whether to call Mr. Mohamed as a witness in Mr. Padilla's trial set for September in federal criminal court in Miami.

In what Mr. Stafford Smith says is Mr. Mohamed's account, the prisoner says his misleading of Karachi airport authorities about his identity led to 14 weeks' detention in Pakistan and questioning by British and U.S. agents. In July 2002, the account says, U.S. agents flew him to Morocco. "It was when I got to Morocco that they said that some big people in al Qaeda were talking about me. They told me that the U.S. had a story they wanted from me, and it was their job to get it. They talked about Jose Padilla and they said I was going to testify against him and big people," the account reads.

The account says that in Morocco, questions were posed by Arabs and a self-described Canadian. The account says he was shackled in painful positions and punched by guards -- and then, weeks into his detention, came harsher treatment: "They took the scalpel to my right chest. It was only a small cut. Maybe an inch....Then they cut my left chest. This time I didn't want to scream because I knew it was coming."

The account continues: "One of them took my penis in his hand and began to make cuts. He did it once, and they stood still for maybe a minute, watching my reaction. One of them said it would be better just to cut it off, as I could only breed terrorists.

"I could not take any more of this torture, and I eventually repeated what was read out to me," the account continues. "They told me to say that I had been with bin Laden five or six times," that he himself had recommended targets, and that he had known about 25 terrorist leaders. "They told me I must plead guilty. I'd have to say I was an al Qaeda operations man, an ideas man."

After his confession, the account says, "brainwashing" began. "I remember they played Meat Loaf and Aerosmith over and over. I hated that," the account says. "When I became a Muslim, I had tried to get away from this. I'd canceled all the music out of my head and now they were forcing it back."

Morocco's Embassy in Washington didn't respond to requests for comment.

In January 2004, the account says, Mr. Mohamed was flown to Afghanistan and held by the U.S. for months in a place called the "prison of darkness." It says he was chained to the floor, kept in a lightless cell for 23 hours a day and subjected to "horrible ghost laughter and Halloween sounds" or Eminem's "Slim Shady," at blasting volume.

Eventually, according to the account, U.S. soldiers said, " 'This is the story that Washington wants.' It was about a dirty bomb. I was meant to steal the parts and build it with Padilla in New York. I did not even know what a dirty bomb was." Mr. Mohamed was taken to Guantanamo in September 2004, the account says, and told he must stay until he agreed to testify against others. Mr. Mohamed is to be judged by a panel of seven military officers whose names are secret but for the presiding officer and sole lawyer, Marine Col. Ralph Kohlmann.

U.S. citizens have a right to attend their trials, confront witnesses and compel defense witnesses to testify. Guantanamo defendants, by contrast, can be barred from proceedings and denied the right to compel testimony by witnesses if the commission finds this necessary to protect national security.

The military commission has discretion to consider any evidence it deems of "probative value to a reasonable person." The Pentagon acknowledges this could include statements taken through torture. It said last week it is considering rule changes to limit such evidence.

There's an indication Col. Kohlmann has considered the question of how to treat evidence possibly received this way. In November, at his child's high school in Durham, N.C., he led a student discussion titled "Torture, Terrorism and National Security." An organizer said it wasn't recorded or transcribed. The Pentagon wouldn't make Col. Kohlmann available for an interview.

PATRIOT ACT:

Two Lawmakers Demand Bush Obey Laws (BOS)

By Charlie Savage

The Boston Globe, March 28, 2006

WASHINGTON -- Two senior Democratic House members yesterday demanded that President Bush withdraw his assertion that he can ignore portions of the USA Patriot Act calling on him to provide periodic reports to Congress on how new law-enforcement tactics are being used.

Representatives Jane Harman of California and John Conyers of Michigan -- the ranking Democrats on the Intelligence and Judiciary Committees, respectively -- sent a letter to Attorney General Alberto Gonzales asking that Bush follow the law.

"We ask that the administration immediately rescind this statement and abide by the law," the lawmakers wrote. "Many members who supported the final law did so based upon the guarantee of additional reporting and oversight. The administration cannot, after the fact, unilaterally repeal provisions of the law implementing such oversight."

After some lawmakers raised concerns that the Patriot Act may pose a threat to civil liberties, Congress added a series of new oversight provisions to it. The law requires the Justice Department to keep track of how the FBI is using its expanded powers to monitor suspects and seize papers during counterterrorism investigations. The law required the administration to give Congress that information by certain dates.

But after Bush signed the Patriot Act reauthorization on March 9, he issued a signing statement -- an official document in which a president lays out his understanding of the law -- asserting that he had the authority to withhold the information from Congress if he decided that disclosing it would interfere with foreign relations, national security, or executive branch operations.

The signing statement, which went largely unnoted until The Boston Globe wrote about it last week, echoed a similar dispute three months ago when Congress passed a bill outlawing the torture of any detainee in US custody. Bush signed the antitorture law, but he also issued a statement asserting that he had the power, as commander in chief, to bypass the law if he decided that using aggressive interrogation techniques was necessary to protect national security.

While previous presidents occasionally issued signing statements, Bush has done so more often, legal scholars say. The Bush White House has issued more than 100 signing statements that called into question more than 500 provisions of new laws. But unlike other presidents, Bush has never vetoed a bill.

Yesterday, Harman and Conyers accused Bush of circumventing the lawmaking process.

"The time to raise objections to laws Congress is [considering is] while they are pending," they wrote. "Once the president signs a bill, he and all of us are bound by it."

Said Brian Roehrkasse, a Gonzales spokesman: "Signing statements have been used for several administrations and this is very standard language that makes clear that the president will faithfully execute the law in a manner that is consistent with the Constitution."

Patriot Act's Fast-tracking Of Death Penalty Cases Draws Criticism (LVS)

By Matt Pordum, Las Vegas Sun

Las Vegas Sun, March 27, 2006

Slipped into the thick binding of the newly authorized Patriot Act is a provision designed to speed death penalty appeals.

The act, signed into law this month, allows states to ask the U.S. attorney general for so-called fast-track reviews of federal habeas corpus petitions - the last appeal of a death row inmate.

Previously federal judges made that determination, which is based on whether a state's court-appointed attorneys in death penalty appeals are able to handle them.

No state had qualified for the fast-track review, but that could change under the new law. A fast-track review limits the amount of time a prisoner has to appeal and the subject matter of the appeal.

"This is very troubling," said Allen Lichtenstein, local attorney for the American Civil Liberties Union. "It's an attempt by certain elements of government to eviscerate the very checks and balances that are in place to guard us against the abuses of government.

"Essentially it's an attack against the Bill of Rights."

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Conservative groups, long critical of the length of time it takes for appeals to wind through the system, have championed fast-track appeals.

"If the provision holds up, it should fix the problem," said Kent Scheidegger, legal director of the nonprofit California-based Criminal Justice Legal Foundation, a public interest law firm dedicated to crime victims' rights.

Scheidegger said it's not unheard of for a death penalty case to take a decade to get through the 9th U.S. Circuit Court of Appeals, based in San Francisco.

He figures fast-track reviews would cut that down to three to four years.

But critics say death penalty cases are complex and can't be rushed through the system.

"Proper review is not particularly burdensome, so there is no real need for this," Lichtenstein said. "It's like they're saying we don't need judges, we don't want any review at all."

Michael Pescetta, the federal public defender for Nevada, said the new system is "unconstitutional because it takes a judicial determination and turns it over to the attorney general."

"They want to hurry up things at the expense of justice," he said.

Pescetta, whose office handles federal death penalty appeals, said he thinks the new law will be held up by "an enormous amount of litigation."

Conrad Hafen, chief of the Nevada attorney general's criminal division, wouldn't speculate on the impact of the new system but indicated that the state will likely apply to be placed on the fast-track list.

He noted that the law allows an appeal of the U.S. attorney general's decisions to the appellate court in Washington.

"The D.C. court certainly hasn't been a pro-prosecution court over the years and they have been more than favorable to defendants and petitioners," he said.

The appellate court's decision could be appealed to the Supreme Court.

Pescetta, though, said the law takes the appeal out of the hands of the judges in the 9th Circuit, "who see Nevada cases on a regular basis and already recognize the errors occurring here are really terrible."

The key in a fast-track authorization is whether a state's requirements for a court-appointed attorney are stringent enough. The law looks not only at the lawyer's experience but also at the resources the attorney is given to conduct an appeal.

Pescetta scoffed at Nevada's requirements, saying, "All someone really needs is a bar card to be allowed to handle these cases.

"To the extent the courts are going to examine the capital post-conviction system in Nevada, they are going to find it just doesn't qualify to meet the statute," he said.

Pescetta said Nevada's guidelines have created a situation in which court appointed defense attorneys "fail to hire an investigator to look beyond the record of a case and don't even ask for discovery."

He said by the time his office receives a case - after a prisoner's state appeal has been exhausted - many issues that should have been raised to the Nevada Supreme Court haven't been.

If Nevada's system is approved, "our bad situation is only destined to become worse," Pescetta said.

There are 82 death row inmates in Nevada. Matt Pordum can be reached at 474-7406 or at pordum@lasvegassun.com.

HOMELAND RESPONSE:

GAO: Ports Need Radiation Monitors Installed Pronto (WT)

By Amy Fagan

The Washington Times, March 28, 2006

The Department of Homeland Security needs to step up its installation of radiation equipment at the nation's land and sea ports, as less than 40 percent of the equipment has been deployed, according to a government report being released today.

"The deployment of portal monitors has fallen behind schedule," states the report by the Government Accountability Office.

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Sen. Norm Coleman, Minnesota Republican and chairman of the Senate Governmental Affairs permanent subcommittee on investigations, said the Department of Homeland Security (DHS) must "dramatically step up" its deployment "to keep pace with the danger we are facing" there.

The subcommittee will discuss the findings at a hearing today and also will address a second GAO report that highlights problems surrounding the movement of nuclear material through ports.

In December, the GAO set up a sting operation in which teams posing as employees of fictitious private companies successfully transported nuclear material to make a dirty bomb across both the southern and northern border.

At both sites, customs officials followed protocol, radiation-detection equipment found the material, and the cars were inspected further. But both teams were allowed to enter the United States after they presented counterfeit paperwork from the Nuclear Regulatory Commission (NRC).

According to the GAO report, one of the key problems is that suppliers of radioactive materials aren't required to determine whether buyers have a legitimate use for it and don't have to ask for a valid NRC document if the buyer is purchasing a small amount.

Customs officials were cooperative after they were briefed about the incidents, but NRC officials were hesitant, saying their "concern threshold" is higher than GAO's, the report stated.

The GAO and Mr. Coleman disputed that. "This operation demonstrated that the Nuclear Regulatory Commission is stuck in a pre-9/11 mind-set in a post-9/11 world and must modernize its procedures," Mr. Coleman said.

In an effort to stop terrorists from smuggling bomb-making materials, DHS is deploying radiation-detection monitors to the nation's northern and southern land ports of entry, seaports, international mail facilities, international airports and rail crossings.

As of December, 740 of 2,405 radiation portal monitors had been deployed.

The security of seaports in particular has come into sharp focus lately, after a Dubai-owned company caused an uproar by purchasing terminal operations at several key U.S. seaports. That deal has since been scuttled.

A House Homeland Security subcommittee will likely vote on a measure that would invest more money in ports security and make several changes to ports-security programs. Similar Senate legislation will likely have a hearing next week, aides said.

And the Senate Banking Committee will debate and vote later this week on legislation to reform the interagency panel that approves sales such as the Dubai deal.

The panel itself also has studied these issues and plans to release its own findings later this week at a second hearing.

Testers Slip Radioactive Materials Over Borders (NYT)

By Eric Lipton

The New York Times, March 28, 2006

WASHINGTON, March 27 — Undercover Congressional investigators successfully smuggled into the United States enough radioactive material to make two dirty bombs, even after it set off alarms on radiation detectors installed at border checkpoints, a new report says.

The test, conducted in December by the Government Accountability Office, demonstrated the mixed progress by the Department of Homeland Security, among other federal agencies, in trying to prevent terrorists from smuggling radioactive material into the United States.

Nationally, at a cost so far of about $286 million, about 60 percent of all containerized commercial goods entering the United States by truck or ship and 77 percent of all private cars are now screened for radioactive material.

But flaws in the inspection procedures and limitations with the equipment mean that nuclear materials may still be able to be sent illegally into the country through seaports or land borders, the study found. And because the program for installing radiation detectors is far behind schedule, many border crossing points, including many seaports, still have no detection equipment, the report says.

"We suffer from a massive blind spot in our cargo security measures," Senator Norm Coleman, Republican of Minnesota, said in a statement that accompanied the report, which will be released Tuesday morning at a Senate hearing.

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In the test case, undercover investigators bought a small amount of radioactive material, most likely cesium. Then on Dec. 15, they drove across the border at undisclosed locations from Canada and Mexico, intentionally picking spots where the detection equipment had been installed.

The alarms went off in both locations, and the investigators were pulled aside for questioning. In both cases, they showed the agents from the Customs and Border Protection agency forged import licenses from the Nuclear Regulatory Commission, based on an image of the real document they found on the Internet.

The problem, the report says, is that the border agents have no routine way to confirm the validity of import licenses. The Nuclear Regulatory Commission, it says, also improperly allows the sale of small amounts of radioactive materials without a permit, substances that can be used in industrial equipment, like a medical device, but that can also be used to create terrorist weapons.

David McIntyre, a Nuclear Regulatory Commission spokesman, disputed the claim by the Congressional investigators that the amount of material bought and taken across the border would have been enough to build a dirty bomb. (Dirty bombs can force long-term evacuation by spreading low levels of radioactivity across an area after being detonated with a conventional explosive.)

But Mr. McIntyre said he agreed that Customs officials at the borders must be able to confirm quickly the validity of import licenses.

"We are working with Customs and the Department of Homeland Security to make sure this information is available to them 24/7," he said.

The investigation, part of a three-year inquiry by the Senate Homeland Security and Governmental Affairs Committee into the nation's vulnerability to nuclear smuggling, particularly at ports, found many other weaknesses in the radiation detection campaign.

The primary radiation monitors, which look like a standard tollbooth, cannot distinguish between naturally occurring radiation, sometimes found in ceramic tile or cat litter, and radioactivity in bomb-making substances.

Yet when Customs agents use hand-held radiation devices, which are supposed to clear false alarms by isolating the specific type of radiation, the standard procedure is to walk along the exterior of the container, rather than opening it. Used that way, the hand-held devices can produce unreliable results.

Installation of the radiation screening equipment is running behind schedule, largely because of delays in appropriating federal money, problems figuring out how to use the devices to screen rail cars and disputes with ports that are worried about slowing the movement of goods, the report says.

So far, about 670 of the planned 3,034 primary radiation detection monitors are in place, and at the rate they are being installed — 22 a month on average last year — the Homeland Security Department will not meet its September 2009 goal, the report said.

The investigators predict that the project, which the department estimates will cost $1.3 billion, is going to cost much more.

GAO: Paperwork Fooled Border Patrol (USAT)

By Mimi Hall

USA Today, March 28, 2006

WASHINGTON — Undercover investigators bought radioactive ingredients needed to make a dirty bomb and drove them into the USA past border security agents, a government report said Monday.

The report by the Government Accountability Office, the watchdog arm of Congress, said that investigators put radioactive material in the trunks of cars and drove to Canadian and Mexican border checkpoints on Dec. 14, 2005. When Homeland Security radiation detectors went off, the investigators gave Customs and Border Protection agents fake government licenses and receipts.

Agents searched the cars, reviewed the documents and ultimately gave the undercover officers the OK to bring the material into the USA, according to the report, filed as part of a border-security probe.

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The GAO said its investigators bought the radioactive material over the phone while posing as employees of a fictitious company, then had the material shipped to Washington, D.C. Several companies sell such material to buyers who have legitimate medical and business reasons for using it.

Sen. Norm Coleman, R-Minn., chairman of the Senate's Permanent Committee on Investigations, said he was "alarmed" by the border response and the apparent availability of radioactive material for commercial sale.

"The reality is that it is easier to buy low-grade radioactive material for a dirty bomb than it is to buy cold medicine that has been restricted because of the meth epidemic," Coleman said. "The operation demonstrated that the Nuclear Regulatory Commission is stuck in a pre-9/11 mind-set in a post-9/11 world and must modernize its procedures."

The Homeland Security Department's equipment worked, and its agents did what they were supposed to do during the tests, according to the report. However, the GAO criticized the Nuclear Regulatory Commission for failing to require companies that sell radioactive material to verify who is buying it, saying there is no way for border agents to verify NRC licenses or other documents.

NRC spokesman David McIntyre said the GAO bought an inconsequentially small amount of radioactive material.

He said the company selling it wouldn't have been required to demand licenses from buyers because the amount of material purchased was far too small to pose a safety or security threat.

The GAO report did not say what material investigators bought, whom they bought it from or how much they bought.

U.S. Wants Own Inspectors At Bahamas Port (AP)

The Associated Press, March 27, 2006

WASHINGTON (AP) -- The Bush administration will negotiate to station American customs inspectors at the largest seaport in the Bahamas, where the United States is hiring a Hong Kong conglomerate to help detect nuclear materials inside cargo, a senior customs official said Monday.

Any such agreement will require approval by the Bahamian government. Diplomatic talks are expected to begin soon to give agents from U.S. Customs and Border Protection a presence at the sprawling Freeport Container Port, just 65 miles from Florida's coast.

"We're now looking at going over there to begin discussions," Jayson Ahern, assistant customs commissioner for field operations, told The Associated Press. "It does require bilateral discussions with another country, but we're cautiously looking at being there by the fall."

A story last week by the AP described the no-bid, $6 million contract the administration is finalizing with Hutchison Whampoa Ltd. in the Bahamas, and generated criticism of the contract from some U.S. lawmakers and security experts.

The administration has acknowledged the deal represents the first time a foreign company will be involved in running sophisticated U.S. radiation-detection equipment at an overseas port without American customs agents present.

Ahern was expected to testify Tuesday at a Senate oversight hearing on radiation detectors in the United States. He said the Homeland Security Department originally intended to station U.S. customs inspectors in the Bahamas by spring under its port-security program, called the Container Security Initiative.

The pending diplomatic talks were confirmed by John Meredith, the group managing director for Hutchison's port subsidiary, which runs the Bahamas port.

"They are getting close to fixing up a deal between the Bahamas and the U.S.," Meredith told the AP. "If they want to put American people out there to have a look at it, that's fine. But people should respect also that you've got to have trusted partnerships, both with the private sector and with foreign governments."

The Bahamas contract is being finalized by the National Nuclear Security Administration, part of the Energy Department. It has said employees of Hutchison -- the world's largest ports operator -- will drive the towering, truck-like radiation scanner at the port under the direct supervision of Bahamian customs officials.

Any positive reading would set off alarms monitored simultaneously by Bahamian customs inspectors at Freeport and by U.S. customs officials working at an anti-terrorism center in northern Virginia.

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Under the contract, no U.S. officials would be stationed permanently in the Bahamas with the radiation scanner. Separately, there are no U.S. customs agents checking cargo containers in Freeport under the U.S. customs port-security program.

Last week, the senior Democrat on the House Homeland Security Committee, Rep. Bennie Thompson of Mississippi, said he was concerned there will be inadequate oversight in the Bahamas. Citing the AP story, Thompson sought assurances from the administration over the no-bid contract and asked when U.S. customs inspectors might be dispatched there.

Hutchison Whampoa is among the shipping industry's most respected companies and was an early adopter of U.S. anti-terror measures. But its billionaire chairman, Li Ka-Shing, also has substantial business ties to China's government that have raised U.S. concerns over the years.

Court Rebuffs Times On Libel Suit Appeal (NYT)

By The New York Times

The New York Times, March 28, 2006

The United States Supreme Court refused to hear an appeal from The New York Times on Monday, allowing a libel suit by a former Army bioterrorism expert to go forward.

The suit, filed in 2003 by Steven J. Hatfill, accused Nicholas D. Kristof, an Op-Ed columnist for The Times, of implicating Dr. Hatfill in the unsolved anthrax attacks of 2001.

The suit was dismissed by a federal judge in Virginia in 2004. A divided three-judge panel of the United States Court of Appeals for the Fourth Circuit, in Richmond, Va., reinstated the case in July, and the full court, by a 6-to-6 vote, declined to rehear it in October.

The decisions to date have been preliminary, centering on whether Mr. Kristof's statements could be considered defamatory.

Judge Dennis W. Shedd, writing for the majority in the July decision, said "a reasonable reader of Kristof's columns likely would conclude that Hatfill was responsible for the anthrax mailings in 2001." But Judge J. Harvie Wilkinson III, dissenting from the October decision, said "the columns do not pin guilt on plaintiff, but instead urge the investigation of an undeniable public threat."

The trial court will now consider whether the statements were false and whether The Times was at fault for publishing them.

New York Times Loses U.S. High Court Bid To Stop Hatfill Suit (BLOOM)

By Greg Stohr

Bloomberg, March 28, 2006

March 27 (Bloomberg) -- New York Times Co. lost a U.S. Supreme Court appeal to stop a libel suit by Steven J. Hatfill, the scientist the Justice Department once identified as a ``person of interest'' in the 2001 anthrax attacks.

The justices, without comment in Washington, let stand a ruling that said Hatfill can pursue his suit over a series of New York Times columns written by Nicholas Kristof. The columns criticized the slow pace of the Federal Bureau of Investigation's probe into the attacks and discussed the possibility that Hatfill was the culprit.

The company argued in its appeal that the lower court ruling, issued by the 4th U.S. Circuit Court of Appeals in Richmond, Virginia, ``will inhibit criticism of the government and penalize speech about public matters in violation of the First Amendment.''

No one has ever been charged in connection with the attacks, in which five people died from exposure to anthrax spores sent through the mail. Hatfill, who worked until 1999 at the Fort Detrick infectious diseases research institute, said in a 2002 press conference that he ``had absolutely nothing to do with this terrible crime.''

Hatfill urged the Supreme Court not to get involved in the libel case. He said in court papers that Kristof's first four columns on the subject ``did not report investigative interest in Dr. Hatfill but rather were designed to create some.''

Creating Interest

None of those columns mentioned Hatfill by name, referring to him in places as ``Mr. Z.'' Kristof used Hatfill's name only after the scientist held a news conference to deny any involvement with the attacks.

New York Times Co., the third-largest newspaper publisher, said the columns, read in their entirety, ``took care to caution readers against drawing any conclusion of Hatfill's guilt."

In addition to libel, Hatfill accuses the New York Times of intentional infliction of emotional distress. He is filed separate lawsuits against the federal government and closely held Conde Nast Publications Inc.'s Vanity Fair magazine.

Hatfill's attorneys wouldn't disclose his age.

The case is New York Times v. Hatfill, 05-897.

High Court Lets Defamation Suit Against New York Times Proceed (LAW/AP)

By Gina Holland, The Associated Press

AP, March 28, 2006

The Supreme Court refused Monday to block a defamation lawsuit against The New York Times over columns that linked a former Army scientist to the 2001 anthrax killings.

Authorities have never solved the mysterious mailing of anthrax-laced letters that killed five people and sickened 17 not long after the Sept. 11, 2001, terror attacks.

Steven Hatfill, a physician and bioterrorism expert, was labeled a "person of interest" by then-Attorney General John Ashcroft, although he was never charged and has since sued Ashcroft and others.

A federal judge had thrown out Hatfill's lawsuit against The New York Times over 2002 columns by writer Nicholas Kristof that faulted the FBI for failing to thoroughly investigate Hatfill. The 4th U.S. Circuit Court of Appeals reinstated the suit, and the Supreme Court declined without comment to take up the case.

New York attorney David Schulz, who represented the newspaper, said the appeals court decision undermines free-speech protections for reporters and invites more lawsuits over legitimate news reporting.

The Associated Press and some 30 other news organizations urged the Court to use the case to clarify reporters' free-speech protections.

"Reporting on government investigations is critical to the public's ability to evaluate how their elected and appointed officials are executing the responsibility of enforcing the laws and protecting the peace," Washington lawyer Paul M. Smith wrote in the groups' filing.

Hatfill's attorney, Christopher Wright, said that the reporting by Kristof was reckless, with multiple errors, including the claim that Hatfill had failed three polygraph tests.

The Supreme Court itself was touched by the anthrax scare. Traces of anthrax were found in the Court's mailroom, forcing the building's closure for a week in October 2001.

The case returns to federal court in Alexandria, Va., where Hatfill sued in 2004 claiming defamation and intentional infliction of emotional distress. In its ruling, the appeals court said that the newspaper columns, taken as a whole, might be considered defamatory.

One of the dissenting judges said that The New York Times appeared only to be trying to reveal flaws in the FBI investigation, not to accuse Hatfill of the murders.

The case is The New York Times v. Hatfill, 05-897.

Palm Beach County Jail Inmate Charged In Anthrax Hoax (FLSUNSEN)

By John Coté, South Florida Sun-sentinel

South Florida Sun-Sentinel, March 28, 2006

An anthrax letter hoax that shut down parts of the West Palm Beach courthouse this week could tack another 15 years onto a jail inmate's 40-year prison sentence.

Federal prosecutors on Thursday announced they charged Anthony Vassalotti, 40, with the federal crime of mailing a hoax anthrax threat.

Vassalotti allegedly sent three letters containing white powder and words such as "breathe these anthrax spores and die die die!" to the prosecutor on his case, the Circuit Court judge who sentenced him and the Palm Beach County court clerk, according to authorities.

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Vassalotti was angry after being sentenced on March 16 to 40 years in prison for aggravated battery with a firearm and possession of a short-barreled shotgun, an FBI Joint Terrorism Task Force investigator wrote in an affidavit.

A jury convicted him March 8 of shooting his former live-in girlfriend, Dana Brooker, outside their mobile home west of West Palm Beach.

Vassalotti mailed letters to prosecutor Kirk Volker, Circuit Judge Stephen Rapp and the court clerk's office, according to the affidavit. Two of the letters were received Monday. The third was found Tuesday. They contained a powder that West Palm Beach Fire-Rescue's biohazard team determined wasn't toxic.

Vassalotti printed his name on the letters and envelopes and confessed when questioned at the Palm Beach County Jail, wrote James Moore, a West Palm Beach police officer and member of the anti-terrorism task force.

"Vassalotti explained how he wrote three letters and enclosed baby powder in each, which he referred to in the letters as anthrax," Moore wrote. "Additionally, he described his motivation for sending the letters as including a desire to serve his sentence in a federal rather than a state facility."

If convicted, Vassalotti faces up to five years in a federal prison for each letter mailed. That would be separate from the 40-year state sentence.

Jail Inmate Charged In Federal Anthrax Hoax Case (AP)

AP, March 28, 2006

Palm Beach County jail inmate has been charged with making fake anthrax threats after sending letters containing a powdery substance to the courthouse and state attorney's office, authorities said Thursday.

Anthony Vassalotti, 40, sent the letters to an assistant state attorney who had recently prosecuted him, to the judge who presided over the case, and to the court clerk, according to the U.S. Attorney's Office for the Southern District of Florida.

The letters, which also included Vassalotti's name and return address, were received Monday. The powder was later found to be harmless.

Vassalotti was convicted March 8 of aggravated battery with a firearm, among other charges, and was sentenced to 40 years in prison.

If convicted in the anthrax hoax case, he faces up to 15 years in federal prison.

WAR NEWS:

Afghan Convert Seeks Asylum Abroad (WP)

By Daniel Cooney

The Washington Post, March 28, 2006

KABUL, Afghanistan, March 27 -- An Afghan man who faced the death penalty for converting from Islam to Christianity has appealed for asylum in another country, the United Nations said Monday.

U.N. spokesman Adrian Edwards said the world body was working with the Afghan government to meet the request by Abdul Rahman, 41.

"Mr. Rahman has asked for asylum outside Afghanistan," he said. "We expect this will be provided by one of the countries interested in a peaceful solution to this case."

Earlier, hundreds of people protested a court's decision Sunday to drop the case against Rahman, and an official said discussions were underway to determine when he would be released.

Officials said the case was dropped partially because of concerns that Rahman is mentally unfit to face trial. The move also followed strong pressure from Western governments.

Prosecutors have said they want doctors to examine Rahman, but they have not confirmed that he will be released. Prosecutor Sarinwal Zamari said state attorneys were working on the case on Monday.

An Afghan official closely involved with the case said Rahman would be released, but authorities were debating how and when that would happen.

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The official, who spoke on condition of anonymity because of the sensitivity of the case, said earlier that Rahman would not have to remain in jail while prosecutors investigated whether to bring another case against him.

Rahman is being held at the notorious, high-security Policharki Prison outside Kabul. He was moved there Friday after inmates at a police detention facility reportedly threatened him.

A warden at Policharki said Rahman was still at the prison Monday, being held in a concrete cell by himself.

Muslim clerics have threatened to incite Afghans to kill Rahman if he is freed, saying he is guilty of apostasy. They have also said Rahman violated sharia , or Islamic law, by rejecting Islam.

Monday's protest ended peacefully about two hours after it started in the northern city of Mazar-e Sharif, said police commander Nasruddin Hamdrad. The protesters chanted "Death to Bush!" and other anti-Western slogans while police officers stood guard.

Afghan Convert To Christianity Is To Be Freed, Officials Say (NYT)

By Sultan M. Munadi And Christine Hauser

The New York Times, March 28, 2006

KABUL, Afghanistan, March 27 — The attorney general of Afghanistan has told the Justice Ministry to release a jailed Afghan man who faced the death penalty for converting to Christianity, a prosecutor in the case said Monday.

Abdul Rahman, who has been accused of apostasy for abandoning Islam, has been in custody for weeks but has not been formally charged. During his detention, prosecutors have tried to build a case against him but have run up against the one-month limit that a person can be held without being charged under Afghan law.

"That was the main reason that the attorney general decided to release him," said the prosecutor, Abdul Wasei.

Mr. Wasei said prosecutors had completed their initial investigation on time.

But then the court sent the case back to them on Sunday to resolve questions about Mr. Rahman's mental health and nationality, pushing the investigation past the time limit, Mr. Wasei said.

He did not offer any other reason for Mr. Rahman's release, nor did he elaborate on its timing. But the United Nations Assistance Mission in Afghanistan said Monday that Mr. Rahman had asked for asylum outside Afghanistan.

"We expect that this will be provided by one of the countries interested in a peaceful solution to this case," the mission's statement said.

Mr. Rahman's case has created an international uproar and has become a flash point in the Afghan government's attempt to balance democratic freedoms with Islamic religious law, both of which are enshrined in the new Constitution.

The Bush administration has pressed President Hamid Karzai to resolve the case, but Mr. Karzai has resisted, citing separation of executive and judicial powers. Meanwhile, preachers have used prayer services to call for Mr. Rahman's execution. On Sunday, Secretary of State Condoleezza Rice said the United States had made it clear to the Afghan government that it expected to see a "favorable resolution."

"But this is also a young democracy, and we have to recognize that unlike the Taliban, it actually has a Constitution to which one can appeal about the Universal Declaration of Human Rights," she said on the CNN program "Late Edition."

On Monday a State Department spokesman said in Washington that Mr. Rahman would be released.

"We do understand that he will be released, that the Afghan government has found that there were substantial evidentiary problems with the case and that the case has been referred back to the Ministry of Justice," said the spokesman, Sean McCormack.

"We're pleased by that," Mr. McCormack added. He said the details of Mr. Rahman's release and his further travel were being handled as a "private matter."

The case was returned to prosecutors because of what the court called "investigative gaps."

Specifically, court officials said that Mr. Rahman's mental health would be evaluated, and that the question of whether he held dual nationality after living abroad in Germany, Greece and Belgium would be pursued.

A prosecutor affiliated with the case who spoke only on condition of anonymity said there were fears that Mr. Rahman might be attacked if he was sent to an Afghan hospital for a mental health evaluation.

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"He would be killed immediately if they release him," the prosecutor said.

Clerics led hundreds of people in a demonstration in the northern city of Mazar-i-Sharif on Monday, demanding that Mr. Rahman be tried under Islamic law and executed.

A witness named Shaahed said people at the demonstration had shouted slogans against President Bush and Zalmay Khalilzad, who is originally from Balkh Province in the north and is now the American ambassador to Iraq.

"They were shouting: "Death to Bush! Death to Khalilzad! Death to America!" said Mr. Shaahed, who like many Afghans uses only one name. He said the police there had controlled the protest, which was peaceful.

"They were also shouting: 'Abdul Rahman must be executed! We don't want any country to interfere in our Islamic affairs,' " Mr. Shaahed said of the protesters.

A spokesman for the Supreme Court, Abdul Wakil Omari, said Sunday that two of Mr. Rahman's relatives, a daughter and a cousin, had told the court that Mr. Rahman had mental problems.

"Also, during his preliminary court hearing, he had said that he was hearing strange voices and that he was not feeling well spiritually," Mr. Omari said.

He said the court had also raised questions about Mr. Rahman's nationality after living abroad. If he had acquired dual nationality, the status of his case could have changed, Mr. Omari said.

The issue began as a private matter between Mr. Rahman and his family. When he tried to regain custody of his two daughters, family members told the authorities that Mr. Rahman had converted to Christianity about 15 years ago.

Afghanistan's Constitution ensures citizens' religious freedom, but it also states that Islam is the supreme law. While the criminal code does not specify that converting from Islam to Christianity is forbidden, Islamic law considers it a sin punishable by death, according to conservative clerics and the prosecution in this case.

Afghan Christian To Be Released: US (AFP-Y2)

AFP, March 27, 2006

An Afghan facing the death penalty for converting from Islam to Christianity is to be released, a US State Department spokesman said.

"We do understand that he will be released, that the Afghan government has found that there were substantial evidentiary problems with the case and that the case would -- and has been referred back to the ministry of justice and that he will be released. We're pleased by that," Scott McCormack told reporters.

Abdul Rahman was arrested about two weeks ago under Afghanistan's interpretation of Islamic Sharia law, which says he should be sentenced to death unless he reverts to Islam.

Rahman has asked for asylum outside Afghanistan, said the United Nations spokesman in Kabul, Adrian Edwards.

"In terms of where he might go after that, that is going to be up to Mr. Rahman," McCormack said. "And I understand now that the details of his release and his -- any potential onward travel are being handled as a private matter."

The case has met with severe criticism from Afghanistan's Western allies while religious circles within Afghanistan insist Sharia law, on which the constitution is partly based, should be upheld.

Rahman, 41, meanwhile underwent tests Monday to assess his ability to face trial after a court Sunday dropped its case against him amid doubts over his mental health, a prosecutor said.

McCormack said he did not believe US officials had had any direct contact with him.

Afghan Convert Released From Jail (WT)

By David R. Sands

The Washington Times, March 28, 2006

An Afghan man who faced a death sentence for converting to Christianity was released late last night from jail in Kabul. U.S. and U.N. officials had said earlier they expected he would seek asylum abroad.

Abdul Rahman was released from the high-security Policharki prison on the outskirts of Kabul, Deputy Attorney General Mohammed Eshak Aloko told the Associated Press.

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"We issued a letter saying he was mentally unfit to stand trial, so he has been released," he said. "I don't know where he is now."

A Christian monitoring group reported that there have been new fundamentalist Muslim attacks on Christians in Afghanistan in the wake of the international uproar over the case of Abdul Rahman, who was arrested last month for apostasy for leaving Islam for Christianity 16 years ago.

State Department spokesman Sean McCormack had said earlier that the U.S. Embassy in Kabul had been told that Mr. Rahman would be released after the Afghan government found "substantial evidentiary problems" with the prosecution's case.

"We look forward to his release, and certainly his physical well-being is an important issue to us," he said.

But the decision to drop the case sparked at least one protest in the northern city of Mazar-e-Sharif, and Mr. Rahman has been held since late last week in a maximum-security prison because officials feared for his safety at a more exposed location.

U.N. spokesman Adrian Edwards told reporters in Kabul that Mr. Rahman had already appealed for asylum in an unnamed country. The United Nations had been working with the government of Afghan President Hamid Karzai to ease the standoff.

"Mr. Rahman has asked for asylum outside the country," Mr. Edwards said. "We expect this will be provided by one of the countries interested in a peaceful solution to this case."

The United States, Germany, Italy, Australia and the Vatican were among those appealing for Mr. Rahman in recent days.

Despite a long tradition in Islam of harsh treatment for those who leave the faith, Muslim scholars said they did not expect a wave of similar apostasy cases in light of the uproar over Mr. Rahman. Mr. Rahman was only charged after he told investigators he was a Christian in the middle of a legal battle with his ex-wife over the custody of their two daughters.

But Compass, a California-based news service that tracks persecution of Christians around the world, reported that two other Afghan Christians had been arrested in recent days, while others had been subjected to beatings and police raids.

The prosecution posed an excruciating problem for the fledgling Karzai government, which is dependent on foreign troops and foreign aid to survive. But Islamic hard-liners in the overwhelmingly Muslim country argued that Islamic tradition demands a harsh penalty for apostasy.

The Afghan Constitution shows the balancing act facing Mr. Karzai, whose own oath of office calls on him to "obey and protect the holy religion of Islam."

The constitution's preamble calls for the government to adhere to Islam, while also observing U.N. and international human rights declarations guaranteeing freedom of religion.

The State Department declined comment on whether Mr. Rahman might apply for asylum in the United States. Mr. McCormack said that "any potential onward travel" for the defendant was "being handled as a private matter."

The case has sparked a heated debate among Muslim scholars, with both sides citing Koran verses to support their position.

On the Qatar-based Web site Islam Online, leading Islamic theologian Sheik Yusuf al-Qaradawi said that all leading Islamic traditions agree that "the apostate is to be punished."

But, he added, "they differ regarding the punishment itself. The majority of them go for killing, meaning that an apostate is to be sentenced to death."

Because Allah is considered by many Muslims to be the principal source of all authority, including political legitimacy, rejecting Islam can be seen as analogous to treason in a modern Western state.

But Abed Jlelati, a member of the board of the U.S.-based Free Muslim Coalition, said the Rahman death sentence was "absurd and disgusting," insisting the hard-line interpretation contradicts the prophet Muhammad's edict that "there shall be no compulsion in religion."

Unfathomable Zealotry (WP)

By Richard Cohen

The Washington Post, March 28, 2006

What strikes me about the threat to execute Abdul Rahman, the Afghan who converted to Christianity, is not that Afghanistan remains deeply medieval and not even remotely the democracy that George W. Bush would like it to be, but that with the

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exception of the (largely) Christian West, the rest of the world has been mostly silent. The Americans have protested, the Brits have protested, the Vatican has protested and so (I assume) have some others. But if there has been a holler of protest from anywhere in the Muslim world, it has not reached my ears. That is appalling.

The murder of a person for his religious belief ought to be inconceivable. It is something we in the West stopped accepting hundreds of years ago, and while Americans and others continued to kill on account of race deep into the past century, the right of the government to take a life on account of religion has not even been argued in the longest time. We are way beyond that.

Afghanistan was once under Soviet occupation, and it may have learned something from those days. Just as the Soviets sometimes pronounced political dissidents to be insane (why else would they question a perfect system?) so have Afghans decided that Rahman is nuts. (Why else would a Muslim choose Christianity?) Now that the case has been dropped and he has been placed in solitary confinement for his own protection, he will probably be spirited out of the country. To remain in Afghanistan is to remain in grave peril of death.

Rahman's troubles began, as they do for so many, with a divorce. In contesting his attempt to gain custody of his children, his wife told the court that Rahman would be an unfit father because he had converted to Christianity about 16 years earlier. This is what's known in football as a late hit. Nonetheless, when the prosecutor heard of the conversion, he promptly charged Rahman with apostasy, which is punishable by death. Rahman's choices were once to repudiate his conversion or plead insanity. The latter would have been the more sane choice.

"The world is too much with us," Wordsworth once wrote. This is certainly the way I feel. To be confronted on an almost daily basis with the horrors of Iraq is profoundly disturbing. The torture and decapitation of huge numbers of people, the casual homicides, the constant suicide bombings -- all of this makes you wonder about your fellow man. It is no longer possible, as it once was, to see the world only from your front porch, being disturbed only by the ringing of the bell on some passing ice cream truck. In Africa, Asia, too much of the world -- it is Joseph Conrad much of the time: "The horror! The horror!"

But you can say that these horrors are usually being inflicted by a minority. You say it is a few crazed terrorists of Iraq who are doing the killing. It is not most Iraqis. You can say the same about suicide bombers and torturers and rogue governments, like the one Saddam Hussein once headed. You can take solace in numbers. Most people are like us.

Then comes the Rahman case and it is not a solitary crazy prosecutor who brings the charge of apostasy but an entire society. It is not a single judge who would condemn the man but a culture. The Taliban are gone at gunpoint, their atrocities supposedly a thing of the past. In our boundless optimism, we consign them to the "too hard" file of horrors we cannot figure out: the Khmer Rouge, the Nazis, the communists of the Stalin period. Now, though, this awful thing returns and it is not just a single country that would kill a man for his beliefs but a huge swath of the world that would not protest. There can be only one conclusion: They were in agreement.

The groupthink of the Muslim world is frightening. I know there are exceptions -- many exceptions. But still it seems that a man could be killed for his religious beliefs and no one would say anything in protest. It is also frightening to confront how differently we in the West think about such matters and why the word "culture" is not always a mask for bigotry, but an honest statement of how things are. It is sometimes a bridge too far -- the leap that cannot be made. I can embrace an Afghan for his children, his work, even his piety -- all he shares with much of humanity. But when he insists that a convert must die, I am stunned into disbelief: Is this my fellow man?

Rumsfeld Grades U.S. Poor In Global Debate (AP-Y2)

AP2, March 27, 2006

The United States is faring poorly in its effort to counter ideological support for terrorism, in part because the government does not communicate effectively, Defense Secretary Donald H. Rumsfeld said Monday.

Rumsfeld made the remark in response to a question from a member of his audience at the Army War College, where he delivered a speech on the challenges facing the country in fighting a global war on terrorism.

"If I were grading I would say we probably deserve a `D' or a `D-plus' as a country as to how well we're doing in the battle of ideas that's taking place in the world today," Rumsfeld told his questioner. "I'm not going to suggest that it's easy, but we have not found the formula as a country" for countering the extremists' message.

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Rumsfeld's audience consisted of more than 300 war college students and faculty members.

He said the al-Qaida terrorist network and affiliated Islamic extremists are the most brutal enemies the United States has ever seen.

Rumsfeld cited several examples of vicious terrorist assaults, including the Sept. 11, 2001 attacks, and warned that unless the terrorists are stopped they will continue to seek the means to launch even deadlier attacks on the West in the years ahead.

"The enemy we face may be the most brutal in our history," Rumsfeld said. "They currently lack only the means — not the desire — to kill, murder millions of innocent people with weapons vastly more powerful than boarding passes and box cutters," he added, referring to the terrorists who hijacked the airliners Sept. 11.

It was Rumsfeld's first visit to the war college in his more than five years as secretary of defense.

Earlier in the day he stopped at Shanksville, Pa., to see for the first time the place where hijacked United Airlines Flight 93 crashed in a field on Sept. 11, killing all 40 passengers and crew shortly after hijacked planes crashed into the World Trade Center and the Pentagon. The government's Sept. 11 Commission report said the hijackers crashed the plane as passengers tried to take control of the cockpit.

On a walking tour of the site among rolling hills and meadows, Rumsfeld paused in front of several rows of angel-shaped figures on rods that bear the names of the passengers and crew who died aboard the airliner. In brief remarks, Rumsfeld said he wanted to pay his respects at "the place where America really started to fight back."

At the spot where Flight 93 plowed into the earth, Rumsfeld laid a wreath and bowed his head for a moment.

In his speech at the war college , Rumsfeld described the Shanksville site as a place where "a group of ordinary airline passengers gave their lives in extraordinary defiance of foreign hijackers and in defense of our country's capital."

Rumsfeld said progress is being made in the global war on terror, particularly in making it more difficult for terrorist groups to recruit, train, raise money, establish sanctuaries and acquire weapons. But he stressed that more needs to be done.

"The strategy must do a great deal more to reduce the lure of the extremist ideology by standing with those moderate Muslims advocating peaceful change, freedom and tolerance," he said.

Rumsfeld noted that his audience included an Afghan military officer and one from Iraq.

"We welcome you and are proud to stand with you in the cause of freedom," the defense secretary said.

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On the Net:

Defense Department: http://www.defenselink.mil

Rumsfeld Sees No Victims In Al Qaeda (WT)

By Rowan Scarborough

The Washington Times, March 28, 2006

Defense Secretary Donald H. Rumsfeld delivered harsh words to war critics yesterday, saying some view al Qaeda operatives as victims, not the enemy that has killed Americans repeatedly.

In a speech to military officers at the Army War College in Carlisle, Pa., he also criticized previous administrations -- without naming them -- for failing to take on Islamic terrorists despite a series of attacks, including the 1993 bombing of the World Trade Center.

"Before September 11, 2001, there was somewhat of a misunderstanding in America about terrorists, and in some circles, I suppose, there really is today," Mr. Rumsfeld said. "Even today, some folks view terrorists as criminals, not as combatants. Some even consider them victims."

He said that during the 1980s and '90s, "the West was ambivalent how to counter extremist ideology and that type of aggression, and as a result, terrorists became increasingly emboldened. We should have learned the timeless truth that weakness is provocative."

Mr. Rumsfeld then listed the history of terrorist attacks on Americans, most occurring during the Clinton administration. The report submitted by the National Commission on Terrorist Attacks Upon the United States chronicled deep disagreements among the CIA, White House and Pentagon on how to deal with al Qaeda.

The Clinton national security team never agreed on any attack plan, and not one military operation was initiated against al Qaeda or Osama bin Laden, the commission said. The Pentagon's updated defense strategy paper, released a few weeks before Mr. Bush took office, did not list al Qaeda as a stand-alone threat. It lumped terrorism into a group of threats along with illegal drugs and piracy.

In President Bush's first eight months in office before September 11, Mr. Rumsfeld focused on organizing his staff and transforming the armed forces. The administration had no immediate plan to attack al Qaeda. During Mr. Rumsfeld's Senate confirmation hearing, neither al Qaeda nor Afghanistan was mentioned.

Without naming the Bush administration's political critics, the defense secretary said some blame the United States for terrorists' atrocities.

"From time to time, one hears the claim that terrorist acts are reactions to particular American policies. That's not so," he said. "Their violence preceded by many years' operations in Afghanistan and Iraq, and their violence will not stop until their ideology is confronted."

Filmmaker Michael Moore is among the more prominent critics on the Left who said al Qaeda's September 11 attacks were the result of past U.S. actions around the world. Rep. John P. Murtha of Pennsylvania, a decorated Marine war veteran who is the most prominent Democrat to call for an immediate troop pullout from Iraq, has said the U.S. presence there is "fueling terrorism, not eliminating it."

Mr. Rumsfeld told the war college audience, "They say that a retreat from Iraq would provide an American escape from the violence. However, we know that any reprieve would be short-lived. ... The war that the terrorists began would continue, and free people would continue to be their targets."

U.S. Raid Irks Shiites; Bombing Kills 40 (AP)

By Steven R. Hurst

AP, March 27, 2006

Shiite politicians raged at the United States and halted negotiations on a new government Monday after a military assault killed at least 16 people in what Iraqis claim was a mosque. Fresh violence erupted in the north, with 40 killed in a suicide bombing.

The firestorm of recrimination over Sunday's raid in northeast Baghdad will likely make it harder for Shiite politicians to keep a lid on their more angry followers as sectarian violence boils over, with at least 151 dead over the two-day period. A unity government involving Shiites, Sunnis and Kurds is a benchmark for American hopes of starting to withdraw troops this summer.

There were numerous conflicting statements from Iraqis and the Americans about the raid. Iraqi police, Shiite militia officials and major politicians have all said the structure attacked was the al-Mustafa mosque. But the U.S. military disputed this, saying no mosques were entered and that the raid targeted a building used by "insurgents responsible for kidnapping and execution activities."

In a conference call with reporters early Tuesday, Lt. Gen. Peter Chiarelli, deputy commander in Iraq, and Maj. Gen. J.D. Thurman, commander of the 4th Infantry Division, which is in control of Baghdad, said 25 U.S. forces were in a backup role to 50 Iraqi Special Operations troops.

The mission, the generals said, was developed by the Iraqis on their intelligence that an Iraqi dental technician, kidnapped 12 hours earlier because he could not come up with $20,000, was being held in what they called an office complex.

"It's important to remember we had an Iraqi unit with us, an Iraqi unit of 50 folks and they told us point blank that this was not a mosque," Chiarelli said. "It's not Mustafa mosque. Mustafa mosque is located six blocks north on our maps of this location."

Associated Press reporters who visited the scene of the raid identified it as a neighborhood Shiite mosque complex. Television footage taken Monday showed crumbling walls and disarray in a compound used as a gathering place for prayer. It was filled with religious posters and strung with banners denouncing the attack.

In an earlier statement, the military said the building had been under U.S. observation for some time.

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The statement said gunmen opened fire as Iraqi special operations troops closed in. It said the troops then killed 16 insurgents and wounded three "during a house-to-house search," detained 18 men, found a significant weapons cache and freed the hostage.

"In our observation of the place and the activities that were going on, it's difficult for us to consider this a place of prayer," said Lt. Col. Barry Johnson, a U.S. military spokesman.

For their part, Iraqi police said gunmen fired on the joint U.S.-Iraqi patrol from a position in the neighborhood but not from the mosque.

Police and representatives of radical Shiite cleric Muqtada al-Sadr, who holds great sway among poor Shiites in eastern Baghdad, said all those killed were in the complex for evening prayers and none was a gunman. Police put the death toll at 17 — seven members of al-Sadr's militia, seven civilians and three Shiite political activists.

Video from Sunday night showed male bodies with gunshot wounds on the floor of what was said by the cameraman to be the imam's living quarters, attached to mosque itself. The compound, once used by Saddam Hussein's government, consists of a political party office, the mosque and quarters for the imam.

The video also showed 5.56 mm shell casings scattered on the floor. U.S. forces use that caliber ammunition and have provided it to Iraqi special operations troops.

But Chiarelli said someone had gone into the scene of the raid to make it look as though there had been an assault without cause.

"After the fact someone went in and made the scene look different than it was," Chiarelli said.

Neither general would say who might have carried out such a charade. Nor would they say what they had learned about the men detained in the operation, citing intelligence strictures.

Interior Minister Bayan Jabr angrily rejected the U.S. account and demanded a "clear explanation."

"Entering the Mustafa Shiite mosque and killing worshippers was unjustified and a horrible violation from my point of view," Jabr said on the Al-Arabiya TV network. "Innocent people inside the mosque offering prayer at sunset were killed."

President Jalal Talabani, a Kurd, said he called U.S. Ambassador Zalmay Khalilzad and that they decided to form an Iraqi-U.S. committee to investigate.

"I will personally supervise, and we will learn who was responsible. Those who are behind this attack must be brought to the justice and punished," Talabani said.

The United Iraqi Alliance, the largest Shiite bloc in parliament, canceled Monday's session of negotiations to form a new government because of the raid, said lawmaker Jawad al-Maliki.

"We suspended today's meetings to discuss the formation of the government because of what happened at the al-Moustafa mosque," al-Maliki said, adding that the alliance was expected to decide Tuesday when to resume the talks.

The Baghdad governor said he cut ties with U.S. forces and diplomats. And all 37 members of the Baghdad provincial council suspended cooperation with the United States in reconstruction projects planned for the remainder of the year, as well as political and security coordination, said council chairman Moeen al-Khadimi.

He said the local government would try to rely instead on the budget allocated to it by the Finance Ministry and on the money that comes from donor countries.

The U.S. statement describing the kidnappers and killers they were targeting as "insurgents" was unusual because the operation took place at a Shiite facility. The insurgents who have been carrying out nearly daily bombings are Sunnis, while those believed responsible for execution-style slayings are primarily Shiite militias or death squads working inside the Shiite-dominated Interior Ministry, which runs the police.

"We don't know who they were," Chiarelli said. "They were terrorists, insurgents, you can call them what you will."

Monday's major suicide bombing took place at an Iraqi army recruiting office near the gate of a U.S.-Iraq military base about 20 miles east of Tal Afar, an ancient city not far from the Syrian border.

The bomber, wearing an explosives vest, struck shortly after noon, killing at least 40 Iraqis and wounding 30 others, the Iraqi Defense Ministry said.

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In yet one more gruesome discovery — a nearly daily occurrence since the Feb. 22 bombing of a Shiite shrine in Samarra — 29 more bodies were found, nine with a noose around their necks.

The country's senior Shiite politician, Abdul-Aziz al-Hakim, told CNN that the shrine bombing "was similar to what happened on 9/11 in the U.S."

He said it's now much more difficult to control the streets, and that Shiites had earlier exercised restraint in the wake of attacks by Sunni insurgents.

"For three years we've been burying the slaughtering, killing, explosions, attacking of our scholars, our mosques, our facilities, our pilgrims, our barbers, our bakers, our innocents," al-Hakim said. "We are always speaking to people to restrain themselves and calm down."

Shiite Leaders In Iraq Denounce U.S. (KRT)

By Nancy A. Youssef

Knight Ridder, March 27, 2006

BAGHDAD, Iraq - Top Shiite political leaders condemned U.S. forces on Monday for raiding a suspected Shiite terrorist cell in what they said was a mosque and killing more than a dozen people, exposing the growing schism between the country's largest and most powerful sect and U.S. officials.

Shiite leaders charged that Sunday's raid in northeast Baghdad was an attempt by the Americans to distance themselves from the sect. They claimed that U.S. officials were trying to give Sunnis more power than they won in the Dec. 15 election because they feared that Iraq would be controlled exclusively by Shiites, rather than shared with the Sunnis. Shiites represent 60 percent of Iraq's population and won a near-majority of seats in the parliament.

A widespread loss of support from the Shiites could make Iraq almost impossible to govern and could put U.S. forces stationed in Iraq in a precarious position.

"There is a policy by the American administration and its ambassador in Iraq to regain balance (between opposing Shiite and Sunni forces) by creating combating fronts," said Salam al-Maliki, the minister of transportation and a member of firebrand Shiite cleric Muqtada al-Sadr's party.

Lt. Gen. Peter Chiarelli, commander of the Multinational Corps Iraq, said Sunday's raid didn't involve a mosque but an office complex that held terrorists and an Iraqi hostage.

He said about 50 Iraqi special forces members led the attack and were fired upon by insurgents protecting the compound, prompting them to return fire.

"They didn't go in guns blazing," Chiarelli said.

About 25 U.S. military troops supported the Iraqi forces, but they didn't kill anyone in the complex, U.S. military officials said.

Identifying a mosque isn't always easy for non-Arabic speakers, since some mosques don't have the characteristic domes and minarets. Many Shiites, who were forbidden from building mosques during Iraqi dictator Saddam Hussein's regime, converted ordinary neighborhood buildings into places of worship after the U.S. invasion. The site of the Sunday's raid had been recently converted into a mosque, Shiite leaders said.

Lt. Col. Barry Johnson, a coalition spokesman, said the complex had three buildings and that military officials determined that two were off-limits. The third, which they entered, was under constant guard, he said.

Members of the major Shiite slate, the United Iraqi Alliance, warned U.S. officials against fighting Shiite forces.

"I warn them (the U.S.) that a battle with the calm giant Shiite means they are falling into a dangerous swamp," said Kuthair al-Khuzaie, a spokesman of the Shiite Dawa party, at a press conference. "The U.S. is making things more complicated and losing their credibility among the Iraqis."

The raid targeted Shiites, some of whom were affiliated with al-Sadr's Mahdi Army militia, U.S. officials said. Al-Sadr has called for his followers to remain calm.

Since the December election - in which the United Iraqi Alliance won 10 seats short of the majority - the U.S. envoy in Iraq has hinted that American support for the Shiites isn't ironclad. U.S. officials have pushed the government to rein in militias, most of which are run by Shiites.

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Zalmay Khalilzad, the U.S. ambassador to Iraq, has said that Shiite-dominated militias must be integrated into government forces. On Saturday, he said that Shiite-led militias are creating more violence than the Sunni-led insurgency, a charge not heard before the election.

Although Shiite leaders say they want a national unity government, many aren't willing to dismantle their militias, saying their armed factions will protect them if their party - or the government - falls apart. They've dismissed suggestions that the militias are contributing to the sectarian violence and instead charge that the Iraqi police and military have been infiltrated by enemy elements who are stirring up trouble.

"These militias have an honorable history in fighting the tyrant (Saddam) and supporting the political process," al-Maliki said.

U.S. officials believe that as long as militias remain an unchecked security faction, sectarian violence will increase, delaying the drawdown of U.S. forces.

Since the Feb. 22 bombing of a revered Shiite shrine in the Sunni-dominated city of Samarra, retaliatory killings have surged. Dozens of bodies, mostly Sunnis, have been dumped in fields and side streets, many showing signs of torture. U.S. officials believe members of the Mahdi Army have been behind much of the violence.

The split between the Shiites and the United States emerged after the election, when the two sides strongly disagreed over how the new Iraq should take shape, said James Denselow, an Iraq specialist at the London-based Chatham House, a foreign-policy research group.

Since the December election, "the U.S. no longer directly influences the process," he said. "They are battling the idea of a national unity government against the reality of a severely fractured state along sectarian lines."

The U.S. Embassy declined to comment on Monday.

Top leaders have been haggling over the government since the election, but Shiite leaders said they suspended negotiations after the raid.

Iraqi President Jalal Talabani announced that he would lead an investigation, a common practice after major events. Iraqi officials don't publicly release the results of their investigations.

Shiite Leaders Suspend Talks Over Government (NYT)

By Kirk Semple

The New York Times, March 28, 2006

BAGHDAD, Iraq, March 27 — Frayed relations between Iraq's Shiite leadership and the American authorities came under increased strain on Monday as Shiite leaders angrily denounced a joint American-Iraqi raid on a Shiite compound and suspended negotiations over a new government.

The raid on Sunday evening, which killed at least 16 people, also prompted the governor of Baghdad to announce a halt in cooperation with the American authorities, and Shiite militiamen to brandish their weapons in the streets of eastern Baghdad and declare their readiness to retaliate against American troops.

The suspension of the difficult talks over the formation of a full four-year government prolonged a power vacuum that American and Iraqi officials said had created a fertile environment for a recent surge in lawlessness and sectarian violence.

In the village of Kasak, between Mosul and Tal Afar, a man wrapped in explosives detonated himself at an army recruitment center on Monday, killing at least 40 people and wounding at least 30, an official at the Interior Ministry said. The center is situated in front of a joint American-Iraqi base, though the American military said that no American troops had been wounded.

President Jalal Talabani said he would lead a joint Iraqi-American committee to investigate the Sunday evening raid, as American and Iraqi authorities continued to offer wildly conflicting accounts of it. Shiites said the victims were civilians gathered in a mosque, while the Americans said they were insurgents holed up in a guerrilla headquarters. Iraqi leaders said they would reassess the pause in political talks on a day-by-day basis.

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The tension between the American authorities and the Shiite political leadership has many sources. The United States ambassador to Iraq, Zalmay Khalilzad, has been pressing the government of Prime Minister Ibrahim al-Jaafari, a Shiite, to crack down on Shiite militias and rid the Interior Ministry of militia influence.

The militias, and their fighters working within the government's security forces, have been accused of conducting a dirty war against Sunni Arabs through kidnappings and executions, and thereby helping to push the country toward all-out civil war.

In addition, Mr. Khalilzad has been urging the Shiite leaders to be more politically accommodating to Sunni Arabs. In the aftermath of the bombing of a major Shiite shrine last month, Shiite leaders began to lash out at the ambassador for his insistence on working with the Sunnis and defended their use of militias for self-defense.

Some Shiite leaders warned that the raid had been widely interpreted among their constituents as a strong-arm tactic to cow them into making political concessions, including forcing the largest Shiite bloc to drop Mr. Jaafari as its nominee for prime minister in the new government. They demanded that the American authorities give a public and transparent accounting of the raid. "There was something tragically wrong, and it's got to be explained or it's going to be seen by many to be a crackdown on certain political factions in Iraqi politics," said Haydar al-Abadi, a top adviser to Mr. Jaafari. "We are facing a crisis."

President Talabani said at a news conference that Gen. George W. Casey Jr. agreed to the formation of the joint investigative committee, which was confirmed by a spokeswoman for the American Embassy. "I will personally supervise, and we will learn who was responsible," the president said. "Those who are behind this attack must be brought to justice and punished."

The governor of Baghdad, Hussein al-Tahaan, said he was suspending cooperation with the American authorities "due to the aggression that the innocent people and worshipers were subjected to." The practical effects of the move remained unclear, though it would likely have symbolic resonance.

The raid on Sunday happened at the Mustafa husayniyah, a small Shiite community center and mosque in Ur, a predominantly Shiite neighborhood in northeastern Baghdad.

The mosque, with a small minaret, is built around a central open-air courtyard and was frequented by followers of the radical Shiite cleric Moktada al-Sadr and his Mahdi Army militia. Mr. Sadr led two major armed uprisings against American troops in 2004 and has become one of the most powerful political forces in the country.

An imam at the mosque, Sheikh Safaa al-Tamimi, said he fled the building when the troops arrived Sunday evening, but returned after the shooting was over and saw bodies in several different rooms. Adel Abu al-Hassan, 34, the supervisor of the mosque and a prayer caller, was outside the mosque during the siege but said he, too, returned to find bodies scattered around the complex.

On Sunday, the Interior Ministry reported that an 80-year-old imam had been among those killed at the compound.

A reporter visiting the mosque on Monday saw blood stains in rooms and on rugs that had been hauled into the courtyard, bullet-pocked walls and even a piece of human brain in a pool of blood on the tile floor of an office used by a Shiite political party, the Iraq Branch of the Islamic Dawa Party.

In a conference call with reporters in Baghdad late Monday, Lt. Gen. Peter Chiarelli, commander of the day-to-day operations of the multinational forces in Iraq, said the building was "an office complex," and not a mosque. He said the raid, which involved about 50 troops from the Iraqi Special Forces, assisted by about 25 American advisers, explosives technicians and medical personnel, singled out an insurgent group that was using the building as a base of operations for conducting kidnappings and executions.

General Chiarelli said that as the troops approached the complex, they came under fire from "several buildings" in the area. The troops killed 16 insurgents, wounded three, detained 18 other people, discovered a weapons stockpile and freed a dental technician who was being held hostage there, he said.

The soldiers were met with gunfire from many rooms in the building, American commanders said. "The Iraqi forces did the fighting, make no bones about it," the general said, adding that the dead were all killed by Iraqi troops.

General Chiarelli said he did not know which organization the insurgents represented. "What I know is that we had a terrorist organization that's involved in executions and murders and was holding a hostage," he stated.

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The general said he believed that the scene was disrupted after the raid to make the building look like something other than a terrorist headquarters, although he did not give details on how it was done. "After the fact someone went in and made the scene look different than it was, for whatever purposes," he said.

But Iraqi government officials and political leaders vociferously disputed the American command's version of events, insisting that Iraqi and American troops had raided a mosque, not a fortified office complex, as a political party meeting was under way and unarmed worshipers gathered for evening prayer.

Khudair al-Khuzaie, the spokesman for the Iraq Branch of the Islamic Dawa Party, said he knew of 16 victims, all of whom had been attending a meeting in the party's office at the time of the raid. The office is accessible through a doorway from the mosque's courtyard. Of the victims, he said, 13 were party members and 3 were civilians.

Jawad al-Maliki, a deputy to Prime Minister Jaafari's Dawa Party, accused the American command of committing "an ugly crime" that "has dangerous political and security dimensions intended to ignite the fire of civil war."

In the hours after the attack, an official in the office of Mr. Sadr claimed that members of his Mahdi Army were among the victims. But on Monday, another Sadr representative said no Mahdi Army fighters died in the raid.

Mahdi fighters brandishing weapons took to the streets in Ur and Sadr City in a show of force and warned they were prepared to attack American troops. Many accompanied a solemn and tense funeral cortege for the victims through the streets of Ur.

But Shiite leaders, including Mr. Sadr, urged calm.

"We are ready to resist the Americans and strike their bases," vowed Katheer Abdul-Ridha, 22, a member of the Mahdi Army, who was guarding a roadblock in Sadr City. "The Sunnis have nothing to do with this, and we shouldn't accuse them of everything that's going on."

Mr. Khalilzad has been pressuring Iraqi leaders to rein in the militias. On Saturday, he declared that more Iraqis were dying from militia violence than from the insurgency.

In the carnage at the northern recruitment center, Gen. Muhammad al-Dosaki, deputy commander of the Third Division of the Iraqi Army, said the suicide bomber waded into a crowd of about 70 applicants who had gathered outside the center and detonated a vest of explosives.

And in Baghdad, Iraqi police recruits stumbled across nine bodies, all garroted, an official in the Interior Ministry said. At least 267 bodies showing signs of execution-style killings have been recovered in Baghdad in the past three weeks.

In southern Baghdad, a missile hit a building containing two offices of the Shiite-led Fadhila and Dawa parties, killing 6 people and wounding 12, an Iraqi police official in Zafaraniya said.

U.S. And Iraq's Shiite Leadership Differ Sharply In Accounts Of Raid (WSJ)

By Philip Shishkin

The Wall Street Journal, March 28, 2006

BAGHDAD, Iraq -- Iraq's leaders reacted angrily to the U.S.-backed raid that they claimed killed civilians in a Shiite mosque Sunday night, while top U.S. commanders said the operation broke up a ruthless terrorist cell. The dispute will further complicate efforts to form a unity government and could lead to more reprisal attacks by Shiite militias.

The U.S. and the Shiite leadership differed sharply in their accounts of the raid, which took place at sunset in Eastern Baghdad. The U.S. says the operation targeted a cell of well-armed insurgents who were making explosives and had taken hostage an Iraqi dental technician whom they were beating and threatening to torture. They showed the hostage a photo of his daughter and said she would be killed unless he came up with $25,000 the next day, said Army Lt. Gen. Peter Chiarelli, the No. 2 U.S. commander in Iraq.

As Iraqi soldiers supported by U.S. special operations troops scoured the area, they came under fire. In the ensuing fight, 16 gunmen were killed, 18 were detained, a weapons cache was found and destroyed, and the hostage was rescued. U.S. commanders described the targeted compound as "an office complex," and not a mosque.

The Shiite leaders say the raid killed scores of worshippers in a neighborhood mosque. "There were people gathering to perform their sunset prayers," says Nasir al-Sayidi, a member of parliament loyal to radical Shiite cleric Moqtada al-Sadr, whose

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militia, the Mehdi army, has fought two rebellions against U.S. forces. Top U.S. commanders rejected claims of innocent deaths and suggested someone deliberately tampered with the scene after the raid, making it look on some video footage as if innocent civilians had been killed. The raid was conducted by an Iraqi special-forces unit accompanied by U.S. advisors who didn't fire any shots. A U.S. military spokesman said the soldiers were pursuing a militant linked to the Mehdi army.

In protest, the Shiite coalition, which dominates Iraq's Parliament and holds the keys to the formation of a new cabinet, withdrew from government negotiations yesterday, delaying the process that has dragged on for weeks without results. "We suspended the meetings to discuss the formation of the government because of what happened at the mosque," said Jawad al-Maliki, a member of the United Iraqi Alliance, the Shiite parliamentary bloc.

Washington hopes a more inclusive government could help quell sectarian violence that has engulfed Iraq after last month's bombing of a landmark Shiite shrine in Samarra. In response, shadowy Shiite militias have embarked on a spree of retaliatory killings and torture targeting Sunnis.

The outcry over the Sunday raid went beyond the Shiite political bloc. President Jalal Talabani, an ethnic Kurd, said he called U.S. Ambassador Zalmay Khalilzad to urge a joint U.S.-Iraqi investigation into the incident. "Those who are behind this attack must be brought to justice and punished," Mr. Talabani said. The U.S. embassy said it supports the idea of a joint inquiry but declined to comment further.

In a separate incident yesterday, a suicide bomber killed some 40 people at an army recruitment center in northern Iraq.

The fallout from the Sunday raid points to the gulf that has been steadily widening between U.S. policy makers and the Shiite forces that have come to dominate much of Iraq's political life. The Shiite Arabs, along with the Kurds, were the major beneficiaries of the U.S. overthrow of Saddam Hussein. Two rounds of national elections held last year propelled the Shiites to the pinnacle of power, long a preserve of the Sunni Arab minority. As the Sunni-driven insurgency targeting Shiites picked up steam, Shiite militias infiltrated the country's interior ministry and began harassing and killing Sunnis, often for no reason other than their sectarian differences.

That violence intensified after the bombing of the Askariya mosque in Samarra, one of Shiite Islam's holiest shrines, prompting U.S. officials to cast Shiite militias as the gravest dangers facing Iraq. The perception, voiced repeatedly by Mr. Khalilzad, drew sharp rebukes from Shiite leaders, who now suspect the U.S. is turning on Shiites and trying to weaken their power in order to win over the disenfranchised Sunni community that feeds the bulk of the insurgency.

"The U.S. thinks that the biggest problem of Iraq is in the militias, but the real problem is terrorism," says Qusai Abdul Wahab, a member of parliament from the Sadr movement. Much of the criticism of the Sunday raid has been spearheaded by Sadr officials. Mr. Sadr has joined the political process and now has deputies in the national assembly. But he remains stridently anti-American, and his militia has retained much of its capability, prompting fears of new conflicts.

U.S. Officials Defend Raid Following Shiite Backlash (WP)

By Jonathan Finer And Naseer Nouri

The Washington Post, March 28, 2006

BAGHDAD, March 27 -- Facing a scathing backlash from Shiite Muslim leaders a day after a deadly U.S.-Iraqi raid in Baghdad, top U.S. military officials defended the mission Monday, saying it was a "hugely successful" operation against an insurgent hideout packed with weapons used against soldiers and civilians.

Lt. Col. Sean Swindell, whose unit participated in the raid, said the mission was led by Iraqi soldiers and targeted an insurgent group based at a compound in northern Baghdad. Sixteen Iraqis were killed, all combatants, U.S. officials have said.

Their version of events differed sharply from that of Shiite officials and Baghdad residents near the site of the raid, who for a second day voiced anger over the operation, saying U.S. and Iraqi troops targeted a Shiite mosque and gunned down innocent worshipers in the half-light of evening prayers.

"There was no resistance at all from the mosque. There were no weapons during prayers," said Muhammad Ridha, 39, who works at the complex in Baghdad's Shaab neighborhood. "The purpose of the raid was to kill Shiites."

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The rejection of such characterizations by Swindell, commander of the 2nd Battalion, 10th Special Forces Group, and other U.S. officers came in a series of television appearances and late-night conversations with reporters aimed at bolstering the U.S. version of events. American officials had been publicly silent about the raid for more than 24 hours.

Their comments also came as the American presence in Iraq -- long hailed, or at least tolerated, by Iraqi Shiites as a bulwark against factional violence -- faced its most precarious moment in months, according to U.S. diplomats and military officers, political analysts and Iraqi officials.

On Monday, political leaders canceled a round of negotiations over the formation of a new government and instead huddled with American diplomats in an attempt to rein in the burgeoning crisis. Meanwhile, the Shiite-led provincial government in Baghdad suspended all cooperation with U.S.-led forces until an investigation into the Sunday raid is conducted.

The rancorous standoff coincided with yet another devastating day of violence, with as many as 60 people killed across Iraq, including dozens of military recruits in a bombing in the northern city of Mosul.

"I certainly don't see any easy way out of this mess," said Peter Galbraith, a former U.S. diplomat who serves as a consultant to Iraq's Kurdish parties.

Further complicating U.S. efforts is the fact that those killed Sunday are believed to have been followers of the Shiite cleric Moqtada al-Sadr. Once a renegade distrusted by the Iraqi government, Sadr has spent the past year cementing his status as a political insider, incorporating members of his Mahdi Army militia into the Iraqi police force. More than 30 of his followers won seats in the new parliament.

"I was more surprised that the U.S. took on the Mahdi militia as it did," said Michael O'Hanlon, an analyst at the Brookings Institution in Washington. "We handled Sadr's forces very well in 2004 with a mix of carrots and sticks, and we have to be prepared to fight him again, but any time you fight him or someone associated with him, you run the risk of taking on all his legions, and that would be a huge negative."

While the enmity between U.S. and Shiite leaders may have peaked as a result of the raid, relations have been souring for the past several months. In late December, U.S. Ambassador Zalmay Khalilzad -- long praised as an evenhanded broker by all of Iraq's factions -- began warning political leaders forming a new government to put the security apparatus outside the control of Shiite militia leaders.

The pointed public request was a thinly veiled swipe at Interior Minister Bayan Jabr, who has ties to the Badr Organization, a Shiite group. On Monday, Jabr condemned the Sunday raid, telling al-Arabiya television that "innocent people inside the mosque offering prayer at sunset were killed," according to news services.

Jawad Maliki, an official with the Shiite Dawa party led by Shiite Prime Minister Ibrahim al-Jafari, said the raid was "aimed to provoke a civil war for political purposes during a critical political period of the process of forming a government."

Maliki also accused U.S. forces of "killing this number of people after handcuffing and torturing them." Witnesses said U.S. and Iraqi forces stormed the building at about 6 p.m., just as evening prayers were beginning, and shot several unarmed worshipers and officer workers. No evidence was provided to substantiate those claims.

A visit on Monday to the site of the raid -- which local residents said was a former office complex converted into a community center, with a mosque, a school and an office of the Dawa party -- revealed inner and outer walls pockmarked by bullet holes.

Photographs of Sadr were plastered on walls. The floor was caked with dried blood. In one room a small crater pocked the floor, a sign of what witnesses described as a sound grenade.

Residents carried at least 21 coffins from the mosque at 11 a.m., some draped in Iraqi flags or black mourning banners, and loaded them into the backs of pickup trucks escorted by armed men chanting anti-American slogans. The coffins were said to be bound for the Shiite holy city of Najaf for burial.

Unlike the Shiite leaders, U.S. military and civilian officials kept a low profile Monday, leaving some commanders and diplomats, and their Iraqi supporters, frustrated that their version of events was not being disseminated.

"Someone should have said something. The other side is talking, and the American side is silent," said Mahmoud Othman, a Kurdish politician who works closely with U.S. officials. "To be silent here means you are on the weak side."

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When they finally spoke out Monday night, U.S. commanders said that shots were fired from inside the compound and from surrounding buildings as soon as the soldiers arrived and that the Americans played mostly an advisory role. The lead unit, they said, was a special forces battalion known as the Iraqi counter-terrorism force.

"They were the drivers and the machine-gunners and the breachers," said Swindell, the lieutenant colonel.

He said the insurgent group based at the complex had been tracked for at least a month. He said he did not know if the group had a name, or what its religious affiliation was, but that members were believed to have tortured and killed at least three men belonging to the Iraqi counter-terrorism force.

About 50 Iraqi and 20 U.S. soldiers conducted the raid, Swindell said, adding that all but one or two of the slain insurgents were killed by Iraqi troops.

"There was nobody praying when we hit the objective, they were firing weapons at us," he said. "We had resistance the whole time, for about 45 minutes."

In a statement Monday, the U.S. military said 18 suspected insurgents were detained in the assault and three were wounded. The military also cataloged a large number of weapons found inside the compound, including 32 AK-47 assault rifles, two rocket-propelled grenade launchers and 12 "crush switch indicators" used to make bombs.

In a conference call Tuesday night, Lt. Gen. Peter Chiarelli, commander of the Multinational Corps-Iraq , said the Iraqi soldiers had told U.S. troops the targeted building was not a mosque. He also said that footage aired on Iraqi television Sunday and Monday showing unarmed men lying dead and Korans scattered at the scene of the attack had been staged.

"After the fact, someone went in and made the scene look different from what it was," he said.

Iraqi President Jalal Talabani, an ethnic Kurd, said Monday he would lead a committee charged with reconciling the widely divergent accounts of the raid. If wrongdoing is discovered, he said, "We will take them before a court, whoever they are. Everyone who commits a crime should be punished."

Shi'ites Cease Government Talks After Gunbattle (WT)

By From combined dispatches

The Washington Times, March 28, 2006

BAGHDAD -- Shi'ite politicians yesterday halted talks on a new government and threatened to break off cooperation with the United States on security and reconstruction after a military assault that killed at least 16 persons in what Iraqis claim was a mosque.

The victims were identified as followers of radical Shi'ite cleric Muqtada al-Sadr, a principal backer of Prime Minister Ibrahim al-Jaafari and a key player in long-running talks aimed at forming a government.

U.S. and Iraqi officials offered wildly conflicting accounts of the Sunday night gunbattle, but the recriminations clearly were undermining fragile trust between the Americans and Iraqis. President Jalal Talabani said he and U.S. Ambassador to Iraq Zalmay Khalilzad had agreed to form an Iraqi-U.S. committee to investigate.

Sectarian tensions were inflamed further by a suicide bombing that killed at least 40 persons north of Baghdad yesterday, bringing the death toll to at least 150 over two days. About 20 bodies were discovered, most with nooses around their necks, a day after 40 bodies were found, most of which were beheaded.

Iraq's security minister, in the most inflammatory account of Sunday's battle, accused U.S. and Iraqi forces of entering a mosque and killing 37 unarmed civilians after tying them up. Residents and police -- who put the death toll at about 20 -- spoke of a fierce battle between the soldiers and gunmen from Sheik al-Sadr's Mahdi Army militia, whose followers ran the mosque.

The U.S. military said the raid targeted a building used by "insurgents responsible for kidnapping and execution activities" and that "no mosques were entered or damaged during this operation."

The military said the building had been under observation for some time and that gunmen opened fire when Iraqi special-operations troops closed in, with U.S. forces in a backup role. The military said the troops killed 16 insurgents and wounded three "during a house-to-house search," detained 18, found a significant weapons cache and secured the release of an Iraqi hostage.

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"In our observation of the place and the activities that were going on, it's difficult for us to consider this a place of prayer," said Lt. Col. Barry Johnson, a U.S. military spokesman. "It was not identified by us as a mosque, though we certainly recognized it as a community gathering center. I think this is, frankly, a matter of perception."

Associated Press reporters who visited the scene yesterday said the site clearly was a neighborhood Shi'ite mosque complex. Television footage showed a compound used as a gathering place for prayer, filled with religious posters and strung with banners denouncing the attack.

Some confusion may result from the fact that the site was not a traditional religious building but a compound of former Ba'ath Party offices converted into a mosque by Sheik al-Sadr's followers.

Police and representatives of Sheik al-Sadr said all those killed were in the complex for evening prayers and none was a gunman. Police put the death toll at 17 -- seven members of Sheik al-Sadr's militia, seven civilians and three Shi'ite political activists.

Interior Minister Bayan Jabr angrily rejected the U.S. account and demanded a "clear explanation."

"Entering the Mustafa Shi'ite mosque and killing worshippers was unjustified and a horrible violation, from my point of view," Mr. Jabr said on the Al Arabiya TV network. "Innocent people inside the mosque offering prayer at sunset were killed."

The United Iraqi Alliance (UIA), the largest Shi'ite bloc in parliament, canceled yesterday's session of negotiations to form a new government because of the raid, said lawmaker Jawad al-Maliki. He said the alliance likely would decide today when to resume the talks.

Mr. al-Maliki, an ally of Mr. al-Jaafari, also said the UIA "calls for a rapid restoration of [control of] security matters to the Iraqi government" and away from the Americans.

The Baghdad governor said he had cut ties with U.S. forces and diplomats, while all 37 members of the Baghdad provincial council suspended cooperation with the United States in reconstruction projects planned for the remainder of the year.

Angered By Fatal Raid, Shiites Exit Unity Talks (LAT)

By Richard Boudreaux And Zainab Hussein

The Los Angeles Times, March 28, 2006

BAGHDAD — As coffins of shooting victims rolled past wailing mourners, Iraq's dominant Shiite Muslim political alliance Monday condemned the United States for a weekend raid that left at least 16 people dead in a Shiite neighborhood and said it was for now dropping out of U.S.-guided talks aimed at forming a unity government.

Shiite political leaders and U.S. military commanders gave wildly contradictory accounts of the Sunday evening raid in northeast Baghdad, evidence of a growing rift between the United States and the Shiite-led government that came to power after the 2003 ouster of Saddam Hussein.

The raid also widened a split between the Sunni Arab-led Defense Ministry, which oversees the Iraqi troops who took part in the operation, and the Shiite-dominated police force. Rivalry between the two security forces has fueled apprehension that the sectarian violence could drag them into a civil war.

The Shiites said that the target of the military operation was a Shiite mosque and that many of the victims were unarmed worshipers.

U.S. commanders said the raid, conducted by Iraqi special forces with American advisors, occurred six blocks away at an office complex where kidnappers were holding a hostage and a hidden cache of weapons. The hostage, an Iraqi dental technician, was freed and 16 militants were killed in an ensuing battle, they said.

"After the fact, someone went in and made the scene look different than it was," Lt. Gen. Peter Chiarelli, the second-ranking U.S. commander in Iraq, told reporters in a conference call, suggesting that widely televised images purporting to depict a massacre at a mosque were propaganda tricks by unnamed parties. He did not elaborate.

Four witnesses standing separately outside the mosque, in the capital's Ur district, on Monday described an invasion of their streets by Iraqi and U.S. troops the night before. They said helicopters had flown overhead as Humvees surrounded the area around the Mustafa mosque and an adjacent office of Dawa, a Shiite party.

One witness said that what he saw inside the mosque was ghastly.

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"There were bullet casings and trails of blood on the floor of the prayer hall," said Hamid Jabar, a 61-year-old pensioner who lives across the street and said he entered the mosque shortly after troops left. "It looked like the men had been executed and dragged to the smaller rooms.

"Some were shot in the head and others in the chest," he said. "Some of the bodies were ripped open with knives."

Jabar and other witnesses said the Iraqi forces had fired their way into the Shiite party office and then burst into the mosque during evening prayers, handcuffing, blindfolding and shooting worshipers.

Two hours later, when quiet returned, residents who had cowered in nearby homes ventured into the compound and found bodies slumped in the party office and piled into two small rooms off the prayer hall, Jabar said.

He said there were 18 dead, all males — three in their 60s and one in his teens. At least 13, including a guard, were identified as members of Dawa, the party of Prime Minister Ibrahim Jafari.

The facade of the party office and several houses on the street were pocked with bullet holes. The three-story building where Jabar lives was partly burned by what residents called a rocket or grenade attack by the invading troops.

"My shop was full of people trying to escape the shooting," said Sayaid Thamir, a 50-year-old merchant who works across the street from the mosque. "Soldiers were shooting randomly everywhere. Cars were not allowed to move.

"What happened was terrifying," he said. "If they were looking for terrorists, why couldn't they do it quietly?"

No gunfire came from the mosque, several witnesses said.

"The Americans started the raid without giving us a chance to negotiate or to find out what they wanted," Sheik Safa Timimi, the imam of the mosque, said in an interview Monday on Iraqi radio. "Some young men tried to approach them but were shot at."

An Iraqi reporter for The Times who interviewed the four witnesses was unable to look inside the rooms of the mosque or the party office, which were locked Monday.

The explanation offered later by Chiarelli, in a post-midnight conference call, was also impossible to verify. An overnight curfew prevented reporters from going to the office complex, which the general said was the only target of the raid.

Whichever story is true, the killings threw Iraq's delicately balanced leadership into a crisis as it struggled to contain rising sectarian violence between majority Shiites and the country's Sunni minority. Weeks of intense negotiations to form a government with the Shiite, Sunni, Kurdish and secular blocs elected to parliament in December came to a halt, as Shiite representatives Monday failed to show up for talks on forming the government.

Shiite leaders said they were discussing the fallout from the killings and would not return to the multiparty talks until Wednesday at the earliest.

Interior Minister Bayan Jabr, a Shiite who heads Iraq's police forces, called the raid "an unjustified and horrible violation."

He said U.S. forces and the Iraqi army controlled the area of operation and barred police from entering.

In an unusually harsh condemnation of the United States, the United Iraqi Alliance called the raid a "serious crime" aimed at trying to weaken it politically against the Sunni-led insurgency.

"The government must find out the truth about these special units of the Iraqi army that function outside government control and perpetuate massacres with the support of the U.S. Army," said the statement by the Alliance, the Shiite coalition that leads the interim government.

U.S. officials and Iraqi critics of the government have blamed Jabr's ministry for sectarian killings, saying many have been carried out by Shiite militiamen who joined the police force but in fact operate as sectarian death squads.

U.S. Ambassador Zalmay Khalilzad has demanded that Jabr be replaced by someone not strongly identified with a particular sect.

President Jalal Talabani, a Kurd, said after speaking to Khalilzad on Monday that he would supervise a joint U.S.-Iraqi commission to investigate Sunday's incident.

"Those who are behind this attack must be brought to justice and punished," Talabani said in a brief televised address.

Anti-American sentiment stirred up by the killings filled the airwaves of Al Iraqiya, the state-run television network, and other broadcast media for a second day Monday.

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It spilled into the working-class streets of Ur as seven pickup trucks and other vehicles bore 16 wooden coffins in a slow cortege, followed by hundreds of mourners on foot. Residents said two other bodies had been sent away earlier for burial.

"No, no to America!" chanted a man identified only as Sheik Jalel, standing in the back of the lead truck. "No, no to the devil! No, no to Israel!"

The procession and its police escort wound past the crumbling white walls of the mosque compound, which bore banners denouncing the attack.

People spilled out of nearby shops and modest homes to march with the coffins. Others watched and wept from behind iron gates.

Chiarelli, the U.S. commander, declined to comment on possible involvement by the militia of radical Shiite cleric Muqtada Sadr, whose political movement joined in condemning the raid.

"I think the backlash has been caused by the folks who set the scene up," the general said.

Neighbors of the mosque said Sadr's militia did not show up and confront the U.S. and Iraqi forces, dismissing early reports of a clash.

The conference call by Chiarelli and Army Maj. Gen. J.D. Thurman, the commander of Multinational Division Baghdad, was the first U.S. military briefing on Sunday's operation. Iraq's Defense Ministry has not commented on the operation.

Chiarelli said 50 Iraqi special forces troops arrived to raid the office complex at dusk Sunday, backed by 25 U.S. advisors, and came under fire from three sides as they neared the building. He said he did not know the affiliation of the insurgents.

The troops went in and "cleared the compound," he said, killing 16 and capturing three wounded militants along with 18 other suspects.

"It was the Iraqi forces who did the fighting," he added. "There was gunfire from every room."

The general said the freed dental technician had been taken hostage earlier in the day, "shown a picture of his daughter and told if he didn't pay $20,000 he was going to be dead the next day."

Thurman, whose division controls Baghdad, said the raid netted 34 assault rifles and some rocket-propelled grenades.

Asked about the Shiite alliance's condemnation of the raid, Chiarelli said: "It was coordinated through military channels. Not every operation we run is coordinated with every politician in Iraq."

General Addresses War Concerns (WT/AP)

By Lolita C. Baldor, Associated Press

The Washington Times, March 28, 2006

ISTANBUL -- In the troubled region surrounding Iraq, a frequent question posed to the top U.S. military officer visiting the area was not when his troops will pull out of Iraq, but how long they will stay.

From the glittery king's palace in Saudi Arabia to the devastated slopes of the Pakistani mountainside and a staid Turkish symposium, Marine Corps Gen. Peter Pace, chairman of the Joint Chiefs of Staff, sought last week to ease concerns about whether opposition to the war at home could pressure U.S. forces to leave Iraq before it is stable.

"I think it's fair to say that in Pakistan, Saudi Arabia and Turkey, there is a clear desire for the U.S. to stay with it until the job is done -- which, coincidentally, is how we look at it," Gen. Pace said Sunday as he left Istanbul for Washington.

On his first diplomatic-oriented trip since the fall, Gen. Pace traveled to three countries whose leaders are worried about the U.S. commitment to the Iraq war and the global war on terror. Failure to secure Iraq could inspire insurgencies in their countries and instability in the region, where terrorism is a familiar threat.

Their fears are stoked by the American public's growing impatience with a war that has claimed the lives of more than 2,300 U.S. troops and the persistent calls from members of Congress for an exit strategy.

"I told them that from the U.S. military's viewpoint, we would stay with the mission until we got the job done," Gen. Pace said.

Those interests also at times conflict with strong anti-American sentiment in these Muslim countries, including Pakistan, where thousands protested the war during a recent visit by President Bush. Protesters were not evident during Gen. Pace's visit, but he often faced blunt questions about U.S. Middle East policies and progress in Iraq from both officials and the local press.

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Gen. Pace said people in the countries wanted to know what the United States' plans are for Iraq and Afghanistan, for dealing with Iran's nuclear program and for aiding the fight against guerrillas of the Kurdistan Workers' Party, or PKK, in northern Iraq and Turkey.

Turks worry that if U.S. troops leave Iraq too soon, the country could crumble and allow Kurdish rebels in the north to create an independent state along the Turkish border.

The Saudis, meanwhile, are concerned that sectarian violence in Iraq will expand into Saudi Arabia, and that a weakened Iraq will allow Iran to gain a foothold there, said Rachel Bronson, a Middle East specialist at the Council on Foreign Relations.

In Pakistan, there are ongoing efforts to ferret out terrorists traveling back and forth across the mountainous Afghan border, where some think Osama bin Laden may be hiding and directing his al Qaeda network.

"These are three countries where it is easy to have misunderstandings just because of cultural differences ... language and interpretations of what is being said," Gen. Pace said. "So, I was really pleased to have the opportunity to go face to face with my counterparts."

Arabs Discuss Wider Presence In Baghdad To Bolster Government (NYT)

By Abeer Allam

The New York Times, March 28, 2006

KHARTOUM, Sudan, March 27 — Arab foreign ministers who gathered here over the weekend to prepare for a summit meeting agreed on a proposal to increase their diplomatic presence in Iraq.

The draft resolution, which does not offer a timetable, is expected to be approved by the 22 members of the Arab League meeting here on Tuesday and Wednesday.

The Bush administration has urged Arab nations to open diplomatic missions and embassies in Iraq to help give the new government legitimacy. But the ministers appeared to be less concerned about pleasing the United States than staving off the growing influence of Iran.

In particular, the agreement this month for the United States and Iran to hold talks about the future of Iraq was viewed with alarm.

"Who are they to decide on the future of a third country in the absence of Iraqis and the absence of the Arab world and the absence of everybody?" asked Hisham Yousef, chief of staff of the Arab League. But Mr. Yousef said such discussions, in the context of trying to help the Iraqis overcome their problems, would be appropriate.

The Iraqi foreign minister, Hoshyar Zebari, criticized the Arab countries for failing to support Iraq by providing full diplomatic presence and debt forgiveness.

"Why are you complaining about the Iranian role in Iraq when the Iranians are there and you are not?" Mr. Zebari said. "We have been asking for you to play a role for the past three years and you have not responded."

Arab diplomatic missions have maintained minimal staffs in Iraq since the American-led invasion in 2003 and particularly after two Algerian diplomats and an Egyptian envoy were kidnapped and killed there in July.

Iraq also remains saddled with billions of dollars in debt to Persian Gulf states that helped finance the 1980-88 war with Iran. The Arab leaders are expected to discuss the issue of debt forgiveness this week.

The Arab leaders will also try to produce unified positions on a host of crises simmering across the Middle East, including the new Hamas-led Palestinian government, tensions between Lebanon and Syria, Iran's nuclear program and the conflict in the Darfur region of Sudan.

In another draft resolution, the ministers agreed to maintain Arab aid to the Palestinian Authority at $55 million a month.

While the Arab League had previously agreed to that amount, its members have contributed only about $30 million.

If adopted, the resolution could result in an increase in aid. One reason for the action would be to counter Iranian influence.

The United States and Europe threaten to cut off aid to the Palestinian Authority when its government is taken over by Hamas, which won an election in January but which they consider to be a terrorist organization.

Iran has offered to cover the resulting shortfall for the Palestinians, an estimated $130 million a month.

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"We believe that the assistance to the Palestinians should continue," Mr. Yousef said. "The assistance before was not for Fatah and this time it will not be for Hamas, but rather for the Palestinian Authority and the Palestinian people. The world should not punish the Palestinians for their democratic choice."

U.S. Is Not Probing Iraqi Leak Claims (WP)

By Ann Scott Tyson

The Washington Post, March 28, 2006

The U.S. military's Central Command said yesterday it has not opened an investigation into whether sources inside the command leaked details of the 2003 U.S. invasion of Iraq to Russian officials, and distanced itself from captured Iraqi documents that contain the allegations.

A U.S. military study released Friday quoted two Iraqi documents that described how Russian officials -- drawing on "their sources inside the American Central Command in Doha" -- provided intelligence on U.S. troop movements and war plans to Saddam Hussein as U.S. forces attacked in March and April 2003.

A Central Command official said the command takes "all matters of operational security seriously" but was not probing the allegations.

"Centcom has not opened an investigation at this time," said Capt. Christopher Augustine, a spokesman for the Tampa-based command, which oversees U.S. military operations in the Middle East and other areas.

In e-mailed statements in response to questions, Centcom cast doubt upon the validity of the captured Iraqi documents: "It's important to remember that the information came from an Iraqi intelligence report.

"Central command does not vouch for the document's accuracy or authenticity," the statement said.

During the buildup of U.S. forces in Kuwait before the invasion of Iraq, Centcom noted, speculation was widespread about "what might or might not be planned."

Such views contrast with those of the authors of the 210-page Iraqi Perspectives Project study released Friday by the U.S. Joint Forces Command in Norfolk. They said they believe the Iraqi documents are authentic. Retired Lt. Col. Kevin M. Woods, the project director, said he had "no reason to doubt the Iraqi documents."

On Saturday, Russia's foreign intelligence service called the allegations in the documents "baseless accusations" and "fabrications," and denied that Russian officials gave Hussein information on the U.S. military operations in Iraq.

Secretary of State Condoleezza Rice said in a television interview Sunday that the Bush administration would take "a real hard look at the documents and then raise it with the Russian government."

Yesterday, Central Command indicated that it would defer to State on the matter. "According to Secretary of State Rice, the State Department will address the issue through appropriate channels," its statement said.

Augustine, the Central Command spokesman, said no one in his office knew of the existence of the Iraqi documents before the study's release on Friday, and that it was "highly possible" the military released them without prior vetting by Central Command.

Russia Knocks U.S. Motives For Spy Report (AP)

AP, March 27, 2006

Russia's foreign minister accused the United States on Monday of having "hidden political motives" for a report that said Moscow turned over information on American military plans to Saddam Hussein during the invasion of Iraq.

Sergey Lavrov's comments were the first formal statement from President Vladimir Putin's government about the Pentagon report, though a spokesman for Russia's foreign spy agency over the weekend denied the report's allegations.

Secretary of State Condoleezza Rice will discuss the matter with Lavrov — either when the foreign ministers of the five permanent U.N. Security Council members and Germany meet in Berlin on Thursday or by telephone, the State Department said. In Berlin, the ministers will be discussing what to do about Iran's suspect nuclear program.

The Pentagon report released Friday said two captured Iraqi documents indicate that Russia obtained information from sources "inside the American Central Command" in Qatar. Russia passed battlefield intelligence to Saddam through the former Russian ambassador in Baghdad, Vladimir Titorenko, according to the Pentagon report.

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The unclassified report does not assess the value or accuracy of the information Saddam got or offer details on Russia's information pipeline. Moscow fiercely opposed the U.S.-led war to oust Saddam.

Russia's Foreign Intelligence Service dismissed the claims over the weekend as "baseless accusations," and Lavrov reiterated that dismissal Monday.

"How this was done allows one to speculate that this has hidden political motives and that this is being done in connection with Iraq, but I can hardly be sure of it," Lavrov said.

"It is unclear to us why the international community has to learn about such facts regarding Russian intelligence cooperation in Iraq from the media."

In Washington, State Department spokesman Sean McCormack said Assistant Secretary of State Daniel Fried conveyed a U.S. request that the Russian government look at the matter through Moscow's ambassador in Washington.

"Clearly, as the secretary stated over the weekend, any hint that information provided to the Iraqis may have put our troops in harm's way would be very concerning," McCormack said.

Rice said Sunday that the Bush administration will ask Russia about the report.

"Any implication that there were those from a foreign government who may have been passing information to the Iraqis prior to the invasion would be, of course, very worrying," Rice said on CNN's "Late Edition."

"I would think the Russians would want to take that very seriously as well."

Russian Intelligence (WP)

The Washington Post, March 28, 2006

YOU'D THINK that evidence that a supposedly friendly country had delivered detailed military intelligence to an American enemy at a time of war would quickly provoke a reaction from the U.S. government: at the least, a demand for a full explanation, followed by a reassessment of relations with that country. But that's not how the Bush administration handles Vladimir Putin's Russia.

For some time the administration has been in possession of captured Iraqi documents describing how the Russian ambassador in Baghdad supplied Saddam Hussein with information about U.S. troop movements before and during the invasion of Iraq, including the critical intelligence that U.S. forces planned to bypass Iraqi cities and press through the "Karbala Gap" to Baghdad.

Yet it was not until they were questioned about the documents on national television over the weekend that senior national security officials offered that they would ask the Russian government about them. And even that was qualified.

"I do think we have to look at the documents and look very carefully," Secretary of State Condoleezza Rice said. "But I don't want of jump out ahead and start making accusations about what the Russians may or may not have known." Fair enough, but a Pentagon study has already been through at least part of that exercise. It found no reason to doubt the documents' authenticity.

The news that Moscow would have helped Saddam Hussein fight U.S. forces might be unwelcome to those administration officials who still try to portray Mr. Putin as a partner of the West and a worthy host for the next summit of the Group of Eight nations. But it shouldn't be surprising. As has been well documented, Russia did its best to weaken and then break the sanctions regime imposed on Iraq, and then to prevent the 2003 invasion. In exchange it reaped lucrative economic concessions from Saddam Hussein, including the payment of large bribes to senior officials and politicians.

Moreover, Mr. Putin has done his best to undermine or defeat U.S. policies in much of the rest of the world. He has fought President Bush's efforts to promote democracy in the Muslim countries of Central Asia, rushing to embrace the autocratic president of Uzbekistan when his massacre of opposition protesters led to a rift with Washington and the closure of an important U.S. air base. He welcomed the Islamic movement Hamas to Moscow just as the Bush administration was trying to arrange its international isolation. He is propping up the dictator of Belarus even as the United States and European Union impose sanctions on him for staging fraudulent elections.

Ms. Rice and other Putin apologists ignore all this in part because they believe Russia will be helpful in stopping Iran's nuclear program. But Russia hasn't been helpful. Since its compromise offer to allow Iran to enrich uranium in Russian facilities failed to gain traction, it has dedicated itself to blocking concerted action by the United States and its European allies in the U.N.

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Security Council. Meanwhile it is discussing the sale to Iran of surface-to-air missiles. As Mr. Putin knows, Iran wants those weapons in the event its drive to obtain nuclear bombs eventually leads to a military confrontation -- with the United States. But the possible consequences of bolstering the defenses of a U.S enemy may not deter him. After all, he has suffered none for Russia's actions in Iraq.

U.S. Makes Seized Iraqi Documents Public (AP-Y2)

By Robert Tanner

AP2, March 27, 2006

The federal government is making public a huge trove of documents seized during the invasion of Iraq, posting them on the Internet in a step that is at once a nod to the Web's power and an admission that U.S. intelligence resources are overloaded.

Republican leaders in Congress pushed for the release, which was first proposed by conservative commentators and bloggers hoping to find evidence about the fate of Iraq's nuclear, chemical and biological weapons programs, or possible links to terror groups.

The Web surfers have begun posting translations and comments, digging through the documents with gusto. The idea of the government turning over a massive database to volunteers is revolutionary — and not only to them.

"Let's unleash the power of the Internet on these documents," said House Intelligence Chairman Peter Hoekstra, R-Mich. "I don't know if there's a smoking gun on WMD or not. But it will give us a better understanding of what was going on in Iraq before the war."

The documents' value is uncertain — intelligence officials say that they are giving each one a quick review to remove anything sensitive. Skeptics of the war, suspicious of the Bush administration, believe that means the postings are either useless or cherry-picked to bolster arguments for the war.

The documents — Iraqi memos, training guides, reports, transcripts of conversations, audiotapes and videotapes — have spurred a flurry of news reports. The Associated Press, for instance, reported on memos from Saddam Hussein in 1987 ordering plans for a chemical attack on Kurds and comments from Hussein and his aides in the 1990s, searching for ways to prove they didn't have weapons.

Hoekstra said it took months of arguing with intelligence officials before he and John Negroponte, the new Director of National Intelligence, agreed to make the documents public. None contain current information about the Iraqi insurgency, and U.S. intelligence officials say they are focusing their limited resources on learning about what's happening on the ground now.

There are up to 55,000 boxes, with possibly millions of pages. The documents are being posted a few at a time — so far, about 600 — on a Pentagon Web site, often in Arabic with an English summary.

Regardless of what they reveal, open-government advocates like the decision to make them available.

It's a "radical notion," said Steve Aftergood at the Federation of American Scientists government secrecy project, which tracks work by U.S. intelligence agencies. That "members of the public could contribute to the intelligence analysis process. ... That is a bold innovation."

Champions of the Internet as a "citizen's media" embraced the step, too.

"The secret of the 21st century is attract a lot of smart people to focus on problems that you think are important," said Glenn Reynolds, the conservative blogger at Instapundit.com and author of "An Army of Davids: How Markets and Technology Empower Ordinary People to Beat Big Media, Big Government and Other Goliaths."

"It's kind of like a swarm. It's a lot of individual minds looking at it from different angles. The stuff that's most interesting tends to bubble to the top," he said.

A self-described Iraqi blogger translated one of the documents for the American blog pajamasmedia.com — a Sept. 15, 2001, memo from the Iraqi intelligence service that reported about an Afghan source who had been told that a group from Osama bin Laden and the Taliban had visited Iraq.

Some remain doubtful, suspecting that the administration only releases information that puts President Bush and his arguments for war in a good light. The Iraq Survey Group found no stockpiles of weapons of mass destruction after the war, and the Sept. 11 commission reported it found no "collaborative relationship" between Iraq and al-Qaida.

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"I would bet that the materials that they chose to post were the ones that were suggestive of a threat," said John Prados, author of the book, "Hoodwinked: The Documents That Reveal How Bush Sold Us a War."

Prados, an analyst with the National Security Archive, a non-governmental research institute, dismissed the documents: "The collection is good material for somebody who wants to do a biography of Saddam Hussein, but in terms of saying one thing or the other about weapons of mass destruction, it's not there."

One of several conservative blogs devoting attention to the release, Powerline.com, set up a separate page to catalog its findings and news reports on what the documents reveal.

"These documents are going to shed a lot of light on a regime that was quite successful in maintaining secrecy," said John Hinderaker, one of three men who run the site. "Before the first Gulf War, Saddam was perilously close to getting nuclear weapons and people didn't know it. The evils of the regime will be reflected."

But he also cautioned the optimistic. "When you're dealing with millions of pages of documents," he said, "it's a big mistake to think you can pull out one page or sentence out of a document and say 'Eureka, this is it.'"

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On the Net:

http://fmso.leavenworth.army.mil/products-docex.htm

Iraqi Documents Are Put On Web, And Search Is On (NYT)

By Scott Shane

The New York Times, March 28, 2006

WASHINGTON, March 27 — American intelligence agencies and presidential commissions long ago concluded that Saddam Hussein had no unconventional weapons and no substantive ties to Al Qaeda before the 2003 invasion.

But now, an unusual experiment in public access is giving anyone with a computer a chance to play intelligence analyst and second-guess the government.

Under pressure from Congressional Republicans, the director of national intelligence has begun a yearlong process of posting on the Web 48,000 boxes of Arabic-language Iraqi documents captured by American troops.

Less than two weeks into the project, and with only 600 out of possibly a million documents and video and audio files posted, some conservative bloggers are already asserting that the material undermines the official view.

On his blog last week, Ray Robison, a former Army officer from Alabama, quoted a document reporting a supposed scheme to put anthrax into American leaflets dropped in Iraq and declared: "Saddam's W.M.D. and terrorist connections all proven in one document!!!"

Not so, American intelligence officials say. "Our view is there's nothing in here that changes what we know today," said a senior intelligence official, who would discuss the program only on condition of anonymity because the director of national intelligence, John D. Negroponte, directed his staff to avoid public debates over the documents. "There is no smoking gun on W.M.D., Al Qaeda, those kinds of issues."

All the documents, which are available on fmso.leavenworth.army.mil/products-docex.htm, have received at least a quick review by Arabic linguists and do not alter the government's official stance, officials say. On some tapes already released, in fact, Mr. Hussein expressed frustration that he did not have unconventional weapons.

Intelligence officials had serious concerns about turning loose an army of amateurs on a warehouse full of raw documents that include hearsay, disinformation and forgery. Mr. Negroponte's office attached a disclaimer to the documents, only a few of which have been translated into English, saying the government did not vouch for their authenticity.

Another administration official described the political logic: "If anyone in the intelligence community thought there was valid information in those documents that supported either of those questions — W.M.D. or Al Qaeda — they would have shouted them from the rooftops."

But Representative Peter Hoekstra, the Michigan Republican who is chairman of the House Intelligence Committee and who led the campaign to get the documents released, does not believe they have received adequate scrutiny. Mr. Hoekstra said he wanted to "unleash the power of the Net" to do translation and analysis that might take the government decades.

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"People today ought to be able to have a closer look inside Saddam's regime," he said.

Mr. Hoekstra said intelligence officials had resisted posting the documents, which he overcame by appealing to President Bush and by proposing legislation to force the release.

The timing gives the documents a potent political charge. Public doubts about the war have driven Mr. Bush's approval rating to new lows. A renewed debate over Saddam Hussein's weapons and terrorist ties could raise the president's standing.

"As an historian, I'm glad to have the material out there," said John Prados, who has written books on national security, including one that accuses the administration of distorting prewar intelligence. He said the records were likely to shed new light on the Iraqi dictatorship. Some of the documents, also included in a new study by the United States military, already have caused a stir by suggesting that Russian officials passed American war plans to Mr. Hussein's government as the invasion began.

But Mr. Prados said the document release "can't be divorced from the political context."

"The administration is under fire for going to war when there was no threat — so the idea here must be to say there was a threat," he said.

That is already the assertion of a growing crowd of bloggers and translators, almost exclusively on the right. So far they have highlighted documents that refer to a meeting between Osama bin Laden and an Iraqi intelligence officer in Sudan in 1995; a plan to train Arab militants as suicide bombers; and a 1997 document discussing the use of "special ammunition," chemical weapons, against the Kurds.

But the anthrax document that intrigued Mr. Robison, the Alabama blogger, does not seem to prove much. It is a message from the Quds Army, a regional militia created by Mr. Hussein, to Iraqi military intelligence that passes on reports picked up by troops, possibly from the radio, since the information is labeled "open source" and "impaired broadcast." No anthrax was found in Iraq by American search teams.

"No offense, but the mainstream media tells people what they want them to know," said Mr. Robison, who worked in Qatar for the Iraq Survey Group, which did an exhaustive search for weapons in Iraq.

The document release may help the president, he said, but that is not the point. "It's not about politics," Mr. Robison said. "It's about the truth."

The truth about prewar Iraq has proven elusive. The February 2003 presentation Colin L. Powell, the secretary of state at the time, to the United Nations appeared to provide incontrovertible proof of Iraqi weapons, but the claims in the speech have since been discredited.

Given that track record, some intelligence analysts are horrified at exactly the idea that excites Mr. Hoekstra and the bloggers: that anyone will now be able to interpret the documents.

"There's no quality control," said Michael Scheuer, a former Central Intelligence Agency specialist on terrorism. "You'll have guys out there with a smattering of Arabic drawing all kinds of crazy conclusions. Rush Limbaugh will cherry-pick from the right, and Al Franken will cherry-pick from the left."

Conservative publications have pushed for months to have the documents made public. In November, Mr. Hoekstra and Senator Pat Roberts of Kansas, chairman of the Senate Intelligence Committee, asked Mr. Negroponte to post the material.

When that request stalled, Mr. Hoekstra introduced a bill on March 3 that would have forced the posting. Mr. Negroponte began the release two weeks later.

Under the program, documents are withheld only if they include information like the names of Iraqis raped by the secret police, instructions for using explosives, intelligence sources or "diplomatically sensitive" material.

In addition, the intelligence official said, known forgeries are not posted. He said the database included "a fair amount of forgeries," sold by Iraqi hustlers or concocted by Iraqis opposed to Mr. Hussein.

In previous Internet projects, volunteers have tested software, scanned chemical compounds for useful drugs and even searched radiotelescope data for signals from extraterrestrial life.

The same volunteer spirit, though with a distinct political twist, motivates the Arabic speakers who are posting English versions of the Iraqi documents.

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"I'm trying to pick up documents that shed light on the political debate," said Joseph G. Shahda, 34, a Lebanese-born engineer who lives in a Boston suburb and is spending hours every evening on translations for the conservative Free Republic site. "I think we prematurely concluded there was no W.M.D. and no ties to Al Qaeda."

Mr. Shahda said he was proud he could help make the documents public. "I live in this great country, and it's a time of war," he said. "This is the least I can do."

Enemy Of Our Enemy (NYT)

By Peter Bergen

The New York Times, March 28, 2006

Washington

BUSH administration defenders, right-wing bloggers and neoconservative publications are crowing about Iraqi documents newly released by the Pentagon that, they say, prove that Al Qaeda and Saddam Hussein were in league.

Even though the 9/11 commission found no "collaborative relationship" between the ultrafundamentalist Osama bin Laden and the secular Saddam Hussein, the administration's reiterations of a supposed connection — Vice President Dick Cheney has argued that the evidence for such an alliance was "overwhelming" — have convinced two out of three Americans that they had "strong" links.

Some administration supporters have drawn an analogy to the 1939 Molotov-Ribbentrop pact, in which Stalin and Hitler put aside ideology in favor of pragmatic goals (carving up the Baltic states, Poland and Finland). But history is not a good guide here: not only was the ideological divide between Al Qaeda and Baathist Iraq far greater than that between the two 20th-century dictators, but unlike Nazi Germany and the Soviet Union, the two sides had nothing practical to gain by working together.

What do the new documents establish? According to ABC News's translation of one of the most credible documents, in early 1995 Mr. bin Laden — then living in Sudan — met with an Iraqi government representative and discussed "carrying out joint operations against foreign forces" in Saudi Arabia. The document also noted that the "development of the relationship and cooperation between the two parties" was "to be left according to what's open [in the future] based on dialogue and agreement on other ways of cooperation."

The results of this meeting were ... nothing. Two subsequent attacks against American forces in Saudi Arabia — a car bombing that year and the Khobar Towers attack in 1996 — were carried out, respectively, by locals who said they were influenced by Mr. bin Laden and by the Saudi branch of Hezbollah, a Shiite group aided by Iranian government officials.

As for the other new documents, there is one dated Sept. 15, 2001, that outlines contacts between Mr. bin Laden and Iraq, but it is based on an Afghan informant discussing a conversation with another Afghan. It is third-hand hearsay.

And, strangely, another document, dated Aug. 17, 2002, from Iraq's intelligence service explains there is "information from a reliable source" that two Al Qaeda figures were in Iraq and that agents should "search the tourist sites (hotels, residential apartments and rented houses)" for them. If Saddam Hussein and Al Qaeda had a relationship, why was it necessary for Iraqi intelligence to be scouring the country looking for members of the terrorist organization?

Another striking feature about the supposed Qaeda-Iraq connection is that since the fall of the Taliban, not one of the thousands of documents found in Afghanistan substantiate such an alliance, even though Al Qaeda was a highly bureaucratic organization that required potential recruits to fill out application forms.

All this goes to the central problem faced by proponents of the Qaeda-Iraq connection. It's long been known that Iraqi officials were playing footsie with Al Qaeda in the mid-1990's, but these desultory contacts never yielded any cooperation. And why should they have? Al Qaeda was able to carry out the embassy attacks in Africa in 1998, the bombing of the destroyer Cole in 2000 and 9/11 with no help from Iraq. The Iraqi intelligence services, for their part, could handle by themselves low-level jobs like bumping off Iraqi dissidents abroad. And after the botched attempt to assassinate former President George H. W. Bush in Kuwait in 1993, Saddam Hussein never attempted terrorism against an American target again.

We know, too, that Mr. bin Laden had long distrusted Saddam Hussein; months before the Kuwait invasion in 1990 he angrily warned colleagues that Iraq had designs on Persian Gulf states. He even offered his own fighters to the Saudis in that war, making it clear that he yearned for the "infidel" dictator to be overthrown.

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If there was a method to Saddam Hussein's madness, it was that he wanted to remain in power. Al Qaeda, however, wanted theocratic regime change across the Middle East. In the end, their goals and worldviews were diametrically opposed, and no number of sketchy intelligence documents is going to bring them closer.

Unfair, Unbalanced Channels (LAT)

By Louise Roug

The Los Angeles Times, March 28, 2006

BAGHDAD — The Bush administration has poured millions of dollars into creating Western-style news media in Iraq, backing at least two television channels as well as training programs for Iraqi journalists on balance and ethics.

The effort has helped launch more than a dozen Iraqi channels. But the result is hardly what the administration set out to accomplish. Most of the channels are increasingly sectarian and often appear to be inflaming the country's tensions, critics say.

The result was highly visible Sunday and Monday as the state-owned Al Iraqiya station interrupted its regular schedule to broadcast nonstop footage of bloodied corpses at what it said was a Baghdad mosque.

U.S. and Iraqi forces had killed at least 16 people Sunday evening in what Americans said was a shootout with militants. On Al Iraqiya, the raid was portrayed as the killing of unarmed worshipers in a Shiite Muslim mosque. Between interviews with Shiite politicians criticizing the Americans, the camera lingered on the dead and the grieving relatives.

The channel was created by the U.S.-led Coalition Provisional Authority as an experiment in public broadcasting. It was later turned over to the Iraqi government, but is now widely viewed as sectarian.

"It was supposed to be fair, and address all the people of Iraq, but so far it hasn't succeeded in achieving this unique goal," said Mohammad Shaboot, editor of the state-run Al Sabah daily. "No one has invested in a real, nationwide Iraqi channel for all Iraqis."

Homebound because of violence and curfews, Iraqis watch their world through the kaleidoscope of satellite TV. But channel surfing Iraqi-style often offers views of the country through a sectarian lens.

Click the remote, and on one channel, the anchor refers to the Sunni-led insurgency as the "honorable resistance" as images of wounded Iraqis and aggressive U.S. soldiers flash on screen.

Click the remote again, and the insurgents are described as terrorists and the speakers praise crackdowns by the Shiite-led government.

Click again, and the insurgency might well not exist.

Until the U.S.-led invasion in 2003, the two governmentsanctioned channels offered only presidential propaganda and patriotic tunes.

The toppling of former President Saddam Hussein's regime, however, prompted a TV revolution and the launch of the more than a dozen Iraqi channels. They lure viewers with popular Iraqi-made dramas such as the Sopranos-style gangster show "Departures," the irreverent "Saturday Night Live"-like "Caricature" and a host of reality TV and makeover shows.

But while escapist entertainment flourished, news programming proved more problematic.

The coverage in the aftermath of the Feb. 22 bombing of a Shiite shrine in Samarra, an attack that brought the country close to civil war, was particularly incendiary.

Channels with ties to Sunni Arabs such as Baghdad TV — headed by former Baath Party member Saad Bazzaz and run by the Iraqi Islamic Party, the main Sunni political group — highlighted the suffering of Sunnis in reprisal attacks.

Stations run by Shiites, such as Al Furat and the government's Al Iraqiya, focused on the damage to the shrine and the suffering of Shiites under Hussein.

"Al Furat was pouring petrol on the fire, and Baghdad TV was doing the same thing on the other side," said Shaboot, the newspaper editor.

On Baghdad TV, Sunni studio hosts took calls from the audience, with some callers encouraging the audience to form a Sunni militia to counter the so-called Shiite militia.

Al Furat, backed by the Supreme Council for Islamic Revolution in Iraq — the main Shiite political party — meanwhile was airing slogans demanding that Shiites stand up for their rights.

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Al Iraqiya initially lacked credibility because of its American origins. Now some Shiites are critical of its Shiite focus and obsequious coverage of the Shiite-led government.

"When something happens in [Shiite-dominated] Karbala or Kadhimiya, we see that there is full coverage," said Ahmed Hussein, a 33-year-old Shiite businessman. "But when something happens in [the largely Sunni city of] Fallouja, there is not that much coverage, so we hear the Sunnis ask, 'Why?' "

Other channels are even more sectarian in their coverage.

On a recent day, amid kids' cartoons, Lebanese pop music videos and reruns of old Egyptian movies, a viewer could watch Al Furat's female news anchor, dressed in black hijab and abaya, introduce a speech by the leader of the largest Shiite party about Shiite families displaced by sectarian violence.

After the news, a montage showed worshipers kissing the walls of the Shiite holy shrines in Najaf and Karbala as a singer recited religious songs.

Meanwhile, on Baghdad TV, known as "Baathist TV" among some Shiites who criticize its pro-Sunni agenda, an Indonesian singer was wooing his audience from the stage, bathed in disco lights, followed by a corpulent host wearing a suit and a sky blue tie talking with a prominent Sunni cleric by phone. The program, "Under the Shadow of Sharia," dealt with questions about how to live according to religious edicts.

Farther along the spectrum, Al Rafidain showed a series of vox pop interviews. Everyone on the Arab street held the same view:

"The occupiers came to destroy us," said one man.

"The occupation cannot last," said another. "By the will of God, we will get rid of them."

On Baghdadia, a moderate Sunni channel, the anchor was delivering the top news of the day: "President Bush confesses that occupying Iraq is a very difficult task."

News directors across the political spectrum defend their own coverage while deriding their competitors as sectarian. Ahmed Rushdi, the news director of Baghdad TV, said that unlike state-controlled Al Iraqiya, his channel had no sectarian bias — even though it's backed by a major Sunni political group.

"We are always showing the facts as they are," he said.

Baghdad TV has no correspondents in either of the Shiite holy cities of Najaf and Karbala, which Rushdi chalked up to Baghdad TV's being "new in the business" and still recruiting journalists around the country.

Even sports coverage has a political bent.

"We concentrate on sport stars who were oppressed during Saddam's time," said Muhsin Fasani of Al Furat, which is aimed at religiously conservative Shiites.

On the U.S.-backed channel Al Hurra, or "the Free One," a television host in a crisp blue suit profiled a Syrian dissident. "An eye on democracy opens the eye on freedom," one guest said. The channel carries most speeches by Bush in addition to a youth-oriented mix of entertainment and news.

Despite U.S. efforts, many educated Iraqis now prefer the slick, well-funded Persian Gulf-based stations such as Al Arabiya and Al Jazeera, often criticized by the U.S. government for being anti-American and pro-insurgency, because they focus on regional economic and environmental issues instead of just daily violence.

Hussein, the Shiite businessman, said he even preferred the Arabic-language version of the Discovery Channel to the Iraqi networks. "They like to analyze problems and find solutions."

While the Bush administration has been touting the proliferation of media outlets in the country as an example of newfound freedoms, some Iraqis are tuning out, exercising democracy by remote control.

"It's a luxury now to have different channels," Shaboot said. Iraqis "are hungry for it, but I'm not sure they are happy with it."

Tony Blair Defends His Policy On Iraq (AP)

By Rod McGuirk

AP, March 27, 2006

DOJ_NMG_0022575

British Prime Minister Tony Blair on Monday pledged to keep British troops in Iraq and Afghanistan until those countries are stabilized.

"If the going is tough, we tough it out," Blair told a rare joint session of Australia's Parliament.

Blair told lawmakers that the "immediate threat is from Islamist extremism," which he said was "not a passing spasm of anger but a global ideology at war with us and our way of life."

Britain and Australia were the only two nations to send troops to fight alongside U.S. forces in the invasion of Iraq three years ago and both countries still have forces in the country and in Afghanistan fighting Taliban and al-Qaida insurgents.

"If we want to secure our way of life, there is no alternative but to fight for it," he said. "That means standing up for our values not just in our own countries but the world over."

In a key foreign policy speech, Blair said the struggle was not just against "those who hate us," but also against opponents who believe Britain and its allies fight for their values selectively.

"This struggle is about justice and fairness as well as security and prosperity," he said. "And in truth today there is no prosperity without security and no security without justice. That is the consequence of an interconnected world."

He pointed to recent elections in both Iraq and Afghanistan as symbols of the values he was advocating and said those countries were "engaged in a titanic struggle to be free of a legacy of oppression, stagnation and servitude."

Blair also strongly defended the U.S. role in the struggle, saying the alliance he was describing "does not end with, but does begin with America."

He said that having Washington as an ally could sometimes be difficult, but said the United States was key to victory.

"The danger with America today is not that they are too much involved, the danger is that they decide to pull up the drawbridge and disengage. We need them involved, we want them engaged," he said. "The reality is that none of the problems that press in on us can be resolved or even contemplated without them."

In an earlier interview, Blair declined to say how long British troops might remain in Iraq.

"What's happening now in Iraq is that the Iraqi security forces and the army are building up their capability and as that happens, we can draw down," he told Australian Broadcasting Corp. radio.

"Will we be able to make substantial troop reductions? ... In my view, that is possible provided, of course, that the Iraqi capability has been built up and sustained," he said.

British And Australian PMs Defend Iraq Involvement (AFP)

AFP, March 28, 2006

British Prime Minister Tony Blair and his Australian counterpart John Howard defended their involvement in the US-led Iraq war, describing the political situation there as "inspiring."

At a joint press conference to wrap up his four-day visit to Australia, Blair said that despite a precarious security situation in Iraq, the world was better off as a result of the March 2003 invasion.

"I just pose this question -- would the world be safer today if Saddam Hussein was still in power? I can't believe the answer to that is yes," Blair told reporters.

"Whatever the problems in Iraq, the people there want to work together and want democracy. What you've got, true, is a very, very difficult security situation but what you have on the political side is really something quite inspiring.

"For all the difficulties, that's why I think it's important we see it through."

Howard said he was happy with Australia's involvement in Iraq and that talk of pulling out troops would send the wrong message to the Iraqi people.

"I am happy to continue to defend the original decision to be involved in Iraq and I certainly can defend with some passion a continuation of our presence," he said.

"In the light of what is happening in Iraq I can't think of anything worse than a signal to the Iraqi people who have braved their all to embrace democracy, I can't think of anything more calculated to break their spirit, than for countries like Australia and Britain to be talking about pulling out."

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Earlier during his visit, Blair foreshadowed a possible substantial "draw down" of British troops in Iraq but gave no timeframe and said it would only happen only once Iraqi security forces were capable of defending the country.

Australia has about 900 troops in Iraq, while Britain has some 8,000.

Bush Was Set On Path To War, British Memo Says (NYT)

By Don Van Natta Jr.

The New York Times, March 28, 2006

LONDON — In the weeks before the United States-led invasion of Iraq, as the United States and Britain pressed for a second United Nations resolution condemning Iraq, President Bush's public ultimatum to Saddam Hussein was blunt: Disarm or face war.

But behind closed doors, the president was certain that war was inevitable. During a private two-hour meeting in the Oval Office on Jan. 31, 2003, he made clear to Prime Minister Tony Blair of Britain that he was determined to invade Iraq without the second resolution, or even if international arms inspectors failed to find unconventional weapons, said a confidential memo about the meeting written by Mr. Blair's top foreign policy adviser and reviewed by The New York Times.

"Our diplomatic strategy had to be arranged around the military planning," David Manning, Mr. Blair's chief foreign policy adviser at the time, wrote in the memo that summarized the discussion between Mr. Bush, Mr. Blair and six of their top aides.

"The start date for the military campaign was now penciled in for 10 March," Mr. Manning wrote, paraphrasing the president. "This was when the bombing would begin."

The timetable came at an important diplomatic moment. Five days after the Bush-Blair meeting, Secretary of State Colin L. Powell was scheduled to appear before the United Nations to present the American evidence that Iraq posed a threat to world security by hiding unconventional weapons.

Although the United States and Britain aggressively sought a second United Nations resolution against Iraq — which they failed to obtain — the president said repeatedly that he did not believe he needed it for an invasion.

Stamped "extremely sensitive," the five-page memorandum, which was circulated among a handful of Mr. Blair's most senior aides, had not been made public. Several highlights were first published in January in the book "Lawless World," which was written by a British lawyer and international law professor, Philippe Sands. In early February, Channel 4 in London first broadcast several excerpts from the memo.

Since then, The New York Times has reviewed the five-page memo in its entirety. While the president's sentiments about invading Iraq were known at the time, the previously unreported material offers an unfiltered view of two leaders on the brink of war, yet supremely confident.

The memo indicates the two leaders envisioned a quick victory and a transition to a new Iraqi government that would be complicated, but manageable. Mr. Bush predicted that it was "unlikely there would be internecine warfare between the different religious and ethnic groups." Mr. Blair agreed with that assessment.

The memo also shows that the president and the prime minister acknowledged that no unconventional weapons had been found inside Iraq. Faced with the possibility of not finding any before the planned invasion, Mr. Bush talked about several ways to provoke a confrontation, including a proposal to paint a United States surveillance plane in the colors of the United Nations in hopes of drawing fire, or assassinating Mr. Hussein.

Those proposals were first reported last month in the British press, but the memo does not make clear whether they reflected Mr. Bush's extemporaneous suggestions, or were elements of the government's plan.

Consistent Remarks

Two senior British officials confirmed the authenticity of the memo, but declined to talk further about it, citing Britain's Official Secrets Act, which made it illegal to divulge classified information. But one of them said, "In all of this discussion during the run-up to the Iraq war, it is obvious that viewing a snapshot at a certain point in time gives only a partial view of the decision-making process."

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On Sunday, Frederick Jones, the spokesman for the National Security Council, said the president's public comments were consistent with his private remarks made to Mr. Blair. "While the use of force was a last option, we recognized that it might be necessary and were planning accordingly," Mr. Jones said.

"The public record at the time, including numerous statements by the President, makes clear that the administration was continuing to pursue a diplomatic solution into 2003," he said. "Saddam Hussein was given every opportunity to comply, but he chose continued defiance, even after being given one final opportunity to comply or face serious consequences. Our public and private comments are fully consistent."

The January 2003 memo is the latest in a series of secret memos produced by top aides to Mr. Blair that summarize private discussions between the president and the prime minister. Another group of British memos, including the so-called Downing Street memo written in July 2002, showed that some senior British officials had been concerned that the United States was determined to invade Iraq, and that the "intelligence and facts were being fixed around the policy" by the Bush administration to fit its desire to go to war.

The latest memo is striking in its characterization of frank, almost casual, conversation by Mr. Bush and Mr. Blair about the most serious subjects. At one point, the leaders swapped ideas for a postwar Iraqi government. "As for the future government of Iraq, people would find it very odd if we handed it over to another dictator," the prime minister is quoted as saying.

"Bush agreed," Mr. Manning wrote. This exchange, like most of the quotations in this article, have not been previously reported.

Mr. Bush was accompanied at the meeting by Condoleezza Rice, who was then the national security adviser; Dan Fried, a senior aide to Ms. Rice; and Andrew H. Card Jr., the White House chief of staff. Along with Mr. Manning, Mr. Blair was joined by two other senior aides: Jonathan Powell, his chief of staff, and Matthew Rycroft, a foreign policy aide and the author of the Downing Street memo.

By late January 2003, United Nations inspectors had spent six weeks in Iraq hunting for weapons under the auspices of Security Council Resolution 1441, which authorized "serious consequences" if Iraq voluntarily failed to disarm. Led by Hans Blix, the inspectors had reported little cooperation from Mr. Hussein, and no success finding any unconventional weapons.

At their meeting, Mr. Bush and Mr. Blair candidly expressed their doubts that chemical, biological or nuclear weapons would be found in Iraq in the coming weeks, the memo said. The president spoke as if an invasion was unavoidable. The two leaders discussed a timetable for the war, details of the military campaign and plans for the aftermath of the war.

Discussing Provocation

Without much elaboration, the memo also says the president raised three possible ways of provoking a confrontation. Since they were first reported last month, neither the White House nor the British government has discussed them.

"The U.S. was thinking of flying U2 reconnaissance aircraft with fighter cover over Iraq, painted in U.N. colours," the memo says, attributing the idea to Mr. Bush. "If Saddam fired on them, he would be in breach."

It also described the president as saying, "The U.S. might be able to bring out a defector who could give a public presentation about Saddam's W.M.D," referring to weapons of mass destruction.

A brief clause in the memo refers to a third possibility, mentioned by Mr. Bush, a proposal to assassinate Saddam Hussein. The memo does not indicate how Mr. Blair responded to the idea.

Mr. Sands first reported the proposals in his book, although he did not use any direct quotations from the memo. He is a professor of international law at University College of London and the founding member of the Matrix law office in London, where the prime minister's wife, Cherie Blair, is a partner.

Mr. Jones, the National Security Council spokesman, declined to discuss the proposals, saying, "We are not going to get into discussing private discussions of the two leaders."

At several points during the meeting between Mr. Bush and Mr. Blair, there was palpable tension over finding a legitimate legal trigger for going to war that would be acceptable to other nations, the memo said. The prime minister was quoted as saying it was essential for both countries to lobby for a second United Nations resolution against Iraq, because it would serve as "an insurance policy against the unexpected."

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The memo said Mr. Blair told Mr. Bush, "If anything went wrong with the military campaign, or if Saddam increased the stakes by burning the oil wells, killing children or fomenting internal divisions within Iraq, a second resolution would give us international cover, especially with the Arabs."

Running Out of Time

Mr. Bush agreed that the two countries should attempt to get a second resolution, but he added that time was running out. "The U.S. would put its full weight behind efforts to get another resolution and would twist arms and even threaten," Mr. Bush was paraphrased in the memo as saying.

The document added, "But he had to say that if we ultimately failed, military action would follow anyway."

The leaders agreed that three weeks remained to obtain a second United Nations Security Council resolution before military commanders would need to begin preparing for an invasion.

Summarizing statements by the president, the memo says: "The air campaign would probably last four days, during which some 1,500 targets would be hit. Great care would be taken to avoid hitting innocent civilians. Bush thought the impact of the air onslaught would ensure the early collapse of Saddam's regime. Given this military timetable, we needed to go for a second resolution as soon as possible. This probably meant after Blix's next report to the Security Council in mid-February."

Mr. Blair was described as responding that both countries would make clear that a second resolution amounted to "Saddam's final opportunity." The memo described Mr. Blair as saying: "We had been very patient. Now we should be saying that the crisis must be resolved in weeks, not months."

It reported: "Bush agreed. He commented that he was not itching to go to war, but we could not allow Saddam to go on playing with us. At some point, probably when we had passed the second resolutions — assuming we did — we should warn Saddam that he had a week to leave. We should notify the media too. We would then have a clear field if Saddam refused to go."

Mr. Bush devoted much of the meeting to outlining the military strategy. The president, the memo says, said the planned air campaign "would destroy Saddam's command and control quickly." It also said that he expected Iraq's army to "fold very quickly." He also is reported as telling the prime minister that the Republican Guard would be "decimated by the bombing."

Despite his optimism, Mr. Bush said he was aware that "there were uncertainties and risks," the memo says, and it goes on, "As far as destroying the oil wells were concerned, the U.S. was well equipped to repair them quickly, although this would be easier in the south of Iraq than in the north."

The two men briefly discussed plans for a post-Hussein Iraqi government. "The prime minister asked about aftermath planning," the memo says. "Condi Rice said that a great deal of work was now in hand.

Referring to the Defense Department, it said: "A planning cell in D.O.D. was looking at all aspects and would deploy to Iraq to direct operations as soon as the military action was over. Bush said that a great deal of detailed planning had been done on supplying the Iraqi people with food and medicine."

Planning for After the War

The leaders then looked beyond the war, imagining the transition from Mr. Hussein's rule to a new government. Immediately after the war, a military occupation would be put in place for an unknown period of time, the president was described as saying. He spoke of the "dilemma of managing the transition to the civil administration," the memo says.

The document concludes with Mr. Manning still holding out a last-minute hope of inspectors finding weapons in Iraq, or even Mr. Hussein voluntarily leaving Iraq. But Mr. Manning wrote that he was concerned this could not be accomplished by Mr. Bush's timeline for war.

"This makes the timing very tight," he wrote. "We therefore need to stay closely alongside Blix, do all we can to help the inspectors make a significant find, and work hard on the other members of the Security Council to accept the noncooperation case so that we can secure the minimum nine votes when we need them, probably the end of February."

At a White House news conference following the closed-door session, Mr. Bush and Mr. Blair said "the crisis" had to be resolved in a timely manner. "Saddam Hussein is not disarming," the president told reporters. "He is a danger to the world. He must disarm. And that's why I have constantly said — and the prime minister has constantly said — this issue will come to a head in a matter of weeks, not months."

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Despite intense lobbying by the United States and Britain, a second United Nations resolution was not obtained. The American-led military coalition invaded Iraq on March 19, 2003, nine days after the target date set by the president on that late January day at the White House.

Canadian PM Thanks Bush For Activist Help (AP-Y2)

AP2, March 27, 2006

Canadian Prime Minister Stephen Harper called President Bush with thanks Monday for U.S. help in rescuing three peace activists from captivity in Iraq last week.

The activists — two Canadians and one Briton — were freed without a shot, ending a four-month hostage drama in which an American among the group was shot to death and dumped on a Baghdad street.

The two leaders also discussed Afghanistan in light of their recent visits there, National Security Council spokesman Frederick Jones said. And they exchanged notes on their three-way meeting with Mexican President Vicente Fox in Cancun on Thursday and Friday. Cancun will be the first time Bush and Harper have met since the Canadian took office in February.

State Dept. Offers Record Pay In 2 Hot Spots (WP)

By Bradley Graham

The Washington Post, March 28, 2006

To help recruit U.S. government civilians for duty in Iraq and Afghanistan, the State Department has boosted the pay allowances for both hardship and danger to the highest levels ever granted, department officials said.

Starting this month, U.S. government civilians serving in Iraq and in Afghanistan outside of Kabul are receiving an extra 35 percent above their base salaries for hardship and another 35 percent for danger. Previously, they were paid 25 percent extra for each category, the limits the government had set decades ago for any foreign post.

Because a number of other overseas posts had also been receiving the 25 percent maximums, government authorities were under pressure from Foreign Service representatives to adjust the allowance system and differentiate the most difficult assignments from the rest. The new record-high rates underscore the especially poor security and stressful working conditions faced by U.S. government employees in Iraq and Afghanistan, even as the Bush administration continues to emphasize signs of progress there.

The pay increases were approved as part of a broader restructuring of rates that also lifted allowances for more than 20 other locations, mostly in Africa and central and southeastern Asia. But most of these increases stopped at 30 percent. Only Iraq and Afghanistan ended up with 35 percent for both hardship and danger.

"The idea was to recognize service at our most difficult and dangerous posts, and foremost among those posts are Iraq and Afghanistan," said a senior State Department official involved in the decision but willing to discuss the increases only on condition of anonymity. "We know that the department has trouble recruiting people for these places."

Congress granted permission to raise the allowances in a little-noticed foreign relations authorization provision in late December. Responsibility for determining which locations get what allowances rests with the State Department, which issued the new rates earlier this month.

The rates apply to about 80,000 U.S. government civilians working overseas and also tend to be used by private U.S. companies and other organizations as benchmarks for establishing their compensation plans for employees abroad.

State Department officials stressed that the revised allowances were not based on any reassessment of conditions in Iraq and Afghanistan. Rather, they said, the changes involved taking previous survey data and awarding more compensation to the worst cases.

"Over the years there had been a real compression of posts at the 25 percent level," said J. Anthony Holmes, president of the American Foreign Service Association, which pushed for the increases. "To maintain a system in which everyone is volunteering for the places they go, you want to provide incentives that reflect the true range of conditions."

Base salaries for the more than 300 State Department members working in Iraq range from about $35,000 to $155,000, according to department figures.

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With word of the new hardship and danger rates still filtering through government ranks, officials said it was too early to assess the impact on attracting fresh volunteers for Iraq or Afghanistan or persuading those there to extend their assignments.

The duty involves not only very long work days and weeks but also cramped living quarters in heavily guarded compounds. A recent survey of active-duty Foreign Service officers with experience in Iraq, published this month in the Foreign Service Journal, quoted many respondents describing the working conditions as "extreme" and the security requirements as enormously constraining. At the same time, many played down financial incentives as a consideration in volunteering for Iraq duty and instead cited a desire to serve where most needed or to boost their chances for promotion.

State Department figures show that 87 percent to 94 percent of its jobs in Iraq are being filled, with the biggest recruiting challenge coming in finding staff for reconstruction assignments because, in the words of one official involved in Iraq policy, "they're in the most dangerous positions, they're the ones out in the field."

Of 632 overseas locations with U.S. government employees, 353 qualify for some kind of hardship differential, ranging from 5 percent up. The previous limit of 25 percent had been set in 1948, according to State's Office of Allowances.

In setting the hardship differentials, the State Department uses a scoring system that assigns specific weights to such factors as sanitation and disease (20 percent), housing (11 percent), political violence (11 percent), climate (10 percent), political harassment (9 percent), medical and hospital (9 percent) and physical isolation (8 percent).

The danger-pay allowance is based on a separate calculation that includes such factors as the existence of local conflicts, the involvement of U.S. combat troops and the record of U.S. civilian deaths in a particular country. Rates start at 15 percent. The previous maximum of 25 percent had been set in 1981, when the allowance was introduced.

About 25 countries now qualify for danger pay. Iraq and Afghanistan were the first to jump to 35 percent when the new rates were issued during the first week of March. Karachi, Pakistan, was added to the top-danger category on March 17.

Sometimes different places within the same country can receive different rates. For instance, although most of Afghanistan qualifies for the 35 percent danger allowance, an assignment in Kabul, considered slightly safer, gets 30 percent.

The State Department estimates that the additional cost of the higher hardship pay for its employees in Iraq will exceed $2 million a year. It expects to cover that expense through a supplemental appropriation request.

The rise in hardship pay for other foreign posts will be financed largely by eliminating 14 of 27 places that had been receiving hardship allowances of 5 percent, among them Athens, Warsaw, Hong Kong and Seoul. This move will free up an estimated $2.6 million a year, officials said. But the American Foreign Service Association has objected to it. "We think the department ought to be able to find the additional money without taking it out of the hide of others," Holmes said.

The association also has advocated allowing foreign service officers who leave Washington for an overseas post to keep the 17.5 percent cost-of-living differential that comes with duty here.

Fukuyama's Fantasy (WP)

By Charles Krauthammer

The Washington Post, March 28, 2006

It was, as the hero tells it, his Road to Damascus moment. There he is, in a hall of 1,500 people he has long considered to be his allies, hearing the speaker treat the Iraq war, nearing the end of its first year, as "a virtually unqualified success." He gasps as the audience enthusiastically applauds. Aghast to discover himself in a sea of comrades so deluded by ideology as to have lost touch with reality, he decides he can no longer be one of them.

And thus did Francis Fukuyama become the world's most celebrated ex-neoconservative, a well-timed metamorphosis that has brought him a piece of the fame that he once enjoyed 15 years ago as the man who declared, a mite prematurely, that history had ended.

A very nice story. It appears in the preface to Fukuyama's post-neocon coming out, "America at the Crossroads." On Sunday it was repeated on the front page of the New York Times Book Review in Paul Berman's review.

I happen to know something about this story, as I was the speaker whose 2004 Irving Kristol lecture to the American Enterprise Institute Fukuyama has now brought to prominence. I can therefore testify that Fukuyama's claim that I attributed "virtually unqualified success" to the war is a fabrication.

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A convenient fabrication -- it gives him a foil and the story drama -- but a foolish one because it can be checked. The speech was given at the Washington Hilton before a full house, carried live on C-SPAN and then published by the American Enterprise Institute under its title "Democratic Realism: An American Foreign Policy for a Unipolar World." (It can be read at http://www.aei.org/publications/pubID.19912,filter.all/pub_detail.asp .) As indicated by the title, the speech was not about Iraq. It was a fairly theoretical critique of the four schools of American foreign policy: isolationism, liberal internationalism, realism and neoconservatism. The only successes I attributed to the Iraq war were two, and both self-evident: (1) that it had deposed Saddam Hussein and (2) that this had made other dictators think twice about the price of acquiring nuclear weapons, as evidenced by the fact that Moammar Gaddafi had turned over his secret nuclear program for dismantling just months after Hussein's fall (in fact, on the very week of Hussein's capture).

In that entire 6,000-word lecture, I said not a single word about the course or conduct of the Iraq war. My only reference to the outcome of the war came toward the end of the lecture. Far from calling it an unqualified success, virtual or otherwise, I said quite bluntly that "it may be a bridge too far. Realists have been warning against the hubris of thinking we can transform an alien culture because of some postulated natural and universal human will to freedom. And they may yet be right."

History will judge whether we can succeed in "establishing civilized, decent, nonbelligerent, pro-Western polities in Afghanistan and Iraq." My point then, as now, has never been that success was either inevitable or at hand, only that success was critically important to "change the strategic balance in the fight against Arab-Islamic radicalism."

I made the point of repeating the problematic nature of the enterprise: "The undertaking is enormous, ambitious and arrogant. It may yet fail."

For Fukuyama to assert that I characterized it as "a virtually unqualified success" is simply breathtaking. My argument then, as now, was the necessity of this undertaking, never its ensured success. And it was necessary because, as I said, there is not a single, remotely plausible, alternative strategy for attacking the root causes of Sept. 11: "The cauldron of political oppression, religious intolerance, and social ruin in the Arab-Islamic world -- oppression transmuted and deflected by regimes with no legitimacy into virulent, murderous anti-Americanism."

Fukuyama's book is proof of this proposition about the lack of the plausible alternative. The alternative he proposes for the challenges of Sept. 11 -- new international institutions, new forms of foreign aid and sundry other forms of "soft power" -- is a mush of bureaucratic make-work in the face of a raging fire. Even Berman, his sympathetic reviewer, concludes that "neither his old arguments nor his new ones offer much insight into this, the most important problem of all -- the problem of murderous ideologies and how to combat them."

Fukuyama now says that he had secretly opposed the Iraq war before it was launched. An unusual and convenient reticence, notes Irwin Stelzer, editor of "The Neocon Reader," for such an inveterate pamphleteer, letter writer and essayist. After public opinion had turned against the war, Fukuyama then courageously came out against it. He has every right to change his mind at his convenience. He has no right to change what I said.

CORPORATE SCANDALS:

Defense Continues Challenging Enron Witness (WSJ)

By Gary McWilliams

The Wall Street Journal, March 28, 2006

HOUSTON -- Defense attorneys for Enron Corp.'s former two top executives continued to chip away at the testimony of a former finance executive who provided details of key meetings where the two were warned about the company's precarious state.

Last week in the criminal conspiracy and fraud trial of former Enron Chairman Kenneth Lay1 and former President Jeffrey Skilling2, former Enron treasurer Ben Glisan Jr.3 testified that the two executives knew several businesses had lost billions in value but did not adjust the company's books and insisted to investors the company was healthy. He also testified that Mr. Lay misled credit companies about Enron's water-distribution business in order to retain an investment-grade credit rating.

Yesterday, Mr. Glisan acknowledged he had left an Oct. 22 meeting before the company's former chief accounting officer told Mr. Lay and other Enron directors that Enron's auditors had concluded no write-down of the company's Wessex Water unit

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was necessary. Prosecutors contend Mr. Lay lied about auditors' decision to investors. (Read excerpts from Mr. Glisan's testimony4.)

Bruce Collins, a defense attorney for Mr. Lay, used the meeting to suggest that Mr. Glisan's testimony showed he lacked the information available to the two executives. He also challenged Mr. Glisan's testimony that he had warned Mr. Lay on Oct. 23 that "bankruptcy was inevitable" by introducing Mr. Glisan's own reports detailing improving finances in late September and early October.

On Oct. 8, Mr. Glisan told directors that Enron was "on target" to meet its year-end liquidity goals and it would hold onto its investment-grade credit rating, calling a lowered outlook the "most likely worst-rating outcome" from its third-quarter earnings report. Mr. Glisan also passed along on Oct. 17 a Deutsche Bank credit analysts' report to Mr. Lay and others that noted Enron's "liquidity remains solid." Mr. Glisan said he learned from bankers on Oct. 23 that Enron was losing access to credit markets, a condition the company had earlier estimated could force it into bankruptcy.

During the October time frame, Mr. Lay was describing Enron as healthy and growing -- descriptions that the prosecution alleges were misleading to employees and investors. Mr. Collins also suggested that Enron did not have to write down the businesses if it was holding them in anticipation of an increase in value.

Mr. Glisan pleaded guilty to an Enron-related conspiracy to commit wire and securities fraud and is serving a five-year prison sentence. Mr. Lay and Mr. Skilling are accused of criminal conspiracy and fraud in U.S. District Court here. The trial is in its ninth week. The two have said they did nothing wrong.

But Mr. Glisan said there was "pressure to close sales" of the company's underperforming assets. "We needed that cash and needed it badly. There wasn't a plan to hold onto those assets for a better deal," he said. Earlier, an Arthur Andersen LLP auditor testified he was still evaluating a write-down of the Wessex unit into mid-November.

Late in the day, a stockbroker testified that Mr. Skilling did not want to alert Enron to a September 1991 sale of $15.6 million in shares. Glenn Ray, a Denver broker, said Mr. Skilling proposed that an Enron authorization be phrased so as not to alert the company he planned to sell imminently. Mr. Skilling is charged with insider trading in conjunction with that sale and others. Mr. Ray conceded under questioning by an attorney for Mr. Skilling that his clients "almost always" wanted to keep sales confidential.

The prosecution introduced a Citigroup executive's email that supported two key points in Mr. Glisan's depiction of the company in the fall of 2001. In an email to Salomon Smith Barney capital markets executives, then Salomon managing director Anne Clarke Wolff wrote that she urged the removal of Andrew Fastow5, the company's then chief financial officer. Recounting a conversation with Mr. Glisan, she wrote "the architect of the strategy is not the guy to unwind it." She also said Mr. Glisan realizes a loss of investment-grade credit rating "is game over" for the company.

Prosecutors Of 2 Ex-Enron Officials Could Rest Case Today (NYT)

By Alexei Barrionuevo

The New York Times, March 28, 2006

HOUSTON, March 27 — Defense lawyers sought on Monday to undercut testimony by Enron's former treasurer, Ben F. Glisan Jr., that he warned Kenneth L. Lay that Enron was running low on cash shortly before Mr. Lay told investors the company was financially healthy.

Under questioning by Bruce Collins, a lawyer for Mr. Lay, Mr. Glisan acknowledged that he had assured Mr. Lay, the chief executive, and a group of directors that Enron had enough cash to operate.

Mr. Collins displayed notes from an Oct. 22, 2001, finance committee meeting taken by Paula Rieker, the corporate secretary, that showed that Mr. Glisan and Andrew S. Fastow, then the chief financial officer, told the directors, including Mr. Lay, that Enron had adequate liquidity.

Mr. Glisan told the board that Enron had immediate access to $1.5 billion in cash and could seek more. That appeared to contradict his testimony last week that he had given Mr. Lay a much dimmer financial forecast, saying Enron's liquidity was strained and its cash flow weak.

Mr. Glisan, testifying in the criminal fraud trial of Mr. Lay and Jeffrey K. Skilling, concluded his fourth and last day on the stand.

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Mr. Lay re-assumed the title of chief executive after Mr. Skilling resigned in August 2001.

The day's court session concluded with testimony from a stockbroker who handled Mr. Skilling's sale of Enron shares a month after he resigned. That testimony contradicted what Mr. Skilling told the Securities and Exchange Commission about the reason for the sale.

The government could wrap up its case Tuesday, with the defense set to start its case next Monday.

Mr. Skilling and Mr. Lay are accused of conspiring to defraud Enron, which filed for bankruptcy protection in December 2001.

Mr. Glisan pleaded guilty to conspiracy in September 2003 for helping to create the Raptors structure, which Enron used to manipulate earnings and hide losses. He is serving a five-year sentence.

On Monday, Mr. Collins also displayed notes from the Oct. 22 meeting that showed Mr. Lay was told that the company might not have needed to write down the value of some international assets. Ms. Rieker's minutes show that after Mr. Glisan left the meeting, the chief accounting officer, Richard A. Causey, told Mr. Lay that a British water company, Wessex, did not need to be written down. Mr. Lay told analysts that the next day.

That contradicted Mr. Glisan's assertions last week. He said Mr. Lay knew the international portfolio was overvalued on Enron's books by nearly twice what it was worth.

"I cannot say I had all the information he had," Mr. Glisan said of Mr. Lay. "I did not have this piece of information. Mr. Causey gave a favorable report, it seems."

Under further questioning by a prosecutor, Kathryn Ruemmler, Mr. Glisan said he sought approval at the Oct. 22 meeting for another $1.5 billion secured bank loan as well as a private $500 million loan to help shore up Enron's liquidity. "Neither of those two steps would have been taken had we not felt we needed that additional liquidity," he said.

Three days later Enron drew down $3 billion in credit lines from banks.

Also on Monday, Glenn Ray, a stockbroker at Charles Schwab, testified he took an order from Mr. Skilling on Sept. 6, 2001, to sell 200,000 Enron shares. The Sept. 11 attacks happened while Mr. Ray was waiting for a letter from Enron's general counsel assuring him that Mr. Skilling was no longer an officer, or insider, at the company, and thus forbidden to sell restricted stock. Mr. Skilling told Mr. Ray he preferred that Enron did not know he was "considering selling."

Then, on Sept. 17, the day the stock exchanges reopened after the attacks, Mr. Skilling called Mr. Ray to place an order to sell 500,000 of his 936,576 shares. Mr. Ray later called back after Schwab's restricted stock department informed him that more assurance was required; the letter from Enron's general counsel, Rex Rogers, still had not been received.

On a recording of the call played in court, Mr. Skilling said he was worried about the market dropping and seemed agitated at having his order stopped. "I have done what is necessary. If there is any breaking the law I am the one in trouble, not them."

The transaction was finally approved later on Sept. 17 after the letter from Mr. Rogers was faxed. On cross-examination by Ronald Woods, Mr. Ray said there was nothing in Mr. Skilling's tone to indicate a sale based on insider information.

In testimony to the S.E.C. in December 2001, which was read into the record on Monday, Mr. Skilling said there was "no other reason" for him to sell his Enron shares than the decline of the stock market after Sept. 11. "Oh, I agonized over it, absolutely agonized it," he said in the 2001 testimony. "I cannot believe the stock market is where it is right now."

Enron Treasurer's Testimony Contradicted By Meeting Minutes (BLOOM)

By Andrew Dunn Laurel Brubaker Calkins

Bloomberg, March 28, 2006

March 27 (Bloomberg) -- Testimony by a former Enron Corp. executive that he warned then-Chairman Kenneth Lay in October 2001 the company's finances were ``strained'' was contradicted by evidence presented today by defense lawyers at Lay's fraud trial.

Ben F. Glisan Jr., Enron's former treasurer, said last week in federal court in Houston that he told Lay in September and October 2001 the company faced a liquidity crisis and that Lay knew some of Enron's assets, including a British water company, needed to be written down in value.

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Today, Lay's attorney Bruce Collins presented notes from an Oct. 22, 2001, finance committee meeting that showed Glisan had optimistic estimates about the company's access to cash. The minutes show that after Glisan left the meeting, Chief Accounting Officer Rick Causey had told Lay the water company didn't need to be written down, which Lay told analysts the next day.

``I cannot say I had all the information he had," Glisan said under cross-examination during his fourth day on the witness stand. ``I did not have this piece of information. Mr. Causey gave a favorable report, it seems."

Prosecutors accuse Lay, 63, of misleading investors, employees and credit rating companies about Enron's financial status in the weeks before it filed for bankruptcy in December 2001. Collins repeatedly contrasted Glisan's direct testimony with his 2004 grand jury testimony, and 2001 board meeting documents and minutes, to point out inconsistencies in Glisan's discussion of the financial status of the company.

Government Charges

Lay and former Chief Executive Officer Jeffrey Skilling, 52, face at least 25 years in prison if convicted on charges that they conspired to defraud Enron investors and enrich themselves. Lay and Skilling are accused of overseeing a conspiracy to deceive investors about Enron's finances so they could profit by selling their personal shares at inflated prices.

On direct examination, Glisan told the jury he had warned that Enron was facing a liquidity crisis. He said he told Lay on Oct. 23, 2001, after the analyst call and a companywide employee meeting that he believed bankruptcy was ``inevitable."

Today Collins showed the jury documents illustrating that on Oct. 8, 2001, Glisan told the board that the company had more available cash than it needed. Minutes kept by a corporate secretary from the Oct. 22 board meeting, where Glisan said he told Lay the company's liquidity and balance sheet were ``strained," show Glisan telling the board that Enron had access to more cash than needed at the time.

``Her notes might not be complete," Glisan said.

Fraud Sentence

Glisan is 2 1/2 years into a five-year sentence for securities fraud in a federal prison east of Houston. In 2003, he admitted falsifying Enron's reported financial results to make the company look more successful than it was. He's testifying under an immunity agreement with prosecutors and could be out of prison as early as September.

Enron had more than $68 billion in market value before it sought bankruptcy protection in December 2001, wiping out thousands of jobs and at least $1 billion in retirement funds almost overnight. Investors suing over the collapse of what was once the U.S.'s seventh-largest corporation claim accounting fraud led to at least $25 billion in losses.

Legal experts have partially blamed partnerships and hedging vehicles created by former Chief Financial Officer Andrew Fastow for Enron's meltdown. Skilling's and Lay's defense teams claim prosecutors are seeking to criminalize normal business practices and the two executives were victims of thieving subordinates such as Fastow.

They contend the former CFO, who already has pleaded guilty to fraud charges stemming from Enron's demise, stole at least $25 million from the company in connection with partnership-related deals.

The case is U.S. v. Skilling, 04-cr-25, U.S. District Court, Southern District of Texas (Houston).

Skilling's Broker Tells Of Attempt To Sell Stock (HC)

By TOM FOWLER

Houston Chronicle, March 28, 2006

Former Enron CEO Jeff Skilling tried to sell one-fifth of his Enron stock holdings just weeks after he left the company and days before the Sept. 11 terrorist attacks, according to testimony in court Monday.

The sale of 200,000 shares never went through on Sept. 6, 2001, because his stockbroker still had him listed as a company officer restricted from selling, but he was able to sell 500,000 shares several weeks later.

The failed sale itself wasn't illegal but it could cast doubt on statements Skilling gave to investigators that the only reason he sold stock after leaving the company was post-Sept. 11 worry.

Testimony about the stock sale, one of 10 illegal sales the government claims Skilling made, came on day 31 of the trial. The government may finish its case against Skilling and former chairman Ken Lay as early as this afternoon.

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Former Treasurer Ben Glisan, who left the stand Monday afternoon, was the last major witness the government planned to call.

Letter needed for sale Skilling resigned from Enron on Aug. 14, 2001. On Sept. 6 he called Glenn Ray, his broker at Charles Schwab in Denver to do a couple of transactions, including the sale of the 200,000 shares.

During testimony in court Monday, Ray said Skilling told him an Enron attorney would send a letter stating he was no longer an officer, which would clear the way for the stock sale.

On Sept. 17, Skilling called Ray again saying, "I'm worried about it. I don't like it," referring to the stock market, which was reeling from the Sept. 11 attacks. Enron's stock price was continuing its yearlong decline and Skilling said he wanted to sell 500,000 shares.

On a recording of the call, Ray sounds surprised at the size of the stock sale.

About 109,000 shares of the sale went through before the transaction was halted by Schwab officials, Ray said, because the letter from Enron confirming Skilling's status had not arrived.

Ray called Skilling to tell him the news and agreed he could talk to the Enron attorney, Rex Rogers, on the phone instead. Skilling makes a point of asking Ray not to mention the stock sale to Rogers when they talk.

"I would prefer they not know that I'm selling," Skilling said on the call.

The request was hardly unusual, however, according to Ray, who noted on the stand that his wealthy clients "almost always" made such requests.

Prosecutors later read a transcript of Skilling's interview with Securities and Exchange Commission officials in December 2001, where they asked him about his stock sales both before and after leaving Enron. In the transcript Skilling said "there was no other reason than Sept. 11 that I sold the stock. I was very optimistic until the Sept. 11 thing."

Defense hammers Glisan Earlier on Monday, defense attorneys continued efforts to undermine Glisan's prior testimony that Lay and Skilling were well aware of severe problems at the company and approved of various accounting and finance chicaneries.

Glisan claimed Lay was lying when he told analysts in an Oct. 23 conference call that there was no need to write-down Enron's water business because of a new accounting rule.

But Lay attorney Bruce Collins tried to show through minutes and notes taken of a board finance committee meeting a day earlier that Lay was merely repeating what Chief Accounting Officer Rick Causey told him about the issue. Glisan admitted he left the board meeting before Causey made that presentation.

Collins also tried to cast doubt on Glisan's testimony that he presented a dire picture of Enron's financial stability during that board meeting. Meeting minutes taken by former board secretary Paula Rieker make just a brief mention of Glisan's presentation.

On redirect examination, however, prosecutor Kathy Ruemmler showed an e-mail from Rieker to others noting that Glisan would "comment on the very negative response of the debt investors."

Defense attorney's surgery Also on Monday lead Lay attorney Mike Ramsey said he underwent surgery last week to have a stent placed in his heart.

Ramsey, 65, said he started feeling episodes of pain and shortness of breath about three weeks into the trial. On Friday, March 17, he had tests done, which spotted the problem, and had the stent put in at Methodist Hospital on March 24.

He attended trial on Monday and said he felt "wonderful."

"I want to emphasize that there has been no interference with the trial and there won't be whatsoever," Ramsey said.

Lay Faces A Second Trial, Alone (WP)

By Carrie Johnson

The Washington Post, March 28, 2006

HOUSTON, March 27 -- As lawyers for Enron Corp.'s former leaders prepare to start their defense next week, another potentially more dangerous trial looms for founder Kenneth L. Lay.

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Lay is scheduled to be tried on four separate criminal charges related to personal bank loans, with the case opening as soon as the jury begins deliberations in the current trial, in which both Lay and former Enron chief executive Jeffrey K. Skilling are charged with fraud in Enron's collapse.

The unusual double jeopardy is the result of a bet Lay's legal team placed -- and lost -- two years ago. Lay sought to face trial alone rather than with his protege Skilling, who ran the company's daily operations.

Government lawyers pounced on the strategic opportunity. The judge's ruling, in what may be the worst possible outcome for Lay, gave prosecutors not one but two chances to convict the former titan. The judge kept Lay in the major fraud case, which includes Skilling. But he split off into a separate trial four narrow fraud charges against Lay that relate to personal bank loans.

The second proceeding, to be decided by the same judge, will begin a mere two hours after jurors retire to consider the broader charges. It means that Lay, who built a fortune once valued at more than $100 million after growing up the son of a poor Baptist preacher who hopped from job to job, will face the anxiety of awaiting a jury verdict in the first trial while he defends himself against additional charges that carry a maximum penalty of a decade behind bars.

The prospect leaves open the possibility that jurors could acquit Lay, 63, of taking part in a massive conspiracy that led to Enron's filing for bankruptcy protection but that a judge could send him to prison for wrongdoing in his personal finances. In April 2005, Lay waived his right to a jury trial on the bank fraud charges, depriving him of the best defense he had: the chance to argue to a dozen average citizens that the law did not matter.

Legal experts say the bank charges amount to a significant challenge for Lay, in part because the government cites more than a dozen clear-cut documents he signed, promising to abide by Federal Reserve Board rules prohibiting him from using his multimillion-dollar lines of credit to buy stock. It is the sort of paper trail that has been missing from the fraud trial, in which prosecutors have produced no papers or e-mails directly tying Lay to fraud. Most of the evidence in the joint trial has been stacked against Skilling, not Lay.

Michael W. Ramsey, the lead defense lawyer for Lay, has alternately mocked the bank rules Lay is charged with violating -- known in shorthand as "Reg U" -- as a kind of pasta sauce and derided them as vague and baseless. He has said that Lay repaid the loans to Bank of America, Chase and Compass Bank and that the institutions suffered no losses, making the alleged crime a victimless one. The rules date to the stock market crash of 1929, when lawmakers decided, as a matter of public policy, to limit the amount of stock purchased on credit.

But federal prosecutors at the Justice Department's Enron Task Force have replied in court papers that Lay engaged in "classic bank fraud and false statements to a bank."

"In response to the question, 'Will any part of this credit be used to purchase or carry margin stock?' defendant Lay is charged with knowingly, falsely answering No," prosecutors wrote in court papers last year. "Moreover, defendant Lay expands upon his false answer in the same form" by adding typed and handwritten phrases that contain information about how he intended to use the credit line for other purposes.

"In an ordinary case, this would be a laugher," Lay's attorney said. "These counts would never have been brought." Ramsey said the charges reflect a "political decision that is unconscionable."

In the past, prosecutors on the Enron Task Force, who come from the ranks of the Justice Department's career employees, have repeatedly denied that politics influenced their work.

The second trial could last less than a week. Government lawyers are prepared to call at least one witness who may have questioned Lay before he signed some of the papers. Lay's defense team will probably turn to his longtime financial advisers to cast doubt about whether he understood the forms but affixed his signature anyway -- a key issue in the upcoming trial.

In a provocative 2003 scholarly article, University of Miami Law Professor William H. Widen urged prosecutors to pursue the bank charges, reasoning that such a move follows in the tradition of the government's pursuit of mafia don Al Capone. After earlier, unsuccessful prosecutions, Capone ultimately went to prison on tax fraud charges.

Six years ago, it would have been unthinkable to equate Lay with such a notorious figure. He posed for photos with dignitaries including former president George H.W. Bush, Henry Kissinger and Mikhail Gorbachev. He acquired the nickname "Kenny Boy" from President George W. Bush and caucused with Vice President Cheney about energy policy. He and his wife, Linda, a former Enron secretary, donated more than $25 million to charities. They bailed out the local NAACP chapter and

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persuaded the local baseball team to stay put. But that was before the collapse of Enron and his indictment forced him to focus his time and energy on defending himself against fraud charges.

To date, the massive Enron fraud trial has focused mostly on the conduct of Skilling, who led daily operations until his abrupt departure in August 2001. As a result, Lay's defense in the first case will not directly overlap with that of his second, on the bank charges.

Indeed, legal experts who are following both cases say Lay's defenses reflect some inconsistency.

Lay, who is preparing to testify in the broader case within the next couple of weeks, will maintain that Enron scrupulously complied with the letter of the law and that he should not be held criminally responsible for the failure of his business. In essence, he is using the law as a shield, experts say.

But in his second, bank fraud trial, Lay is preparing to argue the exact opposite -- that banking law is outdated and unclear and therefore should not apply to him.

Agency Finds Enron Billing Irregularities (AP)

By Mark Sherman, Associated Press Writer

AP, March 28, 2006

Justice Dept. Finds Billing Irregularities by Turnaround Expert Who Led Enron Through Bankruptcy

WASHINGTON (AP) -- The turnaround expert who led Enron Corp. through its bankruptcy engaged in unacceptable billing practices and has agreed to cut in half the $25 million he has been seeking as a "success fee," the Justice Department said Monday.

The department's U.S. Trustee Program, which monitors the administration of bankruptcy cases, said it uncovered the billing problems after Stephen Forbes Cooper LLC and its principal, Stephen Cooper, asked the U.S. Bankruptcy Court in New York for $25 million as the fee for guiding the one-time energy giant, decimated by scandal, through its Chapter 11 case.

The firm denied any billing irregularities, but agreed to reduce its request to $12.5 million after the trustee's office shared the results of its investigation with the bankruptcy court, according to papers filed with the bankruptcy court. The court agreement did not spell out the billing issues.

U.S. Bankruptcy Judge Arthur Gonzalez will determine the size of the success fee.

The firm is part of Kroll Zolfo Cooper LLC, of which Cooper is chairman.

"While most, including Enron's creditor committee, supported the amount of the proposed fee, others objected," Kroll Zolfo Cooper said in a statement Monday. "Recognizing that a prolonged disagreement would not benefit Enron's creditors or employees, and in the interest of moving forward, we have agreed to resolve our differences, reduce the requested amount and move on."

Cooper and his firm already have been paid $107 million for their work. Enron hired Cooper in January 2002.

Enron had gone bankrupt a month earlier, following revelations of fraudulent accounting, hidden debt and inflated profits. Enron founder Kenneth Lay and former Enron Chief Executive Jeffrey Skilling are on trial in Houston on fraud and conspiracy charges.

Cooper's firm claimed credit for holding off on selling assets immediately at fire-sale prices, eventually gaining $12.8 billion to distribute to creditors rather than half that. It also said it shaved $1.2 billion off professional fees for lawyers, accountants, consultants and others by wrapping up the bankruptcy in three years.

Since then, Cooper has been hired to try to save troubled Krispy Kreme Doughnuts Inc. The company is facing federal investigations into its finances, as well as lawsuits by franchisees and workers who claim to have lost everything since its stock plunged in May 2004.

Ex-Raytheon Chief Agrees To Fine And Forfeit Of Part Of Bonus (NYT)

By Leslie Wayne

The New York Times, March 28, 2006

DOJ_NMG_0022588

The former chief executive of the Raytheon Corporation, Daniel P. Burnham, has agreed to pay a fine and return part of a $1.75 million bonus to settle Securities and Exchange Commission accusations over improper accounting practices in 2000 and 2001.

Disclosure of the arrangement came in a regulatory filing yesterday by the First Data Corporation, where Mr. Burnham, 59, is a director and chairman of the company's compensation committee. Mr. Burnham served as chairman and chief executive of Raytheon for five years until his resignation in July 2003.

The alleged accounting irregularities took place in Raytheon's troubled commercial aircraft division from 1997 to 2001 and concerned the timing of losses recorded by the company. The S.E.C. said that the company had overstated its 2001 losses and that its aircraft subsidiary should have charged up to $240 million of a $693 million loss in 2000 instead.

Raytheon, First Data and the S.E.C. would not comment on the settlement. The amount of the fine and the amount of the bonus that Mr. Burnham will return were not specified. Raytheon would not comment on whether directors' and officers' insurance would cover Mr. Burnham's costs. Mr. Burnham did not respond to a message left for him at First Data.

Since January 2003, the S.E.C. has been investigating accounting practices at Raytheon's aircraft division, which had faced a deteriorating market. Last April, the company offered to settle the investigation and recorded a charge of $12 million in the first quarter of 2005 to cover potential settlement costs. Raytheon has neither admitted nor denied the charges and the offer has yet to be approved.

The agreement with Mr. Burnham, who neither admitted nor denied the agency's charges, is still subject to approval by the S.E.C.

In its regulatory filing, First Data expressed confidence in Mr. Burnham, whom the company is renominating as head of its compensation committee. After reviewing the S.E.C. charges, First Data said the company's board "determined that the allegations are not reflective of Mr. Burnham's conduct, judgment or integrity" as they relate to his First Data board activities and cited "Mr. Burnham's valuable service to the company over the past two years."

First Data also praised Mr. Burnham for "the forthright manner in which Mr. Burnham brought the allegations" to the attention of the company and said the events at Raytheon were unrelated to his board work at First Data.

Paul Nisbet, a military industry analyst with JSA Research in Newport, R.I., said Mr. Burnham's agreement was "somewhat unusual" but that it "doesn't mean much" for Raytheon.

Mr. Nisbet said that Mr. Burnham's action might lead to a resolution of charges involving Edward Pliner, the company's former chief financial officer, who was put on leave last April in connection with the S.E.C. investigation into Raytheon's accounting. Raytheon has said that the S.E.C. is expected to "bring action" against Mr. Pliner.

"This could very well lead to something similar involving Ed Pliner," Mr. Nisbet said.

Mr. Burnham is not the only chief executive facing a giveback of some of his bonus. Last January, Nortel Networks announced that a dozen current executives would repay $8.6 million in bonuses over manipulated financial statements. Government regulators are seeking repayment of bonuses of two top executives at Fannie Mae as a result of its accounting scandal, and shareholder pressure caused FPL Group to announce it was recouping $22.5 million in bonuses to eight executives after a failed merger.

Also, last January, an Alabama judge ruled that Richard M. Scrushy, the former executive of HealthSouth, must repay his company more than $47.8 million in bonuses. Dean L. Buntrock, former chief executive of Waste Management, agreed last August to pay $19.5 million, which included his bonus, to settle S.E.C. claims.

The S.E.C. is also trying to obtain $100 million, including bonuses, from Henry Yuen, the former chief executive of Gemstar-TV Guide International after charges that Mr. Yuen inflated revenues to mislead the company's investors.

Clarent Ex-execs Charged With Fraud Former CEO Of Redwood City Firm Pleads Not Guilty (SFC)

By Tom Abate, Chronicle Staff Writer

San Francisco Chronicle, March 28, 2006

DOJ_NMG_0022589

The U.S. attorney in San Francisco has charged a Los Altos man with two counts of federal securities fraud for allegedly inflating the revenues of Clarent Corp. in 2001.

Shares in the publicly traded Redwood City firm, which sold equipment to send phone calls over the Internet, collapsed between September 2001 and May 2002, wiping out $200 million in stock value, according to the indictment. The company went bankrupt and its assets have since been acquired.

Former Clarent chief executive Jerry Shaw-Yau Chang, 48, of Los Altos surrendered to federal authorities in San Francisco Friday. His attorney, Michael Diamond of Los Angeles, said Chang pleaded not guilty and was released on a $1 million bond.

The U.S. attorney also filed three fraud counts and a fourth charge of tampering with a witness against former Clarent official Matthew Ming Chiang, 36, of Taiwan. Federal officials said that Chiang remains at large and that a warrant has been issued for his arrest.

According to the indictment, Chang was CEO of Clarent from July 1996 to July 2001. He remained a director until September 2001. Chiang held several marketing positions during this time. From September 2000 to September 2001, he was president of Clarent's Asia-Pacific division in Taipei, Taiwan, and reported directly to Chang, in Redwood City.

The indictment alleges that from December 2000 through August 2001, "Chang and Chiang conspired to improperly recognize revenue for Clarent, resulting in the fraudulent filings of financial statements" with the Securities and Exchange Commission.

The indictment lists several deals in which the defendants allegedly booked orders without disclosing to the company's investors or auditors that the buyers had the right to cancel the deals and return the products and in some cases that they had agreed to find another purchaser for any equipment buyers didn't need.

"These undisclosed contingencies between Clarent and its customers were either verbal or in writing and were provided by Chang and/or Chiang," according to the indictment.

Federal officials say that just before trading in Clarent shares was halted in September 2001, shares of its stock were worth $5.37. By the time it restated its earnings in May 2002, its price had slumped to 27 cents per share.

Diamond, the attorney representing Chang, said "the case will be that Jerry did nothing wrong and did not violate securities laws." He noted that a majority of the charges were filed against Chiang.

Former Networking Execs Indicted For Securities Fraud (IDG)

By Grant Gross, IDG News Service, Washington Bureau

IDG News Service, March 28, 2006

Two former executives at networking equipment provider Clarent Corp. have been indicted on securities fraud charges, the U.S. Department of Justice (DOJ) announced.

Jerry Shaw-Yau Chang, 48, of Los Altos, California, and Matthew Ming Chang Chiang, 36, of Taiwan were charged with filing fraudulent financial statements with the U.S. Securities and Exchange Commission (SEC) in the last quarter of 2000 and the first and second quarters of 2001, the DOJ said. Chiang was additionally charged with one count of witness tampering in the indictment, unsealed late Friday.

Chang, former president and chief executive officer at Clarent, surrendered into custody Friday and was released on US$1 million bond in the U.S. District Court for the Northern District of California, the DOJ said. An arrest warrant was issued for Chiang.

The defendants were top executives at Clarent, based in Redwood City, California. They are accused of conspiring to improperly recognize millions of dollars in revenue for Clarent.

Chang served as president and chief executive officer of Clarent between July 1996 and about July 2001, and Chiang was president of Clarent Asia/Pacific between September 2000 and September 2001, the indictment said.

The two are alleged to have negotiated high-value deals on behalf of Clarent with various overseas distributors. The defendants carried out the improper revenue recognition scheme by immediately recognizing revenue from transactions in which customers had been given the right to return products, the right to cancel orders, or a guarantee that Clarent would find a purchaser for any product customers were unable to sell on their own, the DOJ said.

The defendants are charged with entering into undisclosed side agreements establishing the contingencies to the sales. The defendants allegedly made these agreements without disclosing this information to the SEC and Clarent's independent auditor, Ernst & Young LLP.

The purpose of the scheme to defraud was to falsely inflate Clarent's revenue and profits, to exceed projected quarterly financial results, and to artificially sustain Clarent's stock price, the indictment said.

Trading on Clarent stock was halted on Sept. 4, 2001. The stock price on the previous day was at $5.37, and the company was valued at approximately $216 million, the DOJ said. On May 8, 2002, Clarent restated its financial statements for 2000 and 2001, at that time the stock price closed at $0.27 cents per share, and the company was valued at about $10.9 million.

Clarent, a provider of VOIP (voice over Internet Protocol) hardware and software for large businesses and multi-use networks, was sold to Verso Technologies Inc. in February 2003.

The maximum statutory penalty one count of securities fraud is 10 years in prison and a $1 million fine, plus restitution. The maximum statutory penalty for witness tampering is 10 years in prison and a $250,000 fine. Grant Gross is Washington correspondent for the IDG News Service.

U.S. Pressures Firms Not To Pay Staff Legal Fees (WSJ)

By Nathan Koppel

The Wall Street Journal, March 28, 2006

Defense lawyers are closely watching an accounting-fraud case in New Hampshire that they see as the latest government effort to stop companies from paying the legal fees of indicted employees.

In the past three years, federal prosecutors in New York, Alabama and, now, Concord, N.H., have pursued a strategy that puts companies at risk of being branded as uncooperative if they don't cut off such payments. Lawyers say that could be tantamount to convicting defendants before they have even had a trial, since they can't properly defend themselves.

"If companies don't cooperate with the government, they can face a death penalty by being indicted," says Ellen Podgor, a professor at Stetson University College of Law. She adds that companies fear becoming the next Arthur Andersen LLP, which imploded shortly after its indictment in 2002 for allegedly obstructing the government's investigation of fraud at Enron Corp. (The accounting firm was later convicted of obstruction, but the Supreme Court overturned the verdict last year.) "Prosecutors can now force individuals to pay their own attorneys' fees," Prof. Podgor says, "and corporations have to go along."

Justice Department spokesman Brian Roehrkasse counters that "the government does not force corporations to do anything." If a company declines to advance fees, he adds, "that is a business decision made after weighing all of the costs and benefits of cooperation."

The cost of a trial is out of the financial reach of many white-collar defendants. "It is hard to defend a white-collar case for less than $100,000, and most cost much, much more than that," says John Hasnas, a professor at Georgetown University's McDonough School of Business.

In the New Hampshire case, five former executives of technology company Enterasys Networks Inc. charged with accounting fraud were set to stand trial in Concord this month but got a three-month reprieve after federal prosecutors were accused of misconduct. Government lawyers pressured the company to cut off legal fees to the defendants to weaken the employees' ability to fight the charges, defense lawyers allege in court filings.

New Hampshire U.S. Attorney William Morse, the lead prosecutor in the case and one of three accused of misconduct, denies wrongdoing. In pretrial testimony, when asked why he inquired about the company's payment of legal fees, he said, he simply wanted to inform Enterasys that the "payment of attorneys' fees for defendants was something that the Department of Justice had instructed its line prosecutors to consider" when assessing a company's cooperation with prosecutors. In an interview, he says, "Enterasys's decision to stop paying legal fees had nothing to do with government pressure." He says that he last spoke to Enterasys about the reimbursement of fees in the summer of 2004, and that the company didn't cut off funding until a year later.

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Mr. Morse says he notified the Justice Department in 2004 that he had asked Enterasys about its payment of legal fees. He says he made the inquiry to determine whether the company was living up to its cooperation agreement. The Justice Department approved his actions, he says. A Justice Department spokeswoman declines to comment.

At a March 7 hearing, U.S. District Judge Paul Barbadoro, who is presiding over the trial, voiced concern that prosecutors had wrongly pressured Enterasys to cut off funding to the defendants. Nevertheless, he didn't sanction the prosecutors, and Enterasys reluctantly agreed to pay past-due legal bills and cover future costs.

The fee-payment issue has gained prominence in recent years, following a 2003 U.S. Justice Department memo that advised prosecutors to credit companies that cooperate with the government in an effort to avoid indictment. The memo, written by former Deputy Attorney General Larry Thompson, advises that a company's willingness to advance legal fees to "culpable employees" may signal a lack of cooperation. A spokesman for PepsiCo Inc., where Mr. Thompson is now the general counsel, says he wouldn't discuss the memo.

Until now, the nonpayment of legal fees has been most heavily debated in the government's ongoing tax-shelter case against former executives of KPMG LLP, which is scheduled for trial in New York in September. Yielding to government pressure, the accounting firm hasn't reimbursed these executives since 2004 in what Stanley Arkin, an attorney for one of the defendants, calls "a way of unfairly breaking down the defendants' ability to resist the government." KPMG declines to comment.

In their investigation of accounting fraud at HealthSouth Corp., federal prosecutors informed the company that the payment of fees to indicted executives would be viewed as a sign of noncooperation, according to lawyers in the case. The company later withheld fees to former chief executive Richard Scrushy, the only indicted executive who pleaded not guilty to federal charges. A jury in Birmingham, Ala., acquitted him of fraud in 2005.

Federal prosecutors also encouraged Symbol Technologies Inc. to withhold fees from executives charged in an alleged accounting fraud at the New York maker of bar-code scanners, according to company counsel Andrew Levander. Last month, in Central Islip, N.Y., U.S. District Judge Leonard Wexler ended the trial of three former Symbol executives after jurors said they were deadlocked.

Symbol was able to pay the executives' fees after it convinced prosecutors that company bylaws required it to do so, Mr. Levander says. "The government is not sensitive to the fact that a failure to indemnify can harm a company's ability to attract talented officers and directors in the future," the lawyer says.

Enterasys, based in Andover, Mass., makes wireless products and computer hardware. It was spun off by Cabletron Systems in 2000 and co-founded by New Hampshire Gov. Craig Benson before he went into politics. Gov. Benson hasn't been charged with wrongdoing. The executives, whose trial is set for June, are accused of artificially inflating revenue in 2001. Four other top executives, including the company's chief executive, have pleaded guilty to charges relating to accounting fraud.

Enterasys has agreed to cooperate with the government's fraud investigation, according to company lawyer Harvey Wolkoff. In 2004, prosecutors encouraged Enterasys not to pay the defendants' legal bills, in order to comply with its cooperation agreement, according to Mr. Wolkoff.

The law in Delaware, where the company is incorporated, authorizes Enterasys to advance legal fees to the defendants. Still, prosecutors asked Enterasys to contest the law. It was an appropriate request, says Mr. Wolkoff: "If [the defendants] did something criminal, why should" their legal fees be reimbursed?

The Enterasys defendants asserted in court filings that they have been hampered from proving their innocence by a lack of funding. In a February filing, the defendants claimed Enterasys stopped paying their legal fees in the summer of 2005, hurting their ability to investigate the backgrounds of witnesses and to review "voluminous" documents. Prosecutors have pressured Enterasys to cut off fees in order to "gain a substantial advantage at trial," defendants asserted in the filing.

Whatever the outcome of the Enterasys trial, Robert Bonner, a defense lawyer with Gibson, Dunn & Crutcher LLP in Los Angeles who isn't involved in the New Hampshire case, worries that in the future more companies will "throw [indicted] executives to the wolves." His rationale: "The consequences of an indictment are so cataclysmic that companies will do anything to avoid it."

CRIMINAL LAW:

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2 Dismissed From Jury Deciding Case Of Politician (NYT)

By Jodi Rudoren

The New York Times, March 28, 2006

CHICAGO, March 27 — A federal judge dismissed two jurors on Monday two weeks after the jury began deliberating in former Gov. George Ryan's corruption case, tossing into turmoil a trial that has stretched over six months.

The judge, Rebecca R. Pallmeyer of Federal District Court, said she had not made any decisions about whether to proceed and hoped to avoid a mistrial by replacing the two jurors with alternates.

But Mr. Ryan's lawyers objected to that prospect, arguing that "asking them to 'start deliberations anew' is asking the impossible."

The dismissals follow revelations in The Chicago Tribune last week that two jurors lied on questionnaires about whether they had criminal records, with one failing to disclose drunken-driving arrests that led to the revocation of his driver's license while Mr. Ryan, a Republican, was the secretary of state, whose office is responsible for such matters.

Judge Pallmeyer ordered the dismissed jurors not to discuss the situation, and lawyers in the case are also barred from speaking about it with reporters.

But legal experts who have been following the proceedings described Monday's removals as a serious threat to the trial, raising a strong issue for appeal regardless of how the judge proceeds.

"The deliberations have turned out to be a nightmare," said Patrick Cotter, a defense lawyer here and a former federal prosecutor in Brooklyn. He called the situation "a unique sort of perfect storm of problems."

Mr. Ryan, 72, and his friend Lawrence K. Warner, 67, face 22 counts of racketeering and conspiracy, accused of trading state business for gifts, vacations and cash.

Even before the dismissals, jurors had sent notes to Judge Pallmeyer indicating discontent, prompting her to urge them to treat each other with "dignity and respect" and to deliberate only when all of them were together in one room. Judge Pallmeyer said Monday that she had no indication they were deadlocked.

Alternates routinely replace jurors, but rarely so deep into deliberations. It is unusual, after all, for jurors to deliberate for even the eight full days that have already been logged in this case.

In an odd parallel, the conviction of Fife Symington, former governor of Arizona, was overturned in 1999 because a juror was dismissed seven days into deliberations. But another former governor, Edwin W. Edwards of Louisiana, remains in prison despite persistent appeals of his corruption conviction in 2000, partly based on the dismissal of a juror six days into deliberations.

Ted A. Donner, co-author of the law text "Jury Selection Strategy and Science," which was referred to in the defense's objection to using alternate jurors, predicted a mistrial in the Ryan case.

"It's one thing to hear a piece of testimony and have a judge tell you to disregard that," Mr. Donner said. "It's another thing to disregard an entire week's discussion that you've had with 11 other people."

Judge Pallmeyer said that if she decided to proceed, she planned to repeat the jury instructions and advise the reconstructed group to "begin afresh" and "to the extent possible, to go back into that jury room as though they have never discussed the case with one another at all."

But experts pointed out that the four alternates returned to their regular lives after closing arguments on March 10, exposed to blaring headlines about the case.

The fact that the two jurors were dismissed for lying, and that one might have harbored a grudge against the secretary of state's office for denying him driving privileges, complicates matters further.

"If you're the defense, you're saying, 'Oh my God, there's been a guy on the jury for eight days of deliberations who's against us, who hates us,' " Mr. Cotter said, imagining an appeal. "I mean, how do you put that toothpaste back in the tube?"

Determining whether the jury has been tainted presents a major challenge for the judge.

"She doesn't want to appear to be asking about what they've decided," said Andrew D. Leipold, a law professor at the University of Illinois.

The question, Professor Leipold said, is whether the jury is "still banging their heads on Count 1" or is "chugging away nicely."

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If they have already voted on several counts, he said, "are we really going to have the same conversation again, and everyone will stare at the two new jurors and say, 'Do you agree?' "

Ryan Judge Dismisses 2 Jurors (CHIST)

By NATASHA KORECKI AND ANNIE SWEENEY, STAFF REPORTERS

Chicago Sun-Times, March 28, 2006

Two jurors who served for nearly six months on former Gov. George Ryan's jury were dismissed today after a federal judge learned the two had criminal histories they didn't disclose at the beginning of the trial.

U.S. District Judge Rebecca Pallmeyer said she would make a decision Tuesday of how and whether deliberations should proceed. "If we can continue fairly, that would be my goal," Pallmeyer said. "I continue to hope we can proceed in some fashion."

She said it was possible alternate jurors would replace the two who were dismissed but that she had not made that decision. If that were to happen, the judge said she would order the jury to begin its deliberations all over again.

In a motion filed this morning, Ryan's lawyers object to replacing the two questionable jurors with substitutes, saying that would constitute a violation of Ryan's Sixth Amendment right to a fair trial.

The two jurors in question were seen walking separate from other jurors this morning. It appeared they were leaving Pallmeyer's chambers.

The remaining jurors left the building at about 11:30 a.m.

A male juror did not disclose DUI convictions and a weapons conviction, and a female juror did not disclose six arrests and a weapons charge. The woman was never convicted, according to public records.

The revelations came after the Chicago Tribune brought them to the court's attention last week.

In the motion this morning, Ryan's lawyers said it was too late in the proceedings to substitute jurors.

"The substitution of alternates at this stage of deliberations would violate Ryan's Sixth Amendment right to trial by a fair and impartial jury," Ryan's lawyers wrote.

They indicated that notes sent from the jury to Pallmeyer last week made it appear that the jurors were "deadlocked."

Pallmeyer could put in two alternate jurors to replace the two jurors in question. But the defense argues that those alternates almost certainly have been exposed to news coverage of the deliberations. The alternates were excused two weeks ago and told not to discuss the case.

In the afternoon, one of the defendants, Lawrence Warner, showed up at the courthouse. He waited briefly in the courtroom but left when lawyers never came out from behind closed doors.

2 Jurors Dismissed In Ex-Gov.'s Trial (AP)

By Mike Robinson

AP, March 28, 2006

CHICAGO -- A federal judge said Monday that she has dismissed two jurors from former Gov. George Ryan's corruption trial and that she is still trying to determine whether the stalled jury deliberations can be restarted.

"I haven't made any final decisions about whether we will be able to proceed," U.S. District Judge Rebecca R. Pallmeyer told reporters after dismissing the two jurors.

To get deliberations going again, she said, she would have to replace the dismissed jurors with alternates _ something defense attorneys say would violate Ryan's rights.

The announcement came after a day in which deliberations where on hold while the judge met privately with attorneys on both sides to try to prevent a mistrial after six months of proceedings.

The trial has already cost millions of dollars to hold _ "a very significant investment," Pallmeyer noted.

She said her goal would be to forge ahead, if "we can proceed with this case fairly."

The two jurors were dropped after articles in the Chicago Tribune last week that said they had apparently lied about their criminal records on questionnaires filled out before the trial.

Ryan, 72, and lobbyist Larry Warner, 67, are charged in a 22-count federal indictment with racketeering, fraud and other offenses.

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Prosecutors say that as secretary of state for eight years in the 1990s and later as governor, Ryan steered big-money state leases and contracts to Warner and others.

Ryan was rewarded with vacations and gifts ranging from $145,000 in loans to his brother's sputtering business to a free golf bag, prosecutors allege.

Ryan and Warner say they did nothing illegal.

The judge said she wanted to talk with jurors Tuesday morning, apparently to determine how they feel about proceeding.

If the trial goes on, the judge said she was likely to bring the jury back into the courtroom, instruct them again and "explain to them that my expectation is that they will begin afresh."

Starting from scratch could add weeks to a trial that began in September. If jurors go back to work, they will be in their third week of deliberations.

Earlier Monday, the defense argued in a court filing that replacing the two jurors with alternates would violate Ryan's constitutional right to a fair and impartial jury.

They argued that the jury would be unable to erase conclusions reached so far. "Asking them to 'start deliberations anew' is asking the impossible," they said.

Newspaper Criticized As Judge Ponders Next Step (CBS2CHI)

By Jay Levine

CBS 2 Chicago, March 28, 2006

Tribune Investigation Triggered Juror Controversy

(CBS) CHICAGO Two jurors have been dismissed in the George Ryan corruption trial. The key decision the judge will have to make Tuesday is whether to keep the trial from being derailed.

It's a case that's been loaded with twists and turns long after the closing arguments were made.

As CBS 2 Chief Correspondent Jay Levine reports, after more than five long months of testimony, the pressure is on the judge to decide exactly what to do next.

Judge Rebecca Pallmeyer's dismissing the two jurors who allegedly lied on their questionnaires leaves her with several options. She could replace both with the alternates she released before deliberations. She could replace just one of them, and proceed with 11 jurors. Or she could simply go with the remaining 10, although both sides must agree to that, which appears unlikely.

"I think this judge will do anything possible, within reason, to keep this trial going," CBS 2 Legal Analyst Irv Miller said.

George Ryan's attorneys argue that replacements at this stage would be unfair to Ryan and remaining jurors: "To ask them to start deliberations anew with new colleagues is asking the impossible."

As Judge Pallmeyer ponders her next step, others question the Chicago Tribune investigation that triggered the controversy.

"It was waiting until the trial had closed and the deliberations began with replacements gone home that caused all these problems," said Northwestern University Law Professor Ron Allen.

According to Tribune Editor Anne Marie Lipinski, the investigation that discovered a juror's criminal background started after deliberations began as a feature story.

"We were looking for routine information so we could contact jurors when the case was over, which is very common in stories like this," Lipinski said. "The reporter assigned to this came across this information. We were quite surprised by it and immediately brought it to the attention of the court."

That information has now brought this case to the brink of a mistrial. Professor Allen calls it an question of corporate responsibility.

"There's simply no advantage to waiting until this time except to increase the harm this investigation causes," Allen said.

"For us to have withheld that information at the point we came across it would have been extremely irresponsible," Lipinski said.

Tuesday's Tribune will have a complete explanation of how, why and when it launched its probe.

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Also Tuesday, Judge Pallmeyer will decide whether the alternates have kept themselves away from media coverage and conversation about the trial. If they have, she'll seat them and the trial will continue. If not, a mistrial might be the only option.

How The Tribune Uncovered Juror Problems (CHIT)

By James Janega, Tribune Staff Reporter

Chicago Tribune, March 28, 2006

After a 5½-month trial and eight days of jury deliberations, the Chicago Tribune uncovered public records last week indicating that two jurors in the federal trial of former Gov. George Ryan gave false answers on their jury questionnaires.

Both jurors had checked boxes on pretrial questionnaires indicating that they had never been charged with a crime, but the Tribune found public records that appeared to contradict those answers.

Those jurors were dismissed from the trial Monday by U.S. District Judge Rebecca Pallmeyer.

While the information had the potential to disrupt the trial, Tribune editors recognized it could be even more damaging if it were revealed after the jury had reached its verdict. Nationally, other cases have been overturned on appeal when it was discovered after the verdict that jurors had been untruthful to the court.

Because of this, the newspaper went to Chief Judge Charles Kocoras as soon as possible, both to continue the reporting on the story and to inform court officials of the records it had discovered.

"The paper took extraordinary precaution by alerting the chief judge of its findings in advance of any publication so that the court might address matters as it saw fit," said Tribune Editor Ann Marie Lipinski. "In addition, no effort was made to contact the subjects of the stories—as would be common practice in any other similar reporting effort—so as not to interfere in any manner with sitting jurors.

"The paper has the utmost respect for the process and the serious job the court and jurors are engaged in. Once we had this knowledge, it would have been irresponsible for us to keep it to ourselves.

"Whatever challenges now exist, they would have been far more grave had they come out later, or after the fact of a verdict."

The Tribune's reporting on the stories began Wednesday.

Reporters frequently interview jurors after a case ends and the jurors are dismissed from duty. In preparation for a verdict, Tribune reporter Ray Gibson was checking computer databases for information about the jurors.

In this case, he was not looking for criminal histories but was interested in the jurors' political affiliations.

On the first screen of links to records for one juror, Gibson came across a 1995 felony conviction for aggravated DUI. The charge indicated the man had prior DUIs as well.

Police reporter David Heinzmann then located court and criminal records for the man, and Gibson and federal courts reporter Matt O'Connor matched information from those records with the answers given by the juror on his jury questionnaire.

By Wednesday night, it was clear to the reporters and their editors that the records indicated that it was the same man.

Under normal circumstances, the reporters would then contact the subject of the story for comment. But an order from Pallmeyer prohibited any contact with the jurors while the case is ongoing.

Tribune editors decided to contact Kocoras as soon as possible, both to seek comment and to let the court know of the newspaper's findings. A message was left in Kocoras' chambers Wednesday night, but the call was not returned.

On Thursday morning, reporters Gibson and O'Connor met with Kocoras. Kocoras then contacted Pallmeyer, who sent the jury home early Thursday with the announcement that she had launched an investigation into a juror. The Tribune published the first story on the Ryan jury on its Web site Thursday night.

Tribune reporters continued looking at public records about the jurors on Friday.

They discovered a second juror, a woman, who could be linked through public records to an alias. Someone with that alias faced drug and other charges but was not convicted, records show.

Again, the reporters went to the chief judge Friday afternoon as part of their reporting.

Those results were published online Friday night.

jjanega@tribune.com

Jury Duty Can Reveal Secrets (CHIT)

By Ray Quintanilla And James Janega, Tribune Staff Reporter

Chicago Tribune, March 28, 2006

The white-hot spotlight of the American judicial system can be uncomfortable, with lawyers, judges and sometimes the media prying into difficult and embarrassing moments. But defendants aren't alone in the glare. From the moment a jury summons arrives, potential jurors find their own histories under scrutiny.

"Has any member of your immediate family or a very close friend ever been the victim of a crime?" asks a typical juror questionnaire. "Have you ever been a party to any lawsuit?"

Experts say most jurors, facing threat of perjury, try to be honest. But they say others may be too embarrassed to answer fully, or think it doesn't matter.

"I think some truly don't understand the gravity of the responses that they're giving. And others are being evasive, and we have no idea which it is," said Duke University Law School professor Neil Vidmar.

If they do have something in their past, "they may have said, 'That's over and done with,'" he said. Officers of the court seldom know when a juror has stopped being truthful.

The slippery issue of juror honesty, one that has occupied legal scholars from university campuses to the U.S. Supreme Court, was cast into sharp relief Monday when U.S. District Judge Rebecca Pallmeyer dismissed two jurors in the middle of deliberations over the fate of former Illinois Gov. George Ryan. A Tribune investigation found they may have lied on juror questionnaires.

It is unclear how representative the Ryan jury is of juries in general. There is long-standing debate in the legal community about whether long, high-profile trials wind up with jurors of different qualities and demographics, said University of Chicago law professor Al Alschuler.

But once summoned, all jurors face an insular world in which long stretches of tedium play out against a backdrop of deep importance, and the possibility of drama.

Richard Leja, a 49-year-old Berwyn painter, on Monday took a commuter train to get downtown by 9:15 a.m., rode a crowded elevator to the jury room on the 17th floor of the Daley Center, waited all day and was not picked for a county civil trial.

In those numbing circumstances, he said the personal details he was asked to provide verged on galling.

"It just seems like they want a lot of information from me," said Leja, 49, as he and 150 strangers poured out of the Circuit Court's jury room six hours later, their $17.20 checks in hand.

"I'm not so sure what you put down on those forms really matters all that much," said Aliyah Shields, 19, of Chicago. "A person can still be a good juror, no matter what they put down on that form."

But lying about the information "is sufficient for removal"—and possibly prosecution—warned Cornell University Law professor Valerie Hans, a jury expert watching the Ryan trial, for which the juror questionnaire was 34 pages long.

"Of course, the more questions you ask, the greater the likelihood that a prospective juror can get in trouble," she said.

Tribune staff reporter Michael Higgins contributed to this report.

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Letters To Judge Show Support For Abramoff (NYT)

By Philip Shenon

The New York Times, March 28, 2006

WASHINGTON, March 27 — The fallen Republican lobbyist Jack Abramoff may be among the most unpopular men in Washington, shunned by many of his former friends at the White House and on Capitol Hill.

But more than 260 others — including a House member from California, a senior Senate staff member and several leaders of the Washington Jewish community — have stepped forward in letters to a federal judge to praise Mr. Abramoff and ask that he be spared a long prison sentence.

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The House member, Dana Rohrabacher, Republican of California, said in his letter that Mr. Abramoff was a "selfless patriot" whose work in a conservative lobbying group, Citizens for America, in the 1980's was evidence of his desire "to make a positive contribution to the nation he loves so much."

The Senate staff member, Steven Groves, counsel to the Permanent Subcommittee on Investigations, vouched for "Jack as a caring, pious and generous man who dotes on his friends and family."

Excerpts of the letters from Mr. Rohrabacher, Mr. Groves and others were revealed in court papers filed by Mr. Abramoff's lawyers on Friday in Federal District Court in Miami, where the lobbyist faces sentencing on Wednesday after pleading guilty to federal fraud charges involving his purchase of a cruise-ship line. He faces up to seven years in prison. He has pleaded guilty to separate corruption charges in Washington.

The letters, along with the filing by the defense in Miami, sought to portray Mr. Abramoff as a man devoted to his family and to his faith who, while acknowledging that he defrauded Indian tribes and other clients of millions of dollars, deserved leniency because so much of his money had been given to charity.

"Media attention regarding Mr. Abramoff, from newspaper editors to late-night comedy monologues, has made him into a caricature and has distorted a lifetime of accomplishments," the defense lawyers said in their brief. "As large a figure as he has been painted in the media, he is an even larger figure in matters of family, faith, generosity and remorse."

As Parting Gift, Duke Cut Check To NRCC (HILL)

By Jonathan Allen

The Hill, March 28, 2006

Before former Rep. Randy "Duke" Cunningham (R-Calif.) headed to prison, he prepared a small parting gift intended to help his colleagues in the upcoming election: a $2,000 check from his expiring campaign committee to the National Republican Congressional Committee (NRCC).

That relatively small gesture, made Dec. 13 according to Cunningham's campaign records, followed on the heels of an Oct. 24 donation of $11,684 to the NRCC. It also came about two weeks after he admitted to taking $2.4 million in bribes to direct government business to certain defense contractors.

NRCC spokesman Carl Forti said yesterday that the party never received the $2,000 check and that it has "no plans" to return the nearly $12,000 it accepted before Cunningham's Nov. 28 guilty plea.

"I mailed it to them," said Cunningham's campaign treasurer, Kenneth Batson. "If it hasn't cleared, I'll stop payment and send it again."

Batson said he hopes to close Cunningham's account this quarter, which ends Friday.

Whether or not the last injection of money made it to the NRCC, the donation shows that a lawmaker can continue to influence elections even after a federal bribery conviction. And it's perfectly legal.

Cunningham's account was subjected to no special limitations after his conviction, raising the prospect that another lawmaker could funnel an entire war chest of millions of dollars to colleagues or a party committee on his or her way to the penitentiary.

"They can donate it to charity or party committees," said Ian Stirton, a spokesman for the Federal Election Commission (FEC).

"Obviously some people would have concerns if questionable money is being reintroduced into the campaign-finance system by people who have been found to do improper things," said Daniel Lathrop, a database editor at the Center for Public Integrity, a nonpartisan government watchdog group.

But Lathrop noted that others would prefer that jail-bound lawmakers send money to the party rather than sit on large piles of cash.

Four days after he was indicted in September 2004, former Rep. Frank Ballance (D-N.C.) transferred $25,000 to the Democratic Congressional Campaign Committee.

He did not give the DCCC money after pleading guilty to conspiring to commit mail fraud and launder money in November 2004.

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Since then, his campaign committee has given contributions ranging from $500 to $2,000 to Greater Little Zion United Holy Church, John Miles Youth Ministry, Kiddie World Inc. and the Warren Family Institute, according to FEC records.

Most of Cunningham's remaining campaign cash was used to pay lawyers at O'Melveny & Myers $570,000 in the last quarter of 2005. In an advisory opinion, the FEC ruled that Cunningham could use campaign money to pay his lawyers because the charges against him stemmed from official duties.

Once they are no longer candidates for office, Lathrop said, "there's very little lawmakers can't do with that money."

Cunningham had announced in July 2005 that he would not seek reelection.

Earlier this month, he was sentenced to more than eight years in prison and ordered to pay $3.7 million in back taxes and restitution, plus the proceeds from an auction of ill-gotten goods.

Mitchell Wade, a defense contractor, pleaded guilty in February to giving the congressman more than $1 million in bribes. Wade and other employees of his company, MZM, were major contributors to Cunningham's campaign committee.

Forti expressed no concern about the origin of the money that ended up in the NRCC coffers. The majority of Cunningham's contributors "wanted to support Duke Cunningham, and Duke wanted to support us," he said.

Lathrop says that reporting discrepancies between one committee and another are fairly common in the campaign-finance system and that it is not terribly hard to imagine a $2,000 check getting lost at the NRCC, which had $21 million on hand at last count.

Forti said the NRCC does not have any standard practice for dealing with donations from convicted former lawmakers.

"All contributions will be evaluated individually," he said. "There's no blanket policy."

Bill Burton, a spokesman for the Democratic Congressional Campaign Committee, did not answer a request for comment on the DCCC's policy regarding such donations before press time.

Hand It Over (RC)

By John Bresnahan and Tory Newmyer

Roll Call, March 28, 2006

U.S. District Judge Paul Friedman has let stand a subpoena issued to a Senate Indian Affairs Committee staffer by attorneys for David Safavian, the former Bush administration official charged with lying to federal investigators about his relationship with Jack Abramoff.

Friedman, who set a May 22 trial date for Safavian, is still considering a motion by Safavian to have his case thrown out entirely, and Safavian's motion to inspect the prosecutors' instructions to the grand jury that indicted him was denied. Friedman released the orders on Friday.

Safavian's attorneys had subpoenaed Indian Affairs investigator Bryan David Parker for all documents or notes Parker made during his discussions with Safavian in February and March 2005. The Justice Department tried to have the subpoena quashed, arguing that Safavian's attorneys already had notes from an FBI agent who interviewed Parker. Friedman eventually sided with Safavian.

Safavian allegedly lied to officials at the General Services Administration, where he served as chief of staff from May 2002 to January 2004, the FBI and the Indian Affairs Committee about his dealings with Abramoff, and whether the former lobbyist was seeking his help in getting the GSA to grant his requests for government property. Safavian has denied the charges.

Going to K Street. Andrew Shore, formerly chief of staff to the House Republican Conference, is taking a lobbying post with the law firm Mayer, Brown, Rowe and Maw.

In addition to his work with the Conference, Shore also logged time as an assistant to senior members of the Ways and Means Committee, including then-Chairman Bill Archer (R-Texas) and then-Rep. Phil Crane (R-Ill.).

Shore is expected to focus on tax, trade and health care issues for the firm.

G-Sting Wiretap Conversations Cast Mary Kincaid-Chauncey In A Bad Light (KVBC-TV)

KVBC-TV, March 28, 2006

Monday was a good day to be Dario Herrera and a bad day to be Mary Kincaid-Chauncey in the G-Sting political corruption trial.

The former Clark County commissioners are accused of accepting bribes from former strip club owner Mike Galardi in exchange for their votes on strip club regulations.

In wiretaps played for jurors Monday, Mike Galardi and Lance Malone repeatedly conspire over how much money to offer Dario Herrera in exchange for his vote to allow nude dancing with alcohol being served at strip clubs.

In one instance, Galardi is heard telling Malone to offer him 20, meaning $20,000 the day of the vote. Malone says give it to him right after the vote. But wiretaps revealed Herrera was opposed to the ordinance especially since he was running for Congress at the time. And no matter what Galardi offered, Herrera wouldn't budge.

Mary Kincaid-Chauncey on the other hand, can be heard repeatedly conspiring with Malone to get votes to go Galardi's way, and can also be heard asking Malone for Galardi's money.

Malone says to Galardi: "Mary's solid, Mary's not going to budge, she's there for us."

News 3 Investigator Darcy Spears questioned defense attorneys about their clients.Wright didn't answer the question because a few minutes earlier the judge had cracked down on defense attorneys for talking to the press.

Details Of City Hall Bribery Case Get Airing Today (MINNST)

Minneapolis Star Tribune, March 28, 2006

The lawyer for an ex-Minneapolis City Council member accused of accepting a bribe wants to examine more closely the role of a key informant.

David Chanen and Randy Furst, Star Tribune Gary A. Carlson once alerted Minneapolis police that his older brother planned to set fire to Carlson's bar to collect a share of the insurance money. The brother, who was caught leaving Gary's Pub just after a fire was set, went to jail for a year.

Nearly three decades later, Carlson played informant again, this time in a case that has drawn far more scrutiny -- a corruption scandal at Minneapolis City Hall.

Carlson's role last year in helping the FBI investigate Dean Zimmermann, who at the time was a City Council member, is expected to come into sharper focus today at a court hearing on the bribery allegations. Zimmermann's attorney is seeking more information about Carlson -- a real estate developer and the unnamed "cooperating witness" who assisted the FBI.

The two men are the central figures in a case that rocked City Hall.

The case also cast a shadow over Zimmermann two months before he faced voters in November -- an election that he narrowly lost. Now there are hints that the case may be widening.

The politician and the developer would seem not to have much in common. Zimmermann, 63, was a handyman before he was elected to the City Council in 2001. He commuted by bicycle from his home in the Whittier neighborhood. Since he was turned out by voters, Zimmermann has returned to his trade, relying on friends and political supporters for a steady stream of work laying kitchen linoleum, repairing sheet rock or unplugging clogged toilets. A Green Party member, he also keeps his hand in activist causes, serving recently as a marshal at an anti-war parade.

Carlson, on the other hand, is a man on the move. At 50, he has rebounded from bankruptcy twice, and he bought an $850,000 house in Edina three years ago. He has built single-family luxury homes throughout the Twin Cities' western suburbs, but not long ago made the leap to developing a $20 million condominium, retail and office project. His political activities have included holding a fundraiser at his home last May for Republican U.S. Sen. Norm Coleman.

The project in question

But Zimmermann and Carlson's paths intersected at Chicago Commons, the development Carlson was building in south Minneapolis adjacent to the Sixth Ward that Zimmermann represented. From the start, it appears, the project proceeded under a cloud.

Chicago Commons, at 24th Street and Chicago Avenue S., sits on the site of a former nursing home. The Carlson Family Limited Partnership bought the property, which included the vacant Colonial Place Nursing Home, for $1.45 million in 2004.

About two days before the scheduled closing on the nursing home, which police said Carlson planned to raze, two arson fires caused severe damage. A fire in a mechanical room quickly fizzled and a sprinkler extinguished another fire in a laundry cart. But the sprinklers ran for two days before being discovered, said police Sgt. Tony Miranda.

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Around the time the fires were set, Carlson and business partner Azzam Sabri walked around the building, heard a beeping sound and saw a blinking alarm by the back door, Miranda said. The men told police they thought fire and police would be dispatched, so they didn't alert authorities. But for some unknown reason, the connection to an alarm-monitoring service had been stopped, Miranda said.

In the ensuing court fight over insurance proceeds for the water damage, the nursing home owner, Alef Homes Co., alleged that the Chicago Commons Corp. was "responsible for the arson." The corporation denied that it set the fire or knew the identity of who did set it. The insurer and Chicago Commons eventually settled their dispute.

Chicago Commons is "getting ready to buy and knock down the building, a suspicious fire happens and they get a big insurance claim," said Jim Rock, a senior sales associate who represented Alef Homes in the sale. "This was a huge battle for the [insurance] adjustors."

No one has been charged in the case.

Nor has anyone been charged in an arson at Carlson's south Minneapolis home in 1977.

The investigation unveiled

Chicago Commons returned to the spotlight in September, when the FBI searched Zimmermann's home. The search warrant affidavit outlined the bribery allegations.

The "cooperating witness" told the FBI last May that Zimmermann sought campaign contributions in exchange for supporting zoning changes that would aid Chicago Commons. Zimmermann allegedly took $7,200 from the witness during three meetings in June and August, court documents said. The meetings were secretly recorded. Those recordings have not been made public.

Zimmermann ultimately joined in the unanimous council vote to reject the proposal to allow more retail in the project. He allegedly explained to Carlson that he had tried, but failed, to round up council support.

In September, Zimmermann arrived at Chicago Commons for another meeting with Carlson. The developer walked out of the meeting as two men in dark suits walked in, Zimmermann said. He figured by their look they were FBI agents.

Indeed, the agents questioned him on the spot. In January, Zimmermann was indicted.

He declined to discuss much about the case, except to say the bribery allegations are not true. He said he tried to help Carlson as he would try to help any constituent. When Carlson said he wanted to donate money to Zimmermann's campaign, Zimmermann said, he suggested Carlson contribute to a legal fight over redistricting. "Where's the crime?" he said.

Carlson declined to be interviewed for this story. His attorney, Mark Larsen, said Carlson's "sense of duty to his community" prompted him to step forward and tell authorities about City Hall corruption.

"Unlike many cooperating witnesses, Mr. Carlson is not facing criminal charges of any kind," Larsen said in a written statement. "He is merely attempting to do the right thing."

In today's court hearing, Zimmermann's attorney said he will probe Carlson's role in the case. Dan Scott said he will question an FBI agent about Carlson and has filed a motion asking prosecutors to turn over any evidence that would address Carlson's credibility.

Carlson has had some minor run-ins with the law: a misdemeanor drunken driving charge in 1994 and last fall he pleaded guilty to helping his wife leave the scene of an accident in Bloomington. In July, Carlson and his brother Donald, who is an incorporator for Chicago Commons, were charged with fifth-degree misdemeanor assault for allegedly attacking a process server at their Danna Inc. office in St. Louis Park. The charges were dropped.

In September, Carlson hit Star Tribune reporter Paul McEnroe with the side mirror of his truck as he was driving away from Chicago Commons. Carlson told police it was accidental. McEnroe, who said he was bruised, filed a police report, but no charges have been filed. McEnroe's attorney has written a letter to Carlson seeking monetary damages.

Carlson also has filed for bankruptcy twice -- in 1990 and in 2000.

Now his Chicago Commons is in financial trouble. Only four of the 81 condos have been sold as of last week, said David Hellmuth, an attorney who represents Carlson in connection with the project. There are verbal commitments to buy about 20 percent of the units, said Greg Stull, owner of Realty Executives, which took over sales of the condos in January.

Marshall Bank has started foreclosure proceedings on an $11.9 million loan to Chicago Commons. The bank said in court documents that Chicago Commons owes $11.1 million, plus interest and other fees, and it began missing payments in December.

"Carlson has advised me he has lost a lot of money on this project," Hellmuth said. "The project has become a financial disaster."

Relationships shift

In the meantime, Donald Carlson remains a strong ally of the brother who once turned him in for an arson plot. They have worked together on business deals, including jointly incorporating Chicago Commons. Donald Carlson issued a statement through an attorney saying he loves his brother and is proud of Gary's role in the Zimmermann investigation.

Gary Carlson, however, has had a falling out with partner Sabri. While he has praised Carlson for his work ethic and vision as a developer, Sabri said he was upset that Carlson worked with the FBI. "Entrapping people is not in my nature," he said.

Now Sabri himself may be in the FBI's cross hairs. The same prosecutor and FBI agent working on the Zimmermann case recently filed a subpoena asking the city's development agency to turn over documents related to Sabri and a neighborhood shopping center near Chicago Commons and in which Sabri said he is a part owner.

Sabri still believes Chicago Commons is good for Minneapolis, but he said he fears Carlson's role in Zimmermann's bribery case will bring adverse publicity.

"I'm a spiritual person," he said. "Maybe Chicago Commons is not a blessed project."

Witness Details Alleged 'Mafia Cops' Payment (NSDY)

By Anthony M. Destefano, Newsday Staff Writer

Long Island Newsday, March 28, 2006

Visions of the tropics as the scene of skulduggery entered the "Mafia Cops" trial Monday, with a witness telling a federal court jury that he passed money directly to one of two ex-NYPD detectives on a Caribbean island.

Thomas Galpine, 49, said he paid $10,000 to former detective Louis Eppolito in 1988 or 1989 for a Caribbean time-sharing unit at the behest of businessman Burton Kaplan, a key associate of the Luchese crime family.

Galpine, who is serving a 16-year sentence for marijuana trafficking, was for many years a self-described errand boy for Kaplan, until both were convicted on federal drug charges in 1997. He could not recall whether he passed the money to Eppolito on Martinique or St. Maarten.

Kaplan, who is serving a 27-year sentence, testified earlier in the case that he paid Eppolito and his NYPD partner, Stephen Caracappa, for law enforcement information that was useful to former Luchese crime boss Anthony "Gaspipe" Casso. Kaplan also testified that Eppolito and Caracappa took part in some gangland killings.

Once highly regarded NYPD detectives, Eppolito, 57, and Caracappa, 64, are on trial in Brooklyn federal court on racketeering charges. They are accused of playing roles in eight gangland murders and of leaking sensitive law enforcement information to Casso. Both retired from the NYPD in the early 1990s.

Galpine, testifying with a promise that prosecutors would help him get a reduction in his sentence if he is a truthful witness, told the jury he met Eppolito at Kaplan's Brooklyn home sometime in 1987 or 1988. Galpine said that Kaplan told Eppolito that he, Galpine, was "like a son to me" as a way of saying he was trustworthy.

Galpine's testimony had the effect of backing up Kaplan on a number of points, among them, Kaplan's lending of $75,000 in marijuana smuggling money to Eppolito for a Las Vegas house purchase, and Kaplan's claim that he was getting information from two cops.

Under questioning by Assistant U.S. Attorney Robert Henoch, Galpine said he decided to cooperate with the government in April 2005 because it seemed as if investigators were building a case that could implicate him.

"It seemed to me, little by little, I was going to get charged. ... I knew that there were two New York City cops and Burt was getting information from them," Galpine said.

On cross-examination by Eppolito's attorney, Bruce Cutler, Galpine admitted he had led a bad life.

"You were on a road to perdition?" asked Cutler.

"Just something I did in my life; I had a choice and made a bad one," Galpine replied.

But he insisted he was sticking to his promise to the government to tell the truth about his life of crime.

"I told them everything, and along with that everything was Louis Eppolito," he said.

Federal prosecutors are expected to wrap up their case this week. U.S. District Court Judge Jack B. Weinstein scheduled closing arguments for Monday.

Ex-Detective Took Payoff, 'Errand Man' Says On Stand (NYT)

By Alan Feuer

The New York Times, March 28, 2006

In Elizabethan dramas, the cast of characters is wildly diverse, ranging from the noble lords and kings to the lowly fools and scullery maids.

In criminal dramas, it is much the same: the cast runs from major witnesses with bombshell testimony to lesser ones who say their piece in an hour on the stand.

The federal racketeering trial of Louis J. Eppolito and Stephen Caracappa, two retired New York detectives accused of killing for the mob, has had a fascinating cast of supporting players, ranging from the Brooklyn patrolman who worked out at the same gym as the gangster whose dead body he discovered on the street to Mr. Eppolito's mistress from 20 years ago.

Those minor characters advance the story of the trial and give a feel for its ambience, its milieu.

In this case, the milieu is the Old World Brooklyn universe of two-bit hoods and murder where, according to testimony yesterday, the rules to live by were as follows: never go directly to a crime scene; always call before you meet someone; and "watch your mirrors," as a witness said.

His name was Thomas Galpine, and he claimed to be a "doer, not a talker," a man whose life included alcohol, cocaine, domestic violence, mistresses ("paramours," he said) and a controlling interest in a Korean massage parlor, which, he reminded the jury, was "a house of prostitution."

Mr. Galpine, who is 49 and in prison, was called by the government to bolster the testimony of his former boss, Burton Kaplan, a marijuana dealer who has told the jury that the two detectives served as spies and assassins for the mob.

A plainspoken man from Flatlands, Brooklyn, Mr. Galpine said that in 1974, after an aimless adolescence mowing lawns, bagging groceries and driving a truck for Polly-O cheese, he went to work as Mr. Kaplan's young man Friday, doing chores around the boss's house, taking the older man's mother to the hospital and putting eyedrops in his eyes after he had retina surgery.

The two met in the early 1970's at a Brooklyn appliance store, where Mr. Galpine said he loaded air-conditioners for installation men like Mr. Kaplan, who tipped him at $20 a load. When Mr. Galpine lost the job, he went on Mr. Kaplan's payroll and was soon embroiled, he said, in an illicit empire that stretched from homemade quaaludes to counterfeit Champion sweatshirts.

They became friends, close enough that the young man, who was not Jewish, not only was invited to a Kaplan family bas mitzvah, but pronounced it that way, in the old Ashkenazi style.

As Mr. Galpine put it: "We made some quaaludes moves, we made some marijuana moves, we made some money."

Some of that money, he said, was given to Mr. Eppolito — once when the lawman needed cash to rent a time-share while on vacation with his wife.

On Mr. Kaplan's orders, Mr. Galpine said, he flew to either Martinique or St. Maarten — he couldn't remember which — and gave the detective $10,000 in $100 bills in a "small eatery" at the airport.

Lawyers for the two defendants were in the unenviable position of hearing Mr. Kaplan's words repeated by Mr. Galpine. On cross-examination, Bruce Cutler, Mr. Eppolito's lawyer, went on the attack.

He called Mr. Galpine an "acolyte and errand man" under the spell of Mr. Kaplan, whom Mr. Cutler called "a Fagin character" who had led the witness on a "spiral to perdition, to hell."

Mr. Cutler is given to the fancy phrase, often reaching for a top-shelf word when one off the bottom will suffice.

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Nonetheless, Mr. Galpine seemed unfazed. His answer was, indeed, credible for a man who had sworn, as he put it, to "tell it like it is."

To Mr. Cutler's apocalyptic remark, all he said was: "What?"

Mob Cop 'kin' Links Eppolito (NYDN)

By JOHN MARZULLI, DAILY NEWS STAFF WRITER

New York Daily News, March 28, 2006

The feds yesterday called a member of Louis Eppolito's own crime family to testify against the reputed Mafia cop.

Tammy Ahmed is the daughter of slain mob associate Frank Santora, who was the original intermediary between Eppolito - his first cousin - and Luchese crime associate Burton Kaplan.

Ahmed, 33, appeared nervous as she was questioned about Eppolito, his NYPD partner Steven Caracappa and Kaplan meeting with her father in her Brooklyn home. Prosecutor Robert Henoch asked if her father ever talked about cops.

"They weren't his favorite subject," said Ahmed, whose father allegedly participated in a murder and kidnappings with Eppolito and Caracappa in 1986. He was rubbed out in 1987.

More damning was Ahmed's identification of names and numbers in her father's phone book - including the reputed Mafia cops, Kaplan and a tow-truck driver who is expected to testify today that he helped Santora bury the corpse of murder victim Israel Greenwald.

Also bolstering the government's case yesterday was Thomas Galpine, who testified that Kaplan, his mentor-in-crime, told him the cops were on the Luchese crime family's payroll.

"Mr. Eppolito was a New York City detective who was passing information to Burt Kaplan, and Burt was passing it along to [Luchese underboss] Anthony Casso," Galpine said.

Galpine, 49, a convicted drug dealer, said he gave Eppolito cash twice and also delivered a Plymouth Fury sedan to Santora that was outfitted to look like an unmarked police car.

The car looked so official that Galpine said he was driving it when "a young black guy came running up the street screaming, 'I need help!' I said, 'Call the cops,'" and drove off.

Prosecutors will argue it is the vehicle Eppolito and Caracappa drove when they used lights, sirens and their badges to kidnap or kill mob targets.

On cross examination, lawyer Bruce Cutler tried dazzling the witness with flamboyant gestures and fancy phrases - "This Fagan character [Kaplan] ... led you down a spiral of perdition, perdition, hell."

"What?" asked Galpine, a 10th-grade dropout. "What's the question?"

Agents: Nichols Blamed Ex-lover Defense Asks Judge To Bar Statement (AJC)

By Rhonda Cook, The Atlanta Journal-constitution

The Atlanta Journal-Constitution, March 28, 2006

Accused killer Brian Nichols told investigators he shot up the Fulton County Courthouse on March 11, 2005, because of his former girlfriend's romantic relationship with a minister, two FBI agents testified Monday.

The two agents testified they were about to leave the Gwinnett County apartment complex where Nichols surrendered on March 12 when he made the spontaneous admission while sitting in the back seat handcuffed and shackled.

Agents Joseph Fonseca and Cynthia Myers said they had just explained to Nichols where they were taking him — to the FBI's Atlanta offices — and while there they wanted to talk to him about the deaths of three people at the courthouse and a fourth person in Buckhead.

"I would like to make a statement," Fonseca said Nichols responded. "This whole thing started because my girlfriend slept with our pastor."

In preparation for the death penalty trial set for October at the same courthouse, Nichols' attorneys asked Senior Judge Hilton Fuller to ban testimony about his statement to the FBI agents. It was one of several motions to be heard this week.

When the killings occurred, Nichols was on trial a second time on charges that he had raped the former girlfriend. After being transported to the courthouse, authorities say, he overpowered a deputy and used her gun to kill Superior Court Judge

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Rowland Barnes, court reporter Julie Ann Brandau and sheriff's Deputy Sgt. Hoyt Teasley. Nichols later allegedly killed U.S. customs agent David Wilhelm in Buckhead.

Like his first rape trial, the second one was declared a mistrial, after the killings.

Nichols made the statement to the agents before he was officially read his rights to remain silent and before he signed a document waiving his constitutional right to have an attorney with him when he was interrogated, according to testimony.

"We told him to wait until we got to headquarters," said FBI agent Myers, who was in the back seat of the dark blue SUV with Nichols for the drive from Duluth to FBI offices just off Clairmont Road in DeKalb County.

For the rest of the drive, the conversation was light and focused primarily on the ongoing NCAA basketball playoffs, both agents testified.

"We talked about sports. He was an avid sports fan. ... Syracuse was his team in March Madness," Fonseca said.

Nichols was read his Miranda rights later that day at Atlanta police headquarters, where he was given lunch from McDonald's and a soft drink.

Both agents and Atlanta police homicide Detective Vincent Valazquez testified that Nichols was given opportunities to go to the restroom, that he never complained about the discomfort of the handcuffs or leg irons and that he never asked to sleep or rest after being awake all night.

They also testified there was no evidence he was impaired even though he had admitted using methamphetamine and drinking a few beers before he surrendered.

According to the agents' testimony, Nichols was still angry over the demise of the seven-year relationship with his girlfriend after another woman became pregnant with his child.

Nichols' former girlfriend and an associate pastor from the Word of God Christian Center in Suwanee had just returned from a date when Nichols allegedly confronted them outside Sandy Springs. The woman and the minister had gone out several times but the relationship was not sexual, according to her testimony in the rape trial. But Nichols apparently believed it was more intimate. The Atlanta Journal-Constitution does not identify alleged victims of sexual assault.

The former girlfriend testified in the first rape trial that Nichols raged, clenched his fists and swore at them. She said Nichols had told the minister, "There is a demon inside me ... and it's getting very powerful. I don't know what I'm capable of doing."

Defense attorneys are trying to suppress statements Nichols made to authorities in the hours after his arrest the morning of March 12.

They also want Fulton County sheriff's deputies removed as bailiffs in the trial, and that is among the matters to be discussed in the hearing set to run through the rest of the week.

Just before breaking Monday, Nichols' lawyers told the judge the commander at Fort McPherson had told them she would not make the Army post available for the trial. Nichols' lawyers had asked that the Army facility five miles south of the courthouse be the site of the trial because the courthouse complex had been deemed a crime scene. The base is scheduled to initiate closure in late 2007.

Fuller ruled last month that the trial would be held in a first-floor courtroom in the same complex where Barnes, Brandau and Teasley were slain.

Shootings Sparked By Infidelity, Suspect Told Agent (AP)

By Harry R. Weber

AP, March 28, 2006

ATLANTA - Accused courthouse gunman Brian Nichols told authorities he lashed out because his girlfriend had a relationship with the couple's church pastor, an FBI agent testified Monday.

Agent Joseph Fonseca's testimony came during a hearing in which Nichols' lawyers were seeking to have the court throw out their client's statements to police following his arrest the day after the March 11, 2005, shootings.

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They've argued that Nichols was denied counsel before he made incriminating statements about the shooting deaths of a judge, court reporter, sheriff's deputy and federal agent. But prosecutors have argued Nichols waived his right to counsel and spoke voluntarily.

There was no immediate ruling by Superior Court Judge Hilton Fuller.

Fonseca testified that during a 20-minute ride with Nichols from the suburban Atlanta apartment where he was arrested to the FBI office in Atlanta, Nichols spoke mostly about sports and his love of college basketball. But at one point at the beginning of the ride, he told the agent he wanted to make a statement, Fonseca said.

"This whole thing started because my girlfriend slept with our pastor," Fonseca quoted Nichols as saying.

Fonseca did not immediately reveal during the hearing what else was said during the ride or when Nichols was questioned by other agents and Atlanta police detectives.

Another FBI agent, Jeffrey Holmes, testified that Nichols never asked for a lawyer before speaking to authorities. However, a third FBI agent, Cynthia Myers, testified that Nichols was in FBI custody for two hours before being advised of his rights to a lawyer, and was not told until after he made the comment about his girlfriend.

A portion of a videotape of Nichols' three-hour police interview was played in court, but only the part that shows him being advised of his rights.

Nichols was being retried on charges that he raped the on-again, off-again girlfriend when he allegedly grabbed a deputy's gun and went on the shooting spree. Prosecutors are seeking the death penalty. His murder trial has been scheduled for Oct. 3 in the same courthouse complex where the spree started.

Nichols testified during his first rape trial that he was dating two women: the alleged rape victim and another woman who gave birth to his son three days before the shooting spree.

The alleged rape victim testified during the first trial that Nichols was suicidal at times about her threats to end their seven-year relationship. She also said Nichols at one point attacked the minister from the couple's church, whom she had recently started dating.

A defense request to throw out the murder charges against Nichols also is among several motions that will be argued during a series of hearings this week.

The hearings that started Monday also will address defense motions to prevent local sheriff's deputies from acting as bailiffs at his trial, make prosecutors reveal certain evidence they might use and protect the defendant's right to counsel.

Nichols, 34, is accused of killing the judge presiding over his rape retrial and the judge's court reporter. Police say Nichols later killed a sheriff's deputy who chased him outside the courthouse, and a federal agent who encountered him at a home a few miles away.

Nichols surrendered the next day.

Fourth Man Charged In GOP Phone-jamming Scam (AP)

By HOLLY RAMER, ASSOCIATED PRESS WRITER

AP, March 27, 2006

CONCORD, N.H. -- The former co-owner of a telemarketing firm pleaded not guilty Monday to participating in a Republican scheme to jam New Hampshire Democrats' get-out-the-vote phone lines on Election Day 2002.

Shaun Hansen, 34, of Spokane, Wash., was indicted by a federal grand jury on March 8, but the charges were not made public until his arraignment Monday.

Hansen is charged with conspiring to commit and aiding the commission of telephone harassment. Prosecutors say he was paid $2,500 to have employees at Idaho-based Mylo Enterprises place hundreds of hang-up calls to phone lines installed to help voters get rides to the polls on Nov. 5, 2002. Among the contests decided that day was the close U.S. Senate race in which Republican Rep. John Sununu beat outgoing Democratic Gov. Jeanne Shaheen.

Three others have been convicted for their roles in the scheme.

DOJ_NMG_0022606

Former state Republican Executive Director Chuck McGee pleaded guilty to devising the idea of jamming the lines and served seven months in prison. Allen Raymond, former president of Virginia-based GOP Marketplace LLC, pleaded guilty to executing the plan and is serving a three-month sentence.

James Tobin, who had served as New England chairman of President Bush's re-election campaign, was convicted in December of telephone harassment charges and faces up to five years in federal prison. He is scheduled to be sentenced in May.

Hansen had faced similar accusations last April but he never was indicted, said his lawyer Jeffrey Levin, who declined to comment further on the case Monday.

In July 2004, Hansen told the Idaho State Journal that GOP Marketplace hired his company to call six phone lines installed by the New Hampshire Democratic Party and a firefighters union but he didn't know the purpose of the calls. He added he and the company's other owner thought their instructions were odd, so they met with GOP Marketplace attorneys, who told them not to worry.

According to court documents, Hansen now works at a rental center. The government paid for his travel to and from New Hampshire because he could not afford the cost. His trial is scheduled for May 2.

Prosecutor Lily Chinn did not immediately return a phone call Monday at the Justice Department seeking comment.

Fumo Says Probe Will 'Go Nowhere' (PHI)

By Mario F. Cattabiani And John Shiffman

The Philadelphia Inquirer, March 28, 2006

HARRISBURG - State Sen. Vincent J. Fumo said yesterday that he wasn't worried about the two-year federal probe into his role in a South Philadelphia nonprofit, predicting that it would "go nowhere."

"It's been extremely in-depth, and I can say today that I have no fears of anything I've seen," the Philadelphia Democrat told a roomful of lobbyists, public officials and reporters at a Pennsylvania Press Club luncheon in Harrisburg.

For more than two years, the U.S. Attorney's Office, the FBI, and the IRS have been investigating the spending and fund-raising of Citizens' Alliance for Better Neighborhoods, the group that the senator has called "my nonprofit."

The charity is known for cleaning streets, revitalizing the Passyunk Avenue shopping district, and funding charter schools. Federal authorities are scrutinizing some of its other expenses, including $250,000 in political polling.

Fumo suggested that the Bush administration was behind the investigation. "In this case, you have a White House that still believes Pennsylvania should be a red state," he said.

Fumo likened the probe to "the guy who goes to the psychiatrist for all those years, gets treated, and says, 'At least I can prove that I'm not insane.'

"It's no fun, but it's part of the job," he went on. "... at least when you are a political figure, when you are a person who gets things done."

Rich Manieri, a spokesman for the U.S. Attorney's Office in Philadelphia, declined to comment.

The probe began after The Inquirer reported that Fumo and Peco Energy had a secret deal under which the utility donated $17 million to the charity during negotiations on Peco's rates.

Ruth Arnao, a former legislative aide of Fumo's and the director of Citizens' Alliance, is a target of a related obstruction-of-justice probe. Prosecutors often notify a person that they are a "target" when criminal charges are likely.

Assistant U.S. Attorney John J. Pease said at a court hearing that a "Jane Doe," identified by sources as Arnao, destroyed e-mails last year after learning that federal authorities had subpoenaed Citizens' Alliance records.

Arnao is not considered a target of the larger investigation into the nonprofit's spending.

The grand jury considering evidence in the case began its work in March 2005. It is scheduled to conclude its work by September.

Lockheed Supplier Gets 7 Years For Fraud (FWST)

By Bryon Okada

The Fort Worth Star-Telegram, March 28, 2006

DOJ_NMG_0022607

FORT WORTH - In the end, Todd Brian Loftis' attorney asked that his client be allowed to report to federal prison after May 10 so he could participate in his daughter's birthday.

U.S. District Judge Terry Means said no.

Loftis, 38, must report to jail by 2 p.m. April 24 to serve a seven-year, three-month sentence for fraud.

"Sorry," Means said Monday. "That's what you do when you steal $20 million."

Loftis, president of Tools and Metals, a supplier for three Lockheed Martin plants including Fort Worth, was sentenced to federal prison and ordered to repay the aeronautics company $20 million in restitution for conspiring to defraud the U.S. government by overcharging the company since 1998.

TMI, which filed for bankruptcy liquidation in September, won contracts from Lockheed to supply and maintain inventories of drill bits and other cutting tools used to make the F-16 and F/A-22 fighter jets. But Loftis and employees under his direction wildly overcharged Lockheed. TMI employees then forged and altered documents to fool company auditors and destroyed critical evidence, the government said.

Because Lockheed contracts with the federal government, military aircraft manufacturing costs are paid by U.S. taxpayers.

Prosecutor Ronald Eddins, who won a guilty plea from Loftis in December, estimated the fraud to be "in the neighborhood of $20 million."

Defense counsel Thomas Melsheimer, however, presented a retired FBI expert to testify that the amount was actually $10 million, or even less.

"The government's amount does not tell the whole story," Melsheimer said.

By looking at profit margins and industry norms and analyzing financial information in a database supplied by the defendant, defense witness Randy Horton estimated that the overcharge may have been more like $4.9 million. Prosecutors questioned the dependability of an analysis based on information given by an individual who had already pleaded guilty to fraud.

Ultimately, Monday's sentencing came down to both sides arguing for the size of the restitution. Means did not describe how he arrived at the $20 million figure. He had the discretion to fine Loftis twice the amount stolen.

Loftis, who lives in Colleyville, was soft-spoken in court.

"There's no justification for my actions," he said. He apologized to his colleagues and his family for the embarrassment.

In addition to jail and restitution, which he must pay in $500 monthly increments if he can't repay the $20 million when he gets out of prison, Loftis will be on restricted supervised release for three years once he's free.

Will Law Firms Be Able To Weather Wiretap-Related Suits? (LAW)

By Justin Scheck And Kellie Schmitt, The Recorder

California Recorder, March 28, 2006

Indictments stemming from Hollywood's latest celebrity scandal have struck fear into L.A.'s legal community. But it's the civil fallout from private eye Anthony Pellicano's wiretapping indictment that instills true horror for law firms.

While top entertainment lawyer Terry Christensen is the only attorney indicted so far in connection with Pellicano, several others face litigation that could cripple their practices -- and possibly break up their firms.

The big problem, said Timothy Halloran, an expert in law firm liability at Murphy, Pearson, Bradley & Feeney in San Francisco, is that illegal activity such as wiretapping won't be covered by malpractice insurance.

"I would expect that in the Pellicano matter, if the wiretapping was in connection with big litigation, someone who was wiretapped can make a pretty big damages claim," Halloran said. "Your professional liability insurance can't cover you for that."

That's the issue that much of the L.A. legal community is looking at these days, as a small but well-armed armada of plaintiffs takes aim at lawyers who used Pellicano for wiretaps.

Developments during the past week indicate that while Christensen may be the first lawyer indicted, another top firm -- L.A. entertainment shop Greenberg Glusker Fields Claman Machtinger & Kinsella -- may be feeling even more heat.

At least a half-dozen Greenberg Glusker attorneys are talking about leaving, according to a source within the firm.

And while some Greenberg Glusker attorneys said last week that they were confident that the firm's future was stable, others were unsure how the firm would weather Pellicano-related lawsuits.

A look at the first suit filed against the firm in connection with Pellicano shows why they may be nervous.

An amended complaint filed Thursday by Gregory Dovel, an attorney for screenwriter Vincent "Bo" Zenga, is based largely on federal prosecutors' allegations that Zenga was wiretapped by Pellicano in 2000. The complaint says Pellicano tapped nearly 1,600 phone calls, allegedly at the behest of top Greenberg Glusker partners.

Under state law, each illegal wiretapping count carries minimum statutory damages of $5,000, meaning defendants could be on the hook for about $8 million on the wiretapping claims alone, never mind punitive damages or other claims.

Dovel said Greenberg Glusker's insurance probably wouldn't pick up any tab unless a jury found negligence rather than intentional wrongdoing.

"You run into a problem there because you don't want to walk people out of coverage," said Guy Calladine, a law firm liability expert at Carlson, Calladine & Peterson in San Francisco. "You want to try to pigeonhole these as negligence."

That seems unlikely in cases like Dovel's and an ongoing suit against several smaller law firms accused of using Pellicano to wiretap litigants, since they allege intentional malfeasance.

So Dovel said he'll probably have to take aim at firm equity or the assets of individual partners who took part in wiretaps.

"That's one of the difficulties of law firms," he said. "They're very thinly capitalized. They take all the money out at the end of the year."

Greenberg Glusker isn't the only firm with such concerns. Plaintiffs lawyers -- including several firms known for a string of large verdicts -- have been retained by clients who were allegedly wiretapped by other firms, including Christensen's firm, Christensen, Miller, Fink, Jacobs, Glaser, Weil & Shapiro.

But the Christensen firm reportedly had relatively limited dealings with Pellicano and shows fewer signs of concern than Greenberg Glusker, which had a long-standing relationship with Pellicano.

At least three current or former Greenberg lawyers have hired attorneys in connection with the criminal probe.

Star partner Bertram Fields is known to have used Pellicano extensively, and partner Bonnie Eskenazi has been mentioned by several sources as someone who worked frequently with the private eye.

Eskenazi -- who said last week that she's not a target in the criminal investigation and that she doesn't have a lawyer -- would not elaborate on her relationship with Pellicano, saying "many people worked with him."

Another lawyer at the firm -- Ricardo Cestero, who has represented actor Tom Cruise -- worked for Pellicano prior to joining Greenberg. "I'm not going to comment," he said last week.

Brian Sun, the Jones Day partner representing Greenberg Glusker, would not comment on civil litigation.

Brian Panish, who represents a client who claims she was wiretapped, said Friday he's talking to potential clients and may have several suits in the works.

Kabateck Brown Kellner partner Brian Kabateck, who also represents wiretap plaintiffs, said it's likely law firms such as Christensen Miller will be implicated in future suits.

"I've spoken to people whom it's safe to say are clearly victims of law-firm-directed wiretapping," he said.

Lawyers at Gaims, Weil, West & Epstein, a firm with a much lower profile than Greenberg Glusker, are also facing civil liability in a suit filed by Kissandra Cohen, a lawyer who worked with the now-deceased L.A. toxic tort attorney Edward Masry.

In an ongoing federal suit, Cohen says she was wiretapped by Pellicano at the behest of attorneys with the L.A.-based Gaims firm.

That firm had an ongoing relationship with Pellicano: partner Alan Weil, who didn't return repeated phone calls, represented Pellicano in the 2002 criminal case that sent him to jail for possession of illegal explosives. And Victor Sherman, who worked on Pellicano's defense with Weil, confirmed that Pellicano had worked for Weil prior to that case.

Ami Shafrir, who was engaged in litigation with a Gaims Weil client, said last week that a lawyer at that firm hired Pellicano to wiretap him. That wiretap is cited in the Pellicano indictment.

Gaims Weil partner Marc Epstein, Shafrir said, asked questions in a deposition about information that could only have come from private conversation that were likely wiretapped.

Epstein did not return phone calls for this story, and a partner at the firm would not say whether they have a lawyer in the criminal case.

The firm's lawyer in Cohen's suit, Dorothy Wolpert -- a partner at Bird, Marella, Boxer, Wolpert, Nessim, Drooks & Lincenberg in Los Angeles -- would not comment on the suit last week, but said it's set for trial in July in L.A. federal court.

That case will likely be the first indication into how firms will handle the wiretap charges. But Halloran, the law firm liability lawyer, has an idea of what will happen to firms in the event of a big verdict.

"Bankruptcy may be the only alternative," he said.

FORMER MORAGA CHAMBER AND ROTARY LEADER PLEADS GUILTY TO FRAUD (BCNW)

Bay City News Wires, March 28, 2006

OAKLAND (BCN) -- A former president of the Moraga Chamber of Commerce and Moraga Rotary Club has pleaded guilty to nine counts of mail fraud and seven counts of wire fraud for his role in defrauding more than 30 investors out of more than $5 million.

Edwin Torres, 46, was indicted by a federal grand jury last April 21 and entered his plea last Friday at a hearing before U.S. District Court Judge Martin Jenkins.

Torres remains free on bail pending his sentencing on June 22.

The maximum penalty for each count is 20 years in federal prison, a $250,000 fine and restitution to victims.

According to the indictment, Torres was an independent representative for AIG Advisor Group, doing business as SunAmerica Securities, in Moraga from August 1998 to August 2004.

Prosecutors say that in pleading guilty, Torres admitted that he used his status as past president of the Chamber of Commerce and Rotary Club to influence potential investors to buy high-yielding Los Angeles and Orange County municipal bonds when in fact he had no intention to buy the bonds and did not do so.

Instead, according to the U.S. Attorney's office, Torres converted the investors' money for his own use.

Prosecutors say the evidence reflects that between July 2003 and September 2004 Torres defrauded more than 30 investors out of more than $5 million.

According to the indictment against him, Torres provided counterfeit invoices on SunAmerica stationary falsely reflecting the purchase of the bonds.

According to the indictment, Torres deposited his clients' funds into his personal bank account and kept investors from complaining to law enforcement and SunAmerica by mailing and wire-transferring checks as purported interest payments on the bonds.

The U.S. Attorney's office says Torres' guilty plea is the result of an investigation by the FBI in conjunction with the Contra Costa County District Attorney's Office.

Famed Coroner Resigns Amid Indictment (FINDLAW/AP)

By Joe Mandak, Associated Press Writer

AP, March 28, 2006

(AP) - PITTSBURGH-Dr. Cyril Wecht, forensic pathologist to the stars, doesn't just tell his critics off. He cuts them to pieces with words.

Three years ago, for example, he wrote to the attorney for a citizens group that wanted to eliminate Wecht's office as Allegheny County coroner.

"Anytime you or any of your minions, sycophants, or other assorted motley crew wish to publicly debate the activities of my office, just let me know," Wecht wrote. "I can only hope that you will have occasion to require the services of this office in the most possible personal fashion."

He signed it: "Very truly yours, Cyril H. Wecht, M.D., J.D."

Wecht, 74, gained celebrity as a critic of the Warren Commission investigation of John F. Kennedy's assassination and as a consultant on such cases as the death of Elvis Presley, the slayings of JonBenet Ramsey and Laci Peterson, and the attempted murder trial of Claus von Bulow. He is a familiar face to TV viewers, often weighing in on big cases in the news, and recently helped Louisiana officials conduct autopsies on Hurricane Katrina victims.

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But back home in Pittsburgh, admiration for Wecht's accomplishments and decades of public service is tempered by tales of unbridled egotism that some say led to the criminal charges he now faces.

Federal prosecutors say Wecht used county employees, equipment, even unclaimed morgue cadavers for the benefit of his multimillion-dollar private pathology practice.

"Sometimes he doesn't think the rules are really meant for him," said Morton Coleman, a retired political science professor who has known Wecht since they attended the University of Pittsburgh. "I just think he thinks the county's lucky to have such an important person as their coroner and they shouldn't mind that he cuts corners, as it were."

Wecht, 74, resigned from office a few days after being indicted in January on charges including fraud and theft of honest services. But he has denied any wrongdoing and continues to crisscross the country as an expert witness in murders and wrongful-death cases. He is expected to go on trial in October.

Buried in the 84-count indictment is the allegation that Wecht had his former county secretary type a nasty letter to Keith Sueker, a retired engineer who poked fun of Wecht's failed run for county executive in 1999.

Federal authorities say it was another instance of Wecht using a county worker for his personal benefit - in this case, political retribution. But for longtime Wecht watchers, it shows an ugly side of Wecht generally hidden from national view.

Wecht's letter reads:

"Mr. Sueker:

"When I am testifying as an expert witness in major cases around the country; appearing on national television and radio shows; lecturing at major universities; writing books; accepting honors and accolades from various organizations; and making a hell of a lot of money, I have found that I am able to enhance and sustain the substantial pleasures and great joy that accompany such endeavors and accomplishments by thinking of insignificant a------- like you."

"Sincerely,

"Cyril H. Wecht, M.D., J.D."

Pittsburgh Post-Gazette columnist Brian O'Neill considers the Sueker letter the "Mona Lisa" of Wecht's poison pen letters. He has been collecting Wecht's letters for years, including one targeting him.

"He's accomplished. He's very smart. He's very energetic," O'Neill said. "But I have my doubts that really brilliant guys do some of the things he does."

Coleman said: "This is a tremendously talented guy. He could have been a concert violinist; he has almost a completely retentive memory; he was a first-class athlete. He was a real renaissance guy. He was president of everything at Pitt."

Wecht's attorneys refused to let him be interviewed.

Wecht, who holds a law degree in addition to a medical degree, served two 10-year stretches in the elected position of coroner, first from 1970 to 1980, then from 1996 to 2006.

Last month, Wecht told CNN's Larry King that he had never done anything "politically corrupt or criminal" while coroner since 1996. But former U.S. Attorney General Dick Thornburgh, a member of Wecht's defense team, acknowledged on the same show that there were "some accounting irregularities here and probably some inappropriate use of county employees."

State officials filed similar charges against him in 1981. Wecht was acquitted of misusing county resources but paid the county $200,000 to settle related litigation.

"You would think, having been through that, that he would be extra careful about not mixing his private and public work," said Jim Roddey, the businessman who beat Wecht in the 1999 campaign to become Allegheny County's first county executive. "But Cyril always feels that whatever he is doing somehow is OK because he's Cyril Wecht."

Dr. Henry Lee, a longtime friend of Wecht's and a retired Connecticut criminalist who has also worked on big cases, said it can be difficult for forensic investigators to separate public and private business.

"The reality is, you put in 16 hours a day, seven days a week. It's hard work," Lee said. "It's really hard to have a clear-cut idea of which portion of your time is public and which is private."

The Reliable Source (WP)

By Amy Argetsinger and Roxanne Roberts

DOJ_NMG_0022611

The Washington Post, March 28, 2006

Tom DeLay wants his gun back!

Texas officials have suspended the former House majority leader's license to carry a concealed weapon, according to Fort Bend County court documents first revealed over the weekend by Brazosriver.com, a Web site based in his home county.

Under Texas law, anyone indicted on felony charges is prohibited from packing a pistol, and DeLay was hit with campaign money-laundering charges in October. He got a hearing on the suspension, but Judge Jim Richard on Jan. 26 upheld the order by the Texas Department of Public Safety. Last month, DeLay's Austin attorney Steve Brittain filed notice seeking an appeal. Of course he'll get his license back if the criminal charges are dropped or he's acquitted.

What's he need that handgun for? DeLay's press office promised a response that never came; Brittain did not return our call.

Meatloaf, Cookies, Presidential Suite . . .

Days after snagging a copy of Vice President Cheney's hotel room requirements, The Smoking Gun yesterday published John Kerry's request list from his 2004 presidential campaign. The senator nixed tomato-based foods and celery ("JK hates celery") while requesting cold cereal, meatloaf, chicken, cookies, Poland Spring bottled water and a recumbent bike for workouts.

Kerry spokesman David Wade was unembarrassed: "Dick Cheney drinks Perrier and refuses to watch anything but Fox News. John Kerry hates Evian, eats meatloaf, and snacks on chocolate chip cookies. If these documents had been leaked during the campaign we'd have won in a landslide."

Here's Your Supreme Court Opinion!

No, Antonin Scalia did not flip anyone off this weekend. The Boston Herald reported he made an "obscene gesture" in response to a reporter's question. But a Supreme Court spokeswoman told the Associated Press that the justice simply used a dismissive hand-flick-off-the-chin when he was asked Sunday about criticism of his Roman Catholic beliefs. "You know what I say to those people?" Scalia said, according to the Herald, and made the gesture. "That's Sicilian." Basta , folks.

Backstory: Breaking Barriers (CSM)

By Carolyn Abate

The Christian Science Monitor, March 28, 2006

SAN JOSE, CALIF. - For nearly 15 years, Gabriel Sanchez and Charles Mancillas were sworn enemies and they didn't even know each other. That's because at the ages of 12 and 13, the two joined opposing streets gangs, the Norteños and Sureños, in California. The two Latino gangs harbor a brutal rivalry that dates back decades. Had the youths ever met, they probably would have tried to kill each other.

But today, the two men, now in their 30s, sit next to each other at a steel table in cell pod 5C at the main jail in San Jose , Calif. They joke and laugh. They talk about playing cards. They even compare tattoos.

"If we were in a regular prison, we would be enemies," Mr. Sanchez says. "Over here, we are human beings."

The two men are part of an unusual program aimed at breaking one of the most pervasive - and violent - influences behind bars and on the streets of urban America: gangs. In a quest to overcome deeply ingrained and often fatal differences, the initiative brings together former rival gang members in one cell pod to eat, sleep, and live.

The program, "Breaking Barriers," offers counseling and courses - from substance abuse to poetry readings - to help overcome the causes of gang fealty and drug addiction. The goal is to get inmates who move through the Santa Clara County central jail to permanently sever ties with gangs, and thus reduce violence, when they transfer to a state prison or return to a life on the outside.

Experts consider it one of the only local programs of its kind in the country. While the initiative is still young - only two years old - it has already shown some success in rehabilitating individual lives. "It's given me a second chance with my family," says James Barnes Jr., an inmate whose former affiliation with a Latino gang is evident in many of his tattoos. "You learn to open up."

Gangs are nothing new to prison life, but over the past four decades their presence has increased dramatically. One national study found that, of the nearly 2 million people incarcerated in the US, more than 43 percent associated with a gang .

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"Gang numbers are growing in the streets and they grow in the facilities," says Edward Cohn of the National Major Gang Task Force.

The gangs found inside prisons mirror those on the streets. Most are divided along racial lines and controlled through a strict hierarchy. Inmates who enter prison already affiliated with a gang have it easy: They simply continue their allegiance and receive protection. Inmates who are considered independent must decide whether to go it alone - and often quickly become targeted for assault - or cave to the status quo. "It's the culture of prison," says James Houston, a criminologist at Grand Valley State University in Allendale, Mich. "It's one way to feel safe, to get material things, to have ... a sense of autonomy."

What's difficult to determine is how much of the violence behind bars is gang-related. While inmates involved in melees rarely reveal that orders came down from a gang superior, experts say much of the violence in prisons is planned attacks by gangs, not random acts. And the easiest way for wardens to avoid mayhem is often to house inmates together based on their affiliation.

For prison officials in San Jose, violence was the catalyst behind Breaking Barriers. A couple of years ago, inmates who had dropped out of gangs were being targeted for assault or death by other prisoners.

To protect them, administrators decided to house the dropouts together in one cell pod, separate from the general inmate population. But officials wanted the program to be more than just a management tool.

"We found that there was an opportunity here to provide these inmates with tools - recovery tools, education tools, addiction counseling," says Edward Flores, correction chief for the Santa Clara County Department of Correction. The hope is that these guys can turn their lives around and influence others, particularly young male family members, to avoid gang life, he says.

To qualify for Breaking Barriers, an inmate must be serious about severing ties to a gang. The program is structured around a variety of classes. Topics range from faith-based courses to anger management. Homework in the form of personal essays, family history papers, and poetry is assigned weekly. Four days a week, the inmates gather for their class session.

On this day, the topic du jour is substance abuse recovery. Roughly 55 men sit in chairs as their teacher, Robert Gochez, a short, energetic Latino, reads the day's lecture. "Off the top of your head, who can tell me what relapse means?" he asks. Ten hands shoot up.

Some of the men lean forward, listening intently. Others rest their arms on the backs of chairs. After one inmate reads an original poem, he is applauded. The meeting closes with the men reciting a prayer.

It is a long way from the streets for inmates like Sanchez, who joined a gang in San Jose because it was the thing to do. Now 30, he is facing a charge of firearms possession with the possibility of receiving 50 years to life in prison. But it wasn't the prospect of a long jail term that propelled Sanchez to drop out of a gang. That happened in 2003 when his father was gunned down in prison by a rival gang member.

Four months into the program, Sanchez credits Breaking Barriers with teaching him a new way to live. "I've learned to take care of myself," he says. "My old way of thinking is wrong."

While it's easy for inmates to conform within the confines of cell pod 5C, the real test is when they leave prison. Mr. Mancillas knows the reality of relapse all too well. This is his second stint with Breaking Barriers. "It was embarrassing. I thought I had it - to make it outside," says the inmate, back to serve time for domestic violence. Now poised for rerelease, Mancillas is eager to prove himself again. "Now I know what my relapse triggers are. I know how to cope out there," he says.

Mr. Flores admits that it is still too early to determine the program's effect. Cell pod 5C has become one of the calmest in the 4,600-inmate county jail, mainly a holding facility for those awaiting trial. Most of the men end up convicted and shipped off to a state prison. Will they stay out of gangs? So far only six graduates have made it out. Four of them are working at a local Salvation Army center. The other two can't be accounted for.

Still, inmates like Sanchez believe the program is worth it. "If I don't get out, I want to help someone else ... the young kids coming in," he says. "There is a better way to live."

Credit Card Scam Investigated In D.C. (WP)

By Henri E. Cauvin

The Washington Post, March 28, 2006

DOJ_NMG_0022613

A woman posing as a Washington Post employee is suspected of duping dozens of the newspaper's advertisers into turning over their credit card numbers, according to The Post and the U.S. attorney's office.

Using the telephone numbers placed in classified ads, the woman would call advertisers claiming that she worked for the paper, Post spokesman Eric Grant said in a statement yesterday afternoon.

The woman would explain that the advertiser's credit card number had not gone through and that she needed to run it again. After the person provided the card information, the woman would use it to start making charges to that account.

At least 50 people have been victims of the scam, according to a person familiar with the case who spoke on the condition of anonymity because charges have not been filed.

The identity theft scam came to the paper's attention in 2002, and The Post notified the D.C. police, the paper said. Why the investigation has moved so slowly was not immediately clear, and officials would not say when the scam began or when it ended. The inquiry is now in the hands of the U.S. Postal Inspection Service, which is frequently involved in investigating identity theft, and the investigation appears to be coming to a close.

Channing Phillips, a spokesman for the U.S. attorney's office, said that he could not disclose the woman's identity while she was still under investigation.

A law passed in 2004 by the D.C. Council makes identity theft that results in a loss of more than $250 a felony punishable by up to 10 years in prison. But only fraud alleged to have taken place since then would be covered by that statute.

Other potential charges, under long-established laws, would include theft, fraud and credit card fraud.

The Post has been cooperating in the investigation, Phillips said.

Grant said that after learning of the scam, The Post took steps to protect advertisers from such frauds. Advertisers are now given a unique identification number and are told not to divulge information to anyone claiming to work for The Post unless the person supplies that number.

Classified advertising has long been a bulwark of newspaper revenue, but in recent years, many customers have been migrating to free online ad services such as Craigslist.

Ensuring that newspapers' ads are used only for legitimate purposes is critical to the industry as it seeks to distinguish itself from outlets that are cheaper or even free, said John Kimball, chief marketing officer for the Newspaper Association of America.

Newspapers, he said, are "mindful of the fact that credibility is one of the differentiating factors" between them and other advertising forums.

Freed By DNA Test, Texas Man Cautiously Returns To Society (NYT)

By Nathan Levy

The New York Times, March 28, 2006

AUSTIN, Tex., March 27 — Arthur Mumphrey says he is doing his best to enjoy life these days. But after spending 18 years in prison for a rape he did not commit, he is also finding that being on the outside can be overwhelming.

"I really don't do that much," Mr. Mumphrey said. "Me and my wife, we go to a few places, no clubs or anything like that — just low profile."

Gov. Rick Perry pardoned Mr. Mumphrey, 42, on March 17 after a DNA test indicated that he did not sexually assault the victim, a 13-year-old seventh grader, who was forced at knifepoint into a wooded area near Conroe, about 40 miles north of Houston, and raped repeatedly on the night of Feb. 28, 1986.

Mr. Mumphrey was paroled in 2000 after serving 14 years of a 35-year sentence, but was sent back to prison two years later after failing to contact his parole officer. He points to his case as yet another example of the merits of DNA testing and the doggedness of a defense lawyer — as well as the systemic flaws of the Texas criminal justice system.

"I was very blessed not to have the death penalty," Mr. Mumphrey said in a telephone interview from the office of his lawyer, Eric J. Davis of Houston. "I'd probably be dead right now. The legal system is a hard system to wrestle, especially in Texas."

Mr. Mumphrey's younger brother, Charles Mumphrey, who is in jail on an unrelated crime, confessed earlier this year to participating in the rape, said Marc Brumberger, an assistant district attorney for Montgomery County. He cannot be charged, though, because the statute of limitations has expired.

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A co-defendant, Steve Thomas, pleaded guilty during a 1986 trial and testified against Arthur Mumphrey in exchange for a 15-year sentence.

At the time of the attack, Mr. Mumphrey said, he was 22 and living and working in Conroe. The police arrested him the day after the attack when someone reported hearing him and Mr. Thomas talking about it. Mr. Thomas, who is mentally retarded and illiterate, gave several conflicting statements to the authorities. Mr. Mumphrey said he refused a plea bargain, insisting on his innocence.

Charles Mumphrey, then 15, went to the local police department and confessed, but officials did not believe him and he recanted.

"The trial was a masquerade," said Arthur Mumphrey, describing how Charles Mumphrey testified that he had made the false confession to protect his brother.

"I haven't talked to my brother in 20 years," Arthur Mumphrey said. "It hurt."

At the time of the trial, forensic DNA equipment was not available. The jury convicted Mr. Mumphrey of aggravated sexual assault, and he served 14 years in several prisons. After his parole, he got a job and began dating his wife, Angela.

After failing to keep in contact with his parole officer, with whom Mr. Mumphrey said he had a difficult relationship, he was sent back to prison in 2002.

His wife vowed to fight to clear his name and hired Mr. Davis, who found out that blood samples had been taken from the suspects and the victim after the attack. A vaginal swab was also taken from the victim, as were cuttings from her underwear that contained semen samples.

It took three years to track down those samples. The Texas Department of Public Safety was supposed to have them, but they were not listed because the computerized classification system at the agency's crime lab in Houston did not begin until 1992. Last November, the lab found the samples in a freezer.

Tests on them indicated the presence of two people besides the victim: Mr. Thomas and a person who was not Arthur Mumphrey.

"It's by the grace of God that all this came to pass," Mr. Davis said. "It's easy to conceive that I wouldn't find that blood work."

After 18 years in prison, Mr. Mumphrey was exonerated and pardoned and is now eligible for state compensation. State law allows those wrongfully imprisoned to receive $25,000 for each year, with a maximum of $500,000. Mr. Davis said he and Mr. Mumphrey had not decided whether to seek restitution or file a lawsuit.

Mr. Mumphrey said he was thankful he was no longer considered a sex offender, with all of the restrictions that implied, including a prohibition against being around children.

Yet the sting of missing out on so many years of life haunts Mr. Mumphrey, particularly when it comes to his family and his father's death in 1996. "A lot of family passed away," he said. "I wasn't able to go to the funerals."

CIVIL LAW:

Agency Exempts Most Of Internet From Campaign Spending Laws (NYT)

By Adam Nagourney

The New York Times, March 28, 2006

WASHINGTON, March 27 — The Federal Election Commission ruled unanimously Monday that political communication on the Internet, including Web logs, setting up Web sites and e-mail, was not regulated by campaign finance laws.

The commission, in a 6-to-0 decision, also ruled that paid political advertisements placed on Web sites were covered by the 2002 campaign finance law, which includes restrictions on spending and contributions and bars corporations and unions from using their treasuries to purchase Web advertisements.

The decision marked a significant step in the rapid evolution of the Internet — and, in particular, Web logs — as a force in American politics. It is the latest chapter in the conflict between First Amendment guarantees of freedom of expression and efforts by Congress to regulate campaign spending.

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The commission ruling came two years after it had decided that all Internet activity was exempt from the campaign finance laws. That ruling was challenged by Congressional sponsors of the law, and a federal judge upheld that suit, ordering the commission to write rules to apply the 2002 law to the Internet.

The commission ruled that the law applied to paid political advertisements, but offered a broad exemption for all other Internet political activity, conducted by individuals or groups, even in direct coordination with a candidate.

"The commission established a categorical exemption for individuals who engage in online politics," Michael E. Toner, the chairman of the commission, said in an interview. "The agency has taken an important step in protecting grass roots and online politics."

Markos Moulitsas, the founder of the Daily Kos, the largest political Web log in the country, heralded the decision. "It looks like we got everything we wanted," Mr. Moulitsas said. "It's fantastic that the F.E.C. was as responsive as it was."

The original court ruling sparked fear by bloggers — many of whom are explicit in rallying their readers to contribute, work for and vote for specific candidates — that their work would be counted as contributions to the candidates, and thus fall under the contribution limits. The law limits individual contributions to $2,000 and includes a ban on any union or corporate donations.

The commission's ruling was broad and categorical. It said that activity on the Internet was exempt, whether done by an individual or by a group. As part of the ruling, the commission ruled that bloggers would be eligible for the same exemption from the campaign finance law that is now given to newspapers.

FEC Rules Exempt Blogs From Internet Political Limits (WP)

By Thomas B. Edsall

The Washington Post, March 28, 2006

In a unanimous vote yesterday, the Federal Election Commission left unregulated almost all political activity on the Internet except for paid political advertisements. Campaigns buying such ads will have to use money raised under the limits of current federal campaign law.

Perhaps most important, the commission effectively granted media exemptions to bloggers and other activists using the Web to allow them to praise and criticize politicians, just as newspapers can, without fear of federal interference.

The rules "totally exempt individuals who engage in political activity on the Internet from the restrictions of the campaign finance laws. The exemption for individual Internet activity in the final rules is categorical and unqualified," said FEC Chairman Michael E. Toner. The regulation "protects Internet activities by individuals in all forms, including e-mailing, linking, blogging, or hosting a Web site," he said.

The 6 to 0 vote was widely expected after the FEC released the proposed rules last week. That followed months of discussions and widespread concern -- which turned out to be unfounded -- among many political activists that the commission would impose significant restrictions on Internet campaign activity. The vote drew praise from most ideological quarters, as well as from several watchdog groups.

Conservative blogger Mike Krempasky wrote: "This is a tremendous win for speech." Liberal blogger Duncan Black, writing under the pseudonym Artios, said: "This could have been an utter disaster, but it appears to have all worked out in the end."

Three public-interest groups that are often critical of the FEC -- Democracy 21, the Campaign Legal Center and the Center for Responsive Politics -- said in a statement that "the new FEC regulation strikes the correct balance in preserving the Internet as an unregulated forum for robust political activity by individuals, while ensuring that the Internet does not become a loophole for unregulated soft money."

The rule allows the unlimited use of corporate and union computers for political activity by employees and members, as long as they are not doing so on company time or are not under orders from their employer or union.

FEC To Leave Alone Web Political Speech (WT)

By Eric Pfeiffer

The Washington Times, March 28, 2006

The Federal Election Commission voted 6-0 yesterday morning in favor of campaign-finance rules that will leave political speech on the Internet mostly unregulated.

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"It didn't take long to reach a decision," said FEC spokesman Ian Stirton. "All six members voted in favor."

The rules approved by the FEC will give Web sites, blogs and e-mails the same exemption that is provided to newspapers that cover political campaigns.

That means bloggers can promote or criticize federal candidates and issues without fear of financial penalty.

However, the rules will regulate online paid political advertisements.

The vote has been well-received online, but Mike Krempasky, co-founder of the popular conservative blog Red State, www.redstate.org, says he is still worried about regulatory action.

"The FEC deserves a lot of praise -- especially Commissioners [Ellen L.] Weintraub and [Chairman Michael E.] Toner," Mr. Krempasky said. "They took the lightest touch possible when it came to these regulations.

"It just remains to be seen whether or not the 'reform community' can resist the urge to sue that seems so deeply ingrained in their political DNA," he added.

The House has been considering a bill that would write into law protections for political speech on the Internet. Former FEC Chairman Brad Smith yesterday urged passage of the bill, which has been stalled.

"It's important Congress make their intent clear," he said. "Otherwise, the FEC can change its rules later and reform groups could sue from time to time."

Bill sponsor Rep. Jeb Hensarling, Texas Republican, said, "I'm heartened by the fact that the FEC's rule is narrowly drawn, but a step in the wrong direction is still the wrong direction, and a bad precedent can lead to a worse precedent."

In releasing its 96-page proposal Friday, the FEC wrote, "Through this rulemaking, the Commission recognizes the Internet as a unique and evolving mode of mass communication and political speech that is distinct from other media in a manner that warrants a restrained regulatory approach."

Both conservative and liberal bloggers oppose online regulations, as do the Democrat and Republican senatorial campaign committees and the leaders of both parties in Congress.

The FEC took a quick vote yesterday after more than a year of debate and two recently postponed meetings.

In 2002, Congress passed campaign-finance reform rules, but provided an exemption for Internet communications. Regulation advocates opposed the online exemption.

In 2004, the U.S. Circuit Court of Appeals for the District of Columbia ruled that the 2002 Internet exemption violated the campaign-finance law's intent, forcing the FEC to issue a ruling.

"The law was never intended to regulate private citizen communication on the Internet," FEC Vice Chairman Robert D. Lenhard told the Associated Press. "I believe that we have achieved that goal today."

CIVIL RIGHTS:

Federal Judge Refuses To Postpone New Orleans Election (AP)

AP, March 28, 2006

NEW ORLEANS -- New Orleans residents living in Houston, Atlanta and other cities are still waiting for the absentee ballots they applied for weeks ago. No one knows how many people will come back to the city to vote. And the polling places have yet to be selected.

Pulling off this city's April 22 mayoral election could wind up as a fine example of democracy under trying circumstances, or a wobbly, error-filled embarrassment.

On Monday, a federal judge refused to postpone New Orleans' first election since Hurricane Katrina, despite complaints from civil rights groups that too many blacks scattered by the storm will be unable to take part in the voting.

U.S. District Judge Ivan Lemelle told both sides _ the state and plaintiffs _ to solve any problems that might hinder displaced residents' ability to vote. "I recognize that there is still room for improvement in that electoral process," he said.

Still, Lemelle said going ahead with the voting will help the city rebuild.

"If you are a displaced citizen, like I am, we have a burning desire for completeness," said the judge, whose own New Orleans home flooded.

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The Aug. 29 storm swamped 80 percent of the city, destroying some polling places and scattering more than half the population. What was a mostly black city of nearly half a million people was reduced to well under 200,000 inhabitants. Some black leaders fear a loss of political clout if the election goes ahead as planned.

Some civil rights leaders say the state's plan to allow mail voting for residents in other states, along with satellite polling places elsewhere in Louisiana, won't do enough to give all displaced residents the opportunity to vote.

"We can see that train wreck coming in slow motion," plaintiffs' attorney Bill Quigley said.

The city elections were originally scheduled for Feb. 4 but were postponed because of the damage and dislocation caused by Katrina.

Secretary of State Al Ater, Louisiana's top election official, said he was prepared to work with the plaintiffs and the judge. "I'm very proud of what we're doing," he said.

The state is setting up polling stations in 10 Louisiana cities, running a national advertising campaign to inform New Orleans residents about the election, and easing the rules on the casting of absentee ballots.

Mayor Ray Nagin, a black man criticized in some quarters for his response to the hurricane, is running for re-election against nearly two dozen opponents, including Lt. Gov. Mitch Landrieu, who is white.

Monday's hearing was called after the NAACP and other civil rights groups argued that the cost of traveling to New Orleans to vote amounted to the "modern equivalent of a poll tax" _ something outlawed a generation ago by an amendment to the U.S. Constitution.

Election procedures in Louisiana and many other Southern states are subject to Justice Department approval because of their history of racial discrimination.

Several black leaders have argued for satellite voting locations outside Louisiana. But Ater's office said state law does not allow out-of-state voting operations.

"This is a Florida in the making," warned National Urban League President Marc Morial, a former New Orleans mayor, referring to the debacle during the 2000 White House race.

E-mails Put Florida Investigator In Hot Seat (MH)

By Carol Marbin Miller

The Miami Herald, March 28, 2006

When the family of Martin Lee Anderson questioned the impartiality of Florida's top state lawman, Guy Tunnell, in investigating the teen's death at a Panama City boot camp, Tunnell assured Floridians he would be fair and impartial.

The reason the family was suspicious: Tunnell, head of the Florida Department of Law Enforcement, is a former sheriff of Bay County, founded the boot camp, and is friends with the current sheriff, Frank McKeithen, whose office runs the camp.

Now, a series of e-mails obtained by The Miami Herald shows that at the same time his agency was investigating the camp, Tunnell kept a running commentary to McKeithen, other sheriffs and his own staff in which he let off steam and disparaged critics of his investigation and the state's boot camps.

He also kept McKeithen abreast of the FDLE's efforts to keep a video -- which showed boot camp guards kneeing and punching the teen hours before his death -- from becoming public.

RUNNING COMMENTARY

He sent McKeithen an e-mail on Feb. 9, the day The Miami Herald published a story quoting two members of the House Criminal Justice Appropriations Committee -- Miami Beach Democrat Dan Gelber, a former federal prosecutor, and Miami Beach Republican Gus Barreiro -- who had seen the video and said Martin had been "brutally" beaten and ``flung around like a rag doll."

The two lawmakers were the first to view the video before its release. Gov. Jeb Bush told reporters he was "constrained" from discussing the tape, and indirectly criticized the two legislators who ``weren't as constrained."

Tunnell sent McKeithen a copy of the Bush's remarks, adding: 'I understand that the Guv was just a `little' sarcastic when he referred to those 'less constrained' from commenting -- such as the two representatives."

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Earlier that day, Tunnell forwarded to the sheriff -- with the brief message "FYI!" -- an e-mail from his spokesman, Tom Berlinger, saying that the FDLE would fight a request from The Miami Herald for a copy of the video under the state's public records law.

Through a spokesman, Tunnell declined to discuss the e-mails Monday.

"We are working side by side with the special prosecutor that was appointed by Governor Bush as well as members of the Federal Bureau of Investigation, an agency that is closely scrutinizing the matter from a federal and civil rights perspective," Tunnell said in an e-mail.

``If either of them felt that our agency was conducting anything other than a professional, fair and impartial investigation, I would have every expectation that they would not hesitate to raise that issue with me or others."

Said FDLE spokesman Berlinger: ``Commissioner Tunnell and the rest of our command staff are, by virtue of our jobs, friends with all 67 sheriffs in the state of Florida. That doesn't stop us from being fair and impartial in any of the investigations we conduct."

Hillsborough County State Attorney Mark Ober will decide whether anyone should be charged in the teen's death.

Martin, 14, entered the Bay County Sheriff's Office Boot Camp Jan. 5 after being convicted of joyriding in his grandmother's car. The video of Martin's last hour at the camp shows about eight guards punch, knee and choke the teen. He died the next day.

On Feb. 16, Tunnell sent McKeithen a copy of a Miami Herald article reporting that the U.S. Justice Department had opened a civil rights investigation into Martin's death.

On Feb. 17, Tunnell sent an email to several members of the Florida Sheriff's Association, including McKeithen, who had been briefed by their lobbyist on events two days earlier, when members of the House Juvenile Justice Committee discussed making big changes to the operation of the state's five boot camps.

"I know -- I'm singing to the choir -- just feels good to get it off my chest!," Tunnell wrote. ``For YEARS, we [the Bay County Sheriff's Office] asked for more equitable funding so as to allow us to expand the services, offering transitional phases, step-down, etc., only to be met with more bureaucratic red tape, frustration, etc."

"THERE . . . I DO feel better!," he added.

After Gelber and Barreiro viewed the tape, two other lawmakers sought access to the video, Sen. Stephen R. Wise, a Jacksonville Republican and chairman of the Senate Criminal Justice Committee, and Sen. Rod Smith, an Alachua Democrat and the committee's vice chairman.

"Ain't gonna happen!" Tunnell told several FDLE staffers in a Feb. 9 e-mail.

In response, Assistant FDLE Commissioner Scotty Sanderson then wrote: ``We are in contact with the State Attorney and the Medical Examiner, to expedite the Autopsy report and bring this case in for a landing quickly. Our side will be ready to roll out as we get the toxicology findings."

Tunnell replied: ``Hurry -- BEFORE I get REALLY carried away!"

The FDLE chief also sent an email to the editorial page editor of The News Herald in Panama City, Claude Duncan, who urged the FDLE to release the video..

"Although I'm happy to fade any heat on the part of my good friend, Sheriff McKeithen, I haven't been the Bay County Sheriff for almost two and one-half years. Am I to assume that, as the then-Bay County Sheriff, I was also responsible for the tragic events of Sept. 11, 2001?" Tunnell wrote.

Lawyers for Martin's family, and the two state lawmakers who were the subjects of Tunnell's emails say they have renewed concerns for Tunnell's fairness in the high-profile case.

Gelber said: ``You shouldn't be rooting for either side in an investigation. And these e-mails sort of suggest that. It's very dangerous when you start to root for one side."

Barreiro, who has been a frequent critic of the state's juvenile justice efforts, said he first became concerned about the FDLE's involvement in the investigation on Feb. 8, the day he watched the video at FDLE headquarters.

"They told me before I viewed the tape that Martin did not die of trauma," Barreiro said.

CONCERNS RAISED

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Barreiro said, from the beginning, it seemed the FDLE agents ``were more concerned about the critics of the boot camp than with the officers who beat Martin Anderson to death."

Benjamin Crump, the family's attorney, said he is now more concerned than ever about FDLE's involvement in the case.

"From the beginning, we had concerns about a possible conflict of interest with FDLE doing the investigation," Crump said. ``After reading these, it does not ease our concerns."

``This is worrisome."

Primary Voting-machine Troubles Raise Concerns For General Election (USAT)

By Jim Drinkard

USA Today, March 28, 2006

WASHINGTON — Problems using voting machines in the Texas and Illinois primaries this month have reinforced fears that the 2006 elections may be beset with glitches.

"There's a lot of evidence that some of those fears are coming to pass," says Doug Chapin, president of Electionline.org, a non-partisan group that studies elections. "The theory that new technology results in error seems to be borne out early in the process."

More than 30 million Americans will be voting on unfamiliar equipment this year, after modernization required by the Help America Vote Act. Congress passed the law in 2002 to address problems stemming from the 2000 presidential election in Florida.

Among early trouble spots:

•The largest jurisdictions in Illinois, Chicago and Cook County, encountered problems in the March 21 primary. In some cases, precinct election judges didn't get hands-on training before the election. There were paper jams, misplaced memory cartridges containing election results and long delays in counting.

Cook County Clerk David Orr says some problems were the result of introducing two new machines in each precinct: a touch-screen ballot and a machine that optically scans paper ballots. "We had our share of problems, but you expect it with new stuff," Orr says.

•In Texas, a candidate for the state Supreme Court will contest the March 7 primary because of what he calls widespread problems using new machines.

In Fort Worth, an initial ballot count showed about 150,000 votes even though there were only one-third that many voters, says David Rogers, campaign manager for the candidate, Steve Smith. And in San Angelo, balky new equipment and a close local race led to a recount that was halted after it appeared some votes were missing.

A spokesman for the secretary of state's office, Scott Haywood, says human factors accounted for any glitches, and they have been fixed. "Anytime you are using a new system, officials have to get used to it," he says. "Our biggest focus now is to increase training."

The next test: 10 states hold primaries in May, including Pennsylvania, which is scrambling to train voters and poll workers.

The state is "a disaster waiting to happen," says John Gideon, director of VotersUnite.org, a group that is skeptical about electronic voting.

The task is manageable, counters Michelle Shafer of Sequoia Voting Systems, an equipment maker that has customers in Pennsylvania and 19 other states. "We have seen this coming and have ramped up as best we can," and will be ready by November, she says.

New Elections Law Designed To Help Disabled To Vote (PPG)

By Jerome L. Sherman, Pittsburgh Post-Gazette

Pittsburgh Post-Gazette, March 27, 2006

Florida's 2000 election, forever linked with the notorious hanging chads, did more than expose the flaws of the nation's aging voting systems. It cleared the way for Congress to address many lingering problems with how Americans vote.

One politically active group rushed to take advantage of that movement.

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The Help America Vote Act, passed in early 2002, created the first legal guarantees that all disabled voters would be able to participate in the democratic process just as readily as anyone else.

The law, known as HAVA, requires both accessible polling places and voting machines that let disabled voters make their choices privately and independently.

"The whole disability community was pushing for that," said Jim Dickson, vice president of the American Association of People with Disabilities, based in Washington, D.C.

Prior to the 2000 election, several federal laws addressed the need for improvements in voting access, but none had HAVA's weight. If state and local governments don't acquire at least one accessible machine per polling place, they could squander millions in aid and face lawsuits from the justice department.

In Allegheny County, many disabled voters have long had to rely on family, friends or poll workers to help them operate 40-year-old lever machines. Under HAVA, that must change by the May 16 primary election.

"It's about time," said Paul O'Hanlon, an attorney with Pittsburgh's Disabilities Law Project.

Yet the process for purchasing new technology here has been far from smooth.

In November, the county invited several voting machine vendors to put their systems on display for the public. Some disabled voters were given extra opportunities to try machines and offer their opinions.

A few months later, the county came close to settling a deal with Ohio-based Diebold Inc. for touch-screen machines that easily could be adjusted to accommodate a range of disabilities. But many local voting activists raised concerns about Diebold's checkered record in other states. The county scrapped the deal.

Instead, county officials agreed to buy 2,800 electronic machines from Sequoia Voting Systems Inc. of Oakland, Calif., for $11.8 million. The machine, the AVC Advantage, allows its user to see the entire ballot at once, just as the lever machines do.

Some units, however, are as much as 10 years old and need to be fitted with new equipment to meet HAVA's accessibility requirements. Sequoia plans to add audio components that will aid blind voters.

Tomorrow and Wednesday, Pennsylvania's Department of State will conduct tests on the updated Advantage.

Even if the machine passes, Mr. Dickson doesn't think it will be good enough. He argues that dyslexic voters will have problems understanding the full-face ballot.

"Our position is that the AVC Advantage is in violation of HAVA," said Mr. Dickson, who has closely followed Allegheny County's progress in complying with the federal law.

Mr. O'Hanlon also isn't convinced of the Advantage's merits. During the November trial session, held in Downtown Pittsburgh, few disabled voters had chances to try the machine.

It does work, county Manager Jim Flynn said, and the elections division will continue adding accessible polling places over the next year to satisfy HAVA. Back

Housing Segregation Case Enters Remedy Stage (BSUN)

By Eric Siegel

The Baltimore Sun, March 28, 2006

Creating thousands of new opportunities for Baltimore public housing families to live in well-off suburbs was necessary to make "real progress" in overcoming decades of government policies that segregated residents in poor, minority areas of the city, a lawyer for the tenants told a federal judge Monday.

In his opening statement in the remedy phase of a public housing desegregation case, attorney Peter Buscemi said a proposal requiring the U.S. Department of Housing and Urban Development to provide 6,750 special housing vouchers and new and rehabilitated units over 10 years would give public housing families a "better chance at life."

But a lawyer for HUD countered that the proposal was "plagued with problems and should not be implemented in any form."

The judge does not have the authority to order the creation of new housing but can only ask the federal agency to review decisions that he found problematic, said HUD lawyer Peter Phipps.

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In January 2005, U.S. District Judge Marvin J. Garbis found that HUD had violated federal fair-housing laws by failing to "affirmatively further fair housing" by taking a regional approach to the desegregation of public housing in Baltimore.

The ruling stemmed from a class action lawsuit filed in 1995 on behalf of black Baltimore public housing residents that claimed that the city and the federal government had failed to dismantle the segregated public housing system they set up in the 1930s and 1940s. Garbis absolved the city and its Housing Authority of wrongdoing.

Monday, Garbis, who is hearing the case without a jury, expressed skepticism toward HUD's position and sympathy for the public housing residents.

After Phipps told the judge that he could only order HUD to review its decisions, Garbis said, "Why don't you reconsider everything and then we can all go home?"

Earlier, Garbis interrupted Buscemi to muse about what he would do to dilute concentrations of poverty if he had no legal or financial constraints.

"I have a pretty good idea what I would do. I must say, your proposed order doesn't go that far," Garbis said.

Garbis also lamented that the two sides haven't reached a settlement, as was done in several similar cases nationwide.

"It is peculiar that something that is quite obviously better able to be designed by the parties will be designed by the court," he said.

In addition to considering a remedy for the violation of fair housing laws he found, Garbis is also considering whether HUD violated the constitutional rights of public housing residents -- a finding that could provide a stronger legal underpinning for a regional solution. And he has said he would allow HUD to present evidence to convince him that his 2005 ruling was wrong.

In his opening statement, Buscemi argued that by such actions as routinely locating public housing in impoverished, minority areas, "the government has helped segregated housing in Baltimore to persist."

Buscemi noted that the plaintiffs were suggesting that HUD make procedural changes to ensure that the agency take a regional approach to assisted housing in the future but said the creation of a specified number of units was also needed.

"We can't create real progress by [administrative remedies] alone," he said.

Under the plaintiffs' proposal, Buscemi said, only a couple of families a year would need to move into each of more than 200 suburban census tracts identified as "communities of opportunity," too few to affect the quality of those neighborhoods.

"It is not in the plaintiffs' interest to alter the character of neighborhoods," he said.

But Phipps said "HUD has taken extensive efforts to promote fair housing" through housing vouchers and outreach programs and said the plaintiffs' proposal would serve only a limited number of residents.

"Members of the plaintiffs' class have a stronger ally in HUD than the proposed remedy," Phipps said.

Jill Khadduri, a former high- ranking official in the agency's policy and research office, testified as an expert witness for the plaintiffs and said that the creation of several thousand housing opportunities over 10 years would be "completely practical."

But HUD lawyer Judry Subar suggested on cross-examination that the number was far beyond what would be required to remedy any affect of blatant discrimination of the past.

Another former HUD official, Margery Turner, said there was a large amount of evidence that families benefit in a number of ways from moving out of low-income communities.

"As jobs have decentralized, many high-poverty, highly-segregated neighborhoods lack access to jobs," said Turner, now the director of the Metropolitan Housing & Communities Policy Center at the Urban Institute, a Washington think tank.

Justices Review Prison Disciplinary Rules (AP-Y2)

By Toni Locy

AP2, March 27, 2006

The Supreme Court struggled Monday with whether states can keep troublesome inmates from reading secular newspapers and magazines.

Pennsylvania prison officials urged the high court to allow them to use access to newspapers and magazines as an incentive to get inmates to behave themselves.

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The "bottom line" in the case, as Justice Stephen Breyer put it, is whether the court should interfere and tell the state how to manage its inmates, or whether prison officials have gone too far and infringed on the free-speech rights of prisoners.

The case could wind up in a tie because only eight justices are considering it. Justice Samuel Alito did not participate because he wrote a dissenting opinion — siding with Pennsylvania — when he was a member of the 3rd U.S. Circuit Court of Appeals.

Early in the argument, justices appeared concerned about what limits should be placed on states that want to set up high-security segregation units where inmates who can't follow prison rules are kept.

But by the argument's end, several justices seemed willing to give Pennsylvania credit for trying to change its worst-behaved inmates.

Louis J. Rovelli, Pennsylvania's lawyer, told the justices the state's policy is reasonable because inmates can earn back the privilege of receiving newspapers and magazines, as well as personal photographs.

Rovelli said the state designed the special unit because most of the 40 or so inmates held there eventually will be released from prison. Before that happens, he said, the state wants to try to "turn them around."

The unit's inmates are permitted access to religious newspapers, two paperback books of general interest, their legal documents and letters from family.

The argument seemed to take a turn when Chief Justice John Roberts tried to get the inmates' lawyer to identify options for prison officials who have already taken away most of the privileges of a prisoner who continues to act out.

"You are saying they just have to grin and bear it," Roberts told the inmates' lawyer, Jere Krakoff.

Eventually, Krakoff conceded: "There comes a time when you take away so much ... that, yes, you may have to give up. You may have to keep them in segregation."

Justice Anthony M. Kennedy said Krakoff's argument made little sense. Kennedy said the state should have the option of trying to change inmates' behavior and not "forgetting about them altogether."

The case's outcome could affect prison operations nationwide if the justices require state officials to prove that their policies serve legitimate security and rehabilitative interests inside prison walls.

The Bush administration is siding with Pennsylvania, saying the state's policy deserves deference from the courts because it involves maintaining order in prisons.

But religious and civil liberties groups say fundamental rights are not mere privileges that can be granted or revoked at the whim of a prison official. They worry prison officials won't stop with newspapers but may one day bar access to the Bible.

The case began in October 2001 when Ronald Banks filed a civil rights lawsuit on behalf of himself and other inmates in the disciplinary unit, then located in Pittsburgh, after prison officials barred him from receiving The Christian Science Monitor, a nonreligious daily newspaper.

By a split vote, a three-judge 3rd Circuit Court panel sided with Banks, ruling that prison officials had failed to show the policy had any effect on inmate behavior.

The case is Beard v. Banks, 04-1739.

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On the Net:

Supreme Court: http://www.supremecourtus.gov/

Curb On Access To News In Prison Gets Hearing (NYT)

By Linda Greenhouse

The New York Times, March 28, 2006

WASHINGTON, March 27 — Pennsylvania went before the Supreme Court on Monday to defend its policy of denying most newspapers, magazines and photographs to its most incorrigible prison inmates against claims that the restriction violates the First Amendment. The policy is one of the most restrictive in the country.

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The federal appeals court in Philadelphia ruled last year that prison officials had to provide some objective evidence to show that the policy actually accomplished the twin goals they claimed for it: improved security and "behavior modification" of recalcitrant inmates.

The appeals court's 2-to-1 ruling set aside a federal district court's judgment for the state, leading to Pennsylvania's Supreme Court appeal. Justice Samuel A. Alito Jr., then a member of the appeals court, was the dissenter on the three-judge panel. He left the Supreme Court bench Monday morning when the argument began, and will not take part in the case, Beard v. Banks, No. 04-1739.

The case is a class-action lawsuit that began when the prison authorities seized a copy of The Christian Science Monitor, to which an inmate, Ronald Banks, had a subscription. The lower courts looked at the policy as a whole, and did not scrutinize its application to individual inmates.

The argument in the Supreme Court was more lopsided than the eventual decision might be. Jere Krakoff, a lawyer from Pittsburgh representing the inmates who had brought the lawsuit, was making his first Supreme Court argument and appeared nonplused by questions from the justices that more experienced lawyers would have taken in stride.

"I'm obviously not framing my argument in a way that's getting my point across," Mr. Krakoff said at one point in a discouraged tone. At another point, he offered, "My brief may be more coherent than I am today."

If Mr. Krakoff was discouraged, the justices who were sympathetic to his legal position, or who at least wanted his position to be articulated, appeared frustrated, intervening to the extent of putting words in his mouth.

For example, Mr. Krakoff got into a discussion with Chief Justice John G. Roberts Jr. about an exception in Pennsylvania's policy that permits inmates to have religious newspapers and law-related reading matter in their cells. One of the state's explanations for the general no-newspaper rule was that inmates might set fire to newspapers. Mr. Krakoff, trying to show that, given the exceptions, the policy made little sense, observed that "The Jewish Forward can burn as quickly as The New York Times."

"Now you're making your clients' situation worse," Chief Justice Roberts said. He said the state had been willing to take "a more circumscribed approach" in exempting the religious and legal papers.

Justice Ruth Bader Ginsburg intervened at this point, addressing Mr. Krakoff. "I thought you were saying that as a security concern, it doesn't hold up, because the materials they are allowed to have in their cells could be put to the same end," she said.

Later, nearing the end of his allotted 30 minutes, Mr. Krakoff told the justices that he would sit down rather than continue. But he was kept on his feet by justices who had more questions.

Seeking to summarize as the red light came on to signal that his time was up, Mr. Krakoff observed that some of the hard-core inmates in the special prison unit under discussion would eventually complete their sentences and go back into society, deprived of knowledge of what had been going on in the world.

"They could read about ancient wars in the Bible, but not about the war in Iraq," he said. "It's not a healthy situation."

Pennsylvania's lawyer, Louis J. Rovelli, executive deputy state attorney general, received his share of skeptical questions but appeared generally unfazed by them, as did Jonathan L. Marcus, an assistant United States solicitor general who also argued on the state's behalf.

Justice Ginsburg asked Mr. Rovelli to explain why the policy permitted inmates to order paperback books from the prison library while prohibiting newspapers and magazines. "The rationality of that line escapes me," she said.

Mr. Rovelli replied that paperbacks were "small and compact and much more difficult to use as weapons" by the "worst of the worst" inmates to whom the policy applies. About 40 inmates fit into this category at any one time, housed in a special "long-term segregation unit" in the state prison at Fayette, Pa.

Chief Justice Roberts asked: "Is a paperback copy of 'War and Peace' less dangerous?"

It was a "difficult line to draw," Mr. Rovelli acknowledged, while turning his concession into an opening. That was where the expertise of prison officials, to which judges should defer, came in, he said.

He explained that the policy was "guided by the experience of prison administrators," who had observed the "high value" that prisoners placed on access to newspapers and magazines. These were therefore removed to give prisoners an incentive to change their behavior in order to gain a transfer to a lower-security area of the prison.

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This was a justification that the appeals court had found insufficient in the absence of any evidence that it worked or had "any basis in real human psychology," the majority opinion said.

The majority added that far from disregarding Supreme Court precedents requiring deference to prison administrators' judgment, it was simply trying to determine "whether an asserted goal is logically connected to the prison regulation."

If the Supreme Court agrees, the case will go back to Federal District Court in Pittsburgh for a trial. A 4-to-4 tie, in Justice Alito's absence, would have the effect of affirming the appeals court's ruling.

Justice David H. Souter told Mr. Rovelli that the state's behavior-modification theory appeared to justify depriving inmates of access to legal papers. Questioning the state's approach, Justice Souter said: "Tell them, 'No, you may not receive any legal material because it's something you very much want to do.' Can the state do that?"

It could, the state's lawyer replied, as long as the prisoner was left with other means of access to court, including the unlimited visits from lawyers that the policy permits for these high-security inmates. Any prisoner who was deprived of a meaningful access to court, a right to which the Supreme Court has given constitutional protection, could bring another lawsuit challenging the policy "as applied," Mr. Rovelli said.

Reading Material For Pa. Inmates Debated (WP)

By Charles Lane

The Washington Post, March 28, 2006

A newspaper has many alternative uses -- fish wrap, puppy training. In Pennsylvania, some prisoners fill a rolled-up paper with toothpaste, let it harden -- and use it as a club.

That glimpse of prison reality came at the Supreme Court yesterday, from a lawyer explaining why Pennsylvania denies about 40 of its most violent inmates reading materials unless they obey the rules. The policy, Pennsylvania Executive Deputy Attorney General Louis J. Rovelli said, is "logically connected to both rehabilitation and security."

Prisoner Ronald Banks sued when his Christian Science Monitor was barred, claiming a violation of his First Amendment rights. Last year, a federal appeals court in Philadelphia ruled in his favor. The state appealed, setting up yesterday's oral argument in Beard v. Banks , No. 04-1739. The case will help define how much the Constitution permits officials to restrict inmates' already limited freedom for the sake of order, security and rehabilitation.

At issue is the Long-Term Segregation Unit, located in Pittsburgh until a move in recent years to Fayette County, where inmates from around the state are sent after attempting to escape or assaulting guards. Prisoners may be kept in solitary confinement 23 hours per day. They get no television, radio, newspapers, magazines or photographs, except for religious or legal publications.

Access to reading material is relaxed in return for good behavior. Pennsylvania says this "behavior modification" is consistent with Supreme Court precedent, which says prisons may restrict inmates' rights as long as they have a legitimate reason to do so and have exhausted the alternatives.

The appeals court ruled that Pennsylvania could not enforce the policy without evidence that it achieved its stated purposes. Then-Judge Samuel A. Alito Jr. dissented, saying that a prisoner who was subjected to the restrictions for a long time may have a claim, but that in general the rules were reasonable.

Yesterday, now-Justice Alito had to sit out the case, leaving his eight colleagues to weigh the policy.

Justice Ruth Bader Ginsburg seemed skeptical, noting that a religious publication could also be rolled up and fashioned into a club.

Rovelli answered that, in the experience of prison officials, inmates are less likely to use religious materials as weapons.

The Bush administration supports Pennsylvania, and Assistant Solicitor General Jonathan L. Marcus argued on its behalf. Justice David H. Souter told him he was worried that the state's argument could justify almost anything.

"I don't see the logical stopping point if we accept the behavioral-modification theory," he noted. "Why wouldn't it allow for the deprivation of all communication except access to counsel?"

Marcus replied that such an "exaggerated response" would be barred. "There is a reasonableness test," he said.

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But the court's toughest questioning was reserved for Banks's attorney, Jere Krakoff. He puzzled several justices by arguing that the policy was impermissible because the prisoners were so incorrigible that it would never work.

"I'm suggesting there comes a time when you've taken so many things from these prisoners that, yes, you do have to give up," he said.

That prompted a rebuke from Justice Anthony M. Kennedy, who said, "The state's position is that it wants to avoid . . . the most extreme circumstances of just forgetting about them."

Krakoff also disputed the state's claim that newspapers are a danger because inmates light them on fire. The same is true of writing paper, which is allowed, he said.

Justice Antonin Scalia replied: "You want to know what kind of fire you can set with the Sunday New York Times? You're going to compare that with writing paper?"

A decision is expected by July.

Georgia Passes Bill To Fund Bible Courses In Public High Schools (LAT)

By Richard Fausset

The Los Angeles Times, March 28, 2006

ATLANTA — Georgia's Legislature on Monday passed a bill to fund elective Bible courses in public high schools, sparking concern among 1st Amendment advocates and generating praise from lawmakers worried that children are losing their grasp on one of Western civilization's most influential texts.

The bill — which still must be signed into law by Republican Gov. Sonny Perdue — would fund separate high school courses on the Old and New Testaments in the context of history and literature.

The bill states that the classes should be taught "in an objective and nondevotional manner, with no attempt made to indoctrinate students as to either the truth or falsity" of the works.

The measure passed late Monday, and lawmakers who supported it were unavailable to comment. But Republican state Sen. Tommie Williams, the bill's sponsor, has said in the Atlanta Journal-Constitution that the Bible is crucial to understanding the foundations of American government.

Federal courts have ruled that public school Bible courses do not violate the 1st Amendment principle of church-state separation as long as they are objective and do not promote religion. A number of districts around the country already teach such classes.

But Charles Haynes, a senior scholar with the First Amendment Center, said this was the first time to his knowledge that a legislature had approved such a course on a statewide basis.

Judith E. Schaeffer, deputy legal director of the liberal People for the American Way, said the proposal's constitutionality could only be determined once the specifics of the curriculum were laid out.

But she was troubled by the bill's language. She pointed to a section that says students should learn "the history recorded by the Old and New Testaments." Schaeffer noted that courts have ruled the Bible cannot be taught as history.

"It's setting up a course that's presented from an unconstitutional perspective," she said. "It's starting out by digging a hole for itself."

People for the American Way has successfully sued school districts in Florida and Mississippi for overstepping constitutional guidelines for Bible classes. Schaeffer said the group would prefer to see courses that focus on the range of sacred texts, not just those favored by Christians.

Democratic lawmakers first introduced a Bible literacy bill in Georgia this year. At the time, they said they were keen to show that Republicans do not have a monopoly on issues of faith. But Republicans, who hold a legislative majority in the state, killed the Democratic proposal and introduced their own.

Democrats and Republicans are sparring over competing Bible literacy bills in the Alabama statehouse. Missouri legislators are also considering such a bill.

ANTITRUST:

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Microsoft Appeals S. Korean Antitrust Decision (AP)

AP, March 28, 2006

Regulator says software maker must unbundle Windows components

SEOUL, South Korea - Microsoft Corp. filed a lawsuit on Monday challenging a set of punitive measures that South Korea's antitrust regulators imposed on the U.S. software company for its alleged unfair business practices.

The suit, filed with the Seoul High Court, has been widely expected as Microsoft said after the December ruling by the Fair Trade Commission that it would take the case to court.

(MSNBC is a Microsoft-NBC joint venture.)

Story continues below ? advertisement

"Microsoft continues to believe that its actions are consistent with Korean law and have benefited Korean consumers and the Korean technology industry," the company said in a statement announcing its appeal.

The ruling, which was finalized in February, said that Microsoft's practice of tying certain software to Windows was an abuse of its dominant position in the market.

The commission ordered the U.S. company to pay a fine of $33.6 million and provide two separate versions of Windows: one stripped of the Windows Media Player and Windows Messenger, and the other carrying links to Web pages that allow consumers to download competing versions of such software.

"Microsoft would no longer be able to offer in Korea the existing version of Windows that is available everywhere in the world," the company said.

The commission's decision "would create complexities for Korean hardware and software manufacturers in a way that would erode their competitiveness in the global market," it said.

Regulators began investigating Microsoft after a local Internet portal, Daum Communications Corp., filed a complaint with the commission in 2001. Microsoft reached a $30 million settlement with that company in November 2005.

Merrill Lynch Gets Antitrust OK For BlackRock Merger (MRKTWTCH)

MarketWatch, March 28, 2006

WASHINGTON (MarketWatch) -- Merrill Lynch & Co. (MER) has received antitrust clearance from the Federal Trade Commission to spin off its asset-management business and merge it with BlackRock Inc. (BLK), creating a new, independent company with nearly $1 trillion in assets under management.

The FTC said Monday that on Friday it granted Lucent early termination of the waiting period required under the Hart-Scott-Rodino Antitrust Improvements Act.

As reported, Merrill Lynch has agreed to exchange its money-management business, Merrill Lynch Investment Managers, for a 49.8% stake - valued at more than $8 billion - in BlackRock, a money manager specializing in bonds.

Merrill Lynch Gets Antitrust OK For BlackRock Merger (DOW)

Dow Jones, March 28, 2006

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In a press release Feb. 15, Merrill Lynch (MER) said it would have a 45% voting interest in the combined company, which will operate under the BlackRock name and be governed by a board with a majority of independent members. -By Ingrid Pedrick Lehrfeld, Dow Jones Newswires; 202-862-1361

Lucent, Alcatel Work Up A Plan To Ease U.S. Security Concerns (WSJ)

By Dennis K. Berman And Sara Silver

The Wall Street Journal, March 28, 2006

Lucent Technologies Inc. and France's Alcatel SA are moving toward a plan to place some of Lucent's most sensitive defense-related research under the eye of a separate board composed only of Americans, people familiar with the matter said.

Appeasing U.S. government security concerns is a crucial part of negotiations between the two telecom-equipment companies, which hope to complete a merger agreement later this week. Both Congress and elements within the U.S. defense establishment have taken a skeptical view to foreign takeover plans of late, fearing that national security could be compromised in the process. The companies' final plans, however, still could be changed.

As the home of Bell Labs, Lucent has a pedigree that includes the development of the microchip, the laser and some of the world's most widely used computer-programming languages. But the conditions that created those advances -- massive funding from the AT&T phone monopoly until its 1984 breakup -- have dissipated considerably in the past 20 years.

A small portion of the research is directed to classified projects either funded by the government or designed for its use, according to people familiar with the matter. The total funding for those projects is less than $100 million, according to these people. During 2005, Lucent spent about $1.2 billion on research and development, according to company filings.

Despite the small scope of defense research, Lucent, of Murray Hill, N.J., sits in a critical place in the nation's telecom infrastructure. Technology and know-how to wiretap phone calls, monitor wireless communication or intercept a fiber-optic line are Lucent's domain. And for that reason, the two companies are working to devise a plan that would pass U.S. government scrutiny.

Chief among the plans is to create a "proxy board" that would oversee the security-related research. Staffed only by Americans, it would oversee the programs and essentially block any French access to the work.

Creating such a board is just the start of the process. The two companies still must figure out how to select which programs fall under proxy control, how their technology could be converted into commercial use and how a combined Lucent-Alcatel would fund the efforts. That could make a final agreement both a complex and time-consuming exercise.

Nortel Networks Corp., of Brampton, Ontario, devised a similar structure last year when it acquired PEC Solutions. Now called Nortel Government Solutions, the group is a wholly owned subsidiary of the company's U.S. arm, Nortel Networks Inc., and has its own management and a separate board.

Even with a security plan, Lucent and Alcatel still would need to pass muster with the Committee on Foreign Investment in the U.S., the secretive body that came under intense fire for its handling of Dubai Ports World's plan to purchase port facilities across the U.S. Lucent and Alcatel declined to comment.

Lucent Talks Raise Issue Of Security (NYT)

By Vikas Bajaj And Andrew Ross Sorkin

The New York Times, March 28, 2006

As merger talks between Lucent and Alcatel continue to advance, attention is turning to the role Lucent's fast-growing work for military and intelligence agencies may play in securing government approval for the trans-Atlantic deal.

With a long history of contributing to military efforts like ballistic missile technology and submarine sonar, the famed Bell Labs unit of Lucent is widely expected to become a focal point when the deal is presented to regulators in Washington for approval.

Though the companies have said that they are discussing a "merger of equals," experts say the deal will probably be treated as an acquisition of an American company by a foreign entity because Alcatel of France is one and a half times the size of Lucent and the combined company will probably be based in Paris.

An Alcatel spokesman said yesterday that the company's board would meet on Thursday, but declined to comment further. People close to the negotiations said the deal could be finished as early as this week, though they said a formal announcement might be pushed into the weekend.

National security concerns related to Bell Labs are among the unresolved issues being discussed by executives, these people said. Options said to be considered include completely spinning off the division, which has about 9,000 employees, or

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separating a unit that does classified work, using a corporate structure frequently employed in the military industry. But they said the companies hoped that none of those remedies would be necessary.

The Committee on Foreign Investment in the United States, overseen by the Treasury Department, reviews deals that give foreigners control over operations involving classified matters, export-controlled information, American infrastructure regarded as vital or a sole-source supplier to the Defense Department.

The committee starts with a 30-day formal review, which can be expanded into a 45-day investigation, and if the matter is still unresolved, the deal could be forwarded to the White House for a presidential decision.

Bell Labs was created by American Telephone and Telegraph in 1925 as a wide-ranging research and development center for new technologies in conjunction with its equipment subsidiary, Western Electric, which evolved into Lucent, based in Murray Hill, N.J.

The unit, whose researchers helped develop groundbreaking technologies like the transistor and the Unix computer system, was called upon by successive administrations to aid the military during World War II and the cold war.

"It was the equivalent of the national laboratories," said Narain Gehani, a 23-year Bell Labs veteran who wrote "Bell Labs: Life in the Crown Jewel" (2003, Silicon Press).

After the 1984 breakup of A.T.&T., Bell Labs' involvement in military work started tapering off and fell off more sharply when it became part of an independent Lucent in 1996. A year later, Lucent sold one of its last military businesses, a unit that made submarine surveillance systems based in Greensboro, N.C., to General Dynamics for $284 million.

In recent years, however, Lucent has given new emphasis to government business, largely as a source of lucrative and stable military and intelligence communications contracts, after many of its commercial customers went bankrupt or severely scaled back spending on equipment.

At a November meeting with Wall Street analysts, for instance, Lucent executives said its business running communications networks for governments had grown 50 percent in 2005 and 100 percent in 2004. It highlighted a $100 million contract to rebuild and modernize Iraq's communications system and a $242 million contract to modernize a United States Army network.

But when asked to quantify the company's business with the government, a spokesman said yesterday that Lucent did not break that information out.

Loren Thompson, a military analyst at the Lexington Institute in Arlington, Va., said, "Compared with the cold war, Lucent's activity today has much less of a military cast."

But he also noted that the Bush administration's drive to modernize the military into a more agile and responsive force was greatly benefiting Lucent and other communications vendors. "The technologies which Lucent is engaged in are at the cutting edge of military innovation," Mr. Thompson said.

Some of the work has a decidedly futuristic focus, like an $11.5 million grant from the Defense Advanced Research Projects Agency to develop high-speed wireless networks that can be quickly assembled to allow troops to communicate with one another on battlefields.

Several former Lucent and Bell Labs officials said that over the years a small Bell Labs team based in Whippany, N.J., had been dedicated to classified projects and that even senior executives were not fully aware of the group's work because they lacked the requisite security clearances.

Former Bell Labs researchers say the government is financing an increasing share of the basic research done at the labs, because scarce corporate dollars are reserved for commercial product development.

"Unlike the rest of the company, in research, the major funding comes from the government," said Robert W. Lucky, who worked at Bell Labs for three decades before leaving in 1992. He sits on the Defense Science Board, which advises the Pentagon.

Mr. Lucky and other experts said that they expected that Bell Labs' close ties to the government would mean extra scrutiny especially from an increasingly protectionist Congress, but that the merger would ultimately be approved.

So far, the Alcatel-Lucent talks have not given rise to the kind of concerns voiced after the Bush administration approved a deal for a company owned by the government of Dubai to manage some terminal operations at six American ports.

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A spokesman for Senator Frank R. Lautenberg, Democrat of New Jersey, said yesterday that the two deals were not comparable, because Alcatel was not a government-owned entity. (The French government owns 4.8 percent of Alcatel's shares.)

Charles Walston, the spokesman, said Mr. Lautenberg was looking to see whether the deal was truly a merger of equals, "and whether Lucent has a lot of control and if it is structured such that Bell Labs would be autonomous."

Senator Charles E. Schumer, Democrat of New York, who took a leading role in opposing the ports deal, issued a brief statement that said, "The Bell Labs are some of the premier research institutions in the country, and we should watch this proposed merger carefully."

Harry L. Clark, a lawyer at Dewey Ballantine who specializes in getting federal approval for foreign transactions, said the "political dimension" could play a role. "For a century, Bell Labs has been a crown jewel of American research," he said.

Alcatel Board To Review Lucent Talks (AP)

AP, March 28, 2006

PARIS — Alcatel SA's board will meet Thursday to review the company's merger talks with U.S. rival Lucent Technologies Inc., the French telecom equipment maker said Monday.

Alcatel board members will be briefed on the "ongoing discussions" with Lucent at the meeting, company spokesman Mark Burnworth said.

"There won't necessarily be any conclusions," he said, declining further comment.

Alcatel and Lucent announced Friday that they were making a second attempt to negotiate a merger, after previous talks in 2001 ended without a deal.

Analysts say the deal would give Alcatel a foothold in the U.S. telecoms market and help the combined company cope with growing price pressures, as larger phone and Internet operators emerge from a new wave of consolidation and demand economies of scale on their equipment purchases.

Shares in Lucent Technologies rose 2 cents, to finish at $3.08 Monday on the New York Stock Exchange, building on Friday's 8.5 percent gain after the talks were announced.

But Alcatel's American depositary shares dropped 27 cents, or 1.7 percent, to close at $15.43 on the NYSE, erasing Friday's 1.6 percent gain.

Oil Sector Mergers Hit $160bn Last Year (FT)

By Carola Hoyos

Financial Times, March 28, 2006

Mergers and acquisitions in the oil and gas industry tripled in value last year to $160bn - the highest level since the boom year of 1998 when Exxon and Mobil merged, BP took over Amoco, and Total bought PetroFina.

Deals by Chinese oil and natural gas companies, meanwhile, are expected to have grown sixfold to $6bn in 2005 as they became big international players, buying assets from Ecuador to Sudan and Syria, according to an authoritative industry study.

The report, released tomorrow, suggests oil industry executives and government leaders have been on a frantic global buying spree, under rising pressure to secure the oil and gas needed to fuel economic expansion.

The study by Harrison Lovegrove, the UK-based corporate advisers, and John S Herold, the US research firm, is widely regarded by the industry as the most comprehensive report on M&A activity in the sector. It is expected to show that last year oil companies were willing to pay 54 per cent more for acquisitions in North America as executives bet that high oil prices were here to stay. Acquisition prices in the rest of the world shot up 350 per cent.

Excluding the former Soviet Union, prices outside North America jumped 155 per cent. But the highest prices were attracted by Canada because of its political stability and favourable tax environment.

The report found that more than 240 deals had been struck worldwide, a 40 per cent jump from the preceding year. Much of the activity was among publicly traded companies. It included Chevron's $20bn purchase of Unocal and ConocoPhillips's acquisition of Burlington Resources for $36bn.

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The companies being snapped up were mainly mid-sized – too big for modest drilling successes to deliver good growth results but not large enough to compete with national oil companies or to venture into tough new terrain.

National oil companies also had busy mergers and acquisition programmes.

Deals by state-controlled companies totalled $30bn, three times up on 2004.

Moscow's consolidation of its power over Russia's energy interests involved its purchase of a 10 per cent stake in Gazprom, the natural gas monopoly, and Gazprom's $13bn acquisition of Sibneft, among others. The value of the deals totalled about $20bn.

Despite last year's boom, executives of the biggest oil groups continue to argue publicly that potential acquisitions are currently too expensive. And behind the scenes, regulatory hurdles have been sharpened by the political backlash over the industry's record earnings.

At least one big oil company has said it will be on the prowl for takeover targets once oil prices drop to about $45 a barrel. This price fall, it is hoped, will remove the gloss of high revenues to reveal those companies struggling to keep costs in check and unable to grow.

ENVIRONMENT/INDIAN AFFAIRS:

Big Businesses Have New Take On Warming (WSJ)

By John J. Fialka

The Wall Street Journal, March 28, 2006

WASHINGTON -- The global warming debate on Capitol Hill is focused on whether the federal government should impose stricter emissions rules. But a key Senate panel is shifting the discussion from "whether" to "how."

The Senate Energy Committee is hearing from industry and activists about how a mandatory plan to control carbon dioxide and other so-called greenhouse gases could work. Many big businesses that resisted efforts to fight global warming are sending blueprints and companies like Southern Co. -- an Atlanta utility opposed to new controls -- have filed detailed proposals.

"We feel strongly that if there is going to be a mandatory program, it really has to be economy-wide," said Chris Hobson, a senior vice president at Southern. "To do it any other way would be unduly burdensome to our customers."

"What's interesting here is the diversity of companies and their willingness to respond in some detail," said Jonathan Pershing, a climate-change expert for the World Resources Institute, a nonprofit environmental think tank. Concern about the damage caused by climate change and industry's thirst for regulatory certainty, he predicts, could lead to passage of some form of mandatory carbon-dioxide controls within five years.

The energy committee has received 160 plans from companies and organizations, and members will hold a "roundtable" next Tuesday to sift through them. It will be Congress's first review of possible regulatory mechanisms of a system of mandatory controls.

President Bush has opposed anything other than a voluntary approach. Congress has debated and rejected climate-change regulation, but last fall the Senate opened the door a crack, with advocates mustering 53 votes for a resolution backing mandatory controls if they "will not significantly harm the United States economy."

The corporate proposals are part of an attempt to explore what is feasible along those lines. "There will be more good things put down by smart people on this effort than there have been at the beginnings of most processes like this," said Sen. Pete V. Domenici, (R., N.M.) chairman of the Senate panel.

One of the most ambitious plans comes from Arkansas retailer Wal-Mart Stores Inc., which last fall announced goals to make its stores greener. Andrew Ruben, Wal-Mart's vice president for corporate strategy, said the company wants the federal program to cover electricity generators, large industrial companies and the entire transportation sector. He said Wal-Mart won't wait for Congress to act and is planning a program to cut its emissions.

The company, which operates one of the nation's largest truck fleets, has set goals to make it 25% more efficient within two years and to double its fuel efficiency within 10 years.

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Some of the most detailed plans are coming from utilities and other companies that would bear the economic brunt of new rules, including some who have lobbied against more regulations.

A number of major companies, including Southern and DuPont Co., favor what they call a "downstream" approach, which has an effect midway between fuel producers and the ultimate energy consumer. It would impose a cap-and-trade program for utilities and big manufacturers. The government would assign companies a "cap" -- a number of permits or credits to emit carbon dioxide -- which they could trade. Operators who emit less than their quota would have leftover credits to sell to those who need them to keep from exceeding their cap.

These companies also suggest that Congress add an "upstream" approach to cover the millions of cars and trucks in the transportation sector, which would be difficult to control driver-by-driver. So here the controls would shift up the chain of production, to oil refiners in the form of a higher fuel tax, or to auto makers, in the form of more stringent efficiency standards for new cars. The upstream approach would let market forces change consumer behavior.

"The U.S. could show a lot of leadership here because nobody else has figured out how to do this," said Richard Rosenzweig, chief operating officer of Natsource LLC, an emissions-trading firm in New York. He noted that ways to curb emissions in the transportation sector, which generates about 30% of the nation's carbon-dioxide emissions, will be needed in any program to lower U.S. emissions.

Duke Energy Corp., a Charlotte, N.C., electricity producer, is among companies suggesting that Congress apply the upstream approach to all economic sectors in the form of a tax on the carbon content of fuel. The approach would provide "price certainty, gradual timing and administrative simplicity," Duke's plan says. Under some forms of carbon tax, the government would use a portion of the income for research and development of cleaner energy sources and more efficient ways to use energy.

The American Iron and Steel Institute argues in its filing that neither the upstream nor downstream approach will work unless heavy energy users, such as steelmakers, get some form of relief from higher energy prices. Otherwise, they say, companies may shift production overseas. "Companies are very nervous about this," said Jim Schultz, a vice president of the institute. He said the price of carbon credits under the European Union's cap-and-trade system have climbed so high that European steelmakers are considering moving more production to countries such as Brazil, which doesn't have carbon-dioxide controls.

The Senate panel also is looking at systems being developed by Canada and Japan, both of which must comply with the Kyoto Protocol. That agreement among 38 industrial nations, not including the U.S., to reduce greenhouse-gas emissions went into force in February 2005, after Russia ratified it. The treaty requires most industrial nations to reduce emissions by an average of 5.2% below 1990 levels by 2012.

It isn't clear how the plans submitted to the Senate energy panel will compare with Kyoto's goals in reducing emissions. The blueprints U.S. lawmakers are considering focus more on the nuts-and-bolts of how the systems would work, rather than their precise effects in lowering greenhouse gases.

Japan will rely on voluntary emissions reductions at home and major government purchases of carbon credits from abroad to help Japanese companies meet their Kyoto targets.

Canada's system would cover about 10,000 plants in major industries, but, unlike Europe's, it has a "safety valve" that would allow the government to freeze the price of carbon-dioxide credits if market trading drives prices too high.

Some environmental groups argue the safety-valve approach will weaken mandatory controls. Jason Grumet, executive director of the bipartisan National Commission on Energy Policy, counters that it could be key to U.S. passage.

"With a safety valve you can go into a politician's office and assure him or her that the price will go no higher than X amount," said Mr. Grumet. Getting the U.S. to launch a program, he said, may be crucial to getting other big world emitters, such as China and India, to brave the political pain of mandatory controls. "You can't let the perfect become the enemy of the good."

An Ice Day For A News Conference (WP)

By Art Buchwald

The Washington Post, March 28, 2006

President Bush is covering all his bases. He is traveling around the United States defending his policies.

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The White House is scripting his appearances, and, of course, they depend on press coverage.

Bush's handlers pointed out to the president that he had not said anything about global warming, and it was becoming a sore point with the public.

One adviser says, "Let's set up a news conference and advertise the fact that the president will talk about global warming."

The president agrees that it is a good idea and asks, "Where should we hold the conference?"

Another adviser answers, "What do you think about holding a fundraiser on the Arctic Ocean?"

Someone else says, "What about on the Titanic?"

"And we'll have a big banner saying, 'Mission Accomplished.' "

"I like it," the president says. "What do I say about my stand on global warming?"

"You can say that the press only writes about the bad things, like the Earth getting warmer and polar ice caps melting. You will announce that your environmental adviser, who formerly worked for the Petroleum Institute, said that scientists don't know what they're talking about."

Bush says, "I have never trusted scientists. They just stick with the numbers, and all they want to do is hurt us politically."

"Then, Mr. President, you will assure the country that the Titanic will never hit an iceberg as long as you're president. And even if you do, you will stay the course."

The president nods. "Can I talk about greenhouse gases that are melting the ice at both poles?"

"We think it's a good idea to say that, although the emissions may be responsible for the melting, American corporations are dependent on carbon dioxide to keep their factories going. You should also say warm weather will cut down on the use of heating oil."

The president says, "This would be a good place to attack the environmentalists."

An adviser says, "If any of the scientists try to make us look silly on global warming, we'll censor their reports and forbid them to attack our position."

The president asks, "Can I promise we can bring the boys home by Christmas?"

"Good idea."

An aide says, "Mr. President, your second term is only the tip of the iceberg, and you will do whatever is necessary, even though it hurts you in the polls."

Another adviser adds, "The temperature changes can't but help your popularity. You'll go down in history as the American president that warmed the world."

An environmental adviser says, "We will announce that we believe in a preemptive strike against floods, droughts, heat waves and hurricanes -- because you think it's the right thing to do."

An adviser says, "The country will remember that you were the captain of the Titanic, and if it weren't for you, the ship would have struck an iceberg."

"Sir, this global warming news conference on the Titanic will be remembered in a league with the Gettysburg Address."

"Mr. President, this will be a great photo op."

The president asks, "Who will we put on the deck of the Titanic to cheer me on?"

"Conservatives, anti-environmentalists, polar bears, seals and penguins."

At The U.N.: This Virus Has An Expert 'Quite Scared' (NYT)

By Donald G. McNeil Jr.

The New York Times, March 28, 2006

Dr. David Nabarro, chief avian flu coordinator for the United Nations, has become gun-shy about making predictions — in particular about if and when the A(H5N1) virus, now devastating bird populations around the world, will do the same to humans.

But Dr. Nabarro describes himself as "quite scared," especially since the disease has broken out of Asia and reached birds in Africa, Europe and India much faster than he expected it to.

"That rampant, explosive spread," he said, "and the dramatic way it's killing poultry so rapidly suggests that we've got a very beastly virus in our midst."

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Dr. Nabarro, the former chief of crisis response for the World Health Organization, admits that he has been accused before of being an alarmist.

On his first day in his current job, he was quoted as saying the avian flu could kill 150 million people.

In December 2004, when he was in charge of the health organization's response to the Indian Ocean tsunami, he warned that if help did not arrive quickly, cholera and malaria could kill twice as many people as the waves had just swept away.

In Darfur the same year, he said that 10,000 people a month were dying in refugee camps because the Sudanese government was rebuffing aid.

And earlier that year, he warned that Israeli roadblocks were endangering Palestinians who needed drugs for diabetes and high blood pressure.

Asked to reflect on those warnings, he answers: About Darfur, he was dead right. On the Palestinians, he was also right, but massive infusions of aid kept death rates down. On the tsunami, he said, he made his dire forecast when only 40,000 people — not 300,000 — were believed dead, and the world's abundant generosity paid for the clean water and mosquito control that prevented the worst from coming true.

On avian flu, he notes, he predicted 5 million to 150 million deaths — the same range the World Bank was using — but headline writers quoted only the higher figure.

And how many does he now say could die? "I don't know," he said. "Nobody knows."

But he repeatedly said that he is more scared than he was when he took the job in September. In October, he predicted that the virus would reach Africa, where surveillance is so poor that deaths of chickens or humans could easily go undiagnosed for weeks. Last month, he was proved right.

The infection of millions more birds in many more countries "has led to an exponential increase of the load of virus in the world," he said. And influenza is a fast-mutating virus. Each infected bird and person is actually awash in minutely different strains, and it takes lengthy genetic testing to sequence each one — so if a pandemic strain were to appear, "it might be quite difficult for us to pick up that change when it happens."

To skeptics who doubt that the A(H5N1) strain will become a threat to humans because it has existed for 10 years without doing so, he counters that it had the same 10 years to move out of Southeast Asia but did not until last year, when it shot across half the globe.

The skepticism reminds him of his stint in East Africa in the 1980's. No one realized then how widespread the AIDS virus was, and it was still unclear whether it was transmitted by sex. Some experts argued that sex was such an inefficient method of disease transmission that it would never be much of a threat. It has now killed 20 million people, and 40 million more are infected.

"We failed to give it the proper focus, right at the beginning," he said.

Like early AIDS, he said, avian flu has too many unanswered questions, like: Why did the disease, after years of smoldering in poultry, suddenly start hitchhiking in migratory birds? Why does the northern China strain — the one now spreading westward — turn up so many false negatives in diagnostic tests? Why did so many people fall sick so quickly in Turkey?

"Bits of the puzzle are missing," he said. "In six months, will we be cursing ourselves for missing some key phenomena now?"

He fears that the virus will soon be endemic in birds everywhere, rendering containment fruitless and condemning the world to mounting a perpetual vigil for human outbreaks. Its movement into cats frightens him even more because humans routinely curl up with them.

Mutations making it less lethal to humans may, paradoxically, be bad news, he said. A disease that kills half of those it infects often burns out before it reaches new victims, while one that leaves 98 percent of its victims alive, as the 1918 flu did, rapidly reaches hundreds of millions because it has so many carriers.

As a public-health bureaucrat, the 56-year-old Dr. Nabarro, who is British, wants to come across as "honest, accurate, down-to-earth, someone who can translate complex facts in a way that makes emotional sense to those receiving them."

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Still, there is something about his voice. Experience has made him wary of misquotation, so he chooses his words as carefully as a surgeon picks through his tray of instruments. But his enunciation is chilling — reminiscent of Basil Rathbone as Sherlock Holmes, describing with slow, awful precision how a body was mutilated.

Even his lighthearted similes come across that way. An Oxford graduate and the son of a prominent doctor, he knows the value of a yard chicken because he has worked in Nepal, northern Iraq and East Africa fighting malaria and malnutrition.

Each bird that lays eggs until it ends up in the pot, he said, "is a short-term savings account with a high rate of growth and a yield that no bank can match."

Culling ruins third world farmers the same way canceling Social Security would devastate the American working class. It forces the poor to hide their flocks and thus protect the virus.

Dr. Nabarro rejects "gloomy" as a description of his outlook, but if he were an oncologist, his patients would flee.

He works out of rented United Nations offices in the Chrysler Building in Manhattan and spends much of his time traveling. But if human spread of the disease starts, that will end abruptly. There will be, he predicted, a "period of wonderment," while authorities figure out whether the first cases are real, then borders will close, airports will shut down, and travelers everywhere will be stranded.

"Assuming I'm here," he said, "I'll just camp down, probably in the Secretariat, and stay there for 6 to 10 weeks."

That means he will not be with his wife and five children, who are still in Switzerland, where he was posted with the health organization, or in college in England. He has not stockpiled Tamiflu for them or for himself, he said — though he does carry a box of it to show at meetings. They, too, will have to hunker down where they are.

"But they know the job I'm doing," he said. "They see me as I'm plotting the virus on maps."

The one aspect of his job that makes him more optimistic is that the world is waking up. In January, Dr. Nabarro went to a summit in Beijing hoping to raise $1.2 billion for the fight. He got $1.9 billion.

Still, that is just a beginning, he said.

"We spend billions to protect ourselves from threats that may not exist, from missiles, bombs and human combatants," he said. "But pathogens from the animal kingdom are something against which we are appallingly badly protected, and our investment in pandemic insurance is minute."

On The Front: A Pandemic Is Worrisome But 'Unlikely' (NYT)

By Elisabeth Rosenthal

The New York Times, March 28, 2006

OXFORD, England — The Hospital for Tropical Diseases in Ho Chi Minh City, where Dr. Jeremy Farrar works, has treated about two dozen people with avian influenza in the last three years.

With that tiny number, Dr. Farrar and his Vietnamese colleagues probably have more clinical experience than any other doctors with the A(H5N1) virus — the dreaded germ that international health officials fear may ignite the next flu pandemic.

Yet, Dr. Farrar notes, this trickle of humans infected with bird flu — 186 in all since 2003 — has provoked a flood of scientific meetings on pandemics, accelerating in recent months.

"The ratio of meetings to patients is probably 10 to 1: Hawaii tomorrow. Geneva and Singapore next week," said Dr. Farrar, in jeans and carrying a red backpack, on a break from a conference where he was — naturally — speaking on the topic.

"The interest is phenomenal," he said, clicking at his popular PowerPoint presentation.

Still, Dr. Farrar is not sure that this intensity is entirely rational:

Having observed A(H5N1) for many years in Asia, he thinks it is unlikely that the virus is poised to jump species, becoming readily transmissible to humans or among them. Nor does he believe the mantra that a horrific influenza pandemic is inevitable or long overdue. He points out that the only prior pandemic with a devastating death toll was in 1918, and he says that may have been "a unique biological event."

"For years, they have been telling us it's going to happen — and it hasn't," said Dr. Farrar, director of the Oxford University Clinical Research Unit at the hospital in Vietnam. "Billions of chickens in Asia have been infected and millions of people lived with them — we in Asia are intimate with our poultry — and less than 200 people have gotten infected.

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"That tells you that the constraints on the virus are considerable," he continued. "It must be hard for this virus to jump."

Still, a part of Dr. Farrar is terrified of A(H5N1) — "a very nasty virus," he calls it — which he has watched kill healthy young people, devouring their lungs.

In the last year, the virus has extended its range in birds from Eastern China to Western Africa. Over time, it has expanded the variety of species it can infect, including ferrets and cats.

"That is alarming," he acknowledges in the understated British way.

Like all responsible scientists, Dr. Farrar believes the world should prepare. But schooled in places where people die of real and present diseases like malaria and tuberculosis, he finds the "doomsday" predictions sketched out by some international officials unhelpful, more fantasy than fact.

And even if these officials' dire forecasts were to come true, he says, many of their elaborate pandemic preparedness plans are unworkable in developing countries, which do not have the resources or medical facilities to comply.

"I think you have to say we really don't know the odds of pandemic, and people are not comfortable with that," Dr. Farrar said. "It could fizzle out and kill 98 people — one more than the number dead today. Or it could be something like 200 million," closer to an estimate once made by Dr. David Nabarro, chief avian flu coordinator for the United Nations.

"It's terrifying if it happens, but it is very, very unlikely, I think — and it is difficult to balance those facts."

At the Tropical Disease Hospital in Vietnam, doctors have been doing just that, bracing for a pandemic that may never come, since long before it became fashionable in the West.

Before Vietnam began vaccinating poultry in mid-2005, the disease was rampant among birds there. Of the world's 186 confirmed human cases, 93 are from Vietnam. There have been no new cases this year.

But in the Tropical Diseases Hospital, doctors and nurses still don full bio-protective gear when they evaluate suspected cases, because "you don't know if the next one will mark the start of human to human transmission," Dr. Farrar said.

With each new patient, they assiduously try to follow international scientific recommendations. But their on-the-ground experience reveals holes in the neat strategies coming from United Nations experts in Geneva and Rome.

The World Health Organization suggests that it might be possible to contain a pandemic by quickly diagnosing index cases, identifying contacts, prescribing all antiviral drugs, and quarantining, for example.

In response, Dr. Farrar shows a picture of the home of a patient: a hut on stilts by the Mekong River. When that patient fell ill, he took a boat to the local health station, and was transferred to the district hospital, Dr. Farrar says. Later, an ambulance took him to Ho Chi Minh City, where genetic analysis showed that he had avian influenza, instead of typical pneumonia. If bird flu ever gained the ability to spread easily among humans, that patient would have infected thousands before diagnosis.

"You've got to act quickly, but the process now takes many days," Dr. Farrar said, suggesting that more money for clinics, labs and experts should be flowing to developing nations.

"Then you're supposed to go back to the village and saturate it with oseltamivir?" he asks, using the generic name for the antiviral drug Tamiflu. "What do the villagers do when they hear the man has bird flu? They don't sit still; they get on buses and flee and stay with relatives in other villages," potentially spreading it there.

For doctors in Vietnam, human cases of avian influenza have been a frightening reality for more than three years, and Dr. Farrar vividly remembers the initial terror of the devoted hospital staff, unsure if they could catch bird flu from patients.

"Look at this lung — there's nothing there," he said pulling up the X-ray of a patient who is back at the university, but whose left chest shows a vast empty cavern. Studies from the hospital have taught the world much about A(H5N1): humans took longer to clear this virus than normal influenza, for example, and Tamiflu can quickly breed resistant strains.

But, to Dr. Farrar's chagrin, the treatment options have not really improved.

Flu vaccines are still manufactured by an "ancient strategy" that involves injecting eggs with virus, he complained, even as other vaccines rely on more sophisticated methods. As a result, flu vaccines — including experimental versions aimed at A(H5N1) — are cumbersome to produce, and target just one strain.

"What we need is a vaccine that is effective across strains because the virus can be different each year," he said. "My mom in the U.K. can get a shot every year, but that is not realistic in rural Asia."

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More remarkable still, he said, Tamiflu is still the only drug useful against avian influenza, "and we all know that one drug is not adequate to treat any viral disease," he said, noting that multiple drugs are used in AIDS.

Patients at Dr. Farrar's Hospital are given Tamiflu, and it appears to help some. "It's all that we have," he said. "So if I was sick, I'd certainly want to get it."

But, he rues the lack of international research and coordination to tackle a disease that has been in Asia for nearly 10 years. For example, he said, although Vietnam has greatly reduced the number of bird flu outbreaks by vaccinating poultry, no one knows if the vaccine puts pressure on A(H5N1) to mutate to develop resistance to the shot, which could cause a rebound of disease in the coming years.

Personally, Dr. Farrar remains optimistic, believing a pandemic will not come. If A(H5N1) changed so that it readily infected people, it would probably become less deadly, he said.

But if disaster happens, he says: "People will look back and say: 'This was a nasty virus that you knew could sometimes infect other species. Why didn't you do something? All you had was a single effective drug and no vaccine?' "

With Every Epidemic, Health Officials Face Tough Choices (NYT)

By Lawrence K. Altman, M.d.

The New York Times, March 28, 2006

To warn. Or not to warn.

That classic dilemma in public health has been brought into sharp focus by the A(H5N1) avian influenza virus that is spreading around the world and has led to the death of tens of millions of birds in Asia and Europe.

For health officials, few decisions can be as crucial as deciding if and when to sound early warnings when they believe that an epidemic is possible but do not know whether it will become a real catastrophe.

The dilemma often concerns the influenza virus because it continually mutates, leading to human pandemics that predictably occur unpredictably. Although scientists lack the knowledge to predict when and what strain will cause the next influenza pandemic, they say they are convinced that another one is inevitable and so preparation must start as soon as a threat is detected.

That kind of immediate action occurred in 1976 after four cases of swine influenza were detected at Fort Dix, a military base in New Jersey. Fearing that the cases represented an early warning of an impending pandemic of influenza, Public Health Service officials rushed President Gerald R. Ford, who was running for re-election, into recommending a swine influenza shot for every American.

Mr. Ford proposed a $135 million program to make enough vaccine to immunize 200 million people, about 95 percent of the United States population at the time. It was the government's first effort to immunize all Americans against one disease in one program, and Congress authorized it.

But the effort was suspended shortly after it began because a paralyzing ailment, Guillain-Barré syndrome, occurred among a small number of the 42 million vaccine recipients.

A few cases of the syndrome had been linked to influenza vaccine, but government officials failed to mention the risk in the consent form or to discuss it publicly.

The feared killer disease never came. But by the time the effort ended, 535 cases of Guillain-Barré had been diagnosed, including 23 deaths, outnumbering the mostly mild 230 cases of swine flu at Fort Dix. The virus did not spread. The immunization plan was a fiasco. Health officials were dismissed, some say unfairly.

The episode has become a textbook case in training a new generation of health officials about the dangers of sounding warnings too early without having a well-thought-out plan.

The opposite problem — failing to warn about preparations for an outbreak — occurred in 2001.

Shortly after Sept. 11, Tommy G. Thompson, then the secretary of health and human services, went on national television to assure Americans that the government was fully prepared to respond to any bioterrorism attack.

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Within days, the deliberate release of anthrax spores through the postal system proved him wrong. The outbreak was small — 22 cases, including 5 deaths. But it showed how poorly the government communicated in a timely way to doctors and the public. It left many government officials wanting never to be perceived as underreacting to a health threat.

The two episodes led many people to lose trust in government health warnings, or in the lack of them.

Warnings about A(H5N1) avian influenza began in 1997, when scientists in Hong Kong discovered that that strain of virus had jumped directly to cause disease in humans without first mixing in pigs, which had been the pattern until then. With the spread of the virus among birds, officials have warned that it could mutate, combine with a human influenza virus and create a new one to cause a human pandemic.

That has not happened, although 105 of the 186 people in the world who have developed A(H5N1) avian influenza have died.

Should health officials risk issuing stern warnings that may frighten people? Or should officials play it safe, going about their business and informing the public only when a pandemic becomes real?

If officials do issue early warnings, and nothing happens, they stand to lose credibility among people who say that scientists promoted the worst possibilities to grab more grants and waste taxpayer dollars.

If officials do not issue early or timely warnings, and a pandemic occurs, critics will say the public was not informed and protected in time.

The situation also leaves health officials vulnerable to charges of "I told you so," even though there is often no way to prove that the Monday morning quarterbacks actually made their criticisms known at the time key decisions had to be made.

Two types of dilemmas are often involved in deciding when and what warning to give, said Dr. Harvey V. Fineberg, who wrote a book with Richard E. Neustadt in 1978 analyzing the government's and industry's responses to the swine flu immunization program.

One is like a Category 5 hurricane with long odds on its occurring, but with devastating consequences if it does.

"In such cases, the naysayer is most often going to be right," said Dr. Fineberg, president of the Institute of Medicine of the National Academy of Sciences, said in an interview, referring to those who contend preparation is unnecessary.

The second dilemma involves a tension that can arise when scientists believe that political leaders and the public do not understand risk as well as scientists do. Problems can arise if an expert believes action is needed because the risk of an outbreak is, say, 10 percent, but perceives that government officials will consider 10 percent to be too low for action to be taken.

So the scientist may choose a way to present the facts and estimates to persuade government officials to do what the scientist believes is correct.

In deciding whether to warn and act, the tendency is often "reluctance to do something that may cause harm as opposed to allowing nature to create its own harm," Dr. Fineberg said.

Last year, the Bush administration released a comprehensive plan to counter an influenza pandemic. Even with it, the dilemma of when to warn will remain.

Making A Ferret Sneeze For Hints To The Transmission Of Bird Flu (NYT)

By Denise Grady

The New York Times, March 28, 2006

ATLANTA — One way to collect nasal secretions from a ferret is to anesthetize it, hold a petri dish under its snout and squirt a little salt water up its nose so that it will sneeze into the dish.

At the Centers for Disease Control and Prevention, ferret sneezes are frozen in tiny vials and locked up in a high-security chamber called an enhanced biosafety Level 3 laboratory. It takes a fingerprint scan to get in, and an iris scan to open the freezer. Scientists wear scrub suits, gowns, double gloves and hoods, breathe filtered air and open vials only by reaching into a safety cabinet designed to keep germs from escaping into the air.

The vials are in this lab because the animals have been exposed to A(H5N1), the notorious avian flu virus that has swept across Asia, Europe and Africa, wiping out flocks of poultry and sometimes killing people as well. Researchers at the disease

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centers and in other labs are studying the transmission and virulence of bird flu in ferrets and mice, trying to answer questions that take on more urgency as the virus advances.

"We have never had a situation like the world is experiencing today, such an unprecedented spread among poultry," said Dr. Timothy Uyeki, an epidemiologist and influenza expert at the disease centers. "The geographic spread is unprecedented, and the mortality unprecedented as well, and this virus has been clearly confirmed to transmit directly from poultry to people and to cause severe and fatal illness."

The big question is, will A(H5N1) cause a human pandemic? Many scientists think the world is overdue for one and find it worrisome that this dangerous virus has popped up now. Even so, in its present form this flu does not seem to be a pandemic germ because it does not spread easily from birds to humans, and because infected people rarely transmit it to others. But everything could change if the virus were to mutate in a way that made it easier for people to catch and spread.

"Why would a particular virus be transmitted easily human to human, and another not?" asked Dr. Peter Palese, chairman of microbiology at the Mount Sinai School of Medicine in New York. "Even though I am 35 years in this field, we do not have molecular parameters or signatures which make that clear, although many groups, including my own, are working on this exact question."

The virus is a moving target, and two distinct subsets of it have developed, one from Vietnam and one from Indonesia, that differ enough to make scientists think separate vaccines will be needed. Scientists are trying to understand how a virus can be wildly contagious among birds but almost impossible to spread in mammals — and what type of mutation could change that. They are also comparing different strains of A(H5N1) to see if it is becoming more virulent, and they are examining the structure of the virus in hopes of figuring out what makes it so deadly.

Ferrets are used for some studies because, unlike mice, they easily catch human flu viruses and get sick, and so are considered a better model for people. At the disease centers, Taronna Maines and Terrence Tumpey have infected ferrets with A(H5N1) and then monitored them to see if the severity of the disease varies by strain and by dose, and to see if the infected animals cough up the virus or sneeze it out and spread it to healthy ones.

It turns out that ferrets do not transmit the disease easily, though some healthy animals develop antibodies to the virus, indicating that they have been exposed. If a strain comes along that is contagious in ferrets, it might be bad news for people.

Research like this may help determine whether (A)H5N1 is heading down the path to becoming a pandemic strain, and may also help to guide the development of vaccines and drugs.

Aside from the virus's recent horrible track record, several other things about it can help explain why some scientists worry that it has pandemic potential. The A means it belongs to a larger group known as Type A influenza viruses, which cause many of the human flu epidemics that occur every winter. But more ominously, Type A also includes the only viruses ever known to have caused human pandemics, in 1918, 1957 and 1968.

Flu viruses mutate a lot, and pandemics occur when a Type A virus undergoes a big genetic change to produce a new type of virus to which people have little or no resistance. Sometimes the change occurs when a person or a pig acts as a "mixing vessel" for two flu viruses — maybe a human one and a bird one — which swap genes to produce a new virus. That kind of change is believed to have caused the 1957 and 1968 pandemics. But the 1918 pandemic, the worst by far, is thought to have occurred without a gene swap, when a bird flu somehow mutated enough to jump into humans.

All Type A viruses are found in birds. They probably originated in wild birds and usually do them little or no harm. Only a few evolved into strains that could easily infect people. A(H5N1) is not adapted to people, and researchers suspect that human victims so far may have been infected because they were exposed to enormous amounts of the virus from birds.

The letters H and N stand for two proteins on the outside of all Type A viruses. The H, hemagglutinin, helps the virus get into cells, which it must do to reproduce. The N, neuraminidase, helps it get back out to infect more cells. There are 16 kinds of H and 9 kinds of N; they mix and match, and so can produce 144 possible Type A strains. The worrisome thing about H5 is that H5 viruses are avian flus and have not been known to cause human epidemics, so many people may have little or no resistance to them.

Not long ago, A(H5N1) may well have been what scientists call a perfect parasite, meaning one that does little harm to its host, Dr. Ruben Donis, a flu expert at the disease centers. said. Some wild ducks seem to carry it without getting sick at all, so

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scientists think that ducks were probably its original host and that the two evolved together into a peaceful coexistence: the virus did not hurt the duck, and the duck's immune system ignored the virus. Thriving in the bird's intestines, the virus multiplied rapidly and was spread far and wide by droppings. Other aquatic birds may have adapted in a similar way.

Not so for chickens or other domestic fowl: A(H5N1) attacks their lungs and other organs, and it quickly kills them. But the chicken's immune system tries to fight back, and that battle may alter the virus. The bird may fight off some viruses, ones with certain mutations. Other viruses survive, multiply and become more common. And since they have beaten out the chicken's immune system, they may also be nastier.

It is just a theory, but some scientists suspect that its forays into huge poultry flocks may have brought out more virulent forms of A(H5N1), which may explain why the virus now seems to be killing off more wild birds than in the past. At the same time, the virus has begun to invade more species, including mammals — infected cats, pigs and dogs have been reported. Researchers consider that a bad sign.

"The more opportunities this virus has to mutate during replication in a mammalian host, the more likely it is to mutate," said Dr. Nancy Cox, director of the influenza branch at the disease centers.

In the laboratory, Dr. Maines and Dr. Tumpey have found that the virus seems to have become more virulent over time. With some strains, an unbelievably small amount of virus will kill a mouse, Dr. Tumpey said. Last September, in the Journal of Virology, they reported that viruses from people infected in 2003 and 2004 were more deadly in mice and ferrets than were samples taken from 1997 victims. But there is not enough information about the human cases to tell whether the disease in people has gotten more severe.

Recent studies by several research teams have focused on hemagglutinin. The virus can attach only to cells that have the right receptors — compatible molecules on their surfaces. Many scientists think hemagglutinin, and mutations that change its structure, may control where the virus can go and what it can do. For instance, hemagglutinin may determine which species the virus can infect and which tissues it can invade.

The more organs and tissues a virus can attack, the more likely it is to cause severe disease. Scientists are especially interested in a part of the hemagglutinin that sets A(H5N1) apart from many other bird flu viruses by enabling it, in some species at least, to latch onto many types of cells and thus to cause systemic disease.

Studies published recently in Science and Nature by two research groups suggested that one reason A(H5N1) is not transmissible among people is that the virus can latch on only to cells deep in the respiratory tract, too far down to be coughed up or sneezed out to infect other people. They discovered that only the deeper cells had the right type of receptors.

But if the virus were to mutate so that it could connect with cells higher in the respiratory tract, then it might become transmissible. Several mutations would be needed, and virologists disagree about whether they are likely to occur.

Another major unanswered question concerns how severe bird flu really is in people. Based on cases in hospitals, it looks like a horrific disease with a 50 percent death rate.

But what if some people get infected and recover without seeing a doctor, or never get sick at all, and so are not counted? Then, the death rate would be lower.

A study published in January in The Archives of Internal Medicine suggests that there may be mild, unreported bird flu cases. Over a three-month period in 2004, researchers studied 45,478 residents in a rural district in Vietnam that had A(H5N1) outbreaks to find out how many had contact with sick birds and how many had flulike illnesses.

They found that statistically, those exposed to sick birds were most likely to have gotten sick, and of 8,149 who had a flulike illness, 650 to 750 probably caught it from birds. The study was not conclusive because the researchers did not test their subjects to find out for sure whether they had A(H5N1).

But if human cases are more common than previously thought, it could be both good news and bad news: good if not everyone becomes deathly ill, but not good if more people are infected and might act as the dreaded "mixing vessels" that could let A(H5N1) trade genes with an ordinary human flu virus and produce a new, highly contagious strain that could turn into a pandemic.

"The viruses are changing, and in ways of concern to me and other scientists," Dr. Cox said.

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She said scientists had a unique window of opportunity now, in which they could see the disease in both birds and people and try to stop it or at least slow it down.

"Could we quench an incipient pandemic?" Dr. Cox asked. "I don't know, but we could try."

From The Chickens' Perspective, The Sky Really Is Falling (NYT)

By Donald G. McNeil Jr.

The New York Times, March 28, 2006

The A(H5N1) influenza strain circulating the globe now may never seriously threaten humans, but for another subset of the earth's living creatures, it is already a disaster.

"If you're a chicken," Dr. Julie Gerberding, director of the Centers for Disease Control and Prevention, said at a recent conference on avian flu, "this is a pandemic. We have to be aware that other species are thinking about this differently."

By some estimates, more than 200 million domestic chickens, ducks and geese have already either died of the disease or been killed on the order of public health authorities to prevent its spread.

But scientists are scratching their heads over how much of a threat the virus presents to the world's birds.

All birds are thought to be susceptible, said P. Patrick Leahy, acting director of the United States Geological Survey, which tracks wild bird movements in the country. The survey's National Wildlife Health Center lists all the 87 species from which infected birds have been found in Asia, Africa and Europe. The species include sparrows, eagles and flamingoes. But in most cases, it has been a dead bird here and a dead bird there.

While the virus can race through a chicken farm, killing tens of thousands of birds in a few days, there have been very few die-offs of large numbers of wild birds in any one spot. Nor have ornithologists who net live birds along international flyways and take samples from birds shot by hunters found many infections.

And bird experts cannot yet point to any species they think is likely to become extinct.

"As a conservationist, I'm not concerned about it wiping out whole populations," said Colin Poole, director of the Asia program for the Wildlife Conservation Society, which runs the Bronx Zoo and others. "I'd say the biggest threat is things like Russian politicians saying people should go to the borders and shoot migrating birds. There's plenty of that kind of nonsense going around."

In May 2005, Chinese researchers reported that 6,000 dead birds had been found in Qinghai Lake nature reserve, among them many bar-headed geese (Anser indicus). In theory, that could mean that 5 percent to 10 percent of the world's population of bar-headed geese was wiped out, but foreign teams were not allowed near the lake, and several bird experts said that the sampling data China released was sketchy about which species were affected.

Shortly afterward, reports of a large die-off at Erkhel Lake in Mongolia were investigated by Wildlife Conservation Society veterinarians. They found only 100 dead birds, many of them swans, and counted 6,500 live ones of 55 species. Only one sample from about 800 they gathered turned out positive for the virus.

"It had a very low impact," Dr. William Karesh, one of the veterinarians, said at the time. "The disease is self-limiting in wild birds."

According to Birdlife International, a bird-protection group based in England, members of two other threatened species, the red-breasted goose (Branta ruficollis) and the Dalmatian pelican (Pelecanus crispus), have been found dead of the disease. But only a handful were found, and there are an estimated 88,000 of the geese and 15,000 of the pelicans remaining.

There are at least 15 types of avian flu, and wild ducks are a natural host. The viruses, which are shed in feces and linger in water, turn Arctic breeding ponds into a duck soup of influenza, and migratory birds carry antibodies to many strains.

But when a new virus gets into a barn packed with thousands of young chickens that have been genetically selected for their plump breasts rather than their ability to survive in the wild, it leaps from bird to bird, mutating slightly each time, and sometimes morphs into a lethal strain — just as the 1918 Spanish flu was believed to become more deadly as it passed through crowded American military camps during the cold winter of 1917.

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The new, lethal virus may then be passed back to migratory birds when they visit ponds or rice paddies used by domestic flocks — or perhaps through intermediaries like crows or mynahs that steal food from poultry operations. But then, that wild infection may snuff itself out again because dying birds cannot fly far.

This may help account for the unpredictable hopscotch pattern the virus is following, experts said.

"It's hard to know what's going on," said Rob Fergus, science coordinator for the National Audubon Society. "But we're not seeing many wild birds dying nearby every time we find outbreaks in poultry."

Another possible route is the international trade in day-old chicks. After the outbreak in Nigeria, the Nigerian agriculture minister, Adamu Bello, said poultry producers there import chicks from China and Turkey, where the disease is widespread. Although the river deltas of southern Nigeria shelter many birds that migrate from Europe, ducks there are not dying, and the first infected poultry operations were in the arid north.

The chick trade "has made the chicken the most migratory bird in the world," said Adrian Long, a spokesman for Birdlife International. "When the United Nations puts every outbreak on wild birds, they're not exactly being Sherlock Holmes in their inquiries."

Two localized die-offs of wild birds, one in Azerbaijan and one in Germany, have been reported. And from Italy to Sweden, small numbers of dead, infected swans have been found, while many other species sharing waters with them appear healthy.

Many of the dead were mute swans (Cygnus olor), Mr. Poole said, which often live close to humans in park lakes. Unlike whistling swans, which migrate thousands of miles to the Arctic, mutes tend to circle Europe following food crops, the way Canada geese circle North America, and might have caught their infections from poultry in Turkey or Romania.

Human overreactions have proved more of a threat. In January 2004, the Thai government briefly laid plans to kill 70,000 open-billed storks in two nature reserves, fearing they were spreading the disease after 200 of them died. It canceled the plan a month later after only two of the dead birds turned out to have had the flu.

In Romania, villagers were reported to have attacked exhausted wild birds on an icy lake. In Maine, Kathleen F. Gensheimer, the state epidemiologist, said her department had fielded calls from citizens asking if they should shoot all the Canada geese landing in their backyards.

No bird with the deadly A(H5N1) strain has yet been found in North or South America.

The disease is endemic in China's poultry, and many species migrate over those flocks. Authorities in Hong Kong, Japan, South Korea, Australia and New Zealand have tested thousands of those migratory birds in the last two years, Mr. Poole said. Not a single infected one has been found. (Most of the tests were of feces, not blood, so the birds were not shedding the A(H5N1) virus. Blood tests might have shown antibodies to the virus, meaning the birds had been infected but survived.)

In Hong Kong, 16 birds found dead have tested positive, he said, "but they were all chickens or resident species, not migratory, and all from species associated with humans — crows, magpies, mynahs."

A huge study of swabs and fecal samples from 13,000 wild ducks in marshes in Hong Kong and eastern China and 51,000 ducks in wet markets around China, reported last month by virologists in Asia and from St. Jude Research Hospital, showed that some healthy looking wild ducks were shedding a form of the virus that was lethal to domestic birds. And the A(H5N1) strains in domestic poultry had mutated into such distinct regional clades that the authors believed most of the spread in those flocks was from farm to farm, not from wild birds.

The study suggested that wild ducks were probably responsible for moving the virus to Mongolia, Russia and Europe, but that they were probably getting infected by strains percolating in the domestic flocks of southern China.

The 1918 Flu Killed Millions. Does It Hold Clues For Today? (NYT)

By Gina Kolata

The New York Times, March 28, 2006

Flu researchers know the epidemic of 1918 all too well.

It was the worst infectious disease epidemic ever, killing more Americans in just a few months than died in World War I, World War II, the Korean War and the Vietnam Wars combined. Unlike most flu strains, which kill predominantly the very old and

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the very young, this one — a bird flu, as it turns out — struck young adults in their 20's, 30's and 40's, leaving children orphaned and families without wage earners.

So now, as another bird flu spreads across the globe, killing domestic fowl and some wild birds and, ominously, infecting and killing more than 100 people as well, many scientists are looking back to 1918. Did that flu pandemic get started in the same way as this one? Will today's bird flu turn into tomorrow's human pandemic?

And what, if anything, does that nearly century old virus and the pandemic it caused reveal about what is happening today?

The answer is: a lot and not enough. The 1918 pandemic showed how quickly an influenza virus could devastate American towns and cities and how easily it could spread across the globe, even in an era before air travel.

It showed that a flu virus could produce unfamiliar symptoms and could kill in unprecedented ways. And it showed that a bird flu could turn into something that spreads among people.

But the parallels go only so far, researchers say. For now, they are left with as many questions as answers.

In the fall of 1918 flu struck the United States and parts of Europe hard and traveled to every corner of the world except Australia and a few remote islands. A few months later, it vanished, burning itself out after infecting nearly everyone who could be infected.

The virus arrived at even the most improbable places, like isolated Alaskan villages. In one such village, Wales, 178 of its 396 residents died during one week in November, after a mailman arrived by dog sled, bringing the virus along with the mail.

Public health officials tried in vain to contain its spread. In Philadelphia, people were exhorted not to cough, sneeze or spit in public.

But the virus spread anyway. On Oct. 3, Philadelphia closed all of its schools, churches, theaters and pool halls. Still, within a month, nearly 11,000 Philadelphians died of influenza.

Anyone who doubts that flu deaths can be horrific need only read the memoirs of physicians like Dr. Victor C. Vaughan, who treated influenza victims in 1918.

Dr. Vaughan, a former president of the American Medical Association, was summoned by the surgeon general to Camp Devens, near Boston, where the flu struck in September. He later described the scene in his memoirs.

The men, Dr. Vaughan wrote, "are placed on the cots until every bed is full, yet others crowd in."

"Their faces soon wear a bluish cast; a distressing cough brings up the blood stained sputum," he continued.

"In the morning, the dead bodies are stacked about the morgue like cord wood," Dr. Vaughan said. "This picture was painted on my memory cells at the division hospital, Camp Devens, in the fall of 1918, when the deadly influenza virus demonstrated the inferiority of human inventions in the destruction of human life."

Still, scientists are left with an abiding mystery: Where did the 1918 virus come from?

Investigators know more than they once did. They know exactly what the virus looked like, thanks to Dr. Jeffrey Taubenberger, chief of the division of molecular pathology at the Armed Forces Institute of Pathology, and his colleagues, who obtained snippets of preserved lung tissue from three victims of the 1918 flu and managed to fish out shards of the virus and piece together its genes. Although the 1918 virus was a strain different from the A (H5N1) virus that is now killing birds, it was, Dr. Taubenberger found, a bird flu.

What is not known is how the 1918 virus moved from birds to humans.

One clue could come from knowing what flu viruses existed before the 1918 pandemic. Perhaps the 1918 virus entered the human population before 1918 in a more benign form then mutated to become a killer. Or perhaps it suddenly showed up in humans, jumping directly from birds to people.

To find out, Dr. Taubenberger and Dr. John Oxford of the Royal London Hospital are looking for human flu viruses that existed before 1918. London Hospital has a collection of human tissue obtained from 1908 to 1918. Dr. Taubenberger is searching for flu viruses in lung tissue from people who died of pneumonia in those years, hoping to use the same methods that allowed him to piece together the 1918 virus to resurrect a flu virus that was in humans before 1918.

The 1918 virus also is teaching researchers about experimental vaccines that scientists hope will protect against a variety of influenza strains. The plan had been to make a sort of universal flu vaccine that would protect against various flu viruses. Then people would not need a flu shot each year, and the vaccine might stop pandemic flu strains from ever gaining a toehold.

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But, says Dr. Terrence Tumpey, a microbiologist at the Centers for Disease Control and Prevention, although the experimental vaccines protect against ordinary human flu viruses, they do not protect against the 1918 virus. Nor do they protect against today's A(H5N1) bird flu virus.

That leaves scientists with a puzzle. If they are worried about a 1918-like flu, they want a universal vaccine to protect against it, and they wonder what makes these bird flus so impervious? At this point, no one knows, Dr. Tumpey says.

Another abiding mystery is that neither the 1918 influenza pandemic nor any other human influenza pandemic began with a flu pandemic that killed birds. And, scientists add, if the 1918 pandemic had begun that way, it would have been noticed. Even if the deaths of wild birds went undetected, the deaths of domestic fowl would have been recorded.

Wild birds are inured to most flu viruses — clouds of the viruses normally infect them, living in their gastrointestinal tracts but causing little or no disease. Sometimes, those flu viruses infect poultry and, while they usually cause little illness, some flu strains can be lethal to fowl and economically devastating to farmers.

That, Dr. Taubenberger says, "has been recognized for 150 years." In the 1920's, scientists even isolated viruses from what they used to call fowl plague and what is now known to be bird flu. They were not the same viruses that infected humans.

The problem is in deciding what all this means.

The history of the 1918 flu can take scientists only so far, Dr. Taubenberger said.

"We don't know how the 1918 pandemic evolved and how the virus emerged into a form that was the finished product," he said. "What we sequenced was a virus that was ready for prime time, not its precursor."

"Ultimately," Dr. Taubenberger said, "the answer to the big question is, We don't know. There is no historical precedent for what is going on today."

Woman Jailed In Havre On Charge Related To Fatal Shooting In Hays (HAVREDN)

By Krista Corner, Havre Daily News

Havre (MT) Daily News, March 28, 2006

A fatal shooting in Hays on Saturday left one man dead and his daughter in custody, an FBI official said this morning.

Neil Gray, 43, was shot to death in his residence in Hays on the Fort Belknap Indian Reservation, FBI spokesman Patrick Kiernan said today in an interview from Salt Lake City. Gray's daughter, Ashley Lynn Gray, 21, of Hays is being held in connection with the crime, Kiernan said. According to the Hill County Sheriff's Office, Gray is being held in county jail on charges of disorderly conduct and obstructing a peace officer.

"I anticipate additional or different charges will be filed" against Gray, Kiernan said.

The spokesman said he could not release any additional details regarding the incident.

FBI/DEA/ATF/USMS:

Gun Case Against Firefighter Spotlights Interrogation Policy (RMN)

By Kevin Vaughan, Rocky Mountain News

Rocky Mountain News, March 27, 2006

While the majority of law enforcement agencies routinely record interviews with suspects during criminal investigations, one of the biggest and most powerful ones all but refuses to tape interrogations.

The exception to a law enforcement trend now more than two decades old? The Federal Bureau of Investigation.

The argument against taping is simple: If agents record interviews, suspects won't talk candidly.

Not true, said Denver police Lt. Jon Priest, who helped usher his department's homicide unit into the era of video recording in 1983.

"That was the same argument that came out in 1966 when the Supreme Court ruled that you had to advise people of their rights. 'Oh my God, they'll never talk to us again,' " Priest said. "But you know what, they still do, and they still confess."

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The FBI's long-standing practice is in the spotlight again in the case of a Denver firefighter facing federal charges of selling illegal machine guns. Stan Ford, 35, was arrested last November after a two-year investigation. After his arrest, Ford sat down with an FBI agent and a Denver police officer.

But exactly what he said is in dispute. The FBI agent wrote a report, slightly longer than three pages, summarizing the interview. That report includes several quotations.

At a court hearing earlier this month, Ford's attorney, Will Hood, won the right to examine the FBI agent's notes. He then pointed to a number of inconsistencies between the notes and the report.

In one instance, for example, the notes quote Ford as saying he liked to "buy and sell guns legally" - but the word "legally" was not in the report. In other examples, direct quotations in the report are not in the agent's notes.

"We wish that we actually had some kind of recording of it so that there was a verbatim record of exactly what words were exchanged," Hood said. "We feel disadvantaged by the absence of that."

Supervisory Special Agent Stephen Kodak of the FBI's national office in Washington, D.C., acknowledged that taping is rare. Kodak read a section from the bureau's manual: "FBI policy does not prohibit recording witness statements; rather, such recordings are permissible on an extremely limited, highly selective basis, and only when authorized" by the special agent in charge.

"Have I ever seen it done in my 15 years as a street agent?" Kodak said. "No. But to say it's not authorized would be a misstatement."

The policy is based on the belief that taping, "if instituted right away, when the witness does not wish to be tape recorded, can inhibit full and frank discussion."

But Priest believes taping in major cases insures accuracy.

"Certainly," he said, "there's no question about what was said, there's no question about how it was said, and in the custodial situation, there's no argument about the circumstances of the interview. Was he properly advised of his rights? Did he waive his rights? Was there any coercion or threat involved?"

Denver police aren't alone in their position.

"The bottom line on that is documentation," said Steve Davis, spokesman for the Lakewood Police Department. "You're documenting not only what an interviewee is saying, but what your people are saying to them . whether it's reading them their rights or clarifying a question asked of a suspect, it's documented.

"There's no misinterpretation because of somebody taking notes. It's all there on tape."

Hood is likely to raise the accuracy of the FBI's report at trial. He said he does not know why the FBI rarely tapes interviews.

Not taping, he said, could give agents "more latitude" in their characterization of statements. But it also opens agents up to challenges about their accuracy.

Kodak declined to discuss the controversies that can arise.

Among those who have encountered the FBI's policy are Randy and Judy Brown, a couple who have frequently battled with authorities in the Columbine case. When they were interviewed by FBI agents, they assumed - incorrectly, it turned out - that they were being recorded.

But when the report of an hours long interview came out, the Browns questioned some of the statements. They were told there wasn't a tape.

"My advice to everyone is if you're being interviewed by the FBI, tape it yourself," Judy Brown said.

19 Named In Meth Indictment (WT/UPI)

The Washington Times/UPI, March 27, 2006

Nineteen people were indicted in San Diego in an operation that allegedly used children to carry methamphetamines over the U.S.-Mexico border.

The Drug Enforcement Administration, in a release Monday, said the group led by Jorge Arreola-Gomez smuggled large amounts of methamphetamines into the United States. Among those named in indictment are Arreola, his two sisters, his wife, his mother and two brothers-in-law.

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Authorities said they seized more than 140 pounds of methamphetamine, 20 pounds of pseudoephedrine used to make methamphetamines and a large amount of U.S. currency.

Federal agents say they stopped several individuals crossing the border, including a juvenile taking 20 pounds of pseudoephedrine into Mexico and another youngster trying to sneak 8 pounds of methamphetamine into the United States. The first seizure authorities listed was last September when they netted 75 pounds of methamphetamines. The most recent arrest was March 6.

All of the defendants, 17 of whom are from California and two are from Mexico, were charged with conspiracy to distribute methamphetamine, which carries a maximum sentence of life in prison and a $4 million fine. Three defendants were also charged with a firearms violation, which could result in a life-in-prison and $250,000 fine sentence.

Nineteen In Southern California Charged In Meth Smuggling Case (AP)

AP, March 27, 2006

SAN DIEGO - A Chula Vista man suspected of leading a methamphetamine trafficking ring that used juveniles to sell or smuggle the drug was in federal custody Monday after being charged in a two-count indictment, authorities said.

Jorge Arreola-Gomez was among 19 people named in the indictment unsealed Friday by the U.S. Attorney's Office alleging that the defendants used numerous couriers, many of them teenagers, to smuggle methamphetamine across the U.S.-Mexico border.

An investigation led to the seizure of more than 140 pounds of methamphetamine, more than $25,000 in cash, a firearm and 20 pounds of pseudoephedrine, a nasal decongestant authorities say is commonly used to make methamphetamine.

Among those charged were Arreola-Gomez's wife, mother, two sisters and two brothers-in-law. Most of the defendants were from Southern California, with one man identified as a Mexican national.

All 19 faced one count of conspiracy to distribute methamphetamine. Arreola-Gomez and two others also were charged with carrying a firearm during a drug trafficking crime.

The penalties range from 10 years to life in prison and fines of $250,000 to $4 million.

The defendants were scheduled to appear at a detention hearing on Wednesday, said Assistant U.S. attorney Peter Ko.

Ex-BR Officer Pleads Not Guilty, Will Remain In Jail (ADV)

Advocate, March 28, 2006

A former Baton Rouge police officer accused of drug-trafficking will remain in jail until trial.

Daryl W. Davis, 38, 18030 Manning Drive, Prairieville, pleaded innocent Monday afternoon in Baton Rouge federal court and his court-appointed attorney, John McLindon, did not request bond.

Davis is being held in West Baton Rouge Parish Prison.

A federal grand jury indicted Davis last week on one count of possession with intent to distribute 11 pounds or more of cocaine.

He faces a minimum of 10 years in prison up to life if convicted as charged.

U.S. Magistrate Christine Noland said Monday that Davis likely would not have been eligible for bond anyway “because there’s such a high quantity of drugs involved.”

U.S. Drug Enforcement Administration agents investigated Davis for more than a year before arresting him last week.

An affidavit claims investigators seized cocaine from a garbage can in his garage, as well as a loaded .38-caliber revolver, ammunition, an electric money counter and money-packaging materials from elsewhere on the property.

Davis spent 13 years on the Baton Rouge police force. He was sentenced to five years in prison in February 2001 after being convicted on one count of obstruction of justice and one count of public bribery.

Davis was arrested in 1999 and accused of stealing a cell-phone cloning device from the Police Department evidence room and selling it for $1,000 to the man from whom officers seized it.

Davis was fired when he refused to answer questions posed by Internal Affairs investigators.

Lopez's Testimony Leaves Questions (TCI)

Tucson Citizen, March 27, 2006

Lourdes Lopez's friends didn't believe everything she said.

Federal agents didn't, either.

Now, jurors will weigh Lopez's credibility when they decide whether Dr. Bradley Alan Schwartz ordered the death of Dr. Brian Stidham.

Guessing if Lopez was telling the truth about a particular issue became a game among her friends, according to testimony before the Pima County Merit System Commission last year.

Last week, Lopez swore under oath that she didn't know Schwartz had gotten a third prescription for the painkiller Vicodin in her name in August 2001.

"I had no knowledge of that, sir," Lopez told defense attorney Brick P. Storts III.

According to a July 2002 Drug Enforcement Administration report, when Lopez was asked if she knew Schwartz tried to pick up Vicodin in her name, she "answered in the affirmative."

The July 2002 admissions came after Lopez lied to the DEA about the Vicodin scam and her relationship to Schwartz.

Lopez told Storts last week that she didn't know why the DEA wanted to talk with her.

"They just said there was a matter that they needed to speak with me about," Lopez said.

"Your testimony now is that an agent asked to speak to you at the Pima County Attorney's Office, but you didn't know why they were coming," Storts asked.

"I was a deputy county attorney," Lopez said. "I assumed it was concerning one of my cases or something. They didn't say exactly what it was about. It was on my voice mail that they needed to speak with me."

Not according to the July 2002 DEA report.

"(An agent) informed Ms. Lopez that she was not a good liar. Ms. Lopez agreed, and . . . stating that she was 'caught off guard,' " the report states. "The investigators asked Ms. Lopez how she was caught off guard, when the purpose of the visit was explained in detail."

When investigators told Lopez her answers "did not make any sense," she "started to cry uncontrollably," according to the report.

In testimony last week, Lopez said she lied to the DEA "to make sure Brad would not get into trouble."

Lopez told DEA agents she would not tell Schwartz that she had talked with them.

Nine months later, Lopez told them that she did tell Schwartz about the encounter.

Lopez testified last week that she didn't lie to protect herself and that she didn't think about the repercussions to her.

She said being on the brink of a federal indictment led her to come clean with the DEA and County Attorney's Office.

County Attorney Barbara LaWall's office told Lopez to resign or else she'd be fired because of the indictment.

Licensed to practice law in 1997 after getting her degree from the University of Arizona, Lopez first worked as a prosecutor for the Pascua Yaqui Indian Reservation.

In 1999, the tribe fired her, she testified last week. She did not say why.

Lopez worked as an associate attorney for Richard Gonzales for a year after she left the County Attorney's Office in August 2002. Since then, she's been in private practice. Records show the State Bar is currently investigating her professional conduct.

Lopez met Schwartz in December 2000, when he performed eye surgery on her foster daughter. They soon struck up a friendship that turned romantic. Schwartz was still married at the time.

"But I didn't know that," Lopez testified last week.

It turned out that Schwartz, who proposed to Lopez in January 2004, the same month as his divorce, was not faithful to her either.

Women in his life included:

• Stephanie Nagel testified she met Schwartz at the end of 2003 or early 2004. Schwartz flirted and asked her out, but Nagel declined because "he wasn't my type."

• Aisha Henry, who met Schwartz in drug rehab in October 2002, testified she renewed her friendship with him in March 2004 and slept with him to spite her husband.

• Carmen Fernandez testified she met Schwartz in April 2004 and they became intimate the next month.

• Lisa Goldberg, who dined with Schwartz and alleged hit man Bruce Bigger on the night Stidham died, testified Schwartz contacted her through the Internet in April 2004 and they later dated.

Medical Marijuana Focuses On Right To Life (AP)

By David Kravets, Ap Legal Affairs Writer

AP, March 27, 2006

PASADENA, Calif. --A lawyer for an ill California woman whose doctor says marijuana is the only medicine keeping her alive asked an appeals court Monday to prevent federal drug agents from ever arresting her.

The case, focusing on whether the gravely ill have a right to marijuana to keep them alive when legal drugs fail, is likely to reach the U.S. Supreme Court soon. Yet each time the high court has ruled on medical marijuana it has come down against allowing the sick and dying to use the drug to ease their symptoms and possibly prolong life.

The latest legal wrangling once again highlights the tension between the federal government, which declares marijuana an illegal controlled substance with no medical value, and the 11 states, including California and Rhode Island, allowing medical marijuana for patients with a doctor's recommendation.

"Medical cannabis is necessary for the preservation of Angel Raich's life," said Randy Barnett, the Oakland woman's lawyer. He later told the three-judge panel of the 9th U.S. Circuit Court of Appeals that, "If she obeys the law, she will die."

Raich, a 40-year-old mother of two, suffers from scoliosis, a brain tumor, chronic nausea and other ailments. On her doctor's advice, she uses marijuana every couple of hours to ease her pain and bolster a nonexistent appetite.

Last year, the Supreme Court came down against Raich, in what was the court's second ruling against medical marijuana since 2001. Because Congress decided marijuana was illegal under the 1970 Controlled Substances Act, the justices ruled, medical marijuana users and their suppliers could be prosecuted for breaching federal drug laws, even if they lived in a state where medical marijuana was legal.

Because of that ruling, the legal issue has narrowed to the so-called right to life theory: that marijuana should be allowed if it is the only viable option to keep a patient alive.

Assistant U.S. Attorney Mark Quinlivan could not guarantee to the court that Raich or other serious ill patients using medical marijuana would not be prosecuted. Over the years, the government has raided dozens of medical marijuana dispensaries, mostly in California.

Quinlivan told the judges that nobody has a right to use marijuana, and said a ruling in Raich's favor would open the floodgates to "people who want to use other substances" that are not approved for medical purposes.

Judge Harry Pregerson asked Quinlivan whether it was OK for Raich to die or succumb to "unbearable suffering."

"So go ahead and die. That would be all right?" he asked.

"Congress has made that value judgment," Quinlivan responded.

Another judge, Arlen Beam, suggested that Raich could only make a defense that marijuana is medically necessary if she's prosecuted. He said she would likely prevail by stating she was only breaking the law to stay alive.

"It seems to me, if this was a criminal prosecution," Beam told the government's lawyer, "you would lose your argument."

After the hearing, Raich said, "I think I'm gonna win."

During the 70-minute hearing, Barnett likened Raich's plight to women being allowed to have an abortion even after the fetus has become viable, if the abortion was necessary to safe the woman's life.

"This is a new argument which they have come up with," Quinlivan told the judges.

Pregerson responded, "There was nothing wrong with that." Pregerson added that "You got to go back to life, liberty and the pursuit of happiness. That takes care of it all."

Voters in 1996 made California the first state to authorize patients to use marijuana with a doctor's recommendation. Ten other states have since followed suit, including Rhode Island this past January.

In 2001, the Supreme Court ruled that Raich's supplier, the Oakland Cannabis Buyer's Cooperative, could not lawfully dispense marijuana despite California voters approving its medical use.

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The court did not indicate when it would rule on a case that both sides expect would be appealed to the Supreme Court. The case is Raich v. Gonzales, 03-15481.

Key Medical Marijuana Supreme Court Cases, And States That Allow Its Use (AP)

AP, March 27, 2006

Key developments in medical marijuana litigation before the U.S. Supreme Court:

--May 14, 2001: Supreme Court said it was illegal to distribute medical marijuana to sick and dying patients.

--Oct. 14, 2003: Supreme Court let stand a lower court decision saying doctors have a First Amendment right to discuss or recommend marijuana to their patients without the threat or fear of federal sanctions.

--June 6, 2005: Supreme Court ruled that patients in states that permit medical cannabis use are not immune from federal prosecution because marijuana is an illegal narcotic under federal law.

-- Jan. 3, 2006: Rhode Island becomes the 11th state to legalize medical marijuana.

States that permit the medical use of marijuana: Alaska, California, Colorado, Hawaii, Maine, Montana, Nevada, Oregon, Rhode Island, Vermont and Washington.

City Detective Defends Himself At Drug Trial (BSUN)

By Matthew Dolan

The Baltimore Sun, March 28, 2006

One of two Baltimore narcotics detectives accused of selling illegal drugs testified at his federal trial Monday that confiscated heroin he gave to a confidential informant was part of an off-the-books, but acceptable, policing technique designed to apprehend some of the city's top drug dealers.

In front of an expectant jury who had only before heard the officer's voice on wiretap recordings, Detective William A. King answered questions from the witness stand for more than four hours. But his calm demeanor turned testy and defensive when prosecutors called his tactics criminal, leading to the most combative moments of the two-week trial.

"I never robbed anybody," King said, leaning forward in his chair, his arms crossed slightly, testifying for the first time. "I gave [an informant] drugs but in return, he gave me the information I needed."

At one point, U.S. District Judge J. Frederick Motz ordered a brief recess because the heated cross- examination of King by Assistant U.S. Attorney Charles Peters had turned into a shouting match.

"Why didn't you write a report?" Peters asked King, one of many times the prosecutor hammered the officer for failing to document his activity with his sources.

King responded that only some of his drug seizures needed to be reported officially, while others could be channeled to his informants.

King's account offered the first detailed counterpoint to the complex public corruption case presented by federal prosecutors. King's attorney Edward Smith Jr. called two other witnesses -- both former city police officers -- as part of the first day of testimony from the defense.

Relying on testimony from cooperating witnesses and hours of secretly recorded conversations by the FBI, prosecutors accused King and his partner, Antonio L. Murray, of conspiring to rob and extort cocaine, heroin and marijuana -- as well as drug-related proceeds -- from suspects they pursued on city streets in late 2004 and early 2005.

King maintained that he never robbed anyone, never sold drugs for money and never brandished his weapon, as charged. He argued that prosecutors misinterpreted his taped conversations. King defended his drug enforcement strategy with informants as a "deceit" to keep them happy and productive.

He agreed that he might have broken department rules and regulations when he gave seized drugs and money to informants Antonio Mosby and Davon Mayer. Mosby earlier pleaded guilty to related drug charges and testified against King.

King called his policing tactic an "acceptable procedure," which had been tacitly approved inside the Police Department under former Commissioner Kevin P. Clark.

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Clark had created the department's beefed-up Organized Crime Division -- a unit of largely plainclothes officers that focused on undercover drug buys where Murray and King both served -- but it was de-emphasized after Clark was fired in November 2004. Mayor Martin O'Malley hired Clark from New York in 2002 to eradicate open-air drug markets.

King said that after he received training from police officials in New York, he changed the way he submitted evidence.

"Sometimes you submit the [seized drugs and money]," he said. "Sometimes you don't."

Several current police officials testified earlier in the trial on behalf of the government, saying that under no conditions would an officer be allowed to take seized drugs and hand it over to an informant as a reward.

King said he never shared the profits from the drugs he provided to his informants, and his only reward was information about large stashes of illegal drugs and high-level drug dealers, largely on the city's west side.

His take, King explained, was no take at all. He said he held the money for his informants only because they were too quick to spend their money on drugs, and he was concerned about their welfare.

If he had been a drug dealer, King argued, he would have been wealthier. King said FBI agents found $221 on the detective when they arrested him in May 2005. His bank accounts were almost dry, he owed the IRS money in back taxes and a local jeweler thousands of dollars for purchases still unpaid, according to his testimony and financial records.

King had been presented by prosecutors as a law-breaking police officer who had carved out a side business as a drug dealer. But in his testimony Monday, King, a West Baltimore native, had his first chance to tell jurors his side.

"I wanted to follow in my father's footsteps," King said Monday, describing why he wanted to become a city police officer after a stint in the Army. "I wanted to give back to the community I grew up in."

King said the training from police experts in New York was a transformational moment. King said he employed the new tactics during his successful drug busts.

His testimony is expected to continue Tuesday morning.

Report: U.K. Cheated Afghan Poppy Growers (UPI)

By GARETH HARDING, UPI Chief European Correspondent

United Press International, March 28, 2006

BRUSSELS, March 27 (UPI) -- The British government has failed to honor its pledge to compensate Afghani farmers for eradicating poppy crops, causing widespread anger in the volatile south of the country and leading to increased support for Taliban insurgents, a new report by the Senlis Council think tank claims.

Afghanistan is the world's leading producer of opium. Ninety percent of the heroin found on the streets of Europe and the United States can be traced to poppy crops in the mountains of the war-torn central Asian state.

After the Taliban government was removed by U.S. forces following the Sept. 11, 2001, terrorist attacks Britain was put in charge of the international community's counter-narcotics effort in Afghanistan. Although thousands of acres of poppies have been destroyed, the former Soviet vassal state now produces more opium than ever.

The Senlis Council, a respected international security and development think tank with offices in Kabul, says Britain is to blame for pursuing counter-productive anti-drugs policies that have alienated local farmers and fueled support for Taliban and al-Qaida insurgents in the south of the country.

Based on interviews with farmers in the Helmand province, where 3,300 British troops will arrive over the coming months, the group claims that U.K. counter-narcotics officers promised local farmers $350 for every fifth of a hectare of poppies they destroyed.

"These farmers kept their side of the deal and eradicated their crops, but the British Government did not keep their word," said Mohammad Gull, a local representative from the Sharwali District in Helmand who was involved in the initial negotiations with the British representatives. "In our culture this is very dishonorable and we are very angry."

Gull told the Senlis Council he had over 400 checks in his possession which farmers had been unable to cash because of insufficient funds in the account. In total, the farmers allege they are owed $21 million and are planning to sue the British government for the money that was promised them.

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British soldiers have started arriving in the south of the country as part of a 21,000-strong NATO peacekeeping force that is slowly fanning out from the capital Kabul. Securing the lawless province of Helmand is key to the reconstruction process in Afghanistan, not only because it is one of the main poppy-growing regions but because of the strong Taliban presence.

The Senlis Council, which Sunday released a report on the escalating security crisis in Afghanistan, believes British troops are in for a rude reception from furious locals when they arrive.

"The farmers of Helmand province are telling us that they mistrust the British and that they are angry at not being paid as promised," said Executive Director Emmanuel Reinert. "This makes the latest British plan for securing Helmand a military and political fantasy. They will not gain support from local farmers due to the wholesale elimination of any good will for the British presence there as a result of this bad debt."

The security situation in the south of the country, where Taliban and al-Qaida forces have re-established strongholds four years after they were almost crushed by U.S. forces, has worsened dramatically in recent months. In the last year, over 1,500 people have been killed by the hardline Islamist groupings, with suicide bombings increasingly used to bring death and destruction. Most of the victims have been Afghan soldiers and civilians, but American and European troops are also being targeted with increasing frequency. Earlier this month, a roadside bomb killed four U.S. marines on patrol in eastern Afghanistan.

The security situation in the south of the country, which provoked a lengthy debate in the Netherlands about whether to send 1,200 troops to the Uruzgan province, risks becoming worse before it becomes better.

The senior Taliban commander in the Helmand province has vowed to unleash a brigade of 600 suicide bombers against the British Army when it arrives. "We are happy that they are coming to Helmand," Mullah Razayar Noorzai told Britain's Daily Telegraph newspaper. "It is both a trial and a great honor for all Muslims. We will now get a fair chance to kill them."

In a telephone interview from Kabul, Jane Francis, Director of Communication at the Senlis Council, described the security situation in the south of Afghanistan as "terrible."

"People say they are totally against the idea of Westerners coming in. There is total mistrust and they think the troops are just arriving to destroy their crops and bomb them. British soldiers will find themselves in a pretty volatile situation when they arrive in Helmand."

The Taliban has picked up support from the local population by pledging to protect the opium trade and the farmers whose livelihoods depend on the sale of poppies. "Men are coming to sign up to fight at the frontline," claimed Mullah Razayar. "Women are bringing their sons, and giving us their jewelry to sell and buy weapons to enable us to fight these infidel invaders. We have so much support here from the locals -- more, probably, than the British soldiers have back in London."

Francis believes the Afghan government and the NATO countries that enthusiastically back it are making a historical mistake by focusing on opium eradication at all costs. "It is counter-productive to take people's livelihoods away from them and not give them anything in return. It is a policy that just doesn't work."

The think tank, which also has offices in Brussels, Paris and London, favors a policy of licensing opium crops for medicinal use, as in many Western countries. If regulated strictly, the group says the policy could lead to cheaper morphine supplies for developing countries, steady incomes for Afghan farmers and less heroin in European and American cities.

The British Ministry of Defense was asked to comment on the Senlis Council's allegations of broken promises to Afghan farmers but failed to reply.

Lawmakers Call On Feds To Release Gun Data (AP)

AP, March 28, 2006

TRENTON, N.J. -- Two federal legislators from New Jersey said Monday they will introduce proposals to once again make public data that is collected about firearms used in crimes.

Sen. Robert Menendez and Rep. Steve Rothman, both Democrats, said they would introduce legislation this week to undo restrictions on the U.S. Bureau of Alcohol, Tobacco and Firearms' ability to share information on gun tracing with the public.

"There is absolutely no good reason to hide gun crime data from the public," Rothman said in a joint statement with Menendez. A member of the House Appropriations Committee, Rothman added that he would work to see the ATF use its resources to inform the public about gun trafficking and help prosecutors enforce the law.

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While New Jersey has some of the strictest gun control laws in the nation, ATF data from 2001 _ the last time the bureau publicly released the information _ indicated that firearms used in Garden State crimes overwhelmingly came from out of state.

The author of the amendment that Menendez and Rothman are seeking to overturn said ATF already is permitted to release that information to the public.

Chuck Knapp, a spokesman for Rep. Todd Tiahrt, R-Kan., told The Associated Press on Monday that the ATF is free to release aggregate information about guns used in crimes, such as percentage breakdown of where federal registries say guns were originally sold.

Knapp said Tiahrt's concern was that names and addresses of police officers and informants could be released with the data, and that the congressman introduced information in the 2005 appropriations bill clarifying that aggregate data may be released.

Regional ATF spokesman John Hagemen, however, said that's not his understanding. A 2005 directive to his agency states: "No funds appropriated under this or any other Act with respect to any fiscal year may be used to disclose part or all of the contents of the Firearms Trace System Database maintained by the National Tracing Center of the Bureau of Alcohol, Tobacco Firearms and Explosives."

Prosecutors in Camden County two weeks ago released ATF information to a reporter. It showed that of the 252 traceable guns used in crimes there in 2003-2004, 36 percent came from Pennsylvania, and 50 percent from the Carolinas, Florida, Virginia and Georgia.

But Hudson County Prosecutor Edward DeFazio said that data has not been forthcoming to him since the 2001 data was released.

"There was no big announcement," he said. "We don't get it in the normal course. We have to make a specific request, if you have a certain targeted investigation."

DeFazio said the information would be useful for his office and should be open to the public as well.

"It's a public right-to-know situation. This data is being compiled with taxpayer dollars. The general public should know where these guns are coming from that are flooding our cities."

ATF: "Strong Similarities" Between Colorado Bombs And One In Tennessee (AP)

AP, March 28, 2006

GRAND JUNCTION, Colo. Federal investigators say "strong similarities exist between three bombs that blew up near some Colorado homes and another that exploded last month in Murfreesboro (Tennessee.)

No injuries have been reported in any of the explosions, but that hasn't diminished efforts to locate the prime suspect -- 54-year-old Robert Burke.

He was fired two years ago from the Serco Group, a British firm which operates the air traffic control tower at Walker Field Airport in Grand Junction, Colorado.

The bomb that exploded on February first in Murfreesboro was on the roof of the Serco project management office.

Federal officials say bombs placed near homes in Grand Junction went off near of Serco and Federal Aviation Administration workers.

And authorities say there's a "strong, strong similarity" among the components and makeup of all of the devices.

Anyone with information on Burke or his whereabouts is urged to contact the A-T-F at 1-888-ATF-BOMB.

Arsonist Receives 20 Years For Church Fires (AP)

AP, March 28, 2006

SPARTA, Tenn. (AP) -- A man who pleaded guilty to burning two churches in a string of arsons has been sentenced to 20 years in prison.

Henry Dibrell, 48, was charged with setting fires at two predominantly black churches and five houses in Sparta, a town of 5,000 people about 75 miles southeast of Nashville. No one was hurt in the July 8 fires.

District Attorney Bill Gibson said Dibrell pleaded guilty March 16 in White County. He was sentenced to serve two consecutive 10-year sentences for the church fires.

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Dibrell also was sentenced to serve six years concurrently on the other five arson counts.

Dibrell was arrested within days of the fires after an investigation led by the FBI, federal Bureau of Alcohol, Tobacco, Firearms and Explosives and state bomb and arson investigators.

Investigators ruled out a racial motive. Dibrell's relatives said he was mentally ill and addicted to drugs at the time.

Dibrell had previously served time in prison for arson.

The two churches, Roberts Church of Christ and Kynette United Methodist Church, are rebuilding.

IMMIGRATION:

Bill To Broaden Immigration Law Gains In Senate (NYT)

By Rachel L. Swarns

The New York Times, March 28, 2006

WASHINGTON, March 27 — With Republicans deeply divided, the Senate Judiciary Committee voted on Monday to legalize the nation's 11 million illegal immigrants and ultimately to grant them citizenship, provided that they hold jobs, pass criminal background checks, learn English and pay fines and back taxes.

The panel also voted to create a vast temporary worker program that would allow roughly 400,000 foreigners to come to the United States to work each year and would put them on a path to citizenship as well.

The legislation, which the committee sent to the full Senate on a 12-to-6 vote, represents the most sweeping effort by Congress in decades to grant legal status to illegal immigrants. If passed, it would create the largest guest worker program since the bracero program brought 4.6 million Mexican agricultural workers into the country between 1942 and 1960.

Any legislation that passes the Senate will have to be reconciled with the tough border security bill passed in December by the Republican-controlled House, which defied President Bush's call for a temporary worker plan.

The Senate panel's plan, which also includes provisions to strengthen border security, was quickly hailed by Democrats, a handful of Republicans and business leaders, as well as by the immigrant advocacy organizations and church groups that have sent tens of thousands of supporters of immigrant rights into the streets of a number of cities to push for such legislation in recent days.

But even as hundreds of religious leaders and others rallied on the grounds of the Capitol on Monday, chanting "Let our people stay!," the plan was fiercely attacked by conservative Republicans who called it nothing more than an offer of amnesty for lawbreakers. It remained unclear Monday night whether Senator Bill Frist, the Senate majority leader, would allow the bill to go for a vote this week on the floor or would substitute his own bill, which focuses on border security. His aides have said that Mr. Frist, who has said he wants a vote on immigration this week, would be reluctant to move forward with legislation that did not have the backing of a majority of the Republicans on the committee.

Only 4 of the 10 Republicans on the committee supported the bill. They were the committee chairman, Senator Arlen Specter of Pennsylvania, and Senators Lindsey Graham of South Carolina, Mike DeWine of Ohio and Sam Brownback of Kansas. All eight Democrats on the committee voted in favor of the legislation.

The rift among Republicans on the committee reflects the deep divisions in the party as business groups push to legalize their workers and conservatives battle to stem the tide of illegal immigration. Mr. Specter acknowledged the difficulties ahead, saying, "We are making the best of a difficult situation." But he said he believed that the legislation would ultimately pass the Senate and would encourage the millions of illegal immigrants to come out of the shadows.

"We do not want to create a fugitive class in America," Mr. Specter said after the vote. "We do not want to create an underclass in America."

"I think this represents a reasonable accommodation," he said, referring to the divergent views on the panel. "It's not a majority of the majority, but it's a good number."

Scott McClellan, the White House spokesman, said Monday night that President Bush was "pleased to see the Senate moving forward on legislation." Mr. Bush has repeatedly called for a temporary worker program that would legalize the nation's illegal immigrants, though he has said such a plan must not include amnesty.

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"It is a difficult issue that will require compromise and tough choices, but the important thing at this point is that the process is moving forward," Mr. McClellan said.

Lawmakers central to the immigration debate acknowledged that the televised images of tens of thousands of demonstrators, waving flags and fliers, marching in opposition to tough immigration legislation helped persuade the panel to find a bipartisan compromise.

"All of those people who were demonstrating were not necessarily here illegally," said Senator John McCain, Republican of Arizona, who sponsored the legalization measures with Senator Edward M. Kennedy, Democrat of Massachusetts. Mr. Kennedy described the people who would benefit from the bill as "our neighbors," adding: "They're churchgoers. They're the shop owners down the street. They're the people we know."

The protesters were rallying in opposition to the security bill passed by the House. The House bill would, among other things, make it a federal crime to live in this country illegally, turning the millions of illegal immigrants here into felons, ineligible to win any legal status. (Currently, living in this country without authorization is a violation of civil immigration law, not criminal law.)

The legislation passed by the Judiciary Committee on Monday also emphasized border security and would nearly double the number of Border Patrol agents over the next five years, criminalize the construction of tunnels into the United States from another country and speed the deportation of illegal immigrants from countries other than Mexico. But it also softened some of the tougher elements in the House legislation.

Addressing one of the most contentious issues, the panel voted to eliminate the provisions that would criminalize immigrants for living here illegally and made an amendment to protect groups and individuals from being prosecuted for offering humanitarian assistance to illegal immigrants.

Conservatives on the committee warned that the plan would generate a groundswell of opposition among ordinary Americans who had been demanding tighter controls at the border and an end to the waves of illegal immigration.

Senator Jeff Sessions, Republican of Alabama, said the Judiciary panel "let the American people down by passing out a blanket amnesty bill."

Senator Jon Kyl, Republican of Arizona, said the foreign workers would take American jobs during a recession. "Get ready for a real tough time," Mr. Kyl said, "when American workers come to your office and say, 'How did you let this happen?' "

Under the proposal, participants in the temporary worker program would have to work for six years before they could apply for a green card. Any worker who remained unemployed for 60 days or longer during those six years would be forced to leave the country. (Employers could petition for permanent residency on behalf of their employees six months after the worker entered into the program.)

The legalization plan for the nation's illegal immigrants would require those without documents to work in the United States for six years before they could apply for permanent residency. They could apply for citizenship five years after that. Immigrants would have to pay a fine, back taxes and learn English.

Mr. Graham called it an 11-year journey to citizenship.

"To me that's not amnesty," he said. "That is working for the right over an 11-year period to become a citizen. It is not a blanket pardon."

"The president believes and most of us here believe that the 11 million undocumented people are also workers," Mr. Graham said. "We couldn't get by as a nation without those workers and without those people."

Senate Committee Supports Overhaul Of Immigration Law (USAT)

By David Jackson And Kathy Kiely

USA Today, March 28, 2006

WASHINGTON — The Senate Judiciary Committee gave a strong bipartisan endorsement Monday to President Bush's plans for overhauling immigration laws, opening the way for turbulent Senate floor debate.

The panel voted to expand opportunities for foreigners to work in the USA and to allow 11 million people working here illegally a chance at citizenship.

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Under the Senate measure, undocumented immigrants who could prove they were in the USA by Jan. 7, 2004, would pay a $1,000 fine, undergo a background check and prove they were employed. After six years, they could apply for a green card, when they would pay another $1,000 fine and prove they had learned English.

Only then could they apply for citizenship. "They will go to the end of the line," said Judiciary Committee Chairman Arlen Specter, R-Pa.

Sen. Lindsey Graham, R-S.C., emphasized the hurdles immigrants would have to overcome. "To me, that's not amnesty," he said, referring to opponents' charges that the approach would reward those who have entered the country illegally. "That's working for the right to become an American citizen."

Opponents were unconvinced. "It's not fair to those who have been playing by the rules," said Sen. Jon Kyl, R-Ariz. "It will not become law."

The committee's action opened the way for full Senate debate to begin on an issue that has divided Republicans and put the president at odds with much of his party.

The panel approved the bill 12-6. All six "no" votes came from Republicans. Four Republicans and eight Democrats backed the Bush approach.

The Senate bill runs counter to a bill passed by the House of Representatives with heavy support from Republicans who oppose Bush's immigration policy. The House bill stresses enforcement and deportation rather than allowing immigrant workers to stay. Such tensions are likely to dominate the Senate debate.

The Senate committee met as protesters massed outside the U.S. Capitol to oppose the House immigration bill.

President Bush again endorsed some kind of temporary "guest worker" program to allow workers to stay in the USA. He urged a "civil and dignified" debate.

"No one should play on people's fears, or try to pit neighbors against each other," Bush said after a naturalization ceremony for 30 new U.S. citizens.

Judiciary Committee members were working against a tight deadline set by Senate Majority Leader Bill Frist, R-Tenn., who had said he planned to open floor debate today whether the committee produced a bill or not. Late Monday, Frist postponed the debate but left open the possibility that it could begin later today.

During its daylong session Monday, the committee approved a proposal that would add up to 400,000 slots for low-skilled guest workers who could petition for green cards after four years.

The committee also agreed to legalize 1.5 million agriculture workers. Sen. Dianne Feinstein, D-Calif., said the farming industry "is almost entirely dependent on undocumented workers."

Other provisions of the legislation would:

•Increase visas for high-tech workers to at least 115,000 a year, up from 65,000.

•Expand detention facility space by 10,000 beds.

•Exempt from prosecution people who provide humanitarian assistance to illegal immigrants.

Many organizations that help immigrants, including the U.S. Conference of Catholic Bishops, say the House bill could criminalize some of their charitable work.

The president, laying down his marker on immigration, said Monday that immigration changes "will require all of us in Washington to make tough choices and make compromises."

He also called for more security on the border and better enforcement of immigration laws.

Senators Back Guest Workers (WP)

By Jonathan Weisman

The Washington Post, March 28, 2006

A key Senate panel broke with the House's get-tough approach to illegal immigration yesterday and sent to the floor a broad revision of the nation's immigration laws that would provide lawful employment to millions of undocumented workers while offering work visas to hundreds of thousands of new immigrants every year.

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With bipartisan support, the Senate Judiciary Committee voted 12 to 6 to side with President Bush's general approach to an immigration issue that is dividing the country, fracturing the Republican Party and ripening into one of the biggest political debates of this election year. Conservatives have loudly demanded that the government tighten control of U.S. borders and begin deporting illegal immigrants. But in recent weeks, the immigrant community has risen up in protest, marching by the hundreds of thousands to denounce what they see as draconian measures under consideration in Washington.

"There is no issue outside of civil rights that brings out the kind of emotions we have seen," said Sen. Edward M. Kennedy (D-Mass.), one of the bill's primary sponsors, who called the controversy "a defining issue of our times."

Judiciary Committee Chairman Arlen Specter (R-Pa.) rushed committee members to complete their work to meet a midnight deadline imposed by Senate Majority Leader Bill Frist (R-Tenn.), who favors a tougher approach more in line with the version passed by the House last December. But once the committee had acted, Frist declined to say last night whether he would substitute the committee's legislation for his own, which includes no guest-worker program.

Frist's efforts to wrest control of the issue from the Judiciary Committee could produce a power struggle among Republicans once the majority leader brings up the issue for debate and votes in the full Senate, probably this week. Specter and the other committee leaders may have to muscle their bill through as an amendment if Frist refuses to back down.

Frist, a presidential aspirant whom Bush helped elect as majority leader, favors tightening control of the nation's borders without granting what he calls amnesty to the approximately 11 million illegal immigrants living in this country. But Bush favors a comprehensive approach, which he says must include some program to answer business's need for immigrant labor.

"Congress needs to pass a comprehensive bill that secures the border, improves interior enforcement, and creates a temporary-worker program to strengthen our security and our economy," Bush said yesterday at a ceremony to swear in 30 new U.S. citizens from 20 countries. "Completing a comprehensive bill is not going to be easy. It will require all of us in Washington to make tough choices and make compromises."

Polls indicate about 60 percent of Americans oppose guest-worker programs that would offer illegal immigrants an avenue to lawful work status, and three-quarters of the country believe the government is doing too little to secure the nation's borders.

But the immigrant community has been galvanized by what it sees as a heavy-handed crackdown on undocumented workers by Washington. The House in December rejected calls for a guest-worker program and instead approved a bill that would stiffen penalties on illegal immigrants, force businesses to run the names of each employee through federal databases to prove their legality, deploy more border agents and unmanned aerial vehicles to the nation's frontiers and build massive walls along sections of the U.S.-Mexican border.

At least 14,000 students stormed out of schools in Southern California and elsewhere yesterday, waving flags and chanting to protest congressional actions. About 100 demonstrators, including members of the clergy, appeared at the Capitol yesterday in handcuffs to object to provisions in the House bill that would make illegal immigrants into felons and criminalize humanitarian groups that feed and house them. More than a half-million marchers protested in Los Angeles on Saturday, following protests in Phoenix, Milwaukee and Philadelphia.

"The immigration debate should be conducted in a civil and dignified way," Bush said. "No one should play on people's fears, or try to pit neighbors against each other."

A confrontation between the Senate and House Republicans now appears inevitable.

"We are eager, once the Senate passes this bill, to sit down and talk with them, but there are certain fundamental principles which we simply cannot compromise on," said Sen. John McCain (R-Ariz.), who cosponsored the bill that passed the Judiciary Committee largely intact last night. "It has to be a comprehensive approach. As we all know, just building walls and hiring more border patrols are not the answers to our immigration problem."

Specter, the committee chairman, had tried for weeks to find a middle ground between senators advocating a generous guest-worker program and those categorically rejecting amnesty for illegal immigrants. In the end, that search for a compromise failed because advocates of the guest-worker program had more than enough votes to overcome conservative opposition.

The panel voted to accept a bill largely patterned on the measure sponsored by Kennedy and McCain. Specter and Republican Sens. Lindsey O. Graham (S.C.), Sam Brownback (Kan.) and Mike DeWine (Ohio) joined the committee's Democrats to win passage.

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The panel's bill would allow the estimated 11 million illegal immigrants in this country to apply for a work visa after paying back taxes and a penalty. The first three-year visa could be renewed for three more years. After four years, visa holders could apply for green cards and begin moving toward citizenship. An additional 400,000 such visas would be offered each year to workers seeking to enter the country.

Senators also accepted a proposal by Sen. Dianne Feinstein (D-Calif.) that would offer 1.5 million illegal farmworkers a "blue card" visa that would legalize their status. The committee also accepted a provision by Sen. Richard J. Durbin (D-Ill.) that would shield humanitarian organizations from prosecution for providing more than simple emergency aid to illegal immigrants, rejecting an amendment by Sen. John Cornyn (R-Tex.) to require humanitarian groups providing food, medical aid and advice to illegal immigrants to register with the Department of Homeland Security.

Sen. Jon Kyl (R-Ariz.) protested that the Feinstein proposal was more focused on offering illegal immigrants a path to citizenship than meeting the labor demands of agriculture. Cornyn suggested the Judiciary Committee bill was moving toward creating a caste of second-class workers.

But Cornyn may have summed up Senate fears when he referred to energized voters protesting what they see as amnesty for people who violated the nation's laws and made a mockery of its borders.

"The American people are thinking, 'Fool me once, shame on you, fool me twice, shame on me,' " he said. "The only way we can get the confidence of the American people is to convince them we are absolutely serious about border security and law enforcement."

Immigration Fight Heats Up (LAT)

By Nicole Gaouette And Maura Reynolds

The Los Angeles Times, March 28, 2006

WASHINGTON — A Senate committee voted Monday to create a path for some of the nation's estimated 12 million illegal immigrants to become citizens without first leaving the country, and to allow additional foreign workers to enter the United States temporarily under a program that also could lead to citizenship.

With its votes, the Judiciary Committee sided with advocates of liberalized immigration laws and moved the Senate closer to a contentious fight among GOP lawmakers. A large and vocal faction of Republicans — in Congress and throughout the party — believes that illegal immigrants are lawbreakers who should not be rewarded with citizenship and that a temporary worker program would only draw more illegal workers to the country.

The fight over proposals to tighten immigration laws, which have provoked massive demonstrations in Los Angeles and elsewhere, now moves to the Senate floor; debate is expected to begin this week.

The Senate is headed into "a difficult and visceral debate," said Sen. Sam Brownback (R-Kan.).

In a sign of how difficult passing legislation could be, the Judiciary Committee approved its immigration package even though most of its Republican members were against it. The vote was 12 to 6, with all six dissenting votes coming from Republicans; four GOP senators sided with the panel's eight Democrats to support the measure.

Monday's vote marked a victory for immigrant advocates and for President Bush, who has urged Congress for two years to create a temporary worker program but has argued against allowing those immigrants to gain citizenship.

White House reaction was upbeat.

"We are pleased to see the Senate moving forward on legislation," spokesman Scott McClellan said in a statement. "The president believes comprehensive reform is needed if we are going to have a rational, orderly and secure immigration system…. It is a difficult issue that will require compromise and tough choices, but the important thing at this point is that the process is moving forward."

The Senate panel's bill differs significantly from an overhaul of immigration laws approved last year by the House, which focused on tightening security at the border and on toughening law enforcement and did not include a temporary worker plan, a proposal that is unacceptable to many House Republicans.

The Senate panel also voted to eliminate a proposal, contained in the House legislation, that would make being an illegal immigrant a felony, rather than a civil immigration offense as it is currently.

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In addition, the Senate committee killed a measure that would have made it a felony to offer assistance to illegal immigrants other than in emergencies. That proposal had been denounced by humanitarian groups and some religious leaders, including Cardinal Roger M. Mahony of Los Angeles, who had said he would instruct his priests to defy it.

Supporters of the committee's bill hailed it as a comprehensive effort that includes measures to improve border security by adding technology and agents, and provisions to make it harder for businesses to hire illegal workers.

"What has passed is much tougher enforcement and a way to take the 12 million out of the shadows," Brownback said, referring to illegal immigrants already in the country.

"I think we have produced a bill that is the product of serious debate," said Sen. Arlen Specter (R-Pa.), chairman of the Judiciary Committee.

One opponent on the committee, Sen. John Cornyn (R-Texas), said: "I voted against this committee bill because it rewards illegal immigrants and will be considered an amnesty by Americans. It will encourage further disrespect for our laws and will undercut our efforts to shore up homeland security."

The committee worked against a steady drumbeat of pressure that echoed from the White House to the marble hallways outside their hearing room.

Bush on Monday attended a naturalization ceremony for 30 new citizens, using the event to give the latest of several speeches in favor of a temporary worker program. Meanwhile, nearly 1,000 religious leaders and advocates for immigrants gathered on the West Lawn of the Capitol. Imams, preachers and rabbis led a bilingual, interfaith prayer service before marching to the panel hearing room in handcuffs to protest measures under consideration in Congress that they said were unduly harsh.

"It's clear that the majority of the legislative options on the table — and I don't use this word lightly — are immoral," said the Very Rev. Ernesto Medina, provost of the Cathedral Center of St. Paul in Los Angeles. Red-eyed but energized, the Episcopal pastor had flown overnight from his Echo Park parish to join church leaders from 38 states. "I have seen the religious community come together before, but never like this," he said, attributing their ability to get plane tickets on short notice to "some great miracles."

It was unclear whether the rallies in recent days in Los Angeles and other cities affected the Senate committee vote. Sen. Patrick J. Leahy (D-Vt.) remarked on the "peaceful demonstrations in L.A., nearly the population of my state in number. That tells us how important this [legislation] is."

Others reacted differently. "I don't think they're helpful to resolving the debate," Cornyn said of the protesters. "If anything, they could well polarize people. You in effect have people who come to our country in violation of immigration laws, demanding amnesty. Rather than making demands, they ought to be asking for fairness and a way out of their current dilemma."

Also unclear was when the Senate would take up the immigration overhaul. Senate Majority Leader Bill Frist (R-Tenn.) had insisted earlier that Specter force his committee to complete its work by Monday so that the full Senate could begin debate today. But there were indications that Frist would not schedule debate until later in the week. A potential presidential candidate in 2008, Frist has proposed his own immigration bill, which does not include a guest-worker plan and emphasizes border security and improved enforcement of immigration law.

In contrast, the committee bill would allow up to 400,000 new visas annually for foreign workers to enter the United States for three years. The visas could be renewed once for a total stay of six years. The program would allow visas for the worker's family and a path to permanent resident status if the immigrant learned English, among other requirements.

Obtaining permanent resident status, also known as obtaining a green card, is a step toward citizenship under current law.

The plan was proposed by Sen. Edward M. Kennedy (D-Mass.), who has been working closely with Sen. John McCain (R-Ariz.).

Under the bill, immigrants who already are awaiting a green card would be considered ahead of those who enter the United States and apply under the new guest-worker program.

The committee approved an additional guest-worker program sponsored by Sen. Dianne Feinstein (D-Calif.) intended exclusively for agricultural workers. It would offer 1.5 million "blue cards" to workers who would have to work in the fields for at least 100 days a year and at most 150. Those who did so and met other requirements could apply for permanent residency.

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"The thrust of this proposal is to create a legalized workforce for the agriculture industry," Feinstein said. The program would end after five years.

Some of the most intense debate among panel members came over the fate of the 12 million undocumented workers already in the United States. One proposal had allowed them to indefinitely renew special visas, called "gold cards," that would permit work and residency in the United States for as long as they liked. It would not have allowed them to become citizens.

But the committee instead adopted an amendment sponsored by Sen. Lindsey Graham (R-S.C.) that would allow illegal immigrants to start on a path to citizenship by registering, paying a fine, getting fingerprinted and learning English, among other requirements.

"Now there's a rough draft of a workable bill going to the floor of the Senate. The question now is what Frist will do," said Tamar Jacoby of the Manhattan Institute, a pro-business think tank that backs a guest-worker program. "It's hard for me to imagine how Sen. Frist could ignore this product coming out of the committee."

Those who voted in favor of the bill were Republicans Graham, Brownback, Specter and Mike DeWine of Ohio, and Democrats Leahy, Kennedy, Feinstein, Joseph R. Biden Jr. of Delaware, Herb Kohl and Russell D. Feingold of Wisconsin, Charles E. Schumer of New York and Richard J. Durbin of Illinois.

Voting against the bill were Republicans Cornyn, Orrin G. Hatch of Utah, Charles E. Grassley of Iowa, Jon Kyl of Arizona, Jeff Sessions of Alabama and Tom Coburn of Oklahoma.

Senate Panel Approves Immigration Bill (AP-Y2)

By David Espo

AP2, March 27, 2006

The Senate Judiciary Committee approved sweeping election-year immigration legislation Monday that clears the way for 11 million illegal aliens to seek U.S. citizenship without having to first leave the country.

After days of street demonstrations that stretched from California to the grounds of the U.S. Capitol, a coalition of Democrats and Republicans also agreed to strip out proposed criminal penalties for residents found to be in this country illegally.

"All Americans wanted fairness and they got it this evening," said Sen. Edward M. Kennedy (news, bio, voting record), the Massachusetts Democrat who played a pivotal role in drafting the legislation.

The 12-6 vote was unusual, with a majority of Republicans opposed to the measure even though their party controls the Senate.

Committee Chairman Arlen Specter, R-Pa., voted for the bill but signaled that some of the provisions could well be changed by the full Senate once debate begins there Tuesday.

In general, the bill is designed to strengthen the Border Patrol, create new opportunities for so-called guest workers and determine the legal future of the estimated 11 million immigrants living in the United States illegally.

At several critical points, committee Democrats showed unity while Republicans splintered. In general, GOP Sens. Lindsey Graham of South Carolina, Sam Brownback of Kansas and Mike DeWine of Ohio, who is seeking re-election this fall, sided with Democrats. That created a majority that allowed them to shape the bill to their liking.

Sen. Dianne Feinstein (news, bio, voting record), D-Calif., won approval for a five-year program to permit as many as 1.5 million agriculture workers into the country. "It will provide the agriculture industry with a legal work force and offer agriculture workers a path to citizenship," she said. The vote was 11-5, with Republicans casting all the votes in opposition.

In addition, Kennedy prevailed on a proposal to allow an additional 400,000 green cards for future immigrants, regardless of the industry where they find jobs.

Sen. Jon Kyl (news, bio, voting record), R-Ariz., and other conservatives said anything but a requirement for illegal immigrants to return home amounted to amnesty, and he said he had national opinion on his side.

"Well over 60 percent of Americans in all the polls I see think it's OK to have temporary workers, but you do not have to make them citizens," said Kyl, who is seeking re-election this fall.

"We have a fundamental difference between the way you look at them and the way I look at them," Kennedy observed later.

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The committee met as several thousand demonstrators rallied at the foot of the Capitol. Many were members of the clergy who donned handcuffs and sang "We Shall Overcome," the unofficial anthem of the civil rights era.

"The first Christian value is love thy neighbor," read some of the signs.

After a weekend of enormous rallies — as many as 500,000 in Los Angeles — thousands of students walked out of class in California and Texas to protest proposals in Congress to crack down on illegal immigrants.

In Detroit, protesters waved Mexican flags as they marched to a downtown federal office building.

"Do you see the community? Do you see how many people didn't go to work today," asked Janet Padron, a 22-year-old resident of Allen Park Mich.

Her remark underscored one of the complexities confronting Congress and the Bush administration as they grapple with the issue of immigration.

Senators on all sides of the issue agreed that illegal workers hold thousands of jobs that otherwise would go unfilled at the wages offered.

The agriculture industry is "almost entirely dependent on undocumented workers," said Feinstein. "It is unrealistic to think the workers will go home because they work here and the agriculture industry is dependent on them."

In purely political terms, the issue threatened to fracture Republicans as they head into the midterm election campaign — one group eager to make labor readily available for low-wage jobs in industries such as agriculture, construction and meatpacking, the other determined to place a higher emphasis on law enforcement.

That was a split Bush was hoping to avoid after a political career spent building support for himself and his party from the fast-growing Hispanic population.

"America should not have to choose between being a welcoming society and being a lawful society," said the president. "We can be both at the same time."

Bush has said he favors a guest worker program, but it is unclear whether the administration would insist on a provision to require illegal immigrants already in the country to return home before they are allowed to apply for citizenship.

Sen. Arlen Specter (news, bio, voting record), R-Pa., chairman of the committee, said he was "trying to thread the needle" to produce a bill that could command widespread support.

At one point, he outlined a proposed compromise on illegal immigrants and citizenship. Neither Kyl nor Kennedy sounded supportive, though, and it receded as the debate continued.

The panel agreed with ease to double the size of the Border Patrol over the next several years, and decided on a closer vote to make sure that humanitarian organizations are sheltered from prosecution if they provide non-emergency assistance to illegal residents.

Whatever the outcome of the committee's debate the prospects for legislation clearing Congress before the elections did not appear strong. The House has cleared legislation that consists of provisions to toughen enforcement against violators of immigration laws. It contains no guest worker program.

Immigration Reform Can't Reward Illegal Behavior (HC)

By Sens. John Cornyn And Jon Kyl

Houston Chronicle, March 28, 2006

The U.S. Senate has begun its debate to improve border security and reform immigration laws — one of the most urgent priorities to be considered this year.

It is critical that any solution restore respect for the law and provide sufficient resources to control the border. And because there can be no amnesty, reform must not reward illegal activity.

Last summer, we introduced the Comprehensive Enforcement and Immigration Reform Act of 2005, which would dramatically bolster our border enforcement and comprehensively reform our immigration system.

The need for reform is clear. Today, there are approximately 12 million illegal aliens in the United States. Approximately 40 percent have arrived here since 9/11. This is unacceptable. U.S. national security demands that we know who is entering our

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country, and our sovereignty requires that we have control over our borders; we therefore believe that any comprehensive reform proposal must be based on the following principles:

•Border security is the No. 1 priority. The men and women who secure the border at the ports of entry and in remote locations should be commended for the job they do every day. But they do not have the necessary resources or tools to effectively control the border. Through a combination of physical barriers in high-traffic areas, increased technology and additional Border Patrol agents, the Department of Homeland Security must apprehend and deport every illegal alien caught at the border.

•Border security and interior enforcement go hand in hand. Approximately one-third of the current illegal population first entered the United States legally, then stayed after their visas expired. So immigration reform must enable the government to apprehend, detain and deport illegal aliens who are caught inside the country. State and local law enforcement officials must be allowed to support the federal government in identifying illegal aliens; and, special emphasis must be placed on deporting criminal illegal aliens who already fill U.S. prisons.

Employer accountability will protect U.S. worker wages and create a level playing field. Immigration reform will certainly fail if an underground workforce is allowed to exist. Every employer must be required to verify whether a new hire is legal, but the U.S. government must be responsible for providing the tools an employer needs to comply with the law.

The magnet of illegal employment can be eliminated through more secure documents and a quick electronic verification system, not unlike the one used by businesses every day for credit card transactions.

For security reasons, it would be irresponsible to ignore the 12 million illegal aliens already in the United States. But we cannot grant them amnesty. While many contribute to our work force, they must do so within the law.

The Cornyn-Kyl bill would require illegal aliens to come forward and register, but offers no reward for breaking the law. Workers would have five years to depart the country, and then be allowed to return in any legal status. The objective is not to strand workers outside the country or disrupt businesses, but to recognize that permanent resident status and citizenship are very special benefits and all immigrants who receive them should be asked to enter legally and go through the same process.

There are no simple solutions to the issue of immigration reform. But one thing is clear: Immigration reform ultimately must be about legal immigration — not creating a new process that only benefits illegal aliens. Immigrants must abide by the rule of law and receive equal treatment.

We hope to build consensus around reform that will restore integrity to our immigration system and meet the needs of society, the economy and national security.

Cornyn, R-Texas, is chairman of the Immigration, Border Security and Citizenship subcommittee. Kyl, R-Ariz., is chairman of the Terrorism, Technology and Homeland Security subcommittee. Together, their states represent 80 percent of the southern border.

Panel OKs 'Amnesty' Bill (WT)

By Charles Hurt

The Washington Times, March 28, 2006

The Senate Judiciary Committee last night approved a plan that would put millions of illegal aliens on a path to U.S. citizenship, would let them stay here while applying and would not punish their unlawful entry as a felony, contrary to a House-passed bill.

"A path to earned citizenship is what this bill is all about," Sen. Lindsey Graham, South Carolina Republican, said after joining all Democrats and three other Republicans on the panel to approve the plan, which many consider an "amnesty."

The sudden approval -- after weeks of negotiations that often had appeared fruitless -- likely will lead to a showdown with the House, which last year approved an immigration bill that only tightened border security.

"If the bottom line is that all people that came here illegally have got to be made citizens, then we should have the vote now," Sen. Jon Kyl, the Arizona Republican who fought the proposal, said in the seven-hour committee meeting yesterday.

"That's amnesty, and that won't work. And the House won't even go to conference with something like that," he said.

The plan approved by the committee -- taken from a bill written by Sens. John McCain, Arizona Republican, and Edward M. Kennedy, Massachusetts Democrat -- would fine current illegal aliens $2,000 each. The bill also would require aliens to undergo

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criminal background checks and mandate that they maintain employment over the six years they wait to get in line for full citizenship, a process which takes several more years.

"All Americans wanted fairness, and they got it this evening," Mr. Kennedy said after the vote last night.

Many House Republicans -- and most U.S. voters -- oppose any new immigration legislation until the borders are secured and existing immigration laws are enforced. The vast differences between the House bill and the Senate Judiciary Committee proposal must be worked out before any legislation can go to President Bush for his signature.

It was still not clear last night whether the bill would even make it to the floor of the Senate, which yesterday began debating legislation offered by Majority Leader Bill Frist that bypasses the Judiciary Committee and deals only with border security.

"A nation that can't secure its borders can't secure its destiny or administer its laws," said Mr. Frist, who introduced his bill yesterday. "And the situation along our southern border now ranks as a national security challenge second only to the war on terror."

Mr. Frist's "Securing America's Borders Act" would hire more border-patrol officers, build limited fencing in high-traffic areas and toughen the penalties for being in the U.S. illegally. The bill does not, however, have the guest-worker provisions included in the committee bill.

The Tennessee Republican -- is widely expected to seek his party's nomination for president -- has made clear to the Judiciary Committee that he would not consider adopting any guest-worker or "amnesty" provisions that didn't garner a majority of the Republican vote in committee.

The panel proposal failed to get that majority, but Mr. Frist said yesterday that he hasn't decided whether he will consider the committee's bill. He was in negotiations last night with committee Chairman Arlen Specter and other panel members.

Senate Minority Leader Harry Reid, Nevada Democrat, has implored Mr. Frist to take whatever the committee approves and has threatened filibusters if the Republican leader bypassed the committee with his security-only bill.

"We need comprehensive immigration reform that secures our borders, protects Americans and addresses the 11 million undocumented immigrants currently living here today," Mr. Reid said yesterday. "I congratulate Chairman Specter, Ranking Member [Patrick J.] Leahy and the Judiciary Committee for reporting out a bipartisan bill today that does just that. I hope Senator Frist will immediately substitute this comprehensive approach for his wrongheaded bill as the full Senate begins debate tomorrow."

In addition to Mr. Specter and Mr. Graham, Republican Sens. Mike DeWine of Ohio and Sam Brownback of Kansas supported the committee proposal.

Sen. Orrin G. Hatch, the Utah Republican who faces a tough primary fight this year, missed yesterday's vote.

Rep. Tom Tancredo, the Colorado Republican who has led the fight against illegal immigration, said the committee's proposal "provides nearly universal amnesty" for the more than 11 million illegal aliens in the U.S. and adds hundreds of thousands of foreign workers to a background-check system that is "already on the brink of collapse."

"If the Senate follows the Judiciary Committee's lead, the prospects of getting a reform bill to the president's desk this year are slim, to say the least," he said.

"No plan with amnesty and a massive increase in foreign workers will pass the House. Amnesty and foreign workers are fundamentally incompatible with the House's approach and, according to every recent poll, they are not what Americans want. Americans want enforcement first, and disagreement over foreign workers should not prevent us from securing our borders," he said.

Senate Committee Supports Guest-worker Program For Immigrants (KRT)

By Dave Montgomery

Knight Ridder, March 27, 2006

WASHINGTON - The Senate Judiciary Committee, rushing to craft a comprehensive overhaul of the nation's immigration laws, voted Monday to create a guest-worker program that would admit up to 400,000 low-skilled foreigners a year.

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The workers could stay up to six years, then they'd have to return home unless they'd petitioned and been accepted for permanent residency and eventual U.S. citizenship. The panel approved those terms in an amendment sponsored by Sen. Edward Kennedy, D-Mass.

The committee also agreed to a pilot program that would allow 1.5 million undocumented immigrants over a five-year period to hold agricultural jobs under temporary visas. They, too, could apply for green cards to become permanent residents. Sen. Dianne Feinstein, D-Calif., said that program would ensure a source of legal workers for thousands of agricultural jobs now largely held by undocumented workers drawing low wages.

With Chairman Arlen Specter, R-Pa., pressing to finish a bill before the full Senate plunges into the immigration debate Tuesday, the panel struggled to find middle ground between those calling for tougher enforcement and pro-immigrant groups who seek to protect the estimated 12 million aliens now in the United States illegally.

The panel approved an amendment by Sen. Richard Durbin, D-Ill., to shield church and charitable groups from criminal prosecution for providing aid to illegal immigrants, rejecting a more hard-line approach in a bill that the House of Representatives passed.

It also voted to nearly double the number of border patrol agents, calling for 12,000 more over the next five years, to bring the force to 23,000.

At one point, Specter unveiled a "potential, theoretical" compromise that offered a path to permanent residency for many - but not all - illegal aliens who met certain conditions. But he dropped it after finding few takers.

"It was worth the effort, but it's not going to come to fruition," Specter lamented, underscoring the immense challenge of trying to find accord on a volatile issue that's dividing Congress and the American people.

Nearly 60 percent of U.S. citizens oppose allowing illegal aliens to apply for legal temporary-worker status, according an NBC News-Wall Journal Street poll. A Time survey found that three-fourths of Americans favor more border safeguards.

Continuing a chain of recent massive demonstrations across America, several thousand immigrants and activists gathered at the sunlit West Front of the Capitol to demand greater legal protections and denounce the House bill, which that threatens illegal immigrants with felony prison sentences.

Demonstrators joined hands to sing "We Shall Overcome," the anthem from America's civil rights protests, and brandished signs proclaiming "We are America" and "We are all immigrants." Many were undocumented immigrants who spoke little or no English.

Specter's committee had one day to finish its work under a deadline imposed by Senate Majority Leader Bill Frist, R-Tenn., who planned to start Senate debate with his own measure - a tough border-enforcement plan - if Judiciary didn't produce a more comprehensive proposal by the start of business Tuesday.

Kennedy's amendment was drawn from a comprehensive bill that he's sponsoring with Sen. John McCain, R-Ariz. Their bill, which a broad coalition of immigrant advocacy groups and business organizations embraces, would enable illegal immigrants now in the U.S. to apply for permanent residency and citizenship after paying fines and fees totaling $2,000 and meeting other conditions.

Under the guest-worker plan, foreigners must pay fees of up to $500 and show that they have U.S. jobs waiting. They would receive three-year visas, which could be renewed for another three years. After four years, they could apply for green cards.

Feinstein's proposal would allow undocumented immigrants who've worked in the United States two years to obtain "blue cards," which would enable them to work legally in agricultural jobs for three to five years. They could apply for green cards after paying $500 fines and back taxes.

President Bush, calling immigration one of the most important issues of his presidency, is urging Congress to enact a three-pronged approach comprising improved border security, aggressive enforcement at the workplace and a guest-worker program to give U.S. business a steady supply of low-skilled workers.

Bush hasn't fully defined his plan, but administration officials have said his guest-worker plan would cover both foreigners who want to come to the U.S. to work and aliens now in the country illegally, provided they pay substantial fines and meet other conditions.

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The president underscored his demand for revisions in a speech Monday before several dozen newly naturalized citizens in Washington.

"Completing a comprehensive bill is not going to be easy," he said. "It will require all of us in Washington to make tough choices and compromises. And that is exactly what the American people sent us here to."

Tougher Enforcement May Jeopardize Support (WP)

By Michael A. Fletcher And Shailagh Murray

The Washington Post, March 28, 2006

Both Republicans and Democrats risk alienating coveted supporters as they attempt to find the right balance between toughening enforcement and expanding legal opportunities for millions of low-skill foreign workers to take jobs in the United States.

As the Senate begins debate on revamping the nation's immigration laws, the issue poses multiple challenges for both political parties, while offering no clearly expedient solution. Two huge electoral prizes, the Southwest and Florida, are potentially up for grabs, as are millions of Hispanic votes elsewhere. But also in play are the votes of angry residents in border states and beyond who feel overwhelmed by the rising tide of illegal immigration.

"In some ways, the rhetoric of this debate is as important politically as the policy that eventually emerges," said Roberto Suro, director of the Pew Hispanic Center, a Washington research organization. "If there is an impression that the leadership of one party or another is really harsh and punitive, you open up possibilities."

A sudden spate of rallies on the streets of Phoenix, Los Angeles, Detroit and elsewhere -- all in protest of a possible federal crackdown on illegal workers -- suggests that immigration may be an issue that galvanizes this increasingly vital, but difficult to reach voting bloc.

Immigration has mobilized Hispanic voters in the past, most notably in California after the 1994 passage of Proposition 187, a voter initiative to cut off public services for illegal immigrants. Enactment of the law was blocked by the courts, but the fact that then-Republican Gov. Pete Wilson supported the measure swung California's huge Hispanic vote firmly into the Democratic camp for years.

At the same time, however, lawmakers face the potential ire of voters who want more done to crack down on the estimated 11 million illegal immigrants now in the country. The problem led Democratic governors in both Arizona and New Mexico to declare states of emergency in counties along the border with Mexico to combat illegal immigration. Talking points circulating among Democrats on Capitol Hill stress, "if you do not seem credible on enforcement, you may lose credibility which will jeopardize other components of immigration reform."

Tougher enforcement is an idea that resonates among frustrated voters, particularly in parts of the country where public services including schools and hospitals are strained by the influx of new residents. In 2004, Arizona voters ratified a ballot initiative similar to 187, despite the opposition of Gov. Janet Napolitano, a popular Democrat, and Sen. John McCain, a popular Republican.

Views on immigration break into two camps. At one end are law-and-order types, mostly conservative Republicans, who want to tighten border security and step up enforcement against illegal workers. The business community, the Roman Catholic Church, many Republicans and most Democrats occupy the other camp -- joined, notably, by President Bush. Although they generally support tougher enforcement, they also want to change federal law to allow illegal workers to gain legal status so they can continue to fill many low-skill jobs that they believe would otherwise go vacant. Moreover, they say, welcoming outsiders is a core American ideal.

"Each generation of immigrants brings a renewal to our national character and adds vitality to our culture," Bush said in a speech yesterday. "Newcomers have a special way of appreciating the opportunities of America, and when they seize those opportunities, our whole nation benefits."

But Bush's position has split Republicans. Former White House aide David Frum, writing on the Web site of the National Review, said of the president's proposal: "His version of immigration reform can only pass Congress with Democratic votes, and

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there is zero possibility that the Democrats will help him -- but every likelihood that they will egg him on to incite a Republican civil war on the issue that most bitterly divides the president's party."

The competing camps on overhauling immigration laws do not break down along the usual ideological or regional lines. In Arizona, for instance, the two Republican senators -- Jon Kyl and McCain -- both consider themselves conservatives. But McCain champions a bill that includes the guest-worker program Bush has outlined, which would allow participants to apply for legal residency without returning to their home countries. The bill also would substantially increase the number of green cards, granting permanent U.S. residency to low-skill workers.

Kyl, meanwhile, supports a guest-worker program but would provide no avenue for citizenship and would force workers to go home for a year before reapplying. He also wants to build fences in urban areas, hire more border control agents and crack down on employers who hire illegal immigrants, to get a handle on illegal immigration.

Kyl's view is that the current economic pressures for immigrant labor could subside in the future, costing legal American workers jobs. "Get ready for a real tough time when American workers come to your office and say, 'How did you let this happen?' " he admonished colleagues on the Judiciary Committee as they debated the bill yesterday.

Many advocates believe that any successful legislation would have to bridge both camps. "I don't believe this is a zero-sum issue for us," said Ken Mehlman, chairman of the Republican National Committee. "It is absolutely possible for us to be pro-immigrant and pro-law enforcement."

Brent A. Wilkes, national executive director of the League of United Latin American Citizens, an advocacy group, said a balanced approach is the only one that would be accepted by much of the Hispanic community.

"The average Latino immigrant cannot understand why if they work hard and play by the rules, they can't be treated like previous immigrants and be given a legal avenue to come here." Members of both parties believe that at the root of the immigration debate is a fear among voters that illegal immigration is a piece of a bigger, more threatening force: a loss of control over national security as a result of the Sept. 11, 2001, terrorist attacks. What "motivates most Americans is the border insecurity problem that we have," said Sen. John Cornyn (R-Tex.), who is trying to thread the needle between the two camps.

Democrats have mostly stood back from the debate and allowed the warring Republican factions to simmer. Documents circulating among senior Democratic Senate staffers note that Republican voters view immigration as a much bigger problem than do Democrats.

The Senate is expected to debate the immigration bill for two weeks -- an exceptionally long time for legislation, particularly in an election year, and only the beginning of a long road of negotiations with the House, which passed legislation cracking down on illegal immigrants but offering no guest-worker program.

The tenor and time allotted to the debate reflect a broad consensus that immigration is one of the most urgent and fundamental issues confronting Congress. "This is a complex problem," said Sen. Lindsey O. Graham (R-S.C.). "Where is home and where do we want home to be?"

GOP To Stress Immigration Reform (HILL)

By Patrick O'Connor

The Hill, March 28, 2006

With Senate Republicans debating the next course of action on immigration reform, GOP leaders in the House are hoping to get out in front on the issue by reminding voters that they have already passed a series of tough bills to crack down in illegal immigration.

House Speaker Dennis Hastert (R-Ill.) is expected to address immigration reform in a speech later this week before the National Urban League, and the Republican Conference office has distributed talking points lauding border-security legislation that has passed the House.

"Our message in this debate is that the House passed a border-security bill with the understanding that America is a nation of immigrants, a nation at war and a nation of laws," Hastert spokesman Ron Bonjean said. "This is a complex issue, and the House looks forward to working with the Senate and the administration as the process moves forward."

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The recent political maneuvering illustrates the political difficulties facing members of both chambers on how to update the current immigration laws, with the Senate expected to vote on its bill later this week.

Reform is particularly difficult for Republicans because the president's proposal to expand current guest-worker programs would include a path to citizenship for undocumented workers already in the country, angering many conservative-base voters who argue that these workers are taking jobs from citizens born in the United States.

Guest-worker advocates took to the streets in large numbers this past weekend, holding sizable rallies in cities across the country to protest the move toward tougher enforcement. On the other side, guest-worker opponents have overwhelmed congressional offices with e-mails, letters and phone calls.

In the Senate, Majority Leader Bill Frist (R-Tenn.) gave members of the Judiciary Committee until last night to work out a compromise on guest-worker legislation before he would bring his own enforcement-only bill to the floor as a replacement.

The House Republican Conference office distributed talking points to press staff last Friday about the Real ID Act and the border-security bill that House members approved late last year, conference spokeswoman Gretchen Hamel said. The goal is to remind members and their staffs about the bills the House has passed as grassroots groups on both sides of the debate continue flooding offices on Capitol Hill with telephone calls.

In addition, the House Republicans' theme of the week is "Securing our Borders" and members have been encouraged to hold one-minute speeches and special orders on the floor.

Immigration reform divides more along geographic lines than partisan ones, but Democrats last year agreed, in principle, that any major overhaul should be comprehensive and include a guest-worker program in addition to enhanced border security.

In a nominally unrelated event that echoes the immigration debate, Senate Minority Leader Harry Reid (D-Nev.) and House Minority Leader Nancy Pelosi (D-Calif.) are scheduled to hold a press conference tomorrow afternoon at Union Station to unveil their own comprehensive national-security plan, titled "Real Security."

Hastert is expected to address immigration and border security in his speech to the National Urban League on Thursday, Bonjean said.

House Majority Leader John Boehner (R-Ohio) is also expected to address immigration during his weekly press briefing this afternoon, according to a spokesman. Boehner is supportive of the tougher enforcement penalties, but he voted against a House version of the bill late last year because he felt the employer-verification program places an unnecessary burden on small-business owners.

If legislation emerges from the Senate, advocates on both sides of the issue will pay close attention to those members named to the House-Senate negotiations as an indication about the direction a final bill might be headed.

The initial strategy was for House leaders to marry their enforcement-only bill to the Senate's guest-worker compromise, but the gulf between the two camps has made compromise extraordinarily difficult.

Senate Panel Clears Immigration Bill (WSJ)

By June Kronholz

The Wall Street Journal, March 28, 2006

WASHINGTON -- Against a backdrop of massive demonstrations by immigration advocates and pressure from the White House, the Senate Judiciary Committee approved legislation to create two guest-worker programs and a plan for legalizing the status of millions of immigrants now in the country illegally.

The measure is the most generous of several immigration proposals before the panel, and passed with the support of committee Democrats and some of the Senate's most conservative Republicans.

In accepting the measure, which among other things offers guest workers the chance to eventually become U.S. citizens, senators rejected another bill sponsored by two border-state Republicans that would have required guest workers and illegal immigrants to eventually return home.

The bill passed only hours after President Bush made his strongest appeal yet for a law that would provide employers with enough immigrant workers to keep the economy humming. Appearing at a naturalization ceremony for new citizens, Mr. Bush

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attempted to head off arguments within his party that a border-security law must come before any effort to help immigrants or their employers.

He called a temporary-worker program "vital to securing our border" by providing a legal channel for workers and freeing up border agents to patrol for criminals and terrorists.

Even with the president's backing, though, immigration overhaul faces an uphill fight this week when it reaches the Senate floor, where Majority Leader Bill Frist may bring up a tough workplace-enforcement and border-security measure. Democrats said they might try to block the Frist bill on a procedural vote today unless it is broadened.

Any measure that passes the Senate must then be reconciled with a House bill -- pushed through by the Republican leadership -- that requires the government to build a fence across the U.S.-Mexican border and makes felons of illegal immigrants now in the country. House leaders have said they won't accept a compromise bill that includes a guest-worker program or deals with current illegal immigrants.

The Senate-passed measure is largely based on language offered by John McCain, an Arizona Republican, and Edward Kennedy, a Massachusetts Democrat. Their temporary-worker plan, passed on an 11-6 vote, would grant visas to 400,000 immigrants a year initially. They would be able to bargain for wages, change jobs, unionize and would be allowed to travel home and return.

Separately, the committee passed a pilot guest-worker plan for agriculture workers that would be capped at 1.5 million workers and cut off after five years. That measure was passed at the insistence of California Democrat Dianne Feinstein, who said she feared that workers admitted under a general guest-worker program would spurn farm jobs for easier work in service or construction industries.

The committee also deferred to the McCain-Kennedy bill in its plan for dealing with an estimated 11 million illegal immigrants now in the country. Those people would have to pay a $1,000 penalty, pass a background check and get a work permit in order to stay in the U.S.

Those who worked for six years could apply for a five-year extension and after that, permanent residency and eventual citizenship, by paying another penalty and proving they have paid their taxes, held a job, are learning English and haven't committed any deportable crimes.

Republicans have been sensitive to charges that any measure that offers legal status to those who entered the country illegally is an amnesty -- an argument that's certain to roil floor debate. But South Carolina Republican Lindsey Graham, among others, insisted "it is not a blanket pardon. You have to work for it....That's what America is about."

The committee left the key issue of worker verification to be hammered out on the Senate floor. That measure, requiring employers to check the identity of new workers against Social Security and Department of Homeland Security databases, ran into a jurisdiction squabble with the Finance Committee.

Bush Defends Role Of Migrant Workers (FT)

By Caroline Daniel And Edward Alden

Financial Times, March 28, 2006

President George W. Bush on Monday issued a strong defence of the role of immigrants in American history as he warned legislators not to “play on people’s fears or try to pit neighbours against each other” in the intensifying debate about immigration reform.

“We have a chance to move beyond tired choices and the harsh attitudes of the past,” Mr Bush said at a naturalisation ceremony for 30 new US citizens in Washington. “Creating a comprehensive bill is not going to be easy. It will require all of us in Washington to make tough choices and make compromises.”

Mr Bush has proposed tightening border security alongside a guest worker programme to address the problem of the 12m illegal immigrants in the US, a proposal that has exposed sharp divisions within the Republican party.

The Republican-controlled House of Representatives last year approved a bill that would crack down on illegal immigration without offering new channels for legal workers.

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The Senate judiciary committee on Monday night approved legislation, by a 12-8 vote, that will be debated by the full Senate this week. The bill was approved despite opposition from several Republicans on the committee. Some Republicans, including Senate majority leader Bill Frist, favour a bill focused narrowly on border security

But on the key issue of guest workers, the judiciary committee sided with the president, on Monday approving an amendment offered by Senator Edward Kennedy, a Massachusetts Democrat, that would allow up to 400,000 temporary workers into the country each year, and offer them a path to permanent citizenship.

That provision is also supported by Republican Senator John McCain, a 2008 presidential hopeful.

But the committee also pledged to beef up enforcement by hiring as many as 14,000 additional border patrol agents over the next five years and increasing detention facilities for those caught in the country illegally.

Mr Bush has argued that increased security cannot succeed without a new guest worker provision.

"A temporary guest worker programme is vital to securing our border," he said on Monday. "By creating a separate legal channel for those entering America to do an honest day's labour, we would dramatically reduce the number of people trying to sneak back and forth across the border."

Immigration reform was initially put on the agenda by Mr Bush's advisers as a way of attracting Hispanic voters, helping to forge a permanent Republican majority. The House bill, however, has threatened to alienate Hispanics in November's congressional elections.

According to the Pew Hispanic Research Centre, about 7.2m of unauthorised migrants are employed, representing 4.9 per cent of the workforce. Mr Bush noted on Monday that many foreign workers "fill the jobs that Americans are unwilling to do".

Later this week Mr Bush will meet Vicente Fox, president of Mexico, in Cancún, where immigration will be discussed.

Bush Asks Congress To Boost Green Cards (WT)

By Stephen Dinan

The Washington Times, March 28, 2006

President Bush yesterday told Congress to increase legal immigration and temporary visas as part of the debate over illegal aliens and enforcement.

"I've called on Congress to increase the number of green cards that can lead to citizenship," Mr. Bush said. "I support increasing the number of visas available for foreign-born workers in highly skilled fields like science, medicine and technology."

At a naturalization ceremony, Mr. Bush also made a strong statement against amnesty, telling 30 new citizens at DAR Constitution Hall that it would be unfair to them to let illegal aliens jump the line for citizenship.

"All of you are here because you followed the rules, and you waited your turn in the citizenship line," Mr. Bush said. "Yet some violate our immigration laws and enter our country illegally, and that undermines the system for all of us."

Mr. Bush wants to shape the immigration debate on Capitol Hill, but he is walking a fine line. He wants a temporary-worker program but no special path to citizenship for illegal aliens.

"Granting amnesty would be unfair, because it would allow those who break the law to jump ahead of people like you all, people who play by the rules and have waited in the line for citizenship," he told those who took the oath of citizenship.

The president first called for more green cards in 2004 when he announced his guest-worker proposal. Green cards signify permanent legal residence and are the key intermediate step toward citizenship.

Mr. Bush has not said how big an increase he seeks.

The House passed an immigration bill last year that deals only with enforcement. The Senate begins its immigration debate today.

Yesterday evening, the Senate Judiciary Committee cleared a bill that would legalize almost all illegal aliens in a multistep path to citizenship and increase yearly legal immigration by hundreds of thousands of people.

White House spokesman Scott McClellan would not say whether Mr. Bush would veto a bill that addresses only border security.

"It's way too early to jump ahead in the legislative process," he said.

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Mr. Bush last week told proponents of a guest-worker plan that he expects to have the most influence on the debate when the House and Senate go to conference on their bills.

For now, Mr. Bush's tactic has been to highlight the accomplishments of immigrants. The naturalization ceremony gave him and other top administration officials a chance to do that.

Emilio T. Gonzalez, director of U.S. Citizenship and Immigration Services, administered the oath, and Attorney General Alberto R. Gonzales helped present naturalization certificates.

"Today we all leave this great building as equal citizens," Mr. Gonzalez said. "There is nothing more valuable than your American citizenship. Cherish it, nourish it, promote it and defend it."

All 30 new citizens were from Virginia, which is part of the Washington district. No D.C. residents took part because, as a federal territory, D.C. residents must be administered the oath by a federal judge.

Protests Go On In Several Cities As Panel Acts (NYT)

By The New York Times

The New York Times, March 28, 2006

WASHINGTON, March 27 — Tens of thousands of immigrants here and in several other cities continued a wave of angry protests on Monday over Congressional proposals to arrest illegal immigrants and to fortify the Mexican border.

In Los Angeles, about 22,000 mostly Hispanic students walked out of school. As some 2,000 gathered at City Hall, others marched through the streets chanting, "We are not criminals!" Students elsewhere in the Los Angeles area, including the communities of Inglewood, Alhambra and Montebello, followed suit.

In San Francisco, about 1,000 demonstrators marched to the offices of Senator Dianne Feinstein, a California Democrat on the Senate Judiciary Committee, which later on Monday approved an overhaul far more favorable to illegal immigrants than a measure already passed by the House.

About 4,000 people turned out for a rally in Detroit, where Hispanic business owners closed their shops in protest. A crowd of several hundred Hispanic immigrants rallied on Boston Common.

The protests, having first flared late last week, spread Monday to the Capitol as the Judiciary Committee worked on its version of the legislation. As approved later in the day, the bill, contrary to the House measure, would not make illegal immigration a felony and in fact would clear the way to citizenship for millions of illegal immigrants already in the country.

About 1,000 demonstrators gathered on the west lawn of the Capitol as clerics of many faiths denounced a House provision that would make it a crime to give aid to illegal immigrants. The crowd cheered at the news that this provision had been stricken from the Senate bill. But about 100 of the clerics, who had bound themselves with plastic handcuffs, marched to a Senate office building and chanted, "Let our people stay!"

The continuing demonstrations underscored the stakes for illegal immigrants in whatever legislation emerges from Congress. Some conservative commentators, on the other hand, have argued that the protests reflect the kind of social disorder they fear illegal immigration brings.

Massive Student Walkout Spreads Across Southland (LAT)

By Cynthia H. Cho And Anna Gorman

The Los Angeles Times, March 28, 2006

Nearly 40,000 students from across Southern California staged walkouts to protest proposed immigration legislation Monday, blocking traffic on four freeways and leaving educators concerned about how much longer the issue will disrupt schools.

The protests are believed to eclipse in size the demonstrations that occurred during the anti-Proposition 187 campaign in 1994 and even a famous student walkout for Chicano rights in 1968.

Some principals put their schools on lockdown Monday to keep students from leaving campus, and Los Angeles Unified School District officials said all middle and high schools will be on lockdown today.

Monday's demonstrations appeared to start in Los Angeles but quickly spread to San Diego, Riverside, San Bernardino, Orange and Ventura counties. Though the protests were mostly peaceful, there were a few clashes and several arrests.

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Motorists were left in gridlock as youths marched down Sunset Boulevard, Melrose Avenue, Laurel Canyon Boulevard and other major thoroughfares.

At one point, protesters marched onto the Hollywood Freeway in downtown Los Angeles and two sections of the Harbor Freeway, downtown and in San Pedro, briefly halting traffic.

Students in Orange County briefly blocked the Riverside Freeway and Santa Ana Freeway in Fullerton, waving Mexican flags and tossing a rock that smashed the window of a CHP cruiser.

By noon, thousands of youths had gathered in front of Los Angeles City Hall, with student leaders meeting privately with Mayor Antonio Villaraigosa. The rally took on a festive tone, with many waving Mexican flags and yelling, "Latinos Stand Up!" and "Viva Mexico!"

"It was my dad's and grandfather's sweat and tears that built the city of Los Angeles," said Marshall High School senior Saul Corona, whose father came to the United States illegally before getting a green card. "People like them did things no one else wanted to do because they wanted me to have a better future."

The protests appeared to be loosely organized, with students learning about them through mass e-mails, fliers, instant messages, cellphone calls and postings on myspace.com Web pages. By contrast, the massive rally Saturday that drew 500,000 people to downtown Los Angeles was highly organized, with demonstrators urged to wear white and bring American flags.

Many students said they were marching in opposition to a bill sponsored by Rep. F. James Sensenbrenner (R-Wis.) that passed the House in December. The bill would give police more power to enforce immigration law and would lead to 700 miles of additional fencing along the border.

Even as the students marched, a Senate committee approved an immigration package Monday that would enable some of the about 12 million undocumented immigrants in the country to become U.S. citizens.

As immigrants or children of immigrants, several marchers said they would be personally affected by Sensenbrenner's pending bill.

"If this law passes, what will happen?" said Yadira Pech, 16. "There would be no more Los Angeles High School. Nearly all of us are immigrants."

Added Antonio Chavez, an eighth-grader at University Heights Middle School in Riverside: "Our parents, our families came here from Mexico. We want other families to be able to come here too."

Some students said they did not know exactly what the bill said but believed that it was part of an anti-immigrant movement taking hold nationwide.

"We just walked out because we didn't want to be at school," said Diana Hernandez, a senior at Dorsey High School in Los Angeles. "But we also believe [the legislation] is wrong."

The demonstrations became violent in some areas. In San Diego County, two dozen protesters were arrested in Escondido after refusing orders from police to disperse. Two patrol cars were reportedly vandalized.

In Riverside, a peaceful student protest unfolded downtown as six youths and one adult were arrested across town after scuffles with police clad in riot gear and carrying nightsticks, authorities said. After following students throughout the city and calling for them to disperse, officers confronted the group. Students responded by hurling rocks and bottles at police.

"They're pushing us around," said Pati Sanchez, a Norte Vista High School senior. "People should be able to say what they think."

In Santa Ana, officers used nightsticks and pepper spray to control students throwing bottles and rocks. They also set up barricades to prevent the protesters from disrupting traffic. One student was arrested and a few others suffered minor injuries, police said.

Four adults were arrested during a protest in Van Nuys, but no major violence occurred in Los Angeles County. The demonstrations prompted a tactical alert by Los Angeles police so the department could deploy officers to areas where they were needed.

"They're noisy but well-behaved," said LAPD Chief William J. Bratton as he walked through the downtown crowd. "Let them have their say."

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In a district with about 358,000 middle and high school students, an estimated 26,000 walked out of more than 50 Los Angeles Unified campuses. Teachers, principals and school police urged students to demonstrate on campus, but students flooded through gates and onto city streets and sidewalks.

"It's very disruptive," said Ellen Morgan, a spokeswoman for the Los Angeles Unified School District. "We want them to express their opinions, but there are venues, there are forums for them to do so. We'd like them to stay in school and get an education."

Not only did the mostly high school students miss class time, administrators said, but the district could lose money if students did not show up. And with postings on myspace.com promoting more walkouts today, principals were doing whatever they could to encourage students to stay on school grounds.

All L.A. Unified middle and high schools will be on lockdown today, which means no one will be allowed to leave school once they enter, officials said. The district plans more stringent measures this morning, prohibiting students from going from class to class as usual.

Teachers are planning lessons on the immigration issue, and administrators are setting aside spots on campus for rallies and sit-ins. Some school officials plan to punish students who left campus with enforced attendance at Saturday school.

In Los Angeles, principals sent notes home that urged parents to tell their children to stay on campus and warned of disciplinary action for those who did not.

On Monday, some principals locked down their campuses in an attempt to prevent students from leaving school grounds. Nevertheless, students from at least one campus climbed over a fence to leave.

Lucy Delgadillo, whose children attend South East High School in South Gate, said she knows that lockdowns promote school safety.

"There are some kids who don't know what the protest is about," she said. "But there are kids who understand and feel strongly about this, and I think they should be allowed to protest."

At some campuses where students did walk out, staff members marched alongside the youths to ensure their safety, officials said. In addition, Los Angeles school administrators dispatched about 30 buses to City Hall and other locations to ferry students back to their campuses in the afternoon.

In a noontime speech outside City Hall, Villaraigosa told the students that he opposed the Sensenbrenner bill.

"I know that all of you are fearful about what's going on," Villaraigosa said, referring to the pending legislation. "I know it would criminalize 12 million people."

But later in the afternoon, when he came out to tell students to go home, he was met with chants of, "Hell no, we won't go."

Administrators expressed differing views on the protests, which took place on the Cesar Chavez holiday. Some complained about a wasted day, while others praised the youths' activism.

"What pleases me is that our kids are politically active," said Ventura Unified School District Supt. Trudy Arriaga. "Isn't that what we want for the future?"

But Oxnard Union High School District Supt. Joy Dunlap said she hoped that it was over and that students had fulfilled their need to express their opinions.

"They've had that opportunity and now they'll come back and get back to studies on a normal basis," she said.

Santa Ana Unified School District Supt. Al Mijares said the students should use the classroom to engage in the immigration debate.

"The students are generally interested in the subject," he said. "But our quest is to make sure they're safe. We don't want them to miss school."

For the most part, students were met with support from honking motorists and cheering observers. (The demonstrations occurred a week after HBO premiered a movie about the 1968 student walkouts in East Los Angeles to protest the treatment of Chicanos.)

"I'm so proud of these kids," said social worker Robin Sheiner, as she watched the crowd pass on Melrose. "They're showing what they believe in."

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Immigration Bill Decried (WT)

By Keyonna Summers

The Washington Times, March 28, 2006

About 150 Virginia high school students cut their school day short yesterday to show support for immigration advocates who this weekend protested federal legislation that would impose harsher penalties on illegal aliens and their employers.

Among them were 30 Salvadoran students from Freedom High School in Woodbridge who conducted a "peaceful, orderly" protest outside the school, which grew to include community members and students from two other local high schools, Principal Dorothy McCabe said.

They had not asked for permission before protesting outside, the principal said, adding that students who skipped classes will face routine disciplinary measures.

"They know some illegal aliens, and that certainly is a very important concern for them," Miss McCabe said. "They were very respectful. They had a purpose, and I was just so proud of the way they handled themselves.

"We always want students to be involved in what's going on in the world, [and] we always encourage students to practice their rights," she said. "I think that's an important part of their education, [but] I want them in the classroom."

Meanwhile, hundreds of immigration advocates rallied at the U.S. Capitol yesterday against H.R. 4437, an immigration-enforcement bill that passed the House last year and comes before the Senate this week.

An interfaith prayer service at the Capitol followed weekend rallies that drew thousands in Chicago, Phoenix, Milwaukee, Dallas and Ohio, and an estimated 500,000 in Los Angeles.

The District-based Center for Community Change organized the event with help from the National Capital Immigration Coalition, an umbrella for immigrant-advocacy groups.

Crowd estimates yesterday ranged from U.S. Capitol Park Police officers' 1,000 to organizers' 3,000.

Labor union members, students and church groups from several states, including Kentucky, New York and California, wore blue shirts emblazoned with "We are America."

Clergymen handcuffed themselves to protest a provision in the bill that would imprison for up to five years anyone who knowingly assists or allows illegal aliens to remain in the United States, under a broadened definition of alien smuggling.

The clergymen marched to the Dirksen Senate Office Building to visit their senators, who will take up the measure today.

Sponsored by Rep. F. James Sensenbrenner Jr., Wisconsin Republican, the bill calls for up to $40,000 in fines for nonprofit groups and others that fail to check the legal status of immigrants while helping them find work.

The Senate Judiciary Committee debated its own version of the bill yesterday.

Critics have called the protests an attempt to generate sympathy for illegal aliens who drain public services.

Though Sensenbrenner spokesmen have said the bill is aimed at employers who hire illegals -- not churches and day laborer centers -- clergymen yesterday said they were "absolutely" willing to risk incarceration if Congress passes the Sensenbrenner measures.

Cristina Lopez, deputy executive director of Center for Community Change, said yesterday's rally will help to bolster support for an April 10 National Day of Action on Immigrant Rights, where advocates will call for comprehensive immigration reform and mobilize immigrant voters.

The National Capital Immigration Coalition is helping plan the event. Protests are scheduled for the District, Chicago, Denver, Los Angeles, Milwaukee, New York, Philadelphia, San Antonio, Las Cruces, N.M., and Tucson, Ariz.

"We want immigration reform that provides a pathway to citizenship, family reunification, workers' rights and civil rights and liberties for immigrants -- nothing less," Miss Lopez said.

A New Corps Mobilizes Over Immigration (CSM)

By Jeff Oliver

The Christian Science Monitor, March 28, 2006

GREELEY, COLO. - For the Latinos of this northern Colorado farming community, it was the final straw.

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A proposal for a federal immigration office in town was supposed to help with gang and meth problems. Hispanics felt it unfairly targeted immigrants.

Sylvia Martinez, the daughter of a migrant Mexican worker, mobilized fellow Latinos. Three rallies ensued, and the proposal was all but quashed. "We saw this anti-immigrant stuff on a national level and then on a local level, and we said: 'OK, that's it. We do something now,' " says Ms. Martinez.

Local flash points like the one in Greeley, often born of hometown concerns about an influx of immigrants, are sparking the rise of a new corps of Hispanic activists. Now this corps is mobilized as never before to do battle on a national level - uniting legal and illegal, old guard and fresh faces - to oppose tough immigration reforms moving through Congress.

The strength of "Latino power" has been evident in recent days at protests in many US cities. Martinez and her group from Greeley, for one, were among the demonstrators, joining a 50,000-strong rally in Denver last weekend.

Granted, Hispanic political activism certainly isn't new. But this time its voice is different. The divide that usually exists between Hispanic-Americans born in the US and undocumented Hispanics is fading, say advocacy-group leaders, and fresh faces are joining old hands in the trenches of political organizing.

"There used to be a kind of divide" between native-born US Latinos and undocumented immigrants, says Raul Yzaguirre, former president of the National Council of La Raza, the nation's largest Latino advocacy group. "Now, there is a sense that we're in this together."

In fact, some are saying that Latino political activism has not reached such a level of intensity since 1994, when a California ballot initiative to deny social services to illegal immigrants rallied that state's Hispanic population against it. This time, however, the intensity is on a much broader scale, as groups from Atlanta to Milwaukee to Los Angeles follow closely any government moves that could affect them.

"I have to say, it makes life easy for us," says Pablo Alvarado, a Salva-dorean immigrant and leader of the National Day Labor Organizing Network in Los Angeles. "An environment of fear means people are more willing to come together. I guess it's the same anywhere in the world."

Still, many Latino organizers remain troubled. "Sure, this accelerates people's incursion in the political system," says Clarissa Martinez de Castro, director of state-local public policy for the National Council of La Raza. "But in the long term, I think we are doing great damage." That is, she worries that any short-term increase in political activism and unity could be negated by anti-Latino sentiment - even if it's only a matter of perception - that results in long-term alienation and disillusionment.

And at times, some of the national rhetoric on immigration issues has left many Latinos feeling beleaguered. "We take it very personally," says Verónica Dahlberg, head of a Latino advocacy group in Ohio. "We have to turn off the TV because the words 'illegal alien' have begun to sound like the 'n' word."

In Greeley, however, activist enthusiasm shows little sign of waning since the protests against establishing an Immigration and Customs Enforcement office. Those rallies happened late last year, after Martinez and others canvassed neighborhoods with fliers and radio spots.

"I asked everyone to leave their identification at home," she remembers. "That way we would all be undocumented."

One rally drew 600 protesters - some immigrants, some native-born citizens - to a local Catholic church. The sudden show of unity moved public officials to apologize for not vetting the proposal with the Hispanic community.

Now, Martinez's group, Latinos Unidos, is putting together a voter-registration drive.

"This has been very invigorating," says Rebecca Safarik, Greeley's community development director. Latinos, she says, are now speaking up at city council meetings and are attending a weekly leadership training session. "We teach residents how to participate in local government," Ms. Safarik says. "At our last meeting, two-thirds were Latinos."

Still, for Martinez, success has come with a price. "I've exhausted two years of vacation time in two months," she says over a lunch of fajitas at a Mexican restaurant near her home. She adds that her efforts have also taken time from her husband and two children.

As she pauses, however, a fellow Latino quietly approaches and in Spanish says, "Congratulations on our victory. We're with you."

Martinez smiles and reminds the man to listen to the radio for information on future rallies.

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"Sometimes I get people crying and giving me kisses for standing up for them," she says. "That guy just gave me fuel for two more months."

Coast-to-coast 'Movement' Rages On (WT)

By Guy Taylor

The Washington Times, March 28, 2006

The Roman Catholic Church, dozens of grass-roots coalitions and Spanish-language radio disc jockeys have helped fuel protests nationwide against congressional efforts to tackle illegal immigration.

One protest organizer described the effort as "the beginning of an immigration civil rights movement."

"This is the tip of the iceberg," said Marissa Graciosa, a political organizer at the Illinois Coalition for Immigrant and Refugee Rights, one of several groups that rallied about 300,000 people into the streets of Chicago on March 10.

As activists rallied outside the U.S. Capitol yesterday, Daniel Sharp, legal director for the Central American Resource Center of Los Angeles -- a key group behind the 500,000-strong demonstration in that city Saturday -- called on Congress to act responsibly.

"If Congress doesn't address the problem in a realistic way, the demonstrations will continue," said Mr. Sharp at the event organized by District-based Center for Community Change and the National Capital Immigration Coalition, an umbrella immigrant-advocacy group.

Demonstrators, who have also gathered in Detroit and Cleveland, oppose legislation already passed by the House that would make it a felony to be in the U.S. illegally, impose new penalties on employers who hire illegal aliens and build fences along part of the U.S.-Mexico border.

The Senate Judiciary Committee yesterday approved legislation that would allow millions of undocumented workers to seek U.S. citizenship without having to first leave the country. It also stripped the felony penalty for illegal aliens. The full Senate is scheduled to begin debate today.

The Catholic Church has played a key role in opposing legislation to restrict immigration and rallying protesters.

"As we've been able to reach more and more people, they're waking up to the ills of the proposals made to date and seeing the need to be vocal about the kinds of reforms that would be more acceptable," said Mark D. Franken, executive director of migration and refugee services for the U.S. Conference of Catholic Bishops.

The bishops conference in May began "Justice for Immigrants," a campaign focused on activating a network of grass-roots movements against punitive immigration-reform legislation.

Mr. Franken said all the nation's 197 Catholic dioceses are in some way backing the campaign, with more than 70 being particularly active. Disseminating pamphlets and networking, community-level groups tied to the campaign are operating "in churches and everywhere they can gain access," he said.

Protest organizers also credit popular disc jockeys on Spanish-language radio stations for helping turnout, particularly in Los Angeles and Chicago.

"DJs got on the bullhorn to say, 'Hey, let's take this day off and get on the street to make sure this anti-immigration legislation cannot pass, that it won't be tolerated in a city like Chicago,' " Miss Graciosa said.

Yesterday in California, the state's Cesar Chavez Day, thousands of students walked out of class, and crowds in Detroit marched toward downtown as nearly a week of street protests against proposed immigration reforms continued.

At least 800 students walked out from eight Los Angeles-area schools ranging from the San Fernando Valley to the wealthy coastal enclave of Pacific Palisades, said Monica Carazo, spokeswoman for the Los Angeles Unified School District.

By midmorning, the protests spread to downtown, where hundreds more students were walking the streets and chanting.

In Detroit, protesters waving Mexican flags marched from the southwest side of the city, where many Hispanics live, toward a federal building downtown.

"We are illegal immigrants if you trace our heritage all the way back. But we are here, and we are working and we are living the American dream," said Janet Padron, a 22-year-old Allen Park resident who participated in the Detroit rally.

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"Do you see the community?" Miss Padron asked, pointing to the thousands of people surrounding her. "Do you see how many people didn't go to work today?"

Several Hispanic groups are supportive of legislation that the Senate will consider, saying it gives hardworking immigrants the opportunity to become citizens, not criminals.

Mr. Sharp said the Central American Resource Center of Los Angeles thinks already pressed federal immigration law-enforcement resources should be focused "on terrorists, drug dealers and violent criminals, not the people who pick our crops, wash our dishes and take care of our children."

Immigrants' Voice Reaches The Hill (WP)

By John Pomfret And Sonya Geis

The Washington Post, March 28, 2006

LOS ANGELES, March 27 -- On Feb. 1, Arturo Hernandez went to his church on the east side of Los Angeles and watched the first PowerPoint presentation of his life. The illegal immigrant from a Mexican village on the Sea of Cortez learned about a bill that had passed the House that would turn him -- and the church that helps his family with child care, his employers in the tony Brentwood section of Los Angeles and the hospitals that treat his family -- into felons.

In subsequent weeks, Hernandez listened to public service announcements on L.A.'s Spanish-language radio stations in which disc jockeys and other celebrities said they wanted him and others like him to let the Senate, which is meeting this week to hammer out its own legislation, know what they think about the proposal. At the same time, his church, the hotel worker's union that represents his wife and the leadership of the Archdiocese of Los Angeles continued to tell him the legislation was, in the words of Cardinal Roger M. Mahony who spoke against the measure on March 1 -- Ash Wednesday -- a "blameful, vicious" bill.

On Saturday, Hernandez, his wife, Gloria, and their three children marched in their first protest -- along with more than 500,000 other demonstrators -- through downtown Los Angeles. "I have lived for 15 years in America," said the 34-year-old gardener. "All that time I have lived with my head down, you know. On Saturday, all these people were telling me to put my head up."

As the immigrant legislation was heard Monday on Capital Hill, a grass-roots movement of immigrant churchgoers, union members, businessmen, media personalities and laborers was hoping to use the power of their numbers to move the debate. Some in the loosely knit coalition speak of the dawning of a new civil rights movement, drawing parallels with the Rev. Martin Luther King Jr. and Chicano labor activist Cesar Chavez.

While opponents of illegal immigration have been organizing and even launching their own border patrols for some time, the immigrants themselves have been silent. But the turnout at rallies and demonstrations in recent weeks shows a deepening activism.

Almost three-quarters of a million people in more than 10 cities have marched against the bill. On March 10, about 100,000 marched in Chicago. Crowds have also massed in Milwaukee, Philadelphia, Denver and Phoenix. And protests continued Monday when thousands of students skipped class in California, Texas and other states and demonstrators marched on a federal building in Detroit. Organizers said they were gearing up for a nationwide demonstration April 10.

The message of marchers was, "We are good people who want to contribute to this nation," said Angelica Salas, executive director of the Coalition for Humane Immigrant Rights of Los Angeles, which helped organize the Los Angeles march. "More than anything, people were saying, 'This is who we are. Most of the time we're invisible to society, but this is who we are. We're not criminals. We're families. We're mothers, we're fathers, we're workers.' "

In Los Angeles, which is 47 percent Hispanic, the march was a blunt reminder of Latino power in this city -- illegal or legal. Busboys, gardeners, maids, textile workers, delivery boys, taco truck operators, firefighters, politicians (including Mayor Antonio R. Villaraigosa), union chiefs and thousands more coursed down Broadway in the heart of L.A.'s downtown predominantly Hispanic shopping district.

Churches have been at the center of the movement to fight efforts to criminalize aid to illegal immigrants. Mahony's message for Lent announced that archdiocesan priests and pastoral workers would defy the government and continue offering

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services to people in the country illegally if such efforts are outlawed. Similar statements came from the Rev. Samuel Rodriguez Jr., president of the National Hispanic Association of Evangelicals, which is usually associated with conservative causes.

Rodriguez called the recent marches the result of "the greatest mobilization since the days of Cesar Chavez."

"We have businessmen, Christians, non-Christians, Catholics and evangelicals," he said. "We engaged the number one institution in the Hispanic family -- the church. We contacted pastors in parishes, and we worked through local Spanish radio and television. We said, 'Look, if we don't speak up now, it's going to be too late.' "

Rodriguez cautioned members of the Republican Party who back the tough House bill. "More and more Hispanics are voting, and more and more are voting conservatively," he said. "But if we are abandoned by the Republicans on this issue, it will nullify the possibility of a Republican winning national office."

In Los Angeles, radio personalities, who normally engage in cutthroat competition, worked together to inform people about the upcoming march, said David Haymore, vice president and general manager of Spanish Broadcasting System in Los Angeles, which runs two of the most popular Spanish-language radio stations in the city. Haymore said that eight days before the march, the program directors and on-air personalities of the major Spanish-language stations here met and "agreed to leave egos at the door, not promote the stations" and make the case on the air for "people to show their unity by marching in downtown L.A."

During the next seven days, stations aired conference calls that featured disc jockeys from competing stations discussing the immigration bills and the Senate's upcoming debate.

"The community needs to see us together so they can understand the message that united we are much more powerful," said the host of the city's most popular Spanish morning radio show, Renan Almendarez Coello, better known as "El Cucuy," a character out of a Mexican folktale.

"We have to be united to demonstrate to the world that this country is made by immigrants."

Hispanic marchers have dominated the protests. The Pew Hispanic Center estimates that 78 percent of the nation's approximately 11 million illegal immigrants are from Mexico or other Latin American countries.

However, other ethnic groups, including the Irish, have joined the debate. In Los Angeles, the campaigning by the Spanish-language media was mirrored by Radio Seoul, the 24-hour Korean-language station in the city, which aired similar spots exhorting this city's 1 million Koreans to take to the streets.

"We estimate about one in five Koreans in America is illegal," said Dae Joong Yoon, executive director of the Korean Resource Center in Los Angeles.

"So we all have these people in our families. We know about their struggles. They are working hard."

How DJs Put 500,000 Marchers In Motion (LAT)

By Teresa Watanabe And Hector Becerra

The Los Angeles Times, March 28, 2006

He's one of the hottest Spanish-language radio personalities in the nation. So when Los Angeles deejay Eddie Sotelo joined hands with his radio rivals to urge listeners to turn out for a pro-immigrant rally in downtown Los Angeles on Saturday, organizers hoped for a big turnout.

But many said Monday that they were stunned by how many responded to the call to march against federal legislation that would crack down on undocumented immigrants and penalize those who assist them.

As a result, what was initially expected to draw fewer than 20,000 ballooned into a massive march that police estimated at 500,000 and said was one of the largest demonstrations in Los Angeles' history. The march topped a wave of protests drawing hundreds of thousands of participants in cities around the nation, which organizers said influenced the U.S. Senate Judiciary Committee's approval Monday of legislation that includes legalization for undocumented immigrants.

Rally supporters, including immigrant-rights activists, churches, and labor and community groups, agreed that the active advocacy of the region's top Spanish-language radio personalities was critical in drawing the enormous crowds, who marched more than 20 blocks along Spring and Main streets and Broadway to City Hall, wearing white "peace" shirts and waving American and Mexican flags.

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The promoters included such on-air celebrities as KHJ's Humberto Luna, KBUE's Ricardo "El Mandril" (The Baboon) Sanchez, Renan "El Cucuy" (The Boogeyman) Almendarez Coello — whose often risque show has cast him as a sort of Latino version of Howard Stern — and Sotelo, better known to listeners as "El Piolin," or Tweety Bird. Coello's and Sotelo's morning talk shows are among the highest-rated programs in any language in Los Angeles.

"They were the key to getting so many people out," said Mike Garcia, president of Local 1877 of the Service Employees International Union. "If you listened to Spanish-language media, they were just pumping, pumping, pumping this up."

For his part, Sotelo said he decided to promote the cause — by calling a summit of his rival deejays to encourage them to do the same — after rally organizers told him about the ramifications of the legislation passed by the U.S. House of Representatives last December. The bill, by Rep. F. James Sensenbrenner Jr. (R-Wis.), would make undocumented immigrants and those who assist them felons and erect a 700-mile fence along the U.S.-Mexican border.

"I told God that if he gave me an opportunity as a radio announcer, I was going to help my people," said Sotelo, who himself illegally crossed the border in the trunk of a car in 1986 and gained legal status a decade later. "I think we have to make sure the message went through to Washington, to let them know we're not criminals."

The idea for the march first sprouted in February in the oldest church in Los Angeles: Our Lady Queen of Angels, which has historically served as a sanctuary for undocumented migrants.

The church near Olvera Street has become one of the city's organizing hubs against the House bill, playing a leading role in promoting the Roman Catholic Church's national "Justice for Immigrants" campaign. Cardinal Roger M. Mahony last December appointed a committee to promote the national campaign throughout the 5-million-member Los Angeles Archdiocese.

The coalition of religious, community and civil rights activists meeting at the church had begun planning several small-scale events: news conferences, a petition drive and protest marches to Republican and Democratic party offices.

But when two visitors joined the group in January, the vision suddenly expanded.

Jesse Diaz, a doctoral candidate in sociology at UC Riverside, had worked with day laborers in Pomona and organized marches against Proposition 187, the 1994 state initiative that cut public benefits to undocumented immigrants but was struck down in federal court. Javier Rodriguez, a journalist, had also worked with immigrants and organized black-Latino political alliances.

The two men called for something dramatic: a massive protest march.

"It was time," Diaz said. "The Sensenbrenner bill had passed. We have 10 [million] to 12 million undocumented immigrants in this country, but their voice can't be heard at the ballot box. We felt a march would be a way for them to speak out."

The coalition was initially wary, he said. The group had little money or organization. At the time, none of the big labor or civil rights organizations had yet signed on, such as the service employees union or the Coalition for Humane Immigrant Rights of Los Angeles. At the table, aside from the Catholic priests and some Spanish-language journalists, were such groups as the Central American Resource Center, Hermandad Mexicana Latinoamericana, the Pomona Day Labor Center and the Southern California Human Rights Network.

But Diaz and Rodriguez kept pushing. On March 2, the group held a news conference at the church to announce the march and call for political and Spanish-language media to get involved.

On March 13, the group got extensive coverage from KMEX-TV Channel 34, including promos, leading up to a "media breakfast" the next day. Later that day, Rodriguez and other leaders spoke to a producer on Sotelo's program. The day after that, they were on "Piolin Por La Mañana" for four hours, Rodriguez said.

"That was it, man!" Rodriguez said. "They gave us four hours and we went at it. We talked about the need for people to come out."

The next day, Rodriguez and other leaders went on the air with Sanchez of KBUE-FM (105.5) "Que Buena." During that show, Rodriguez said, he proposed that the deejays join together for the cause.

Sanchez called Sotelo and they had an on-air conversation during their programs, Rodriguez said. Later that day, Sotelo would make the calls that would bring the other deejays together on the air.

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By March 20, all of the major Spanish-language disc jockeys got together on City Hall's south steps to promote the big march.

"From there, it just blew up," Diaz said.

The deejays did more than publicize the march. Working with the organizers, they also helped develop some ground rules: Marchers had to be peaceful and clean up after themselves.

They were also encouraged to wave American flags.

"We wanted them to show that we love this country," Sotelo said. "Bringing the U.S. flag, that was important. There are so many people who say, 'I'm glad my parents came here and sacrificed like they did for us.' "

By this time, other organizations had begun to join the effort.

Local 1877, which represents janitors, took care of security. The union trained nearly 500 people in how to deal with conflicts and herd marchers along the route, posting nearly two dozen on each block in orange T-shirts donated by an L.A. apparel firm, according to union organizer Ernesto Guerrero.

The union also coordinated the more than 100 buses that dropped off marchers from throughout California, Las Vegas and a few Southwestern cities, he said.

All of the planning paid off. The "Great March of March 25," as some dubbed it, was peaceful.

"I was saying, 'Man, we did it, we did it!' " Sotelo said.

The strong advocacy of the disc jockeys and other Spanish-language media contrasted sharply with other outlets, said Felix Gutierrez, a journalism professor at USC's Annenberg School for Communication.

"The Latino media played it more as how will this affect you, how will it affect your job, how will it affect your kids," Gutierrez said. "They were much closer to their audience, in terms of the direct effect."

Gutierrez lauded the organization behind the event and contrasted it with the angrier assemblies of the Chicano movement of the 1960s, in which he was a media liaison.

By comparison, Saturday's rally was festive, featuring kazoos, mariachi music, cotton candy and families with children. "The messages I heard last week was show up, bring your family, bring your children, don't get pulled into violence, there may be people trying to provoke you," Gutierrez said.

Meanwhile, Diaz and Rodriguez planned to announce today their next major action: a call to boycott work, school and all consumer activities May 1. They are calling it "The Great American Boycott of 2006."

Concern High Over Immigration (WT)

By Jennifer Harper

The Washington Times, March 28, 2006

A sampling of polls reveals that most Americans are concerned about the financial impact of illegal immigration and fret over porous borders, lax enforcement and easygoing policies that could reward or encourage lawbreakers.

The concern cuts across demographics. A Quinnipiac University Polling Institute survey of 1,892 registered voters released March 3 found that 88 percent think illegal immigration is a serious problem; 83 percent of respondents identified as children or grandchildren of immigrants agreed. The margin of error was two percentage points.

In addition, 62 percent opposed measures that would make it easier for illegals to become citizens; 56 percent of the immigrant descendants agreed. Seventy-two percent did not favor allowing illegals to get driver's licenses; 66 percent of the immigrant descendants agreed.

"If you're not here legally, you shouldn't get government benefits, Americans say overwhelmingly," said poll director Maurice Carroll.

Many Americans equate illegal immigration with a threat to the nation's security. A Time magazine survey of 1,002 adults released in late January found that three-quarters would penalize employers hiring illegals and 70 percent felt illegals increased the likelihood of terrorism. The margin of error was three percentage points.

Those with financial clout are also uneasy. A Gallup Poll of 802 U.S. investors released yesterday found that 80 percent said the federal government should do more to prevent illegal immigration. Although 84 percent said illegals mostly took jobs

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Americans didn't want, 62 percent said illegals hurt the national investment climate. Sixty-eight percent said illegals cost taxpayers too much because of their demands for public education and health care. The margin of error was four percentage points.

Gallup analyst Dennis Jacobe was surprised by the findings, saying, "When eight in 10 of those individuals who probably benefit the most from illegal immigration want the federal government to act to prevent it, then clearly elected officials should take note and act."

Voters are attracted to a border security platform. An NBC/Wall Street Journal survey of 500 adults conducted March 10 to 13 found 71 percent would more likely vote for a congressional candidate who would tighten immigration. About 59 percent opposed President Bush's proposal to create a guest-worker status for illegals. Fifty-six percent opposed the idea because "we should not reward people who have broken the law," saying temporary status would encourage people to cross borders illegally. The margin of error was three percentage points.

Yet Congress is drawn to the idea of temporary status, according to a National Journal poll this month that surveyed 58 Republican and 52 Democratic lawmakers, plus a lone independent. The survey found 73 percent of Republican and 77 percent of Democratic senators and representatives said they would support an immigration bill that included a guest-worker program.

An IQ Research poll gauging the "broad view of the agricultural workers program" among 1,001 adults released in early March found 92 percent said that securing the nation's border should be an important issue for both the White House and Congress. About 60 percent did not favor amnesty for illegals. The margin of error was three percentage points.

Check The Polls, Not The Protests, On Immigration (RC)

By David Winston

Roll Call, March 28, 2006

Several hundred thousand people marching in Los Angeles to protest immigration reform get the attention of both the media and politicians, as it should. But here's a quick reality check: The march, though very impressive as a political statement, simply doesn't represent where the country is as a whole.

In truth, the views of most of the people marching in the streets of L.A. and other cities last weekend bear little or no resemblance to the majority of public opinion in this country when it comes to illegal immigration.

Here's what the American people actually think about immigration reform and border security, according to a broad range of recent national surveys:

• Sixty-three percent believe that illegal immigration is an extremely or very serious problem. (Time, Jan. 24-26, 2006)

• They see immigration as a security issue first (41 percent), then an economic issue (29 percent), and finally a civil rights/humanitarian issue (24 percent). (New Models, Oct. 30-31, 2005)

• They believe that illegal immigrants, overall, hurt the economy, by a 64 percent to 26 percent margin. (Time, Nov. 29-Dec.1, 2005)

• They oppose allowing illegal immigrants to obtain driver's licenses by a 72 percent to 25 percent margin. (Quinnipiac University, Feb. 21-28, 2006)

• They believe that military troops should be used for border security by a 58 percent to 37 percent margin. (New Models, Oct. 30-31, 2005)

• They favor a proposal to build a 2,000-mile security fence along the U.S.-Mexico border by a 51 percent to 37 percent margin. (Fox News/Opinion Dynamics, Oct. 11-12, 2005)

• They agree that illegal immigrants should be able to apply for temporary work visas, 61 percent to 38 percent. (New Models, Oct. 30-31, 2005)

• They support requiring proof of legal residency to obtain government benefits by an 84 percent to 14 percent margin. (Quinnipiac University, Feb. 21-28, 2006)

• They believe illegal immigrants should have access to public schools, 52 percent to 48 percent. (New Models, Oct. 30-31, 2005)

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• They are more likely to vote for a candidate who favors tighter controls on illegal immigration, by a 71 percent to 11 percent margin. (NBC News/Wall Street Journal, March 10-13, 2006)

In other words, when it comes to immigration reform, polls — not parades — are a better barometer of where the American public is. The bigger question is, where are the politicians coming from? For both Republicans and Democrats, this hot-button issue has forced them to navigate some pretty tricky political waters.

Republicans are trying to balance the demands of their conservative base, which wants tougher border security, with the concerns of another part of that base, the business community, which wants a more middle-of-the-road approach.

The GOP also is trying to retain and expand the progress it has made in the past three elections with more conservative Hispanic Americans.

Meanwhile, members of the Christian community are still deciding this difficult and complex issue. This week, Senate Judiciary Chairman Arlen Specter (R-Pa.) has promised reform legislation that addresses both the issues of border security and what to do with the 12 million illegal immigrants already here. A number of Republican immigration plans have emerged, but, as of this writing, there is no clear consensus bill.

If Specter fails to get a bill out of committee, then Senate Majority Leader Bill Frist (R-Tenn.) will bring his own bill to the floor that deals specifically with national security and border security issues. Unlike the House legislation, the penalty in his bill for being in the country illegally would be a misdemeanor rather than a felony, ameliorating one of the Democrats' biggest criticisms of the House Republican reforms.

Whether the Senate can reach a compromise on the big sticking point — the amnesty/guest worker issue — remains to be seen. But judging by public opinion, Republicans would be smart to move ahead on border security while negotiations continue. Whatever legislation finally reaches the Senate floor, be it a Judiciary Committee proposal or a Frist alternative, Republican views on the twin issues of border security and immigration reform clearly are in tune with the majority of American voters.

This leaves Democrats with a dilemma: how to play to their liberal base by siding with immigration-reform opponents who, for all practical purposes, want amnesty now, without alienating the America people who, according to a Quinnipiac University poll (Feb. 21-28), "oppose making it easier for illegal immigrants to become citizens" by a margin of 62 percent to 32 percent.

Add to that the fact that "Big Labor" apparently has joined the coalition of Latino, liberal Catholic and Democratic activists who side with illegal immigrants in opposing the reforms. Those are groups that Democratic Members such as Senate Minority Leader Harry Reid (Nev.) and Sen. Hillary Rodham Clinton (N.Y.), a presidential hopeful, want on their side.

To help reinvigorate the party's slipping Hispanic support, Reid threatened last week to filibuster the Frist proposal even though it contains provisions that reflect changes Reid and other Democrats have asked for, including tougher border security efforts, an increase in the number of Border Patrol agents and new sanctions for employers who hire illegal immigrants.

In a bizarre twist to the old maxim, "Praise the Lord and pass the ammunition," Clinton opened fire on Congressional Republicans last week as she joined Reid's filibuster effort. Apparently adopting a new stance on the separation of church and state, Clinton complained that the House Republicans' immigration reform package "is certainly not in keeping with my understanding of the Scriptures because this bill would literally criminalize the Good Samaritan and probably even Jesus himself."

By threatening to filibuster a Republican immigration reform package that, at its core, will do much to strengthen border security, Democrats send a confused, inconsistent and potentially unpopular message to American voters — that they are willing to hold up stronger homeland security to give 12 million illegal immigrants amnesty. Republicans ought to call their bluff.

David Winston is president of The Winston Group, a Republican polling firm.

'Guest Workers' At Core Of Immigration Dispute (USAT)

By Kathy Kiely

USA Today, March 28, 2006

AVON, Ohio — Tom Demaline is an all-American success story. But he's the first to say it wouldn't be possible without the Mexicans who work for him.

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From a small landscaping company that his father founded in 1954 “with a pickup truck and a wheelbarrow,” Demaline and his sister, Cathy Kowalczyk, built one of the largest nursery operations in the Midwest. Their Willoway Nurseries has 800 acres in production, grows 1,500 varieties of plants, and sells to landscapers and garden centers from Iowa to Maine.

Of the 350 employees hired to work the March through December busy season, 271 are Mexican nationals with visas from a “guest worker” program designed to fill jobs for which, employers say, no American workers can be found.

The presence of Mexican laborers in this Cleveland suburb, readying roses and hydrangeas for Mother's Day, illustrates how much foreign migrant labor means to the economy. They also underscore why a Senate debate, which could begin today, is so explosive.

Lawmakers are wrestling with the first overhaul of the nation's immigration laws in more than a decade, against a backdrop of conflicting emotions. The USA is a “welcoming society” and a nation of immigrants, as President Bush told new U.S. citizens after they were sworn in on Monday. It is also a nation where self-styled “Minutemen” volunteers patrol the U.S.-Mexican border, because of their frustration with a stream of illegal newcomers.

Bush believes the best way to end the black market in labor, which has drawn an estimated 11 million illegal immigrants to the USA, is to legally expand opportunities for foreigners to take jobs that Americans don't want. “By creating a separate legal channel for those entering America to do an honest day's labor,” he said Monday, “we would dramatically reduce the number of people trying to sneak back and forth across the border.”

The Senate Judiciary Committee on Monday endorsed Bush's approach, approving a bill that would expand guest-worker programs and give workers who are now here illegally a chance to become citizens.

Employers from Demaline to Microsoft mogul Bill Gates have been pushing for more guest workers. High-tech companies say they need more talent, and the federal government agrees. In 2004, the U.S. Department of Labor certified a need for more than 600,000 guest-worker visas for high-tech workers, but under current law only about one-tenth could enter.

At the other end of the skill spectrum, Demaline says he had so much trouble recruiting Americans to do the “hard, dirty” seasonal jobs he was offering at $9.21 an hour that he thought he might have to sell his nursery. He credits the Mexican workers with saving his family business.

Even so, others believe America's open door is draining the economy. “Millions of American workers, in all sectors of the labor market, have seen their jobs and wages undercut by the phenomenon of mass illegal immigration,” says Dan Stein, president of the Federation for American Immigration Reform, which favors tighter immigration laws. He says expanding the guest-worker program “will only exacerbate the plight of middle-class workers in America.”

The debate has opened a fault line in the Republican Party. Leaders of the Republican-controlled House have refused to take up Bush's guest-worker proposal. They're focusing instead on enforcement.

The House bill by Judiciary Chairman James Sensenbrenner, R-Wis., passed in December, would make illegal immigration a felony and increase penalties on employers. It would also expand 14 miles of fencing along the U.S.-Mexican border by 700 miles, at an estimated cost of $2.2 billion.

The Senate bill takes a different approach, with no criminal penalties for illegal immigrants. It incorporates a bipartisan plan, by Sens. John McCain, R-Ariz., and Edward Kennedy, D-Mass., to allow temporary workers to become citizens. The measure endorses Bush's view that those workers should not get a jump on those who have been waiting for years to become citizens.

Senate Majority Leader Bill Frist signaled opposition to a guest-worker plan. The Tennessee Republican, who is exploring a presidential bid, introduced his own immigration bill earlier this month. It's unclear whether he will choose his bill or the committee measure for the full Senate debate. Like the House bill, Frist's measure focuses on enforcement.

Tom Donohue, president of the U.S. Chamber of Commerce, scoffs at efforts to “build a Berlin Wall” along the border. Donohue, who supports the president's guest-worker plan, says illegal and legal immigrants to the USA are responding to market demand. “We absolutely need these workers,” he says. “We need these people for jobs that there are no Americans available to take.”

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In 2004, the Department of Labor approved 628,595 requests for high-tech worker visas. However, Congress caps the number of high-tech worker visas, known as H-1B visas, at 65,000 a year. That means some companies don't get the high-tech workers they request, even though federal officials have found their need to be legitimate.

For another, broader category of temporary work visas — used to admit restaurant and hotel workers as well as minor league ball players — the Labor Department certified 106,471 requests in 2004. These visas, known as H-2B, are capped at 66,000 annually.

Employers say Congress' unwillingness to raise the caps has made it difficult to find enough workers. "Like it or not, there are a lot of undocumented workers in our industry," says Gary Roden of Dallas, former national president of the Associated Builders and Contractors. He says the building trades are "in drastic need" of carpenters, plumbers and heating and air-conditioning technicians.

He blames a society that favors white-collar professions on the lack of American workers in these trades. "School counselors and parents feel like their kids are failures if they don't go to college," he says.

The guest-worker visa program used for seasonal farmworkers such as those at Demaline's nursery admitted 22,000 workers in 2004, according to U.S. Citizenship and Immigration Services. There are no caps on these visas. These workers are among more than 800,000 crop workers, only 47% of whom are legally authorized to work in the USA, according to the Labor Department.

Growers who use the legal guest-worker program say it isn't used much because it is cumbersome to obtain worker visas, which must be certified by the Labor Department, immigration services and the State Department before foreign workers can be admitted to the USA.

"You have so many different departments involved, all these little hoops you have to go through. If you have any little glitch, you lose your workers," says Luawanna Hallstrom, chief operating officer of Harry Singh & Sons, a California tomato grower. "We have told growers, 'Don't get into the program until you absolutely have to.' "

Demaline says he enrolled in the guest-worker program in 1998,after immigration agents raidedhis nursery and sent many of his Mexican workers back across the border.

"We were surprised," says Demaline, adding his employees' work papers appeared to be legitimate and many of the workers "spoke good English."

Demaline didn't know until after the raid that many workers were crowded into single-family rental homes while they worked for him.

Demaline used to rely on Cleveland-area high school and college students to fill seasonal slots at his nursery, but he says they aren't showing up at his hiring office anymore. He thinks they found easier work at area restaurants and shops.

State unemployment figures indicate that low-skill workers in Demaline's area can afford to be more choosy: In Lorain County, where Willoway Nursery is, the unemployment rate stood at 5.8% at the end of last year.

For Demaline, enrolling in the guest-worker agricultural program has meant hiring a Washington law firm to help with the paperwork, building dormitories that meet federal and state health department standards, chartering buses to transport Mexican workers, and starting Spanish classes for his American employees.

This year, the Labor Department made him advertise for farmworkers in newspapers and radio stations in the Rio Grande Valley of Texas, as well as interview applicants from Ohio unemployment offices. Demaline says he got three workers from Texas and about 100 from Ohio — though many of those, he says, don't stay. He needs guest workers to fill the rest of the jobs. "It's not a cheap source of labor," he says.

For Demaline's Mexican employees, the guest-worker program means paying a recruiter in Mexico to put them on the visa list. Francisco Ricardo, in his eighth season at Willoway, says he paid $400. Then the workers wait, sometimes for days, to win approval from the U.S. Consulate in Monterrey.

This year, a paperwork problem had to be untangled by Sen. Mike DeWine, R-Ohio. Until it was solved, the workers returned to Mexico and waited two weeks before they got permission to cross the border.

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The workers spend nine months a year away from their families, but they say they are able to give them a better life. Ricardo says he sends $500 every two weeks to Mexico, where the oldest of his five children studies marketing in college. Back home, he says, he'd earn $4 a day.

Advocates who represent migrant workers say others aren't so lucky.

Gregory Scott Schell, a migrant workers' attorney in Florida, recently won a class-action suit on behalf of farmworkers who said they were cheated on their wages.

Many advocates are skeptical of plans to expand guest-worker programs. They say the programs create indentured servants.

"Workers are afraid they will not be asked back if they complain," says Mark Heller, a migrant workers' attorney in Toledo, Ohio.

There are other problems that worker rights advocates and growers say need to be resolved.

Baldemar Velasquez, president of the Farm Labor Organizing Committee, says some of the worst abuses occur on the other side of the border, where workers are forced to pay off recruiters hired by U.S. companies. Mary Bauer, an attorney for the Southern Poverty Law Center's Immigrant Justice Project, says the Guatemalan tree-cutters she is representing in a class-action suit had to give recruiters deeds to their homes.

Growers say they need a simpler application system and more federal workers to process applications. "Instead of putting money into building a fence across the border, they should be putting money into these programs and the agencies that run them," says Bernie Kohl, a Maryland nursery owner who hires about 130 guest workers a year.

Representatives at all three agencies involved — the State Department, Labor Department and immigration — say they have not yet calculated how many more employees they would need to handle the workload of an expanded guest-worker program.

At Willoway, Demaline says he'd recommend using guest workers, despite its difficulties. He also favors allowing foreign workers who are now here illegally to enroll in it, if only because he believes the alternative is unworkable.

"We couldn't get 1 million people out of New Orleans," he says, referring to Hurricane Katrina evacuation efforts. "How are we going to send 12 million Mexicans back?"

Troops Border Deployment Helped Catch Illegal Aliens (WT)

By Jerry Seper

The Washington Times, March 28, 2006

The deployment of federal troops along the U.S.-Mexico border in October netted a 60 percent increase in apprehensions of illegal aliens by U.S. Customs and Border Protection (CBP) agents, a congressional report says.

The report given this month to the Senate Armed Services Committee says a Texas-based Stryker-armored reconnaissance, surveillance and target acquisition squadron helped CBP agents capture 2,000 illegal border crossers in New Mexico and Arizona.

The squadron, part of Joint Task Force North (JTF-N), based at Biggs Army Airfield in Fort Bliss, Texas, was used to "detect and report" the movement of "transnational threats" to the U.S. Border Patrol during the 30-day Operation Western Vigilance.

Adm. Timothy J. Keating, commander of the U.S. Northern Command (NORTHCOM) and the North American Aerospace Defense Command, told the committee that the operation also detected three tunnels at the U.S.-Mexico border and one from Canada.

"Our homeland defense and civil support plans are the foundation of our ability to deter, prevent and defeat threats to our nation and assist civil authorities when called upon by the president or secretary of defense," Adm. Keating said.

JTF-N, a joint service command of active duty and reserve soldiers, sailors, airmen, Marines and Defense Department civilian employees, is a part of NORTHCOM, which is headquartered in Colorado Springs and monitors air, land and sea approaches and encompasses the entire North American continent.

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The unclassified report noted that unmanned aerial systems and National Guard helicopters were used in addition to the squadron's combat vehicles.

Adm. Keating said NORTHCOM initiated coordination with multiple federal agencies for further development of tunnel detection technology, which will benefit not only JTF-N and its law-enforcement agency partners, but also U.S. Central Command in Southwest Asia.

NORTHCOM is engaged with the Federal Aviation Administration to develop airspace procedures for unmanned aerial system support to border control lead agencies and disaster response operations, he said.

Stryker squadrons like the one used in Operation Western Vigilance consist of combat vehicles that combine the capacity for rapid deployment with survivability and tactical mobility. They enable combat teams to maneuver in close and urban areas, provide protection in open terrain and transport infantry quickly to critical positions.

El Norte (WSJ)

By Jagdish Bhagwati

The Wall Street Journal, March 28, 2006

The profusion of proposals by politicians of left and right, the taking to the streets of Los Angeles by half a million Hispanics and sympathetic demonstrators opposing the draconian House bill, and the agonized appeal by President Bush (a real mensch who has put his politics where his principles are, and where ours should be) that "America is a nation of immigrants" (and "also a nation of laws"), all underline the fact that there is now a compelling sense of public urgency about the immigration debate that will seize the Senate this week. There should also be a sense of déjà vu.

We have been here before. Indeed, a fierce debate preceded the legislation of the 1986 Immigration Reform and Control Act (IRCA), our last statute addressing illegal immigration. But we need to learn the lessons from that debate and from the loss of any illusion among the proponents of IRCA that they finally had a handle on the problem of illegal immigration.

If we understand why IRCA failed, we will understand why the prospects of disillusionment confront us all over again, whether we move to the harsh end of the spectrum with the House bill, which criminalizes illegal immigrants (and even those who aid and comfort them), or we embrace the reforms at the benign end, such as the president's proposal for a guestworker program and the proposal of Sens. John McCain and Ted Kennedy for a quasi-amnesty for the illegals already in our midst.

While some proposals before the Senate are better than others, none will eliminate the phenomenon of illegal immigration, which is an inevitable result of the fact that we are a powerful magnet for immigrants and that we are not about to abolish the barriers at our borders. Once we accept this stark (but not necessarily depressing) reality, what we ought to aim for as an optimal solution becomes much clearer.

Illegal or 'Undocumented'?

While the problem at hand is difficult enough, it is compounded by the insistence on euphemisms that obfuscate the realities fueling the debate -- and also by the overlay of panic over security post 9/11. It has now become politically incorrect to call illegals what they are. Instead, they are to be called "undocumented," which is also an insult to our intelligence since the illegals often do have documents -- that is, faked ones. A high Mexican official once condemned me for using the I-word when I gave a generously pro-immigration speech in Vienna some years ago, arguing preachily that "God did not make us legal and illegal." Yet to drown ourselves in such false sentimentality is to forget that a central problem arises from the very fact that many react adversely to the defiance by these immigrants of the enacted immigration laws. The fact that American demand for immigrant labor has fueled the influx is simply an explanation of the phenomenon, not its denial.

But the debate is equally set back by the gratuitous claim at the opposite end by those, such as Sen. Bill Frist, who talk incessantly of the security implications of illegal immigration. Illegal immigrants, especially the ones who cross the Rio Grande, are overwhelmingly poor: Surely, the likelihood of finding 9/11-type terrorists among them is farfetched. Everyone knows that the 9/11 terrorists were middle class and educated; and recent analyses of terrorist groups such as the Baader-Meinhof Gang, the Irish Republican Army, the Red Brigades and the Palestinian suicide bombers confirm that an unschooled, indigent terrorist is rare indeed. In short, as economists say, which policy is "assigned" to which objective is important: Tight enforcement against

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illegal immigration, as distinct from stricter examination of containers at our ports, for instance, is mis-assigned to the antiterrorism object.

In fact, the proper objectives of American immigration reform -- as was the case with IRCA, and as is the case today -- are twofold: to "gain control of the border" (i.e., to have the inflow of migrants determined exclusively by legal admissions) and to treat immigrants humanely. If we manage to eliminate illegals from our midst, both objectives would be satisfied. Immigration flows would reflect legal immigration policy. Moreover, with no illegals around, immigrants would be treated with humanity, thanks to the principle of equal protection under the law, which is substantially extended to legal aliens.

To achieve these two targets, two policies are necessary. First, the stock of illegals in our midst must be eliminated. At the time of IRCA, it was estimated at six million; studies today suggest that it has doubled. Second, new flows of illegals must be eliminated, too. In broad brush, therefore, IRCA used an amnesty to eliminate the stocks. And it used enhanced enforcement to seek to eliminate the flow. But neither worked. The reasons are instructive.

The main problem with amnesties is not just the fear that they set up expectations of further amnesties and hence stimulate greater flows. Rather, in the U.S. context, where we have both huge stocks of illegals and a sizeable queue of legal applicants, the issue always becomes one of what economists call "horizontal equity." An amnesty always appears to reward those who broke the law as against those who did not, and who have been patiently waiting for years to get in legally. So the amnesty seems unfair; and hence it gets hedged in with all kinds of restrictions, such as those currently in the McCain-Kennedy proposal, in contrast to countries like Spain, where an amnesty of illegals has worked because the stocks are small and there are few legal applicants waiting in queues. Our hedged-in amnesties always leave a fair amount of the stock of illegals in place: Only about half took advantage of it in the case of IRCA. The problem of a stock of illegals then endures. It was further compounded over time since the flows were not dented by enhanced enforcement under IRCA.

The enhancement of enforcement is easier legislated than implemented. In particular, employer sanctions were enacted by IRCA. Some of us had forecast that the judges would let off with a slap on the wrist, no more, employers who were hiring, as distinct from exploiting, illegals. Surely, even hanging judges would not throw the book at employers who were only offering work and a life to the destitute? But it turns out that hardly any employers found their feet held to the fire in any case, because no foolproof method of document verification was agreed upon.

Again, greater enforcement at the border was undertaken, not least with President Clinton declaring in July 1993 that "Today we send a strong and clear message. We will make it tougher for illegal aliens to get into our country." Fences and ditches were soon being constructed along the Rio Grande, the Border Patrol's budget increased manifold, and its 10,000 agents were working with advanced laser technology, aircraft, helicopters and rugged-terrain vehicles to intercept border crossings. Yet when the familiar and safer routes were blocked at the Southwest border through Operation Gatekeeper in the San Diego sector, and Operation Hold the Line and Operation Rio Grande in Texas and New Mexico, the illegals shifted their attempted entries to unsafe treks through the desert. Several have died there, creating a human rights issue where relaxed enforcement had created none. So IRCA failed to reduce the stock of illegals substantially; and the influx of illegals continued despite employer sanctions and enhanced border enforcement. At the same time, the humane treatment of illegals, as they crossed the border, deteriorated. We had not regained control of our borders; and we had taken a step backward on the human rights of illegals. Some reform!

By the time President Bush took office, the illegals were still in our midst (or in our face, depending on your politics) -- only more so. The matter could have stagnated thus. But President Bush was particularly interested in an amnesty again; it seemed to reflect his desire to attract the Hispanic vote and for better relations with Mexico. It is revealing that the first amnesty he sought was for Mexican illegals alone. On the Democratic side, the unions had been strong proponents of tighter controls. But they concluded that IRCA was not working and decided that if the illegals could not be eliminated, it was better to legalize them so that fewer illegals would undercut wages. Besides, legal workers could join unions. The churches also saw in the Hispanic illegals, almost all Christian and illiterate, not merely a way to provide succor to the needy but also to boost congregations. The demands for some cleverly disguised way of granting an amnesty therefore grew.

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At the same time, these "illegals-friendly" groups were generally interested in embracing some version of the president's temporary workers program. The idea was that, if you let in more legals, that would reduce the excess demand for illegals and hence lead to reduced attempted entries.

'Taxpayer Dollars'

On the opposite side, 9/11 gave the "illegals-unfriendly" lobbyists a new lease on life through the specious security argument. The rise of the Minutemen, and efforts to use trespass laws against illegals, were manifestations of this new window of opportunity to go after the latter. And Democratic Governors Janet Napolitano of Arizona and Bill Richardson of New Mexico jumped in with declarations of emergencies to complain, as Gov. Pete Wilson had done in California, that they were "absorbing through taxpayer dollars" the costs of incarceration, healthcare, Medicaid and welfare -- a complaint in which they were joined by the governors of Missouri, Tennessee and Utah.

When all the dust is settled, the reality is that neither a realistic guestworker program nor increased border enforcement will eliminate the inflow of illegals. The average lifetime improvement of a Mexican peasant coming in at the lowest wage he can earn here has been estimated by the economist Mark Rosenzweig at $250,000. You can bet your bottom peso that, even when the legal entries have been expanded, whether on a temporary or a permanent basis, many more will be on their way here illegally. And we are not even counting the increasing numbers who come in legally and overstay. Yet more draconian enforcement at the border again is not politically feasible. At some stage, Americans will rebel against the loss of lives and the plight of the poor Mexicans struggling against great odds to get across the border. * * *

As for eliminating the illegals inside the U.S., surely the notion that we can criminalize the illegals in our midst with a view to expulsion, and incarcerate or punish those who help them, is off the wall: Most Americans shudder at the very thought. Nor will we able to reduce these stocks through any kind of de facto or de jure amnesty; and even if we do, the continuing inflows will augment the stocks again.

So why not face these realities? In place of grandiose proposals for a "new IRCA," whether tough or tender, why not leave things be? If illegals will be here no matter what we do, why not downgrade the impossible objective of "controlling our borders" and concentrate instead on the other objective that animates all Americans: that we treat immigrants with the indulgence that simple humanity requires? Now, that would be an agenda that could make us proud.

Mr. Bhagwati, University Professor of Economics and Law at Columbia and senior fellow at the Council on Foreign Relations, is the author of "In Defense of Globalization" (Oxford, 2004). He is at work on a new book, "Immigration: Getting U.S. Policy Right."

Mexican Manipulations (WT)

By Phil Kent

The Washington Times, March 28, 2006

Most Americans see first-hand the disastrous impact of illegal immigration on our wallets, wages and culture. The annual entry of more than 1 million illegal aliens from around the world, better than 30 percent of them Mexicans sneaking across our southern border, obviously undercut homeland-security efforts. Yet more Americans must understand that Mexico's government, far from being a friend, is actively working to subvert our country's laws and political institutions.

Not since the heyday of expansionist Soviet communism has there been such an organized effort to undermine our nation.

If our borders are not controlled and immigration law enforced, will we truly be a "United States" in another 10 years or a completely balkanized, multicultural society with English downgraded as the common tongue? The Mexican government promotes reconquista in the Southwest. Isn't it obvious in many areas that Mexicans are pushing out Americans, refusing to speak English and establishing de facto Mexican enclaves? A growing number of Mexicans despise their northern neighbor. American soccer fans, to cite just one example, have repeatedly witnessed the outrageous behavior of Mexican crowds during the playing of "The Star Spangled Banner," including cheers of "Osama, Osama"-- a reference to the murder of 3,000 Americans on September 11.

The Instituto de los Mexicanos en el Exterior (Institute of Mexicans Abroad) has no respect for the internal affairs of our country. The institute was created by decree of Mexican President Vicente Fox and reports to a shadowy clique within the

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Ministry of Foreign Affairs. Its vast computer database is used to deploy illegal and legal Mexicans to lobby state legislatures, city councils and county commissions to recognize worthless matricula consular "identification" cards, support granting driver's licenses to illegals, promote multilingualism at the expense of English and help Mexicans and their children sponge off U.S. services ranging from schools to medical care.

California Assemblyman Dennis Mountjoy remembers the floor debate over a measure granting driver's licenses to illegal immigrants. Referring to the former name of the territory ceded to the United States, by Mexico in 1848, Mr. Mountjoy warned, "This bill paves the road to Aztlan." "Everyone in the gallery stood up and applauded," Mr. Mountjoy recalls.

In Michigan, a Mexican consul repeatedly traveled to the city of Holland to urge its city council to support police and bank recognition of consulate-issued matricula consular cards -- often with "what can only be described as a mob in tow," according to author Matt Hayes. Holland finally demurred because the consul was so disruptive.

Former Mexican consul Teodoro Maus, now a legal resident, is a leading agitator in Georgia for granting services to any immigrant "regardless of status." Such agitation, often fostered from Mexico's 49 consulates, is repeated in every other state.

In 2006, amid reports of border incursions by either Mexican troops or rogue off-duty soldiers, the Mexican government announced that its military forces were ordered not to go within three kilometers of the border. Of course, that begs the big question: Who's policing the border on the Mexican side? Don't count on the local police departments of border towns, because even Mexican officials admit they are riddled with corruption.

Former Mexican Interior Secretary Santiago Creel actually said his country would never help to secure the southern border. "We are not going to do that," Mr. Creel told Jerry Kammer of the Copley News Service. Mr. Creel claimed Mexico's constitution provides for "complete freedom of movement" for Mexicans inside Mexico. "We can't put up a checkpoint or a customs station inside our territory," Mr. Creel said.

A Zogby International poll in 2003 found 57 percent of Mexicans believe they have the right to enter the United States without permission. And 58 percent said the southwestern states properly belong to Mexico. In light of such sentiments, no wonder the Mexican government printed and openly distributed a comic book-style "guide" to "migrants" instructing them where to cross the northern border, melt into U.S. society and how to take advantage of medical, educational and other services.

Sen. Johnny Isakson, Georgia Republican, recently wrote a stinging letter to Mexico's ambassador to the United States "I would remind you," the lawmaker said in part, "that our border security plan is a direct result of the Mexican government's failure to commit to securing its side of the border, and is also a result of the Mexican government's failure to address inadequacies in its own domestic and border security policies." Indeed, the governors of Arizona and New Mexico declared states of emergency in their border counties because of border lawlessness.

Mexico has an obligation to respect our laws, encourage its citizens to do the same and commit to securing its side of the border. Since it has not done so, isn't it time to downgrade diplomatic relations by kicking Mexico's ambassador out of the United States and recalling ours? It would be a timely wake-up call to protest that country's insolent policies, which are so damaging to our nation and its border security.

Phil Kent is president of the American Research Foundation and an Atlanta-based author.

Decency To 'Those People' (WP)

By Eugene Robinson

The Washington Post, March 28, 2006

Half a million people poured into the streets of Los Angeles on Saturday to protest the various Republican-sponsored proposals in Congress that would demonize illegal immigrants. Hundreds marched yesterday in Detroit, which, last I checked, is nowhere near the Mexican border. Tens of thousands have demonstrated in Phoenix, Denver and other cities across the country. In every case, the crowds were mostly Latino.

We all know that Latinos are the nation's largest minority and that most of the people in those demonstrations either were born in the United States or are here legally. But we also know that at least some of those protesters had gone through the experience of crossing the border illegally under the tutelage of avaricious people-smugglers known as "coyotes." At least some

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had been here for months or years, working to send money home to their families, keeping their heads down, somehow managing to carve out lives for themselves and their children.

Who are they? After the demonstrations were over, where did they go? Are they so diabolically clever at hiding in plain sight? Or is it that the rest of us refuse to see them, because by seeing them we would have to acknowledge their humanity?

That willful blindness is why the debate on illegal immigration is so hypocritical. If we lump undocumented immigrants into an undifferentiated mass of Those People, we can avoid really looking at the immigrant experience. And we can convince ourselves that it is somehow different from the periodic waves of immigration that have shaped this nation -- that suddenly it is not an issue, or even a problem, but an urgent crisis.

There are an estimated 12 million immigrants in the United States illegally. That many people don't just fade into the woodwork. The fact is, we see undocumented immigrants every day.

Maybe they vacuum your office at night. Maybe they landscape your garden or clean your house or cook the food at your favorite restaurant. You probably don't know where they live. You probably don't know their children's names or where they go to school. You probably don't know what it was like for them to buy a car or even get a driver's license. You probably don't know where they get medical care.

If you did know these things about individual immigrants, whether they're from Mexico or El Salvador or China or Brazil, I think you would find the debate in Congress almost grotesque.

Should we declare that they are all criminals? Should we make criminals of the people who give them jobs, too? Should we build a Berlin Wall along the border? It's possible to take such draconian measures against Those People -- but not against lovely Marta, who waxes your floors, or genial Juan, who tends your azaleas. So to side with the xenophobes, you have to know as little about Marta and Juan as possible.

In terms of realpolitik, the immigration issue is easy: If the Republican leadership in Congress wants to alienate Latino voters and drive them into the embrace of the Democratic Party, it's tempting to let them do it. But that means ignoring the reality that we're talking about individuals, not Those People. And it means abandoning the process of inflow, adaptation and renewal that has made this nation of immigrants so dynamic and resourceful.

I don't get many chances to say that George W. Bush is right, but I think he really understands the immigration issue on both the political and the personal level. His guest-worker program is a mess. Does he really expect millions of people to report for deportation? Won't employers have an incentive to exploit the guest workers when they know they will never have citizenship, and therefore will never have any political clout? But I do give the president credit for seeking a compromise that will quiet the nativists in his party and maybe buy some time for cooler heads to prevail.

Much better is the proposal by Sens. John McCain and Edward Kennedy that would declare what amounts to an amnesty for undocumented immigrants. They would both take issue with that characterization, because "amnesty" is a forbidden word, but that's what it would be -- "illegals" who reported to authorities would be able to stay in the country and eventually begin the process of seeking citizenship. It seems unlikely, though, that this reasonable plan will fly.

Whatever Congress does, 12 million people aren't going to pack up and go home overnight. They are here -- Marta and Juan, not Those People. We see them every day. Let's deal with them as fellow human beings.

TAX:

A Surprise In Tax Case On KPMG (NYT)

By Lynnley Browning And Colin Moynihan

The New York Times, March 28, 2006

The government's criminal case against 17 former KPMG employees over sales of questionable tax shelters took an unexpected turn yesterday when one of them, David Rivkin, pleaded guilty to charges of conspiracy and tax evasion.

Mr. Rivkin, who was a KPMG partner in San Diego, agreed to cooperate with the government as part of his plea. His cooperation may help federal prosecutors in Manhattan build a case against the remaining defendants as well as help

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prosecutors in their widening inquiry into other accounting firms, banks, law firms and others that worked with KPMG to sell bogus tax shelters, lawyers not involved in the case said.

"Obviously, this is a person who was in a position to know and understand the inner workings of everything, so this is good news for the prosecution," said William B. Mateja, a tax lawyer and former Justice Department lawyer who has prosecuted fraud cases.

Prosecutors have said that four bogus shelters at the heart of their investigation created $11 billion in fake losses that allowed wealthy individuals to avoid paying some $2.5 billion in taxes. In addition to the 17 former KPMG employees, an outside lawyer and an investment adviser have also been charged.

Mr. Rivkin, who was indicted in October, pleaded guilty to one count of tax evasion and one count of conspiracy yesterday before Judge Lewis A. Kaplan of United States District Court in Manhattan.

Among the KPMG defendants, Mr. Rivkin, 42, was a relatively junior member of the firm. Others facing charges include John Lanning, a former vice chairman; Jeffrey Stein, a former deputy chairman; Richard Rosenthal, a former chief financial officer; and Steven Gremminger, who was a top internal lawyer for KPMG.

From July 1999 through April 2004, Mr. Rivkin was a partner in KPMG's San Diego office, where he was a member of the firm's innovative strategies group. That group, led by Jeffrey Eischeid, a former senior tax partner who is also a defendant, oversaw the creation and sale of questionable tax shelters to wealthy individuals.

In the courtroom yesterday, Mr. Rivkin admitted to preparing false documents that wealthy investors used to file improper tax returns, to asserting improperly that the documents were cloaked in rules governing confidentiality of communications with clients, and to concealing the existence of the questionable shelters from the Internal Revenue Service and Senate investigators.

Mr. Rivkin, a certified public accountant by training, said that in 1999 and through May 2004 he and other unidentified people had signed letters blessing the tax aspects of aggressive shelters as "more likely than not" to be valid in the eyes of the I.R.S., when he and others knew that they were not.

Mr. Rivkin said that his opinion letters allowed wealthy individuals to shelter from taxes income of at least $20 million "to keep the money for themselves instead of paying the taxes they owed." He admitted to preparing or causing to be prepared nine tax returns for clients who improperly claimed losses of $235 million in 1999 and 2000.

"I knew that the losses should not have been claimed on the tax return," Mr. Rivkin told the judge. "I signed opinion letters knowing them to be false."

After the hearing, Mr. Rivkin's lawyer, Patrick Q. Hall, declined to comment.

Mr. Rivkin's plea was unexpected in part because two months ago he and the other defendants filed motions challenging the government's case. Mr. Rivkin had requested that his trial be moved to federal court in California.

The shelters sold by KPMG have been the focus of a criminal investigation for several years. In August, the firm itself reached a $456 million deferred-prosecution agreement with federal prosecutors.

In a document filed with the court yesterday, prosecutors said that four unnamed banks — three of them audit clients of KPMG — had worked with the accounting firm to make and sell questionable tax shelters.

The document also disclosed that a tax shelter boutique, Presidio Advisory Services, which is now defunct, earned fees of $134 million selling shelters known as Blips over 1999 and 2000 — more than double the $53 million that KPMG earned. Presidio was founded by two former KPMG professionals, Robert Pfaff and John Larson, who are both among the defendants.

The 19 defendants are accused of "devising, marketing, and implementing fraudulent tax shelters, by preparing and causing to be prepared, and filing and causing to be filed with the I.R.S. false and fraudulent U.S. individual income tax returns containing the fraudulent tax shelter losses, and by fraudulently concealing from the I.R.S. those shelters," according to the indictment.

One defendant, a former KPMG tax partner, David Greenberg, faces as many as 45 years in prison if convicted of all the charges. The others face several dozen years as well, according to tax lawyers.

Judge Kaplan said that Mr. Rivkin's sentence would depend upon his cooperation with prosecutors. He faces as much as five years for each count of conspiracy and tax evasion.

While Mr. Rivkin is the first to plead guilty in the KPMG case, his is the second such plea in the broader federal prosecutors' investigation. In August, Domenick DeGiorgio, a former New York-based executive of the HVB Group of Germany, pleaded guilty to charges of conspiracy, fraud and tax evasion in connection with sales of certain questionable tax shelters.

KPMG Ex-Tax Partner Pleads Guilty (WSJ)

By Paul Davies And David Reilly

The Wall Street Journal, March 28, 2006

Just days before a key court hearing to determine whether to dismiss the KPMG LLP tax-shelter case, one of the 19 defendants pleaded guilty Monday to conspiracy and one charge of tax evasion in exchange for federal prosecutors dropping other charges against him.

David Rivkin, a tax partner in KPMG's San Diego office from July 1999 to April 2004, originally faced 39 counts of tax evasion for his role in a tax-shelter scheme in which he helped nine wealthy individuals avoid paying a combined $235 million in taxes. The government alleges the tax-shelter scheme generated about $2.5 billion in illicit tax savings.

Mr. Rivkin is one of 17 former executives at the giant accounting firm to be charged in connection with the sale of the questionable products. The other two defendants are an outside lawyer and investment adviser who helped KPMG structure and sell the products.

Mr. Rivkin's plea deal is expected to increase pressure on the other 18 defendants scheduled to go to trial in the fall in what is seen as one of the most complex and wide-ranging tax cases ever brought by federal prosecutors. New York-based KPMG last year reached its own deal with prosecutors, agreeing to pay $456 million and admit criminal wrongdoing as part of a deferred-prosecution pact. The pact allowed the firm to avoid a criminal indictment.

Under terms of his deal with prosecutors, Mr. Rivkin, 42 years old, faces as many as five years in prison for each count but is expected to receive a reduced sentence for his testimony against other defendants in a trial expected to start in September. He remains free on bail and is scheduled to be sentenced next February.

It isn't clear how much light Mr. Rivkin will be able to shed on actions by more senior KPMG employees, because he was less involved with the shelters than some others charged. Other KPMG employees charged in the matter include Jeffrey Stein, the firm's former deputy chairman; Richard Smith, former vice chairman for tax; and John Lanning, former vice chairman for tax services.

A certified public accountant, Mr. Rivkin worked in California at the firm's Innovative Strategies group, which designed and marketed tax-shelter products for individual clients. That unit's chief was Jeffrey Eischeid, who also has been charged in the case.

In court Monday, Mr. Rivkin said that, in April 1999, he and other KPMG employees attended a meeting in Dallas where they were trained in the sale and marketing of tax-shelter schemes known as a Bond Linked Issue Premium Structure, or BLIPS, and Offshore Portfolio Investment Strategy, or OPIS. The shelters were to be marketed as long-term investments, but the real purpose was to generate "phony tax losses," Mr. Rivkin said. He added that the shelters were "designed and approved" by senior partners at KPMG and that he was given a list of people with incomes of more than $20 million on whom to call.

Mr. Rivkin's plea came just three days before lawyers for the other defendants are scheduled to argue before U.S. District Judge Lewis A. Kaplan on motions to dismiss the charges against their clients.

U.S. Government Secures Another Cooperator In KPMG Tax Shelter Prosecution (FINDLAW/AP)

By Larry Neumeister, Associated Press Writer

AP, March 28, 2006

(AP) - NEW YORK-A former KPMG LLP tax partner pleaded guilty in the KPMG tax shelter fraud case Monday, admitting he helped rich people escape millions of dollars in taxes by helping them create fraudulent documents and sham companies.

David Rivkin entered the plea in U.S. District Court in Manhattan. He is among 19 people the government has charged with conspiracy for allegedly engineering a massive fraud through accounting firm KPMG LLP.

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"I knew that the losses should not have been claimed on the tax forms," Rivkin told U.S. District Judge Lewis A. Kaplan.

Rivkin admitted that he conspired with others between January 1999 and May 2004 to prepare and execute false documents so that clients could file false tax returns.

He also admitted that he took steps to conceal the existence of fraudulent tax shelters from the Internal Revenue Service and avoided registering the shelters with the IRS by claiming attorney-client privileges.

In pleading guilty to conspiracy and tax evasion, Rivkin signed an agreement to cooperate with prosecutors, who could then ask the judge to consider giving Rivkin a more lenient sentence rather than the years he might face in prison. Sentencing was set for Feb. 9, 2007.

Rivkin and his lawyer declined to comment outside court.

The government says the fraud let affluent KPMG clients avoid $2.5 billion (â,¬2.1 billion) in taxes. The Department of Justice has called it the largest criminal tax case ever filed.

According to an indictment, ex-KPMG LLP executives teamed with a former partner at a prominent law firm and another defendant to defraud the IRS by filing false income tax returns and by concealing the tax shelters from the IRS.

KPMG LLP is the U.S. arm of KPMG, a worldwide network of professional firms providing audit, tax and advisory services. The larger company operates in 144 countries and has more than 6,700 partners.

KPMG LLP already has admitted helping "high net worth" clients evade billions of dollars in capital-gains and income taxes by developing and marketing the tax shelters and concealing them from the IRS. It has paid a $456 million (â,¬379 million) fine, including $128 million (â,¬106.5 million) in forfeited fees from sales of the shelters.

On the Net:

Department of Justice: http://www.usdoj.gov

KPMG: http://www.kpmg.com

Peterborough Tax Preparer In Legal Trouble (AP)

AP, March 28, 2006

CONCORD, N.H. --A tax preparer has run into legal trouble with the IRS.

The federal court in Concord has ordered Mark Loll of Peterborough, who runs a company called Tax-Tactics, to turn over his customer list and copies of tax returns whenever the IRS asks. Federal law requires tax preparers to do both.

The order stems from a December complaint alleging that Loll failed to comply with an IRS request to provide copies of the returns or a list with the customers' identifying information.

The court also ordered Loll to stop "asserting frivolous unrealistic positions on tax returns he prepares."

The Justice Department has sought and obtained injunctions against more than 160 federal tax return preparers and promoters since 2001.

CONGRESS-ADMINISTRATION:

For Bush And Press, Informal Talks (NYT)

By Katharine Q. Seelye

The New York Times, March 28, 2006

President Bush has been holding informal off-the-record sessions with major news organizations over the last several days.

Starting Thursday, he began meeting with groups of about a half-dozen reporters from newspapers, television, news agencies and magazines. They have discussed a variety of issues including the war in Iraq, said a reporter who attended a session.

The meetings, which the journalists have agreed not to describe publicly, have been in the White House residence. They come as several news organizations have assigned new reporters, who had no relationship with Mr. Bush, to cover the White House.

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David Bohrman, the Washington bureau chief for CNN, one of whose reporters attended a session, said they were a good idea.

"Most of the time, the environments that our reporters deal with the president in are very structured, very managed, and they rarely get to just kick back and have a conversation," he said. "I think there's a lot of value in it for both sides."

He also said he did not see the sessions as compromising. "If something pops up in there that someone wants to follow, they are free to follow up on it," he said.

The New York Times, which was invited to attend a session today, has declined to participate.

Philip Taubman, the Washington bureau chief for The Times, said in a statement last night: "The Times has declined this opportunity after weighing the potential benefits to our readers against the prospect of withholding information from them about the discussion with Mr. Bush. As a matter of policy and practice, we would prefer when possible to conduct on-the-record interviews with public officials."

Times editors and reporters have participated in such unreported sessions with several presidents, including Mr. Bush, over the years. These have involved both social situations and substantive discussions.

This appears to be the first time that the Bush administration has systematically brought in members of the White House press corps, although Mr. Bush holds an annual off-the-record barbecue with reporters during his summer vacation at his ranch in Crawford, Tex.

One reporter who attended a recent session said Mr. Bush had appeared relaxed and seemed to enjoy showing the group around the residence. They met in the yellow oval room and were taken out on the Truman balcony. A few of Mr. Bush's aides were present as the reporters were served iced tea, water and soda and chatted for about an hour.

Mr. Bush does better in such informal sessions than in formal presentations, said Mr. Bohrman, who added that he would like to see more.

Off The Record, Bush Makes Media Inroads (WP)

By Charles Babington

The Washington Post, March 28, 2006

As he defends his Iraq policy with a public campaign of speeches and a recent news conference, President Bush also has been waging a private campaign that has included off-the-record sessions with White House reporters, sources said yesterday.

One gathering, which took place Thursday in the White House residence, was an unusual gesture by Bush, who has agreed to comparatively few lengthy exchanges with reporters during his five years in office. Bush has said publicly that he needs to convince Americans that the U.S. mission in Iraq is on a path to victory, despite what he called a news media focus on daily violence.

Last week's session involved reporters from several prominent broadcast and print outlets, including ABC News and The Washington Post. Under the off-the-record ground rules, the journalists were barred from reporting what was discussed. White House officials said they also hoped the meetings' mere existence would remain under wraps. That proved impossible when journalists from The Post who were not participants in the session, as well as those at other publications, learned of the meetings from sources outside the paper and began to report on them.

White House press secretary Scott McClellan did not return messages yesterday.

Off-the-record sessions with presidents are somewhat controversial in journalism circles. Critics say reporters should not subject themselves to being influenced or "spun" under ground rules that prevent the comments from being relayed to the public. But many news organizations say the sessions give reporters a rare opportunity to observe the president up close and to gain insight into his thinking and concerns.

President Bill Clinton, who held more full-fledged news conferences than Bush has, tried different background briefings with reporters. During a March 1996 flight from Israel, he spoke with journalists on Air Force One under guidelines that forbade them to take notes and allowed them to attribute his general remarks only to the administration's "highest authority" familiar with his views. According to a pool report filed by the reporters for colleagues traveling on a separate plane, press secretary Michael McCurry wanted Clinton's comments to be on "psych-background."

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In March 1999, shortly after he was acquitted on impeachment charges, Clinton attended an off-the-record dinner with reporters accompanying him on a Central America trip. His remarks were not reported.

AARP Ads To Boost Drug Plan (RC)

By Ben Pershing

Roll Call, March 28, 2006

With the deadline fast approaching for seniors to sign up for the Medicare prescription drug benefit, the on-again, off-again partnership between Congressional Republicans and AARP to promote the program appears to be back on.

As Republicans tout the latest enrollment numbers and many Democrats continue to criticize the Medicare plan as confusing, the 35-million-member seniors group announced last week that it was "launching an expansive advertising campaign to help educate Americans about the benefits of the program and how to enroll, especially for those with limited incomes."

AARP spokesman Steve Hahn said Monday the group was prepared to spend "several million dollars" on print and radio ads in 44 cities in advance of the May 15 deadline for seniors to enroll in the drug program without a penalty.

That's music to the ears of GOP lawmakers, who until now have expressed disappointment at AARP's relatively modest efforts to promote the GOP-backed plan after prominently endorsing it prior to passage.

AARP's move comes at a crucial time, as scores of Members have been holding meetings in their districts to boost enrollment in Medicare Part D. Already facing an uphill fight in November's elections and concerned about wooing the potent senior vote, many Republicans believe that public perceptions of the prescription drug program could make or break their re-election chances.

In a letter last week to AARP's CEO William Novelli, House Republican Conference Chairwoman Deborah Pryce (Ohio) thanked him for his "strong leadership and enthusiasm to educate seniors about this new benefit."

And Ron Bonjean, spokesman for Speaker Dennis Hastert (R-Ill.), said, "We're very pleased that they are getting the message out at a very important time in the process of signing up seniors for the drug plan."

But if Republicans are singing AARP's praises now, that has not always been the case in recent years.

AARP's agenda has traditionally been closely aligned with that of Congressional Democrats, and the group's endorsement of the measure was seen by its GOP backers as one of the biggest reasons the bill ended up passing in December 2003 — albeit by a narrow margin, after the House vote was controversially held open for three hours.

During the run-up to the bill's passage, some press reports suggested that AARP officials had pledged to Republican leaders that they would spend as much as $25 million to help publicize the new benefit, though the group later denied that it had ever made such a specific pledge.

Soon after the measure was signed into law, some Capitol Hill Republicans began complaining that AARP was not holding up its end of the bargain in the face of pressure from angry Democrats. In January 2004, Hastert told Novelli not to expect any more help with the group's legislative agenda until it started spending serious money to promote the prescription drug plan.

And that agenda — aside from the prescription drug bill — has often been at odds with that of the GOP. AARP has lobbied hard for legalizing the reimportation of prescription drugs and against Social Security privatization and cuts in Medicaid.

Even now, with AARP pledging to spend millions of dollars to promote the drug program, some Capitol Hill Republicans remain privately frustrated that the seniors group hasn't done more to help their cause, particularly when the benefit was first being implemented and became the subject of much negative press and criticism from Democrats.

At GOP leadership meetings earlier this year, Republican sources said the leaders frequently lamented the beating the program's implementation was taking in the press and wondered why AARP wasn't stepping up.

"They have a lot invested in this, but they were sitting idly by while the Democrats criticized [the drug plan]," complained a Republican leadership aide.

For his part, Novelli — a self-described independent who once wrote the foreword to a book on health care by ex-Speaker Newt Gingrich (R-Ga.) — has said in the past that he does not want to get his group involved in a fight between Republicans and Democrats.

"We're going to try to stay above the fray and not get into politics," Novelli said in 2004.

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And while AARP is now touting the drug program in the new ad campaign and in its magazine and newspaper, the group is also lobbying for some changes to the program to make it more accessible to low-income seniors.

"We're looking for ways to improve this as we move forward," Hahn said. "Like anything, it's going to need bipartisan support so we really want to deal with both sides."

Retirees On 2 Drug Plans Must Make Choice (NYT)

By Robert Pear

The New York Times, March 28, 2006

WASHINGTON, March 27 — The Bush administration notified hundreds of thousands of Medicare beneficiaries on Monday that they were listed on the rolls of two prescription drug plans and would soon be dropped from one. They will retain coverage under the other plan.

The notices, being sent on green paper, are supposed to clear up confusion resulting from errors and discrepancies in the enrollment records of Medicare's new prescription drug program. But some state officials and advocates for older Americans said the federal effort could create new confusion.

In general, the goal is to ensure that each Medicare beneficiary with drug coverage is enrolled in only one plan by May 1.

Many people were originally enrolled in one drug plan and then switched to another. In many cases, beneficiaries continued to use the first plan for some or all of their prescriptions, and pharmacies found that they could bill both plans for the same prescription.

People listed on the rolls of two plans may be charged two premiums and may be billed improperly for other costs, the Bush administration said last month.

In an interview on Monday, Dr. Mark B. McClellan, administrator of the Centers for Medicare and Medicaid Services, said, "Well over a million people were enrolled" in multiple plans. Many of them, he said, have filed claims with only one plan.

Christina Pearson, a spokeswoman for the Department of Health and Human Services, estimated that 500,000 people could receive notices as part of the "enrollment reconciliation process."

The letters, being sent by private insurance companies on government letterhead, say, "The purpose of this notice is to confirm your choice of a Medicare prescription drug plan and to ensure that you are enrolled in the plan you want."

Beneficiaries who take no action will be removed from the rolls of the plan to which they were originally assigned, but they will still have coverage under the second plan.

People have the option of staying in their original plan, but must indicate that desire by calling that insurer. Otherwise, the letter says, "you will no longer be able to use your membership card."

More than six million low-income people entitled to both Medicaid and Medicare were assigned to Medicare drug plans selected at random by the federal government. These plans did not necessarily cover the drugs they needed. Many of these "dual eligible" beneficiaries selected other plans or were placed in other plans by relatives, state officials or former employers.

Stan Rosenstein, the Medicaid director in California, said he understood the need for people to be in just one plan, but he predicted that the change would be "very confusing" to many beneficiaries.

"We try to reach people in 12 languages, and even then it's difficult," Mr. Rosenstein said.

Jude E. Walsh, pharmacy affairs coordinator for the governor of Maine, said: "This mass disenrollment is fraught with a potential for trouble. It does not make sense to do it all at once."

If Medicare beneficiaries are in two plans but have not used the first one, they may be dropped from that plan without receiving any formal notice. In a memorandum to insurers, the Bush administration said: "Do not mail the special disenrollment letter or any other correspondence to these beneficiaries regarding their enrollment status. Deactivate these beneficiaries' pharmacy cards to prevent them from accessing plan benefits in the future."

Insurers expressed concerns that some patients would try to use these cards without realizing they had been canceled. Jeanne Finberg, a lawyer at the National Senior Citizens Law Center, said, "It's very dangerous to disenroll people without informing them."

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But Dr. McClellan said these beneficiaries were "fully enrolled in the new plan" and would not see any interruption of benefits.

Democrats' Rhetoric On Drug Plan Doesn't Match Reality In The District (HILL)

By Rep. Phil Gingrey (r-ga.)

The Hill, March 28, 2006

If there was a way to save more than a thousand dollars a year on your heating bill, food costs or car payments, you'd want to know about it, right? Yet partisan politics is keeping millions of senior citizens from learning about and enrolling in a new program that is saving seniors an average of $1,100 a year on prescription-drug costs.

Medicare Part D is the new, voluntary drug benefit available to all seniors. Since coverage began Jan. 1, the enrollment numbers have been good and keep getting better. As of last week, 27 million seniors have enrolled.

Marketplace competition is working. Premiums are a third lower than expected, and seniors are saving up to 50 percent off their monthly medication costs. To top it off, the Congressional Budget Office recently announced the program would cost $5 billion less than projected.

As of today, seniors have less than two months left to enroll in a plan without paying a higher premium penalty. And yet there are Democrats in this Congress who are playing politics with our seniors' health by holding town hall meetings to encourage seniors not to enroll. This is shameful. It amounts to telling a senior not to save money, not to improve his health and not to reap the benefits of preventive medicine.

Like any new program, there have been some initial glitches with Medicare Part D, and the Centers for Medicare & Medicaid Services (CMS) is working quickly and effectively to resolve these problems. The wait time for callers at 1-800-Medicare is down from four and a half minutes in January to 45 seconds in March. Pharmacist inquiries are on the decline, and CMS is working with states to quickly resolve reimbursement discrepancies.

I was a student in medical school when Medicare debuted in 1965, and I remember hearing some of the same concerns then as I hear today. Keep in mind, Part D marks the largest enrollment effort since the introduction of Medicare 40 years ago. Those who advocate that we abandon the program because of start-up problems might consider what would have happened if we had abandoned Medicare 40 years ago, leaving our seniors without healthcare coverage of any kind.

As a physician, I know that affordable prescription drugs are paramount to good heath for our seniors. And for many of these seniors, Medicare Part D marks the first time they've been able to afford the medication they need to stay well. The success of Medicare Part D will not be seen in the hallways of Congress or on cable TV but in our hometowns and senior centers across America.

For satisfied Medicare Part D customers, I don't have to look very far. A few months ago, I helped my 88-year-old mother enroll in a Part D plan, and she is now set to save more than $1,000 a year on her medications.

As I travel my district in Georgia, I'm continually hearing seniors praise Medicare Part D. Take Mary O'Brien of Cobb County.

Before Part D, the O'Briens had no prescription-drug coverage. Now Mary is enrolled in a plan with a $70 a month premium, and her husband told my office that she saved enough money on her first prescription to pay for two months of premiums. For the O'Briens, Medicare Part D is quite literally paying for itself.

In fact, a pharmacist in Alabama contacted CMS to report that one of his customers received $1,200 worth of medication for only $15 under her new Part D plan.

All seniors deserve the opportunity to have a little extra money in their pockets at the end of the month. As members of Congress, we have two choices: We can be a resource for our constituents and help them enroll in money-saving programs, or we can allow disdain for a party and president to cloud our vision of constituent service.

After years of promises, we have finally delivered on prescription-drug coverage for seniors. Now, let's put people above politics and ensure all seniors have the opportunity to enroll.

Gingrey, a former obstetrician and gynecologist, is co-chairman of the Republican Conference Healthcare Public Affairs Team.

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VA Health-Care System Is 'A Model,' Secretary Says (WP)

By Christopher Lee

The Washington Post, March 28, 2006

When Hurricane Katrina forced the relocation from New Orleans to Houston of hundreds of Veterans Affairs hospital patients, electronic medical records enabled doctors and nurses to treat the sick and injured without skipping a beat.

"We were able in every case, after we got them resettled into another hospital, to dial up their medical record," Jim Nicholson, the secretary of Veterans Affairs, said yesterday.

In a "state of the VA" speech at the National Press Club, Nicholson cited electronic health records as one reason the VA health-care system is "a model for our nation" and said his department, with 234,000 employees, is "truly one of America's good-news stories."

The VA's 154 hospitals and more than 900 clinics will treat more than 5.3 million veterans this year, he said. Its health-care budget has risen 69 percent in the past five years. Under President Bush's proposed 2007 budget, the department would get one of the biggest increases in discretionary spending for any federal agency: a boost of $2.6 billion, to $35.7 billion.

Not all the news is good.

One of the department's missions is to help ease veterans' transition to civilian life. Yet the unemployment rate of veterans ages 20 to 24 is 16 percent, more than three times the national rate.

"To me, they're perfect for prospective employers," Nicholson said. "They made a commitment. . . .They've been honorably discharged and they deserve a job."

About 1 in 5 veterans has diabetes, compared with about 1 in 14 Americans in general. Nicholson said the VA now talks to patients about their diet and the disease even if they come in for other ailments.

More veterans, especially those returning from Iraq and Afghanistan, are having post-traumatic stress disorder diagnosed, prompting the department to ensure that all its 154 major medical centers have an expert in treating PTSD.

Then there are the old complaints that the VA is too slow to process benefits claims. "We're trying to compress the time it takes to get a decision so a veteran doesn't have to wait so long," the secretary said. "There are things that we can and we need to do better."

House Centrists Seek Budget Changes (HILL)

By Jeffrey Young

The Hill, March 28, 2006

Centrist Republicans hope to replicate the recent success of their Senate counterparts by boosting spending on health, welfare and education programs this year.

Rep. Mike Castle (R-Del.) and other centrists plan to hold a press briefing today in the Capitol basement to seek bigger budgets for programs such as the National Institutes of Health, student loans, heating assistance and job training.

Sen. Arlen Specter (R-Pa.) got 27 GOP votes for his amendment to the Senate's budget resolution that would add $7 billion for those programs.

The House Budget Committee plans to meet tomorrow to begin marking up the budget resolution.

Fiscal Advice For Congress, From A CPA (RC)

By Rep. Mike Conaway

Roll Call, March 28, 2006

'It's time to make tough choices."

Catchphrases like these are thrown around quite often on Capitol Hill, especially at this time of year, after the release of the president's budget. Unfortunately, it's rare that this kind of rhetoric is backed up with substantive action.

Since I arrived in Congress last year, we have been talking about reducing federal spending and shrinking the size of the federal bureaucracy. We took a small step in the right direction with last year's spending bills and with the Deficit Reduction Act of 2005 that was signed into law last month.

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So what is the solution? I have a few suggestions:

No new federal programs. I recently introduced legislation that would change House legislative procedure to halt the creation of any new federal programs unless a program of equal or greater value is eliminated in its place. This is a common-sense procedure that would force Congress to prioritize and make the real "tough choices" with respect to new spending.

Line-item veto reform. President Bush recently has voiced his support for a constitutional line-item veto. I recently co-sponsored line-item veto legislation offered by Rep. Paul Ryan (R-Wis.) that should be able to pass constitutional muster. This enhanced budget-rescission procedure would allow the president to effectively eliminate any wasteful spending item and then send the item back to Congress for a vote. While enhanced rescission certainly will not eliminate all earmarks, it will bring greater transparency to the process. The now-infamous "Bridge to Nowhere" would never have passed if every Member of Congress had been forced to vote it up or down on the record. This, in addition to other earmark reforms, should trim Congress' appetite for pork.

Reduction in mandatory spending growth. Slowing the rate of growth for huge government entitlement programs is not the same as a cut, as some would like to believe. Slowing down programs on autopilot is the only way we can tackle the deficit. According to the Congressional Budget Office, mandatory spending — that is, government spending that automatically increases every year — was 49 percent of the federal budget in 1995, 54 percent in 2005, and will be 62 percent in 2015 if left unchecked. Slowing down discretionary spending also is necessary, but discretionary is a much smaller piece of the pie. Even if it were entirely eliminated, the budget still would not be balanced.

Make President Bush's tax cuts permanent. The tax-relief measures passed in 2001 and 2003 continue to help drive our economy. Unemployment is still low at 4.8 percent — lower than the average unemployment rate of the 1970s, '80s and '90s. With more Americans working than ever before, tax receipts have increased significantly, generating more than $2.3 trillion in federal revenue for fiscal 2005. (This is 7.3 percent, or $158 billion, more than expected.) For this unprecedented growth to continue, Congress must make these tax cuts permanent and avert any tax increase that could potentially damage our economy.

These suggestions, if applied, will significantly impact how the federal government manages our money. Eliminating ineffective government programs, reducing growth of massive government entitlements and passing procedural measures for real budget reform do not sound particularly exciting, but such actions are necessary.

As a certified public accountant, I spent my career advising my clients to budget their incomes so they can reach their long-term goals. Congress has the same responsibility to taxpayers. We must make common-sense reforms, because we are heading down a dangerous road.

These are tough choices. Reducing spending is the toughest of tasks, because every dollar the federal government spends has a constituency, and thus someone who thinks that program is working. But a balanced budget is well worth the cost in political capital. We are heading toward financial ruin. Now is the time to decide whether we want to serve as catalysts for change or pay the very real price for standing idle as change inflicts itself upon us. We owe it to future generations to make serious budget reforms and stop the spending spree now.

Rep. Mike Conaway (R-Texas) is a CPA and a member of the Budget Committee.

DP World Leader's Nomination Pulled (WT/UPI)

By Shaun Waterman, United Press International

The Washington Times, March 28, 2006

The fallout from the death of the DP World deal continued yesterday, when the White House withdrew the nomination of one of the company's executives to run the U.S. Maritime Administration.

David Sanborn was nominated in January by President Bush to lead the administration, which oversees the nation's ports. He also is director of operations in Europe and Latin America for the firm, which is owned by the government of Dubai, one of the seven United Arab Emirates.

White House spokeswoman Erin Healy said the withdrawal was at Mr. Sanborn's request, which was made in a letter to the president yesterday.

"The withdrawal was done at his request, and we are honoring his request," she said.

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She would not comment on whether the move was connected with the sudden end of DP World's proposed takeover of operations at terminals in six U.S. ports, the result of the Arab company's takeover of Britain's Peninsular & Oriental Steam Navigation Co.

"While I believe my background makes me one of the most qualified people there is for this position, the convergence of a number of factors bring me to the conclusion that I cannot effectively serve my country, you, and the U.S. maritime industry," Mr. Sanborn wrote in his letter to Mr. Bush.

Mr. Sanborn was nominated for the post Jan. 18, by which time the DP World takeover had been reported in the business press and the Committee on Foreign Investments in the U.S. had begun its 30-day inquiry on the deal.

There was no mention of the DP World deal at his confirmation hearing in February, but once the takeover was blocked by angry lawmakers, the nomination ran into trouble. Several senators, including Sen. Bill Nelson, Florida Democrat, had vowed to block the appointment. Both Mr. Nelson and Sen. John Kerry, Massachusetts Democrat, had put holds on the nomination.

The U.S. Maritime Administration is part of the Transportation Department. It keeps data on U.S. ports and shipping, finds U.S.-flagged ships for the military to use as cargo vessels, disposes of old ships and oversees the U.S. Merchant Marine Academy. Mr. Sanborn had been an officer in the Navy and graduated from the U.S. Merchant Marine Academy.

Senator: Katrina Loan Process Slowed (AP)

By Lara Jakes Jordan

The AP, March 27, 2006

The government has slowed down in deciding whether to approve or deny hundreds of applications for federal loans to help small businesses recover from Hurricane Katrina, a senator said Monday.

Earlier this year, the government was resolving 355 cases daily; that figure has dropped to 99 cases daily. The slowdown came as 682 disaster assistance employees left the Small Business Administration, said Sen. Olympia Snowe (news, bio, voting record), R-Maine, who chairs the Senate committee that oversees the agency.

In a letter to Small Business Administrator Hector Barreto, Snowe said she was troubled by the staff decrease "at a time when efficiency and production are of such high importance."

"I am deeply disturbed by the agency's reluctance to finish resolving all of the applications submitted by hurricane victims," Snowe said in the March 23 letter that was released Monday.

Calling the loan application process "a high priority," SBA spokeswoman Anne Marie Frawley said the agency is looking to local banks and private firms to help speed recovery aid to hurricane victims. She said the SBA dismissed 623 employees because the agency has finished property inspections for nearly all the applications, and "there is no longer a need to maintain such an extensive staff."

Frawley also chastised Snowe, noting that while "we regret that she feels it is necessary to issue a public rebuke of the SBA, the administrator is only a phone call away and would have gladly answered her questions." The SBA has processed over 282,587 applications since the Aug. 29 storm.

The SBA has approved $6.7 billion in disaster loans to Gulf Coast businesses, homeowners and renters whose properties were damaged by Hurricanes Katrina and Rita. But only $590 million has been distributed thus far to applicants, said Snowe spokesman Chris Chichester.

For an 18-day period between Feb. 13 and March 3, the agency resolved 355 loan applications each day, clearing 90 percent of the pending requests, Snowe said. But in the 18 days that followed — March 3 to March 21 — the agency approved 99 applications daily.

Meanwhile, the agency has lost 682 employees since March 1, Snowe said.

The agency told Snowe's staff that the new delay was explained by "a shift in focus" from resolving business applications to considering loan requests by homeowners. However, "homeowner applications have not been resolved any faster," Snowe said. She said less than 9 percent of pending homeowner applications were resolved between March 3-21.

Judge Refuses To Delay New Orleans Vote (NYT/AP)

By The Associated Press

DOJ_NMG_0022698

The New York Times, March 28, 2006

NEW ORLEANS (AP) -- A federal judge on Monday refused to delay New Orleans' April 22 mayoral election, telling both sides to solve any problems that might hinder displaced residents' ability to vote.

"If you are a displaced citizen, like I am, we have a burning desire for completeness," said U.S. District Judge Ivan Lemelle, whose own New Orleans home flooded after Hurricane Katrina.

Lemelle said voting will help the city rebuild, but he warned that its residents have already lost trust in institutions. "I recognize that there is still room for improvement in that electoral process," he said.

Civil rights groups had urged the judge to postpone what would be the city's first municipal elections since the hurricane, arguing that too many black residents won't be able to participate.

The Aug. 29 storm flooded 80 percent of the city, destroying some polling places and scattering more than half the population. What was a mostly black city of nearly half a million people was reduced to well under 200,000 inhabitants.

Some black leaders say the state's plan to allow mail voting for residents in other states, along with satellite polling places elsewhere in Louisiana, won't do enough to give all displaced residents the opportunity to vote.

"We can see that train wreck coming in slow motion," plaintiffs' attorney Bill Quigley said Monday.

Secretary of State Al Ater, the state's top election official, said he was prepared to work with the plaintiffs and the judge. "I'm very proud of what we're doing," he said.

The city elections had been set for Feb. 4, but state officials said they could not possibly hold balloting that soon after Katrina. The postponement led to a lawsuit by residents who wanted no delays, and the state then set the April 22 date. The state's emergency plan includes polling stations in 10 Louisiana cities, a national advertising campaign, and an easing of voting rules to allow displaced residents to cast ballots.

Mayor Ray Nagin, criticized in some quarters for his response to the hurricane, is running for re-election against nearly two dozen opponents, including Lt. Gov. Mitch Landrieu and Audubon Institute chief executive Ron Forman.

Monday's hearing was called after the NAACP and other civil rights groups argued the plan contained the equivalent of a poll tax, the voting fee that was banned after it was abused in the South to disenfranchise blacks. They said displaced residents would have to pay for transportation to vote in New Orleans and the expenses would be the "modern equivalent of a poll tax."

Fewer than 10,000 registered voters have requested absentee ballots, said Dale Atkins, who is campaigning for re-election as civil district court clerk.

Other complaints include cumbersome absentee ballot procedures, frequent movement of precinct locations and a refusal to share information about how candidates can reach the displaced voters.

Election procedures in Louisiana and many other Southern states are subject to Justice Department approval because of their history of racial discrimination.

Several black leaders argued Friday for satellite voting locations outside Louisiana, though a spokeswoman for Ater said state law doesn't allow out-of-state voting operations.

"This is a Florida in the making," said Urban League President Marc Morial, a former New Orleans mayor, referring to Florida's extensive voting problems in the 2000 elections. "If you see an election train wreck coming, why not do something to prevent it before the wreck occurs?"

On the Net:

Elections Division: http://www.sec.state.la.us/elections/elections-index.htm

Trucks To Face New Mpg Rules (USAT)

By Jayne O'Donnell

USA Today, March 28, 2006

New fuel-economy rules for trucks to be announced this week would not only impose mileage standards for the first time on previously exempt heavy-duty models, such as the Hummer H2, but also would overhaul standards for other trucks, according to auto industry officials and others familiar with the plan.

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They declined to be identified because the National Highway Traffic Safety Administration hadn't made the new rules public.

The rules could pressure automakers to improve the mileage of their heftiest vehicles, often known as “three-quarter-ton” or “one-ton” trucks. And they could create, for automakers, a bewildering array of fuel-economy standards that could vary almost from model to model.

The revamped standards apply only to trucks. Car standards don't change. The NHTSA regulations determine whether an automaker is fined for selling too many low-mileage trucks, or not enough high-mileage trucks. They have nothing to do with mileage numbers printed on the price stickers of new vehicles.

The heart of the new system is an index number calculated using the wheelbase and track. Wheelbase is the length from the center of the front wheel to the center of the rear wheel. Track is a width measurement, based on how far apart left and right wheels are.

The most lenient requirements would be for the largest vehicles, those with long wheelbases and wide tracks. The strictest would apply to the smallest models.

The rules differ from a system proposed in August. It would have split trucks into six size categories and assigned standards to each category, from about 21 to 28 miles per gallon. Environmentalists complained that automakers simply would make small changes in the sizes of their vehicles to get them into categories with less-strict mileage requirements.

Current regulations have a single truck standard, 21.6 miles per gallon for 2006 models. An automaker calculates the mileage of all trucks sold and, if it's lower than 21.6, must pay a fine.

Heavy-duty pickups would continue to be exempt because they are considered work trucks rather than personal vehicles. That could amount to a significant loophole, according to the Union of Concerned Scientists, which calculates that 80% of heavy-duty trucks sold are pickups.

Federal officials wanted a new system that doesn't encourage selling more small trucks in order to meet mileage standards. Statistics show that bigger, heavier vehicles are safer to their occupants in crashes than smaller, lighter vehicles are.

If the new standards encourage larger vehicles, “from a safety perspective, that's good,” says Adrian Lund, president of the Insurance Institute for Highway Safety.

A Road Map For Agencies Switching To Pay For Performance (WP)

By Stephen Barr

The Washington Post, March 28, 2006

Creating fair pay-for-performance systems in the government will require effective ways of evaluating job performance and well-trained supervisors, according to a report from the Merit Systems Protection Board.

"Pay for performance is a complex process that demands a large investment from those who seek to use it," the report says. "The effectiveness of a pay for performance system can be undermined by flaws in the design, implementation, and operational phases."

Such a system "demands a higher level of supervisory skill" than the traditional grade-and-step system used in government for decades, in part because performance-based systems give more discretion to supervisors to set pay and bonuses, the report says.

"Supervisors must treat employees fairly in terms of the assignment of work, evaluation of performance, and allocation of rewards -- and they must be held accountable for their decisions," the report says.

The report from the board, a quasi-judicial agency that hears appeals from employees facing major disciplinary action and that helps oversee the civil service, comes at a timely moment for the federal workforce. At least half of the workforce seems likely to shift into new pay systems in the next few years.

The Defense and Homeland Security departments plan to launch performance-based pay systems this year, and intelligence community leaders recently told their employees that they soon will be moving to design a new pay system. The Office of Management and Budget has floated a draft bill that would require pay for performance across the government.

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The MSPB report, which goes to the White House and Congress, provides a road map for federal employees and supervisors who are uncertain about the ingredients that go into performance-based pay systems. The 43-page report (at http://www.mspb.gov in the "studies" section) offers a balanced view of what's at stake when adopting new compensation strategies.

Although performance pay is fairly common in corporate America, the federal government has limited experience in linking employee job evaluations to pay decisions. To a great degree, change has been slower in the federal sector because the largest pay system, the General Schedule, is grounded in law and because Congress has reserved the right to mandate raises as part of the annual spending bills.

Federal unions also have resisted performance-based pay, primarily because of concerns that political appointees or managers might play favorites when assigning job ratings to employees.

The report from the MSPB takes no stance on performance-based pay but urges federal agencies to consider "key decision points" when planning new systems.

For example, the report recommends that agencies lay out clear goals for performance pay. Is the goal to increase employee job performance or to provide greater fairness in pay? It is to reward the best workers with bonuses, a pay raise or a combination of the two? Should less than 5 percent, or about 30 percent, of an employee's pay hinge on job performance?

"Agencies need to tailor pay systems to fit their unique circumstances and needs," the report says, but it warns that past efforts to create new pay systems have been undermined by a lack of funding. "Long-term financial support under a variety of scenarios should be carefully planned before implementing pay for performance," the report recommends.

Supervisors may face the greatest challenge, the report suggests, in noting that they must communicate with employees throughout an appraisal cycle, document their behavior, and evaluate their performance "in comparison to established standards and to other employees."

Linking pay to job ratings ups the ante for supervisors, the report points out. "Supervisors may experience even greater trepidation about the already contentious appraisal process, knowing that their decisions will affect employees' livelihoods. Supervisors need the training, the tools, and the time to be able to function effectively in this difficult role."

Defense and Homeland Security officials have promised to step up their communication and training efforts. Yesterday, for example, the Pentagon posted a 60-page guide to the new National Security Personnel System designed to help the first wave of Defense civilians understand how pay procedures will change this spring. The guide (at http://www.cpms.osd.mil/nsps) provides examples of the new salary scales and supplemental market adjustments.

Negotiations Begin On Lobby-limiting Measures (WT)

By Christina Bellantoni

The Washington Times, March 28, 2006

Sen. Majority Leader Bill Frist yesterday started negotiating with Senate Democrats in anticipation of passing measures this week to curb the influence of lobbyists.

Senators today are expected to debate the merits of Sen. Trent Lott's bill that limits members' ability to insert "pork-barrel" spending into conference reports, puts stricter regulations on travel, restricts lobbyists from going onto the floor of the House or Senate and requires members to disclose gifts from lobbyists on their Web sites, among other things.

Mr. Frist, Tennessee Republican, told reporters yesterday he is working with Democratic members to work out a compromise and he thinks the Senate is "very close" to completing the bill.

"It will take participation, collaboration and cooperation," he said, speculating an agreement could be reached in a few hours.

Lawmakers were supposed to start the lobbying reform measure last night, but the Judiciary Committee passed a sweeping reform measure dealing with border enforcement and guest workers that dominated most of the evening.

The election-year lobbying reform efforts are an attempt to show lawmakers will not tolerate abuses, such as those that led to the prison sentence of former Rep. Randy "Duke" Cunningham, who admitted taking bribes, and the guilty plea of disgraced lobbyist Jack Abramoff. After the two scandals, House and Senate leaders pledged to quickly reform their own rules.

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Mr. Lott, Mississippi Republican, has said his bill would add "clarity" and "transparency" to the legislative process.

There are more than 70 proposed amendments to the measure. Mr. Lott resisted one amendment earlier this month that would impose an all-out ban on lobbyists paying for meals. He said the amendment was demeaning to lawmakers because it implied they could "be had for the price of a lunch or a dinner."

The proposed bill requires that pork-barrel spending, officially known as earmarks, be clearly listed and disclosed on the Internet 24 hours before the final vote on any spending bills.

The bill allows members to accept a meal from a lobbyist, as long as the value and paying person is publicly disclosed. It also adds disclosure requirements for travel.

Lobbying Bill: Back On Track? (RC)

By Tory Newmyer

Roll Call, March 28, 2006

After a three-week detour from lobbying reform, Senators will return to work on a lobbying overhaul measure this morning, with leading lawmakers saying they hope to wrap up work by the end of the day and then turn to a politically explosive rewrite of immigration laws.

The path back to lobbying reform was cleared when Senate leadership reached an agreement with Sen. Charles Schumer (D-N.Y.) to set aside his proposal for an amendment on foreign ownership of ports. Schumer's proposal had derailed work on the overhaul earlier this month.

Instead, Senators will vote today on an amendment offered by Sens. Ron Wyden (D-Ore.) and Chuck Grassley (R-Iowa) that would ban the long-held Senate practice of allowing Members to hamstring legislation with anonymous holds.

Senators were still negotiating over what step to take next at press time Monday. The Senate could move to a prearranged package of amendments, which have yet to be determined, or else Majority Leader Bill Frist (R-Tenn.) could choose to limit debate by calling for cloture on the measure.

Either way, Sen. Trent Lott (R-Miss.), the bill's floor manager, expressed confidence that he could clear the bill from the chamber if given enough time. "If they'll give me a day, I can do it," he said, adding a cautionary note that the prospects had grown dimmer since leadership scrapped their intended Monday start for debate on the measure.

If Senators cannot finish the bill tomorrow, it could be weeks before they return to it. In that scenario, the chance for passage begins to fade, warned some lawmakers who favor an overhaul. "I'm of the view to just get it done," said Sen. Chris Dodd (D-Conn.), who helped clear part of the bill through the Rules Committee.

Others said the issue was too important to race to hasty passage. "We don't want to shut down debate so rapidly" that key amendments fall by the wayside, said Sen. Barack Obama (D-Ill.).

One plan floated on Monday called for each party to offer five amendments to the bill after dispatching with the proposal to end secret holds. But several Senators confirmed the plan was unable to win support.

Regardless of how the process plays out, Senators will have to slog through some controversial amendments if debate proceeds as planned today. Several lawmakers have complained that the product is too weak as it stands and already have offered a number of proposals to strengthen it.

One that's sure to draw fire would establish an independent Office of Public Integrity to oversee compliance with new lobbying rules by collecting disclosure requirements and even initiating investigations that could be referred to the Justice Department or the ethics committees.

A similar plan was stripped out of an earlier bill in committee, with members of the Senate Ethics Committee complaining that it would strip them of their authority and invite political abuses. Lott himself reiterated his criticism of the plan on Monday, though outside watchdog groups have called it critical to effective reform.

Obama has offered an amendment to strengthen revolving-door provisions in the bill by banning former lawmakers and staffers-turned-lobbyists from quietly coordinating lobbying activities during their cooling-off period, which the bill would double to two years.

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Another amendment, supported by Sens. John McCain (R-Ariz.) and Dianne Feinstein (D-Calif.), would require lawmakers to reimburse corporations at the charter rate when they fly on their jets, rather than the first-class fare they pay under current rules. That plan has met opposition from members from distant and rural states, especially Sen. Ted Stevens (R-Alaska).

Senators from both parties on Monday said that a dwindling amount of time for legislative action and a packed calendar are raising the stakes for the debate. If lawmakers cannot finish work on the bill quickly, Senate leadership may turn to the much more high-profile issue of immigration. (See Roadmap, p. 1.) Debate on that issue will almost surely occupy the chamber until the Easter recess, after which lawmakers will return to Washington, D.C., to work on supplemental spending legislation.

Beyond the Schumer hurdle, Senators attempting to return to the bill this week also had to work past objections by some to taking up the Wyden amendment. Wyden himself said he was unsure who among his colleagues had raised protests to his plan — a fact that he said was simply another argument in favor of it.

"Some Senators are very comfortable with the idea that special interests can hot-wire favors with no accountability," he said.

On the House side, the Rules Committee will be the first of five panels with pieces of the lobbying reform bill to take up the issue this week. The committee, chaired by reform bill author David Dreier (R-Calif.), has scheduled an original jurisdiction hearing on the measure for Thursday morning.

House Majority Leader John Boehner (R-Ohio) has maintained he would like to move as many pieces of the bill as possible before the two-week Easter recess, beginning April 7. But with committee calendars already packed with other business this week, that timetable could slip.

None of the other four other House panels assigned to work on the bill — House Administration, Government Reform, Judiciary and Standards of Official Conduct (Ethics) — has slotted consideration this week, aides said.

The House reform measure stops short of its Senate counterpart in several key areas. It does not call for the establishment of an independent oversight office; lacks tightened gift limits; does not double the current one-year lobbying ban for former lawmakers and staffers turned lobbyists; and sidesteps a permanent end to privately funded travel by instead calling for a temporary ban.

Those deficiencies have prompted outside watchdog groups to blast the measure as too weak in critical areas.

While some vulnerable Republicans have offered their own plans to strengthen the bill, there is hardly consensus in the House GOP Conference about the direction to take.

Several rank-and-file Members criticized the measure as overly draconian when House Republican leaders unveiled the plan earlier this month. And the conservative Republican Study Committee outlined a number of possible concerns in a recent memo, indicating the bill goes too far in some areas while not doing enough to crackdown on earmarks.

Heating Up With Hot-Button Issues (WP)

By Charles Babington

The Washington Post, March 28, 2006

As if the debates over immigration and the Iraq war weren't contentious enough, Congress is about to embark on some really hot-button issues: flag burning, same-sex marriage and censuring the president.

The Senate Judiciary Committee has scheduled a Friday hearing on Sen. Russell Feingold's resolution to censure President Bush for authorizing warrantless surveillance of Americans' international phone calls and e-mails. The measure has divided Feingold's fellow Democrats, some of whom fear he is helping Republicans shift attention from the GOP's problems in dealing with Iraq, hurricane relief and other matters.

But Feingold (Wis.) is unapologetic, commending Committee Chairman Arlen Specter (R-Pa.) for scheduling the hearing. "He recognizes the importance and seriousness of the issue," Feingold said yesterday. "The president broke the law, and this hearing is an important step towards Congress holding him accountable."

Needless to say, not all lawmakers agree that Bush broke the law, and the issue should get a good airing this morning in a separate hearing before Specter's panel. Four federal judges are slated to discuss proposals to bring the eavesdropping program, which is conducted by the National Security Agency, under the auspices of the Foreign Intelligence Surveillance Act.

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The 1978 act established a secret court to consider the government's warrant requests to wiretap Americans. Bush says his constitutional powers permit him to order such surveillance without warrants when terrorism is suspected.

Some of the judges have served on the FISA court. Also scheduled to testify today are Morton H. Halperin of the Open Society Policy Center and David S. Kris, senior vice president of Time Warner Inc.

Meanwhile, interest groups on the left and right are preparing for showdowns over flag desecration and same-sex marriage in June, when Senate Majority Leader Bill Frist (R-Tenn.) has scheduled floor votes on the always-controversial issues. Both efforts call for constitutional amendments, which require a two-thirds majority vote in the House and the Senate, followed by ratification by three-fourths of the states.

Frist, who is weighing a 2008 presidential bid, often touts the proposed amendment to define marriage as the union of one man and one woman. The effort failed in both houses in 2004. The Senate fell 12 votes short of the number needed to cut off debate, and House supporters could not muster the two-thirds majority they needed in their chamber.

As for protecting the American flag, some conservatives have sought a constitutional amendment since 1990. That is when the Supreme Court affirmed its view that flag burning is a form of protected political speech. The House has backed a constitutional amendment to bar flag desecration in previous Congresses, but the Senate has not complied.

Some Democrats ask why Frist is spending time on long-shot constitutional matters when Congress is struggling over immigration, the deficit, tax policies and other issues.

"It's that time of the year to throw a little red meat to the base," said Jim Manley, spokesman for Senate Minority Leader Harry M. Reid (D-Nev.). "We need to focus on the American people's priorities."

Frist spokesman Bob Stevenson said that is exactly what his boss is doing. The flag-protection amendment "is the number-one issue on veterans' agenda," Stevenson said yesterday. And the bid to ban same-sex marriage requires federal action, he said, because numerous courts have rejected state legislatures' efforts to do so.

"We don't have the option of putting this off," Stevenson said.GOP Joins in Urging Floor Debate on Iraq War

Three House Republicans have joined three Democrats in calling for an extensive floor debate on the Iraq war.

GOP Reps. Wayne T. Gilchrest (Md.), Walter B. Jones Jr. (N.C.) and Ron Paul (Tex.) last week joined Democratic Reps. Neil Abercrombie (Hawaii), Ike Skelton (Mo.) and Martin T. Meehan (Mass.) in signing a letter to colleagues urging "an open and honest debate on the future of U.S. policy in Iraq." They want a "discharge petition" for Abercrombie's stalled resolution that would require Bush to "develop and implement a plan for the withdrawal" of U.S. troops.

'527' Legislation Would Affect Democrats More (WP)

By Thomas B. Edsall

The Washington Post, March 28, 2006

In 2001, when Karl Rove first outlined plans for a $50 million get-out-the-vote program, his PowerPoint presentation made one point clear: The effort would be a "joint project of the White House and the Republican National Committee."

Rove's declaration points to a crucial difference between the Republican and Democratic parties. Less than a year later, top Democratic strategists began moving in precisely the opposite direction. During the Bush years, voter mobilization in large measure has been run by what analysts call a "shadow Democratic Party" -- consisting of outside groups operating independently from the Democratic National Committee and the party's top office seekers.

The difference between the two approaches explains why the Democrats are a lot more worried about proposals to impose sharp limits on spending by tax-exempt, non-party political groups.

Sen. John McCain (R-Ariz.) is sponsoring legislation that would restrict donors to giving just $5,000 annually to "527" groups (named after the section of the tax code they operate under). In recent years, tycoons such as George Soros and T. Boone Pickens have given millions to such groups.

"For better or worse, our side is now much more reliant on extra-party institutions to do our core political business," said Jim Jordan, who in 2004 helped coordinate the activities of two independent, liberal 527s, the Media Fund and America Coming Together.

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"There are two political cultures, each with their own economies," said one top strategist, a veteran of many Democratic presidential campaigns. "We would try to tell the groups working with us what we wanted them to do, and sometimes they paid attention -- and when they disagreed, they did whatever they wanted to do. It's very different on the Republican side of the aisle."

Over the past 30 years, the Republican National Committee has centralized control and funding of such basic political functions as voter mobilization and message development.

The RNC contracts out work to consultants who operate under strict oversight. Those who fall out of favor face being cut off from party-generated work. Independent groups, such as the Club for Growth, are viewed by the party establishment as disruptive, encouraging conservative primary challenges to moderate incumbents as much as contributing to the defeat of Democrats.

Democrats, by contrast, tend to view the independent groups with gratitude rather than resentment -- because they are doing essential political work that is not being done by others.

In 2002, the legislation commonly known as McCain-Feingold imposed a ban on "soft money" -- large, party-raised contributions on which Democrats, more than Republicans, had become heavily dependent. This led to a blossoming of 527 groups, orchestrated by such veteran liberal operatives as Harold Ickes, an aide to President Bill Clinton; Ellen Malcolm of the feminist group Emily's List; and labor organizer Steve Rosenthal; and funded by such people as Soros and insurance millionaire Peter Lewis.

More recently, wealthy liberals, working independently from the Democratic Party, in 2005 formed the Democracy Alliance with the goal of building a strengthened Democratic infrastructure of think tanks, advocacy organizations and leadership training groups. Ickes, in turn, is starting a private, for-profit company to create a national voter list.

Republicans have not outsourced political functions because the GOP can afford to finance -- and therefore control -- these activities.

Just last year, the RNC raised $105.4 million compared with $56.1 taken in by the DNC. In the competition for small donors, the RNC raised $55 million in gifts under $200, while the DNC raised $32.2 million in under-$200 contributions.

These two disparate approaches to building election treasures and machinery underpin Democratic opposition to and Republican support for enactment of tough, new restrictions on the independent 527 committees. In the first election in recent memory in which Democrats raised nearly as much as Republicans, the 527s flooded the 2003-04 election cycle with $424.8 million. The money favored pro-Democratic groups, which outspent their pro-Republican adversaries 2 to 1, or by $110 million.

Republican National Committee Chairman Ken Mehlman is outspoken in support of the proposed new rules on independent groups, declaring that Republicans "must reform 527s, so that everyone plays at the same level, and billionaires can't once again use loopholes to try to buy elections."

But this view has angered some conservatives, who say that GOP leaders have allowed political self-interest to trump their commitment to the free market.

Former Federal Election Commission member Bradley Smith wrote on the RedState blog that restricting 527 political committees runs counter to conservative principles and would prevent such key pro-Republican groups as the Swift Boat Veterans and Progress for America from replicating in future elections the crucial role they played in 2004. While outspent, PFA and the Swift Boat Veterans ran ads that Democrats and Republicans agree were the most effective of the campaign.

"We're so hung up on Soros, we're not only betraying principles, freedom and good government, but we're being politically stupid. Soros spent $25 million in 2004, and as the guys at National Review put it, all he got was a T-Shirt," Smith wrote. "527 'reform' doesn't whack big labor, big liberal foundations, big Main Stream Media. . . . It does 'cut off' Swift Boat Veterans for Truth, Progress for America, and Club for Growth."

Smith and Democratic FEC member Ellen L. Weintraub, among others, believe that clamping down on 527 organizations will merely result in a massive transfer of resources to other nonprofit, tax-exempt groups.

If this prediction came true, the result might mean less public disclosure -- the opposite goal of most political reformers. That is because 527 groups must reveal information about contributors and spending, while other entities, such as 501c groups, do not.

Meanwhile, there are signs that Republicans increasingly are borrowing some of the political outsourcing techniques of Democrats. On Nov. 26, 2005, television ads began to run in Pennsylvania that were designed to directly address one of the

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dangers facing the reelection campaign of Sen. Rick Santorum (R): a potential backlash among the state's elderly because of Santorum's support for private investment accounts under Social Security.

Onscreen, an older man holds his grandson's hand as the two walk along a sunny park path. The announcer tells viewers:

"These days, Edgar's afternoons are reserved for grandkids. . . . He's enjoying retirement because Rick Santorum is protecting his Social Security. Santorum sponsored legislation guaranteeing Americans 55 and older the Social Security they deserve."

The ads, part of a $1 million buy, did not cost the Santorum campaign a dime. Americans for Job Security, a tax-exempt, nonprofit organization financed them. Michael D. Dubke, president of the 501c6 that in 2004 raised $7 million, declined to disclose the names of AJS donors. He said identifying them would simply detract attention from the group's free-market message.

Bill Seeks To Ban Insider Trading By Lawmakers And Their Aides (WSJ)

By Brody Mullins

The Wall Street Journal, March 28, 2006

WASHINGTON -- Amid broad congressional concern about ethics scandals, some lawmakers are poised to expand the battle for reform: They want to enact legislation that would prohibit members of Congress and their aides from trading stocks based on nonpublic information gathered on Capitol Hill.

Two Democrat lawmakers plan to introduce today a bill that would block trading on such inside information. Current securities law and congressional ethics rules don't prohibit lawmakers or their staff members from buying and selling securities based on information learned in the halls of Congress.

It isn't clear yet what kind of support the bill will garner from Republicans. But its prospects are enhanced by the current charged environment in Congress; lawmakers from both parties in both houses have placed a high priority on passing ethics and lobbying-reform legislation. Such legislation would provide a vehicle to which proponents could attach a measure on stock trades.

In addition to banning trading on inside information, the proposal would require that lawmakers and their top aides disclose within 30 days any stock trades. Congressional rules now require lawmakers to disclose their trades once a year. The bill also would require that companies register with Congress if they sell information about congressional activity to Wall Street investors.

Unlike members of Congress, executive-branch employees already are banned from trading on inside information. Employees of several federal agencies are prohibited from investing in companies that have business before them. In 1934, for example, Congress banned Federal Communications Commission employees from owning stocks or bonds in telecommunications or broadcast companies.

The two Democrats who wrote the bill say they were motivated by the trading activity of a former top aide to Rep. Tom DeLay, the onetime Republican majority leader in the House. The aide, Tony Rudy, bought and sold hundreds of stocks from his computer in the U.S. Capitol in 1999 and 2000, according to financial-disclosure forms and other DeLay aides.

Neither Mr. Rudy nor his lawyer returned calls seeking comment. It is impossible to tell from the disclosure forms whether Mr. Rudy traded stocks based on information he gathered while working as deputy chief of staff and general counsel to Mr. DeLay, then the No. 3 Republican in the House.

Rep. Louise Slaughter, the New York Democrat who wrote the bill, said: "Top leadership aides know what is happening before anyone else. The potential for abuse there is incredible."

Rep. Brian Baird of Washington, the bill's co-sponsor, said there are "hundreds of billions of dollars on the line on congressional activity. If there is a way to make a profit on that, somebody has probably already figured out a way to do it. And it's not illegal."

Congressional Republicans declined to discuss the proposal until they see its exact language. Republican lawmakers could view it as a partisan ploy to hurt Mr. DeLay and another top Republican caught up in an insider-trading controversy: Senate Majority Leader Bill Frist of Tennessee, who has been trying to explain his sales of stock in a hospital firm long associated with his family.

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In the current ethics-reform drive, lawmakers are considering steps such as banning lobbyists from taking members of Congress to lunch to requiring lobbyists to disclose all of their contacts on Capitol Hill. The stock-sales debate will expand that discussion.

Lawmakers are allowed to buy and sell securities -- and even vote on legislation that affects their investments -- except in rare circumstances. The chairman of the Senate Banking Committee, for example, would be allowed to buy stock in Bank of America Corp. and vote on banking issues that affect the bank. Ethics rules prohibit lawmakers from voting on issues only if they are among a small group of beneficiaries.

To some extent, the legislation would expand the commonly used definition of insider trading. According to the Securities and Exchange Commission, insider trading is the buying or selling of securities on the basis of material, nonpublic information in violation of a duty. But the information in question normally comes from inside a company: For example, an executive of a publicly traded company can't tell friends to sell company stock if he or she knows that the company is about to fall short of its quarterly earnings forecast.

Lawmakers and staff members never have faced similar obligations on the information they acquire. "If a congressman learns that his committee is about to do something that would affect a company, he can go trade on that because he is not obligated to keep that information confidential," said Thomas Newkirk, a partner with law firm Jenner & Block LLP and a former official with the SEC's enforcement division. "He is not breaching a duty of confidentiality to anybody and therefore he would not be liable for insider trading."

Congressional ethics rules addressing insider trading are "unspecific enough that there is room for clarification in legislation," said Ken Gross, an ethics lawyer with Skadden, Arps, Slate, Meagher & Flom LLP.

The proposed legislation would call on the SEC to establish rules to bar stock trading based on nonpublic information from Congress. It would prohibit lawmakers and their aides from trading based on information obtained in Congress that is not yet public. And it would prohibit lawmakers and staff from giving that information to others for investment purposes.

Ms. Slaughter is the top Democrat on the House Rules Committee, which is charged with overseeing much of the ethics-reform legislation. The reform legislation has arisen in the wake of a Justice Department investigation into Jack Abramoff, a top Republican lobbyist and onetime fund-raiser for Mr. DeLay. Mr. Abramoff pleaded guilty in January to trying to bribe lawmakers and staff with overseas trips, meals, greens fees and cash.

The Justice Department is looking into Mr. Abramoff's contacts with several Republican lawmakers and more than a dozen current and former aides of the lawmakers. Among those under investigation by federal prosecutors are Mr. DeLay and his onetime aide, Mr. Rudy.

Mr. Rudy made nearly 500 trades in 1999 and 2000, according to his annual financial-disclosure forms. Those forms show that he typically invested in high-technology and health-care companies and often held stocks for less than a day. About two-thirds of the stocks he purchased gained in value after he bought them.

It is difficult to tell how much Mr. Rudy profited on particular trades. House financial statements require disclosure of stock trades only in broad ranges. Mr. Rudy bought each of his stocks for between $1,001 and $15,000 and sold them in the same ranges.

But Mr. Rudy's net worth grew from 1999 to 2000. Mr. Rudy and his wife were at least $49,000 in debt at the end of 1999, according to his disclosure form. They owned no more than $1,000 in stock and reported a student-loan debt between $50,001 and $100,000.

At the end of 2000, Mr. Rudy and his wife reported assets between $6,007 and $91,000. Their student-loan debt was between $30,002 and $100,000.

After Abramoff, Nats Fear It's Out With The Hill Crowd (WP)

By Thomas Heath

The Washington Post, March 28, 2006

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The Washington Nationals were a big hit on Capitol Hill last year. The return of a professional baseball team to the city after 33 years provided a new venue for lobbyists to entertain members of Congress and their staff at RFK Stadium, just 20 blocks east of the Capitol.

But with the start of the new season a week away, Nationals executives fear their popularity among the federal elite might decline. They are concerned that a significant piece of their business could be affected in the aftermath of the Jack Abramoff bribery and corruption scandal, which is leading many lobbyists and elected officials to reconsider how and where they do business.

Although congressional efforts to crack down on the lobbying industry have flagged since Abramoff's guilty plea in January, an emerging bill in the Senate would effectively prohibit members of Congress from accepting tickets to major D.C. area professional sporting events from registered lobbyists.

Nationals President Tony Tavares said the team already has had some "push back" from lobbyists who were ticket holders a year ago, and it has led to the cancellation of ticket plans for about 100 prime seats at RFK.

Officials from the Washington Wizards and Washington Capitals expressed similar concern, although they say they won't be able to fully judge the effect until seats at Verizon Center come up for renewal. Even the Washington Redskins, who routinely sell out 91,665-seat FedEx Field, might not be immune.

"Washington, D.C., thrives on the lobbying business," Tavares said. "It's been part of the landscape here for a long, long time. And it's pretty important to our team and our new stadium."

Even if Congress does nothing, several lobbyists said the Abramoff affair will cut down on the number of tickets available on Capitol Hill.

"It will have a chilling effect," said Gregory Gill, executive vice president and general counsel of Cassidy & Associates, a prominent lobbying firm. "We have Nationals, Capitals and Wizards tickets. There are times I have given tickets to Hill staffers. Will I do that any more? No. What's the point of having them if we can't entertain Hill staffers or members?" He said the firm has decided to cancel its tickets at Verizon Center.

"A lot of people do a lot of business at sports and entertainment events," said Thomas H. Boggs, chairman of Patton Boggs LLP, a top lobbying firm that shares a suite at FedEx Field with businessman Ray Schoenke, a former Washington Redskins guard who ran unsuccessfully for governor of Maryland in 1998. "The people who will do it, it will have an effect on considerably. Members of Congress and their staff will be reluctant to accept tickets to sporting events."

House and Senate rules currently allow a lawmaker and a member of his or her staff to accept a ticket to a sports or cultural event as long as the value on the ticket does not exceed $49.99, with an annual limit of no more than $100 in tickets from one source. In response to the Abramoff scandals, the House and Senate are considering a number of proposals that range from leaving the limits unchanged to a ban on accepting any sports or entertainment ticket from a lobbyist.

Although Washington's business community is much more diverse than it was even a decade ago, lobbying is still a huge part of the city's culture. Verizon Center and FedEx Field -- with their rings of luxury suites and club seats -- were designed to maximize income from the money lobbyists, corporations and other organizations spend to entertain politicians and executive branch officials.

Verizon Center earns between $165,000 and $265,000 per year on each of its 114 suites. One of the 244 or so luxury suites at FedEx Field can cost up to $200,000 a season.

The Nationals say they will go ahead with their plan to include 78 luxury suites at their new 41,000-seat ballpark on the Anacostia River because they are confident they can make up the difference from any lost business from lobbyists. "Lobbying is just one small part of the commercial population that is out there," Tavares said. "There are other parts of the D.C. economy that can fill the demand."

It's difficult to put an exact dollar amount on the income teams generate from lobbyists, but "I think it's a big percentage," said Stu Van Scoyoc, president of Van Scoyoc Associates Inc., the largest independent lobbying firm in the city.

It was enough to cause sports entrepreneur Abe Pollin, who owns the Wizards and built a downtown arena in 1997, to get a ruling from the Senate Ethics Committee nearly a decade ago that allowed senators and Senate staff to accept tickets priced

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under $50 from corporations and lobbyists. Accordingly, Pollin priced the "fair value" listed on the face of its club level tickets at $48, just under the $49.99 limit.

Some lobbyists, like Van Scoyoc, say it is too early to say whether they will hold onto their seats. These days, Van Scoyoc said, his Verizon Center suite is reserved only for friends, private clients, his employees and others, but not federal officials.

"The whole thing is in question at the moment," Van Scoyoc said. "Even though they haven't changed the rules, as a practical matter people don't want anything to do with it. Many offices have taken the position that they are not letting their people accept anything from these [lobbying] firms."

Rob Jennings, president of American Event Consulting Inc., which organizes fundraisers for Republicans and staged several at RFK Stadium last year, said sports tickets are a great way to entertain clients and potential clients, "but if you're using it to give to Hill staffers, then the lobbyists I have talked to have been scared away from that."

The Nationals, who are owned by Major League Baseball but are for sale at $450 million, priced hundreds of prime infield box seats under $50 at RFK last season, in part to stay under the gift ban limit, according to a team source. Tavares said the Abramoff scandals have resulted in the cancellation of around 100 of those seats this season.

"We have had people call from lobbying firms and indicate they are hesitant to move forward with their season ticket purchases, asking for more time, which we can't give them," Tavares said. "There could be more of a measurable impact, but we won't know until they pass the new rules."

One person who is leading a group of investors trying to buy the Nationals said that any legislation that affects the number of tickets purchased by lobbying firms and corporations was a concern. But this person, who spoke on the condition he not be identified for fear of hurting his group's chances, said he didn't think it would have a major impact on the team's finances because of the overall wealth and number of people in the Washington area.

"It definitely could impact sales of suites and premium seats," said another bidder, who requested anonymity for fear of offending baseball and losing his chance to buy the team. "We would have to make it up elsewhere."

David Cope of D.C. Sports & Sponsorship Sales LLC, who has worked in marketing and sales for all six major professional sports teams in the Baltimore-Washington region, said the teams will have to find ways to make up for losses in sales if new legislations tightens the rules on sports tickets.

"The teams are probably experiencing attrition from certain companies and organizations who would be affected by the lobbying legislation," Cope said. "But I'm sure they are focusing on industries and categories to replace those sales."

The Curious Paradox Of American Corporate Lobbying (FT)

By Michael Massing

Financial Times, March 28, 2006

The main causes of the US motor industry's current woes by now have been well established: soaring pension costs, crushing healthcare obligations, ossified management, uninspired car designs, clumsy marketing practices. Yet, amid all the analysis, one important factor has been overlooked: the industry's own lobbying efforts. For more than 15 years, US carmakers have strenuously and successfully opposed efforts in Congress to raise fuel-efficiency standards. Thus freed, General Motors and Ford have directed their energy and talent into selling highly profitable – and highly inefficient – sports utility vehicles and light trucks. Now, with petrol prices soaring, these companies are falling further behind their Japanese competitors. It is a case study in how an industry's lobbying efforts can undermine its own long-term interests.

The industry's lobbying apparatus is formidable. The Washington-based Alliance of Automobile Manufacturers, representing nine companies (including European and Asian ones, among them Toyota), spent $36.6m on lobbying from 2000 to 2005, according to the Center for Responsive Politics, a nonpartisan group that tracks money in politics. In that same period, GM spent about $43m and Ford $36m on lobbying. These sums go on the usual array of tactics that corporate America uses to bend rules and regulations to its liking: sending batteries of lawyers to congressional hearings, helping congressmen mark up bills, filing lawsuits to contest unwelcome laws and forming "consumer groups" to pressure lawmakers. The motor industry is also generous at campaign time, contributing about $20m in both the 2000 and 2004 election cycles. On many issues,

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moreover, it can count on the support of the United Auto Workers, which, in addition to deploying its own lobbyists, can mobilise its 600,000-plus members.

On no issue has the industry pressed harder than on that of fuel economy. In 1975, Congress passed a law setting Corporate Average Fuel Economy (Cafe) standards, requiring that vehicles produced by each company in a given year meet an average fuel- efficiency standard, with one standard for cars and another for light trucks. By the late 1980s, these standards had stalled at 27.5 miles per gallon for cars and 20.7 miles for light trucks. In 1990, amid growing concerns over global warming and US reliance on imported oil, Richard Bryan, Democratic senator from Nevada, proposed a bill to raise those standards by 40 per cent over 10 years. The industry maintained that meeting that goal would mean reducing the weight of its models. It formed a "grassroots" coalition to protest against the inconvenience this would cause and pushed car dealers and motor industry workers to protest to lawmakers. In the end, the measure just missed the 60 votes needed to overcome a threatened filibuster. Had it passed, says Laura MacCleery of Public Citizen, a consumer advocacy group, "it would have saved the industry".

Liberated from concerns over fuel efficiency, Detroit concentrated on producing SUVs, which were classified as light trucks. These, of course, proved very popular while fuel remained cheap. But GM and Ford let their family-car lines stagnate, to the point that GM had to retire its venerable Oldsmobile division, whose image had become hopelessly outdated. Meanwhile, Toyota and Honda concentrated on building smaller, more fuel-efficient models and in developing hybrid technology, with its vastly superior mileage.

After the defeat of the Bryan bill in 1990, subsequent efforts in Congress to raise Cafe standards – in 1995, 2000, 2001 and 2003 – succumbed to industry opposition. Only in 2003 were those standards finally raised – by a paltry 1.5 miles per gallon for light trucks over four years. Over the past decade, as mileage standards in America have stagnated, GM's and Ford's combined US market share has tumbled from 58.5 per cent to 43.4 per cent, while Toyota's and Honda's has surged from 12.7 per cent to 21.9 per cent. This reflects both the reputation of Japanese cars for quality and their superior mileage. The US has fallen so far behind Japan in hybrid technology that Ford now leases a version of it from Toyota.

During the past year, with gas prices soaring, the performance gap between US and Japanese models has grown even more salient and, while there is a three-month waiting list for Toyota's hybrid Prius, GM and Ford have had to offer huge rebates to move their lumbering Escalades and Expeditions.

Of course, given the carmakers' managerial bungling, higher mileage standards might not have saved them. But they would not have hurt. Certainly, if the companies had put the millions they spent on lobbying and litigation into improving their engines and transmissions, Detroit might now be leasing hybrid technology to others.

The motor industry is hardly alone in lobbying against its own interest. US electric utilities, represented by the Edison Electric Institute, have worked hard to defeat congressional efforts to require them to derive at least 10 per cent of their power from renewable sources, such as wind and solar, by the year 2020 (compared with just 2.5 per cent now). Three times in the past four years, the Senate has approved such a measure, only to see it killed in the House by the industry's allies. With the price of natural gas nearly tripling in the past two years, the industry would now be better placed had it been forced to develop those alternative sources.

In the late 1990s, when people began downloading songs from the internet, the major record companies, through their main trade group, the Recording Industry Association of America, pressed Congress to tighten copyright laws. They also sued thousands of individuals who traded music online. Seeing an opening, Apple developed its iTunes downloading technology and has since sold more than 1bn songs, for a current fee of 99 cents each. Meanwhile, CD sales by the RIAA's members have plunged. Had the industry sought to adapt to, rather than buy protection against, the internet, it could be leading the way technologically.

On healthcare, one has to wonder what the competitive position of US corporations would be today had the 1993 Clinton reform plan not been so vigorously opposed by such business groups as the Chamber of Commerce and the National Association of Manufacturers. Had they embraced it, perhaps companies such as GM and Ford would not be struggling with their current healthcare costs.

This all shows that it often takes years for the short-sightedness of corporate lobbying to become apparent. In the short term, the gains wrung through lobbyists and campaign contributions might seem impressive. Over time, though, lobbying, in

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foiling measures designed to promote the public good, can undermine the fortunes of the very industries doing the lobbying. It is yet another reason Congress should hold firm in its effort to rein in Washington's influence peddlers.

The writer, a frequent contributor to The New York Review of Books, is author of Now They Tell Us: The American Press and Iraq (New York Review Books)

Air your views on the issues raised in this article at www.ft.com/lobby

Democrats To Unveil Ambitious Security Plan (RC)

By Erin P. Billings

Roll Call, March 28, 2006

Seeking to convince the electorate of their military muscle, national Democratic leaders will vow to eliminate Osama bin Laden and destroy al-Qaida as part of their 2006 national security platform, which will be publicly unveiled Wednesday.

According to a draft copy of the agenda, party leaders will focus on five major policy areas for a safer America, both within its borders and beyond. Perhaps most ambitious among the party's objectives are calls to defeat terrorists and eradicate weapons of mass destruction.

"We will: eliminate Osama Bin Laden, destroy terrorist networks like Al Qaeda, finish the job in Afghanistan and eliminate the threat posed by the Taliban," reads a draft of the party's platform document, titled "Real Security: The Democratic Plan to Protect America and Restore Our Leadership in the World."

Both the Clinton and Bush administrations have been on the hunt for bin Laden for some years. That pursuit intensified in the wake of the Sept. 11, 2001, terrorist attacks, but critics of the military charge that President Bush has been distracted from the search by the war in Iraq.

Congressional Democrats will formally outline their national security plan Wednesday when they join other party leaders and law enforcement officials in a major event at Union Station. Also included in the party's proposal are calls to ensure a "21st Century Military," strengthen homeland security, provide for a transition out of Iraq and free America from its dependence on foreign oil.

In the draft copy of their plan, Democratic leaders argue that their "real security" proposal will "protect Americans and restore our country's position of international leadership."

"We believe America is best protected, and freedom best advanced by national security policies, including homeland security, energy and diplomatic strategies that are both tough and smart," the document reads.

The "Real Security" unveiling is the second in the party's rolling agenda designed to show what the Democrats intend to do if given the majority this fall.

National security has been the party's political Achilles' heel in recent elections, and national leaders are hoping to reverse that trend this cycle.

Democrats kicked off the rollout of their 2006 agenda in January when they launched the Honest Leadership Act, their plan to restore an ethical government and reduce influence peddling. Still to come, sources say, is the party's domestic focus on key issues such as health care, the economy and education.

Neither the office of Senate Minority Leader Harry Reid (D-Nev.) nor that of House Minority Leader Nancy Pelosi (D-Calif.) would comment Monday about the specifics of the national security plan.

But a senior Senate Democratic staffer said that "for the first time" the party should be able to get somewhere with its ideas, given it is now in a position to talk "authoritatively about national security concerns and the fact that Republicans are not stepping up to the plate."

This staffer cautioned, however, that Democrats have to do it now — when public approval of the GOP is dipping and there is an opening to win over the public.

"They have to do this right for the American people to believe in Democrats and equate our party with a stronger national defense," this aide said.

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Beyond catching bin Laden, leading Democrats also will propose an anti-terrorism plan that increases "human intelligence" capabilities, eliminates terrorist breeding grounds, secures loose nuclear materials, and stops nuclear weapons development in Iran and North Korea.

On the issue of Iraq, Democrats will address the controversial issue of a troop withdrawal from the region but stop short of calling for a complete redeployment of U.S. forces by year's end.

Instead, Democrats will assert "2006 is a year of significant transition to full Iraqi Sovereignty" and that within the coming months the Iraqis should assume "primary responsibility for securing and governing their country and with the responsible redeployment of U.S. forces." Democrats will not call for specific timelines beyond using 2006 as a watershed year for change in the region.

The Iraqi conflict has divided Democrats from the start, beginning in 2002 when the party split over whether to initiate a war in the first place. Democrats remain at odds over how and to what degree U.S. troops should be brought home and the Iraqis left to control the country on their own.

Democrats also will call on Iraqis "to make the political compromises necessary to unite their country and defeat insurgency" and promote regional diplomacy. They also will blast the Bush administration for wasting taxpayer money and putting troops at risk for failing to plan appropriately for the conflict and manipulating pre-war intelligence.

Turning to home, Democrats will demand greater investment in military equipment and manpower, a new GI Bill of Rights to provide better benefits to troops and veterans, and a stronger national guard.

The minority also will make calls for stronger homeland security by implementing all of the recommendations of the 9/11 commission, security of U.S. borders and ports, and better equipment for first responders.

Finally, the Democrats will focus on energy independence as part of their security mission. They will make a pledge for full independence from foreign oil by 2020 and increased production of alternate fuels.

Justice Scalia Gives A Sign, But No Finger (AP-Y2)

AP2, March 27, 2006

Supreme Court Justice Antonin Scalia used an Italian hand gesture when questioned by a reporter after attending church this past weekend.

The Boston Herald reported Monday that the justice made "an obscene gesture under his chin" — which prompted some online reports that Scalia had used his middle finger.

Untrue.

"It was a hand off the chin gesture that was meant to be dismissive," Supreme Court spokeswoman Kathy Arberg said.

Scalia, 70, is Italian and known for wisecracks in and out of court.

The sign he used in Boston is frequently used by Italians to express displeasure with someone — from mild to deep irritation. It is done by cupping the hand under the chin and flicking the fingers like a backward wave.

Scalia was leaving Mass on Sunday at the Cathedral of the Holy Cross when the reporter asked the justice if he had to deal with much flak related to his conservative Roman Catholic beliefs, according to the newspaper.

"You know what I say to those people?" Scalia said before making the gesture, according to the paper's account. "That's Sicilian."

The paper said that Scalia also said: "This is my spiritual life. I shall lead it the way I like."

Bush Is Showing Signs Of Lame-duck Syndrome (BOS)

By Peter S. Canellos

The Boston Globe, March 28, 2006

WASHINGTON -- Immediately after his reelection, President Bush started to see the calendar pages turning. "I'm going to come out strong after my swearing in," he said, noting: "We have to move quickly, because after that I'll be quacking like a duck."

There were no quacking noises at the president's press conference last week. But Bush acknowledged that the political capital he won in 2004 is dwindling. He blamed the Iraq war, but even in the best of circumstances, presidents in their second terms become lame ducks very quickly.

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The reason is the 22d Amendment to the Constitution, mandating that presidents can be elected only twice. Although it was ratified in 1951, some would argue that its full impact was not felt for decades, with the forced retirement of President Bill Clinton at age 54. And now, with Bush's diminished clout at age 59, its effects are being felt again.

That's partly why a bipartisan group of legislators have been filing a bill every two years to rescind the 22d Amendment, on the grounds that it deprives the country of its proper choice of leaders.

Passage is unlikely, because it would be seen either as a favor to Bush (though he has shown no interest in a third term) or as a favor to Clinton (though he has channeled his ambitions into his wife's career). It would inevitably fuel conspiracy theories in both parties. And it would have to be ratified by three-fourths of the states.

Nonetheless, there are reasons to believe the 22d Amendment has had more of an effect than its authors had intended.

The amendment was initiated in 1947, two years after the death of Franklin D. Roosevelt, the only man to serve more than two terms. Roosevelt died at the start of his fourth term.

The power of the presidency had expanded greatly under Roosevelt, for reasons mostly unrelated to the length of his tenure. "New Deal" laws approved to mitigate the effects of the Great Depression extended the reach of government during Roosevelt's first two terms.

Then, World War II gave the president sweeping powers as commander-in-chief of a nation under full-time war mobilization.

Some of those wartime powers remained after the war ended, because of a military buildup at the start of the Cold War.

Supporters of the 22d Amendment believed that the enhanced powers created such an air of invincibility around the presidency that future chiefs would reign for life, upsetting the balance of power.

But the sense of invincibility soon evaporated, regardless of the amendment. Roosevelt's successor, Harry S. Truman, was too unpopular to get a third term. Dwight D. Eisenhower suffered two heart attacks and would have been unlikely to go for a third term, had he been allowed. Assassination, scandal, and unpopularity led to five consecutive unfulfilled presidencies in the 1960s and '70s. Ronald W. Reagan, like Eisenhower, was very popular but was unlikely to have sought a third term because of age and illness. And George H. W. Bush was defeated for reelection.

Thus, the first presidency aborted by the 22d Amendment was Clinton's in 2000. There's no way to know whether Clinton, dogged by the Monica S. Lewinsky scandal, would have won a third term, but few can doubt that the world would be different today if he had served through the Sept. 11, 2001, attacks.

Clinton supporters believe the 9/11 crisis would have been perfectly suited to his political skills, global vision, and understanding of the world's problems. Clinton's detractors voice thanks that his career was choked off in 2000.

But many of the same conservatives who were happy to see the 22d Amendment end Clinton's reign are dispirited by Bush's loss of clout, with almost three years remaining in his tenure. Arguably, the 22d Amendment's greatest effect is not in the prevention of third terms but in the weakening of second ones.

Even in the pre-Franklin Roosevelt days, when presidents generally adhered to the two-term tradition, the possibility that they would run for reelection helped maintain their political viability. Now, contests to succeed second-term presidents start as soon as the bunting is swept up from the inaugural parade.

The implications of such an early scramble to succeed the president will be visible in this week's Senate debate over immigration, as Republican senators with presidential aspirations resist compromise and seek to position themselves to the right of the presumed front-runner, Senator John McCain of Arizona, author of one of the major immigration bills.

The president will be looking on from the sidelines.

OTHER NEWS:

Prices At Pump Stabilize - For Now (USAT)

By James R. Healey

USA Today, March 28, 2006

Gasoline prices have plateaued after jumping nearly 14 cents a gallon last week, capping a four-week run-up at the pump.

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The relief could be short-lived. Prices often zoom as warm weather spurs more driving trips, which drain supplies. Refiners also are required by law to shift to clean-air gasoline blends for spring and summer, and those cost more to make.

The nationwide average for a gallon of regular is $2.498, the U.S. Energy Information Administration reported Monday. That's down 0.6 of a cent from the previous week, though it remains 34.5 cents more than it was a year ago.

Travel club AAA, using a different surveying method, reported a U.S. average Monday of $2.501, down 0.2 of a cent overnight. Lowest averages are in Utah, where some areas are in the $2.25 range.

Expect at least $2.60 by mid-April, says Tom Kloza, analyst at the Oil Price Information Service. At some point, high fuel prices discourage driving, and the reduced demand produces a price drop. But, "pinpointing the precise level where U.S. consumers will drive less is a very inexact science," Kloza notes.

"It is conceivable that we could see $3 this summer," says Jason Schenker, economist at Wachovia. He points out that ethanol — alcohol made from grain — is more expensive than pure gasoline. That will drive up gasoline prices, because ethanol commonly is blended with gasoline to improve octane and to meet clean-air regulations.

The highest U.S. average ever reported by EIA: $3.069 on Sept. 5, because of disruptions to petroleum operations in the Gulf of Mexico by Hurricane Katrina on Aug. 29. The government says 22.9% of Gulf petroleum production remains out of service because of Katrina and Hurricane Rita, which hit the Gulf Coast Sept. 24.

The record average for gasoline, adjusted for inflation, was set March 1981, at $1.417 per gallon, equivalent to $3.123 today.

Hurricane season begins anew in June. Another round of severe Gulf storms could cripple U.S. energy production, creating shortages and boosting prices.

Petroleum traders are bidding about $1.84 a gallon for wholesale gasoline to be delivered this summer and fall. General rule: Add 60 to 65 cents for pump prices — making them about the same as they are now.

Gasoline Prices Cling To Gains Amid Supply Fears (WSJ)

By Steve Levine And Ann Davis

The Wall Street Journal, March 28, 2006

A sharp rise in gasoline prices in recent weeks could indicate increased volatility at the pump this summer, as the nation's fuel suppliers cope with a change in government requirements.

Yesterday, the Energy Information Administration said the average retail price for regular gasoline in the past week fell less than one cent from the previous week to about $2.50 a gallon. But the average price was up about 14 cents between March 13 and March 20, marking the third-largest weekly rise since the agency began the survey in 1990, and was almost 35 cents higher than in the year-earlier period. The average U.S. retail gasoline price has risen by about 9% since the middle of last month, and wholesale prices have surged about 30%.

Worries about supply shortages and gasoline prices stem in large part from a spike last year, when hurricanes Katrina and Rita swept through the Gulf of Mexico, heavily damaging refineries and oil installations. At their peak last summer, retail gasoline prices rose to an average of $3.06 a gallon in the week ending Sept. 5.

Trilby Lundberg, publisher of the Lundberg Survey, a retail gasoline-price survey, says she expects average gasoline prices to peak at $2.67 by mid-July -- or possibly higher if crude-oil prices don't retreat. Yesterday, oil futures in New York fell 10 cents to settle at $64.16 a barrel.

Analysts attribute the quick price moves to a shift that begins next month in gasoline blends, requiring chemicals to be added for environmental and other reasons. Because of the energy bill passed last year by lawmakers, most U.S. refiners will halt the use of methyl tertiary butyl ether as a gasoline additive and substitute ethanol.

Many analysts worry that there will be spot shortages of ethanol, which could slow gasoline deliveries to some U.S. markets, particularly in the Northeast. In a report issued yesterday, Credit Suisse Securities predicted volatile gasoline prices in the summer, singling out the Northeast and Texas. The report said that concerns about shortages "have permeated the market."

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"I don't think there's anybody out there that thinks there's really enough ethanol to go around," says John Kilduff, senior vice president for energy risk management at Fimat USA Inc., a brokerage firm. "We're talking about a very strained refining industry that's in the process right now of rebuilding and retooling from Katrina."

Some analysts say that U.S. gasoline inventories are high and that European refiners and U.S. traders have had sufficient lead time to adjust to the blend change. An EIA official said that summer gasoline supplies could be tight in some places because of possible ethanol shortages. But the agency said in its report last week that the recent price trend doesn't point to additional large retail-price increases soon.

The Gasoline Follies (WSJ)

The Wall Street Journal, March 28, 2006

Gasoline prices are rising again, and this time Iraq or hurricanes aren't to blame. Congress's energy policy mistakes are finally catching up with it, and American drivers are paying for the bungles.

The average U.S. retail pump price for gasoline has been hovering around $2.50 a gallon the past few weeks; prices are now at their highest since last October -- or back when the country was dealing with Katrina. The federal Energy Information Administration (EIA) has warned this may only be the beginning, and parts of the country could see pump prices well over $3 a gallon going into summer. Happy Memorial Day.

Drivers can send their thank-you notes to Capitol Hill, which created the conditions for this mess last summer with its latest energy bill. That legislation contained a sop to Midwest corn farmers in the form of a huge new ethanol mandate that began this year and requires drivers to consume 7.5 billion gallons a year by 2012. At the same time, Congress refused to include liability protection for producers of MTBE, a rival oxygen fuel-additive that has become a tort lawyer target. So MTBE makers are pulling out, ethanol makers can't make up the difference quickly enough, and gas supplies are getting squeezed.

It didn't take an economics degree to see this coming. The MTBE industry's defense in the many lawsuits claiming its product has contaminated water supplies is that since 1990 the government has required use of oxygenates like MTBE. But with that requirement expiring in May, producers and refiners will face far greater liability, which has set off a race to exit the market. Valero, one of the largest manufacturers, has already announced plans to phase out production. Even the pipeline operators that carry MTBE to high-use areas in the Northeast are backing away.

This abrupt cut-off of a product that makes up some 1.4% of the nation's fuel supply -- and far greater percentages in some places -- is certain to wreak price havoc. According to a February EIA report, ethanol production is already running near its capacity of 283,000 barrels a day. Yet "about 130,000 barrels per day of additional ethanol may be needed to replace the MTBE currently used" in gas.

Even Bob Dinneen, head of the Renewable Fuels Association and promoter-in-chief of all things ethanol, is admitting his industry can't make up the shortfall. "We're adding as much [production capacity] as we can, as fast as we can. But I don't think anybody anticipated refiners would be hemorrhaging MTBE as quickly as they are," he said recently. We're not sure what corn farm Mr. Dinneen has been living on, but MTBE producers have been warning Congress for years that this is precisely what would happen if it failed to offer the industry legal protection.

The bigger question is whether all this newly mandated ethanol -- the subsidized profits of which are funneled to Midwest farmers and agribusiness giants like ADM -- will even make it to its destinations. Unlike MTBE, ethanol can't be shipped ready-made through pipes. Instead it must be trucked or carried by rail from the Midwest to terminals near its ultimate selling point, where it then must be blended with a special unfinished fuel that is shipped separately through pipelines.

This is creating a logistical nightmare, forcing refiners to add blending facilities at their terminals, convert tanks to hold ethanol, and switch over retail outlets. To give a sense of this experiment, consider that only about one-third of all reformulated gas used on the East Coast is currently blended at terminals; the rest is produced or delivered as finished product. That now must change, in a matter of months, and at a time when refiners face a blizzard of separate new regulations. An ultra-low sulfur diesel program begins June 1, another gift horse from Congress.

Imports could help, though the domestic ethanol industry has made sure those also come at a dear price. Ethanol imports are subject to a 2.5% tariff and a second duty of 54 cents a gallon. This is particularly unfortunate for Texas or East Coast

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residents, who'd benefit greatly if they could get their ethanol (duty free) from local ports rather than pay to have it trucked across the country.

But such economic sense would defeat the purpose of a law designed not to reduce gas prices but instead to underwrite a politically powerful ethanol industry that can't survive without giant government handouts, protectionism and the brute force of mandates. The only bright spot is that perhaps the current travails will put to rest calls that America emulate Brazil -- which sunk billions of state money into a giant ethanol infrastructure so that it could become "energy independent."

As it is, the U.S. already produces more ethanol than Brazil, and even today's four-million-gallon requirement is clearly straining the industry. Increasing ethanol use much beyond the 2012 mandate is going to require that entire states be planted with corn and sugar, or a scientific breakthrough involving biomass and grass. Meantime, prepare to pay more for gas.

This ethanol-MTBE fiasco is just the latest example of what happens when Congress holds energy markets hostage to narrow special interests. If Republicans on Capitol Hill wonder why their approval ratings stay low as gasoline prices rise this spring and summer, we suggest they look in the mirror.

Big Oil's Big Windfall (NYT)

The New York Times, March 28, 2006

A public already groaning under huge deficits does not need more red ink. An oil industry already rolling in record profits does not need more tax breaks. But both are sure to happen unless some way can be found to claw back from a decade's worth of Congressional and administrative blunders, aggressive lobbying and industry greed.

According to a detailed account in Monday's Times by Edmund L. Andrews, oil companies stand to gain a minimum of $7 billion and as much as $28 billion over the next five years under an obscure provision in last year's giant energy bill that allows companies to avoid paying royalties on oil and gas produced in the Gulf of Mexico.

The provision received almost no Congressional debate, in part because Congress was lazy and in part because the provision was misleadingly advertised as cost-free. The giveaway also seemed a natural sequel to a measure passed in 1995 to provide royalty relief. But that measure came at a time when oil prices, and new investment in oil and gas exploration, had declined. It also included an important safety valve: in any year when oil prices exceeded a threshold, about $34 a barrel, companies would have to resume paying royalties.

However, in what appears to have been a bureaucratic blunder, the Clinton administration omitted that crucial escape clause in all offshore leases signed between the government and the oil companies in 1998 and 1999. It seemed a harmless mistake at a time when oil prices were still below $20 a barrel. But times changed. Prices have been above the cutoff point since 2002, and an estimated one-sixth of the production in the Gulf of Mexico is still exempt from royalties for no good reason whatsoever.

That blunder was compounded, again and again. First, a court decision in 2003 effectively doubled the amount of oil and gas exempted from royalties. Then the Bush administration offered special exemptions for "deep gas" producers, drilling more than 15,000 feet below the sea bottom. Then came the 2005 energy bill, which essentially locked in the old incentives for five more years.

At least one oil company has the grace to be embarrassed by all this. "Under the current environment," one Shell official told Mr. Andrews, "we don't need royalty relief."

But some companies seem to want more. A lawsuit filed by Kerr-McGee Exploration and Production would greatly expand the royalty relief. If the suit succeeds, the lost revenue may rise to as much as $28 billion.

Edward Markey, a Democratic member of the House from Massachusetts, has proposed a bill that would keep any new contracts from granting relief when oil and gas prices were high, and would instruct the interior secretary to try to renegotiate existing contracts. That is a fair and overdue remedy.

Stocks Freeze In Fed Headlights (WSJ)

By Scott Patterson

The Wall Street Journal, March 28, 2006

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Investors conserved their energy Monday as a historic meeting of the Federal Reserve Board got under way in Washington, leaving stocks little changed ahead of the highly anticipated decision on rates Tuesday.

The Dow Jones Industrial Average fell 29.86 points to 11250.11, led by a 1.2% decline by Altria. The Standard & Poor's 500-stock index slid 1.34 to 1301.61 and the Nasdaq Composite Index gained by 2.76 to 2315.58.

Crude-oil futures declined 10 cents to $64.16 a barrel on the New York Mercantile Exchange. Treasurys edged lower and the dollar fell against the euro and yen. Gold futures rose $6.90 to $567.40 a troy ounce.

Analysts were busy getting their playbooks ready for Tuesday's decision, with the focus squarely on the policy statement that will accompany what's expected to be yet another quarter-percentage point increase. The Fed has lifted rates 14 times since June 2004 by quarter-point increments to 4.5%.

While Wall Street has seemed mesmerized by the upcoming meeting, most analysts don't expect to see any dramatic changes in the statement. Dick Green, president of Briefing.com, doesn't expect Mr. Bernanke to make any unambiguous hints about the direction of rates. Policy makers have repeatedly emphasized that short-term rates are "data dependent," and with over a month between Tuesday's meeting and the next one, on May 10, they'll want to leave their options open, he said.

"They don't know for sure what they will do at the May 10 meeting, so how can they let the market know? It will depend on the data," said Mr. Green.

Ashraf Laidi, chief currency analyst at MG Financial Group, also expects the Fed to lean toward a more ambiguous statement. There is a chance, though, of greater emphasis on a slowdown in the housing market, which could scale down expectations for more than one more rate increase, he said. And Stuart Freeman, chief equity strategist at A.G. Edwards & Sons, said one thing he'll be looking for is any indication that the Fed is concerned about the effect of persistently high energy prices are having on inflation.

Mr. Green, meanwhile, plans to keep his eye out for a phrase regarding increases in resource utilization that was in the January statement. "Resource utilization is tightening in both the labor markets and industrial production," he said. "That reflects a forward-looking concern about inflationary pressures."

Investors have grown increasingly cautious ahead of the first meeting of the Fed's Open Market Committee not chaired by Alan Greenspan since 1987. In the nearly two decades since then, Wall Street had grown comfortable to the oracular statements of the so-called Maestro. It remains to be seen how it will react to a rate-setting decision by his successor, Ben Bernanke.

So far, the transition has been smooth. Stocks have gradually churned higher since Mr. Bernanke assumed the helm of the Fed on Feb. 1, indicating little concern that monetary policy will change dramatically under his tenure. Still, investors recall the massive market dive that occurred in October 1987 on "Black Monday," several months after Mr. Greenspan replaced Paul Volker at the top of the Fed, and Mr. Bernanke has yet to officially preside over a change in the federal-funds rate.

In recent weeks, Wall Street has seesawed back and forth between fears that the Fed may become more hawkish about inflation to hopes that softening economic data will allow the policy makers to stop raising rates soon. For instance, a report showing solid sales of existing homes in February triggered a selloff of stocks last week. A day later, a report showing that new-home sales tumbled 10.5% last month caused stocks to rally.

Inflation data has been equally uneven. While the core rate of the consumer price index, which excludes food and energy, rose at a tame 0.1% rate in February, core wholesale prices increased at a 0.3% rate.

In major market action:

Stocks were mixed7. On the New York Stock Exchange, where 1.4 billion shares traded, 1,429 stocks rose and 1,890 fell. On the Nasdaq Stock Market, where 1.9 billion shares traded, 1,515 rose and 1,549 declined.

Bonds slipped8. The benchmark 10-year Treasury fell 6/32 point, or $1.88 for every $1,000 invested, to yield 4.697%. The 30-year bond lost 10/32 to yield 4.718%. Yields move inversely to prices.

The dollar was down.9 It traded at 116.47 yen, down from 117.90 yen late Friday, while the euro rose to $1.2034 from $1.9740.

Stocks Mixed As Investors Await Fed News (USAT/AP)

By Eileen Alt Powell, The Associated Press

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USA Today, March 28, 2006

NEW YORK — Investors put off major buying decisions Monday, leaving stocks mixed as Wall Street awaited the results today of the first Federal Reserve rate-setting meeting led by new Chairman Ben Bernanke.

"We've had a pretty good run here in anticipation that the Fed is nearly done raising interest rates," says Mark Vitner, senior economist with Wachovia. "But we have a real unknown quantity in Ben Bernanke … so everyone is on Fed watch."

The Fed Open Market Committee under Bernanke is widely expected to follow the policy of former chairman Alan Greenspan and announce a rate increase at the end of its two-day meeting today. That would boost its target on short-term rates one-quarter point to 4.75%.

Ahead of the announcement, the markets turned in a lackluster performance.

The Dow Jones industrial average slid 29.86 points, or 0.3%, to 11,250.11. Broader stock indexes were mixed. The Standard & Poor's 500 ended down 1.34 points, or 0.1%, at 1301.61. The Nasdaq composite advanced 2.76 points, or 0.1%, to 2315.58.

While the market widely expects the Fed to announce its 15th-consecutive rate increase today, investors are more focused on clues to whether the Fed believes it has raised interest rates sufficiently to contain inflation or will push them still higher.

Mark Donahoe, managing director and head of equity trading at Piper Jaffray, says a lot of people were "sitting on the fence waiting for the Fed."

He added: "The question is, are they going to take the foot off the pedal in terms of tightening, or do they see some inflation pressures going forward?"

Traders also kept a close watch on crude oil prices. On Monday, light sweet crude futures fell 10 cents to settle at $64.16 per barrel. Gasoline futures rose 0.56 cents to close at $1.8288 per gallon on the New York Mercantile Exchange.

Fed concerns didn't stop brokerage firms from advancing strongly, led by Goldman Sachs, which ended the day up $2.83 at $155.

•Walgreen rose 65 cents to $45.02 after the nation's biggest pharmacy chain by revenue reported second-quarter earnings of $524 million, or 51 cents a share. Walgreen reported strong sales, but results were a penny short of the 52 cents expected by Wall Street analysts, Thomson Financial says.

The Fed's Bright Idea (WP)

By Nell Henderson

The Washington Post, March 28, 2006

Federal Reserve officials will conclude their policymaking meeting today by carrying on a practice that former chairman Alan Greenspan began as a radical innovation 12 years ago. They will tell the world what they have decided to do with short-term interest rates.

And if the Fed's new chairman, Ben S. Bernanke, has his way, central bank officials also will agree today to explore several possible ways to publicly communicate much more in the future about how they view the economy, the inflationary risks and the likely path of interest rates.

"Under Chairman Greenspan, [Fed] policy has become increasingly transparent to the public and the financial markets, a trend that I strongly support," Bernanke told Congress at his confirmation hearing in November. "I expect going forward to look for other opportunities to increase the transparency of the Federal Reserve."

No TV cameras at Fed policymaking meetings, Bernanke assured lawmakers. Wouldn't want to get carried away.

But the options Bernanke and his colleagues have floated include several practices employed by central banks in other countries. They include:

· Writing lengthier statements after policymaking meetings to explain their actions. Fed officials' last statement, released after their Jan. 31 session, included five sentences on their view of the economy and expectations for interest rates. In comparison, New Zealand's central bank released a 40-page document of analysis, data, discussion and forecasts after its March 9 meeting.

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· Providing more descriptive minutes of their meetings. The minutes now are highly stylized summaries, former Fed officials say.

· Publishing more frequent economic forecasts by Fed policymakers, who now issue them twice a year.

· Holding news conferences after Fed meetings.

· Setting a long-term, numerical target for inflation. The Fed, by law, seeks "price stability," which generally translates as low inflation but is not specifically defined. Bernanke has proposed that the Fed say it will try to keep consumer price increases, excluding those for food and energy, within a range of 1 to 2 percent a year over a period of years.

The Fed's top policymaking group, the Federal Open Market Committee, is unlikely to adopt such major changes at its meeting today -- Bernanke's first as chairman. In the past, Greenspan assigned small working groups of FOMC officials the job of analyzing options and making recommendations for changes in Fed communications practices. Bernanke could do the same today.

Fed officials have resisted these proposals in the past, with several arguing that their current communications policy is working just fine.

But Bernanke has long argued that the U.S. economy benefits when the Fed is more open about how it makes monetary policy, which is the use of interest rates to keep inflation low and to support healthy employment growth.

The Fed's primary lever is its benchmark federal funds rate, the rate charged by banks on overnight loans, which influences many other interest rates in the economy. The benchmark rate directly influences other short-term rates, such as the prime rate on business loans and consumer loans linked to the prime.

However, monetary policy's bigger influence on the economy flows from its effects on long-term borrowing costs, such as rates on mortgages and corporate debt, which affect the prices of stocks, bonds, real estate and other assets. And long-term rates reflect financial markets' expectations of the path of short-term rates over time.

Financial markets can better anticipate future Fed interest rate moves if they understand the Fed's goals and strategy, Bernanke has said. That, in turn, will make monetary policy more effective, he argues.

But don't expect rapid change at the Fed. After all, Greenspan had been chairman more than six years before he proposed in February 1994 that the FOMC publicly announce its decision to raise interest rates. Before that, analysts and traders had to scrutinize arcane market data to divine whether the Fed had shifted policy.

As late as October 1993, Greenspan told FOMC members that an immediate announcement of interest rate decisions "could threaten to roil markets unnecessarily," a transcript shows.

Even when they first agreed in 1994 to reveal their decision, Greenspan and his colleagues insisted they were not establishing a precedent, according to another meeting transcript.

But that act did shatter the Fed's previous penchant for secretiveness and marked the first in a series of steps over the following 11 years that shed gradually more light on the central bank's actions and deliberations.

"It is no exaggeration to say that the FOMC's disclosure policies today bear no resemblance whatsoever to its policy of stone-walling prior to February 1994," wrote Princeton University economists Alan S. Blinder and Ricardo Reis in a paper on Greenspan's legacy presented at a Fed conference in August. "Were it not for the fact that the Fed took over 11 years to get from there to here, we might call these changes revolutionary."

"When it comes to transparency, the Greenspan Fed has been more of a laggard than a leader among central banks," they wrote.

It was not until 1999 that the FOMC agreed to issue a statement after every meeting and not until 2002 that the committee began revealing how individual members voted on a decision. Even now, if a committee member dissents at a meeting, that information is reported without any explanation of the dissenter's reasons.

Since August 2003, the FOMC statement has included language indicating the committee's likely future actions in a general way. At that time, the committee began saying it believed it would hold its rate at an unusually low 1 percent "for a considerable period" to signal that it would not start raising the rate as soon as economic growth picked up.

By May 2004, the FOMC was flashing the signal that it would start raising the benchmark interest rate slowly, saying it would do so "at a pace that is likely to be measured."

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The FOMC raised the benchmark rate to 1.25 percent at its meeting in June 2004. It has increased it by a quarter of a percentage point at each of 13 meetings since then, to 4.5 percent at its last meeting, Jan. 31 -- Greenspan's last day as chairman.

The committee indicated in its January statement that more rate increases might lie ahead, saying, "some further policy firming may be needed." Bernanke, who became chairman Feb. 1, repeated that phrase in his Feb. 15 testimony to Congress and noted the economy's "considerable momentum," causing financial markets to anticipate another quarter-point rate increase today, and probably another in May.

Greenspan's communications legacy is "not that he will leave behind an unusually open central bank," Blinder and Reis wrote. "It is, instead, the unmistakable trend toward transparency that he has followed for eleven years. . . . And while the pace has rivaled that of a snail, none of those changes would have happened without Greenspan's backing."

Blinder served as vice chairman of the Fed under Greenspan from 1994 to 1996 and has worked with Bernanke, a former chairman of Princeton's economics department.

"Being opaque came naturally to [Greenspan], that's just the way he is," Blinder said in a recent interview. "Being more open and clear comes naturally to Ben, and I expect we'll see that continue."

To Blinder, for example, the FOMC's last statement reflected Greenspan's style -- cryptic, coded and generally impenetrable to a normal person. In contrast, he predicted one of the first acts of the Bernanke Fed will be to "adopt English as its official language. That itself would be a positive step."

Candidates Want Bush's Cash, Sans Bush (CSM)

By Linda Feldmann

The Christian Science Monitor, March 28, 2006

WASHINGTON - As the 2006 congressional campaigns get into gear, there are two George W. Bushes traveling the country.

One, the fundraiser, is welcome anywhere, anytime. Since January 2005, the president has set a record pace in raising cash for Republican campaign committees and individual candidates - $88 million at 26 events.

The other, the campaigner, appears radioactive, at least to candidates in tough races. When President Bush delivered a speech on Iraq in Cleveland last week, Ohio Sen. Mike DeWine (R) was nowhere to be seen. Last Friday, Bush traveled to the Pittsburgh area to raise money for Rick Santorum of Pennsylvania - the No. 3 Republican in the Senate and another incumbent struggling to win reelection - but the two did not appear together in public.

Vice President Cheney, whose job approval ratings are even lower than Bush's, is in the same boat: He's a money magnet at Republican fundraisers, but if it's for a candidate in a tight race, forget about the photo op. Democrats snickered last week when Senate candidate Tom Kean Jr. of New Jersey got stuck in traffic - intentionally taking a congested route at rush hour, they surmise - and missed being on stage with the vice president, who helped him raise $400,000. So far this cycle, Mr. Cheney has appeared at 48 events and raised $16 million.

"Are you going to see Republicans in difficult races having [Bush] come for rallies? No," says Charles Cook, editor of a nonpartisan political newsletter. "You will see him do rallies for people who are not in trouble, or whom he can't harm."

And what's the point of having Bush coming to rallies for Republicans who don't need help? "So you can say you're doing rallies," says Mr. Cook. "You don't want people to say, you can't take the man to a rally."

The stakes are high. For the first time in several election cycles, the Democrats have an outside shot at taking control of one or both houses of Congress for the first time since 1994. The margin of control in the House is only 15 seats, but only about two dozen of the races out of 435 are competitive. In the Senate, which is seen as even more difficult for Democrats to capture, the balance is 55 Republicans, 44 Democrats, and 1 independent.

But memories of 1994 are still fresh. Then, a wave of discontent over the Democrats' decades of control, and a sense that the GOP was the party of ideas and reform, swept the country. Now Democrats are trying to create their own wave - and in a "wave" election, even some seemingly safe Republican seats could fall. So Bush may not even be welcome in some districts that seem likely to favor his party, analysts say.

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Of course, Bush's polling numbers could improve between now and the fall, when the voting public really starts engaging in the midterm races. After some bad turns that have hurt Bush among Republicans - including most recently the Dubai ports flap - some analysts expect the president to recover his usual high support numbers within his own party.

The latest surveys show Bush at below 80 percent Republican support. Stuart Rothenberg, an independent political analyst, assumes that will ease up and the president will go back above 80 percent.

"I don't know, maybe come November, he will be a voter turnout energizing tool," says Mr. Rothenberg. "But in swing districts or in weak Republican districts where the Republican is under attack - let's put it this way, if you're Rob Simmons in Connecticut 2 (second district), you have a decision to make. Do you want George Bush to come in to your campaign sometime in October in order to generate Republican turnout or not? I suspect you say no; that's too much of a risk of nationalizing the election."

Such a scenario, played out in districts across the country, could energize Democrats and "remind everyone that somehow November is about Bush," says Rothenberg.

For Bush, the hardest part of potentially being unwanted in the most crucial races may be that he does truly seem to enjoy politics and energizing voters. He served as an operative in his father's campaigns, and in his own campaigns, was an active participant in strategy sessions.

"I'm looking forward to getting out there," Bush said at a January press conference, when asked what his role would be in the fall midterms. "As you know, I like to get out and tell people what's on my mind, explain to people we're a party with ideas, we know how to lead."

History is not on the side of Republicans this fall. Typically, in the sixth year of a president's tenure, his party loses seats in the midterm elections, though the Democrats bucked that trend in 1998. Still, Republicans are heading into this year's campaign with a clear eye.

"It's too early to say what the political environment will be in October," says Charles Black, a longtime GOP adviser. "You always have to pick your spots. There are always some states and districts where it's better not to go late in the game. But there will be plenty of places [Bush] can go and do a lot of good."

Bush Says He's Proud To Stand By Burns (AP)

By Mary Clare Jalonick

The Associated Press, March 27, 2006

WASHINGTON -- President Bush on Monday urged Montanans to vote for Republican Sen. Conrad Burns, who is locked in a tight race for re-election this year.

"I'm proud to stand by this man," Bush told a Washington audience of about 200 lobbyists, members of Congress and other supporters, some of whom had paid up to $10,000 to be there.

Attendees paid the Burns campaign at least $1,000 a couple for cocktails, light snacks and the chance to mingle with the president and the senator at a downtown hotel.

In his speech, which lasted about 15 minutes, Bush urged support for the war in Iraq and energy independence.

"We're laying the foundation of peace, and it's important to have members of the United States Senate who can look beyond the short term, who have got a strategic view of the world in which we live," Bush said. "And Conrad Burns has that view."

He praised and also gently poked fun at Burns, who is occasionally known for verbal slip-ups.

"I kind of like being on the same platform as Senator Burns, because he makes me sound like Shakespeare," Bush said to laughter.

Bush later added that he had observed Burns talking to farmers in Billings, and the senator was "talking their language."

"They didn't need a dictionary or a Roget's Thesaurus to figure out what he was saying," Bush said. "He's the kind of person the people of Montana need here."

The fundraiser comes at a time when both Bush and Burns are facing lower poll numbers than they are used to. Some Republicans running for re-election have distanced themselves from Bush, who has received criticism for his handling of the war in Iraq.

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But Burns said he is proud to stand next to the president.

"It always helps to have the president in your corner," he told reporters after Bush's speech. "He's the leader of this nation."

Burns has faced criticism for his ties to disgraced lobbyist Jack Abramoff, who pleaded guilty to federal corruption charges earlier this year. As the scandal has made headlines, polls have showed Burns in a close race with two potential Democratic challengers, state Senate President Jon Tester and State Auditor John Morrison.

The senator has distanced himself from the lobbyist, running television ads saying he was never influenced by Abramoff.

At the same time, Burns appeared at home among the Washington crowd, thanking his supporters after Bush's speech.

"All these faces are familiar faces," Burns said. "I tell you what, they warm the cockles of your heart."

Name tags laid out before the event listed representatives of technology and cell phone companies, an airline and several political action committees. Republicans attending included former Montana Gov. Marc Racicot, Montana Rep. Denny Rehberg and Sens. Christopher Bond of Missouri and John Warner of Virginia.

Warner said he will give Burns a strong endorsement.

"He's a good man, and I plan to campaign for him," Warner said.

Rehberg said he thought the fundraiser would help Burns, who himself acknowledged during the fundraiser that "we're in the cross hairs."

"Montana's still a red state," Rehberg said. "This is the president's desire to prove that it's a red state."

New Rise In Number Of Millionaire Families (NYT)

By David Cay Johnston

The New York Times, March 28, 2006

The number of American households with a net worth of $1 million or more, excluding their principal residence, grew to a record 8.9 million last year, the British market research firm TNS Financial Services said in a report to be released today.

More than one in seven of the households were in just 13 of the nation's 3,140 counties, TNS said.

The number of millionaire families rose to 7.1 million in 1999, said Jeanette Luhr, a TNS manager who directed the survey, and then, after the Internet bubble burst, dropped steadily to 5.5 million by 2002. The ranks of millionaire households rose to 6.2 million in 2003 and 8.2 million in 2004, she said.

In most large counties, about one household in 12, or about 8.5 percent, was worth $1 million or more, Ms. Luhr said. An exception was Nassau County on Long Island, where millionaire families were more than twice as common, at 17.5 percent of all households.

The households had an average net worth, excluding principal residence, of nearly $2.2 million, of which more than $1.4 million was in liquid, or investable, assets. The survey counted some tax-deferred retirement savings but did not include individual retirement accounts in the liquid assets.

Despite a rising stock market, Ms. Luhr said that more than half of those surveyed said they had "become much more conservative in their investment approach over the past year."

The survey found that 29 percent of the millionaire households did not own stocks or bonds and 32 percent did not own mutual funds. One in four had a second mortgage on a home.

Half of the heads of millionaire households were 58 or older, Ms. Luhr said, and 45 percent were retired.

Just 18.7 percent of the millionaires own — or owned before they retired — part of a business or professional practice, an indication that high-wage earners who save and invest are the dominate group, at least among those on the lower rungs of the millionaire class.

TNS also found that while 73 percent of those it surveyed said they would prefer to do all of their financial business at a single institution, hardly anyone did.

Ms. Luhr said that 195 counties had at least 10,000 millionaires and that slightly more than a third of all counties had at least 1,000 millionaires.

'Values Voters' Call For Congressional Action (WT)

By Julia Duin

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The Washington Times, March 28, 2006

A summit of evangelical Christians and conservative Catholic and Jewish activists yesterday produced a "Values Voters' Contract with Congress," an outline of what the religiously minded expect their elected representatives to bring about in the near future.

Modeled after the Republican Party's 1994 "Contract with America," the "Values Voters' Contract" stipulated 10 aims, ranging from legislation to keep the words "under God" in the Pledge of Allegiance to laws guaranteeing greater religious freedoms in the workplace, prohibiting human cloning and embryo research, and guaranteeing a "right to life" to all children before birth.

"It's time for the values voters to tell the government what we expect of them," said the Rev. Rick Scarborough, founder of the Lufkin, Texas-based Vision America, which organized the summit. "This contract tells Congress they can count on our vote if these things become front-burner issues."

It also addresses President Bush, Mr. Scarborough added.

"With all this discussion of marriage before the election," he said, "we just heard a State of the Union message where there was no mention of a marriage amendment."

The "contract" was released at a "War on Christians and the Values Voters in 2006" conference at the Omni Shoreham Hotel, where speakers painted a gloomy picture of a war by "neo-pagans" against "values voters" for about 300 listeners.

"Let's not say, 'Oh, it's not that bad,' " said the Rev. Tristan Emmanuel, director of the Equipping Christians for the Public Square Centre in Jordan Station, Ontario. Secularists, he added, practice "Christophobia," which he deemed "an irrational fear of anything Christ-based."

"When you listen to their rejection of our participation in the public square, it's visceral," he said.

Ron Luce, president of Teen Mania Ministries of Garden Valley, Texas, told the audience that only 4 percent of today's "millennial" generation of teenagers are evangelical Christians able to transform the culture.

"If we only have 4 percent, we all lose," he said. "We look at 'In God We Trust' on our money and think [losing] it will never happen."

Five Jewish speakers on one of the afternoon panels seemed unconcerned by other speakers' rhetoric about "losing Christian dominance of America" by noting that their safety depends on the existence of evangelicals.

Jokingly referring to the quintet as "Jewish co-conspirators on the religious right," Jeff Ballabon of the New York-based Center for Jewish Values said today's culture wars "aren't just a war on Christians."

"This is a war on America, a war on God and a war on all believers," he said.

"Our battle," said Rabbi Aryeh Spero, president of Caucus for America, "is the battle of the ages, and that's of great import. We are aligned with Elijah, with Jesus and with Moses."

Values voters are believers aligned against pagans, he said, adding, "Elijah went up against the pagans of his day. We should be happy this day we can fight the battle of God."

Republicans Split Over Religion's Growing Role In Their Party (BLOOM)

By Heidi Przybyla

Bloomberg, March 28, 2006

March 28 (Bloomberg) -- Republicans, who have profited politically from emphasizing faith and family values, are now finding those same issues dividing the party.

Economic conservatives and secular Republicans complain their message is being drowned out by Christian conservatives preoccupied with banning abortion and gay marriage and limiting stem-cell research.

On the other side, ``values" advocates say they have provided the party with crucial support, particularly in 2004, when they mobilized religious conservatives to go to the polls to help re-elect President George W. Bush.

Such concerns are turning long-simmering Republican tensions over the role of religious conservatives into an election-year split in a party already strained by differences on the Iraq war, immigration and government spending.

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``There is a great deal of concern about this seeming attempt to couch everything in religious terms," said Christine Todd Whitman, the former governor of New Jersey. ``We're not a narrow-minded nation, and at least some of the people trying to define the Republican Party are coming off that way."

If anything, religious conservatives deserve a greater Republican commitment to their agenda, said Tony Perkins, president of the Washington-based Family Research Council.

``We had reason for people all across the country to be engaged at unprecedented levels," said Perkins, whose group is organizing a ``values voter" summit in September. ``It made a difference in states that were very closely divided."

Book Tour

Whitman, who was Bush's Environmental Protection Agency administrator from 2001 to 2003, has been traveling the country promoting her book, ``It's My Party Too," and has started a political action committee to give Republicans like herself a greater voice and elevate issues such as government spending and health care.

Representative Tom Davis of Virginia, a former chairman of the National Republican Congressional Committee, said too much focus on abortion and gay marriage may weaken Republican support in the Northeast and other regions where economic matters and other issues count more.

``When you rely on those kind of social issues it helps you some places, but there's a cost to that," Davis said.

Some of this year's most hotly contested congressional races will be held in states such as Pennsylvania and Connecticut, where some Republicans say a conservative religious agenda may not play well with voters.

Losing Ground

``If you take a look at where the president's numbers are weakest and where the party has lost the most ground, it's in some of those areas where these issues have been played up," Davis said. Republicans took control of both chambers of Congress in 1994 because the party united behind the economic ideas in its ``Contract With America," he said.

Davis's concerns echo those of former Missouri Senator John Danforth, an Episcopal priest who wrote in the New York Times last March that his party had allowed a ``shared agenda to become secondary to the agenda of Christian conservatives."

Those frustrations may reflect a shift in the party's balance of power away from economic conservatives and advocates of limited government, said John Green, a political scientist at the University of Akron in Ohio who studies the impact of religion on politics.

Shifting Numbers

``It may be that the Jack Danforths were more tolerant of the religious point of view when the libertarian view was dominant," Green said.

Ten years ago, small-government Republicans outnumbered religious-values voters by as much as 20 to 25 percentage points, said Tony Fabrizio, a Republican pollster. Now their numbers are almost equal, he said.

``The real schism of the party is not abortion or gay rights," Fabrizio said. ``It's religiosity. It's whether or not you believe God's Law should be used to set public policy." Conflict between religious and self-described moderate Republicans will intensify ahead of the 2008 presidential election, Fabrizio said.

The debate is already playing out in Ohio, where an amendment banning gay marriage united religious conservatives behind Bush in the 2004 presidential race.

Two Ohio pastors who campaigned for the amendment have been accused by a group of clergy of violating tax laws by promoting Secretary of State Kenneth Blackwell, one of two Republican gubernatorial candidates in the May primary election.

Political Advocacy

In a complaint filed with the Internal Revenue Service in January, the accusers said Russell Johnson of the Fairfield Christian Church in Lancaster and Rod Parsley of the World Harvest Church in Columbus violated a provision of the tax code barring political advocacy by churches and other nonprofits. The complaint cited several alleged instances in which the churches promoted Blackwell at religious events, in voter-registration drives and in educational materials.

Johnson called the complaint ``a form of harassment, and frivolous" in an interview. ``Christians do not have to give up their citizenship just because they go to church," he said. Parsley, who declined to be interviewed, called the charges ``baseless and without merit" in a statement issued in January, and said his church had always complied with federal tax laws.

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The IRS, in a report issued last month, said it was stepping up enforcement of the ban on political advocacy by tax-exempt groups amid what it called a ``dramatic' increase in the amount of money such organizations are spending on political campaigns. For 2003-2004 it was more than $10 billion, more than double the $4 billion spent in the previous presidential election cycle, according to the IRS. Of the more than 100 groups being investigated, 47 percent are churches, the IRS said.

`Ground Zero'

Ohio is ``ground zero" in a battle that will help determine how successful religious conservatives will be in organizing political campaigns through churches, said Barry Lynn, executive director of the Washington-based advocacy group Americans United for the Separation of Church and State.

If the Ohio attempt succeeds, ``there are going to be efforts to clone it in other states," he said. Similar networks are already being assembled in Texas and Pennsylvania, he said.

Amo Houghton, a former New York Republican congressman, says Republicans concerned about the influence of evangelicals should be more aggressive about speaking out, particularly with Bush's approval ratings at record lows. Houghton, who retired last year, opposed legislation in Congress that would have helped legalize partisan activity by churches.

``Political campaigns are trying to identify and enlist friendly congregations to reach out to others and establish beachheads in the religious community," Houghton said. ``I don't think that's right."

Polling Reveals Disapproval Of All Government (WT)

By Donald Lambro

The Washington Times, March 28, 2006

President Bush and the Republican Congress are not the only ones getting poor job-approval grades from voters. A large number of governors and state legislatures in both parties are receiving low scores, too.

While the Washington press corps has focused on Mr. Bush's declining approval rating, down to 36 percent in the latest Gallup poll, and on Congress, whose approval rating has sunk to 27 percent, state and local government officials are not faring much better.

Independent pollsters say the national electorate is in a sour mood and is critical of the political establishment across the board, regardless of party.

"It's a hard time to be in government right now," said pollster John Zogby. "You are going into November with an unusually sizable number of weakened incumbents. It looks like you have two political parties this year that are ... bent on losing."

Pollsters who have been taking the pulse of several states say voters are especially critical of their officials close to home, and many of the lowest scores are among Democratic governors.

"A perfect example is Democratic Governor Christine Gregoire of Washington, whose disapproval level is at 54 percent, with only 38 percent approving of the job she is doing" said pollster David E. Johnson of Strategic Vision, an Atlanta-based polling firm.

"We did a poll of their state Legislature, which is controlled by Democrats. Their approval rating is in the 40s," Mr. Johnson said.

Governors and legislatures elsewhere are getting similarly low marks, he said. Among his findings:

•In Wisconsin, the job-approval score for Gov. James E. Doyle, a Democrat, has fallen to 41 percent and his disapproval rate has risen to 48 percent. The Republican-controlled Legislature's polls are equally low: 44 percent approve and 47 percent disapprove. "None of their incumbents are polling above 50 percent in either party," Mr. Johnson said.

•In Michigan, where the jobless rate is at 6.2 percent, Gov. Jennifer M. Granholm, a Democrat, has seen her support edge up slightly from 47 percent to 49 percent, but still draws a 39 percent disapproval rating. Voters disapprove of the GOP-controlled Legislature by 51 percent to 40 percent.

•In New Jersey, Gov. Jon Corzine, a Democrat elected last year, has not been able to poll over 50 percent in Strategic Visions' past two polls. The latest poll showed his approval rating at 47 percent and disapproval rating at 30 percent, "and that's really not that great for a governor who has just come into office," Mr. Johnson said.

New Jersey's Democrat-controlled Legislature draws even less support: 59 disapprove and 31 percent approve.

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Republican governors also have lost public support. Ohio Gov. Bob Taft, whose administration has been hit by scandal, has seen his approval rating plummet into the low 20s. California Gov. Arnold Schwarzenegger's once-high approval rating has fallen into the mid-40s, with 47 percent of the voters saying they now would vote against him. Massachusetts Gov. Mitt Romney's job-approval rating has dipped to 46 percent.

"It's not an easy time to be governor. Medicaid is in crisis, and they face the deadly duo: higher taxes and reduced state spending," Mr. Zogby said.

Political strategists say the governors' troubles run deeper than that, revealing a national loss of faith in politicians, in general, and government, in particular.

"It's clearly not just a Washington problem. People do not connect with what's going on in politics to their everyday lives," said Morris L. Reid, a Democratic political consultant.

Rivalry Stirs Between McCain, Romney (AP-Y2)

By Glen Johnson

AP2, March 27, 2006

Republican Gov. Mitt Romney of Massachusetts raised cash for his campaign committee on Monday in what is shaping up as enemy territory — the home state of potential 2008 presidential rival John McCain of Arizona.

Romney held a fundraiser in Phoenix, a foray that Romney's staff says highlights his ability to compete in Southwestern and Mountain states. They are home not only to McCain and a coveted bloc of Republican-leaning voters, but also many of Romney's fellow Mormons.

It is McCain whom Romney singled out when the governor announced in December he would not seek a second term this year. Unlike the senator, who once joked he thought about being president "every day in the shower," Romney said his interest was more like the movie "Star Wars:" "It's in a galaxy far, far away."

In repeated interviews, Romney has questioned the effectiveness of the 2002 McCain-Feingold campaign finance law, arguing it has had "unintended consequences" and "driven money into secret corners."

Romney's staff regularly quips about McCain's age and questions the senator's ability to win over the influential and monied supporters of President Bush after their own rivalry developed during the 2000 presidential race.

By 2009, McCain would be 72, three years older than Ronald Reagan was in 1981 when he became the oldest first-term president.

McCain's staff, speaking privately like Romney's to avoid incurring the boss' wrath, labels Romney a johnny-come-lately to conservative Republican and national security causes. They also question whether a dashing candidate dubbed "Matinee Mitt" has the mettle to endure a rough nominating battle.

McCain himself is far more generous.

"I think he's a very good man; I think he's extremely attractive," the senator said in a recent interview in Washington. "I had some dealings with him when he was in charge of the Olympics, cleaning up the Olympics, where he did a great job."

As for Romney's criticism of his campaign finance bill, McCain said: "It's no longer possible for a trial lawyer or a union leader or a corporate head to be called by a senator who's a powerful committee chairman and say, 'I want a check for six figures and by the way, your legislation is up before my committee.'"

While the general election is still more than 2 1/2 years away, the fact that there will be neither a sitting president nor vice president running for the White House in 2008 has touched off early and intense competition in both parties.

Public opinion polls have placed McCain atop the GOP pack. But Romney has not avoid the sniping.

During a recent visit to the Olympics in Italy, former New York City Mayor Rudolph Giuliani — who is also considering a 2008 bid — said the security in Turin "is even an improvement" over the tight security at the Salt Lake City games in 2002.

Left unsaid was that Romney had run those Olympics in Utah.

"Romney's comments have not gone unnoticed, and his visit to Phoenix to raise some money has raised some eyebrows," said Scott Reed, a Republican political consultant who was campaign manager for Bob Dole's 1996 presidential campaign.

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"I'm not sure it's a smart long-term strategy," Reed added. "One thing I've learned about this business is that candidates remember — especially early on in campaigns when people are just getting started."

A Romney spokeswoman insisted that any talk of a McCain-Romney rivalry was both premature and off target.

"Governor Romney has a great deal of respect for Senator McCain and considers him a true American hero," said Julie Teer, political director of his Commonwealth PAC. "The purpose of the governor's trip to Arizona is to raise money for the Commonwealth PAC to help Republican candidates up and down the ticket there in 2006."

A Maverick No More? (WP)

By E. J. Dionne Jr.

The Washington Post, March 28, 2006

In April 2004 I put in a call to John McCain's office to see if he would respond to a group of House Republicans who had attacked his fellow Vietnam veteran John Kerry.

In a preview of coming assaults, the Republicans accused Kerry of, among other things, "aiding and abetting the enemy" by coming to oppose the war in Vietnam, where Kerry had earned so many medals.

McCain's spokesman at the time said he doubted his boss would want to get into the controversy. But within an hour or so, McCain called back to denounce the attacks on Kerry. "He's my friend. He'll continue to be my friend," McCain said. "I know his service was honorable. If that hurts me politically or with my party, that's a very small price to pay."

That was McCain the Maverick, who has won much affection outside the ranks of his own party. McCain the Maverick fought for campaign finance reform, took global warming seriously, opposed Bush's tax cuts and spoke out against torture.

Those positions bred mistrust in McCain's own party, even though he was always a staunch supporter of overthrowing Saddam Hussein, a firm opponent of pork-barrel spending, an abortion foe and an advocate of private accounts carved out of Social Security.

McCain's problem is that political parties rarely nominate mavericks, and McCain has decided the only way he'll ever be president is as the Republican nominee. So today he cares very much about what hurts him or helps him in his own party.

The most flagrant sign of this was his February vote to continue Bush's dividend and capital gains tax cuts, which he once eloquently opposed. "It's a big flip-flop," one-time McCain foe Grover Norquist, president of Americans for Tax Reform, told The Washington Times' Donald Lambro, "but I'm happy that he's flopped."

Those of us who defended McCain in the days when the likes of Norquist were attacking him do see the Arizona Republican's new position as a major flop. But so what? Norquist has more power in Republican primaries than McCain's old base among pundits and reporters. Whenever a liberal turns on McCain these days, the senator's supporters gleefully e-mail the criticism to conservative activists as a sign of their man's true faith.

The prevailing view among McCain's lieutenants -- it's also the conventional political view -- is that since the main obstacle to his nomination in 2008 comes from the right and from Bush partisans, McCain's main task is to appease the right and make nice with Bush on issues (such as Iraq) where McCain actually agrees with the president. Liberal attacks can be ignored, since most liberals will eventually vote against McCain anyway. There will be plenty of time after he's nominated for McCain to don his maverick apparel again for the benefit of moderates and independents.

All terribly logical, but it's a more dangerous strategy than it seems. McCain's central appeal, even to people who disagree with him, has always been his willingness to do the nonpolitical thing -- for example, to defend Kerry that day in 2004 simply because he thought the attacks on Kerry were wrong.

If McCain spends the next two years obviously positioning himself to win Republican primary votes, he will start to look like just another politician. Once lost, a maverick's image is hard to earn back.

Moreover, McCain is winning a hearing from previously reluctant Republicans as the one person who might save the party if Bush's popularity continues to sink. But if McCain gets too close to Bush in the next two years, he will no longer have his independence as a selling point. And if Bush should make a comeback, a lot of Republicans flirting with McCain now out of necessity will happily abandon him for someone more to their liking.

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Republican and Democratic friends alike object that this analysis is based on a misunderstanding: McCain's nonconservative, non-Republican sympathizers, they argue, have always overrated his progressive credentials. It's time to face the fact that McCain really is a conservative Republican and stop hoping he's something else.

Perhaps that's good advice, but I still don't regret arguing back in 1996 that Bob Dole should pick McCain as his running mate. "Maybe the political climate is too quarrelsome and unforgiving to permit someone as interesting as McCain to get on a national ticket," I wrote then. "But that would be a shame."

In light of his current strategy, McCain seems to have decided that our even more quarrelsome and unforgiving political climate requires him to be less interesting and more conventional than he used to be. Call me naive, but I think that's a shame, too.

McCain Man Moves Into Mouse House (HILL)

By Elana Schor

The Hill, March 28, 2006

The Walt Disney Co. had big shoes to fill when lobbyist Mitch Rose left last month to open his own shop, and Disney has turned to Bill Bailey, former communications adviser to Sen. John McCain (R-Ariz.), as its lobbying arm's new No. 2.

Bailey will join chief Disney lobbyist Preston Padden's office next week, leaving XM Satellite Radio government relations, where he has been a senior vice president since 2004. Yet it is Bailey's years working side by side with McCain, former Commerce Committee chairman and 2008 presidential contender, that may make him most valuable to Disney as it joins the fray over rewriting the Telecommunications Act of 1996.

"We're thrilled," said Padden, who headed the ABC television network before moving to Disney, the network's parent company, in 1998. "Bill is smart, well-known and a great human being. He's known and liked by members of the committee and their staffs. He knows the issues backwards and forwards."

Bailey's arrival as XM's first internal lobbyist was seen as a K Street coup for the upstart pay-radio service, which quickly tangled with other broadcasters before the Federal Communications Commission (FCC). By last spring, Bailey had reportedly made the shortlist for the third Republican slot on the FCC, a post later filled by Robert McDowell.

Bailey comes to Disney seven months after it rejoined the National Association of Broadcasters (NAB) following a two-year hiatus from the broadcasting industry's powerful trade association. ABC was the first of the so-called "Big Four" broadcast networks, along with CBS, NBC and Fox, to mend fences with the NAB, which declined to back the networks' preferred standards for media ownership and consolidation.

Bailey, in an interview, hailed his bosses at XM for giving him his first lobbying opportunity.

"It's been a terrific experience," Bailey said. "I've got three young kids, and Disney presents a terrific opportunity to stay involved in the media space at a company that I've certainly known since my days in the crib."

As for McCain, who relinquished his Commerce Committee gavel last year because of term limits, "I hope I can maintain a great relationship with him," Bailey said, adding, "This move is not so much about Senator McCain as it is about a unique opportunity for me."

Rose and Bailey are close, having worked together on the Federal Communications Bar Association. Rose is a former chief of staff to McCain's replacement at the committee, current Chairman Ted Stevens (R-Alaska).

"It's a smart move," Rose said of his friend's hiring. "Bill has a command of the issues and, regardless of who he's worked for in the past, on a going-forward basis, he's just a guy that knows the players well and the process well."

Just one month after hanging his own lobbying shingle at Mitch Rose Strategic Consulting, Rose has signed up a growing litany of broadcasting and telecommunications clients, including the Motion Picture Association of America, the National Cable Television Association, Comcast and Sprint Nextel.

Allen For NFL Post? Democrats Hope So (AP-Y2)

By Will Lester

AP2, March 27, 2006

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For Republican Sen. George Allen (news, bio, voting record), who recently complained that the Senate moves too slowly, Democrats say they have the perfect job: National Football League commissioner.

In an interview that appeared in Sunday's New York Times, the first-term Virginia lawmaker and potential 2008 presidential candidate said, "I made more decisions in half a day as governor than you can make in a whole week in the Senate. It's too slow for me."

That prompted the Democrats to recommend that NFL commissioner Paul Tagliabue, who is retiring this summer, consider Allen as a possible successor. Allen is the son of the late NFL Hall of Famer George Allen, who coached the Los Angeles Rams and the Washington Redskins.

"We hate to see a good Senate seat filled by someone who is so bored by his job that he doesn't even like to spend time in the state he is supposed to represent, let alone vote in a way that serves his state's interests," said J.D. Poersch, executive director of the Democratic Senatorial Campaign Committee.

Dick Wadhams, Allen's chief of staff, said the senator never said he was bored, but rather was commenting on how the Senate slows to a crawl when Democrats block legislation.

"I don't think it's any secret that Senator Allen does not like the obstructionism that has dominated the Senate," said Wadhams, citing the past and current Democratic leaders Tom Daschle and Harry Reid.

Harris Miller, who is seeking the Democratic nomination to challenge Allen, called on the Republican lawmaker to relinquish his seat if he finds the Senate too slow.

"What does he think it is? It's a deliberative body — dealing with issues of life and death," Miller said.

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BUFFALO, N.Y. (AP) — Democrat Jack Davis is poised for a repeat challenge against Republican Rep. Thomas Reynolds (news, bio, voting record).

Davis, the millionaire owner of a heating element manufacturer, said in a statement Monday that he had done some polling and found he has a chance of defeating Reynolds. In 2004, Davis took 44 percent of the vote against Reynolds' 56 percent.

Davis plans to announce his candidacy on Thursday for the district that stretches from the suburbs of Buffalo to the suburbs of Rochester.

Davis spent $1.2 million of his own money trying to beat Reynolds in 2004.

‘Educational Flatline' Bedevils USA (USAT)

By Greg Toppo

USA Today, March 28, 2006

WASHINGTON — Despite nearly 30 years of improvements in U.S. children's overall quality of life, their basic academic skills have barely budged, according to research led by a Duke University sociologist.

The “educational flatline,” as measured by scores on math and reading exams, defies researchers' expectations, because other quality-of-life measures, such as safety and family income, have improved steadily since 1975.

More recently, even areas that had worsened in the 1970s and 1980s, such as rates of teen suicide, have improved dramatically, so researchers had expected that education improvements would soon follow. They didn't.

But the findings, released today by the Foundation for Child Development, a New York-based non-profit group, hold some promise for the future, says Kenneth Land of Duke, who developed the Child Well-Being Index.

He says current improvements in 9-year-olds' math and reading skills, for instance, show that nationwide expansion in preschool programs since the mid-1990s might be paying off.

“At age 9, things do seem to have looked up in recent years.”

Also, the percentage of young adults holding bachelor's degrees has jumped sharply, from 23.2% in 1990 to 29.3% in 2002. “I think that says that there's hope for the next decade,” Land says.

The report calls for more investments in preschool and adult education, as well as programs for children who enter school with inadequate English skills.

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Ross Wiener, policy director for the Education Trust, an advocacy group in Washington, D.C., for low-income and minority students, says it's true that children's overall wellness affects their learning but says the report "seems to focus inordinately on these factors, to the exclusion of what's happening in classrooms and schools, when the research is clear that schools can be very powerful institutions." He adds, "If we want to improve educational outcomes, we should focus on improving schools."

Education researchers have long bemoaned the flat reading and math scores on the National Assessment of Educational Progress, or NAEP, a congressionally required annual exam for 9-, 13- and 17-year-olds. A few critics have said the exam's standards are unreasonably high, but Bob Schaeffer of the testing watchdog group FairTest says using the exam to gauge long-term trends makes sense.

Trusted Reagan Adviser Dies Of Cancer (WT)

By Ralph Z. Hallow

The Washington Times, March 28, 2006

Lyn Nofziger, a long-time adviser to Ronald Reagan, died yesterday in his Falls Church home after a long bout with cancer. He was 81.

Wife Bonnie, daughter Glenda Parry of Myrtle Beach, S.C., and grandson Matthew Parry were at his side when he succumbed to bladder cancer at about 5:15 p.m.

"He died peacefully," Mrs. Parry said.

Mr. Nofziger, a plain-talking Californian, left a successful career in political reporting to serve as a trusted adviser to Mr. Reagan. He began as spokesman for the Gipper's 1966 campaign for California governor, followed the former actor to the Governor's Mansion in Sacramento as director of communications, and finally served in the White House as Mr. Reagan's first political director.

"Lyn was the embodiment of the Reagan legacy," said American Conservative Union President David A. Keene, a long-time friend of Mr. Nofziger's. "He quit journalism when he first met Reagan because he thought Reagan was someone who could change the country for the better."

Though Mr. Nofziger earned a good living as a lobbyist after leaving the White House, the hard-drinking cigar-chomper was usually seen with shirt collar still unbuttoned and tie still loosened, the way he appeared when he was in the White House.

Former first lady Nancy Reagan said she "was deeply saddened this afternoon when I heard of Lyn Nofziger's death."

"Ronnie valued his advice -- and good humor -- as much as anyone's. I spoke with him just days ago, and even though he knew the end was near, Lyn was hopeful and still in good spirits," Mrs. Reagan said in a statement.

"Our thoughts and prayers are with his family," added White House spokesman Eryn Witcher last night.

Craig Shirley, author of a book on the 1976 Reagan campaign for the Republican presidential nomination, said that "from Day One in Sacramento, [Mr. Nofziger] was Reagan's link to the conservative movement around the country."

"With the exception of Nancy Reagan, no one else was so important to Reagan in that there would never have been a Reagan presidency without Lyn Nofziger," Mr. Shirley said. "He was the steel in Reagan's back that kept him going in 1976 when everybody else around him wanted him to drop out of the nomination race before the North Carolina primary," which Mr. Reagan won, cementing his role as the champion of conservative political hopes and Republican front-runner for 1980.

Mr. Nofziger, a wounded veteran of World War II who was born in Bakersfield, Calif., became friends with another wounded veteran, former Kansas Sen. Bob Dole. He worked under Mr. Dole when the Kansan headed the Republican National Committee during the Nixon presidency. Mr. Nofziger lost fingers to shrapnel as an Army Ranger during the Omaha Beach D-Day landing on June 6, 1944.

He left the Reagan administration a year and two days into Mr. Reagan's first term, with the word on the street being that Mrs. Reagan had pushed him out. Another rumor had it that Michael Deaver -- intensely disliked by conservatives -- and some other top Reagan aides forced him out and used Mrs. Reagan as the cover story.

"Let me tell you, nobody could have gotten rid of me if I had wanted to stay," Mr. Nofziger told The Washington Times for a profile last November. "I will guarantee you that because Ronald Reagan would not have let them get rid of me."

Mr. Nofziger also worked on political campaigns for Richard Nixon, Pat Buchanan and Steve Forbes.

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He is also survived by a sister, Rosemary Will of San Jose, Calif., and by two other grandchildren, Zachary and Jacqueline Parry.

Strategist, Reagan Adviser Lyn Nofziger (WP)

By Martin Weil

The Washington Post, March 28, 2006

Lyn Nofziger, 81, the rumpled, irreverent political strategist and public affairs adviser who served at Ronald Reagan's right hand both in the California capitol and in the White House, died yesterday of cancer at his home in Falls Church.

An offbeat figure who wore Mickey Mouse ties with the knot pulled down, Mr. Nofziger won a reputation as a shrewd, two-fisted political battler, who blended loyalty, cantankerousness and pungent phrasemaking. He was known as one of the key staff members involved in Reagan's rise from the California governor's chair to the pinnacle of American power.

A onetime reporter detached by the head of the Copley chain of newspapers to help Reagan climb the political ladder, Mr. Nofziger traced his time at the former president's side to the 1966 California gubernatorial campaign. After serving as press secretary in Reagan's successful 1980 presidential campaign, Mr. Nofziger stayed on in the White House as assistant for political affairs until Jan. 22, 1982.

Even after he opened a lobbying firm in Washington, he was known as an informal adviser to Reagan. His counsel was later sought by a variety of Republican candidates for offices that included the presidency and the statehouses in Maryland and New Jersey. He had been a White House aide to president Richard M. Nixon.

Recognizable physically by his mustache and goatee, and by the way his shirt buttons struggled to confine his ample girth, Mr. Nofziger was long recognizable politically by his adherence to what he saw as Republican principles. These were often considered conservative principles as well.

"I am a Republican," he once said, "because, like Ronald Reagan, I believe that freedom is America's most important product."

Toward the end of his career, however, Mr. Nofziger, never a partisan of big government or vigorous intrusion in the lives of individuals, was increasingly described as libertarian in outlook.

Although it is the traditional role of staff members to remain in the background, on at least one occasion Mr. Nofziger found the public spotlight unavoidable.

In 1981, John W. Hinckley Jr. shot Reagan outside the Washington Hilton hotel. In the chaotic moments that followed the assassination attempt, some other presidential aides had sought to minimize the extent of the president's wounds.

But Mr. Nofziger, with a reputation for being almost caustically plainspoken, provided the unvarnished facts at an early briefing. "Being an old reporter, I was there, and I'd found some paper," he said.

It was Mr. Nofziger who relayed to an anxious public the quips made by Reagan as he lay grievously wounded.

Mr. Nofziger said this came about almost by accident. "I finished the press briefing and I turned to walk away. And somebody in the audience asked, 'Did Reagan have anything to say?' And I said, 'Oh my goodness, I forgot.' " And he then went on to relate the remarks, including the reference to failing to duck, that became part of the president's legend.

After leaving the White House, Mr. Nofziger felt in a personal way what he considered to be governmental overreaching. He was found guilty in 1988 on three counts of illegal lobbying at the Reagan White House within a year after he left to set up his consulting firm.

But a federal court of appeals overturned the conviction in June 1989, asserting that prosecutors had failed to prove that Mr. Nofziger "knowingly" violated the law. The Supreme Court declined to consider reinstating the conviction.

Earlier, when he had appeared in court for his sentencing, Mr. Nofziger demonstrated what supporters viewed as his stubborn resolve to remain faithful to his principles.

Recognizing the value of declaring remorse before being sentenced, Mr. Nofziger said: "I cannot do that if I am to be true to myself and to those hundreds of people all over the country who have supported me . . . because they believe I am an honorable man.

"Your honor, I am an honorable man."

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At the time Mr. Nofziger left the White House, accounts suggested that he had somehow run afoul of former first lady Nancy Reagan, possibly because of his disheveled appearance.

In a statement yesterday, she described herself as "deeply saddened this afternoon when I heard of Lyn Nofziger's death. . . . Ronnie valued his advice -- and good humor -- as much as anyone's. I spoke with him just days ago, and even though he knew the end was near, Lyn was hopeful and still in good spirits."

According to the Associated Press, Michael Deaver, who was President Reagan's deputy chief of staff, said Mr. Nofziger "was sort of the keeper of the flame."

"He was fun to be around," he said. "Reagan would light up when he came into the room."

Franklyn C. Nofziger was born in the Bakersfield area of Southern California. He served in the Army during World War II and graduated in journalism from what was then San Jose State College in California. During more than a dozen years with the Copley organization, Mr. Nofziger worked as a reporter, editor and Washington correspondent.

After Reagan won the presidency in 1980, Mr. Nofziger had Old Executive Office Building digs, hung with two banners: One referred to his belief in the conviviality of the political life.

It said: "Old Bombay Gin." The other was one of the older mottos of the politics business. It said: "Don't Get Mad, Get Even."

He published his memoirs, sent op-ed pieces to newspapers and was also the author of a series of Western novels. He maintained a Web site. In a reflection of the combative, pugnacious but also whimsical nature attributed to him, it reads in part: "The odds are you've never heard of me, which is all right because I've probably never heard of you either."

Survivors include his wife, Bonnie; a daughter; and two grandchildren.

Lyn Nofziger, 81, Irreverent Adviser To Reagan, Is Dead (NYT)

By John M. Broder

The New York Times, March 28, 2006

LOS ANGELES, March 27 — Lyn Nofziger, the cigar-chomping former newspaperman who served as spokesman and strategist for Ronald Reagan in Sacramento and Washington, died of cancer on Monday at his home in Falls Church, Va. He was 81.

His death was announced by a family member, Carol Dahmen.

Nancy Reagan, the former first lady, said: "Lyn was with us from the gubernatorial campaign in 1965 through the early White House days, and Ronnie valued his advice — and good humor — as much as anyone's. I spoke with him just days ago and even though he knew the end was near, Lyn was hopeful and still in good spirits."

Mr. Nofziger was at the hospital with Reagan after he was shot in March 1981 and relayed to the press the president's memorable, if perhaps apocryphal, line to Mrs. Reagan at the hospital: "Honey, I forgot to duck."

Mr. Nofziger was a reporter in the Washington bureau of the Copley newspaper chain when he was recruited to serve as the spokesman for Reagan's first campaign for governor of California in 1966.

Stuart Spencer, who managed that campaign and Reagan's later campaigns for the White House, recalled Mr. Nofziger as profane, disheveled and always quick with a quip. Mr. Spencer said he still had the Mickey Mouse tie Mr. Nofziger gave him years ago. The difference between them, Mr. Spencer said, was that Mr. Nofziger regularly wore his.

Mr. Nofziger frequently expressed his disdain for Washington and for politics, but he kept returning. He put up a cynical facade that endeared him to the reporters he dealt with, but he remained devoted to Reagan, even though he was never part of the president's innermost circle.

Ms. Dahmen, a great-niece of Mr. Nofziger, told The Associated Press on Monday: "He transcended parties; he was loved on both sides of the aisle. You could love him or hate him, but everybody respected him."

Despite his service in the Reagan and Nixon White Houses, Mr. Nofziger was not a doctrinaire conservative. He could, however, take the gloves off when he felt it necessary to serve the boss, either as a communications aide to Richard M. Nixon or as a political director for Reagan.

He worked under Reagan to replace Democrats in the federal bureaucracy with loyal Republicans. John Dean, Nixon's White House counsel, wrote that Mr. Nofziger had helped compile the Nixon White House's "enemies list."

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Kenneth L. Khachigian, who worked with Mr. Nofziger in the Nixon White House and remained close to him afterward, said Mr. Nofziger had enlivened meetings, sometimes to the president's displeasure. "He could be infuriating because he never seemed to take things seriously," Mr. Khachigian said. "But on the other hand, he was utterly loyal and devoted to Reagan."

Like several former Reaganites, Mr. Nofziger opened a lobbying practice in Washington after leaving the White House. In 1988, he was convicted of illegally lobbying for two defense contractors and a labor union. Mr. Nofziger dismissed the charges as trivial and told the judge he felt no remorse because he did not believe he was guilty.

A year later a federal appeals court threw out the conviction, saying prosecutors had failed to show he had knowingly committed a crime.

Franklyn Nofziger was a native Californian, born in Bakersfield on June 8, 1924, and a self-described conservative by the time he entered college. He served in the Army and attended San Jose State College, where he earned a bachelor's degree in journalism. He worked in journalism for 16 years as a reporter and editor, and took his manual typewriter with him to the White House even after electric typewriters and then computers rendered it obsolete.

In a 2003 interview with the University of Virginia, as part of its presidential oral history project, Mr. Nofziger conceded that he never would have imagined going into politics. But in 1966, he took a position as press secretary for Reagan's campaign for governor. He served as the governor's director of communications for nearly two years.

Mr. Nofziger's friends said he could be candid to a fault, which sometimes strained his relations with Mr. and Mrs. Reagan. In 1991, when the president dismissed three former close aides, including former Attorney General Edwin Meese III, from the board of the Reagan Presidential Library, Mr. Nofziger wrote a scathing op-ed article for The Washington Post. He said Mr. Reagan had broken his heart by turning his back on friends.

"Yes, I know you were a long way from being a perfect president," Mr. Nofziger wrote. "I thought that sometimes you listened to and took bad advice. I thought that toward the end you were paying too much attention to what history might think of you — a mistake most presidents make."

He went on, "But still, while on a scale of 1 to 10 you were more nearly a 7 than a 10, you remained my hero because it's hard to visualize anybody else scoring more than a 5 — at least on my scale. But today, Mr. President, and I weep because of it, you are no longer my hero."

He said Mr. Reagan had forgotten old loyalties and walked away from old friends. "You have let Nancy and the rich and beautiful people with whom she has surrounded herself and you force off the board of the Ronald Reagan Presidential Library three of the most dedicated and selfless Reaganites there are."

Mr. Nofziger wrote four western novels and a political autobiography, "Nofziger."

But those who know him remember not his serious writings but his puns and quips and bits of doggerel. Among them is a limerick that he penned after the doomed nomination of Harriet E. Miers to the Supreme Court last year, which appears on his Web site, www.lynnofziger.com:

Conservatives are fearful that Harriet
Will be George Bush's Iscariot.
They have little doubt
That she'd sell them out
For a ride in a liberal's chariot.

Mr. Nofziger is survived by his wife, Bonnie, their daughter Glenda and two grandchildren. Another daughter died in 1989.

Byrd's Wife Dies After Long Illness (HILL)

By James Downing

The Hill, March 28, 2006

Erma Ora James Byrd, the wife of Sen. Robert Byrd (D-W.Va.), died Saturday after struggling with a long illness. The couple had been married for 69 years.

Erma was a coal miner's daughter who met her future husband at Mark Twain Grade School in Raleigh County. They were married in a simple ceremony when they were 19.

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The Byrds came from humble beginnings. Their first refrigerator was half of an orange crate nailed to the side of their home.

Byrd was a state senator when he was elected to the U.S. House in 1952. Erma met presidents, kings and celebrities, but those around her say she never lost the common-sense values of West Virginia.

She is survived by her husband, two daughters, five grandchildren and six great-grandchildren.

For People And Planet (WSJ)

By Al Gore And David Blood

The Wall Street Journal, March 28, 2006

Capitalism and sustainability are deeply and increasingly interrelated. After all, our economic activity is based on the use of natural and human resources. Not until we more broadly "price in" the external costs of investment decisions across all sectors will we have a sustainable economy and society.

The industrial revolution brought enormous prosperity, but it also introduced unsustainable business practices. Our current system for accounting was principally established in the 1930s by Lord Keynes and the creation of "national accounts" (the backbone of today's gross domestic product). While this system was precise in its ability to account for capital goods, it was imprecise in its ability to account for natural and human resources because it assumed them to be limitless. This, in part, explains why our current model of economic development is hard-wired to externalize as many costs as possible.

Externalities are costs created by industry but paid for by society. For example, pollution is an externality which is sometimes taxed by government in order to make the entity responsible "internalize" the full costs of production. Over the past century, companies have been rewarded financially for maximizing externalities in order to minimize costs. * * *

Today, the global context for business is clearly changing. "Capitalism is at a crossroads," says Stuart Hart, professor of management at Cornell University. We agree, and we think the financial markets have a significant opportunity to chart the way forward. In fact, we believe that sustainable development will be the primary driver of industrial and economic change over the next 50 years.

The interests of shareholders, over time, will be best served by companies that maximize their financial performance by strategically managing their economic, social, environmental and ethical performance. This is increasingly true as we confront the limits of our ecological system to hold up under current patterns of use. "License to operate" can no longer be taken for granted by business as challenges such as climate change, HIV/AIDS, water scarcity and poverty have reached a point where civil society is demanding a response from business and government. The "polluter pays" principle is just one example of how companies can be held accountable for the full costs of doing business. Now, more than ever, factors beyond the scope of Keynes's national accounts are directly affecting a company's ability to generate revenues, manage risks, and sustain competitive advantage. There are many examples of the growing acceptance of this view.

In the corporate sector, companies like General Electric are designing products to enable their clients to compete in a carbon-constrained world. Novo Nordisk is taking a holistic view of combating diabetes not only through treatment but also through prevention. And Whole Foods and others are addressing the demand for quality food by sourcing local and organic produce. Importantly, the business response is about making money for shareholders, not altruism.

In the nongovernmental sector, organizations such as World Resources Institute, Transparency International, the Coalition for Environmentally Responsible Economies (Ceres) and AccountAbility are helping companies explore how best to align corporate responsibility with business strategy.

Over the past five years we have seen markets begin to incorporate the external cost of carbon dioxide emissions. This is happening through pricing mechanisms (price per ton of carbon dioxide) and government-supported trading platforms such as the European Union Emissions Trading Scheme in Europe. Even without a regulatory framework in the U.S., voluntary markets are emerging, such as the Chicago Climate Exchange and state-level initiatives such as the Regional Greenhouse Gas Initiative. These market mechanisms increasingly enable companies to calculate project returns and capital expenditures decisions with the price of carbon dioxide fully integrated.

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The investment community has also started to respond. For example, the Enhanced Analytics Initiative, an international collaboration between asset owners and managers, encourages investment research that considers the impact of extra-financial issues on long-term company performance. The Equator Principles, designed to help financial institutions manage environmental and social risk in project financing, have now been adopted by 40 banks which arrange over 75% of the world's project loans. In addition, the rise in shareholder activism and the growing debate on fiduciary responsibility, governance legislation and reporting requirements (such as the Global Reporting Initiative and the EU Business Review) indicate the mainstream incorporation of sustainability concerns.

While we are seeing evidence of leading public companies adopting sustainable business practices in developed markets, there is still a long way to go to make sustainability fully integrated and therefore truly mainstream. A short-term focus still pervades both corporate and investment communities, which hinders long-term value creation.

As some have said, "We are operating the Earth like it's a business in liquidation." More mechanisms to incorporate environmental and social externalities will be needed to enable capital markets to achieve their intended purpose -- to consistently allocate capital to its highest and best use for the good of the people and the planet.

Mr. Gore, a former vice president of the United States, is chairman of Generation Investment Management. Mr. Blood, formerly head of Goldman Sachs Asset Management, is managing partner of Generation Investment Management, which he co-founded with Mr. Gore.

New Palestinian Leaders 'ready For Dialogue' (USAT)

By Jeffrey Stinson And Matthew Gutman

USA Today, March 28, 2006

RAMALLAH, West Bank — The Palestinian Authority's new leaders said Monday that they would reach out to the United States and other international peace mediators. For the first time, they raised the possibility that the Hamas-led government could recognize Israel's right to exist.

The statements from Prime Minister-designate Ismail Haniyeh and his deputy Naser as-Sha'er reflected a softening of rhetoric. The United States and Israel dismissed the statements, saying the words had to be matched by action.

In a speech to the Palestinian parliament, Haniyeh said that his government "is ready for dialogue" with the United States and the three other members of the so-called Quartet of international powers that have sought to broker peace between Israel and the Palestinians. In the speech, Haniyeh also introduced his Cabinet and laid out its agenda.

Hamas won 74 of the 132 seats in the Palestinian parliament on Jan. 25. Hamas refuses to acknowledge Israel and won't recognize previous Israeli-Palestinian peace agreements. It has not renounced violence against Israel.

The United States and the European Union consider Hamas a terrorist organization. Hamas has claimed responsibility for attacks that have killed about 400 Israelis, mostly civilians, since 2000. The group's charter calls for the destruction of Israel.

As-Sha'er said in an interview that the incoming government would recognize Israel if the Palestinians approved it in a referendum. "We will leave this to the Palestinians themselves," as-Sha'er said.

Even if the tone has softened, there is no indication a diplomatic breakthrough is near.

Hamas will not recognize Israel unless the international community recognizes the Hamas-led government as legitimate, recognizes Palestinian rights and restores tax revenue to the Palestinians, as-Sha'er said.

Stewart Tuttle, spokesman for the U.S. Embassy in Israel, said the U.S. position on Hamas has not changed.

"Our policy is that Hamas is a terrorist organization," he said. "We don't care about what Hamas says, but what it does."

"The ball is squarely in Hamas' court," said Scott Carpenter, deputy assistant secretary of State for democracy, human rights and labor.

The Bush administration demands that Hamas recognize Israel, renounce violence and agree to abide by previously signed agreements with Israel before it will have contact with the group or consider providing direct aid.

The Quartet — the United States, United Nations, European Union and Russia — has maintained that it will not contribute aid to a Palestinian government run by Hamas unless it meets similar demands.

Haniyeh said that his government wouldn't cave in to threats of economic pressure to alter Hamas' basic principles.

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"The (Palestinian) people have the right to struggle against the (Israeli) occupation," he said.

Of the 2005 Palestinian Authority budget of $1.9 billion, the European Union and European nations as a group provided $570 million.

Mark Regev, spokesman for the Israeli Foreign Ministry, said he saw no moderation from Haniyeh and called his speech "verbal gymnastics," with no pledge to meet any of the conditions spelled out by the Quartet.

Yaron Ezrahi, a political science professor at Hebrew University of Jerusalem, said the latest Hamas statements are significant because they may foreshadow a softening of its hard-line position now that it is responsible for governing. Ezrahi pointed out that the Palestine Liberation Organization once had taken a similar hard-line stand but then negotiated with Israel.

Hamas Leader Ready To Talk With Quartet (WT/AP)

By Sarah El Deeb, Associated Press

The Washington Times, March 28, 2006

GAZA CITY, Gaza Strip -- The Palestinian Authority's incoming prime minister said yesterday his Hamas-led government was ready to hold talks with international Middle East mediators, though he reiterated that Hamas would not cave in to economic pressures to soften its hard-line agenda.

The so-called Quartet of mediators -- the United States, the United Nations, the European Union and Russia -- is demanding that Hamas disarm, recognize Israel and accept past Israeli-Palestinian peace agreements. Hamas has so far rejected these conditions.

"The government is ready for dialogue with the Quartet," incoming Palestinian Prime Minister Ismail Haniyeh told parliament. "The European Union has provided a lot of aid to our people and supported our right for freedom. ... We are interested in a strong relation with Europe."

"But at the same time we expect the European Union to review some of its policies toward the conflict," he added.

Israel's military chief of staff, Lt. Gen. Dan Halutz, said yesterday that words of reconciliation from Hamas -- if not followed by actions -- should be viewed warily.

Hamas formed a Cabinet after its overwhelming victory in the Palestinian parliamentary elections in January, sweeping the governing Fatah party from power. It is expected to be sworn in Thursday.

Western countries have threatened to cut off direct aid to the cash-strapped Palestinian Authority after the Hamas Cabinet is sworn in if the militant group does not renounce violence and recognize Israel's right to exist. Israel has already cut off the monthly transfer of tens of millions of dollars in taxes it collects on behalf of the Palestinian government.

The Palestinian Authority, which is heavily dependent on the tax transfers and foreign aid, has not yet been able to pay February salaries for its 140,000 employees. Without a large infusion of money, the government could plunge into a devastating financial crisis.

Mr. Haniyeh criticized the U.S. decision to cut off aid to the government, saying the United States should respect the election results.

"The U.S. administration, which calls for democracy, is invited to support the Palestinian choice, rather than imposing a siege, and it is required to fulfill its obligations and pledges for an independent state," he said. "Those who believe that economic pressures will force our government into submission are wrong."

In an effort to alleviate fears that aid to the government would end up being diverted to fund attacks on Israel, Mr. Haniyeh promised to create a transparent financial system so donors would be certain that their money was used for the intended purpose.

"All the money that will be provided to our people and the Palestinian Authority will go in the right destination," he said. "Our government will provide all mechanisms for all donors to monitor the spending of the money and to be sure it will be spent the right way. Any state providing a penny, we have no problem for it to come and monitor the spending."

At Crossroads, Israeli Voters Seem To Wait For A Signal (NYT)

By Greg Myre

The New York Times, March 28, 2006

DOJ_NMG_0022736

JERUSALEM, March 27 — Israelis vote Tuesday in their fourth national election in seven years, and it is widely billed as one of the most important — and least inspiring — ballots in Israel's history.

Acting Prime Minister Ehud Olmert and his centrist Kadima Party, the overwhelming favorite, say they are prepared to fix Israel's eastern border in the next four years in what would be a wrenching process involving the removal of tens of thousands of Jewish settlers from the West Bank.

As with all previous Israeli governments, Kadima faces the prospect of building a coalition with other parties.

While the final shape of a new government probably will not be clear for weeks, a Kadima victory on its platform of unilateral territorial concessions would signal a major political realignment.

Israel has already halted most of its dealings with the Palestinian Authority after the January election victory by Hamas, the radical Islamic movement, and that policy is expected to be further entrenched in the coming days.

Ismail Haniya, the Palestinian prime minister-designate and leader of Hamas, presented his cabinet to the legislators on Monday, with the expectation that its members will be sworn in by Wednesday.

But despite the high stakes, Israeli pollsters are predicting voter turnout of only around 60 percent, which would be Israel's lowest ever and more than 10 percentage points below the norm.

Campaign rallies, which in the past have been raucous affairs drawing tens of thousands of people, have been far smaller and more sedate this time. Billboards and bumper stickers have been fewer.

Some Jewish settlers removed from the Gaza Strip last summer say they are so disillusioned with the Israeli political system that they may not vote, though several parties are fighting to prevent additional withdrawals from the West Bank.

"It does not matter who will be in power, it won't change anything for us," said Talya Eluz, 36, part of a group of evacuated settlers who have been protesting for months by living in a roadside tent camp in Yad Mordechai, just outside Gaza. "They forgot us, all of us."

Commentators have been berating prospective nonvoters.

"How can one explain eschewing voting in a country like ours, in which the issues on the table are nothing short of life and death?" wrote Amnon Danker, the editor in chief of Maariv, a leading Israeli daily.

"The differences between the right, the center and the left are decisive and immediate: Should we withdraw to new borders, or not? Should we evacuate tens of thousands of settlers from thousand of homes and dozens of settlements, or not?"

A low turnout could hurt Kadima, the party formed last November by Prime Minister Ariel Sharon, who suffered a major stroke in January and remains comatose. Some pollsters have described Kadima's support as soft and therefore more likely than its rivals' to reflect voter indifference.

Nor is it clear whether Kadima yet has the machinery to get out the vote that more established parties have. The Labor Party, for instance, is counting on strong organization to help it gain a few extra seats.

Opinion polls published Monday varied slightly, though the centrist Kadima remained well ahead in all of them, and is forecast to receive around 35 of the 120 seats in the legislature. Until about a month ago, polls predicted the party would win 40 or more seats, but its support has been slipping steadily.

The nearest rival, the dovish Labor Party, led by a former trade unionist, Amir Peretz, is expected to win around 20 seats.

Kadima will need partners for a coalition, and Labor, which supports the evacuation of Jewish settlements, is considered the most likely one.

But Labor's price for a coalition, in terms of ministries and policies, will increase the more seats it wins, or the fewer Kadima takes.

The hawkish Likud, led by Benjamin Netanyahu, is hovering around 15 seats. If the vote remains at that level — a loss of 23 seats since the last election — Mr. Netanyahu could face a challenge for party leadership from a former foreign minister, Silvan Shalom.

Religious parties, which have often been crucial in previous coalitions, are not expected to do particularly well. Since Israel's founding in 1948, one of two parties — Labor on the left or Likud on the right — has won every election. Yet both have seen their support fall sharply.

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Labor's vision of a negotiated peace settlement with the Palestinians crumbled after peace talks during the 1990's failed to produce an agreement. With Hamas about to assume power, prospects for peace talks seem even more remote.

Israel's security forces planned a huge deployment on Tuesday to prevent any Palestinian attacks, though the level of violence has been relatively low during the campaign. Soldiers were allowed to vote Monday.

Likud has won past elections, including the last one, in 2003, with tough security policies toward the Palestinians and calls for Israel to retain its settlements in the West Bank and Gaza.

Both positions have been pushed aside by the idea of Israel's unilaterally separating itself from the Palestinians, which has become the dominant theme in Israeli politics since Mr. Sharon first proposed the Israeli pullout from Gaza at the end of 2003.

Today, especially since the Hamas victory, that idea appeals to many moderate Israelis who see no possibility of peace negotiations, yet view some of the settlements as a burden to be shed rather than defended.

"The Kadima idea of unilateral action has popularity because it allows Israel to be proactive," said Dan Schueftan, a leading proponent of that policy and a senior fellow at the Shalem Center, a private research organization. "This approach doesn't give the Palestinians veto power over Israel. It doesn't allow them to paralyze us."

Mr. Olmert has not said exactly where he would like to set a border, though he indicated he would take Israel's separation barrier in the West Bank as a starting point. The current route of the barrier leaves about 10 percent of the West Bank on the Israeli side.

The Palestinian Authority president, Mahmoud Abbas, and his secular Fatah movement have sought a Palestinian state on all the land that Israel captured and occupied in the 1967 war — Gaza, the West Bank, and East Jerusalem as its capital.

Hamas, however, has refused to recognize Israel's claim on any land in the region, saying only that it might consider a long-term truce if Israel withdrew to its 1967 borders.

Hamas has always rejected negotiations with Israel, though Mr. Haniya told his legislators on Monday that Hamas was willing to hold talks with the so-called quartet: the United States, the United Nations, the European Union and Russia.

The United States and the European Union regard Hamas as a terrorist group and have refused to deal with the organization, though Russia invited a Hamas delegation to Moscow earlier this month.

Hamas has largely observed a truce for the past year. But the group says it will not lay down its weapons, and Mr. Haniya said, "We will protect the right of our people to defend themselves against the occupation."

In Israel, An Unsettled Electorate (WP)

By Scott Wilson

The Washington Post, March 28, 2006

JERUSALEM, March 27 -- The Mahane Yehuda market, laden with artichokes, almonds and fish, has long been a gathering place for Israeli candidates seeking last-minute votes. This year the rows of covered stalls also provide a look at an electorate in transformation.

Among the potential voters is Yakov Aharon, a candy salesman who, like many Israelis, has been cut loose by the birth of a centrist movement and the loss of its towering leader, Ariel Sharon. Aharon has not decided which party he will choose or whether he will vote.

"Sharon was an old guy and clever," said Aharon, 46, who long supported the hawkish Likud Party. "No one can enter his shoes."

Israelis will elect a new parliament, and by extension a new prime minister, on Tuesday after a campaign season marked by complacency, disappointment and a sense of betrayal among many voters now searching for new political leadership. The result is that a large number of voters remain undecided, a floating segment that could determine a quarter of the 120-seat parliament, the Knesset. More Israelis than in any past election are expected to sit out the vote.

Neither Likud nor Labor, the parties at the center of Israel's political life for decades, is projected to win the plurality of seats that would carry the right to form the next government. Although it has slipped in recent polls, the Kadima party that Sharon created last November is still running far ahead, even though he is now hospitalized in a coma.

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The campaign has emerged as a referendum on Sharon's unfinished program to separate the Israeli and Palestinian populations through a series of unilateral withdrawals from the occupied territories. He argued that Israel must act alone, after years of largely fruitless negotiations, to draw its final borders in a way that would separate a Jewish majority from the Arab population.

Sharon, a longtime member of Likud, began the process last year by pulling out the 8,500 Israelis who had lived in the Gaza Strip among 1.3 million Palestinians. But the move ran counter to Likud ideology, and Sharon left the party to form Kadima a few months later.

His departure, along with a change in the leadership of the rival Labor Party, set off what political analysts here called the "big bang" that has scattered Israel's fractious voters among more parties than ever. A number of smaller religious, ultranationalist and single-issue parties, all of them with devoted followings and well-coordinated get-out-the-vote efforts, are projected to gain seats at the expense of Labor and Likud.

"All in all, despite the image of a dormant election, you have about a million voters who are shifting parties," said Isaac Herzog, a Labor candidate who served in Sharon's cabinet. "That is why we feel that the election results are still open and not yet set. When Mr. Sharon was removed from the scene due to the tragic circumstances of his illness, clearly this opened up to much more fluctuations."

Acting Prime Minister Ehud Olmert, who assumed control of Kadima in January after Sharon's stroke, has outlined plans to withdraw Israelis from scattered West Bank settlements and draw Israel's border roughly along the line of the separation barrier due to be completed next year. Israel would retain control of the largest settlement blocs and Jerusalem under Olmert's plan, which he intends to carry out before the end of his four-year term if he becomes prime minister.

But party leaders have remained vague on the details, which Kadima candidate Haim Ramon acknowledged this week has been intentional. Questions remain over whether the military would stay in the evacuated areas, which settlements Israel would keep and how seriously a Kadima-led government would pursue negotiations with the Palestinians before withdrawing from the West Bank.

"Kadima is saying something very simple: Disengagement is a fallback position, but it is a position," said Ramon, who left Labor for Kadima last year. "It is popular because it is proposing something that the other two parties have never proposed -- that Israel take its future into its own hands."

Kadima today is made up of a mix of Likud and Labor defectors. The candidate list includes some of the most disparate personalities in Israeli politics -- from Nobel peace laureate Shimon Peres, who lost the leadership position in Labor in a vote last year, to Defense Minister Shaul Mofaz, a hawkish figure who left Likud after also losing a party leadership vote.

Without Sharon at the top of the ticket, Kadima has dropped the equivalent of five to six seats in opinion polls -- leaving it with about 35 -- while the more rigidly ideological parties have gained ground.

"Everyone's in Kadima, so it provides the comfort of not having to make any decision at all," said Zeev Sternhell, a retired Hebrew University political science professor and author of "The Founding Myths of Israel." "Their position is that we'll reach decisions when we reach the bridges. The problem is there may be nothing on the other side when we get to them."

Avraham Levy, who arrived from Iraq when he was 2 months old, has earned a living from his vegetable stall at the Mahane Yehuda market for three decades and has voted Likud for even longer.

"It is a real party, with values and principles, unlike Kadima, where they have nothing in common," said Levy, 54. "I don't believe the polls, rule them out. Their hands will shake, and they will vote Likud. I'm counting on it."

His party, led by former prime minister Binyamin Netanyahu, is projected to win roughly 15 seats in Israel's parliament. It will probably not play a role in a Kadima-led government because of its opposition to unilateral withdrawals from Palestinian territory, which much of the public supports.

As Sharon's finance minister, Netanyahu pushed through privatization of state industries and cuts in health and welfare benefits that jump-started the economy but made him enemies among poor Israelis. Many were longtime Likud voters now turning to Labor, attracted by the populist economic proposals of former union leader Amir Peretz.

"Bibi's going to crash this time, and he deserves it," said Aharon, the candy vendor, using Netanyahu's nickname. "He took us back 20 years in terms of pay and jobs."

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Not far from the market, Dania Minor pushed her 2-year-old son, Sean, along Mordechai Ben Hillel Street in a downtown commercial section of brand-name shoe shops and watch stores. A 30-year-old Hebrew teacher who describes her views as "left-wing," Minor said she intended to vote for Labor because she believes it is the most focused on social issues and reviving a peace process with the Palestinians.

Labor is projected to finish second to Kadima, which Minor described as "too right-wing for my views."

"I had a newfound respect for Sharon after the pullout from Gaza," Minor said. "But I don't really trust Olmert."

New Worldview Shapes Vote In Israel (CSM)

By Joshua Mitnick

The Christian Science Monitor, March 28, 2006

TEL AVIV - As Israelis go to the polls Tuesday to select a new parliament, Acting Prime Minister Ehud Olmert and the Kadima party lead the field despite staking the campaign on a provocative idea: an unconditional retreat from much of the West Bank behind a unilaterally fixed border with the Palestinians.

The rise of unilateralism, underway since Ariel Sharon's exit from the Gaza strip, signals a shift away from the dominant ideologies of left and right that emerged after the 1967 Six Day War in favor of a new centrist pragmatism. After a failed peace effort in 2000 and five ensuing years of the Palestinian uprising, Israelis have concluded that neither "peace now" nor "greater Israel" are realistic.

"It's a disenchantment with two utopias: with the left-wing utopia of peace and harmony, and with the right-wing utopia of greater Israel by blood and fire," says Yaron Ezrahi, a political science professor at Hebrew University.

"Disengagement was seen as the middle compromise. It takes an element of the right and the left. The element of the right is pessimism about the ability of the Palestinians to sign an agreement. The element of the left is willingness to divide the land. And the disengagement is the perfect synthesis of this," Mr. Ezrahi adds.

In the final surveys taken before Tuesday's balloting, Labor and Likud, the two dominant rivals of the last three decades, are a distant second and third. Unscathed by the threat of Hamas or by Israel's yawning social gap, Kadima ends the campaign fighting primarily voter apathy.

And yet, it is still uncertain whether the urge for a one-sided divorce from the Palestinians can meld into a philosophy that will hold together the political center that gravitated around Mr. Sharon and Kadima before Sharon suffering a massive stroke two months ago.

Newspaper columns describing the vote as a "fateful" decision have made little impression on prospective voters. Opinion polls predict that voter turnout will be weak. In previous elections, the highways would be littered with political banners and bumper stickers, but the public landscape has been relatively clean.

"Most Israelis are tired of the big decision. It is as if they're saying to the politicians do your thing and leave me alone," says Tom Segev, an Israeli historian and journalist. "This used to be a very deeply divided society. For 40 years, we have been debating about the future of the territories, and people now feel that question has been decided."

Warning that the occupation of land conquered in 1967 is a moral albatross for Israel, Israeli doves have traditionally backed negotiations with the Palestinians as a way of trading back land for a peace deal. The answer from the right wing had been to expand Jewish settlements across the West Bank, while dismissing Palestinian peace initiatives as disingenuous.

It was a debate nourished with the ideological fervor of the generation that grew up at the time of Israel's independence and came of age during the 1967 and 1973 wars. But in the subsequent decades, as Israeli society gradually opened up to the West, it became less focused on the old ideological debates.

"That's a deep change in priorities. People are much less political today," Segev says. "They have found other values of life. We are developing normal attitudes, a normal set of priorities. We are growing out of our childhood."

Embraced by an Israeli prime minister nicknamed "bulldozer," unilateralism has become the foreign policy for Israelis who are impatient for a resumption of peace negotiations and realize that Israel's military has no fail-safe answer to suicide bombers.

"It's much more than a policy, it's a paradigm," says Dan Schueftan, the deputy director of the National Security Studies Center at University of Haifa and a proponent of the strategy.

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"Once Israelis realized that the option of peace wasn't there, that you won't get a settlement in return for withdrawal, there is a motivation to withdraw unilaterally, and there is no motivation to consider the Palestinians when we set our borders," he says. "The idea that we will permanently sit there and wait for things to improve is something that Israelis no longer believe."

Sharon conceived of Kadima as the political home of the new pragmatism after despairing of Likud. When Sharon fell into a coma in January, many predicted the party's demise. But when Ehud Olmert emerged from Sharon's shadow two weeks ago to promise a new West Bank withdrawal, it was a sign that the party could go it alone.

"The Kadima party's goal is to determine the borders of Israel. This was never the goal of either the right or the left," says Tzachi Hanegbi, a Kadima member who defected from Likud.

"If you asked me if Kadima would stay powerful after Sharon stepped down the way he did, I would have said 'no way.' It proved that people's support was not only personal. People want hope. Kadima offers hope that is not an illusion, but more reasonable, limited, and cautious."

But even as Kadima seems headed for an unprecedented political feat, critics warn that the standard-bearer of unilateralism is little more than a grab bag of opportunist politicians that will ultimately unravel.

"Kadima's cover looks nice. They've put everything in the cake. And everyone believes it will be good," says Avshalom Vilan, a founder of "Peace Now" and a candidate of the ultra-dovish Meretz party who hopes to join Kadima's coalition. "Politics is not a cake. In the long run, the cake that you can have everything in can't work." Israel to elect new leadership

Thirty-one parties are competing Tuesday in Israel's 120-member parliamentary election. Polls indicate that Kadima, founded last November by Prime Minister Ariel Sharon, will be the biggest party, capturing about one-third of the seats. Kadima (centrist)

Party Leader*: Ehud Olmert, Acting prime minister, former Jerusalem mayor

Borders: Proposes withdrawal from large parts of the West Bank while retaining major Jewish settlement blocs there and in east Jerusalem

Hamas: Froze transfer of millions of tax rebates to Palestinian Authority after Hamas victory; has held off on more drastic measures

Economy: Pledges to narrow social and economic gaps Labor (left wing)

Party Leader*: Amir Peretz, Populist ex-union leader

Borders: Proposes withdrawal from large parts of the West Bank while retaining major Jewish settlement blocs there and in east Jerusalem

Hamas: Supports economic sanc-tions; warns of actions that would plunge Palestinians into poverty; could resume talks with Palestinian Presi-dent Mahmoud Abbas

Economy: Wants to increase the minimum wage and restore some of the welfare payments cut by the outgoing government Likud (right wing)

Party Leader*: Benjamin Netanyahu, Former prime minister

Borders: Willing to make some territorial concessions, but only after Pal-estinians halt violence and militant groups are disarmed; opposed Gaza pullout; wants to keep large chunks of the West Bank

Hamas: Calls for stiffer sanctions; says Olmert's response has been weak and confused

Economy: As former finance minister, Netanyahu cut budgets and stipends to the poor

* Party leader is also the candidate for prime minister

Israel Fights PhRMA Call For New Trade Status (RC)

By Kate Ackley

Roll Call, March 28, 2006

A move by the Pharmaceutical Research and Manufacturers of America to punish Israel on foreign trade has sparked an uproar among some American Jewish groups and raised the ire of a major Israeli drug company.

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In a written submission, PhRMA has asked the Office of the U.S. Trade Representative to designate Israel a "priority foreign country" on a soon-to-be-released annual list. The list, known as the "Special 301" report, is reserved for those countries with some of the worst intellectual property laws that affect American companies. And being on the list can lead to trade sanctions.

While no one expects sanctions to be imposed against Israel, lobbyists and Congressional aides familiar with the issue said being on the list would be a significant embarrassment for Israel and its acting Prime Minister Ehud Olmert and could hurt the bottom line of one of the world's top generic drug companies, Teva Pharmaceutical Industries.

"This would be a public embarrassment of a close ally at a critical time with a new prime minister who is intimately involved in these issues," said one lobbyist familiar with the issue.

PhRMA also asked the USTR to block Israel's application for membership in the Organization for Economic Cooperation and Development, something that Congress overwhelmingly voted to support. PhRMA's submission argues that Israel's intellectual property situation has deteriorated over the past year and that the country has taken steps to protect its local generics industry at the expense of strong intellectual property laws.

Israel is not the only country PhRMA has recommended be included on the priority foreign country list. PhRMA wants the USTR to put a handful on the list including Turkey, Poland, Germany and Canada.

In response to PhRMA, Jewish organizations, the Israeli embassy and Teva Pharmaceuticals in recent days have mounted a lobbying blitz aimed at the USTR, White House and Congress to keep Israel off the list, which is set to be released next month.

William Daroff, vice president for public policy and director of the Washington, D.C., office of United Jewish Communities, said the 155 federations he represents have begun to mobilize to put pressure on the U.S. Trade Representative, former Rep. Rob Portman (R-Ohio).

"We are trying to put as much energy as we can to try to educate the U.S. Trade Representative to make sure they don't just cut and paste the PhRMA report and issue it as their own," he said. "We are focusing on Members who have the ear of USTR."

In addition, Daroff said his group has been in touch with Jewish activists from Portman's hometown in the Cincinnati area. "We are activating that network," he said.

Daroff said his group mobilized because it believes Israel is being unfairly targeted. "Israel is being singled out by PhRMA, and would be by the USTR if they take the recommendation, solely because of the generic drug production that takes place in Israel to try to give PhRMA and its members a leg up in its constant battle with the generic industry," he said.

So far, at least one Member, Sen. Sam Brownback (R-Kan.) has signed on to a two-page letter to Portman that calls PhRMA's recommendations "unwarranted." A call to Brownback's office was not returned by press time.

The letter says, "As a friend and close ally of the United States, Israel deserves to be treated in a fair manner with regard to USTR designations. ... Accordingly, we respectfully urge you to preclude Israel's status as a 'Priority Foreign Country' or even a designation on the Priority Watch List."

Congressional aides and lobbyists said during last week's recess, Teva lobbyists and Jewish activists blanketed Capitol Hill, had a meeting at the White House and made a stop at the USTR. They said more co-signers to the letter to Portman are expected in the coming days.

Ron Dermer, minister of economic affairs at the Israeli embassy, said PhRMA's position doesn't hold up and that his country has actually moved to enact tougher intellectual-property laws.

"To put Israel on a priority foreign country list — among the worst, most egregious violators — is an absolute joke," Dermer said. "With all the protections we have, there is only one reason for this: PhRMA's desire to go after Teva. They are trying to pressure Israel to take all of these actions against Teva."

Mark Grayson, a spokesman for PhRMA, said PhRMA's recommendations have "nothing to do with Teva" or any specific companies.

"This is about the country's laws," he said. Grayson said Israel's laws do not have sufficient protections for brand-name drug's data and, therefore, favor Israeli companies, such as Teva. "Teva is a generic manufacturer, and the dominant generic manufacturer, and because they don't protect U.S. data very well, that would mean the products could be made much quicker there in Israel," Grayson said.

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PhRMA's written submission to the USTR says Israel's laws guarantee that Israel's "generic producers will be free to manufacture in Israel for export, primarily to the United States, unencumbered by any intellectual property protection" for name-brand products.

Grayson said having the country on the list could lead to changes in those laws — something he said Teva wouldn't like.

"It could affect their business in Israel," he said.

Dermer said that Israel, in contrast to PhRMA's statements, has made great strides of late when it comes to passing laws that protect intellectual property rights, including a sweeping law enacted by the government last year that gives drug companies more than five years of data exclusivity. That law gives drug makers five-and-a-half years of exclusivity in Israel, but the clock starts when the drug becomes available in major markets such as the U.S. or the European Union.

Olmert, the former minister in charge of trade, helped shepherd that law through Israel's Knesset. He is the frontrunner in today's election for prime minister.

Dermer said PhRMA wants the clock to begin ticking only after the drug is introduced in Israel, but that Israel wanted to create an incentive for drug makers to bring their products to Israel's market quickly.

"There are many things you have to balance," Dermer said. "We need to protect intellectual property and make sure [Israelis] have access to the drugs."

Dermer said his country is calling on the USTR to adopt clearer standards for which countries are evaluated for the 301 list. He said the feeling in Israel is that no matter what IP laws the country enacts, it won't be enough for the USTR until PhRMA is appeased.

"USTR is not willing to stand up to PhRMA," Dermer said. "We're considering what steps to take. We're very, very concerned about the amount of power PhRMA has."

Neena Moorjani, a USTR spokeswoman, said the 301 report details the U.S.'s problems with various countries when it comes to intellectual property right protections.

"We receive comments from many different industries, and we take them all into account in our review. In addition, we receive comments directly by many governments, which we also take into account," Moorjani said in an e-mail. "There's also an extensive interagency process that we get information from, including our embassies on the ground. All of that information is taken into account."

PhRMA has long been a lobbying powerhouse, and its current leader is former Rep. Billy Tauzin (R-La.). For the 12-month period beginning in July 2004, PhRMA reported spending almost $14 million on lobbying. For the same period, Teva reported spending $1.1 million on lobbying. The company's global sales exceed $5 billion.

A PhRMA employee, who requested that his name not be printed or he wouldn't address the matter, said PhRMA's proposal is "a public statement of our views."

"The government asks us to provide our views, and we think they should be taken seriously by the government's analysis," the PhRMA employee said. "It's just a reiteration of our stance on IP protection."

Other countries on the PhRMA list joined Israel in opposing the group's assertions.

Bilgehan Sasmaz, commercial counselor for the embassy of Turkey, said including Turkey wouldn't make sense "because Turkey has taken considerable steps to further be in line with the EU standards. It has to be really serious to be ranked under the priority foreign country. The situation [in Turkey] is not bad."

And a lobbyist for Poland said the country "categorically denies the accusations presented in the document. There are no discrepancies between us and other EU countries."

Other Capitol Hill and lobbying insiders familiar with the issue said there is a general feeling that PhRMA is increasingly taking patent and market exclusivity issues onto the international stage, pushing for greater protections for its brand-name products.

"The bottom line is that PhRMA is trying to prevent Israel and one of its largest companies, Teva, from bringing generic drugs to market quicker. They are trying to put up roadblocks and speed bumps by trying to get these trade restrictions placed on Israel," Daroff said.

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Rice To Visit Several European Capitals (AP)

By David Stringer, Associated Press Writer

AP, March 28, 2006

Secretary of State Condoleezza Rice will visit several European capitals in the coming days, heading to Britain, France and Germany as new talks are scheduled concerning Iran's suspect nuclear program, officials said Monday.

Foreign ministers from the five U.N. Security Council permanent members and Germany will meet in Berlin on Thursday for talks about Iran, British Foreign Secretary Jack Straw said.

Germany's Foreign Ministry confirmed plans for the meeting.

In Washington, State Department spokesman Sean McCormack said Rice's trip will include stops in Berlin and Paris for meetings on Iran and other issues.

"Secretary Rice's trip to Berlin and Paris will provide an opportunity for her to continue her dialogue with German Chancellor Angela Merkel and French President Jacques Chirac and other top officials," McCormack said.

The United States, Britain, China, France, Germany and Russia have been trying to agree on a statement that would express the Security Council's worries about Iran's program. Russia is believed to be reluctant to support a strong statement.

Tehran says it only wants to build nuclear power plants for civilian use, but the United States, Britain and other nations fear Iran wants to build an atomic bomb.

The Security Council has the power to impose economic and political sanctions.

Rice will visit northwestern England, touring sites that include Paul McCartney's former school, the British government said.

She will visit Liverpool and Blackburn on Friday and Saturday with British Foreign Secretary Jack Straw, a Foreign Office spokesman said on condition of anonymity, according to government policy.

Straw has represented Blackburn in Parliament since 1979. Rice's visit is meant to reciprocate a trip to Rice's hometown in Alabama last year.

In Liverpool, Rice and Straw will tour the Liverpool Institute for Performing Arts (LIPA)_ based at McCartney's old school — and see the Royal Liverpool Philharmonic Orchestra.

In Blackburn, they are due to visit "a school and major industrial site." Both diplomats are scheduled to speak on foreign policy at the town's Ewood Park soccer ground, home of the Blackburn Rovers.

In October, Rice hosted Straw in Birmingham, where they attended a memorial for the four black girls killed in a 1963 church bombing. They also went to an Alabama-Tennessee college football game.

Anti-war protesters, however, are ready to greet Rice with demonstrations about the 2003 Iraq invasion. Officials at the Stop the War Coalition have called for members to travel from across Britain to protest.

Delays Turn To Stalemate Over Iran's Nuclear Ambitions (CSM)

By Howard LaFranchi

The Christian Science Monitor, March 28, 2006

WASHINGTON - What was supposed to be a quick discussion in the United Nations Security Council to solidify international opposition to Iran's nuclear program has turned into a stalemate.

With both Russia and China balking at any council statement that might open the door to sanctions against Iran further down the road, agreement on a diplomatic rebuff could still be a week or more away. That is, if broadly acceptable wording for a statement can be found even then.

In the short term, the United States appears unfazed by the delay - after all, it tried for four years to slap Iran with the taint of a Security Council referral, so why fret now over an extended international focus on the Islamic republic?

Any serious action against Iran is still as much as a year away, many analysts say. Even before it's time for hardball, the US should expect diplomatic ups and downs, some temporary return of the Iranians to the negotiating table, and possibly direct contact with Iran.

"My guess is that something like 'smart sanctions,' that are essentially limited to making life less agreeable for the Iranian regime, would take three diplomatic cycles [at the UN] and are six months to a year out," says James Dobbins, director of the

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International Security and Defense Policy Center at the RAND Corp. in Arlington, Va. "That means anything like [economic] sanctions or legitimized military action is pretty far away."

In the meantime, debate rages over how far Tehran may be from getting the bomb - something the regime continues to insist it has no designs on acquiring. "If it's true the Iranians want a nuclear capacity for energy, then why these long-range missiles they are developing?" says Patrick Lang, a Middle East specialist and former Defense Intelligence Agency officer.

Some experts believe the Iranians could be within a year of perfecting the nuclear fuel cycle, but still at least five years from possessing a deliverable weapon.

But the stymied debate also suggests the difficult position the US is in with this long, low-level confrontation. Virtually no one in Washington is advocating regime-changing military action against Tehran. The advocates of "engagement" to modify the regime's behavior are also on the outs.

President Bush says all options remain on the table, but with the extremes of military action and broad US-Iran negotiations ruled out for now, a calibrated carrot-and-stick approach to Iran may be the best option, some analysts say. In fact, the US may have already embarked on that strategy, they say, with the Bush administration stepping up rhetoric identifying Iran as America's biggest strategic threat, even as it agrees to talks with the Iranians on Iraq.

The Bush administration appears to be counting on diplomacy to work - including stepped-up Farsi- language broadcasts into the country and support for opposition groups inside Iran.

But the key to diplomatic efforts heading off a nuclear Iran is actually held by Washington, some experts say, though it appears unlikely the US is willing to use it.

"The US-Iran relationship would have to change dramatically," says Ray Takeyh, an Iran expert at the Council on Foreign Relations in Washington. Iran would want "a reduction of its strategic anxieties."

Among the conditions that Tehran would probably want for giving up its nuclear ambitions would be recognition of its regional role, particularly in the Persian Gulf; a security agreement; and economic relations with the US, Mr. Takeyh said at a recent Nixon Center discussion.

Negotiations weighing the prospects of such a grand bargain sound like the six-party talks the US, Russia, China, Japan, and South Korea have carried on with North Korea over its nuclear program, and indeed some analysts say that is what's needed. One suggestion is that the Security Council's permanent members and Germany open such talks with Iran.

In that context, the proposed US-Iran talks on Iraq could become a testing ground for whether broader negotiations might work, according to some experts. "If the Iranians were helpful [with Iraq], one would hope that would create greater trust that could spill over into the nuclear issue," says RAND's Mr. Dobbins.

Right now the US says it will use the talks with Tehran only to point out its troublemaking in Iraq. "The Iranians are part of the problem in Iraq; they are not part of the solution," says Raymond Tanter, a former National Security Council strategist under the first President Bush who heads the Iran Policy Committee. That group advocates "regime change" through an empowered Iranian opposition.

But Dobbins, who led the Bush administration's discussions with the Iranians over Afghanistan in 2001, says the Iranians were helpful then and should be encouraged to be helpful again. "We should be asking the Iranians to tell the Iraqis the same thing we are telling them: To form a government, don't divide the country, don't put any polarizing sectarian [figures] in charge of key ministries."

But especially given how even the announcement of talks has deflated a sense of urgency over Iran at the UN, one line of thinking holds that the talks should be given a chance to open new doors.

Iran's Icon (WSJ)

The Wall Street Journal, March 28, 2006

Successful democratic revolutions tend to have iconic figures: Think of Nelson Mandela in South Africa, Vaclav Havel in Czechoslovakia, Lech Walesa in Poland and Viktor Yushchenko in Ukraine. These men not only led their movements to victory but also, through their personal suffering, became emblems of the suffering of their people.

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In Iran, the iconic figure is Akbar Ganji, who was released this month from Tehran's Evin prison after serving a six-year sentence. Mr. Ganji first incurred the regime's wrath when, as a journalist in the late 1990s, he implicated former president Ali Akbar Hashemi Rafsanjani in the killing of dozens of opposition figures. From prison, which Mr. Ganji mainly spent in solitary confinement, he also wrote his "Republican Manifesto" calling for an end to clerical rule. That manifesto has become a bible of sorts to Iranian opposition groups, especially the politically potent student movement.

Last year, Mr. Ganji went on a three-month hunger strike, which nearly killed him but also brought international attention to his plight. In the end, the authorities were forced to keep him alive -- an implicit admission that the conscience and will of a single man could compel the regime's surrender. Now Mr. Ganji's wife speculates that the clerics want nothing more than to put the case behind them, in the hope that his influence will wane with the memory of his near-martyrdom.

They shouldn't count on it. "My views have not changed at all," a rail-thin but still defiant Mr. Ganji said upon his release. "Jail and pressures never forced me to change my views. Today, I'm more determined to say what I said six years ago."

Iranians will be listening. So should we.

Indian Officials In D.C. For Nuke Deal (AP)

By Foster Klug, Associated Press Writer

AP, March 28, 2006

India's foreign secretary is visiting Washington this week, the start of a monthlong effort to help President Bush sell his landmark civilian nuclear cooperation deal to a skeptical Congress.

Foreign Secretary Shyam Saran's trip, scheduled to begin Tuesday, includes meetings with U.S. lawmakers and State Department officials. Following his visit, a string of Indian ministers will meet in coming weeks with U.S. officials and speak at think tanks, press conferences and business gatherings across Washington. They will argue that a U.S.-Indian deal to share nuclear technology and fuel is crucial for a close U.S. ally determined to meet massive energy demands.

Hard questions, however, are expected from lawmakers, some of whom worry the deal could ruin international efforts to stop the spread of nuclear weapons technology.

Jon Wolfsthal, a nonproliferation analyst with the Center for Strategic and International Studies, said Congress was largely shut out of earlier negotiations on the deal. Meetings with Indian ministers, he said, will give lawmakers a chance to push India on issues the Bush administration has said India considers as deal-breakers, such as trying to get India to sign a moratorium on the production of nuclear materials.

Lawmakers, he said, "are going to want to find out for themselves where the limits of Indian flexibility are."

Christine Fair, a South Asia analyst with the congressionally funded U.S. Institute of Peace, said the Indians "know they have an uphill battle."

"There are a lot of skeptics in Congress who do not believe that we need to have a nuclear deal inked with the Indians for our relationship with the Indians to go forward," she said.

Since Bush and Indian Prime Minister Manmohan Singh agreed to pursue an accord on nuclear cooperation earlier this month in India, administration officials have waged an aggressive campaign to convince lawmakers and the public that the deal is the cornerstone of a new global partnership with India.

They say the pact brings India into the nonproliferation mainstream by increasing international inspections and putting U.N. safeguards on India's civilian nuclear power industry. The deal also reduces India's dependence on fossil fuels, supporters say, by allowing it to build more nuclear power plants.

Critics say U.S. and Indian efforts are an attempt to sell a flawed deal to lawmakers increasingly willing to question Bush's leadership as the president's popularity plummets and elections approach.

Henry Sokolski, executive director of the Nonproliferation Policy Education Center and a former Pentagon official, said the Indians' visit reflects a State Department that does not "think they can sell this thing alone. They need all the help they can get."

Congress is considering a bill that would exempt India from U.S. laws that restrict trade with countries that have not submitted to full nuclear inspections. New Delhi has refused to sign the international Nuclear Non-Proliferation Treaty and conform to its inspection regime.

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The United States and India agreed in early March that India would separate its civilian and military nuclear facilities. The two countries still must negotiate the conditions, duration and scope of the overall cooperation plan.

Rep. Ed Markey, D-Mass., said in a statement Monday that the Bush administration "is looking to snooker Congress into signing an agreement now, promising that details will follow later."

The Bush legislation, he said, reduces "Congress to the role of a passive rubber-stamp with respect to one of the most critical nuclear nonproliferation issues of the last decade."

Gutierrez Prods China On Trade, Yuan Policy (WSJ/AP)

By Associated Press

The Wall Street Journal, March 28, 2006

CHONGQING, China -- U.S. Commerce Secretary Carlos Gutierrez on Monday called on China to open its markets to foreign goods and settle currency disputes, warning it could face protectionist sentiment in the U.S. if its record trade surplus keeps growing.

Mr. Gutierrez visited this industrial center in China's southwest en route to Beijing for talks ahead of a possible Senate vote this week on proposed sanctions to punish China for manipulating its currency.

In a speech to university students, Mr. Gutierrez said Washington wants to see China give foreign competitors the same market access that its companies enjoy abroad, to adopt a more flexible currency and to stop piracy of intellectual property.

"The trade deficit worries people, and we don't want it to become so big that what happens is that people who want to isolate the U.S. and who want to be protectionist may find a welcoming ear in the American people," Mr. Gutierrez said.

The U.S. trade deficit with China hit $202 billion last year, the highest amount ever recorded with a single country. China President Hu Jintao is due to visit the White House on April 24.

In an interview, Mr. Gutierrez called for more aggressive Chinese efforts to stamp out rampant product piracy, saying Washington isn't satisfied with progress in stopping illicit copying of movies, music and other goods. "We want to see more results. We're not there," he said. "I don't think there are enough criminal prosecutions. I believe penalties are still on the light side."

China promised on Monday to tighten a crackdown on piracy and improve enforcement cooperation with foreign governments. The government shut down 17 production lines making pirated DVDs and CDs last year and six this year, said Yan Xiaohong, deputy commissioner of the National Copyright Administration of China.

U.S., China Stage An Economic Balancing Act (WSJ)

The Wall Street Journal, March 28, 2006

Growing Tensions Will Test Logic That Neither Wants To Declare a Trade War

Former Treasury Secretary Lawrence Summers calls the evolving U.S.-China relationship "a balance of financial terror," an unsettling concept for a new era.

The outgoing Harvard president's phrase echoes the U.S.-Soviet "balance of nuclear terror" that defined the Cold War. The mass of atomic weapons on each side prevented either protagonist from declaring war on the other due to what become known as MAD, or "mutually assured destruction."

As senior Washington and Beijing officials prepare for Chinese President Hu Jintao's summit with President Bush at the White House on April 20, a more unstable logic is being tested that has come to define the emerging superpower relationship that will define the first half of the 21st century.

Sign up to receive alerts when new installments of Thinking Global are published. Frederick Kempe also writes a daily analysis of the biggest news of the day. You may sign up to receive Mr. Kempe's full daily commentary by email, along with links to all of the stories and features that are mentioned in each day's Asian or European edition of the print Journal.The argument holds that both countries would be so economically devastated by a trade or financial war -- "mutually assured economic destruction" -- that neither would trigger one despite growing trade tensions.

By that logic, China won't stop buying billions of U.S. dollars each month because to do so could prompt a dollar collapse that would undermine the American consumer and the global stability upon which China's economic miracle rests. It follows that

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the U.S. would not implement tough sanctions to punish China's undervalued currency because such action could trigger inflation, higher interest rates and recession.

Don't bet on this logic holding.

Miscalculation is the mother of all unintended conflicts. Nuclear holocaust was more likely in the Cold War's early years, before the U.S. and Soviets had fully defined their relationship through a series of summits and near-crises. The same is true -- though the possible consequences less fatal -- at the beginning of this new superpower summitry.

"The direction that China and U.S.-China relations take will define the strategic future of the world for years to come," says economist Fred Bergsten, co-author of "China: The Balance Sheet," a book to be released this week that offers a comprehensive and penetrating analysis of the relationship. It's a three-part policy prescription: get China to play more by international rules (in letting its currency rise to market rates, protecting intellectual property, etc.); make China a key player in international organizations that protect those rules (instead of following its new course of establishing its own, Chinese-dominated organizations); and, perhaps most importantly, fix America's own high-debt, low-savings problem that over time will erode Washington's leverage with Beijing.

What worries Mr. Bergsten is that, in the meantime, "the world trade system could be blown apart if this financial imbalance is not addressed quickly and substantially."

The Bush administration's leverage with Beijing can only shrink over time. A weakened President Bush is losing control of China policy to a Congress in which Republican leaders are increasingly turning against him on a number of issues. Longer term, China's leverage will increase as it reduces its dependence on the U.S. market and gains political, economic and military power.

"Over a period of time, they will need us less," says Robert Hormats, vice chairman of Goldman Sachs, International.

For now, however, Mr. Bergsten says the Chinese reluctance to revalue a currency that Mr. Bergsten says is 20% to 40% below market rates miscalculates the seriousness of rising American protectionism.

The latest evidence of that seriousness is a new bill that the top Republican and Democrat on the powerful Senate Finance Committee will unveil at hearings this week. Committee Chairman Charles Grassley (R., Iowa), and Sen. Max Baucus (D., Mont.) have drawn up what could be a more effective and comprehensive attack on China than legislation on the table that threatens Beijing with across-the-board 27.5% tariffs.

The two senators are known for their free-trade credentials, underlining growing impatience with China. Their legislation is less blunt but more far-reaching than the tariff bill of Sens. Charles Schumer (D., N.Y.) and Lindsey Graham (R., S.C.).

A person familiar with the Grassley-Baucus bill, whose details haven't yet been publicly disclosed, says it would "significantly amend" current U.S. law in ways that would force the Treasury's hand on the exchange rate "in a directive manner." The bill would make China liable to countervailing duties as punishment not just for currency manipulation but also for a host of other state supports, the person says.

Yet for all the focus on trade tensions now, over time the U.S.-Chinese rivalry might be played out on the periphery, just as was the case between the U.S. and the Soviets during the Cold War. Taiwan will be high on the Bush-Hu summit agenda. Yet China, with its focus on domestic development, has avoided a crisis over Taiwan and instead wants to block independence rather than rush unification.

More unsettling are potential conflicts over energy. China's growing thirst for oil has prompted a buying spree of global energy assets and long-term contracts with countries that are among America's leading global problems: Iran, Sudan and Venezuela.

"One swing factor that will determine whether we have a cooperative or a confrontational relationship is how we address the issue of energy," says Mr. Hormats of Goldman Sachs. He has suggested to U.S. officials that Mr. Hu and Mr. Bush at the summit make a "U.S.-China Energy Partnership" a centerpiece, including development of clean coal, alternative energy sources and common efforts to keep open critical sea lanes. "This should be a centerpiece of Hu-Bush conversations."

US Bill May Prompt Tough Action On Renminbi (FT)

By Christopher Swann And Edward Alden

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Financial Times, March 28, 2006

The administration of President George W. Bush will face mounting pressure to take tougher action against China over the value of its currency with the introduction on Tuesday of legislation that would all but force the US Treasury to brand China as a currency manipulator.

The proposal, drafted by Senator Charles Grassley, the chairman of the powerful Senate Finance Committee, and Max Baucus, the committee's leading Democrat, would threaten new sanctions against countries that are found to have "currency misalignments" with the US, according to people with knowledge of the proposal.

If a country were found to have a "misalignment", it would be given six months to move towards a resolution of the problem. If it failed to act, the administration would be required to use a range of sanctions that would include blocking any increase in the country's voting rights at the International Monetary Fund, and barring the country from receiving insurance and guarantees for US investors offered by the Overseas Private Investment Corporation, a US government agency that supports US companies investing abroad.

The Grassley-Baucus legislation is likely to receive wide support in Congress and is intended in part to draw away support from more draconian legislation that would impose 27.5 per cent tariffs on all Chinese imports to the US.

Senators Charles Schumer and Lindsey Graham, the sponsors of that measure, have scheduled a news conference on Tuesday with John Snow, the US Treasury secretary, at which they are expected to announce a willingness to continue delaying any Senate vote on their proposal. The two senators recently returned from a trip to China.

The US Treasury has angered many lawmakers by refraining from branding China a currency manipulator in its twice-yearly reports to Congress on exchange rates and trade. Frustration has been building in Congress over the administration's gentle, diplomatic efforts to convince China to revalue its currency.

The proposals by Senators Grassley and Baucus would make it harder to avoid chastising China officially for its currency policies.

Under the current rules, the Treasury has been able to avoid branding China as a currency manipulator because those rules require that a country intends to competitively undervalue a currency. The Treasury has argued that China has not met this very strict definition of a currency manipulator, since it has a fixed currency. Under the proposed new rules, no intent would be required. Instead of using the term "currency manipulator", the Treasury would be asked to seek out "currency misalignments".

The existing rules also do not require any immediate action if a country fails to respond to US pressure. When a country is dubbed a "currency manipulator" the Treasury is required only to enter into negotiations with the offending country.

The Grassley-Baucus legislation is also expected to include a range of other measures, including giving US companies hurt by Chinese imports the option of seeking import tariffs if they can prove that their Chinese competitors are receiving government subsidies. Similar legislation was passed in the House of Representatives last year.

The congressional action comes ahead of a visit to Washington next month by Hu Jintao, the Chinese president. China has sent signals that it is willing to respond to US concerns over trade issues such as piracy of US intellectual property, but has said that no significant revaluation of the renminbi is likely in advance of the trip.

After Vote, Ukraine Faces Uncertainty Over Coalition (NYT)

By Steven Lee Myers

The New York Times, March 28, 2006

KIEV, Ukraine, March 27 — Ukraine was in political gridlock on Monday as the parties that led in parliamentary elections jockeyed for advantage to appoint a newly empowered prime minister and government under President Viktor A. Yushchenko.

With no clear winner — and one clear loser — in an election that international observers on Monday declared the country's freest since its independence from the Soviet Union nearly 15 years ago, there appeared to be little chance that a compromise would be found soon.

Mr. Yushchenko, who led the protests in 2004 against a fraudulent presidential election, appeared to have been stunned by the election results, which showed his party trailing in distant third place. With 55 percent of the ballots counted late Monday, his party, Our Ukraine, had only 16 percent of the votes.

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In brief remarks, he praised the vote as a victory for Ukraine's infant democracy. But neither he nor his aides discussed in detail the negotiations under way — behind closed doors — over forming a government whose composition could be decisive in carrying out the domestic and foreign policy that Mr. Yushchenko promised when he became president. Among his pledges were to integrate Ukraine into NATO and the European Union and to revive the economy.

Yulia V. Tymoshenko, his former partner and prime minister whose bloc outpolled Mr. Yushchenko's, said on Monday that she remained confident that an alliance could still be formed among what she called the democratic forces that rode the popular uprising of 2004 to power. That coalition splintered last year over policy disputes, ego clashes and mutual accusations of corruption.

"The coalition had and continues to have a chance to be formed," said Ms. Tymoshenko, whose party received 23 percent of the votes, according to the partial results.

The Party of Regions, led by Mr. Yushchenko's rival, Viktor F. Yanukovich, so far has the largest number of votes, at 28 percent. The results underscored the fractured nature of Ukraine's ethnic, social and geographic divisions, as well as the remarkable erosion of support for Mr. Yushchenko, whose popularity has suffered from economic decline and infighting.

In a sign of the bitterness between him and Ms. Tymoshenko, one of her advisers, Hryhory M. Nemyrya, said that Ms. Tymoshenko had called the president after surveys of voters leaving the polls predicted her second-place finish, but that he had not returned the call. Instead, Mr. Yushchenko's office announced in a terse statement that he would meet with the leaders of all the major parties on Tuesday, leaving open the possibility of a coalition that could include Mr. Yanukovich but exclude his erstwhile ally.

At the headquarters of Mr. Yushchenko's party, a spokesman announced at midday that there would be no more announcements or briefings and that the building would close early.

Ms. Tymoshenko warned against any parliamentary coalition that would include Mr. Yanukovich, whose government was accused of rigging the presidential election that Mr. Yushchenko ultimately won after a repeat second round. She said that would be a return "to square one."

Triumphant Tymoshenko Stakes Her Claim To Power (FT)

By Stefan Wagstyl And Tom Warner

Financial Times, March 28, 2006

Yulia Tymoshenko, the populist Ukrainian political leader, on Monday staked her claim to head the government following her surprise success in Sunday's parliamentary election.

Ms Tymoshenko, who was sacked as prime minister last summer, was putting pressure on President Viktor Yushchenko, her Orange Revolution ally, to allow her back into office.

Mr Yushchenko has been put on the defensive by Ms Tymoshenko's success at the polls, where preliminary results indicated her grouping came out far ahead of his Our Ukraine bloc.

The Organisation for Security and Co-operation in Europe on Monday judged the elections free and fair – the first time in a decade it has given such a positive verdict in the former Soviet Union outside the Baltic states. Mr Yushchenko's office said last night he would meet other party leaders today.

The new government will face many challenges, including economic reform, integration with the European Union and tense relations with Russia.

According to preliminary figures (with 58 per cent of the vote counted), Sunday's poll was a double defeat for Mr Yushchenko. The man who enjoyed overwhelming support a year ago saw Our Ukraine fall to third place with just 16 per cent of the vote. He was beaten by both Ms Tymoshenko, with 23 per cent, and by Viktor Yanukovich, his Russian-backed rival in the disputed 2004 presidential elections. By an ironic twist, Mr Yanukovich, who was widely condemned for allegedly rigging the 2004 poll, emerged as the clear winner in Ukraine's first free elections, with his Regions party securing 28 per cent.

Mr Yanukovich's camp fared best in its eastern stronghold, notably in the Russian-speaking industrial Donbass region. Mr Yushchenko and Ms Tymoshenko split the vote in the Ukrainian-speaking Orange heartlands in the west. But Ms Tymoshenko

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beat her former ally in the centre, particularly in the Kiev region, and made inroads in the east. With her glamour, her public-speaking skills and her tough line on corruption, Ms Tymoshenko has managed to bridge Ukraine's traditional east-west divide.

Together with their allies in the Socialist party, Mr Yushchenko and Ms Tymoshenko look certain to secure a parliamentary majority because the seat distribution formula gives parties entering parliament a bigger share of seats than their share of the vote.

But first they must settle their differences. The two leaders share their Orange heritage, a commitment to EU integration and scepticism about the Kremlin's intentions. Mr Yushchenko is more positive about Nato than Ms Tymoshenko. Far more important, however, are personal animosities and divisions over the economy.

Ms Tymoshenko is ready to boost welfare spending and attack big business. As prime minister she planned the reprivatisation of assets acquired by business oligarchs under the corrupt rule of Leonid Kuchma, former president. Now she is determined to renegotiate a controversial gas supply deal struck with Russia that she says is expensive.

Mr Yushchenko's policies have been less clear. As a former central banker, he espouses market-oriented reform, but in the last year he has pursued votes through public spending increases. He initiated reprivatisation, but then stopped it and now insists it must stay off the agenda. He defends the gas deal as the best Ukraine could squeeze from Russia.

The president is increasingly seen as a political pragmatist, who might prefer to work with Regions party members, if not with Mr Yanukovich himself, than establish an unworkable coalition with Ms Tymoshenko.

Moderate Orange Revolution supporters appreciate his dilemma. Inna Pidluska, president of Europe XXI Foundation, a liberal think-tank, says: "Personally, I would prefer an Orange coalition. But as an analyst, I see a coalition with shades of blue [the Yanukovich campaign colour] might be more stable."

¦The Bush administration, on the defensive globally over the consequences of its pro-democracy strategy, insisted on Monday that the result "does not mean there is a vast national repudiation of the Orange Revolution", Guy Dinmore writes from Washington.

The US was urging Ms Tymoshenko and Mr Yushchenko to form a reformist coalition, a senior State Department official told reporters. But he said the US would also work with a government that included Mr Yanukovich.

Ukraine Election Sparks Jockeying To Form Coalition (WSJ)

By Guy Chazan

The Wall Street Journal, March 28, 2006

MOSCOW -- While the top vote-getter in Ukraine's parliamentary election Sunday was the pro-Russian candidate, the real victor could turn out to be a woman who came in second place.

Yulia Tymoshenko had been languishing in the political wilderness but is now in a position to regain her old job as prime minister, a post she lost six months ago because of her fiery revolutionary rhetoric that critics said was disrupting the Ukrainian economy.

Polls had predicted Ms. Tymoshenko would come in a distant third in Sunday's election. Instead, her bloc pushed President Viktor Yushchenko's party into third place, making her the de facto leader of Ukraine's pro-Western liberals.

Joining forces with Ms. Tymoshenko and backing her as prime minister may now be the only way for Mr. Yushchenko to keep his pro-Russian rival, Viktor Yanukovych, from forming a government himself. The party of Mr. Yanukovych, a former prime minister who lost the 2004 presidential election to Mr. Yushchenko, emerged from Sunday's election with the most votes, though not enough to form a government on its own.

"Tymoshenko's in the driving seat now," said Tim Ash, a Ukraine expert at Bear Stearns in London. "It's going to be very difficult to say no to her."

Ms. Tymoshenko quickly raised the pressure on the president yesterday, demanding a quick deal to form a liberal coalition. Mr. Yushchenko said negotiations could start only once the vote count was complete.

Yet the prospect of Ms. Tymoshenko's return to government has raised worries among investors leery of her populist slogans and her embrace of state intervention while in office. In recent weeks, she has promised to renegotiate a key gas-supply deal with Russia, a move that could poison already-sour relations with Moscow.

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Such concerns have prompted many in Mr. Yushchenko's party to call for an alliance with Mr. Yanukovych instead, as the lesser of two evils. "Businessmen will do everything to make sure Tymoshenko doesn't return to government," said Katya Malofeyeva, an analyst at Renaissance Capital bank in Kiev.

In an apparent sign that Mr. Yushchenko sought to keep his options open, his office yesterday said he would hold consultations today with Mr. Yanukovych, as well as with leaders of other parties that won seats in Parliament.

But investors are worried about what damage any protracted coalition talks could wreak on Ukraine's economy. Ratings agency Standard & Poor's said a new government should be formed quickly to deal with Ukraine's problems -- slowing output growth, high inflation and worsening trade numbers.

"An indecisive government...could compromise Ukraine's creditworthiness, as would the outright failure to form a government in the first place," S&P said.

The alliance of Mr. Yushchenko and Ms. Tymoshenko was key to the success of the Orange Revolution that brought Mr. Yushchenko to power in 2004. A charismatic populist, Ms. Tymoshenko mobilized thousands of protesters to Mr. Yushchenko's cause during the mass rallies of November 2004. Her rousing rhetoric came to symbolize the revolutionary spirit that gripped Ukraine.

The two shared a modernizing agenda to bring their country closer to Western Europe and cut it free from its eastern neighbor, Russia. But their alliance quickly unraveled amid arguments over how fast and how far to push their overhauls. Ms. Tymoshenko scared Ukrainian businessmen by threatening mass reprivatizations and imposing price controls on fuel. Many of them breathed a sigh of relief when Mr. Yushchenko sacked her last September amid mutual accusations of corruption.

But she remained popular among voters who felt their president had betrayed the legacy of the Orange Revolution. Mr. Yushchenko has drawn criticism for failing to prosecute corrupt businessmen linked to the regime of his predecessor, Leonid Kuchma, or to solve high-profile crimes of the Kuchma era -- including his own poisoning during the 2004 campaign. "Sunday's result is a reward for her consistency and integrity," said Hryhory Nemyria, a newly elected lawmaker and one of Ms. Tymoshenko's advisers.

Ex-prime Minister Eyes Coalition (WT/AP)

By Vladimir Isachenkov, Associated Press

The Washington Times, March 28, 2006

KIEV -- Ukraine's fiery heroine of the 2004 Orange Revolution, Yulia Tymoshenko, called on her estranged former ally, President Viktor Yushchenko, to rejoin her in a coalition to keep the pro-Moscow candidate out of power, even though he got the most votes.

Mrs. Tymoshenko, who was fired from her post as prime minister by Mr. Yushchenko and wants the job back, insisted that a united front was the only way to protect the pro-Western and democratic ideals that formed the basis of the Orange Revolution.

But Mr. Yushchenko -- smarting from his third-place finish in Sunday's parliamentary elections -- said he is keeping his options open and will hold talks with Viktor Yanukovych, whose ballot-stuffing bid to win the presidency in 2004 triggered the protests.

Mr. Yushchenko's office said he will meet today with the heads of parties that made it to parliament in the vote, including Mr. Yanukovych.

The terse statement said the president will hold a "series of political consultations" with leaders of his Our Ukraine party, Mr. Yanukovych's Party of the Regions, Mrs. Tymoshenko's bloc and the Socialists.

The statement also cast doubt on hopes to reunite the fractured Orange Revolution forces.

Mr. Yushchenko has said he would favor an Orange coalition, but he seemed reluctant to accept the idea of Mrs. Tymoshenko returning to the No. 2 job. In firing her in September, he accused her of carrying on a behind-the-scenes struggle for power that caused the allies to implode amid accusations and recriminations.

"I have not seen the president for a long time, and we have a lot to discuss," Mrs. Tymoshenko said, adding that she thinks they can reach agreement.

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With a little more than half of the ballots counted, the Central Election Commission said the Party of the Regions received 27.4 percent of the vote, Mrs. Tymoshenko's bloc got 23.4 percent, and Mr. Yushchenko's party got about 16 percent.

Mr. Yushchenko's job was not at stake, but the newly elected parliament will have vast new powers under reforms that give it the right to name -- and dismiss -- the prime minister and much of the Cabinet. With no party getting a majority of the votes, the next step will be to form a coalition of at least 226 of the parliament's 450 seats to form the government.

The White House commended Ukraine's elections even though they were a setback for Mr. Yushchenko's Western-leaning administration.

"All indications are that this appears to be a free and fair election," White House spokesman Scott McClellan said. "I think that stands in stark contrast to what we saw in Belarus."

The re-election of President Alexander Lukashenko of Belarus on March 19, in a vote called unfair by the West, has triggered a wave of protests from opposition supporters.

US Gets In A Jam With London Mayor Over Road Toll (FT)

By Christopher Adams

Financial Times, March 28, 2006

London's mayor on Monday accused the US ambassador to the UK of behaving "like a chiselling little crook" in a spat over the embassy's refusal to pay the city's road toll.

Ken Livingstone, the famously outspoken left-wing mayor and long-standing critic of American foreign policy, delivered his latest outburst during a television interview. His assault on Robert Tuttle was prompted by the long-running dispute over the embassy's refusal to pay the congestion charge, a toll that is levied on those driving through central London during business hours.

American diplomats have refused to pay the £8 a day toll since last July, racking up many tens of thousands of pounds in unpaid charges. The embassy is believed to have about one hundred cars and fines for each day of non-payment can be as much £150 a vehicle. The embassy argues the charge is a tax and that diplomats are exempt.

Mr Livingstone, something of a stranger to diplomatic niceties, said: "It would actually be quite nice if the American ambassador in Britain could pay the charge that everybody else is paying and not actually try and skive out of it like a chiselling little crook."

Earlier, he had told reporters: "When British troops are putting their lives on the line for American foreign policy, it would be quite nice if they paid the congestion charge."

The mayor's remarks were only his latest brush with controversy. He is already appealing a decision by a disciplinary panel to suspend him from office for four weeks after he compared a Jewish journalist to a concentration camp guard. Last week he said two property tycoons with whom he has fallen out over the development of the 2012 London Olympics should "go back to Iran", though they are Indian-bron of Iraqi-Jewish parents.

He was re-admitted to Tony Blair's Labour party two years ago after being expelled for standing against its official candidate in the first London mayoral elections. A spokesman for the embassy said: "The mayor has a tendency to hyperbole. I'm not going to dignify that."

Loans, Labor And Lords Add To Trouble For Blair (USAT)

By César G. Soriano

USA Today, March 28, 2006

LONDON — A campaign-finance scandal has erupted in Britain, where investigators are looking into the possibility that secret political payments were rewarded with seats in the House of Lords.

British newspapers such as The Independent have dubbed the scandal "loans for peerages." Scotland Yard last week began investigating wealthy donors who loaned money to Prime Minister Tony Blair's Labor Party. And Parliament's Constitutional Affairs Select Committee is scheduled to hold hearings today on political fundraising in Britain.

The controversy has led some leading British publications to call for Blair to step down.

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The Conservative Party, Labor's chief rival, has also used loans to raise cash, but so far it has declined to identify the sources of its loans.

The scandal blew up after British media reported this month that Labor had accepted millions in undisclosed loans. Under mounting pressure, the party acknowledged that 12 businessmen had loaned it nearly $25 million. Four of the 12 were nominated by Blair for peerages in the House of Lords, which put them in line to become an earl, duke or baron.

Together, those four loaned $7.8 million to Labor. Party officials including Blair have denied any connection between the loans and the nominations.

The House of Lords is the upper house of Britain's Parliament, which includes the more-powerful, elected House of Commons. Lords is made up of 724 unelected members, including 92 who inherited their seats. It reviews and revises legislation passed by Commons.

British law requires political parties to disclose donations but not loans. The cash-strapped Labor Party, which is selling its headquarters in London's tony West End to help pay its debts, has not disclosed the terms of the loans from the 12 businessmen.

Among those identified: Richard Carling, owner of the celebrity hot-spot restaurant Ivy. He provided a $3.5 million loan. Gulam Noon, nicknamed the "Curry King" for popularizing Indian food in Britain, loaned Labor $438,000 and was later knighted.

Three of the four men nominated for peerages have since withdrawn their names.

When it disclosed the names last week, the Labor Party issued a statement saying, "The entire issue of party funding needed to be addressed and the system made more transparent so the public had complete confidence in it."

Damage control so far has not been effective, says House of Lords member Anthony Lester of the Liberal Democrats. Lester says the current mood among his colleagues is one of "absolute outrage. It stains the reputation of not only the House of Lords but the entire political system."

The loans affair is adding to Blair's troubles. The prime minister has been criticized for his decision to support the U.S.-led war in Iraq, a series of sex and finance scandals involving top government officials and controversial anti-terrorism legislation that was defeated by members of his own party.

"It doesn't look good for Tony Blair because he came into office in 1997 with the promise to end the sleaze of the past," says Rodney Barker, a professor of political science at the London School of Economics. "In terms of scandals, this is not very serious," he says. "But in a small and devastating way, it underlines the reputation for dishonesty that Tony Blair has had ever since he joined in the invasion of Iraq."

Calls for Blair to step aside before the expected 2009 election are growing. Blair's public approval rating is 29%, the lowest of his term, according to an Ipsos/MORI survey published March 19 in The Observer. A separate BBC Newsnight Poll published March 21 found 50% feel Blair should resign soon.

The Economist magazine this month ran a cover photo of Blair under the headline "The final days of Tony Blair." In an editorial, it said the prime minister should "quit while he's still ahead." Britain's Guardian newspaper said in an editorial last week that "he should go this year."

Meanwhile, the loans scandal has renewed calls for the country to reform or abolish the House of Lords — which was a primary part of Blair's campaign platform in 1999. "If this scandal has a silver lining, it's in the form of reformists," says James Graham of New Politics Network, an independent think tank in London that advocates a predominantly elected second chamber of Parliament to replace the House of Lords.

Lester says he would like to see a smaller, hybrid chamber made up of elected and appointed officials with a stronger system of checks and balances. That is unlikely to happen under Blair, he says. Lester adds that it's time for Blair to step aside and make way for his heir-apparent, Gordon Brown, the chancellor of the exchequer, or finance minister.

"The ultimate aim must be to tackle the profound discontent and alienation in our political system that has arisen in recent years and begin ringing in a new period of political reform," Lester says.

France Set For Strikes Over Jobs Scheme (FT)

By Martin Arnold

Financial Times, March 28, 2006

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France will be hit by widespread strikes and demonstrations on Tuesday against prime minister Dominique de Villepin's controversial youth employment law.

It will be the latest round in a battle of wills over economic reforms before next year's presidential elections.

Businesses and commuters were warned of disruption and traffic chaos as student and union leaders said Tuesday's show of force would at least match the 1.5m people they claim backed the last national "day of action" against the New Job Contract.

The crisis over the CPE, as it is known in France, has already sapped the prime minister's popularity and started to raise concerns over the economy.

Last night the interior minister Nicolas Sarkozy – Mr de Villepin's main rightwing rival for the presidency – took a fresh swipe at him over his handling of the crisis. Mr Sarkozy used a speech in Douai to criticise Mr de Villepin for not negotiating with unions before launching the CPE, which would let companies fire people aged under 26 relatively easily during a two-year trial

Mr Sarkozy said: "Social dialogue is essential for successful reform." Instead he proposed a more ambitious policy: a single contract for all ages, with phased protection according to the length of time at a company.

An Ipsos opinion poll in today's Le Monde shows 63 per cent want the prime minister to back down on labour reform. But most rightwing voters still support him, with 74 per cent of the ruling UMP party's supporters backing him to stand firm.

If the protests intensify, Mr de Villepin is expected to face growing pressure to relent from President Jacques Chirac; Mr Chirac has a record of bending to the will of "the street".

"If there are a lot of people in the streets on Tuesday, there will be no-one, even on the right, who will support de Villepin," said Olivier Gasnier, economist at Société Générale. "Everyone will be telling him to put some water in his wine and back down to stop the crisis."

The direct impact from Tuesday's work stoppages and disruption to public transport is estimated to be limited to 0.1 to 0.2 per cent of Gross Domestic Product.

But economists said a deepening crisis threatened more serious harm to the French economy, risking damage to consumer and business confidence and the country's image among foreign investors, particularly if the violence spreads to poor areas.

Some economists said that if opposition to the CPE continued to rise there could be little hope of any further reforms until after the May 2007 presidential ballot.

"Either we head into a more serious crisis, which will hit economic growth, or we abandon reform for a year. In both cases it is a failure for France," said Marc Touati, economist at Natexis Banque Populaire. He predicted the crisis will trigger a 1 per cent drop in consumer spending in March.

French Transit Workers Strike As Labor Law Protests Grow (NYT)

By Craig S. Smith

The New York Times, March 28, 2006

PARIS, March 27 — French transit workers began striking late Monday as hundreds of thousands of people across the country prepared to participate in nationwide protests against a hastily adopted new labor law.

The strikes and protests planned for Tuesday represent a test of wills, with students and trade unions demanding that the unpopular law be rescinded and the country's embattled prime minister, Dominique de Villepin, insisting that it go into effect, albeit with possible changes.

Mr. de Villepin on Monday made a new offer to meet with student and union leaders on Wednesday "to advance and get out of the current crisis." But no progress was made at an earlier meeting with union leaders, and it was not clear what the prime minister could offer that would persuade the protest leaders to back down.

The strikes that began late Monday will affect the national airline, Air France, and operations at the country's airports, as well as the national railways and subways. The postal service, banks and media organizations will also face walkouts.

The law, which would make it easy for companies to fire workers under age 26 during their first two years on the job, was an attempt by Mr. de Villepin to make France's labor laws more flexible. Anger over the law has crystallized the general malaise

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among workers of a younger generation who fear losing the job security and benefits enjoyed by their parents. It has also sharpened early competition for the presidential elections next year. Mr. de Villepin hopes to win his party's nomination.

But with the weather turning warm and the protest movement showing no signs of slowing, Mr. de Villepin's prospects for emerging from the crisis unscathed look increasingly slim. His political rivals are already positioning themselves to pick up the spoils.

Mr. de Villepin's chief nemesis within his own party, Interior Minister Nicolas Sarkozy, said at a rally in the northern industrial town of Douai that, "social dialogue is an essential condition to the success of all reform," a pointed reference to Mr. de Villepin's failure to consult unions or the public before pushing his new law through Parliament.

Meanwhile, François Hollande, the leader of France's opposition Socialist Party, repeated his calls on Monday for the law to be repealed and derided Mr. de Villepin's invitation to union and student leaders, saying he was wasting their time.

Polls indicate that the public is solidly against Mr. de Villepin, with 63 percent of those surveyed in a poll published Monday by the newspaper Le Monde saying that they disagree with his decision to press ahead with the law.

Student and union leaders are quick to point out that they have not called for a paralyzing general strike as they did in May 1968. Still, the protests have already interrupted classes at 69 of France's 84 universities, as well as at nearly a quarter of the country's 4,300 high schools.

The police are braced for a repetition of the scattered violence that has marred two earlier protests, leaving one man in a coma, and shops and cars in flames.

Many people fear that the renewed unrest could reignite the nightly arson by the country's second-generation immigrant youths. Those incidents destroyed dozens of buildings and businesses and thousands of cars last November.

On Monday, two cars were set on fire and others damaged outside a high school in St.-Denis, a suburb northeast of Paris, after dozens of youths scuffled with the police.

But the violence is not only coming from the immigrant youths; self-styled anarchists have been photographed smashing windows and setting cars on fire.

Rift Emerges Among Young Haves And Have-Nots In France (LAT)

By Sebastian Rotella

The Los Angeles Times, March 28, 2006

PARIS — With her pink-and-orange hair and pierced lower lip, Manuella Pereira considers herself a rebel standing up for fellow young people across France.

But the diminutive 17-year-old from a well-to-do suburb learned a harsh lesson about solidarity when she went to Paris last week to join a student march on the majestic esplanade of the Invalides military monument.

"A friend of mine got robbed and I got tear-gassed," said Pereira, a student at Albert Schweitzer High School in Le Raincy. In scenes recorded by television cameras, swarms of hooded, masked youths infiltrated the march Thursday in an upscale tourist district in the heart of Paris, beating and stomping the marchers, stealing their cellphones and money, and torching cars.

The mayhem recalled last year's riots in outlying, immigrant-dominated housing projects — for good reason, police say. Many of the marauders at the Invalides and in similar incidents elsewhere were not students, but unemployed dropouts from the projects, they say.

"On one side, the cars burning, and on the other, people with their families marching peacefully," Pereira said. "The [vandals] don't care about their future. They just want to perpetrate violence no matter what."

As France braces for major nationwide strikes to protest a new labor law today, an embattled government confronts two youth crises that threaten to converge with resounding impact.

One involves the students, mostly middle-class and wealthy activists whose movement has shut down high schools and universities with the kind of rowdy, but essentially nonviolent, protests to which the French are accustomed. Joined by France's powerful labor unions, the students accuse the government of endangering their future job security with proposed labor reforms.

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The second involves another world: the bleak, crime-ridden public housing projects where unemployment among young people can approach 50%. Youths there want a better future too, but they tend to express their discontent with nihilistic outbursts of arson and vandalism.

Tension between the two is evident on the streets. On Monday morning, more than a hundred vandals went on a rampage outside a high school occupied by student protesters in Saint-Denis, a tough suburb near the birthplace of the November riots, and burned cars and threw stones.

Such incidents are spreading, according to leaders of cities that bore the brunt of the riots and have been on alert for the last four months. They worry that the labor protests could set off new and potentially worse troubles.

"The same [troublemakers] as in November are reappearing, but this time in broad daylight," Deputy Mayor Jean-Christophe Lagarde of Drancy, a town just north of Paris, said in the newspaper Le Parisien.

Describing how youths outside her school had terrorized an elderly woman, smashing the windows of her car, an inexpensive compact called a Twingo, Pereira said indignantly: "That poor lady the other day had no idea what was going on. Go trash a Mercedes if you want, but not a Twingo!"

The mayhem shatters any illusions about unity among France's young people. In fact, gangs who disrupt marches and attack the protesters often feel contempt for students, whom they see as privileged and weak rich kids, a police intelligence commander said.

Police are struggling to contain the casseurs, as the roving vandals are known. The emerging crime trend breaks dangerously with previous violence that was confined to housing projects and directed mainly against property and police, said the commander, who oversees a rough area near Paris.

"There's great hostility toward the high-schoolers and the university students, a kind of social racism against the young bourgeoisie," he said. "It's serious. Ninety percent of the kids from the projects don't leave their territory to engage in that kind of activity. That's why the riots were in the projects. But here you have acquisitive, destructive violence. Like highway banditry. The idea is to rob, destroy, spread fear. It's a show of force. It has no political aspect for the moment."

There have been a few precedents. Last March, a demonstration by Paris high school students against education reforms degenerated into muggings and robberies that left dozens injured. The aggressors were gangs from outlying areas, and some told journalists and investigators that their goal was to "beat up little white kids," according to "Slums in Flames," a recent book by Charles Pelligrini, former chief of an elite detective division of the national police.

But the animosity tends to be more about social class than race. Gangs from housing projects are often a mix of youths from Arab, African and French backgrounds, experts say.

Young people realize that the political confrontation over the labor law has put them in the eye of the storm.

"The marches are a good opportunity for the casseurs to restart the same riots as in November," said Lionel Mayaula, an 18-year-old of African descent who studies economics at Albert Schweitzer High School. "I'm sure that's what will happen if it goes on like this."

Mayaula has misgivings about the protests that have paralyzed universities and high schools. He thinks the new labor law proposed by Prime Minister Dominique de Villepin could induce employers to hire young people, especially the unemployed and unskilled. The law responds to complaints that overly rigid protections prevent hiring; it creates a two-year probationary period during which employees under 26 can be dismissed without cause.

The protesters "all think they will enter working life and find a good job immediately," said the lanky Mayaula, who wore a dark blue NFL jersey under a long parka with the hood pulled up. "They seem to forget that it requires some experience to find a good job. The [law] sounds good to me for acquiring experience."

But student leaders say they are defending cherished job security against a government that does not understand the anger of French youth.

"The crisis that the country is experiencing … translates into the incidents on the edge of marches, the incidents that we all deplore," Karl Stoeckel, president of the National High School Union, said at a news conference outside the prime minister's Matignon Palace residence Saturday.

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As a shaggy-haired activist wearing a red clown nose and roller skates rolled back and forth in front of a row of riot police, Stoeckel declared that "a gulf exists between the young people and the government. It has not realized that you don't impose a future on young people — you consult them."

Police will deploy in large numbers today at marches nationwide, on alert for right- and left-wing extremists as well as street gangs. Strikes are expected to shut down schools, transit and business, bringing the country to a near-stop.

The landscape of Paris' fashionable Left Bank has turned ominous. Checkpoints, steel anti-riot barricades and police buses block historic narrow lanes and stone plazas. Riot police in body armor stand guard near the Pantheon, the National Assembly, the Eiffel Tower. Police promise they will react more quickly than they did Thursday, when they were criticized for hesitating to intervene as gangs pummeled high-schoolers with seeming impunity.

But the presence of political parties and well-disciplined unions with experienced security teams will reduce the likelihood of violence today, the police intelligence commander said. The main concern remains the housing projects, especially if protests and accompanying tension persist, he said.

"That's the big question: Will there be a contagion?" the commander said. "If the kids in the housing projects do anything, it's most likely they will express themselves in their own way and on their own territory."

Spring Fever Enlivens Politics (WSJ)

By George Melloan

The Wall Street Journal, March 28, 2006

This time it's not the disaffected Muslim youths of the banlieu rioting in France. It's the privileged students of the Sorbonne banging up cars and battling the flics.

What's to be made of this totally irrational protest by the young against a law intended to help them find jobs by allowing employers to offer two-year tryouts free of expensive labor-law requirements? For this, students should take to the streets?

In reality, as so often happens in France, naïve youths are being exploited by unions that know exactly what they are doing -- protecting a system that gives security to job-holding union members at the expense of the unemployed. Street demonstrations are the means by which French unions show government who's boss, and who plans to continue being boss.

Something else is being demonstrated as well, that democracy needs constant attention by those chosen to govern if it is to stay healthy. The French have been resorting to periodic manifestations for years, reflecting in the view of some analysts a national love affair with revolution and latent resentments of the strong powers Charles de Gaulle invested in the presidency. The current incumbent still has the powers, but near-zero popularity, which could make this a good time for the French to consider a constitutional change that would broaden and strengthen constituency representation in the French assembly.

France isn't the only mature democracy where people are taking their grievances into the streets. In the U.S., large crowds sympathetic to Latino immigrants demonstrated in Los Angeles and Chicago last week to let Congress know that passing immigrant-bashing legislation would cost a great many votes even while winning some from redneck militants. The organizers probably felt that the only way they could get the attention of Republican legislators was through loud protests. That would suggest that the Republicans in Congress aren't as well attuned as they should be to the mood of the country, not to mention the leadership of their own president.

Clearly, a distinction needs to be made between the demonstrations in France and the U.S. In France they seek to block a sensible reform. In the U.S. they seek to prevent what would be a major legislative blunder if the Congress continues to march toward the ham-fisted use of police power to resolve what essentially is a social and economic issue, not a criminal matter. Mass protests can convey a distorted impression of the broad public will, but the message in each case needs to be evaluated on its own merits. If the interests of a minority are being ignored, it's a message worth attention.

Turning to immature democracies, some American politicians are displaying impatience with the progress of nation-building in Iraq and Afghanistan, two nations that have held democratic elections with U.S. military protection and support. The world reacted with dismay last week when a unreconstructed Afghan prosecutor asked for the death penalty for Abdul Rahman, a man caught up in a child-custody battle who had converted to Christianity from Islam. This sounded like the country was reverting

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back to the vicious theocratic practices of the Taliban. But by Sunday, thanks most likely to the intercession of President Hamid Karzai, the court threw out the case and released Mr. Rahman.

In Iraq, similarly, the administration of President George W. Bush is taking flak from the Democrats for the failure of an elected legislature to agree on a new government of national unity. "We should make it very clear to them that we're only going to continue to be there if they work out a political compromise," blustered Senator Carl Levin on Fox News television Sunday. He was criticizing the more moderate comments of Secretary of State Condoleezza Rice, who had immediately preceded him in an interview with host Chris Wallace.

Ms. Rice, who has real responsibilities and by contrast to Mr. Levin has to forego bombast and idle threats, had earlier asserted that what Iraqi leaders are doing now is in fact a part of the democratic process:

"Of course, we have a stake in this, but we also have a stake in an outcome for this national government that will be stable and sustainable. And that means that they have to work through some of these difficult issues." In other words, they need to talk to each other, not to the American secretary of state.

Democracy is a continuum, not something that ends with an election. It is a process through which representatives of various constituencies and points of view work out their differences through persuasion and compromise. It ill-behooves American congressmen to lecture the elected representatives of new democracies when their own inability to come to terms on divisive issues -- such as the immigration question -- is so much on display. They would do better to try to set a better example in their conduct of the public business, rather than circling around like wrestlers in a tag-team match trying to get the upper hand in a contest that is only about power, not policy.

Public demonstrations are an exercise in freedom of expression. Police in Belarus have been trying in recent days to suppress protests against a rigged election in which Europe's last dictator, Alexander Lukashenko, had no trouble re-electing himself president earlier this month. The protestors are risking life and limb precisely because they want democracy. Afghans and Iraqis took similar risks when they ignored terrorists' threats to cast their votes.

It is a betrayal of the voters when politicians who have been given a mandate by the public fail to use it to further the public good. Democratic politics is an intricate art form, remarkable in how it carries nations forward when you consider that every individual has a unique view of what serves his own interests and the public weal. It requires each individual to subordinate his own will to the broader public interest and put at least some trust in the wisdom of those the majority chooses as leaders.

It's spring, a time when spirits rise. The great drama of politics and government is influenced by these juices, usually for the better.

Who Moved My Fromage? (NYT)

By John Tierney

The New York Times, March 28, 2006

As student protesters and workers try to paralyze France today, I don't suppose many of them are looking to America to come to their country's aid. Nor do I suppose many Americans are in the mood for a new Marshall Plan. But I have a modest proposal anyway.

Someone needs to rescue France from its self-proclaimed malaise. Close to a quarter of its young people are unemployed, but they're too busy burning cars to look for jobs. They're protesting a new policy allowing workers under age 26 to be hired for a two-year trial period during which — quelle horreur! — they could be easily fired.

This policy, intended to encourage companies to take a chance on inexperienced workers, is being denounced for producing "slave jobs." It would be "like living beneath a guillotine," said Charlotte Billaud, a Sorbonne student.

"We're not disposable — we deserve better," said another student, Aurelie Silan. "Aren't we the future of France?"

Yes, mademoiselle, you are. That's the problem. What kind of college student wants a lifetime employment guarantee for the first job out of school? France's future is a generation of students whose idea of a good career — chosen by 75 percent of them in one poll — is a government job.

The leaders of the French Revolution called for constant daring: "L'audace, l'audace, toujours l'audace." Today's street protesters have another motto: "Contre la Précarité." Against Precariousness!

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Legend has it that when Napoleon's Imperial Guard was cornered by the British at Waterloo, its leader boldly declared: "The Guard dies. It does not surrender." Today's French can't even stand up to unarmed foreigners. When French young adults were asked what globalization meant to them, half replied, "Fear."

Beneath that facade of arrogance, the French are suffering from a condition apparent to any American. They have low self-esteem. They're not feeling empowered. They need that great engine powering our economy: the American self-help industry.

The French produce great Camembert, but they haven't absorbed the wisdom of Spencer Johnson's modern classic, "Who Moved My Cheese?: An A-Mazing Way to Deal with Change in Your Work and in Your Life." They haven't heeded Donald Trump's instructional CD, "Think Like a Billionaire." They haven't mastered Stephen Covey's "Seven Habits of Highly Effective People" or Anthony Robbins's "Awaken the Giant Within."

A few French men and women have looked across the ocean for guidance — Robbins says he advised François Mitterrand — but the French masses still haven't awakened their inner giants. And they won't, unless we help them help themselves by sending over the titans of the American self-actualization movement.

This Marshall Plan B wouldn't cost American taxpayers much beyond a few French lessons, plane tickets and hotel rooms. The French might initially resent the intrusion — they have that fear of new things — but we can reassure them: there's a precedent. The U.S. government sent them the pioneer of self-help literature, Benjamin Franklin, and Paris loved him.

The only serious objection I expect is from Americans worried about our G.N.P.: Could the American economy struggle along without these gurus? But I think we're ready to go it alone, thanks to the billions of dollars of wisdom we've already stockpiled.

We've learned secrets like "Be Proactive" and "Think Win/Win" (two of Covey's seven habits). We now realize, thanks to Robbins, that "the past doesn't equal the future." We've paid $19.95 for Johnson's revelation: "Movement in a new direction helps you find new cheese."

We can afford to share this knowledge with the French. If they understood Covey's radical Win/Win theory — "Seek agreements and relationships that are mutually beneficial" — French students might not be marching today. They might wonder why they'd want to spend the rest of their lives (well, at least until they retire in their 50's) working for someone who doesn't want them around.

If the French students studied Johnson — "The quicker you let go of old cheese, the sooner you can enjoy new cheese" — they might even consider the possibility of changing jobs. We could send them French versions of Donald Trump's CD, "How to Launch a Great Career," which does not include instructions for burning cars.

Eventually we could introduce them to Trump's television show, but not right away. There's a good reason "The Apprentice" hasn't made it to French TV. For now, "You're fired" translates as "We riot."

The French In Denial (WP)

By Robert J. Samuelson

The Washington Post, March 28, 2006

To anyone who cares about Europe's future, the French demonstrations and street riots protesting the government's new labor law must be profoundly disturbing. It's the French against France -- a familiar ritual that mirrors Europe's larger predicament. Hardly anyone wants to surrender the benefits and protections of today's generous welfare state, but the fierce attachment to these costly and self-defeating programs prevents Europe from preparing for a future that, though it may be deplored, is inevitable. Actually, it's not the future; it's the present.

The dilemma of advanced democracies, including the United States, is that they've made more promises than they can keep. Their political commitments outstrip the economy's capacity to deliver. Sometimes the commitments were made dishonestly. Sometimes they were made sincerely based on foolish assumptions. Sometimes they've been overtaken by new circumstances. No matter. The dilemma is the same. To disavow past promises incites public furor; not to disavow them worsens the country's future problems.

Look at France. Its needs are plain: to assimilate a large and restless Muslim population of immigrants and their children, to pay for the rising health and pension costs of an aging society and to compete in the world economy. But its economy is

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lackluster. From 2001 to 2005, annual growth averaged only 1.6 percent. By accident and design, the French have discouraged work. In a recent study, the Organization for Economic Cooperation and Development (OECD) in Paris reported:

· From 1994 to 2003 unemployment among prime-age adults, from 25 to 54, averaged 9.9 percent; for those 15 to 25, the average was 24 percent.

· In 2003 French workers spent an average of 1,431 hours on the job, the third-lowest among 26 advanced countries. Italy (1,591 hours) was 11 percent higher; the United States (1,822 hours), 27 percent; and South Korea (2,390 hours, the highest), 67 percent.

· Among those 60 to 64, only about one in six have jobs. In the United States, the comparable figure is about one in two.

This cannot continue. In 2005 France's labor force was 2.7 times as large as its 65-and-over population; by 2020 it's projected to be only twice as large. A shrinking share of France's population -- already working short hours -- would pay an increasing share of the country's rising pension and health costs. In 2004 the average retirement age was 59. Average taxes are already about 50 percent of national income; effective marginal rates (the rates on additional income) can hit 60 percent. How much higher could these go without crushing work incentives? Sooner or later France will have to adopt policies that lower unemployment, lengthen work hours, raise retirement ages and cut promised benefits.

Probably later. Efforts to face these issues provoke protests. The present flash point is a new law that allows employers to fire young workers (those hired younger than 26) for the first two years. Of course, U.S. firms can fire workers of all ages within the bounds of union contracts and the anti-discrimination laws. But in France the Labor Code gives most full-time workers an employment contract that makes layoffs costly. Legal standards must be met. Workers can appeal to labor courts. By one study, companies lost 74 percent of those cases. All these protections perversely -- but predictably -- stifle job creation. Companies don't hire, because it's hard to fire. They don't want to be saddled with unwanted workers. That's one cause of high unemployment.

Prime Minister Dominique de Villepin's new law tries to disarm that logic. The two-year probationary period gives employers flexibility. They don't have to keep workers they don't want. The change stemmed from last fall's rioting among young Muslims and complaints about their high jobless rate. Whether the law might work as intended -- or inspire temporary two-year jobs -- is unclear. Protesters said it would make them "the Kleenex generation," to be discarded at will. Either way, the change is minor. The outsized political reaction is telling and has happened before. In the 1990s prime ministers Edouard Balladur and Alain Juppe withdrew controversial proposals in the face of mass protests.

All this bodes ill for Europe, because other countries share France's situation. Governments seem incapable of reconciling political commitments and economic realities. The street protesters are given to much make-believe -- the illusion that if they march long enough and burn enough cars, they can prevent unwanted change. The concessions that governments make to the future are usually small and slow. France is raising full eligibility for retirement benefits from 40 to 42 years of contributions; the change occurs between now and 2020. This suggests a messy process of grudging accommodations that neither placate public opinion nor improve economic vitality. Europe, which is insecure and unconfident now, will probably become more so.

Unnatural Resources: With A Big Nuclear Push, France Transforms Its Energy Equation (WSJ)

By Jeffrey Ball

The Wall Street Journal, March 28, 2006

BEAUMONT-HAGUE, France -- Tourist brochures for this peninsula of farms and stone villages tout its fresh mussels, tart cider and creamy butter. But what really distinguishes the region is another home-grown product: nuclear power.

Over the past three decades, the French government has transformed this 15-mile finger of land from a provincial backwater into one of the world's most concentrated patches of nuclear infrastructure. On an earthen pad carved from the cliffs squats a power plant with two nuclear reactors. It's expected to get a third. At the tip of the peninsula, which juts into the English Channel, sprawls a tightly guarded factory that processes spent nuclear fuel -- not just from France, but from throughout the world.

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Some in France look at this landscape and cringe. Others see it as a point of national pride. One thing is clear: It stems from one of the world's most unflinching campaigns to curb fossil-fuel consumption.

With oil dependence and global warming at the top of the international energy agenda, France's experience with nuclear energy is drawing interest from the U.S. to China. Today, France produces 78% of its electricity from nuclear power -- more than four times both the U.S. share and the world average. The policy has slashed France's dependence on foreign energy and given it one of the lowest rates of greenhouse-gas emissions in the industrialized world.

France's push hasn't been painless and isn't a panacea. The French government hatched and coddled a nuclear industry that has cost an estimated $120 billion. In doing so, the country has accepted risks. French plants have been hit by sporadic radiation leaks. Officials are now preoccupied by the possibility of terrorist attacks. Still unresolved is how to safely dispose of waste that will remain radioactive for millennia.

France, moreover, still needs a lot of oil to function. Nuclear reactors generate electricity, which accounts for only 20% of the country's energy consumption. Oil makes up 49%. Though the country burns less oil today than before its nuclear push, its oil use is creeping up because of the rising number of cars and trucks on the road.

France's experience spotlights a daunting aspect of today's energy crunch: The world will have to face hard choices long before science comes up with definitive answers. There's mounting evidence that global warming is happening and that finding big new pools of oil is getting harder. But it's not yet clear how serious global warming will be or whether petroleum is running dry. If politicians and businesses act and these concerns prove overblown, they could waste vast sums of money. If they postpone action and the facts validate today's concerns, the future choices could be a lot harder.

One recent day, Monique Prunier, tourism director for the region that includes the Beaumont-Hague plant, was pointing out how tax income from the nuclear industry has improved the area: fresh flowers in a pot outside a renovated church, ornate street lights with buried electrical lines, a sleek new indoor public swimming pool. "It's a bit like paradise," she said. "We have everything and we have it easily."

Over lunch of fish and cider at a restaurant overlooking the sea, she also conceded the costs. The cider was made by a local farmer but isn't named for the region, as is typical elsewhere in France. The name "Hague" is synonymous with nuclear power. Then she held up a tourist brochure for the region. A few weeks earlier, Ms. Prunier was in Nantes, passing out copies to drum up visitors. One man "refused to touch this paper," she recalled, shaking her head. "He thought it was radioactive."

Inside a nuclear reactor, enriched uranium is broken down in a process called fission that creates massive amounts of heat. The heat boils water into steam, which powers turbines to generate electricity. The reaction also produces plutonium, which is hugely potent; one gram of it holds as much energy as about 15 barrels of oil. After the "spent" nuclear fuel is removed from a reactor, the plutonium can be extracted and used to make a bomb.

Some nuclear reactors are better for making heat, some plutonium. To burnish its credentials as a world power, France opted for a plutonium version when its engineers designed their first reactor in the 1950s. In 1960, France detonated its first nuclear bomb.

Tackling the Problem

At the same time, France started thinking about how to harness nuclear power for electricity. The country, which has no sizeable fossil-fuel deposits of its own, was almost totally dependent on imports for its oil. To help tackle that problem, French engineers developed a reactor called a "fast breeder."

Unlike a conventional nuclear reactor, which runs on fresh, enriched uranium, a fast breeder runs on leftover uranium combined with plutonium. It was envisioned as the ultimate vehicle for a self-sustaining French energy system -- a guard against what French planners predicted would be a rise in the global price of uranium.

In 1956, French oil imports were disrupted after Egypt blocked the Suez Canal. France, along with the United Kingdom and Israel, had invaded the area following Egypt's nationalization of the waterway. In 1973, Arab countries again threatened to cut off France's supply, prompting price spikes, and France vowed never again to be laid flat by a few oil-rich countries in the Middle East. It encouraged consumers to trim energy use and it launched a massive nuclear campaign, banging out six reactors a year.

"En France, on n'a pas de pétrole, mais on a des idées ("France doesn't have oil, but it has ideas"), declared an advertisement that ran on what at the time was France's sole state-run television station.

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The campaign was carried out by two state-controlled companies: Cogema, which is now part of Areva SA, and Electricite de France, then the country's electricity monopoly. The reactors were designed by Westinghouse Electric Co., based in Monroeville, Pa., near Pittsburgh. In February, Japan's Toshiba Corp. agreed to buy Westinghouse.

"It was Pittsburgh technology. We Frenchified it," says Bernard Dupraz, an EDF senior vice president.

In the mid-1970s, the Beaumont-Hague region got two big pieces of news. The government said it would build two Westinghouse-designed reactors in Flamanville, a tiny village on its west coast. The government also said it would enlarge an existing nuclear-reprocessing plant at Beaumont-Hague to treat the spent fuel coming out of the civil reactors. Processing plants separate spent fuel into uranium and plutonium, which can be reused, and high-level nuclear waste, which has to be disposed.

To finance the expensive refitting job, France signed long-term deals with other countries -- those that didn't have the political stomach to recycle nuclear waste in their own backyards. In effect, France defrayed the cost of its own nuclear program by contracting itself out as a global nuclear-waste processor.

To French officials, the move was ingenious. France's recycling technology "was good. We needed to sell it. We needed to make money," explains Claude Gatignol, a member of the French National Assembly representing the region that includes Beaumont-Hague. "That's economic success."

The decision to reprocess nuclear waste from countries such as Germany and Japan also sparked a series of demonstrations in the late 1970s and early 1980s. "The people understood taking our own waste," but they "couldn't accept becoming the trash can for the world," says Yannick Rousselet, who participated in his first antinuclear protest in 1979 when he was 19. Today he works full time as the Beaumont-Hague region's representative for Greenpeace, the environmental advocacy group.

In return, French consumers have enjoyed some of the lowest electricity rates in Europe. Opponents of nuclear power argue that rates are low because France's nuclear industry, like that in other countries, is heavily subsidized by the government.

As the French plowed ahead, the U.S. was pulling back. The economic effects of the 1973 oil shock slowed the growth of electricity demand, leading utilities to scale back on ambitious plans to build nuclear plants. In the late 1970s, concerns that plutonium would fall into rogue hands led President Carter to clamp down on civil nuclear reprocessing. After the 1979 Three Mile Island accident, the federal government ramped up nuclear oversight, leading some utilities to conclude that the cheapest option was to mothball their reactors.

Today, the U.S. has more reactors than any other country -- nearly double the number in France -- but they provide only 19% of the nation's electricity. It's proved far harder to construct an efficient nuclear industry in the U.S., where lots of utilities compete, than in France, where the government is in control. The lack of standardization in the U.S. market has created inefficiencies and higher costs.

A Constant Worry

France's nuclear program has never suffered a major accident along the lines of the 1986 nuclear disaster near Chernobyl, Ukraine, or even a smaller incident such as Three Mile Island. Nonetheless, safety has been a constant worry.

In 1981, a serious fire at the Beaumont-Hague plant released a radioactive element into the air. After the fire, the government created local committees to monitor the operations of French energy sites.

Sixteen years later, activists including Greenpeace's Mr. Rousselet said they found radiation levels higher than typical for the region at an exposed portion of pipe carrying treated waste water from the Beaumont-Hague plant to the sea. Coming into contact with radiation in certain doses can cause cancer and other serious health problems. Normally, the pipe would be covered by the sea, which would shield the radiation. At particularly low tides, it was exposed for short periods.

Cogema's engineers had long known the pipe could be exposed but concluded that it didn't release levels of radiation into the air that exceeded legal limits or that were dangerous. Bertrand Barré, scientific adviser to the chairman of Areva, says the company's assessment was right but that failing to cover the pipe was a public-relations mistake. How much of a mistake became clear when Greenpeace called the French media, which publicized the incident widely.

Cogema sent in workers to remove calcium buildups it concluded were causing the higher readings. The cleanup dislodged this material into the water, prompting Cogema to scrub the sea floor.

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The same year, a researcher at a French university issued a study that found "some convincing evidence" that children who used beaches near the plant were more likely to get leukemia than those who didn't. That prompted the French government to order a review. In 2002, the study concluded it was impossible to link the additional incidences to either radiation or chemical releases from nuclear facilities. The government is doing further work on the part of the study dealing with chemicals.

Since the Sept. 11, 2001, attacks, France has grown increasingly protective of its nuclear industry. At the Flamanville nuclear plants, officials beefed up fire-fighting capabilities, supplementing water used to fight conventional fires with special foam designed to extinguish blazes caused by jet fuel. At the reprocessing plant, which has always been heavily guarded, the French army dispatched a unit of soldiers who stayed on site for six months. After that, the army set up a radar post at a nearby local airport.

The state-run nuclear effort sometimes placed bets that turned sour. The grandest part of France's nuclear vision -- to run plants using left over uranium instead of the fresh kind -- flamed out in the late 1990s. France had built three fast breeders for that purpose, including one called the "Super Phoenix," which cost several billion dollars. But the country decided that the Super Phoenix was unnecessary. Contrary to planners' expectations, fresh uranium remained affordable on the global market.

In recent years, amid talk of a global nuclear expansion, uranium prices have risen. Some in France think fast breeders one day may be economically viable.

Areva is now hoping to take advantage of provisions in last year's U.S. energy bill to win contracts to build a fleet of reactors in the U.S. Last month, after declaring in his January State of the Union address that the U.S. is "addicted to oil," President Bush cited the success of France's nuclear strategy. "The best way to meet our growing energy needs," he said in a radio address, "is through advances in technology."

Areva recently hired as chairman of its U.S. unit the Bush administration's newly retired energy secretary, Spencer Abraham.

Back at home, a series of public debates about a proposed new Areva reactor in Flamanville has exposed an unexpected fissure in French thinking. France, like its neighbors, faces a European Union target to produce more electricity from "renewable" sources, such as the sun and wind. Because of its nuclear reliance, France lags behind many countries, notably Germany, in solar and wind power. This has led some to question whether the country's focus on nuclear power has been a strategic mistake.

Wind farms are creating their own political storm. There's one near Beaumont-Hague with five gray turbines about 250 feet tall. On a recent afternoon, the blades weren't moving amid a still wind. Germaine DuPont, who lives with her husband and children about 380 yards away, said she wishes that were always the case. When the blades whirl, "the noise is crazy," she said, adding that she takes sleeping pills to get some rest. "It's intolerable."

The man in charge of national energy policy says France is right to continue on the nuclear course. "We were convinced that renewable energy cannot provide enough [power] and that oil is not infinite -- so you must find something else," says François Loos, the country's industry minister, sitting in his Paris office and puffing on a Cuban cigar. "Everybody makes his choice."

Serbs Admit That Officials Aided War Crimes Fugitive (WP)

By Daniel Williams And Rade Maroevic

The Washington Post, March 28, 2006

BELGRADE -- After years of denial, Serbian authorities have acknowledged in a secret report that a band of about 50 intelligence and army officials conspired to conceal the movements of war crimes fugitive Ratko Mladic and provide him refuge.

The report, delivered to the government in January, was prepared by Serbia's military intelligence agency and led to firings and other moves within the country's domestic and military spy agencies, officials say. As a result, they assert, the noose around Mladic has been tightened, although there is no indication he is prepared to give up.

"There is a written document in military intelligence," Defense Minister Zoran Stankovic said in an interview. "The findings might lead to the prosecution of certain people who were in contact with war crimes suspects.

"Those officials were removed from their posts just several months ago. That means that we have just now managed to create circumstances for more efficient and more engaged work" in making an arrest, Stankovic concluded.

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Mladic, a general, was commander of Bosnian Serb forces during the 1992-95 war in Bosnia, one of four conflicts during the breakup of Yugoslavia. Chief among the allegations against him is that he organized and oversaw the 1995 slaughter of as many as 8,000 unarmed Bosnian Muslim men and boys captured in the town of Srebrenica. Serb soldiers transported the victims to isolated spots in eastern Bosnia, killed them and buried them in mass graves.

The European Union has set a deadline for Mladic's capture or surrender by the end of March. The E.U. made membership talks for Serbia, originally planned for April 4, conditional on the delivery of Mladic to the U.N. International Criminal Tribunal for the former Yugoslavia in The Hague. The E.U. also demanded that Bosnian Serb political leader Radovan Karadzic be turned over.

U.N. war crimes prosecutor Carla del Ponte is scheduled to visit Belgrade on March 29 and then report to the E.U. on whether Serbia is being diligent in trying to capture Mladic and Karadzic. Serbia's critics in the E.U. say the government is reluctant to move aggressively against a man whom many Serbs view as a nationalist hero.

Serbian officials deny that. On Monday, Serbian President Boris Tadic told reporters in Sweden, "We have to finalize this process of collaboration with the E.U., and there is no doubt about it that we have to solve the Mladic problem."

Stankovic played down talk of a deadline but said the Serbian government, including the army, was working to locate Mladic. "You know how hard it is to locate fugitives who have committed worst crimes, terrorism, drug smuggling, even in rich countries that have incomparably better logistics and infrastructure," he said.

Stankovic said that Serbia's domestic intelligence agency was leading the search but that military intelligence and police were assisting. In January, Stankovic took direct control of army intelligence.

Also that month, police arrested two soldiers suspected of directly helping Mladic evade capture. One, Col. Jovo Djogo, is suspected of coordinating efforts to hide Mladic inside the Serb Republic, an autonomous region of Bosnia under ethnic Serb control. Djogo was a representative of the Serb Republic in Belgrade during the Bosnian war.

The other detainee, Sasa Badnjar, was a Bosnian Serb soldier who belonged to Mladic's security team during the war. He is said to have coordinated communication between the fugitive general and his sympathizers.

Serbian officials say Mladic's support network is composed of comrades from his home town in Kalinovik, Bosnia, and from the Ninth Corps of the Yugoslav army, which Mladic commanded in 1991, as well as from military intelligence of the former Yugoslav army. Some of his helpers may still be in the army or intelligence agencies, the officials say.

For years, Mladic moved around openly in Serbia. He was hosted at various military bases in the country. But in 2002, the year the Belgrade government agreed to fully cooperate with The Hague tribunal, he left the base at Gornji Milanovac, about 55 miles south of Belgrade, and disappeared.

His whereabouts since have been the subject of intense speculation. NATO peacekeeping forces and local police have mounted numerous manhunts in the area of Han Pijesak, in Serb-dominated eastern Bosnia. An extensive underground military bunker is located there.

Mladic has been spotted in a restaurant in the town of Pricevici and atop forested Cer Mountain, at the Bosnian border. Cer contains a military base, a Serbian Orthodox monastery and numerous hunting lodges. Residents of the region are known for fierce nationalism. During World War II, Serbs there put up a staunch defense against German invaders. In the postwar period, loyalists of the defunct Serbian monarchy resisted Communist rule.

Last year, the political atmosphere seemed to be ripe for Mladic's surrender after a video of the execution of six Srebrenica prisoners was broadcast in Serbia.

Rumors of Mladic's capture or surrender circulated widely in advance of the 10th anniversary of the Srebrenica killings. At the time, Serb officials said they had been negotiating with intermediaries and authorized financial help for Mladic's family if he gave himself up. The United States has offered a $5 million reward for his capture.

This week, the Belgrade daily newspaper Politika reported that investigators had interrogated 20 members who served as security guards for Mladic in the past to try to trace his whereabouts. Politika also reported that the government had "indications" that Mladic had left the country.

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Serbian officials say that a team of about 300 intelligence and military operatives is working to find the fugitive. Recently, police searched three apartments in Belgrade where reports said he had been hiding. They were described as filthy rooms filled with cigarette butts, rotten mattresses and gas camp stoves.

Some Serbian officials have gone as far as to suggest that Mladic kill himself and take the burden of capturing him off Serbia.

The recent death of wartime Yugoslav president Slobodan Milosevic in his cell outside The Hague has created new political obstacles to a surrender. Serbs who opposed sending Milosevic to trial were enraged; they would be likely to raise new objections to transferring Mladic. "Milosevic's death makes it all the more difficult for the government," said Nenad Stefanovic, news director at government-operated RTS television.

In Disgrace, And Facing Death (NYT)

By Nicholas D. Kristof

The New York Times, March 28, 2006

KHANPUR, Pakistan

Aisha Parveen will live another day. Indeed, at least another week.

Ms. Parveen, the young Pashtun woman I wrote about on Sunday, was kidnapped at the age of 14 and imprisoned in a brothel here in southeastern Pakistan for six years. She escaped in January and married the man who helped her flee, but now a Pakistani court has charged her with adultery and is threatening to hand her back to the brothel owner — even though she is adamant that he will then torture and kill her.

Ms. Parveen's court hearing was yesterday, and I was afraid that would be the end. But the court adjourned the case for one week for further investigation. And Ms. Parveen's lawyer thinks the mood is different now: the Pakistani press picked up on my column, and the attention will make judges more careful about handling her.

So the publicity may save her life, but it won't make much difference for thousands of other Aisha Parveens around the world. Asma Jahangir, the chairwoman of the Human Rights Commission of Pakistan, said she sees cases like Ms. Parveen's all the time.

"There is no such thing called justice in Pakistan," said Ms. Jahangir, a prominent lawyer in Lahore. "It has simply collapsed."

Ms. Jahangir fights heroically for poor women who have been charged — like Ms. Parveen — with zina offenses under Islamic law. Zina encompasses fornication and adultery, and accusations of zina are effective weapons against women.

Landlords often evict women tenants, for example, by accusing them of zina. Worse, women who go to the police to report rapes can be arrested for zina, because they have acknowledged illicit sex and yet usually cannot provide four male witnesses to prove that it was rape.

Even professionals like Ms. Jahangir are targeted if they confront the government. Last year, for example, the police attacked her and a group of other middle-class women demonstrating for women's rights. She says that an aide to President Pervez Musharraf gave the police instructions about her: "Teach the [expletive] a lesson. Strip her in public." Sure enough, the police ripped off her shirt.

Ms. Parveen, now living in hiding after several kidnapping attempts in the last few days, faces an even more brutal struggle. Her only stroke of luck is having her new husband, Mohamed Akram, who rescued her from the brothel, on her side. The young couple are lovebirds, and each keeps talking about being so lucky to have found the other.

But Mr. Akram, while unwavering in his love, has disgraced his family by marrying a supposedly fallen woman, and his older sister is suffering.

"My brother-in-law sent me a message: 'Unless you divorce her, I will divorce your sister,' " Mr. Akram lamented. "She has two kids. And he's also beating her now. He's very upset because I married a girl who was in a brothel, who is not a virgin."

The couple cannot seek refuge with Ms. Parveen's parents, because Pashtun parents routinely protect their family honor by killing daughters accused of zina.

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"I cannot go back there because if I do, they'll kill me," Ms. Parveen said. "In their eyes I'm dishonored, because even if a girl is kidnapped, then in their eyes she still should be killed."

Saddest of all, her story isn't newsworthy in a classic sense. There's nothing at all unusual about a young Asian woman suffering years of sexual enslavement, or judicial malpractice or murder.

And that's the challenge for us all, Asians and Americans alike — to change our worldview and put gender issues like sex trafficking higher on the global agenda.

A quarter-century ago, Jimmy Carter plucked human rights abuses from the backdrop of the international arena and put them on the agenda. Now it's time to focus on gender inequality in the developing world, for that is the greatest single source of human rights violations today.

Political dissidents tend to get the world's attention. But for every dissident who is beaten to death by government torturers somewhere in the world, thousands of ordinary women or girls die prematurely because of the effects of discrimination. In India, for example, girls 1 to 5 years old are 50 percent more likely to die than boys of the same age, because the boys are favored. That differential accounts for the death of a young Indian girl every four minutes.

Since these victims usually are voiceless, I'll give Ms. Parveen the last word so she can prick our consciences.

"God should not give daughters to poor people," she said in despair. "And if a daughter is born, God should grant her death."

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DEPARTMENT OF JUSTICE *NEWS CLIPS*

PREPARED FOR THE OFFICE OF PUBLIC AFFAIRS, US DEPARTMENT OF JUSTICE

TO: THE ATTORNEY GENERAL AND SENIOR STAFF

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TERRORISM NEWS:

Claim Of 9/11 Role Shakes Up Trial (USAT)

By Kevin Johnson
USA Today, March 28, 2006

ALEXANDRIA, Va. — Convicted al-Qaeda conspirator Zacarias Moussaoui's sentencing trial took a stunning turn Monday when Moussaoui testified that he and would-be "shoe bomber" Richard Reid were assigned to crash a jet into the White House as part of the Sept. 11, 2001, attacks on New York and Washington.

Moussaoui's disclosure contradicted his earlier statements that he had nothing to do with the 9/11 plot, and that he was to have been part of a second wave of attacks. His matter-of-fact description of his life as a terror operative who met Osama bin Laden and other top al-Qaeda leaders captivated the courtroom, and seemed to undermine his attorneys' arguments that he should not be sentenced to death.

"I believe in destiny," Moussaoui told jurors in the federal trial to determine whether he is executed or gets a life sentence. "I just speak the truth. God will take care of the rest."

Testifying over his attorneys' objections, the French citizen said he came to the USA in February 2001 to take flight lessons so he could kill Americans. Asked by Assistant U.S. Attorney Robert Spencer whether he stood by an earlier statement in which he called a video of the smoking World Trade Center site "gorgeous," Moussaoui replied, "Indeed."

Moussaoui, the only person charged in the USA in the 9/11 plot, said that when he was arrested in Minnesota on immigration charges on Aug, 16, 2001, he knew the attack date was near but was not sure when it would be. He said he also did not know who was supposed to be on his hijacking crew — other than Reid, with whom Moussaoui said he had trained in Afghanistan. In December 2001, Reid tried to ignite explosives in his shoes on a jet flying from Paris to Miami. He was convicted of terrorism and received life in prison.

Moussaoui, 37, said he lied repeatedly to investigators to allow his al-Qaeda "brothers" to go forward with the 9/11 plot. "When I saw the World Trade Center in flames" on TV, "I immediately understood," he said.

His testimony likely will be key to the government's claim that he should be executed because his lies to U.S. agents kept them from uncovering the 9/11 plot. Moussaoui's attorneys say that the government missed many clues about the plot and that Moussaoui's lies and his silence do not warrant execution.

Moussaoui's new version of his role in al-Qaeda also raised questions about his credibility. Besides Moussaoui's previous statements in which he denied any role in the attacks, his attorneys on Monday offered written testimony from Sept. 11 mastermind Khalid Shaikh Mohammed. Mohammed, captured in 2003 and held at a secret location, said Moussaoui was to have been part of a "second wave" of attacks. Mohammed said that Moussaoui did not know about the timing or the targets for Sept. 11, and that if Moussaoui had, his arrest probably would have altered the plan.

Moussaoui said he met all but three of the 9/11 hijackers in Afghanistan but said he had no contact with them in the USA. That seemed to back Mohammed's statement and a theory in the 9/11 probe: that Moussaoui was rejected for a role in the Sept. 11 attacks.

Moussaoui Says He Was To Fly 5th Plane In 9/11 Attacks (LAT)

By Richard A. Serrano
The Los Angeles Times, March 28, 2006

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ALEXANDRIA, Va. — Taking the stand over his lawyers' protests, Al Qaeda conspirator Zacarias Moussaoui declared Monday that he and Richard Reid, later arrested as the so-called shoe bomber, were slated to hijack a fifth airplane on Sept. 11, 2001, and fly it into the White House.

But Moussaoui's bombastic testimony — seriously doubted by intelligence officials — was immediately contradicted by the words of the captured Sept. 11 mastermind, Khalid Sheikh Mohammed, who said in an interrogation read aloud in court that Moussaoui was too "problematic" and unreliable to join the 19 hijackers on their suicide missions.

Mohammed instead said Moussaoui was being groomed for a second wave of attacks at a later date that included targets in California, such as the largest building in the state, the Library Tower in Los Angeles, and bridges in San Francisco and San Mateo.

He also described how the Sept. 11 plot originated in strategy sessions in Malaysia and how Al Qaeda initially planned for a half-dozen commercial airplanes to be hijacked over the Pacific Ocean in the mid- to late-1990s and then crashed into structures in "California and other western states."

The high drama in the federal courthouse came as U.S. District Judge Leonie M. Brinkema advised the jury that it likely will begin deliberations as early as Wednesday to decide whether Moussaoui, a 37-year-old Frenchman of Moroccan ancestry, was responsible for the deaths of nearly 3,000 people in the Sept. 11 attacks.

Moussaoui took the witness stand over repeated pleas by his court-appointed defense lawyers that his testimony was a reckless gambit and would make it easy for the jury to dispatch him to death row.

If jurors believed that Moussaoui was penciled in for the Sept. 11 mission, it would be easier for them to conclude that he did bear responsibility for the deaths that day. Arrested weeks before the attacks, he presumably would have known enough about the plot to head it off by cooperating with the FBI. Prosecutors argue that would make him eligible for the death penalty.

Indeed, Moussaoui often testified with a hard-edged bravado about how Americans were his enemy and he described his glee upon hearing in a Minnesota jail that the World Trade Center was under attack.

He also told with cold efficiency that he bought short-bladed knives and was preparing to use the weapons to take down a passenger or a flight attendant or anyone else who got in his way.

"You don't have to be trained to cut the throat of somebody," Moussaoui said. "It is not difficult."

But often his words and logic made him appear what his lawyers claim he is -- mentally unstable and almost delusional in his exalted view of himself as a soldier for Al Qaeda leader Osama bin Laden. His defense team hopes that the jurors will decide they cannot execute a man who is insane.

"I don't like the word proud. But I'm grateful to be a member of Al Qaeda," Moussaoui said at one point.

The account by Moussaoui diverged sharply from his statements when he pleaded guilty last April. That statement was consistent with Mohammed's account that he was to be part of a later wave of attacks targeting the White House, among other targets.

Moussaoui spoke in detail Monday about his duties as an Al Qaeda member in Afghanistan, where he said he met many of the hijackers in his capacity as a security officer at guesthouses for Al Qaeda recruits.

Moussaoui said he had only scant details of the overall plan when he was arrested Aug. 16, 2001. "I had knowledge that the two towers would be hit, but I didn't have the detail," Moussaoui said.

Asked by Gerald Zerkin, one of his court-appointed attorneys, if he was meant to be part of the Sept. 11 attacks, Moussaoui said: "I was supposed to pilot a plane to hit the White House."

Moussaoui said he was asked in 1999 if he wanted to be a suicide pilot in an attack on the United States, and he declined. But after two dreams, he changed his mind. He has previously described a dream in which he flew a plane into the White House.

Speaking calmly in halting English, Moussaoui said he didn't know the exact date of the planned attack but that he knew it would be soon after he was scheduled to complete his aviation training on Aug. 20. Instead, suspicious flight instructors alerted the FBI and Moussaoui was arrested.

Of his crew members on the supposed fifth plane, "one definitely was Richard Reid. As for the others, it was not definite," he said.

On Dec. 22, 2001, Reid tried to detonate a bomb in his shoe on a flight from Paris to Miami with 197 people on board. Passengers subdued him and the plane was diverted to Boston, where it landed safely.

The government and Mohammed, whose statement to interrogators was summarized in 58 pages read to the jury, agree that Moussaoui was not the so-called 20th hijacker -- the missing man on the four-hijacker plane that went down over a Pennsylvania farm field.

When Moussaoui pleaded guilty, he described himself then only obliquely as someone who was to crash a plane into the White House at a date he did not reveal. Then on Monday, facing the jury from the witness box, he filled in those details.

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Dressed in his dark green prison jumpsuit and white religious cap, often stroking his long black beard and sipping from a cup of water, he refrained from the speeches and tirades that have marked his past courtroom behavior.

He concisely answered questions and often was quite polite, except when he refused to respond to the lead prosecutor who wished him a "good morning."

But the measure of the man -- the only Al Qaeda terrorist to stand trial for Sept. 11 in this country -- was also borne out by the presence of six large male deputy marshals who stood around Moussaoui as he testified, their eyes focused on his every move.

He also declined to raise his hand and take the oath before testifying, instead simply telling the judge "yes I can" when she asked if he could tell the truth.

He testified that he knew that Mohamed Atta, the hijacker's team leader, was also in this country and that the twin towers were to be hit. But he said his role was to be different that morning.

"I was supposed to pilot a plane into the White House," he said.

Moussaoui and Reid, part of the supposed crew, had both attended the Finsbury Park mosque in London, a hotbed of Muslim extremism there. But there has been no evidence to date that Reid was in the United States in the middle of August 2001, when Moussaoui was arrested in Minnesota for overstaying his visa.

Nevertheless, Moussaoui testified that he was instructed both by Bin Laden and Atta to fly a fifth plane and to crash it into the White House. Although he said he had been given no specific date, he believed it was to be the morning of Sept. 11.

He further admitted that he lied to FBI agents when arrested in Minnesota, a key point for the government. Moussaoui said he would not cooperate because "I wanted my mission to go ahead."

"I knew it would happen after August, so I bought a radio and I was listening," he said. "On the radio they said there was a fire in the World Trade Center. Then somebody put the TV on and I saw the World Trade Center in flames.

"I immediately understood."

Moussaoui was cross-examined by lead prosecutor Robert Spencer, who asked him about his reaction to the loss of nearly 3,000 lives that day.

"You are Americans, and I consider every American to be my enemy," he said.

Spencer reminded him how he once wrote the judge in a sealed letter that he heard that one of the attendants on United Airlines Flight 93 had screamed "I don't want to die" before it crashed in western Pennsylvania.

Were you happy she died? Spencer asked.

"I didn't have any feelings," he said.

Moussaoui was ambiguous when asked whether a death sentence would make him an Al Qaeda martyr. Other juries in past terrorism cases have given defendants life rather than death for that reason.

"I'm not concerned with the death penalty. I don't believe you have, or the government, or the jury will have anything to say about my death."

He added: "I believe in destiny."

Moussaoui, Undermining Case, Now Ties Himself To 9/11 Plot (NYT)

By Neil A. Lewis

The New York Times, March 28, 2006

ALEXANDRIA, Va., March 27 — Zacarias Moussaoui, who is facing the death penalty for the Sept. 11, 2001, terrorist attacks, took the witness stand in his own defense Monday, only to bolster the government's case by unhesitatingly acknowledging the charges in the indictment against him and adding a few new, self-incriminating statements.

Mr. Moussaoui said he knew in advance of Al Qaeda's plans to fly jetliners into the World Trade Center and asserted that his role on that day was to have been to fly another plane into the White House. He said he was to have been accompanied on the suicidal mission by Richard C. Reid, the so-called shoe bomber who was convicted in a separate failed effort to blow up a plane in flight.

Although Mr. Moussaoui had said over the last few years that he was a member of Al Qaeda and was learning to fly a plane to participate in some "second wave" of terrorist attacks, until now he had always insisted that he knew little of the plot for the attacks and vowed to fight the death penalty to the last of his strength.

But when he began his long-awaited testimony on Monday, he offered a lengthy description of a far deeper involvement with Al Qaeda and its plots. Not only was he a member of the terror network, he told the jury, he also said that he knew most of the Sept. 11 hijackers, admitted that he lied to investigators about his knowledge of their plot when he was arrested on immigration violations three weeks before the attacks on New York and the Pentagon, and recounted that he was ecstatic when, behind bars, he heard the news of the attacks on a radio he had bought for that purpose.

Before the day was over, the jury also had the extraordinary experience of hearing a reading of testimony taken in a deposition from Khalid Sheikh Mohammed, who is said to have organized the Sept. 11 attacks and is being held somewhere in the secret overseas detention system of the Central Intelligence Agency.

That deposition, in which Mr. Mohammed answered questions agreed to by prosecutors and defense lawyers, seemed to contradict Mr. Moussaoui's assertion that he was meant to be a pilot on Sept. 11.

Mr. Mohammed portrayed Mr. Moussaoui as a fringe figure who might have been used in a second wave of attacks if needed.

For more than an hour, Michael Nachmanoff, a public defender, recited Mr. Mohammed's answers in what resembled an oddly disembodied literary reading. Mr. Nachmanoff read out testimony that any planning for a second wave of attacks "was only in the most preliminary stages" and that targets had not even been selected.

But while that might seem to contradict Mr. Moussaoui's version of events, the defendant's first-person account, painting his own role in bold brushstrokes, was the day's main event.

When one of Mr. Moussaoui's court-appointed lawyers asked if he was to have been the so-called 20th hijacker — a member of the team on the plane that crashed in Pennsylvania, with only four hijackers aboard, while the planes that hit the Pentagon and the World Trade Center had teams of five — he replied, "No, I was not to be a fifth hijacker."

But, he continued, "I was supposed to fly a plane into the White House."

In addition to the other four planes? asked his lawyer, Gerald T. Zerkin.

"That's correct," Mr. Moussaoui answered.

He also asserted, for the first time, that one of his team members was to have been Mr. Reid, a British convert to Islam who was arrested on Dec. 22, 2001, while trying to detonate an explosive device in his shoe during a flight from Paris to Miami. Previous investigations have provided no evidence of Mr. Reid's involvement in any other plots, or any efforts to enter the United States in the summer of 2001.

When Robert J. Spencer, the chief prosecutor, had his turn, Mr. Moussaoui agreed with just about every incriminating question.

Mr. Spencer asked if the reason Mr. Moussaoui had lied to the F.B.I. agent who questioned him in Minneapolis on Aug. 16 was "so you could allow the operation to go forward."

"That is correct," Mr. Moussaoui replied.

After his arrest, was he looking forward to news of the attacks?

"Yes, you could say that," Mr. Moussaoui said calmly.

He used the phrase "that is correct" dozens of times as the prosecutor led him through the facts presented in the indictment.

It was correct, Mr. Moussaoui said, that he knew hijackers were in the United States for some imminent mission that involved flying planes into buildings.

Was his reason for hoping to fly a plane into the White House to kill Americans?

"That is correct," he said.

Mr. Moussaoui, who has been truculent through proceedings in the past three years and whose outbursts have drawn rebukes from the judge, spoke calmly with a heavy French accent, leaning forward in the witness chair, sometimes casually holding out an empty cup for a marshal to fill with water.

He seemed testy only when being questioned by his own lawyer, who tried with little success to elicit replies that would help his case.

Mr. Moussaoui's testimony even undercut one of the pillars of the defense his lawyers had laid out for him, that he did not know any of the 19 hijackers who died on Sept. 11. As Mr. Spencer showed him their photos, Mr. Moussaoui said he knew 17 of them from the days he helped run a Qaeda guesthouse in Afghanistan.

Mr. Moussaoui, a 37-year-old Frenchman of Moroccan heritage, has already pleaded guilty to six conspiracy counts in connection with the Sept. 11 attacks. The sole question before the jury here is whether he should be executed or spend the rest of his life in jail.

The Justice Department has argued that he should pay with his life because had he not lied, the Federal Bureau of Investigation and the Federal Aviation Administration would have moved swiftly to thwart the plot.

The defense may complete its case by Tuesday, and Judge Leonie M. Brinkema told the jurors they might get to deliberate as early as Wednesday. Under the federal death penalty law, the jury must first consider whether Mr. Moussaoui's actions caused some deaths on Sept. 11. If they decide unanimously that his actions did, they move to another phase to consider whether the death penalty is appropriate.

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Mr. Moussaoui's court-appointed lawyers, with whom he does not speak, almost certainly did not want him to testify as he did. But under the law they had no power to prevent him from doing so.

Until Mr. Moussaoui took the stand, the momentum seemed to be with the defense, which had contended that he was a fringe figure in Al Qaeda whose leaders held him in low regard.

Moreover, the government's case had been plagued by problems. After the disclosure that a government transportation lawyer had improperly coached some aviation security witnesses, the testimony of two other witnesses about how the F.B.I. handled investigative leads before Sept. 11 raised as many questions over the government's performance as it did about Mr. Moussaoui's culpability.

In addition to having served as the government's star witness, Mr. Moussaoui acknowledged to Mr. Spencer the depth of his hatred of Americans before a jury that is to decide whether he lives or dies.

He agreed that he rejoiced in the death of nearly 3,000 people on Sept. 11 and that in August 2002, he wrote that he described a tape recording of a female flight attendant pleading for her life aboard one of the planes as "gorgeous."

Moussaoui Says He Was To Fly 5th Plane (WP)

By Jerry Markon And Timothy Dwyer

The Washington Post, March 28, 2006

Zacarias Moussaoui took the stand at his death penalty trial yesterday and declared that he was supposed to hijack a fifth airplane on Sept. 11, 2001, and crash it into the White House in the terrorist attacks that killed nearly 3,000 people.

The al-Qaeda operative said his role was to head a five-man crew that included Richard Reid, the British citizen who later tried to set off explosives in his shoes aboard a transatlantic flight. Moussaoui said that his orders came from Osama bin Laden and that his plan was foiled by his arrest in August 2001.

"I was supposed to pilot a plane to hit the White House," Moussaoui told a riveted federal courtroom in Alexandria. "I only knew about the two planes of the World Trade Center in addition to my own plane."

His words were as stunning as the way in which he delivered them. When he pleaded guilty to conspiring with al-Qaeda last year, Moussaoui denied involvement in Sept. 11 and insisted that he was to be part of a second wave of attacks. He then launched into one of his rambling courtroom outbursts, ending it by screaming, "God curse America!"

The familiar Moussaoui was gone yesterday. In his place was a hardened terrorist operative who spoke calmly and methodically, looking straight at his questioners as he voiced his hatred for the nation that had put him on trial for his life. "I consider every American to be my enemy," Moussaoui, 37, said as jurors leaned forward in their seats. "For me, every American is going to want my death because I want their death."

The extraordinary spectacle of an admitted al-Qaeda member testifying about the deadliest terrorist attack in American history was later matched by something equally unusual. Defense lawyers read into the record evidence gathered in the United States' secret and controversial detention system, telling jurors what Khalid Sheik Mohammed, a key planner of Sept. 11, would have said had he taken the stand.

And Mohammed's words, given to interrogators at the undisclosed location where he is being held, contradicted Moussaoui's testimony.

He said Moussaoui had been slated for a second wave of attacks that would have included targets not hit on Sept. 11, such as the White House and the Sears Tower in Chicago. Mohammed noted that the Sept. 11 attacks on the Twin Towers and the Pentagon proceeded on schedule despite Moussaoui's arrest while taking flying lessons in Minnesota.

Even if Moussaoui's precise role is never certain, what was clear yesterday was the damage that his testimony, given over the strenuous objections of his lawyers, had done to his defense. Under cross-examination by Assistant U.S. Attorney Robert A. Spencer, Moussaoui admitted to the government's primary argument for his execution -- that he lied to the FBI after his arrest to allow the Sept. 11 attacks to go forward.

Moussaoui acknowledged that he did not know the exact date of the attacks but that he knew they were to take place just after August. He learned of the attacks while listening to the radio while in jail in Minnesota, and "I immediately understood," he testified.

Moussaoui said he lied "because I wanted my mission to go ahead," adding that he "never told them anything about the operation."

"You hid that from them. You concealed it, right?" Spencer asked.

"Indeed," Moussaoui replied.

Legal experts said those admissions, combined with Moussaoui's chilling demeanor in court, probably would resonate with the jury, which is expected to begin deliberating this week on whether he is eligible for the death penalty. If jurors found him eligible, a second phase of the hearing would determine whether Moussaoui should be executed.

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"It sounds like he's toast," said Eric Muller, a former federal prosecutor who teaches at the University of North Carolina. "The prosecution's best hope was to make him appear scary rather than crazy. It sounds like he was really scary."

Brian Jenkins, a terrorism expert who is senior adviser to the president of the Rand Corp., said Moussaoui "has destroyed much of his defense. He has gone as far as he possibly can to make the prosecution's case."

That case had appeared troubled only days ago. Prosecutors were embarrassed by the misconduct of a government lawyer, Carla J. Martin, who improperly coached witnesses. Moussaoui's attorneys unearthed government documents that showed in new detail how the FBI had ignored repeated warnings from its own agents that Moussaoui was a terrorist who wanted to hijack an airplane.

Before Moussaoui took the stand, his attorneys, with whom he does not speak, tried to block his testimony. One, Gerald T. Zerkin, said Moussaoui does not recognize the court's authority and, "as an al-Qaeda member, he believes it is okay to lie."

But prosecutors urged U.S. District Judge Leonie M. Brinkema to let him speak. Brinkema agreed, acknowledging that Moussaoui "had expressed his disdain of the United States" but had promised to behave in court.

Asked by a court clerk to raise his right hand and promise to tell the truth, Moussaoui stood motionless. He then told Brinkema he understood that he was required to speak truthfully, and he was allowed to take the stand.

From that moment on, Moussaoui was intense but controlled, often leaning forward on both forearms so close to the microphone that his lips brushed against it. He was silent when Spencer said "good morning" but answered questions from both sides politely and even apologized for "making a speech."

In a thick French accent, he matter-of-factly explained the great pleasure he derived from the deaths of so many Americans on Sept. 11. At one point, Spencer whipped out one of the numerous handwritten motions Moussaoui had written from jail when he was representing himself earlier in the case. The motion said the 19 hijackers should be "blessed" by Allah.

"You still believe that?" Spencer asked.

"One hundred percent," Moussaoui replied.

Minutes earlier, Moussaoui testified that he had bought two small knives in Oklahoma and was prepared to use them to cut the throat of a passenger or flight attendant on the plane he hijacked. "To cut the throat of somebody is not difficult," he said, explaining that he did not need training to do it.

The French citizen even injected a bit of humor, poking fun at the perception by many Americans that he was intended to be the "20th hijacker," which refers to the fact that the hijacked plane that crashed in Pennsylvania had only four crew members instead of five. Asked by Zerkin why he had signed his guilty plea as "the 20th hijacker," Moussaoui replied: "Because everybody used to refer to me as the 20th hijacker, and it was a bit of fun." He said he was not meant to be on that plane.

Moussaoui said he initially declined to take part in the Sept. 11 plot when he was first asked by senior al-Qaeda leaders in 1999 while he was managing a guest house for bin Laden's organization in Afghanistan.

He changed his mind, he said, after dreaming about crashing a plane into the White House. He mentioned the dream to bin Laden, who sent a senior lieutenant to tell Moussaoui to get flight training in the United States.

By the summer of 2001, Moussaoui said, he knew other hijackers were in the United States, but he had no contact with them here. He identified most of the 19 hijackers when prosecutors flashed their pictures on a screen, saying he knew them from his time in Afghanistan.

His own hijacking cell, Moussaoui said, was to include Reid, who later pleaded guilty to trying to blow up a Paris-to-Miami flight by igniting his shoes. Reid, who pledged loyalty to bin Laden when he was sentenced to life in prison in 2003, once worshiped with Moussaoui at a London mosque.

Moussaoui testified repeatedly that he views himself as being at war with the United States. Asked by Zerkin whether a death sentence would make him a martyr, he said: "I believe in destiny. . . . What I'm doing now is just to speak the truth, and God will take care of the rest."

Moussaoui: White House Was My 9/11 Target (CNN)

By Phil Hirschkorn

CNN.com, March 28, 2006

Al Qaeda conspirator takes stand against his lawyers' wishes

ALEXANDRIA, Virginia (CNN) -- Al Qaeda conspirator Zacarias Moussaoui told a stunned courtroom Monday that he and would-be shoe bomber Richard Reid were supposed to hijack a fifth plane on September 11, 2001, and crash it into the White House.

In a day of startling revelations, an unrepentant Moussaoui also said for the first time that he knew about al Qaeda's plot to hijack planes and fly them into the twin towers of the World Trade Center.

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Under cross-examination, Moussaoui said he rejoiced at seeing the smoldering rubble and hearing a recording of a doomed flight attendant begging for her life.

Moussaoui explained to jurors why he doesn't trust his defense team: "I consider every American my enemy." (Watch details of Moussaoui's testimony -- 2:14)

Moussaoui's boldest revelations focused on the 9/11 plot, his role, and what he knew in advance of the terrorist attacks.

"I had knowledge that the two towers would be hit, but I did not have the details," Moussaoui told jurors.

Moussaoui said that while he didn't know the "precise date to the day" of the planned terrorist attacks, he knew they would come soon after his arrest in August 2001 in Minnesota. He said he made sure he had a radio in his jail cell.

When the first news reports on September 11 described a fire at the trade center, Moussaoui said, "I immediately understood.'"It is smoking good'

Three days later, as he was flown from a Minnesota jail to New York, Moussaoui said he saw the trade center ruins and told the federal marshals transporting him: "It is smoking good."

Moussaoui testified that had he not been arrested he would have tried to fly into the White House on a fifth hijacked plane.

That claim was contradicted by alleged September 11 architect Khalid Shaikh Mohammed, whose testimony was read from a written interrogation summary.

Mohammed said Moussaoui "was never slated to be a 9/11 operative" and the sequel was on the "back burner."

Moussaoui identified Reid as one of his team members. Both men lived in London in the 1990s and attended the Finsbury Park mosque, reportedly an al Qaeda recruiting hub.

Reid was subdued by passengers in December 2001 when he attempted to set off a bomb in his shoe on board an American Airlines flight from Paris to Miami. The plane was diverted to Boston, where it landed safely and Reid was arrested. He is serving a life prison term.

Reid has written Moussaoui at least once during their incarceration.

The courtroom was packed and silent as Moussaoui took the stand against the wishes of his lawyers. Four 9/11 family members occupied the courtroom's third row and the jurors sat at attention, their pens and notepads poised.

There were no dramatic outbursts and no speeches. But by the time he stepped down three hours later, Moussaoui seemed to have undone more than four years of work by his defense team. No remorse

Under cross examination, Moussaoui repeatedly expressed no remorse for what happened on September 11.

Referring to Moussaoui's glimpse of trade center rubble, prosecutor Rob Spencer asked, "You were happy that happened?"

"That's correct," Moussaoui said.

Moussaoui also said he had "rejoiced" at hearing a United Flight 93 attendant beg for her life on a recovered flight recorder.

Earlier, under questioning by one of his attorneys, Gerald Zerkin, Moussaoui dispelled the idea that he was intended to be the 20th hijacker -- the missing fifth man on Flight 93, which crashed in a Pennsylvania field.

Moussaoui admitted his "dream," sanctioned by al Qaeda leader Osama bin Laden, to crash a plane into the White House, when he pleaded guilty 11 months ago to joining the conspiracy. But at that time, he said the White House attack was to follow 9/11.

He testified that his knowledge of the conspiracy was compartmentalized and that he had "specific involvement only for my own plane."

Prosecutors contend that Moussaoui, 37, a French citizen of Moroccan heritage, deserves to die. Had he not lied after his arrest, they contend, investigators could have uncovered the September 11 conspiracy.

Asked by his lawyer why he lied, Moussaoui replied, "Because I am al Qaeda."'You're allowed to lie for jihad'

"The Prophet says, 'war is deceit,' " Moussaoui later told prosecutor Robert Spencer. "You're allowed to lie for jihad. You're allowed any technique to defeat your enemy."

After Moussaoui's testimony, the defense introduced the statements from Mohammed.

Moussaoui was a "problem from the start," Mohammed said. He eventually ordered plot coordinator Ramzi Binalshibh to wire Moussaoui money for flight school and cut off ties.

Moussaoui had a hard time following instructions and was "lax with operational security," sending too many e-mails and making too many phone calls, according to Mohammed's testimony.

The potential targets for the second wave of attacks -- the White House, the Sears Tower in Chicago, Illinois, the U.S. Bank Tower in Los Angeles, California -- were not even finalized, he said.

The only question for the jury is whether Moussaoui will be put to death or spend the rest of his life in prison.

To condemn him to death, jurors must agree that he committed an act that contributed to at least one of the 2,793 deaths on September 11.

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Prosecutors contend Moussaoui's lies to federal agents who arrested him in mid-August 2001 after he aroused suspicions at a Minnesota flight school furthered the conspiracy.

"I believe in destiny," Moussaoui told jurors. "I just have to speak the truth, and God will take care of the rest."

Moussaoui Testimony Stuns Court (MINNST)

By Greg Gordon, Star Tribune

Minneapolis Star Tribune, March 28, 2006

He said he was training to fly a fifth plane into the White House. The 9/11 mastermind, however, has said Zacarias Moussaoui was never considered to be one of the pilots.

ALEXANDRIA, VA. - Testifying over his lawyers' objections, Zacarias Moussaoui calmly told a stunned courtroom Monday that he had been training to be part of the Sept. 11 operation and knew Al-Qaida planned to crash two U.S. jetliners into the World Trade Center.

The confessed Al-Qaida conspirator's nearly three hours of riveting testimony, including his acknowledgment that he was prepared, "if necessary," to slit the throat of a pilot or flight attendant, could prove pivotal as a jury decides whether he should be executed.

Moussaoui said that when he was arrested in Minnesota in August 2001, he was training to fly a fifth hijacked plane into the White House with a crew that would have included Richard Reid, a man later convicted of attempting an in-flight shoe bombing. Moussaoui admitted that he lied to interrogators so as "not to compromise" the deadliest terror attack in U.S. history.

But Moussaoui's court-appointed defense lawyers unveiled a sharply contrasting picture of the defendant, reading into the record the first public statements by Khalid Sheikh Mohammed, the admitted mastermind of the Sept. 11 attacks, since his capture in Pakistan three years ago.

In the declassified summary of his statements to U.S. interrogators, Sheikh Mohammed offered startling new details of the planning of the deadliest terror attack in U.S. history, describing a simple operation to "wake the American people up."

He said Moussaoui was never considered to be one of the Sept. 11 pilots and was being groomed for a follow-on attack on the West Coast that might have included flying a plane into San Francisco's Golden Gate Bridge or the San Mateo Bridge. Sheikh Mohammed repeatedly expressed doubts about Moussaoui's reliability and said he tried to cut him out altogether on at least two occasions.

It was the most dramatic day of testimony in a three-week-old trial filled with tumult. Jurors, who scribbled notes as Moussaoui further implicated himself, now must sort out the conflicting portraits in determining whether he should be put to death for what he didn't tell interrogators while jailed in Minnesota.

U.S. District Judge Leonie Brinkema said she expects the first phase of the trial -- to determine whether Moussaoui is eligible for the death penalty -- to go to the jury as early as Wednesday.

If the 37-year-old Frenchman of Moroccan origin is found eligible, both sides will present evidence of aggravating and mitigating factors in a second phase to determine whether he is sentenced to death or life in prison without parole.

On the witness stand

Moussaoui was granted his request to testify after defense lawyer Gerald Zerkin argued that he was incompetent to do so. Brinkema said she recognized Moussaoui's constitutional right to testify.

Moussaoui, in his green prison jump suit and white knit hat, sat hunched over in the witness chair with a phalanx of federal marshals a few feet away.

Stating his name as "Zacarias Moussaoui Ibn Omar al-Saharawi," he answered questions softly, but with precision.

During an awkward, 30-minute direct examination, Zerkin asked Moussaoui why he signed his name as "20th hijacker" in pleading guilty last year.

"Why not?" Moussaoui replied in heavily accented English. "Everybody referred to me as the 20th hijacker. It was a bit of fun, that's all."

He then told Zerkin that he was not the 20th hijacker. But when asked if he was part of the Sept. 11 operation, he responded: "I was supposed to pilot a plane into the White House."

Asked what he knew about the operation, he said, "I only knew about the two planes [hitting] the World Trade Center."

During cross examination, chief prosecutor Robert Spencer asked him: "The reason you wanted to fly the plane into the White House is to kill Americans?"

"That's correct," Moussaoui said.

Moussaoui said he knew when he was arrested that other Al-Qaida operatives were in the United States. He said he had met or seen some of the Sept. 11 hijackers in Afghanistan.

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He said he spent 3½ to four years in Al-Qaida training camps in Afghanistan, where he ran a guest house, served as a driver for key operatives and mingled at times with Osama bin Laden and Al-Qaida operations chief, Muhammad Atef.

In the winter of 1999, he said, he participated in a high-level brainstorming session about why truck bombs had failed to knock down the World Trade Center.

But Moussaoui acknowledged that he got in trouble with higher ups when he traveled to Malaysia, spurned taking flight lessons at a school in Kuala Lampur and got too aggressive in urging local operatives to buy chemicals to make truck bombs and to kidnap businessmen. Moussaoui said he ultimately apologized and was reinstated.

Moussaoui said he bought a radio while in the Sherburne County jail in Minnesota so he could hear news accounts when the attack occurred.

Asked if he stood by his comment, in a 2002 jail cell court filing, that the Sept. 11 attacks were "gorgeous," he replied: "Indeed."

Moussaoui also acknowledged that while he had trouble flying the "small planes" on which he trained in Oklahoma without getting a pilot's license, he was confident he could have flown a 747-400 jumbo jet. He was on the verge of taking his first lesson in a 747 simulator when he was arrested in the Twin Cities.

Asked repeatedly about whether he wanted to be a martyr, Moussaoui said, "I believe in destiny. I believe that ... I just have to speak the truth and God will take care of the rest."

Sheikh Mohammed's view

Sheikh Mohammed's account detailed a seven-year evolution of the Sept. 11 plot, which he traced to a 1994 plan to blow up 10 U.S. jetliners over the Pacific Ocean. Ultimately, he said, 34 Al-Qaida leaders and operatives, including Bin Laden, participated in the Sept. 11 plot targeted the Pentagon, the U.S. Capitol and the Trade Center.

He described the training of 10 of the "muscle hijackers." Each had been directed to butcher a sheep and camel with Swiss army knives "to prepare them to storm the cockpit the first time the door opened."

He said Moussaoui didn't fit into the initial wave, because he wanted all of the hijackers to be Middle Eastern in hopes he could use Europeans for the follow-on attack amid tightened security.

But Moussaoui did not follow his edicts about "operational security," Sheikh Mohammed said, violating his order not to talk about flight training by sending him an e-mail detailing his training efforts after arriving in the United States.

Sheikh Mohammed "did not want to deal with Moussaoui any longer," he said. After Moussaoui made eight phone calls to Germany-based financial conduit Ramzi Binalshibh, he told interrogators, he instructed Binalshibh "to drop contact with Moussaoui."

Greg Gordon is a correspondent in the Star Tribune Washington Bureau.

Moussaoui Cites 5th Jetliner Plot (WT/AP)

By Matthew Barakat, Associated Press

The Washington Times, March 28, 2006

Al Qaeda conspirator Zacarias Moussaoui testified yesterday that he and would-be shoe bomber Richard C. Reid were supposed to hijack a fifth airplane on September 11 and fly it into the White House.

Moussaoui's testimony on his own behalf stunned the Alexandria courtroom as his account was in stark contrast to his previous statements.

He told the court that he knew the World Trade Center attack was imminent and that he lied to investigators when arrested in August 2001 because he wanted it to happen.

"You lied because you wanted to conceal that you were a member of al Qaeda?" prosecutor Rob Spencer asked.

"That's correct," Moussaoui said.

"You lied so the plan could go forward?" Mr. Spencer asked.

"That's correct," Moussaoui said.

The exchange could be key to the government's case that the September 11 attacks might have been averted had Moussaoui been more cooperative after his arrest.

Moussaoui told the court that he knew the attacks were to occur some time after August 2001 and bought a radio so he could hear them unfold.

Specifically, he said he knew the World Trade Center was going to be attacked.

"I had knowledge that the Twin Towers would be hit," Moussaoui said. "I didn't know the details of this."

Nineteen men pulled off the attacks in New York, a Washington suburb and a Pennsylvania field in the worst act of terrorism on U.S. soil.

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Asked by his attorney why he signed his guilty plea in April as "the 20th hijacker," Moussaoui replied, "Because everybody used to refer to me as the 20th hijacker, and it was a bit of fun."

Moussaoui denied he was to have been a fifth hijacker on United Airlines Flight 93, which four al Qaeda hijackers flew into a Pennsylvania field on September 11 -- the so-called missing 20th hijacker. The intended target in that attack remains a mystery.

Moussaoui said he was part of the September 11 operation and ordered to pilot a fifth jetliner into the White House. He said Reid was the only person he knew for sure would have been on that mission, but others were discussed.

On Dec. 22, 2001, Reid was subdued by passengers when he attempted to detonate a bomb in his shoe aboard an American Airlines flight from Paris to Miami. He pleaded guilty in October 2002 to trying to blow up Flight 63 and was sentenced to life in prison.

But the jury also heard the mastermind of the September 11 attacks, Khalid Shaikh Mohammed, now in U.S. custody, repeatedly state that Moussaoui was to be a part of a second wave of attacks unrelated to September 11. In a 58-page statement read to jurors, Mohammed said he only wanted Middle Easterners for September 11, so that Europeans like Moussaoui stood a better chance of mounting a subsequent attack after security was increased.

Moussaoui testified that at one point he was excluded from September 11 pre-hijacking operations because he had gotten in trouble with his al Qaeda superiors on a 2000 trip to Malaysia. He said it was only after he was called back to Afghanistan and talked with al Qaeda leader Osama bin Laden that he was approved again for the operations.

Prosecutors argue that Moussaoui, a French citizen, thwarted a prime opportunity to track down the September 11 hijackers and possibly unravel the plot when he lied after his arrest.

Had Moussaoui confessed, the FBI could have pursued leads that would have led them to most of the hijackers, government witnesses have testified.

To win the death penalty, prosecutors must first prove that Moussaoui's actions -- specifically, his lies -- were directly responsible for at least one death on September 11. If they fail, Moussaoui would get life in prison.

Mr. Spencer tried but failed to counter one of the defense's opening day arguments. Defense attorney Edward MacMahon had told the jury that Moussaoui wanted martyrdom and that the only way he could achieve that would be if the jury gave him the death penalty.

Three times, Mr. Spencer asked Moussaoui a version of this question: "If you get the death penalty, you are not a martyr?"

"It's more complex," Moussaoui said. "It depends."

"Depends on what?" Mr. Spencer asked.

"If you have fought to the best of your ability," Moussaoui said.

Moussaoui Says He, Reid Planned To Attack White House (Update4) (BLOOM)

By Bill Arthur Nadine Elsibai

Bloomberg, March 28, 2006

March 27 (Bloomberg) -- Zacarias Moussaoui testified that he and would-be shoe bomber Richard Reid planned to hijack a jetliner and fly it into the White House on the day of the Sept. 11 attacks.

``Before your arrest, were you scheduled to be a pilot in an operation run on Sept. 11, 2001?" defense lawyer Gerald Zerkin asked Moussaoui at his sentencing trial in Alexandria, Virginia. Moussaoui was arrested on immigration charges a month before the attacks.

``Yes, I was supposed to pilot a plane to hit the White House," Moussaoui said. He also said, ``I knew the towers would be hit," referring to the attacks on the World Trade Center in New York.

Moussaoui said he knew about the plot when he was arrested on Aug. 16, 2001, and that he lied to FBI agents because he wanted the attacks to go forward. Moussaoui, 37, pleaded guilty last April to conspiracy charges linked to the Sept. 11 attacks. He is the only person charged in the U.S. in connection with the attacks.

Federal agents arrested Moussaoui, a French citizen of Moroccan descent, in Minnesota after FBI agents discovered he was taking lessons to become a pilot. Prosecutors said his lies to federal agents prevented them from uncovering the Sept. 11 plot and that he is responsible for the deaths of almost 3,000 people.

The jury will decide whether Moussaoui is sentenced to death or life in prison without parole. Moussaoui took the witness stand against his lawyers' advice.

Member of Crew

Under questioning by Zerkin, Moussaoui said Reid was to be a member of his crew to fly a plane into the White House on Sept. 11. Reid is serving a life prison sentence for trying to use a shoe bomb to blow up a U.S. airliner flying from Paris to Miami in December 2001.

Moussaoui said that ``in global terms, I didn't have an overall view'' of the plan for the attacks or the exact date.

Prosecutor Rob Spencer asked if he had been looking forward to what would happen in the attacks.

``Yes, you can say that,'' Moussaoui said.

Afterward, ``you were delighted, weren't you?'' Spencer asked.

``Indeed,'' Moussaoui said.

He said he had bought a knife with a small blade and was prepared to use it to cut the throat of someone on the plane he planned to hijack.

Osama bin Laden

Moussaoui said al-Qaeda leaders asked him in 1999 if he wanted to be a suicide pilot and he declined. He said that later, when he was in al-Qaeda leader Osama bin Laden's compound in Afghanistan, he told bin Laden he had dreamed of making plans to fly a plane into the White House. After that he decided to become a suicide pilot, Moussaoui said.

He said he saw eventual Sept. 11 hijacker Mohamed Atta at the compound and understood that he was ``big time.''

Defense lawyer Edward McMahon asked if Moussaoui was proud to be a member of al-Qaeda.

``I'm grateful to be an al-Qaeda member,'' Moussaoui said.

Before Moussaoui took the stand, Zerkin argued to U.S. District Judge Leonie Brinkema that he shouldn't be allowed to testify because he doesn't recognize U.S. law or the authority of the court.

When Moussaoui took the stand, Brinkema told him, ``You must promise the court that you will tell the truth when you speak.'' He said he understood.

Jihad

Later, Zerkin asked Moussaoui whether it was ``OK to lie in court as part of jihad,'' or holy war.

``Yes, it is,'' Moussaoui said.

When he pleaded guilty last year, Moussaoui maintained that his plot to fly a plane into the White House was separate from the Sept. 11 attacks. He had said his plot was to be carried out if the U.S. didn't cooperate in freeing Sheik Omar Abdel Rahman, who was sentenced to life in prison for plotting to blow up several U.S. targets including the United Nations in New York.

Sentencing in federal death penalty cases is held in two phases. First, jurors will decide if Moussaoui is eligible for the death penalty. Prosecutors must prove his actions were intentional and directly led to death in the Sept. 11 attacks.

A determination that Moussaoui is eligible for the death penalty would trigger a second phase of the trial, in which the jury considers factors weighing for and against a death penalty to determine whether capital punishment is the proper sentence.

After Moussaoui's testimony, jurors were read an account of U.S. authorities' questioning of Khalid Sheikh Mohammed, who is accused of being the al-Qaeda operations chief responsible for planning the attacks. He was captured in 2003 in Pakistan.

In the account, Mohammed said Moussaoui was never supposed to be involved in the Sept. 11 attacks and was recruited for a second wave of attacks. He said Moussaoui was chosen for his French citizenship because al-Qaeda leaders believed people with Arab passports would get more scrutiny after the first attacks.

The case is U.S. vs. Moussaoui, 01cr455, U.S. District Court for the Eastern District of Virginia (Alexandria).

In The Name Of Self-Defense, A Terrorist's Grand Delusion (WP)

By Dana Milbank

The Washington Post, March 28, 2006

Zacarias Moussaoui proved to be about as effective a defense witness as he was a hijacker.

The 9/11 conspirator had planned to fly a hijacked airliner into the White House, but he got arrested before the attack and had to sit it out. Yesterday, fighting the death penalty in an Alexandria courtroom, he took the stand -- over his lawyers' strenuous objections -- and pretty much destroyed the defense his team had built.

He readily agreed that he was part of the 9/11 plot. "I was supposed to pilot a plane to hit the White House," he said, and he knew of the World Trade Center attacks but lied to prevent authorities from stopping them.

"You rejoiced in the fact that Americans were killed?" the prosecutor asked.

"That is correct," Moussaoui said, matter-of-factly.

You called the collapse of the twin towers "gorgeous"?

"Indeed."

You asserted that "3,000 miscreant disbelievers" burned in a "hellfire"?

"That is correct."

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The terrorist's lawyers from the public defender's office knew they were undone. "All our hard work down the tubes," one of them lamented to reporters.

Moussaoui acted as if he were the villain on a TV detective show who, confronted with his crime, improbably confesses every detail of the plot -- even volunteering that in e-mails to his handlers he pretended he was writing to a girlfriend and called the attack a "bottle of champagne."

The terrorist gave the prosecutors just what they needed: evidence that his lies to investigators in August 2001 prevented them from thwarting the attack. Just as prosecution witnesses wound up aiding the defense earlier in the trial, Moussaoui was a gift to prosecutors. The Justice Department wants the death penalty; Moussaoui spoke like a man who wants martyrdom.

This led to a day-long role reversal in which Moussaoui's own lawyers tried to paint him as crazy. "I would suggest that he does not recognize the authority of the court," defense lawyer Gerald Zerkin pleaded to Judge Leonie M. Brinkema as the defendant donned an amused expression. "He would not be a competent witness."

Prosecutor Robert A. Spencer defended the accused. "It would be unfair to deny him the opportunity to testify," he argued.

In fact, Moussaoui seemed to be all too sane. He saved his outbursts -- "Victory for Moussaoui!" "God curse you, Zerkin!" -- for the moments just after the jury had left the room. When the jury was in, he was calm, looking more loser than monster.

In a green prison jumpsuit and white skullcap, Moussaoui wore an unkempt beard and several spare pounds, a look enhanced by the shock belt he must wear to prevent misbehavior. Dark circles surrounded his eyes, and two bruises colored his forehead -- likely the result of banging the floor during prayer. He carried a yellow legal pad with Post-its and a cardboard legal portfolio, and he spent the session stroking his beard and cracking his wrists. Only his refusal to stand for the judge and jury and his constant silent lip movements -- either prayer or muttering -- hinted at the anger within.

For a terrorist, Moussaoui was particular about his manners. He yawned at least 10 times, but made sure to cover his mouth. When Spencer asked if he had used an obscenity to describe America, Moussaoui replied: "Never! . . . The F-word? I never said such a thing."

He seemed to enjoy telling his war stories and explaining Islamic law. He professed that he used the alias "Shaquille" because it is a Muslim name, but also because of "Shaquille O'Neal the basketball player." He said Islam allows lying in three instances: in jihad, to bring reconciliation between Muslims, and in marriage, "if a wife asks her husband, 'Am I beautiful?' and she is 60 years old."

Brinkema, 61, smiled.

Moussaoui was intent on being heard. When his French-accented voice caused distortion in the speakers, marshals pulled the microphone away, but he invariably rolled his eyes and moved it closer. "That's too far," he protested at one point; even some of the victims' family members had to laugh.

He showed considerable modesty for a terrorist. He insisted he was "not a big shot" in al-Qaeda. He said he had trouble renewing his French passport because he had put it in a waterproof money belt that "was not so waterproof." And he admitted that his big mouth got him into trouble with al-Qaeda colleagues ("I had to meet directly with Sheik Osama").

But he spoke about his murderous intentions with chilling dispassion. Asked if he had been trained to cut a person's throat, he answered: "No, anybody can do that. . . . To cut the throat of somebody is not difficult."

The jurors, mostly a white, professional bunch, were rapt, staring at the defendant with wide eyes suggesting horror or disgust. Defense lawyers offered gallows smiles; they took few notes and raised few objections as their client spoke.

Zerkin, having little to work with, rambled on with extraneous questions about Moussaoui's past. The jury foreman yawned. One juror closed his eyes. Even Moussaoui, who had no place better to be, glanced at the clock. Spencer objected; Brinkema agreed.

"I think we're waaay beyond relevance," the judge said.

That was for certain. The relevant fact was that Moussaoui acted as though he would be pleased to die. When the prosecutor tried to get him to say that capital punishment would not constitute martyrdom, the terrorist replied: "It depends on if you fought to the best of your ability."

"So dying here would not get you to paradise?" Spencer pressed.

"I didn't say so," Moussaoui corrected.

"I believe in destiny," he added, to Zerkin's questioning. "I just have to speak the truth and God will take care of me." In the audience, family members muttered. A woman kicked the bench in front of her.

Sept. 11 Victim's Sister Watches Moussaoui (AP)

By Larry Neumeister
AP, March 28, 2006

DOJ_NMG_0022782

NEW YORK -- The sister of a pilot whose hijacked plane struck the Pentagon on Sept. 11 says watching Zacarias Moussaoui's chilling testimony on Monday provided new information for families desperate for answers, yet only worsened their emotional wounds.

From a federal courthouse, Debra Burlingame watched the al-Qaida conspirator on a special video monitor set up for families of the victims of the attacks.

"This information is all new," said Burlingame, sister of American Airlines pilot Charles Burlingame.

"He's relaying incredible, incredible details which give insight into how Khalid Shaikh Mohammed was thinking, how Osama bin Laden was thinking," she said.

Mohammed was the mastermind of the plot; bin Laden is the terrorist network's leader.

Burlingame said she had read everything related to the attacks, including the footnotes in the official government report, but had never heard much of the information Moussaoui delivered from the witness stand.

Testifying at a trial to determine if he should be put to death, Moussaoui said that he and would-be shoe bomber Richard Reid were supposed to hijack a fifth airplane and fly it into the White House during the attacks.

Sally Regenhard, whose firefighter son Christian was killed at the World Trade Center on Sept. 11, said she was not surprised by Moussaoui's testimony. "I was convinced that this man was only a heartbeat away from taking the controls of a plane," she said.

If Moussaoui had told investigators in August 2001 what he admitted in court on Monday, "at least there would have been a chance" to head off the attacks, Regenhard said.

She said she "felt very certain" that at least one of the plane attacks could have been thwarted if the work done by FBI field agents had been acted upon properly.

Burlingame shook her fists as she described testimony that the hijackers would have taken the planes into the ground if they had seen fighter planes in the air around them.

"My brother was a fighter pilot," she said.

Her voice cracked as she dwelled on a truth too painful to bear: "The cavalry never came. The cavalry never came."

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Associated Press writer Amy Westfeldt contributed to this report.

Editorial: Execute Moussaoui? (LAT)

The Los Angeles Times, March 28, 2006

EVEN IF HE WAS SUPPOSED TO fly a plane into the White House on the evil morning of Sept. 11, as he testified in court Monday, Zacarias Moussaoui should not be executed. Even if he knew enough, sitting in jail on immigration charges, to have stopped the slaughter at the World Trade Center, at the Pentagon and in a Pennsylvania field, killing the 20th hijacker is actually a worse idea than executing most other murderers on death row.

Monday's dramatic testimony marked the first time Moussaoui has spoken publicly since that world-changing day when 19 hijackers used four planes to kill nearly 3,000 people in the worst attack on the continental United States. Hearing his voice was like picking a scab of a wound that will never heal. And it begs a series of what-ifs: What if the FBI had let its man in Minneapolis seek search warrants based on the French Muslim's curious desire for jumbo-jet training and his professed hatred for the U.S.? What if we could hear all of the witnesses testify, instead of suffering from their silence because a federal lawyer improperly coached many of them through their expected cross-examination?

The 19 hijackers are dead. But there is still Moussaoui. He knew. He helped. Shouldn't he die?

No, he should not. Many committed opponents of the death penalty want to carve out exceptions for mass murderers or those who attack or betray the nation writ large, such as Timothy McVeigh. But if you believe, as does this page, that the death penalty debases our society, the principle becomes all the more important when it is most tempting to ignore.

But for those who don't share that conviction, there are some more practical arguments.

Would-be suicide jihadists want to die in their struggle against us in the deluded belief that God will reward their murderous cowardice. Once they are in our custody, they lose the power to achieve that goal. Capital punishment gives them the martyrdom they crave, making them symbols of sacrifice to would-be followers rather than powerless, humiliated prisoners passing the decades alone and increasingly forgotten in a cell.

More important, if Moussaoui is indeed an important cog in a broad conspiracy, then he certainly has information that could potentially be useful both in further Sept. 11 investigations and in our fight against Al Qaeda, whether now or in 10 years. We may or may not get this information from him if he lives, although life in prison is a very long time. But we will certainly not get it from him if he dies.

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And killing him would do nothing to stop future attacks or alleviate the loss of the past. That's the hard thing about the death penalty: The heart screams for retribution, but it is never enough. It is vengeance devoid of benefit.

Roberts Slams Spy Bill's Referral (WT/UPI)

By Shaun Waterman, United Press International

The Washington Times, March 28, 2006

Sen. Pat Roberts, Kansas Republican and chairman of the Senate Select Committee on Intelligence, thinks that congressional officials were mistaken to send a bill on the president's program of warrantless counterterrorism surveillance to another panel.

"Chairman Roberts's strong position is that this decision was incorrect," said a senior committee staffer, who asked not to be named.

In practice, the decision will limit the input that the committee will have on the final shape of legislation.

The Senate parliamentarian, a little-known but influential official who makes decisions about the legislative procedure for Senate bills, referred Ohio Sen. Mike DeWine's Terrorist Surveillance Act of 2006 to the Senate Judiciary Committee, after much behind-the-scenes negotiations, according to other Senate aides.

The judiciary committee, which is also working on a very different bill dealing with the program drafted by its Chairman Sen. Arlen Specter, Pennsylvania Republican, plans a hearing today on the issue.

Judges from the secret court established under the Foreign Intelligence Surveillance Act (FISA) will testify. Mr. Specter's proposal would give the court authority over the program, which officials have said monitors communications into and out of the United States in which one party to the call is suspected of links to al Qaeda or another terrorist group.

Observers said that because it gives the FISA court this role, the referral of Mr. Specter's bill to the Judiciary panel was a straightforward call. But the DeWine bill gives authority and oversight over the program to the intelligence panel.

"This is a piece of legislation about an intelligence activity, carried out by an intelligence agency, and where the only group of people fully briefed are members of an intelligence committee subcommittee and we didn't get referral," the intelligence committee staffer said.

The subcommittee, announced earlier this month by Mr. Roberts, has been fully briefed on the program and has visited the National Security Agency's Fort Meade headquarters, from which the program is run. The subcommittee, along with the program it was set up to oversee, would be given legislative approval by the bill, which is co-sponsored by Republican Sens. Chuck Hagel of Nebraska, Olympia J. Snowe of Maine and Lindsey Graham of South Carolina.

A spokesman for Mr. DeWine said that the referral was a matter for the parliamentarian and the Senate leadership.

"They work with the sponsors, but it is not our decision," said Mike Dawson, the senator's communications director.

The parliamentarian's office referred press inquiries to the office of the Senate secretary. No one from that office or the office of Senate Majority Leader Bill Frist, Tennessee Republican, returned phone calls requesting comment.

In practice, the referral means that members and staff of the intelligence committee will have only a short time to work on whatever proposal emerges from Mr. Specter's panel -- 10 days, according to committee staff.

Justice Department Responds To Lawmakers' Wiretapping Probe (NJTD)

By Winter Casey, National Journal's Technology Daily

National Journal's Technology Daily, March 28, 2006

Democrat John Conyers of Michigan dismissed as evasive and unresponsive the late Friday response from the Justice Department to a House Judiciary Committee inquiry into the National Security Agency program of wiretaps without warrants.

Justice's response said the agency, through the Foreign Intelligence Surveillance Act, could have legally monitored confidential communications between doctors and patients or attorneys and their clients.

"Although the program does not specifically target the communications of attorneys or physicians, calls involving such persons would not be categorically excluded from interception if they met" the program's criteria, the department said.

"The evasiveness of the department prevents Congress from exercising its constitutionally mandated oversight role and obstructs Congress' ability to draft meaningful legislation to provide guidelines for this activity," said Conyers, the ranking Democrat on the Judiciary panel. "Some of the department's responses leave open the possibility that other surveillance programs exist with a scope far beyond this program."

In its answers to 45 separate questions posed by Judiciary Committee Chairman James Sensenbrenner, R-Wis., and committee Democrats, the department acknowledged that no previous administration had authorized electronic surveillance.

Marc Rotenberg, director of the Electronic Privacy Information Center, said there is an "obvious need for the oversight committees to pursue these requests."

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Many legal rights are implicated when the administration conducts such surveillance within the United States, he said.

"The laws of the United States, both before and after FISA's enactment, have long permitted various forms of foreign intelligence surveillance, including the use of wiretaps, outside the procedures of FISA," the department said. "If the question is limited to 'electronic surveillance' as defined by FISA, however, we are unaware of such authorizations."

Justice would not reveal how many people in the United States have been wiretapped under the program. In response to inquiries by the committee, the department repeatedly characterized the information as "classified and sensitive," and said it could "not be revealed in this setting."

Robert Turner, associate director for the Center for National Security Law, said he believes "the president has an absolute right to deny national security secrets to Congress."

But the American Civil Liberties Union said it has been repeatedly frustrated by the department's refusal to answer basic questions about the wiretapping program.

"Knowing how many innocent Americans have had their privacy invaded by this lawless program is not an 'operational' secret. It's the very question a less partisan and more independent Congress asked and got answered in the 1970s," said Caroline Fredrickson, a director at the ACLU. "That's when Congress passed the Foreign Intelligence Surveillance Act to try to prevent warrant-less spying on Americans from happening again."

On the other side of the debate, Paul Kamenar, an attorney with the Washington Legal Foundation, said, "We support the program as far as what has been publicly released."

The foundation plans to file a brief in favor of the Justice Department in a pending ACLU case on the issue.

High Court Case Tests Extent Of Presidential Powers In War (USAT)

By Joan Biskupic

USA Today, March 28, 2006

WASHINGTON — The Supreme Court will hear an appeal today from a former driver for Osama bin Laden who is challenging the validity of President Bush's plan to try foreign terrorism suspects before military tribunals.

Besides testing a key part of the White House's legal strategy in the war on terrorism, the case has become an important barometer of judges' authority to review presidential actions during wartime.

Lawyers for Salim Ahmed Hamdan, who is awaiting trial by military tribunal at the U.S. naval base at Guantanamo Bay, Cuba, say Bush has claimed unprecedented power “to dispense life imprisonment and death through a judicial system of his own design.”

Administration lawyers counter that the tribunals, first ordered by Bush two months after the Sept. 11, 2001, attacks, reflect the president's broad authority to oversee war efforts. That authority, Bush lawyers say, is rooted largely in Congress' authorization of the use of military force within days of the attacks and includes decisions on how those captured by U.S. forces are tried.

The Hamdan dispute has been complicated by the Detainee Treatment Act, which Congress passed in December. An initial question for the justices is whether the act strips them of the power to consider Hamdan's basic claim about the validity of the tribunals that would be set up and run by the Pentagon.

The debate over presidential authority has been a persistent theme in cases arising from 9/11, as it is in court documents filed in the challenge brought by Hamdan, who is accused of terrorism conspiracy and is among 10 Guantanamo detainees who have been designated for trial by a military tribunal, or commission.

The case gives the Supreme Court its first chance to review the administration's legal war on terrorism since 2004, when the justices rejected the White House's stance that detainees' cases should be kept out of federal courts. In one case, Justice Sandra Day O'Connor wrote that even in wartime, the Constitution “assuredly envisions a role for all three branches when individual liberties are at stake.”

The court's lineup has changed since then. O'Connor, who was in the majority ruling that judges could hear detainees' cases, has retired. She was replaced by conservative Samuel Alito. John Roberts has taken over as chief justice for the late William Rehnquist, but Roberts has recused himself from the Hamdan case because he ruled on the matter — against Hamdan — as a member of a lower court.

With Roberts out of the case, there is a chance that the justices could tie 4-4. That would leave in place the lower court ruling but establish no national precedent.

“In 2004 the court said there is no such thing as unlimited executive power, even in wartime, but it left for another day the substantive rights any individuals have,” says Deborah Pearlstein of the New York-based group Human Rights First. “This is really the Supreme Court's first opportunity to put meat on the bones of those rights.”

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Human Rights First is among dozens of groups opposing the tribunals, which have been suspended while the system is challenged in court. The groups say such a system must be explicitly authorized by Congress. Human Rights First also says the court should not allow tribunals to go forward without clarifying that evidence obtained by torture would be inadmissible.

Among those submitting briefs on the government's side were Edwin Meese, attorney general under President Reagan, and two former attorneys general who served under the first President Bush. They said the president needs a wide berth to devise a battle plan and that commissions are a matter of executive discretion in waging war, along the lines of troop strength.

Hamdan, a Yemeni, was picked up by the U.S. military in Afghanistan in late 2001 and sent to Guantanamo in 2002. Government lawyers say he delivered weapons and ammunition to al-Qaeda members and was aware that bin Laden and his associates had been involved in attacking the United States. In 2003, Bush designated Hamdan an “enemy combatant” to be tried by a military commission.

In the tribunals — the first in the USA since World War II — a detainee may not attend all proceedings or see all the evidence against him. A military prosecutor sets the rules, and the evidence used is not subject to the same procedural safeguards as in civilian or courts-martial proceedings.

Administration lawyers rely largely on Congress' resolution authorizing Bush to use “all necessary and appropriate force” against those responsible for the 9/11 attacks. They also cite parts of the Uniform Code of Military Justice and the inherent powers of the president.

Hamdan's attorneys say that Congress' resolution does not cover military tribunals, and that the tribunals violate the military's Uniform Code and international rules for the treatment of prisoners. “Military commissions have served an important role in times of war,” says Georgetown University law professor Neal Katyal, Hamdan's lead attorney, but “this court has never before recognized the legitimacy of a commission except to the extent it has been specifically authorized by Congress.”

A recent Newsweek story reported on comments that Justice Antonin Scalia made in Switzerland on March 8, expressing skepticism about detainees' rights. Based on the story, a group of retired generals and admirals siding with Hamdan have asked Scalia to take himself out of the case.

It is not clear, however, that Scalia was addressing the Hamdan matter. Some of what he said echoed an opinion he wrote in 2004 in which he criticized the ruling that allowed detainees to sue in U.S. courts. Supreme Court spokeswoman Kathy Arberg said Scalia had no comment.

Scalia's Recusal Sought In Key Detainee Case (WP)

By Charles Lane

The Washington Post, March 28, 2006

On the eve of oral argument in a key Supreme Court case on the rights of alleged terrorists, a group of retired U.S. generals and admirals has asked Justice Antonin Scalia to recuse himself, arguing that his recent public comments on the subject make it impossible for him to appear impartial.

In a letter delivered to the court late yesterday, a lawyer for the retired officers cited news reports of Scalia's March 8 remarks to an audience at the University of Freiburg in Switzerland. Scalia reportedly said it was "crazy" to suggest that combatants captured fighting the United States should receive a "full jury trial," and dismissed suggestions that the Geneva Conventions might apply to detainees at Guantanamo Bay, Cuba.

Scalia's remarks "give rise to the unfortunate appearance that, even before briefing was complete, he had already made up his mind" about issues in the case, the lawyer, David H. Remes, wrote. Noting that Scalia reportedly had discussed the rights of accused terrorists in the context of his son Matthew's recent tour as an Army officer in Iraq, Remes wrote that this creates an appearance of "personal bias arising from his son's military service."

The case to be heard today -- Hamdan v. Rumsfeld , No. 05-184 -- is one of the most important terrorism-related cases to reach the court. It is a challenge by Osama bin Laden's former chauffeur, now being held at Guantanamo Bay, to the legality of the military commission that seeks to try him for war crimes. Military trials for terrorist suspects are a centerpiece of the Bush administration's anti-terrorism policy, but they have been criticized by human rights activists, especially in Europe.

The retired officers are Brig. Gen. David M. Brahms, Brig Gen. James P. Cullen, Vice Adm. Lee F. Gunn, Rear Adm. John D. Hutson and Rear Adm. Donald J. Guter. They have filed a friend of the court brief in the case opposing the military commissions, on the grounds that denying Geneva Conventions protections to detainees at Guantanamo Bay could result in their denial to U.S. troops by their captors abroad. Scalia's speech was first reported by Newsweek's Web site on Sunday.

Newsweek quoted Scalia as describing European reaction to Guantanamo Bay as "hypocritical."

In his letter to the court, Remes said Scalia's reported reference to the Geneva Conventions was of particular concern to the retired officers as it is directly at issue in the case. Their brief supports the view of the petitioner, Salim Ahmed Hamdan, that the conventions apply to him and could entitle him to a court-martial trial like that which U.S. soldiers receive.

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Other calls for Scalia's recusal came yesterday from the Center for Constitutional Rights, a civil rights organization that supports the challenge to the military commissions, and from Rep. John D. Conyers (Mich.), the ranking Democrat on the House Judiciary Committee.

Court rules say that justices must recuse in cases where their impartiality "might reasonably be questioned." But it is up to each justice to make that decision. Court analysts said yesterday it is unlikely Scalia will recuse from the case.

This is the third time in recent years Scalia has faced pressure to recuse. In 2004, he recused from a case on the constitutionality of the phrase "under God" in the Pledge of Allegiance, after speaking out on the case at a rally in Virginia.

Last year, he faced calls for his recusal from a case involving Vice President Cheney after it became public that they had gone duck hunting together. In that case, Scalia refused to step aside.

Scalia's Remarks On Detainees Raise Recusal Questions (LAW)

By Tony Mauro, Legal Times

Legal Times, March 28, 2006

On the eve of landmark arguments in a case asserting the legal rights of detainees at Guantanamo Bay, Cuba, Supreme Court Justice Antonin Scalia was asked Monday to step aside from the case because of remarks he made earlier this month on the issue.

Authors of a major amicus curiae brief on the side of Guantanamo detainee Salim Hamdan said Scalia's remarks during a speech in Switzerland "give rise to the appearance that, even before briefing in this case was complete, the justice had made up his mind about the merits."

The letter seeking recusal was sent to Supreme Court clerk William Suter late Monday with the request that it be passed on to Scalia. According to Court custom, a request for a justice's recusal is addressed to the individual justice, not to the full Court, because it is the justice's decision alone whether or not to recuse. No immediate response from the justice was forthcoming, making it likely that Scalia's recusal decision will not be known until arguments begin Tuesday, and Scalia either remains seated or gets up and leaves the Court chamber. At a Supreme Court Historical Society event at the Court Monday night that featured Scalia, he made no comment about the controversy.

Covington & Burling partner David Remes wrote the recusal letter on behalf of five retired generals and admirals whose brief he filed in the case Hamdan v. Rumsfeld, set for argument Tuesday. The military officials argue in their brief that American soldiers will be in jeopardy if the United States does not handle Guantanamo detainees according to the Geneva conventions.

"War is war, and it has never been the case that when you captured a combatant you have to give them a jury trial in your civil courts," Scalia was quoted as saying during March 8 remarks in Switzerland. "Give me a break."

Scalia's comments were first reported over the weekend on Newsweek's Web site and on Scotusblog.com. Newsweek also quoted Michael Ratner of the Center for Constitutional Rights, which represents many of the detainees, as saying, "This is clearly grounds for recusal." Georgetown University Law Center professor Neal Katyal, who will argue the case Tuesday on behalf of Hamdan, has not commented on the recusal issue.

The topic of Scalia's talk was, "Does the U.S. legal system work?" and it was delivered at the University of Fribourg in Switzerland, where Scalia spent his junior year abroad nearly 50 years ago as an undergraduate at Georgetown University. Though some reports indicated it was a private talk, a university press release beforehand said the public was invited, and a videotape of the talk does not appear to have been made surreptitiously.

The remarks that veered close to the Hamdan case came during the question-and-answer period afterward.

"Foreigners, in foreign countries, have no rights under the American Constitution," Scalia was quoted as saying. "Nobody has ever thought otherwise."

Without apparently specifying to whom he was referring, Scalia also said, "If he was captured by my Army on a battlefield, that is where he belongs. I had a son on that battlefield, and they were shooting at my son. And I am not about to give this man who was captured in a war a full jury trial. I mean, it's crazy."

Scalia's son Matthew served in Iraq as an Army captain with the First Armored Division. The young Scalia, a 1995 graduate of the U.S. Military Academy, wrote about his experiences in the Oct. 25, 2004, issue of Legal Times.

Remes' letter makes reference to Scalia's family connection to the war, suggesting that Justice Scalia's remarks "create the appearance of personal bias arising from his son's military service in Iraq."

Three years ago, remarks Scalia made in public got him in similar trouble, this time in a case challenging inclusion of the words "under God" in the Pledge of Allegiance. Scalia criticized the lower court ruling that said public-school children should not be forced to recite the pledge as written. He recused himself from the case at the request of California atheist Michael Newdow, who had brought the case before the court.

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Edward Whelan, a former Scalia law clerk who heads the Ethics and Public Policy Center, said in a column on National Review Online on Sunday that the two situations were different. Whereas Scalia had commented on the actual Pledge of Allegiance ruling that was being appealed to his Court, his comments about enemy combatants were more general, not focused on the specific case before him, in Whelan's view.

Top Law Firms Join Forces In Landmark Detainee Case (LAW)

By Tony Mauro, Legal Times

Legal Times, March 28, 2006

When the U.S. Supreme Court hears arguments today in a landmark dispute over executive power in wartime, the Bush administration will be outnumbered -- if not outgunned.

Many of the nation's top law firms have signed briefs against the government and in support of Salim Hamdan, the detainee who allegedly served as chauffeur to Osama bin Laden and who is being detained at Guantanamo Bay, Cuba.

More than three dozen briefs have been filed on Hamdan's side, largely arguing that the military tribunals established by the White House to try the detainees are illegal. By contrast, only a handful of briefs have been filed on the other side, backing the administration's expansive view of executive authority.

The briefs in Hamdan v. Rumsfeld have flooded in to such a degree that, with the approval of the Court clerk's office, their covers carry small captions summarizing the topic discussed within, an innovation aimed at helping justices and their law clerks keep them straight.

The covers also carry the names of the big-ticket New York, Washington, D.C., and other national law firms that are bringing their muscle to bear, from Cravath, Swaine & Moore to Covington & Burling to Akin Gump Strauss Hauer & Feld to Jones Day.

"The blue-chip firms are all in this case, and it's the senior partners who are involved very often," said David Remes, the Covington partner who coordinated the amicus curiae effort for Hamdan. "This is not a tousle-haired, wild-eyed group of lawyers."

Adds New York University Law School professor Burt Neuborne, who also filed a brief for Hamdan: "This is not noblesse oblige by the big firms. It is an extraordinary no-confidence vote by the establishment bar in what the administration is trying to do here."

Neuborne said the only recent parallel was the effort 50 years ago by New York firms to help desegregate public schools.

President George W. Bush ordered the creation of the military commissions two months after the Sept. 11, 2001, terrorist attacks, basing the order on his powers as commander-in-chief and on the congressional authorization of military force passed after the attacks.

Hamdan was captured in Afghanistan in November 2001, then transferred to Guantanamo. In 2004 he was referred to a military commission to be tried on conspiracy charges. The administration claims Mr. Hamdan, as bin Laden's driver, delivered weapons to al Qaeda members and was aware of bin Laden's role in the 9/11 attacks.

Hamdan filed a habeas petition challenging the commission procedure, arguing it violated the Uniform Code of Military Justice and the Geneva Conventions.

A panel of the U.S. Court of Appeals for the D.C. Circuit ruled against him.

The nearly united front among the nation's legal elite against the White House has not gone unnoticed by the administration. In remarks at a press conference at Guantanamo Bay Naval Base earlier this month, the Defense Department's chief prosecutor for the military commissions there, Air Force Colonel Moe Davis, said it was "ironic" that big law firms representing large defense contractors such as Boeing Corp. allow their lawyers to represent Guantanamo detainees pro bono.

Miami lawyer Neal Sonnett, the American Bar Association's observer in Guantanamo, said when he heard the comment he took immediate exception, saying at a press conference that if it was meant to intimidate law firms, "it was beneath Colonel Davis' rank and status."

Sonnett, a former president of the National Association of Criminal Defense Lawyers, added, "These lawyers and their firms are true patriots."

Some who heard Davis' remarks thought he was referring specifically to Perkins Coie, the Seattle firm that has represented Hamdan from the beginning of his challenge to his detention in 2004. Perkins Coie is one of several law firms employed by Boeing, and one of the firm's lawyers will be at the counsel table when Georgetown University Law Center professor Neal Katyal argues Hamdan's case before the Court.

"If it was directed at us, it was out of line," said Perkins Coie partner Harry Schneider Jr., who has taken the lead in the firm's representation of Hamdan. Schneider said the firm has never heard negative feedback from any client about its representation of Hamdan.

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He said when the firm first was approached to take the case, it was handled like any other pro bono proposal and was cleared with firm partners.

"It looked like a case where someone needed representation," he said.

As the case proceeded, eventually transferring from the Western District of Washington to Washington, D.C., its magnitude grew.

"It goes to the foundation of our system," said Schneider. "These people were taken into custody and hadn't been given an opportunity to defend themselves."

Remes of Covington Burling said he thinks that is why so many large firms -- or at least committed lawyers within those firms -- were drawn to the case.

"It sounds clichéd, but it's true; this case is about the rule of law," said Remes. "This is a power play by the administration to escape meaningful judicial review."

He said his firm did not hesitate about his involvement in the case and in defending Guantanamo detainees.

Remes sees a direct link to his work from that of Covington partner Charles Horsky, who represented Fred Korematsu in the 1944 Supreme Court case on the wartime internment of Japanese-Americans.

Neuborne too points to a long tradition of major law firms representing the unpopular.

"Wendell Willkie was representing communists and aliens in World War II," he said, referring to the one-time presidential candidate and partner in the New York firm now known as Willkie Farr & Gallagher.

But Neuborne sees the Guantanamo effort as different, and more widespread.

"The centrist establishment bar has rallied to this as a defining issue," he said. "The government has gone too far."

STAYING ON MESSAGE

Some lawyers on the side of the detainees caution against misinterpreting their advocacy for the detainees.

"This has nothing to do with 9/11 or supporting terrorism," said Paul Saunders, a Cravath partner who wrote a brief in Hamdan. "This case raises probably more fundamental issues of jurisprudence than any other case I can think of -- whether the president has the power to create a parallel system of courts that is self-executing."

Saunders, a former JAG officer in the Vietnam War, said the political implications of going up against the administration in Hamdan "were not an issue for us, not even considered."

Shearman & Sterling partner Thomas Wilner also asserts: "I'm not a wimp on terrorists. I think they should be hung ... if they find them."

Wilner is not directly involved in Hamdan, but he represented 12 Kuwaiti detainees who won Rasul v. Bush in 2004. He also argued on behalf of detainees before the U.S. Court of Appeals for the D.C. Circuit on March 22 over whether the new Detainee Treatment Act strips federal court jurisdiction over pending detainee cases -- a looming issue in Hamdan, as well.

Wilner said the detainees' Kuwaiti families hired his firm and wanted to pay for the representation, but the firm has donated the fees to a 9/11-related foundation. He said at first the firm took a lot of heat for its role, but that has since dissipated. "We are standing up for a basic principle -- the rule of law that has meant, since the Magna Carta, some form of independent review."

One reason for all the briefs on Hamdan's side is the myriad of issues that have come together in the litigation. There are threshold issues that could derail the case entirely, such as abstention -- that is, the proposition that federal courts should steer clear of Hamdan's case until after he actually goes through the military commission process.

Then, too, there are delicate issues of international law, including the relevance of the Geneva Conventions of 1949, which lay out rules for handling prisoners of war -- and which the administration says do not create an individually enforceable right for the detainees to challenge their captivity. Remes' brief filed on behalf of former U.S. military officials argues that if the United States ignores Geneva rules, U.S. soldiers will be at risk at the hands of enemies.

'CHARMING BETSY'

Some briefs reach back centuries to bolster Hamdan's position. In one filing, Christopher Wright of Harris, Wiltshire & Grannis in Washington focused exclusively on the 1804 case Murray v. The Schooner Charming Betsy, in which Chief Justice John Marshall first enunciated the view that federal statutes should be interpreted to comport with international law.

"The Court back then thought it was relatively uncontroversial to look at international law in construing our statutes," said Wright.

Another brief by Orrick, Herrington & Sutcliffe discusses how the United States, in combating Barbary pirates 200 years ago, abided by international law and custom.

But the biggest issue that has captured the attention of lawyers in the case recently is the impact of the Detainee Treatment Act, the statute argued last week in the D.C. Circuit.

Passed last fall, the law establishes a new review mechanism for detainees' status, which, according to the government, strips the Supreme Court of jurisdiction over the Hamdan case. Senator Carl Levin, D-Mich., one of the co-sponsors of the law,

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insists it does not apply to pending cases, but the other sponsors, Senators Lindsey Graham, R-S.C., and Jon Kyl, R-Ariz., argue otherwise.

The Court could decide that this issue, which has not yet been ruled on by any other court, needs more scrutiny and warrants sending the case back to lower courts.

Baker Botts filed a brief for Senators Graham and Kyl, one of the few private firms weighing in on the side of the administration. Partner Jeffrey Lamken said he too has been struck by the large number of firms in the case, which he describes as "a good thing."

But Lamken, a veteran of the solicitor general's office, said it is not uncommon for the government to rise before the Court with few amici at its side.

"I feel no loneliness," he said.

Bin Laden's Driver Gets Day In Court, An Opportunity Missed (USAT)

USA Today, March 28, 2006

Tuesday should be a banner day for U.S. efforts to polish its international image as a beacon of democracy and justice for all: Osama bin Laden's former driver is getting his day in court. (Related: Opposing view)

That's right. Salim Ahmed Hamdan, one-time chauffeur for the al-Qaeda zealot who inspired the 9/11 attacks, is getting his case heard. Not just by any court, but by the U.S. Supreme Court. What better example to show the world the individual rights enjoyed in America.

Unfortunately, the Bush administration, with its insistence on absolute power for the executive branch, has managed to blow this opportunity to win hearts and minds abroad. Administration lawyers will argue Tuesday that Hamdan has almost no rights. Worse, the government contends that the Supreme Court has no right to be hearing his case.

Hamdan, thought to be in his mid-30s, has become a high-profile pawn in the administration's stubborn contention that it doesn't have to answer to anyone — not Congress, not the courts and not international treaties and organizations — in its pursuit of the war on terror. The administration asserts the right to unilaterally designate individuals as "enemy combatants" and hold them prisoner indefinitely, possibly forever.

Hamdan, like nearly 500 others in this category, is still incarcerated at the prison camp at Guantanamo Bay, Cuba. He is unusual in that he had a direct link to bin Laden. A former taxi driver with a fourth-grade education in his native Yemen, he is one of just 10 detainees who have actually been charged with terrorism and war crimes.

Whether he's a terrorist collaborator or a flunky who was swept off the battlefield in Afghanistan is hard to determine. The details of his supposed offenses are unknown. His lawyers say he was one of several prisoners seized by Afghan warlords in the chaos of the U.S. sweep against al-Qaeda and the Taliban in November 2001 and sold to the Americans for a $5,000 bounty.

The Supreme Court is not being asked to determine Hamdan's guilt or innocence. Rather, the major legal issue facing the high court is whether the president had the authority in the wake of 9/11 to resurrect a World War II system of military tribunals to try enemy prisoners — a setup in which the executive branch alone serves as judge, prosecutor and jury; rules of evidence are one-sided; and the accused and his lawyers don't even have the right to know what the evidence is.

The administration lost in 2004 when it failed to persuade the Supreme Court that Guantanamo prisoners have no right to challenge their detentions in U.S. courts. It now claims that the disputed language in a law passed by Congress in December effectively overturned the 2004 decision, and that the high court doesn't even have the right to intervene.

The court didn't try to tell the administration in 2004 how to handle the Guantanamo prisoners, and it didn't say they should have the same legal rights as U.S. citizens do. But it did establish the principle that, in the USA, no administration should expect to be exempt from judicial review of how it treats prisoners under its control.

The message from the Supreme Court Tuesday could have been a shining slice of the democratic ideal: the rule of law by an independent judiciary, a concept sacred to the Founding Fathers and a model for the world. Instead, Tuesday's hearing projects the image of an administration that has botched the handling of prisoner issues and given the USA a black eye internationally in the process.

Don't Forget We're At War (USAT)

By Richard Samp

USA Today, March 28, 2006

Those who have challenged the legality of the administration's policy of indefinitely detaining enemy combatants in our war against al-Qaeda have begun to face up to a harsh reality: The courts have by and large upheld the policy. They have rejected efforts aimed at closing down the detention facility at Guantanamo Bay and upheld the president's decision to convene military commissions to try some of the detainees as war criminals. (Related: Our view)

So now critics are taking a new tack. They argue that even if the administration is acting within the law, we ought to abandon the policy because it's not the right thing to do. They apparently want detainees either to be charged with crimes in our regular criminal courts or else set free.

That simply is no way to fight a war. In response to the 9/11 attacks that killed thousands of Americans, our military has rounded up hundreds of al-Qaeda fighters. By holding these enemy combatants in custody for the duration of hostilities, the military is preventing them from renewing the attack and is operating the way every army operates. Given the manner of their capture, for many of the detainees it is unlikely that the military could meet the evidentiary standards required for conviction in a regular criminal court. But armies have never been held to that standard.

Moreover, every detainee who has protested his innocence has been afforded a hearing before a military tribunal. The tribunals have ordered the release of all those for whom there was not substantial evidence demonstrating their enemy combatant status. So there is little danger that the Guantanamo detainees include non-combatants who were mistakenly taken into custody.

Military commissions to bring war crimes charges against the most dangerous detainees have a pedigree that dates back to the Revolutionary War. The need for such commissions — an alternative to regular criminal trials that both provides flexibility and protects sensitive information from unwarranted disclosure — is well illustrated by the ongoing trial of Zacarias Moussaoui, who is awaiting sentencing for his part in the 9/11 plot. Proceedings in that trial have been delayed for years by the types of procedural obstacles that can be avoided in trials before military commissions.

Richard Samp, chief counsel of the Washington Legal Foundation, filed a "friend of the court" in support of the government in the Hamdan case.

Activists Want Ruling Open In Terror Case (NSDY/AP)

By Larry Neumeister, Associated Press Writer

Long Island Newsday, March 28, 2006

NEW YORK -- A civil liberties group asked an appeals court on Monday to force a federal judge to unseal a ruling he made in a terrorism case regarding the government's warrantless wiretapping program.

The judge's sealing of the ruling without an explanation is unprecedented, the New York Civil Liberties Union said.

"Courts do not have authority to issue entire opinions in secret," the group said.

The group's submission to the 2nd U.S. Circuit Court of Appeals came in the case of two Muslims accused of supporting terrorism. The NYCLU asked to intervene three days after defense lawyers for the men asked the same appeals court to say the judge erred in letting authorities keep information about wiretaps secret.

The two men -- Yassin Aref, imam at an Albany mosque, and Mohammed Hossain, a pizzeria owner and mosque member -- are accused of laundering money in 2003-04 for an FBI informant, a Pakistani businessman posing as an arms dealer.

The mosque was raided by federal agents in August 2004 following a yearlong sting aimed at Aref.

The defense lawyers argued that charges against their clients should be tossed out and evidence from wiretaps should be suppressed because illegal wiretaps may have been used.

The NYCLU noted in its papers that the judge rejected the defendants' suppression motion less than two hours after the government on March 10 submitted a secret court document opposing it.

The judge's classified ruling leaves his reasons secret, and an after-hours call to his clerk's office Monday wasn't immediately returned.

The NYCLU said the First Amendment requires U.S. District Judge Thomas McAvoy in Albany to make public his ruling and the government's submission or to find a narrowly tailored response to the need to protect classified national security information.

The NYCLU asked the appeals court to order the judge to release his opinion publicly with redactions only to the extent necessary to protect classified information.

"It's not a surprise that the government wants this to be secret, but it's extraordinary for a court to go along," said Chris Dunn, NYCLU associate legal director.

Assistant U.S. Attorney William C. Pericek declined to comment.

Countering Confessions Will Be Key To Defense In Lodi Terror Case (AP)

By Don Thompson

AP, March 28, 2006

SACRAMENTO - Attorneys for a father and son charged in a federal terrorism probe will open their defense this week, and among their biggest challenges will be persuading jurors that they should not believe their own eyes.

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The government's case against Umer Hayat and his son, Hamid, is built partially on separate confessions they gave to FBI agents. The statements were videotaped and played to jurors.

"Overcoming a confession in the best of circumstances is a difficult hurdle," said Steven Drizin, legal director of the Center on Wrongful Convictions at the Northwestern University School of Law.

The Hayats are charged with lying about whether the younger man attended an al-Qaida training camp in Pakistan in 2003. Hamid Hayat, 23, also is charged with providing material support to terrorists by attending the camp.

The defense has pointed out that the government has no firm evidence that Hamid Hayat ever attended such a camp and is expected to say that both men confessed under pressure to something they didn't do. In doing so, the defense lawyers hope to show that the confessions are meaningless.

Johnny Griffin III, who is defending Umer Hayat, said confessions are worthless if there is no crime.

"Say a person walks into the FBI office and says, 'I just robbed a Bank of America at 4th and G in Sacramento.' The government still has to prove, Number 1, that there is a Bank of America at 4th and G, and Number 2, that it was robbed. Only then can they say that there's a valid confession to a crime," Griffin said.

He said prosecutors have to prove that Hamid Hayat attended a specific terrorist training camp in Pakistan and that his father knew about it.

"If you can't show the (criminal) conduct took place, the case is over," he said.

Umer Hayat confessed, Griffin said, "because he was psychologically bullied and emotionally pressured." Hamid Hayat's attorney, Wazhma Mojaddidi, offers a similar explanation for her client's confession.

The Hayats have been in federal custody since their arrest last June, shortly after Hamid Hayat returned home to the Central Valley agricultural town of Lodi after a two-year trip to Pakistan. They are being tried together before separate juries.

Hamid Hayat, who worked part time in a fruit-packing shed, faces three counts of lying to the FBI by denying he went to the camp and separate charges of providing material support to terrorists. He faces up to 39 years in prison if convicted on all counts.

Umer Hayat, a 48-year-old ice cream truck driver, is charged with two counts of making false statements to the FBI when he denied knowing of the training camps or that his son attended one. He faces up to 16 years in prison if convicted.

Their videotaped confessions are a central part of the government's case. Prosecutors also have introduced jihadist literature found at the Hayat home and transcripts pulled from hundreds of hours of audiotapes secretly recorded by a government informant.

The confessions came during several hours of interrogation at the FBI's regional headquarters in Sacramento. The videotapes capture parts of those sessions and show the men looking tired and providing statements that often are conflicting.

Their attorneys say the confessions actually are nothing more than both men agreeing to leading questions posed by FBI agents and were given only after they were worn down. They have said the Hayats were only telling the agents what they thought they wanted to hear.

Prosecutors are expected to rest their side of the case on Wednesday. The balancing act for the defense will be to convince jurors that the Hayats falsely confessed without reinforcing prosecutors' contention that the men are liars.

Undermining a confession means "you have to attack your own client," said Laurie Levenson, a former federal prosecutor and professor at Loyola Law School in Los Angeles. "It's better for him to be known as a liar than a terrorist."

A juror who was removed from the case last week suggested there was hope for the defense's strategy.

Former juror Andrea Clabaugh said she believed Hamid Hayat's confession was not convincing.

"I don't find the FBI interrogation damning. I felt like the FBI was leading," said Clabaugh, 39, who heard most of the government's case before her dismissal. "Hamid was worn out and tired, and I could easily see where someone in that situation would tell (FBI agents) what they wanted to hear so they would be done."

Even so, legal experts said confessions tend to resonate with juries. Some jurors might find it difficult to believe that an innocent suspect would freely admit an association with terrorists, said William Portanova, who spent 17 years as a state and federal prosecutor.

"It is unlikely that an innocent person would just turn the facts on their heads and declare themselves to be an international terrorist and describe the locations where they trained," said Portanova, who now is a defense attorney but is not involved in the Hayat case.

The defense lawyers are likely to note that FBI agents only began videotaping the interrogations after the Hayats began cooperating, said Drizin, of Northwestern. They also could focus on the inconsistencies in the Hayats' statements, particularly where the confessions don't match reality.

Hamid Hayat's descriptions of the camp and its location varied widely during his interrogation. Umer Hayat's account of a camp that prosecutors say he toured seems fantastic. On the FBI videotape, Umer Hayat described the camp as an enormous

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underground basement where he witnessed hundreds of trainees twirling swords, firing automatic weapons and pole-vaulting subterranean streams.

"The hallmark of a false confession is where the confession did not fit with the knowable, verifiable facts of the crime," Drizin said.

Moreover, the Hayats' attorneys must be careful not to overemphasize that their clients were lying when they confessed, Portanova said.

"That's the conundrum here for the defense attorneys: They're charged with lying, and the defense is they're liars," Portanova said.

Workers Surveyed On Detainee Abuse (WP)

By Josh White

The Washington Post, March 28, 2006

American soldiers, contractors and civilians who worked in the Abu Ghraib prison and at other U.S. military detention facilities have begun receiving detailed questionnaires from Sen. Carl M. Levin (Mich.), ranking Democrat on the Senate Armed Services Committee, about the use of severe interrogation tactics and the military chain of command's role in their implementation.

The move to conduct the surveys, signed by Levin, came after Democrats failed to persuade Congress to conduct its own investigation of detainee abuse in the wars in Afghanistan and Iraq. Democrats and some Republicans on the Senate panel have expressed concerns about whether high-level officers have been held adequately accountable for abusive interrogation approaches.

Levin has directed the committee's minority staff to ask questions of hundreds of people who worked in detention facilities to assess where the tactics originated and how they were applied -- an approach the full committee has not endorsed.

The first wave of letters was sent in recent weeks to about 50 military intelligence and military police soldiers who were affiliated with Abu Ghraib in Iraq, including some who were implicated in the abuse, according to congressional staff members familiar with the investigation. Separate questionnaires are being developed for people who worked at detention facilities at Bagram, Afghanistan; Guantanamo Bay, Cuba; and locations in Iraq, including at Qaim, where an Iraqi general was killed during an interrogation in November 2003.

"Consistent with the Senate Armed Services Committee's ongoing oversight responsibilities, an examination is being conducted into U.S. policies, practices and activities relating to the detention and interrogation of detainees in U.S. custody," the first letter reads. The investigation will look at detainees' "alleged mistreatment by U.S. personnel, the factors that may have contributed to such mistreatment, and the accountability of officials for policies, actions, or failures to act, which may have contributed to detainee abuse."

The letter poses 19 questions, including who authorized tactics such as isolation, nudity, sleep manipulation, the use of dogs, stress positions and placing detainees in female underwear. It also requests descriptions of how Army Special Forces soldiers, contractors and "other government agencies" -- usually a euphemism for the CIA -- may have ordered or directed mistreatment.

Pentagon officials said they consider such an investigation unwarranted because there have been more than a dozen inquiries into detainee abuse and several subsequent criminal prosecutions and administrative punishments for soldiers who broke the rules.

"I would hope that nobody is suggesting that they don't have the trust and confidence in our senior military officers who have conducted these investigations and of our commanders who are charged with carrying out their responsibilities under the Uniform Code of Military Justice," said Bryan Whitman, a Pentagon spokesman. "It would be a terrible disservice if there was a survey that neglected the thousands of dedicated service members who clearly understood their responsibilities and carried out detention and interrogation operations in a professional and humane manner."

Levin had hinted at the survey effort last month in two Senate hearings. On Feb. 15, he said he had "initiated a fact-finding effort to fill in some gaps in the investigations into detainee abuses and to examine issues of accountability for policies, practices and activities that may have contributed to such a mistreatment." He complained that a lack of accountability above the level of enlisted soldiers was "stunning" and "unacceptable" in a hearing the week before.

Levin and Sen. John W. Warner (R-Va.), chairman of the Armed Services Committee, intend to call Maj. Gen. Geoffrey Miller, former commander at Guantanamo Bay, and Col. Thomas M. Pappas, the top military intelligence officer at Abu Ghraib, to testify about their roles in using the severe tactics, according to John Ullyot, a spokesman for Warner.

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Last week, in a court-martial that convicted a dog handler of using his dog to frighten detainees at Abu Ghraib, Pappas testified that he approved the use of dogs during an interrogation of a high-value detainee in late 2003. He said he learned about the tactic from an advisory group that Miller had brought to Iraq. Miller invoked his right not to testify at the court-martial.

"The examination's goal is to get information back that could be used to extend further inquiries to higher-up people," said a member of Levin's staff who spoke anonymously because he was not authorized to discuss the matter.

Gary Myers, an attorney for former staff sergeant Ivan L. "Chip" Frederick, a military police soldier sentenced to more than eight years in prison for abuse at Abu Ghraib, said his client received one of Levin's questionnaires.

"I not only welcome this, I have been encouraging an independent inquiry since April 2004," Myers said. "It's about time."

Bomber Of 1982 Flight Gets 7 Years (WP)

By Henri E. Cauvin

The Washington Post, March 28, 2006

Judge Reluctantly Grants Prosecutors' Request for Leniency

Almost a quarter of a century after his bomb killed a teenager aboard a Pan Am flight bound for Honolulu, Mohammed Rashed was sentenced for the crime yesterday in federal court.

But in the complicated world of counterterrorism, saving lives is sometimes weighed against avenging deaths, and that is why Rashed, having agreed to cooperate with investigators, was ordered to spend just seven more years behind bars.

The 59-year-old Jordanian-born Palestinian has been in U.S. custody for eight years. He previously spent eight years in custody in Greece, where he was captured and tried, and two more detained in Egypt. When he is released in 2013 and deported, he will have spent about 25 years in custody.

But after listening yesterday to the words of some of the people who were aboard Flight 830, where Rashed admittedly took one life and was trying to take many more in the Aug. 11, 1982, attack, U.S. District Judge Royce C. Lamberth was troubled by the prospect of imposing such a short sentence on a man who had scarred so many people.

Lamberth accepted Rashed's secret December 2002 guilty plea to conspiracy and murder charges, just over a year after the Sept. 11 attacks. The plea, he said yesterday in court, "was less troubling" then.

Rashed had been a member of a pro-Palestinian group that in the 1980s undertook a terrorist campaign against U.S. and Israeli interests, according to prosecutors. The group, known as the 15th of May for the date in 1948 when the first Arab-Israeli War began, was based in Iraq, with operatives around the world.

By the time Rashed was brought to the United States in 1998, he had already been in custody for a decade. But prosecutors believed he could still help them. For the past three years, with his plea under seal, Rashed has been providing significant assistance, Justice Department prosecutors Scott J. Glick and Kenneth C. Kohl told Lamberth yesterday.

They did not elaborate in court about Rashed's cooperation, but after the sentencing they said that among the investigations he has aided is one in which a foreign government was able to charge two people in connection with a bombing that killed a 4-year-old girl.

But Lamberth said he was having a hard time reconciling that aid with statements in court yesterday from people aboard the flight and the sadness of the Japanese family whose teenage son died in the bomb blast.

Toru Ozawa was sitting in seat 47K -- the seat under which Rashed had secreted a bomb during the first leg of the plane's journey, from Baghdad to Tokyo. Rashed, his companion and their child left the plane in Tokyo. Ozawa and his family, bound for a vacation in Hawaii, got on.

When the bomb exploded about 140 miles outside Honolulu, Ozawa was killed and 15 other passengers were injured. As he watched his son dying before him, Shigetsugu Ozawa wanted his own life to end, too.

"At the time, my honest emotion was to wish the plane would crash into the Hawaiian ocean as I had lost the will to live since my son was no longer alive," the father, who was too ill to travel to the United States for the sentencing, said in a written statement read by the government.

Lamberth wondered aloud about what he should do. "I'm struggling with what options the court has," he said.

It is up to the executive branch, and not the courts, to wage the war on terrorism, he said. But, Lamberth said, he still must weigh all the interests involved. Glick said the government, too, had wrestled with those issues and ultimately decided the proposed sentence was the right course of action.

After hearing from Rashed's lawyer and from Rashed, who, through a translator, said he was "very, very sorry," Lamberth agreed, "with some trepidation" to impose the sentence.

Jordanian Sentenced In 1982 Plane Bombing (AP)

AP, March 28, 2006

DOJ_NMG_0022794

WASHINGTON - A Jordanian terrorist was sentenced Friday to another seven years in prison in connection with a bombing that killed a Japanese teenager aboard a Pan Am flight in 1982.

The sentencing of Mohammed Rashed was delayed for several years because he was locked up in prisons in Greece and Africa before being turned over to the FBI.

Rashed served eight years in prison in Greece after authorities there refused to extradite him to the United States. He was tried by the Greek courts twice for murdering the teenager.

After his release, he traveled to Africa where he was taken into custody and eventually turned over to the FBI and brought to the United States.

In all, Rashed will have served 25 years in prison. U.S. District Judge Royce Lamberth sentenced Rashed to remain locked up until March 2013 and pay $116,525 to the Japanese teenager's parents.

In a secret U.S. District Court hearing here in 2002, Rashed pleaded guilty to murder and conspiracy and promised to cooperate with U.S. authorities investigating al-Qaida and other terrorists.

Rashed was a member of the "15 May" terrorist group formed in 1979 to bring attention to Palestinian demands for a homeland in the Middle East. U.S. authorities believe the now-defunct group was responsible for five bombings in the early 1980s.

On Aug. 11, 1982, Rashed planted a bomb on Pan Am Flight 830, which was traveling from Tokyo to Honolulu. The explosion killed the Japanese teenager and injured several other passengers. Rashed's two accomplices remain fugitives.

Court On Trial As Justices Weigh Military Tribunals, A Guantanamo Tale (WSJ)

By Jess Bravin

The Wall Street Journal, March 28, 2006

Four years ago, a Muslim convert from Chicago and another from London set out from Karachi, Pakistan, intent on terrorism in America, the U.S. government says. The two were stopped at the Karachi airport for problems with their papers. Then their paths diverged.

The Chicagoan, Jose Padilla, was arrested when he arrived at O'Hare airport, accused of plotting to explode a radioactive "dirty bomb," and jailed without charge as an "enemy combatant." The result is a civil-liberties storm that has twice reached the Supreme Court. It is a flash point in the debate over executive power, individual rights and homeland security that has smoldered since Sept. 11, 2001.

The other Muslim convert wasn't a U.S. citizen. And his path, he asserts in an account provided by one of his lawyers, has led to a Moroccan torture cell, imprisonment at Guantanamo, Cuba, and a proceeding to be held in a secretive military court created by order of President Bush after Sept. 11.

The identity of this second inmate, even his existence, largely escaped notice. The announcement of Mr. Padilla's arrest in 2002 by then-Attorney General John Ashcroft made no reference to a second man. His existence was briefly mentioned two years later at a news conference on the Padilla case, although then-Deputy Attorney General James Comey said this prisoner's name was classified.

But last November, after the Defense Department quietly listed five Guantanamo prisoners newly approved for military trials, the name of the alleged accomplice of Mr. Padilla could be pinpointed. He is Binyam Mohamed, a 27-year-old who was born in Ethiopia, lived for a time in America and moved to London in his teens. His story, which is impossible to verify, is that he was tortured and told by his captors what they wanted him to say.

The profound constitutional issues these murky events raise are now coming to the fore. The Supreme Court today will hear arguments over the validity of the military commissions set up to try prisoners at Guantanamo. Lawyers for the prisoners will argue they are illegal. The government will say the president has inherent power to create such commissions and that traditional laws of war give prisoners accused of war crimes limited rights.

Adding to the constitutional confusion, the justices face administration claims that a law known as the Graham-Levin Amendment, which provides limited legal rights to Guantanamo prisoners, strips the Supreme Court of jurisdiction over the military-commissions case. One of the amendment's authors, Democratic Sen. Carl Levin of Michigan, says the law does no such thing.

Then next week, proceedings in such a commission are to begin against Mr. Mohamed. The proceedings in his case and Mr. Padilla's underscore the contrasts between traditional law and special military trials in addressing the modern scourge of terrorism.

With Mr. Padilla, the administration acknowledges it can't use some evidence because it was collected while the Chicagoan was held without charge and denied the rights to have a lawyer and avoid self-incrimination.

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The military-tribunal system doesn't bar such evidence. Advocates say it may be the only way a suspect can be held to account for a plot with alleged al Qaeda ties, because a civilian trial might entitle the defendant to subpoena al Qaeda leaders the U.S. holds abroad -- exposing intelligence sources and methods. But critics say such a military proceeding comes at the cost of a fair trial, and that this cost is too high. A military-commission trial, they warn, risks countenancing evidence extracted by torture.

The commissions are panels of four or more military officers, one a lawyer, and held at Guantanamo. The public can't attend, in contrast to civilian trials, but the Pentagon flies in a handful of reporters to file accounts, unless the presiding officer deems the information too sensitive.

A five-page charge sheet accuses Mr. Mohamed of conspiring, along with Mr. Padilla, with al Qaeda leaders to commit the war crimes of "attacking civilians, attacking civilian objects, murder by an unprivileged belligerent, destruction of property by an unprivileged belligerent and terrorism." The al Qaeda leaders it cites include Osama bin Laden, Ayman al-Zawahri, Khalid Sheikh Mohammad, Abu Zubayda and the late Muhammad Atef.

The sheet says that around May 2001, after a conversion to Islam, Mr. Mohamed went to an al Qaeda training camp in Afghanistan, attended a lecture by Mr. bin Laden and was sent to a 30-day "city warfare course" in Kabul. It says he trained on AK-47 assault rifles but not pistols "due to lack of ammunition." It says he went to an explosives class in Kabul also attended by Richard Reid, the so-called shoe bomber.

Then, the charge sheet says, Mr. Mohamed went to Pakistan with Abu Zubayda, a senior al Qaeda figure later captured there. Along the way, it says, Mr. Mohamed met Mr. Padilla, and in Lahore they "reviewed instructions on a computer...on how to make an improvised 'dirty bomb.' " However, the sheet says, Abu Zubayda considered a dirty bomb unfeasible, so they weighed alternatives, "such as blowing up gas tankers and spraying people with cyanide in nightclubs."

The sheet says Khalid Sheikh Mohammad -- the alleged Sept. 11 mastermind, now also in custody -- explained in Karachi that their mission would involve targeting gas stations and natural-gas-heated apartment buildings, using the gas to cause explosions. It says in April 2002 Messrs. Mohamed and Padilla were given $6,000 and $10,000, respectively, to go to the U.S. and execute the plot.

Mr. Padilla has told interrogators the two were feted the night before their departure by al Qaeda leaders including Khalid Sheikh Mohammad and Ramzi Binalshibh, according to Mr. Comey at the 2004 news conference. "That is," Mr. Comey said, they were "hosted at a farewell dinner by the mastermind of Sept. 11 and the coordinator of those attacks." (Both are now in custody.) Because of the conditions under which Mr. Padilla was being held, such a statement by him couldn't be used against him in federal court, but could at a military commission.

The two didn't get far. Passport control stopped them at the Karachi airport and held them overnight.

Mr. Padilla, under U.S. surveillance, was allowed to proceed to Chicago, where Federal Bureau of Investigation agents arrested him as a material witness in a criminal probe. A month later, just before a deadline to justify his detention, the U.S. transferred him, at President Bush's order, to a military prison.

Last November, as the Supreme Court weighed a challenge to his military detention, Attorney General Alberto Gonzales announced plans to return Mr. Padilla to civilian custody and prosecute him for other crimes. Instead of a dirty-bomb plot, he now is under indictment for having supported a terrorist organization during the 1990s, among other charges. These charges, the U.S. says, are based on evidence it obtained lawfully. He has pleaded not guilty.

Mr. Mohamed, meanwhile, returned to the Karachi airport a week later with a forged passport, the Pentagon's charges say, attempting to fly to London. He was arrested again. The charge sheet ends there. The Pentagon declines to elaborate about "allegations that may become the subject of litigation in Mr. Mohamed's military commission."

His attorneys filed a brief supporting today's Supreme Court challenge to the validity of the military commissions, which concerns another Guantanamo inmate. The brief asserts that Mr. Mohamed "was rendered to Morocco by United States personnel...where he underwent unspeakable torture."

Besides this brief, Mr. Mohamed's version emerges in two other places: an interview with his brother, a U.S. citizen who asked not to be named for fear of reprisal for his relationship to an accused terrorist; and an account written by one of Mr. Mohamed's attorneys, Clive Stafford Smith, which the attorney says reflects what Mr. Mohamed told him during meetings at the Guantanamo naval base. The Wall Street Journal reviewed this 26-page account but had no way to authenticate it as Mr. Mohamed's own words.

Mr. Mohamed was born in Ethiopia, says his brother, and reared for a time in Nairobi, Kenya, where their father was an engineer for Ethiopian Airlines. Although of Muslim background, the family was secular, said the brother, adding that Mr. Mohamed attended a Catholic school. With Ethiopia in turmoil, the family in the early 1990s moved to the U.S., where Mr. Mohamed's brother and two sisters received asylum. Young Binyam knew nothing of the Quran, says his brother, but he "memorized 'Police Academy' " and was always reciting dialogue from the 1984 Steve Guttenberg comedy. "It was annoying."

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Their father returned to Ethiopia and Binyam stayed in the U.S., the brother says. But "my sister and I didn't want to take the responsibility of raising a 14-year-old kid," so their father placed Binyam in the care of family friends in Britain. He later moved to a London YMCA. This brother says he last saw Mr. Mohamed in 1998 but the family spoke to him weekly until July 2001, when he stopped answering his telephone.

The brother says he knew nothing of Binyam's interest in Islam or of his fate until May 2002, when two FBI agents arrived, showed a photo of Mr. Padilla and said Mr. Mohamed had been seen with him. The brother says he finally learned Binyam's whereabouts in January 2005 after the International Red Cross said he was a prisoner at Guantanamo.

According to Mr. Stafford Smith, Mr. Mohamed, after studying kickboxing and computer programming, found his Islamic faith in 2000. He was having a rough time in life because of a drug problem, the lawyer says in an interview, "and he converted because it seemed like a sanctuary." The attorney says Mr. Mohamed worked as a janitor for a London mosque and then journeyed to Afghanistan. Besides getting away from the streets, "he also wanted to see the Taliban with his own eyes, to decide whether it was a 'good Islamic country or not.' "

Mr. Stafford Smith is a Briton who was educated in the U.S. and spent 25 years here opposing capital punishment, winning honors from Queen Elizabeth II. He founded an international advocacy group called Reprieve for prisoners facing the death penalty. His name was passed around by British inmates of Guantanamo seeking a sympathetic lawyer, he says, and in January 2005 he got a postcard from Mr. Mohamed requesting his representation, sent via the International Red Cross.

He says Mr. Mohamed "dabbled with the idea of going to Chechnya" to join Islamic rebels fighting Russian rule but denies any tie to a terrorist plot against the U.S. -- or knowing Mr. Padilla.

Mr. Stafford Smith ridicules the suggestion that his client, who he says spoke no Arabic when he got to Afghanistan, and Mr. Padilla, who is not alleged to belong to al Qaeda, were feted by its leadership. "The idea of a conspiracy that involves two very minor people...and every major figure in al Qaeda except bin Laden himself seems risible," Mr. Stafford Smith wrote in a defense memorandum.

The attorney quotes Mr. Mohamed as saying he had "never met anybody like Khalid Sheikh Mohammad." But the lawyer also says he hasn't pressed his client to say whether he encountered any of the numerous al Qaeda figures the charge sheet says he conspired with.

An attorney for Mr. Padilla declined to say whether his client admits knowing Mr. Mohamed. The Padilla attorney, Andrew Patel, said he is weighing whether to call Mr. Mohamed as a witness in Mr. Padilla's trial set for September in federal criminal court in Miami.

In what Mr. Stafford Smith says is Mr. Mohamed's account, the prisoner says his misleading of Karachi airport authorities about his identity led to 14 weeks' detention in Pakistan and questioning by British and U.S. agents. In July 2002, the account says, U.S. agents flew him to Morocco. "It was when I got to Morocco that they said that some big people in al Qaeda were talking about me. They told me that the U.S. had a story they wanted from me, and it was their job to get it. They talked about Jose Padilla and they said I was going to testify against him and big people," the account reads.

The account says that in Morocco, questions were posed by Arabs and a self-described Canadian. The account says he was shackled in painful positions and punched by guards -- and then, weeks into his detention, came harsher treatment: "They took the scalpel to my right chest. It was only a small cut. Maybe an inch....Then they cut my left chest. This time I didn't want to scream because I knew it was coming."

The account continues: "One of them took my penis in his hand and began to make cuts. He did it once, and they stood still for maybe a minute, watching my reaction. One of them said it would be better just to cut it off, as I could only breed terrorists.

"I could not take any more of this torture, and I eventually repeated what was read out to me," the account continues. "They told me to say that I had been with bin Laden five or six times," that he himself had recommended targets, and that he had known about 25 terrorist leaders. "They told me I must plead guilty. I'd have to say I was an al Qaeda operations man, an ideas man."

After his confession, the account says, "brainwashing" began. "I remember they played Meat Loaf and Aerosmith over and over. I hated that," the account says. "When I became a Muslim, I had tried to get away from this. I'd canceled all the music out of my head and now they were forcing it back."

Morocco's Embassy in Washington didn't respond to requests for comment.

In January 2004, the account says, Mr. Mohamed was flown to Afghanistan and held by the U.S. for months in a place called the "prison of darkness." It says he was chained to the floor, kept in a lightless cell for 23 hours a day and subjected to "horrible ghost laughter and Halloween sounds" or Eminem's "Slim Shady," at blasting volume.

Eventually, according to the account, U.S. soldiers said, " 'This is the story that Washington wants.' It was about a dirty bomb. I was meant to steal the parts and build it with Padilla in New York. I did not even know what a dirty bomb was." Mr.

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Mohamed was taken to Guantanamo in September 2004, the account says, and told he must stay until he agreed to testify against others. Mr. Mohamed is to be judged by a panel of seven military officers whose names are secret but for the presiding officer and sole lawyer, Marine Col. Ralph Kohlmann.

U.S. citizens have a right to attend their trials, confront witnesses and compel defense witnesses to testify. Guantanamo defendants, by contrast, can be barred from proceedings and denied the right to compel testimony by witnesses if the commission finds this necessary to protect national security.

The military commission has discretion to consider any evidence it deems of "probative value to a reasonable person." The Pentagon acknowledges this could include statements taken through torture. It said last week it is considering rule changes to limit such evidence.

There's an indication Col. Kohlmann has considered the question of how to treat evidence possibly received this way. In November, at his child's high school in Durham, N.C., he led a student discussion titled "Torture, Terrorism and National Security." An organizer said it wasn't recorded or transcribed. The Pentagon wouldn't make Col. Kohlmann available for an interview.

PATRIOT ACT:

Two Lawmakers Demand Bush Obey Laws (BOS)

By Charlie Savage

The Boston Globe, March 28, 2006

WASHINGTON -- Two senior Democratic House members yesterday demanded that President Bush withdraw his assertion that he can ignore portions of the USA Patriot Act calling on him to provide periodic reports to Congress on how new law-enforcement tactics are being used.

Representatives Jane Harman of California and John Conyers of Michigan -- the ranking Democrats on the Intelligence and Judiciary Committees, respectively -- sent a letter to Attorney General Alberto Gonzales asking that Bush follow the law.

"We ask that the administration immediately rescind this statement and abide by the law," the lawmakers wrote. "Many members who supported the final law did so based upon the guarantee of additional reporting and oversight. The administration cannot, after the fact, unilaterally repeal provisions of the law implementing such oversight."

After some lawmakers raised concerns that the Patriot Act may pose a threat to civil liberties, Congress added a series of new oversight provisions to it. The law requires the Justice Department to keep track of how the FBI is using its expanded powers to monitor suspects and seize papers during counterterrorism investigations. The law required the administration to give Congress that information by certain dates.

But after Bush signed the Patriot Act reauthorization on March 9, he issued a signing statement -- an official document in which a president lays out his understanding of the law -- asserting that he had the authority to withhold the information from Congress if he decided that disclosing it would interfere with foreign relations, national security, or executive branch operations.

The signing statement, which went largely unnoted until The Boston Globe wrote about it last week, echoed a similar dispute three months ago when Congress passed a bill outlawing the torture of any detainee in US custody. Bush signed the antitorture law, but he also issued a statement asserting that he had the power, as commander in chief, to bypass the law if he decided that using aggressive interrogation techniques was necessary to protect national security.

While previous presidents occasionally issued signing statements, Bush has done so more often, legal scholars say. The Bush White House has issued more than 100 signing statements that called into question more than 500 provisions of new laws. But unlike other presidents, Bush has never vetoed a bill.

Yesterday, Harman and Conyers accused Bush of circumventing the lawmaking process.

"The time to raise objections to laws Congress is [considering is] while they are pending," they wrote. "Once the president signs a bill, he and all of us are bound by it."

Said Brian Roehrkasse, a Gonzales spokesman: "Signing statements have been used for several administrations and this is very standard language that makes clear that the president will faithfully execute the law in a manner that is consistent with the Constitution."

Patriot Act's Fast-tracking Of Death Penalty Cases Draws Criticism (LVS)

By Matt Pordum, Las Vegas Sun

Las Vegas Sun, March 27, 2006

Slipped into the thick binding of the newly authorized Patriot Act is a provision designed to speed death penalty appeals.

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The act, signed into law this month, allows states to ask the U.S. attorney general for so-called fast-track reviews of federal habeas corpus petitions - the last appeal of a death row inmate.

Previously federal judges made that determination, which is based on whether a state's court-appointed attorneys in death penalty appeals are able to handle them.

No state had qualified for the fast-track review, but that could change under the new law. A fast-track review limits the amount of time a prisoner has to appeal and the subject matter of the appeal.

"This is very troubling," said Allen Lichtenstein, local attorney for the American Civil Liberties Union. "It's an attempt by certain elements of government to eviscerate the very checks and balances that are in place to guard us against the abuses of government.

"Essentially it's an attack against the Bill of Rights."

Conservative groups, long critical of the length of time it takes for appeals to wind through the system, have championed fast-track appeals.

"If the provision holds up, it should fix the problem," said Kent Scheidegger, legal director of the nonprofit California-based Criminal Justice Legal Foundation, a public interest law firm dedicated to crime victims' rights.

Scheidegger said it's not unheard of for a death penalty case to take a decade to get through the 9th U.S. Circuit Court of Appeals, based in San Francisco.

He figures fast-track reviews would cut that down to three to four years.

But critics say death penalty cases are complex and can't be rushed through the system.

"Proper review is not particularly burdensome, so there is no real need for this," Lichtenstein said. "It's like they're saying we don't need judges, we don't want any review at all."

Michael Pescetta, the federal public defender for Nevada, said the new system is "unconstitutional because it takes a judicial determination and turns it over to the attorney general."

"They want to hurry up things at the expense of justice," he said.

Pescetta, whose office handles federal death penalty appeals, said he thinks the new law will be held up by "an enormous amount of litigation."

Conrad Hafen, chief of the Nevada attorney general's criminal division, wouldn't speculate on the impact of the new system but indicated that the state will likely apply to be placed on the fast-track list.

He noted that the law allows an appeal of the U.S. attorney general's decisions to the appellate court in Washington.

"The D.C. court certainly hasn't been a pro-prosecution court over the years and they have been more than favorable to defendants and petitioners," he said.

The appellate court's decision could be appealed to the Supreme Court.

Pescetta, though, said the law takes the appeal out of the hands of the judges in the 9th Circuit, "who see Nevada cases on a regular basis and already recognize the errors occurring here are really terrible."

The key in a fast-track authorization is whether a state's requirements for a court-appointed attorney are stringent enough. The law looks not only at the lawyer's experience but also at the resources the attorney is given to conduct an appeal.

Pescetta scoffed at Nevada's requirements, saying, "All someone really needs is a bar card to be allowed to handle these cases.

"To the extent the courts are going to examine the capital post-conviction system in Nevada, they are going to find it just doesn't qualify to meet the statute," he said.

Pescetta said Nevada's guidelines have created a situation in which court appointed defense attorneys "fail to hire an investigator to look beyond the record of a case and don't even ask for discovery."

He said by the time his office receives a case - after a prisoner's state appeal has been exhausted - many issues that should have been raised to the Nevada Supreme Court haven't been.

If Nevada's system is approved, "our bad situation is only destined to become worse," Pescetta said.

There are 82 death row inmates in Nevada. Matt Pordum can be reached at 474-7406 or at pordum@lasvegassun.com.

HOMELAND RESPONSE:

GAO: Ports Need Radiation Monitors Installed Pronto (WT)

By Amy Fagan

The Washington Times, March 28, 2006

DOJ_NMG_0022799

The Department of Homeland Security needs to step up its installation of radiation equipment at the nation's land and sea ports, as less than 40 percent of the equipment has been deployed, according to a government report being released today.

"The deployment of portal monitors has fallen behind schedule," states the report by the Government Accountability Office.

Sen. Norm Coleman, Minnesota Republican and chairman of the Senate Governmental Affairs permanent subcommittee on investigations, said the Department of Homeland Security (DHS) must "dramatically step up" its deployment "to keep pace with the danger we are facing" there.

The subcommittee will discuss the findings at a hearing today and also will address a second GAO report that highlights problems surrounding the movement of nuclear material through ports.

In December, the GAO set up a sting operation in which teams posing as employees of fictitious private companies successfully transported nuclear material to make a dirty bomb across both the southern and northern border.

At both sites, customs officials followed protocol, radiation-detection equipment found the material, and the cars were inspected further. But both teams were allowed to enter the United States after they presented counterfeit paperwork from the Nuclear Regulatory Commission (NRC).

According to the GAO report, one of the key problems is that suppliers of radioactive materials aren't required to determine whether buyers have a legitimate use for it and don't have to ask for a valid NRC document if the buyer is purchasing a small amount.

Customs officials were cooperative after they were briefed about the incidents, but NRC officials were hesitant, saying their "concern threshold" is higher than GAO's, the report stated.

The GAO and Mr. Coleman disputed that. "This operation demonstrated that the Nuclear Regulatory Commission is stuck in a pre-9/11 mind-set in a post-9/11 world and must modernize its procedures," Mr. Coleman said.

In an effort to stop terrorists from smuggling bomb-making materials, DHS is deploying radiation-detection monitors to the nation's northern and southern land ports of entry, seaports, international mail facilities, international airports and rail crossings.

As of December, 740 of 2,405 radiation portal monitors had been deployed.

The security of seaports in particular has come into sharp focus lately, after a Dubai-owned company caused an uproar by purchasing terminal operations at several key U.S. seaports. That deal has since been scuttled.

A House Homeland Security subcommittee will likely vote on a measure that would invest more money in ports security and make several changes to ports-security programs. Similar Senate legislation will likely have a hearing next week, aides said.

And the Senate Banking Committee will debate and vote later this week on legislation to reform the interagency panel that approves sales such as the Dubai deal.

The panel itself also has studied these issues and plans to release its own findings later this week at a second hearing.

Testers Slip Radioactive Materials Over Borders (NYT)

By Eric Lipton

The New York Times, March 28, 2006

WASHINGTON, March 27 — Undercover Congressional investigators successfully smuggled into the United States enough radioactive material to make two dirty bombs, even after it set off alarms on radiation detectors installed at border checkpoints, a new report says.

The test, conducted in December by the Government Accountability Office, demonstrated the mixed progress by the Department of Homeland Security, among other federal agencies, in trying to prevent terrorists from smuggling radioactive material into the United States.

Nationally, at a cost so far of about $286 million, about 60 percent of all containerized commercial goods entering the United States by truck or ship and 77 percent of all private cars are now screened for radioactive material.

But flaws in the inspection procedures and limitations with the equipment mean that nuclear materials may still be able to be sent illegally into the country through seaports or land borders, the study found. And because the program for installing radiation detectors is far behind schedule, many border crossing points, including many seaports, still have no detection equipment, the report says.

"We suffer from a massive blind spot in our cargo security measures," Senator Norm Coleman, Republican of Minnesota, said in a statement that accompanied the report, which will be released Tuesday morning at a Senate hearing.

In the test case, undercover investigators bought a small amount of radioactive material, most likely cesium. Then on Dec. 15, they drove across the border at undisclosed locations from Canada and Mexico, intentionally picking spots where the detection equipment had been installed.

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The alarms went off in both locations, and the investigators were pulled aside for questioning. In both cases, they showed the agents from the Customs and Border Protection agency forged import licenses from the Nuclear Regulatory Commission, based on an image of the real document they found on the Internet.

The problem, the report says, is that the border agents have no routine way to confirm the validity of import licenses. The Nuclear Regulatory Commission, it says, also improperly allows the sale of small amounts of radioactive materials without a permit, substances that can be used in industrial equipment, like a medical device, but that can also be used to create terrorist weapons.

David McIntyre, a Nuclear Regulatory Commission spokesman, disputed the claim by the Congressional investigators that the amount of material bought and taken across the border would have been enough to build a dirty bomb. (Dirty bombs can force long-term evacuation by spreading low levels of radioactivity across an area after being detonated with a conventional explosive.)

But Mr. McIntyre said he agreed that Customs officials at the borders must be able to confirm quickly the validity of import licenses.

"We are working with Customs and the Department of Homeland Security to make sure this information is available to them 24/7," he said.

The investigation, part of a three-year inquiry by the Senate Homeland Security and Governmental Affairs Committee into the nation's vulnerability to nuclear smuggling, particularly at ports, found many other weaknesses in the radiation detection campaign.

The primary radiation monitors, which look like a standard tollbooth, cannot distinguish between naturally occurring radiation, sometimes found in ceramic tile or cat litter, and radioactivity in bomb-making substances.

Yet when Customs agents use hand-held radiation devices, which are supposed to clear false alarms by isolating the specific type of radiation, the standard procedure is to walk along the exterior of the container, rather than opening it. Used that way, the hand-held devices can produce unreliable results.

Installation of the radiation screening equipment is running behind schedule, largely because of delays in appropriating federal money, problems figuring out how to use the devices to screen rail cars and disputes with ports that are worried about slowing the movement of goods, the report says.

So far, about 670 of the planned 3,034 primary radiation detection monitors are in place, and at the rate they are being installed — 22 a month on average last year — the Homeland Security Department will not meet its September 2009 goal, the report said.

The investigators predict that the project, which the department estimates will cost $1.3 billion, is going to cost much more.

GAO: Paperwork Fooled Border Patrol (USAT)

By Mimi Hall

USA Today, March 28, 2006

WASHINGTON — Undercover investigators bought radioactive ingredients needed to make a dirty bomb and drove them into the USA past border security agents, a government report said Monday.

The report by the Government Accountability Office, the watchdog arm of Congress, said that investigators put radioactive material in the trunks of cars and drove to Canadian and Mexican border checkpoints on Dec. 14, 2005. When Homeland Security radiation detectors went off, the investigators gave Customs and Border Protection agents fake government licenses and receipts.

Agents searched the cars, reviewed the documents and ultimately gave the undercover officers the OK to bring the material into the USA, according to the report, filed as part of a border-security probe.

The GAO said its investigators bought the radioactive material over the phone while posing as employees of a fictitious company, then had the material shipped to Washington, D.C. Several companies sell such material to buyers who have legitimate medical and business reasons for using it.

Sen. Norm Coleman, R-Minn., chairman of the Senate's Permanent Committee on Investigations, said he was “alarmed” by the border response and the apparent availability of radioactive material for commercial sale.

“The reality is that it is easier to buy low-grade radioactive material for a dirty bomb than it is to buy cold medicine that has been restricted because of the meth epidemic,” Coleman said. “The operation demonstrated that the Nuclear Regulatory Commission is stuck in a pre-9/11 mind-set in a post-9/11 world and must modernize its procedures.”

The Homeland Security Department's equipment worked, and its agents did what they were supposed to do during the tests, according to the report. However, the GAO criticized the Nuclear Regulatory Commission for failing to require companies

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that sell radioactive material to verify who is buying it, saying there is no way for border agents to verify NRC licenses or other documents.

NRC spokesman David McIntyre said the GAO bought an inconsequentially small amount of radioactive material.

He said the company selling it wouldn't have been required to demand licenses from buyers because the amount of material purchased was far too small to pose a safety or security threat.

The GAO report did not say what material investigators bought, whom they bought it from or how much they bought.

U.S. Wants Own Inspectors At Bahamas Port (AP)

The Associated Press, March 27, 2006

WASHINGTON (AP) -- The Bush administration will negotiate to station American customs inspectors at the largest seaport in the Bahamas, where the United States is hiring a Hong Kong conglomerate to help detect nuclear materials inside cargo, a senior customs official said Monday.

Any such agreement will require approval by the Bahamian government. Diplomatic talks are expected to begin soon to give agents from U.S. Customs and Border Protection a presence at the sprawling Freeport Container Port, just 65 miles from Florida's coast.

"We're now looking at going over there to begin discussions," Jayson Ahern, assistant customs commissioner for field operations, told The Associated Press. "It does require bilateral discussions with another country, but we're cautiously looking at being there by the fall."

A story last week by the AP described the no-bid, $6 million contract the administration is finalizing with Hutchison Whampoa Ltd. in the Bahamas, and generated criticism of the contract from some U.S. lawmakers and security experts.

The administration has acknowledged the deal represents the first time a foreign company will be involved in running sophisticated U.S. radiation-detection equipment at an overseas port without American customs agents present.

Ahern was expected to testify Tuesday at a Senate oversight hearing on radiation detectors in the United States. He said the Homeland Security Department originally intended to station U.S. customs inspectors in the Bahamas by spring under its port-security program, called the Container Security Initiative.

The pending diplomatic talks were confirmed by John Meredith, the group managing director for Hutchison's port subsidiary, which runs the Bahamas port.

"They are getting close to fixing up a deal between the Bahamas and the U.S.," Meredith told the AP. "If they want to put American people out there to have a look at it, that's fine. But people should respect also that you've got to have trusted partnerships, both with the private sector and with foreign governments."

The Bahamas contract is being finalized by the National Nuclear Security Administration, part of the Energy Department. It has said employees of Hutchison -- the world's largest ports operator -- will drive the towering, truck-like radiation scanner at the port under the direct supervision of Bahamian customs officials.

Any positive reading would set off alarms monitored simultaneously by Bahamian customs inspectors at Freeport and by U.S. customs officials working at an anti-terrorism center in northern Virginia.

Under the contract, no U.S. officials would be stationed permanently in the Bahamas with the radiation scanner. Separately, there are no U.S. customs agents checking cargo containers in Freeport under the U.S. customs port-security program.

Last week, the senior Democrat on the House Homeland Security Committee, Rep. Bennie Thompson of Mississippi, said he was concerned there will be inadequate oversight in the Bahamas. Citing the AP story, Thompson sought assurances from the administration over the no-bid contract and asked when U.S. customs inspectors might be dispatched there.

Hutchison Whampoa is among the shipping industry's most respected companies and was an early adopter of U.S. anti-terror measures. But its billionaire chairman, Li Ka-Shing, also has substantial business ties to China's government that have raised U.S. concerns over the years.

Court Rebuffs Times On Libel Suit Appeal (NYT)

By The New York Times

The New York Times, March 28, 2006

The United States Supreme Court refused to hear an appeal from The New York Times on Monday, allowing a libel suit by a former Army bioterrorism expert to go forward.

The suit, filed in 2003 by Steven J. Hatfill, accused Nicholas D. Kristof, an Op-Ed columnist for The Times, of implicating Dr. Hatfill in the unsolved anthrax attacks of 2001.

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The suit was dismissed by a federal judge in Virginia in 2004. A divided three-judge panel of the United States Court of Appeals for the Fourth Circuit, in Richmond, Va., reinstated the case in July, and the full court, by a 6-to-6 vote, declined to rehear it in October.

The decisions to date have been preliminary, centering on whether Mr. Kristof's statements could be considered defamatory.

Judge Dennis W. Shedd, writing for the majority in the July decision, said "a reasonable reader of Kristof's columns likely would conclude that Hatfill was responsible for the anthrax mailings in 2001." But Judge J. Harvie Wilkinson III, dissenting from the October decision, said "the columns do not pin guilt on plaintiff, but instead urge the investigation of an undeniable public threat."

The trial court will now consider whether the statements were false and whether The Times was at fault for publishing them.

New York Times Loses U.S. High Court Bid To Stop Hatfill Suit (BLOOM)

By Greg Stohr

Bloomberg, March 28, 2006

March 27 (Bloomberg) -- New York Times Co. lost a U.S. Supreme Court appeal to stop a libel suit by Steven J. Hatfill, the scientist the Justice Department once identified as a ``person of interest'' in the 2001 anthrax attacks.

The justices, without comment in Washington, let stand a ruling that said Hatfill can pursue his suit over a series of New York Times columns written by Nicholas Kristof. The columns criticized the slow pace of the Federal Bureau of Investigation's probe into the attacks and discussed the possibility that Hatfill was the culprit.

The company argued in its appeal that the lower court ruling, issued by the 4th U.S. Circuit Court of Appeals in Richmond, Virginia, ``will inhibit criticism of the government and penalize speech about public matters in violation of the First Amendment.''

No one has ever been charged in connection with the attacks, in which five people died from exposure to anthrax spores sent through the mail. Hatfill, who worked until 1999 at the Fort Detrick infectious diseases research institute, said in a 2002 press conference that he ``had absolutely nothing to do with this terrible crime.''

Hatfill urged the Supreme Court not to get involved in the libel case. He said in court papers that Kristof's first four columns on the subject ``did not report investigative interest in Dr. Hatfill but rather were designed to create some.''

Creating Interest

None of those columns mentioned Hatfill by name, referring to him in places as ``Mr. Z.'' Kristof used Hatfill's name only after the scientist held a news conference to deny any involvement with the attacks.

New York Times Co., the third-largest newspaper publisher, said the columns, read in their entirety, ``took care to caution readers against drawing any conclusion of Hatfill's guilt.''

In addition to libel, Hatfill accuses the New York Times of intentional infliction of emotional distress. He is filed separate lawsuits against the federal government and closely held Conde Nast Publications Inc.'s Vanity Fair magazine.

Hatfill's attorneys wouldn't disclose his age.

The case is New York Times v. Hatfill, 05-897.

High Court Lets Defamation Suit Against New York Times Proceed (LAW/AP)

By Gina Holland, The Associated Press

AP, March 28, 2006

The Supreme Court refused Monday to block a defamation lawsuit against The New York Times over columns that linked a former Army scientist to the 2001 anthrax killings.

Authorities have never solved the mysterious mailing of anthrax-laced letters that killed five people and sickened 17 not long after the Sept. 11, 2001, terror attacks.

Steven Hatfill, a physician and bioterrorism expert, was labeled a "person of interest" by then-Attorney General John Ashcroft, although he was never charged and has since sued Ashcroft and others.

A federal judge had thrown out Hatfill's lawsuit against The New York Times over 2002 columns by writer Nicholas Kristof that faulted the FBI for failing to thoroughly investigate Hatfill. The 4th U.S. Circuit Court of Appeals reinstated the suit, and the Supreme Court declined without comment to take up the case.

New York attorney David Schulz, who represented the newspaper, said the appeals court decision undermines free-speech protections for reporters and invites more lawsuits over legitimate news reporting.

The Associated Press and some 30 other news organizations urged the Court to use the case to clarify reporters' free-speech protections.

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"Reporting on government investigations is critical to the public's ability to evaluate how their elected and appointed officials are executing the responsibility of enforcing the laws and protecting the peace," Washington lawyer Paul M. Smith wrote in the groups' filing.

Hatfill's attorney, Christopher Wright, said that the reporting by Kristof was reckless, with multiple errors, including the claim that Hatfill had failed three polygraph tests.

The Supreme Court itself was touched by the anthrax scare. Traces of anthrax were found in the Court's mailroom, forcing the building's closure for a week in October 2001.

The case returns to federal court in Alexandria, Va., where Hatfill sued in 2004 claiming defamation and intentional infliction of emotional distress. In its ruling, the appeals court said that the newspaper columns, taken as a whole, might be considered defamatory.

One of the dissenting judges said that The New York Times appeared only to be trying to reveal flaws in the FBI investigation, not to accuse Hatfill of the murders.

The case is The New York Times v. Hatfill, 05-897.

Palm Beach County Jail Inmate Charged In Anthrax Hoax (FLSUNSEN)

By John Coté, South Florida Sun-sentinel

South Florida Sun-Sentinel, March 28, 2006

An anthrax letter hoax that shut down parts of the West Palm Beach courthouse this week could tack another 15 years onto a jail inmate's 40-year prison sentence.

Federal prosecutors on Thursday announced they charged Anthony Vassalotti, 40, with the federal crime of mailing a hoax anthrax threat.

Vassalotti allegedly sent three letters containing white powder and words such as "breathe these anthrax spores and die die die!" to the prosecutor on his case, the Circuit Court judge who sentenced him and the Palm Beach County court clerk, according to authorities.

Vassalotti was angry after being sentenced on March 16 to 40 years in prison for aggravated battery with a firearm and possession of a short-barreled shotgun, an FBI Joint Terrorism Task Force investigator wrote in an affidavit.

A jury convicted him March 8 of shooting his former live-in girlfriend, Dana Brooker, outside their mobile home west of West Palm Beach.

Vassalotti mailed letters to prosecutor Kirk Volker, Circuit Judge Stephen Rapp and the court clerk's office, according to the affidavit. Two of the letters were received Monday. The third was found Tuesday. They contained a powder that West Palm Beach Fire-Rescue's biohazard team determined wasn't toxic.

Vassalotti printed his name on the letters and envelopes and confessed when questioned at the Palm Beach County Jail, wrote James Moore, a West Palm Beach police officer and member of the anti-terrorism task force.

"Vassalotti explained how he wrote three letters and enclosed baby powder in each, which he referred to in the letters as anthrax," Moore wrote. "Additionally, he described his motivation for sending the letters as including a desire to serve his sentence in a federal rather than a state facility."

If convicted, Vassalotti faces up to five years in a federal prison for each letter mailed. That would be separate from the 40-year state sentence.

Jail Inmate Charged In Federal Anthrax Hoax Case (AP)

AP, March 28, 2006

Palm Beach County jail inmate has been charged with making fake anthrax threats after sending letters containing a powdery substance to the courthouse and state attorney's office, authorities said Thursday.

Anthony Vassalotti, 40, sent the letters to an assistant state attorney who had recently prosecuted him, to the judge who presided over the case, and to the court clerk, according to the U.S. Attorney's Office for the Southern District of Florida.

The letters, which also included Vassalotti's name and return address, were received Monday. The powder was later found to be harmless.

Vassalotti was convicted March 8 of aggravated battery with a firearm, among other charges, and was sentenced to 40 years in prison.

If convicted in the anthrax hoax case, he faces up to 15 years in federal prison.

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WAR NEWS:

Afghan Convert Seeks Asylum Abroad (WP)

By Daniel Cooney

The Washington Post, March 28, 2006

KABUL, Afghanistan, March 27 -- An Afghan man who faced the death penalty for converting from Islam to Christianity has appealed for asylum in another country, the United Nations said Monday.

U.N. spokesman Adrian Edwards said the world body was working with the Afghan government to meet the request by Abdul Rahman, 41.

"Mr. Rahman has asked for asylum outside Afghanistan," he said. "We expect this will be provided by one of the countries interested in a peaceful solution to this case."

Earlier, hundreds of people protested a court's decision Sunday to drop the case against Rahman, and an official said discussions were underway to determine when he would be released.

Officials said the case was dropped partially because of concerns that Rahman is mentally unfit to face trial. The move also followed strong pressure from Western governments.

Prosecutors have said they want doctors to examine Rahman, but they have not confirmed that he will be released. Prosecutor Sarinwal Zamari said state attorneys were working on the case on Monday.

An Afghan official closely involved with the case said Rahman would be released, but authorities were debating how and when that would happen.

The official, who spoke on condition of anonymity because of the sensitivity of the case, said earlier that Rahman would not have to remain in jail while prosecutors investigated whether to bring another case against him.

Rahman is being held at the notorious, high-security Policharki Prison outside Kabul. He was moved there Friday after inmates at a police detention facility reportedly threatened him.

A warden at Policharki said Rahman was still at the prison Monday, being held in a concrete cell by himself.

Muslim clerics have threatened to incite Afghans to kill Rahman if he is freed, saying he is guilty of apostasy. They have also said Rahman violated sharia , or Islamic law, by rejecting Islam.

Monday's protest ended peacefully about two hours after it started in the northern city of Mazar-e Sharif, said police commander Nasruddin Hamdrad. The protesters chanted "Death to Bush!" and other anti-Western slogans while police officers stood guard.

Afghan Convert To Christianity Is To Be Freed, Officials Say (NYT)

By Sultan M. Munadi And Christine Hauser

The New York Times, March 28, 2006

KABUL, Afghanistan, March 27 — The attorney general of Afghanistan has told the Justice Ministry to release a jailed Afghan man who faced the death penalty for converting to Christianity, a prosecutor in the case said Monday.

Abdul Rahman, who has been accused of apostasy for abandoning Islam, has been in custody for weeks but has not been formally charged. During his detention, prosecutors have tried to build a case against him but have run up against the one-month limit that a person can be held without being charged under Afghan law.

"That was the main reason that the attorney general decided to release him," said the prosecutor, Abdul Wasei.

Mr. Wasei said prosecutors had completed their initial investigation on time.

But then the court sent the case back to them on Sunday to resolve questions about Mr. Rahman's mental health and nationality, pushing the investigation past the time limit, Mr. Wasei said.

He did not offer any other reason for Mr. Rahman's release, nor did he elaborate on its timing. But the United Nations Assistance Mission in Afghanistan said Monday that Mr. Rahman had asked for asylum outside Afghanistan.

"We expect that this will be provided by one of the countries interested in a peaceful solution to this case," the mission's statement said.

Mr. Rahman's case has created an international uproar and has become a flash point in the Afghan government's attempt to balance democratic freedoms with Islamic religious law, both of which are enshrined in the new Constitution.

The Bush administration has pressed President Hamid Karzai to resolve the case, but Mr. Karzai has resisted, citing separation of executive and judicial powers. Meanwhile, preachers have used prayer services to call for Mr. Rahman's execution. On Sunday, Secretary of State Condoleezza Rice said the United States had made it clear to the Afghan government that it expected to see a "favorable resolution."

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"But this is also a young democracy, and we have to recognize that unlike the Taliban, it actually has a Constitution to which one can appeal about the Universal Declaration of Human Rights," she said on the CNN program "Late Edition."

On Monday a State Department spokesman said in Washington that Mr. Rahman would be released.

"We do understand that he will be released, that the Afghan government has found that there were substantial evidentiary problems with the case and that the case has been referred back to the Ministry of Justice," said the spokesman, Sean McCormack.

"We're pleased by that," Mr. McCormack added. He said the details of Mr. Rahman's release and his further travel were being handled as a "private matter."

The case was returned to prosecutors because of what the court called "investigative gaps."

Specifically, court officials said that Mr. Rahman's mental health would be evaluated, and that the question of whether he held dual nationality after living abroad in Germany, Greece and Belgium would be pursued.

A prosecutor affiliated with the case who spoke only on condition of anonymity said there were fears that Mr. Rahman might be attacked if he was sent to an Afghan hospital for a mental health evaluation.

"He would be killed immediately if they release him," the prosecutor said.

Clerics led hundreds of people in a demonstration in the northern city of Mazar-i-Sharif on Monday, demanding that Mr. Rahman be tried under Islamic law and executed.

A witness named Shaahed said people at the demonstration had shouted slogans against President Bush and Zalmay Khalilzad, who is originally from Balkh Province in the north and is now the American ambassador to Iraq.

"They were shouting: "Death to Bush! Death to Khalilzad! Death to America!" said Mr. Shaahed, who like many Afghans uses only one name. He said the police there had controlled the protest, which was peaceful.

"They were also shouting: 'Abdul Rahman must be executed! We don't want any country to interfere in our Islamic affairs,' " Mr. Shaahed said of the protesters.

A spokesman for the Supreme Court, Abdul Wakil Omari, said Sunday that two of Mr. Rahman's relatives, a daughter and a cousin, had told the court that Mr. Rahman had mental problems.

"Also, during his preliminary court hearing, he had said that he was hearing strange voices and that he was not feeling well spiritually," Mr. Omari said.

He said the court had also raised questions about Mr. Rahman's nationality after living abroad. If he had acquired dual nationality, the status of his case could have changed, Mr. Omari said.

The issue began as a private matter between Mr. Rahman and his family. When he tried to regain custody of his two daughters, family members told the authorities that Mr. Rahman had converted to Christianity about 15 years ago.

Afghanistan's Constitution ensures citizens' religious freedom, but it also states that Islam is the supreme law. While the criminal code does not specify that converting from Islam to Christianity is forbidden, Islamic law considers it a sin punishable by death, according to conservative clerics and the prosecution in this case.

Afghan Christian To Be Released: US (AFP-Y2)

AFP, March 27, 2006

An Afghan facing the death penalty for converting from Islam to Christianity is to be released, a US State Department spokesman said.

"We do understand that he will be released, that the Afghan government has found that there were substantial evidentiary problems with the case and that the case would -- and has been referred back to the ministry of justice and that he will be released. We're pleased by that," Scott McCormack told reporters.

Abdul Rahman was arrested about two weeks ago under Afghanistan's interpretation of Islamic Sharia law, which says he should be sentenced to death unless he reverts to Islam.

Rahman has asked for asylum outside Afghanistan, said the United Nations spokesman in Kabul, Adrian Edwards.

"In terms of where he might go after that, that is going to be up to Mr. Rahman," McCormack said. "And I understand now that the details of his release and his -- any potential onward travel are being handled as a private matter."

The case has met with severe criticism from Afghanistan's Western allies while religious circles within Afghanistan insist Sharia law, on which the constitution is partly based, should be upheld.

Rahman, 41, meanwhile underwent tests Monday to assess his ability to face trial after a court Sunday dropped its case against him amid doubts over his mental health, a prosecutor said.

McCormack said he did not believe US officials had had any direct contact with him.

Afghan Convert Released From Jail (WT)

DOJ_NMG_0022806

By David R. Sands

The Washington Times, March 28, 2006

An Afghan man who faced a death sentence for converting to Christianity was released late last night from jail in Kabul. U.S. and U.N. officials had said earlier they expected he would seek asylum abroad.

Abdul Rahman was released from the high-security Policharki prison on the outskirts of Kabul, Deputy Attorney General Mohammed Eshak Aloko told the Associated Press.

"We issued a letter saying he was mentally unfit to stand trial, so he has been released," he said. "I don't know where he is now."

A Christian monitoring group reported that there have been new fundamentalist Muslim attacks on Christians in Afghanistan in the wake of the international uproar over the case of Abdul Rahman, who was arrested last month for apostasy for leaving Islam for Christianity 16 years ago.

State Department spokesman Sean McCormack had said earlier that the U.S. Embassy in Kabul had been told that Mr. Rahman would be released after the Afghan government found "substantial evidentiary problems" with the prosecution's case.

"We look forward to his release, and certainly his physical well-being is an important issue to us," he said.

But the decision to drop the case sparked at least one protest in the northern city of Mazar-e-Sharif, and Mr. Rahman has been held since late last week in a maximum-security prison because officials feared for his safety at a more exposed location.

U.N. spokesman Adrian Edwards told reporters in Kabul that Mr. Rahman had already appealed for asylum in an unnamed country. The United Nations had been working with the government of Afghan President Hamid Karzai to ease the standoff.

"Mr. Rahman has asked for asylum outside the country," Mr. Edwards said. "We expect this will be provided by one of the countries interested in a peaceful solution to this case."

The United States, Germany, Italy, Australia and the Vatican were among those appealing for Mr. Rahman in recent days.

Despite a long tradition in Islam of harsh treatment for those who leave the faith, Muslim scholars said they did not expect a wave of similar apostasy cases in light of the uproar over Mr. Rahman. Mr. Rahman was only charged after he told investigators he was a Christian in the middle of a legal battle with his ex-wife over the custody of their two daughters.

But Compass, a California-based news service that tracks persecution of Christians around the world, reported that two other Afghan Christians had been arrested in recent days, while others had been subjected to beatings and police raids.

The prosecution posed an excruciating problem for the fledgling Karzai government, which is dependent on foreign troops and foreign aid to survive. But Islamic hard-liners in the overwhelmingly Muslim country argued that Islamic tradition demands a harsh penalty for apostasy.

The Afghan Constitution shows the balancing act facing Mr. Karzai, whose own oath of office calls on him to "obey and protect the holy religion of Islam."

The constitution's preamble calls for the government to adhere to Islam, while also observing U.N. and international human rights declarations guaranteeing freedom of religion.

The State Department declined comment on whether Mr. Rahman might apply for asylum in the United States. Mr. McCormack said that "any potential onward travel" for the defendant was "being handled as a private matter."

The case has sparked a heated debate among Muslim scholars, with both sides citing Koran verses to support their position.

On the Qatar-based Web site Islam Online, leading Islamic theologian Sheik Yusuf al-Qaradawi said that all leading Islamic traditions agree that "the apostate is to be punished."

But, he added, "they differ regarding the punishment itself. The majority of them go for killing, meaning that an apostate is to be sentenced to death."

Because Allah is considered by many Muslims to be the principal source of all authority, including political legitimacy, rejecting Islam can be seen as analogous to treason in a modern Western state.

But Abed Jlelati, a member of the board of the U.S.-based Free Muslim Coalition, said the Rahman death sentence was "absurd and disgusting," insisting the hard-line interpretation contradicts the prophet Muhammad's edict that "there shall be no compulsion in religion."

Unfathomable Zealotry (WP)

By Richard Cohen

The Washington Post, March 28, 2006

What strikes me about the threat to execute Abdul Rahman, the Afghan who converted to Christianity, is not that Afghanistan remains deeply medieval and not even remotely the democracy that George W. Bush would like it to be, but that with the exception of the (largely) Christian West, the rest of the world has been mostly silent. The Americans have protested, the

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Brits have protested, the Vatican has protested and so (I assume) have some others. But if there has been a holler of protest from anywhere in the Muslim world, it has not reached my ears. That is appalling.

The murder of a person for his religious belief ought to be inconceivable. It is something we in the West stopped accepting hundreds of years ago, and while Americans and others continued to kill on account of race deep into the past century, the right of the government to take a life on account of religion has not even been argued in the longest time. We are way beyond that.

Afghanistan was once under Soviet occupation, and it may have learned something from those days. Just as the Soviets sometimes pronounced political dissidents to be insane (why else would they question a perfect system?) so have Afghans decided that Rahman is nuts. (Why else would a Muslim choose Christianity?) Now that the case has been dropped and he has been placed in solitary confinement for his own protection, he will probably be spirited out of the country. To remain in Afghanistan is to remain in grave peril of death.

Rahman's troubles began, as they do for so many, with a divorce. In contesting his attempt to gain custody of his children, his wife told the court that Rahman would be an unfit father because he had converted to Christianity about 16 years earlier. This is what's known in football as a late hit. Nonetheless, when the prosecutor heard of the conversion, he promptly charged Rahman with apostasy, which is punishable by death. Rahman's choices were once to repudiate his conversion or plead insanity. The latter would have been the more sane choice.

"The world is too much with us," Wordsworth once wrote. This is certainly the way I feel. To be confronted on an almost daily basis with the horrors of Iraq is profoundly disturbing. The torture and decapitation of huge numbers of people, the casual homicides, the constant suicide bombings -- all of this makes you wonder about your fellow man. It is no longer possible, as it once was, to see the world only from your front porch, being disturbed only by the ringing of the bell on some passing ice cream truck. In Africa, Asia, too much of the world -- it is Joseph Conrad much of the time: "The horror! The horror!"

But you can say that these horrors are usually being inflicted by a minority. You say it is a few crazed terrorists of Iraq who are doing the killing. It is not most Iraqis. You can say the same about suicide bombers and torturers and rogue governments, like the one Saddam Hussein once headed. You can take solace in numbers. Most people are like us.

Then comes the Rahman case and it is not a solitary crazy prosecutor who brings the charge of apostasy but an entire society. It is not a single judge who would condemn the man but a culture. The Taliban are gone at gunpoint, their atrocities supposedly a thing of the past. In our boundless optimism, we consign them to the "too hard" file of horrors we cannot figure out: the Khmer Rouge, the Nazis, the communists of the Stalin period. Now, though, this awful thing returns and it is not just a single country that would kill a man for his beliefs but a huge swath of the world that would not protest. There can be only one conclusion: They were in agreement.

The groupthink of the Muslim world is frightening. I know there are exceptions -- many exceptions. But still it seems that a man could be killed for his religious beliefs and no one would say anything in protest. It is also frightening to confront how differently we in the West think about such matters and why the word "culture" is not always a mask for bigotry, but an honest statement of how things are. It is sometimes a bridge too far -- the leap that cannot be made. I can embrace an Afghan for his children, his work, even his piety -- all he shares with much of humanity. But when he insists that a convert must die, I am stunned into disbelief: Is this my fellow man?

Rumsfeld Grades U.S. Poor In Global Debate (AP-Y2)

AP2, March 27, 2006

The United States is faring poorly in its effort to counter ideological support for terrorism, in part because the government does not communicate effectively, Defense Secretary Donald H. Rumsfeld said Monday.

Rumsfeld made the remark in response to a question from a member of his audience at the Army War College, where he delivered a speech on the challenges facing the country in fighting a global war on terrorism.

"If I were grading I would say we probably deserve a `D' or a `D-plus' as a country as to how well we're doing in the battle of ideas that's taking place in the world today," Rumsfeld told his questioner. "I'm not going to suggest that it's easy, but we have not found the formula as a country" for countering the extremists' message.

Rumsfeld's audience consisted of more than 300 war college students and faculty members.

He said the al-Qaida terrorist network and affiliated Islamic extremists are the most brutal enemies the United States has ever seen.

Rumsfeld cited several examples of vicious terrorist assaults, including the Sept. 11, 2001 attacks, and warned that unless the terrorists are stopped they will continue to seek the means to launch even deadlier attacks on the West in the years ahead.

"The enemy we face may be the most brutal in our history," Rumsfeld said. "They currently lack only the means — not the desire — to kill, murder millions of innocent people with weapons vastly more powerful than boarding passes and box cutters," he added, referring to the terrorists who hijacked the airliners Sept. 11.

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It was Rumsfeld's first visit to the war college in his more than five years as secretary of defense.

Earlier in the day he stopped at Shanksville, Pa., to see for the first time the place where hijacked United Airlines Flight 93 crashed in a field on Sept. 11, killing all 40 passengers and crew shortly after hijacked planes crashed into the World Trade Center and the Pentagon. The government's Sept. 11 Commission report said the hijackers crashed the plane as passengers tried to take control of the cockpit.

On a walking tour of the site among rolling hills and meadows, Rumsfeld paused in front of several rows of angel-shaped figures on rods that bear the names of the passengers and crew who died aboard the airliner. In brief remarks, Rumsfeld said he wanted to pay his respects at "the place where America really started to fight back."

At the spot where Flight 93 plowed into the earth, Rumsfeld laid a wreath and bowed his head for a moment.

In his speech at the war college , Rumsfeld described the Shanksville site as a place where "a group of ordinary airline passengers gave their lives in extraordinary defiance of foreign hijackers and in defense of our country's capital."

Rumsfeld said progress is being made in the global war on terror, particularly in making it more difficult for terrorist groups to recruit, train, raise money, establish sanctuaries and acquire weapons. But he stressed that more needs to be done.

"The strategy must do a great deal more to reduce the lure of the extremist ideology by standing with those moderate Muslims advocating peaceful change, freedom and tolerance," he said.

Rumsfeld noted that his audience included an Afghan military officer and one from Iraq.

"We welcome you and are proud to stand with you in the cause of freedom," the defense secretary said.

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On the Net:

Defense Department: http://www.defenselink.mil

Rumsfeld Sees No Victims In Al Qaeda (WT)

By Rowan Scarborough

The Washington Times, March 28, 2006

Defense Secretary Donald H. Rumsfeld delivered harsh words to war critics yesterday, saying some view al Qaeda operatives as victims, not the enemy that has killed Americans repeatedly.

In a speech to military officers at the Army War College in Carlisle, Pa., he also criticized previous administrations -- without naming them -- for failing to take on Islamic terrorists despite a series of attacks, including the 1993 bombing of the World Trade Center.

"Before September 11, 2001, there was somewhat of a misunderstanding in America about terrorists, and in some circles, I suppose, there really is today," Mr. Rumsfeld said. "Even today, some folks view terrorists as criminals, not as combatants. Some even consider them victims."

He said that during the 1980s and '90s, "the West was ambivalent how to counter extremist ideology and that type of aggression, and as a result, terrorists became increasingly emboldened. We should have learned the timeless truth that weakness is provocative."

Mr. Rumsfeld then listed the history of terrorist attacks on Americans, most occurring during the Clinton administration. The report submitted by the National Commission on Terrorist Attacks Upon the United States chronicled deep disagreements among the CIA, White House and Pentagon on how to deal with al Qaeda.

The Clinton national security team never agreed on any attack plan, and not one military operation was initiated against al Qaeda or Osama bin Laden, the commission said. The Pentagon's updated defense strategy paper, released a few weeks before Mr. Bush took office, did not list al Qaeda as a stand-alone threat. It lumped terrorism into a group of threats along with illegal drugs and piracy.

In President Bush's first eight months in office before September 11, Mr. Rumsfeld focused on organizing his staff and transforming the armed forces. The administration had no immediate plan to attack al Qaeda. During Mr. Rumsfeld's Senate confirmation hearing, neither al Qaeda nor Afghanistan was mentioned.

Without naming the Bush administration's political critics, the defense secretary said some blame the United States for terrorists' atrocities.

"From time to time, one hears the claim that terrorist acts are reactions to particular American policies. That's not so," he said. "Their violence preceded by many years' operations in Afghanistan and Iraq, and their violence will not stop until their ideology is confronted."

Filmmaker Michael Moore is among the more prominent critics on the Left who said al Qaeda's September 11 attacks were the result of past U.S. actions around the world. Rep. John P. Murtha of Pennsylvania, a decorated Marine war veteran who is

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the most prominent Democrat to call for an immediate troop pullout from Iraq, has said the U.S. presence there is "fueling terrorism, not eliminating it."

Mr. Rumsfeld told the war college audience, "They say that a retreat from Iraq would provide an American escape from the violence. However, we know that any reprieve would be short-lived. ... The war that the terrorists began would continue, and free people would continue to be their targets."

U.S. Raid Irks Shiites; Bombing Kills 40 (AP)

By Steven R. Hurst

AP, March 27, 2006

Shiite politicians raged at the United States and halted negotiations on a new government Monday after a military assault killed at least 16 people in what Iraqis claim was a mosque. Fresh violence erupted in the north, with 40 killed in a suicide bombing.

The firestorm of recrimination over Sunday's raid in northeast Baghdad will likely make it harder for Shiite politicians to keep a lid on their more angry followers as sectarian violence boils over, with at least 151 dead over the two-day period. A unity government involving Shiites, Sunnis and Kurds is a benchmark for American hopes of starting to withdraw troops this summer.

There were numerous conflicting statements from Iraqis and the Americans about the raid. Iraqi police, Shiite militia officials and major politicians have all said the structure attacked was the al-Mustafa mosque. But the U.S. military disputed this, saying no mosques were entered and that the raid targeted a building used by "insurgents responsible for kidnapping and execution activities."

In a conference call with reporters early Tuesday, Lt. Gen. Peter Chiarelli, deputy commander in Iraq, and Maj. Gen. J.D. Thurman, commander of the 4th Infantry Division, which is in control of Baghdad, said 25 U.S. forces were in a backup role to 50 Iraqi Special Operations troops.

The mission, the generals said, was developed by the Iraqis on their intelligence that an Iraqi dental technician, kidnapped 12 hours earlier because he could not come up with $20,000, was being held in what they called an office complex.

"It's important to remember we had an Iraqi unit with us, an Iraqi unit of 50 folks and they told us point blank that this was not a mosque," Chiarelli said. "It's not Mustafa mosque. Mustafa mosque is located six blocks north on our maps of this location."

Associated Press reporters who visited the scene of the raid identified it as a neighborhood Shiite mosque complex. Television footage taken Monday showed crumbling walls and disarray in a compound used as a gathering place for prayer. It was filled with religious posters and strung with banners denouncing the attack.

In an earlier statement, the military said the building had been under U.S. observation for some time.

The statement said gunmen opened fire as Iraqi special operations troops closed in. It said the troops then killed 16 insurgents and wounded three "during a house-to-house search," detained 18 men, found a significant weapons cache and freed the hostage.

"In our observation of the place and the activities that were going on, it's difficult for us to consider this a place of prayer," said Lt. Col. Barry Johnson, a U.S. military spokesman.

For their part, Iraqi police said gunmen fired on the joint U.S.-Iraqi patrol from a position in the neighborhood but not from the mosque.

Police and representatives of radical Shiite cleric Muqtada al-Sadr, who holds great sway among poor Shiites in eastern Baghdad, said all those killed were in the complex for evening prayers and none was a gunman. Police put the death toll at 17 — seven members of al-Sadr's militia, seven civilians and three Shiite political activists.

Video from Sunday night showed male bodies with gunshot wounds on the floor of what was said by the cameraman to be the imam's living quarters, attached to mosque itself. The compound, once used by Saddam Hussein's government, consists of a political party office, the mosque and quarters for the imam.

The video also showed 5.56 mm shell casings scattered on the floor. U.S. forces use that caliber ammunition and have provided it to Iraqi special operations troops.

But Chiarelli said someone had gone into the scene of the raid to make it look as though there had been an assault without cause.

"After the fact someone went in and made the scene look different than it was," Chiarelli said.

Neither general would say who might have carried out such a charade. Nor would they say what they had learned about the men detained in the operation, citing intelligence strictures.

Interior Minister Bayan Jabr angrily rejected the U.S. account and demanded a "clear explanation."

"Entering the Mustafa Shiite mosque and killing worshippers was unjustified and a horrible violation from my point of view," Jabr said on the Al-Arabiya TV network. "Innocent people inside the mosque offering prayer at sunset were killed."

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President Jalal Talabani, a Kurd, said he called U.S. Ambassador Zalmay Khalilzad and that they decided to form an Iraqi-U.S. committee to investigate.

"I will personally supervise, and we will learn who was responsible. Those who are behind this attack must be brought to the justice and punished," Talabani said.

The United Iraqi Alliance, the largest Shiite bloc in parliament, canceled Monday's session of negotiations to form a new government because of the raid, said lawmaker Jawad al-Maliki.

"We suspended today's meetings to discuss the formation of the government because of what happened at the al-Moustafa mosque," al-Maliki said, adding that the alliance was expected to decide Tuesday when to resume the talks.

The Baghdad governor said he cut ties with U.S. forces and diplomats. And all 37 members of the Baghdad provincial council suspended cooperation with the United States in reconstruction projects planned for the remainder of the year, as well as political and security coordination, said council chairman Moeen al-Khadimi.

He said the local government would try to rely instead on the budget allocated to it by the Finance Ministry and on the money that comes from donor countries.

The U.S. statement describing the kidnappers and killers they were targeting as "insurgents" was unusual because the operation took place at a Shiite facility. The insurgents who have been carrying out nearly daily bombings are Sunnis, while those believed responsible for execution-style slayings are primarily Shiite militias or death squads working inside the Shiite-dominated Interior Ministry, which runs the police.

"We don't know who they were," Chiarelli said. "They were terrorists, insurgents, you can call them what you will."

Monday's major suicide bombing took place at an Iraqi army recruiting office near the gate of a U.S.-Iraq military base about 20 miles east of Tal Afar, an ancient city not far from the Syrian border.

The bomber, wearing an explosives vest, struck shortly after noon, killing at least 40 Iraqis and wounding 30 others, the Iraqi Defense Ministry said.

In yet one more gruesome discovery — a nearly daily occurrence since the Feb. 22 bombing of a Shiite shrine in Samarra — 29 more bodies were found, nine with a noose around their necks.

The country's senior Shiite politician, Abdul-Aziz al-Hakim, told CNN that the shrine bombing "was similar to what happened on 9/11 in the U.S."

He said it's now much more difficult to control the streets, and that Shiites had earlier exercised restraint in the wake of attacks by Sunni insurgents.

"For three years we've been burying the slaughtering, killing, explosions, attacking of our scholars, our mosques, our facilities, our pilgrims, our barbers, our bakers, our innocents," al-Hakim said. "We are always speaking to people to restrain themselves and calm down."

Shiite Leaders In Iraq Denounce U.S. (KRT)

By Nancy A. Youssef

Knight Ridder, March 27, 2006

BAGHDAD, Iraq - Top Shiite political leaders condemned U.S. forces on Monday for raiding a suspected Shiite terrorist cell in what they said was a mosque and killing more than a dozen people, exposing the growing schism between the country's largest and most powerful sect and U.S. officials.

Shiite leaders charged that Sunday's raid in northeast Baghdad was an attempt by the Americans to distance themselves from the sect. They claimed that U.S. officials were trying to give Sunnis more power than they won in the Dec. 15 election because they feared that Iraq would be controlled exclusively by Shiites, rather than shared with the Sunnis. Shiites represent 60 percent of Iraq's population and won a near-majority of seats in the parliament.

A widespread loss of support from the Shiites could make Iraq almost impossible to govern and could put U.S. forces stationed in Iraq in a precarious position.

"There is a policy by the American administration and its ambassador in Iraq to regain balance (between opposing Shiite and Sunni forces) by creating combating fronts," said Salam al-Maliki, the minister of transportation and a member of firebrand Shiite cleric Muqtada al-Sadr's party.

Lt. Gen. Peter Chiarelli, commander of the Multinational Corps Iraq, said Sunday's raid didn't involve a mosque but an office complex that held terrorists and an Iraqi hostage.

He said about 50 Iraqi special forces members led the attack and were fired upon by insurgents protecting the compound, prompting them to return fire.

"They didn't go in guns blazing," Chiarelli said.

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About 25 U.S. military troops supported the Iraqi forces, but they didn't kill anyone in the complex, U.S. military officials said.

Identifying a mosque isn't always easy for non-Arabic speakers, since some mosques don't have the characteristic domes and minarets. Many Shiites, who were forbidden from building mosques during Iraqi dictator Saddam Hussein's regime, converted ordinary neighborhood buildings into places of worship after the U.S. invasion. The site of the Sunday's raid had been recently converted into a mosque, Shiite leaders said.

Lt. Col. Barry Johnson, a coalition spokesman, said the complex had three buildings and that military officials determined that two were off-limits. The third, which they entered, was under constant guard, he said.

Members of the major Shiite slate, the United Iraqi Alliance, warned U.S. officials against fighting Shiite forces.

"I warn them (the U.S.) that a battle with the calm giant Shiite means they are falling into a dangerous swamp," said Kuthair al-Khuzaie, a spokesman of the Shiite Dawa party, at a press conference. "The U.S. is making things more complicated and losing their credibility among the Iraqis."

The raid targeted Shiites, some of whom were affiliated with al-Sadr's Mahdi Army militia, U.S. officials said. Al-Sadr has called for his followers to remain calm.

Since the December election - in which the United Iraqi Alliance won 10 seats short of the majority - the U.S. envoy in Iraq has hinted that American support for the Shiites isn't ironclad. U.S. officials have pushed the government to rein in militias, most of which are run by Shiites.

Zalmay Khalilzad, the U.S. ambassador to Iraq, has said that Shiite-dominated militias must be integrated into government forces. On Saturday, he said that Shiite-led militias are creating more violence than the Sunni-led insurgency, a charge not heard before the election.

Although Shiite leaders say they want a national unity government, many aren't willing to dismantle their militias, saying their armed factions will protect them if their party - or the government - falls apart. They've dismissed suggestions that the militias are contributing to the sectarian violence and instead charge that the Iraqi police and military have been infiltrated by enemy elements who are stirring up trouble.

"These militias have an honorable history in fighting the tyrant (Saddam) and supporting the political process," al-Maliki said.

U.S. officials believe that as long as militias remain an unchecked security faction, sectarian violence will increase, delaying the drawdown of U.S. forces.

Since the Feb. 22 bombing of a revered Shiite shrine in the Sunni-dominated city of Samarra, retaliatory killings have surged. Dozens of bodies, mostly Sunnis, have been dumped in fields and side streets, many showing signs of torture. U.S. officials believe members of the Mahdi Army have been behind much of the violence.

The split between the Shiites and the United States emerged after the election, when the two sides strongly disagreed over how the new Iraq should take shape, said James Denselow, an Iraq specialist at the London-based Chatham House, a foreign-policy research group.

Since the December election, "the U.S. no longer directly influences the process," he said. "They are battling the idea of a national unity government against the reality of a severely fractured state along sectarian lines."

The U.S. Embassy declined to comment on Monday.

Top leaders have been haggling over the government since the election, but Shiite leaders said they suspended negotiations after the raid.

Iraqi President Jalal Talabani announced that he would lead an investigation, a common practice after major events. Iraqi officials don't publicly release the results of their investigations.

Shiite Leaders Suspend Talks Over Government (NYT)

By Kirk Semple

The New York Times, March 28, 2006

BAGHDAD, Iraq, March 27 — Frayed relations between Iraq's Shiite leadership and the American authorities came under increased strain on Monday as Shiite leaders angrily denounced a joint American-Iraqi raid on a Shiite compound and suspended negotiations over a new government.

The raid on Sunday evening, which killed at least 16 people, also prompted the governor of Baghdad to announce a halt in cooperation with the American authorities, and Shiite militiamen to brandish their weapons in the streets of eastern Baghdad and declare their readiness to retaliate against American troops.

The suspension of the difficult talks over the formation of a full four-year government prolonged a power vacuum that American and Iraqi officials said had created a fertile environment for a recent surge in lawlessness and sectarian violence.

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In the village of Kasak, between Mosul and Tal Afar, a man wrapped in explosives detonated himself at an army recruitment center on Monday, killing at least 40 people and wounding at least 30, an official at the Interior Ministry said. The center is situated in front of a joint American-Iraqi base, though the American military said that no American troops had been wounded.

President Jalal Talabani said he would lead a joint Iraqi-American committee to investigate the Sunday evening raid, as American and Iraqi authorities continued to offer wildly conflicting accounts of it. Shiites said the victims were civilians gathered in a mosque, while the Americans said they were insurgents holed up in a guerrilla headquarters. Iraqi leaders said they would reassess the pause in political talks on a day-by-day basis.

The tension between the American authorities and the Shiite political leadership has many sources. The United States ambassador to Iraq, Zalmay Khalilzad, has been pressing the government of Prime Minister Ibrahim al-Jaafari, a Shiite, to crack down on Shiite militias and rid the Interior Ministry of militia influence.

The militias, and their fighters working within the government's security forces, have been accused of conducting a dirty war against Sunni Arabs through kidnappings and executions, and thereby helping to push the country toward all-out civil war.

In addition, Mr. Khalilzad has been urging the Shiite leaders to be more politically accommodating to Sunni Arabs. In the aftermath of the bombing of a major Shiite shrine last month, Shiite leaders began to lash out at the ambassador for his insistence on working with the Sunnis and defended their use of militias for self-defense.

Some Shiite leaders warned that the raid had been widely interpreted among their constituents as a strong-arm tactic to cow them into making political concessions, including forcing the largest Shiite bloc to drop Mr. Jaafari as its nominee for prime minister in the new government. They demanded that the American authorities give a public and transparent accounting of the raid. "There was something tragically wrong, and it's got to be explained or it's going to be seen by many to be a crackdown on certain political factions in Iraqi politics," said Haydar al-Abadi, a top adviser to Mr. Jaafari. "We are facing a crisis."

President Talabani said at a news conference that Gen. George W. Casey Jr. agreed to the formation of the joint investigative committee, which was confirmed by a spokeswoman for the American Embassy. "I will personally supervise, and we will learn who was responsible," the president said. "Those who are behind this attack must be brought to justice and punished."

The governor of Baghdad, Hussein al-Tahaan, said he was suspending cooperation with the American authorities "due to the aggression that the innocent people and worshipers were subjected to." The practical effects of the move remained unclear, though it would likely have symbolic resonance.

The raid on Sunday happened at the Mustafa husayniyah, a small Shiite community center and mosque in Ur, a predominantly Shiite neighborhood in northeastern Baghdad.

The mosque, with a small minaret, is built around a central open-air courtyard and was frequented by followers of the radical Shiite cleric Moktada al-Sadr and his Mahdi Army militia. Mr. Sadr led two major armed uprisings against American troops in 2004 and has become one of the most powerful political forces in the country.

An imam at the mosque, Sheikh Safaa al-Tamimi, said he fled the building when the troops arrived Sunday evening, but returned after the shooting was over and saw bodies in several different rooms. Adel Abu al-Hassan, 34, the supervisor of the mosque and a prayer caller, was outside the mosque during the siege but said he, too, returned to find bodies scattered around the complex.

On Sunday, the Interior Ministry reported that an 80-year-old imam had been among those killed at the compound.

A reporter visiting the mosque on Monday saw blood stains in rooms and on rugs that had been hauled into the courtyard, bullet-pocked walls and even a piece of human brain in a pool of blood on the tile floor of an office used by a Shiite political party, the Iraq Branch of the Islamic Dawa Party.

In a conference call with reporters in Baghdad late Monday, Lt. Gen. Peter Chiarelli, commander of the day-to-day operations of the multinational forces in Iraq, said the building was "an office complex," and not a mosque. He said the raid, which involved about 50 troops from the Iraqi Special Forces, assisted by about 25 American advisers, explosives technicians and medical personnel, singled out an insurgent group that was using the building as a base of operations for conducting kidnappings and executions.

General Chiarelli said that as the troops approached the complex, they came under fire from "several buildings" in the area. The troops killed 16 insurgents, wounded three, detained 18 other people, discovered a weapons stockpile and freed a dental technician who was being held hostage there, he said.

The soldiers were met with gunfire from many rooms in the building, American commanders said. "The Iraqi forces did the fighting, make no bones about it," the general said, adding that the dead were all killed by Iraqi troops.

General Chiarelli said he did not know which organization the insurgents represented. "What I know is that we had a terrorist organization that's involved in executions and murders and was holding a hostage," he stated.

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The general said he believed that the scene was disrupted after the raid to make the building look like something other than a terrorist headquarters, although he did not give details on how it was done. "After the fact someone went in and made the scene look different than it was, for whatever purposes," he said.

But Iraqi government officials and political leaders vociferously disputed the American command's version of events, insisting that Iraqi and American troops had raided a mosque, not a fortified office complex, as a political party meeting was under way and unarmed worshipers gathered for evening prayer.

Khudair al-Khuzaie, the spokesman for the Iraq Branch of the Islamic Dawa Party, said he knew of 16 victims, all of whom had been attending a meeting in the party's office at the time of the raid. The office is accessible through a doorway from the mosque's courtyard. Of the victims, he said, 13 were party members and 3 were civilians.

Jawad al-Maliki, a deputy to Prime Minister Jaafari's Dawa Party, accused the American command of committing "an ugly crime" that "has dangerous political and security dimensions intended to ignite the fire of civil war."

In the hours after the attack, an official in the office of Mr. Sadr claimed that members of his Mahdi Army were among the victims. But on Monday, another Sadr representative said no Mahdi Army fighters died in the raid.

Mahdi fighters brandishing weapons took to the streets in Ur and Sadr City in a show of force and warned they were prepared to attack American troops. Many accompanied a solemn and tense funeral cortege for the victims through the streets of Ur.

But Shiite leaders, including Mr. Sadr, urged calm.

"We are ready to resist the Americans and strike their bases," vowed Katheer Abdul-Ridha, 22, a member of the Mahdi Army, who was guarding a roadblock in Sadr City. "The Sunnis have nothing to do with this, and we shouldn't accuse them of everything that's going on."

Mr. Khalilzad has been pressuring Iraqi leaders to rein in the militias. On Saturday, he declared that more Iraqis were dying from militia violence than from the insurgency.

In the carnage at the northern recruitment center, Gen. Muhammad al-Dosaki, deputy commander of the Third Division of the Iraqi Army, said the suicide bomber waded into a crowd of about 70 applicants who had gathered outside the center and detonated a vest of explosives.

And in Baghdad, Iraqi police recruits stumbled across nine bodies, all garroted, an official in the Interior Ministry said. At least 267 bodies showing signs of execution-style killings have been recovered in Baghdad in the past three weeks.

In southern Baghdad, a missile hit a building containing two offices of the Shiite-led Fadhila and Dawa parties, killing 6 people and wounding 12, an Iraqi police official in Zafaraniya said.

U.S. And Iraq's Shiite Leadership Differ Sharply In Accounts Of Raid (WSJ)

By Philip Shishkin

The Wall Street Journal, March 28, 2006

BAGHDAD, Iraq -- Iraq's leaders reacted angrily to the U.S.-backed raid that they claimed killed civilians in a Shiite mosque Sunday night, while top U.S. commanders said the operation broke up a ruthless terrorist cell. The dispute will further complicate efforts to form a unity government and could lead to more reprisal attacks by Shiite militias.

The U.S. and the Shiite leadership differed sharply in their accounts of the raid, which took place at sunset in Eastern Baghdad. The U.S. says the operation targeted a cell of well-armed insurgents who were making explosives and had taken hostage an Iraqi dental technician whom they were beating and threatening to torture. They showed the hostage a photo of his daughter and said she would be killed unless he came up with $25,000 the next day, said Army Lt. Gen. Peter Chiarelli, the No. 2 U.S. commander in Iraq.

As Iraqi soldiers supported by U.S. special operations troops scoured the area, they came under fire. In the ensuing fight, 16 gunmen were killed, 18 were detained, a weapons cache was found and destroyed, and the hostage was rescued. U.S. commanders described the targeted compound as "an office complex," and not a mosque.

The Shiite leaders say the raid killed scores of worshippers in a neighborhood mosque. "There were people gathering to perform their sunset prayers," says Nasir al-Sayidi, a member of parliament loyal to radical Shiite cleric Moqtada al-Sadr, whose militia, the Mehdi army, has fought two rebellions against U.S. forces. Top U.S. commanders rejected claims of innocent deaths and suggested someone deliberately tampered with the scene after the raid, making it look on some video footage as if innocent civilians had been killed. The raid was conducted by an Iraqi special-forces unit accompanied by U.S. advisors who didn't fire any shots. A U.S. military spokesman said the soldiers were pursuing a militant linked to the Mehdi army.

In protest, the Shiite coalition, which dominates Iraq's Parliament and holds the keys to the formation of a new cabinet, withdrew from government negotiations yesterday, delaying the process that has dragged on for weeks without results. "We

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suspended the meetings to discuss the formation of the government because of what happened at the mosque," said Jawad al-Maliki, a member of the United Iraqi Alliance, the Shiite parliamentary bloc.

Washington hopes a more inclusive government could help quell sectarian violence that has engulfed Iraq after last month's bombing of a landmark Shiite shrine in Samarra. In response, shadowy Shiite militias have embarked on a spree of retaliatory killings and torture targeting Sunnis.

The outcry over the Sunday raid went beyond the Shiite political bloc. President Jalal Talabani, an ethnic Kurd, said he called U.S. Ambassador Zalmay Khalilzad to urge a joint U.S.-Iraqi investigation into the incident. "Those who are behind this attack must be brought to justice and punished," Mr. Talabani said. The U.S. embassy said it supports the idea of a joint inquiry but declined to comment further.

In a separate incident yesterday, a suicide bomber killed some 40 people at an army recruitment center in northern Iraq.

The fallout from the Sunday raid points to the gulf that has been steadily widening between U.S. policy makers and the Shiite forces that have come to dominate much of Iraq's political life. The Shiite Arabs, along with the Kurds, were the major beneficiaries of the U.S. overthrow of Saddam Hussein. Two rounds of national elections held last year propelled the Shiites to the pinnacle of power, long a preserve of the Sunni Arab minority. As the Sunni-driven insurgency targeting Shiites picked up steam, Shiite militias infiltrated the country's interior ministry and began harassing and killing Sunnis, often for no reason other than their sectarian differences.

That violence intensified after the bombing of the Askariya mosque in Samarra, one of Shiite Islam's holiest shrines, prompting U.S. officials to cast Shiite militias as the gravest dangers facing Iraq. The perception, voiced repeatedly by Mr. Khalilzad, drew sharp rebukes from Shiite leaders, who now suspect the U.S. is turning on Shiites and trying to weaken their power in order to win over the disenfranchised Sunni community that feeds the bulk of the insurgency.

"The U.S. thinks that the biggest problem of Iraq is in the militias, but the real problem is terrorism," says Qusai Abdul Wahab, a member of parliament from the Sadr movement. Much of the criticism of the Sunday raid has been spearheaded by Sadr officials. Mr. Sadr has joined the political process and now has deputies in the national assembly. But he remains stridently anti-American, and his militia has retained much of its capability, prompting fears of new conflicts.

U.S. Officials Defend Raid Following Shiite Backlash (WP)

By Jonathan Finer And Naseer Nouri

The Washington Post, March 28, 2006

BAGHDAD, March 27 -- Facing a scathing backlash from Shiite Muslim leaders a day after a deadly U.S.-Iraqi raid in Baghdad, top U.S. military officials defended the mission Monday, saying it was a "hugely successful" operation against an insurgent hideout packed with weapons used against soldiers and civilians.

Lt. Col. Sean Swindell, whose unit participated in the raid, said the mission was led by Iraqi soldiers and targeted an insurgent group based at a compound in northern Baghdad. Sixteen Iraqis were killed, all combatants, U.S. officials have said.

Their version of events differed sharply from that of Shiite officials and Baghdad residents near the site of the raid, who for a second day voiced anger over the operation, saying U.S. and Iraqi troops targeted a Shiite mosque and gunned down innocent worshipers in the half-light of evening prayers.

"There was no resistance at all from the mosque. There were no weapons during prayers," said Muhammad Ridha, 39, who works at the complex in Baghdad's Shaab neighborhood. "The purpose of the raid was to kill Shiites."

The rejection of such characterizations by Swindell, commander of the 2nd Battalion, 10th Special Forces Group, and other U.S. officers came in a series of television appearances and late-night conversations with reporters aimed at bolstering the U.S. version of events. American officials had been publicly silent about the raid for more than 24 hours.

Their comments also came as the American presence in Iraq -- long hailed, or at least tolerated, by Iraqi Shiites as a bulwark against factional violence -- faced its most precarious moment in months, according to U.S. diplomats and military officers, political analysts and Iraqi officials.

On Monday, political leaders canceled a round of negotiations over the formation of a new government and instead huddled with American diplomats in an attempt to rein in the burgeoning crisis. Meanwhile, the Shiite-led provincial government in Baghdad suspended all cooperation with U.S.-led forces until an investigation into the Sunday raid is conducted.

The rancorous standoff coincided with yet another devastating day of violence, with as many as 60 people killed across Iraq, including dozens of military recruits in a bombing in the northern city of Mosul.

"I certainly don't see any easy way out of this mess," said Peter Galbraith, a former U.S. diplomat who serves as a consultant to Iraq's Kurdish parties.

Further complicating U.S. efforts is the fact that those killed Sunday are believed to have been followers of the Shiite cleric Moqtada al-Sadr. Once a renegade distrusted by the Iraqi government, Sadr has spent the past year cementing his status as a

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political insider, incorporating members of his Mahdi Army militia into the Iraqi police force. More than 30 of his followers won seats in the new parliament.

"I was more surprised that the U.S. took on the Mahdi militia as it did," said Michael O'Hanlon, an analyst at the Brookings Institution in Washington. "We handled Sadr's forces very well in 2004 with a mix of carrots and sticks, and we have to be prepared to fight him again, but any time you fight him or someone associated with him, you run the risk of taking on all his legions, and that would be a huge negative."

While the enmity between U.S. and Shiite leaders may have peaked as a result of the raid, relations have been souring for the past several months. In late December, U.S. Ambassador Zalmay Khalilzad -- long praised as an evenhanded broker by all of Iraq's factions -- began warning political leaders forming a new government to put the security apparatus outside the control of Shiite militia leaders.

The pointed public request was a thinly veiled swipe at Interior Minister Bayan Jabr, who has ties to the Badr Organization, a Shiite group. On Monday, Jabr condemned the Sunday raid, telling al-Arabiya television that "innocent people inside the mosque offering prayer at sunset were killed," according to news services.

Jawad Maliki, an official with the Shiite Dawa party led by Shiite Prime Minister Ibrahim al-Jafari, said the raid was "aimed to provoke a civil war for political purposes during a critical political period of the process of forming a government."

Maliki also accused U.S. forces of "killing this number of people after handcuffing and torturing them." Witnesses said U.S. and Iraqi forces stormed the building at about 6 p.m., just as evening prayers were beginning, and shot several unarmed worshipers and officer workers. No evidence was provided to substantiate those claims.

A visit on Monday to the site of the raid -- which local residents said was a former office complex converted into a community center, with a mosque, a school and an office of the Dawa party -- revealed inner and outer walls pockmarked by bullet holes.

Photographs of Sadr were plastered on walls. The floor was caked with dried blood. In one room a small crater pocked the floor, a sign of what witnesses described as a sound grenade.

Residents carried at least 21 coffins from the mosque at 11 a.m., some draped in Iraqi flags or black mourning banners, and loaded them into the backs of pickup trucks escorted by armed men chanting anti-American slogans. The coffins were said to be bound for the Shiite holy city of Najaf for burial.

Unlike the Shiite leaders, U.S. military and civilian officials kept a low profile Monday, leaving some commanders and diplomats, and their Iraqi supporters, frustrated that their version of events was not being disseminated.

"Someone should have said something. The other side is talking, and the American side is silent," said Mahmoud Othman, a Kurdish politician who works closely with U.S. officials. "To be silent here means you are on the weak side."

When they finally spoke out Monday night, U.S. commanders said that shots were fired from inside the compound and from surrounding buildings as soon as the soldiers arrived and that the Americans played mostly an advisory role. The lead unit, they said, was a special forces battalion known as the Iraqi counter-terrorism force.

"They were the drivers and the machine-gunners and the breachers," said Swindell, the lieutenant colonel.

He said the insurgent group based at the complex had been tracked for at least a month. He said he did not know if the group had a name, or what its religious affiliation was, but that members were believed to have tortured and killed at least three men belonging to the Iraqi counter-terrorism force.

About 50 Iraqi and 20 U.S. soldiers conducted the raid, Swindell said, adding that all but one or two of the slain insurgents were killed by Iraqi troops.

"There was nobody praying when we hit the objective, they were firing weapons at us," he said. "We had resistance the whole time, for about 45 minutes."

In a statement Monday, the U.S. military said 18 suspected insurgents were detained in the assault and three were wounded. The military also cataloged a large number of weapons found inside the compound, including 32 AK-47 assault rifles, two rocket-propelled grenade launchers and 12 "crush switch indicators" used to make bombs.

In a conference call Tuesday night, Lt. Gen. Peter Chiarelli, commander of the Multinational Corps-Iraq , said the Iraqi soldiers had told U.S. troops the targeted building was not a mosque. He also said that footage aired on Iraqi television Sunday and Monday showing unarmed men lying dead and Korans scattered at the scene of the attack had been staged.

"After the fact, someone went in and made the scene look different from what it was," he said.

Iraqi President Jalal Talabani, an ethnic Kurd, said Monday he would lead a committee charged with reconciling the widely divergent accounts of the raid. If wrongdoing is discovered, he said, "We will take them before a court, whoever they are. Everyone who commits a crime should be punished."

Shi'ites Cease Government Talks After Gunbattle (WT)

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By From combined dispatches

The Washington Times, March 28, 2006

BAGHDAD -- Shi'ite politicians yesterday halted talks on a new government and threatened to break off cooperation with the United States on security and reconstruction after a military assault that killed at least 16 persons in what Iraqis claim was a mosque.

The victims were identified as followers of radical Shi'ite cleric Muqtada al-Sadr, a principal backer of Prime Minister Ibrahim al-Jaafari and a key player in long-running talks aimed at forming a government.

U.S. and Iraqi officials offered wildly conflicting accounts of the Sunday night gunbattle, but the recriminations clearly were undermining fragile trust between the Americans and Iraqis. President Jalal Talabani said he and U.S. Ambassador to Iraq Zalmay Khalilzad had agreed to form an Iraqi-U.S. committee to investigate.

Sectarian tensions were inflamed further by a suicide bombing that killed at least 40 persons north of Baghdad yesterday, bringing the death toll to at least 150 over two days. About 20 bodies were discovered, most with nooses around their necks, a day after 40 bodies were found, most of which were beheaded.

Iraq's security minister, in the most inflammatory account of Sunday's battle, accused U.S. and Iraqi forces of entering a mosque and killing 37 unarmed civilians after tying them up. Residents and police -- who put the death toll at about 20 -- spoke of a fierce battle between the soldiers and gunmen from Sheik al-Sadr's Mahdi Army militia, whose followers ran the mosque.

The U.S. military said the raid targeted a building used by "insurgents responsible for kidnapping and execution activities" and that "no mosques were entered or damaged during this operation."

The military said the building had been under observation for some time and that gunmen opened fire when Iraqi special-operations troops closed in, with U.S. forces in a backup role. The military said the troops killed 16 insurgents and wounded three "during a house-to-house search," detained 18, found a significant weapons cache and secured the release of an Iraqi hostage.

"In our observation of the place and the activities that were going on, it's difficult for us to consider this a place of prayer," said Lt. Col. Barry Johnson, a U.S. military spokesman. "It was not identified by us as a mosque, though we certainly recognized it as a community gathering center. I think this is, frankly, a matter of perception."

Associated Press reporters who visited the scene yesterday said the site clearly was a neighborhood Shi'ite mosque complex. Television footage showed a compound used as a gathering place for prayer, filled with religious posters and strung with banners denouncing the attack.

Some confusion may result from the fact that the site was not a traditional religious building but a compound of former Ba'ath Party offices converted into a mosque by Sheik al-Sadr's followers.

Police and representatives of Sheik al-Sadr said all those killed were in the complex for evening prayers and none was a gunman. Police put the death toll at 17 -- seven members of Sheik al-Sadr's militia, seven civilians and three Shi'ite political activists.

Interior Minister Bayan Jabr angrily rejected the U.S. account and demanded a "clear explanation."

"Entering the Mustafa Shi'ite mosque and killing worshippers was unjustified and a horrible violation, from my point of view," Mr. Jabr said on the Al Arabiya TV network. "Innocent people inside the mosque offering prayer at sunset were killed."

The United Iraqi Alliance (UIA), the largest Shi'ite bloc in parliament, canceled yesterday's session of negotiations to form a new government because of the raid, said lawmaker Jawad al-Maliki. He said the alliance likely would decide today when to resume the talks.

Mr. al-Maliki, an ally of Mr. al-Jaafari, also said the UIA "calls for a rapid restoration of [control of] security matters to the Iraqi government" and away from the Americans.

The Baghdad governor said he had cut ties with U.S. forces and diplomats, while all 37 members of the Baghdad provincial council suspended cooperation with the United States in reconstruction projects planned for the remainder of the year.

Angered By Fatal Raid, Shiites Exit Unity Talks (LAT)

By Richard Boudreaux And Zainab Hussein

The Los Angeles Times, March 28, 2006

BAGHDAD — As coffins of shooting victims rolled past wailing mourners, Iraq's dominant Shiite Muslim political alliance Monday condemned the United States for a weekend raid that left at least 16 people dead in a Shiite neighborhood and said it was for now dropping out of U.S.-guided talks aimed at forming a unity government.

Shiite political leaders and U.S. military commanders gave wildly contradictory accounts of the Sunday evening raid in northeast Baghdad, evidence of a growing rift between the United States and the Shiite-led government that came to power after the 2003 ouster of Saddam Hussein.

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The raid also widened a split between the Sunni Arab-led Defense Ministry, which oversees the Iraqi troops who took part in the operation, and the Shiite-dominated police force. Rivalry between the two security forces has fueled apprehension that the sectarian violence could drag them into a civil war.

The Shiites said that the target of the military operation was a Shiite mosque and that many of the victims were unarmed worshipers.

U.S. commanders said the raid, conducted by Iraqi special forces with American advisors, occurred six blocks away at an office complex where kidnappers were holding a hostage and a hidden cache of weapons. The hostage, an Iraqi dental technician, was freed and 16 militants were killed in an ensuing battle, they said.

"After the fact, someone went in and made the scene look different than it was," Lt. Gen. Peter Chiarelli, the second-ranking U.S. commander in Iraq, told reporters in a conference call, suggesting that widely televised images purporting to depict a massacre at a mosque were propaganda tricks by unnamed parties. He did not elaborate.

Four witnesses standing separately outside the mosque, in the capital's Ur district, on Monday described an invasion of their streets by Iraqi and U.S. troops the night before. They said helicopters had flown overhead as Humvees surrounded the area around the Mustafa mosque and an adjacent office of Dawa, a Shiite party.

One witness said that what he saw inside the mosque was ghastly.

"There were bullet casings and trails of blood on the floor of the prayer hall," said Hamid Jabar, a 61-year-old pensioner who lives across the street and said he entered the mosque shortly after troops left. "It looked like the men had been executed and dragged to the smaller rooms.

"Some were shot in the head and others in the chest," he said. "Some of the bodies were ripped open with knives."

Jabar and other witnesses said the Iraqi forces had fired their way into the Shiite party office and then burst into the mosque during evening prayers, handcuffing, blindfolding and shooting worshipers.

Two hours later, when quiet returned, residents who had cowered in nearby homes ventured into the compound and found bodies slumped in the party office and piled into two small rooms off the prayer hall, Jabar said.

He said there were 18 dead, all males — three in their 60s and one in his teens. At least 13, including a guard, were identified as members of Dawa, the party of Prime Minister Ibrahim Jafari.

The facade of the party office and several houses on the street were pocked with bullet holes. The three-story building where Jabar lives was partly burned by what residents called a rocket or grenade attack by the invading troops.

"My shop was full of people trying to escape the shooting," said Sayaid Thamir, a 50-year-old merchant who works across the street from the mosque. "Soldiers were shooting randomly everywhere. Cars were not allowed to move.

"What happened was terrifying," he said. "If they were looking for terrorists, why couldn't they do it quietly?"

No gunfire came from the mosque, several witnesses said.

"The Americans started the raid without giving us a chance to negotiate or to find out what they wanted," Sheik Safa Timimi, the imam of the mosque, said in an interview Monday on Iraqi radio. "Some young men tried to approach them but were shot at."

An Iraqi reporter for The Times who interviewed the four witnesses was unable to look inside the rooms of the mosque or the party office, which were locked Monday.

The explanation offered later by Chiarelli, in a post-midnight conference call, was also impossible to verify. An overnight curfew prevented reporters from going to the office complex, which the general said was the only target of the raid.

Whichever story is true, the killings threw Iraq's delicately balanced leadership into a crisis as it struggled to contain rising sectarian violence between majority Shiites and the country's Sunni minority. Weeks of intense negotiations to form a government with the Shiite, Sunni, Kurdish and secular blocs elected to parliament in December came to a halt, as Shiite representatives Monday failed to show up for talks on forming the government.

Shiite leaders said they were discussing the fallout from the killings and would not return to the multiparty talks until Wednesday at the earliest.

Interior Minister Bayan Jabr, a Shiite who heads Iraq's police forces, called the raid "an unjustified and horrible violation."

He said U.S. forces and the Iraqi army controlled the area of operation and barred police from entering.

In an unusually harsh condemnation of the United States, the United Iraqi Alliance called the raid a "serious crime" aimed at trying to weaken it politically against the Sunni-led insurgency.

"The government must find out the truth about these special units of the Iraqi army that function outside government control and perpetuate massacres with the support of the U.S. Army," said the statement by the Alliance, the Shiite coalition that leads the interim government.

U.S. officials and Iraqi critics of the government have blamed Jabr's ministry for sectarian killings, saying many have been carried out by Shiite militiamen who joined the police force but in fact operate as sectarian death squads.

U.S. Ambassador Zalmay Khalilzad has demanded that Jabr be replaced by someone not strongly identified with a particular sect.

President Jalal Talabani, a Kurd, said after speaking to Khalilzad on Monday that he would supervise a joint U.S.-Iraqi commission to investigate Sunday's incident.

"Those who are behind this attack must be brought to justice and punished," Talabani said in a brief televised address.

Anti-American sentiment stirred up by the killings filled the airwaves of Al Iraqiya, the state-run television network, and other broadcast media for a second day Monday.

It spilled into the working-class streets of Ur as seven pickup trucks and other vehicles bore 16 wooden coffins in a slow cortege, followed by hundreds of mourners on foot. Residents said two other bodies had been sent away earlier for burial.

"No, no to America!" chanted a man identified only as Sheik Jalel, standing in the back of the lead truck. "No, no to the devil! No, no to Israel!"

The procession and its police escort wound past the crumbling white walls of the mosque compound, which bore banners denouncing the attack.

People spilled out of nearby shops and modest homes to march with the coffins. Others watched and wept from behind iron gates.

Chiarelli, the U.S. commander, declined to comment on possible involvement by the militia of radical Shiite cleric Muqtada Sadr, whose political movement joined in condemning the raid.

"I think the backlash has been caused by the folks who set the scene up," the general said.

Neighbors of the mosque said Sadr's militia did not show up and confront the U.S. and Iraqi forces, dismissing early reports of a clash.

The conference call by Chiarelli and Army Maj. Gen. J.D. Thurman, the commander of Multinational Division Baghdad, was the first U.S. military briefing on Sunday's operation. Iraq's Defense Ministry has not commented on the operation.

Chiarelli said 50 Iraqi special forces troops arrived to raid the office complex at dusk Sunday, backed by 25 U.S. advisors, and came under fire from three sides as they neared the building. He said he did not know the affiliation of the insurgents.

The troops went in and "cleared the compound," he said, killing 16 and capturing three wounded militants along with 18 other suspects.

"It was the Iraqi forces who did the fighting," he added. "There was gunfire from every room."

The general said the freed dental technician had been taken hostage earlier in the day, "shown a picture of his daughter and told if he didn't pay $20,000 he was going to be dead the next day."

Thurman, whose division controls Baghdad, said the raid netted 34 assault rifles and some rocket-propelled grenades.

Asked about the Shiite alliance's condemnation of the raid, Chiarelli said: "It was coordinated through military channels. Not every operation we run is coordinated with every politician in Iraq."

General Addresses War Concerns (WT/AP)

By Lolita C. Baldor, Associated Press

The Washington Times, March 28, 2006

ISTANBUL -- In the troubled region surrounding Iraq, a frequent question posed to the top U.S. military officer visiting the area was not when his troops will pull out of Iraq, but how long they will stay.

From the glittery king's palace in Saudi Arabia to the devastated slopes of the Pakistani mountainside and a staid Turkish symposium, Marine Corps Gen. Peter Pace, chairman of the Joint Chiefs of Staff, sought last week to ease concerns about whether opposition to the war at home could pressure U.S. forces to leave Iraq before it is stable.

"I think it's fair to say that in Pakistan, Saudi Arabia and Turkey, there is a clear desire for the U.S. to stay with it until the job is done -- which, coincidentally, is how we look at it," Gen. Pace said Sunday as he left Istanbul for Washington.

On his first diplomatic-oriented trip since the fall, Gen. Pace traveled to three countries whose leaders are worried about the U.S. commitment to the Iraq war and the global war on terror. Failure to secure Iraq could inspire insurgencies in their countries and instability in the region, where terrorism is a familiar threat.

Their fears are stoked by the American public's growing impatience with a war that has claimed the lives of more than 2,300 U.S. troops and the persistent calls from members of Congress for an exit strategy.

"I told them that from the U.S. military's viewpoint, we would stay with the mission until we got the job done," Gen. Pace said.

Those interests also at times conflict with strong anti-American sentiment in these Muslim countries, including Pakistan, where thousands protested the war during a recent visit by President Bush. Protesters were not evident during Gen. Pace's visit, but he often faced blunt questions about U.S. Middle East policies and progress in Iraq from both officials and the local press.

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Gen. Pace said people in the countries wanted to know what the United States' plans are for Iraq and Afghanistan, for dealing with Iran's nuclear program and for aiding the fight against guerrillas of the Kurdistan Workers' Party, or PKK, in northern Iraq and Turkey.

Turks worry that if U.S. troops leave Iraq too soon, the country could crumble and allow Kurdish rebels in the north to create an independent state along the Turkish border.

The Saudis, meanwhile, are concerned that sectarian violence in Iraq will expand into Saudi Arabia, and that a weakened Iraq will allow Iran to gain a foothold there, said Rachel Bronson, a Middle East specialist at the Council on Foreign Relations.

In Pakistan, there are ongoing efforts to ferret out terrorists traveling back and forth across the mountainous Afghan border, where some think Osama bin Laden may be hiding and directing his al Qaeda network.

"These are three countries where it is easy to have misunderstandings just because of cultural differences ... language and interpretations of what is being said," Gen. Pace said. "So, I was really pleased to have the opportunity to go face to face with my counterparts."

Arabs Discuss Wider Presence In Baghdad To Bolster Government (NYT)

By Abeer Allam

The New York Times, March 28, 2006

KHARTOUM, Sudan, March 27 — Arab foreign ministers who gathered here over the weekend to prepare for a summit meeting agreed on a proposal to increase their diplomatic presence in Iraq.

The draft resolution, which does not offer a timetable, is expected to be approved by the 22 members of the Arab League meeting here on Tuesday and Wednesday.

The Bush administration has urged Arab nations to open diplomatic missions and embassies in Iraq to help give the new government legitimacy. But the ministers appeared to be less concerned about pleasing the United States than staving off the growing influence of Iran.

In particular, the agreement this month for the United States and Iran to hold talks about the future of Iraq was viewed with alarm.

"Who are they to decide on the future of a third country in the absence of Iraqis and the absence of the Arab world and the absence of everybody?" asked Hisham Yousef, chief of staff of the Arab League. But Mr. Yousef said such discussions, in the context of trying to help the Iraqis overcome their problems, would be appropriate.

The Iraqi foreign minister, Hoshyar Zebari, criticized the Arab countries for failing to support Iraq by providing full diplomatic presence and debt forgiveness.

"Why are you complaining about the Iranian role in Iraq when the Iranians are there and you are not?" Mr. Zebari said. "We have been asking for you to play a role for the past three years and you have not responded."

Arab diplomatic missions have maintained minimal staffs in Iraq since the American-led invasion in 2003 and particularly after two Algerian diplomats and an Egyptian envoy were kidnapped and killed there in July.

Iraq also remains saddled with billions of dollars in debt to Persian Gulf states that helped finance the 1980-88 war with Iran. The Arab leaders are expected to discuss the issue of debt forgiveness this week.

The Arab leaders will also try to produce unified positions on a host of crises simmering across the Middle East, including the new Hamas-led Palestinian government, tensions between Lebanon and Syria, Iran's nuclear program and the conflict in the Darfur region of Sudan.

In another draft resolution, the ministers agreed to maintain Arab aid to the Palestinian Authority at $55 million a month.

While the Arab League had previously agreed to that amount, its members have contributed only about $30 million.

If adopted, the resolution could result in an increase in aid. One reason for the action would be to counter Iranian influence.

The United States and Europe threaten to cut off aid to the Palestinian Authority when its government is taken over by Hamas, which won an election in January but which they consider to be a terrorist organization.

Iran has offered to cover the resulting shortfall for the Palestinians, an estimated $130 million a month.

"We believe that the assistance to the Palestinians should continue," Mr. Yousef said. "The assistance before was not for Fatah and this time it will not be for Hamas, but rather for the Palestinian Authority and the Palestinian people. The world should not punish the Palestinians for their democratic choice."

U.S. Is Not Probing Iraqi Leak Claims (WP)

By Ann Scott Tyson

The Washington Post, March 28, 2006

DOJ_NMG_0022820

The U.S. military's Central Command said yesterday it has not opened an investigation into whether sources inside the command leaked details of the 2003 U.S. invasion of Iraq to Russian officials, and distanced itself from captured Iraqi documents that contain the allegations.

A U.S. military study released Friday quoted two Iraqi documents that described how Russian officials -- drawing on "their sources inside the American Central Command in Doha" -- provided intelligence on U.S. troop movements and war plans to Saddam Hussein as U.S. forces attacked in March and April 2003.

A Central Command official said the command takes "all matters of operational security seriously" but was not probing the allegations.

"Centcom has not opened an investigation at this time," said Capt. Christopher Augustine, a spokesman for the Tampa-based command, which oversees U.S. military operations in the Middle East and other areas.

In e-mailed statements in response to questions, Centcom cast doubt upon the validity of the captured Iraqi documents: "It's important to remember that the information came from an Iraqi intelligence report.

"Central command does not vouch for the document's accuracy or authenticity," the statement said.

During the buildup of U.S. forces in Kuwait before the invasion of Iraq, Centcom noted, speculation was widespread about "what might or might not be planned."

Such views contrast with those of the authors of the 210-page Iraqi Perspectives Project study released Friday by the U.S. Joint Forces Command in Norfolk. They said they believe the Iraqi documents are authentic. Retired Lt. Col. Kevin M. Woods, the project director, said he had "no reason to doubt the Iraqi documents."

On Saturday, Russia's foreign intelligence service called the allegations in the documents "baseless accusations" and "fabrications," and denied that Russian officials gave Hussein information on the U.S. military operations in Iraq.

Secretary of State Condoleezza Rice said in a television interview Sunday that the Bush administration would take "a real hard look at the documents and then raise it with the Russian government."

Yesterday, Central Command indicated that it would defer to State on the matter. "According to Secretary of State Rice, the State Department will address the issue through appropriate channels," its statement said.

Augustine, the Central Command spokesman, said no one in his office knew of the existence of the Iraqi documents before the study's release on Friday, and that it was "highly possible" the military released them without prior vetting by Central Command.

Russia Knocks U.S. Motives For Spy Report (AP)

AP, March 27, 2006

Russia's foreign minister accused the United States on Monday of having "hidden political motives" for a report that said Moscow turned over information on American military plans to Saddam Hussein during the invasion of Iraq.

Sergey Lavrov's comments were the first formal statement from President Vladimir Putin's government about the Pentagon report, though a spokesman for Russia's foreign spy agency over the weekend denied the report's allegations.

Secretary of State Condoleezza Rice will discuss the matter with Lavrov — either when the foreign ministers of the five permanent U.N. Security Council members and Germany meet in Berlin on Thursday or by telephone, the State Department said. In Berlin, the ministers will be discussing what to do about Iran's suspect nuclear program.

The Pentagon report released Friday said two captured Iraqi documents indicate that Russia obtained information from sources "inside the American Central Command" in Qatar. Russia passed battlefield intelligence to Saddam through the former Russian ambassador in Baghdad, Vladimir Titorenko, according to the Pentagon report.

The unclassified report does not assess the value or accuracy of the information Saddam got or offer details on Russia's information pipeline. Moscow fiercely opposed the U.S.-led war to oust Saddam.

Russia's Foreign Intelligence Service dismissed the claims over the weekend as "baseless accusations," and Lavrov reiterated that dismissal Monday.

"How this was done allows one to speculate that this has hidden political motives and that this is being done in connection with Iraq, but I can hardly be sure of it," Lavrov said.

"It is unclear to us why the international community has to learn about such facts regarding Russian intelligence cooperation in Iraq from the media."

In Washington, State Department spokesman Sean McCormack said Assistant Secretary of State Daniel Fried conveyed a U.S. request that the Russian government look at the matter through Moscow's ambassador in Washington.

"Clearly, as the secretary stated over the weekend, any hint that information provided to the Iraqis may have put our troops in harm's way would be very concerning," McCormack said.

Rice said Sunday that the Bush administration will ask Russia about the report.

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"Any implication that there were those from a foreign government who may have been passing information to the Iraqis prior to the invasion would be, of course, very worrying," Rice said on CNN's "Late Edition."

"I would think the Russians would want to take that very seriously as well."

Russian Intelligence (WP)

The Washington Post, March 28, 2006

YOU'D THINK that evidence that a supposedly friendly country had delivered detailed military intelligence to an American enemy at a time of war would quickly provoke a reaction from the U.S. government: at the least, a demand for a full explanation, followed by a reassessment of relations with that country. But that's not how the Bush administration handles Vladimir Putin's Russia.

For some time the administration has been in possession of captured Iraqi documents describing how the Russian ambassador in Baghdad supplied Saddam Hussein with information about U.S. troop movements before and during the invasion of Iraq, including the critical intelligence that U.S. forces planned to bypass Iraqi cities and press through the "Karbala Gap" to Baghdad.

Yet it was not until they were questioned about the documents on national television over the weekend that senior national security officials offered that they would ask the Russian government about them. And even that was qualified.

"I do think we have to look at the documents and look very carefully," Secretary of State Condoleezza Rice said. "But I don't want of jump out ahead and start making accusations about what the Russians may or may not have known." Fair enough, but a Pentagon study has already been through at least part of that exercise. It found no reason to doubt the documents' authenticity.

The news that Moscow would have helped Saddam Hussein fight U.S. forces might be unwelcome to those administration officials who still try to portray Mr. Putin as a partner of the West and a worthy host for the next summit of the Group of Eight nations. But it shouldn't be surprising. As has been well documented, Russia did its best to weaken and then break the sanctions regime imposed on Iraq, and then to prevent the 2003 invasion. In exchange it reaped lucrative economic concessions from Saddam Hussein, including the payment of large bribes to senior officials and politicians.

Moreover, Mr. Putin has done his best to undermine or defeat U.S. policies in much of the rest of the world. He has fought President Bush's efforts to promote democracy in the Muslim countries of Central Asia, rushing to embrace the autocratic president of Uzbekistan when his massacre of opposition protesters led to a rift with Washington and the closure of an important U.S. air base. He welcomed the Islamic movement Hamas to Moscow just as the Bush administration was trying to arrange its international isolation. He is propping up the dictator of Belarus even as the United States and European Union impose sanctions on him for staging fraudulent elections.

Ms. Rice and other Putin apologists ignore all this in part because they believe Russia will be helpful in stopping Iran's nuclear program. But Russia hasn't been helpful. Since its compromise offer to allow Iran to enrich uranium in Russian facilities failed to gain traction, it has dedicated itself to blocking concerted action by the United States and its European allies in the U.N. Security Council. Meanwhile it is discussing the sale to Iran of surface-to-air missiles. As Mr. Putin knows, Iran wants those weapons in the event its drive to obtain nuclear bombs eventually leads to a military confrontation -- with the United States. But the possible consequences of bolstering the defenses of a U.S enemy may not deter him. After all, he has suffered none for Russia's actions in Iraq.

U.S. Makes Seized Iraqi Documents Public (AP-Y2)

By Robert Tanner

AP2, March 27, 2006

The federal government is making public a huge trove of documents seized during the invasion of Iraq, posting them on the Internet in a step that is at once a nod to the Web's power and an admission that U.S. intelligence resources are overloaded.

Republican leaders in Congress pushed for the release, which was first proposed by conservative commentators and bloggers hoping to find evidence about the fate of Iraq's nuclear, chemical and biological weapons programs, or possible links to terror groups.

The Web surfers have begun posting translations and comments, digging through the documents with gusto. The idea of the government turning over a massive database to volunteers is revolutionary — and not only to them.

"Let's unleash the power of the Internet on these documents," said House Intelligence Chairman Peter Hoekstra, R-Mich. "I don't know if there's a smoking gun on WMD or not. But it will give us a better understanding of what was going on in Iraq before the war."

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The documents' value is uncertain — intelligence officials say that they are giving each one a quick review to remove anything sensitive. Skeptics of the war, suspicious of the Bush administration, believe that means the postings are either useless or cherry-picked to bolster arguments for the war.

The documents — Iraqi memos, training guides, reports, transcripts of conversations, audiotapes and videotapes — have spurred a flurry of news reports. The Associated Press, for instance, reported on memos from Saddam Hussein in 1987 ordering plans for a chemical attack on Kurds and comments from Hussein and his aides in the 1990s, searching for ways to prove they didn't have weapons.

Hoekstra said it took months of arguing with intelligence officials before he and John Negroponte, the new Director of National Intelligence, agreed to make the documents public. None contain current information about the Iraqi insurgency, and U.S. intelligence officials say they are focusing their limited resources on learning about what's happening on the ground now.

There are up to 55,000 boxes, with possibly millions of pages. The documents are being posted a few at a time — so far, about 600 — on a Pentagon Web site, often in Arabic with an English summary.

Regardless of what they reveal, open-government advocates like the decision to make them available.

It's a "radical notion," said Steve Aftergood at the Federation of American Scientists government secrecy project, which tracks work by U.S. intelligence agencies. That "members of the public could contribute to the intelligence analysis process. ... That is a bold innovation."

Champions of the Internet as a "citizen's media" embraced the step, too.

"The secret of the 21st century is attract a lot of smart people to focus on problems that you think are important," said Glenn Reynolds, the conservative blogger at Instapundit.com and author of "An Army of Davids: How Markets and Technology Empower Ordinary People to Beat Big Media, Big Government and Other Goliaths."

"It's kind of like a swarm. It's a lot of individual minds looking at it from different angles. The stuff that's most interesting tends to bubble to the top," he said.

A self-described Iraqi blogger translated one of the documents for the American blog pajamasmedia.com — a Sept. 15, 2001, memo from the Iraqi intelligence service that reported about an Afghan source who had been told that a group from Osama bin Laden and the Taliban had visited Iraq.

Some remain doubtful, suspecting that the administration only releases information that puts President Bush and his arguments for war in a good light. The Iraq Survey Group found no stockpiles of weapons of mass destruction after the war, and the Sept. 11 commission reported it found no "collaborative relationship" between Iraq and al-Qaida.

"I would bet that the materials that they chose to post were the ones that were suggestive of a threat," said John Prados, author of the book, "Hoodwinked: The Documents That Reveal How Bush Sold Us a War."

Prados, an analyst with the National Security Archive, a non-governmental research institute, dismissed the documents: "The collection is good material for somebody who wants to do a biography of Saddam Hussein, but in terms of saying one thing or the other about weapons of mass destruction, it's not there."

One of several conservative blogs devoting attention to the release, Powerline.com, set up a separate page to catalog its findings and news reports on what the documents reveal.

"These documents are going to shed a lot of light on a regime that was quite successful in maintaining secrecy," said John Hinderaker, one of three men who run the site. "Before the first Gulf War, Saddam was perilously close to getting nuclear weapons and people didn't know it. The evils of the regime will be reflected."

But he also cautioned the optimistic. "When you're dealing with millions of pages of documents," he said, "it's a big mistake to think you can pull out one page or sentence out of a document and say 'Eureka, this is it.'"

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On the Net:

http://fmso.leavenworth.army.mil/products-docex.htm

Iraqi Documents Are Put On Web, And Search Is On (NYT)

By Scott Shane

The New York Times, March 28, 2006

WASHINGTON, March 27 — American intelligence agencies and presidential commissions long ago concluded that Saddam Hussein had no unconventional weapons and no substantive ties to Al Qaeda before the 2003 invasion.

But now, an unusual experiment in public access is giving anyone with a computer a chance to play intelligence analyst and second-guess the government.

Under pressure from Congressional Republicans, the director of national intelligence has begun a yearlong process of posting on the Web 48,000 boxes of Arabic-language Iraqi documents captured by American troops.

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Less than two weeks into the project, and with only 600 out of possibly a million documents and video and audio files posted, some conservative bloggers are already asserting that the material undermines the official view.

On his blog last week, Ray Robison, a former Army officer from Alabama, quoted a document reporting a supposed scheme to put anthrax into American leaflets dropped in Iraq and declared: "Saddam's W.M.D. and terrorist connections all proven in one document!!!"

Not so, American intelligence officials say. "Our view is there's nothing in here that changes what we know today," said a senior intelligence official, who would discuss the program only on condition of anonymity because the director of national intelligence, John D. Negroponte, directed his staff to avoid public debates over the documents. "There is no smoking gun on W.M.D., Al Qaeda, those kinds of issues."

All the documents, which are available on fmso.leavenworth.army.mil/products-docex.htm, have received at least a quick review by Arabic linguists and do not alter the government's official stance, officials say. On some tapes already released, in fact, Mr. Hussein expressed frustration that he did not have unconventional weapons.

Intelligence officials had serious concerns about turning loose an army of amateurs on a warehouse full of raw documents that include hearsay, disinformation and forgery. Mr. Negroponte's office attached a disclaimer to the documents, only a few of which have been translated into English, saying the government did not vouch for their authenticity.

Another administration official described the political logic: "If anyone in the intelligence community thought there was valid information in those documents that supported either of those questions — W.M.D. or Al Qaeda — they would have shouted them from the rooftops."

But Representative Peter Hoekstra, the Michigan Republican who is chairman of the House Intelligence Committee and who led the campaign to get the documents released, does not believe they have received adequate scrutiny. Mr. Hoekstra said he wanted to "unleash the power of the Net" to do translation and analysis that might take the government decades.

"People today ought to be able to have a closer look inside Saddam's regime," he said.

Mr. Hoekstra said intelligence officials had resisted posting the documents, which he overcame by appealing to President Bush and by proposing legislation to force the release.

The timing gives the documents a potent political charge. Public doubts about the war have driven Mr. Bush's approval rating to new lows. A renewed debate over Saddam Hussein's weapons and terrorist ties could raise the president's standing.

"As an historian, I'm glad to have the material out there," said John Prados, who has written books on national security, including one that accuses the administration of distorting prewar intelligence. He said the records were likely to shed new light on the Iraqi dictatorship. Some of the documents, also included in a new study by the United States military, already have caused a stir by suggesting that Russian officials passed American war plans to Mr. Hussein's government as the invasion began.

But Mr. Prados said the document release "can't be divorced from the political context."

"The administration is under fire for going to war when there was no threat — so the idea here must be to say there was a threat," he said.

That is already the assertion of a growing crowd of bloggers and translators, almost exclusively on the right. So far they have highlighted documents that refer to a meeting between Osama bin Laden and an Iraqi intelligence officer in Sudan in 1995; a plan to train Arab militants as suicide bombers; and a 1997 document discussing the use of "special ammunition," chemical weapons, against the Kurds.

But the anthrax document that intrigued Mr. Robison, the Alabama blogger, does not seem to prove much. It is a message from the Quds Army, a regional militia created by Mr. Hussein, to Iraqi military intelligence that passes on reports picked up by troops, possibly from the radio, since the information is labeled "open source" and "impaired broadcast." No anthrax was found in Iraq by American search teams.

"No offense, but the mainstream media tells people what they want them to know," said Mr. Robison, who worked in Qatar for the Iraq Survey Group, which did an exhaustive search for weapons in Iraq.

The document release may help the president, he said, but that is not the point. "It's not about politics," Mr. Robison said. "It's about the truth."

The truth about prewar Iraq has proven elusive. The February 2003 presentation Colin L. Powell, the secretary of state at the time, to the United Nations appeared to provide incontrovertible proof of Iraqi weapons, but the claims in the speech have since been discredited.

Given that track record, some intelligence analysts are horrified at exactly the idea that excites Mr. Hoekstra and the bloggers: that anyone will now be able to interpret the documents.

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"There's no quality control," said Michael Scheuer, a former Central Intelligence Agency specialist on terrorism. "You'll have guys out there with a smattering of Arabic drawing all kinds of crazy conclusions. Rush Limbaugh will cherry-pick from the right, and Al Franken will cherry-pick from the left."

Conservative publications have pushed for months to have the documents made public. In November, Mr. Hoekstra and Senator Pat Roberts of Kansas, chairman of the Senate Intelligence Committee, asked Mr. Negroponte to post the material.

When that request stalled, Mr. Hoekstra introduced a bill on March 3 that would have forced the posting. Mr. Negroponte began the release two weeks later.

Under the program, documents are withheld only if they include information like the names of Iraqis raped by the secret police, instructions for using explosives, intelligence sources or "diplomatically sensitive" material.

In addition, the intelligence official said, known forgeries are not posted. He said the database included "a fair amount of forgeries," sold by Iraqi hustlers or concocted by Iraqis opposed to Mr. Hussein.

In previous Internet projects, volunteers have tested software, scanned chemical compounds for useful drugs and even searched radiotelescope data for signals from extraterrestrial life.

The same volunteer spirit, though with a distinct political twist, motivates the Arabic speakers who are posting English versions of the Iraqi documents.

"I'm trying to pick up documents that shed light on the political debate," said Joseph G. Shahda, 34, a Lebanese-born engineer who lives in a Boston suburb and is spending hours every evening on translations for the conservative Free Republic site. "I think we prematurely concluded there was no W.M.D. and no ties to Al Qaeda."

Mr. Shahda said he was proud he could help make the documents public. "I live in this great country, and it's a time of war," he said. "This is the least I can do."

Enemy Of Our Enemy (NYT)

By Peter Bergen

The New York Times, March 28, 2006

Washington

BUSH administration defenders, right-wing bloggers and neoconservative publications are crowing about Iraqi documents newly released by the Pentagon that, they say, prove that Al Qaeda and Saddam Hussein were in league.

Even though the 9/11 commission found no "collaborative relationship" between the ultrafundamentalist Osama bin Laden and the secular Saddam Hussein, the administration's reiterations of a supposed connection — Vice President Dick Cheney has argued that the evidence for such an alliance was "overwhelming" — have convinced two out of three Americans that they had "strong" links.

Some administration supporters have drawn an analogy to the 1939 Molotov-Ribbentrop pact, in which Stalin and Hitler put aside ideology in favor of pragmatic goals (carving up the Baltic states, Poland and Finland). But history is not a good guide here: not only was the ideological divide between Al Qaeda and Baathist Iraq far greater than that between the two 20th-century dictators, but unlike Nazi Germany and the Soviet Union, the two sides had nothing practical to gain by working together.

What do the new documents establish? According to ABC News's translation of one of the most credible documents, in early 1995 Mr. bin Laden — then living in Sudan — met with an Iraqi government representative and discussed "carrying out joint operations against foreign forces" in Saudi Arabia. The document also noted that the "development of the relationship and cooperation between the two parties" was "to be left according to what's open [in the future] based on dialogue and agreement on other ways of cooperation."

The results of this meeting were ... nothing. Two subsequent attacks against American forces in Saudi Arabia — a car bombing that year and the Khobar Towers attack in 1996 — were carried out, respectively, by locals who said they were influenced by Mr. bin Laden and by the Saudi branch of Hezbollah, a Shiite group aided by Iranian government officials.

As for the other new documents, there is one dated Sept. 15, 2001, that outlines contacts between Mr. bin Laden and Iraq, but it is based on an Afghan informant discussing a conversation with another Afghan. It is third-hand hearsay.

And, strangely, another document, dated Aug. 17, 2002, from Iraq's intelligence service explains there is "information from a reliable source" that two Al Qaeda figures were in Iraq and that agents should "search the tourist sites (hotels, residential apartments and rented houses)" for them. If Saddam Hussein and Al Qaeda had a relationship, why was it necessary for Iraqi intelligence to be scouring the country looking for members of the terrorist organization?

Another striking feature about the supposed Qaeda-Iraq connection is that since the fall of the Taliban, not one of the thousands of documents found in Afghanistan substantiate such an alliance, even though Al Qaeda was a highly bureaucratic organization that required potential recruits to fill out application forms.

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All this goes to the central problem faced by proponents of the Qaeda-Iraq connection. It's long been known that Iraqi officials were playing footsie with Al Qaeda in the mid-1990's, but these desultory contacts never yielded any cooperation. And why should they have? Al Qaeda was able to carry out the embassy attacks in Africa in 1998, the bombing of the destroyer Cole in 2000 and 9/11 with no help from Iraq. The Iraqi intelligence services, for their part, could handle by themselves low-level jobs like bumping off Iraqi dissidents abroad. And after the botched attempt to assassinate former President George H. W. Bush in Kuwait in 1993, Saddam Hussein never attempted terrorism against an American target again.

We know, too, that Mr. bin Laden had long distrusted Saddam Hussein; months before the Kuwait invasion in 1990 he angrily warned colleagues that Iraq had designs on Persian Gulf states. He even offered his own fighters to the Saudis in that war, making it clear that he yearned for the "infidel" dictator to be overthrown.

If there was a method to Saddam Hussein's madness, it was that he wanted to remain in power. Al Qaeda, however, wanted theocratic regime change across the Middle East. In the end, their goals and worldviews were diametrically opposed, and no number of sketchy intelligence documents is going to bring them closer.

Unfair, Unbalanced Channels (LAT)

By Louise Roug

The Los Angeles Times, March 28, 2006

BAGHDAD — The Bush administration has poured millions of dollars into creating Western-style news media in Iraq, backing at least two television channels as well as training programs for Iraqi journalists on balance and ethics.

The effort has helped launch more than a dozen Iraqi channels. But the result is hardly what the administration set out to accomplish. Most of the channels are increasingly sectarian and often appear to be inflaming the country's tensions, critics say.

The result was highly visible Sunday and Monday as the state-owned Al Iraqiya station interrupted its regular schedule to broadcast nonstop footage of bloodied corpses at what it said was a Baghdad mosque.

U.S. and Iraqi forces had killed at least 16 people Sunday evening in what Americans said was a shootout with militants. On Al Iraqiya, the raid was portrayed as the killing of unarmed worshipers in a Shiite Muslim mosque. Between interviews with Shiite politicians criticizing the Americans, the camera lingered on the dead and the grieving relatives.

The channel was created by the U.S.-led Coalition Provisional Authority as an experiment in public broadcasting. It was later turned over to the Iraqi government, but is now widely viewed as sectarian.

"It was supposed to be fair, and address all the people of Iraq, but so far it hasn't succeeded in achieving this unique goal," said Mohammad Shaboot, editor of the state-run Al Sabah daily. "No one has invested in a real, nationwide Iraqi channel for all Iraqis."

Homebound because of violence and curfews, Iraqis watch their world through the kaleidoscope of satellite TV. But channel surfing Iraqi-style often offers views of the country through a sectarian lens.

Click the remote, and on one channel, the anchor refers to the Sunni-led insurgency as the "honorable resistance" as images of wounded Iraqis and aggressive U.S. soldiers flash on screen.

Click the remote again, and the insurgents are described as terrorists and the speakers praise crackdowns by the Shiite-led government.

Click again, and the insurgency might well not exist.

Until the U.S.-led invasion in 2003, the two governmentsanctioned channels offered only presidential propaganda and patriotic tunes.

The toppling of former President Saddam Hussein's regime, however, prompted a TV revolution and the launch of the more than a dozen Iraqi channels. They lure viewers with popular Iraqi-made dramas such as the Sopranos-style gangster show "Departures," the irreverent "Saturday Night Live"-like "Caricature" and a host of reality TV and makeover shows.

But while escapist entertainment flourished, news programming proved more problematic.

The coverage in the aftermath of the Feb. 22 bombing of a Shiite shrine in Samarra, an attack that brought the country close to civil war, was particularly incendiary.

Channels with ties to Sunni Arabs such as Baghdad TV — headed by former Baath Party member Saad Bazzaz and run by the Iraqi Islamic Party, the main Sunni political group — highlighted the suffering of Sunnis in reprisal attacks.

Stations run by Shiites, such as Al Furat and the government's Al Iraqiya, focused on the damage to the shrine and the suffering of Shiites under Hussein.

"Al Furat was pouring petrol on the fire, and Baghdad TV was doing the same thing on the other side," said Shaboot, the newspaper editor.

On Baghdad TV, Sunni studio hosts took calls from the audience, with some callers encouraging the audience to form a Sunni militia to counter the so-called Shiite militia.

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Al Furat, backed by the Supreme Council for Islamic Revolution in Iraq — the main Shiite political party — meanwhile was airing slogans demanding that Shiites stand up for their rights.

Al Iraqiya initially lacked credibility because of its American origins. Now some Shiites are critical of its Shiite focus and obsequious coverage of the Shiite-led government.

"When something happens in [Shiite-dominated] Karbala or Kadhimiya, we see that there is full coverage," said Ahmed Hussein, a 33-year-old Shiite businessman. "But when something happens in [the largely Sunni city of] Fallouja, there is not that much coverage, so we hear the Sunnis ask, 'Why?' "

Other channels are even more sectarian in their coverage.

On a recent day, amid kids' cartoons, Lebanese pop music videos and reruns of old Egyptian movies, a viewer could watch Al Furat's female news anchor, dressed in black hijab and abaya, introduce a speech by the leader of the largest Shiite party about Shiite families displaced by sectarian violence.

After the news, a montage showed worshipers kissing the walls of the Shiite holy shrines in Najaf and Karbala as a singer recited religious songs.

Meanwhile, on Baghdad TV, known as "Baathist TV" among some Shiites who criticize its pro-Sunni agenda, an Indonesian singer was wooing his audience from the stage, bathed in disco lights, followed by a corpulent host wearing a suit and a sky blue tie talking with a prominent Sunni cleric by phone. The program, "Under the Shadow of Sharia," dealt with questions about how to live according to religious edicts.

Farther along the spectrum, Al Rafidain showed a series of vox pop interviews. Everyone on the Arab street held the same view:

"The occupiers came to destroy us," said one man.

"The occupation cannot last," said another. "By the will of God, we will get rid of them."

On Baghdadia, a moderate Sunni channel, the anchor was delivering the top news of the day: "President Bush confesses that occupying Iraq is a very difficult task."

News directors across the political spectrum defend their own coverage while deriding their competitors as sectarian. Ahmed Rushdi, the news director of Baghdad TV, said that unlike state-controlled Al Iraqiya, his channel had no sectarian bias — even though it's backed by a major Sunni political group.

"We are always showing the facts as they are," he said.

Baghdad TV has no correspondents in either of the Shiite holy cities of Najaf and Karbala, which Rushdi chalked up to Baghdad TV's being "new in the business" and still recruiting journalists around the country.

Even sports coverage has a political bent.

"We concentrate on sport stars who were oppressed during Saddam's time," said Muhsin Fasani of Al Furat, which is aimed at religiously conservative Shiites.

On the U.S.-backed channel Al Hurra, or "the Free One," a television host in a crisp blue suit profiled a Syrian dissident. "An eye on democracy opens the eye on freedom," one guest said. The channel carries most speeches by Bush in addition to a youth-oriented mix of entertainment and news.

Despite U.S. efforts, many educated Iraqis now prefer the slick, well-funded Persian Gulf-based stations such as Al Arabiya and Al Jazeera, often criticized by the U.S. government for being anti-American and pro-insurgency, because they focus on regional economic and environmental issues instead of just daily violence.

Hussein, the Shiite businessman, said he even preferred the Arabic-language version of the Discovery Channel to the Iraqi networks. "They like to analyze problems and find solutions."

While the Bush administration has been touting the proliferation of media outlets in the country as an example of newfound freedoms, some Iraqis are tuning out, exercising democracy by remote control.

"It's a luxury now to have different channels," Shaboot said. Iraqis "are hungry for it, but I'm not sure they are happy with it."

Tony Blair Defends His Policy On Iraq (AP)

By Rod McGuirk

AP, March 27, 2006

British Prime Minister Tony Blair on Monday pledged to keep British troops in Iraq and Afghanistan until those countries are stabilized.

"If the going is tough, we tough it out," Blair told a rare joint session of Australia's Parliament.

Blair told lawmakers that the "immediate threat is from Islamist extremism," which he said was "not a passing spasm of anger but a global ideology at war with us and our way of life."

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Britain and Australia were the only two nations to send troops to fight alongside U.S. forces in the invasion of Iraq three years ago and both countries still have forces in the country and in Afghanistan fighting Taliban and al-Qaida insurgents.

"If we want to secure our way of life, there is no alternative but to fight for it," he said. "That means standing up for our values not just in our own countries but the world over."

In a key foreign policy speech, Blair said the struggle was not just against "those who hate us," but also against opponents who believe Britain and its allies fight for their values selectively.

"This struggle is about justice and fairness as well as security and prosperity," he said. "And in truth today there is no prosperity without security and no security without justice. That is the consequence of an interconnected world."

He pointed to recent elections in both Iraq and Afghanistan as symbols of the values he was advocating and said those countries were "engaged in a titanic struggle to be free of a legacy of oppression, stagnation and servitude."

Blair also strongly defended the U.S. role in the struggle, saying the alliance he was describing "does not end with, but does begin with America."

He said that having Washington as an ally could sometimes be difficult, but said the United States was key to victory.

"The danger with America today is not that they are too much involved, the danger is that they decide to pull up the drawbridge and disengage. We need them involved, we want them engaged," he said. "The reality is that none of the problems that press in on us can be resolved or even contemplated without them."

In an earlier interview, Blair declined to say how long British troops might remain in Iraq.

"What's happening now in Iraq is that the Iraqi security forces and the army are building up their capability and as that happens, we can draw down," he told Australian Broadcasting Corp. radio.

"Will we be able to make substantial troop reductions? ... In my view, that is possible provided, of course, that the Iraqi capability has been built up and sustained," he said.

British And Australian PMs Defend Iraq Involvement (AFP)

AFP, March 28, 2006

British Prime Minister Tony Blair and his Australian counterpart John Howard defended their involvement in the US-led Iraq war, describing the political situation there as "inspiring."

At a joint press conference to wrap up his four-day visit to Australia, Blair said that despite a precarious security situation in Iraq, the world was better off as a result of the March 2003 invasion.

"I just pose this question -- would the world be safer today if Saddam Hussein was still in power? I can't believe the answer to that is yes," Blair told reporters.

"Whatever the problems in Iraq, the people there want to work together and want democracy. What you've got, true, is a very, very difficult security situation but what you have on the political side is really something quite inspiring.

"For all the difficulties, that's why I think it's important we see it through."

Howard said he was happy with Australia's involvement in Iraq and that talk of pulling out troops would send the wrong message to the Iraqi people.

"I am happy to continue to defend the original decision to be involved in Iraq and I certainly can defend with some passion a continuation of our presence," he said.

"In the light of what is happening in Iraq I can't think of anything worse than a signal to the Iraqi people who have braved their all to embrace democracy, I can't think of anything more calculated to break their spirit, than for countries like Australia and Britain to be talking about pulling out."

Earlier during his visit, Blair foreshadowed a possible substantial "draw down" of British troops in Iraq but gave no timeframe and said it would only happen only once Iraqi security forces were capable of defending the country.

Australia has about 900 troops in Iraq, while Britain has some 8,000.

Bush Was Set On Path To War, British Memo Says (NYT)

By Don Van Natta Jr.

The New York Times, March 28, 2006

LONDON — In the weeks before the United States-led invasion of Iraq, as the United States and Britain pressed for a second United Nations resolution condemning Iraq, President Bush's public ultimatum to Saddam Hussein was blunt: Disarm or face war.

But behind closed doors, the president was certain that war was inevitable. During a private two-hour meeting in the Oval Office on Jan. 31, 2003, he made clear to Prime Minister Tony Blair of Britain that he was determined to invade Iraq without the

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second resolution, or even if international arms inspectors failed to find unconventional weapons, said a confidential memo about the meeting written by Mr. Blair's top foreign policy adviser and reviewed by The New York Times.

"Our diplomatic strategy had to be arranged around the military planning," David Manning, Mr. Blair's chief foreign policy adviser at the time, wrote in the memo that summarized the discussion between Mr. Bush, Mr. Blair and six of their top aides.

"The start date for the military campaign was now penciled in for 10 March," Mr. Manning wrote, paraphrasing the president. "This was when the bombing would begin."

The timetable came at an important diplomatic moment. Five days after the Bush-Blair meeting, Secretary of State Colin L. Powell was scheduled to appear before the United Nations to present the American evidence that Iraq posed a threat to world security by hiding unconventional weapons.

Although the United States and Britain aggressively sought a second United Nations resolution against Iraq — which they failed to obtain — the president said repeatedly that he did not believe he needed it for an invasion.

Stamped "extremely sensitive," the five-page memorandum, which was circulated among a handful of Mr. Blair's most senior aides, had not been made public. Several highlights were first published in January in the book "Lawless World," which was written by a British lawyer and international law professor, Philippe Sands. In early February, Channel 4 in London first broadcast several excerpts from the memo.

Since then, The New York Times has reviewed the five-page memo in its entirety. While the president's sentiments about invading Iraq were known at the time, the previously unreported material offers an unfiltered view of two leaders on the brink of war, yet supremely confident.

The memo indicates the two leaders envisioned a quick victory and a transition to a new Iraqi government that would be complicated, but manageable. Mr. Bush predicted that it was "unlikely there would be internecine warfare between the different religious and ethnic groups." Mr. Blair agreed with that assessment.

The memo also shows that the president and the prime minister acknowledged that no unconventional weapons had been found inside Iraq. Faced with the possibility of not finding any before the planned invasion, Mr. Bush talked about several ways to provoke a confrontation, including a proposal to paint a United States surveillance plane in the colors of the United Nations in hopes of drawing fire, or assassinating Mr. Hussein.

Those proposals were first reported last month in the British press, but the memo does not make clear whether they reflected Mr. Bush's extemporaneous suggestions, or were elements of the government's plan.

Consistent Remarks

Two senior British officials confirmed the authenticity of the memo, but declined to talk further about it, citing Britain's Official Secrets Act, which made it illegal to divulge classified information. But one of them said, "In all of this discussion during the run-up to the Iraq war, it is obvious that viewing a snapshot at a certain point in time gives only a partial view of the decision-making process."

On Sunday, Frederick Jones, the spokesman for the National Security Council, said the president's public comments were consistent with his private remarks made to Mr. Blair. "While the use of force was a last option, we recognized that it might be necessary and were planning accordingly," Mr. Jones said.

"The public record at the time, including numerous statements by the President, makes clear that the administration was continuing to pursue a diplomatic solution into 2003," he said. "Saddam Hussein was given every opportunity to comply, but he chose continued defiance, even after being given one final opportunity to comply or face serious consequences. Our public and private comments are fully consistent."

The January 2003 memo is the latest in a series of secret memos produced by top aides to Mr. Blair that summarize private discussions between the president and the prime minister. Another group of British memos, including the so-called Downing Street memo written in July 2002, showed that some senior British officials had been concerned that the United States was determined to invade Iraq, and that the "intelligence and facts were being fixed around the policy" by the Bush administration to fit its desire to go to war.

The latest memo is striking in its characterization of frank, almost casual, conversation by Mr. Bush and Mr. Blair about the most serious subjects. At one point, the leaders swapped ideas for a postwar Iraqi government. "As for the future government of Iraq, people would find it very odd if we handed it over to another dictator," the prime minister is quoted as saying.

"Bush agreed," Mr. Manning wrote. This exchange, like most of the quotations in this article, have not been previously reported.

Mr. Bush was accompanied at the meeting by Condoleezza Rice, who was then the national security adviser; Dan Fried, a senior aide to Ms. Rice; and Andrew H. Card Jr., the White House chief of staff. Along with Mr. Manning, Mr. Blair was joined by two other senior aides: Jonathan Powell, his chief of staff, and Matthew Rycroft, a foreign policy aide and the author of the Downing Street memo.

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By late January 2003, United Nations inspectors had spent six weeks in Iraq hunting for weapons under the auspices of Security Council Resolution 1441, which authorized "serious consequences" if Iraq voluntarily failed to disarm. Led by Hans Blix, the inspectors had reported little cooperation from Mr. Hussein, and no success finding any unconventional weapons.

At their meeting, Mr. Bush and Mr. Blair candidly expressed their doubts that chemical, biological or nuclear weapons would be found in Iraq in the coming weeks, the memo said. The president spoke as if an invasion was unavoidable. The two leaders discussed a timetable for the war, details of the military campaign and plans for the aftermath of the war.

Discussing Provocation

Without much elaboration, the memo also says the president raised three possible ways of provoking a confrontation. Since they were first reported last month, neither the White House nor the British government has discussed them.

"The U.S. was thinking of flying U2 reconnaissance aircraft with fighter cover over Iraq, painted in U.N. colours," the memo says, attributing the idea to Mr. Bush. "If Saddam fired on them, he would be in breach."

It also described the president as saying, "The U.S. might be able to bring out a defector who could give a public presentation about Saddam's W.M.D," referring to weapons of mass destruction.

A brief clause in the memo refers to a third possibility, mentioned by Mr. Bush, a proposal to assassinate Saddam Hussein. The memo does not indicate how Mr. Blair responded to the idea.

Mr. Sands first reported the proposals in his book, although he did not use any direct quotations from the memo. He is a professor of international law at University College of London and the founding member of the Matrix law office in London, where the prime minister's wife, Cherie Blair, is a partner.

Mr. Jones, the National Security Council spokesman, declined to discuss the proposals, saying, "We are not going to get into discussing private discussions of the two leaders."

At several points during the meeting between Mr. Bush and Mr. Blair, there was palpable tension over finding a legitimate legal trigger for going to war that would be acceptable to other nations, the memo said. The prime minister was quoted as saying it was essential for both countries to lobby for a second United Nations resolution against Iraq, because it would serve as "an insurance policy against the unexpected."

The memo said Mr. Blair told Mr. Bush, "If anything went wrong with the military campaign, or if Saddam increased the stakes by burning the oil wells, killing children or fomenting internal divisions within Iraq, a second resolution would give us international cover, especially with the Arabs."

Running Out of Time

Mr. Bush agreed that the two countries should attempt to get a second resolution, but he added that time was running out. "The U.S. would put its full weight behind efforts to get another resolution and would twist arms and even threaten," Mr. Bush was paraphrased in the memo as saying.

The document added, "But he had to say that if we ultimately failed, military action would follow anyway."

The leaders agreed that three weeks remained to obtain a second United Nations Security Council resolution before military commanders would need to begin preparing for an invasion.

Summarizing statements by the president, the memo says: "The air campaign would probably last four days, during which some 1,500 targets would be hit. Great care would be taken to avoid hitting innocent civilians. Bush thought the impact of the air onslaught would ensure the early collapse of Saddam's regime. Given this military timetable, we needed to go for a second resolution as soon as possible. This probably meant after Blix's next report to the Security Council in mid-February."

Mr. Blair was described as responding that both countries would make clear that a second resolution amounted to "Saddam's final opportunity." The memo described Mr. Blair as saying: "We had been very patient. Now we should be saying that the crisis must be resolved in weeks, not months."

It reported: "Bush agreed. He commented that he was not itching to go to war, but we could not allow Saddam to go on playing with us. At some point, probably when we had passed the second resolutions — assuming we did — we should warn Saddam that he had a week to leave. We should notify the media too. We would then have a clear field if Saddam refused to go."

Mr. Bush devoted much of the meeting to outlining the military strategy. The president, the memo says, said the planned air campaign "would destroy Saddam's command and control quickly." It also said that he expected Iraq's army to "fold very quickly." He also is reported as telling the prime minister that the Republican Guard would be "decimated by the bombing."

Despite his optimism, Mr. Bush said he was aware that "there were uncertainties and risks," the memo says, and it goes on, "As far as destroying the oil wells were concerned, the U.S. was well equipped to repair them quickly, although this would be easier in the south of Iraq than in the north."

The two men briefly discussed plans for a post-Hussein Iraqi government. "The prime minister asked about aftermath planning," the memo says. "Condi Rice said that a great deal of work was now in hand.

Referring to the Defense Department, it said: "A planning cell in D.O.D. was looking at all aspects and would deploy to Iraq to direct operations as soon as the military action was over. Bush said that a great deal of detailed planning had been done on supplying the Iraqi people with food and medicine."

Planning for After the War

The leaders then looked beyond the war, imagining the transition from Mr. Hussein's rule to a new government. Immediately after the war, a military occupation would be put in place for an unknown period of time, the president was described as saying. He spoke of the "dilemma of managing the transition to the civil administration," the memo says.

The document concludes with Mr. Manning still holding out a last-minute hope of inspectors finding weapons in Iraq, or even Mr. Hussein voluntarily leaving Iraq. But Mr. Manning wrote that he was concerned this could not be accomplished by Mr. Bush's timeline for war.

"This makes the timing very tight," he wrote. "We therefore need to stay closely alongside Blix, do all we can to help the inspectors make a significant find, and work hard on the other members of the Security Council to accept the noncooperation case so that we can secure the minimum nine votes when we need them, probably the end of February."

At a White House news conference following the closed-door session, Mr. Bush and Mr. Blair said "the crisis" had to be resolved in a timely manner. "Saddam Hussein is not disarming," the president told reporters. "He is a danger to the world. He must disarm. And that's why I have constantly said — and the prime minister has constantly said — this issue will come to a head in a matter of weeks, not months."

Despite intense lobbying by the United States and Britain, a second United Nations resolution was not obtained. The American-led military coalition invaded Iraq on March 19, 2003, nine days after the target date set by the president on that late January day at the White House.

Canadian PM Thanks Bush For Activist Help (AP-Y2)

AP2, March 27, 2006

Canadian Prime Minister Stephen Harper called President Bush with thanks Monday for U.S. help in rescuing three peace activists from captivity in Iraq last week.

The activists — two Canadians and one Briton — were freed without a shot, ending a four-month hostage drama in which an American among the group was shot to death and dumped on a Baghdad street.

The two leaders also discussed Afghanistan in light of their recent visits there, National Security Council spokesman Frederick Jones said. And they exchanged notes on their three-way meeting with Mexican President Vicente Fox in Cancun on Thursday and Friday. Cancun will be the first time Bush and Harper have met since the Canadian took office in February.

State Dept. Offers Record Pay In 2 Hot Spots (WP)

By Bradley Graham

The Washington Post, March 28, 2006

To help recruit U.S. government civilians for duty in Iraq and Afghanistan, the State Department has boosted the pay allowances for both hardship and danger to the highest levels ever granted, department officials said.

Starting this month, U.S. government civilians serving in Iraq and in Afghanistan outside of Kabul are receiving an extra 35 percent above their base salaries for hardship and another 35 percent for danger. Previously, they were paid 25 percent extra for each category, the limits the government had set decades ago for any foreign post.

Because a number of other overseas posts had also been receiving the 25 percent maximums, government authorities were under pressure from Foreign Service representatives to adjust the allowance system and differentiate the most difficult assignments from the rest. The new record-high rates underscore the especially poor security and stressful working conditions faced by U.S. government employees in Iraq and Afghanistan, even as the Bush administration continues to emphasize signs of progress there.

The pay increases were approved as part of a broader restructuring of rates that also lifted allowances for more than 20 other locations, mostly in Africa and central and southeastern Asia. But most of these increases stopped at 30 percent. Only Iraq and Afghanistan ended up with 35 percent for both hardship and danger.

"The idea was to recognize service at our most difficult and dangerous posts, and foremost among those posts are Iraq and Afghanistan," said a senior State Department official involved in the decision but willing to discuss the increases only on condition of anonymity. "We know that the department has trouble recruiting people for these places."

Congress granted permission to raise the allowances in a little-noticed foreign relations authorization provision in late December. Responsibility for determining which locations get what allowances rests with the State Department, which issued the new rates earlier this month.

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The rates apply to about 80,000 U.S. government civilians working overseas and also tend to be used by private U.S. companies and other organizations as benchmarks for establishing their compensation plans for employees abroad.

State Department officials stressed that the revised allowances were not based on any reassessment of conditions in Iraq and Afghanistan. Rather, they said, the changes involved taking previous survey data and awarding more compensation to the worst cases.

"Over the years there had been a real compression of posts at the 25 percent level," said J. Anthony Holmes, president of the American Foreign Service Association, which pushed for the increases. "To maintain a system in which everyone is volunteering for the places they go, you want to provide incentives that reflect the true range of conditions."

Base salaries for the more than 300 State Department members working in Iraq range from about $35,000 to $155,000, according to department figures.

With word of the new hardship and danger rates still filtering through government ranks, officials said it was too early to assess the impact on attracting fresh volunteers for Iraq or Afghanistan or persuading those there to extend their assignments.

The duty involves not only very long work days and weeks but also cramped living quarters in heavily guarded compounds. A recent survey of active-duty Foreign Service officers with experience in Iraq, published this month in the Foreign Service Journal, quoted many respondents describing the working conditions as "extreme" and the security requirements as enormously constraining. At the same time, many played down financial incentives as a consideration in volunteering for Iraq duty and instead cited a desire to serve where most needed or to boost their chances for promotion.

State Department figures show that 87 percent to 94 percent of its jobs in Iraq are being filled, with the biggest recruiting challenge coming in finding staff for reconstruction assignments because, in the words of one official involved in Iraq policy, "they're in the most dangerous positions, they're the ones out in the field."

Of 632 overseas locations with U.S. government employees, 353 qualify for some kind of hardship differential, ranging from 5 percent up. The previous limit of 25 percent had been set in 1948, according to State's Office of Allowances.

In setting the hardship differentials, the State Department uses a scoring system that assigns specific weights to such factors as sanitation and disease (20 percent), housing (11 percent), political violence (11 percent), climate (10 percent), political harassment (9 percent), medical and hospital (9 percent) and physical isolation (8 percent).

The danger-pay allowance is based on a separate calculation that includes such factors as the existence of local conflicts, the involvement of U.S. combat troops and the record of U.S. civilian deaths in a particular country. Rates start at 15 percent. The previous maximum of 25 percent had been set in 1981, when the allowance was introduced.

About 25 countries now qualify for danger pay. Iraq and Afghanistan were the first to jump to 35 percent when the new rates were issued during the first week of March. Karachi, Pakistan, was added to the top-danger category on March 17.

Sometimes different places within the same country can receive different rates. For instance, although most of Afghanistan qualifies for the 35 percent danger allowance, an assignment in Kabul, considered slightly safer, gets 30 percent.

The State Department estimates that the additional cost of the higher hardship pay for its employees in Iraq will exceed $2 million a year. It expects to cover that expense through a supplemental appropriation request.

The rise in hardship pay for other foreign posts will be financed largely by eliminating 14 of 27 places that had been receiving hardship allowances of 5 percent, among them Athens, Warsaw, Hong Kong and Seoul. This move will free up an estimated $2.6 million a year, officials said. But the American Foreign Service Association has objected to it. "We think the department ought to be able to find the additional money without taking it out of the hide of others," Holmes said.

The association also has advocated allowing foreign service officers who leave Washington for an overseas post to keep the 17.5 percent cost-of-living differential that comes with duty here.

Fukuyama's Fantasy (WP)

By Charles Krauthammer

The Washington Post, March 28, 2006

It was, as the hero tells it, his Road to Damascus moment. There he is, in a hall of 1,500 people he has long considered to be his allies, hearing the speaker treat the Iraq war, nearing the end of its first year, as "a virtually unqualified success." He gasps as the audience enthusiastically applauds. Aghast to discover himself in a sea of comrades so deluded by ideology as to have lost touch with reality, he decides he can no longer be one of them.

And thus did Francis Fukuyama become the world's most celebrated ex-neoconservative, a well-timed metamorphosis that has brought him a piece of the fame that he once enjoyed 15 years ago as the man who declared, a mite prematurely, that history had ended.

A very nice story. It appears in the preface to Fukuyama's post-neocon coming out, "America at the Crossroads." On Sunday it was repeated on the front page of the New York Times Book Review in Paul Berman's review.

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I happen to know something about this story, as I was the speaker whose 2004 Irving Kristol lecture to the American Enterprise Institute Fukuyama has now brought to prominence. I can therefore testify that Fukuyama's claim that I attributed "virtually unqualified success" to the war is a fabrication.

A convenient fabrication -- it gives him a foil and the story drama -- but a foolish one because it can be checked. The speech was given at the Washington Hilton before a full house, carried live on C-SPAN and then published by the American Enterprise Institute under its title "Democratic Realism: An American Foreign Policy for a Unipolar World." (It can be read at http://www.aei.org/publications/pubID.19912,filter.all/pub_detail.asp .) As indicated by the title, the speech was not about Iraq. It was a fairly theoretical critique of the four schools of American foreign policy: isolationism, liberal internationalism, realism and neoconservatism. The only successes I attributed to the Iraq war were two, and both self-evident: (1) that it had deposed Saddam Hussein and (2) that this had made other dictators think twice about the price of acquiring nuclear weapons, as evidenced by the fact that Moammar Gaddafi had turned over his secret nuclear program for dismantling just months after Hussein's fall (in fact, on the very week of Hussein's capture).

In that entire 6,000-word lecture, I said not a single word about the course or conduct of the Iraq war. My only reference to the outcome of the war came toward the end of the lecture. Far from calling it an unqualified success, virtual or otherwise, I said quite bluntly that "it may be a bridge too far. Realists have been warning against the hubris of thinking we can transform an alien culture because of some postulated natural and universal human will to freedom. And they may yet be right."

History will judge whether we can succeed in "establishing civilized, decent, nonbelligerent, pro-Western polities in Afghanistan and Iraq." My point then, as now, has never been that success was either inevitable or at hand, only that success was critically important to "change the strategic balance in the fight against Arab-Islamic radicalism."

I made the point of repeating the problematic nature of the enterprise: "The undertaking is enormous, ambitious and arrogant. It may yet fail."

For Fukuyama to assert that I characterized it as "a virtually unqualified success" is simply breathtaking. My argument then, as now, was the necessity of this undertaking, never its ensured success. And it was necessary because, as I said, there is not a single, remotely plausible, alternative strategy for attacking the root causes of Sept. 11: "The cauldron of political oppression, religious intolerance, and social ruin in the Arab-Islamic world -- oppression transmuted and deflected by regimes with no legitimacy into virulent, murderous anti-Americanism."

Fukuyama's book is proof of this proposition about the lack of the plausible alternative. The alternative he proposes for the challenges of Sept. 11 -- new international institutions, new forms of foreign aid and sundry other forms of "soft power" -- is a mush of bureaucratic make-work in the face of a raging fire. Even Berman, his sympathetic reviewer, concludes that "neither his old arguments nor his new ones offer much insight into this, the most important problem of all -- the problem of murderous ideologies and how to combat them."

Fukuyama now says that he had secretly opposed the Iraq war before it was launched. An unusual and convenient reticence, notes Irwin Stelzer, editor of "The Neocon Reader," for such an inveterate pamphleteer, letter writer and essayist. After public opinion had turned against the war, Fukuyama then courageously came out against it. He has every right to change his mind at his convenience. He has no right to change what I said.

CORPORATE SCANDALS:

Defense Continues Challenging Enron Witness (WSJ)

By Gary McWilliams

The Wall Street Journal, March 28, 2006

HOUSTON -- Defense attorneys for Enron Corp.'s former two top executives continued to chip away at the testimony of a former finance executive who provided details of key meetings where the two were warned about the company's precarious state.

Last week in the criminal conspiracy and fraud trial of former Enron Chairman Kenneth Lay1 and former President Jeffrey Skilling2, former Enron treasurer Ben Glisan Jr.3 testified that the two executives knew several businesses had lost billions in value but did not adjust the company's books and insisted to investors the company was healthy. He also testified that Mr. Lay misled credit companies about Enron's water-distribution business in order to retain an investment-grade credit rating.

Yesterday, Mr. Glisan acknowledged he had left an Oct. 22 meeting before the company's former chief accounting officer told Mr. Lay and other Enron directors that Enron's auditors had concluded no write-down of the company's Wessex Water unit was necessary. Prosecutors contend Mr. Lay lied about auditors' decision to investors. (Read excerpts from Mr. Glisan's testimony4.)

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Bruce Collins, a defense attorney for Mr. Lay, used the meeting to suggest that Mr. Glisan's testimony showed he lacked the information available to the two executives. He also challenged Mr. Glisan's testimony that he had warned Mr. Lay on Oct. 23 that "bankruptcy was inevitable" by introducing Mr. Glisan's own reports detailing improving finances in late September and early October.

On Oct. 8, Mr. Glisan told directors that Enron was "on target" to meet its year-end liquidity goals and it would hold onto its investment-grade credit rating, calling a lowered outlook the "most likely worst-rating outcome" from its third-quarter earnings report. Mr. Glisan also passed along on Oct. 17 a Deutsche Bank credit analysts' report to Mr. Lay and others that noted Enron's "liquidity remains solid." Mr. Glisan said he learned from bankers on Oct. 23 that Enron was losing access to credit markets, a condition the company had earlier estimated could force it into bankruptcy.

During the October time frame, Mr. Lay was describing Enron as healthy and growing -- descriptions that the prosecution alleges were misleading to employees and investors. Mr. Collins also suggested that Enron did not have to write down the businesses if it was holding them in anticipation of an increase in value.

Mr. Glisan pleaded guilty to an Enron-related conspiracy to commit wire and securities fraud and is serving a five-year prison sentence. Mr. Lay and Mr. Skilling are accused of criminal conspiracy and fraud in U.S. District Court here. The trial is in its ninth week. The two have said they did nothing wrong.

But Mr. Glisan said there was "pressure to close sales" of the company's underperforming assets. "We needed that cash and needed it badly. There wasn't a plan to hold onto those assets for a better deal," he said. Earlier, an Arthur Andersen LLP auditor testified he was still evaluating a write-down of the Wessex unit into mid-November.

Late in the day, a stockbroker testified that Mr. Skilling did not want to alert Enron to a September 1991 sale of $15.6 million in shares. Glenn Ray, a Denver broker, said Mr. Skilling proposed that an Enron authorization be phrased so as not to alert the company he planned to sell imminently. Mr. Skilling is charged with insider trading in conjunction with that sale and others. Mr. Ray conceded under questioning by an attorney for Mr. Skilling that his clients "almost always" wanted to keep sales confidential.

The prosecution introduced a Citigroup executive's email that supported two key points in Mr. Glisan's depiction of the company in the fall of 2001. In an email to Salomon Smith Barney capital markets executives, then Salomon managing director Anne Clarke Wolff wrote that she urged the removal of Andrew Fastow5, the company's then chief financial officer. Recounting a conversation with Mr. Glisan, she wrote "the architect of the strategy is not the guy to unwind it." She also said Mr. Glisan realizes a loss of investment-grade credit rating "is game over" for the company.

Prosecutors Of 2 Ex-Enron Officials Could Rest Case Today (NYT)

By Alexei Barrionuevo

The New York Times, March 28, 2006

HOUSTON, March 27 — Defense lawyers sought on Monday to undercut testimony by Enron's former treasurer, Ben F. Glisan Jr., that he warned Kenneth L. Lay that Enron was running low on cash shortly before Mr. Lay told investors the company was financially healthy.

Under questioning by Bruce Collins, a lawyer for Mr. Lay, Mr. Glisan acknowledged that he had assured Mr. Lay, the chief executive, and a group of directors that Enron had enough cash to operate.

Mr. Collins displayed notes from an Oct. 22, 2001, finance committee meeting taken by Paula Rieker, the corporate secretary, that showed that Mr. Glisan and Andrew S. Fastow, then the chief financial officer, told the directors, including Mr. Lay, that Enron had adequate liquidity.

Mr. Glisan told the board that Enron had immediate access to $1.5 billion in cash and could seek more. That appeared to contradict his testimony last week that he had given Mr. Lay a much dimmer financial forecast, saying Enron's liquidity was strained and its cash flow weak.

Mr. Glisan, testifying in the criminal fraud trial of Mr. Lay and Jeffrey K. Skilling, concluded his fourth and last day on the stand.

Mr. Lay re-assumed the title of chief executive after Mr. Skilling resigned in August 2001.

The day's court session concluded with testimony from a stockbroker who handled Mr. Skilling's sale of Enron shares a month after he resigned. That testimony contradicted what Mr. Skilling told the Securities and Exchange Commission about the reason for the sale.

The government could wrap up its case Tuesday, with the defense set to start its case next Monday.

Mr. Skilling and Mr. Lay are accused of conspiring to defraud Enron, which filed for bankruptcy protection in December 2001.

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Mr. Glisan pleaded guilty to conspiracy in September 2003 for helping to create the Raptors structure, which Enron used to manipulate earnings and hide losses. He is serving a five-year sentence.

On Monday, Mr. Collins also displayed notes from the Oct. 22 meeting that showed Mr. Lay was told that the company might not have needed to write down the value of some international assets. Ms. Rieker's minutes show that after Mr. Glisan left the meeting, the chief accounting officer, Richard A. Causey, told Mr. Lay that a British water company, Wessex, did not need to be written down. Mr. Lay told analysts that the next day.

That contradicted Mr. Glisan's assertions last week. He said Mr. Lay knew the international portfolio was overvalued on Enron's books by nearly twice what it was worth.

"I cannot say I had all the information he had," Mr. Glisan said of Mr. Lay. "I did not have this piece of information. Mr. Causey gave a favorable report, it seems."

Under further questioning by a prosecutor, Kathryn Ruemmler, Mr. Glisan said he sought approval at the Oct. 22 meeting for another $1.5 billion secured bank loan as well as a private $500 million loan to help shore up Enron's liquidity. "Neither of those two steps would have been taken had we not felt we needed that additional liquidity," he said.

Three days later Enron drew down $3 billion in credit lines from banks.

Also on Monday, Glenn Ray, a stockbroker at Charles Schwab, testified he took an order from Mr. Skilling on Sept. 6, 2001, to sell 200,000 Enron shares. The Sept. 11 attacks happened while Mr. Ray was waiting for a letter from Enron's general counsel assuring him that Mr. Skilling was no longer an officer, or insider, at the company, and thus forbidden to sell restricted stock. Mr. Skilling told Mr. Ray he preferred that Enron did not know he was "considering selling."

Then, on Sept. 17, the day the stock exchanges reopened after the attacks, Mr. Skilling called Mr. Ray to place an order to sell 500,000 of his 936,576 shares. Mr. Ray later called back after Schwab's restricted stock department informed him that more assurance was required; the letter from Enron's general counsel, Rex Rogers, still had not been received.

On a recording of the call played in court, Mr. Skilling said he was worried about the market dropping and seemed agitated at having his order stopped. "I have done what is necessary. If there is any breaking the law I am the one in trouble, not them."

The transaction was finally approved later on Sept. 17 after the letter from Mr. Rogers was faxed. On cross-examination by Ronald Woods, Mr. Ray said there was nothing in Mr. Skilling's tone to indicate a sale based on insider information.

In testimony to the S.E.C. in December 2001, which was read into the record on Monday, Mr. Skilling said there was "no other reason" for him to sell his Enron shares than the decline of the stock market after Sept. 11. "Oh, I agonized over it, absolutely agonized it," he said in the 2001 testimony. "I cannot believe the stock market is where it is right now."

Enron Treasurer's Testimony Contradicted By Meeting Minutes (BLOOM)

By Andrew Dunn Laurel Brubaker Calkins

Bloomberg, March 28, 2006

March 27 (Bloomberg) -- Testimony by a former Enron Corp. executive that he warned then-Chairman Kenneth Lay in October 2001 the company's finances were ``strained'' was contradicted by evidence presented today by defense lawyers at Lay's fraud trial.

Ben F. Glisan Jr., Enron's former treasurer, said last week in federal court in Houston that he told Lay in September and October 2001 the company faced a liquidity crisis and that Lay knew some of Enron's assets, including a British water company, needed to be written down in value.

Today, Lay's attorney Bruce Collins presented notes from an Oct. 22, 2001, finance committee meeting that showed Glisan had optimistic estimates about the company's access to cash. The minutes show that after Glisan left the meeting, Chief Accounting Officer Rick Causey had told Lay the water company didn't need to be written down, which Lay told analysts the next day.

``I cannot say I had all the information he had," Glisan said under cross-examination during his fourth day on the witness stand. ``I did not have this piece of information. Mr. Causey gave a favorable report, it seems."

Prosecutors accuse Lay, 63, of misleading investors, employees and credit rating companies about Enron's financial status in the weeks before it filed for bankruptcy in December 2001. Collins repeatedly contrasted Glisan's direct testimony with his 2004 grand jury testimony, and 2001 board meeting documents and minutes, to point out inconsistencies in Glisan's discussion of the financial status of the company.

Government Charges

Lay and former Chief Executive Officer Jeffrey Skilling, 52, face at least 25 years in prison if convicted on charges that they conspired to defraud Enron investors and enrich themselves. Lay and Skilling are accused of overseeing a conspiracy to deceive investors about Enron's finances so they could profit by selling their personal shares at inflated prices.

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On direct examination, Glisan told the jury he had warned that Enron was facing a liquidity crisis. He said he told Lay on Oct. 23, 2001, after the analyst call and a companywide employee meeting that he believed bankruptcy was ``inevitable."

Today Collins showed the jury documents illustrating that on Oct. 8, 2001, Glisan told the board that the company had more available cash than it needed. Minutes kept by a corporate secretary from the Oct. 22 board meeting, where Glisan said he told Lay the company's liquidity and balance sheet were ``strained," show Glisan telling the board that Enron had access to more cash than needed at the time.

``Her notes might not be complete," Glisan said.

Fraud Sentence

Glisan is 2 1/2 years into a five-year sentence for securities fraud in a federal prison east of Houston. In 2003, he admitted falsifying Enron's reported financial results to make the company look more successful than it was. He's testifying under an immunity agreement with prosecutors and could be out of prison as early as September.

Enron had more than $68 billion in market value before it sought bankruptcy protection in December 2001, wiping out thousands of jobs and at least $1 billion in retirement funds almost overnight. Investors suing over the collapse of what was once the U.S.'s seventh-largest corporation claim accounting fraud led to at least $25 billion in losses.

Legal experts have partially blamed partnerships and hedging vehicles created by former Chief Financial Officer Andrew Fastow for Enron's meltdown. Skilling's and Lay's defense teams claim prosecutors are seeking to criminalize normal business practices and the two executives were victims of thieving subordinates such as Fastow.

They contend the former CFO, who already has pleaded guilty to fraud charges stemming from Enron's demise, stole at least $25 million from the company in connection with partnership-related deals.

The case is U.S. v. Skilling, 04-cr-25, U.S. District Court, Southern District of Texas (Houston).

Skilling's Broker Tells Of Attempt To Sell Stock (HC)

By TOM FOWLER

Houston Chronicle, March 28, 2006

Former Enron CEO Jeff Skilling tried to sell one-fifth of his Enron stock holdings just weeks after he left the company and days before the Sept. 11 terrorist attacks, according to testimony in court Monday.

The sale of 200,000 shares never went through on Sept. 6, 2001, because his stockbroker still had him listed as a company officer restricted from selling, but he was able to sell 500,000 shares several weeks later.

The failed sale itself wasn't illegal but it could cast doubt on statements Skilling gave to investigators that the only reason he sold stock after leaving the company was post-Sept. 11 worry.

Testimony about the stock sale, one of 10 illegal sales the government claims Skilling made, came on day 31 of the trial. The government may finish its case against Skilling and former chairman Ken Lay as early as this afternoon.

Former Treasurer Ben Glisan, who left the stand Monday afternoon, was the last major witness the government planned to call.

Letter needed for sale Skilling resigned from Enron on Aug. 14, 2001. On Sept. 6 he called Glenn Ray, his broker at Charles Schwab in Denver to do a couple of transactions, including the sale of the 200,000 shares.

During testimony in court Monday, Ray said Skilling told him an Enron attorney would send a letter stating he was no longer an officer, which would clear the way for the stock sale.

On Sept. 17, Skilling called Ray again saying, "I'm worried about it. I don't like it," referring to the stock market, which was reeling from the Sept. 11 attacks. Enron's stock price was continuing its yearlong decline and Skilling said he wanted to sell 500,000 shares.

On a recording of the call, Ray sounds surprised at the size of the stock sale.

About 109,000 shares of the sale went through before the transaction was halted by Schwab officials, Ray said, because the letter from Enron confirming Skilling's status had not arrived.

Ray called Skilling to tell him the news and agreed he could talk to the Enron attorney, Rex Rogers, on the phone instead. Skilling makes a point of asking Ray not to mention the stock sale to Rogers when they talk.

"I would prefer they not know that I'm selling," Skilling said on the call.

The request was hardly unusual, however, according to Ray, who noted on the stand that his wealthy clients "almost always" made such requests.

Prosecutors later read a transcript of Skilling's interview with Securities and Exchange Commission officials in December 2001, where they asked him about his stock sales both before and after leaving Enron. In the transcript Skilling said "there was no other reason than Sept. 11 that I sold the stock. I was very optimistic until the Sept. 11 thing."

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Defense hammers Glisan Earlier on Monday, defense attorneys continued efforts to undermine Glisan's prior testimony that Lay and Skilling were well aware of severe problems at the company and approved of various accounting and finance chicaneries.

Glisan claimed Lay was lying when he told analysts in an Oct. 23 conference call that there was no need to write-down Enron's water business because of a new accounting rule.

But Lay attorney Bruce Collins tried to show through minutes and notes taken of a board finance committee meeting a day earlier that Lay was merely repeating what Chief Accounting Officer Rick Causey told him about the issue. Glisan admitted he left the board meeting before Causey made that presentation.

Collins also tried to cast doubt on Glisan's testimony that he presented a dire picture of Enron's financial stability during that board meeting. Meeting minutes taken by former board secretary Paula Rieker make just a brief mention of Glisan's presentation.

On redirect examination, however, prosecutor Kathy Ruemmler showed an e-mail from Rieker to others noting that Glisan would "comment on the very negative response of the debt investors."

Defense attorney's surgery Also on Monday lead Lay attorney Mike Ramsey said he underwent surgery last week to have a stent placed in his heart.

Ramsey, 65, said he started feeling episodes of pain and shortness of breath about three weeks into the trial. On Friday, March 17, he had tests done, which spotted the problem, and had the stent put in at Methodist Hospital on March 24.

He attended trial on Monday and said he felt "wonderful."

"I want to emphasize that there has been no interference with the trial and there won't be whatsoever," Ramsey said.

Lay Faces A Second Trial, Alone (WP)

By Carrie Johnson

The Washington Post, March 28, 2006

HOUSTON, March 27 -- As lawyers for Enron Corp.'s former leaders prepare to start their defense next week, another potentially more dangerous trial looms for founder Kenneth L. Lay.

Lay is scheduled to be tried on four separate criminal charges related to personal bank loans, with the case opening as soon as the jury begins deliberations in the current trial, in which both Lay and former Enron chief executive Jeffrey K. Skilling are charged with fraud in Enron's collapse.

The unusual double jeopardy is the result of a bet Lay's legal team placed -- and lost -- two years ago. Lay sought to face trial alone rather than with his protege Skilling, who ran the company's daily operations.

Government lawyers pounced on the strategic opportunity. The judge's ruling, in what may be the worst possible outcome for Lay, gave prosecutors not one but two chances to convict the former titan. The judge kept Lay in the major fraud case, which includes Skilling. But he split off into a separate trial four narrow fraud charges against Lay that relate to personal bank loans.

The second proceeding, to be decided by the same judge, will begin a mere two hours after jurors retire to consider the broader charges. It means that Lay, who built a fortune once valued at more than $100 million after growing up the son of a poor Baptist preacher who hopped from job to job, will face the anxiety of awaiting a jury verdict in the first trial while he defends himself against additional charges that carry a maximum penalty of a decade behind bars.

The prospect leaves open the possibility that jurors could acquit Lay, 63, of taking part in a massive conspiracy that led to Enron's filing for bankruptcy protection but that a judge could send him to prison for wrongdoing in his personal finances. In April 2005, Lay waived his right to a jury trial on the bank fraud charges, depriving him of the best defense he had: the chance to argue to a dozen average citizens that the law did not matter.

Legal experts say the bank charges amount to a significant challenge for Lay, in part because the government cites more than a dozen clear-cut documents he signed, promising to abide by Federal Reserve Board rules prohibiting him from using his multimillion-dollar lines of credit to buy stock. It is the sort of paper trail that has been missing from the fraud trial, in which prosecutors have produced no papers or e-mails directly tying Lay to fraud. Most of the evidence in the joint trial has been stacked against Skilling, not Lay.

Michael W. Ramsey, the lead defense lawyer for Lay, has alternately mocked the bank rules Lay is charged with violating -- known in shorthand as "Reg U" -- as a kind of pasta sauce and derided them as vague and baseless. He has said that Lay repaid the loans to Bank of America, Chase and Compass Bank and that the institutions suffered no losses, making the alleged crime a victimless one. The rules date to the stock market crash of 1929, when lawmakers decided, as a matter of public policy, to limit the amount of stock purchased on credit.

But federal prosecutors at the Justice Department's Enron Task Force have replied in court papers that Lay engaged in "classic bank fraud and false statements to a bank."

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"In response to the question, 'Will any part of this credit be used to purchase or carry margin stock?' defendant Lay is charged with knowingly, falsely answering No," prosecutors wrote in court papers last year. "Moreover, defendant Lay expands upon his false answer in the same form" by adding typed and handwritten phrases that contain information about how he intended to use the credit line for other purposes.

"In an ordinary case, this would be a laugher," Lay's attorney said. "These counts would never have been brought." Ramsey said the charges reflect a "political decision that is unconscionable."

In the past, prosecutors on the Enron Task Force, who come from the ranks of the Justice Department's career employees, have repeatedly denied that politics influenced their work.

The second trial could last less than a week. Government lawyers are prepared to call at least one witness who may have questioned Lay before he signed some of the papers. Lay's defense team will probably turn to his longtime financial advisers to cast doubt about whether he understood the forms but affixed his signature anyway -- a key issue in the upcoming trial.

In a provocative 2003 scholarly article, University of Miami Law Professor William H. Widen urged prosecutors to pursue the bank charges, reasoning that such a move follows in the tradition of the government's pursuit of mafia don Al Capone. After earlier, unsuccessful prosecutions, Capone ultimately went to prison on tax fraud charges.

Six years ago, it would have been unthinkable to equate Lay with such a notorious figure. He posed for photos with dignitaries including former president George H.W. Bush, Henry Kissinger and Mikhail Gorbachev. He acquired the nickname "Kenny Boy" from President George W. Bush and caucused with Vice President Cheney about energy policy. He and his wife, Linda, a former Enron secretary, donated more than $25 million to charities. They bailed out the local NAACP chapter and persuaded the local baseball team to stay put. But that was before the collapse of Enron and his indictment forced him to focus his time and energy on defending himself against fraud charges.

To date, the massive Enron fraud trial has focused mostly on the conduct of Skilling, who led daily operations until his abrupt departure in August 2001. As a result, Lay's defense in the first case will not directly overlap with that of his second, on the bank charges.

Indeed, legal experts who are following both cases say Lay's defenses reflect some inconsistency.

Lay, who is preparing to testify in the broader case within the next couple of weeks, will maintain that Enron scrupulously complied with the letter of the law and that he should not be held criminally responsible for the failure of his business. In essence, he is using the law as a shield, experts say.

But in his second, bank fraud trial, Lay is preparing to argue the exact opposite -- that banking law is outdated and unclear and therefore should not apply to him.

Agency Finds Enron Billing Irregularities (AP)

By Mark Sherman, Associated Press Writer

AP, March 28, 2006

Justice Dept. Finds Billing Irregularities by Turnaround Expert Who Led Enron Through Bankruptcy

WASHINGTON (AP) -- The turnaround expert who led Enron Corp. through its bankruptcy engaged in unacceptable billing practices and has agreed to cut in half the $25 million he has been seeking as a "success fee," the Justice Department said Monday.

The department's U.S. Trustee Program, which monitors the administration of bankruptcy cases, said it uncovered the billing problems after Stephen Forbes Cooper LLC and its principal, Stephen Cooper, asked the U.S. Bankruptcy Court in New York for $25 million as the fee for guiding the one-time energy giant, decimated by scandal, through its Chapter 11 case.

The firm denied any billing irregularities, but agreed to reduce its request to $12.5 million after the trustee's office shared the results of its investigation with the bankruptcy court, according to papers filed with the bankruptcy court. The court agreement did not spell out the billing issues.

U.S. Bankruptcy Judge Arthur Gonzalez will determine the size of the success fee.

The firm is part of Kroll Zolfo Cooper LLC, of which Cooper is chairman.

"While most, including Enron's creditor committee, supported the amount of the proposed fee, others objected," Kroll Zolfo Cooper said in a statement Monday. "Recognizing that a prolonged disagreement would not benefit Enron's creditors or employees, and in the interest of moving forward, we have agreed to resolve our differences, reduce the requested amount and move on."

Cooper and his firm already have been paid $107 million for their work. Enron hired Cooper in January 2002.

Enron had gone bankrupt a month earlier, following revelations of fraudulent accounting, hidden debt and inflated profits. Enron founder Kenneth Lay and former Enron Chief Executive Jeffrey Skilling are on trial in Houston on fraud and conspiracy charges.

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Cooper's firm claimed credit for holding off on selling assets immediately at fire-sale prices, eventually gaining $12.8 billion to distribute to creditors rather than half that. It also said it shaved $1.2 billion off professional fees for lawyers, accountants, consultants and others by wrapping up the bankruptcy in three years.

Since then, Cooper has been hired to try to save troubled Krispy Kreme Doughnuts Inc. The company is facing federal investigations into its finances, as well as lawsuits by franchisees and workers who claim to have lost everything since its stock plunged in May 2004.

Ex-Raytheon Chief Agrees To Fine And Forfeit Of Part Of Bonus (NYT)

By Leslie Wayne

The New York Times, March 28, 2006

The former chief executive of the Raytheon Corporation, Daniel P. Burnham, has agreed to pay a fine and return part of a $1.75 million bonus to settle Securities and Exchange Commission accusations over improper accounting practices in 2000 and 2001.

Disclosure of the arrangement came in a regulatory filing yesterday by the First Data Corporation, where Mr. Burnham, 59, is a director and chairman of the company's compensation committee. Mr. Burnham served as chairman and chief executive of Raytheon for five years until his resignation in July 2003.

The alleged accounting irregularities took place in Raytheon's troubled commercial aircraft division from 1997 to 2001 and concerned the timing of losses recorded by the company. The S.E.C. said that the company had overstated its 2001 losses and that its aircraft subsidiary should have charged up to $240 million of a $693 million loss in 2000 instead.

Raytheon, First Data and the S.E.C. would not comment on the settlement. The amount of the fine and the amount of the bonus that Mr. Burnham will return were not specified. Raytheon would not comment on whether directors' and officers' insurance would cover Mr. Burnham's costs. Mr. Burnham did not respond to a message left for him at First Data.

Since January 2003, the S.E.C. has been investigating accounting practices at Raytheon's aircraft division, which had faced a deteriorating market. Last April, the company offered to settle the investigation and recorded a charge of $12 million in the first quarter of 2005 to cover potential settlement costs. Raytheon has neither admitted nor denied the charges and the offer has yet to be approved.

The agreement with Mr. Burnham, who neither admitted nor denied the agency's charges, is still subject to approval by the S.E.C.

In its regulatory filing, First Data expressed confidence in Mr. Burnham, whom the company is renominating as head of its compensation committee. After reviewing the S.E.C. charges, First Data said the company's board "determined that the allegations are not reflective of Mr. Burnham's conduct, judgment or integrity" as they relate to his First Data board activities and cited "Mr. Burnham's valuable service to the company over the past two years."

First Data also praised Mr. Burnham for "the forthright manner in which Mr. Burnham brought the allegations" to the attention of the company and said the events at Raytheon were unrelated to his board work at First Data.

Paul Nisbet, a military industry analyst with JSA Research in Newport, R.I., said Mr. Burnham's agreement was "somewhat unusual" but that it "doesn't mean much" for Raytheon.

Mr. Nisbet said that Mr. Burnham's action might lead to a resolution of charges involving Edward Pliner, the company's former chief financial officer, who was put on leave last April in connection with the S.E.C. investigation into Raytheon's accounting. Raytheon has said that the S.E.C. is expected to "bring action" against Mr. Pliner.

"This could very well lead to something similar involving Ed Pliner," Mr. Nisbet said.

Mr. Burnham is not the only chief executive facing a giveback of some of his bonus. Last January, Nortel Networks announced that a dozen current executives would repay $8.6 million in bonuses over manipulated financial statements. Government regulators are seeking repayment of bonuses of two top executives at Fannie Mae as a result of its accounting scandal, and shareholder pressure caused FPL Group to announce it was recouping $22.5 million in bonuses to eight executives after a failed merger.

Also, last January, an Alabama judge ruled that Richard M. Scrushy, the former executive of HealthSouth, must repay his company more than $47.8 million in bonuses. Dean L. Buntrock, former chief executive of Waste Management, agreed last August to pay $19.5 million, which included his bonus, to settle S.E.C. claims.

The S.E.C. is also trying to obtain $100 million, including bonuses, from Henry Yuen, the former chief executive of Gemstar-TV Guide International after charges that Mr. Yuen inflated revenues to mislead the company's investors.

Clarent Ex-execs Charged With Fraud Former CEO Of Redwood City Firm Pleads Not Guilty (SFC)

By Tom Abate, Chronicle Staff Writer

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San Francisco Chronicle, March 28, 2006

The U.S. attorney in San Francisco has charged a Los Altos man with two counts of federal securities fraud for allegedly inflating the revenues of Clarent Corp. in 2001.

Shares in the publicly traded Redwood City firm, which sold equipment to send phone calls over the Internet, collapsed between September 2001 and May 2002, wiping out $200 million in stock value, according to the indictment. The company went bankrupt and its assets have since been acquired.

Former Clarent chief executive Jerry Shaw-Yau Chang, 48, of Los Altos surrendered to federal authorities in San Francisco Friday. His attorney, Michael Diamond of Los Angeles, said Chang pleaded not guilty and was released on a $1 million bond.

The U.S. attorney also filed three fraud counts and a fourth charge of tampering with a witness against former Clarent official Matthew Ming Chiang, 36, of Taiwan. Federal officials said that Chiang remains at large and that a warrant has been issued for his arrest.

According to the indictment, Chang was CEO of Clarent from July 1996 to July 2001. He remained a director until September 2001. Chiang held several marketing positions during this time. From September 2000 to September 2001, he was president of Clarent's Asia-Pacific division in Taipei, Taiwan, and reported directly to Chang, in Redwood City.

The indictment alleges that from December 2000 through August 2001, "Chang and Chiang conspired to improperly recognize revenue for Clarent, resulting in the fraudulent filings of financial statements" with the Securities and Exchange Commission.

The indictment lists several deals in which the defendants allegedly booked orders without disclosing to the company's investors or auditors that the buyers had the right to cancel the deals and return the products and in some cases that they had agreed to find another purchaser for any equipment buyers didn't need.

"These undisclosed contingencies between Clarent and its customers were either verbal or in writing and were provided by Chang and/or Chiang," according to the indictment.

Federal officials say that just before trading in Clarent shares was halted in September 2001, shares of its stock were worth $5.37. By the time it restated its earnings in May 2002, its price had slumped to 27 cents per share.

Diamond, the attorney representing Chang, said "the case will be that Jerry did nothing wrong and did not violate securities laws." He noted that a majority of the charges were filed against Chiang.

Former Networking Execs Indicted For Securities Fraud (IDG)

By Grant Gross, IDG News Service, Washington Bureau

IDG News Service, March 28, 2006

Two former executives at networking equipment provider Clarent Corp. have been indicted on securities fraud charges, the U.S. Department of Justice (DOJ) announced.

Jerry Shaw-Yau Chang, 48, of Los Altos, California, and Matthew Ming Chang Chiang, 36, of Taiwan were charged with filing fraudulent financial statements with the U.S. Securities and Exchange Commission (SEC) in the last quarter of 2000 and the first and second quarters of 2001, the DOJ said. Chiang was additionally charged with one count of witness tampering in the indictment, unsealed late Friday.

Chang, former president and chief executive officer at Clarent, surrendered into custody Friday and was released on US$1 million bond in the U.S. District Court for the Northern District of California, the DOJ said. An arrest warrant was issued for Chiang.

The defendants were top executives at Clarent, based in Redwood City, California. They are accused of conspiring to improperly recognize millions of dollars in revenue for Clarent.

Chang served as president and chief executive officer of Clarent between July 1996 and about July 2001, and Chiang was president of Clarent Asia/Pacific between September 2000 and September 2001, the indictment said.

The two are alleged to have negotiated high-value deals on behalf of Clarent with various overseas distributors. The defendants carried out the improper revenue recognition scheme by immediately recognizing revenue from transactions in which customers had been given the right to return products, the right to cancel orders, or a guarantee that Clarent would find a purchaser for any product customers were unable to sell on their own, the DOJ said.

The defendants are charged with entering into undisclosed side agreements establishing the contingencies to the sales. The defendants allegedly made these agreements without disclosing this information to the SEC and Clarent's independent auditor, Ernst & Young LLP.

The purpose of the scheme to defraud was to falsely inflate Clarent's revenue and profits, to exceed projected quarterly financial results, and to artificially sustain Clarent's stock price, the indictment said.

Trading on Clarent stock was halted on Sept. 4, 2001. The stock price on the previous day was at $5.37, and the company was valued at approximately $216 million, the DOJ said. On May 8, 2002, Clarent restated its financial statements for 2000 and 2001, at that time the stock price closed at $0.27 cents per share, and the company was valued at about $10.9 million.

Clarent, a provider of VOIP (voice over Internet Protocol) hardware and software for large businesses and multi-use networks, was sold to Verso Technologies Inc. in February 2003.

The maximum statutory penalty one count of securities fraud is 10 years in prison and a $1 million fine, plus restitution. The maximum statutory penalty for witness tampering is 10 years in prison and a $250,000 fine. Grant Gross is Washington correspondent for the IDG News Service.

U.S. Pressures Firms Not To Pay Staff Legal Fees (WSJ)

By Nathan Koppel

The Wall Street Journal, March 28, 2006

Defense lawyers are closely watching an accounting-fraud case in New Hampshire that they see as the latest government effort to stop companies from paying the legal fees of indicted employees.

In the past three years, federal prosecutors in New York, Alabama and, now, Concord, N.H., have pursued a strategy that puts companies at risk of being branded as uncooperative if they don't cut off such payments. Lawyers say that could be tantamount to convicting defendants before they have even had a trial, since they can't properly defend themselves.

"If companies don't cooperate with the government, they can face a death penalty by being indicted," says Ellen Podgor, a professor at Stetson University College of Law. She adds that companies fear becoming the next Arthur Andersen LLP, which imploded shortly after its indictment in 2002 for allegedly obstructing the government's investigation of fraud at Enron Corp. (The accounting firm was later convicted of obstruction, but the Supreme Court overturned the verdict last year.) "Prosecutors can now force individuals to pay their own attorneys' fees," Prof. Podgor says, "and corporations have to go along."

Justice Department spokesman Brian Roehrkasse counters that "the government does not force corporations to do anything." If a company declines to advance fees, he adds, "that is a business decision made after weighing all of the costs and benefits of cooperation."

The cost of a trial is out of the financial reach of many white-collar defendants. "It is hard to defend a white-collar case for less than $100,000, and most cost much, much more than that," says John Hasnas, a professor at Georgetown University's McDonough School of Business.

In the New Hampshire case, five former executives of technology company Enterasys Networks Inc. charged with accounting fraud were set to stand trial in Concord this month but got a three-month reprieve after federal prosecutors were accused of misconduct. Government lawyers pressured the company to cut off legal fees to the defendants to weaken the employees' ability to fight the charges, defense lawyers allege in court filings.

New Hampshire U.S. Attorney William Morse, the lead prosecutor in the case and one of three accused of misconduct, denies wrongdoing. In pretrial testimony, when asked why he inquired about the company's payment of legal fees, he said, he simply wanted to inform Enterasys that the "payment of attorneys' fees for defendants was something that the Department of Justice had instructed its line prosecutors to consider" when assessing a company's cooperation with prosecutors. In an interview, he says, "Enterasys's decision to stop paying legal fees had nothing to do with government pressure." He says that he last spoke to Enterasys about the reimbursement of fees in the summer of 2004, and that the company didn't cut off funding until a year later.

Mr. Morse says he notified the Justice Department in 2004 that he had asked Enterasys about its payment of legal fees. He says he made the inquiry to determine whether the company was living up to its cooperation agreement. The Justice Department approved his actions, he says. A Justice Department spokeswoman declines to comment.

At a March 7 hearing, U.S. District Judge Paul Barbadoro, who is presiding over the trial, voiced concern that prosecutors had wrongly pressured Enterasys to cut off funding to the defendants. Nevertheless, he didn't sanction the prosecutors, and Enterasys reluctantly agreed to pay past-due legal bills and cover future costs.

The fee-payment issue has gained prominence in recent years, following a 2003 U.S. Justice Department memo that advised prosecutors to credit companies that cooperate with the government in an effort to avoid indictment. The memo, written by former Deputy Attorney General Larry Thompson, advises that a company's willingness to advance legal fees to "culpable employees" may signal a lack of cooperation. A spokesman for PepsiCo Inc., where Mr. Thompson is now the general counsel, says he wouldn't discuss the memo.

Until now, the nonpayment of legal fees has been most heavily debated in the government's ongoing tax-shelter case against former executives of KPMG LLP, which is scheduled for trial in New York in September. Yielding to government

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pressure, the accounting firm hasn't reimbursed these executives since 2004 in what Stanley Arkin, an attorney for one of the defendants, calls "a way of unfairly breaking down the defendants' ability to resist the government." KPMG declines to comment.

In their investigation of accounting fraud at HealthSouth Corp., federal prosecutors informed the company that the payment of fees to indicted executives would be viewed as a sign of noncooperation, according to lawyers in the case. The company later withheld fees to former chief executive Richard Scrushy, the only indicted executive who pleaded not guilty to federal charges. A jury in Birmingham, Ala., acquitted him of fraud in 2005.

Federal prosecutors also encouraged Symbol Technologies Inc. to withhold fees from executives charged in an alleged accounting fraud at the New York maker of bar-code scanners, according to company counsel Andrew Levander. Last month, in Central Islip, N.Y., U.S. District Judge Leonard Wexler ended the trial of three former Symbol executives after jurors said they were deadlocked.

Symbol was able to pay the executives' fees after it convinced prosecutors that company bylaws required it to do so, Mr. Levander says. "The government is not sensitive to the fact that a failure to indemnify can harm a company's ability to attract talented officers and directors in the future," the lawyer says.

Enterasys, based in Andover, Mass., makes wireless products and computer hardware. It was spun off by Cabletron Systems in 2000 and co-founded by New Hampshire Gov. Craig Benson before he went into politics. Gov. Benson hasn't been charged with wrongdoing. The executives, whose trial is set for June, are accused of artificially inflating revenue in 2001. Four other top executives, including the company's chief executive, have pleaded guilty to charges relating to accounting fraud.

Enterasys has agreed to cooperate with the government's fraud investigation, according to company lawyer Harvey Wolkoff. In 2004, prosecutors encouraged Enterasys not to pay the defendants' legal bills, in order to comply with its cooperation agreement, according to Mr. Wolkoff.

The law in Delaware, where the company is incorporated, authorizes Enterasys to advance legal fees to the defendants. Still, prosecutors asked Enterasys to contest the law. It was an appropriate request, says Mr. Wolkoff: "If [the defendants] did something criminal, why should" their legal fees be reimbursed?

The Enterasys defendants asserted in court filings that they have been hampered from proving their innocence by a lack of funding. In a February filing, the defendants claimed Enterasys stopped paying their legal fees in the summer of 2005, hurting their ability to investigate the backgrounds of witnesses and to review "voluminous" documents. Prosecutors have pressured Enterasys to cut off fees in order to "gain a substantial advantage at trial," defendants asserted in the filing.

Whatever the outcome of the Enterasys trial, Robert Bonner, a defense lawyer with Gibson, Dunn & Crutcher LLP in Los Angeles who isn't involved in the New Hampshire case, worries that in the future more companies will "throw [indicted] executives to the wolves." His rationale: "The consequences of an indictment are so cataclysmic that companies will do anything to avoid it."

CRIMINAL LAW:

2 Dismissed From Jury Deciding Case Of Politician (NYT)

By Jodi Rudoren

The New York Times, March 28, 2006

CHICAGO, March 27 — A federal judge dismissed two jurors on Monday two weeks after the jury began deliberating in former Gov. George Ryan's corruption case, tossing into turmoil a trial that has stretched over six months.

The judge, Rebecca R. Pallmeyer of Federal District Court, said she had not made any decisions about whether to proceed and hoped to avoid a mistrial by replacing the two jurors with alternates.

But Mr. Ryan's lawyers objected to that prospect, arguing that "asking them to 'start deliberations anew' is asking the impossible."

The dismissals follow revelations in The Chicago Tribune last week that two jurors lied on questionnaires about whether they had criminal records, with one failing to disclose drunken-driving arrests that led to the revocation of his driver's license while Mr. Ryan, a Republican, was the secretary of state, whose office is responsible for such matters.

Judge Pallmeyer ordered the dismissed jurors not to discuss the situation, and lawyers in the case are also barred from speaking about it with reporters.

But legal experts who have been following the proceedings described Monday's removals as a serious threat to the trial, raising a strong issue for appeal regardless of how the judge proceeds.

"The deliberations have turned out to be a nightmare," said Patrick Cotter, a defense lawyer here and a former federal prosecutor in Brooklyn. He called the situation "a unique sort of perfect storm of problems."

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Mr. Ryan, 72, and his friend Lawrence K. Warner, 67, face 22 counts of racketeering and conspiracy, accused of trading state business for gifts, vacations and cash.

Even before the dismissals, jurors had sent notes to Judge Pallmeyer indicating discontent, prompting her to urge them to treat each other with "dignity and respect" and to deliberate only when all of them were together in one room. Judge Pallmeyer said Monday that she had no indication they were deadlocked.

Alternates routinely replace jurors, but rarely so deep into deliberations. It is unusual, after all, for jurors to deliberate for even the eight full days that have already been logged in this case.

In an odd parallel, the conviction of Fife Symington, former governor of Arizona, was overturned in 1999 because a juror was dismissed seven days into deliberations. But another former governor, Edwin W. Edwards of Louisiana, remains in prison despite persistent appeals of his corruption conviction in 2000, partly based on the dismissal of a juror six days into deliberations.

Ted A. Donner, co-author of the law text "Jury Selection Strategy and Science," which was referred to in the defense's objection to using alternate jurors, predicted a mistrial in the Ryan case.

"It's one thing to hear a piece of testimony and have a judge tell you to disregard that," Mr. Donner said. "It's another thing to disregard an entire week's discussion that you've had with 11 other people."

Judge Pallmeyer said that if she decided to proceed, she planned to repeat the jury instructions and advise the reconstructed group to "begin afresh" and "to the extent possible, to go back into that jury room as though they have never discussed the case with one another at all."

But experts pointed out that the four alternates returned to their regular lives after closing arguments on March 10, exposed to blaring headlines about the case.

The fact that the two jurors were dismissed for lying, and that one might have harbored a grudge against the secretary of state's office for denying him driving privileges, complicates matters further.

"If you're the defense, you're saying, 'Oh my God, there's been a guy on the jury for eight days of deliberations who's against us, who hates us,' " Mr. Cotter said, imagining an appeal. "I mean, how do you put that toothpaste back in the tube?"

Determining whether the jury has been tainted presents a major challenge for the judge.

"She doesn't want to appear to be asking about what they've decided," said Andrew D. Leipold, a law professor at the University of Illinois.

The question, Professor Leipold said, is whether the jury is "still banging their heads on Count 1" or is "chugging away nicely."

If they have already voted on several counts, he said, "are we really going to have the same conversation again, and everyone will stare at the two new jurors and say, 'Do you agree?' "

Ryan Judge Dismisses 2 Jurors (CHIST)

By NATASHA KORECKI AND ANNIE SWEENEY, STAFF REPORTERS

Chicago Sun-Times, March 28, 2006

Two jurors who served for nearly six months on former Gov. George Ryan's jury were dismissed today after a federal judge learned the two had criminal histories they didn't disclose at the beginning of the trial.

U.S. District Judge Rebecca Pallmeyer said she would make a decision Tuesday of how and whether deliberations should proceed. "If we can continue fairly, that would be my goal," Pallmeyer said. "I continue to hope we can proceed in some fashion."

She said it was possible alternate jurors would replace the two who were dismissed but that she had not made that decision. If that were to happen, the judge said she would order the jury to begin its deliberations all over again.

In a motion filed this morning, Ryan's lawyers object to replacing the two questionable jurors with substitutes, saying that would constitute a violation of Ryan's Sixth Amendment right to a fair trial.

The two jurors in question were seen walking separate from other jurors this morning. It appeared they were leaving Pallmeyer's chambers.

The remaining jurors left the building at about 11:30 a.m.

A male juror did not disclose DUI convictions and a weapons conviction, and a female juror did not disclose six arrests and a weapons charge. The woman was never convicted, according to public records.

The revelations came after the Chicago Tribune brought them to the court's attention last week.

In the motion this morning, Ryan's lawyers said it was too late in the proceedings to substitute jurors.

"The substitution of alternates at this stage of deliberations would violate Ryan's Sixth Amendment right to trial by a fair and impartial jury," Ryan's lawyers wrote.

They indicated that notes sent from the jury to Pallmeyer last week made it appear that the jurors were "deadlocked."

Pallmeyer could put in two alternate jurors to replace the two jurors in question. But the defense argues that those alternates almost certainly have been exposed to news coverage of the deliberations. The alternates were excused two weeks ago and told not to discuss the case.

In the afternoon, one of the defendants, Lawrence Warner, showed up at the courthouse. He waited briefly in the courtroom but left when lawyers never came out from behind closed doors.

2 Jurors Dismissed In Ex-Gov.'s Trial (AP)

By Mike Robinson

AP, March 28, 2006

CHICAGO -- A federal judge said Monday that she has dismissed two jurors from former Gov. George Ryan's corruption trial and that she is still trying to determine whether the stalled jury deliberations can be restarted.

"I haven't made any final decisions about whether we will be able to proceed," U.S. District Judge Rebecca R. Pallmeyer told reporters after dismissing the two jurors.

To get deliberations going again, she said, she would have to replace the dismissed jurors with alternates _ something defense attorneys say would violate Ryan's rights.

The announcement came after a day in which deliberations where on hold while the judge met privately with attorneys on both sides to try to prevent a mistrial after six months of proceedings.

The trial has already cost millions of dollars to hold _ "a very significant investment," Pallmeyer noted.

She said her goal would be to forge ahead, if "we can proceed with this case fairly."

The two jurors were dropped after articles in the Chicago Tribune last week that said they had apparently lied about their criminal records on questionnaires filled out before the trial.

Ryan, 72, and lobbyist Larry Warner, 67, are charged in a 22-count federal indictment with racketeering, fraud and other offenses.

Prosecutors say that as secretary of state for eight years in the 1990s and later as governor, Ryan steered big-money state leases and contracts to Warner and others.

Ryan was rewarded with vacations and gifts ranging from $145,000 in loans to his brother's sputtering business to a free golf bag, prosecutors allege.

Ryan and Warner say they did nothing illegal.

The judge said she wanted to talk with jurors Tuesday morning, apparently to determine how they feel about proceeding.

If the trial goes on, the judge said she was likely to bring the jury back into the courtroom, instruct them again and "explain to them that my expectation is that they will begin afresh."

Starting from scratch could add weeks to a trial that began in September. If jurors go back to work, they will be in their third week of deliberations.

Earlier Monday, the defense argued in a court filing that replacing the two jurors with alternates would violate Ryan's constitutional right to a fair and impartial jury.

They argued that the jury would be unable to erase conclusions reached so far. "Asking them to 'start deliberations anew' is asking the impossible," they said.

Newspaper Criticized As Judge Ponders Next Step (CBS2CHI)

By Jay Levine

CBS 2 Chicago, March 28, 2006

Tribune Investigation Triggered Juror Controversy

(CBS) CHICAGO Two jurors have been dismissed in the George Ryan corruption trial. The key decision the judge will have to make Tuesday is whether to keep the trial from being derailed.

It's a case that's been loaded with twists and turns long after the closing arguments were made.

As CBS 2 Chief Correspondent Jay Levine reports, after more than five long months of testimony, the pressure is on the judge to decide exactly what to do next.

Judge Rebecca Pallmeyer's dismissing the two jurors who allegedly lied on their questionnaires leaves her with several options. She could replace both with the alternates she released before deliberations. She could replace just one of them, and proceed with 11 jurors. Or she could simply go with the remaining 10, although both sides must agree to that, which appears unlikely.

"I think this judge will do anything possible, within reason, to keep this trial going," CBS 2 Legal Analyst Irv Miller said.

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George Ryan's attorneys argue that replacements at this stage would be unfair to Ryan and remaining jurors: "To ask them to start deliberations anew with new colleagues is asking the impossible."

As Judge Pallmeyer ponders her next step, others question the Chicago Tribune investigation that triggered the controversy.

“It was waiting until the trial had closed and the deliberations began with replacements gone home that caused all these problems,” said Northwestern University Law Professor Ron Allen.

According to Tribune Editor Anne Marie Lipinski, the investigation that discovered a juror's criminal background started after deliberations began as a feature story.

“We were looking for routine information so we could contact jurors when the case was over, which is very common in stories like this,” Lipinski said. “The reporter assigned to this came across this information. We were quite surprised by it and immediately brought it to the attention of the court.”

That information has now brought this case to the brink of a mistrial. Professor Allen calls it an question of corporate responsibility.

“There's simply no advantage to waiting until this time except to increase the harm this investigation causes,” Allen said.

“For us to have withheld that information at the point we came across it would have been extremely irresponsible,” Lipinski said.

Tuesday's Tribune will have a complete explanation of how, why and when it launched its probe.

Also Tuesday, Judge Pallmeyer will decide whether the alternates have kept themselves away from media coverage and conversation about the trial. If they have, she'll seat them and the trial will continue. If not, a mistrial might be the only option.

How The Tribune Uncovered Juror Problems (CHIT)

By James Janega, Tribune Staff Reporter

Chicago Tribune, March 28, 2006

After a 5½-month trial and eight days of jury deliberations, the Chicago Tribune uncovered public records last week indicating that two jurors in the federal trial of former Gov. George Ryan gave false answers on their jury questionnaires.

Both jurors had checked boxes on pretrial questionnaires indicating that they had never been charged with a crime, but the Tribune found public records that appeared to contradict those answers.

Those jurors were dismissed from the trial Monday by U.S. District Judge Rebecca Pallmeyer.

While the information had the potential to disrupt the trial, Tribune editors recognized it could be even more damaging if it were revealed after the jury had reached its verdict. Nationally, other cases have been overturned on appeal when it was discovered after the verdict that jurors had been untruthful to the court.

Because of this, the newspaper went to Chief Judge Charles Kocoras as soon as possible, both to continue the reporting on the story and to inform court officials of the records it had discovered.

"The paper took extraordinary precaution by alerting the chief judge of its findings in advance of any publication so that the court might address matters as it saw fit," said Tribune Editor Ann Marie Lipinski. "In addition, no effort was made to contact the subjects of the stories—as would be common practice in any other similar reporting effort—so as not to interfere in any manner with sitting jurors.

"The paper has the utmost respect for the process and the serious job the court and jurors are engaged in. Once we had this knowledge, it would have been irresponsible for us to keep it to ourselves.

"Whatever challenges now exist, they would have been far more grave had they come out later, or after the fact of a verdict."

The Tribune's reporting on the stories began Wednesday.

Reporters frequently interview jurors after a case ends and the jurors are dismissed from duty. In preparation for a verdict, Tribune reporter Ray Gibson was checking computer databases for information about the jurors.

In this case, he was not looking for criminal histories but was interested in the jurors' political affiliations.

On the first screen of links to records for one juror, Gibson came across a 1995 felony conviction for aggravated DUI. The charge indicated the man had prior DUIs as well.

Police reporter David Heinzmann then located court and criminal records for the man, and Gibson and federal courts reporter Matt O'Connor matched information from those records with the answers given by the juror on his jury questionnaire.

By Wednesday night, it was clear to the reporters and their editors that the records indicated that it was the same man.

Under normal circumstances, the reporters would then contact the subject of the story for comment. But an order from Pallmeyer prohibited any contact with the jurors while the case is ongoing.

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Tribune editors decided to contact Kocoras as soon as possible, both to seek comment and to let the court know of the newspaper's findings. A message was left in Kocoras' chambers Wednesday night, but the call was not returned.

On Thursday morning, reporters Gibson and O'Connor met with Kocoras. Kocoras then contacted Pallmeyer, who sent the jury home early Thursday with the announcement that she had launched an investigation into a juror. The Tribune published the first story on the Ryan jury on its Web site Thursday night.

Tribune reporters continued looking at public records about the jurors on Friday.

They discovered a second juror, a woman, who could be linked through public records to an alias. Someone with that alias faced drug and other charges but was not convicted, records show.

Again, the reporters went to the chief judge Friday afternoon as part of their reporting.

Those results were published online Friday night.

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Jury Duty Can Reveal Secrets (CHIT)

By Ray Quintanilla And James Janega, Tribune Staff Reporter

Chicago Tribune, March 28, 2006

The white-hot spotlight of the American judicial system can be uncomfortable, with lawyers, judges and sometimes the media prying into difficult and embarrassing moments. But defendants aren't alone in the glare. From the moment a jury summons arrives, potential jurors find their own histories under scrutiny.

"Has any member of your immediate family or a very close friend ever been the victim of a crime?" asks a typical juror questionnaire. "Have you ever been a party to any lawsuit?"

Experts say most jurors, facing threat of perjury, try to be honest. But they say others may be too embarrassed to answer fully, or think it doesn't matter.

"I think some truly don't understand the gravity of the responses that they're giving. And others are being evasive, and we have no idea which it is," said Duke University Law School professor Neil Vidmar.

If they do have something in their past, "they may have said, 'That's over and done with,'" he said. Officers of the court seldom know when a juror has stopped being truthful.

The slippery issue of juror honesty, one that has occupied legal scholars from university campuses to the U.S. Supreme Court, was cast into sharp relief Monday when U.S. District Judge Rebecca Pallmeyer dismissed two jurors in the middle of deliberations over the fate of former Illinois Gov. George Ryan. A Tribune investigation found they may have lied on juror questionnaires.

It is unclear how representative the Ryan jury is of juries in general. There is long-standing debate in the legal community about whether long, high-profile trials wind up with jurors of different qualities and demographics, said University of Chicago law professor Al Alschuler.

But once summoned, all jurors face an insular world in which long stretches of tedium play out against a backdrop of deep importance, and the possibility of drama.

Richard Leja, a 49-year-old Berwyn painter, on Monday took a commuter train to get downtown by 9:15 a.m., rode a crowded elevator to the jury room on the 17th floor of the Daley Center, waited all day and was not picked for a county civil trial.

In those numbing circumstances, he said the personal details he was asked to provide verged on galling.

"It just seems like they want a lot of information from me," said Leja, 49, as he and 150 strangers poured out of the Circuit Court's jury room six hours later, their $17.20 checks in hand.

"I'm not so sure what you put down on those forms really matters all that much," said Aliyah Shields, 19, of Chicago. "A person can still be a good juror, no matter what they put down on that form."

But lying about the information "is sufficient for removal"—and possibly prosecution—warned Cornell University Law professor Valerie Hans, a jury expert watching the Ryan trial, for which the juror questionnaire was 34 pages long.

"Of course, the more questions you ask, the greater the likelihood that a prospective juror can get in trouble," she said.

Tribune staff reporter Michael Higgins contributed to this report.

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Letters To Judge Show Support For Abramoff (NYT)

By Philip Shenon

The New York Times, March 28, 2006

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WASHINGTON, March 27 — The fallen Republican lobbyist Jack Abramoff may be among the most unpopular men in Washington, shunned by many of his former friends at the White House and on Capitol Hill.

But more than 260 others — including a House member from California, a senior Senate staff member and several leaders of the Washington Jewish community — have stepped forward in letters to a federal judge to praise Mr. Abramoff and ask that he be spared a long prison sentence.

The House member, Dana Rohrabacher, Republican of California, said in his letter that Mr. Abramoff was a "selfless patriot" whose work in a conservative lobbying group, Citizens for America, in the 1980's was evidence of his desire "to make a positive contribution to the nation he loves so much."

The Senate staff member, Steven Groves, counsel to the Permanent Subcommittee on Investigations, vouched for "Jack as a caring, pious and generous man who dotes on his friends and family."

Excerpts of the letters from Mr. Rohrabacher, Mr. Groves and others were revealed in court papers filed by Mr. Abramoff's lawyers on Friday in Federal District Court in Miami, where the lobbyist faces sentencing on Wednesday after pleading guilty to federal fraud charges involving his purchase of a cruise-ship line. He faces up to seven years in prison. He has pleaded guilty to separate corruption charges in Washington.

The letters, along with the filing by the defense in Miami, sought to portray Mr. Abramoff as a man devoted to his family and to his faith who, while acknowledging that he defrauded Indian tribes and other clients of millions of dollars, deserved leniency because so much of his money had been given to charity.

"Media attention regarding Mr. Abramoff, from newspaper editors to late-night comedy monologues, has made him into a caricature and has distorted a lifetime of accomplishments," the defense lawyers said in their brief. "As large a figure as he has been painted in the media, he is an even larger figure in matters of family, faith, generosity and remorse."

As Parting Gift, Duke Cut Check To NRCC (HILL)

By Jonathan Allen

The Hill, March 28, 2006

Before former Rep. Randy "Duke" Cunningham (R-Calif.) headed to prison, he prepared a small parting gift intended to help his colleagues in the upcoming election: a $2,000 check from his expiring campaign committee to the National Republican Congressional Committee (NRCC).

That relatively small gesture, made Dec. 13 according to Cunningham's campaign records, followed on the heels of an Oct. 24 donation of $11,684 to the NRCC. It also came about two weeks after he admitted to taking $2.4 million in bribes to direct government business to certain defense contractors.

NRCC spokesman Carl Forti said yesterday that the party never received the $2,000 check and that it has "no plans" to return the nearly $12,000 it accepted before Cunningham's Nov. 28 guilty plea.

"I mailed it to them," said Cunningham's campaign treasurer, Kenneth Batson. "If it hasn't cleared, I'll stop payment and send it again."

Batson said he hopes to close Cunningham's account this quarter, which ends Friday.

Whether or not the last injection of money made it to the NRCC, the donation shows that a lawmaker can continue to influence elections even after a federal bribery conviction. And it's perfectly legal.

Cunningham's account was subjected to no special limitations after his conviction, raising the prospect that another lawmaker could funnel an entire war chest of millions of dollars to colleagues or a party committee on his or her way to the penitentiary.

"They can donate it to charity or party committees," said Ian Stirton, a spokesman for the Federal Election Commission (FEC).

"Obviously some people would have concerns if questionable money is being reintroduced into the campaign-finance system by people who have been found to do improper things," said Daniel Lathrop, a database editor at the Center for Public Integrity, a nonpartisan government watchdog group.

But Lathrop noted that others would prefer that jail-bound lawmakers send money to the party rather than sit on large piles of cash.

Four days after he was indicted in September 2004, former Rep. Frank Ballance (D-N.C.) transferred $25,000 to the Democratic Congressional Campaign Committee.

He did not give the DCCC money after pleading guilty to conspiring to commit mail fraud and launder money in November 2004.

Since then, his campaign committee has given contributions ranging from $500 to $2,000 to Greater Little Zion United Holy Church, John Miles Youth Ministry, Kiddie World Inc. and the Warren Family Institute, according to FEC records.

Most of Cunningham's remaining campaign cash was used to pay lawyers at O'Melveny & Myers $570,000 in the last quarter of 2005. In an advisory opinion, the FEC ruled that Cunningham could use campaign money to pay his lawyers because the charges against him stemmed from official duties.

Once they are no longer candidates for office, Lathrop said, "there's very little lawmakers can't do with that money."

Cunningham had announced in July 2005 that he would not seek reelection.

Earlier this month, he was sentenced to more than eight years in prison and ordered to pay $3.7 million in back taxes and restitution, plus the proceeds from an auction of ill-gotten goods.

Mitchell Wade, a defense contractor, pleaded guilty in February to giving the congressman more than $1 million in bribes. Wade and other employees of his company, MZM, were major contributors to Cunningham's campaign committee.

Forti expressed no concern about the origin of the money that ended up in the NRCC coffers. The majority of Cunningham's contributors "wanted to support Duke Cunningham, and Duke wanted to support us," he said.

Lathrop says that reporting discrepancies between one committee and another are fairly common in the campaign-finance system and that it is not terribly hard to imagine a $2,000 check getting lost at the NRCC, which had $21 million on hand at last count.

Forti said the NRCC does not have any standard practice for dealing with donations from convicted former lawmakers.

"All contributions will be evaluated individually," he said. "There's no blanket policy."

Bill Burton, a spokesman for the Democratic Congressional Campaign Committee, did not answer a request for comment on the DCCC's policy regarding such donations before press time.

Hand It Over (RC)

By John Bresnahan and Tory Newmyer

Roll Call, March 28, 2006

U.S. District Judge Paul Friedman has let stand a subpoena issued to a Senate Indian Affairs Committee staffer by attorneys for David Safavian, the former Bush administration official charged with lying to federal investigators about his relationship with Jack Abramoff.

Friedman, who set a May 22 trial date for Safavian, is still considering a motion by Safavian to have his case thrown out entirely, and Safavian's motion to inspect the prosecutors' instructions to the grand jury that indicted him was denied. Friedman released the orders on Friday.

Safavian's attorneys had subpoenaed Indian Affairs investigator Bryan David Parker for all documents or notes Parker made during his discussions with Safavian in February and March 2005. The Justice Department tried to have the subpoena quashed, arguing that Safavian's attorneys already had notes from an FBI agent who interviewed Parker. Friedman eventually sided with Safavian.

Safavian allegedly lied to officials at the General Services Administration, where he served as chief of staff from May 2002 to January 2004, the FBI and the Indian Affairs Committee about his dealings with Abramoff, and whether the former lobbyist was seeking his help in getting the GSA to grant his requests for government property. Safavian has denied the charges.

Going to K Street. Andrew Shore, formerly chief of staff to the House Republican Conference, is taking a lobbying post with the law firm Mayer, Brown, Rowe and Maw.

In addition to his work with the Conference, Shore also logged time as an assistant to senior members of the Ways and Means Committee, including then-Chairman Bill Archer (R-Texas) and then-Rep. Phil Crane (R-Ill.).

Shore is expected to focus on tax, trade and health care issues for the firm.

G-Sting Wiretap Conversations Cast Mary Kincaid-Chauncey In A Bad Light (KVBC-TV)

KVBC-TV, March 28, 2006

Monday was a good day to be Dario Herrera and a bad day to be Mary Kincaid-Chauncey in the G-Sting political corruption trial.

The former Clark County commissioners are accused of accepting bribes from former strip club owner Mike Galardi in exchange for their votes on strip club regulations.

In wiretaps played for jurors Monday, Mike Galardi and Lance Malone repeatedly conspire over how much money to offer Dario Herrera in exchange for his vote to allow nude dancing with alcohol being served at strip clubs.

In one instance, Galardi is heard telling Malone to offer him 20, meaning $20,000 the day of the vote. Malone says give it to him right after the vote. But wiretaps revealed Herrera was opposed to the ordinance especially since he was running for Congress at the time. And no matter what Galardi offered, Herrera wouldn't budge.

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Mary Kincaid-Chauncey on the other hand, can be heard repeatedly conspiring with Malone to get votes to go Galardi's way, and can also be heard asking Malone for Galardi's money.

Malone says to Galardi: "Mary's solid, Mary's not going to budge, she's there for us."

News 3 Investigator Darcy Spears questioned defense attorneys about their clients.Wright didn't answer the question because a few minutes earlier the judge had cracked down on defense attorneys for talking to the press.

Details Of City Hall Bribery Case Get Airing Today (MINNST)

Minneapolis Star Tribune, March 28, 2006

The lawyer for an ex-Minneapolis City Council member accused of accepting a bribe wants to examine more closely the role of a key informant.

David Chanen and Randy Furst, Star Tribune Gary A. Carlson once alerted Minneapolis police that his older brother planned to set fire to Carlson's bar to collect a share of the insurance money. The brother, who was caught leaving Gary's Pub just after a fire was set, went to jail for a year.

Nearly three decades later, Carlson played informant again, this time in a case that has drawn far more scrutiny -- a corruption scandal at Minneapolis City Hall.

Carlson's role last year in helping the FBI investigate Dean Zimmermann, who at the time was a City Council member, is expected to come into sharper focus today at a court hearing on the bribery allegations. Zimmermann's attorney is seeking more information about Carlson -- a real estate developer and the unnamed "cooperating witness" who assisted the FBI.

The two men are the central figures in a case that rocked City Hall.

The case also cast a shadow over Zimmermann two months before he faced voters in November -- an election that he narrowly lost. Now there are hints that the case may be widening.

The politician and the developer would seem not to have much in common. Zimmermann, 63, was a handyman before he was elected to the City Council in 2001. He commuted by bicycle from his home in the Whittier neighborhood. Since he was turned out by voters, Zimmermann has returned to his trade, relying on friends and political supporters for a steady stream of work laying kitchen linoleum, repairing sheet rock or unplugging clogged toilets. A Green Party member, he also keeps his hand in activist causes, serving recently as a marshal at an anti-war parade.

Carlson, on the other hand, is a man on the move. At 50, he has rebounded from bankruptcy twice, and he bought an $850,000 house in Edina three years ago. He has built single-family luxury homes throughout the Twin Cities' western suburbs, but not long ago made the leap to developing a $20 million condominium, retail and office project. His political activities have included holding a fundraiser at his home last May for Republican U.S. Sen. Norm Coleman.

The project in question

But Zimmermann and Carlson's paths intersected at Chicago Commons, the development Carlson was building in south Minneapolis adjacent to the Sixth Ward that Zimmermann represented. From the start, it appears, the project proceeded under a cloud.

Chicago Commons, at 24th Street and Chicago Avenue S., sits on the site of a former nursing home. The Carlson Family Limited Partnership bought the property, which included the vacant Colonial Place Nursing Home, for $1.45 million in 2004.

About two days before the scheduled closing on the nursing home, which police said Carlson planned to raze, two arson fires caused severe damage. A fire in a mechanical room quickly fizzled and a sprinkler extinguished another fire in a laundry cart. But the sprinklers ran for two days before being discovered, said police Sgt. Tony Miranda.

Around the time the fires were set, Carlson and business partner Azzam Sabri walked around the building, heard a beeping sound and saw a blinking alarm by the back door, Miranda said. The men told police they thought fire and police would be dispatched, so they didn't alert authorities. But for some unknown reason, the connection to an alarm-monitoring service had been stopped, Miranda said.

In the ensuing court fight over insurance proceeds for the water damage, the nursing home owner, Alef Homes Co., alleged that the Chicago Commons Corp. was "responsible for the arson." The corporation denied that it set the fire or knew the identity of who did set it. The insurer and Chicago Commons eventually settled their dispute.

Chicago Commons is "getting ready to buy and knock down the building, a suspicious fire happens and they get a big insurance claim," said Jim Rock, a senior sales associate who represented Alef Homes in the sale. "This was a huge battle for the [insurance] adjustors."

No one has been charged in the case.

Nor has anyone been charged in an arson at Carlson's south Minneapolis home in 1977.

The investigation unveiled

Chicago Commons returned to the spotlight in September, when the FBI searched Zimmermann's home. The search warrant affidavit outlined the bribery allegations.

The "cooperating witness" told the FBI last May that Zimmermann sought campaign contributions in exchange for supporting zoning changes that would aid Chicago Commons. Zimmermann allegedly took $7,200 from the witness during three meetings in June and August, court documents said. The meetings were secretly recorded. Those recordings have not been made public.

Zimmermann ultimately joined in the unanimous council vote to reject the proposal to allow more retail in the project. He allegedly explained to Carlson that he had tried, but failed, to round up council support.

In September, Zimmermann arrived at Chicago Commons for another meeting with Carlson. The developer walked out of the meeting as two men in dark suits walked in, Zimmermann said. He figured by their look they were FBI agents.

Indeed, the agents questioned him on the spot. In January, Zimmermann was indicted.

He declined to discuss much about the case, except to say the bribery allegations are not true. He said he tried to help Carlson as he would try to help any constituent. When Carlson said he wanted to donate money to Zimmermann's campaign, Zimmermann said, he suggested Carlson contribute to a legal fight over redistricting. "Where's the crime?" he said.

Carlson declined to be interviewed for this story. His attorney, Mark Larsen, said Carlson's "sense of duty to his community" prompted him to step forward and tell authorities about City Hall corruption.

"Unlike many cooperating witnesses, Mr. Carlson is not facing criminal charges of any kind," Larsen said in a written statement. "He is merely attempting to do the right thing."

In today's court hearing, Zimmermann's attorney said he will probe Carlson's role in the case. Dan Scott said he will question an FBI agent about Carlson and has filed a motion asking prosecutors to turn over any evidence that would address Carlson's credibility.

Carlson has had some minor run-ins with the law: a misdemeanor drunken driving charge in 1994 and last fall he pleaded guilty to helping his wife leave the scene of an accident in Bloomington. In July, Carlson and his brother Donald, who is an incorporator for Chicago Commons, were charged with fifth-degree misdemeanor assault for allegedly attacking a process server at their Danna Inc. office in St. Louis Park. The charges were dropped.

In September, Carlson hit Star Tribune reporter Paul McEnroe with the side mirror of his truck as he was driving away from Chicago Commons. Carlson told police it was accidental. McEnroe, who said he was bruised, filed a police report, but no charges have been filed. McEnroe's attorney has written a letter to Carlson seeking monetary damages.

Carlson also has filed for bankruptcy twice -- in 1990 and in 2000.

Now his Chicago Commons is in financial trouble. Only four of the 81 condos have been sold as of last week, said David Hellmuth, an attorney who represents Carlson in connection with the project. There are verbal commitments to buy about 20 percent of the units, said Greg Stull, owner of Realty Executives, which took over sales of the condos in January.

Marshall Bank has started foreclosure proceedings on an $11.9 million loan to Chicago Commons. The bank said in court documents that Chicago Commons owes $11.1 million, plus interest and other fees, and it began missing payments in December.

"Carlson has advised me he has lost a lot of money on this project," Hellmuth said. "The project has become a financial disaster."

Relationships shift

In the meantime, Donald Carlson remains a strong ally of the brother who once turned him in for an arson plot. They have worked together on business deals, including jointly incorporating Chicago Commons. Donald Carlson issued a statement through an attorney saying he loves his brother and is proud of Gary's role in the Zimmermann investigation.

Gary Carlson, however, has had a falling out with partner Sabri. While he has praised Carlson for his work ethic and vision as a developer, Sabri said he was upset that Carlson worked with the FBI. "Entrapping people is not in my nature," he said.

Now Sabri himself may be in the FBI's cross hairs. The same prosecutor and FBI agent working on the Zimmermann case recently filed a subpoena asking the city's development agency to turn over documents related to Sabri and a neighborhood shopping center near Chicago Commons and in which Sabri said he is a part owner.

Sabri still believes Chicago Commons is good for Minneapolis, but he said he fears Carlson's role in Zimmermann's bribery case will bring adverse publicity.

"I'm a spiritual person," he said. "Maybe Chicago Commons is not a blessed project."

Witness Details Alleged 'Mafia Cops' Payment (NSDY)

By Anthony M. Destefano, Newsday Staff Writer

Long Island Newsday, March 28, 2006

Visions of the tropics as the scene of skulduggery entered the "Mafia Cops" trial Monday, with a witness telling a federal court jury that he passed money directly to one of two ex-NYPD detectives on a Caribbean island.

Thomas Galpine, 49, said he paid $10,000 to former detective Louis Eppolito in 1988 or 1989 for a Caribbean time-sharing unit at the behest of businessman Burton Kaplan, a key associate of the Luchese crime family.

Galpine, who is serving a 16-year sentence for marijuana trafficking, was for many years a self-described errand boy for Kaplan, until both were convicted on federal drug charges in 1997. He could not recall whether he passed the money to Eppolito on Martinique or St. Maarten.

Kaplan, who is serving a 27-year sentence, testified earlier in the case that he paid Eppolito and his NYPD partner, Stephen Caracappa, for law enforcement information that was useful to former Luchese crime boss Anthony "Gaspipe" Casso. Kaplan also testified that Eppolito and Caracappa took part in some gangland killings.

Once highly regarded NYPD detectives, Eppolito, 57, and Caracappa, 64, are on trial in Brooklyn federal court on racketeering charges. They are accused of playing roles in eight gangland murders and of leaking sensitive law enforcement information to Casso. Both retired from the NYPD in the early 1990s.

Galpine, testifying with a promise that prosecutors would help him get a reduction in his sentence if he is a truthful witness, told the jury he met Eppolito at Kaplan's Brooklyn home sometime in 1987 or 1988. Galpine said that Kaplan told Eppolito that he, Galpine, was "like a son to me" as a way of saying he was trustworthy.

Galpine's testimony had the effect of backing up Kaplan on a number of points, among them, Kaplan's lending of $75,000 in marijuana smuggling money to Eppolito for a Las Vegas house purchase, and Kaplan's claim that he was getting information from two cops.

Under questioning by Assistant U.S. Attorney Robert Henoch, Galpine said he decided to cooperate with the government in April 2005 because it seemed as if investigators were building a case that could implicate him.

"It seemed to me, little by little, I was going to get charged. ... I knew that there were two New York City cops and Burt was getting information from them," Galpine said.

On cross-examination by Eppolito's attorney, Bruce Cutler, Galpine admitted he had led a bad life.

"You were on a road to perdition?" asked Cutler.

"Just something I did in my life; I had a choice and made a bad one," Galpine replied.

But he insisted he was sticking to his promise to the government to tell the truth about his life of crime.

"I told them everything, and along with that everything was Louis Eppolito," he said.

Federal prosecutors are expected to wrap up their case this week. U.S. District Court Judge Jack B. Weinstein scheduled closing arguments for Monday.

Ex-Detective Took Payoff, 'Errand Man' Says On Stand (NYT)

By Alan Feuer

The New York Times, March 28, 2006

In Elizabethan dramas, the cast of characters is wildly diverse, ranging from the noble lords and kings to the lowly fools and scullery maids.

In criminal dramas, it is much the same: the cast runs from major witnesses with bombshell testimony to lesser ones who say their piece in an hour on the stand.

The federal racketeering trial of Louis J. Eppolito and Stephen Caracappa, two retired New York detectives accused of killing for the mob, has had a fascinating cast of supporting players, ranging from the Brooklyn patrolman who worked out at the same gym as the gangster whose dead body he discovered on the street to Mr. Eppolito's mistress from 20 years ago.

Those minor characters advance the story of the trial and give a feel for its ambience, its milieu.

In this case, the milieu is the Old World Brooklyn universe of two-bit hoods and murder where, according to testimony yesterday, the rules to live by were as follows: never go directly to a crime scene; always call before you meet someone; and "watch your mirrors," as a witness said.

His name was Thomas Galpine, and he claimed to be a "doer, not a talker," a man whose life included alcohol, cocaine, domestic violence, mistresses ("paramours," he said) and a controlling interest in a Korean massage parlor, which, he reminded the jury, was "a house of prostitution."

Mr. Galpine, who is 49 and in prison, was called by the government to bolster the testimony of his former boss, Burton Kaplan, a marijuana dealer who has told the jury that the two detectives served as spies and assassins for the mob.

A plainspoken man from Flatlands, Brooklyn, Mr. Galpine said that in 1974, after an aimless adolescence mowing lawns, bagging groceries and driving a truck for Polly-O cheese, he went to work as Mr. Kaplan's young man Friday, doing chores

around the boss's house, taking the older man's mother to the hospital and putting eyedrops in his eyes after he had retina surgery.

The two met in the early 1970's at a Brooklyn appliance store, where Mr. Galpine said he loaded air-conditioners for installation men like Mr. Kaplan, who tipped him at $20 a load. When Mr. Galpine lost the job, he went on Mr. Kaplan's payroll and was soon embroiled, he said, in an illicit empire that stretched from homemade quaaludes to counterfeit Champion sweatshirts.

They became friends, close enough that the young man, who was not Jewish, not only was invited to a Kaplan family bas mitzvah, but pronounced it that way, in the old Ashkenazi style.

As Mr. Galpine put it: "We made some quaaludes moves, we made some marijuana moves, we made some money."

Some of that money, he said, was given to Mr. Eppolito — once when the lawman needed cash to rent a time-share while on vacation with his wife.

On Mr. Kaplan's orders, Mr. Galpine said, he flew to either Martinique or St. Maarten — he couldn't remember which — and gave the detective $10,000 in $100 bills in a "small eatery" at the airport.

Lawyers for the two defendants were in the unenviable position of hearing Mr. Kaplan's words repeated by Mr. Galpine. On cross-examination, Bruce Cutler, Mr. Eppolito's lawyer, went on the attack.

He called Mr. Galpine an "acolyte and errand man" under the spell of Mr. Kaplan, whom Mr. Cutler called "a Fagin character" who had led the witness on a "spiral to perdition, to hell."

Mr. Cutler is given to the fancy phrase, often reaching for a top-shelf word when one off the bottom will suffice.

Nonetheless, Mr. Galpine seemed unfazed. His answer was, indeed, credible for a man who had sworn, as he put it, to "tell it like it is."

To Mr. Cutler's apocalyptic remark, all he said was: "What?"

Mob Cop 'kin' Links Eppolito (NYDN)

By JOHN MARZULLI, DAILY NEWS STAFF WRITER

New York Daily News, March 28, 2006

The feds yesterday called a member of Louis Eppolito's own crime family to testify against the reputed Mafia cop.

Tammy Ahmed is the daughter of slain mob associate Frank Santora, who was the original intermediary between Eppolito - his first cousin - and Luchese crime associate Burton Kaplan.

Ahmed, 33, appeared nervous as she was questioned about Eppolito, his NYPD partner Steven Caracappa and Kaplan meeting with her father in her Brooklyn home. Prosecutor Robert Henoch asked if her father ever talked about cops.

"They weren't his favorite subject," said Ahmed, whose father allegedly participated in a murder and kidnappings with Eppolito and Caracappa in 1986. He was rubbed out in 1987.

More damning was Ahmed's identification of names and numbers in her father's phone book - including the reputed Mafia cops, Kaplan and a tow-truck driver who is expected to testify today that he helped Santora bury the corpse of murder victim Israel Greenwald.

Also bolstering the government's case yesterday was Thomas Galpine, who testified that Kaplan, his mentor-in-crime, told him the cops were on the Luchese crime family's payroll.

"Mr. Eppolito was a New York City detective who was passing information to Burt Kaplan, and Burt was passing it along to [Luchese underboss] Anthony Casso," Galpine said.

Galpine, 49, a convicted drug dealer, said he gave Eppolito cash twice and also delivered a Plymouth Fury sedan to Santora that was outfitted to look like an unmarked police car.

The car looked so official that Galpine said he was driving it when "a young black guy came running up the street screaming, 'I need help!' I said, 'Call the cops,'" and drove off.

Prosecutors will argue it is the vehicle Eppolito and Caracappa drove when they used lights, sirens and their badges to kidnap or kill mob targets.

On cross examination, lawyer Bruce Cutler tried dazzling the witness with flamboyant gestures and fancy phrases - "This Fagan character [Kaplan] ... led you down a spiral of perdition, perdition, hell."

"What?" asked Galpine, a 10th-grade dropout. "What's the question?"

Agents: Nichols Blamed Ex-lover Defense Asks Judge To Bar Statement (AJC)

By Rhonda Cook, The Atlanta Journal-constitution

The Atlanta Journal-Constitution, March 28, 2006

DOJ_NMG_0022852

Accused killer Brian Nichols told investigators he shot up the Fulton County Courthouse on March 11, 2005, because of his former girlfriend's romantic relationship with a minister, two FBI agents testified Monday.

The two agents testified they were about to leave the Gwinnett County apartment complex where Nichols surrendered on March 12 when he made the spontaneous admission while sitting in the back seat handcuffed and shackled.

Agents Joseph Fonseca and Cynthia Myers said they had just explained to Nichols where they were taking him — to the FBI's Atlanta offices — and while there they wanted to talk to him about the deaths of three people at the courthouse and a fourth person in Buckhead.

"I would like to make a statement," Fonseca said Nichols responded. "This whole thing started because my girlfriend slept with our pastor."

In preparation for the death penalty trial set for October at the same courthouse, Nichols' attorneys asked Senior Judge Hilton Fuller to ban testimony about his statement to the FBI agents. It was one of several motions to be heard this week.

When the killings occurred, Nichols was on trial a second time on charges that he had raped the former girlfriend. After being transported to the courthouse, authorities say, he overpowered a deputy and used her gun to kill Superior Court Judge Rowland Barnes, court reporter Julie Ann Brandau and sheriff's Deputy Sgt. Hoyt Teasley. Nichols later allegedly killed U.S. customs agent David Wilhelm in Buckhead.

Like his first rape trial, the second one was declared a mistrial, after the killings.

Nichols made the statement to the agents before he was officially read his rights to remain silent and before he signed a document waiving his constitutional right to have an attorney with him when he was interrogated, according to testimony.

"We told him to wait until we got to headquarters," said FBI agent Myers, who was in the back seat of the dark blue SUV with Nichols for the drive from Duluth to FBI offices just off Clairmont Road in DeKalb County.

For the rest of the drive, the conversation was light and focused primarily on the ongoing NCAA basketball playoffs, both agents testified.

"We talked about sports. He was an avid sports fan. ... Syracuse was his team in March Madness," Fonseca said.

Nichols was read his Miranda rights later that day at Atlanta police headquarters, where he was given lunch from McDonald's and a soft drink.

Both agents and Atlanta police homicide Detective Vincent Valazquez testified that Nichols was given opportunities to go to the restroom, that he never complained about the discomfort of the handcuffs or leg irons and that he never asked to sleep or rest after being awake all night.

They also testified there was no evidence he was impaired even though he had admitted using methamphetamine and drinking a few beers before he surrendered.

According to the agents' testimony, Nichols was still angry over the demise of the seven-year relationship with his girlfriend after another woman became pregnant with his child.

Nichols' former girlfriend and an associate pastor from the Word of God Christian Center in Suwanee had just returned from a date when Nichols allegedly confronted them outside Sandy Springs. The woman and the minister had gone out several times but the relationship was not sexual, according to her testimony in the rape trial. But Nichols apparently believed it was more intimate. The Atlanta Journal-Constitution does not identify alleged victims of sexual assault.

The former girlfriend testified in the first rape trial that Nichols raged, clenched his fists and swore at them. She said Nichols had told the minister, "There is a demon inside me ... and it's getting very powerful. I don't know what I'm capable of doing."

Defense attorneys are trying to suppress statements Nichols made to authorities in the hours after his arrest the morning of March 12.

They also want Fulton County sheriff's deputies removed as bailiffs in the trial, and that is among the matters to be discussed in the hearing set to run through the rest of the week.

Just before breaking Monday, Nichols' lawyers told the judge the commander at Fort McPherson had told them she would not make the Army post available for the trial. Nichols' lawyers had asked that the Army facility five miles south of the courthouse be the site of the trial because the courthouse complex had been deemed a crime scene. The base is scheduled to initiate closure in late 2007.

Fuller ruled last month that the trial would be held in a first-floor courtroom in the same complex where Barnes, Brandau and Teasley were slain.

Shootings Sparked By Infidelity, Suspect Told Agent (AP)

By Harry R. Weber
AP, March 28, 2006

DOJ_NMG_0022853

ATLANTA - Accused courthouse gunman Brian Nichols told authorities he lashed out because his girlfriend had a relationship with the couple's church pastor, an FBI agent testified Monday.

Agent Joseph Fonseca's testimony came during a hearing in which Nichols' lawyers were seeking to have the court throw out their client's statements to police following his arrest the day after the March 11, 2005, shootings.

They've argued that Nichols was denied counsel before he made incriminating statements about the shooting deaths of a judge, court reporter, sheriff's deputy and federal agent. But prosecutors have argued Nichols waived his right to counsel and spoke voluntarily.

There was no immediate ruling by Superior Court Judge Hilton Fuller.

Fonseca testified that during a 20-minute ride with Nichols from the suburban Atlanta apartment where he was arrested to the FBI office in Atlanta, Nichols spoke mostly about sports and his love of college basketball. But at one point at the beginning of the ride, he told the agent he wanted to make a statement, Fonseca said.

"This whole thing started because my girlfriend slept with our pastor," Fonseca quoted Nichols as saying.

Fonseca did not immediately reveal during the hearing what else was said during the ride or when Nichols was questioned by other agents and Atlanta police detectives.

Another FBI agent, Jeffrey Holmes, testified that Nichols never asked for a lawyer before speaking to authorities. However, a third FBI agent, Cynthia Myers, testified that Nichols was in FBI custody for two hours before being advised of his rights to a lawyer, and was not told until after he made the comment about his girlfriend.

A portion of a videotape of Nichols' three-hour police interview was played in court, but only the part that shows him being advised of his rights.

Nichols was being retried on charges that he raped the on-again, off-again girlfriend when he allegedly grabbed a deputy's gun and went on the shooting spree. Prosecutors are seeking the death penalty. His murder trial has been scheduled for Oct. 3 in the same courthouse complex where the spree started.

Nichols testified during his first rape trial that he was dating two women: the alleged rape victim and another woman who gave birth to his son three days before the shooting spree.

The alleged rape victim testified during the first trial that Nichols was suicidal at times about her threats to end their seven-year relationship. She also said Nichols at one point attacked the minister from the couple's church, whom she had recently started dating.

A defense request to throw out the murder charges against Nichols also is among several motions that will be argued during a series of hearings this week.

The hearings that started Monday also will address defense motions to prevent local sheriff's deputies from acting as bailiffs at his trial, make prosecutors reveal certain evidence they might use and protect the defendant's right to counsel.

Nichols, 34, is accused of killing the judge presiding over his rape retrial and the judge's court reporter. Police say Nichols later killed a sheriff's deputy who chased him outside the courthouse, and a federal agent who encountered him at a home a few miles away.

Nichols surrendered the next day.

Fourth Man Charged In GOP Phone-jamming Scam (AP)

By HOLLY RAMER, ASSOCIATED PRESS WRITER

AP, March 27, 2006

CONCORD, N.H. -- The former co-owner of a telemarketing firm pleaded not guilty Monday to participating in a Republican scheme to jam New Hampshire Democrats' get-out-the-vote phone lines on Election Day 2002.

Shaun Hansen, 34, of Spokane, Wash., was indicted by a federal grand jury on March 8, but the charges were not made public until his arraignment Monday.

Hansen is charged with conspiring to commit and aiding the commission of telephone harassment. Prosecutors say he was paid $2,500 to have employees at Idaho-based Mylo Enterprises place hundreds of hang-up calls to phone lines installed to help voters get rides to the polls on Nov. 5, 2002. Among the contests decided that day was the close U.S. Senate race in which Republican Rep. John Sununu beat outgoing Democratic Gov. Jeanne Shaheen.

Three others have been convicted for their roles in the scheme.

Former state Republican Executive Director Chuck McGee pleaded guilty to devising the idea of jamming the lines and served seven months in prison. Allen Raymond, former president of Virginia-based GOP Marketplace LLC, pleaded guilty to executing the plan and is serving a three-month sentence.

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James Tobin, who had served as New England chairman of President Bush's re-election campaign, was convicted in December of telephone harassment charges and faces up to five years in federal prison. He is scheduled to be sentenced in May.

Hansen had faced similar accusations last April but he never was indicted, said his lawyer Jeffrey Levin, who declined to comment further on the case Monday.

In July 2004, Hansen told the Idaho State Journal that GOP Marketplace hired his company to call six phone lines installed by the New Hampshire Democratic Party and a firefighters union but he didn't know the purpose of the calls. He added he and the company's other owner thought their instructions were odd, so they met with GOP Marketplace attorneys, who told them not to worry.

According to court documents, Hansen now works at a rental center. The government paid for his travel to and from New Hampshire because he could not afford the cost. His trial is scheduled for May 2.

Prosecutor Lily Chinn did not immediately return a phone call Monday at the Justice Department seeking comment.

Fumo Says Probe Will 'Go Nowhere' (PHI)

By Mario F. Cattabiani And John Shiffman

The Philadelphia Inquirer, March 28, 2006

HARRISBURG - State Sen. Vincent J. Fumo said yesterday that he wasn't worried about the two-year federal probe into his role in a South Philadelphia nonprofit, predicting that it would "go nowhere."

"It's been extremely in-depth, and I can say today that I have no fears of anything I've seen," the Philadelphia Democrat told a roomful of lobbyists, public officials and reporters at a Pennsylvania Press Club luncheon in Harrisburg.

For more than two years, the U.S. Attorney's Office, the FBI, and the IRS have been investigating the spending and fund-raising of Citizens' Alliance for Better Neighborhoods, the group that the senator has called "my nonprofit."

The charity is known for cleaning streets, revitalizing the Passyunk Avenue shopping district, and funding charter schools. Federal authorities are scrutinizing some of its other expenses, including $250,000 in political polling.

Fumo suggested that the Bush administration was behind the investigation. "In this case, you have a White House that still believes Pennsylvania should be a red state," he said.

Fumo likened the probe to "the guy who goes to the psychiatrist for all those years, gets treated, and says, 'At least I can prove that I'm not insane.'

"It's no fun, but it's part of the job," he went on. "... at least when you are a political figure, when you are a person who gets things done."

Rich Manieri, a spokesman for the U.S. Attorney's Office in Philadelphia, declined to comment.

The probe began after The Inquirer reported that Fumo and Peco Energy had a secret deal under which the utility donated $17 million to the charity during negotiations on Peco's rates.

Ruth Arnao, a former legislative aide of Fumo's and the director of Citizens' Alliance, is a target of a related obstruction-of-justice probe. Prosecutors often notify a person that they are a "target" when criminal charges are likely.

Assistant U.S. Attorney John J. Pease said at a court hearing that a "Jane Doe," identified by sources as Arnao, destroyed e-mails last year after learning that federal authorities had subpoenaed Citizens' Alliance records.

Arnao is not considered a target of the larger investigation into the nonprofit's spending.

The grand jury considering evidence in the case began its work in March 2005. It is scheduled to conclude its work by September.

Lockheed Supplier Gets 7 Years For Fraud (FWST)

By Bryon Okada

The Fort Worth Star-Telegram, March 28, 2006

FORT WORTH - In the end, Todd Brian Loftis' attorney asked that his client be allowed to report to federal prison after May 10 so he could participate in his daughter's birthday.

U.S. District Judge Terry Means said no.

Loftis, 38, must report to jail by 2 p.m. April 24 to serve a seven-year, three-month sentence for fraud.

"Sorry," Means said Monday. "That's what you do when you steal $20 million."

Loftis, president of Tools and Metals, a supplier for three Lockheed Martin plants including Fort Worth, was sentenced to federal prison and ordered to repay the aeronautics company $20 million in restitution for conspiring to defraud the U.S. government by overcharging the company since 1998.

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TMI, which filed for bankruptcy liquidation in September, won contracts from Lockheed to supply and maintain inventories of drill bits and other cutting tools used to make the F-16 and F/A-22 fighter jets. But Loftis and employees under his direction wildly overcharged Lockheed. TMI employees then forged and altered documents to fool company auditors and destroyed critical evidence, the government said.

Because Lockheed contracts with the federal government, military aircraft manufacturing costs are paid by U.S. taxpayers.

Prosecutor Ronald Eddins, who won a guilty plea from Loftis in December, estimated the fraud to be "in the neighborhood of $20 million."

Defense counsel Thomas Melsheimer, however, presented a retired FBI expert to testify that the amount was actually $10 million, or even less.

"The government's amount does not tell the whole story," Melsheimer said.

By looking at profit margins and industry norms and analyzing financial information in a database supplied by the defendant, defense witness Randy Horton estimated that the overcharge may have been more like $4.9 million. Prosecutors questioned the dependability of an analysis based on information given by an individual who had already pleaded guilty to fraud.

Ultimately, Monday's sentencing came down to both sides arguing for the size of the restitution. Means did not describe how he arrived at the $20 million figure. He had the discretion to fine Loftis twice the amount stolen.

Loftis, who lives in Colleyville, was soft-spoken in court.

"There's no justification for my actions," he said. He apologized to his colleagues and his family for the embarrassment.

In addition to jail and restitution, which he must pay in $500 monthly increments if he can't repay the $20 million when he gets out of prison, Loftis will be on restricted supervised release for three years once he's free.

Will Law Firms Be Able To Weather Wiretap-Related Suits? (LAW)

By Justin Scheck And Kellie Schmitt, The Recorder

California Recorder, March 28, 2006

Indictments stemming from Hollywood's latest celebrity scandal have struck fear into L.A.'s legal community. But it's the civil fallout from private eye Anthony Pellicano's wiretapping indictment that instills true horror for law firms.

While top entertainment lawyer Terry Christensen is the only attorney indicted so far in connection with Pellicano, several others face litigation that could cripple their practices -- and possibly break up their firms.

The big problem, said Timothy Halloran, an expert in law firm liability at Murphy, Pearson, Bradley & Feeney in San Francisco, is that illegal activity such as wiretapping won't be covered by malpractice insurance.

"I would expect that in the Pellicano matter, if the wiretapping was in connection with big litigation, someone who was wiretapped can make a pretty big damages claim," Halloran said. "Your professional liability insurance can't cover you for that."

That's the issue that much of the L.A. legal community is looking at these days, as a small but well-armed armada of plaintiffs takes aim at lawyers who used Pellicano for wiretaps.

Developments during the past week indicate that while Christensen may be the first lawyer indicted, another top firm -- L.A. entertainment shop Greenberg Glusker Fields Claman Machtinger & Kinsella -- may be feeling even more heat.

At least a half-dozen Greenberg Glusker attorneys are talking about leaving, according to a source within the firm.

And while some Greenberg Glusker attorneys said last week that they were confident that the firm's future was stable, others were unsure how the firm would weather Pellicano-related lawsuits.

A look at the first suit filed against the firm in connection with Pellicano shows why they may be nervous.

An amended complaint filed Thursday by Gregory Dovel, an attorney for screenwriter Vincent "Bo" Zenga, is based largely on federal prosecutors' allegations that Zenga was wiretapped by Pellicano in 2000. The complaint says Pellicano tapped nearly 1,600 phone calls, allegedly at the behest of top Greenberg Glusker partners.

Under state law, each illegal wiretapping count carries minimum statutory damages of $5,000, meaning defendants could be on the hook for about $8 million on the wiretapping claims alone, never mind punitive damages or other claims.

Dovel said Greenberg Glusker's insurance probably wouldn't pick up any tab unless a jury found negligence rather than intentional wrongdoing.

"You run into a problem there because you don't want to walk people out of coverage," said Guy Calladine, a law firm liability expert at Carlson, Calladine & Peterson in San Francisco. "You want to try to pigeonhole these as negligence."

That seems unlikely in cases like Dovel's and an ongoing suit against several smaller law firms accused of using Pellicano to wiretap litigants, since they allege intentional malfeasance.

So Dovel said he'll probably have to take aim at firm equity or the assets of individual partners who took part in wiretaps.

"That's one of the difficulties of law firms," he said. "They're very thinly capitalized. They take all the money out at the end of the year."

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Greenberg Glusker isn't the only firm with such concerns. Plaintiffs lawyers -- including several firms known for a string of large verdicts -- have been retained by clients who were allegedly wiretapped by other firms, including Christensen's firm, Christensen, Miller, Fink, Jacobs, Glaser, Weil & Shapiro.

But the Christensen firm reportedly had relatively limited dealings with Pellicano and shows fewer signs of concern than Greenberg Glusker, which had a long-standing relationship with Pellicano.

At least three current or former Greenberg lawyers have hired attorneys in connection with the criminal probe.

Star partner Bertram Fields is known to have used Pellicano extensively, and partner Bonnie Eskenazi has been mentioned by several sources as someone who worked frequently with the private eye.

Eskenazi -- who said last week that she's not a target in the criminal investigation and that she doesn't have a lawyer -- would not elaborate on her relationship with Pellicano, saying "many people worked with him."

Another lawyer at the firm -- Ricardo Cestero, who has represented actor Tom Cruise -- worked for Pellicano prior to joining Greenberg. "I'm not going to comment," he said last week.

Brian Sun, the Jones Day partner representing Greenberg Glusker, would not comment on civil litigation.

Brian Panish, who represents a client who claims she was wiretapped, said Friday he's talking to potential clients and may have several suits in the works.

Kabateck Brown Kellner partner Brian Kabateck, who also represents wiretap plaintiffs, said it's likely law firms such as Christensen Miller will be implicated in future suits.

"I've spoken to people whom it's safe to say are clearly victims of law-firm-directed wiretapping," he said.

Lawyers at Gaims, Weil, West & Epstein, a firm with a much lower profile than Greenberg Glusker, are also facing civil liability in a suit filed by Kissandra Cohen, a lawyer who worked with the now-deceased L.A. toxic tort attorney Edward Masry.

In an ongoing federal suit, Cohen says she was wiretapped by Pellicano at the behest of attorneys with the L.A.-based Gaims firm.

That firm had an ongoing relationship with Pellicano: partner Alan Weil, who didn't return repeated phone calls, represented Pellicano in the 2002 criminal case that sent him to jail for possession of illegal explosives. And Victor Sherman, who worked on Pellicano's defense with Weil, confirmed that Pellicano had worked for Weil prior to that case.

Ami Shafrir, who was engaged in litigation with a Gaims Weil client, said last week that a lawyer at that firm hired Pellicano to wiretap him. That wiretap is cited in the Pellicano indictment.

Gaims Weil partner Marc Epstein, Shafrir said, asked questions in a deposition about information that could only have come from private conversation that were likely wiretapped.

Epstein did not return phone calls for this story, and a partner at the firm would not say whether they have a lawyer in the criminal case.

The firm's lawyer in Cohen's suit, Dorothy Wolpert -- a partner at Bird, Marella, Boxer, Wolpert, Nessim, Drooks & Lincenberg in Los Angeles -- would not comment on the suit last week, but said it's set for trial in July in L.A. federal court.

That case will likely be the first indication into how firms will handle the wiretap charges. But Halloran, the law firm liability lawyer, has an idea of what will happen to firms in the event of a big verdict.

"Bankruptcy may be the only alternative," he said.

FORMER MORAGA CHAMBER AND ROTARY LEADER PLEADS GUILTY TO FRAUD (BCNW)

Bay City News Wires, March 28, 2006

OAKLAND (BCN) -- A former president of the Moraga Chamber of Commerce and Moraga Rotary Club has pleaded guilty to nine counts of mail fraud and seven counts of wire fraud for his role in defrauding more than 30 investors out of more than $5 million.

Edwin Torres, 46, was indicted by a federal grand jury last April 21 and entered his plea last Friday at a hearing before U.S. District Court Judge Martin Jenkins.

Torres remains free on bail pending his sentencing on June 22.

The maximum penalty for each count is 20 years in federal prison, a $250,000 fine and restitution to victims.

According to the indictment, Torres was an independent representative for AIG Advisor Group, doing business as SunAmerica Securities, in Moraga from August 1998 to August 2004.

Prosecutors say that in pleading guilty, Torres admitted that he used his status as past president of the Chamber of Commerce and Rotary Club to influence potential investors to buy high-yielding Los Angeles and Orange County municipal bonds when in fact he had no intention to buy the bonds and did not do so.

Instead, according to the U.S. Attorney's office, Torres converted the investors' money for his own use.

Prosecutors say the evidence reflects that between July 2003 and September 2004 Torres defrauded more than 30 investors out of more than $5 million.

According to the indictment against him, Torres provided counterfeit invoices on SunAmerica stationary falsely reflecting the purchase of the bonds.

According to the indictment, Torres deposited his clients' funds into his personal bank account and kept investors from complaining to law enforcement and SunAmerica by mailing and wire-transferring checks as purported interest payments on the bonds.

The U.S. Attorney's office says Torres' guilty plea is the result of an investigation by the FBI in conjunction with the Contra Costa County District Attorney's Office.

Famed Coroner Resigns Amid Indictment (FINDLAW/AP)

By Joe Mandak, Associated Press Writer

AP, March 28, 2006

(AP) - PITTSBURGH-Dr. Cyril Wecht, forensic pathologist to the stars, doesn't just tell his critics off. He cuts them to pieces with words.

Three years ago, for example, he wrote to the attorney for a citizens group that wanted to eliminate Wecht's office as Allegheny County coroner.

"Anytime you or any of your minions, sycophants, or other assorted motley crew wish to publicly debate the activities of my office, just let me know," Wecht wrote. "I can only hope that you will have occasion to require the services of this office in the most possible personal fashion."

He signed it: "Very truly yours, Cyril H. Wecht, M.D., J.D."

Wecht, 74, gained celebrity as a critic of the Warren Commission investigation of John F. Kennedy's assassination and as a consultant on such cases as the death of Elvis Presley, the slayings of JonBenet Ramsey and Laci Peterson, and the attempted murder trial of Claus von Bulow. He is a familiar face to TV viewers, often weighing in on big cases in the news, and recently helped Louisiana officials conduct autopsies on Hurricane Katrina victims.

But back home in Pittsburgh, admiration for Wecht's accomplishments and decades of public service is tempered by tales of unbridled egotism that some say led to the criminal charges he now faces.

Federal prosecutors say Wecht used county employees, equipment, even unclaimed morgue cadavers for the benefit of his multimillion-dollar private pathology practice.

"Sometimes he doesn't think the rules are really meant for him," said Morton Coleman, a retired political science professor who has known Wecht since they attended the University of Pittsburgh. "I just think he thinks the county's lucky to have such an important person as their coroner and they shouldn't mind that he cuts corners, as it were."

Wecht, 74, resigned from office a few days after being indicted in January on charges including fraud and theft of honest services. But he has denied any wrongdoing and continues to crisscross the country as an expert witness in murders and wrongful-death cases. He is expected to go on trial in October.

Buried in the 84-count indictment is the allegation that Wecht had his former county secretary type a nasty letter to Keith Sueker, a retired engineer who poked fun of Wecht's failed run for county executive in 1999.

Federal authorities say it was another instance of Wecht using a county worker for his personal benefit - in this case, political retribution. But for longtime Wecht watchers, it shows an ugly side of Wecht generally hidden from national view.

Wecht's letter reads:

"Mr. Sueker:

"When I am testifying as an expert witness in major cases around the country; appearing on national television and radio shows; lecturing at major universities; writing books; accepting honors and accolades from various organizations; and making a hell of a lot of money, I have found that I am able to enhance and sustain the substantial pleasures and great joy that accompany such endeavors and accomplishments by thinking of insignificant a------- like you."

"Sincerely,

"Cyril H. Wecht, M.D., J.D."

Pittsburgh Post-Gazette columnist Brian O'Neill considers the Sueker letter the "Mona Lisa" of Wecht's poison pen letters. He has been collecting Wecht's letters for years, including one targeting him.

"He's accomplished. He's very smart. He's very energetic," O'Neill said. "But I have my doubts that really brilliant guys do some of the things he does."

Coleman said: "This is a tremendously talented guy. He could have been a concert violinist; he has almost a completely retentive memory; he was a first-class athlete. He was a real renaissance guy. He was president of everything at Pitt."

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Wecht's attorneys refused to let him be interviewed.

Wecht, who holds a law degree in addition to a medical degree, served two 10-year stretches in the elected position of coroner, first from 1970 to 1980, then from 1996 to 2006.

Last month, Wecht told CNN's Larry King that he had never done anything "politically corrupt or criminal" while coroner since 1996. But former U.S. Attorney General Dick Thornburgh, a member of Wecht's defense team, acknowledged on the same show that there were "some accounting irregularities here and probably some inappropriate use of county employees."

State officials filed similar charges against him in 1981. Wecht was acquitted of misusing county resources but paid the county $200,000 to settle related litigation.

"You would think, having been through that, that he would be extra careful about not mixing his private and public work," said Jim Roddey, the businessman who beat Wecht in the 1999 campaign to become Allegheny County's first county executive. "But Cyril always feels that whatever he is doing somehow is OK because he's Cyril Wecht."

Dr. Henry Lee, a longtime friend of Wecht's and a retired Connecticut criminalist who has also worked on big cases, said it can be difficult for forensic investigators to separate public and private business.

"The reality is, you put in 16 hours a day, seven days a week. It's hard work," Lee said. "It's really hard to have a clear-cut idea of which portion of your time is public and which is private."

The Reliable Source (WP)

By Amy Argetsinger and Roxanne Roberts

The Washington Post, March 28, 2006

Tom DeLay wants his gun back!

Texas officials have suspended the former House majority leader's license to carry a concealed weapon, according to Fort Bend County court documents first revealed over the weekend by Brazosriver.com, a Web site based in his home county.

Under Texas law, anyone indicted on felony charges is prohibited from packing a pistol, and DeLay was hit with campaign money-laundering charges in October. He got a hearing on the suspension, but Judge Jim Richard on Jan. 26 upheld the order by the Texas Department of Public Safety. Last month, DeLay's Austin attorney Steve Brittain filed notice seeking an appeal. Of course he'll get his license back if the criminal charges are dropped or he's acquitted.

What's he need that handgun for? DeLay's press office promised a response that never came; Brittain did not return our call.

Meatloaf, Cookies, Presidential Suite . . .

Days after snagging a copy of Vice President Cheney's hotel room requirements, The Smoking Gun yesterday published John Kerry's request list from his 2004 presidential campaign. The senator nixed tomato-based foods and celery ("JK hates celery") while requesting cold cereal, meatloaf, chicken, cookies, Poland Spring bottled water and a recumbent bike for workouts.

Kerry spokesman David Wade was unembarrassed: "Dick Cheney drinks Perrier and refuses to watch anything but Fox News. John Kerry hates Evian, eats meatloaf, and snacks on chocolate chip cookies. If these documents had been leaked during the campaign we'd have won in a landslide."

Here's Your Supreme Court Opinion!

No, Antonin Scalia did not flip anyone off this weekend. The Boston Herald reported he made an "obscene gesture" in response to a reporter's question. But a Supreme Court spokeswoman told the Associated Press that the justice simply used a dismissive hand-flick-off-the-chin when he was asked Sunday about criticism of his Roman Catholic beliefs. "You know what I say to those people?" Scalia said, according to the Herald, and made the gesture. "That's Sicilian." Basta , folks.

Backstory: Breaking Barriers (CSM)

By Carolyn Abate

The Christian Science Monitor, March 28, 2006

SAN JOSE, CALIF. - For nearly 15 years, Gabriel Sanchez and Charles Mancillas were sworn enemies and they didn't even know each other. That's because at the ages of 12 and 13, the two joined opposing streets gangs, the Norteños and Sureños, in California. The two Latino gangs harbor a brutal rivalry that dates back decades. Had the youths ever met, they probably would have tried to kill each other.

But today, the two men, now in their 30s, sit next to each other at a steel table in cell pod 5C at the main jail in San Jose, Calif. They joke and laugh. They talk about playing cards. They even compare tattoos.

"If we were in a regular prison, we would be enemies," Mr. Sanchez says. "Over here, we are human beings."

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The two men are part of an unusual program aimed at breaking one of the most pervasive - and violent - influences behind bars and on the streets of urban America: gangs. In a quest to overcome deeply ingrained and often fatal differences, the initiative brings together former rival gang members in one cell pod to eat, sleep, and live.

The program, "Breaking Barriers," offers counseling and courses - from substance abuse to poetry readings - to help overcome the causes of gang fealty and drug addiction. The goal is to get inmates who move through the Santa Clara County central jail to permanently sever ties with gangs, and thus reduce violence, when they transfer to a state prison or return to a life on the outside.

Experts consider it one of the only local programs of its kind in the country. While the initiative is still young - only two years old - it has already shown some success in rehabilitating individual lives. "It's given me a second chance with my family," says James Barnes Jr., an inmate whose former affiliation with a Latino gang is evident in many of his tattoos. "You learn to open up."

Gangs are nothing new to prison life, but over the past four decades their presence has increased dramatically. One national study found that, of the nearly 2 million people incarcerated in the US, more than 43 percent associated with a gang. "Gang numbers are growing in the streets and they grow in the facilities," says Edward Cohn of the National Major Gang Task Force.

The gangs found inside prisons mirror those on the streets. Most are divided along racial lines and controlled through a strict hierarchy. Inmates who enter prison already affiliated with a gang have it easy: They simply continue their allegiance and receive protection. Inmates who are considered independent must decide whether to go it alone - and often quickly become targeted for assault - or cave to the status quo. "It's the culture of prison," says James Houston, a criminologist at Grand Valley State University in Allendale, Mich. "It's one way to feel safe, to get material things, to have ... a sense of autonomy."

What's difficult to determine is how much of the violence behind bars is gang-related. While inmates involved in melees rarely reveal that orders came down from a gang superior, experts say much of the violence in prisons is planned attacks by gangs, not random acts. And the easiest way for wardens to avoid mayhem is often to house inmates together based on their affiliation.

For prison officials in San Jose, violence was the catalyst behind Breaking Barriers. A couple of years ago, inmates who had dropped out of gangs were being targeted for assault or death by other prisoners.

To protect them, administrators decided to house the dropouts together in one cell pod, separate from the general inmate population. But officials wanted the program to be more than just a management tool.

"We found that there was an opportunity here to provide these inmates with tools - recovery tools, education tools, addiction counseling," says Edward Flores, correction chief for the Santa Clara County Department of Correction. The hope is that these guys can turn their lives around and influence others, particularly young male family members, to avoid gang life, he says.

To qualify for Breaking Barriers, an inmate must be serious about severing ties to a gang. The program is structured around a variety of classes. Topics range from faith-based courses to anger management. Homework in the form of personal essays, family history papers, and poetry is assigned weekly. Four days a week, the inmates gather for their class session.

On this day, the topic du jour is substance abuse recovery. Roughly 55 men sit in chairs as their teacher, Robert Gochez, a short, energetic Latino, reads the day's lecture. "Off the top of your head, who can tell me what relapse means?" he asks. Ten hands shoot up.

Some of the men lean forward, listening intently. Others rest their arms on the backs of chairs. After one inmate reads an original poem, he is applauded. The meeting closes with the men reciting a prayer.

It is a long way from the streets for inmates like Sanchez, who joined a gang in San Jose because it was the thing to do. Now 30, he is facing a charge of firearms possession with the possibility of receiving 50 years to life in prison. But it wasn't the prospect of a long jail term that propelled Sanchez to drop out of a gang. That happened in 2003 when his father was gunned down in prison by a rival gang member.

Four months into the program, Sanchez credits Breaking Barriers with teaching him a new way to live. "I've learned to take care of myself," he says. "My old way of thinking is wrong."

While it's easy for inmates to conform within the confines of cell pod 5C, the real test is when they leave prison. Mr. Mancillas knows the reality of relapse all too well. This is his second stint with Breaking Barriers. "It was embarrassing. I thought I had it - to make it outside," says the inmate, back to serve time for domestic violence. Now poised for rerelease, Mancillas is eager to prove himself again. "Now I know what my relapse triggers are. I know how to cope out there," he says.

Mr. Flores admits that it is still too early to determine the program's effect. Cell pod 5C has become one of the calmest in the 4,600-inmate county jail, mainly a holding facility for those awaiting trial. Most of the men end up convicted and shipped off to a state prison. Will they stay out of gangs? So far only six graduates have made it out. Four of them are working at a local Salvation Army center. The other two can't be accounted for.

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Still, inmates like Sanchez believe the program is worth it. "If I don't get out, I want to help someone else ... the young kids coming in," he says. "There is a better way to live."

Credit Card Scam Investigated In D.C. (WP)

By Henri E. Cauvin

The Washington Post, March 28, 2006

A woman posing as a Washington Post employee is suspected of duping dozens of the newspaper's advertisers into turning over their credit card numbers, according to The Post and the U.S. attorney's office.

Using the telephone numbers placed in classified ads, the woman would call advertisers claiming that she worked for the paper, Post spokesman Eric Grant said in a statement yesterday afternoon.

The woman would explain that the advertiser's credit card number had not gone through and that she needed to run it again. After the person provided the card information, the woman would use it to start making charges to that account.

At least 50 people have been victims of the scam, according to a person familiar with the case who spoke on the condition of anonymity because charges have not been filed.

The identity theft scam came to the paper's attention in 2002, and The Post notified the D.C. police, the paper said. Why the investigation has moved so slowly was not immediately clear, and officials would not say when the scam began or when it ended. The inquiry is now in the hands of the U.S. Postal Inspection Service, which is frequently involved in investigating identity theft, and the investigation appears to be coming to a close.

Channing Phillips, a spokesman for the U.S. attorney's office, said that he could not disclose the woman's identity while she was still under investigation.

A law passed in 2004 by the D.C. Council makes identity theft that results in a loss of more than $250 a felony punishable by up to 10 years in prison. But only fraud alleged to have taken place since then would be covered by that statute.

Other potential charges, under long-established laws, would include theft, fraud and credit card fraud.

The Post has been cooperating in the investigation, Phillips said.

Grant said that after learning of the scam, The Post took steps to protect advertisers from such frauds. Advertisers are now given a unique identification number and are told not to divulge information to anyone claiming to work for The Post unless the person supplies that number.

Classified advertising has long been a bulwark of newspaper revenue, but in recent years, many customers have been migrating to free online ad services such as Craigslist.

Ensuring that newspapers' ads are used only for legitimate purposes is critical to the industry as it seeks to distinguish itself from outlets that are cheaper or even free, said John Kimball, chief marketing officer for the Newspaper Association of America.

Newspapers, he said, are "mindful of the fact that credibility is one of the differentiating factors" between them and other advertising forums.

Freed By DNA Test, Texas Man Cautiously Returns To Society (NYT)

By Nathan Levy

The New York Times, March 28, 2006

AUSTIN, Tex., March 27 — Arthur Mumphrey says he is doing his best to enjoy life these days. But after spending 18 years in prison for a rape he did not commit, he is also finding that being on the outside can be overwhelming.

"I really don't do that much," Mr. Mumphrey said. "Me and my wife, we go to a few places, no clubs or anything like that — just low profile."

Gov. Rick Perry pardoned Mr. Mumphrey, 42, on March 17 after a DNA test indicated that he did not sexually assault the victim, a 13-year-old seventh grader, who was forced at knifepoint into a wooded area near Conroe, about 40 miles north of Houston, and raped repeatedly on the night of Feb. 28, 1986.

Mr. Mumphrey was paroled in 2000 after serving 14 years of a 35-year sentence, but was sent back to prison two years later after failing to contact his parole officer. He points to his case as yet another example of the merits of DNA testing and the doggedness of a defense lawyer — as well as the systemic flaws of the Texas criminal justice system.

"I was very blessed not to have the death penalty," Mr. Mumphrey said in a telephone interview from the office of his lawyer, Eric J. Davis of Houston. "I'd probably be dead right now. The legal system is a hard system to wrestle, especially in Texas."

Mr. Mumphrey's younger brother, Charles Mumphrey, who is in jail on an unrelated crime, confessed earlier this year to participating in the rape, said Marc Brumberger, an assistant district attorney for Montgomery County. He cannot be charged, though, because the statute of limitations has expired.

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A co-defendant, Steve Thomas, pleaded guilty during a 1986 trial and testified against Arthur Mumphrey in exchange for a 15-year sentence.

At the time of the attack, Mr. Mumphrey said, he was 22 and living and working in Conroe. The police arrested him the day after the attack when someone reported hearing him and Mr. Thomas talking about it. Mr. Thomas, who is mentally retarded and illiterate, gave several conflicting statements to the authorities. Mr. Mumphrey said he refused a plea bargain, insisting on his innocence.

Charles Mumphrey, then 15, went to the local police department and confessed, but officials did not believe him and he recanted.

"The trial was a masquerade," said Arthur Mumphrey, describing how Charles Mumphrey testified that he had made the false confession to protect his brother.

"I haven't talked to my brother in 20 years," Arthur Mumphrey said. "It hurt."

At the time of the trial, forensic DNA equipment was not available. The jury convicted Mr. Mumphrey of aggravated sexual assault, and he served 14 years in several prisons. After his parole, he got a job and began dating his wife, Angela.

After failing to keep in contact with his parole officer, with whom Mr. Mumphrey said he had a difficult relationship, he was sent back to prison in 2002.

His wife vowed to fight to clear his name and hired Mr. Davis, who found out that blood samples had been taken from the suspects and the victim after the attack. A vaginal swab was also taken from the victim, as were cuttings from her underwear that contained semen samples.

It took three years to track down those samples. The Texas Department of Public Safety was supposed to have them, but they were not listed because the computerized classification system at the agency's crime lab in Houston did not begin until 1992. Last November, the lab found the samples in a freezer.

Tests on them indicated the presence of two people besides the victim: Mr. Thomas and a person who was not Arthur Mumphrey.

"It's by the grace of God that all this came to pass," Mr. Davis said. "It's easy to conceive that I wouldn't find that blood work."

After 18 years in prison, Mr. Mumphrey was exonerated and pardoned and is now eligible for state compensation. State law allows those wrongfully imprisoned to receive $25,000 for each year, with a maximum of $500,000. Mr. Davis said he and Mr. Mumphrey had not decided whether to seek restitution or file a lawsuit.

Mr. Mumphrey said he was thankful he was no longer considered a sex offender, with all of the restrictions that implied, including a prohibition against being around children.

Yet the sting of missing out on so many years of life haunts Mr. Mumphrey, particularly when it comes to his family and his father's death in 1996. "A lot of family passed away," he said. "I wasn't able to go to the funerals."

CIVIL LAW:

Agency Exempts Most Of Internet From Campaign Spending Laws (NYT)

By Adam Nagourney

The New York Times, March 28, 2006

WASHINGTON, March 27 — The Federal Election Commission ruled unanimously Monday that political communication on the Internet, including Web logs, setting up Web sites and e-mail, was not regulated by campaign finance laws.

The commission, in a 6-to-0 decision, also ruled that paid political advertisements placed on Web sites were covered by the 2002 campaign finance law, which includes restrictions on spending and contributions and bars corporations and unions from using their treasuries to purchase Web advertisements.

The decision marked a significant step in the rapid evolution of the Internet — and, in particular, Web logs — as a force in American politics. It is the latest chapter in the conflict between First Amendment guarantees of freedom of expression and efforts by Congress to regulate campaign spending.

The commission ruling came two years after it had decided that all Internet activity was exempt from the campaign finance laws. That ruling was challenged by Congressional sponsors of the law, and a federal judge upheld that suit, ordering the commission to write rules to apply the 2002 law to the Internet.

The commission ruled that the law applied to paid political advertisements, but offered a broad exemption for all other Internet political activity, conducted by individuals or groups, even in direct coordination with a candidate.

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"The commission established a categorical exemption for individuals who engage in online politics," Michael E. Toner, the chairman of the commission, said in an interview. "The agency has taken an important step in protecting grass roots and online politics."

Markos Moulitsas, the founder of the Daily Kos, the largest political Web log in the country, heralded the decision. "It looks like we got everything we wanted," Mr. Moulitsas said. "It's fantastic that the F.E.C. was as responsive as it was."

The original court ruling sparked fear by bloggers — many of whom are explicit in rallying their readers to contribute, work for and vote for specific candidates — that their work would be counted as contributions to the candidates, and thus fall under the contribution limits. The law limits individual contributions to $2,000 and includes a ban on any union or corporate donations.

The commission's ruling was broad and categorical. It said that activity on the Internet was exempt, whether done by an individual or by a group. As part of the ruling, the commission ruled that bloggers would be eligible for the same exemption from the campaign finance law that is now given to newspapers.

FEC Rules Exempt Blogs From Internet Political Limits (WP)

By Thomas B. Edsall

The Washington Post, March 28, 2006

In a unanimous vote yesterday, the Federal Election Commission left unregulated almost all political activity on the Internet except for paid political advertisements. Campaigns buying such ads will have to use money raised under the limits of current federal campaign law.

Perhaps most important, the commission effectively granted media exemptions to bloggers and other activists using the Web to allow them to praise and criticize politicians, just as newspapers can, without fear of federal interference.

The rules "totally exempt individuals who engage in political activity on the Internet from the restrictions of the campaign finance laws. The exemption for individual Internet activity in the final rules is categorical and unqualified," said FEC Chairman Michael E. Toner. The regulation "protects Internet activities by individuals in all forms, including e-mailing, linking, blogging, or hosting a Web site," he said.

The 6 to 0 vote was widely expected after the FEC released the proposed rules last week. That followed months of discussions and widespread concern -- which turned out to be unfounded -- among many political activists that the commission would impose significant restrictions on Internet campaign activity. The vote drew praise from most ideological quarters, as well as from several watchdog groups.

Conservative blogger Mike Krempasky wrote: "This is a tremendous win for speech." Liberal blogger Duncan Black, writing under the pseudonym Artios, said: "This could have been an utter disaster, but it appears to have all worked out in the end."

Three public-interest groups that are often critical of the FEC -- Democracy 21, the Campaign Legal Center and the Center for Responsive Politics -- said in a statement that "the new FEC regulation strikes the correct balance in preserving the Internet as an unregulated forum for robust political activity by individuals, while ensuring that the Internet does not become a loophole for unregulated soft money."

The rule allows the unlimited use of corporate and union computers for political activity by employees and members, as long as they are not doing so on company time or are not under orders from their employer or union.

FEC To Leave Alone Web Political Speech (WT)

By Eric Pfeiffer

The Washington Times, March 28, 2006

The Federal Election Commission voted 6-0 yesterday morning in favor of campaign-finance rules that will leave political speech on the Internet mostly unregulated.

"It didn't take long to reach a decision," said FEC spokesman Ian Stirton. "All six members voted in favor."

The rules approved by the FEC will give Web sites, blogs and e-mails the same exemption that is provided to newspapers that cover political campaigns.

That means bloggers can promote or criticize federal candidates and issues without fear of financial penalty.

However, the rules will regulate online paid political advertisements.

The vote has been well-received online, but Mike Krempasky, co-founder of the popular conservative blog Red State, www.redstate.org, says he is still worried about regulatory action.

"The FEC deserves a lot of praise -- especially Commissioners [Ellen L.] Weintraub and [Chairman Michael E.] Toner," Mr. Krempasky said. "They took the lightest touch possible when it came to these regulations.

"It just remains to be seen whether or not the 'reform community' can resist the urge to sue that seems so deeply ingrained in their political DNA," he added.

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The House has been considering a bill that would write into law protections for political speech on the Internet. Former FEC Chairman Brad Smith yesterday urged passage of the bill, which has been stalled.

"It's important Congress make their intent clear," he said. "Otherwise, the FEC can change its rules later and reform groups could sue from time to time."

Bill sponsor Rep. Jeb Hensarling, Texas Republican, said, "I'm heartened by the fact that the FEC's rule is narrowly drawn, but a step in the wrong direction is still the wrong direction, and a bad precedent can lead to a worse precedent."

In releasing its 96-page proposal Friday, the FEC wrote, "Through this rulemaking, the Commission recognizes the Internet as a unique and evolving mode of mass communication and political speech that is distinct from other media in a manner that warrants a restrained regulatory approach."

Both conservative and liberal bloggers oppose online regulations, as do the Democrat and Republican senatorial campaign committees and the leaders of both parties in Congress.

The FEC took a quick vote yesterday after more than a year of debate and two recently postponed meetings.

In 2002, Congress passed campaign-finance reform rules, but provided an exemption for Internet communications. Regulation advocates opposed the online exemption.

In 2004, the U.S. Circuit Court of Appeals for the District of Columbia ruled that the 2002 Internet exemption violated the campaign-finance law's intent, forcing the FEC to issue a ruling.

"The law was never intended to regulate private citizen communication on the Internet," FEC Vice Chairman Robert D. Lenhard told the Associated Press. "I believe that we have achieved that goal today."

CIVIL RIGHTS:

Federal Judge Refuses To Postpone New Orleans Election (AP)

AP, March 28, 2006

NEW ORLEANS -- New Orleans residents living in Houston, Atlanta and other cities are still waiting for the absentee ballots they applied for weeks ago. No one knows how many people will come back to the city to vote. And the polling places have yet to be selected.

Pulling off this city's April 22 mayoral election could wind up as a fine example of democracy under trying circumstances, or a wobbly, error-filled embarrassment.

On Monday, a federal judge refused to postpone New Orleans' first election since Hurricane Katrina, despite complaints from civil rights groups that too many blacks scattered by the storm will be unable to take part in the voting.

U.S. District Judge Ivan Lemelle told both sides _ the state and plaintiffs _ to solve any problems that might hinder displaced residents' ability to vote. "I recognize that there is still room for improvement in that electoral process," he said.

Still, Lemelle said going ahead with the voting will help the city rebuild.

"If you are a displaced citizen, like I am, we have a burning desire for completeness," said the judge, whose own New Orleans home flooded.

The Aug. 29 storm swamped 80 percent of the city, destroying some polling places and scattering more than half the population. What was a mostly black city of nearly half a million people was reduced to well under 200,000 inhabitants. Some black leaders fear a loss of political clout if the election goes ahead as planned.

Some civil rights leaders say the state's plan to allow mail voting for residents in other states, along with satellite polling places elsewhere in Louisiana, won't do enough to give all displaced residents the opportunity to vote.

"We can see that train wreck coming in slow motion," plaintiffs' attorney Bill Quigley said.

The city elections were originally scheduled for Feb. 4 but were postponed because of the damage and dislocation caused by Katrina.

Secretary of State Al Ater, Louisiana's top election official, said he was prepared to work with the plaintiffs and the judge. "I'm very proud of what we're doing," he said.

The state is setting up polling stations in 10 Louisiana cities, running a national advertising campaign to inform New Orleans residents about the election, and easing the rules on the casting of absentee ballots.

Mayor Ray Nagin, a black man criticized in some quarters for his response to the hurricane, is running for re-election against nearly two dozen opponents, including Lt. Gov. Mitch Landrieu, who is white.

Monday's hearing was called after the NAACP and other civil rights groups argued that the cost of traveling to New Orleans to vote amounted to the "modern equivalent of a poll tax" _ something outlawed a generation ago by an amendment to the U.S. Constitution.

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Election procedures in Louisiana and many other Southern states are subject to Justice Department approval because of their history of racial discrimination.

Several black leaders have argued for satellite voting locations outside Louisiana. But Ater's office said state law does not allow out-of-state voting operations.

"This is a Florida in the making," warned National Urban League President Marc Morial, a former New Orleans mayor, referring to the debacle during the 2000 White House race.

E-mails Put Florida Investigator In Hot Seat (MH)

By Carol Marbin Miller

The Miami Herald, March 28, 2006

When the family of Martin Lee Anderson questioned the impartiality of Florida's top state lawman, Guy Tunnell, in investigating the teen's death at a Panama City boot camp, Tunnell assured Floridians he would be fair and impartial.

The reason the family was suspicious: Tunnell, head of the Florida Department of Law Enforcement, is a former sheriff of Bay County, founded the boot camp, and is friends with the current sheriff, Frank McKeithen, whose office runs the camp.

Now, a series of e-mails obtained by The Miami Herald shows that at the same time his agency was investigating the camp, Tunnell kept a running commentary to McKeithen, other sheriffs and his own staff in which he let off steam and disparaged critics of his investigation and the state's boot camps.

He also kept McKeithen abreast of the FDLE's efforts to keep a video -- which showed boot camp guards kneeing and punching the teen hours before his death -- from becoming public.

RUNNING COMMENTARY

He sent McKeithen an e-mail on Feb. 9, the day The Miami Herald published a story quoting two members of the House Criminal Justice Appropriations Committee -- Miami Beach Democrat Dan Gelber, a former federal prosecutor, and Miami Beach Republican Gus Barreiro -- who had seen the video and said Martin had been "brutally" beaten and ``flung around like a rag doll."

The two lawmakers were the first to view the video before its release. Gov. Jeb Bush told reporters he was "constrained" from discussing the tape, and indirectly criticized the two legislators who ``weren't as constrained."

Tunnell sent McKeithen a copy of the Bush's remarks, adding: 'I understand that the Guv was just a `little' sarcastic when he referred to those 'less constrained' from commenting -- such as the two representatives."

Earlier that day, Tunnell forwarded to the sheriff -- with the brief message "FYI!" -- an e-mail from his spokesman, Tom Berlinger, saying that the FDLE would fight a request from The Miami Herald for a copy of the video under the state's public records law.

Through a spokesman, Tunnell declined to discuss the e-mails Monday.

"We are working side by side with the special prosecutor that was appointed by Governor Bush as well as members of the Federal Bureau of Investigation, an agency that is closely scrutinizing the matter from a federal and civil rights perspective," Tunnell said in an e-mail.

``If either of them felt that our agency was conducting anything other than a professional, fair and impartial investigation, I would have every expectation that they would not hesitate to raise that issue with me or others."

Said FDLE spokesman Berlinger: ``Commissioner Tunnell and the rest of our command staff are, by virtue of our jobs, friends with all 67 sheriffs in the state of Florida. That doesn't stop us from being fair and impartial in any of the investigations we conduct."

Hillsborough County State Attorney Mark Ober will decide whether anyone should be charged in the teen's death.

Martin, 14, entered the Bay County Sheriff's Office Boot Camp Jan. 5 after being convicted of joyriding in his grandmother's car. The video of Martin's last hour at the camp shows about eight guards punch, knee and choke the teen. He died the next day.

On Feb. 16, Tunnell sent McKeithen a copy of a Miami Herald article reporting that the U.S. Justice Department had opened a civil rights investigation into Martin's death.

On Feb. 17, Tunnell sent an email to several members of the Florida Sheriff's Association, including McKeithen, who had been briefed by their lobbyist on events two days earlier, when members of the House Juvenile Justice Committee discussed making big changes to the operation of the state's five boot camps.

"I know -- I'm singing to the choir -- just feels good to get it off my chest!," Tunnell wrote. ``For YEARS, we [the Bay County Sheriff's Office] asked for more equitable funding so as to allow us to expand the services, offering transitional phases, step-down, etc., only to be met with more bureaucratic red tape, frustration, etc."

"THERE . . . I DO feel better!," he added.

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After Gelber and Barreiro viewed the tape, two other lawmakers sought access to the video, Sen. Stephen R. Wise, a Jacksonville Republican and chairman of the Senate Criminal Justice Committee, and Sen. Rod Smith, an Alachua Democrat and the committee's vice chairman.

"Ain't gonna happen!" Tunnell told several FDLE staffers in a Feb. 9 e-mail.

In response, Assistant FDLE Commissioner Scotty Sanderson then wrote: ``We are in contact with the State Attorney and the Medical Examiner, to expedite the Autopsy report and bring this case in for a landing quickly. Our side will be ready to roll out as we get the toxicology findings."

Tunnell replied: ``Hurry -- BEFORE I get REALLY carried away!"

The FDLE chief also sent an email to the editorial page editor of The News Herald in Panama City, Claude Duncan, who urged the FDLE to release the video..

"Although I'm happy to fade any heat on the part of my good friend, Sheriff McKeithen, I haven't been the Bay County Sheriff for almost two and one-half years. Am I to assume that, as the then-Bay County Sheriff, I was also responsible for the tragic events of Sept. 11, 2001?" Tunnell wrote.

Lawyers for Martin's family, and the two state lawmakers who were the subjects of Tunnell's emails say they have renewed concerns for Tunnell's fairness in the high-profile case.

Gelber said: ``You shouldn't be rooting for either side in an investigation. And these e-mails sort of suggest that. It's very dangerous when you start to root for one side."

Barreiro, who has been a frequent critic of the state's juvenile justice efforts, said he first became concerned about the FDLE's involvement in the investigation on Feb. 8, the day he watched the video at FDLE headquarters.

"They told me before I viewed the tape that Martin did not die of trauma," Barreiro said.

CONCERNS RAISED

Barreiro said, from the beginning, it seemed the FDLE agents ``were more concerned about the critics of the boot camp than with the officers who beat Martin Anderson to death."

Benjamin Crump, the family's attorney, said he is now more concerned than ever about FDLE's involvement in the case.

"From the beginning, we had concerns about a possible conflict of interest with FDLE doing the investigation," Crump said. ``After reading these, it does not ease our concerns."

``This is worrisome."

Primary Voting-machine Troubles Raise Concerns For General Election (USAT)

By Jim Drinkard

USA Today, March 28, 2006

WASHINGTON — Problems using voting machines in the Texas and Illinois primaries this month have reinforced fears that the 2006 elections may be beset with glitches.

“There's a lot of evidence that some of those fears are coming to pass,” says Doug Chapin, president of Electionline.org, a non-partisan group that studies elections. “The theory that new technology results in error seems to be borne out early in the process.”

More than 30 million Americans will be voting on unfamiliar equipment this year, after modernization required by the Help America Vote Act. Congress passed the law in 2002 to address problems stemming from the 2000 presidential election in Florida.

Among early trouble spots:

·The largest jurisdictions in Illinois, Chicago and Cook County, encountered problems in the March 21 primary. In some cases, precinct election judges didn't get hands-on training before the election. There were paper jams, misplaced memory cartridges containing election results and long delays in counting.

Cook County Clerk David Orr says some problems were the result of introducing two new machines in each precinct: a touch-screen ballot and a machine that optically scans paper ballots. “We had our share of problems, but you expect it with new stuff,” Orr says.

·In Texas, a candidate for the state Supreme Court will contest the March 7 primary because of what he calls widespread problems using new machines.

In Fort Worth, an initial ballot count showed about 150,000 votes even though there were only one-third that many voters, says David Rogers, campaign manager for the candidate, Steve Smith. And in San Angelo, balky new equipment and a close local race led to a recount that was halted after it appeared some votes were missing.

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A spokesman for the secretary of state's office, Scott Haywood, says human factors accounted for any glitches, and they have been fixed. “Anytime you are using a new system, officials have to get used to it,” he says. “Our biggest focus now is to increase training.”

The next test: 10 states hold primaries in May, including Pennsylvania, which is scrambling to train voters and poll workers.

The state is “a disaster waiting to happen,” says John Gideon, director of VotersUnite.org, a group that is skeptical about electronic voting.

The task is manageable, counters Michelle Shafer of Sequoia Voting Systems, an equipment maker that has customers in Pennsylvania and 19 other states. “We have seen this coming and have ramped up as best we can,” and will be ready by November, she says.

New Elections Law Designed To Help Disabled To Vote (PPG)

By Jerome L. Sherman, Pittsburgh Post-Gazette

Pittsburgh Post-Gazette, March 27, 2006

Florida's 2000 election, forever linked with the notorious hanging chads, did more than expose the flaws of the nation's aging voting systems. It cleared the way for Congress to address many lingering problems with how Americans vote.

One politically active group rushed to take advantage of that movement.

The Help America Vote Act, passed in early 2002, created the first legal guarantees that all disabled voters would be able to participate in the democratic process just as readily as anyone else.

The law, known as HAVA, requires both accessible polling places and voting machines that let disabled voters make their choices privately and independently.

"The whole disability community was pushing for that," said Jim Dickson, vice president of the American Association of People with Disabilities, based in Washington, D.C.

Prior to the 2000 election, several federal laws addressed the need for improvements in voting access, but none had HAVA's weight. If state and local governments don't acquire at least one accessible machine per polling place, they could squander millions in aid and face lawsuits from the justice department.

In Allegheny County, many disabled voters have long had to rely on family, friends or poll workers to help them operate 40-year-old lever machines. Under HAVA, that must change by the May 16 primary election.

"It's about time," said Paul O'Hanlon, an attorney with Pittsburgh's Disabilities Law Project.

Yet the process for purchasing new technology here has been far from smooth.

In November, the county invited several voting machine vendors to put their systems on display for the public. Some disabled voters were given extra opportunities to try machines and offer their opinions.

A few months later, the county came close to settling a deal with Ohio-based Diebold Inc. for touch-screen machines that easily could be adjusted to accommodate a range of disabilities. But many local voting activists raised concerns about Diebold's checkered record in other states. The county scrapped the deal.

Instead, county officials agreed to buy 2,800 electronic machines from Sequoia Voting Systems Inc. of Oakland, Calif., for $11.8 million. The machine, the AVC Advantage, allows its user to see the entire ballot at once, just as the lever machines do.

Some units, however, are as much as 10 years old and need to be fitted with new equipment to meet HAVA's accessibility requirements. Sequoia plans to add audio components that will aid blind voters.

Tomorrow and Wednesday, Pennsylvania's Department of State will conduct tests on the updated Advantage.

Even if the machine passes, Mr. Dickson doesn't think it will be good enough. He argues that dyslexic voters will have problems understanding the full-face ballot.

"Our position is that the AVC Advantage is in violation of HAVA," said Mr. Dickson, who has closely followed Allegheny County's progress in complying with the federal law.

Mr. O'Hanlon also isn't convinced of the Advantage's merits. During the November trial session, held in Downtown Pittsburgh, few disabled voters had chances to try the machine.

It does work, county Manager Jim Flynn said, and the elections division will continue adding accessible polling places over the next year to satisfy HAVA. Back

Housing Segregation Case Enters Remedy Stage (BSUN)

By Eric Siegel

The Baltimore Sun, March 28, 2006

DOJ_NMG_0022867

Creating thousands of new opportunities for Baltimore public housing families to live in well-off suburbs was necessary to make "real progress" in overcoming decades of government policies that segregated residents in poor, minority areas of the city, a lawyer for the tenants told a federal judge Monday.

In his opening statement in the remedy phase of a public housing desegregation case, attorney Peter Buscemi said a proposal requiring the U.S. Department of Housing and Urban Development to provide 6,750 special housing vouchers and new and rehabilitated units over 10 years would give public housing families a "better chance at life."

But a lawyer for HUD countered that the proposal was "plagued with problems and should not be implemented in any form."

The judge does not have the authority to order the creation of new housing but can only ask the federal agency to review decisions that he found problematic, said HUD lawyer Peter Phipps.

In January 2005, U.S. District Judge Marvin J. Garbis found that HUD had violated federal fair-housing laws by failing to "affirmatively further fair housing" by taking a regional approach to the desegregation of public housing in Baltimore.

The ruling stemmed from a class action lawsuit filed in 1995 on behalf of black Baltimore public housing residents that claimed that the city and the federal government had failed to dismantle the segregated public housing system they set up in the 1930s and 1940s. Garbis absolved the city and its Housing Authority of wrongdoing.

Monday, Garbis, who is hearing the case without a jury, expressed skepticism toward HUD's position and sympathy for the public housing residents.

After Phipps told the judge that he could only order HUD to review its decisions, Garbis said, "Why don't you reconsider everything and then we can all go home?"

Earlier, Garbis interrupted Buscemi to muse about what he would do to dilute concentrations of poverty if he had no legal or financial constraints.

"I have a pretty good idea what I would do. I must say, your proposed order doesn't go that far," Garbis said.

Garbis also lamented that the two sides haven't reached a settlement, as was done in several similar cases nationwide.

"It is peculiar that something that is quite obviously better able to be designed by the parties will be designed by the court," he said.

In addition to considering a remedy for the violation of fair housing laws he found, Garbis is also considering whether HUD violated the constitutional rights of public housing residents -- a finding that could provide a stronger legal underpinning for a regional solution. And he has said he would allow HUD to present evidence to convince him that his 2005 ruling was wrong.

In his opening statement, Buscemi argued that by such actions as routinely locating public housing in impoverished, minority areas, "the government has helped segregated housing in Baltimore to persist."

Buscemi noted that the plaintiffs were suggesting that HUD make procedural changes to ensure that the agency take a regional approach to assisted housing in the future but said the creation of a specified number of units was also needed.

"We can't create real progress by [administrative remedies] alone," he said.

Under the plaintiffs' proposal, Buscemi said, only a couple of families a year would need to move into each of more than 200 suburban census tracts identified as "communities of opportunity," too few to affect the quality of those neighborhoods.

"It is not in the plaintiffs' interest to alter the character of neighborhoods," he said.

But Phipps said "HUD has taken extensive efforts to promote fair housing" through housing vouchers and outreach programs and said the plaintiffs' proposal would serve only a limited number of residents.

"Members of the plaintiffs' class have a stronger ally in HUD than the proposed remedy," Phipps said.

Jill Khadduri, a former high- ranking official in the agency's policy and research office, testified as an expert witness for the plaintiffs and said that the creation of several thousand housing opportunities over 10 years would be "completely practical."

But HUD lawyer Judry Subar suggested on cross-examination that the number was far beyond what would be required to remedy any affect of blatant discrimination of the past.

Another former HUD official, Margery Turner, said there was a large amount of evidence that families benefit in a number of ways from moving out of low-income communities.

"As jobs have decentralized, many high-poverty, highly-segregated neighborhoods lack access to jobs," said Turner, now the director of the Metropolitan Housing & Communities Policy Center at the Urban Institute, a Washington think tank.

Justices Review Prison Disciplinary Rules (AP-Y2)

By Toni Locy

AP2, March 27, 2006

The Supreme Court struggled Monday with whether states can keep troublesome inmates from reading secular newspapers and magazines.

DOJ_NMG_0022868

Pennsylvania prison officials urged the high court to allow them to use access to newspapers and magazines as an incentive to get inmates to behave themselves.

The "bottom line" in the case, as Justice Stephen Breyer put it, is whether the court should interfere and tell the state how to manage its inmates, or whether prison officials have gone too far and infringed on the free-speech rights of prisoners.

The case could wind up in a tie because only eight justices are considering it. Justice Samuel Alito did not participate because he wrote a dissenting opinion — siding with Pennsylvania — when he was a member of the 3rd U.S. Circuit Court of Appeals.

Early in the argument, justices appeared concerned about what limits should be placed on states that want to set up high-security segregation units where inmates who can't follow prison rules are kept.

But by the argument's end, several justices seemed willing to give Pennsylvania credit for trying to change its worst-behaved inmates.

Louis J. Rovelli, Pennsylvania's lawyer, told the justices the state's policy is reasonable because inmates can earn back the privilege of receiving newspapers and magazines, as well as personal photographs.

Rovelli said the state designed the special unit because most of the 40 or so inmates held there eventually will be released from prison. Before that happens, he said, the state wants to try to "turn them around."

The unit's inmates are permitted access to religious newspapers, two paperback books of general interest, their legal documents and letters from family.

The argument seemed to take a turn when Chief Justice John Roberts tried to get the inmates' lawyer to identify options for prison officials who have already taken away most of the privileges of a prisoner who continues to act out.

"You are saying they just have to grin and bear it," Roberts told the inmates' lawyer, Jere Krakoff.

Eventually, Krakoff conceded: "There comes a time when you take away so much ... that, yes, you may have to give up. You may have to keep them in segregation."

Justice Anthony M. Kennedy said Krakoff's argument made little sense. Kennedy said the state should have the option of trying to change inmates' behavior and not "forgetting about them altogether."

The case's outcome could affect prison operations nationwide if the justices require state officials to prove that their policies serve legitimate security and rehabilitative interests inside prison walls.

The Bush administration is siding with Pennsylvania, saying the state's policy deserves deference from the courts because it involves maintaining order in prisons.

But religious and civil liberties groups say fundamental rights are not mere privileges that can be granted or revoked at the whim of a prison official. They worry prison officials won't stop with newspapers but may one day bar access to the Bible.

The case began in October 2001 when Ronald Banks filed a civil rights lawsuit on behalf of himself and other inmates in the disciplinary unit, then located in Pittsburgh, after prison officials barred him from receiving The Christian Science Monitor, a nonreligious daily newspaper.

By a split vote, a three-judge 3rd Circuit Court panel sided with Banks, ruling that prison officials had failed to show the policy had any effect on inmate behavior.

The case is Beard v. Banks, 04-1739.

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On the Net:

Supreme Court: http://www.supremecourtus.gov/

Curb On Access To News In Prison Gets Hearing (NYT)

By Linda Greenhouse

The New York Times, March 28, 2006

WASHINGTON, March 27 — Pennsylvania went before the Supreme Court on Monday to defend its policy of denying most newspapers, magazines and photographs to its most incorrigible prison inmates against claims that the restriction violates the First Amendment. The policy is one of the most restrictive in the country.

The federal appeals court in Philadelphia ruled last year that prison officials had to provide some objective evidence to show that the policy actually accomplished the twin goals they claimed for it: improved security and "behavior modification" of recalcitrant inmates.

The appeals court's 2-to-1 ruling set aside a federal district court's judgment for the state, leading to Pennsylvania's Supreme Court appeal. Justice Samuel A. Alito Jr., then a member of the appeals court, was the dissenter on the three-judge panel. He left the Supreme Court bench Monday morning when the argument began, and will not take part in the case, Beard v. Banks, No. 04-1739.

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The case is a class-action lawsuit that began when the prison authorities seized a copy of The Christian Science Monitor, to which an inmate, Ronald Banks, had a subscription. The lower courts looked at the policy as a whole, and did not scrutinize its application to individual inmates.

The argument in the Supreme Court was more lopsided than the eventual decision might be. Jere Krakoff, a lawyer from Pittsburgh representing the inmates who had brought the lawsuit, was making his first Supreme Court argument and appeared nonplused by questions from the justices that more experienced lawyers would have taken in stride.

"I'm obviously not framing my argument in a way that's getting my point across," Mr. Krakoff said at one point in a discouraged tone. At another point, he offered, "My brief may be more coherent than I am today."

If Mr. Krakoff was discouraged, the justices who were sympathetic to his legal position, or who at least wanted his position to be articulated, appeared frustrated, intervening to the extent of putting words in his mouth.

For example, Mr. Krakoff got into a discussion with Chief Justice John G. Roberts Jr. about an exception in Pennsylvania's policy that permits inmates to have religious newspapers and law-related reading matter in their cells. One of the state's explanations for the general no-newspaper rule was that inmates might set fire to newspapers. Mr. Krakoff, trying to show that, given the exceptions, the policy made little sense, observed that "The Jewish Forward can burn as quickly as The New York Times."

"Now you're making your clients' situation worse," Chief Justice Roberts said. He said the state had been willing to take "a more circumscribed approach" in exempting the religious and legal papers.

Justice Ruth Bader Ginsburg intervened at this point, addressing Mr. Krakoff. "I thought you were saying that as a security concern, it doesn't hold up, because the materials they are allowed to have in their cells could be put to the same end," she said.

Later, nearing the end of his allotted 30 minutes, Mr. Krakoff told the justices that he would sit down rather than continue. But he was kept on his feet by justices who had more questions.

Seeking to summarize as the red light came on to signal that his time was up, Mr. Krakoff observed that some of the hard-core inmates in the special prison unit under discussion would eventually complete their sentences and go back into society, deprived of knowledge of what had been going on in the world.

"They could read about ancient wars in the Bible, but not about the war in Iraq," he said. "It's not a healthy situation."

Pennsylvania's lawyer, Louis J. Rovelli, executive deputy state attorney general, received his share of skeptical questions but appeared generally unfazed by them, as did Jonathan L. Marcus, an assistant United States solicitor general who also argued on the state's behalf.

Justice Ginsburg asked Mr. Rovelli to explain why the policy permitted inmates to order paperback books from the prison library while prohibiting newspapers and magazines. "The rationality of that line escapes me," she said.

Mr. Rovelli replied that paperbacks were "small and compact and much more difficult to use as weapons" by the "worst of the worst" inmates to whom the policy applies. About 40 inmates fit into this category at any one time, housed in a special "long-term segregation unit" in the state prison at Fayette, Pa.

Chief Justice Roberts asked: "Is a paperback copy of 'War and Peace' less dangerous?"

It was a "difficult line to draw," Mr. Rovelli acknowledged, while turning his concession into an opening. That was where the expertise of prison officials, to which judges should defer, came in, he said.

He explained that the policy was "guided by the experience of prison administrators," who had observed the "high value" that prisoners placed on access to newspapers and magazines. These were therefore removed to give prisoners an incentive to change their behavior in order to gain a transfer to a lower-security area of the prison.

This was a justification that the appeals court had found insufficient in the absence of any evidence that it worked or had "any basis in real human psychology," the majority opinion said.

The majority added that far from disregarding Supreme Court precedents requiring deference to prison administrators' judgment, it was simply trying to determine "whether an asserted goal is logically connected to the prison regulation."

If the Supreme Court agrees, the case will go back to Federal District Court in Pittsburgh for a trial. A 4-to-4 tie, in Justice Alito's absence, would have the effect of affirming the appeals court's ruling.

Justice David H. Souter told Mr. Rovelli that the state's behavior-modification theory appeared to justify depriving inmates of access to legal papers. Questioning the state's approach, Justice Souter said: "Tell them, 'No, you may not receive any legal material because it's something you very much want to do.' Can the state do that?"

It could, the state's lawyer replied, as long as the prisoner was left with other means of access to court, including the unlimited visits from lawyers that the policy permits for these high-security inmates. Any prisoner who was deprived of a meaningful access to court, a right to which the Supreme Court has given constitutional protection, could bring another lawsuit challenging the policy "as applied," Mr. Rovelli said.

DOJ_NMG_0022870

Reading Material For Pa. Inmates Debated (WP)

By Charles Lane

The Washington Post, March 28, 2006

A newspaper has many alternative uses -- fish wrap, puppy training. In Pennsylvania, some prisoners fill a rolled-up paper with toothpaste, let it harden -- and use it as a club.

That glimpse of prison reality came at the Supreme Court yesterday, from a lawyer explaining why Pennsylvania denies about 40 of its most violent inmates reading materials unless they obey the rules. The policy, Pennsylvania Executive Deputy Attorney General Louis J. Rovelli said, is "logically connected to both rehabilitation and security."

Prisoner Ronald Banks sued when his Christian Science Monitor was barred, claiming a violation of his First Amendment rights. Last year, a federal appeals court in Philadelphia ruled in his favor. The state appealed, setting up yesterday's oral argument in Beard v. Banks , No. 04-1739. The case will help define how much the Constitution permits officials to restrict inmates' already limited freedom for the sake of order, security and rehabilitation.

At issue is the Long-Term Segregation Unit, located in Pittsburgh until a move in recent years to Fayette County, where inmates from around the state are sent after attempting to escape or assaulting guards. Prisoners may be kept in solitary confinement 23 hours per day. They get no television, radio, newspapers, magazines or photographs, except for religious or legal publications.

Access to reading material is relaxed in return for good behavior. Pennsylvania says this "behavior modification" is consistent with Supreme Court precedent, which says prisons may restrict inmates' rights as long as they have a legitimate reason to do so and have exhausted the alternatives.

The appeals court ruled that Pennsylvania could not enforce the policy without evidence that it achieved its stated purposes. Then-Judge Samuel A. Alito Jr. dissented, saying that a prisoner who was subjected to the restrictions for a long time may have a claim, but that in general the rules were reasonable.

Yesterday, now-Justice Alito had to sit out the case, leaving his eight colleagues to weigh the policy.

Justice Ruth Bader Ginsburg seemed skeptical, noting that a religious publication could also be rolled up and fashioned into a club.

Rovelli answered that, in the experience of prison officials, inmates are less likely to use religious materials as weapons.

The Bush administration supports Pennsylvania, and Assistant Solicitor General Jonathan L. Marcus argued on its behalf. Justice David H. Souter told him he was worried that the state's argument could justify almost anything.

"I don't see the logical stopping point if we accept the behavioral-modification theory," he noted. "Why wouldn't it allow for the deprivation of all communication except access to counsel?"

Marcus replied that such an "exaggerated response" would be barred. "There is a reasonableness test," he said.

But the court's toughest questioning was reserved for Banks's attorney, Jere Krakoff. He puzzled several justices by arguing that the policy was impermissible because the prisoners were so incorrigible that it would never work.

"I'm suggesting there comes a time when you've taken so many things from these prisoners that, yes, you do have to give up," he said.

That prompted a rebuke from Justice Anthony M. Kennedy, who said, "The state's position is that it wants to avoid . . . the most extreme circumstances of just forgetting about them."

Krakoff also disputed the state's claim that newspapers are a danger because inmates light them on fire. The same is true of writing paper, which is allowed, he said.

Justice Antonin Scalia replied: "You want to know what kind of fire you can set with the Sunday New York Times? You're going to compare that with writing paper?"

A decision is expected by July.

Georgia Passes Bill To Fund Bible Courses In Public High Schools (LAT)

By Richard Fausset

The Los Angeles Times, March 28, 2006

ATLANTA — Georgia's Legislature on Monday passed a bill to fund elective Bible courses in public high schools, sparking concern among 1st Amendment advocates and generating praise from lawmakers worried that children are losing their grasp on one of Western civilization's most influential texts.

The bill — which still must be signed into law by Republican Gov. Sonny Perdue — would fund separate high school courses on the Old and New Testaments in the context of history and literature.

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The bill states that the classes should be taught "in an objective and nondevotional manner, with no attempt made to indoctrinate students as to either the truth or falsity" of the works.

The measure passed late Monday, and lawmakers who supported it were unavailable to comment. But Republican state Sen. Tommie Williams, the bill's sponsor, has said in the Atlanta Journal-Constitution that the Bible is crucial to understanding the foundations of American government.

Federal courts have ruled that public school Bible courses do not violate the 1st Amendment principle of church-state separation as long as they are objective and do not promote religion. A number of districts around the country already teach such classes.

But Charles Haynes, a senior scholar with the First Amendment Center, said this was the first time to his knowledge that a legislature had approved such a course on a statewide basis.

Judith E. Schaeffer, deputy legal director of the liberal People for the American Way, said the proposal's constitutionality could only be determined once the specifics of the curriculum were laid out.

But she was troubled by the bill's language. She pointed to a section that says students should learn "the history recorded by the Old and New Testaments." Schaeffer noted that courts have ruled the Bible cannot be taught as history.

"It's setting up a course that's presented from an unconstitutional perspective," she said. "It's starting out by digging a hole for itself."

People for the American Way has successfully sued school districts in Florida and Mississippi for overstepping constitutional guidelines for Bible classes. Schaeffer said the group would prefer to see courses that focus on the range of sacred texts, not just those favored by Christians.

Democratic lawmakers first introduced a Bible literacy bill in Georgia this year. At the time, they said they were keen to show that Republicans do not have a monopoly on issues of faith. But Republicans, who hold a legislative majority in the state, killed the Democratic proposal and introduced their own.

Democrats and Republicans are sparring over competing Bible literacy bills in the Alabama statehouse. Missouri legislators are also considering such a bill.

ANTITRUST:

Microsoft Appeals S. Korean Antitrust Decision (AP)

AP, March 28, 2006

Regulator says software maker must unbundle Windows components

SEOUL, South Korea - Microsoft Corp. filed a lawsuit on Monday challenging a set of punitive measures that South Korea's antitrust regulators imposed on the U.S. software company for its alleged unfair business practices.

The suit, filed with the Seoul High Court, has been widely expected as Microsoft said after the December ruling by the Fair Trade Commission that it would take the case to court.

(MSNBC is a Microsoft-NBC joint venture.)

Story continues below ? advertisement

"Microsoft continues to believe that its actions are consistent with Korean law and have benefited Korean consumers and the Korean technology industry," the company said in a statement announcing its appeal.

The ruling, which was finalized in February, said that Microsoft's practice of tying certain software to Windows was an abuse of its dominant position in the market.

The commission ordered the U.S. company to pay a fine of $33.6 million and provide two separate versions of Windows: one stripped of the Windows Media Player and Windows Messenger, and the other carrying links to Web pages that allow consumers to download competing versions of such software.

"Microsoft would no longer be able to offer in Korea the existing version of Windows that is available everywhere in the world," the company said.

The commission's decision "would create complexities for Korean hardware and software manufacturers in a way that would erode their competitiveness in the global market," it said.

Regulators began investigating Microsoft after a local Internet portal, Daum Communications Corp., filed a complaint with the commission in 2001. Microsoft reached a $30 million settlement with that company in November 2005.

Merrill Lynch Gets Antitrust OK For BlackRock Merger (MRKTWTCH)

MarketWatch, March 28, 2006

DOJ_NMG_0022872

WASHINGTON (MarketWatch) -- Merrill Lynch & Co. (MER) has received antitrust clearance from the Federal Trade Commission to spin off its asset-management business and merge it with BlackRock Inc. (BLK), creating a new, independent company with nearly $1 trillion in assets under management.

The FTC said Monday that on Friday it granted Lucent early termination of the waiting period required under the Hart-Scott-Rodino Antitrust Improvements Act.

As reported, Merrill Lynch has agreed to exchange its money-management business, Merrill Lynch Investment Managers, for a 49.8% stake - valued at more than $8 billion - in BlackRock, a money manager specializing in bonds.

Merrill Lynch Gets Antitrust OK For BlackRock Merger (DOW)

Dow Jones, March 28, 2006

WASHINGTON -(Dow Jones)- Merrill Lynch & Co. (MER) (MER) has received antitrust clearance from the Federal Trade Commission to spin off its asset-management business and merge it with BlackRock Inc. (BLK) (BLK), creating a new, independent company with nearly $1 trillion in assets under management.

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In a press release Feb. 15, Merrill Lynch (MER) said it would have a 45% voting interest in the combined company, which will operate under the BlackRock name and be governed by a board with a majority of independent members. -By Ingrid Pedrick Lehrfeld, Dow Jones Newswires; 202-862-1361

Lucent, Alcatel Work Up A Plan To Ease U.S. Security Concerns (WSJ)

By Dennis K. Berman And Sara Silver

The Wall Street Journal, March 28, 2006

Lucent Technologies Inc. and France's Alcatel SA are moving toward a plan to place some of Lucent's most sensitive defense-related research under the eye of a separate board composed only of Americans, people familiar with the matter said.

Appeasing U.S. government security concerns is a crucial part of negotiations between the two telecom-equipment companies, which hope to complete a merger agreement later this week. Both Congress and elements within the U.S. defense establishment have taken a skeptical view to foreign takeover plans of late, fearing that national security could be compromised in the process. The companies' final plans, however, still could be changed.

As the home of Bell Labs, Lucent has a pedigree that includes the development of the microchip, the laser and some of the world's most widely used computer-programming languages. But the conditions that created those advances -- massive funding from the AT&T phone monopoly until its 1984 breakup -- have dissipated considerably in the past 20 years.

A small portion of the research is directed to classified projects either funded by the government or designed for its use, according to people familiar with the matter. The total funding for those projects is less than $100 million, according to these people. During 2005, Lucent spent about $1.2 billion on research and development, according to company filings.

Despite the small scope of defense research, Lucent, of Murray Hill, N.J., sits in a critical place in the nation's telecom infrastructure. Technology and know-how to wiretap phone calls, monitor wireless communication or intercept a fiber-optic line are Lucent's domain. And for that reason, the two companies are working to devise a plan that would pass U.S. government scrutiny.

Chief among the plans is to create a "proxy board" that would oversee the security-related research. Staffed only by Americans, it would oversee the programs and essentially block any French access to the work.

Creating such a board is just the start of the process. The two companies still must figure out how to select which programs fall under proxy control, how their technology could be converted into commercial use and how a combined Lucent-Alcatel would fund the efforts. That could make a final agreement both a complex and time-consuming exercise.

Nortel Networks Corp., of Brampton, Ontario, devised a similar structure last year when it acquired PEC Solutions. Now called Nortel Government Solutions, the group is a wholly owned subsidiary of the company's U.S. arm, Nortel Networks Inc., and has its own management and a separate board.

Even with a security plan, Lucent and Alcatel still would need to pass muster with the Committee on Foreign Investment in the U.S., the secretive body that came under intense fire for its handling of Dubai Ports World's plan to purchase port facilities across the U.S. Lucent and Alcatel declined to comment.

Lucent Talks Raise Issue Of Security (NYT)

DOJ_NMG_0022873

By Vikas Bajaj And Andrew Ross Sorkin
The New York Times, March 28, 2006

As merger talks between Lucent and Alcatel continue to advance, attention is turning to the role Lucent's fast-growing work for military and intelligence agencies may play in securing government approval for the trans-Atlantic deal.

With a long history of contributing to military efforts like ballistic missile technology and submarine sonar, the famed Bell Labs unit of Lucent is widely expected to become a focal point when the deal is presented to regulators in Washington for approval.

Though the companies have said that they are discussing a "merger of equals," experts say the deal will probably be treated as an acquisition of an American company by a foreign entity because Alcatel of France is one and a half times the size of Lucent and the combined company will probably be based in Paris.

An Alcatel spokesman said yesterday that the company's board would meet on Thursday, but declined to comment further. People close to the negotiations said the deal could be finished as early as this week, though they said a formal announcement might be pushed into the weekend.

National security concerns related to Bell Labs are among the unresolved issues being discussed by executives, these people said. Options said to be considered include completely spinning off the division, which has about 9,000 employees, or separating a unit that does classified work, using a corporate structure frequently employed in the military industry. But they said the companies hoped that none of those remedies would be necessary.

The Committee on Foreign Investment in the United States, overseen by the Treasury Department, reviews deals that give foreigners control over operations involving classified matters, export-controlled information, American infrastructure regarded as vital or a sole-source supplier to the Defense Department.

The committee starts with a 30-day formal review, which can be expanded into a 45-day investigation, and if the matter is still unresolved, the deal could be forwarded to the White House for a presidential decision.

Bell Labs was created by American Telephone and Telegraph in 1925 as a wide-ranging research and development center for new technologies in conjunction with its equipment subsidiary, Western Electric, which evolved into Lucent, based in Murray Hill, N.J.

The unit, whose researchers helped develop groundbreaking technologies like the transistor and the Unix computer system, was called upon by successive administrations to aid the military during World War II and the cold war.

"It was the equivalent of the national laboratories," said Narain Gehani, a 23-year Bell Labs veteran who wrote "Bell Labs: Life in the Crown Jewel" (2003, Silicon Press).

After the 1984 breakup of A.T.&T., Bell Labs' involvement in military work started tapering off and fell off more sharply when it became part of an independent Lucent in 1996. A year later, Lucent sold one of its last military businesses, a unit that made submarine surveillance systems based in Greensboro, N.C., to General Dynamics for $284 million.

In recent years, however, Lucent has given new emphasis to government business, largely as a source of lucrative and stable military and intelligence communications contracts, after many of its commercial customers went bankrupt or severely scaled back spending on equipment.

At a November meeting with Wall Street analysts, for instance, Lucent executives said its business running communications networks for governments had grown 50 percent in 2005 and 100 percent in 2004. It highlighted a $100 million contract to rebuild and modernize Iraq's communications system and a $242 million contract to modernize a United States Army network.

But when asked to quantify the company's business with the government, a spokesman said yesterday that Lucent did not break that information out.

Loren Thompson, a military analyst at the Lexington Institute in Arlington, Va., said, "Compared with the cold war, Lucent's activity today has much less of a military cast."

But he also noted that the Bush administration's drive to modernize the military into a more agile and responsive force was greatly benefiting Lucent and other communications vendors. "The technologies which Lucent is engaged in are at the cutting edge of military innovation," Mr. Thompson said.

Some of the work has a decidedly futuristic focus, like an $11.5 million grant from the Defense Advanced Research Projects Agency to develop high-speed wireless networks that can be quickly assembled to allow troops to communicate with one another on battlefields.

Several former Lucent and Bell Labs officials said that over the years a small Bell Labs team based in Whippany, N.J., had been dedicated to classified projects and that even senior executives were not fully aware of the group's work because they lacked the requisite security clearances.

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Former Bell Labs researchers say the government is financing an increasing share of the basic research done at the labs, because scarce corporate dollars are reserved for commercial product development.

"Unlike the rest of the company, in research, the major funding comes from the government," said Robert W. Lucky, who worked at Bell Labs for three decades before leaving in 1992. He sits on the Defense Science Board, which advises the Pentagon.

Mr. Lucky and other experts said that they expected that Bell Labs' close ties to the government would mean extra scrutiny especially from an increasingly protectionist Congress, but that the merger would ultimately be approved.

So far, the Alcatel-Lucent talks have not given rise to the kind of concerns voiced after the Bush administration approved a deal for a company owned by the government of Dubai to manage some terminal operations at six American ports.

A spokesman for Senator Frank R. Lautenberg, Democrat of New Jersey, said yesterday that the two deals were not comparable, because Alcatel was not a government-owned entity. (The French government owns 4.8 percent of Alcatel's shares.)

Charles Walston, the spokesman, said Mr. Lautenberg was looking to see whether the deal was truly a merger of equals, "and whether Lucent has a lot of control and if it is structured such that Bell Labs would be autonomous."

Senator Charles E. Schumer, Democrat of New York, who took a leading role in opposing the ports deal, issued a brief statement that said, "The Bell Labs are some of the premier research institutions in the country, and we should watch this proposed merger carefully."

Harry L. Clark, a lawyer at Dewey Ballantine who specializes in getting federal approval for foreign transactions, said the "political dimension" could play a role. "For a century, Bell Labs has been a crown jewel of American research," he said.

Alcatel Board To Review Lucent Talks (AP)

AP, March 28, 2006

PARIS — Alcatel SA's board will meet Thursday to review the company's merger talks with U.S. rival Lucent Technologies Inc., the French telecom equipment maker said Monday.

Alcatel board members will be briefed on the "ongoing discussions" with Lucent at the meeting, company spokesman Mark Burnworth said.

"There won't necessarily be any conclusions," he said, declining further comment.

Alcatel and Lucent announced Friday that they were making a second attempt to negotiate a merger, after previous talks in 2001 ended without a deal.

Analysts say the deal would give Alcatel a foothold in the U.S. telecoms market and help the combined company cope with growing price pressures, as larger phone and Internet operators emerge from a new wave of consolidation and demand economies of scale on their equipment purchases.

Shares in Lucent Technologies rose 2 cents, to finish at $3.08 Monday on the New York Stock Exchange, building on Friday's 8.5 percent gain after the talks were announced.

But Alcatel's American depositary shares dropped 27 cents, or 1.7 percent, to close at $15.43 on the NYSE, erasing Friday's 1.6 percent gain.

Oil Sector Mergers Hit $160bn Last Year (FT)

By Carola Hoyos

Financial Times, March 28, 2006

Mergers and acquisitions in the oil and gas industry tripled in value last year to $160bn - the highest level since the boom year of 1998 when Exxon and Mobil merged, BP took over Amoco, and Total bought PetroFina.

Deals by Chinese oil and natural gas companies, meanwhile, are expected to have grown sixfold to $6bn in 2005 as they became big international players, buying assets from Ecuador to Sudan and Syria, according to an authoritative industry study.

The report, released tomorrow, suggests oil industry executives and government leaders have been on a frantic global buying spree, under rising pressure to secure the oil and gas needed to fuel economic expansion.

The study by Harrison Lovegrove, the UK-based corporate advisers, and John S Herold, the US research firm, is widely regarded by the industry as the most comprehensive report on M&A activity in the sector. It is expected to show that last year oil companies were willing to pay 54 per cent more for acquisitions in North America as executives bet that high oil prices were here to stay. Acquisition prices in the rest of the world shot up 350 per cent.

Excluding the former Soviet Union, prices outside North America jumped 155 per cent. But the highest prices were attracted by Canada because of its political stability and favourable tax environment.

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The report found that more than 240 deals had been struck worldwide, a 40 per cent jump from the preceding year. Much of the activity was among publicly traded companies. It included Chevron's $20bn purchase of Unocal and ConocoPhillips's acquisition of Burlington Resources for $36bn.

The companies being snapped up were mainly mid-sized – too big for modest drilling successes to deliver good growth results but not large enough to compete with national oil companies or to venture into tough new terrain.

National oil companies also had busy mergers and acquisition programmes.

Deals by state-controlled companies totalled $30bn, three times up on 2004.

Moscow's consolidation of its power over Russia's energy interests involved its purchase of a 10 per cent stake in Gazprom, the natural gas monopoly, and Gazprom's $13bn acquisition of Sibneft, among others. The value of the deals totalled about $20bn.

Despite last year's boom, executives of the biggest oil groups continue to argue publicly that potential acquisitions are currently too expensive. And behind the scenes, regulatory hurdles have been sharpened by the political backlash over the industry's record earnings.

At least one big oil company has said it will be on the prowl for takeover targets once oil prices drop to about $45 a barrel. This price fall, it is hoped, will remove the gloss of high revenues to reveal those companies struggling to keep costs in check and unable to grow.

ENVIRONMENT/INDIAN AFFAIRS:

Big Businesses Have New Take On Warming (WSJ)

By John J. Fialka

The Wall Street Journal, March 28, 2006

WASHINGTON -- The global warming debate on Capitol Hill is focused on whether the federal government should impose stricter emissions rules. But a key Senate panel is shifting the discussion from "whether" to "how."

The Senate Energy Committee is hearing from industry and activists about how a mandatory plan to control carbon dioxide and other so-called greenhouse gases could work. Many big businesses that resisted efforts to fight global warming are sending blueprints and companies like Southern Co. -- an Atlanta utility opposed to new controls -- have filed detailed proposals.

"We feel strongly that if there is going to be a mandatory program, it really has to be economy-wide," said Chris Hobson, a senior vice president at Southern. "To do it any other way would be unduly burdensome to our customers."

"What's interesting here is the diversity of companies and their willingness to respond in some detail," said Jonathan Pershing, a climate-change expert for the World Resources Institute, a nonprofit environmental think tank. Concern about the damage caused by climate change and industry's thirst for regulatory certainty, he predicts, could lead to passage of some form of mandatory carbon-dioxide controls within five years.

The energy committee has received 160 plans from companies and organizations, and members will hold a "roundtable" next Tuesday to sift through them. It will be Congress's first review of possible regulatory mechanisms of a system of mandatory controls.

President Bush has opposed anything other than a voluntary approach. Congress has debated and rejected climate-change regulation, but last fall the Senate opened the door a crack, with advocates mustering 53 votes for a resolution backing mandatory controls if they "will not significantly harm the United States economy."

The corporate proposals are part of an attempt to explore what is feasible along those lines. "There will be more good things put down by smart people on this effort than there have been at the beginnings of most processes like this," said Sen. Pete V. Domenici, (R., N.M.) chairman of the Senate panel.

One of the most ambitious plans comes from Arkansas retailer Wal-Mart Stores Inc., which last fall announced goals to make its stores greener. Andrew Ruben, Wal-Mart's vice president for corporate strategy, said the company wants the federal program to cover electricity generators, large industrial companies and the entire transportation sector. He said Wal-Mart won't wait for Congress to act and is planning a program to cut its emissions.

The company, which operates one of the nation's largest truck fleets, has set goals to make it 25% more efficient within two years and to double its fuel efficiency within 10 years.

Some of the most detailed plans are coming from utilities and other companies that would bear the economic brunt of new rules, including some who have lobbied against more regulations.

A number of major companies, including Southern and DuPont Co., favor what they call a "downstream" approach, which has an effect midway between fuel producers and the ultimate energy consumer. It would impose a cap-and-trade program for

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utilities and big manufacturers. The government would assign companies a "cap" -- a number of permits or credits to emit carbon dioxide -- which they could trade. Operators who emit less than their quota would have leftover credits to sell to those who need them to keep from exceeding their cap.

These companies also suggest that Congress add an "upstream" approach to cover the millions of cars and trucks in the transportation sector, which would be difficult to control driver-by-driver. So here the controls would shift up the chain of production, to oil refiners in the form of a higher fuel tax, or to auto makers, in the form of more stringent efficiency standards for new cars. The upstream approach would let market forces change consumer behavior.

"The U.S. could show a lot of leadership here because nobody else has figured out how to do this," said Richard Rosenzweig, chief operating officer of Natsource LLC, an emissions-trading firm in New York. He noted that ways to curb emissions in the transportation sector, which generates about 30% of the nation's carbon-dioxide emissions, will be needed in any program to lower U.S. emissions.

Duke Energy Corp., a Charlotte, N.C., electricity producer, is among companies suggesting that Congress apply the upstream approach to all economic sectors in the form of a tax on the carbon content of fuel. The approach would provide "price certainty, gradual timing and administrative simplicity," Duke's plan says. Under some forms of carbon tax, the government would use a portion of the income for research and development of cleaner energy sources and more efficient ways to use energy.

The American Iron and Steel Institute argues in its filing that neither the upstream nor downstream approach will work unless heavy energy users, such as steelmakers, get some form of relief from higher energy prices. Otherwise, they say, companies may shift production overseas. "Companies are very nervous about this," said Jim Schultz, a vice president of the institute. He said the price of carbon credits under the European Union's cap-and-trade system have climbed so high that European steelmakers are considering moving more production to countries such as Brazil, which doesn't have carbon-dioxide controls.

The Senate panel also is looking at systems being developed by Canada and Japan, both of which must comply with the Kyoto Protocol. That agreement among 38 industrial nations, not including the U.S., to reduce greenhouse-gas emissions went into force in February 2005, after Russia ratified it. The treaty requires most industrial nations to reduce emissions by an average of 5.2% below 1990 levels by 2012.

It isn't clear how the plans submitted to the Senate energy panel will compare with Kyoto's goals in reducing emissions. The blueprints U.S. lawmakers are considering focus more on the nuts-and-bolts of how the systems would work, rather than their precise effects in lowering greenhouse gases.

Japan will rely on voluntary emissions reductions at home and major government purchases of carbon credits from abroad to help Japanese companies meet their Kyoto targets.

Canada's system would cover about 10,000 plants in major industries, but, unlike Europe's, it has a "safety valve" that would allow the government to freeze the price of carbon-dioxide credits if market trading drives prices too high.

Some environmental groups argue the safety-valve approach will weaken mandatory controls. Jason Grumet, executive director of the bipartisan National Commission on Energy Policy, counters that it could be key to U.S. passage.

"With a safety valve you can go into a politician's office and assure him or her that the price will go no higher than X amount," said Mr. Grumet. Getting the U.S. to launch a program, he said, may be crucial to getting other big world emitters, such as China and India, to brave the political pain of mandatory controls. "You can't let the perfect become the enemy of the good."

An Ice Day For A News Conference (WP)

By Art Buchwald

The Washington Post, March 28, 2006

President Bush is covering all his bases. He is traveling around the United States defending his policies.

The White House is scripting his appearances, and, of course, they depend on press coverage.

Bush's handlers pointed out to the president that he had not said anything about global warming, and it was becoming a sore point with the public.

One adviser says, "Let's set up a news conference and advertise the fact that the president will talk about global warming."

The president agrees that it is a good idea and asks, "Where should we hold the conference?"

Another adviser answers, "What do you think about holding a fundraiser on the Arctic Ocean?"

Someone else says, "What about on the Titanic?"

"And we'll have a big banner saying, 'Mission Accomplished.' "

"I like it," the president says. "What do I say about my stand on global warming?"

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"You can say that the press only writes about the bad things, like the Earth getting warmer and polar ice caps melting. You will announce that your environmental adviser, who formerly worked for the Petroleum Institute, said that scientists don't know what they're talking about."

Bush says, "I have never trusted scientists. They just stick with the numbers, and all they want to do is hurt us politically."

"Then, Mr. President, you will assure the country that the Titanic will never hit an iceberg as long as you're president. And even if you do, you will stay the course."

The president nods. "Can I talk about greenhouse gases that are melting the ice at both poles?"

"We think it's a good idea to say that, although the emissions may be responsible for the melting, American corporations are dependent on carbon dioxide to keep their factories going. You should also say warm weather will cut down on the use of heating oil."

The president says, "This would be a good place to attack the environmentalists."

An adviser says, "If any of the scientists try to make us look silly on global warming, we'll censor their reports and forbid them to attack our position."

The president asks, "Can I promise we can bring the boys home by Christmas?"

"Good idea."

An aide says, "Mr. President, your second term is only the tip of the iceberg, and you will do whatever is necessary, even though it hurts you in the polls."

Another adviser adds, "The temperature changes can't but help your popularity. You'll go down in history as the American president that warmed the world."

An environmental adviser says, "We will announce that we believe in a preemptive strike against floods, droughts, heat waves and hurricanes -- because you think it's the right thing to do."

An adviser says, "The country will remember that you were the captain of the Titanic, and if it weren't for you, the ship would have struck an iceberg."

"Sir, this global warming news conference on the Titanic will be remembered in a league with the Gettysburg Address."

"Mr. President, this will be a great photo op."

The president asks, "Who will we put on the deck of the Titanic to cheer me on?"

"Conservatives, anti-environmentalists, polar bears, seals and penguins."

At The U.N.: This Virus Has An Expert 'Quite Scared' (NYT)

By Donald G. McNeil Jr.

The New York Times, March 28, 2006

Dr. David Nabarro, chief avian flu coordinator for the United Nations, has become gun-shy about making predictions — in particular about if and when the A(H5N1) virus, now devastating bird populations around the world, will do the same to humans.

But Dr. Nabarro describes himself as "quite scared," especially since the disease has broken out of Asia and reached birds in Africa, Europe and India much faster than he expected it to.

"That rampant, explosive spread," he said, "and the dramatic way it's killing poultry so rapidly suggests that we've got a very beastly virus in our midst."

Dr. Nabarro, the former chief of crisis response for the World Health Organization, admits that he has been accused before of being an alarmist.

On his first day in his current job, he was quoted as saying the avian flu could kill 150 million people.

In December 2004, when he was in charge of the health organization's response to the Indian Ocean tsunami, he warned that if help did not arrive quickly, cholera and malaria could kill twice as many people as the waves had just swept away.

In Darfur the same year, he said that 10,000 people a month were dying in refugee camps because the Sudanese government was rebuffing aid.

And earlier that year, he warned that Israeli roadblocks were endangering Palestinians who needed drugs for diabetes and high blood pressure.

Asked to reflect on those warnings, he answers: About Darfur, he was dead right. On the Palestinians, he was also right, but massive infusions of aid kept death rates down. On the tsunami, he said, he made his dire forecast when only 40,000 people — not 300,000 — were believed dead, and the world's abundant generosity paid for the clean water and mosquito control that prevented the worst from coming true.

On avian flu, he notes, he predicted 5 million to 150 million deaths — the same range the World Bank was using — but headline writers quoted only the higher figure.

And how many does he now say could die? "I don't know," he said. "Nobody knows."

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But he repeatedly said that he is more scared than he was when he took the job in September. In October, he predicted that the virus would reach Africa, where surveillance is so poor that deaths of chickens or humans could easily go undiagnosed for weeks. Last month, he was proved right.

The infection of millions more birds in many more countries "has led to an exponential increase of the load of virus in the world," he said. And influenza is a fast-mutating virus. Each infected bird and person is actually awash in minutely different strains, and it takes lengthy genetic testing to sequence each one — so if a pandemic strain were to appear, "it might be quite difficult for us to pick up that change when it happens."

To skeptics who doubt that the A(H5N1) strain will become a threat to humans because it has existed for 10 years without doing so, he counters that it had the same 10 years to move out of Southeast Asia but did not until last year, when it shot across half the globe.

The skepticism reminds him of his stint in East Africa in the 1980's. No one realized then how widespread the AIDS virus was, and it was still unclear whether it was transmitted by sex. Some experts argued that sex was such an inefficient method of disease transmission that it would never be much of a threat. It has now killed 20 million people, and 40 million more are infected.

"We failed to give it the proper focus, right at the beginning," he said.

Like early AIDS, he said, avian flu has too many unanswered questions, like: Why did the disease, after years of smoldering in poultry, suddenly start hitchhiking in migratory birds? Why does the northern China strain — the one now spreading westward — turn up so many false negatives in diagnostic tests? Why did so many people fall sick so quickly in Turkey?

"Bits of the puzzle are missing," he said. "In six months, will we be cursing ourselves for missing some key phenomena now?"

He fears that the virus will soon be endemic in birds everywhere, rendering containment fruitless and condemning the world to mounting a perpetual vigil for human outbreaks. Its movement into cats frightens him even more because humans routinely curl up with them.

Mutations making it less lethal to humans may, paradoxically, be bad news, he said. A disease that kills half of those it infects often burns out before it reaches new victims, while one that leaves 98 percent of its victims alive, as the 1918 flu did, rapidly reaches hundreds of millions because it has so many carriers.

As a public-health bureaucrat, the 56-year-old Dr. Nabarro, who is British, wants to come across as "honest, accurate, down-to-earth, someone who can translate complex facts in a way that makes emotional sense to those receiving them."

Still, there is something about his voice. Experience has made him wary of misquotation, so he chooses his words as carefully as a surgeon picks through his tray of instruments. But his enunciation is chilling — reminiscent of Basil Rathbone as Sherlock Holmes, describing with slow, awful precision how a body was mutilated.

Even his lighthearted similes come across that way. An Oxford graduate and the son of a prominent doctor, he knows the value of a yard chicken because he has worked in Nepal, northern Iraq and East Africa fighting malaria and malnutrition.

Each bird that lays eggs until it ends up in the pot, he said, "is a short-term savings account with a high rate of growth and a yield that no bank can match."

Culling ruins third world farmers the same way canceling Social Security would devastate the American working class. It forces the poor to hide their flocks and thus protect the virus.

Dr. Nabarro rejects "gloomy" as a description of his outlook, but if he were an oncologist, his patients would flee.

He works out of rented United Nations offices in the Chrysler Building in Manhattan and spends much of his time traveling. But if human spread of the disease starts, that will end abruptly. There will be, he predicted, a "period of wonderment," while authorities figure out whether the first cases are real, then borders will close, airports will shut down, and travelers everywhere will be stranded.

"Assuming I'm here," he said, "I'll just camp down, probably in the Secretariat, and stay there for 6 to 10 weeks."

That means he will not be with his wife and five children, who are still in Switzerland, where he was posted with the health organization, or in college in England. He has not stockpiled Tamiflu for them or for himself, he said — though he does carry a box of it to show at meetings. They, too, will have to hunker down where they are.

"But they know the job I'm doing," he said. "They see me as I'm plotting the virus on maps."

The one aspect of his job that makes him more optimistic is that the world is waking up. In January, Dr. Nabarro went to a summit in Beijing hoping to raise $1.2 billion for the fight. He got $1.9 billion.

Still, that is just a beginning, he said.

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"We spend billions to protect ourselves from threats that may not exist, from missiles, bombs and human combatants," he said. "But pathogens from the animal kingdom are something against which we are appallingly badly protected, and our investment in pandemic insurance is minute."

On The Front: A Pandemic Is Worrisome But 'Unlikely' (NYT)

By Elisabeth Rosenthal

The New York Times, March 28, 2006

OXFORD, England — The Hospital for Tropical Diseases in Ho Chi Minh City, where Dr. Jeremy Farrar works, has treated about two dozen people with avian influenza in the last three years.

With that tiny number, Dr. Farrar and his Vietnamese colleagues probably have more clinical experience than any other doctors with the A(H5N1) virus — the dreaded germ that international health officials fear may ignite the next flu pandemic.

Yet, Dr. Farrar notes, this trickle of humans infected with bird flu — 186 in all since 2003 — has provoked a flood of scientific meetings on pandemics, accelerating in recent months.

"The ratio of meetings to patients is probably 10 to 1: Hawaii tomorrow. Geneva and Singapore next week," said Dr. Farrar, in jeans and carrying a red backpack, on a break from a conference where he was — naturally — speaking on the topic.

"The interest is phenomenal," he said, clicking at his popular PowerPoint presentation.

Still, Dr. Farrar is not sure that this intensity is entirely rational:

Having observed A(H5N1) for many years in Asia, he thinks it is unlikely that the virus is poised to jump species, becoming readily transmissible to humans or among them. Nor does he believe the mantra that a horrific influenza pandemic is inevitable or long overdue. He points out that the only prior pandemic with a devastating death toll was in 1918, and he says that may have been "a unique biological event."

"For years, they have been telling us it's going to happen — and it hasn't," said Dr. Farrar, director of the Oxford University Clinical Research Unit at the hospital in Vietnam. "Billions of chickens in Asia have been infected and millions of people lived with them — we in Asia are intimate with our poultry — and less than 200 people have gotten infected.

"That tells you that the constraints on the virus are considerable," he continued. "It must be hard for this virus to jump."

Still, a part of Dr. Farrar is terrified of A(H5N1) — "a very nasty virus," he calls it — which he has watched kill healthy young people, devouring their lungs.

In the last year, the virus has extended its range in birds from Eastern China to Western Africa. Over time, it has expanded the variety of species it can infect, including ferrets and cats.

"That is alarming," he acknowledges in the understated British way.

Like all responsible scientists, Dr. Farrar believes the world should prepare. But schooled in places where people die of real and present diseases like malaria and tuberculosis, he finds the "doomsday" predictions sketched out by some international officials unhelpful, more fantasy than fact.

And even if these officials' dire forecasts were to come true, he says, many of their elaborate pandemic preparedness plans are unworkable in developing countries, which do not have the resources or medical facilities to comply.

"I think you have to say we really don't know the odds of pandemic, and people are not comfortable with that," Dr. Farrar said. "It could fizzle out and kill 98 people — one more than the number dead today. Or it could be something like 200 million," closer to an estimate once made by Dr. David Nabarro, chief avian flu coordinator for the United Nations.

"It's terrifying if it happens, but it is very, very unlikely, I think — and it is difficult to balance those facts."

At the Tropical Disease Hospital in Vietnam, doctors have been doing just that, bracing for a pandemic that may never come, since long before it became fashionable in the West.

Before Vietnam began vaccinating poultry in mid-2005, the disease was rampant among birds there. Of the world's 186 confirmed human cases, 93 are from Vietnam. There have been no new cases this year.

But in the Tropical Diseases Hospital, doctors and nurses still don full bio-protective gear when they evaluate suspected cases, because "you don't know if the next one will mark the start of human to human transmission," Dr. Farrar said.

With each new patient, they assiduously try to follow international scientific recommendations. But their on-the-ground experience reveals holes in the neat strategies coming from United Nations experts in Geneva and Rome.

The World Health Organization suggests that it might be possible to contain a pandemic by quickly diagnosing index cases, identifying contacts, prescribing all antiviral drugs, and quarantining, for example.

In response, Dr. Farrar shows a picture of the home of a patient: a hut on stilts by the Mekong River. When that patient fell ill, he took a boat to the local health station, and was transferred to the district hospital, Dr. Farrar says. Later, an ambulance took him to Ho Chi Minh City, where genetic analysis showed that he had avian influenza, instead of typical pneumonia. If bird flu ever gained the ability to spread easily among humans, that patient would have infected thousands before diagnosis.

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"You've got to act quickly, but the process now takes many days," Dr. Farrar said, suggesting that more money for clinics, labs and experts should be flowing to developing nations.

"Then you're supposed to go back to the village and saturate it with oseltamivir?" he asks, using the generic name for the antiviral drug Tamiflu. "What do the villagers do when they hear the man has bird flu? They don't sit still; they get on buses and flee and stay with relatives in other villages," potentially spreading it there.

For doctors in Vietnam, human cases of avian influenza have been a frightening reality for more than three years, and Dr. Farrar vividly remembers the initial terror of the devoted hospital staff, unsure if they could catch bird flu from patients.

"Look at this lung — there's nothing there," he said pulling up the X-ray of a patient who is back at the university, but whose left chest shows a vast empty cavern. Studies from the hospital have taught the world much about A(H5N1): humans took longer to clear this virus than normal influenza, for example, and Tamiflu can quickly breed resistant strains.

But, to Dr. Farrar's chagrin, the treatment options have not really improved.

Flu vaccines are still manufactured by an "ancient strategy" that involves injecting eggs with virus, he complained, even as other vaccines rely on more sophisticated methods. As a result, flu vaccines — including experimental versions aimed at A(H5N1) — are cumbersome to produce, and target just one strain.

"What we need is a vaccine that is effective across strains because the virus can be different each year," he said. "My mom in the U.K. can get a shot every year, but that is not realistic in rural Asia."

More remarkable still, he said, Tamiflu is still the only drug useful against avian influenza, "and we all know that one drug is not adequate to treat any viral disease," he said, noting that multiple drugs are used in AIDS.

Patients at Dr. Farrar's Hospital are given Tamiflu, and it appears to help some. "It's all that we have," he said. "So if I was sick, I'd certainly want to get it."

But, he rues the lack of international research and coordination to tackle a disease that has been in Asia for nearly 10 years. For example, he said, although Vietnam has greatly reduced the number of bird flu outbreaks by vaccinating poultry, no one knows if the vaccine puts pressure on A(H5N1) to mutate to develop resistance to the shot, which could cause a rebound of disease in the coming years.

Personally, Dr. Farrar remains optimistic, believing a pandemic will not come. If A(H5N1) changed so that it readily infected people, it would probably become less deadly, he said.

But if disaster happens, he says: "People will look back and say: 'This was a nasty virus that you knew could sometimes infect other species. Why didn't you do something? All you had was a single effective drug and no vaccine?' "

With Every Epidemic, Health Officials Face Tough Choices (NYT)

By Lawrence K. Altman, M.d.

The New York Times, March 28, 2006

To warn. Or not to warn.

That classic dilemma in public health has been brought into sharp focus by the A(H5N1) avian influenza virus that is spreading around the world and has led to the death of tens of millions of birds in Asia and Europe.

For health officials, few decisions can be as crucial as deciding if and when to sound early warnings when they believe that an epidemic is possible but do not know whether it will become a real catastrophe.

The dilemma often concerns the influenza virus because it continually mutates, leading to human pandemics that predictably occur unpredictably. Although scientists lack the knowledge to predict when and what strain will cause the next influenza pandemic, they say they are convinced that another one is inevitable and so preparation must start as soon as a threat is detected.

That kind of immediate action occurred in 1976 after four cases of swine influenza were detected at Fort Dix, a military base in New Jersey. Fearing that the cases represented an early warning of an impending pandemic of influenza, Public Health Service officials rushed President Gerald R. Ford, who was running for re-election, into recommending a swine influenza shot for every American.

Mr. Ford proposed a $135 million program to make enough vaccine to immunize 200 million people, about 95 percent of the United States population at the time. It was the government's first effort to immunize all Americans against one disease in one program, and Congress authorized it.

But the effort was suspended shortly after it began because a paralyzing ailment, Guillain-Barré syndrome, occurred among a small number of the 42 million vaccine recipients.

A few cases of the syndrome had been linked to influenza vaccine, but government officials failed to mention the risk in the consent form or to discuss it publicly.

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The feared killer disease never came. But by the time the effort ended, 535 cases of Guillain-Barré had been diagnosed, including 23 deaths, outnumbering the mostly mild 230 cases of swine flu at Fort Dix. The virus did not spread. The immunization plan was a fiasco. Health officials were dismissed, some say unfairly.

The episode has become a textbook case in training a new generation of health officials about the dangers of sounding warnings too early without having a well-thought-out plan.

The opposite problem — failing to warn about preparations for an outbreak — occurred in 2001.

Shortly after Sept. 11, Tommy G. Thompson, then the secretary of health and human services, went on national television to assure Americans that the government was fully prepared to respond to any bioterrorism attack.

Within days, the deliberate release of anthrax spores through the postal system proved him wrong. The outbreak was small — 22 cases, including 5 deaths. But it showed how poorly the government communicated in a timely way to doctors and the public. It left many government officials wanting never to be perceived as underreacting to a health threat.

The two episodes led many people to lose trust in government health warnings, or in the lack of them.

Warnings about A(H5N1) avian influenza began in 1997, when scientists in Hong Kong discovered that that strain of virus had jumped directly to cause disease in humans without first mixing in pigs, which had been the pattern until then. With the spread of the virus among birds, officials have warned that it could mutate, combine with a human influenza virus and create a new one to cause a human pandemic.

That has not happened, although 105 of the 186 people in the world who have developed A(H5N1) avian influenza have died.

Should health officials risk issuing stern warnings that may frighten people? Or should officials play it safe, going about their business and informing the public only when a pandemic becomes real?

If officials do issue early warnings, and nothing happens, they stand to lose credibility among people who say that scientists promoted the worst possibilities to grab more grants and waste taxpayer dollars.

If officials do not issue early or timely warnings, and a pandemic occurs, critics will say the public was not informed and protected in time.

The situation also leaves health officials vulnerable to charges of "I told you so," even though there is often no way to prove that the Monday morning quarterbacks actually made their criticisms known at the time key decisions had to be made.

Two types of dilemmas are often involved in deciding when and what warning to give, said Dr. Harvey V. Fineberg, who wrote a book with Richard E. Neustadt in 1978 analyzing the government's and industry's responses to the swine flu immunization program.

One is like a Category 5 hurricane with long odds on its occurring, but with devastating consequences if it does.

"In such cases, the naysayer is most often going to be right," said Dr. Fineberg, president of the Institute of Medicine of the National Academy of Sciences, said in an interview, referring to those who contend preparation is unnecessary.

The second dilemma involves a tension that can arise when scientists believe that political leaders and the public do not understand risk as well as scientists do. Problems can arise if an expert believes action is needed because the risk of an outbreak is, say, 10 percent, but perceives that government officials will consider 10 percent to be too low for action to be taken.

So the scientist may choose a way to present the facts and estimates to persuade government officials to do what the scientist believes is correct.

In deciding whether to warn and act, the tendency is often "reluctance to do something that may cause harm as opposed to allowing nature to create its own harm," Dr. Fineberg said.

Last year, the Bush administration released a comprehensive plan to counter an influenza pandemic. Even with it, the dilemma of when to warn will remain.

Making A Ferret Sneeze For Hints To The Transmission Of Bird Flu (NYT)

By Denise Grady

The New York Times, March 28, 2006

ATLANTA — One way to collect nasal secretions from a ferret is to anesthetize it, hold a petri dish under its snout and squirt a little salt water up its nose so that it will sneeze into the dish.

At the Centers for Disease Control and Prevention, ferret sneezes are frozen in tiny vials and locked up in a high-security chamber called an enhanced biosafety Level 3 laboratory. It takes a fingerprint scan to get in, and an iris scan to open the freezer. Scientists wear scrub suits, gowns, double gloves and hoods, breathe filtered air and open vials only by reaching into a safety cabinet designed to keep germs from escaping into the air.

The vials are in this lab because the animals have been exposed to A(H5N1), the notorious avian flu virus that has swept across Asia, Europe and Africa, wiping out flocks of poultry and sometimes killing people as well. Researchers at the disease

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centers and in other labs are studying the transmission and virulence of bird flu in ferrets and mice, trying to answer questions that take on more urgency as the virus advances.

"We have never had a situation like the world is experiencing today, such an unprecedented spread among poultry," said Dr. Timothy Uyeki, an epidemiologist and influenza expert at the disease centers. "The geographic spread is unprecedented, and the mortality unprecedented as well, and this virus has been clearly confirmed to transmit directly from poultry to people and to cause severe and fatal illness."

The big question is, will A(H5N1) cause a human pandemic? Many scientists think the world is overdue for one and find it worrisome that this dangerous virus has popped up now. Even so, in its present form this flu does not seem to be a pandemic germ because it does not spread easily from birds to humans, and because infected people rarely transmit it to others. But everything could change if the virus were to mutate in a way that made it easier for people to catch and spread.

"Why would a particular virus be transmitted easily human to human, and another not?" asked Dr. Peter Palese, chairman of microbiology at the Mount Sinai School of Medicine in New York. "Even though I am 35 years in this field, we do not have molecular parameters or signatures which make that clear, although many groups, including my own, are working on this exact question."

The virus is a moving target, and two distinct subsets of it have developed, one from Vietnam and one from Indonesia, that differ enough to make scientists think separate vaccines will be needed. Scientists are trying to understand how a virus can be wildly contagious among birds but almost impossible to spread in mammals — and what type of mutation could change that. They are also comparing different strains of A(H5N1) to see if it is becoming more virulent, and they are examining the structure of the virus in hopes of figuring out what makes it so deadly.

Ferrets are used for some studies because, unlike mice, they easily catch human flu viruses and get sick, and so are considered a better model for people. At the disease centers, Taronna Maines and Terrence Tumpey have infected ferrets with A(H5N1) and then monitored them to see if the severity of the disease varies by strain and by dose, and to see if the infected animals cough up the virus or sneeze it out and spread it to healthy ones.

It turns out that ferrets do not transmit the disease easily, though some healthy animals develop antibodies to the virus, indicating that they have been exposed. If a strain comes along that is contagious in ferrets, it might be bad news for people.

Research like this may help determine whether (A)H5N1 is heading down the path to becoming a pandemic strain, and may also help to guide the development of vaccines and drugs.

Aside from the virus's recent horrible track record, several other things about it can help explain why some scientists worry that it has pandemic potential. The A means it belongs to a larger group known as Type A influenza viruses, which cause many of the human flu epidemics that occur every winter. But more ominously, Type A also includes the only viruses ever known to have caused human pandemics, in 1918, 1957 and 1968.

Flu viruses mutate a lot, and pandemics occur when a Type A virus undergoes a big genetic change to produce a new type of virus to which people have little or no resistance. Sometimes the change occurs when a person or a pig acts as a "mixing vessel" for two flu viruses — maybe a human one and a bird one — which swap genes to produce a new virus. That kind of change is believed to have caused the 1957 and 1968 pandemics. But the 1918 pandemic, the worst by far, is thought to have occurred without a gene swap, when a bird flu somehow mutated enough to jump into humans.

All Type A viruses are found in birds. They probably originated in wild birds and usually do them little or no harm. Only a few evolved into strains that could easily infect people. A(H5N1) is not adapted to people, and researchers suspect that human victims so far may have been infected because they were exposed to enormous amounts of the virus from birds.

The letters H and N stand for two proteins on the outside of all Type A viruses. The H, hemagglutinin, helps the virus get into cells, which it must do to reproduce. The N, neuraminidase, helps it get back out to infect more cells. There are 16 kinds of H and 9 kinds of N; they mix and match, and so can produce 144 possible Type A strains. The worrisome thing about H5 is that H5 viruses are avian flus and have not been known to cause human epidemics, so many people may have little or no resistance to them.

Not long ago, A(H5N1) may well have been what scientists call a perfect parasite, meaning one that does little harm to its host, Dr. Ruben Donis, a flu expert at the disease centers. said. Some wild ducks seem to carry it without getting sick at all, so scientists think that ducks were probably its original host and that the two evolved together into a peaceful coexistence: the virus did not hurt the duck, and the duck's immune system ignored the virus. Thriving in the bird's intestines, the virus multiplied rapidly and was spread far and wide by droppings. Other aquatic birds may have adapted in a similar way.

Not so for chickens or other domestic fowl: A(H5N1) attacks their lungs and other organs, and it quickly kills them. But the chicken's immune system tries to fight back, and that battle may alter the virus. The bird may fight off some viruses, ones with certain mutations. Other viruses survive, multiply and become more common. And since they have beaten out the chicken's immune system, they may also be nastier.

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It is just a theory, but some scientists suspect that its forays into huge poultry flocks may have brought out more virulent forms of A(H5N1), which may explain why the virus now seems to be killing off more wild birds than in the past. At the same time, the virus has begun to invade more species, including mammals — infected cats, pigs and dogs have been reported. Researchers consider that a bad sign.

"The more opportunities this virus has to mutate during replication in a mammalian host, the more likely it is to mutate," said Dr. Nancy Cox, director of the influenza branch at the disease centers.

In the laboratory, Dr. Maines and Dr. Tumpey have found that the virus seems to have become more virulent over time. With some strains, an unbelievably small amount of virus will kill a mouse, Dr. Tumpey said. Last September, in the Journal of Virology, they reported that viruses from people infected in 2003 and 2004 were more deadly in mice and ferrets than were samples taken from 1997 victims. But there is not enough information about the human cases to tell whether the disease in people has gotten more severe.

Recent studies by several research teams have focused on hemagglutinin. The virus can attach only to cells that have the right receptors — compatible molecules on their surfaces. Many scientists think hemagglutinin, and mutations that change its structure, may control where the virus can go and what it can do. For instance, hemagglutinin may determine which species the virus can infect and which tissues it can invade.

The more organs and tissues a virus can attack, the more likely it is to cause severe disease. Scientists are especially interested in a part of the hemagglutinin that sets A(H5N1) apart from many other bird flu viruses by enabling it, in some species at least, to latch onto many types of cells and thus to cause systemic disease.

Studies published recently in Science and Nature by two research groups suggested that one reason A(H5N1) is not transmissible among people is that the virus can latch on only to cells deep in the respiratory tract, too far down to be coughed up or sneezed out to infect other people. They discovered that only the deeper cells had the right type of receptors.

But if the virus were to mutate so that it could connect with cells higher in the respiratory tract, then it might become transmissible. Several mutations would be needed, and virologists disagree about whether they are likely to occur.

Another major unanswered question concerns how severe bird flu really is in people. Based on cases in hospitals, it looks like a horrific disease with a 50 percent death rate.

But what if some people get infected and recover without seeing a doctor, or never get sick at all, and so are not counted? Then, the death rate would be lower.

A study published in January in The Archives of Internal Medicine suggests that there may be mild, unreported bird flu cases. Over a three-month period in 2004, researchers studied 45,478 residents in a rural district in Vietnam that had A(H5N1) outbreaks to find out how many had contact with sick birds and how many had flulike illnesses.

They found that statistically, those exposed to sick birds were most likely to have gotten sick, and of 8,149 who had a flulike illness, 650 to 750 probably caught it from birds. The study was not conclusive because the researchers did not test their subjects to find out for sure whether they had A(H5N1).

But if human cases are more common than previously thought, it could be both good news and bad news: good if not everyone becomes deathly ill, but not good if more people are infected and might act as the dreaded "mixing vessels" that could let A(H5N1) trade genes with an ordinary human flu virus and produce a new, highly contagious strain that could turn into a pandemic.

"The viruses are changing, and in ways of concern to me and other scientists," Dr. Cox said.

She said scientists had a unique window of opportunity now, in which they could see the disease in both birds and people and try to stop it or at least slow it down.

"Could we quench an incipient pandemic?" Dr. Cox asked. "I don't know, but we could try."

From The Chickens' Perspective, The Sky Really Is Falling (NYT)

By Donald G. McNeil Jr.

The New York Times, March 28, 2006

The A(H5N1) influenza strain circulating the globe now may never seriously threaten humans, but for another subset of the earth's living creatures, it is already a disaster.

"If you're a chicken," Dr. Julie Gerberding, director of the Centers for Disease Control and Prevention, said at a recent conference on avian flu, "this is a pandemic. We have to be aware that other species are thinking about this differently."

By some estimates, more than 200 million domestic chickens, ducks and geese have already either died of the disease or been killed on the order of public health authorities to prevent its spread.

But scientists are scratching their heads over how much of a threat the virus presents to the world's birds.

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All birds are thought to be susceptible, said P. Patrick Leahy, acting director of the United States Geological Survey, which tracks wild bird movements in the country. The survey's National Wildlife Health Center lists all the 87 species from which infected birds have been found in Asia, Africa and Europe. The species include sparrows, eagles and flamingoes. But in most cases, it has been a dead bird here and a dead bird there.

While the virus can race through a chicken farm, killing tens of thousands of birds in a few days, there have been very few die-offs of large numbers of wild birds in any one spot. Nor have ornithologists who net live birds along international flyways and take samples from birds shot by hunters found many infections.

And bird experts cannot yet point to any species they think is likely to become extinct.

"As a conservationist, I'm not concerned about it wiping out whole populations," said Colin Poole, director of the Asia program for the Wildlife Conservation Society, which runs the Bronx Zoo and others. "I'd say the biggest threat is things like Russian politicians saying people should go to the borders and shoot migrating birds. There's plenty of that kind of nonsense going around."

In May 2005, Chinese researchers reported that 6,000 dead birds had been found in Qinghai Lake nature reserve, among them many bar-headed geese (Anser indicus). In theory, that could mean that 5 percent to 10 percent of the world's population of bar-headed geese was wiped out, but foreign teams were not allowed near the lake, and several bird experts said that the sampling data China released was sketchy about which species were affected.

Shortly afterward, reports of a large die-off at Erkhel Lake in Mongolia were investigated by Wildlife Conservation Society veterinarians. They found only 100 dead birds, many of them swans, and counted 6,500 live ones of 55 species. Only one sample from about 800 they gathered turned out positive for the virus.

"It had a very low impact," Dr. William Karesh, one of the veterinarians, said at the time. "The disease is self-limiting in wild birds."

According to Birdlife International, a bird-protection group based in England, members of two other threatened species, the red-breasted goose (Branta ruficollis) and the Dalmatian pelican (Pelecanus crispus), have been found dead of the disease. But only a handful were found, and there are an estimated 88,000 of the geese and 15,000 of the pelicans remaining.

There are at least 15 types of avian flu, and wild ducks are a natural host. The viruses, which are shed in feces and linger in water, turn Arctic breeding ponds into a duck soup of influenza, and migratory birds carry antibodies to many strains.

But when a new virus gets into a barn packed with thousands of young chickens that have been genetically selected for their plump breasts rather than their ability to survive in the wild, it leaps from bird to bird, mutating slightly each time, and sometimes morphs into a lethal strain — just as the 1918 Spanish flu was believed to become more deadly as it passed through crowded American military camps during the cold winter of 1917.

The new, lethal virus may then be passed back to migratory birds when they visit ponds or rice paddies used by domestic flocks — or perhaps through intermediaries like crows or mynahs that steal food from poultry operations. But then, that wild infection may snuff itself out again because dying birds cannot fly far.

This may help account for the unpredictable hopscotch pattern the virus is following, experts said.

"It's hard to know what's going on," said Rob Fergus, science coordinator for the National Audubon Society. "But we're not seeing many wild birds dying nearby every time we find outbreaks in poultry."

Another possible route is the international trade in day-old chicks. After the outbreak in Nigeria, the Nigerian agriculture minister, Adamu Bello, said poultry producers there import chicks from China and Turkey, where the disease is widespread. Although the river deltas of southern Nigeria shelter many birds that migrate from Europe, ducks there are not dying, and the first infected poultry operations were in the arid north.

The chick trade "has made the chicken the most migratory bird in the world," said Adrian Long, a spokesman for Birdlife International. "When the United Nations puts every outbreak on wild birds, they're not exactly being Sherlock Holmes in their inquiries."

Two localized die-offs of wild birds, one in Azerbaijan and one in Germany, have been reported. And from Italy to Sweden, small numbers of dead, infected swans have been found, while many other species sharing waters with them appear healthy.

Many of the dead were mute swans (Cygnus olor), Mr. Poole said, which often live close to humans in park lakes. Unlike whistling swans, which migrate thousands of miles to the Arctic, mutes tend to circle Europe following food crops, the way Canada geese circle North America, and might have caught their infections from poultry in Turkey or Romania.

Human overreactions have proved more of a threat. In January 2004, the Thai government briefly laid plans to kill 70,000 open-billed storks in two nature reserves, fearing they were spreading the disease after 200 of them died. It canceled the plan a month later after only two of the dead birds turned out to have had the flu.

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In Romania, villagers were reported to have attacked exhausted wild birds on an icy lake. In Maine, Kathleen F. Gensheimer, the state epidemiologist, said her department had fielded calls from citizens asking if they should shoot all the Canada geese landing in their backyards.

No bird with the deadly A(H5N1) strain has yet been found in North or South America.

The disease is endemic in China's poultry, and many species migrate over those flocks. Authorities in Hong Kong, Japan, South Korea, Australia and New Zealand have tested thousands of those migratory birds in the last two years, Mr. Poole said. Not a single infected one has been found. (Most of the tests were of feces, not blood, so the birds were not shedding the A(H5N1) virus. Blood tests might have shown antibodies to the virus, meaning the birds had been infected but survived.)

In Hong Kong, 16 birds found dead have tested positive, he said, "but they were all chickens or resident species, not migratory, and all from species associated with humans — crows, magpies, mynahs."

A huge study of swabs and fecal samples from 13,000 wild ducks in marshes in Hong Kong and eastern China and 51,000 ducks in wet markets around China, reported last month by virologists in Asia and from St. Jude Research Hospital, showed that some healthy looking wild ducks were shedding a form of the virus that was lethal to domestic birds. And the A(H5N1) strains in domestic poultry had mutated into such distinct regional clades that the authors believed most of the spread in those flocks was from farm to farm, not from wild birds.

The study suggested that wild ducks were probably responsible for moving the virus to Mongolia, Russia and Europe, but that they were probably getting infected by strains percolating in the domestic flocks of southern China.

The 1918 Flu Killed Millions. Does It Hold Clues For Today? (NYT)

By Gina Kolata

The New York Times, March 28, 2006

Flu researchers know the epidemic of 1918 all too well.

It was the worst infectious disease epidemic ever, killing more Americans in just a few months than died in World War I, World War II, the Korean War and the Vietnam Wars combined. Unlike most flu strains, which kill predominantly the very old and the very young, this one — a bird flu, as it turns out — struck young adults in their 20's, 30's and 40's, leaving children orphaned and families without wage earners.

So now, as another bird flu spreads across the globe, killing domestic fowl and some wild birds and, ominously, infecting and killing more than 100 people as well, many scientists are looking back to 1918. Did that flu pandemic get started in the same way as this one? Will today's bird flu turn into tomorrow's human pandemic?

And what, if anything, does that nearly century old virus and the pandemic it caused reveal about what is happening today?

The answer is: a lot and not enough. The 1918 pandemic showed how quickly an influenza virus could devastate American towns and cities and how easily it could spread across the globe, even in an era before air travel.

It showed that a flu virus could produce unfamiliar symptoms and could kill in unprecedented ways. And it showed that a bird flu could turn into something that spreads among people.

But the parallels go only so far, researchers say. For now, they are left with as many questions as answers.

In the fall of 1918 flu struck the United States and parts of Europe hard and traveled to every corner of the world except Australia and a few remote islands. A few months later, it vanished, burning itself out after infecting nearly everyone who could be infected.

The virus arrived at even the most improbable places, like isolated Alaskan villages. In one such village, Wales, 178 of its 396 residents died during one week in November, after a mailman arrived by dog sled, bringing the virus along with the mail.

Public health officials tried in vain to contain its spread. In Philadelphia, people were exhorted not to cough, sneeze or spit in public.

But the virus spread anyway. On Oct. 3, Philadelphia closed all of its schools, churches, theaters and pool halls. Still, within a month, nearly 11,000 Philadelphians died of influenza.

Anyone who doubts that flu deaths can be horrific need only read the memoirs of physicians like Dr. Victor C. Vaughan, who treated influenza victims in 1918.

Dr. Vaughan, a former president of the American Medical Association, was summoned by the surgeon general to Camp Devens, near Boston, where the flu struck in September. He later described the scene in his memoirs.

The men, Dr. Vaughan wrote, "are placed on the cots until every bed is full, yet others crowd in."

"Their faces soon wear a bluish cast; a distressing cough brings up the blood stained sputum," he continued.

"In the morning, the dead bodies are stacked about the morgue like cord wood," Dr. Vaughan said. "This picture was painted on my memory cells at the division hospital, Camp Devens, in the fall of 1918, when the deadly influenza virus demonstrated the inferiority of human inventions in the destruction of human life."

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Still, scientists are left with an abiding mystery: Where did the 1918 virus come from?

Investigators know more than they once did. They know exactly what the virus looked like, thanks to Dr. Jeffrey Taubenberger, chief of the division of molecular pathology at the Armed Forces Institute of Pathology, and his colleagues, who obtained snippets of preserved lung tissue from three victims of the 1918 flu and managed to fish out shards of the virus and piece together its genes. Although the 1918 virus was a strain different from the A (H5N1) virus that is now killing birds, it was, Dr. Taubenberger found, a bird flu.

What is not known is how the 1918 virus moved from birds to humans.

One clue could come from knowing what flu viruses existed before the 1918 pandemic. Perhaps the 1918 virus entered the human population before 1918 in a more benign form then mutated to become a killer. Or perhaps it suddenly showed up in humans, jumping directly from birds to people.

To find out, Dr. Taubenberger and Dr. John Oxford of the Royal London Hospital are looking for human flu viruses that existed before 1918. London Hospital has a collection of human tissue obtained from 1908 to 1918. Dr. Taubenberger is searching for flu viruses in lung tissue from people who died of pneumonia in those years, hoping to use the same methods that allowed him to piece together the 1918 virus to resurrect a flu virus that was in humans before 1918.

The 1918 virus also is teaching researchers about experimental vaccines that scientists hope will protect against a variety of influenza strains. The plan had been to make a sort of universal flu vaccine that would protect against various flu viruses. Then people would not need a flu shot each year, and the vaccine might stop pandemic flu strains from ever gaining a toehold.

But, says Dr. Terrence Tumpey, a microbiologist at the Centers for Disease Control and Prevention, although the experimental vaccines protect against ordinary human flu viruses, they do not protect against the 1918 virus. Nor do they protect against today's A(H5N1) bird flu virus.

That leaves scientists with a puzzle. If they are worried about a 1918-like flu, they want a universal vaccine to protect against it, and they wonder what makes these bird flus so impervious? At this point, no one knows, Dr. Tumpey says.

Another abiding mystery is that neither the 1918 influenza pandemic nor any other human influenza pandemic began with a flu pandemic that killed birds. And, scientists add, if the 1918 pandemic had begun that way, it would have been noticed. Even if the deaths of wild birds went undetected, the deaths of domestic fowl would have been recorded.

Wild birds are inured to most flu viruses — clouds of the viruses normally infect them, living in their gastrointestinal tracts but causing little or no disease. Sometimes, those flu viruses infect poultry and, while they usually cause little illness, some flu strains can be lethal to fowl and economically devastating to farmers.

That, Dr. Taubenberger says, "has been recognized for 150 years." In the 1920's, scientists even isolated viruses from what they used to call fowl plague and what is now known to be bird flu. They were not the same viruses that infected humans.

The problem is in deciding what all this means.

The history of the 1918 flu can take scientists only so far, Dr. Taubenberger said.

"We don't know how the 1918 pandemic evolved and how the virus emerged into a form that was the finished product," he said. "What we sequenced was a virus that was ready for prime time, not its precursor."

"Ultimately," Dr. Taubenberger said, "the answer to the big question is, We don't know. There is no historical precedent for what is going on today."

Woman Jailed In Havre On Charge Related To Fatal Shooting In Hays (HAVREDN)

By Krista Corner, Havre Daily News

Havre (MT) Daily News, March 28, 2006

A fatal shooting in Hays on Saturday left one man dead and his daughter in custody, an FBI official said this morning.

Neil Gray, 43, was shot to death in his residence in Hays on the Fort Belknap Indian Reservation, FBI spokesman Patrick Kiernan said today in an interview from Salt Lake City. Gray's daughter, Ashley Lynn Gray, 21, of Hays is being held in connection with the crime, Kiernan said. According to the Hill County Sheriff's Office, Gray is being held in county jail on charges of disorderly conduct and obstructing a peace officer.

"I anticipate additional or different charges will be filed" against Gray, Kiernan said.

The spokesman said he could not release any additional details regarding the incident.

FBI/DEA/ATF/USMS:

Gun Case Against Firefighter Spotlights Interrogation Policy (RMN)

By Kevin Vaughan, Rocky Mountain News

Rocky Mountain News, March 27, 2006

While the majority of law enforcement agencies routinely record interviews with suspects during criminal investigations, one of the biggest and most powerful ones all but refuses to tape interrogations.

The exception to a law enforcement trend now more than two decades old? The Federal Bureau of Investigation.

The argument against taping is simple: If agents record interviews, suspects won't talk candidly.

Not true, said Denver police Lt. Jon Priest, who helped usher his department's homicide unit into the era of video recording in 1983.

"That was the same argument that came out in 1966 when the Supreme Court ruled that you had to advise people of their rights. 'Oh my God, they'll never talk to us again,' " Priest said. "But you know what, they still do, and they still confess."

The FBI's long-standing practice is in the spotlight again in the case of a Denver firefighter facing federal charges of selling illegal machine guns. Stan Ford, 35, was arrested last November after a two-year investigation. After his arrest, Ford sat down with an FBI agent and a Denver police officer.

But exactly what he said is in dispute. The FBI agent wrote a report, slightly longer than three pages, summarizing the interview. That report includes several quotations.

At a court hearing earlier this month, Ford's attorney, Will Hood, won the right to examine the FBI agent's notes. He then pointed to a number of inconsistencies between the notes and the report.

In one instance, for example, the notes quote Ford as saying he liked to "buy and sell guns legally" - but the word "legally" was not in the report. In other examples, direct quotations in the report are not in the agent's notes.

"We wish that we actually had some kind of recording of it so that there was a verbatim record of exactly what words were exchanged," Hood said. "We feel disadvantaged by the absence of that."

Supervisory Special Agent Stephen Kodak of the FBI's national office in Washington, D.C., acknowledged that taping is rare. Kodak read a section from the bureau's manual: "FBI policy does not prohibit recording witness statements; rather, such recordings are permissible on an extremely limited, highly selective basis, and only when authorized" by the special agent in charge.

"Have I ever seen it done in my 15 years as a street agent?" Kodak said. "No. But to say it's not authorized would be a misstatement."

The policy is based on the belief that taping, "if instituted right away, when the witness does not wish to be tape recorded, can inhibit full and frank discussion."

But Priest believes taping in major cases insures accuracy.

"Certainly," he said, "there's no question about what was said, there's no question about how it was said, and in the custodial situation, there's no argument about the circumstances of the interview. Was he properly advised of his rights? Did he waive his rights? Was there any coercion or threat involved?"

Denver police aren't alone in their position.

"The bottom line on that is documentation," said Steve Davis, spokesman for the Lakewood Police Department. "You're documenting not only what an interviewee is saying, but what your people are saying to them. whether it's reading them their rights or clarifying a question asked of a suspect, it's documented.

"There's no misinterpretation because of somebody taking notes. It's all there on tape."

Hood is likely to raise the accuracy of the FBI's report at trial. He said he does not know why the FBI rarely tapes interviews.

Not taping, he said, could give agents "more latitude" in their characterization of statements. But it also opens agents up to challenges about their accuracy.

Kodak declined to discuss the controversies that can arise.

Among those who have encountered the FBI's policy are Randy and Judy Brown, a couple who have frequently battled with authorities in the Columbine case. When they were interviewed by FBI agents, they assumed - incorrectly, it turned out - that they were being recorded.

But when the report of an hours long interview came out, the Browns questioned some of the statements. They were told there wasn't a tape.

"My advice to everyone is if you're being interviewed by the FBI, tape it yourself," Judy Brown said.

19 Named In Meth Indictment (WT/UPI)

The Washington Times/UPI, March 27, 2006

Nineteen people were indicted in San Diego in an operation that allegedly used children to carry methamphetamines over the U.S.-Mexico border.

DOJ_NMG_0022888

The Drug Enforcement Administration, in a release Monday, said the group led by Jorge Arreola-Gomez smuggled large amounts of methamphetamines into the United States. Among those named in indictment are Arreola, his two sisters, his wife, his mother and two brothers-in-law.

Authorities said they seized more than 140 pounds of methamphetamine, 20 pounds of pseudoephedrine used to make methamphetamines and a large amount of U.S. currency.

Federal agents say they stopped several individuals crossing the border, including a juvenile taking 20 pounds of pseudoephedrine into Mexico and another youngster trying to sneak 8 pounds of methamphetamine into the United States. The first seizure authorities listed was last September when they netted 75 pounds of methamphetamines. The most recent arrest was March 6.

All of the defendants, 17 of whom are from California and two are from Mexico, were charged with conspiracy to distribute methamphetamine, which carries a maximum sentence of life in prison and a $4 million fine. Three defendants were also charged with a firearms violation, which could result in a life-in-prison and $250,000 fine sentence.

Nineteen In Southern California Charged In Meth Smuggling Case (AP)

AP, March 27, 2006

SAN DIEGO - A Chula Vista man suspected of leading a methamphetamine trafficking ring that used juveniles to sell or smuggle the drug was in federal custody Monday after being charged in a two-count indictment, authorities said.

Jorge Arreola-Gomez was among 19 people named in the indictment unsealed Friday by the U.S. Attorney's Office alleging that the defendants used numerous couriers, many of them teenagers, to smuggle methamphetamine across the U.S.-Mexico border.

An investigation led to the seizure of more than 140 pounds of methamphetamine, more than $25,000 in cash, a firearm and 20 pounds of pseudoephedrine, a nasal decongestant authorities say is commonly used to make methamphetamine.

Among those charged were Arreola-Gomez's wife, mother, two sisters and two brothers-in-law. Most of the defendants were from Southern California, with one man identified as a Mexican national.

All 19 faced one count of conspiracy to distribute methamphetamine. Arreola-Gomez and two others also were charged with carrying a firearm during a drug trafficking crime.

The penalties range from 10 years to life in prison and fines of $250,000 to $4 million.

The defendants were scheduled to appear at a detention hearing on Wednesday, said Assistant U.S. attorney Peter Ko.

Ex-BR Officer Pleads Not Guilty, Will Remain In Jail (ADV)

Advocate, March 28, 2006

A former Baton Rouge police officer accused of drug-trafficking will remain in jail until trial.

Daryl W. Davis, 38, 18030 Manning Drive, Prairieville, pleaded innocent Monday afternoon in Baton Rouge federal court and his court-appointed attorney, John McLindon, did not request bond.

Davis is being held in West Baton Rouge Parish Prison.

A federal grand jury indicted Davis last week on one count of possession with intent to distribute 11 pounds or more of cocaine.

He faces a minimum of 10 years in prison up to life if convicted as charged.

U.S. Magistrate Christine Noland said Monday that Davis likely would not have been eligible for bond anyway “because there’s such a high quantity of drugs involved.”

U.S. Drug Enforcement Administration agents investigated Davis for more than a year before arresting him last week.

An affidavit claims investigators seized cocaine from a garbage can in his garage, as well as a loaded .38-caliber revolver, ammunition, an electric money counter and money-packaging materials from elsewhere on the property.

Davis spent 13 years on the Baton Rouge police force. He was sentenced to five years in prison in February 2001 after being convicted on one count of obstruction of justice and one count of public bribery.

Davis was arrested in 1999 and accused of stealing a cell-phone cloning device from the Police Department evidence room and selling it for $1,000 to the man from whom officers seized it.

Davis was fired when he refused to answer questions posed by Internal Affairs investigators.

Lopez's Testimony Leaves Questions (TCI)

Tucson Citizen, March 27, 2006

Lourdes Lopez's friends didn't believe everything she said.

Federal agents didn't, either.

Now, jurors will weigh Lopez's credibility when they decide whether Dr. Bradley Alan Schwartz ordered the death of Dr. Brian Stidham.

Guessing if Lopez was telling the truth about a particular issue became a game among her friends, according to testimony before the Pima County Merit System Commission last year.

Last week, Lopez swore under oath that she didn't know Schwartz had gotten a third prescription for the painkiller Vicodin in her name in August 2001.

"I had no knowledge of that, sir," Lopez told defense attorney Brick P. Storts III.

According to a July 2002 Drug Enforcement Administration report, when Lopez was asked if she knew Schwartz tried to pick up Vicodin in her name, she "answered in the affirmative."

The July 2002 admissions came after Lopez lied to the DEA about the Vicodin scam and her relationship to Schwartz.

Lopez told Storts last week that she didn't know why the DEA wanted to talk with her.

"They just said there was a matter that they needed to speak with me about," Lopez said.

"Your testimony now is that an agent asked to speak to you at the Pima County Attorney's Office, but you didn't know why they were coming," Storts asked.

"I was a deputy county attorney," Lopez said. "I assumed it was concerning one of my cases or something. They didn't say exactly what it was about. It was on my voice mail that they needed to speak with me."

Not according to the July 2002 DEA report.

"(An agent) informed Ms. Lopez that she was not a good liar. Ms. Lopez agreed, and . . . stating that she was 'caught off guard,' " the report states. "The investigators asked Ms. Lopez how she was caught off guard, when the purpose of the visit was explained in detail."

When investigators told Lopez her answers "did not make any sense," she "started to cry uncontrollably," according to the report.

In testimony last week, Lopez said she lied to the DEA "to make sure Brad would not get into trouble."

Lopez told DEA agents she would not tell Schwartz that she had talked with them.

Nine months later, Lopez told them that she did tell Schwartz about the encounter.

Lopez testified last week that she didn't lie to protect herself and that she didn't think about the repercussions to her.

She said being on the brink of a federal indictment led her to come clean with the DEA and County Attorney's Office.

County Attorney Barbara LaWall's office told Lopez to resign or else she'd be fired because of the indictment.

Licensed to practice law in 1997 after getting her degree from the University of Arizona, Lopez first worked as a prosecutor for the Pascua Yaqui Indian Reservation.

In 1999, the tribe fired her, she testified last week. She did not say why.

Lopez worked as an associate attorney for Richard Gonzales for a year after she left the County Attorney's Office in August 2002. Since then, she's been in private practice. Records show the State Bar is currently investigating her professional conduct.

Lopez met Schwartz in December 2000, when he performed eye surgery on her foster daughter. They soon struck up a friendship that turned romantic. Schwartz was still married at the time.

"But I didn't know that," Lopez testified last week.

It turned out that Schwartz, who proposed to Lopez in January 2004, the same month as his divorce, was not faithful to her either.

Women in his life included:

· Stephanie Nagel testified she met Schwartz at the end of 2003 or early 2004. Schwartz flirted and asked her out, but Nagel declined because "he wasn't my type."

· Aisha Henry, who met Schwartz in drug rehab in October 2002, testified she renewed her friendship with him in March 2004 and slept with him to spite her husband.

· Carmen Fernandez testified she met Schwartz in April 2004 and they became intimate the next month.

· Lisa Goldberg, who dined with Schwartz and alleged hit man Bruce Bigger on the night Stidham died, testified Schwartz contacted her through the Internet in April 2004 and they later dated.

Medical Marijuana Focuses On Right To Life (AP)

By David Kravets, Ap Legal Affairs Writer

AP, March 27, 2006

PASADENA, Calif. --A lawyer for an ill California woman whose doctor says marijuana is the only medicine keeping her alive asked an appeals court Monday to prevent federal drug agents from ever arresting her.

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The case, focusing on whether the gravely ill have a right to marijuana to keep them alive when legal drugs fail, is likely to reach the U.S. Supreme Court soon. Yet each time the high court has ruled on medical marijuana it has come down against allowing the sick and dying to use the drug to ease their symptoms and possibly prolong life.

The latest legal wrangling once again highlights the tension between the federal government, which declares marijuana an illegal controlled substance with no medical value, and the 11 states, including California and Rhode Island, allowing medical marijuana for patients with a doctor's recommendation.

"Medical cannabis is necessary for the preservation of Angel Raich's life," said Randy Barnett, the Oakland woman's lawyer. He later told the three-judge panel of the 9th U.S. Circuit Court of Appeals that, "If she obeys the law, she will die."

Raich, a 40-year-old mother of two, suffers from scoliosis, a brain tumor, chronic nausea and other ailments. On her doctor's advice, she uses marijuana every couple of hours to ease her pain and bolster a nonexistent appetite.

Last year, the Supreme Court came down against Raich, in what was the court's second ruling against medical marijuana since 2001. Because Congress decided marijuana was illegal under the 1970 Controlled Substances Act, the justices ruled, medical marijuana users and their suppliers could be prosecuted for breaching federal drug laws, even if they lived in a state where medical marijuana was legal.

Because of that ruling, the legal issue has narrowed to the so-called right to life theory: that marijuana should be allowed if it is the only viable option to keep a patient alive.

Assistant U.S. Attorney Mark Quinlivan could not guarantee to the court that Raich or other serious ill patients using medical marijuana would not be prosecuted. Over the years, the government has raided dozens of medical marijuana dispensaries, mostly in California.

Quinlivan told the judges that nobody has a right to use marijuana, and said a ruling in Raich's favor would open the floodgates to "people who want to use other substances" that are not approved for medical purposes.

Judge Harry Pregerson asked Quinlivan whether it was OK for Raich to die or succumb to "unbearable suffering."

"So go ahead and die. That would be all right?" he asked.

"Congress has made that value judgment," Quinlivan responded.

Another judge, Arlen Beam, suggested that Raich could only make a defense that marijuana is medically necessary if she's prosecuted. He said she would likely prevail by stating she was only breaking the law to stay alive.

"It seems to me, if this was a criminal prosecution," Beam told the government's lawyer, "you would lose your argument."

After the hearing, Raich said, "I think I'm gonna win."

During the 70-minute hearing, Barnett likened Raich's plight to women being allowed to have an abortion even after the fetus has become viable, if the abortion was necessary to safe the woman's life.

"This is a new argument which they have come up with," Quinlivan told the judges.

Pregerson responded, "There was nothing wrong with that." Pregerson added that "You got to go back to life, liberty and the pursuit of happiness. That takes care of it all."

Voters in 1996 made California the first state to authorize patients to use marijuana with a doctor's recommendation. Ten other states have since followed suit, including Rhode Island this past January.

In 2001, the Supreme Court ruled that Raich's supplier, the Oakland Cannabis Buyer's Cooperative, could not lawfully dispense marijuana despite California voters approving its medical use.

The court did not indicate when it would rule on a case that both sides expect would be appealed to the Supreme Court.

The case is Raich v. Gonzales, 03-15481.

Key Medical Marijuana Supreme Court Cases, And States That Allow Its Use (AP)

AP, March 27, 2006

Key developments in medical marijuana litigation before the U.S. Supreme Court:

--May 14, 2001: Supreme Court said it was illegal to distribute medical marijuana to sick and dying patients.

--Oct. 14, 2003: Supreme Court let stand a lower court decision saying doctors have a First Amendment right to discuss or recommend marijuana to their patients without the threat or fear of federal sanctions.

--June 6, 2005: Supreme Court ruled that patients in states that permit medical cannabis use are not immune from federal prosecution because marijuana is an illegal narcotic under federal law.

-- Jan. 3, 2006: Rhode Island becomes the 11th state to legalize medical marijuana.

States that permit the medical use of marijuana: Alaska, California, Colorado, Hawaii, Maine, Montana, Nevada, Oregon, Rhode Island, Vermont and Washington.

DOJ_NMG_0022891

City Detective Defends Himself At Drug Trial (BSUN)

By Matthew Dolan

The Baltimore Sun, March 28, 2006

One of two Baltimore narcotics detectives accused of selling illegal drugs testified at his federal trial Monday that confiscated heroin he gave to a confidential informant was part of an off-the-books, but acceptable, policing technique designed to apprehend some of the city's top drug dealers.

In front of an expectant jury who had only before heard the officer's voice on wiretap recordings, Detective William A. King answered questions from the witness stand for more than four hours. But his calm demeanor turned testy and defensive when prosecutors called his tactics criminal, leading to the most combative moments of the two-week trial.

"I never robbed anybody," King said, leaning forward in his chair, his arms crossed slightly, testifying for the first time. "I gave [an informant] drugs but in return, he gave me the information I needed."

At one point, U.S. District Judge J. Frederick Motz ordered a brief recess because the heated cross- examination of King by Assistant U.S. Attorney Charles Peters had turned into a shouting match.

"Why didn't you write a report?" Peters asked King, one of many times the prosecutor hammered the officer for failing to document his activity with his sources.

King responded that only some of his drug seizures needed to be reported officially, while others could be channeled to his informants.

King's account offered the first detailed counterpoint to the complex public corruption case presented by federal prosecutors. King's attorney Edward Smith Jr. called two other witnesses -- both former city police officers -- as part of the first day of testimony from the defense.

Relying on testimony from cooperating witnesses and hours of secretly recorded conversations by the FBI, prosecutors accused King and his partner, Antonio L. Murray, of conspiring to rob and extort cocaine, heroin and marijuana -- as well as drug-related proceeds -- from suspects they pursued on city streets in late 2004 and early 2005.

King maintained that he never robbed anyone, never sold drugs for money and never brandished his weapon, as charged. He argued that prosecutors misinterpreted his taped conversations. King defended his drug enforcement strategy with informants as a "deceit" to keep them happy and productive.

He agreed that he might have broken department rules and regulations when he gave seized drugs and money to informants Antonio Mosby and Davon Mayer. Mosby earlier pleaded guilty to related drug charges and testified against King.

King called his policing tactic an "acceptable procedure," which had been tacitly approved inside the Police Department under former Commissioner Kevin P. Clark.

Clark had created the department's beefed-up Organized Crime Division -- a unit of largely plainclothes officers that focused on undercover drug buys where Murray and King both served -- but it was de-emphasized after Clark was fired in November 2004. Mayor Martin O'Malley hired Clark from New York in 2002 to eradicate open-air drug markets.

King said that after he received training from police officials in New York, he changed the way he submitted evidence.

"Sometimes you submit the [seized drugs and money]," he said. "Sometimes you don't."

Several current police officials testified earlier in the trial on behalf of the government, saying that under no conditions would an officer be allowed to take seized drugs and hand it over to an informant as a reward.

King said he never shared the profits from the drugs he provided to his informants, and his only reward was information about large stashes of illegal drugs and high-level drug dealers, largely on the city's west side.

His take, King explained, was no take at all. He said he held the money for his informants only because they were too quick to spend their money on drugs, and he was concerned about their welfare.

If he had been a drug dealer, King argued, he would have been wealthier. King said FBI agents found $221 on the detective when they arrested him in May 2005. His bank accounts were almost dry, he owed the IRS money in back taxes and a local jeweler thousands of dollars for purchases still unpaid, according to his testimony and financial records.

King had been presented by prosecutors as a law-breaking police officer who had carved out a side business as a drug dealer. But in his testimony Monday, King, a West Baltimore native, had his first chance to tell jurors his side.

"I wanted to follow in my father's footsteps," King said Monday, describing why he wanted to become a city police officer after a stint in the Army. "I wanted to give back to the community I grew up in."

King said the training from police experts in New York was a transformational moment. King said he employed the new tactics during his successful drug busts.

His testimony is expected to continue Tuesday morning.

DOJ_NMG_0022892

Report: U.K. Cheated Afghan Poppy Growers (UPI)

By GARETH HARDING, UPI Chief European Correspondent

United Press International, March 28, 2006

BRUSSELS, March 27 (UPI) -- The British government has failed to honor its pledge to compensate Afghani farmers for eradicating poppy crops, causing widespread anger in the volatile south of the country and leading to increased support for Taliban insurgents, a new report by the Senlis Council think tank claims.

Afghanistan is the world's leading producer of opium. Ninety percent of the heroin found on the streets of Europe and the United States can be traced to poppy crops in the mountains of the war-torn central Asian state.

After the Taliban government was removed by U.S. forces following the Sept. 11, 2001, terrorist attacks Britain was put in charge of the international community's counter-narcotics effort in Afghanistan. Although thousands of acres of poppies have been destroyed, the former Soviet vassal state now produces more opium than ever.

The Senlis Council, a respected international security and development think tank with offices in Kabul, says Britain is to blame for pursuing counter-productive anti-drugs policies that have alienated local farmers and fueled support for Taliban and al-Qaida insurgents in the south of the country.

Based on interviews with farmers in the Helmand province, where 3,300 British troops will arrive over the coming months, the group claims that U.K. counter-narcotics officers promised local farmers $350 for every fifth of a hectare of poppies they destroyed.

"These farmers kept their side of the deal and eradicated their crops, but the British Government did not keep their word," said Mohammad Gull, a local representative from the Sharwali District in Helmand who was involved in the initial negotiations with the British representatives. "In our culture this is very dishonorable and we are very angry."

Gull told the Senlis Council he had over 400 checks in his possession which farmers had been unable to cash because of insufficient funds in the account. In total, the farmers allege they are owed $21 million and are planning to sue the British government for the money that was promised them.

British soldiers have started arriving in the south of the country as part of a 21,000-strong NATO peacekeeping force that is slowly fanning out from the capital Kabul. Securing the lawless province of Helmand is key to the reconstruction process in Afghanistan, not only because it is one of the main poppy-growing regions but because of the strong Taliban presence.

The Senlis Council, which Sunday released a report on the escalating security crisis in Afghanistan, believes British troops are in for a rude reception from furious locals when they arrive.

"The farmers of Helmand province are telling us that they mistrust the British and that they are angry at not being paid as promised," said Executive Director Emmanuel Reinert. "This makes the latest British plan for securing Helmand a military and political fantasy. They will not gain support from local farmers due to the wholesale elimination of any good will for the British presence there as a result of this bad debt."

The security situation in the south of the country, where Taliban and al-Qaida forces have re-established strongholds four years after they were almost crushed by U.S. forces, has worsened dramatically in recent months. In the last year, over 1,500 people have been killed by the hardline Islamist groupings, with suicide bombings increasingly used to bring death and destruction. Most of the victims have been Afghan soldiers and civilians, but American and European troops are also being targeted with increasing frequency. Earlier this month, a roadside bomb killed four U.S. marines on patrol in eastern Afghanistan.

The security situation in the south of the country, which provoked a lengthy debate in the Netherlands about whether to send 1,200 troops to the Uruzgan province, risks becoming worse before it becomes better.

The senior Taliban commander in the Helmand province has vowed to unleash a brigade of 600 suicide bombers against the British Army when it arrives. "We are happy that they are coming to Helmand," Mullah Razayar Noorzai told Britain's Daily Telegraph newspaper. "It is both a trial and a great honor for all Muslims. We will now get a fair chance to kill them."

In a telephone interview from Kabul, Jane Francis, Director of Communication at the Senlis Council, described the security situation in the south of Afghanistan as "terrible."

"People say they are totally against the idea of Westerners coming in. There is total mistrust and they think the troops are just arriving to destroy their crops and bomb them. British soldiers will find themselves in a pretty volatile situation when they arrive in Helmand."

The Taliban has picked up support from the local population by pledging to protect the opium trade and the farmers whose livelihoods depend on the sale of poppies. "Men are coming to sign up to fight at the frontline," claimed Mullah Razayar. "Women are bringing their sons, and giving us their jewelry to sell and buy weapons to enable us to fight these infidel invaders. We have so much support here from the locals -- more, probably, than the British soldiers have back in London."

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Francis believes the Afghan government and the NATO countries that enthusiastically back it are making a historical mistake by focusing on opium eradication at all costs. "It is counter-productive to take people's livelihoods away from them and not give them anything in return. It is a policy that just doesn't work."

The think tank, which also has offices in Brussels, Paris and London, favors a policy of licensing opium crops for medicinal use, as in many Western countries. If regulated strictly, the group says the policy could lead to cheaper morphine supplies for developing countries, steady incomes for Afghan farmers and less heroin in European and American cities.

The British Ministry of Defense was asked to comment on the Senlis Council's allegations of broken promises to Afghan farmers but failed to reply.

Lawmakers Call On Feds To Release Gun Data (AP)

AP, March 28, 2006

TRENTON, N.J. -- Two federal legislators from New Jersey said Monday they will introduce proposals to once again make public data that is collected about firearms used in crimes.

Sen. Robert Menendez and Rep. Steve Rothman, both Democrats, said they would introduce legislation this week to undo restrictions on the U.S. Bureau of Alcohol, Tobacco and Firearms' ability to share information on gun tracing with the public.

"There is absolutely no good reason to hide gun crime data from the public," Rothman said in a joint statement with Menendez. A member of the House Appropriations Committee, Rothman added that he would work to see the ATF use its resources to inform the public about gun trafficking and help prosecutors enforce the law.

While New Jersey has some of the strictest gun control laws in the nation, ATF data from 2001 _ the last time the bureau publicly released the information _ indicated that firearms used in Garden State crimes overwhelmingly came from out of state.

The author of the amendment that Menendez and Rothman are seeking to overturn said ATF already is permitted to release that information to the public.

Chuck Knapp, a spokesman for Rep. Todd Tiahrt, R-Kan., told The Associated Press on Monday that the ATF is free to release aggregate information about guns used in crimes, such as percentage breakdown of where federal registries say guns were originally sold.

Knapp said Tiahrt's concern was that names and addresses of police officers and informants could be released with the data, and that the congressman introduced information in the 2005 appropriations bill clarifying that aggregate data may be released.

Regional ATF spokesman John Hagemen, however, said that's not his understanding. A 2005 directive to his agency states: "No funds appropriated under this or any other Act with respect to any fiscal year may be used to disclose part or all of the contents of the Firearms Trace System Database maintained by the National Tracing Center of the Bureau of Alcohol, Tobacco Firearms and Explosives."

Prosecutors in Camden County two weeks ago released ATF information to a reporter. It showed that of the 252 traceable guns used in crimes there in 2003-2004, 36 percent came from Pennsylvania, and 50 percent from the Carolinas, Florida, Virginia and Georgia.

But Hudson County Prosecutor Edward DeFazio said that data has not been forthcoming to him since the 2001 data was released.

"There was no big announcement," he said. "We don't get it in the normal course. We have to make a specific request, if you have a certain targeted investigation."

DeFazio said the information would be useful for his office and should be open to the public as well.

"It's a public right-to-know situation. This data is being compiled with taxpayer dollars. The general public should know where these guns are coming from that are flooding our cities."

ATF: "Strong Similarities" Between Colorado Bombs And One In Tennessee (AP)

AP, March 28, 2006

GRAND JUNCTION, Colo. Federal investigators say "strong similarities exist between three bombs that blew up near some Colorado homes and another that exploded last month in Murfreesboro (Tennessee.)

No injuries have been reported in any of the explosions, but that hasn't diminished efforts to locate the prime suspect -- 54-year-old Robert Burke.

He was fired two years ago from the Serco Group, a British firm which operates the air traffic control tower at Walker Field Airport in Grand Junction, Colorado.

The bomb that exploded on February first in Murfreesboro was on the roof of the Serco project management office.

DOJ_NMG_0022894

Federal officials say bombs placed near homes in Grand Junction went off near of Serco and Federal Aviation Administration workers.

And authorities say there's a "strong, strong similarity" among the components and makeup of all of the devices.

Anyone with information on Burke or his whereabouts is urged to contact the A-T-F at 1-888-ATF-BOMB.

Arsonist Receives 20 Years For Church Fires (AP)

AP, March 28, 2006

SPARTA, Tenn. (AP) -- A man who pleaded guilty to burning two churches in a string of arsons has been sentenced to 20 years in prison.

Henry Dibrell, 48, was charged with setting fires at two predominantly black churches and five houses in Sparta, a town of 5,000 people about 75 miles southeast of Nashville. No one was hurt in the July 8 fires.

District Attorney Bill Gibson said Dibrell pleaded guilty March 16 in White County. He was sentenced to serve two consecutive 10-year sentences for the church fires.

Dibrell also was sentenced to serve six years concurrently on the other five arson counts.

Dibrell was arrested within days of the fires after an investigation led by the FBI, federal Bureau of Alcohol, Tobacco, Firearms and Explosives and state bomb and arson investigators.

Investigators ruled out a racial motive. Dibrell's relatives said he was mentally ill and addicted to drugs at the time.

Dibrell had previously served time in prison for arson.

The two churches, Roberts Church of Christ and Kynette United Methodist Church, are rebuilding.

IMMIGRATION:

Bill To Broaden Immigration Law Gains In Senate (NYT)

By Rachel L. Swarns

The New York Times, March 28, 2006

WASHINGTON, March 27 — With Republicans deeply divided, the Senate Judiciary Committee voted on Monday to legalize the nation's 11 million illegal immigrants and ultimately to grant them citizenship, provided that they hold jobs, pass criminal background checks, learn English and pay fines and back taxes.

The panel also voted to create a vast temporary worker program that would allow roughly 400,000 foreigners to come to the United States to work each year and would put them on a path to citizenship as well.

The legislation, which the committee sent to the full Senate on a 12-to-6 vote, represents the most sweeping effort by Congress in decades to grant legal status to illegal immigrants. If passed, it would create the largest guest worker program since the bracero program brought 4.6 million Mexican agricultural workers into the country between 1942 and 1960.

Any legislation that passes the Senate will have to be reconciled with the tough border security bill passed in December by the Republican-controlled House, which defied President Bush's call for a temporary worker plan.

The Senate panel's plan, which also includes provisions to strengthen border security, was quickly hailed by Democrats, a handful of Republicans and business leaders, as well as by the immigrant advocacy organizations and church groups that have sent tens of thousands of supporters of immigrant rights into the streets of a number of cities to push for such legislation in recent days.

But even as hundreds of religious leaders and others rallied on the grounds of the Capitol on Monday, chanting "Let our people stay!," the plan was fiercely attacked by conservative Republicans who called it nothing more than an offer of amnesty for lawbreakers. It remained unclear Monday night whether Senator Bill Frist, the Senate majority leader, would allow the bill to go for a vote this week on the floor or would substitute his own bill, which focuses on border security. His aides have said that Mr. Frist, who has said he wants a vote on immigration this week, would be reluctant to move forward with legislation that did not have the backing of a majority of the Republicans on the committee.

Only 4 of the 10 Republicans on the committee supported the bill. They were the committee chairman, Senator Arlen Specter of Pennsylvania, and Senators Lindsey Graham of South Carolina, Mike DeWine of Ohio and Sam Brownback of Kansas. All eight Democrats on the committee voted in favor of the legislation.

The rift among Republicans on the committee reflects the deep divisions in the party as business groups push to legalize their workers and conservatives battle to stem the tide of illegal immigration. Mr. Specter acknowledged the difficulties ahead, saying, "We are making the best of a difficult situation." But he said he believed that the legislation would ultimately pass the Senate and would encourage the millions of illegal immigrants to come out of the shadows.

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"We do not want to create a fugitive class in America," Mr. Specter said after the vote. "We do not want to create an underclass in America."

"I think this represents a reasonable accommodation," he said, referring to the divergent views on the panel. "It's not a majority of the majority, but it's a good number."

Scott McClellan, the White House spokesman, said Monday night that President Bush was "pleased to see the Senate moving forward on legislation." Mr. Bush has repeatedly called for a temporary worker program that would legalize the nation's illegal immigrants, though he has said such a plan must not include amnesty.

"It is a difficult issue that will require compromise and tough choices, but the important thing at this point is that the process is moving forward," Mr. McClellan said.

Lawmakers central to the immigration debate acknowledged that the televised images of tens of thousands of demonstrators, waving flags and fliers, marching in opposition to tough immigration legislation helped persuade the panel to find a bipartisan compromise.

"All of those people who were demonstrating were not necessarily here illegally," said Senator John McCain, Republican of Arizona, who sponsored the legalization measures with Senator Edward M. Kennedy, Democrat of Massachusetts. Mr. Kennedy described the people who would benefit from the bill as "our neighbors," adding: "They're churchgoers. They're the shop owners down the street. They're the people we know."

The protesters were rallying in opposition to the security bill passed by the House. The House bill would, among other things, make it a federal crime to live in this country illegally, turning the millions of illegal immigrants here into felons, ineligible to win any legal status. (Currently, living in this country without authorization is a violation of civil immigration law, not criminal law.)

The legislation passed by the Judiciary Committee on Monday also emphasized border security and would nearly double the number of Border Patrol agents over the next five years, criminalize the construction of tunnels into the United States from another country and speed the deportation of illegal immigrants from countries other than Mexico. But it also softened some of the tougher elements in the House legislation.

Addressing one of the most contentious issues, the panel voted to eliminate the provisions that would criminalize immigrants for living here illegally and made an amendment to protect groups and individuals from being prosecuted for offering humanitarian assistance to illegal immigrants.

Conservatives on the committee warned that the plan would generate a groundswell of opposition among ordinary Americans who had been demanding tighter controls at the border and an end to the waves of illegal immigration.

Senator Jeff Sessions, Republican of Alabama, said the Judiciary panel "let the American people down by passing out a blanket amnesty bill."

Senator Jon Kyl, Republican of Arizona, said the foreign workers would take American jobs during a recession. "Get ready for a real tough time," Mr. Kyl said, "when American workers come to your office and say, 'How did you let this happen?' "

Under the proposal, participants in the temporary worker program would have to work for six years before they could apply for a green card. Any worker who remained unemployed for 60 days or longer during those six years would be forced to leave the country. (Employers could petition for permanent residency on behalf of their employees six months after the worker entered into the program.)

The legalization plan for the nation's illegal immigrants would require those without documents to work in the United States for six years before they could apply for permanent residency. They could apply for citizenship five years after that. Immigrants would have to pay a fine, back taxes and learn English.

Mr. Graham called it an 11-year journey to citizenship.

"To me that's not amnesty," he said. "That is working for the right over an 11-year period to become a citizen. It is not a blanket pardon."

"The president believes and most of us here believe that the 11 million undocumented people are also workers," Mr. Graham said. "We couldn't get by as a nation without those workers and without those people."

Senate Committee Supports Overhaul Of Immigration Law (USAT)

By David Jackson And Kathy Kiely

USA Today, March 28, 2006

WASHINGTON — The Senate Judiciary Committee gave a strong bipartisan endorsement Monday to President Bush's plans for overhauling immigration laws, opening the way for turbulent Senate floor debate.

The panel voted to expand opportunities for foreigners to work in the USA and to allow 11 million people working here illegally a chance at citizenship.

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Under the Senate measure, undocumented immigrants who could prove they were in the USA by Jan. 7, 2004, would pay a $1,000 fine, undergo a background check and prove they were employed. After six years, they could apply for a green card, when they would pay another $1,000 fine and prove they had learned English.

Only then could they apply for citizenship. “They will go to the end of the line,” said Judiciary Committee Chairman Arlen Specter, R-Pa.

Sen. Lindsey Graham, R-S.C., emphasized the hurdles immigrants would have to overcome. “To me, that's not amnesty,” he said, referring to opponents' charges that the approach would reward those who have entered the country illegally. “That's working for the right to become an American citizen.”

Opponents were unconvinced. “It's not fair to those who have been playing by the rules,” said Sen. Jon Kyl, R-Ariz. “It will not become law.”

The committee's action opened the way for full Senate debate to begin on an issue that has divided Republicans and put the president at odds with much of his party.

The panel approved the bill 12-6. All six “no” votes came from Republicans. Four Republicans and eight Democrats backed the Bush approach.

The Senate bill runs counter to a bill passed by the House of Representatives with heavy support from Republicans who oppose Bush's immigration policy. The House bill stresses enforcement and deportation rather than allowing immigrant workers to stay. Such tensions are likely to dominate the Senate debate.

The Senate committee met as protesters massed outside the U.S. Capitol to oppose the House immigration bill.

President Bush again endorsed some kind of temporary “guest worker” program to allow workers to stay in the USA. He urged a “civil and dignified” debate.

“No one should play on people's fears, or try to pit neighbors against each other,” Bush said after a naturalization ceremony for 30 new U.S. citizens.

Judiciary Committee members were working against a tight deadline set by Senate Majority Leader Bill Frist, R-Tenn., who had said he planned to open floor debate today whether the committee produced a bill or not. Late Monday, Frist postponed the debate but left open the possibility that it could begin later today.

During its daylong session Monday, the committee approved a proposal that would add up to 400,000 slots for low-skilled guest workers who could petition for green cards after four years.

The committee also agreed to legalize 1.5 million agriculture workers. Sen. Dianne Feinstein, D-Calif., said the farming industry “is almost entirely dependent on undocumented workers.”

Other provisions of the legislation would:

·Increase visas for high-tech workers to at least 115,000 a year, up from 65,000.

·Expand detention facility space by 10,000 beds.

·Exempt from prosecution people who provide humanitarian assistance to illegal immigrants.

Many organizations that help immigrants, including the U.S. Conference of Catholic Bishops, say the House bill could criminalize some of their charitable work.

The president, laying down his marker on immigration, said Monday that immigration changes “will require all of us in Washington to make tough choices and make compromises.”

He also called for more security on the border and better enforcement of immigration laws.

Senators Back Guest Workers (WP)

By Jonathan Weisman

The Washington Post, March 28, 2006

A key Senate panel broke with the House's get-tough approach to illegal immigration yesterday and sent to the floor a broad revision of the nation's immigration laws that would provide lawful employment to millions of undocumented workers while offering work visas to hundreds of thousands of new immigrants every year.

With bipartisan support, the Senate Judiciary Committee voted 12 to 6 to side with President Bush's general approach to an immigration issue that is dividing the country, fracturing the Republican Party and ripening into one of the biggest political debates of this election year. Conservatives have loudly demanded that the government tighten control of U.S. borders and begin deporting illegal immigrants. But in recent weeks, the immigrant community has risen up in protest, marching by the hundreds of thousands to denounce what they see as draconian measures under consideration in Washington.

"There is no issue outside of civil rights that brings out the kind of emotions we have seen," said Sen. Edward M. Kennedy (D-Mass.), one of the bill's primary sponsors, who called the controversy "a defining issue of our times."

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Judiciary Committee Chairman Arlen Specter (R-Pa.) rushed committee members to complete their work to meet a midnight deadline imposed by Senate Majority Leader Bill Frist (R-Tenn.), who favors a tougher approach more in line with the version passed by the House last December. But once the committee had acted, Frist declined to say last night whether he would substitute the committee's legislation for his own, which includes no guest-worker program.

Frist's efforts to wrest control of the issue from the Judiciary Committee could produce a power struggle among Republicans once the majority leader brings up the issue for debate and votes in the full Senate, probably this week. Specter and the other committee leaders may have to muscle their bill through as an amendment if Frist refuses to back down.

Frist, a presidential aspirant whom Bush helped elect as majority leader, favors tightening control of the nation's borders without granting what he calls amnesty to the approximately 11 million illegal immigrants living in this country. But Bush favors a comprehensive approach, which he says must include some program to answer business's need for immigrant labor.

"Congress needs to pass a comprehensive bill that secures the border, improves interior enforcement, and creates a temporary-worker program to strengthen our security and our economy," Bush said yesterday at a ceremony to swear in 30 new U.S. citizens from 20 countries. "Completing a comprehensive bill is not going to be easy. It will require all of us in Washington to make tough choices and make compromises."

Polls indicate about 60 percent of Americans oppose guest-worker programs that would offer illegal immigrants an avenue to lawful work status, and three-quarters of the country believe the government is doing too little to secure the nation's borders.

But the immigrant community has been galvanized by what it sees as a heavy-handed crackdown on undocumented workers by Washington. The House in December rejected calls for a guest-worker program and instead approved a bill that would stiffen penalties on illegal immigrants, force businesses to run the names of each employee through federal databases to prove their legality, deploy more border agents and unmanned aerial vehicles to the nation's frontiers and build massive walls along sections of the U.S.-Mexican border.

At least 14,000 students stormed out of schools in Southern California and elsewhere yesterday, waving flags and chanting to protest congressional actions. About 100 demonstrators, including members of the clergy, appeared at the Capitol yesterday in handcuffs to object to provisions in the House bill that would make illegal immigrants into felons and criminalize humanitarian groups that feed and house them. More than a half-million marchers protested in Los Angeles on Saturday, following protests in Phoenix, Milwaukee and Philadelphia.

"The immigration debate should be conducted in a civil and dignified way," Bush said. "No one should play on people's fears, or try to pit neighbors against each other."

A confrontation between the Senate and House Republicans now appears inevitable.

"We are eager, once the Senate passes this bill, to sit down and talk with them, but there are certain fundamental principles which we simply cannot compromise on," said Sen. John McCain (R-Ariz.), who cosponsored the bill that passed the Judiciary Committee largely intact last night. "It has to be a comprehensive approach. As we all know, just building walls and hiring more border patrols are not the answers to our immigration problem."

Specter, the committee chairman, had tried for weeks to find a middle ground between senators advocating a generous guest-worker program and those categorically rejecting amnesty for illegal immigrants. In the end, that search for a compromise failed because advocates of the guest-worker program had more than enough votes to overcome conservative opposition.

The panel voted to accept a bill largely patterned on the measure sponsored by Kennedy and McCain. Specter and Republican Sens. Lindsey O. Graham (S.C.), Sam Brownback (Kan.) and Mike DeWine (Ohio) joined the committee's Democrats to win passage.

The panel's bill would allow the estimated 11 million illegal immigrants in this country to apply for a work visa after paying back taxes and a penalty. The first three-year visa could be renewed for three more years. After four years, visa holders could apply for green cards and begin moving toward citizenship. An additional 400,000 such visas would be offered each year to workers seeking to enter the country.

Senators also accepted a proposal by Sen. Dianne Feinstein (D-Calif.) that would offer 1.5 million illegal farmworkers a "blue card" visa that would legalize their status. The committee also accepted a provision by Sen. Richard J. Durbin (D-Ill.) that would shield humanitarian organizations from prosecution for providing more than simple emergency aid to illegal immigrants, rejecting an amendment by Sen. John Cornyn (R-Tex.) to require humanitarian groups providing food, medical aid and advice to illegal immigrants to register with the Department of Homeland Security.

Sen. Jon Kyl (R-Ariz.) protested that the Feinstein proposal was more focused on offering illegal immigrants a path to citizenship than meeting the labor demands of agriculture. Cornyn suggested the Judiciary Committee bill was moving toward creating a caste of second-class workers.

But Cornyn may have summed up Senate fears when he referred to energized voters protesting what they see as amnesty for people who violated the nation's laws and made a mockery of its borders.

"The American people are thinking, 'Fool me once, shame on you, fool me twice, shame on me,' " he said. "The only way we can get the confidence of the American people is to convince them we are absolutely serious about border security and law enforcement."

Immigration Fight Heats Up (LAT)

By Nicole Gaouette And Maura Reynolds

The Los Angeles Times, March 28, 2006

WASHINGTON — A Senate committee voted Monday to create a path for some of the nation's estimated 12 million illegal immigrants to become citizens without first leaving the country, and to allow additional foreign workers to enter the United States temporarily under a program that also could lead to citizenship.

With its votes, the Judiciary Committee sided with advocates of liberalized immigration laws and moved the Senate closer to a contentious fight among GOP lawmakers. A large and vocal faction of Republicans — in Congress and throughout the party — believes that illegal immigrants are lawbreakers who should not be rewarded with citizenship and that a temporary worker program would only draw more illegal workers to the country.

The fight over proposals to tighten immigration laws, which have provoked massive demonstrations in Los Angeles and elsewhere, now moves to the Senate floor; debate is expected to begin this week.

The Senate is headed into "a difficult and visceral debate," said Sen. Sam Brownback (R-Kan.).

In a sign of how difficult passing legislation could be, the Judiciary Committee approved its immigration package even though most of its Republican members were against it. The vote was 12 to 6, with all six dissenting votes coming from Republicans; four GOP senators sided with the panel's eight Democrats to support the measure.

Monday's vote marked a victory for immigrant advocates and for President Bush, who has urged Congress for two years to create a temporary worker program but has argued against allowing those immigrants to gain citizenship.

White House reaction was upbeat.

"We are pleased to see the Senate moving forward on legislation," spokesman Scott McClellan said in a statement. "The president believes comprehensive reform is needed if we are going to have a rational, orderly and secure immigration system…. It is a difficult issue that will require compromise and tough choices, but the important thing at this point is that the process is moving forward."

The Senate panel's bill differs significantly from an overhaul of immigration laws approved last year by the House, which focused on tightening security at the border and on toughening law enforcement and did not include a temporary worker plan, a proposal that is unacceptable to many House Republicans.

The Senate panel also voted to eliminate a proposal, contained in the House legislation, that would make being an illegal immigrant a felony, rather than a civil immigration offense as it is currently.

In addition, the Senate committee killed a measure that would have made it a felony to offer assistance to illegal immigrants other than in emergencies. That proposal had been denounced by humanitarian groups and some religious leaders, including Cardinal Roger M. Mahony of Los Angeles, who had said he would instruct his priests to defy it.

Supporters of the committee's bill hailed it as a comprehensive effort that includes measures to improve border security by adding technology and agents, and provisions to make it harder for businesses to hire illegal workers.

"What has passed is much tougher enforcement and a way to take the 12 million out of the shadows," Brownback said, referring to illegal immigrants already in the country.

"I think we have produced a bill that is the product of serious debate," said Sen. Arlen Specter (R-Pa.), chairman of the Judiciary Committee.

One opponent on the committee, Sen. John Cornyn (R-Texas), said: "I voted against this committee bill because it rewards illegal immigrants and will be considered an amnesty by Americans. It will encourage further disrespect for our laws and will undercut our efforts to shore up homeland security."

The committee worked against a steady drumbeat of pressure that echoed from the White House to the marble hallways outside their hearing room.

Bush on Monday attended a naturalization ceremony for 30 new citizens, using the event to give the latest of several speeches in favor of a temporary worker program. Meanwhile, nearly 1,000 religious leaders and advocates for immigrants gathered on the West Lawn of the Capitol. Imams, preachers and rabbis led a bilingual, interfaith prayer service before marching to the panel hearing room in handcuffs to protest measures under consideration in Congress that they said were unduly harsh.

"It's clear that the majority of the legislative options on the table — and I don't use this word lightly — are immoral," said the Very Rev. Ernesto Medina, provost of the Cathedral Center of St. Paul in Los Angeles. Red-eyed but energized, the Episcopal pastor had flown overnight from his Echo Park parish to join church leaders from 38 states. "I have seen the religious community

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come together before, but never like this," he said, attributing their ability to get plane tickets on short notice to "some great miracles."

It was unclear whether the rallies in recent days in Los Angeles and other cities affected the Senate committee vote. Sen. Patrick J. Leahy (D-Vt.) remarked on the "peaceful demonstrations in L.A., nearly the population of my state in number. That tells us how important this [legislation] is."

Others reacted differently. "I don't think they're helpful to resolving the debate," Cornyn said of the protesters. "If anything, they could well polarize people. You in effect have people who come to our country in violation of immigration laws, demanding amnesty. Rather than making demands, they ought to be asking for fairness and a way out of their current dilemma."

Also unclear was when the Senate would take up the immigration overhaul. Senate Majority Leader Bill Frist (R-Tenn.) had insisted earlier that Specter force his committee to complete its work by Monday so that the full Senate could begin debate today. But there were indications that Frist would not schedule debate until later in the week. A potential presidential candidate in 2008, Frist has proposed his own immigration bill, which does not include a guest-worker plan and emphasizes border security and improved enforcement of immigration law.

In contrast, the committee bill would allow up to 400,000 new visas annually for foreign workers to enter the United States for three years. The visas could be renewed once for a total stay of six years. The program would allow visas for the worker's family and a path to permanent resident status if the immigrant learned English, among other requirements.

Obtaining permanent resident status, also known as obtaining a green card, is a step toward citizenship under current law.

The plan was proposed by Sen. Edward M. Kennedy (D-Mass.), who has been working closely with Sen. John McCain (R-Ariz.).

Under the bill, immigrants who already are awaiting a green card would be considered ahead of those who enter the United States and apply under the new guest-worker program.

The committee approved an additional guest-worker program sponsored by Sen. Dianne Feinstein (D-Calif.) intended exclusively for agricultural workers. It would offer 1.5 million "blue cards" to workers who would have to work in the fields for at least 100 days a year and at most 150. Those who did so and met other requirements could apply for permanent residency.

"The thrust of this proposal is to create a legalized workforce for the agriculture industry," Feinstein said. The program would end after five years.

Some of the most intense debate among panel members came over the fate of the 12 million undocumented workers already in the United States. One proposal had allowed them to indefinitely renew special visas, called "gold cards," that would permit work and residency in the United States for as long as they liked. It would not have allowed them to become citizens.

But the committee instead adopted an amendment sponsored by Sen. Lindsey Graham (R-S.C.) that would allow illegal immigrants to start on a path to citizenship by registering, paying a fine, getting fingerprinted and learning English, among other requirements.

"Now there's a rough draft of a workable bill going to the floor of the Senate. The question now is what Frist will do," said Tamar Jacoby of the Manhattan Institute, a pro-business think tank that backs a guest-worker program. "It's hard for me to imagine how Sen. Frist could ignore this product coming out of the committee."

Those who voted in favor of the bill were Republicans Graham, Brownback, Specter and Mike DeWine of Ohio, and Democrats Leahy, Kennedy, Feinstein, Joseph R. Biden Jr. of Delaware, Herb Kohl and Russell D. Feingold of Wisconsin, Charles E. Schumer of New York and Richard J. Durbin of Illinois.

Voting against the bill were Republicans Cornyn, Orrin G. Hatch of Utah, Charles E. Grassley of Iowa, Jon Kyl of Arizona, Jeff Sessions of Alabama and Tom Coburn of Oklahoma.

Senate Panel Approves Immigration Bill (AP-Y2)

By David Espo

AP2, March 27, 2006

The Senate Judiciary Committee approved sweeping election-year immigration legislation Monday that clears the way for 11 million illegal aliens to seek U.S. citizenship without having to first leave the country.

After days of street demonstrations that stretched from California to the grounds of the U.S. Capitol, a coalition of Democrats and Republicans also agreed to strip out proposed criminal penalties for residents found to be in this country illegally.

"All Americans wanted fairness and they got it this evening," said Sen. Edward M. Kennedy (news, bio, voting record), the Massachusetts Democrat who played a pivotal role in drafting the legislation.

The 12-6 vote was unusual, with a majority of Republicans opposed to the measure even though their party controls the Senate.

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Committee Chairman Arlen Specter, R-Pa., voted for the bill but signaled that some of the provisions could well be changed by the full Senate once debate begins there Tuesday.

In general, the bill is designed to strengthen the Border Patrol, create new opportunities for so-called guest workers and determine the legal future of the estimated 11 million immigrants living in the United States illegally.

At several critical points, committee Democrats showed unity while Republicans splintered. In general, GOP Sens. Lindsey Graham of South Carolina, Sam Brownback of Kansas and Mike DeWine of Ohio, who is seeking re-election this fall, sided with Democrats. That created a majority that allowed them to shape the bill to their liking.

Sen. Dianne Feinstein (news, bio, voting record), D-Calif., won approval for a five-year program to permit as many as 1.5 million agriculture workers into the country. "It will provide the agriculture industry with a legal work force and offer agriculture workers a path to citizenship," she said. The vote was 11-5, with Republicans casting all the votes in opposition.

In addition, Kennedy prevailed on a proposal to allow an additional 400,000 green cards for future immigrants, regardless of the industry where they find jobs.

Sen. Jon Kyl (news, bio, voting record), R-Ariz., and other conservatives said anything but a requirement for illegal immigrants to return home amounted to amnesty, and he said he had national opinion on his side.

"Well over 60 percent of Americans in all the polls I see think it's OK to have temporary workers, but you do not have to make them citizens," said Kyl, who is seeking re-election this fall.

"We have a fundamental difference between the way you look at them and the way I look at them," Kennedy observed later.

The committee met as several thousand demonstrators rallied at the foot of the Capitol. Many were members of the clergy who donned handcuffs and sang "We Shall Overcome," the unofficial anthem of the civil rights era.

"The first Christian value is love thy neighbor," read some of the signs.

After a weekend of enormous rallies — as many as 500,000 in Los Angeles — thousands of students walked out of class in California and Texas to protest proposals in Congress to crack down on illegal immigrants.

In Detroit, protesters waved Mexican flags as they marched to a downtown federal office building.

"Do you see the community? Do you see how many people didn't go to work today," asked Janet Padron, a 22-year-old resident of Allen Park Mich.

Her remark underscored one of the complexities confronting Congress and the Bush administration as they grapple with the issue of immigration.

Senators on all sides of the issue agreed that illegal workers hold thousands of jobs that otherwise would go unfilled at the wages offered.

The agriculture industry is "almost entirely dependent on undocumented workers," said Feinstein. "It is unrealistic to think the workers will go home because they work here and the agriculture industry is dependent on them."

In purely political terms, the issue threatened to fracture Republicans as they head into the midterm election campaign — one group eager to make labor readily available for low-wage jobs in industries such as agriculture, construction and meatpacking, the other determined to place a higher emphasis on law enforcement.

That was a split Bush was hoping to avoid after a political career spent building support for himself and his party from the fast-growing Hispanic population.

"America should not have to choose between being a welcoming society and being a lawful society," said the president. "We can be both at the same time."

Bush has said he favors a guest worker program, but it is unclear whether the administration would insist on a provision to require illegal immigrants already in the country to return home before they are allowed to apply for citizenship.

Sen. Arlen Specter (news, bio, voting record), R-Pa., chairman of the committee, said he was "trying to thread the needle" to produce a bill that could command widespread support.

At one point, he outlined a proposed compromise on illegal immigrants and citizenship. Neither Kyl nor Kennedy sounded supportive, though, and it receded as the debate continued.

The panel agreed with ease to double the size of the Border Patrol over the next several years, and decided on a closer vote to make sure that humanitarian organizations are sheltered from prosecution if they provide non-emergency assistance to illegal residents.

Whatever the outcome of the committee's debate the prospects for legislation clearing Congress before the elections did not appear strong. The House has cleared legislation that consists of provisions to toughen enforcement against violators of immigration laws. It contains no guest worker program.

Immigration Reform Can't Reward Illegal Behavior (HC)

By Sens. John Cornyn And Jon Kyl
Houston Chronicle, March 28, 2006

The U.S. Senate has begun its debate to improve border security and reform immigration laws — one of the most urgent priorities to be considered this year.

It is critical that any solution restore respect for the law and provide sufficient resources to control the border. And because there can be no amnesty, reform must not reward illegal activity.

Last summer, we introduced the Comprehensive Enforcement and Immigration Reform Act of 2005, which would dramatically bolster our border enforcement and comprehensively reform our immigration system.

The need for reform is clear. Today, there are approximately 12 million illegal aliens in the United States. Approximately 40 percent have arrived here since 9/11. This is unacceptable. U.S. national security demands that we know who is entering our country, and our sovereignty requires that we have control over our borders; we therefore believe that any comprehensive reform proposal must be based on the following principles:

·Border security is the No. 1 priority. The men and women who secure the border at the ports of entry and in remote locations should be commended for the job they do every day. But they do not have the necessary resources or tools to effectively control the border. Through a combination of physical barriers in high-traffic areas, increased technology and additional Border Patrol agents, the Department of Homeland Security must apprehend and deport every illegal alien caught at the border.

·Border security and interior enforcement go hand in hand. Approximately one-third of the current illegal population first entered the United States legally, then stayed after their visas expired. So immigration reform must enable the government to apprehend, detain and deport illegal aliens who are caught inside the country. State and local law enforcement officials must be allowed to support the federal government in identifying illegal aliens; and, special emphasis must be placed on deporting criminal illegal aliens who already fill U.S. prisons.

Employer accountability will protect U.S. worker wages and create a level playing field. Immigration reform will certainly fail if an underground workforce is allowed to exist. Every employer must be required to verify whether a new hire is legal, but the U.S. government must be responsible for providing the tools an employer needs to comply with the law.

The magnet of illegal employment can be eliminated through more secure documents and a quick electronic verification system, not unlike the one used by businesses every day for credit card transactions.

For security reasons, it would be irresponsible to ignore the 12 million illegal aliens already in the United States. But we cannot grant them amnesty. While many contribute to our work force, they must do so within the law.

The Cornyn-Kyl bill would require illegal aliens to come forward and register, but offers no reward for breaking the law. Workers would have five years to depart the country, and then be allowed to return in any legal status. The objective is not to strand workers outside the country or disrupt businesses, but to recognize that permanent resident status and citizenship are very special benefits and all immigrants who receive them should be asked to enter legally and go through the same process.

There are no simple solutions to the issue of immigration reform. But one thing is clear: Immigration reform ultimately must be about legal immigration — not creating a new process that only benefits illegal aliens. Immigrants must abide by the rule of law and receive equal treatment.

We hope to build consensus around reform that will restore integrity to our immigration system and meet the needs of society, the economy and national security.

Cornyn, R-Texas, is chairman of the Immigration, Border Security and Citizenship subcommittee. Kyl, R-Ariz., is chairman of the Terrorism, Technology and Homeland Security subcommittee. Together, their states represent 80 percent of the southern border.

Panel OKs 'Amnesty' Bill (WT)

By Charles Hurt
The Washington Times, March 28, 2006

The Senate Judiciary Committee last night approved a plan that would put millions of illegal aliens on a path to U.S. citizenship, would let them stay here while applying and would not punish their unlawful entry as a felony, contrary to a House-passed bill.

"A path to earned citizenship is what this bill is all about," Sen. Lindsey Graham, South Carolina Republican, said after joining all Democrats and three other Republicans on the panel to approve the plan, which many consider an "amnesty."

The sudden approval -- after weeks of negotiations that often had appeared fruitless -- likely will lead to a showdown with the House, which last year approved an immigration bill that only tightened border security.

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"If the bottom line is that all people that came here illegally have got to be made citizens, then we should have the vote now," Sen. Jon Kyl, the Arizona Republican who fought the proposal, said in the seven-hour committee meeting yesterday.

"That's amnesty, and that won't work. And the House won't even go to conference with something like that," he said.

The plan approved by the committee -- taken from a bill written by Sens. John McCain, Arizona Republican, and Edward M. Kennedy, Massachusetts Democrat -- would fine current illegal aliens $2,000 each. The bill also would require aliens to undergo criminal background checks and mandate that they maintain employment over the six years they wait to get in line for full citizenship, a process which takes several more years.

"All Americans wanted fairness, and they got it this evening," Mr. Kennedy said after the vote last night.

Many House Republicans -- and most U.S. voters -- oppose any new immigration legislation until the borders are secured and existing immigration laws are enforced. The vast differences between the House bill and the Senate Judiciary Committee proposal must be worked out before any legislation can go to President Bush for his signature.

It was still not clear last night whether the bill would even make it to the floor of the Senate, which yesterday began debating legislation offered by Majority Leader Bill Frist that bypasses the Judiciary Committee and deals only with border security.

"A nation that can't secure its borders can't secure its destiny or administer its laws," said Mr. Frist, who introduced his bill yesterday. "And the situation along our southern border now ranks as a national security challenge second only to the war on terror."

Mr. Frist's "Securing America's Borders Act" would hire more border-patrol officers, build limited fencing in high-traffic areas and toughen the penalties for being in the U.S. illegally. The bill does not, however, have the guest-worker provisions included in the committee bill.

The Tennessee Republican -- is widely expected to seek his party's nomination for president -- has made clear to the Judiciary Committee that he would not consider adopting any guest-worker or "amnesty" provisions that didn't garner a majority of the Republican vote in committee.

The panel proposal failed to get that majority, but Mr. Frist said yesterday that he hasn't decided whether he will consider the committee's bill. He was in negotiations last night with committee Chairman Arlen Specter and other panel members.

Senate Minority Leader Harry Reid, Nevada Democrat, has implored Mr. Frist to take whatever the committee approves and has threatened filibusters if the Republican leader bypassed the committee with his security-only bill.

"We need comprehensive immigration reform that secures our borders, protects Americans and addresses the 11 million undocumented immigrants currently living here today," Mr. Reid said yesterday. "I congratulate Chairman Specter, Ranking Member [Patrick J.] Leahy and the Judiciary Committee for reporting out a bipartisan bill today that does just that. I hope Senator Frist will immediately substitute this comprehensive approach for his wrongheaded bill as the full Senate begins debate tomorrow."

In addition to Mr. Specter and Mr. Graham, Republican Sens. Mike DeWine of Ohio and Sam Brownback of Kansas supported the committee proposal.

Sen. Orrin G. Hatch, the Utah Republican who faces a tough primary fight this year, missed yesterday's vote.

Rep. Tom Tancredo, the Colorado Republican who has led the fight against illegal immigration, said the committee's proposal "provides nearly universal amnesty" for the more than 11 million illegal aliens in the U.S. and adds hundreds of thousands of foreign workers to a background-check system that is "already on the brink of collapse."

"If the Senate follows the Judiciary Committee's lead, the prospects of getting a reform bill to the president's desk this year are slim, to say the least," he said.

"No plan with amnesty and a massive increase in foreign workers will pass the House. Amnesty and foreign workers are fundamentally incompatible with the House's approach and, according to every recent poll, they are not what Americans want. Americans want enforcement first, and disagreement over foreign workers should not prevent us from securing our borders," he said.

Senate Committee Supports Guest-worker Program For Immigrants (KRT)

By Dave Montgomery

Knight Ridder, March 27, 2006

WASHINGTON - The Senate Judiciary Committee, rushing to craft a comprehensive overhaul of the nation's immigration laws, voted Monday to create a guest-worker program that would admit up to 400,000 low-skilled foreigners a year.

The workers could stay up to six years, then they'd have to return home unless they'd petitioned and been accepted for permanent residency and eventual U.S. citizenship. The panel approved those terms in an amendment sponsored by Sen. Edward Kennedy, D-Mass.

The committee also agreed to a pilot program that would allow 1.5 million undocumented immigrants over a five-year period to hold agricultural jobs under temporary visas. They, too, could apply for green cards to become permanent residents. Sen. Dianne Feinstein, D-Calif., said that program would ensure a source of legal workers for thousands of agricultural jobs now largely held by undocumented workers drawing low wages.

With Chairman Arlen Specter, R-Pa., pressing to finish a bill before the full Senate plunges into the immigration debate Tuesday, the panel struggled to find middle ground between those calling for tougher enforcement and pro-immigrant groups who seek to protect the estimated 12 million aliens now in the United States illegally.

The panel approved an amendment by Sen. Richard Durbin, D-Ill., to shield church and charitable groups from criminal prosecution for providing aid to illegal immigrants, rejecting a more hard-line approach in a bill that the House of Representatives passed.

It also voted to nearly double the number of border patrol agents, calling for 12,000 more over the next five years, to bring the force to 23,000.

At one point, Specter unveiled a "potential, theoretical" compromise that offered a path to permanent residency for many - but not all - illegal aliens who met certain conditions. But he dropped it after finding few takers.

"It was worth the effort, but it's not going to come to fruition," Specter lamented, underscoring the immense challenge of trying to find accord on a volatile issue that's dividing Congress and the American people.

Nearly 60 percent of U.S. citizens oppose allowing illegal aliens to apply for legal temporary-worker status, according an NBC News-Wall Journal Street poll. A Time survey found that three-fourths of Americans favor more border safeguards.

Continuing a chain of recent massive demonstrations across America, several thousand immigrants and activists gathered at the sunlit West Front of the Capitol to demand greater legal protections and denounce the House bill, which that threatens illegal immigrants with felony prison sentences.

Demonstrators joined hands to sing "We Shall Overcome," the anthem from America's civil rights protests, and brandished signs proclaiming "We are America" and "We are all immigrants." Many were undocumented immigrants who spoke little or no English.

Specter's committee had one day to finish its work under a deadline imposed by Senate Majority Leader Bill Frist, R-Tenn., who planned to start Senate debate with his own measure - a tough border-enforcement plan - if Judiciary didn't produce a more comprehensive proposal by the start of business Tuesday.

Kennedy's amendment was drawn from a comprehensive bill that he's sponsoring with Sen. John McCain, R-Ariz. Their bill, which a broad coalition of immigrant advocacy groups and business organizations embraces, would enable illegal immigrants now in the U.S. to apply for permanent residency and citizenship after paying fines and fees totaling $2,000 and meeting other conditions.

Under the guest-worker plan, foreigners must pay fees of up to $500 and show that they have U.S. jobs waiting. They would receive three-year visas, which could be renewed for another three years. After four years, they could apply for green cards.

Feinstein's proposal would allow undocumented immigrants who've worked in the United States two years to obtain "blue cards," which would enable them to work legally in agricultural jobs for three to five years. They could apply for green cards after paying $500 fines and back taxes.

President Bush, calling immigration one of the most important issues of his presidency, is urging Congress to enact a three-pronged approach comprising improved border security, aggressive enforcement at the workplace and a guest-worker program to give U.S. business a steady supply of low-skilled workers.

Bush hasn't fully defined his plan, but administration officials have said his guest-worker plan would cover both foreigners who want to come to the U.S. to work and aliens now in the country illegally, provided they pay substantial fines and meet other conditions.

The president underscored his demand for revisions in a speech Monday before several dozen newly naturalized citizens in Washington.

"Completing a comprehensive bill is not going to be easy," he said. "It will require all of us in Washington to make tough choices and compromises. And that is exactly what the American people sent us here to."

Tougher Enforcement May Jeopardize Support (WP)

By Michael A. Fletcher And Shailagh Murray

The Washington Post, March 28, 2006

DOJ_NMG_0022904

Both Republicans and Democrats risk alienating coveted supporters as they attempt to find the right balance between toughening enforcement and expanding legal opportunities for millions of low-skill foreign workers to take jobs in the United States.

As the Senate begins debate on revamping the nation's immigration laws, the issue poses multiple challenges for both political parties, while offering no clearly expedient solution. Two huge electoral prizes, the Southwest and Florida, are potentially up for grabs, as are millions of Hispanic votes elsewhere. But also in play are the votes of angry residents in border states and beyond who feel overwhelmed by the rising tide of illegal immigration.

"In some ways, the rhetoric of this debate is as important politically as the policy that eventually emerges," said Roberto Suro, director of the Pew Hispanic Center, a Washington research organization. "If there is an impression that the leadership of one party or another is really harsh and punitive, you open up possibilities."

A sudden spate of rallies on the streets of Phoenix, Los Angeles, Detroit and elsewhere -- all in protest of a possible federal crackdown on illegal workers -- suggests that immigration may be an issue that galvanizes this increasingly vital, but difficult to reach voting bloc.

Immigration has mobilized Hispanic voters in the past, most notably in California after the 1994 passage of Proposition 187, a voter initiative to cut off public services for illegal immigrants. Enactment of the law was blocked by the courts, but the fact that then-Republican Gov. Pete Wilson supported the measure swung California's huge Hispanic vote firmly into the Democratic camp for years.

At the same time, however, lawmakers face the potential ire of voters who want more done to crack down on the estimated 11 million illegal immigrants now in the country. The problem led Democratic governors in both Arizona and New Mexico to declare states of emergency in counties along the border with Mexico to combat illegal immigration. Talking points circulating among Democrats on Capitol Hill stress, "if you do not seem credible on enforcement, you may lose credibility which will jeopardize other components of immigration reform."

Tougher enforcement is an idea that resonates among frustrated voters, particularly in parts of the country where public services including schools and hospitals are strained by the influx of new residents. In 2004, Arizona voters ratified a ballot initiative similar to 187, despite the opposition of Gov. Janet Napolitano, a popular Democrat, and Sen. John McCain, a popular Republican.

Views on immigration break into two camps. At one end are law-and-order types, mostly conservative Republicans, who want to tighten border security and step up enforcement against illegal workers. The business community, the Roman Catholic Church, many Republicans and most Democrats occupy the other camp -- joined, notably, by President Bush. Although they generally support tougher enforcement, they also want to change federal law to allow illegal workers to gain legal status so they can continue to fill many low-skill jobs that they believe would otherwise go vacant. Moreover, they say, welcoming outsiders is a core American ideal.

"Each generation of immigrants brings a renewal to our national character and adds vitality to our culture," Bush said in a speech yesterday. "Newcomers have a special way of appreciating the opportunities of America, and when they seize those opportunities, our whole nation benefits."

But Bush's position has split Republicans. Former White House aide David Frum, writing on the Web site of the National Review, said of the president's proposal: "His version of immigration reform can only pass Congress with Democratic votes, and there is zero possibility that the Democrats will help him -- but every likelihood that they will egg him on to incite a Republican civil war on the issue that most bitterly divides the president's party."

The competing camps on overhauling immigration laws do not break down along the usual ideological or regional lines. In Arizona, for instance, the two Republican senators -- Jon Kyl and McCain -- both consider themselves conservatives. But McCain champions a bill that includes the guest-worker program Bush has outlined, which would allow participants to apply for legal residency without returning to their home countries. The bill also would substantially increase the number of green cards, granting permanent U.S. residency to low-skill workers.

Kyl, meanwhile, supports a guest-worker program but would provide no avenue for citizenship and would force workers to go home for a year before reapplying. He also wants to build fences in urban areas, hire more border control agents and crack down on employers who hire illegal immigrants, to get a handle on illegal immigration.

Kyl's view is that the current economic pressures for immigrant labor could subside in the future, costing legal American workers jobs. "Get ready for a real tough time when American workers come to your office and say, 'How did you let this happen?' " he admonished colleagues on the Judiciary Committee as they debated the bill yesterday.

Many advocates believe that any successful legislation would have to bridge both camps. "I don't believe this is a zero-sum issue for us," said Ken Mehlman, chairman of the Republican National Committee. "It is absolutely possible for us to be pro-immigrant and pro-law enforcement."

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Brent A. Wilkes, national executive director of the League of United Latin American Citizens, an advocacy group, said a balanced approach is the only one that would be accepted by much of the Hispanic community.

"The average Latino immigrant cannot understand why if they work hard and play by the rules, they can't be treated like previous immigrants and be given a legal avenue to come here." Members of both parties believe that at the root of the immigration debate is a fear among voters that illegal immigration is a piece of a bigger, more threatening force: a loss of control over national security as a result of the Sept. 11, 2001, terrorist attacks. What "motivates most Americans is the border insecurity problem that we have," said Sen. John Cornyn (R-Tex.), who is trying to thread the needle between the two camps.

Democrats have mostly stood back from the debate and allowed the warring Republican factions to simmer. Documents circulating among senior Democratic Senate staffers note that Republican voters view immigration as a much bigger problem than do Democrats.

The Senate is expected to debate the immigration bill for two weeks -- an exceptionally long time for legislation, particularly in an election year, and only the beginning of a long road of negotiations with the House, which passed legislation cracking down on illegal immigrants but offering no guest-worker program.

The tenor and time allotted to the debate reflect a broad consensus that immigration is one of the most urgent and fundamental issues confronting Congress. "This is a complex problem," said Sen. Lindsey O. Graham (R-S.C.). "Where is home and where do we want home to be?"

GOP To Stress Immigration Reform (HILL)

By Patrick O'Connor

The Hill, March 28, 2006

With Senate Republicans debating the next course of action on immigration reform, GOP leaders in the House are hoping to get out in front on the issue by reminding voters that they have already passed a series of tough bills to crack down in illegal immigration.

House Speaker Dennis Hastert (R-Ill.) is expected to address immigration reform in a speech later this week before the National Urban League, and the Republican Conference office has distributed talking points lauding border-security legislation that has passed the House.

"Our message in this debate is that the House passed a border-security bill with the understanding that America is a nation of immigrants, a nation at war and a nation of laws," Hastert spokesman Ron Bonjean said. "This is a complex issue, and the House looks forward to working with the Senate and the administration as the process moves forward."

The recent political maneuvering illustrates the political difficulties facing members of both chambers on how to update the current immigration laws, with the Senate expected to vote on its bill later this week.

Reform is particularly difficult for Republicans because the president's proposal to expand current guest-worker programs would include a path to citizenship for undocumented workers already in the country, angering many conservative-base voters who argue that these workers are taking jobs from citizens born in the United States.

Guest-worker advocates took to the streets in large numbers this past weekend, holding sizable rallies in cities across the country to protest the move toward tougher enforcement. On the other side, guest-worker opponents have overwhelmed congressional offices with e-mails, letters and phone calls.

In the Senate, Majority Leader Bill Frist (R-Tenn.) gave members of the Judiciary Committee until last night to work out a compromise on guest-worker legislation before he would bring his own enforcement-only bill to the floor as a replacement.

The House Republican Conference office distributed talking points to press staff last Friday about the Real ID Act and the border-security bill that House members approved late last year, conference spokeswoman Gretchen Hamel said. The goal is to remind members and their staffs about the bills the House has passed as grassroots groups on both sides of the debate continue flooding offices on Capitol Hill with telephone calls.

In addition, the House Republicans' theme of the week is "Securing our Borders" and members have been encouraged to hold one-minute speeches and special orders on the floor.

Immigration reform divides more along geographic lines than partisan ones, but Democrats last year agreed, in principle, that any major overhaul should be comprehensive and include a guest-worker program in addition to enhanced border security.

In a nominally unrelated event that echoes the immigration debate, Senate Minority Leader Harry Reid (D-Nev.) and House Minority Leader Nancy Pelosi (D-Calif.) are scheduled to hold a press conference tomorrow afternoon at Union Station to unveil their own comprehensive national-security plan, titled "Real Security."

Hastert is expected to address immigration and border security in his speech to the National Urban League on Thursday, Bonjean said.

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House Majority Leader John Boehner (R-Ohio) is also expected to address immigration during his weekly press briefing this afternoon, according to a spokesman. Boehner is supportive of the tougher enforcement penalties, but he voted against a House version of the bill late last year because he felt the employer-verification program places an unnecessary burden on small-business owners.

If legislation emerges from the Senate, advocates on both sides of the issue will pay close attention to those members named to the House-Senate negotiations as an indication about the direction a final bill might be headed.

The initial strategy was for House leaders to marry their enforcement-only bill to the Senate's guest-worker compromise, but the gulf between the two camps has made compromise extraordinarily difficult.

Senate Panel Clears Immigration Bill (WSJ)

By June Kronholz

The Wall Street Journal, March 28, 2006

WASHINGTON -- Against a backdrop of massive demonstrations by immigration advocates and pressure from the White House, the Senate Judiciary Committee approved legislation to create two guest-worker programs and a plan for legalizing the status of millions of immigrants now in the country illegally.

The measure is the most generous of several immigration proposals before the panel, and passed with the support of committee Democrats and some of the Senate's most conservative Republicans.

In accepting the measure, which among other things offers guest workers the chance to eventually become U.S. citizens, senators rejected another bill sponsored by two border-state Republicans that would have required guest workers and illegal immigrants to eventually return home.

The bill passed only hours after President Bush made his strongest appeal yet for a law that would provide employers with enough immigrant workers to keep the economy humming. Appearing at a naturalization ceremony for new citizens, Mr. Bush attempted to head off arguments within his party that a border-security law must come before any effort to help immigrants or their employers.

He called a temporary-worker program "vital to securing our border" by providing a legal channel for workers and freeing up border agents to patrol for criminals and terrorists.

Even with the president's backing, though, immigration overhaul faces an uphill fight this week when it reaches the Senate floor, where Majority Leader Bill Frist may bring up a tough workplace-enforcement and border-security measure. Democrats said they might try to block the Frist bill on a procedural vote today unless it is broadened.

Any measure that passes the Senate must then be reconciled with a House bill -- pushed through by the Republican leadership -- that requires the government to build a fence across the U.S.-Mexican border and makes felons of illegal immigrants now in the country. House leaders have said they won't accept a compromise bill that includes a guest-worker program or deals with current illegal immigrants.

The Senate-passed measure is largely based on language offered by John McCain, an Arizona Republican, and Edward Kennedy, a Massachusetts Democrat. Their temporary-worker plan, passed on an 11-6 vote, would grant visas to 400,000 immigrants a year initially. They would be able to bargain for wages, change jobs, unionize and would be allowed to travel home and return.

Separately, the committee passed a pilot guest-worker plan for agriculture workers that would be capped at 1.5 million workers and cut off after five years. That measure was passed at the insistence of California Democrat Dianne Feinstein, who said she feared that workers admitted under a general guest-worker program would spurn farm jobs for easier work in service or construction industries.

The committee also deferred to the McCain-Kennedy bill in its plan for dealing with an estimated 11 million illegal immigrants now in the country. Those people would have to pay a $1,000 penalty, pass a background check and get a work permit in order to stay in the U.S.

Those who worked for six years could apply for a five-year extension and after that, permanent residency and eventual citizenship, by paying another penalty and proving they have paid their taxes, held a job, are learning English and haven't committed any deportable crimes.

Republicans have been sensitive to charges that any measure that offers legal status to those who entered the country illegally is an amnesty -- an argument that's certain to roil floor debate. But South Carolina Republican Lindsey Graham, among others, insisted "it is not a blanket pardon. You have to work for it....That's what America is about."

The committee left the key issue of worker verification to be hammered out on the Senate floor. That measure, requiring employers to check the identity of new workers against Social Security and Department of Homeland Security databases, ran into a jurisdiction squabble with the Finance Committee.

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Bush Defends Role Of Migrant Workers (FT)

By Caroline Daniel And Edward Alden

Financial Times, March 28, 2006

President George W. Bush on Monday issued a strong defence of the role of immigrants in American history as he warned legislators not to "play on people's fears or try to pit neighbours against each other" in the intensifying debate about immigration reform.

"We have a chance to move beyond tired choices and the harsh attitudes of the past," Mr Bush said at a naturalisation ceremony for 30 new US citizens in Washington. "Creating a comprehensive bill is not going to be easy. It will require all of us in Washington to make tough choices and make compromises."

Mr Bush has proposed tightening border security alongside a guest worker programme to address the problem of the 12m illegal immigrants in the US, a proposal that has exposed sharp divisions within the Republican party.

The Republican-controlled House of Representatives last year approved a bill that would crack down on illegal immigration without offering new channels for legal workers.

The Senate judiciary committee on Monday night approved legislation, by a 12-8 vote, that will be debated by the full Senate this week. The bill was approved despite opposition from several Republicans on the committee. Some Republicans, including Senate majority leader Bill Frist, favour a bill focused narrowly on border security

But on the key issue of guest workers, the judiciary committee sided with the president, on Monday approving an amendment offered by Senator Edward Kennedy, a Massachusetts Democrat, that would allow up to 400,000 temporary workers into the country each year, and offer them a path to permanent citizenship.

That provision is also supported by Republican Senator John McCain, a 2008 presidential hopeful.

But the committee also pledged to beef up enforcement by hiring as many as 14,000 additional border patrol agents over the next five years and increasing detention facilities for those caught in the country illegally.

Mr Bush has argued that increased security cannot succeed without a new guest worker provision.

"A temporary guest worker programme is vital to securing our border," he said on Monday. "By creating a separate legal channel for those entering America to do an honest day's labour, we would dramatically reduce the number of people trying to sneak back and forth across the border."

Immigration reform was initially put on the agenda by Mr Bush's advisers as a way of attracting Hispanic voters, helping to forge a permanent Republican majority. The House bill, however, has threatened to alienate Hispanics in November's congressional elections.

According to the Pew Hispanic Research Centre, about 7.2m of unauthorised migrants are employed, representing 4.9 per cent of the workforce. Mr Bush noted on Monday that many foreign workers "fill the jobs that Americans are unwilling to do".

Later this week Mr Bush will meet Vicente Fox, president of Mexico, in Cancún, where immigration will be discussed.

Bush Asks Congress To Boost Green Cards (WT)

By Stephen Dinan

The Washington Times, March 28, 2006

President Bush yesterday told Congress to increase legal immigration and temporary visas as part of the debate over illegal aliens and enforcement.

"I've called on Congress to increase the number of green cards that can lead to citizenship," Mr. Bush said. "I support increasing the number of visas available for foreign-born workers in highly skilled fields like science, medicine and technology."

At a naturalization ceremony, Mr. Bush also made a strong statement against amnesty, telling 30 new citizens at DAR Constitution Hall that it would be unfair to them to let illegal aliens jump the line for citizenship.

"All of you are here because you followed the rules, and you waited your turn in the citizenship line," Mr. Bush said. "Yet some violate our immigration laws and enter our country illegally, and that undermines the system for all of us."

Mr. Bush wants to shape the immigration debate on Capitol Hill, but he is walking a fine line. He wants a temporary-worker program but no special path to citizenship for illegal aliens.

"Granting amnesty would be unfair, because it would allow those who break the law to jump ahead of people like you all, people who play by the rules and have waited in the line for citizenship," he told those who took the oath of citizenship.

The president first called for more green cards in 2004 when he announced his guest-worker proposal. Green cards signify permanent legal residence and are the key intermediate step toward citizenship.

Mr. Bush has not said how big an increase he seeks.

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The House passed an immigration bill last year that deals only with enforcement. The Senate begins its immigration debate today.

Yesterday evening, the Senate Judiciary Committee cleared a bill that would legalize almost all illegal aliens in a multistep path to citizenship and increase yearly legal immigration by hundreds of thousands of people.

White House spokesman Scott McClellan would not say whether Mr. Bush would veto a bill that addresses only border security.

"It's way too early to jump ahead in the legislative process," he said.

Mr. Bush last week told proponents of a guest-worker plan that he expects to have the most influence on the debate when the House and Senate go to conference on their bills.

For now, Mr. Bush's tactic has been to highlight the accomplishments of immigrants. The naturalization ceremony gave him and other top administration officials a chance to do that.

Emilio T. Gonzalez, director of U.S. Citizenship and Immigration Services, administered the oath, and Attorney General Alberto R. Gonzales helped present naturalization certificates.

"Today we all leave this great building as equal citizens," Mr. Gonzalez said. "There is nothing more valuable than your American citizenship. Cherish it, nourish it, promote it and defend it."

All 30 new citizens were from Virginia, which is part of the Washington district. No D.C. residents took part because, as a federal territory, D.C. residents must be administered the oath by a federal judge.

Protests Go On In Several Cities As Panel Acts (NYT)

By The New York Times

The New York Times, March 28, 2006

WASHINGTON, March 27 — Tens of thousands of immigrants here and in several other cities continued a wave of angry protests on Monday over Congressional proposals to arrest illegal immigrants and to fortify the Mexican border.

In Los Angeles, about 22,000 mostly Hispanic students walked out of school. As some 2,000 gathered at City Hall, others marched through the streets chanting, "We are not criminals!" Students elsewhere in the Los Angeles area, including the communities of Inglewood, Alhambra and Montebello, followed suit.

In San Francisco, about 1,000 demonstrators marched to the offices of Senator Dianne Feinstein, a California Democrat on the Senate Judiciary Committee, which later on Monday approved an overhaul far more favorable to illegal immigrants than a measure already passed by the House.

About 4,000 people turned out for a rally in Detroit, where Hispanic business owners closed their shops in protest. A crowd of several hundred Hispanic immigrants rallied on Boston Common.

The protests, having first flared late last week, spread Monday to the Capitol as the Judiciary Committee worked on its version of the legislation. As approved later in the day, the bill, contrary to the House measure, would not make illegal immigration a felony and in fact would clear the way to citizenship for millions of illegal immigrants already in the country.

About 1,000 demonstrators gathered on the west lawn of the Capitol as clerics of many faiths denounced a House provision that would make it a crime to give aid to illegal immigrants. The crowd cheered at the news that this provision had been stricken from the Senate bill. But about 100 of the clerics, who had bound themselves with plastic handcuffs, marched to a Senate office building and chanted, "Let our people stay!"

The continuing demonstrations underscored the stakes for illegal immigrants in whatever legislation emerges from Congress. Some conservative commentators, on the other hand, have argued that the protests reflect the kind of social disorder they fear illegal immigration brings.

Massive Student Walkout Spreads Across Southland (LAT)

By Cynthia H. Cho And Anna Gorman

The Los Angeles Times, March 28, 2006

Nearly 40,000 students from across Southern California staged walkouts to protest proposed immigration legislation Monday, blocking traffic on four freeways and leaving educators concerned about how much longer the issue will disrupt schools.

The protests are believed to eclipse in size the demonstrations that occurred during the anti-Proposition 187 campaign in 1994 and even a famous student walkout for Chicano rights in 1968.

Some principals put their schools on lockdown Monday to keep students from leaving campus, and Los Angeles Unified School District officials said all middle and high schools will be on lockdown today.

Monday's demonstrations appeared to start in Los Angeles but quickly spread to San Diego, Riverside, San Bernardino, Orange and Ventura counties. Though the protests were mostly peaceful, there were a few clashes and several arrests.

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Motorists were left in gridlock as youths marched down Sunset Boulevard, Melrose Avenue, Laurel Canyon Boulevard and other major thoroughfares.

At one point, protesters marched onto the Hollywood Freeway in downtown Los Angeles and two sections of the Harbor Freeway, downtown and in San Pedro, briefly halting traffic.

Students in Orange County briefly blocked the Riverside Freeway and Santa Ana Freeway in Fullerton, waving Mexican flags and tossing a rock that smashed the window of a CHP cruiser.

By noon, thousands of youths had gathered in front of Los Angeles City Hall, with student leaders meeting privately with Mayor Antonio Villaraigosa. The rally took on a festive tone, with many waving Mexican flags and yelling, "Latinos Stand Up!" and "Viva Mexico!"

"It was my dad's and grandfather's sweat and tears that built the city of Los Angeles," said Marshall High School senior Saul Corona, whose father came to the United States illegally before getting a green card. "People like them did things no one else wanted to do because they wanted me to have a better future."

The protests appeared to be loosely organized, with students learning about them through mass e-mails, fliers, instant messages, cellphone calls and postings on myspace.com Web pages. By contrast, the massive rally Saturday that drew 500,000 people to downtown Los Angeles was highly organized, with demonstrators urged to wear white and bring American flags.

Many students said they were marching in opposition to a bill sponsored by Rep. F. James Sensenbrenner (R-Wis.) that passed the House in December. The bill would give police more power to enforce immigration law and would lead to 700 miles of additional fencing along the border.

Even as the students marched, a Senate committee approved an immigration package Monday that would enable some of the about 12 million undocumented immigrants in the country to become U.S. citizens.

As immigrants or children of immigrants, several marchers said they would be personally affected by Sensenbrenner's pending bill.

"If this law passes, what will happen?" said Yadira Pech, 16. "There would be no more Los Angeles High School. Nearly all of us are immigrants."

Added Antonio Chavez, an eighth-grader at University Heights Middle School in Riverside: "Our parents, our families came here from Mexico. We want other families to be able to come here too."

Some students said they did not know exactly what the bill said but believed that it was part of an anti-immigrant movement taking hold nationwide.

"We just walked out because we didn't want to be at school," said Diana Hernandez, a senior at Dorsey High School in Los Angeles. "But we also believe [the legislation] is wrong."

The demonstrations became violent in some areas. In San Diego County, two dozen protesters were arrested in Escondido after refusing orders from police to disperse. Two patrol cars were reportedly vandalized.

In Riverside, a peaceful student protest unfolded downtown as six youths and one adult were arrested across town after scuffles with police clad in riot gear and carrying nightsticks, authorities said. After following students throughout the city and calling for them to disperse, officers confronted the group. Students responded by hurling rocks and bottles at police.

"They're pushing us around," said Pati Sanchez, a Norte Vista High School senior. "People should be able to say what they think."

In Santa Ana, officers used nightsticks and pepper spray to control students throwing bottles and rocks. They also set up barricades to prevent the protesters from disrupting traffic. One student was arrested and a few others suffered minor injuries, police said.

Four adults were arrested during a protest in Van Nuys, but no major violence occurred in Los Angeles County. The demonstrations prompted a tactical alert by Los Angeles police so the department could deploy officers to areas where they were needed.

"They're noisy but well-behaved," said LAPD Chief William J. Bratton as he walked through the downtown crowd. "Let them have their say."

In a district with about 358,000 middle and high school students, an estimated 26,000 walked out of more than 50 Los Angeles Unified campuses. Teachers, principals and school police urged students to demonstrate on campus, but students flooded through gates and onto city streets and sidewalks.

"It's very disruptive," said Ellen Morgan, a spokeswoman for the Los Angeles Unified School District. "We want them to express their opinions, but there are venues, there are forums for them to do so. We'd like them to stay in school and get an education."

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Not only did the mostly high school students miss class time, administrators said, but the district could lose money if students did not show up. And with postings on myspace.com promoting more walkouts today, principals were doing whatever they could to encourage students to stay on school grounds.

All L.A. Unified middle and high schools will be on lockdown today, which means no one will be allowed to leave school once they enter, officials said. The district plans more stringent measures this morning, prohibiting students from going from class to class as usual.

Teachers are planning lessons on the immigration issue, and administrators are setting aside spots on campus for rallies and sit-ins. Some school officials plan to punish students who left campus with enforced attendance at Saturday school.

In Los Angeles, principals sent notes home that urged parents to tell their children to stay on campus and warned of disciplinary action for those who did not.

On Monday, some principals locked down their campuses in an attempt to prevent students from leaving school grounds. Nevertheless, students from at least one campus climbed over a fence to leave.

Lucy Delgadillo, whose children attend South East High School in South Gate, said she knows that lockdowns promote school safety.

"There are some kids who don't know what the protest is about," she said. "But there are kids who understand and feel strongly about this, and I think they should be allowed to protest."

At some campuses where students did walk out, staff members marched alongside the youths to ensure their safety, officials said. In addition, Los Angeles school administrators dispatched about 30 buses to City Hall and other locations to ferry students back to their campuses in the afternoon.

In a noontime speech outside City Hall, Villaraigosa told the students that he opposed the Sensenbrenner bill.

"I know that all of you are fearful about what's going on," Villaraigosa said, referring to the pending legislation. "I know it would criminalize 12 million people."

But later in the afternoon, when he came out to tell students to go home, he was met with chants of, "Hell no, we won't go."

Administrators expressed differing views on the protests, which took place on the Cesar Chavez holiday. Some complained about a wasted day, while others praised the youths' activism.

"What pleases me is that our kids are politically active," said Ventura Unified School District Supt. Trudy Arriaga. "Isn't that what we want for the future?"

But Oxnard Union High School District Supt. Joy Dunlap said she hoped that it was over and that students had fulfilled their need to express their opinions.

"They've had that opportunity and now they'll come back and get back to studies on a normal basis," she said.

Santa Ana Unified School District Supt. Al Mijares said the students should use the classroom to engage in the immigration debate.

"The students are generally interested in the subject," he said. "But our quest is to make sure they're safe. We don't want them to miss school."

For the most part, students were met with support from honking motorists and cheering observers. (The demonstrations occurred a week after HBO premiered a movie about the 1968 student walkouts in East Los Angeles to protest the treatment of Chicanos.)

"I'm so proud of these kids," said social worker Robin Sheiner, as she watched the crowd pass on Melrose. "They're showing what they believe in."

Immigration Bill Decried (WT)

By Keyonna Summers

The Washington Times, March 28, 2006

About 150 Virginia high school students cut their school day short yesterday to show support for immigration advocates who this weekend protested federal legislation that would impose harsher penalties on illegal aliens and their employers.

Among them were 30 Salvadoran students from Freedom High School in Woodbridge who conducted a "peaceful, orderly" protest outside the school, which grew to include community members and students from two other local high schools, Principal Dorothy McCabe said.

They had not asked for permission before protesting outside, the principal said, adding that students who skipped classes will face routine disciplinary measures.

"They know some illegal aliens, and that certainly is a very important concern for them," Miss McCabe said. "They were very respectful. They had a purpose, and I was just so proud of the way they handled themselves.

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"We always want students to be involved in what's going on in the world, [and] we always encourage students to practice their rights," she said. "I think that's an important part of their education, [but] I want them in the classroom."

Meanwhile, hundreds of immigration advocates rallied at the U.S. Capitol yesterday against H.R. 4437, an immigration-enforcement bill that passed the House last year and comes before the Senate this week.

An interfaith prayer service at the Capitol followed weekend rallies that drew thousands in Chicago, Phoenix, Milwaukee, Dallas and Ohio, and an estimated 500,000 in Los Angeles.

The District-based Center for Community Change organized the event with help from the National Capital Immigration Coalition, an umbrella for immigrant-advocacy groups.

Crowd estimates yesterday ranged from U.S. Capitol Park Police officers' 1,000 to organizers' 3,000.

Labor union members, students and church groups from several states, including Kentucky, New York and California, wore blue shirts emblazoned with "We are America."

Clergymen handcuffed themselves to protest a provision in the bill that would imprison for up to five years anyone who knowingly assists or allows illegal aliens to remain in the United States, under a broadened definition of alien smuggling.

The clergymen marched to the Dirksen Senate Office Building to visit their senators, who will take up the measure today.

Sponsored by Rep. F. James Sensenbrenner Jr., Wisconsin Republican, the bill calls for up to $40,000 in fines for nonprofit groups and others that fail to check the legal status of immigrants while helping them find work.

The Senate Judiciary Committee debated its own version of the bill yesterday.

Critics have called the protests an attempt to generate sympathy for illegal aliens who drain public services.

Though Sensenbrenner spokesmen have said the bill is aimed at employers who hire illegals -- not churches and day laborer centers -- clergymen yesterday said they were "absolutely" willing to risk incarceration if Congress passes the Sensenbrenner measures.

Cristina Lopez, deputy executive director of Center for Community Change, said yesterday's rally will help to bolster support for an April 10 National Day of Action on Immigrant Rights, where advocates will call for comprehensive immigration reform and mobilize immigrant voters.

The National Capital Immigration Coalition is helping plan the event. Protests are scheduled for the District, Chicago, Denver, Los Angeles, Milwaukee, New York, Philadelphia, San Antonio, Las Cruces, N.M., and Tucson, Ariz.

"We want immigration reform that provides a pathway to citizenship, family reunification, workers' rights and civil rights and liberties for immigrants -- nothing less," Miss Lopez said.

A New Corps Mobilizes Over Immigration (CSM)

By Jeff Oliver

The Christian Science Monitor, March 28, 2006

GREELEY, COLO. - For the Latinos of this northern Colorado farming community, it was the final straw.

A proposal for a federal immigration office in town was supposed to help with gang and meth problems. Hispanics felt it unfairly targeted immigrants.

Sylvia Martinez, the daughter of a migrant Mexican worker, mobilized fellow Latinos. Three rallies ensued, and the proposal was all but quashed. "We saw this anti-immigrant stuff on a national level and then on a local level, and we said: 'OK, that's it. We do something now,' " says Ms. Martinez.

Local flash points like the one in Greeley, often born of hometown concerns about an influx of immigrants, are sparking the rise of a new corps of Hispanic activists. Now this corps is mobilized as never before to do battle on a national level - uniting legal and illegal, old guard and fresh faces - to oppose tough immigration reforms moving through Congress.

The strength of "Latino power" has been evident in recent days at protests in many US cities. Martinez and her group from Greeley, for one, were among the demonstrators, joining a 50,000-strong rally in Denver last weekend.

Granted, Hispanic political activism certainly isn't new. But this time its voice is different. The divide that usually exists between Hispanic-Americans born in the US and undocumented Hispanics is fading, say advocacy-group leaders, and fresh faces are joining old hands in the trenches of political organizing.

"There used to be a kind of divide" between native-born US Latinos and undocumented immigrants, says Raul Yzaguirre, former president of the National Council of La Raza, the nation's largest Latino advocacy group. "Now, there is a sense that we're in this together."

In fact, some are saying that Latino political activism has not reached such a level of intensity since 1994, when a California ballot initiative to deny social services to illegal immigrants rallied that state's Hispanic population against it. This time, however, the intensity is on a much broader scale, as groups from Atlanta to Milwaukee to Los Angeles follow closely any government moves that could affect them.

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"I have to say, it makes life easy for us," says Pablo Alvarado, a Salva-dorean immigrant and leader of the National Day Labor Organizing Network in Los Angeles. "An environment of fear means people are more willing to come together. I guess it's the same anywhere in the world."

Still, many Latino organizers remain troubled. "Sure, this accelerates people's incursion in the political system," says Clarissa Martinez de Castro, director of state-local public policy for the National Council of La Raza. "But in the long term, I think we are doing great damage." That is, she worries that any short-term increase in political activism and unity could be negated by anti-Latino sentiment - even if it's only a matter of perception - that results in long-term alienation and disillusionment.

And at times, some of the national rhetoric on immigration issues has left many Latinos feeling beleaguered. "We take it very personally," says Verónica Dahlberg, head of a Latino advocacy group in Ohio. "We have to turn off the TV because the words 'illegal alien' have begun to sound like the 'n' word."

In Greeley, however, activist enthusiasm shows little sign of waning since the protests against establishing an Immigration and Customs Enforcement office. Those rallies happened late last year, after Martinez and others canvassed neighborhoods with fliers and radio spots.

"I asked everyone to leave their identification at home," she remembers. "That way we would all be undocumented."

One rally drew 600 protesters - some immigrants, some native-born citizens - to a local Catholic church. The sudden show of unity moved public officials to apologize for not vetting the proposal with the Hispanic community.

Now, Martinez's group, Latinos Unidos, is putting together a voter-registration drive.

"This has been very invigorating," says Rebecca Safarik, Greeley's community development director. Latinos, she says, are now speaking up at city council meetings and are attending a weekly leadership training session. "We teach residents how to participate in local government," Ms. Safarik says. "At our last meeting, two-thirds were Latinos."

Still, for Martinez, success has come with a price. "I've exhausted two years of vacation time in two months," she says over a lunch of fajitas at a Mexican restaurant near her home. She adds that her efforts have also taken time from her husband and two children.

As she pauses, however, a fellow Latino quietly approaches and in Spanish says, "Congratulations on our victory. We're with you."

Martinez smiles and reminds the man to listen to the radio for information on future rallies.

"Sometimes I get people crying and giving me kisses for standing up for them," she says. "That guy just gave me fuel for two more months."

Coast-to-coast 'Movement' Rages On (WT)

By Guy Taylor

The Washington Times, March 28, 2006

The Roman Catholic Church, dozens of grass-roots coalitions and Spanish-language radio disc jockeys have helped fuel protests nationwide against congressional efforts to tackle illegal immigration.

One protest organizer described the effort as "the beginning of an immigration civil rights movement."

"This is the tip of the iceberg," said Marissa Graciosa, a political organizer at the Illinois Coalition for Immigrant and Refugee Rights, one of several groups that rallied about 300,000 people into the streets of Chicago on March 10.

As activists rallied outside the U.S. Capitol yesterday, Daniel Sharp, legal director for the Central American Resource Center of Los Angeles -- a key group behind the 500,000-strong demonstration in that city Saturday -- called on Congress to act responsibly.

"If Congress doesn't address the problem in a realistic way, the demonstrations will continue," said Mr. Sharp at the event organized by District-based Center for Community Change and the National Capital Immigration Coalition, an umbrella immigrant-advocacy group.

Demonstrators, who have also gathered in Detroit and Cleveland, oppose legislation already passed by the House that would make it a felony to be in the U.S. illegally, impose new penalties on employers who hire illegal aliens and build fences along part of the U.S.-Mexico border.

The Senate Judiciary Committee yesterday approved legislation that would allow millions of undocumented workers to seek U.S. citizenship without having to first leave the country. It also stripped the felony penalty for illegal aliens. The full Senate is scheduled to begin debate today.

The Catholic Church has played a key role in opposing legislation to restrict immigration and rallying protesters.

"As we've been able to reach more and more people, they're waking up to the ills of the proposals made to date and seeing the need to be vocal about the kinds of reforms that would be more acceptable," said Mark D. Franken, executive director of migration and refugee services for the U.S. Conference of Catholic Bishops.

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The bishops conference in May began "Justice for Immigrants," a campaign focused on activating a network of grass-roots movements against punitive immigration-reform legislation.

Mr. Franken said all the nation's 197 Catholic dioceses are in some way backing the campaign, with more than 70 being particularly active. Disseminating pamphlets and networking, community-level groups tied to the campaign are operating "in churches and everywhere they can gain access," he said.

Protest organizers also credit popular disc jockeys on Spanish-language radio stations for helping turnout, particularly in Los Angeles and Chicago.

"DJs got on the bullhorn to say, 'Hey, let's take this day off and get on the street to make sure this anti-immigration legislation cannot pass, that it won't be tolerated in a city like Chicago,' " Miss Graciosa said.

Yesterday in California, the state's Cesar Chavez Day, thousands of students walked out of class, and crowds in Detroit marched toward downtown as nearly a week of street protests against proposed immigration reforms continued.

At least 800 students walked out from eight Los Angeles-area schools ranging from the San Fernando Valley to the wealthy coastal enclave of Pacific Palisades, said Monica Carazo, spokeswoman for the Los Angeles Unified School District.

By midmorning, the protests spread to downtown, where hundreds more students were walking the streets and chanting.

In Detroit, protesters waving Mexican flags marched from the southwest side of the city, where many Hispanics live, toward a federal building downtown.

"We are illegal immigrants if you trace our heritage all the way back. But we are here, and we are working and we are living the American dream," said Janet Padron, a 22-year-old Allen Park resident who participated in the Detroit rally.

"Do you see the community?" Miss Padron asked, pointing to the thousands of people surrounding her. "Do you see how many people didn't go to work today?"

Several Hispanic groups are supportive of legislation that the Senate will consider, saying it gives hardworking immigrants the opportunity to become citizens, not criminals.

Mr. Sharp said the Central American Resource Center of Los Angeles thinks already pressed federal immigration law-enforcement resources should be focused "on terrorists, drug dealers and violent criminals, not the people who pick our crops, wash our dishes and take care of our children."

Immigrants' Voice Reaches The Hill (WP)

By John Pomfret And Sonya Geis

The Washington Post, March 28, 2006

LOS ANGELES, March 27 -- On Feb. 1, Arturo Hernandez went to his church on the east side of Los Angeles and watched the first PowerPoint presentation of his life. The illegal immigrant from a Mexican village on the Sea of Cortez learned about a bill that had passed the House that would turn him -- and the church that helps his family with child care, his employers in the tony Brentwood section of Los Angeles and the hospitals that treat his family -- into felons.

In subsequent weeks, Hernandez listened to public service announcements on L.A.'s Spanish-language radio stations in which disc jockeys and other celebrities said they wanted him and others like him to let the Senate, which is meeting this week to hammer out its own legislation, know what they think about the proposal. At the same time, his church, the hotel worker's union that represents his wife and the leadership of the Archdiocese of Los Angeles continued to tell him the legislation was, in the words of Cardinal Roger M. Mahony who spoke against the measure on March 1 -- Ash Wednesday -- a "blameful, vicious" bill.

On Saturday, Hernandez, his wife, Gloria, and their three children marched in their first protest -- along with more than 500,000 other demonstrators -- through downtown Los Angeles. "I have lived for 15 years in America," said the 34-year-old gardener. "All that time I have lived with my head down, you know. On Saturday, all these people were telling me to put my head up."

As the immigrant legislation was heard Monday on Capital Hill, a grass-roots movement of immigrant churchgoers, union members, businessmen, media personalities and laborers was hoping to use the power of their numbers to move the debate. Some in the loosely knit coalition speak of the dawning of a new civil rights movement, drawing parallels with the Rev. Martin Luther King Jr. and Chicano labor activist Cesar Chavez.

While opponents of illegal immigration have been organizing and even launching their own border patrols for some time, the immigrants themselves have been silent. But the turnout at rallies and demonstrations in recent weeks shows a deepening activism.

Almost three-quarters of a million people in more than 10 cities have marched against the bill. On March 10, about 100,000 marched in Chicago. Crowds have also massed in Milwaukee, Philadelphia, Denver and Phoenix. And protests continued Monday when thousands of students skipped class in California, Texas and other states and demonstrators marched on a federal building in Detroit. Organizers said they were gearing up for a nationwide demonstration April 10.

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The message of marchers was, "We are good people who want to contribute to this nation," said Angelica Salas, executive director of the Coalition for Humane Immigrant Rights of Los Angeles, which helped organize the Los Angeles march. "More than anything, people were saying, 'This is who we are. Most of the time we're invisible to society, but this is who we are. We're not criminals. We're families. We're mothers, we're fathers, we're workers.' "

In Los Angeles, which is 47 percent Hispanic, the march was a blunt reminder of Latino power in this city -- illegal or legal. Busboys, gardeners, maids, textile workers, delivery boys, taco truck operators, firefighters, politicians (including Mayor Antonio R. Villaraigosa), union chiefs and thousands more coursed down Broadway in the heart of L.A.'s downtown predominantly Hispanic shopping district.

Churches have been at the center of the movement to fight efforts to criminalize aid to illegal immigrants. Mahony's message for Lent announced that archdiocesan priests and pastoral workers would defy the government and continue offering services to people in the country illegally if such efforts are outlawed. Similar statements came from the Rev. Samuel Rodriguez Jr., president of the National Hispanic Association of Evangelicals, which is usually associated with conservative causes.

Rodriguez called the recent marches the result of "the greatest mobilization since the days of Cesar Chavez."

"We have businessmen, Christians, non-Christians, Catholics and evangelicals," he said. "We engaged the number one institution in the Hispanic family -- the church. We contacted pastors in parishes, and we worked through local Spanish radio and television. We said, 'Look, if we don't speak up now, it's going to be too late.' "

Rodriguez cautioned members of the Republican Party who back the tough House bill. "More and more Hispanics are voting, and more and more are voting conservatively," he said. "But if we are abandoned by the Republicans on this issue, it will nullify the possibility of a Republican winning national office."

In Los Angeles, radio personalities, who normally engage in cutthroat competition, worked together to inform people about the upcoming march, said David Haymore, vice president and general manager of Spanish Broadcasting System in Los Angeles, which runs two of the most popular Spanish-language radio stations in the city. Haymore said that eight days before the march, the program directors and on-air personalities of the major Spanish-language stations here met and "agreed to leave egos at the door, not promote the stations" and make the case on the air for "people to show their unity by marching in downtown L.A."

During the next seven days, stations aired conference calls that featured disc jockeys from competing stations discussing the immigration bills and the Senate's upcoming debate.

"The community needs to see us together so they can understand the message that united we are much more powerful," said the host of the city's most popular Spanish morning radio show, Renan Almendarez Coello, better known as "El Cucuy," a character out of a Mexican folktale.

"We have to be united to demonstrate to the world that this country is made by immigrants."

Hispanic marchers have dominated the protests. The Pew Hispanic Center estimates that 78 percent of the nation's approximately 11 million illegal immigrants are from Mexico or other Latin American countries.

However, other ethnic groups, including the Irish, have joined the debate. In Los Angeles, the campaigning by the Spanish-language media was mirrored by Radio Seoul, the 24-hour Korean-language station in the city, which aired similar spots exhorting this city's 1 million Koreans to take to the streets.

"We estimate about one in five Koreans in America is illegal," said Dae Joong Yoon, executive director of the Korean Resource Center in Los Angeles.

"So we all have these people in our families. We know about their struggles. They are working hard."

How DJs Put 500,000 Marchers In Motion (LAT)

By Teresa Watanabe And Hector Becerra

The Los Angeles Times, March 28, 2006

He's one of the hottest Spanish-language radio personalities in the nation. So when Los Angeles deejay Eddie Sotelo joined hands with his radio rivals to urge listeners to turn out for a pro-immigrant rally in downtown Los Angeles on Saturday, organizers hoped for a big turnout.

But many said Monday that they were stunned by how many responded to the call to march against federal legislation that would crack down on undocumented immigrants and penalize those who assist them.

As a result, what was initially expected to draw fewer than 20,000 ballooned into a massive march that police estimated at 500,000 and said was one of the largest demonstrations in Los Angeles' history. The march topped a wave of protests drawing hundreds of thousands of participants in cities around the nation, which organizers said influenced the U.S. Senate Judiciary Committee's approval Monday of legislation that includes legalization for undocumented immigrants.

Rally supporters, including immigrant-rights activists, churches, and labor and community groups, agreed that the active advocacy of the region's top Spanish-language radio personalities was critical in drawing the enormous crowds, who marched

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more than 20 blocks along Spring and Main streets and Broadway to City Hall, wearing white "peace" shirts and waving American and Mexican flags.

The promoters included such on-air celebrities as KHJ's Humberto Luna, KBUE's Ricardo "El Mandril" (The Baboon) Sanchez, Renan "El Cucuy" (The Boogeyman) Almendarez Coello — whose often risque show has cast him as a sort of Latino version of Howard Stern — and Sotelo, better known to listeners as "El Piolin," or Tweety Bird. Coello's and Sotelo's morning talk shows are among the highest-rated programs in any language in Los Angeles.

"They were the key to getting so many people out," said Mike Garcia, president of Local 1877 of the Service Employees International Union. "If you listened to Spanish-language media, they were just pumping, pumping, pumping this up."

For his part, Sotelo said he decided to promote the cause — by calling a summit of his rival deejays to encourage them to do the same — after rally organizers told him about the ramifications of the legislation passed by the U.S. House of Representatives last December. The bill, by Rep. F. James Sensenbrenner Jr. (R-Wis.), would make undocumented immigrants and those who assist them felons and erect a 700-mile fence along the U.S.-Mexican border.

"I told God that if he gave me an opportunity as a radio announcer, I was going to help my people," said Sotelo, who himself illegally crossed the border in the trunk of a car in 1986 and gained legal status a decade later. "I think we have to make sure the message went through to Washington, to let them know we're not criminals."

The idea for the march first sprouted in February in the oldest church in Los Angeles: Our Lady Queen of Angels, which has historically served as a sanctuary for undocumented migrants.

The church near Olvera Street has become one of the city's organizing hubs against the House bill, playing a leading role in promoting the Roman Catholic Church's national "Justice for Immigrants" campaign. Cardinal Roger M. Mahony last December appointed a committee to promote the national campaign throughout the 5-million-member Los Angeles Archdiocese.

The coalition of religious, community and civil rights activists meeting at the church had begun planning several small-scale events: news conferences, a petition drive and protest marches to Republican and Democratic party offices.

But when two visitors joined the group in January, the vision suddenly expanded.

Jesse Diaz, a doctoral candidate in sociology at UC Riverside, had worked with day laborers in Pomona and organized marches against Proposition 187, the 1994 state initiative that cut public benefits to undocumented immigrants but was struck down in federal court. Javier Rodriguez, a journalist, had also worked with immigrants and organized black-Latino political alliances.

The two men called for something dramatic: a massive protest march.

"It was time," Diaz said. "The Sensenbrenner bill had passed. We have 10 [million] to 12 million undocumented immigrants in this country, but their voice can't be heard at the ballot box. We felt a march would be a way for them to speak out."

The coalition was initially wary, he said. The group had little money or organization. At the time, none of the big labor or civil rights organizations had yet signed on, such as the service employees union or the Coalition for Humane Immigrant Rights of Los Angeles. At the table, aside from the Catholic priests and some Spanish-language journalists, were such groups as the Central American Resource Center, Hermandad Mexicana Latinoamericana, the Pomona Day Labor Center and the Southern California Human Rights Network.

But Diaz and Rodriguez kept pushing. On March 2, the group held a news conference at the church to announce the march and call for political and Spanish-language media to get involved.

On March 13, the group got extensive coverage from KMEX-TV Channel 34, including promos, leading up to a "media breakfast" the next day. Later that day, Rodriguez and other leaders spoke to a producer on Sotelo's program. The day after that, they were on "Piolin Por La Mañana" for four hours, Rodriguez said.

"That was it, man!" Rodriguez said. "They gave us four hours and we went at it. We talked about the need for people to come out."

The next day, Rodriguez and other leaders went on the air with Sanchez of KBUE-FM (105.5) "Que Buena." During that show, Rodriguez said, he proposed that the deejays join together for the cause.

Sanchez called Sotelo and they had an on-air conversation during their programs, Rodriguez said. Later that day, Sotelo would make the calls that would bring the other deejays together on the air.

By March 20, all of the major Spanish-language disc jockeys got together on City Hall's south steps to promote the big march.

"From there, it just blew up," Diaz said.

The deejays did more than publicize the march. Working with the organizers, they also helped develop some ground rules: Marchers had to be peaceful and clean up after themselves.

They were also encouraged to wave American flags.

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"We wanted them to show that we love this country," Sotelo said. "Bringing the U.S. flag, that was important. There are so many people who say, 'I'm glad my parents came here and sacrificed like they did for us.' "

By this time, other organizations had begun to join the effort.

Local 1877, which represents janitors, took care of security. The union trained nearly 500 people in how to deal with conflicts and herd marchers along the route, posting nearly two dozen on each block in orange T-shirts donated by an L.A. apparel firm, according to union organizer Ernesto Guerrero.

The union also coordinated the more than 100 buses that dropped off marchers from throughout California, Las Vegas and a few Southwestern cities, he said.

All of the planning paid off. The "Great March of March 25," as some dubbed it, was peaceful.

"I was saying, 'Man, we did it, we did it!' " Sotelo said.

The strong advocacy of the disc jockeys and other Spanish-language media contrasted sharply with other outlets, said Felix Gutierrez, a journalism professor at USC's Annenberg School for Communication.

"The Latino media played it more as how will this affect you, how will it affect your job, how will it affect your kids," Gutierrez said. "They were much closer to their audience, in terms of the direct effect."

Gutierrez lauded the organization behind the event and contrasted it with the angrier assemblies of the Chicano movement of the 1960s, in which he was a media liaison.

By comparison, Saturday's rally was festive, featuring kazoos, mariachi music, cotton candy and families with children. "The messages I heard last week was show up, bring your family, bring your children, don't get pulled into violence, there may be people trying to provoke you," Gutierrez said.

Meanwhile, Diaz and Rodriguez planned to announce today their next major action: a call to boycott work, school and all consumer activities May 1. They are calling it "The Great American Boycott of 2006."

Concern High Over Immigration (WT)

By Jennifer Harper

The Washington Times, March 28, 2006

A sampling of polls reveals that most Americans are concerned about the financial impact of illegal immigration and fret over porous borders, lax enforcement and easygoing policies that could reward or encourage lawbreakers.

The concern cuts across demographics. A Quinnipiac University Polling Institute survey of 1,892 registered voters released March 3 found that 88 percent think illegal immigration is a serious problem; 83 percent of respondents identified as children or grandchildren of immigrants agreed. The margin of error was two percentage points.

In addition, 62 percent opposed measures that would make it easier for illegals to become citizens; 56 percent of the immigrant descendants agreed. Seventy-two percent did not favor allowing illegals to get driver's licenses; 66 percent of the immigrant descendants agreed.

"If you're not here legally, you shouldn't get government benefits, Americans say overwhelmingly," said poll director Maurice Carroll.

Many Americans equate illegal immigration with a threat to the nation's security. A Time magazine survey of 1,002 adults released in late January found that three-quarters would penalize employers hiring illegals and 70 percent felt illegals increased the likelihood of terrorism. The margin of error was three percentage points.

Those with financial clout are also uneasy. A Gallup Poll of 802 U.S. investors released yesterday found that 80 percent said the federal government should do more to prevent illegal immigration. Although 84 percent said illegals mostly took jobs Americans didn't want, 62 percent said illegals hurt the national investment climate. Sixty-eight percent said illegals cost taxpayers too much because of their demands for public education and health care. The margin of error was four percentage points.

Gallup analyst Dennis Jacobe was surprised by the findings, saying, "When eight in 10 of those individuals who probably benefit the most from illegal immigration want the federal government to act to prevent it, then clearly elected officials should take note and act."

Voters are attracted to a border security platform. An NBC/Wall Street Journal survey of 500 adults conducted March 10 to 13 found 71 percent would more likely vote for a congressional candidate who would tighten immigration. About 59 percent opposed President Bush's proposal to create a guest-worker status for illegals. Fifty-six percent opposed the idea because "we should not reward people who have broken the law," saying temporary status would encourage people to cross borders illegally. The margin of error was three percentage points.

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Yet Congress is drawn to the idea of temporary status, according to a National Journal poll this month that surveyed 58 Republican and 52 Democratic lawmakers, plus a lone independent. The survey found 73 percent of Republican and 77 percent of Democratic senators and representatives said they would support an immigration bill that included a guest-worker program.

An IQ Research poll gauging the "broad view of the agricultural workers program" among 1,001 adults released in early March found 92 percent said that securing the nation's border should be an important issue for both the White House and Congress. About 60 percent did not favor amnesty for illegals. The margin of error was three percentage points.

Check The Polls, Not The Protests, On Immigration (RC)

By David Winston

Roll Call, March 28, 2006

Several hundred thousand people marching in Los Angeles to protest immigration reform get the attention of both the media and politicians, as it should. But here's a quick reality check: The march, though very impressive as a political statement, simply doesn't represent where the country is as a whole.

In truth, the views of most of the people marching in the streets of L.A. and other cities last weekend bear little or no resemblance to the majority of public opinion in this country when it comes to illegal immigration.

Here's what the American people actually think about immigration reform and border security, according to a broad range of recent national surveys:

· Sixty-three percent believe that illegal immigration is an extremely or very serious problem. (Time, Jan. 24-26, 2006)

· They see immigration as a security issue first (41 percent), then an economic issue (29 percent), and finally a civil rights/humanitarian issue (24 percent). (New Models, Oct. 30-31, 2005)

· They believe that illegal immigrants, overall, hurt the economy, by a 64 percent to 26 percent margin. (Time, Nov. 29-Dec.1, 2005)

· They oppose allowing illegal immigrants to obtain driver's licenses by a 72 percent to 25 percent margin. (Quinnipiac University, Feb. 21-28, 2006)

· They believe that military troops should be used for border security by a 58 percent to 37 percent margin. (New Models, Oct. 30-31, 2005)

· They favor a proposal to build a 2,000-mile security fence along the U.S.-Mexico border by a 51 percent to 37 percent margin. (Fox News/Opinion Dynamics, Oct. 11-12, 2005)

· They agree that illegal immigrants should be able to apply for temporary work visas, 61 percent to 38 percent. (New Models, Oct. 30-31, 2005)

· They support requiring proof of legal residency to obtain government benefits by an 84 percent to 14 percent margin. (Quinnipiac University, Feb. 21-28, 2006)

· They believe illegal immigrants should have access to public schools, 52 percent to 48 percent. (New Models, Oct. 30-31, 2005)

· They are more likely to vote for a candidate who favors tighter controls on illegal immigration, by a 71 percent to 11 percent margin. (NBC News/Wall Street Journal, March 10-13, 2006)

In other words, when it comes to immigration reform, polls — not parades — are a better barometer of where the American public is. The bigger question is, where are the politicians coming from? For both Republicans and Democrats, this hot-button issue has forced them to navigate some pretty tricky political waters.

Republicans are trying to balance the demands of their conservative base, which wants tougher border security, with the concerns of another part of that base, the business community, which wants a more middle-of-the-road approach.

The GOP also is trying to retain and expand the progress it has made in the past three elections with more conservative Hispanic Americans.

Meanwhile, members of the Christian community are still deciding this difficult and complex issue. This week, Senate Judiciary Chairman Arlen Specter (R-Pa.) has promised reform legislation that addresses both the issues of border security and what to do with the 12 million illegal immigrants already here. A number of Republican immigration plans have emerged, but, as of this writing, there is no clear consensus bill.

If Specter fails to get a bill out of committee, then Senate Majority Leader Bill Frist (R-Tenn.) will bring his own bill to the floor that deals specifically with national security and border security issues. Unlike the House legislation, the penalty in his bill for being in the country illegally would be a misdemeanor rather than a felony, ameliorating one of the Democrats' biggest criticisms of the House Republican reforms.

Whether the Senate can reach a compromise on the big sticking point — the amnesty/guest worker issue — remains to be seen. But judging by public opinion, Republicans would be smart to move ahead on border security while negotiations continue.

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Whatever legislation finally reaches the Senate floor, be it a Judiciary Committee proposal or a Frist alternative, Republican views on the twin issues of border security and immigration reform clearly are in tune with the majority of American voters.

This leaves Democrats with a dilemma: how to play to their liberal base by siding with immigration-reform opponents who, for all practical purposes, want amnesty now, without alienating the America people who, according to a Quinnipiac University poll (Feb. 21-28), "oppose making it easier for illegal immigrants to become citizens" by a margin of 62 percent to 32 percent.

Add to that the fact that "Big Labor" apparently has joined the coalition of Latino, liberal Catholic and Democratic activists who side with illegal immigrants in opposing the reforms. Those are groups that Democratic Members such as Senate Minority Leader Harry Reid (Nev.) and Sen. Hillary Rodham Clinton (N.Y.), a presidential hopeful, want on their side.

To help reinvigorate the party's slipping Hispanic support, Reid threatened last week to filibuster the Frist proposal even though it contains provisions that reflect changes Reid and other Democrats have asked for, including tougher border security efforts, an increase in the number of Border Patrol agents and new sanctions for employers who hire illegal immigrants.

In a bizarre twist to the old maxim, "Praise the Lord and pass the ammunition," Clinton opened fire on Congressional Republicans last week as she joined Reid's filibuster effort. Apparently adopting a new stance on the separation of church and state, Clinton complained that the House Republicans' immigration reform package "is certainly not in keeping with my understanding of the Scriptures because this bill would literally criminalize the Good Samaritan and probably even Jesus himself."

By threatening to filibuster a Republican immigration reform package that, at its core, will do much to strengthen border security, Democrats send a confused, inconsistent and potentially unpopular message to American voters — that they are willing to hold up stronger homeland security to give 12 million illegal immigrants amnesty. Republicans ought to call their bluff.

David Winston is president of The Winston Group, a Republican polling firm.

'Guest Workers' At Core Of Immigration Dispute (USAT)

By Kathy Kiely

USA Today, March 28, 2006

AVON, Ohio — Tom Demaline is an all-American success story. But he's the first to say it wouldn't be possible without the Mexicans who work for him.

From a small landscaping company that his father founded in 1954 "with a pickup truck and a wheelbarrow," Demaline and his sister, Cathy Kowalczyk, built one of the largest nursery operations in the Midwest. Their Willoway Nurseries has 800 acres in production, grows 1,500 varieties of plants, and sells to landscapers and garden centers from Iowa to Maine.

Of the 350 employees hired to work the March through December busy season, 271 are Mexican nationals with visas from a "guest worker" program designed to fill jobs for which, employers say, no American workers can be found.

The presence of Mexican laborers in this Cleveland suburb, readying roses and hydrangeas for Mother's Day, illustrates how much foreign migrant labor means to the economy. They also underscore why a Senate debate, which could begin today, is so explosive.

Lawmakers are wrestling with the first overhaul of the nation's immigration laws in more than a decade, against a backdrop of conflicting emotions. The USA is a "welcoming society" and a nation of immigrants, as President Bush told new U.S. citizens after they were sworn in on Monday. It is also a nation where self-styled "Minutemen" volunteers patrol the U.S.-Mexican border, because of their frustration with a stream of illegal newcomers.

Bush believes the best way to end the black market in labor, which has drawn an estimated 11 million illegal immigrants to the USA, is to legally expand opportunities for foreigners to take jobs that Americans don't want. "By creating a separate legal channel for those entering America to do an honest day's labor," he said Monday, "we would dramatically reduce the number of people trying to sneak back and forth across the border."

The Senate Judiciary Committee on Monday endorsed Bush's approach, approving a bill that would expand guest-worker programs and give workers who are now here illegally a chance to become citizens.

Employers from Demaline to Microsoft mogul Bill Gates have been pushing for more guest workers. High-tech companies say they need more talent, and the federal government agrees. In 2004, the U.S. Department of Labor certified a need for more than 600,000 guest-worker visas for high-tech workers, but under current law only about one-tenth could enter.

At the other end of the skill spectrum, Demaline says he had so much trouble recruiting Americans to do the "hard, dirty" seasonal jobs he was offering at $9.21 an hour that he thought he might have to sell his nursery. He credits the Mexican workers with saving his family business.

Even so, others believe America's open door is draining the economy. "Millions of American workers, in all sectors of the labor market, have seen their jobs and wages undercut by the phenomenon of mass illegal immigration," says Dan Stein,

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president of the Federation for American Immigration Reform, which favors tighter immigration laws. He says expanding the guest-worker program “will only exacerbate the plight of middle-class workers in America.”

The debate has opened a fault line in the Republican Party. Leaders of the Republican-controlled House have refused to take up Bush's guest-worker proposal. They're focusing instead on enforcement.

The House bill by Judiciary Chairman James Sensenbrenner, R-Wis., passed in December, would make illegal immigration a felony and increase penalties on employers. It would also expand 14 miles of fencing along the U.S.-Mexican border by 700 miles, at an estimated cost of $2.2 billion.

The Senate bill takes a different approach, with no criminal penalties for illegal immigrants. It incorporates a bipartisan plan, by Sens. John McCain, R-Ariz., and Edward Kennedy, D-Mass., to allow temporary workers to become citizens. The measure endorses Bush's view that those workers should not get a jump on those who have been waiting for years to become citizens.

Senate Majority Leader Bill Frist signaled opposition to a guest-worker plan. The Tennessee Republican, who is exploring a presidential bid, introduced his own immigration bill earlier this month. It's unclear whether he will choose his bill or the committee measure for the full Senate debate. Like the House bill, Frist's measure focuses on enforcement.

Tom Donohue, president of the U.S. Chamber of Commerce, scoffs at efforts to “build a Berlin Wall” along the border. Donohue, who supports the president's guest-worker plan, says illegal and legal immigrants to the USA are responding to market demand. “We absolutely need these workers,” he says. “We need these people for jobs that there are no Americans available to take.”

In 2004, the Department of Labor approved 628,595 requests for high-tech worker visas. However, Congress caps the number of high-tech worker visas, known as H-1B visas, at 65,000 a year. That means some companies don't get the high-tech workers they request, even though federal officials have found their need to be legitimate.

For another, broader category of temporary work visas — used to admit restaurant and hotel workers as well as minor league ball players — the Labor Department certified 106,471 requests in 2004. These visas, known as H-2B, are capped at 66,000 annually.

Employers say Congress' unwillingness to raise the caps has made it difficult to find enough workers. “Like it or not, there are a lot of undocumented workers in our industry,” says Gary Roden of Dallas, former national president of the Associated Builders and Contractors. He says the building trades are “in drastic need” of carpenters, plumbers and heating and air-conditioning technicians.

He blames a society that favors white-collar professions on the lack of American workers in these trades. “School counselors and parents feel like their kids are failures if they don't go to college,” he says.

The guest-worker visa program used for seasonal farmworkers such as those at Demaline's nursery admitted 22,000 workers in 2004, according to U.S. Citizenship and Immigration Services. There are no caps on these visas. These workers are among more than 800,000 crop workers, only 47% of whom are legally authorized to work in the USA, according to the Labor Department.

Growers who use the legal guest-worker program say it isn't used much because it is cumbersome to obtain worker visas, which must be certified by the Labor Department, immigration services and the State Department before foreign workers can be admitted to the USA.

“You have so many different departments involved, all these little hoops you have to go through. If you have any little glitch, you lose your workers,” says Luawanna Hallstrom, chief operating officer of Harry Singh & Sons, a California tomato grower. “We have told growers, ‘Don't get into the program until you absolutely have to.' ”

Demaline says he enrolled in the guest-worker program in 1998,after immigration agents raidedhis nursery and sent many of his Mexican workers back across the border.

“We were surprised,” says Demaline, adding his employees' work papers appeared to be legitimate and many of the workers “spoke good English.”

Demaline didn't know until after the raid that many workers were crowded into single-family rental homes while they worked for him.

Demaline used to rely on Cleveland-area high school and college students to fill seasonal slots at his nursery, but he says they aren't showing up at his hiring office anymore. He thinks they found easier work at area restaurants and shops.

State unemployment figures indicate that low-skill workers in Demaline's area can afford to be more choosy: In Lorain County, where Willoway Nursery is, the unemployment rate stood at 5.8% at the end of last year.

For Demaline, enrolling in the guest-worker agricultural program has meant hiring a Washington law firm to help with the paperwork, building dormitories that meet federal and state health department standards, chartering buses to transport Mexican workers, and starting Spanish classes for his American employees.

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This year, the Labor Department made him advertise for farmworkers in newspapers and radio stations in the Rio Grande Valley of Texas, as well as interview applicants from Ohio unemployment offices. Demaline says he got three workers from Texas and about 100 from Ohio — though many of those, he says, don't stay. He needs guest workers to fill the rest of the jobs. “It's not a cheap source of labor,” he says.

For Demaline's Mexican employees, the guest-worker program means paying a recruiter in Mexico to put them on the visa list. Francisco Ricardo, in his eighth season at Willoway, says he paid $400. Then the workers wait, sometimes for days, to win approval from the U.S. Consulate in Monterrey.

This year, a paperwork problem had to be untangled by Sen. Mike DeWine, R-Ohio. Until it was solved, the workers returned to Mexico and waited two weeks before they got permission to cross the border.

The workers spend nine months a year away from their families, but they say they are able to give them a better life. Ricardo says he sends $500 every two weeks to Mexico, where the oldest of his five children studies marketing in college. Back home, he says, he'd earn $4 a day.

Advocates who represent migrant workers say others aren't so lucky.

Gregory Scott Schell, a migrant workers' attorney in Florida, recently won a class-action suit on behalf of farmworkers who said they were cheated on their wages.

Many advocates are skeptical of plans to expand guest-worker programs. They say the programs create indentured servants.

“Workers are afraid they will not be asked back if they complain,” says Mark Heller, a migrant workers' attorney in Toledo, Ohio.

There are other problems that worker rights advocates and growers say need to be resolved.

Baldemar Velasquez, president of the Farm Labor Organizing Committee, says some of the worst abuses occur on the other side of the border, where workers are forced to pay off recruiters hired by U.S. companies. Mary Bauer, an attorney for the Southern Poverty Law Center's Immigrant Justice Project, says the Guatemalan tree-cutters she is representing in a class-action suit had to give recruiters deeds to their homes.

Growers say they need a simpler application system and more federal workers to process applications. “Instead of putting money into building a fence across the border, they should be putting money into these programs and the agencies that run them,” says Bernie Kohl, a Maryland nursery owner who hires about 130 guest workers a year.

Representatives at all three agencies involved — the State Department, Labor Department and immigration — say they have not yet calculated how many more employees they would need to handle the workload of an expanded guest-worker program.

At Willoway, Demaline says he'd recommend using guest workers, despite its difficulties. He also favors allowing foreign workers who are now here illegally to enroll in it, if only because he believes the alternative is unworkable.

“We couldn't get 1 million people out of New Orleans,” he says, referring to Hurricane Katrina evacuation efforts. “How are we going to send 12 million Mexicans back?”

Troops Border Deployment Helped Catch Illegal Aliens (WT)

By Jerry Seper

The Washington Times, March 28, 2006

The deployment of federal troops along the U.S.-Mexico border in October netted a 60 percent increase in apprehensions of illegal aliens by U.S. Customs and Border Protection (CBP) agents, a congressional report says.

The report given this month to the Senate Armed Services Committee says a Texas-based Stryker-armored reconnaissance, surveillance and target acquisition squadron helped CBP agents capture 2,000 illegal border crossers in New Mexico and Arizona.

The squadron, part of Joint Task Force North (JTF-N), based at Biggs Army Airfield in Fort Bliss, Texas, was used to "detect and report" the movement of "transnational threats" to the U.S. Border Patrol during the 30-day Operation Western Vigilance.

Adm. Timothy J. Keating, commander of the U.S. Northern Command (NORTHCOM) and the North American Aerospace Defense Command, told the committee that the operation also detected three tunnels at the U.S.-Mexico border and one from Canada.

"Our homeland defense and civil support plans are the foundation of our ability to deter, prevent and defeat threats to our nation and assist civil authorities when called upon by the president or secretary of defense," Adm. Keating said.

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JTF-N, a joint service command of active duty and reserve soldiers, sailors, airmen, Marines and Defense Department civilian employees, is a part of NORTHCOM, which is headquartered in Colorado Springs and monitors air, land and sea approaches and encompasses the entire North American continent.

The unclassified report noted that unmanned aerial systems and National Guard helicopters were used in addition to the squadron's combat vehicles.

Adm. Keating said NORTHCOM initiated coordination with multiple federal agencies for further development of tunnel detection technology, which will benefit not only JTF-N and its law-enforcement agency partners, but also U.S. Central Command in Southwest Asia.

NORTHCOM is engaged with the Federal Aviation Administration to develop airspace procedures for unmanned aerial system support to border control lead agencies and disaster response operations, he said.

Stryker squadrons like the one used in Operation Western Vigilance consist of combat vehicles that combine the capacity for rapid deployment with survivability and tactical mobility. They enable combat teams to maneuver in close and urban areas, provide protection in open terrain and transport infantry quickly to critical positions.

El Norte (WSJ)

By Jagdish Bhagwati

The Wall Street Journal, March 28, 2006

The profusion of proposals by politicians of left and right, the taking to the streets of Los Angeles by half a million Hispanics and sympathetic demonstrators opposing the draconian House bill, and the agonized appeal by President Bush (a real mensch who has put his politics where his principles are, and where ours should be) that "America is a nation of immigrants" (and "also a nation of laws"), all underline the fact that there is now a compelling sense of public urgency about the immigration debate that will seize the Senate this week. There should also be a sense of déjà vu.

We have been here before. Indeed, a fierce debate preceded the legislation of the 1986 Immigration Reform and Control Act (IRCA), our last statute addressing illegal immigration. But we need to learn the lessons from that debate and from the loss of any illusion among the proponents of IRCA that they finally had a handle on the problem of illegal immigration.

If we understand why IRCA failed, we will understand why the prospects of disillusionment confront us all over again, whether we move to the harsh end of the spectrum with the House bill, which criminalizes illegal immigrants (and even those who aid and comfort them), or we embrace the reforms at the benign end, such as the president's proposal for a guestworker program and the proposal of Sens. John McCain and Ted Kennedy for a quasi-amnesty for the illegals already in our midst.

While some proposals before the Senate are better than others, none will eliminate the phenomenon of illegal immigration, which is an inevitable result of the fact that we are a powerful magnet for immigrants and that we are not about to abolish the barriers at our borders. Once we accept this stark (but not necessarily depressing) reality, what we ought to aim for as an optimal solution becomes much clearer.

Illegal or 'Undocumented'?

While the problem at hand is difficult enough, it is compounded by the insistence on euphemisms that obfuscate the realities fueling the debate -- and also by the overlay of panic over security post 9/11. It has now become politically incorrect to call illegals what they are. Instead, they are to be called "undocumented," which is also an insult to our intelligence since the illegals often do have documents -- that is, faked ones. A high Mexican official once condemned me for using the I-word when I gave a generously pro-immigration speech in Vienna some years ago, arguing preachily that "God did not make us legal and illegal." Yet to drown ourselves in such false sentimentality is to forget that a central problem arises from the very fact that many react adversely to the defiance by these immigrants of the enacted immigration laws. The fact that American demand for immigrant labor has fueled the influx is simply an explanation of the phenomenon, not its denial.

But the debate is equally set back by the gratuitous claim at the opposite end by those, such as Sen. Bill Frist, who talk incessantly of the security implications of illegal immigration. Illegal immigrants, especially the ones who cross the Rio Grande, are overwhelmingly poor: Surely, the likelihood of finding 9/11-type terrorists among them is farfetched. Everyone knows that the 9/11 terrorists were middle class and educated; and recent analyses of terrorist groups such as the Baader-Meinhof Gang, the Irish Republican Army, the Red Brigades and the Palestinian suicide bombers confirm that an unschooled, indigent terrorist is rare indeed. In short, as economists say, which policy is "assigned" to which objective is important: Tight enforcement against illegal immigration, as distinct from stricter examination of containers at our ports, for instance, is mis-assigned to the antiterrorism object.

In fact, the proper objectives of American immigration reform -- as was the case with IRCA, and as is the case today -- are twofold: to "gain control of the border" (i.e., to have the inflow of migrants determined exclusively by legal admissions) and to treat immigrants humanely. If we manage to eliminate illegals from our midst, both objectives would be satisfied. Immigration

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flows would reflect legal immigration policy. Moreover, with no illegals around, immigrants would be treated with humanity, thanks to the principle of equal protection under the law, which is substantially extended to legal aliens.

To achieve these two targets, two policies are necessary. First, the stock of illegals in our midst must be eliminated. At the time of IRCA, it was estimated at six million; studies today suggest that it has doubled. Second, new flows of illegals must be eliminated, too. In broad brush, therefore, IRCA used an amnesty to eliminate the stocks. And it used enhanced enforcement to seek to eliminate the flow. But neither worked. The reasons are instructive.

The main problem with amnesties is not just the fear that they set up expectations of further amnesties and hence stimulate greater flows. Rather, in the U.S. context, where we have both huge stocks of illegals and a sizeable queue of legal applicants, the issue always becomes one of what economists call "horizontal equity." An amnesty always appears to reward those who broke the law as against those who did not, and who have been patiently waiting for years to get in legally. So the amnesty seems unfair; and hence it gets hedged in with all kinds of restrictions, such as those currently in the McCain-Kennedy proposal, in contrast to countries like Spain, where an amnesty of illegals has worked because the stocks are small and there are few legal applicants waiting in queues. Our hedged-in amnesties always leave a fair amount of the stock of illegals in place: Only about half took advantage of it in the case of IRCA. The problem of a stock of illegals then endures. It was further compounded over time since the flows were not dented by enhanced enforcement under IRCA.

The enhancement of enforcement is easier legislated than implemented. In particular, employer sanctions were enacted by IRCA. Some of us had forecast that the judges would let off with a slap on the wrist, no more, employers who were hiring, as distinct from exploiting, illegals. Surely, even hanging judges would not throw the book at employers who were only offering work and a life to the destitute? But it turns out that hardly any employers found their feet held to the fire in any case, because no foolproof method of document verification was agreed upon.

Again, greater enforcement at the border was undertaken, not least with President Clinton declaring in July 1993 that "Today we send a strong and clear message. We will make it tougher for illegal aliens to get into our country." Fences and ditches were soon being constructed along the Rio Grande, the Border Patrol's budget increased manifold, and its 10,000 agents were working with advanced laser technology, aircraft, helicopters and rugged-terrain vehicles to intercept border crossings. Yet when the familiar and safer routes were blocked at the Southwest border through Operation Gatekeeper in the San Diego sector, and Operation Hold the Line and Operation Rio Grande in Texas and New Mexico, the illegals shifted their attempted entries to unsafe treks through the desert. Several have died there, creating a human rights issue where relaxed enforcement had created none. So IRCA failed to reduce the stock of illegals substantially; and the influx of illegals continued despite employer sanctions and enhanced border enforcement. At the same time, the humane treatment of illegals, as they crossed the border, deteriorated. We had not regained control of our borders; and we had taken a step backward on the human rights of illegals. Some reform!

By the time President Bush took office, the illegals were still in our midst (or in our face, depending on your politics) -- only more so. The matter could have stagnated thus. But President Bush was particularly interested in an amnesty again; it seemed to reflect his desire to attract the Hispanic vote and for better relations with Mexico. It is revealing that the first amnesty he sought was for Mexican illegals alone. On the Democratic side, the unions had been strong proponents of tighter controls. But they concluded that IRCA was not working and decided that if the illegals could not be eliminated, it was better to legalize them so that fewer illegals would undercut wages. Besides, legal workers could join unions. The churches also saw in the Hispanic illegals, almost all Christian and illiterate, not merely a way to provide succor to the needy but also to boost congregations. The demands for some cleverly disguised way of granting an amnesty therefore grew.

At the same time, these "illegals-friendly" groups were generally interested in embracing some version of the president's temporary workers program. The idea was that, if you let in more legals, that would reduce the excess demand for illegals and hence lead to reduced attempted entries.

'Taxpayer Dollars'

On the opposite side, 9/11 gave the "illegals-unfriendly" lobbyists a new lease on life through the specious security argument. The rise of the Minutemen, and efforts to use trespass laws against illegals, were manifestations of this new window of opportunity to go after the latter. And Democratic Governors Janet Napolitano of Arizona and Bill Richardson of New Mexico jumped in with declarations of emergencies to complain, as Gov. Pete Wilson had done in California, that they were "absorbing through taxpayer dollars" the costs of incarceration, healthcare, Medicaid and welfare -- a complaint in which they were joined by the governors of Missouri, Tennessee and Utah.

When all the dust is settled, the reality is that neither a realistic guestworker program nor increased border enforcement will eliminate the inflow of illegals. The average lifetime improvement of a Mexican peasant coming in at the lowest wage he can earn here has been estimated by the economist Mark Rosenzweig at $250,000. You can bet your bottom peso that, even when the legal entries have been expanded, whether on a temporary or a permanent basis, many more will be on their way here illegally. And we are not even counting the increasing numbers who come in legally and overstay. Yet more draconian

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enforcement at the border again is not politically feasible. At some stage, Americans will rebel against the loss of lives and the plight of the poor Mexicans struggling against great odds to get across the border. * * *

As for eliminating the illegals inside the U.S., surely the notion that we can criminalize the illegals in our midst with a view to expulsion, and incarcerate or punish those who help them, is off the wall: Most Americans shudder at the very thought. Nor will we able to reduce these stocks through any kind of de facto or de jure amnesty; and even if we do, the continuing inflows will augment the stocks again.

So why not face these realities? In place of grandiose proposals for a "new IRCA," whether tough or tender, why not leave things be? If illegals will be here no matter what we do, why not downgrade the impossible objective of "controlling our borders" and concentrate instead on the other objective that animates all Americans: that we treat immigrants with the indulgence that simple humanity requires? Now, that would be an agenda that could make us proud.

Mr. Bhagwati, University Professor of Economics and Law at Columbia and senior fellow at the Council on Foreign Relations, is the author of "In Defense of Globalization" (Oxford, 2004). He is at work on a new book, "Immigration: Getting U.S. Policy Right."

Mexican Manipulations (WT)

By Phil Kent

The Washington Times, March 28, 2006

Most Americans see first-hand the disastrous impact of illegal immigration on our wallets, wages and culture. The annual entry of more than 1 million illegal aliens from around the world, better than 30 percent of them Mexicans sneaking across our southern border, obviously undercut homeland-security efforts. Yet more Americans must understand that Mexico's government, far from being a friend, is actively working to subvert our country's laws and political institutions.

Not since the heyday of expansionist Soviet communism has there been such an organized effort to undermine our nation.

If our borders are not controlled and immigration law enforced, will we truly be a "United States" in another 10 years or a completely balkanized, multicultural society with English downgraded as the common tongue? The Mexican government promotes reconquista in the Southwest. Isn't it obvious in many areas that Mexicans are pushing out Americans, refusing to speak English and establishing de facto Mexican enclaves? A growing number of Mexicans despise their northern neighbor. American soccer fans, to cite just one example, have repeatedly witnessed the outrageous behavior of Mexican crowds during the playing of "The Star Spangled Banner," including cheers of "Osama, Osama"-- a reference to the murder of 3,000 Americans on September 11.

The Instituto de los Mexicanos en el Exterior (Institute of Mexicans Abroad) has no respect for the internal affairs of our country. The institute was created by decree of Mexican President Vicente Fox and reports to a shadowy clique within the Ministry of Foreign Affairs. Its vast computer database is used to deploy illegal and legal Mexicans to lobby state legislatures, city councils and county commissions to recognize worthless matricula consular "identification" cards, support granting driver's licenses to illegals, promote multilingualism at the expense of English and help Mexicans and their children sponge off U.S. services ranging from schools to medical care.

California Assemblyman Dennis Mountjoy remembers the floor debate over a measure granting driver's licenses to illegal immigrants. Referring to the former name of the territory ceded to the United States, by Mexico in 1848, Mr. Mountjoy warned, "This bill paves the road to Aztlan." "Everyone in the gallery stood up and applauded," Mr. Mountjoy recalls.

In Michigan, a Mexican consul repeatedly traveled to the city of Holland to urge its city council to support police and bank recognition of consulate-issued matricula consular cards -- often with "what can only be described as a mob in tow," according to author Matt Hayes. Holland finally demurred because the consul was so disruptive.

Former Mexican consul Teodoro Maus, now a legal resident, is a leading agitator in Georgia for granting services to any immigrant "regardless of status." Such agitation, often fostered from Mexico's 49 consulates, is repeated in every other state.

In 2006, amid reports of border incursions by either Mexican troops or rogue off-duty soldiers, the Mexican government announced that its military forces were ordered not to go within three kilometers of the border. Of course, that begs the big question: Who's policing the border on the Mexican side? Don't count on the local police departments of border towns, because even Mexican officials admit they are riddled with corruption.

Former Mexican Interior Secretary Santiago Creel actually said his country would never help to secure the southern border. "We are not going to do that," Mr. Creel told Jerry Kammer of the Copley News Service. Mr. Creel claimed Mexico's constitution provides for "complete freedom of movement" for Mexicans inside Mexico. "We can't put up a checkpoint or a customs station inside our territory," Mr. Creel said.

A Zogby International poll in 2003 found 57 percent of Mexicans believe they have the right to enter the United States without permission. And 58 percent said the southwestern states properly belong to Mexico. In light of such sentiments, no

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wonder the Mexican government printed and openly distributed a comic book-style "guide" to "migrants" instructing them where to cross the northern border, melt into U.S. society and how to take advantage of medical, educational and other services.

Sen. Johnny Isakson, Georgia Republican, recently wrote a stinging letter to Mexico's ambassador to the United States "I would remind you," the lawmaker said in part, "that our border security plan is a direct result of the Mexican government's failure to commit to securing its side of the border, and is also a result of the Mexican government's failure to address inadequacies in its own domestic and border security policies." Indeed, the governors of Arizona and New Mexico declared states of emergency in their border counties because of border lawlessness.

Mexico has an obligation to respect our laws, encourage its citizens to do the same and commit to securing its side of the border. Since it has not done so, isn't it time to downgrade diplomatic relations by kicking Mexico's ambassador out of the United States and recalling ours? It would be a timely wake-up call to protest that country's insolent policies, which are so damaging to our nation and its border security.

Phil Kent is president of the American Research Foundation and an Atlanta-based author.

Decency To 'Those People' (WP)

By Eugene Robinson

The Washington Post, March 28, 2006

Half a million people poured into the streets of Los Angeles on Saturday to protest the various Republican-sponsored proposals in Congress that would demonize illegal immigrants. Hundreds marched yesterday in Detroit, which, last I checked, is nowhere near the Mexican border. Tens of thousands have demonstrated in Phoenix, Denver and other cities across the country. In every case, the crowds were mostly Latino.

We all know that Latinos are the nation's largest minority and that most of the people in those demonstrations either were born in the United States or are here legally. But we also know that at least some of those protesters had gone through the experience of crossing the border illegally under the tutelage of avaricious people-smugglers known as "coyotes." At least some had been here for months or years, working to send money home to their families, keeping their heads down, somehow managing to carve out lives for themselves and their children.

Who are they? After the demonstrations were over, where did they go? Are they so diabolically clever at hiding in plain sight? Or is it that the rest of us refuse to see them, because by seeing them we would have to acknowledge their humanity?

That willful blindness is why the debate on illegal immigration is so hypocritical. If we lump undocumented immigrants into an undifferentiated mass of Those People, we can avoid really looking at the immigrant experience. And we can convince ourselves that it is somehow different from the periodic waves of immigration that have shaped this nation -- that suddenly it is not an issue, or even a problem, but an urgent crisis.

There are an estimated 12 million immigrants in the United States illegally. That many people don't just fade into the woodwork. The fact is, we see undocumented immigrants every day.

Maybe they vacuum your office at night. Maybe they landscape your garden or clean your house or cook the food at your favorite restaurant. You probably don't know where they live. You probably don't know their children's names or where they go to school. You probably don't know what it was like for them to buy a car or even get a driver's license. You probably don't know where they get medical care.

If you did know these things about individual immigrants, whether they're from Mexico or El Salvador or China or Brazil, I think you would find the debate in Congress almost grotesque.

Should we declare that they are all criminals? Should we make criminals of the people who give them jobs, too? Should we build a Berlin Wall along the border? It's possible to take such draconian measures against Those People -- but not against lovely Marta, who waxes your floors, or genial Juan, who tends your azaleas. So to side with the xenophobes, you have to know as little about Marta and Juan as possible.

In terms of realpolitik, the immigration issue is easy: If the Republican leadership in Congress wants to alienate Latino voters and drive them into the embrace of the Democratic Party, it's tempting to let them do it. But that means ignoring the reality that we're talking about individuals, not Those People. And it means abandoning the process of inflow, adaptation and renewal that has made this nation of immigrants so dynamic and resourceful.

I don't get many chances to say that George W. Bush is right, but I think he really understands the immigration issue on both the political and the personal level. His guest-worker program is a mess. Does he really expect millions of people to report for deportation? Won't employers have an incentive to exploit the guest workers when they know they will never have citizenship, and therefore will never have any political clout? But I do give the president credit for seeking a compromise that will quiet the nativists in his party and maybe buy some time for cooler heads to prevail.

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Much better is the proposal by Sens. John McCain and Edward Kennedy that would declare what amounts to an amnesty for undocumented immigrants. They would both take issue with that characterization, because "amnesty" is a forbidden word, but that's what it would be -- "illegals" who reported to authorities would be able to stay in the country and eventually begin the process of seeking citizenship. It seems unlikely, though, that this reasonable plan will fly.

Whatever Congress does, 12 million people aren't going to pack up and go home overnight. They are here -- Marta and Juan, not Those People. We see them every day. Let's deal with them as fellow human beings.

TAX:

A Surprise In Tax Case On KPMG (NYT)

By Lynnley Browning And Colin Moynihan

The New York Times, March 28, 2006

The government's criminal case against 17 former KPMG employees over sales of questionable tax shelters took an unexpected turn yesterday when one of them, David Rivkin, pleaded guilty to charges of conspiracy and tax evasion.

Mr. Rivkin, who was a KPMG partner in San Diego, agreed to cooperate with the government as part of his plea. His cooperation may help federal prosecutors in Manhattan build a case against the remaining defendants as well as help prosecutors in their widening inquiry into other accounting firms, banks, law firms and others that worked with KPMG to sell bogus tax shelters, lawyers not involved in the case said.

"Obviously, this is a person who was in a position to know and understand the inner workings of everything, so this is good news for the prosecution," said William B. Mateja, a tax lawyer and former Justice Department lawyer who has prosecuted fraud cases.

Prosecutors have said that four bogus shelters at the heart of their investigation created $11 billion in fake losses that allowed wealthy individuals to avoid paying some $2.5 billion in taxes. In addition to the 17 former KPMG employees, an outside lawyer and an investment adviser have also been charged.

Mr. Rivkin, who was indicted in October, pleaded guilty to one count of tax evasion and one count of conspiracy yesterday before Judge Lewis A. Kaplan of United States District Court in Manhattan.

Among the KPMG defendants, Mr. Rivkin, 42, was a relatively junior member of the firm. Others facing charges include John Lanning, a former vice chairman; Jeffrey Stein, a former deputy chairman; Richard Rosenthal, a former chief financial officer; and Steven Gremminger, who was a top internal lawyer for KPMG.

From July 1999 through April 2004, Mr. Rivkin was a partner in KPMG's San Diego office, where he was a member of the firm's innovative strategies group. That group, led by Jeffrey Eischeid, a former senior tax partner who is also a defendant, oversaw the creation and sale of questionable tax shelters to wealthy individuals.

In the courtroom yesterday, Mr. Rivkin admitted to preparing false documents that wealthy investors used to file improper tax returns, to asserting improperly that the documents were cloaked in rules governing confidentiality of communications with clients, and to concealing the existence of the questionable shelters from the Internal Revenue Service and Senate investigators.

Mr. Rivkin, a certified public accountant by training, said that in 1999 and through May 2004 he and other unidentified people had signed letters blessing the tax aspects of aggressive shelters as "more likely than not" to be valid in the eyes of the I.R.S., when he and others knew that they were not.

Mr. Rivkin said that his opinion letters allowed wealthy individuals to shelter from taxes income of at least $20 million "to keep the money for themselves instead of paying the taxes they owed." He admitted to preparing or causing to be prepared nine tax returns for clients who improperly claimed losses of $235 million in 1999 and 2000.

"I knew that the losses should not have been claimed on the tax return," Mr. Rivkin told the judge. "I signed opinion letters knowing them to be false."

After the hearing, Mr. Rivkin's lawyer, Patrick Q. Hall, declined to comment.

Mr. Rivkin's plea was unexpected in part because two months ago he and the other defendants filed motions challenging the government's case. Mr. Rivkin had requested that his trial be moved to federal court in California.

The shelters sold by KPMG have been the focus of a criminal investigation for several years. In August, the firm itself reached a $456 million deferred-prosecution agreement with federal prosecutors.

In a document filed with the court yesterday, prosecutors said that four unnamed banks — three of them audit clients of KPMG — had worked with the accounting firm to make and sell questionable tax shelters.

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The document also disclosed that a tax shelter boutique, Presidio Advisory Services, which is now defunct, earned fees of $134 million selling shelters known as Blips over 1999 and 2000 — more than double the $53 million that KPMG earned. Presidio was founded by two former KPMG professionals, Robert Pfaff and John Larson, who are both among the defendants.

The 19 defendants are accused of "devising, marketing, and implementing fraudulent tax shelters, by preparing and causing to be prepared, and filing and causing to be filed with the I.R.S. false and fraudulent U.S. individual income tax returns containing the fraudulent tax shelter losses, and by fraudulently concealing from the I.R.S. those shelters," according to the indictment.

One defendant, a former KPMG tax partner, David Greenberg, faces as many as 45 years in prison if convicted of all the charges. The others face several dozen years as well, according to tax lawyers.

Judge Kaplan said that Mr. Rivkin's sentence would depend upon his cooperation with prosecutors. He faces as much as five years for each count of conspiracy and tax evasion.

While Mr. Rivkin is the first to plead guilty in the KPMG case, his is the second such plea in the broader federal prosecutors' investigation. In August, Domenick DeGiorgio, a former New York-based executive of the HVB Group of Germany, pleaded guilty to charges of conspiracy, fraud and tax evasion in connection with sales of certain questionable tax shelters.

KPMG Ex-Tax Partner Pleads Guilty (WSJ)

By Paul Davies And David Reilly

The Wall Street Journal, March 28, 2006

Just days before a key court hearing to determine whether to dismiss the KPMG LLP tax-shelter case, one of the 19 defendants pleaded guilty Monday to conspiracy and one charge of tax evasion in exchange for federal prosecutors dropping other charges against him.

David Rivkin, a tax partner in KPMG's San Diego office from July 1999 to April 2004, originally faced 39 counts of tax evasion for his role in a tax-shelter scheme in which he helped nine wealthy individuals avoid paying a combined $235 million in taxes. The government alleges the tax-shelter scheme generated about $2.5 billion in illicit tax savings.

Mr. Rivkin is one of 17 former executives at the giant accounting firm to be charged in connection with the sale of the questionable products. The other two defendants are an outside lawyer and investment adviser who helped KPMG structure and sell the products.

Mr. Rivkin's plea deal is expected to increase pressure on the other 18 defendants scheduled to go to trial in the fall in what is seen as one of the most complex and wide-ranging tax cases ever brought by federal prosecutors. New York-based KPMG last year reached its own deal with prosecutors, agreeing to pay $456 million and admit criminal wrongdoing as part of a deferred-prosecution pact. The pact allowed the firm to avoid a criminal indictment.

Under terms of his deal with prosecutors, Mr. Rivkin, 42 years old, faces as many as five years in prison for each count but is expected to receive a reduced sentence for his testimony against other defendants in a trial expected to start in September. He remains free on bail and is scheduled to be sentenced next February.

It isn't clear how much light Mr. Rivkin will be able to shed on actions by more senior KPMG employees, because he was less involved with the shelters than some others charged. Other KPMG employees charged in the matter include Jeffrey Stein, the firm's former deputy chairman; Richard Smith, former vice chairman for tax; and John Lanning, former vice chairman for tax services.

A certified public accountant, Mr. Rivkin worked in California at the firm's Innovative Strategies group, which designed and marketed tax-shelter products for individual clients. That unit's chief was Jeffrey Eischeid, who also has been charged in the case.

In court Monday, Mr. Rivkin said that, in April 1999, he and other KPMG employees attended a meeting in Dallas where they were trained in the sale and marketing of tax-shelter schemes known as a Bond Linked Issue Premium Structure, or BLIPS, and Offshore Portfolio Investment Strategy, or OPIS. The shelters were to be marketed as long-term investments, but the real purpose was to generate "phony tax losses," Mr. Rivkin said. He added that the shelters were "designed and approved" by senior partners at KPMG and that he was given a list of people with incomes of more than $20 million on whom to call.

Mr. Rivkin's plea came just three days before lawyers for the other defendants are scheduled to argue before U.S. District Judge Lewis A. Kaplan on motions to dismiss the charges against their clients.

U.S. Government Secures Another Cooperator In KPMG Tax Shelter Prosecution (FINDLAW/AP)

By Larry Neumeister, Associated Press Writer

AP, March 28, 2006

DOJ_NMG_0022927

(AP) - NEW YORK-A former KPMG LLP tax partner pleaded guilty in the KPMG tax shelter fraud case Monday, admitting he helped rich people escape millions of dollars in taxes by helping them create fraudulent documents and sham companies.

David Rivkin entered the plea in U.S. District Court in Manhattan. He is among 19 people the government has charged with conspiracy for allegedly engineering a massive fraud through accounting firm KPMG LLP.

"I knew that the losses should not have been claimed on the tax forms," Rivkin told U.S. District Judge Lewis A. Kaplan.

Rivkin admitted that he conspired with others between January 1999 and May 2004 to prepare and execute false documents so that clients could file false tax returns.

He also admitted that he took steps to conceal the existence of fraudulent tax shelters from the Internal Revenue Service and avoided registering the shelters with the IRS by claiming attorney-client privileges.

In pleading guilty to conspiracy and tax evasion, Rivkin signed an agreement to cooperate with prosecutors, who could then ask the judge to consider giving Rivkin a more lenient sentence rather than the years he might face in prison. Sentencing was set for Feb. 9, 2007.

Rivkin and his lawyer declined to comment outside court.

The government says the fraud let affluent KPMG clients avoid $2.5 billion (â,¬2.1 billion) in taxes. The Department of Justice has called it the largest criminal tax case ever filed.

According to an indictment, ex-KPMG LLP executives teamed with a former partner at a prominent law firm and another defendant to defraud the IRS by filing false income tax returns and by concealing the tax shelters from the IRS.

KPMG LLP is the U.S. arm of KPMG, a worldwide network of professional firms providing audit, tax and advisory services. The larger company operates in 144 countries and has more than 6,700 partners.

KPMG LLP already has admitted helping "high net worth" clients evade billions of dollars in capital-gains and income taxes by developing and marketing the tax shelters and concealing them from the IRS. It has paid a $456 million (â,¬379 million) fine, including $128 million (â,¬106.5 million) in forfeited fees from sales of the shelters.

On the Net:

Department of Justice: http://www.usdoj.gov

KPMG: http://www.kpmg.com

Peterborough Tax Preparer In Legal Trouble (AP)

AP, March 28, 2006

CONCORD, N.H. --A tax preparer has run into legal trouble with the IRS.

The federal court in Concord has ordered Mark Loll of Peterborough, who runs a company called Tax-Tactics, to turn over his customer list and copies of tax returns whenever the IRS asks. Federal law requires tax preparers to do both.

The order stems from a December complaint alleging that Loll failed to comply with an IRS request to provide copies of the returns or a list with the customers' identifying information.

The court also ordered Loll to stop "asserting frivolous unrealistic positions on tax returns he prepares."

The Justice Department has sought and obtained injunctions against more than 160 federal tax return preparers and promoters since 2001.

CONGRESS-ADMINISTRATION:

For Bush And Press, Informal Talks (NYT)

By Katharine Q. Seelye

The New York Times, March 28, 2006

President Bush has been holding informal off-the-record sessions with major news organizations over the last several days.

Starting Thursday, he began meeting with groups of about a half-dozen reporters from newspapers, television, news agencies and magazines. They have discussed a variety of issues including the war in Iraq, said a reporter who attended a session.

The meetings, which the journalists have agreed not to describe publicly, have been in the White House residence. They come as several news organizations have assigned new reporters, who had no relationship with Mr. Bush, to cover the White House.

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David Bohrman, the Washington bureau chief for CNN, one of whose reporters attended a session, said they were a good idea.

"Most of the time, the environments that our reporters deal with the president in are very structured, very managed, and they rarely get to just kick back and have a conversation," he said. "I think there's a lot of value in it for both sides."

He also said he did not see the sessions as compromising. "If something pops up in there that someone wants to follow, they are free to follow up on it," he said.

The New York Times, which was invited to attend a session today, has declined to participate.

Philip Taubman, the Washington bureau chief for The Times, said in a statement last night: "The Times has declined this opportunity after weighing the potential benefits to our readers against the prospect of withholding information from them about the discussion with Mr. Bush. As a matter of policy and practice, we would prefer when possible to conduct on-the-record interviews with public officials."

Times editors and reporters have participated in such unreported sessions with several presidents, including Mr. Bush, over the years. These have involved both social situations and substantive discussions.

This appears to be the first time that the Bush administration has systematically brought in members of the White House press corps, although Mr. Bush holds an annual off-the-record barbecue with reporters during his summer vacation at his ranch in Crawford, Tex.

One reporter who attended a recent session said Mr. Bush had appeared relaxed and seemed to enjoy showing the group around the residence. They met in the yellow oval room and were taken out on the Truman balcony. A few of Mr. Bush's aides were present as the reporters were served iced tea, water and soda and chatted for about an hour.

Mr. Bush does better in such informal sessions than in formal presentations, said Mr. Bohrman, who added that he would like to see more.

Off The Record, Bush Makes Media Inroads (WP)

By Charles Babington

The Washington Post, March 28, 2006

As he defends his Iraq policy with a public campaign of speeches and a recent news conference, President Bush also has been waging a private campaign that has included off-the-record sessions with White House reporters, sources said yesterday.

One gathering, which took place Thursday in the White House residence, was an unusual gesture by Bush, who has agreed to comparatively few lengthy exchanges with reporters during his five years in office. Bush has said publicly that he needs to convince Americans that the U.S. mission in Iraq is on a path to victory, despite what he called a news media focus on daily violence.

Last week's session involved reporters from several prominent broadcast and print outlets, including ABC News and The Washington Post. Under the off-the-record ground rules, the journalists were barred from reporting what was discussed. White House officials said they also hoped the meetings' mere existence would remain under wraps. That proved impossible when journalists from The Post who were not participants in the session, as well as those at other publications, learned of the meetings from sources outside the paper and began to report on them.

White House press secretary Scott McClellan did not return messages yesterday.

Off-the-record sessions with presidents are somewhat controversial in journalism circles. Critics say reporters should not subject themselves to being influenced or "spun" under ground rules that prevent the comments from being relayed to the public. But many news organizations say the sessions give reporters a rare opportunity to observe the president up close and to gain insight into his thinking and concerns.

President Bill Clinton, who held more full-fledged news conferences than Bush has, tried different background briefings with reporters. During a March 1996 flight from Israel, he spoke with journalists on Air Force One under guidelines that forbade them to take notes and allowed them to attribute his general remarks only to the administration's "highest authority" familiar with his views. According to a pool report filed by the reporters for colleagues traveling on a separate plane, press secretary Michael McCurry wanted Clinton's comments to be on "psych-background."

In March 1999, shortly after he was acquitted on impeachment charges, Clinton attended an off-the-record dinner with reporters accompanying him on a Central America trip. His remarks were not reported.

AARP Ads To Boost Drug Plan (RC)

By Ben Pershing

Roll Call, March 28, 2006

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With the deadline fast approaching for seniors to sign up for the Medicare prescription drug benefit, the on-again, off-again partnership between Congressional Republicans and AARP to promote the program appears to be back on.

As Republicans tout the latest enrollment numbers and many Democrats continue to criticize the Medicare plan as confusing, the 35-million-member seniors group announced last week that it was "launching an expansive advertising campaign to help educate Americans about the benefits of the program and how to enroll, especially for those with limited incomes."

AARP spokesman Steve Hahn said Monday the group was prepared to spend "several million dollars" on print and radio ads in 44 cities in advance of the May 15 deadline for seniors to enroll in the drug program without a penalty.

That's music to the ears of GOP lawmakers, who until now have expressed disappointment at AARP's relatively modest efforts to promote the GOP-backed plan after prominently endorsing it prior to passage.

AARP's move comes at a crucial time, as scores of Members have been holding meetings in their districts to boost enrollment in Medicare Part D. Already facing an uphill fight in November's elections and concerned about wooing the potent senior vote, many Republicans believe that public perceptions of the prescription drug program could make or break their re-election chances.

In a letter last week to AARP's CEO William Novelli, House Republican Conference Chairwoman Deborah Pryce (Ohio) thanked him for his "strong leadership and enthusiasm to educate seniors about this new benefit."

And Ron Bonjean, spokesman for Speaker Dennis Hastert (R-Ill.), said, "We're very pleased that they are getting the message out at a very important time in the process of signing up seniors for the drug plan."

But if Republicans are singing AARP's praises now, that has not always been the case in recent years.

AARP's agenda has traditionally been closely aligned with that of Congressional Democrats, and the group's endorsement of the measure was seen by its GOP backers as one of the biggest reasons the bill ended up passing in December 2003 — albeit by a narrow margin, after the House vote was controversially held open for three hours.

During the run-up to the bill's passage, some press reports suggested that AARP officials had pledged to Republican leaders that they would spend as much as $25 million to help publicize the new benefit, though the group later denied that it had ever made such a specific pledge.

Soon after the measure was signed into law, some Capitol Hill Republicans began complaining that AARP was not holding up its end of the bargain in the face of pressure from angry Democrats. In January 2004, Hastert told Novelli not to expect any more help with the group's legislative agenda until it started spending serious money to promote the prescription drug plan.

And that agenda — aside from the prescription drug bill — has often been at odds with that of the GOP. AARP has lobbied hard for legalizing the reimportation of prescription drugs and against Social Security privatization and cuts in Medicaid.

Even now, with AARP pledging to spend millions of dollars to promote the drug program, some Capitol Hill Republicans remain privately frustrated that the seniors group hasn't done more to help their cause, particularly when the benefit was first being implemented and became the subject of much negative press and criticism from Democrats.

At GOP leadership meetings earlier this year, Republican sources said the leaders frequently lamented the beating the program's implementation was taking in the press and wondered why AARP wasn't stepping up.

"They have a lot invested in this, but they were sitting idly by while the Democrats criticized [the drug plan]," complained a Republican leadership aide.

For his part, Novelli — a self-described independent who once wrote the foreword to a book on health care by ex-Speaker Newt Gingrich (R-Ga.) — has said in the past that he does not want to get his group involved in a fight between Republicans and Democrats.

"We're going to try to stay above the fray and not get into politics," Novelli said in 2004.

And while AARP is now touting the drug program in the new ad campaign and in its magazine and newspaper, the group is also lobbying for some changes to the program to make it more accessible to low-income seniors.

"We're looking for ways to improve this as we move forward," Hahn said. "Like anything, it's going to need bipartisan support so we really want to deal with both sides."

Retirees On 2 Drug Plans Must Make Choice (NYT)

By Robert Pear

The New York Times, March 28, 2006

WASHINGTON, March 27 — The Bush administration notified hundreds of thousands of Medicare beneficiaries on Monday that they were listed on the rolls of two prescription drug plans and would soon be dropped from one. They will retain coverage under the other plan.

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The notices, being sent on green paper, are supposed to clear up confusion resulting from errors and discrepancies in the enrollment records of Medicare's new prescription drug program. But some state officials and advocates for older Americans said the federal effort could create new confusion.

In general, the goal is to ensure that each Medicare beneficiary with drug coverage is enrolled in only one plan by May 1.

Many people were originally enrolled in one drug plan and then switched to another. In many cases, beneficiaries continued to use the first plan for some or all of their prescriptions, and pharmacies found that they could bill both plans for the same prescription.

People listed on the rolls of two plans may be charged two premiums and may be billed improperly for other costs, the Bush administration said last month.

In an interview on Monday, Dr. Mark B. McClellan, administrator of the Centers for Medicare and Medicaid Services, said, "Well over a million people were enrolled" in multiple plans. Many of them, he said, have filed claims with only one plan.

Christina Pearson, a spokeswoman for the Department of Health and Human Services, estimated that 500,000 people could receive notices as part of the "enrollment reconciliation process."

The letters, being sent by private insurance companies on government letterhead, say, "The purpose of this notice is to confirm your choice of a Medicare prescription drug plan and to ensure that you are enrolled in the plan you want."

Beneficiaries who take no action will be removed from the rolls of the plan to which they were originally assigned, but they will still have coverage under the second plan.

People have the option of staying in their original plan, but must indicate that desire by calling that insurer. Otherwise, the letter says, "you will no longer be able to use your membership card."

More than six million low-income people entitled to both Medicaid and Medicare were assigned to Medicare drug plans selected at random by the federal government. These plans did not necessarily cover the drugs they needed. Many of these "dual eligible" beneficiaries selected other plans or were placed in other plans by relatives, state officials or former employers.

Stan Rosenstein, the Medicaid director in California, said he understood the need for people to be in just one plan, but he predicted that the change would be "very confusing" to many beneficiaries.

"We try to reach people in 12 languages, and even then it's difficult," Mr. Rosenstein said.

Jude E. Walsh, pharmacy affairs coordinator for the governor of Maine, said: "This mass disenrollment is fraught with a potential for trouble. It does not make sense to do it all at once."

If Medicare beneficiaries are in two plans but have not used the first one, they may be dropped from that plan without receiving any formal notice. In a memorandum to insurers, the Bush administration said: "Do not mail the special disenrollment letter or any other correspondence to these beneficiaries regarding their enrollment status. Deactivate these beneficiaries' pharmacy cards to prevent them from accessing plan benefits in the future."

Insurers expressed concerns that some patients would try to use these cards without realizing they had been canceled. Jeanne Finberg, a lawyer at the National Senior Citizens Law Center, said, "It's very dangerous to disenroll people without informing them."

But Dr. McClellan said these beneficiaries were "fully enrolled in the new plan" and would not see any interruption of benefits.

Democrats' Rhetoric On Drug Plan Doesn't Match Reality In The District (HILL)

By Rep. Phil Gingrey (r-ga.)

The Hill, March 28, 2006

If there was a way to save more than a thousand dollars a year on your heating bill, food costs or car payments, you'd want to know about it, right? Yet partisan politics is keeping millions of senior citizens from learning about and enrolling in a new program that is saving seniors an average of $1,100 a year on prescription-drug costs.

Medicare Part D is the new, voluntary drug benefit available to all seniors. Since coverage began Jan. 1, the enrollment numbers have been good and keep getting better. As of last week, 27 million seniors have enrolled.

Marketplace competition is working. Premiums are a third lower than expected, and seniors are saving up to 50 percent off their monthly medication costs. To top it off, the Congressional Budget Office recently announced the program would cost $5 billion less than projected.

As of today, seniors have less than two months left to enroll in a plan without paying a higher premium penalty. And yet there are Democrats in this Congress who are playing politics with our seniors' health by holding town hall meetings to encourage seniors not to enroll. This is shameful. It amounts to telling a senior not to save money, not to improve his health and not to reap the benefits of preventive medicine.

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Like any new program, there have been some initial glitches with Medicare Part D, and the Centers for Medicare & Medicaid Services (CMS) is working quickly and effectively to resolve these problems. The wait time for callers at 1-800-Medicare is down from four and a half minutes in January to 45 seconds in March. Pharmacist inquiries are on the decline, and CMS is working with states to quickly resolve reimbursement discrepancies.

I was a student in medical school when Medicare debuted in 1965, and I remember hearing some of the same concerns then as I hear today. Keep in mind, Part D marks the largest enrollment effort since the introduction of Medicare 40 years ago. Those who advocate that we abandon the program because of start-up problems might consider what would have happened if we had abandoned Medicare 40 years ago, leaving our seniors without healthcare coverage of any kind.

As a physician, I know that affordable prescription drugs are paramount to good heath for our seniors. And for many of these seniors, Medicare Part D marks the first time they've been able to afford the medication they need to stay well. The success of Medicare Part D will not be seen in the hallways of Congress or on cable TV but in our hometowns and senior centers across America.

For satisfied Medicare Part D customers, I don't have to look very far. A few months ago, I helped my 88-year-old mother enroll in a Part D plan, and she is now set to save more than $1,000 a year on her medications.

As I travel my district in Georgia, I'm continually hearing seniors praise Medicare Part D. Take Mary O'Brien of Cobb County.

Before Part D, the O'Briens had no prescription-drug coverage. Now Mary is enrolled in a plan with a $70 a month premium, and her husband told my office that she saved enough money on her first prescription to pay for two months of premiums. For the O'Briens, Medicare Part D is quite literally paying for itself.

In fact, a pharmacist in Alabama contacted CMS to report that one of his customers received $1,200 worth of medication for only $15 under her new Part D plan.

All seniors deserve the opportunity to have a little extra money in their pockets at the end of the month. As members of Congress, we have two choices: We can be a resource for our constituents and help them enroll in money-saving programs, or we can allow disdain for a party and president to cloud our vision of constituent service.

After years of promises, we have finally delivered on prescription-drug coverage for seniors. Now, let's put people above politics and ensure all seniors have the opportunity to enroll.

Gingrey, a former obstetrician and gynecologist, is co-chairman of the Republican Conference Healthcare Public Affairs Team.

VA Health-Care System Is 'A Model,' Secretary Says (WP)

By Christopher Lee

The Washington Post, March 28, 2006

When Hurricane Katrina forced the relocation from New Orleans to Houston of hundreds of Veterans Affairs hospital patients, electronic medical records enabled doctors and nurses to treat the sick and injured without skipping a beat.

"We were able in every case, after we got them resettled into another hospital, to dial up their medical record," Jim Nicholson, the secretary of Veterans Affairs, said yesterday.

In a "state of the VA" speech at the National Press Club, Nicholson cited electronic health records as one reason the VA health-care system is "a model for our nation" and said his department, with 234,000 employees, is "truly one of America's good-news stories."

The VA's 154 hospitals and more than 900 clinics will treat more than 5.3 million veterans this year, he said. Its health-care budget has risen 69 percent in the past five years. Under President Bush's proposed 2007 budget, the department would get one of the biggest increases in discretionary spending for any federal agency: a boost of $2.6 billion, to $35.7 billion.

Not all the news is good.

One of the department's missions is to help ease veterans' transition to civilian life. Yet the unemployment rate of veterans ages 20 to 24 is 16 percent, more than three times the national rate.

"To me, they're perfect for prospective employers," Nicholson said. "They made a commitment. . . .They've been honorably discharged and they deserve a job."

About 1 in 5 veterans has diabetes, compared with about 1 in 14 Americans in general. Nicholson said the VA now talks to patients about their diet and the disease even if they come in for other ailments.

More veterans, especially those returning from Iraq and Afghanistan, are having post-traumatic stress disorder diagnosed, prompting the department to ensure that all its 154 major medical centers have an expert in treating PTSD.

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Then there are the old complaints that the VA is too slow to process benefits claims. "We're trying to compress the time it takes to get a decision so a veteran doesn't have to wait so long," the secretary said. "There are things that we can and we need to do better."

House Centrists Seek Budget Changes (HILL)

By Jeffrey Young

The Hill, March 28, 2006

Centrist Republicans hope to replicate the recent success of their Senate counterparts by boosting spending on health, welfare and education programs this year.

Rep. Mike Castle (R-Del.) and other centrists plan to hold a press briefing today in the Capitol basement to seek bigger budgets for programs such as the National Institutes of Health, student loans, heating assistance and job training.

Sen. Arlen Specter (R-Pa.) got 27 GOP votes for his amendment to the Senate's budget resolution that would add $7 billion for those programs.

The House Budget Committee plans to meet tomorrow to begin marking up the budget resolution.

Fiscal Advice For Congress, From A CPA (RC)

By Rep. Mike Conaway

Roll Call, March 28, 2006

'It's time to make tough choices."

Catchphrases like these are thrown around quite often on Capitol Hill, especially at this time of year, after the release of the president's budget. Unfortunately, it's rare that this kind of rhetoric is backed up with substantive action.

Since I arrived in Congress last year, we have been talking about reducing federal spending and shrinking the size of the federal bureaucracy. We took a small step in the right direction with last year's spending bills and with the Deficit Reduction Act of 2005 that was signed into law last month.

So what is the solution? I have a few suggestions:

No new federal programs. I recently introduced legislation that would change House legislative procedure to halt the creation of any new federal programs unless a program of equal or greater value is eliminated in its place. This is a common-sense procedure that would force Congress to prioritize and make the real "tough choices" with respect to new spending.

Line-item veto reform. President Bush recently has voiced his support for a constitutional line-item veto. I recently co-sponsored line-item veto legislation offered by Rep. Paul Ryan (R-Wis.) that should be able to pass constitutional muster. This enhanced budget-rescission procedure would allow the president to effectively eliminate any wasteful spending item and then send the item back to Congress for a vote. While enhanced rescission certainly will not eliminate all earmarks, it will bring greater transparency to the process. The now-infamous "Bridge to Nowhere" would never have passed if every Member of Congress had been forced to vote it up or down on the record. This, in addition to other earmark reforms, should trim Congress' appetite for pork.

Reduction in mandatory spending growth. Slowing the rate of growth for huge government entitlement programs is not the same as a cut, as some would like to believe. Slowing down programs on autopilot is the only way we can tackle the deficit. According to the Congressional Budget Office, mandatory spending — that is, government spending that automatically increases every year — was 49 percent of the federal budget in 1995, 54 percent in 2005, and will be 62 percent in 2015 if left unchecked. Slowing down discretionary spending also is necessary, but discretionary is a much smaller piece of the pie. Even if it were entirely eliminated, the budget still would not be balanced.

Make President Bush's tax cuts permanent. The tax-relief measures passed in 2001 and 2003 continue to help drive our economy. Unemployment is still low at 4.8 percent — lower than the average unemployment rate of the 1970s, '80s and '90s. With more Americans working than ever before, tax receipts have increased significantly, generating more than $2.3 trillion in federal revenue for fiscal 2005. (This is 7.3 percent, or $158 billion, more than expected.) For this unprecedented growth to continue, Congress must make these tax cuts permanent and avert any tax increase that could potentially damage our economy.

These suggestions, if applied, will significantly impact how the federal government manages our money. Eliminating ineffective government programs, reducing growth of massive government entitlements and passing procedural measures for real budget reform do not sound particularly exciting, but such actions are necessary.

As a certified public accountant, I spent my career advising my clients to budget their incomes so they can reach their long-term goals. Congress has the same responsibility to taxpayers. We must make common-sense reforms, because we are heading down a dangerous road.

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These are tough choices. Reducing spending is the toughest of tasks, because every dollar the federal government spends has a constituency, and thus someone who thinks that program is working. But a balanced budget is well worth the cost in political capital. We are heading toward financial ruin. Now is the time to decide whether we want to serve as catalysts for change or pay the very real price for standing idle as change inflicts itself upon us. We owe it to future generations to make serious budget reforms and stop the spending spree now.

Rep. Mike Conaway (R-Texas) is a CPA and a member of the Budget Committee.

DP World Leader's Nomination Pulled (WT/UPI)

By Shaun Waterman, United Press International

The Washington Times, March 28, 2006

The fallout from the death of the DP World deal continued yesterday, when the White House withdrew the nomination of one of the company's executives to run the U.S. Maritime Administration.

David Sanborn was nominated in January by President Bush to lead the administration, which oversees the nation's ports. He also is director of operations in Europe and Latin America for the firm, which is owned by the government of Dubai, one of the seven United Arab Emirates.

White House spokeswoman Erin Healy said the withdrawal was at Mr. Sanborn's request, which was made in a letter to the president yesterday.

"The withdrawal was done at his request, and we are honoring his request," she said.

She would not comment on whether the move was connected with the sudden end of DP World's proposed takeover of operations at terminals in six U.S. ports, the result of the Arab company's takeover of Britain's Peninsular & Oriental Steam Navigation Co.

"While I believe my background makes me one of the most qualified people there is for this position, the convergence of a number of factors bring me to the conclusion that I cannot effectively serve my country, you, and the U.S. maritime industry," Mr. Sanborn wrote in his letter to Mr. Bush.

Mr. Sanborn was nominated for the post Jan. 18, by which time the DP World takeover had been reported in the business press and the Committee on Foreign Investments in the U.S. had begun its 30-day inquiry on the deal.

There was no mention of the DP World deal at his confirmation hearing in February, but once the takeover was blocked by angry lawmakers, the nomination ran into trouble. Several senators, including Sen. Bill Nelson, Florida Democrat, had vowed to block the appointment. Both Mr. Nelson and Sen. John Kerry, Massachusetts Democrat, had put holds on the nomination.

The U.S. Maritime Administration is part of the Transportation Department. It keeps data on U.S. ports and shipping, finds U.S.-flagged ships for the military to use as cargo vessels, disposes of old ships and oversees the U.S. Merchant Marine Academy. Mr. Sanborn had been an officer in the Navy and graduated from the U.S. Merchant Marine Academy.

Senator: Katrina Loan Process Slowed (AP)

By Lara Jakes Jordan

The AP, March 27, 2006

The government has slowed down in deciding whether to approve or deny hundreds of applications for federal loans to help small businesses recover from Hurricane Katrina, a senator said Monday.

Earlier this year, the government was resolving 355 cases daily; that figure has dropped to 99 cases daily. The slowdown came as 682 disaster assistance employees left the Small Business Administration, said Sen. Olympia Snowe (news, bio, voting record), R-Maine, who chairs the Senate committee that oversees the agency.

In a letter to Small Business Administrator Hector Barreto, Snowe said she was troubled by the staff decrease "at a time when efficiency and production are of such high importance."

"I am deeply disturbed by the agency's reluctance to finish resolving all of the applications submitted by hurricane victims," Snowe said in the March 23 letter that was released Monday.

Calling the loan application process "a high priority," SBA spokeswoman Anne Marie Frawley said the agency is looking to local banks and private firms to help speed recovery aid to hurricane victims. She said the SBA dismissed 623 employees because the agency has finished property inspections for nearly all the applications, and "there is no longer a need to maintain such an extensive staff."

Frawley also chastised Snowe, noting that while "we regret that she feels it is necessary to issue a public rebuke of the SBA, the administrator is only a phone call away and would have gladly answered her questions." The SBA has processed over 282,587 applications since the Aug. 29 storm.

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The SBA has approved $6.7 billion in disaster loans to Gulf Coast businesses, homeowners and renters whose properties were damaged by Hurricanes Katrina and Rita. But only $590 million has been distributed thus far to applicants, said Snowe spokesman Chris Chichester.

For an 18-day period between Feb. 13 and March 3, the agency resolved 355 loan applications each day, clearing 90 percent of the pending requests, Snowe said. But in the 18 days that followed — March 3 to March 21 — the agency approved 99 applications daily.

Meanwhile, the agency has lost 682 employees since March 1, Snowe said.

The agency told Snowe's staff that the new delay was explained by "a shift in focus" from resolving business applications to considering loan requests by homeowners. However, "homeowner applications have not been resolved any faster," Snowe said. She said less than 9 percent of pending homeowner applications were resolved between March 3-21.

Judge Refuses To Delay New Orleans Vote (NYT/AP)

By The Associated Press

The New York Times, March 28, 2006

NEW ORLEANS (AP) -- A federal judge on Monday refused to delay New Orleans' April 22 mayoral election, telling both sides to solve any problems that might hinder displaced residents' ability to vote.

"If you are a displaced citizen, like I am, we have a burning desire for completeness," said U.S. District Judge Ivan Lemelle, whose own New Orleans home flooded after Hurricane Katrina.

Lemelle said voting will help the city rebuild, but he warned that its residents have already lost trust in institutions. "I recognize that there is still room for improvement in that electoral process," he said.

Civil rights groups had urged the judge to postpone what would be the city's first municipal elections since the hurricane, arguing that too many black residents won't be able to participate.

The Aug. 29 storm flooded 80 percent of the city, destroying some polling places and scattering more than half the population. What was a mostly black city of nearly half a million people was reduced to well under 200,000 inhabitants.

Some black leaders say the state's plan to allow mail voting for residents in other states, along with satellite polling places elsewhere in Louisiana, won't do enough to give all displaced residents the opportunity to vote.

"We can see that train wreck coming in slow motion," plaintiffs' attorney Bill Quigley said Monday.

Secretary of State Al Ater, the state's top election official, said he was prepared to work with the plaintiffs and the judge. "I'm very proud of what we're doing," he said.

The city elections had been set for Feb. 4, but state officials said they could not possibly hold balloting that soon after Katrina. The postponement led to a lawsuit by residents who wanted no delays, and the state then set the April 22 date. The state's emergency plan includes polling stations in 10 Louisiana cities, a national advertising campaign, and an easing of voting rules to allow displaced residents to cast ballots.

Mayor Ray Nagin, criticized in some quarters for his response to the hurricane, is running for re-election against nearly two dozen opponents, including Lt. Gov. Mitch Landrieu and Audubon Institute chief executive Ron Forman.

Monday's hearing was called after the NAACP and other civil rights groups argued the plan contained the equivalent of a poll tax, the voting fee that was banned after it was abused in the South to disenfranchise blacks. They said displaced residents would have to pay for transportation to vote in New Orleans and the expenses would be the "modern equivalent of a poll tax."

Fewer than 10,000 registered voters have requested absentee ballots, said Dale Atkins, who is campaigning for re-election as civil district court clerk.

Other complaints include cumbersome absentee ballot procedures, frequent movement of precinct locations and a refusal to share information about how candidates can reach the displaced voters.

Election procedures in Louisiana and many other Southern states are subject to Justice Department approval because of their history of racial discrimination.

Several black leaders argued Friday for satellite voting locations outside Louisiana, though a spokeswoman for Ater said state law doesn't allow out-of-state voting operations.

"This is a Florida in the making," said Urban League President Marc Morial, a former New Orleans mayor, referring to Florida's extensive voting problems in the 2000 elections. "If you see an election train wreck coming, why not do something to prevent it before the wreck occurs?"

On the Net:

Elections Division: http://www.sec.state.la.us/elections/elections-index.htm

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Trucks To Face New Mpg Rules (USAT)

By Jayne O'Donnell

USA Today, March 28, 2006

New fuel-economy rules for trucks to be announced this week would not only impose mileage standards for the first time on previously exempt heavy-duty models, such as the Hummer H2, but also would overhaul standards for other trucks, according to auto industry officials and others familiar with the plan.

They declined to be identified because the National Highway Traffic Safety Administration hadn't made the new rules public.

The rules could pressure automakers to improve the mileage of their heftiest vehicles, often known as “three-quarter-ton” or “one-ton” trucks. And they could create, for automakers, a bewildering array of fuel-economy standards that could vary almost from model to model.

The revamped standards apply only to trucks. Car standards don't change. The NHTSA regulations determine whether an automaker is fined for selling too many low-mileage trucks, or not enough high-mileage trucks. They have nothing to do with mileage numbers printed on the price stickers of new vehicles.

The heart of the new system is an index number calculated using the wheelbase and track. Wheelbase is the length from the center of the front wheel to the center of the rear wheel. Track is a width measurement, based on how far apart left and right wheels are.

The most lenient requirements would be for the largest vehicles, those with long wheelbases and wide tracks. The strictest would apply to the smallest models.

The rules differ from a system proposed in August. It would have split trucks into six size categories and assigned standards to each category, from about 21 to 28 miles per gallon. Environmentalists complained that automakers simply would make small changes in the sizes of their vehicles to get them into categories with less-strict mileage requirements.

Current regulations have a single truck standard, 21.6 miles per gallon for 2006 models. An automaker calculates the mileage of all trucks sold and, if it's lower than 21.6, must pay a fine.

Heavy-duty pickups would continue to be exempt because they are considered work trucks rather than personal vehicles. That could amount to a significant loophole, according to the Union of Concerned Scientists, which calculates that 80% of heavy-duty trucks sold are pickups.

Federal officials wanted a new system that doesn't encourage selling more small trucks in order to meet mileage standards. Statistics show that bigger, heavier vehicles are safer to their occupants in crashes than smaller, lighter vehicles are.

If the new standards encourage larger vehicles, “from a safety perspective, that's good,” says Adrian Lund, president of the Insurance Institute for Highway Safety.

A Road Map For Agencies Switching To Pay For Performance (WP)

By Stephen Barr

The Washington Post, March 28, 2006

Creating fair pay-for-performance systems in the government will require effective ways of evaluating job performance and well-trained supervisors, according to a report from the Merit Systems Protection Board.

"Pay for performance is a complex process that demands a large investment from those who seek to use it," the report says. "The effectiveness of a pay for performance system can be undermined by flaws in the design, implementation, and operational phases."

Such a system "demands a higher level of supervisory skill" than the traditional grade-and-step system used in government for decades, in part because performance-based systems give more discretion to supervisors to set pay and bonuses, the report says.

"Supervisors must treat employees fairly in terms of the assignment of work, evaluation of performance, and allocation of rewards -- and they must be held accountable for their decisions," the report says.

The report from the board, a quasi-judicial agency that hears appeals from employees facing major disciplinary action and that helps oversee the civil service, comes at a timely moment for the federal workforce. At least half of the workforce seems likely to shift into new pay systems in the next few years.

The Defense and Homeland Security departments plan to launch performance-based pay systems this year, and intelligence community leaders recently told their employees that they soon will be moving to design a new pay system. The Office of Management and Budget has floated a draft bill that would require pay for performance across the government.

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The MSPB report, which goes to the White House and Congress, provides a road map for federal employees and supervisors who are uncertain about the ingredients that go into performance-based pay systems. The 43-page report (at http://www.mspb.gov in the "studies" section) offers a balanced view of what's at stake when adopting new compensation strategies.

Although performance pay is fairly common in corporate America, the federal government has limited experience in linking employee job evaluations to pay decisions. To a great degree, change has been slower in the federal sector because the largest pay system, the General Schedule, is grounded in law and because Congress has reserved the right to mandate raises as part of the annual spending bills.

Federal unions also have resisted performance-based pay, primarily because of concerns that political appointees or managers might play favorites when assigning job ratings to employees.

The report from the MSPB takes no stance on performance-based pay but urges federal agencies to consider "key decision points" when planning new systems.

For example, the report recommends that agencies lay out clear goals for performance pay. Is the goal to increase employee job performance or to provide greater fairness in pay? It is to reward the best workers with bonuses, a pay raise or a combination of the two? Should less than 5 percent, or about 30 percent, of an employee's pay hinge on job performance?

"Agencies need to tailor pay systems to fit their unique circumstances and needs," the report says, but it warns that past efforts to create new pay systems have been undermined by a lack of funding. "Long-term financial support under a variety of scenarios should be carefully planned before implementing pay for performance," the report recommends.

Supervisors may face the greatest challenge, the report suggests, in noting that they must communicate with employees throughout an appraisal cycle, document their behavior, and evaluate their performance "in comparison to established standards and to other employees."

Linking pay to job ratings ups the ante for supervisors, the report points out. "Supervisors may experience even greater trepidation about the already contentious appraisal process, knowing that their decisions will affect employees' livelihoods. Supervisors need the training, the tools, and the time to be able to function effectively in this difficult role."

Defense and Homeland Security officials have promised to step up their communication and training efforts. Yesterday, for example, the Pentagon posted a 60-page guide to the new National Security Personnel System designed to help the first wave of Defense civilians understand how pay procedures will change this spring. The guide (at http://www.cpms.osd.mil/nsps) provides examples of the new salary scales and supplemental market adjustments.

Negotiations Begin On Lobby-limiting Measures (WT)

By Christina Bellantoni

The Washington Times, March 28, 2006

Sen. Majority Leader Bill Frist yesterday started negotiating with Senate Democrats in anticipation of passing measures this week to curb the influence of lobbyists.

Senators today are expected to debate the merits of Sen. Trent Lott's bill that limits members' ability to insert "pork-barrel" spending into conference reports, puts stricter regulations on travel, restricts lobbyists from going onto the floor of the House or Senate and requires members to disclose gifts from lobbyists on their Web sites, among other things.

Mr. Frist, Tennessee Republican, told reporters yesterday he is working with Democratic members to work out a compromise and he thinks the Senate is "very close" to completing the bill.

"It will take participation, collaboration and cooperation," he said, speculating an agreement could be reached in a few hours.

Lawmakers were supposed to start the lobbying reform measure last night, but the Judiciary Committee passed a sweeping reform measure dealing with border enforcement and guest workers that dominated most of the evening.

The election-year lobbying reform efforts are an attempt to show lawmakers will not tolerate abuses, such as those that led to the prison sentence of former Rep. Randy "Duke" Cunningham, who admitted taking bribes, and the guilty plea of disgraced lobbyist Jack Abramoff. After the two scandals, House and Senate leaders pledged to quickly reform their own rules.

Mr. Lott, Mississippi Republican, has said his bill would add "clarity" and "transparency" to the legislative process.

There are more than 70 proposed amendments to the measure. Mr. Lott resisted one amendment earlier this month that would impose an all-out ban on lobbyists paying for meals. He said the amendment was demeaning to lawmakers because it implied they could "be had for the price of a lunch or a dinner."

The proposed bill requires that pork-barrel spending, officially known as earmarks, be clearly listed and disclosed on the Internet 24 hours before the final vote on any spending bills.

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The bill allows members to accept a meal from a lobbyist, as long as the value and paying person is publicly disclosed. It also adds disclosure requirements for travel.

Lobbying Bill: Back On Track? (RC)

By Tory Newmyer

Roll Call, March 28, 2006

After a three-week detour from lobbying reform, Senators will return to work on a lobbying overhaul measure this morning, with leading lawmakers saying they hope to wrap up work by the end of the day and then turn to a politically explosive rewrite of immigration laws.

The path back to lobbying reform was cleared when Senate leadership reached an agreement with Sen. Charles Schumer (D-N.Y.) to set aside his proposal for an amendment on foreign ownership of ports. Schumer's proposal had derailed work on the overhaul earlier this month.

Instead, Senators will vote today on an amendment offered by Sens. Ron Wyden (D-Ore.) and Chuck Grassley (R-Iowa) that would ban the long-held Senate practice of allowing Members to hamstring legislation with anonymous holds.

Senators were still negotiating over what step to take next at press time Monday. The Senate could move to a prearranged package of amendments, which have yet to be determined, or else Majority Leader Bill Frist (R-Tenn.) could choose to limit debate by calling for cloture on the measure.

Either way, Sen. Trent Lott (R-Miss.), the bill's floor manager, expressed confidence that he could clear the bill from the chamber if given enough time. "If they'll give me a day, I can do it," he said, adding a cautionary note that the prospects had grown dimmer since leadership scrapped their intended Monday start for debate on the measure.

If Senators cannot finish the bill tomorrow, it could be weeks before they return to it. In that scenario, the chance for passage begins to fade, warned some lawmakers who favor an overhaul. "I'm of the view to just get it done," said Sen. Chris Dodd (D-Conn.), who helped clear part of the bill through the Rules Committee.

Others said the issue was too important to race to hasty passage. "We don't want to shut down debate so rapidly" that key amendments fall by the wayside, said Sen. Barack Obama (D-Ill.).

One plan floated on Monday called for each party to offer five amendments to the bill after dispatching with the proposal to end secret holds. But several Senators confirmed the plan was unable to win support.

Regardless of how the process plays out, Senators will have to slog through some controversial amendments if debate proceeds as planned today. Several lawmakers have complained that the product is too weak as it stands and already have offered a number of proposals to strengthen it.

One that's sure to draw fire would establish an independent Office of Public Integrity to oversee compliance with new lobbying rules by collecting disclosure requirements and even initiating investigations that could be referred to the Justice Department or the ethics committees.

A similar plan was stripped out of an earlier bill in committee, with members of the Senate Ethics Committee complaining that it would strip them of their authority and invite political abuses. Lott himself reiterated his criticism of the plan on Monday, though outside watchdog groups have called it critical to effective reform.

Obama has offered an amendment to strengthen revolving-door provisions in the bill by banning former lawmakers and staffers-turned-lobbyists from quietly coordinating lobbying activities during their cooling-off period, which the bill would double to two years.

Another amendment, supported by Sens. John McCain (R-Ariz.) and Dianne Feinstein (D-Calif.), would require lawmakers to reimburse corporations at the charter rate when they fly on their jets, rather than the first-class fare they pay under current rules. That plan has met opposition from members from distant and rural states, especially Sen. Ted Stevens (R-Alaska).

Senators from both parties on Monday said that a dwindling amount of time for legislative action and a packed calendar are raising the stakes for the debate. If lawmakers cannot finish work on the bill quickly, Senate leadership may turn to the much more high-profile issue of immigration. (See Roadmap, p. 1.) Debate on that issue will almost surely occupy the chamber until the Easter recess, after which lawmakers will return to Washington, D.C., to work on supplemental spending legislation.

Beyond the Schumer hurdle, Senators attempting to return to the bill this week also had to work past objections by some to taking up the Wyden amendment. Wyden himself said he was unsure who among his colleagues had raised protests to his plan — a fact that he said was simply another argument in favor of it.

"Some Senators are very comfortable with the idea that special interests can hot-wire favors with no accountability," he said.

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On the House side, the Rules Committee will be the first of five panels with pieces of the lobbying reform bill to take up the issue this week. The committee, chaired by reform bill author David Dreier (R-Calif.), has scheduled an original jurisdiction hearing on the measure for Thursday morning.

House Majority Leader John Boehner (R-Ohio) has maintained he would like to move as many pieces of the bill as possible before the two-week Easter recess, beginning April 7. But with committee calendars already packed with other business this week, that timetable could slip.

None of the other four other House panels assigned to work on the bill — House Administration, Government Reform, Judiciary and Standards of Official Conduct (Ethics) — has slotted consideration this week, aides said.

The House reform measure stops short of its Senate counterpart in several key areas. It does not call for the establishment of an independent oversight office; lacks tightened gift limits; does not double the current one-year lobbying ban for former lawmakers and staffers turned lobbyists; and sidesteps a permanent end to privately funded travel by instead calling for a temporary ban.

Those deficiencies have prompted outside watchdog groups to blast the measure as too weak in critical areas.

While some vulnerable Republicans have offered their own plans to strengthen the bill, there is hardly consensus in the House GOP Conference about the direction to take.

Several rank-and-file Members criticized the measure as overly draconian when House Republican leaders unveiled the plan earlier this month. And the conservative Republican Study Committee outlined a number of possible concerns in a recent memo, indicating the bill goes too far in some areas while not doing enough to crackdown on earmarks.

Heating Up With Hot-Button Issues (WP)

By Charles Babington

The Washington Post, March 28, 2006

As if the debates over immigration and the Iraq war weren't contentious enough, Congress is about to embark on some really hot-button issues: flag burning, same-sex marriage and censuring the president.

The Senate Judiciary Committee has scheduled a Friday hearing on Sen. Russell Feingold's resolution to censure President Bush for authorizing warrantless surveillance of Americans' international phone calls and e-mails. The measure has divided Feingold's fellow Democrats, some of whom fear he is helping Republicans shift attention from the GOP's problems in dealing with Iraq, hurricane relief and other matters.

But Feingold (Wis.) is unapologetic, commending Committee Chairman Arlen Specter (R-Pa.) for scheduling the hearing. "He recognizes the importance and seriousness of the issue," Feingold said yesterday. "The president broke the law, and this hearing is an important step towards Congress holding him accountable."

Needless to say, not all lawmakers agree that Bush broke the law, and the issue should get a good airing this morning in a separate hearing before Specter's panel. Four federal judges are slated to discuss proposals to bring the eavesdropping program, which is conducted by the National Security Agency, under the auspices of the Foreign Intelligence Surveillance Act.

The 1978 act established a secret court to consider the government's warrant requests to wiretap Americans. Bush says his constitutional powers permit him to order such surveillance without warrants when terrorism is suspected.

Some of the judges have served on the FISA court. Also scheduled to testify today are Morton H. Halperin of the Open Society Policy Center and David S. Kris, senior vice president of Time Warner Inc.

Meanwhile, interest groups on the left and right are preparing for showdowns over flag desecration and same-sex marriage in June, when Senate Majority Leader Bill Frist (R-Tenn.) has scheduled floor votes on the always-controversial issues. Both efforts call for constitutional amendments, which require a two-thirds majority vote in the House and the Senate, followed by ratification by three-fourths of the states.

Frist, who is weighing a 2008 presidential bid, often touts the proposed amendment to define marriage as the union of one man and one woman. The effort failed in both houses in 2004. The Senate fell 12 votes short of the number needed to cut off debate, and House supporters could not muster the two-thirds majority they needed in their chamber.

As for protecting the American flag, some conservatives have sought a constitutional amendment since 1990. That is when the Supreme Court affirmed its view that flag burning is a form of protected political speech. The House has backed a constitutional amendment to bar flag desecration in previous Congresses, but the Senate has not complied.

Some Democrats ask why Frist is spending time on long-shot constitutional matters when Congress is struggling over immigration, the deficit, tax policies and other issues.

"It's that time of the year to throw a little red meat to the base," said Jim Manley, spokesman for Senate Minority Leader Harry M. Reid (D-Nev.). "We need to focus on the American people's priorities."

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Frist spokesman Bob Stevenson said that is exactly what his boss is doing. The flag-protection amendment "is the number-one issue on veterans' agenda," Stevenson said yesterday. And the bid to ban same-sex marriage requires federal action, he said, because numerous courts have rejected state legislatures' efforts to do so.

"We don't have the option of putting this off," Stevenson said.GOP Joins in Urging Floor Debate on Iraq War

Three House Republicans have joined three Democrats in calling for an extensive floor debate on the Iraq war.

GOP Reps. Wayne T. Gilchrest (Md.), Walter B. Jones Jr. (N.C.) and Ron Paul (Tex.) last week joined Democratic Reps. Neil Abercrombie (Hawaii), Ike Skelton (Mo.) and Martin T. Meehan (Mass.) in signing a letter to colleagues urging "an open and honest debate on the future of U.S. policy in Iraq." They want a "discharge petition" for Abercrombie's stalled resolution that would require Bush to "develop and implement a plan for the withdrawal" of U.S. troops.

'527' Legislation Would Affect Democrats More (WP)

By Thomas B. Edsall

The Washington Post, March 28, 2006

In 2001, when Karl Rove first outlined plans for a $50 million get-out-the-vote program, his PowerPoint presentation made one point clear: The effort would be a "joint project of the White House and the Republican National Committee."

Rove's declaration points to a crucial difference between the Republican and Democratic parties. Less than a year later, top Democratic strategists began moving in precisely the opposite direction. During the Bush years, voter mobilization in large measure has been run by what analysts call a "shadow Democratic Party" -- consisting of outside groups operating independently from the Democratic National Committee and the party's top office seekers.

The difference between the two approaches explains why the Democrats are a lot more worried about proposals to impose sharp limits on spending by tax-exempt, non-party political groups.

Sen. John McCain (R-Ariz.) is sponsoring legislation that would restrict donors to giving just $5,000 annually to "527" groups (named after the section of the tax code they operate under). In recent years, tycoons such as George Soros and T. Boone Pickens have given millions to such groups.

"For better or worse, our side is now much more reliant on extra-party institutions to do our core political business," said Jim Jordan, who in 2004 helped coordinate the activities of two independent, liberal 527s, the Media Fund and America Coming Together.

"There are two political cultures, each with their own economies," said one top strategist, a veteran of many Democratic presidential campaigns. "We would try to tell the groups working with us what we wanted them to do, and sometimes they paid attention -- and when they disagreed, they did whatever they wanted to do. It's very different on the Republican side of the aisle."

Over the past 30 years, the Republican National Committee has centralized control and funding of such basic political functions as voter mobilization and message development.

The RNC contracts out work to consultants who operate under strict oversight. Those who fall out of favor face being cut off from party-generated work. Independent groups, such as the Club for Growth, are viewed by the party establishment as disruptive, encouraging conservative primary challenges to moderate incumbents as much as contributing to the defeat of Democrats.

Democrats, by contrast, tend to view the independent groups with gratitude rather than resentment -- because they are doing essential political work that is not being done by others.

In 2002, the legislation commonly known as McCain-Feingold imposed a ban on "soft money" -- large, party-raised contributions on which Democrats, more than Republicans, had become heavily dependent. This led to a blossoming of 527 groups, orchestrated by such veteran liberal operatives as Harold Ickes, an aide to President Bill Clinton; Ellen Malcolm of the feminist group Emily's List; and labor organizer Steve Rosenthal; and funded by such people as Soros and insurance millionaire Peter Lewis.

More recently, wealthy liberals, working independently from the Democratic Party, in 2005 formed the Democracy Alliance with the goal of building a strengthened Democratic infrastructure of think tanks, advocacy organizations and leadership training groups. Ickes, in turn, is starting a private, for-profit company to create a national voter list.

Republicans have not outsourced political functions because the GOP can afford to finance -- and therefore control -- these activities.

Just last year, the RNC raised $105.4 million compared with $56.1 taken in by the DNC. In the competition for small donors, the RNC raised $55 million in gifts under $200, while the DNC raised $32.2 million in under-$200 contributions.

These two disparate approaches to building election treasures and machinery underpin Democratic opposition to and Republican support for enactment of tough, new restrictions on the independent 527 committees. In the first election in recent

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memory in which Democrats raised nearly as much as Republicans, the 527s flooded the 2003-04 election cycle with $424.8 million. The money favored pro-Democratic groups, which outspent their pro-Republican adversaries 2 to 1, or by $110 million.

Republican National Committee Chairman Ken Mehlman is outspoken in support of the proposed new rules on independent groups, declaring that Republicans "must reform 527s, so that everyone plays at the same level, and billionaires can't once again use loopholes to try to buy elections."

But this view has angered some conservatives, who say that GOP leaders have allowed political self-interest to trump their commitment to the free market.

Former Federal Election Commission member Bradley Smith wrote on the RedState blog that restricting 527 political committees runs counter to conservative principles and would prevent such key pro-Republican groups as the Swift Boat Veterans and Progress for America from replicating in future elections the crucial role they played in 2004. While outspent, PFA and the Swift Boat Veterans ran ads that Democrats and Republicans agree were the most effective of the campaign.

"We're so hung up on Soros, we're not only betraying principles, freedom and good government, but we're being politically stupid. Soros spent $25 million in 2004, and as the guys at National Review put it, all he got was a T-Shirt," Smith wrote. "527 'reform' doesn't whack big labor, big liberal foundations, big Main Stream Media. . . . It does 'cut off' Swift Boat Veterans for Truth, Progress for America, and Club for Growth."

Smith and Democratic FEC member Ellen L. Weintraub, among others, believe that clamping down on 527 organizations will merely result in a massive transfer of resources to other nonprofit, tax-exempt groups.

If this prediction came true, the result might mean less public disclosure -- the opposite goal of most political reformers. That is because 527 groups must reveal information about contributors and spending, while other entities, such as 501c groups, do not.

Meanwhile, there are signs that Republicans increasingly are borrowing some of the political outsourcing techniques of Democrats. On Nov. 26, 2005, television ads began to run in Pennsylvania that were designed to directly address one of the dangers facing the reelection campaign of Sen. Rick Santorum (R): a potential backlash among the state's elderly because of Santorum's support for private investment accounts under Social Security.

Onscreen, an older man holds his grandson's hand as the two walk along a sunny park path. The announcer tells viewers:

"These days, Edgar's afternoons are reserved for grandkids. . . . He's enjoying retirement because Rick Santorum is protecting his Social Security. Santorum sponsored legislation guaranteeing Americans 55 and older the Social Security they deserve."

The ads, part of a $1 million buy, did not cost the Santorum campaign a dime. Americans for Job Security, a tax-exempt, nonprofit organization financed them. Michael D. Dubke, president of the 501c6 that in 2004 raised $7 million, declined to disclose the names of AJS donors. He said identifying them would simply detract attention from the group's free-market message.

Bill Seeks To Ban Insider Trading By Lawmakers And Their Aides (WSJ)

By Brody Mullins

The Wall Street Journal, March 28, 2006

WASHINGTON -- Amid broad congressional concern about ethics scandals, some lawmakers are poised to expand the battle for reform: They want to enact legislation that would prohibit members of Congress and their aides from trading stocks based on nonpublic information gathered on Capitol Hill.

Two Democrat lawmakers plan to introduce today a bill that would block trading on such inside information. Current securities law and congressional ethics rules don't prohibit lawmakers or their staff members from buying and selling securities based on information learned in the halls of Congress.

It isn't clear yet what kind of support the bill will garner from Republicans. But its prospects are enhanced by the current charged environment in Congress; lawmakers from both parties in both houses have placed a high priority on passing ethics and lobbying-reform legislation. Such legislation would provide a vehicle to which proponents could attach a measure on stock trades.

In addition to banning trading on inside information, the proposal would require that lawmakers and their top aides disclose within 30 days any stock trades. Congressional rules now require lawmakers to disclose their trades once a year. The bill also would require that companies register with Congress if they sell information about congressional activity to Wall Street investors.

Unlike members of Congress, executive-branch employees already are banned from trading on inside information. Employees of several federal agencies are prohibited from investing in companies that have business before them. In 1934, for example, Congress banned Federal Communications Commission employees from owning stocks or bonds in telecommunications or broadcast companies.

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The two Democrats who wrote the bill say they were motivated by the trading activity of a former top aide to Rep. Tom DeLay, the onetime Republican majority leader in the House. The aide, Tony Rudy, bought and sold hundreds of stocks from his computer in the U.S. Capitol in 1999 and 2000, according to financial-disclosure forms and other DeLay aides.

Neither Mr. Rudy nor his lawyer returned calls seeking comment. It is impossible to tell from the disclosure forms whether Mr. Rudy traded stocks based on information he gathered while working as deputy chief of staff and general counsel to Mr. DeLay, then the No. 3 Republican in the House.

Rep. Louise Slaughter, the New York Democrat who wrote the bill, said: "Top leadership aides know what is happening before anyone else. The potential for abuse there is incredible."

Rep. Brian Baird of Washington, the bill's co-sponsor, said there are "hundreds of billions of dollars on the line on congressional activity. If there is a way to make a profit on that, somebody has probably already figured out a way to do it. And it's not illegal."

Congressional Republicans declined to discuss the proposal until they see its exact language. Republican lawmakers could view it as a partisan ploy to hurt Mr. DeLay and another top Republican caught up in an insider-trading controversy: Senate Majority Leader Bill Frist of Tennessee, who has been trying to explain his sales of stock in a hospital firm long associated with his family.

In the current ethics-reform drive, lawmakers are considering steps such as banning lobbyists from taking members of Congress to lunch to requiring lobbyists to disclose all of their contacts on Capitol Hill. The stock-sales debate will expand that discussion.

Lawmakers are allowed to buy and sell securities -- and even vote on legislation that affects their investments -- except in rare circumstances. The chairman of the Senate Banking Committee, for example, would be allowed to buy stock in Bank of America Corp. and vote on banking issues that affect the bank. Ethics rules prohibit lawmakers from voting on issues only if they are among a small group of beneficiaries.

To some extent, the legislation would expand the commonly used definition of insider trading. According to the Securities and Exchange Commission, insider trading is the buying or selling of securities on the basis of material, nonpublic information in violation of a duty. But the information in question normally comes from inside a company: For example, an executive of a publicly traded company can't tell friends to sell company stock if he or she knows that the company is about to fall short of its quarterly earnings forecast.

Lawmakers and staff members never have faced similar obligations on the information they acquire. "If a congressman learns that his committee is about to do something that would affect a company, he can go trade on that because he is not obligated to keep that information confidential," said Thomas Newkirk, a partner with law firm Jenner & Block LLP and a former official with the SEC's enforcement division. "He is not breaching a duty of confidentiality to anybody and therefore he would not be liable for insider trading."

Congressional ethics rules addressing insider trading are "unspecific enough that there is room for clarification in legislation," said Ken Gross, an ethics lawyer with Skadden, Arps, Slate, Meagher & Flom LLP.

The proposed legislation would call on the SEC to establish rules to bar stock trading based on nonpublic information from Congress. It would prohibit lawmakers and their aides from trading based on information obtained in Congress that is not yet public. And it would prohibit lawmakers and staff from giving that information to others for investment purposes.

Ms. Slaughter is the top Democrat on the House Rules Committee, which is charged with overseeing much of the ethics-reform legislation. The reform legislation has arisen in the wake of a Justice Department investigation into Jack Abramoff, a top Republican lobbyist and onetime fund-raiser for Mr. DeLay. Mr. Abramoff pleaded guilty in January to trying to bribe lawmakers and staff with overseas trips, meals, greens fees and cash.

The Justice Department is looking into Mr. Abramoff's contacts with several Republican lawmakers and more than a dozen current and former aides of the lawmakers. Among those under investigation by federal prosecutors are Mr. DeLay and his onetime aide, Mr. Rudy.

Mr. Rudy made nearly 500 trades in 1999 and 2000, according to his annual financial-disclosure forms. Those forms show that he typically invested in high-technology and health-care companies and often held stocks for less than a day. About two-thirds of the stocks he purchased gained in value after he bought them.

It is difficult to tell how much Mr. Rudy profited on particular trades. House financial statements require disclosure of stock trades only in broad ranges. Mr. Rudy bought each of his stocks for between $1,001 and $15,000 and sold them in the same ranges.

But Mr. Rudy's net worth grew from 1999 to 2000. Mr. Rudy and his wife were at least $49,000 in debt at the end of 1999, according to his disclosure form. They owned no more than $1,000 in stock and reported a student-loan debt between $50,001 and $100,000.

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At the end of 2000, Mr. Rudy and his wife reported assets between $6,007 and $91,000. Their student-loan debt was between $30,002 and $100,000.

After Abramoff, Nats Fear It's Out With The Hill Crowd (WP)

By Thomas Heath

The Washington Post, March 28, 2006

The Washington Nationals were a big hit on Capitol Hill last year. The return of a professional baseball team to the city after 33 years provided a new venue for lobbyists to entertain members of Congress and their staff at RFK Stadium, just 20 blocks east of the Capitol.

But with the start of the new season a week away, Nationals executives fear their popularity among the federal elite might decline. They are concerned that a significant piece of their business could be affected in the aftermath of the Jack Abramoff bribery and corruption scandal, which is leading many lobbyists and elected officials to reconsider how and where they do business.

Although congressional efforts to crack down on the lobbying industry have flagged since Abramoff's guilty plea in January, an emerging bill in the Senate would effectively prohibit members of Congress from accepting tickets to major D.C. area professional sporting events from registered lobbyists.

Nationals President Tony Tavares said the team already has had some "push back" from lobbyists who were ticket holders a year ago, and it has led to the cancellation of ticket plans for about 100 prime seats at RFK.

Officials from the Washington Wizards and Washington Capitals expressed similar concern, although they say they won't be able to fully judge the effect until seats at Verizon Center come up for renewal. Even the Washington Redskins, who routinely sell out 91,665-seat FedEx Field, might not be immune.

"Washington, D.C., thrives on the lobbying business," Tavares said. "It's been part of the landscape here for a long, long time. And it's pretty important to our team and our new stadium."

Even if Congress does nothing, several lobbyists said the Abramoff affair will cut down on the number of tickets available on Capitol Hill.

"It will have a chilling effect," said Gregory Gill, executive vice president and general counsel of Cassidy & Associates, a prominent lobbying firm. "We have Nationals, Capitals and Wizards tickets. There are times I have given tickets to Hill staffers. Will I do that any more? No. What's the point of having them if we can't entertain Hill staffers or members?" He said the firm has decided to cancel its tickets at Verizon Center.

"A lot of people do a lot of business at sports and entertainment events," said Thomas H. Boggs, chairman of Patton Boggs LLP, a top lobbying firm that shares a suite at FedEx Field with businessman Ray Schoenke, a former Washington Redskins guard who ran unsuccessfully for governor of Maryland in 1998. "The people who will do it, it will have an effect on considerably. Members of Congress and their staff will be reluctant to accept tickets to sporting events."

House and Senate rules currently allow a lawmaker and a member of his or her staff to accept a ticket to a sports or cultural event as long as the value on the ticket does not exceed $49.99, with an annual limit of no more than $100 in tickets from one source. In response to the Abramoff scandals, the House and Senate are considering a number of proposals that range from leaving the limits unchanged to a ban on accepting any sports or entertainment ticket from a lobbyist.

Although Washington's business community is much more diverse than it was even a decade ago, lobbying is still a huge part of the city's culture. Verizon Center and FedEx Field -- with their rings of luxury suites and club seats -- were designed to maximize income from the money lobbyists, corporations and other organizations spend to entertain politicians and executive branch officials.

Verizon Center earns between $165,000 and $265,000 per year on each of its 114 suites. One of the 244 or so luxury suites at FedEx Field can cost up to $200,000 a season.

The Nationals say they will go ahead with their plan to include 78 luxury suites at their new 41,000-seat ballpark on the Anacostia River because they are confident they can make up the difference from any lost business from lobbyists. "Lobbying is just one small part of the commercial population that is out there," Tavares said. "There are other parts of the D.C. economy that can fill the demand."

It's difficult to put an exact dollar amount on the income teams generate from lobbyists, but "I think it's a big percentage," said Stu Van Scoyoc, president of Van Scoyoc Associates Inc., the largest independent lobbying firm in the city.

It was enough to cause sports entrepreneur Abe Pollin, who owns the Wizards and built a downtown arena in 1997, to get a ruling from the Senate Ethics Committee nearly a decade ago that allowed senators and Senate staff to accept tickets priced under $50 from corporations and lobbyists. Accordingly, Pollin priced the "fair value" listed on the face of its club level tickets at $48, just under the $49.99 limit.

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Some lobbyists, like Van Scoyoc, say it is too early to say whether they will hold onto their seats. These days, Van Scoyoc said, his Verizon Center suite is reserved only for friends, private clients, his employees and others, but not federal officials.

"The whole thing is in question at the moment," Van Scoyoc said. "Even though they haven't changed the rules, as a practical matter people don't want anything to do with it. Many offices have taken the position that they are not letting their people accept anything from these [lobbying] firms."

Rob Jennings, president of American Event Consulting Inc., which organizes fundraisers for Republicans and staged several at RFK Stadium last year, said sports tickets are a great way to entertain clients and potential clients, "but if you're using it to give to Hill staffers, then the lobbyists I have talked to have been scared away from that."

The Nationals, who are owned by Major League Baseball but are for sale at $450 million, priced hundreds of prime infield box seats under $50 at RFK last season, in part to stay under the gift ban limit, according to a team source. Tavares said the Abramoff scandals have resulted in the cancellation of around 100 of those seats this season.

"We have had people call from lobbying firms and indicate they are hesitant to move forward with their season ticket purchases, asking for more time, which we can't give them," Tavares said. "There could be more of a measurable impact, but we won't know until they pass the new rules."

One person who is leading a group of investors trying to buy the Nationals said that any legislation that affects the number of tickets purchased by lobbying firms and corporations was a concern. But this person, who spoke on the condition he not be identified for fear of hurting his group's chances, said he didn't think it would have a major impact on the team's finances because of the overall wealth and number of people in the Washington area.

"It definitely could impact sales of suites and premium seats," said another bidder, who requested anonymity for fear of offending baseball and losing his chance to buy the team. "We would have to make it up elsewhere."

David Cope of D.C. Sports & Sponsorship Sales LLC, who has worked in marketing and sales for all six major professional sports teams in the Baltimore-Washington region, said the teams will have to find ways to make up for losses in sales if new legislations tightens the rules on sports tickets.

"The teams are probably experiencing attrition from certain companies and organizations who would be affected by the lobbying legislation," Cope said. "But I'm sure they are focusing on industries and categories to replace those sales."

The Curious Paradox Of American Corporate Lobbying (FT)

By Michael Massing

Financial Times, March 28, 2006

The main causes of the US motor industry's current woes by now have been well established: soaring pension costs, crushing healthcare obligations, ossified management, uninspired car designs, clumsy marketing practices. Yet, amid all the analysis, one important factor has been overlooked: the industry's own lobbying efforts. For more than 15 years, US carmakers have strenuously and successfully opposed efforts in Congress to raise fuel-efficiency standards. Thus freed, General Motors and Ford have directed their energy and talent into selling highly profitable – and highly inefficient – sports utility vehicles and light trucks. Now, with petrol prices soaring, these companies are falling further behind their Japanese competitors. It is a case study in how an industry's lobbying efforts can undermine its own long-term interests.

The industry's lobbying apparatus is formidable. The Washington-based Alliance of Automobile Manufacturers, representing nine companies (including European and Asian ones, among them Toyota), spent $36.6m on lobbying from 2000 to 2005, according to the Center for Responsive Politics, a nonpartisan group that tracks money in politics. In that same period, GM spent about $43m and Ford $36m on lobbying. These sums go on the usual array of tactics that corporate America uses to bend rules and regulations to its liking: sending batteries of lawyers to congressional hearings, helping congressmen mark up bills, filing lawsuits to contest unwelcome laws and forming "consumer groups" to pressure lawmakers. The motor industry is also generous at campaign time, contributing about $20m in both the 2000 and 2004 election cycles. On many issues, moreover, it can count on the support of the United Auto Workers, which, in addition to deploying its own lobbyists, can mobilise its 600,000-plus members.

On no issue has the industry pressed harder than on that of fuel economy. In 1975, Congress passed a law setting Corporate Average Fuel Economy (Cafe) standards, requiring that vehicles produced by each company in a given year meet an average fuel- efficiency standard, with one standard for cars and another for light trucks. By the late 1980s, these standards had stalled at 27.5 miles per gallon for cars and 20.7 miles for light trucks. In 1990, amid growing concerns over global warming and US reliance on imported oil, Richard Bryan, Democratic senator from Nevada, proposed a bill to raise those standards by 40 per cent over 10 years. The industry maintained that meeting that goal would mean reducing the weight of its models. It formed a "grassroots" coalition to protest against the inconvenience this would cause and pushed car dealers and motor industry workers

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to protest to lawmakers. In the end, the measure just missed the 60 votes needed to overcome a threatened filibuster. Had it passed, says Laura MacCleery of Public Citizen, a consumer advocacy group, "it would have saved the industry".

Liberated from concerns over fuel efficiency, Detroit concentrated on producing SUVs, which were classified as light trucks. These, of course, proved very popular while fuel remained cheap. But GM and Ford let their family-car lines stagnate, to the point that GM had to retire its venerable Oldsmobile division, whose image had become hopelessly outdated. Meanwhile, Toyota and Honda concentrated on building smaller, more fuel-efficient models and in developing hybrid technology, with its vastly superior mileage.

After the defeat of the Bryan bill in 1990, subsequent efforts in Congress to raise Cafe standards – in 1995, 2000, 2001 and 2003 – succumbed to industry opposition. Only in 2003 were those standards finally raised – by a paltry 1.5 miles per gallon for light trucks over four years. Over the past decade, as mileage standards in America have stagnated, GM's and Ford's combined US market share has tumbled from 58.5 per cent to 43.4 per cent, while Toyota's and Honda's has surged from 12.7 per cent to 21.9 per cent. This reflects both the reputation of Japanese cars for quality and their superior mileage. The US has fallen so far behind Japan in hybrid technology that Ford now leases a version of it from Toyota.

During the past year, with gas prices soaring, the performance gap between US and Japanese models has grown even more salient and, while there is a three-month waiting list for Toyota's hybrid Prius, GM and Ford have had to offer huge rebates to move their lumbering Escalades and Expeditions.

Of course, given the carmakers' managerial bungling, higher mileage standards might not have saved them. But they would not have hurt. Certainly, if the companies had put the millions they spent on lobbying and litigation into improving their engines and transmissions, Detroit might now be leasing hybrid technology to others.

The motor industry is hardly alone in lobbying against its own interest. US electric utilities, represented by the Edison Electric Institute, have worked hard to defeat congressional efforts to require them to derive at least 10 per cent of their power from renewable sources, such as wind and solar, by the year 2020 (compared with just 2.5 per cent now). Three times in the past four years, the Senate has approved such a measure, only to see it killed in the House by the industry's allies. With the price of natural gas nearly tripling in the past two years, the industry would now be better placed had it been forced to develop those alternative sources.

In the late 1990s, when people began downloading songs from the internet, the major record companies, through their main trade group, the Recording Industry Association of America, pressed Congress to tighten copyright laws. They also sued thousands of individuals who traded music online. Seeing an opening, Apple developed its iTunes downloading technology and has since sold more than 1bn songs, for a current fee of 99 cents each. Meanwhile, CD sales by the RIAA's members have plunged. Had the industry sought to adapt to, rather than buy protection against, the internet, it could be leading the way technologically.

On healthcare, one has to wonder what the competitive position of US corporations would be today had the 1993 Clinton reform plan not been so vigorously opposed by such business groups as the Chamber of Commerce and the National Association of Manufacturers. Had they embraced it, perhaps companies such as GM and Ford would not be struggling with their current healthcare costs.

This all shows that it often takes years for the short-sightedness of corporate lobbying to become apparent. In the short term, the gains wrung through lobbyists and campaign contributions might seem impressive. Over time, though, lobbying, in foiling measures designed to promote the public good, can undermine the fortunes of the very industries doing the lobbying. It is yet another reason Congress should hold firm in its effort to rein in Washington's influence peddlers.

The writer, a frequent contributor to The New York Review of Books, is author of Now They Tell Us: The American Press and Iraq (New York Review Books)

Air your views on the issues raised in this article at www.ft.com/lobby

Democrats To Unveil Ambitious Security Plan (RC)

By Erin P. Billings

Roll Call, March 28, 2006

Seeking to convince the electorate of their military muscle, national Democratic leaders will vow to eliminate Osama bin Laden and destroy al-Qaida as part of their 2006 national security platform, which will be publicly unveiled Wednesday.

According to a draft copy of the agenda, party leaders will focus on five major policy areas for a safer America, both within its borders and beyond. Perhaps most ambitious among the party's objectives are calls to defeat terrorists and eradicate weapons of mass destruction.

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"We will: eliminate Osama Bin Laden, destroy terrorist networks like Al Qaeda, finish the job in Afghanistan and eliminate the threat posed by the Taliban," reads a draft of the party's platform document, titled "Real Security: The Democratic Plan to Protect America and Restore Our Leadership in the World."

Both the Clinton and Bush administrations have been on the hunt for bin Laden for some years. That pursuit intensified in the wake of the Sept. 11, 2001, terrorist attacks, but critics of the military charge that President Bush has been distracted from the search by the war in Iraq.

Congressional Democrats will formally outline their national security plan Wednesday when they join other party leaders and law enforcement officials in a major event at Union Station. Also included in the party's proposal are calls to ensure a "21st Century Military," strengthen homeland security, provide for a transition out of Iraq and free America from its dependence on foreign oil.

In the draft copy of their plan, Democratic leaders argue that their "real security" proposal will "protect Americans and restore our country's position of international leadership."

"We believe America is best protected, and freedom best advanced by national security policies, including homeland security, energy and diplomatic strategies that are both tough and smart," the document reads.

The "Real Security" unveiling is the second in the party's rolling agenda designed to show what the Democrats intend to do if given the majority this fall.

National security has been the party's political Achilles' heel in recent elections, and national leaders are hoping to reverse that trend this cycle.

Democrats kicked off the rollout of their 2006 agenda in January when they launched the Honest Leadership Act, their plan to restore an ethical government and reduce influence peddling. Still to come, sources say, is the party's domestic focus on key issues such as health care, the economy and education.

Neither the office of Senate Minority Leader Harry Reid (D-Nev.) nor that of House Minority Leader Nancy Pelosi (D-Calif.) would comment Monday about the specifics of the national security plan.

But a senior Senate Democratic staffer said that "for the first time" the party should be able to get somewhere with its ideas, given it is now in a position to talk "authoritatively about national security concerns and the fact that Republicans are not stepping up to the plate."

This staffer cautioned, however, that Democrats have to do it now — when public approval of the GOP is dipping and there is an opening to win over the public.

"They have to do this right for the American people to believe in Democrats and equate our party with a stronger national defense," this aide said.

Beyond catching bin Laden, leading Democrats also will propose an anti-terrorism plan that increases "human intelligence" capabilities, eliminates terrorist breeding grounds, secures loose nuclear materials, and stops nuclear weapons development in Iran and North Korea.

On the issue of Iraq, Democrats will address the controversial issue of a troop withdrawal from the region but stop short of calling for a complete redeployment of U.S. forces by year's end.

Instead, Democrats will assert "2006 is a year of significant transition to full Iraqi Sovereignty" and that within the coming months the Iraqis should assume "primary responsibility for securing and governing their country and with the responsible redeployment of U.S. forces." Democrats will not call for specific timelines beyond using 2006 as a watershed year for change in the region.

The Iraqi conflict has divided Democrats from the start, beginning in 2002 when the party split over whether to initiate a war in the first place. Democrats remain at odds over how and to what degree U.S. troops should be brought home and the Iraqis left to control the country on their own.

Democrats also will call on Iraqis "to make the political compromises necessary to unite their country and defeat insurgency" and promote regional diplomacy. They also will blast the Bush administration for wasting taxpayer money and putting troops at risk for failing to plan appropriately for the conflict and manipulating pre-war intelligence.

Turning to home, Democrats will demand greater investment in military equipment and manpower, a new GI Bill of Rights to provide better benefits to troops and veterans, and a stronger national guard.

The minority also will make calls for stronger homeland security by implementing all of the recommendations of the 9/11 commission, security of U.S. borders and ports, and better equipment for first responders.

Finally, the Democrats will focus on energy independence as part of their security mission. They will make a pledge for full independence from foreign oil by 2020 and increased production of alternate fuels.

Justice Scalia Gives A Sign, But No Finger (AP-Y2)

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AP2, March 27, 2006

Supreme Court Justice Antonin Scalia used an Italian hand gesture when questioned by a reporter after attending church this past weekend.

The Boston Herald reported Monday that the justice made "an obscene gesture under his chin" — which prompted some online reports that Scalia had used his middle finger.

Untrue.

"It was a hand off the chin gesture that was meant to be dismissive," Supreme Court spokeswoman Kathy Arberg said.

Scalia, 70, is Italian and known for wisecracks in and out of court.

The sign he used in Boston is frequently used by Italians to express displeasure with someone — from mild to deep irritation. It is done by cupping the hand under the chin and flicking the fingers like a backward wave.

Scalia was leaving Mass on Sunday at the Cathedral of the Holy Cross when the reporter asked the justice if he had to deal with much flak related to his conservative Roman Catholic beliefs, according to the newspaper.

"You know what I say to those people?" Scalia said before making the gesture, according to the paper's account. "That's Sicilian."

The paper said that Scalia also said: "This is my spiritual life. I shall lead it the way I like."

Bush Is Showing Signs Of Lame-duck Syndrome (BOS)

By Peter S. Canellos

The Boston Globe, March 28, 2006

WASHINGTON -- Immediately after his reelection, President Bush started to see the calendar pages turning. "I'm going to come out strong after my swearing in," he said, noting: "We have to move quickly, because after that I'll be quacking like a duck."

There were no quacking noises at the president's press conference last week. But Bush acknowledged that the political capital he won in 2004 is dwindling. He blamed the Iraq war, but even in the best of circumstances, presidents in their second terms become lame ducks very quickly.

The reason is the 22d Amendment to the Constitution, mandating that presidents can be elected only twice. Although it was ratified in 1951, some would argue that its full impact was not felt for decades, with the forced retirement of President Bill Clinton at age 54. And now, with Bush's diminished clout at age 59, its effects are being felt again.

That's partly why a bipartisan group of legislators have been filing a bill every two years to rescind the 22d Amendment, on the grounds that it deprives the country of its proper choice of leaders.

Passage is unlikely, because it would be seen either as a favor to Bush (though he has shown no interest in a third term) or as a favor to Clinton (though he has channeled his ambitions into his wife's career). It would inevitably fuel conspiracy theories in both parties. And it would have to be ratified by three-fourths of the states.

Nonetheless, there are reasons to believe the 22d Amendment has had more of an effect than its authors had intended.

The amendment was initiated in 1947, two years after the death of Franklin D. Roosevelt, the only man to serve more than two terms. Roosevelt died at the start of his fourth term.

The power of the presidency had expanded greatly under Roosevelt, for reasons mostly unrelated to the length of his tenure. "New Deal" laws approved to mitigate the effects of the Great Depression extended the reach of government during Roosevelt's first two terms.

Then, World War II gave the president sweeping powers as commander-in-chief of a nation under full-time war mobilization.

Some of those wartime powers remained after the war ended, because of a military buildup at the start of the Cold War.

Supporters of the 22d Amendment believed that the enhanced powers created such an air of invincibility around the presidency that future chiefs would reign for life, upsetting the balance of power.

But the sense of invincibility soon evaporated, regardless of the amendment. Roosevelt's successor, Harry S. Truman, was too unpopular to get a third term. Dwight D. Eisenhower suffered two heart attacks and would have been unlikely to go for a third term, had he been allowed. Assassination, scandal, and unpopularity led to five consecutive unfulfilled presidencies in the 1960s and '70s. Ronald W. Reagan, like Eisenhower, was very popular but was unlikely to have sought a third term because of age and illness. And George H. W. Bush was defeated for reelection.

Thus, the first presidency aborted by the 22d Amendment was Clinton's in 2000. There's no way to know whether Clinton, dogged by the Monica S. Lewinsky scandal, would have won a third term, but few can doubt that the world would be different today if he had served through the Sept. 11, 2001, attacks.

Clinton supporters believe the 9/11 crisis would have been perfectly suited to his political skills, global vision, and understanding of the world's problems. Clinton's detractors voice thanks that his career was choked off in 2000.

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But many of the same conservatives who were happy to see the 22d Amendment end Clinton's reign are dispirited by Bush's loss of clout, with almost three years remaining in his tenure. Arguably, the 22d Amendment's greatest effect is not in the prevention of third terms but in the weakening of second ones.

Even in the pre-Franklin Roosevelt days, when presidents generally adhered to the two-term tradition, the possibility that they would run for reelection helped maintain their political viability. Now, contests to succeed second-term presidents start as soon as the bunting is swept up from the inaugural parade.

The implications of such an early scramble to succeed the president will be visible in this week's Senate debate over immigration, as Republican senators with presidential aspirations resist compromise and seek to position themselves to the right of the presumed front-runner, Senator John McCain of Arizona, author of one of the major immigration bills.

The president will be looking on from the sidelines.

OTHER NEWS:

Prices At Pump Stabilize - For Now (USAT)

By James R. Healey

USA Today, March 28, 2006

Gasoline prices have plateaued after jumping nearly 14 cents a gallon last week, capping a four-week run-up at the pump.

The relief could be short-lived. Prices often zoom as warm weather spurs more driving trips, which drain supplies. Refiners also are required by law to shift to clean-air gasoline blends for spring and summer, and those cost more to make.

The nationwide average for a gallon of regular is $2.498, the U.S. Energy Information Administration reported Monday. That's down 0.6 of a cent from the previous week, though it remains 34.5 cents more than it was a year ago.

Travel club AAA, using a different surveying method, reported a U.S. average Monday of $2.501, down 0.2 of a cent overnight. Lowest averages are in Utah, where some areas are in the $2.25 range.

Expect at least $2.60 by mid-April, says Tom Kloza, analyst at the Oil Price Information Service. At some point, high fuel prices discourage driving, and the reduced demand produces a price drop. But, “pinpointing the precise level where U.S. consumers will drive less is a very inexact science,” Kloza notes.

“It is conceivable that we could see $3 this summer,” says Jason Schenker, economist at Wachovia. He points out that ethanol — alcohol made from grain — is more expensive than pure gasoline. That will drive up gasoline prices, because ethanol commonly is blended with gasoline to improve octane and to meet clean-air regulations.

The highest U.S. average ever reported by EIA: $3.069 on Sept. 5, because of disruptions to petroleum operations in the Gulf of Mexico by Hurricane Katrina on Aug. 29. The government says 22.9% of Gulf petroleum production remains out of service because of Katrina and Hurricane Rita, which hit the Gulf Coast Sept. 24.

The record average for gasoline, adjusted for inflation, was set March 1981, at $1.417 per gallon, equivalent to $3.123 today.

Hurricane season begins anew in June. Another round of severe Gulf storms could cripple U.S. energy production, creating shortages and boosting prices.

Petroleum traders are bidding about $1.84 a gallon for wholesale gasoline to be delivered this summer and fall. General rule: Add 60 to 65 cents for pump prices — making them about the same as they are now.

Gasoline Prices Cling To Gains Amid Supply Fears (WSJ)

By Steve Levine And Ann Davis

The Wall Street Journal, March 28, 2006

A sharp rise in gasoline prices in recent weeks could indicate increased volatility at the pump this summer, as the nation's fuel suppliers cope with a change in government requirements.

Yesterday, the Energy Information Administration said the average retail price for regular gasoline in the past week fell less than one cent from the previous week to about $2.50 a gallon. But the average price was up about 14 cents between March 13 and March 20, marking the third-largest weekly rise since the agency began the survey in 1990, and was almost 35 cents higher than in the year-earlier period. The average U.S. retail gasoline price has risen by about 9% since the middle of last month, and wholesale prices have surged about 30%.

Worries about supply shortages and gasoline prices stem in large part from a spike last year, when hurricanes Katrina and Rita swept through the Gulf of Mexico, heavily damaging refineries and oil installations. At their peak last summer, retail gasoline prices rose to an average of $3.06 a gallon in the week ending Sept. 5.

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Trilby Lundberg, publisher of the Lundberg Survey, a retail gasoline-price survey, says she expects average gasoline prices to peak at $2.67 by mid-July -- or possibly higher if crude-oil prices don't retreat. Yesterday, oil futures in New York fell 10 cents to settle at $64.16 a barrel.

Analysts attribute the quick price moves to a shift that begins next month in gasoline blends, requiring chemicals to be added for environmental and other reasons. Because of the energy bill passed last year by lawmakers, most U.S. refiners will halt the use of methyl tertiary butyl ether as a gasoline additive and substitute ethanol.

Many analysts worry that there will be spot shortages of ethanol, which could slow gasoline deliveries to some U.S. markets, particularly in the Northeast. In a report issued yesterday, Credit Suisse Securities predicted volatile gasoline prices in the summer, singling out the Northeast and Texas. The report said that concerns about shortages "have permeated the market."

"I don't think there's anybody out there that thinks there's really enough ethanol to go around," says John Kilduff, senior vice president for energy risk management at Fimat USA Inc., a brokerage firm. "We're talking about a very strained refining industry that's in the process right now of rebuilding and retooling from Katrina."

Some analysts say that U.S. gasoline inventories are high and that European refiners and U.S. traders have had sufficient lead time to adjust to the blend change. An EIA official said that summer gasoline supplies could be tight in some places because of possible ethanol shortages. But the agency said in its report last week that the recent price trend doesn't point to additional large retail-price increases soon.

The Gasoline Follies (WSJ)

The Wall Street Journal, March 28, 2006

Gasoline prices are rising again, and this time Iraq or hurricanes aren't to blame. Congress's energy policy mistakes are finally catching up with it, and American drivers are paying for the bungles.

The average U.S. retail pump price for gasoline has been hovering around $2.50 a gallon the past few weeks; prices are now at their highest since last October -- or back when the country was dealing with Katrina. The federal Energy Information Administration (EIA) has warned this may only be the beginning, and parts of the country could see pump prices well over $3 a gallon going into summer. Happy Memorial Day.

Drivers can send their thank-you notes to Capitol Hill, which created the conditions for this mess last summer with its latest energy bill. That legislation contained a sop to Midwest corn farmers in the form of a huge new ethanol mandate that began this year and requires drivers to consume 7.5 billion gallons a year by 2012. At the same time, Congress refused to include liability protection for producers of MTBE, a rival oxygen fuel-additive that has become a tort lawyer target. So MTBE makers are pulling out, ethanol makers can't make up the difference quickly enough, and gas supplies are getting squeezed.

It didn't take an economics degree to see this coming. The MTBE industry's defense in the many lawsuits claiming its product has contaminated water supplies is that since 1990 the government has required use of oxygenates like MTBE. But with that requirement expiring in May, producers and refiners will face far greater liability, which has set off a race to exit the market. Valero, one of the largest manufacturers, has already announced plans to phase out production. Even the pipeline operators that carry MTBE to high-use areas in the Northeast are backing away.

This abrupt cut-off of a product that makes up some 1.4% of the nation's fuel supply -- and far greater percentages in some places -- is certain to wreak price havoc. According to a February EIA report, ethanol production is already running near its capacity of 283,000 barrels a day. Yet "about 130,000 barrels per day of additional ethanol may be needed to replace the MTBE currently used" in gas.

Even Bob Dinneen, head of the Renewable Fuels Association and promoter-in-chief of all things ethanol, is admitting his industry can't make up the shortfall. "We're adding as much [production capacity] as we can, as fast as we can. But I don't think anybody anticipated refiners would be hemorrhaging MTBE as quickly as they are," he said recently. We're not sure what corn farm Mr. Dinneen has been living on, but MTBE producers have been warning Congress for years that this is precisely what would happen if it failed to offer the industry legal protection.

The bigger question is whether all this newly mandated ethanol -- the subsidized profits of which are funneled to Midwest farmers and agribusiness giants like ADM -- will even make it to its destinations. Unlike MTBE, ethanol can't be shipped ready-made through pipes. Instead it must be trucked or carried by rail from the Midwest to terminals near its ultimate selling point, where it then must be blended with a special unfinished fuel that is shipped separately through pipelines.

This is creating a logistical nightmare, forcing refiners to add blending facilities at their terminals, convert tanks to hold ethanol, and switch over retail outlets. To give a sense of this experiment, consider that only about one-third of all reformulated gas used on the East Coast is currently blended at terminals; the rest is produced or delivered as finished product. That now must change, in a matter of months, and at a time when refiners face a blizzard of separate new regulations. An ultra-low sulfur diesel program begins June 1, another gift horse from Congress.

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Imports could help, though the domestic ethanol industry has made sure those also come at a dear price. Ethanol imports are subject to a 2.5% tariff and a second duty of 54 cents a gallon. This is particularly unfortunate for Texas or East Coast residents, who'd benefit greatly if they could get their ethanol (duty free) from local ports rather than pay to have it trucked across the country.

But such economic sense would defeat the purpose of a law designed not to reduce gas prices but instead to underwrite a politically powerful ethanol industry that can't survive without giant government handouts, protectionism and the brute force of mandates. The only bright spot is that perhaps the current travails will put to rest calls that America emulate Brazil -- which sunk billions of state money into a giant ethanol infrastructure so that it could become "energy independent."

As it is, the U.S. already produces more ethanol than Brazil, and even today's four-million-gallon requirement is clearly straining the industry. Increasing ethanol use much beyond the 2012 mandate is going to require that entire states be planted with corn and sugar, or a scientific breakthrough involving biomass and grass. Meantime, prepare to pay more for gas.

This ethanol-MTBE fiasco is just the latest example of what happens when Congress holds energy markets hostage to narrow special interests. If Republicans on Capitol Hill wonder why their approval ratings stay low as gasoline prices rise this spring and summer, we suggest they look in the mirror.

Big Oil's Big Windfall (NYT)

The New York Times, March 28, 2006

A public already groaning under huge deficits does not need more red ink. An oil industry already rolling in record profits does not need more tax breaks. But both are sure to happen unless some way can be found to claw back from a decade's worth of Congressional and administrative blunders, aggressive lobbying and industry greed.

According to a detailed account in Monday's Times by Edmund L. Andrews, oil companies stand to gain a minimum of $7 billion and as much as $28 billion over the next five years under an obscure provision in last year's giant energy bill that allows companies to avoid paying royalties on oil and gas produced in the Gulf of Mexico.

The provision received almost no Congressional debate, in part because Congress was lazy and in part because the provision was misleadingly advertised as cost-free. The giveaway also seemed a natural sequel to a measure passed in 1995 to provide royalty relief. But that measure came at a time when oil prices, and new investment in oil and gas exploration, had declined. It also included an important safety valve: in any year when oil prices exceeded a threshold, about $34 a barrel, companies would have to resume paying royalties.

However, in what appears to have been a bureaucratic blunder, the Clinton administration omitted that crucial escape clause in all offshore leases signed between the government and the oil companies in 1998 and 1999. It seemed a harmless mistake at a time when oil prices were still below $20 a barrel. But times changed. Prices have been above the cutoff point since 2002, and an estimated one-sixth of the production in the Gulf of Mexico is still exempt from royalties for no good reason whatsoever.

That blunder was compounded, again and again. First, a court decision in 2003 effectively doubled the amount of oil and gas exempted from royalties. Then the Bush administration offered special exemptions for "deep gas" producers, drilling more than 15,000 feet below the sea bottom. Then came the 2005 energy bill, which essentially locked in the old incentives for five more years.

At least one oil company has the grace to be embarrassed by all this. "Under the current environment," one Shell official told Mr. Andrews, "we don't need royalty relief."

But some companies seem to want more. A lawsuit filed by Kerr-McGee Exploration and Production would greatly expand the royalty relief. If the suit succeeds, the lost revenue may rise to as much as $28 billion.

Edward Markey, a Democratic member of the House from Massachusetts, has proposed a bill that would keep any new contracts from granting relief when oil and gas prices were high, and would instruct the interior secretary to try to renegotiate existing contracts. That is a fair and overdue remedy.

Stocks Freeze In Fed Headlights (WSJ)

By Scott Patterson

The Wall Street Journal, March 28, 2006

Investors conserved their energy Monday as a historic meeting of the Federal Reserve Board got under way in Washington, leaving stocks little changed ahead of the highly anticipated decision on rates Tuesday.

The Dow Jones Industrial Average fell 29.86 points to 11250.11, led by a 1.2% decline by Altria. The Standard & Poor's 500-stock index slid 1.34 to 1301.61 and the Nasdaq Composite Index gained by 2.76 to 2315.58.

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Crude-oil futures declined 10 cents to $64.16 a barrel on the New York Mercantile Exchange. Treasurys edged lower and the dollar fell against the euro and yen. Gold futures rose $6.90 to $567.40 a troy ounce.

Analysts were busy getting their playbooks ready for Tuesday's decision, with the focus squarely on the policy statement that will accompany what's expected to be yet another quarter-percentage point increase. The Fed has lifted rates 14 times since June 2004 by quarter-point increments to 4.5%.

While Wall Street has seemed mesmerized by the upcoming meeting, most analysts don't expect to see any dramatic changes in the statement. Dick Green, president of Briefing.com, doesn't expect Mr. Bernanke to make any unambiguous hints about the direction of rates. Policy makers have repeatedly emphasized that short-term rates are "data dependent," and with over a month between Tuesday's meeting and the next one, on May 10, they'll want to leave their options open, he said.

"They don't know for sure what they will do at the May 10 meeting, so how can they let the market know? It will depend on the data," said Mr. Green.

Ashraf Laidi, chief currency analyst at MG Financial Group, also expects the Fed to lean toward a more ambiguous statement. There is a chance, though, of greater emphasis on a slowdown in the housing market, which could scale down expectations for more than one more rate increase, he said. And Stuart Freeman, chief equity strategist at A.G. Edwards & Sons, said one thing he'll be looking for is any indication that the Fed is concerned about the effect of persistently high energy prices are having on inflation.

Mr. Green, meanwhile, plans to keep his eye out for a phrase regarding increases in resource utilization that was in the January statement. "Resource utilization is tightening in both the labor markets and industrial production," he said. "That reflects a forward-looking concern about inflationary pressures."

Investors have grown increasingly cautious ahead of the first meeting of the Fed's Open Market Committee not chaired by Alan Greenspan since 1987. In the nearly two decades since then, Wall Street had grown comfortable to the oracular statements of the so-called Maestro. It remains to be seen how it will react to a rate-setting decision by his successor, Ben Bernanke.

So far, the transition has been smooth. Stocks have gradually churned higher since Mr. Bernanke assumed the helm of the Fed on Feb. 1, indicating little concern that monetary policy will change dramatically under his tenure. Still, investors recall the massive market dive that occurred in October 1987 on "Black Monday," several months after Mr. Greenspan replaced Paul Volker at the top of the Fed, and Mr. Bernanke has yet to officially preside over a change in the federal-funds rate.

In recent weeks, Wall Street has seesawed back and forth between fears that the Fed may become more hawkish about inflation to hopes that softening economic data will allow the policy makers to stop raising rates soon. For instance, a report showing solid sales of existing homes in February triggered a selloff of stocks last week. A day later, a report showing that new-home sales tumbled 10.5% last month caused stocks to rally.

Inflation data has been equally uneven. While the core rate of the consumer price index, which excludes food and energy, rose at a tame 0.1% rate in February, core wholesale prices increased at a 0.3% rate.

In major market action:

Stocks were mixed7. On the New York Stock Exchange, where 1.4 billion shares traded, 1,429 stocks rose and 1,890 fell. On the Nasdaq Stock Market, where 1.9 billion shares traded, 1,515 rose and 1,549 declined.

Bonds slipped8. The benchmark 10-year Treasury fell 6/32 point, or $1.88 for every $1,000 invested, to yield 4.697%. The 30-year bond lost 10/32 to yield 4.718%. Yields move inversely to prices.

The dollar was down.9 It traded at 116.47 yen, down from 117.90 yen late Friday, while the euro rose to $1.2034 from $1.9740.

Stocks Mixed As Investors Await Fed News (USAT/AP)

By Eileen Alt Powell, The Associated Press

USA Today, March 28, 2006

NEW YORK — Investors put off major buying decisions Monday, leaving stocks mixed as Wall Street awaited the results today of the first Federal Reserve rate-setting meeting led by new Chairman Ben Bernanke.

“We've had a pretty good run here in anticipation that the Fed is nearly done raising interest rates,” says Mark Vitner, senior economist with Wachovia. “But we have a real unknown quantity in Ben Bernanke … so everyone is on Fed watch.”

The Fed Open Market Committee under Bernanke is widely expected to follow the policy of former chairman Alan Greenspan and announce a rate increase at the end of its two-day meeting today. That would boost its target on short-term rates one-quarter point to 4.75%.

Ahead of the announcement, the markets turned in a lackluster performance.

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The Dow Jones industrial average slid 29.86 points, or 0.3%, to 11,250.11. Broader stock indexes were mixed. The Standard & Poor's 500 ended down 1.34 points, or 0.1%, at 1301.61. The Nasdaq composite advanced 2.76 points, or 0.1%, to 2315.58.

While the market widely expects the Fed to announce its 15th-consecutive rate increase today, investors are more focused on clues to whether the Fed believes it has raised interest rates sufficiently to contain inflation or will push them still higher.

Mark Donahoe, managing director and head of equity trading at Piper Jaffray, says a lot of people were "sitting on the fence waiting for the Fed."

He added: "The question is, are they going to take the foot off the pedal in terms of tightening, or do they see some inflation pressures going forward?"

Traders also kept a close watch on crude oil prices. On Monday, light sweet crude futures fell 10 cents to settle at $64.16 per barrel. Gasoline futures rose 0.56 cents to close at $1.8288 per gallon on the New York Mercantile Exchange.

Fed concerns didn't stop brokerage firms from advancing strongly, led by Goldman Sachs, which ended the day up $2.83 at $155.

·Walgreen rose 65 cents to $45.02 after the nation's biggest pharmacy chain by revenue reported second-quarter earnings of $524 million, or 51 cents a share. Walgreen reported strong sales, but results were a penny short of the 52 cents expected by Wall Street analysts, Thomson Financial says.

The Fed's Bright Idea (WP)

By Nell Henderson

The Washington Post, March 28, 2006

Federal Reserve officials will conclude their policymaking meeting today by carrying on a practice that former chairman Alan Greenspan began as a radical innovation 12 years ago. They will tell the world what they have decided to do with short-term interest rates.

And if the Fed's new chairman, Ben S. Bernanke, has his way, central bank officials also will agree today to explore several possible ways to publicly communicate much more in the future about how they view the economy, the inflationary risks and the likely path of interest rates.

"Under Chairman Greenspan, [Fed] policy has become increasingly transparent to the public and the financial markets, a trend that I strongly support," Bernanke told Congress at his confirmation hearing in November. "I expect going forward to look for other opportunities to increase the transparency of the Federal Reserve."

No TV cameras at Fed policymaking meetings, Bernanke assured lawmakers. Wouldn't want to get carried away.

But the options Bernanke and his colleagues have floated include several practices employed by central banks in other countries. They include:

· Writing lengthier statements after policymaking meetings to explain their actions. Fed officials' last statement, released after their Jan. 31 session, included five sentences on their view of the economy and expectations for interest rates. In comparison, New Zealand's central bank released a 40-page document of analysis, data, discussion and forecasts after its March 9 meeting.

· Providing more descriptive minutes of their meetings. The minutes now are highly stylized summaries, former Fed officials say.

· Publishing more frequent economic forecasts by Fed policymakers, who now issue them twice a year.

· Holding news conferences after Fed meetings.

· Setting a long-term, numerical target for inflation. The Fed, by law, seeks "price stability," which generally translates as low inflation but is not specifically defined. Bernanke has proposed that the Fed say it will try to keep consumer price increases, excluding those for food and energy, within a range of 1 to 2 percent a year over a period of years.

The Fed's top policymaking group, the Federal Open Market Committee, is unlikely to adopt such major changes at its meeting today -- Bernanke's first as chairman. In the past, Greenspan assigned small working groups of FOMC officials the job of analyzing options and making recommendations for changes in Fed communications practices. Bernanke could do the same today.

Fed officials have resisted these proposals in the past, with several arguing that their current communications policy is working just fine.

But Bernanke has long argued that the U.S. economy benefits when the Fed is more open about how it makes monetary policy, which is the use of interest rates to keep inflation low and to support healthy employment growth.

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The Fed's primary lever is its benchmark federal funds rate, the rate charged by banks on overnight loans, which influences many other interest rates in the economy. The benchmark rate directly influences other short-term rates, such as the prime rate on business loans and consumer loans linked to the prime.

However, monetary policy's bigger influence on the economy flows from its effects on long-term borrowing costs, such as rates on mortgages and corporate debt, which affect the prices of stocks, bonds, real estate and other assets. And long-term rates reflect financial markets' expectations of the path of short-term rates over time.

Financial markets can better anticipate future Fed interest rate moves if they understand the Fed's goals and strategy, Bernanke has said. That, in turn, will make monetary policy more effective, he argues.

But don't expect rapid change at the Fed. After all, Greenspan had been chairman more than six years before he proposed in February 1994 that the FOMC publicly announce its decision to raise interest rates. Before that, analysts and traders had to scrutinize arcane market data to divine whether the Fed had shifted policy.

As late as October 1993, Greenspan told FOMC members that an immediate announcement of interest rate decisions "could threaten to roil markets unnecessarily," a transcript shows.

Even when they first agreed in 1994 to reveal their decision, Greenspan and his colleagues insisted they were not establishing a precedent, according to another meeting transcript.

But that act did shatter the Fed's previous penchant for secretiveness and marked the first in a series of steps over the following 11 years that shed gradually more light on the central bank's actions and deliberations.

"It is no exaggeration to say that the FOMC's disclosure policies today bear no resemblance whatsoever to its policy of stone-walling prior to February 1994," wrote Princeton University economists Alan S. Blinder and Ricardo Reis in a paper on Greenspan's legacy presented at a Fed conference in August. "Were it not for the fact that the Fed took over 11 years to get from there to here, we might call these changes revolutionary."

"When it comes to transparency, the Greenspan Fed has been more of a laggard than a leader among central banks," they wrote.

It was not until 1999 that the FOMC agreed to issue a statement after every meeting and not until 2002 that the committee began revealing how individual members voted on a decision. Even now, if a committee member dissents at a meeting, that information is reported without any explanation of the dissenter's reasons.

Since August 2003, the FOMC statement has included language indicating the committee's likely future actions in a general way. At that time, the committee began saying it believed it would hold its rate at an unusually low 1 percent "for a considerable period" to signal that it would not start raising the rate as soon as economic growth picked up.

By May 2004, the FOMC was flashing the signal that it would start raising the benchmark interest rate slowly, saying it would do so "at a pace that is likely to be measured."

The FOMC raised the benchmark rate to 1.25 percent at its meeting in June 2004. It has increased it by a quarter of a percentage point at each of 13 meetings since then, to 4.5 percent at its last meeting, Jan. 31 -- Greenspan's last day as chairman.

The committee indicated in its January statement that more rate increases might lie ahead, saying, "some further policy firming may be needed." Bernanke, who became chairman Feb. 1, repeated that phrase in his Feb. 15 testimony to Congress and noted the economy's "considerable momentum," causing financial markets to anticipate another quarter-point rate increase today, and probably another in May.

Greenspan's communications legacy is "not that he will leave behind an unusually open central bank," Blinder and Reis wrote. "It is, instead, the unmistakable trend toward transparency that he has followed for eleven years. . . . And while the pace has rivaled that of a snail, none of those changes would have happened without Greenspan's backing."

Blinder served as vice chairman of the Fed under Greenspan from 1994 to 1996 and has worked with Bernanke, a former chairman of Princeton's economics department.

"Being opaque came naturally to [Greenspan], that's just the way he is," Blinder said in a recent interview. "Being more open and clear comes naturally to Ben, and I expect we'll see that continue."

To Blinder, for example, the FOMC's last statement reflected Greenspan's style -- cryptic, coded and generally impenetrable to a normal person. In contrast, he predicted one of the first acts of the Bernanke Fed will be to "adopt English as its official language. That itself would be a positive step."

Candidates Want Bush's Cash, Sans Bush (CSM)

By Linda Feldmann

The Christian Science Monitor, March 28, 2006

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WASHINGTON - As the 2006 congressional campaigns get into gear, there are two George W. Bushes traveling the country.

One, the fundraiser, is welcome anywhere, anytime. Since January 2005, the president has set a record pace in raising cash for Republican campaign committees and individual candidates - $88 million at 26 events.

The other, the campaigner, appears radioactive, at least to candidates in tough races. When President Bush delivered a speech on Iraq in Cleveland last week, Ohio Sen. Mike DeWine (R) was nowhere to be seen. Last Friday, Bush traveled to the Pittsburgh area to raise money for Rick Santorum of Pennsylvania - the No. 3 Republican in the Senate and another incumbent struggling to win reelection - but the two did not appear together in public.

Vice President Cheney, whose job approval ratings are even lower than Bush's, is in the same boat: He's a money magnet at Republican fundraisers, but if it's for a candidate in a tight race, forget about the photo op. Democrats snickered last week when Senate candidate Tom Kean Jr. of New Jersey got stuck in traffic - intentionally taking a congested route at rush hour, they surmise - and missed being on stage with the vice president, who helped him raise $400,000. So far this cycle, Mr. Cheney has appeared at 48 events and raised $16 million.

"Are you going to see Republicans in difficult races having [Bush] come for rallies? No," says Charles Cook, editor of a nonpartisan political newsletter. "You will see him do rallies for people who are not in trouble, or whom he can't harm."

And what's the point of having Bush coming to rallies for Republicans who don't need help? "So you can say you're doing rallies," says Mr. Cook. "You don't want people to say, you can't take the man to a rally."

The stakes are high. For the first time in several election cycles, the Democrats have an outside shot at taking control of one or both houses of Congress for the first time since 1994. The margin of control in the House is only 15 seats, but only about two dozen of the races out of 435 are competitive. In the Senate, which is seen as even more difficult for Democrats to capture, the balance is 55 Republicans, 44 Democrats, and 1 independent.

But memories of 1994 are still fresh. Then, a wave of discontent over the Democrats' decades of control, and a sense that the GOP was the party of ideas and reform, swept the country. Now Democrats are trying to create their own wave - and in a "wave" election, even some seemingly safe Republican seats could fall. So Bush may not even be welcome in some districts that seem likely to favor his party, analysts say.

Of course, Bush's polling numbers could improve between now and the fall, when the voting public really starts engaging in the midterm races. After some bad turns that have hurt Bush among Republicans - including most recently the Dubai ports flap - some analysts expect the president to recover his usual high support numbers within his own party.

The latest surveys show Bush at below 80 percent Republican support. Stuart Rothenberg, an independent political analyst, assumes that will ease up and the president will go back above 80 percent.

"I don't know, maybe come November, he will be a voter turnout energizing tool," says Mr. Rothenberg. "But in swing districts or in weak Republican districts where the Republican is under attack - let's put it this way, if you're Rob Simmons in Connecticut 2 (second district), you have a decision to make. Do you want George Bush to come in to your campaign sometime in October in order to generate Republican turnout or not? I suspect you say no; that's too much of a risk of nationalizing the election."

Such a scenario, played out in districts across the country, could energize Democrats and "remind everyone that somehow November is about Bush," says Rothenberg.

For Bush, the hardest part of potentially being unwanted in the most crucial races may be that he does truly seem to enjoy politics and energizing voters. He served as an operative in his father's campaigns, and in his own campaigns, was an active participant in strategy sessions.

"I'm looking forward to getting out there," Bush said at a January press conference, when asked what his role would be in the fall midterms. "As you know, I like to get out and tell people what's on my mind, explain to people we're a party with ideas, we know how to lead."

History is not on the side of Republicans this fall. Typically, in the sixth year of a president's tenure, his party loses seats in the midterm elections, though the Democrats bucked that trend in 1998. Still, Republicans are heading into this year's campaign with a clear eye.

"It's too early to say what the political environment will be in October," says Charles Black, a longtime GOP adviser. "You always have to pick your spots. There are always some states and districts where it's better not to go late in the game. But there will be plenty of places [Bush] can go and do a lot of good."

Bush Says He's Proud To Stand By Burns (AP)

By Mary Clare Jalonick

The Associated Press, March 27, 2006

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WASHINGTON -- President Bush on Monday urged Montanans to vote for Republican Sen. Conrad Burns, who is locked in a tight race for re-election this year.

"I'm proud to stand by this man," Bush told a Washington audience of about 200 lobbyists, members of Congress and other supporters, some of whom had paid up to $10,000 to be there.

Attendees paid the Burns campaign at least $1,000 a couple for cocktails, light snacks and the chance to mingle with the president and the senator at a downtown hotel.

In his speech, which lasted about 15 minutes, Bush urged support for the war in Iraq and energy independence.

"We're laying the foundation of peace, and it's important to have members of the United States Senate who can look beyond the short term, who have got a strategic view of the world in which we live," Bush said. "And Conrad Burns has that view."

He praised and also gently poked fun at Burns, who is occasionally known for verbal slip-ups.

"I kind of like being on the same platform as Senator Burns, because he makes me sound like Shakespeare," Bush said to laughter.

Bush later added that he had observed Burns talking to farmers in Billings, and the senator was "talking their language."

"They didn't need a dictionary or a Roget's Thesaurus to figure out what he was saying," Bush said. "He's the kind of person the people of Montana need here."

The fundraiser comes at a time when both Bush and Burns are facing lower poll numbers than they are used to. Some Republicans running for re-election have distanced themselves from Bush, who has received criticism for his handling of the war in Iraq.

But Burns said he is proud to stand next to the president.

"It always helps to have the president in your corner," he told reporters after Bush's speech. "He's the leader of this nation."

Burns has faced criticism for his ties to disgraced lobbyist Jack Abramoff, who pleaded guilty to federal corruption charges earlier this year. As the scandal has made headlines, polls have showed Burns in a close race with two potential Democratic challengers, state Senate President Jon Tester and State Auditor John Morrison.

The senator has distanced himself from the lobbyist, running television ads saying he was never influenced by Abramoff.

At the same time, Burns appeared at home among the Washington crowd, thanking his supporters after Bush's speech.

"All these faces are familiar faces," Burns said. "I tell you what, they warm the cockles of your heart."

Name tags laid out before the event listed representatives of technology and cell phone companies, an airline and several political action committees. Republicans attending included former Montana Gov. Marc Racicot, Montana Rep. Denny Rehberg and Sens. Christopher Bond of Missouri and John Warner of Virginia.

Warner said he will give Burns a strong endorsement.

"He's a good man, and I plan to campaign for him," Warner said.

Rehberg said he thought the fundraiser would help Burns, who himself acknowledged during the fundraiser that "we're in the cross hairs."

"Montana's still a red state," Rehberg said. "This is the president's desire to prove that it's a red state."

New Rise In Number Of Millionaire Families (NYT)

By David Cay Johnston

The New York Times, March 28, 2006

The number of American households with a net worth of $1 million or more, excluding their principal residence, grew to a record 8.9 million last year, the British market research firm TNS Financial Services said in a report to be released today.

More than one in seven of the households were in just 13 of the nation's 3,140 counties, TNS said.

The number of millionaire families rose to 7.1 million in 1999, said Jeanette Luhr, a TNS manager who directed the survey, and then, after the Internet bubble burst, dropped steadily to 5.5 million by 2002. The ranks of millionaire households rose to 6.2 million in 2003 and 8.2 million in 2004, she said.

In most large counties, about one household in 12, or about 8.5 percent, was worth $1 million or more, Ms. Luhr said. An exception was Nassau County on Long Island, where millionaire families were more than twice as common, at 17.5 percent of all households.

The households had an average net worth, excluding principal residence, of nearly $2.2 million, of which more than $1.4 million was in liquid, or investable, assets. The survey counted some tax-deferred retirement savings but did not include individual retirement accounts in the liquid assets.

Despite a rising stock market, Ms. Luhr said that more than half of those surveyed said they had "become much more conservative in their investment approach over the past year."

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The survey found that 29 percent of the millionaire households did not own stocks or bonds and 32 percent did not own mutual funds. One in four had a second mortgage on a home.

Half of the heads of millionaire households were 58 or older, Ms. Luhr said, and 45 percent were retired.

Just 18.7 percent of the millionaires own — or owned before they retired — part of a business or professional practice, an indication that high-wage earners who save and invest are the dominate group, at least among those on the lower rungs of the millionaire class.

TNS also found that while 73 percent of those it surveyed said they would prefer to do all of their financial business at a single institution, hardly anyone did.

Ms. Luhr said that 195 counties had at least 10,000 millionaires and that slightly more than a third of all counties had at least 1,000 millionaires.

'Values Voters' Call For Congressional Action (WT)

By Julia Duin

The Washington Times, March 28, 2006

A summit of evangelical Christians and conservative Catholic and Jewish activists yesterday produced a "Values Voters' Contract with Congress," an outline of what the religiously minded expect their elected representatives to bring about in the near future.

Modeled after the Republican Party's 1994 "Contract with America," the "Values Voters' Contract" stipulated 10 aims, ranging from legislation to keep the words "under God" in the Pledge of Allegiance to laws guaranteeing greater religious freedoms in the workplace, prohibiting human cloning and embryo research, and guaranteeing a "right to life" to all children before birth.

"It's time for the values voters to tell the government what we expect of them," said the Rev. Rick Scarborough, founder of the Lufkin, Texas-based Vision America, which organized the summit. "This contract tells Congress they can count on our vote if these things become front-burner issues."

It also addresses President Bush, Mr. Scarborough added.

"With all this discussion of marriage before the election," he said, "we just heard a State of the Union message where there was no mention of a marriage amendment."

The "contract" was released at a "War on Christians and the Values Voters in 2006" conference at the Omni Shoreham Hotel, where speakers painted a gloomy picture of a war by "neo-pagans" against "values voters" for about 300 listeners.

"Let's not say, 'Oh, it's not that bad,' " said the Rev. Tristan Emmanuel, director of the Equipping Christians for the Public Square Centre in Jordan Station, Ontario. Secularists, he added, practice "Christophobia," which he deemed "an irrational fear of anything Christ-based."

"When you listen to their rejection of our participation in the public square, it's visceral," he said.

Ron Luce, president of Teen Mania Ministries of Garden Valley, Texas, told the audience that only 4 percent of today's "millennial" generation of teenagers are evangelical Christians able to transform the culture.

"If we only have 4 percent, we all lose," he said. "We look at 'In God We Trust' on our money and think [losing] it will never happen."

Five Jewish speakers on one of the afternoon panels seemed unconcerned by other speakers' rhetoric about "losing Christian dominance of America" by noting that their safety depends on the existence of evangelicals.

Jokingly referring to the quintet as "Jewish co-conspirators on the religious right," Jeff Ballabon of the New York-based Center for Jewish Values said today's culture wars "aren't just a war on Christians."

"This is a war on America, a war on God and a war on all believers," he said.

"Our battle," said Rabbi Aryeh Spero, president of Caucus for America, "is the battle of the ages, and that's of great import. We are aligned with Elijah, with Jesus and with Moses."

Values voters are believers aligned against pagans, he said, adding, "Elijah went up against the pagans of his day. We should be happy this day we can fight the battle of God."

Republicans Split Over Religion's Growing Role In Their Party (BLOOM)

By Heidi Przybyla

Bloomberg, March 28, 2006

March 28 (Bloomberg) -- Republicans, who have profited politically from emphasizing faith and family values, are now finding those same issues dividing the party.

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Economic conservatives and secular Republicans complain their message is being drowned out by Christian conservatives preoccupied with banning abortion and gay marriage and limiting stem-cell research.

On the other side, ``values'' advocates say they have provided the party with crucial support, particularly in 2004, when they mobilized religious conservatives to go to the polls to help re-elect President George W. Bush.

Such concerns are turning long-simmering Republican tensions over the role of religious conservatives into an election-year split in a party already strained by differences on the Iraq war, immigration and government spending.

``There is a great deal of concern about this seeming attempt to couch everything in religious terms,'' said Christine Todd Whitman, the former governor of New Jersey. ``We're not a narrow-minded nation, and at least some of the people trying to define the Republican Party are coming off that way.''

If anything, religious conservatives deserve a greater Republican commitment to their agenda, said Tony Perkins, president of the Washington-based Family Research Council.

``We had reason for people all across the country to be engaged at unprecedented levels,'' said Perkins, whose group is organizing a ``values voter'' summit in September. ``It made a difference in states that were very closely divided.''

Book Tour

Whitman, who was Bush's Environmental Protection Agency administrator from 2001 to 2003, has been traveling the country promoting her book, ``It's My Party Too,'' and has started a political action committee to give Republicans like herself a greater voice and elevate issues such as government spending and health care.

Representative Tom Davis of Virginia, a former chairman of the National Republican Congressional Committee, said too much focus on abortion and gay marriage may weaken Republican support in the Northeast and other regions where economic matters and other issues count more.

``When you rely on those kind of social issues it helps you some places, but there's a cost to that,'' Davis said.

Some of this year's most hotly contested congressional races will be held in states such as Pennsylvania and Connecticut, where some Republicans say a conservative religious agenda may not play well with voters.

Losing Ground

``If you take a look at where the president's numbers are weakest and where the party has lost the most ground, it's in some of those areas where these issues have been played up,'' Davis said. Republicans took control of both chambers of Congress in 1994 because the party united behind the economic ideas in its ``Contract With America,'' he said.

Davis's concerns echo those of former Missouri Senator John Danforth, an Episcopal priest who wrote in the New York Times last March that his party had allowed a ``shared agenda to become secondary to the agenda of Christian conservatives.''

Those frustrations may reflect a shift in the party's balance of power away from economic conservatives and advocates of limited government, said John Green, a political scientist at the University of Akron in Ohio who studies the impact of religion on politics.

Shifting Numbers

``It may be that the Jack Danforths were more tolerant of the religious point of view when the libertarian view was dominant,'' Green said.

Ten years ago, small-government Republicans outnumbered religious-values voters by as much as 20 to 25 percentage points, said Tony Fabrizio, a Republican pollster. Now their numbers are almost equal, he said.

``The real schism of the party is not abortion or gay rights,'' Fabrizio said. ``It's religiosity. It's whether or not you believe God's Law should be used to set public policy.'' Conflict between religious and self-described moderate Republicans will intensify ahead of the 2008 presidential election, Fabrizio said.

The debate is already playing out in Ohio, where an amendment banning gay marriage united religious conservatives behind Bush in the 2004 presidential race.

Two Ohio pastors who campaigned for the amendment have been accused by a group of clergy of violating tax laws by promoting Secretary of State Kenneth Blackwell, one of two Republican gubernatorial candidates in the May primary election.

Political Advocacy

In a complaint filed with the Internal Revenue Service in January, the accusers said Russell Johnson of the Fairfield Christian Church in Lancaster and Rod Parsley of the World Harvest Church in Columbus violated a provision of the tax code barring political advocacy by churches and other nonprofits. The complaint cited several alleged instances in which the churches promoted Blackwell at religious events, in voter-registration drives and in educational materials.

Johnson called the complaint ``a form of harassment, and frivolous'' in an interview. ``Christians do not have to give up their citizenship just because they go to church,'' he said. Parsley, who declined to be interviewed, called the charges ``baseless and without merit'' in a statement issued in January, and said his church had always complied with federal tax laws.

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The IRS, in a report issued last month, said it was stepping up enforcement of the ban on political advocacy by tax-exempt groups amid what it called a ``dramatic' increase in the amount of money such organizations are spending on political campaigns. For 2003-2004 it was more than $10 billion, more than double the $4 billion spent in the previous presidential election cycle, according to the IRS. Of the more than 100 groups being investigated, 47 percent are churches, the IRS said.

`Ground Zero'

Ohio is ``ground zero" in a battle that will help determine how successful religious conservatives will be in organizing political campaigns through churches, said Barry Lynn, executive director of the Washington-based advocacy group Americans United for the Separation of Church and State.

If the Ohio attempt succeeds, ``there are going to be efforts to clone it in other states," he said. Similar networks are already being assembled in Texas and Pennsylvania, he said.

Amo Houghton, a former New York Republican congressman, says Republicans concerned about the influence of evangelicals should be more aggressive about speaking out, particularly with Bush's approval ratings at record lows. Houghton, who retired last year, opposed legislation in Congress that would have helped legalize partisan activity by churches.

``Political campaigns are trying to identify and enlist friendly congregations to reach out to others and establish beachheads in the religious community," Houghton said. ``I don't think that's right."

Polling Reveals Disapproval Of All Government (WT)

By Donald Lambro

The Washington Times, March 28, 2006

President Bush and the Republican Congress are not the only ones getting poor job-approval grades from voters. A large number of governors and state legislatures in both parties are receiving low scores, too.

While the Washington press corps has focused on Mr. Bush's declining approval rating, down to 36 percent in the latest Gallup poll, and on Congress, whose approval rating has sunk to 27 percent, state and local government officials are not faring much better.

Independent pollsters say the national electorate is in a sour mood and is critical of the political establishment across the board, regardless of party.

"It's a hard time to be in government right now," said pollster John Zogby. "You are going into November with an unusually sizable number of weakened incumbents. It looks like you have two political parties this year that are ... bent on losing."

Pollsters who have been taking the pulse of several states say voters are especially critical of their officials close to home, and many of the lowest scores are among Democratic governors.

"A perfect example is Democratic Governor Christine Gregoire of Washington, whose disapproval level is at 54 percent, with only 38 percent approving of the job she is doing" said pollster David E. Johnson of Strategic Vision, an Atlanta-based polling firm.

"We did a poll of their state Legislature, which is controlled by Democrats. Their approval rating is in the 40s," Mr. Johnson said.

Governors and legislatures elsewhere are getting similarly low marks, he said. Among his findings:

·In Wisconsin, the job-approval score for Gov. James E. Doyle, a Democrat, has fallen to 41 percent and his disapproval rate has risen to 48 percent. The Republican-controlled Legislature's polls are equally low: 44 percent approve and 47 percent disapprove. "None of their incumbents are polling above 50 percent in either party," Mr. Johnson said.

·In Michigan, where the jobless rate is at 6.2 percent, Gov. Jennifer M. Granholm, a Democrat, has seen her support edge up slightly from 47 percent to 49 percent, but still draws a 39 percent disapproval rating. Voters disapprove of the GOP-controlled Legislature by 51 percent to 40 percent.

·In New Jersey, Gov. Jon Corzine, a Democrat elected last year, has not been able to poll over 50 percent in Strategic Visions' past two polls. The latest poll showed his approval rating at 47 percent and disapproval rating at 30 percent, "and that's really not that great for a governor who has just come into office," Mr. Johnson said.

New Jersey's Democrat-controlled Legislature draws even less support: 59 disapprove and 31 percent approve.

Republican governors also have lost public support. Ohio Gov. Bob Taft, whose administration has been hit by scandal, has seen his approval rating plummet into the low 20s. California Gov. Arnold Schwarzenegger's once-high approval rating has fallen into the mid-40s, with 47 percent of the voters saying they now would vote against him. Massachusetts Gov. Mitt Romney's job-approval rating has dipped to 46 percent.

"It's not an easy time to be governor. Medicaid is in crisis, and they face the deadly duo: higher taxes and reduced state spending," Mr. Zogby said.

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Political strategists say the governors' troubles run deeper than that, revealing a national loss of faith in politicians, in general, and government, in particular.

"It's clearly not just a Washington problem. People do not connect with what's going on in politics to their everyday lives," said Morris L. Reid, a Democratic political consultant.

Rivalry Stirs Between McCain, Romney (AP-Y2)

By Glen Johnson

AP2, March 27, 2006

Republican Gov. Mitt Romney of Massachusetts raised cash for his campaign committee on Monday in what is shaping up as enemy territory — the home state of potential 2008 presidential rival John McCain of Arizona.

Romney held a fundraiser in Phoenix, a foray that Romney's staff says highlights his ability to compete in Southwestern and Mountain states. They are home not only to McCain and a coveted bloc of Republican-leaning voters, but also many of Romney's fellow Mormons.

It is McCain whom Romney singled out when the governor announced in December he would not seek a second term this year. Unlike the senator, who once joked he thought about being president "every day in the shower," Romney said his interest was more like the movie "Star Wars:" "It's in a galaxy far, far away."

In repeated interviews, Romney has questioned the effectiveness of the 2002 McCain-Feingold campaign finance law, arguing it has had "unintended consequences" and "driven money into secret corners."

Romney's staff regularly quips about McCain's age and questions the senator's ability to win over the influential and monied supporters of President Bush after their own rivalry developed during the 2000 presidential race.

By 2009, McCain would be 72, three years older than Ronald Reagan was in 1981 when he became the oldest first-term president.

McCain's staff, speaking privately like Romney's to avoid incurring the boss' wrath, labels Romney a johnny-come-lately to conservative Republican and national security causes. They also question whether a dashing candidate dubbed "Matinee Mitt" has the mettle to endure a rough nominating battle.

McCain himself is far more generous.

"I think he's a very good man; I think he's extremely attractive," the senator said in a recent interview in Washington. "I had some dealings with him when he was in charge of the Olympics, cleaning up the Olympics, where he did a great job."

As for Romney's criticism of his campaign finance bill, McCain said: "It's no longer possible for a trial lawyer or a union leader or a corporate head to be called by a senator who's a powerful committee chairman and say, 'I want a check for six figures and by the way, your legislation is up before my committee.'"

While the general election is still more than 2 1/2 years away, the fact that there will be neither a sitting president nor vice president running for the White House in 2008 has touched off early and intense competition in both parties.

Public opinion polls have placed McCain atop the GOP pack. But Romney has not avoid the sniping.

During a recent visit to the Olympics in Italy, former New York City Mayor Rudolph Giuliani — who is also considering a 2008 bid — said the security in Turin "is even an improvement" over the tight security at the Salt Lake City games in 2002.

Left unsaid was that Romney had run those Olympics in Utah.

"Romney's comments have not gone unnoticed, and his visit to Phoenix to raise some money has raised some eyebrows," said Scott Reed, a Republican political consultant who was campaign manager for Bob Dole's 1996 presidential campaign.

"I'm not sure it's a smart long-term strategy," Reed added. "One thing I've learned about this business is that candidates remember — especially early on in campaigns when people are just getting started."

A Romney spokeswoman insisted that any talk of a McCain-Romney rivalry was both premature and off target.

"Governor Romney has a great deal of respect for Senator McCain and considers him a true American hero," said Julie Teer, political director of his Commonwealth PAC. "The purpose of the governor's trip to Arizona is to raise money for the Commonwealth PAC to help Republican candidates up and down the ticket there in 2006."

A Maverick No More? (WP)

By E. J. Dionne Jr.

The Washington Post, March 28, 2006

In April 2004 I put in a call to John McCain's office to see if he would respond to a group of House Republicans who had attacked his fellow Vietnam veteran John Kerry.

In a preview of coming assaults, the Republicans accused Kerry of, among other things, "aiding and abetting the enemy" by coming to oppose the war in Vietnam, where Kerry had earned so many medals.

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McCain's spokesman at the time said he doubted his boss would want to get into the controversy. But within an hour or so, McCain called back to denounce the attacks on Kerry. "He's my friend. He'll continue to be my friend," McCain said. "I know his service was honorable. If that hurts me politically or with my party, that's a very small price to pay."

That was McCain the Maverick, who has won much affection outside the ranks of his own party. McCain the Maverick fought for campaign finance reform, took global warming seriously, opposed Bush's tax cuts and spoke out against torture.

Those positions bred mistrust in McCain's own party, even though he was always a staunch supporter of overthrowing Saddam Hussein, a firm opponent of pork-barrel spending, an abortion foe and an advocate of private accounts carved out of Social Security.

McCain's problem is that political parties rarely nominate mavericks, and McCain has decided the only way he'll ever be president is as the Republican nominee. So today he cares very much about what hurts him or helps him in his own party.

The most flagrant sign of this was his February vote to continue Bush's dividend and capital gains tax cuts, which he once eloquently opposed. "It's a big flip-flop," one-time McCain foe Grover Norquist, president of Americans for Tax Reform, told The Washington Times' Donald Lambro, "but I'm happy that he's flopped."

Those of us who defended McCain in the days when the likes of Norquist were attacking him do see the Arizona Republican's new position as a major flop. But so what? Norquist has more power in Republican primaries than McCain's old base among pundits and reporters. Whenever a liberal turns on McCain these days, the senator's supporters gleefully e-mail the criticism to conservative activists as a sign of their man's true faith.

The prevailing view among McCain's lieutenants -- it's also the conventional political view -- is that since the main obstacle to his nomination in 2008 comes from the right and from Bush partisans, McCain's main task is to appease the right and make nice with Bush on issues (such as Iraq) where McCain actually agrees with the president. Liberal attacks can be ignored, since most liberals will eventually vote against McCain anyway. There will be plenty of time after he's nominated for McCain to don his maverick apparel again for the benefit of moderates and independents.

All terribly logical, but it's a more dangerous strategy than it seems. McCain's central appeal, even to people who disagree with him, has always been his willingness to do the nonpolitical thing -- for example, to defend Kerry that day in 2004 simply because he thought the attacks on Kerry were wrong.

If McCain spends the next two years obviously positioning himself to win Republican primary votes, he will start to look like just another politician. Once lost, a maverick's image is hard to earn back.

Moreover, McCain is winning a hearing from previously reluctant Republicans as the one person who might save the party if Bush's popularity continues to sink. But if McCain gets too close to Bush in the next two years, he will no longer have his independence as a selling point. And if Bush should make a comeback, a lot of Republicans flirting with McCain now out of necessity will happily abandon him for someone more to their liking.

Republican and Democratic friends alike object that this analysis is based on a misunderstanding: McCain's nonconservative, non-Republican sympathizers, they argue, have always overrated his progressive credentials. It's time to face the fact that McCain really is a conservative Republican and stop hoping he's something else.

Perhaps that's good advice, but I still don't regret arguing back in 1996 that Bob Dole should pick McCain as his running mate. "Maybe the political climate is too quarrelsome and unforgiving to permit someone as interesting as McCain to get on a national ticket," I wrote then. "But that would be a shame."

In light of his current strategy, McCain seems to have decided that our even more quarrelsome and unforgiving political climate requires him to be less interesting and more conventional than he used to be. Call me naive, but I think that's a shame, too.

McCain Man Moves Into Mouse House (HILL)

By Elana Schor

The Hill, March 28, 2006

The Walt Disney Co. had big shoes to fill when lobbyist Mitch Rose left last month to open his own shop, and Disney has turned to Bill Bailey, former communications adviser to Sen. John McCain (R-Ariz.), as its lobbying arm's new No. 2.

Bailey will join chief Disney lobbyist Preston Padden's office next week, leaving XM Satellite Radio government relations, where he has been a senior vice president since 2004. Yet it is Bailey's years working side by side with McCain, former Commerce Committee chairman and 2008 presidential contender, that may make him most valuable to Disney as it joins the fray over rewriting the Telecommunications Act of 1996.

"We're thrilled," said Padden, who headed the ABC television network before moving to Disney, the network's parent company, in 1998. "Bill is smart, well-known and a great human being. He's known and liked by members of the committee and their staffs. He knows the issues backwards and forwards."

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Bailey's arrival as XM's first internal lobbyist was seen as a K Street coup for the upstart pay-radio service, which quickly tangled with other broadcasters before the Federal Communications Commission (FCC). By last spring, Bailey had reportedly made the shortlist for the third Republican slot on the FCC, a post later filled by Robert McDowell.

Bailey comes to Disney seven months after it rejoined the National Association of Broadcasters (NAB) following a two-year hiatus from the broadcasting industry's powerful trade association. ABC was the first of the so-called "Big Four" broadcast networks, along with CBS, NBC and Fox, to mend fences with the NAB, which declined to back the networks' preferred standards for media ownership and consolidation.

Bailey, in an interview, hailed his bosses at XM for giving him his first lobbying opportunity.

"It's been a terrific experience," Bailey said. "I've got three young kids, and Disney presents a terrific opportunity to stay involved in the media space at a company that I've certainly known since my days in the crib."

As for McCain, who relinquished his Commerce Committee gavel last year because of term limits, "I hope I can maintain a great relationship with him," Bailey said, adding, "This move is not so much about Senator McCain as it is about a unique opportunity for me."

Rose and Bailey are close, having worked together on the Federal Communications Bar Association. Rose is a former chief of staff to McCain's replacement at the committee, current Chairman Ted Stevens (R-Alaska).

"It's a smart move," Rose said of his friend's hiring. "Bill has a command of the issues and, regardless of who he's worked for in the past, on a going-forward basis, he's just a guy that knows the players well and the process well."

Just one month after hanging his own lobbying shingle at Mitch Rose Strategic Consulting, Rose has signed up a growing litany of broadcasting and telecommunications clients, including the Motion Picture Association of America, the National Cable Television Association, Comcast and Sprint Nextel.

Allen For NFL Post? Democrats Hope So (AP-Y2)

By Will Lester

AP2, March 27, 2006

For Republican Sen. George Allen (news, bio, voting record), who recently complained that the Senate moves too slowly, Democrats say they have the perfect job: National Football League commissioner.

In an interview that appeared in Sunday's New York Times, the first-term Virginia lawmaker and potential 2008 presidential candidate said, "I made more decisions in half a day as governor than you can make in a whole week in the Senate. It's too slow for me."

That prompted the Democrats to recommend that NFL commissioner Paul Tagliabue, who is retiring this summer, consider Allen as a possible successor. Allen is the son of the late NFL Hall of Famer George Allen, who coached the Los Angeles Rams and the Washington Redskins.

"We hate to see a good Senate seat filled by someone who is so bored by his job that he doesn't even like to spend time in the state he is supposed to represent, let alone vote in a way that serves his state's interests," said J.D. Poersch, executive director of the Democratic Senatorial Campaign Committee.

Dick Wadhams, Allen's chief of staff, said the senator never said he was bored, but rather was commenting on how the Senate slows to a crawl when Democrats block legislation.

"I don't think it's any secret that Senator Allen does not like the obstructionism that has dominated the Senate," said Wadhams, citing the past and current Democratic leaders Tom Daschle and Harry Reid.

Harris Miller, who is seeking the Democratic nomination to challenge Allen, called on the Republican lawmaker to relinquish his seat if he finds the Senate too slow.

"What does he think it is? It's a deliberative body — dealing with issues of life and death," Miller said.

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BUFFALO, N.Y. (AP) — Democrat Jack Davis is poised for a repeat challenge against Republican Rep. Thomas Reynolds (news, bio, voting record).

Davis, the millionaire owner of a heating element manufacturer, said in a statement Monday that he had done some polling and found he has a chance of defeating Reynolds. In 2004, Davis took 44 percent of the vote against Reynolds' 56 percent.

Davis plans to announce his candidacy on Thursday for the district that stretches from the suburbs of Buffalo to the suburbs of Rochester.

Davis spent $1.2 million of his own money trying to beat Reynolds in 2004.

'Educational Flatline' Bedevils USA (USAT)

By Greg Toppo

DOJ_NMG_0022961

USA Today, March 28, 2006

WASHINGTON — Despite nearly 30 years of improvements in U.S. children's overall quality of life, their basic academic skills have barely budged, according to research led by a Duke University sociologist.

The "educational flatline," as measured by scores on math and reading exams, defies researchers' expectations, because other quality-of-life measures, such as safety and family income, have improved steadily since 1975.

More recently, even areas that had worsened in the 1970s and 1980s, such as rates of teen suicide, have improved dramatically, so researchers had expected that education improvements would soon follow. They didn't.

But the findings, released today by the Foundation for Child Development, a New York-based non-profit group, hold some promise for the future, says Kenneth Land of Duke, who developed the Child Well-Being Index.

He says current improvements in 9-year-olds' math and reading skills, for instance, show that nationwide expansion in preschool programs since the mid-1990s might be paying off.

"At age 9, things do seem to have looked up in recent years."

Also, the percentage of young adults holding bachelor's degrees has jumped sharply, from 23.2% in 1990 to 29.3% in 2002. "I think that says that there's hope for the next decade," Land says.

The report calls for more investments in preschool and adult education, as well as programs for children who enter school with inadequate English skills.

Ross Wiener, policy director for the Education Trust, an advocacy group in Washington, D.C., for low-income and minority students, says it's true that children's overall wellness affects their learning but says the report "seems to focus inordinately on these factors, to the exclusion of what's happening in classrooms and schools, when the research is clear that schools can be very powerful institutions." He adds, "If we want to improve educational outcomes, we should focus on improving schools."

Education researchers have long bemoaned the flat reading and math scores on the National Assessment of Educational Progress, or NAEP, a congressionally required annual exam for 9-, 13- and 17-year-olds. A few critics have said the exam's standards are unreasonably high, but Bob Schaeffer of the testing watchdog group FairTest says using the exam to gauge long-term trends makes sense.

Trusted Reagan Adviser Dies Of Cancer (WT)

By Ralph Z. Hallow

The Washington Times, March 28, 2006

Lyn Nofziger, a long-time adviser to Ronald Reagan, died yesterday in his Falls Church home after a long bout with cancer. He was 81.

Wife Bonnie, daughter Glenda Parry of Myrtle Beach, S.C., and grandson Matthew Parry were at his side when he succumbed to bladder cancer at about 5:15 p.m.

"He died peacefully," Mrs. Parry said.

Mr. Nofziger, a plain-talking Californian, left a successful career in political reporting to serve as a trusted adviser to Mr. Reagan. He began as spokesman for the Gipper's 1966 campaign for California governor, followed the former actor to the Governor's Mansion in Sacramento as director of communications, and finally served in the White House as Mr. Reagan's first political director.

"Lyn was the embodiment of the Reagan legacy," said American Conservative Union President David A. Keene, a long-time friend of Mr. Nofziger's. "He quit journalism when he first met Reagan because he thought Reagan was someone who could change the country for the better."

Though Mr. Nofziger earned a good living as a lobbyist after leaving the White House, the hard-drinking cigar-chomper was usually seen with shirt collar still unbuttoned and tie still loosened, the way he appeared when he was in the White House.

Former first lady Nancy Reagan said she "was deeply saddened this afternoon when I heard of Lyn Nofziger's death."

"Ronnie valued his advice -- and good humor -- as much as anyone's. I spoke with him just days ago, and even though he knew the end was near, Lyn was hopeful and still in good spirits," Mrs. Reagan said in a statement.

"Our thoughts and prayers are with his family," added White House spokesman Eryn Witcher last night.

Craig Shirley, author of a book on the 1976 Reagan campaign for the Republican presidential nomination, said that "from Day One in Sacramento, [Mr. Nofziger] was Reagan's link to the conservative movement around the country."

"With the exception of Nancy Reagan, no one else was so important to Reagan in that there would never have been a Reagan presidency without Lyn Nofziger," Mr. Shirley said. "He was the steel in Reagan's back that kept him going in 1976 when everybody else around him wanted him to drop out of the nomination race before the North Carolina primary," which Mr. Reagan won, cementing his role as the champion of conservative political hopes and Republican front-runner for 1980.

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Mr. Nofziger, a wounded veteran of World War II who was born in Bakersfield, Calif., became friends with another wounded veteran, former Kansas Sen. Bob Dole. He worked under Mr. Dole when the Kansan headed the Republican National Committee during the Nixon presidency. Mr. Nofziger lost fingers to shrapnel as an Army Ranger during the Omaha Beach D-Day landing on June 6, 1944.

He left the Reagan administration a year and two days into Mr. Reagan's first term, with the word on the street being that Mrs. Reagan had pushed him out. Another rumor had it that Michael Deaver -- intensely disliked by conservatives -- and some other top Reagan aides forced him out and used Mrs. Reagan as the cover story.

"Let me tell you, nobody could have gotten rid of me if I had wanted to stay," Mr. Nofziger told The Washington Times for a profile last November. "I will guarantee you that because Ronald Reagan would not have let them get rid of me."

Mr. Nofziger also worked on political campaigns for Richard Nixon, Pat Buchanan and Steve Forbes.

He is also survived by a sister, Rosemary Will of San Jose, Calif., and by two other grandchildren, Zachary and Jacqueline Parry.

Strategist, Reagan Adviser Lyn Nofziger (WP)

By Martin Weil

The Washington Post, March 28, 2006

Lyn Nofziger, 81, the rumpled, irreverent political strategist and public affairs adviser who served at Ronald Reagan's right hand both in the California capitol and in the White House, died yesterday of cancer at his home in Falls Church.

An offbeat figure who wore Mickey Mouse ties with the knot pulled down, Mr. Nofziger won a reputation as a shrewd, two-fisted political battler, who blended loyalty, cantankerousness and pungent phrasemaking. He was known as one of the key staff members involved in Reagan's rise from the California governor's chair to the pinnacle of American power.

A onetime reporter detached by the head of the Copley chain of newspapers to help Reagan climb the political ladder, Mr. Nofziger traced his time at the former president's side to the 1966 California gubernatorial campaign. After serving as press secretary in Reagan's successful 1980 presidential campaign, Mr. Nofziger stayed on in the White House as assistant for political affairs until Jan. 22, 1982.

Even after he opened a lobbying firm in Washington, he was known as an informal adviser to Reagan. His counsel was later sought by a variety of Republican candidates for offices that included the presidency and the statehouses in Maryland and New Jersey. He had been a White House aide to president Richard M. Nixon.

Recognizable physically by his mustache and goatee, and by the way his shirt buttons struggled to confine his ample girth, Mr. Nofziger was long recognizable politically by his adherence to what he saw as Republican principles. These were often considered conservative principles as well.

"I am a Republican," he once said, "because, like Ronald Reagan, I believe that freedom is America's most important product."

Toward the end of his career, however, Mr. Nofziger, never a partisan of big government or vigorous intrusion in the lives of individuals, was increasingly described as libertarian in outlook.

Although it is the traditional role of staff members to remain in the background, on at least one occasion Mr. Nofziger found the public spotlight unavoidable.

In 1981, John W. Hinckley Jr. shot Reagan outside the Washington Hilton hotel. In the chaotic moments that followed the assassination attempt, some other presidential aides had sought to minimize the extent of the president's wounds.

But Mr. Nofziger, with a reputation for being almost caustically plainspoken, provided the unvarnished facts at an early briefing. "Being an old reporter, I was there, and I'd found some paper," he said.

It was Mr. Nofziger who relayed to an anxious public the quips made by Reagan as he lay grievously wounded.

Mr. Nofziger said this came about almost by accident. "I finished the press briefing and I turned to walk away. And somebody in the audience asked, 'Did Reagan have anything to say?' And I said, 'Oh my goodness, I forgot.' " And he then went on to relate the remarks, including the reference to failing to duck, that became part of the president's legend.

After leaving the White House, Mr. Nofziger felt in a personal way what he considered to be governmental overreaching. He was found guilty in 1988 on three counts of illegal lobbying at the Reagan White House within a year after he left to set up his consulting firm.

But a federal court of appeals overturned the conviction in June 1989, asserting that prosecutors had failed to prove that Mr. Nofziger "knowingly" violated the law. The Supreme Court declined to consider reinstating the conviction.

Earlier, when he had appeared in court for his sentencing, Mr. Nofziger demonstrated what supporters viewed as his stubborn resolve to remain faithful to his principles.

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Recognizing the value of declaring remorse before being sentenced, Mr. Nofziger said: "I cannot do that if I am to be true to myself and to those hundreds of people all over the country who have supported me . . . because they believe I am an honorable man.

"Your honor, I am an honorable man."

At the time Mr. Nofziger left the White House, accounts suggested that he had somehow run afoul of former first lady Nancy Reagan, possibly because of his disheveled appearance.

In a statement yesterday, she described herself as "deeply saddened this afternoon when I heard of Lyn Nofziger's death. . . . Ronnie valued his advice -- and good humor -- as much as anyone's. I spoke with him just days ago, and even though he knew the end was near, Lyn was hopeful and still in good spirits."

According to the Associated Press, Michael Deaver, who was President Reagan's deputy chief of staff, said Mr. Nofziger "was sort of the keeper of the flame."

"He was fun to be around," he said. "Reagan would light up when he came into the room."

Franklyn C. Nofziger was born in the Bakersfield area of Southern California. He served in the Army during World War II and graduated in journalism from what was then San Jose State College in California. During more than a dozen years with the Copley organization, Mr. Nofziger worked as a reporter, editor and Washington correspondent.

After Reagan won the presidency in 1980, Mr. Nofziger had Old Executive Office Building digs, hung with two banners: One referred to his belief in the conviviality of the political life.

It said: "Old Bombay Gin." The other was one of the older mottos of the politics business. It said: "Don't Get Mad, Get Even."

He published his memoirs, sent op-ed pieces to newspapers and was also the author of a series of Western novels. He maintained a Web site. In a reflection of the combative, pugnacious but also whimsical nature attributed to him, it reads in part: "The odds are you've never heard of me, which is all right because I've probably never heard of you either."

Survivors include his wife, Bonnie; a daughter; and two grandchildren.

Lyn Nofziger, 81, Irreverent Adviser To Reagan, Is Dead (NYT)

By John M. Broder

The New York Times, March 28, 2006

LOS ANGELES, March 27 — Lyn Nofziger, the cigar-chomping former newspaperman who served as spokesman and strategist for Ronald Reagan in Sacramento and Washington, died of cancer on Monday at his home in Falls Church, Va. He was 81.

His death was announced by a family member, Carol Dahmen.

Nancy Reagan, the former first lady, said: "Lyn was with us from the gubernatorial campaign in 1965 through the early White House days, and Ronnie valued his advice — and good humor — as much as anyone's. I spoke with him just days ago and even though he knew the end was near, Lyn was hopeful and still in good spirits."

Mr. Nofziger was at the hospital with Reagan after he was shot in March 1981 and relayed to the press the president's memorable, if perhaps apocryphal, line to Mrs. Reagan at the hospital: "Honey, I forgot to duck."

Mr. Nofziger was a reporter in the Washington bureau of the Copley newspaper chain when he was recruited to serve as the spokesman for Reagan's first campaign for governor of California in 1966.

Stuart Spencer, who managed that campaign and Reagan's later campaigns for the White House, recalled Mr. Nofziger as profane, disheveled and always quick with a quip. Mr. Spencer said he still had the Mickey Mouse tie Mr. Nofziger gave him years ago. The difference between them, Mr. Spencer said, was that Mr. Nofziger regularly wore his.

Mr. Nofziger frequently expressed his disdain for Washington and for politics, but he kept returning. He put up a cynical facade that endeared him to the reporters he dealt with, but he remained devoted to Reagan, even though he was never part of the president's innermost circle.

Ms. Dahmen, a great-niece of Mr. Nofziger, told The Associated Press on Monday: "He transcended parties; he was loved on both sides of the aisle. You could love him or hate him, but everybody respected him."

Despite his service in the Reagan and Nixon White Houses, Mr. Nofziger was not a doctrinaire conservative. He could, however, take the gloves off when he felt it necessary to serve the boss, either as a communications aide to Richard M. Nixon or as a political director for Reagan.

He worked under Reagan to replace Democrats in the federal bureaucracy with loyal Republicans. John Dean, Nixon's White House counsel, wrote that Mr. Nofziger had helped compile the Nixon White House's "enemies list."

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Kenneth L. Khachigian, who worked with Mr. Nofziger in the Nixon White House and remained close to him afterward, said Mr. Nofziger had enlivened meetings, sometimes to the president's displeasure. "He could be infuriating because he never seemed to take things seriously," Mr. Khachigian said. "But on the other hand, he was utterly loyal and devoted to Reagan."

Like several former Reaganites, Mr. Nofziger opened a lobbying practice in Washington after leaving the White House. In 1988, he was convicted of illegally lobbying for two defense contractors and a labor union. Mr. Nofziger dismissed the charges as trivial and told the judge he felt no remorse because he did not believe he was guilty.

A year later a federal appeals court threw out the conviction, saying prosecutors had failed to show he had knowingly committed a crime.

Franklyn Nofziger was a native Californian, born in Bakersfield on June 8, 1924, and a self-described conservative by the time he entered college. He served in the Army and attended San Jose State College, where he earned a bachelor's degree in journalism. He worked in journalism for 16 years as a reporter and editor, and took his manual typewriter with him to the White House even after electric typewriters and then computers rendered it obsolete.

In a 2003 interview with the University of Virginia, as part of its presidential oral history project, Mr. Nofziger conceded that he never would have imagined going into politics. But in 1966, he took a position as press secretary for Reagan's campaign for governor. He served as the governor's director of communications for nearly two years.

Mr. Nofziger's friends said he could be candid to a fault, which sometimes strained his relations with Mr. and Mrs. Reagan. In 1991, when the president dismissed three former close aides, including former Attorney General Edwin Meese III, from the board of the Reagan Presidential Library, Mr. Nofziger wrote a scathing op-ed article for The Washington Post. He said Mr. Reagan had broken his heart by turning his back on friends.

"Yes, I know you were a long way from being a perfect president," Mr. Nofziger wrote. "I thought that sometimes you listened to and took bad advice. I thought that toward the end you were paying too much attention to what history might think of you — a mistake most presidents make."

He went on, "But still, while on a scale of 1 to 10 you were more nearly a 7 than a 10, you remained my hero because it's hard to visualize anybody else scoring more than a 5 — at least on my scale. But today, Mr. President, and I weep because of it, you are no longer my hero."

He said Mr. Reagan had forgotten old loyalties and walked away from old friends. "You have let Nancy and the rich and beautiful people with whom she has surrounded herself and you force off the board of the Ronald Reagan Presidential Library three of the most dedicated and selfless Reaganites there are."

Mr. Nofziger wrote four western novels and a political autobiography, "Nofziger."

But those who know him remember not his serious writings but his puns and quips and bits of doggerel. Among them is a limerick that he penned after the doomed nomination of Harriet E. Miers to the Supreme Court last year, which appears on his Web site, www.lynnofziger.com:

Conservatives are fearful that Harriet
Will be George Bush's Iscariot.
They have little doubt
That she'd sell them out
For a ride in a liberal's chariot.

Mr. Nofziger is survived by his wife, Bonnie, their daughter Glenda and two grandchildren. Another daughter died in 1989.

Byrd's Wife Dies After Long Illness (HILL)

By James Downing

The Hill, March 28, 2006

Erma Ora James Byrd, the wife of Sen. Robert Byrd (D-W.Va.), died Saturday after struggling with a long illness. The couple had been married for 69 years.

Erma was a coal miner's daughter who met her future husband at Mark Twain Grade School in Raleigh County. They were married in a simple ceremony when they were 19.

The Byrds came from humble beginnings. Their first refrigerator was half of an orange crate nailed to the side of their home.

Byrd was a state senator when he was elected to the U.S. House in 1952. Erma met presidents, kings and celebrities, but those around her say she never lost the common-sense values of West Virginia.

She is survived by her husband, two daughters, five grandchildren and six great-grandchildren.

For People And Planet (WSJ)

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By Al Gore And David Blood

The Wall Street Journal, March 28, 2006

Capitalism and sustainability are deeply and increasingly interrelated. After all, our economic activity is based on the use of natural and human resources. Not until we more broadly "price in" the external costs of investment decisions across all sectors will we have a sustainable economy and society.

The industrial revolution brought enormous prosperity, but it also introduced unsustainable business practices. Our current system for accounting was principally established in the 1930s by Lord Keynes and the creation of "national accounts" (the backbone of today's gross domestic product). While this system was precise in its ability to account for capital goods, it was imprecise in its ability to account for natural and human resources because it assumed them to be limitless. This, in part, explains why our current model of economic development is hard-wired to externalize as many costs as possible.

Externalities are costs created by industry but paid for by society. For example, pollution is an externality which is sometimes taxed by government in order to make the entity responsible "internalize" the full costs of production. Over the past century, companies have been rewarded financially for maximizing externalities in order to minimize costs. * * *

Today, the global context for business is clearly changing. "Capitalism is at a crossroads," says Stuart Hart, professor of management at Cornell University. We agree, and we think the financial markets have a significant opportunity to chart the way forward. In fact, we believe that sustainable development will be the primary driver of industrial and economic change over the next 50 years.

The interests of shareholders, over time, will be best served by companies that maximize their financial performance by strategically managing their economic, social, environmental and ethical performance. This is increasingly true as we confront the limits of our ecological system to hold up under current patterns of use. "License to operate" can no longer be taken for granted by business as challenges such as climate change, HIV/AIDS, water scarcity and poverty have reached a point where civil society is demanding a response from business and government. The "polluter pays" principle is just one example of how companies can be held accountable for the full costs of doing business. Now, more than ever, factors beyond the scope of Keynes's national accounts are directly affecting a company's ability to generate revenues, manage risks, and sustain competitive advantage. There are many examples of the growing acceptance of this view.

In the corporate sector, companies like General Electric are designing products to enable their clients to compete in a carbon-constrained world. Novo Nordisk is taking a holistic view of combating diabetes not only through treatment but also through prevention. And Whole Foods and others are addressing the demand for quality food by sourcing local and organic produce. Importantly, the business response is about making money for shareholders, not altruism.

In the nongovernmental sector, organizations such as World Resources Institute, Transparency International, the Coalition for Environmentally Responsible Economies (Ceres) and AccountAbility are helping companies explore how best to align corporate responsibility with business strategy.

Over the past five years we have seen markets begin to incorporate the external cost of carbon dioxide emissions. This is happening through pricing mechanisms (price per ton of carbon dioxide) and government-supported trading platforms such as the European Union Emissions Trading Scheme in Europe. Even without a regulatory framework in the U.S., voluntary markets are emerging, such as the Chicago Climate Exchange and state-level initiatives such as the Regional Greenhouse Gas Initiative. These market mechanisms increasingly enable companies to calculate project returns and capital expenditures decisions with the price of carbon dioxide fully integrated.

The investment community has also started to respond. For example, the Enhanced Analytics Initiative, an international collaboration between asset owners and managers, encourages investment research that considers the impact of extra-financial issues on long-term company performance. The Equator Principles, designed to help financial institutions manage environmental and social risk in project financing, have now been adopted by 40 banks which arrange over 75% of the world's project loans. In addition, the rise in shareholder activism and the growing debate on fiduciary responsibility, governance legislation and reporting requirements (such as the Global Reporting Initiative and the EU Business Review) indicate the mainstream incorporation of sustainability concerns.

While we are seeing evidence of leading public companies adopting sustainable business practices in developed markets, there is still a long way to go to make sustainability fully integrated and therefore truly mainstream. A short-term focus still pervades both corporate and investment communities, which hinders long-term value creation.

As some have said, "We are operating the Earth like it's a business in liquidation." More mechanisms to incorporate environmental and social externalities will be needed to enable capital markets to achieve their intended purpose -- to consistently allocate capital to its highest and best use for the good of the people and the planet.

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Mr. Gore, a former vice president of the United States, is chairman of Generation Investment Management. Mr. Blood, formerly head of Goldman Sachs Asset Management, is managing partner of Generation Investment Management, which he co-founded with Mr. Gore.

New Palestinian Leaders 'ready For Dialogue' (USAT)

By Jeffrey Stinson And Matthew Gutman

USA Today, March 28, 2006

RAMALLAH, West Bank — The Palestinian Authority's new leaders said Monday that they would reach out to the United States and other international peace mediators. For the first time, they raised the possibility that the Hamas-led government could recognize Israel's right to exist.

The statements from Prime Minister-designate Ismail Haniyeh and his deputy Naser as-Sha'er reflected a softening of rhetoric. The United States and Israel dismissed the statements, saying the words had to be matched by action.

In a speech to the Palestinian parliament, Haniyeh said that his government "is ready for dialogue" with the United States and the three other members of the so-called Quartet of international powers that have sought to broker peace between Israel and the Palestinians. In the speech, Haniyeh also introduced his Cabinet and laid out its agenda.

Hamas won 74 of the 132 seats in the Palestinian parliament on Jan. 25. Hamas refuses to acknowledge Israel and won't recognize previous Israeli-Palestinian peace agreements. It has not renounced violence against Israel.

The United States and the European Union consider Hamas a terrorist organization. Hamas has claimed responsibility for attacks that have killed about 400 Israelis, mostly civilians, since 2000. The group's charter calls for the destruction of Israel.

As-Sha'er said in an interview that the incoming government would recognize Israel if the Palestinians approved it in a referendum. "We will leave this to the Palestinians themselves," as-Sha'er said.

Even if the tone has softened, there is no indication a diplomatic breakthrough is near.

Hamas will not recognize Israel unless the international community recognizes the Hamas-led government as legitimate, recognizes Palestinian rights and restores tax revenue to the Palestinians, as-Sha'er said.

Stewart Tuttle, spokesman for the U.S. Embassy in Israel, said the U.S. position on Hamas has not changed.

"Our policy is that Hamas is a terrorist organization," he said. "We don't care about what Hamas says, but what it does."

"The ball is squarely in Hamas' court," said Scott Carpenter, deputy assistant secretary of State for democracy, human rights and labor.

The Bush administration demands that Hamas recognize Israel, renounce violence and agree to abide by previously signed agreements with Israel before it will have contact with the group or consider providing direct aid.

The Quartet — the United States, United Nations, European Union and Russia — has maintained that it will not contribute aid to a Palestinian government run by Hamas unless it meets similar demands.

Haniyeh said that his government wouldn't cave in to threats of economic pressure to alter Hamas' basic principles.

"The (Palestinian) people have the right to struggle against the (Israeli) occupation," he said.

Of the 2005 Palestinian Authority budget of $1.9 billion, the European Union and European nations as a group provided $570 million.

Mark Regev, spokesman for the Israeli Foreign Ministry, said he saw no moderation from Haniyeh and called his speech "verbal gymnastics," with no pledge to meet any of the conditions spelled out by the Quartet.

Yaron Ezrahi, a political science professor at Hebrew University of Jerusalem, said the latest Hamas statements are significant because they may foreshadow a softening of its hard-line position now that it is responsible for governing. Ezrahi pointed out that the Palestine Liberation Organization once had taken a similar hard-line stand but then negotiated with Israel.

Hamas Leader Ready To Talk With Quartet (WT/AP)

By Sarah El Deeb, Associated Press

The Washington Times, March 28, 2006

GAZA CITY, Gaza Strip -- The Palestinian Authority's incoming prime minister said yesterday his Hamas-led government was ready to hold talks with international Middle East mediators, though he reiterated that Hamas would not cave in to economic pressures to soften its hard-line agenda.

The so-called Quartet of mediators -- the United States, the United Nations, the European Union and Russia -- is demanding that Hamas disarm, recognize Israel and accept past Israeli-Palestinian peace agreements. Hamas has so far rejected these conditions.

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"The government is ready for dialogue with the Quartet," incoming Palestinian Prime Minister Ismail Haniyeh told parliament. "The European Union has provided a lot of aid to our people and supported our right for freedom. ... We are interested in a strong relation with Europe."

"But at the same time we expect the European Union to review some of its policies toward the conflict," he added.

Israel's military chief of staff, Lt. Gen. Dan Halutz, said yesterday that words of reconciliation from Hamas -- if not followed by actions -- should be viewed warily.

Hamas formed a Cabinet after its overwhelming victory in the Palestinian parliamentary elections in January, sweeping the governing Fatah party from power. It is expected to be sworn in Thursday.

Western countries have threatened to cut off direct aid to the cash-strapped Palestinian Authority after the Hamas Cabinet is sworn in if the militant group does not renounce violence and recognize Israel's right to exist. Israel has already cut off the monthly transfer of tens of millions of dollars in taxes it collects on behalf of the Palestinian government.

The Palestinian Authority, which is heavily dependent on the tax transfers and foreign aid, has not yet been able to pay February salaries for its 140,000 employees. Without a large infusion of money, the government could plunge into a devastating financial crisis.

Mr. Haniyeh criticized the U.S. decision to cut off aid to the government, saying the United States should respect the election results.

"The U.S. administration, which calls for democracy, is invited to support the Palestinian choice, rather than imposing a siege, and it is required to fulfill its obligations and pledges for an independent state," he said. "Those who believe that economic pressures will force our government into submission are wrong."

In an effort to alleviate fears that aid to the government would end up being diverted to fund attacks on Israel, Mr. Haniyeh promised to create a transparent financial system so donors would be certain that their money was used for the intended purpose.

"All the money that will be provided to our people and the Palestinian Authority will go in the right destination," he said. "Our government will provide all mechanisms for all donors to monitor the spending of the money and to be sure it will be spent the right way. Any state providing a penny, we have no problem for it to come and monitor the spending."

At Crossroads, Israeli Voters Seem To Wait For A Signal (NYT)

By Greg Myre

The New York Times, March 28, 2006

JERUSALEM, March 27 — Israelis vote Tuesday in their fourth national election in seven years, and it is widely billed as one of the most important — and least inspiring — ballots in Israel's history.

Acting Prime Minister Ehud Olmert and his centrist Kadima Party, the overwhelming favorite, say they are prepared to fix Israel's eastern border in the next four years in what would be a wrenching process involving the removal of tens of thousands of Jewish settlers from the West Bank.

As with all previous Israeli governments, Kadima faces the prospect of building a coalition with other parties.

While the final shape of a new government probably will not be clear for weeks, a Kadima victory on its platform of unilateral territorial concessions would signal a major political realignment.

Israel has already halted most of its dealings with the Palestinian Authority after the January election victory by Hamas, the radical Islamic movement, and that policy is expected to be further entrenched in the coming days.

Ismail Haniya, the Palestinian prime minister-designate and leader of Hamas, presented his cabinet to the legislators on Monday, with the expectation that its members will be sworn in by Wednesday.

But despite the high stakes, Israeli pollsters are predicting voter turnout of only around 60 percent, which would be Israel's lowest ever and more than 10 percentage points below the norm.

Campaign rallies, which in the past have been raucous affairs drawing tens of thousands of people, have been far smaller and more sedate this time. Billboards and bumper stickers have been fewer.

Some Jewish settlers removed from the Gaza Strip last summer say they are so disillusioned with the Israeli political system that they may not vote, though several parties are fighting to prevent additional withdrawals from the West Bank.

"It does not matter who will be in power, it won't change anything for us," said Talya Eluz, 36, part of a group of evacuated settlers who have been protesting for months by living in a roadside tent camp in Yad Mordechai, just outside Gaza. "They forgot us, all of us."

Commentators have been berating prospective nonvoters.

"How can one explain eschewing voting in a country like ours, in which the issues on the table are nothing short of life and death?" wrote Amnon Danker, the editor in chief of Maariv, a leading Israeli daily.

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"The differences between the right, the center and the left are decisive and immediate: Should we withdraw to new borders, or not? Should we evacuate tens of thousands of settlers from thousand of homes and dozens of settlements, or not?"

A low turnout could hurt Kadima, the party formed last November by Prime Minister Ariel Sharon, who suffered a major stroke in January and remains comatose. Some pollsters have described Kadima's support as soft and therefore more likely than its rivals' to reflect voter indifference.

Nor is it clear whether Kadima yet has the machinery to get out the vote that more established parties have. The Labor Party, for instance, is counting on strong organization to help it gain a few extra seats.

Opinion polls published Monday varied slightly, though the centrist Kadima remained well ahead in all of them, and is forecast to receive around 35 of the 120 seats in the legislature. Until about a month ago, polls predicted the party would win 40 or more seats, but its support has been slipping steadily.

The nearest rival, the dovish Labor Party, led by a former trade unionist, Amir Peretz, is expected to win around 20 seats.

Kadima will need partners for a coalition, and Labor, which supports the evacuation of Jewish settlements, is considered the most likely one.

But Labor's price for a coalition, in terms of ministries and policies, will increase the more seats it wins, or the fewer Kadima takes.

The hawkish Likud, led by Benjamin Netanyahu, is hovering around 15 seats. If the vote remains at that level — a loss of 23 seats since the last election — Mr. Netanyahu could face a challenge for party leadership from a former foreign minister, Silvan Shalom.

Religious parties, which have often been crucial in previous coalitions, are not expected to do particularly well. Since Israel's founding in 1948, one of two parties — Labor on the left or Likud on the right — has won every election. Yet both have seen their support fall sharply.

Labor's vision of a negotiated peace settlement with the Palestinians crumbled after peace talks during the 1990's failed to produce an agreement. With Hamas about to assume power, prospects for peace talks seem even more remote.

Israel's security forces planned a huge deployment on Tuesday to prevent any Palestinian attacks, though the level of violence has been relatively low during the campaign. Soldiers were allowed to vote Monday.

Likud has won past elections, including the last one, in 2003, with tough security policies toward the Palestinians and calls for Israel to retain its settlements in the West Bank and Gaza.

Both positions have been pushed aside by the idea of Israel's unilaterally separating itself from the Palestinians, which has become the dominant theme in Israeli politics since Mr. Sharon first proposed the Israeli pullout from Gaza at the end of 2003.

Today, especially since the Hamas victory, that idea appeals to many moderate Israelis who see no possibility of peace negotiations, yet view some of the settlements as a burden to be shed rather than defended.

"The Kadima idea of unilateral action has popularity because it allows Israel to be proactive," said Dan Schueftan, a leading proponent of that policy and a senior fellow at the Shalem Center, a private research organization. "This approach doesn't give the Palestinians veto power over Israel. It doesn't allow them to paralyze us."

Mr. Olmert has not said exactly where he would like to set a border, though he indicated he would take Israel's separation barrier in the West Bank as a starting point. The current route of the barrier leaves about 10 percent of the West Bank on the Israeli side.

The Palestinian Authority president, Mahmoud Abbas, and his secular Fatah movement have sought a Palestinian state on all the land that Israel captured and occupied in the 1967 war — Gaza, the West Bank, and East Jerusalem as its capital.

Hamas, however, has refused to recognize Israel's claim on any land in the region, saying only that it might consider a long-term truce if Israel withdrew to its 1967 borders.

Hamas has always rejected negotiations with Israel, though Mr. Haniya told his legislators on Monday that Hamas was willing to hold talks with the so-called quartet: the United States, the United Nations, the European Union and Russia.

The United States and the European Union regard Hamas as a terrorist group and have refused to deal with the organization, though Russia invited a Hamas delegation to Moscow earlier this month.

Hamas has largely observed a truce for the past year. But the group says it will not lay down its weapons, and Mr. Haniya said, "We will protect the right of our people to defend themselves against the occupation."

In Israel, An Unsettled Electorate (WP)

By Scott Wilson

The Washington Post, March 28, 2006

DOJ_NMG_0022969

JERUSALEM, March 27 -- The Mahane Yehuda market, laden with artichokes, almonds and fish, has long been a gathering place for Israeli candidates seeking last-minute votes. This year the rows of covered stalls also provide a look at an electorate in transformation.

Among the potential voters is Yakov Aharon, a candy salesman who, like many Israelis, has been cut loose by the birth of a centrist movement and the loss of its towering leader, Ariel Sharon. Aharon has not decided which party he will choose or whether he will vote.

"Sharon was an old guy and clever," said Aharon, 46, who long supported the hawkish Likud Party. "No one can enter his shoes."

Israelis will elect a new parliament, and by extension a new prime minister, on Tuesday after a campaign season marked by complacency, disappointment and a sense of betrayal among many voters now searching for new political leadership. The result is that a large number of voters remain undecided, a floating segment that could determine a quarter of the 120-seat parliament, the Knesset. More Israelis than in any past election are expected to sit out the vote.

Neither Likud nor Labor, the parties at the center of Israel's political life for decades, is projected to win the plurality of seats that would carry the right to form the next government. Although it has slipped in recent polls, the Kadima party that Sharon created last November is still running far ahead, even though he is now hospitalized in a coma.

The campaign has emerged as a referendum on Sharon's unfinished program to separate the Israeli and Palestinian populations through a series of unilateral withdrawals from the occupied territories. He argued that Israel must act alone, after years of largely fruitless negotiations, to draw its final borders in a way that would separate a Jewish majority from the Arab population.

Sharon, a longtime member of Likud, began the process last year by pulling out the 8,500 Israelis who had lived in the Gaza Strip among 1.3 million Palestinians. But the move ran counter to Likud ideology, and Sharon left the party to form Kadima a few months later.

His departure, along with a change in the leadership of the rival Labor Party, set off what political analysts here called the "big bang" that has scattered Israel's fractious voters among more parties than ever. A number of smaller religious, ultranationalist and single-issue parties, all of them with devoted followings and well-coordinated get-out-the-vote efforts, are projected to gain seats at the expense of Labor and Likud.

"All in all, despite the image of a dormant election, you have about a million voters who are shifting parties," said Isaac Herzog, a Labor candidate who served in Sharon's cabinet. "That is why we feel that the election results are still open and not yet set. When Mr. Sharon was removed from the scene due to the tragic circumstances of his illness, clearly this opened up to much more fluctuations."

Acting Prime Minister Ehud Olmert, who assumed control of Kadima in January after Sharon's stroke, has outlined plans to withdraw Israelis from scattered West Bank settlements and draw Israel's border roughly along the line of the separation barrier due to be completed next year. Israel would retain control of the largest settlement blocs and Jerusalem under Olmert's plan, which he intends to carry out before the end of his four-year term if he becomes prime minister.

But party leaders have remained vague on the details, which Kadima candidate Haim Ramon acknowledged this week has been intentional. Questions remain over whether the military would stay in the evacuated areas, which settlements Israel would keep and how seriously a Kadima-led government would pursue negotiations with the Palestinians before withdrawing from the West Bank.

"Kadima is saying something very simple: Disengagement is a fallback position, but it is a position," said Ramon, who left Labor for Kadima last year. "It is popular because it is proposing something that the other two parties have never proposed -- that Israel take its future into its own hands."

Kadima today is made up of a mix of Likud and Labor defectors. The candidate list includes some of the most disparate personalities in Israeli politics -- from Nobel peace laureate Shimon Peres, who lost the leadership position in Labor in a vote last year, to Defense Minister Shaul Mofaz, a hawkish figure who left Likud after also losing a party leadership vote.

Without Sharon at the top of the ticket, Kadima has dropped the equivalent of five to six seats in opinion polls -- leaving it with about 35 -- while the more rigidly ideological parties have gained ground.

"Everyone's in Kadima, so it provides the comfort of not having to make any decision at all," said Zeev Sternhell, a retired Hebrew University political science professor and author of "The Founding Myths of Israel." "Their position is that we'll reach decisions when we reach the bridges. The problem is there may be nothing on the other side when we get to them."

Avraham Levy, who arrived from Iraq when he was 2 months old, has earned a living from his vegetable stall at the Mahane Yehuda market for three decades and has voted Likud for even longer.

"It is a real party, with values and principles, unlike Kadima, where they have nothing in common," said Levy, 54. "I don't believe the polls, rule them out. Their hands will shake, and they will vote Likud. I'm counting on it."

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His party, led by former prime minister Binyamin Netanyahu, is projected to win roughly 15 seats in Israel's parliament. It will probably not play a role in a Kadima-led government because of its opposition to unilateral withdrawals from Palestinian territory, which much of the public supports.

As Sharon's finance minister, Netanyahu pushed through privatization of state industries and cuts in health and welfare benefits that jump-started the economy but made him enemies among poor Israelis. Many were longtime Likud voters now turning to Labor, attracted by the populist economic proposals of former union leader Amir Peretz.

"Bibi's going to crash this time, and he deserves it," said Aharon, the candy vendor, using Netanyahu's nickname. "He took us back 20 years in terms of pay and jobs."

Not far from the market, Dania Minor pushed her 2-year-old son, Sean, along Mordechai Ben Hillel Street in a downtown commercial section of brand-name shoe shops and watch stores. A 30-year-old Hebrew teacher who describes her views as "left-wing," Minor said she intended to vote for Labor because she believes it is the most focused on social issues and reviving a peace process with the Palestinians.

Labor is projected to finish second to Kadima, which Minor described as "too right-wing for my views."

"I had a newfound respect for Sharon after the pullout from Gaza," Minor said. "But I don't really trust Olmert."

New Worldview Shapes Vote In Israel (CSM)

By Joshua Mitnick

The Christian Science Monitor, March 28, 2006

TEL AVIV - As Israelis go to the polls Tuesday to select a new parliament, Acting Prime Minister Ehud Olmert and the Kadima party lead the field despite staking the campaign on a provocative idea: an unconditional retreat from much of the West Bank behind a unilaterally fixed border with the Palestinians.

The rise of unilateralism, underway since Ariel Sharon's exit from the Gaza strip, signals a shift away from the dominant ideologies of left and right that emerged after the 1967 Six Day War in favor of a new centrist pragmatism. After a failed peace effort in 2000 and five ensuing years of the Palestinian uprising, Israelis have concluded that neither "peace now" nor "greater Israel" are realistic.

"It's a disenchantment with two utopias: with the left-wing utopia of peace and harmony, and with the right-wing utopia of greater Israel by blood and fire," says Yaron Ezrahi, a political science professor at Hebrew University.

"Disengagement was seen as the middle compromise. It takes an element of the right and the left. The element of the right is pessimism about the ability of the Palestinians to sign an agreement. The element of the left is willingness to divide the land. And the disengagement is the perfect synthesis of this," Mr. Ezrahi adds.

In the final surveys taken before Tuesday's balloting, Labor and Likud, the two dominant rivals of the last three decades, are a distant second and third. Unscathed by the threat of Hamas or by Israel's yawning social gap, Kadima ends the campaign fighting primarily voter apathy.

And yet, it is still uncertain whether the urge for a one-sided divorce from the Palestinians can meld into a philosophy that will hold together the political center that gravitated around Mr. Sharon and Kadima before Sharon suffering a massive stroke two months ago.

Newspaper columns describing the vote as a "fateful" decision have made little impression on prospective voters. Opinion polls predict that voter turnout will be weak. In previous elections, the highways would be littered with political banners and bumper stickers, but the public landscape has been relatively clean.

"Most Israelis are tired of the big decision. It is as if they're saying to the politicians do your thing and leave me alone," says Tom Segev, an Israeli historian and journalist. "This used to be a very deeply divided society. For 40 years, we have been debating about the future of the territories, and people now feel that question has been decided."

Warning that the occupation of land conquered in 1967 is a moral albatross for Israel, Israeli doves have traditionally backed negotiations with the Palestinians as a way of trading back land for a peace deal. The answer from the right wing had been to expand Jewish settlements across the West Bank, while dismissing Palestinian peace initiatives as disingenuous.

It was a debate nourished with the ideological fervor of the generation that grew up at the time of Israel's independence and came of age during the 1967 and 1973 wars. But in the subsequent decades, as Israeli society gradually opened up to the West, it became less focused on the old ideological debates.

"That's a deep change in priorities. People are much less political today," Segev says. "They have found other values of life. We are developing normal attitudes, a normal set of priorities. We are growing out of our childhood."

Embraced by an Israeli prime minister nicknamed "bulldozer," unilateralism has become the foreign policy for Israelis who are impatient for a resumption of peace negotiations and realize that Israel's military has no fail-safe answer to suicide bombers.

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"It's much more than a policy, it's a paradigm," says Dan Schueftan, the deputy director of the National Security Studies Center at University of Haifa and a proponent of the strategy.

"Once Israelis realized that the option of peace wasn't there, that you won't get a settlement in return for withdrawal, there is a motivation to withdraw unilaterally, and there is no motivation to consider the Palestinians when we set our borders," he says. "The idea that we will permanently sit there and wait for things to improve is something that Israelis no longer believe."

Sharon conceived of Kadima as the political home of the new pragmatism after despairing of Likud. When Sharon fell into a coma in January, many predicted the party's demise. But when Ehud Olmert emerged from Sharon's shadow two weeks ago to promise a new West Bank withdrawal, it was a sign that the party could go it alone.

"The Kadima party's goal is to determine the borders of Israel. This was never the goal of either the right or the left," says Tzachi Hanegbi, a Kadima member who defected from Likud.

"If you asked me if Kadima would stay powerful after Sharon stepped down the way he did, I would have said 'no way.' It proved that people's support was not only personal. People want hope. Kadima offers hope that is not an illusion, but more reasonable, limited, and cautious."

But even as Kadima seems headed for an unprecedented political feat, critics warn that the standard-bearer of unilateralism is little more than a grab bag of opportunist politicians that will ultimately unravel.

"Kadima's cover looks nice. They've put everything in the cake. And everyone believes it will be good," says Avshalom Vilan, a founder of "Peace Now" and a candidate of the ultra-dovish Meretz party who hopes to join Kadima's coalition. "Politics is not a cake. In the long run, the cake that you can have everything in can't work." Israel to elect new leadership

Thirty-one parties are competing Tuesday in Israel's 120-member parliamentary election. Polls indicate that Kadima, founded last November by Prime Minister Ariel Sharon, will be the biggest party, capturing about one-third of the seats. Kadima (centrist)

Party Leader*: Ehud Olmert, Acting prime minister, former Jerusalem mayor

Borders: Proposes withdrawal from large parts of the West Bank while retaining major Jewish settlement blocs there and in east Jerusalem

Hamas: Froze transfer of millions of tax rebates to Palestinian Authority after Hamas victory; has held off on more drastic measures

Economy: Pledges to narrow social and economic gaps Labor (left wing)

Party Leader*: Amir Peretz, Populist ex-union leader

Borders: Proposes withdrawal from large parts of the West Bank while retaining major Jewish settlement blocs there and in east Jerusalem

Hamas: Supports economic sanc-tions; warns of actions that would plunge Palestinians into poverty; could resume talks with Palestinian Presi-dent Mahmoud Abbas

Economy: Wants to increase the minimum wage and restore some of the welfare payments cut by the outgoing government Likud (right wing)

Party Leader*: Benjamin Netanyahu, Former prime minister

Borders: Willing to make some territorial concessions, but only after Pal-estinians halt violence and militant groups are disarmed; opposed Gaza pullout; wants to keep large chunks of the West Bank

Hamas: Calls for stiffer sanctions; says Olmert's response has been weak and confused

Economy: As former finance minister, Netanyahu cut budgets and stipends to the poor

* Party leader is also the candidate for prime minister

Israel Fights PhRMA Call For New Trade Status (RC)

By Kate Ackley

Roll Call, March 28, 2006

A move by the Pharmaceutical Research and Manufacturers of America to punish Israel on foreign trade has sparked an uproar among some American Jewish groups and raised the ire of a major Israeli drug company.

In a written submission, PhRMA has asked the Office of the U.S. Trade Representative to designate Israel a “priority foreign country” on a soon-to-be-released annual list. The list, known as the “Special 301” report, is reserved for those countries with some of the worst intellectual property laws that affect American companies. And being on the list can lead to trade sanctions.

While no one expects sanctions to be imposed against Israel, lobbyists and Congressional aides familiar with the issue said being on the list would be a significant embarrassment for Israel and its acting Prime Minister Ehud Olmert and could hurt the bottom line of one of the world’s top generic drug companies, Teva Pharmaceutical Industries.

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"This would be a public embarrassment of a close ally at a critical time with a new prime minister who is intimately involved in these issues," said one lobbyist familiar with the issue.

PhRMA also asked the USTR to block Israel's application for membership in the Organization for Economic Cooperation and Development, something that Congress overwhelmingly voted to support. PhRMA's submission argues that Israel's intellectual property situation has deteriorated over the past year and that the country has taken steps to protect its local generics industry at the expense of strong intellectual property laws.

Israel is not the only country PhRMA has recommended be included on the priority foreign country list. PhRMA wants the USTR to put a handful on the list including Turkey, Poland, Germany and Canada.

In response to PhRMA, Jewish organizations, the Israeli embassy and Teva Pharmaceuticals in recent days have mounted a lobbying blitz aimed at the USTR, White House and Congress to keep Israel off the list, which is set to be released next month.

William Daroff, vice president for public policy and director of the Washington, D.C., office of United Jewish Communities, said the 155 federations he represents have begun to mobilize to put pressure on the U.S. Trade Representative, former Rep. Rob Portman (R-Ohio).

"We are trying to put as much energy as we can to try to educate the U.S. Trade Representative to make sure they don't just cut and paste the PhRMA report and issue it as their own," he said. "We are focusing on Members who have the ear of USTR."

In addition, Daroff said his group has been in touch with Jewish activists from Portman's hometown in the Cincinnati area. "We are activating that network," he said.

Daroff said his group mobilized because it believes Israel is being unfairly targeted. "Israel is being singled out by PhRMA, and would be by the USTR if they take the recommendation, solely because of the generic drug production that takes place in Israel to try to give PhRMA and its members a leg up in its constant battle with the generic industry," he said.

So far, at least one Member, Sen. Sam Brownback (R-Kan.) has signed on to a two-page letter to Portman that calls PhRMA's recommendations "unwarranted." A call to Brownback's office was not returned by press time.

The letter says, "As a friend and close ally of the United States, Israel deserves to be treated in a fair manner with regard to USTR designations. ... Accordingly, we respectfully urge you to preclude Israel's status as a 'Priority Foreign Country' or even a designation on the Priority Watch List."

Congressional aides and lobbyists said during last week's recess, Teva lobbyists and Jewish activists blanketed Capitol Hill, had a meeting at the White House and made a stop at the USTR. They said more co-signers to the letter to Portman are expected in the coming days.

Ron Dermer, minister of economic affairs at the Israeli embassy, said PhRMA's position doesn't hold up and that his country has actually moved to enact tougher intellectual-property laws.

"To put Israel on a priority foreign country list — among the worst, most egregious violators — is an absolute joke," Dermer said. "With all the protections we have, there is only one reason for this: PhRMA's desire to go after Teva. They are trying to pressure Israel to take all of these actions against Teva."

Mark Grayson, a spokesman for PhRMA, said PhRMA's recommendations have "nothing to do with Teva" or any specific companies.

"This is about the country's laws," he said. Grayson said Israel's laws do not have sufficient protections for brand-name drug's data and, therefore, favor Israeli companies, such as Teva. "Teva is a generic manufacturer, and the dominant generic manufacturer, and because they don't protect U.S. data very well, that would mean the products could be made much quicker there in Israel," Grayson said.

PhRMA's written submission to the USTR says Israel's laws guarantee that Israel's "generic producers will be free to manufacture in Israel for export, primarily to the United States, unencumbered by any intellectual property protection" for name-brand products.

Grayson said having the country on the list could lead to changes in those laws — something he said Teva wouldn't like.

"It could affect their business in Israel," he said.

Dermer said that Israel, in contrast to PhRMA's statements, has made great strides of late when it comes to passing laws that protect intellectual property rights, including a sweeping law enacted by the government last year that gives drug companies more than five years of data exclusivity. That law gives drug makers five-and-a-half years of exclusivity in Israel, but the clock starts when the drug becomes available in major markets such as the U.S. or the European Union.

Olmert, the former minister in charge of trade, helped shepherd that law through Israel's Knesset. He is the frontrunner in today's election for prime minister.

Dermer said PhRMA wants the clock to begin ticking only after the drug is introduced in Israel, but that Israel wanted to create an incentive for drug makers to bring their products to Israel's market quickly.

"There are many things you have to balance," Dermer said. "We need to protect intellectual property and make sure [Israelis] have access to the drugs."

Dermer said his country is calling on the USTR to adopt clearer standards for which countries are evaluated for the 301 list. He said the feeling in Israel is that no matter what IP laws the country enacts, it won't be enough for the USTR until PhRMA is appeased.

"USTR is not willing to stand up to PhRMA," Dermer said. "We're considering what steps to take. We're very, very concerned about the amount of power PhRMA has."

Neena Moorjani, a USTR spokeswoman, said the 301 report details the U.S.'s problems with various countries when it comes to intellectual property right protections.

"We receive comments from many different industries, and we take them all into account in our review. In addition, we receive comments directly by many governments, which we also take into account," Moorjani said in an e-mail. "There's also an extensive interagency process that we get information from, including our embassies on the ground. All of that information is taken into account."

PhRMA has long been a lobbying powerhouse, and its current leader is former Rep. Billy Tauzin (R-La.). For the 12-month period beginning in July 2004, PhRMA reported spending almost $14 million on lobbying. For the same period, Teva reported spending $1.1 million on lobbying. The company's global sales exceed $5 billion.

A PhRMA employee, who requested that his name not be printed or he wouldn't address the matter, said PhRMA's proposal is "a public statement of our views."

"The government asks us to provide our views, and we think they should be taken seriously by the government's analysis," the PhRMA employee said. "It's just a reiteration of our stance on IP protection."

Other countries on the PhRMA list joined Israel in opposing the group's assertions.

Bilgehan Sasmaz, commercial counselor for the embassy of Turkey, said including Turkey wouldn't make sense "because Turkey has taken considerable steps to further be in line with the EU standards. It has to be really serious to be ranked under the priority foreign country. The situation [in Turkey] is not bad."

And a lobbyist for Poland said the country "categorically denies the accusations presented in the document. There are no discrepancies between us and other EU countries."

Other Capitol Hill and lobbying insiders familiar with the issue said there is a general feeling that PhRMA is increasingly taking patent and market exclusivity issues onto the international stage, pushing for greater protections for its brand-name products.

"The bottom line is that PhRMA is trying to prevent Israel and one of its largest companies, Teva, from bringing generic drugs to market quicker. They are trying to put up roadblocks and speed bumps by trying to get these trade restrictions placed on Israel," Daroff said.

Rice To Visit Several European Capitals (AP)

By David Stringer, Associated Press Writer

AP, March 28, 2006

Secretary of State Condoleezza Rice will visit several European capitals in the coming days, heading to Britain, France and Germany as new talks are scheduled concerning Iran's suspect nuclear program, officials said Monday.

Foreign ministers from the five U.N. Security Council permanent members and Germany will meet in Berlin on Thursday for talks about Iran, British Foreign Secretary Jack Straw said.

Germany's Foreign Ministry confirmed plans for the meeting.

In Washington, State Department spokesman Sean McCormack said Rice's trip will include stops in Berlin and Paris for meetings on Iran and other issues.

"Secretary Rice's trip to Berlin and Paris will provide an opportunity for her to continue her dialogue with German Chancellor Angela Merkel and French President Jacques Chirac and other top officials," McCormack said.

The United States, Britain, China, France, Germany and Russia have been trying to agree on a statement that would express the Security Council's worries about Iran's program. Russia is believed to be reluctant to support a strong statement.

Tehran says it only wants to build nuclear power plants for civilian use, but the United States, Britain and other nations fear Iran wants to build an atomic bomb.

The Security Council has the power to impose economic and political sanctions.

Rice will visit northwestern England, touring sites that include Paul McCartney's former school, the British government said.

She will visit Liverpool and Blackburn on Friday and Saturday with British Foreign Secretary Jack Straw, a Foreign Office spokesman said on condition of anonymity, according to government policy.

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Straw has represented Blackburn in Parliament since 1979. Rice's visit is meant to reciprocate a trip to Rice's hometown in Alabama last year.

In Liverpool, Rice and Straw will tour the Liverpool Institute for Performing Arts (LIPA)_ based at McCartney's old school — and see the Royal Liverpool Philharmonic Orchestra.

In Blackburn, they are due to visit "a school and major industrial site." Both diplomats are scheduled to speak on foreign policy at the town's Ewood Park soccer ground, home of the Blackburn Rovers.

In October, Rice hosted Straw in Birmingham, where they attended a memorial for the four black girls killed in a 1963 church bombing. They also went to an Alabama-Tennessee college football game.

Anti-war protesters, however, are ready to greet Rice with demonstrations about the 2003 Iraq invasion. Officials at the Stop the War Coalition have called for members to travel from across Britain to protest.

Delays Turn To Stalemate Over Iran's Nuclear Ambitions (CSM)

By Howard LaFranchi

The Christian Science Monitor, March 28, 2006

WASHINGTON - What was supposed to be a quick discussion in the United Nations Security Council to solidify international opposition to Iran's nuclear program has turned into a stalemate.

With both Russia and China balking at any council statement that might open the door to sanctions against Iran further down the road, agreement on a diplomatic rebuff could still be a week or more away. That is, if broadly acceptable wording for a statement can be found even then.

In the short term, the United States appears unfazed by the delay - after all, it tried for four years to slap Iran with the taint of a Security Council referral, so why fret now over an extended international focus on the Islamic republic?

Any serious action against Iran is still as much as a year away, many analysts say. Even before it's time for hardball, the US should expect diplomatic ups and downs, some temporary return of the Iranians to the negotiating table, and possibly direct contact with Iran.

"My guess is that something like 'smart sanctions,' that are essentially limited to making life less agreeable for the Iranian regime, would take three diplomatic cycles [at the UN] and are six months to a year out," says James Dobbins, director of the International Security and Defense Policy Center at the RAND Corp. in Arlington, Va. "That means anything like [economic] sanctions or legitimized military action is pretty far away."

In the meantime, debate rages over how far Tehran may be from getting the bomb - something the regime continues to insist it has no designs on acquiring. "If it's true the Iranians want a nuclear capacity for energy, then why these long-range missiles they are developing?" says Patrick Lang, a Middle East specialist and former Defense Intelligence Agency officer.

Some experts believe the Iranians could be within a year of perfecting the nuclear fuel cycle, but still at least five years from possessing a deliverable weapon.

But the stymied debate also suggests the difficult position the US is in with this long, low-level confrontation. Virtually no one in Washington is advocating regime-changing military action against Tehran. The advocates of "engagement" to modify the regime's behavior are also on the outs.

President Bush says all options remain on the table, but with the extremes of military action and broad US-Iran negotiations ruled out for now, a calibrated carrot-and-stick approach to Iran may be the best option, some analysts say. In fact, the US may have already embarked on that strategy, they say, with the Bush administration stepping up rhetoric identifying Iran as America's biggest strategic threat, even as it agrees to talks with the Iranians on Iraq.

The Bush administration appears to be counting on diplomacy to work - including stepped-up Farsi- language broadcasts into the country and support for opposition groups inside Iran.

But the key to diplomatic efforts heading off a nuclear Iran is actually held by Washington, some experts say, though it appears unlikely the US is willing to use it.

"The US-Iran relationship would have to change dramatically," says Ray Takeyh, an Iran expert at the Council on Foreign Relations in Washington. Iran would want "a reduction of its strategic anxieties."

Among the conditions that Tehran would probably want for giving up its nuclear ambitions would be recognition of its regional role, particularly in the Persian Gulf; a security agreement; and economic relations with the US, Mr. Takeyh said at a recent Nixon Center discussion.

Negotiations weighing the prospects of such a grand bargain sound like the six-party talks the US, Russia, China, Japan, and South Korea have carried on with North Korea over its nuclear program, and indeed some analysts say that is what's needed. One suggestion is that the Security Council's permanent members and Germany open such talks with Iran.

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In that context, the proposed US-Iran talks on Iraq could become a testing ground for whether broader negotiations might work, according to some experts. "If the Iranians were helpful [with Iraq], one would hope that would create greater trust that could spill over into the nuclear issue," says RAND's Mr. Dobbins.

Right now the US says it will use the talks with Tehran only to point out its troublemaking in Iraq. "The Iranians are part of the problem in Iraq; they are not part of the solution," says Raymond Tanter, a former National Security Council strategist under the first President Bush who heads the Iran Policy Committee. That group advocates "regime change" through an empowered Iranian opposition.

But Dobbins, who led the Bush administration's discussions with the Iranians over Afghanistan in 2001, says the Iranians were helpful then and should be encouraged to be helpful again. "We should be asking the Iranians to tell the Iraqis the same thing we are telling them: To form a government, don't divide the country, don't put any polarizing sectarian [figures] in charge of key ministries."

But especially given how even the announcement of talks has deflated a sense of urgency over Iran at the UN, one line of thinking holds that the talks should be given a chance to open new doors.

Iran's Icon (WSJ)

The Wall Street Journal, March 28, 2006

Successful democratic revolutions tend to have iconic figures: Think of Nelson Mandela in South Africa, Vaclav Havel in Czechoslovakia, Lech Walesa in Poland and Viktor Yushchenko in Ukraine. These men not only led their movements to victory but also, through their personal suffering, became emblems of the suffering of their people.

In Iran, the iconic figure is Akbar Ganji, who was released this month from Tehran's Evin prison after serving a six-year sentence. Mr. Ganji first incurred the regime's wrath when, as a journalist in the late 1990s, he implicated former president Ali Akbar Hashemi Rafsanjani in the killing of dozens of opposition figures. From prison, which Mr. Ganji mainly spent in solitary confinement, he also wrote his "Republican Manifesto" calling for an end to clerical rule. That manifesto has become a bible of sorts to Iranian opposition groups, especially the politically potent student movement.

Last year, Mr. Ganji went on a three-month hunger strike, which nearly killed him but also brought international attention to his plight. In the end, the authorities were forced to keep him alive -- an implicit admission that the conscience and will of a single man could compel the regime's surrender. Now Mr. Ganji's wife speculates that the clerics want nothing more than to put the case behind them, in the hope that his influence will wane with the memory of his near-martyrdom.

They shouldn't count on it. "My views have not changed at all," a rail-thin but still defiant Mr. Ganji said upon his release. "Jail and pressures never forced me to change my views. Today, I'm more determined to say what I said six years ago."

Iranians will be listening. So should we.

Indian Officials In D.C. For Nuke Deal (AP)

By Foster Klug, Associated Press Writer

AP, March 28, 2006

India's foreign secretary is visiting Washington this week, the start of a monthlong effort to help President Bush sell his landmark civilian nuclear cooperation deal to a skeptical Congress.

Foreign Secretary Shyam Saran's trip, scheduled to begin Tuesday, includes meetings with U.S. lawmakers and State Department officials. Following his visit, a string of Indian ministers will meet in coming weeks with U.S. officials and speak at think tanks, press conferences and business gatherings across Washington. They will argue that a U.S.-Indian deal to share nuclear technology and fuel is crucial for a close U.S. ally determined to meet massive energy demands.

Hard questions, however, are expected from lawmakers, some of whom worry the deal could ruin international efforts to stop the spread of nuclear weapons technology.

Jon Wolfsthal, a nonproliferation analyst with the Center for Strategic and International Studies, said Congress was largely shut out of earlier negotiations on the deal. Meetings with Indian ministers, he said, will give lawmakers a chance to push India on issues the Bush administration has said India considers as deal-breakers, such as trying to get India to sign a moratorium on the production of nuclear materials.

Lawmakers, he said, "are going to want to find out for themselves where the limits of Indian flexibility are."

Christine Fair, a South Asia analyst with the congressionally funded U.S. Institute of Peace, said the Indians "know they have an uphill battle."

"There are a lot of skeptics in Congress who do not believe that we need to have a nuclear deal inked with the Indians for our relationship with the Indians to go forward," she said.

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Since Bush and Indian Prime Minister Manmohan Singh agreed to pursue an accord on nuclear cooperation earlier this month in India, administration officials have waged an aggressive campaign to convince lawmakers and the public that the deal is the cornerstone of a new global partnership with India.

They say the pact brings India into the nonproliferation mainstream by increasing international inspections and putting U.N. safeguards on India's civilian nuclear power industry. The deal also reduces India's dependence on fossil fuels, supporters say, by allowing it to build more nuclear power plants.

Critics say U.S. and Indian efforts are an attempt to sell a flawed deal to lawmakers increasingly willing to question Bush's leadership as the president's popularity plummets and elections approach.

Henry Sokolski, executive director of the Nonproliferation Policy Education Center and a former Pentagon official, said the Indians' visit reflects a State Department that does not "think they can sell this thing alone. They need all the help they can get."

Congress is considering a bill that would exempt India from U.S. laws that restrict trade with countries that have not submitted to full nuclear inspections. New Delhi has refused to sign the international Nuclear Non-Proliferation Treaty and conform to its inspection regime.

The United States and India agreed in early March that India would separate its civilian and military nuclear facilities. The two countries still must negotiate the conditions, duration and scope of the overall cooperation plan.

Rep. Ed Markey, D-Mass., said in a statement Monday that the Bush administration "is looking to snooker Congress into signing an agreement now, promising that details will follow later."

The Bush legislation, he said, reduces "Congress to the role of a passive rubber-stamp with respect to one of the most critical nuclear nonproliferation issues of the last decade."

Gutierrez Prods China On Trade, Yuan Policy (WSJ/AP)

By Associated Press

The Wall Street Journal, March 28, 2006

CHONGQING, China -- U.S. Commerce Secretary Carlos Gutierrez on Monday called on China to open its markets to foreign goods and settle currency disputes, warning it could face protectionist sentiment in the U.S. if its record trade surplus keeps growing.

Mr. Gutierrez visited this industrial center in China's southwest en route to Beijing for talks ahead of a possible Senate vote this week on proposed sanctions to punish China for manipulating its currency.

In a speech to university students, Mr. Gutierrez said Washington wants to see China give foreign competitors the same market access that its companies enjoy abroad, to adopt a more flexible currency and to stop piracy of intellectual property.

"The trade deficit worries people, and we don't want it to become so big that what happens is that people who want to isolate the U.S. and who want to be protectionist may find a welcoming ear in the American people," Mr. Gutierrez said.

The U.S. trade deficit with China hit $202 billion last year, the highest amount ever recorded with a single country. China President Hu Jintao is due to visit the White House on April 24.

In an interview, Mr. Gutierrez called for more aggressive Chinese efforts to stamp out rampant product piracy, saying Washington isn't satisfied with progress in stopping illicit copying of movies, music and other goods. "We want to see more results. We're not there," he said. "I don't think there are enough criminal prosecutions. I believe penalties are still on the light side."

China promised on Monday to tighten a crackdown on piracy and improve enforcement cooperation with foreign governments. The government shut down 17 production lines making pirated DVDs and CDs last year and six this year, said Yan Xiaohong, deputy commissioner of the National Copyright Administration of China.

U.S., China Stage An Economic Balancing Act (WSJ)

The Wall Street Journal, March 28, 2006

Growing Tensions Will Test Logic That Neither Wants To Declare a Trade War

Former Treasury Secretary Lawrence Summers calls the evolving U.S.-China relationship "a balance of financial terror," an unsettling concept for a new era.

The outgoing Harvard president's phrase echoes the U.S.-Soviet "balance of nuclear terror" that defined the Cold War. The mass of atomic weapons on each side prevented either protagonist from declaring war on the other due to what become known as MAD, or "mutually assured destruction."

As senior Washington and Beijing officials prepare for Chinese President Hu Jintao's summit with President Bush at the White House on April 20, a more unstable logic is being tested that has come to define the emerging superpower relationship that will define the first half of the 21st century.

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Sign up to receive alerts when new installments of Thinking Global are published. Frederick Kempe also writes a daily analysis of the biggest news of the day. You may sign up to receive Mr. Kempe's full daily commentary by email, along with links to all of the stories and features that are mentioned in each day's Asian or European edition of the print Journal.The argument holds that both countries would be so economically devastated by a trade or financial war -- "mutually assured economic destruction" -- that neither would trigger one despite growing trade tensions.

By that logic, China won't stop buying billions of U.S. dollars each month because to do so could prompt a dollar collapse that would undermine the American consumer and the global stability upon which China's economic miracle rests. It follows that the U.S. would not implement tough sanctions to punish China's undervalued currency because such action could trigger inflation, higher interest rates and recession.

Don't bet on this logic holding.

Miscalculation is the mother of all unintended conflicts. Nuclear holocaust was more likely in the Cold War's early years, before the U.S. and Soviets had fully defined their relationship through a series of summits and near-crises. The same is true -- though the possible consequences less fatal -- at the beginning of this new superpower summitry.

"The direction that China and U.S.-China relations take will define the strategic future of the world for years to come," says economist Fred Bergsten, co-author of "China: The Balance Sheet," a book to be released this week that offers a comprehensive and penetrating analysis of the relationship. It's a three-part policy prescription: get China to play more by international rules (in letting its currency rise to market rates, protecting intellectual property, etc.); make China a key player in international organizations that protect those rules (instead of following its new course of establishing its own, Chinese-dominated organizations); and, perhaps most importantly, fix America's own high-debt, low-savings problem that over time will erode Washington's leverage with Beijing.

What worries Mr. Bergsten is that, in the meantime, "the world trade system could be blown apart if this financial imbalance is not addressed quickly and substantially."

The Bush administration's leverage with Beijing can only shrink over time. A weakened President Bush is losing control of China policy to a Congress in which Republican leaders are increasingly turning against him on a number of issues. Longer term, China's leverage will increase as it reduces its dependence on the U.S. market and gains political, economic and military power.

"Over a period of time, they will need us less," says Robert Hormats, vice chairman of Goldman Sachs, International.

For now, however, Mr. Bergsten says the Chinese reluctance to revalue a currency that Mr. Bergsten says is 20% to 40% below market rates miscalculates the seriousness of rising American protectionism.

The latest evidence of that seriousness is a new bill that the top Republican and Democrat on the powerful Senate Finance Committee will unveil at hearings this week. Committee Chairman Charles Grassley (R., Iowa), and Sen. Max Baucus (D., Mont.) have drawn up what could be a more effective and comprehensive attack on China than legislation on the table that threatens Beijing with across-the-board 27.5% tariffs.

The two senators are known for their free-trade credentials, underlining growing impatience with China. Their legislation is less blunt but more far-reaching than the tariff bill of Sens. Charles Schumer (D., N.Y.) and Lindsey Graham (R., S.C.).

A person familiar with the Grassley-Baucus bill, whose details haven't yet been publicly disclosed, says it would "significantly amend" current U.S. law in ways that would force the Treasury's hand on the exchange rate "in a directive manner." The bill would make China liable to countervailing duties as punishment not just for currency manipulation but also for a host of other state supports, the person says.

Yet for all the focus on trade tensions now, over time the U.S.-Chinese rivalry might be played out on the periphery, just as was the case between the U.S. and the Soviets during the Cold War. Taiwan will be high on the Bush-Hu summit agenda. Yet China, with its focus on domestic development, has avoided a crisis over Taiwan and instead wants to block independence rather than rush unification.

More unsettling are potential conflicts over energy. China's growing thirst for oil has prompted a buying spree of global energy assets and long-term contracts with countries that are among America's leading global problems: Iran, Sudan and Venezuela.

"One swing factor that will determine whether we have a cooperative or a confrontational relationship is how we address the issue of energy," says Mr. Hormats of Goldman Sachs. He has suggested to U.S. officials that Mr. Hu and Mr. Bush at the summit make a "U.S.-China Energy Partnership" a centerpiece, including development of clean coal, alternative energy sources and common efforts to keep open critical sea lanes. "This should be a centerpiece of Hu-Bush conversations."

US Bill May Prompt Tough Action On Renminbi (FT)

By Christopher Swann And Edward Alden

Financial Times, March 28, 2006

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The administration of President George W. Bush will face mounting pressure to take tougher action against China over the value of its currency with the introduction on Tuesday of legislation that would all but force the US Treasury to brand China as a currency manipulator.

The proposal, drafted by Senator Charles Grassley, the chairman of the powerful Senate Finance Committee, and Max Baucus, the committee's leading Democrat, would threaten new sanctions against countries that are found to have "currency misalignments" with the US, according to people with knowledge of the proposal.

If a country were found to have a "misalignment", it would be given six months to move towards a resolution of the problem. If it failed to act, the administration would be required to use a range of sanctions that would include blocking any increase in the country's voting rights at the International Monetary Fund, and barring the country from receiving insurance and guarantees for US investors offered by the Overseas Private Investment Corporation, a US government agency that supports US companies investing abroad.

The Grassley-Baucus legislation is likely to receive wide support in Congress and is intended in part to draw away support from more draconian legislation that would impose 27.5 per cent tariffs on all Chinese imports to the US.

Senators Charles Schumer and Lindsey Graham, the sponsors of that measure, have scheduled a news conference on Tuesday with John Snow, the US Treasury secretary, at which they are expected to announce a willingness to continue delaying any Senate vote on their proposal. The two senators recently returned from a trip to China.

The US Treasury has angered many lawmakers by refraining from branding China a currency manipulator in its twice-yearly reports to Congress on exchange rates and trade. Frustration has been building in Congress over the administration's gentle, diplomatic efforts to convince China to revalue its currency.

The proposals by Senators Grassley and Baucus would make it harder to avoid chastising China officially for its currency policies.

Under the current rules, the Treasury has been able to avoid branding China as a currency manipulator because those rules require that a country intends to competitively undervalue a currency. The Treasury has argued that China has not met this very strict definition of a currency manipulator, since it has a fixed currency. Under the proposed new rules, no intent would be required. Instead of using the term "currency manipulator", the Treasury would be asked to seek out "currency misalignments".

The existing rules also do not require any immediate action if a country fails to respond to US pressure. When a country is dubbed a "currency manipulator" the Treasury is required only to enter into negotiations with the offending country.

The Grassley-Baucus legislation is also expected to include a range of other measures, including giving US companies hurt by Chinese imports the option of seeking import tariffs if they can prove that their Chinese competitors are receiving government subsidies. Similar legislation was passed in the House of Representatives last year.

The congressional action comes ahead of a visit to Washington next month by Hu Jintao, the Chinese president. China has sent signals that it is willing to respond to US concerns over trade issues such as piracy of US intellectual property, but has said that no significant revaluation of the renminbi is likely in advance of the trip.

After Vote, Ukraine Faces Uncertainty Over Coalition (NYT)

By Steven Lee Myers

The New York Times, March 28, 2006

KIEV, Ukraine, March 27 — Ukraine was in political gridlock on Monday as the parties that led in parliamentary elections jockeyed for advantage to appoint a newly empowered prime minister and government under President Viktor A. Yushchenko.

With no clear winner — and one clear loser — in an election that international observers on Monday declared the country's freest since its independence from the Soviet Union nearly 15 years ago, there appeared to be little chance that a compromise would be found soon.

Mr. Yushchenko, who led the protests in 2004 against a fraudulent presidential election, appeared to have been stunned by the election results, which showed his party trailing in distant third place. With 55 percent of the ballots counted late Monday, his party, Our Ukraine, had only 16 percent of the votes.

In brief remarks, he praised the vote as a victory for Ukraine's infant democracy. But neither he nor his aides discussed in detail the negotiations under way — behind closed doors — over forming a government whose composition could be decisive in carrying out the domestic and foreign policy that Mr. Yushchenko promised when he became president. Among his pledges were to integrate Ukraine into NATO and the European Union and to revive the economy.

Yulia V. Tymoshenko, his former partner and prime minister whose bloc outpolled Mr. Yushchenko's, said on Monday that she remained confident that an alliance could still be formed among what she called the democratic forces that rode the popular uprising of 2004 to power. That coalition splintered last year over policy disputes, ego clashes and mutual accusations of corruption.

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"The coalition had and continues to have a chance to be formed," said Ms. Tymoshenko, whose party received 23 percent of the votes, according to the partial results.

The Party of Regions, led by Mr. Yushchenko's rival, Viktor F. Yanukovich, so far has the largest number of votes, at 28 percent. The results underscored the fractured nature of Ukraine's ethnic, social and geographic divisions, as well as the remarkable erosion of support for Mr. Yushchenko, whose popularity has suffered from economic decline and infighting.

In a sign of the bitterness between him and Ms. Tymoshenko, one of her advisers, Hryhory M. Nemyrya, said that Ms. Tymoshenko had called the president after surveys of voters leaving the polls predicted her second-place finish, but that he had not returned the call. Instead, Mr. Yushchenko's office announced in a terse statement that he would meet with the leaders of all the major parties on Tuesday, leaving open the possibility of a coalition that could include Mr. Yanukovich but exclude his erstwhile ally.

At the headquarters of Mr. Yushchenko's party, a spokesman announced at midday that there would be no more announcements or briefings and that the building would close early.

Ms. Tymoshenko warned against any parliamentary coalition that would include Mr. Yanukovich, whose government was accused of rigging the presidential election that Mr. Yushchenko ultimately won after a repeat second round. She said that would be a return "to square one."

Triumphant Tymoshenko Stakes Her Claim To Power (FT)

By Stefan Wagstyl And Tom Warner

Financial Times, March 28, 2006

Yulia Tymoshenko, the populist Ukrainian political leader, on Monday staked her claim to head the government following her surprise success in Sunday's parliamentary election.

Ms Tymoshenko, who was sacked as prime minister last summer, was putting pressure on President Viktor Yushchenko, her Orange Revolution ally, to allow her back into office.

Mr Yushchenko has been put on the defensive by Ms Tymoshenko's success at the polls, where preliminary results indicated her grouping came out far ahead of his Our Ukraine bloc.

The Organisation for Security and Co-operation in Europe on Monday judged the elections free and fair – the first time in a decade it has given such a positive verdict in the former Soviet Union outside the Baltic states. Mr Yushchenko's office said last night he would meet other party leaders today.

The new government will face many challenges, including economic reform, integration with the European Union and tense relations with Russia.

According to preliminary figures (with 58 per cent of the vote counted), Sunday's poll was a double defeat for Mr Yushchenko. The man who enjoyed overwhelming support a year ago saw Our Ukraine fall to third place with just 16 per cent of the vote. He was beaten by both Ms Tymoshenko, with 23 per cent, and by Viktor Yanukovich, his Russian-backed rival in the disputed 2004 presidential elections. By an ironic twist, Mr Yanukovich, who was widely condemned for allegedly rigging the 2004 poll, emerged as the clear winner in Ukraine's first free elections, with his Regions party securing 28 per cent.

Mr Yanukovich's camp fared best in its eastern stronghold, notably in the Russian-speaking industrial Donbass region. Mr Yushchenko and Ms Tymoshenko split the vote in the Ukrainian-speaking Orange heartlands in the west. But Ms Tymoshenko beat her former ally in the centre, particularly in the Kiev region, and made inroads in the east. With her glamour, her public-speaking skills and her tough line on corruption, Ms Tymoshenko has managed to bridge Ukraine's traditional east-west divide.

Together with their allies in the Socialist party, Mr Yushchenko and Ms Tymoshenko look certain to secure a parliamentary majority because the seat distribution formula gives parties entering parliament a bigger share of seats than their share of the vote.

But first they must settle their differences. The two leaders share their Orange heritage, a commitment to EU integration and scepticism about the Kremlin's intentions. Mr Yushchenko is more positive about Nato than Ms Tymoshenko. Far more important, however, are personal animosities and divisions over the economy.

Ms Tymoshenko is ready to boost welfare spending and attack big business. As prime minister she planned the reprivatisation of assets acquired by business oligarchs under the corrupt rule of Leonid Kuchma, former president. Now she is determined to renegotiate a controversial gas supply deal struck with Russia that she says is expensive.

Mr Yushchenko's policies have been less clear. As a former central banker, he espouses market-oriented reform, but in the last year he has pursued votes through public spending increases. He initiated reprivatisation, but then stopped it and now insists it must stay off the agenda. He defends the gas deal as the best Ukraine could squeeze from Russia.

The president is increasingly seen as a political pragmatist, who might prefer to work with Regions party members, if not with Mr Yanukovich himself, than establish an unworkable coalition with Ms Tymoshenko.

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Moderate Orange Revolution supporters appreciate his dilemma. Inna Pidluska, president of Europe XXI Foundation, a liberal think-tank, says: “Personally, I would prefer an Orange coalition. But as an analyst, I see a coalition with shades of blue [the Yanukovich campaign colour] might be more stable.”

¦The Bush administration, on the defensive globally over the consequences of its pro-democracy strategy, insisted on Monday that the result “does not mean there is a vast national repudiation of the Orange Revolution”, Guy Dinmore writes from Washington.

The US was urging Ms Tymoshenko and Mr Yushchenko to form a reformist coalition, a senior State Department official told reporters. But he said the US would also work with a government that included Mr Yanukovich.

Ukraine Election Sparks Jockeying To Form Coalition (WSJ)

By Guy Chazan

The Wall Street Journal, March 28, 2006

MOSCOW -- While the top vote-getter in Ukraine's parliamentary election Sunday was the pro-Russian candidate, the real victor could turn out to be a woman who came in second place.

Yulia Tymoshenko had been languishing in the political wilderness but is now in a position to regain her old job as prime minister, a post she lost six months ago because of her fiery revolutionary rhetoric that critics said was disrupting the Ukrainian economy.

Polls had predicted Ms. Tymoshenko would come in a distant third in Sunday's election. Instead, her bloc pushed President Viktor Yushchenko's party into third place, making her the de facto leader of Ukraine's pro-Western liberals.

Joining forces with Ms. Tymoshenko and backing her as prime minister may now be the only way for Mr. Yushchenko to keep his pro-Russian rival, Viktor Yanukovych, from forming a government himself. The party of Mr. Yanukovych, a former prime minister who lost the 2004 presidential election to Mr. Yushchenko, emerged from Sunday's election with the most votes, though not enough to form a government on its own.

"Tymoshenko's in the driving seat now," said Tim Ash, a Ukraine expert at Bear Stearns in London. "It's going to be very difficult to say no to her."

Ms. Tymoshenko quickly raised the pressure on the president yesterday, demanding a quick deal to form a liberal coalition. Mr. Yushchenko said negotiations could start only once the vote count was complete.

Yet the prospect of Ms. Tymoshenko's return to government has raised worries among investors leery of her populist slogans and her embrace of state intervention while in office. In recent weeks, she has promised to renegotiate a key gas-supply deal with Russia, a move that could poison already-sour relations with Moscow.

Such concerns have prompted many in Mr. Yushchenko's party to call for an alliance with Mr. Yanukovych instead, as the lesser of two evils. "Businessmen will do everything to make sure Tymoshenko doesn't return to government," said Katya Malofeyeva, an analyst at Renaissance Capital bank in Kiev.

In an apparent sign that Mr. Yushchenko sought to keep his options open, his office yesterday said he would hold consultations today with Mr. Yanukovych, as well as with leaders of other parties that won seats in Parliament.

But investors are worried about what damage any protracted coalition talks could wreak on Ukraine's economy. Ratings agency Standard & Poor's said a new government should be formed quickly to deal with Ukraine's problems -- slowing output growth, high inflation and worsening trade numbers.

"An indecisive government...could compromise Ukraine's creditworthiness, as would the outright failure to form a government in the first place," S&P said.

The alliance of Mr. Yushchenko and Ms. Tymoshenko was key to the success of the Orange Revolution that brought Mr. Yushchenko to power in 2004. A charismatic populist, Ms. Tymoshenko mobilized thousands of protesters to Mr. Yushchenko's cause during the mass rallies of November 2004. Her rousing rhetoric came to symbolize the revolutionary spirit that gripped Ukraine.

The two shared a modernizing agenda to bring their country closer to Western Europe and cut it free from its eastern neighbor, Russia. But their alliance quickly unraveled amid arguments over how fast and how far to push their overhauls. Ms. Tymoshenko scared Ukrainian businessmen by threatening mass reprivatizations and imposing price controls on fuel. Many of them breathed a sigh of relief when Mr. Yushchenko sacked her last September amid mutual accusations of corruption.

But she remained popular among voters who felt their president had betrayed the legacy of the Orange Revolution. Mr. Yushchenko has drawn criticism for failing to prosecute corrupt businessmen linked to the regime of his predecessor, Leonid Kuchma, or to solve high-profile crimes of the Kuchma era -- including his own poisoning during the 2004 campaign. "Sunday's result is a reward for her consistency and integrity," said Hryhory Nemyria, a newly elected lawmaker and one of Ms. Tymoshenko's advisers.

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Ex-prime Minister Eyes Coalition (WT/AP)

By Vladimir Isachenkov, Associated Press

The Washington Times, March 28, 2006

KIEV -- Ukraine's fiery heroine of the 2004 Orange Revolution, Yulia Tymoshenko, called on her estranged former ally, President Viktor Yushchenko, to rejoin her in a coalition to keep the pro-Moscow candidate out of power, even though he got the most votes.

Mrs. Tymoshenko, who was fired from her post as prime minister by Mr. Yushchenko and wants the job back, insisted that a united front was the only way to protect the pro-Western and democratic ideals that formed the basis of the Orange Revolution.

But Mr. Yushchenko -- smarting from his third-place finish in Sunday's parliamentary elections -- said he is keeping his options open and will hold talks with Viktor Yanukovych, whose ballot-stuffing bid to win the presidency in 2004 triggered the protests.

Mr. Yushchenko's office said he will meet today with the heads of parties that made it to parliament in the vote, including Mr. Yanukovych.

The terse statement said the president will hold a "series of political consultations" with leaders of his Our Ukraine party, Mr. Yanukovych's Party of the Regions, Mrs. Tymoshenko's bloc and the Socialists.

The statement also cast doubt on hopes to reunite the fractured Orange Revolution forces.

Mr. Yushchenko has said he would favor an Orange coalition, but he seemed reluctant to accept the idea of Mrs. Tymoshenko returning to the No. 2 job. In firing her in September, he accused her of carrying on a behind-the-scenes struggle for power that caused the allies to implode amid accusations and recriminations.

"I have not seen the president for a long time, and we have a lot to discuss," Mrs. Tymoshenko said, adding that she thinks they can reach agreement.

With a little more than half of the ballots counted, the Central Election Commission said the Party of the Regions received 27.4 percent of the vote, Mrs. Tymoshenko's bloc got 23.4 percent, and Mr. Yushchenko's party got about 16 percent.

Mr. Yushchenko's job was not at stake, but the newly elected parliament will have vast new powers under reforms that give it the right to name -- and dismiss -- the prime minister and much of the Cabinet. With no party getting a majority of the votes, the next step will be to form a coalition of at least 226 of the parliament's 450 seats to form the government.

The White House commended Ukraine's elections even though they were a setback for Mr. Yushchenko's Western-leaning administration.

"All indications are that this appears to be a free and fair election," White House spokesman Scott McClellan said. "I think that stands in stark contrast to what we saw in Belarus."

The re-election of President Alexander Lukashenko of Belarus on March 19, in a vote called unfair by the West, has triggered a wave of protests from opposition supporters.

US Gets In A Jam With London Mayor Over Road Toll (FT)

By Christopher Adams

Financial Times, March 28, 2006

London's mayor on Monday accused the US ambassador to the UK of behaving "like a chiselling little crook" in a spat over the embassy's refusal to pay the city's road toll.

Ken Livingstone, the famously outspoken left-wing mayor and long-standing critic of American foreign policy, delivered his latest outburst during a television interview. His assault on Robert Tuttle was prompted by the long-running dispute over the embassy's refusal to pay the congestion charge, a toll that is levied on those driving through central London during business hours.

American diplomats have refused to pay the £8 a day toll since last July, racking up many tens of thousands of pounds in unpaid charges. The embassy is believed to have about one hundred cars and fines for each day of non-payment can be as much £150 a vehicle. The embassy argues the charge is a tax and that diplomats are exempt.

Mr Livingstone, something of a stranger to diplomatic niceties, said: "It would actually be quite nice if the American ambassador in Britain could pay the charge that everybody else is paying and not actually try and skive out of it like a chiselling little crook."

Earlier, he had told reporters: "When British troops are putting their lives on the line for American foreign policy, it would be quite nice if they paid the congestion charge."

The mayor's remarks were only his latest brush with controversy. He is already appealing a decision by a disciplinary panel to suspend him from office for four weeks after he compared a Jewish journalist to a concentration camp guard. Last week he

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said two property tycoons with whom he has fallen out over the development of the 2012 London Olympics should "go back to Iran", though they are Indian-bron of Iraqi-Jewish parents.

He was re-admitted to Tony Blair's Labour party two years ago after being expelled for standing against its official candidate in the first London mayoral elections. A spokesman for the embassy said: "The mayor has a tendency to hyperbole. I'm not going to dignify that."

Loans, Labor And Lords Add To Trouble For Blair (USAT)

By César G. Soriano

USA Today, March 28, 2006

LONDON — A campaign-finance scandal has erupted in Britain, where investigators are looking into the possibility that secret political payments were rewarded with seats in the House of Lords.

British newspapers such as The Independent have dubbed the scandal "loans for peerages." Scotland Yard last week began investigating wealthy donors who loaned money to Prime Minister Tony Blair's Labor Party. And Parliament's Constitutional Affairs Select Committee is scheduled to hold hearings today on political fundraising in Britain.

The controversy has led some leading British publications to call for Blair to step down.

The Conservative Party, Labor's chief rival, has also used loans to raise cash, but so far it has declined to identify the sources of its loans.

The scandal blew up after British media reported this month that Labor had accepted millions in undisclosed loans. Under mounting pressure, the party acknowledged that 12 businessmen had loaned it nearly $25 million. Four of the 12 were nominated by Blair for peerages in the House of Lords, which put them in line to become an earl, duke or baron.

Together, those four loaned $7.8 million to Labor. Party officials including Blair have denied any connection between the loans and the nominations.

The House of Lords is the upper house of Britain's Parliament, which includes the more-powerful, elected House of Commons. Lords is made up of 724 unelected members, including 92 who inherited their seats. It reviews and revises legislation passed by Commons.

British law requires political parties to disclose donations but not loans. The cash-strapped Labor Party, which is selling its headquarters in London's tony West End to help pay its debts, has not disclosed the terms of the loans from the 12 businessmen.

Among those identified: Richard Carling, owner of the celebrity hot-spot restaurant Ivy. He provided a $3.5 million loan. Gulam Noon, nicknamed the "Curry King" for popularizing Indian food in Britain, loaned Labor $438,000 and was later knighted.

Three of the four men nominated for peerages have since withdrawn their names.

When it disclosed the names last week, the Labor Party issued a statement saying, "The entire issue of party funding needed to be addressed and the system made more transparent so the public had complete confidence in it."

Damage control so far has not been effective, says House of Lords member Anthony Lester of the Liberal Democrats. Lester says the current mood among his colleagues is one of "absolute outrage. It stains the reputation of not only the House of Lords but the entire political system."

The loans affair is adding to Blair's troubles. The prime minister has been criticized for his decision to support the U.S.-led war in Iraq, a series of sex and finance scandals involving top government officials and controversial anti-terrorism legislation that was defeated by members of his own party.

"It doesn't look good for Tony Blair because he came into office in 1997 with the promise to end the sleaze of the past," says Rodney Barker, a professor of political science at the London School of Economics. "In terms of scandals, this is not very serious," he says. "But in a small and devastating way, it underlines the reputation for dishonesty that Tony Blair has had ever since he joined in the invasion of Iraq."

Calls for Blair to step aside before the expected 2009 election are growing. Blair's public approval rating is 29%, the lowest of his term, according to an Ipsos/MORI survey published March 19 in The Observer. A separate BBC Newsnight Poll published March 21 found 50% feel Blair should resign soon.

The Economist magazine this month ran a cover photo of Blair under the headline "The final days of Tony Blair." In an editorial, it said the prime minister should "quit while he's still ahead." Britain's Guardian newspaper said in an editorial last week that "he should go this year."

Meanwhile, the loans scandal has renewed calls for the country to reform or abolish the House of Lords — which was a primary part of Blair's campaign platform in 1999. "If this scandal has a silver lining, it's in the form of reformists," says James Graham of New Politics Network, an independent think tank in London that advocates a predominantly elected second chamber of Parliament to replace the House of Lords.

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Lester says he would like to see a smaller, hybrid chamber made up of elected and appointed officials with a stronger system of checks and balances. That is unlikely to happen under Blair, he says. Lester adds that it's time for Blair to step aside and make way for his heir-apparent, Gordon Brown, the chancellor of the exchequer, or finance minister.

"The ultimate aim must be to tackle the profound discontent and alienation in our political system that has arisen in recent years and begin ringing in a new period of political reform," Lester says.

France Set For Strikes Over Jobs Scheme (FT)

By Martin Arnold

Financial Times, March 28, 2006

France will be hit by widespread strikes and demonstrations on Tuesday against prime minister Dominique de Villepin's controversial youth employment law.

It will be the latest round in a battle of wills over economic reforms before next year's presidential elections.

Businesses and commuters were warned of disruption and traffic chaos as student and union leaders said Tuesday's show of force would at least match the 1.5m people they claim backed the last national "day of action" against the New Job Contract.

The crisis over the CPE, as it is known in France, has already sapped the prime minister's popularity and started to raise concerns over the economy.

Last night the interior minister Nicolas Sarkozy – Mr de Villepin's main rightwing rival for the presidency – took a fresh swipe at him over his handling of the crisis. Mr Sarkozy used a speech in Douai to criticise Mr de Villepin for not negotiating with unions before launching the CPE, which would let companies fire people aged under 26 relatively easily during a two-year trial

Mr Sarkozy said: "Social dialogue is essential for successful reform." Instead he proposed a more ambitious policy: a single contract for all ages, with phased protection according to the length of time at a company.

An Ipsos opinion poll in today's Le Monde shows 63 per cent want the prime minister to back down on labour reform. But most rightwing voters still support him, with 74 per cent of the ruling UMP party's supporters backing him to stand firm.

If the protests intensify, Mr de Villepin is expected to face growing pressure to relent from President Jacques Chirac; Mr Chirac has a record of bending to the will of "the street".

"If there are a lot of people in the streets on Tuesday, there will be no-one, even on the right, who will support de Villepin," said Olivier Gasnier, economist at Société Générale. "Everyone will be telling him to put some water in his wine and back down to stop the crisis."

The direct impact from Tuesday's work stoppages and disruption to public transport is estimated to be limited to 0.1 to 0.2 per cent of Gross Domestic Product.

But economists said a deepening crisis threatened more serious harm to the French economy, risking damage to consumer and business confidence and the country's image among foreign investors, particularly if the violence spreads to poor areas.

Some economists said that if opposition to the CPE continued to rise there could be little hope of any further reforms until after the May 2007 presidential ballot.

"Either we head into a more serious crisis, which will hit economic growth, or we abandon reform for a year. In both cases it is a failure for France," said Marc Touati, economist at Natexis Banque Populaire. He predicted the crisis will trigger a 1 per cent drop in consumer spending in March.

French Transit Workers Strike As Labor Law Protests Grow (NYT)

By Craig S. Smith

The New York Times, March 28, 2006

PARIS, March 27 — French transit workers began striking late Monday as hundreds of thousands of people across the country prepared to participate in nationwide protests against a hastily adopted new labor law.

The strikes and protests planned for Tuesday represent a test of wills, with students and trade unions demanding that the unpopular law be rescinded and the country's embattled prime minister, Dominique de Villepin, insisting that it go into effect, albeit with possible changes.

Mr. de Villepin on Monday made a new offer to meet with student and union leaders on Wednesday "to advance and get out of the current crisis." But no progress was made at an earlier meeting with union leaders, and it was not clear what the prime minister could offer that would persuade the protest leaders to back down.

The strikes that began late Monday will affect the national airline, Air France, and operations at the country's airports, as well as the national railways and subways. The postal service, banks and media organizations will also face walkouts.

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The law, which would make it easy for companies to fire workers under age 26 during their first two years on the job, was an attempt by Mr. de Villepin to make France's labor laws more flexible. Anger over the law has crystallized the general malaise among workers of a younger generation who fear losing the job security and benefits enjoyed by their parents. It has also sharpened early competition for the presidential elections next year. Mr. de Villepin hopes to win his party's nomination.

But with the weather turning warm and the protest movement showing no signs of slowing, Mr. de Villepin's prospects for emerging from the crisis unscathed look increasingly slim. His political rivals are already positioning themselves to pick up the spoils.

Mr. de Villepin's chief nemesis within his own party, Interior Minister Nicolas Sarkozy, said at a rally in the northern industrial town of Douai that, "social dialogue is an essential condition to the success of all reform," a pointed reference to Mr. de Villepin's failure to consult unions or the public before pushing his new law through Parliament.

Meanwhile, François Hollande, the leader of France's opposition Socialist Party, repeated his calls on Monday for the law to be repealed and derided Mr. de Villepin's invitation to union and student leaders, saying he was wasting their time.

Polls indicate that the public is solidly against Mr. de Villepin, with 63 percent of those surveyed in a poll published Monday by the newspaper Le Monde saying that they disagree with his decision to press ahead with the law.

Student and union leaders are quick to point out that they have not called for a paralyzing general strike as they did in May 1968. Still, the protests have already interrupted classes at 69 of France's 84 universities, as well as at nearly a quarter of the country's 4,300 high schools.

The police are braced for a repetition of the scattered violence that has marred two earlier protests, leaving one man in a coma, and shops and cars in flames.

Many people fear that the renewed unrest could reignite the nightly arson by the country's second-generation immigrant youths. Those incidents destroyed dozens of buildings and businesses and thousands of cars last November.

On Monday, two cars were set on fire and others damaged outside a high school in St.-Denis, a suburb northeast of Paris, after dozens of youths scuffled with the police.

But the violence is not only coming from the immigrant youths; self-styled anarchists have been photographed smashing windows and setting cars on fire.

Rift Emerges Among Young Haves And Have-Nots In France (LAT)

By Sebastian Rotella

The Los Angeles Times, March 28, 2006

PARIS — With her pink-and-orange hair and pierced lower lip, Manuella Pereira considers herself a rebel standing up for fellow young people across France.

But the diminutive 17-year-old from a well-to-do suburb learned a harsh lesson about solidarity when she went to Paris last week to join a student march on the majestic esplanade of the Invalides military monument.

"A friend of mine got robbed and I got tear-gassed," said Pereira, a student at Albert Schweitzer High School in Le Raincy. In scenes recorded by television cameras, swarms of hooded, masked youths infiltrated the march Thursday in an upscale tourist district in the heart of Paris, beating and stomping the marchers, stealing their cellphones and money, and torching cars.

The mayhem recalled last year's riots in outlying, immigrant-dominated housing projects — for good reason, police say. Many of the marauders at the Invalides and in similar incidents elsewhere were not students, but unemployed dropouts from the projects, they say.

"On one side, the cars burning, and on the other, people with their families marching peacefully," Pereira said. "The [vandals] don't care about their future. They just want to perpetrate violence no matter what."

As France braces for major nationwide strikes to protest a new labor law today, an embattled government confronts two youth crises that threaten to converge with resounding impact.

One involves the students, mostly middle-class and wealthy activists whose movement has shut down high schools and universities with the kind of rowdy, but essentially nonviolent, protests to which the French are accustomed. Joined by France's powerful labor unions, the students accuse the government of endangering their future job security with proposed labor reforms.

The second involves another world: the bleak, crime-ridden public housing projects where unemployment among young people can approach 50%. Youths there want a better future too, but they tend to express their discontent with nihilistic outbursts of arson and vandalism.

Tension between the two is evident on the streets. On Monday morning, more than a hundred vandals went on a rampage outside a high school occupied by student protesters in Saint-Denis, a tough suburb near the birthplace of the November riots, and burned cars and threw stones.

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Such incidents are spreading, according to leaders of cities that bore the brunt of the riots and have been on alert for the last four months. They worry that the labor protests could set off new and potentially worse troubles.

"The same [troublemakers] as in November are reappearing, but this time in broad daylight," Deputy Mayor Jean-Christophe Lagarde of Drancy, a town just north of Paris, said in the newspaper Le Parisien.

Describing how youths outside her school had terrorized an elderly woman, smashing the windows of her car, an inexpensive compact called a Twingo, Pereira said indignantly: "That poor lady the other day had no idea what was going on. Go trash a Mercedes if you want, but not a Twingo!"

The mayhem shatters any illusions about unity among France's young people. In fact, gangs who disrupt marches and attack the protesters often feel contempt for students, whom they see as privileged and weak rich kids, a police intelligence commander said.

Police are struggling to contain the casseurs, as the roving vandals are known. The emerging crime trend breaks dangerously with previous violence that was confined to housing projects and directed mainly against property and police, said the commander, who oversees a rough area near Paris.

"There's great hostility toward the high-schoolers and the university students, a kind of social racism against the young bourgeoisie," he said. "It's serious. Ninety percent of the kids from the projects don't leave their territory to engage in that kind of activity. That's why the riots were in the projects. But here you have acquisitive, destructive violence. Like highway banditry. The idea is to rob, destroy, spread fear. It's a show of force. It has no political aspect for the moment."

There have been a few precedents. Last March, a demonstration by Paris high school students against education reforms degenerated into muggings and robberies that left dozens injured. The aggressors were gangs from outlying areas, and some told journalists and investigators that their goal was to "beat up little white kids," according to "Slums in Flames," a recent book by Charles Pelligrini, former chief of an elite detective division of the national police.

But the animosity tends to be more about social class than race. Gangs from housing projects are often a mix of youths from Arab, African and French backgrounds, experts say.

Young people realize that the political confrontation over the labor law has put them in the eye of the storm.

"The marches are a good opportunity for the casseurs to restart the same riots as in November," said Lionel Mayaula, an 18-year-old of African descent who studies economics at Albert Schweitzer High School. "I'm sure that's what will happen if it goes on like this."

Mayaula has misgivings about the protests that have paralyzed universities and high schools. He thinks the new labor law proposed by Prime Minister Dominique de Villepin could induce employers to hire young people, especially the unemployed and unskilled. The law responds to complaints that overly rigid protections prevent hiring; it creates a two-year probationary period during which employees under 26 can be dismissed without cause.

The protesters "all think they will enter working life and find a good job immediately," said the lanky Mayaula, who wore a dark blue NFL jersey under a long parka with the hood pulled up. "They seem to forget that it requires some experience to find a good job. The [law] sounds good to me for acquiring experience."

But student leaders say they are defending cherished job security against a government that does not understand the anger of French youth.

"The crisis that the country is experiencing … translates into the incidents on the edge of marches, the incidents that we all deplore," Karl Stoeckel, president of the National High School Union, said at a news conference outside the prime minister's Matignon Palace residence Saturday.

As a shaggy-haired activist wearing a red clown nose and roller skates rolled back and forth in front of a row of riot police, Stoeckel declared that "a gulf exists between the young people and the government. It has not realized that you don't impose a future on young people — you consult them."

Police will deploy in large numbers today at marches nationwide, on alert for right- and left-wing extremists as well as street gangs. Strikes are expected to shut down schools, transit and business, bringing the country to a near-stop.

The landscape of Paris' fashionable Left Bank has turned ominous. Checkpoints, steel anti-riot barricades and police buses block historic narrow lanes and stone plazas. Riot police in body armor stand guard near the Pantheon, the National Assembly, the Eiffel Tower. Police promise they will react more quickly than they did Thursday, when they were criticized for hesitating to intervene as gangs pummeled high-schoolers with seeming impunity.

But the presence of political parties and well-disciplined unions with experienced security teams will reduce the likelihood of violence today, the police intelligence commander said. The main concern remains the housing projects, especially if protests and accompanying tension persist, he said.

"That's the big question: Will there be a contagion?" the commander said. "If the kids in the housing projects do anything, it's most likely they will express themselves in their own way and on their own territory."

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Spring Fever Enlivens Politics (WSJ)

By George Melloan

The Wall Street Journal, March 28, 2006

This time it's not the disaffected Muslim youths of the banlieu rioting in France. It's the privileged students of the Sorbonne banging up cars and battling the flics.

What's to be made of this totally irrational protest by the young against a law intended to help them find jobs by allowing employers to offer two-year tryouts free of expensive labor-law requirements? For this, students should take to the streets?

In reality, as so often happens in France, naïve youths are being exploited by unions that know exactly what they are doing -- protecting a system that gives security to job-holding union members at the expense of the unemployed. Street demonstrations are the means by which French unions show government who's boss, and who plans to continue being boss.

Something else is being demonstrated as well, that democracy needs constant attention by those chosen to govern if it is to stay healthy. The French have been resorting to periodic manifestations for years, reflecting in the view of some analysts a national love affair with revolution and latent resentments of the strong powers Charles de Gaulle invested in the presidency. The current incumbent still has the powers, but near-zero popularity, which could make this a good time for the French to consider a constitutional change that would broaden and strengthen constituency representation in the French assembly.

France isn't the only mature democracy where people are taking their grievances into the streets. In the U.S., large crowds sympathetic to Latino immigrants demonstrated in Los Angeles and Chicago last week to let Congress know that passing immigrant-bashing legislation would cost a great many votes even while winning some from redneck militants. The organizers probably felt that the only way they could get the attention of Republican legislators was through loud protests. That would suggest that the Republicans in Congress aren't as well attuned as they should be to the mood of the country, not to mention the leadership of their own president.

Clearly, a distinction needs to be made between the demonstrations in France and the U.S. In France they seek to block a sensible reform. In the U.S. they seek to prevent what would be a major legislative blunder if the Congress continues to march toward the ham-fisted use of police power to resolve what essentially is a social and economic issue, not a criminal matter. Mass protests can convey a distorted impression of the broad public will, but the message in each case needs to be evaluated on its own merits. If the interests of a minority are being ignored, it's a message worth attention.

Turning to immature democracies, some American politicians are displaying impatience with the progress of nation-building in Iraq and Afghanistan, two nations that have held democratic elections with U.S. military protection and support. The world reacted with dismay last week when a unreconstructed Afghan prosecutor asked for the death penalty for Abdul Rahman, a man caught up in a child-custody battle who had converted to Christianity from Islam. This sounded like the country was reverting back to the vicious theocratic practices of the Taliban. But by Sunday, thanks most likely to the intercession of President Hamid Karzai, the court threw out the case and released Mr. Rahman.

In Iraq, similarly, the administration of President George W. Bush is taking flak from the Democrats for the failure of an elected legislature to agree on a new government of national unity. "We should make it very clear to them that we're only going to continue to be there if they work out a political compromise," blustered Senator Carl Levin on Fox News television Sunday. He was criticizing the more moderate comments of Secretary of State Condoleezza Rice, who had immediately preceded him in an interview with host Chris Wallace.

Ms. Rice, who has real responsibilities and by contrast to Mr. Levin has to forego bombast and idle threats, had earlier asserted that what Iraqi leaders are doing now is in fact a part of the democratic process:

"Of course, we have a stake in this, but we also have a stake in an outcome for this national government that will be stable and sustainable. And that means that they have to work through some of these difficult issues." In other words, they need to talk to each other, not to the American secretary of state.

Democracy is a continuum, not something that ends with an election. It is a process through which representatives of various constituencies and points of view work out their differences through persuasion and compromise. It ill-behooves American congressmen to lecture the elected representatives of new democracies when their own inability to come to terms on divisive issues -- such as the immigration question -- is so much on display. They would do better to try to set a better example in their conduct of the public business, rather than circling around like wrestlers in a tag-team match trying to get the upper hand in a contest that is only about power, not policy.

Public demonstrations are an exercise in freedom of expression. Police in Belarus have been trying in recent days to suppress protests against a rigged election in which Europe's last dictator, Alexander Lukashenko, had no trouble re-electing himself president earlier this month. The protestors are risking life and limb precisely because they want democracy. Afghans and Iraqis took similar risks when they ignored terrorists' threats to cast their votes.

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It is a betrayal of the voters when politicians who have been given a mandate by the public fail to use it to further the public good. Democratic politics is an intricate art form, remarkable in how it carries nations forward when you consider that every individual has a unique view of what serves his own interests and the public weal. It requires each individual to subordinate his own will to the broader public interest and put at least some trust in the wisdom of those the majority chooses as leaders.

It's spring, a time when spirits rise. The great drama of politics and government is influenced by these juices, usually for the better.

Who Moved My Fromage? (NYT)

By John Tierney

The New York Times, March 28, 2006

As student protesters and workers try to paralyze France today, I don't suppose many of them are looking to America to come to their country's aid. Nor do I suppose many Americans are in the mood for a new Marshall Plan. But I have a modest proposal anyway.

Someone needs to rescue France from its self-proclaimed malaise. Close to a quarter of its young people are unemployed, but they're too busy burning cars to look for jobs. They're protesting a new policy allowing workers under age 26 to be hired for a two-year trial period during which — quelle horreur! — they could be easily fired.

This policy, intended to encourage companies to take a chance on inexperienced workers, is being denounced for producing "slave jobs." It would be "like living beneath a guillotine," said Charlotte Billaud, a Sorbonne student.

"We're not disposable — we deserve better," said another student, Aurelie Silan. "Aren't we the future of France?"

Yes, mademoiselle, you are. That's the problem. What kind of college student wants a lifetime employment guarantee for the first job out of school? France's future is a generation of students whose idea of a good career — chosen by 75 percent of them in one poll — is a government job.

The leaders of the French Revolution called for constant daring: "L'audace, l'audace, toujours l'audace." Today's street protesters have another motto: "Contre la Précarité." Against Precariousness!

Legend has it that when Napoleon's Imperial Guard was cornered by the British at Waterloo, its leader boldly declared: "The Guard dies. It does not surrender." Today's French can't even stand up to unarmed foreigners. When French young adults were asked what globalization meant to them, half replied, "Fear."

Beneath that facade of arrogance, the French are suffering from a condition apparent to any American. They have low self-esteem. They're not feeling empowered. They need that great engine powering our economy: the American self-help industry.

The French produce great Camembert, but they haven't absorbed the wisdom of Spencer Johnson's modern classic, "Who Moved My Cheese?: An A-Mazing Way to Deal with Change in Your Work and in Your Life." They haven't heeded Donald Trump's instructional CD, "Think Like a Billionaire." They haven't mastered Stephen Covey's "Seven Habits of Highly Effective People" or Anthony Robbins's "Awaken the Giant Within."

A few French men and women have looked across the ocean for guidance — Robbins says he advised François Mitterrand — but the French masses still haven't awakened their inner giants. And they won't, unless we help them help themselves by sending over the titans of the American self-actualization movement.

This Marshall Plan B wouldn't cost American taxpayers much beyond a few French lessons, plane tickets and hotel rooms. The French might initially resent the intrusion — they have that fear of new things — but we can reassure them: there's a precedent. The U.S. government sent them the pioneer of self-help literature, Benjamin Franklin, and Paris loved him.

The only serious objection I expect is from Americans worried about our G.N.P.: Could the American economy struggle along without these gurus? But I think we're ready to go it alone, thanks to the billions of dollars of wisdom we've already stockpiled.

We've learned secrets like "Be Proactive" and "Think Win/Win" (two of Covey's seven habits). We now realize, thanks to Robbins, that "the past doesn't equal the future." We've paid $19.95 for Johnson's revelation: "Movement in a new direction helps you find new cheese."

We can afford to share this knowledge with the French. If they understood Covey's radical Win/Win theory — "Seek agreements and relationships that are mutually beneficial" — French students might not be marching today. They might wonder why they'd want to spend the rest of their lives (well, at least until they retire in their 50's) working for someone who doesn't want them around.

If the French students studied Johnson — "The quicker you let go of old cheese, the sooner you can enjoy new cheese" — they might even consider the possibility of changing jobs. We could send them French versions of Donald Trump's CD, "How to Launch a Great Career," which does not include instructions for burning cars.

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Eventually we could introduce them to Trump's television show, but not right away. There's a good reason "The Apprentice" hasn't made it to French TV. For now, "You're fired" translates as "We riot."

The French In Denial (WP)

By Robert J. Samuelson

The Washington Post, March 28, 2006

To anyone who cares about Europe's future, the French demonstrations and street riots protesting the government's new labor law must be profoundly disturbing. It's the French against France -- a familiar ritual that mirrors Europe's larger predicament. Hardly anyone wants to surrender the benefits and protections of today's generous welfare state, but the fierce attachment to these costly and self-defeating programs prevents Europe from preparing for a future that, though it may be deplored, is inevitable. Actually, it's not the future; it's the present.

The dilemma of advanced democracies, including the United States, is that they've made more promises than they can keep. Their political commitments outstrip the economy's capacity to deliver. Sometimes the commitments were made dishonestly. Sometimes they were made sincerely based on foolish assumptions. Sometimes they've been overtaken by new circumstances. No matter. The dilemma is the same. To disavow past promises incites public furor; not to disavow them worsens the country's future problems.

Look at France. Its needs are plain: to assimilate a large and restless Muslim population of immigrants and their children, to pay for the rising health and pension costs of an aging society and to compete in the world economy. But its economy is lackluster. From 2001 to 2005, annual growth averaged only 1.6 percent. By accident and design, the French have discouraged work. In a recent study, the Organization for Economic Cooperation and Development (OECD) in Paris reported:

· From 1994 to 2003 unemployment among prime-age adults, from 25 to 54, averaged 9.9 percent; for those 15 to 25, the average was 24 percent.

· In 2003 French workers spent an average of 1,431 hours on the job, the third-lowest among 26 advanced countries. Italy (1,591 hours) was 11 percent higher; the United States (1,822 hours), 27 percent; and South Korea (2,390 hours, the highest), 67 percent.

· Among those 60 to 64, only about one in six have jobs. In the United States, the comparable figure is about one in two.

This cannot continue. In 2005 France's labor force was 2.7 times as large as its 65-and-over population; by 2020 it's projected to be only twice as large. A shrinking share of France's population -- already working short hours -- would pay an increasing share of the country's rising pension and health costs. In 2004 the average retirement age was 59. Average taxes are already about 50 percent of national income; effective marginal rates (the rates on additional income) can hit 60 percent. How much higher could these go without crushing work incentives? Sooner or later France will have to adopt policies that lower unemployment, lengthen work hours, raise retirement ages and cut promised benefits.

Probably later. Efforts to face these issues provoke protests. The present flash point is a new law that allows employers to fire young workers (those hired younger than 26) for the first two years. Of course, U.S. firms can fire workers of all ages within the bounds of union contracts and the anti-discrimination laws. But in France the Labor Code gives most full-time workers an employment contract that makes layoffs costly. Legal standards must be met. Workers can appeal to labor courts. By one study, companies lost 74 percent of those cases. All these protections perversely -- but predictably -- stifle job creation. Companies don't hire, because it's hard to fire. They don't want to be saddled with unwanted workers. That's one cause of high unemployment.

Prime Minister Dominique de Villepin's new law tries to disarm that logic. The two-year probationary period gives employers flexibility. They don't have to keep workers they don't want. The change stemmed from last fall's rioting among young Muslims and complaints about their high jobless rate. Whether the law might work as intended -- or inspire temporary two-year jobs -- is unclear. Protesters said it would make them "the Kleenex generation," to be discarded at will. Either way, the change is minor. The outsized political reaction is telling and has happened before. In the 1990s prime ministers Edouard Balladur and Alain Juppe withdrew controversial proposals in the face of mass protests.

All this bodes ill for Europe, because other countries share France's situation. Governments seem incapable of reconciling political commitments and economic realities. The street protesters are given to much make-believe -- the illusion that if they march long enough and burn enough cars, they can prevent unwanted change. The concessions that governments make to the future are usually small and slow. France is raising full eligibility for retirement benefits from 40 to 42 years of contributions; the change occurs between now and 2020. This suggests a messy process of grudging accommodations that neither placate public opinion nor improve economic vitality. Europe, which is insecure and unconfident now, will probably become more so.

Unnatural Resources: With A Big Nuclear Push, France Transforms Its Energy Equation (WSJ)

DOJ_NMG_0022989

By Jeffrey Ball

The Wall Street Journal, March 28, 2006

BEAUMONT-HAGUE, France -- Tourist brochures for this peninsula of farms and stone villages tout its fresh mussels, tart cider and creamy butter. But what really distinguishes the region is another home-grown product: nuclear power.

Over the past three decades, the French government has transformed this 15-mile finger of land from a provincial backwater into one of the world's most concentrated patches of nuclear infrastructure. On an earthen pad carved from the cliffs squats a power plant with two nuclear reactors. It's expected to get a third. At the tip of the peninsula, which juts into the English Channel, sprawls a tightly guarded factory that processes spent nuclear fuel -- not just from France, but from throughout the world.

Some in France look at this landscape and cringe. Others see it as a point of national pride. One thing is clear: It stems from one of the world's most unflinching campaigns to curb fossil-fuel consumption.

With oil dependence and global warming at the top of the international energy agenda, France's experience with nuclear energy is drawing interest from the U.S. to China. Today, France produces 78% of its electricity from nuclear power -- more than four times both the U.S. share and the world average. The policy has slashed France's dependence on foreign energy and given it one of the lowest rates of greenhouse-gas emissions in the industrialized world.

France's push hasn't been painless and isn't a panacea. The French government hatched and coddled a nuclear industry that has cost an estimated $120 billion. In doing so, the country has accepted risks. French plants have been hit by sporadic radiation leaks. Officials are now preoccupied by the possibility of terrorist attacks. Still unresolved is how to safely dispose of waste that will remain radioactive for millennia.

France, moreover, still needs a lot of oil to function. Nuclear reactors generate electricity, which accounts for only 20% of the country's energy consumption. Oil makes up 49%. Though the country burns less oil today than before its nuclear push, its oil use is creeping up because of the rising number of cars and trucks on the road.

France's experience spotlights a daunting aspect of today's energy crunch: The world will have to face hard choices long before science comes up with definitive answers. There's mounting evidence that global warming is happening and that finding big new pools of oil is getting harder. But it's not yet clear how serious global warming will be or whether petroleum is running dry. If politicians and businesses act and these concerns prove overblown, they could waste vast sums of money. If they postpone action and the facts validate today's concerns, the future choices could be a lot harder.

One recent day, Monique Prunier, tourism director for the region that includes the Beaumont-Hague plant, was pointing out how tax income from the nuclear industry has improved the area: fresh flowers in a pot outside a renovated church, ornate street lights with buried electrical lines, a sleek new indoor public swimming pool. "It's a bit like paradise," she said. "We have everything and we have it easily."

Over lunch of fish and cider at a restaurant overlooking the sea, she also conceded the costs. The cider was made by a local farmer but isn't named for the region, as is typical elsewhere in France. The name "Hague" is synonymous with nuclear power. Then she held up a tourist brochure for the region. A few weeks earlier, Ms. Prunier was in Nantes, passing out copies to drum up visitors. One man "refused to touch this paper," she recalled, shaking her head. "He thought it was radioactive."

Inside a nuclear reactor, enriched uranium is broken down in a process called fission that creates massive amounts of heat. The heat boils water into steam, which powers turbines to generate electricity. The reaction also produces plutonium, which is hugely potent; one gram of it holds as much energy as about 15 barrels of oil. After the "spent" nuclear fuel is removed from a reactor, the plutonium can be extracted and used to make a bomb.

Some nuclear reactors are better for making heat, some plutonium. To burnish its credentials as a world power, France opted for a plutonium version when its engineers designed their first reactor in the 1950s. In 1960, France detonated its first nuclear bomb.

Tackling the Problem

At the same time, France started thinking about how to harness nuclear power for electricity. The country, which has no sizeable fossil-fuel deposits of its own, was almost totally dependent on imports for its oil. To help tackle that problem, French engineers developed a reactor called a "fast breeder."

Unlike a conventional nuclear reactor, which runs on fresh, enriched uranium, a fast breeder runs on leftover uranium combined with plutonium. It was envisioned as the ultimate vehicle for a self-sustaining French energy system -- a guard against what French planners predicted would be a rise in the global price of uranium.

In 1956, French oil imports were disrupted after Egypt blocked the Suez Canal. France, along with the United Kingdom and Israel, had invaded the area following Egypt's nationalization of the waterway. In 1973, Arab countries again threatened to cut off France's supply, prompting price spikes, and France vowed never again to be laid flat by a few oil-rich countries in the Middle East. It encouraged consumers to trim energy use and it launched a massive nuclear campaign, banging out six reactors a year.

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"En France, on n'a pas de pétrole, mais on a des idées ("France doesn't have oil, but it has ideas"), declared an advertisement that ran on what at the time was France's sole state-run television station.

The campaign was carried out by two state-controlled companies: Cogema, which is now part of Areva SA, and Electricite de France, then the country's electricity monopoly. The reactors were designed by Westinghouse Electric Co., based in Monroeville, Pa., near Pittsburgh. In February, Japan's Toshiba Corp. agreed to buy Westinghouse.

"It was Pittsburgh technology. We Frenchified it," says Bernard Dupraz, an EDF senior vice president.

In the mid-1970s, the Beaumont-Hague region got two big pieces of news. The government said it would build two Westinghouse-designed reactors in Flamanville, a tiny village on its west coast. The government also said it would enlarge an existing nuclear-reprocessing plant at Beaumont-Hague to treat the spent fuel coming out of the civil reactors. Processing plants separate spent fuel into uranium and plutonium, which can be reused, and high-level nuclear waste, which has to be disposed.

To finance the expensive refitting job, France signed long-term deals with other countries -- those that didn't have the political stomach to recycle nuclear waste in their own backyards. In effect, France defrayed the cost of its own nuclear program by contracting itself out as a global nuclear-waste processor.

To French officials, the move was ingenious. France's recycling technology "was good. We needed to sell it. We needed to make money," explains Claude Gatignol, a member of the French National Assembly representing the region that includes Beaumont-Hague. "That's economic success."

The decision to reprocess nuclear waste from countries such as Germany and Japan also sparked a series of demonstrations in the late 1970s and early 1980s. "The people understood taking our own waste," but they "couldn't accept becoming the trash can for the world," says Yannick Rousselet, who participated in his first antinuclear protest in 1979 when he was 19. Today he works full time as the Beaumont-Hague region's representative for Greenpeace, the environmental advocacy group.

In return, French consumers have enjoyed some of the lowest electricity rates in Europe. Opponents of nuclear power argue that rates are low because France's nuclear industry, like that in other countries, is heavily subsidized by the government.

As the French plowed ahead, the U.S. was pulling back. The economic effects of the 1973 oil shock slowed the growth of electricity demand, leading utilities to scale back on ambitious plans to build nuclear plants. In the late 1970s, concerns that plutonium would fall into rogue hands led President Carter to clamp down on civil nuclear reprocessing. After the 1979 Three Mile Island accident, the federal government ramped up nuclear oversight, leading some utilities to conclude that the cheapest option was to mothball their reactors.

Today, the U.S. has more reactors than any other country -- nearly double the number in France -- but they provide only 19% of the nation's electricity. It's proved far harder to construct an efficient nuclear industry in the U.S., where lots of utilities compete, than in France, where the government is in control. The lack of standardization in the U.S. market has created inefficiencies and higher costs.

A Constant Worry

France's nuclear program has never suffered a major accident along the lines of the 1986 nuclear disaster near Chernobyl, Ukraine, or even a smaller incident such as Three Mile Island. Nonetheless, safety has been a constant worry.

In 1981, a serious fire at the Beaumont-Hague plant released a radioactive element into the air. After the fire, the government created local committees to monitor the operations of French energy sites.

Sixteen years later, activists including Greenpeace's Mr. Rousselet said they found radiation levels higher than typical for the region at an exposed portion of pipe carrying treated waste water from the Beaumont-Hague plant to the sea. Coming into contact with radiation in certain doses can cause cancer and other serious health problems. Normally, the pipe would be covered by the sea, which would shield the radiation. At particularly low tides, it was exposed for short periods.

Cogema's engineers had long known the pipe could be exposed but concluded that it didn't release levels of radiation into the air that exceeded legal limits or that were dangerous. Bertrand Barré, scientific adviser to the chairman of Areva, says the company's assessment was right but that failing to cover the pipe was a public-relations mistake. How much of a mistake became clear when Greenpeace called the French media, which publicized the incident widely.

Cogema sent in workers to remove calcium buildups it concluded were causing the higher readings. The cleanup dislodged this material into the water, prompting Cogema to scrub the sea floor.

The same year, a researcher at a French university issued a study that found "some convincing evidence" that children who used beaches near the plant were more likely to get leukemia than those who didn't. That prompted the French government to order a review. In 2002, the study concluded it was impossible to link the additional incidences to either radiation or chemical releases from nuclear facilities. The government is doing further work on the part of the study dealing with chemicals.

Since the Sept. 11, 2001, attacks, France has grown increasingly protective of its nuclear industry. At the Flamanville nuclear plants, officials beefed up fire-fighting capabilities, supplementing water used to fight conventional fires with special foam

designed to extinguish blazes caused by jet fuel. At the reprocessing plant, which has always been heavily guarded, the French army dispatched a unit of soldiers who stayed on site for six months. After that, the army set up a radar post at a nearby local airport.

The state-run nuclear effort sometimes placed bets that turned sour. The grandest part of France's nuclear vision -- to run plants using left over uranium instead of the fresh kind -- flamed out in the late 1990s. France had built three fast breeders for that purpose, including one called the "Super Phoenix," which cost several billion dollars. But the country decided that the Super Phoenix was unnecessary. Contrary to planners' expectations, fresh uranium remained affordable on the global market.

In recent years, amid talk of a global nuclear expansion, uranium prices have risen. Some in France think fast breeders one day may be economically viable.

Areva is now hoping to take advantage of provisions in last year's U.S. energy bill to win contracts to build a fleet of reactors in the U.S. Last month, after declaring in his January State of the Union address that the U.S. is "addicted to oil," President Bush cited the success of France's nuclear strategy. "The best way to meet our growing energy needs," he said in a radio address, "is through advances in technology."

Areva recently hired as chairman of its U.S. unit the Bush administration's newly retired energy secretary, Spencer Abraham.

Back at home, a series of public debates about a proposed new Areva reactor in Flamanville has exposed an unexpected fissure in French thinking. France, like its neighbors, faces a European Union target to produce more electricity from "renewable" sources, such as the sun and wind. Because of its nuclear reliance, France lags behind many countries, notably Germany, in solar and wind power. This has led some to question whether the country's focus on nuclear power has been a strategic mistake.

Wind farms are creating their own political storm. There's one near Beaumont-Hague with five gray turbines about 250 feet tall. On a recent afternoon, the blades weren't moving amid a still wind. Germaine DuPont, who lives with her husband and children about 380 yards away, said she wishes that were always the case. When the blades whirl, "the noise is crazy," she said, adding that she takes sleeping pills to get some rest. "It's intolerable."

The man in charge of national energy policy says France is right to continue on the nuclear course. "We were convinced that renewable energy cannot provide enough [power] and that oil is not infinite -- so you must find something else," says François Loos, the country's industry minister, sitting in his Paris office and puffing on a Cuban cigar. "Everybody makes his choice."

Serbs Admit That Officials Aided War Crimes Fugitive (WP)

By Daniel Williams And Rade Maroevic

The Washington Post, March 28, 2006

BELGRADE -- After years of denial, Serbian authorities have acknowledged in a secret report that a band of about 50 intelligence and army officials conspired to conceal the movements of war crimes fugitive Ratko Mladic and provide him refuge.

The report, delivered to the government in January, was prepared by Serbia's military intelligence agency and led to firings and other moves within the country's domestic and military spy agencies, officials say. As a result, they assert, the noose around Mladic has been tightened, although there is no indication he is prepared to give up.

"There is a written document in military intelligence," Defense Minister Zoran Stankovic said in an interview. "The findings might lead to the prosecution of certain people who were in contact with war crimes suspects.

"Those officials were removed from their posts just several months ago. That means that we have just now managed to create circumstances for more efficient and more engaged work" in making an arrest, Stankovic concluded.

Mladic, a general, was commander of Bosnian Serb forces during the 1992-95 war in Bosnia, one of four conflicts during the breakup of Yugoslavia. Chief among the allegations against him is that he organized and oversaw the 1995 slaughter of as many as 8,000 unarmed Bosnian Muslim men and boys captured in the town of Srebrenica. Serb soldiers transported the victims to isolated spots in eastern Bosnia, killed them and buried them in mass graves.

The European Union has set a deadline for Mladic's capture or surrender by the end of March. The E.U. made membership talks for Serbia, originally planned for April 4, conditional on the delivery of Mladic to the U.N. International Criminal Tribunal for the former Yugoslavia in The Hague. The E.U. also demanded that Bosnian Serb political leader Radovan Karadzic be turned over.

U.N. war crimes prosecutor Carla del Ponte is scheduled to visit Belgrade on March 29 and then report to the E.U. on whether Serbia is being diligent in trying to capture Mladic and Karadzic. Serbia's critics in the E.U. say the government is reluctant to move aggressively against a man whom many Serbs view as a nationalist hero.

Serbian officials deny that. On Monday, Serbian President Boris Tadic told reporters in Sweden, "We have to finalize this process of collaboration with the E.U., and there is no doubt about it that we have to solve the Mladic problem."

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Stankovic played down talk of a deadline but said the Serbian government, including the army, was working to locate Mladic. "You know how hard it is to locate fugitives who have committed worst crimes, terrorism, drug smuggling, even in rich countries that have incomparably better logistics and infrastructure," he said.

Stankovic said that Serbia's domestic intelligence agency was leading the search but that military intelligence and police were assisting. In January, Stankovic took direct control of army intelligence.

Also that month, police arrested two soldiers suspected of directly helping Mladic evade capture. One, Col. Jovo Djogo, is suspected of coordinating efforts to hide Mladic inside the Serb Republic, an autonomous region of Bosnia under ethnic Serb control. Djogo was a representative of the Serb Republic in Belgrade during the Bosnian war.

The other detainee, Sasa Badnjar, was a Bosnian Serb soldier who belonged to Mladic's security team during the war. He is said to have coordinated communication between the fugitive general and his sympathizers.

Serbian officials say Mladic's support network is composed of comrades from his home town in Kalinovik, Bosnia, and from the Ninth Corps of the Yugoslav army, which Mladic commanded in 1991, as well as from military intelligence of the former Yugoslav army. Some of his helpers may still be in the army or intelligence agencies, the officials say.

For years, Mladic moved around openly in Serbia. He was hosted at various military bases in the country. But in 2002, the year the Belgrade government agreed to fully cooperate with The Hague tribunal, he left the base at Gornji Milanovac, about 55 miles south of Belgrade, and disappeared.

His whereabouts since have been the subject of intense speculation. NATO peacekeeping forces and local police have mounted numerous manhunts in the area of Han Pijesak, in Serb-dominated eastern Bosnia. An extensive underground military bunker is located there.

Mladic has been spotted in a restaurant in the town of Pricevici and atop forested Cer Mountain, at the Bosnian border. Cer contains a military base, a Serbian Orthodox monastery and numerous hunting lodges. Residents of the region are known for fierce nationalism. During World War II, Serbs there put up a staunch defense against German invaders. In the postwar period, loyalists of the defunct Serbian monarchy resisted Communist rule.

Last year, the political atmosphere seemed to be ripe for Mladic's surrender after a video of the execution of six Srebrenica prisoners was broadcast in Serbia.

Rumors of Mladic's capture or surrender circulated widely in advance of the 10th anniversary of the Srebrenica killings. At the time, Serb officials said they had been negotiating with intermediaries and authorized financial help for Mladic's family if he gave himself up. The United States has offered a $5 million reward for his capture.

This week, the Belgrade daily newspaper Politika reported that investigators had interrogated 20 members who served as security guards for Mladic in the past to try to trace his whereabouts. Politika also reported that the government had "indications" that Mladic had left the country.

Serbian officials say that a team of about 300 intelligence and military operatives is working to find the fugitive. Recently, police searched three apartments in Belgrade where reports said he had been hiding. They were described as filthy rooms filled with cigarette butts, rotten mattresses and gas camp stoves.

Some Serbian officials have gone as far as to suggest that Mladic kill himself and take the burden of capturing him off Serbia.

The recent death of wartime Yugoslav president Slobodan Milosevic in his cell outside The Hague has created new political obstacles to a surrender. Serbs who opposed sending Milosevic to trial were enraged; they would be likely to raise new objections to transferring Mladic. "Milosevic's death makes it all the more difficult for the government," said Nenad Stefanovic, news director at government-operated RTS television.

In Disgrace, And Facing Death (NYT)

By Nicholas D. Kristof

The New York Times, March 28, 2006

KHANPUR, Pakistan

Aisha Parveen will live another day. Indeed, at least another week.

Ms. Parveen, the young Pashtun woman I wrote about on Sunday, was kidnapped at the age of 14 and imprisoned in a brothel here in southeastern Pakistan for six years. She escaped in January and married the man who helped her flee, but now a Pakistani court has charged her with adultery and is threatening to hand her back to the brothel owner — even though she is adamant that he will then torture and kill her.

Ms. Parveen's court hearing was yesterday, and I was afraid that would be the end. But the court adjourned the case for one week for further investigation. And Ms. Parveen's lawyer thinks the mood is different now: the Pakistani press picked up on my column, and the attention will make judges more careful about handling her.

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So the publicity may save her life, but it won't make much difference for thousands of other Aisha Parveens around the world. Asma Jahangir, the chairwoman of the Human Rights Commission of Pakistan, said she sees cases like Ms. Parveen's all the time.

"There is no such thing called justice in Pakistan," said Ms. Jahangir, a prominent lawyer in Lahore. "It has simply collapsed."

Ms. Jahangir fights heroically for poor women who have been charged — like Ms. Parveen — with zina offenses under Islamic law. Zina encompasses fornication and adultery, and accusations of zina are effective weapons against women.

Landlords often evict women tenants, for example, by accusing them of zina. Worse, women who go to the police to report rapes can be arrested for zina, because they have acknowledged illicit sex and yet usually cannot provide four male witnesses to prove that it was rape.

Even professionals like Ms. Jahangir are targeted if they confront the government. Last year, for example, the police attacked her and a group of other middle-class women demonstrating for women's rights. She says that an aide to President Pervez Musharraf gave the police instructions about her: "Teach the [expletive] a lesson. Strip her in public." Sure enough, the police ripped off her shirt.

Ms. Parveen, now living in hiding after several kidnapping attempts in the last few days, faces an even more brutal struggle. Her only stroke of luck is having her new husband, Mohamed Akram, who rescued her from the brothel, on her side. The young couple are lovebirds, and each keeps talking about being so lucky to have found the other.

But Mr. Akram, while unwavering in his love, has disgraced his family by marrying a supposedly fallen woman, and his older sister is suffering.

"My brother-in-law sent me a message: 'Unless you divorce her, I will divorce your sister,' " Mr. Akram lamented. "She has two kids. And he's also beating her now. He's very upset because I married a girl who was in a brothel, who is not a virgin."

The couple cannot seek refuge with Ms. Parveen's parents, because Pashtun parents routinely protect their family honor by killing daughters accused of zina.

"I cannot go back there because if I do, they'll kill me," Ms. Parveen said. "In their eyes I'm dishonored, because even if a girl is kidnapped, then in their eyes she still should be killed."

Saddest of all, her story isn't newsworthy in a classic sense. There's nothing at all unusual about a young Asian woman suffering years of sexual enslavement, or judicial malpractice or murder.

And that's the challenge for us all, Asians and Americans alike — to change our worldview and put gender issues like sex trafficking higher on the global agenda.

A quarter-century ago, Jimmy Carter plucked human rights abuses from the backdrop of the international arena and put them on the agenda. Now it's time to focus on gender inequality in the developing world, for that is the greatest single source of human rights violations today.

Political dissidents tend to get the world's attention. But for every dissident who is beaten to death by government torturers somewhere in the world, thousands of ordinary women or girls die prematurely because of the effects of discrimination. In India, for example, girls 1 to 5 years old are 50 percent more likely to die than boys of the same age, because the boys are favored. That differential accounts for the death of a young Indian girl every four minutes.

Since these victims usually are voiceless, I'll give Ms. Parveen the last word so she can prick our consciences.

"God should not give daughters to poor people," she said in despair. "And if a daughter is born, God should grant her death."

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McKenzie, Peggy (CIV)

From:	McKenzie, Peggy (CIV)
Sent:	Tuesday, March 28, 2006 11:29 AM
To:	Agarwal, Asheesh (CIV); Bahr, Dorothy (CIV); Baxter, Felix (CIV); Bordeaux, JoAnn (CIV); Bucholtz, Jeffrey (CIV); Calvert, Chris (CIV); Cohen, David M. (CIV); Cohn, Jonathan (CIV); Davis, Deborah J; Fargo, John (CIV); Fielding, Gabrielle (CIV); Fishback, David (CIV); Flentje, August (CIV); Fowler, Liane (SMO); Frost, Peter (CIV); Garren, Timothy (CIV); Glynn, J.Patrick (CIV); Goldberg, Arthur (CIV); Gorsuch, Neil M; Gray, Towanda (CIV); Hertz, Michael (CIV); Hollis, Robert (CIV); Hudson, Lewis (CIV); Hunt, Jody (CIV); Hussey, Thom (CIV); Jennings, Geraldine (CIV); Katsas, Gregory (CIV); Keener, Donald (CIV); Kent, Alexander (CIV); Kohl, Christine (CIV); Kohn, Chris (CIV); Kopp, Robert (CIV); Liner, Linda (CIV); Lloyd, Shirley (CIV); Lucas, Regina E. (CIV); Magnuson, Cynthia; McCallum, Robert (SMO); Miller, Charles S; Pyles, Phyllis (CIV); Riley, Sharon (CIV); Rivera, Jennifer (CIV); Schiffer, Stuart (CIV); Shannen Coffin; Shaw, Aloma A; Swenson, Lily F; Thirolf, Eugene; Williams, Angela (CIV); Williams, Toni (CIV); Willis, Kerry (CIV); Zwick, Ken (CIV)
Cc:	scoffin@ovp.eop.gov
Subject:	3/28 CIV Weekly Report to the AG
Attachments:	CivDivWkly0328.wpd

U.S. Department of Justice

Civil Division

Assistant Attorney General *Washington, D.C. 20530*

March 28, 2006

MEMORANDUM FOR THE ATTORNEY GENERAL

THROUGH: THE DEPUTY ATTORNEY GENERAL

THROUGH: THE ASSOCIATE ATTORNEY GENERAL

FROM: Peter D. Keisler
Assistant Attorney General

SUBJECT: Civil Division Weekly Report to the Attorney General

A. NEXT WEEK

· ***D.C. Circuit Schedules Oral Argument in Appeal Involving Department of Homeland Security's Human Resources Regulations***
National Treasury Employees Union, et al. v. Michael Chertoff, Secretary of Homeland Security, et al. [United States Court of Appeals for the District of Columbia Circuit; United States District Court for the District of Columbia]. In this facial challenge brought by several federal labor unions, the district court upheld in part and struck down in part recent regulations, jointly issued by the Department of Homeland Security and the Office of Personnel Management, creating a new human resources management system for the Department of Homeland Security. While upholding significant portions of the regulations, the district court found fault with (among other things) their treatment of collective bargaining and with the new role prescribed for the Federal Labor Relations Authority in Department of Homeland Security matters. Both sides have appealed and have filed briefs on an expedited schedule, and the United States Court of Appeals for the District of Columbia Circuit has now set oral argument for April 6, before Judges Randolph, Griffith, and Edwards.

· ***D.C. Circuit to Hear Oral Argument in Appeals Challenging Computer Disconnection and Class Notice Orders and Seeking Reassignment of this Indian Trust Litigation to a***

Different District Court Judge
Cobell v. Norton [United States Court of Appeals for the District of Columbia Circuit; United States District Court for the District of Columbia]. On Tuesday, April 11, a panel of the D.C. Circuit (Tatel, Brown, Silberman) will hear oral argument in two appeals arising out of the ten-year-old Indian trust litigation. One appeal challenges an injunction requiring the Department of the Interior to disconnect major computer systems from the internet and from internal computer networks. The second appeal challenges an order requiring Interior to declare in all written communications with class members that its trust information is of questionable reliability. The appeal also seeks reassignment of the case to a different district court judge.

B. THIS WEEK

- Nothing to report.

C. LAST WEEK

- ***Fourth Circuit Concludes that Immigration Judge Applied an Overly Stringent Legal Standard to Asylum Claim***
  Menghesha v. Gonzales, (Williams, King, Gregory) [4th Cir.]. On March 13, in a published decision (--- F.3d ---, 2006 WL 598126), the Fourth Circuit remanded the case for the agency to apply the correct legal standard in adjudicating the alien's asylum claim. The Court concluded that the Immigration Judge misapplied the law in ruling that the government intended to prosecute petitioner for obstruction of justice, and improperly held the alien to an "overly stringent legal standard" of proving that political persecution was the government's "sole motive."

- ***Second Circuit Reverses Adverse Credibility Determination and Suggests Reassignment to a Different Immigration Judge***
  Pavlova v. INS [2nd Cir.]. On March 14, the Second Circuit reversed the Board and remanded the case with a "strong" suggestion to reassign the case to a different Immigration Judge. The Second Circuit determined that the Immigration Judge mischaracterized the alien's testimony, gave flawed reasoning, and failed to address the alien's explanations. The Court held that the alien's failure to submit corroborating evidence was insufficient to support an adverse determination because it was not clear whether the same decision would have been reached without the noted errors.

- ***Federal Circuit Denies Petition for Review in Employment Case***
  Devlin v. Office of Compliance [United States Court of Appeals for the Federal Circuit]. On March 14, the Federal Circuit (Bryson, Gajarsa and Linn) denied the petition for review in this age discrimination case, which contended that the Architect of the Capitol discriminated against petitioner on the basis of his age by denying him a non-competitive promotion and retaliated against him for filing a complaint. The Office of Compliance concluded that the Architect's standing offer to perform a desk audit to review the classification of petitioner's position showed that petitioner had not been discriminated against and that the finding that the Architect was willing to perform a desk audit precluded petitioner's claim that he was retaliated against. The court of appeals affirmed in a one-word, unpublished opinion.

- ***Immunity Agreement Does not Preclude Debarment Proceedings***
  American Floor Consultants & Installations, Inc. v. United States [Court of Federal Claims](Miller, J.). On March 14, 2006, the Court of Federal Claims held that plaintiffs' agreement with Air Force officials granting the company immunity from criminal prosecution did not preclude debarring plaintiffs from future contracts with the government. In any event, the Court held that it lacked the jurisdiction to entertain the contract claim because the contract did not expressly subject the United States to monetary liability and the government's contracting agent did not have authority to obligate the government to pay money.

- ***Seventh Circuit Affirms Denial of Withholding of Removal***
  Kobugabe v. Gonzales [7th Cir.]. On March 15, the Seventh Circuit held that the agency did not abuse its discretion or commit error in its denial of withholding of removal. The alien claimed tribal and political persecution because the government allegedly killed family members who participated in previous regimes. The Court noted the untimeliness of the alien's asylum application, did not address the agency's finding of adverse credibility, but determined that even if the alien was credible, neither the record evidence nor current country conditions suggest any persecution either of the alien's tribe or of relatives of former regime members.

- ***Second Circuit Determines that REAL ID's "Questions of Law" Refers to Narrow Category of Issues of Statutory Construction***
  Bugayong v. INS [2d Cir.]. On March 15, 2006, the Second Circuit held that the denial of the alien's request for a section 212(h) waiver of inadmissibility and adjustment of status was a discretionary judgment committed by law to the Board and not subject to judicial review. The Court discussed the interplay of the former INA jurisdiction provisions and the REAL ID Act jurisdiction provision, which restores judicial review for "constitutional claims or questions of law." The Court held that the phrase "questions of law" does not extend to the alien's claims of legal error, but instead refers to a narrow category of issues regarding statutory construction. The Court also noted that the statute plainly places the decision to grant 212(h) relief in the discretion of the Attorney General, even if the statutory prerequisites are met.

- ***Belgian Court Upholds Substitution of Parties under Article 8, NATO/SOFA***
  Kusche v. United States [Court of First Instance, Mons, Belgium]
  On March 15, the Court of First Instance dismissed a medical malpractice claim against

the United States brought by Christian Kusche on behalf of his infant daughter for injuries inflicted by the alleged negligence of the American military medical staff in the obstetrics wing of the NATO/SHAPE hospital in Belgium. We argued that, under the dispute resolution mechanisms of the NATO/SOFA treaty, claims for injuries caused by a sending state are to be dealt with by the receiving state as if the claim arose from the activities of its own armed forces. Pursuant to that treaty provision, we moved to dismiss the case arguing that Belgium, as the receiving state, should have been named as the defendant instead of the United States. The court agreed, dismissed the United States, and declared the suit against Belgium time-barred.

- ***District Court Dismisses Toxic Mold Case Upon Plaintiffs' Stipulation of Voluntary Dismissal with Prejudice***
  Mitchell, et. al. v. United States, 5:04-CV-1734-R, [Western District of Oklahoma] (Judge David Russell). After filing a motion to dismiss based on the discretionary function and contractor exceptions to the Federal Tort Claims Act and a motion to exclude plaintiffs' experts, the United States successfully negotiated with plaintiffs' counsel to voluntarily dismiss with prejudice their $1.25 million case alleging personal injuries due to toxic mold exposure in their Family Housing Unit at Fort Sill, Oklahoma. On March 16, Judge David Russell granted plaintiffs' stipulation of dismissal.

- ***Eighth Circuit Affirms the Dismissal of Claims against the Federal Crop Insurance Corporation because the Plaintiffs Failed to Exhaust Their Administrative Remedies***
  Ace Property and Casualty Insurance Company v. Federal Crop Insurance Corporation (8th Cir.) (Murphy, Hansen, Smith). Numerous insurance companies, holding Standard Reinsurance Agreements with the Federal Crop Insurance Corporation, sued it for breach of contract. The companies challenged the implementation of legislative and regulatory changes governing crop insurance that reduced their administrative fees and their reimbursement for loss adjustment expenses. The district court held that the statute and regulation governing the disputes process, 7 U.S.C. § 6912(e) and 7 C.F.R. § 400.169(a), were jurisdictional provisions; the district court dismissed for lack of jurisdiction based upon the companies' failure to submit their dispute to the Deputy Administrator of Insurance Services, and then to the Department of Agriculture Board of Contract Appeals, before filing an action in a district court. On March 16, the Eight Circuit, while holding that 7 U.S.C. § 6912(e) is not jurisdictional, affirmed the dismissal for the plaintiffs' failure to exhaust administrative remedies.

- ***Fifth Circuit Determines that an Individualized Fear of Persecution Can be Negated by Evidence Directly Related to that Fear***
  Shehu v. Gonzales [5th Cir.]. On March 17, 2006, the Fifth Circuit affirmed the denial of asylum and of humanitarian asylum. The Court determined that: (1) even if the government were required to negate the assertion of individualized persecution by requiring the submission of more than generalized evidence of changed country conditions, the government had done so in the current case; (2) evidence of persecution no more severe than that experienced by the vast percentage of others seeking asylum were insufficient to establish the criteria of severe persecution required to entitle one to "humanitarian" asylum.

- ***District Court Enters Judgment for the United States in Mid-Air Collision Case***

Landry v. United States [Middle District of Florida] (Judge John Antoon II, D.J.). On March 20, Judge Antoon entered judgment on a bench trial that was conducted July 18-22, 2005. Plaintiffs alleged that air traffic controller negligence contributed to the collision of two general aviation aircraft in visual conditions at an uncontrolled airport, killing plaintiff's decedent and three others. Plaintiffs sought $3 million in compensatory damages. The court found that the controller breached no duty owed to the pilots, that the actions of the controller were not a proximate cause of the accident, and that the sole cause of the accident was pilot error. In its opinion, the court distinguished *Worthington v. United States*, 21 F.3d 399 (11th Cir. 1994) and *Abrisch v. United States*, 359 F. Supp. 2d 1214 (M.D. Fla. 2004). These cases are frequently cited for the proposition that controller negligence is causal if it sets in motion events leading to the accident, notwithstanding pilot negligence. However, the court in this case found plaintiff failed to establish that the controller was negligent, and, even if he had been, pilot negligence was an intervening cause.

- ***Court Enters Judgment for United States in First Suit Arising Out of TCE and PCE Contamination at Camp Lejeune Marine Corps Base***

  Gros, et al. v. United States [Southern District of Texas] (Judge Ellison). On March 21, the district court entered judgment for the United States on the claims of four individuals who sought $100 million for personal injuries allegedly caused by exposure to trichloroethylene and perchloroethylene contamination of the water supply at Camp Lejeune Marine Corps Base. The United States has received over 550 administrative tort claims regarding this contamination. Previously, in September 2005, the court had granted the United States' motion to dismiss the plaintiffs' class action allegations and all of the plaintiffs' claims related to plaintiff Michael Gros, pursuant to *Feres v. United States*, 340 U.S. 135 (1950), because his alleged injuries were incident to military service. After the court of appeals dismissed the plaintiffs' premature appeal of that decision, the United States negotiated a stipulated dismissal with prejudice for all of the remaining claims so that the plaintiffs could pursue an appeal of the claims related to plaintiff Michael Gros. Pursuant to that stipulation, the district court entered judgment.

- ***Magistrate Judge Authorizes Counsel Visit to Guantanamo Detainee without Demonstration of Attorney/Client Relationship***

  Adem v. Bush [District of Columbia]. On March 21, Magistrate Judge Alan Kay ordered that purported counsel for a Guantanamo Bay detainee be permitted to visit the detainee despite the government's objections that the district court lacked jurisdiction under the Detainee Treatment Act of 2005 and that, in addition, counsel for the detainee had failed to demonstrate either that counsel had direct authority to represent the detainee in a habeas case or that proper "next friend" standing had been established. Counsel's basis for authority to bring a habeas action on behalf of the detainee is that the detainee allegedly asked another detainee to help him obtain a lawyer. Our longstanding interpretation of the governing protective order and counsel access procedures in the Guantanamo habeas cases is that an attorney must demonstrate that the lawsuit has been directly authorized by a detainee or an appropriate "next friend" petitioner prior to being permitted direct, privileged access to the detainee. Magistrate Judge Kay rejected this interpretation of the protective order, including the need for either direct authorization or a proper "next friend" for access, and concluded that the government must permit any counsel who purports to represent a Guantanamo detainee to meet with the detainee to

determine if the detainee wants the lawyer to represent him and pursue a habeas action on his behalf. The Magistrate Judge's ruling has significant implications for almost 20 pending challenges to "next friend" standing in other Guantanamo habeas cases, concerning which a status conference before the Magistrate Judge is scheduled for March 29. The government's motion for reconsideration of the Magistrate Judge's order is currently due April 4.

- ***Sixth Circuit Upholds Michigan's Medicaid Single Source Contract***
  Harris v. Olszewski; L.F. v. Olszewski [United States Court of Appeals for the Sixth Circuit; United States District Court for the Eastern District of Michigan]. On March 21, the Sixth Circuit (Siler, Sutton, Sharp by designation) held that Michigan's single source provider contract, under which all of the State's Medicaid patients would receive incontinence products from a single supplier, did not violate Medicaid's "freedom of choice" provision, 42 U.S.C. § 1396a(a)(23)(A). The Court first agreed with the government that the freedom of choice provision created a right of action privately enforceable under 42 U.S.C. § 1983. The Court then held that incontinence products were "medical devices" within the meaning of 42 U.S.C. § 1396n(a)(1)(B), and thus could be exempted from the freedom of choice provision via a single source provider contract. The Court rejected plaintiffs' argument that the term "devices" unambiguously excludes incontinence products, and instead deferred to Heath and Human Services' reasonable interpretation of that term that permits States to consider incontinence products as "devices."

- ***Rehearing Denied in Winstar-Related Case Holding that Plaintiffs Assumed the Risk of Regulatory Change***
  Franklin Federal Savings Bank v. United States (Federal Circuit). On March 21, the United States Court of Appeals for the Federal Circuit denied the combined petition for panel rehearing and rehearing en banc filed by plaintiffs in this *Winstar*-related case. In December, the court held that any contract imposed upon plaintiffs the risk of a change in law, and accordingly, the enactment of the Financial Institutions Reform, Recovery, and Enforcement Act of 1989 did not breach the plaintiffs' contract. The trial court had awarded the plaintiffs approximately $800,000 in reliance and "dividend dilution" damages after a three week trial. Plaintiffs sought an additional $5.8 million in their cross-appeal, which the appellate court did not reach. Several *Winstar*-related cases remaining before the trial court involve the same issue, and plaintiffs in one of those cases filed an amicus brief supporting the *Franklin* plaintiffs' petition for rehearing.

- ***Guilty Plea in Miami DVD Vending Machine Fraud***
  United States v. Thomas R. Kling [Southern District of Florida] (Judge Martinez). On March 22, Thomas R. Kling pled guilty to one count of conspiracy to commit mail and wire fraud in connection with a DVD vending machine scam. This is the first conviction associated with American Entertainment Distributors, Inc., a Florida-based company which defrauded consumers across the United States of approximately $20 million. The business was shut down in September 2004 by the Federal Trade Commission. Seven other defendants are scheduled to go to trial in October 2006.

- ***Bank of America Awarded $16.8 Million in Winstar Case***
  Bank of America, FSB v. United States [Court of Federal Claims] (Weise, J.).

On March 22, the Court of Federal Claims awarded Bank of America, FSB $16,750,553.00 in damages for breach of a goodwill agreement arising from the 1986 acquisition of Honolulu Federal Savings and Loan. Bank of America originally claimed $88 million in damages, but the court rejected most of these claims prior to and after trial, leaving unresolved several additional cost claims. The award represents the net cost of capital infused by investors to replace regulatory capital phased out by Financial Institutions Reform, Recovery and Enforcement Act of 1989. Additionally, while rejecting Bank of America's claim for a "gross up" of the damage award to compensate for taxes that may be imposed, the court held that Bank of America could seek relief pursuant to Rule 60(b) if the award is ultimately taxed.

- ***First Circuit Holds Federal Tort Claims Act Action in Case Arising Out of the Federal Bureau of Investigation Involvement With Boston's Winter Hill Gang Barred by Statute of Limitations***
  Rakes v. United States of America; Dammers v. United States of America [United States Court of Appeals for the First Circuit; United States District Court for the District of Massachusetts]. On March 23, the First Circuit (Stahl, Boudin, Selya) affirmed the judgment of the district court holding that the Federal Tort Claims Act's two-year statute of limitations barred this Federal Tort Claims Act action arising out of the alleged extortion of plaintiffs' liquor store at the hands of Federal Bureau of Investigation informants Whitey Bulger and Steve "the Rifleman" Flemmi, members of Boston's notorious Winter Hill crime syndicate. Plaintiffs had set forth several theories of causation in an attempt to make their claim timely, but the Court held that once the plaintiffs had sufficient knowledge to trigger accrual of one theory, they also had sufficient knowledge to trigger accrual of the other two proposed theories. The court also rejected plaintiffs' fraudulent concealment and duress tolling arguments. This is one of a series of cases arising out of the Federal Bureau of Investigation's relationship with Bulger and Flemmi (we also recently prevailed in the First Circuit in *Callahan v. United States*, a wrongful death action) and should prove helpful in future litigation.

- ***District Court Grants Motion to Dismiss in Suit Arising From Scheme to Defraud the Postal Service and a Bulk Mailer***
  SAKS, Inc. v. United States [Southern District of Mississippi] (Judge Henry T. Wingate]. On March 23, Judge Wingate granted the United States' motion to dismiss in this case arising from a conspiracy between a Postal Service employee and an employee of SAKS in which they diverted to their own use over $150,000 that SAKS intended to have deposited in a Postal trust fund. Plaintiffs alleged that the Postal Service failed to train and supervise its employee. The court held that all of plaintiff's claims were barred by the misrepresentation and deceit exceptions to the Federal Tort Claims Act.

- ***Business Opportunity Defendant Sentenced to Three Years Imprisonment***
  United States v. Richard Balber [Southern District of Florida] (Judge Marra). Richard Balber was sentenced on March 24 for his participation in a fraudulent business opportunity firm called AmeriP.O.S. Inc. Balber, a salesman, received a sentence of 37 months' imprisonment and $1,556,631.92 in restitution. Balber and others promoted business opportunities costing approximately $12,000. Potential purchasers were told they would receive pre-paid product terminals, along with assistance in establishing, maintaining, and operating a terminal business. Balber was a salesman who enticed existing distributors to purchase additional terminals through various misrepresentations.

Balber was the twelfth defendant sentenced in connection with AmeriP.O.S., which victimized over 1,500 people and caused more than $19,000,000 in losses.

Contact: Sharon Riley, Counsel, 514.3886

Miller, Charles S

From: Miller, Charles S
Sent: Tuesday, March 28, 2006 12:05 PM
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Subject: 3/28/06 Civil Division News

Court Terrorism Case Will Test U.S. Presidential Powers

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Bloomberg

3/28/06

Court Terrorism Case Will Test U.S. Presidential Powers

(Bloomberg) -- The U.S. Supreme Court, which said in 2004 President George W. Bush doesn't have a ``blank check'' to fight terrorism, will consider giving his administration a broad shield against legal claims by inmates at Guantanamo Bay.

The justices today in Washington will consider the administration's bid to block a lawsuit by Salim Ahmed Hamdan, a former driver for Osama bin Laden who says the government lacks authority to try him on a

conspiracy charge before a military tribunal. It's the first Supreme Court terrorism case since Bush appointed two new justices.

The dispute raises questions about presidential wartime powers and the ability of the courts to put limits on the executive branch. The administration says a law enacted in December strips the Supreme Court of authority to hear Hamdan's case and bars any inmate challenge to the legality of the military tribunals.

``If the statute means what the administration says it means, then Guantanamo is a legal black hole out of which nothing emerges,'' said New York University law professor Burt Neuborne, who filed a high court brief opposing the tribunals. ``There's no way to seek relief from anything that gets done there.''

Defenders of the administration's policies say the president needs broad authority -- and limits on judicial involvement -- to fight terrorism effectively.

``When we're engaged in armed conflict, you can't expect the military to convert itself from a war-fighting machine to a bunch of gumshoes and paralegals,'' said former Attorney General William P. Barr in an interview.

Prisoners of War

Some of the lawyers siding with Hamdan are retired generals and admirals who filed a court brief saying that abusing the rights of prisoners of war may breed more terrorism and endanger U.S. troops.

The new law, the Detainee Treatment Act, lets inmates at the Guantanamo prison in Cuba go to federal court only after a conviction by a military tribunal. The law also limits the issues the federal court can consider. Hamdan's lawyers say it would preclude him from contesting Bush's authority to set up the tribunals or arguing that their procedures violate Geneva Convention protections for prisoners of war.

The question for the court is whether those restrictions apply to Hamdan's case, requiring the justices to toss it out even though it was already on their argument calendar when Bush signed the law. In court papers, Hamdan's lawyers said dismissing their case ``would raise grave constitutional questions'' giving Congress unprecedented power over the Supreme Court's docket.

Constitutional Concerns

The administration and its allies say the constitutional concerns are overblown. U.S. Solicitor General Paul Clement, the administration's top Supreme Court lawyer, says the court has repeatedly recognized Congress's power to limit judicial review.

The dispute marks the court's first terrorism case since June 2004, when it said American citizens held as enemy combatants are entitled to a hearing. A second decision the same day let inmates at Guantanamo seek help in federal court.

Since that time, Bush has added two new members to the high court, Chief Justice John Roberts and Justice Samuel Alito. Because Roberts took part in the Hamdan case as an appeals court judge, siding with the administration, he won't participate in the Supreme Court arguments or the decision.

The Hamdan case has sparked controversy over the role of Justice Antonin Scalia. In remarks in Switzerland earlier this month, Scalia said Guantanamo detainees weren't entitled to a jury trial in civilian courts.

Jury Trials

``War is war, and it has never been the case that when you capture a combatant, you have to give him a jury trial in your civil courts,'' Scalia said. ``It's a crazy idea to me.''

Although that issue isn't directly before the court in the Hamdan case, the retired generals and admirals who filed a brief with the justices yesterday sent the court a letter asking Scalia to disqualify himself from

taking part in the case. Court spokeswoman Kathy Arberg said Scalia had no comment.

The case will shape how much control the administration has over almost 500 inmates at Guantanamo, most of them captured in Afghanistan during the 2001 war against the Taliban. Some 300 of those inmates have cases pending in federal courts.

The U.S. Court of Appeals for the D.C. Circuit ruled 3-0 last year that Congress authorized the president to set up military tribunals when it approved the use of force to fight terrorism following the Sept. 11 attacks. The court also said the Geneva Convention isn't enforceable in federal court and doesn't apply to members of bin Laden's al-Qaeda network.

Enemy Fighters

Defenders of the appeals court decision say enemy fighters captured in war have long been tried before military tribunals. In World War II, at least 18 Germans were tried and executed as spies, according to a brief filed by former Attorneys General Barr, Edwin Meese and Dick Thornburgh.

Hamdan's attorneys contend that Bush needed -- and didn't obtain -- specific congressional authorization to set up the tribunals, the first such commissions in more than 50 years. They argue that tribunals historically have been used only as temporary measures in zones of active military operations when no civilian courts were available.

Hamdan's team also says tribunal procedures violate both the Uniform Code of Military Justice and the Geneva Convention. The tribunals permit exclusion of the accused from the proceeding, allow witness statements in place of sworn testimony and let the defense secretary halt a trial.

Hamdan, who says he is about 37, worked for bin Laden in three stretches from 1996 to 2001. His duties at least occasionally included driving bin Laden and delivering weapons.

The government says Hamdan conspired with bin Laden and other al-Qaeda leaders to wage war against the U.S. and attack civilians. Hamdan's military attorney, Lieutenant Commander Charles Swift, says his client was a poor man who worked for bin Laden to earn money so that he could support his family.

The justices will rule by July in the case, Hamdan v. Rumsfeld, 05-184.

END

Los Angeles Times

3/28/06

Opinion: Our loquacious justices; U.S. Supreme Court judges should be seen and not heard, at least until the case is over.

JONATHAN TURLEY is a law professor at George Washington University.

TODAY, THE U.S. Supreme Court will assemble to hear one of the most important cases of the term: Hamdan vs. Rumsfeld, which will test President Bush's claim of near-absolute authority over detainees in the war on terror. But most of the attention will be fixed on the fourth seat from the right and its occupant, Associate Justice Antonin Scalia, who, in a clear breach of judicial decorum, if not judicial ethics, recently divulged his views on the issues in the case before oral arguments had even begun.

Scalia's comments, delivered in Switzerland earlier this month, were only the latest example of Supreme Court justices talking out of school. In fact, the justices have been entering the public debate recently in a way that would have been viewed as scandalous just a couple of decades ago.

Abandoning a long-held tradition of avoiding public speeches (other than the occasional mundane graduation address), justices have been holding forth on every subject from the power of the political right to "morality legislation" to the war on terror. The model of the reclusive jurist is being supplanted by a type of judicial Tony Robbins, who regularly boosts his "constituency" on the left or the right with energizing speeches.

More than any other justice, Scalia has helped forge this new model of the celebrity justice. He has long been the *enfant terrible* of the court: precocious, unpredictable, brilliant. But his apparent inability to restrain himself in public forums has caused no end of problems.

In 1996, he denounced theories of a constitutional right to die when there were two cases on that very question pending before the court. In 2003, he appeared at a "religious freedom rally" sponsored by the Knights of Columbus in Virginia to denounce attacks on the Pledge of Allegiance when a challenge to the pledge was pending before the court. Rather than wait for the oral arguments, Scalia pumped up the audience by declaring that the effort to remove God from the Pledge of Allegiance was "contrary to our whole tradition." On that occasion, Scalia had to recuse himself.

The latest public proclamation from Scalia is even worse. In Switzerland, Scalia responded to a question about the claims of detainees like Salim Ahmed Hamdan by saying "give me a break." Hamdan — Osama bin Laden's former driver — is arguing that the federal courts should have jurisdiction over his case, but Scalia dismissed the premise of his claims and emphasized that "if he was captured by my army on a battlefield, that is where he belongs. I had a son on that battlefield, and they were shooting at my son, and I'm not about to give this man who was captured in a war a full jury trial. I mean, it's crazy."

Scalia's son, Matthew, served with the U.S. Army in Iraq.

Scalia's statements are a textbook example of an improper public statement by a jurist. He should clearly withdraw from the case. Not only did he indicate that he had already made up his mind on the subject before Hamdan made a single argument, but he expressed a personal interest that affected his decision.

Still, Scalia is not alone in playing to his constituency. Associate Justice Clarence Thomas routinely speaks to conservative groups. In 2001, he appeared before the conservative American Enterprise Institute to prod its members in their fight in the culture wars. Associate Justice Ruth Bader Ginsburg was criticized for appearing with Sen. Hillary Rodham Clinton (D-N.Y.) in 2003 at the American Constitution Society, a group committed to more liberal interpretations of the law.

Ginsburg also made headlines with a speech in February in which she said that conservative critics of the court in Congress were fueling an "irrational fringe" that had threatened her life.

When she was on the court, Associate Justice Sandra Day O'Connor was repeatedly accused of campaigning for the position of chief justice with various stump speeches.

Of course, there was a time when justices did not have "constituencies." Historically, members of the Supreme Court have jealously protected not just their own privacy, but the image of the court as detached from politics. Jurists are barred from speaking publicly about the merits of pending cases because they are supposed to be impartial and open arguments from all parties. But Scalia has reinforced the view of this court as pre-wired for certain results.

The trend is now obvious, but the direction should disturb lawyers and non-lawyers alike. It seems little to ask for justices to refrain from public speeches on legal issues in exchange for their unique offices. We were better off when justices spoke primarily to history, and when their only constituency was the rule of law.

END

Marfax

28.3.06

Macedonia

Kumanovo police chief denies involvement in El-Masri's detention

Kumanovo Police Department chief said he did not take part in the apprehension of Lebanese-born German citizen Khaled El-Masri, who was detained at the border crossing of Tabanovce two years ago.

"I claim with a highest responsibility that I have nothing to do with the arrest of El-Masri," said Mile Andonovski, the chief of Kumanovo police.

Andonovski, who used to work in security & counterintelligence agency (DBK), said his name was mentioned in several media. He criticized the media for spreading ungrounded information and speculations.

Citing unnamed sources in Kumanovo Police Department, Makfax news agency says only one staffer had been involved in the operation. He was a technician tasked to drive the police's vehicle.

Unofficial reports from border police at Tabanovce border crossing say El-Masri was aboard a bus travelling to Macedonia on 31 December 2003. The secret service staffers had detained El-Masri under suspicion of being al-Qaeda's aide.

END

AP

3/28/06

Medical marijuana user seeks protection

By David Kravets
ASSOCIATED PRESS

PASADENA - A lawyer for an ill California woman whose doctor says marijuana is the only medicine keeping her alive asked an appeals court Monday to prevent federal drug agents from ever arresting her.

The case, focusing on whether the gravely ill have a right to marijuana to keep them alive when legal drugs fail, is likely to reach the U.S. Supreme Court soon. Yet each time the high court has ruled on medical marijuana it has come down against allowing the sick and dying to use the drug to ease their symptoms and possibly prolong life.

The latest legal wrangling once again highlights the tension between the federal government, which declares marijuana an illegal controlled substance with no medical value, and the 11 states allowing medical marijuana for patients with a doctor's recommendation.

"Medical cannabis is necessary for the preservation of Angel Raich's life," said Randy Barnett, the Oakland woman's lawyer. He later told the three-judge panel of the 9th U.S. Circuit Court of Appeals that, "If she obeys the law, she will die."

Raich, a 40-year-old mother of two, suffers from scoliosis, a brain tumor, chronic nausea and other ailments. On her doctor's advice, she uses marijuana every couple of hours to ease her pain and bolster a nonexistent appetite.

Last year, the Supreme Court came down against Raich, in what was the court's second ruling against medical marijuana since 2001. Because Congress decided marijuana was illegal under the 1970 Controlled Substances Act, the justices ruled that medical marijuana users and their suppliers could be prosecuted for breaching federal drug laws, even if they lived in a state where medical marijuana was legal.

Because of that ruling, the legal issue has narrowed to the so-called right to life theory: that marijuana should be allowed if it is the only viable option to keep a patient alive.

Assistant U.S. Attorney Mark Quinlivan could not guarantee to the court that Raich or other seriously ill patients using medical marijuana would not be prosecuted. Over the years, the government has raided dozens of medical marijuana dispensaries, mostly in California.

Quinlivan told the judges that nobody has a right to use marijuana and said a ruling in Raich's favor would open the floodgates to "people who want to use other substances" that are not approved for medical purposes.

Judge Harry Pregerson asked Quinlivan whether it was OK for Raich to die or succumb to "unbearable suffering."

"So go ahead and die. That would be all right?" he asked.

"Congress has made that value judgment," Quinlivan responded.

Another judge, Arlen Beam, suggested that Raich could only make a defense that marijuana is medically necessary if she's prosecuted. He said she would likely prevail by stating she was only breaking the law to stay alive.

"It seems to me, if this was a criminal prosecution," Beam told the government's lawyer, "you would lose your argument."

After the hearing, Raich said, "I think I'm gonna win."

During the 70-minute hearing, Barnett likened Raich's plight to women being allowed to have an abortion after the fetus has become viable if the abortion was necessary to save the woman's life.

"This is a new argument which they have come up with," Quinlivan told the judges.

"There was nothing wrong with that," Pregerson responded, adding, "You got to go back to life, liberty and the pursuit of happiness. That takes care of it all."

Voters in 1996 made California the first state to authorize patients to use marijuana with a doctor's recommendation. Ten other states have since followed suit.

In 2001, the Supreme Court ruled that Raich's supplier, the Oakland Cannabis Buyer's Cooperative, could not lawfully dispense marijuana despite California voters approving its medical use.

The court did not indicate when it would rule on a case that both sides expect would be appealed to the Supreme Court.

END

Reuters

March 28, 2006

High Court to Hear Landmark eBay Patent Case

WASHINGTON (Reuters)—The U.S. Supreme Court on Wednesday will hear arguments in a patent case involving online auctioneer eBay Inc. that is part of a wider struggle between the software and pharmaceutical industries over the future of the U.S. patent system.

Lawyers for eBay and small e-commerce company MercExchange will square off over whether eBay should be barred from using its popular "Buy it Now" feature, which infringes on two MercExchange patents.

The case is being closely watched to see if the high court will scale back the right of patent holders to get an injunction barring infringers from using their technologies.

Software companies complain they can be held to ransom by owners of questionable patents while drugmakers oppose any weakening of patent rights, which they say would chill their investment in new medicines.

Patent experts said that, depending on how the high court rules, the case could have a profound impact on the way the courts treat intellectual property in the United States.

"Any time we talk about altering injunctions we really are talking about altering the fundamental balance of power," said Steve Maebius, a patent lawyer with the firm Foley & Lardner.

The arguments come on the heels of a recent court fight by a small patent-holding company seeking an injunction to shut down of Research In Motion Ltd.'s popular BlackBerry wireless e-mail devices.

RIM settled the case after a judge made it clear that he would impose an injunction.

At issue in the current case is a decision by a federal court of appeals upholding an injunction imposed on eBay at the request of MercExchange.

EBay was found to have infringed on two e-commerce patents that MercExchange said were key to eBay's "Buy it Now" feature, which handles fixed-price sales. But a U.S. District Court refused to issue an injunction and awarded MercExchange a small amount of damages instead.

The U.S. Court of Appeals for the Federal Circuit, which hears most patent case appeals in the U.S. courts, reversed the decision, citing legal doctrine that gives patent holders the right to an injunction "absent exceptional circumstances."

Hopeful the Supreme Court will overturn the doctrine, some of the largest U.S. software companies have filed friend-of-the-court briefs supporting eBay.

"Money that could go to productive investments is instead diverted to legal fees and settlement payments. The costs of these practices are less innovation or a slower rate of innovation and higher costs for consumers," a group of computer technology companies wrote in a friend-of-the-court brief.

EBay has argued that federal judges should have more discretion to deny an injunction and instead issue a monetary award to the patent holder.

But drug makers oppose watering down the rights of patent holders is opposed by drugmakers. They say the right to an injunction is at the core of the U.S. intellectual property system, much like a landowner's right to evict trespassers.

"Limiting the availability of an injunction after a judge or jury have found a patent to be valid and infringed would severely undermine the patent system and drive up the cost of innovation," the industry trade group Pharmaceutical Research and Manufacturers of America said in a friend-of-the-court brief filed with the Supreme Court.

The prospect of change also provoked opposition from a group of U.S. inventors, who said in their court brief that large companies want to support intellectual property rights "only for themselves and companies like theirs."

Separately from the Supreme Court case, the software industry has pressed a campaign on Capitol Hill to weed out illegitimate patents and rein in the power of patent holders.

Lobbying efforts center on legislation being drafted by Rep. Lamar Smith, a Republican from Texas who chairs a key House subcommittee. Smith introduced a patent reform bill last year to modernize and overhaul patent laws and help the Patent and Trademark Office do a better job vetting new patents.

Smith's bill originally included a provision making it more difficult to get an injunction, but it was removed from the bill after running into opposition from drugmakers and others.

Smith is expected to introduce a similar bill soon and has been trying to find a compromise on several matters that would be acceptable to the software and pharmaceutical industries, lobbyists said.

The Supreme Court is expected to issue its ruling in the eBay case in several months.

END

U-WIRE

March 27, 2006

Boston U.: Students sue government for denying aid to drug offenders

By Chloe Gotsis, The Daily Free Press (Boston U.)

BOSTON -- Citing civil rights infringements, a student organization is suing the United States Department of Education Secretary Margaret Spellings for denying financial aid to students who have been convicted of drug misdemeanors.

According to the Students for a Sensible Drug Policy v. Spellings lawsuit, the ACLU\l "l", which filed the suit\l "l" on behalf of the SSDP, is accusing Spellings of violating students' rights under the due process clause by "singling out, for denial of financial aid, the category of individuals with a controlled substance conviction."

According to the lawsuit, the provision also violates the double jeopardy clause of the Fifth Amendment, which prevents multiple punishments for the same offense. The ACLU\l "l" states in the suit\l "l" that Spellings and the DOE are unconstitutionally punishing students by revoking their financial aid because of a drug conviction they already received a punishment for in a court of law.

"We think it's counter-productive to block access to education students with drug convictions," said Tom

Angell, campaigns director of the SSDP. "It's intended to stop drug abuse but it actually endorses drug abuse by kicking students out of school. Murderers and rapists are eligible to receive financial aid while a student caught with one marijuana cigarette is automatically denied."

If the court rules in favor of the SSDP, Angell said students who were previously denied financial aid because of drug convictions would be able to reapply.

The provision in the HEA has been criticized by approximately 200 prestigious health and education organizations such as the American Public Health Association, the American Federation of Teachers, the American Bar Association and the Association for Addiction Professionals, the ACLU\l "I" said in a press release.

The lawsuit also states that the provision unfairly targets racial minority groups such as African Americans, who account for 62 percent of those drug convictions.

According to Boston University spokesman Colin Riley, BU has not had any students lose their financial aid because of drug convictions.

"The university's policy is to comply with the federal law, " Riley said.

Angell estimated the lawsuit would not be heard in court for at least three months.

The ACLU\l "I" filed the class-action suit\l "I" on March 22 on behalf of the SSDP, a student organization working towards creating an alternative solution to the U.S. drug abuse problems. The SSDP is asking the Supreme Court to repeal a provision of the Higher Education Act that denied aid to students on the basis drug convictions, according to a March 22 ACLU\l "I" press release.

The law currently denies federal aid to 35,000 students a year nationwide because of drug convictions, according to a March 22 article in The New York Times.

The HEA was created more than forty years ago in an effort to distribute higher education aid to students on a need-basis. In 2000, the HEA instituted a mandate for federal judges to automatically deny federal aid to students with drug convictions.

Before the 2000 provision, judges had the option to deny federal aid based on drug convictions, but they chose not to in 99.8 percent of the cases, according to the ACLU\l "I" press release.

The SSDP filed the lawsuit to represent 200,000 students who have lost their aid due to drug convictions since 1998, the Times reported.

END

U.S. Attorney
Monday March 27, 5:14 pm ET

Press Release: Settlement Agreement on False Claims to Medicare, Reports U.S. Attorney

BOSTON, March 27 /PRNewswire/ -- United States Attorney Michael J. Sullivan and Inspector General of the Department of Health and Human Services Daniel R. Levinson today announced that CHARLES D. MALIS, M.D., of Carlisle, Massachusetts, has agreed to pay $102,500 to settle allegations under the False Claims Act that he submitted false claims to the Medicare program for office visits.

United States Attorney Michael J. Sullivan said that this case is part of an ongoing and vigorous

nationwide effort to investigate and prosecute health care providers that abuse or defraud the federal health care system.

Today's agreement settles claims that DR. MALIS billed Medicare for office visits using Current Procedural Treatment ("CPT") Codes indicating (1) that the services he provided were "prolonged services" beyond the usual services, when, in fact, such prolonged services were not required, and (2) that the visits were level "4" or "5" visits (i.e., CPT Codes 99214 or 99215), when, in fact, the services provided justified only level "1," "2," or "3" visits (i.e., CPT Codes 99211, 99212, or 99213), or no visits at all.

U.S. Attorney Sullivan commented that "we cannot permit health care providers to cause the Medicare program to pay more than is necessary, or more than is deserved given the actual service provided."

As part of the settlement of the government's allegations, DR. MALIS agreed to enter into a legal compliance program with the Office of the Inspector General. Under federal law, such programs are designed to maintain the business integrity required of participants in federally-funded health care programs and to ensure the physician is in compliance with all laws and regulations applicable to such programs. The expanded compliance program is designed to prevent fraud, abuse, and false billing to Medicare, Medicaid, and other third party payers.

This matter was investigated by Special Agent Kerri Navarro of the Inspector General's Office of the Department of Health and Human Services, and was handled by Assistant U.S. Attorney Gregg Shapiro of Sullivan's Civil Division. The physician's compliance program was negotiated by Mary Riordan of the Office of General Counsel for the Inspector General's Office of the Department of Health and Human Services.

END

USDOJ- Office of Public Affairs

From: USDOJ- Office of Public Affairs
Sent: Tuesday, March 28, 2006 7:43 PM
To: USDOJ- Office of Public Affairs
Subject: DOJ Daily News Wrap

PUBLIC AFFAIRS DAILY NEWS WRAP
March 28, 2006

Contact: Brian Roehrkasse, Deputy Director, Office of Public Affairs (202) 514-2007

TOMORROW'S EXPECTED NEWS STORIES:

Hamdan v. Rumsfeld (OPA)
Today, the government argued the legality of the President's authority to set up military commissions to try detainees held at Guantanamo Bay, Cuba. Solicitor General Paul Clement argued on behalf of the government during the hearing.

Moussaoui (OPA)
Defense testimony continued in the Moussaoui trial today. Top al Qaeda operatives and others in U.S. custody said in testimony on Tuesday that Zacarias Moussaoui was untrustworthy and not part of the September 11 attacks. Most of the testimony was read aloud from detainees who were forbidden from testifying because of national security concerns.

Talking Points:

- This is an ongoing trial and it would not be appropriate to comment specifically on the testimony. Since he pled guilty to the charges against him, Mr. Moussaoui has never hid the fact that he is a member of Al Qaida with a mission and desire to kill Americans. At the highest levels of this government, we are well aware we have an enemy intent on killing innocent Americans and creating chaos by targeting the leadership institutions of this country.

Enron (OPA)
The government rested its case against defendants Jeff Skilling and Ken Lay this morning in Federal District Court in Houston. The Court allowed the government's motion to dismiss 3 counts in the Indictment against Skilling—2 securities fraud and 1 false statements to auditors all relating to 1st Q 2000—and 1 count against Lay—securities fraud pertaining to an 11/12/01 analyst call. The Court denied all defense motions for acquittal without requiring the prosecution to argue. The Court is adjourned until Monday, April 3 when the defense will begin to present its case.

Justice Department Announces Nationwide Settlement Agreement with Nation's Largest Pizza Hut Franchisee on Accessibility Issues (CRT)

The Justice Department announced a settlement agreement under Title III of the Americans with Disabilities Act (ADA) with NPC International, Inc. (NPC), which will make NPC's Pizza Hut restaurants accessible nationwide to people with disabilities. NPC, which operates approximately 800 Pizza Hut restaurants in 25 states, is the largest single franchisee of Pizza Hut restaurants in the United States.

Talking Points:

- These improvements will allow more Americans to participate and enjoy everyday activities with their family and friends.

- The Justice Department initially conducted a compliance review and based on architectural surveys of a number of NPC facilities, concluded that many of the spaces and elements of the facilities were not in compliance with the ADA.

- NPC has worked actively and cooperatively with the Department to reach a settlement agreement.

- The agreement covers parking lots, entrances, seating areas, toilet rooms, self-service counters, and other spaces and elements. It requires NPC to: complete access work to all existing NPC-owned Pizza Hut properties so that each restaurant will meet minimum, detailed criteria listed in the agreement; survey and evaluate all NPC-owned facilities that are subject to the ADA's more stringent new construction and alterations standards at the time of their construction or alteration and bring them into full compliance; work with the landlords at the 180 facilities not owned by NPC, which are dedicated only to delivery and carry-out, to ensure accessibility; and complete ADA training of all personnel involved in the implementation of the agreement, including a designated compliance officer, and a separate training of all store managers.

Insight Public Sector, Inc. Pays U.S. $1 Million to Settle False Claims Act Allegations (CIV)
Insight Public Sector, Inc., a company providing technology products and services to federal government agencies, has agreed to pay the United States $1 million to settle false claims allegations. The government alleged that a predecessor corporation, Comark Government & Education Services (CGES), falsely certified itself as a "small business" on its application for inclusion on the General Services Administration's Multiple Award Schedule (MAS).

Department of Justice Awards More than $200 Million to Fight State and Local Crime (OJP)
The Department of Justice today announced $200 million in anti-crime funding to every state and territory. The funds, provided through the Edward Byrne Justice Assistance Grant (JAG) Program, will be used by state and local governments to support a broad range of activities to prevent and control crime and improve the criminal justice system.

Talking Points:

- "Reducing crime is one of our top priorities at the Justice Department, but we cannot do it alone," said Attorney General Alberto Gonzales. "We rely on those closest to the problem to find solutions that fit their needs. This money will go directly to the front lines, where state and local law enforcement can use it to fight crime and protect our communities."

- Awards to state governments, totaling $200 million, ranged from $21.8 million to California and $513,000 to South Dakota. In addition, later this year, more than 1,400 local communities nationwide will be awarded $92 million; the balance of the funding.

Former Georgia Chemical Company Manager Charged with Participating in Fraud Schemes and Filing False Tax Returns (Antitrust)
The former general manager of a Georgia-based chemical manufacturer has agreed to plead guilty to filing false United States federal income tax returns and participating in two conspiracies to defraud his former employer. According to the four-count felony charges filed in the United States District Court in Atlanta, John Richard Olsen (Olsen), the former general manager of Chemical Products Technologies LLC (CPT), filed two false U.S. federal income tax returns and participated in two separate conspiracies to commit mail fraud and deprive CPT of its intangible right to the honest services of its employees. While employed as the general manager of CPT, Olsen received kickback payments from the owner and operator of an independent trucking company, through a sham company owned by a co-conspirator, in exchange for ensuring that the trucking company received business from CPT. In addition to the kickback payments, Olsen diverted profits from CPT's glyphosate business and used the money for his own personal benefit. Glyphosate is a herbicide used to control grasses and weeds. Today's charges are the second to arise out of an ongoing investigation in the Northern District of Georgia being conducted by the Antitrust Division's Atlanta Field Office, with the assistance of the Internal Revenue Service Criminal Investigation Division.

FBI Budget Request (FBI)
FBI Director Mueller testified today before the House of Representatives Committee on Appropriations on the FBI's budget for 2007.

FBI Operation results in 13 arrests in New York City (FBI)
Today was the culmination of an operation which spanned the past-three days and included the execution of 15 arrest warrants and three searches, in connection with a joint ICE-FBI investigation into an unlicensed money remitting business that smuggled over $5 million to Yemen. The investigation also uncovered a scheme to collect extensions of credit using extortionate means and targeting members of the Yemeni expatriate community residing in the greater NYC area. 13 of the 15 subjects were apprehended. The Eastern District of New York issued a press release which included statements from both ICE and FBI executives.

Internal Investigation into FBI conduct in Puerto Rico (FBI)
AP requested comment on the FBI's conduct during the course of recent searches and evidence collection in Puerto Rico where the media/public crossed the law enforcement perimeter and refused to return to the media/public staging area.

Talking Points:

- Based on the complaint received by the FBI, this matter has been referred to the FBI's Inspection Division for investigation and review. There will be no further comment until that review is complete.

Kennedy and Oberstar Request Review of Knight Ridder Sale to McClatchy (Antitrust)
Congressmen Mark Kennedy and Jim Oberstar issued a release regarding a letter today sent to Thomas Barnett, Assistant Attorney General for Antitrust, requesting a review of Knight Ridder's sale to the McClatchy Company.

Talking Points:

- We will review the transaction carefully.

WEDNESDAY'S EXPECTED EVENTS/RELEASES:

10:15 A.M. PST	Attorney General Alberto Gonzales will visit the Yakama Nation and participate in an event with students at White Swan School Assembly White Swan High/Middle School Auditorium 551 Signal Peak Road White Swan, Washington **OPEN PRESS**

Office of Justice Programs will issue a press release.

USDOJ- Office of Public Affairs

From:	USDOJ- Office of Public Affairs
Sent:	Wednesday, March 29, 2006 9:09 AM
To:	USDOJ- Office of Public Affairs
Subject:	Attorney General's News Briefing for Wednesday, March 29, 2006
Attachments:	agnb060329.pdf; agnb060329.doc

THE ATTORNEY GENERAL'S *NEWS BRIEFING*

PREPARED FOR THE OFFICE OF PUBLIC AFFAIRS, U.S. DEPARTMENT OF JUSTICE

TO: THE ATTORNEY GENERAL AND SENIOR STAFF

DATE: WEDNESDAY, MARCH 29, 2006 7:45 AM EST

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TERRORISM NEWS:

FBI Agent Testifies Moussaoui Sought Deal With Prosecutors Last Month. The defense rested in the penalty phase of Zacarias Moussaoui's trial yesterday, following testimony by FBI Special Agent Jim Fitzgerald that Moussoui last month tried to cut a deal to cooperate with US investigators in exchange for better prison conditions before his execution. However, Fitzgerald said, prosecutors insisted Moussaoui tell them everything he knew about al Qaeda, in addition to his own activities, to which Moussaoui would not agree. Press coverage generally observes that Moussaoui's lawyers spent the day trying to undo the damage the defendant had inflicted upon himself with Monday's testimony, presenting more transcript testimony from captured high-ranking al Qaeda operatives who questioned Moussaoui's abilities and mental stability, as well as video of Secretary of State Condoleezza Rice's testimony before the 9/11 commission. US District Judge Leonie Brinkema set closing arguments for today.

The CBS Evening News (3/28, story 4, 0:25, Mitchell, 7.66M) reported that before Moussaoui's defense rested, "his lawyers had some surprise videotaped witnesses, former and current government officials, including Secretary of State Condoleezza Rice. She cast doubt on the ability of the pre-9/11 intelligence system to prevent the attacks based on evidence from any one source. The prosecution contends 9/11 might have been stopped if Moussaoui had talked."

The Los Angeles Times (3/29, Serrano, 958K) called Fitzgerald's revelation "an odd twist to an already bizarre trial," and reports that more transcripts of al Qaeda operative interrogations were read into the record yesterday, "with most saying that Moussaoui was more of a nuisance than a valuable operator, and playing down his role."

The Washington Post (3/29, A1, Markon, Dwyer, 744K) notes, "It was unclear how jurors…would view" Fitzgerald's revelation. "Prosecutors hope it reinforces that Moussaoui was telling the truth when he testified about his role because he would have told prosecutors the same thing. Moussaoui's defense appeared to be trying to signal to jurors that Moussaoui is untrustworthy and cannot be believed."

The AP (3/29, Sniffen) adds, "The latest strange turn in Moussaoui's behavior could bolster the defense's claims that he would say anything to achieve martyrdom."

The New York Times (3/29, Lewis, 1.19M) reports, "Defense lawyers have pressed the idea that any information Mr. Moussaoui may have provided would have become part of the sea of unchecked leads" before 9/11, and yesterday they played video of former FBI acting director Thomas J. Pickard's testimony to the 9/11 commission. Pickard "was asked what he would have done if he had known three facts that became apparent to senior officials only after the attacks: that Mr. Moussaoui was an Islamic extremist taking flying lessons; that two identified Qaeda terrorists were probably in the country in August 2001; and that an F.B.I. agent in Phoenix had drafted a memorandum saying that he noticed an unusual number of young Middle Eastern men were enrolling in American flight schools and might be planning some hijacking plot." Pickard said, "I don't know, with all the information the F.B.I. collects, whether we would have had the ability to hone in specifically on those three items."

Interrogation Transcripts Reveal Details About 9/11 Plotters. The Los Angeles Times (3/29, A1, Meyer, 958K) reports transcripts read at Zacarias Moussaoui's trial revealed that 9/11 "mastermind Khalid Shaikh Mohammed has told interrogators that at least 34 individuals were 'participants' in the attacks…including a mysterious Jordanian," Abu Turab al-Urduni, "who supposedly prepared 10 of the hijackers for their grisly task by training them to butcher camels and sheep with Swiss Army knives." The Times notes, "Several U.S. authorities said in interviews Tuesday that they viewed at least some of Mohammed's claims with skepticism because he had been proved a calculated expert at providing his interrogators with disinformation to send his pursuers down blind alleys and protect ongoing Al Qaeda plots. But a U.S. intelligence official familiar with the continuing investigation into Sept. 11 confirmed the basic outlines of Mohammed's claims, particularly about Abu Turab," who "was killed by U.S. forces in Afghanistan in late 2001."

Former FISA Judges Back Specter Bill On NSA Surveillance Program. Five former Foreign Intelligence Surveillance Court judges yesterday testified before the Senate Judiciary Committee in support of a bill by

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Chairman Arlen Specter that would give the court an oversight role over President Bush's National Security Agency domestic surveillance program. The New York Times (3/29, Lichtblau, 1.19M) reports the former FISA judges "urged Congress on Tuesday to give the court a formal role in overseeing the surveillance program," and several "also voiced skepticism…about the president's constitutional authority to order wiretapping on Americans without a court order. They also suggested that the program could imperil criminal prosecutions that grew out of the wiretaps." Judge Harold A. Baker "and three other judges who served on the intelligence court testified at a Senate Judiciary Committee hearing in support of a proposal by Senator Arlen Specter, Republican of Pennsylvania, to give the court formal oversight of the National Security Agency's eavesdropping program."

The AP (3/29, Yost) reports the FISA panel "gave a boost Tuesday to legislation that would bring court scrutiny to the Bush administration's domestic spying program." The judges "reacted favorably" to Sen. Specter's proposal "that would require the secretive Foreign Intelligence Surveillance Court to conduct regular reviews of the four-year-old program."

Judges Says Bush Didn't Act Illegally. However, the Washington Times (3/29, Debose, 90K) reports the former FISA judges told the Judiciary Committee "that President Bush did not act illegally when he created by executive order a wiretapping program conducted by the National Security Agency (NSA)." The judges "said they could not speak specifically to the NSA listening program without being briefed on it, but that a Foreign Intelligence Surveillance Act does not override the president's constitutional authority to spy on suspected international agents under executive order."

Specter Hedges On Hearing For Feingold Censure Resolution. Roll Call (3/29, Billings) reports Judiciary Chairman Specter "left open the possibility that a hearing set for Friday on Sen. Russ Feingold's (D-Wis.) bill to censure President Bush could be delayed, saying there are 'a lot of balls in the air.'" Specter said he "first wanted to talk to Feingold about the substance and direction of the hearing, as well as the White House, which he had asked to participate." But he "also left open the possibility that the topic of immigration could still be on Judiciary's plate at the week's end — and push off consideration of the censure resolution."

Feingold Left Judiciary Hearing To Discuss Iraq Trip With Bush. MSNBC.com (3/28, Curry) reports Sen. Feingold "had to leave early from Tuesday's Senate Judiciary Committee hearing on how to legalize the National Security Agency surveillance program -- he had an appointment at the White House to meet with the man he wants to censure. Just back from Iraq, Feingold was part of a group of senators who went to discuss their findings with President Bush." Asked if the meeting would "be awkward," Feingold said, "No. The president and I and others who've been involved in government for a while know that each issue is different. And we have an obligation to each other and the country to treat each issue differently."

Support For Censure Breaks Down Mostly Along Party Lines. In her Roll Call column (3/29), American Enterprise Institute polling expert Karlyn Bowman said, "Should President Bush be censured by the Senate over the issue of warrantless wiretapping? According to one recent poll, the issue breaks along partisan lines, though not rigidly. In a mid-March PSRA/Newsweek poll, 42 percent of respondents supported the censure of Bush, while 50 percent did not. Twenty percent of Republicans, 42 percent of independents and 60 percent of Democrats supported censure."

Vermont Democrats Seek To Kick-Start Impeachment Through State Legislature. The AP (3/29, Gram) reports, "Leading Democrats in Vermont plan to decide in April whether to urge state lawmakers to petition for President Bush's impeachment using a little-known provision in the rules of the U.S. House." Democratic committees "in at least half of the state's 14 counties have passed resolutions calling for impeachment, citing a rule in 'Jefferson's Manual,' a book of parliamentary guidelines written by Thomas Jefferson that supplements U.S. House rules." The manual "says impeachment proceedings can begin 'by charges transmitted from the legislature of a state.'"

Government Gets Skeptical Hearing In Military Tribunal Case. The Supreme Court yesterday heard oral arguments in the case of Salim Hamdan, Osama bin Laden's former driver, who is challenging the Administration's military tribunal policy. A threshold question before the court is whether the Detainee Treatment Act preempts its jurisdiction, a claim challenged by the defense and some Democratic senators. With Chief Justice John Roberts recusing himself because he heard the case at the appellate court level, Justice Anthony Kennedy is seen as a key swing vote. In a possible indication of the mood of the court, as ABC's Claire Shipman noted, Justice

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Kennedy "had a lot of tough questions for the government's lawyer." The story was reported on each of the networks last night in a full segment, and it was widely covered by the newswires and the major dailies.

ABC World News Tonight (3/28, story 6, 2:05, Shipman, 8.78M) reported, "Hamdan's lawyers are arguing, though, that these commissions don't offer the basic rights, for example, the same sort of protections that the military justice system would offer." The government "does argue that the President has the statutory right to create these commissions, as other presidents before him have done, like FDR."

The CBS Evening News (3/28, story 5, 2:15, Andrews, 7.66M) reported, "What's illegal, says Hamdan's military lawyer is that the conspiracy charge lodged against Hamdan didn't exist until the Pentagon invented it and that defendants tried by commission should have more rights." The Administration "argues that this is war and that presidents going back to George Washington have used tribunals for battlefield justice." The court "is being asked to completely defer to presidential power here and several of the justices seem very reluctant to do that."

NBC Nightly News (3/28, story 4, 2:30, P. Williams, 9.87M) reported, "Hamdan's lawyers say no president has the power to create a whole new court system," and "a majority of the Supreme Court seemed to agree in arguments released on audiotape."

USA Today (3/29, Biskupic, 2.31M) reports the justices "vigorously questioned President Bush's attempt to hold military trials for foreign terrorism suspects, as well as the administration's effort to keep federal judges from hearing claims from" Guantanamo detainees. Justice Ruth Bader Ginsburg said, "It is an extraordinary act…to withdraw jurisdiction from this court in a pending case." Two years ago, the court's "majority rebuffed Bush's efforts to suppress detainees' legal challenges and said, in the words of then-justice Sandra Day O'Connor, that 'a state of war is not a blank check for the president.' On Tuesday, five of the eight justices who heard the case seemed to embrace that idea."

The New York Times (3/29, Greenhouse, 1.19M) reports that by the end of the 90-minute oral arguments, "it was fairly clear" that the justices would be "highly protective" of their jurisdiction over the case. At "least five justices — Stephen G. Breyer, Ruth Bader Ginsburg, Anthony M. Kennedy, David H. Souter and John Paul Stevens — appeared ready to reject the administration's argument that the Detainee Treatment Act, passed and signed into law after the court accepted the case in November, had stripped the court of jurisdiction." But it was "less certain by the end of the argument how the court would then go on to resolve the merits of the case, a multipronged attack on the validity of the military commissions themselves and on their procedures."

The Washington Post (3/29, A6, Lane, 744K) reports the court's "defense of its turf does not bode well for the Bush administration's broader arguments in defense of the military commissions, but it remained unclear how the justices might ultimately rule on the merits of the case."

The Wall Street Journal (3/29, Bravin, 2.11M) reports questions from a majority of the justices suggests "the military commissions could run afoul of the Supreme Court." The Washington Times (3/29, Taylor, 90K) reports Neal Katyal, an attorney for Hamdan, "told the Supreme Court the Bush administration never was given permission to create a special war crimes tribunal to try suspected terrorists at Guantanamo Bay."

Knight Ridder (3/29, Rosenberg) reports, "Retired military officers, civil liberties lawyers, former diplomats and international law experts all filed briefs on behalf of the 36-year-old Yemeni with a fourth-grade education, arguing that the Bush administration went too far by creating a commission outside an explicit framework set out by Congress and ignoring many of the protections of U.S. military justice, which has a provision for tribunals."

The AP (3/29, Holland) reports, "Several justices seemed deeply concerned that the government had gone too far in its plans to hold a special trial for Osama bin Laden's former driver on a conspiracy charge. … Some were downright indignant over the Bush administration's claim that a new federal law bars the high court from ruling in the case of Salim Ahmed Hamdan. … Hamdan's lawyer, Neal Katyal, said that the president 'has the keys to the federal courthouse' under the law." The AP adds, "Without Chief Justice John Roberts, a conservative Bush nominated last year, the argument seemed lopsided against the government. Roberts voted in the case on a lower court and had to withdraw. Justices Antonin Scalia and Samuel Alito hinted their support for the administration. … Justice Anthony M. Kennedy questioned Solicitor General Paul Clement about the legal safeguards for the trials. Justice Stephen Breyer also asked what would stop the president from holding the same type of trial in Toledo, Ohio, not just at the military prison in Guantanamo Bay, Cuba."

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The Legal Times (3/29, Mauro) reports, "Justices seemed especially concerned about a law passed by Congress last year that the administration argues strips the high court of jurisdiction over habeas petitions filed by Guantanamo Bay detainees. The law created a limited appeals process for detainees that, the government says, excludes the Supreme Court -- even in pending cases like Hamdan's, argued Tuesday." The Times adds, "Justice Anthony Kennedy, likely the swing vote in the case Hamdan v. Rumsfeld, offered probing questions for both sides but seemed unwilling to accept that habeas petitions could be foreclosed by passage of the law, known as the Detainee Treatment Act. … Justice Samuel Alito Jr. seemed more sympathetic toward Clement, suggesting in his questions that he thinks it is premature to rule on Hamdan's case until Hamdan is actually tried under the military commission procedures he is challenging."

Scalia's Impartiality Questioned Because Of Switzerland Talk. ABC World News Tonight (3/28, story 6, 2:05, Shipman, 8.78M) reported, "Justice Scalia earlier this month was at a conference in Switzerland. And he made comments that caused many to question his impartiality." Justice Scalia: "I had a son on that battlefield. And they were shooting at my son. I'm not about to give this man, who is captured in a war, a full jury trial. I mean, that's crazy."

NBC Nightly News (3/28, story 4, 2:30, P. Williams, 9.87M) reported Justice Scalia "raised eyebrows earlier this month for the outspoken way he expressed" his view on "whether any detainee had a right to a trial."

DOJ Cited Senate Colloquy To Support Jurisdiction Argument. The Washington Post (3/29, A6, Eggen, 744K) reports that the Justice Department cites a debate between Sens. Lindsey Graham and Jon Kyl that was inserted into the Congressional Record of December 21, 2005, but which did not in fact occur on the Senate floor, as "evidence that Congress intended the Detainee Treatment Act to retroactively invalidate pending legal challenges by hundreds of detainees held at Guantanamo Bay. Graham and Kyl submitted a friend-of-the-court brief asserting the same thing." But some Democrats, "including Sen. Carl M. Levin (Mich.), whose name is also on the amendment to the law, have argued otherwise. They contend that the law was written to allow cases filed before its enactment to go forward." The "inserted floor debate, known in Senate parlance as a 'colloquy,' has since become an intriguing side issue in the case of Salim Ahmed Hamdan, Osama bin Laden's former driver, whose case was at issue before the court yesterday." The briefs "filed in support of the government do not make clear that the Graham-Kyl debate was manufactured."

Judge Approves Prosecution Rules To Prevent Leak Of Classified Padilla Information. The South Florida Sun-Sentinel (3/29, Blum, 249K) reports US District Judge Marcia Cooke "put in place temporary rules Tuesday to prevent the leak of classified information in the case of alleged al-Qaida operative Jose Padilla. While agreeing to rules proposed by prosecutors…Cooke said she would consider suggestions from defense lawyers, who complained the restrictions would hurt their ability to defend clients charged with supporting terrorism overseas." The Sun-Sentinel notes, "Without such an order, prosecutors argued, nothing would prevent Padilla…and two other men charged in the terror conspiracy from passing on sensitive national security information to accomplices." The AP (3/29, Anderson) notes that the information is "expected to include secret FBI investigations, material provided to the United States by foreign governments and Padilla's own words from interrogations during his 3 1/2 years in military custody as an 'enemy combatant.' … Cooke said the order would allow defense lawyers to begin examining secret evidence under special conditions so they can prepare for a trial scheduled for September."

Prosecutors Rest Case In Lodi Terrorism Trial. The Los Angeles Times (3/29, Tempest) reports that in Sacramento, Federal prosecutors "rested their terrorism case Tuesday against a Lodi father and son by showing satellite images of a compound in remote, northeast Pakistan that closely resembled a training camp described by the son in an FBI interrogation." Based on "the satellite photographs and the videotaped questioning, Department of Defense image analyst Eric Benn concluded that the site was a 'probable militant training camp.'" It was "the strongest evidence produced by government lawyers who have had problems with the credibility of their undercover FBI informant and the legitimacy of a purported confession obtained after hours of interrogation." But the "case against Lodi ice cream truck driver Umer Hayat, 48, and his junior high school dropout son Hamid Hayat, 23, has so far not lived up to its advance billing as a breakthrough in the war on terror."

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The Lodi News-Sentinel (3/29, Bohm) adds that Benn testified "there is a 60 to 70 percent chance that Hamid Hayat attended a 'militant training camp' in Pakistan and that the camp actually exists," but Mojaddidi said, "So that leaves the probability of 30 to 40 percent that it may not actually be a militant training camp, is that correct?" Benn replied, "That is correct." The San Francisco Chronicle (3/29, B1, Bulwa) observes, "Prosecutors rested after revealing a far murkier case than the government had laid out in documents supporting the charges. … The government showed that Hamid Hayat held some radical and anti-American views," but "prosecutors also were forced to rely on the defendants' videotaped confessions, which they called 'the meat of the case' but which featured conflicting and sometimes bizarre details."

HOMELAND RESPONSE:

Lawmakers, Experts Concerned Over DHS "Brain Drain." Under the headline "Brain Drain Hits Homeland Security," USA Today (3/29, Hall, 2.31M) reports that "members of Congress and labor experts" say DHS "is losing top managers and rank-and-file employees in a brain drain that could affect morale and the nation's safety." USA Today cites management chief Janet Hale's announcement last week that she will be resigning as the most recent "high-level departure," adding that Hale "joined an exodus of top officials who have quit recently, many in the aftermath of Homeland Security's failures surrounding Hurricane Katrina last fall." Meanwhile, "Homeland Security spokesman Russ Knocke acknowledged that the stress of top-level government security jobs can be grueling and 'wear' on employees," but "said he expects a number of the top jobs to be filled soon."

CBP Official Says Border Agents Soon Will Have System To Validate False Documents. A GAO report based on a test in which investigators used false documents to smuggle radioactive material into the US from Mexico and Canada was released at a hearing before a Senate Homeland Security and Governmental Affairs subcommittee yesterday. The Washington Post (3/29, A2, Hsu, Branigin, 744K) reports, "Jayson P. Ahern, an assistant commissioner for field operations for Customs and Border Protection, said US customs officers were unable to confirm the validity of counterfeit Nuclear Regulatory Commission licenses presented by testers, but a system will be in place within 30 days to do so." The Post adds that the "report is the latest to find weaknesses in implementing detection systems for air travel and biological, chemical and radiological threats." Meanwhile, "Michael Levi, a fellow at the Council on Foreign Relations, said the 150 microcuries of cesium-137 smuggled by each [GAO] team would barely cause more than one death from cancer per million people exposed for 30 years."

The CBS Evening News (3/28, story 3, 2:10, Martin, 7.66M) reported, "Given the state of security at seaports and border crossings, it is alarmingly easy to smuggle radioactive material into this country." Gregory Kutz, of the Government Accountability Office, was shown testifying before the Senate that investigators "were able to enter the United States with enough radioactive sources to make two dirty bombs." Martin: "The loophole that allowed Kutz to find and forge…documents is being closed, but here's another all-too-credible scenario: Sneakers made in a third-world sweatshop and shipped to this country in a container could hide a dirty bomb that would not be detected by radiation scanners. … Former Coast Guard Commander Stephen Flynn told a Senate panel the wonder is that it hasn't happened already."

The New York Times (3/29, 1.19M) editorializes, "It is not clear whether the guards have gotten complacent in the wake of repeated false alarms triggered by natural radiation from bananas, ceramic tiles, fertilizer and other products, or were simply tricked by the phony documents. Red-faced officials insist that they will give border agents new tools to verify such documents shortly." The Times states, "The nation is far short of its goal to have radiation detectors at every portal. If border guards miss shipments of bombs or fissile material, the result could be catastrophic."

Under the headline "Senators Urge Swifter Action To Strengthen Port Security," the AP (3/29, Sidoti) reports that in opening the hearing, Sen. Norm Coleman said, "'These issues must be addressed with a sense of urgency.' … Sen. Carl Levin…called the outcome of the Government Accountability Office's investigation 'an alarming wake-up call.'" In a brief article, USA Today (3/29, 2.31M) reports, "Thomas Kean, an ex-governor who chaired the 9/11 Commission, told senators 'the size of the problem still totally dwarfs the policy response.'"

Chertoff Urging Cooperation On Port Security In Asia. The Washington Times (3/29, Hudson, 90K) also reports on the Senate hearing, but leads its story by reporting

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on Homeland Security Secretary Michael Chertoff's trip to Asia this week, where he is urging "cooperation to strengthen the shipping industry and to protect the United States against a nuclear attack. 'I think we all know that if a container were used to bring a dirty bomb or something similar into the United States, in addition to the obviously catastrophic consequences in America, it would be absolutely devastating to marine shipping,' Mr. Chertoff said during a press conference yesterday." Chertoff is also "examining cutting-edge technology used to secure foreign ports, including a visit to one of the largest ports of the world, Singapore."

Shelby Calls For Reform Of Foreign Investment Evaluation Process. In a Wall Street Journal op-ed (3/29), Sen. Richard Shelby calls for reform of the process used to evaluate foreign investment in critical US industries, such as the Dubai Ports World plan to purchase the firm that managed six US port terminals. Sen. Shelby says the Dubai controversy provided a revealing glimpse of inherent flaws in the" Committee on Foreign Investment in the US, or CFIUS process. Along with the "recent uproar over the attempted acquisition of a U.S. oil company by a state-owned Chinese firm, it should provide enough momentum for strong reform of CFIUS, without which there will be even more investment related altercations." It is "precisely because of the inherently secretive nature of CFIUS that our highest officials were caught off guard, and it directly corresponds to the current lack of credibility in the process. The Senate Banking Committee has had long-standing concerns with the inadequacies of CFIUS." A "strong reform will introduce transparency, accountability and oversight to ensure public confidence that the deals approved by CFIUS do not pose a threat to national security."

Citibank CEO Cautions Against Politicizing Foreign Investment Decisions. In a Washington Post op-ed (3/29, A19), Citibank CEO Charles Prince says, "There are now upward of 30 proposals in Congress to make changes in the Committee on Foreign Investment in the United States (CFIUS), a little-known body that has the authority to suspend or prohibit any acquisition, merger or takeover of a U.S. corporation that is deemed to threaten national security." Some of the proposals "would place new and potentially damaging restrictions on foreign investment in the United States. Legitimate national security concerns are one thing, but introducing overt political considerations into decisions regarding the allocation of capital has the potential to undermine investor confidence -- both domestic and foreign -- in U.S. markets and to jeopardize the continued vibrancy, depth and liquidity of those markets."

Colorado ACLU Releases Documents On FBI Surveillance Of Antiwar Protesters. Under the headline "'Spy Files' Include Antiwar Surveillance," The Denver Post (3/29, Cardona) reports, "The ACLU has obtained more documents that show that the FBI's Joint Terrorism Task Force was watching antiwar groups in Denver as part of a domestic terrorism investigation." The records released by the ACLU on Tuesday, "show FBI agents spent hours monitoring activist organizations such as Food Not Bombs, and the now-closed bookstore, Breakdown Books…among other groups. FBI agents spent two hours outside the bookstore counting about 40 people who gathered there to carpool to an antiwar demonstration in Colorado Springs," and agents "noted the license plate numbers of a dozen nearby vehicles." The AP (3/29) notes FBI spokesman Bill Carter "said he was not familiar with the bookstore surveillance, but he said the agency would not monitor a group simply because it is protesting. 'Our interest is not in the First Amendment activities the group is involved in,' he said. The FBI would monitor a group only if participants might be planning or engaging in 'violent criminal activity,' he said." The Rocky Mountain News (3/29, Abbott) also briefly reports on the newly-released documents.

LATimes Notes Inaccurate Headline On FBI Activist Monitoring Story. In its corrections section "For the Record," The Los Angeles Times (3/29, 958K) acknowledges, "Monitoring of activists: In some copies of Monday's Section A, a front-page headline said, 'Activists on Anti-Terror Watch List.' The list referred to in the article was not a formal terrorist watch list, the FBI said, but was included in a Department of Justice presentation to a law class that listed groups terrorists might associate with. Two left-wing groups were included."

Emergency Managers No Longer Relying On "Last Resort" Shelters. The New York Times (3/29, Alford, 1.19M) reports acting FEMA Director R. David Paulison joined state emergency officials yesterday in announcing that "they would no longer use 'last resort' shelters like the Superdome to house displaced residents," opting for "a better system of communication and evacuation to get residents away from the path of a storm." Terry Ebbert,

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the homeland security adviser for Orleans Parish, said "officials are planning an improved public education campaign, and are exploring new ways to use buses, trains, airlines and other evacuation routes." Paulison "said the new plans were a direct result of lessons learned from last year's disastrous Gulf Coast hurricanes."

Slow Pace Of FEMA Aid Leaves Mississippi Town Struggling To Recover. NBC Nightly News (3/28, story 9, 2:15, Mott, 9.87M) reported on Waveland, Mississippi's recovery from Hurricane Katrina, noting the city is "largely cleared out, but that seems to be where the progress stopped and the Mayor is upset." Mayor Tommy Longo "says his city needs government money now, upwards of $100 million to repair the infrastructure. FEMA says it has approved $39 million but only $2 million has come through, creating for many a frustrating standstill, which describes the state of some essential services, like this bridge across Biloxi Bay." In Waveland, "unlike New Orleans, there's a clear consensus to rebuild, so clear, some have dipped into their own savings rather than wait for insurance or government money." Casinos "have always been an economic driver in the area and have rebounded stronger than expected. In February of last year, nine casinos here recorded $81 million in revenue. Last month, with only three open, they pulled in $59 million."

Brown Says He Had Requested Chertoff's New FEMA Reforms For Two Years. Former FEMA director Michael Brown was the guest on Comedy Central's Colbert Report (3/28) where he discussed FEMA's response to Hurricane Katrina and the agency's current condition. Brown appeared to want to play along with Colbert, but was asked a number of insulting questions about his performance as the head of FEMA. Colbert asked, "What changes have been made to improve FEMA's response?" Brown: "Zero." Colbert: "You're gone, right?" Brown: "Yes." Colbert: "That's nothing?" Brown: "It hasn't improved anything. All of the problems that I talked about for two years trying to fix FEMA that I couldn't get DHS to get me the money for and personnel for is still there. And now Secretary Chertoff says we have to fix FEMA, so let's add 1500 people to FEMA and give them more money in their budget. Well, duh, that's what I was trying to do for over two year." Colbert: "You know, you're right. I apologize. Heck of a job, Brownie."

Most Voters In New Orleans Mayoral Election May Be Outside City. USA Today (3/29, Konigsmark, 2.31M) reports, "In what could be a first in American politics, the New Orleans mayor's race may have more voters outside the city than inside. Candidates in the election April 22 are on a nationwide cat-and-mouse search for voters, who live in all 50 states." Meanwhile, Jesse Jackson plans to lead a protest Saturday for a delay of the election, which some groups say "is unfair to the thousands of displaced black residents."

WAR NEWS:

Shiite Officials Told Bush Does Not Support Al Jaafari As Prime Minister. The New York Times (3/29, Wong, 1.19M) reports, "The American ambassador has told Shiite officials that President Bush does not want the Iraqi prime minister to remain the country's leader in the next government, senior Shiite politicians said Tuesday. It is the first time the Americans have directly expressed a preference in the furious debate over the country's top job, the politicians said, and it is inflaming tensions between the Americans and some Shiite leaders." Ambassador Zalmay Khalilzad said Bush "'doesn't want, doesn't support, doesn't accept' Mr. Jaafari as the next prime minister," according to a senior aide to Abdul-Aziz al-Hakim, the head of the Shiite bloc."

USA Today (3/29, Frank, 2.31M) reports, "The U.S. Embassy denied the claims Tuesday, but the controversy highlights the difficulties in creating a government that represents Iraq's rival factions. Haider al-Abadi, an adviser to al-Jaafari, said he knows of no official message to the interim prime minister from the Bush administration. But he said the sentiment is consistent with Bush administration concerns that al-Jaafari does not have a broad enough constituency."

US Seeks Sistani's Help In Ending Impasse Over New Iraqi Government. US officials have sent a message to Iraq's senior religious cleric seeking his help in ending the impasse over forming a new Iraqi government. Knight Ridder (3/28, Youssef, Strobel) reported, "The unusual decision by the White House to reach out to Grand Ayatollah Ali al-Sistani suggested how eager the Bush administration is to jump-start negotiations that have failed to produce Iraq's first permanent postwar government more than three months after national elections." However, by making contact with the Shiite leader the US "risks further angering Iraqi leaders, who already complain that the United States is interfering too much with the process." Knight Ridder also reported that the US letter also "strongly" implies that Prime Minister Ibrahim al-Jafaari, "should withdraw his candidacy for re-election."

Negotiations Resume Despite Shiite Anger. Negotiations on the formation of a new Iraqi government

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resumed yesterday. The Washington Times (3/29, Behn, 90K) reports that the negotiations are back on track "despite continuing Shi'ite fury over an Iraqi-U.S. weekend raid on a complex used by loyalists of radical Shi'ite cleric Muqtada al-Sadr." The Times adds, "Iraqis contacted by telephone in Baghdad said Shi'ites were furious over the operation in Sadr City -- a poor, predominantly Shi'ite area that is home to the Mahdi Army, a militia loyal to Sheik al-Sadr, and the powerful Badr Brigades, the armed wing of the political party of the Supreme Council of Islamic Resistance in Iraq. … One Sunni leader close to the talks on the formation of a new government said that Iraqi Shi'ite leaders, who suspended their participation in the negotiations on Monday, had returned to the table."

The Christian Science Monitor (3/29, Peterson, 61K) that the questions about the raid have "dominated Iraqi TV and sparked a political outcry." Shiites claim US forces attacked a mosque in a Shiite district of Baghdad, killing unarmed worshipers. However, US commanders allege that Iraqi special forces, backed up by US advisers, fought a terrorist cell at an office complex, killing 16 insurgents, and freeing an Iraqi hostage, "only to have Iraqi provocateurs, as top US commanders allege, 'set the scene up' to look like an atrocity." The Monitor notes, "The truth may be the latest war casualty as perceptions shape Iraq's political reality, and the prevailing view of a bloody US raid is undermining US-backed efforts to form a coalition government, while boosting the influence of anti-US cleric Moqtada al-Sadr."

Pentagon Displays Weapons Seized In Raid. Defense officials yesterday released photos of rocket propelled grenade launchers and bomb making materials they say were captured during Sunday's raid. Knight Ridder (3/29, Brown) reports, "The briefing by Defense Secretary Donald H. Rumsfeld and Gen. Peter Pace, chairman of the Joint Chiefs of Staff, was intended to counter angry Shiite claims that U.S.-backed Iraqi commandos massacred at least 16 innocent worshippers at a Baghdad mosque." Rumsfeld and Pace "said that the troops opened fire only after they were fired upon by fighters from Shiite cleric Muqtada al-Sadr's Mahdi Army militia."

US Lawmakers Express Frustration That Iraqis Haven't Formed Unity Government. House Select Intelligence Committee Chairman Peter Hoekstra returned from his seventh visit to Iraq last week saying he is "extremely frustrated' by Iraqi leaders' failure to form a new unity government. The Hill (3/29, Eisele) reports that Hoekstra "also expressed disappointment at the poor performance of Iraqi security forces and the failure of private contractors to make more progress in rebuilding Iraq's war-damaged infrastructure. … Senate Armed Services Committee Chairman John Warner (R-Va.) and Sen. John McCain (R-Ariz.) echoed Hoekstra's concerns after they, Hoekstra and other lawmakers who visited Iraq and Afghanistan last week met with President Bush at the White House yesterday."

Bush Orders Cabinet Members To Aid Iraqi Counterparts. President Bush yesterday ordered his entire Cabinet to aid their Iraqi counterparts after a permanent government id formed. The AP (3/28) reported that Bush, speaking on the rose Garden steps, said, "By making a broad commitment from the federal government, we'll help the Iraqis establish a democracy, we'll help them build the institutions necessary for a stable society, and we'll help defeat the terrorists." Bush also said he was pleased that Shiite leaders have returned to negotiations on creating a national government that represents all of Iraq's factions.

Bush Says History Will Prove Whether He Is Right About Iraq. In an exclusive interview on CNN's The Situation Room (3/28) President Bush was asked about polls showing that people disagree with his assessment of the situation in Iraq. Bush said, "History will prove whether I'm right. I think I'll be right because I do believe freedom is universal. I remember it wasn't all that long ago that 11 million Iraqis went to the polls in the face of terrorist threats, in the face of potential assassination, and said, we want to be free. That was last December. That sentiment still exists in Iraq."

Iraqis Flee Sectarian Violence. The International Organization for Migration, a UN-affiliated agency said yesterday that shelters and tent cities are springing up across central and southern Iraq to house 25,000 homeless Sunni and Shiite families displaced by the sectarian violence since the February 22 bombing of a Shiite shrine. A front page story in the Washington Post (3/29, A1, Knickmeyer, 744K) reports that the result of the violence "has been a population exchange as Sunni and Shiite families flee mixed communities for the safety of areas where their own sects predominate. … The agency's figures were compiled from information provided by partner organizations working with displaced Iraqis. The government Ministry of Displacement and Migration puts the count higher, at more than 32,000."

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Responsibility For Abu Ghraib Abuses Has Fallen On Lower Ranks. The Christian Science Monitor (3/29, Sappenfield, 61K) reports that as the military nears the end of its efforts to prosecute those responsible for the abuses at Abu Ghraib prison, "the responsibility for those crimes has fallen almost entirely on the lower ranks - at least publicly. … The reasons are many and begin with the obvious: Those who commit the crimes - on film, no less - are the easiest to snare. Yet many experts add that the lesson of the courts-martial of Abu Ghraib is: Once war's chaos descends, it becomes ever more difficult to trace the line of accountability upward through the ranks."

Rice Says She Asked Lavrov About Saddam Collusion. The AP (3/28, Gearan) reports Secretary Rice "said Tuesday she had asked her Russian counterpart for an investigation into a report that Russian intelligence fed U.S. battle plans to Saddam Hussein before the 2003 invasion of Iraq." The AFP (3/28) says some analysts' view that "Russia's newfound diplomatic clout on the international scene and its slide away from democracy have forced the United States to rethink its relations with Moscow. They say if President George W. Bush were to peer into the soul of his Russian counterpart Vladimir Putin today -- as he famously claimed to have done during their first meeting in 2000 -- he was sure to find a much less kindred and trustworthy spirit."

Arab League Conference Discusses Iraq. The New York Times (3/29, Allam, 1.19M) reports, "Concerns over growing Iranian influence in Iraq, and the lack of Arab involvement there, dominated the opening of the annual Arab League summit here on Tuesday." Amr Moussa, secretary general of the Arab League, said in his opening speech, "Any solution for the Iraqi problem cannot be reached without Arabs and Arab participation. … Any consultations conducted without Arab participation will be considered unsatisfactory and will yield no solutions." Arab countries "have been fuming over an Iranian-American agreement this month to hold direct talks about sectarian violence in Iraq." In "a draft resolution likely to be approved tomorrow, the group's 22 Arab nations have pledged to reopen diplomatic missions in Iraq."

Democratic Report Criticizes Halliburton Work In Iraq. The New York Times (3/29, Glanz, 1.19M) reports, "Even as a Halliburton subsidiary was absorbing harsh criticism of its costs on a 2003 no-bid contract for work in Iraq, the government officials overseeing a second contract wrote that the company was running up exorbitant new expenses on similar work, according to a report issued yesterday by the staff for the Democrats on the House Government Reform Committee." The report, prepared for "a frequent critic of Halliburton, Representative Henry A. Waxman of California, is based on previously undisclosed correspondence and performance evaluations from 2004 and 2005." The documents "show that the government's contracting officers became increasingly frustrated as they tried to penetrate what they considered to be inaccurate or misleading progress reports and expense vouchers filed by the subsidiary, Kellogg Brown & Root."

The Washington Post (3/29, A7, Witte, 744K) reports that "in one case, the government's contracting officials reported that KBR attempted to inflate its cost estimates by paying a supplier more than it was due. In another, KBR cut its cost estimates in half after it was pressed on its true expenses. In a third, KBR billed for work performed by the Iraqi oil ministry." Melissa Norcross, a Halliburton spokeswoman, "defended the company's performance under the oil contract, saying Waxman's report dredged up old issues that have already been resolved." Norcross "pointed to a July report by the State Department that said Halliburton had been 'satisfactorily addressing most of the issues' raised in previous evaluations."

The Wall Street Journal (3/29, Dreazen, 2.11M) says the report reveals that "mounting concerns led contracting officials to take the rare step of sending Halliburton in January 2005 a so-called cure notice complaining that the company's 'lack of cost containment and funds management is the single biggest detriment to this program' and threatening to terminate the contract if matters didn't improve." The US "lifted the threat in June 2005, but sharply limited the bonuses Halliburton received for its work." The Los Angeles Times (3/29, Roche, 958K) also reports the story.

Afghan Christian Convert Goes Into Hiding. ABC World News Tonight (3/28, story 5, :25, Vargas, 8.78M) reported that in Afghanistan, Christian convert Abdul Rahman, "who faced a possible death sentence…has vanished in Kabul, just hours after his release from prison." The Washington Times/AP (3/29, Shah) reports the Christian convert "went into hiding yesterday." Afghan Deputy Attorney General Mohammad Ishaq Aliko "said Mr. Rahman was

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being held 'at a special place and that is only for his own security,' Agence France-Presse reported."

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Gonzales To Visit Washington On Western State Swing. The Yakima (WA) Herald Republic (3/28, Ferolito) reports, "U.S. Attorney General Alberto Gonzales will visit the Lower Yakima Valley on Wednesday to talk about drug and gang prevention with students and officials with the Yakama Nation." The H-R continues, "An hour-long assembly with about 550 middle and high school students is planned for 10 a.m. at White Swan High School, Jonathan Black, a public affairs assistant for the attorney general's office, said in a phone interview Monday from Washington, D.C. … The event is open only to White Swan middle and high school students and school staff." The H-R adds, "Later, Gonzales will meet tribal leaders in a closed gathering at the Yakama Nation Cultural Heritage Center in Toppenish. Tribal leaders have not said if other issues beyond drugs and gangs will be raised during their meeting with Gonzales. … His visit to the Lower Valley is his first stop in a swing through several Western states this week, including visits to Las Vegas, Los Angeles and San Jose, Calif."

Gonzales Names Sutton To Chair DOJ Advisory Panel. The San Antonio Business Journal (3/29) reports, "U.S. Attorney General Alberto R. Gonzales on Tuesday named Johnny Sutton to chair a key advisory committee that helps craft policy within the Justice Department." The Journal continues, "Sutton is the U.S. Attorney for the Western District of Texas in San Antonio -- a position he has held since December 2001. In that role, he serves as the chief prosecutor for the federal government in San Antonio and West Texas." The Journal adds, "Gonzales also appointed Susan Brooks, U.S. Attorney for the Southern District of Indiana, to serve as vice chair of the Advisory Committee of U.S. Attorneys. … 'Johnny Sutton and Susan Brooks are experienced prosecutors who have served with distinction as United States Attorneys,' Gonzales said in a statement. … 'Together, we will work to combat terrorism, reduce violent crime and drug trafficking, prevent cybercrime and child exploitation, prosecute government and corporate corruption, and protect the civil rights of all Americans,' the attorney general added."

CORPORATE SCANDALS:

Judge Dismisses Some Counts As Enron Prosecution Rests. The CBS Evening News (3/28, story 10, 0:20, Mitchell) reported, "Federal prosecutors rested their case against Enron founder Ken Lay and former CEO Jeffrey Skilling, accused of engineering the massive fraud that drove the company into bankruptcy. The government dropped four counts against them today to streamline the case. The defense will present its case next week."

The New York Times (3/29, Barrionuevo) reports, "After more than eight weeks and 22 witnesses, the government rested its case on Tuesday against two former Enron chief executives, Jeffrey K. Skilling and Kenneth L. Lay, setting the stage for the defense to begin its bid to keep them out of prison." The Times continues, "When they present their first witness on Monday, the defense lawyers' burden will be a bit lighter, because the judge in the case, Simeon T. Lake III of Federal District Court, approved a government request to dismiss some of the criminal counts against the two men. … Sean Berkowitz, the director of the Justice Department's Enron Task Force, said prosecutors chose not to present evidence on the dismissed charges 'out of economy.' Judge Lake said he had been 'wondering where the evidence was' on some of the charges, 'so now I don't have to ask.'" The Times notes, "The government rested its case early Tuesday after a former Enron employee testified about the apparent contradiction between Mr. Lay's rapid disposal of tens of millions of dollars in Enron stock and his public pronouncements that Enron shares were 'an incredible bargain.' The situation alarmed the employee, Joanne Cortez, enough that she told the Federal Bureau of Investigation about the trades."

The Wall Street Journal (3/29, McWilliams) reports, "Defense attorneys, who are scheduled to begin their case when the trial resumes on Monday, signaled before the proceedings began at the end of January that they planned to argue that Enron was a vigorous and growing company felled by outside forces. … Such an approach is unusual in the recent annals of big-time corporate-crime cases. In recent corporate scandals, such as at HealthSouth Corp. and WorldCom Inc., the former chief executives at those companies argued that they weren't aware of large frauds taking place at the company. HealthSouth's CEO Richard Scrushy was acquitted in his trial while WorldCom's Bernard

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Ebbers was convicted and sentenced to more than 20 years in prison."

USA Today (3/29, Farrell) reports, "In just over eight weeks of trial, consisting of 32 days in court, prosecutors put 17 former Enron employees on the stand, including eight witnesses who pleaded guilty to crimes related to their actions at Enron and agreed to cooperate with the government. … According to the government's charges, Lay and Skilling headed a conspiracy to deceive the investing public about Enron's financial condition. Most of the prosecution witnesses said they told Lay or Skilling of the company's problems, but none of them had any paperwork or memos that proved the case conclusively. … To outside observers, the government turned in a solid effort so far. 'It's Act 1, but I think it's been a very successful Act 1,' says John Coffee, an expert in securities law at Columbia University. 'Given what can go wrong in a trial, nothing has gone wrong so far.'"

The Washington Post (3/29, D1, Johnson) reports, "In contrast to many other corporate fraud cases, prosecutors avoided getting bogged down in accounting detail -- the result of a major breakthrough before the trial even began." The Post adds, "Former Enron accounting chief Richard A. Causey had been expected to stand trial with his former bosses, who might have blamed him for misleading accounting in order to save themselves from long prison sentences. … Instead, in December, a month before the trial began, Causey pleaded guilty, raising the possibility that he might be a witness against Lay and Skilling. … Prosecutors did not call Causey to testify, despite his role as a middleman who had close contact with both Skilling and Lay. Still, the last-minute plea deal allowed prosecutors to streamline their case, scuttling scores of witnesses against Causey who would have spent weeks talking about complex accounting practices and byzantine deals. With no need to concentrate on convicting Causey alongside Lay and Skilling, prosecutors were able to keep the time spent on bookkeeping detail to a minimum."

AFP (3/29) reports that Judge Lake "declared a 'spring break' and gave defense attorneys until Monday to prepare their rebuttal. … 'There's been no case in this case,' Michael Ramsey, Lay's lead lawyer, told reporters outside the courthouse. … 'Everything (at Enron) was done according to the rules and that's what we're going to show.'"

Texas Lawyer (3/29, Jeffreys) reports, "Lake agreed to dismiss Count 15 against Skilling, a securities fraud charge stemming from a 10Q filed with the Securities and Exchange Commission in May 2000; Count 21, a securities fraud charge related to an analyst conference call in April 2000; and count 33, a false-statements-to-auditors charge related to the May 2000 10Q. … Lake also dismissed Count 30 against Lay, which is a securities fraud charge related to an analyst conference call in November 2001."

Grand Jury Subpoenas GM In Probe Of Supplier Credits. The Wall Street Journal (3/29, Hawkins) reports, "General Motors Corp. said it received a subpoena from a federal grand jury investigating its handling of payments or 'credits' from suppliers, and said it had found 'material weaknesses' or 'significant deficiencies' in certain areas of its accounting controls." The Journal continues, "The world's largest auto maker by production also said it received a subpoena from the Securities and Exchange Commission in connection with a previously disclosed investigation of GM's transactions in precious-metal raw materials." The Journal adds, "The disclosures, made yesterday in delayed annual filings with the SEC, are a setback for GM as it seeks to turn around its loss-plagued North American operations and hammer out agreements to reduce costs and quell labor strife at its No. 1 parts supplier Delphi Corp. (See related article.1) The disclosures also come as Chairman and Chief Executive Rick Wagoner faces growing pressure to restore investor confidence."

USA Today (3/29, Carty) reports, "In a filing with the SEC, GM also warned that it might not be able to sell controlling interest in its GMAC finance arm to raise emergency cash and to restore the lender's credit rating. The money-losing automaker portrayed the disclosures as routine parts of its annual filing with the SEC. But that filing itself was delayed more than a week after GM at the last minute discovered financial irregularities at a unit called ResCap, which is part of GMAC." USA adds, "At about the same time, the automaker said it would have to spend more than planned on its own restructuring and on lingering obligations to parts supplier Delphi, now under Chapter 11 bankruptcy protection. As a result, it added $2 billion to its losses last year, putting it $10.6 billion in the red for 2005. … In the Tuesday disclosures, GM said the SEC has issued a subpoena seeking information about precious metal transactions. Additionally, GM said, the SEC and a federal grand jury have issued subpoenas to GMAC as part of industrywide investigations into insurance industry practices."

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CRIMINAL LAW:

Ryan Trial Judge Denies Request For Mistrial. The New York Times (3/29, Ruethling) reports, "A federal judge replaced two dismissed jurors on Tuesday in the criminal trial of former Gov. George Ryan and instructed the jury to begin deliberations anew, denying a request by the defense for a mistrial. … 'To go forward right now, as difficult as it is, is not irrevocable,' said the judge, Rebecca R. Pallmeyer of Federal District Court, in front of a packed courtroom. 'That's one of the reasons it seemed appropriate to me.'" The Times adds, "Judge Pallmeyer had been investigating and interviewing jurors individually and having closed-door hearings with lawyers since last week, when The Chicago Tribune discovered that two jurors had lied on questionnaires about whether they had criminal records. Those jurors were dismissed Monday. … The judge called her decision to proceed 'tentative' and said she had not 'shut the door' on the possibility of a mistrial. She said the jurors had been diligent, had taken careful notes, had had perfect attendance over the past six months and had abided by her instructions."

The AP (3/29, Robinson) reports, "Starting deliberations from scratch could add weeks to a trial that began last September. Pallmeyer met for hours with the attorneys Tuesday in an effort to resolve the crisis and avoid a mistrial. … She said pointedly that there had been 'a very significant investment both public and private' in the trial that by any yardstick has cost millions of dollars."

In a story distributed by Knight Ridder, The Chicago Tribune (3/29, O'Connor, 643K) reports US District Judge Rebecca Pallmeyer "on Tuesday added two alternates to the jury deciding former Gov. George Ryan's fate and ordered deliberations to begin anew in the historic trial." Pallmeyer "made it clear her decision to reject a defense request for a mistrial was tentative and would depend on her continuing satisfaction that the process is fair to Ryan and lobbyist Lawrence Warner. … Pallmeyer also issued a new instruction that jurors 'must treat this case as if the prior deliberations did not occur.'" The Chicago Sun-Times (3/29, Korecki, Fuller, Patterson) adds that "Pallmeyer averted a mistrial for now but left wide open the possibility she still could grant one after tossing two jurors who didn't disclose their criminal backgrounds. 'If at any point I conclude that this procedure is not fair, I do intend to declare a mistrial,' she told a packed courtroom without the jury present."

Prosecutors Play FBI Recording Of Third Nevada Commissioner Soliciting Bribes. KLAS-TV Las Vegas (3/28, Allen) reports, "A new turn for the G-Sting political corruption trial -- Tuesday, prosecutors looked to strengthen their case against former Clark County Commissioners Dario Herrera and Mary Kincaid-Chauncey by playing wiretaps of someone else." On the FBI wiretap, former Commissioner Erin Kenny asks lobbyist Lance Malone "for money to finance her race for Lieutenant Governor." But Herrera lawyer Jerry Bernstein discounted the value of Kenny's bribe solicitation and "questioned FBI Agent Christopher Byers, who admitted no wiretaps exist of Herrera being offered specific dollar amounts in exchange for county commission votes."

New Orleans Evacuee Arrested In Connection With Houston Killing. The AP (3/29) reports, "A New Orleans evacuee has been arrested in connection with the murder of a Houston man in February, according to federal authorities." The AP continues, "Timothy D. Strong, 21, was arrested in New Orleans on Monday. An arrest warrant from Harris County accused him of murdering Daryl Cirk on Feb. 2 in Houston, the U.S. Marshals' office said." The AP adds, "Strong evacuated to Houston after Hurricane Katrina, and Cirk was a Houston-area native, Deputy U.S. Marshal Brian Fair said. Strong was arrested after Houston police and marshals in the southern district of Texas obtained information that he had returned to New Orleans."

Florida Man Pleads Guilty To Possession Of Child Pornography. The Orlando Sentinel (3/29) reports, "An east Orange County man accused of running a child-pornography Web site and charging monthly subscriptions pleaded guilty Monday in Orlando's federal court to one count of possessing the illicit material." The Sentinel continues, "Earl A. Beach, 65, was indicted and arrested last month on charges of distributing and possessing child pornography. He signed a plea agreement March 18 with the U.S. Attorney's Office that will spare both sides of a trial. … Shackled at the waist and handcuffed while wearing a red jail jumpsuit, Beach told U.S. Magistrate Karla Spaulding he is guilty 'because I committed the crime.'" The

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Sentinel adds, "Beach faces up to 10 years in prison for the single count he pleaded to but could face an increase in his sentence because of convictions for similar crimes in Indiana in 1979 and in Orange County in 1986. … A tip from the National Center for Missing and Exploited Children in October about a Web site spurred an investigation by the U.S. Bureau of Immigration and Customs Enforcement in Orlando. Beach was arrested after a search of his home found more than 400 images depicting children in sex acts. … 'The Web site itself said it was illegal and contained images of rape and incest,' Assistant U.S. Attorney Cynthia Hawkins said in court Monday. … Beach's case prompted the U.S. Attorney's Office to seek a search warrant under the USA Patriot Act for electronic records at Yahoo Inc. in the hope that it would uncover others using Beach's Web site. One federal judge twice denied such requests, but he was overruled by district judges both times."

Court Upholds Case Against McDermott. A federal appeals court has ruled that Rep. Jim McDermott violated federal law nearly a decade ago when he gave reporters an illegally taped telephone call between then-House Speaker Newt Gingrich and Rep. John Boehner. The New York Times/AP (3/29) reports, "In a 2-to-1 opinion, the United States Court of Appeals for the District of Columbia Circuit upheld a lower court ruling" McDermott broke the law, and ordered him "to pay Mr. Boehner more than $700,000, which included $60,000 in damages."

Roll Call (3/29, Bresnahan) reports, "McDermott now has 14 days to ask for the full appeals court to take up the case. If that request is denied, the Washington Democrat would have 90 days to appeal for a hearing before the Supreme Court. Michael Carvin, Boehner's lawyer, predicted that McDermott will be unsuccessful on either front. Carvin pointed out that the full appeals court has already twice denied McDermott's application for a hearing, and added that he does not see any issues at stake in the case that would merit intervention by the Supreme Court."

Ruling Seen As Blow To News Organizations Who Backed McDermott. Washington Times (3/29, Price, 90K) reports, "The ruling yesterday was a blow for the 18 news organizations that filed a brief supporting Mr. McDermott's right to release the tape, which he had received from Alice and John Martin. The list included the New York Times, The Washington Post, NBC, ABC, CBS, CNN and Associated Press."

Prosecution Says FBI Tape Of Falwell Call Supports Virginia Corruption Case. The Lynchburg News & Advance (3/29, Reilly) reports, "An FBI agent taped a phone conversation between Jerry Falwell Jr. and Lynchburg Mayor Carl Hutcherson in January 2005 without Falwell Jr.'s knowledge, a government motion filed Tuesday revealed. … The mayor faces fraud charges related to a $32,500 donation from the Falwell ministries alleging that he used the money to improperly pay off tax debts, then lied to cover up his actions." The prosecution motion says, "The resultant taped conversation confirmed Hutcherson's denials of a bribery scheme. The taped conversation made clear that Falwell Jr. meant for the $32,500 to be a donation to Trinity CDC and not for Trinity CDC to be a mere shell or funnel for money to be given to Hutcherson."

FBI Agents Testify At Hearing In Minnesota Corruption Case. The Minneapolis Star-Tribune (3/29, Olson) reports FBI Special Agents Timothy Bisswurm and David Kukura "offered details in court Tuesday about their first meeting with then-Minneapolis City Council Member Dean Zimmermann to talk about allegations that he took cash in exchange for promises of political favors." Zimmermann returned home after the interview "and then got a second visit from the FBI, whose agents seized envelopes with cash." At yesterday's hearing, "Zimmermann's attorney argued that a judge should forbid prosecutors from using the conversation with the FBI that day as evidence. The content of the interview wasn't discussed Tuesday. The testimony sounded more routine than revelatory, but defense attorney Dan Scott said it may have significance later." KSTP-TV Minneapolis (3/28) notes, "The judge heard and dismissed a number of defense motions to suppress evidence," some of which "was gathered…when FBI agents raided Zimmermann's home." Zimmermann declared to KSTP outside the courtroom, "This is something that was totally manufactured by the FBI, totally out of character for me, that's clear and obvious to everybody."

Judge Orders Suspects Held Without Bail In Chicago Murder-For-Hire Plot. The Chicago Tribune (3/29, Sadovi, 643K) reports, "Three Chicago men were ordered held on bail Tuesday for their involvement in a botched murder-for-hire scheme against a Harwoood Heights jeweler to whom a relative of one of the men owed cash." Santos Ramirez "was charged Monday with solicitation to commit murder for hire, said Tom Stanton, a

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spokesman for the Cook County state's attorney's office." Anthony King and Robert Navarro "were charged with conspiracy to commit murder for their role in the scheme, Stanton said." The Tribune notes, "Stanton said the FBI had been tracking telephone conversations between the men, and that Ramirez was under surveillance in another investigation."

Chinese Nationals Plead Guilty To Bilking US Employer. The AP (3/25) reports, "Three former employees of Vectron International have admitted in guilty pleas that they cheated the company of up to $1 million. The three are Chinese nationals who worked as sales representatives in China for Vectron, which is based in Hudson, N.H. Zhen Zhang, who was based in Shanghai, was the mastermind, according to the U.S. Attorney's Office for New Jersey, which handled the case." Zhang "took bribes from customers in exchange for lower prices and faster service, while those who did not pay saw bids delayed or declined."

Judge Releases Mariano From Custody Until Sentencing. The AP (3/29) reports Philadelphia City Councilman Rick Mariano, convicted of bribery, "was released Tuesday on orders from a judge to stay on his medication and continue with counseling. … A psychiatrist who examined Mariano concluded that he is not a danger to himself or others, according to the order issued Tuesday by U.S. District Judge Lawrence F. Stengel." The Philadelphia Daily News (3/29, Brennan, Hinkelman) notes Mariano lawyer Nino Tinari "said he has heard that Mariano's former spokesman, Frank Keel, told the lead FBI special agent on the case that the councilman might be a danger to himself. … FBI Special Agent Ray Manna declined to comment." The Philadelphia Inquirer (3/29, Shiffman, Schaffer, 423K) adds that as he emerged from the courthouse, "Mariano scowled and did not answer questions about whether he would resign from his $102,000-a-year post or appear at tomorrow's regular Council session."

Mob Grave Digger Testifies Eppolito Present At Burials. Newsday (3/29, DeStefano) reports, "Testifying in the 'Mafia Cops' racketeering trial" yesterday, laborer Peter Franzone "said he was forced to bury a man killed in a gangland slaying and indicated that one of the defendants -- former NYPD detective Louis Eppolito -- may have been an accessory to the killing." Franzone, "who now is in the witness protection program, told a Brooklyn federal court jury how he was coerced into digging a grave 5 feet deep in a garage space he owned and later was ordered to move another corpse for disposal elsewhere. In both incidents, Franzone said, Eppolito had driven into the parking area as other men arrived." However, "Franzone, under questioning by Assistant U.S. Attorney Robert Henoch, did not say that Eppolito killed anyone." In a widely-distributed story, the AP (3/29, Hays) notes Franzone "said he kept quiet for 19 years because he was convinced no one would believe that police were mixed up with the mob, and because he feared Eppolito might put him in his own grave. … Franzone broke his silence last year under questioning by federal authorities reinvestigating the slaying of Israel Greenwald, a Diamond District jeweler who ran afoul of the Luchese crime family."

The New York Times (3/29, Feuer, 1.19M) reports Caracappa lawyer Edward Hayes "got the witness to admit that he had heard no gunshots at the garage that night." Eppolito lawyer Bruce Cutler "played the legal heavy, yelling at the witness" and asking, "Did you even call your wife and tell her, 'Dear, I won't be home for dinner. I'm digging a grave -- at my place of business?'" The New York Post (3/29, Haberman, 624K) also reports on Franzone's testimony, under the headline "I Dug Grave For Mob Cops."

Gasso Tells Prosecutors He Has "Information Favorable To The Defense." The New York Daily News (3/29, Marzulli, 729K) reports, "Lawyers for the reputed Mafia cops will get a chance to chat by phone today with their clients' alleged benefactor, imprisoned gangster Anthony (Gaspipe) Casso. Casso, who is serving a life term…originally outed" Eppolito and Caracappa "as rogue cops during his brief stint as a government cooperator in 1994." But Casso "recently penned a letter to the feds saying he has 'information favorable to the defense,' prosecutor Daniel Wenner revealed yesterday."

Victim's Daughters To Testify Against FBI Agent Charged With Mob Murders. The New York Daily News (3/29, Katz, 729K) reports, "While her dad was alive, Mary Anne Lampasi claims she was oblivious to his mob ties. That ended in 1992 when businessman Larry Lampasi was gunned down in a Mafia hit authorities now believe was set up by alleged rogue FBI agent Lindley DeVecchio. Tomorrow, Mary Anne, 52, and her sister, Candace, 48, will be in Brooklyn Supreme Court, where they

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are hoping to confront the man investigators say is at least partly responsible for their father's death." DeVecchio "is scheduled to surrender tonight on an indictment that charges him with four gangland murders, according to law enforcement sources."

FBI Bugged Bedroom, Phones Of Florida Couple Charged As Cuban Agents. The Miami Herald (3/29, Weaver, 323K) reports, "Federal agents planted a bug in the bedroom of a Florida International University a couple of years ago, netting evidence to charge them as unregistered agents for the Cuban government, according to court records. The FBI also wiretapped the home phones of Professor Carlos Alvarez and his counselor wife, Elsa Alvarez, from at least late 2001 until last summer, collecting electronic evidence on practically all of their conversations." The Herald adds, "According to sources familiar with the case, the FBI had hoped the electronic intercepts would provide leads on alleged spying activity on behalf of the Cuban government. The evidence led only to the Alvarezes' arrests in January. It's unclear why prosecutors chose to charge them at that time."

Medical Report Says Convicted Sniper Muhammad Is "Psychotic." The Washington Post (3/29, B9, Londoño) reports, "Sniper John Allen Muhammad is not competent to stand trial, his attorneys argued in a motion filed yesterday along with a psychiatric evaluation that says the defendant should not be allowed to defend himself during his murder trial because he is 'psychotic, delusional' and 'paranoid.'" The Post continues, "The report -- the first public disclosure of a mental health expert's assessment of the sniper's mind -- was filed a day before Muhammad is scheduled to appear before a judge in Rockville to explain why he wants to fire his attorneys and defend himself during his Montgomery County trial, which is scheduled to start May 1." The Post adds, "Yale University psychiatrist Dorothy O. Lewis, the defense expert who interviewed Muhammad twice in September 2003 and for four hours Monday, said the sniper told her that he is innocent and believes 'his arrest was the result of an elaborate scheme to frame him for the murders.' … She wrote that Muhammad told her he also believes Lee Boyd Malvo -- his alleged accomplice in the series of slayings committed with a high-powered rifle in October 2002 -- was 'fed information by the police and forced to make a false confession.' … Lewis wrote that Muhammad's judgment and ability to think logically are 'severely compromised' by brain dysfunction and that he probably suffers from 'schizo-affective schizophrenia.' … Muhammad has refused to assist his attorneys -- Montgomery public defender Paul DeWolfe and his deputy, Brian D. Shefferman -- and says that he can't share his 'secret defense strategy' with his attorneys because 'they cannot be trusted,' Lewis wrote. … Montgomery Circuit Court Judge James L. Ryan will have to tackle the competency issue before deciding whether to allow Muhammad to represent himself -- a request he made in a handwritten letter delivered to the judge this month."

Stop-Snitching Campaign Makes Prosecutions More Difficult. USA Today (3/29, Hampson) reports, "It was not the first time prosecutor Lisa Pellegrini had been enraged by the sight of the T-shirt with the traffic-sign message: STOP SNITCHING. But this guy was about to wear one into court, with matching baseball cap. … Worse, he was a witness — her witness — and the intended victim in an attempted murder case that had brought him, her and the defendants to court that day last fall." USA continues, "This was Rayco 'War' Saunders — ex-con, pro boxer and walking billboard for a street movement that has sparked a coast-to-coast beef involving everyone from professors to rappers. … Pellegrini, thinking 'witness intimidation,' told Saunders to lose the hat and reverse the shirt. Saunders, crying 'First Amendment,' refused. He left the courthouse, shirt in place. Case dismissed. 'In almost every one of my homicides, this happens: "I don't know nothin' about nothing", ' the prosecutor says. 'There is that attitude, "Don't be a snitch." And it's condoned by the community.'" USA adds, "Omerta, the Mafia's blood oath of silence, has been broken by turncoat after turncoat. But the call to stop snitching — on other folks in the 'hood — is getting louder. … Is it an attempt by drug dealers and gangsters to intimidate witnesses? … Is it a legitimate protest against law enforcers' overreliance on self-serving criminal informers? … Or is it bigger than that? … David Kennedy, director of the Center for Crime Prevention and Control at John Jay College of Criminal Justice in New York" says the code of silence "is breaking out in a way we've never seen before."

Diamond Scam Nets $14 Million Worth Of Gems. The Los Angeles Times (3/29, Garrison) reports, "Those not in the diamond trade might find it hard to understand why Emile Chayto, a Geneva dealer with more

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than 40 years of experience, gave $14 million worth of gems to a stranger who claimed to be the wife of the deceased president of the Congo — before she had paid him one penny. … Unfortunately for Chayto, she was not the widow of Mobutu Sese Seko. And her wire transfer never arrived." The Times continues, "As it turned out, the handoff of the stones triggered a series of transactions — detailed in lawsuits in Los Angeles and Israel — illuminating a strange and glamorous trade in which millions of dollars' worth of merchandise crisscrosses the globe on the strength of spoken promises."

WPost Criticizes Howard University Hospital Treatment Of Rosenbaum. An editorial in the Washington Post (3/29, A18, 744K) says that in the wake of New York Times reporter David E. Rosenbaum's death from injuries suffered during a mugging, DC's Health Department "has notified [Howard University Hospital] of several deficiencies in its patient treatment and has demanded an 'acceptable plan of corrective action,' D.C. Health Director Gregg A. Pane said yesterday. The Health Department has also notified the federal Centers for Medicare and Medicaid Services of its findings and is weighing other options for holding the hospital accountable. And to think: Howard University is asking that the city spend $200 million and that the federal government guarantee an additional $200 million so the university and the city can build a $400 million medical complex that Howard medical professionals will control and operate."

CIVIL LAW:

Favorable Ruling May Help Big Tobacco Cut Payments To States. The Wall Street Journal (3/29, O'Connell) reports, "An independent arbitrator ruled that the nation's big cigarette makers lost market share as a result of their 1998 legal settlement with 46 states." The Journal continues, "The ruling increases the likelihood that Marlboro maker Philip Morris USA and its rivals will be able to cut $1.2 billion from the payment they owe the states next month, and possibly see similar reductions in future years." The Journal adds, "The payment issue stems from a settlement reached eight years ago requiring Altria Group Inc.'s Philip Morris, Reynolds American Inc.'s RJR and Loews Corp.'s Lorillard to reimburse the states annually for the costs of caring for sick smokers. Each year's payment is calculated based on the previous year's cigarette-sales volume. So far, cigarette makers have paid the states $41.6 billion; another $6.5 billion is due April 17. … The latest ruling could usher in a new era of confrontation between major cigarette makers, which lately have benefited from a string of courtroom victories, and the states, which have grown increasingly dependent on annual tobacco-company payments to cover budget shortfalls."

The New York Times (3/29, Janofsky) reports, "The dispute arises out of a binding determination by an independent consultant made public on Tuesday that the $246 billion Master Settlement Agreement of 1998, which ended lawsuits against the companies over the health care costs of smoking, was a 'significant factor' in the companies' loss of market share. From 1997 to 2003, smoking in the United States fell by 21 percent. … The 1998 agreement, which included major restrictions on cigarette marketing, listed three conditions that would reduce the amount companies had to pay. The consultants agreed that the first two had been met: the companies' market share fell more than 2 percent, and the settlement agreement played a major role in the decline. … But the companies are arguing that the states did not 'diligently enforce' statutes that require companies not participating in the agreement to create escrow accounts to cover losses in any future litigation that might involve them, the third condition to win a reduction. The smaller companies generally sell discount cigarettes."

Newspaper Association CEO Calls For FOIA Reform. John F. Sturm, president and CEO of the Newspaper Association of America, writes in The Hill (3/29) that "over the years FOIA requests filed by the public and the news media increasingly have been rejected or mysteriously delayed. … Many members of Congress are looking closely at reforming and improving FOIA. Sen. John Cornyn (R-Texas), Sen. Patrick Leahy (D-Vt.) and Rep. Lamar Smith (R-Texas) have introduced the Openness Promotes Effectiveness in Our National (OPEN) Government Act of 2005 (S. 394 and H.R. 867) to provide meaningful FOIA reform and accountability, legislation that the coalition supports. Rep. Todd Platts (R-Pa.), chairman of the House Government Reform Subcommittee on Government Management, Finance and Accountability, also held a constructive hearing on this issue. … The darkness of unwarranted secrecy can hide and encourage misdeeds, and breed discontent. Conversely, as Justice Louis Brandeis said, 'Sunlight is the best of disinfectants.' Let's reform FOIA and open the darkened files of government."

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CIVIL RIGHTS:

Pizza Hut Franchisee Reaches Accessibility Settlement With DOJ. The AP (3/29, Hananel) reports, "The nation's largest Pizza Hut franchisee has agreed to renovate hundreds of restaurants to settle claims they are inaccessible to the disabled, the Justice Department announced Tuesday." The AP continues, "NPC International Inc., which has executive offices in Lenexa, Kan., and its restaurant services center in Pittsburg, Kan., reached the settlement to resolve alleged violations of the Americans with Disabilities Act." The AP adds, "The agreement requires restaurants to repair parking lots, seating areas, bathrooms and self-service counters to bring them into compliance. … The company, which operates about 800 restaurants in 25 states, did not admit any violations of federal law and reached the settlement to avoid potential litigation, according to a copy of the settlement agreement. … 'Too often, the ease and enjoyment of restaurant dining is not a reality for individuals with disabilities,' said Wan J. Kim, assistant attorney general for the department's Civil Rights Division. 'I commend NPC for their commitment to take the steps necessary to make its Pizza Hut restaurants accessible.'"

Reauthorization Of Civil Rights Act Seen As Likely. The New York Times (3/29, Lyman, 1.19M) reports that despite opposition form conservatives who believe that while the 1965 Voting Rights Act "was necessary in its day to register blacks and overturn decades of laws preventing them from voting," but its time has passed, supporters and opponents alike "say they expect it to be reauthorized and, probably, even strengthened in coming weeks, well ahead of the deadline.

Study Finds Financial Gap Growing Between Blacks, Whites. A report to be released by the National Urban League says African Americans are not making progress in achieving income, net worth employment and homeownership levels equal to those of whites. USA Today (3/29, Copeland, 2.31M) reports, "Blacks have just 56% of the economic status of whites, a slip of 1 percentage point from last year, according to the civil rights organization's annual 'The State of Black America' report. … The sharpest economic disparity between black and whites is in median net worth, according to the report, which compiles data from many government sources, including the Census Bureau and the Bureau of Labor Statistics. The median net worth for African-American families — half have more, half less — is less than one-tenth of the median for white families. That gap is driven largely by differences in homeownership. More than 70% of white families own their homes, compared with about 50% of blacks, the report says."

ANTITRUST:

Oberstar, Kennedy Express Concerns About McClatchy Deal. The Minneapolis Star Tribune (3/29) reports, "Two Minnesota congressmen on Tuesday called for an antitrust review of Knight Ridder's sale to the McClatchy Co., saying they are 'deeply concerned about the impact the proposed sale could have on our constituents.'" The Tribune continues, "Republican Mark Kennedy and Democrat Jim Oberstar released a letter they wrote to Thomas Barnett, assistant attorney general for antitrust at the Justice Department. … 'This sale, should it go forward, would place in one company's hands the ownership of the two largest newspapers in our state,' the letter said." The Tribune adds, "The letter made no mention of McClatchy's intent to sell the St. Paul Pioneer Press and 11 other Knight Ridder papers. McClatchy officials said when the deal was announced March 13 that they would divest those papers, with antitrust concerns specifically cited regarding the St. Paul paper. … But Kennedy said McClatchy's planned sale of the Pioneer Press doesn't allay his concerns. … A Justice Department spokeswoman said the department 'will review the transaction carefully' as a matter of course."

The AP (3/29, Frommer) reports, "In a telephone interview, Kennedy said he didn't think the upcoming sale of the Pioneer Press made the issue moot, noting that McClatchy will still decide on the next owner of the Pioneer Press. … 'Would people be comfortable if I said, "Well, I'm going to make sure I have a Democrat opponent in the upcoming race, but I'm going to choose that Democrat?"' asked Kennedy, who is running for Senate. … 'There's an inherent conflict of interest here. When they're calculating the benefit of selling a paper, they get a benefit if they sell to somebody who's going to do less with it, rather than if they sell it to somebody who will really energize the Pioneer Press and make it a really vibrant competitor.'" The AP notes, "The Justice Department is planning to review the sale of Knight Ridder to McClatchy; newspaper analyst John Morton said the department looks at all big transactions like this one. …

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'But I don't see any big problems because McClatchy has already announced before they close the transaction, they intend to sell the St. Paul newspaper,' which is the only one that presents a conflict with a McClatchy paper, he said."

DOJ Requests More Information About Coherent-Excel Deal. Dow Jones (3/29) reports, "Coherent Inc. after Tuesday's closing bell said the Department of Justice's antitrust division has requested more information and documentary material in connection with its review of Coherent's proposed $376 million acquisition of Excel Technology Inc." Dow Jones adds, "The request, to which Coherent plans to promptly respond, extends the waiting period under the Hart-Scott-Rodino Antitrust Improvements Act of 1976."

High Court To Hear eBay Patent Arguments Today. The Wall Street Journal (3/29, Bravin, Mangalindan) reports, "What do 19th-century paper bags have in common with the 21st century's most successful Internet auction site? … Patent problems and the U.S. Supreme Court." The Journal continues, "More than a century ago, in a patent case involving a machine to fold paper bags, the Supreme Court ruled that infringement of a patent could result in an injunction against a company using the invention -- even if the patent holder didn't use it. 'Patents are property, and entitled to the same rights and sanctions as other property,' Justice Joseph McKenna wrote for the court. … Today, eBay Inc. will ask the Supreme Court to revisit that decision. While patents may be property, the San Jose, Calif., Internet auctioneer argues, Congress never intended to give patent holders who don't use their inventions nearly insurmountable leverage over companies later found to infringe." The Journal adds, "Although eBay disputed the validity of the patents central to the case, the issue isn't whether the patent holder is entitled to a court-ordered remedy, but whether that remedy extends beyond the payment of royalties and penalties to an injunction. … EBay says that even a loss in the high court won't affect its business, arguing that it has made changes to the site that no longer touch on the patent in question. … But a ruling could have big implications for the patent world and the disputes around them, as evidenced by the bevy of friend-of-the-court briefs on both sides of the case."

The Washington Times (3/29, Ramstack) reports, "The small Internet commerce company MercExchange LLC is trying to enforce an injunction against EBay to prevent the billion-dollar company from using the 'Buy it now' software that lets customers purchase fixed-price items over the Internet. MercExchange says it owns the rights to that software under two patents. … The Supreme Court has agreed to decide the extent to which court orders can be used to protect patent rights. Injunctions are a fundamental tool of the patent system, allowing inventors to stop others from copying their technology."

EU Warns Microsoft Over Vista Upgrade Packaging. The Wall Street Journal (3/29, Jacoby) reports, "The European Union's top antitrust regulator has sent a letter to Microsoft Corp., warning the company that it won't be allowed to sell its new Windows Vista operating system in Europe if it comes prepackaged with certain features. … 'We expect that Microsoft will design Vista in a way which is in line with the European competition laws,' Neelie Kroes, the EU's antitrust commissioner, said in an interview. 'It would be rather stupid to design something that is not.'" The Journal continues, "Ms. Kroes said she sent Microsoft Chief Executive Steve Ballmer a letter last week outlining her concerns, which mirror those in a continuing, seven-year-long dispute between the EU and Microsoft over software packaged with its current Windows operating system. … Microsoft spokesman Tom Brookes said the company wasn't aware of the March 20 letter and was therefore unable to comment on the EU's specific concerns. 'However, consumers are demanding a more secure, functional operating system. And Microsoft has developed Vista to respond to that demand, while respecting its legal responsibilities,' said Mr. Brookes." The Journal notes, "The EU notice follows Microsoft's announcement last week that it would delay release of Vista until January because it needs more time to test the software. … Ms. Kroes's spokesman, Jonathan Todd, said that the EU is concerned about Microsoft's plans for Internet search. Though Mr. Todd didn't elaborate, Google Inc. and other Internet-search services have said they are concerned that Microsoft could use its Internet Explorer 7 Web browser to unfairly direct computer users to Microsoft's own search service. Microsoft says it will include ways to set the browser to its competitors' services."

Microsoft Cuts Dial-Up Price In Battle With AOL. The Washington Post (3/29, D4, Goo) reports, "Microsoft Corp.'s MSN made an aggressive bid yesterday to take dial-up Internet subscribers from America Online Inc.,

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announcing that it would cut the price of a service that has been dwindling in popularity." The Post continues, "Microsoft's price cut, to $17.95 a month from $21.95 for a dial-up service that includes e-mail, parental monitoring and photo services, is a sharp departure from AOL's strategy of pushing dial-up customers to switch to broadband. Last month, Dulles-based AOL announced that it would increase the monthly fee it charges its dial-up subscribers by $2, to $25.90. The AOL price increase began taking effect earlier this month." The Post adds, "The long-term market for subscribers who log on to the Internet the old-fashioned way is not bright, as consumers switch to faster broadband service. The price war reflects the fierce competition for consumers among online portals that want to serve as users' home pages."

Raycom Media Sells 12 Television Stations To Barrington. The Birmingham (AL) Business Journal (3/29) reports, "Raycom Media Inc. and Barrington Broadcasting Corp. announced jointly that Barrington is buying 12 Raycom television stations in nine markets." The Journal continues, "Barrington Broadcasting, which is based in Hoffman Estates, Ill., will pay a total of $262 million for the stations. … The transaction is subject to approval by the Federal Communications Commission and the Justice Department." The Journal adds, "The stations being acquired by Barrington include five NBC affiliates (WNWO-TV, Toledo, Ohio; WSTM-TV, Syracuse, N.Y.; WPBN-TV and WTOM-TV, Traverse City-Cheboygan, Mich.; and WLUC-TV, Marquette, Mich.), three FOX affiliates (WACH-TV, Columbia, S.C.; KXRM-TV, Colorado Springs, Colo.; and WFXL-TV, Albany, Ga.), two UPN affiliates (WSTQ, Syracuse, N.Y., and KXTU, Colorado Springs), one CBS affiliate (KGBT-TV, Harlingen, Texas) and one ABC affiliate (KTVO-TV, Kirksville, Mo)."

EU Set To Clear Cargill's Bid For Degussa Unit. Bloomberg (3/29, Newman) reports, "European Union regulators will clear plans by Cargill Inc., the largest U.S. agricultural company, to buy the food ingredients unit of German chemical maker Degussa AG, three people familiar with the investigation said." Bloomberg continues, "The European Commission, the 25-nation EU's antitrust regulator in Brussels, will approve the transaction without asking for divestments, said the people, who declined to be identified because the ruling hasn't been made public. The decision will be announced tomorrow, the people said. … 'The deal will help Degussa because they are selling off some assets to pay down debt,' Andrew Benson, a chemicals analyst at Citigroup in London, said in a telephone interview." Bloomberg adds, "Cargill, based in Wayzata, Minnesota, agreed to buy the maker of candy and drink flavors on Sept. 9 for $671 million as part of a plan to expand its range of ingredients for baked and dairy products, beverages, chocolates and other foods. The Degussa unit is the world's biggest supplier of lecithin, a soybean derivative used to enhance flavor and improve the shelf life of food. … The commission started an in-depth probe into the transaction on Dec. 14, saying the deal would combine two of the four leading suppliers of lecithin. The regulator said at the time that it wanted to ensure that customers such as food manufacturers wouldn't be harmed by the reduction in competition."

WSJournal Says US Patent Office In Need Of Reform. An editorial in the Wall Street Journal (3/29, 2.11M) says the case eBay v. MercExchange, which the Supreme court will hear today is "important as another sign that there's something rotten in the U.S. patent system. … Some of our free-market friends are so attached to patents as a vanguard of private property in theory that they ignore that the Patent Office is vulnerable to the usual failings and perverse incentives of any other government bureaucracy." The Patent Office "is issuing an ever-increasing number of patents, and judicial discretion can be a useful constraint on patent abuse, especially when injunctions may cause undo harm to businesses and consumers." The Journal concludes, "If this Congress wants to claim credit for doing something to help the economy ahead of November's elections, addressing the patent system would be a good place to start."

ENVIRONMENT/INDIAN AFFAIRS:

Pentagon Taking Tougher Stance Against Calls For Environmental Cleanups. The Los Angeles Times (3/29, Vartabedian, 958K) reports that the Pentagon "is taking a far tougher stand in challenging calls for environmental cleanups. It is using its formidable political leverage to demand greater proof that industrial substances cause cancer before ratcheting up costly cleanups at polluted bases. The military says it is only striving to make smart decisions based on sound science and accuses the

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EPA of being unduly influenced by left-leaning scientists. But critics say the defense establishment has manufactured unwarranted scientific doubt, used its powerful role in the executive branch to cause delays and forced a reduction in the margins of protection that traditionally guard public health."

GAO Gulf Drilling Incentives Could Cost Government $20 Billion. The GAO estimates that the incentives for oil and gas companies that drill in the Gulf of Mexico will cost the federal government at least $20 billion over the next 25 years. The New York Times (3/29, Andrews, 1.19M) reports that the GAO also warns "that $80 billion in revenue could be lost over the same period if oil and gas companies won a new lawsuit that seeks a further reduction in their royalty payments." According to the Times, "The report, delivered in a private briefing late Monday to House and Senate staff members," is the government's first attempt to calculate the "soaring costs" of the program. Its findings "startled some of the program's longtime supporters and infuriated some critics."

Boehner Wants New Energy Bill This Year. CQ (3/28, Evans) reported, "House Majority Leader John A. Boehner wants to pass a new energy bill this year aimed at reducing the nation's reliance on foreign oil, but some aides and lawmakers say the chances for enacting any significant energy legislation this year are slim." Speaking to reporters, Boehner said, "I do believe that you will see energy legislation and it is likely that the goal will be energy independence over the next 10 years," adding that "he has discussed the idea with House Energy and Commerce Chairman Joe L. Barton, R-Texas."

Indians Cite Voter Intimidation, Restrictive Voting Requirements. The AP (3/29, Jalonick) reports, "While the federal Voting Rights Act has brought them a long way from the days when some states required that they be 'civilized' to cast ballots, many Indians around the country say they still face intimidation, restrictive voting requirements and long distances to reach polling places." The AP continues, "During the 2004 election, Senate Democratic Leader Tom Daschle's campaign obtained a restraining order in Charles Mix County against GOP poll watchers, accusing them of intimidating Indian voters. The Republicans denied that, saying the move was purely political. Daschle lost to Republican John Thune." The AP adds, "With parts of the Voting Rights Act set to expire in 2007 unless Congress reauthorizes them, some Indians say that the current federal and state protections need to be preserved and strengthened, too. … They cite, for example, South Dakota's new voter identification law, which requires photo identification at the polls, a problem for many on the reservations who do not have IDs. The law permits those without identification to sign an affidavit, but opponents argue there is confusion about what is allowed. The American Civil Liberties Union has challenged other voter ID statutes seen as burdensome to Indians in Albuquerque, N.M., and Minnesota. … Some Indians want the Voting Rights Act changed to bring more counties around the country under closer federal scrutiny and to expand bilingual assistance at polling places. Other suggest a larger number of polling places, more Indian poll-watchers and more general oversight on Election Day."

Indian Country Today Urges Greater Attention To Indian Issues. Indian Country Today (3/29) editorializes, "On Indian issues… (outgoing Interior Secretary Gale) Norton occasionally talked a good game but almost never delivered. We think she was well-intentioned, but her record should be a caution to her likely successor, Dirk Kempthorne. In his previous career as U.S. senator and governor of Idaho, Kempthorne seems to have avoided displays of hostility to Native interests. (There are more than enough politicians out there who haven't.) The Nez Perce in Idaho say he has worked well with them. But the obstacles in Washington, D.C., are very high to conducting a decent Indian policy. In the absence of concentrated attention, they might be almost insurmountable." ICT adds, "Indian country has the strong sense that no one in the administration is truly committed to protecting Native interests. … In the absence of a strong Indian advocate…, the host of lawyers, hustlers and casino sharpies now circling Indian country will do its best to corrupt that part of Interior's bureaucracy that has not been browbeaten and cowed by the vociferous anti-tribal lobby. … We don't think things are yet at this pass. Able people have been rising unscathed through the BIA's ranks. Some of the most breathless charges against it, such as the wanton granting of tribal recognition, have simply been false. But leadership at the top has been slipping. The most urgent task that Norton has left for Kempthorne in Indian policy is to rebuild a stable cadre of senior leaders drawn from Indian country and responsive to its needs."

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FBI/DEA/ATF/USMS:

Puerto Rico AG Urges House Democrats To Press FBI On Raids. In a widely-distributed story, the AP (3/29, Goodridge) reports that in a briefing for House Democrats on Tuesday, Puerto Rico Attorney General Roberto J. Sanchez Ramos "asked Congress to pressure the FBI to cooperate with his investigation into raids by the bureau against independence advocates" where pepper spray allegedly was used on reporters and protesters, and said that "bureau officials have stonewalled his investigation of an FBI raid" in which independence leader Filiberto Ojeda Rios was killed. Rep. John Conyers "said he organized the briefing 'to establish that there is a case.'" FBI spokesman Bill Carter "said the complaints filed to the agency from members of Congress and Puerto Rican officials have been referred to the FBI Inspection Division for investigation and review." The AP notes that IG Glenn Fine also is investigating the Ojeda Rios raid "at the request of FBI Director Robert Mueller." Puerto Rico Spanish-language daily Primera Hora (3/29, Guadalupe) also reports on Sanchez's criticism of the FBI raid and the bureau's cooperation with his investigation.

Mueller Disputes Characterization Of FBI Actions. Under the headline "FBI Director Defends Agents' Actions," Puerto Rico Spanish-language daily Prima Hora (3/29, Guadalupe) reports in another story that Director Mueller, responding to a question from Rep. Jose Serrano during testimony about the FBI budget yesterday, said that the Ojeda Rios raid must be considered in context, noting that an FBI agent had been wounded in the shootout and that Ojeda Rios was armed. Prima Hora adds that in the raid where journalists were "attacked," Mueller said agents had established a clear perimeter and acted to maintain order. Prima Hora also reports that Mueller disputed Serrano's characterization of the FBI's actions and said he is "extremely disappointed that these events have undermined the confidence the people of Puerto Rico have in the FBI."

Mueller Says Counter-Terrorism Has Been FBI's Post-9/11 Priority. Voice of America (3/28, Besheer) reports, "FBI Director Robert Mueller told a House of Representatives subcommittee Tuesday that since September 11, 2001, his agency's number one priority has been preventing terrorist attacks against the United States." Mueller said, "I believe that what one saw happen in the days and weeks before September 11th would not happen again. That is not to say that we could not face another terrorist attack, but I believe we are far more efficient and effective, not only the FBI itself, but also the FBI in conjunction with the Department of Homeland Security, the CIA, DIA, NSA and all those who play a role in protecting the public." Mueller "said his agency has made national security its top priority, but has not forgotten its crime fighting responsibilities."

DEA Agents Stop Gunman At New Orleans Bar. The New Orleans Times-Picayune (3/16, Rioux) reports on DEA agents who responded to gunfire that broke out at the Tap Room and Grill in Covington and writes, "While many inside the packed bar figured someone had lit a string of firecrackers, the two veteran Drug Enforcement Administration agents immediately recognized the sound of gunfire." William Renton, who heads the DEA's New Orleans office, "praised the agents [Randall Breaux and Carter Mansfield], both of whom live in western St. Tammany Parish, for their lightning-quick response in going from enjoying a carefree night out one second to facing a life-or-death confrontation the next. 'They displayed tremendous heroism and courage in quickly advancing on a suspect who was much more heavily armed than they were,' he said." The Time-Picayune says the shooter was arrested.

Venezuelan Judge Frees Man Wanted In US On Drug Charges. The AP (3/29, Pearson) reports Venezuela "has freed a Dominican man wanted in the U.S. on drug charges, saying there was no guarantee U.S. authorities would agree to terms for his extradition. Judge Hector Coronado Flores dismissed a previous order to extradite Mateo Holguin Ovalle and ruled that he be released." The U.S. and Venezuela "are in a dispute over how to resume joint counter-trafficking efforts suspended since President Hugo Chavez last August accused Drug Enforcement Administration agents of spying." More that 20 news outlets published in newspapers and/or posted on Web sites the AP story, including The New York Times, Washington Post, Houston Chronicle, and Fort Worth Star Telegram.

Drug Suspect Arraigned After Being Set Free By New Orleans Judge. The Times-Picayune (3/28) reports, "An alleged drug dealer arrested last week with a small arsenal of weapons and set free without bail by New Orleans Criminal District Judge Charles Elloie appeared in

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federal court Monday to face federal drug charges that seek to keep him behind bars. Brian Expose made his first court appearance since federal agents and police rearrested him Friday on a charge of conspiring to sell crack cocaine. … Expose was initially arrested by New Orleans police and Drug Enforcement Administration agents March 21, after an investigation and surveillance of his Algiers home produced evidence that he was dealing drugs there," U.S. Attorney Jim Letten said.

Accused Drug Runner Gets 50-Year Sentence. The Brownsville (TX)Herald (3/29) reports, "A federal judge on Tuesday denied a Gulf Cartel member's request to withdraw his guilty plea and sentenced him to 50 years for a cocaine trafficking charge. Drug Enforcement Administration agents arrested Noel Exinia, 35, in January 2005 after he used his La Feria-based trucking business to move a massive quantity of marijuana and cocaine from Mexico across the United States."

Two Held In Federal Custody For Selling Cocaine To Undercover Agents. The Chicago Sun-Times (3/28) reports two men accused of selling more than $350,000 of cocaine to undercover agents "were ordered held in federal custody Tuesday pending a detention hearing. Melitone Carrera and Saul Rodriguez-Herrera… were named in a criminal complaint charging them each with one count of conspiracy to possess with intent to distribute cocaine. … Drug Enforcement Administration agents were put on the trail of the defendants when Carrera approached a confidential source in October 2005 and asked the source if he was interested in buying cocaine. The source contacted the DEA after he was approached by Carrera."

Seven Virginians Convicted In Major Meth Case. The Lynchburg News & Advance (3/29, Smith) reports, "Seven people have been convicted in what prosecutors are calling one of the biggest methamphetamine seizures in the area." Travis Viar of Amherst and June Garcia of Monroe "were convicted of conspiracy to distribute 500 grams or more of meth…on March 21 and 22," and five other Virginia residents "pleaded guilty…before the trial started." The News & Advance notes, "The case was investigated by the Central Virginia Task Force, which includes agents and officers from the FBI, the U.S. Marshals Service, the Amherst County Sheriff's Office, the Appomattox County Sheriff's Office, the Virginia State Police and the Lynchburg Police Department."

Two Sentenced For Running Marijuana Operation In Virginia. The Free Lance-Star (3/28) reports two men who "participated in what authorities call one of the largest Central Virginia marijuana operations in the past decade were each sentenced to more than eight years in prison yesterday. … The pair was involved in a large-scale marijuana-growing operation in Caroline and Powhatan counties that police discovered during raids last summer. … Robert Scanlon, a special agent with the Drug Enforcement Administration, said marijuana was grown at a 3,000-square-foot house in Caroline."

The Richmond (VA) Times Dispatch (3/29) reports a federal judge yesterday "sentenced to prison two men who pleaded guilty to operating 'grow houses' modified for cultivating marijuana. … The houses…were modified for pot production with flooring removed to make room, industrial lighting to simulate sunlight, irrigation systems and ventilator fans to optimize conditions for the many hundreds of marijuana plants."

Man Pleads Guilty In South Carolina To Drug, Money-Laundering Conspiracies. The Anderson Independent Mail (3/28) reports a former Clemson University student "has pleaded guilty in connection with one of the largest federal prosecutions in South Carolina history. Tremayne Graham, 32, of Marietta, Ga., pleaded guilty in federal court in Greenville to drug and money-laundering conspiracies, possession with intent to distribute 5 kilograms or more of cocaine, maintaining a 'stash house' for the purpose of storing cocaine, and failure to appear in court as required by a condition of bond." At the end of the story, the Independent Mail notes the DEA's involvement with the investigation.

Federal Officials Change Sentencing Guidelines For Steroids. According to the San Francisco Chronicle (3/28, Estrella,), federal officials "made a temporary, emergency change to the federal sentencing guidelines Monday to stiffen penalties for steroids-related offenses. The change by the U.S. Sentencing Commission means abusers of anabolic steroids will face the same sentences as those who abuse other controlled legal

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substances, categorized by the federal government as Schedule III drugs."

NYC Mayor Takes Gun Battle To Congress. The AP (3/29, Barrett) reports, "New York Mayor Michael Bloomberg blasted Congress on Tuesday for considering what he called a 'God-awful piece of legislation' on guns. A congressman charged he was just trying to spur more lawsuits against the gun industry." The AP continues, "Bloomberg went to Washington to speak out against a bill offered by Rep. Lamar Smith, R-Texas, which would make permanent a bar on federal authorities' sharing gun trace data with local governments; the governments had used such information to launch lawsuits against gun manufacturers and dealers. … Congress has moved to squelch lawsuits brought by U.S. cities against gun manufacturers and dealers, charging they are misguided attempts to undercut the Second Amendment right to bear arms." The AP adds, "The mayor railed against the bill, telling a House judiciary subcommittee that it would lead to more shooting deaths of police officers and civilians. … Two members of the New York Police Department were killed last year with illegal guns, and two undercover detectives were killed three years ago during a gun buy-and-bust operation gone bad."

ATF Agents Confident Of Capturing Colorado Bomber. The Rocky Mountain News (3/29, Miller) reports, "Agents with the U.S. Bureau of Alcohol, Tobacco and Firearms said Tuesday they're confident they will capture a former air traffic controller suspected of planting five bombs at co-workers houses (in Grand Junction, CO) last week. … 'We'll get him,' said Rich Marianos, an ATF agent in Washington, D.C." The News continues, "Marianos said agents don't believe Robert L. Burke, 54, has left the country 'because he doesn't have the means. Indications are, he's been living in his van and he's probably out of resources.'" The News adds, "Burke, who also has used the name Robert Pope, was fired in 2004 from his job with the Serco Group, which operates the air traffic tower at Walker Field Airport in Grand Junction and 55 other airports, mostly in the West and Alaska."

IMMIGRATION:

Senate Appears Poised To Pass Immigration Bill With Guest Worker Provisions. The Washington Post (3/29, A7, Weisman, 744K) reports, "With the Republican Party deeply divided, the Senate will take up a broad revision of the nation's immigration laws today amid signs that conservatives are ready to compromise on efforts to offer illegal immigrants new avenues to lawful employment." Senate Majority Leader Bill Frist "will move forward with his legislation to bolster border security and toughen laws against illegal immigration without a guest-worker program." But "Frist agreed to allow Senate Judiciary Committee Chairman Arlen Specter (R-Pa.) to quickly move to substitute the more lenient bill that passed his committee Monday, and Specter appears to have more than enough votes to do so." The committee's bill, "which largely mirrors legislation written by Sens. John McCain (R-Ariz.) and Edward M. Kennedy (D-Mass.), goes considerably further than Bush's proposals, but after a meeting with the president, McCain declared, 'I got the impression that he's happy.'"

Fox News' Special Report (3/28, Garrett) reported "the committee bill is gaining momentum. Frist aides said they expect it to pass. Others agreed, albeit grimly. Knight Ridder (3/29, Montgomery) also says the bill "that answers President Bush's call for a guest-worker program appears to have enough bipartisan support to pass the Senate." The Senate, adds Knight Ridder, "may well deadlock with the House of Representatives because their positions differ so radically and the issue is too politically hot in this congressional election year for lawmakers on either side to compromise." However, the Washington Times (3/29, Hurt, 90K) reports House Majority Leader John A. Boehner "refused yesterday to rule out compromising with the Senate to expand the House border security bill to include a guest-worker program or provisions that opponents call 'amnesty.'" Said Boehner, "Let's wait and see what the Senate can produce." The Times headlines its story "Boehner Hints A Back Down On 'Amnesty.'"

The New York Times (3/29, Hulse, 1.19M) takes a different line on the Senate debate, saying "lawmakers acknowledged that the Senate faced days of contentious debate and that any final measure would be different from both the Frist plan and the Judiciary Committee proposal." It will also "probably differ sharply with a House-approved plan that focused on slowing the influx of illegal immigrants."

Bush Says Congress, Not Mexico, Will Write US Immigration Law. In an exclusive interview on CNN's The Situation Room (3/28), President Bush was asked about newspaper ads placed by Mexico acknowledging their

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responsibility on the border problem and saying they should have a role in the way the guest worker program is shaped. Bush said, "I think, first of all, the fact that they put those ads in the papers talking about joint responsibility and the border makes it easier for those of us who believe in comprehensive migration or immigration reform to get something done. And I appreciate the government's stand there. The truth of the matter is, the laws of the United States will be written inside the Congress. Of course, you know -- you know, thoughtful suggestions may help, but the job is really to get a bill out of -- out of the Senate and eventually out of the House, out of a conference committee that I can sign."

AFL-CIO Criticizes Guest Worker Plans. The AP (3/29, Espo) reports, "The nation's largest labor organization on Tuesday criticized plans to expand guest worker programs for immigrants seeking to come to the United States, parting company with longtime Senate Democratic allies who pushed successfully to include them in broad-based immigration legislation." AFL-CIO President John Sweeney said in a statement, "Guest worker programs are a bad idea and harm all workers. … They cast workers into a perennial second-class status, and unfairly put their fates into their employers' hands." Sweeney's statement "praised numerous provisions of the overall immigration legislation, particularly a part that gives illegal aliens an opportunity to apply for citizenship."

Concerns Of Religious Groups Eased By Committee Bill. The Washington Times (3/29, Fagan, 90K) reports "the immigration bill approved by the Senate Judiciary Committee on Monday eases the concerns of religious and humanitarian aid workers, who feared they would face criminal charges for helping illegal aliens." But "any religious and humanitarian aid groups still worry about a provision in the House-passed immigration bill that they say would criminalize such assistance." The issue "as become among the most debated in the immigration battle." Democrats "have seized on the religious community's concern, with Sen. Hillary Rodham Clinton of New York declaring last week that the House bill 'would literally criminalize the good Samaritan and probably even Jesus himself,' according to the Associated Press."

GOP "Split" Generates Media Coverage. A number of news stories and opinion pieces this morning address the "Republican split" on the immigration issue. The New York Times (3/29, Swarns, 1.19M), in a story headlined "Republican Split On Immigration Reflects Nation's Struggle," reports, "It is almost as if they are looking at two different Americas. The Senate Republicans who voted on Monday to legalize the nation's illegal immigrants look at the waves of immigration reshaping this country and see a powerful work force, millions of potential voters and future Americans." The House Republicans "who backed tough border security legislation in December look at the same group of people and see a flood of invaders and lawbreakers who threaten national security and American jobs and culture."

The Christian Science Monitor (3/29, Chaddock, 61K) also reports on the "rift that runs through both parties, but especially the GOP." Polls "show a strong majority of Republican voters oppose amnesty for those in the country illegally, but business groups, a core GOP constituency, want to assure a supply of low-wage workers for agriculture, construction, restaurant, and other services." The Wall Street Journal (3/29, Kronholz, Rogers, 2.11M) titles its report "Immigration Splits Republican Lawmakers," and also says "Democrats have their own divisions over immigration policy, but the splits among Republicans are more significant because they control the Congress and the White House. Some Republicans fear that to make short-term gains with conservatives in November, the party may damage itself permanently with the growing Hispanic vote."

In his column for The Hill (3/29), Dick Morris says the current debate "poses as crucial a test for GOP efforts to reach out to Hispanic voters as the 1964 Civil Rights Act did in determining the future partisan preferences of America's African-Americans. … Hispanics, let's remember, were the swing voter group in 2004. Having voted for Al Gore by 30 points in 2000, they sufficiently trusted Bush to back Sen. John Kerry by only an eight-point margin. If the Republican Party now turns its back on these newly swing Latino voters, it may permanently lose its ability to win America's fastest-growing voter group, perhaps dooming the party altogether." But "the demands of the GOP base must also be accommodated. Here's how: One must separately consider the three key elements of immigration reform under discussion: The border fence, the guest-worker program and the criminalization of illegal aliens and those who employ them."

In the Washington Post (3/29, A19, 744K), Ruth Marcus writes, "Karl Rove must be seeing Pete Wilson in his nightmares." Bush's "architect has been laboring to build up the GOP among Hispanic voters, and he's been succeeding: Bush won more than 40 percent of the Hispanic vote in 2004,

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double the level attained by Bob Dole eight years earlier. … Now, though, with thousands demonstrating against a House-passed immigration bill that is all crackdown and no mercy, Rove's project is imperiled. The GOP -- riven between an enforcement-only approach and Bush's kinder, gentler immigration reform -- is risking a national repeat of Wilson's experience as governor of California over a decade ago."

In the Washington Times (3/29, 90K), Tony Blankley writes the Senate "is attempting to legislate into the teeth of the will of the American public. The Senate Judiciary Committeemen -- and probably a majority of the Senate -- are convinced that they know that the American people don't know what is best for them." However, "national polling data could not be more emphatic -- and has been so for decades."

NYTimes Defends Committee Bill, Urges Bush To "Lead." In an editorial titled "It Isn't Amnesty," the New York Times (3/29, 1.19M) says, "Attackers of a smart, tough Senate bill have smeared it with the most mealy-mouthed word in the immigration glossary -- amnesty -- in hopes of rendering it politically toxic. They claim that the bill would bestow an official federal blessing of forgiveness on an estimated 12 million people who are living here illegally, rewarding their brazen crimes and encouraging more of the same. That isn't true." The Times adds, "It's time for President Bush, who talks a good game on immigration, to use every means to clarify the issue and to lead this country out of the 'amnesty' semantic trap. He dislikes amnesty. Mr. Frist dislikes amnesty. We dislike amnesty, too. The Specter bill isn't amnesty. It's a victory for thoughtfulness and reason."

Poll Finds Legal Immigrants Back Guest Worker Plan. The AP (3/29, Prengaman) reports, "A majority of people who described themselves as legal immigrants for a poll released Tuesday said they believe anti-immigration sentiment is growing and are alarmed by the tone of the debate over reform. Just under one-third of them said Congress and President Bush are doing a good job on the issue." The poll "was conducted by the firm Bendixen & Associates between Feb. 24 and March 21. Researchers said they interviewed 800 people who described themselves as legal immigrants in 47 states and who were reached by random digit dialing in communities with large numbers of immigrants." When told about reform proposals in Congress, "68 percent of poll respondents said they supported temporary work permits for illegal immigrants and a way for them to apply for residency after learning English and paying a fine." That "seems to conflict with arguments by some lawmakers who argue that a legalization program would be unfair to legal residents who played by the rules."

Protests Continue In US Cities. USA Today (3/29, Kiely, Brook, 2.31M) reports, "Thousands of students took to the streets in Los Angeles, Phoenix, Dallas and other cities Tuesday to protest a proposed toughening of immigration policy." The demonstrations, "smaller than those that clogged streets over the weekend, were mostly peaceful, police said. In Los Angeles, 8,800 students walked out of class, said Susan Cox, a school district spokeswoman. They will have to make up the work they missed." In Dallas, "as many as 3,000 students protested, many of them gathering at City Hall, said Lt. Rick Watson, a spokesman for the police department. Some of the students entered the building, but Watson said there were no incidents or arrests." In Phoenix, "about 1,200 students gathered at the state Capitol, said Alan Ecker, a spokesman for the Arizona department of administration. The crowd dispersed without incident, he said."

The Los Angeles Times (3/29, Rubin, Hayasaki, 958K) reports that educators in California see this week's immigration debate in the Senate and the walkouts by California students protesting proposed changes in federal law as "teachable moments," when "a student's interest in a topic can be parlayed into meaningful learning. Such moments were popping like toast Tuesday."

The Washington Post (3/29, B3, Bahrampour, Glod, 744K) says that in Prince William County, VA, "about 350 students protested outside Freedom High School in Woodbridge. In Fairfax County, dozens of students marched out of JE.B. Stuart High School and into Arlington County, where they stopped at two more high schools, adding students at each stop." The Washington Times (3/29, Summers, 90K) also reports on the Virginia protests.

California City Sharply Divided By Proposal To Crack Down On Illegal Immigrants. CBS and NBC last night reported on the impact of the national immigration debate on Costa Mesa, California, a border town which is sharply divided by the issue.

The CBS Evening News (3/28, story 11, 2:35, Mitchell, 7.66M) reported, "The immigration debate is even hotter far from Washington, in towns close to the US-Mexico border." CBS (Whitaker) added, "Costa Mesa, California, is having an identity crisis." Mayor Allan Mansoor has "seen the Latino population grow from 10% to almost 40% in his lifetime." Mansoor, the "son of immigrants pushed a controversial

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proposal through City Council, to train police to perform the duties of US Immigration agents, to help nab and deport criminals here illegally, the first city to take such a step." Mansoor "has new friends -- the Minutemen -- patriots to some, vigilantes to others, who now patrol portions of the border with Mexico, made him an honorary member."

NBC Nightly News (3/28, story 7, 2:25, Williams, 9.87M) reported, "The divisions play out at City Council meetings." The Mayor says his plan "will make the city safer. His critics accuse him of grandstanding." Chris Blank, lawyer: "We don't need a cowboy sitting in the Mayor's seat in Costa Mesa saying I'm going to round them up and send them all away." Lewis: "While Costa Mesa favors using local police to enforce immigration laws, many communities frown on the idea, fearing that it creates a strain between officers and Latinos."

Fox Urges Canada To Accept More Guest Workers. The Washington Times (3/29, Dinan, 90K) reports, "Mexican President Vicente Fox is calling on Canada to accept more low-skilled Mexican workers in its temporary work force, making his push for guest workers a continentwide affair." Fox said in yesterday's edition of the Toronto Globe and Mail newspaper, "We should move out from agriculture to other services and other kinds of jobs, and we are working on this with the Canadian government,."

Lou Dobbs Taking Lead In Opposing Bush, Senate Bills. The New York Times (3/29, Carter, Steinberg, 1.19M) reports that yesterday, the "central figure in the increasingly fractious debate over future immigration policy was not a senator or congressman, nor even a lobbyist on either side of the issue. It was instead, a television news anchor, Lou Dobbs of CNN." In the past several weeks, "Dobbs has ratcheted up his criticism of Bush administration policies, first on the Dubai ports deal and now on immigration, to a point where in the view of many he has become a significant factor in shaping public opinion on these issues. 'He has got a lot of listenership, and he is not a nut,' said Senator Trent Lott, Republican of Mississippi."

ICE Says It Will Discontinue Health And Safety Stings At Workplaces. The New York Times (3/29, Greenhouse, 1.19M) reports that following "a storm of protest," Marcy M. Forman, director of investigations at Immigration and Customs Enforcement, sent a letter to the United Food and Commercial Workers union on March 17 saying that the agency "would discontinue using undercover sting operations involving health and safety programs to round up illegal immigrants." A July operation at Seymour Johnson Air Force Base in North Carolina resulted in the arrest of 48 workers after agents tricked them "into attending what was billed as a mandatory training session sponsored by the federal Occupational Safety and Health Administration. Worker advocates and immigrant groups complained that such activity would discourage immigrant workers from reporting safety violations or seeking help from safety officials at a time when Hispanics were suffering a disproportionately high rate of injuries and fatalities."

TAX:

KPMG Settles Targus Audit Suit. The Wall Street Journal (3/29, Reilly) reports, "KPMG LLP agreed to pay a former audit client $22.5 million as part of a legal settlement that also calls for a California judge to set aside a sanctions order imposed on the accounting giant last July, according to a person familiar with the matter and documents related to the case." The Journal continues, "The settlement terms will allow KPMG to clear the legal record of a disciplinary action that could potentially be used against it by other parties who might sue the firm in the future. Orange County Superior Court Judge Geoffrey T. Glass sanctioned KPMG last summer for obstruction during pretrial proceedings." The Journal adds, "The order emanated from proceedings related to a lawsuit brought against KPMG by former client Targus Group International Inc. The California-based computer-case maker sued the firm for malpractice, alleging KPMG's audit failed to spot alleged embezzlement by a former executive that cost the company as much as $50 million. … In settling the case, KPMG had proposed that Targus agree not to oppose a request for Judge Glass to vacate the sanctions order, according to a draft settlement proposal reviewed by The Wall Street Journal. The accounting firm also wanted records related to the case, as well as the sanctions order and its own appeal of that order, sealed, while precluding executives at Targus, or their attorneys, from speaking about or referring to the matter, according to the draft settlement proposal."

Home Sellers Face Unexpected Capital Gains Tax Hit. The Wall Street Journal (3/29) reports, "A growing number of homeowners, riding the crest of the real-estate boom, are getting hit by an unpleasant surprise when they sell: a hefty tax bill. … This development stems from a

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1997 law that Treasury Department officials said at the time would eliminate capital-gains taxes for nearly everyone selling their primary residence. Under that law, most married couples who file jointly can exclude as much as $500,000 of their gain. For most singles, the limit is $250,000. … But as home prices have surged, more people have been selling their home for bigger gains than the exclusion amount -- and thus are facing unexpectedly big tax bills, accountants and other tax professionals say. Besides getting hit by the top 15% rate on capital gains, some also are facing the loss of deductions, exemptions and credits. In some cases, they may even be drawn into the rapidly expanding web of the alternative minimum tax." The Journal adds, "Many sellers are startled to hear they owe any tax at all because they didn't realize the 1997 law erased a popular provision that had allowed them to avoid taxes. That provision generally allowed sellers to defer or eliminate capital-gains taxes by rolling over their proceeds within a specified time period into a new home costing as much or more than the old one. The law also deleted another provision that generally offered a once-in-a-lifetime $125,000 exclusion for people age 55 or older. … As a result, many people who thought they wouldn't owe taxes when they sell are now on the hook. Among those most likely to be affected are homeowners who bought many years ago and who live in hot real-estate markets such as California, New York, Hawaii, Florida and Washington, D.C."

Friedman Says Bush Tax Cuts Make Fixing US Problems Impossible. Thomas Friedman writes in the New York Times (3/29, Friedman, 1.19M) reports that President Bush's it is not surprising that President Bush's National Security Strategy "is largely silent about" the US' educational and technological deficits, and "the investment we need to make in alternative fuels to end our oil addiction," because "to acknowledge these deficits is to acknowledge that we have to spend money to fix them, and the radical Bush tax cuts make that impossible. It would be one thing if we were going into debt to solve these problems that affect our underlying national strength. But we are going into debt to buy low-interest houses and more stuff made in China. We're like a family that is overdrawn at the bank just when the parents need to send their kid to college, buy a computer and a D.S.L. line, and replace a gas-guzzling furnace. Whatever 'strategic plan' that family has for advancement, it won't get anywhere until it rebalances its books."

WSJournal Says Corzine Tax Hikes May Signal National Democrats' Intentions. An editorial in the Wall Street Journal (3/29, 2.11M) faults New Jersey Gov. Jon Corzine for breaking his campaign promise that he would not raise taxes, noting that "rarely is such dishonesty later presented as a virtue. The question for voters to contemplate is whether this is also an indication of what to expect if Democrats gain control of Congress in November." The Journal adds, "While voters might feel misled by this 180-degree turn, Mr. Corzine is winning praise from fellow Democrats as a 'straight shooter' brave enough to make 'hard choices.' … And now Democrats on Capitol Hill are promising they'll also cut taxes if they're elected to run Congress next year. Republicans have certainly given Democrats an opening by their failure to govern. But voters who might otherwise choose Democrats for a change might think twice if they conclude that Mr. Corzine is the canary in the coal mine of real Democratic tax intentions."

CONGRESS-ADMINISTRATION:

Bolten To Replace Card As White House Chief Of Staff. White House Chief of Staff Andrew Card has resigned and will be replaced by Joshua Bolten, the director of the White House Office of Management and Budget. Media reports generally depict the move as "less a shakeup" than "a natural succession," as ABC World News Tonight (3/28, story 2, 1:35, Stephanopoulos, 8.78M) put it. Typical of the coverage this morning are the Philadelphia Inquirer (3/29, Polman, 423K), which runs a story titled "More Tweak Than White House Shake-Up," and the Wall Street Journal (3/29, McKinnon, Calmes, 2.11M), which refers to the announcement as a "modest shake-up" and "at most a mild change."

A number of stories last night and this morning also suggest that those who were pushing Bush to replace his senior aides will not be satisfied unless there are further changes. CNN's The Situation Room (3/28, Henry) reported that senior Republicans "say this is a good first step. They think Josh Bolten is a solid choice. But these Republicans say this is really just a small tremor, when what they are looking for is an earthquake." CNN's The Situation (3/28, Bash) later said that "there is still a feeling here that there should be -- and many say there probably will be -- another change, another addition to the Bush staff, particularly to deal

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and have -- sort of mend relations with Republicans, disgruntled Republicans, on Capitol Hill."

The CBS Evening News (3/28, lead story, 2:30, Axelrod, 7.66M) reported, "If the idea was to shake things up around here and inject new blood, well, the President accomplished half his goal: Shake up, sure. New blood: Not a drop." But "Bolten's appointment will not silence Republicans who've been calling for a change. Bolten's been with Mr. Bush from the beginning, too." One senior Administration official "tells CBS News that any new chief of staff is likely to put some of his own new people in and Josh Bolten doesn't take over until April 15, so don't expect any new changes before then." ABC World News Tonight (3/28, lead story, 3:10, Vargas, 8.78M) also noted "there have been calls from within the Republican Party for a shakeup at the White House as the Bush Administration's public approval ratings reached all-time lows."

Among Republicans, Sen. Trent Lott questioned whether Bolten's appointment was enough. The Los Angeles Times (3/29, Gerstenzang, 958K) reports, "No sooner was Bolten's appointment announced than administration critics, Republicans among them, began questioning whether he would offer the breadth of experience and respect that they say Bush needs now, with his political standing at the lowest point of his presidency." The Times adds, "Challenging the move as falling short of a staff shake-up, Sen. Trent Lott (R-Miss.), said: 'They still need men and women of stature and gravitas in a number of slots there in the White House. They need to bring in some experienced hands to get a handle on things.'" Roll Call (3/29, Pershing, Billings) quotes Lott saying, "This is not a change -- this is just Josh Bolten moving from the OMB to chief of staff." Lott, "who talked to Bolten on Tuesday, had some advice for the new top White House aide: 'If you get a call from a Senator, take it, or return it. Don't kick it down the hall to Congressional affairs.'"

Knight Ridder (3/29, Hutcheson, Kuhnhenn) says that Bush is still "ignoring calls for a dramatic White House shakeup," adding the move "fell far short of the kind of bold move that some Republicans say Bush needs to pull out of his second-term slump. If anything, Bolten's ascension signals that Bush intends to stay the course despite dismal poll numbers and growing dissension in Republican ranks over his leadership style, policy choices and inattention to election-year GOP sensitivities on Capitol Hill." Likewise, the Financial Times (3/29, Alden) reports Bush "resisted demands for a shake-up by replacing" Card "with another trusted aide." And the Chicago Tribune (3/29, Silva, 643K) says Bush "showed a reluctance to reach outside his inner circle."

The New York Times (3/29, Sanger, 1.19M) says the President "stayed within what one close associate called a 'circle of comfort' and what Mr. Bush's critics consider a closed world that brooks little doubt or dissent." The Times adds, "In interviews and public statements, Mr. Bush's aides said that the president had accepted Mr. Card's resignation reluctantly and that if there were shifts in policy to go along with Mr. Bolten's arrival, they would be gradual. 'The president's style is not Saturday Night Massacre,' a senior White House official said Tuesday night, a reference to Richard M. Nixon's series of firings in the Watergate scandal."

CNN's The Situation Room (3/28, Malveaux) reported, "Bush's team continues to defy history by remaining almost entirely intact five years after the president first took office." Critics, "now including some top Republicans on the Hill, believe the president's leadership style has ultimately hurt him, isolating him from fresh ideas and bad news." The President's "inner circle remains small. Aides say his Oval Office door is open to just a handful who have been with him since he came to Washington in 2001. Among those, Vice President Dick Cheney, political guru Karl Rove, White House counsel Harriet Miers and others."

Taking a more positive view of Card's replacement, the AP (3/29, Raum) says Card's departure "hardly seems like the major overhaul some Republicans had urged to revitalize President Bush's struggling presidency." But "it may represent a modest attempt at a fresh start for a White House that had stumbled recently."

Meanwhile, the Washington Post (3/29, A1, VandeHei, 744K) reports, "A few weeks ago…Bush's spokesman dismissed talk of an impending staff change as 'inside Washington babble.' White House Chief of Staff Andrew H. Card Jr.'s resignation yesterday suggests that Bush was listening." The Card move "is only the latest sign that -- with his presidency under the stress of low public approval ratings, an unpopular war and a stalled legislative agenda -- Bush is more often deferring to the expectations of Washington conventional wisdom." Ari Fleischer, "Bush's spokesman in the first term, said the president is simply conforming to a new political reality." Fleischer also "said there is no doubt that the Card resignation was at least partly the result of Republican calls for a staff shake-up." Reporter Jim VandeHei also appeared on CNBC's Power Lunch (3/28), where he said,

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"This isn't going to radically change how the White House operates," adding that Bolten "might bring more dynamic thinking when it comes to domestic policy. As long as you have Karl Rove and you have Dick Cheney and Bush there, pretty much the same team."

In its Style section, the Washington Post (3/29, C1, Copeland, Leibovich, 744K) runs an article titled "First Buddy," saying Bush has "always liked loyalists -- people like Card, whose ambitions are tied wholly to the president's own success. He and Card and their wives have known one another for more than 20 years. If the men haven't been friends, exactly, they've had about as close a nonfriendship as a boss and an employee can have."

Bush Asks Bolten To Conduct Review Of White House Staff. However, the CBS Evening News (3/28, story 2, 1:00, Borger, 7.66M) reported, "Sources tell CBS News that the President told Josh Bolten that he wants a complete review of the White House staff, he wants to find out what works and what doesn't work, and then he said Josh Bolten needs to make some changes. One source said to us, 'He's given Josh a free hand.'" Sources "tell CBS that he's so tough what he might decide to do is take the people who are currently working in the White House and change their jobs around, kind of like moving chess pieces inside the White House." NBC Nightly News (3/28, lead story, 2:55, Gregory, 9.87M) reported there are "suggestions tonight that the shakeup is not over, one top official saying that new Chief of Staff Josh Bolten will have a free hand." But "critics wanted more, suggesting Bolten…is more of the same." In an exclusive interview on CNN's The Situation Room (3/28) Bush addressed the issue, and appeared to leave the door open to more personnel changes. Said Bush, "Josh [Bolten] has just begun to take a look at the White House structure. And I haven't had a chance to talk to him about the future yet." USA Today (3/29, Jackson, Stone, 2.31M) reports White House press secretary Scott McClellan "said it was premature to say whether there would be any more staff departures."

Some Conservatives Glad Card Leaving White House. The Washington Post (3/29, A1, Fletcher, 744K) reports, "Some conservatives are glad to see Card go." Quin Hillyer, executive editor of the American Spectator magazine, "offered a 'friendly good riddance' to the chief of staff. 'This White House is justly criticized for its insularity, and this little bit of shake-up may help break up that insularity just a little,' he said. 'Without saying anything bad about Andy Card, it's a good opportunity for the White House to get a new start.'"

The Washington Times (3/29, Curl, 90K) reports, "Many conservatives have been angered by what they see as the 'tin ear' of the administration in recent months, pointing to the Supreme Court nomination of White House counsel Harriet Miers, quickly derailed by conservatives, and the backing of an Arab company's bid to operate terminals at six U.S. ports."

Democrats Blast Bush's Move. The AP (3/29, Hunt) reports Democrats "said Card's departure wasn't enough." Sen. Charles Schumer said, "Simply rearranging the deck chairs on the Titanic by replacing Andy Card with Josh Bolten without a dramatic change in policy will not right this ship." Said Democratic National Committee communications director Karen Finney, "As the saying goes, you can put lipstick on a pig, but it's still a pig." Meanwhile, CNN's The Situation Room (3/28, Bash) reported that Senate Minority Leader Harry Reid "pulled no punches in how he was responding to this change at the White House." Reid: "Josh Bolten has record of failure. Look at what he's done with our national debt. We just increased it the last legislative day by $800 billion. This year's debt, if you add in Social Security surpluses, is going to approach $500 billion. Josh Bolten has a record of failure, not accomplishment. He'll give the American people no confidence whatsoever the president is willing to change course."

Senate Minority Whip Richard Durbin said on CNN's the Situation Room (3/28) that "if this is the beginning of cleaning house, they tossed the wrong guy overboard." Asked what else he would like to see, Durbin said, "I think there are people in the Cabinet who should leave. I won't go through names. But I will tell you that some of the policies that they have been pushing are just total failures."

USA Today (3/29, Wolf, 2.31M) reports Democrats "like Bolten but not his $2.77 trillion budget. Sen. Kent Conrad, D-N.D., top Democrat on the budget panel, once asked him, 'How can a guy as smart as you come up with such bad results?'"

Paul Begala said on CNN's The Situation Room (328), "This is very lame. I said it before, he should start with Dick Cheney and finish with Barney the dog and fire them and bring in people with more energy."

WPost, NYTimes Also Critical Of White House Shuffle. In an editorial, the Washington Post (3/29, A18, 744K) says "lately President Bush has cornered the market in one particular recommendation: Shake up your staff, bring in

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new blood, call the bullpen. Yesterday Mr. Bush responded to his unsought counselors as he usually does, by ignoring them. … Other personnel changes may follow, but the lesson of this one is that Mr. Bush sees no need for new thinking."

The New York Times (3/29, 1.19M) headlines its editorial "Not Quite What We Had In Mind," and writes that Bolten "has been giving the president advice for years, and the result has been a deficit estimated at $371 billion. Perhaps he'll come up with a better approach in his new job. We've heard that under Mr. Card's watch, aides wound up showing Mr. Bush videos of TV news coverage of Hurricane Katrina to convince their boss that it really was a problem. Maybe Mr. Bolten can start the next budget discussion with some audiovisual aids -- like an abacus."

Bolten Described As Harley-Riding "Policy Geek." Knight Ridder (3/29, Thomma) reports Bolten "is a hybrid for a Washington insider. A self-described 'policy geek,' the soft-spoken bachelor prefers life beneath the political radar." Yet "his penchant for anonymity notwithstanding, he's no stranger to flamboyant gestures: He rides several motorcycles, and his favorite is the 2003 anniversary edition Harley-Davidson Fat Boy. He's entertained White House staff with his rock band, the irreverently named 'Deficit Attention Disorder.' And he's friendly with actress Bo Derek."

The Los Angeles Times (3/29, Bolten, 958K) runs a similar story, saying Bolten "loves to bowl and keeps a copy of the children's book 'Walter the Farting Dog' on his coffee table." That "gives Bolten a rare dash of idiosyncrasy in a notoriously buttoned-down White House, where he will soon replace Andrew H. Card Jr. as chief of staff." Bolten also "is one of the few non-Texans in Bush's tightknit group of advisors."

The Washington Post (3/29, A4, Baker, 744K) says Bolten's office "attests to his personality. Rather than stock it with pictures of Bush, as many aides do, Bolten hung a large portrait of Eisenhower in military uniform above the fireplace and put a Harley-Davidson book on the mantle. Nearby is a motorcycle menorah. … 'He is very funny, he always kept the staff laughing,' said Assistant Secretary of State Kristen Silverberg, who worked for Bolten during the 2000 presidential campaign and Bush's first term."

The New York Times (3/29, Bumiller, 1.19M) says that "unlike other members of Mr. Bush's inner circle, Mr. Bolten makes occasional forays to the dinner parties of establishment Washington." He "has turned up at the home of Ben Bradlee, the former executive editor of The Washington Post, and the writer Sally Quinn and has regularly dated women in the Bush administration."

Barnes Says Cheney Could Be Next To Go. Fred Barnes was asked on Fox News' Hannity and Colmes (3/28) if Vice President Dick Cheney could be the next person to leave the Administration. Barnes said, "I think he could. The most dramatic thing the President could do would be to anoint the successor, someone who would be the Bush candidate in 2008. That doesn't mean the candidate would win in 2008. Who would it be? It would have to be Condoleezza Rice. The way to anoint her would be to have Cheney resign and her become vice president." Barnes added that eh would give Cheney "another job. I think he's an integral part of the Bush administration and needs to be somewhere."

Card Said To Be Eyeing Massachusetts Governor's Race. In its "Washington Wire" column on its web site, the Wall Street Journal (3/27, 2.11M) reported on speculation on what Card will do now. "Acquaintances say Card has been telling them in recent months that" Massachusetts Governor "would be his dream job. Popular incumbent Gov. Mitt Romney isn't running again this fall, and appears to be laying the groundwork to run for president instead. That makes Lt. Gov. Kerry Healey the current top Republican contender to replace Romney in this fall's election, but her campaign has struggled."

Bush Cabinet Has Only Three Original Members. The Washington Post (3/29, A17, Kamen, 744K) reports in its "In the Loop" column, "President Bush 's Cabinet has only three of the original 15 statutory chiefs from 2001: Defense Secretary Donald H. Rumsfeld, Labor Secretary Elaine L. Chao and Transportation Secretary Norman Y. Mineta. … Of the trio, Mineta…has long been talked about as a likely departee before 2008. Unclear if Chao might depart at the traditional last departure window -- the midterm elections in November. If those two go, that would leave Rumsfeld, who has shown no inclination to leave."

GOP Divided Over Bush 2007 Budget Proposal. As House Republicans begin consideration of President Bush's budget for next year, the AP (3/29, Taylor) reports that a battle "is shaping up between conservatives who want to cut government spending and moderates seeking to protect education and health programs." According to the AP, "The conservative-dominated House Budget Committee was expected to act favorably Wednesday on a $2.8 trillion budget blueprint for the budget year that

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begins Oct. 1. Moderates already are demanding a rewrite to boost popular domestic programs. … Democrats and moderate Republicans say popular domestic programs are being shortchanged."

CQ (3/28, Dennis) reported that the 2007 budget resolution, which the House Budget Committee is expected to approve Wednesday "is already shaping up as a major test for new Majority Leader John A. Boehner.

Stevens Complains About "Anti-Earmark" Syndrome. CQ (3/28, Wolfe) reported that Sen. Ted Stevens complained yesterday that with "the 'anti-earmark syndrome' sweeping Capitol Hill, Stevens noted, the job of tagging money for projects back home is 'going to be almost impossible.'" Stevens "lamented," that he has "no way to explain this to my people," adding, "I really don't know how to handle this."

Senate To Vote On Final Passage Of Lobbying Reform Bill. Roll Call (3/29, Newmyer) reports, "Senators will vote on final passage of a lobbying reform package today, after moving last night to drop two key provisions by cutting off debate on the matter. … Falling by the wayside with those two proposals was one calling for the creation of an independent Office of Public Integrity to oversee compliance with new lobbying rules. Though highlighted by outside watchdogs as critical to the overall reform effort, two-thirds of Senators voted to reject the plan, with some criticizing the office as too weak and others calling it an affront to the Senate Ethics Committee's authority."

The Washington Times (3/29, Bellantoni, 90K) says "late in the evening senators voted 81-16 to move on to final consideration of the measure, effectively limiting the amount of debate and amendments that can be taken up." Senators "voted 67-30 to reject the creation of an independent Office of Public Integrity that would oversee congressional ethics, an amendment proposed by Sen. Susan Collins, Maine Republican." Senators "did vote 84-13 for an amendment requiring senators to disclose their reasons for holding up legislation."

The Wall Street Journal (3/29, Rogers, 2.11M) says the "is nearing Senate passage after both parties joined forces to kill a proposed enforcement office and to preserve an election-year perk: below-cost flights on corporate aircraft." USA Today (3/29, Drinkard, 2.31M) runs a similar report titled "Senators Reject Proposal For Separate Ethics Investigators," and quotes Mary Boyle of the ethics watchdog group Common Cause saying, "It's very disappointing that the Senate would reject this very modest proposal. It does not bode well for the whole lobbying bill." Likewise, the Washington Post (3/29, A3, Birnbaum, 744K) titles its story "Senate Votes Down Outside Ethics Office."

The Hill (3/29, Bolton) profiles Sens. Barack Obama and Tom Cobun, in a story titled "Sens. Obama, Coburn Make Unlikely Duo." Both lawmakers "have played prominent roles in the legislative wrangling over how to address lobbying abuses in the wake of lobbyist Jack Abramoff's crimes." Democratic leaders "tapped Obama early on to spearhead the debate over reform, and Coburn has emerged as a leading critic of earmarks, teaming up with Sen. John McCain (R-Ariz.) in vowing to challenge colleagues' projects on the Senate floor."

House Republicans Want 527 Reform As Part Of Lobbying Bill. The Hill (3/29, Schor) reports, "House Republicans yesterday sent a message to Democrats insistent on keeping restrictions on 527 groups out of the chamber's lobbying reform bill." Five GOP members, "led by Chief Deputy Whip Eric Cantor (R-Va.), declared they would use every opportunity to seek a crackdown on the 527s' potent political power." Cantor "said that Republicans want to rein in the hundreds of millions of dollars in unregulated donations flowing to 527s and that they will do so 'whether as part of a larger reform package or as a stand-alone.'"

Gaming Bill Provision Seen As Abramoff's Payback. The Hill (3/29, O'Connor) reports that in a development some gaming lobbyists are calling "Jack Abramoff's payback," the Internet gambling legislation Abramoff "fought so hard to defeat on behalf of a client that helped states conduct lotteries over the Internet now includes an exemption to protect those lotteries." The Hill adds, "Now Abramoff's infamy and legal woes are driving anti-gambling legislation across Capitol Hill, even though one of the most prominent bills includes language that would protect his former client. Two House bills, introduced separately by Reps. Bob Goodlatte (R-Va.) and Jim Leach (R-Iowa), seek to reinforce existing anti-gambling rules by respectively updating telecommunications and financial-services laws to give enforcement agents more power to prosecute gamblers who place bets on websites based outside the United States."

House To Consider Higher Education Proposals. The House is set to consider a package of higher education proposals today, according to USA Today

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(3/29, Marklein, 2.31M). Proponents say the proposals "would increase college access and affordability and make it easier for students to transfer to different schools. Critics see things differently. In ads Tuesday in a Capitol Hill newspaper, a group of associations representing college registrars, faculty members and students suggest that the aid proposals don't go far enough and that the bill panders to special-interest groups including lenders and for-profit colleges." Education Committee chairman Howard McKeon "says the bill would strengthen federal Pell Grants and access programs, especially for low- and middle-income students, and increase funding to minority-serving schools. … Noting that more than half of students attend multiple institutions, the bill would broaden the definition of 'an institution of higher education' to include for-profit colleges, and 'make it more difficult for academic credits earned by students to be wrongly denied,' McKeon says."

Over One-Quarter Of US Schools Are Failing Under NCLB. Preliminary state-by-state statistics from the Department of Education show that over one quarter of US schools are failing under the No Child Left Behind law. The Washington Post/Bloomberg (3/29, A17, Basken) reports, "At least 24,470 U.S. public schools, or 27 percent of the national total, did not meet the federal requirement for 'adequate yearly progress' in 2004-2005. The percentage of failing schools rose by one point from the previous school year. The results raise doubts about whether the law is working and its results are fairly calculated, said Michael Petrilli, vice president for policy at the Thomas B. Fordham Foundation, a Washington-based research group."

Study Says Math, Science Crowd Out Other Disciplines Under NCLB. A study released yesterday by the Center on Education Policy found that science, social studies, music and arts classes are shrinking as schools concentrate on the reading and math curricula used to gauge schools performance un the No Child Left Behind Act. The Los Angeles Times (3/29, Mehta, 958K) reports that the study "found this shift in instructional focus is among several profound changes in how schools operate that were prompted by the law, the centerpiece of President Bush's education agenda."

Frist Made Deal With Conservatives To Pass Debt Limit Increase. As part of a deal he made to ensure passage of a debt limit increase, Senate Majority Leader Bill Frist will give conservatives floor time on budget process reforms. Senate Budget Chairman Judd Gregg said that in exchange for holding amendments to the debt limit bill, conservatives will have an opportunity to amend line item veto legislation. The Hill (3/29, Allen) reports, "Without the deal, Senate conservatives, including Sens. Tom Coburn (R-Okla.), Jeff Sessions (R-Ala.) and Ensign, may have tried to attach amendments aimed at budget-process reform. Any amendment would have sent the bill to the House for a politically uncomfortable vote — one that House Republican leaders had avoided by employing a parliamentary trick that allows the House to generate a debt-limit increase without a separate roll call."

Clinton, Murray Vow To Continue Blocking FDA Nominee. Sens. Hillary Clinton and Patty Murray said yesterday they will not stop blocking, Dr. Andrew von Eschenbach, President Bush's nominee to lead the FDA until the agency decides whether to allow the sale of the emergency contraceptive Plan B without a prescription. The AP (3/29) reports that Clinton and Murray said they met with the nominee Tuesday "but were unable to get a Plan B update."

Ensign Drops Hold On Allen Nomination. Sen. John Ensign said yesterday that he is dropping his opposition the promotion of Vice Admiral Thad Allen to commandant of the Coast Guard. The AP (3/29) reports, "Ensign said in a statement that he met with Allen on Tuesday morning and discussed problems with the Katrina response," which Allen headed. The AP adds, "Now that Ensign has lifted his hold, Allen's nomination can go to the full Senate for a vote. No timeline has been set."

Voinovich Says Bolton Is "A Changed Man." Sen. George Voinovich, who opposed the nomination of John Bolton to be UN ambassador, now says Bolton is "a changed man" who he might support of Bush tries to renew the nomination. The AP (3/29, Hammer) reports that Bolton said yesterday that he "has been watching Bolton closely since he became ambassador on Aug. 1. … 'John Bolton at this point is a changed man,' Voinovich told reporters. 'I want reform of the United Nations, so I've worked with John and stayed on top of John to make sure he takes this wonderful opportunity.' Bolton's appointment expires next January. If Bush reappoints him, Voinovich said he 'might not take the same position as last time.'"

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Boehner Warming To Medicare Drug Program. House Majority Leader John Boehner, who last month called implementation of the Medicare prescription drug program "horrendous" has been "warming" to the Administration's handling of the program, The Hill (3/29, McCormack) reports. Boehner has issued three press releases over the past week "condemning Democratic criticisms of the program and touting its success. … Since settling in as majority leader, Boehner has softened his stance on the drug program's implementation and begun to toe the party line."

Republicans Increasingly Worried About Losing Congress. NBC Nightly News (3/28, story 2, 2:20, Williams, 9.87M) reported, "Republicans in Congress are increasingly worried about their own political prospects in the November elections." NBC (Reid) added, "Facing an array of politically explosive issues from immigration to war, Congress returned to Washington this week amid signs Republicans are increasingly worried about losing majority control. In the Senate, where Republicans have a 55-45 edge, a takeover is now seen as unlikely but not impossible. And in the House, strategists from both parties say Democrats have a realistic shot at gaining the 15 seats they need to take control. Republican sources tell NBC News more than two dozen House Republicans who recently took a media training course were 'despondent' and 'pessimistic' about the election." House Democrats "are targeting 17 Republican-held seats in Democratic-leaning states in the Northeast, hoping to make these five blue states bluer, just as Republicans made seven southern states redder in 1994 when they won control of the House. Not long ago, even Democrats were reluctant to predict victory, but not anymore." While "most political analysts still say it's a long shot, Democrats say their central strategy is working -- tying Republicans to an unpopular President Bush." But "while polls say voters don't think very highly of congressional Republicans, they also show serious concerns about Democrats, with voters unsure exactly what it is they stand for."

Democrats To Unveil National Security Agenda. The New York Times (3/29, Weisman, 1.19M) reports leading congressional Democrats "are unveiling a broad attack this week on the administration's security policies at home and overseas along with a set of proposals intended to demonstrate that they have a credible alternative." In a "set of policy papers titled 'Real Security: Protecting America and Restoring Our Leadership in the World,' Democratic leaders in the House and Senate plan to join with leading figures in the party, including former Secretary of State Madeleine K. Albright and Wesley K. Clark, the retired general and former presidential contender, in presenting the plan on Wednesday." Democrats said their goal is "to rebut the Republican accusation, echoed in some editorial columns, that with Mr. Bush's approval ratings sagging eight months before the next election, party leaders and candidates have not laid out a coherent set of alternatives, especially on Iraq and on dealing with nuclear proliferation." The Democrats' "material asserts that in combating terrorism, party leaders want to increase financing for Special Operations forces and interdicting terrorist financing and to spend more on economic development in troubled areas like the Middle East and South Asia."

In his Washington Post column (3/29, A19), David Ignatius says, "Democratic leaders in Congress are gathering the ammunition to win back the House and Senate this year." They are "beginning to roll out the pieces of a low-key 2006 version of Newt Gingrich's 'Contract With America,' which helped the GOP capture the House in 1994. The first installment, on 'Honest Leadership,' was presented in January; the second, on 'Real Security,' is this week. Three more segments are planned, on 'Economic and Retirement Security,' 'Affordable Health Care for All' and 'Educational Excellence.'" The Democrats "think they can turn the tables this year because of GOP mistakes."

Pro-Life Lawmakers To Demand Vote On RU-486 Bill. The Washington Times (3/29, Pierce, 90K) reports in its "Inside Politics" column, "A group of pro-life lawmakers and groups today will turn up the heat on their leaders and demand a House vote on a bill that would ban from the U.S. market the drug some refer to as the abortion pill, RU-486, or mifepristone. Republican Reps. Mike Pence of Indiana, Christopher H. Smith of New Jersey, Joe Pitts of Pennsylvania and other lawmakers, will join Concerned Women for America, National Right to Life Committee, the U.S. Conference of Catholic Bishops and other pro-life groups today in demanding House action." The bill "would withdraw FDA approval of RU-486 and subject it to a thorough review."

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Internet Firms Say FCC Should Enforce Net Neutrality. The Washington Post (3/29, D4, Mohammed, 744K) reports, "Internet companies yesterday criticized legislation that would give the Federal Communications Commission only limited ability to stop phone and cable companies from blocking access to Web sites, saying the proposal would endanger the open nature of the Web." House Commerce Committee Chairman Joe Barton's bill "would allow the FCC to decide disputes about Web access only case by case and would bar the agency from writing detailed rules on the subject." Six companies, Amazon.com Inc., eBay Inc., Google Inc., IAC/InterActiveCorp, Microsoft Corp. and Yahoo Inc., "wrote in a letter to Barton and Rep. Fred Upton (R-Mich.), who is chairman of the panel's subcommittee on telecommunications and the Internet. 'We have urged Congress to adopt network neutrality requirements that are meaningful and enforceable. The provisions in the committee bill achieve neither goal,' the letter said."

OPM Predicts Surge In Federal Retirement Requests In 2008-2010. The Washington Post (3/29, D4, Barr, 744K) reports in its "Federal Diary" column on the "rising number of retirement requests from federal employees. In 2003, the Office of Personnel Management received 90,000 retirement claims to process, and in 2004 and 2005, about 100,000 each year. The claims are filed on behalf of employees from all three branches of government. OPM projects modest increases in retirement claims in coming years but says the government could face a surge in 2008-2010 as more baby boomers hit retirement age."

OTHER NEWS:

Federal Reserve Raises Key Interest Rate By Quarter Point. The Federal Reserve yesterday raised the Fed funds rate one quarter point to 4.75%. ABC World News Tonight (3/28, story 9, :25, Vargas, 8.78M) reported it was "the Fed's 15th consecutive increase, and the first since Ben Bernanke replaced Alan Greenspan as chairman." The CBS Evening News (3/28, story 9, 2:00, Mitchell, 7.66M) reported, "Bernanke is picking where Alan Greenspan left off," and NBC Nightly News (3/28, story 8, 0:35, Williams, 9.87M) reported, "The statement that came with this rate hike hinted there might be more."

USA Today (3/29, Hagenbaugh, 2.31M) reports the current rate is "the highest since March 2001 but still far below the recent peak of 6.5% seen in mid-2000." In their post-meeting statement, "Fed policymakers said the economy 'rebounded strongly' after a slowdown at the end of last year, which they attributed to 'temporary or special factors.'" The Fed officials "said economic growth would likely 'moderate' to a healthy pace."

The Financial Times (3/29, Balls, Atkins) reports, "Sounding a slightly more confident note on the inflation outlook, the committee said that 'as yet, the run-up in the prices of energy and other commodities appears to have had only a modest effect on core inflation.'" The Los Angeles Times (3/29, Havemann, 958K) headlines its story "Fed Boosts Key Rate To 5-Year High," while the Washington Post (3/29, D1, Henderson, 744K) titles its report "From Fed, More Of The Same." The Post reports, "A former White House adviser and economics professor, Bernanke has repeatedly pledged 'continuity' with Greenspan's interest rate policies and delivered yesterday in action and style." The Wall Street Journal (3/29, Ip, 2.11M) also says the increase "reflects a continuing view at the Fed that robust growth abroad and an economy near full capacity at home create a risk that inflation, though tame, could rise." The New York Times (3/29, Porter, 1.19M) reports Bernanke "is expected to put his own stamp on the central bank eventually," but he "apparently judged Tuesday not to be the day for bold moves, however." The Washington Times (3/29, Hill, 90K) also reports the story.

Higher Mortgage Interest Rates Cooling Housing Market. The CBS Evening News (3/28, story 9, 2:00, Mason, 7.66M) reported, "Higher interest rates have begun to cool the red-hot housing market." That's "especially true for new homes. The median price is now $230,000 down nearly 3% from a year ago." David Lereah, "economist for the National Association of Realtors, says mortgage rates have jumped nearly three quarters of a point since last summer, making that $230,000 house cost more than a hundred dollars more a month. And those mortgage payments could head higher after the Fed raised rates today."

Stocks Fall On Fed Rate Hike. The Fed rate hike yesterday led to a down day for the stock markets. ABC World News Tonight (3/28, story 9, :25, Vargas, 8.78M) reported the quarter point increase in the Fed funds rate "disappointed Wall Street. The Dow Jones fell more than 95 points for the day [to close at 11,154.54.]" NBC Nightly News (3/28, story 8, 0:35, Williams, 9.87M) also said the rate increase "did not sit

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too well on Wall Street. The Dow was down almost 96 points today [to close at 11,154.54]. NASDAQ lost just over 11 points [to close at 2,304.46]." The Wall Street Journal (3/29, Patterson, 2.11M) reports "stocks reacted in much the same way they did to similar moves by Mr. Greenspan: They tumbled." USA Today (3/29, Shell, 2.31M) reports, "It wasn't the fallout from the 15th interest rate increase that sent stock prices into a downward spiral Tuesday on Wall Street. It was the rising odds of a 16th and, perhaps, 17th rate boost by the Federal Reserve that prompted investors to bail out of stocks."

Consumer Confidence At Highest Point Is Nearly Four Years. USA Today (3/29, Kirchhoff, 2.31M) reports, "Consumer confidence jumped in March to the highest level in nearly four years, as Americans expressed rising optimism about both current economic conditions and the future outlook, a private report said Tuesday." The New York-based Conference Board's consumer confidence index "rose to 107.2 from 102.7 in February -- the highest level since May 2002. Further, the index measuring consumers' expectations of growth six months down the line rose to 89.9 from the previous 84.2." The Wall Street Journal (3/29, Derby, 2.11M) says March "was the second consecutive month of growth in the index." Economists "generally expect that economic growth will ease in the second half of the year amid higher interest rates and a cooling housing market. Still, analysts said that they expect consumer spending to hold up in 2006 with the support of job and wage growth." The New York Times (3/29, 1.19M), among other newspapers, runs a similar story this morning.

Oil Prices Rise Above $66. USA Today (3/29, Hagenbaugh, 2.31M) reports, "Oil prices rose above $66 a barrel for the first time in nearly two months Tuesday as tensions in oil-producing countries and expectations for a strong summer driving season lifted prices." The price of a barrel of crude oil "trading in New York rose $1.91, or 3%, to $66.07. That was up $4.66 from a month ago and the highest price since Feb. 1." The increase in prices "was led by political unrest in oil producers Nigeria and Iran, a potential labor strike in Norway and regular closures of refineries for maintenance."

Conservative Evangelicals Meet To Criticize "War On Christians." Conservative Christians are meeting to discuss the "War on Christians," the title of a conference sponsored by the Evangelical group Vision America. ABC World News Tonight (3/28, story 8, 2:30, Tapper, 8.78M) reported the meeting "featured prominent conservative Christian leaders discussing how they're losing the culture wars on issues such as abortion, gay marriage, liberal judges and Hollywood." Political observers "say so-called values voters were key to President Bush's reelection victory. But here at this conference, many of the same voters, their pastors and their leaders, say they feel duped by the Republican Party and the Bush Administration." Rep. Tom DeLay "was received very warmly. But even he seemed to distance himself from the Republican establishment."

The Washington Post (3/29, A12, Cooperman, 744K) reports the "opening session was devoted to 'reports from the frontlines' on 'persecution' of Christians in the United States and Canada, including an artist whose paintings were barred from a municipal art show in Deltona, Fla., because they contained religious themes." Among the conference's speakers "were former House majority leader Tom DeLay (R-Tex.) and Sens. John Cornyn (R-Tex.) and Sam Brownback (R-Kan.) as well as conservative Christian leaders Phyllis Schlafly, Rod Parsley, Gary Bauer, Janet Parshall and Alan Keyes." To "many of the 400 evangelicals packed into a small ballroom at the Omni Shoreham Hotel, it was a hard but necessary look at moral relativism, hedonism and Christophobia, or fear of Christ, to pick just a few terms offered by various speakers referring to the enemy. To some outsiders, it illuminated the paranoia of the Christian right."

The Hill (3/29, Sheffield) reports Rep. DeLay "received three standing ovations yesterday" at the "War on Christians" conference. In his Washington Post column (3/29, A2), Dana Milbank says DeLay "fell from power because he is a Christian. That, at least, is the view of Rick Scarborough, convener of a conference this week called 'The War on Christians.'" In his introduction of DeLay, Scarborough said, "I believe the most damaging thing that Tom DeLay has done in his life is take his faith seriously into public office, which made him a target for all those who despise the cause of Christ." Milbank adds, "As Scarborough knows, believers will be more motivated to go to the polls in November (and to contribute money to his group) if they feel threatened."

DeLay Says O'Connor, Ginsburg "Don't Get" Conservative Criticism. The AP (3/29, Lester) report Rep. DeLay said "former and current Supreme Court Justices Sandra Day O'Connor and Ruth Bader Ginsburg 'don't get it' when they complain about conservative criticism of judges." Ginsburg said in a speech "that a Web threat against her and O'Connor was apparently prompted by Republican proposals

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in Congress that tell judges to stop relying on foreign laws or court decisions."

Former DeLay Aide Buckham Criticized For Role In US Family Network. In his Roll Call column (3/29), Norman Ornstein critically examines former DeLay aide Ed Buckham's involvement with the US Family Network. Ornstein says he "could not have imagined the depth of the corruption before reading about the ways in which Buckham and his buddy, former lobbyist Jack Abramoff, manipulated the nonprofit rules and bilked large numbers of people — including Abramoff's clients, the National Republican Congressional Committee and firms that worked with Abramoff. This was done, apparently, for personal gain, to scratch the back of Abramoff clients such as Northern Marianas sweatshop operator Willie Tan, and to give a nice monetary bonus to DeLay's wife, Christine, and the wife of another longtime DeLay employee, Tony Rudy."

Weinberger Dead At 88. Former Defense Secretary Caspar Weinberger died at the age of 88. The Washington Times (3/29, Harper, 90K) this morning calls him "the stalwart defense secretary," and notes President Bush "called Mr. Weinberger 'an American statesman and a dedicated public servant.'" Said Bush, "He wore the uniform in World War II, held elected office and served in the Cabinets of three presidents. As secretary of defense for President Reagan, he worked to strengthen our military and win the Cold War. In all his years, this good man made many contributions to our nation. America is grateful for Caspar Weinberger's lifetime of service." Defense Secretary Donald H. Rumsfeld said, "His support for the men and women in uniform and his central role in helping to win the Cold War leave a lasting legacy. He left the United States armed forces stronger, our country safer and the world more free." Secretary of State Condoleezza Rice "recalled Mr. Weinberger's counsel during her earliest days in Washington and called him 'a wise man.'"

ABC World News Tonight (3/28, story 7, :45, Vargas, 8.78M) reported, "Weinberger directed the biggest peacetime military buildup in American history as President Reagan's first defense secretary. He had previously served in the cabinets of Richard Nixon and Gerald Ford, earning the nickname, 'Cap the Knife' for his cost-cutting zeal."

The CBS Evening News (3/28, story 8, 0:40, Mitchell, 7.66M) reported Weinberger "resigned after getting caught up in the Iran-contra scandal. He was charged with concealing information from prosecutors, but before he could stand trial, he was pardoned by President George H.W. Bush."

NBC Nightly News (3/28, story 3, 1:10, Williams, 9.87M) said Weinberger "was a World War II combat veteran who became a lawyer after Harvard Law School, later came to love the arts, public service, and the Republican Party. He was 88 years old when he died today at his vacation home in Maine."

The Washington Post (3/29, B7, Bernstein, 744K) reports, "In Washington, he cut a wiry figure and was known for wry, self-deprecating quips. He enjoyed the symphony and ballet. He lectured and wrote books, including two memoirs." The New York Times (3/29, Stout, 1.19M), Financial Times (3/29, Luther) and Los Angeles Times (3/29, Luther, 958K), among other sources, run similar stories this morning.

In an editorial, the Wall Street Journal (3/29, 2.11M) praises Weinberger, saying Reagan "picked his fellow Californian to transform a Defense Department left in tatters by Jimmy Carter's Presidency. In his seven years as secretary, Mr. Weinberger presided over a roughly 70% increase in defense spending and directed the modernization of the military that later won the Gulf War in spectacular fashion and remains globally dominant today." Weinberger also "exposed the false mystique of arms control as he helped put the first nails in the coffin of the Cold War MAD doctrine of mutually assured destruction."

Nofziger Dead At 81. ABC World News Tonight (3/28, story 7, :45, Vargas, 8.78M) reported, "Lyn Nofziger, the rumpled spokesman and strategist for Ronald Reagan in Sacramento and Washington had died. In 1981, it was Nofziger who announced to the world that President Reagan had been shot by John Hinckley. Lyn Nofziger was 81."

NBC Nightly News (3/28, story 3, 1:10, Williams, 9.87M) reported, "Nofziger died last night at his home outside Washington. He joined the Reagan camp early on as a loyal conservative in California. He became the ultimate inside political player."

Nofziger Eulogized. In the Washington Post (3/29, C1, 744K) Frank Mankiewicz eulogizes former Reagan Administration aide Lyn Nofziger, who died Monday, noting that he and Nofziger "were good friends -- off and on -- for 50 years. During that time, I doubt we ever agreed on any public matter. … We debated after that from time to time on some cable show or other, but often found we agreed that our mutual respect for each other made the venom the talk shows

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sought (and alas, seek) disappear, and made our friendly participation less suitable for audiences accustomed to near-violence. In the past few years, we talked from time to time about the possibility of starting a program ourselves, but Lyn always begged off on the grounds he was overworked. I suspect, reading this week of his death from cancer, that the 'overwork' may have consisted largely of his battle against the disease."

US, Allies Circulate New Draft Statement On Iranian Nuclear Program. The New York Times (3/29, Hoge) reports European and American diplomats "circulated a new draft statement to the Security Council on Tuesday evening that weakens language condemning Iran's nuclear program but still calls on Tehran to abandon uranium enrichment activities, which the West believes are intended to make weapons." The new draft, "written by Britain and France and supported by the United States, eliminates or softens elements in earlier drafts that had raised objections from China and Russia." US Ambassador to the UN John Bolton said, "We feel a sense of urgency." Bolton pointed "out that it has been three weeks since Iran's case was delivered to the Council by the International Atomic Energy Agency, United Nations nuclear watchdog based in Vienna."

German Companies Sold Parts To Iranian Nuclear Network. The New York Times (3/29, Bernstein) reports, "German prosecutors are investigating whether six German companies sold electronic equipment to a clandestine procurement network established to supply Iran with equipment for its nuclear development program," including "special cables, pumps and transformers, worth about $3.6 million." The revelation "that material useful in a nuclear development program was provided to Iran was bound to be interpreted by European and American officials as further evidence of a widespread, clandestine effort by Iran to build nuclear weapons."

Arab League Head Calls For Development Of Nuclear Programs. The New York Times/AP (3/29) reports Amr Moussa, the head of the Arab League, "called on Arab states Tuesday to work toward 'entering the nuclear club' by developing atomic energy -- a new concern for a Western world already trying to rein in Iran's nuclear ambitions and fretting about a possible Mideast arms race." No Arab country "is known to have a significant program for nuclear energy, and few have shown a drive to do so. But Moussa's call was likely to cause concern in the United States and Europe, which are pressing for U.N. Security Council action on Iran's nuclear program." The Washington Times (3/29) also runs a version of the AP story.

Author Says Arabs Cannot "Wait Out" US Involvement. Amir Taheri, author of "L'Irak: Le Dessous Des Cartes," writes in the Wall Street Journal (3/29, A18), "In recent visits to several regional capitals, this writer was struck by the popularity of" the "strategy known in Middle Eastern capitals as 'waiting Bush out.'" It is assumed "that Mr. Bush's plan to help democratize the heartland of Islam is fading under an avalanche of partisan attacks inside the U.S. The effect of this assumption can be witnessed everywhere." However, "I found no evidence that anyone in the American leadership elite supported a cut-and-run strategy," as "almost all realized that the 9/11 attacks have changed the way most Americans see the world and their own place in it," and "those who have based their strategy on waiting Mr. Bush out may find to their cost that they have, once again, misread not only American politics but the realities of a world far more complex than it was even a decade ago."

Kadima Wins Israeli Elections. USA Today (3/29, Gutman, Stinson, 2.31M) reports, "Acting Prime Minister Ehud Olmert, who campaigned on a pledge to relinquish control of most of the West Bank after 39 years of Israeli occupation, declared victory in Israel's parliamentary elections Tuesday. 'In the coming period, we will move to set the final borders of the state of Israel, a Jewish state with a Jewish majority,' he said. 'We will try to achieve this in an agreement with the Palestinians.'" USA Today adds, "Based on near-final results, Kadima appeared likely to capture enough of the 120 parliamentary seats to name Olmert prime minister."

The New York Times (3/29, Erlanger, Myer, 1.19M) reports Olmert "will become prime minister, but his support proved tepid and he will find it harder than expected to impose his agenda on a larger coalition." Still, "voters repudiated Likud and its leader, former Prime Minister Benjamin Netanyahu," and "Olmert should be able to carry out his plan for another withdrawal…from the West Bank."

The Washington Post (3/29, A1, Wilson, 744K) also said that the election "left Kadima with an uncertain mandate to move ahead with a program that once appeared to have clear support from Israelis." The Post said Likud's falling support was "a dramatic shift within the political wing most opposed to leaving the Palestinian territories." The Financial Times

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(Morris, Devi) calls it "a virtual meltdown of support for the former ruling Likud party," and adds that the "crushing defeat for the mainstream right left Kadima with no shortage of potential allies to help push through" withdrawal plans.

In contrast, the Wall Street Journal (3/29, Spindle, 2.11M) says having to form a coalition government may end up "forcing Kadima Party head Ehud Olmert to slow or modify his drive to unilaterally set Israel's borders." The AP (3/29, Nessman) agrees that there "will likely be a period of difficult negotiations between Olmert and potential coalition partners."

Knight Ridder (3/29, Nissenbaum, Matza), Financial Times (3/29, Morris, Devi), Los Angeles Times (3/29, King, Ellingwood, 958K) and Washington Times (3/29, Mitnick, 90K) run similar stories.

Last night, ABC World News Tonight (3/28, story 4, :25, Vargas, 8.78M) reported the election had "lowest voter turnout in that country's history." The CBS Evening News (3/28, story 7, 0:15, Mitchell, 7.66M) and NBC Nightly News (3/28, story 6, 0:30, Williams, 9.87M) also reported on exit polls reflecting a Kadima win.

Mubarak Urges Israelis To Negotiate With Palestinians. The AP (3/29, El-Magd) reports, "Egyptian President Hosni Mubarak said he will encourage the newly elected Israeli government to resume negotiations with Palestinians, warning that unilateral moves 'won't achieve peace.'" He "called on Israel to 'stop besieging' the Palestinians economically and targeting their leaders," but also "urged Hamas to honor existing agreements with Israel."

Hamas Cabinet Approved. The Palestinian parliament endorsed a Hamas cabinet headed by Prime Minister Ismail Haniyeh and composed of Hamas officials and independents allied with the organization. The Washington Post (3/29, A15, Wilson, 744K) calls it "a political triumph" for Hamas, and notes it "marks the start of a political contest between" Palestinian Authority President Mahmoud Abbas "and Hamas." The AP (3/29, El Deeb) adds, "Haniyeh toned down Hamas' militant ideology, saying he was not interested in perpetuating the cycle of violence with Israel."

Bush Says Chavez Should Be Criticized For Failing To Honor Tenets Of Democracy. In an exclusive interview on CNN's The Situation Room (3/28) President Bush was asked about Venezuelan President Hugo Chavez's comments about him. Bush said, "I judge the president based upon his honoring of the institutions that make democracy sound in Venezuela. I think it's very important for leaders to honor the freedom to worship, the freedom of the press, contracts, legal -- to honor legal contracts, to allow people to express their opinion without fear. And it's very important for leaders throughout the hemisphere, whether they agree with America or not, to honor the -- you know, the tenets of democracy. And to the extent he doesn't do that, I believe he should be subject to criticism."

Bush May Cancel Obasanjo Meeting Over Taylor's Disappearance. The AP (3/28, Gedda) reports the White House "suggested" that President Bush "might refuse to meet with Nigerian President Olesegun Obasanjo this week if answers are not forthcoming about the disappearance of indicted former Liberian President Charles Taylor." Their Oval Office meeting is to take place today. "On Capitol Hill, Secretary of State Condoleezza Rice told senators it would be a matter of 'utmost seriousness' if reports of Taylor's escape are true. Sen. Patrick Leahy said it would be inappropriate for Bush to receive Obasanjo under the circumstances. Rice, testifying before a Senate Appropriations Committee hearing, did not respond to Leahy's comment."

Under the headline, "US Raps Nigeria as Liberian Warlord Vanishes," the Financial Times (3/29, Mahtani, Dinmore) reports Administration "officials expressed dismay that Mr Taylor had vanished after Washington had delivered a strong message that Nigeria was responsible for handing him over for trial by a special UN-backed court in Sierra Leone for his role in the civil war there." While Secretary Rice was still expected to meet with Obasanjo, "a meeting with President George W. Bush was in doubt."

In an editorial, the New York Times (3/29, 1.19M) says, "The disappearance is a diplomatic disaster for Mr. Obasanjo, who is scheduled to meet with President Bush today. We hope it doesn't turn into something worse for West Africa. … Let's hope that Mr. Obasanjo's carelessness doesn't lead to a return of Taylor-style ethnic fighting in West Africa. That is something no one can afford -- including the Nigerian president, whose country has had some sectarian and ethnic clashes of its own lately."

Meanwhile, the Washington Post (3/29, A18, 744K) editorializes Obasanjo "has an appointment at the White House today with President Bush. If the meeting goes forward, he deserves the frostiest of receptions."

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The Washington Post (3/29, A13, Timberg, 744K) reports "the whereabouts of Taylor…remained unknown by the end of the day." But "it was clear his disappearance had scuttled plans for a quick turnover to a UN-backed tribunal in Sierra Leone." The Christian Science Monitor (3/29, Houreld, 61K) and New York Times (3/29, Polgreen, 1.19M), among other newspapers, also report on Taylor's disappearance.

Canada's Harper Called Bush's "Political Soul Mate." Knight Ridder (3/29, Douglas) reports that for President Bush, Canadian Prime Minister Stephen Harper is "a political soul mate who's bent on improving his country's frosty relations with Washington," a "mirror image." He "rose to Canada's highest office by talking about his religious faith, vowing to cut taxes and end government corruption, and promising to reconsider a same-sex marriage law that Canada's Parliament approved last June - all themes that Bush campaigned on in 2000 and 2004." Still, Bush and Harper "have to overcome a number of economic hurdles."

Turkey Aims To Take Moderator Role With Middle East. The Christian Science Monitor (3/29, Schleifer) reports, "After decades of keeping the Arab and Muslim countries of the Middle East at arm's length, Turkey is trying to strengthen relations with its neighbors." Prime Minister Recep Tayyip Erdogan's appearance at the Arab League summit "is the latest in a string of eyebrow-raising foreign policy moves" as Turkey is "recasting itself as a mediator in the region." Analysts say that the moves, which "ruffled feathers from Israel and Iraq to the US and European Union (EU)," are not "so much blunders as a reflection of a significant change in Turkey's Middle East foreign policy."

Bolton Pushes For New UN Dues Assessment Plan. The New York Times (3/29, Hoge) reports, "John R. Bolton, the American ambassador, will outline a proposal for fundamental changes in calculating United Nations dues on Wednesday that he said would address Congressional concerns that 'the United States doesn't get value for money.'" The plan "has circulated privately and infuriated China and Russia." However, "The United States estimates that its portion of the $1.9 billion budget would decline from 22 percent to 21.5 percent under its plan, a change that Mr. Bolton argued was so slight that it undermined claims that the American plan was devised to benefit Washington."

Senators Delay Vote On China Currency Bill. Sens. Lindsey Graham and Charles Schumer decided to postpone a vote on their bill, which would impose a 27.5% tariff on all exports to the United States if it did not let its currency move in line with market forces. The New York Times (3/29, Andrews, 1.19M) calls it "a temporary cease-fire on Tuesday in their long-running attack on China's foreign-exchange practices." The Wall Street Journal (3/29, Phillips, Browne, 2.11M) reports, "The Senate stepped back from the brink." Meanwhile, "the two top-ranking senators on the Finance Committee, Republican Charles Grassley of Iowa and Democrat Max Baucus of Montana, unveiled an alternative bill, which they hoped would drain support for the more severe Schumer-Graham version." The AFP (3/29) adds that the Senators say their move "effectively gives Beijing six months to adopt 'real reforms.'" The AP (3/29, Klug) also covered this story.

China May Allow Greater Currency Flexibility. The Wall Street Journal (3/29, Browne, 2.11M) reports that China's central-bank governor, Zhou Xiaochuan, "in carefully balanced remarks ahead of President Hu Jintao's planned visit to Washington next month, he suggested that China had become ready to allow greater currency flexibility." However, he "ruled out 'shock therapy' to reduce the country's surging trade surplus with the U.S.," adding that "deep-seated factors are behind China's trade imbalance, precluding short-term solutions through currency changes." He also added that "a Washington would be out of step with international opinion if it labeled Beijing a currency manipulator."

China Overtakes Japan In Foreign Currency Reserves. The New York Times (3/29, Bradsher, 1.19M) reports, "China's reserves of dollars and other foreign currencies hit $853.7 billion in February, an official Chinese newspaper said on Wednesday, allowing China to overtake Japan as the world's largest holder of foreign exchange reserves." While "Japan's purchases in foreign currency markets to hold down the yen have been controversial for a quarter of a century," China's greater purchases "to hold down the value of the yuan have caused similar anxieties from Washington to Brussels."

US, Europe To Sanction Belarus Officials, State Journalists. The New York Times (3/29, Chivers,

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1.19M) reports, "The European Union and the United States are considering personal sanctions against more than 40 officials and state journalists in Belarus for their roles in election rigging and crackdowns on civil society there." While "the exact form European sanctions might take has not been determined and requires agreement by the entire union," they are "likely to include bans on the officials' travel to the 25 European Union countries" and possibly "freezing of assets." The US has "banned travel for several officials, and plans to add more."

Yushchenko Meets With Other Parties On Forming Coalition Government. The New York Times/AP (3/29) reports that Ukraine President Viktor Yushchenko "began a round of coalition talks Tuesday with" one-time partner, Yulia Tymoshenko and pro-Russian opposition leader Viktor Yanukovych. Yanukovych "confidently declared that he -- and not the president -- would put together the coalition that will form the new government." While "Yushchenko's presidency is not at risk,…the electoral defeat weakened him."

London Mayor Calls US Ambassador "Chiseling Little Crook." The Washington Post (3/29, A13, Jordan, 744K) reports that Ken Livingstone, the mayor of London," compared Robert Holmes Tuttle, the U.S. ambassador to Britain, to "a chiseling little crook." His comment was in reference to "the U.S. government's refusal to pay more than a quarter of a million dollars in traffic congestion fees charged to cars that enter central London. The fees are a tax, the embassy says, and under international law, embassies don't pay taxes." Besides the US, "other embassies in London also are refusing to pay the $14-per-car fee."

Local Government Workers Strike In UK. The New York Times (3/29, Lyall, 1.19M) reports, "Local government workers walked off their jobs across Britain on Tuesday, closing schools, libraries and other community centers in a one-day strike over reductions in pension benefits." The unions say "more than a million" participated, "while the Local Government Association, which represents local councils, said the number was far less." The conflict is over "the government's decision to abandon the so-called Rule of 85, which allows local government employees to retire at age 60 on full pensions, provided they have worked at least 25 years."

Japanese Economy Growing, Increasingly More Open. The Wall Street Journal (3/29, A1, Moffett, Hayashi, 2.11M) reports, "Japan's economy has started to grow in a way that could benefit the rest of the world," as "once known as a fortress for home-grown products, Japan's market is now increasingly open to overseas companies and entrepreneurs." At the same time, "consumers and businesses are spending more" and "their activity makes economic growth more sustainable" even if their exports fall.

Romania Pushing For Pipeline. The Washington Times (3/29, Sands, 90K) reports that Romanian Foreign Minister Mihai-Razvan Ungureanu, "in Washington this week for talks with senior Bush administration officials," said "Russia's New Year's Day cutoff of natural gas to Europe has boosted Romania's strategic value as the route for a competing pipeline." He added that "Romania did not favor a policy of shutting out Russia." After "joining NATO in 2004, Romania has championed the importance of the Black Sea region, saying the security, economic and environmental challenges facing the countries on its shores have a direct impact on the stability of Europe as a whole."

France Again Swept By Labor Unrest. French students and unions yesterday protested a law intended to ease unemployment among the young by giving employers more flexibility to terminate employees. ABC World News Tonight (3/28, story 3, 2:15, Vargas, 8.78M) reported, "More than 1 million people demonstrated in sweeping and sometimes violent protests today. They're marching against a new law that would allow companies to fire young workers without cause. The French have long enjoyed privileges all sorts of other people around the world do not have." ABC (Wright) added, "France's government says the only way to create job opportunities is to sacrifice some job security. Business owners like the new law." But a "majority of the population here likes it the old way."

NBC Nightly News (3/28, story 5, 2:15, Miller, 9.87M) reported "Striking workers crippled the nation's transport system: 60% of trains stopped on the tracks; a third of all flights canceled; even the Eiffel Tower was closed." The CBS Evening News (3/28, story 6, 1:55, MacVicar, 7.66M) said "it was the largest protest in France in at least 25 years. Massive marches by students and union members brought more than a million people on to the streets of French cities from Marseilles to Paris, and in places, left them skirmishing

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with police. Running battles in Paris alone resulted in nearly 500 arrests."

The Financial Times (3/29, Arnold) reports "French students and trades unions were in jubilant mood on Tuesday after more than 1m people took to the streets in protest against government labour reforms." Despite "the record turnout," Dominique de Villepin, "the embattled prime minister, appeared to stand firm, brushing aside calls from members of the governing party to reach a compromise about his youth employment law. 'The republic is not about preconditions, it is not about ultimatums,' he told parliament."

The Washington Post (3/29, A13, Moore, 744K) says "the massive show of strength created new fissures in President Jacques Chirac's government, which early this month triggered the crisis by passing the measure to waive some of France's strict job protections and give employers new freedom to dismiss people under age 26. … Lawmakers from several parties warned that the size of the protests signaled a threat to the future of the government. The leader of the opposition Socialist Party, Francois Hollande, said the government was 'running the risk of confrontation with a majority of the country.'" The Washington Times (3/29, Bryant, 90K), Christian Science Monitor (3/29, Sachs, 61K), Wall Street Journal (3/29, Higgins, 2.11M), Los Angeles Times (3/29, Rotella, Sicakyuth, 958K) and New York Times (3/29, Sciolino, Smith, 1.19M), run stories about the protests. The New York Times (3/29, Smith, 1.19M) also runs a story on French labor unions, saying that "despite one of the lowest rates of unionization -- only about 8 percent of the French work force are members -- the unions have enormous leverage over the government." They "play a unique organizational role in France's hierarchical society, rallying the populace accustomed to a confrontational relationship with leaders considered elitist. Spark-plug unions, some people call them."

Author Notes Basque Terrorism Started With Idealism. Bernardo Atxaga, author of "Obabakoak" and the forthcoming novel "The Son of the Accordion Player," writes in an op-ed in the New York Times (3/29, 1.19M), "Though we forget this, or don't want to accept it, a great many political nightmares begin as a dream, a shared notion of utopia. That's what happened with the Basques." Now, with the announcement of a permanent cease-fire, some are pessimistic and some call for immediate reconciliation. But "still and all, through the clamor of opinion, the feeling of happiness, of lightness, doesn't go away."

Diseases Associated With Poor Said To Get Little Funding, Attention. Tina Rosenberg, a member of the editorial board, writes in the New York Times (3/29, 1.19M), "As fatal illnesses go, AIDS is the best one for a poor person to catch because rich people get it, too." The "people who suffer from malaria, tuberculosis, or a host of other diseases that citizens of rich countries haven't even heard of," may "as well hang out a sign: 'Poor People Only.' They offer researchers no profitable market. They have little political constituency." Even though "most of these diseases are easily preventable and completely curable." Saving the lives of their sufferers is much cheaper and easier than treating AIDS."

Carter Criticizes Proposed Nuclear Deal With India. Former President Jimmy Carter writes in an op-ed in the Washington Post (3/29, A19, 744K), "The proposed nuclear deal with India is just one more step in opening a Pandora's box of nuclear proliferation," as "there is no doubt that condoning avoidance of the NPT encourages the spread of nuclear weaponry." While "U.S. companies might win two of those reactor contracts,…this is a minuscule benefit compared with the potential costs. India may be a special case, but reasonable restraints are necessary." Proliferation is a real threat, "and the destructive capability of irresponsible nations -- and perhaps even some terrorist groups -- will be enhanced by a lack of leadership among nuclear powers that are not willing to restrain themselves or certain chosen partners."

THE BIG PICTURE:

Headlines From Today's Front Pages.

Los Angeles Times:

"How Environmentalists Lost The Battle Over TCE."
"A Hawk Who Preferred Not To Fight."
"As Scams Go, This Is A Gem."
"Israelis Boost Parties That Seek Pullout."
"Mayor Walks A Fine Line On Border Issue."
"Protest Reactions Reflect The Area's Deep Divisions."
"A New Name In 9/11 Plot Surfaces."

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USA Today:
"Bush's Chief To Consider Changes."
"Anti-Snitch Campaign Riles Police, Prosecutors."
"Brain Drain Hits Homeland Security."

New York Times:
"Top Aide Leaves White House Job; Budget Chief In."
"Voters In Israel Support Parties Vowing Pullout."
"Bush Opposes Iraq's Premier, Shiites Report."
"Justices Hint They'll Rule On Detainee's Challenge."
"Rape Allegation Against Athletes Is Roiling Duke."
"Newcomers And Identity."

Washington Post:
"OMB Head To Replace Card As Top Bush Aide."
"Sharon's Party Is Winner In Israel."
"Moussaoui Offered To Implicate Himself."
"Card's Departure Seen As A Sign President Hears Words Of Critics."
"Thousands Of Iraqis Flee To Avoid Spread Of Violence."
"GMU's Leap Into Limelight Began On Maryland Courts."

Washington Times:
"Fed Raises Interest Rates Again."
"Boehner Hints A Backdown On 'Amnesty.'"
"Card Resigns As Chief Of Staff."
"Olmert Claims Election Victory."
"Maryland Senate Votes To Oust PSC."
"Apple Battles Apple: We Can't Work It Out."
"What Lurks Behind Dressing-Room Door?"

Detroit Free Press:
"Inspectors: Security Lags When Traffic Jams."
"In Round 1, Hundreds Of GM Jobs Cut."
"Parole Officers Suspended Over Selepak Errors."
"Maida Reaffirms The Church's Faith In Detroit."

Atlanta Journal-Constitution:
"Governor Gets Illegals Bill."
"Israeli Voters Back Kadima."
"On-Time Arrival For Fifth Runway."
"French Unrest Rises Over New Labor Law."

Houston Chronicle:
"Prosecution Rests – How Did It Perform?"
"If You Don't Puff, You'll Get A Break In Tax Proposal."
"White House Shake-Up May Be More Of A Shuffle."
"Hispanic Students Take To Streets Again."
"Centrists Supporting Pullout Win In Israel."

Story Lineup From Last Night's Network News:
ABC: Card Resigns; Card Resignation-Analysis; France-Labor Protests; Israel Election; Afghan Christian; Supreme Court-Military Tribunals; Weinberger, Nofziger Obits; Christian Conservatives Summit; Federal Reserve-Interest Rates; Teens-Sleep Deprivation; Greeting Cards.
CBS: Card Resigns; Card Resignation-Analysis; Senate-Port Security; Moussaoui Trial; Supreme Court-Military Tribunals; France-Labor Protests; Israel Election; Weinberger Obit; Federal Reserve-Interest Rates, Home Sales; Enron Trial; Illegal Immigration-Costa Mesa; Wikipedia, Britannica Feud.
NBC: Card Resigns; Congress-Republicans; Weinberger, Nofziger Obits; Supreme Court-Military Tribunals; France-Labor Protests; Israel Election; Illegal Immigration-Costa Mesa; Federal Reserve-Interest Rates; Katrina-Waveland Rebuilding; Early Risers.

Story Lineup From This Morning's Radio News Broadcasts:
ABC: Senate-Immigration Reform; Moussaoui Sentencing; Iraq-Gunmen Hit Store; Card Resigns.
NPR: Israel Election; Palestinian Parliament; Moussaoui Sentencing; CA-Terrorism Trial; Afghanistan-US Base Attacked; Iraq-Gunmen Hit Store; Fed-Interest Rates; Enron Trial; Bush-Mexico.

WASHINGTON'S SCHEDULE:

Today's Events In Washington.
White House:

PRESIDENT BUSH — Meets with the President of Nigeria; speaks at Freedom House event, Hyatt Regency Hotel on Capitol Hill.

VICE PRESIDENT CHENEY — No public schedule.

US Senate: 9:30 a.m. ARMED SERVICES _ Emerging Threats and Capabilities Subcommittee. Hearing on non-proliferation strategy and the roles of the Defense and Energy departments in the FY07 budget for this purpose. Peter C. W. Flory, assistant secretary of Defense; Gen. James E. Cartwright, commander, Strategic Command; Jerry Paul, principal deputy administrator, National Nuclear Security Administration; Robert G. Joseph, undersecretary of State. Location: Room 222, Russell.

9:30 a.m. ENVIRONMENT AND PUBLIC WORKS _ Full Committee. Oversight hearing on plans to eliminate the gasoline additive MTBE. Location: Room 628, Dirksen.

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9:30 a.m. FOREIGN RELATIONS _ Full Committee. Closed briefing on the Indian nuclear cooperation deal. Assistant Secretary of State Nicholas Burns, Undersecretary of State Robert Joseph. Location: Room S-407, Capitol.

9:30 a.m. INDIAN AFFAIRS _ Full Committee. Markup of pending legislation. Location: Room 485, Russell.

9:30 a.m. JUDICIARY _ Full Committee. Hearing on pending judicial nominations. Location: Room 226, Dirksen.

10 a.m. APPROPRIATIONS _ Defense Subcommittee. Hearing on the FY07 budget for the Air Force. Secretary Michael Wynne, Chief of Staff Gen. Michael Moseley. Location: Room 192, Dirksen.

10 a.m. BANKING, HOUSING AND URBAN AFFAIRS _ International Trade and Finance Subcommittee. Hearing on reauthorization of the Export-Import Bank. James Lambright, chairman and acting president, Export-Import Bank of the U.S.; Steve Appleton, CEO, Micron Technology; Thomas Sneeringer, United States Steel Corp. Location: Room 538, Dirksen.

10 a.m. COMMERCE, SCIENCE AND TRANSPORTATION _ Technology, Innovation and Competitiveness Subcommittee. Hearing the benefits of basic research and its impact on long-term economic impact. White House Science and Technology Policy Adviser John Marburger; NSF Director Arden Bement; NIST Director William Jeffrey; Leonard Pietrafesa, NOAA; Steven Knapp, Johns Hopkins University; Philip Ritter, Texas Instruments, Inc.; Adam Drobot, Telcordia, Inc. Location: Room 562, Dirksen.

10 a.m. FINANCE _ Full Committee. Hearing on U.S.-China relations. Deputy USTR Karan K. Bhatia; Treasury Undersecretary Timothy D. Adams; Commerce Undersecretary Franklin L. Lavin; Robert Hormats, Goldman Sachs and Co.; John Frisbie, president, U.S.-China Business Council; Joe Papovich, Recording Industry Association of America; Gary Joachim, American Soybean Association, Owatona, Minn.; C. Fred Bergsten, Institute of International Economics. Location: Room 215, Dirksen.

10 a.m. SPECIAL AGING _ Full Committee. Hearing on investment fraud among seniors. Location: Room 106, Dirksen.

2 p.m. JUDICIARY _ Constitution, Civil Rights and Property Rights Subcommittee. Hearing on state regulations for violent video games and their relationship to the First Amendment. Location: Room 226, Dirksen.

2:30 p.m. APPROPRIATIONS _ Military Construction, Veterans Affairs and Related Agencies Subcommittee. Hearing on the VA budget for FY07. Secretary Nicholson. Location: Room 124, Dirksen.

2:30 p.m. ARMED SERVICES _ Strategic Forces Subcommittee. Hearing on the FY07 budget for missile defense programs. Eric S. Edelman, undersecretary of Defense; Gen. James E. Cartwright, commander, U.S. Strategic Command; Lt. Gen. Henry A. Obering III, director, Missile Defense Agency; David W. Duma, acting director, Operational Test and Evaluation, Department of Defense. Location: Room 222, Russell.

2:30 p.m. ENERGY AND NATURAL RESOURCES _ Public Lands and Forests Subcommittee. Hearing on pending legislation. Location: Room 366, Dirksen.

2:30 p.m. FOREIGN RELATIONS _ Full Committee. Hearing on U.S.-Burma relations. Michael J. Green, CSIS; Sean Turnell, Macquarie University, Sydney, Australia; Thin Thin Aung, Joint General Secretary, Women's Rights and Welfare Association of Burma, New Delhi; Deputy Assistant Secretary of State Eric G. John. Location: Room 419, Dirksen.

2:30 p.m. HOMELAND SECURITY AND GOVERNMENTAL AFFAIRS _ Oversight of Government Management, the Federal Workforce and the District of Columbia Subcommittee. Hearing on terrorist preparations in the nation's capital. Thomas J. Lockwood, director, Office of National Capital Region Coordination; Deputy D.C. Mayor Edward D. Reiskin; Robert Crouch, assistant to the governor for commonwealth preparedness, State of Virginia; Dennis Schrader, director, Governor's Office of Homeland Security, State of Maryland; Bill Jenkins, director, Homeland Security and Justice, GAO. Location: Room 342, Dirksen.

2:30 p.m. SELECT INTELLIGENCE _ Full Committee. Closed meeting on intelligence matters. Location: Room 219, Hart.

3:30 p.m. ARMED SERVICES _ Seapower Subcommittee. Hearing on FY07 budget for the Navy and Marine Corps structure and capabilities. Lt. Gen. James Mattis, Deputy Commandant, Marine Corps. Location: Room 232A, Russell.

US House: FLOOR SCHEDULE _ 10 a.m. Meets for legislative business. Highlights: H.R. 609 - College Access and Opportunity Act of 2005. Suspensions (1 bill): 1) H.Res. __ - Expressing the sense of the House of Representatives that legal action in Afghanistan against citizens who have

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already converted or plan to convert to other religions is deplorable and unjust.

9:30 a.m. APPROPRIATIONS _ Agriculture, Rural Development, FDA and Related Agencies Subcommittee. Hearing on natural resources and the environment. USDA Undersecretary Mark E. Rey; Bruce I. Knight, chief, Natural Resources Conservation Service; Natural Resources Conservation Service Budget Officer Steven A. Probst; USDA Budget Officer W. Scott Steele. Location: Room 2362A, Rayburn.

10 a.m. APPROPRIATIONS _ Defense Subcommittee. Hearing on the national foreign intelligence program. Closed - members only. Location: Room H-140, Capitol.

10 a.m. APPROPRIATIONS _ Military Quality of Life and Veterans Affairs and Related Agencies Subcommittee. Hearing on the Army budget and transformation. Chief of Staff Gen. Peter Schoomaker. Location: Room H-143, Capitol.

10 a.m. APPROPRIATIONS _ Foreign Operations Subcommittee. Hearing on the FY07 for the Millennium Challenge Corp. CEO John Danilovich. Location: Room 2359, Rayburn.

10 a.m. APPROPRIATIONS _ Interior, Environment and Related Agencies Subcommittee. Hearing on FY07 appropriations for the Smithsonian Institution. Deputy Secretary Sheila Burke; Undersecretary David Evans; National Zoo Director M. John Berry. Location: Room B-308, Rayburn.

10 a.m. APPROPRIATIONS _ Energy and Water Development and Related Agencies Subcommittee. Hearing on FY07 budget for science research in the Energy Department. Office of Science Director Raymond Orbach. Location: Room 2362B, Rayburn.

10 a.m. APPROPRIATIONS _ Transportation, Treasury, HUD, the Judiciary and District of Columbia Subcommittee. Hearing on FY07 appropriations for the IRS. Commissioner Mark Everson.

10 a.m. ARMED SERVICES _ Full Committee. Hearing on defense acquisition reform. Pierre Chao, CSIS; Robert Hermann, Defense Science Board Summer Study on Transformation; Lt. Gen. Ronald Kadish (ret.), Defense Acquisition Performance Assessment Panel; Terry Little, Missile Defense Agency. Location: Room 2118, Rayburn.

10 a.m. ENERGY AND COMMERCE _ Full Committee. Markup of pending legislation, including H.R. 4127, Data Accountability and Trtust Act. Location: Room 2123, Rayburn.

10 a.m. FINANCIAL SERVICES _ Capital Markets, Insurance and Government Sponsored Enterprises Subcommittee. Hearing on financial reporting. William Gradison, acting chairman, Public Company Accounting Oversight Board; Robert H. Herz - chairman, Financial Accounting Standards Board; Scott Taub, acting chief accountant, SEC; David Hirschmann, U.S. Chamber of Commerce; Marc E. Lackritz, president, Securities Industry Association; Colleen Cunningham, president, Financial Executives International; Barry Melancon, president, American Institute of Certified Public Accountants; Rebecca McEnally, CFA Institute. Location: Room 2128, Rayburn.

10 a.m. INTERNATIONAL RELATIONS _ Full Committee. Hearing on fraud investigations at the UN. UN Amb. John bolton. Location: Room 2172, Rayburn.

10 a.m. JUDICIARY _ Full Committee. Markup of H.R. 3509 - Workplace Goods Job Growth and Competitiveness Act; H.R. 3049 Asian Carp Prevention and Control Act. Location: Room 2141, Rayburn.

10 a.m. RESOURCES _ Full Committee. Markup of H.R. 122 - To amend the Reclamation Wastewater and Groundwater Study and Facilities Act to authorize the Secretary of the Interior to participate in the Eastern Municipal Water District Recycled Water System Pressurization and Expansion Project; H.R. 413 - To establish the Bleeding Kansas and the Enduring Struggle for Freedom National Heritage Area, and for other purposes. H.R. 518 - To require the Secretary of the Interior to refine the Department of the Interior program for providing assistance for the conservation of neotropical migratory birds. H.R. 2563 - To authorize the Secretary of the Interior to conduct feasibility studies to address certain water shortages within the Snake, Boise, and Payette River systems in Idaho. H.R. 3418 - To amend the Reclamation Wastewater and Groundwater Study and Facilities Act to authorize the Secretary of the Interior to participate in the Central Texas Water Recycling and Reuse Project. Location: Room 1324, Longworth.

10 a.m. SCIENCE _ Full Committee. Markup of H.Res. 717 - Directing the Secretary of Commerce to transmit to the House of Representatives a copy of a workforce globalization final draft report produced by the Technology Administration. Location: Room 2318, Rayburn.

10 a.m. TRANSPORTATION AND INFRASTRUCTURE _ Aviation Subcommittee. Hearing on unmanned aerial vehicles and the national airspace system. Nicholas Sabatini, FAA; Michael Kostelnik, Customs and

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Border Protection, DHS; Gerald F. (Fred) Pease Jr., Policy Board on Federal Aviation, Department of Defense; Dyke D. Weatherington - Unmanned Aerial Systems Planning Task Force, DoD; Robert C. Owen, Embry-Riddle Aeronautical University; Andrew Cebula, Aircraft Owners and Pilots Association; Mike Hienz, UNITE UAV National Industry Team; Thomas J. Cassidy Jr., president, General Atomic Aeronautical Systems; Jay Mealy, The Academy of Model Aeronautics. Location: Room 2167, Rayburn.

10:15 a.m. APPROPRIATIONS _ Labor, HHS, Education and Related Agencies Subcommittee. Hearing with public witnesses on FY07 appropriations for Labor-HHS Education. Location: Room 2358, Rayburn.

10:30 a.m. BUDGET _ Full Committee. Markup of the FY07 budget resolution. Location: Room 210, Cannon.

10:30 a.m. VETERANS AFFAIRS _ Full Committee. Hearing on VA healthcare and enhancing access. Location: Room 334, Cannon.

1 p.m. APPROPRIATIONS _ Military Quality of Life and Veterans Affairs and Related Agencies Subcommittee. Hearing on the VA and defense health program information technology. Assistant VA Secretary Robert McFarland; Carl Hendricks, DoD. Location: Room H-143, Capitol.

1 p.m. RESOURCES _ Full Committee. Hearing on H.R. 3350, Tribal Development Corp. Feasibility Study Act of 2005. National Congress of American Indians President Joe Garcia; Chester Carl of the National American Indian Housing Council; Roger Fragua of the Council of Energy Resources Tribes; Alaska Federation of Natives President Julia Kitka. Location: Room 1324, Longworth.

2 p.m. APPROPRIATIONS _ Homeland Security Subcommittee. Hearing on thge FY07 appropriations for FEMA. Acting Director R. David Paulison. Location: Room 2359, Rayburn.

2 p.m. APPROPRIATIONS _ Labor, HHS, Education and Related Agencies Subcommittee. Hearing with public witnesses. Location: Room 2358, Rayburn.

2 p.m. APPROPRIATIONS _ Interior, Environment and Related Agencies Subcommittee.Hearing on FY07 appropriations for the National Endowment for the Arts. National Endowment for the Humanities Chairman Bruce Cole. Location: Room B-308, Rayburn.

2 p.m. APPROPRIATIONS _ Science, State, Justice, commerce and Related Agencies Subcommittee. Hearing on FY07 appropriations for the U.S. Marshals Service and the Bureau of Prisons. John Clark, director of marshals; Bureau of Prisons Director Harley Lappin. Location: Room H-309, Capitol.

2 p.m. ARMED SERVICES _ Military Personnel Subcommittee. Hearing on the Defense Health Program and efforts to control costs. Undersecretary of Defense David S.C. Chu; Assistant Defense Secretary William Winkenwerder, Jr.; Army Vice Chief of Staff Gen. Richard Cody; Vice CNO Adm. Robert F. Willard; Vice Air Force Chief of Staff Gen. John D.W. Corley; Marine Corps Asst. Commandant Gen. Robert Magnus; Vice Adm. Norbert R. Ryan, Jr., USN, (ret); President, Military Officers Association of America; Maj. Gen. William M. Matz, USA, (ret), President, National Association for Uniformed Services; former Pentagon Comptroller Dov S. Zakheim. Location: Room 2118, Rayburn.

2 p.m. ENERGY AND COMMERCE _ Oversight and Investigations Subcommittee. Hearing on reporting of hospital-acquired infections. Raymond T. Wagner, Jr., Enterprise Rent-a-Car, St. Louis; Dr. Denise Cardo, Health and Human Services Department; Mark Volavka, Pennsylvania Health Care Cost Containment Council, Harrisburg; Richard P. Shannon, Allegheny General Hospital, Pittsburgh; Chris Goeschel, MHA Keystone Center for Patient Safety and Quality, Lansing, Mich.; Robert Ware Haley, University of Texas Southwestern Medical Center, Dallas; Jennifer Daley, Tenet Health Care Corp., Dallas; Scott Hammer, New York Presbyterian Hospital/Columbia University Medical Center; Jennifer A. Hanrahan, MetroHealth Medical Center, Cleveland. Location: Room 2322, Rayburn.

2 p.m. INTERNATIONAL RELATIONS _ Africa, Global Human Rights and international Operations Subcommittee, Asia and the Pacific Subcommittee. Joint hearing on human rights in Vietnam. Assistant Secretary of State Barry F. Lowenkron; John V. Hanford III, ambassador-at-large, Department of State; Eric John, deputy assistant secretary of State; Michael Cromartie, chairman, U.S. Commission on International Religious Freedom; Kay Reibold, Montagnard Human Rights Organization; Nguyen Dinh Thang, Boat People SOS Inc.; Doan Viet Hoat, president, International Institute for Vietnam. Location: Room 2172, Rayburn.

2 p.m. INTERNATIONAL RELATIONS _ Oversight and Investigations Subcommittee. Hearing on offshore banking, and the war on terrorism. Location: Room 2200, Rayburn.

2 p.m. JUDICIARY _ Courts, the Internet and Intellectual Property Subcommittee. Hearing on remedies for small copyright claims. Location: Room 2141, Rayburn.

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2 p.m. SCIENCE _ Space Subcommittee. Hearing on the future of air traffic control and the research and development agenda. Undersecretary of Transportation Jeffrey Shane; Bob Pearce, FAA; Lisa Porter, NASA; Gerald Dillingham, GAO; Mike Hudson, National Research Council; David Dobbs, DOT. Location: Room 2318, Rayburn.

2 p.m. TRANSPORTATION AND INFRASTRUCTURE _ Highways, Transit and Pipeline Subcommittee. Hearing on transit and over-the-road bus security. Deputy FTA Administrator Sandra Bushue, Assistant DHS Secretary Tracy Henke, JayEtta Z. Hecker of GAO, President William Millar of the American Public Transportation Association, President Peter Pantuso of the American Bus Association, and Michael Siano of the Amalgamated Transit Union. Location: Room 2167, Rayburn.

3 p.m. APPROPRIATIONS _ Transportation, Treasury, HUD, the Judiciary and the District of Columbia. Hearing on the D.C. court system. Avis E. Buchanan, director, Public Defender Service, D.C. Superior Court Chief Judge Rufus G. King III; Paul A. Quander Jr., director, Court Services and Offender Supervision Agency; D.C. Court of Appeals Chief Judge Eric T. Washington. Location: Room 2358, Rayburn.

3 p.m. APPROPRIATIONS _ Interior, Environment and Related Agencies Subcommittee. Hearing on FY07 appropriations for the National Endowment for the Humanities. Endowment Chairman Dana Gioia. Location: Room B-308, Rayburn.

3 p.m. GOVERNMENT REFORM AND HOMELAND SECURITY _ Government Management, Finance and Accountability Subcommittee and Management, Integration and Oversight Subcommittee. Joint hearing on DHS information technology challenges. Location: Room 2247, Rayburn.

4 p.m. ARMED SERVICES _ Terrorism, Unconventional Threats and Capabilities Subcommittee. Hearing on defense science and technology. Deputy Assistant Air Force Secretary Terry Jaggers; Deputy Assistant Army Secretary Thomas Killion; Chief of Naval Research Rear Adm. William Landay, III; Director John Young of Deffense Research and Engineering; Director Anthony Tether of Dfense Advance Research Projects Agency. Location: Room 2212, Rayburn.

Other: PRESIDENT OLUSEGUN OBASANJO OF NIGERIA _ Highlights: 10:55 a.m. Meets with President Bush. White House.

HEALTH COVERAGE _ The National Association of Health Underwriters (NAHU) holds a conference to discuss solutions to the health insurance coverage problems facing Americans today. Highlights: 8:30 a.m. Congressional update wiuth Rep. Harold Ford Jr., D-Tenn., House Budget and Finance Committees. 9:30 a.m. Medicare Update - ``Where We Are and What's on the Way," with Mark McClellan, Administrator, CMS; John Breaux, former senator and chairman of the Medicare Rx Education Network. 10:30 a.m. Session on ``Projections for the Upcoming Mid-term Elections," with Kellyanne Conway, The Polling Company, Inc. 11 a.m. Congressional update with Nathan Deal, R-Ga., chairman, Energy and Commerce Health Subcommittee. Location: Capital Hilton Hotel, 1001 16th St. NW.

AFRICA-DEMOCRATIC REFORM _ Freedom House hosts a forum, ``Africa at the Crossroads: Assessing Strategies for Democratic Reform." Highlights: 9:15 a.m. Opening remarks by Undersecretary of State Paula Dobriansky. Location: Hyatt Regency Capitol Hill, 400 New Jersey Ave. NW.

INTERNATIONAL LAW _ The American Society of International Law (ASIL) holds its 10th Annual Meeting. Theme of this years meeting is ``A Just World Under Law." Highlights: 4:30 p.m. - 5:30 p.m. ``A Conversation with Secretary of State Condoleezza Rice, moderated by Gwen Ifill, host of PBSs Washington Week. Joining Secretary Rice on the dais will be retired Supreme Court Justice Sandra Day OConnor; Judge Rosalyn Higgins, president of the International Court of Justice; and ASIL President-Elect Jos Alvarez of Columbia University School of Law. Location: Fairmont Hotel, 2401 M St. NW.

US ELECTIONS _ 9 a.m. - 5 p.m. American University, The Center for Democracy and Election Management, and the Carter-Baker Commission on Election Reform host a forum, ``Are US Elections Getting Better or Worse? Is the Help America Vote Act (HAVA) Working?" Speakers include Commission members, members of Congress, and scholars. Location: Butler Board Room, 6th floor, Mary Graydon Center, American University, 4400 Massachusetts Ave. NW.

HOUSE DEMOCRATS _ 9 a.m. Closed meeting of the House Democratic Caucus. Location: Cannon Caucus Room.

HOUSE REPUBLICANS _ 9 a.m. House GOP Conference holds its weekly closed meeting. Location: Room HC-6, Capitol. Notes: Immediately following the media GOP leaders will hold a news conference to address the issue of national security.

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JOHANNS _ 9 a.m. Agriculture Secretary Johanns speaks to the National 4-H Conference. Location: Whitten Building Patio, 1400 Independence Ave. SW.

MARTINEZ _ 9:30 a.m. Sen. Mel Martinez speaks to a US Chamber of Commerce breakfast. Location: 1615 H St. NW.

SNOW _ 9:35 a.m. Treasury Secretary Snow speaks to the Edison Electric Institute's Spring Board and Executives Meeting. Location: 701 Pennsylvania Ave. NW.

HOMELAND SECURITY _ 10 a.m. Rep. Sherrod Brown holds a news conference on outsourcing homeland security and trade policy. Location: Cannon Terrace.

IMMIGRATION _ 10 a.m. California Assembly Speaker Fabian Nunez holds a news conference on immigration reform, after meeting with Sens. John McCain, Barbara Boxer, Dianne Feinstein, the California congressional delegation and Mexican Amb. Carlos de Icaza. Location: Room 381, Hall of the States, 444 N. Capitol St.

NUNEZ-IMMIGRATION _ 10 a.m. Assembly Speaker Fabian Nez (D-Los Angeles) will discuss his perspective on immigration reform and the budget after meetings with U.S. Senators John McCain, Barbara Boxer, Dianne Feinstein, the California Democratic Congressional delegation and the Mexican Ambassador to the United States Carlos de Icaza. Location: Hall of States, 444 N Capitol St., Room 381.

BLACK AMERICA REPORT _ 10:45 a.m. The Urban League unveils ``The State of Black America 2006" report, which is the premiere report on the status of African Americans. Marc Morial will introduce the report and talk about the National Urban League's Opportunity Compact, which is the theme of this year's report. In addition to Morial, participants include George E. Curry, editor-in-chief of The State of Black America 2006 report and editor-in-chief of The National Newspaper Publishers Association News Service and Black PressUSA.com; Donna Brazile, founder and managing director of Brazile and Associates; Lance Freeman, assistant professor in the Urban Planning program at Columbia University in New York; and Rondel Thompson and Sophia Parker, Global Insight, Inc. Location: National Press Club, Grand Ballroom.

SUDAN _ 11 a.m. The US Commission on International Religious Freedom releases its report on Sudan at an on-the-record news conference, with members of Congress. Location: Room HC-203, Capitol.

VALUES VOTERS _ 11 a.m. News conference with Phyllis Schlafly (Eagle Forum), Alan Keyes (Declaration Foundation), Rick Scarborough (Vision America), Manny Miranda (Third Branch Conference), Wendy Wright (Concerned Women for America), Lou Sheldon (Traditional Values Coalition), Rabbi Aryeh Spero (Caucus for America), Janet Folger (Faith2Action), others, to express dissatisfaction with the congressional Republican leadership and to protest Christian persecution in Afghanistan. Location: Upper Senate Park.

PORT SECURITY _ 12 p.m. Staff of the Senate Permanent Investigations Subcommittee holds a telephone briefing on Thursday's hearing on port security. Notes: Callin number: 866-909-2663; passcode: 4367484.

TRADE LAW _ 12 p.m. Rep. Ben Cardin and Ways and Means Committee members hold a news conference to announce a trade law overhaul. Location: Room HC-9, Capitol.

HOLLY'S LAW _ 12:15 p.m. Members of Congress, others, hold a news conference to call for a House vote on Holly's Law to suspend Approval of RU-486 after several deaths. Location: Cannon Terrace.

JOHANNS _ 1 p.m. Agriculture Secretary Johanns holds a telephone briefing to announce that a summary of the public comments from USDA's Farm Bill Forum listening tour has been completed. Notes: Callin number: 800-779-0645; passcode: 6761983.

SECURITY-DEMOCRATS _ 1 p.m. House and Senate Democrats announce a plan to give security to America. Location: Columbus Club, Union Station.

TEACHERS-COLLECTIVE BARGAINING _ 2:15 p.m. - 3:15 p.m. The American Enterprise Institute (AEI) sponsors an event, ``A Better Bargain: Overhauling Teacher Collective Bargaining for the 21st Century," at which Massachusetts governor Mitt Romney discusses his vision for education reform on the occasion of the release of a new report on teacher collective bargaining agreements written by Frederick M. Hess of AEI and Martin West of the Brookings Institution. Location: AEI's Wohlstetter Conference Center, 12th floor, 1150 17th St. NW.

ABU ALI SENTENCING _ 2:30 p.m. Judge Gerald Bruce Lee will preside in the sentencing of Ahmed Omar Abu Ali on nine counts, which included charges of providing material support and resources to al-Qaeda and conspiracy to assassinate President Bush. Location: Courtroom 601, 6th floor, Albert V. Bryan United States District Courthouse, 401 Courthouse Square, Alexandria, Va.

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BUDGET _ 2:30 p.m. The Center on Budget and Policy Priorities holds a telephone briefing on the House Budget Committee's budget resolution. Contacts: Michelle Bazie, 202-408-1080.

HEALTH CARE _ 4 p.m. America's Health Insurance Plans hold a briefing on the growing marketplace for HSAs, with CEO Karen Ignagni, others. Location: Room HC-6, Capitol.

MFUME-SENATE _ 6 p.m. - 8 p.m. There will be fundraising reception to elect former Congressman Kweisi Mfume to the U.S. Senate. Location: Residence of Nancy Navarro and Reginald Laurent, 47 Shaw Ave., Silver Spring, Md.

FEDERALISTS _ 6:45 p.m. Georgetown Law Federalist Society presents its third annual Lifetime Service Award to Judge Laurence Silberman of the U.S. Court of Appeals for the district. Location: Georgetown University Law Center, 600 New Jersey Ave. NW.

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THE ATTORNEY GENERAL'S *NEWS BRIEFING*

PREPARED FOR THE OFFICE OF PUBLIC AFFAIRS, U.S. DEPARTMENT OF JUSTICE

TO: THE ATTORNEY GENERAL AND SENIOR STAFF

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TERRORISM NEWS:

FBI Agent Testifies Moussaoui Sought Deal With Prosecutors Last Month. The defense rested in the penalty phase of Zacarias Moussaoui's trial yesterday, following testimony by FBI Special Agent Jim Fitzgerald that Moussoui last month tried to cut a deal to cooperate with US investigators in exchange for better prison conditions before his execution. However, Fitzgerald said, prosecutors insisted Moussaoui tell them everything he knew about al Qaeda, in addition to his own activities, to which Moussaoui would not agree. Press coverage generally observes that Moussaoui's lawyers spent the day trying to undo the damage the defendant had inflicted upon himself with Monday's testimony, presenting more transcript testimony from captured high-ranking al Qaeda operatives who questioned Moussaoui's abilities and mental stability, as well as video of Secretary of State Condoleezza Rice's testimony before the 9/11 commission. US District Judge Leonie Brinkema set closing arguments for today.

The CBS Evening News (3/28, story 4, 0:25, Mitchell, 7.66M) reported that before Moussaoui's defense rested, "his lawyers had some surprise videotaped witnesses, former and current government officials, including Secretary of State Condoleezza Rice. She cast doubt on the ability of the pre-9/11 intelligence system to prevent the attacks based on evidence from any one source. The prosecution contends 9/11 might have been stopped if Moussaoui had talked."

The Los Angeles Times (3/29, Serrano, 958K) called Fitzgerald's revelation "an odd twist to an already bizarre trial," and reports that more transcripts of al Qaeda operative interrogations were read into the record yesterday, "with most saying that Moussaoui was more of a nuisance than a valuable operator, and playing down his role."

The Washington Post (3/29, A1, Markon, Dwyer, 744K) notes, "It was unclear how jurors…would view" Fitzgerald's revelation. "Prosecutors hope it reinforces that Moussaoui was telling the truth when he testified about his role because he would have told prosecutors the same thing. Moussaoui's defense appeared to be trying to signal to jurors that Moussaoui is untrustworthy and cannot be believed."

The AP (3/29, Sniffen) adds, "The latest strange turn in Moussaoui's behavior could bolster the defense's claims that he would say anything to achieve martyrdom."

The New York Times (3/29, Lewis, 1.19M) reports, "Defense lawyers have pressed the idea that any information Mr. Moussaoui may have provided would have become part of the sea of unchecked leads" before 9/11, and yesterday they played video of former FBI acting director Thomas J. Pickard's testimony to the 9/11 commission. Pickard "was asked what he would have done if he had known three facts that became apparent to senior officials only after the attacks: that Mr. Moussaoui was an Islamic extremist taking flying lessons; that two identified Qaeda terrorists were probably in the country in August 2001; and that an F.B.I. agent in Phoenix had drafted a memorandum saying that he noticed an unusual number of young Middle Eastern men were enrolling in American flight schools and might be planning some hijacking plot." Pickard said, "I don't know, with all the information the F.B.I. collects, whether we would have had the ability to hone in specifically on those three items."

Interrogation Transcripts Reveal Details About 9/11 Plotters. The Los Angeles Times (3/29, A1, Meyer, 958K) reports transcripts read at Zacarias Moussaoui's trial revealed that 9/11 "mastermind Khalid Shaikh Mohammed has told interrogators that at least 34 individuals were 'participants' in the attacks…including a mysterious Jordanian," Abu Turab al-Urduni, "who supposedly prepared 10 of the hijackers for their grisly task by training them to butcher camels and sheep with Swiss Army knives." The Times notes, "Several U.S. authorities said in interviews Tuesday that they viewed at least some of Mohammed's claims with skepticism because he had been proved a calculated expert at providing his interrogators with disinformation to send his pursuers down blind alleys and protect ongoing Al Qaeda plots. But a U.S. intelligence official familiar with the continuing investigation into Sept. 11 confirmed the basic outlines of Mohammed's claims, particularly about Abu Turab," who "was killed by U.S. forces in Afghanistan in late 2001."

Former FISA Judges Back Specter Bill On NSA Surveillance Program. Five former Foreign Intelligence Surveillance Court judges yesterday testified before the Senate Judiciary Committee in support of a bill by Chairman Arlen Specter that would give the court an oversight role over President Bush's National Security Agency domestic surveillance program. The New York Times (3/29, Lichtblau, 1.19M) reports the former FISA judges "urged Congress on Tuesday to give the court a formal role in overseeing the surveillance program," and several "also voiced skepticism…about the president's constitutional authority to order wiretapping on Americans without a court order. They also suggested that the program could imperil criminal prosecutions that grew out of the wiretaps." Judge Harold A. Baker "and three other judges who served on the intelligence court testified at a Senate Judiciary Committee hearing in support of a proposal by Senator Arlen Specter, Republican of Pennsylvania, to give the court formal oversight of the National Security Agency's eavesdropping program."

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The AP (3/29, Yost) reports the FISA panel "gave a boost Tuesday to legislation that would bring court scrutiny to the Bush administration's domestic spying program." The judges "reacted favorably" to Sen. Specter's proposal "that would require the secretive Foreign Intelligence Surveillance Court to conduct regular reviews of the four-year-old program."

Judges Says Bush Didn't Act Illegally. However, the Washington Times (3/29, Debose, 90K) reports the former FISA judges told the Judiciary Committee "that President Bush did not act illegally when he created by executive order a wiretapping program conducted by the National Security Agency (NSA)." The judges "said they could not speak specifically to the NSA listening program without being briefed on it, but that a Foreign Intelligence Surveillance Act does not override the president's constitutional authority to spy on suspected international agents under executive order."

Specter Hedges On Hearing For Feingold Censure Resolution. Roll Call (3/29, Billings) reports Judiciary Chairman Specter "left open the possibility that a hearing set for Friday on Sen. Russ Feingold's (D-Wis.) bill to censure President Bush could be delayed, saying there are 'a lot of balls in the air.'" Specter said he "first wanted to talk to Feingold about the substance and direction of the hearing, as well as the White House, which he had asked to participate." But he "also left open the possibility that the topic of immigration could still be on Judiciary's plate at the week's end — and push off consideration of the censure resolution."

Feingold Left Judiciary Hearing To Discuss Iraq Trip With Bush. MSNBC.com (3/28, Curry) reports Sen. Feingold "had to leave early from Tuesday's Senate Judiciary Committee hearing on how to legalize the National Security Agency surveillance program -- he had an appointment at the White House to meet with the man he wants to censure. Just back from Iraq, Feingold was part of a group of senators who went to discuss their findings with President Bush." Asked if the meeting would "be awkward," Feingold said, "No. The president and I and others who've been involved in government for a while know that each issue is different. And we have an obligation to each other and the country to treat each issue differently."

Support For Censure Breaks Down Mostly Along Party Lines. In her Roll Call column (3/29), American Enterprise Institute polling expert Karlyn Bowman said, "Should President Bush be censured by the Senate over the issue of warrantless wiretapping? According to one recent poll, the issue breaks along partisan lines, though not rigidly. In a mid-March PSRA/Newsweek poll, 42 percent of respondents supported the censure of Bush, while 50 percent did not. Twenty percent of Republicans, 42 percent of independents and 60 percent of Democrats supported censure."

Vermont Democrats Seek To Kick-Start Impeachment Through State Legislature. The AP (3/29, Gram) reports, "Leading Democrats in Vermont plan to decide in April whether to urge state lawmakers to petition for President Bush's impeachment using a little-known provision in the rules of the U.S. House." Democratic committees "in at least half of the state's 14 counties have passed resolutions calling for impeachment, citing a rule in 'Jefferson's Manual,' a book of parliamentary guidelines written by Thomas Jefferson that supplements U.S. House rules." The manual "says impeachment proceedings can begin 'by charges transmitted from the legislature of a state.'"

Government Gets Skeptical Hearing In Military Tribunal Case. The Supreme Court yesterday heard oral arguments in the case of Salim Hamdan, Osama bin Laden's former driver, who is challenging the Administration's military tribunal policy. A threshold question before the court is whether the Detainee Treatment Act preempts its jurisdiction, a claim challenged by the defense and some Democratic senators. With Chief Justice John Roberts recusing himself because he heard the case at the appellate court level, Justice Anthony Kennedy is seen as a key swing vote. In a possible indication of the mood of the court, as ABC's Claire Shipman noted, Justice Kennedy "had a lot of tough questions for the government's lawyer." The story was reported on each of the networks last night in a full segment, and it was widely covered by the newswires and the major dailies.

ABC World News Tonight (3/28, story 6, 2:05, Shipman, 8.78M) reported, "Hamdan's lawyers are arguing, though, that these commissions don't offer the basic rights, for example, the same sort of protections that the military justice system would offer." The government "does argue that the President has the statutory right to create these commissions, as other presidents before him have done, like FDR."

The CBS Evening News (3/28, story 5, 2:15, Andrews, 7.66M) reported, "What's illegal, says Hamdan's military lawyer is that the conspiracy charge lodged against Hamdan didn't exist until the Pentagon invented it and that defendants tried by commission should have more rights." The Administration "argues that this is war and that presidents going back to George Washington have used tribunals for battlefield justice." The court "is being asked to completely defer to presidential power here and several of the justices seem very reluctant to do that."

NBC Nightly News (3/28, story 4, 2:30, P. Williams, 9.87M) reported, "Hamdan's lawyers say no president has the power to create a whole new court system," and "a majority of the Supreme Court seemed to agree in arguments released on audiotape."

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USA Today (3/29, Biskupic, 2.31M) reports the justices "vigorously questioned President Bush's attempt to hold military trials for foreign terrorism suspects, as well as the administration's effort to keep federal judges from hearing claims from" Guantanamo detainees. Justice Ruth Bader Ginsburg said, "It is an extraordinary act…to withdraw jurisdiction from this court in a pending case." Two years ago, the court's "majority rebuffed Bush's efforts to suppress detainees' legal challenges and said, in the words of then-justice Sandra Day O'Connor, that 'a state of war is not a blank check for the president.' On Tuesday, five of the eight justices who heard the case seemed to embrace that idea."

The New York Times (3/29, Greenhouse, 1.19M) reports that by the end of the 90-minute oral arguments, "it was fairly clear" that the justices would be "highly protective" of their jurisdiction over the case. At "least five justices — Stephen G. Breyer, Ruth Bader Ginsburg, Anthony M. Kennedy, David H. Souter and John Paul Stevens — appeared ready to reject the administration's argument that the Detainee Treatment Act, passed and signed into law after the court accepted the case in November, had stripped the court of jurisdiction." But it was "less certain by the end of the argument how the court would then go on to resolve the merits of the case, a multipronged attack on the validity of the military commissions themselves and on their procedures."

The Washington Post (3/29, A6, Lane, 744K) reports the court's "defense of its turf does not bode well for the Bush administration's broader arguments in defense of the military commissions, but it remained unclear how the justices might ultimately rule on the merits of the case."

The Wall Street Journal (3/29, Bravin, 2.11M) reports questions from a majority of the justices suggests "the military commissions could run afoul of the Supreme Court." The Washington Times (3/29, Taylor, 90K) reports Neal Katyal, an attorney for Hamdan, "told the Supreme Court the Bush administration never was given permission to create a special war crimes tribunal to try suspected terrorists at Guantanamo Bay."

Knight Ridder (3/29, Rosenberg) reports, "Retired military officers, civil liberties lawyers, former diplomats and international law experts all filed briefs on behalf of the 36-year-old Yemeni with a fourth-grade education, arguing that the Bush administration went too far by creating a commission outside an explicit framework set out by Congress and ignoring many of the protections of U.S. military justice, which has a provision for tribunals."

The AP (3/29, Holland) reports, "Several justices seemed deeply concerned that the government had gone too far in its plans to hold a special trial for Osama bin Laden's former driver on a conspiracy charge. … Some were downright indignant over the Bush administration's claim that a new federal law bars the high court from ruling in the case of Salim Ahmed Hamdan. … Hamdan's lawyer, Neal Katyal, said that the president 'has the keys to the federal courthouse' under the law." The AP adds, "Without Chief Justice John Roberts, a conservative Bush nominated last year, the argument seemed lopsided against the government. Roberts voted in the case on a lower court and had to withdraw. Justices Antonin Scalia and Samuel Alito hinted their support for the administration. … Justice Anthony M. Kennedy questioned Solicitor General Paul Clement about the legal safeguards for the trials. Justice Stephen Breyer also asked what would stop the president from holding the same type of trial in Toledo, Ohio, not just at the military prison in Guantanamo Bay, Cuba."

The Legal Times (3/29, Mauro) reports, "Justices seemed especially concerned about a law passed by Congress last year that the administration argues strips the high court of jurisdiction over habeas petitions filed by Guantanamo Bay detainees. The law created a limited appeals process for detainees that, the government says, excludes the Supreme Court -- even in pending cases like Hamdan's, argued Tuesday." The Times adds, "Justice Anthony Kennedy, likely the swing vote in the case Hamdan v. Rumsfeld, offered probing questions for both sides but seemed unwilling to accept that habeas petitions could be foreclosed by passage of the law, known as the Detainee Treatment Act. … Justice Samuel Alito Jr. seemed more sympathetic toward Clement, suggesting in his questions that he thinks it is premature to rule on Hamdan's case until Hamdan is actually tried under the military commission procedures he is challenging."

Scalia's Impartiality Questioned Because Of Switzerland Talk. ABC World News Tonight (3/28, story 6, 2:05, Shipman, 8.78M) reported, "Justice Scalia earlier this month was at a conference in Switzerland. And he made comments that caused many to question his impartiality." Justice Scalia: "I had a son on that battlefield. And they were shooting at my son. I'm not about to give this man, who is captured in a war, a full jury trial. I mean, that's crazy."

NBC Nightly News (3/28, story 4, 2:30, P. Williams, 9.87M) reported Justice Scalia "raised eyebrows earlier this month for the outspoken way he expressed" his view on "whether any detainee had a right to a trial."

DOJ Cited Senate Colloquy To Support Jurisdiction Argument. The Washington Post (3/29, A6, Eggen, 744K) reports that the Justice Department cites a debate between Sens. Lindsey Graham and Jon Kyl that was inserted into the Congressional Record of December 21, 2005, but which did not in fact occur on the Senate floor, as "evidence that Congress intended the Detainee Treatment Act to retroactively invalidate pending legal challenges by hundreds of detainees held at Guantanamo Bay. Graham and Kyl submitted a friend-of-the-court brief asserting the same thing." But some Democrats, "including Sen. Carl M. Levin (Mich.), whose name is also on the amendment to the law,

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have argued otherwise. They contend that the law was written to allow cases filed before its enactment to go forward." The "inserted floor debate, known in Senate parlance as a 'colloquy,' has since become an intriguing side issue in the case of Salim Ahmed Hamdan, Osama bin Laden's former driver, whose case was at issue before the court yesterday." The briefs "filed in support of the government do not make clear that the Graham-Kyl debate was manufactured."

Judge Approves Prosecution Rules To Prevent Leak Of Classified Padilla Information. The South Florida Sun-Sentinel (3/29, Blum, 249K) reports US District Judge Marcia Cooke "put in place temporary rules Tuesday to prevent the leak of classified information in the case of alleged al-Qaida operative Jose Padilla. While agreeing to rules proposed by prosecutors…Cooke said she would consider suggestions from defense lawyers, who complained the restrictions would hurt their ability to defend clients charged with supporting terrorism overseas." The Sun-Sentinel notes, "Without such an order, prosecutors argued, nothing would prevent Padilla…and two other men charged in the terror conspiracy from passing on sensitive national security information to accomplices." The AP (3/29, Anderson) notes that the information is "expected to include secret FBI investigations, material provided to the United States by foreign governments and Padilla's own words from interrogations during his 3 1/2 years in military custody as an 'enemy combatant.' … Cooke said the order would allow defense lawyers to begin examining secret evidence under special conditions so they can prepare for a trial scheduled for September."

Prosecutors Rest Case In Lodi Terrorism Trial. The Los Angeles Times (3/29, Tempest) reports that in Sacramento, Federal prosecutors "rested their terrorism case Tuesday against a Lodi father and son by showing satellite images of a compound in remote, northeast Pakistan that closely resembled a training camp described by the son in an FBI interrogation." Based on "the satellite photographs and the videotaped questioning, Department of Defense image analyst Eric Benn concluded that the site was a 'probable militant training camp.'" It was "the strongest evidence produced by government lawyers who have had problems with the credibility of their undercover FBI informant and the legitimacy of a purported confession obtained after hours of interrogation." But the "case against Lodi ice cream truck driver Umer Hayat, 48, and his junior high school dropout son Hamid Hayat, 23, has so far not lived up to its advance billing as a breakthrough in the war on terror."

The Lodi News-Sentinel (3/29, Bohm) adds that Benn testified "there is a 60 to 70 percent chance that Hamid Hayat attended a 'militant training camp' in Pakistan and that the camp actually exists," but Mojaddidi said, "So that leaves the probability of 30 to 40 percent that it may not actually be a militant training camp, is that correct?" Benn replied, "That is correct." The San Francisco Chronicle (3/29, B1, Bulwa) observes, "Prosecutors rested after revealing a far murkier case than the government had laid out in documents supporting the charges. … The government showed that Hamid Hayat held some radical and anti-American views," but "prosecutors also were forced to rely on the defendants' videotaped confessions, which they called 'the meat of the case' but which featured conflicting and sometimes bizarre details."

HOMELAND RESPONSE:

Lawmakers, Experts Concerned Over DHS "Brain Drain." Under the headline "Brain Drain Hits Homeland Security," USA Today (3/29, Hall, 2.31M) reports that "members of Congress and labor experts" say DHS "is losing top managers and rank-and-file employees in a brain drain that could affect morale and the nation's safety." USA Today cites management chief Janet Hale's announcement last week that she will be resigning as the most recent "high-level departure," adding that Hale "joined an exodus of top officials who have quit recently, many in the aftermath of Homeland Security's failures surrounding Hurricane Katrina last fall." Meanwhile, "Homeland Security spokesman Russ Knocke acknowledged that the stress of top-level government security jobs can be grueling and 'wear' on employees," but "said he expects a number of the top jobs to be filled soon."

CBP Official Says Border Agents Soon Will Have System To Validate False Documents. A GAO report based on a test in which investigators used false documents to smuggle radioactive material into the US from Mexico and Canada was released at a hearing before a Senate Homeland Security and Governmental Affairs subcommittee yesterday. The Washington Post (3/29, A2, Hsu, Branigin, 744K) reports, "Jayson P. Ahern, an assistant commissioner for field operations for Customs and Border Protection, said US customs officers were unable to confirm the validity of counterfeit Nuclear Regulatory Commission licenses presented by testers, but a system will be in place within 30 days to do so." The Post adds that the "report is the latest to find weaknesses in implementing detection systems for air travel and biological, chemical and radiological threats." Meanwhile, "Michael Levi, a fellow at the Council on Foreign Relations, said the 150 microcuries of cesium-137 smuggled by each [GAO] team would barely cause more than one death from cancer per million people exposed for 30 years."

The CBS Evening News (3/28, story 3, 2:10, Martin, 7.66M) reported, "Given the state of security at seaports and

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border crossings, it is alarmingly easy to smuggle radioactive material into this country." Gregory Kutz, of the Government Accountability Office, was shown testifying before the Senate that investigators "were able to enter the United States with enough radioactive sources to make two dirty bombs." Martin: "The loophole that allowed Kutz to find and forge…documents is being closed, but here's another all-too-credible scenario: Sneakers made in a third-world sweatshop and shipped to this country in a container could hide a dirty bomb that would not be detected by radiation scanners. … Former Coast Guard Commander Stephen Flynn told a Senate panel the wonder is that it hasn't happened already."

The New York Times (3/29, 1.19M) editorializes, "It is not clear whether the guards have gotten complacent in the wake of repeated false alarms triggered by natural radiation from bananas, ceramic tiles, fertilizer and other products, or were simply tricked by the phony documents. Red-faced officials insist that they will give border agents new tools to verify such documents shortly." The Times states, "The nation is far short of its goal to have radiation detectors at every portal. If border guards miss shipments of bombs or fissile material, the result could be catastrophic."

Under the headline "Senators Urge Swifter Action To Strengthen Port Security," the AP (3/29, Sidoti) reports that in opening the hearing, Sen. Norm Coleman said, "'These issues must be addressed with a sense of urgency.' … Sen. Carl Levin…called the outcome of the Government Accountability Office's investigation 'an alarming wake-up call.'" In a brief article, USA Today (3/29, 2.31M) reports, "Thomas Kean, an ex-governor who chaired the 9/11 Commission, told senators 'the size of the problem still totally dwarfs the policy response.'"

Chertoff Urging Cooperation On Port Security In Asia. The Washington Times (3/29, Hudson, 90K) also reports on the Senate hearing, but leads its story by reporting on Homeland Security Secretary Michael Chertoff's trip to Asia this week, where he is urging "cooperation to strengthen the shipping industry and to protect the United States against a nuclear attack. 'I think we all know that if a container were used to bring a dirty bomb or something similar into the United States, in addition to the obviously catastrophic consequences in America, it would be absolutely devastating to marine shipping,' Mr. Chertoff said during a press conference yesterday." Chertoff is also "examining cutting-edge technology used to secure foreign ports, including a visit to one of the largest ports of the world, Singapore."

Shelby Calls For Reform Of Foreign Investment Evaluation Process. In a Wall Street Journal op-ed (3/29), Sen. Richard Shelby calls for reform of the process used to evaluate foreign investment in critical US industries, such as the Dubai Ports World plan to purchase the firm that managed six US port terminals. Sen. Shelby says the Dubai controversy provided a revealing glimpse of inherent flaws in the" Committee on Foreign Investment in the US, or CFIUS process. Along with the "recent uproar over the attempted acquisition of a U.S. oil company by a state-owned Chinese firm, it should provide enough momentum for strong reform of CFIUS, without which there will be even more investment related altercations." It is "precisely because of the inherently secretive nature of CFIUS that our highest officials were caught off guard, and it directly corresponds to the current lack of credibility in the process. The Senate Banking Committee has had long-standing concerns with the inadequacies of CFIUS." A "strong reform will introduce transparency, accountability and oversight to ensure public confidence that the deals approved by CFIUS do not pose a threat to national security."

Citibank CEO Cautions Against Politicizing Foreign Investment Decisions. In a Washington Post op-ed (3/29, A19), Citibank CEO Charles Prince says, "There are now upward of 30 proposals in Congress to make changes in the Committee on Foreign Investment in the United States (CFIUS), a little-known body that has the authority to suspend or prohibit any acquisition, merger or takeover of a U.S. corporation that is deemed to threaten national security." Some of the proposals "would place new and potentially damaging restrictions on foreign investment in the United States. Legitimate national security concerns are one thing, but introducing overt political considerations into decisions regarding the allocation of capital has the potential to undermine investor confidence -- both domestic and foreign -- in U.S. markets and to jeopardize the continued vibrancy, depth and liquidity of those markets."

Colorado ACLU Releases Documents On FBI Surveillance Of Antiwar Protesters. Under the headline "'Spy Files' Include Antiwar Surveillance," The Denver Post (3/29, Cardona) reports, "The ACLU has obtained more documents that show that the FBI's Joint Terrorism Task Force was watching antiwar groups in Denver as part of a domestic terrorism investigation." The records released by the ACLU on Tuesday, "show FBI agents spent hours monitoring activist organizations such as Food Not Bombs, and the now-closed bookstore, Breakdown Books…among other groups. FBI agents spent two hours outside the bookstore counting about 40 people who gathered there to carpool to an antiwar demonstration in Colorado Springs," and agents "noted the license plate numbers of a dozen nearby vehicles." The AP (3/29) notes FBI spokesman Bill Carter "said he was not familiar with the bookstore surveillance, but he said the agency would not monitor a group simply because it is protesting. 'Our interest is not in the First Amendment activities the group is involved

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in,' he said. The FBI would monitor a group only if participants might be planning or engaging in 'violent criminal activity,' he said." The Rocky Mountain News (3/29, Abbott) also briefly reports on the newly-released documents.

LATimes Notes Inaccurate Headline On FBI Activist Monitoring Story. In its corrections section "For the Record," The Los Angeles Times (3/29, 958K) acknowledges, "Monitoring of activists: In some copies of Monday's Section A, a front-page headline said, 'Activists on Anti-Terror Watch List.' The list referred to in the article was not a formal terrorist watch list, the FBI said, but was included in a Department of Justice presentation to a law class that listed groups terrorists might associate with. Two left-wing groups were included."

Emergency Managers No Longer Relying On "Last Resort" Shelters. The New York Times (3/29, Alford, 1.19M) reports acting FEMA Director R. David Paulison joined state emergency officials yesterday in announcing that "they would no longer use 'last resort' shelters like the Superdome to house displaced residents," opting for "a better system of communication and evacuation to get residents away from the path of a storm." Terry Ebbert, the homeland security adviser for Orleans Parish, said "officials are planning an improved public education campaign, and are exploring new ways to use buses, trains, airlines and other evacuation routes." Paulison "said the new plans were a direct result of lessons learned from last year's disastrous Gulf Coast hurricanes."

Slow Pace Of FEMA Aid Leaves Mississippi Town Struggling To Recover. NBC Nightly News (3/28, story 9, 2:15, Mott, 9.87M) reported on Waveland, Mississippi's recovery from Hurricane Katrina, noting the city is "largely cleared out, but that seems to be where the progress stopped and the Mayor is upset." Mayor Tommy Longo "says his city needs government money now, upwards of $100 million to repair the infrastructure. FEMA says it has approved $39 million but only $2 million has come through, creating for many a frustrating standstill, which describes the state of some essential services, like this bridge across Biloxi Bay." In Waveland, "unlike New Orleans, there's a clear consensus to rebuild, so clear, some have dipped into their own savings rather than wait for insurance or government money." Casinos "have always been an economic driver in the area and have rebounded stronger than expected. In February of last year, nine casinos here recorded $81 million in revenue. Last month, with only three open, they pulled in $59 million."

Brown Says He Had Requested Chertoff's New FEMA Reforms For Two Years. Former FEMA director Michael Brown was the guest on Comedy Central's Colbert Report (3/28) where he discussed FEMA's response to Hurricane Katrina and the agency's current condition. Brown appeared to want to play along with Colbert, but was asked a number of insulting questions about his performance as the head of FEMA. Colbert asked, "What changes have been made to improve FEMA's response?" Brown: "Zero." Colbert: "You're gone, right?" Brown: "Yes." Colbert: "That's nothing?" Brown: "It hasn't improved anything. All of the problems that I talked about for two years trying to fix FEMA that I couldn't get DHS to get me the money for and personnel for is still there. And now Secretary Chertoff says we have to fix FEMA, so let's add 1500 people to FEMA and give them more money in their budget. Well, duh, that's what I was trying to do for over two year." Colbert: "You know, you're right. I apologize. Heck of a job, Brownie."

Most Voters In New Orleans Mayoral Election May Be Outside City. USA Today (3/29, Konigsmark, 2.31M) reports, "In what could be a first in American politics, the New Orleans mayor's race may have more voters outside the city than inside. Candidates in the election April 22 are on a nationwide cat-and-mouse search for voters, who live in all 50 states." Meanwhile, Jesse Jackson plans to lead a protest Saturday for a delay of the election, which some groups say "is unfair to the thousands of displaced black residents."

WAR NEWS:

Shiite Officials Told Bush Does Not Support Al Jaafari As Prime Minister. The New York Times (3/29, Wong, 1.19M) reports, "The American ambassador has told Shiite officials that President Bush does not want the Iraqi prime minister to remain the country's leader in the next government, senior Shiite politicians said Tuesday. It is the first time the Americans have directly expressed a preference in the furious debate over the country's top job, the politicians said, and it is inflaming tensions between the Americans and some Shiite leaders." Ambassador Zalmay Khalilzad said Bush "'doesn't want, doesn't support, doesn't accept' Mr. Jaafari as the next prime minister," according to a senior aide to Abdul-Aziz al-Hakim, the head of the Shiite bloc."

USA Today (3/29, Frank, 2.31M) reports, "The U.S. Embassy denied the claims Tuesday, but the controversy highlights the difficulties in creating a government that represents Iraq's rival factions. Haider al-Abadi, an adviser to al-Jaafari, said he knows of no official message to the interim prime minister from the Bush administration. But he said the sentiment is consistent with Bush administration concerns that al-Jaafari does not have a broad enough constituency."

US Seeks Sistani's Help In Ending Impasse Over New Iraqi Government. US officials have sent a message to Iraq's senior religious cleric seeking his help in ending the impasse over forming a new Iraqi government. Knight Ridder (3/28, Youssef, Strobel) reported, "The unusual decision by the White House to reach out to Grand Ayatollah Ali al-Sistani suggested how eager the Bush administration is to jump-start

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negotiations that have failed to produce Iraq's first permanent postwar government more than three months after national elections." However, by making contact with the Shiite leader the US "risks further angering Iraqi leaders, who already complain that the United States is interfering too much with the process." Knight Ridder also reported that the US letter also "strongly" implies that Prime Minister Ibrahim al-Jafaari, "should withdraw his candidacy for re-election."

Negotiations Resume Despite Shiite Anger. Negotiations on the formation of a new Iraqi government resumed yesterday. The Washington Times (3/29, Behn, 90K) reports that the negotiations are back on track "despite continuing Shi'ite fury over an Iraqi-U.S. weekend raid on a complex used by loyalists of radical Shi'ite cleric Muqtada al-Sadr." The Times adds, "Iraqis contacted by telephone in Baghdad said Shi'ites were furious over the operation in Sadr City -- a poor, predominantly Shi'ite area that is home to the Mahdi Army, a militia loyal to Sheik al-Sadr, and the powerful Badr Brigades, the armed wing of the political party of the Supreme Council of Islamic Resistance in Iraq. … One Sunni leader close to the talks on the formation of a new government said that Iraqi Shi'ite leaders, who suspended their participation in the negotiations on Monday, had returned to the table."

The Christian Science Monitor (3/29, Peterson, 61K) that the questions about the raid have "dominated Iraqi TV and sparked a political outcry." Shiites claim US forces attacked a mosque in a Shiite district of Baghdad, killing unarmed worshipers. However, US commanders allege that Iraqi special forces, backed up by US advisers, fought a terrorist cell at an office complex, killing 16 insurgents, and freeing an Iraqi hostage, "only to have Iraqi provocateurs, as top US commanders allege, 'set the scene up' to look like an atrocity." The Monitor notes, "The truth may be the latest war casualty as perceptions shape Iraq's political reality, and the prevailing view of a bloody US raid is undermining US-backed efforts to form a coalition government, while boosting the influence of anti-US cleric Moqtada al-Sadr."

Pentagon Displays Weapons Seized In Raid. Defense officials yesterday released photos of rocket propelled grenade launchers and bomb making materials they say were captured during Sunday's raid. Knight Ridder (3/29, Brown) reports, "The briefing by Defense Secretary Donald H. Rumsfeld and Gen. Peter Pace, chairman of the Joint Chiefs of Staff, was intended to counter angry Shiite claims that U.S.-backed Iraqi commandos massacred at least 16 innocent worshippers at a Baghdad mosque." Rumsfeld and Pace "said that the troops opened fire only after they were fired upon by fighters from Shiite cleric Muqtada al-Sadr's Mahdi Army militia."

US Lawmakers Express Frustration That Iraqis Haven't Formed Unity Government. House Select Intelligence Committee Chairman Peter Hoekstra returned from his seventh visit to Iraq last week saying he is "extremely frustrated' by Iraqi leaders' failure to form a new unity government. The Hill (3/29, Eisele) reports that Hoekstra "also expressed disappointment at the poor performance of Iraqi security forces and the failure of private contractors to make more progress in rebuilding Iraq's war-damaged infrastructure. … Senate Armed Services Committee Chairman John Warner (R-Va.) and Sen. John McCain (R-Ariz.) echoed Hoekstra's concerns after they, Hoekstra and other lawmakers who visited Iraq and Afghanistan last week met with President Bush at the White House yesterday."

Bush Orders Cabinet Members To Aid Iraqi Counterparts. President Bush yesterday ordered his entire Cabinet to aid their Iraqi counterparts after a permanent government id formed. The AP (3/28) reported that Bush, speaking on the rose Garden steps, said, "By making a broad commitment from the federal government, we'll help the Iraqis establish a democracy, we'll help them build the institutions necessary for a stable society, and we'll help defeat the terrorists." Bush also said he was pleased that Shiite leaders have returned to negotiations on creating a national government that represents all of Iraq's factions.

Bush Says History Will Prove Whether He Is Right About Iraq. In an exclusive interview on CNN's The Situation Room (3/28) President Bush was asked about polls showing that people disagree with his assessment of the situation in Iraq. Bush said, "History will prove whether I'm right. I think I'll be right because I do believe freedom is universal. I remember it wasn't all that long ago that 11 million Iraqis went to the polls in the face of terrorist threats, in the face of potential assassination, and said, we want to be free. That was last December. That sentiment still exists in Iraq."

Iraqis Flee Sectarian Violence. The International Organization for Migration, a UN-affiliated agency said yesterday that shelters and tent cities are springing up across central and southern Iraq to house 25,000 homeless Sunni and Shiite families displaced by the sectarian violence since the February 22 bombing of a Shiite shrine. A front page story in the Washington Post (3/29, A1, Knickmeyer, 744K) reports that the result of the violence "has been a population exchange as Sunni and Shiite families flee mixed communities for the safety of areas where their own sects predominate. … The agency's figures were compiled from information provided by partner organizations working with displaced Iraqis. The government Ministry of Displacement and Migration puts the count higher, at more than 32,000."

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Responsibility For Abu Ghraib Abuses Has Fallen On Lower Ranks. The Christian Science Monitor (3/29, Sappenfield, 61K) reports that as the military nears the end of its efforts to prosecute those responsible for the abuses at Abu Ghraib prison, "the responsibility for those crimes has fallen almost entirely on the lower ranks - at least publicly. … The reasons are many and begin with the obvious: Those who commit the crimes - on film, no less - are the easiest to snare. Yet many experts add that the lesson of the courts-martial of Abu Ghraib is: Once war's chaos descends, it becomes ever more difficult to trace the line of accountability upward through the ranks."

Rice Says She Asked Lavrov About Saddam Collusion. The AP (3/28, Gearan) reports Secretary Rice "said Tuesday she had asked her Russian counterpart for an investigation into a report that Russian intelligence fed U.S. battle plans to Saddam Hussein before the 2003 invasion of Iraq." The AFP (3/28) says some analysts' view that "Russia's newfound diplomatic clout on the international scene and its slide away from democracy have forced the United States to rethink its relations with Moscow. They say if President George W. Bush were to peer into the soul of his Russian counterpart Vladimir Putin today -- as he famously claimed to have done during their first meeting in 2000 -- he was sure to find a much less kindred and trustworthy spirit."

Arab League Conference Discusses Iraq. The New York Times (3/29, Allam, 1.19M) reports, "Concerns over growing Iranian influence in Iraq, and the lack of Arab involvement there, dominated the opening of the annual Arab League summit here on Tuesday." Amr Moussa, secretary general of the Arab League, said in his opening speech, "Any solution for the Iraqi problem cannot be reached without Arabs and Arab participation. … Any consultations conducted without Arab participation will be considered unsatisfactory and will yield no solutions." Arab countries "have been fuming over an Iranian-American agreement this month to hold direct talks about sectarian violence in Iraq." In "a draft resolution likely to be approved tomorrow, the group's 22 Arab nations have pledged to reopen diplomatic missions in Iraq."

Democratic Report Criticizes Halliburton Work In Iraq. The New York Times (3/29, Glanz, 1.19M) reports, "Even as a Halliburton subsidiary was absorbing harsh criticism of its costs on a 2003 no-bid contract for work in Iraq, the government officials overseeing a second contract wrote that the company was running up exorbitant new expenses on similar work, according to a report issued yesterday by the staff for the Democrats on the House Government Reform Committee." The report, prepared for "a frequent critic of Halliburton, Representative Henry A. Waxman of California, is based on previously undisclosed correspondence and performance evaluations from 2004 and 2005." The documents "show that the government's contracting officers became increasingly frustrated as they tried to penetrate what they considered to be inaccurate or misleading progress reports and expense vouchers filed by the subsidiary, Kellogg Brown & Root."

The Washington Post (3/29, A7, Witte, 744K) reports that "in one case, the government's contracting officials reported that KBR attempted to inflate its cost estimates by paying a supplier more than it was due. In another, KBR cut its cost estimates in half after it was pressed on its true expenses. In a third, KBR billed for work performed by the Iraqi oil ministry." Melissa Norcross, a Halliburton spokeswoman, "defended the company's performance under the oil contract, saying Waxman's report dredged up old issues that have already been resolved." Norcross "pointed to a July report by the State Department that said Halliburton had been 'satisfactorily addressing most of the issues' raised in previous evaluations."

The Wall Street Journal (3/29, Dreazen, 2.11M) says the report reveals that "mounting concerns led contracting officials to take the rare step of sending Halliburton in January 2005 a so-called cure notice complaining that the company's 'lack of cost containment and funds management is the single biggest detriment to this program' and threatening to terminate the contract if matters didn't improve." The US "lifted the threat in June 2005, but sharply limited the bonuses Halliburton received for its work." The Los Angeles Times (3/29, Roche, 958K) also reports the story.

Afghan Christian Convert Goes Into Hiding. ABC World News Tonight (3/28, story 5, :25, Vargas, 8.78M) reported that in Afghanistan, Christian convert Abdul Rahman, "who faced a possible death sentence…has vanished in Kabul, just hours after his release from prison." The Washington Times/AP (3/29, Shah) reports the Christian convert "went into hiding yesterday." Afghan Deputy Attorney General Mohammad Ishaq Aliko "said Mr. Rahman was being held 'at a special place and that is only for his own security,' Agence France-Presse reported."

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Gonzales To Visit Washington On Western State Swing. The Yakima (WA) Herald Republic (3/28, Ferolito) reports, "U.S. Attorney General Alberto Gonzales will visit the Lower Yakima Valley on Wednesday to talk about drug and gang prevention with students and officials with the Yakama Nation." The H-R continues, "An hour-long assembly

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with about 550 middle and high school students is planned for 10 a.m. at White Swan High School, Jonathan Black, a public affairs assistant for the attorney general's office, said in a phone interview Monday from Washington, D.C. … The event is open only to White Swan middle and high school students and school staff." The H-R adds, "Later, Gonzales will meet tribal leaders in a closed gathering at the Yakama Nation Cultural Heritage Center in Toppenish. Tribal leaders have not said if other issues beyond drugs and gangs will be raised during their meeting with Gonzales. … His visit to the Lower Valley is his first stop in a swing through several Western states this week, including visits to Las Vegas, Los Angeles and San Jose, Calif."

Gonzales Names Sutton To Chair DOJ Advisory Panel. The San Antonio Business Journal (3/29) reports, "U.S. Attorney General Alberto R. Gonzales on Tuesday named Johnny Sutton to chair a key advisory committee that helps craft policy within the Justice Department." The Journal continues, "Sutton is the U.S. Attorney for the Western District of Texas in San Antonio -- a position he has held since December 2001. In that role, he serves as the chief prosecutor for the federal government in San Antonio and West Texas." The Journal adds, "Gonzales also appointed Susan Brooks, U.S. Attorney for the Southern District of Indiana, to serve as vice chair of the Advisory Committee of U.S. Attorneys. … 'Johnny Sutton and Susan Brooks are experienced prosecutors who have served with distinction as United States Attorneys,' Gonzales said in a statement. … 'Together, we will work to combat terrorism, reduce violent crime and drug trafficking, prevent cybercrime and child exploitation, prosecute government and corporate corruption, and protect the civil rights of all Americans,' the attorney general added."

CORPORATE SCANDALS:

Judge Dismisses Some Counts As Enron Prosecution Rests. The CBS Evening News (3/28, story 10, 0:20, Mitchell) reported, "Federal prosecutors rested their case against Enron founder Ken Lay and former CEO Jeffrey Skilling, accused of engineering the massive fraud that drove the company into bankruptcy. The government dropped four counts against them today to streamline the case. The defense will present its case next week."

The New York Times (3/29, Barrionuevo) reports, "After more than eight weeks and 22 witnesses, the government rested its case on Tuesday against two former Enron chief executives, Jeffrey K. Skilling and Kenneth L. Lay, setting the stage for the defense to begin its bid to keep them out of prison." The Times continues, "When they present their first witness on Monday, the defense lawyers' burden will be a bit lighter, because the judge in the case, Simeon T. Lake III of Federal District Court, approved a government request to dismiss some of the criminal counts against the two men. … Sean Berkowitz, the director of the Justice Department's Enron Task Force, said prosecutors chose not to present evidence on the dismissed charges 'out of economy.' Judge Lake said he had been 'wondering where the evidence was' on some of the charges, 'so now I don't have to ask.'" The Times notes, "The government rested its case early Tuesday after a former Enron employee testified about the apparent contradiction between Mr. Lay's rapid disposal of tens of millions of dollars in Enron stock and his public pronouncements that Enron shares were 'an incredible bargain.' The situation alarmed the employee, Joanne Cortez, enough that she told the Federal Bureau of Investigation about the trades."

The Wall Street Journal (3/29, McWilliams) reports, "Defense attorneys, who are scheduled to begin their case when the trial resumes on Monday, signaled before the proceedings began at the end of January that they planned to argue that Enron was a vigorous and growing company felled by outside forces. … Such an approach is unusual in the recent annals of big-time corporate-crime cases. In recent corporate scandals, such as at HealthSouth Corp. and WorldCom Inc., the former chief executives at those companies argued that they weren't aware of large frauds taking place at the company. HealthSouth's CEO Richard Scrushy was acquitted in his trial while WorldCom's Bernard Ebbers was convicted and sentenced to more than 20 years in prison."

USA Today (3/29, Farrell) reports, "In just over eight weeks of trial, consisting of 32 days in court, prosecutors put 17 former Enron employees on the stand, including eight witnesses who pleaded guilty to crimes related to their actions at Enron and agreed to cooperate with the government. … According to the government's charges, Lay and Skilling headed a conspiracy to deceive the investing public about Enron's financial condition. Most of the prosecution witnesses said they told Lay or Skilling of the company's problems, but none of them had any paperwork or memos that proved the case conclusively. … To outside observers, the government turned in a solid effort so far. 'It's Act 1, but I think it's been a very successful Act 1,' says John Coffee, an expert in securities law at Columbia University. 'Given what can go wrong in a trial, nothing has gone wrong so far.'"

The Washington Post (3/29, D1, Johnson) reports, "In contrast to many other corporate fraud cases, prosecutors avoided getting bogged down in accounting detail -- the result of a major breakthrough before the trial even began." The Post adds, "Former Enron accounting chief Richard A. Causey had been expected to stand trial with his former bosses, who might have blamed him for misleading

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accounting in order to save themselves from long prison sentences. … Instead, in December, a month before the trial began, Causey pleaded guilty, raising the possibility that he might be a witness against Lay and Skilling. … Prosecutors did not call Causey to testify, despite his role as a middleman who had close contact with both Skilling and Lay. Still, the last-minute plea deal allowed prosecutors to streamline their case, scuttling scores of witnesses against Causey who would have spent weeks talking about complex accounting practices and byzantine deals. With no need to concentrate on convicting Causey alongside Lay and Skilling, prosecutors were able to keep the time spent on bookkeeping detail to a minimum."

AFP (3/29) reports that Judge Lake "declared a 'spring break' and gave defense attorneys until Monday to prepare their rebuttal. … 'There's been no case in this case,' Michael Ramsey, Lay's lead lawyer, told reporters outside the courthouse. … 'Everything (at Enron) was done according to the rules and that's what we're going to show.'"

Texas Lawyer (3/29, Jeffreys) reports, "Lake agreed to dismiss Count 15 against Skilling, a securities fraud charge stemming from a 10Q filed with the Securities and Exchange Commission in May 2000; Count 21, a securities fraud charge related to an analyst conference call in April 2000; and count 33, a false-statements-to-auditors charge related to the May 2000 10Q. … Lake also dismissed Count 30 against Lay, which is a securities fraud charge related to an analyst conference call in November 2001."

Grand Jury Subpoenas GM In Probe Of Supplier Credits. The Wall Street Journal (3/29, Hawkins) reports, "General Motors Corp. said it received a subpoena from a federal grand jury investigating its handling of payments or 'credits' from suppliers, and said it had found 'material weaknesses' or 'significant deficiencies' in certain areas of its accounting controls." The Journal continues, "The world's largest auto maker by production also said it received a subpoena from the Securities and Exchange Commission in connection with a previously disclosed investigation of GM's transactions in precious-metal raw materials." The Journal adds, "The disclosures, made yesterday in delayed annual filings with the SEC, are a setback for GM as it seeks to turn around its loss-plagued North American operations and hammer out agreements to reduce costs and quell labor strife at its No. 1 parts supplier Delphi Corp. (See related article.1) The disclosures also come as Chairman and Chief Executive Rick Wagoner faces growing pressure to restore investor confidence."

USA Today (3/29, Carty) reports, "In a filing with the SEC, GM also warned that it might not be able to sell controlling interest in its GMAC finance arm to raise emergency cash and to restore the lender's credit rating. The money-losing automaker portrayed the disclosures as routine parts of its annual filing with the SEC. But that filing itself was delayed more than a week after GM at the last minute discovered financial irregularities at a unit called ResCap, which is part of GMAC." USA adds, "At about the same time, the automaker said it would have to spend more than planned on its own restructuring and on lingering obligations to parts supplier Delphi, now under Chapter 11 bankruptcy protection. As a result, it added $2 billion to its losses last year, putting it $10.6 billion in the red for 2005. … In the Tuesday disclosures, GM said the SEC has issued a subpoena seeking information about precious metal transactions. Additionally, GM said, the SEC and a federal grand jury have issued subpoenas to GMAC as part of industrywide investigations into insurance industry practices."

CRIMINAL LAW:

Ryan Trial Judge Denies Request For Mistrial. The New York Times (3/29, Ruethling) reports, "A federal judge replaced two dismissed jurors on Tuesday in the criminal trial of former Gov. George Ryan and instructed the jury to begin deliberations anew, denying a request by the defense for a mistrial. … 'To go forward right now, as difficult as it is, is not irrevocable,' said the judge, Rebecca R. Pallmeyer of Federal District Court, in front of a packed courtroom. 'That's one of the reasons it seemed appropriate to me.'" The Times adds, "Judge Pallmeyer had been investigating and interviewing jurors individually and having closed-door hearings with lawyers since last week, when The Chicago Tribune discovered that two jurors had lied on questionnaires about whether they had criminal records. Those jurors were dismissed Monday. … The judge called her decision to proceed 'tentative' and said she had not 'shut the door' on the possibility of a mistrial. She said the jurors had been diligent, had taken careful notes, had had perfect attendance over the past six months and had abided by her instructions."

The AP (3/29, Robinson) reports, "Starting deliberations from scratch could add weeks to a trial that began last September. Pallmeyer met for hours with the attorneys Tuesday in an effort to resolve the crisis and avoid a mistrial. … She said pointedly that there had been 'a very significant investment both public and private' in the trial that by any yardstick has cost millions of dollars."

In a story distributed by Knight Ridder, The Chicago Tribune (3/29, O'Connor, 643K) reports US District Judge Rebecca Pallmeyer "on Tuesday added two alternates to the jury deciding former Gov. George Ryan's fate and ordered deliberations to begin anew in the historic trial." Pallmeyer "made it clear her decision to reject a defense request for a mistrial was tentative and would depend on her continuing

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satisfaction that the process is fair to Ryan and lobbyist Lawrence Warner. … Pallmeyer also issued a new instruction that jurors 'must treat this case as if the prior deliberations did not occur.'" The Chicago Sun-Times (3/29, Korecki, Fuller, Patterson) adds that "Pallmeyer averted a mistrial for now but left wide open the possibility she still could grant one after tossing two jurors who didn't disclose their criminal backgrounds. 'If at any point I conclude that this procedure is not fair, I do intend to declare a mistrial,' she told a packed courtroom without the jury present."

Prosecutors Play FBI Recording Of Third Nevada Commissioner Soliciting Bribes. KLAS-TV Las Vegas (3/28, Allen) reports, "A new turn for the G-Sting political corruption trial -- Tuesday, prosecutors looked to strengthen their case against former Clark County Commissioners Dario Herrera and Mary Kincaid-Chauncey by playing wiretaps of someone else." On the FBI wiretap, former Commissioner Erin Kenny asks lobbyist Lance Malone "for money to finance her race for Lieutenant Governor." But Herrera lawyer Jerry Bernstein discounted the value of Kenny's bribe solicitation and "questioned FBI Agent Christopher Byers, who admitted no wiretaps exist of Herrera being offered specific dollar amounts in exchange for county commission votes."

New Orleans Evacuee Arrested In Connection With Houston Killing. The AP (3/29) reports, "A New Orleans evacuee has been arrested in connection with the murder of a Houston man in February, according to federal authorities." The AP continues, "Timothy D. Strong, 21, was arrested in New Orleans on Monday. An arrest warrant from Harris County accused him of murdering Daryl Cirk on Feb. 2 in Houston, the U.S. Marshals' office said." The AP adds, "Strong evacuated to Houston after Hurricane Katrina, and Cirk was a Houston-area native, Deputy U.S. Marshal Brian Fair said. Strong was arrested after Houston police and marshals in the southern district of Texas obtained information that he had returned to New Orleans."

Florida Man Pleads Guilty To Possession Of Child Pornography. The Orlando Sentinel (3/29) reports, "An east Orange County man accused of running a child-pornography Web site and charging monthly subscriptions pleaded guilty Monday in Orlando's federal court to one count of possessing the illicit material." The Sentinel continues, "Earl A. Beach, 65, was indicted and arrested last month on charges of distributing and possessing child pornography. He signed a plea agreement March 18 with the U.S. Attorney's Office that will spare both sides of a trial. … Shackled at the waist and handcuffed while wearing a red jail jumpsuit, Beach told U.S. Magistrate Karla Spaulding he is guilty 'because I committed the crime.'" The Sentinel adds, "Beach faces up to 10 years in prison for the single count he pleaded to but could face an increase in his sentence because of convictions for similar crimes in Indiana in 1979 and in Orange County in 1986. … A tip from the National Center for Missing and Exploited Children in October about a Web site spurred an investigation by the U.S. Bureau of Immigration and Customs Enforcement in Orlando. Beach was arrested after a search of his home found more than 400 images depicting children in sex acts. … 'The Web site itself said it was illegal and contained images of rape and incest,' Assistant U.S. Attorney Cynthia Hawkins said in court Monday. … Beach's case prompted the U.S. Attorney's Office to seek a search warrant under the USA Patriot Act for electronic records at Yahoo Inc. in the hope that it would uncover others using Beach's Web site. One federal judge twice denied such requests, but he was overruled by district judges both times."

Court Upholds Case Against McDermott. A federal appeals court has ruled that Rep. Jim McDermott violated federal law nearly a decade ago when he gave reporters an illegally taped telephone call between then-House Speaker Newt Gingrich and Rep. John Boehner. The New York Times/AP (3/29) reports, "In a 2-to-1 opinion, the United States Court of Appeals for the District of Columbia Circuit upheld a lower court ruling" McDermott broke the law, and ordered him "to pay Mr. Boehner more than $700,000, which included $60,000 in damages."

Roll Call (3/29, Bresnahan) reports, "McDermott now has 14 days to ask for the full appeals court to take up the case. If that request is denied, the Washington Democrat would have 90 days to appeal for a hearing before the Supreme Court. Michael Carvin, Boehner's lawyer, predicted that McDermott will be unsuccessful on either front. Carvin pointed out that the full appeals court has already twice denied McDermott's application for a hearing, and added that he does not see any issues at stake in the case that would merit intervention by the Supreme Court."

Ruling Seen As Blow To News Organizations Who Backed McDermott. Washington Times (3/29, Price, 90K) reports, "The ruling yesterday was a blow for the 18 news organizations that filed a brief supporting Mr. McDermott's right to release the tape, which he had received from Alice and John Martin. The list included the New York Times, The Washington Post, NBC, ABC, CBS, CNN and Associated Press."

Prosecution Says FBI Tape Of Falwell Call Supports Virginia Corruption Case. The Lynchburg News & Advance (3/29, Reilly) reports, "An FBI agent taped a phone conversation between Jerry Falwell Jr. and Lynchburg Mayor Carl Hutcherson in January 2005

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without Falwell Jr.'s knowledge, a government motion filed Tuesday revealed. … The mayor faces fraud charges related to a $32,500 donation from the Falwell ministries alleging that he used the money to improperly pay off tax debts, then lied to cover up his actions." The prosecution motion says, "The resultant taped conversation confirmed Hutcherson's denials of a bribery scheme. The taped conversation made clear that Falwell Jr. meant for the $32,500 to be a donation to Trinity CDC and not for Trinity CDC to be a mere shell or funnel for money to be given to Hutcherson."

FBI Agents Testify At Hearing In Minnesota Corruption Case. The Minneapolis Star-Tribune (3/29, Olson) reports FBI Special Agents Timothy Bisswurm and David Kukura "offered details in court Tuesday about their first meeting with then-Minneapolis City Council Member Dean Zimmermann to talk about allegations that he took cash in exchange for promises of political favors." Zimmermann returned home after the interview "and then got a second visit from the FBI, whose agents seized envelopes with cash." At yesterday's hearing, "Zimmermann's attorney argued that a judge should forbid prosecutors from using the conversation with the FBI that day as evidence. The content of the interview wasn't discussed Tuesday. The testimony sounded more routine than revelatory, but defense attorney Dan Scott said it may have significance later." KSTP-TV Minneapolis (3/28) notes, "The judge heard and dismissed a number of defense motions to suppress evidence," some of which "was gathered…when FBI agents raided Zimmermann's home." Zimmermann declared to KSTP outside the courtroom, "This is something that was totally manufactured by the FBI, totally out of character for me, that's clear and obvious to everybody."

Judge Orders Suspects Held Without Bail In Chicago Murder-For-Hire Plot. The Chicago Tribune (3/29, Sadovi, 643K) reports, "Three Chicago men were ordered held on bail Tuesday for their involvement in a botched murder-for-hire scheme against a Harwoood Heights jeweler to whom a relative of one of the men owed cash." Santos Ramirez "was charged Monday with solicitation to commit murder for hire, said Tom Stanton, a spokesman for the Cook County state's attorney's office." Anthony King and Robert Navarro "were charged with conspiracy to commit murder for their role in the scheme, Stanton said." The Tribune notes, "Stanton said the FBI had been tracking telephone conversations between the men, and that Ramirez was under surveillance in another investigation."

Chinese Nationals Plead Guilty To Bilking US Employer. The AP (3/25) reports, "Three former employees of Vectron International have admitted in guilty pleas that they cheated the company of up to $1 million. The three are Chinese nationals who worked as sales representatives in China for Vectron, which is based in Hudson, N.H. Zhen Zhang, who was based in Shanghai, was the mastermind, according to the U.S. Attorney's Office for New Jersey, which handled the case." Zhang "took bribes from customers in exchange for lower prices and faster service, while those who did not pay saw bids delayed or declined."

Judge Releases Mariano From Custody Until Sentencing. The AP (3/29) reports Philadelphia City Councilman Rick Mariano, convicted of bribery, "was released Tuesday on orders from a judge to stay on his medication and continue with counseling. … A psychiatrist who examined Mariano concluded that he is not a danger to himself or others, according to the order issued Tuesday by U.S. District Judge Lawrence F. Stengel." The Philadelphia Daily News (3/29, Brennan, Hinkelman) notes Mariano lawyer Nino Tinari "said he has heard that Mariano's former spokesman, Frank Keel, told the lead FBI special agent on the case that the councilman might be a danger to himself. … FBI Special Agent Ray Manna declined to comment." The Philadelphia Inquirer (3/29, Shiffman, Schaffer, 423K) adds that as he emerged from the courthouse, "Mariano scowled and did not answer questions about whether he would resign from his $102,000-a-year post or appear at tomorrow's regular Council session."

Mob Grave Digger Testifies Eppolito Present At Burials. Newsday (3/29, DeStefano) reports, "Testifying in the 'Mafia Cops' racketeering trial" yesterday, laborer Peter Franzone "said he was forced to bury a man killed in a gangland slaying and indicated that one of the defendants -- former NYPD detective Louis Eppolito -- may have been an accessory to the killing." Franzone, "who now is in the witness protection program, told a Brooklyn federal court jury how he was coerced into digging a grave 5 feet deep in a garage space he owned and later was ordered to move another corpse for disposal elsewhere. In both incidents, Franzone said, Eppolito had driven into the parking area as other men arrived." However, "Franzone, under questioning by Assistant U.S. Attorney Robert Henoch, did not say that Eppolito killed anyone." In a widely-distributed story, the AP (3/29, Hays) notes Franzone "said he kept quiet for 19 years because he was convinced no one would believe that police were mixed up with the mob, and because he feared Eppolito might put him in his own grave. … Franzone broke his silence last year under questioning by federal authorities reinvestigating the slaying of Israel Greenwald, a Diamond District jeweler who ran afoul of the Luchese crime family."

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The New York Times (3/29, Feuer, 1.19M) reports Caracappa lawyer Edward Hayes "got the witness to admit that he had heard no gunshots at the garage that night." Eppolito lawyer Bruce Cutler "played the legal heavy, yelling at the witness" and asking, "Did you even call your wife and tell her, 'Dear, I won't be home for dinner. I'm digging a grave -- at my place of business?'" The New York Post (3/29, Haberman, 624K) also reports on Franzone's testimony, under the headline "I Dug Grave For Mob Cops."

Gasso Tells Prosecutors He Has "Information Favorable To The Defense." The New York Daily News (3/29, Marzulli, 729K) reports, "Lawyers for the reputed Mafia cops will get a chance to chat by phone today with their clients' alleged benefactor, imprisoned gangster Anthony (Gaspipe) Casso. Casso, who is serving a life term…originally outed" Eppolito and Caracappa "as rogue cops during his brief stint as a government cooperator in 1994." But Casso "recently penned a letter to the feds saying he has 'information favorable to the defense,' prosecutor Daniel Wenner revealed yesterday."

Victim's Daughters To Testify Against FBI Agent Charged With Mob Murders. The New York Daily News (3/29, Katz, 729K) reports, "While her dad was alive, Mary Anne Lampasi claims she was oblivious to his mob ties. That ended in 1992 when businessman Larry Lampasi was gunned down in a Mafia hit authorities now believe was set up by alleged rogue FBI agent Lindley DeVecchio. Tomorrow, Mary Anne, 52, and her sister, Candace, 48, will be in Brooklyn Supreme Court, where they are hoping to confront the man investigators say is at least partly responsible for their father's death." DeVecchio "is scheduled to surrender tonight on an indictment that charges him with four gangland murders, according to law enforcement sources."

FBI Bugged Bedroom, Phones Of Florida Couple Charged As Cuban Agents. The Miami Herald (3/29, Weaver, 323K) reports, "Federal agents planted a bug in the bedroom of a Florida International University a couple of years ago, netting evidence to charge them as unregistered agents for the Cuban government, according to court records. The FBI also wiretapped the home phones of Professor Carlos Alvarez and his counselor wife, Elsa Alvarez, from at least late 2001 until last summer, collecting electronic evidence on practically all of their conversations." The Herald adds, "According to sources familiar with the case, the FBI had hoped the electronic intercepts would provide leads on alleged spying activity on behalf of the Cuban government. The evidence led only to the Alvarezes' arrests in January. It's unclear why prosecutors chose to charge them at that time."

Medical Report Says Convicted Sniper Muhammad Is "Psychotic." The Washington Post (3/29, B9, Londoño) reports, "Sniper John Allen Muhammad is not competent to stand trial, his attorneys argued in a motion filed yesterday along with a psychiatric evaluation that says the defendant should not be allowed to defend himself during his murder trial because he is 'psychotic, delusional' and 'paranoid.'" The Post continues, "The report -- the first public disclosure of a mental health expert's assessment of the sniper's mind -- was filed a day before Muhammad is scheduled to appear before a judge in Rockville to explain why he wants to fire his attorneys and defend himself during his Montgomery County trial, which is scheduled to start May 1." The Post adds, "Yale University psychiatrist Dorothy O. Lewis, the defense expert who interviewed Muhammad twice in September 2003 and for four hours Monday, said the sniper told her that he is innocent and believes 'his arrest was the result of an elaborate scheme to frame him for the murders.' … She wrote that Muhammad told her he also believes Lee Boyd Malvo -- his alleged accomplice in the series of slayings committed with a high-powered rifle in October 2002 -- was 'fed information by the police and forced to make a false confession.' … Lewis wrote that Muhammad's judgment and ability to think logically are 'severely compromised' by brain dysfunction and that he probably suffers from 'schizo-affective schizophrenia.' … Muhammad has refused to assist his attorneys -- Montgomery public defender Paul DeWolfe and his deputy, Brian D. Shefferman -- and says that he can't share his 'secret defense strategy' with his attorneys because 'they cannot be trusted,' Lewis wrote. … Montgomery Circuit Court Judge James L. Ryan will have to tackle the competency issue before deciding whether to allow Muhammad to represent himself -- a request he made in a handwritten letter delivered to the judge this month."

Stop-Snitching Campaign Makes Prosecutions More Difficult. USA Today (3/29, Hampson) reports, "It was not the first time prosecutor Lisa Pellegrini had been enraged by the sight of the T-shirt with the traffic-sign message: STOP SNITCHING. But this guy was about to wear one into court, with matching baseball cap. … Worse, he was a witness — her witness — and the intended victim in an attempted murder case that had brought him, her and the defendants to court that day last fall." USA continues, "This was Rayco 'War' Saunders — ex-con, pro boxer and walking billboard for a street movement that has sparked a coast-to-coast beef involving everyone from professors to rappers. … Pellegrini, thinking 'witness intimidation,' told Saunders to lose the hat and reverse the shirt. Saunders, crying 'First Amendment,' refused. He left the courthouse, shirt in place. Case dismissed. 'In almost every one of my homicides, this

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happens: "I don't know nothin' about nothing", ' the prosecutor says. 'There is that attitude, "Don't be a snitch." And it's condoned by the community.'" USA adds, "Omerta, the Mafia's blood oath of silence, has been broken by turncoat after turncoat. But the call to stop snitching — on other folks in the 'hood — is getting louder. … Is it an attempt by drug dealers and gangsters to intimidate witnesses? … Is it a legitimate protest against law enforcers' overreliance on self-serving criminal informers? … Or is it bigger than that? … David Kennedy, director of the Center for Crime Prevention and Control at John Jay College of Criminal Justice in New York" says the code of silence "is breaking out in a way we've never seen before."

Diamond Scam Nets $14 Million Worth Of Gems. The Los Angeles Times (3/29, Garrison) reports, "Those not in the diamond trade might find it hard to understand why Emile Chayto, a Geneva dealer with more than 40 years of experience, gave $14 million worth of gems to a stranger who claimed to be the wife of the deceased president of the Congo — before she had paid him one penny. … Unfortunately for Chayto, she was not the widow of Mobutu Sese Seko. And her wire transfer never arrived." The Times continues, "As it turned out, the handoff of the stones triggered a series of transactions — detailed in lawsuits in Los Angeles and Israel — illuminating a strange and glamorous trade in which millions of dollars' worth of merchandise crisscrosses the globe on the strength of spoken promises."

WPost Criticizes Howard University Hospital Treatment Of Rosenbaum. An editorial in the Washington Post (3/29, A18, 744K) says that in the wake of New York Times reporter David E. Rosenbaum's death from injuries suffered during a mugging, DC's Health Department "has notified [Howard University Hospital] of several deficiencies in its patient treatment and has demanded an 'acceptable plan of corrective action,' D.C. Health Director Gregg A. Pane said yesterday. The Health Department has also notified the federal Centers for Medicare and Medicaid Services of its findings and is weighing other options for holding the hospital accountable. And to think: Howard University is asking that the city spend $200 million and that the federal government guarantee an additional $200 million so the university and the city can build a $400 million medical complex that Howard medical professionals will control and operate."

CIVIL LAW:

Favorable Ruling May Help Big Tobacco Cut Payments To States. The Wall Street Journal (3/29, O'Connell) reports, "An independent arbitrator ruled that the nation's big cigarette makers lost market share as a result of their 1998 legal settlement with 46 states." The Journal continues, "The ruling increases the likelihood that Marlboro maker Philip Morris USA and its rivals will be able to cut $1.2 billion from the payment they owe the states next month, and possibly see similar reductions in future years." The Journal adds, "The payment issue stems from a settlement reached eight years ago requiring Altria Group Inc.'s Philip Morris, Reynolds American Inc.'s RJR and Loews Corp.'s Lorillard to reimburse the states annually for the costs of caring for sick smokers. Each year's payment is calculated based on the previous year's cigarette-sales volume. So far, cigarette makers have paid the states $41.6 billion; another $6.5 billion is due April 17. … The latest ruling could usher in a new era of confrontation between major cigarette makers, which lately have benefited from a string of courtroom victories, and the states, which have grown increasingly dependent on annual tobacco-company payments to cover budget shortfalls."

The New York Times (3/29, Janofsky) reports, "The dispute arises out of a binding determination by an independent consultant made public on Tuesday that the $246 billion Master Settlement Agreement of 1998, which ended lawsuits against the companies over the health care costs of smoking, was a 'significant factor' in the companies' loss of market share. From 1997 to 2003, smoking in the United States fell by 21 percent. … The 1998 agreement, which included major restrictions on cigarette marketing, listed three conditions that would reduce the amount companies had to pay. The consultants agreed that the first two had been met: the companies' market share fell more than 2 percent, and the settlement agreement played a major role in the decline. … But the companies are arguing that the states did not 'diligently enforce' statutes that require companies not participating in the agreement to create escrow accounts to cover losses in any future litigation that might involve them, the third condition to win a reduction. The smaller companies generally sell discount cigarettes."

Newspaper Association CEO Calls For FOIA Reform. John F. Sturm, president and CEO of the Newspaper Association of America, writes in The Hill (3/29) that "over the years FOIA requests filed by the public and the news media increasingly have been rejected or mysteriously delayed. … Many members of Congress are looking closely at reforming and improving FOIA. Sen. John Cornyn (R-Texas), Sen. Patrick Leahy (D-Vt.) and Rep. Lamar Smith (R-

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Texas) have introduced the Openness Promotes Effectiveness in Our National (OPEN) Government Act of 2005 (S. 394 and H.R. 867) to provide meaningful FOIA reform and accountability, legislation that the coalition supports. Rep. Todd Platts (R-Pa.), chairman of the House Government Reform Subcommittee on Government Management, Finance and Accountability, also held a constructive hearing on this issue. … The darkness of unwarranted secrecy can hide and encourage misdeeds, and breed discontent. Conversely, as Justice Louis Brandeis said, 'Sunlight is the best of disinfectants.' Let's reform FOIA and open the darkened files of government."

CIVIL RIGHTS:

Pizza Hut Franchisee Reaches Accessibility Settlement With DOJ. The AP (3/29, Hananel) reports, "The nation's largest Pizza Hut franchisee has agreed to renovate hundreds of restaurants to settle claims they are inaccessible to the disabled, the Justice Department announced Tuesday." The AP continues, "NPC International Inc., which has executive offices in Lenexa, Kan., and its restaurant services center in Pittsburg, Kan., reached the settlement to resolve alleged violations of the Americans with Disabilities Act." The AP adds, "The agreement requires restaurants to repair parking lots, seating areas, bathrooms and self-service counters to bring them into compliance. … The company, which operates about 800 restaurants in 25 states, did not admit any violations of federal law and reached the settlement to avoid potential litigation, according to a copy of the settlement agreement. … 'Too often, the ease and enjoyment of restaurant dining is not a reality for individuals with disabilities,' said Wan J. Kim, assistant attorney general for the department's Civil Rights Division. 'I commend NPC for their commitment to take the steps necessary to make its Pizza Hut restaurants accessible.'"

Reauthorization Of Civil Rights Act Seen As Likely. The New York Times (3/29, Lyman, 1.19M) reports that despite opposition form conservatives who believe that while the 1965 Voting Rights Act "was necessary in its day to register blacks and overturn decades of laws preventing them from voting," but its time has passed, supporters and opponents alike "say they expect it to be reauthorized and, probably, even strengthened in coming weeks, well ahead of the deadline.

Study Finds Financial Gap Growing Between Blacks, Whites. A report to be released by the National Urban League says African Americans are not making progress in achieving income, net worth employment and homeownership levels equal to those of whites. USA Today (3/29, Copeland, 2.31M) reports, "Blacks have just 56% of the economic status of whites, a slip of 1 percentage point from last year, according to the civil rights organization's annual 'The State of Black America' report. … The sharpest economic disparity between black and whites is in median net worth, according to the report, which compiles data from many government sources, including the Census Bureau and the Bureau of Labor Statistics. The median net worth for African-American families — half have more, half less — is less than one-tenth of the median for white families. That gap is driven largely by differences in homeownership. More than 70% of white families own their homes, compared with about 50% of blacks, the report says."

ANTITRUST:

Oberstar, Kennedy Express Concerns About McClatchy Deal. The Minneapolis Star Tribune (3/29) reports, "Two Minnesota congressmen on Tuesday called for an antitrust review of Knight Ridder's sale to the McClatchy Co., saying they are 'deeply concerned about the impact the proposed sale could have on our constituents.'" The Tribune continues, "Republican Mark Kennedy and Democrat Jim Oberstar released a letter they wrote to Thomas Barnett, assistant attorney general for antitrust at the Justice Department. … 'This sale, should it go forward, would place in one company's hands the ownership of the two largest newspapers in our state,' the letter said." The Tribune adds, "The letter made no mention of McClatchy's intent to sell the St. Paul Pioneer Press and 11 other Knight Ridder papers. McClatchy officials said when the deal was announced March 13 that they would divest those papers, with antitrust concerns specifically cited regarding the St. Paul paper. … But Kennedy said McClatchy's planned sale of the Pioneer Press doesn't allay his concerns. … A Justice Department spokeswoman said the department 'will review the transaction carefully' as a matter of course."

The AP (3/29, Frommer) reports, "In a telephone interview, Kennedy said he didn't think the upcoming sale of the Pioneer Press made the issue moot, noting that McClatchy will still decide on the next owner of the Pioneer Press. … 'Would people be comfortable if I said, "Well, I'm going to make sure I have a Democrat opponent in the upcoming race, but I'm going to choose that Democrat?"' asked Kennedy, who is running for Senate. … 'There's an inherent conflict of interest here. When they're calculating the benefit of selling a paper, they get a benefit if they sell to somebody who's going to do less with it, rather than if they sell it to somebody who will really energize the Pioneer Press and make it a really vibrant competitor.'" The AP notes, "The Justice Department is planning to review the sale of Knight

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Ridder to McClatchy; newspaper analyst John Morton said the department looks at all big transactions like this one. … 'But I don't see any big problems because McClatchy has already announced before they close the transaction, they intend to sell the St. Paul newspaper,' which is the only one that presents a conflict with a McClatchy paper, he said."

DOJ Requests More Information About Coherent-Excel Deal. Dow Jones (3/29) reports, "Coherent Inc. after Tuesday's closing bell said the Department of Justice's antitrust division has requested more information and documentary material in connection with its review of Coherent's proposed $376 million acquisition of Excel Technology Inc." Dow Jones adds, "The request, to which Coherent plans to promptly respond, extends the waiting period under the Hart-Scott-Rodino Antitrust Improvements Act of 1976."

High Court To Hear eBay Patent Arguments Today. The Wall Street Journal (3/29, Bravin, Mangalindan) reports, "What do 19th-century paper bags have in common with the 21st century's most successful Internet auction site? … Patent problems and the U.S. Supreme Court." The Journal continues, "More than a century ago, in a patent case involving a machine to fold paper bags, the Supreme Court ruled that infringement of a patent could result in an injunction against a company using the invention -- even if the patent holder didn't use it. 'Patents are property, and entitled to the same rights and sanctions as other property,' Justice Joseph McKenna wrote for the court. … Today, eBay Inc. will ask the Supreme Court to revisit that decision. While patents may be property, the San Jose, Calif., Internet auctioneer argues, Congress never intended to give patent holders who don't use their inventions nearly insurmountable leverage over companies later found to infringe." The Journal adds, "Although eBay disputed the validity of the patents central to the case, the issue isn't whether the patent holder is entitled to a court-ordered remedy, but whether that remedy extends beyond the payment of royalties and penalties to an injunction. … EBay says that even a loss in the high court won't affect its business, arguing that it has made changes to the site that no longer touch on the patent in question. … But a ruling could have big implications for the patent world and the disputes around them, as evidenced by the bevy of friend-of-the-court briefs on both sides of the case."

The Washington Times (3/29, Ramstack) reports, "The small Internet commerce company MercExchange LLC is trying to enforce an injunction against EBay to prevent the billion-dollar company from using the 'Buy it now' software that lets customers purchase fixed-price items over the Internet. MercExchange says it owns the rights to that software under two patents. … The Supreme Court has agreed to decide the extent to which court orders can be used to protect patent rights. Injunctions are a fundamental tool of the patent system, allowing inventors to stop others from copying their technology."

EU Warns Microsoft Over Vista Upgrade Packaging. The Wall Street Journal (3/29, Jacoby) reports, "The European Union's top antitrust regulator has sent a letter to Microsoft Corp., warning the company that it won't be allowed to sell its new Windows Vista operating system in Europe if it comes prepackaged with certain features. … 'We expect that Microsoft will design Vista in a way which is in line with the European competition laws,' Neelie Kroes, the EU's antitrust commissioner, said in an interview. 'It would be rather stupid to design something that is not.'" The Journal continues, "Ms. Kroes said she sent Microsoft Chief Executive Steve Ballmer a letter last week outlining her concerns, which mirror those in a continuing, seven-year-long dispute between the EU and Microsoft over software packaged with its current Windows operating system. … Microsoft spokesman Tom Brookes said the company wasn't aware of the March 20 letter and was therefore unable to comment on the EU's specific concerns. 'However, consumers are demanding a more secure, functional operating system. And Microsoft has developed Vista to respond to that demand, while respecting its legal responsibilities,' said Mr. Brookes." The Journal notes, "The EU notice follows Microsoft's announcement last week that it would delay release of Vista until January because it needs more time to test the software. … Ms. Kroes's spokesman, Jonathan Todd, said that the EU is concerned about Microsoft's plans for Internet search. Though Mr. Todd didn't elaborate, Google Inc. and other Internet-search services have said they are concerned that Microsoft could use its Internet Explorer 7 Web browser to unfairly direct computer users to Microsoft's own search service. Microsoft says it will include ways to set the browser to its competitors' services."

Microsoft Cuts Dial-Up Price In Battle With AOL. The Washington Post (3/29, D4, Goo) reports, "Microsoft Corp.'s MSN made an aggressive bid yesterday to take dial-up Internet subscribers from America Online Inc., announcing that it would cut the price of a service that has been dwindling in popularity." The Post continues, "Microsoft's price cut, to $17.95 a month from $21.95 for a dial-up service that includes e-mail, parental monitoring and photo services, is a sharp departure from AOL's strategy of pushing dial-up customers to switch to broadband. Last month, Dulles-based AOL announced that it would increase the monthly fee it charges its dial-up subscribers by $2, to $25.90. The AOL price increase began taking effect earlier this month." The Post adds, "The long-term market for subscribers who log on

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to the Internet the old-fashioned way is not bright, as consumers switch to faster broadband service. The price war reflects the fierce competition for consumers among online portals that want to serve as users' home pages."

Raycom Media Sells 12 Television Stations To Barrington. The Birmingham (AL) Business Journal (3/29) reports, "Raycom Media Inc. and Barrington Broadcasting Corp. announced jointly that Barrington is buying 12 Raycom television stations in nine markets." The Journal continues, "Barrington Broadcasting, which is based in Hoffman Estates, Ill., will pay a total of $262 million for the stations. … The transaction is subject to approval by the Federal Communications Commission and the Justice Department." The Journal adds, "The stations being acquired by Barrington include five NBC affiliates (WNWO-TV, Toledo, Ohio; WSTM-TV, Syracuse, N.Y.; WPBN-TV and WTOM-TV, Traverse City-Cheboygan, Mich.; and WLUC-TV, Marquette, Mich.), three FOX affiliates (WACH-TV, Columbia, S.C.; KXRM-TV, Colorado Springs, Colo.; and WFXL-TV, Albany, Ga.), two UPN affiliates (WSTQ, Syracuse, N.Y., and KXTU, Colorado Springs), one CBS affiliate (KGBT-TV, Harlingen, Texas) and one ABC affiliate (KTVO-TV, Kirksville, Mo)."

EU Set To Clear Cargill's Bid For Degussa Unit. Bloomberg (3/29, Newman) reports, "European Union regulators will clear plans by Cargill Inc., the largest U.S. agricultural company, to buy the food ingredients unit of German chemical maker Degussa AG, three people familiar with the investigation said." Bloomberg continues, "The European Commission, the 25-nation EU's antitrust regulator in Brussels, will approve the transaction without asking for divestments, said the people, who declined to be identified because the ruling hasn't been made public. The decision will be announced tomorrow, the people said. … 'The deal will help Degussa because they are selling off some assets to pay down debt,' Andrew Benson, a chemicals analyst at Citigroup in London, said in a telephone interview." Bloomberg adds, "Cargill, based in Wayzata, Minnesota, agreed to buy the maker of candy and drink flavors on Sept. 9 for $671 million as part of a plan to expand its range of ingredients for baked and dairy products, beverages, chocolates and other foods. The Degussa unit is the world's biggest supplier of lecithin, a soybean derivative used to enhance flavor and improve the shelf life of food. … The commission started an in-depth probe into the transaction on Dec. 14, saying the deal would combine two of the four leading suppliers of lecithin. The regulator said at the time that it wanted to ensure that customers such as food manufacturers wouldn't be harmed by the reduction in competition."

WSJournal Says US Patent Office In Need Of Reform. An editorial in the Wall Street Journal (3/29, 2.11M) says the case eBay v. MercExchange, which the Supreme court will hear today is "important as another sign that there's something rotten in the U.S. patent system. … Some of our free-market friends are so attached to patents as a vanguard of private property in theory that they ignore that the Patent Office is vulnerable to the usual failings and perverse incentives of any other government bureaucracy." The Patent Office "is issuing an ever-increasing number of patents, and judicial discretion can be a useful constraint on patent abuse, especially when injunctions may cause undo harm to businesses and consumers." The Journal concludes, "If this Congress wants to claim credit for doing something to help the economy ahead of November's elections, addressing the patent system would be a good place to start."

ENVIRONMENT/INDIAN AFFAIRS:

Pentagon Taking Tougher Stance Against Calls For Environmental Cleanups. The Los Angeles Times (3/29, Vartabedian, 958K) reports that the Pentagon "is taking a far tougher stand in challenging calls for environmental cleanups. It is using its formidable political leverage to demand greater proof that industrial substances cause cancer before ratcheting up costly cleanups at polluted bases. The military says it is only striving to make smart decisions based on sound science and accuses the EPA of being unduly influenced by left-leaning scientists. But critics say the defense establishment has manufactured unwarranted scientific doubt, used its powerful role in the executive branch to cause delays and forced a reduction in the margins of protection that traditionally guard public health."

GAO Gulf Drilling Incentives Could Cost Government $20 Billion. The GAO estimates that the incentives for oil and gas companies that drill in the Gulf of Mexico will cost the federal government at least $20 billion over the next 25 years. The New York Times (3/29, Andrews, 1.19M) reports that the GAO also warns "that $80 billion in revenue could be lost over the same period if oil and gas companies won a new lawsuit that seeks a further reduction in their royalty payments." According to the Times, "The report, delivered in a private briefing late Monday to House and Senate staff members," is the government's first attempt to calculate the "soaring costs" of the program. Its findings "startled some of the program's longtime supporters and infuriated some critics."

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Boehner Wants New Energy Bill This Year. CQ (3/28, Evans) reported, "House Majority Leader John A. Boehner wants to pass a new energy bill this year aimed at reducing the nation's reliance on foreign oil, but some aides and lawmakers say the chances for enacting any significant energy legislation this year are slim." Speaking to reporters, Boehner said, "I do believe that you will see energy legislation and it is likely that the goal will be energy independence over the next 10 years," adding that "he has discussed the idea with House Energy and Commerce Chairman Joe L. Barton, R-Texas."

Indians Cite Voter Intimidation, Restrictive Voting Requirements. The AP (3/29, Jalonick) reports, "While the federal Voting Rights Act has brought them a long way from the days when some states required that they be 'civilized' to cast ballots, many Indians around the country say they still face intimidation, restrictive voting requirements and long distances to reach polling places." The AP continues, "During the 2004 election, Senate Democratic Leader Tom Daschle's campaign obtained a restraining order in Charles Mix County against GOP poll watchers, accusing them of intimidating Indian voters. The Republicans denied that, saying the move was purely political. Daschle lost to Republican John Thune." The AP adds, "With parts of the Voting Rights Act set to expire in 2007 unless Congress reauthorizes them, some Indians say that the current federal and state protections need to be preserved and strengthened, too. … They cite, for example, South Dakota's new voter identification law, which requires photo identification at the polls, a problem for many on the reservations who do not have IDs. The law permits those without identification to sign an affidavit, but opponents argue there is confusion about what is allowed. The American Civil Liberties Union has challenged other voter ID statutes seen as burdensome to Indians in Albuquerque, N.M., and Minnesota. … Some Indians want the Voting Rights Act changed to bring more counties around the country under closer federal scrutiny and to expand bilingual assistance at polling places. Other suggest a larger number of polling places, more Indian poll-watchers and more general oversight on Election Day."

Indian Country Today Urges Greater Attention To Indian Issues. Indian Country Today (3/29) editorializes, "On Indian issues… (outgoing Interior Secretary Gale) Norton occasionally talked a good game but almost never delivered. We think she was well-intentioned, but her record should be a caution to her likely successor, Dirk Kempthorne. In his previous career as U.S. senator and governor of Idaho, Kempthorne seems to have avoided displays of hostility to Native interests. (There are more than enough politicians out there who haven't.) The Nez Perce in Idaho say he has worked well with them. But the obstacles in Washington, D.C., are very high to conducting a decent Indian policy. In the absence of concentrated attention, they might be almost insurmountable." ICT adds, "Indian country has the strong sense that no one in the administration is truly committed to protecting Native interests. … In the absence of a strong Indian advocate…, the host of lawyers, hustlers and casino sharpies now circling Indian country will do its best to corrupt that part of Interior's bureaucracy that has not been browbeaten and cowed by the vociferous anti-tribal lobby. … We don't think things are yet at this pass. Able people have been rising unscathed through the BIA's ranks. Some of the most breathless charges against it, such as the wanton granting of tribal recognition, have simply been false. But leadership at the top has been slipping. The most urgent task that Norton has left for Kempthorne in Indian policy is to rebuild a stable cadre of senior leaders drawn from Indian country and responsive to its needs."

FBI/DEA/ATF/USMS:

Puerto Rico AG Urges House Democrats To Press FBI On Raids. In a widely-distributed story, the AP (3/29, Goodridge) reports that in a briefing for House Democrats on Tuesday, Puerto Rico Attorney General Roberto J. Sanchez Ramos "asked Congress to pressure the FBI to cooperate with his investigation into raids by the bureau against independence advocates" where pepper spray allegedly was used on reporters and protesters, and said that "bureau officials have stonewalled his investigation of an FBI raid" in which independence leader Filiberto Ojeda Rios was killed. Rep. John Conyers "said he organized the briefing 'to establish that there is a case.'" FBI spokesman Bill Carter "said the complaints filed to the agency from members of Congress and Puerto Rican officials have been referred to the FBI Inspection Division for investigation and review." The AP notes that IG Glenn Fine also is investigating the Ojeda Rios raid "at the request of FBI Director Robert Mueller." Puerto Rico Spanish-language daily Primera Hora (3/29, Guadalupe) also reports on Sanchez's criticism of the FBI raid and the bureau's cooperation with his investigation.

Mueller Disputes Characterization Of FBI Actions. Under the headline "FBI Director Defends Agents' Actions," Puerto Rico Spanish-language daily Prima Hora (3/29, Guadalupe) reports in another story that Director Mueller, responding to a question from Rep. Jose Serrano during testimony about the FBI budget yesterday, said that the Ojeda Rios raid must be considered in context, noting that an FBI agent had been wounded in the shootout and that Ojeda Rios was armed. Prima Hora adds that in the raid where

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journalists were "attacked," Mueller said agents had established a clear perimeter and acted to maintain order. Prima Hora also reports that Mueller disputed Serrano's characterization of the FBI's actions and said he is "extremely disappointed that these events have undermined the confidence the people of Puerto Rico have in the FBI."

Mueller Says Counter-Terrorism Has Been FBI's Post-9/11 Priority. Voice of America (3/28, Besheer) reports, "FBI Director Robert Mueller told a House of Representatives subcommittee Tuesday that since September 11, 2001, his agency's number one priority has been preventing terrorist attacks against the United States." Mueller said, "I believe that what one saw happen in the days and weeks before September 11th would not happen again. That is not to say that we could not face another terrorist attack, but I believe we are far more efficient and effective, not only the FBI itself, but also the FBI in conjunction with the Department of Homeland Security, the CIA, DIA, NSA and all those who play a role in protecting the public." Mueller "said his agency has made national security its top priority, but has not forgotten its crime fighting responsibilities."

DEA Agents Stop Gunman At New Orleans Bar. The New Orleans Times-Picayune (3/16, Rioux) reports on DEA agents who responded to gunfire that broke out at the Tap Room and Grill in Covington and writes, "While many inside the packed bar figured someone had lit a string of firecrackers, the two veteran Drug Enforcement Administration agents immediately recognized the sound of gunfire." William Renton, who heads the DEA's New Orleans office, "praised the agents [Randall Breaux and Carter Mansfield], both of whom live in western St. Tammany Parish, for their lightning-quick response in going from enjoying a carefree night out one second to facing a life-or-death confrontation the next. 'They displayed tremendous heroism and courage in quickly advancing on a suspect who was much more heavily armed than they were,' he said." The Time-Picayune says the shooter was arrested.

Venezuelan Judge Frees Man Wanted In US On Drug Charges. The AP (3/29, Pearson) reports Venezuela "has freed a Dominican man wanted in the U.S. on drug charges, saying there was no guarantee U.S. authorities would agree to terms for his extradition. Judge Hector Coronado Flores dismissed a previous order to extradite Mateo Holguin Ovalle and ruled that he be released." The U.S. and Venezuela "are in a dispute over how to resume joint counter-trafficking efforts suspended since President Hugo Chavez last August accused Drug Enforcement Administration agents of spying." More that 20 news outlets published in newspapers and/or posted on Web sites the AP story, including The New York Times, Washington Post, Houston Chronicle, and Fort Worth Star Telegram.

Drug Suspect Arraigned After Being Set Free By New Orleans Judge. The Times-Picayune (3/28) reports, "An alleged drug dealer arrested last week with a small arsenal of weapons and set free without bail by New Orleans Criminal District Judge Charles Elloie appeared in federal court Monday to face federal drug charges that seek to keep him behind bars. Brian Expose made his first court appearance since federal agents and police rearrested him Friday on a charge of conspiring to sell crack cocaine. … Expose was initially arrested by New Orleans police and Drug Enforcement Administration agents March 21, after an investigation and surveillance of his Algiers home produced evidence that he was dealing drugs there," U.S. Attorney Jim Letten said.

Accused Drug Runner Gets 50-Year Sentence. The Brownsville (TX)Herald (3/29) reports, "A federal judge on Tuesday denied a Gulf Cartel member's request to withdraw his guilty plea and sentenced him to 50 years for a cocaine trafficking charge. Drug Enforcement Administration agents arrested Noel Exinia, 35, in January 2005 after he used his La Feria-based trucking business to move a massive quantity of marijuana and cocaine from Mexico across the United States."

Two Held In Federal Custody For Selling Cocaine To Undercover Agents. The Chicago Sun-Times (3/28) reports two men accused of selling more than $350,000 of cocaine to undercover agents "were ordered held in federal custody Tuesday pending a detention hearing. Melitone Carrera and Saul Rodriguez-Herrera… were named in a criminal complaint charging them each with one count of conspiracy to possess with intent to distribute cocaine. … Drug Enforcement Administration agents were put on the trail of the defendants when Carrera approached a confidential source in October 2005 and asked the source if he was interested in buying cocaine. The source contacted the DEA after he was approached by Carrera."

Seven Virginians Convicted In Major Meth Case. The Lynchburg News & Advance (3/29, Smith) reports, "Seven people have been convicted in what prosecutors are calling one of the biggest methamphetamine seizures in the area." Travis Viar of Amherst and June Garcia of Monroe "were convicted of conspiracy to distribute 500 grams or more of meth…on March 21 and 22," and five other Virginia residents "pleaded guilty…before the trial started." The News & Advance notes, "The case was investigated by the Central Virginia Task Force, which includes agents and officers from the FBI, the U.S. Marshals

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Service, the Amherst County Sheriff's Office, the Appomattox County Sheriff's Office, the Virginia State Police and the Lynchburg Police Department."

Two Sentenced For Running Marijuana Operation In Virginia. The Free Lance-Star (3/28) reports two men who "participated in what authorities call one of the largest Central Virginia marijuana operations in the past decade were each sentenced to more than eight years in prison yesterday. … The pair was involved in a large-scale marijuana-growing operation in Caroline and Powhatan counties that police discovered during raids last summer. … Robert Scanlon, a special agent with the Drug Enforcement Administration, said marijuana was grown at a 3,000-square-foot house in Caroline."

The Richmond (VA) Times Dispatch (3/29) reports a federal judge yesterday "sentenced to prison two men who pleaded guilty to operating 'grow houses' modified for cultivating marijuana. … The houses…were modified for pot production with flooring removed to make room, industrial lighting to simulate sunlight, irrigation systems and ventilator fans to optimize conditions for the many hundreds of marijuana plants."

Man Pleads Guilty In South Carolina To Drug, Money-Laundering Conspiracies. The Anderson Independent Mail (3/28) reports a former Clemson University student "has pleaded guilty in connection with one of the largest federal prosecutions in South Carolina history. Tremayne Graham, 32, of Marietta, Ga., pleaded guilty in federal court in Greenville to drug and money-laundering conspiracies, possession with intent to distribute 5 kilograms or more of cocaine, maintaining a 'stash house' for the purpose of storing cocaine, and failure to appear in court as required by a condition of bond." At the end of the story, the Independent Mail notes the DEA's involvement with the investigation.

Federal Officials Change Sentencing Guidelines For Steroids. According to the San Francisco Chronicle (3/28, Estrella,), federal officials "made a temporary, emergency change to the federal sentencing guidelines Monday to stiffen penalties for steroids-related offenses. The change by the U.S. Sentencing Commission means abusers of anabolic steroids will face the same sentences as those who abuse other controlled legal substances, categorized by the federal government as Schedule III drugs."

NYC Mayor Takes Gun Battle To Congress. The AP (3/29, Barrett) reports, "New York Mayor Michael Bloomberg blasted Congress on Tuesday for considering what he called a 'God-awful piece of legislation' on guns. A congressman charged he was just trying to spur more lawsuits against the gun industry." The AP continues, "Bloomberg went to Washington to speak out against a bill offered by Rep. Lamar Smith, R-Texas, which would make permanent a bar on federal authorities' sharing gun trace data with local governments; the governments had used such information to launch lawsuits against gun manufacturers and dealers. … Congress has moved to squelch lawsuits brought by U.S. cities against gun manufacturers and dealers, charging they are misguided attempts to undercut the Second Amendment right to bear arms." The AP adds, "The mayor railed against the bill, telling a House judiciary subcommittee that it would lead to more shooting deaths of police officers and civilians. … Two members of the New York Police Department were killed last year with illegal guns, and two undercover detectives were killed three years ago during a gun buy-and-bust operation gone bad."

ATF Agents Confident Of Capturing Colorado Bomber. The Rocky Mountain News (3/29, Miller) reports, "Agents with the U.S. Bureau of Alcohol, Tobacco and Firearms said Tuesday they're confident they will capture a former air traffic controller suspected of planting five bombs at co-workers houses (in Grand Junction, CO) last week. … 'We'll get him,' said Rich Marianos, an ATF agent in Washington, D.C." The News continues, "Marianos said agents don't believe Robert L. Burke, 54, has left the country 'because he doesn't have the means. Indications are, he's been living in his van and he's probably out of resources.'" The News adds, "Burke, who also has used the name Robert Pope, was fired in 2004 from his job with the Serco Group, which operates the air traffic tower at Walker Field Airport in Grand Junction and 55 other airports, mostly in the West and Alaska."

IMMIGRATION:

Senate Appears Poised To Pass Immigration Bill With Guest Worker Provisions. The Washington Post (3/29, A7, Weisman, 744K) reports, "With the Republican Party deeply divided, the Senate will take up a broad revision of the nation's immigration laws today amid signs that conservatives are ready to compromise on efforts to offer illegal immigrants new avenues to lawful employment." Senate Majority Leader Bill Frist "will move forward with his legislation to bolster border security and toughen laws against illegal immigration without a guest-worker program." But "Frist agreed to allow Senate Judiciary Committee Chairman Arlen Specter (R-Pa.) to quickly move to substitute the more lenient bill that passed his committee Monday, and Specter appears to have more than enough votes to do so." The committee's bill, "which largely mirrors

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legislation written by Sens. John McCain (R-Ariz.) and Edward M. Kennedy (D-Mass.), goes considerably further than Bush's proposals, but after a meeting with the president, McCain declared, 'I got the impression that he's happy.'"

Fox News' Special Report (3/28, Garrett) reported "the committee bill is gaining momentum. Frist aides said they expect it to pass. Others agreed, albeit grimly. Knight Ridder (3/29, Montgomery) also says the bill "that answers President Bush's call for a guest-worker program appears to have enough bipartisan support to pass the Senate." The Senate, adds Knight Ridder, "may well deadlock with the House of Representatives because their positions differ so radically and the issue is too politically hot in this congressional election year for lawmakers on either side to compromise." However, the Washington Times (3/29, Hurt, 90K) reports House Majority Leader John A. Boehner "refused yesterday to rule out compromising with the Senate to expand the House border security bill to include a guest-worker program or provisions that opponents call 'amnesty.'" Said Boehner, "Let's wait and see what the Senate can produce." The Times headlines its story "Boehner Hints A Back Down On 'Amnesty.'"

The New York Times (3/29, Hulse, 1.19M) takes a different line on the Senate debate, saying "lawmakers acknowledged that the Senate faced days of contentious debate and that any final measure would be different from both the Frist plan and the Judiciary Committee proposal." It will also "probably differ sharply with a House-approved plan that focused on slowing the influx of illegal immigrants."

Bush Says Congress, Not Mexico, Will Write US Immigration Law. In an exclusive interview on CNN's The Situation Room (3/28), President Bush was asked about newspaper ads placed by Mexico acknowledging their responsibility on the border problem and saying they should have a role in the way the guest worker program is shaped. Bush said, "I think, first of all, the fact that they put those ads in the papers talking about joint responsibility and the border makes it easier for those of us who believe in comprehensive migration or immigration reform to get something done. And I appreciate the government's stand there. The truth of the matter is, the laws of the United States will be written inside the Congress. Of course, you know -- you know, thoughtful suggestions may help, but the job is really to get a bill out of -- out of the Senate and eventually out of the House, out of a conference committee that I can sign."

AFL-CIO Criticizes Guest Worker Plans. The AP (3/29, Espo) reports, "The nation's largest labor organization on Tuesday criticized plans to expand guest worker programs for immigrants seeking to come to the United States, parting company with longtime Senate Democratic allies who pushed successfully to include them in broad-based immigration legislation." AFL-CIO President John Sweeney said in a statement, "Guest worker programs are a bad idea and harm all workers. … They cast workers into a perennial second-class status, and unfairly put their fates into their employers' hands." Sweeney's statement "praised numerous provisions of the overall immigration legislation, particularly a part that gives illegal aliens an opportunity to apply for citizenship."

Concerns Of Religious Groups Eased By Committee Bill. The Washington Times (3/29, Fagan, 90K) reports "the immigration bill approved by the Senate Judiciary Committee on Monday eases the concerns of religious and humanitarian aid workers, who feared they would face criminal charges for helping illegal aliens." But "any religious and humanitarian aid groups still worry about a provision in the House-passed immigration bill that they say would criminalize such assistance." The issue "as become among the most debated in the immigration battle." Democrats "have seized on the religious community's concern, with Sen. Hillary Rodham Clinton of New York declaring last week that the House bill 'would literally criminalize the good Samaritan and probably even Jesus himself,' according to the Associated Press."

GOP "Split" Generates Media Coverage. A number of news stories and opinion pieces this morning address the "Republican split" on the immigration issue. The New York Times (3/29, Swarns, 1.19M), in a story headlined "Republican Split On Immigration Reflects Nation's Struggle," reports, "It is almost as if they are looking at two different Americas. The Senate Republicans who voted on Monday to legalize the nation's illegal immigrants look at the waves of immigration reshaping this country and see a powerful work force, millions of potential voters and future Americans." The House Republicans "who backed tough border security legislation in December look at the same group of people and see a flood of invaders and lawbreakers who threaten national security and American jobs and culture."

The Christian Science Monitor (3/29, Chaddock, 61K) also reports on the "rift that runs through both parties, but especially the GOP." Polls "show a strong majority of Republican voters oppose amnesty for those in the country illegally, but business groups, a core GOP constituency, want to assure a supply of low-wage workers for agriculture, construction, restaurant, and other services." The Wall Street Journal (3/29, Kronholz, Rogers, 2.11M) titles its report "Immigration Splits Republican Lawmakers," and also says "Democrats have their own divisions over immigration policy, but the splits among Republicans are more significant because they control the Congress and the White House. Some Republicans fear that to make short-term gains with conservatives in November, the party may damage itself permanently with the growing Hispanic vote."

In his column for The Hill (3/29), Dick Morris says the current debate "poses as crucial a test for GOP efforts to reach out to Hispanic voters as the 1964 Civil Rights Act did in determining the future partisan preferences of America's

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African-Americans. … Hispanics, let's remember, were the swing voter group in 2004. Having voted for Al Gore by 30 points in 2000, they sufficiently trusted Bush to back Sen. John Kerry by only an eight-point margin. If the Republican Party now turns its back on these newly swing Latino voters, it may permanently lose its ability to win America's fastest-growing voter group, perhaps dooming the party altogether." But "the demands of the GOP base must also be accommodated. Here's how: One must separately consider the three key elements of immigration reform under discussion: The border fence, the guest-worker program and the criminalization of illegal aliens and those who employ them."

In the Washington Post (3/29, A19, 744K), Ruth Marcus writes, "Karl Rove must be seeing Pete Wilson in his nightmares." Bush's "architect has been laboring to build up the GOP among Hispanic voters, and he's been succeeding: Bush won more than 40 percent of the Hispanic vote in 2004, double the level attained by Bob Dole eight years earlier. … Now, though, with thousands demonstrating against a House-passed immigration bill that is all crackdown and no mercy, Rove's project is imperiled. The GOP -- riven between an enforcement-only approach and Bush's kinder, gentler immigration reform -- is risking a national repeat of Wilson's experience as governor of California over a decade ago."

In the Washington Times (3/29, 90K), Tony Blankley writes the Senate "is attempting to legislate into the teeth of the will of the American public. The Senate Judiciary Committeemen -- and probably a majority of the Senate -- are convinced that they know that the American people don't know what is best for them." However, "national polling data could not be more emphatic -- and has been so for decades."

NYTimes Defends Committee Bill, Urges Bush To "Lead." In an editorial titled "It Isn't Amnesty," the New York Times (3/29, 1.19M) says, "Attackers of a smart, tough Senate bill have smeared it with the most mealy-mouthed word in the immigration glossary -- amnesty -- in hopes of rendering it politically toxic. They claim that the bill would bestow an official federal blessing of forgiveness on an estimated 12 million people who are living here illegally, rewarding their brazen crimes and encouraging more of the same. That isn't true." The Times adds, "It's time for President Bush, who talks a good game on immigration, to use every means to clarify the issue and to lead this country out of the 'amnesty' semantic trap. He dislikes amnesty. Mr. Frist dislikes amnesty. We dislike amnesty, too. The Specter bill isn't amnesty. It's a victory for thoughtfulness and reason."

Poll Finds Legal Immigrants Back Guest Worker Plan. The AP (3/29, Prengaman) reports, "A majority of people who described themselves as legal immigrants for a poll released Tuesday said they believe anti-immigration sentiment is growing and are alarmed by the tone of the debate over reform. Just under one-third of them said Congress and President Bush are doing a good job on the issue." The poll "was conducted by the firm Bendixen & Associates between Feb. 24 and March 21. Researchers said they interviewed 800 people who described themselves as legal immigrants in 47 states and who were reached by random digit dialing in communities with large numbers of immigrants." When told about reform proposals in Congress, "68 percent of poll respondents said they supported temporary work permits for illegal immigrants and a way for them to apply for residency after learning English and paying a fine." That "seems to conflict with arguments by some lawmakers who argue that a legalization program would be unfair to legal residents who played by the rules."

Protests Continue In US Cities. USA Today (3/29, Kiely, Brook, 2.31M) reports, "Thousands of students took to the streets in Los Angeles, Phoenix, Dallas and other cities Tuesday to protest a proposed toughening of immigration policy." The demonstrations, "smaller than those that clogged streets over the weekend, were mostly peaceful, police said. In Los Angeles, 8,800 students walked out of class, said Susan Cox, a school district spokeswoman. They will have to make up the work they missed." In Dallas, "as many as 3,000 students protested, many of them gathering at City Hall, said Lt. Rick Watson, a spokesman for the police department. Some of the students entered the building, but Watson said there were no incidents or arrests." In Phoenix, "about 1,200 students gathered at the state Capitol, said Alan Ecker, a spokesman for the Arizona department of administration. The crowd dispersed without incident, he said."

The Los Angeles Times (3/29, Rubin, Hayasaki, 958K) reports that educators in California see this week's immigration debate in the Senate and the walkouts by California students protesting proposed changes in federal law as "teachable moments," when "a student's interest in a topic can be parlayed into meaningful learning. Such moments were popping like toast Tuesday."

The Washington Post (3/29, B3, Bahrampour, Glod, 744K) says that in Prince William County, VA, "about 350 students protested outside Freedom High School in Woodbridge. In Fairfax County, dozens of students marched out of JE.B. Stuart High School and into Arlington County, where they stopped at two more high schools, adding students at each stop." The Washington Times (3/29, Summers, 90K) also reports on the Virginia protests.

California City Sharply Divided By Proposal To Crack Down On Illegal Immigrants. CBS and NBC last night reported on the impact of the national immigration debate on Costa Mesa, California, a border town which is sharply divided by the issue.

The CBS Evening News (3/28, story 11, 2:35, Mitchell, 7.66M) reported, "The immigration debate is even hotter far

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from Washington, in towns close to the US-Mexico border." CBS (Whitaker) added, "Costa Mesa, California, is having an identity crisis." Mayor Allan Mansoor has "seen the Latino population grow from 10% to almost 40% in his lifetime." Mansoor, the "son of immigrants pushed a controversial proposal through City Council, to train police to perform the duties of US Immigration agents, to help nab and deport criminals here illegally, the first city to take such a step." Mansoor "has new friends -- the Minutemen -- patriots to some, vigilantes to others, who now patrol portions of the border with Mexico, made him an honorary member."

NBC Nightly News (3/28, story 7, 2:25, Williams, 9.87M) reported, "The divisions play out at City Council meetings." The Mayor says his plan "will make the city safer. His critics accuse him of grandstanding." Chris Blank, lawyer: "We don't need a cowboy sitting in the Mayor's seat in Costa Mesa saying I'm going to round them up and send them all away." Lewis: "While Costa Mesa favors using local police to enforce immigration laws, many communities frown on the idea, fearing that it creates a strain between officers and Latinos."

Fox Urges Canada To Accept More Guest Workers. The Washington Times (3/29, Dinan, 90K) reports, "Mexican President Vicente Fox is calling on Canada to accept more low-skilled Mexican workers in its temporary work force, making his push for guest workers a continentwide affair." Fox said in yesterday's edition of the Toronto Globe and Mail newspaper, "We should move out from agriculture to other services and other kinds of jobs, and we are working on this with the Canadian government,."

Lou Dobbs Taking Lead In Opposing Bush, Senate Bills. The New York Times (3/29, Carter, Steinberg, 1.19M) reports that yesterday, the "central figure in the increasingly fractious debate over future immigration policy was not a senator or congressman, nor even a lobbyist on either side of the issue. It was instead, a television news anchor, Lou Dobbs of CNN." In the past several weeks, "Dobbs has ratcheted up his criticism of Bush administration policies, first on the Dubai ports deal and now on immigration, to a point where in the view of many he has become a significant factor in shaping public opinion on these issues. 'He has got a lot of listenership, and he is not a nut,' said Senator Trent Lott, Republican of Mississippi."

ICE Says It Will Discontinue Health And Safety Stings At Workplaces. The New York Times (3/29, Greenhouse, 1.19M) reports that following "a storm of protest," Marcy M. Forman, director of investigations at Immigration and Customs Enforcement, sent a letter to the United Food and Commercial Workers union on March 17 saying that the agency "would discontinue using undercover sting operations involving health and safety programs to round up illegal immigrants." A July operation at Seymour Johnson Air Force Base in North Carolina resulted in the arrest of 48 workers after agents tricked them "into attending what was billed as a mandatory training session sponsored by the federal Occupational Safety and Health Administration. Worker advocates and immigrant groups complained that such activity would discourage immigrant workers from reporting safety violations or seeking help from safety officials at a time when Hispanics were suffering a disproportionately high rate of injuries and fatalities."

TAX:

KPMG Settles Targus Audit Suit. The Wall Street Journal (3/29, Reilly) reports, "KPMG LLP agreed to pay a former audit client $22.5 million as part of a legal settlement that also calls for a California judge to set aside a sanctions order imposed on the accounting giant last July, according to a person familiar with the matter and documents related to the case." The Journal continues, "The settlement terms will allow KPMG to clear the legal record of a disciplinary action that could potentially be used against it by other parties who might sue the firm in the future. Orange County Superior Court Judge Geoffrey T. Glass sanctioned KPMG last summer for obstruction during pretrial proceedings." The Journal adds, "The order emanated from proceedings related to a lawsuit brought against KPMG by former client Targus Group International Inc. The California-based computer-case maker sued the firm for malpractice, alleging KPMG's audit failed to spot alleged embezzlement by a former executive that cost the company as much as $50 million. … In settling the case, KPMG had proposed that Targus agree not to oppose a request for Judge Glass to vacate the sanctions order, according to a draft settlement proposal reviewed by The Wall Street Journal. The accounting firm also wanted records related to the case, as well as the sanctions order and its own appeal of that order, sealed, while precluding executives at Targus, or their attorneys, from speaking about or referring to the matter, according to the draft settlement proposal."

Home Sellers Face Unexpected Capital Gains Tax Hit. The Wall Street Journal (3/29) reports, "A growing number of homeowners, riding the crest of the real-estate boom, are getting hit by an unpleasant surprise when they sell: a hefty tax bill. … This development stems from a 1997 law that Treasury Department officials said at the time would eliminate capital-gains taxes for nearly everyone selling their primary residence. Under that law, most married couples who file jointly can exclude as much as $500,000 of their gain. For most singles, the limit is $250,000. … But as home prices have surged, more people have been selling their home for bigger gains than the exclusion amount -- and thus are facing unexpectedly big tax bills, accountants and other tax

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professionals say. Besides getting hit by the top 15% rate on capital gains, some also are facing the loss of deductions, exemptions and credits. In some cases, they may even be drawn into the rapidly expanding web of the alternative minimum tax." The Journal adds, "Many sellers are startled to hear they owe any tax at all because they didn't realize the 1997 law erased a popular provision that had allowed them to avoid taxes. That provision generally allowed sellers to defer or eliminate capital-gains taxes by rolling over their proceeds within a specified time period into a new home costing as much or more than the old one. The law also deleted another provision that generally offered a once-in-a-lifetime $125,000 exclusion for people age 55 or older. … As a result, many people who thought they wouldn't owe taxes when they sell are now on the hook. Among those most likely to be affected are homeowners who bought many years ago and who live in hot real-estate markets such as California, New York, Hawaii, Florida and Washington, D.C."

Friedman Says Bush Tax Cuts Make Fixing US Problems Impossible. Thomas Friedman writes in the New York Times (3/29, Friedman, 1.19M) reports that President Bush's it is not surprising that President Bush's National Security Strategy "is largely silent about" the US' educational and technological deficits, and "the investment we need to make in alternative fuels to end our oil addiction," because "to acknowledge these deficits is to acknowledge that we have to spend money to fix them, and the radical Bush tax cuts make that impossible. It would be one thing if we were going into debt to solve these problems that affect our underlying national strength. But we are going into debt to buy low-interest houses and more stuff made in China. We're like a family that is overdrawn at the bank just when the parents need to send their kid to college, buy a computer and a D.S.L. line, and replace a gas-guzzling furnace. Whatever 'strategic plan' that family has for advancement, it won't get anywhere until it rebalances its books."

WSJournal Says Corzine Tax Hikes May Signal National Democrats' Intentions. An editorial in the Wall Street Journal (3/29, 2.11M) faults New Jersey Gov. Jon Corzine for breaking his campaign promise that he would not raise taxes, noting that "rarely is such dishonesty later presented as a virtue. The question for voters to contemplate is whether this is also an indication of what to expect if Democrats gain control of Congress in November." The Journal adds, "While voters might feel misled by this 180-degree turn, Mr. Corzine is winning praise from fellow Democrats as a 'straight shooter' brave enough to make 'hard choices.' … And now Democrats on Capitol Hill are promising they'll also cut taxes if they're elected to run Congress next year. Republicans have certainly given Democrats an opening by their failure to govern. But voters who might otherwise choose Democrats for a change might think twice if they conclude that Mr. Corzine is the canary in the coal mine of real Democratic tax intentions."

CONGRESS-ADMINISTRATION:

Bolten To Replace Card As White House Chief Of Staff. White House Chief of Staff Andrew Card has resigned and will be replaced by Joshua Bolten, the director of the White House Office of Management and Budget. Media reports generally depict the move as "less a shakeup" than "a natural succession," as ABC World News Tonight (3/28, story 2, 1:35, Stephanopoulos, 8.78M) put it. Typical of the coverage this morning are the Philadelphia Inquirer (3/29, Polman, 423K), which runs a story titled "More Tweak Than White House Shake-Up," and the Wall Street Journal (3/29, McKinnon, Calmes, 2.11M), which refers to the announcement as a "modest shake-up" and "at most a mild change."

A number of stories last night and this morning also suggest that those who were pushing Bush to replace his senior aides will not be satisfied unless there are further changes. CNN's The Situation Room (3/28, Henry) reported that senior Republicans "say this is a good first step. They think Josh Bolten is a solid choice. But these Republicans say this is really just a small tremor, when what they are looking for is an earthquake." CNN's The Situation (3/28, Bash) later said that "there is still a feeling here that there should be -- and many say there probably will be -- another change, another addition to the Bush staff, particularly to deal and have -- sort of mend relations with Republicans, disgruntled Republicans, on Capitol Hill."

The CBS Evening News (3/28, lead story, 2:30, Axelrod, 7.66M) reported, "If the idea was to shake things up around here and inject new blood, well, the President accomplished half his goal: Shake up, sure. New blood: Not a drop." But "Bolten's appointment will not silence Republicans who've been calling for a change. Bolten's been with Mr. Bush from the beginning, too." One senior Administration official "tells CBS News that any new chief of staff is likely to put some of his own new people in and Josh Bolten doesn't take over until April 15, so don't expect any new changes before then." ABC World News Tonight (3/28, lead story, 3:10, Vargas, 8.78M) also noted "there have been calls from within the Republican Party for a shakeup at the White House as the Bush Administration's public approval ratings reached all-time lows."

Among Republicans, Sen. Trent Lott questioned whether Bolten's appointment was enough. The Los Angeles Times (3/29, Gerstenzang, 958K) reports, "No sooner was Bolten's appointment announced than administration critics,

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Republicans among them, began questioning whether he would offer the breadth of experience and respect that they say Bush needs now, with his political standing at the lowest point of his presidency." The Times adds, "Challenging the move as falling short of a staff shake-up, Sen. Trent Lott (R-Miss.), said: 'They still need men and women of stature and gravitas in a number of slots there in the White House. They need to bring in some experienced hands to get a handle on things.'" Roll Call (3/29, Pershing, Billings) quotes Lott saying, "This is not a change -- this is just Josh Bolten moving from the OMB to chief of staff." Lott, "who talked to Bolten on Tuesday, had some advice for the new top White House aide: 'If you get a call from a Senator, take it, or return it. Don't kick it down the hall to Congressional affairs.'"

Knight Ridder (3/29, Hutcheson, Kuhnhenn) says that Bush is still "ignoring calls for a dramatic White House shakeup," adding the move "fell far short of the kind of bold move that some Republicans say Bush needs to pull out of his second-term slump. If anything, Bolten's ascension signals that Bush intends to stay the course despite dismal poll numbers and growing dissension in Republican ranks over his leadership style, policy choices and inattention to election-year GOP sensitivities on Capitol Hill." Likewise, the Financial Times (3/29, Alden) reports Bush "resisted demands for a shake-up by replacing" Card "with another trusted aide." And the Chicago Tribune (3/29, Silva, 643K) says Bush "showed a reluctance to reach outside his inner circle."

The New York Times (3/29, Sanger, 1.19M) says the President "stayed within what one close associate called a 'circle of comfort' and what Mr. Bush's critics consider a closed world that brooks little doubt or dissent." The Times adds, "In interviews and public statements, Mr. Bush's aides said that the president had accepted Mr. Card's resignation reluctantly and that if there were shifts in policy to go along with Mr. Bolten's arrival, they would be gradual. 'The president's style is not Saturday Night Massacre,' a senior White House official said Tuesday night, a reference to Richard M. Nixon's series of firings in the Watergate scandal."

CNN's The Situation Room (3/28, Malveaux) reported, "Bush's team continues to defy history by remaining almost entirely intact five years after the president first took office." Critics, "now including some top Republicans on the Hill, believe the president's leadership style has ultimately hurt him, isolating him from fresh ideas and bad news." The President's "inner circle remains small. Aides say his Oval Office door is open to just a handful who have been with him since he came to Washington in 2001. Among those, Vice President Dick Cheney, political guru Karl Rove, White House counsel Harriet Miers and others."

Taking a more positive view of Card's replacement, the AP (3/29, Raum) says Card's departure "hardly seems like the major overhaul some Republicans had urged to revitalize President Bush's struggling presidency." But "it may represent a modest attempt at a fresh start for a White House that had stumbled recently."

Meanwhile, the Washington Post (3/29, A1, VandeHei, 744K) reports, "A few weeks ago…Bush's spokesman dismissed talk of an impending staff change as 'inside Washington babble.' White House Chief of Staff Andrew H. Card Jr.'s resignation yesterday suggests that Bush was listening." The Card move "is only the latest sign that -- with his presidency under the stress of low public approval ratings, an unpopular war and a stalled legislative agenda -- Bush is more often deferring to the expectations of Washington conventional wisdom." Ari Fleischer, "Bush's spokesman in the first term, said the president is simply conforming to a new political reality." Fleischer also "said there is no doubt that the Card resignation was at least partly the result of Republican calls for a staff shake-up." Reporter Jim VandeHei also appeared on CNBC's Power Lunch (3/28), where he said, "This isn't going to radically change how the White House operates," adding that Bolten "might bring more dynamic thinking when it comes to domestic policy. As long as you have Karl Rove and you have Dick Cheney and Bush there, pretty much the same team."

In its Style section, the Washington Post (3/29, C1, Copeland, Leibovich, 744K) runs an article titled "First Buddy," saying Bush has "always liked loyalists -- people like Card, whose ambitions are tied wholly to the president's own success. He and Card and their wives have known one another for more than 20 years. If the men haven't been friends, exactly, they've had about as close a nonfriendship as a boss and an employee can have."

Bush Asks Bolten To Conduct Review Of White House Staff. However, the CBS Evening News (3/28, story 2, 1:00, Borger, 7.66M) reported, "Sources tell CBS News that the President told Josh Bolten that he wants a complete review of the White House staff, he wants to find out what works and what doesn't work, and then he said Josh Bolten needs to make some changes. One source said to us, 'He's given Josh a free hand.'" Sources "tell CBS that he's so tough what he might decide to do is take the people who are currently working in the White House and change their jobs around, kind of like moving chess pieces inside the White House." NBC Nightly News (3/28, lead story, 2:55, Gregory, 9.87M) reported there are "suggestions tonight that the shakeup is not over, one top official saying that new Chief of Staff Josh Bolten will have a free hand." But "critics wanted more, suggesting Bolten…is more of the same." In an exclusive interview on CNN's The Situation Room (3/28) Bush addressed the issue, and appeared to leave the door open to more personnel changes. Said Bush, "Josh [Bolten] has just begun to take a look at the White House structure. And I haven't had a chance to talk to him about the future yet." USA Today (3/29, Jackson, Stone, 2.31M) reports

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White House press secretary Scott McClellan "said it was premature to say whether there would be any more staff departures."

Some Conservatives Glad Card Leaving White House. The Washington Post (3/29, A1, Fletcher, 744K) reports, "Some conservatives are glad to see Card go." Quin Hillyer, executive editor of the American Spectator magazine, "offered a 'friendly good riddance' to the chief of staff. 'This White House is justly criticized for its insularity, and this little bit of shake-up may help break up that insularity just a little,' he said. 'Without saying anything bad about Andy Card, it's a good opportunity for the White House to get a new start.'"

The Washington Times (3/29, Curl, 90K) reports, "Many conservatives have been angered by what they see as the 'tin ear' of the administration in recent months, pointing to the Supreme Court nomination of White House counsel Harriet Miers, quickly derailed by conservatives, and the backing of an Arab company's bid to operate terminals at six U.S. ports."

Democrats Blast Bush's Move. The AP (3/29, Hunt) reports Democrats "said Card's departure wasn't enough." Sen. Charles Schumer said, "Simply rearranging the deck chairs on the Titanic by replacing Andy Card with Josh Bolten without a dramatic change in policy will not right this ship." Said Democratic National Committee communications director Karen Finney, "As the saying goes, you can put lipstick on a pig, but it's still a pig." Meanwhile, CNN's The Situation Room (3/28, Bash) reported that Senate Minority Leader Harry Reid "pulled no punches in how he was responding to this change at the White House." Reid: "Josh Bolten has record of failure. Look at what he's done with our national debt. We just increased it the last legislative day by $800 billion. This year's debt, if you add in Social Security surpluses, is going to approach $500 billion. Josh Bolten has a record of failure, not accomplishment. He'll give the American people no confidence whatsoever the president is willing to change course."

Senate Minority Whip Richard Durbin said on CNN's the Situation Room (3/28) that "if this is the beginning of cleaning house, they tossed the wrong guy overboard." Asked what else he would like to see, Durbin said, "I think there are people in the Cabinet who should leave. I won't go through names. But I will tell you that some of the policies that they have been pushing are just total failures."

USA Today (3/29, Wolf, 2.31M) reports Democrats "like Bolten but not his $2.77 trillion budget. Sen. Kent Conrad, D-N.D., top Democrat on the budget panel, once asked him, 'How can a guy as smart as you come up with such bad results?'"

Paul Begala said on CNN's The Situation Room (328), "This is very lame. I said it before, he should start with Dick Cheney and finish with Barney the dog and fire them and bring in people with more energy."

WPost, NYTimes Also Critical Of White House Shuffle. In an editorial, the Washington Post (3/29, A18, 744K) says "lately President Bush has cornered the market in one particular recommendation: Shake up your staff, bring in new blood, call the bullpen. Yesterday Mr. Bush responded to his unsought counselors as he usually does, by ignoring them. … Other personnel changes may follow, but the lesson of this one is that Mr. Bush sees no need for new thinking."

The New York Times (3/29, 1.19M) headlines its editorial "Not Quite What We Had In Mind," and writes that Bolten "has been giving the president advice for years, and the result has been a deficit estimated at $371 billion. Perhaps he'll come up with a better approach in his new job. We've heard that under Mr. Card's watch, aides wound up showing Mr. Bush videos of TV news coverage of Hurricane Katrina to convince their boss that it really was a problem. Maybe Mr. Bolten can start the next budget discussion with some audiovisual aids -- like an abacus."

Bolten Described As Harley-Riding "Policy Geek." Knight Ridder (3/29, Thomma) reports Bolten "is a hybrid for a Washington insider. A self-described 'policy geek,' the soft-spoken bachelor prefers life beneath the political radar." Yet "his penchant for anonymity notwithstanding, he's no stranger to flamboyant gestures: He rides several motorcycles, and his favorite is the 2003 anniversary edition Harley-Davidson Fat Boy. He's entertained White House staff with his rock band, the irreverently named 'Deficit Attention Disorder.' And he's friendly with actress Bo Derek."

The Los Angeles Times (3/29, Bolten, 958K) runs a similar story, saying Bolten "loves to bowl and keeps a copy of the children's book 'Walter the Farting Dog' on his coffee table." That "gives Bolten a rare dash of idiosyncrasy in a notoriously buttoned-down White House, where he will soon replace Andrew H. Card Jr. as chief of staff." Bolten also "is one of the few non-Texans in Bush's tightknit group of advisors."

The Washington Post (3/29, A4, Baker, 744K) says Bolten's office "attests to his personality. Rather than stock it with pictures of Bush, as many aides do, Bolten hung a large portrait of Eisenhower in military uniform above the fireplace and put a Harley-Davidson book on the mantle. Nearby is a motorcycle menorah. … 'He is very funny, he always kept the staff laughing,' said Assistant Secretary of State Kristen Silverberg, who worked for Bolten during the 2000 presidential campaign and Bush's first term."

The New York Times (3/29, Bumiller, 1.19M) says that "unlike other members of Mr. Bush's inner circle, Mr. Bolten makes occasional forays to the dinner parties of establishment Washington." He "has turned up at the home of Ben Bradlee, the former executive editor of The Washington Post, and the writer Sally Quinn and has regularly dated women in the Bush administration."

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Barnes Says Cheney Could Be Next To Go. Fred Barnes was asked on Fox News' Hannity and Colmes (3/28) if Vice President Dick Cheney could be the next person to leave the Administration. Barnes said, "I think he could. The most dramatic thing the President could do would be to anoint the successor, someone who would be the Bush candidate in 2008. That doesn't mean the candidate would win in 2008. Who would it be? It would have to be Condoleezza Rice. The way to anoint her would be to have Cheney resign and her become vice president." Barnes added that eh would give Cheney "another job. I think he's an integral part of the Bush administration and needs to be somewhere."

Card Said To Be Eyeing Massachusetts Governor's Race. In its "Washington Wire" column on its web site, the Wall Street Journal (3/27, 2.11M) reported on speculation on what Card will do now. "Acquaintances say Card has been telling them in recent months that" Massachusetts Governor "would be his dream job. Popular incumbent Gov. Mitt Romney isn't running again this fall, and appears to be laying the groundwork to run for president instead. That makes Lt. Gov. Kerry Healey the current top Republican contender to replace Romney in this fall's election, but her campaign has struggled."

Bush Cabinet Has Only Three Original Members. The Washington Post (3/29, A17, Kamen, 744K) reports in its "In the Loop" column, "President Bush 's Cabinet has only three of the original 15 statutory chiefs from 2001: Defense Secretary Donald H. Rumsfeld, Labor Secretary Elaine L. Chao and Transportation Secretary Norman Y. Mineta. … Of the trio, Mineta…has long been talked about as a likely departee before 2008. Unclear if Chao might depart at the traditional last departure window -- the midterm elections in November. If those two go, that would leave Rumsfeld, who has shown no inclination to leave."

GOP Divided Over Bush 2007 Budget Proposal.

As House Republicans begin consideration of President Bush's budget for next year, the AP (3/29, Taylor) reports that a battle "is shaping up between conservatives who want to cut government spending and moderates seeking to protect education and health programs." According to the AP, "The conservative-dominated House Budget Committee was expected to act favorably Wednesday on a $2.8 trillion budget blueprint for the budget year that begins Oct. 1. Moderates already are demanding a rewrite to boost popular domestic programs. … Democrats and moderate Republicans say popular domestic programs are being shortchanged."

CQ (3/28, Dennis) reported that the 2007 budget resolution, which the House Budget Committee is expected to approve Wednesday "is already shaping up as a major test for new Majority Leader John A. Boehner.

Stevens Complains About "Anti-Earmark" Syndrome. CQ (3/28, Wolfe) reported that Sen. Ted Stevens complained yesterday that with "the 'anti-earmark syndrome' sweeping Capitol Hill, Stevens noted, the job of tagging money for projects back home is 'going to be almost impossible.'" Stevens "lamented," that he has "no way to explain this to my people," adding, "I really don't know how to handle this."

Senate To Vote On Final Passage Of Lobbying Reform Bill.

Roll Call (3/29, Newmyer) reports, "Senators will vote on final passage of a lobbying reform package today, after moving last night to drop two key provisions by cutting off debate on the matter. … Falling by the wayside with those two proposals was one calling for the creation of an independent Office of Public Integrity to oversee compliance with new lobbying rules. Though highlighted by outside watchdogs as critical to the overall reform effort, two-thirds of Senators voted to reject the plan, with some criticizing the office as too weak and others calling it an affront to the Senate Ethics Committee's authority."

The Washington Times (3/29, Bellantoni, 90K) says "late in the evening senators voted 81-16 to move on to final consideration of the measure, effectively limiting the amount of debate and amendments that can be taken up." Senators "voted 67-30 to reject the creation of an independent Office of Public Integrity that would oversee congressional ethics, an amendment proposed by Sen. Susan Collins, Maine Republican." Senators "did vote 84-13 for an amendment requiring senators to disclose their reasons for holding up legislation."

The Wall Street Journal (3/29, Rogers, 2.11M) says the "is nearing Senate passage after both parties joined forces to kill a proposed enforcement office and to preserve an election-year perk: below-cost flights on corporate aircraft." USA Today (3/29, Drinkard, 2.31M) runs a similar report titled "Senators Reject Proposal For Separate Ethics Investigators," and quotes Mary Boyle of the ethics watchdog group Common Cause saying, "It's very disappointing that the Senate would reject this very modest proposal. It does not bode well for the whole lobbying bill." Likewise, the Washington Post (3/29, A3, Birnbaum, 744K) titles its story "Senate Votes Down Outside Ethics Office."

The Hill (3/29, Bolton) profiles Sens. Barack Obama and Tom Cobun, in a story titled "Sens. Obama, Coburn Make Unlikely Duo." Both lawmakers "have played prominent roles in the legislative wrangling over how to address lobbying abuses in the wake of lobbyist Jack Abramoff's crimes." Democratic leaders "tapped Obama early on to spearhead the debate over reform, and Coburn has emerged as a leading critic of earmarks, teaming up with

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Sen. John McCain (R-Ariz.) in vowing to challenge colleagues' projects on the Senate floor."

House Republicans Want 527 Reform As Part Of Lobbying Bill. The Hill (3/29, Schor) reports, "House Republicans yesterday sent a message to Democrats insistent on keeping restrictions on 527 groups out of the chamber's lobbying reform bill." Five GOP members, "led by Chief Deputy Whip Eric Cantor (R-Va.), declared they would use every opportunity to seek a crackdown on the 527s' potent political power." Cantor "said that Republicans want to rein in the hundreds of millions of dollars in unregulated donations flowing to 527s and that they will do so 'whether as part of a larger reform package or as a stand-alone.'"

Gaming Bill Provision Seen As Abramoff's Payback. The Hill (3/29, O'Connor) reports that in a development some gaming lobbyists are calling "Jack Abramoff's payback," the Internet gambling legislation Abramoff "fought so hard to defeat on behalf of a client that helped states conduct lotteries over the Internet now includes an exemption to protect those lotteries." The Hill adds, "Now Abramoff's infamy and legal woes are driving anti-gambling legislation across Capitol Hill, even though one of the most prominent bills includes language that would protect his former client. Two House bills, introduced separately by Reps. Bob Goodlatte (R-Va.) and Jim Leach (R-Iowa), seek to reinforce existing anti-gambling rules by respectively updating telecommunications and financial-services laws to give enforcement agents more power to prosecute gamblers who place bets on websites based outside the United States."

House To Consider Higher Education Proposals. The House is set to consider a package of higher education proposals today, according to USA Today (3/29, Marklein, 2.31M). Proponents say the proposals "would increase college access and affordability and make it easier for students to transfer to different schools. Critics see things differently. In ads Tuesday in a Capitol Hill newspaper, a group of associations representing college registrars, faculty members and students suggest that the aid proposals don't go far enough and that the bill panders to special-interest groups including lenders and for-profit colleges." Education Committee chairman Howard McKeon "says the bill would strengthen federal Pell Grants and access programs, especially for low- and middle-income students, and increase funding to minority-serving schools. … Noting that more than half of students attend multiple institutions, the bill would broaden the definition of 'an institution of higher education' to include for-profit colleges, and 'make it more difficult for academic credits earned by students to be wrongly denied,' McKeon says."

Over One-Quarter Of US Schools Are Failing Under NCLB. Preliminary state-by-state statistics from the Department of Education show that over one quarter of US schools are failing under the No Child Left Behind law. The Washington Post/Bloomberg (3/29, A17, Basken) reports, "At least 24,470 U.S. public schools, or 27 percent of the national total, did not meet the federal requirement for 'adequate yearly progress' in 2004-2005. The percentage of failing schools rose by one point from the previous school year. The results raise doubts about whether the law is working and its results are fairly calculated, said Michael Petrilli, vice president for policy at the Thomas B. Fordham Foundation, a Washington-based research group."

Study Says Math, Science Crowd Out Other Disciplines Under NCLB. A study released yesterday by the Center on Education Policy found that science, social studies, music and arts classes are shrinking as schools concentrate on the reading and math curricula used to gauge schools performance un the No Child Left Behind Act. The Los Angeles Times (3/29, Mehta, 958K) reports that the study "found this shift in instructional focus is among several profound changes in how schools operate that were prompted by the law, the centerpiece of President Bush's education agenda."

Frist Made Deal With Conservatives To Pass Debt Limit Increase. As part of a deal he made to ensure passage of a debt limit increase, Senate Majority Leader Bill Frist will give conservatives floor time on budget process reforms. Senate Budget Chairman Judd Gregg said that in exchange for holding amendments to the debt limit bill, conservatives will have an opportunity to amend line item veto legislation. The Hill (3/29, Allen) reports, "Without the deal, Senate conservatives, including Sens. Tom Coburn (R-Okla.), Jeff Sessions (R-Ala.) and Ensign, may have tried to attach amendments aimed at budget-process reform. Any amendment would have sent the bill to the House for a politically uncomfortable vote — one that House Republican leaders had avoided by employing a parliamentary trick that allows the House to generate a debt-limit increase without a separate roll call."

Clinton, Murray Vow To Continue Blocking FDA Nominee. Sens. Hillary Clinton and Patty Murray said yesterday they will not stop blocking, Dr. Andrew von Eschenbach, President Bush's nominee to lead the FDA until the agency decides whether to allow the sale of the emergency contraceptive Plan B without a prescription. The AP (3/29) reports that Clinton and Murray said they met with the nominee Tuesday "but were unable to get a Plan B update."

Ensign Drops Hold On Allen Nomination. Sen. John Ensign said yesterday that he is dropping his opposition the promotion of Vice Admiral Thad Allen to commandant of the Coast Guard. The AP (3/29) reports, "Ensign said in a

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statement that he met with Allen on Tuesday morning and discussed problems with the Katrina response," which Allen headed. The AP adds, "Now that Ensign has lifted his hold, Allen's nomination can go to the full Senate for a vote. No timeline has been set."

Voinovich Says Bolton Is "A Changed Man." Sen. George Voinovich, who opposed the nomination of John Bolton to be UN ambassador, now says Bolton is "a changed man" who he might support of Bush tries to renew the nomination. The AP (3/29, Hammer) reports that Bolton said yesterday that he "has been watching Bolton closely since he became ambassador on Aug. 1. … 'John Bolton at this point is a changed man,' Voinovich told reporters. 'I want reform of the United Nations, so I've worked with John and stayed on top of John to make sure he takes this wonderful opportunity.' Bolton's appointment expires next January. If Bush reappoints him, Voinovich said he 'might not take the same position as last time.'"

Boehner Warming To Medicare Drug Program. House Majority Leader John Boehner, who last month called implementation of the Medicare prescription drug program "horrendous" has been "warming" to the Administration's handling of the program, The Hill (3/29, McCormack) reports. Boehner has issued three press releases over the past week "condemning Democratic criticisms of the program and touting its success. … Since settling in as majority leader, Boehner has softened his stance on the drug program's implementation and begun to toe the party line."

Republicans Increasingly Worried About Losing Congress. NBC Nightly News (3/28, story 2, 2:20, Williams, 9.87M) reported, "Republicans in Congress are increasingly worried about their own political prospects in the November elections." NBC (Reid) added, "Facing an array of politically explosive issues from immigration to war, Congress returned to Washington this week amid signs Republicans are increasingly worried about losing majority control. In the Senate, where Republicans have a 55-45 edge, a takeover is now seen as unlikely but not impossible. And in the House, strategists from both parties say Democrats have a realistic shot at gaining the 15 seats they need to take control. Republican sources tell NBC News more than two dozen House Republicans who recently took a media training course were 'despondent' and 'pessimistic' about the election." House Democrats "are targeting 17 Republican-held seats in Democratic-leaning states in the Northeast, hoping to make these five blue states bluer, just as Republicans made seven southern states redder in 1994 when they won control of the House. Not long ago, even Democrats were reluctant to predict victory, but not anymore." While "most political analysts still say it's a long shot, Democrats say their central strategy is working -- tying Republicans to an unpopular President Bush." But "while polls say voters don't think very highly of congressional Republicans, they also show serious concerns about Democrats, with voters unsure exactly what it is they stand for."

Democrats To Unveil National Security Agenda. The New York Times (3/29, Weisman, 1.19M) reports leading congressional Democrats "are unveiling a broad attack this week on the administration's security policies at home and overseas along with a set of proposals intended to demonstrate that they have a credible alternative." In a "set of policy papers titled 'Real Security: Protecting America and Restoring Our Leadership in the World,' Democratic leaders in the House and Senate plan to join with leading figures in the party, including former Secretary of State Madeleine K. Albright and Wesley K. Clark, the retired general and former presidential contender, in presenting the plan on Wednesday." Democrats said their goal is "to rebut the Republican accusation, echoed in some editorial columns, that with Mr. Bush's approval ratings sagging eight months before the next election, party leaders and candidates have not laid out a coherent set of alternatives, especially on Iraq and on dealing with nuclear proliferation." The Democrats' "material asserts that in combating terrorism, party leaders want to increase financing for Special Operations forces and interdicting terrorist financing and to spend more on economic development in troubled areas like the Middle East and South Asia."

In his Washington Post column (3/29, A19), David Ignatius says, "Democratic leaders in Congress are gathering the ammunition to win back the House and Senate this year." They are "beginning to roll out the pieces of a low-key 2006 version of Newt Gingrich's 'Contract With America,' which helped the GOP capture the House in 1994. The first installment, on 'Honest Leadership,' was presented in January; the second, on 'Real Security,' is this week. Three more segments are planned, on 'Economic and Retirement Security,' 'Affordable Health Care for All' and 'Educational Excellence.'" The Democrats "think they can turn the tables this year because of GOP mistakes."

Pro-Life Lawmakers To Demand Vote On RU-486 Bill. The Washington Times (3/29, Pierce, 90K) reports in its "Inside Politics" column, "A group of pro-life lawmakers and groups today will turn up the heat on their leaders and demand a House vote on a bill that would ban from the U.S. market the drug some refer to as the abortion pill, RU-486, or mifepristone. Republican Reps. Mike Pence of Indiana, Christopher H. Smith of New Jersey, Joe Pitts of Pennsylvania and other lawmakers, will join Concerned Women for America, National Right to Life Committee, the

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U.S. Conference of Catholic Bishops and other pro-life groups today in demanding House action." The bill "would withdraw FDA approval of RU-486 and subject it to a thorough review."

Internet Firms Say FCC Should Enforce Net Neutrality. The Washington Post (3/29, D4, Mohammed, 744K) reports, "Internet companies yesterday criticized legislation that would give the Federal Communications Commission only limited ability to stop phone and cable companies from blocking access to Web sites, saying the proposal would endanger the open nature of the Web." House Commerce Committee Chairman Joe Barton's bill "would allow the FCC to decide disputes about Web access only case by case and would bar the agency from writing detailed rules on the subject." Six companies, Amazon.com Inc., eBay Inc., Google Inc., IAC/InterActiveCorp, Microsoft Corp. and Yahoo Inc., "wrote in a letter to Barton and Rep. Fred Upton (R-Mich.), who is chairman of the panel's subcommittee on telecommunications and the Internet. 'We have urged Congress to adopt network neutrality requirements that are meaningful and enforceable. The provisions in the committee bill achieve neither goal,' the letter said."

OPM Predicts Surge In Federal Retirement Requests In 2008-2010. The Washington Post (3/29, D4, Barr, 744K) reports in its "Federal Diary" column on the "rising number of retirement requests from federal employees. In 2003, the Office of Personnel Management received 90,000 retirement claims to process, and in 2004 and 2005, about 100,000 each year. The claims are filed on behalf of employees from all three branches of government. OPM projects modest increases in retirement claims in coming years but says the government could face a surge in 2008-2010 as more baby boomers hit retirement age."

OTHER NEWS:

Federal Reserve Raises Key Interest Rate By Quarter Point. The Federal Reserve yesterday raised the Fed funds rate one quarter point to 4.75%. ABC World News Tonight (3/28, story 9, :25, Vargas, 8.78M) reported it was "the Fed's 15th consecutive increase, and the first since Ben Bernanke replaced Alan Greenspan as chairman." The CBS Evening News (3/28, story 9, 2:00, Mitchell, 7.66M) reported, "Bernanke is picking where Alan Greenspan left off," and NBC Nightly News (3/28, story 8, 0:35, Williams, 9.87M) reported, "The statement that came with this rate hike hinted there might be more."

USA Today (3/29, Hagenbaugh, 2.31M) reports the current rate is "the highest since March 2001 but still far below the recent peak of 6.5% seen in mid-2000." In their post-meeting statement, "Fed policymakers said the economy 'rebounded strongly' after a slowdown at the end of last year, which they attributed to 'temporary or special factors.'" The Fed officials "said economic growth would likely 'moderate' to a healthy pace."

The Financial Times (3/29, Balls, Atkins) reports, "Sounding a slightly more confident note on the inflation outlook, the committee said that 'as yet, the run-up in the prices of energy and other commodities appears to have had only a modest effect on core inflation.'" The Los Angeles Times (3/29, Havemann, 958K) headlines its story "Fed Boosts Key Rate To 5-Year High," while the Washington Post (3/29, D1, Henderson, 744K) titles its report "From Fed, More Of The Same." The Post reports, "A former White House adviser and economics professor, Bernanke has repeatedly pledged 'continuity' with Greenspan's interest rate policies and delivered yesterday in action and style." The Wall Street Journal (3/29, Ip, 2.11M) also says the increase "reflects a continuing view at the Fed that robust growth abroad and an economy near full capacity at home create a risk that inflation, though tame, could rise." The New York Times (3/29, Porter, 1.19M) reports Bernanke "is expected to put his own stamp on the central bank eventually," but he "apparently judged Tuesday not to be the day for bold moves, however." The Washington Times (3/29, Hill, 90K) also reports the story.

Higher Mortgage Interest Rates Cooling Housing Market. The CBS Evening News (3/28, story 9, 2:00, Mason, 7.66M) reported, "Higher interest rates have begun to cool the red-hot housing market." That's "especially true for new homes. The median price is now $230,000 down nearly 3% from a year ago." David Lereah, "economist for the National Association of Realtors, says mortgage rates have jumped nearly three quarters of a point since last summer, making that $230,000 house cost more than a hundred dollars more a month. And those mortgage payments could head higher after the Fed raised rates today."

Stocks Fall On Fed Rate Hike. The Fed rate hike yesterday led to a down day for the stock markets. ABC World News Tonight (3/28, story 9, :25, Vargas, 8.78M) reported the quarter point increase in the Fed funds rate "disappointed Wall Street. The Dow Jones fell more than 95 points for the day [to close at 11,154.54.]" NBC Nightly News (3/28, story 8, 0:35, Williams, 9.87M) also said the rate increase "did not sit too well on Wall Street. The Dow was down almost 96 points today [to close at 11,154.54]. NASDAQ lost just over 11 points [to close at 2,304.46]." The Wall Street Journal (3/29, Patterson, 2.11M) reports "stocks reacted in much the same way they did to similar moves by Mr. Greenspan: They tumbled." USA Today (3/29, Shell,

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2.31M) reports, "It wasn't the fallout from the 15th interest rate increase that sent stock prices into a downward spiral Tuesday on Wall Street. It was the rising odds of a 16th and, perhaps, 17th rate boost by the Federal Reserve that prompted investors to bail out of stocks."

Consumer Confidence At Highest Point Is Nearly Four Years. USA Today (3/29, Kirchhoff, 2.31M) reports, "Consumer confidence jumped in March to the highest level in nearly four years, as Americans expressed rising optimism about both current economic conditions and the future outlook, a private report said Tuesday." The New York-based Conference Board's consumer confidence index "rose to 107.2 from 102.7 in February -- the highest level since May 2002. Further, the index measuring consumers' expectations of growth six months down the line rose to 89.9 from the previous 84.2." The Wall Street Journal (3/29, Derby, 2.11M) says March "was the second consecutive month of growth in the index." Economists "generally expect that economic growth will ease in the second half of the year amid higher interest rates and a cooling housing market. Still, analysts said that they expect consumer spending to hold up in 2006 with the support of job and wage growth." The New York Times (3/29, 1.19M), among other newspapers, runs a similar story this morning.

Oil Prices Rise Above $66. USA Today (3/29, Hagenbaugh, 2.31M) reports, "Oil prices rose above $66 a barrel for the first time in nearly two months Tuesday as tensions in oil-producing countries and expectations for a strong summer driving season lifted prices." The price of a barrel of crude oil "trading in New York rose $1.91, or 3%, to $66.07. That was up $4.66 from a month ago and the highest price since Feb. 1." The increase in prices "was led by political unrest in oil producers Nigeria and Iran, a potential labor strike in Norway and regular closures of refineries for maintenance."

Conservative Evangelicals Meet To Criticize "War On Christians." Conservative Christians are meeting to discuss the "War on Christians," the title of a conference sponsored by the Evangelical group Vision America. ABC World News Tonight (3/28, story 8, 2:30, Tapper, 8.78M) reported the meeting "featured prominent conservative Christian leaders discussing how they're losing the culture wars on issues such as abortion, gay marriage, liberal judges and Hollywood." Political observers "say so-called values voters were key to President Bush's reelection victory. But here at this conference, many of the same voters, their pastors and their leaders, say they feel duped by the Republican Party and the Bush Administration." Rep. Tom DeLay "was received very warmly. But even he seemed to distance himself from the Republican establishment."

The Washington Post (3/29, A12, Cooperman, 744K) reports the "opening session was devoted to 'reports from the frontlines' on 'persecution' of Christians in the United States and Canada, including an artist whose paintings were barred from a municipal art show in Deltona, Fla., because they contained religious themes." Among the conference's speakers "were former House majority leader Tom DeLay (R-Tex.) and Sens. John Cornyn (R-Tex.) and Sam Brownback (R-Kan.) as well as conservative Christian leaders Phyllis Schlafly, Rod Parsley, Gary Bauer, Janet Parshall and Alan Keyes." To "many of the 400 evangelicals packed into a small ballroom at the Omni Shoreham Hotel, it was a hard but necessary look at moral relativism, hedonism and Christophobia, or fear of Christ, to pick just a few terms offered by various speakers referring to the enemy. To some outsiders, it illuminated the paranoia of the Christian right."

The Hill (3/29, Sheffield) reports Rep. DeLay "received three standing ovations yesterday" at the "War on Christians" conference. In his Washington Post column (3/29, A2), Dana Milbank says DeLay "fell from power because he is a Christian. That, at least, is the view of Rick Scarborough, convener of a conference this week called 'The War on Christians.'" In his introduction of DeLay, Scarborough said, "I believe the most damaging thing that Tom DeLay has done in his life is take his faith seriously into public office, which made him a target for all those who despise the cause of Christ." Milbank adds, "As Scarborough knows, believers will be more motivated to go to the polls in November (and to contribute money to his group) if they feel threatened."

DeLay Says O'Connor, Ginsburg "Don't Get" Conservative Criticism. The AP (3/29, Lester) report Rep. DeLay said "former and current Supreme Court Justices Sandra Day O'Connor and Ruth Bader Ginsburg 'don't get it' when they complain about conservative criticism of judges." Ginsburg said in a speech "that a Web threat against her and O'Connor was apparently prompted by Republican proposals in Congress that tell judges to stop relying on foreign laws or court decisions."

Former DeLay Aide Buckham Criticized For Role In US Family Network. In his Roll Call column (3/29), Norman Ornstein critically examines former DeLay aide Ed Buckham's involvement with the US Family Network. Ornstein says he "could not have imagined the depth of the corruption before reading about the ways in which Buckham and his buddy, former lobbyist Jack Abramoff, manipulated the nonprofit rules and bilked large numbers of people — including Abramoff's clients, the National Republican Congressional Committee and firms that worked with Abramoff. This was done, apparently, for personal gain, to scratch the back of Abramoff clients such as Northern Marianas sweatshop operator Willie Tan, and to give a nice monetary bonus to DeLay's wife, Christine, and the wife of another longtime DeLay employee, Tony Rudy."

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Weinberger Dead At 88. Former Defense Secretary Caspar Weinberger died at the age of 88. The Washington Times (3/29, Harper, 90K) this morning calls him "the stalwart defense secretary," and notes President Bush "called Mr. Weinberger 'an American statesman and a dedicated public servant.'" Said Bush, "He wore the uniform in World War II, held elected office and served in the Cabinets of three presidents. As secretary of defense for President Reagan, he worked to strengthen our military and win the Cold War. In all his years, this good man made many contributions to our nation. America is grateful for Caspar Weinberger's lifetime of service." Defense Secretary Donald H. Rumsfeld said, "His support for the men and women in uniform and his central role in helping to win the Cold War leave a lasting legacy. He left the United States armed forces stronger, our country safer and the world more free." Secretary of State Condoleezza Rice "recalled Mr. Weinberger's counsel during her earliest days in Washington and called him 'a wise man.'"

ABC World News Tonight (3/28, story 7, :45, Vargas, 8.78M) reported, "Weinberger directed the biggest peacetime military buildup in American history as President Reagan's first defense secretary. He had previously served in the cabinets of Richard Nixon and Gerald Ford, earning the nickname, 'Cap the Knife' for his cost-cutting zeal."

The CBS Evening News (3/28, story 8, 0:40, Mitchell, 7.66M) reported Weinberger "resigned after getting caught up in the Iran-contra scandal. He was charged with concealing information from prosecutors, but before he could stand trial, he was pardoned by President George H.W. Bush."

NBC Nightly News (3/28, story 3, 1:10, Williams, 9.87M) said Weinberger "was a World War II combat veteran who became a lawyer after Harvard Law School, later came to love the arts, public service, and the Republican Party. He was 88 years old when he died today at his vacation home in Maine."

The Washington Post (3/29, B7, Bernstein, 744K) reports, "In Washington, he cut a wiry figure and was known for wry, self-deprecating quips. He enjoyed the symphony and ballet. He lectured and wrote books, including two memoirs." The New York Times (3/29, Stout, 1.19M), Financial Times (3/29, Luther) and Los Angeles Times (3/29, Luther, 958K), among other sources, run similar stories this morning.

In an editorial, the Wall Street Journal (3/29, 2.11M) praises Weinberger, saying Reagan "picked his fellow Californian to transform a Defense Department left in tatters by Jimmy Carter's Presidency. In his seven years as secretary, Mr. Weinberger presided over a roughly 70% increase in defense spending and directed the modernization of the military that later won the Gulf War in spectacular fashion and remains globally dominant today." Weinberger also "exposed the false mystique of arms control as he helped put the first nails in the coffin of the Cold War MAD doctrine of mutually assured destruction."

Nofziger Dead At 81. ABC World News Tonight (3/28, story 7, :45, Vargas, 8.78M) reported, "Lyn Nofziger, the rumpled spokesman and strategist for Ronald Reagan in Sacramento and Washington had died. In 1981, it was Nofziger who announced to the world that President Reagan had been shot by John Hinckley. Lyn Nofziger was 81."

NBC Nightly News (3/28, story 3, 1:10, Williams, 9.87M) reported, "Nofziger died last night at his home outside Washington. He joined the Reagan camp early on as a loyal conservative in California. He became the ultimate inside political player."

Nofziger Eulogized. In the Washington Post (3/29, C1, 744K) Frank Mankiewicz eulogizes former Reagan Administration aide Lyn Nofziger, who died Monday, noting that he and Nofziger "were good friends -- off and on -- for 50 years. During that time, I doubt we ever agreed on any public matter. … We debated after that from time to time on some cable show or other, but often found we agreed that our mutual respect for each other made the venom the talk shows sought (and alas, seek) disappear, and made our friendly participation less suitable for audiences accustomed to near-violence. In the past few years, we talked from time to time about the possibility of starting a program ourselves, but Lyn always begged off on the grounds he was overworked. I suspect, reading this week of his death from cancer, that the 'overwork' may have consisted largely of his battle against the disease."

US, Allies Circulate New Draft Statement On Iranian Nuclear Program. The New York Times (3/29, Hoge) reports European and American diplomats "circulated a new draft statement to the Security Council on Tuesday evening that weakens language condemning Iran's nuclear program but still calls on Tehran to abandon uranium enrichment activities, which the West believes are intended to make weapons." The new draft, "written by Britain and France and supported by the United States, eliminates or softens elements in earlier drafts that had raised objections from China and Russia." US Ambassador to the UN John Bolton said, "We feel a sense of urgency." Bolton pointed "out that it has been three weeks since Iran's case was delivered to the Council by the International Atomic Energy Agency, United Nations nuclear watchdog based in Vienna."

German Companies Sold Parts To Iranian Nuclear Network. The New York Times (3/29, Bernstein) reports, "German prosecutors are investigating whether six German companies sold electronic equipment to a clandestine procurement network established to supply Iran with equipment for its nuclear development program," including "special cables, pumps and transformers, worth about $3.6

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million." The revelation "that material useful in a nuclear development program was provided to Iran was bound to be interpreted by European and American officials as further evidence of a widespread, clandestine effort by Iran to build nuclear weapons."

Arab League Head Calls For Development Of Nuclear Programs. The New York Times/AP (3/29) reports Amr Moussa, the head of the Arab League, "called on Arab states Tuesday to work toward 'entering the nuclear club' by developing atomic energy -- a new concern for a Western world already trying to rein in Iran's nuclear ambitions and fretting about a possible Mideast arms race." No Arab country "is known to have a significant program for nuclear energy, and few have shown a drive to do so. But Moussa's call was likely to cause concern in the United States and Europe, which are pressing for U.N. Security Council action on Iran's nuclear program." The Washington Times (3/29) also runs a version of the AP story.

Author Says Arabs Cannot "Wait Out" US Involvement. Amir Taheri, author of "L'Irak: Le Dessous Des Cartes," writes in the Wall Street Journal (3/29, A18), "In recent visits to several regional capitals, this writer was struck by the popularity of" the "strategy known in Middle Eastern capitals as 'waiting Bush out.'" It is assumed "that Mr. Bush's plan to help democratize the heartland of Islam is fading under an avalanche of partisan attacks inside the U.S. The effect of this assumption can be witnessed everywhere." However, "I found no evidence that anyone in the American leadership elite supported a cut-and-run strategy," as "almost all realized that the 9/11 attacks have changed the way most Americans see the world and their own place in it," and "those who have based their strategy on waiting Mr. Bush out may find to their cost that they have, once again, misread not only American politics but the realities of a world far more complex than it was even a decade ago."

Kadima Wins Israeli Elections. USA Today (3/29, Gutman, Stinson, 2.31M) reports, "Acting Prime Minister Ehud Olmert, who campaigned on a pledge to relinquish control of most of the West Bank after 39 years of Israeli occupation, declared victory in Israel's parliamentary elections Tuesday. 'In the coming period, we will move to set the final borders of the state of Israel, a Jewish state with a Jewish majority,' he said. 'We will try to achieve this in an agreement with the Palestinians.'" USA Today adds, "Based on near-final results, Kadima appeared likely to capture enough of the 120 parliamentary seats to name Olmert prime minister."

The New York Times (3/29, Erlanger, Myer, 1.19M) reports Olmert "will become prime minister, but his support proved tepid and he will find it harder than expected to impose his agenda on a larger coalition." Still, "voters repudiated Likud and its leader, former Prime Minister Benjamin Netanyahu," and "Olmert should be able to carry out his plan for another withdrawal…from the West Bank."

The Washington Post (3/29, A1, Wilson, 744K) also said that the election "left Kadima with an uncertain mandate to move ahead with a program that once appeared to have clear support from Israelis." The Post said Likud's falling support was "a dramatic shift within the political wing most opposed to leaving the Palestinian territories." The Financial Times (Morris, Devi) calls it "a virtual meltdown of support for the former ruling Likud party," and adds that the "crushing defeat for the mainstream right left Kadima with no shortage of potential allies to help push through" withdrawal plans.

In contrast, the Wall Street Journal (3/29, Spindle, 2.11M) says having to form a coalition government may end up "forcing Kadima Party head Ehud Olmert to slow or modify his drive to unilaterally set Israel's borders." The AP (3/29, Nessman) agrees that there "will likely be a period of difficult negotiations between Olmert and potential coalition partners."

Knight Ridder (3/29, Nissenbaum, Matza), Financial Times (3/29, Morris, Devi), Los Angeles Times (3/29, King, Ellingwood, 958K) and Washington Times (3/29, Mitnick, 90K) run similar stories.

Last night, ABC World News Tonight (3/28, story 4, :25, Vargas, 8.78M) reported the election had "lowest voter turnout in that country's history." The CBS Evening News (3/28, story 7, 0:15, Mitchell, 7.66M) and NBC Nightly News (3/28, story 6, 0:30, Williams, 9.87M) also reported on exit polls reflecting a Kadima win.

Mubarak Urges Israelis To Negotiate With Palestinians. The AP (3/29, El-Magd) reports, "Egyptian President Hosni Mubarak said he will encourage the newly elected Israeli government to resume negotiations with Palestinians, warning that unilateral moves 'won't achieve peace.'" He "called on Israel to 'stop besieging' the Palestinians economically and targeting their leaders," but also "urged Hamas to honor existing agreements with Israel."

Hamas Cabinet Approved. The Palestinian parliament endorsed a Hamas cabinet headed by Prime Minister Ismail Haniyeh and composed of Hamas officials and independents allied with the organization. The Washington Post (3/29, A15, Wilson, 744K) calls it "a political triumph" for Hamas, and notes it "marks the start of a political contest between" Palestinian Authority President Mahmoud Abbas "and Hamas." The AP (3/29, El Deeb) adds, "Haniyeh toned down Hamas' militant ideology, saying he was not interested in perpetuating the cycle of violence with Israel."

Bush Says Chavez Should Be Criticized For Failing To Honor Tenets Of Democracy. In an exclusive interview on CNN's The Situation Room (3/28) President Bush was asked about Venezuelan President Hugo Chavez's comments about him. Bush said, "I judge the

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president based upon his honoring of the institutions that make democracy sound in Venezuela. I think it's very important for leaders to honor the freedom to worship, the freedom of the press, contracts, legal -- to honor legal contracts, to allow people to express their opinion without fear. And it's very important for leaders throughout the hemisphere, whether they agree with America or not, to honor the -- you know, the tenets of democracy. And to the extent he doesn't do that, I believe he should be subject to criticism."

Bush May Cancel Obasanjo Meeting Over Taylor's Disappearance. The AP (3/28, Gedda) reports the White House "suggested" that President Bush "might refuse to meet with Nigerian President Olesegun Obasanjo this week if answers are not forthcoming about the disappearance of indicted former Liberian President Charles Taylor." Their Oval Office meeting is to take place today. "On Capitol Hill, Secretary of State Condoleezza Rice told senators it would be a matter of 'utmost seriousness' if reports of Taylor's escape are true. Sen. Patrick Leahy said it would be inappropriate for Bush to receive Obasanjo under the circumstances. Rice, testifying before a Senate Appropriations Committee hearing, did not respond to Leahy's comment."

Under the headline, "US Raps Nigeria as Liberian Warlord Vanishes," the Financial Times (3/29, Mahtani, Dinmore) reports Administration "officials expressed dismay that Mr Taylor had vanished after Washington had delivered a strong message that Nigeria was responsible for handing him over for trial by a special UN-backed court in Sierra Leone for his role in the civil war there." While Secretary Rice was still expected to meet with Obasanjo, "a meeting with President George W. Bush was in doubt."

In an editorial, the New York Times (3/29, 1.19M) says, "The disappearance is a diplomatic disaster for Mr. Obasanjo, who is scheduled to meet with President Bush today. We hope it doesn't turn into something worse for West Africa. … Let's hope that Mr. Obasanjo's carelessness doesn't lead to a return of Taylor-style ethnic fighting in West Africa. That is something no one can afford -- including the Nigerian president, whose country has had some sectarian and ethnic clashes of its own lately."

Meanwhile, the Washington Post (3/29, A18, 744K) editorializes Obasanjo "has an appointment at the White House today with President Bush. If the meeting goes forward, he deserves the frostiest of receptions."

The Washington Post (3/29, A13, Timberg, 744K) reports "the whereabouts of Taylor…remained unknown by the end of the day." But "it was clear his disappearance had scuttled plans for a quick turnover to a UN-backed tribunal in Sierra Leone." The Christian Science Monitor (3/29, Houreld, 61K) and New York Times (3/29, Polgreen, 1.19M), among other newspapers, also report on Taylor's disappearance.

Canada's Harper Called Bush's "Political Soul Mate." Knight Ridder (3/29, Douglas) reports that for President Bush, Canadian Prime Minister Stephen Harper is "a political soul mate who's bent on improving his country's frosty relations with Washington," a "mirror image." He "rose to Canada's highest office by talking about his religious faith, vowing to cut taxes and end government corruption, and promising to reconsider a same-sex marriage law that Canada's Parliament approved last June - all themes that Bush campaigned on in 2000 and 2004." Still, Bush and Harper "have to overcome a number of economic hurdles."

Turkey Aims To Take Moderator Role With Middle East. The Christian Science Monitor (3/29, Schleifer) reports, "After decades of keeping the Arab and Muslim countries of the Middle East at arm's length, Turkey is trying to strengthen relations with its neighbors." Prime Minister Recep Tayyip Erdogan's appearance at the Arab League summit "is the latest in a string of eyebrow-raising foreign policy moves" as Turkey is "recasting itself as a mediator in the region." Analysts say that the moves, which "ruffled feathers from Israel and Iraq to the US and European Union (EU)," are not "so much blunders as a reflection of a significant change in Turkey's Middle East foreign policy."

Bolton Pushes For New UN Dues Assessment Plan. The New York Times (3/29, Hoge) reports, "John R. Bolton, the American ambassador, will outline a proposal for fundamental changes in calculating United Nations dues on Wednesday that he said would address Congressional concerns that 'the United States doesn't get value for money.'" The plan "has circulated privately and infuriated China and Russia." However, "The United States estimates that its portion of the $1.9 billion budget would decline from 22 percent to 21.5 percent under its plan, a change that Mr. Bolton argued was so slight that it undermined claims that the American plan was devised to benefit Washington."

Senators Delay Vote On China Currency Bill. Sens. Lindsey Graham and Charles Schumer decided to postpone a vote on their bill, which would impose a 27.5% tariff on all exports to the United States if it did not let its currency move in line with market forces. The New York Times (3/29, Andrews, 1.19M) calls it "a temporary cease-fire on Tuesday in their long-running attack on China's foreign-exchange practices." The Wall Street Journal (3/29, Phillips, Browne, 2.11M) reports, "The Senate stepped back from the brink." Meanwhile, "the two top-ranking senators on the Finance Committee, Republican Charles Grassley of Iowa and Democrat Max Baucus of Montana, unveiled an

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alternative bill, which they hoped would drain support for the more severe Schumer-Graham version." The AFP (3/29) adds that the Senators say their move "effectively gives Beijing six months to adopt 'real reforms.'" The AP (3/29, Klug) also covered this story.

China May Allow Greater Currency Flexibility. The Wall Street Journal (3/29, Browne, 2.11M) reports that China's central-bank governor, Zhou Xiaochuan, "in carefully balanced remarks ahead of President Hu Jintao's planned visit to Washington next month, he suggested that China had become ready to allow greater currency flexibility." However, he "ruled out 'shock therapy' to reduce the country's surging trade surplus with the U.S.," adding that "deep-seated factors are behind China's trade imbalance, precluding short-term solutions through currency changes." He also added that "a Washington would be out of step with international opinion if it labeled Beijing a currency manipulator."

China Overtakes Japan In Foreign Currency Reserves. The New York Times (3/29, Bradsher, 1.19M) reports, "China's reserves of dollars and other foreign currencies hit $853.7 billion in February, an official Chinese newspaper said on Wednesday, allowing China to overtake Japan as the world's largest holder of foreign exchange reserves." While "Japan's purchases in foreign currency markets to hold down the yen have been controversial for a quarter of a century," China's greater purchases "to hold down the value of the yuan have caused similar anxieties from Washington to Brussels."

US, Europe To Sanction Belarus Officials, State Journalists. The New York Times (3/29, Chivers, 1.19M) reports, "The European Union and the United States are considering personal sanctions against more than 40 officials and state journalists in Belarus for their roles in election rigging and crackdowns on civil society there." While "the exact form European sanctions might take has not been determined and requires agreement by the entire union," they are "likely to include bans on the officials' travel to the 25 European Union countries" and possibly "freezing of assets." The US has "banned travel for several officials, and plans to add more."

Yushchenko Meets With Other Parties On Forming Coalition Government. The New York Times/AP (3/29) reports that Ukraine President Viktor Yushchenko "began a round of coalition talks Tuesday with" one-time partner, Yulia Tymoshenko and pro-Russian opposition leader Viktor Yanukovych. Yanukovych "confidently declared that he -- and not the president -- would put together the coalition that will form the new government." While "Yushchenko's presidency is not at risk,…the electoral defeat weakened him."

London Mayor Calls US Ambassador "Chiseling Little Crook." The Washington Post (3/29, A13, Jordan, 744K) reports that Ken Livingstone, the mayor of London," compared Robert Holmes Tuttle, the U.S. ambassador to Britain, to "a chiseling little crook." His comment was in reference to "the U.S. government's refusal to pay more than a quarter of a million dollars in traffic congestion fees charged to cars that enter central London. The fees are a tax, the embassy says, and under international law, embassies don't pay taxes." Besides the US, "other embassies in London also are refusing to pay the $14-per-car fee."

Local Government Workers Strike In UK. The New York Times (3/29, Lyall, 1.19M) reports, "Local government workers walked off their jobs across Britain on Tuesday, closing schools, libraries and other community centers in a one-day strike over reductions in pension benefits." The unions say "more than a million" participated, "while the Local Government Association, which represents local councils, said the number was far less." The conflict is over "the government's decision to abandon the so-called Rule of 85, which allows local government employees to retire at age 60 on full pensions, provided they have worked at least 25 years."

Japanese Economy Growing, Increasingly More Open. The Wall Street Journal (3/29, A1, Moffett, Hayashi, 2.11M) reports, "Japan's economy has started to grow in a way that could benefit the rest of the world," as "once known as a fortress for home-grown products, Japan's market is now increasingly open to overseas companies and entrepreneurs." At the same time, "consumers and businesses are spending more" and "their activity makes economic growth more sustainable" even if their exports fall.

Romania Pushing For Pipeline. The Washington Times (3/29, Sands, 90K) reports that Romanian Foreign Minister Mihai-Razvan Ungureanu, "in Washington this week for talks with senior Bush administration officials," said "Russia's New Year's Day cutoff of natural gas to Europe has boosted Romania's strategic value as the route for a competing pipeline." He added that "Romania did not favor a policy of shutting out Russia." After "joining NATO in 2004, Romania has championed the importance of the Black Sea region, saying the security, economic and environmental challenges facing the countries on its shores have a direct impact on the stability of Europe as a whole."

France Again Swept By Labor Unrest. French students and unions yesterday protested a law intended to ease unemployment among the young by giving employers more flexibility to terminate employees. ABC World News

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Tonight (3/28, story 3, 2:15, Vargas, 8.78M) reported, "More than 1 million people demonstrated in sweeping and sometimes violent protests today. They're marching against a new law that would allow companies to fire young workers without cause. The French have long enjoyed privileges all sorts of other people around the world do not have." ABC (Wright) added, "France's government says the only way to create job opportunities is to sacrifice some job security. Business owners like the new law." But a "majority of the population here likes it the old way."

NBC Nightly News (3/28, story 5, 2:15, Miller, 9.87M) reported "Striking workers crippled the nation's transport system: 60% of trains stopped on the tracks; a third of all flights canceled; even the Eiffel Tower was closed." The CBS Evening News (3/28, story 6, 1:55, MacVicar, 7.66M) said "it was the largest protest in France in at least 25 years. Massive marches by students and union members brought more than a million people on to the streets of French cities from Marseilles to Paris, and in places, left them skirmishing with police. Running battles in Paris alone resulted in nearly 500 arrests."

The Financial Times (3/29, Arnold) reports "French students and trades unions were in jubilant mood on Tuesday after more than 1m people took to the streets in protest against government labour reforms." Despite "the record turnout," Dominique de Villepin, "the embattled prime minister, appeared to stand firm, brushing aside calls from members of the governing party to reach a compromise about his youth employment law. 'The republic is not about preconditions, it is not about ultimatums,' he told parliament."

The Washington Post (3/29, A13, Moore, 744K) says "the massive show of strength created new fissures in President Jacques Chirac's government, which early this month triggered the crisis by passing the measure to waive some of France's strict job protections and give employers new freedom to dismiss people under age 26. … Lawmakers from several parties warned that the size of the protests signaled a threat to the future of the government. The leader of the opposition Socialist Party, Francois Hollande, said the government was 'running the risk of confrontation with a majority of the country.'" The Washington Times (3/29, Bryant, 90K), Christian Science Monitor (3/29, Sachs, 61K), Wall Street Journal (3/29, Higgins, 2.11M), Los Angeles Times (3/29, Rotella, Sicakyuth, 958K) and New York Times (3/29, Sciolino, Smith, 1.19M), run stories about the protests. The New York Times (3/29, Smith, 1.19M) also runs a story on French labor unions, saying that "despite one of the lowest rates of unionization -- only about 8 percent of the French work force are members -- the unions have enormous leverage over the government." They "play a unique organizational role in France's hierarchical society, rallying the populace accustomed to a confrontational relationship with leaders considered elitist. Spark-plug unions, some people call them."

Author Notes Basque Terrorism Started With Idealism. Bernardo Atxaga, author of "Obabakoak" and the forthcoming novel "The Son of the Accordion Player," writes in an op-ed in the New York Times (3/29, 1.19M), "Though we forget this, or don't want to accept it, a great many political nightmares begin as a dream, a shared notion of utopia. That's what happened with the Basques." Now, with the announcement of a permanent cease-fire, some are pessimistic and some call for immediate reconciliation. But "still and all, through the clamor of opinion, the feeling of happiness, of lightness, doesn't go away."

Diseases Associated With Poor Said To Get Little Funding, Attention. Tina Rosenberg, a member of the editorial board, writes in the New York Times (3/29, 1.19M), "As fatal illnesses go, AIDS is the best one for a poor person to catch because rich people get it, too." The "people who suffer from malaria, tuberculosis, or a host of other diseases that citizens of rich countries haven't even heard of," may "as well hang out a sign: 'Poor People Only.' They offer researchers no profitable market. They have little political constituency." Even though "most of these diseases are easily preventable and completely curable." Saving the lives of their sufferers is much cheaper and easier than treating AIDS."

Carter Criticizes Proposed Nuclear Deal With India. Former President Jimmy Carter writes in an op-ed in the Washington Post (3/29, A19, 744K), "The proposed nuclear deal with India is just one more step in opening a Pandora's box of nuclear proliferation," as "there is no doubt that condoning avoidance of the NPT encourages the spread of nuclear weaponry." While "U.S. companies might win two of those reactor contracts,…this is a minuscule benefit compared with the potential costs. India may be a special case, but reasonable restraints are necessary." Proliferation is a real threat, "and the destructive capability of irresponsible nations -- and perhaps even some terrorist groups -- will be enhanced by a lack of leadership among nuclear powers that are not willing to restrain themselves or certain chosen partners."

THE BIG PICTURE:

Headlines From Today's Front Pages.

Los Angeles Times:
"How Environmentalists Lost The Battle Over TCE."

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"A Hawk Who Preferred Not To Fight."
"As Scams Go, This Is A Gem."
"Israelis Boost Parties That Seek Pullout."
"Mayor Walks A Fine Line On Border Issue."
"Protest Reactions Reflect The Area's Deep Divisions."
"A New Name In 9/11 Plot Surfaces."

USA Today:
"Bush's Chief To Consider Changes."
"Anti-Snitch Campaign Riles Police, Prosecutors."
"Brain Drain Hits Homeland Security."

New York Times:
"Top Aide Leaves White House Job; Budget Chief In."
"Voters In Israel Support Parties Vowing Pullout."
"Bush Opposes Iraq's Premier, Shiites Report."
"Justices Hint They'll Rule On Detainee's Challenge."
"Rape Allegation Against Athletes Is Roiling Duke."
"Newcomers And Identity."

Washington Post:
"OMB Head To Replace Card As Top Bush Aide."
"Sharon's Party Is Winner In Israel."
"Moussaoui Offered To Implicate Himself."
"Card's Departure Seen As A Sign President Hears Words Of Critics."
"Thousands Of Iraqis Flee To Avoid Spread Of Violence."
"GMU's Leap Into Limelight Began On Maryland Courts."

Washington Times:
"Fed Raises Interest Rates Again."
"Boehner Hints A Backdown On 'Amnesty.'"
"Card Resigns As Chief Of Staff."
"Olmert Claims Election Victory."
"Maryland Senate Votes To Oust PSC."
"Apple Battles Apple: We Can't Work It Out."
"What Lurks Behind Dressing-Room Door?"

Detroit Free Press:
"Inspectors: Security Lags When Traffic Jams."
"In Round 1, Hundreds Of GM Jobs Cut."
"Parole Officers Suspended Over Selepak Errors."
"Maida Reaffirms The Church's Faith In Detroit."

Atlanta Journal-Constitution:
"Governor Gets Illegals Bill."
"Israeli Voters Back Kadima."
"On-Time Arrival For Fifth Runway."
"French Unrest Rises Over New Labor Law."

Houston Chronicle:
"Prosecution Rests – How Did It Perform?"
"If You Don't Puff, You'll Get A Break In Tax Proposal."
"White House Shake-Up May Be More Of A Shuffle."
"Hispanic Students Take To Streets Again."
"Centrists Supporting Pullout Win In Israel."

Story Lineup From Last Night's Network News:
ABC: Card Resigns; Card Resignation-Analysis; France-Labor Protests; Israel Election; Afghan Christian; Supreme Court-Military Tribunals; Weinberger, Nofziger Obits; Christian Conservatives Summit; Federal Reserve-Interest Rates; Teens-Sleep Deprivation; Greeting Cards.
CBS: Card Resigns; Card Resignation-Analysis; Senate-Port Security; Moussaoui Trial; Supreme Court-Military Tribunals; France-Labor Protests; Israel Election; Weinberger Obit; Federal Reserve-Interest Rates, Home Sales; Enron Trial; Illegal Immigration-Costa Mesa; Wikipedia, Britannica Feud.
NBC: Card Resigns; Congress-Republicans; Weinberger, Nofziger Obits; Supreme Court-Military Tribunals; France-Labor Protests; Israel Election; Illegal Immigration-Costa Mesa; Federal Reserve-Interest Rates; Katrina-Waveland Rebuilding; Early Risers.

Story Lineup From This Morning's Radio News Broadcasts:
ABC: Senate-Immigration Reform; Moussaoui Sentencing; Iraq-Gunmen Hit Store; Card Resigns.
NPR: Israel Election; Palestinian Parliament; Moussaoui Sentencing; CA-Terrorism Trial; Afghanistan-US Base Attacked; Iraq-Gunmen Hit Store; Fed-Interest Rates; Enron Trial; Bush-Mexico.

WASHINGTON'S SCHEDULE:

Today's Events In Washington.
White House:

PRESIDENT BUSH — Meets with the President of Nigeria; speaks at Freedom House event, Hyatt Regency Hotel on Capitol Hill.

VICE PRESIDENT CHENEY — No public schedule.

US Senate: 9:30 a.m. ARMED SERVICES _ Emerging Threats and Capabilities Subcommittee. Hearing on non-proliferation strategy and the roles of the Defense and Energy departments in the FY07 budget for this purpose. Peter C. W. Flory, assistant secretary of Defense; Gen. James E. Cartwright, commander, Strategic Command; Jerry Paul, principal deputy administrator, National Nuclear Security Administration; Robert G. Joseph, undersecretary of State. Location: Room 222, Russell.

9:30 a.m. ENVIRONMENT AND PUBLIC WORKS _ Full Committee. Oversight hearing on plans to eliminate the gasoline additive MTBE. Location: Room 628, Dirksen.

9:30 a.m. FOREIGN RELATIONS _ Full Committee. Closed briefing on the Indian nuclear cooperation deal. Assistant Secretary of State Nicholas Burns, Undersecretary of State Robert Joseph. Location: Room S-407, Capitol.

9:30 a.m. INDIAN AFFAIRS _ Full Committee. Markup of pending legislation. Location: Room 485, Russell.

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9:30 a.m. JUDICIARY _ Full Committee. Hearing on pending judicial nominations. Location: Room 226, Dirksen.

10 a.m. APPROPRIATIONS _ Defense Subcommittee. Hearing on the FY07 budget for the Air Force. Secretary Michael Wynne, Chief of Staff Gen. Michael Moseley. Location: Room 192, Dirksen.

10 a.m. BANKING, HOUSING AND URBAN AFFAIRS _ International Trade and Finance Subcommittee. Hearing on reauthorization of the Export-Import Bank. James Lambright, chairman and acting president, Export-Import Bank of the U.S.; Steve Appleton, CEO, Micron Technology; Thomas Sneeringer, United States Steel Corp. Location: Room 538, Dirksen.

10 a.m. COMMERCE, SCIENCE AND TRANSPORTATION _ Technology, Innovation and Competitiveness Subcommittee. Hearing the benefits of basic research and its impact on long-term economic impact. White House Science and Technology Policy Adviser John Marburger; NSF Director Arden Bement; NIST Director William Jeffrey; Leonard Pietrafesa, NOAA; Steven Knapp, Johns Hopkins University; Philip Ritter, Texas Instruments, Inc.; Adam Drobot, Telcordia, Inc. Location: Room 562, Dirksen.

10 a.m. FINANCE _ Full Committee. Hearing on U.S.-China relations. Deputy USTR Karan K. Bhatia; Treasury Undersecretary Timothy D. Adams; Commerce Undersecretary Franklin L. Lavin; Robert Hormats, Goldman Sachs and Co.; John Frisbie, president, U.S.-China Business Council; Joe Papovich, Recording Industry Association of America; Gary Joachim, American Soybean Association, Owatona, Minn.; C. Fred Bergsten, Institute of International Economics. Location: Room 215, Dirksen.

10 a.m. SPECIAL AGING _ Full Committee. Hearing on investment fraud among seniors. Location: Room 106, Dirksen.

2 p.m. JUDICIARY _ Constitution, Civil Rights and Property Rights Subcommittee. Hearing on state regulations for violent video games and their relationship to the First Amendment. Location: Room 226, Dirksen.

2:30 p.m. APPROPRIATIONS _ Military Construction, Veterans Affairs and Related Agencies Subcommittee. Hearing on the VA budget for FY07. Secretary Nicholson. Location: Room 124, Dirksen.

2:30 p.m. ARMED SERVICES _ Strategic Forces Subcommittee. Hearing on the FY07 budget for missile defense programs. Eric S. Edelman, undersecretary of Defense; Gen. James E. Cartwright, commander, U.S. Strategic Command; Lt. Gen. Henry A. Obering III, director, Missile Defense Agency; David W. Duma, acting director, Operational Test and Evaluation, Department of Defense. Location: Room 222, Russell.

2:30 p.m. ENERGY AND NATURAL RESOURCES _ Public Lands and Forests Subcommittee. Hearing on pending legislation. Location: Room 366, Dirksen.

2:30 p.m. FOREIGN RELATIONS _ Full Committee. Hearing on U.S.-Burma relations. Michael J. Green, CSIS; Sean Turnell, Macquarie University, Sydney, Australia; Thin Thin Aung, Joint General Secretary, Women's Rights and Welfare Association of Burma, New Delhi; Deputy Assistant Secretary of State Eric G. John. Location: Room 419, Dirksen.

2:30 p.m. HOMELAND SECURITY AND GOVERNMENTAL AFFAIRS _ Oversight of Government Management, the Federal Workforce and the District of Columbia Subcommittee. Hearing on terrorist preparations in the nation's capital. Thomas J. Lockwood, director, Office of National Capital Region Coordination; Deputy D.C. Mayor Edward D. Reiskin; Robert Crouch, assistant to the governor for commonwealth preparedness, State of Virginia; Dennis Schrader, director, Governor's Office of Homeland Security, State of Maryland; Bill Jenkins, director, Homeland Security and Justice, GAO. Location: Room 342, Dirksen.

2:30 p.m. SELECT INTELLIGENCE _ Full Committee. Closed meeting on intelligence matters. Location: Room 219, Hart.

3:30 p.m. ARMED SERVICES _ Seapower Subcommittee. Hearing on FY07 budget for the Navy and Marine Corps structure and capabilities. Lt. Gen. James Mattis, Deputy Commandant, Marine Corps. Location: Room 232A, Russell.

US House: FLOOR SCHEDULE _ 10 a.m. Meets for legislative business. Highlights: H.R. 609 - College Access and Opportunity Act of 2005. Suspensions (1 bill): 1) H.Res. __ - Expressing the sense of the House of Representatives that legal action in Afghanistan against citizens who have already converted or plan to convert to other religions is deplorable and unjust.

9:30 a.m. APPROPRIATIONS _ Agriculture, Rural Development, FDA and Related Agencies Subcommittee. Hearing on natural resources and the environment. USDA Undersecretary Mark E. Rey; Bruce I. Knight, chief, Natural Resources Conservation Service; Natural Resources Conservation Service Budget Officer Steven A. Probst; USDA Budget Officer W. Scott Steele. Location: Room 2362A, Rayburn.

10 a.m. APPROPRIATIONS _ Defense Subcommittee. Hearing on the national foreign intelligence program. Closed - members only. Location: Room H-140, Capitol.

10 a.m. APPROPRIATIONS _ Military Quality of Life and Veterans Affairs and Related Agencies Subcommittee. Hearing on the Army budget and transformation. Chief of Staff Gen. Peter Schoomaker. Location: Room H-143, Capitol.

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10 a.m. APPROPRIATIONS _ Foreign Operations Subcommittee. Hearing on the FY07 for the Millennium Challenge Corp. CEO John Danilovich. Location: Room 2359, Rayburn.

10 a.m. APPROPRIATIONS _ Interior, Environment and Related Agencies Subcommittee. Hearing on FY07 appropriations for the Smithsonian Institution. Deputy Secretary Sheila Burke; Undersecretary David Evans; National Zoo Director M. John Berry. Location: Room B-308, Rayburn.

10 a.m. APPROPRIATIONS _ Energy and Water Development and Related Agencies Subcommittee. Hearing on FY07 budget for science research in the Energy Department. Office of Science Director Raymond Orbach. Location: Room 2362B, Rayburn.

10 a.m. APPROPRIATIONS _ Transportation, Treasury, HUD, the Judiciary and District of Columbia Subcommittee. Hearing on FY07 appropriations for the IRS. Commissioner Mark Everson.

10 a.m. ARMED SERVICES _ Full Committee. Hearing on defense acquisition reform. Pierre Chao, CSIS; Robert Hermann, Defense Science Board Summer Study on Transformation; Lt. Gen. Ronald Kadish (ret.), Defense Acquisition Performance Assessment Panel; Terry Little, Missile Defense Agency. Location: Room 2118, Rayburn.

10 a.m. ENERGY AND COMMERCE _ Full Committee. Markup of pending legislation, including H.R. 4127, Data Accountability and Trtust Act. Location: Room 2123, Rayburn.

10 a.m. FINANCIAL SERVICES _ Capital Markets, Insurance and Government Sponsored Enterprises Subcommittee. Hearing on financial reporting. William Gradison, acting chairman, Public Company Accounting Oversight Board; Robert H. Herz - chairman, Financial Accounting Standards Board; Scott Taub, acting chief accountant, SEC; David Hirschmann, U.S. Chamber of Commerce; Marc E. Lackritz, president, Securities Industry Association; Colleen Cunningham, president, Financial Executives International; Barry Melancon, president, American Institute of Certified Public Accountants; Rebecca McEnally, CFA Institute. Location: Room 2128, Rayburn.

10 a.m. INTERNATIONAL RELATIONS _ Full Committee. Hearing on fraud investigations at the UN. UN Amb. John bolton. Location: Room 2172, Rayburn.

10 a.m. JUDICIARY _ Full Committee. Markup of H.R. 3509 - Workplace Goods Job Growth and Competitiveness Act; H.R. 3049 Asian Carp Prevention and Control Act. Location: Room 2141, Rayburn.

10 a.m. RESOURCES _ Full Committee. Markup of H.R. 122 - To amend the Reclamation Wastewater and Groundwater Study and Facilities Act to authorize the Secretary of the Interior to participate in the Eastern Municipal Water District Recycled Water System Pressurization and Expansion Project; H.R. 413 - To establish the Bleeding Kansas and the Enduring Struggle for Freedom National Heritage Area, and for other purposes. H.R. 518 - To require the Secretary of the Interior to refine the Department of the Interior program for providing assistance for the conservation of neotropical migratory birds. H.R. 2563 - To authorize the Secretary of the Interior to conduct feasibility studies to address certain water shortages within the Snake, Boise, and Payette River systems in Idaho. H.R. 3418 - To amend the Reclamation Wastewater and Groundwater Study and Facilities Act to authorize the Secretary of the Interior to participate in the Central Texas Water Recycling and Reuse Project. Location: Room 1324, Longworth.

10 a.m. SCIENCE _ Full Committee. Markup of H.Res. 717 - Directing the Secretary of Commerce to transmit to the House of Representatives a copy of a workforce globalization final draft report produced by the Technology Administration. Location: Room 2318, Rayburn.

10 a.m. TRANSPORTATION AND INFRASTRUCTURE _ Aviation Subcommittee. Hearing on unmanned aerial vehicles and the national airspace system. Nicholas Sabatini, FAA; Michael Kostelnik, Customs and Border Protection, DHS; Gerald F. (Fred) Pease Jr., Policy Board on Federal Aviation, Department of Defense; Dyke D. Weatherington - Unmanned Aerial Systems Planning Task Force, DoD; Robert C. Owen, Embry-Riddle Aeronautical University; Andrew Cebula, Aircraft Owners and Pilots Association; Mike Hienz, UNITE UAV National Industry Team; Thomas J. Cassidy Jr., president, General Atomic Aeronautical Systems; Jay Mealy, The Academy of Model Aeronautics. Location: Room 2167, Rayburn.

10:15 a.m. APPROPRIATIONS _ Labor, HHS, Education and Related Agencies Subcommittee. Hearing with public witnesses on FY07 appropriations for Labor-HHS Education. Location: Room 2358, Rayburn.

10:30 a.m. BUDGET _ Full Committee. Markup of the FY07 budget resolution. Location: Room 210, Cannon.

10:30 a.m. VETERANS AFFAIRS _ Full Committee. Hearing on VA healthcare and enhancing access. Location: Room 334, Cannon.

1 p.m. APPROPRIATIONS _ Military Quality of Life and Veterans Affairs and Related Agencies Subcommittee. Hearing on the VA and defense health program information technology. Assistant VA Secretary Robert McFarland; Carl Hendricks, DoD. Location: Room H-143, Capitol.

1 p.m. RESOURCES _ Full Committee. Hearing on H.R. 3350, Tribal Development Corp. Feasibility Study Act of 2005. National Congress of American Indians President Joe Garcia; Chester Carl of the National American Indian Housing Council; Roger Fragua of the Council of Energy Resources Tribes; Alaska Federation of Natives President Julia Kitka. Location: Room 1324, Longworth.

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2 p.m. APPROPRIATIONS _ Homeland Security Subcommittee. Hearing on thge FY07 appropriations for FEMA. Acting Director R. David Paulison. Location: Room 2359, Rayburn.

2 p.m. APPROPRIATIONS _ Labor, HHS, Education and Related Agencies Subcommittee. Hearing with public witnesses. Location: Room 2358, Rayburn.

2 p.m. APPROPRIATIONS _ Interior, Environment and Related Agencies Subcommittee.Hearing on FY07 appropriations for the National Endowment for the Arts. National Endowment for the Humanities Chairman Bruce Cole. Location: Room B-308, Rayburn.

2 p.m. APPROPRIATIONS _ Science, State, Justice, commerce and Related Agencies Subcommittee. Hearing on FY07 appropriations for the U.S. Marshals Service and the Bureau of Prisons. John Clark, director of marshals; Bureau of Prisons Director Harley Lappin. Location: Room H-309, Capitol.

2 p.m. ARMED SERVICES _ Military Personnel Subcommittee. Hearing on the Defense Health Program and efforts to control costs. Undersecretary of Defense David S.C. Chu; Assistant Defense Secretary William Winkenwerder, Jr.; Army Vice Chief of Staff Gen. Richard Cody; Vice CNO Adm. Robert F. Willard; Vice Air Force Chief of Staff Gen. John D.W. Corley; Marine Corps Asst. Commandant Gen. Robert Magnus; Vice Adm. Norbert R. Ryan, Jr., USN, (ret); President, Military Officers Association of America; Maj. Gen. William M. Matz, USA, (ret), President, National Association for Uniformed Services; former Pentagon Comptroller Dov S. Zakheim. Location: Room 2118, Rayburn.

2 p.m. ENERGY AND COMMERCE _ Oversight and Investigations Subcommittee. Hearing on reporting of hospital-acquired infections. Raymond T. Wagner, Jr., Enterprise Rent-a-Car, St. Louis; Dr. Denise Cardo, Health and Human Services Department; Mark Volavka, Pennsylvania Health Care Cost Containment Council, Harrisburg; Richard P. Shannon, Allegheny General Hospital, Pittsburgh; Chris Goeschel, MHA Keystone Center for Patient Safety and Quality, Lansing, Mich.; Robert Ware Haley, University of Texas Southwestern Medical Center, Dallas; Jennifer Daley, Tenet Health Care Corp., Dallas; Scott Hammer, New York Presbyterian Hospital/Columbia University Medical Center; Jennifer A. Hanrahan, MetroHealth Medical Center, Cleveland. Location: Room 2322, Rayburn.

2 p.m. INTERNATIONAL RELATIONS _ Africa, Global Human Rights and international Operations Subcommittee, Asia and the Pacific Subcommittee. Joint hearing on human rights in Vietnam. Assistant Secretary of State Barry F. Lowenkron; John V. Hanford III, ambassador-at-large, Department of State; Eric John, deputy assistant secretary of State; Michael Cromartie, chairman, U.S. Commission on International Religious Freedom; Kay Reibold, Montagnard Human Rights Organization; Nguyen Dinh Thang, Boat People SOS Inc.; Doan Viet Hoat, president, International Institute for Vietnam. Location: Room 2172, Rayburn.

2 p.m. INTERNATIONAL RELATIONS _ Oversight and Investigations Subcommittee. Hearing on offshore banking, and the war on terrorism. Location: Room 2200, Rayburn.

2 p.m. JUDICIARY _ Courts, the Internet and Intellectual Property Subcommittee. Hearing on remedies for small copyright claims. Location: Room 2141, Rayburn.

2 p.m. SCIENCE _ Space Subcommittee. Hearing on the future of air traffic control and the research and development agenda. Undersecretary of Transportation Jeffrey Shane; Bob Pearce, FAA; Lisa Porter, NASA; Gerald Dillingham, GAO; Mike Hudson, National Research Council; David Dobbs, DOT. Location: Room 2318, Rayburn.

2 p.m. TRANSPORTATION AND INFRASTRUCTURE _ Highways, Transit and Pipeline Subcommittee. Hearing on transit and over-the-road bus security. Deputy FTA Administrator Sandra Bushue, Assistant DHS Secretary Tracy Henke, JayEtta Z. Hecker of GAO, President William Millar of the American Public Transportation Association, President Peter Pantuso of the American Bus Association, and Michael Siano of the Amalgamated Transit Union. Location: Room 2167, Rayburn.

3 p.m. APPROPRIATIONS _ Transportation, Treasury, HUD, the Judiciary and the District of Columbia. Hearing on the D.C. court system. Avis E. Buchanan, director, Public Defender Service, D.C. Superior Court Chief Judge Rufus G. King III; Paul A. Quander Jr., director, Court Services and Offender Supervision Agency; D.C. Court of Appeals Chief Judge Eric T. Washington. Location: Room 2358, Rayburn.

3 p.m. APPROPRIATIONS _ Interior, Environment and Related Agencies Subcommittee. Hearing on FY07 appropriations for the National Endowment for the Humanities. Endowment Chairman Dana Gioia. Location: Room B-308, Rayburn.

3 p.m. GOVERNMENT REFORM AND HOMELAND SECURITY _ Government Management, Finance and Accountability Subcommittee and Management, Integration and Oversight Subcommittee. Joint hearing on DHS information technology challenges. Location: Room 2247, Rayburn.

4 p.m. ARMED SERVICES _ Terrorism, Unconventional Threats and Capabilities Subcommittee. Hearing on defense science and technology. Deputy Assistant Air Force Secretary Terry Jaggers; Deputy Assistant Army Secretary Thomas Killion; Chief of Naval Research Rear Adm. William Landay, III; Director John Young of Deffense Research and Engineering; Director Anthony Tether of Dfense Advance Research Projects Agency. Location: Room 2212, Rayburn.

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Other: PRESIDENT OLUSEGUN OBASANJO OF NIGERIA _ Highlights: 10:55 a.m. Meets with President Bush. White House.

HEALTH COVERAGE _ The National Association of Health Underwriters (NAHU) holds a conference to discuss solutions to the health insurance coverage problems facing Americans today. Highlights: 8:30 a.m. Congressional update wiuth Rep. Harold Ford Jr., D-Tenn., House Budget and Finance Committees. 9:30 a.m. Medicare Update - ``Where We Are and What's on the Way," with Mark McClellan, Administrator, CMS; John Breaux, former senator and chairman of the Medicare Rx Education Network. 10:30 a.m. Session on ``Projections for the Upcoming Mid-term Elections," with Kellyanne Conway, The Polling Company, Inc. 11 a.m. Congressional update with Nathan Deal, R-Ga., chairman, Energy and Commerce Health Subcommittee. Location: Capital Hilton Hotel, 1001 16th St. NW.

AFRICA-DEMOCRATIC REFORM _ Freedom House hosts a forum, ``Africa at the Crossroads: Assessing Strategies for Democratic Reform." Highlights: 9:15 a.m. Opening remarks by Undersecretary of State Paula Dobriansky. Location: Hyatt Regency Capitol Hill, 400 New Jersey Ave. NW.

INTERNATIONAL LAW _ The American Society of International Law (ASIL) holds its 10th Annual Meeting. Theme of this years meeting is ``A Just World Under Law." Highlights: 4:30 p.m. - 5:30 p.m. ``A Conversation with Secretary of State Condoleezza Rice, moderated by Gwen Ifill, host of PBSs Washington Week. Joining Secretary Rice on the dais will be retired Supreme Court Justice Sandra Day OConnor; Judge Rosalyn Higgins, president of the International Court of Justice; and ASIL President-Elect Jos Alvarez of Columbia University School of Law. Location: Fairmont Hotel, 2401 M St. NW.

US ELECTIONS _ 9 a.m. - 5 p.m. American University, The Center for Democracy and Election Management, and the Carter-Baker Commission on Election Reform host a forum, ``Are US Elections Getting Better or Worse? Is the Help America Vote Act (HAVA) Working?" Speakers include Commission members, members of Congress, and scholars. Location: Butler Board Room, 6th floor, Mary Graydon Center, American University, 4400 Massachusetts Ave. NW.

HOUSE DEMOCRATS _ 9 a.m. Closed meeting of the House Democratic Caucus. Location: Cannon Caucus Room.

HOUSE REPUBLICANS _ 9 a.m. House GOP Conference holds its weekly closed meeting. Location: Room HC-6, Capitol. Notes: Immediately following the media GOP leaders will hold a news conference to address the issue of national security.

JOHANNS _ 9 a.m. Agriculture Secretary Johanns speaks to the National 4-H Conference. Location: Whitten Building Patio, 1400 Independence Ave. SW.

MARTINEZ _ 9:30 a.m. Sen. Mel Martinez speaks to a US Chamber of Commerce breakfast. Location: 1615 H St. NW.

SNOW _ 9:35 a.m. Treasury Secretary Snow speaks to the Edison Electric Institute's Spring Board and Executives Meeting. Location: 701 Pennsylvania Ave. NW.

HOMELAND SECURITY _ 10 a.m. Rep. Sherrod Brown holds a news conference on outsourcing homeland security and trade policy. Location: Cannon Terrace.

IMMIGRATION _ 10 a.m. California Assembly Speaker Fabian Nunez holds a news conference on immigration reform, after meeting with Sens. John McCain, Barbara Boxer, Dianne Feinstein, the California congressional delegation and Mexican Amb. Carlos de Icaza. Location: Room 381, Hall of the States, 444 N. Capitol St.

NUNEZ-IMMIGRATION _ 10 a.m. Assembly Speaker Fabian Nez (D-Los Angeles) will discuss his perspective on immigration reform and the budget after meetings with U.S. Senators John McCain, Barbara Boxer, Dianne Feinstein, the California Democratic Congressional delegation and the Mexican Ambassador to the United States Carlos de Icaza. Location: Hall of States, 444 N Capitol St., Room 381.

BLACK AMERICA REPORT _ 10:45 a.m. The Urban League unveils ``The State of Black America 2006" report, which is the premiere report on the status of African Americans. Marc Morial will introduce the report and talk about the National Urban League's Opportunity Compact, which is the theme of this year's report. In addition to Morial, participants include George E. Curry, editor-in-chief of The State of Black America 2006 report and editor-in-chief of The National Newspaper Publishers Association News Service and Black PressUSA.com; Donna Brazile, founder and managing director of Brazile and Associates; Lance Freeman, assistant professor in the Urban Planning program at Columbia University in New York; and Rondel Thompson and Sophia Parker, Global Insight, Inc. Location: National Press Club, Grand Ballroom.

SUDAN _ 11 a.m. The US Commission on International Religious Freedom releases its report on Sudan at an on-the-record news conference, with members of Congress. Location: Room HC-203, Capitol.

VALUES VOTERS _ 11 a.m. News conference with Phyllis Schlafly (Eagle Forum), Alan Keyes (Declaration Foundation), Rick Scarborough (Vision America), Manny Miranda (Third Branch Conference), Wendy Wright (Concerned Women for America), Lou Sheldon (Traditional Values Coalition), Rabbi Aryeh Spero (Caucus for America), Janet Folger (Faith2Action), others, to express dissatisfaction with the congressional Republican leadership and to protest

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Christian persecution in Afghanistan. Location: Upper Senate Park.

PORT SECURITY _ 12 p.m. Staff of the Senate Permanent Investigations Subcommittee holds a telephone briefing on Thursday's hearing on port security. Notes: Callin number: 866-909-2663; passcode: 4367484.

TRADE LAW _ 12 p.m. Rep. Ben Cardin and Ways and Means Committee members hold a news conference to announce a trade law overhaul. Location: Room HC-9, Capitol.

HOLLY'S LAW _ 12:15 p.m. Members of Congress, others, hold a news conference to call for a House vote on Holly's Law to suspend Approval of RU-486 after several deaths. Location: Cannon Terrace.

JOHANNS _ 1 p.m. Agriculture Secretary Johanns holds a telephone briefing to announce that a summary of the public comments from USDA's Farm Bill Forum listening tour has been completed. Notes: Callin number: 800-779-0645; passcode: 6761983.

SECURITY-DEMOCRATS _ 1 p.m. House and Senate Democrats announce a plan to give security to America. Location: Columbus Club, Union Station.

TEACHERS-COLLECTIVE BARGAINING _ 2:15 p.m. - 3:15 p.m. The American Enterprise Institute (AEI) sponsors an event, ``A Better Bargain: Overhauling Teacher Collective Bargaining for the 21st Century," at which Massachusetts governor Mitt Romney discusses his vision for education reform on the occasion of the release of a new report on teacher collective bargaining agreements written by Frederick M. Hess of AEI and Martin West of the Brookings Institution. Location: AEI's Wohlstetter Conference Center, 12th floor, 1150 17th St. NW.

ABU ALI SENTENCING _ 2:30 p.m. Judge Gerald Bruce Lee will preside in the sentencing of Ahmed Omar Abu Ali on nine counts, which included charges of providing material support and resources to al-Qaeda and conspiracy to assassinate President Bush. Location: Courtroom 601, 6th floor, Albert V. Bryan United States District Courthouse, 401 Courthouse Square, Alexandria, Va.

BUDGET _ 2:30 p.m. The Center on Budget and Policy Priorities holds a telephone briefing on the House Budget Committee's budget resolution. Contacts: Michelle Bazie, 202-408-1080.

HEALTH CARE _ 4 p.m. America's Health Insurance Plans hold a briefing on the growing marketplace for HSAs, with CEO Karen Ignagni, others. Location: Room HC-6, Capitol.

MFUME-SENATE _ 6 p.m. - 8 p.m. There will be fundraising reception to elect former Congressman Kweisi Mfume to the U.S. Senate. Location: Residence of Nancy Navarro and Reginald Laurent, 47 Shaw Ave., Silver Spring, Md.

FEDERALISTS _ 6:45 p.m. Georgetown Law Federalist Society presents its third annual Lifetime Service Award to Judge Laurence Silberman of the U.S. Court of Appeals for the district. Location: Georgetown University Law Center, 600 New Jersey Ave. NW.

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USDOJ- Office of Public Affairs

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Subject:	Department of Justice News Clips for Wednesday, March 29, 2006
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DEPARTMENT OF JUSTICE *NEWS CLIPS*

PREPARED FOR THE OFFICE OF PUBLIC AFFAIRS, US DEPARTMENT OF JUSTICE

TO: THE ATTORNEY GENERAL AND SENIOR STAFF

DATE: WEDNESDAY, MARCH 29, 2006 7:45 AM EST

TODAY'S EDITION

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TERRORISM NEWS:

FBI Agent Says Moussaoui Sought Last-Minute Deal (LAT)

By Richard A. Serrano

The Los Angeles Times, March 29, 2006

ALEXANDRIA, Va. — In an odd twist to an already bizarre trial, the last witness in Zacharias Moussaoui's trial today described a secret nighttime meeting last month at a local jail in which Moussaoui tried to strike a deal with the government to save his life.

FBI Special Agent Jim Fitzgerald, one of the lead agents in the Moussaoui case, told the jury he and federal prosecutors were summoned to the Alexandria City Jail by Moussaoui, who tried to persuade them he was worth more to them alive than he would be dead if they followed through on their effort to seek the death penalty.

But the meeting in the jail law library late on Feb. 6, one month before the trial began, broke down when the government demanded he provide "full and complete" cooperation, not just about his Al Qaeda activities but everything he knew about Osama bin Laden's organization.

Moussaoui came away from the clandestine meeting empty-handed, Fitzgerald said. Moussaoui told the FBI and prosecutors that he believed death at the hands of the U.S. government was not a fitting end to an avowed terrorist like himself.

"He states it was different to die in battle, like an F-16 pilot," Fitzgerald recalled, "than to die in jail like in a toilet."

Fitzgerald was the last witness in a stormy trial that included allegations of witness tampering by a government lawyer and a stunning admission from Moussaoui that he lied to the FBI about the 9/11 plot.

In testimony Monday, Moussaoui said he and Richard Reid, later arrested in a shoe-bombing attempt aboard a transatlantic flight — were slated to hijack a fifth airplane on Sept. 11, 2001, and fly it into the White House.

That assertion was contradicted by several imprisoned Al Qaeda operatives, including the 9/11 mastermind, Khalid Shaikh Mohammed, who said in an interrogation read aloud in court Monday that Moussaoui was too "problematic" and unreliable to join the 19 hijackers in their suicide mission. Mohammad said Moussaoui was being groomed for a second wave of attacks — first disclosed in March 2004 — that included the former Library Tower in Los Angeles and bridges in San Francisco and San Mateo.

Today, the government read more Al Qaeda prisoner interrogations into the record, with most saying that Moussaoui was more of a nuisance than a valuable operator, and playing down his role. Prosecutors also entered into the record the opinion of aviation experts that in the summer of 2001, security analysts were more concerned with traditional hijackers than suicide bombers using airlines to fly into buildings.

The testimony of aviation experts was called into question earlier in the trial, when a lawyer for the Transportation Security Administration, Carla Martin, was alleged to have coached several aviation witnesses.

Closing arguments are scheduled for Wednesday morning, and the jury is expected to begin deliberations in the afternoon.

The jury is deliberating only on the issue of whether Moussaoui is eligible for the death penalty — whether prosecutors have in effect proven their assertion that 9/11 might have been prevented if Moussaoui had not lied about what he knew of the plot when he was captured in August.

If jurors conclude that the French Algerian self-described terrorist could have prevented the attacks by disclosing what he knew — an argument made easier by his admission Monday that he lied to the FBI after he was arrested in Minnesota — then a second phase of deliberations begins on whether to sentence him to die.

Moussaoui is the only Al Qaeda operator to stand trial for the Sept. 11 attacks — and he has told his lawyers that he wants to die to become a martyr.

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Asked by lead prosecutor Robert A. Spencer about the loss of life on 9/11, Moussaoui said, "You are Americans, and I consider every American to be my enemy."

Moussaoui Offered To Implicate Himself (WP)

By Jerry Markon And Timothy Dwyer

The Washington Post, March 29, 2006

Zacarias Moussaoui wanted to be a witness for the prosecution -- and against himself.

On the eve of his death penalty trial last month, Moussaoui met with prosecutors and offered to testify for them in exchange for better jail conditions before he was put to death, jurors were told late yesterday. The al-Qaeda operative withdrew the offer when he realized he had the right to testify on his own behalf and when prosecutors insisted that he also tell them about other terrorist plots.

"Have you ever heard of a defendant in a capital case offering to testify against himself?" defense attorney Edward B. MacMahon Jr. asked an FBI agent who took the stand after the news was revealed to the jury.

"No, not in my experience," said agent James M. Fitzgerald.

It was the latest bizarre turn in a trial that is expected to go to the jury today. Before defense attorneys rested their case that Moussaoui is not eligible for the death penalty, jurors heard testimony that one of Moussaoui's terrorist bosses thought he was "not right in the head" -- and that several disputed Moussaoui's testimony that he was supposed to crash a hijacked airplane into the White House on Sept. 11, 2001.

In an effort to save Moussaoui's life, his attorneys ended their case by trying to discredit their client. They told jurors that Moussaoui had said the opposite when he pleaded guilty last year to conspiring with al-Qaeda, insisting then that he was "not 9/11 material."

Prosecutors responded by coming to the defense of Moussaoui, whom they have been trying to execute over his role in the deadliest terrorist attack in U.S. history. They introduced evidence of the meeting Moussaoui requested four days before jury selection began in the trial.

Moussaoui, whose attorneys have vehemently objected to allowing him to take the stand, said he would testify for prosecutors about his plan to fly a fifth hijacked plane into the White House. In exchange for incriminating himself, he did not ask that his life be spared.

"He wanted better jail time between the time he was given a death sentence and the time he was executed," Fitzgerald told jurors. He said the meeting, described as civil, ended when prosecutors told Moussaoui he had an "absolute" constitutional right to testify.

It was unclear how jurors, some of whom were taking notes as they left the courtroom, would view the development. Prosecutors hope it reinforces that Moussaoui was telling the truth when he testified about his role because he would have told prosecutors the same thing. Moussaoui's defense appeared to be trying to signal to jurors that Moussaoui is untrustworthy and cannot be believed.

Moussaoui testified Monday that he was supposed to hijack a fifth plane Sept. 11 and attack the White House with a crew that included Richard Reid, the "shoe bomber." He also admitted to a key part of the government's case: that he had lied to the FBI when arrested in August 2001 to allow the Sept. 11 plot to go forward.

Even the judge indicated that Moussaoui's testimony may resonate with the jury. U.S. District Judge Leonie M. Brinkema, who threw out the death penalty in the case in 2003 before being overruled, declined a defense motion yesterday to toss it again.

"This case changed dramatically with Mr. Moussaoui's testimony," Brinkema said out of the presence of jurors.

Defense attorneys spent much of yesterday trying to overcome the damage Moussaoui had done to his case with his testimony. Even if Moussaoui was telling the truth about his role, his admissions did not address a fundamental part of the government's case -- that Sept. 11 could have been thwarted if Moussaoui had told the truth. Defense lawyers tried to hammer that point home -- that the government had plenty of warnings but could not stop it -- to the jury yesterday before resting their case.

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Closing arguments are scheduled for this afternoon. If jurors find Moussaoui eligible for death, a second phase of the trial will determine whether he will be executed. Moussaoui, 37, pleaded guilty last year and is the only person convicted in the United States on charges stemming from Sept. 11.

In trying to overcome the image of Moussaoui calmly telling jurors Monday how he wants every American to die and rejoiced about the Sept. 11 attacks, defense attorneys returned to one of their core arguments. They introduced more evidence showing that the government could not stop the attacks, despite all the warnings, because of a pre-Sept. 11 mind-set. The defense argues that Moussaoui's information about the plot would not have helped.

Moussaoui's defense read into the record portions of the July 2001 "Phoenix memo," written by an FBI agent in Arizona, warning of suspicious individuals taking flight training in the United States, as the Sept. 11 hijackers did. The memo was not shared with the CIA or aviation and immigration authorities, and it generated little interest among top FBI officials.

The defense also showed the jury videotaped portions of then-national security adviser Condoleezza Rice's testimony before the independent commission that investigated the Sept. 11 attacks. At one point, Rice was asked by a commissioner whether Moussaoui's information could have helped stop the attacks, as prosecutors have argued at the trial.

"I do not believe it is a good analysis to go back and presume that somehow we would have gotten lucky by going back and shaking the trees," Rice said. Prosecutors have argued that if Moussaoui had told the FBI about al-Qaeda's plans, the FBI would have scrambled and alerted federal aviation officials, who would have boosted security at the nation's airports.

The captured al-Qaeda members whose testimony was read to the jury did not speak highly of Moussaoui. Nurjaman Riduan Isamuddin, who is known as Hambali and was the chief strategist for a South Asian terror group with ties to al-Qaeda, said he worked with Moussaoui in Malaysia in 2000 and believed he was "very troubled, not right in the head."

Hambali, who was captured in 2003, told interrogators that Moussaoui "managed to annoy everyone he came in contact with." That drew a smile from Moussaoui, who otherwise did not visibly react to the testimony.

Mustafa al-Hawsawi, the financial and travel planner for Osama bin Laden's organization, said he saw Moussaoui at al-Qaeda training camps in Afghanistan but never helped him with flight arrangements to the United States -- as he did for the other hijackers who brought down the World Trade Center, damaged the Pentagon and crashed a plane into a field in Pennsylvania.

The statements, which were read to the jury by defense attorneys, climaxed a court battle that delayed the case for more than two years. Brinkema granted Moussaoui's lawyers access to a number of al-Qaeda detainees they said could help his defense. The government refused to produce them, for national security reasons, and a federal appeals court eventually said the detainees would not testify.

Instead, the court said, the statements they gave to interrogators would be read to the jury.

Moussaoui Wanted To Testify Vs. Himself (AP-Y2)

By Michael J. Sniffen, Associated Press Writer

AP2, March 29, 2006

Al-Qaida conspirator Zacarias Moussaoui offered last month to testify for prosecutors against himself at his death-penalty trial and told agents that he did not want to die in prison, according to last-minute testimony Tuesday.

The bizarre testimony capped a trial that has seen more than its share of the unusual over three tumultuous weeks. Introduced as part of a brief government rebuttal case, this testimony may be the firmest evidence the 37-year-old Frenchman of Moroccan descent hopes for martyrdom through execution and could provide fodder for the closing arguments of both prosecutors and Moussaoui's court-appointed defense attorneys.

U.S. District Judge Leonie Brinkema set Wednesday afternoon for closing arguments on whether the actions Moussaoui has admitted make him eligible for the death penalty. The jury must decide whether the only man charged in this country in the Sept. 11 plot will be executed or imprisoned for life.

Moussaoui offered on Feb. 2, just before jury selection began, to testify that he was to have hijacked and piloted a fifth plane on Sept. 11, 2001. He did not ask that prosecutors stop pursuing the death penalty in return. He sought only better conditions in prison and a promise not to be called to testify against other al-Qaida members.

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FBI agent James Fitzgerald said Moussaoui told him — in a jailhouse meeting the defendant requested — that he did not want to die behind bars and it was "different to die in a battle ... than in a jail on a toilet." Moussaoui dropped this bid after he learned that he had an absolute right to testify in his own defense.

On Monday, he stunned the court by asserting that he was to fly a 747 jetliner into the White House on Sept. 11, despite having claimed for three years that he had no role in the plot. Instead, he had said he was to be part of a possible later assault.

The February meeting was to have been off the record but was introduced by prosecutors to rebut a defense exhibit. Closing its case Tuesday, the defense had introduced a partial transcript of Moussaoui's guilty plea last April.

In that 2005 pleading, Moussaoui said, "Everybody knows that I'm not 9/11 material." He said Sept. 11 "is not my conspiracy." He said he was going to attack the White House if the United States did not release radical Egyptian cleric Omar Abdel Rahman, imprisoned for other terrorist crimes.

The latest strange turn in Moussaoui's behavior could bolster the defense's claims that he would say anything to achieve martyrdom. Defense attorney Edward MacMahon told jurors in opening remarks that Moussaoui can only achieve that now if they vote to execute him. "Don't make him a hero," MacMahon pleaded.

Prosecutors got Brinkema to bar a repeat of that plea as an emotional rather than legal argument. But she agreed to allow MacMahon to argue Wednesday that evidence of a desire for martyrdom calls into question the credibility of Moussaoui's confession to being a part of Sept. 11.

The defense closed out its case Tuesday by using two high-ranking al-Qaida operatives to rebut their own client's claim that his plan to attack the White House was part of the Sept. 11 attacks.

The leaders of Osama bin Laden's terrorist group cast doubt on whether Moussaoui was part of Sept. 11, one portraying him as a misfit who refused to follow orders.

Tuesday's proceedings were quite unusual for an American courtroom: Defense attorneys — appointed by the court to represent a client who despises them — tried to undermine the defendant's own bombshell testimony of Monday by using witnesses who were not present or seen in the courtroom, primarily because the government refused to allow captured al-Qaida members to appear for national security reasons.

Testimony from five al-Qaida members was read to the jury as defense attorneys tried to undo damage Moussaoui might have done to his case when he testified against their advice.

One terrorist, identified as Sayf al-Adl, a senior member of al-Qaida's military committee and close aide to bin Laden, stated sometime between Sept. 1, 2001, and late July 2004 that Moussaoui was "a confirmed jihadist but was absolutely not going to take part in the Sept. 11, 2001, mission." The 9/11 Commission reported the U.S. recovered from a safehouse in Pakistan a letter written by al-Adl describing the various candidates considered for the Sept. 11 attacks.

Another top terrorist witness — Waleed bin Attash, known as Khallad — is considered the mastermind of the 2000 suicide attack on the USS Cole and an early planner of the Sept. 11 plot. He said he knew of no part that Moussaoui was to have played in the Sept. 11 attacks. Khallad was captured in April 2003.

Their testimony supports that of another captive, Khalid Shaikh Mohammed, chief organizer of the Sept. 11 attacks. He said in testimony read Monday that Moussaoui had nothing to do with the Sept. 11 plot, but was to have been part of a later wave of attacks.

Most of the testimony of al-Qaida operatives was compiled from statements made during U.S. interrogations. The captives themselves have never spoken to either defense attorneys or prosecutors in this case, because prosecutors prevailed in the 4th U.S. Circuit Court of Appeals over the defense's request to question these witnesses live in court, or at least on videotape.

Also Tuesday, defense attorney Alan Yamamoto read portions of the joint Sept. 11 report by the Senate and House intelligence committees. The panel said that before Sept. 11, the U.S. intelligence community produced 12 reports between 1994 and 2001 "suggesting that terrorists might use airplanes as weapons." Later, the defense played videotape of then-National Security Adviser Condoleezza Rice and other top officials telling the 9/11 Commission they had no inkling al-Qaida had considered using airplanes as missiles.

This combination supported the defense theory that the government knew more beforehand than Moussaoui about Sept. 11 but ignored or bungled leads that might have unraveled the plot. Prosecutors contend Moussaoui's lying to FBI agents upon

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arrest prevented the FBI and the Federal Aviation Administration from identifying the hijackers and keeping them off airplanes on Sept. 11.

—

Associated Press Writer Matthew Barakat contributed to this report.

Defense Tries To Undo Damage Moussaoui Did (NYT)

By Neil A. Lewis

The New York Times, March 29, 2006

ALEXANDRIA, Va., March 28 — Defense lawyers trying to prevent the government from executing Zacarias Moussaoui for the Sept. 11, 2001, attacks ended their case on Tuesday with last-minute efforts to undo the damage he had inflicted on himself with testimony in which he calmly agreed to the charges against him.

The lawyers presented the accounts of senior Qaeda terrorists who gave statements from captivity to deflate Mr. Moussaoui's surprise claim on Monday that he was to have played a major role in the Sept. 11 attacks. The Qaeda officials, whose testimony was recited in court, portrayed Mr. Moussaoui as an unreliable and unstable colleague who was unconnected to the Sept. 11 plot.

"He had dreams about flying a plane into the White House," a South Asian terrorist known as Hambali, captured in 2003, was quoted as saying. Hambali said Mr. Moussaoui was known to be "not right in the head and having a bad character."

Besides the account of Hambali, the defense on Tuesday offered the recollections of Mustafa al-Hawsawi, a financial and travel planner for Al Qaeda who worked closely with the Sept. 11 hijackers; Mohammed al-Qahtani, who is widely believed to be the real missing "20th hijacker"; and a Qaeda operative known as Khallad, whom investigators have linked to the bombing of two American embassies in Africa in 1998 and the attack on the destroyer Cole in Yemen 2000, as well as to the Sept. 11 plot.

Mr. Al-Qahtani is imprisoned at Guantánamo Bay, Cuba; the others are being held in the secret detention system of the Central Intelligence Agency, which is believed to house about two dozen senior Qaeda officials.

All provided statements that Mr. Moussaoui was never meant to be part of the Sept. 11 plot.

Mr. Moussaoui's court-appointed lawyers, who did not want him to testify, put on less than two full days of testimony, far less than did prosecutors. In a brief rebuttal, prosecutors produced evidence that Mr. Moussaoui had offered to testify for them against himself if they would have agreed to see that he spent his time before execution in a more comfortable jail cell.

The suddenly accelerated pace of the trial means that the jury will begin deliberating Wednesday afternoon.

After the jury departed for the day, Judge Leonie M. Brinkema turned away a defense bid to strike the death penalty, saying, "This case changed dramatically with Mr. Moussaoui's testimony Monday."

In his few hours on the witness stand that day, Mr. Moussaoui appeared to undo much of the defense that his lawyers had built since the beginning of the trial, which is solely to determine whether he will be put to death or spend the rest of his life in jail. Mr. Moussaoui not only agreed with prosecutors that he was in Al Qaeda, he also asserted that he knew most of the hijackers and was to have flown a fifth plane on Sept. 11 into the White House.

Prosecutors have argued that Mr. Moussaoui deserves to be executed because when he was arrested on Aug. 16 on immigration violations, he lied to investigators about his knowledge of Qaeda plans to fly planes into buildings. Had Mr. Moussaoui told the truth, the prosecutors have said, the Federal Bureau of Investigation and the Federal Aviation Administration would have taken quick action to thwart the plot.

Defense lawyers have pressed the idea that any information Mr. Moussaoui may have provided would have become part of the sea of unchecked leads in the days before the attacks. In completing their case Tuesday, the lawyers played a videotape for the jury of the testimony of Thomas J. Pickard, the acting F.B.I. director at the time of the attacks, before the commission investigating the attacks.

Mr. Pickard was asked what he would have done if he had known three facts that became apparent to senior officials only after the attacks: that Mr. Moussaoui was an Islamic extremist taking flying lessons; that two identified Qaeda terrorists were probably in the country in August 2001; and that an F.B.I. agent in Phoenix had drafted a memorandum saying that he noticed an

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unusual number of young Middle Eastern men were enrolling in American flight schools and might be planning some hijacking plot.

He replied that given the thousands of terrorism leads the bureau was evaluating in the summer of 2001, "I don't know, with all the information the F.B.I. collects, whether we would have had the ability to hone in specifically on those three items."

In addition to the issue of what the F.B.I. may have done if Mr. Moussaoui had not lied, a major question the jury will have to consider is his real stature in Al Qaeda. Under a complicated federal death penalty law, the jury will first have to consider whether Mr. Moussaoui is responsible for any deaths on Sept. 11. Only if jurors are unanimous in deciding that he was do they move to the next phase in which they consider whether he should be executed.

The Sept. 11 commission did not offer firm conclusions about Mr. Moussaoui's role, speculating that he might have been kept in reserve as a substitute pilot. But the commission noted that Al Qaeda had invested heavily in him, providing more than $30,000 for travel and pilot training.

Eleanor J. Hill, the staff director of the joint Congressional investigation of 9/11, said that the planners told participants little in advance about their respective roles, so it is possible that Mr. Moussaoui did not know what his Qaeda superiors would ultimately have ordered him to do.

Ms. Hill said Mr. Moussaoui's dramatic courtroom statements might well be self-aggrandizing exaggerations or outright inventions.

"He clearly wants the world to know he wants to kill Americans," said Ms. Hill, a Washington lawyer. "Why wouldn't he want to exaggerate and glorify his potential role in an attack he considers a huge success? If he's just a bystander, he doesn't get much of a place in history."

A New Name In 9/11 Plot Surfaces (LAT)

By Josh Meyer

The Los Angeles Times, March 29, 2006

WASHINGTON — Sept. 11 mastermind Khalid Shaikh Mohammed has told interrogators that at least 34 individuals were "participants" in the attacks on New York and the Pentagon, including a mysterious Jordanian who supposedly prepared 10 of the hijackers for their grisly task by training them to butcher camels and sheep with Swiss Army knives.

Mohammed's statements were read aloud in court this week during the sentencing trial of Zacarias Moussaoui, the only person charged in the United States as a co-conspirator in the terrorist attacks.

His disclosures, made public more than four years after the attacks, open a window into the inner workings of the Sept. 11 plot, both in terms of who allegedly participated in it and how it was carried out so successfully.

The government refused to allow Mohammed to testify in person. But questions from the prosecution and defense were put to him during interrogations at undisclosed locations overseas. At least some of the material was made available to members of the independent commission that investigated the Sept. 11 attacks, although the specifics of what the panel was provided were not immediately known.

According to a 58-page summary read in court Monday, Mohammed broke the Sept. 11 participants into six groups, each having a different level of involvement in the plot or prior knowledge of it.

In the top tier were Osama bin Laden, his loyal aide and military commander Mohammed Atef and Mohammed himself, along with his designated liaison to the hijackers, Ramzi Binalshibh, the summary stated.

The only other member of the top tier was Abu Turab al-Urduni — a Jordanian who, according to Mohammed's statement, had "full knowledge" of the plot as trainer of 10 of the "muscle" hijackers; their job was to commandeer the planes, subdue the pilots and keep the passengers at bay.

Abu Turab, as he was referred to in the summary, had years of experience with Al Qaeda and was working at the terrorist network's Al Matar complex in Afghanistan in late 2000 and early 2001 when 10 would-be hijackers were given to him for training, Mohammed's interrogation summary said.

Abu Turab trained the men to hijack a plane, disarm air marshals and put together and use explosives, the summary said. He allegedly showed them how to gain strength through bodybuilding, and taught them basic English words and phrases.

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And at a second Al Qaeda camp, Al Faruq, "Abu Turab also had each hijacker butcher a sheep and camel with a Swiss knife to prepare them for using their knives during the hijackings," the summary stated.

In consultation with Mohammed, the summary said, Abu Turab instructed the "muscle" hijackers to focus on seizing the cockpit first "and then worry about seizing control over the rest of the plane."

As part of his successful effort to maintain operational security, the summary continued, Abu Turab trained the hijackers in making truck bombs, blowing up buildings and hijacking trains so they would not know for sure what their assignment would be once they reached the United States.

The disclosures, if true, are significant in that one of the more senior co-conspirators of the Sept. 11 attacks — Abu Turab — has never been identified publicly until now despite years of investigations, public hearings and commission reports.

Mohammed also named two Al Qaeda officials, whose identities were known, as having played previously undisclosed but lesser roles in the attacks.

One is Ammar al-Baluchi, a nephew of Mohammed who rose to become one of Al Qaeda's top operatives before being captured in Pakistan in May 2003.

Mohammed identified Baluchi as a key travel and financial facilitator for the hijackers, along with Mustafa Ahmed al-Hawsawi, whose role as a United Arab Emirates-based paymaster for the attacks has been acknowledged by U.S. officials since he was captured with Mohammed in raids in Pakistan in March 2003.

The other operative whose role Mohammed detailed was Abd Al-Rahim Ghulam Rabbani, also known as Abu Ramah. Mohammed said Abu Ramah helped several of the hijackers go through Pakistan on their way in and out of Afghanistan.

The interrogation summary also alludes to seven lower-level participants who have not been publicly identified, but it did not include their names.

"They knew that they were involved in a martyrdom operation and that it involved traveling to the U.S., but they never learned the real purpose of the operation until after the 9/11 attacks," the summary said.

Several U.S. authorities said in interviews Tuesday that they viewed at least some of Mohammed's claims with skepticism because he had been proved a calculated expert at providing his interrogators with disinformation to send his pursuers down blind alleys and protect ongoing Al Qaeda plots.

But a U.S. intelligence official familiar with the continuing investigation into Sept. 11 confirmed the basic outlines of Mohammed's claims, particularly about Abu Turab. He said the Jordanian was killed by U.S. forces in Afghanistan in late 2001, around the time Atef was killed by a U.S. airstrike.

That official and others, however, said the true role that Abu Turab, Baluchi and others played in the attacks might never be fully known to U.S. authorities, unless key figures such as Bin Laden and his second in command, Ayman Zawahiri, were captured and could corroborate or deny Mohammed's claims.

"A whole lot of guys boiled to the surface after 9/11" and their roles are still being investigated, said one former federal law enforcement official who has spent years tracking Al Qaeda's leaders.

The current and former U.S. officials interviewed Tuesday all spoke on the condition of anonymity because they were not authorized to discuss such matters.

Judges On Secretive Panel Speak Out On Spy Program (NYT)

By Eric Lichtblau

The New York Times, March 29, 2006

WASHINGTON, March 28 — Five former judges on the nation's most secretive court, including one who resigned in apparent protest over President Bush's domestic eavesdropping, urged Congress on Tuesday to give the court a formal role in overseeing the surveillance program.

In a rare glimpse into the inner workings of the secretive court, known as the Foreign Intelligence Surveillance Court, several former judges who served on the panel also voiced skepticism at a Senate hearing about the president's constitutional authority to order wiretapping on Americans without a court order. They also suggested that the program could imperil criminal prosecutions that grew out of the wiretaps.

Judge Harold A. Baker, a sitting federal judge in Illinois who served on the intelligence court until last year, said the president was bound by the law "like everyone else." If a law like the Foreign Intelligence Surveillance Act is duly enacted by Congress and considered constitutional, Judge Baker said, "the president ignores it at the president's peril."

Judge Baker and three other judges who served on the intelligence court testified at a Senate Judiciary Committee hearing in support of a proposal by Senator Arlen Specter, Republican of Pennsylvania, to give the court formal oversight of the National Security Agency's eavesdropping program. Committee members also heard parts of a letter in support of the proposal from a fifth judge, James Robertson, who left the court last December, days after the eavesdropping program was disclosed.

The intelligence court, created by Congress in 1978, meets in a tightly guarded, windowless office at the Justice Department. The court produces no public findings except for a single tally to Congress each year on the number of warrants it has issued — more than 1,600 in 2004. Even its roster of judges serving seven-year terms was, for a time, considered secret.

But Mr. Bush's decision effectively to bypass the court in permitting eavesdropping without warrants has raised the court's profile. That was underscored by the appearance on Tuesday of the four former FISA judges: Judge Baker; Judge Stanley S. Brotman, who left the panel in 2004; Judge John F. Keenan, who left in 2001; and Judge William H. Stafford Jr., who left in 2003. All four sit on the federal judiciary.

At a hearing lasting more than three hours, the former FISA judges discussed in detail their views on the standards of proof required by the court, its relations with the Justice Department, and the constitutional, balance-of-power issues at the heart of the debate over the N.S.A. program. The agency monitored the international communications of people inside the United States believed to be linked to Al Qaeda.

The public broadcasting of the court's business struck some court watchers as extraordinary. "This is unprecedented," said Magistrate Judge Allan Kornblum, who supervised Justice Department wiretap applications to the court for many years and testified alongside the four former judges.

But the most pointed testimony may have come from a man who was not at the hearing: Judge Robertson.

A sitting federal judge in Washington, Judge Robertson resigned from the intelligence court just days after the N.S.A. program was disclosed.

Colleagues say he resigned in frustration over the fact that none of the court's 11 judges, except for the presiding judge, were briefed on the program or knew of its existence. But Judge Robertson has remained silent, declining all requests for interviews, and his comments entered into The Congressional Record on Tuesday represented his first public remarks on the controversy.

In a March 23 letter in response to a query from Mr. Specter, the judge said he supported Mr. Specter's proposal "to give approval authority over the administration's electronic surveillance program" to the court.

The Bush administration, in its continued defense of the program, maintains that no change in the law is needed because the president has the inherent constitutional authority to order wiretaps without warrants in defense of the country.

Mr. Specter's proposal seeks to give the intelligence court a role in ruling on the legitimacy of the program. A competing proposal by Senator Mike DeWine, Republican of Ohio, would allow the president to authorize wiretaps for 45 days without Congressional oversight or judicial approval.

Judge Robertson made clear that he believed the FISA court should review the surveillance program. "Seeking judicial approval for government activities that implicate constitutional protections is, of course, the American way," he wrote.

But Judge Robertson argued that the court should not conduct a "general review" of the surveillance operation, as Mr. Specter proposed. Instead, he said the court should rule on individual warrant applications for eavesdropping under the program lasting 45 or 90 days.

Acknowledging the need for secrecy surrounding such a program, he said the FISA court was "best situated" for the task. "Its judges are independent, appropriately cleared, experienced in intelligence matters, and have a perfect security record," Judge Robertson said.

He did not weigh in on the ultimate question of whether he considered the N.S.A. program illegal. The judges at the committee hearing avoided that politically charged issue despite persistent questioning from Democrats, even as the judges raised concerns about how the program was put into effect.

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Judge Baker said he felt most comfortable talking about possible changes to strengthen the foreign intelligence law. "Whether something's legal or illegal goes beyond that," he said, "and that's why I'm shying away from answering that."

Judges Back Bill Examining Domestic Spying (AP-Y2)

By Pete Yost

AP2, March 28, 2006

Five federal judges gave a boost Tuesday to legislation that would bring court scrutiny to the Bush administration's domestic spying program.

At a Senate Judiciary Committee hearing chaired by Sen. Arlen Specter (news, bio, voting record), R-Pa., the judges reacted favorably to his proposal that would require the secretive Foreign Intelligence Surveillance Court to conduct regular reviews of the four-year-old program.

The existence of the warrantless surveillance by the National Security Agency was revealed by The New York Times three months ago.

The judges stressed that they were not offering their views on the NSA operation, which they said they knew nothing about.

But they said the Foreign Intelligence Surveillance Court has operated capably for 28 years and is fully able to protect civil liberties and give the administration all the speed and flexibility it needs to execute the war on terror.

The administration contends the president has inherent war powers under the Constitution to order eavesdropping without warrants.

"I am very wary of inherent authority" claimed by presidents, testified U.S. Magistrate Judge Allan Kornblum. "It sounds very much like King George."

Before word of the warrantless surveillance leaked publicly, the Bush administration revealed it to just eight members of Congress and to the presiding judge on the surveillance court.

The hearing Tuesday focused on Specter's bill. A rival approach, drafted by Senate Judiciary Committee member Mike DeWine of Ohio and three other Republicans, would allow the government to conduct warrantless surveillance for up to 45 days before seeking court or congressional approval.

Senate Intelligence Committee Chairman Pat Roberts, R-Kan., expressed interest in handling legislation on the NSA effort. But the Senate Parliamentarian gave Specter jurisdiction over his bill and DeWine's.

Senate Judiciary Committee member Russ Feingold, D-Wis., has urged censure of the president for authorizing the warrantless surveillance.

Under it, the NSA can monitor international calls — when one party is inside the United States — without first getting court approval. The NSA has been conducting the surveillance when calls and e-mails are thought to involve al-Qaida.

The others testifying before Specter's panel were U.S. District Judges Harold Baker of Urbana, Ill.; Stanley Brotman of Camden, N.J.; John Keenan of the southern district of New York City; and William Stafford of Pensacola, Fla.

The careers of all five judges have been steeped in the work of the secret surveillance court.

In an interview about the program with The Associated Press last week, Specter said administration officials want to do "just as they please, for as long as they can get away with it. I think what is going on now without congressional intervention or judicial intervention is just plain wrong."

FISA Judges Say Bush Within Law (WT)

By Brian DeBose

The Washington Times, March 29, 2006

A panel of former Foreign Intelligence Surveillance Court judges yesterday told members of the Senate Judiciary Committee that President Bush did not act illegally when he created by executive order a wiretapping program conducted by the National Security Agency (NSA).

The five judges testifying before the committee said they could not speak specifically to the NSA listening program without being briefed on it, but that a Foreign Intelligence Surveillance Act does not override the president's constitutional authority to spy on suspected international agents under executive order.

"If a court refuses a FISA application and there is not sufficient time for the president to go to the court of review, the president can under executive order act unilaterally, which he is doing now," said Judge Allan Kornblum, magistrate judge of the U.S. District Court for the Northern District of Florida and an author of the 1978 FISA Act. "I think that the president would be remiss exercising his constitutional authority by giving all of that power over to a statute."

The judges, however, said Mr. Bush's choice to ignore established law regarding foreign intelligence gathering was made "at his own peril," because ultimately he will have to answer to Congress and the Supreme Court if the surveillance was found not to be in the best interests of national security.

Judge Kornblum said before the 1978 FISA law, foreign surveillance was done by executive order and the law itself was altered by the orders of Presidents Ford, Carter and Reagan.

It has been three months since President Bush said publicly that the NSA was listening to phone conversations between suspected terrorists abroad and domestically. The actions raised concerns from Congress and civil liberties groups about domestic spying, but the judges said that given new threats from terrorists and new communications technologies, the FISA law should be changed to give the president more latitude.

Sen. Arlen Specter, Pennsylvania Republican and committee chairman, called the hearing to get advice on his bill that would expand FISA to codify less stringent rules on wiretapping of domestic phone conversations with suspected foreign terrorists and include new technologies like the Internet and satellite communications.

Sen. Patrick J. Leahy, Vermont Democrat, said the Congress should pass new legislation to ease existing restrictions under FISA.

"However, we should not rush to give the administration new powers it has not deigned to request, based on concerns it has not articulated," Mr. Leahy said.

The panel of judges unanimously agreed that the law should have been changed before now to deal with new threats from terrorists and new communications technologies, a point made by Sen. Dianne Feinstein, California Democrat.

"It is confusing that if you take something off of a satellite it is legal, but if you take it off of a wiretap it's not," she said. "We need to include new technology."

Friday's Censure Hearing Faces Possible Delay (RC)

By Erin P. Billings

Roll Call, March 29, 2006

Senate Judiciary Chairman Arlen Specter (R-Pa.) on Tuesday left open the possibility that a hearing set for Friday on Sen. Russ Feingold's (D-Wis.) bill to censure President Bush could be delayed, saying there are "a lot of balls in the air."

Specter said he first wanted to talk to Feingold about the substance and direction of the hearing, as well as the White House, which he had asked to participate. The chairman also left open the possibility that the topic of immigration could still be on Judiciary's plate at the week's end — and push off consideration of the censure resolution.

"I want to talk to Sen. Feingold about it," Specter said. "I want to see what witnesses he wants to call, I want to see what the contours of the hearing will be."

Talk of possibly pushing off the hearing was the topic of conversation Tuesday after Specter suggested to the Judiciary Committee earlier in the day that Feingold could not be available Friday and thus the hearing would have to be rescheduled.

But Feingold said "there is no truth to that whatsoever" and he continues to plan on a hearing Friday. He said he is assembling his witnesses, including some constitutional scholars, and was "perplexed" by Specter's suggestion that he wanted to delay consideration of the bill.

"I don't know where he came up with that," Feingold said.

He added that he doesn't know whether Specter — who sent out a notice to hold the hearing last Friday — still wants the committee to meet on the matter. But he said Specter is the chairman and it is up to him to decide when and whether to proceed.

"I'm prepared to do it," Feingold said.

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Feingold's resolution seeks to condemn the president for authorizing an illegal domestic wiretapping program and then misleading the public about its existence. The Wisconsin lawmaker's controversial measure has attracted the support of just two Senators, Democrats Barbara Boxer (Calif.) and Tom Harkin (Iowa).

The censure resolution remains on the Judiciary Committee calendar for Friday. Republican sources also said the Judiciary panel may discuss the bill in executive session on Thursday in advance of the scheduled hearing.

Specter said he remained unsure if the measure would get its day on Friday, but that it remains on the schedule.

"It's on the books," he said.

Mr. President, Meet Your Censurer (MSNBC)

By Tom Curry

MSNBC.com, March 28, 2006

WASHINGTON - As Sen. Russ Feingold urges the Senate to censure President Bush, the alleged misdeed that moved the Wisconsin Democrat to propose censure continues: the Bush administration keeps conducting surveillance of calls by suspected al Qaida operatives to and from people in the U.S.

Feingold had to leave early from Tuesday's Senate Judiciary Committee hearing on how to legalize the National Security Agency surveillance program -- he had an appointment at the White House to meet with the man he wants to censure.

Just back from Iraq, Feingold was part of a group of senators who went to discuss their findings with President Bush.

Would this meeting be awkward?

"No," Feingold said as he hustled down a Senate hallway on his way to the White House. "The president and I and others who've been involved in government for a while know that each issue is different. And we have an obligation to each other and the country to treat each issue differently."

He added, "I appreciate the president's interest in the findings from the trip this weekend. In my mind, it won't be awkward. I respect the president, I respect him personally and I respect his office."

Meanwhile back at the Judiciary Committee, Chairman Sen. Arlen Specter, R-Pa., has scheduled a Friday hearing on the censure proposal.

Specter opposes censure, as does Judiciary Committee Democrat Sen. Joe Biden of Delaware, who said at Tuesday's hearing, with exasperation in his voice, "The idea of censuring the president — we don't know what he did."

The politics of a censure vote

Friday's censure hearing sets up what both Feingold and Senate Majority leader Bill Frist want: a roll call vote on the Senate floor on censuring Bush.

This would force all 100 senators — and especially the potential Democratic presidential hopefuls — Sens. Biden, Evan Bayh, John Kerry and Hillary Clinton — to go in the spotlight and make their choice: either condemn Bush for taking an action which the president argues is necessary to defend the nation from al Qaida attacks — or give Feingold a potential weapon to use against them in the event that he too seeks the Democratic presidential nomination.

A "no" vote on censure would also incur the wrath of Democratic groups such as Moveon.org.

Even as he moves ahead on a censure showdown, Specter is also pressing forward on the bill he has drafted to put the NSA surveillance under the scrutiny of a special court established by the 1978 Foreign Intelligence Surveillance Act (FISA).

Under Specter's proposal, if, after finding out more about the program, the FISA court determined it was constitutional, then it could continue.

"I'm going to bring it up as the priority item when we come back after the Easter break," Specter said.

He said he'd conferred with Attorney General Alberto Gonzales and White House Counsel Harriet Miers on his bill. They see no need for it.

"Their position is that the president has inherent authority (to order the surveillance) and that's that," he said. Gonzales and Miers cite Bush's authority as commander-in-chief under Article II of the Constitution.

"They have an argument under Article II," Specter observed. "They don't really have an argument under the (2001 use of) force resolution."

Constitutional authority in question

Specter's view is that Bush has violated the 1978 FISA law by ordering the surveillance program but he adds, "It may well be that the program is within the president's inherent (constitutional) authority. But it seems to me that determination has to be made in accordance with tradition by a court, by judicial review."

Five federal judges came before Specter's committee Tuesday to lend their expertise. They have experience overseeing spying under the FISA law, which usually regulates surveillance of foreign agents inside the United States.

Each judge said he supported Specter's bill, although some suggested tweaks to it.

Another witness, New York attorney David Kris, who served as one of the top national security lawyers in the Justice Department from 2000 to 2003, told Specter's committee Tuesday: "I see this as a constitutional moment. I see it as a clash between the expressed will of Congress and the actions of the president."

Kris emphasized that he knew nothing about the operations of the NSA program and could only offer general comments based on what has been made public so far. He concurred with Specter that the program violated the FISA law.

While Specter pushes his solution, another option — Congress ending the NSA program by using its fiscal power — is languishing for now.

When Feingold was asked two weeks ago whether he would take action against the NSA program by cutting off funding for it, he replied, "Cutting off funding? How are you going to enforce that? If the president has inherent power, he'll just shift some money around. He'll just keep doing it. That's the problem with this doctrine. If the president isn't going to acknowledge that a law we passed such as FISA binds him, why should the cutting off of funding affect him?"

Hinting at the 2008 election, Feingold said, "An administration that is incompetent, that is dishonest, and doesn't respect the law, basically means that we should have a different kind of administration in the future."

Two weeks ago, Rep. Jay Inslee, D-Wash., was planning to offer an amendment to a military/hurricane Katrina spending bill to cut off funding for any surveillance program that doesn't comply with FISA.

But Inslee decided to wait until the House takes up another bill, the defense appropriations bill, after the April recess.

That, like the vote on Feingold's censure idea, will be a chance for members to go on the record.

Censuring The President: Four In 10 Favor It (RC)

By Karlyn Bowman

Roll Call, March 29, 2006

Should President Bush be censured by the Senate over the issue of warrantless wiretapping? According to one recent poll, the issue breaks along partisan lines, though not rigidly.

In a mid-March PSRA/Newsweek poll, 42 percent of respondents supported the censure of Bush, while 50 percent did not.

Twenty percent of Republicans, 42 percent of independents and 60 percent of Democrats supported censure. When asked about the motivations of the censure movement's primary spokesman, Sen. Russ Feingold (D-Wis.) and other Democrats, 53 percent of respondents said they were supporting censure more for partisan political advantage. Thirty-three percent said they were supporting it because it was right.

As for going a step further to impeachment of the president, 26 percent said they wanted Congress to impeach the president. Five percent of Republicans said so, as did 23 percent of independents and 49 percent of Democrats.

Feeling Proud About the War. Forty-six percent of respondents told CBS/New York Times interviewers that they were proud about what the United States was doing in the war with Iraq. Forty-eight percent said they were not. In September 2005, those responses were 43 percent and 49 percent, respectively.

CBS/New York Times pollsters also reported on the attitudes of "Iraq service families" — that is, cases in which the respondent or someone in his or her immediate family has served in Iraq, a description that fit 17 percent of those surveyed.

Fifty-six percent of this group were proud of U.S. involvement. The families also were more likely than the general population (60 percent versus 51 percent) to believe that the U.S. was likely to succeed there.

Demographically, nearly half of the "Iraq service families" in the poll were from the South (46 percent). One in five was African American. Twenty-six percent were from households earning less than $30,000 a year. Twenty-seven percent came from

households in the $30,000 to $50,000 range, 29 percent from the $50,000 to $100,000 range and 12 percent from $100,000-and-up range.

War Protests. In a March 10-12 Gallup/CNN/USA Today poll, 13 percent of respondents said they had publicly opposed the war by participating in a demonstration or writing a letter to a public official.

A slightly smaller number — 11 percent — said they had publicly supported the war by doing these things.

The Draft. One-quarter of those surveyed in a March 9-12 CBS News/New York Times poll favored reinstating the draft. Thirty-four percent of Republicans and 16 percent of Democrats were in favor.

Twenty percent favored reinstating the draft to provide soldiers for the Iraq conflict (26 percent of Republicans, 12 percent of Democrats).

Americans in Mourning. In a March 10-12 Gallup/CNN/USA Today poll, 17 percent

of those surveyed said they had attended a funeral or memorial service for Americans who died in Iraq.

Foreign Investment. In a March 8-12 Pew poll, 53 percent said that foreign-company investment in the U.S. was good for the U.S. and 36 percent said it was bad. Fifty-four percent of Democrats and 52 percent of Republicans said it was good.

Sixty-four percent said free trade was good for the U.S. and 27 percent said it was bad. Fifty-three percent said foreign investors owning U.S. companies was bad (33 percent said it was good). On outsourcing, 71 percent said it was bad and 20 percent said it was good.

South Dakota's Abortion Ban. In a new Pew poll, 21 percent of respondents said they were following the news about the South Dakota abortion ban very closely. Twenty-six percent weren't following it closely at all. By comparison, 43 percent were closely following news about Iraq, and 41 percent were closely following the Dubai ports deal.

Women (25 percent) were more likely than men (16 percent) to be watching South Dakota's action very closely. According to Pew, both anti-abortion and pro-abortion rights Americans were equally uninterested in the story, though on both sides, those who feel strongly about the issue paid closer attention.

Fifty-eight percent of Pew respondents opposed a national law like South Dakota's, while 34 percent were in favor. Sixty-six percent of moderate-to-liberal Republicans were opposed. Sixty-five percent of conservative Republicans were in favor. Pew found greater intensity in the anti-abortion camp.

March Madness. Twenty-one percent of those surveyed in a March 8-14 Harris poll said they had at some point participated in an office pool for the NCAA basketball tournament. Thirteen percent indicated that they would be participating this year. There was no information on how many bet on George Mason University's Patriots.

Nicest Politicians. In mid-March, Fox News and Opinion Dynamics asked people to forget politics and the way they usually voted and simply pick the nicest person. Twenty-nine percent picked George W. Bush, 23 percent chose Sen. John McCain, 18 percent selected Sen. Hillary Rodham Clinton and 16 percent named Al Gore.

Karlyn Bowman is a resident fellow specializing in public opinion and polls at the American Enterprise Institute.

Democrats In Vermont To Weigh Impeachment (AP-Y2)

By David Gram

AP2, March 29, 2006

Leading Democrats in Vermont plan to decide in April whether to urge state lawmakers to petition for President Bush's impeachment using a little-known provision in the rules of the U.S. House.

Democratic committees in at least half of the state's 14 counties have passed resolutions calling for impeachment, citing a rule in "Jefferson's Manual," a book of parliamentary guidelines written by Thomas Jefferson that supplements U.S. House rules.

The anti-Bush movement is "genuinely bubbling up from the grass roots," said Jon Copans, the state party's executive director.

The state Democratic committee is scheduled to decide the issue in a special meeting April 8.

The resolutions accuse the Bush administration of lying about the case for war in Iraq and illegally engaging in electronic surveillance of Americans.

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They rely on "Jefferson's Manual," which says impeachment proceedings can begin "by charges transmitted from the legislature of a state."

Democratic House Speaker Gaye Symington said lawmakers should stay focused on state issues and suggested Bush critics work to elect a different Congress in November "that could investigate the actions of the president and change the direction of the country."

James Barnett, chairman of the Vermont Republican Party, said presidents should not be impeached "because we disagree with them," adding that evidence for impeachment was drawn from "left-wing blogs and conspiracy theories."

A message seeking comment from the White House press office was not immediately returned.

High Court Scrutinizes Military Tribunals Plan For Detainees Justices Challenge Notion That Law Voided Their Jurisdiction (USAT)

By Joan Biskupic

USA Today, March 29, 2006

WASHINGTON — Supreme Court justices on Tuesday vigorously questioned President Bush's attempt to hold military trials for foreign terrorism suspects, as well as the administration's effort to keep federal judges from hearing claims from detainees held at Guantanamo Bay, Cuba.

During a sometimes-heated, 90-minute session of arguments, most of the justices also made clear that they believe the judicial branch has a key role in reviewing Bush's legal strategies against terrorism, including the plan to hold military tribunals.

That sentiment led to some tense moments, as U.S. Solicitor General Paul Clement argued that the Detainee Treatment Act passed by Congress in December had stripped the high court of any power to hear claims from detainees at Guantanamo. Tuesday's case was brought by Salim Ahmed Hamdan, a Yemeni and former driver for Osama bin Laden.

Hamdan is challenging the administration's plan to hold tribunals at Guantanamo.

“It is an extraordinary act,” Justice Ruth Bader Ginsburg said, “to withdraw jurisdiction from this court in a pending case.”

The dispute over military tribunals marks the first time since 2004 that the court is weighing a challenge to the administration's legal strategy stemming from America's response to the Sept. 11 terrorist attacks. Two years ago, the court's majority rebuffed Bush's efforts to suppress detainees' legal challenges and said, in the words of then-justice Sandra Day O'Connor, that “a state of war is not a blank check for the president.”

On Tuesday, five of the eight justices who heard the case seemed to embrace that idea. Ginsburg, along with Justices John Paul Stevens, Anthony Kennedy, David Souter and Stephen Breyer, expressed concern about the Pentagon-controlled trial planned for Hamdan, who is accused of conspiring with al-Qaeda to carry out attacks. Those justices — the court's four liberal members plus Kennedy, who is at the court's ideological center — also took aim at the idea that the December law snatched jurisdiction in the case from the court.

The five justices questioned whether Hamdan could be charged with conspiracy, rather than an offense tied to a violation of the laws of war. They also wondered whether the tribunal system might wrongly shun procedural safeguards for defendants, such as letting them attend all hearings and see all evidence against them.

Chief Justice John Roberts, who succeeded William Rehnquist in September, did not participate because he ruled against Hamdan as a lower-court judge. Samuel Alito succeeded O'Connor in January. His questions seemed to favor the administration.

Justice Antonin Scalia seemed especially open to Clement's position that the president had the power to determine tribunal rules. Justice Clarence Thomas asked no questions.

Hamdan is one of 10 detainees at Guantanamo scheduled for a military tribunal. An additional 180 of the 490 detainees have been trying to challenge the constitutionality of their imprisonment in U.S. courts.

Souter asked Clement why Congress was not clearer on whether all claims from Guantanamo detainees were off limits for federal judges. Speaking loudly with unusual anger, Souter said it would have been “stupendously significant” for Congress to remove the court's power to hear a claim of wrongful imprisonment.

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Hamdan's attorney, Georgetown University law professor Neal Katyal, argued that the president may not order military tribunals without a specific act of Congress.

Justices Hint That They'll Rule On Challenge Filed By Detainee (NYT)

By Linda Greenhouse

The New York Times, March 29, 2006

WASHINGTON, March 28 — As the justices of the Supreme Court took their seats Tuesday morning to hear Osama bin Laden's former driver challenge the Bush administration's plan to try him before a military commission, one question — perhaps the most important one — was how protective the justices would be of their jurisdiction to decide the case.

The answer emerged gradually, but by the end of the tightly packed 90-minute argument, it was fairly clear: highly protective.

At least five justices — Stephen G. Breyer, Ruth Bader Ginsburg, Anthony M. Kennedy, David H. Souter and John Paul Stevens — appeared ready to reject the administration's argument that the Detainee Treatment Act, passed and signed into law after the court accepted the case in November, had stripped the court of jurisdiction.

It was less certain by the end of the argument how the court would then go on to resolve the merits of the case, a multipronged attack on the validity of the military commissions themselves and on their procedures. Lawyers for the former driver, a Yemeni named Salim Ahmed Hamdan who is charged with conspiracy, also argue that he cannot properly be tried before any military commission for that crime because conspiracy is not recognized as a war crime.

Solicitor General Paul D. Clement was on the defensive throughout his argument. His stolid refusal to concede that any of the government's positions, on the jurisdictional as well as ultimate questions of the case, might present even theoretical problems provoked the normally soft-spoken Justice Souter into an outburst of anger.

What appeared to trouble Justice Souter most was Mr. Clement's discussion with Justice Stevens about whether Congress's removal of the federal courts' jurisdiction to hear habeas corpus petitions from detainees at the naval base at Guantánamo Bay, Cuba, amounted to "suspending" the writ of habeas corpus.

Suspending habeas corpus is an action, limited by the Constitution to "cases of rebellion or invasion," that Congress has taken only four times in the country's history. Habeas corpus is the means by which prisoners can go to court to challenge the lawfulness of their confinement, and its suspension is historically regarded as a serious, if not drastic, step.

Mr. Clement's position was that Congress had not in fact suspended habeas corpus, but that it might constitutionally have done so given "the exigencies of 9/11." Addressing Justice Stevens, the solicitor general said, "My view would be that if Congress sort of stumbles upon a suspension of the writ, that the preconditions are satisfied, that would still be constitutionally valid."

Justice Souter interrupted. "Isn't there a pretty good argument that suspension of the writ of habeas corpus is just about the most stupendously significant act that the Congress of the United States can take," he asked, "and therefore we ought to be at least a little slow to accept your argument that it can be done from pure inadvertence?"

When Mr. Clement began to answer, Justice Souter persisted: "You are leaving us with the position of the United States that the Congress may validly suspend it inadvertently. Is that really your position?"

The solicitor general replied, "I think at least if you're talking about the extension of the writ to enemy combatants held outside the territory of the United States —— "

"Now wait a minute!" Justice Souter interrupted, waving a finger. "The writ is the writ. There are not two writs of habeas corpus, for some cases and for other cases. The rights that may be asserted, the rights that may be vindicated, will vary with the circumstances, but jurisdiction over habeas corpus is jurisdiction over habeas corpus."

Justice Breyer, in his questioning of Mr. Clement, practically begged the solicitor general to endorse an alternative approach that would allow the court to avoid "the most terribly difficult and important constitutional question of whether Congress can constitutionally deprive this court of jurisdiction in habeas corpus cases."

The alternative at hand was the one offered by Mr. Hamdan's lawyer, Neal Katyal, a law professor at Georgetown University. That was to interpret the Detainee Treatment Act as applying only prospectively, stripping federal courts of hearing future cases brought by the detainees but allowing the Supreme Court to continue with at least this one.

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The argument was a textual one, based on a slight change in wording from the measure originally proposed by Senator Lindsey Graham, Republican of South Carolina, to the version the Senate eventually passed after Senator Carl Levin, Democrat of Michigan, and others raised objections to taking the Hamdan case away from the Supreme Court.

Mr. Graham, who filed a brief in this case, and the administration maintain that the change was immaterial. But the justices appeared ready to embrace the ambiguity if it would allow them to retain jurisdiction and proceed with the case.

Only eight justices will vote in the case, Hamdan v. Rumsfeld, No. 05-184. Chief Justice John G. Roberts Jr. is not sitting, because he was a member of the three-judge panel of the federal appeals court here that rejected Mr. Hamdan's challenge to the military commissions in a decision last July.

Of the other members of the court, Justice Antonin Scalia appeared most supportive of the administration. He intervened several times to offer Mr. Clement a helping hand, something the solicitor general rarely needs but accepted gratefully.

For example, Justice Kennedy was questioning Mr. Clement on the government's position that even if the court had jurisdiction, it should abstain from ruling on the validity of the military commission until after Mr. Hamdan's trial.

Justice Kennedy said he found the argument troubling, pointing out that Mr. Hamdan was arguing that because the commissions lacked the procedures required by the Geneva Conventions, they were invalid. "The historic office of habeas corpus is to test whether or not you're being tried by a lawful tribunal," Justice Kennedy said. "And he says, under the Geneva Convention, as you know, that it isn't."

Mr. Clement replied that Mr. Hamdan could raise that argument later, before the military commission itself. He predicted that the argument would fail and said that in any event, there was no reason "why that claim has to be brought at this stage."

Justice Scalia then jumped in to support the solicitor general. "In the normal criminal suit," he said, "even if you claim that the forum is not properly constituted, that claim is not adjudicated immediately."

Along with Justice Scalia, Justice Samuel A. Alito Jr. also appeared to support the argument that the court should allow the trial to go forward. Justice Clarence Thomas alone asked no questions.

Mr. Clement argued that the detainee law would allow a detainee to argue in federal court, after a conviction by a military commission, that the commission's procedures were illegal or unconstitutional.

Justice Ginsburg then asked him to "straighten me out." She said, "I thought it was the government's position that these enemy combatants do not have any rights under the Constitution and laws of the United States."

"That is true, Justice Ginsburg," the solicitor general answered.

Mr. Hamdan's lawyer, Mr. Katyal, appeared to get traction with his argument that conspiracy, with which Mr. Hamdan and nine other detainees awaiting military commissions have been charged, is not an appropriate crime for a trial before a military commission. If a majority agrees, this might provide a narrow way of resolving the case.

In many respects, the argument marked a resumption of the encounter between the court and the Bush administration two years ago, in cases that led to the court's rejection of the administration's claim to broad authority to proceed without judicial oversight. The administration was once again seeking "fundamentally open-ended authority," the "blank check" the court had rejected then, Mr. Katyal said.

Case Tests Power Of Judiciary, President (WP)

By Charles Lane

The Washington Post, March 29, 2006

A long-awaited test of the judiciary's power during wartime came to the Supreme Court yesterday, and, contrary to the urgings of the Bush administration, the justices did not seem inclined to duck it.

During a 90-minute oral argument on the legality of the military commissions President Bush has set up to try terrorism suspects, most members of the court resisted -- sometimes sharply -- the administration's request to dismiss the case because of a new federal law circumscribing appeals by terrorism suspects.

A key comment came from Justice Anthony M. Kennedy, the closely divided court's moderate-conservative swing voter. He told Solicitor General Paul D. Clement that he has "trouble with the argument" that, because of the new law, court challenges to the commissions must wait until the trials are over.

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"I had thought that the historic function of habeas corpus is to . . . test the jurisdiction and legitimacy of a court," Kennedy said. Habeas corpus is the legal vehicle through which prisoners challenge the lawfulness of their detention by the executive branch.

The court's defense of its turf does not bode well for the Bush administration's broader arguments in defense of the military commissions, but it remained unclear how the justices might ultimately rule on the merits of the case.

Kennedy pitched one approach, under which the court might uphold the military commissions, as the administration wants, but require that they proceed in accordance with the Geneva Conventions -- international treaties that protect war detainees -- as its opponents urge. Then, he suggested, the court could "just remand it for [a lower court] to go into all these arguments."

Other members of the court seemed attracted to invoking the Geneva Conventions, saying that the administration's position creates a double standard because it accuses alleged terrorists of violating the laws of war while denying them the protections of international law.

"I don't see how you can have it both ways," Justice David H. Souter told Clement.

Chief Justice John G. Roberts Jr. is not participating in the case because, as an appeals court judge, he was part of the panel whose ruling in favor of the commissions is now under review at the Supreme Court. If the remaining eight members of the court split 4 to 4 on the merits, the lower court's ruling would be affirmed.

In a Nov. 13, 2001, military order, Bush declared that military commissions will try foreign terrorism suspects for alleged war crimes, and sentence them to penalties including death.

The commissions immediately came under fire from civil libertarians and other critics who argued that the president's order was not properly authorized by Congress, violates the rights of prisoners under the Geneva Conventions, and provides for no effective appeals to the courts.

The case before the Supreme Court yesterday, Hamdan v. Rumsfeld , No. 05-184, arose from a petition for habeas corpus brought by Salim Ahmed Hamdan, a former chauffeur of Osama bin Laden who is represented by Georgetown University law professor Neal K. Katyal. Hamdan is one of 10 detainees from the U.S. prison at Guantanamo Bay, Cuba, slated to face military trials so far. No commission has yet reached a judgment in a case.

The Bush administration argued that military commissions are a time-honored instrument of warfare, amply authorized by the president's constitutional powers as commander in chief, by laws on military justice and by a Sept. 14, 2001, congressional resolution sanctioning war in response to the al-Qaeda attacks three days earlier.

Clement's goal yesterday, though, was to persuade the court to avoid those issues -- some of the most momentous war-powers questions to reach the court since World War II -- by simply bowing out of the case.

The Detainee Treatment Act, a measure passed by Congress and signed by Bush after the court had agreed to hear Hamdan's case, creates sufficient due process for Hamdan and others, including the opportunity to appeal after their trials, Clement argued. Meanwhile, he said, it rules out habeas corpus petitions, so "the courts no longer have jurisdiction over this case."

But that contention immediately landed him in trouble with several justices, who found the terms of the act, a bipartisan compromise engineered with administration support, too vague to warrant cutting back what they regard as a vital judicial check on unlawful executive detentions.

Justice Ruth Bader Ginsburg noted that it would be "an extraordinary act, I think, to withdraw jurisdiction over a pending case."

Souter was even more indignant, admonishing Clement that "given the significance of suspending the writ of habeas corpus, should we not have a pretty clear statement requirement?"

Clement replied that "just because Congress could have been clearer doesn't mean the government loses here."

Inevitably, perhaps, the court debate over executive authority indirectly reflected the recent controversies over Bush's conduct of the wars in Iraq and Afghanistan.

Justice Stephen G. Breyer spoke in strong terms about detainees at Guantanamo Bay who are "claiming -- some -- that they were tortured," and of the prospect that the president would use a commission to "pick up an alien and not have any trial at all except for that special commission."

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A decision in the case is expected by July.

Justices Hear Challenge To Plan For Guantanamo-Prisoner Trials (WSJ)

By Jess Bravin

The Wall Street Journal, March 29, 2006

WASHINGTON -- A government lawyer told the Supreme Court that prisoners held at Guantanamo Bay, Cuba, have no rights under the Constitution or federal law, as the justices heard a challenge to President Bush's plan for putting foreign detainees on trial before secretive military courts at the naval base.

The claim drew heavy questioning from a majority of the justices hearing the case, suggesting the military commissions could run afoul of the Supreme Court. In a separate Guantanamo case two years ago, the justices rejected administration claims that prisoners had no right to challenge their detentions, writing that a "state of war is not a blank check for the president." Solicitor General Paul Clement said the justices shouldn't even be hearing the case, citing recent legislation providing Guantanamo prisoners limited access to federal courts when contesting their detention.

Justice Samuel Alito, President Bush's most recent appointee to the court, and Justice Antonin Scalia both hinted that they agreed that if the prisoners have rights of appeal, their cases should be heard only following conviction by the Guantanamo courts. Under an order by President Bush, the commissions needn't afford defendants rights required in civilian courts and courts martial, such as attending all of one's trial and seeing all the evidence introduced by prosecutors.

When Mr. Clement asserted the president's inherent power to create the commissions under the "law of war," Justice David Souter questioned why the administration had declared that the 1949 Geneva Conventions, the bedrock treaty governing armed conflicts, didn't apply to the Guantanamo prisoners. "For purposes of determining the domestic authority to set up a commission, you say the president is operating under the laws of war recognized by Congress," Justice Souter said. But when it comes to prisoners' rights, "you're saying the laws of war don't apply. And I don't see how you can have it both ways."

Justice John Paul Stevens joined that view, questioning why the 10 Guantanamo prisoners set for trial have been charged with conspiracy -- a crime lawyer Neal Katyal, representing a Guantanamo prisoner challenging the commissions, said had been disallowed by war-crimes tribunals since World War II because it was too vague. Mr. Clement said the charge remained valid but even if it wasn't, the president could make it so "as a matter of pure constitutional power."

Tribunal Said To Violate Geneva (WT)

By Guy Taylor

The Washington Times, March 29, 2006

The attorney for Osama bin Laden's former driver yesterday told the Supreme Court the Bush administration never was given permission to create a special war crimes tribunal to try suspected terrorists at Guantanamo Bay.

Neal K. Katyal, a Georgetown University Law School professor representing Salim Ahmed Hamdan, said the tribunal is "literally unburdened by the laws, Constitution and treaties of the United States."

"This is an ad-hoc trial in which the procedures are all defined by the president," he said, arguing that Congress never gave President Bush authority to create the tribunal, and that its existence violates Geneva Convention rights of war prisoners.

Solicitor General Paul D. Clement dismissed those assertions, saying that in creating the tribunal Mr. Bush used "an authority that has essentially been invoked by every president in every war throughout the country's history."

The administration says al Qaeda is not a traditional army and that men like Hamdan are not POWs, but "enemy combatants," and thus not protected by the Geneva Convention.

"I don't think the Geneva Convention applies," said Mr. Clement, who argued the tribunal was bolstered by Congress' passage of the Detainee Treatment Act of 2005.

Hamdan, a 34-year-old native of Yemen, is one of 10 Guantanamo inmates charged with war crimes in the tribunal, and one of dozens who have filed petitions in U.S. federal courts challenging their detention at the naval base.

Justice Samuel A. Alito Jr. said it seemed unusual for the Supreme Court to be weighing what sounded like an appeal to the conspiracy to commit war crimes, murder and terrorism charge before the case had fully played out in the tribunal.

"In criminal litigation, review after litigation is the general rule," he said.

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Justice Stephen G. Breyer questioned the administration's authority to create the tribunal, asking what would stop the president from holding special trials in the future in any place he chose, such as "Toledo, Ohio," rather than exclusively at Guantanamo.

The tribunal is free of constraints that define trials in federal courts. A panel of military officers preside over each case, and military prosecutors are allowed to use classified evidence concealed from the detainees. Human rights groups say the design unfairly stacks the deck against defendants.

Months before the tribunal opened in November 2004, the Supreme Court ruled that U.S. federal courts have legal authority to preside over challenges brought by the some 500 foreign nationals held at Guantanamo.

Mr. Katyal used the ruling to file a petition on Hamdan's behalf in U.S. District Court for the District of Columbia. The court ruled in favor of Hamdan, prompting the Pentagon to briefly halt all tribunal activity at Guantanamo. A federal appeals court then reversed the ruling and Hamdan petitioned the high court to review.

New Chief Justice John G. Roberts Jr. recused himself because as a federal appeals judge he ruled in favor of allowing the tribunal last year.

Supreme Court Hears Challenge To Military Tribunals (KRT)

By Carol Rosenberg

Knight Ridder, March 28, 2006

WASHINGTON - In a key test of President Bush's war powers, the Supreme Court grappled Tuesday with whether the Pentagon's plan to try Osama bin Laden's ex-driver before a special military commission violates international law and the U.S. Constitution.

Neal Katyal, the attorney for Salim Hamdan, argued that the Pentagon had concocted a charge - conspiracy - that isn't a war crime, had failed to grant Hamdan certain Geneva Conventions rights, such as prisoner-of-war status, and fell short of standards that Congress has set for how the United States must conduct either military or civilian justice.

"This is a military commission that is literally unbounded by the laws, Constitution and treaties of the United States," he told the court.

Solicitor General Paul Clement argued that Congress had given the president the power to craft the commission when it authorized the use of force after the Sept. 11, 2001, terrorist attacks. He called such commissions "part and parcel of the (presidential) war power for 200 years."

Chief Justice John G. Roberts' seat was vacant for the sharp, 90-minute round of questioning and arguments; as an appeals court judge, Roberts had sided with the White House on the issue. His absence creates the possibility of a 4-4 deadlock when the court decides this summer whether to let Hamdan's war-crimes trial go forward, in which case the appeals court ruling would stand.

Hamdan is one of 10 captives at the U.S. naval base at Guantanamo Bay, Cuba, who face trial by military commission. Pentagon officials have said 75 at most of the nearly 500 suspected terrorists at Guantanamo might be tried before the panels, which are composed of military officers whose identities are being kept secret.

Several justices, notably freshman Samuel Alito, asked why the Pentagon shouldn't proceed with its trials, and perhaps amend its conspiracy charge, then let civilian courts consider the case if Hamdan is convicted, as at a typical U.S. criminal trial.

"The commission is operating in totally uncharted waters; it's charging a violation in a stateless, territorial-less conflict, something which the full laws of war have never applied," replied Katyal, a Georgetown University Law Center professor who was a clerk for Justice Stephen Breyer a decade ago.

Uniformed American military officers were scattered throughout the gallery, among them lawyers from all four services - Marines, Air Force, Army and Navy - who in effect mutinied against their commander in chief by alleging that Bush's commissions strip foreign captives of fundamental rights.

"If you believe that these are full and fair trials, you believe that the Bill of Rights is irrelevant," Hamdan's Pentagon-appointed defense attorney, Navy Lt. Cmdr. Charles Swift, declared on the front steps of the marble-columned courthouse.

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Retired military officers, civil liberties lawyers, former diplomats and international law experts all filed briefs on behalf of the 36-year-old Yemeni with a fourth-grade education, arguing that the Bush administration went too far by creating a commission outside an explicit framework set out by Congress and ignoring many of the protections of U.S. military justice, which has a provision for tribunals.

The justices seemed especially intrigued with the nature of the crime alleged, conspiring with al-Qaida. At least four justices asked questions related to the charge.

Katyal called the conspiracy charge so broad and unfocused that "a little old lady in Switzerland who donates money to al-Qaida, and that turns out to be a front for terrorist acts ... might be swept up within this broad definition. That's why international law has so rejected the concept of conspiracy."

Clement argued that the court shouldn't even be considering the case because Bush had signed a law Dec. 30 that effectively stripped Guantanamo captives of pre-commission habeas corpus challenge.

Some justices focused on whether Congress intentionally or inadvertently suspended the Writ of Habeas Corpus for captives in Cuba; Clement argued that Congress' intent was irrelevant, an argument that seemed to find favor from Justice Antonin Scalia, for whom Clement once clerked.

Hamdan claims through his lawyers that he never joined al-Qaida, wasn't a warrior and was merely a civilian driver who earned $200 a month driving a pickup from bin Laden's private farm. His lawyer said Afghan militiamen captured him along the Afghan border in 2001, after he evacuated his pregnant wife and 2-year-old daughter to Pakistan, and turned him over to U.S. troops who sent him to Guantanamo.

Breyer asked what would stop the president from "picking up an alien" and holding the same type of trial in Toledo, Ohio.

Justice Anthony Kennedy questioned whether Hamdan wasn't "uniquely vulnerable," and therefore not entitled to certain prisoner-of-war considerations under the Geneva Conventions.

"I don't think he's protected by the Geneva Conventions, but that's largely because he chose not to comply with the basic laws of war," Clement said. "Nobody has a claim here that they were part of the uniformed al-Qaida division that complied with all of the laws of war such that they are entitled to POW status."

Supreme Court Debates Plans For Military Trial For Osama Bin Laden Driver (FINDLAW/AP)

By Gina Holland, Associated Press Writer

AP, March 29, 2006

(AP) - WASHINGTON-The Supreme Court sharply questioned plans for military trials for foreigners held at Guantanamo Bay, in a historic argument Tuesday over President George W. Bush's wartime powers.

Several justices seemed deeply concerned that the government had gone too far in its plans to hold a special trial for Osama bin Laden's former driver on a conspiracy charge.

Some were downright indignant over the Bush administration's claim that a new federal law bars the high court from ruling in the case of Salim Ahmed Hamdan.

Hamdan's lawyer, Neal Katyal, said that the president "has the keys to the federal courthouse" under the law.

Without Chief Justice John Roberts, a conservative Bush nominated last year, the argument seemed lopsided against the government. Roberts voted in the case on a lower court and had to withdraw. Justices Antonin Scalia and Samuel Alito hinted their support for the administration.

Justice Anthony M. Kennedy questioned Solicitor General Paul Clement about the legal safeguards for the trials. Justice Stephen Breyer also asked what would stop the president from holding the same type of trial in Toledo, Ohio, not just at the military prison in Guantanamo Bay, Cuba.

Hamdan claims the military commissions established by the Pentagon on Bush's orders are flawed because they violate basic military justice protections.

"This is a military commission that is literally unburdened by the laws, Constitution and treaties of the United States," Katyal told justices.

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Scalia rebuffed a recusal request by five retired generals who support Hamdan's arguments. In a letter to the court, the generals had asked Scalia to withdraw from participating in the case because of remarks he made in a recent speech in Switzerland about "enemy combatants." Speaking at the University of Freiberg in Switzerland on March 8, Scalia said foreigners waging war against the United States have no rights under the Constitution.

Alito, the newest justice, suggested the court should wait until Hamdan's trial is over to allow him to question whether charging him with conspiracy violates the laws of war, as Katyal contends.

But Katyal brushed aside the contention. "The government has had four years to get their charges together on Mr. Hamdan," he said.

Hamdan, a Yemeni who was captured in Afghanistan in November 2001, is charged with conspiracy to commit war crimes, murder and terrorism. He claims he is an innocent father of two young daughters and worked as a driver for bin Laden in Afghanistan only to eke out a living for his family.

The Bush administration says he is a trained terrorist who should be tried for war crimes before a special military commission, the first such trial since the aftermath of World War II.

Roberts left the bench before arguments began and won't be involved in the decision.

Hamdan is among about 490 foreigners being held as "enemy combatants" at the military prison in Guantanamo Bay. Ten of the men, including Hamdan, have been charged with crimes.

Justices ruled two years ago that the government could detain enemy combatants but not shut off their access to U.S. courts.

In this follow-up case, justices are considering the government's plans for trials before a panel of military officers.

Hamdan's trial was halted last fall when a federal judge ruled that he could not be tried by a U.S. military commission unless a "competent tribunal" determined first that he was not a prisoner of war under the 1949 Geneva Convention.

Roberts was on a three-judge panel of the U.S. Court of Appeals for the District of Columbia Circuit that said the trial could resume, and Hamdan's attorneys appealed to the Supreme Court.

The court could dodge a major ruling in the case, on grounds that the new law stripped the justices' authority to consider it. The law passed late last year bars Guantanamo prisoners from filing petitions to fight their detentions, and the administration claims this law retroactively voided hundreds of lawsuits.

On the Net:

Supreme Court: http://www.supremecourtus.gov/

Military tribunals: http://www.defenselink.mil/news/commissions.html

Military Tribunal Case Comes Before Skeptical Supreme Court (LAW)

By Tony Mauro, Legal Times

Legal Times, March 29, 2006

The Bush administration ran into skepticism from the Supreme Court on Tuesday as justices heard debate over a landmark war powers dispute testing the legal rights of enemy combatants held at Guantanamo Bay, Cuba.

At issue were military tribunals set up by the White House to try suspected terrorists, including Salim Hamdan, said to be the driver for Osama bin Laden, in the wake of the Sept. 11, 2001 attacks. Opponents claim the tribunals are an unlawful exercise of executive branch authority.

Justices seemed especially concerned about a law passed by Congress last year that the administration argues strips the high court of jurisdiction over habeas petitions filed by Guantanamo Bay detainees. The law created a limited appeals process for detainees that, the government says, excludes the Supreme Court -- even in pending cases like Hamdan's, argued Tuesday.

Justice Anthony Kennedy, likely the swing vote in the case Hamdan v. Rumsfeld, offered probing questions for both sides but seemed unwilling to accept that habeas petitions could be foreclosed by passage of the law, known as the Detainee Treatment Act.

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"The historical function of habeas is to test the legitimacy" of the process that resulted in a prisoner's detention, Kennedy said, challenging Solicitor General Paul Clement. Justice David Souter also appeared irritated with Clement, suggesting that Congress, in passing the Detainee Treatment Act, had effectively suspended the writ of habeas corpus without saying so explicitly. "The writ is the writ," said Souter, with anger in his voice.

Justice Samuel Alito Jr. seemed more sympathetic toward Clement, suggesting in his questions that he thinks it is premature to rule on Hamdan's case until Hamdan is actually tried under the military commission procedures he is challenging.

Hamdan was captured by bounty hunters in Afghanistan in November 2001 and transferred to Guantánamo in June 2002. Thirteen months later, Hamdan was declared eligible to be tried by a military commission created by an order of President George W. Bush in November 2001. The commissions, which exist separately from courts-martial, operate under rules that allow the defendant to be excluded from trial and impose other limits on protections for defendants. Guilty verdicts and sentences are reviewable only by the president.

Hamdan filed a habeas petition in 2004, challenging the commissions as a violation of the Geneva Conventions and asking instead that he be treated as a prisoner of war and tried by a military court-martial.

Judge James Robertson of the U.S. District Court for the District of Columbia ruled for Hamdan. But a panel of the U.S. Court of Appeals for the D.C. Circuit reversed, ruling that the military commissions were authorized by the Uniform Code of Military Justice and by the congressional authorization of military force that was passed after the Sept. 11 attacks. The panel included then-Judge John Roberts Jr., who, now that he is chief justice, has decided to recuse himself in the case.

After the Supreme Court agreed to review the Hamdan case, the dispute took an unusual turn when Congress passed the Detainee Treatment Act. The Bush administration then filed a motion seeking dismissal of Hamdan's case, arguing that the new law applied to his and other pending cases. But lawyers for Hamdan argued that the law is prospective only. The high court added a half-hour to scheduled oral argument time to deal with the threshold jurisdiction issue raised by the law.

As the unusual 90-minute arguments began, Roberts stood up and left as expected, signaling his recusal. Justice Antonin Scalia also stood up, briefly causing a stir because it appeared he too might be recusing. Retired generals who filed a brief on Hamdan's side had requested Scalia's recusal on Monday because of comments he made in Switzerland on March 8 that seemed to signal his views on the legal rights of detainees.

But Scalia soon sat down and participated fully in the case. At times, Scalia appeared to take over Clement's argument, answering points made by Kennedy, Souter, and Justice Stephen Breyer.

"There were moments when Clement seemed to be a bystander," said Deborah Pearlstein of Human Rights First, which filed briefs in support of Hamdan. "Clement had a really tough day." Pearlstein predicted at least five votes against the government on the jurisdictional issue raised by the Detainee Treatment Act.

If Scalia and Alito line up on the government's side and they are joined only by usual ally Justice Clarence Thomas, that would mean a loss for the administration. Souter, Breyer, and Justice Ruth Bader Ginsburg seemed to be safe votes against the government position, and both Kennedy and Justice John Paul Stevens appeared mostly skeptical of Clement's arguments.

Clement cast the military commission process as nothing new, citing a long history going back to George Washington. "Congress has repeatedly recognized and sanctioned that authority," he said. As is customary for Clement, he spoke with no notes in front of him.

But Clement's invocation of presidential power and congressional approval did not seem to quiet the concerns of justices. Nor did he seem to convince the Court when he argued that the Detainee Treatment Act could validly eliminate Court jurisdiction even for pending cases like Hamdan's. "Just because Congress wasn't clear," Clement said, "doesn't mean the government loses here."

Breyer said accepting Clement's argument would draw the Court into the "horrifically difficult" position of ratifying the elimination of its own jurisdiction.

Hamdan's lead lawyer, Neal Katyal, a professor at Georgetown University Law Center, had planted the seeds of doubt earlier with a forceful presentation that outlined the ways in which the military commissions Bush established in the aftermath of Sept. 11 violated the Geneva Conventions, the laws of war, and the Uniform Code of Military Justice.

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The president, Katyal said, was arguing for a parallel system of justice for the detainees "unburdened by laws, treaties, or the Constitution." To ratify the commissions, he added, would be "a blank check for years on end."

The Detainee Treatment Act, Katyal also said, does not amount to an endorsement of Bush's military commissions. "Approval by inference has never been sufficient," he said, in cases involving "the most awesome powers of government."

Record Shows Senators' 'Debate' That Wasn't (WP)

By Dan Eggen

The Washington Post, March 29, 2006

According to the official Congressional Record of Dec. 21, 2005, Sens. Lindsey O. Graham (R-S.C.) and Jon Kyl (R-Ariz.) held a long conversation on the Senate floor about an amendment bearing Graham's name that restricts the legal rights of detainees in the military prison at Guantanamo Bay, Cuba.

"I agree entirely," Graham responds to Kyl at one point. "I have just been handed a memorandum on this subject," Kyl says later. Another Republican senator, Sam Brownback of Kansas, interrupts the two with his own commentary.

But those exchanges never occurred. Instead, the debate -- which runs 15 pages and brims with conversational flourishes -- was inserted into the Congressional Record minutes before the Senate gave final approval to the legislation.

In legal briefs to the Supreme Court, which took up the issue yesterday, the Justice Department cites the material as evidence that Congress intended the Detainee Treatment Act to retroactively invalidate pending legal challenges by hundreds of detainees held at Guantanamo Bay. Graham and Kyl submitted a friend-of-the-court brief asserting the same thing.

Some Democrats, including Sen. Carl M. Levin (Mich.), whose name is also on the amendment to the law, have argued otherwise. They contend that the law was written to allow cases filed before its enactment to go forward.

The inserted floor debate, known in Senate parlance as a "colloquy," has since become an intriguing side issue in the case of Salim Ahmed Hamdan, Osama bin Laden's former driver, whose case was at issue before the court yesterday.

Hamdan's lawyers complained about the colloquy in a recent legal filing, and the origin of Graham's and Kyl's comments has drawn recent attention on legal Web sites and on Slate.com. The subject did not come up during yesterday's Supreme Court argument, which focused on broader issues.

The briefs filed in support of the government do not make clear that the Graham-Kyl debate was manufactured. In their friend-of-the-court brief, filed in February, Graham and Kyl note that the "Congressional Record is presumed to reflect live debate except when the statements therein are followed by a bullet . . . or are underlined."

The Graham-Kyl exchange is not marked in either way, although a C-SPAN recording and other records make clear that the discussion never happened.

Members of the House and Senate routinely insert lengthy statements into the Congressional Record without uttering them on the floor or anywhere else. But Senate historian Richard Baker said that colloquies -- contrived debates between two or more lawmakers -- are relatively rare. Baker said he could not recall another example that included feigned banter of the type found in the Graham and Kyl debate.

David H. Remes, a Washington lawyer who has helped Hamdan's defense team, called the colloquy "outrageous."

"This colloquy is critical to the government's legislative history argument, and it's entirely manufactured and misrepresented to the court as having occurred live on the Senate floor before a crucial vote," Remes said.

Representatives from Kyl's and Graham's offices did not respond to telephone messages yesterday. A spokesman for Levin and a spokesman for the Justice Department declined to comment.

Padilla Judge Restricts Classified Info (AP)

By Curt Anderson

AP, March 29, 2006

MIAMI -- The federal judge overseeing the terrorism case against Jose Padilla imposed tight restrictions Tuesday on the handling of classified material to prevent disclosure of national security secrets when classified evidence is turned over to the defense.

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U.S. District Judge Marcia Cooke agreed to a prosecution motion on the information, expected to include secret FBI investigations, material provided to the United States by foreign governments and Padilla's own words from interrogations during his 3 1/2 years in military custody as an "enemy combatant."

The former Chicago gang member was once accused of plotting as an al-Qaida operative to detonate a radioactive "dirty bomb" inside the U.S., but those allegations weren't mentioned in the indictment.

Padilla and four others are charged with being part of a North American terror support cell that provided recruits, money and supplies to Islamic extremists worldwide. All have pleaded not guilty.

Cooke said the order would allow defense lawyers to begin examining secret evidence under special conditions so they can prepare for a trial scheduled for September.

"We've got to go forward," Cooke said at a hearing.

Padilla, a former Florida resident, was added to the Miami terror case late last year amid a legal struggle over President Bush's authority to hold him indefinitely as an "enemy combatant" without criminal charge.

In court documents, prosecutors outlined some of the classified material expected to come up in the trial:

_Results of surveillance conducted by the FBI in a separate investigation authorized by the Foreign Intelligence Surveillance Court, which oversees eavesdropping and other monitoring of suspected foreign agents in the United States.

_A request to limit defense questioning of a witness about the chain of custody of a specific piece of evidence. No details were given, but the defense has raised questions about a "mujahideen data form" Padilla allegedly filled out to attend an al-Qaida training camp in Afghanistan.

_Information provided to the U.S. by an unspecified foreign government. The material may eventually be declassified, prosecutors said.

_Written and recorded statements Padilla made while in military custody. Some information about Padilla's interrogations has already been made public and the Justice Department is seeking declassification of most of the remaining evidence.

Defense attorneys objected that Cooke's order was premature and overly broad. They were particularly incensed by a related government proposal that they sign a document verifying that they understand the laws regarding classified material and the potential penalties for violations.

"It chills us in our ability to prepare a defense. It's just overbearing," said Kenneth Swartz, who represents defendant Adham Amin Hassoun.

The judge agreed with defense lawyers on that point and asked prosecutors to come up with a less burdensome agreement for defense attorneys to sign.

Prosecutors Rest Case In Terrorism Trial (LAT)

By Rone Tempest

The Los Angeles Times, March 29, 2006

SACRAMENTO — Federal prosecutors rested their terrorism case Tuesday against a Lodi father and son by showing satellite images of a compound in remote, northeast Pakistan that closely resembled a training camp described by the son in an FBI interrogation.

Based on the satellite photographs and the videotaped questioning, Department of Defense image analyst Eric Benn concluded that the site was a "probable militant training camp." Earlier in the trial, a former Pakistani police chief testified that a militant writer — whose books were found in a search of the Lodi man's home — runs a training camp in that area.

It was the strongest evidence produced by government lawyers who have had problems with the credibility of their undercover FBI informant and the legitimacy of a purported confession obtained after hours of interrogation.

But the case against Lodi ice cream truck driver Umer Hayat, 48, and his junior high school dropout son Hamid Hayat, 23, has so far not lived up to its advance billing as a breakthrough in the war on terror.

When the Hayats were arrested last June, federal investigators claimed they had shattered a trained Al Qaeda sleeper cell in California's agricultural heartland. And, in her opening remarks, Assistant U.S. Atty. Laura Ferris said Hamid Hayat was "awaiting orders" to commit a terrorist attack in the United States.

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But no evidence has been presented that he or his father had any direct links to Al Qaeda or had specific plans to launch a terrorist attack.

During his interrogation by the FBI, Hamid Hayat, who speaks halting English, vaguely described a camp that he attended, though he never clearly indicated that he participated in any training.

Former Los Angeles federal prosecutor Jan Handzlik, now a private attorney, said the difference between the government's sensational claims and the relatively mundane drama unfolding on the 13th floor of the Sacramento federal courthouse stems from the "amorphous" charges against the two men. The younger Hayat is charged with attending a training camp in 2003; both men are charged with lying to the FBI.

"While the government asserts a vast conspiracy to harm U.S. interests," Handzlik said, "the charges against the Hayats are in fact very narrow. At issue is the truth or falsity of specific, limited statements made during lengthy FBI interrogations. Jurors sometimes sense this gap between perception and reality, and wonder why the government's proof has failed to live up to its advance billing."

The links to Al Qaeda are tenuous at best, traced by prosecutors through an array of fundamentalist Pakistan political parties that also are involved in the Pakistan-India conflict over Kashmir. A juror who heard all of the evidence before she was excused from the case last week said she was unconvinced by the videotaped confession, saying the younger Hayat appeared to have been "badgered" into saying what he thought agents wanted to hear.

Pedro Tenoch Aguilar, who had been an FBI agent less than a year when he was asked to lead the Lodi terrorism investigation, testified that the government had gathered no on-the-ground evidence from Pakistan that Hayat attended the camp, though undercover informant Naseem Khan told investigators that Hayat intended to go.

"The government," said retired FBI agent James J. Wedick Jr., who serves as chief investigator for the defense, "has failed to develop any evidence suggesting Hamid Hayat attended a terrorist training camp, despite the fact the FBI has an office in Islamabad, Pakistan, and had access to the resources of the CIA and the super-secret National Security Agency. And, they knew his name, address and phone number in Pakistan where he went to help his mother and get married."

The prosecution is fighting a defense motion to have Wedick, a decorated, 35-year FBI veteran, testify as an expert witness on proper techniques of effective investigation. Today, the trial switches to the defense side; the trial is expected to last at least two more weeks.

Even the alleged confessions of the father and son, obtained in separate interrogations, conflict on important facts. The younger Hayat told interrogators he attended a camp near Balakot, described in Tuesday's satellite testimony. His father claims the camp his son attended was only a few miles from a family home in Rawalpindi.

No evidence was produced about what training Hamid Hayat received. He said he spent his time in the kitchen, peeling vegetables.

The government also faces a serious credibility problem with Khan, the paid informant who shocked the courtroom when he testified that he saw Al Qaeda's No. 2 leader, Ayman Zawahiri, casually attending the Lodi mosque in 1999.

That surprising claim by the 32-year-old former Bend, Ore., convenience store clerk has been universally discounted by terrorism experts and government officials who say it is very unlikely that Zawahiri traveled in this country after 1995, and probably not after 1993.

The FBI provided Khan with a car and paid him nearly $230,000 in salary and expenses to infiltrate the Lodi Muslim community.

Some legal experts say the Lodi case fits a national pattern in which federal officials, eager to show progress in the Bush administration's "war on terror," exaggerate their anti-terror accomplishments only to get bogged down when it comes to proving them in court.

"The Hayat case is like a number of other cases in which the government has somewhat overstated the case going in but, when put to the proof, it has not always been so compelling," said Carl Tobias, a University of Richmond law professor who tracks terrorism prosecutions.

Last week, excused juror Andrea Clabaugh, a Sacramento engineering firm account executive, told reporters that, in her opinion, the government had failed so far to prove its charges against Hamid Hayat.

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"It felt to me like he was being badgered and it felt to me, in some respects, he was giving the information because they refused to believe that he didn't know anything. He had to say something."

Even with difficulties facing the government, the two juries in the Hayat case — one for each defendant — may ultimately convict.

The jury pool for the Eastern District of California, where the trial is taking place, draws from some of the state's most conservative areas, including the northern Sacramento River valley and Sierra foothills, which are overwhelmingly supportive of the Bush administration and its policies.

But as Clabaugh's reactions suggest, that is far from certain.

Terror Camp Allegedly Attended By Hamid Hayat Likely Exists, Analyst Says (LODINS)

By Layla Bohm, News-Sentinel Staff Writer

Lodi News-Sentinel, March 29, 2006

Defense attorney says uncertainty leaves reasonable doubt

SACRAMENTO — There is a 60 to 70 percent chance that Hamid Hayat attended a "militant training camp" in Pakistan and that the camp actually exists, a Department of Defense analyst told a federal jury today.

Eric Benn, who has viewed tens of thousands of surveillance images in his years with the department, spent hours going over satellite images of a mountainous region in northern Pakistan. It was there that 23-year-old Hayat allegedly spent several months in a training camp in 2003 before returning to the United States last summer.

The defense maintains that Hayat made up the account only after hours of repeated questioning of the FBI. And, defense attorney Wazhma Mojaddidi pointed out, jurors must have proof beyond a reasonable doubt. While Benn said the possibilities of the camp existing were high, Mojaddidi took a different angle.

"So that leaves the probability of 30 to 40 percent that it may not actually be a militant training camp, is that correct?" she asked Benn.

"That is correct," he replied.

Benn was the government's last witness, and prosecutors rested their case at 2:06 p.m. after nearly five weeks of trial. The defense portion of the case against Lodi residents Umer and Hamid Hayat is set to begin Wednesday.

Hamid Hayat is charged with lying to the FBI and providing material support to terrorists by attending a camp.

His father, Umer Hayat, 48, is charged with lying to the FBI. He was not in court most of today, as two juries are hearing the trial and only Hamid Hayat's jury was allowed to hear evidence of the alleged camp. The elder Hayat did appear in court later, when attorneys argued legal motions after jurors left for the day.

Showing the jury four poster-sized arial photos of a region near Balakot, Pakistan, Assistant U.S. Attorney David Deitch asked Benn to point out various landmarks. One was a paved, two-lane road that wound through tree-covered mountains. Another road, unpaved and more rugged, branched off the paved road, starting where several vehicles and a bus were parked.

"A bus has no business going up this road," Benn testified in response to a question by Deitch.

During FBI interviews last June, Hamid Hayat at one point said he traveled by bus to a camp, then had to walk several miles at night with a flashlight. Benn reviewed those interviews, and jurors saw short excerpts today.

The distance Hamid Hayat said he traveled was "consistent" with the arial photos, as was a vague description of a clearing with buildings in it, Benn testified.

Based on the photos and Hamid Hayat's interviews, "it's much more likely than not" that the site is a training camp, Benn said.

The area can be found on Google Earth, a mapping program that features satellite images of the world. Much of Pakistan is in low-resolution and details cannot be seen, but the area immediately surrounding the alleged training camp reveals more details, including blue rooftops on buildings near a clearing.

Benn also pointed to two distant buildings he believed could be guard shacks to limit access to the alleged camp. Satellite photos taken in October 2001 — also shown to jurors — showed that most of the buildings had not been constructed then, and Benn pointed to groups of tents.

The senior analyst began working with images and intelligence shortly after entering the U.S. Army in late 1976. He was soon conducting surveillance along the Germany-Czechoslovakia border at the height of the Cold War, then got a master's degree in geography when his stint in the Army ended. He went to work for the Defense Department in 1983.

Benn continued his surveillance work by watching North Korea and later the Soviet occupation of Afghanistan. He was ultimately promoted more than once and now holds the civilian rank equivalent to a two-star general.

His work consists of analyzing photos taken by camera and satellite, looking at them from various angles and enhancements, and also using other intelligence to interpret them.

"At the most pedestrian level it can be count the number of tanks in a garrison," he said, or it can extend to "look at a potentially adversary nation that may be developing nuclear weapons."

Whether the camp exists, and whether Hamid Hayat attended it, will ultimately be up to the jury to decide. Benn said today that he had never visited the camp, and that he knew of no government employee who had seen it.

Contact reporter Layla Bohm at layla@lodinews.com.

SACRAMENTO Hazy Case Against Lodi Man Prosecution Rests -- Evidence Murkier Than First Described (SFC)

By Demian Bulwa, Chronicle Staff Writer

San Francisco Chronicle, March 29, 2006

Sacramento -- Returning to Lodi last summer after a two-year trip to Pakistan, Hamid Hayat was grilled by FBI agents who suspected he might be a terrorist. But the young man didn't seem to understand he was in trouble.

He was questioned three times in the course of a week. When agents told him he had failed a lie-detector test, he confessed to attending a terrorist training camp in Pakistan.

But as Hayat sat in a lobby in the bureau's Sacramento office, eating pizza and waiting to confess further, he invited the lead agent on his case to a party -- a reception to be held when his Pakistani bride arrived. He also complimented the agent on his shoes.

Such unusual details have infused the trials of Hayat and his father, which reached a critical point Tuesday when prosecutors wrapped up their six-week case before a pair of juries in U.S. District Court. The younger Hayat, 23, is charged with supporting terror by attending a paramilitary camp in late 2003 and with initially lying about it; Umer Hayat, 48, is charged with lying about his son's training.

Prosecutors rested after revealing a far murkier case than the government had laid out in documents supporting the charges.

The government showed that Hamid Hayat held some radical and anti-American views. Their last witness was a Defense Department analyst who said Tuesday that Hayat's description of the camp during his disputed confession -- he said it was in a mountaintop clearing outside the Pakistani city of Balakot -- was consistent with satellite images, which showed a "possible" camp in the area.

One of the prosecution's main witnesses, however, was an aggressive informant who raised eyebrows when he reported having seen Osama bin Laden's chief deputy at a Lodi mosque as late as 1999 -- a sighting that national security experts doubt was genuine.

Prosecutors also were forced to rely on the defendants' videotaped confessions, which they called "the meat of the case" but which featured conflicting and sometimes bizarre details.

Umer Hayat, for example, told FBI agents that he had visited his son's camp out of curiosity in late 2004. While the son spoke of training with as few as 35 men in a field, the father described an underground room in a different province of Pakistan where 1,000 masked men, including Americans, fired machine guns, swung curved swords and learned to pole vault across bodies of water.

"You didn't take that as a literal description of what was happening, did you?" the elder Hayat's attorney, Johnny Griffin, asked FBI agent Timothy Harrison.

"I believe at times that Umer Hayat was a poor judge of the distances involved in jumping with a pole," Harrison responded.

Defense attorneys, who expect their case to take about two weeks, say the Hayats never went to a training camp but lied when pressured in a misguided attempt to be helpful. As for Pentagon analyst Eric Benn's testimony Tuesday, Hamid Hayat's attorney, Wazhma Mojaddidi, pointed out that her client had also placed the camp in Kashmir and Afghanistan.

At the center of the prosecution's case is Pakistani American informant Naseem Khan, who was working at a fast-food outlet and convenience store in Bend, Ore., when the FBI came to him weeks after the attacks of Sept. 11, 2001.

The agents asked whether he was involved in money laundering for a charity called the Holy Land Foundation for Relief and Development, which authorities suspected of funneling money to the Palestinian group Hamas, according to trial testimony.

Khan, 32, denied having anything to do with the charity, but volunteered to agents that while living in Lodi in 1999, he had seen al Qaeda's second-in-command, Ayman al-Zawahiri, at the Lodi mosque. Khan later told agents he had seen two other men on the FBI's list of most wanted terrorists in and around Lodi, an assertion that several terrorism experts regarded as unlikely.

By December 2001, Khan testified, he was working for the FBI in Lodi in a terrorism investigation that would eventually earn him more than $225,000 in salary and expenses. His code name: "Wildcat."

Though Khan did not disclose his targets, defense attorneys and Lodi residents said Khan got close to Muhammad Adil Khan and Shabbir Ahmed, Muslim clerics from Pakistan who were in Lodi on religious worker visas. The men were detained last summer, along with the Hayats, on immigration violations, and later agreed to be deported.

Khan said that in the summer of 2002 he stumbled upon Hamid Hayat, a man with a sixth-grade education who was born in the United States but had spent half his life in Pakistan. Khan soon received permission to begin recording their conversations.

The men chatted about cricket, quitting smoking and Hayat's "jinxed" love life. When Khan posed as a would-be holy warrior, Hayat took the bait, expressing support for the Taliban and radical Sunni sectarian groups in Pakistan and showing off what prosecutors described as a "jihadi scrapbook" full of articles about militants.

Hayat told Khan that he planned to attend a training camp, but never indicated that he had actually gone.

"I have one objective now," Hayat told Khan on April 1, 2003, just before leaving Lodi. "If I went to Pakistan now, see, straight away, I'll stay at home for one or two weeks, then I'm going for training, friend."

In phone calls over the next couple of months, however, Khan scolded Hayat for "sitting idle" and "wasting time," and at one point told him to "be a man."

Khan testified the insults were a way "to make him talk."

The FBI was sufficiently interested in Hayat to divert his flight home last May to Japan, where the bureau's legal attache in Tokyo, Lawrence Futa, interviewed him. Futa recalled in testimony that Hayat was thin and "didn't appear to be someone who had gone through rigorous training recently."

A week later, however, Hayat confessed that he had attended an al Qaeda-run training camp and had returned to the United States "to carry out his jihadi mission," according to an affidavit signed by FBI agent Pedro Aguilar.

Umer Hayat, the agent wrote, admitted that his son had gone to a camp operated by Maulana Fazlur Rehman, the opposition leader in the Pakistani parliament -- a claim the defense calls outlandish. Initial news accounts of the arrests last year mistakenly assumed the reference was to Maulana Fazlur Rehman Khalil, the head of an outlawed militant group.

The information from father and son about who ran the camp was one of many conflicts in their statements to the FBI.

Hamid Hayat said he had been "fooled" into attending his camp, which he thought was a religious school, and escaped -- only to later become part of a budding terror cell in Lodi.

The young man gave five different answers when asked who ran the camp. He mentioned "big people ... taller than me, (more) educated than me"; a Pakistani group named Harakat-ul-Ansar that was first brought up by an FBI agent; al Qaeda; "maybe my uncle"; and "maybe my grandfather."

Both father and son seemed to have some trouble with English; they primarily speak Pashto in daily life. The agents did most of the talking during the interviews, and at times the Hayats seemed to parrot them.

For instance, when agent Harrison asked Hamid Hayat how he would get attack orders, Hayat responded, "Maybe, uh, send a letter or anything like that," according to a transcript prepared by Aguilar.

"No, I don't think they're gonna send a letter," Harrison said. "I think you're gonna have to talk to somebody here in Lodi."

"Yeah, maybe," Hayat said.

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Because of rules regarding hearsay, Hamid Hayat's jury will not hear his father's confession, and vice versa. After closing arguments, the juries will render separate verdicts. Hamid Hayat faces up to 39 years in prison if convicted; his father faces up to 16 years.

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HOMELAND RESPONSE:

Brain Drain Hits Homeland Security (USAT)

By Mimi Hall

USA Today, March 29, 2006

WASHINGTON — The Homeland Security Department is losing top managers and rank-and-file employees in a brain drain that could affect morale and the nation's safety, according to members of Congress and labor experts.

Homeland Security is "hemorrhaging on the front lines and higher up," says New York University professor Paul Light, an expert on the federal workforce. The turnover comes amid renewed threats of terrorism and as the department readies itself for another hurricane season.

Key vacancies include top leaders in the department's cybersecurity, technology and disaster response divisions.

The latest high-level departure came last week, when management chief Janet Hale announced she was leaving. She joined an exodus of top officials who have quit recently, many in the aftermath of Homeland Security's failures surrounding Hurricane Katrina last fall.

This month, operations chief Matthew Broderick resigned. Last month, Science and Technology Undersecretary Charles McQueary resigned. And in January, Chief Financial Officer Andy Maner quit.

Meanwhile, the job of cybersecurity chief has been vacant since last summer. David Paulison has been the acting chief of the Federal Emergency Management Agency since Michael Brown resigned the $148,000 post in September; no permanent replacement has been found. FEMA is part of Homeland Security.

Homeland Security spokesman Russ Knocke acknowledged that the stress of top-level government security jobs can be grueling and "wear" on employees, who are expected to make "countless personal sacrifices." Nonetheless, he said he expects a number of the top jobs to be filled soon.

The impact is difficult to gauge. But a House investigation of Hurricane Katrina response recently cited personnel shortages at FEMA as a key part of the agency's failings during the disaster.

"It can't help morale for the rank-and-file employees when you have so much turnover," says Rep. Bennie Thompson, D-Miss., the top Democrat on the House Homeland Security Committee. "There just appears to be a continuous brain drain out of the agency."

FEMA typically has 2,500 full-time employees. When Katrina hit, it was down 500. Some of those positions have been filled, but the agency is still struggling to get back to full strength.

To prepare for the next hurricane season, officials in February announced a plan to ensure 95% of FEMA's jobs are filled by June 1.

Randall Larsen of the Institute for Homeland Security questions how the department will attract good people. Though many top-level jobs pay more than $100,000, "Who's going to give up a good job in the private sector to go into an organization that is criticized by the press and Congress and the American people?" he said.

GAO: Customs Failed 'Dirty Bomb' Test (WP)

By Spencer S. Hsu And William Branigin

Washington Post, March 29, 2006

Congressional investigators testing U.S. port security smuggled enough radioactive material into the United States last year to make two radiological "dirty" bombs, officials told a Senate panel yesterday.

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In December, undercover teams from the Government Accountability Office, Congress's audit arm, carried small amounts of cesium-137 -- a radioactive material used for cancer therapy, industrial gauges and well logging -- in the trunks of rental cars through border checkpoints in Texas and Washington state. The material triggered radiation alarms, but the smugglers used false documents to persuade U.S. Customs and Border Protection inspectors to let them through with it.

"These are documents my 20-year-old son could easily develop with a simple Internet search," said Sen. Norm Coleman (R-Minn.), who chaired the hearing into covert nuclear threats before a Senate Homeland Security and Governmental Affairs subcommittee yesterday. "It is a problem when it is tougher to buy cold medicine than it is to acquire enough material to construct a dirty bomb."

Jayson P. Ahern, an assistant commissioner for field operations for Customs and Border Protection, said U.S. customs officers were unable to confirm the validity of counterfeit Nuclear Regulatory Commission licenses presented by testers, but a system will be in place within 30 days to do so.

"All our systems worked, and officers appeared to follow our protocols," Ahern said. "But the bottom line is the material was allowed in with questionable documents."

The GAO report is the latest to find weaknesses in implementing detection systems for air travel and biological, chemical and radiological threats. Another GAO report yesterday found that foreign corruption, technical limitations, poor maintenance and lack of infrastructure compromise detection systems placed overseas by the United States. But Ahern said U.S. customs officers have scanned more than 80 million containers with radiation portal monitors since 2000, resolved 318,000 alarms and turned up no illegal material.

Homeland Security and Nuclear Regulatory Commission officials, while not discounting the economic and psychological effects of a conventional explosive laced with radioactive materials or "dirty bomb," said the amounts smuggled were minimal.

Michael Levi, a fellow at the Council on Foreign Relations, said the 150 microcuries of cesium-137 smuggled by each team would barely cause more than one death from cancer per million people exposed for 30 years.

The GAO also reported it is "unlikely" the Department of Homeland Security can install 3,034 new-generation radiation detectors by September 2009 as planned at border crossings, ports and mail facilities, and that the $1.2 billion program may incur a $342 million overrun.

In a separate report released yesterday, the Council on Foreign Relations reported that the government has not made prevention of nuclear terrorism its highest priority. Council fellow Charles D. Ferguson said more action is needed to address proliferation threats posed by highly enriched uranium and weapons in Pakistan, Russia and more than 100 civilian facilities.

"Securing and eliminating vulnerable nuclear materials and weapons offer points of greatest leverage in preventing nuclear terrorism," Ferguson wrote. "The biggest impediment to reducing the threat of nuclear terrorism involving Pakistan is President [Pervez] Musharraf's expressed belief that terrorists cannot make nuclear weapons."

According to the International Atomic Energy Agency, there were more than 400 confirmed cases of illicit trafficking in materials that could be used to produce a dirty bomb between 1993 and 2004, and 21 that involved material that could be used to produce a nuclear bomb.

"The simple fact is that if a nuclear device is already in the U.S., it's too late," Sen. Daniel K. Akaka (D-Hawaii) said.

Fake ID's At The Border Crossings (NYT)

The New York Times, March 29, 2006

While federal officials have been scrambling to install enough radiation detectors to screen all cargo for dangerous nuclear materials, they have apparently left a glaring hole in this thin and spotty line of defense. Even when detectors signal the presence of a radioactive substance, border guards may be fooled into waving a shipment through based on fraudulent paperwork and glib talk by the drivers.

That disturbing lesson comes from a report issued this week by the Government Accountability Office, an investigative arm of Congress. Undercover testers put small amounts of cesium-137, a highly radioactive material, in the trunks of two vehicles and drove across the borders from Mexico and Canada at sites that had big stationary detectors.

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The good news is that the detectors signaled the presence of radioactivity and that inspectors then questioned the undercover testers and subjected their vehicles to further inspection with hand-held devices. The bad news is that they allowed the shipments through anyway, apparently on the basis of counterfeit Nuclear Regulatory Commission documents, copied from the Internet, and fake shipping documents from a fictitious company.

The G.A.O. says the smuggled cesium was enough to make two "dirty bombs," which could contaminate an area and render it unusable for a long period. The N.R.C., on the other hand, says the amounts were far too small to worry about. Either way, it is disturbing that the guards let the shipments through. It is not clear whether the guards have gotten complacent in the wake of repeated false alarms triggered by natural radiation from bananas, ceramic tiles, fertilizer and other products, or were simply tricked by the phony documents. Red-faced officials insist that they will give border agents new tools to verify such documents shortly. The N.R.C. clearly needs to tighten its rules governing the purchase and security of small quantities of radioactive materials.

A dirty bomb uses ordinary explosives to disperse radioactive materials and contaminate the environment. An even greater, if less likely, threat would be posed by a real nuclear weapon or the fissile material to make one. Unfortunately, bomb-grade uranium is much harder to detect than cesium, and radioactive materials shielded by lead are much harder to detect than containers of cesium in cardboard boxes in vehicle trunks. The nation is far short of its goal to have radiation detectors at every portal. If border guards miss shipments of bombs or fissile material, the result could be catastrophic.

Senators Urge Swifter Action To Strengthen Port Security (AP)

By Liz Sidoti

The AP, March 29, 2006

WASHINGTON --Senators said Tuesday the United States must act more quickly to strengthen security at U.S. entry points following the disclosure that undercover investigators breached security by slipping nuclear material into the United States.

"There are several gaps in our defense," Sen. Norm Coleman, R-Minn., said, opening a Senate Homeland Security subcommittee hearing on the matter. "These issues must be addressed with a sense of urgency."

Sen. Carl Levin of Michigan, the panel's top Democrat, called the outcome of the Government Accountability Office's investigation "an alarming wake-up call."

"If terrorists were to obtain nuclear or radiological material and smuggle it into this country, the consequences could be catastrophic: a tremendous loss of life and a crippling blow to our economy," said Sen. Susan Collins, R-Maine, the chairwoman of the full Homeland Security Committee.

In a test last year, the small amounts of cesium-137, which is used in industrial gauges, triggered radiation alarms in Texas and Washington state. The material was enough to make two small "dirty bombs," officials said, yet U.S. customs agents permitted the investigators to enter the United States after being tricked with counterfeit documents.

The Bush administration said Tuesday that within 30 days it will give U.S. Customs and Border Protection agents the tools they need to verify such documents in the future.

In a series of reports, the GAO, which is the investigative arm of Congress, found that the Homeland Security Department's goal of installing 3,034 radiation detectors by September 2009 across the United States -- at border crossings, seaports, airports and mail facilities -- was "unlikely."

Investigators also said the government probably will spend $342 million more than it expects to complete the job, given its current costs and pace. Between October 2000 and October 2005, they said, the government spent about $286 million installing radiation monitors inside the United States.

The commission, in charge of overseeing nuclear reactor and nuclear substance safety, defended its record.

"Security has been of prime importance for us on the materials front and the power plant front since 9/11," commission spokesman David McIntyre said.

Vayl Oxford, who heads the Homeland Security Department's Domestic Nuclear Detection Office, said Monday that the substance could have been used in a radiological weapon with limited effects. On Tuesday, he told lawmakers that his comment was not meant to discount the psychological and economic impact a dirty bomb could have.

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Jayson Ahern, the assistant customs commissioner for field operations, said a system for U.S. customs agents to confirm the authenticity of government licenses will be in place within 30 days.

To test security at U.S. borders with Mexico and Canada, GAO investigators last year represented themselves as employees of a fake company and obtained cesium-137.

They attempted to cross into the United States with the substance -- enough to possibly create two crude radiological bombs that could spread radiation if spread by the blast of a conventional explosive.

When stopped, the investigators presented counterfeit shipping papers and NRC documents that allegedly permitted them to receive, acquire, possess and transfer radioactive substances.

Investigators found that customs agents weren't able to check whether a person caught with radioactive materials was permitted to possess the materials under a government-issued license.

"Unless nuclear smugglers in possession of faked license documents raised suspicions in some other way, CBP officers could follow agency guidelines yet unwittingly allow them to enter the country with their illegal nuclear cargo," a report said. It described this problem as "a significant gap" in the nation's safety procedures.

False radiation alarms are common -- sometimes occurring more than 100 times a day -- although the GAO said inspectors generally do a good job distinguishing nuisance alarms from actual ones. False alarms can be caused by ceramics, fertilizers, bananas and even patients who have recently undergone some types of medical procedures.

Senators Urge Tighter Border Security After Test Finds Flaw (USAT)

USA Today, March 29, 2006

The United States must act even more quickly to strengthen security at U.S. border entrances following the disclosure that undercover investigators were able to slip nuclear material into the country, senators said at a hearing Tuesday.

“There are several gaps in our defense,” said Sen. Norm Coleman, R-Minn. “These issues must be addressed with a sense of urgency.”

Michigan Sen. Carl Levin, the top Democrat on the Homeland Security subcommittee, called the investigation by the Government Accountability Office “an alarming wake-up call.”

In a test last year, small amounts of cesium-137, which is used in industrial gauges, triggered radiation alarms at border crossings in Texas and Washington state. The material was enough to make two small “dirty bombs,” a GAO report said, yet U.S. Customs agents permitted the investigators to enter the United States after being tricked with counterfeit documents.

A dirty bomb would use a conventional explosion to spread radioactive material. It would make an area unusable and cause economic havoc.

Thomas Kean, an ex-governor who chaired the 9/11 Commission, told senators “the size of the problem still totally dwarfs the policy response.”

The Bush administration said that within 45 days it will give U.S. Customs and Border Protection agents the tools they need to verify such documents in the future.

Republican Sen. John Ensign of Nevada said he is dropping his opposition to the promotion of Coast Guard Vice Adm. Thad Allen, who headed Hurricane Katrina recovery efforts. Ensign said that after discussing Katrina problems with Allen, he would no longer oppose him as commandant of the Coast Guard. Under Senate rules, any senator can block a vote on a confirmation. President Bush nominated Allen in January. The nomination now goes to the full Senate for a vote.

'Dirty Bombs' Called Threat To Shipping (WT)

By Audrey Hudson

The Washington Times, March 29, 2006

The marine shipping industry will be devastated if foreign countries do not increase cargo screenings to protect against a "dirty bomb" terrorist attack, Homeland Security Secretary Michael Chertoff is telling Asian officials this week.

During a trip to Japan on Monday and China yesterday, Mr. Chertoff urged cooperation to strengthen the shipping industry and to protect the United States against a nuclear attack.

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"I think we all know that if a container were used to bring a dirty bomb or something similar into the United States, in addition to the obviously catastrophic consequences in America, it would be absolutely devastating to marine shipping," Mr. Chertoff said during a press conference yesterday.

"We can only really build our own security if we build it in partnership with other countries," Mr. Chertoff said.

The International Atomic Energy Agency has reported 662 known attempts to smuggle nuclear or radiological material across borders around the world.

Mr. Chertoff said it would be a "mortal blow" if Asian ports failed to use nuclear radiation detection equipment on ships bound for the United States. Hong Kong ports are experimenting with technology for such a program.

On his first trip to Asia, the homeland security chief is examining cutting-edge technology used to secure foreign ports, including a visit to one of the largest ports of the world, Singapore.

"We're looking to build a stronger partnership overseas, particularly in port and container security," said Homeland Security spokesman Brian Doyle. "It will make us and them more secure."

On Capitol Hill, lawmakers criticized the department for failing to block nuclear-weapon smuggling in a sting set up by the Government Accountability Office.

Witnesses told the Senate Homeland Security and Governmental Affairs permanent subcommittee on investigations yesterday that enough nuclear material entered the country as part of the investigation to make two dirty bombs.

"The radiation detectors correctly alarmed," said Sen. Norm Coleman, Minnesota Republican and panel chairman. "This is the good news."

"The bad news, however, is that officers were fooled by fraudulent documents and didn't have the mechanisms to verify the documents. These are documents my 20-year-old son could easily develop with a simple Internet search. We cannot allow this potentially deadly material to transmit our borders with ease," Mr. Coleman said.

The forged documents showed the nuclear shipment was approved by federal officials.

Sen. Carl Levin of Michigan, the panel's ranking Democrat, said Homeland Security officials have made significant improvements to detect such materials at land- and seaports, but said the GAO report shows "much more can and should be done."

Takeover Makeover (WSJ)

By Richard C. Shelby

The Wall Street Journal, March 29, 2006

WASHINGTON -- Over the last three years, direct foreign investment in the U.S. has exceeded $530 billion. The benefits are substantial: In 2002 alone, foreign affiliates paid $17.8 billion in taxes, representing 12% of U.S. corporate tax revenue. The investment is a key engine of our continued economic growth and also helps sustain global partnerships with countries throughout the world. The leading foreign investor is our staunchest ally, the U.K. Other key foreign investors are Japan, the Netherlands and Germany. U.S. companies also have a substantial stake abroad, with $252 billion invested overseas in 2004. A policy of open foreign investment here is thus essential if we are to expect similar treatment from other nations.

Nevertheless, anyone within proximity of a television, newspaper or radio over the course of the last month is aware of the firestorm that erupted over the Dubai Ports acquisition. Aside from the heightened political rhetoric and the considerable misinformation surrounding this specific deal, the controversy focused the spotlight squarely on what has previously been an obscure process by which the U.S. approves foreign acquisitions: the Committee on Foreign Investment in the U.S., or CFIUS. More to the point, the Dubai controversy provided a revealing glimpse of inherent flaws in the CFIUS process. Along with the recent uproar over the attempted acquisition of a U.S. oil company by a state-owned Chinese firm, it should provide enough momentum for strong reform of CFIUS, without which there will be even more investment related altercations.

The Dubai deal highlighted a key CFIUS deficiency by demonstrating that many top officials were not aware of CFIUS's approval of the transaction. As chairman of the Senate Banking Committee, which has jurisdiction over the Defense Production Act and CFIUS, I learned of the approval as other lawmakers did -- through the media. In fact, the secretaries of Treasury, Defense and Homeland Security have all publicly stated that they were unaware of the approval until it made the evening

headlines. It is precisely because of the inherently secretive nature of CFIUS that our highest officials were caught off guard, and it directly corresponds to the current lack of credibility in the process.

The Senate Banking Committee has had long-standing concerns with the inadequacies of CFIUS. In early 2004, members of the committee requested that the GAO perform a study on the process and include recommendations for reform. We held two hearings on the substance of this report last year, in addition to a hearing held earlier this month devoted exclusively to the Dubai Ports issue. Drawing from the GAO analysis and the record established by these hearings, I intend to move legislation through the Banking Committee this week that should give Congress and the American people greater faith in the CFIUS process.

A strong reform will introduce transparency, accountability and oversight to ensure public confidence that the deals approved by CFIUS do not pose a threat to national security. Striking the appropriate balance between our open investment policy and legitimate concerns over national security is not an easy task. The U.S. can never subjugate our national security to economic interests. But just as important as ensuring that national security is properly weighed, the signals that we send to the rest of the world about our investment policies must also be given thoughtful consideration.

This can be accomplished by strengthening the process by which we consider these transactions in specific areas. Among the key elements of reform will be closing the "Byrd Amendment loophole" to require full investigations of foreign state-owned companies which seek to acquire a U.S. company. Contrary to congressional intent, the Treasury used a loose interpretation of the Byrd Amendment to avoid a full 45-day investigation in the Dubai Ports case. This loophole will be closed to remove any ambiguity.

The Banking Committee bill will formally establish CFIUS in statute, giving it increased visibility and accountability. In a significant structural change, the secretary of defense will be added as a vice chairman and the director of national intelligence will be added as a regular participant. To increase transparency, the legislation will enhance congressional oversight, requiring notice to the relevant congressional committees on proposed transactions, with a report due to the committees of jurisdiction upon the disposition of those cases. To ensure accountability from the administration and to avoid the lack of culpability expressed by public officials in the Dubai case, the law will require certification of these reports by the CFIUS chair, vice chair and lead agency responsible for the review. The legislation will also require a comprehensive annual report to the Senate Banking and House Financial Services Committees on all CFIUS transactions.

Given the massive importance of the issues at stake in this debate -- national security and economic stability and growth -- it is incumbent upon the Congress to act thoughtfully and deliberatively. This can be achieved through targeted and specific legislation that will give us the credible process the American people deserve without causing irreparable damage to our economy and global relationships.

Sen. Shelby of Alabama is chairman of the Senate Banking Committee.

Xenophobia's Threat To Prosperity (WP)

By Charles Prince

The Washington Post, March 29, 2006

Citigroup employs 300,000 people in 100 countries. We are a guest in every one of those countries. We've bought companies in many of them and, with a few notable exceptions during periods of war and revolution, we've been welcomed with great hospitality everywhere for over a century -- just as the United States has welcomed many companies based in other countries. I sincerely hope things stay that way.

But that could prove a challenge in the current political environment. There are now upward of 30 proposals in Congress to make changes in the Committee on Foreign Investment in the United States (CFIUS), a little-known body that has the authority to suspend or prohibit any acquisition, merger or takeover of a U.S. corporation that is deemed to threaten national security. The committee, made up of representatives from a dozen federal agencies, has recently come under intense scrutiny, even though it has not allowed a single breach of national security since it was established in 1988.

Some of the proposals would place new and potentially damaging restrictions on foreign investment in the United States. Legitimate national security concerns are one thing, but introducing overt political considerations into decisions regarding the

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allocation of capital has the potential to undermine investor confidence -- both domestic and foreign -- in U.S. markets and to jeopardize the continued vibrancy, depth and liquidity of those markets.

Like the investments made overseas by Citigroup, IBM, General Electric and countless other U.S.-based global firms, investment in the United States by companies based outside this country is essential for job creation and innovation. The same is true of individual and institutional investors in the United States and in other countries. U.S. assets owned by individuals or companies outside the United States total about $11.5 trillion. These investors have helped to finance the housing boom in the United States and have contributed significantly to the rise in home values and ownership. They bought nearly $227 billion of U.S. agency debt in 2005, and they currently hold more than $900 billion of such debt.

Non-U.S. companies established in the United States support nearly 5.3 million jobs in this country, spread throughout all 50 states. Put another way, 4.7 percent of Americans holding private-sector jobs are employed by companies based outside the United States. These employees receive compensation totaling $318 billion annually, and their numbers are growing rapidly. Indeed, the very presence of these companies in the United States creates a multiplier effect throughout local and national economies -- including tax revenue -- that benefits all Americans.

In an increasingly global economy, labels such as "foreign" and "domestic" have become less relevant. Many non-U.S. multinational firms have moved their U.S. personnel into senior global positions. For instance, many chief executives of U.S. subsidiaries, most of whom are American citizens, have gone on to become CEOs of the global company, including Don Shepard of Aegon, Don Robert of Experian, Marjorie Scardino of Pearson and Klaus Kleinfeld of Siemens.

At the same time, many companies based outside the United States have moved senior managers with global responsibility for an entire business unit or function to the United States. The leadership role played by the employees of these companies, and their operations, benefit the U.S. economy and must be taken into account when balancing the value conferred by non-U.S. companies against notions of national interest.

I respectfully urge Congress to take only those actions that will enhance the security review process for foreign investment in the United States, and to avoid endorsing proposals that could undermine America's support for access to capital markets and the free movement of capital. We must avoid measures taken in the name of national security that are isolationist and xenophobic, and could have the effect of choking off vital investments in America. Such a path could threaten job creation in the United States, impede American economic growth and jeopardize U.S. efforts to open foreign markets for American companies, consumers and investors. Any changes to the CFIUS process should result from an informed, sober and fact-based assessment of all of our interests.

Genuine threats to U.S. national security must be met with resolve and purpose -- no deal can be worth the safety of our citizens. But at the same time, challenges to U.S. economic success must be met with the same commitment to international leadership and engagement that has for decades contributed to increasing prosperity in this country and throughout the world. This is not a choice between protecting vital national interests and building a more prosperous future. These two goals are vitally important, but they are also compatible, and Americans will hold their leaders accountable for working to achieve both of them.

The writer is CEO of Citigroup Inc.

"Spy Files" Include Antiwar Surveillance (DENP)

By Felisa Cardona, Denver Post Staff Writer

Denver Post, March 29, 2006

The ACLU has obtained more documents that show that the FBI's Joint Terrorism Task Force was watching antiwar groups in Denver as part of a domestic terrorism investigation.

The files were released to the ACLU's Colorado chapter under a Freedom of Information Act request filed in December 2004.

The records show FBI agents spent hours monitoring activist organizations such as Food Not Bombs, and the now-closed bookstore, Breakdown Books in Capitol Hill, among other groups.

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FBI agents spent two hours outside the bookstore counting about 40 people who gathered there to carpool to an antiwar demonstration in Colorado Springs on Feb. 15, 2003. The report says agents noted the license plate numbers of a dozen nearby vehicles.

"This report raises more questions about the degree to which the FBI is unjustifiably regarding demonstrations and public dissent as potential terrorism," said Mark Silverstein, legal director of the ACLU's Colorado chapter.

Some of those groups, such as Making A Difference/Coloradans Opposed to War (MADCOW), have already disbanded since they were surveilled, Silverstein said.

In 2004, Denver activist Sarah Bardwell was questioned by agents regarding her association with Food Not Bombs, a group that the FBI characterized as having ties to the Anarchist Black Cross, a group that the FBI notes in the files as having a history of violence.

A flier for the Anarchist Black Cross was found on the Auraria campus in Denver and agents investigated a meeting that the group had on Lipan Street in 2004, the files show.

Silverstein said only a couple of people showed up for the meeting and ended up eating cookies.

The FBI contends that they do not watch groups or individuals unless agents receive intelligence that violent or disruptive activities are being planned.

Staff writer Felisa Cardona can be reached at 303-820-1219 or at fcardona@denverpost.com.

ACLU Says FBI Watched War Protesters In A 2003 Domestic Terrorism Probe (AP)

AP, March 29, 2006

DENVER - FBI files on domestic terrorism show the agency monitored a meeting of anti-war activists in Denver in 2003, suggesting the government may treat dissent as "potential terrorism," the American Civil Liberties Union said Tuesday.

A document obtained by the ACLU this week under the Freedom of Information Act says the FBI also recorded the license numbers of vehicles "in the vicinity" of a now-closed bookstore where the activists met before carpooling to a demonstration in Colorado Springs.

More than 30 people were arrested at two anti-war demonstrations in Colorado Springs later that day, but it wasn't clear whether any of them had been at the Denver gathering.

The new document was the latest twist in a campaign by the ACLU to investigate surveillance by local and federal authorities of activists in Colorado, including peaceful groups, dating to the 1950s.

"We just have questions about why the FBI is surreptitiously staking out a bookstore in Denver and writing down the license numbers of people who are stopping there for the purpose of carpooling to an anti-war demonstration," said Mark Silverstein, legal director of the ACLU in Colorado.

FBI spokesman Bill Carter in Washington said he was not familiar with the bookstore surveillance, but he said the agency would not monitor a group simply because it is protesting.

"Our interest is not in the First Amendment activities the group is involved in," he said. The FBI would monitor a group only if participants might be planning or engaging in "violent criminal activity," he said.

The latest document obtained by the ACLU says a two-hour surveillance of Breakdown Books in February 2003 showed that at least 40 people "appeared to be involved" in the Revolutionary Anti-War Response demonstration planned later that day in Colorado Springs.

The one-page document does not mention any potential for criminal violence. The only blocked-out portions appear to be the names of four agents who conducted the surveillance and the license plates of 12 vehicles.

Later that day, police in Colorado Springs fired tear gas and at least one rubber bullet after an anti-war rally spilled out of a park and blocked a major street. At least two people were treated for minor injuries and 13 people were arrested. A second demonstration ended with 21 arrests but no tear gas.

The document does not mention a domestic terrorism investigation, but Silverstein said the file number corresponds to another FBI document the ACLU obtained in December that includes the designation "AOT," which he said stands for "acts of terrorism."

Silverstein said the FBI released the documents in response to an ACLU request for information about the agency's Joint Terrorism Task Force. The FBI has formed 66 such task forces with local law enforcement agencies across the nation, including Denver police.

FBI documents obtained earlier by the ACLU showed the agency had opened domestic terrorism investigations of peaceful demonstrators after reading websites announcing protests.

Among the groups the FBI investigated were the Colorado American Indian Movement and the Rocky Mountain Peace and Justice Center, the documents showed.

- The Associated Press

In 2003, the ACLU settled a lawsuit against the city of Denver for keeping so-called "spy files" on peaceful groups since at least the 1950s. The city agreed to collect information only if it can show a clear connection to criminal activity.

Silverstein said ACLU chapters nationwide are now requesting documents about FBI surveillance of peaceful protesters as the national organization tries to measure how extensive the monitoring has been.

He said he did not know where the effort might lead.

"Certainly I wouldn't rule out asking for legislation or doing more public education or litigation, if it's possible to do that," he said.

FOR THE RECORD (LAT)

The Los Angeles Times, March 29, 2006

Monitoring of activists: In some copies of Monday's Section A, a front-page headline said, "Activists on Anti-Terror Watch List." The list referred to in the article was not a formal terrorist watch list, the FBI said, but was included in a Department of Justice presentation to a law class that listed groups terrorists might associate with. Two left-wing groups were included.

After Hard Lessons, A New Game Plan For Hurricane Seasons (NYT)

By Jeremy Alford

The New York Times, March 29, 2006

BATON ROUGE, La., March 28 — Federal and state emergency officials promised a different approach on Tuesday to the coming hurricane season, saying they would no longer use "last resort" shelters like the Superdome to house displaced residents.

Instead, they said, they will put into effect a better system of communication and evacuation to get residents away from the path of a storm.

"Our goal is to create an environment for all of the individuals to leave in the face of a storm rather than stay," said Terry Ebbert, the homeland security adviser for Orleans Parish, speaking at a news conference with federal officials regarding preparations for the 2006 season, which begins June 1.

To relocate a large number of people efficiently, Mr. Ebbert said, officials are planning an improved public education campaign, and are exploring new ways to use buses, trains, airlines and other evacuation routes. Those plans, however, are still in the conceptual stages and will probably not be ready until closer to the hurricane season, he said.

R. David Paulison, acting director of the Federal Emergency Management Agency, said the new plans were a direct result of lessons learned from last year's disastrous Gulf Coast hurricanes. By retooling the agency and bringing in emergency resources before they are needed — supplies are being stockpiled at various locations off the Gulf of Mexico — the federal government will not repeat its mistakes, he vowed.

"We have a different situation now," Mr. Paulison said.

While the National Oceanic and Atmospheric Administration will not issue its official forecast for the new season until May, William Gray, a hurricane expert with Colorado State University, is predicting a tumultuous six months, although the season is not likely to rival last year's devastation. In his December outlook report, Mr. Gray predicted there would be 17 named storms, 9 hurricanes and 5 major events with winds exceeding 111 miles per hour.

Aside from these threatening conditions, moving people out of hurricane-prone areas will be more challenging than ever, Mr. Paulison said, because there are now more than 94,000 trailers housing evacuees in the Gulf Coast region alone that are

largely unable to stand up to severe winds. People living in trailers will face a mandatory evacuation even for something as small as a tropical storm, he said.

Henry Rodriguez, president of St. Bernard Parish, a swampy area just east of New Orleans that was virtually destroyed by Hurricane Katrina, said he would wait to see the actual response before he started cheering the federal government, but expressed confidence that preparations would be improved over all.

He added that he hoped that preparedness for this year would not overshadow relief from the hurricanes that had already left their mark on the Gulf Coast.

"I hope that they have learned their lesson by now," Mr. Rodriguez said. "I hope they know that everyone is depending on them. They needed better planning, and it sounds like we're getting that. I just hope their response is better than their efforts at recovery, though. There has been no progress there — only progressively worse."

La. Candidates Must Track Down Voters (USAT)

By Anne Rochell Konigsmark

USA Today, March 29, 2006

ATLANTA — Seven candidates for mayor came here to debate tough issues, but they aren't hoping to lead this city. They want to be mayor of New Orleans.

"We miss you, and we want you back," candidate Mitch Landrieu, who is also Louisiana's lieutenant governor, said recently to New Orleanians who have been living in Atlanta since Hurricane Katrina hit Aug. 29, flooding three-fourths of the city and emptying it of most residents.

In what could be a first in American politics, the New Orleans mayor's race may have more voters outside the city than inside. Candidates in the election April 22 are on a nationwide cat-and-mouse search for voters, who live in all 50 states.

"I just know of no precedent for it," says Hastings Wyman, editor of the Southern Political Report.

The mayoral hopefuls are catching trains, chartering planes and taking daylong car trips to reach voters in cities with large numbers of evacuees, such as Houston, Atlanta, Dallas and Memphis.

"This is murder," said candidate Johnny Adriani, who attended last weekend's Atlanta forum, which was hosted by evacuees. He said it took all day by train to reach Atlanta. "It was far too expensive to fly," he said.

Adriani, who lives in Baton Rouge since his home in the Lakeview neighborhood flooded, attended another forum last weekend in Houston.

More than 250,000 of the 460,000 people who lived in New Orleans before the hurricane have not come home.

On Monday, a federal court refused a request from civil rights groups to delay the election, already postponed from February to April. The groups argue it is unfair to the thousands of displaced black residents.

Jesse Jackson will lead a protest here Saturday.

Absentee-balloting rules have been relaxed somewhat for those living out of state; for those in Louisiana, there will be polling places statewide; more than 700,000 information packets have been sent to evacuees; and the state is running full-page ads in city newspapers around the Southeast. The Louisiana secretary of State's office commissioned a study that concluded about 80% of registered voters are living in or very near New Orleans.

The U.S. Justice Department, which oversees elections in Louisiana and other Southern states to prevent discrimination, has signed off on the election.

Candidates who are well-known and have money to travel have an advantage with displaced voters, says Ed Renwick, a political science professor at Loyola University in New Orleans. However, even a wealthy candidate "can't run television ad campaigns in all those cities," Renwick says.

"It's tricky," says Ashley Casey, who works for Audubon Nature Institute Director Ron Forman, one of the candidates. "You can't just walk down the street in another city and say, 'Hey! Voters!' "

This election is not easy for voters, either. Ferdinand Hines, who has been living in Atlanta since Katrina ruined his home in New Orleans East, was one of fewer than 100 attendees at the Atlanta forum.

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Hines plans to vote but is worried about the absentee-balloting process, which requires voters to get a signed affidavit proving they are displaced. "It looked like if they could come up with an online system, that would be more efficient," he said.

Some evacuees plan to charter buses to return to Louisiana to vote, says Carla Allen, co-founder of the Coastal Gumbo Coalition, a grass-roots group for evacuees that hosted the Atlanta forum.

"We are telling people to go home to vote," she says. She hopes someone will donate buses to evacuees.

"If we don't vote, we don't have a voice," she says. "And the next four years are going to be a turning point for New Orleans."

Indeed, Katrina changed what probably would have been a sleepy re-election race — with incumbent Ray Nagin winning easily — into nationally intriguing political theater. Twenty-two candidates have jumped in to challenge Nagin. "One of the reasons I'm running is to be a part of history," the Rev. Tom Watson says.

Among the challengers:

•Kimberly Williamson-Butler, the New Orleans criminal court clerk who announced her candidacy on her way to jail. She was held for three days this month for refusing a court order regarding cleanup of a flooded evidence room.

•Forman, who runs the city's zoo and aquarium. His wife, Sally, was one of Nagin's top advisers until her husband decided to run against her boss.

Who's she supporting now? "My husband," she says.

•Marie Galatas, who says God told her to run and who claims to be able to see into the future.

•Landrieu, whose sister is U.S. Sen. Mary Landrieu, D-La., and whose father, "Moon," was the city's last white mayor when he left office 30 years ago.

•Roderick Dean, an election oddity: This Louisville resident is the only candidate in the race who doesn't live in Louisiana.

Many challengers are political newcomers. They're gambling that Nagin's popularity has waned, particularly among white voters who gave him broad support in his first election. Nagin apologized after his Martin Luther King Jr. Day speech in which he predicted that New Orleans would again be a "chocolate city" — predominantly black — because "that's how God wants it to be."

Loyola's Renwick predicts turnout will be low in other cities but very high among New Orleanians who have returned.

"People here are going to vote like crazy," he says. "Interest in this race is extremely high. We might wind up having a normal turnout overall."

In 2002, 45% of the 300,000 registered voters turned out to vote for mayor.

Candidates at the Atlanta forum appealed to voters' love of New Orleans.

"You are New Orleanians, and you don't belong here," Adriani said.

Candidate Shedrick White recited a poem he had written about New Orleans, which evoked city treasures such as brass bands and red beans and rice. The moderator, the Rev. Glenn Allen, was moved to tears.

WAR NEWS:

Bush Opposes Iraq's Premier, Shiites Report (NYT)

By Edward Wong

The New York Times, March 29, 2006

BAGHDAD, Iraq, March 28 — The American ambassador has told Shiite officials that President Bush does not want the Iraqi prime minister to remain the country's leader in the next government, senior Shiite politicians said Tuesday.

It is the first time the Americans have directly expressed a preference in the furious debate over the country's top job, the politicians said, and it is inflaming tensions between the Americans and some Shiite leaders.

The ambassador, Zalmay Khalilzad, told the head of the main Shiite political bloc at a meeting on Saturday to pass on a "personal message from President Bush" to the interim prime minister, Ibrahim al-Jaafari, said Redha Jowad Taki, a Shiite member of Parliament who was at the meeting.

Mr. Khalilzad said Mr. Bush "doesn't want, doesn't support, doesn't accept" Mr. Jaafari as the next prime minister, according to Mr. Taki, a senior aide to Abdul-Aziz al-Hakim, the head of the Shiite bloc. It was the first "clear and direct message" from the Americans on a specific candidate for prime minister, Mr. Taki said.

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The Shiite bloc, which won a plurality in the parliamentary election in December, nominated Mr. Jaafari last month to retain his post for four more years.

American officials in Baghdad did not dispute the Shiite politicians' account of the conversation, though they would not discuss the details of the meeting. A spokeswoman for the American Embassy confirmed that Mr. Khalilzad met with Mr. Hakim on Saturday. But she declined to comment on what was said.

"The decisions about the choice of the prime minister are entirely up to the Iraqis," said the spokeswoman, Elizabeth Colton. "This will be an Iraqi decision."

In Washington, the State Department said it would not comment on diplomatic conversations, but Adam Ereli, the deputy spokesman, reiterated American support for "a government of national unity with strong leadership that can unify all Iraqis."

The Americans have harshly criticized the Jaafari government in recent months for supporting Shiite militias that have been fomenting sectarian violence and pushing Iraq closer to full-scale civil war.

Mr. Khalilzad has sharpened his criticism in the last week, saying the militias are now killing more people than the Sunni Arab-led insurgency. American officials have expressed growing concern that Mr. Jaafari is incapable of reining in the private armies, especially since Moktada al-Sadr, the anti-American cleric who leads the most volatile militia, is Mr. Jaafari's most powerful backer.

Haider al-Ubady, a spokesman for Mr. Jaafari, said the prime minister had received the ambassador's message and accused the Americans of trying to subvert Iraqi sovereignty.

Tensions between Shiite leaders and the American government, which had been rising for months, boiled over after an assault on Sunday night by American and Iraqi forces on a Shiite mosque compound in northern Baghdad.

Shiite leaders say at least 17 civilians were killed in the battle, most of them members of a Shiite political party. American commanders say the soldiers fought insurgents.

The reported American pressure over Mr. Jaafari's nomination is another sign of White House impatience over the deadlocked talks to form a new government. American officials say the impasse has created a power vacuum that has encouraged lawlessness and civil conflict.

The nomination has become one of the most contentious issues in those talks, with the main Kurdish, Sunni Arab and secular blocs calling for the Shiites to replace Mr. Jaafari. On Monday, Shiite leaders suspended their participation in the negotiations, saying they were enraged by the assault on the mosque complex.

In Baghdad on Tuesday, at least 21 people were abducted in four separate incidents in the biggest wave of kidnappings in a month, an Interior Ministry official said. In one incident, 15 men in Iraqi Army uniforms dragged at least six people from a money exchange shop and stole nearly $60,000. In two other cases, people wearing Interior Ministry commando uniforms snatched victims from two electronics shops.

The police in western Baghdad discovered 14 bodies on Tuesday, all killed execution-style with gunshots to the head, apparently the latest victims of sectarian bloodletting. On Monday, Iraqi forces found 18 bodies near Baquba with similar wounds. Earlier reports of 30 beheaded bodies found in that area were wrong, the Interior Ministry official said.

An American soldier was killed Tuesday by small-arms fire in Baghdad, and another was killed and three were wounded by a roadside bomb outside Habbaniya, the American military said.

The Iraqi security minister, Abdul Karim al-Enizi, said on the state-run Iraqiya network on Tuesday night that the Iraqi forces who had raided the mosque compound in Baghdad were not part of the Interior or Defense Ministry. A survivor said the soldiers did not speak Arabic well, implying they may have been Kurdish militiamen working with Americans, Mr. Enizi said.

At the Pentagon, senior officials defended the raid, releasing photographs they said proved that weapons and bomb-making materials had been seized inside the compound, which they described as a school complex that had been turned into a base for a "hostage ring."

When the soldiers entered the compound, "they found that there was a building there that had a small minaret and a prayer room inside it," said Gen. Peter Pace, chairman of the Joint Chiefs of Staff. "Some people are calling that a mosque."

The surge in violence has shaken confidence in Mr. Jaafari, who has been widely criticized by Iraqis for failing to smash the Sunni-led insurgency, letting Shiite death squads run rampant and doing little on reconstruction.

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Mr. Jaafari won the Shiite bloc's nomination for prime minister by one vote in a secret ballot of its members of Parliament, beating out the deputy of Mr. Hakim, the bloc's leader. As the largest bloc, with 130 of the 275 seats, the Shiites have the right to nominate the prime minister.

But a two-thirds vote of Parliament is required for approval of the new government. As long as the other major blocs oppose Mr. Jaafari, the process is at a standstill.

U.S. Appeals To Iraq's Top Cleric To Help End Political Impasse (KRT)

By Nancy A. Youssef And Warren P. Strobel

Knight Ridder, March 28, 2006

BAGHDAD, Iraq - U.S. officials sent a message this week to Iraq's senior religious cleric asking that he help end the impasse over forming a new Iraqi government and strongly implying that the prime minister, Ibrahim al-Jafaari, should withdraw his candidacy for re-election, according to American officials.

The unusual decision by the White House to reach out to Grand Ayatollah Ali al-Sistani suggested how eager the Bush administration is to jump-start negotiations that have failed to produce Iraq's first permanent postwar government more than three months after national elections.

But by contacting the revered Shiite Muslim leader, the administration risks further angering Iraqi leaders, who already complain that the United States is interfering too much with the process.

During a news conference Tuesday, Salim al-Maliki, the minister of transportation and a member of the dominant United Iraqi Alliance, said al-Jaafari was still the slate's candidate.

"We do not accept interference by the United States or any other foreign body because it is an internal decision of United Iraqi Alliance," al-Maliki said.

In Washington, two officials confirmed that the United States had passed a message through a third party to the reclusive al-Sistani, Iraq's top cleric and, in some ways, its ultimate political arbiter.

It wasn't known whether al-Jafaari was mentioned by name. But the clear message was that the prime minister's bid to keep his job was creating an impasse and the way to end it was for him to withdraw, one official said.

The gist of the message was "we need to find a way to address this process," an administration official in Washington said. "We need to find a way out of the impasse."

He spoke on condition of anonymity because the White House and State Department weren't publicly acknowledging the move.

White House spokesman Scott McClellan denied reports in Baghdad that President Bush had sent a letter to leading Shiite politician Abdul-Aziz al-Hakim, a statement that, while true, was incomplete.

"What we are doing is encouraging the Iraqi leaders to move forward on a government of national unity, based on strong leadership. It is up to the Iraqi people to decide who the prime minister is," McClellan said. "I know of no letter."

It was unclear precisely how the message meant for al-Sistani was sent, but Haithem al-Husseini, a spokesman for al-Hakim, confirmed that the leader of the Shiite alliance bloc had received a message from the Bush administration. He wouldn't say whether al-Hakim or al-Sistani was the intended recipient.

Al-Sistani consistently has refused to meet with U.S. envoys.

Al-Hakim visited al-Sistani at his home in Najaf on Tuesday. Before a throng of supporters, al-Hakim promised that the Iraqi leadership would move quickly to form a government. When he mentioned a raid by U.S. and Iraqi forces that some charge occurred in a mosque, the crowds chanted: "No, no America."

The administration's outreach to al-Sistani underscored how much Bush has at stake in ending Iraq's political stalemate, which has gone on for months as violence continues.

"What it reflects - we are, we're deeper into this process," the administration official said.

Judith Yaphe, a Persian Gulf expert at the National Defense University in Washington, called the reported attempts to pressure al-Jafaari to resign "heavy-handed."

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"They have to know that Sistani does not want to be seen as interfering in the political process," she said. "You're guaranteed to get the result that you don't want."

Elizabeth Colton, a U.S. Embassy spokeswoman, declined to comment about the message. American officials have said the Iraqis are leading the formation of the government and that the United States is supporting them.

"This is an issue that Iraqis must determine, just like in other democratic systems," Colton said.

Maj. Gen. Rick Lynch, a multinational forces spokesman, said last week that the absence of a government was contributing to the surge of religious and ethnic violence.

On Tuesday, 24 people were kidnapped and more than 30 bodies were discovered throughout Baghdad, many of which had been tortured in apparent sectarian violence.

This week, there's been a growing chorus of complaints from Shiite politicians that the Bush administration doesn't want al-Jaafari as the next prime minister. They have charged that American officials are trying to usurp their election results, despite promising to bring democracy to Iraq.

Earlier this year, the United Iraqi Alliance, the largest Shiite slate, chose al-Jaafari to be its nominee for the top post in the permanent government. That virtually assured that he'd win, since the slate won nearly a majority of seats in the new parliament.

But widespread objections to al-Jaafari surfaced immediately from some, who charge that the Iranian-backed leader has been ineffective and divisive during the interim period. Opponents argued that the country's first democratically elected government since the fall of Saddam Hussein should have a more representative leader, particularly as religious and ethnic tensions worsen.

Adnan Ali, a top al-Jaafari adviser, said, "We have not received anything official objecting to Jaafari," adding that al-Jaafari has no intention of stepping aside.

Although a religious figure, al-Sistani has rescued the political process in the past, when he pushed for elections and the writing of the constitution, for example. But his aides have said he doesn't want to be seen as a politician. It's unclear how he'll respond to this outreach by U.S. officials.

Negotiations Resume In Capital (WT)

By Sharon Behn

The Washington Times, March 29, 2006

Negotiations for a new Iraqi government were back on track in Baghdad yesterday, despite continuing Shi'ite fury over an Iraqi-U.S. weekend raid on a complex used by loyalists of radical Shi'ite cleric Muqtada al-Sadr.

Pentagon officials showed reporters photographs from the operation that left at least 16 Iraqis dead, saying the evidence showed there were armed militiamen in the buildings, not unarmed men at prayer as Shi'ite clerics have insisted.

"This complex is an old school complex, I believe to hold, among other things, the hostage ring, people who grab people off the street for money," said Marine Gen. Peter Pace, pointing to a blown-up photograph of a group of buildings.

"This operation clearly was designed to go after a believed location of a kidnapping ring," said Gen. Pace, chairman of the Joint Chiefs of Staff.

Iraqis contacted by telephone in Baghdad said Shi'ites were furious over the operation in Sadr City -- a poor, predominantly Shi'ite area that is home to the Mahdi Army, a militia loyal to Sheik al-Sadr, and the powerful Badr Brigades, the armed wing of the political party of the Supreme Council of Islamic Resistance in Iraq.

"The Iraqi people are angry about this Shi'ite mosque, they are angry at the American forces [and] accuse the Americans of killing Shi'ite people," said one young businessman who would give his name only as Ahmed.

Conflicting accounts of Sunday night's gunfight continued, with U.S. and Iraqi officials unable to agree even whether the scene of the conflict was a mosque.

Gen. Pace said Iraqi special forces, backed by U.S. special forces, found bomb parts, rocket-propelled grenades and a hostage when they entered the complex, which included a building that held a small minaret and prayer room. He told reporters he did not know whether people were killed in the prayer room.

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Secretary of Defense Donald H. Rumsfeld, referring to a photograph of the weapons, said, "Those are not religious instruments." He added that the Iraqi forces found two men with traces of explosives on their fingers.

Residents of Sadr City claimed that the Iraqi army special operations unit that conducted the raid was an all-Kurdish unit drawn from the fierce Kurdish Peshmerga militia.

Usually very outspoken, Sheik al-Sadr has not made any public statements on the raid.

One Sunni leader close to the talks on the formation of a new government said that Iraqi Shi'ite leaders, who suspended their participation in the negotiations on Monday, had returned to the table.

"Today they were sent back and there was a good four-hour negotiation, so it seems they are going ahead with the political process," said Ala'a Makky of the Iraqi Islamic Party. He said the special forces raid might have been designed to send a message to Shi'ite leaders that militia killings had to stop.

"Let me tell you that one of the main issues of the coming government is to abolish the militias and dissolve all the militias so the government can work nationally without any sectarian divisions," Mr. Makky said.

True Or Not, Report Of 'Massacre' Angers Iraqis (CSM)

By Scott Peterson

The Christian Science Monitor, March 29, 2006

BAGHDAD - The public perceptions swirling around a "massacre" - as some Iraqi officials have charged - are the latest incident to stall the creation of Iraq's new government.

Did US forces attack a mosque in a Shiite district of Baghdad Sunday night, killing 17 unarmed worshippers, an act that Iraq's Shiite interior minister called a "horrible violation" that has dominated Iraqi TV and sparked a political outcry?

Or, did Iraqi special forces, backed up by US advisers, take on a "terrorist cell" at an office complex, kill 16 "insurgents," and free an Iraqi hostage - only to have Iraqi provocateurs, as top US commanders allege, "set the scene up" to look like an atrocity?

The truth may be the latest war casualty as perceptions shape Iraq's political reality, and the prevailing view of a bloody US raid is undermining US-backed efforts to form a coalition government, while boosting the influence of anti-US cleric Moqtada al-Sadr.

"How could [Americans] come out of this mess?" asks Ghassan Atiyyah, head of the Iraq Foundation for Development and Democracy, who was reached in London. "Sadr is becoming a strong force in Iraqi politics. When he was weak, they could not deal with him, and now he is strong."

"I very much appreciate what [US Ambassador Zalmay Khalilzad] is doing" to form a unity government, says Mr. Atiyyah. "It should have been done two and a half years ago, to balance these things."

Mr. Sadr conducted two popular revolts against US forces in 2004, and has become kingmaker by supporting Iraq's embattled Prime Minister Ibrahim al-Jaafari, against efforts by Kurdish, Sunni Arab, and secular parties - as well as, reportedly, the US - to see him go.

Sadr's Mahdi Army militia - which controls the Mustafa Husseiniya raided by US and Iraqi forces Sunday, and is accused of sectarian killings in Baghdad that mostly target Sunni Arabs - can deploy immediately in their thousands, and are often allowed to work unchecked by Iraq's Shiite-dominated security forces.

Underscoring the significance of the raid, President Jalal Talabani, a Kurd, vowed to oversee an investigation. A Husseiniyeh is a Shiite place for prayer and other religious purposes. In Iraq it is considered virtually the same as a mosque.

"It is very important to clarify - an investigation could help defuse tension," says Mahmoud Othman, a Kurdish MP who noted that Shiites did not turn up for talks Monday to form the government.

"Always people like Moqtada and extremists will benefit from this in the street, they will get sympathy from ordinary people," says Mr. Othman. "The last three years many things like this have happened: [Americans] hit a wedding ceremony, or hit the wrong house, or get wrong information - some anti-American people want them to make mistakes, to build on that."

The deputy US commander in Iraq, Lt. Gen. Peter Chiarelli, early Tuesday dismissed reports that a mosque had been hit, or that the 50 Iraqi Special Operations forces, backed up by 25 US advisers, had chosen the wrong target. Besides capturing some weaponry, they released an Iraqi dental technician who had been kidnapped 12 hours earlier.

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Inside the religious complex, with its minaret, are series of rooms for teaching the Koran, a large prayer room, and Imam's quarters, as well as offices of Mr. Jafaari's Dawa Party, which were also raided. Even two days later, an Iraqi employee of the Monitor could see four places where the pockmarks of bullet holes coincided with bloodstains, and other evidence of killings at the place.

Iraqi units "told us point blank that this was not a mosque," said Lt. Gen. Chiarelli, noting that, on US military maps, the Mustafa Mosque was in fact six blocks north of their target. He said that Iraqi forces "did the fighting," and there was "gunfire from every room."

"After the fact someone went in and made the scene look different than it was. There's been huge misinformation," Chiarelli said. "I think the [anti-US] backlash has been caused by the folks who set the scene up."

That explanation did not wash Tuesday in the angry Ur neighborhood of northeast Baghdad, near the poor Shiite enclave of Sadr City, where witnesses and residents said the bloodshed has boosted their support of Sadr and his Mahdi Army.

"I need the government that I voted for to protect us, but they failed," says Souad Mohammad, the deputy director of a school, whose second-floor apartment, across the street from the mosque, is riven with holes from small-caliber US armor-piercing rounds.

"They came and killed the young people, and we want the Imam Mahdi Army to protect us, because they are from us, they are Iraqi people," says Mrs. Mohammad. "When the Mahdi Army is here, it's very quiet, no one is assassinated in this area, there are no car bombs, and at night there are checkpoints to protect us."

The popular view of US wrongdoing has been fed by the images on Al-Furat television - the station run by one of the most powerful Shiite parties in Iraq - of bags of explosives with wires poking out, that they allege US forces left behind.

The result has been a firestorm among the majority Shiite, which have borne the brunt of Sunni Arab-led insurgent attacks aimed at sparking a full-scale civil war, and who grate at US insistence on giving the minority Sunni Arabs a real political role.

Haidar al-Abbadi, an adviser to Jafaari, warned of "death squads working alongside US troops that execute people without any reason while they are praying," he told Al-Arabiya television.

True or not, that view is widely held. The US-Iraqi raid "means they are targeting Shiites, to stop the political process," says Jassim Mohamad Ali, whose face was scratched by jumping over a fence in the Mustafa compound, to hide from the raiders. "The only thing I witness from the Mahdi Army, they have honor and are loyal to this country, and they try to keep the Iraqi street clean," he says.

"People always say: The Americans never do these things, but when I saw them with helicopters and their Humvees and Bradleys, I am very sure now they are terrorists," says Mr. Ali, giving a stark opinion increasingly expressed on Iraqi airwaves following the raid. "We will fight terrorism, whether it is [extreme Sunni] Wahhabi or American."

U.S. Displays Photos Of Weapons Seized In Baghdad Raid (KRT)

By Drew Brown

Knight Ridder, March 28, 2006

WASHINGTON - Defense officials displayed photographs Tuesday of rocket-propelled grenade launchers and bomb-making materials that they said were captured during a bloody raid Sunday that's become a bitter point of contention between the United States and leading Iraqi officials.

The briefing by Defense Secretary Donald H. Rumsfeld and Gen. Peter Pace, chairman of the Joint Chiefs of Staff, was intended to counter angry Shiite claims that U.S.-backed Iraqi commandos massacred at least 16 innocent worshippers at a Baghdad mosque.

"Those are not religious instruments," Rumsfeld said as the images were shown on a video screen.

U.S. officials say the raid was a successful operation by Iraqi special forces that eliminated a terrorist cell that engineered kidnappings and assassinations out of a former school complex in northeastern Baghdad.

But Iraqi Shiite leaders denounced the raid as an attempt by U.S. forces to distance themselves from Iraq's majority Muslim sect and to bolster minority Sunni Arabs in the stalled process to hammer out a new government.

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Shiites make up 60 percent of Iraq's population, and the loss of their support would likely doom any U.S. hopes of working out a political compromise. Hostility between Shiites and the United States would place U.S. forces in Iraq in a difficult, if not untenable, position.

Rumsfeld and Pace said that the troops opened fire only after they were fired upon by fighters from Shiite cleric Muqtada al-Sadr's Mahdi Army militia.

With overhead satellite imagery posted on a video screen, Pace pointed out several buildings where he said the Iraqi security forces came under fire as they approached the compound.

Pace said one building had a "small minaret and a prayer room" inside of which were found several rocket-propelled grenade launchers and bomb-making materials. Iraqi forces also freed a hostage who said he'd been kidnapped, Pace said.

"When the hostage was released, he pointed to two of the individuals who the Iraqi security forces had detained as being his kidnappers," Pace said.

U.S. military officials in Baghdad said Monday that the Iraqi forces had killed 16 hostile fighters and detained 18 people.

At least two of those people had traces of explosives residue on their fingers, Rumsfeld said.

In Monday's statement, U.S. officials said the Iraqi forces found 32 AK-47 rifles, five grenades, four rocket-propelled grenades, two grenade launchers and two heavy machine guns, plus various items commonly used to make improvised bombs.

The raid threatened to further stall negotiations over the formation of a new Iraqi government, but Rumsfeld said that top U.S. officials in Baghdad had informed him Tuesday that those discussions were going forward.

Rumsfeld, who recently has focused many of his public comments on how the U.S. government was failing in the information war against terrorists, said that the incident had been distorted in the press.

"The people we're up against are vicious, and they lie," he said. "Obviously, they have media committees, they plan what they're going to do, they plan how they're going to manipulate the press, and they get out there fast and do it. And there's no penalty for that. Indeed, there's only rewards, because the information is around the world, while, as they say, truth is still putting its boots on."

Codel Frustration On Iraq (HILL)

By Albert Eisele

The Hill, March 29, 2006

The chairman of the House Select Intelligence Committee returned from his seventh visit to Iraq last week "extremely frustrated" by the failure of Iraqi leaders to form a new unity government, which he called "the key to the future of Iraq."

Rep. Peter Hoekstra (R-Mich.) also expressed disappointment at the poor performance of Iraqi security forces and the failure of private contractors to make more progress in rebuilding Iraq's war-damaged infrastructure.

"The thing I sense right now is a lack of urgency of the Iraqi leadership to form a government, and that's leading to a vacuum of influence at the top of the Iraqi government," he said.

Senate Armed Services Committee Chairman John Warner (R-Va.) and Sen. John McCain (R-Ariz.) echoed Hoekstra's concerns after they, Hoekstra and other lawmakers who visited Iraq and Afghanistan last week met with President Bush at the White House yesterday.

Hoekstra made the comments in a telephone interview from his district Monday before returning to Washington to meet with Bush. Three other House members who accompanied Hoekstra to the Persian Gulf region — John Shadegg (R-Ariz.), Mark Souder (R-Ind.) and Dutch Ruppersberger (D-Md.) — also took part in the White House meeting.

Shadegg praised Bush for "listening and reaching out to members of both parties who've been to Iraq and Afghanistan." He noted that two Democrats who oppose the war, Sen. Russ Feingold (D-Wis.) and Rep. Tom Udall (D-N.M.), had different suggestions, but Shadegg said, "The one consistent theme was the need for Iraq to complete the formation of a government of national unity."

Both Warner and McCain voiced similar concerns to Bush about the lack of progress in forming a new government.

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Warner met separately afterward with the president, Secretary of Defense Donald Rumsfeld, Secretary of State Condoleezza Rice and Joint Chiefs of Staff Chairman Gen. Peter Pace and urged Bush to rally his Cabinet behind the war in Iraq and Afghanistan.

"We need a total team effort to bring about continual gradual success in Iraq and Afghanistan," Warner said, adding that he made his appeal at the urging of U.S. Ambassador Zalmay Khalilzad and Gen. John Abizaid, commander of U.S. forces in the region.

McCain told reporters that Bush "appreciates the urgency of forming a unity government" but warned that the process is "still very slow and very long and very tough."

Hoekstra said he was disappointed to hear Iraqi leaders say it could be six or more weeks before they have a working government. "I think one of the most important things that needs to be done is for the Iraqis to form a new coalition government. That is the key to the future of Iraq," he said.

Hoekstra said Iraqi leaders are unhurried about bridging their religious and ethnic differences to form a workable government. "They've got to send a signal to the Iraqi people and the world that they recognize the future of their country lies in their hands," he declared.

Nevertheless, Hoekstra said he saw signs of progress on a number of fronts, including the performance of the Iraqi army and coalition forces, the quality of U.S. military and diplomatic leaders and the cooperation of other Arab countries in fighting terrorism.

"I was in Libya in January, and they were talking about their contributions in fighting the war on terror, and on this trip, people were verifying their claims," he said.

But he was sharply critical of the Iraqi police and security forces and of the slow pace of private contractors in carrying out billions of dollars worth of reconstruction projects.

"I'm disappointed in the police," he said. "We have the ability at any given time to project our power everywhere in the country. We can go in and help them, but the local law-enforcement people are not able to fill that vacuum."

While some private contractors have done their jobs, most haven't, he said. He blamed that on a combination of "security problems and poor management" and said he will press Congress to investigate.

"We took names, and we will follow up on it," he said.

Ruppersberger, who has been to Iraq three times, said that the effort to train Iraqi forces "has come a long way" but said the reconstruction program has been "mismanaged from the beginning."

U.S. troops should no longer conduct patrols in Baghdad and other major urban areas but should operate from the perimeter, he said, adding "We can still be there to assist the Iraqis, but they have to realize they can't be dependent on us. By moving out of the urban areas, the Iraqi people will no longer think we are occupying the country."

Shadegg said he "got to talk with more Iraqi civilians" than he had in two previous trips "and they made it clear most Iraqis don't want us to leave too soon, before they're in a position to defend themselves."

Bush Says Iraqis Resuming Government Talks (AP-Y2)

AP2, March 28, 2006

President Bush on Tuesday directed his entire Cabinet, from the housing chief to the treasury secretary, to assist their Iraqi counterparts once a permanent government is formed.

"By making a broad commitment from the federal government, we'll help the Iraqis establish a democracy, we'll help them build the institutions necessary for a stable society, and we'll help defeat the terrorists," the president said.

The president was surrounded on the Rose Garden steps by more than a dozen department secretaries and Cabinet-rank officials from his administration.

While Bush spoke at the White House about a future government, talks in Iraq to make it a reality remained fragile.

After a one-day boycott, Shiite leaders returned to the negotiations on how to replace the current caretaker government with a broad-based national one representing all of Iraq's factions.

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Bush said he was pleased the talks resumed. But Shiite, Sunni and Kurdish representatives are struggling over issues such as how to apportion the most powerful posts.

U.S. officials are eager for quick resolution on a unity government in hope it would quell the daily violence in Iraq and set the stage for the start of a drawdown of U.S. troops.

Bush's remarks followed a more than hourlong Cabinet meeting on Iraq and the fight against terrorism. Participants received a briefing from Gen. John Abizaid, the top U.S. commander in the Middle East; Gen. George Casey, the top commander in Iraq; and U.S. Ambassador Zalmay Khalilzad.

White House press secretary Scott McClellan said Khalilzad told the president that the Iraqi negotiators "have made a lot of tough choices and ... reached a lot of compromises."

Secretary of State Condoleezza Rice brought up the need for each Cabinet member to build relationships with his eventual Iraqi counterpart, and Bush said he told them, "I expect them to follow through on that."

Bush also met Tuesday with three delegations of lawmakers from both parties who have recently visited Iraq. The president planned to speak about Iraq on Wednesday.

Thousands Of Iraqis Flee To Avoid Spread Of Violence (WP)

By Ellen Knickmeyer

The Washington Post, March 29, 2006

BAGHDAD, March 28 -- Sectarian violence has displaced more than 25,000 Iraqis since the Feb. 22 bombing of a Shiite Muslim shrine, a U.N.-affiliated agency said Tuesday, and shelters and tent cities are springing up across central and southern Iraq to house homeless Sunni and Shiite families.

The flight is continuing, according to the International Organization for Migration, which works closely with the United Nations and other groups. The result has been a population exchange as Sunni and Shiite families flee mixed communities for the safety of areas where their own sects predominate.

"I definitely wouldn't say the displacement has peaked," said Dana Graber, an official of the migration agency in Amman, Jordan. "It's continuous."

The agency's figures were compiled from information provided by partner organizations working with displaced Iraqis. The government Ministry of Displacement and Migration puts the count higher, at more than 32,000.

"I was shocked to be threatened by people from the same place I had lived in for so many years," said Hussein Alwan, 53, a cafe owner, who said he was driven out of Latifiyah, a mixed Shiite-Sunni city in the area south of Baghdad known as the Triangle of Death.

Alwan, a Shiite, traveled with his wife, four daughters and three sons this month to the almost entirely Shiite city of Najaf, where local authorities have converted a vacant hotel into a shelter for the newcomers and say they are gathering tents for an outlying camp. Iraqi newspapers on Tuesday reported tents pitched in a field outside another southern city, Nasiriyah, for Shiite families arriving there in flight from sectarian violence.

Alwan told a story that already has grown familiar since the near-destruction of the Golden Mosque in Samarra, 65 miles north of Baghdad, touched off five weeks of Shiite-Sunni bloodletting. "They told me that I should leave within 24 hours or we will all get killed," Alwan said in an interview in Najaf. "So we left everything there and took only the bare things we need to live."

The mosque bombing greatly escalated steadily climbing sectarian and ethnic tensions in Iraq, where the Shiite majority and Sunni Arab and ethnic Kurdish minorities have been competing for a share of power and turf since the overthrow of President Saddam Hussein three years ago.

During Hussein's rule, forced transfers of ethnic group members left close to 1 million Iraqis internally displaced, and the country has experienced large flows of displaced people since the U.S.-led invasion, said Graber, the agency official. The November 2004 U.S. offensive in Fallujah, for example, sent more than 40,000 residents fleeing the city, she said.

Since the Samarra bombing, threats or killings have spurred many families to flee their homes with nothing, not even their ration cards, Graber said. "And there's no certainty as to when it will be safe again to return, when they can return without their sons getting killed," she said.

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Both Shiite and Sunni families make up the displaced, the immigration agency's figures show.

Many Sunni families are leaving Shiite or mixed communities to take refuge in heavily Sunni western Iraq, and many Shiite families are heading south to the country's Shiite heartland. In some places, the last remaining minorities have left otherwise homogenous places.

Within Baghdad, many families are moving between Sunni, Shiite and mixed neighborhoods.

Baghdad has taken in at least 220 Shiite families from Anbar province, a Sunni stronghold west of the capital, according to reports gathered by the agency. These families "represent a fairly high percentage of the total Shia community in Anbar," the agency noted.

In Fallujah, an overwhelmingly Sunni Arab city 35 miles west of Baghdad, only 37 Shiite families remain, persuaded by pleas from their Sunni neighbors to stay despite threats from foreign fighters, the agency said.

Another 15 or so miles to the west, in Habbaniyah, dozens of Sunni families have gathered to seek shelter.

Dhafir Sadoun, a 41-year-old shop owner who uprooted his household in Baghdad's Sadr City neighborhood and came to Habbaniyah, said he had felt no threat from the militias of Iraq's governing Shiite religious parties. But after months of kidnappings and killings of Sunni men blamed on the Shiite-dominated government security forces, it had become impossible to remain, he said.

"We did not fear the Mahdi Army," Sadoun said, referring to the militia loyal to Shiite cleric Moqtada al-Sadr, "because we've lived in Sadr City for 20 years, and everyone knows us and knows how we love the Shiites. But the Interior Ministry commandos arrest any Sunni. They don't just arrest them; they kill them."

Police in Baghdad discovered 17 corpses Tuesday, all men who were handcuffed and shot in the head, the Associated Press reported. Most had been dumped under a bridge.

Deaths reported publicly by police have represented a fraction of the total number of victims of execution-style, sectarian killings brought daily to Baghdad's morgue. Iraqi and international officials reported more than 1,000 people killed in central Iraq alone in the first week after the mosque bombing, and hundreds have died since.

Shiite-Sunni violence has intensified as Iraq drifts under the leadership of a caretaker government more than three months after national elections. In Baghdad, Sunni, Shiite and Kurdish political leaders resumed negotiations on forming a new government Tuesday, a day after the talks were interrupted by Shiites' outcry over a U.S.-Iraqi raid Sunday on what the U.S. military said was an armed faction and what the Shiites said were Shiite men at prayer in a mosque.

In Washington, top Pentagon officials said Tuesday that Sunday's raid did not mark the start of a broader crackdown on Shiite militias and said U.S. troops were unaware until after breaching the compound that it contained a place of worship.

At a Pentagon briefing, Gen. Peter Pace, chairman of the Joint Chiefs of Staff, said the raid targeted a kidnapping ring. He said an Iraqi counterterrorism unit and its U.S. Special Forces advisers discovered an Iraqi hostage and numerous weapons inside the compound, as well as a small minaret and prayer room. U.S. forces "did not know that that minaret was there on the way in," Pace said.

Defense Secretary Donald H. Rumsfeld described the raid as a distinct, Iraqi-led operation. The Iraqi leaders engaged in negotiations over forming a new government, he said, were unlikely now to make any "big announcements on changes in policy" toward militias.

For Abu Ghraib, A Limited Prosecution (CSM)

By Mark Sappenfield

The Christian Science Monitor, March 29, 2006

WASHINGTON - In May 2004, just weeks after the images of abuse at Abu Ghraib had become public, the commanding officer of American forces in the Middle East sat before Congress and shared what he considered to be a bedrock tenet of military leadership.

"Officers of the United States military are responsible," said Gen. John Abizaid. "Every officer is responsible for what his or her unit does or fails to do."

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Yet two years later, as the military nears the end of its efforts to prosecute those who staged the Abu Ghraib photographs, the responsibility for those crimes has fallen almost entirely on the lower ranks - at least publicly. The question of why has in many respects far overshadowed the rest of the legal process.

The reasons are many and begin with the obvious: Those who commit the crimes - on film, no less - are the easiest to snare. Yet many experts add that the lesson of the courts-martial of Abu Ghraib is: Once war's chaos descends, it becomes ever more difficult to trace the line of accountability upward through the ranks.

In this case, the confusion was not caused by bullets or bombs, but by the administration's decision to adopt new and undefined rules for detainee treatment before the war. With the new rules, the worst of war crept into the cellblock, and the chain of command all but evaporated.

"The fog of war does exist, and that's why you have to be so clear and drill, drill, drill," says Walter Huffman, who served as judge advocate general of the Army from 1997 to 2001. "When you inject uncertainty into a situation that was already filled with uncertainty, my experience is that this is exactly what happens."

Even in the best situations, establishing responsibility along the chain of command is among the thorniest of tasks for the military, whether the incident involves a ship run aground or a bungled battle plan. With Abu Ghraib, those bearing the public blame - and the jail time - have been enlisted men and women.

Last week, the 10th court-martial connected to Abu Ghraib concluded. As in every other case, the defendant was convicted and was not higher than the rank of staff sergeant. One final court-martial remains in May, also for a sergeant.

In some respects, that is typical, not least because soldiers on the ground are more likely than officers behind the lines to commit obvious war crimes. Yet experts note that officers are not exempt from discipline: It just comes in a different form.

Abu Ghraib has followed that pattern. The two highest-ranking officers known to be punished in connection with the scandal - Brig. Gen. Janis Karpinski and Col. Thomas Pappas - were given nonjudicial punishments that seriously blighted their careers. As a rule, though, nonjudicial punishments are not a matter of public record and therefore bring less attention than courts-martial.

To some, it is similar to what might happen to a police chief if he doesn't watch over his officers on the beat. "We do not yet hold people criminally responsible based on position alone," says William Eckhardt, who was the chief prosecutor in the My Lai cases, where two US soldiers were tried for leading a massacre of Vietnamese villagers in 1968. "It seems like things are working the way they should be," he adds.

Others, however, look at the Abu Ghraib proceedings and wonder what happened to the real-life "A Few Good Men" moment - when a plucky defense lawyer connected the dots between the crimes of enlisted men and the commands of a senior officer.

"Defense counsels are pretty good at defending their clients," says Mr. Huffman. "I was anticipating more higher-ranking officers called as witnesses of the defense."

It points to the limitations of the court-martial, which can essentially only hold senior officers to account if they gave an express order to abuse detainees. But that, in itself, is significant: It suggests to Huffman that high-level orders for abuse could not have been pervasive, or else defense lawyers would have found out about it.

In fact, the only general officer called during one of the courts-martial was Maj. Gen. Geoffrey Miller, who first oversaw Guantánamo before taking control of US detention facilities in Iraq in 2003. General Miller took the uncommon step of invoking his right against self-incrimination to avoid testifying.

"That was awfully unusually for a general officer," says Huffman. "That in itself sends an unfortunate signal."

As a result, what has emerged from the Abu Ghraib proceedings is a portrait of a problem more systemic than individual, a Hydra in reverse - a monster not with many heads, but none.

Like the 10 courts-martial, for instance, 12 Pentagon investigations of detainee treatment convened since Abu Ghraib speak in expansive terms about the dereliction of senior leadership but offer almost no specifics. Yet there is widespread agreement among experts that those convicted of crimes at Abu Ghraib were not simply "a few bad apples," as the administration suggested.

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Instead, they were the product of a culture of uncertainty and neglect that blurred the lines of accountability. Critics go further. One of the Pentagon investigations, by Vice Adm. Albert Church, "says misconduct was pervasive, therefore there can be no singular cause," says John Hutson, a former judge advocate general of the Navy. "I would say it does prove a singular cause - an arguably criminal lack of leadership."

It is a broad swipe at Pentagon leaders and the administration, but it also gets at the frustrations of some Americans. Mr. Hutson's concerns are about the detainee doctrine laid out at the highest levels of government, and he acknowledges that in such instances, holding senior leaders responsible isn't necessarily a legal exercise.

After the Navy went through the Tailhook sexual-harassment scandal, the Navy's senior leadership simply resigned.

Adds Eugene Fidell of the National Institute for Military Justice: "Some of the accountability is accountability that can only be achieved politically."

Rice Asks Russians To Probe Spying Reports (AP-Y2)

By Anne Gearan

AP2, March 29, 2006

Secretary of State Condoleezza Rice said Tuesday she had asked her Russian counterpart for an investigation into a report that Russian intelligence fed U.S. battle plans to Saddam Hussein before the 2003 invasion of Iraq.

"I have talked with the Russian foreign minister and asked them to look into this and to take it very seriously," Rice said.

At the same time, Gen. Peter Pace, chairman of the Joint Chiefs of Staff, raised the possibility that the allegation of Russian collusion might be "disinformation," which in military parlance could mean that American commanders had sought to spread false information about battle strategy in order to deceive Saddam about actual troop movements.

The allegation first became public last Friday with the release of a 210-page Pentagon report on how Saddam's government viewed the U.S. invasion.

Defense Secretary Donald H. Rumsfeld, who said he was briefed extensively on the report months ago, said Tuesday he was not aware of the allegation against the Russians until last Friday.

"It merits looking into," he said.

Rumsfeld declined to say whether he thought there should be a U.S. investigation into whether someone inside the U.S. military gave classified information to the Russians, as is suggested in the report.

"I'd have to go back and read it carefully and see what credence one ought to give to it, and see what we may have discovered through other channels, and then make a decision," Rumsfeld said.

Rice, testifying at a Senate hearing, said, "We take very seriously any implication that someone might have been passing information that endangered the operation at the outset of the war, and we will look for an answer back from the Russian government."

Rice and other U.S. officials made no direct accusations against Russia, whose government has an increasingly prickly and complicated relationship with the United States.

"We've wanted not to conclude before we've had the discussion, but it's obviously a very serious matter and we're taking it up with the Russians," Rice said.

She placed a telephone call Tuesday to Russian Foreign Minister Sergey Lavrov to ask for an investigation, said State Department spokesman Adam Ereli.

Russian officials have said the allegation is false, and Lavrov has called it politically motivated. The Russian government strongly opposed the U.S. invasion.

Pace, in his first public comments on the idea of Russian help to Saddam, expressed a degree of doubt about the veracity of the information as presented in a Joint Forces Command report. The report cited two Iraqi documents captured during the early days of the invasion — one of which said the Russian ambassador in Baghdad had passed sensitive information about U.S. battle plans to Saddam.

The other document said Russian intelligence had obtained information from "sources" inside U.S. Central Command's war-fighting headquarters hear Doha, Qatar, and passed it to Iraqi officials.

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"We still don't know whether or not the translation itself is 100 percent accurate," Pace said. "We don't know if this is real information or disinformation. There's all kinds of pieces of this that need to be looked into."

The authors of the report, who briefed reporters on its details last Friday, said they saw no reason to doubt the authenticity of the information relating to alleged Russian collusion.

In at least one case, the report suggests that the information provided by the Russians did more harm than good for Saddam. In fact it may have reinforced in Saddam's mind a mistaken impression about the timing of the U.S. ground assault into Baghdad — an impression that permitted U.S. forces to preserve an element of surprise.

Referring to a Russian letter to Saddam that claimed the Russians had "sources" inside the U.S. Central Command, the Pentagon report said, "Such external sources of information were only one of the fog-generators obscuring the minds of Iraq's senior leadership."

That letter was dated March 24, five days into the war.

On the other hand, the Russians also reportedly told Saddam that the main focus of U.S. ground forces moving toward Baghdad from the southwest was the area around the city of Karbala. This was true. After crossing a bridge over the Euphrates River outside of Karbala, the 3rd Infantry Division had a clear path to the Iraqi capital.

Russia's Newfound Clout Pushes US To Rethink Ties (AFP)

AFP, March 29, 2006

Russia's newfound diplomatic clout on the international scene and its slide away from democracy have forced the United States to rethink its relations with Moscow, analysts say.

They say if President George W. Bush were to peer into the soul of his Russian counterpart Vladimir Putin today -- as he famously claimed to have done during their first meeting in 2000 -- he was sure to find a much less kindred and trustworthy spirit.

"Russia arguably is the most important country in the world to go from semi-democratic to undemocratic during the Bush administration," Michael McFaul, a senior fellow at the Hoover Institution in Washington and a political science professor at Stanford University, told AFP.

"I'm sure Bush regrets saying what he did about Putin (in 2000)," McFaul added. "He had judged this guy one way and he was wrong about it.

"Now Bush is much more suspicious and he's disappointed."

The latest signs of trouble between the two countries emerged last week with a US Defense Department report suggesting that Moscow provided intelligence to Saddam Hussein at the start of the 2003 US-led invasion of Iraq.

US Secretary of State Condoleezza Rice was expected to raise the issue when she meets later this week in Berlin with her Russian counterpart Sergei Lavrov, who has denied the accusations, saying they were politically motivated.

The Pentagon report came amid brewing tensions between the United States and Russia on a number of issues, notably Putin's recent invitation to the Palestinian militant group Hamas to come to Moscow, his refusal to back US-led moves for UN sanctions on Iran over its nuclear program, and his support of the authoritarian regime in Belarus.

Washington has also expressed concern about Moscow using its new status as an energy giant to intimidate its neighbors, and has criticized Russia's decision to sell uranium to India.

Andrew Kuchins, a senior associate in the Russia and Eurasia Program at the Carnegie Endowment for International Peace, said it was clear that Moscow's behaviour was aimed at asserting itself as an independent major power not subservient to the United States.

"The Russians don't want to be talked down to by the US," Kuchins told AFP. "They see themselves as an independent player and they certainly want to be viewed as a significant player in the Middle East -- from Iran, to Iraq to the Mideast peace process."

McFaul said Putin's invitation to Hamas reflected the Russian leader's bid to undercut the United States on the world stage.

"Putin looks at any actions that weaken the US as good for Russia and vice versa," he said.

The fact that Russia is preparing to host the Group of Eight summit in Saint Petersburg has also emboldened Putin, analysts say.

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"Right now the Bush administration just wants to get through the G8 summit ... trying to make that as least negative an event as possible," McFaul said. "After that it's kind of over in terms of policy until new election in both countries (in 2008)."

Andrei Piontkovsky, a Russian political scientist who is a visiting fellow at the Hudson Institute in Washington, said the Putin administration's foreign policy decisions of recent months reflected its hostility to the United States and the West in general.

"I think the US needs to face reality and stop pretending that Putin is an ally," Piontkovsky told AFP. "Maybe several years ago Bush looked into (Putin's) soul and saw something there.

"But what really concerns me today is this very evident flight of Russian foreign policy from the West into the camp of anyone who is confronting the West."

Influence In Iraq Emerges As Key Issue As Arab Conference Opens (NYT)

By Abeer Allam

The New York Times, March 29, 2006

KHARTOUM, Sudan, March 28 — Concerns over growing Iranian influence in Iraq, and the lack of Arab involvement there, dominated the opening of the annual Arab League summit here on Tuesday.

"Any solution for the Iraqi problem cannot be reached without Arabs and Arab participation," Amr Moussa, secretary general of the Arab League, said in his opening speech. "Any consultations conducted without Arab participation will be considered unsatisfactory and will yield no solutions."

Arab countries have been fuming over an Iranian-American agreement this month to hold direct talks about sectarian violence in Iraq.

"They fear Iraq is drifting from the Arabs, being divorced from the Arab world, and the increased influence of another neighboring country," said Hoshyar Zebari, the Iraqi foreign minister. "This time, we are seeing some positive moves by the Arab League toward more realization of the situation on Iraq."

In a draft resolution likely to be approved tomorrow, the group's 22 Arab nations have pledged to reopen diplomatic missions in Iraq. In November, the Arab League also started an effort to reconcile differences among Iraq's religious sects in hopes of ending the sectarian fighting there, as well as increasing the Arab presence. Still, many Arab governments said they felt powerless in the face of Iran's growing influence.

"Arabs have no cards to play with, while Iran has many," said Abdel Wahab Badrakhan, editor of Al Hayat, a newspaper based in London. "Iran can influence the situation in Iraq, Lebanon, world oil prices, and now can play the nuclear card."

Analysts in the region feel that Iran is being rewarded for adopting a confrontational approach. Even though Iran has supported terrorist groups and defied the West's admonition to abandon its nuclear program, Arab countries fear that the United States may cut a deal with Iran that further weakens Arab influence in Iraq.

On the other hand, said Mohammed el-Sayed Said, deputy director of the Ahram Center for Political and Strategic Studies, the Arab countries have complied with international obligations and received nothing from the American government in return.

A declaration expected to be approved by the Arab League on Wednesday pointedly called for "respecting the Iraqi sovereignty, territorial integrity, freedom and independence and noninterference in domestic affairs."

Report Adds To Criticism Of Halliburton's Iraq Role (NYT)

By James Glanz

The New York Times, March 29, 2006

Even as a Halliburton subsidiary was absorbing harsh criticism of its costs on a 2003 no-bid contract for work in Iraq, the government officials overseeing a second contract wrote that the company was running up exorbitant new expenses on similar work, according to a report issued yesterday by the staff for the Democrats on the House Government Reform Committee.

The report, prepared for a frequent critic of Halliburton, Representative Henry A. Waxman of California, is based on previously undisclosed correspondence and performance evaluations from 2004 and 2005.

The documents show that the government's contracting officers became increasingly frustrated as they tried to penetrate what they considered to be inaccurate or misleading progress reports and expense vouchers filed by the subsidiary, Kellogg Brown & Root.

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In August 2004, one of the officers wrote to the company that "you have universally failed to provide adequate cost information as required."

A few months later, after the company was served with a "cure notice," in which the government threatened to terminate the contract if performance was not improved, or "cured," another officer said he was writing "in sheer frustration with the consistent lack of accurate data."

Kellogg Brown & Root's second contract, awarded in January 2004 for rebuilding oil infrastructure in southern Iraq, has a maximum value of $1.2 billion. A company spokeswoman, Melissa Norcross, said that the report was "as devoid of context as it is new information" and that many of the issues raised by the contracting officers had been resolved.

The company, Ms. Norcross said, was forced to work with an ever-shifting cast of oversight organizations and at least 15 government contracting officials. "With each change, the company adjusted to meet the needs of its customer," she said, "all while operating in an extremely hostile war zone."

But Mr. Waxman, the ranking Democrat on the committee, said the report showed that the company had "actually done a worse job under its second Iraq oil contract than it did under the original no-bid contract."

William L. Nash, a retired Army general who is a senior fellow at the Council on Foreign Relations and an expert on post-conflict zones, said the unusually revealing documents laid bare "a microcosm of all the ills" of the Iraq rebuilding effort. "This a continuing example of the mismanagement of the Iraq reconstruction from the highest levels down to the contractors on the ground," he said.

The second contract was not terminated after the cure notice, and contracting officers later noted improvements in some areas. But the company received what appears to be a rebuke when it was given nothing out of a possible $7.9 million in socalled award fees for its first year of work on the contract. The award fees are incentives given by the government to reward good performance.

An award fee given for a later period, roughly the first half of 2005, was about 20 percent of the maximum, which Mr. Nash, who has been involved in determining such fees, described as extraordinarily low.

Both Kellogg Brown & Root contracts called for things like repairing oil wells and pipelines, installing power generators at oil facilities and importing fuel to Iraq. The first contract, worth $2.4 billion, generated enormous controversy after Pentagon auditors questioned more than $200 million in fuel delivery costs.

Critics like Mr. Waxman called the challenged costs overcharges, a description rejected by the company, which claimed a measure of vindication last month when the Army overruled the auditors and reimbursed nearly all of the delivery charges.

The new report, which says that Pentagon auditors have questioned $45 million of the $365 million in costs they reviewed, may revive the battle. A spokesman for the Defense Contract Audit Agency confirmed those figures.

Responding to the numbers, an official with Kellogg Brown & Root said, "Audits are part of the normal contracting process, and it is important to note that the auditors' role in the process is advisory only."

But what are likely to be seen as the most striking portions of the report are those that cite the variously stern, heated and even anguished language of contracting officers trying to bring the company to heel.

"As I have said in numerous meetings, KBR's lack of cost containment and funds management is the single biggest detriment to this program," one officer, Maj. Michael V. Waggle, wrote in the cure notice. He noted that the company had listed an impossibly high cost overrun of $436,019,574 on one job, charges of $114,308 for an oil spill cleanup that failed to remove any oil and another set of tasks in which the overruns were 36.9 percent of all costs.

The slides used in presentations during the deliberations of the board that determined the first award fee are almost equally eye-catching. On one slide, covering the company's success at meeting its planned schedules, a section labeled "Strengths" bears only the notation "N/A," presumably meaning no answer or not applicable. The "Weaknesses" section contains four detailed items.

Documents Trace KBR Billing Problems (WP)

By Griff Witte

The Washington Post, March 29, 2006

DOJ_NMG_0023172

Halliburton Co. repeatedly overcharged the government and exhibited "profound systemic problems" under a $1.2 billion contract to restore oil services in Iraq, according to internal government documents released yesterday by one of the company's fiercest critics.

The documents, cited in a report by the staff of Rep. Henry A. Waxman (D-Calif.), depict government officials' increasing irritation with Halliburton subsidiary Kellogg Brown and Root Inc. as schedules slid, costs multiplied and the company balked at meeting demands for accurate cost estimates. Ultimately, contract overseers threatened to terminate the company's contract if it did not improve.

Pentagon auditors have challenged $45 million worth of company costs, out of $365 million in charges that were reviewed. Under the terms of its deal with the government, KBR earns its profit as a percentage of its costs.

In one case, the government's contracting officials reported that KBR attempted to inflate its cost estimates by paying a supplier more than it was due. In another, KBR cut its cost estimates in half after it was pressed on its true expenses. In a third, KBR billed for work performed by the Iraqi oil ministry.

"The government has made numerous attempts to work with KBR to bring their cost reporting procedures into minimal acceptable standards," a contracting officer wrote to the company in January 2005. He said that the company's "failure to deliver a useable, accurate cost report" was "endangering performance of the contract."

As the company's costs escalated and work fell behind schedule, federal officials in Iraq reported KBR was being "obstructive" toward officials trying to investigate what had gone wrong.

Melissa Norcross, a Halliburton spokeswoman, defended the company's performance under the oil contract, saying Waxman's report dredged up old issues that have already been resolved. Norcross pointed to a July report by the State Department that said Halliburton had been "satisfactorily addressing most of the issues" raised in previous evaluations.

She labeled the Waxman report "partisan" and said it does not take into account the numerous changes the government requested once work was already underway.

"After two years and from thousands of miles away, it is easy to criticize decisions and actions that were based on urgent mission requirements and severe time constraints," Norcross said in a statement.

KBR, the Pentagon's largest contractor in Iraq, has often been criticized for its work, including one deal for supporting U.S. troops with food, laundry and mail services. Yesterday's report was the first to look at the competitively awarded contract from 2004 under which KBR worked to restore oil services in the southern part of Iraq.

That contract was a follow-up to a no-bid 2003 deal that gave KBR that responsibility nationwide. The Pentagon's internal audit division -- the Defense Contract Audit Agency -- had warned the Army Corps of Engineers to contact auditors before negotiating with the company on the new contract because of "significant deficiencies" in KBR's ability to estimate its costs. The DCAA later said the Corps never did so.

"Halliburton has pulled off the impossible: it has actually done a worse job under its second Iraq oil contract than it did under the original no-bid contract," Waxman said in a statement. "This new round of overcharges and dismal performance would have been avoided if the Bush Administration had listened to its own auditors."

Halliburton has said in the past it believes criticism of its performance in Iraq is politically motivated, in large part because Dick Cheney was the firm's chief executive before he became vice president.

A Defense Department spokesman had no immediate comment on the Waxman report.

Halliburton's Iraq Work Criticized (WSJ)

By Yochi J. Dreazen

The Wall Street Journal, March 29, 2006

The U.S. government was so uneasy about Halliburton Corp.'s performance on a major Iraq reconstruction contract that it threatened to end the award unless the company's conduct improved, internal government documents show.

The findings prepared for Rep. Henry Waxman (D., Calif.) are the first to examine the company's contract to restore Iraq's southern oil fields.

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Drawing on reams of government reports and correspondence, they show that U.S. contracting officials regularly expressed concerns about the quality, integrity and cost of Halliburton's work.

Pentagon auditors questioned $45 million of the $365 million Halliburton received for the work.

"Among the serious and persistent problems identified in the documents are repeated examples of apparently intentional overcharging, exorbitant costs, poor cost reporting, slipping schedules, and a refusal to cooperate with the government," the report noted.

Halliburton officials questioned the report's conclusions, noting that the State Department sent a report to Congress the following month crediting Halliburton with "satisfactorily addressing most of the issues" raised about its work.

"This partisan 'report' is as devoid of context as it is new information," the company said in a written statement stressing the dangers of working in wartime Iraq.

The report comes at a moment of transition for the U.S. effort to rebuild Iraq. The Bush administration recently chose not to seek additional money for reconstructing Iraq, even though the $20 billion spent to date has failed to restore the country's infrastructure to prewar levels. Law-enforcement officials are intensifying their probes into fraud and corruption that is believed to have occurred.

The report focuses on the "Restore Iraqi Oil 2" contract awarded in January 2004 to Halliburton's Kellogg, Brown & Root subsidiary. Halliburton said most issues have since been resolved.

In an Aug. 28, 2004, "letter of concern," officials in the Pentagon's Project and Contracting Office in Iraq accused Halliburton of "accruing exorbitant indirect costs at a rapid pace" and failing to properly track its expenses. In October of that year, contracting officials met with Halliburton personnel to complain that the company maintained too many support employees in Houston and Kuwait, according to a summary of the meeting included in the report. Near the end of 2004, a contractor charged with evaluating Halliburton's work concluded that the firm's progress reports about an oil-field project were "misleading" and "distorted," according to another document in the report.

The mounting concerns led contracting officials to take the rare step of sending Halliburton in January 2005 a so-called cure notice complaining that the company's "lack of cost containment and funds management is the single biggest detriment to this program" and threatening to terminate the contract if matters didn't improve.

The U.S. lifted the threat in June 2005, but sharply limited the bonuses Halliburton received for its work. For the first year of the contract, U.S. officials withheld all of the $7.9 million Halliburton was eligible for, accusing the company of misdeeds such as seeking reimbursement for construction work actually carried out by the Iraqi Oil Ministry, according to the report. The U.S. paid Halliburton just 20% of the award fees it was eligible for in the second phase of the contract, chiding the firm for slow progress in the field and overly expensive support personnel in Kuwait.

Mr. Waxman said the report showed the administration failed to properly oversee the rebuilding of Iraq.

"There were concerns raised about giving Halliburton more work, but the administration gave the company a blank check that essentially rewarded it for poor performance," he said.

Documents Describe U.S. Auditors' Battles With Halliburton (LAT)

By Walter F. Roche Jr.

The Los Angeles Times, March 29, 2006

WASHINGTON — Frustrated government auditors pleaded, cajoled and finally threatened Halliburton Co. executives who repeatedly failed to comply with government reporting requirements under a key Iraq contract with a $1.2-billion potential price tag, newly released documents show.

The documents, along with a report, were issued Tuesday by the Democratic staff of the House Committee on Government Reform. Rep. Henry A. Waxman (D-Los Angeles) had requested the report on the contract, considered crucial to the restoration of oil production capacity in southern Iraq.

The 15-page report cites findings by auditors that Halliburton overcharged — "apparently intentionally" — on the contract by using hidden calculations, and attempted in one instance to bill the government for $26 million in costs it did not incur. Auditors also challenged $45 million in other costs, labeling them as "unreasonable or unsupported," the report said.

The report blamed the Department of Defense for awarding the contract despite warnings from auditors that Halliburton's cost estimating system had "significant deficiencies." Although federal officials have criticized the company and threatened to cancel its contracts, Halliburton remains the largest private contractor in Iraq.

The contract, awarded in January 2004, was one of three Iraq pacts for the company once headed by Vice President Dick Cheney.

Although the other two agreements — one for supplies for U.S. troops and the other for fuel and oil industry repairs — have faced heavy criticism as no-bid contracts, Waxman and his staff said Tuesday's report was the first to focus on the third Halliburton contract, for the repair of oil fields in southern Iraq, which was awarded after a competitive bidding process.

"Halliburton has pulled off the impossible," Waxman, a staunch critic of the firm, said in releasing the report. "It has actually done a worse job under its second Iraq oil contract than it did under the original no-bid contract."

Melissa Norcross, a spokeswoman for Halliburton and a subsidiary, KBR, dismissed the report as partisan, and said it focused on issues that had been resolved. She said Waxman failed to include a State Department report to Congress that commended the company "for numerous improvements" to its cost reporting system.

In the days after the U.S. invasion in March 2003, Bush administration officials said the revitalization of Iraq oil fields would finance the country's reconstruction. Since then, though, oil output has failed to exceed prewar levels.

The documents released Tuesday review objective examinations of Halliburton's performance and compliance, including by the Pentagon's Defense Contract Audit Agency. The records provide details of the repeated efforts of government auditors to get Halliburton to comply with record-keeping and reporting requirements.

"You are hereby notified that the government considers that you have universally failed to provide adequate cost information as required under the subject contract," a U.S. contracting officer wrote in an Aug. 28, 2004, letter to an executive of KBR, the Halliburton unit formerly known as Kellogg Brown & Root. "Furthermore, this contract is accruing exorbitant indirect costs at a rapid rate."

Another memo stated: "KBR has done the minimum and has not shown initiative in providing the information required, despite repeated requests."

Other audit documents cite Halliburton's "lack of cost controls." In November 2004, citing the continued lack of required data from Halliburton, government auditors warned that noncompliance would result in "adverse contractual action" and the issuance of a so-called cure notice.

In late 2004, alarmed U.S. officials discovered that Halliburton, in a routine monthly report, had projected an estimated $436-million cost overrun on the project. "This," the government delinquency report states, "is unacceptable."

In late January 2005, the Pentagon's Project and Contracting Office formally issued the threatened cure notice, and warned Halliburton that unless the deficiencies were corrected, the contract could be canceled.

"To date, KBR has yet to produce a cost report that would meet minimal acceptable standards," the Jan. 29, 2005, notice states, adding that the company "is in violation of its basic contractual requirements."

KBR responded with a corrective action plan on Feb. 20, 2005, and promised "to take the necessary measures to correct deficiencies," adding that measures had been taken to identify "systemic deficiencies." KBR blamed delays on government requests for voluminous information.

In a March 7, 2005, response, an official of the Joint Contracting Command cited the "repeated failed attempts by the government to get factual data from the cost report. In sheer frustration with the consistent lack of data, the government has been pushed into the position of asking for everything possible in an attempt to be able to track the KBR costs."

Christian Convert Goes Into Hiding; Italy Asylum Eyed (WT/AP)

By Amir Shah, Associated Press

The Washington Times, March 29, 2006

KABUL, Afghanistan -- An Afghan man who had faced the death penalty for abandoning Islam for Christianity went into hiding yesterday in Kabul after he was freed from prison. Italy said it may grant him asylum.

DOJ_NMG_0023175

Abdul Rahman, 41, was released from the high-security Policharki prison on the outskirts of the capital late Monday after a court dropped charges of apostasy against him for lack of evidence and suspected mental illness. President Hamid Karzai had been under heavy international pressure to drop the case.

Muslim clerics condemned Mr. Rahman's release, saying it was a "betrayal of Islam." They threatened to incite violent protests.

Afghan Deputy Attorney General Mohammad Ishaq Aliko said Mr. Rahman was being held "at a special place and that is only for his own security," Agence France-Presse reported.

"The United Nations and the Afghanistan human rights commission are both aware and involved," Mr. Aliko said. Western diplomatic sources said it was thought the Christian convert was being held at a U.N. compound in Kabul.

U.S. officials have said they would help find Mr. Rahman a country that would provide him a "safe haven," but would not comment on whether U.S. forces were helping protect Mr. Rahman in Afghanistan.

"We are working with the appropriate authorities to ensure his well-being," a State Department spokeswoman said yesterday.

The Italian government said Foreign Minister Gianfranco Fini will use a Cabinet meeting today to press for Mr. Rahman to be granted asylum there.

Italy has close ties with Afghanistan, whose former king, Muhammad Zahir Shah, was allowed to live with his family in exile in Rome for 30 years. The former royals returned to Kabul after the fall of the Taliban regime in 2001.

An Italian diplomat in Kabul said no one from the Italian mission had been in contact with Mr. Rahman, but they had been assured his health was all right.

Mr. Rahman was put on trial last week for converting 16 years ago while he was a medical aid worker for an international Christian group helping Afghan refugees in Pakistan. He faced the death penalty under Afghanistan's Islamic laws.

The case caused an outcry in the United States and other nations that helped oust the hard-line Taliban regime in late 2001 and provide aid and military support for Mr. Karzai.

The outrage put Mr. Karzai in a difficult position because he also risked offending religious sensibilities in Afghanistan, where senior Muslim clerics have been united in calling for Mr. Rahman to be executed.

"This is a betrayal of Islam and the entire Afghan nation by our government," said Hamiddullah, a senior cleric in Kabul. "This will have very dangerous consequences for the government. Muslim leaders will react very strongly."

However, a preacher in northwestern Badghis province said the country's religious leaders should not incite violence. "Clerics shouldn't be calling for people to riot and damage our country," Mohammed Usman said.

DOJ:

U.S. Attorney General To Visit Yakamas (YAKHR)

By PHIL FEROLITO, YAKIMA HERALD-REPUBLIC

Yakima (WA) Herald Republic, March 28, 2006

U.S. Attorney General Alberto Gonzales will visit the Lower Yakima Valley on Wednesday to talk about drug and gang prevention with students and officials with the Yakama Nation.

An hour-long assembly with about 550 middle and high school students is planned for 10 a.m. at White Swan High School, Jonathan Black, a public affairs assistant for the attorney general's office, said in a phone interview Monday from Washington, D.C.

The event is open only to White Swan middle and high school students and school staff.

Later, Gonzales will meet tribal leaders in a closed gathering at the Yakama Nation Cultural Heritage Center in Toppenish. Tribal leaders have not said if other issues beyond drugs and gangs will be raised during their meeting with Gonzales.

As attorney general, Gonzales heads the federal Department of Justice, which is at the epicenter of issues such as immigration and the rights of detainees in the nation's war on terror.

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When Gonzales was sworn in on Feb. 3, 2005, he became the nation's first Hispanic attorney general and the 80th person to hold that office.

Born in San Antonio, he was one of eight children of parents who were the children of Mexican immigrants. After obtaining his law degree from Harvard University, he went on to serve as Texas secretary of state under then-Gov. George W. Bush. He is 50 years old.

His visit to the Lower Valley is his first stop in a swing through several Western states this week, including visits to Las Vegas, Los Angeles and San Jose, Calif.

U.S. Attorney General Appoints Local Prosecutor As Chair Of Justice Department Advisory Panel (SABJ)

San Antonio Business Journal, March 29, 2006

U.S. Attorney General Alberto R. Gonzales on Tuesday named Johnny Sutton to chair a key advisory committee that helps craft policy within the Justice Department.

Sutton is the U.S. Attorney for the Western District of Texas in San Antonio -- a position he has held since December 2001. In that role, he serves as the chief prosecutor for the federal government in San Antonio and West Texas.

Gonzales also appointed Susan Brooks, U.S. Attorney for the Southern District of Indiana, to serve as vice chair of the Advisory Committee of U.S. Attorneys.

"Johnny Sutton and Susan Brooks are experienced prosecutors who have served with distinction as United States Attorneys," Gonzales said in a statement.

"Together, we will work to combat terrorism, reduce violent crime and drug trafficking, prevent cybercrime and child exploitation, prosecute government and corporate corruption, and protect the civil rights of all Americans," the attorney general added.

Sutton has been a member of the Advisory Committee since 2002. He previously served as vice chairman of the panel and serves on the Border and Immigration Law Enforcement Subcommittee.

Sutton will be heading to Washington, D.C. every six to eight weeks for two full-day meetings with the attorney general and deputy attorney general.

As committee chairman, Sutton also will be called in to testify before Congress on how proposed legislation will affect law enforcement and the courts.

"I will be spending a lot more time in D.C.," Sutton says. "I will be spending a lot more time thinking about national policy."

Sutton will serve until the end of March 2007.

But even though he will be traveling more to D.C., Sutton says he is not trying to leverage this appointment to a position in Washington.

"I think my future (with the Justice Department) is in Texas," he says. "But you never say never. It's very exciting."

CORPORATE SCANDALS:

Enron Prosecutors Drop Some Charges And Rest Case (NYT)

By ALEXEI BARRIONUEVO

The New York Times, March 29, 2006

HOUSTON, March 28 — After more than eight weeks and 22 witnesses, the government rested its case on Tuesday against two former Enron chief executives, Jeffrey K. Skilling and Kenneth L. Lay, setting the stage for the defense to begin its bid to keep them out of prison.

When they present their first witness on Monday, the defense lawyers' burden will be a bit lighter, because the judge in the case, Simeon T. Lake III of Federal District Court, approved a government request to dismiss some of the criminal counts against the two men.

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Sean Berkowitz, the director of the Justice Department's Enron Task Force, said prosecutors chose not to present evidence on the dismissed charges "out of economy." Judge Lake said he had been "wondering where the evidence was" on some of the charges, "so now I don't have to ask."

The government rested its case early Tuesday after a former Enron employee testified about the apparent contradiction between Mr. Lay's rapid disposal of tens of millions of dollars in Enron stock and his public pronouncements that Enron shares were "an incredible bargain." The situation alarmed the employee, Joanne Cortez, enough that she told the Federal Bureau of Investigation about the trades.

Mr. Lay and Mr. Skilling are accused of conspiring to defraud Enron's investors while enriching themselves. If convicted, they could spend decades in prison.

The judge closed the case for the rest of the week after Ms. Cortez left the stand, joking to jurors that it was "spring break." Defense lawyers agreed to use the time off to streamline their case, which they said they expected to last about four weeks. A defense lawyer said late Tuesday that Joannie Williamson, a former secretary of Mr. Lay's at Enron, would be their first witness. The much-anticipated testimony of Mr. Skilling and Mr. Lay is expected to take about two weeks. Defense lawyers said Mr. Skilling would take the stand as early as the week of April 10, with Mr. Lay to follow.

The dismissed charges against Mr. Skilling include two counts of securities fraud involving an analyst call and a quarterly filing with the Securities and Exchange Commission, and one count of making false statements to auditors. For Mr. Lay, the judge dismissed one count of securities fraud for a Nov. 12, 2001, analyst conference call. Judge Lake denied a defense motion to dismiss four other counts against Mr. Lay.

Mr. Skilling is now charged with 28 counts of fraud, conspiracy and insider trading, and Mr. Lay with 6 counts of fraud and conspiracy.

Outside the courthouse, defense lawyers blasted the government's case, saying prosecutors had no choice but to drop the charges dismissed by the judge. Daniel Petrocelli, Mr. Skilling's lead lawyer, said the government case was "long on atmospherics and short on actual facts." He said Mr. Skilling was "very anxious to take the stand."

Michael Ramsey, Mr. Lay's lead lawyer, said he was surprised that the prosecutors had called Ms. Cortez when the government months ago failed to bring insider-trading charges against Mr. Lay. "That is unheard of in my experience," Mr. Ramsey said. Mr. Lay is scheduled to go on trial on bank fraud charges immediately after the current case.

Mr. Ramsey and Mr. Petrocelli told reporters that they continued to struggle to persuade potential witnesses, including former managers from Enron and the accounting firm Arthur Andersen, to testify on behalf of Mr. Lay and Mr. Skilling. Mr. Petrocelli said fear of prosecution was the main reason most stayed away.

Mr. Ramsey sought to send a message to potential witnesses. "If you are going to make up your mind to win a case, now is the time to come forward," he said. "We need you down here at this courthouse to tell the truth about Enron."

In her testimony, Ms. Cortez, a former Enron employee who oversaw a line of credit the company had set up for Mr. Lay, said she was shocked to discover in 2001 that Enron's compensation committee had increased Mr. Lay's credit line to $7.5 million, from $4 million. The increase came a week after Enron reported large third-quarter losses in October 2001. By the end of the year, Mr. Lay maxed out the credit line, she said.

Mr. Lay repeatedly drew down the credit line and repaid it almost immediately with Enron shares he owned, Ms. Cortez said. "It made me question whether it was being used as somewhat of a tool to sell shares."

Ms. Cortez became so concerned that Mr. Lay's stock sales were not being disclosed that she hired a lawyer, who turned her records over to the F.B.I. "It's a clear indication of something going on for the C.E.O. to be selling so much stock," she said.

"I thought it was improper, " Ms. Cortez said. She conceded on cross-examination, however, that she had not known that Mr. Lay had used the line of credit to repay bank loans.

During 2001, Mr. Lay made withdrawals totaling $77.5 million and paid back just over $70 million, leaving a balance owed of $7.5 million, Bloomberg News reported.

While Mr. Lay has not been charged with insider trading, prosecutors have asserted that he enriched himself as the company descended into bankruptcy in late 2001.

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Enron Defense Is Set To Present 'No Crime' Tack (WSJ)

By Gary McWilliams

The Wall Street Journal, March 29, 2006

HOUSTON -- As the prosecution rested its case yesterday against former Enron Corp. top executives Kenneth Lay1 and Jeffrey Skilling2, the defense is gearing up to present its argument that essentially no crimes occurred at the onetime energy giant, which collapsed into bankruptcy in 2001.

Defense attorneys, who are scheduled to begin their case when the trial resumes on Monday, signaled before the proceedings began at the end of January that they planned to argue that Enron was a vigorous and growing company felled by outside forces.

Such an approach is unusual in the recent annals of big-time corporate-crime cases. In recent corporate scandals, such as at HealthSouth Corp. and WorldCom Inc., the former chief executives at those companies argued that they weren't aware of large frauds taking place at the company. HealthSouth's CEO Richard Scrushy was acquitted in his trial while WorldCom's Bernard Ebbers was convicted and sentenced to more than 20 years in prison.

Lawyers for Messrs. Lay and Skilling have been arguing that the only crimes at Enron were committed by a handful of subordinates who stole money from the company-unbeknownst to either of the defendants. Both men are expected to repeat this position when they take the stand in their own defense.

Yesterday, U.S. District Judge Sim Lake5 dismissed a securities fraud charge against Mr. Lay, leaving six counts of conspiracy and fraud. Judge Lake dismissed two securities fraud charges and a charge of making false statements to auditors against Mr. Skilling, leaving 28 counts of insider trading, conspiracy and fraud. The judge rejected defense motions for acquittal on all remaining counts.

Lead prosecutor Sean Berkowitz proposed dropping the four counts to speed up the case. The move is not unusual in a case this size. A securities-fraud count was dropped before deliberations began against Martha Stewart, who was ultimately convicted of obstruction of justice. Before concluding its case, prosecutors again hit at Mr. Lay's apparent contradiction in proclaiming Enron shares "an incredible bargain" while disposing of tens of millions of dollars of his Enron stock in late 2001.

In addition to their "no crime occurred" defense, the defendants will also likely argue that many of the company's most controversial activities were thoroughly vetted by attorneys and outside auditors and that they relied heavily on such expert advice. "They will have to educate the jury on just how vast their responsibilities were in the company," said Kent Schaffer, a Houston defense attorney not involved in the trial.

Meanwhile, in remarks outside the courtroom, Mr. Lay's lead defense attorney, Michael Ramsey6, yesterday blasted the prosecution for resting "with an allegation that does not exist -- insider trading." Mr. Lay's stock sales were approved and were in response to margin calls on investments, his attorneys have argued.

The first witness expected to be called by the defense is a former employee of Enron's office of the chairman and a friend of former Enron investor-relations chief Mark Koenig. During cross examination an attorney for Mr. Lay suggested that Mr. Koenig denied wrongdoing to Joannie Williamson during conversations. Mr. Koenig, who pleaded guilty to an Enron-related crime, said he hadn't made any such denial of guilt. Ms. Williamson couldn't be reached for comment.

Mr. Skilling's lead defense attorney, Daniel Petrocelli7, yesterday pleaded for help during an impromptu news conference outside the courthouse yesterday. Mr. Petrocelli blamed the government, which has suggested more indictments of Enron executives may be forthcoming, for a lack of witnesses. "People have been unwilling to risk their families and lives to take a position not in concert with the government's," he said. "It's tragic. It perverts our system of justice when witnesses with facts don't come forward." He said that Mr. Skilling will take the stand late in the week of April 10.

In testimony yesterday, Joanne Cortez, a former Enron employee who handled accounting for its executive loan program, said that she became alarmed in mid-2001 after Mr. Lay accelerated his borrowings at a time when questions were being raised about the company's prospects. After Mr. Skilling resigned in August, directors raised the maximum that Mr. Lay could borrow to $7.5 million from $4 million.

Ms. Cortez said she was concerned that "it isn't public knowledge that shares were being sold back to the company to repay his line of credit," and checked the proxy statement to see how Enron was publicly reporting the borrowings. Its 1999 proxy

listed the maximum he was allowed to borrow at one time and his interest payments for loans that year, she said. The borrowings and repayments grew so frequently that she independently began tracking them, documenting some $77 million of borrowings by Mr. Lay in 2001.

Ms. Cortez said she didn't sell her own Enron stock, fearing her knowledge of Mr. Lay's unpublicized stock-swaps could expose her to some kind of legal jeopardy if she sold. "It was a clear indication something was going on," she told prosecutor John Hueston. "I was feeling not sure what he was doing so I didn't myself." She later asked her lawyer to contact the Federal Bureau of Investigation.

Questioned by an attorney for Mr. Lay, Ms. Cortez said she did know Enron lawyers and accountants were aware of the loan program and stock swaps, but she said she had reservations about them nonetheless.

The trial adjourned until Monday, when the defense is to begin its case. Attorneys said they expect to call about two dozen witnesses, including Messrs. Lay and Skilling.

Act 1 Of Enron Case Wraps Up (USAT)

By Greg Farrell

USA Today, March 29, 2006

And on the 32nd day, prosecutors rested.

The trial of former Enron CEOs Ken Lay and Jeff Skilling reached the midpoint Tuesday morning when the last of 22 prosecution witnesses stepped down from the stand.

Starting Monday, defense lawyers will make the case that instead of deceiving the investing public about the financial health of Enron — which the government accuses them of doing — Lay and Skilling were stand-up managers who believed in the company.

Their task got a little easier Tuesday when U.S. District Judge Sim Lake granted the government's request to drop three charges against Skilling and one against Lay. After that, Skilling now faces 28 counts of conspiracy, fraud and inside trading. Lay faces six counts of conspiracy and fraud.

In just over eight weeks of trial, consisting of 32 days in court, prosecutors put 17 former Enron employees on the stand, including eight witnesses who pleaded guilty to crimes related to their actions at Enron and agreed to cooperate with the government.

According to the government's charges, Lay and Skilling headed a conspiracy to deceive the investing public about Enron's financial condition. Most of the prosecution witnesses said they told Lay or Skilling of the company's problems, but none of them had any paperwork or memos that proved the case conclusively.

To outside observers, the government turned in a solid effort so far. “It's Act 1, but I think it's been a very successful Act 1,” says John Coffee, an expert in securities law at Columbia University. “Given what can go wrong in a trial, nothing has gone wrong so far.”

Defense lawyers will argue next week that there was no conspiracy and that Enron was a sound company that faltered in 2001 only after revelations that former CFO Andrew Fastow stole $25 million caused a crisis of confidence in the marketplace.

They will also argue that every transaction Enron entered into was approved by an army of lawyers and accountants, all of whom Fastow deceived.

“There has been a mythology that has evolved over the years about Enron and what Enron has now come to mean, and we'll do our best to crush that mythology and get the facts out,” said Dan Petrocelli, the lead attorney for Skilling, after the prosecution rested its case.

“We're looking forward to getting on the stand and getting our case out there — the positive case,” Lay told reporters outside the federal courthouse in Houston.

Former Enron employee Joanne Cortez, the government's final witness, testified that in 2001, as Enron's financial situation worsened, its board increased Lay's line of credit from $4 million to $7.5 million. Several times Lay borrowed the maximum amount and repaid it immediately with Enron stock.

“I thought it was improper,” Cortez testified.

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Enron Trial Made Simpler (WP)

By Carrie Johnson

The Washington Post, March 29, 2006

HOUSTON, March 28 -- The prosecution wrapped up its case in the fraud trial of former Enron Corp. executives Kenneth L. Lay and Jeffrey K. Skilling on Tuesday, setting the stage for the defense to begin next week.

Over nine weeks, prosecutors called 22 witnesses, including many former Enron insiders, to paint a dire portrait of the company's financial health in the months before its collapse, contrasting the dismal view inside Enron with optimistic statements by Lay and Skilling to investors and employees at the same time.

In contrast to many other corporate fraud cases, prosecutors avoided getting bogged down in accounting detail -- the result of a major breakthrough before the trial even began.

Former Enron accounting chief Richard A. Causey had been expected to stand trial with his former bosses, who might have blamed him for misleading accounting in order to save themselves from long prison sentences.

Instead, in December, a month before the trial began, Causey pleaded guilty, raising the possibility that he might be a witness against Lay and Skilling.

Prosecutors did not call Causey to testify, despite his role as a middleman who had close contact with both Skilling and Lay. Still, the last-minute plea deal allowed prosecutors to streamline their case, scuttling scores of witnesses against Causey who would have spent weeks talking about complex accounting practices and byzantine deals. With no need to concentrate on convicting Causey alongside Lay and Skilling, prosecutors were able to keep the time spent on bookkeeping detail to a minimum.

The Justice Department's Enron Task Force called fewer than two dozen witnesses, only a few of whom delved into the murky world of accounting. Two former Arthur Andersen LLP partners on the stand last week stupefied jurors and spectators. Defense lawyers promptly turned the cross-examination into a seminar, hoping to muddy the waters and stressing that corporate finances are subject to countless estimates and assumptions -- hardly the basis for convictions that could send Lay and Skilling to prison for the rest of their lives, they argue.

Samuel W. Buell, a former Enron prosecutor who teaches law at the University of Texas, called the Causey plea a "no-brainer" in a blog entry on the Houston Chronicle Web site last week.

"To prove intent, you need to get the jury inside the head of the defendant," Buell said in telephone interview. "The head of this particular defendant is the head of an accountant. It would have been a trickier task for the government."

In focusing on alleged misstatements by Lay and Skilling, rather than on Enron's accounting, the prosecutors may be using lessons learned from other recent corporate scandals. The trials of former Tyco International Ltd. chief executive L. Dennis Kozlowski and Cendant chairman Walter A. Forbes both foundered on detail-ridden government presentations that dragged on for months. Neither jury reached a unanimous verdict, though a second, shorter trial of Kozlowski resulted in a conviction.

"It was just detail after detail, name after name," said Ken Premo, the jury foreman in the Cendant case. Premo said he voted to convict Forbes. "It seems like the Enron case is more about misrepresentation, [whether] they knew what was going on and they didn't act on that."

Nevertheless, the government has presented a case that is largely circumstantial and indirect, relying on the testimony of more than a half-dozen Enron insiders who pleaded guilty and agreed to testify in exchange for reduced prison sentences. No documents have emerged tying either Skilling or Lay to misconduct, an issue the defense emphasized repeatedly. Prosecutors are counting on the inferences jurors will draw after hearing 22 witnesses describe what they call improper practices in Enron's uppermost ranks.

In recent weeks, the trial has come to resemble more than anything else a case of dueling timelines. Prosecutors displayed colorful charts with plot points: board meetings, public statements, and stock sales made by the defendants in the months before the December 2001 bankruptcy-protection filing. The timelines are intended to advance the argument that Lay and Skilling knew about Enron's precarious health from multiple sources but painted too rosy a picture for investors.

The timelines raised frequent -- and prompt -- objections from the defense. On cross-examination, lawyers for Lay and Skilling projected their own charts on a courtroom screen, blaming Enron's collapse on a vicious brew of short sellers, skeptical

reporters and doubts raised by the conduct of former chief financial officer Andrew S. Fastow. In short, the defense timelines illustrate their theory that Enron suffered from a liquidity crisis sparked by a "run on the bank."

Often, U.S. District Judge Simeon T. Lake III has told one side or the other to take down an offending chart. But the implications lingered.

On Tuesday, the judge consented to a prosecution request and dropped three criminal charges against Skilling and one against Lay. But he denied defense motions to throw out the case altogether. Instead, he declared a "spring break" and gave defense lawyers a chance to regroup before beginning their portion of the trial Monday.

Legal experts suggested that upcoming testimony by Skilling and Lay could be decisive in the case. While prosecutors need all 12 jurors to agree on at least one charge, defense lawyers need to raise doubt in the mind of only one juror to achieve a mistrial.

"Once the defendants take the stand, that changes the whole picture," said Michael J. Wynne, a former prosecutor who is now at the Houston law firm Yetter & Warden LLP. "By far the most important testimony will be the defendants'."

Meanwhile, neither defense lawyers nor prosecutors, who will put on a brief rebuttal case, have ruled out the possibility that Causey, who has been present in spirit but who has not appeared in the courtroom, will testify.

Prosecution Rests In Enron Trial (AFP-Y2)

AFP, March 29, 2006

The prosecution rested in the Enron fraud trial after two months of testimony aimed at depicting former chiefs Kenneth Lay and Jeffrey Skilling as greedy liars who deceived investors for personal gain.

US District Judge Sim Lake dismissed three of 31 charges against Skilling and one of Lay's seven charges. Prosecutors said they moved to dismiss the counts "for the purpose of economy and other reasons," a Justice Department official said.

Lake then declared a "spring break" and gave defense attorneys until Monday to prepare their rebuttal.

"There's been no case in this case," Michael Ramsey, Lay's lead lawyer, told reporters outside the courthouse.

"Everything (at Enron) was done according to the rules and that's what we're going to show."

Lay and Skilling, both of whom served as chief executives at Enron, are eager to take the stand, their lawyers said.

The defense teams plan on calling about 25 witnesses from an original list of 170 and expect testimony to last about four or five weeks.

"The government's case was long on atmosphere and short on facts and we are going to get the facts in front of the jury," said Daniel Petrocelli, Skilling's lead attorney, told reporters. "We are very hopeful and confident."

The dismissed charges include two counts of securities fraud and one count of making a false statement to auditors against Skilling and one count of securities fraud against Lay.

The judge denied defense motions to dismiss the other charges. Skilling faces 28 counts while Lay faces six in the trial.

Lay, 63, and Skilling, 52, have denied the charges, which carry long prison terms.

Enron collapsed in 2001 with estimated losses of more than 40 billion dollars.

What was then the biggest corporate collapse in history sent panic through Wall Street, and Enron's auditor, Arthur Andersen, folded after a criminal conviction, even though the verdict was overturned by the US Supreme Court.

Lay, who founded Enron and served as chairman and chief executive, faces charges of fraud and conspiracy. He also faces a separate trial on federal banking violations.

Skilling, a company veteran who served as chief executive for several months in 2001, faces allegations of fraud, conspiracy, insider trading and lying to auditors about Enron's financial position.

Several Enron executives have already pleaded guilty and have been sentenced to prison, and some are helping prosecutors in their cases against Lay and Skilling.

Former Enron chief financial officer Andrew Fastow, seen as the architect of the secret partnerships that hid Enron's massive debts and who testified under a plea agreement, ended up as an effective witness, according to Jacob Frenkel, a former US prosecutor who has worked with the Securities and Exchange Commission.

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Although the defense wanted to make Fastow the scapegoat, the lawyers may have erred by being too tough on the former executive, said Frenkel.

"At the end of the day ... you have a jury of 12 human beings watching another human being being pummeled by a trained gladiator, the lawyer," said Frenkel.

"If the jury develops sympathy for that witness, then the cross-examination has failed."

John Coffee, a Columbia University law professor specializing in white-collar crime, said prosecutors have created a formidable task for the defense.

"I think the government should be fundamentally quite happy," said Coffee.

"They have put on a variety of witnesses that have communicated the same story ... each of those people have been cross-examined and have had to retreat a bit, but each one adds up, and it is cumulative."

Coffee said the prosecution avoided any major surprises or mistakes, and did not allow the case to get bogged down in financial minutiae.

"The worst thing that can happen (for the prosecution) is that the jury can become confused and bored," Coffee said. "A confused jury is less likely to convict."

Judge Dismisses Several Charges Against Lay, Skilling (LAW)

By Brenda Sapino Jeffreys, Texas Lawyer

Texas Lawyer, March 29, 2006

Kenneth Lay, former Enron Corp. chairman, and Jeffrey Skilling, the company's former chief executive officer, got a break Tuesday in their criminal trial when U.S. District Judge Sim Lake of Houston agreed to dismiss a few of the charges against them.

After the prosecution rested its case Tuesday morning, Lake granted a motion filed by the Enron Task Force to dismiss three of the 31 charges pending against Skilling and one of the seven charges Lay faces in the trial that started in late January.

According to a spokeswoman for the prosecution team, the government asked Lake to dismiss the charges for the purpose of economy and other reasons.

Lake agreed to dismiss Count 15 against Skilling, a securities fraud charge stemming from a 10Q filed with the Securities and Exchange Commission in May 2000; Count 21, a securities fraud charge related to an analyst conference call in April 2000; and count 33, a false-statements-to-auditors charge related to the May 2000 10Q.

Lake also dismissed Count 30 against Lay, which is a securities fraud charge related to an analyst conference call in November 2001.

Lawyers for Lay and Skilling also asked Lake to dismiss other charges, but he denied their requests.

Testimony in the trial, which began Feb. 1, is scheduled to resume April 3 with defense witnesses.

In United States v. Jeffrey K. Skilling, et al., prosecutors allege the former Enron executives participated in a conspiracy to misrepresent the true financial condition of the former high-flying energy company. The defendants have pleaded not guilty.

U.S. Grand Jury Subpoenas GM Over Handling Of Supplier Credits (WSJ)

By Lee Hawkins Jr.

The Wall Street Journal, March 29, 2006

General Motors Corp. said it received a subpoena from a federal grand jury investigating its handling of payments or "credits" from suppliers, and said it had found "material weaknesses" or "significant deficiencies" in certain areas of its accounting controls.

The world's largest auto maker by production also said it received a subpoena from the Securities and Exchange Commission in connection with a previously disclosed investigation of GM's transactions in precious-metal raw materials.

The disclosures, made yesterday in delayed annual filings with the SEC, are a setback for GM as it seeks to turn around its loss-plagued North American operations and hammer out agreements to reduce costs and quell labor strife at its No. 1 parts supplier Delphi Corp. (See related article.1) The disclosures also come as Chairman and Chief Executive Rick Wagoner faces growing pressure to restore investor confidence. (See filing.2)

The filings were made after the close of New York Stock Exchange composite trading, in which GM shares fell 18 cents to $22.75. In after-hours trading, GM was down 39 cents to $22.36.

Over the last six moths, GM has disclosed the receipt of six subpoenas from the SEC and two subpoenas from federal grand juries. Two of the SEC inquiries are related to GM's business dealings with Delphi, its former subsidiary. One federal grand jury matter is part of a broader investigation of the reinsurance business, including GM's General Motors Acceptance Corp. finance arm and many of its competitors. The supplier credits being investigated by the federal grand jury comprise a form of rebates.

Neither GM nor any GM executive has been accused of wrongdoing in connection with the SEC and grand jury probes. GM declined to disclose whether any individuals have been named in the federal subpoenas.

"Few large companies will escape SEC scrutiny at one time or another, but a federal grand jury is really perceived as several notches up from that. That really begins to erode investor's confidence in management," said Dan Genter, chief investment officer of RNC Genter, a Los Angeles investment-management firm, and a GM bondholder.

In another development, GM said the audit committee of its board of directors concluded on Monday that the company's financial statements for the years 2002-2004 and statements for the first three quarters of 2005 "should no longer be relied upon" because of accounting errors. The company filed corrected statements for those years with the SEC yesterday.

In yesterday's filings, GM said it has completed its internal investigation of accounting practices relating to the supplier credits. The company also looked at other matters, including how one of its subsidiaries classified cash flows relating to mortgage-loan sales and how it accounted for the value of cars GM leased to rental companies. GM said it found that the financial controls it uses to detect errors and possible fraud have been vulnerable to "material weaknesses" in the past.

GM said it will prevent such problems in the future using "enhanced" controls to aid in the correct "preparation, review, presentation and disclosures of our consolidated statement of cash flows." GM disclosed earlier this month that it would restate financial results going back to 2001 because of various accounting errors. GM also delayed filing its 2005 10(k) annual report until yesterday.

Some investors have said their confidence in GM's financial reporting is fading -- a reality that GM tried to counter in Tuesday's disclosure. "It's a high priority to win back investor confidence in GM," said GM spokeswoman Toni Simonetti.

While it is unclear what effect the rash of accounting problems will have on GM's day-to-day business, the company did caution that the problems with its financial statements could interfere with its ability to borrow money under a $5.6 billion unsecured credit facility. However, GM said it has "no current need or intention to draw" on the facility. It also said it is considering the possibility of amending or replacing the facility with new terms that would resolve any uncertainty regarding its ability to tap the line of credit.

Mr. Wagoner and his team have stepped up efforts to show progress toward a turnaround. GM disclosed in its filings yesterday that it expects to increase capital spending in 2006 to $8.7 billion, from about $8.4 billion in 2005. The added spending could speed new models to market as part of an effort to shore up market share.

The company said it expects to reduce its structural costs by $7 billion, on a running-rate basis, by the end of the year. That's up from $6 billion last year. "That's an indication of progress being made in North America, particularly on the structural cost side, even better than expected," Ms. Simonetti said.

GM also said its U.S. hourly and salaried pension plan is overfunded by about $7.5 billion as of the end of 2005. When including GM's executive plan, the plan is overfunded by $6.1 billion.

Yesterday, GM began laying off about 1% of its U.S. salaried work force of 36,000 as part of an overall plan to reduce the North American salaried work force by about 7% this year.

GM is continuing talks to sell a controlling interest in its auto financing subsidiary, General Motors Acceptance Corp., a deal that is being watched closely by Wall Street and credit-rating agencies.

GM Reveals More SEC Investigations (USAT)

By Sharon Silke Carty

USA Today, March 29, 2006

DETROIT — Adding to an already long list of problems, struggling automaker General Motors disclosed Tuesday that it now is the subject of seven investigations by the Securities and Exchange Commission rather than the five it previously said.

In a filing with the SEC, GM also warned that it might not be able to sell controlling interest in its GMAC finance arm to raise emergency cash and to restore the lender's credit rating. The money-losing automaker portrayed the disclosures as routine parts of its annual filing with the SEC. But that filing itself was delayed more than a week after GM at the last minute discovered financial irregularities at a unit called ResCap, which is part of GMAC.

At about the same time, the automaker said it would have to spend more than planned on its own restructuring and on lingering obligations to parts supplier Delphi, now under Chapter 11 bankruptcy protection. As a result, it added $2 billion to its losses last year, putting it $10.6 billion in the red for 2005.

Kevin Tynan, an analyst with Argus Research, said the issues trouble investors because GM's CEO, Rick Wagoner, has a background in accounting and finance. "You're talking about a guy who came from the finance side, and if the company has anything but squeaky clean finances, that's going to raise some eyebrows," Tynan says.

In the Tuesday disclosures, GM said the SEC has issued a subpoena seeking information about precious metal transactions. Additionally, GM said, the SEC and a federal grand jury have issued subpoenas to GMAC as part of industrywide investigations into insurance industry practices.

"A negative outcome of one or more of these investigations could require us to restate prior financial results (in addition to our recent restatements) and could result in fines, penalties, or other remedies being imposed on GM," the company said in its filing.

GM has been seeking a buyer for controlling interest in GMAC. GMAC has been a cash cow for GM, but the lending unit has been hurt by its ties to the money-losing car company, making it more expensive for GMAC to raise money.

Selling off most of it would raise cash for GM and could allow GMAC to improve its creditworthiness while it continues providing loan money for purchases of GM vehicles.

Tuesday, GM warned that it might not find a buyer, and even if it does, that "may not delink GMAC's credit rating from GM's credit rating."

GM spokesman Jerry Dubrowski said, "I don't think you should read too much into that, beyond the obvious, that there's always a risk factor."

CRIMINAL LAW:

Judge In Illinois Graft Case Denies Request For Mistrial (NYT)

By Gretchen Ruethling

The New York Times, March 29, 2006

CHICAGO, March 28 — A federal judge replaced two dismissed jurors on Tuesday in the criminal trial of former Gov. George Ryan and instructed the jury to begin deliberations anew, denying a request by the defense for a mistrial.

"To go forward right now, as difficult as it is, is not irrevocable," said the judge, Rebecca R. Pallmeyer of Federal District Court, in front of a packed courtroom. "That's one of the reasons it seemed appropriate to me."

Judge Pallmeyer had been investigating and interviewing jurors individually and having closed-door hearings with lawyers since last week, when The Chicago Tribune discovered that two jurors had lied on questionnaires about whether they had criminal records. Those jurors were dismissed Monday.

The judge called her decision to proceed "tentative" and said she had not "shut the door" on the possibility of a mistrial. She said the jurors had been diligent, had taken careful notes, had had perfect attendance over the past six months and had abided by her instructions.

"They have made extraordinary efforts to stay with us," she said before she began re-reading 148 pages of jury instructions on Tuesday afternoon. "At least for now, at least for this moment, we can proceed with these jurors."

It is going to be difficult for jurors to put eight days of deliberations completely out of their minds as the judge has ordered, experts say.

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"I think it makes a lot of sense from a legal theoretical point of view, and it makes very little sense from a human psychological point of view," said Patrick J. Cotter, a defense lawyer here and a former federal prosecutor in Brooklyn. "They spent eight very difficult days, and now somebody comes to them and says, Just push a button and erase all that."

Jean Rosenbluth, a law professor at the University of Southern California and a former federal prosecutor in Los Angeles, said defense lawyers in similar situations had argued that such dismissals were subterfuges involving jurors who were holding out for acquittal.

"You do have a danger when the jurors who are removed are sort of a lone voice for acquittal," Ms. Rosenbluth said. "Any good defense lawyer is going to try to make hay of this."

Difficulties in deliberations, which began two weeks ago, became apparent through an exchange of notes between jurors and Judge Pallmeyer indicating confusion about instructions and personal conflicts among jurors.

Mr. Ryan, 72, and Lawrence K. Warner, 67, are charged with 22 counts of racketeering, conspiracy, mail fraud and other charges. Mr. Ryan, a Republican, is accused of swapping state business for gifts, vacations and money. Both men have denied wrongdoing.

Judge Weighs Jury Alternates In Ryan Trial (FINDLAW/AP)

By Mike Robinson, Associated Press Writer

AP, March 29, 2006

(AP) - CHICAGO-A federal judge met behind closed doors with defense attorneys in former Gov. George Ryan's racketeering trial Tuesday, a day after she dismissed two of the jurors for allegedly lying on a court questionnaire.

After announcing the dismissals, U.S. District Judge Rebecca R. Pallmeyer said she wanted to talk with the remaining jurors before deciding whether to call in alternates. The jury has already struggled through two weeks of deliberations, and bringing in alternates would require them to start over.

Defense attorneys have argued in court papers that replacing the two jurors now would violate Ryan's rights.

"I haven't made any final decisions on whether or not we are going to be able to proceed, but I will tell you that we have excused two of the jurors," U.S. District Judge Rebecca R. Pallmeyer said before leaving court Monday.

Pallmeyer dismissed the jurors after the Chicago Tribune reported that they apparently had lied in saying on a questionnaire last September that they had never been charged with a crime.

Starting deliberations from scratch could add weeks to a trial that began last September. Pallmeyer met for hours with the attorneys Tuesday in an effort to resolve the crisis and avoid a mistrial.

She said pointedly that there had been "a very significant investment both public and private" in the trial that by any yardstick has cost millions of dollars.

"If we can proceed with this case fairly, if we can continue and continue with the jury and for them to deliberate fairly, that's what my goal would be," she said. "If I can proceed in a process that makes me comfortable, then that's what I intend to do."

Ryan, 72, and co-defendant Larry Warner, 67, are charged in a 22-count federal indictment with racketeering, mail fraud and other offenses. Prosecutors say that as secretary of state in the 1990s and later governor, Ryan steered leases and contracts to Warner and other friends.

Ryan and Warner deny anything they did was illegal.

Ryan Trial Deliberations To Resume (CHIT)

By Matt O'connor, Tribune Staff Reporter

Chicago Tribune, March 29, 2006

A federal judge on Tuesday added two alternates to the jury deciding former Gov. George Ryan's fate and ordered deliberations to begin anew in the historic trial.

U.S. District Judge Rebecca Pallmeyer made it clear her decision to reject a defense request for a mistrial was tentative and would depend on her continuing satisfaction that the process is fair to Ryan and lobbyist Lawrence Warner.

The judge's decision came a day after she excused two jurors following Tribune reports last week that uncovered both had apparently concealed their arrest records during jury selection in September.

The original jury had deliberated eight days amid signs of personal rancor before the judge suspended deliberations.

Deliberations in the six-month trial are set to begin again on Wednesday morning with the two new jurors, a divorced retail grocery manager and a mother who works part-time.

"The fact that there have been circumstances that led to the excusal of two jurors should not in any way enter into your deliberations," Pallmeyer told the new jury on Tuesday.

The dismissal of the two jurors and their replacement by two alternates didn't change the gender makeup of the six-man, six-woman jury but reduced its minority makeup to four members from five.

Returning to the courtroom for the first time since March 10, a grim-faced Ryan, with his wife, Lura Lynn, and son, George Jr., at his side, didn't appear pleased at the turn of events. But a gag order imposed by Pallmeyer in the trial's final days prevented him, Warner or lawyers in the case from commenting publicly.

On Monday, Ryan's lawyers publicly filed an objection to substituting alternate jurors, arguing it would be impossible for original jurors to start deliberations anew after two weeks of deliberations.

In that filing, Ryan's lawyers said notes signed last week by the jurors who ultimately were excused "indicated disagreement," suggesting that one or both had been holdouts for Ryan in the original deliberations.

Since the Tribune's revelations about the two jurors, Pallmeyer held hours of discussions behind closed doors, interviewing jurors individually and hearing legal arguments on pushing ahead with two alternates or declaring a mistrial.

In comments outside the new jury's presence, the judge defended her actions by saying she interviewed each juror behind closed doors to try to ensure that her questions were answered with candor.

She said she intends to release transcripts of the discussions as soon as possible, perhaps before the new jury reaches a verdict.

Acknowledging her decision was "relatively extraordinary," Pallmeyer disclosed that the defense had asked her to halt the proceedings and declare a mistrial. But she said she denied the request "without prejudice," meaning it could be reconsidered.

"I have not shut the door on this possibility," she told reporters and other spectators gathered in her courtroom. "I mean that with complete candor."

Jury room is 'cleansed'

To try to assist the new jury in starting deliberations anew, Pallmeyer said she ordered the jury room "cleansed" through the removal of any notes made during the earlier deliberations, any charts they may have created, and even a list of witnesses the original jury requested.

"To the extent that it's possible, I have directed that they resume their deliberations from moment one, and that means removing from the jury room any indications or reflections of the activity that's gone on up until then," she said.

Pallmeyer also issued a new instruction that jurors "must treat this case as if the prior deliberations did not occur."

"You also should not discuss or mention statements made during the prior deliberations during these news deliberations," she said.

Even though 10 of the jurors had heard them before, the jury listened intently as Pallmeyer took more than 1½ hours to read the same legal instructions she gave to the original jury more than two weeks ago.

Moments before she sent the jury from the courtroom, Pallmeyer directed jurors in "the sternest terms" to stay away from news media accounts, going so far as to instruct them "not even [to] pick up a newspaper." She said she would provide crossword puzzles to jurors herself if necessary.

Pallmeyer also mistakenly instructed jurors not to watch TV at all. When a lawyer pointed out she meant to restrict their viewing of TV news only, she hurried to the back to tell jurors before they departed. "They said they knew that," the judge said on her return to the bench.

One reason Pallmeyer said she decided against declaring a mistrial was that it would be an irrevocable move, while she could still change her mind about proceeding with the trial.

"If at any point I conclude that this procedure is not fair, I do intend to declare a mistrial if that's appropriate," the judge said. "I don't believe that step is appropriate right now."

Pallmeyer said no one was to blame for not catching the two jurors' apparent misrepresentations until deliberations had begun.

"We can all second-guess what might have been or could have been in terms of an investigation, but the fact is ... a criminal background investigation is not standard practice" in federal court in Chicago, she said.

A day after referring to the enormous public and private resources that have been devoted to the case, Pallmeyer said she wanted to make clear that wasn't the only reason she decided to proceed with the trial.

Goal is fairness, judge says

"The reason for that is that the No. 1 goal here is not that we not waste resources or that we obtain an expedient result," she said. "The No. 1 goal here is fairness."

Pallmeyer also defended the jurors' performance, noting their diligence and attention over the marathon trial.

"The reason you've got alternates is in case something like this happens," said Thomas Sullivan, a former U.S. attorney.

Mark Rotert, a criminal-defense lawyer and former federal prosecutor, said what happens next could be critical in any appeal if either Ryan or Warner is convicted.

If the new jury deliberates for a week or more and comes back with a mixed verdict, that might suggest that all 12 jurors were involved in a meaningful way, he said. But if they return in only a day or so with a verdict of guilty on all counts, Rotert said, "that gives real substance to the concerns" by Ryan's lawyers that the jury can't be expected to deliberate all over again.

Tribune staff reporter Michael Higgins contributed to this report

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2 Jurors Replaced With Alternates (CHIST)

By NATASHA KORECKI, JANET RAUSA FULLER AND STEVE PATTERSON, Staff Reporters

Chicago Sun-Times, March 29, 2006

The chance of a mistrial still looms, but former Gov. George Ryan's public corruption trial will go on after a federal judge on Tuesday -- admitting it was a rare move -- swapped two dismissed jurors with alternates.

U.S. District Judge Rebecca Pallmeyer averted a mistrial for now but left wide open the possibility she still could grant one after tossing two jurors who didn't disclose their criminal backgrounds.

"If at any point I conclude that this procedure is not fair, I do intend to declare a mistrial," she told a packed courtroom without the jury present. But, she explained: "To go forward right now, as difficult as it is, is not irrevocable."

A mistrial is irreversible, she said. "At least for now, I'd like to see the process proceed."

THE JUDGE SPEAKS

Judge Rebecca Pallmeyer addressed her decision to replace two jurors with alternates.

"The No. 1 goal here is fairness. If at any point I conclude that this procedure is not fair, I do intend to declare a mistrial if that's appropriate."

"I think at least somebody in one of the media outlets that I happened to see referred to this situation as 'the judge's nightmare' or 'the judge's worst nightmare.' I don't know if that's an exaggeration, but I can certainly tell you this has been an enormous challenge for me."

"We can all second-guess what might have been or could have been in terms of an investigation, but the fact is ... a criminal background investigation is not standard practice, and it was not requested."

The two jurors were cut after the panel deliberated for eight days in what apparently became fractious talks, culminating with Pallmeyer telling them to treat each other with "dignity and respect."

The new panel will restart deliberations today. Pallmeyer said a fair trial is paramount -- no matter what Ryan's historic, nearly six-month trial has cost.

Her decision comes as the defense asked to "cease proceedings right now," she said.

She called in the new jury and told it to start from scratch. She said the jury room would be cleansed and jurors had to completely start over.

A black female and white male were replaced with a white male and white female.

Ousted juror 'wanted to stay on'

The consternation came after the Tribune reported last week that two jurors didn't disclose criminal backgrounds after the panel already deliberated for eight days. Pallmeyer tossed the two jurors Monday -- including one who "feels sorry for George Ryan because no one is on his side now," according to the juror's son.

In an interview with the Sun-Times Tuesday, the son said he was speaking for himself, not his mom. He said his mom has been stressed out because of "a lot of name-calling throughout the whole jury," and she's disappointed she was kicked off. "I think she wanted to stay on. That's what I believe," he said.

The woman was dismissed after public records revealed she didn't disclose on a sworn juror questionnaire a history of arrests and criminal charges. She was never convicted, but the juror marked a box that said she never had been charged with a crime. Her son explained why she did that: "I think she was confused. And she didn't think she was gonna get picked."

Public records show the juror was charged in a 1994 incident where she was among those "sitting at a kitchen table dividing a white rock like substance," according to a police report. She wasn't convicted. Court records also show arrests for disorderly conduct, assault and child neglect, among other charges. Her son didn't deny his mom has a rap sheet.

"The charges, they stand as what they are. If they weren't true, she wouldn't be off [the jury], right?"

But he said any child neglect charges were bogus.

The male juror who was dismissed had a history of DUI convictions, a revoked license and a weapons charge that he didn't disclose on the questionnaire. Disclosing DUI convictions is especially pertinent because Ryan served as secretary of state. The man, who said he couldn't talk because of a gag order, in recent years has had a clean record and also is instrumental in community fund-raisers.

Revamped jury told: 'Begin fresh'

Following revelations of the jurors' backgrounds, Pallmeyer ordered a criminal check on all jurors, she said. She also privately interviewed some jurors who had "blemishes" on their records to be sure they could proceed fairly.

There were four alternates to pick from -- but two had potential problems. One of the two alternates not selected also had a run-in with the law: a March 2004 drunken driving arrest in Wilmette, records show.

Unlike the ousted jurors, however, the alternate juror disclosed the DUI on his jury questionnaire.

The alternate juror, a North Shore man, was convicted in June 2004. His driver's license was revoked, according to the secretary of state's office. The man was eligible to have his license reinstated in April 2005, but there is no record he did so, secretary of state's office spokesman David Druker said. Court records indicate the DUI arrest was not his first offense.

Ryan left the courthouse Tuesday with his son and wife -- and a mob of media in tow -- before ducking into the Union League Club.

"You are to begin at the beginning," Pallmeyer told the new jury on its way out. "Begin fresh."

Contributing: Mark Konkol, Annie Sweeney

Prosecutors: Wiretap Evidence Points To Kincaid-Chauncey (KLAS-TV)

KLAS-TV, March 29, 2006

A new turn for the G-Sting political corruption trial -- Tuesday, prosecutors looked to strengthen their case against former Clark County Commissioners Dario Herrera and Mary Kincaid-Chauncey by playing wiretaps of someone else.

The big story was eye-opening wiretaps of Erin Kenny and a new attack on Lance Malone's credibility. Kenny, a former county commissioner, admits taking bribes from Mike Galardi in exchange for clearing licensing hurdles for Galardi's Jaguars strip club.

In an Oct. 2002 FBI wiretap, Kenny asks for money to finance her race for Lieutenant Governor. She tells Galardi lobbyist Lance Malone, quote, "I need money to finish this race off. I'm begging now, I'm on my knees. I've done for more Jaguars every day screaming at people than anyone else has."

Jerry Bernstein, Dario Herrera's attorney, said, "We listened to the tape. I think it speaks for itself and we heard the agents testimony."

Jerry Bernstein tells Eyewitness News the prosecution is focusing on Kenny because they can't pin much on his client. Bernstein questioned FBI Agent Christopher Byers who admitted no wiretaps exist of Herrera being offered specific dollar amounts in exchange for county commission votes. Byers also admitted the G-Sting investigation shows Galardi's lobbyist, Lance Malone, divorced his wife Rosemary but put all of his assets in her name, and still lives with her in the northwest valley.

The FBI believes Malone may be trying to protect his assets from any future court decisions in this case. The defense says it shows Malone is sneaky and can't be trusted -- a strike at the prosecutions case, which heavily depends on what Malone says on FBI wiretaps.

When court resumes Wednesday, the defense will take another crack at the prosecutions case. Defense attorneys tell Eyewitness News they believe there are weaknesses in the case.

Defense attorneys also played a wiretap of Lance Malone's father trying to convince him not to steal money from Galardi. Other wiretaps Tuesday reveal Dario Herrera also asked Mike Galardi to make contributions to his congressional campaign in 2002.

KLASTV.com will have periodic news flashes to keep you up to date with the G-Sting trial as is develops throughout the day.

George Federal Courthouse -- March 28 -- 1:00 p.m.

In an Aug. 2002 FBI wiretap, Mike Galardi is heard enticing former Clark County Commissioner Erin Kenny to help him on a licensing issue for Jaguars by telling her he has registered 300 strippers to vote. Galardi also promised another 10,000 strippers to register before the November election. At the time, Kenny was running for lt. governor.

Kenny told Galardi "I'm saying man that could swing an election." Prosecutors are spending much of this day focusing on Erin Kenny to solidify that a conspiracy did exist.

Prosecutors are also establishing a pattern that when issues important to Galardi appeared before the Clark County Commission, Galardi's lobbyist, Lance Malone would time and again make repeated calls to Erin Kenny, Dario Herrera and Mary Kincaid-Chauncey.

In an Aug. 2002 wiretap, Dario Herrera says to Lance Malone " I need you to hit up Mike for that commitment for me." Herrera was soliciting campaign contributions for his congressional run. Prosecutors imply Herrera used that race partially as a cover to accept bribes from Galardi.

Also in Aug. of 2002, Mary Kincaid-Chauncey discussed the reconsideration of an adult use ordinance. Mike didn't like this ordinance and feared it would hurt his business. Kincaid-Chauncey told Lance Malone "I think I got everything covered on it."

George Federal Courthouse -- March 28th -- 10 a.m.

Federal prosecutors continue presenting FBI wiretap evidence in the G-Sting political corruption trial of Dario Herrera and Mary Kincaid-Chauncey.

In a Sept. 2001 wiretap, strip club owner Mike Galardi tells his lobbyist Lance Malone that an upcoming liquor license extension for Jaguars should be a slam dunk because "we know we got Dario, Erin and Mary."

Prosecutors also worked to further prove a connection between Herrera and Galardi. In an Aug. 2002 wiretap, Herrera says to Lance Malone, "I need you to hit up Mike for that commitment for me." Herrera was referencing a contribution to his congressional campaign.

Malone tells Herrera, "I'll just get the money to you or someone else." Wiretaps also revealed today that Galardi frequently consulted on Jaguars licensing issues with former Las Vegas city Councilmen Michael Mack and Michael McDonald.

Email reporter Brian Allen at ballen@klastv.com

Evacuee Who Returned To New Orleans Arrested In Houston Killing (AP)

AP, March 29, 2006

NEW ORLEANS - A New Orleans evacuee has been arrested in connection with the murder of a Houston man in February, according to federal authorities.

Timothy D. Strong, 21, was arrested in New Orleans on Monday. An arrest warrant from Harris County accused him of murdering Daryl Cirk on Feb. 2 in Houston, the U.S. Marshals' office said.

Strong evacuated to Houston after Hurricane Katrina, and Cirk was a Houston-area native, Deputy U.S. Marshal Brian Fair said. Strong was arrested after Houston police and marshals in the southern district of Texas obtained information that he had returned to New Orleans.

Child-porn Charge Brings Guilty Plea (ORS)

The Orlando Sentinel, March 29, 2006

ORLANDO -- An east Orange County man accused of running a child-pornography Web site and charging monthly subscriptions pleaded guilty Monday in Orlando's federal court to one count of possessing the illicit material.

Earl A. Beach, 65, was indicted and arrested last month on charges of distributing and possessing child pornography. He signed a plea agreement March 18 with the U.S. Attorney's Office that will spare both sides of a trial.

Shackled at the waist and handcuffed while wearing a red jail jumpsuit, Beach told U.S. Magistrate Karla Spaulding he is guilty "because I committed the crime."

Beach faces up to 10 years in prison for the single count he pleaded to but could face an increase in his sentence because of convictions for similar crimes in Indiana in 1979 and in Orange County in 1986.

A tip from the National Center for Missing and Exploited Children in October about a Web site spurred an investigation by the U.S. Bureau of Immigration and Customs Enforcement in Orlando. Beach was arrested after a search of his home found more than 400 images depicting children in sex acts.

"The Web site itself said it was illegal and contained images of rape and incest," Assistant U.S. Attorney Cynthia Hawkins said in court Monday.

Beach's case prompted the U.S. Attorney's Office to seek a search warrant under the USA Patriot Act for electronic records at Yahoo Inc. in the hope that it would uncover others using Beach's Web site. One federal judge twice denied such requests, but he was overruled by district judges both times.

Pedro Ruz Gutierrez, Tanya Pérez-Brennan and Sarah Lundy of the Sentinel staff contributed to this report.

Case Against Lawmaker Is Upheld (NYT/AP)

By The Associated Press

The New York Times, March 29, 2006

WASHINGTON, March 28 (AP) — A federal appeals court ruled Tuesday that Representative Jim McDermott violated federal law by giving reporters an illegally taped telephone call nearly a decade ago.

In a 2-to-1 opinion, the United States Court of Appeals for the District of Columbia Circuit upheld a lower court ruling that Mr. McDermott, Democrat of Washington, had violated the rights of Representative John A. Boehner of Ohio in a case involving a 1996 phone conversation with Representative Newt Gingrich of Georgia, when Mr. Gingrich was speaker of the House.

The court ordered Mr. McDermott to pay Mr. Boehner more than $700,000, which included $60,000 in damages.

The case stems from a tape that a Florida couple made in December 1996 and gave to Mr. McDermott the following month.

The tape included discussion by Mr. Gingrich about a House ethics committee investigation of him. Mr. McDermott was then the ranking Democrat on the ethics panel.

Mr. Gingrich is no longer in office, and Mr. Boehner is now the House majority leader. Both are Republicans.

A lawyer for Mr. McDermott had argued that Mr. McDermott's actions were allowed under the First Amendment and said a ruling against him would have "a huge chilling effect" on reporters and newsmakers.

Lawyers for 18 news organizations, including ABC, NBC, CBS, CNN, The Associated Press, The New York Times and The Washington Post, filed a brief in support of Mr. McDermott.

But Michael Calvin, a lawyer for Mr. Boehner, said that by leaking the tape Mr. McDermott had "chilled the free speech of others," namely Mr. Boehner and Mr. Gingrich.

In a statement, Mr. McDermott said he disagreed with the ruling. "The American people have a right to know when their government's leaders are plotting to deceive them, and that is exactly what was happening during a telephone call in 1996 involving Republican House leaders," he said.

Mr. Boehner hailed the ruling but said he said he expected the case to go to the Supreme Court.

Boehner Sees End Of Legal Battle (RC)

By John Bresnahan

Roll Call, March 29, 2006

House Majority Leader John Boehner's (R-Ohio) legal victory Tuesday in his historic court fight with Rep. Jim McDermott (D-Wash.) means there finally may be a light at the end of the tunnel in the eight-year struggle between the two lawmakers.

A divided three-judge panel of the U.S. Court of Appeals for the District of Columbia ruled Tuesday that McDermott had "unlawfully" obtained a copy of an illegally intercepted phone conversation between Boehner and other House GOP leaders in December 1996.

A lower court has already ruled in Boehner's favor, ordering McDermott to pay him $60,000 in damages and also pick up the tab for "reasonable" attorneys' fees incurred by Boehner during the long-running case, which began in 1998. Boehner's legal fees exceed $500,000, while McDermott has set up a legal defense fund to help cover his lawyers' bills.

McDermott now has 14 days to ask for the full appeals court to take up the case. If that request is denied, the Washington Democrat would have 90 days to appeal for a hearing before the Supreme Court.

Michael Carvin, Boehner's lawyer, predicted that McDermott will be unsuccessful on either front. Carvin pointed out that the full appeals court has already twice denied McDermott's application for a hearing, and added that he does not see any issues at stake in the case that would merit intervention by the Supreme Court.

"We're obviously gratified by the victory," Carvin said. "This decision confirms that Congressman McDermott unlawfully obtained the tape and violated the law."

Boehner had not seen the court's decision when he spoke to reporters on Tuesday, but the Ohio Republican said he had made a number of attempts to settle the case with McDermott, most recently last summer, without success.

During those conversations, Boehner said he insisted on "three conditions that I outlined: one, that [McDermott] had to admit that he was wrong; two, that he needed to apologize to the House; and three, that he should make a $10,000 donation to a charity [and] that we would agree on [trying] to bring this to a close." Boehner added McDermott "could never come close" to signing onto such a deal and the legal fight continued. Boehner himself believes it may end up before the Supreme Court.

In a statement released by his office Tuesday evening, the Washington Democrat said he had made no decision at this point on whether to appeal the latest ruling, although he showed strong displeasure with the findings.

"Our legal counsel is studying the decision, and we will decide on a course of action in the days ahead," McDermott said.

The dispute revolves around McDermott's role in circulating an illegally taped phone call between House GOP leaders regarding an ethics charge against then-Speaker Newt Gingrich (R-Ga.). At that time, Boehner was chairman of the House Republican Conference.

As part of his agreement with the House Committee on Standards of Official Conduct, Gingrich pledged to abide by the panel's ruling. Boehner was in Florida on Dec. 21, 1996, taking part via mobile phone in a GOP leadership strategy session on how to spin the ethics committee's decision and its impact on Gingrich's hold on the Speaker's gavel, when a Florida couple, John and Alice Martin, illegally taped the call on their police scanner.

McDermott eventually received a copy of the tape and, as he has publicly acknowledged, leaked it to The New York Times, Atlanta Journal-Constitution and Roll Call. McDermott believed that the conversation proved Gingrich violated his agreement with the ethics committee. Boehner, with support from then-President Bill Clinton's Justice Department, sued McDermott for invasion of privacy in 1998, and the case has been bouncing back and forth between federal courts, including the Supreme Court, since then.

In his statement, McDermott continued to portray the issue as a First Amendment argument, and defended the right of a public official to reveal alleged wrongdoing within the government.

"The American people have a right to know when their government's leaders are plotting to deceive them, and that is exactly what was happening during a telephone call in 1996 involving Republican House leaders, including then Speaker of the House Newt Gingrich and Rep. John Boehner," McDermott said.

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The Washington Democrat noted that 18 media organizations, including ABC, NBC, CBS, CNN, The Associated Press, The New York Times and The Washington Post, filed a brief in support of his position prior to the latest appeals court ruling. McDermott has suggested that if the full appeals court and Supreme Court let Tuesday's ruling stand, the ability of reporters to ferret out information regarding potentially improper activities by government officials, even if the information comes from questionable sources, will be hindered.

But the appeals court disagreed with McDermott's arguments. In a 2-1 opinion, the court rejected McDermott's reliance on a 2001 decision by the Supreme Court, which held that the First Amendment protects the disclosure of illegally intercepted communications by parties who did not participate in the illegal interception.

Circuit Judge A. Raymond Randolph wrote that McDermott's use of the 2001 ruling as part of his defense is "quite implausible" and not germane to the case since he knew how the telephone call had been intercepted.

"It is the difference between someone who discovers a bag containing a diamond ring on the sidewalk and some who accepts the same bag from a thief, knowing the ring inside to have been stolen," Randolph added. "The former has committed no offense; the latter is receiving stolen property, even if the ring was intended only as a gift."

Circuit Judge David Sentelle strongly dissented with the majority's decision, arguing that to follow the logic used by Randolph and Chief Judge Douglas Ginsburg could lead to the censoring of news stories over fears about how sources obtained information.

"I see no distinction, nor has Representative Boehner suggested one, between the constitutionality of regulating communication of the contents of the tape by McDermott or by The Washington Post or The New York Times or any other media resource," Sentelle wrote in his dissent. "For that matter, every reader of the information in the newspapers also learned that it had been obtained by unlawful intercept."

Sentelle added: "Under the rule proposed by Representative Boehner, no one in the United States could communicate on this topic of public interest because of the defect in the chain of title. I do not believe the First Amendment permits this interdiction of public information either at the stage of the newspaper-reading public, of the newspaper-publishing communicators, or at the stage of Representative McDermott's disclosure to the news media."

Lawmaker Loses Phone Tape Appeal (WT)

By Joyce Howard Price

The Washington Times, March 29, 2006

A federal appeals court yesterday upheld a lower court ruling that found Rep. Jim McDermott, Washington Democrat, violated federal law when he turned over an illegally taped phone conversation of House Republican leaders to reporters nearly a decade ago.

In its 2-1 opinion, the U.S. Court of Appeals for the District of Columbia backed the lawsuit against Mr. McDermott by Rep. John A. Boehner, Ohio Republican and now House majority leader, who was among those heard on the call.

Yesterday's ruling by Judge A. Raymond Randolph, who was appointed by the first President Bush, was supported by Chief Judge Douglas H. Ginsburg, who was tapped for the appellate bench in 1986 by President Reagan. The dissenting opinion was written by Judge David B. Sentelle, a 1987 Reagan appointee.

"I do not believe the First Amendment allows this interdiction of public information, either at the stage of the newspaper-reading public, of the newspaper-publishing communicators, or at the stage of Rep. McDermott's disclosure to the news media," Judge Sentelle wrote.

But the other two judges agreed with the August 2004 decision that Mr. McDermott "participated in an illegal transaction when he accepted the tape" from a Florida couple, knowing that the conversation on it had been unlawfully intercepted.

"It is the difference between someone who discovers a bag containing a diamond ring on the sidewalk, and someone who accepts the same bag from a thief, knowing the ring inside has been stolen. The former has committed no offense; the latter is guilty of receiving stolen property," Judge Randolph wrote.

The panel upheld the trial court's order that Mr. McDermott pay Mr. Boehner $60,000 in damages and at least $600,000 in legal fees in the lengthy legal battle.

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In a statement yesterday, Mr. McDermott said no legal strategy had been decided, but he praised "Judge Sentelle's strong opinion in support of the First Amendment."

"The American people have the right to know when their government's leaders are plotting to deceive them, and that is exactly what was happening," he said of the Dec. 21, 1996, conversation among House Republicans about an ethics probe of then-Speaker Newt Gingrich.

In 2001, the Supreme Court said the federal wiretap law could not be used to punish disclosure of information about matters of public concern by people who did not engage in obtaining the material illegally. The case was sent back to a lower court, where U.S. District Judge Thomas Hogan said Mr. McDermott was still at fault, since he released information he knew had been obtained illegally.

The ruling yesterday was a blow for the 18 news organizations that filed a brief supporting Mr. McDermott's right to release the tape, which he had received from Alice and John Martin. The list included the New York Times, The Washington Post, NBC, ABC, CBS, CNN and Associated Press.

"Under the rule proposed by Rep. Boehner, no one in the United States could communicate on this topic of public interest because of the defect in the chain of title," agreed Judge Sentelle in yesterday's opinion.

But Boehner attorney Michael Carvin said the Democrat's action was unlawful and said he "chilled" the free speech of persons such as Mr. Boehner and Mr. Gingrich. In the majority opinion, the appeals court called some of Mr. McDermott's arguments "implausible."

Aides close to Mr. Boehner said Mr. Carvin suffered a broken leg yesterday in an accident. As a result, Mr. Boehner did not know of his legal victory when he spoke to a group of reporters at a briefing yesterday morning.

"So they supported my position. Not a surprise. I think it is a good decision," Mr. Boehner said.

FBI Recorded Hutcherson Conversation (LYNCHNA)

By Conor Reilly

Lynchburg News & Advance, March 29, 2006

An FBI agent taped a phone conversation between Jerry Falwell Jr. and Lynchburg Mayor Carl Hutcherson in January 2005 without Falwell Jr.'s knowledge, a government motion filed Tuesday revealed.

Falwell Jr. said Tuesday evening that the government only recently told him that the call was recorded.

"It was a surprise to me," Falwell Jr. said. "(But) everything in that conversation is consistent with what we said later."

The mayor faces fraud charges related to a $32,500 donation from the Falwell ministries alleging that he used the money to improperly pay off tax debts, then lied to cover up his actions.

The 14-page document filed Tuesday says the government

FBI transcript of phone call

Download a copy of call between Mayor Hutcherson and Jerry Falwell Jr.

Government motion

Download a copy of the government motion. investigated "the possibility of public corruption by covertly recording a telephone call placed by Hutcherson at the government's direction to Jerry Falwell Jr."

The 13-minute conversation taped on Jan. 27, 2005 - the same day Hutcherson was first interviewed by the FBI - focused almost exclusively on the $32,500 gift from the Falwell ministries to a church group Hutcherson directed.

"The resultant taped conversation confirmed Hutcherson's denials of a bribery scheme," the motion says. "The taped conversation made clear that Falwell Jr. meant for the $32,500 to be a donation to Trinity CDC and not for Trinity CDC to be a mere shell or funnel for money to be given to Hutcherson."

Assistant U.S. Attorney Tom Bondurant is asking a judge to allow the conversation to be used as evidence at Hutcherson's trial, set to begin next month.

Defense attorney John Fishwick said in a prepared statement that Tuesday was the first time he had a chance to see the transcript.

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"We have always anticipated that the contents of the conversation are supportive of our case," he said in the statement. "We can't wait for the jury to hear it."

Bondurant argues that Hutcherson knew the money wasn't a loan to his funeral home.

The government says Hutcherson's defense team will likely argue that the Falwells intended the money to go to the mayor all along, so no criminal intent existed.

Prosecutors say in the motion the "conversation is relevant because it demonstrates Hutcherson's true criminal intent and refutes his potential defense."

Hutcherson made the initial contact with Falwell Jr.'s Liberty University office at 2:36 p.m. while FBI Special Agent Christian Pettyjohn was present.

The mayor begins the conversation by informing Falwell that an FBI agent was asking questions about the donation. The mayor then tells Falwell the agent "knew it was a direct loan, and uh, um, to me."

Here is one exchange between Hutcherson and Falwell Jr. from the transcript, which was posted on the federal court's Web site Tuesday along with a motion to introduce it as evidence.

Hutcherson: I didn't answer, I didn't answer a lot after that because uh, ultimately what they did was issue me a subpoena.

Falwell: Is that right?

Hutcherson: I just didn't know what to say or do.

Falwell: Alright, well we, it was a donation to that New Life, that's who we made the check out to, right?

Hutcherson: Yes, uh huh.

Falwell: So what's, I don't understand what's wrong with that.

Hutcherson: I don't, I don't know.

Over the course of the conversation, Falwell repeatedly says the money was given as a donation to the CDC, not a personal loan.

"They're just uh, but I just uh, I can't think, Carl, what it would be that uh, would be so bad," Falwell said. "Even if we had just loaned the funeral home."

Falwell also refers to a Wards Crossing West rezoning that initially drew the attention of federal investigators.

From the transcript:

"But at the time you voted on that rezoning for us, it was nothing, no business relationship at all," Falwell said.

"That's, no, no. There wasn't. No," Hutcherson said.

Falwell also said during the conversation "they're just trying to scare you."

Falwell said Tuesday that the Bank of the James, the institution where the donation was deposited, was responsible for the entire investigation beginning.

In the transcript, Falwell tells Hutcherson, "… Now, it's probably Bank of the James that's brought that up."

Hutcherson says "Probably so."

Falwell says, "Oh, yeah. I don't trust those people."

FBI Agents Testify About Dealings With Zimmermann (MINNST)

By Rochelle Olson, Star Tribune

Minneapolis Star Tribune, March 29, 2006

They detailed their initial visit with the then-City Council member accused of corruption and then a trip to his house.

Two FBI agents offered details in court Tuesday about their first meeting with then-Minneapolis City Council Member Dean Zimmermann to talk about allegations that he took cash in exchange for promises of political favors.

FBI special agents Timothy Bisswurm and David Kukura both testified about Sept. 8, 2005, the day they interviewed -- and tape-recorded -- Zimmermann for three hours at the Chicago Commons housing-retail development project.

Zimmermann rode home on his bike and then got a second visit from the FBI, whose agents seized envelopes with cash. Prosecutors say Zimmermann, who wasn't reelected last year, took cash from the developer of Chicago Commons in return for promises to help with zoning approval.

Zimmermann pleaded not guilty to four corruption-related charges in February and expects to go to trial in July.

At a hearing in federal court Tuesday, Zimmermann's attorney argued that a judge should forbid prosecutors from using the conversation with the FBI that day as evidence.

The content of the interview wasn't discussed Tuesday. The testimony sounded more routine than revelatory, but defense attorney Dan Scott said it may have significance later. The two agents were the only witnesses questioned on Scott's motion to suppress the statements made to them by Zimmermann.

U.S. Magistrate Judge Jeanne Graham didn't immediately rule on the motion, but Scott said he expects her to allow Zimmermann's statements to be used at trial.

Scott said the motion to suppress the conversation allowed him to question the agents about the circumstances under which Zimmermann spoke to them.

"Among other things, we get to find out they talked for 15 minutes after the tape was shut off," Scott said of Zimmermann and Kukura's conversation.

Bisswurm was questioned about the search of Zimmermann's home following the September interview. Bisswurm said that he asked Zimmermann about four specific campaign envelopes with cash and that the council member led him to the second floor of his home, where he retrieved them from a desk drawer.

Graham declined a defense motion to require the prosecution to produce for questioning Gary Carlson, the Chicago Commons developer who was the FBI's "cooperating witness" against Zimmermann.

"When someone is in a position Mr. Carlson is, they are often quite paranoid about being approached," Scott said.

The judge told Scott that if he wants to interview Carlson, he can get his phone number from prosecutors and find him.

Asked after the hearing how Carlson came to the attention of investigators, Scott said: "We only have tantalizing hints right now."

Scott doesn't expect to get more answers until the government is required to produce them in the days leading up to the trial, now scheduled for July 31 in U.S. District Judge Ann Montgomery's courtroom.

Zimmerman Appears In Court (KSTP-TV)

KSTP-TV, March 29, 2006

"This is something that was totally manufactured by the FBI, totally out of character for me, that's clear and obvious to everybody," Zimmermann told 5 EYEWITNESS NEWS. A former Minneapolis City Council Member tried to clear his name Tuesday in Federal court.

Dean Zimmermann was voted out of office shortly after being indicted for accepting bribes.

Today, attorneys and FBI agents talked about an informal recorded interview with Zimmermann. The judge heard and dismissed a number of defense motions to suppress evidence. Some of that evidence was gathered on Sept. 8, when FBI agents raided Zimmermann's home.

"This is something that was totally manufactured by the FBI, totally out of character for me, that's clear and obvious to everybody," Zimmerman told 5 EYEWITNESS NEWS.

3 Charged In Murder-for-hire Scheme (CHIT)

By Carlos Sadovi, Tribune Staff Reporter

Chicago Tribune, March 29, 2006

Three Chicago men were ordered held on bail Tuesday for their involvement in a botched murder-for-hire scheme against a Harwoood Heights jeweler to whom a relative of one of the men owed cash.

Santos Ramirez, 34, was charged Monday with solicitation to commit murder for hire, said Tom Stanton, a spokesman for the Cook County state's attorney's office.

Anthony King, 27, and Robert Navarro, 39, were charged with conspiracy to commit murder for their role in the scheme, Stanton said.

Ramirez, of the 4000 block of West Nelson Street, was held on $700,000 bail Monday by Circuit Judge Raymond Myles. King, of the 3500 block of West Palmer Street, and Navarro, of the 2900 block of North Mulligan Avenue, were each held on $600,000 bail.

Stanton said that on March 18 during a narcotics transaction, Ramirez offered King $10,000 to kill the 49-year-old target to whom Ramirez's uncle allegedly owed money. The uncle has not been charged, Stanton said.

King recruited Navarro to help, in particular to act as a Spanish-language interpreter to communicate with Ramirez, Stanton said.

The three men staked out the man's business, and Ramirez allegedly showed the others a .38-caliber gun and pointed out the victim's car, according to Stanton. The three Chicago men allegedly hatched a scheme in which they would wait for the jeweler to leave the business and ram the jeweler's car with their vehicle. The jeweler would then be shot to death, Stanton said.

But on Sunday, as they attempted to follow the jeweler's car, the three men lost track of his vehicle and were arrested by Chicago police at a gas station in the 2400 block of North Milwaukee Avenue, Stanton said.

Stanton said the FBI had been tracking telephone conversations between the men, and that Ramirez was under surveillancein anotherinvestigation.

Navarro, who has seven felony convictions, and King, who has six felony convictions, are both on parole for drug charges. Ramirez was wanted on an outstanding warrant for a misdemeanor charge, Stanton said.

csadovi@tribune.com

Three Confess Huge Theft From Hudson Firm (AP)

AP, March 25, 2006

Newark, N.J. – Three former employees of Vectron International have admitted in guilty pleas that they cheated the company of up to $1 million.

The three are Chinese nationals who worked as sales representatives in China for Vectron, which is based in Hudson, N.H.

Zhen Zhang, who was based in Shanghai, was the mastermind, according to the U.S. Attorney's Office for New Jersey, which handled the case.

Zhang, 35, admitted Friday that he demanded bribe payments, as well as created front companies and falsified corporate records to cheat his employer, federal prosecutors said.

Pleading guilty in December and February, respectively, were Shiyi Zhang, 42, who is not related to Zhen Zhang, who was based in Beijing, and Zhuosen Tan, 31, who was based in Shenzhen.

According to court papers, Zhen Zhang took bribes from customers in exchange for lower prices and faster service, while those who did not pay saw bids delayed or declined.

By using straw buyers, which included existing companies in the United States and front companies that the schemers established in China, to hide the true value of and actual user of the products from Vectron, according to court papers.

As a result, the conspirators kept a portion of their sales proceeds from Vectron, prosecutors said.

The three were arrested June 6 in the United States.

Zhen Zhang faces up to 20 years in prison for wire fraud, and five years for conspiracy, when sentenced July 17 by U.S. District Judge Dickinson R. Debevoise. He could be fined could be up to twice the amount gained from the scheme.

Shiyi Zhang is to be sentenced on April 10 and Tan on May 12. They each pleaded to a conspiracy charge, and face up to five years in prison and the same possible fine.

Zhen Zhang and Shiyi Zhang remain incarcerated. Tan was freed on bail after his plea.

Vectron International makes high-tech equipment used to boost audio, video and data signals traveling through phone and cable lines.

Convicted Philly Councilman Released Pending Sentencing (AP)

AP, March 28, 2006

PHILADELPHIA (AP) — A city councilman jailed since his bribery conviction earlier this month was released Tuesday on orders from a judge to stay on his medication and continue with counseling.

"I'm fine," Councilman Rick Mariano told reporters as he left the federal courthouse after processing.

A psychiatrist who examined Mariano concluded that he is not a danger to himself or others, according to the order issued Tuesday by U.S. District Judge Lawrence F. Stengel.

Stengel had revoked Mariano's bond and detained him immediately after jurors convicted him of 18 bribery and corruption counts on March 17.

The judge questioned Mariano's emotional stability, given the long sentence he faces and a suicide scare he touched off days before his indictment, when he made a solitary trip to the observation deck of City Hall.

Prosecutors had not asked for Mariano to be detained pending his July 6 sentencing.

"His state of mind is excellent," defense lawyer Nino Tinari said. "We're going to go back to the office, review what his options are, prepare for court proceedings."

Mariano, a councilman for 10 years, was convicted of taking more than $28,000 from friends and businessmen in exchange for his help obtaining tax breaks, city contracts and real estate. He remains in office and, by law, can hold the $102,000-a-year job until his sentencing.

Lawyer: Mariano's 'Fine' After Psychiatric Tests (PHI)

By Chris Brennan & Michael Hinkelman

The Philadelphia Inquirer, March 29, 2006

City Councilman Rick Mariano's first words in public after being released from federal custody were, "I didn't do that."

Mariano's exclamation yesterday had nothing to do with his recent conviction on corruption charges or a judge's concern that he might be a danger to himself or others. Instead, he was talking about a newspaper photographer who took a hard fall while following him out of federal court. Mariano refused to say anything else as he jumped into a waiting taxi with his wife.

His defense attorney, Nino Tinari, said Mariano will immediately start contemplating "some factors that affect his entire life," including whether he will continue to serve on Council until his July 6 sentencing. Mariano spent 11 days in the Federal Detention Center because a federal judge feared that a looming prison term of six to 10 years might make him snap. Tinari said a psychiatric evaluation in jail showed Mariano's "state of mind is excellent." The lawyer also said he has heard that Mariano's former spokesman, Frank Keel, told the lead FBI special agent on the case that the councilman might be a danger to himself.

"It is very disturbing that a person who was his spokesman for a time says things that are inaccurate and inappropriate," Tinari said.

Keel expressed concern for Mariano's mental state immediately after a jury found him guilty on March 17 on 18 counts of conspiracy, corruption, bribery and filing a false tax return. Keel yesterday said he was glad U.S. District Judge Lawrence Stengel ordered the psychiatric evaluation and that Mariano is again free until he is sentenced. "He's a decent man who did some dumb things," Keel said. "I spent as much time with him during some very difficult days as anyone and was a witness to his increasingly dark mood swings."

Asked if he reported any of that to the FBI, Keel would only say, "As the councilman's former spokesperson, I had many conversations with federal authorities throughout the process, as did everyone else in Rick's circle."

FBI Special Agent Ray Manna declined to comment. Mariano sparked a suicide scare in the City Hall tower just days before he was indicted in October. He spent a weekend in a psychiatric ward but later claimed he was only up there taking pictures with a new camera. Stengel, in releasing Mariano yesterday, ordered that he continue psychological counseling and taking all prescribed medication. Those orders, which Tinari called "voluntary," will be monitored by federal authorities until July 6. Mariano, troubled by recent knee surgeries, was pale and looked like he had lost weight when he was released.

"His physical state is a little deteriorated because he's been in the special housing unit for 11 days," Tinari said. "He was going to come out here not in any way with his head down or limping or being a person that has been beaten down. He's fine. He really is."

Tinari declined to say if Mariano is considering cooperating with federal prosecutors in exchange for a lighter sentence. He said estimates of a six-to-10-year prison sentence "may not be realistic," but conceded that the high end was a daunting

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number. "I don't know if anyone can do 10 years in jail, let alone Mariano," Tinari said. Mayor Street, a longtime political ally, said he was glad to hear Mariano was freed.

"Councilman Mariano made a mistake," said Street, who called on him to step down from Council upon conviction. "And believe me, our system will make sure that he pays for that mistake."

Mariano's staff has repeatedly said he will keep his post, as allowed by state law, and his city paycheck until he is sentenced. "I don't suspect that he'll be coming into City Hall on a regular basis," Street said. "But he might."

In First Public Appearance, Mariano Says 'I'm Fine,' But Nothing More (PHI)

By John Shiffman And Michael Currie Schaffer

The Philadelphia Inquirer, March 29, 2006

City Councilman Rick Mariano emerged from jail yesterday, dazed and unshaven, 11 days after a federal jury convicted him on corruption charges and a judge ordered him held for a psychiatric evaluation.

Mariano's first public appearance since the verdict, a simple 20-foot walk from the federal courthouse in Center City to a waiting taxi, turned into a carnival. As he left, the councilman squeezed awkwardly through an aggressive pack of journalists. In the confusion, two photographers tumbled onto Market Street.

Mariano scowled and did not answer questions about whether he would resign from his $102,000-a-year post or appear at tomorrow's regular Council session.

He said only: "I'm fine."

The councilman, who had not seen his wife or family during his 11 days at the Federal Detention Center, looked pale and thinner than he had at trial.

U.S. District Judge Lawrence F. Stengel set Mariano free on bail after reviewing the results of a court-ordered psychiatric examination.

Stengel said that he was no longer worried that Mariano might be a danger to himself or others. Stengel had previously cited Mariano's climb to the observation deck on City Hall shortly before his indictment last year, and said that episode had never been fully explained.

The psychiatric report, by Dr. Pogos H. Voskanian of Drexel University College of Medicine, is confidential.

As a condition of bail, however, Mariano must continue psychological counseling and take all prescribed medications. He also must continue to report to court officials. If he flees before sentencing, he would forfeit homes in Philadelphia and at the Jersey Shore.

Sentencing is scheduled for July 6, but it could come earlier, people involved in the case said. He likely faces six to 10 years in prison.

After a nearly two-week trial earlier this month, jurors deliberated for about six hours before convicting Mariano of bribery, corruption, money-laundering and fraud. They concluded that he took bribes from five businessmen in exchange for help with city agencies, a schools contract, and access to city land at a discount.

Although prosecutors believe that Mariano faces at least six years in prison, defense lawyer Nino V. Tinari said yesterday that he believes the sentencing range will be lower.

Prosecutors declined comment on Mariano's release.

In the hour before Mariano left the federal complex yesterday, Tinari engaged in a bit of misdirection with reporters, apparently hoping the councilman might be able to avoid the cameras. But once his client was safely inside the taxi and en route to his office, Tinari gave an impromptu news conference.

"His state of mind is excellent," Tinari said. "We're going to go back to the office, review what his options are."

Tinari said he and the councilman had a great deal to talk about.

"We're going to discuss all of his options: his legal options, his employment option - anything we have to discuss, we will," Tinari said.

One of them is likely to be Mariano's status as a sitting councilman. According to a city legal opinion, Mariano is not required to relinquish his Council seat until he is sentenced.

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Mariano's chief of staff, Jay McCalla, has said the councilman will stay in his seat as long as possible. But Tinari said yesterday that no decision had been made.

"We're going to review all of that in the next few days," he said.

McCalla said Mariano would not be in Council tomorrow. He said he expected the councilman would work from his district office rather than come to City Hall.

Mariano, whose district includes parts of North and lower Northeast Philadelphia, is the first sitting councilman convicted of corruption since 1991.

Reached at his home last night on a quiet, treeless street in Juniata Park, Mariano, dressed in an olive-colored T-shirt, looked like he was relaxing - not expecting company.

He said he had no comment, and told a reporter: "Don't come to my house."

He then quickly shut the door.

Witness Links "Mafia Cop" To Murder (NSDY)

By Anthony M. Destefano, Newsday Staff Writer

Long Island Newsday, March 29, 2006

For nearly 20 years, Peter Franzone kept his terrible secret. Tuesday, the laborer from Flatbush told the whole world about digging graves and burying bodies at the behest of others.

Testifying in the "Mafia Cops" racketeering trial, Franzone said he was forced to bury a man killed in a gangland slaying and indicated that one of the defendants -- former NYPD detective Louis Eppolito -- may have been an accessory to the killing.

Speaking in a low voice that betrayed no emotion, Franzone, who now is in the witness protection program, told a Brooklyn federal court jury how he was coerced into digging a grave 5 feet deep in a garage space he owned and later was ordered to move another corpse for disposal elsewhere. In both incidents, Franzone said, Eppolito had driven into the parking area as other men arrived.

Franzone, 56, testified that Frank Santoro Jr., Eppolito's mob associate cousin, forced him to bury the body of a man he described as "Jewish," who had been escorted onto the premises sometime in 1985 or 1986. The man, whom prosecutors maintain was jeweler Israel Greenwald, was brought to Franzone's combination parking lot and body shop facility by Santoro and another man. Eppolito had driven onto the property moments before the other three men walked to the location, Franzone said.

Eppolito, 57, and his former partner, Stephen Caracappa, 64, are accused of taking part in eight gangland murders, including that of Greenwald in February 1986, for the Luchese crime family. Eppolito also is accused of taking part in the killing of Pasquale Varriale, the other man whose body allegedly was at the parking lot.

Franzone, under questioning by Assistant U.S. Attorney Robert Henoch, did not say that Eppolito killed anyone.

Prosecutors, drawing out Franzone's description of Eppolito's proximity to the homicide scenes, are seeking to make the case that the former NYPD detective was an accessory to the crimes.

Franzone said that one of the two men who escorted the man believed to be Greenwald onto the property was tall, with a moustache and a face that was pockmarked on the right side.

About a half-hour later, Franzone said Santoro forced him to bury the Jewish man's corpse under pain of death.

"If I didn't help him, they would kill me and my -- -- family," Franzone said Santoro told him.

Franzone said he used a shovel as Santoro watched to dig a hole in one of the garage spaces he rented at 2232 Nostrand Ave. After the man's body was pushed into the ditch, Santoro first poured lime on the corpse and then wet cement, Franzone said. The hole was filled in.

In a second incident involving Santoro, Franzone said he was asked to lift a wrapped body into the trunk of a car. Investigators say the corpse was that of Varriale, who was killed after Eppolito allegedly tipped off the mob that Varriale was an informant.

Franzone said he didn't know the identity of the man he helped bury. The FBI unearthed Greenwald's body in April at the Nostrand Avenue location from beneath the garage floor. He said he was afraid to tell police about what happened because he feared Eppolito and Santoro, who died in 1987.

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"Who would believe me, what I did with a police officer?" Franzone said. "I figured he would kill me, lock me up and have somebody else kill me."

On cross-examination by Caracappa's attorney, Ed Hayes, Franzone insisted that one of the men who escorted the Jewish man before his death had a pockmarked face and hooked nose.

Caracappa, who is lean and stands under 6 feet tall, has smooth skin and a straight nose. Eppolito is short and heavy.

Witness Says Cops Told Him To Dig A Grave (AP)

By Tom Hays

AP, March 29, 2006

NEW YORK -- A tow truck driver testified Tuesday that he was forced to dig the grave of a jeweler who was allegedly kidnapped and killed in 1986 by two New York City detectives moonlighting as hit men for the mob.

A gangster involved in the Brooklyn slaying "told me that I had to help bury the dead man," Peter Franzone said at the federal trial of the former detectives, Louis Eppolito and Stephen Caracappa. "He said if I told anybody, he'd kill me and my family."

The 56-year-old witness said he kept quiet for 19 years because he was convinced no one would believe that police were mixed up with the mob, and because he feared Eppolito might put him in his own grave.

"I was afraid of Louie Eppolito," he said.

Franzone broke his silence last year under questioning by federal authorities reinvestigating the slaying of Israel Greenwald, a Diamond District jeweler who ran afoul of the Luchese crime family.

Authorities allege Eppolito, 57, and Caracappa, 64, were involved in the killings of Greenwald and seven other victims between 1986 and 1990 while on the payroll both of the NYPD and Luchese underboss Anthony "Gaspipe" Casso. Prosecutors said the detectives committed killings for up to $65,000 a hit.

Greenwald was killed in 1986 after being pulled over by Eppolito and Caracappa and taken to a parking garage managed by Franzone, prosecutors said.

On the witness stand Tuesday, the tow truck driver told jurors he had seen a man in a pinstriped suit and a yarmulke being led inside a one-car garage by a Luchese associate, Frank Santoro, and a man fitting the description of Caracappa. Eppolito _ whom he had previously met _ was waiting in a car outside, he said.

Franzone said about 20 minutes later, the garage door opened, and Santoro and the other man emerged without Greenwald. The other man left with Eppolito, and then Santoro took Franzone into the garage, showed him the victim's body and ordered him to dig a 5-foot grave in the garage, the witness testified.

The body was dumped in the hole, and covered with cement. Santoro himself was killed the next year.

Greenwald's body was discovered last April after Franzone told investigators were to find it. Authorities said the jeweler had been shot in the head.

Franzone testified that in 1987 the mobsters used the same parking facility to wrap the body of another shooting victim in a tarp. He claimed Eppolito again served as a lookout.

Gravedigger's Secret Is Out, 20 Years Later, At Trial Of 2 Ex-Detectives (NYT)

By Alan Feuer

The New York Times, March 29, 2006

A 56-year-old man with a 20-year-old secret told it in public for the first time yesterday: how, in 1986, he dug a five-foot-deep hole in the floor of a parking garage he owned and, under pain of death, dumped in a dead man he believed that two detectives, Louis J. Eppolito and Stephen Caracappa, had just helped kill.

The man with the secret was Peter Franzone, a sixth-grade dropout, who testified at the detectives' trial that the worst things he had done before that day were take a car that did not belong to him and steal $65 he later spent on a cowboy hat and the rides at Coney Island.

Both were a moonshot's distance from burying a man, but Mr. Franzone told the jury in Federal District Court in Brooklyn that he watched one day as Mr. Eppolito's cousin and a man who looked like Mr. Caracappa marched their victim toward a garage on Nostrand Avenue near a collision shop he owned — then came out without him.

Minutes later, he said, the cousin, Frank Santora Jr., handed him a shovel, made him dig a grave, then forced him to push the dead man in and then pour lime and wet cement atop the body. "Frankie told me I gotta help him bury the body because I'm an accessory with it," Mr. Franzone said, "and if I didn't help him that he would kill me" and, he said, his family.

Beyond this experience, Mr. Franzone presented himself as a regular guy, a working man who left his city job with 17 years' worth of unused vacation time, and who looked in the Yellow Pages starting with A when he needed a lawyer in the case.

He was testifying yesterday at the detectives' trial, in which they stand accused of killing Israel Greenwald and seven other men for the mob. Though he said he never knew the name of the man he helped to bury, prosecutors say it was Mr. Greenwald, a Long Island jeweler who made the mistake of crossing Burton Kaplan, a criminal mastermind with whom he had a deal to sell stolen Treasury bills. When the deal went bad, the government says, Mr. Kaplan hired the two detectives and Mr. Santora (whom he knew from prison) to dispose of Mr. Greenwald for $30,000.

Mr. Franzone was already a friend of Mr. Santora's, having worked on his Oldsmobile at the collision shop.

In February 1986, the government says, the two detectives stopped Mr. Greenwald on the highway. They took him to the lot, where the witness said he saw Mr. Eppolito in a parked car as Mr. Santora and someone in a trench coat who looked like Mr. Caracappa led the jeweler to the garage, from which he never returned.

Within minutes, the witness said, Mr. Santora led him, too, to the garage, where he saw the dead man "leaning on the left wall with his legs spread and his hands on his side." Removing a pair of spade-tipped wooden shovels from the trunk of his white Cadillac, Mr. Santora forced Mr. Franzone to bury the jeweler in the dirt — a job, the witness said, that lasted hours.

"It was daylight when I went in," he said. "When I came out, it was night."

Mr. Franzone held onto his secret until a year ago, when federal prosecutors sought his testimony.

He said he met his lawyer, Alan Abramson, and confessed to him.

"That's when I couldn't hold it in," he said. "I told him the truth about the man buried in the garage."

In their opening statements, prosecutors said Mr. Greenwald — whose body was exhumed last year — had been buried with hands bound and a bag on his head, though on cross-examination (which relied, in part, on props like a shovel) Mr. Franzone said the jeweler had no bag on his head or binding on his hands.

Mr. Caracappa's lawyer, Edward Hayes, got the witness to admit that he had heard no gunshots at the garage that night.

It was Bruce Cutler, Mr. Eppolito's lawyer, who played the legal heavy, yelling at the witness — who had told the jury he was hard of hearing — and calling him a "nonunion, unpaid gravedigger."

With great theatrical effect, Mr. Cutler asked: "Did you even call your wife and tell her, 'Dear, I won't be home for dinner. I'm digging a grave—at my place of business?' "

The witness had no answer to that, though he did respond to another of the lawyer's fierce interrogations.

Mr. Cutler asked, "Day after day, Christmas after Christmas, Thanksgiving after Thanksgiving, confirmation after confirmation, year after year, you just stayed silent, yes?"

To which the witness replied, "Yes."

I DUG GRAVE FOR MOB COPS (NYPOST)

By Zach Haberman

The New York Post, March 29, 2006

An illiterate parking attendant-turned-gravedigger for the mob yesterday gave damaging testimony that placed two alleged Mafia cops at the scene of two gruesome slayings.

Peter Franzone said that after one 1986 killing at a Brooklyn car lot - in which ex-cop defendants Louis Eppolito and Stephen Caracappa were on hand - he feared Eppolito so much that he kept quiet about the burial for 19 years.

"I was scared, because who is going to believe me if I mentioned a cop was involved?" Franzone said at the pair's federal racketeering trial in Brooklyn court.

"I figure [Eppolito] would kill me or arrest me and put me in jail and have somebody else kill me."

Franzone, a sixth-grade dropout, said that in the early 1970s, he got to know Eppolito's cousin Frank Santora Jr. - a mob associate who allegedly helped serve as an intermediary between the NYPD detectives and higher-level gangsters.

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Santora became acquainted with the garage keeper after getting tow services from him. They were so close that Santoro invited him to his home and introduced his cousin, Eppolito, to him.

The witness said that on Feb. 10, 1986, he watched as a mob hit involving Santora, Eppolito - and apparently Caracappa - took place at a single-car garage at his lot.

He said he was sitting in the lot's attendant's booth when Santora and a yarmulke-wearing mob associate known as Israel Greenwald walked into the lot with another man, who wore a trench coat with the collar pulled up.

"I saw his mustache, and I saw the pockmarks on his face," he said, implying the man looked like Caracappa.

He testified that he later saw Caracappa at a Sweet 16 party for Santora's daughter, and realized he was the man at the lot.

As they walked in, Eppolito parked nearby and watched the trio enter the garage. The three men were in there for about 20 minutes. Only two of them came out, driving off in Eppolito's car.

Santora came back to the lot a short time later.

"He said he wants to show me something," Franzone testified.

Santora"He opens the door a little way and says, 'Go in there,' " Franzone said. "I turned the light on, and I saw a man slumped against the wall."

It was Greenwald, shot and killed. Franzone pulled his Cadillac up. He took some shovels, a bag of lime and some cement out of the trunk.

"Frankie said I gotta help bury the body because I'm an accessory," Franzone said.

Franzone said he took the short-handled spade and dug a hole in the garage, where the body remained until it was unearthed last year.

"I was afraid that he might [make me] dig it deep enough and just leave me in there," he said.

SantoraHe said the Williamsburg man's body folded into a near fetal position as it plopped into the hole. Santora covered the body with lime. Then they filled the hole and laid a coat of cement.

A year later, Franzone said, Santora killed another man at his parking lot, again with Eppolito on the scene keeping watch.

He that after Santoro and some other gangsters killed a victim named Pasquale Varialle, they made him lift the blanket-bound body into the trunk of a car.

He said he kept quiet, even after Santora died in the late 1980s, out of fear.

Also yesterday, prosecutors said they got a letter from jailed mob boss Anthony "Gaspipe" Casso concerning the case. They did not give details.

Casso is considered mentally unstable, but a witness said he paid the two cops for mob-connected work on several occasions.

I've Got Info, Convict Sez (NYDN)

By John Marzulli

New York Daily News, March 29, 2006

Lawyers for the reputed Mafia cops will get a chance to chat by phone today with their clients' alleged benefactor, imprisoned gangster Anthony (Gaspipe) Casso.

Casso, who is serving a life term at the nation's most secure prison in Florence, Colo., originally outed retired NYPD Detectives Louis Eppolito and Stephen Caracappa as rogue cops during his brief stint as a government cooperator in 1994.

The government rejected Casso's testimony because he was caught plotting violent crimes in prison, including the assassination of a federal judge and a prosecutor.

It took the feds more than a decade to build a case by flipping Casso's alleged middleman with the detectives, Burton Kaplan.

But Casso, 65, recently penned a letter to the feds saying he has "information favorable to the defense," prosecutor Daniel Wenner revealed yesterday.

Defense lawyers Edward Hayes and Bruce Cutler will listen to what the former Luchese crime underboss has to say, but Hayes indicated there was zero chance of calling Casso, who was involved in more than 30 murders, as a witness.

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Victim's Daughters To Testify Vs. G-man (NYDN)

By NANCIE L. KATZ, DAILY NEWS STAFF WRITER

New York Daily News, March 29, 2006

While her dad was alive, Mary Anne Lampasi claims she was oblivious to his mob ties.

That ended in 1992 when businessman Larry Lampasi was gunned down in a Mafia hit authorities now believe was set up by alleged rogue FBI agent Lindley DeVecchio.

Tomorrow, Mary Anne, 52, and her sister, Candace, 48, will be in Brooklyn Supreme Court, where they are hoping to confront the man investigators say is at least partly responsible for their father's death.

DeVecchio, 65, is scheduled to surrender tonight on an indictment that charges him with four gangland murders, according to law enforcement sources.

The murders were allegedly carried out after DeVecchio tipped off a secret mob informant, longtime Colombo crime family capo Gregory Scarpa Sr., the sources said.

DeVecchio has repeatedly denied any wrongdoing.

"I don't care if my legs go weak under me," said Lampasi, who now lives in Florida. "I will face this. It is harder to live not facing it. You can't run away."

In the Lampasi slaying, DeVecchio allegedly let Scarpa know where he could find the mobster, a former associate turned rival. "We were shielded," Mary Anne Lampasi said. "My father wanted us to have a better life than he had. He gave us all college educations and graduate school. Suddenly this hits us."

From the moment her father was riddled with bullets, Mary Anne Lampasi said her mother had a feeling he had been set up. Unarmed, the 66-year-old Lampasi was shot nine times.

She said the family's home in Queens was the target of several break-ins and the Lampasis came to believe they were being followed. But was it the mob or the feds?

At the time, a family friend told the sisters that there was an FBI coverup going on. The family relocated to Florida.

"We would like justice. I am so grateful that something is happening and the truth can come out," Mary Anne Lampasi said.

Feds Bugged Bedroom, Phones Of FIU Pair (MH)

By Jay Weaver

The Miami Herald, March 29, 2006

Federal agents planted a bug in the bedroom of a Florida International University a couple of years ago, netting evidence to charge them as unregistered agents for the Cuban government, according to court records.

The FBI also wiretapped the home phones of Professor Carlos Alvarez and his counselor wife, Elsa Alvarez, from at least late 2001 until last summer, collecting electronic evidence on practically all of their conversations.

The reams of intercepts included mundane exchanges and even the private musings between husband and wife.

The FBI's eavesdropping of the couple's home goes far beyond what was first known about evidence in the case, which included alleged "confessions" to federal agents last summer and the confiscation of the Alvarezes' home and FIU computers. The surveillance evidence surfaced as part of their lawyers' efforts to revoke the couple's detention before their scheduled May 8 trial.

It's unclear from the court record how these thousands and thousands of surveillance intercepts will help the U.S. attorney's office prosecute the couple, who are suspected of reporting on the exile community and its leaders to Cuban leader Fidel Castro's government.

According to sources familiar with the case, the FBI had hoped the electronic intercepts would provide leads on alleged spying activity on behalf of the Cuban government. The evidence led only to the Alvarezes' arrests in January. It's unclear why prosecutors chose to charge them at that time.

The couple's lawyers say prosecutors have produced "about 200 supposedly pertinent conversations" recorded by the FBI, court records show. The evidence remains sealed from the public. But the Alvarezes' lawyers say the "majority deals only with

mundane activities of daily life" -- such as conversations about the Alvarezes' dinner plans, the tenting of their South Miami home for termites and meetings at their Catholic church.

THE DEFENSE STANCE

The couple's lawyers, Steven Chaykin and Jane Moscowitz, argue their clients would not leave for Cuba if released because they have strong ties to the community, including five children and elderly parents.

They are challenging whether the FBI lawfully obtained warrants to conduct the electronic surveillance. The FBI obtained the warrants under the Foreign Intelligence Surveillance Act, which allows the government to wiretap people in the United States suspected of being agents for a foreign government or involved in terrorist activity overseas.

In the war on terror, the Bush administration has attracted sharp criticism for authorizing warrantless domestic wiretaps without approval from the secretive FISA court -- an issue that doesn't apply to the Alvarez case.

It is not clear from court records how long the FBI conducted electronic surveillance of the couple's home. But it appears the FISA wiretaps of the Alvarezes may have begun years before the Sept. 11, 2001, terrorist attacks. Post-9/11, Congress approved the USA Patriot Act that allows federal agencies to use foreign intelligence wiretap evidence for criminal investigations, such as the Alvarezes' case.

'On March 6, 2006, the government produced summaries of allegedly `pertinent' recorded conversations produced by that surveillance starting in December 2001 and ending July 4, 2005, although the government states that the eavesdropping began earlier and continued until the defendants' arrest on Jan. 6, 2006," the Alvarezes' lawyers wrote.

The attorneys, in their motion, asked the government to disclose the documents related to the wiretap warrants. They are trying to challenge evidence that could affect their clients' case before a jury.

They cited constitutional protections for Carlos Alvarez, 61, a psychology professor, and his wife, Elsa, 55, a psychology counselor, both U.S. citizens.

Referring to the FISA law, the attorneys said: No U.S. citizen ``may be considered an agent of a foreign power solely upon the basis of activities that are protected by the First Amendment. . . ."

For example, they argued, more than 40 of the "pertinent" FISA recordings are telephone conversations between Carlos Alvarez and an unidentified colleague regarding legally licensed culture-exchange programs between the United States and Cuba.

PROTECTIVE ORDER

This month, federal prosecutors refused to turn over documents for the FISA warrants to the Alvarezes' attorneys.

So far, U.S. District Judge K. Michael Moore has issued a protective order that allows only members of the legal teams and their staffs to review the declassified FISA intercepts for the upcoming trial.

Prosecutors apparently disclosed evidence about the FISA wiretaps to show the judge that the Alvarezes are a ``serious risk of flight."

Assistant U.S. attorney Brian Frazier cited Magistrate Judge Andrea Simonton's January ruling in which she said the couple would receive "a hero's welcome" in Cuba.

The prosecutor said the couple used their cover at FIU to infiltrate the exile community, spying on the university's president, Mitch Maidique, and other exile leaders. He said they secretly communicated with the Cuban intelligence directorate, using five-digit code in short-wave radio transmissions.

Once the messages were received, they would input them into their home computer, equipped with decryption technology.

Prosecutors say the couple traveled to Cuba, Mexico and other countries to exchange information with their handlers from the Cuban Directorate of Intelligence.

According to court filings, the Alvarezes reported on "community attitudes" after the FBI's 1998 arrests of 10 Cubans charged with spying. That high-profile espionage case was linked to the Cuban government's shoot-down of two Brothers to the Rescue exile planes over the Florida Straits that killed four Miami men two years earlier.

Muhammad 'Psychotic,' Medical Assessment Says (WP)

By Ernesto Londoño

The Washington Post, March 29, 2006

Sniper John Allen Muhammad is not competent to stand trial, his attorneys argued in a motion filed yesterday along with a psychiatric evaluation that says the defendant should not be allowed to defend himself during his murder trial because he is "psychotic, delusional" and "paranoid."

The report -- the first public disclosure of a mental health expert's assessment of the sniper's mind -- was filed a day before Muhammad is scheduled to appear before a judge in Rockville to explain why he wants to fire his attorneys and defend himself during his Montgomery County trial, which is scheduled to start May 1.

Yale University psychiatrist Dorothy O. Lewis, the defense expert who interviewed Muhammad twice in September 2003 and for four hours Monday, said the sniper told her that he is innocent and believes "his arrest was the result of an elaborate scheme to frame him for the murders."

She wrote that Muhammad told her he also believes Lee Boyd Malvo -- his alleged accomplice in the series of slayings committed with a high-powered rifle in October 2002 -- was "fed information by the police and forced to make a false confession."

Lewis wrote that Muhammad's judgment and ability to think logically are "severely compromised" by brain dysfunction and that he probably suffers from "schizo-affective schizophrenia."

Muhammad has refused to assist his attorneys -- Montgomery public defender Paul DeWolfe and his deputy, Brian D. Shefferman -- and says that he can't share his "secret defense strategy" with his attorneys because "they cannot be trusted," Lewis wrote.

Montgomery Circuit Court Judge James L. Ryan will have to tackle the competency issue before deciding whether to allow Muhammad to represent himself -- a request he made in a handwritten letter delivered to the judge this month.

People in criminal proceedings have a constitutional right to represent themselves at trial, but to sign off on such requests, judges need to find that the defendant is competent and is making the decision knowingly and voluntarily.

Ryan could rule on the competency motion today, but he might choose to have Muhammad examined by an independent psychiatrist before deciding whether he's fit to stand trial; Lewis was hired by Muhammad's defense attorneys.

Deputy State's Attorney Katherine Winfree declined to comment on the motion yesterday. DeWolfe said the "report speaks for itself with respect for his competence to stand trial and his competence to waive counsel."

Maryland prosecutors hope to convince a jury that Muhammad was the architect of the sniper shootings, six of which occurred in Montgomery. Muhammad, 45, and Malvo, 21, were each convicted of one killing in separate trials in Virginia in 2003. Muhammad has been sentenced to death and Malvo to life in prison without the possibility of parole in that state.

Maryland prosecutors say a second set of convictions would give relatives of the people shot in Montgomery a taste of justice and secure the defendants' uninterrupted incarceration in case the Virginia convictions were overturned.

Lewis, the psychiatrist, wrote that Muhammad has no clear defense strategy. When asked how he would strike back at the overwhelming amount of evidence prosecutors could introduce to link him to the six slayings, he told her: "One piece at a time . . . you take all the pieces and add them up as a total."

During Monday's interview, Muhammad seemed paranoid, Lewis wrote. He insisted that his attorneys were withholding information that was key to his defense and told her: "It was never my intention to be represented by an attorney."

She wrote that Muhammad had short spurts of lucidity during their two interviews in September but that his behavior deteriorated unpredictably and that he rambled and made "inappropriate" requests, such as examining the physician's fingers and cuticles.

She said he became delusional when asked whether friends and relatives visited him and began speaking about people he knew in China and Russia. He told her that he had been in Germany when the Berlin Wall fell but that "the history books lied" about the date, Lewis wrote.

Anti-snitch Campaign Riles Police, Prosecutors (USAT)

By Rick Hampson

USA Today, March 29, 2006

PITTSBURGH — It was not the first time prosecutor Lisa Pellegrini had been enraged by the sight of the T-shirt with the traffic-sign message: STOP SNITCHING. But this guy was about to wear one into court, with matching baseball cap.

Worse, he was a witness — her witness — and the intended victim in an attempted murder case that had brought him, her and the defendants to court that day last fall.

This was Rayco "War" Saunders — ex-con, pro boxer and walking billboard for a street movement that has sparked a coast-to-coast beef involving everyone from professors to rappers.

Pellegrini, thinking "witness intimidation," told Saunders to lose the hat and reverse the shirt. Saunders, crying "First Amendment," refused. He left the courthouse, shirt in place. Case dismissed. "In almost every one of my homicides, this happens: 'I don't know nothin' about nothin', " the prosecutor says. "There is that attitude, 'Don't be a snitch.' And it's condoned by the community."

Omerta, the Mafia's blood oath of silence, has been broken by turncoat after turncoat. But the call to stop snitching — on other folks in the 'hood — is getting louder.

Is it an attempt by drug dealers and gangsters to intimidate witnesses?

Is it a legitimate protest against law enforcers' overreliance on self-serving criminal informers?

Or is it bigger than that?

Take the case of Busta Rhymes.

The hip-hop star has refused to cooperate with police investigating the slaying of his bodyguard Feb. 5 outside a Brooklyn studio where Rhymes was recording a video with performers such as Missy Elliott and Mary J. Blige. Police say that although Rhymes and as many as 50 others may have seen the shooting, no one came forward — an echo of the silence that followed the unsolved murders of rappers Tupac Shakur, the Notorious B.I.G. and Run-DMC's Jam Master Jay.

It's the code of the street: To be a credible rapper, you have to know when to shut up.

"Under pressure, I lie for ya, die for ya," Lil' Kim once rapped. Now she's in a federal jail in Philadelphia for failing to tell a grand jury what she knew about some friends involved in a shooting.

Rhymes' silence in the death of Israel Ramirez seemed to puzzle New York's seen-it-all police commissioner, Ray Kelly, an ex-Marine, career NYPD cop and U.S. Customs chief. "Your employee is murdered in front of you," he told reporters, so "you'd think he might want to talk to the police."

Not necessarily, says David Kennedy, director of the Center for Crime Prevention and Control at John Jay College of Criminal Justice in New York. "There's such animosity toward the police in some urban communities that even people who aren't afraid, and who hate crime, still feel cooperating is something good people don't do," Kennedy says. "That's the Busta Rhymes story. He has nothing to fear. He just doesn't want to talk. His reputation would take a dive if he did."

The code of silence, he says, "is breaking out in a way we've never seen before."

Saunders agrees: "It's a movement, that's what it is — a stop snitching movement."

The stigma against snitching is an old one, but the Mafia never took out newspaper ads to promote omerta. So why is an unwritten rule printed on thousands of T-shirts?

Start with the war on drugs. Over the past two decades, law enforcers have made more drug arrests and turned more defendants into informers than ever before. According to the U.S. Sentencing Commission, the agency that establishes federal court sentencing practices, about one-third of drug trafficking prosecutions involve informers' "substantial assistance." That makes them eligible for reduced sentences under otherwise inflexible federal sentencing guidelines.

Informers are a necessary evil, says Cmdr. Maurita Bryant, a 29-year veteran of the Pittsburgh Police Department. "We have to deal with who we have to deal with. … If a dealer needs to make a deal, he'll tell on his mother. It may not be right, but it's all we have."

Some criminal informers who are allowed to remain free commit more crimes; some return to crime after a shortened prison sentence; some frame others, or tell prosecutors what they want to hear. Boston defense lawyer Harvey Silverglate says the system encourages defendants "not only to sing, but to compose."

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According to a study by the Northwestern University Law School's Center on Wrongful Convictions, 51 of the 111 wrongful death penalty convictions since the 1970s were based in whole or in part on the testimony of witnesses who had an incentive to lie.

Alexandra Natapoff, a professor at Loyola Law School in Los Angeles, says that, based on federal statistics, one of every four black men from 20 to 29 is behind bars, on probation or on parole, and under pressure to snitch. She estimates one in 12 of all black men in the highest-crime neighborhoods are snitching.

She says informers strain the social fabric of poor minority neighborhoods, where as many as half the young men have been arrested. "Every family gathering, every party, every backyard barbecue probably has someone who's secretly working as an informer."

This is the world Rayco Saunders inhabits. It's filled, as he puts it, with "guys doin' all this crime and not doin' no time, because they're telling on the next man."

Hence a backlash — "stop snitching." The slogan appeared in Baltimore about two years ago as the title of an underground DVD featuring threatening, gun-wielding drug dealers and a brief appearance by NBA star and Baltimore native Carmelo Anthony. Anthony, who later said he didn't know the video's theme, told ESPN The Magazine that the dealer-turned-informer excoriated in the DVD "ran our neighborhood. Now he's working with the state and the feds. You can't do that. He turned his back on the 'hood."

The black community is divided. Rapper Chuck D of Public Enemy has blasted the Stop Snitching campaign on the hip-hop group's website: "The term 'snitch' was best applied to those that ratted revolutionaries like Huey P. Newton, Bobby Seale, Che Guevara. … Let's not let stupid cats use hip-hop to again twist this meaning for the sake of some 'innerganghood' violent drug thug crime dogs, who've sacrificed the black community's women and children."

Whatever its intent, the Stop Snitching movement has galvanized officials already apoplectic about witness reluctance and witness intimidation.

States and localities spend a fraction of what the federal government devotes to witness protection, although this month Pennsylvania restored $1 million for that purpose. The move came as more than a half-dozen witnesses recanted earlier testimony in the trial of men accused in the Philadelphia street shooting death of a third-grade boy.

"If the word 'snitch' comes out of someone's mouth, I go insane," says Pellegrini, the Pittsburgh prosecutor. "When young men and women see rappers refuse (to cooperate), they think it's cool. How do we tell them, 'we'll support you,' when they see that?"

Especially, she says, when the slogan is blatantly used to intimidate witnesses. Last year, supporters of an accused drug dealer on trial in Pittsburgh federal court wore T-shirts around town bearing witnesses' photos and the inscription "Stop Snitching." U.S. Attorney Mary Beth Buchanan says one, Garry Smith, had a $100,000 price on his head.

"Everybody in law enforcement is beside themselves," says Kennedy of John Jay College. "They can't investigate cases. They can't prosecute cases. The clearance rate for some serious crimes is tanking."

Stop Snitching T-shirts have been banned from a number of courthouses. Boston Mayor Thomas Menino, whose city recorded the most homicides in a decade last year, threatened to send police into stores to pull them off the shelves.

Following the furor over the Stop Snitchin' DVD, Maryland raised witness intimidation from a misdemeanor to a felony, and Baltimore police made a tape of their own, Keep Talking. "People have to snitch," says Peter Moskos, a former Baltimore street cop. "That's how criminals get caught."

Saunders' life may have been saved by a snitch.

Pellegrini says an informer told police that an ex-con had hired another man to kill Saunders because the boxer was having an affair with his girlfriend. The man and his accomplices were arrested before the hit could be carried out. They were scheduled for a court hearing the day last fall that Saunders showed up in his Stop Snitching T-shirt.

Saunders and Pellegrini agree he was there to warn the men not to testify in other pending cases. But they disagree on why: Pellegrini says Saunders, whom she calls a "thug," is in cahoots with other criminals who feared the men's testimony. Saunders says he thought the defendants would try to save themselves by selling out others.

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Saunders says he hates snitching so much that he not only wears the T-shirts himself but has given them as gifts to friends and relatives. "They love the T- shirts," he says. "It's way overdue for somebody to step up and speak about these things that's going on with these informants and these guys walking around here with immunity to do whatever they want to do."

At 31, Saunders has had a hard life. He says he never knew his father; his mother died of a drug overdose when he was 11. He was stabbed in the back at 15, shot in the chest at 21. He says he shot at people himself and dealt drugs. He was arrested six times from 1994 to 1997 and served four years in prison after a shootout with a police officer. He says he was framed.

Since leaving prison, he has pursued a career as a pro boxer, compiling a record of 15-7-2. In 2004 he won the North American Boxing Council cruiserweight championship. In an interview at the gym where he trains, he outlines a stop-snitching creed:

•Don't snitch on others just to save yourself. "Stop snitching is for those guys out there … selling more drugs than Noriega, and their only out is to tell on somebody. … If a (criminal) wants to be a Good Samaritan, OK. But send (him) to jail. Don't give him immunity to do what he wants on the street."

•Stop Snitching doesn't mean stop talking to police. "It's always misconstrued by the public, or the powers that be, that we're trying to intimidate the regular people or the law-abiding citizens. That's not what it's about. … If that is your only outlet, to call the police, that's what you do."

•But witnesses have no obligation to help police. "Do your job — you're the police. … I've been wronged by the system. Do you think I would help the system? … Do cops snitch on other cops?"

•The authorities can't protect witnesses. "What's happening to the innocent witness? They get dead or … terrorized for life."

•Sometimes you must right wrongs yourself. "I'm a man, and I can handle my own situations like a man. … I've done dirt. I'll admit that. So I can't run to the police."

Later, he's out on the street, wearing one of the T-shirts. Standing nearby is a woman dressed as the Statue of Liberty to advertise the services of her employer, Liberty Income Tax.

"The people who are snitching, a lot of them end up dead, a lot of them end up hurt," says Lady Liberty — Ernestine Whitaker of Wilkinsburg, whose nephew was threatened after he witnessed a crime. "So the snitching doesn't do anything for the person who's snitching."

She looks at Saunders, whose muscular chest bulges beneath the T. "I'd wear one of those," she says.

As Scams Go, This Is A Gem (LAT)

By Jessica Garrison, Times Staff Writer

The Los Angeles Times, March 29, 2006

There was no heist. The dealer simply handed $14 million worth of diamonds to a stranger, relying on a tradition of trust.

Those not in the diamond trade might find it hard to understand why Emile Chayto, a Geneva dealer with more than 40 years of experience, gave $14 million worth of gems to a stranger who claimed to be the wife of the deceased president of the Congo — before she had paid him one penny.

Unfortunately for Chayto, she was not the widow of Mobutu Sese Seko. And her wire transfer never arrived.

As it turned out, the handoff of the stones triggered a series of transactions — detailed in lawsuits in Los Angeles and Israel — illuminating a strange and glamorous trade in which millions of dollars' worth of merchandise crisscrosses the globe on the strength of spoken promises.

Since the Middle Ages, when it was one of the few areas of commerce open to them in Europe, the diamond business has been dominated by Jews, and even today, though traders from India are increasingly moving into the industry, deals around the world are sealed with the traditional Yiddish phrase mazel und brocha, which means "luck and a blessing."

Hebrew is spoken along Hill Street in Los Angeles, the country's second-largest diamond market after New York, where some of the parties involved with Chayto in the disputed trades have offices. Every day at lunchtime, deliverymen bearing kosher food pour into the downtown jewelry exchange, a glittering, bustling hive filled with tiny offices and storefronts.

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David Marcus, president of the West Coast Diamond Club, a guild that arbitrates disputes among dealers and has its offices on the 16th floor of the exchange, said he knew, or knew of, most of the parties named in the lawsuits but that he hadn't heard much talk about the dispute itself.

That did not surprise him, he added. It was easy to see why all parties involved — many of whom have excellent reputations in the diamond world — would not want to broadcast details of such a fight, especially in a business in which reputation counts for so much.

"Look, I make a deal for millions, and all I do is shake hands. I don't even give a check. I give my word," he said. "Cases like this are very rare," he added.

According to court papers, the intrigue began a year ago, in February 2005, when Chayto was contacted by Albert Shamash, a resident of Marbella, Spain, a seaside playground of the rich on the fabled Costa del Sol.

Shamash told Chayto that he was calling on behalf of a woman who said she was Mrs. Mobutu Sese Seko, the widow of the ex-president of Zaire, now known as the Democratic Republic of Congo. Shamash said she "had a collection of uncut diamonds that she wished to sell," according to court papers. The war-torn African state is known for its diamonds, and Mobutu was infamous for plundering his country's assets, so it was plausible that his widow might have quite a nice collection.

In April, Chayto accepted Shamash's invitation for an all-expenses-paid trip to Marbella, according to court papers.

No deal happened on that trip. In fact, Chayto didn't even meet the woman. But a few weeks later, Shamash called Chayto again and told him that the purported Mrs. Mobutu wanted to throw a huge party for Congolese leaders and hand out precious watches and jewelry as party favors.

Court filings provide no explanation why the woman would buy diamonds when she first appeared as a seller. Through his Los Angeles attorney, Chayto declined to comment.

But according to court papers, Chayto began putting together a collection of gems to offer for sale. Most were owned by other people, but that is not unusual in the diamond trade. One was a 23.8-carat diamond, which Chayto claimed in court papers was worth $1.8 million.

That stone belonged to a New York diamond dealer named Ishaia Gol. And there was a 16.62-carat diamond worth $900,000, owned by Chayto and another New York dealer. There was also a 43-carat Burmese sapphire, along with a ruby-and-diamond necklace, diamond-encrusted Harry Winston watches, Bulgari watches with emeralds and a long list of other gold, platinum and diamond jewelry, according to court papers.

A 23.8-carat diamond is big, but not among the largest diamonds in the world. The Hope Diamond, for example, is 45 carats. That stone, on display in the Smithsonian Institution in Washington, D.C., once belonged to King Louis XIV, and legend says it brings bad luck to its owners. Even bigger is the 530-carat Star of Africa, one of the British crown jewels.

With permission from the various owners around the world to negotiate a sale, Chayto delivered all the gems to Shamash in Marbella in May and June to show to the woman, according to court papers.

In June, Shamash told Chayto that she wanted to buy them all. She would pay him 12.2 million euros ($14 million) and a 2.8-million euro commission — totaling about $17.8 million at the current rate of exchange.

As payment, a man claiming to be an English lawyer named Eduardo Martin gave Chayto a bank transfer document allegedly showing that the money would arrive in Chayto's Geneva bank account on June 7, according to court papers.

But the money never arrived.

"I complained to Shamash that I had been defrauded," he said in a court affidavit. "Shamash assured me that the problem was related to the embargo on Mrs. Mobutu's funds imposed by the Congolese government. Shamash counseled me to wait."

Shamash also gave Chayto two personal checks totaling 12.2 million euros signed by his wife. The checks were post-dated to July 7, but Chayto accepted them anyway.

Several days later, the woman claiming to be Mrs. Mobutu summoned Chayto from Switzerland to a London hotel, where she had reserved "the royal suite," according to court papers.

The woman apologized to Chayto for the delay in payment. But she had good news: Her relations were improving with the new president of the Congo, and the money would be coming soon. And in the event it didn't, she said, she had 20 million euros stashed in Morocco.

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Chayto never got his money (the checks did not clear), nor did the other owners of the diamonds, according to court papers. Spanish police, meanwhile, say they are investigating a man named Shamash for theft of the diamonds and for other crimes.

But where were the stones? According to the court documents, they had entered the worldwide rapids of large-carat diamond trading.

"Traditionally, the diamond trade has been … a small group that operates in a circle of trust," said Russell Shor, a senior diamond industry analyst with the Gemological Institute of America. "Everybody knows somebody who knows somebody, so if you violate that trust, you become a pariah, and you can't make a living."

Across the globe, there are relatively few people who deal in large diamonds; Shor estimates maybe a few hundred. They buy and sell with stunning speed, making a small margin of profit on each deal.

"You keep your ear to the ground," Shor said. "You know who's got the goods. You go get them. You seize the moment."

That is exactly what Ouri Shifman did when he heard through his brother-in-law in Casablanca about some large diamonds for sale last spring, according to court papers.

Shifman, a dealer whose company has offices in Los Angeles, New York and Israel, flew to Marbella on May 26, a week before Chayto completed his deal with Shamash and the woman. In a later court paper, Shifman said he met there with a diamond broker named Ali, who claimed to be acting on behalf of the wife of "a very wealthy man from one of the Persian Gulf emirates." She wanted to sell a 23.8-carat diamond, among other jewels.

Shifman and a business associate went to a heavily guarded home in Marbella and looked at the stone. A third-generation diamond dealer, Shifman did not usually deal in large diamonds, so he approached an old friend from Los Angeles, Oved Anter, for help with financing.

By May 31, he and Anter had put together $900,000 for the 23.8-carat diamond, and Shifman had taken the diamond to Las Vegas to give to Anter. (Shifman said he eventually paid a total of $1.38 million for the diamond; the other side says it appears that he paid less, according to court papers.) Later, Shifman also bought two other diamonds and a sapphire that had been among the jewels Chayto had delivered to Shamash. Many of the others have disappeared, according to Chayto's attorneys.

Anter and Shifman sold part ownership in the 23.8-carat stone to a New York dealer. Within days, according to court papers, a representative of that dealer met one of Chayto's partners and, not knowing about the stone, tried to sell it to him. That's when the lawsuits started flying.

Chayto and his partners say Anter and Shifman ought to have known it was a shady deal.

They maintain that Anter and Shifman paid about $1 million less than market value for the diamonds, which should have tipped them that something wasn't right. But even without the low price, they say, the "convoluted story … would have put even an ordinary person on notice that the wealthy Arabian matron may not have had clear ownership of the jewels."

But as Shifman countered in his deposition, the diamond market is full of "brokers and middlemen, and the identity of the principal is often unknown." There was no way to he could have known he was part of a scam, he said.

Ali seemed to be well known in Marbella. He had a house. He knew lots of people. And all of the meetings took place in restaurants and cafes (where Ali insisted upon picking up the check).

"These transactions were not carried out in the shadows," Shifman said in his declaration. He added: "The last thing I could imagine was that when I arrived with the diamond in Las Vegas and proudly showed it … that several months later I would find myself being summoned to a police interrogation regarding the circumstances of how the diamond came to be in my possession."

Now the stones bought by Anter and Shifman, which last year jetted from New York to Geneva to Marbella to Las Vegas, back to New York, then to Israel and finally to Los Angeles, are grounded. Late last month, a Los Angeles judge issued an injunction forbidding Anter and his diamond company, First International Diamond Inc., from selling them while both sides fight it out.

Anter and Shifman say they paid for the diamonds fair and square and that the suits are tarnishing their reputations, built up over decades in the business.

"We bought goods in good faith," said Sam Wieder, Shifman's partner. "We are going to fight this all the way to end."

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Earlier this month, Anter countersued Chayto and his New York partners, accusing them of negligence in the sale to Shamash, resulting in Anter's and Shifman's being defrauded. That suit also accuses Chayto and Ishaia Gol of slandering Anter's and Shifman's names. It seeks punitive damages. Lawyers for Chayto and Gol deny the allegations.

As the court filings continue to pile up, there is at least one thing both sides agree on: They've never been involved in anything as unusual as this suit.

"I've been in the business 30 years. I've never had such a strange thing happen to me," Wieder said.

"Never in my life," agreed Gol, the New York diamond dealer whose 23.8-carat diamond is at the heart of the dispute.

Now, Gol said, it is up to the courts. "Somewhere, somehow, somebody will have to decide who is honest and who is not."

Times special correspondent Cristina Mateo-Yanguas in Madrid contributed to this report.

Mr. Rosenbaum At Howard (WP)

The Washington Post, March 29, 2006

THE LAST 46 hours of New York Times reporter David E. Rosenbaum's life can be segmented into three stages: his robbery and beating on Gramercy Street NW; the response of the D.C. Fire and Emergency Medical Services Department (FEMS); and his treatment at Howard University Hospital, where he died from a massive head injury. Mr. Rosenbaum's alleged assailants are in custody and awaiting trial. Possible missteps by FEMS have been reported. Now, thanks to an in-depth investigation by the D.C. Health Department, we learn what happened to Mr. Rosenbaum after he arrived at the emergency room of Howard University Hospital on the night of Jan. 6. It is a distressing account of across-the-board failures.

The Health Department found that:

· "Once Mr. Rosenbaum was transported to the Emergency Dept., the triage nurse failed to properly assess, evaluate and manage his clinical presentation" as required by protocols and patient care standards. "The triage nurse also failed to perform a neurological assessment to determine Mr. Rosenbaum's level of consciousness and the possibility of a brain injury, based on the low GCS scorings [suggestive of a severe brain injury] obtained by the EMS unit while on the scene."

· "The evening charge nurse then failed to assess and evaluate Mr. Rosenbaum's condition prior to assigning him to the hallway. Furthermore, she failed to alert and specifically assign his care to one of the ED nurses overseeing patients in that hallway."

· "Mr. Rosenbaum was . . . left unattended in the hallway for approximately one hour and 20 minutes after his arrival to the ED . . . after which time he was discovered to have a life-threatening brain injury which required emergency neurosurgical intervention."

· "There was no documented evidence that Mr. Rosenbaum's initial evaluation by the physician included a comprehensive head-to-toe assessment . . . that would have revealed any trauma to his head. . . . Concurrently, there was no evidence that [his] initial level of consciousness (documented as lethargy), along with his limited response to painful stimuli, was investigated by the physician to determine a possible cause."

The Health Department has notified Howard of several deficiencies in its patient treatment and has demanded an "acceptable plan of corrective action," D.C. Health Director Gregg A. Pane said yesterday. The Health Department has also notified the federal Centers for Medicare and Medicaid Services of its findings and is weighing other options for holding the hospital accountable.

And to think: Howard University is asking that the city spend $200 million and that the federal government guarantee an additional $200 million so the university and the city can build a $400 million medical complex that Howard medical professionals will control and operate.

CIVIL LAW:

Big Tobacco Gets Favorable Ruling (WSJ)

By Vanessa O'Connell

The Wall Street Journal, March 29, 2006

An independent arbitrator ruled that the nation's big cigarette makers lost market share as a result of their 1998 legal settlement with 46 states.

The ruling increases the likelihood that Marlboro maker Philip Morris USA and its rivals will be able to cut $1.2 billion from the payment they owe the states next month, and possibly see similar reductions in future years.

The payment issue stems from a settlement reached eight years ago requiring Altria Group Inc.'s Philip Morris, Reynolds American Inc.'s RJR and Loews Corp.'s Lorillard to reimburse the states annually for the costs of caring for sick smokers. Each year's payment is calculated based on the previous year's cigarette-sales volume. So far, cigarette makers have paid the states $41.6 billion; another $6.5 billion is due April 17.

The latest ruling could usher in a new era of confrontation between major cigarette makers, which lately have benefited from a string of courtroom victories, and the states, which have grown increasingly dependent on annual tobacco-company payments to cover budget shortfalls.

The companies say the settlement allows them to cut their payments if their market share drops below certain thresholds. The companies say they hit that threshold in 2003: Their collective market share dropped to 92% from 99.6% in 1997 -- the year before the settlement -- amid gains by makers of bargain-priced generic cigarettes that have sprung up since 1998.

The states, however, claim the big cigarette makers lost share not because of the legal settlement, but because of outsize price increases.

Economist Daniel McFadden of the University of California at Berkeley, an independent analyst who served as an arbitrator in the dispute, affirmed his earlier ruling in favor of the companies. He found that the burdens of the settlement itself were a "significant factor" in causing the market-share losses.

No. 2 cigarette maker Reynolds, which sells Winston and Salem cigarettes, stands to gain the biggest sum -- roughly $567 million -- because it suffered the steepest loss in market share. The No. 1 maker, Philip Morris, of Richmond, Va., would be entitled to about $386 million, according to estimates by the settlement's designated auditor.

A loss of revenue is sure to hurt cash-strapped states that are counting on the tobacco billions to help fund health-care programs or pay other expenses.

The National Association of Attorneys General said yesterday that the states are negotiating with the tobacco companies to get the full payment and expect those negotiations to be successful. The states warn that, if necessary, they will sue the companies to get the full payment.

The dispute is likely to be closely followed by the bond markets. Many states and other municipalities have floated special bonds secured by the flow of future settlement payments by cigarette makers.

Negotiation On Tobacco Payment (NYT)

By Michael Janofsky

The New York Times, March 29, 2006

WASHINGTON, March 28 — Negotiations are under way between the states and the nation's largest tobacco companies over more than $1 billion of a payment the companies are legally bound to make to the states by mid-April.

The dispute arises out of a binding determination by an independent consultant made public on Tuesday that the $246 billion Master Settlement Agreement of 1998, which ended lawsuits against the companies over the health care costs of smoking, was a "significant factor" in the companies' loss of market share. From 1997 to 2003, smoking in the United States fell by 21 percent.

The 1998 agreement, which included major restrictions on cigarette marketing, listed three conditions that would reduce the amount companies had to pay. The consultants agreed that the first two had been met: the companies' market share fell more than 2 percent, and the settlement agreement played a major role in the decline.

But the companies are arguing that the states did not "diligently enforce" statutes that require companies not participating in the agreement to create escrow accounts to cover losses in any future litigation that might involve them, the third condition to win a reduction. The smaller companies generally sell discount cigarettes.

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The big companies say they are entitled to a reduction of $1.2 billion of the $6.5 billion they are scheduled to pay as the next installment of the settlement, which is due the states on April 17.

"We believe the states have diligently enforced their statutes," said Tom Miller, the Iowa attorney general and co-chairman of the National Association of Attorneys General tobacco committee.

"We are negotiating with the companies to make sure they pay the full amount," Mr. Miller said.

A spokeswoman for Philip Morris, the nation's largest tobacco company, said the company would have no comment on the negotiations. The next-largest company, Reynolds American, did not respond to a message seeking comment.

The Dim Halls Of Government Need More Sunlight (HILL)

By John F. Sturm

The Hill, March 29, 2006

Since 1966, the Freedom of Information Act (FOIA) has been the public's principal means of looking into the workings of government, but over the years FOIA requests filed by the public and the news media increasingly have been rejected or mysteriously delayed.

This is why the Newspaper Association of America and others have formed the Sunshine in Government Initiative, a coalition of media groups committed to promoting policies that ensure the government is accessible, accountable and open.

Many members of Congress are looking closely at reforming and improving FOIA. Sen. John Cornyn (R-Texas), Sen. Patrick Leahy (D-Vt.) and Rep. Lamar Smith (R-Texas) have introduced the Openness Promotes Effectiveness in Our National (OPEN) Government Act of 2005 (S. 394 and H.R. 867) to provide meaningful FOIA reform and accountability, legislation that the coalition supports. Rep. Todd Platts (R-Pa.), chairman of the House Government Reform Subcommittee on Government Management, Finance and Accountability, also held a constructive hearing on this issue.

In an attempt to strengthen FOIA, the White House issued an executive order just before Christmas. But the order fails to address important issues that are covered by the proposed legislation.

Here are a few ways that the executive order doesn't measure up to true legislative reform such as OPEN.

• Lack of realistic alternatives to litigation. If a FOIA request is denied, often the only option available to the requester is litigation in federal court, meaning most individuals and small organizations have no realistic means of appeal. OPEN mandates creation of an office to serve as an ombudsman, offering mediation services. The executive order offers no specific ways to handle complaints.

• Requests are difficult to track. A common complaint among requesters is that they are unable to obtain information on the status of their requests. OPEN requires each agency to establish an individualized tracking-number system, and it must establish ways to track requests by phone or Internet. The executive order advises agencies to consider creating a tracking system.

• Attorneys' fees are too difficult to recover. The cost of fighting a denial of a FOIA request in federal court is expensive. FOIA allows for the recovery of legal fees only when a requester wins in court.

Often, an agency will wait until a court decision against it seems imminent and only then grant or settle the FOIA request. But that denies requesters any recovery of legal fees. Thus requesters, especially those with limited resources, are dissuaded from filing suit.

OPEN closes that loophole, allowing recovery of fees if the requester's court pursuit was the "catalyst" for the agency's granting the FOIA request. This discourages agencies from drawing out unnecessary litigation. The executive order fails to address the problem.

• No penalties for delaying requests. Agencies have no disincentives to drag their feet. As a result, some requests remain unprocessed for months, even years.

OPEN creates meaningful penalties for failing to comply with the current law's 20-day time limit on responding to FOIA requests. The executive order sets no firm time limits and imposes no penalties.

• Not even a slap on the wrist. Current law allows for disciplinary actions against officials who act arbitrarily or capriciously in denying FOIA requests. But in the 40-year history of the law, no one has ever been formally disciplined.

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OPEN requires the attorney general to notify Congress of any finding of arbitrary withholding. The executive order does not specifically address the issue of bad-faith denials.

• No agency oversight or enforcement. Though technically in charge of enforcing FOIA, the Department of Justice lacks the oversight necessary to correct problems or to enforce FOIA provisions properly. OPEN creates an ombudsman function to help mediate disputes between requesters and agencies and to review agency policy and procedures. The executive order relies on self-reporting, with no enforcement.

• Records frequently exempted without notice. Congress can exempt specific records from FOIA by statute, but that exemption often appears as a single paragraph buried in a bill hundreds of pages long, allowing it to be passed without debate and public notice. OPEN requires all proposed exemptions to be stated explicitly so that they can be openly scrutinized. The executive order is silent on exemptions.

The darkness of unwarranted secrecy can hide and encourage misdeeds, and breed discontent. Conversely, as Justice Louis Brandeis said, "Sunlight is the best of disinfectants." Let's reform FOIA and open the darkened files of government.

Sturm is president and CEO of the Newspaper Association of America. The association is a member of the Sunshine in Government Initiative (www.sunshineingovernment.com).

CIVIL RIGHTS:

Pizza Hut Franchisee To Make Restaurants Accessible To Disabled (AP)

By Sam Hananel

AP, March 29, 2006

WASHINGTON - The nation's largest Pizza Hut franchisee has agreed to renovate hundreds of restaurants to settle claims they are inaccessible to the disabled, the Justice Department announced Tuesday.

NPC International Inc., which has executive offices in Lenexa, Kan., and its restaurant services center in Pittsburg, Kan., reached the settlement to resolve alleged violations of the Americans with Disabilities Act.

The agreement requires restaurants to repair parking lots, seating areas, bathrooms and self-service counters to bring them into compliance.

The company, which operates about 800 restaurants in 25 states, did not admit any violations of federal law and reached the settlement to avoid potential litigation, according to a copy of the settlement agreement.

"Too often, the ease and enjoyment of restaurant dining is not a reality for individuals with disabilities," said Wan J. Kim, assistant attorney general for the department's Civil Rights Division. "I commend NPC for their commitment to take the steps necessary to make its Pizza Hut restaurants accessible."

Under the settlement, NPC must alter or remodel all the Pizza Hut restaurants it owns to make them comply with the ADA and train all its employees and store managers on how to operate under the law.

NPC must also work with landlords at the 180 delivery and carryout restaurants it does not own to ensure they are accessible to disabled patrons.

The Justice Department discovered the violations during a compliance review prompted by complaints from private citizens in the Midwest, department spokesman Eric Holland said.

All improvements must be completed during a timetable that spans the next four years.

Earlier this month, NPC was sold to the private equity arm of Merrill Lynch & Co. Pizza Hut Inc. is a unit of Yum Brands Inc.

ON THE NET

http://www.npcinternational.com

Extension Of Voting Act Is Likely Despite Criticism (NYT)

By Rick Lyman

The New York Times, March 29, 2006

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ATLANTA, March 27 — Representative Lynn Westmoreland, a former builder who represents a jigsaw of predominantly white areas just south and west of Atlanta, acknowledges that the 1965 Voting Rights Act, a cornerstone achievement of the civil rights movement, was necessary in its day to register blacks and overturn decades of laws preventing them from voting.

But times have changed, Mr. Westmoreland said.

"It was set up to be temporary, just to get things to where they should be," he said. "And if you look at the results we have here in Georgia, I think you can see that it's worked. Its time has passed."

Mr. Westmoreland is one of many conservative Republicans who have serious problems with the law. Yet, even though his party controls the White House and Congress, the law seems in little danger of expiring. A multiyear campaign by civil rights leaders to reauthorize the act, parts of which expire in August 2007, appears to be on the verge of success.

Liberal supporters and conservative opponents say they expect it to be reauthorized and, probably, even strengthened in coming weeks, well ahead of the deadline.

"The Republicans know that if they question the wisdom of reauthorization the Democrats will relentlessly demagogue them on the issue," said Roger Clegg, president of the Center for Equal Opportunity, which opposes reauthorization. "They'll be called racist and accused of wanting to turn back the clock on civil rights. The Republicans would really like to have this off the table."

The Voting Rights Act, a follow-up to the Civil Rights Act of 1964, was intended to break down barriers that had kept blacks from registering to vote, mostly in the Deep South. It prohibits officials from disenfranchising blacks through gerrymandering or vote rigging.

Partly by outlawing poll taxes, literacy tests and other laws intended to keep minorities off the rolls, the act had an immediate effect on the numbers of blacks registered in the South. A Census report in 1982, the last time the law was reauthorized, found that the number of registered blacks in Mississippi had grown to 175,000 in 1966 from 22,000 in 1960. Similar increases occurred in Alabama, South Carolina and other Southern states.

More gradually, but as a direct result, the larger numbers of black voters produced a steady increase in elected minority candidates in the South and nationally.

Before the act, civil rights organizations estimate, there were fewer than 300 black elected officials in the United States, with virtually none in the South, said Daniel Levitas, who works with the Voting Rights Project of the American Civil Liberties Union in Georgia. The Joint Center for Political and Economic Studies in Washington found 1,469 black elected officials by 1970 and more than 9,500 today.

Representative John Lewis, a former Freedom Rider who was beaten in the march in Selma, Ala., that helped lead to the act, said the people who felt that the law had outlived its usefulness failed to understand what it had done and what it needed to do. Mr. Lewis's district, the Fifth Congressional, encompassing much of urban Atlanta, would look quite different had there been no act, he said, and he is certain that someone besides himself would have represented it for the last 20 years.

"Hundreds of thousands of people across America would still have been denied the right to vote," Mr. Lewis, a liberal Democrat, said. "So it's become almost like apple pie, really. This act has become like America."

President Bush has said he supports reauthorization, without specifying what changes in the law he might entertain.

The Republican Congressional leadership has shown little interest in battling to overturn it, despite many conservatives' concerns that the act has led to unconstitutional redistricting based on race. A bipartisan bill to renew the law is expected to arrive at the House Judiciary Committee in the next week or two.

The bill is also likely to include language intended to address Supreme Court decisions that many supporters say have weakened the act.

In a case involving a school board in Bossier Parish, La., the Supreme Court ruled in 1999 that even though officials had openly described their plan to change voting districts as intended to keep blacks off the board, the Voting Rights Act was not violated because the outcome did not make matters worse for blacks.

"There were zero black school board members before and zero afterward, so it hadn't been made worse," Laughlin McDonald, director of the Voting Rights Project, said. "That was clearly not Congress's intention when the act was passed in 1965, and I expect we will see language in this bill that makes this clear and overturns the Bossier decision."

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If the bill, as anticipated, emerges unscathed from the committee, it is expected to hit the House floor in the spring or early summer, where it will face opposition from some members like Mr. Westmoreland, who intend to submit amendments that the act's supporters say would weaken it or render it unconstitutional.

Many provisions are permanent. But some, including some of the most contentious, are temporary and have required subsequent Congressional votes to remain.

Congress reauthorized the act for five more years in 1970 and for seven years in 1975. In 1982, with President Ronald Reagan's support, it was reauthorized for 25 years.

Of the sections that require reauthorization, the two that have drawn the most attention are Section 5, which requires some jurisdictions to apply to the Justice Department before changing voting laws, and Section 203, which requires jurisdictions with high numbers of foreign-speaking voters to provide multilingual help at polls.

The "preclearance" in Section 5 has drawn the most complaints, especially from Southerners who feel that their region has made substantial progress since 1965 and no longer needs to be singled out.

Advocates of the act point out that although most of the covered jurisdictions are in the South, others are not, including New York City.

Mr. Westmoreland said he intended to propose an amendment to the reauthorization bill that would make preclearance nationwide. Rather than singling out places, like Georgia, it would require every jurisdiction to apply to the federal government to change its voting laws.

He said he was also likely to introduce an amendment that would make it easier for jurisdictions to leave the preclearance list, another move opposed by advocates of the act. Other congressmen are expected to offer amendments to dilute the foreign-language requirements of Section 203.

But at the moment it appears unlikely that any of his proposals will attract the necessary support, Mr. Westmoreland said, adding, "I'm afraid what's going to happen is this is going to be one of those middle-of-the-night deals where you're voting on it before you know it."

Blacks Losing Ground Financially, Study Finds (USAT)

By Larry Copeland

USA Today, March 29, 2006

Despite a rebounding economy, African-Americans are not making progress in achieving income, net worth, employment and homeownership levels equal to those of whites, according to a National Urban League report to be released today.

Blacks have just 56% of the economic status of whites, a slip of 1 percentage point from last year, according to the civil rights organization's annual “The State of Black America” report.

“The economic status of African-Americans is getting worse,” Urban League President Marc Morial says. “If things are stagnant in a growing economy … then we've got to say that progress is seriously lacking. … America is not America when millions of our citizens are still viewed as a fraction of a person.”

The sharpest economic disparity between black and whites is in median net worth, according to the report, which compiles data from many government sources, including the Census Bureau and the Bureau of Labor Statistics.

The median net worth for African-American families — half have more, half less — is less than one-tenth of the median for white families. That gap is driven largely by differences in homeownership. More than 70% of white families own their homes, compared with about 50% of blacks, the report says.

The unemployment rate for blacks is 10%, compared with 4.4% for whites. One promising finding in the report: The rate of black-owned businesses compared with white-owned ones is growing.

Morial, a former mayor of New Orleans, notes that this year's findings come in the aftermath of Hurricane Katrina, which he says exposed race and class gaps.

The report offers proposals for improving the economic conditions of blacks in four areas: homeownership, jobs, economic development and children's education and health. Morial says the proposals will be presented next year to 2008 presidential candidates.

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Black America's search for answers should begin “right in the mirror,” says Ronald Mincy, a professor of social policy and social work practice at Columbia University in New York City and author of the 2006 book Black Males Left Behind.

“A big part of it is us,” he says. “This is not to say there isn't racism. I'm not crazy. But we do need to look at these disparities and try to identify what are the sources.”

Much of the net worth disparity can be accounted for by the fact that many African-American households are headed by single parents, says Mincy, a visiting fellow at the Urban Institute, an economic and social policy research group in Washington.

ANTITRUST:

Lawmakers Voice Concerns Over McClatchy's Deal (MINNST)

Minneapolis Star Tribune, March 29, 2006

WASHINGTON - Two Minnesota congressmen on Tuesday called for an antitrust review of Knight Ridder's sale to the McClatchy Co., saying they are "deeply concerned about the impact the proposed sale could have on our constituents."

Republican Mark Kennedy and Democrat Jim Oberstar released a letter they wrote to Thomas Barnett, assistant attorney general for antitrust at the Justice Department.

"This sale, should it go forward, would place in one company's hands the ownership of the two largest newspapers in our state," the letter said.

The letter made no mention of McClatchy's intent to sell the St. Paul Pioneer Press and 11 other Knight Ridder papers. McClatchy officials said when the deal was announced March 13 that they would divest those papers, with antitrust concerns specifically cited regarding the St. Paul paper.

But Kennedy said McClatchy's planned sale of the Pioneer Press doesn't allay his concerns.

"I'm pleased that McClatchy agrees with us that they shouldn't continue to own the Pioneer Press," he said.

"But being able to choose your rival and have that be a factor in the equation ... I would prefer that McClatchy just not buy those [12] papers, and make Knight Ridder sell them independently themselves."

McClatchy said Tuesday in a prepared statement that the company has "made clear from the earliest stages of our agreement to acquire Knight Ridder that we intend to sell the St. Paul Pioneer Press to avoid any concern about antitrust issues. We have already made appropriate filings with the U.S. Department of Justice and are confident that our plans to sell the paper will go forward smoothly."

Mary Kerr, a spokeswoman for Oberstar, said Kennedy's office is driving the effort to seek the antitrust review.

"For us, it's really just a concern about media consolidation," Kerr said. "We're concerned about the smaller papers."

A Justice Department spokeswoman said the department "will review the transaction carefully" as a matter of course.

Kennedy, Oberstar Call For Review Of Knight Ridder Sale (AP)

By Frederic J. Frommer

AP, March 29, 2006

WASHINGTON - Minnesota Reps. Mark Kennedy and Jim Oberstar on Tuesday urged the Justice Department to review McClatchy Co.'s takeover of Knight Ridder Inc., expressing concerns about the impact of the sale on the Twin Cities.

Although McClatchy kicked off an auction Tuesday by accepting bids for the St. Paul Pioneer Press and 11 other newspapers it is selling, the lawmakers still expressed concern about McClatchy's ownership of the two largest newspapers in the state. McClatchy owns the Star Tribune of Minneapolis.

"We are concerned about the potential grave consequences such a dramatic consolidation could have on the people of Minnesota," wrote Kennedy, a Republican, and Oberstar, a Democrat, in a letter to Thomas Barnett, the assistant attorney general for antitrust.

"A monopoly in the newspaper industry is certainly no less dangerous, and is perhaps more so, than in any other American industry."

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In a telephone interview, Kennedy said he didn't think the upcoming sale of the Pioneer Press made the issue moot, noting that McClatchy will still decide on the next owner of the Pioneer Press.

"Would people be comfortable if I said, 'Well, I'm going to make sure I have a Democrat opponent in the upcoming race, but I'm going to choose that Democrat?'" asked Kennedy, who is running for Senate.

"There's an inherent conflict of interest here. When they're calculating the benefit of selling a paper, they get a benefit if they sell to somebody who's going to do less with it, rather than if they sell it to somebody who will really energize the Pioneer Press and make it a really vibrant competitor."

He said McClatchy should have left the Pioneer Press out of the sale altogether, and let Knight Ridder sell it separately.

Oberstar spokeswoman Mary Kerr said Oberstar signed on to the letter out of concern about the dangers of media consolidation.

Knight Ridder spokesman Polk Laffoon said McClatchy is filing for a Justice Department antitrust review.

McClatchy spokeswoman Christina Stenson confirmed the filing was submitted. Stenson also said, "We don't anticipate any antitrust issues." She declined to comment on Kennedy's concerns.

The Justice Department is planning to review the sale of Knight Ridder to McClatchy; newspaper analyst John Morton said the department looks at all big transactions like this one.

"But I don't see any big problems because McClatchy has already announced before they close the transaction, they intend to sell the St. Paul newspaper," which is the only one that presents a conflict with a McClatchy paper, he said.

Morton dismissed the possibility that McClatchy would deliberately sell the Pioneer Press to a weak owner.

"McClatchy will sell to the highest bidder," he said.

Sacramento, Calif-based McClatchy is retaining 20 other papers included in the Knight Ridder deal.

Coherent Inc: DOJ Requested Added Info On Excel Deal (DOW)

Dow Jones, March 29, 2006

Coherent Inc. (COHR) (COHR) after Tuesday's closing bell said the Department of Justice's antitrust division has requested more information and documentary material in connection with its review of Coherent's proposed $376 million acquisition of Excel Technology Inc. (XLTC) (XLTC).

The request, to which Coherent plans to promptly respond, extends the waiting period under the Hart-Scott-Rodino Antitrust Improvements Act of 1976.

-Ruth Mantell; 415-439-6456; AskNewswires@dowjones.com

In Patent Case, EBay Tries To Fight Its Way Out Of Paper Bag (WSJ)

By Jess Bravin And Mylene Mangalindan

The Wall Street Journal, March 29, 2006

What do 19th-century paper bags have in common with the 21st century's most successful Internet auction site?

Patent problems and the U.S. Supreme Court.

More than a century ago, in a patent case involving a machine to fold paper bags, the Supreme Court ruled that infringement of a patent could result in an injunction against a company using the invention -- even if the patent holder didn't use it. "Patents are property, and entitled to the same rights and sanctions as other property," Justice Joseph McKenna wrote for the court.

Today, eBay Inc. will ask the Supreme Court to revisit that decision. While patents may be property, the San Jose, Calif., Internet auctioneer argues, Congress never intended to give patent holders who don't use their inventions nearly insurmountable leverage over companies later found to infringe.

Although eBay disputed the validity of the patents central to the case, the issue isn't whether the patent holder is entitled to a court-ordered remedy, but whether that remedy extends beyond the payment of royalties and penalties to an injunction.

EBay says that even a loss in the high court won't affect its business, arguing that it has made changes to the site that no longer touch on the patent in question.

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But a ruling could have big implications for the patent world and the disputes around them, as evidenced by the bevy of friend-of-the-court briefs on both sides of the case.

Time Warner Inc., Nokia Corp. and Yahoo Inc. sided with eBay. But General Electric Co., 3M Co., and Procter & Gamble Co., along with the Bush administration, lined up with the patent holder. Each side says a ruling contrary to its preferred side could stifle innovation.

The eBay case was brought over the auctioneer's "Buy It Now" feature, a button on the auction site that lets buyers who don't choose to bid immediately purchase an item at a higher, fixed price. Introduced during the 2000 holiday shopping season, it quickly became popular with eBay customers who simply had to have a certain product.

In 2001, eBay was sued by MercExchange LLC, Great Falls, Va., a company started by engineer and patent attorney Thomas Woolston in 1995, shortly before eBay first went online. According to court papers, Mr. Woolston lacked the capital to launch the business himself but entered negotiations with eBay hoping for an arrangement where he could turn MercExchange from an idea into reality. EBay was only willing to consider buying MercExchange's patents, and those negotiations fell through.

Mr. Woolston prevailed on some infringement claims and won $29.5 million in damages. But the trial judge, Jerome Friedman of U.S. District Court in Norfolk, Va., refused to grant an injunction prohibiting eBay from using the business method underlying the Buy It Now feature.

But the U.S. Court of Appeals for the Federal Circuit, the specialized court in Washington that hears patent appeals, said last year that an injunction should have been imposed. The appeals court said Judge Friedman had applied too high a standard for MercExchange to win an injunction. Among other reasons, "a general concern regarding business-method patents ... is not the type of important public need that justifies the unusual step of denying injunctive relief," Judge William Bryson wrote for a unanimous three-member panel.

Some technology companies siding with eBay, such as chip giant Intel Corp., want to see more judges use their discretion to withhold injunctions -- particularly in cases where a single patent could be used to block sales of a product like a computer chip containing thousands of patented inventions. David Simon, Intel's chief patent counsel, says it stopped counting the number of Intel patents covering its microprocessors when the number reached 1,500. "Now you have this person with one patent, and he can shut it down," Mr. Simon says. "It doesn't seem quite equitable."

Rembrandt IP Management, a Bala Cynwyd, Pa., company that invests in patents, opposed eBay in its supporting brief. Rembrandt said that entities such as itself play a "valuable role" in a free-enterprise system where property rights including intellectual property can be "freely tradable." They "allow inventors to concentrate on inventing while the [non-practicing entity] realizes the value of the patent through licensing and enforcement," Rembrandt said.

EBay acknowledges that injunctions are allowed under the Patent Act, as exemplified in the patent dispute that ended earlier this month when Research in Motion Ltd. of Waterloo, Ontario, agreed to pay $612.5 million in a settlement with Virginia-based patent holding company NTP Inc. or face an injunction that could have shut down RIM's BlackBerry email devices.

In the eBay case, underpinning MercExchange's argument was the century-old paper-bag case. The patent holder, Eastern Paper Bag Co., never used the invention, but rival Continental Paper Bag Co. was found to have done so, aiding a burgeoning retail industry that increasingly relied on providing customers easy ways to carry their purchases home.

The high court found no problem in denying society access to more efficiently produced self-opening paper bags. Justice McKenna wrote that the right to suppress use of one's invention was "the very essence of the right conferred by the patent, as it is the privilege of any owner of property to use it or not use it, without question of motive."

In its present day appeal over U.S. Patent No. 5,845,265, eBay argues that Continental Bag doesn't support the broad presumption for injunctions as applied by the Federal Circuit -- and if it does, then the 1908 case should be overruled.

The number of patents has grown tenfold, and "the relevant economic contexts have changed dramatically since Continental Bag was decided," eBay's brief argues. "As goods and services in our economy have become increasingly complex and technology has advanced, a patent holder's ability to leverage and abuse an automatic entitlement to an injunction has increased," the company argues.

MercExchange argues that reversing the Federal Circuit would impose a greater drag on innovation, diminishing the value of patents by effectively forcing inventors to license their discoveries to infringing rivals. "There is no good reason for this court to

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depart from Continental Paper Bag or the almost 100 years of precedent that followed it," its brief says. "Congress has chosen to 'promote progress' not by imposing a use requirement but by granting patent holders a statutory 'right to exclude' in return for disclosure of an invention." That injunctions give patent holders, even nonpracticing ones, leverage is precisely the point, MercExchange argues.

EBay, meanwhile, has pursued a dual strategy in this case, which received a significant lift last Friday. Under a re-examination of MercExchange's '265 patent, the U.S. Patent and Trademark Office rejected MercExchange's claims. It is the second time that the U.S. Patent office has rejected MercExchange's patent claims under re-examination.

Justices To Hear EBay Patent Challenge (WT)

By Tom Ramstack

The Washington Times, March 29, 2006

The U.S. Supreme Court is scheduled to hear arguments today in a case involving Internet auctioneer EBay Inc. that is testing the methods patent owners use to protect their inventions.

The small Internet commerce company MercExchange LLC is trying to enforce an injunction against EBay to prevent the billion-dollar company from using the "Buy it now" software that lets customers purchase fixed-price items over the Internet. MercExchange says it owns the rights to that software under two patents.

The Supreme Court has agreed to decide the extent to which court orders can be used to protect patent rights. Injunctions are a fundamental tool of the patent system, allowing inventors to stop others from copying their technology.

Large companies like EBay say they sometimes are forced to pay off people who hold questionable patents merely to avoid the time and expense of lawsuits. They refer to the people and small companies that sue them seeking settlements as "patent trolls."

"They are in the business of filing lawsuits, not of inventing new products," said a coalition of technology companies led by the Business Software Alliance.

"Patent litigation firms typically do not assert infringement claims until the target of the claim has brought a product to market or a standard has been finalized by a standard-setting organization," the group said in a legal brief filed in support of EBay. "The reason for this behavior is simple: It maximizes the value of the infringement claim."

Unnecessary patent litigation inhibits innovation and development of new products, the business coalition said.

Companies that sue for infringement and independent inventors say they are merely protecting their patent rights, which they say are essential to private enterprise.

A brief filed by an independent inventors group countered that large corporations want courts to protect intellectual property rights "only for themselves and companies like theirs."

Patent experts say the case could play a pivotal role in determining how U.S. courts handle intellectual property rights.

"Injunctions are important to the private property system," said John Dudas, administrator of the U.S. Patent and Trademark Office, who spoke to students at Fort Hunt Elementary School in Alexandria yesterday.

The Bush administration filed a brief that largely supports an injunction in favor of MercExchange, saying that maintaining the integrity of the patent system should take precedence over the convenience of parties with a stake in the case.

Mr. Dudas said a problem with patent litigation is determining whether patent owners are merely seeking easy money or valid protection of their rights.

"It's hard to distinguish that," he said.

Even patent lawyers agree that the expense of litigation can be excessive.

Legal expenses for patent lawsuits can sometimes reach $100,000 per month, said Fred H. Perkins, a patent lawyer with Morrison Cohen LLP. Some of his clients give up rather than pay the legal bills.

Mr. Perkins described lawsuits by patent litigation firms as "a serious problem."

The EBay appeal to the U.S. Supreme Court case follows a recent court battle involving McLean-based patent holder NTP Inc., which sought an injunction against Research In Motion Ltd. from selling its popular BlackBerry wireless e-mail devices.

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Research in Motion settled the case for $612.5 million after a judge made it known that he would grant an injunction to NTP.

EBay is contesting a decision by the U.S. Court of Appeals for the Federal Circuit that upheld an injunction requested by MercExchange. EBay says federal judges should have more discretion to deny injunctions and award money to patent holders instead.

The Supreme Court is expected to issue a ruling in the EBay case later this year.

EU Warns Microsoft Over Vista (WSJ)

By Mary Jacoby

The Wall Street Journal, March 29, 2006

BRUSSELS -- The European Union's top antitrust regulator has sent a letter to Microsoft Corp., warning the company that it won't be allowed to sell its new Windows Vista operating system in Europe if it comes prepackaged with certain features.

"We expect that Microsoft will design Vista in a way which is in line with the European competition laws," Neelie Kroes, the EU's antitrust commissioner, said in an interview. "It would be rather stupid to design something that is not."

Ms. Kroes said she sent Microsoft Chief Executive Steve Ballmer a letter last week outlining her concerns, which mirror those in a continuing, seven-year-long dispute between the EU and Microsoft over software packaged with its current Windows operating system.

Microsoft spokesman Tom Brookes said the company wasn't aware of the March 20 letter and was therefore unable to comment on the EU's specific concerns. "However, consumers are demanding a more secure, functional operating system. And Microsoft has developed Vista to respond to that demand, while respecting its legal responsibilities," said Mr. Brookes.

The EU notice follows Microsoft's announcement last week that it would delay release of Vista until January because it needs more time to test the software.

Ms. Kroes's spokesman, Jonathan Todd, said that the EU is concerned about Microsoft's plans for Internet search. Though Mr. Todd didn't elaborate, Google Inc. and other Internet-search services have said they are concerned that Microsoft could use its Internet Explorer 7 Web browser to unfairly direct computer users to Microsoft's own search service. Microsoft says it will include ways to set the browser to its competitors' services.

EU regulators have also warned Microsoft against putting certain software-security functions into the Vista system, according to Mr. Todd.

Symantec Corp., a Cupertino, Calif., maker of antivirus software, has told EU regulators it is worried that Microsoft could include antivirus software in Vista, making it automatically available to all users who boot up a new Vista-powered PC. That would put Symantec's products at a disadvantage, the company has said.

Microsoft says it has no plans to bundle antivirus software into Vista. But the company will include a tool called Windows Defender in the new operating system, which is designed to eliminate so-called spy-ware that secretly monitors activity by computer users or can use computers to perform malevolent tasks.

In February a group of rivals including International Business Machines Inc., Sun Microsystems Inc. and Oracle Corp., filed a formal complaint asking EU regulators to ensure Microsoft doesn't fold a variety of other functions into Vista.

Among the group's concerns: that the company could fold so-called digital rights management software into Vista, according to people familiar with the complaint. Such software allows users to restrict access to documents they have created. Microsoft's version would encode documents, PowerPoint presentations and spreadsheets so they could be opened only by other Microsoft users, according to these people. That could put companies like Sun at a disadvantage.

Beginning tomorrow, the European Commission, the EU's executive arm, will hold closed-door administrative hearings to decide whether Microsoft has complied with certain aspects of a March 2004 antitrust order.

In that 2004 decision, the EU fined Microsoft about $600 million, and ordered it to sell in Europe a version of its Windows XP computer operating system without its audio-visual software attached. The EU also ordered the Redmond, Wash., software maker to produce a kind of instruction manual for rival companies trying to write software that meshes with Windows.

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The commission has accused Microsoft of not complying with the order to write the how-to manual for its competitors. After hearings tomorrow and Friday, it could decide to fine the company $100 million or more in new penalties. In April, an EU court in Luxembourg is scheduled to hear Microsoft's appeal of the underlying March 2004 charges.

In the interview, Ms. Kroes said she hadn't decided yet whether to open a new, formal investigation of Microsoft and the Vista system.

Microsoft Cuts Internet Dial-Up Price To Lure AOL Users (WP)

By Sara Kehaulani Goo

The Washington Post, March 29, 2006

Microsoft Corp.'s MSN made an aggressive bid yesterday to take dial-up Internet subscribers from America Online Inc., announcing that it would cut the price of a service that has been dwindling in popularity.

Microsoft's price cut, to $17.95 a month from $21.95 for a dial-up service that includes e-mail, parental monitoring and photo services, is a sharp departure from AOL's strategy of pushing dial-up customers to switch to broadband. Last month, Dulles-based AOL announced that it would increase the monthly fee it charges its dial-up subscribers by $2, to $25.90. The AOL price increase began taking effect earlier this month.

The long-term market for subscribers who log on to the Internet the old-fashioned way is not bright, as consumers switch to faster broadband service. The price war reflects the fierce competition for consumers among online portals that want to serve as users' home pages.

"We definitely think there's some opportunity for AOL dial-up subscribers to explore alternatives when they see a price increase," said Kevin Mizuhara, director of marketing for MSN Access dial-up service. "While it's a declining market, we do believe there's going to be a continued market for dial-up access."

As of 2005, 68 percent of North American households had Internet service, and that number is projected to be 78 percent by 2010, Forrester Research said. The company forecasts that by 2010, 62 percent of U.S. households will have broadband service, indicating that access to broadband and price will encourage many users to drop the slower dial-up service. There are more than 30 million dial-up households, Forrester said.

When AOL announced plans to raise its fees for dial-up service, the move was viewed as an effort to push subscribers into signing up for AOL's broadband services, which are bundled with Internet service providers via cable or DSL and offered for the new $25.90 price. AOL's base of dial-up subscribers has been shrinking rapidly; 7 million customers have dropped out in the past few years. By squeezing the difference between dial-up and broadband prices, AOL figured it could get its customers to upgrade.

An AOL spokeswoman declined to comment on the results of those efforts and about the competition from MSN.

For now, analyst Charles Golvin said, there are still a healthy number of dial-up users to make it worth MSN's effort. But the difficulty, he said, will be to convince AOL subscribers that it is worth the extra effort to change their e-mail address and contact lists to save a few bucks a month.

"People don't like to have to send an e-mail telling everyone about their new e-mail address," said Golvin, principal analyst at Forrester. "It's a really sticky point."

MSN said it will begin an online marketing campaign to lure AOL users and emphasize that those who switch can still keep some of their most treasured features of AOL: instant messaging and buddy lists.

Raycom Media Sells 12 TV Stations To Barrington Broadcasting (BIRMBIZ)

Birmingham (AL) Business Journal, March 29, 2006

Raycom Media Inc. and Barrington Broadcasting Corp. announced jointly that Barrington is buying 12 Raycom television stations in nine markets.

Barrington Broadcasting, which is based in Hoffman Estates, Ill., will pay a total of $262 million for the stations.

The transaction is subject to approval by the Federal Communications Commission and the Justice Department.

Barrington Broadcasting Corp. is part of the Pilot Group, a private equity firm.

The stations being acquired by Barrington include five NBC affiliates (WNWO-TV, Toledo, Ohio; WSTM-TV, Syracuse, N.Y.; WPBN-TV and WTOM-TV, Traverse City-Cheboygan, Mich.; and WLUC-TV, Marquette, Mich.), three FOX affiliates (WACH-

TV, Columbia, S.C.; KXRM-TV, Colorado Springs, Colo.; and WFXL-TV, Albany, Ga.), two UPN affiliates (WSTQ, Syracuse, N.Y., and KXTU, Colorado Springs), one CBS affiliate (KGBT-TV, Harlingen, Texas) and one ABC affiliate (KTVO-TV, Kirksville, Mo).

Barrington president K. James Yager said in the companies' news release that Barrington Broadcasting looks forward to "working with the Raycom employees and managers at the stations we are acquiring. We believe these properties are a natural extension of our existing portfolio of stations in similarly sized markets."

Based in Montgomery, Raycom currently owns and operates 49 television stations in 22 states. Those stations cover more than 12.7 percent of U.S. households with televisions.

Cargill's Bid For Degussa Unit To Be Cleared By EU, People Say (BLOOM)

By Matthew Newman

Bloomberg, March 29, 2006

March 28 (Bloomberg) -- European Union regulators will clear plans by Cargill Inc., the largest U.S. agricultural company, to buy the food ingredients unit of German chemical maker Degussa AG, three people familiar with the investigation said.

The European Commission, the 25-nation EU's antitrust regulator in Brussels, will approve the transaction without asking for divestments, said the people, who declined to be identified because the ruling hasn't been made public. The decision will be announced tomorrow, the people said.

``The deal will help Degussa because they are selling off some assets to pay down debt," Andrew Benson, a chemicals analyst at Citigroup in London, said in a telephone interview.

Cargill, based in Wayzata, Minnesota, agreed to buy the maker of candy and drink flavors on Sept. 9 for $671 million as part of a plan to expand its range of ingredients for baked and dairy products, beverages, chocolates and other foods. The Degussa unit is the world's biggest supplier of lecithin, a soybean derivative used to enhance flavor and improve the shelf life of food.

The commission started an in-depth probe into the transaction on Dec. 14, saying the deal would combine two of the four leading suppliers of lecithin. The regulator said at the time that it wanted to ensure that customers such as food manufacturers wouldn't be harmed by the reduction in competition.

Early Clearance

The EU, which has until May 3 to reach a decision, will clear the case early because concerns about the lecithin market have been addressed, the people said.

Reinhard Scheiler, a spokesman at Degussa, the world's biggest specialty chemicals maker, had no comment. London-based Cargill spokeswoman Geraldine O'Shea also declined comment, as did commission spokesman Jonathan Todd.

The purchase of the unit from Dusseldorf, Germany-based Degussa would be the largest for Cargill since the 1.2 billion-euro ($1.4 billion) acquisition of Cerestar, a French maker of specialty starches and sweeteners, in 2002.

On March 20, RAG AG, which controls more than 95 percent of Degussa, asked the chemical company to arrange for the transfer of the remaining shares outstanding. Closely held RAG is buying Degussa as it changes focus from unprofitable mining to chemicals, power production and apartments.

The Problem With Patents (WSJ)

The Wall Street Journal, March 29, 2006

The Supreme Court will consider its second big patent case in a week today when oral arguments are heard in eBay v. MercExchange. While a technical case in some respects, the dispute is more important as another sign that there's something rotten in the U.S. patent system.

When the patent system works, it rewards entrepreneurs and inventors, encourages innovation and serves as a bulwark of property rights. The Founding Fathers considered patents important enough to provide for them in the Constitution. But the Founders left the implementation of patent rights up to Congress, which in turn vested patent authority in the U.S. Patent and Trademark Office and the courts. And there's the free-market rub.

The Constitution grants Congress the power to protect the rights of patent and copyright holders, but only "for limited times" and to "promote the progress of science and useful arts." It does not, by contrast, grant Congress the power to confer the right to real or personal property "to promote the cultivation of land" or "the accumulation of wealth." This distinction is important

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because royal patents in Britain were often granted to provide the favorites of the crown with a legal monopoly, and the Founders did not want Congress in that business. Patent rights are good insofar as they are useful, and the analogy with real or personal property goes only so far.

A patent system, in turn, is only as good as the quality of patents that issue from it. If bad or dubious patents proliferate, they can have the opposite of their intended effect, which is to promote and reward innovation. Some of our free-market friends are so attached to patents as a vanguard of private property in theory that they ignore that the Patent Office is vulnerable to the usual failings and perverse incentives of any other government bureaucracy.

Which brings us back to the Supreme Court. A patent case last week involved Metabolite, which holds the right to license a blood test for vitamin B-12. But the patent also covers the relationship between B-12 and homocysteine, and between high homocysteine levels in the blood and heart disease. A patent on a blood test is a good thing. A patent on the relationship between a medical condition and what the test reveals is not. We hope the Supreme Court will come to the same conclusion.

Today's case, eBay v. MercExchange, turns on a purely technical question in the aftermath of a patent-infringement suit that eBay lost in 2003. The case concerns how much leeway judges should have in granting or denying permanent injunctions in patent cases. In the underlying litigation, the judge denied MercExchange's application for an injunction against eBay, arguing that the balance of interests did not support granting an injunction simply to give MercExchange leverage in any future licensing negotiations with eBay.

We don't have space to list the arguments for or against a possible injunction specifically against eBay, which in any case claims to have obviated the question by having "designed around" MercExchange's patent. But the larger issue of judicial discretion is the important one. The Patent Office is issuing an ever-increasing number of patents, and judicial discretion can be a useful constraint on patent abuse, especially when injunctions may cause undo harm to businesses and consumers. That is what we hope the Court will conclude.

Neither case will fix what's broken with the U.S. patent system, however. Bruce Lehman, Patent Office commissioner through much of the 1990s, once summed up the problem when he said, "We are the patent office, not the rejection office."

The Patent Office itself gets paid when it grants a patent, creating pressure on the staff to keep the money coming in. Patent examiners' bonuses are also based in part on the number of files they close in a year. But the only way to close a file for good is to grant the patent because an application that's been denied can always be modified and resubmitted, and frequently is. So examiners have a direct financial stake in closing application files by green-lighting the patent.

Today the Patent Office grants so many patents that half of the fees it generates are given back to the Treasury to spend on other things. Next month, Congressman Lamar Smith (R., Texas) will hold hearings on a patent-reform bill that has many good qualities, such as allowing third parties to submit evidence of "prior art" to show that an alleged innovation is not in fact novel -- before the patent is granted. It would also allow administrative review of questionable patents after they've been granted but before an infringement lawsuit is filed.

If this Congress wants to claim credit for doing something to help the economy ahead of November's elections, addressing the patent system would be a good place to start.

ENVIRONMENT/INDIAN AFFAIRS:

How Environmentalists Lost The Battle Over TCE (LAT)

By Ralph Vartabedian

The Los Angeles Times, March 29, 2006

After massive underground plumes of an industrial solvent were discovered in the nation's water supplies, the Environmental Protection Agency mounted a major effort in the 1990s to assess how dangerous the chemical was to human health.

Following four years of study, senior EPA scientists came to an alarming conclusion: The solvent, trichloroethylene, or TCE, was as much as 40 times more likely to cause cancer than the EPA had previously believed.

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The preliminary report in 2001 laid the groundwork for tough new standards to limit public exposure to TCE. Instead of triggering any action, however, the assessment set off a high-stakes battle between the EPA and Defense Department, which had more than 1,000 military properties nationwide polluted with TCE.

By 2003, after a prolonged challenge orchestrated by the Pentagon, the EPA lost control of the issue and its TCE assessment was cast aside. As a result, any conclusion about whether millions of Americans were being contaminated by TCE was delayed indefinitely.

What happened with TCE is a stark illustration of a power shift that has badly damaged the EPA's ability to carry out one of its essential missions: assessing the health risks of toxic chemicals.

The agency's authority and its scientific stature have been eroded under a withering attack on its technical staff by the military and its contractors. Indeed, the Bush administration leadership at the EPA ultimately sided with the military.

After years on the defensive, the Pentagon — with help from NASA and the Energy Department — is taking a far tougher stand in challenging calls for environmental cleanups. It is using its formidable political leverage to demand greater proof that industrial substances cause cancer before ratcheting up costly cleanups at polluted bases.

The military says it is only striving to make smart decisions based on sound science and accuses the EPA of being unduly influenced by left-leaning scientists.

But critics say the defense establishment has manufactured unwarranted scientific doubt, used its powerful role in the executive branch to cause delays and forced a reduction in the margins of protection that traditionally guard public health.

If the EPA's 2001 draft risk assessment was correct, then possibly thousands of the nation's birth defects and cancers every year are due in part to TCE exposure, according to several academic experts.

"It is a World Trade Center in slow motion," said Boston University epidemiologist David Ozonoff, a TCE expert. "You would never notice it."

Senior officials in the Defense Department say much remains unknown about TCE.

"We are all forgetting the facts on the table," said Alex A. Beehler, the Pentagon's top environmental official. "Meanwhile, we have done everything we can to curtail use of TCE."

But in the last four years, the Pentagon, with help from the Energy Department and NASA, derailed tough EPA action on such water contaminants as the rocket fuel ingredient perchlorate. In response, state regulators in California and elsewhere have moved to impose their own rules.

The stakes are even higher with TCE. Half a dozen state, federal and international agencies classify TCE as a probable carcinogen.

California EPA regulators consider TCE a known carcinogen and issued their own 1999 risk assessment that reached the same conclusion as federal EPA regulators: TCE was far more toxic than previous scientific studies indicated.

TCE is the most widespread water contaminant in the nation. Huge swaths of California, New York, Texas and Florida, among other states, lie over TCE plumes. The solvent has spread under much of the San Gabriel and San Fernando valleys, as well as the shuttered El Toro Marine Corps base in Orange County.

Developed by chemists in the late 19th century, TCE was widely used to degrease metal parts and then dumped into nearby disposal pits at industrial plants and military bases, where it seeped into aquifers.

The public is exposed to TCE in several ways, including drinking or showering in contaminated water and breathing air in homes where TCE vapors have intruded from the soil. Limiting such exposures, even at current federal regulatory levels, requires elaborate treatment facilities that cost billions of dollars annually. In addition, some cities, notably Los Angeles, have high ambient levels of TCE in the air.

An internal Air Force report issued in 2003 warned that the Pentagon alone has 1,400 sites contaminated with TCE.

Among those, at least 46 have involved large-scale contamination or significant exposure to humans at military bases, according to a list compiled by the Natural Resources New Service, an environmental group based in Washington.

The Air Force was convinced that the EPA would toughen its allowable limit of TCE in drinking water of 5 parts per billion by at least fivefold. The service was already spending $5 billion a year to clean up TCE at its bases and tougher standards would

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drive that up by another $1.5 billion, according to an Air Force document. Some outside experts said that estimate was probably low.

After the EPA issued the draft assessment, the Pentagon, Energy Department and NASA appealed their case directly to the White House. TCE has also contaminated 23 sites in the Energy Department's nuclear weapons complex — including Lawrence Livermore National Laboratory in the Bay Area, and NASA centers, including the Jet Propulsion Laboratory in La Cañada Flintridge.

The agencies argued that the EPA had produced junk science, its assumptions were badly flawed and that evidence exonerating TCE was ignored. They argued that the EPA could not be trusted to move ahead on its own and that top leaders in the agency did not have control of their own bureaucracy.

Bush administration appointees in the EPA — notably research director Paul Gilman — sided with the Pentagon and agreed to pull back the risk assessment. The matter was referred for a lengthy study by the National Academy of Sciences, which is due to issue a new report this summer. Any resolution of the cancer risk TCE poses will take years and any new regulation could take even longer.

The delay tactics have angered Republicans and Democrats who represent contaminated communities, where residents in some cases have elevated rates of cancer and birth defects but no direct proof that their illness is tied to TCE.

Half a dozen members of Congress last year wrote to the EPA, demanding that it issue interim standards for TCE, instead of waiting years while scientific battles are waged between competing federal agencies. EPA leaders have rejected those demands.

"The evidence on TCE is overwhelming," said Dr. Gina Solomon, an environmental medicine expert at UC San Francisco and a scientist at the Natural Resources Defense Council. "We have 80 epidemiological studies and hundreds of toxicology studies. They are fairly consistent in finding cancer risks that cover a range of tumors. It is hard to make all that human health risk go away."

But Raymond F. DuBois, former deputy undersecretary of Defense for installations and environment in the Bush administration, said the Pentagon had not been willing to accept whatever came out of the EPA, though it cared a great deal about base contamination.

"If you go down two or three levels in EPA, you have an awful lot of people that came onboard during the Clinton administration, to be perfectly blunt about it, and have a different approach than I do at Defense," DuBois said. "It doesn't mean I don't respect their opinions or judgments, but I have an obligation where our scientists question their scientists to bring it to the surface."

The military has virtually eliminated its use of TCE, purchasing only 11 gallons last year, said Beehler, an attorney who used to head environmental affairs for Koch Industries Inc., a large industrial conglomerate in Wichita, Kan.

In its fight against the 2001 risk assessment, the Pentagon has gone to the very fundamentals of cancer research: toxicology, the study of poisons; and epidemiology, the science of how diseases are distributed in the population. This scientific approach has worked better than past arguments that cleanups are a costly diversion from the Pentagon's mission to defend U.S. security.

A few months after the 2001 draft risk assessment came out, an Air Force rebuttal charged that the EPA had "misrepresented" data from animal and human health studies.

It said "there is no convincing evidence" that some groups of people, like children and diabetics, are more susceptible to TCE, a key part of the EPA's report. And it said the EPA had failed to consider viewpoints from "scientists who believe that TCE does not represent a human cancer risk at levels reasonably expected in the environment."

But comments such as these are outside the scientific mainstream. Other federal agencies have also expressed grave concern about TCE and some experts say it is only a matter of time before the chemical is universally recognized as a known carcinogen.

"Do I think TCE causes cancer? Yes," said Ozonoff, the Boston University TCE expert. "There is lots of evidence. Is there a dispute about it? Yes. Whenever the stakes are high, that's when there will be disputes about the science."

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The 2001 risk assessment found TCE was two to 40 times more likely to cause cancer than was found in an assessment conducted in 1986, a wide range that reflected many scientific uncertainties. Because cancer risk assessments are not an exact science, federal regulators have historically exercised great caution in protecting public health.

The California EPA, the nation's largest and best-funded state environment agency, assessed TCE in 1999 and also found reason for concern. Its risk assessment fell in the middle of the EPA risk range, according to the study's author, Joseph Brown.

Rodents fed TCE develop liver and kidney cancer, and humans exposed to TCE show elevated rates of many types of cancer and birth defects. But industry experts fire back that evidence on TCE is still weak. Just because rats and mice get cancer from high levels of TCE doesn't prove that humans will get cancer from low levels of TCE, they say. And the epidemiological research is less convincing than animal studies, they say.

The U.S. still uses about 100 tons of TCE annually, a fraction of the consumption before the mid-1980s, when it was first classified as a probable carcinogen. It was once widely used in consumer products, such as correction fluid for typewriters and spot cleaners.

"If TCE is a human carcinogen, it isn't much of one," said Paul Dugard, a toxicologist at the Halogenated Solvents Industry Alliance Inc., which represents TCE manufacturers. "People exposed at low levels shouldn't be concerned.

"EPA's philosophy is still one of being super conservative and that is being pushed back against."

EPA officials were braced for such a controversy when the TCE assessment was issued and quickly convened a scientific advisory board to review the work. The board included public health officials at state agencies, academics and chemical industry scientists.

About one year later, the board issued its findings, praising the risk assessment and urging the EPA to implement it as quickly as possible. But the board also suggested some changes, including stronger support for its calculations of TCE's health risks and a clearer disclosure of its underlying assumptions.

The report, particularly the request for additional work, was interpreted as a serious problem by Gilman, the EPA research director.

He said the board's findings represented a "red flag" and "raised very troubling issues," all of which were key arguments by Gilman and others for stopping the assessment.

But members of the scientific advisory team dispute Gilman's interpretation, saying they felt the 2001 risk assessment was good science and their recommended changes amounted to normal commentary for such a complex matter.

"I thought by and large we supported the EPA and that its risk assessment could be modified to move forward," said Dr. Henry Anderson, the chairman of the scientific advisory board and a physician with the Wisconsin Division of Public Health. "That movement to shuttle the issue to the National Academy of Sciences was nothing like what we had in mind."

By 2004, the matter was out of the EPA's hands. The National Academy of Sciences received a $680,00 contract from the Energy Department to study TCE — a decision dictated by a working group at the White House. The briefings to the national academy on how to evaluate TCE were given by White House staff as well as the EPA.

The White House originally formed the working group — made up of officials from the Pentagon, Energy Department and NASA — in 2002 to combat the EPA's assessment of another pollutant, perchlorate. That group stayed in business to fight the TCE risk assessment. The group was co-chaired by officials in the Office of Management and Budget and the White House Office of Science and Technology Policy. The officials declined requests for interviews.

Given the controversy and stakes involved, the issue was bound to end up with National Academy of Sciences, said Peter Preuss, director of the National Center for Environmental Analysis, the EPA organization that produced the 2001 risk assessment. "It got very difficult to proceed," Preuss said.

The lead author of the 2001 health risk assessment, V. James Cogliano, agreed that the findings ran into trouble when Defense Department officials went to the White House. "Most of it was behind the scenes," said Cogliano, now a senior official at the International Agency for Research on Cancer in Lyon, France.

He added: "The degree of opposition was not surprising given the degree of economic interests involved."

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The political maneuvering marked a significant change, Cogliano said. In the 1980s, Defense Department officials accepted every possible safeguard recommended by the EPA for incinerators to burn nerve gas and other chemical weapons, he recalled.

At that time, Defense Department officials said, "You put in every margin of safety, because we want to be sure it will be safe," he said. "There was no argument. There is a different spirit today."

Every health risk assessment is also getting more technically complex and more bureaucratically difficult, Preuss said.

When the EPA issued its first health risk assessment in 1976, it ran four pages and it was based in large part on studies that counted "bumps and lumps" on animals subjected to possible carcinogens. By contrast, EPA scientists now must show not only that a substance causes tumors, but the internal biological processes that are responsible. And the work is subject to greater scrutiny.

"It is true that there is more interagency review now of our work," Preuss said. "We have a couple steps where we send our assessments to the White House and they distribute them to other agencies. Each year, additional steps are taken."

All of the EPA's travails — the toughened scientific demands, the loss of authority, the interagency battles — have clearly taken a heavy toll and diminished the agency's stature.

"Inside the Beltway, it is an accepted fact that the science of EPA is not good," said Gilman, now director of the Oak Ridge Center for Advanced Studies in Tennessee, which conducts broad research on energy, the environment and other areas of science. Gilman said an entire consulting industry has sprung up in Washington to attack the EPA and sow seeds of doubt about its capabilities.

The delays in assessing TCE have also left many contaminated communities with few answers.

"My constituents who live at a recently named Superfund site … are forced to live everyday with contaminated groundwater, soil and air and can't afford to wait the years it would take for the results of your outsourced re-review," Rep. Sue W. Kelly (R-N.Y.) told EPA officials at a hearing last year.

"I have talked to a lot of sick people," said Rep. Maurice D. Hinchey (D-N.Y.), whose district includes hundreds of homes contaminated by TCE vapors, traced to an IBM Corp. factory. IBM has paid for air filtration systems for 400 homes, but has balked at more funding based on uncertainty over the health risk. "These people are deeply frustrated and increasingly angry," Hinchey said.

Meanwhile, many environmentalists are discouraged by what they view as a virtual emasculation of the EPA in this battle.

"The general public has no idea this is happening," said Erik Olson, a lawyer at the Natural Resources Defense Council. "The Defense Department has succeeded in undermining the basic scientific process at EPA. The DoD is the biggest polluter in the United States and they have made major investments to undercut the EPA."

*

(INFOBOX BELOW)

The military and TCE

About 1,400 Defense Department sites across the nation are contaminated with trichloroethylene, or TCE, including military bases and depots. The map shows sites that have some of the heaviest contamination or were studied for possibly causing health hazards. A sampling of problems nationwide:

Contaminated sites

McClellan Air Force Base, Sacramento:

The Pentagon is cleaning up 12 different TCE plumes affecting about 25% of the former base's property. About a half dozen public water wells have been shut and the cleanup is expected to continue for decades.

*

F.E. Warren Air Force Base, Cheyenne, Wyo.:

TCE was discovered at 13 decommissioned Atlas missile silos in Wyoming, Colorado and Nebraska. Contamination at some of the sites reached 3,500 parts per billion. TCE polluted an aquifer that Cheyenne, Wyo., planned to use as a municipal water source.

*

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Twin Cities Army Ammunition Plant, Arden Hills, Minn.:

A TCE plume covered 25 square miles and spread to private residential wells. The water supply for a nearby trailer park contained 720 parts per billion TCE. The site is now undergoing a cleanup under Superfund program supervision.

*

Stratford Army Engine Plant, Stratford, Conn.:

Elevated TCE vapors were discovered in several buildings the Army planned to lease to private concerns. Federal health authorities judged the vapors too high for general public exposure. A cleanup is underway.

*

El Toro Marine Corps Air Station, Irvine, Calif.:

TCE contaminated the groundwater under the base, now closed, which long ago complicated plans to reuse the property for private housing and a public park. The government will retain about 900 contaminated acres to continue cleanup for the indefinite future.

*

Kelly Air Force Base, San Antonio:

TCE use at the shuttered aircraft repair depot contaminated a shallow aquifer that has migrated about 4 miles off the base, through a low-income neighborhood. Health authorities have found elevated rates of cancer and birth defects in the neighborhood.

*

Anniston Army Depot, Anniston, Ala.:

Extremely high concentrations of TCE, up to 200,000 parts per billion, were found by government investigators in groundwater under the depot, which included a number of dumps, a plating plant and other industrial activities. TCE levels above allowable drinking water standards have been found at springs and wells on the base.

*

Camp Lejeune, N.C.:

Tens of thousands of Marine families were exposed to TCE in the base's drinking water supply. A preliminary study has found elevated rates of leukemia among children conceived at the base. The TCE was discovered in 1980 but not disclosed until 1985.

*

Sources: Agency for Toxic Substances and Disease Registry, U.S. Environmental Protection Agency, Natural Resources News Service, Associated Press, California Department of Toxic Substances Control. Graphics reporting by Tom Reinken, Ralph Vartabedian

G.A.O. Sees Loss In Oil Royalties Of At Least $20 Billion (NYT)

By Edmund L. Andrews

The New York Times, March 29, 2006

WASHINGTON, March 28 — Incentives for oil and gas companies that drill in the Gulf of Mexico will cost the federal government at least $20 billion over the next 25 years, according to the draft of a Congressional report obtained on Tuesday.

The new estimates, prepared by the Government Accountability Office, also warn that $80 billion in revenue could be lost over the same period if oil and gas companies won a new lawsuit that seeks a further reduction in their royalty payments.

The report, delivered in a private briefing late Monday to House and Senate staff members, startled some of the program's longtime supporters and infuriated some critics.

The report is the first attempt by a government agency to calculate the soaring costs of a 10-year-old program that was created to encourage deepwater drilling when energy prices were low.

The program, known as royalty relief, allows companies to avoid paying the government royalties on much of what they produce from federal leases in deepwater areas of the gulf.

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The Interior Department acknowledged last month that it would forgo about $7 billion in royalties over the next five years — even though it expected energy prices to remain near record highs.

The G.A.O., the nonpartisan investigative arm of Congress, came up with much higher cost estimates but over a longer stretch of time.

On a related matter, the agency's investigators cautiously endorsed the Interior Department's explanation about why royalty collections for natural gas had climbed far more slowly than market prices.

Such royalties were almost no higher in 2005, when gas prices reached records, than in 2001.

The New York Times reported in January that the main reason appeared to be a widening gap between the sales prices that companies were reporting to the government and the prices they were reporting to their own shareholders.

The G.A.O. disputed that, saying that the weak revenue collections last year appeared to result primarily from a decline in gas production that was more severe than the drop indicated in the Interior Department's published statistics.

The G.A.O. said the Interior Department's explanation was "quick and reasonable," and that royalties in 2005 had been held down by both a general decline in offshore production and the damage wrought by Hurricanes Katrina and Rita.

But the Congressional office cautioned that its analysis was based on a reshuffling by the Interior Department's Minerals Management Service of its published royalty statistics.

"We conducted limited verification of M.M.S. data and did not audit the accuracy of underlying M.M.S. records," the G.A.O. said.

On the larger question of the overall cost of royalty relief, the G.A.O. noted that the Interior Department, which runs the offshore leasing program, had never carried out a "robust" cost-benefit analysis of the original program or of incentives added in the last five years.

In what the G.A.O. said was a preliminary analysis, it estimated that the government would lose about $20 billion as a result of leases already signed.

But that loss would quadruple to $80 billion if the suit by energy companies succeeded.

In the lawsuit, filed by Kerr-McGee Exploration and Production the company argues that the Interior Department does not have the authority to suspend the royalty incentives if prices for oil and gas climb above certain "threshold" levels.

Members of Congress, including some who have supported the energy industry, said the G.A.O. figures raised new questions about the royalty relief program.

"I am extremely concerned about information that has recently come to light," Senator Jeff Bingaman, Democrat of New Mexico, the ranking minority member of the Senate Energy Committee, wrote in a letter on Tuesday to the departing interior secretary, Gale A. Norton.

"I write to inquire as to what you plan to do to address this situation and these significant potential losses to the taxpayers of our nation."

Critics of the program said they were infuriated.

"Every day, the news for taxpayers gets unbelievably worse," said Representative Carolyn B. Maloney, Democrat of New York, who has assailed the royalty-collection program for years. "When will we put a stop to this?"

The actual cost of such royalty relief has been shrouded in mystery almost since its inception.

Last month, the Interior Department confirmed that the costs were about to soar as a result of leasing blunders in the late 1990's and a court decision in 2003.

The G.A.O.'s most optimistic prediction calls for a loss to the government of $20 billion in royalties, even though this assumes that energy prices will be above the "threshold levels" over the next 25 years.

Half of that stems from a blunder during the Clinton administration, when officials omitted the price-threshold restriction from all offshore leases signed in 1998 and 1999.

The other half results from the legal victory by energy companies in 2003, which more than doubled the amount of royalty-free oil and gas they could produce.

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But those costs would be eclipsed if Kerr-McGee won its new lawsuit against the Bush administration. The G.A.O. estimated that a Kerr-McGee victory would cost $60 billion over 25 years, on top of the $20 billion the government is already expected to give up.

The G.A.O. said it based its estimate on the assumption that crude oil would sell for about $45 a barrel, a level well below the $66.07 next-month futures price in New York on Tuesday, and that oil and gas prices would climb 2.1 percent a year.

American Indians Cite Voter Intimidation (AP)

By MARY CLARE JALONICK, Associated Press Writer

AP, March 29, 2006

LAKE ANDES, S.D. — American Indian Charon Asetoyer says that when she went to vote a few years ago, a white man gave her the finger and asked her in vulgar terms what she was doing there.

She says she told him she had a right to vote, and she went back to her car to wait for him to leave. Only when he sped away did she walk inside.

"It's outright racism," said Asetoyer, who lives on the Yankton Sioux Indian Reservation in impoverished Charles Mix County, where Indians are about one-third of the population.

While the federal Voting Rights Act has brought them a long way from the days when some states required that they be "civilized" to cast ballots, many Indians around the country say they still face intimidation, restrictive voting requirements and long distances to reach polling places.

During the 2004 election, Senate Democratic Leader Tom Daschle's campaign obtained a restraining order in Charles Mix County against GOP poll watchers, accusing them of intimidating Indian voters. The Republicans denied that, saying the move was purely political. Daschle lost to Republican John Thune.

With parts of the Voting Rights Act set to expire in 2007 unless Congress reauthorizes them, some Indians say that the current federal and state protections need to be preserved and strengthened, too.

They cite, for example, South Dakota's new voter identification law, which requires photo identification at the polls, a problem for many on the reservations who do not have IDs. The law permits those without identification to sign an affidavit, but opponents argue there is confusion about what is allowed. The American Civil Liberties Union has challenged other voter ID statutes seen as burdensome to Indians in Albuquerque, N.M., and Minnesota.

"The tribes are still very concerned about the targeted efforts to disenfranchise their vote," said Jacqueline Johnson, executive director of the National Congress of American Indians.

Some Indians want the Voting Rights Act changed to bring more counties around the country under closer federal scrutiny and to expand bilingual assistance at polling places. Other suggest a larger number of polling places, more Indian poll-watchers and more general oversight on Election Day.

"If those federal protections weren't there, Indians wouldn't have a chance at voting," said former Republican Sen. Ben Nighthorse Campbell of Colorado, a member of the Northern Cheyenne Tribe. "The law probably ought to go farther."

Chris Nelson, who as South Dakota's Republican secretary of state is chief election officer, pointed to a big increase in Indian turnout in the past few years and said he has seen little evidence of voter intimidation. Nelson said some federal protections on South Dakota's reservations could safely be removed.

Under the Voting Rights Act, changes in election policy in most of the South and other places around the country with a history of discrimination need the approval of the U.S. Justice Department. That list includes South Dakota's Shannon and Todd Counties, with large numbers of Indians.

But Nelson said: "Has the preclearance requirement done anything to improve the ability of Indians to vote in those counties? The answer is no."

The debate comes as Indians show growing electoral clout.

During the 2002 Senate race in South Dakota, Democratic Sen. Tim Johnson won re-election by 524 votes with help from a huge increase in turnout on reservations. In Washington state, a surge of Indian votes helped lift Democratic Sen. Maria Cantwell to victory in 2000. In Arizona, reservations helped seat Democratic Gov. Janet Napolitano in 2002.

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Johnson said that Congress will have to maintain some protections to keep Indian voting levels high.

"There's still a lack of trust and confidence between Native Americans and state institutions," he said, "and keeping some federal oversight is something that Native Americans want to have."

Editorial: After Norton, Lowered Expectations (ICT)

Indian Country Today, March 29, 2006

In a C-SPAN television appearance after announcing her resignation, Interior Department Secretary Gale Norton mused that she had begun her tenure with a program of four "C's" but when she ended, they had been condensed to two. The fate of her buzzwords - "cooperation," "consultation" and the like - could stand as a metaphor for her six years in office. Whatever she had as a program, especially on Indian affairs, for better or worse contracted and stalled in the face of the administration's inertia.

Environmentalists will remonstrate that she displayed energy in pushing bad policies. Oil and mineral leasing on public lands is way up. Her "Healthy Forests" initiative would open old-growth forests to logging. The National Park Service is refocusing on commercial recreation. Snowmobilers are bothering wildlife. This might be so, but we don't see much point in demonizing a pleasant lady who has had a rough few years and who was neither as bad nor as good as she might have wished to be.

On Indian issues, always our primary concern, Norton occasionally talked a good game but almost never delivered. We think she was well-intentioned, but her record should be a caution to her likely successor, Dirk Kempthorne. In his previous career as U.S. senator and governor of Idaho, Kempthorne seems to have avoided displays of hostility to Native interests. (There are more than enough politicians out there who haven't.) The Nez Perce in Idaho say he has worked well with them. But the obstacles in Washington, D.C., are very high to conducting a decent Indian policy. In the absence of concentrated attention, they might be almost insurmountable.

The first trap that engulfed Norton was the Cobell v. Norton lawsuit. The new secretary can look forward to replacing her in the heading as the lead defendant, just as when she replaced Bruce Babbitt. He can also anticipate an almost inevitable contempt citation from Judge Royce C. Lamberth unless he somehow manages to change the administration's legal strategy. We could never understand how Norton accepted the obstructionism that has marked the government's response to this suit, unless she had little control over a strategy dictated by the Justice Department. If any private person were involved in a suit where the judge kept issuing contempt citations over legal tactics, one would think the first step would be to fire the lawyers. (The second and third steps might be to sue them for malpractice and grieve them to their bar associations.)

Norton made a number of efforts to improve management of the Individual Indian Money trust accounts and overcome the absurd fractionation of payments that was the end result of the vicious Allotment Act of 1887 - which is at the heart of the problem. But her most publicized initiative wound up looking like a reshuffling of boxes on the BIA organization chart (with some mid-level pay raises).

The change in leadership provides a chance for a toting-up of the changes that have been made and maybe a push for an equitable settlement. It's not reassuring, however, to hear that Interior's supervision of all its oil and gas leasing has been deteriorating, since this is how the trust money vanished.

Norton made other unkept promises to the tribes that Kempthorne should honor. In a September 2002 interview with Indian Country Today, she talked about giving the tribes a greater role in managing their forests and in competing for "stewardship contracts" on other public lands. It sounded good, but we haven't seen much follow-up. That same year, she made a well-publicized trip with then-Agriculture Secretary Ann Veneman to the Klamath River basin to try to settle the notorious "water war." In the course of her "charm offensive," she promised the Klamath Indian tribes to restore forest land that was stolen in the allotment period and mismanaged ever since. They might still be talking, but the land has not yet been restored.

Overall, it's hard to avoid the impression that Norton and the Bush administration simply lost interest in Indians after the 2004 election. Witness the leadership void at the BIA after the departure of Dave Anderson, or earlier. We grant that the office of assistant Interior secretary of Indian Affairs might be the single-worst job in the federal government, but there is still something wrong when it has been vacant for at least a third of Norton's tenure. Indian voices are markedly silent at the highest levels of Indian policy-making. And it's showing.

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The anti-Indian campaign is growing more strident and vicious, but Indian country has the strong sense that no one in the administration is truly committed to protecting Native interests. We hear that Norton was appropriately frosty when Connecticut Attorney General Richard Blumenthal tried to engage in a bit of illegal ex parte lobbying on recognition decisions. But the lower levels show every sign of having caved in to his sort of political pressure. The reversals of recognition for New England tribes over the past year, starting with the Nipmuc Nation decision, have been nothing less than an insult to our intelligence. They changed the rules mid-stream, applied impossible standards of evidence and showed such a malignant predisposition that we look forward to the forthcoming Administrative Procedures Act lawsuits.

Compounding this revival of the "termination" spirit, the leading figure on Indian Affairs, Associate Deputy Interior Secretary James Cason has shown an arrogance in his personal dealings with the tribes worthy of the days of the Indian agents. It's not simply a case of cultural insensitivity. His behavior has been bad manners in any language.

This leadership vacuum has opened the way to suspicions of the worst sort of influence peddling. And yes, our own manners are not so good that we will leave Jack Abramoff unmentioned. His impact on Interior has yet to be fully explored. But this notorious scandal is not the only one to flare on Norton's watch. The full story of her tenure would have to explain the abrupt dismissal of Wayne Smith, the BIA's one-time No. 2 man; the curious concern of Stephen Griles over Louisiana Indian casinos; the dinner parties thrown by Italia Federici; the frustration of the Gun Lake Band and other incidents still below the surface.

In the absence of a strong Indian advocate (Yes, we miss Kevin Gover), the host of lawyers, hustlers and casino sharpies now circling Indian country will do its best to corrupt that part of Interior's bureaucracy that has not been browbeaten and cowed by the vociferous anti-tribal lobby.

We don't think things are yet at this pass. Able people have been rising unscathed through the BIA's ranks. Some of the most breathless charges against it, such as the wanton granting of tribal recognition, have simply been false. But leadership at the top has been slipping. The most urgent task that Norton has left for Kempthorne in Indian policy is to rebuild a stable cadre of senior leaders drawn from Indian country and responsive to its needs.

FBI/DEA/ATF/USMS:

Puerto Rico Asks Congress To Lean On FBI (WP)

By Elisabeth Goodridge

The Washington Post, March 29, 2006

WASHINGTON -- Puerto Rico's attorney general asked Congress to pressure the FBI to cooperate with his investigation into raids by the bureau against independence advocates in the U.S. territory.

In a briefing for House Democrats, Attorney General Roberto J. Sanchez Ramos said Tuesday that bureau officials have stonewalled his investigation of an FBI raid that left one militant independence leader dead.

"Only through open and frank communication between Commonwealth and federal authorities can we hope to best service our common interest in the protection of our citizens," Sanchez Ramos said.

Rep. John Conyers of Michigan, the senior Democrat on the House Judiciary Committee, said he organized the briefing "to establish that there is a case."

In September 2005, FBI agents raided the house of Filiberto Ojeda Rios, a fugitive leader of a pro-independence militant group. Witnesses and his widow allege that the FBI shot Ojeda Rios and let him bleed to death. The FBI has said Ojeda Rios shot first.

During a raid last month that the FBI has said was to thwart a "domestic terrorist attack" planned by independence militants, witnesses allege that agents used pepper spray on reporters and protesters.

The raids sparked an anti-FBI rally Sunday in San Juan that drew more than 1,000.

The FBI has refused to disclose the identities of the agents who took part in the raids or to provide more than a minimal amount of information, Sanchez Ramos said.

Eduardo Bhatia, executive director of the Puerto Rico Federal Affairs Administration, read a statement from Puerto Rican Gov. Anibal Acevedo-Vila at the briefing.

"It must be clearly stated that in no way does the Commonwealth wish to impinge on any FBI investigation related to domestic terrorist activity nor to infringe on the FBI's ability to do its job," Acevedo-Vila said in the statement. "But just like the FBI must do its job, the Commonwealth of Puerto Rico, through its attorney general, has the right to require and obtain due cooperation from federal agencies when exercising its legitimate investigative powers."

Bill Carter, an FBI spokesman in Washington, said the complaints filed to the agency from members of Congress and Puerto Rican officials have been referred to the FBI Inspection Division for investigation and review.

"We can't comment further until that investigation is complete," Carter said.

At the request of FBI Director Robert Mueller, the U.S. Justice Department's inspector general, Glenn A. Fine, also is investigating Ojeda Rios' death.

Filiberto Pudo Ser Atendido (PRIMHORA)

Primera Hora, March 29, 2006

Sostiene Sánchez Ramos en sesión informativa

WASHINGTON.- El dirigente machetero Filiberto Ojeda Ríos pudo haber sobrevivido al disparo que le provocó la muerte por desangramiento si el FBI lo hubiera atendido a tiempo, sostuvo ayer el secretario de Justicia, Roberto J. Sánchez Ramos.

"La información que tenemos es que si él hubiera sido atendido, no hubiera muerto", declaró Sánchez Ramos de manera contundente en respuesta a una pregunta del representante Luis Gutiérrez, de Chicago, durante una sesión informativa efectuada por un grupo de congresistas demócratas para ventilar las quejas del Gobierno de Puerto Rico y de otros sectores sobre la presunta falta de cooperación del Negociado Federal de Investigaciones (FBI) en la investigación sobre la muerte de Ojeda Ríos y el maltrato a periodistas en un allanamiento el mes pasado.

En una carta leída por Eduardo Bhatia, director ejecutivo de la Oficina de Asuntos Federales de Puerto Rico en Washington (PRFAA por sus siglas en inglés), el gobernador Aníbal Acevedo Vilá criticó al FBI por su falta de transparencia. "Las acciones del FBI han provocado preguntas legítimas y sustanciales en nuestra sociedad. El interés público requiere de una sólida y saludable cooperación mutua entre las autoridades federales, estatales y locales. El Gobierno de Puerto Rico tiene el derecho a exigir la cooperación debida de las agencias federales cuando esté ejerciendo su legítimo derecho de investigación", dice la carta.

En tanto, Sánchez Ramos reiteró que "estamos tratando de llegar al grano de lo que sucedió y no están cooperando y creo que lo hacen en una manera ilegal y que no atiende al público que desea saber qué fue lo que pasó".

Ojeda Ríos murió desangrado el pasado 23 de septiembre en la casa en que residía clandestinamente en Hormigueros, luego de un enfrentamiento con agentes del FBI.

Sánchez Ramos reiteró en la sesión congresional que no solamente no ha recibido información del FBI y del Departamento federal de Justicia sobre el caso de Ojeda Ríos y de las agresiones contra la prensa, sino que "en ningún momento" desde que asumió su cargo el año pasado ha recibido de las autoridades federales cualquier tipo de información sobre posibles operativos federales en la Isla que pudieran estar vinculados con el tema de terrorismo. El FBI y otras agencias federales sostienen que los allanamientos efectuados el 10 de febrero forman parte de la llamada lucha contra el terrorismo.

Impacta a congresistas el vídeo

Dos periodistas, Oscar J. Serrano, presidente de la Asociación de Periodistas de Puerto Rico (Asppro), y Normando Valentín, de Televicentro, presentaron en la audiencia un vídeo grabado en las afueras del condominio de Río Piedras donde se llevó a cabo uno de los allanamientos y en el que se aprecia claramente el enfrentamiento de los agentes federales con una quincena de periodistas, Valentín entre ellos.

Durante la presentación del vídeo, varios de los congresistas se notaron visiblemente conmocionados.

"Queda muy claro que aquí hay suficiente evidencia para exigir una respuesta del FBI", dijo el congresista Bobby Scott, de Virginia.

Por otra parte, el Comité para Proteger Periodistas (CPJ, por sus siglas en inglés), emitió una declaración en la que dice que están "muy preocupados" por el incidente con los periodistas.

Ni el FBI ni el Departamento de Justicia federal enviaron representantes a la sesión congresional.

En una reciente audiencia privada en el Comité Judicial de la Cámara de Representantes, representantes del FBI dijeron que no habían avisado de antemano a las autoridades puertorriqueñas del operativo contra Ojeda Ríos porque no confiaban en ellos, algo que Bhatia dijo no tiene sentido. "En otros asuntos, como el narcotráfico y las pandillas callejeras, ha habido cooperación entre las autoridades federales y las de Puerto Rico, pero cuando se trata de este asunto, ¿cómo pueden decir que no tienen confianza en nosotros?".

La representante Nydia Velázquez, de Nueva York, se expresó "avergonzada" como congresista. "Se supone que el FBI guarde el orden y no esté atentando contra los derechos civiles de la gente. Como puertorriqueña, tengo un interés personal en que a los residentes de Puerto Rico se les trate como ciudadanos estadounidenses que son y no como ciudadanos de segunda clase", afirmó.

El congresista José Serrano, también de Nueva York, añadió que la ausencia del FBI de la sesión apunta a un "patrón de falta de respeto" hacia Puerto Rico. "Imagínense que esto hubiera ocurrido en una ciudad en Estados Unidos. Hubiera provocado una enorme indignación".

Los congresistas, además, apuntaron la ausencia del comisionado residente Luis Fortuño, quien en recientes días había cuestionado la necesidad de la audiencia y la calificó como parte de un intento de dañar la imagen de la Administración Bush.

"Es verdaderamente triste que aquí estemos discutiendo los derechos civiles del pueblo de Puerto Rico y tenemos al representante de la Isla cuestionando los motivos de la audiencia", comentó Velázquez.

La sesión congresional no pudo ser calificada como audiencia formal porque los demócratas no obtuvieron la cooperación de la mayoría republicana en el comité judicial, algo que los congresistas calificaron como "lamentable". No obstante, el representante Charles Rangel, de Nueva York, sostuvo que la sesión se llevó a cabo para recopilar información con miras a llevar a cabo audiencias en la Isla en una fecha por determinar, y prometió darle seguimiento.

"Cuando no hacemos nada, somos parte del problema", dijo Rangel.

Director Del FBI Defiende Actuación De Agentes (PRIMHORA)

Prima Hora, March 29, 2006

WASHINGTON.- El director del FBI, Robert Mueller, defendió ayer la actuación de sus agentes en el operativo que terminó en la muerte del dirigente machetero Filiberto Ojeda Ríos, a la vez que indicó que se realiza una investigación interna de lo ocurrido.

En una audiencia del Comité de Asignaciones del Congreso realizada el mismo día que la sesión informativa auspiciada por congresistas demócratas sobre el operativo del 23 de septiembre pasado y sobre las agresiones a periodistas durante un allanamiento el 10 de febrero, Mueller habló del caso de Ojeda Ríos por primera vez desde que la agencia emitió un comunicado poco después de su muerte.

En respuesta a preguntas del congresista José Serrano, Mueller -que compareció a la audiencia para defender el presupuesto del FBI- dijo que los eventos tienen que colocarse en contexto.

"Hubo un agente (del FBI) que resultó herido en el estómago y otros que fueron lesionados. (Ojeda Ríos) estaba armado", dijo Mueller.

En el caso de los periodistas agredidos, sostuvo que a diferencia de lo que dice la prensa, sí había un perímetro establecido y que el FBI actuó para mantener el orden.

A la vez, declaró que "hay ocasiones en todas las jurisdicciones del FBI" en las que el FBI discrepa de autoridades locales y que en este caso no se trata necesariamente de desconfianza en las autoridades de Puerto Rico.

El pueblo de Puerto Rico, expuso, debería esperar a que se termine la investigación interna, aunque no indicó cuándo será eso.

Asimismo, disputó la aseveración del congresista Serrano de que el FBI pudiera estar comportándose en Puerto Rico "como en el pasado".

"Sí, nos importa mucho la imagen del FBI en Puerto Rico. Estoy sumamente decepcionado en que estos eventos hayan socavado la confianza que el pueblo de Puerto Rico tiene en el FBI", declaró Mueller.

FBI Director Says Preventing Terrorist Attacks Agency's Top Priority (VOA)

By Margaret Besheer

Voice of America, March 29, 2006

The director of the Federal Bureau of Investigation says his agency has transformed itself, and he does not believe the mistakes that led to the September 11 attacks on the United States would happen again.

Robert MuellerFBI Director Robert Mueller told a House of Representatives subcommittee Tuesday that since September 11, 2001, his agency's number one priority has been preventing terrorist attacks against the United States. He said the lack of information sharing within the FBI and with other agencies, which some say is to blame for the failure to not stop the attacks, is a thing of the past.

"I believe that what one saw happen in the days and weeks before September 11th would not happen again," said Robert Mueller. "That is not to say that we could not face another terrorist attack, but I believe we are far more efficient and effective, not only the FBI itself, but also the FBI in conjunction with the Department of Homeland Security, the CIA [Central Intelligence Agency], DIA [Defense Intelligence Agency], NSA [National Security Administration] and all those who play a role in protecting the public."

Director Mueller was responding to questions about the trial of admitted al-Qaida operative Zacarias Moussaoui. Moussaoui faces the death penalty in a U.S. court for his role in the September 11 attacks. Prosecutors charge that he lied about his al-Qaida membership and did not give authorities information about the planned attacks when federal agents arrested him weeks before they happened.

Mueller was on Capitol Hill to discuss the agency's 2007 budget request of $6 billion, which he said would go to support more than 31,000 jobs, as well as new technology and expanded facilities for the Bureau. He also answered lawmakers' questions about other national security issues.

He said China has a major spying program directed against the United States, which he called a "substantial threat."

The director also said the FBI is closely watching the case of former Liberian president and war crimes suspect Charles Taylor. The United States has expressed deep concern over reports that the former leader has disappeared from his Nigerian place of exile.

"We are monitoring what is happening in conjunction with the State Department, and to the extent that we are asked to provide any assistance in whatever way, we will," he said.

Director Mueller also talked about violence along the U.S.-Mexico border, where drug cartels and smugglers are responsible for a significant number of murders and other violence.

"To date, we have not had the same violence on this side of the border, that you have seen south of the border," said Director Mueller. "And we want to make certain that we do not see it and do everything we can to not only assure that it does not migrate to the United States, but also that we assist our Mexican colleagues to address it and disrupt and ultimately defeat that kind of violence."

The FBI director said his agency has made national security its top priority, but has not forgotten its crime fighting responsibilities. E-mail This Article

Federal Agents In Right Place, Right Time (NOTP)

By Paul Rioux, St. Tammany Bureau

New Orleans Times-Picayune, March 16, 2006

When shooting started, they took control

After Randall Breaux took his wife out to dinner at a Covington restaurant Friday night, they strolled to the Columbia Street Tap Room and Grill, where they met a couple of friends, including Carter Mansfield, Breaux's fellow federal narcotics agent.

The foursome grooved to the beat of The Boogiemen for a couple of hours and were about to leave about 11:15 p.m. when they heard a series of loud popping sounds coming from outside the club.

While many inside the packed bar figured someone had lit a string of firecrackers, the two veteran Drug Enforcement Administration agents immediately recognized the sound of gunfire.

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Breaux and Mansfield rushed outside and saw people pointing down the block at a man spraying the bar's stucco walls with rounds from a semiautomatic assault rifle, said William Renton, who heads the DEA's New Orleans office and on Wednesday gave the first detailed account of how the off-duty agents managed to subdue the gunman before anyone was injured.

Renton said Breaux drew a handgun, ran across the street and moved quickly toward the gunfire, using parked cars for cover, while Mansfield, who was not armed, made his way up the other side of the street.

The suspect had fired about 30 rounds and was trying to reload when Breaux popped up from behind a parked car and ordered him to drop the weapon, Renton said.

After the man tossed the AR-15 assault rifle on the trunk of a car, Mansfield rushed in and tackled him, detaining him until Covington police arrived a short while later.

Renton praised the agents, both of whom live in western St. Tammany Parish, for their lightning-quick response in going from enjoying a carefree night out one second to facing a life-or-death confrontation the next.

"They displayed tremendous heroism and courage in quickly advancing on a suspect who was much more heavily armed than they were," he said.

He said DEA guidelines prohibit Breaux, 43, and Mansfield, 35, from speaking publicly about the incident.

Tony R. Lambert, 34, of Covington, was booked with 10 charges, including two counts of attempted first-degree murder of a federal agent.

It's unclear what sparked the shooting, but police have said it may have involved an argument over a woman. A friend has said Lambert bought the rifle after hearing reports of looting in the wake of Hurricane Katrina.

Richard Daniels, who is second in command at the DEA's New Orleans office, said Lambert was wearing a vest loaded with extra ammunition clips and was reaching for one when Breaux confronted him.

"I always think, 'What if he had another second or two to reload?' It could have been a major tragedy with a lot of people getting hurt," Daniels said, citing reports that 150 people were in the bar.

Renton said the agents are being hailed for defusing the situation without anyone getting hurt.

"Breaux used tremendous judgment and restraint at a time of great danger," Renton said. "He could have shot the guy and no one would have ever questioned it."

He emphasized that his praise of Breaux is not a criticism of how other agencies have handled recent controversial incidents, including one in December when New Orleans police officers shot and killed a 38-year-old mental patient who was armed with a knife on St. Charles Avenue.

"Don't get me wrong," Renton said. "Breaux would have been happy to shoot the guy had he turned his weapon on him."

While their co-workers have been patting them on the back all week, Breaux and Mansfield aren't sure what all the fuss is about, Daniels said.

"They're not the boastful type," he said. "They said they just did their job and let their training take over."

Renton said both agents will undoubtedly be nominated for some of the agency's highest awards for bravery and valor, a process that takes months.

In the meantime, Renton used his discretion as head of the New Orleans office to give them an On-the-Spot Award for going above the call of duty -- a commendation that includes a $500 bonus.

"I told them to enjoy a nice, quiet evening on us and, hopefully, not get shot at," Renton said.

Venezuela Frees Dominican Wanted By U.S. (AP)

By Natalie Obiko Pearson

AP, March 29, 2006

CARACAS, Venezuela -- Venezuela has freed a Dominican man wanted in the U.S. on drug charges, saying there was no guarantee U.S. authorities would agree to terms for his extradition.

Judge Hector Coronado Flores dismissed a previous order to extradite Mateo Holguin Ovalle and ruled that he be released, the Supreme Court said Monday in a statement.

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The decision derailed a case cited earlier by American officials as a prime example of cooperation with Venezuela in the drug war. The two countries now are in a dispute over how to resume joint counter-trafficking efforts suspended since President Hugo Chavez last August accused Drug Enforcement Administration agents of spying.

American authorities allege Holguin Ovalle, arrested in 2003 after being indicted in the U.S. on charges of conspiring to import cocaine, directed a major drug ring that transported cocaine and heroin into the United States.

The Venezuela court previously authorized Holguin Ovalle's extradition on the condition that he not be sentenced to more than 30 years in prison.

"Since the term of punishment to be imposed on Mateo Juan Holguin Ovalle could not be guaranteed, the extradition ordered cannot be carried out," Coronado Flores ruled.

The U.S. Embassy in Caracas and the Drug Enforcement Administration in Washington did not immediately comment on the decision.

Hundreds of tons of Colombian cocaine cross Venezuela's porous borders each year, the State Department said March 1 in its annual narcotics report, citing "rampant corruption at the highest levels of law enforcement and a weak judicial system." The U.S. no longer considers Vezezuela an ally in the war on drugs, the report says.

Chavez defended Venezuela anti-drug efforts Tuesday, saying the military is eradicating fields of opium poppies along the border with Colombia.

The president also accused the U.S. of holding "a dictatorship" within the United Nations and predicted that the world would eventually revolt against U.S. hegemony.

"Sooner of later, we, the people, the nations, will break this scheme imposed in the United Nations so there are truly free and united countries, not the dictatorship there in the United Nations against the nations and people of the world," he said.

Valley Man Gets 50 Years For Drug Running (BHE)

By SERGIO CHAPA

Brownsville (TX)Herald, March 29, 2006

A federal judge on Tuesday denied a Gulf Cartel member's request to withdraw his guilty plea and sentenced him to 50 years for a cocaine trafficking charge.

Drug Enforcement Administration agents arrested Noel Exinia, 35, in January 2005 after he used his La Feria-based trucking business to move a massive quantity of marijuana and cocaine from Mexico across the United States.

"This case involves multiple, multiple states in a sophisticated operation involving large amounts of drugs," U.S. District Court Andrew S. Hanen said during Exinia's Tuesday afternoon sentencing.

Exinia and co-defendant Cesario Nuñez, 33, moved at least 275 pounds of cocaine a week from the Rio Grande Valley to New York City, according to a criminal complaint filed last year. Nuñez agreed to a plea agreement and was sentenced to three years in federal prison in January.

Court records show that FBI officials also investigated Exinia for an alleged plot to smuggle Middle Eastern terrorists into the United States, based on comments he made to a Michigan pilot, who worked as a confidential government source.

Exinia was cleared of terrorism charges, but federal prosecutors said the La Feria man was a local organizer for the Matamoros-based Gulf Cartel and had a violent criminal history that could not be ignored.

Assistant U.S. Attorney Charles Lewis told Hanen in open court that Exinia had multiple brushes with the law and served a five-year manslaughter sentence for beating a man with a statue of the Virgin Mary, shooting him twice and then stabbing him in the chest.

Lewis said Exinia did not stay out of trouble when he got out of jail in Florida.

"He had a primary role in the (Gulf Cartel's) distribution ring ... a trucking company that was a front for the distribution ring," Lewis said in court. "He was the one who chose who hired the drivers and decided how much to pay them."

Alleged death threats against Lewis and witnesses in the case prompted court officials to move Exinia's late September trial to Houston where the La Feria man fired his attorney William May for telling federal officials about the threats.

Court records show that Exinia pleaded guilty after the fourth day of representing himself in court.

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He filed a request to withdraw his guilty plea earlier this month, based on claims that his was poorly represented by May and that he was not in a sound mental condition at the time of his trial after spending a month in solitary confinement.

May testified Tuesday that extensive wiretapping evidence prompted him to advise Exinia to take a 15-year plea agreement instead of going to trial, but Exinia refused.

Exinia took the stand in his own defense Tuesday where his testimony contradicted an oral plea agreement made in October.

Court records show that Exinia pleaded guilty to trafficking cocaine but testified in court Tuesday that it was actually marijuana. He claims that he should receive a lesser charge for smuggling marijuana and testified that he never threatened anybody, adding that his emotional comments to May were taken out of context.

"I told him that people can kill and get less time than they want to give me," Exinia said.

Hanen sided with prosecutors and denied Exinia's request to withdraw his guilty plea. He will serve the 50-year sentence in a federal prison without the possibility of parole.

Exinia's attorney, John Blaylock, said he successfully argued to have part of his client's sentence reduced. "I'm relieved that he didn't get a life sentence," Blaylock said. "Given the evidence and events that transpired in this bizarre case, he was broken down to where he could say anything after a month of solitary confinement and the daily rigors of a four-day trial."

Blaylock said his client plans to file a motion to reconsider his sentence and file an appeal.

Will Glaspy with the DEA's office in McAllen said his agency was pleased with the sentencing and that agents continue to work on an investigation connected to Exinia's arrest.

"I think this case goes to show the hard work that our agents from the DEA, FBI and local law enforcement have done to successfully dismantle a major drug-trafficking operation that was based in the Rio Grande Valley," Glaspy said. "I think it is important for the public of the Rio Grande Valley to know that the law enforcement agencies are working to keep the public safe and eliminate drug trafficking through the area."

2 Held For Selling Cocaine To Agents (CHIST)

Chicago Sun-Times, March 28, 2006

Two men charged with selling more than $350,000 of cocaine to undercover agents were ordered held in federal custody Tuesday pending a detention hearing.

Melitone Carrera and Saul Rodriguez-Herrera, whose ages and addresses were not immediately available, were named in a criminal complaint charging them each with one count of conspiracy to possess with intent to distribute cocaine.

The two men made their initial court appearance Tuesday before U.S. Magistrate Judge Geraldine Soat Brown, who ordered the defendants to remain in federal custody pending a 1:30 p.m. detention hearing on Friday, according to Assistant U.S. Atty. Patrick McGovern.

Drug Enforcement Administration agents were put on the trail of the defendants when Carrera approached a confidential source in October 2005 and asked the source if he was interested in buying cocaine, according to the complaint. The source contacted the DEA after he was approached by Carrera.

During a March 22, 2006, meeting at a Melrose Park Dunkin' Donuts, Carrera and an unidentified person told the source and an undercover agent that they had access to large amounts of cocaine they could sell at $19,500 per kilogram, the complaint alleges.

The next day, Carrera and the source had a phone conversation, during which Carrera agreed to supply 20 kilograms of cocaine to the source at $19,500 per kilogram, the complaint alleges.

Carrera said he would deliver the drugs on Monday, March 27, and he and the source agreed to conduct the transaction in the parking lot of Tony's Finer Foods in Melrose Park. Carrera allegedly told the source that his cousin would arrive in the parking lot in a red car that contained 18 kilograms of cocaine rather than the 20 they had discussed, the complaint alleges.

The source and undercover agent, both wearing wires, were waiting in the parking lot when a red Mazda pulled in at 11:30 a.m. Monday, according to the complaint. The complaint alleges the Mazda was driven by Rodriguez-Herrera, who went into the store while Carrera slowly drove around the parking lot in a silver Dodge Intrepid.

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A few minutes later Rodriguez-Herrera came out of the store and gave the keys to the Mazda to the agent, the complaint alleges. He told the agent and the source that there were two hidden compartments in the rear seat of the Mazda where they would find the cocaine, according to the complaint.

The source and the agent drove the Mazda to another location, opened the two hidden compartments and found 18 kilogram-sized packages wrapped in plastic and tape. A field test determined the white powder in the packages was cocaine.

The source called Carrera and told him everything was fine and he would send the money back to the grocery store parking lot with the undercover agent, according to the complaint.

The undercover agent and other agents found Rodriguez-Herrera and Carrera at the store, the complaint states. Rodriguez-Herrera was arrested in the parking lot and Carrera was arrested inside the store.

7 Convicted In Meth Case (LYNCHNA)

By Zack Smith

Lynchburg News & Advance, March 29, 2006

Seven people have been convicted in what prosecutors are calling one of the biggest methamphetamine seizures in the area.

Travis Viar, 23, of Amherst, and June Garcia, 26, of Monroe, were convicted of conspiracy to distribute 500 grams or more of meth after a two-day trial in U.S. District Court in Lynchburg on March 21 and 22, according to a release from U.S. Attorney John L. Brownlee.

Ciro Gamaliel Garcia, 32, of Monroe; Randy Eldridge Ellington, 47, of Concord; Mark Shane Guill, 37, of Madison Heights; and Michael Cerillo, 35, of Rustburg, each pleaded guilty on March 20, before the trial started.

Brownlee said in the release that about half a kilogram of meth was seized from the various co-conspirators.

George Barbour, 37, of Madison Heights, pleaded guilty to a lesser charge of conspiracy to distribute 50 grams or more of meth.

He faces a mandatory minimum sentence of five years in prison, with a maximum sentence of 40 years, plus a maximum fine of $2 million.

The other co-defendants face a maximum sentence of life in prison and a maximum fine of $4 million.

Anthony Jamerson, 45, of Dillwyn, was initially indicted in the case, but was later charged in a different drug conspiracy.

The case was investigated by the Central Virginia Task Force, which includes agents and officers from the FBI, the U.S. Marshals Service, the Amherst County Sheriff's Office, the Appomattox County Sheriff's Office, the Virginia State Police and the Lynchburg Police Department.

Ciro Garcia, Ellington, Guill, Cerillo and Barbour will be sentenced on July 19. June Garcia and Viar will be sentenced on July 31.

Pair Who Ran Elaborate Marijuana-growing Operation In Caroline County Sentenced In Federal Court. (FLS)

By BILL FREEHLING

Free Lance-Star, March 28, 2006

Two men who participated in what authorities call one of the largest Central Virginia marijuana operations in the past decade were each sentenced to more than eight years in prison yesterday.

Luu Van Dinh, 35, of Tappahannock, and David Trac Luong, 36, of Colonial Heights, were both sentenced yesterday by Judge Henry E. Hudson in U.S. District Court in Richmond. Each pleaded guilty late last year to conspiracy to manufacture and possess with intent to distribute 1,000 or more marijuana plants.

The pair was involved in a large-scale marijuana-growing operation in Caroline and Powhatan counties that police discovered during raids last summer. Robert Scanlon, a special agent with the Drug Enforcement Administration, testified about the operation yesterday in court.

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Scanlon said marijuana was grown at a 3,000-square-foot house in Caroline located at 25308 Ruther Glen Road. He said marijuana filled most of the house, which he described as like a greenhouse inside. Floors had been cut out, windows were darkened and the home had been rewired.

Scanlon said the home in Powhatan was similarly outfitted. Police also searched a home in Tappahannock, but Scanlon said yesterday that Dinh and Luong couldn't be directly linked to that home. He said that house was in the name of a third person, who hasn't been charged but who Scanlon described as equally involved in the operation.

Scanlon said that police seized more than 1,400 marijuana plants at the homes in the three counties. More than half were at the Caroline house. Scanlon said each plant had a street value of about $3,500. He said the marijuana was extremely high grade.

"I've never seen a case anywhere near this level of sophistication," Judge Hudson said.

Luong, who was described as the daily caretaker of the plants in Caroline and Powhatan, was sentenced to serve 10 years in federal prison.

Judge Hudson determined that Dinh was less involved. Dinh was described as the person who bought and delivered supplies for the operation. Dinh got eight years and a month in prison.

Neither man had any prior criminal record, according to the evidence yesterday.

Through a translator, each man apologized yesterday. Hudson told them he'd consider amending their sentences at a later date if they helped authorities identify other people who were involved.

Dinh and Luong's charges were initially filed in Caroline but were later shifted to federal court because so many jurisdictions were involved and because penalties in federal drug cases are harsher, police said.

Court records show that the initial police searches were the result of a tip received by state police Special Agent Chris Crawford, who learned last April that Dinh was purchasing large quantities of pots and potting soil from a nursery in Hanover County.

Police had Dinh under surveillance when he and another man picked up the pots and took them to Luong's Ruther Glen home.

Crawford spotted marijuana clippings on the property that were consistent with a large growing operation. A large amount of potting soil and two 50-gallon barrels with water nozzles also were spotted, court records state.

Two Sentenced For Growing Marijuana (RTD)

By TOM CAMPBELL

Richmond (VA) Times Dispatch, March 28, 2006

A federal judge yesterday sentenced to prison two men who pleaded guilty to operating "grow houses" modified for cultivating marijuana.

David Trae Luong of Colonial Heights was sentenced to 10 years in prison and Luu Van Dinh of Tappahannock was sentenced to just more than eight years by U.S. District Judge Henry E. Hudson. The men pleaded guilty in December to conspiracy to cultivate and sell more than a thousand marijuana plants.

Hudson agreed with Assistant U.S. Attorney Rodney C. Young that the federal sentencing guidelines on both men failed to take into account the size and sophistication of the marijuana operation Luong and Dinh took part in. Hudson's sentences were well above the guidelines, which are advisory for judges.

Special Agent Robert J. Scanlon of the U.S. Drug Enforcement Administration said Luong cared for the plants on a regular basis. Dinh assisted and purchased supplies for the cultivation.

"Basically the whole house had been turned into a greenhouse . . . on all the square footage in the residence," Scanlon said.

The houses -- one in Caroline County, one in Powhatan County -- were modified for pot production with flooring removed to make room, industrial lighting to simulate sunlight, irrigation systems and ventilator fans to optimize conditions for the many hundreds of marijuana plants.

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Even the house wiring was modified, both to handle the extra power load and to get around the meter so that the large amount of electricity used would not be noticed. Windows were fitted with opaque coverings so nothing could be seen from the outside.

A third house in Tappahannock was similarly modified as part of the operation, authorities alleged. But Hudson ruled that evidence did not sufficiently connect either defendant to that house.

Authorities believe at least one other person was involved in the conspiracy. Plea agreements call for Luong and Dinh to cooperate with investigators, leaving open the possibility of a recommendation that their sentences be reduced.

Each plant at maturity would have been good for about one pound of high-quality, smokable marijuana, according to testimony.

"There's no doubt it was a large-scale, high-dollar, sophisticated operation," Young said.

Hudson said he has been in law enforcement and jurisprudence a long time and: "I've never seen a [marijuana cultivation] case anywhere near this in size . . . or sophistication."

Former Clemson Student Pleads Guilty To Drug Charges (AIM)

By Meryl Dillman

Anderson Independent Mail, March 28, 2006

A former Clemson University student has pleaded guilty in connection with one of the largest federal prosecutions in South Carolina history, according to the office of United States Attorney Reginald I. Lloyd.

Tremayne Graham, 32, of Marietta, Ga., pleaded guilty in federal court in Greenville to drug and money-laundering conspiracies, possession with intent to distribute 5 kilograms or more of cocaine, maintaining a "stash house" for the purpose of storing cocaine, and failure to appear in court as required by a condition of bond.

According to a release, authorities discovered 250 kilograms of cocaine and more than $1.8 million in cash during the search of the "stash house."

According to the release, Mr. Graham's co-defendant, Jerry Davis, 32, of Atlanta and Los Angeles, pleaded guilty to conspiracy to distribute and possess with intent to distribute 5 kilograms or more of cocaine and conspiracy to launder money.

The defendants' charges are also connected with a multi-state, multi-national drug conspiracy.

The maximum penalty Mr. Graham and Mr. Davis could receive is a $4 million fine and/or imprisonment for life, Mr. Lloyd stated. Both defendants also face a mandatory minimum term of 10 years in federal prison. Other charges are anticipated.

According to the release, testimony at the plea hearings established that Mr. Davis was the head of the "Sin City Mafia"— a major criminal enterprise with headquarters in Columbus, Ga., Atlanta, and Los Angeles. He obtained cocaine from California suppliers connected to major Mexican cartels and transported that cocaine to Atlanta. Once the cocaine reached Atlanta, it was packaged and shipped to various drug dealers operating along the East Coast, including Greenville, Spartanburg and Columbia in South Carolina.

According to the release, "Sin City Mafia" had ties to the Black Mafia Family— a criminal enterprise operating in Detroit, Atlanta, Orlando, Fla., St. Louis and elsewhere.

Evidence also established that Mr. Graham was one of Mr. Davis' primary distributors. According to the release, Mr. Graham supplied a number of South Carolina dealers he met at Clemson.

According to the release, evidence also established that Mr. Graham personally supplied more than 500 kilograms of cocaine sold in South Carolina.

The case was investigated by agents of the Drug Enforcement Administration of Greenville, Atlanta and Los Angeles; the Criminal Investigation Division of the Internal Revenue Service; the United States Marshal Service of Greenville, Atlanta and Los Angeles; the Greenville Police Department; the South Carolina Highway Patrol; and LA IMPACT of Los Angeles.

WASHINGTON Federal Sentencing Rules For Steroids Offenses Toughened (SFC)

By Cicero A. Estrella, Chronicle Staff Writer

San Francisco Chronicle, March 28, 2006

DOJ_NMG_0023243

Federal officials made a temporary, emergency change to the federal sentencing guidelines Monday to stiffen penalties for steroids-related offenses.

The change by the U.S. Sentencing Commission means abusers of anabolic steroids will face the same sentences as those who abuse other controlled legal substances, categorized by the federal government as Schedule III drugs.

Schedule III drugs are substances that are accepted for medical use in the United States but have the potential for abuse and addiction. As listed by the U.S. Drug Enforcement Administration, they include LSD, ketamine and certain codeine combinations.

The commission's amendment to provide harsher penalties for steroids use and distribution was prompted by a directive from Congress.

"We are hopeful that the enhanced penalties will help deter anabolic steroid trafficking and abuse," U.S. Attorney Kevin Ryan said.

The amendment to the sentencing guidelines also adds sentencing enhancements for athletes using masking agents to hide their steroid use, for coaches who pressure athletes into experimenting with the drug and for individuals who distribute to athletes.

The tougher guidelines would have made the sentences for those convicted in the Bay Area Laboratory Co-Operative scandal about five times longer, according to Luke Macaulay, spokesman for the U.S. attorney's office for the Northern District of California.

BALCO owner Victor Conte, for example, would have been sentenced to 37 to 46 months instead of the eight months that he served after pleading guilty to possession and conspiracy to distribute steroids in 2005, Macaulay said.

Previously, steroids-related sentences did not equal those for other Schedule III drugs. Distribution of 50 steroid pills, for example, was the equivalent of the illegal distribution of one Vicodin pill, Macaulay said.

In 2004, Congress passed the Anabolic Steroid Control Act, which directed the Sentencing Commission to review the federal sentencing guidelines and provide for increased penalties that reflect the seriousness of the offenses.

New York Mayor Bloomberg Takes Gun Fight To Congress (AP)

By DEVLIN BARRETT, Associated Press Writer

AP, March 29, 2006

WASHINGTON (AP) - New York Mayor Michael Bloomberg blasted Congress on Tuesday for considering what he called a "God-awful piece of legislation" on guns. A congressman charged he was just trying to spur more lawsuits against the gun industry.

Bloomberg went to Washington to speak out against a bill offered by Rep. Lamar Smith, R-Texas, which would make permanent a bar on federal authorities' sharing gun trace data with local governments; the governments had used such information to launch lawsuits against gun manufacturers and dealers.

Congress has moved to squelch lawsuits brought by U.S. cities against gun manufacturers and dealers, charging they are misguided attempts to undercut the Second Amendment right to bear arms.

The mayor railed against the bill, telling a House judiciary subcommittee that it would lead to more shooting deaths of police officers and civilians.

Two members of the New York Police Department were killed last year with illegal guns, and two undercover detectives were killed three years ago during a gun buy-and-bust operation gone bad.

"I have been to too many police officers' funerals to believe that this bill actually has a prayer's chance in hell," Bloomberg said. "But if it does pass, the next time an officer is attacked by an illegal gun - and I say next time because until Congress gets serious about illegal guns, more police officers and many more citizens will be murdered - there can be no denying that those who vote for this bill will bear some of the responsibility."

Rep. Tom Feeney, R-Fla., described himself as "a big believer in the Second Amendment" and said that without such legislation local governments could change federal policy by filing multiple baseless lawsuits.

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"Individual jurisdictions are trying to set national policy by suing licensed gun dealers that have not committed a crime," said Feeney.

The mayor claimed Congress left him no choice.

"If we are depending on the federal government to drive this car, they are asleep at the wheel," said Bloomberg, a liberal Republican, who was invited to testify by panel Democrats.

The mayor has grown increasingly critical of Congress for blocking efforts by local authorities to collect gun sale records showing which dealers sell the majority of guns used in crimes.

New York and other cities have long complained that 1 percent of gun dealers are responsible for selling almost 60 percent of all guns used in crimes nationwide.

That trace data, compiled by the Bureau of Alcohol, Tobacco, Firearms and Explosives, had been used in lawsuits and in proceedings to revoke the licenses of businesses that sell large numbers of guns later used in crimes.

In recent years, Congress has added language to spending bills to prevent the ATF from sharing such trace data. The ATF has interpreted such language to mean aggregate gun trace data cannot be shared with the public or the press. Smith's bill would make the prohibition permanent.

But a spokesman for Rep. Todd Tiahrt, R-Kan., who first authored that language in 2003, said Monday the ATF is free to release aggregate information about guns used in crimes. Tiahrt spokesman Chuck Knapp said a 2005 appropriations amendment clarified that such information as percentage breakdowns of where guns used in crimes were originally sold could be made public.

Sen. Robert Menendez and Rep. Steve Rothman, both New Jersey Democrats, said they would introduce legislation this week to ensure that data about guns used in crimes and illegal gun sales would be public.

The National Rifle Association supports Smith's bill, saying it would also make permanent a ban on taxes or user fees to pay for federal background checks.

Chris W. Cox, the NRA's chief lobbyist, dismissed Bloomberg's claims, saying the bill would streamline current laws and free up law enforcement resources.

Cox called it "shameless" for the mayor to pin police officers' deaths on federal gun laws.

"If you look at the individuals who were charged with murder of these two great police officers, they had a long criminal history," Cox said. "They never should have been released out of jail. Our focus is on putting people like that in jail. Let's focus on the criminal."

Associated Press Writer Bonnie Pfister in Trenton, N.J., contributed to this report.

ATF Agents Confident They'll Catch Bomber (RMN)

By Ellen Miller, Special to the News

Rocky Mountain News, March 29, 2006

GRAND JUNCTION — Agents with the U.S. Bureau of Alcohol, Tobacco and Firearms said Tuesday they're confident they will capture a former air traffic controller suspected of planting five bombs at co-workers houses here last week.

"We'll get him," said Rich Marianos, an ATF agent in Washington, D.C.

Marianos said agents don't believe Robert L. Burke, 54, has left the country ``because he doesn't have the means. Indications are, he's been living in his van and he's probably out of resources."

Burke, who also has used the name Robert Pope, was fired in 2004 from his job with the Serco Group, which operates the air traffic tower at Walker Field Airport in Grand Junction and 55 other airports, mostly in the West and Alaska.

Burke gave notice to his landlord last October and left his apartment of four years sometime between then and December, Grand Junction police spokeswoman Linda Bowman said.

No one was injured when three of the bombs in Grand Junction exploded. On Sunday, the ATF linked a bomb that exploded at Serco's headquarters in Murfreesboro, Tenn., with the Grand Junction devices after finding strong similarities.

IMMIGRATION:

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Senate To Weigh Guest-Worker Proposal (WP)

By Jonathan Weisman

The Washington Post, March 29, 2006

With the Republican Party deeply divided, the Senate will take up a broad revision of the nation's immigration laws today amid signs that conservatives are ready to compromise on efforts to offer illegal immigrants new avenues to lawful employment.

Senate Majority Leader Bill Frist (R-Tenn.) will move forward with his legislation to bolster border security and toughen laws against illegal immigration without a guest-worker program. But Frist agreed to allow Senate Judiciary Committee Chairman Arlen Specter (R-Pa.) to quickly move to substitute the more lenient bill that passed his committee Monday, and Specter appears to have more than enough votes to do so.

That bill would couple border security measures with provisions that would allow millions of undocumented workers to apply for legal work visas and move toward U.S. citizenship, while offering hundreds of thousands of foreign workers access to the U.S. workplace.

The committee's bill is a sharp break from the get-tough approach approved by the House in December, which rebuffed President Bush's call for a guest-worker program and focuses exclusively on border security and immigration law enforcement.

The committee measure also places Frist -- a potential 2008 White House candidate -- in a difficult position. The panel approved its immigration overhaul by a comfortable 12 to 6 margin, with four Republicans siding with the panel's Democrats. But most committee Republicans opposed the bill. There may be as many as a dozen Republicans backing the Judiciary Committee bill in the full Senate, but on an issue so fraught with political consequences, it is not yet clear that Frist will allow the Senate to pass immigration legislation that cannot garner the support of most Republicans.

"Under the best of circumstances, most bills don't make it. And this bill is more complicated and in many ways more controversial than usual," warned Sen. John Cornyn (R-Tex.), who opposed the committee's bill.

Still, with voters clamoring for action and hundreds of thousands of immigrants marching against the House's proposals, GOP leaders signaled a willingness to compromise. The committee's bill, which largely mirrors legislation written by Sens. John McCain (R-Ariz.) and Edward M. Kennedy (D-Mass.), goes considerably further than Bush's proposals, but after a meeting with the president, McCain declared, "I got the impression that he's happy."

House Majority Leader John A. Boehner (R-Ohio) said that he hopes the Senate will pass what he called "a responsible border security bill," but he indicated he is willing to rethink the House approach. After meeting with ranchers and law enforcement officers on the U.S.-Mexican border, Boehner said those living on the frontier do not think the House-passed border wall would work.

"If the people on the border don't believe that the wall will have the effect that people here think, then we ought to reconsider it," he said.

Boehner also said he knows of no promises that House GOP leaders have given to anti-immigration firebrands to block House consideration of a guest-worker program.

Under the Judiciary Committee bill, illegal immigrants who pay a $1,000 fine and back taxes would be able to apply for a three-year work visa, renewable for a second three-year period. In the fourth year of work, the visa holder could begin a five-year path toward citizenship. A second guest-worker program would open up legal agriculture jobs to 1.5 million undocumented farmworkers.

The measure would also add as many as 14,000 border patrol agents by 2011 to the current force of 11,300 agents and would authorize a "virtual wall" of unmanned vehicles, cameras and sensors to monitor the U.S.-Mexican border.

Unlike the House bill, it would not make illegal immigrants and those who assist them into felons, nor would it authorize the construction of massive new walls along 700 miles of the southern border.

Republican opponents of the committee bill said they would wait to see what amendments pass the Senate before they consider a filibuster of the measure. Citing the passion of his constituents, Sen. John Ensign (R-Nev.) hinted at how politically difficult a filibuster would be. "We need to do something," he said.

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"You don't filibuster away the problem of 11 million undocumented workers," warned Sen. Lindsey O. Graham (R-S.C.), a supporter of the bill. "You don't filibuster away the idea that our borders are broken and our legal system's a failure on immigration."

Immigration Bill Finds Bipartisan Support In Senate (KRT)

By Dave Montgomery

Knight Ridder, March 28, 2006

WASHINGTON - A comprehensive immigration bill that answers President Bush's call for a guest-worker program appears to have enough bipartisan support to pass the Senate, guaranteeing a legislative collision with an enforcement-oriented House bill, several advocates on both sides of the issue predicted Tuesday.

"We're in some trouble in the Senate," said Paul Egan, government-relations director of the Federation for American Immigration Reform (FAIR), which supports the House bill and opposes the guest-worker concept as a form of amnesty for illegal immigration.

The Senate may well deadlock with the House of Representatives because their positions differ so radically and the issue is too politically hot in this congressional election year for lawmakers on either side to compromise. That could doom all legislation to overhaul immigration this year.

The Senate Judiciary Committee voted 12-6 Monday to advance a comprehensive measure that would put millions of illegal immigrants on track to permanent legal status and allow up to 400,000 foreign workers each year to fill low-skilled jobs.

Egan said opponents of the measure put their hopes in the 435-member House, where a coalition of conservative Republicans has vowed to kill immigration legislation that includes a guest worker plan. The 94-member coalition blocked inclusion of a guest worker program in the immigration bill the House passed in December.

The House bill also makes illegal immigration a felony and calls for 700 miles of fences along the Southwest border.

"If the Senate follows the Judiciary Committee's lead, the prospects of getting a reform bill to the president's desk this year are slim, to say the least," said Rep. Tom Tancredo, R-Colorado, coalition leader. "No plan with amnesty and a massive increase in foreign workers will pass the House."

Egan said a "back-of-the-envelope" count of prospective votes in the Senate shows only about 10 solid votes, nearly all Republican, against the bill, while many other Republicans are undecided. The bill is thought to have strong support among Democrats.

Republicans have 55 seats in the Senate. Democrats have 44 and usually win support from the Senate's lone independent, James Jeffords of Vermont. Pro-immigrant groups believe they can count on support from at least nine Republicans, and possibly as many as 14. Senate Judiciary Committee Chairman Arlen Specter of Pennsylvania and three other committee Republicans - Sens. Sam Brownback of Kansas, Lindsey Graham of South Carolina and Mike DeWine of Ohio - voted for the bill.

"I think the Senate is probably foolish enough to pass this bill or something very close to it," said Egan, "but I don't think the House will buy it."

Angela Kelley, deputy director of the National Immigration Forum, which supports the Senate Judiciary bill, offered a similar assessment from an opposing perspective. Democrats are "rather unified" behind the bill, she said. "You add in the Republicans who are supportive, and that's enough to put us over the finish line."

Backers of the bill said its inclusion of a separate guest worker program for up to 1.5 million agricultural workers could bring added votes from rural-state senators.

The measure became entangled in parliamentary uncertainty Tuesday after Senate Majority Leader Bill Frist, R-Tenn., indicated that he might press ahead with a more-limited border security measure similar to the one passed earlier by the House. Senators nevertheless are expected to begin debate this week - possibly as early as Wednesday - and may vote on both measures.

Specter said that Frist's plan is to allow a day of debate on the enforcement bill, followed by consideration of the committee bill.

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Some lawmakers said it's too early to predict the final outcome in the Senate. Several committee Republicans vowed to offer amendments to change the measure on the Senate floor, including Sens. John Cornyn, R-Tex., and Jon Kyl, R-Ariz., co-sponsors of a rival bill that would require illegal aliens to return home before being eligible to apply for a guest worker program.

The committee bill includes key elements of bipartisan legislation co-sponsored by Sens. John McCain, R-Ariz., and Edward Kennedy, D-Mass. Specter said the bill also embraces Bush's proposed guest worker plan, although the president has not endorsed specific legislation.

"I think they (the White House) believe we're heading in the right direction," said Specter. "We've picked up essentially the president's idea on guest workers."

Asked if the president would veto legislation that does not include a guest worker provision, White House spokesman Scott McClellan reiterated Bush's belief that "any immigration reform ought to be comprehensive . . . including a guest worker program."

Boehner Hints A Back Down On 'Amnesty' (WT)

By Charles Hurt

The Washington Times, March 29, 2006

House Majority Leader John A. Boehner refused yesterday to rule out compromising with the Senate to expand the House border security bill to include a guest-worker program or provisions that opponents call "amnesty."

"Let's wait and see what the Senate can produce," he told reporters yesterday when asked whether House Republicans would reject the Senate Judiciary Committee's proposal to allow the estimated 12 million illegal aliens now in the U.S. to seek citizenship after paying a fine.

Since Monday's Judiciary vote, the Senate appears headed toward approving immigration legislation that strengthens border security some while creating a new guest-worker program and providing a path to U.S. citizenship for illegal aliens already in the country. Republican opponents of the proposal call it "amnesty" since it doesn't deport current illegals for breaking immigration laws.

"The American people are counting on us to secure our borders and restore the rule of law to our immigration system," Sen. Jeff Sessions, Alabama Republican and Judiciary Committee member, said Monday night after voting against the proposal.

He said the panel had "let the American people down by passing out a blanket amnesty bill. We've been down this path several times before, and it proved a failure."

Conservatives were especially appalled to see so many Republicans -- Sens. Arlen Specter of Pennsylvania, Mike DeWine of Ohio, Lindsey Graham of South Carolina and Sam Brownback of Kansas -- join panel Democrats to approve the proposal.

"It appears that the members of the committee who voted for this misguided legislation are more in tune with the thousands of protesters waving Mexican flags in the streets of Los Angeles than they are with the overwhelming majority of Americans who are demanding that America's borders and national security be protected," said Bill Lauderback, executive vice president of the American Conservative Union. "The first priority of any immigration reform bill must be to secure our borders. By contrast, this bill undermines respect for the rule of law and encourages more illegals to storm our borders."

The only solace for the conservatives has been the House, where many Republicans adamantly oppose any process that permits current illegals to apply for citizenship without first leaving the country. Also, they say Congress must prove to voters that they can enforce existing immigration laws and strengthen the borders before creating any guest-worker program that draws new immigrants.

Mr. Boehner and other House leaders said yesterday they still prefer their border-security-only bill.

"Border security is a huge, huge issue everywhere," said Majority Whip Roy Blunt, Missouri Republican. "House members are on the right side of the issue."

Mr. Blunt declined to give an opinion on the Senate proposal or even whether he considered it amnesty.

"I don't know what the Senate will finally do at the end of the process," he said.

But, like Mr. Boehner, Mr. Blunt indicated he is open to compromise.

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"The critical concern here is clearly securing the border," he said. "What else has to happen with that for the legislative process to work -- you know, we'll let the process work."

Mr. Blunt and House Republican Conference Chair Deborah Pryce of Ohio said yesterday they will be sharing recent polling that shows American voters overwhelmingly supporting the House position of shoring up the borders and enforcing current immigration laws.

"The poll numbers really shout loudly and clearly how the American people feel about this issue," Mrs. Pryce said.

Though Mr. Boehner repeatedly sidestepped reporters' questions about his -- or the House leadership's -- stance on the Senate proposal, he did say that he hopes that whatever is sent to President Bush more closely reflects the House bill.

"The House has passed a responsible border security bill," he said. "While this was a very difficult issue for this Congress, I think the American people expect us to strengthen our borders and so I'm hopeful the Senate will do the same."

Lawmakers Are Preparing For Big Battle On Immigrants (NYT)

By Carl Hulse

The New York Times, March 29, 2006

WASHINGTON, March 28 — Leading Congressional Republicans voiced serious reservations Tuesday about a new Senate immigration proposal as lawmakers braced for a difficult debate that will highlight ideological divisions among Senate Republicans as well as with their counterparts in the House.

The Senate was scheduled on Wednesday to turn to a plan by Senator Bill Frist, the majority leader, for tougher border controls and stricter law enforcement, with the expectation that a bipartisan proposal that allows illegal immigrants to qualify for citizenship would be proposed as an alternative.

Mr. Frist, a Tennessee Republican, said that bipartisan initiative, approved by the Judiciary Committee on Monday, was not satisfactory. "It went too far," he said.

Lawmakers acknowledged that the Senate faced days of contentious debate and that any final measure would be different from both the Frist plan and the Judiciary Committee proposal. It will also probably differ sharply with a House-approved plan that focused on slowing the influx of illegal immigrants.

Representative John A. Boehner of Ohio, the majority leader, said Tuesday that he did not want to rush to judgment on whether the House and Senate could eventually agree on a bill. But Mr. Boehner said the House would stand by its focus on law enforcement and border protection.

"Illegal immigration is just that, illegal," he said, "and Americans expect us to do something about illegal immigration."

Mr. Boehner said he was willing to reconsider a House-approved plan to construct a 700-mile-long fence along the nation's southwest border. But President Bush, in an interview with CNN on Tuesday, said he was opposed to that idea, saying it was impractical.

"I don't think anybody believes that you could totally fence off the border and be effective," Mr. Bush said. "But I do think we ought to be in a position to give our Border Patrol agents better tools, more effective ways to prevent people from smuggling people and/or drugs across our border."

Democrats were generally supportive of the Judiciary Committee plan, lawmakers said. But there were divisions among them as well, particularly with some labor leaders opposing a temporary worker program that they see as a threat to American jobs.

"I don't think there's 100 percent support in my caucus for what time of the day it is," said Senator Harry Reid of Nevada, the Democratic leader. "But the vast majority of the Democrats support this bill."

Despite the looming political and policy fights, lawmakers in both parties said it was time for Congress to move ahead on the issue.

"We've put off this problem for too long," said Senator Jon Kyl, Republican of Arizona. "And I can tell you that in my state, we need a solution to this because every month that it is put off, the problem becomes more and more difficult to solve."

AFL-CIO Chief Slams Guest Worker Programs (AP)

By David Espo

The AP, March 28, 2006

The nation's largest labor organization on Tuesday criticized plans to expand guest worker programs for immigrants seeking to come to the United States, parting company with longtime Senate Democratic allies who pushed successfully to include them in broad-based immigration legislation.

"Guest worker programs are a bad idea and harm all workers," AFL-CIO President John Sweeney said in a statement released the day after the Senate Judiciary Committee cleared an immigration bill. "They cast workers into a perennial second-class status, and unfairly put their fates into their employers' hands."

Sweeney's statement praised numerous provisions of the overall immigration legislation, particularly a part that gives illegal aliens an opportunity to apply for citizenship. Still, his criticism underscored the unusual political pressures at work as President Bush and Congress grapple with an emotional issue in the run-up to midterm elections.

Republicans have long appeared divided over the immigration issue, with Bush and some GOP members of Congress supporting temporary worker programs that other Republicans attack as amnesty for lawbreakers.

On the other hand, Sen. Edward M. Kennedy (news, bio, voting record), D-Mass., a longtime liberal, was the target of good-natured jokes during the committee meeting for his work with the U.S. Chamber of Commerce on the immigration measure. And while Sweeney criticized the temporary worker program, the Service Employees International Union issued a statement supporting the Judiciary Committee measure.

The legislation, to be debated on the Senate floor beginning Wednesday, includes two provisions that together could create room for nearly 2 million temporary workers.

One is a five-year temporary program for up to 1.5 million agricultural workers advanced by Sen. Dianne Feinstein (news, bio, voting record), D-Calif. Immigrants living in the U.S. illegally as well as those outside the country would be eligible.

The other, backed by Kennedy, would create a new temporary visa to allow as many as 400,000 foreign workers into the country.

In both cases, individuals would have an opportunity to apply for citizenship after several years.

All eight Democrats on the Judiciary Committee supported both guest worker provisions on Monday, and all of them frequently work in concert with organized labor.

Feinstein said during the committee meeting that the agriculture industry was "almost entirely dependent on undocumented workers," a reference to individuals in the country illegally. She described her proposal as an attempt to assure a legal workforce. "The people are here. They're going to work regardless," she said of thousands of illegal immigrants who pick crops.

Kennedy, arguably labor's strongest voice in Congress, noted that the proposal "has the support of agribusiness and farm workers." Sen. Patrick Leahy (news, bio, voting record) of Vermont, another longtime ally of labor, said he, too, was satisfied with the program, noting that it had provisions that would help his state's dairy industry. Sen. Charles Schumer (news, bio, voting record) of New York added that he had no difficulty with the provision, either, as long as there were no problems associated with farms in his state. The New York Democrat is chairman of the party's senatorial committee, which relies on labor's support.

Sweeney saw things differently.

"Guest worker programs "encourage employers to turn good jobs into temporary jobs at reduced wages and diminished working conditions and contribute to the growing class of workers laboring in poverty," he said.

Sweeney issued his statement as White House spokesman Scott McClellan told reporters that Bush wants a temporary worker program included in any immigration measure that clears Congress. "Because what a temporary worker program would do is help relieve pressure on the border. It will allow our law enforcement officials and Border Patrol agents to focus on those who are coming here for the wrong reasons, the criminals and the drug dealers and the terrorists," he said.

The House has yet to pass legislation dealing with immigration issues involving workers, although it has approved a bill that calls for building a fence along 700 miles of the border with Mexico.

Majority Leader John Boehner, R-Ohio, who voted to approve the fence project, indicated he may change his mind based on a recent trip to the Southwest. He told reporters he had met with farmers as well as law enforcement officials and "no one in the room thought the wall would work, because if you build the wall, then you have to police the wall."

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He added: "If the people on the border don't believe the wall will have the effect that people here think, then we ought to reconsider it."

Aid Groups Greet Panel's Illegals Bill (WT)

By Amy Fagan

The Washington Times, March 29, 2006

The immigration bill approved by the Senate Judiciary Committee on Monday eases the concerns of religious and humanitarian aid workers, who feared they would face criminal charges for helping illegal aliens.

But many religious and humanitarian aid groups still worry about a provision in the House-passed immigration bill that they say would criminalize such assistance.

The issue has become among the most debated in the immigration battle.

"We're not talking about a legal debate anymore; we're talking about a moral one," said Cristina Lopez, deputy executive director of the Center for Community Change, which organized an event Monday led by hundreds of clergy. "Scripture says you help your neighbor. That's what the Judeo-Christian tradition, the Muslim tradition ... is about," she said.

Democrats have seized on the religious community's concern, with Sen. Hillary Rodham Clinton of New York declaring last week that the House bill "would literally criminalize the good Samaritan and probably even Jesus himself," according to the Associated Press.

"I am not really surprised that Hillary Clinton doesn't know the first thing about the Bible," Rep. Tom Tancredo, Colorado Republican, retorted Sunday on ABC's "This Week." "Her impression, her analysis, her interpretation of both the law and the Bible are certainly wrong, to say the least."

The bill approved by the House in December would, among other things, modify a law that punishes anyone who helps foreigners sneak into the country or harbors illegal aliens from authorities.

Supporters of the House bill -- including its author, House Judiciary Committee Chairman F. James Sensenbrenner Jr., Wisconsin Republican -- say the provision is aimed at people who make a living trafficking foreigners into the country.

"I would hope everyone would embrace a good-faith effort to combat alien-smuggling gangs rather than engage in fear mongering that clergy and good Samaritans will be thrown in jail. That's absolutely false," Mr. Sensenbrenner said Monday.

However, Bernadette Passade Cisse, vice president for policy and advocacy at the Lutheran Immigration and Refugee Service, said the House provision would be "a huge stumbling block to very essential services."

Kevin Appleby, director of migration and refugee policy for the U.S. Conference of Catholic Bishops, said the House bill "overreached" in several areas, including the provision on aid to illegal aliens.

"That was particularly offensive because it conflicts against the basic mission of the church," Mr. Appleby said.

He said the House bill "could criminalize minor acts of mercy," such as meals and first aid, and subject religious workers to prison.

"That's not the case at all," said Jeff Lungren, a spokesman for Mr. Sensenbrenner.

The government has no interest in spending time or money to prosecute priests, rabbis and other workers who offer food, shelter and assistance to illegal aliens, he said.

But the groups say verbal assurances aren't enough.

"We appreciate the spoken intent of the proponents. However, once a law is passed, it's on the books, and prosecutors and judges can interpret it however they'd like," Mr. Appleby said.

Republican Split On Immigration Reflects Nation's Struggle (NYT)

By Rachel L. Swarns

The New York Times, March 29, 2006

WASHINGTON, March 28 — It is almost as if they are looking at two different Americas.

The Senate Republicans who voted on Monday to legalize the nation's illegal immigrants look at the waves of immigration reshaping this country and see a powerful work force, millions of potential voters and future Americans.

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The House Republicans who backed tough border security legislation in December look at the same group of people and see a flood of invaders and lawbreakers who threaten national security and American jobs and culture.

But both wings of the deeply divided Republican Party are responding to the same phenomenon: the demographic shift driven by immigration in recent decades, a wave that is quietly transforming small towns and cities across the country and underscoring pressures on many parts of the economy.

The United States has always been a nation of immigrants, but today the country has more than 33 million foreign-born residents, the largest number since the Census started keeping such statistics in 1850. In 2003, foreign-born residents made up 11.7 percent of the population, the highest percentage since 1910. And over the past 16 years, the newcomers, many of them illegal, have poured into places in the South and Midwest that have not seen sizeable numbers of new immigrants in generations.

The question of how to cope with the 11 million illegal immigrants believed to be living here — whether to integrate them, ignore them or try to send them home somehow — is a question gripping many ordinary citizens, religious leaders, state legislators and policy makers in the White House. And in their bitter, fractious debate, Republicans in Congress are reflecting what some describe as the nation's struggle to define itself and, to some degree, politically align itself, during a period of social change.

The Senate Republicans on the Judiciary Committee who emerged victorious on Monday with help from Democrats argue that those illegal immigrants who work, pay taxes and learn English should be fully incorporated into American society as citizens. The House Republicans who passed a far different bill in December are pushing to criminalize their presence in the United States. (The full Senate is expected to vote on immigration legislation next week. Any bill that passes the Senate will have to be reconciled with the House legislation.)

As the party struggles to reconcile these competing visions, frustrations over the stalemate are spilling onto the airwaves and into the streets as some conservatives on talk radio call for a wall to be built along the Mexican border and tens of thousands immigrants and their supporters march in favor of citizenship.

"Right now, we're seeing to some extent the political response to the demography," said Roberto Suro, executive director of the Pew Hispanic Center, a nonpartisan research group in Washington. "And even though the legislative proposals are seemingly technical and narrow, they touch these nerves about how we think of ourselves as a people."

"You end up, after a point, trying to balance our fundamental traditions, the need for order, law and security with a need for openness," he said. "Immigration policy, writ large, has always been partly a matter of national identity. It becomes a values-laden debate. Congress has a hard time with it."

That difficulty reflects, in part, the swiftness and the enormousness of the demographic shift.

In 1970, there were 9.6 million foreign-born residents in the country, census data show. By 1980, that figure had surged to 14.1 million. Between 1990 and 2000, the number of foreign-born residents jumped to 31.1 million from 19.8 million.

Senator Sam Brownback, Republican of Kansas, who voted for the legalization of illegal immigrants on Monday, says he has seen and felt the shift in his own state.

"Huge increase," he said of the number of new immigrants. "It's a big issue, and it's one where communities that have adapted to it are more accepting and others are more questioning about the scale of what's taking place."

But when he wrestled with the issue, Mr. Brownback decided that he could not join the ranks of those who wanted simply to push out illegal immigrants. "This is also about the hallmark of a compassionate society, what you do with the widows, the orphans and the foreigners among you," he said.

Senator Lindsey Graham, Republican of South Carolina, echoed those thoughts in his defense of the legalization program, which would ultimately grant immigrants citizenship.

"Where is home?" Mr. Graham asked his colleagues Monday. "Their home is where they've raised their children. Their home is where they've lived their married lives."

"Whatever we do," he added, "we have to recognize that for several generations people have made America their home."

But to Representative Tom Tancredo, the Colorado Republican who helped spearhead the border security bill in the House, illegal immigrants are far from welcome or essential to this country.

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He was not moved when he saw the tens of thousands of immigrants, some illegal, and their supporters rallying against his bill. He said he was outraged that people he viewed as lawbreakers felt comfortable enough to stand without fear in front of the television cameras.

"For years, the government has turned a blind eye to illegal immigrants who break into this country," Mr. Tancredo said. "It isn't any wonder that illegal aliens now act as if they are entitled to the rights and privileges of citizenship."

Mr. Tancredo's view of the illegal immigrant as an unwanted outsider, an encroacher, is far from uncommon.

The National Conference of State Legislatures has reported a surge in recent years in legislation intended to crack down on illegal immigrants. As of Feb. 28, state legislators in 42 states had introduced 368 bills related to immigration or immigrants, and many of those bills were intended to limit or restrict illegal immigrants.

But some Republicans are warning now that tough anti-immigrant legislation may fuel a backlash and threaten the party's hard-won gains with Hispanics, whose numbers have surged in recent years.

Foreign-born Hispanics voted for President Bush in 2004 at a 40 percent greater rate than Hispanics born in the United States. Grover Norquist, president of Americans for Tax Reform and a strategist close to the White House, warned that Republicans could squander what the party had gained if lawmakers did not embrace a more welcoming vision of America.

"There is a danger that if the face of the Republican Party is Tancredo that we could be weaker with Hispanics for generations," Mr. Norquist said. "If the face of the Republican Party is George Bush or Ronald Reagan, we win. This is up for grabs."

A GOP Faceoff Over Illegal Immigration (CSM)

By Gail Russell Chaddock

The Christian Science Monitor, March 29, 2006

WASHINGTON - Senate majority leader Bill Frist and GOP Sen. Sam Brownback stood together on trade, war, judges, guns, energy, abortion, and war, but they are bookends in this week's debate on "earned" amnesty for illegal aliens - the toughest issue before the Senate this year.

They illustrate the rift that runs through both parties, but especially the GOP, which controls both the House and Senate. That rift yawns so large that it could keep Congress from passing any immigration legislation this year.

Senator Frist, a prospect for a presidential run in 2008, wants a "virtual barrier" to secure borders first. It's about what it means to be a nation, he says: "A nation that can't secure its borders can't secure its destiny or administer its laws."

Senator Brownback, also a prospect for 2008, backs border security, but says he also wants a way to get 11 million undocumented people into a legalized status. It's about human dignity, he says: "One of the key measures in any society is what you do for the so-called least of these."

Polls show a strong majority of Republican voters oppose amnesty for those in the country illegally, but business groups, a core GOP constituency, want to assure a supply of low-wage workers for agriculture, construction, restaurant, and other services.

For Frist, who stumbled badly over his handling of the Terri Schiavo debacle a year ago, it's a chance to lead his party through a political mine field. "I'm here to solve problems, not stand around," he said in a statement on the floor of the Senate early Monday afternoon.

Frist had given the Senate Judiciary Committee an ultimatum: Produce a bill by end-of-day Monday, or the Senate would take up his own immigration reform plan. Brownback is one of four Republicans on the Senate Judiciary Committee, including chairman Arlen Specter (R) of Pennsylvania, to side with Democrats in a bid for comprehensive immigration reform this session of Congress.

The Judiciary Committee's bill opens a path to citizenship for at least 11 million people living in the United States illegally. It allows those who were in the US before 2004 to get a temporary work visa, if they pay a $1,000 fine and clear a criminal background check. After six years, they would be eligible for permanent legal residence, if they learn English and pay back taxes and another $1,000 fine.

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Frist's alternative, still in play, focuses exclusively on border security. That means more boots on the borders, unmanned aerial vehicles, cameras, sensors, and "a virtual barrier to cover every mile of our 1,950-mile long border with Mexico." (The House bill also includes a 700-mile wall along the southern border.)

The Frist bill also requires employers to verify the legal status of their workers, using a federal electronic database. Those employers engaging in a pattern of hiring illegal workers would face up to six months in jail. Those living in the country illegally are guilty of a misdemeanor; under the House bill, it's a felony.

Right up until the last vote late Monday afternoon, prospects for completing the complex bill looked unlikely. In the end, committee chairman Specter, as well as GOP Sens. Lindsey Graham of South Carolina, Mike DeWine of Ohio, and Brownback of Kansas lined up with all eight Democrats on the panel to complete a bill. The 12-to-6 vote electrified pro-immigration groups, who jammed the back of the Judiciary panel's hearing room.

"I'm guessing we'll get 40 Democrats and 20 to 30 Republicans who will vote for comprehensive reform," says Frank Sharry, executive director of the National Immigration Forum, a Washington advocacy group. "The idea is to get the best possible product out of the Senate, either as a prelude to a conference that goes the Senate's way - or a train wreck," he adds.

About six months ago, Mr. Sharry says he asked Brownback why, as a potential presidential candidate, he would be willing to risk alienating conservative voters, especially in Iowa, an early caucus state. "He told us, 'It's in the Bible.' He has pages of Scripture that refer to welcoming the stranger," he says.

"In all our talking to politicians, I'd never heard that," Sharry adds.

Brownback says he doesn't recall that meeting but stands by the comment. "What makes it tough is that we want to be a nation of laws," he says. "As I talk to people across Iowa, a number of people have questioned me on the immigration system. People aren't anti-immigrant, but they don't want the laws broken."

Senators on both sides of the aisle are watching the massive mobilization of immigrants, legal and illegal, in the streets of major US cities. "There is no question that what happened out in Chicago and Michigan made a big difference," said Sen. Edward Kennedy (D) of Massachusetts, a cosponsor with Sen. John McCain (R) of Arizona of immigration reform that includes a path to legalization for illegals.

Frist had been gearing up for a procedural clash with Democratic leader Harry Reid, who had threatened a filibuster. Now, he must repair rifts in his own caucus. Opposing immigration bills

The Senate Judiciary Committee approved Monday an immigration bill that differs markedly from one passed by the House this past December. Here are key points:

• Judiciary - Illegal immigrants in the US before 2004 may work legally for six years if they pay a $1,000 fine and have no criminal record. They become eligible for permanent residence upon paying another $1,000 fine and any back taxes and learning English.

• House - Makes illegal presence in the US a felony. Requires detention of all non-Mexican illegal immigrants arrested when entering the US and mandatory sentences for those smuggling them in.

• Judiciary - Creates a pilot guest-worker program for some 1.5 million farm workers. New immigrants may obtain temporary work visas. Both groups can earn permanent residence.

• House - Does not include a guest-worker program. Requires all employers to use a database to verify Social Security numbers of employees within six years or face civil or criminal penalties.

• Judiciary - More than doubles the number of Border Patrol agents by 2011. Authorizes a "virtual wall" of unmanned vehicles, cameras, and sensors to monitor the US-Mexico border.

• House - Requires building two-layer fences along 700 miles of the 2,000-mile border between Mexico and the US.

Source: The Associated Press

Immigration Splits Republican Lawmakers (WSJ)

By June Kronholz And David Rogers

The Wall Street Journal, March 29, 2006

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WASHINGTON -- With Congress embarked on a debate about immigration, and tens of thousands of protestors taking to the streets, the issue is exposing significant divisions among lawmakers.

The debate is gathering steam at a time when the country seems uncertain whether immigration is a net plus or minus for the nation. Those who worry most about security along borders find themselves aligned against foes -- including many in the business community -- who argue that the flow of workers is producing not only a vibrant economy but also a more vibrant nation.

Even in states with a deep interest in immigration matters -- Arizona, for example -- the divides are driving congressional colleagues from the same party into opposing corners. Those divides will become more apparent when Senate Majority Leader Bill Frist of Tennessee opens Senate floor debate today on immigration overhaul. Because of differences with the House over the treatment of future guest workers and the millions of undocumented immigrants already here, final enactment may be impossible this election year -- even if a package gets past the Senate.

Under an agreement reached yesterday, Mr. Frist will call up his own border-security bill first. But after a day's debate, the much broader measure reported from the Senate Judiciary Committee Monday will be offered as a substitute. The bill passed by a 12-6 vote, with the majority of Republicans on the panel opposing it.

Like Mr. Frist's proposal, the Judiciary bill would boost enforcement, but it goes further by establishing a regulatory framework for guest workers and inviting undocumented immigrants to come forward and try to legalize their position without having to first return home. This will surely meet resistance from the House, and despite strong ties to business interests supporting the Senate bill, House Majority Leader John Boehner of Ohio was hesitant to go as far as the language in the Judiciary bill.

"We are going to have to find a way to do what the American people expect of us, and that is pass a strong border-security bill," Mr. Boehner said. Asked if the public expects a guest-worker program as well, he said, "I don't know."

Democrats have their own divisions over immigration policy, but the splits among Republicans are more significant because they control the Congress and the White House. Some Republicans fear that to make short-term gains with conservatives in November, the party may damage itself permanently with the growing Hispanic vote. And the Senate jockeying between Sen. Frist and Sen. John McCain (R., Ariz.), who supports a more comprehensive approach to immigration overhaul, could be a prelude to the 2008 presidential campaign.

In the past week, President Bush has cautioned Congress against passing a bill that only toughens enforcement. After meeting with the president yesterday, Mr. McCain said, "His body language was good for me."

House Republicans are skittish and divided. The Arizona congressional delegation mirrors this rift. Thanks to its long, largely unfenced border with Mexico, the state is home to an estimated 500,000 illegal immigrants out of a population of six million.

For example, Jeff Flake, a conservative Republican congressman from Mesa, has allied with Mr. McCain and supports legislation close to the Judiciary bill. J.D. Hayworth, from Scottsdale, is another conservative Republican representative -- and one with opposing views. He has written a book that proposes building a fence along the U.S.-Mexico border, using the armed forces to help patrol the area and denying citizenship to the U.S.-born children of illegal immigrants.

Arizona's senators -- Jon Kyl and Mr. McCain -- both want to help the estimated 11 million illegal immigrants already here to stay in the U.S. legally, but they disagree over how. The Kyl approach wants illegal immigrants to go home before returning as guest workers, and doesn't offer them citizenship.

In the House, Republican John Shadegg, who represents Phoenix, favors a guest-worker program, but helped broker the House immigration bill that didn't include one. Jim Kolbe, also a Republican, wants employers to have access to thousands more legal immigrants.

With the Republicans at odds, the delegation's two Democrats find themselves largely bypassed in the debate, even though both are Hispanic.

Mr. Flake represents the pro-business wing of the Republican Party, which argues that the booming construction and service industries need perhaps a half-million new immigrants yearly to offset a shrinking supply of American workers.

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From his youth on a ranch in the 1970s, the congressman recalls that Mexicans working on farms and ranches in the border state routinely were hired for a couple of years, traveled home often and left for good after earning some money. His bill -- co-sponsored by Mr. Kolbe and close to the Judiciary bill -- proposes a guest-worker plan that would restore that pattern.

Because immigrants could travel home, they would be disinclined to settle in the U.S., easing the budget pressures and cultural tensions that fuel anti-immigrant sentiments now, Mr. Flake argues. That is a prediction the bill's critics dispute, however.

Mr. Hayworth represents the security-first wing of the party, which argues that the porous border is an invitation to another terrorist attack and a giveaway to employers who benefit from the low wages that unchecked immigration allows them to pay.

Mr. Hayworth argues that lax enforcement of immigration laws has created a vast illegal underground where terrorists hide and immigrants willing to work for low pay are depressing wages. That cheap labor, he says, enables employers to shift health and welfare costs to taxpayers. Without it, he says, employers either would pay higher wages or mechanize more jobs, a view endorsed by policy groups and economists who favor restricting immigration.

Business is a player: the U.S. Chamber of Commerce opposed the House enforcement provisions because of the adverse effect on employers. By contrast the business-sponsored National Immigration Forum described the bipartisan vote in the Senate panel as "a big day for immigrants, a bigger day for America."

AFL-CIO President John Sweeney yesterday joined in praising the Senate committee's broader approach. But he and others in organized labor warned their own Democratic allies that they are skeptical of the reliance on guest-employee regimens, which "cast workers into a perennial second-class status and unfairly put their fates into their employers' hands," Mr. Sweeney said.

How The GOP Can Survive The Immigration Debate (HILL)

By Dick Morris

The Hill, March 29, 2006

The immigration bill pending in Congress poses as crucial a test for GOP efforts to reach out to Hispanic voters as the 1964 Civil Rights Act did in determining the future partisan preferences of America's African-Americans.

In 1964, the Republican Party, led by Barry Goldwater, was painted as sacrificing the interests of civil rights to its goal of attracting Southern support, although Republicans backed the bill in far greater numbers than Democrats did. But when Goldwater ran for president rejecting civil rights legislation, it doomed GOP chances among black voters for at least the next 40 years.

Will the Republican need to appease its anti-immigration base similarly vitiate President Bush's efforts to appeal to Hispanic voters?

Hispanics, let's remember, were the swing voter group in 2004. Having voted for Al Gore by 30 points in 2000, they sufficiently trusted Bush to back Sen. John Kerry by only an eight-point margin. If the Republican Party now turns its back on these newly swing Latino voters, it may permanently lose its ability to win America's fastest-growing voter group, perhaps dooming the party altogether.

But the demands of the GOP base must also be accommodated. Here's how:

One must separately consider the three key elements of immigration reform under discussion: The border fence, the guest-worker program and the criminalization of illegal aliens and those who employ them.

The GOP base wants a fence. It is vital to the entire concept of whether or not we can control our borders. All efforts to beef up manpower on the border have failed to stem the daily flow of illegal immigrants from Mexico. A fence is the only way to do it. By backing a fence and demonstrably taking control of our southern border, the Republican Party will appease the demands of its base.

But to prevent disaster among Latino voters, it must accompany the fence with a more liberal policy on guest workers and criminalization.

Simply put, the fence must have a gate that swings open for immigrants we want and need. To avoid permanently antagonizing our southern neighbors and to keep the labor supply on which so much of American business and prosperity depend, we need a guest-worker program.

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The GOP base, happy with the fence, will probably go along with it. Whatever the Congress needs to do to differentiate the guest-worker program from amnesty it should do, but it must pass a generous guest-worker program. (If it is necessary for those here illegally to return to Mexico and reenter as registered and enrolled guest workers, to convince the right that a guest-worker program is not amnesty, so be it).

With a 4.7 percent unemployment rate, we will be slitting our own throats by denying our economy access to Mexican workers. We just need to make them legal, not illegal. With a border fence to enforce the difference, a guest-worker program will work politically.

And it is also important for the Republicans to avoid symbolic acts like making it a felony to be here illegally or to employ someone who is. The same practical deterrence is quite possible through the fence, and merely upgrading the jail time from a misdemeanor to a felony won't make much practical difference.

Judges, in any event, are not about to crowd our jails with millions of felony illegal entrants. Deportation is and will be the answer to those we catch — and deportation has new meaning with a fence in place.

Yes to the fence, yes to guest workers and no to greater criminalization are the keys to giving the Republican Party access to Latino votes in the future while coping with an issue that roils tens of millions of Americans.

Morris, a former political adviser to Sen. Trent Lott (R-Miss.) and President Bill Clinton, is the author of Condi vs. Hillary: The Next Great Presidential Race.

The GOP Walks A Border Tightrope (WP)

By Ruth Marcus

The Washington Post, March 29, 2006

Karl Rove must be seeing Pete Wilson in his nightmares.

President Bush's architect has been laboring to build up the GOP among Hispanic voters, and he's been succeeding: Bush won more than 40 percent of the Hispanic vote in 2004, double the level attained by Bob Dole eight years earlier. Some of that is attributable to Hispanic voters' particular affinity for Bush, a former border state governor. But the change has been marked enough to make some smart Democrats fear they're at risk of losing their hold on a large and fast-growing slice of voters.

Now, though, with thousands demonstrating against a House-passed immigration bill that is all crackdown and no mercy, Rove's project is imperiled. The GOP -- riven between an enforcement-only approach and Bush's kinder, gentler immigration reform -- is risking a national repeat of Wilson's experience as governor of California over a decade ago.

Wilson pushed for Proposition 187, the 1994 initiative to deny state services to illegal immigrants, and won -- with disastrous results for the California GOP. Hispanic turnout in the next election surged, and the GOP's share of the Hispanic vote fell, from 31 percent between 1988 and 1994 to 23 percent from 1996 through 2000.

The current immigration debate, said Leslie Sanchez, who advises Republicans on Hispanic issues, "is Prop. 187 on steroids. It's real easy for a lot of my fellow Republican pollsters to say, 'This is red meat for conservatives, let's go out and pound this issue.' The deeper ramifications are that it turns off women and other ethnic minorities and turns on Hispanics, who are now mobilized against us."

Former Republican National Committee chairman Ed Gillespie invokes as well the more recent experience of Virginia gubernatorial candidate Jerry Kilgore, who ran anti-immigration ads and lost. "Anti-immigration rhetoric is a political siren's song, and Republicans must resist its lure . . . or our majority will crash on its shoals," he told the Federalist Society last week.

The difficulty for Republicans, though, is that their short-term political interests -- winning in November -- are arguably at odds with their long-term viability as a majority party. Their base is demoralized about the party's performance and riled up about immigration. Pushing for tough restrictions and resisting anything that has the whiff of leniency toward those who entered the country illegally may be the best way for Republicans to get their voters to the polls in November. And the recent protests, as unnerving as they are for Rove's dream of a GOP-inclined Hispanic electorate, also have the perverse effect of further enraging those already inflamed about immigration.

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"White suburban voters who voted for George Bush are disaffected now," says Republican pollster Tony Fabrizio. "Would I rather be talking about immigration reform with these voters or the war? Immigration reform or gasoline prices? Sometimes, in order to avoid or avert the tidal wave, you have to do things that short-term make a little more sense than they do in the long term."

Public polls bear out Fabrizio's assessment. A recent NBC-Wall Street Journal poll, for example, found that 71 percent of voters said they would be more likely to favor a candidate who supports tighter controls on immigration; just 11 percent said that would tilt them to oppose. The percentage of voters who said the government was not doing enough to secure the nation's borders has gone from 54 percent in November 2001 to 78 percent, according to a Fox News poll.

And voters, especially Republicans, are hostile to proposals to ease the legal path for those in the country illegally. A February poll by the Quinnipiac University Polling Institute showed 62 percent (71 percent of Republicans and 55 percent of Democrats) opposed to making it easier for illegal immigrants to become citizens. A narrower majority, 54 percent (59 percent of Republicans, 52 percent of Democrats) opposed making it easier for illegal immigrants to work here. Some strategists argue that voters would support stepped-up enforcement plus reform, but that may contain more than a dollop of wishful thinking: Fueled by the kerosene of talk radio and cable news, this is not exactly a nuanced debate.

But if Republicans are about to hand Democrats a gift on immigration, Democrats have been treating the issue more like a hot potato. Spooked that immigration may become a GOP base-energizing issue, much like gay marriage in 2004, they are torn between trying to protect themselves against charges that they are soft on the issue and trying to seize the opportunity to attract Hispanic voters.

An illustration of that ambivalence came with the House vote in December in which 36 Democrats, including all the vulnerable incumbents, voted for the House bill. Much as with Democrats' self-imposed silence on the Bush tax cuts during the 2002 campaign, it's a bit hard to capitalize on an anti-immigration vote backed by some of your own troops.

And indeed, Democrats aren't doing much in the way of capitalizing. A New American Media poll of legal immigrants, released yesterday, found that while only 22 percent said the Republican Party was doing a good job on immigration, the approval rating for the Democrats wasn't all that impressive either: 38 percent. "There's anger out there" among immigrants, says Democratic pollster Sergio Bendixen, who conducted the survey. "But there's also a feeling that the Democrats are not much better."

Mexican Illegals Vs. American Voters (WT)

By Tony Blankley

The Washington Times, March 29, 2006

It is lucky America has more than two centuries of mostly calm experience with self-government. We are going to need to fall back on that invaluable patrimony if the immigration debate continues as it has started this season. The Senate is attempting to legislate into the teeth of the will of the American public. The Senate Judiciary Committeemen — and probably a majority of the Senate — are convinced that they know that the American people don't know what is best for them.

National polling data could not be more emphatic — and has been so for decades. Gallup Poll (March 27) finds 80 percent of the public wants the federal government to get tougher on illegal immigration. A Quinnipiac University Poll (March 3) finds 62 percent oppose making it easier for illegals to become citizens (72 percent in that poll don't even want illegals to be permitted to have driver's licenses). Time Magazine's recent poll (Jan. 24-26) found 75 percent favor "major penalties" on employers of illegals, 70 percent believe illegals increase the likelihood of terrorism and 57 percent would use military force at the Mexican-American border.

An NBC/Wall Street Journal poll (March 10-13) found 59 percent opposing a guest-worker proposal, and 71 percent would more likely vote for a congressional candidate who would tighten immigration controls.

An IQ Research poll (March 10) found 92 percent saying that securing the U.S. border should be a top priority of the White House and Congress.

Yet, according to a National Journal survey of Congress, 73 percent of Republican and 77 percent of Democratic congressmen and senators say they would support guest-worker legislation.

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I commend to all those presumptuous senators and congressmen the sardonic and wise words of Edmund Burke in his 1792 letter to Sir Hercules Langrishe: "No man will assert seriously, that when people are of a turbulent spirit, the best way to keep them in order is to furnish them with something substantial to complain of." The senators should remember that they are American senators, not Roman proconsuls. Nor is the chairman of the Judiciary Committee some latter-day Praetor Maximus.

But if they would be dictators, it would be nice if they could at least be wise (until such time as the people can electorally forcefully project with a violent pedal thrust their regrettable backsides out of town). It was gut-wrenching (which in my case is a substantial event) to watch the senators prattle on in their idle ignorance concerning the manifold economic benefits that will accrue to the body politic if we can just cram a few million more uneducated illegals into the country. (I guess ignorance loves company.) Beyond the Senate last week, in a remarkable example of intellectual integrity (in the face of the editorial positions of their newspapers) the chief economic columnists for the New York Times and The Washington Post — Paul Krugman and Robert Samuelson, respectively — laid out the sad facts regarding the economics of the matter. Senators, congressmen and Mr. President, please take note.

Regarding the Senate's and the president's guest-worker proposals, The Post's Robert Samuelson writes: "Gosh, they're all bad ideas ... We'd be importing poverty. This isn't because these immigrants aren't hardworking, many are. Nor is it because they don't assimilate, many do. But they generally don't go home, assimilation is slow and the ranks of the poor are constantly replenished ... [It] is a conscious policy of creating poverty in the United States while relieving it in Mexico ... The most lunatic notion is that admitting more poor Latino workers would ease the labor market strains of retiring baby boomers ? Far from softening the social problems of an aging society, more poor immigrants might aggravate them by pitting older retirees against younger Hispanics for limited government benefits ... [Moreover], [i]t's a myth that the U.S. economy 'needs' more poor immigrants.

"The illegal immigrants already here represent only about 4.9 percent of the labor force." (For all Mr. Samuelson's supporting statistics, see his Washington Post column of March 22, from which this is taken.) Likewise, a few days later, the very liberal and often partisan Paul Krugman of the New York Times courageously wrote : "Unfortunately, low-skill immigrants don't pay enough taxes to cover the cost of the [government] benefits they receive ? As the Swiss writer Max Frisch wrote about his own country's experience with immigration, 'We wanted a labor force, but human beings came.' " Mr. Krugman also observed — citing a leading Harvard study — "that U.S. high school dropouts would earn as much as 8 percent more if it weren't for Mexican immigration. That's why it's intellectually dishonest to say, as President Bush does, that immigrants 'do jobs that Americans will not do.' The willingness of Americans to do a job depends on how much that job pays — and the reason some jobs pay too little to attract native-born Americans is competition from poorly paid immigrants." Thusly do the two leading economic writers for the nation's two leading liberal newspapers summarily debunk the economic underpinning of the president's and the Senate's immigration proposals.

Under such circumstances, advocates of guest-worker/amnesty bills will find it frustratingly hard to defend their arrogant plans by their preferred tactic of slandering those who disagree with them as racist, nativist and xenophobic.

When the slandered ones include not only The Washington Post and the New York Times, but about 70 percent of the public, it is not only bad manners, but bad politics.

The public demand to protect our borders will triumph sooner or later. And, the more brazen the opposing politicians, the sooner will come the triumph.

So legislate on, you proud and foolish senators — and hasten your political demise.

It Isn't Amnesty (NYT)

The New York Times, March 29, 2006

Here's one way to kill a cow: take it into the woods in hunting season, paint the word "deer" on it and stand back.

Something like that is happening in the immigration debate in Washington. Attackers of a smart, tough Senate bill have smeared it with the most mealy-mouthed word in the immigration glossary — amnesty — in hopes of rendering it politically toxic. They claim that the bill would bestow an official federal blessing of forgiveness on an estimated 12 million people who are living here illegally, rewarding their brazen crimes and encouraging more of the same.

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That isn't true. The bill, approved by the Senate Judiciary Committee in a 12-to-6 vote on Monday, is one the country should be proud of. Four Republicans, including the committee's chairman, Arlen Specter, joined eight Democrats in endorsing a balanced approach to immigration reform. The bill does not ignore security and border enforcement. It would nearly double the number of Border Patrol agents, add resources for detaining illegal immigrants and deporting them more quickly, and expand state and local enforcement of immigration laws. It would create a system to verify workers' identities and impose tougher punishments on employers who defied it.

But unlike the bill's counterpart in the House, which makes a virtue out of being tough but not smart, the Specter bill would also take on the hard job of trying to sort out the immigrants who want to stay and follow the rules from those who don't. It would force them not into buses or jails but into line, where they could become lawful residents and — if they showed they deserved it — citizens. Instead of living off the books, they'd come into the system.

The path to citizenship laid out by the Specter bill wouldn't be easy. It would take 11 years, a clean record, a steady job, payment of a $2,000 fine and back taxes, and knowledge of English and civics. That's not "amnesty," with its suggestion of getting something for nothing. But the false label has muddied the issue, playing to people's fear and indignation, and stoking the opportunism of Bill Frist, the Senate majority leader. Mr. Frist has his enforcement-heavy bill in the wings, threatening to make a disgraceful end run around the committee's work.

The alternatives to the Specter bill are senseless. The enforcement-only approach — building a 700-mile wall and engaging in a campaign of mass deportation and harassment to rip 12 million people from the national fabric — would be an impossible waste of time and resources. It would destroy families and weaken the economy. An alternative favored by many businesses — creating a temporary-worker underclass that would do our dirtiest jobs and then have to go home, with no new path to citizenship — is a recipe for indentured servitude.

It is a weak country that feels it cannot secure its borders and impose law and order on an unauthorized population at the same time. And it is a foolish, insecure country that does not seek to channel the energy of an industrious, self-motivated population to its own ends, but tries instead to wall out "those people."

It's time for President Bush, who talks a good game on immigration, to use every means to clarify the issue and to lead this country out of the "amnesty" semantic trap. He dislikes amnesty. Mr. Frist dislikes amnesty. We dislike amnesty, too.

The Specter bill isn't amnesty. It's a victory for thoughtfulness and reason.

Poll Shows Growing Fear Among Immigrants (AP)

By Peter Prengaman

The AP, March 28, 2006

A majority of people who described themselves as legal immigrants for a poll released Tuesday said they believe anti-immigration sentiment is growing and are alarmed by the tone of the debate over reform.

Just under one-third of them said Congress and President Bush are doing a good job on the issue.

The findings come as the U.S. Senate considers immigration reform proposals, including legislation approved by the Senate Judiciary Committee on Monday that would clear the way for 11 million illegal aliens to seek U.S. citizenship.

Lawmakers are also considering legislation that would make it a felony to be in the U.S. illegally, impose new penalties on employers who hire illegals and build more fences along the U.S.-Mexican border.

The poll was conducted by the firm Bendixen & Associates between Feb. 24 and March 21. Researchers said they interviewed 800 people who described themselves as legal immigrants in 47 states and who were reached by random digit dialing in communities with large numbers of immigrants. The said the margin of error was plus or minus 3.4 percentage points.

When told about reform proposals in Congress, 68 percent of poll respondents said they supported temporary work permits for illegal immigrants and a way for them to apply for residency after learning English and paying a fine.

That seems to conflict with arguments by some lawmakers who argue that a legalization program would be unfair to legal residents who played by the rules.

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"Nobody comes here to get on welfare," said Perias Pillay, 43, who was 18 when he immigrated legally from Malaysia. He joined a massive immigration rally in Los Angeles. "They come here to work, and as long as we need workers we should let them come."

The immigration debate has sparked rallies around the nation by immigrant rights supporters, including the weekend rally in Los Angeles that drew an estimated 500,000 people. On Tuesday, hundreds of students in California and Texas staged a second day of school walkouts in protest.

The poll was commissioned by New America Media, a nonprofit San Francisco-based umbrella organization for more than 700 ethnic media outlets. Co-sponsors included the Center for American Progress, a liberal-leaning research group, and the Leadership Conference on Civil Rights Education Fund, an umbrella civil rights organization.

More than 60 percent of those interviewed said they were alarmed by the tone of the immigration reform debate. Sixty-seven percent said they believed anti-immigration sentiment was growing.

Asked about lawmakers' handling of immigration issues, 32 percent of those surveyed said Congress and President Bush were doing a good job. Democrats received the highest approval with 38 percent; Republicans garnered 22 percent.

On jobs, 81 percent of those surveyed said illegal immigrants accept low-end jobs that Americans don't want, and 73 percent said illegal immigrants aided the economy by supplying low-cost labor.

Delia Adene, 48, who immigrated legally from Mexico and joined the Los Angeles rally, said she was worried about the rhetoric.

"I feel like people see us as criminals now because we want to help our families," Adene said. "We do need more control of the border, but politicians need to talk about this with human justice in mind."

Immigration Debate Triggers More Protests (USAT)

By Kathy Kiely And Tom Vanden Brook

USA Today, March 29, 2006

Thousands of students took to the streets in Los Angeles, Phoenix, Dallas and other cities Tuesday to protest a proposed toughening of immigration policy.

The demonstrations took place as Republican senators in Washington emerged from a meeting saying they will begin debating immigration legislation this week.

Tuesday's demonstrations, smaller than those that clogged streets over the weekend, were mostly peaceful, police said.

•In Los Angeles, 8,800 students walked out of class, said Susan Cox, a school district spokeswoman. They will have to make up the work they missed.

•In Dallas, as many as 3,000 students protested, many of them gathering at City Hall, said Lt. Rick Watson, a spokesman for the police department. Some of the students entered the building, but Watson said there were no incidents or arrests.

•In Phoenix, about 1,200 students gathered at the state Capitol, said Alan Ecker, a spokesman for the Arizona department of administration. The crowd dispersed without incident, he said.

“I'm here for my parents,” Juliana Rojo, 14, told the Associated Press. She said her parents are illegal immigrants. “They work hard. I just want them to be treated fairly.”

The Senate bill would allow the estimated 11 million illegal immigrants now in the USA to become citizens eventually. They would have to prove they have jobs, pass a criminal background check, learn English, and pay fines and back taxes.

Sen. Jon Kyl, R-Ariz., said he cannot support the bill approved Monday by the Senate Judiciary Committee because it offers a chance at citizenship to workers who are needed only temporarily.

Sen. Mel Martinez, R-Fla., a refugee from Cuba, said he made an emotional appeal for his colleagues to resist pressure to follow the lead of the House, which passed a bill that increases penalties and enforcement against illegal immigration and does not adjust the status of migrant workers, legal or illegal.

“I think we should have the courage to stand up for an issue, even if it isn't what those who scream the loudest want us to do,” Martinez said.

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House Majority Leader John Boehner, R-Ohio, said the House bill emphasizes that U.S. borders must be brought under control.

"The House has passed a responsible border-security bill. … I think the American people expect us to strengthen our borders," he said.

A Catholic leader who has been a harsh critic of the House border-security measure praised the Senate Judiciary Committee's approach. Cardinal Roger Mahony, spiritual leader of 5 million Catholics in Los Angeles, said he is "very pleased" with the committee's bill.

"The church is going to continue our educational efforts," Mahony said.

Like a number of the Judiciary Committee bill's supporters, Mahony argued that it offers a more workable approach to a difficult problem. "How are you going to pick up and arrest 8 (million) to 11 million people?" he asked. "It's not realistic."

Schools Focus On Walkouts As A Teachable Moment (LAT)

By Joel Rubin And Erika Hayasaki

The Los Angeles Times, March 29, 2006

He was supposed to be talking about supply and demand. But like teachers all over Southern California, Mike Stryer shelved the regular lesson plan for his economics class at Fairfax High on Tuesday. In its place, he took up the hot topics of the week: immigration and the previous day's walkouts by students protesting proposed changes in federal law.

"I don't know why we're always talking about immigrants as if they're all bad or good," 17-year-old Chris Potter said after a classmate suggested that there should be no distinction between illegal and legal immigrants. "The whole issue here is about 12 million illegal immigrants."

Stryer worked hard to keep the discussion from getting personal — a struggle in a class that was roughly half Latino and half African American. Several of the Latino students indicated they had relatives who are living illegally in the country.

When an African American student said that undocumented workers were taking jobs from citizens, the conversation turned pointed.

"Do you work? Do you have a job?" demanded 18-year-old Lesly Quinta. "You don't know what it means to work a $4-an-hour job to support your family."

Educators call this "the teachable moment," that serendipitous instant when a student's interest in a topic can be parlayed into meaningful learning. Such moments were popping like toast Tuesday.

"It's fantastic to be able to take an issue that is both current and important to my students and discuss themes related to the topic," Stryer said. "The kids care. They see a relevance."

Fairfax and all other Los Angeles Unified School District high school and middle school campuses had begun the day on lockdown, with students kept in their classrooms to prevent a repeat of the mass walkouts of the day before.

By midmorning Tuesday, however, the lockdown had been lifted and Stryer started his class by having students read newspaper accounts of the contrasting Senate and House versions of the proposed immigration bill and of the protests.

A brief discussion about the differences between the House and Senate bills led to a refresher on how bills become law. The class turned into a spirited debate over the rights that should be afforded illegal immigrants. When the closing bell rang, students were still clamoring to talk.

"It's so much better than a regular class," said Diane Morales, 17. "Instead of talking about something that happened 300 years ago, you get to discuss something that is happening right now. Something you're living through."

At Kennedy High School in Granada Hills, Principal Christine Clark presided over a lunch forum on immigration, passing a microphone down a line of more than 50 students waiting in the aisles of the auditorium, each squirming to talk. They spoke to an audience of nearly 300 others, some waving Mexican flags, some periodically booing.

Grabbing the mike, walkout organizer Carlos Mendoza, 16, told the crowd that he immigrated illegally from Guatemala with his parents seven years ago for a better future, education and rights.

"I'm very proud of you," he said, speaking to some of the 900 students he had led through the streets Monday.

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Luis Gavilanes, 16, a Mexican immigrant, stood up, wearing a Che Guevara T-shirt. Why, he asked, are illegal immigrants treated like criminals? "Why should you compare something like wanting a better life to murder or robbery?" Students cheered in support.

The cheers turned to a mix of boos and applause when Jamielyn DeJesus, 17, spoke up.

"I'm very disappointed in anyone who walked out yesterday," she said. "I lost a day of my education because of it."

DeJesus, a Filipina, said she spent Monday discussing immigration in small classroom groups instead of learning other subjects she needs for college. "I do support [your cause], I really do," she said as a few classmates rolled their eyes. "We came here for a better future and a better education, but why leave school?"

A voice shouted from the seats: "Because we want to be heard!"

At Berendo Middle School near downtown Los Angeles, Principal Jeanette Stevens sent packets of hastily assembled instructional materials to all of her teachers Tuesday, and had them build lessons around issues of constitutional rights and how citizens in a democracy should express their grievances.

The teachers then linked the discussion to students' current studies of persuasive writing, and had many express their views by writing letters to elected officials.

"The feedback we got from the teachers was that the kids really appreciated being heard," Stevens said.

At Santa Ana's Saddleback High School, students were kept in their second-period class until fourth period — about two hours — while Santa Ana police stood by. Some students complained that the restrictions were overly severe and that an open forum would have been more effective.

Principal Esther Jones didn't disagree, telling students over a loudspeaker: "You had your demonstration yesterday. It was a bit disorganized. This is a time for reflection and discussion. Not to walk out."

Jones estimated that more than half of her students are illegal immigrants. She said that she didn't oppose the walkout Monday but that she wished the students were better informed about the issue. "Bless their hearts," she said. "I love these kids. I don't want anything to trivialize the impact of what this legislation will do to them and their families."

The discussion in Julie Brard's peer counseling class at Los Angeles' Marshall High began with the immigrant legislation but gradually broadened into other issues: lack of healthcare, education, stereotypes. Of the 27 students in the class, 22 said they had a parent who came from another country.

"Look at the sacrifice [your parents] made," she said. "Are you living up to their sacrifice?"

"Yes," the students answered in chorus.

"Those of you who are failing, doing drugs and alcohol — what are you doing to honor that [sacrifice]?" Brard asked.

"It is a question you need to ask yourself. You need to do more than walk down the street and protest. What else can you do?"

Said one student: "Keep on going. Further your education."

Students Walk Out In 2nd Day Of Immigration Rights Protest (WP)

By Tara Bahrampour And Maria Glod

The Washington Post, March 29, 2006

Chanting, " Sí , se puede ," ("Yes, we can") and carrying "Latino Power" signs, hundreds of Northern Virginia high school students demonstrated for a second day yesterday against legislation that would crack down on illegal immigrants.

In Prince William County, about 350 students protested outside Freedom High School in Woodbridge. In Fairfax County, dozens of students marched out of JE.B. Stuart High School and into Arlington County, where they stopped at two more high schools, adding students at each stop.

Opponents of the legislation have demonstrated across the country, including 500,000 people in Los Angeles on Saturday. The legislation, passed by the House of Representatives, would make it a felony to be in the United States illegally and make it a crime to help illegal immigrants.

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The Fairfax march started at Stuart High in the Falls Church area about 9 a.m. "We started getting bigger, so we left the school," said Louie Martinez, 16, a sophomore at Stuart, whose student body is 40 percent Latino. "We were like, 'We'll just keep walking.' We're showing the government we're big."

The group marched to Wakefield High School and then, followed by police cars that blocked traffic, marched several miles up George Mason Drive to Washington-Lee High School.

After police told them they would be arrested if they strayed onto the Washington-Lee campus, the protesters demonstrated at a park across the street.

The school's doors were locked to prevent outsiders from entering, and at noon Principal Gregg Robertson announced that students who left would have unexcused absences. Still, about 40 students left to join the protest, which swelled to around 200 people.

School officials did not try to stop them. "Part of the Washington-Lee mission is to encourage students to take an active role in their community," Robertson said. As with earlier demonstrations, word of the protests was spread by cellphone and the Web site MySpace.com. Some students said they learned about the immigration debate from newspapers or in class. Others said friends convinced them that many of the proposals were unfair.

Raeshwan Greene, 17, a senior at Wakefield, which is 43.7 percent Latino, said: "Half of my friends came here a few years ago. . . . People have forgotten the meaning of America."

Caitlin Thomson, 17, a junior at Wakefield, said: "These people have worked really hard to get here. There might be economic problems or a dictatorship. People want to be free and have a new life. That's what we learn in history class."

Some had more personal connections to the issue. Ephram Lopez, 16, a sophomore at Stuart, is U.S.-born, but he worries that his mother, a baker, could be sent back to her native Guatemala.

"They are trying to deport her," Lopez said. "It's going to take her away from me and my two little brothers."

Lopez said everyone's quality of life in the Washington area is improved by immigrants. "We work at fast food restaurants. We paint houses. We mow lawns. Most people work without papers."

In Prince William, in addition to students from Freedom High School, many young people waving Mexican and El Salvadoran flags said they were from C.D. Hylton, Gar-Field and Woodbridge high schools, all in the eastern section of the county, where many Latinos live.

The students marched down Route 1 to Todos Supermarket, operated by Carlos Castro, a Salvadoran immigrant.

Arlington County Board member Walter Tejada (D), who joined the demonstration at Washington-Lee, said the students had been "itching to have their voices heard."

"They know that this bill unfairly cuts the legs of the working immigrant community," he said.

Christian Dorn, 16, a Salvadoran and a junior at Potomac High School in Dumfries, said the demonstrations had proved something.

"It got the word out that we're not going to be quiet," she said. "It's similar to what the African Americans did in the 1960s. . . . We shouldn't be treated like criminals."

Students In Virginia Protest Bill On Illegals (WT)

By Keyonna Summers

The Washington Times, March 29, 2006

Schools across Northern Virginia endured a second day of walkouts by hundreds of students protesting federal legislation that would crack down on illegal aliens.

About 400 students holding signs and flags from their home countries demonstrated yesterday in front of Freedom High School in Woodbridge, Va., said Phil Kavitz, a spokesman of Prince William County Public Schools. About 100 students from Woodbridge High School and about 60 from C.D. Hylton High School joined the protest.

About 150 students and community members had protested at Freedom on Monday.

"Kids were holding up their signs and chanting," Mr. Kavitz said. "At 11:30, they ended their demonstration and dispersed very peacefully."

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About 100 students in Fairfax County and several in Arlington also walked out of classes.

Twenty to 30 students walked out of Stuart High School in Falls Church at about 9 a.m., said Fairfax County Public Schools spokesman Paul Regnier. Some returned when ordered by school officials, and those who left were notified that they were in violation of school rules, he said.

School officials said the students reportedly walked to Arlington and picked up what one official said "seemed like millions" of students from Wakefield, Yorktown and Washington-Lee High Schools along the way. Arlington County Police drove alongside the students during their 3½-hour march to ensure their safety along some narrow streets. Police estimated that the number of marchers peaked at 200.

Dozens of Annandale High School students, eighth-graders at Edgar Allan Poe Middle School and some students from Washington-Lee High School also protested on Monday.

"I think it was clear that the purpose is they were protesting against immigration bills before Congress," Mr. Regnier said. "We believe in students' ability to express their views, [but] I think the issue here is of who has responsibility for the welfare of the kids.

"If the parents want to write notes to excuse them, that's one thing," he said. "In this case, the kids are at school, so the schools are responsible. If the kids are not in school, it's the parents."

The local rallies mirrored those in California, Las Vegas, Dallas, Phoenix, Detroit and Yakima, Wash., where thousands of students walked out of classes, ignoring rain and campus lockdowns to protest immigration legislation that they see as an attack on Hispanic rights.

The Senate Judiciary Committee approved legislation late Monday that clears the way for millions of undocumented workers to seek U.S. citizenship without having to leave the country first.

The committee also voted down proposed criminal penalties on people found to be in the country illegally. It approved a program allowing temporary entry for 1.5 million workers seeking jobs in the agriculture industry.

The next step is the full Senate, where Majority Leader Bill Frist, Tennessee Republican, is negotiating with other senators on how to handle the committee's bill and his own proposal, which focuses more on punishing employers who hire undocumented workers.

Yesterday morning, 2,610 students had left 23 schools in the Los Angeles Unified School District. Students carrying flags marched through the streets and along freeway ramps. In the 728,000-student school district, about 26,000 students walked out on Monday, at a cost of more than $500,000 in state attendance funds.

Fox Urges U.S., Canada To Accept Guest Workers (WT)

By Stephen Dinan

The Washington Times, March 29, 2006

Mexican President Vicente Fox is calling on Canada to accept more low-skilled Mexican workers in its temporary work force, making his push for guest workers a continentwide affair.

"We should move out from agriculture to other services and other kinds of jobs, and we are working on this with the Canadian government," Mr. Fox said in yesterday's edition of the Toronto Globe and Mail newspaper.

He is asking U.S. officials to legalize the estimated 6 million illegal-alien Mexicans in the United States and wants Congress to create a guest-worker program for low-skilled foreigners.

Immigration promises to be a dominant issue in the run-up to the meeting this week among Mr. Fox, Canadian Prime Minister Stephen Harper and President Bush. White House spokesman Scott McClellan said the leaders will discuss guest-worker programs and cross-border security efforts.

"There are responsibilities on both sides, and we all need to work together to make sure those responsibilities are met," Mr. McClellan said.

The Senate is debating immigration and appears to be headed toward approving some form of a guest-worker program. In December, the House passed an immigration-enforcement bill that does not include guest-worker provisions.

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Mexican officials have been critical of the House bill, particularly an amendment that calls for building nearly 700 miles of fence along the border.

The Bush administration supported the House bill, but Mr. Bush told CNN Espanol yesterday that fencing off the border is "impractical." He did say that the U.S. Border Patrol needs more tools.

He also said he has told Mr. Fox that Mexico must work to secure its own southern border, through which hundreds of thousands pass illegally on their way to the United States.

Mr. Bush rejected the Mexican government's claim in U.S. newspaper advertisements to a role in the U.S. debate, saying that although "thoughtful suggestions" are welcome, Congress will write the bill.

The president is trying to keep a lid on simmering tensions over immigration, and has cautioned several times over the past week for a "civil" debate.

But some members of Congress say Mexican officials have crossed that line too often.

"Americans are tired of being told that they are bigots by the likes of President Fox and Foreign Minister [Luis Ernesto] Derbez," Rep. J.D. Hayworth, Arizona Republican, wrote in a letter yesterday to Mr. Bush.

"I respectfully request that you publicly make it clear to both men that their clumsy, over-the-top rhetoric about internal U.S. political matters pertaining to our border security is unwarranted and unacceptable."

Neither a spokesman at the Mexican Embassy in Washington nor a Canadian government spokesman could be reached for comment.

In his newspaper interview, Mr. Fox also disputed the size of the illegal Mexican population in the United States, saying it is between 3 million and 4 million, rather than 6.2 million as reported by the Pew Hispanic Center in March 2005.

Anchor-Advocate On Immigration Wins Viewers (NYT)

By Bill Carter And Jacques Steinberg

The New York Times, March 29, 2006

The nation's most prominent opponent of current immigration policy began his day yesterday on the "Today" show on NBC, debating a Hispanic defender of illegal immigrants. He moved on to "American Morning" on CNN to denounce a bill passed by the Senate Judiciary Committee on Monday as "an amnesty program."

By nightfall he was on a plane headed to Mexico, where he intended to assess critically the planned discussions on the issue between President Bush and President Vicente Fox of Mexico.

This central figure in the increasingly fractious debate over future immigration policy was not a senator or congressman, nor even a lobbyist on either side of the issue. It was instead, a television news anchor, Lou Dobbs of CNN.

In the course of insistently offering his ever more passionate views on immigration all across the television landscape in just one 24-hour period, Mr. Dobbs underscored that what works in cable television news is not an objective analysis of the day's events but hard-nosed, unstinting advocacy of a specific point of view on a sizzling-hot topic.

While its competitors, the Fox News Channel and to a lesser extent, MSNBC, have consistently built successful programs around aggressively opinionated hosts like Bill O'Reilly and Keith Olbermann, CNN has maintained that its mission remains offering straight news coverage, unseasoned with sharp points of view.

Except for Lou Dobbs. On CNN only Mr. Dobbs's 6 p.m. nightly news program comes accompanied with the disclaimer that it will contain "news, debate and opinion." That is not a new development for Mr. Dobbs. He has had that freedom at CNN for years and his advocacy approach on the immigration debate has been widely discussed in recent months.

But in the past several weeks, Mr. Dobbs has ratcheted up his criticism of Bush administration policies, first on the Dubai ports deal and now on immigration, to a point where in the view of many he has become a significant factor in shaping public opinion on these issues.

"He has got a lot of listenership, and he is not a nut," said Senator Trent Lott, Republican of Mississippi. "He is a very thoughtful guy, and he feels very strongly about this issue."

Representative Peter T. King, a New York Republican and a leading opponent of the Dubai port deal, appeared repeatedly on the Dobbs show during that controversy and said he believed lawmakers were watching closely.

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"He definitely influenced politicians who were watching him and listening to him," Mr. King said. "I think he had an impact."

Mr. King said that Mr. Dobbs was better able than other network reporters to "grab the issue, be able to keep it going and stay excited about it every night."

The management of CNN denied yesterday that Mr. Dobbs's soaring profile on the immigration issue — and the increased ratings he has garnered along with it — would steer the network toward adding more opinions on other news programs.

"Lou's show is not a harbinger of things to come at CNN," said Jonathan Klein, the president of CNN/U.S. "He is sui generis, one of a kind."

But CNN was hardly holding back yesterday on giving Mr. Dobbs opportunities to unleash opinions on the immigration debate, views that seem to have only grown more vociferous in reaction both to last weekend's mass marches in Los Angeles and other cities in support of illegal immigrants and the action Monday by the Senate committee.

On the CNN morning show he called the Senate bill "an unconscionable act" and "a sellout." He appeared again on CNN's midday "Live From..." program, saying, "I think illegal immigrants are a burden to the taxpayer, unequivocally."

Later, the network's "Situation Room" program displayed a clock counting down to the hour when Mr. Dobbs would be arriving in Mexico.

This followed by just a day a confrontation between Mr. Dobbs and a guest on his own program, Janet Murguia, the president of the Hispanic civil rights group National Council of La Raza, during which he lectured her on immigration policy.

"I want you to look me right in the eye, and I want you to hear me loud and clear," Mr. Dobbs said to Ms. Murguia, who replied, "I'm right here."

Yesterday, Ms. Murguia said, "There's no question he's branded a unique format."

Mr. Dobbs, who previously had a long-running and successful financial news-based program on CNN, said he had never held back on offering his opinions.

"I've been doing this three decades," he said. "I know whereof I speak on the political economy. I don't come to a conclusion out of thin air because of some partisan or ideological viewpoint, but rather with an analysis of the facts."

He said he did not believe that traditional objective journalism brought people closer to the truth. Asked if he himself knew what the truth was, Mr. Dobbs said: "I have strong feelings that I do. I have strong evidence I do."

CNN certainly has reason to celebrate Mr. Dobbs's expanding profile on the immigration issue. His program, which was up 24 percent in total viewers over the same period last year, is the only good news story in CNN's evening and prime-time lineup, which was otherwise down across the board in ratings for the past quarter.

Notably, for the first quarter of the year, Mr. Olbermann's show on MSNBC beat the 8 p.m. CNN show with Paula Zahn for the first time in the audience that matters most to news programs — viewers ages 25 to 54. But both still trailed far behind Mr. O'Reilly's dominant show at that hour.

Even as Mr. Klein conceded that "there is certainly a correlation between Lou's outspokenness and the ratings he has gotten," he reasserted that CNN would not be turning to opinion-based programs beyond the Dobbs newscast.

"Cable has always been, certainly for the past 10 years, a hospitable home to outspoken, over-the-top figures," Mr. Klein said. "It cuts through the clutter." But, he added, "What is suitable for Lou is not necessarily suitable for many other, if any other, talent on the network. It is not a signal for some sea change at CNN."

Safety Stings At Work Sites Will End, Officials Say (NYT)

By Steven Greenhouse

The New York Times, March 29, 2006

Federal officials told immigrant advocates in a letter made public yesterday that government immigration agents would discontinue using undercover sting operations involving health and safety programs to round up illegal immigrants.

Such an operation generated a storm of protest in July when federal agents arrested 48 workers at Seymour Johnson Air Force Base in North Carolina on illegal immigration charges after the agents tricked the workers into attending what was billed as a mandatory training session sponsored by the federal Occupational Safety and Health Administration.

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Worker advocates and immigrant groups complained that such activity would discourage immigrant workers from reporting safety violations or seeking help from safety officials at a time when Hispanics were suffering a disproportionately high rate of injuries and fatalities.

On March 17, Marcy M. Forman, director of investigations for the Department of Homeland Security's immigration and customs enforcement division, known as I.C.E., sent a letter to the United Food and Commercial Workers union, which had protested the ruse, to say federal officials were discontinuing the practice.

"This is exactly the action that I.C.E. should have taken," said Jackie Nowell, director of occupational safety for the food and commercial workers union. "Using health and safety as a ruse to catch workers is definitely the wrong way to go when immigrant workers are being killed and injured in far greater numbers than other workers."

TAX:

KPMG Settles Targus Audit Case (WSJ)

By David Reilly

The Wall Street Journal, March 29, 2006

KPMG LLP agreed to pay a former audit client $22.5 million as part of a legal settlement that also calls for a California judge to set aside a sanctions order imposed on the accounting giant last July, according to a person familiar with the matter and documents related to the case.

The settlement terms will allow KPMG to clear the legal record of a disciplinary action that could potentially be used against it by other parties who might sue the firm in the future. Orange County Superior Court Judge Geoffrey T. Glass sanctioned KPMG last summer for obstruction during pretrial proceedings.

The order emanated from proceedings related to a lawsuit brought against KPMG by former client Targus Group International Inc. The California-based computer-case maker sued the firm for malpractice, alleging KPMG's audit failed to spot alleged embezzlement by a former executive that cost the company as much as $50 million.

In settling the case, KPMG had proposed that Targus agree not to oppose a request for Judge Glass to vacate the sanctions order, according to a draft settlement proposal reviewed by The Wall Street Journal. The accounting firm also wanted records related to the case, as well as the sanctions order and its own appeal of that order, sealed, while precluding executives at Targus, or their attorneys, from speaking about or referring to the matter, according to the draft settlement proposal.

In a statement released yesterday, KPMG said: "The parties have reached a settlement. We cannot discuss the terms, which are confidential. We have settled the case to avoid more costly litigation." An attorney for Targus didn't return a call seeking comment. The company's general counsel, Michael Ward, was traveling outside the country and was unavailable for comment.

KPMG's efforts to clear the legal record in regard to the Targus case are an example of how big accounting firms are pursuing every means possible to limit their litigation liability and curtail the ability of clients to bring cases against them.

Home Sellers Face Unexpected Tax Hit (WSJ)

The Wall Street Journal, March 29, 2006

A growing number of homeowners, riding the crest of the real-estate boom, are getting hit by an unpleasant surprise when they sell: a hefty tax bill.

This development stems from a 1997 law that Treasury Department officials said at the time would eliminate capital-gains taxes for nearly everyone selling their primary residence. Under that law, most married couples who file jointly can exclude as much as $500,000 of their gain. For most singles, the limit is $250,000.

Adding trees and shrubs to your property can help cut your capital-gains bill when you sell.

But as home prices have surged, more people have been selling their home for bigger gains than the exclusion amount -- and thus are facing unexpectedly big tax bills, accountants and other tax professionals say. Besides getting hit by the top 15% rate on capital gains, some also are facing the loss of deductions, exemptions and credits. In some cases, they may even be drawn into the rapidly expanding web of the alternative minimum tax.

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Many sellers are startled to hear they owe any tax at all because they didn't realize the 1997 law erased a popular provision that had allowed them to avoid taxes. That provision generally allowed sellers to defer or eliminate capital-gains taxes by rolling over their proceeds within a specified time period into a new home costing as much or more than the old one. The law also deleted another provision that generally offered a once-in-a-lifetime $125,000 exclusion for people age 55 or older.

As a result, many people who thought they wouldn't owe taxes when they sell are now on the hook. Among those most likely to be affected are homeowners who bought many years ago and who live in hot real-estate markets such as California, New York, Hawaii, Florida and Washington, D.C. For example, the median price of an existing single-family home in the San Francisco area last year surged to $715,700 from $266,700 in 1996. The median price in Honolulu rose to $590,000 last year from $335,000 in 1996.

Though the Internal Revenue Service says it doesn't track how many people owe capital-gains taxes on their homes, accountants say more of their clients are paying them because many more high-priced homes are being sold. Last year, there were more than 827,000 single-family homes that sold for $500,000 or more, according to the National Association of Realtors -- up from 641,200 in 2004 and 66,100 in 1996. Though not all these home sellers will have cleared enough to have to pay the tax, many of them will.

These days, "it's not unusual at all" for an owner to have amassed a much bigger gain than the exclusion amount, says Richard Rampell, a certified public accountant in Palm Beach, Fla., and chief executive of Rampell & Rampell. In some cases, sellers don't discover this until after having sold.

One Florida couple, clients of Mr. Rampell, sold their home last year for $1.1 million. Their taxable gain was around $365,000, leaving them with an unexpected additional tax bill of about $60,000, which includes capital-gains taxes and the loss of certain other tax breaks, Mr. Rampell says.

"I rarely saw taxable gains on the sale of a home prior to the 1997 act," says Claudia Hill, an enrolled agent and the owner of Tax Mam Inc., a Cupertino, Calif. tax-services firm. Now, "at least 30% of my retirees are having to pay taxes when they sell the family home." Moreover, she says, many of her clients who have owned their home for lengthy periods are reluctant to sell because of the heavy tax hit they would take.

Under the 1997 law, to qualify for the full exclusion, you need to have owned the home and used it as your primary residence for at least two of the five years before the sale.

Alan E. Weiner, a CPA and tax partner at the firm of Holtz Rubenstein Reminick LLP, in Melville, N.Y., surveyed his firm's clients' tax returns and found these results: In the Manhattan office, 36 taxpayers sold their home in 2004 and 19 paid a tax. In 2001, 21 people sold their home and only six paid a tax.

The capital-gains tax isn't the only problem facing home sellers. A large capital gain can translate into even higher taxes for many people because of two other tax-law provisions, which are often referred to as "stealth taxes." These provisions limit your personal exemptions and certain itemized deductions once your income exceeds certain levels.

Here's how it works: Capital gains are included in your adjusted gross income. Once your adjusted gross income exceeds a certain level, you begin to lose certain itemized deductions and personal exemptions, adding another hit to your tax bill.

What's more, the higher income as a result of selling your house could force you to pay more by subjecting you to the alternative minimum tax. This parallel tax system -- which was originally designed to make sure high-income taxpayers couldn't avoid paying federal income taxes completely -- disallows personal exemptions and certain deductions, such as state and local taxes. Among those most likely to be hit by the tax are people with incomes between $200,000 and $500,000, according to the Tax Policy Center. Like the home-sale exclusion, the AMT wasn't indexed for inflation and is affecting increasing numbers of taxpayers.

For anyone thinking about selling, the rules underscore the importance of keeping good records of home-improvement costs, which typically can be added to your original purchase price -- and thus cut, or even eliminate, your tax bill. Examples of improvements include adding a bedroom or bathroom, putting up a new fence, installing new plumbing or wiring, and putting on a new roof. Even the cost of putting in shrubs and trees may qualify as "improvements" and raise your cost basis, according to the Ernst & Young Tax Guide 2006. But the cost of repairs, such as repainting your home or fixing gutters, can't be added to the purchase price of your property, the IRS says. For details, see IRS Publication 523 (www.irs.gov1).

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"When the $500,000 exclusion rule came into the law, a lot of people figured they'd never have that much gain, so they stopped keeping records of the improvements they made to the house," says Tom Ochsenschlager, vice president-taxation of the American Institute of Certified Public Accountants. "That could mean they'll wind up paying more tax than they should have." * * *

An IRS plan to hire private bill collectors runs into another delay.

IRS officials recently announced plans to hire three collection firms in the first phase of a controversial project to help the government recover large amounts of unpaid taxes. But the IRS says two companies that didn't get the contracts have protested, and the IRS has issued a "stop work" order to the three firms.

While the issue is being resolved, the IRS "will continue to prepare for debt-collection work to begin," a spokesman says. * * *

Here's a chance to talk back to the IRS.

The IRS is looking for "civic-minded" people to serve on its Taxpayer Advocacy Panel and make suggestions about IRS decision-making. Among the panel's tasks are to "identify and prioritize" taxpayer issues and make recommendations to the IRS and Treasury on customer-service issues.

To qualify, you must be a U.S. citizen and "able to commit 300 to 500 hours" during the year. You have to be current with your tax obligations and able to pass a criminal background check.

Facts And Folly (NYT)

By Thomas L. Friedman

The New York Times, March 29, 2006

I was leaving for a trip the other day and scooped up some reading material off my desk for the plane ride. I found myself holding three documents: one was the Bush administration's National Security Strategy for 2006; another was a new study by the Economic Strategy Institute entitled "America's Technology Future at Risk," about how America is falling behind the world in broadband. And the third was "Teaching at Risk," a new report by the Teaching Commission, headed by the former I.B.M. chairman Louis Gerstner Jr., about the urgent need to upgrade the quality and pay of America's K-12 teachers.

The contrast was striking. The Bush strategy paper presupposes that we are a rich country and always will be, and that the only issue is how we choose to exercise our power. But what the teaching and telecom studies tell us is that key pillars of U.S. power are eroding, and unless we start tending to them in a strategic way, we aren't going to be able to project power anywhere.

Because we've long been rich, there is an abiding faith that we always will be, and those who dare question that are labeled "defeatists." I wouldn't call Lou Gerstner a defeatist. He saved I.B.M. by acknowledging its weaknesses and making dramatic changes — beginning with scrapping I.B.M.'s arrogant assumption that because it was such a great company, it could do extraordinary things with average people. Mr. Gerstner understood that an extraordinary company could stay that way only if it had a critical mass of extraordinary people. This is the message of his Teaching Commission: We cannot remain an extraordinary country without a critical mass of extraordinary teachers.

"If teaching remains a second-rate profession, America's economy will be driven by second-rate skills," Mr. Gerstner says. "We can wake up today — or we can have a rude awakening sooner than we think."

The Teaching Commission notes that "our schools are only as good as their teachers," yet this "occupation that makes all others possible is eroding at its foundations." Top students are far less likely to go into teaching today; salaries are stagnant; nearly 50 percent of new teachers leave within five years. To remedy this, the commission calls for raising teachers' base pay, finding ways to reward the best teachers, raising standards for acquiring a teaching degree and testing would-be teachers, on the basis of national standards, to be certain they have mastered the subjects they will teach (theteachingcommission.org).

Meanwhile, the report by the Economic Strategy Institute, a nonpartisan think tank, is equally harrowing. It notes that while the U.S. led the world in broadband Internet access in 2000, it has now fallen to 16th place. In 2000, 40 percent of the world's telecom equipment was produced in America. That share is now 21 percent and falling. The U.S. ranks 42nd for the percentage of people with cellphones.

In an age when connectivity means productivity, when communications infrastructure is at the heart of any innovation ecosystem, these things matter for job creation and growth. The lack of ultra-high-speed networks in the U.S. "makes it

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impossible for U.S.-based companies to enter key new business sectors" — one reason venture capitalists are moving their R.&D. start-ups to Asia, E.S.I. noted.

"The wealth and long-term economic growth of the United States," it added, "have long depended upon technological advancement as a means of competing with our foreign rivals. ... America's emphasis has always been on achieving such high levels of productivity that it could be the low-cost producer while still paying high wages." The study offers a variety of regulatory and investment prescriptions (econstrat.org).

It's not surprising that the Bush strategy paper is largely silent about these educational and technological deficits, as well as about the investment we need to make in alternative fuels to end our oil addiction. Because to acknowledge these deficits is to acknowledge that we have to spend money to fix them, and the radical Bush tax cuts make that impossible. It would be one thing if we were going into debt to solve these problems that affect our underlying national strength. But we are going into debt to buy low-interest houses and more stuff made in China.

We're like a family that is overdrawn at the bank just when the parents need to send their kid to college, buy a computer and a D.S.L. line, and replace a gas-guzzling furnace. Whatever "strategic plan" that family has for advancement, it won't get anywhere until it rebalances its books.

Corzine The Canary (WSJ)

The Wall Street Journal, March 29, 2006

Jon Corzine, New Jersey's new Governor, isn't the first politician not to follow through on a campaign promise. But rarely is such dishonesty later presented as a virtue. The question for voters to contemplate is whether this is also an indication of what to expect if Democrats gain control of Congress in November.

Mr. Corzine won the Trenton statehouse last year by running as a tax cutter who'd raise property tax rebates by 40% over four years. "I'm not considering raising taxes. It's not on my agenda. We have a very high-rate tax structure. I'm not considering it," the then-U.S. Senator had vowed in October.

Well, last week Governor Corzine removed the Steve Forbes mask and submitted a record $30.9 billion budget that increases state spending by 9% and includes $1.5 billion in new levies. He wants to raise the already high state sales tax by 16% and extend it to services; hike taxes on cigarettes, alcohol and expensive cars; and create a new state water tax. And just so Garden State entrepreneurs don't feel left out, his budget would impose a corporate tax surcharge and a commercial property transfer tax. "There are no immediate plans," joked one local paper, "to tax the air we breathe -- not this year, at least."

And what about his pledge to more than double property tax rebates in a state where the average homeowner's tax bill has risen by $1,300 in the past four years? That's on ice for now, and perhaps until he's running for re-election. "I'll be the first to acknowledge that some things have to wait," said Mr. Corzine in his budget address.

His spending plan would give homeowners about 30 bucks extra, which would hardly cover the property tax hikes that have averaged 7% annually of late. New Jersey already has the highest property taxes in the country, and the new Governor wants to extend its lead.

While voters might feel misled by this 180-degree turn, Mr. Corzine is winning praise from fellow Democrats as a "straight shooter" brave enough to make "hard choices." Former Governor Jim Florio said, "I think this is an intellectually honest budget." Senator Robert Menendez, who was appointed to serve the remainder of Mr. Corzine's term, commended the Governor for submitting the "most honest, fiscally responsible budget in years."

These Democrats have an odd definition of truthfulness, but then Mr. Florio himself pushed through huge tax increases in the early 1990s after saying he wouldn't. It cost him re-election, though that was when the New Jersey GOP still had a pulse. Like Mr. Corzine, former Democratic Governor James McGreevey also campaigned on a promise to lower tax burdens. The day after winning office in 2001, he declared, "I am ruling out a tax increase," yet he went on to raise the state's top marginal rate by 41% and make New Jersey's top income tax rate the fifth-highest in the country.

Knowing that track record, New Jersey voters may be getting what they deserve if they were dumb enough to believe Mr. Corzine. But this tax flip-flop seems to take place wherever Democrats take power these days. Former Virginia Governor (and

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possible Presidential aspirant) Mark Warner also promised not to increase taxes during his campaign in 2001, only to raise them later.

And now Democrats on Capitol Hill are promising they'll also cut taxes if they're elected to run Congress next year. Republicans have certainly given Democrats an opening by their failure to govern. But voters who might otherwise choose Democrats for a change might think twice if they conclude that Mr. Corzine is the canary in the coal mine of real Democratic tax intentions.

CONGRESS-ADMINISTRATION:

More Tweak Than White House Shake-up (PHI)

By Dick Polman

The Philadelphia Inquirer, March 29, 2006

By one key measure, it is clear that George W. Bush is no Ronald Reagan.

Plagued by an unpopular war and big domestic headaches, and peppered with demands from Republican allies that he pierce his White House bubble and bring in new blood, President Bush responded yesterday by making one move. He replaced chief of staff Andrew Card, a veteran loyalist insider, with budget director Josh Bolten, a veteran loyalist insider.

Now flash back to 1987. Peppered with similar demands following the Iran-contra scandal, President Reagan responded by cleaning house. He installed, as chief of staff, Howard Baker, a former senator popular on Capitol Hill. He brought in a team of new advisers, including Maj. Gen. Colin Powell. He fired or eased out the big scandal players, notably Oliver North and John Poindexter. And he shared national security documents with Congress, waiving all claims of executive privilege.

Reagan's shake-up is prominent in the history books; the more minimal Bush response won't resonate nearly as much. After John Hinderaker, a lawyer and conservative blogger, heard the news, he headed his online remarks with one word: "Yawn." And he wrote: "I doubt that the change will make any difference, except maybe cosmetically."

It's questionable whether restive congressional Republicans will be satisfied by this move to the point where they will be eager to identify themselves as Bush loyalists as they run this year for reelection. They have long felt that this White House is too secretive - yet here is Bolten, as described in a Business Week profile: "[H]is penchant for secrecy befits the son of a career CIA officer."

As commentator Craig Crawford noted yesterday of Bolten, "He is inside the bubble of this White House and lacks the background and friendships on Capitol Hill that GOP leaders were hoping for in a new chief of staff."

Conservatives on the Hill have long complained that the Bush team spends too much money - and they remember Bolten's defense during one crucial episode in the battle over the Medicare drug-prescription plan. The original administration price tag for the plan was $400 billion over 10 years; after passage, it turned out to be roughly $535 billion. Yet Bolten testified last year that the old estimates were "completely consistent" with the new.

There is no outsider element in this personnel shuffle. Card, a longtime Bush family favorite who has served the President since his first stint as a candidate, will be replaced by a guy who has served the President since his first stint as a candidate.

There are other parallels. Card is strongly identified with the Bush agenda; he was a founding member of the White House Iraq Group and helped advance the arguments for war. In September 2002, when asked to explain why Bush was suddenly planning autumn speeches about the threat posed by Saddam Hussein, he replied: "From a marketing point of view, you don't introduce new products in August."

Bolten is similarly tied to the Bush agenda; he was a forceful advocate for Social Security privatization, writing guest columns even as the public - and Republicans on the Hill - were being scared off by the price tag.

As conservative commentator Kate O'Beirne noted yesterday: "There is no new blood in this 'shake up.' It's more like Andy Card put aside a vial of his own in the event the White House needed a transfusion."

Bush's move is less than sweeping for one big reason: In this White House, the chief of staff is not the most important bureaucratic player, job title notwithstanding. The real power is Karl Rove, the political strategist and policy deputy, and many observers say that unless or until he departs, there can be no substantive changes.

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Bruce Buchanan, a veteran Bush-watcher at the University of Texas, said yesterday: "Rove's leaving would signal a major sea change, but there's no solid evidence that he expects to be shown the door, or brought on the carpet by the special prosecutor," a reference to Patrick Fitzgerald's ongoing probe of Rove's possible role in the outing of a CIA employee who is married to a Bush critic.

But, Rove aside, a serious reshuffling would arguably involve some key Iraq war planners. Even Fred Barnes, a conservative commentator and Bush defender, wrote last week that Bush should set aside his "admirable but unrealistic" loyalty code and replace Defense Secretary Donald H. Rumsfeld. Barnes also called for Vice President Cheney to quit.

We are more likely to see continuity; indeed, we have seen it already. When Cheney's top aide, Lewis "Scooter" Libby, quit last autumn after his indictment in the CIA outing scandal, he was merely replaced by his deputy, David Addington, an outspoken advocate of wartime presidential power who is known in some circles as "Cheney's Cheney" - as Libby himself had been.

Some conservatives, watching the Card departure, hope for the best from Bolten. Many long viewed Card with suspicion; they assigned him the blame for a number of debacles, notably the Harriet Miers nomination and the Dubai ports flap. They think that Bolten, despite the Medicare drug dispute, will be "a reasonable voice willing to control spending," someone who can cure Bush's "lame duck syndrome," in the words of redstate.org.

But Card/Bolten was not the most important event at the White House yesterday. Note, instead, that Bush brought his entire cabinet to the Rose Garden to stand with him while he assessed Iraq. It was a visual signal that there will be continuity, for good or ill, on the signature issue of his tenure.

As Texas analyst Buchanan put it: "Bush's future hinges on what happens in Iraq, not on who his top staffer is. It's the war that will really determine whether we will have a failed presidency spinning in the wind for the next three years."

Bush Taps Bolten To Succeed Card As White House Chief Of Staff (WSJ)

By John D. McKinnon And Jackie Calmes

The Wall Street Journal, March 29, 2006

WASHINGTON -- President Bush, slumping in public-opinion polls and under pressure to make changes, announced a modest shake-up of his staff.

Mr. Bush said that Chief of Staff Andrew Card will leave the post he has held since the beginning of the presidency. He will be succeeded by budget director Joshua Bolten, another fiercely loyal and long-serving aide.

The White House said Mr. Card initiated the change, and there had long been speculation that he was close to giving up a grueling job that he has held for longer than average. Still, the change also comes when Republicans have been complaining about the president's political problems and calling for some fresh blood on the staff after a series of missteps. (Read the transcript of Mr. Bush's announcement.1)

But by itself, the switch to Mr. Bolten represents at most a mild change in a White House staff that remains unusually stable, and it isn't likely to satisfy those who were seeking a broader shake-up. Mr. Bolten, a 51-year-old former Goldman Sachs executive who joined Mr. Bush's presidential campaign in early 1999, even served under Mr. Card as deputy chief of staff during Mr. Bush's first term, until Mr. Bolten took over the Office of Management and Budget in mid-2003.

Mr. Bush didn't suggest any further changes are coming, though he didn't rule that out. In an interview with Cable News Network's CNN En Espanol, Mr. Bush said, "Josh's job is to design a White House staff that meets the needs of the president." Asked if any more staff changes were coming, Mr. Bush replied: "Josh has just begun to look at the White House structure."

With his elevation, Mr. Bolten is likely to become a bigger voice than his predecessor was in administration deliberations on a range of economic and trade issues. Mr. Bolten is an expert on policy -- particularly economic and fiscal policy -- and could help bring new prominence to those issues in an administration that has been focused on the unpopular war in Iraq in recent weeks.

And unlike Mr. Card, known for his passion for streamlining decision-making, Mr. Bolten may prove more adept at reaching out to lawmakers, thanks to a background that includes a stint as an aide on Capitol Hill. That could help avoid some of the costly mistakes that have plagued the administration recently, such as the blowups over the abortive nomination of Harriet Miers to the Supreme Court and a Dubai company's acquisition of some U.S. port operations.

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"The biggest distinction between Josh and Andy is that Josh's job has been primarily a policy job for the last five years, while Andy has been focused on management and administration," said Vin Weber, a former Republican congressman and occasional White House adviser. "That might mean some differences at the margin."

Still, much like Mr. Card, Mr. Bolten essentially is a government insider who isn't likely to foment confrontation or dissent among Bush advisers -- something that some vocal critics of the White House think is needed.

If Mr. Card "had been replaced by someone other than Josh, then the president would be sending a signal that he wants to go in a different direction," said Paul Light, a New York University professor and an expert on the federal bureaucracy.

Stylistically, Mr. Bush from the outset has relied on a tight circle of loyalists and hasn't consulted as much as his predecessors did with Congress, even his own Republican majority. Now those once-compliant Republicans, worried about election survival this fall, have turned mutinous on some issues, such as the Dubai ports deal.

More substantively, the costs of war, entitlement programs and reduced taxes have spawned deficits that constrain Mr. Bush from any major policy initiative that might re-energize his presidency.

Some Republicans privately suggest that the only way to break the fiscal impasse is for Mr. Bush to reach a bipartisan compromise with Democrats, one that would force him to balance spending cuts with revenue increases. But such a compromise seems unlikely, given the president's belief that just such a compromise in 1990 doomed his father by enraging the party's antitax conservatives.

Yesterday's announcement appeared designed to minimize the expectation of change. In a brief 8:30 a.m. EST Oval Office appearance with both men, Mr. Bush praised Mr. Card's "wise counsel, his calm in crisis, his absolute integrity and his tireless commitment to public service." Mr. Bolten went even further, describing Mr. Card as "among the finest public servants of his generation."

QUESTION OF THE DAY

3 • Vote: Who was the most effective of these chiefs of staff?4

Mr. Card, 58 years old, a former deputy chief of staff and transportation secretary in the administration of Mr. Bush's father, had been on track to become the longest-serving chief of staff since the creation of the post after World War II -- if he had lasted through the year. Mr. Bush said Mr. Card had raised the possibility of stepping down earlier this month, and over the weekend the president accepted his resignation.

Some observers predicted Mr. Card might consider a run for Massachusetts governor or for one of the state's Senate seats. Ron Kaufman, a Washington lobbyist and Mr. Card's brother-in-law, said it's too early for Mr. Card -- a former Massachusetts legislator -- to be thinking about that.

Meanwhile, speculation in Washington now will turn to the question of who will succeed Mr. Bolten as director of the Office of Management and Budget. Joel Kaplan, deputy OMB director, is a logical candidate. Another possibility: Clay Johnson, the deputy OMB director for management who was both a college classmate of Mr. Bush and a top adviser when he was Texas governor.

President's Chief Of Staff Resigns After Five Years (LAT)

By James Gerstenzang

The Los Angeles Times, March 29, 2006

WASHINGTON — President Bush accepted the resignation Tuesday of his chief of staff, Andrew H. Card Jr., replacing him with Budget Director Joshua B. Bolten as the White House moved to regain a political footing deeply shaken by the war in Iraq and a rebellious and worried Republican majority in Congress.

The shift at the very top of the White House staff, the first since Bush took office five years ago, comes amid continuing pressure on the president to overhaul a team respected for its loyalty but exhausted from the grind of running the government and repeated setbacks in Iraq and, politically, at home.

No sooner was Bolten's appointment announced than administration critics, Republicans among them, began questioning whether he would offer the breadth of experience and respect that they say Bush needs now, with his political standing at the lowest point of his presidency.

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Challenging the move as falling short of a staff shake-up, Sen. Trent Lott (R-Miss.), said: "They still need men and women of stature and gravitas in a number of slots there in the White House. They need to bring in some experienced hands to get a handle on things."

In Bolten, Bush has promoted a Princeton-educated, motorcycle-riding lawyer who has been at his side since 1999 and, before that, was in his father's administration and on a Senate committee staff.

Bolten, 51, became director of the Office of Management and Budget in June 2003.

His closeness to Bush is perceived as both an asset, in terms of his knowledge of the president, and a detriment, given that critics and supporters of the administration are calling for new ideas.

"Josh is a good guy — just not what this White House needs. They need a renovation, not just a new front door," said a senior Republican who served in top positions in Ronald Reagan's White House and spoke on condition of anonymity because he continues to deal with the Bush White House.

"They need people who can give the president honest appraisals, and not just the same group that has gotten him in trouble in the second term," he said.

Lott said Bush needed to hear "more disparate voices."

Nicholas Calio, the White House liaison to Congress during Bush's first term, said Bolten was "the logical and best choice" because "he knows the president, he knows the issues, he knows the personalities."

Besides, he said, Bush is not "particularly susceptible to calls that he needs to shake things up for the sake of shaking things up."

As Card and Bolten stood on either side of Bush in the Oval Office Tuesday morning, the president said: "Josh is a creative policy thinker. He's an expert on the budget and our economy. He's respected by members of Congress from both parties. He's a strong advocate for effective accountable management in the federal budget."

Card, he said, "has served me and our country in historic times: on a terrible day when America was attacked, during economic recession and recovery, through storms of unprecedented destructive power, in peace and in war."

It was Card who leaned over the president in an elementary school classroom in Sarasota, Fla., on the morning of Sept. 11, 2001, and whispered that a second airplane had struck the World Trade Center. "America's under attack," he told the president.

He kept the staff working with clock-like efficiency and precision during the 2004 presidential campaign and guided the administration's efforts to revamp Medicare and education policy. He also led the staff to secure the Supreme Court nominations of Chief Justice John G. Roberts Jr. and Justice Samuel A. Alito Jr.

Card was also there for some of the White House's major stumbles: the inability to persuade Congress to go along with Bush's overhaul of Social Security, the administration's much-criticized response to Hurricane Katrina, and the doomed Supreme Court nomination of White House Counsel Harriet E. Miers.

As chief of staff since Bush was sworn in on Jan. 20, 2001, Card, 58, was closing in on the record set for longevity in that office: Sherman Adams, Dwight D. Eisenhower's staff chief, was in the job for five years and eight months.

Card, who served the president's father as deputy White House chief of staff and Transportation secretary, was among the first to arrive at the White House — at 5:30 a.m. — and would stay until the president retired for the night.

White House Press Secretary Scott McClellan said Tuesday that Card had approached Bush at the beginning of March and "raised the possibility of stepping down." They discussed it several times since, most recently on Saturday at Camp David when, he said, Bush "reluctantly accepted his resignation."

In an interview with CNN Español, Bush said Card's departure should not be seen as a sign of a larger shake-up. But, he added, "Josh's job is to design a White House staff that meets the needs of the president."

Asked if other changes were coming, he said: "Josh has just begun to take a look at the White House structure. And I haven't had a chance to talk to him about the future yet."

Replacing the chief of staff has become a standard operating procedure of a struggling White House. When his administration was weighed down by the Iran-Contra scandal, President Ronald Reagan replaced the rough-edged leadership of Donald T. Regan with the genteel manners and unquestioned integrity of Howard H. Baker Jr.

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Rich Bond, a Republican political consultant who helped elect President George H.W. Bush and then served as chairman of the Republican National Committee, said Bolten's task, above all else, would be to boost the president's political standing sufficiently to retain Republican majorities in the House and Senate.

"It would be the mother of all political ironies to see the administration picked apart by a Democratic Congress," he said, because that was the fate of the first President Bush — a course not lost on that president's son.

"They have got," he said, repeating the phrase for emphasis, "they have got to re-energize the Republican base."

Bolten 'Not A Change' (RC)

By Ben Pershing And Erin P. Billings

Roll Call, March 29, 2006

House and Senate Republicans lent public support Tuesday to President Bush's announcement that Josh Bolten would succeed Andrew Card as White House chief of staff, even as GOP lawmakers and aides across the Capitol suggested that the administration needs to do far more to repair its faltering public image and strained relationship with Congress.

Card's decision to resign after more than five years in his post came as Republicans both on and off Capitol Hill suggested that Bush needed to make wholesale changes to slow the administration's downward spiral.

But while Bolten is well-liked by Members who have worked closely with him as the head of the Office of Management and Budget, most Republicans considered him to already have been part of Bush's inner circle and not the "fresh face" some had hoped for.

"This is not a change — this is just Josh Bolten moving from the OMB to chief of staff," Sen. Trent Lott (R-Miss.) said, later adding, "They still need men and women of stature and gravitas in a number of slots there at the White House. They need experienced people to give them a hand ... I do think they need more disparate voices in there."

While not all Republicans agreed with Lott and others that the White House needed to bring in a seasoned veteran with "stature," most do believe the White House needs a renewed focus on the political agenda.

"Maybe [Bolten] brings new energy, but does he bring new ideas? That remains to be seen," said a House GOP leadership aide.

Sen. John Sununu (R-N.H.) said he doesn't read too much into the move, saying replacing Card with Bolten "doesn't signal a change in the structure of the White House."

Sununu also doesn't believe the move will necessarily affect the level of coordination between the two branches: "I wouldn't blame [communications breakdowns] on Andy Card, and I don't think if there are communications issues in the future it will be the fault of Josh Bolten."

Lott, who talked to Bolten on Tuesday, had some advice for the new top White House aide: "If you get a call from a Senator, take it, or return it. Don't kick it down the hall to Congressional affairs."

The legislative affairs office has been the focus of criticism from Capitol Hill Republicans in recent weeks, particularly in the wake of the Dubai ports controversy. Some GOP officials expressed doubt that Bolten's job change would by itself improve Bush's relationship with Congress.

"What we also would need is some sort of sense of change or addition at White House legislative affairs," said a senior Republican leadership aide.

No such change appeared to be forthcoming Tuesday, despite some buzz to the contrary, as some Republicans said they did not blame Candi Wolff, head of legislative affairs at the White House, for the recent problems as much as they did her superiors. Hill veteran Sean O'Hollaren was recently named to head up Senate relations for the administration, and the House liaison, Brian Conklin, is generally well-liked by Republicans in that chamber.

Many Republicans are privately hoping that more change will come, not only with senior policy staff, but with communications personnel as well.

One senior GOP Senate staffer said more shakeups are a must to ensure the political health of the administration and the party, saying: "I think they've hit rock bottom."

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This aide said Card's departure is a mixed blessing: "The good thing is new ideas and a burst of energy is really needed. The bad is that it's more of the same. It's not someone new coming in. ... Let's just hope there will be more [changes], for all our sake."

Another Republican staffer was more specific, saying, "It would send a strong signal if John Bolten's first move is to is clean out the press operation starting with Dan Bartlett."

In December, House and Senate GOP leaders at their bicameral retreat in Maryland lambasted both Bartlett and Card for the administration's poor communications work, and that was before the Dubai controversy and Bush's suggestion earlier this month that Congress had underfunded the Hurricane Katrina recovery.

It is unclear what else the White House has planned in the coming days and months, but a few smaller changes affecting Capitol Hill already have occurred. In addition to naming O'Hollaren to head up the Senate liaison shop, the administration also just named Blain Rethmeier, the Senate Judiciary spokesman, to the White House communications office.

Democrats, meanwhile, took the move as a signal that the White House and Republicans recognize they are in political trouble, and a sea change at the top is critical to their midterm success. At the same time, however, they questioned whether Card's departure would be enough to fix the public view of the administration's policies.

"The good news is the administration has finally realized it needs to change its ways, but the problems go far deeper than one staffer," said Sen. Charles Schumer (D-N.Y.). "Simply rearranging the deck chairs on the Titanic by replacing Andy Card with Josh Bolten without a dramatic change in policy will not right this ship."

Sen. Dick Durbin (D-Ill.), the No. 2 Senate Democrat, said Card was not the problem, calling him "reasonable, professional and a man of his word."

"If the White House is looking to change course, they picked the wrong person to toss overboard," Durbin said.

Card's resignation plans were kept under a tight lid by the White House until Tuesday morning. Card spoke at a Lincoln Day Dinner in House Majority Leader John Boehner's (R-Ohio) district Monday night but did not let the Ohioan in on his plans until Tuesday.

Senate Budget Chairman Judd Gregg (R-N.H.) said Card "set a standard that a chief of staff will be held to as we go forward in this administration. ... It is a high intensity position that requires that you know all the issues, that you know who the players are, that you put out the fires and communicate effectively."

Sen. John Thune (R-S.D.) said Card's departure is understandable given his record length of service, saying he had "run out of gas" and it was a "good time" to make a change.

Thune said even though Card has done a solid job, the change makes sense: "In a second term, typically the administration tends to need an infusion of new ideas, different perspectives.

"It's indicative of a White House that is looking to send signals that it's willing put new horses on the team and is willing to change."

Even as they praised Card, many lawmakers also expressed enthusiasm for Bolten, with whom they have worked closely during his two stints at the OMB and as White House deputy chief of staff.

"He's an impressive guy," said Sen. John Cornyn (R-Texas). "He's moved up the ladder. We know him to be very solid and thoughtful."

Unlike his predecessor atop the OMB, Mitch Daniels, Bolten has forged a strong relationship with House and Senate appropriators. John Scofield, spokesman for House Appropriations Chairman Jerry Lewis (R-Calif.), said Lewis "has had a fabulous working relationship with" Bolten.

At the same time, Bolten has maintained the respect of conservatives who are worried about runaway spending. House Chief Deputy Majority Whip Eric Cantor (R-Va.) on Tuesday called Bolten "a real champion of fiscal sanity in Washington."

Bolten has stepped up his interaction with Congressional Republicans recently, attending some Senate GOP Conference meetings and staying at the House Republican retreat in February past the point when some Members already had left.

Bolten will remain as the OMB director until April 14, and the White House has not yet announced who will succeed him in that post. Speculation among Congressional Republicans Tuesday focused on three current OMB officials — Deputy Director Joel Kaplan, Deputy Director for Management Clay Johnson and Executive Associate Director Austin Smythe.

Johnson enjoys a strong relationship with Bush and previously served as head of the White House personnel office. Kaplan, meanwhile, is perhaps Bolten's closest aide and could move over to the White House with his boss.

Bolten Replaces Card As White House Chief Of Staff (KRT)

By Ron Hutcheson And James Kuhnhenn

Knight Ridder, March 28, 2006

WASHINGTON - Ignoring calls for a dramatic White House shakeup, President Bush on Tuesday turned to Joshua Bolten, a trusted loyalist, to replace Andy Card as White House chief of staff.

The personnel shift fell far short of the kind of bold move that some Republicans say Bush needs to pull out of his second-term slump. If anything, Bolten's ascension signals that Bush intends to stay the course despite dismal poll numbers and growing dissension in Republican ranks over his leadership style, policy choices and inattention to election-year GOP sensitivities on Capitol Hill.

"This is not a change. This is just Josh Bolten moving" to a new job, Sen. Trent Lott, R-Miss., said. "That's not what they need."

Democrats were dismissive.

"I have always found Andy Card to be reasonable, professional and a man of his word. If the White House is looking to change course, they picked the wrong person to toss overboard," said Assistant Senate Democratic Leader Richard Durbin, D-Ill.

While some GOP lawmakers had pressed the White House to appoint a new top aide with close connections to Capitol Hill, opinions were mixed as to whether Bolten filled that bill any better than Card had. Bolten did serve as a legislative liaison to Congress under the first President Bush, but Card had lobbied Congress for Detroit's automakers in Washington through the `90s.

As the man in charge of ensuring that the White House ran effectively, Card bears some responsibility for failing to anticipate and staunch the political hemorrhaging that has left Bush's poll numbers anemic. Over the past year, the White House has suffered political setbacks involving Iraq, Social Security, Hurricane Katrina, the failed Supreme Court nomination of Harriet Miers, Vice President Dick Cheney's hunting accident and the Dubai ports deal.

Sen. Chuck Hagel, R-Neb., a frequent White House critic and a likely presidential candidate in 2008, said Bush should do more than shuffle advisers.

"It isn't just a matter of shaking up his staff. It's policy, it's direction, it's leadership, it's confidence in that leadership. Sure, staff and senior people like chief of staff to the president have an effect on that. But just changing personnel doesn't necessarily change the perception or policy," Hagel said.

Other Republicans and some conservative commentators welcomed the move as a first step toward reinvigorating the Bush presidency. Staff shakeups are often used to replace worn-out aides and bring new ideas to a second White House term.

"It's what the doctor ordered," said Robert Tyrrell, editor in chief of The American Spectator, a conservative magazine that has urged staff turnover in the White House. "Changes have to be made. ... I think there should be others."

White House officials and Republicans close to the White House downplayed speculation that Card's departure would lead to more dramatic changes.

The chief of staff plays a critical role in controlling the flow of information and visitors to the Oval Office and in overseeing the entire White House operation. He or she also typically serves as the president's loyalty enforcer.

Bolten, 51, has been one of Bush's top advisers since the early days of the 2000 campaign, when Bush was still governor of Texas. He served under Card as deputy chief of staff before shifting to his current role as White House budget director in 2003.

Bolten's devotion to Bush came through in a 2005 television interview as he recalled their initial meeting in Austin.

"I fell in love with the governor and the whole operation, the whole spirit of the operation," Bolten told C-SPAN, the public affairs cable network. "And I thought, boy, this would be terrific if I got a chance to work on this."

A self-described "policy geek," Bolten likes to work behind the scenes. He was one of the architects of Bush's failed plan to overhaul Social Security and of the more successful effort to cut federal income taxes.

"Josh is a creative policy thinker," Bush said, flanked by Card and Bolten in the Oval Office. "He's a man of candor and humor and directness."

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He also has a bit more flair than the typical policy wonk. The bachelor adviser rides a Harley-Davidson Fat Boy motorcycle to relieve stress and gladly took on the role of escort to actress Bo Derek when she campaigned for Bush.

Card, 58, is probably best known as the man who first told Bush about the terrorist attacks on Sept. 11, 2001, in a whispered message while Bush was reading with schoolchildren in Florida.

He's been in his demanding job since the day Bush took office, typically working before dawn until well into the evening. Had he stayed in the post through September, he would have become the longest-serving chief of staff in American history.

In an interview last month with Knight Ridder, Card hinted that his time at the White House was drawing short.

"If the president says goodbye to me tomorrow, I would still turn around and say thank you very much for yesterday," he said. "I am a pawn on somebody else's chessboard, and I'm perfectly comfortable. I don't want you to take this as arrogance, but I believe that if I cannot find another job, I don't deserve this one."

Loyal Bush Aide Chosen As New Chief Of Staff (FT)

By Edward Alden

Financial Times, March 29, 2006

President George W. Bush announced the resignation on Tueday of Andrew Card as his chief of staff but resisted demands for a shake-up by replacing him with another trusted aide, Joshua Bolten.

The resignation, effective on April 14, follows a series of mis-steps in Mr Bush's second term that have driven his poll ratings to the lowest of his presidency.

John Podesta, who was chief of staff for Bill Clinton, the Democratic president, said: "Somebody needed to take the spear. Things are going in the wrong direction for this administration."

Mr Card lauded the president on Tuesday as "good man" who had done "great things".

Mr Card, a former car industry lobbyist and Massachusetts legislator who has been close to the Bush family for two decades, operated quietly behind the scenes, coming into the public eye most famously when he whispered to Mr Bush news of the September 11 2001 attacks.

The chief of staff is responsible for managing the president's schedule and ensuring that the best political and policy advice reaches his ears.

The president has been under mounting pressure to clean house in an effort to revive his presidency and leave a strong legacy for the 2008 presidential elections. Critics, including some in the Republican party, have urged him to replace Donald Rumsfeld, the defence secretary, and perhaps even Dick Cheney, the vice-president.

Fred Barnes, the executive editor of The Weekly Standard, an influential conservative journal, has urged the president to undertake an overhaul that would include replacing Mr Cheney with Condoleezza Rice, the secretary of state, who many Republicans want to draft for the 2008 race.

The appointment of Mr Bolten, the director of the White House office of management and budget and former deputy chief of staff under Mr Card, is one of continuity rather than change, however. It showed little evidence that Mr Bush is considering a larger shake-up of his administration or is wavering in his loyalty to key aides.

His appointment will also do nothing to minimise the influence of Karl Rove, the White House political strategist who was hailed as the architect of Mr Bush's first-term successes and is now widely blamed for the president's second-term stumbles.

It will also do little to shore up Mr Bush's relations with Congress, where many Republicans have refused to support him on Social Security, immigration reform and the controversial Dubai Ports World deal.

Ronald Reagan, the last two-term Republican president and a hero to conservatives, brought in a respected former senator, Howard Baker, as his chief of staff in 1987. He helped engineer Mr Reagan's recovery from the Iran-Contra scandal.

Top Bush Aide Resigns (CHIT)

By Mark Silva

Chicago Tribune, March 29, 2006

DOJ_NMG_0023279

WASHINGTON -- In replacing long-serving chief of staff Andrew Card with another administration insider, President Bush has taken only a small step toward regaining the standing that he will need to salvage his second-term agenda, analysts said Tuesday.

The president has been under pressure, including from allies, to shake up his White House team with his job approval rating reaching an all-time low and the Iraq war increasingly unpopular. But experts say Bush presented little real change with his announcement that he will replace Card with another longtime aide, Budget Director Joshua Bolten, who followed Bush from Texas to Washington.

The appointment of Bolten, a policy expert who trained at Princeton and Stanford Law School and served in the administration of Bush's father, to one of the most powerful positions in government could be the start of a deeper reorganization, the White House has signaled. When Bolten assumes his new role April 15, he will have latitude to make more changes in the remaining 2 ½ years of this presidency.

Yet the swap of Bolten for Card, replacing one loyal insider with another, falls short of the bold stroke that some second-term presidents have made, such as Ronald Reagan's hiring of former Sen. Howard Baker of Tennessee in 1987.

Close observers of the presidency suggest that whatever reorganization is undertaken, it will be difficult for Bush to overcome his dual challenge: The weakening powers of a second-term president and a war entering its fourth year without an end in sight.

Bush's move struck many observers as a sign of continuity, not change, characteristic of a president who cherishes loyalty and stability. Even today, many of Bush's closest advisers date from his days as Texas governor, and he has resisted calls to jettison such controversial figures as political adviser Karl Rove and Defense Secretary Donald Rumsfeld.

"Bolten and Card are the same person in the same suits," said Paul Light, professor of public service at New York University and an expert on government administration. "This is not the beginning of a shakeup, if a shakeup is defined as entirely new faces that assure the American public that the administration absolutely means business about learning from its mistakes."

In any case, Bush's problems reach beyond his staff, Light said.

"Second terms are fraught with havoc anyway, and Bush brought into the second term the Iraq war, which has hurt him," he said. "You have a combination of a tough issue coupled with the natural atrophy that comes with a second term."

Card has served longer than any recent White House chief of staff, starting with Bush's arrival at the White House in January 2001. As Bush noted Wednesday, Card has served him "in historic times—on a terrible day when America was attacked, during economic recession and recovery, through storms of unprecedented destructive power, in peace and in war."

The chief of staff, the most powerful among them anyway, serves as almost the chief operating officer of the nation, with a wide-ranging portfolio that includes keeping custody of one of the capital's most valuable commodities, the president's time.

It was Card who discreetly whispered in Bush's ear at a Florida elementary school on Sept. 11, 2001, that the second World Trade Center tower had been struck and that "America is under attack." Card also served through the run-up to a U.S.-led invasion of Iraq and through three years of war.

Renowned for starting work before dawn and quitting well after dark, Card has told audiences he has lived with war every day. "I wake up every morning understanding that," Card said at a U.S. Chamber of Commerce luncheon.

Card also has lived with the perceived failings of an administration widely criticized for its handling of Hurricane Katrina. And while Card helped Bush win confirmation of two Supreme Court justices, he also was involved in the botched nomination of Bush's counsel and friend Harriet Miers.

"There is a new season," Card said Tuesday, with an allusion to Ecclesiastes. "It is a different season, and Josh Bolten is the right person for that season."

Bolten, who served as policy director for Bush's first presidential campaign, had served as deputy chief of staff for policy at the White House from 2001 through June 2003, when he became director of the Office of Management and Budget. A staunch defender of the president's tax cuts, he has steered Bush's domestic budget cutting, a dramatic boost in defense spending and a nearly $400 billion war budget as the federal deficit reached a record this year.

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But with many within Bush's own party privately calling on the president to recruit a seasoned Washington hand from outside the White House to help steer a new course through the most difficult period of this presidency, critics say Bush has made no change at all.

"If the White House is looking to change course, they picked the wrong person to toss overboard," Senate Minority Whip Dick Durbin (D-Ill.) said. "The American people are looking for a new direction from the Bush administration. It remains to be seen whether Josh Bolten can put the White House on the right course."

Top Aide Leaves White House Job; Budget Chief In (NYT)

By David E. Sanger

The New York Times, March 29, 2006

WASHINGTON, March 28 — President Bush replaced his chief of staff, Andrew H. Card Jr., with another longtime loyalist on Tuesday, a step unlikely to satisfy calls within his own party for fresh thinking to address the administration's troubles.

In turning to Joshua B. Bolten, his budget director, as the new chief of staff, the president stayed within what one close associate called a "circle of comfort" and what Mr. Bush's critics consider a closed world that brooks little doubt or dissent.

Mr. Bolten worked for Mr. Bush's father on international trade and has filled important policy posts for Mr. Bush since 1999, when Mr. Bush began campaigning for the White House.

The White House left open the possibility that Mr. Bolten would, in turn, replace other senior members of the staff.

The change, however incremental, occurred at a crucial moment in Mr. Bush's presidency and, in a White House remarkable for the stability of its senior staff, represented at least a symbolic turning point.

With Mr. Bush's poll numbers at or near their lows, his agenda stalled, his party no longer staying in line behind him and the Iraq war overshadowing almost everything he does, the president has been under pressure to give his administration new energy and direction.

Mr. Card's departure and Mr. Bolten's appointment signaled a possible start to achieving those ends, but shed little light on whether more substantive changes were to come.

In interviews and public statements, Mr. Bush's aides said that the president had accepted Mr. Card's resignation reluctantly and that if there were shifts in policy to go along with Mr. Bolten's arrival, they would be gradual.

"The president's style is not Saturday Night Massacre," a senior White House official said Tuesday night, a reference to Richard M. Nixon's series of firings in the Watergate scandal. The official said Mr. Bolten had "been given full authority" to reshuffle the White House staff if he deemed it necessary.

Asked in an interview with CNN Español whether more changes were coming, Mr. Bush replied: "Josh has just begun to take a look at the White House structure. And I haven't had a chance to talk to him about the future yet."

Other officials said they would be surprised if the move foretold any major shifts of policy on Iraq, economic management or other elements of the domestic agenda.

People close to Mr. Bush said he deliberately chose an insider who understood how this White House operated, even at the risk of angering Republican members of Congress who have said the White House has failed to consult with them sufficiently and blundered on the response to Hurricane Katrina, the nomination of Harriet E. Miers for the Supreme Court and the handling of Dubai's effort to take over management of some American port terminal operations.

"The differences between Andy Card and Josh Bolten are at the margins," said Donald Evans, the former commerce secretary and one of Mr. Bush's closest friends. "Josh is somebody the president knows well, and he knows how he operates. He can hit the ground running, and that's what the president wants. Just like any C.E.O., he wants to promote from the inside."

But that may not satisfy the Republicans who have been calling for more wholesale change. Mr. Bolten, although not part of the Texas clique that has dominated the White House, has had a hand in nearly all big domestic policy initiatives.

And though he has little experience in the national security issues on which Mr. Bush's political fate probably rests, he is respected among Republicans on Capitol Hill, where the president has had trouble holding his party together.

Karl Rove, who serves both as Mr. Bush's chief political strategist and deputy chief of staff for policy, remains in his posts, despite lingering public uncertainty over whether he will be charged in the inquiry into the leak of a C.I.A. officer's name.

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On paper, Mr. Rove's policy position makes him subordinate to Mr. Bolten, who held the same job during Mr. Bush's first term, though in practice Mr. Rove has few rivals in influence or breadth of portfolio, especially with Mr. Card departing.

A former White House official said, "It's hard to imagine the two of them operating hand in glove," but noted that Mr. Rove and Mr. Card managed to work together, if warily.

At a brief ceremony in the Oval Office, Mr. Bush said Mr. Card, a Massachusetts Republican who appeared tired and emotional as he stood at the president's side, had approached him "and raised the possibility of stepping down."

White House officials said Mr. Card raised the possibility on March 8, just after the White House was taken by surprise by the ferocity of a Republican uproar over the Dubai controversy. That was the latest in a series of cases in which Republicans complained that the White House had been slow to detect approaching troubles, and Mr. Card had repeatedly said that if the White House staff made missteps, "it should be directed at me."

Mr. Bush made the final decision last weekend at Camp David, aides said.

"He thought it might be time to return to private life," Mr. Bush said of Mr. Bolten, who has served longer than any other chief of staff except Sherman Adams, who worked under President Dwight D. Eisenhower from 1953 to 1958.

While largely unseen in public, Mr. Card has been one of the most crucial members of Mr. Bush's team, arriving at 5:30 each morning to organize the president's agenda, act as gatekeeper to the Oval Office and provide advice.

He never sought the limelight, saying a few months ago on C-Span: "I'm very comfortable with the reality that I am a staffer. I'm just a staffer."

A year ago, he told a reporter, "The biggest mistake you can make in this job is to confuse yourself with one of the president's best friends."

Clearly there is a bond between the two men, forged in some respects on the morning of Sept. 11, 2001, when Mr. Card whispered into Mr. Bush's ear at an elementary school in Sarasota, Fla., that a second plane had hit the World Trade Center and that "America is under attack."

On Tuesday, Mr. Bush recalled that day and praised Mr. Card, citing "legislative achievements from education to Medicare," the successful confirmation of two Supreme Court justices and the response to the Sept. 11 attacks.

Mr. Bolten will start on April 15, continuing a steady path toward the center of Mr. Bush's innermost circle. Starting in 1999, after he left a senior post with the investment bank Goldman Sachs in London, Mr. Bolten was the policy director of the 2000 Bush campaign.

He was a deputy chief of staff under Mr. Card from 2001 to 2003 and since then has been the budget director.

Mr. Bush praised Mr. Bolten as "a man with broad experience, having worked on Capitol Hill and on Wall Street and in the White House" and described him as being respected by members of Congress of both parties.

Mr. Bolten is a graduate of Princeton University, the Woodrow Wilson School of Public and International Affairs and the Stanford Law School.

While most Republicans welcomed the move, several made clear that they did not believe it went far enough.

"I'm one of those who has said I think they need some new blood, more people of stature in the White House," Senator Trent Lott, Republican of Mississippi, said on Fox News.

Mr. Bolten has not been a major player on Iraq policy, except for drawing up the budgets for the American troop presence there and the reconstruction. He will now become a significant player in the running debate in the White House over how Mr. Bush can begin to extract American troops.

As part of his job, he will sift through the intelligence that goes to Mr. Bush, and join many of the meetings on Iraq in the Situation Room. But the task of extracting troops over the next year will remain largely in the hands of Mr. Bush's longest-serving aides, who have now outlasted Mr. Card: Defense Secretary Donald H. Rumsfeld and Secretary of State Condoleezza Rice, among others.

Newsview: Changing Chief Of Staff May Help (AP-Y2)

By Tom Raum

AP2, March 28, 2006

DOJ_NMG_0023282

Andrew Card's departure as White House chief of staff and the elevation of Budget Director Josh Bolten to that pressure-cooker job hardly seems like the major overhaul some Republicans had urged to revitalize President Bush's struggling presidency.

But it may represent a modest attempt at a fresh start for a White House that had stumbled recently, including the failed Supreme Court nomination of Harriet Miers, the Dubai ports fiasco and slow disclosure of Vice President Dick Cheney's hunting mishap.

"There's no question that since Katrina, there have been some missteps that have shaped the president's inability to get a message out," said GOP political consultant Scott Reed. "These are no one person's fault. But they happened. And now it's time to get back on the offensive."

Tuesday's shake-up came with Bush's political influence diminished by public unease over the war in Iraq and by GOP divisions. Increasingly, the White House has found itself isolated and estranged from many of its one-time allies on Capitol Hill.

The White House held out the possibility that Bolten's appointment could presage other staff changes.

Bolten may not be known to many Americans outside Washington, but as Bush's budget director he's familiar to members of Congress.

"Andy did a very good job, and he did the job exactly the way the president wanted. Both he and Josh are capable. Probably the difference between them is that Josh has more experience on Capitol Hill and stronger relationships with the Congress," said Charles Black, a longtime GOP adviser.

Some Republicans had pushed for Bush to bring in an elder GOP statesman to take charge of the White House operation, much as President Reagan did in 1987 when he named former Senate Majority Leader Howard Baker of Tennessee to be his chief of staff after the Iran-Contra affair.

But those familiar with how Bush operates suggested that was unlikely — so long as Cheney helped shape administration policy and so long as Bush's top political adviser, Karl Rove, remained on the job.

"Cheney is the de facto chief of staff. He's two steps down the hall. He's like a barnacle, he's not going anywhere," said Paul Light, a presidential historian at New York University. Few experienced Republican hands would be enthusiastic about taking on Cheney, Light suggested.

Beginning with Hurricane Katrina, the White House has failed to recognize the seriousness of a succession of troubles that analysts in both parties say should have raised early warning signs — especially for an administration that prided itself on discipline and political skills.

The administration failed to gauge the extent of GOP opposition last month, for example, to a plan to have an Arab company based in Dubai run terminals at some U.S. ports. Likewise, last fall it misjudged the depth of conservative rebellion to Bush's Supreme Court nomination of Miers, later withdrawn.

The administration has also had a difficult time with conservatives in Congress on immigration legislation. Bush's plans to overhaul Social Security and revamp the tax code remain stalled. And the program to provide prescription drug benefits to Medicare recipients got off to a difficult start.

"Part of the problem was, for whatever reason, they got a tin ear to the political consequences of such issues. You can't do that. You have to be ahead of that," said former Rep. Leon Panetta, D-Calif., a former budget director who served as President Clinton's second chief of staff.

Still, he praised Card for doing "an outstanding job" in a post for which "you get burned out pretty quickly."

Panetta said he himself benefited in going from the Office of Management and Budget to being White House chief of staff, and he predicted Bolton would, too. "That OMB job gives you a good perspective of the entire administration. You're making judgments every day as to what programs should be supported and which ones are not working," Panetta said.

Julian Zelizer, a history professor at Boston University, said the change is "as small a shake-up as one can imagine" in terms of significance to the public. "Part of me thinks this was just a badly calculated effort to respond to all the demands to `do something,'" Zelizer said.

For his part, Card, who has served at Bush's side since January 2001, said it was time to return to private life. "It is a different season, and Josh Bolten is the right person for that season," Card said.

"This is not a great shake-up. This is not the beginning of a great exodus. This is probably one person who stayed too long," said presidential scholar Stephen Hess, a former speechwriter for President Dwight Eisenhower and an adviser to Presidents Ford and Carter.

Card's Departure Seen As A Sign President Hears Words Of Critics (WP)

By Jim Vandehei

The Washington Post, March 29, 2006

A few weeks ago, President Bush's spokesman dismissed talk of an impending staff change as "inside Washington babble."

White House Chief of Staff Andrew H. Card Jr.'s resignation yesterday suggests that Bush was listening.

Through one full term and the first year of the second, a signature of this administration was the indifference -- even contempt -- it showed for the capital's political and media culture, and for the endless flow of commentary and unsolicited advice that its inhabitants deliver daily to all presidents.

Bush, his advisers say, has by no means changed his view of what he derisively calls the "chattering class." But the Card move is only the latest sign that -- with his presidency under the stress of low public approval ratings, an unpopular war and a stalled legislative agenda -- Bush is more often deferring to the expectations of Washington conventional wisdom.

On Iraq, he has not shifted policy but has modified his message in response to legislators and GOP operatives who said he needed to more directly address the arguments of opponents instead of simply disparaging them as defeatists. On his domestic agenda -- after last year proved that doubters of both parties on Capitol Hill were right when they said his planned overhaul of Social Security was far too ambitious -- Bush has returned this year with a series of small proposals such as incentives for alternative energy sources.

At the same time, the president who set out five years ago to circumvent what he considered the "filter" of Washington's mainstream media, has started having off-the-record, get-to-know-you-better chats with White House reporters.

"When you run into brick walls, you need to figure out ways around it," said a high-ranking administration official, who acknowledged that a White House that once prided itself on tuning out the views of op-ed pages and cable talk shows is now more likely to tune in. "Part of what you are seeing is some adjustment to the political realities."

These accommodations are of the sort that many presidents have made before, and Bush's steps should not be overstated. He has not summoned a respected Capitol Hill figure to join his staff, as Ronald Reagan did when he tapped Howard Baker as his chief of staff after the Iran-contra scandal in 1987. He did not invite a well-known figure from the other party into his fold, as Bill Clinton did when he recruited commentator David Gergen to help right a stumbling presidency in 1993.

What's more, Bush's team well knows that making nods to inside-Washington expectations can affect its political fortunes only at the margins. As Bush himself said at a news conference last week, his "political capital" is nearly all invested in Iraq, and that war is almost certainly what will determine his political success or failure in the balance of his presidency.

Still, longtime Bush observers are struck by the stylistic changes on display.

"The first term was about discipline, driven by a big event -- Sept. 11 -- that shaped the era, and maybe it saved them for a while," said Ed Rogers, a Republican with close ties to the White House. "It allowed them to do things that were inconsistent with the currents and ways of Washington. Now absent a big event that has upset the political order and laws of political physics, they are back playing by the rules that govern this universe."

Ari Fleischer, Bush's spokesman in the first term, said the president is simply conforming to a new political reality. "Tough times force you to adjust," he said. "When times are tough and poll numbers are down . . . the president is more open to change for whatever good comes with that change."

Fleischer said there is no doubt that the Card resignation was at least partly the result of Republican calls for a staff shake-up. "There was a drumbeat out there that the president's staff could not miss and Bush could not miss," he said. Publicly, White House officials said it was Card who decided to resign, but a top aide said Bush gradually came to the conclusion that it was the right thing to do.

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The president-vs.-Washington battle is not a new phenomenon. Washington has long had its own unique culture governed by a set of unspoken but generally understood political and social mores. By custom, presidents are expected to reach out to the social and political elite. The people in that elite almost always have the same advice: Listen to the top pundits, do more to reach across the partisan aisle, embrace foreign travel, shake up the staff when polls go in the tank. Most recent presidents, to some extent, came to town intent on playing by their own set of rules, and most end up striking some sort of truce.

"There are certain lessons you learn," said Leon E. Panetta, who became Clinton's second chief of staff in 1994 after an unseasoned White House staff made many errors in the first year. Presidents such as Bush and Clinton, who came from outside Washington, "kinda look down on Washington," Panetta added, but ultimately realize that "if you do not learn how to work in the Washington setting, it will basically eat you up."

Bush brings some personal history to the subject. After watching the travails of his father's presidency, he came to town with an attitude that bad decisions are often made when presidents pay too much attention to party insiders who wring their hands or don't dare to take chances, longtime aides said. He considered many in Washington too quick to turn on friends and their core principles during troubled times, and too scared to "shape history."

Bush's strategy often worked, according to John D. Podesta, a former Clinton chief of staff. But even some Republicans said it was less the result of Bush's strategy than the Sept. 11 attacks, which spurred twin emotions of fear and patriotism among voters and in Congress that allowed Bush to set the agenda and strike a defiant stance. One person close to Bush said this created a false sense of power and success at the highest reaches of the White House.

Bush's fatal mistake, Podesta said, was going too far in the direction of avoiding, if not alienating, important people in Washington. "You have to tip your hat enough to the chattering class so they don't spend every day thinking about how to flay you," Podesta said.

The Card resignation by itself does not signal a radical shift for this White House. But aides said more changes will come and that Bush is strongly considering adding one or two well-known Republicans to help soothe relations with Congress.

First Buddy (WP)

By Libby Copeland And Mark Leibovich

The Washington Post, March 29, 2006

Andrew Card didn't lose a job yesterday, he made a friend.

"Mr. President, as the chief of staff, I know I was a staffer," Card said yesterday in his resignation speech, "and now I look forward to being your friend."

The bright line between working for the president and being friends with the president has always been a big deal to Card, who is known for being enthusiastically humble. He liked to emphasize the "staff" in his title, rather than the "chief." In an interview on C-SPAN last year (in which he twice called himself "just a staffer") Card said he fought a "great temptation" to become buddies with the leader of the free world.

This, it turns out, is a White House occupational hazard.

"It's always easy to assume a friendship that's not helpful because you're with the president so closely in so many tense situations -- it's like being in a foxhole together," says Marlin Fitzwater, who served as press secretary to Ronald Reagan and the first President Bush. "On airplanes, in holding rooms, getting ready to make a speech, late at night, early in the morning, when everyone's tired, and in a lot of human settings."

The human element always makes things messy. Presidential staffers have to remind themselves they serve the office as much as an individual. The president is always "Mr. President" unless one happens to be the first lady. To this day, Mack McLarty, Bill Clinton's first chief of staff, still calls his boyhood friend and former kindergarten classmate "Mr. President," even in private.

When he became president, Jimmy Carter insisted that the friends who followed him to the White House still call him "Jimmy," says Gerald Rafshoon, who served two years in the administration as communications director. Rafshoon, who had served Carter when he was governor of Georgia, demurred.

He also struggled with just how to speak to his "friend," after vowing to himself that he would give Carter unfiltered advice.

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"Once I got to the Oval Office, the atmosphere was such that I was intimidated," Rafshoon says. "If there were other people there, I would come back later."

The distinction between friend and Mr. President is more than semantic, as many who have served at the pleasure of presidents can testify. There's a respectful distance not only in the Oval Office, but during dinner with the president and his family, says former George H.W. Bush aide Mary Matalin. This protects the president -- and his staff, too.

"There are times when you have to be an SOB on behalf of the president," says Leon Panetta, who served as Clinton's chief of staff for 2 1/2 years. "It helps to have that professional distance."

A staffer who's not properly deferential, who doesn't emphasize the professional over the personal, risks assuming power he doesn't have, or not giving the president frank advice, or being surprised when the president decides his assistance is no longer needed.

Case in point: the late Don Regan, Reagan's imperious chief of staff, whom some used to call the "prime minister." Regan feuded with the first lady (once hanging up on her) and was said to have stormed out of the White House after learning he'd lost his job. Nancy Reagan later wrote that Regan, a former Merrill Lynch CEO, "often acted as if he were the president."

As a staffer, "you're always deferential, meaning you're not the decision-maker, meaning you don't take credit for decisions," Fitzwater says. "Don Regan had trouble with those things."

Card, who served for almost six years before being replaced yesterday by White House budget chief Joshua Bolten, never had that kind of trouble. He often reminds people about the lowfalutin jobs he has held: at a McDonald's in Columbia, S.C. (rising as high as night manager), and one summer as a sanitation worker near his home town of Holbrook, Mass. He romanticizes the work to underscore the importance of getting dirty jobs done, be it on a garbage truck or in the White House.

As for President Bush, he's always liked loyalists -- people like Card, whose ambitions are tied wholly to the president's own success. He and Card and their wives have known one another for more than 20 years. If the men haven't been friends, exactly, they've had about as close a nonfriendship as a boss and an employee can have.

"I worry about the care and feeding of the president," Card said last year in the C-SPAN interview. "I greet him first thing in the morning and I say good night to him when he goes off to go home for the night. He probably sees much more of me than he wants to."

Then Card added, in what sounds like a strange distinction to anyone who doesn't understand the relationship between the president and a chief of staff: "The president is my friend and I do not want to let him down. But I am not his friend, I am a staffer."

Bush's Chief To Consider Changes (USAT)

By David Jackson And Andrea Stone

USA Today, March 29, 2006

WASHINGTON — President Bush's new chief of staff will look at possible changes in White House operations and staff as the administration grapples with political problems that include falling approval ratings and strained relations with congressional Republicans.

President Bush said Tuesday he's naming budget director Joshua Bolten, 51, to replace current chief of staff Andy Card, who has served as Bush's top aide for more than five years.

Bush, who told reporters last week he was “satisfied” with his White House team, said Card, 58, approached him about leaving the exhausting post. Bush praised Card's “calm in crisis” and noted that he routinely put in the longest days at the White House.

Bolten, 51, is a lawyer who served as White House deputy chief of staff before becoming Bush's budget director. Bush called him a “creative policy thinker.”

“Josh's job is to design a White House staff that meets the needs of the president,” Bush told CNN en Espaol on Tuesday. “Josh has just begun to take a look at the White House structure, and I haven't had a chance to talk to him about the future yet.”

White House press secretary Scott McClellan said it was premature to say whether there would be any more staff departures. But McClellan noted that Bolten has the authority to “manage the White House staff and to look at personnel issues throughout the administration.”

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Bolten's appointment came after weeks of calls for staff changes from Republicans such as Sen. Norm Coleman of Minnesota and Rep. Pete King of New York. The demands intensified after Bush tried but failed to persuade the GOP-controlled Congress to accept a deal to let an Arab-owned company run some operations at ports in six states.

King greeted Bolten's appointment warmly. “Bolten is highly respected on Capitol Hill,” he said. “People feel they can deal with him.”

Others said Bush needs to do more. “This is not a change,” said Sen. Trent Lott, R-Miss. He complained that swapping one White House insider for another was “not what they need. They still need men and women of stature and gravitas in a number of slots.”

Presidents have often changed chiefs of staff in difficult times. Only a few new hires have made enough change to give a White House new direction. For example, Leon Panetta, a former California congressman, was brought into the White House in Bill Clinton's second year to impose discipline and focus.

The Bush White House already is known for its discipline and managerial skill. Bolten will be coping with a restive GOP Congress, a difficult war in Iraq and the worst public opinion poll ratings of Bush's presidency.

Bush's staff change Tuesday reflected a hallmark of his management style: surrounding himself with trusted aides he knows well. Bolten served as policy director for Bush's 2000 presidential campaign before joining the administration at its outset.

OMB Head To Replace Card As Top Bush Aide (WP)

By Michael A. Fletcher

The Washington Post, March 29, 2006

President Bush took the first step in what aides say may be a second-term overhaul of his beleaguered administration yesterday as he announced the departure of longtime Chief of Staff Andrew H. Card Jr.

Card offered his resignation earlier this month, saying it would be best for the president.

Bush named Joshua B. Bolten, director of the Office of Management and Budget, to replace Card, and indicated that more changes are in the offing. Card's resignation comes after a series of political missteps that have contributed to Bush's sinking approval rating and prompted some Republicans to urge a staff shake-up.

White House officials emphasized that Bolten would have the prerogative to bring in fresh staff members and revamp operations to suit his leadership style. The White House must find a replacement for domestic policy adviser Claude A. Allen, who resigned after being accused of stealing from retail stores, and now a new budget director. At least one or two other senior officials are expected to leave for their own reasons by the end of the school year this spring, a senior official said.

White House press secretary Scott McClellan would not speculate on the future of other high-level White House staff members, including Deputy Chief of Staff Karl Rove, Bush's top political strategist, who has been under investigation by a special prosecutor in the CIA leak case.

"All of us here serve at the pleasure of the president. And that's important to keep in mind," McClellan said. ". . . But I think it's premature to try to speculate about what, if any, decisions might come."

Card, who served nearly 5 1/2 years as Bush's chief of staff, said he will stay on until April 14 to ease Bolten's transition. Speaking from the Oval Office, Bush thanked Card for his "wise counsel, his calm in crisis, his absolute integrity, and his tireless commitment to public service."

Bush went on to describe Bolten as a "creative policy thinker" who is an expert on the budget and economy and who has earned the respect of Congress and knows how to lead. "No person is better prepared for this important position," he said.

In picking Bolten, Bush once again chose not to reach beyond his inner circle to fill a critical post. With many Republicans concerned that Bush's flagging popularity will hurt them in this fall's midterm elections, some have been urging him to select a seasoned Washington veteran the way Ronald Reagan brought in former Senate majority leader Howard H. Baker Jr. (R-Tenn.) when his presidency's second term was listing.

But Bush instead turned to someone he knows and trusts implicitly. A confidant of the president's, Bolten, 51, served as deputy White House chief of staff in Bush's first term before moving to head the budget office at a time when spending on wars in

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Iraq and Afghanistan, as well as the expensive new Medicare prescription drug benefit and the recovery from Hurricane Katrina, caused deficits to spiral.

In an attempt to accommodate the new spending demands, Bolten oversaw two consecutive budgets that reduced spending on many housing, education and other social-service programs. Still, many Republicans in Congress have complained that the administration has not done enough to rein in federal expenditures.

Taking the microphone after Bush's announcement, Bolten said he was "deeply honored" by the opportunity to succeed Card. "The agenda ahead is exciting," he said. ". . . I am anxious to get to work."

Card has held the top staff job at the White House longer than any person since Sherman Adams, under President Dwight D. Eisenhower, and Card has earned respect within the building and around Washington for his stamina and calm professionalism.

Largely invisible to the public, Card is best known for his role on Sept. 11, 2001, as the person who informed Bush that a second hijacked plane had struck the World Trade Center in New York. As Bush was reading to students in a Florida classroom, Card calmly approached and whispered in his ear.

As chief of staff in the current administration, Card has been instrumental in some of Bush's signature achievements, including tax cuts, a broad education-revision package and the appointment of two Supreme Court justices. But his stewardship has come under sharp questioning in recent months after a series of mishaps, including the failed Supreme Court nomination of Harriet Miers, the bungled federal response to Hurricane Katrina, the slow public disclosure of Vice President Cheney's shooting accident and the unexpected Republican revolt over a plan to turn over management at a half-dozen ports from a British firm to an Arab-owned company. Card also played a major role in the creation of the behemoth Department of Homeland Security, which has come under fire for profligate spending and its ineffective response to Katrina.

Card, 58, has been the focus of much speculation in Washington about how physically and politically exhausted the White House staff must be in the sixth year of a presidency buffeted by recession, terrorism and war. Card has told interviewers that he gets up every day at 4:20 a.m., arrives at the White House an hour or so later and works until 8 or 9 at night.

"On most days, Andy is the first one to arrive in the West Wing and the last one to leave," Bush said.

McClellan said Card initially told Bush that he wanted to resign on March 8, just one day before the port deal fell apart. Bush did not accept Card's resignation right away, but he did not reject it, either. "What the president did was examine it," a senior aide said. After thinking it through and pondering who would take over if Card left, the two talked again at Camp David on Saturday and finalized the move.

Some conservatives are glad to see Card go. Quin Hillyer, executive editor of the American Spectator magazine, offered a "friendly good riddance" to the chief of staff. "This White House is justly criticized for its insularity, and this little bit of shake-up may help break up that insularity just a little," he said. "Without saying anything bad about Andy Card, it's a good opportunity for the White House to get a new start."

Yesterday, Card's voice was thick with emotion as he left the Washington stage.

"Ecclesiastes reminds us that there are different seasons," he said. ". . . But it is a different season, and Josh Bolten is the right person for that season."

Card Resigns As Chief Of Staff (WT)

By Joseph Curl

The Washington Times, March 29, 2006

President Bush yesterday announced the resignation of his chief of staff, Andrew H. Card Jr., who had served in the White House's most demanding staff position for more than five years -- the second longest run in presidential history.

Mr. Bush appointed another longtime White House staffer, Joshua B. Bolten, 51, to fill the position. Mr. Bolten is the director of the Office of Management and Budget and a former deputy chief of staff under Mr. Card.

In an early morning televised announcement from the Oval Office, Mr. Bush said Mr. Card had come to him "and raised the possibility of stepping down."

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"He thought it might be time to return to private life," Mr. Bush said, adding that he decided to accept Mr. Card's resignation after a weekend stay at Camp David, the presidential retreat, with his longtime aide and confidant.

"I have relied on Andy's wise counsel, his calm in crisis, his absolute integrity and his tireless commitment to public service," said Mr. Bush, who is known for prizing loyalty.

"The next three years will demand much of those who serve our country. We have a global war to fight and win."

Mr. Card, 58, stood stiffly with his hands by his sides as Mr. Bush praised his years of service through the September 11 attacks, two wars and a string of crises and legislative challenges. In brief comments, Mr. Card quoted the Bible, saying the time has come "for a new season."

Gripping the podium, Mr. Card, his eyes welling, said in his farewell: "You're a good man, Mr. President, and you do great things."

"Working in the White House is a tremendous privilege. It's almost beyond description, the great privilege it is to work at the White House. But it is even a greater honor to serve as the president's chief of staff, especially to you, Mr. President," Mr. Card said.

"Mr. President, as a chief of staff, I know I was a staffer, and now I look forward to being your friend."

Mr. Card's exit came amid calls from Republicans for a White House shake-up. Many conservatives have been angered by what they see as the "tin ear" of the administration in recent months, pointing to the Supreme Court nomination of White House counsel Harriet Miers, quickly derailed by conservatives, and the backing of an Arab company's bid to operate terminals at six U.S. ports.

Democrats seized on the ports deal as proof that Mr. Bush has gone soft on security. The company dropped its bid because of the opposition.

But a senior White House official said Mr. Card's resignation -- and the president's decision to accept it -- had nothing to do with the Republican clamor for change. Instead, the official said, Mr. Card was simply ready to move on.

Mr. Card held the top White House staff job longer than anyone in 47 years, since Sherman Adams served President Eisenhower.

To the public, Mr. Card may be best-known as the aide who calmly walked into a Florida school room and whispered into Mr. Bush's ear that America was under attack on September 11. Known as a soft-spoken man who took time to praise even low-level staffers who performed well, Mr. Card brought a common-sense approach to the job, using a complex system to remember even the smallest details.

He also worked longer hours than nearly anyone else at the White House, rising at 4:20 a.m., arriving at his office less than an hour later and often working until 8 or 9 p.m.

Mr. Bolten will take over the job on April 14. Like Mr. Card, he is a longtime adviser, having served as a deputy chief of staff from 2001 to 2003 before becoming budget director.

Mr. Bush said yesterday that Mr. Bolten was "a man with broad experience, having worked on Capitol Hill and on Wall Street and in the White House" and was respected by members of Congress from both parties.

Mr. Bolten, speaking after Mr. Bush, said he looked forward to keeping on track an agenda he called "exciting" and was "deeply honored" to be succeeding Mr. Card

Mr. Bolten, who studied at Princeton University's Woodrow Wilson School of Public and International Affairs and Stanford Law School, is well-respected in top political circles in Washington.

The pick shows that Mr. Bush plans to push his agenda through the next three years, even during the 2008 presidential campaign, said U.S. Trade Representative Rob Portman, who has known Mr. Bolten for years.

Known as a square dealer with both the press and members of Congress, Mr. Bolten should be adept at helping the administration get its message out, Mr. Portman said.

"Josh knows not just the ins and outs of government, but in particular he knows the ins and outs of the White House," Mr. Portman said. "He'll make some appropriate changes."

Bolten To Replace Card As Chief Of Staff (AP-Y2)

By Terence Hunt

AP2, March 28, 2006

Struggling to revive his troubled presidency, President Bush replaced longtime chief of staff Andy Card with budget director Joshua Bolten on Tuesday and gave Bolten authority to make further changes in a White House staff that even Republicans have complained is tired, insular and lacking fresh ideas.

Appearing with Bush in the Oval Office, Bolten gave no hint about what, if any, shake-up he might order. But White House officials said no one should doubt his ability to replace Bush aides. "He'll have all the authority he needs ... to make the decisions that he feels best, working with the president," White House spokesman Scott McClellan said.

Like Card, Bolten, 51, is a Washington insider whose ties reach back to Bush's 2000 campaign for the White House. Democrats — as well as some Republicans — grumbled that the new White House boss looked a lot like the old one.

Bush said of Bolten, "He's a man of candor and humor and directness, who's comfortable with responsibility and knows how to lead. No person is better prepared for this important position."

Before being named budget director in 2003, Bolten was Card's deputy chief of staff for policy, a colleague of such senior aides as top political adviser Karl Rove and White House counselor Dan Bartlett.

Alarmed by Bush's falling approval ratings and White House mistakes — from the bungled Hurricane Katrina reaction to the ill-fated deal to allow an Arab company to manage U.S. ports — Republicans have been urging the president to bring in new advisers with fresh energy. The GOP's concerns have been heightened by anxiety over midterm congressional elections in November. Card, as chief of staff, became a target for blame.

Democrats said Card's departure wasn't enough. "Simply rearranging the deck chairs on the Titanic by replacing Andy Card with Josh Bolten without a dramatic change in policy will not right this ship," said Sen. Charles Schumer (news, bio, voting record), D-N.Y.

Said Democratic National Committee communications director Karen Finney: "As the saying goes, you can put lipstick on a pig, but it's still a pig. Unfortunately for the American people, all President Bush did today was make it clear that they should expect nothing more than the same failed policies they have come to know all too well."

Once believed to harbor ambitions of surpassing Sherman Adams' nearly six-year record as the longest serving chief of staff — under Dwight Eisenhower — Card told Bush on March 8 he thought he should leave, McClellan said. Bush decided over the weekend at Camp David to accept the resignation and replace Card with Bolten, the spokesman said.

"Ecclesiastes reminds us that there are different seasons, and there is a new season," said Card, whose wife is a Methodist minister.

Bush, in an interview with CNN Espanol, declined to say if other changes were in the works. "Well, Josh has just begun to take a look at the White House structure," the president said. "And I haven't had a chance to talk to him about the future yet."

To the public, Card may be best known as the aide who calmly walked into a Florida classroom and whispered to Bush that America was under attack on Sept. 11, 2001. A veteran of every Republican administration back to Ronald Reagan's, Card is respected in Washington as fair, smart and hardworking — the first to arrive at the White House around 5:30 a.m. and often the last to leave at night.

Card, 58, stood stoically with his hands by his sides as Bush lauded his years of service. Then, gripping the podium, Card said in his farewell: "You're a good man, Mr. President."

Card's eyes were watery. He said he looked forward to just being Bush's friend. Bush then gave him five quick slaps on the back, and the two walked out of the Oval Office together.

"Andy Card, a longtime friend of mine, is tired," Sen. George Voinovich (news, bio, voting record), R-Ohio, told reporters later. "That he stayed in this job this long shows how much he cares about this country."

As chief of staff, Bolten will regulate the paper flow to Bush's desk, oversee his schedule and determine who gets in to see the president — although some longtime aides have unquestioned access.

Bolten was budget chief when the government ran its three largest deficits ever, including the record $413 billion shortfall in 2004 — though most of that was because of the economy and years of decision-making by presidents and lawmakers.

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"Josh Bolten has a record of failure," said Senate Minority Leader Harry Reid, D-Nev. "Look at what he's done with our national debt."

But Sen. Edward M. Kennedy (news, bio, voting record), D-Mass., said Bush had made a wise decision in picking Bolten. "His reputation among Democrats and Republicans alike is being a tough-minded, skilled conservative but also has an ability to work with Congress, work with Democrats as well as Republicans."

Rejecting charges of staff inertia, McClellan said half of Bush's senior aides have been replaced since the president's re-election in 2004. But some in Bush's inner circle — such as Texans Rove, Bartlett, Harriet Miers and McClellan himself — remain at the White House after 5 1/2 years.

'A Cool Hand' On The Switch At White House (USAT)

By Richard Wolf

USA Today, March 29, 2006

WASHINGTON — Joshua Bolten is passionate about music and motorcycles, bowling and baseball. As President Bush's choice to be White House chief of staff, however, he will get a new chance to fulfill another passion: public service.

The son of a career CIA employee and a college professor, Bolten grew up in the worlds of government and academia. For most of the past 25 years, he has toiled inside the federal government.

Now, however, Bolten will take on a larger role inside a White House stricken by setbacks ranging from the war in Iraq to Hurricane Katrina.

"He is a very quick study, he is unflappable, and he is a cool hand," says Rep. John Spratt, D-S.C., the top Democrat on the House Budget Committee.

"People like him, and they trust him," says Sen. Chuck Hagel, R-Neb. "Those are the two currencies for success."

Bolten's friends describe a 51-year-old who also likes to ride Harley-Davidson motorcycles, organize bowling parties, play bass in a rock band and cheer on the Washington Redskins and Nationals.

"For all his success in the public sector, he is still a very regular guy," says Dan Price, a lawyer who worked with Bolten at the State Department and U.S. Trade Representative's Office in the 1980s and early 1990s. "He throws himself into bowling with the same enthusiasm that he approaches everything else."

During the 2000 presidential campaign, Bolten headed Bush's policy shop and earned the nickname "Wizard" from the would-be president. Bolten brought it with him to the White House, where he worked as deputy chief of staff for policy, then as director of the Office of Management and Budget (OMB).

In that job, Bolten has presided over federal budgets that expanded defense spending at the expense of some domestic programs — and sent deficits soaring to record levels. "He's been dealt some tough hands" such as Iraq and Katrina, says Senate Budget Committee Chairman Judd Gregg, R-N.H. "You've got a Congress that likes to spend money."

Democrats like Bolten but not his $2.77 trillion budget. Sen. Kent Conrad, D-N.D., top Democrat on the budget panel, once asked him, "How can a guy as smart as you come up with such bad results?"

Throughout the give-and-take of the budget process, Bolten always stays on message. Asked last month whether a projected $423 billion deficit didn't call for higher taxes, he said: "A tax increase is the wrong prescription. … We are not an undertaxed society."

Bolten's experience at the OMB should help him in his new post, says Leon Panetta, who made the same transition under President Clinton. "It's not a bad credential to take into the White House," Panetta says. "When you're OMB director, you have a view of the entire government and the various programs, the ones that work and the ones that don't work."

Having succeeded Andy Card as chief of staff, Bolten will spend more time with the president than anyone else. He will set the pace at which the White House works, help shape policy and implement it, mediate internal disputes, convey Bush's agenda to Cabinet departments and Congress, and manage the president's time.

"Whoever works for (Bolten) should be single, they should not like their home, and they should not like to complain," says Ari Fleischer, Bush's first press secretary. "He's legendary for his long hours, especially at night."

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Bolten also has found time to rub shoulders with U2 frontman Bono and actress Bo Derek. An observant Jew, he recited the opening prayer in Hebrew at his first Cabinet meeting. He keeps a gas tank from a Harley-Davidson "Fat Boy" in his office. At Princeton reunions, "he's kind of a rock star," says classmate Mike McCurry, who worked in the Clinton White House.

In 2004, Bolten joined a band of current and former government workers that includes Tabetha Mueller, Card's daughter. The foursome plays '60s tunes at school fundraisers and government functions. "We're all kind of middle-aged people trying to resuscitate our high school years," says drummer and former White House staffer Bob McNally.

Shuffling The Deck (WP)

The Washington Post, March 29, 2006

EVERY PRESIDENT is rich in unsolicited advice, and lately President Bush has cornered the market in one particular recommendation: Shake up your staff, bring in new blood, call the bullpen. Yesterday Mr. Bush responded to his unsought counselors as he usually does, by ignoring them. He accepted the resignation of his notoriously long-serving, notoriously hard-working chief of staff, Andrew H. Card Jr., but he did not exactly replace him with a fresh face. Joshua B. Bolten will have a shorter walk to his new office from his current perch at the Office of Management and Budget than a relief pitcher's jog to the mound. And as Mr. Bolten told C-SPAN's "Q&A" last year, he has been "a part of the president's senior team from the beginning, from the beginning of his 2000 campaign."

Is that a bad thing? It depends in part on what you hoped a shake-up might accomplish. Mr. Bolten is bright, dedicated, fair-minded and well-liked, so the threshhold question -- competence -- doesn't arise. And if you think Mr. Bush's second-term slide essentially is a management problem, maybe a new manager can help. The miscalculation on Harriet Miers, the failure to anticipate the Dubai ports deal controversy, the botched response to Hurricane Katrina -- maybe a fresher chief of staff could have done better. But Mr. Bolten, even if he doesn't rise seven days a week at 4:20 a.m., has been working nearly Card-like hours for as long as Mr. Card. And on Iraq -- the single issue on which the Bush presidency most depends, and that might benefit most from fresh thinking -- this personnel shift is unlikely to have an impact.

If you hoped that Mr. Bush might respond to some of his setbacks by adjusting some of his policies, this "shake-up" is even less likely to satisfy. We might dream that Mr. Bush would look at the mounting evidence of human-induced climate change and offer a policy response; or notice the baleful impact of high oil prices on his foreign policy and get serious about alternative energy; or acknowledge the plunge from fiscal surplus to deficit in his tenure with a shift in tax policy. But a prod for change is unlikely to come from Mr. Bolten, who told Brian Lamb in the same C-SPAN interview that what he brought to OMB was "a good appreciation of what is important to the president and how we can contribute to accomplishing his agenda." Other personnel changes may follow, but the lesson of this one is that Mr. Bush sees no need for new thinking.

Not Quite What We Had In Mind (NYT)

The New York Times, March 29, 2006

For months now, people have been urging President Bush to shake up his inner circle and bring in fresh air. Perhaps in response, the White House chief of staff, Andrew Card Jr., resigned yesterday. Mr. Bush opened the window — and in climbed his budget director, Joshua Bolten, who used to be Mr. Card's deputy.

If this is what passes for a shake-up in this administration, the next two and a half years are going to be grim indeed. This is a meaningless change, and it simply sends the message that Mr. Bush lacks the gumption to trade in anyone in the comforting, friendly cast of characters who have kept him cocooned since his first inauguration.

It's hard to figure out what unmet need this change is supposed to fill. There's been a lot of talk about how exhausted the original Bush team is. But Mr. Bolten ought to be as pooped as everybody else. It takes just as much energy to put together an out-of-whack, fiscally ruinous budget as it does to mess up an invasion or ignore a cataclysmic hurricane.

Mr. Bolten has been giving the president advice for years, and the result has been a deficit estimated at $371 billion. Perhaps he'll come up with a better approach in his new job. We've heard that under Mr. Card's watch, aides wound up showing Mr. Bush videos of TV news coverage of Hurricane Katrina to convince their boss that it really was a problem. Maybe Mr. Bolten can start the next budget discussion with some audiovisual aids — like an abacus.

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New White House Chief Of Staff Is A Harley-riding Policy Geek (KRT)

By Steven Thomma

Knight Ridder, March 28, 2006

WASHINGTON - In 1999, a rising star at Goldman Sachs had a choice: Go to work for the firm's chairman or take a gamble and work for a presidential campaign.

Joshua Bolten chose George W. Bush's campaign. He's been with Bush ever since and was tapped Tuesday to be Bush's new White House chief of staff.

Bolten, 51, is a hybrid for a Washington insider. A self-described "policy geek," the soft-spoken bachelor prefers life beneath the political radar. Yet his penchant for anonymity notwithstanding, he's no stranger to flamboyant gestures: He rides several motorcycles, and his favorite is the 2003 anniversary edition Harley-Davidson Fat Boy. He's entertained White House staff with his rock band, the irreverently named "Deficit Attention Disorder." And he's friendly with actress Bo Derek.

Bolten easily could have taken a different track to a very different place. The Goldman Sachs chairman whom Bolten shunned: Jon Corzine, who left the investment bank soon after that to enter politics himself as a Democrat. He's now the governor of New Jersey.

In hindsight, it's clear that Bolten was meant for public life, not banking. He was reared in Washington, D.C. His father served in World War II, then spent a career at the CIA.

Bolten calls his mother the smartest person he's ever met.

With a bachelor's degree from Princeton University's Woodrow Wilson School of Public and International Affairs and a law degree from Stanford, Bolten clerked for a federal judge in San Francisco, then practiced law and worked in the State Department.

He became international trade counsel to the Senate Finance Committee in the 1980s before joining George H.W. Bush's White House as a counsel to the U.S. Trade Representative and deputy assistant to the president for legislative affairs.

After the elder Bush lost the White House in 1992, Bolten taught briefly at Yale, then joined Goldman Sachs for five years. A friend recommended him to the fledgling Bush campaign, and he warmed to the younger Bush immediately.

"I thought, boy, this would be terrific if I got a chance to work on this, even though I'd be forgoing this great opportunity to work . . . for the chairman of Goldman Sachs," Bolten recalled in an interview last year with C-SPAN.

After helping the campaign develop policy and assisting in the Florida recount that won Bush the White House, Bolten was named deputy chief of staff. In 2003, Bush named him director of the Office of Management and Budget.

His tenure there has been marked by the three largest federal budget deficits in history and soaring federal spending and debt that have angered conservatives in Bush's political base.

Bolten insists that the government is on track to cut the deficit in half within five years. But Democrats said his promotion represents a continuation of the same policies that produced record deficits. "As the saying goes, you can put lipstick on a pig, but it's still a pig," said Democratic National Committee spokeswoman Karen Finney.

If such criticism gets to him, Bolten can always escape on one of his motorcycles.

"I've been riding motorcycles for about 25 years," he told C-SPAN. "It's a form of relaxation and diversion that (is) beautiful and exhilarating. But you have to concentrate. So you need to clear your mind of everything else, because if you're not concentrating properly when you're riding a motorcycle, you're putting your life in danger."

For the full C-SPAN interview: www.q-and-a.org/Transcript/?ProgramID=1024

Outside The Office, Bolten Isn't The Usual West Wing Insider (LAT)

By Janet Hook

The Los Angeles Times, March 29, 2006

WASHINGTON — Joshua B. Bolten may be as much a loyalist as the rest of President Bush's inner circle, but he cuts a very distinct profile outside the West Wing: He rides a motorcycle, loves to bowl and keeps a copy of the children's book "Walter the Farting Dog" on his coffee table.

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That gives Bolten a rare dash of idiosyncrasy in a notoriously buttoned-down White House, where he will soon replace Andrew H. Card Jr. as chief of staff.

Bolten, 51, brings other attributes that could help the White House in these troubled times, with congressional Republicans in open revolt and Bush's policy agenda at sea. He has experience working on Capitol Hill and, as Bush's budget director the last three years, has mastered broad swaths of domestic policy.

Bolten also is one of the few non-Texans in Bush's tightknit group of advisors.

"He will reach out to a broader range of people to hear their point of view," said Robert D. Hormats, vice chairman of Goldman Sachs International and a Democrat who has worked with Bolten. "The worst way to serve the president is to narrow the range of advice he is exposed to."

But one thing Bolten does not bring to the White House is what some Republicans think is needed most — truly fresh blood. Like Card, Bolten has been a senior advisor to Bush without pause since his 2000 presidential campaign, and he also logged years working in Bush's father's White House.

Indeed, Bolten has worked for one Bush or the other for 11 of the last 18 years.

"He is very loyal, something this administration values," said G. William Hoagland, budget advisor to Senate Majority Leader Bill Frist (R-Tenn.). "He keeps things pretty tight. If he disagrees [with Bush], he does not show it."

Bolten may help smooth the rough edges of the White House's relationship with Congress, where Republicans increasingly have complained that the administration gives short shrift to their views.

For Bolten, Capitol Hill is not unknown territory: He has worked closely with party leaders and budget writers since being named director of the Office and Management and Budget in 2003. His easygoing, nonconfrontational style was a welcome change from his predecessor as budget director, Mitch Daniels, who was often cutting and impatient in his dealings with lawmakers.

"We were in open warfare with his predecessor," said James Dyer, a lobbyist who was staff director of the House Appropriations Committee until 2005. Bolten "came to the Hill and sat down with the chairman and said, 'I'm really under orders to fix this relationship.' "

The son of a CIA employee, Bolten was born in Washington in 1954. He had a blue-chip education at St. Albans, the elite boys' school in Washington, followed by Princeton University and Stanford Law School.

After a stint on the trade staff of the Senate Finance Committee from 1985 until 1989, he served in the George H.W. Bush administration as general counsel to the U.S. trade representative and as White House lobbyist. He left government for a lucrative job in the London office of Goldman Sachs International, then joined the Bush-Cheney campaign in Austin, Texas, in 1999 as policy director on the recommendation of Robert B. Zoellick, now deputy secretary of State.

After Bush was elected, Bolten became White House deputy chief of staff, where he continued to play a central role in policy development. But after the Sept. 11 attacks he was asked to oversee a group to find ways to bolster domestic security.

In 2003, Bush picked him to succeed Daniels as OMB director at a particularly difficult time. The budget deficit was burgeoning and the economy was weak, yet lawmakers were still clamoring for more federal spending on farm subsidies, on projects that benefited individual congressional districts and on other politically sacrosanct programs.

"He has one of the most thankless jobs in this town," Hoagland said. "It's a job that nobody's going to give you great kudos for. You're either under attack here [on Capitol Hill] or the agencies."

Though Bolten's rise in government has been conventional by Washington terms, his interests have not. He owns two motorcycles, one of which he keeps at Bush's ranch near Crawford, Texas. In his OMB office, he displays a motorcycle gas tank commemorating the 100th anniversary of Harley-Davidson.

During the 2000 campaign, he formed "Bikers for Bush." Bolten, a bachelor, gained notoriety when he gave a motorcycle ride at one of the group's rallies to actress Bo Derek.

An avid bowler, he sponsored an annual tournament for several years. Bush is one of his regular opponents during his frequent visits to the presidential retreat at Camp David. As a holiday gift one year, Bolten gave his staff bowling balls.

Bringing Evolution, Not Revolution (WP)

DOJ_NMG_0023294

By Peter Baker

The Washington Post, March 29, 2006

Joshua B. Bolten doesn't find it fun to say no. He once called himself a "softer person" than his predecessor as White House budget chief.

But he has found his own ways to make a point. He shows up at policy meetings with a giant calculator to add up the cost of anyone's ambitious ideas. And when someone strays off course, he throws a yellow penalty flag onto the conference table like a football referee.

Now it has fallen on this dry-witted Washington native to get the White House itself back on course. Tapped by President Bush yesterday to replace White House Chief of Staff Andrew H. Card Jr., Bolten will take over a political operation gone astray -- mired in an overseas war, stalled in its domestic agenda, sagging in the polls and alienated from congressional Republican allies.

Like Card, Bolten is a Bush loyalist, known as self-effacing and efficient, not especially ideological, not a promoter of his own agenda, a quiet professional in a town filled with vast egos. Yet this workaholic bachelor and self-described "policy geek" in glasses is the picture of contradictions. Bolten, 51, spends his few off-hours racing down the highway on his prized Harley-Davidson Fat Boy or bowling in the White House alley or banging out tunes in a rock band he named Deficit Attention Disorder.

His office in the Dwight D. Eisenhower Executive Office Building adjacent to the White House attests to his personality. Rather than stock it with pictures of Bush, as many aides do, Bolten hung a large portrait of Eisenhower in military uniform above the fireplace and put a Harley-Davidson book on the mantle. Nearby is a motorcycle menorah. Not one to take himself too seriously, Bolten even hung a drawing by a niece that a visitor recalled was titled "Uncle Josh's Poop Calendar."

"He is very funny, he always kept the staff laughing," said Assistant Secretary of State Kristen Silverberg, who worked for Bolten during the 2000 presidential campaign and Bush's first term. At the same time, she said, "Josh has a great moral core" and a passion for bold ideas. "If you had to pick one person who was the architect of all the big first-term domestic policy initiatives," it would be Bolten.

Karl Rove, Bush's political adviser, said Bolten will reinvigorate the White House.

"People get energized -- new leadership has a way of doing that," Rove said. "He has strong views, but he is very adept at not allowing them to short-circuit a robust policy process." Bolten encourages aides to propose ideas he disagrees with, Rove added. "He would challenge them to think outside the box."

Yet Bolten was hardly an outside-the-box choice. He is not the Washington graybeard many Republicans urged Bush to recruit. By most accounts, Bolten will bring evolution, not revolution. Within hours of his appointment, talking points distributed among Democrats described his selection as rearranging deck chairs on the Titanic.

"He strikes me as pretty much cut from the same bolt as Andy Card, so I don't see this as a shift by the White House, replacing one insider with another," said Rep. John Spratt (S.C.), ranking Democrat on the House Budget Committee. But Spratt expressed "high regard" for Bolten: "He's bright, a quick study, yet cool and unflappable."

The son of a career CIA officer and a George Washington University teacher, Joshua Brewster Bolten grew up in Washington, attending public schools until enrolling at St. Albans for high school. After earning degrees at Princeton University and Stanford Law School, Bolten returned to Washington to work as a lawyer at the State Department and the Senate Finance Committee.

"He has this ethic of public service in his bones," said Daniel Price, a longtime friend.

Bolten joined the Bush team in 1989, working as general counsel of the U.S. trade representative and then as a White House lobbyist under President George H.W. Bush. He spent five years in London for Goldman Sachs International before being recruited at Christmas 1998 to go to Texas for the next Bush campaign. "I fell in love with the governor and the whole operation, the whole spirit of the operation," Bolten told C-SPAN last year.

Giving up the Goldman Sachs money, Bolten developed the campaign's policy platform, then helped enact it as deputy White House chief of staff in President Bush's first term. He was instrumental in pushing through tax cuts and the education plan known as No Child Left Behind. He also spearheaded a $15 billion plan to fight AIDS around the world, battling with Mitchell E. Daniels Jr., the director of the Office of Management and Budget, who objected to the cost.

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When Daniels resigned in 2003, Bush tapped Bolten to take over OMB and the annual $2.8 trillion federal budget.

Bolten produced two consecutive budgets that cut discretionary, nonsecurity spending, but the cost of wars in Iraq and Afghanistan as well as soaring Medicare expenses have pumped up deficits.

Within the administration, Bolten earned a reputation as tight-fisted and more "overtly demanding" than Card, as one colleague put it, while making few enemies. "He's well-liked by all who know him, even if they don't agree with every decision that he makes," said former commerce secretary Donald L. Evans. "You can't help but say Josh Bolten is a fair and good man."

And Bolten repaired some relations on Capitol Hill frayed under Daniels, who was seen as less deferential to congressional egos. Bolten stroked the likes of Senate Appropriations Committee Chairman Ted Stevens (R-Alaska), terming him the "Incredible Hulk" of lawmakers. Bolten "is respected as a straight shooter and good listener," said Rob Portman, a member of the House leadership before becoming U.S trade representative last year.

Bolten views himself as an honest broker and eschews public attention. "It's best that you keep yourself out of the equation," he told C-SPAN, "and in that way make sure that others have confidence that you're not running your own agenda -- you're just running the president's agenda, which was my objective. Still is."

Still, he will not bring fresh legs to the assignment. Many Republicans around Washington attributed at least some of Bush's political problems to a tired White House staff that has remained largely intact since the beginning of his presidency. Card served longer than any other chief of staff in half a century.

Bolten has been with Bush since the start, as well, working as many if not more hours than Card. Although he gets into the office later than Card, just in time for the 7:30 a.m. senior staff meeting, Bolten is regularly seen at the office until 10 or 11 at night before climbing into his 12-year-old Ford pickup to drive home. (After long resistance, Bolten recently accepted the car and driver service entitled to high-ranking White House officials, according to colleagues.)

Nonetheless, some believe Bolten offers enough change to make a difference. "It's a significant change because he brings a different skill set than Andy did," said Cesar Conda, a former aide to Vice President Cheney. "Josh will bring some energy to the policymaking apparatus at the White House. And he'll bring good relations with the Hill."

Joshua Brewster Bolten: Longtime Ally, Now A Top Aide (NYT)

By Elisabeth Bumiller

The New York Times, March 29, 2006

WASHINGTON, March 28 — Joshua B. Bolten, the incoming White House chief of staff, would appear to have the insider credentials and ability to soothe Congress that the White House desperately needs.

He grew up in establishment Washington, the son of a C.I.A. officer, and graduated from the elite St. Albans School, former Vice President Al Gore's alma mater. As White House budget director, he amused his 500-member staff by renaming his weekend rock band Deficit Attention Disorder for a performance at the Office of Management and Budget. He has nurtured relationships on Capitol Hill, and is personally close to President Bush.

But the question is whether Mr. Bolten is the man to right a listing presidency, and whether his skills, instincts and access to Mr. Bush are enough to overcome public anger over the war in Iraq and the growing questions in Washington about the competence of the West Wing staff. Mr. Bolten, after all, has been with Mr. Bush from his first days as a presidential candidate, and in the last three years has presided over the biggest budget deficits in the history of the United States.

"The last time Josh was in here, I said, 'How can a guy as smart as you are come up with such bad results?' " said Senator Kent Conrad of North Dakota, the ranking Democrat on the Budget Committee. "He said, 'You can't pin this one on me.' "

Republicans in Congress reacted positively to the appointment but with barely stifled yawns.

"It's an indication that they're turning the page, which I think will be received favorably, but I don't think there's going to be any significant change in the way things are done over there," said Senator John Thune, Republican of South Dakota, who two weeks ago said that the White House staff lacked passion and urgency.

Still, Mr. Thune said, "he probably will do a better job of reaching out to Congress."

Supporters of Mr. Bolten insisted he would revitalize a moribund policy operation at a White House that failed in the past year to push a Social Security overhaul through Congress and is now facing strong resistance to Mr. Bush's plan to change

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immigration laws. They said Mr. Bolten, the influential but publicly invisible White House deputy chief of staff in Mr. Bush's first term, would help formulate and drive legislation in a way that Andrew H. Card Jr., the outgoing chief of staff, did not.

As deputy chief of staff, Mr. Bolten scheduled the president's almost daily 45 minutes of domestic "policy time" in the Oval Office, and determined what issue was discussed, who was invited and in large part how it could be sold on Capitol Hill. In the first term he drove an agenda dominated by the tax cuts that the White House relentlessly pushed through Congress.

"Josh would have a calendar up in his office, where he would, in consultation with everybody else, map out when the president would be briefed on an issue, then tie it to events on the Hill and major announcements," said Cesar V. Conda, Vice President Dick Cheney's former top economic policy aide who worked closely with Mr. Bolten. "He was really the maestro of the policy process. I was there a month after Harriet Miers took over, and it wasn't the same."

Mr. Conda was referring to Mr. Bolten's replacement, now the White House counsel.

On Capitol Hill, Mr. Bolten, who worked in the White House Congressional liaison office of Mr. Bush's father, regularly stepped in as this administration's deal closer.

"I worked closely with him on everything from Medicare to the tax cuts," said Rob Portman, the United States trade representative and a former Republican congressman from Ohio who was a White House point man on Capitol Hill. "He was the one who ultimately pulled together the agency and White House folks and said, 'How do we get a result here?' He's not an ideologue."

Exactly what Mr. Bolten believes is something of a mystery, although he was considered a pragmatist who liked tax cuts and not a supply-side true believer in nearly six years at Goldman Sachs in the 1990's. He spent most of those years based in London, as the investment banking firm's chief lobbyist at the European Union's headquarters in Brussels, although he also worked for a short time there as the chief of staff to Jon Corzine, then the firm's co-chairman and now the Democratic governor of New Jersey.

When Mr. Bush named Mr. Bolten his budget director three years ago, Mr. Corzine, who was a United States senator from New Jersey at the time, called Mr. Bolten "on message and loyal to a fault."

Mr. Bolten, who described himself as a "policy geek" in an interview with Brian Lamb of C-Span late last year, has whitish-gray, closely cropped hair, round wire-rimmed glasses and the prosperous, buttoned-down look of a Washington corporate lawyer. At 51, he retains a slightly youthful look. At the White House, he is considered relatively mellow and more comfortable with reporters than Mr. Card.

Unlike other members of Mr. Bush's inner circle, Mr. Bolten makes occasional forays to the dinner parties of establishment Washington. He has turned up at the home of Ben Bradlee, the former executive editor of The Washington Post, and the writer Sally Quinn and has regularly dated women in the Bush administration. He distinguished himself at the 2000 Republican National Convention by appearing with the actress Bo Derek.

Mr. Bolten is also known for his motorcycle collection, although he most often rides a Harley.

"I've ridden motorcycles for a long time; it's not just a midlife crisis adoption," Mr. Bolten said on C-Span. "I've been riding motorcycles for about 25 years. And I enjoy it now I think especially because it's a form of relaxation and diversion that's beautiful and exhilarating. But you have to concentrate. So you need to clear your mind of everything else because if you're not concentrating properly when you're riding a motorcycle, you're putting your life in danger."

Joshua Brewster Bolten was born on Aug. 16, 1954. A graduate of Princeton and Stanford Law School, he grew up knowing little about the duties of his father, who worked in the C.I.A.'s directorate of operations, the agency's covert espionage arm. He plays bass guitar in his band, normally called the Compassionates. The lead singer is Tabitha Mueller, Mr. Card's daughter.

Washington Wire (WSJ)

By Various Writers

Wall Street Journal, March 27, 2006

March 28, 2006, 6:34 pm

Picking Up Static

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It didn't take long for the complaints to start flying about a draft telecom bill introduced Monday night by House Energy and Commerce Chairman Joe Barton, a Texas Republican.

The bill would establish a national video franchise, giving phone companies such as Verizon Communications Inc. and AT&T Inc. their biggest wish: the ability to avoid negotiating local agreements before offering cable-like television service. Barton found an ally in Democrat Congressman Bobby Rush of Illinois, but senior committee Democrats weren't as enthusiastic.

The Bells welcomed Barton's legislation, but continued to grumble it contained a provision on Internet neutrality, which drew scorn for another reason from consumer groups and Internet companies. They complained it would actually make it harder for the Federal Communications Commission to respond to complaints. Six high-tech companies, including Microsoft Corp., Google Inc., Yahoo! Inc., and eBay Inc., sent a letter to Barton complaining the bill would "fail to protect the Internet from discrimination and would deny consumers unfettered access" to Internet applications and services in the future.

A previous attempt to draft a bi-partisan bill fell apart after the cable industry complained it was unfair because it would impose new restrictions on cable providers.

Phone and cable companies have been trading jabs as the House telecom draft begins to move through committee. A cable industry-funded group, Broadband Everywhere, is preparing to release a report entitled "Frayed at the Edges: A Chronicle of the Bells' Decade-Long, Unfulfilled "Plan" for Fiber Deployment." The 18-page report provides a litany of examples detailing what it calls the phone companies' broken promises to provide high-speed Internet access. Complaining the Bells have been "nurtured on the mother's milk of government regulation and grants of exclusive telephone franchise rights," the group argues in the report that phone companies shouldn't be given help on video franchises now. –Amy Schatz

March 28, 2006, 5:32 pm

Outsourcing Outrage

House Democrats cry foul over bare-boned report on outsourcing of American technology jobs.

Tennessee Rep. Bart Gordon complains that the Commerce Department refuses to allow lawmakers to see the complete 200-page version of its Six-Month Assessment of Workforce Globalization in Certain Knowledge-Based Industries, finished in mid-2004 at a cost of $335,000. Instead, Commerce gave Congress a 12-page summary that Democrats suspect whitewashes the worst news about job migration to India and other countries.

"The taxpayers paid for an analysis on the state of U.S. jobs and off-shoring, and in return they've gotten twelve pages of essentially useless information," Mr. Gordon says. "In my book, any government report that costs $27,917 per page and says nothing is little more than a very expensive waste of time."

Mr. Gordon, the top Democrat on the House Science Committee, plans to employ a rare parliamentary procedure — called a Resolution of Inquiry — that he hopes will force Commerce to turn over the full report. The committee is scheduled to vote on his resolution Wednesday morning. If it passes, it will go to the House floor. "American workers deserve the full truth about the current and future state of their jobs — and that's all we are asking for," Mr. Gordon says. Science Committee Chairman Sherwood Boehlert (R., N.Y.) is rounding up fellow Republicans to try to defeat the Gordon resolution, noting the Commerce Department study has since been superseded by a massive outsourcing study by the National Academy of Public Administration.

Commerce spokeswoman Christine Gunderson declines to explain for print why the full version of the report wasn't released. As far as Commerce is concerned, she says, the 12-page summary is the final product. "The Democrats have that report, and it's publicly available," she says. –Michael M. Phillips

March 28, 2006, 3:58 pm

A Tax by Another Name

The Bush administration continues to strike out in its effort to trim the federal deficit by raising nontax revenues.

State trade directors from across the country are urging Congress to block a pending fee increase that they say would harm small businesses seeking to export goods overseas.

In a letter to key House and Senate committees, economic development officials from 41 states said companies that tap the Department of Commerce to help identify foreign buyers of American goods and services will soon have to pay as much as $2,500 for a single day of such "matchmaking" services, up from the current rate of $770. "These services … play a crucial role in

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linking exporters with foreign buyers," the letter states, adding that "thousands of small exporters will not be able to afford this increase."

Congress intervened in 2005 when a similar fee increase was slated to go into effect, and Chris Whatley of the Council of State Governments says state officials hope for similar action this time around. –Deborah Solomon

March 28, 2006, 3:48 pm

Taxing Work

Republican tax-writers on Capitol Hill, hoping to spur approval of a two-year extension of the 15% rates on capital gains and dividends, thought they had hit on a plan to win over Senate Democrats. But some liberal groups and deficit hawks are urging Democrats to oppose the plan.

Republicans planned to pay for some of the costs of the investment rate cuts by allowing wealthy Americans to convert their traditional IRAs into Roth IRAs. Since funds transferred from traditional IRAs to Roth IRAs are taxed at the front end, allowing wealthy Americans to transfer their retirement funds to Roth IRAs would general billions of dollars in revenue for the Treasury.

But the Center on Budget and Policy Priorities, the Committee for a Responsible Federal Budget, the Concord Coalition and the Committee for Economic Development warn that the plan is a "gimmick" that would increase the budget deficit in the long term. In a press conference today, the four groups called on Congress to reject the Republicans' plan. The groups acknowledged that allowing wealthy Americans to transfer retirement funds to Roth IRAs would raise money in the short term for the government. But it would cost far more money in the long term, they said. "People would elect to convert their traditional IRAs to Roth IRAs only if doing so would be to their advantage because it would lower their tax bills," said the groups "Anyone who expects that such a transaction would increase his or her tax bill simply would not make the transaction."

Republicans are likely to ignore the groups. But the deficit concerns could make it more difficult to Republicans to win votes from Democrats for the bill.

Competing versions of the tax bill passed the House and Senate last year. The bill is now in a Republican-run conference committee trying to iron out a final bill that can clear Congress this spring. In addition to the capital gains and dividends tax cuts, the bill would provide an exemption to the alternative minimum tax for millions of middle-class Americans and extend a range of business tax credits. –Brody Mullins

March 28, 2006, 9:33 am

Card's Real Ambition?

Card

In the wake of Andy Card's resignation as White House chief of staff, speculation will turn immediately to an intriguing question about his future: Is Card about to launch a campaign to become the next governor of Massachusetts, his home state? Acquaintances say Card has been telling them in recent months that would be his dream job. Popular incumbent Gov. Mitt Romney isn't running again this fall, and appears to be laying the groundwork to run for president instead. That makes Lt. Gov. Kerry Healey the current top Republican contender to replace Romney in this fall's election, but her campaign has struggled.

Healey has been trailing in the polls behind Attorney General Thomas Reilly, a Democrat. A recent poll showed Reilly ahead with 34% support and Healey with just 25%. An independent candidate, Christy Mihos, has also entered the mix, threatening to pull votes away from Healy. In a state with just 13% registered Republicans, Healey would need broad cross-party support to win. She has been troubled in part by news that her running mate, former state Rep. Reed Hillman, asked for a gubernatorial pardon for a constituent who was arrested three times for drunk driving.

Meanwhile, speculation in Washington will turn to who will replace new White House chief of staff Josh Bolten, who has been director of the Office of Management and Budget. Joel Kaplan, deputy OMB director, is a logical top choice. Another possibility: Clay Johnson, the deputy OMB director for management. –Gerald F. Seib and Deborah Solomon

March 28, 2006, 9:22 am

New Season

Bolten

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The elevation of Joshua Bolten – an administration veteran who's been with President Bush since the 2000 campaign – likely won't do much to silence critics who think that the White House is too insular and in need of new blood and fresh ideas. Still, the move signals that the administration is taking its political problems seriously.

The public comments of Bush and Bolten were carefully calculated to do minimal damage to Andrew Card's reputation, and to the administration's. Bolten described Card as "among the finest public servants of his generation." In brief comments of his own, Card quoted the biblical book of Ecclesiastes, saying simply, "It is a different season and Josh Bolten is the right person for that season." –John D. McKinnon

Selling U.S. Policy: Big Names For A Big Job (WP)

By Al Kamen

The Washington Post, March 29, 2006

These are difficult times for America's image abroad. And the folks at the State Department's public diplomacy operation, especially in the Bureau of International Information Programs, are working overtime to meet their mandate to "deliver America's message to the world, counteracting negative preconceptions."

The "mission statement" on the 370-member IIP's Web site says it is to "Inform, engage, and influence international audiences about U.S. policy and society to advance America's interests."

But that's not easy. The White House, we hear, looked hard a while back to find some celebrity types to promote the president's vision for Iraq, but came up empty. IIP, run by Alexander C. Feldman , has a group trying to enlist some "big name" speakers, people with instant credibility, for the cause, according to an internal March 20 e-mail sent by an IIP aide.

The Democracy Dialogues group had drawn up a list of people they'd like to get, such as former CBS anchor Walter Cronkite , for example, to talk about a free press and well-known scholars to talk about other issues. Feldman, the e-mail said, "professed himself less than entirely satisfied with the list of prospective big name speakers . . . which he thought was 'uneven' " and lacking in "truly big names," especially "international figures."

"He threw out some suggestions of his own, which I pass along to give you all an idea of the terms in which Alex is thinking about this," the e-mail said. For women's rights, maybe Secretary of State Condoleezza Rice , retired Supreme Court justice Sandra Day O'Connor or Justice Ruth Bader Ginsburg . For "judicial independence," maybe Justices Anthony Kennedy or Stephen G. Breyer , or maybe Senate Judiciary Committee Chairman Arlen Specter (R-Pa.).

But, the e-mail writer continues, "please be thinking about truly well-known international counterparts, e.g., Richard J. Goldstone , the former chief prosecutor of the International Tribunal for Rwanda and the former Yugoslavia -- people of that kind of stature" who would be known not just "in certain countries or regions."

So for "free and fair elections," we're told Feldman suggested former South African president Nelson Mandela or former president of Czechoslovakia Vaclav Havel . They'd certainly be willing to help advance America's interests.

For "freedom of worship: The Dali Lama [and] The Pope ."

Of course! Surely they'd at least be willing to do a Web chat for us? Hmm . . . Posting with the Pope. Kinda catchy?The Few, the Proud, the Cabinet Holdovers

Yesterday's announcement that Chief of Staff Andrew H. Card Jr. is leaving sparked much chatter about other top-level departures at the White House. At the Cabinet level, though, don't expect major change.

But President Bush 's Cabinet has only three of the original 15 statutory chiefs from 2001: Defense Secretary Donald H. Rumsfeld , Labor Secretary Elaine L. Chao and Transportation Secretary Norman Y. Mineta . (A replacement for Treasury Secretary John W. Snow , not of the Class of 2001 anyway, has long been expected.)

Of the trio, Mineta -- a close friend of Card's back from the days when Card was secretary of transportation and Mineta chaired the House Transportation Committee -- has long been talked about as a likely departee before 2008. Unclear if Chao might depart at the traditional last departure window -- the midterm elections in November. If those two go, that would leave Rumsfeld, who has shown no inclination to leave.

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President Bill Clinton's Cabinet had several bitter-enders, including Interior Secretary Bruce Babbitt , Education Secretary Richard W. Riley , Health and Human Services Secretary Donna E. Shalala and Attorney General Janet Reno .At State, the Vacancy Sign Stays Lit

Still looking . . . Anyone who wants to be assistant secretary of state for nonproliferation, please contact Robert Joseph , undersecretary for arms control and international security, ASAP with your bona fides.

Stephen Rademaker has been "acting" in the job since September, but the search has gone on. Names that have come and gone include Mark Esper , a senior aide to Senate Majority Leader Bill Frist (R-Tenn.); Marshall Billingslea , who's at NATO; and Susan Koch , a top adviser to Joseph. No signs any of them will be nominated any time soon. We hear Joseph has been telling people, even people he doesn't know, that he's not happy. Meanwhile, the operation bleeds talent as it merges arms control and nonproliferation bureaus into a new office called International Security and Nonproliferation.

Trouble May Be Brewing For GOP On Budget (AP-Y2)

By Andrew Taylor

AP2, March 29, 2006

A battle is shaping up between conservatives who want to cut government spending and moderates seeking to protect education and health programs as House Republicans start acting on President Bush's proposed budget for next year.

The conservative-dominated House Budget Committee was expected to act favorably Wednesday on a $2.8 trillion budget blueprint for the budget year that begins Oct. 1.

Moderates already are demanding a rewrite to boost popular domestic programs.

"I will not vote for a House budget resolution that would result in real cuts to critical federal investments in education, health care, housing veterans' services, social and community block grants and encourage my colleagues ... to do the same," Rep. Mike Castle, R-Del., told a cheering crowd of health and education advocates on Tuesday.

In a congressional session shortened by election-year politics, Congress probably will not wrap up its appropriations work before adjourning in October. A postelection lame duck session may be required.

The committee chairman, Rep. Jim Nussle (news, bio, voting record), R-Iowa, spent Tuesday polishing his budget plan ahead of what was shaping up as a full day of debate.

The plan was expected to adopt Bush's $873 billion proposal for Cabinet department and agency budgets that Congress renews annually.

That total does not include the $90 billion-plus in upcoming money for hurricane aid and the war in Iraq.

Democrats and moderate Republicans say popular domestic programs are being shortchanged. Their spending was cut slightly during last year's budget debate; Bush proposes an additional cut of about 1 percent this round.

The budget resolution is a nonbinding blueprint that establishes lawmakers' tax and spending priorities. It sets the outlines for bills that cut or raise taxes and spending.

With a resolution in place, the 100-member Senate can pass those bills with a simple majority rather than the 60 votes needed to overcome a filibuster.

It generally is assumed that Congress will not pass a major new round of tax cuts or push for more budget cuts after having an arduous time passing last year's $39 billion measure that trimmed Medicaid, Medicare and student loan subsidies.

While Nussle's budget plan probably will recommend a modest spending cut bill, senators are not likely to agree.

An amendment by Sen. Arlen Specter (news, bio, voting record), R-Pa., to add $7 billion for education, health and job training programs passed by a 73-27 vote, even attracting support from Senate Majority Leader Bill Frist, R-Tenn.

Specter annually writes a huge spending measure for education and health programs and says the $7 billion would restore programs to their levels of two years ago. All told, senators added $16 billion above Bush's spending cap.

White House budget director Joshua Bolten — named Tuesday to succeed Andy Card as Bush's chief of staff next month — said in a statement that the president would seek to eliminate the additional money.

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In the House, GOP moderates are emboldened by Specter's success. Twenty-three lawmakers, led by Rep. Nancy Johnson (news, bio, voting record), R-Conn., signed a letter urging a 2 percent increase in domestic appropriations and warning that they "would have strong reservations voting for any budget that would result in real cuts in a number of programs."

Conservatives and GOP leaders such as House Majority Leader John Boehner of Ohio pledge to stick with Bush's spending cap, which may make it difficult to pass a budget. Even if the House does pass a budget that sticks to the Bush limits, Specter says he will not relent.

"I'm hopeful that the House conservatives can prevail, but I don't know that they have a working majority over there any more than our conservatives over here," said the chairman of the Senate Budget Committee, Sen. Judd Gregg (news, bio, voting record), R-N.H.

Lobby Vote Teed Up For Today (RC)

By Tory Newmyer

Roll Call, March 29, 2006

Senators will vote on final passage of a lobbying reform package today, after moving last night to drop two key provisions by cutting off debate on the matter.

To quickly wrap up work on the issue, Senators agreed to forgo votes on one provision that would crack down on lawmakers' use of corporate jets and another that would severely curtail the practice of earmarks.

Falling by the wayside with those two proposals was one calling for the creation of an independent Office of Public Integrity to oversee compliance with new lobbying rules. Though highlighted by outside watchdogs as critical to the overall reform effort, two-thirds of Senators voted to reject the plan, with some criticizing the office as too weak and others calling it an affront to the Senate Ethics Committee's authority.

Senators, however, added to the measure a ban on the longtime practice of allowing any lawmaker to stop legislation in its tracks with a secret hold.

Senators will work through about five to 10 remaining amendments to the bill this morning before deciding on the entire package, a senior GOP aide said. They have until the morning to submit germane amendments, at which point Senate leaders will meet to try to narrow the list, a leadership aide said.

Senators voted 81-16 to invoke cloture on the bill, after rejecting the independent ethics office in a 30-67 vote and adding the proposal banning secret holds by a margin of 84-13.

The Tuesday votes to limit the measure's scope disappointed some of the chamber's loudest advocates for reform.

"I have serious reservations about a bill" that doesn't address travel, earmarks and enforcement, said Sen. Barack Obama (D-Ill.), his party's point man on the issue. "If those components are missing, I don't think we've gotten at the fundamental problem."

Obama said the Senate, which is under heavy pressure to take up the politically explosive issue of immigration reform, had moved too quickly on the lobbying rules overhaul.

Nevertheless, Senators supporting the travel and earmark provisions pledged to press ahead, planning to offer the proposals as amendments to future legislation.

"There will be an opportunity some other time to deal with it," said Sen. Rick Santorum (R-Pa.) a leader of the GOP reform efforts and a co-sponsor of the corporate-jet amendment.

He said despite failing to attach his proposal, he was satisfied with the final product, calling it a "very strong effort."

Although no deal on legislative vehicles for either amendment has been agreed to, a veteran GOP aide speculated that earmark reform could end up on a pending line-item veto bill, since attaching it to any other bill it would mean a 60-vote budget act point-of-order hurdle, as well as a cloture vote.

In the meantime, Sen. Tom Coburn (R-Okla.), a leading earmark critic, said that any unauthorized earmarks added to bills will be challenged on the floor. "We're going to have some fun," he said.

To clear the Senate today, the bill will need 67 votes, the threshold required for changing the chamber's rules. If it passes, those changes — including the longstanding ban on secret holds — will become effective immediately.

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The measure being put to Senators today bans gifts from lobbyists and increases reporting requirements for lobbyists while doubling the frequency of those disclosures. It also tightens revolving door restrictions between Congress and K Street by expanding the one-year cooling-off period for former staffers and lawmakers who go to work as lobbyists. The bill also includes new disclosure requirements for groups that engage in grass-roots lobbying.

On the House side, Republican leaders were still hesitant to put a firm time frame on when the chamber would consider its version of lobbying and ethics reform.

"I would like to give you a firm date," House Majority Leader John Boehner (R-Ohio) said during his weekly session with reporters. "I would like to tell you we will have it all finished by 'X.' But it is going to depend upon how quickly the committees can do their hearings, markup their bills and then some decision about how this is all brought to the floor."

The House Rules Committee has a hearing scheduled Thursday on lobbying reform, but no other committees currently have hearings or markups scheduled on the subject.

A group of House Republicans, led by Chief Deputy Majority Whip Eric Cantor (Va.) held a press conference Tuesday to push for the inclusion of 527 reform in the lobbying package, and to release a letter they wrote to IRS Commissioner Mark Everson demanding that his agency investigate reports that many 527 groups are not meeting disclosure requirements and not paying taxes they owe.

House Republican leaders decided Tuesday afternoon that they will put 527 reform on the floor next week, even if other portions of the broader lobbying reform package aren't ready for consideration yet.

The vote to attach the holds measure to the lobbying bill sets up a potentially landmark change for the Senate.

Bob Dove, a lawyer with Patton Boggs, said that during the eight years he served as parliamentary counsel to then-Minority Leader Bob Dole (R-Kan.), hold letters would come to Dole almost every day.

"Not all were the worst kind of holds, the 'I'm going to fight this with every strength of my being' kind," he said. But many would request that the Senator be notified before legislation moved forward, because the Senator might have an amendment he wanted included, he said.

"But they came almost every day," said Dove, who later served as Senate Parliamentarian.

Senate To Debate Lobbying Reform (WT)

By Christina Bellantoni

The Washington Times, March 29, 2006

The Senate today is expected to debate and start final consideration of a bill that would make sweeping changes to lobbying rules, with senators saying the vote is crucial to show that lawmakers are serious about "cleaning up" Washington.

Senators yesterday voted on two amendments to Sen. Trent Lott's bill to curb the influence of lobbyists, though there are nearly 80 proposed amendments on file. Late in the evening senators voted 81-16 to move on to final consideration of the measure, effectively limiting the amount of debate and amendments that can be taken up.

"This bill is not perfect but it contains important reforms," said Senate Minority Leader Harry Reid, Nevada Democrat, in urging his colleagues to move to a final vote.

Senators now have 30 hours to debate and then vote on Mr. Lott's bill, which bans gifts and meals paid for by lobbyists, requires lawmakers to attend an ethics training program and attempts to limit earmarks, called "pork-barrel" spending by critics. They will only consider amendments that are relevant to the bill.

Senators voted 67-30 to reject the creation of an independent Office of Public Integrity that would oversee congressional ethics, an amendment proposed by Sen. Susan Collins, Maine Republican.

"The public believes that investigation of our colleagues by our colleagues raises obvious conflicts of interest," she said. "Sunlight is the best disinfectant."

But Select Committee on Ethics members call the proposal "off target," saying it would replicate their work.

Senators did vote 84-13 for an amendment requiring senators to disclose their reasons for holding up legislation. The so-called "secret holds" targeted by this amendment are a "lobbyist jackpot," said Sen. Ron Wyden, Oregon Democrat.

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Mr. Lott, Mississippi Republican, balked at the number of amendments to his bill, saying most were irrelevant to lobbying reform.

"Are we serious ... or not?" he asked. "Some people I suspect would hope this would just slide off the face of the Earth [but] this issue is going to be dealt with."

The lobbying legislation was given priority in the wake of scandals surrounding lobbyist Jack Abramoff and the bribery conviction of former Rep. Randy "Duke" Cunningham, California Republican.

Key House members yesterday called for 527 groups -- so called for the Internal Revenue Service code that governs their nonprofit tax status -- to be subject to the campaign finance laws that govern lawmakers. Those groups, such as America Coming Together and the Swift Boat Veterans for Truth, are mostly funded by a handful of wealthy activists.

"This is big money by a few people on a massive scale," said Rep. Tom Cole, Oklahoma Republican. The groups funneled $370 million into the 2004 election, with 46 persons giving more than $1 million each, lawmakers said.

The House expects a full vote on a new lobbying bill and the proposed 527 changes -- which are not included in the Senate version -- next week.

Lobbying-Overhaul Bill Nears Passage With Broad Support (WSJ)

By David Rogers

The Wall Street Journal, March 29, 2006

WASHINGTON -- Lobbying-overhaul legislation is nearing Senate passage after both parties joined forces to kill a proposed enforcement office and to preserve an election-year perk: below-cost flights on corporate aircraft.

On a 67-30 roll call, senators rejected creating an independent office of public integrity intended to strengthen the existing ethics-committee process. Later, on a 81-16 vote, the joint leadership won a motion to begin to close down debate and effectively block any amendment on the corporate-jet issue.

Left in place are a set of tough new disclosure requirements for lobbyists, and lawmakers themselves would be subject to new rules making it harder to slip special-interest provisions into legislation at the last hour without prior debate.

Lobbyists would be barred from paying for meals or gifts for lawmakers, such as sports tickets. The level of detail in lobbying reports would be far greater, and all the data would be filed electronically to a centralized repository available on the Internet.

Yet without the proposed enforcement office, the effort may lose some of its credibility. And in further action today, there will be continued efforts to strike provisions requiring fuller disclosure of grass-roots lobbying campaigns, a powerful and often lucrative tool for interest groups, which lawmakers don't want to antagonize.

"Congress is always reluctant to reform itself," said Sen. Susan Collins (R., Maine), the bill's manager and one of those promoting the proposed integrity office. But she faced resistance in her own party leadership, while on the Democratic side, Minority Leader Harry Reid of Nevada appeared ready to shut down the debate and avoid a vote on the corporate-aircraft issue.

"No one needs to hang his head in shame about what we have done," Mr. Reid said. "This is a good piece of legislation. I don't think the perfect should get in the way of the good."

Mr. Reid said it was time to move onto new topics, such as immigration legislation. But his tone was far more accepting than the outcry in January, when Republican lobbyist Jack Abramoff pleaded guilty to three felonies and promised to cooperate with a still ongoing Justice Department investigation of political corruption.

Sen. John McCain (R., Ariz.), who opposed the motion to cut off debate and limit amendments, vowed to come back on a future bill to address the corporate-aircraft issue. But the popularity of the perk -- and its usefulness to party leaders in the midst of political campaigns -- makes it hard to restrict.

The primary issue is one of cost: Lawmakers need only pay the jet's owners the equivalent of a first-class ticket. But access is also an issue because a company's executive can ride along with the lawmaker. Over the years the frequency of such flights has grown, and it has become a source of influence for business.

Senators Reject Proposal For Separate Ethics Investigators (USAT)

By Jim Drinkard

DOJ_NMG_0023304

USA Today, March 29, 2006

WASHINGTON — The Senate on Tuesday voted down a proposal to create an independent office to investigate alleged ethics violations as it struggled to revive a bill to tighten rules governing the ties between lobbyists and Congress.

Senators voted 67-30 to kill a plan to set up an office of public integrity that could interview witnesses, subpoena records and submit findings to federal prosecutors or the Ethics Committee for action.

Sen. Susan Collins, R-Maine, said the public has grown skeptical of Congress' ability to police itself and creating an independent ethics office would help restore confidence.

Senate Ethics Chairman George Voinovich, R-Ohio, called the idea "off target and unnecessary." He said the committee, which does not make its work public, handles ethics enforcement adequately.

Mary Boyle of the ethics watchdog group Common Cause said "it's very disappointing that the Senate would reject this very modest proposal. It does not bode well for the whole lobbying bill."

The bill was designed to boost public confidence in Congress, whose poll ratings have suffered under a lobbying-and-influence scandal. Former lobbyist Jack Abramoff, who pleaded guilty to corruption and fraud charges in January, is scheduled to be sentenced today in a Florida federal courtroom.

Abramoff's gifts of travel, meals, sports tickets and campaign contributions to members of Congress triggered fears that the scandal would spread across Capitol Hill. Rep. Bob Ney, R-Ohio, stepped down as chairman of the House Administration Committee because of his ties to Abramoff.

After Abramoff's guilty plea, Senate Majority Leader Bill Frist, R-Tenn., and House Speaker Dennis Hastert, R-Ill., ordered quick action to restrict gifts, travel and other lobbyist favors.

The push has slowed in recent weeks. The House has referred its legislation to five committees. The Senate bill stalled within hours when it was first brought up three weeks ago. Sen. Trent Lott, R-Miss., voiced frustration Tuesday. "Who wants to take the blame for not getting this done?" he asked.

The bill would ban gifts from lobbyists, including meals, to members of Congress and their staffs. It would require more frequent and thorough disclosure by lobbyists of their activities. It also would institute reporting requirements for travel aboard private jets and require advance approval for travel paid for by private sources.

Senate Votes Down Outside Ethics Office (WP)

By Jeffrey H. Birnbaum

The Washington Post, March 29, 2006

The Senate rejected a proposal to establish an independent office to investigate ethics complaints against its members, and then cleared the way to pass a broad-based ethics and lobbying bill this week.

On a 67 to 30 vote, the Senate defeated a bipartisan proposal to create an office of public integrity, which its backers said was designed to strengthen enforcement of Senate rules and bolster voters' trust in Congress in the aftermath of the guilty plea in January of disgraced lobbyist Jack Abramoff.

The Homeland Security and Governmental Affairs Committee had killed a similar proposal March 2 after current and former members of the Senate's ethics committee called the office superfluous. The top Republican and the senior Democrat on the ethics panel led the successful effort to bury the proposal yesterday for a second time.

The rejected measure was devised by Sens. Susan Collins (R-Maine), Joseph I. Lieberman (D-Conn.) and John McCain (R-Ariz.). They asserted that lobbying and ethics rules need to be better enforced for the public to regain trust in congressional officials.

"The fact remains that public confidence in Congress is near an all-time low," Collins said. "Strengthening the enforcement mechanism is critical" to improving lawmakers' reputations, she added.

Government watchdog groups reacted quickly and angrily to the vote. "The Senate today is refusing to acknowledge that Congress -- in the eyes of the public -- has failed to police itself," said Common Cause President Chellie Pingree.

Joan Claybrook, president of Public Citizen, said the vote against the office shows that the "Senate is out of touch."

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Opponents of the integrity office argued that the Senate's Select Committee on Ethics is already policing complaints thoroughly and without bias, and does not need an independent office to assist its investigations. "The laws and rules are enforced," said Sen. George V. Voinovich (R-Ohio), chairman of the ethics committee. An office to conduct investigations before the ethics panel's consideration "would hurt the situation" rather than help it, Voinovich said.

Sen. Tim Johnson (S.D.), the senior Democrat on the ethics committee, agreed that a new office would "duplicate the ethics committee" and would "waste resources."

Lieberman said the proposal had been altered since committee deliberations to attract more support. The scope of the office's duties was narrowed to the Senate only, leaving the House out of the measure, and he reiterated that the office would be subordinate to the ethics committee. But Collins acknowledged that the measure from the start had faced an "uphill" climb.

The Senate also approved a proposal by Sen. Ron Wyden (D-Ore.) to end the practice that allows a senator to block anonymously consideration of legislation. By an 84 to 13 vote, the Senate agreed to put a stop to what are known as secret holds.

The measure would require senators to disclose publicly within three days that they are objecting to the consideration of a bill. Currently, senators can place a hold on legislation without acknowledging their action to the public or to other senators.

The Senate agreed to work on the lobbying bill after voting 81 to 16 to limit the number of amendments it will consider. The procedural vote could allow the chamber to finish the legislation as early as today, lawmakers and staffers said.

McCain complained that some key amendments are being laid aside as a result of the vote. In particular, he said he regretted that amendments that would limit earmarks -- narrowly focused appropriations -- and that would, in effect, restrict lawmakers' use of chartered jets would not be voted on as part of the bill.

The legislation as it stands would bar lawmakers from accepting meals and gifts, including sports tickets, from registered lobbyists, and would increase the disclosure that lobbyists must make to the public.

Sens. Obama, Coburn Make Unlikely Duo (HILL)

By Alexander Bolton

The Hill, March 29, 2006

Sen. Barack Obama (D-Ill.), a fast-rising leader in the Democratic Party, and Tom Coburn (R-Okla.), whom conservatives view as one of their most principled spokesmen, have forged an unlikely alliance in the debate on lobbying reform.

Both lawmakers have played prominent roles in the legislative wrangling over how to address lobbying abuses in the wake of lobbyist Jack Abramoff's crimes. Democratic leaders tapped Obama early on to spearhead the debate over reform, and Coburn has emerged as a leading critic of earmarks, teaming up with Sen. John McCain (R-Ariz.) in vowing to challenge colleagues' projects on the Senate floor.

Coburn has co-sponsored all five amendments that Obama has filed for the lobbying reform package. Obama has crafted a range of proposals:

- A prohibition on paid coordination of lobbying activities.
- A ban on lawmakers' negotiating future employment as lobbyists.
- A prohibition on advocating for earmarks in which the lawmaker has a financial interest.
- A prohibition on buying votes with earmarks.
- A requirement that earmarks be available for scrutiny during business days.

It is unclear when or whether the Senate will vote on the duo's amendments. Senate leaders scheduled votes on two different amendments to the reform package yesterday afternoon and had hoped to finish consideration of it quickly.

The unlikely pairing of Obama and Coburn has raised eyebrows in Senate leadership circles and among other observers.

"That's an odd alliance," remarked a senior Democratic leadership aide.

But an aide to Coburn said that his boss admires Obama's integrity.

"He has a lot of respect for him," said John Hart, Coburn's communications director. "He sees him as someone who has a good heart and principled and not mindlessly partisan. He sometimes finds it easier to work with a liberal Democrat than a Republican who isn't true to his principles."

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Coburn has not flinched from taking on powerful lawmakers in his own conference. Most famously, he offered an amendment on the floor last year that would have stripped more than a hundred million dollars' worth of funds for projects in Alaska, the home state of Senate President Pro Tempore Ted Stevens (R-Alaska), to defray post-Hurricane Katrina construction costs in Louisiana.

The daring move prompted an angry outburst by Stevens, who threatened to resign from Congress if the legislation passed.

In January, Coburn and McCain circulated a letter among colleagues warning them: "We are committed to doing all we can to halt this egregious earmarking practice and plan to challenge future legislative earmarks that come to the Senate floor."

And last year, before the debate over curbing lobbying abuses heated up in the Senate, Coburn pushed for an essential component of the pending reform package. At least five times in 2005 Coburn introduced amendments requiring that earmarks be visible in a conference report or joint statement accompanying the legislation, a principle that has garnered consensus in the chamber.

Obama, too, has taken positions not popular with other members of his party. After being chosen as the Democratic point person on lobbying reform, he introduced a bill that would create an independent commission to enforce lobbying rules. Good-government groups such as Public Citizen and Common Cause endorsed the proposal as their top priority, but only two senators endorsed Obama's legislation, Minority Leader Harry Reid (D-Nev.) and Sen. John Kerry (D-Mass.).

Obama has now thrown his weight behind the creation of an office of public integrity, headed by a single director, to enforce ethics rules. The Senate voted down the proposal yesterday.

But Obama has identified Coburn as someone perhaps more serious about reform than many of his colleagues.

"Senator Coburn is serious about wanting to clean up how we do business in Washington," Obama said. "I've worked with him on a number of projects dealing with transparency and accountability."

Still, Coburn's work on lobbying reform has been largely behind the scenes.

Advocacy groups pushing for strong reform such as Public Citizen and Common Cause say that they have had little interaction with Coburn, who has also taken a relatively low profile in the media, but they add his fingerprints are apparent.

"His name keeps coming up all the time in all the meetings I'm going to," said Craig Holman, a lobbyist for Public Citizen's Congress Watch, referring to Coburn. "His name keeps coming all the time, so I presume he's very active working with the senators."

Good-government advocates said they assumed that Coburn was not serious about lobbying reform because during the Homeland Security and Governmental Affairs Committee markup of the lobbying reform package Coburn offered a set of farcical amendments to criticize the process. Coburn also was the only member of the committee to vote against the reform bill in committee.

"We didn't make any efforts to contact Coburn because of the way he sounded at the committee markup," said Public Citizen's Holman, who added that Coburn's alliance with Obama is "something that really surprises me."

But Coburn's aide said that the lawmaker was dissatisfied with the reform bill because it did not do enough to safeguard against future abuses.

"He felt like the product was tilted too much to public relations and not enough to substantial reform," Hart said. "It's not enough to create the appearance of reform, he wanted to have the substance of reform. Unless we rein in earmarks and the ability of lawmakers to manipulate the earmark 'favor factor,' as Abramoff called it, we're not going to have real reform."

Obama and Coburn have teamed up before. Last year Obama supported Coburn's effort to create an office of chief financial officer to oversee reconstruction costs of Hurricane Katrina. In the House, Coburn worked with Rep. Henry Waxman (D-Calif.) on healthcare issues, perhaps providing a partial explanation for his friendly relationship with Obama. Obama's legislative director is a former Waxman aide.

But an aide to Obama stressed that the relationship is personal. Their wives became friendly during the congressional orientation session that Obama and Coburn attended together after the 2004 election, the aide said.

Republicans Vow To Pass Limits On 527s (HILL)

By Elana Schor

The Hill, March 29, 2006

House Republicans yesterday sent a message to Democrats insistent on keeping restrictions on 527 groups out of the chamber's lobbying reform bill.

Five GOP members, led by Chief Deputy Whip Eric Cantor (R-Va.), declared they would use every opportunity to seek a crackdown on the 527s' potent political power.

Cantor said that Republicans want to rein in the hundreds of millions of dollars in unregulated donations flowing to 527s and that they will do so "whether as part of a larger reform package or as a stand-alone."

"If the state of the law is that there is no soft money in politics, it ought to be that way for the average American as well as the wealthy American," he said.

The groups are named after Section 527 of the tax code, which permits them to accept unlimited donations for the purpose of influencing federal elections.

Wealthy Democratic donors have poured more cash into 527s than Republicans since the groups first sprang up after 2002's McCain-Feingold campaign-finance law, sparking complaints from many Democrats that the GOP is pushing for stronger 527 regulations to serve its political purposes.

But the five House Republicans mounting yesterday's renewed 527 push challenged Democrats to support restricting the groups or risk being branded as dishonest for their support of campaign-finance reform.

"If people don't vote to eliminate these entities, it's hypocritical. You can't be for McCain-Feingold but for these entities as they are," said Rep. Tom Cole (R-Okla.).

Jennifer Crider, spokeswoman for House Minority Leader Nancy Pelosi (D-Calif.), said Democrats welcome a debate on campaign-finance reform that is not mingled with lobbying and ethics legislation.

"If you want to do campaign-finance reform, do campaign-finance reform," Crider said. "But that doesn't substitute for the need for what Democrats have proposed, which is real lobbying reform that would end the Republican culture of corruption."

House Rules Committee Chairman David Dreier (R-Calif.) included new limits on 527s in the lobbying reform bill he introduced just before last week's recess, though it remains unclear when the bill would reach the floor.

The Senate, however, remains a question mark, as Sen. John McCain (R-Ariz.) has not decided whether to press his proposed amendment to the lobbying reform package that was in line for a final vote as quickly as last night.

McCain's amendment, which was introduced just before the Senate temporarily scuttled its consideration of lobbying reform, would restrict individual contributions to 527s to $25,000 per year, similar to the caps Dreier's bill would impose.

"It's not off the table, not off the table," McCain said yesterday when asked whether he would consider withdrawing his amendment.

Cantor and Cole, along with Reps. Marsha Blackburn (R-Tenn.), Patrick McHenry (R-N.C.) and Tom Price (R-Ga.), paired yesterday's push with a letter to Mark Everson, commissioner of the Internal Revenue Service, citing an August report from the Treasury Department's tax inspector general that found 527 groups have avoided tax bills totaling $9.4 million.

The five Republicans did not address the specifics of their desired 527-donation caps, focusing on heightened reporting requirements for the groups. Unlike 501(c)s, 527s must report donors' identities and contribution amounts.

"527s should at least have transparency and disclosure," McHenry said. While 501(c) nonprofit groups have also fielded charges of improper involvement in the political process, he said, "instead of eating the apple, we're trying to take a bite of the apple."

Crider noted that McHenry signed on to a letter sent earlier this month to House GOP leaders by members of the conservative Republican Study Committee (RSC), asking for any stronger 527 limits to be paired with relaxed rules in other areas of campaign-finance law.

"Now I'm thoroughly confused about what he thinks," Crider said.

Abramoff Gets Payback In Gaming Bill (HILL)

By Patrick O'Connor

The Hill, March 29, 2006

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A handful of gambling lobbyists have already called it Jack Abramoff's payback. Others are less direct.

But the central irony remains: The same Internet gambling legislation Abramoff fought so hard to defeat on behalf of a client that helped states conduct lotteries over the Internet now includes an exemption to protect those lotteries.

Now Abramoff's infamy and legal woes are driving anti-gambling legislation across Capitol Hill, even though one of the most prominent bills includes language that would protect his former client.

Two House bills, introduced separately by Reps. Bob Goodlatte (R-Va.) and Jim Leach (R-Iowa), seek to reinforce existing anti-gambling rules by respectively updating telecommunications and financial-services laws to give enforcement agents more power to prosecute gamblers who place bets on websites based outside the United States.

A previous version of Goodlatte's bill was defeated on the suspension calendar in July 2000 after a last-minute push by Abramoff and his team to spread misinformation about the bill on behalf of his client at the time, eLottery, a Connecticut-based firm.

Abramoff is now out of the picture, but gambling interests remain powerful on Capitol Hill and the current crop of anti-gambling legislation reflects that sway. Versions of this legislation have passed the House twice and the Senate twice, but never in the same year. Both chambers now appear intent on bringing bills to the floor this year.

The Goodlatte and Leach bills, along with legislation introduced in previous years by Sen. Jon Kyl (R-Ariz.), attempt to crack down on the estimated $12 billion annual overseas gambling business, but none of those bills would regulate some closely related industries, in an attempt to avoid potential roadblocks.

In addition to the lottery exemption in Goodlatte's bill, both pieces of legislation include language to protect fantasy sports from current anti-gambling laws, and the two bills also avoid a decades-long dispute between Congress and the Justice Department over the legality of interstate pari-mutuel betting on horse races.

"The underlying principle of this legislation is not to change the legality but to change the enforcement mechanisms," said Martin Gold, a lobbyist with Covington & Burling who represents the National Football League, an ardent supporter of anti-gambling legislation. "It doesn't make anything illegal that was legal, and it doesn't make anything that was legal illegal."

JUNE 2000

Goodlatte is staunchly opposed to gambling and first introduced a bill to improve the federal enforcement mechanisms for Internet gambling in 1997.

In June 2000, Abramoff and his team defeated the Goodlatte bill after a companion had already passed the Senate and his legislation appeared on its way to swift passage, according to a story in The Washington Post last fall.

Abramoff reportedly convinced a former aide to Rep. Tom DeLay (R-Texas) to help get the bill on the suspension calendar, which would increase the number of votes necessary to approve it, and directed funds to various religious groups to help him pressure conservative members to oppose the bill on the grounds that it would actually expand Internet gambling — a false charge, Goodlatte maintains.

The bill eventually fell short by 25 votes.

"It's now clear to a great many members of Congress that they were hoodwinked by Mr. Abramoff," Goodlatte said. "He effectively killed it in [the] Judiciary [Committee] by getting some amendments offered."

In the intervening years, Goodlatte added language giving states the right to conduct lotteries over the Internet. The change was part of an ongoing effort by the lawmaker and his staff to craft the legislation around a specific task: to update the 1961 Wire Act to prohibit anyone from placing bets over the Internet so that the 45-year-old law would apply to current technology.

Goodlatte reintroduced the bill in February of this year, and the legislation now has 130 co-sponsors. The Judiciary Committee is expected to address it in the coming months.

"It is a bill we intend to consider," committee spokesman Jeff Lungren said.

HORSE RACING

In addition to updating the Wire Act, Goodlatte's bill also gives Treasury officials more oversight of financial institutions to track illegal bets. This latter provision is the entire thrust of Leach's bill, which parallels legislation Kyl is expected to introduce in the Senate sometime this year.

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The Leach and Kyl bills would require the Departments of the Treasury and Justice to establish "policies and procedures reasonably designed to identify and prevent restricted transactions" relative to Internet gambling. That would include monitoring of credit cards, electronic fund transfers and any checks or bank withdrawals.

Leach said his initial version of the legislation avoided any mention of horse racing, but the current version has a clause explicitly exempting any bet that adheres to the Interstate Horseracing Act.

Passed in 1978, the Interstate Horseracing Act governs all interstate betting on horses. The law creates a specific carve-out in the Wire Act to protect state-to-state betting on horse races provided it is legal in both the state where the bet is cast and the state where the race is run and provided all wagers are placed with a regulated pari-mutuel service.

Despite those protections, federal law-enforcement officials have argued that the law does not pertain to online betting.

In December 2000, despite strong protests from the Justice Department, Congress amended the Interstate Horseracing Act to include wagers placed "via telephone or other electronic media" provided both the sender and the receiver are licensed pari-mutuel providers.

Initially unaware of this dispute, Leach said, he was told early in the process to leave horse racing out of his legislation because it was a separate issue governed by previously established laws.

"It wasn't in the initial bill," Leach said of the horse racing exemption. The congressman said he wanted to limit his own legislation to betting that is already illegal under current law, adding, "Don't ever underestimate the power of the gambling lobby."

Goodlatte said he did not explicitly address the horse racing issue for the same reasons. "We don't address it, nor do we try to repeal it," he said.

The National Thoroughbred Racing Association (NTRA), which is both the trade association and governance body for breeders, owners and racing officials in the United States, sent out a release March 15 announcing that the organization "has secured language … to protect Internet and account wagering on horse racing" after Leach's bill passed through the House Financial Services Committee earlier this month.

The same release said that NTRA officials had worked with Goodlatte to "ensure that [his bill] also contained language that protects online and account pari-mutuel wagering."

The organization's political action committee had already contributed $79,000 to members of Congress this cycle as of Jan. 23 of this year, according to the Center for Responsive Politics. Neither Goodlatte nor Leach was a direct recipient of those funds, but Goodlatte's PAC, the Good Fund, did receive a $5,000 donation in July.

In addition, Federal Election Commission records show that Kyl refunded a $5,000 donation from the group late last year, according to politicalmoneyline.com. His office did not return repeated phone calls for comment.

FANTASY SPORTS

Almost 15 million people participate in fantasy sports leagues annually, according to the Fantasy Sports Trade Association (FSTA), which represents most of the online fantasy sport providers like CBS SportsLine and ESPN.com.

The average player participates in six separate leagues in two different sports each year, according to a recently completed survey by Prof. Kim Beason of the University of Mississippi. Participants are overwhelmingly male and spend an average of $493.60 on league fees every year.

The professional sports leagues, particularly the NFL and Major League Baseball, draw some revenue from fantasy sports participants, but much of that is tied up as part of larger broadcast or marketing deals.

The leagues now appear to be repositioning themselves after a recent boom in fantasy sports participation.

In 2005, big-league baseball paid its players union $50 million for the fantasy rights to its players for five years. Last year, St. Louis-based CBC Distribution and Marketing, Inc. sued the league for requiring companies to secure a license to operate fantasy baseball leagues online, arguing that statistics are part of the public record. That suit is pending.

In addition, the NFL has a deal with CBS SportsLine to operate its website, but the fantasy rights are up next month and the NFL can now renegotiate its deal.

Fantasy sports are protected in each piece of Internet gambling legislation because the results are an aggregation of individual statistics in multiple games over an entire season; therefore, backers argue, winning and losing is contingent on skill in picking players and the financial rewards are almost always determined before the season.

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The results of fantasy sports contests are nearly impossible to influence because the standings are determined by too many players over too many games for outsiders to influence those results, a number of lobbyists said on background.

Goodlatte said it is unfair to criticize the entire bill on the basis of the single exemptions.

"It all goes back to Abramoff," Goodlatte said. "We were never trying to expand gambling. Clearly, it would contract Internet gambling. … [The legislation is] tighter now that it has ever been."

Affordability, Student Transfers On The Table In Higher-education Bill (USAT)

By Mary Beth Marklein

USA Today, March 29, 2006

The Republican-led U.S. House is poised to consider a package of higher-education proposals today that proponents say would increase college access and affordability and make it easier for students to transfer to different schools.

Critics see things differently. In ads Tuesday in a Capitol Hill newspaper, a group of associations representing college registrars, faculty members and students suggest that the aid proposals don't go far enough and that the bill panders to special-interest groups including lenders and for-profit colleges.

The ad urges legislators to vote no on the House version of the bill to reauthorize the Higher Education Act, the law that governs most federal student-aid programs. A vote could come today. The Senate still needs to pass its bill.

Democrats, noting that Congress cut $12 billion in student aid in a deficit-reduction plan signed into law last month by President Bush, said they would push for stronger provisions to help families. Reps. George Miller, D-Calif., and Dale Kildee, D-Mich., said in a statement Tuesday that the House bill "misses an opportunity to make college more affordable."

A look at two key questions:

•Access and affordability. Howard McKeon (R-Calif.) chairman of the House Education Committee, says the bill would strengthen federal Pell Grants and access programs, especially for low- and middle-income students, and increase funding to minority-serving schools. Miller, the senior Democrat on the education committee, says Congress could boost student aid by billions over the next 10 years, at no cost to taxpayers, if it rewarded colleges that use a program through which the government makes loans directly to students rather than through banks.

•Ease of transfer. Noting that more than half of students attend multiple institutions, the bill would broaden the definition of "an institution of higher education" to include for-profit colleges, and "make it more difficult for academic credits earned by students to be wrongly denied," McKeon says. But the Washington-based American Association of Collegiate Registrars and Admissions Officers says the legislation could "open the door to fraud and abuse" and "dilute the high standards that have made American higher education the envy of the world."

States Have More Schools Falling Behind (WP)

By Paul Basken

The Washington Post, March 29, 2006

More than a quarter of U.S. schools are failing under terms of President Bush's No Child Left Behind law, according to preliminary state-by-state statistics reported to the U.S. Department of Education.

At least 24,470 U.S. public schools, or 27 percent of the national total, did not meet the federal requirement for "adequate yearly progress" in 2004-2005. The percentage of failing schools rose by one point from the previous school year. Under the 2002 law, schools that do not make sufficient academic progress face penalties including the eventual replacement of their administrators and teachers.

The results raise doubts about whether the law is working and its results are fairly calculated, said Michael Petrilli, vice president for policy at the Thomas B. Fordham Foundation, a Washington-based research group.

"Most people thought that at this point in the law, we'd be seeing these numbers go way, way up" as standards toughen, said Petrilli, a former Education Department official who helped implement the law in 2002.

Bush achieved rare bipartisan support to get the No Child Left Behind law passed as part of his first-term agenda. Since then, the law has become a subject of dispute, with Democrats accusing Republicans of providing insufficient money for it.

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At the same time, there is evidence that states may be manipulating the numbers, Petrilli said. He cited Oklahoma, where the percentage of failing schools dropped to 3 percent from 25 percent a year earlier.

Under the law's "adequate yearly progress" measurements, states are required to show improvement in student test scores in reading and math. If they do not do so for two consecutive years, individual schools must let students transfer to another school. After a third year, schools must pay for tutoring for students from low-income families. Some states have complained that the federal government has not provided enough funding to cover costs such as tutoring.

The 2004-2005 rankings are just "one thing out of many things" that need to be considered when judging schools, said Chad Colby, a spokesman for the Education Department. A set of federal tests, the National Assessment of Educational Progress, gives policymakers another indication of scholastic achievement, Colby said.

The true test of the No Child Left Behind law will come in 2013-2014, when schools are required to bring all students to proficiency in math and reading, he said.

The Bush administration has expressed satisfaction with the rate of improvement under No Child Left Behind. Secretary of Education Margaret Spellings, in testimony last month before the Senate's education committee, cited statistics such as 9-year-olds making more progress in reading over the past five years than in the previous 28 years combined.

The law, however, allows states to adjust both their tests and the formulas by which they calculate "adequate yearly progress," leaving parents and policymakers unable to make definite conclusions about such numbers, analysts including Petrilli said.

"These stats are meaningless in the absence of a common test and common standards," said Diane Ravitch, a New York University professor who was an assistant secretary of education under President George H.W. Bush.

Among individual states, Florida placed last with 72 percent of its schools failing to show enough improvement, while Oklahoma led, according to the Education Department statistics provided to Bloomberg News. Rhode Island ranked second behind Oklahoma with 5 percent failing, with Iowa at 6 percent, Montana at 7 percent and New Hampshire, Tennessee and Wisconsin at 8 percent.

At the other end, Hawaii ranked second-worst with 66 percent of its schools failing to improve. Washington, D.C., came in third-worst with 60 percent, followed by Nevada at 56 percent and New Mexico at 53 percent.

Different states were required to submit the statistics to the Education Department by March 8. Federal officials plan to verify them and incorporate them into an annual report to Congress later this year, Colby said.

Math, Reading Crowd Out Other Classes In Test-Driven Schools (LAT)

By Seema Mehta

The Los Angeles Times, March 29, 2006

Science, social studies, music and arts classes are shrinking in the nation's schools, as educators concentrate on the reading and math curricula that gauge schools' performance on standardized tests under the federal No Child Left Behind Act, according to a study released Tuesday.

The report, by the Center on Education Policy, found this shift in instructional focus is among several profound changes in how schools operate that were prompted by the law, the centerpiece of President Bush's education agenda.

"The impact of the No Child Left Behind Act continued to broaden and deepen during 2005, the law's fourth year of implementation," said Jack Jennings, president of the Washington-based nonprofit that wrote the report. The law "affects a range of state and local activities: when and how students take tests, which textbooks districts adopt, which student receive extra attention…. Teaching and learning are changing as a result of No Child Left Behind."

Perhaps the most significant change is the increase in math and English offered in many districts, reducing the time students have for other subjects and electives, the report found.

Other main findings include:

• Overall student achievement has improved in the nation's schools since the law took effect, though some of the gains may be attributed to states changing how they determine whether a student is deemed proficient in English and math.

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• Urban districts are bearing the brunt of the punitive aspects of the law, with a disproportionate number being identified as needing improvement, partly because of higher levels of poverty in inner-city schools. Some 90% of schools that are being restructured after failing to meet requirements for several years are in urban districts.

• The report called for more funding and flexibility by the federal government.

"From the Capital to the Classroom: Year 4 of the No Child Left Behind Act" was drawn from surveys of education leaders in the 50 states, surveys of 299 school districts, and in-depth case studies of 38 districts and 42 schools.

Critics argue that the report's findings and recommendations are unreliable because the surveys do not provide a scientific, quantitative look at the act.

"It's the same thing they've come out with every year on No Child Left Behind. What they do is ask public school officials what's going on, and they turn around and report the claims as facts. So every year they say schools are desperately underfunded," said Greg Forster, a senior fellow with the pro-voucher Friedman Foundation in Indianapolis. The findings "should be taken as public-school system propaganda."

Still, among the most striking findings was that more than two-thirds of districts reported reducing social studies, science, art and music instruction in elementary school to make time for increased English and math.

Chad Colby, spokesman for the U.S. Department of Education, said these two subjects were vital because they formed the foundation for students' education.

"Children must first learn to read so they can read to learn for the rest of their lives," he said.

California educators agreed.

"It is important for us to remember that reading and math are gateway skills, fundamental to success in other subjects, in higher education and the workplace," said state Supt. of Public Instruction Jack O'Connell.

But some teacher groups argue that it is vital to instill a love of all subjects in students at an early age, when they are most receptive.

"The young child is the most close to the mentality of the scientist — they've got curiosity," said Gerry Wheeler, executive director of the National Science Teachers' Assn. in Arlington, Va.

At Havenscourt Middle School, one of the most troubled schools in Oakland, four of the seven daily periods are devoted to reading and math, a move Principal Jacqueline Phillips says was born of necessity. Poetry, drum lessons and drama are offered every day after school, and three-quarters of the school's 600 students participate.

"This is something that must be done for survival," she said. "We have so many students that are scoring so low and are not equipped to move to the next grade."

*

(INFOBOX BELOW)

More equations

This school year, elementary school instruction in social studies--history, geography and civics--was cut the most as more time was spent on English, language arts and math.

Percent of districts reporting instructional time was cut "somewhat/to a great extent," by subject

Social studies (history, geography, civics): 33%

Science: 29%

Art and music: 22%

Physical education: 14%

Other subjects: 17%

Source: Center on Education Policy. Graphics reporting by Seema Mehta

Frist Cut A Debt Deal With Spending Hawks (HILL)

By Jonathan Allen

The Hill, March 29, 2006

DOJ_NMG_0023313

Senate Majority Leader Bill Frist (R-Tenn.) will give spending hawks floor time on budget-process reforms this year as part of a deal he cut to secure smooth passage of a debt-limit increase.

The conservatives, who agreed to withhold amendments to the debt-limit bill earlier this month, will have a chance to amend line-item veto legislation, according to Senate Budget Chairman Judd Gregg (R-N.H).

"We don't want to just keep passing increases in the debt ceiling," said Sen. John Ensign (R-Nev.), one of the conservatives who had eyed the debt-limit legislation as a vehicle for a budget overhaul. He voted against raising the cap when it passed March 16.

Without the deal, Senate conservatives, including Sens. Tom Coburn (R-Okla.), Jeff Sessions (R-Ala.) and Ensign, may have tried to attach amendments aimed at budget-process reform.

Any amendment would have sent the bill to the House for a politically uncomfortable vote — one that House Republican leaders had avoided by employing a parliamentary trick that allows the House to generate a debt-limit increase without a separate roll call.

Frist has often been criticized by House Republicans for past promises to recalcitrant senators, but there was little booing this time. The deal spared House leaders the pain of an election-year vote on raising the debt cap to $9 trillion.

"We appreciate them sending the president a clean debt-limit extension," said Ron Bonjean, the spokesman for House Speaker Dennis Hastert (R-Ill.).

Senate Democrats had given strong signals that they might support budget-process amendments offered by Republicans to force the House to vote on the debt limit.

Frist, who promised floor time before the August recess, cut the debt-limit deal because "he believes strongly in line-item veto and [biennial] budgeting," according to his chief of staff, Eric Ueland.

Republican spending hawks say they have few weapons to fight against expansion of the federal government. The budget process, they argue, is wired to promote spending, so they want to change the system.

Most of their ideas have been kicking around for years, but they hope anger among party activists will provide a catalyst for enacting mechanisms to control spending.

The proposals include line-item veto authority for the president, biennial budgeting, altering the rules through which the Congressional Budget Office calculates the costs and benefits of legislation, and the creation of a panel to review and eliminate government programs.

Though many Senate conservatives think process is the problem when it comes to increased spending, they do not appear to have agreed on which remedies to try.

"As to which reforms he would like to see included in a package on the floor or what amendments will be offered or supported, we will be discussing those as we get closer to action," said Ensign spokesman Jack Finn.

Frist's own legislation for a line-item veto is likely to headline any such package on the Senate floor, according to Republican lawmakers and aides.

During a GOP retreat at the beginning of the year, Frist encouraged conservatives to round up a filibuster-proof majority for a biennial budgeting plan written by former Budget Committee Chairman Pete Domenici (R-N.M.).

Sessions has been a powerful force behind a resurrection of Domenici's long-standing effort.

Frist is a co-sponsor of the biennial budgeting legislation, and backers think they can win a floor vote.

Under Domenici's plan, lawmakers would adopt two-year fiscal blueprints and consider appropriations bills only in the first session of a Congress.

Proponents say that budgeting every two years would give lawmakers more time to evaluate the programs in their bills and identify targets for elimination.

"Committees would have longer to work on them," Sessions said. "We need to do a biennial budget."

Critics of biennial budgeting say that it would transfer authority unwisely from Congress to the president, a charge also leveled against several other proposals for budget-process reform. They also say any time saved by the maneuver would be negated by an increase in the need for supplemental appropriations bills.

Gregg spokesman Jeff Turcotte said there will be a hearing on the line-item veto on April 5.

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Democratic Senators Vow FDA Nominee Block (AP-Y2)

AP2, March 28, 2006

Two Democratic senators said Tuesday they will not stop blocking President Bush's nominee to lead the Food and Drug Administration until the agency decides whether the emergency contraceptive Plan B can go on sale without a prescription.

Sens. Patty Murray, D-Wash., and Hillary Rodham Clinton, D-N.Y, told reporters that they met Tuesday with Dr. Andrew von Eschenbach but were unable to get a Plan B update.

"He gave us no status and he couldn't give us any kind of timeline," Murray said.

The FDA has held off on a decision on Plan B since Barr Laboratories Inc. first applied to sell the pill without a prescription in 2003.

The Senate Health, Education, Labor and Pensions Committee has not set a date for hearings on von Eschenbach, said Craig Orfield, a spokesman for the chairman, Sen. Mike Enzi, R-Wyo. Enzi has urged the White House to resolve the Plan B issue, Orfield said.

Nev. Senator Drops Coast Guard Opposition (AP-Y2)

AP2, March 28, 2006

Republican Sen. John Ensign (news, bio, voting record) of Nevada said Tuesday he is dropping his opposition to the promotion of a Coast Guard vice admiral who headed Hurricane Katrina recovery efforts.

Ensign, a former veterinarian who criticized pet evacuation efforts after the hurricane, had been blocking President Bush's nomination of Vice Adm. Thad W. Allen to be commandant of the Coast Guard.

Bush nominated Allen in January and the Senate Commerce, Science and Transportation Committee approved the nomination earlier this month.

Ensign said in a statement that he met with Allen on Tuesday morning and discussed problems with the Katrina response. Ensign said his concerns were unrelated to pet treatment, but he didn't say what they were.

Under Senate procedures, any senator can block a vote on a confirmation or a piece of legislation by raising an objection.

Now that Ensign has lifted his hold, Allen's nomination can go to the full Senate for a vote. No timeline has been set.

Voinovich Warms To U.S. Ambassador To U.N. (AP-Y2)

By David Hammer

AP2, March 28, 2006

The Republican senator who upset the White House last year by opposing President Bush's choice for U.N. ambassador now says John Bolton is "a changed man" whom he might support should Bush try to renew the appointment.

Sen. George Voinovich (news, bio, voting record), R-Ohio, said Tuesday he has been watching Bolton closely since he became ambassador on Aug. 1. Bush temporarily installed Bolton while Congress was in recess after Voinovich joined most Democrats in blocking a Senate vote on the nomination last May.

At the time, Voinovich called him a bully who would make critical U.N. reforms harder to achieve.

"John Bolton at this point is a changed man," Voinovich told reporters. "I want reform of the United Nations, so I've worked with John and stayed on top of John to make sure he takes this wonderful opportunity."

Bolton's appointment expires next January. If Bush reappoints him, Voinovich said he "might not take the same position as last time."

Voinovich said he has been impressed with Bolton's flair for diplomacy since he got to the U.N., especially when the United States ran into opposition to some of its proposals for overhauling the international body.

"The old Bolton would have said this is terrible, but instead he said we don't agree but we're going to stick with it," Voinovich said. "It's a whole different attitude from the old attitude when John would have given them the back of his hand and walked out."

Boehner Changes Tune On Drug Benefit (HILL)

By Kelly McCormack

The Hill, March 29, 2006

DOJ_NMG_0023315

After calling the implementation of the Medicare prescription-drug program "horrendous" last month, House Majority Leader John Boehner (R-Ohio) has been warming to the Bush administration's handling of the new benefit.

Over the past week, Boehner has issued three press releases condemning Democratic criticisms of the program and touting its success.

"Despite attempts by congressional Democrats to talk down the program, more and more Americans are signing up and paying far, far less for their medications than they were before," Boehner said Friday.

As recently as last month, he wasn't as positive.

"The implementation of the Medicare plan has been horrendous. We've made it far more complicated than it should be," Boehner said on "Fox News Sunday" in early February.

Since settling in as majority leader, Boehner has softened his stance on the drug program's implementation and begun to toe the party line.

"Recent polling reveals just how out of touch Democrats are with their relentless demagoguery." Boehner said in a press release Monday, referring to a Dutko Worldwide poll that found that most senior citizens who have signed up are satisfied with their drug coverage.

Boehner's February statement on Fox came as no surprise to Jennifer Crider, spokeswoman for House Minority Leader Nancy Pelosi (D-Calif.). Crider said that condemning the implementation is different from condemning the program but that Boehner was "absolutely correct."

"The implementation of the prescription-drug benefit has been horrendous, and that's why there should be a six-month enrollment extension," Crider said. The enrollment deadline is May 15.

"Boehner saw a lot of problems that many people have seen in the implementation of the benefit," said Boehner spokesman Kevin Smith. The federal Centers for Medicare & Medicaid Services "has made significant progress over the last couple of months, and there is growing evidence that as more seniors enroll the more they save on their prescription-drug costs."

Democrats Opening Assault On Bush Security Policies (NYT)

By Steven R. Weisman

The New York Times, March 29, 2006

WASHINGTON, March 28 — Seeking to capitalize on President Bush's troubles overseas, leading Democrats in Congress are unveiling a broad attack this week on the administration's security policies at home and overseas along with a set of proposals intended to demonstrate that they have a credible alternative.

In a set of policy papers titled "Real Security: Protecting America and Restoring Our Leadership in the World," Democratic leaders in the House and Senate plan to join with leading figures in the party, including former Secretary of State Madeleine K. Albright and Wesley K. Clark, the retired general and former presidential contender, in presenting the plan on Wednesday.

Their purpose, Democrats say, is to rebut the Republican accusation, echoed in some editorial columns, that with Mr. Bush's approval ratings sagging eight months before the next election, party leaders and candidates have not laid out a coherent set of alternatives, especially on Iraq and on dealing with nuclear proliferation.

The Democrats' material asserts that in combating terrorism, party leaders want to increase financing for Special Operations forces and interdicting terrorist financing and to spend more on economic development in troubled areas like the Middle East and South Asia.

Democrats also want to give greater powers to the office of the national intelligence director and to investigate accusations of abuse and torture of detainees. They say they want increased financing for screening containers at ports and securing nuclear and chemical plants and training emergency health workers.

Most of the proposals are not new. Many echo arguments put forward by Democrats and by their 2004 presidential nominee, Senator John Kerry of Massachusetts, including a demand for more military equipment and body armor for troops and improved veterans' benefits.

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In the diplomatic field, the proposals say Democrats will "redouble efforts to stop nuclear weapons development in Iran and North Korea," but they offer few details that differ from the Bush administration's effort to get cooperation from allies in Asia, the Middle East and Europe to pressure those countries to abandon their nuclear programs.

"In these times of unprecedented challenge and change, real leadership demands preparing for the threats that exist today and those that will emerge tomorrow," said Representative Nancy Pelosi of California, the House Democratic leader, who will be appearing with Senator Harry Reid of Nevada, the Senate Democratic leader.

"It demands tough and smart policies that recognize that a stronger America begins at home," Ms. Pelosi added.

In a statement to be released on Wednesday, Mr. Reid is to say: "Over the last century, Democrats have led America through two world wars, have stared down threats to our security at home and have defeated the ideals of Communism and Fascism. Today, Democrats are here to build on that record."

But Republicans, anticipating the Democratic attack, were already circulating their own counteroffensive on Capitol Hill on Tuesday. Senator Christopher S. Bond, Republican of Missouri, said he had just obtained a copy of the Democrats' plan and added, "It's taken them all this time to figure out what we've been doing for a long time."

Mr. Bond said that while Democrats sought to showcase their support of national security, they had tried to block renewal of the antiterrorism law known as the USA Patriot Act and the administration's program of wiretapping without warrants.

Democrats say that while their policies lack detail in some respects, they were able at least to put together a package of proposals to which all members of the party could subscribe, calling for more money to be spent on a broad array of items, including port security and foreign aid.

Meanwhile, the manifesto skirted divisive issues like whether the United States should set a timetable on the withdrawal of troops from Iraq, as advocated by Representative John P. Murtha, Democrat of Pennsylvania, but opposed or not endorsed by other members of his party.

Instead, it calls for making sure that 2006 "is a year of significant transition to full Iraqi sovereignty, with the Iraqis assuming primary responsibility for securing and governing their country and with the responsible redeployment of U.S. forces.<object.title class="Movie" idsrc="nyt_ttl" value="84897;220890">" Beyond "</object.title>redeployment," no mention is made of whether American troops should be taken out of Iraq.

The Democrats' paper also calls for the United States to achieve "energy independence" by 2020 by increasing production of alternative fuels.

A Party Waiting To Pounce (WP)

By David Ignatius

The Washington Post, March 29, 2006

If you're a Democrat, life is good right now. The Republicans are mired in Iraq and domestic political difficulties. The White House is rearranging the deck chairs. For now, Democrats can sit back and watch the GOP self-destruct: "They're on fire," says one party strategist. "Don't say anything. Let them destroy themselves."

The experience of being out of power and being the targets of Karl Rove's relentless attacks has made the Democrats a tougher and more cynical party. They think more about winning than about governing. Some strategists even see a virtue in the party's lack of a clear agenda or leader -- since it denies the Republicans easy targets. This strategy may not serve the country in the long run, but for angry Democrats this year, there is only the short run -- taking back control of Congress in the midterms and the White House in 2008.

Today it's the Bush administration that's struggling with its image and credibility. Yesterday's announcement that OMB Director Josh Bolten will replace Andrew Card as White House chief of staff drew tart comments from Democrats. "They've reached all the way across the driveway for new blood," says John Podesta, who became Bill Clinton's chief of staff in 1998, during a similar period of disarray. "When you're in a deep hole, you have to do more than that."

If the Democrats have a problem, it's what I would call the "Clinton blockage." As of today Sen. Hillary Clinton is the clear front-runner for the 2008 presidential nomination. Clinton "hovers over the presidential field like the Statue of Liberty in New York

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harbor," writes political analyst Walter Shapiro this week in the online magazine Salon. The problem is that Clinton is casting such a big shadow that it blocks out the sunlight in which other candidates might grow.

Clinton is building her own version of the Democratic National Committee, outside the control of accident-prone DNC Chairman Howard Dean. She has the best financial machine in American politics, and her fundraisers are signaling some big donors that the Clintons will be unhappy if they give to Hillary's rivals. Meanwhile, former White House aide Harold Ickes is creating a powerful database for grass-roots fundraising though his Data Warehouse project, and Podesta is building a solid policy-planning operation at his Center for American Progress.

Clinton's timetable is also a problem. Running for reelection to the Senate from New York this year, she has a strategy of campaigning as if she cares more about Utica and Schenectady than Washington. That's understandable, but it leaves the Democrats in a pickle. Clinton doesn't want to speak for the party right now, but she doesn't want anyone else to take center stage -- especially not her husband.

That is the most unfortunate blockage caused by Hillary Clinton's presidential ambitions. Her undeclared candidacy denies her party and the country the full benefit of Bill Clinton's leadership. Paradoxically, the Republicans are making better use of the former president than are the Democrats. It's endearing to see him pal around with former president George H.W. Bush and his son, but it blunts Bill Clinton's impact.

Democratic leaders in Congress are gathering the ammunition to win back the House and Senate this year. They have crafted an upbeat, patriotic (and also somewhat vapid) slogan: "America Can Do Better." And they are beginning to roll out the pieces of a low-key 2006 version of Newt Gingrich's "Contract With America," which helped the GOP capture the House in 1994. The first installment, on "Honest Leadership," was presented in January; the second, on "Real Security," is this week. Three more segments are planned, on "Economic and Retirement Security," "Affordable Health Care for All" and "Educational Excellence."

The Democrats think they can turn the tables this year because of GOP mistakes. A top aide to Senate Democratic leader Harry Reid says the party has been studying the formula for victory proposed in 2004 by Bush media adviser Mark McKinnon: "Who do you like? Who do you trust? Who's on your side?" This year, says the aide, that calculus plays for the Democrats. Even on their weak issue of national security, they have closed a 30-point gap in public trust to roughly four or five points, according to some polls. The Democratic message is: "The Republicans have gone too far. They're not on your side. They're not competent to lead."

The 2008 election is still a long way off -- too long, in terms of America's need for the clarity and change a new president could offer the country. Meanwhile, America is struggling with big problems, from Iraq to immigration. Will Democrats help the Bush administration find solutions? In the age of Karl Rove, are you kidding?

Inside Politics (WT)

By Greg Pierce

The Washington Times, March 29, 2006

Change of heart

The Republican senator who upset the White House last year by opposing President Bush's choice for U.N. ambassador now says John R. Bolton is "a changed man" whom he might support should Mr. Bush renew the appointment.

Ohio Sen. George V. Voinovich said yesterday he has been watching Mr. Bolton closely since he became ambassador on Aug. 1. Mr. Bush temporarily installed Mr. Bolton while Congress was in recess after Mr. Voinovich joined most Democrats in blocking a Senate vote on the nomination in May.

At the time, Mr. Voinovich called him a bully who would make critical U.N. reforms harder to achieve.

"John Bolton at this point is a changed man," Mr. Voinovich told reporters. "I want reform of the United Nations, so I've worked with John and stayed on top of John to make sure he takes this wonderful opportunity."

Mr. Bolton's appointment expires in January. If Bush renominates him, Mr. Voinovich said he "might not take the same position as last time."

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Mr. Voinovich said he has been impressed with Mr. Bolton's flair for diplomacy since he got to the United Nations, especially when the United States ran into opposition to some of its proposals for overhauling the international body, the Associated Press reports.

"The old Bolton would have said this is terrible, but instead he said we don't agree, but we're going to stick with it," Mr. Voinovich said. "It's a whole different attitude from the old attitude when John would have given them the back of his hand and walked out."

Pressing their case

A group of pro-life lawmakers and groups today will turn up the heat on their leaders and demand a House vote on a bill that would ban from the U.S. market the drug some refer to as the abortion pill, RU-486, or mifepristone.

Republican Reps. Mike Pence of Indiana, Christopher H. Smith of New Jersey, Joe Pitts of Pennsylvania and other lawmakers, will join Concerned Women for America, National Right to Life Committee, the U.S. Conference of Catholic Bishops and other pro-life groups today in demanding House action.

This coalition is particularly upset because the Food and Drug Administration (FDA) a few weeks ago learned that two women died after taking mifepristone. The news came after a warning by the FDA about the dangers of RU-486. And they point out that the government is still looking into the role of the drug in the death of four California women.

The bill that pro-lifers are demanding would withdraw FDA approval of RU-486 and subject it to a thorough review.

"In the meantime, this drug that endangers women's lives ... remains available despite ongoing investigations and continued warnings that have made it clear that the drug is not safe and should not remain available," read a release that Mr. Pence's office circulated.

The measure -- called Holly's law -- is named after 18-year-old Holly Patterson who died after taking the drug.

In denial

"The New York Times [yesterday] joined the debate about Iraqi documents with a front-page news article and an op-ed by Peter Bergen," Stephen Hayes writes at www.weeklystandard.com.

"It's been nearly two weeks since the first documents were released, but a belated acknowledgement of the news is better than nothing. One might have expected such a longtime champion of open government as the Times to have aggressively led the effort to have these once-secret documents released. Not this time," Mr. Hayes said.

"The front-page story seeks to dismiss the importance of the documents while the op-ed by Bergen seems to find them only significant enough to warrant an attempted deconstruction. Both of these efforts fail badly. Reading the two pieces together, one gets the unmistakable impression that the Times doesn't want to know more about the documents, their contents and what they tell us about prewar Iraq. The Times, it seems, has chosen ignorance.

"The news piece deserves little in the way of a response. Reporter Scott Shane casts the story as a battle between diehard supporters of the Bush administration and the truth, noting most helpfully that in other Internet projects 'volunteers have tested software, scanned chemical compounds for useful drugs and even searched radiotelescope data for signals from extraterrestrial life.'"

Reed's response

Ralph Reed, a Republican candidate for lieutenant governor of Georgia, has responded to a state senator who accused him of "stunning hypocrisy" on the property rights issue.

State Sen. Chip Pearson sent a letter to Mr. Reed, accusing him of mounting a false and unfair attack on Republican rival state Sen. Casey Cagle, "a proven defender of property rights."

Mr. Pearson also charged that, in an e-mail, Mr. Reed attacked his rival for accepting contributions from "those of us in the real estate industry."

Mr. Reed, in a "Dear Chip" letter, replied: "You do not address the question that Casey has declined to answer: Why did he leave the floor of the state Senate and miss the most important vote on private property rights in the 2005 legislative session? He voted seven times before and 14 times after the vote on S.B. 86. But when the time came to stand for private property rights, he left the floor, and he has yet to explain to the voters why he did so."

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Mr. Reed flatly denied that he had criticized Mr. Cagle for taking contributions from those in real estate or any other line of work.

DeLay's request

Rep. Tom DeLay, Texas Republican, wants his right to carry a firearm restored after the state of Texas revoked his permit following his indictment last year.

The former House majority leader's license to carry a concealed handgun was taken away after he was indicted on campaign-finance charges, but he has appealed the revocation, DeLay spokeswoman Shannon Flaherty said yesterday.

She would not say whether Mr. DeLay, a gun rights advocate who spoke last year at the National Rifle Association annual convention in Houston, carries a gun.

"That's the point of having a [concealed handgun license] in Texas -- potential criminals should assume everyone is [carrying]," the spokeswoman said.

Texas Department of Public Safety spokeswoman Tela Mange said she could not disclose how long Mr. DeLay has had the gun permit, but that state law dictates it be revoked upon indictment on felony charges.

Master of ceremonies

The Lynde and Harry Bradley Foundation announced that Pulitzer Prize-winning columnist George F. Will will serve as master of ceremonies for the 2006 Bradley Prizes.

The third annual awards ceremony will be held at the John F. Kennedy Center for the Performing Arts on May 25. Up to four persons will be honored, each receiving a stipend of $250,000.

Established in 2003, the Bradley Prizes honor outstanding individuals who have distinguished themselves in promoting democratic capitalism, freedom and the defense of American institutions. Mr. Will was named a Bradley Prize recipient last year.

Internet Firms Want FCC To Enforce Net Neutrality (WP)

By Arshad Mohammed

The Washington Post, March 29, 2006

Internet companies yesterday criticized legislation that would give the Federal Communications Commission only limited ability to stop phone and cable companies from blocking access to Web sites, saying the proposal would endanger the open nature of the Web.

The bill, championed by House Commerce Committee Chairman Joe Barton (R-Tex.), would allow the FCC to decide disputes about Web access only case by case and would bar the agency from writing detailed rules on the subject. Open-Internet advocates said the bill would make the FCC toothless in the area of net neutrality, which is the concept that companies controlling Internet access should not use that power to block or slow particular Web services.

"We are extremely concerned that legislation before your committee would fail to protect the Internet from discrimination and would deny consumers unfettered access," six companies wrote in a letter to Barton and Rep. Fred Upton (R-Mich.), who is chairman of the panel's subcommittee on telecommunications and the Internet.

"We have urged Congress to adopt network neutrality requirements that are meaningful and enforceable. The provisions in the committee bill achieve neither goal," the letter said on behalf of Amazon.com Inc., eBay Inc., Google Inc., IAC/InterActiveCorp, Microsoft Corp. and Yahoo Inc.

As the major phone companies roll out high-speed data and video lines, some of them argue they should be able to charge such companies more to use their expensive networks.

The net-neutrality provisions are embedded in a broader bill whose main aim is to make it easier for phone companies to offer television service on new networks by freeing them from having to get video franchises from thousands of localities around the country.

The bill was released after months of negotiations failed to achieve a compromise between committee Republicans and senior Democrats John D. Dingell of Michigan and Edward J. Markey of Massachusetts.

Only one Democrat, Rep. Bobby L. Rush of Illinois, endorsed the bill when it was made public Monday.

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Independent analysts said it would be difficult to enact legislation on the issue this year, citing partisan differences, the absence of a consensus bill in the Senate and the short election-year congressional calendar.

Dingell raised questions about the legislation but kept his options open while Markey was openly critical.

"The 'network neutrality' section of the bill represents a body blow to the Internet community," Markey said. "It removes FCC authority to establish any future rules needed to ensure that consumers and competitors can avail themselves of the Internet experience they enjoy today."

A committee spokesman said the bill gave the FCC ample enforcement authority, including fines.

"The bill has more teeth than a pit bull, starting with full Title V enforcement authority for the FCC to investigate cases and slap violators with fines up to $25,000 a day," said Larry Neal, the committee's deputy staff director for communications.

"What it doesn't have is a blank check for bureaucrats to write so many regulations that they'll choke off brand-new services even before consumers try them out."

OPM Director Asks Congress For Help In Pruning Back Retirement Paperwork (WP)

By Stephen Barr

The Washington Post, March 29, 2006

The president's chief civil service adviser appeared before a House subcommittee yesterday with a file cabinet drawer. It was stuffed with paperwork -- a symbol of the rising number of retirement requests from federal employees.

In 2003, the Office of Personnel Management received 90,000 retirement claims to process, and in 2004 and 2005, about 100,000 each year. The claims are filed on behalf of employees from all three branches of government.

OPM projects modest increases in retirement claims in coming years but says the government could face a surge in 2008-2010 as more baby boomers hit retirement age.

Each retirement claim requires a tedious, and sometimes lengthy, search for personnel folders and other paperwork -- "a shameful way" of doing business, Linda M. Springer , director of OPM, told the House federal workforce subcommittee.

She urged the subcommittee, chaired by Rep. Jon Porter (R-Nev.), to support a fiscal 2007 budget proposal that would provide $26.7 million for OPM to undertake a "retirement systems modernization project."

Upgraded computer systems will make it easier for OPM to speed up pension payments and to reduce the time that a retiree remains on interim retirement pay while a final annuity is being calculated.

OPM cannot begin processing retirement claims until it receives data on the departing employees from their agencies, which can take more than 30 days. For February, Springer noted yesterday, OPM had about 12,000 retirement cases on hold, pending the receipt of employment and work history information.

Once the data arrives, OPM employees pull the rest of an employee's work history from records stored in a Pennsylvania mine. The personnel files fill 144,000 drawers in 28,000 file cabinets, Springer said.

The retirement program is a significant part of OPM's entitlement spending. The agency pays more than $52 billion per year in benefits to about 2.4 million retirees and their survivors.

Porter said he was pleased that the president's budget is seeking funds to create a more efficient system for processing retirement claims. But he expressed concern that OPM also will be absorbing $13.7 million in separate program reductions under the budget.

Springer said OPM would reduce staffing by 26 positions through attrition, delay some technology improvements and cut back on contractors as it tightened its budget.

Porter called the hearing to discuss OPM's new five-year strategic plan, and most subcommittee members praised Springer's approach to reaching goals through the use of deadlines that can be monitored by Congress.

Subcommittee Democrats, including Reps. Danny K. Davis (Ill.) and Elijah E. Cummings (Md.) and Del. Eleanor Holmes Norton (D.C.), told Springer they had concerns about some of the budget recommendations, including the president's pay proposal and plans to overhaul the civil service system.

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Davis said the president's proposed 2.2 percent pay raise in 2007 "is markedly lower" than raises provided in past years. He warned that the budget's plan to use part of the raise to finance higher salaries in hard-to-fill jobs would reduce the amount of money available for the rest of the workforce.

Norton counseled Springer to move cautiously on a proposal to overhaul the civil service system, noting that "a very big experiment" has begun at the Homeland Security and Defense departments to install a performance-based pay system and make other changes.

Pointing to federal court decisions that have upheld union complaints, Norton suggested that the administration has reached too far in allowing the departments to void collective-bargaining agreements and reduce employee protections in disciplinary actions.

OTHER NEWS:

Fed Raises Rate, Hints It's Not Done (USAT)

By Barbara Hagenbaugh

USA Today, March 29, 2006

WASHINGTON — Federal Reserve policymakers increased interest rates Tuesday for the 15th-consecutive meeting to the highest level in five years and suggested a 16th rise may be in the cards.

In his first meeting as Fed chairman, Ben Bernanke and his colleagues unanimously voted to raise their target for short-term interest rates a quarter percentage point to 4.75% in their bid to thwart inflation. That's the highest since March 2001 but still far below the recent peak of 6.5% seen in mid-2000.

In their post-meeting statement, Fed policymakers said the economy "rebounded strongly" after a slowdown at the end of last year, which they attributed to "temporary or special factors."

The Fed officials said economic growth would likely "moderate" to a healthy pace.

They said elevated energy prices, combined with a tight job market and a high usage of available resources, "have the potential" to stoke inflation. Therefore, the Fed officials repeated that "some further policy firming may be needed," a phrase they used at their last meeting in January. That suggested the Fed will raise rates again when they next meet May 10, says Richard Yamarone, director of economic research at Argus Research.

"Another rate hike is all but a done deal," Yamarone says. He expects Fed policymakers will raise rates to 5.5%.

Investors had been eagerly awaiting the statement for signs of when the Fed may end its rate-raising campaign that began in June 2004. Interest was high as Fed watchers attempt to glean how, if at all, the Fed may change under the leadership of Bernanke, who became chairman after Alan Greenspan retired two months ago.

But "I don't think there is really anything new in here," John Hancock economist Oscar Gonzalez says.

He expects the Fed will raise rates in May and then stop for the year. Investors in a market that bet on future Fed moves also expect the Fed has one more rate increase in this cycle, according to Moody's Economy.com.

Banks responded to the Fed move by raising the prime rate, to which most consumer lending is tied, to 7.75%.

Consumer loan rates have been climbing. Last week, the average rate on a 30-year mortgage was 6.32%, up from 6.01% a year ago, according to Freddie Mac. Other rates, such as those on variable-rate credit cards and home equity lines of credit, likely will continue to rise.

Savers, meanwhile, are benefiting. The average yield on a six-month CD rose to 5.02% this month, the first time it was above 5% since February 2001, according to the Fed.

Fed Lifts Rates A Further Quarter Point To 4.75% (FT)

By Andrew Balls And Ralph Atkins

Financial Times, March 29, 2006

The Federal Reserve raised interest rates by another quarter point at its first policymaking meeting chaired by Ben Bernanke, indicating that while it may have to have to raise rates further that it was close to the end of its tightening campaign.

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In its statement, the Federal Open Market Committee said that growth had rebounded in the first quarter after a weak end to 2005 but said it "appears likely to moderate to a more sustainable pace".

Sounding a slightly more confident note on the inflation outlook, the committee said that "as yet, the run-up in the prices of energy and other commodities appears to have had only a modest effect on core inflation". The statement added that continuing productivity gains had helped to keep a lid on unit labour costs and that inflation remain contained.

Retaining the focus on inflation risks, the committee repeated the warning that "increases in resource utilization" and high energy prices could feed into increased inflation pressures.

Using the same forward-looking language on the policy outlook as in January, it said "some further policy firming may be needed to keep the risks to the attainment of both sustainable economic growth and price stability roughly in balance".

Tuesday's announcement continued the campaign of quarter-point rate increases that started in January 2004 under Alan Greenspan, with the 15th consecutive increase bringing the federal funds rate to 4.75 per cent, and signalled a bias to raise rates further.

But it also gave an indication on the direction Mr Bernanke wishes to take the US central bank in terms of clearer communication, with a fuller assessment of the economic situation, and modest detail on the forecast.

"They changed not a hair of the forward looking guidance and obviously are leaning towards another 25 basis points in May," said Peter Hooper, chief US economist at Deutsche Bank. "At the same time there was a noticeable step forward in the clarity on the current economic juncture."

Bond prices dipped after the Fed's announcement and following earlier strong readings on US consumer confidence and European business confidence. The yield on the 10 year Treasury note rose eight basis points to 4.78 per cent and the dollar strengthened.

US consumer confidence reached its highest level last month in four years, according to an update from the Conference Board, the business information group. The assessment of current conditions was the strongest since 2001. Consumers also upgraded their assessment of the outlook, but the survey continued to reflect expectations that growth will slow.

In the latest indication of a strengthening global economic backdrop to the Fed's deliberations, German business confidence has reached a 15-year high, according to the leading European business climate index. The Munich-based Ifo institute's business climate index increased unexpectedly, marking its fourth consecutive monthly increase. A separate survey reported that Italian business confidene had risen to a five year high.

Fed Boosts Key Rate To 5-Year High (LAT)

By Joel Havemann

The Los Angeles Times, March 29, 2006

WASHINGTON — The chairman was new, but the result was the same: The Federal Reserve nudged its benchmark short-term interest rate up a quarter of a percentage point today and suggested that at least one more rate hike is coming.

It was the central bank's 15th consecutive rate hike since June 2004. The so-called federal funds rate — the interest that banks charge each other for overnight loans — now stands at 4.75%, up from a historic low of 1% two years ago.

And in its statement accompanying the announcement, the Fed, now chaired not by Alan Greenspan but by Ben S. Bernanke, repeated language from its last meeting Jan. 31 that "some further policy firming may be needed." That is Fed-speak for more rate increases in order to fend off inflation.

In a departure from its January statement, the Fed's policy-making committee said "economic growth has rebounded strongly" from the slowdown at the end of 2005.

"Inflation expectations remain contained," the committee said. "Still, possible increases in resource utilization, in combination with the elevated prices of energy and other commodities, have the potential to add to inflation pressures."

The suggestion of further rate hikes disappointed stock and bond market investors who had hoped for some signal that the rate hikes might be ending. Major stock market indexes fell immediately after the Fed's statement, while bond yields rose.

The increase in the federal funds rate, the only interest rate controlled by the Fed, has not translated into comparable increases in longer-term interest rates.

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Unlike ordinary circumstances, the interest rate on 10-year Treasury notes is now lower than the rate on three-month Treasury bills. Ordinarily, rates are higher on longer-term borrowings because investors demand a hedge against the possibility that rising inflation will eat some of their profits.

Bernanke has vowed to continue the policies of the popular Greenspan, who presided for 18 years until his retirement after the Jan. 31 Fed meeting. Economists had widely expected him to engineer another quarter-point rate increase at his first meeting.

"It's as close to a sure thing as you can get," Bernard Baumohl, executive director of the Economic Outlook Group, said before the Fed announcement.

From here on out, the decisions will get progressively trickier. Bernanke does not want to trigger a recession at the beginning of his term by raising rates so high that they choke off economic activity, nor does he want to be remembered as letting inflation rise out of control because rates were too low.

"With the benchmark rate at 4.75%, the easy work for the Fed is done," Baumohl said. "From this point on, monetary policy becomes increasingly treacherous."

So does predicting what the Fed will do. A Bloomberg survey on March 8 found a plurality who saw the Fed pushing rates up one more time to 5% and then stopping. Of the 74 forecasters polled by Bloomberg, 31 held this view.

Another 21 analysts forecast that the Fed would stop at 4.75%, and 21 predicted increases beyond 5%. (The 74th analyst had the Fed holding the line today at 4.5%.)

Nariman Behravesh, chief economist for the consulting firm Global Insight, supported the most common view. He pointed out that Bernanke, in a speech in New York on March 20, said he saw no signs of an economic slowdown — a statement that Behravesh interpreted as suggesting at least one more interest rate hike after today's. "Beyond that, however, I suspect no one — not even Bernanke — really knows," Behravesh said.

Lehman Brothers, at the hawkish end of the spectrum, forecasts that the Fed will not stop at 5%, but rather keep going to 5.5%. The main reason, said economist John Shin, is "the exceptional strength in growth. With lower unemployment, stronger growth and less excess productive capacity, the labor market should tighten up," Shin said, "pushing up wages and adding to inflationary pressures."

Inflationary pressures are already spouting in prices. Core consumer prices — excluding the volatile energy and food sectors — are rising slightly faster than 2% a year, which is the upper bound of Bernanke's inflation "comfort zone."

From Fed, More Of The Same (WP)

By Nell Henderson

The Washington Post, March 29, 2006

Alan Greenspan is gone, but Federal Reserve officials kept going yesterday, raising their benchmark short-term interest rate again and hinting they may lift it higher in coming months to keep the lid on inflation.

"Economic growth has rebounded strongly" this year from its temporary weakness in late 2005, the Fed's top policymakers said in a statement after their first meeting led by new Chairman Ben S. Bernanke, who succeeded Greenspan last month.

A former White House adviser and economics professor, Bernanke has repeatedly pledged "continuity" with Greenspan's interest rate policies and delivered yesterday in action and style.

The Fed's policymaking body, the Federal Open Market Committee, unanimously agreed to raise its benchmark interest rate to 4.75 percent from 4.5 percent, marking the 15th consecutive increase since June 2004.

And with unemployment low and energy prices high, "further policy firming may be needed" to keep inflation in check, the FOMC statement said, signaling that at least one more rate increase might be in store.

Bernanke's first FOMC statement adhered closely to the language of the last statement issued under Greenspan in January, providing a slightly more expansive assessment of the economy while avoiding any big surprise that might roil financial markets. And in one small sign of greater openness, the new chairman allowed photographs of the session to be publicly released -- as his predecessor did at his last meeting in January.

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But stock prices tumbled because the statement was so similar to the previous one, disappointing many investors who had hoped the Fed would signal it was nearly done raising interest rates. The Dow Jones industrial average fell 95.57, or 0.85 percent, to close at 11,154.54. The Fed's language strengthened analysts' expectations that the FOMC will nudge the rate to 5 percent in May and perhaps higher after that.

The statement indicated that the FOMC "felt itself no closer to the end of its sequence of tightening moves than it did in January," wrote Peter E. Kretzmer, a senior economist with Bank of America Corp.

The Bernanke Fed "continues with [the] Greenspan legacy of gradual, measured rate increases," wrote Brian Bethune, a U.S. economist at Global Insight Inc., which predicts another increase in May.

Low interest rates encourage consumers and businesses to borrow and spend, boosting economic growth, which can fan inflationary pressures. High interest rates do the opposite.

The Fed's benchmark federal funds rate, the rate on overnight loans between banks, influences many other borrowing costs in the economy. The rate is now at the highest level in five years. Major banks followed the Fed's action yesterday by raising the prime rate on business loans to 7.75 percent from 7.5 percent. Many consumer rates linked to the prime, such as on credit cards and home equity loans, are likely to rise as well. Banks and other institutions also may increase the rates they pay on money market funds and certificates of deposit.

However, long-term rates, such as those on mortgages and corporate debt, are determined by global financial markets and remain historically low. For example, the average rate on a 30-year mortgage was 6.32 percent last week, according to Freddie Mac. That's only slightly higher than its 6.29 percent level in June 2004 before the Fed started raising the federal funds rate.

U.S. economic growth slowed sharply in the last three months of 2005 to a 1.1 percent annual rate, but Fed officials did not read that as a sign of underlying weakness. Rather, they attributed the slump to temporary factors such as the effects of hurricanes Katrina and Rita, which devastated parts of the Gulf Coast, disrupting commerce through the region and causing energy prices to spike nationally. Auto sales also plunged in the fourth quarter after booming during the summer because of dealers' incentives.

The economy is likely to expand at about a 5 percent annual rate in the first quarter of this year, spurred in part by an unusually warm winter and reconstruction work in the Gulf states, according to many estimates. That's a robust pace, well above the roughly 3.25 percent annual rate that Fed officials think can be sustained over time with both low unemployment and low inflation.

Fed policymakers want and expect the economy to slow down in coming months because of higher interest rates and a cooling housing market. The FOMC has projected the economy will grow 3.5 percent this year, the same as last year.

But they do not yet know how high they will have to raise the rate to achieve that happy ending. If they raise it too little, inflation could take off; if they move it too high, they might trigger a slump.

For now, Fed policymakers are more worried about the possibility of higher inflation, the FOMC statement showed. The unemployment rate is at a low 4.8 percent, and businesses are using a higher-than-average share of their productive capacity. Oil was trading above $65 dollars a barrel yesterday, and gasoline prices have rebounded in the past month. Metals prices have climbed recently, as well.

So far, these developments have had "only a modest effect" on core consumer inflation, which excludes food and energy prices, the FOMC said. But, it added, if labor markets keep tightening and businesses ramp up production further, that could "add to inflation pressures."

Fed Raises Rates By ¼ Point, Hints More May Come (WSJ)

By Greg Ip

The Wall Street Journal, March 29, 2006

At his first policy meeting as Federal Reserve chairman, Ben Bernanke picked up where predecessor Alan Greenspan left off: with another quarter-point boost in interest rates, and a hint of more to come.

But Mr. Bernanke put a modest stamp of his own on the Fed's closely watched postmeeting statement, by including a more explicit view of where the nation's economy is headed. The statement's forecast that economic growth appears likely "to

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moderate to a more sustainable pace" may be an early, though small, sign of his efforts to make the central bank's thinking more transparent. (The Fed's statement1)

The Fed raised its target for the federal-funds rate, charged on overnight loans between banks, to 4.75% from 4.5%. In its statement released after the two-day meeting, the Fed said "some further policy firming may be needed to keep" the risks to growth and of inflation "roughly in balance." The language was identical to that used in the statement released after Mr. Greenspan's last meeting, on Jan. 31. (Related story2)

Fed officials have indicated that saying policy firming "may be needed" simply keeps their options open on whether to raise rates again, and implies no commitment to do so. Nonetheless, financial markets, which had already thought it highly likely that the Fed would raise rates to 5% at its May 10 meeting, became even more convinced it would do so after reading the statement.

The Dow Jones Industrial Average, which had been up about 19 points before the Fed's afternoon announcement, finished the day down 95.57, or 0.9%, at 11154.54. The yield on the 10-year Treasury bond rose to 4.78% from 4.71% Monday.

Yesterday's move was the Fed's 15th consecutive quarter-point rate increase since June 2004, when it began to raise rates from a 46-year low. The increase reflects a continuing view at the Fed that robust growth abroad and an economy near full capacity at home create a risk that inflation, though tame, could rise.

The Fed said that while energy prices could boost underlying inflation, so far they have not, in part because of brisk productivity growth. "Still, possible increases in resource utilization, in combination with the elevated prices of energy and other commodities, have the potential to add to inflation pressures," it said, in words similar to its Jan. 31 statement.

The similarity of the policy-setting Federal Open Market Committee's words and actions to those of Mr. Greenspan's on Jan. 31 may have reflected Mr. Bernanke's stated desire to maintain "continuity."

But in one respect, the statement did break some new ground. It said the slowing growth of the nation's gross domestic product in the fourth quarter was due to "temporary or special factors. Economic growth has rebounded strongly in the current quarter but appears likely to moderate to a more sustainable pace."

The inclusion of an explicit forecast differed from previous statements, which generally stuck to a snapshot of current economic conditions. Its reference to "real GDP growth in the fourth quarter" was also far more specific than previous statements, which seldom specified what data they were referring to.

Mr. Bernanke has suggested that more discussion of the forecast would help markets more accurately predict the central bank's actions.

"What does it mean when the Fed is data-dependent?" Mr. Bernanke said after a speech in New York last week. It means, he said, that with each new economic report, the Fed reconsiders "where the economy is going to be a year down the road. The key statistic is the forecast." Changes in the forecast, he said, drive rate decisions.

In his earlier career as an academic, Mr. Bernanke worked extensively on economic modeling, which is used to make forecasts. And as a Fed governor from 2002 to 2005, he often met with Fed staff to discuss their forecast, dubbed the "green book." While Mr. Greenspan also considered forecasts important, he generally was reluctant to issue one, and often disagreed with the green book.

Mr. Bernanke has argued for more transparency at the Fed and suggested the FOMC should release forecasts more often than twice a year, the current practice. The modest change in yesterday's statement suggests Mr. Bernanke may pursue his transparency initiatives in small, incremental steps.

Other changes in the FOMC's communications and deliberations processes may have been considered at the meeting. Minutes of the discussion will be released April 18.

Laurence Meyer, a former Fed governor who now analyzes the Fed for Macroeconomic Advisers, a St. Louis forecasting firm, said the statement reflected "continuity in policy and innovation in communication." While the forecast of moderating growth wasn't news, its inclusion in the statement served to temper potential market overreaction to the Fed's upbeat assessment of current conditions, he said.

Fed officials have said their actions increasingly are driven by new economic data, which means they probably will soon stop giving hints about their next action on interest rates. David Greenlaw, an economist at Morgan Stanley, said more

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information on the Fed's forecast could help make up for such a loss of guidance on interest rates as markets try to figure out what the Fed will do next.

The decision by the FOMC's 11 voting members was unanimous. Departing Federal Reserve Board Vice Chairman Roger Ferguson didn't attend. It is customary for departing FOMC members to skip their last meeting.

Eleven of the Fed's 12 regional reserve banks asked for the accompanying increase in the little-used discount rate, charged on short-term Fed loans to commercial banks, to 5.75% from 5.5%. The exception was the Kansas City Fed. Many commercial banks yesterday raised their prime rate -- a benchmark for many consumer and business loans -- to 7.75% from 7.5%.

Economists generally said that how much higher rates go depends mostly on whether the risk of inflation becomes reality. Ethan Harris, chief U.S. economist at Lehman Brothers, said, "I think you're going to see both...tightening capacity and some kind of pickup in inflation." He predicted the Fed will eventually lift its key rate to 5.5%.

Larry Kantor, co-head of research at Barclays Capital, said, "The financial environment is still stimulative: high stock prices, relatively low bond yields." He predicted that even if the Fed paused soon it would have to resume raising rates shortly afterward.

But Maury Harris, chief U.S. economist at UBS, said the Fed should stop raising rates now, arguing that the economy is already slowing. He noted that new-home sales and capital-goods orders, excluding aircraft and defense, dropped in February. Mr. Harris predicted growth will slow to an annual rate of 2.5% by the second half of the year from the current rate of about 4%.

If the Fed raises rates further, it risks overshooting and making the slowdown worse, he said. However, he added that inflation is low enough that it is unlikely any such overshooting would trigger a recession.

Fed Panel Raises Rate To 4.75% (NYT)

By Eduardo Porter

The New York Times, March 29, 2006

WASHINGTON, March 28 — At Ben S. Bernanke's first meeting as head of the Federal Reserve's policy-making committee, the watchword was no surprises.

As expected, the Federal Open Market Committee raised the benchmark federal funds rate on Tuesday by a quarter of a percentage point, to 4.75 percent, and suggested that at least one more increase was in the cards. It was the 15th such increase in consecutive meetings of the committee.

In its statement describing the decision, the central bank veered little from the Fed's prior assessments of the economy and the expected path of monetary policy, underscoring Mr. Bernanke's stated intention to maintain the course set by his predecessor as Fed chairman, Alan Greenspan.

Despite its predictability, the Fed's statement still modestly unsettled financial markets, bolstering the dollar in foreign exchange markets and sending the prices of stocks and government bonds lower. The broad Standard & Poor's 500-stock index fell 0.64 percent, to 1,293.23. [Page C9.]

Though virtually all investors expected the rate increase, a substantial minority of operators on Wall Street had held hopes that the Fed would indicate that it would be the last one in the cycle that began in June 2004, when the benchmark rate stood at 1 percent. They were disappointed by the clear suggestion that the Fed still saw the need for further tightening.

"He was paving the way for another rate hike," said Mickey D. Levy, chief economist at Bank of America. "He knew full well that with this type of language the market would price in a hike to a 5 percent funds rate."

The Fed's statement relied on words nearly identical to those used after the committee's previous meeting in January, Mr. Greenspan's last after 18 years as head of the central bank. It said that "some further policy firming may be needed" to keep inflation under wraps.

It pointed out that the economy was growing robustly after a slowdown in the fourth quarter of last year. It noted that core inflation, beyond food and energy, had ticked up only modestly, but it warned that the rising prices of energy and other commodities could add to inflation pressures in the future.

Though the committee's statement was pored over by financial analysts for any hint of the new chairman's intentions, the market tremors appeared to have little to do with the new management at the Fed.

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Mr. Bernanke is expected to put his own stamp on the central bank eventually. He has long said that he supports more transparency, letting the markets know more clearly how the Fed reaches its decisions and what is the expected path of policy. He has argued in favor of setting a specific inflation target — within a range — to make explicit the Fed's goals.

He apparently judged Tuesday not to be the day for bold moves, however. Untested as Fed chairman, Mr. Bernanke had a clear interest in projecting continuity with the Greenspan Fed.

At most, the new statement provided a mere hint of Mr. Bernanke's desired transparency. "It was the same policy message but with a little innovation in communication," said Laurence H. Meyer, a former Fed governor who is now an economic forecaster at Macroeconomic Advisers in Washington.

The whiff of change came in the second paragraph of the Fed's five-paragraph statement, the passage often referred to as the "snapshot paragraph," in which the committee assesses current economic conditions. It offered a somewhat more detailed analysis of current conditions than the one issued in January.

Significantly, it calmed fears that wage increases might spur inflation by pointing out that productivity gains were holding down the growth in labor costs.

At the same time, the Fed went beyond the expected description of the economy's current status to elucidate what it saw as its likely future path. "Economic growth has rebounded strongly in the current quarter," it said, adding that growth appeared "likely to moderate to a more sustainable pace."

Mr. Bernanke comes to the helm of the nation's central bank at a delicate moment for monetary policy. Since the Fed started increasing interest rates, financial markets have come to expect a quarter-point rise in interest rates at pretty much every committee meeting.

But after 15 consecutive rate increases, the cycle of monetary tightening is reaching its peak as interest rates approach what is seen as a "neutral" rate that is not so high that it slows economic growth but not so low that it allows inflationary fears to come back to life.

With underlying inflation at 1.8 percent, excluding food and energy, the Fed's preferred measure is still within the range of 1 percent to 2 percent considered comfortable by most officials. That leaves the Fed debating how far to raise rates merely to counter the risk of higher inflation as opposed to the reality of prices rising too fast.

In a note to investors, a Goldman Sachs economist, Andrew Tilton, said that "the potential for disagreement on policy decisions increases now that the Fed is roughly at 'neutral' and the data become more important."

With the economy growing at a healthy clip but facing the potential headwind of a weakening housing market, the decision on when to end the cycle of rising interest rates will not be trivial.

The outlook for inflation is slightly worse than in January, with increases in producer prices and consumer price inflation. Payrolls have expanded by some 200,000 a month and retail sales have grown sharply.

Fed economists have argued that a slowing housing market is likely to dampen overall economic growth. Housing, however, is not sinking yet. Sales of existing homes rose in February, housing starts remain strong and by some measures home prices are still rising.

In testimony to Congress last month, Mr. Bernanke argued that in coming quarters the Fed's policy-setting committee "will have to make ongoing, provisional judgments about the risks to both inflation and growth, and monetary policy action will be increasingly dependent on incoming data."

Given such uncertainties, mused Ethan S. Harris, chief economist of Lehman Brothers, "Bernanke moved into the job right at the time it got interesting."

Fed Raises Interest Rates Again (WT)

By Patrice Hill

The Washington Times, March 29, 2006

The Federal Reserve yesterday raised short-term interest rates to the highest level in five years, giving no hint that it is nearing an end to its nearly two-year-long campaign to head off inflation.

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In the first meeting of its rate-setting committee led by new Chairman Ben S. Bernanke, the Fed by unanimous vote dismissed the sharp slowdown in the economy in the fall as "temporary" and cited high energy and commodity prices, as well as constraints on the labor force that limit the economy's ability to grow, as reasons for continued vigilance.

The Fed has raised rates by nearly four percentage points in 15 actions since June 2004, leaving the rates on credit cards, home equity loans and adjustable-rate mortgages in most cases equal to or higher than the rates on long-term loans such as 30-year mortgages, which last week averaged 6.3 percent. The prime lending rate, after yesterday's latest quarter-point increase, rose to 7.75 percent.

Although Fed watchers cheered the central bank's determination not to give ground to inflation, Wall Street and Main Street analysts increasingly fear the central bank is in danger of overdoing it and pushing the economy into a slump.

The Dow Jones Industrial Average fell 96 points after the Fed's announcement, while rates on Treasuries and other bonds shot up on signs of further rate increases ahead.

"The Fed is in danger of overshooting" because it "is more worried about inflation than economic growth," said economist Roger Kubarych of HVB Group. With core inflation -- excluding food and energy -- running about 2 percent, the inflation-adjusted level of interest rates is at levels that brought on recessions in the past, he said.

"Interest-rate-sensitive sectors, notably autos and housing, are already showing strains," he said, noting that both General Motors Corp. and Ford Motor Co. are in financial straits with sinking credit ratings and declining sales that many analysts fear will force the automakers into bankruptcy.

Although manufacturers are struggling, consumer confidence and spending have rebounded this year after hitting a 12-year low in the fall, buoyed by improving job prospects. The Conference Board reported yesterday that its measure of consumer confidence hit a four-year high this month.

"A miscalculation in interest rate policy could damage the economy and force the Fed to reverse course later in the year by giving back one or two rate hikes," said Bernard Baumohl, executive director of the Economic Outlook Group.

This is most likely to happen if Mr. Bernanke, a specialist on monetary policy whose background is primarily academic, is not as attuned as his predecessor Alan Greenspan was to subtle signs that the economy is moving toward a substantial slowdown later this year, he said.

One such sign is the steep decline in the housing market since the fall. The housing boom had been a major driver of economic growth in recent years, with fast-appreciating house prices providing an important source of strength to consumers, who have cashed out at least $750 billion from their home equity to spend on other things since 2001, he said. Consumer spending generates about 70 percent of economic activity.

Other signs that growth is sure to wane are consumers' high debt burdens and growing delinquencies among the many borrowers who took out adjustable-rate mortgages in recent years and are now facing sharply higher mortgage payments as a result of the Fed's actions, he said.

"Servicing all that debt was manageable when interest rates were low," Mr. Baumohl said. "But the Fed has been jacking up rates nonstop for 21 months, and the debt-service burden is starting to pinch."

Mr. Baumohl said the Fed would be overdoing it if it goes beyond raising the federal funds rate, its principal tool for influencing short-term rates, another quarter-point to 5 percent at the next meeting of its rate-setting committee in May. But he thinks it is more likely that the Fed will be convinced by then that the economy is slowing enough that further rate increases are not warranted.

Mark Vitner, senior economist at Wachovia Securities, agreed that the Fed is likely to pause after raising rates one more time in May, despite the likelihood that economic reports before then will show the economy rebounded to a robust rate of growth in excess of 5 percent during the first quarter from 1.6 percent at the end of last year.

"The Fed will not be unnerved by swings in the quarterly [growth] figures," Mr. Vitner said, though its goal is to cool growth to a little less than 3 percent.

Richard Yamarone, economist with Argus Research Corp., said he expects the Fed to raise rates three or more times.

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"History tells us that the Fed has always overshot its tightening goal," he said. "Central bankers like to know the cork is firmly implanted in the bottle so that the inflation genie doesn't sneak out. The worst thing a central bank can do when fighting inflation is fall behind the curve."

Bernanke Steps To The Plate (WSJ)

By Scott Patterson

The Wall Street Journal, March 29, 2006

Federal Reserve Chairman Ben Bernanke made his presence felt on Wall Street Tuesday by stepping squarely into the shoes of his predecessor, Alan Greenspan.

Mr. Bernanke boosted the target for the federal-funds rate by a quarter-percentage point to 4.75%, the highest level since April 2001, and signaled more rate increases could be on the way at the Fed's next meeting on May 10.

Stocks reacted in much the same way they did to similar moves by Mr. Greenspan: They tumbled.

The Dow industrials, up 20 points before the decision, fell 95.57 points to 11154.54. The Standard & Poor's 500-stock index slid 8.38 to 1293.23 and the Nasdaq Composite Index declined 11.12 to 2304.46.

Treasury bonds, down before the statement was released at 2:15 p.m. EST, fell further. The 10-year Treasury note fell 20/32 point, or $6.25 per $1,000 invested, to yield 4.788%.

Language in the Fed's policy statement indicated continuing concerns about inflation amid a tightening labor market and high energy prices. "Economic growth has rebounded strongly in the current quarter but appears likely to moderate to a more sustainable pace," the rate-setting committee said. But increases in resource utilization and higher energy prices "have the potential to add to inflation pressures."

The upshot: Expect a 16th rate increase to 5% in May.

Analysts and economists saw little new or unexpected in the statement. "No surprise whatsoever," said David Wyss, chief economist at Standard & Poor's. Mr. Wyss expects the Fed to boost rates again in May and then stop.

"Looked like the old Fed to me," said Paul Kasriel, chief economist at Northern Trust, who said that unless employment data weakens by the May meeting, the Fed will raise rates again. "They said exactly the same thing they said last time," said Jeffrey Kleintop, chief investment strategist at PNC Advisors.

One source of investor dismay was the absence of any language in the statement regarding the housing market. Recent housing data, including a 10.5% decline in new-home sales in February, have raised concerns that the housing boom that helped drive economic growth is rapidly withering. Higher interest rates, which boost mortgage-lending rates, could accelerate the slump and potentially lead to a so-called hard landing in which home prices drop dramatically.

Prior to Tuesday's move, the Fed has lifted rates 14 times since June 2004 by quarter-point increment -- all under the stewardship of Mr. Greenspan, chairman of the central bank since 1987.

While Fed meetings are always an occasion for jangled nerves on Wall Street, investors were unusually jittery ahead of Tuesday's decision. They've grown accustomed to two decades of Greenspan leadership, and it remains to be seen how Mr. Bernanke reacts to challenging economic conditions. And since Fed officials have intimated that they are near the end of the current rate-lifting cycle, focusing on the minutia of the statement has become extreme.

A steep jump in crude-oil prices also jarred traders. Light, sweet crude surged $1.91 to $66.07 a barrel on the New York Mercantile Exchange. Michael Guido, director of commodity strategy at Societe Generale, said a combination of factors -- a report on strong demand from China, production disruptions in Nigeria and a simmering conflict with Iran -- have kept oil prices rising steadily in recent weeks. "It's not one event that's moving this market, it's … little disruptions going on around the globe," he said.

The Conference Board's report on consumer confidence, which rose to a reading of 107.2, nearly a four-year high and above the 102 reading expected, added pressure to bond prices before the release of the Fed's statement.

In major market action:

Stocks fell7. On the New York Stock Exchange Monday, where 1.6 billion shares traded, 1,181 stocks rose and 2,123 fell. On the Nasdaq Stock Market, where 2 billion shares traded, 1,199 rose and 1,843 declined.

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Bonds slipped8. The benchmark 10-year Treasury fell 20/32 point, or $6.25 per $1,000 invested, to yield 4.788%. The 30-year bond lost 1 2/32 to yield 4.78%. Yields move inversely to prices.

The dollar was mixed.9 It traded at 117.85 yen, up slightly from 116.70 yen late Monday, while the euro rose to $1.2016 from $1.2011.

Prospect Of Higher Rates Sinks In (USAT)

By Adam Shell

USA Today, March 29, 2006

NEW YORK — It wasn't the fallout from the 15th interest rate increase that sent stock prices into a downward spiral Tuesday on Wall Street. It was the rising odds of a 16th and, perhaps, 17th rate boost by the Federal Reserve that prompted investors to bail out of stocks.

In its first meeting headed by Chairman Ben Bernanke, the Fed, as expected, raised the target on short-term interest rates for the 15th time, to 4.75%. But the Fed signaled that more "policy firming" might be needed to slow the economy and stamp out inflation, which dashed the hopes of investors who expected the Fed to hint that its rate-raising campaign was nearing an end. The Dow Jones industrials fell 96 points, or 0.8%, to 11,155.

"The market heard the Fed is not done yet, and they were disappointed," said Jeffrey Kleintop, chief investment strategist at PNC Advisors. Many strategists believe stocks will rally once the Fed conveys to investors that it is done raising rates.

Higher interest rates are a negative for stocks because they make it more expensive for individuals and businesses to borrow money, which crimps both consumer spending and corporate profit growth. There is also a fear that the Fed will raise rates too much and damage the economy.

Heading into this week's Fed meeting, the consensus on Wall Street was that the Fed would increase rates at its March meeting to 4.75% and then raise rates for the last time to 5% at its May meeting.

But the market now must factor in the possibility that the Fed will boost rates another quarter point at its June meeting, which would push rates up to 5.25%.

Pushing rates above 5% would suggest that the economy was stronger than expected, which would spark fears that inflation was getting out of control, says Fritz Reynolds, portfolio manager for the Reynolds fund family.

"If rates go higher than 5% that would worry the market and could create some weakness," Reynolds said.

The Fed's tough language Tuesday did not surprise everyone. Stuart Schweitzer, global market strategist at JPMorgan Asset & Wealth Management, said Bernanke had to "establish his inflation-fighting credentials," especially given the economy's strong rebound in the first quarter of 2006.

"The Fed will continue to tighten until growth slows and the job market cools," Schweitzer said.

The prospect of higher rates is a reality check for overly optimistic investors, said Michael Panzner, vice president at Rabo Securities USA. "Traders finally got the message they have been ignoring since January: The easy money game is over."

Consumer Confidence At Highest Point In Almost 4 Years (USAT)

By Sue Kirchhoff

USA Today, March 29, 2006

WASHINGTON — Consumer confidence jumped in March to the highest level in nearly four years, as Americans expressed rising optimism about both current economic conditions and the future outlook, a private report said Tuesday.

The New York-based Conference Board's consumer confidence index rose to 107.2 from 102.7 in February — the highest level since May 2002. Further, the index measuring consumers' expectations of growth six months down the line rose to 89.9 from the previous 84.2.

The percentage of consumers calling jobs "plentiful" was the highest since August 2001 — before the Sept. 11 terrorist attacks.

However, even as more Americans said work was easy to find, the percentage terming jobs "hard to get" also rose. Though expectations for future growth improved from February, consumers' outlook is still less rosy than last summer.

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While consumers are "optimistic in the here (and now), they're still somewhat cautious about the future," says Lynn Franco, director of the Conference Board Consumer Research Center.

The confidence index is based on a monthly survey of 5,000 households.

The current survey, completed March 21, found the share of consumers calling current economic conditions good rose to 28.3% from 26.4% in February.

Also, 28.4% of consumers said jobs were plentiful, up from 27.4% last month. At the same time, those calling jobs hard to get rose slightly to 20.7% from 20.2%.

"Consumers may be wobbly, owing to high energy prices, a vulnerable housing sector and increasingly uncertain medical and pension benefits, but there is nothing like the whiff of solid job growth to keep them on their feet," says Michael Gregory, senior economist at BMO Nesbitt Burns.

The share of consumers expecting conditions to improve in the next six months rose to 18% from 16.2% in February, and there was a slight increase in the number expecting more jobs to open up.

Franco said that consumer expectations, while better, were still somewhat subdued, suggesting "a cooling in activity in the latter half of this year."

The report comes amid government data showing strong hiring and a quickening pace of growth in the first three months of 2006, despite continued high energy prices and signs that the record housing market is slowing. The unemployment rate was 4.8% in February as employers added 243,000 jobs.

Economists said the numbers were another sign the economy has weathered the shock of last year's devastating hurricanes.

The percentage of consumers planning to buy a car in the next six months fell to 5.7% from 7.1% last month. But the share planning to buy a home rose to 4% from 3.4%.

Consumer Confidence Advances To Highest Level Since May 2002 (WSJ)

By Michael S. Derby

The Wall Street Journal, March 29, 2006

U.S. consumer confidence jumped to nearly a four-year high as households were cheered by a strong start for economic growth in 2006 and an improving job market, the Conference Board reported.

The private research group said its index of consumer confidence for March exceeded forecasters' expectations, rising to 107.2, from a revised 102.7 seen in February. Economists had expected a March reading of 102.

March was the second consecutive month of growth in the index, and the March index was the highest reading since May 2002, when the index hit 110.3.

The Conference Board said its present-situation index, which measures consumer perceptions about business conditions and employment, rose to 133.3 in March from a revised 130.3 in February. Meanwhile, the expectations index, which measures perceptions about business conditions, employment and income six months into the future, rose to 89.9 from February's revised 84.2.

"The improvement in consumers' assessment of present-day conditions is yet another sign that the economy gained steam in early 2006," said Lynn Franco, director of the Conference Board's Consumer Research Center. But she added, "consumer expectations, while improved, remain subdued and still suggest a cooling in activity in the latter half of this year."

Economists generally expect that economic growth will ease in the second half of the year amid higher interest rates and a cooling housing market. Still, analysts said that they expect consumer spending to hold up in 2006 with the support of job and wage growth.

The Conference Board said that in its survey, the proportion of those who deem current economic circumstances as "good" moved up to 28.3% in March from 26.4% in February. The proportion of those who saw conditions as "bad" fell to 14.7% from 15.4%. The proportion of survey respondents who said jobs are "plentiful" stood at 28.4%, up from 27.4%.

Bank Shares Lead Decline As Fed Raises Interest Rates (NYT/BLOOM)

By Bloomberg News

DOJ_NMG_0023332

The New York Times, March 29, 2006

Stocks fell yesterday after the Federal Reserve raised interest rates for a 15th time and signaled that further increases are ahead.

Bank of America led a retreat in bank shares, which are among the most sensitive to rate changes, as bond yields climbed. Oil prices jumped to an eight-week high, also hurting the market.

The rate decision, the first since Ben S. Bernanke became Fed chairman, cut short a rally that had preceded the central bank's afternoon announcement. The Fed lifted the benchmark lending rate by a quarter- point, to 4.75 percent, and said in a statement that "further policy firming may be needed."

The Dow Jones industrial average fell 95.57 points, or 0.9 percent, to 11,154.54, for its worst performance since Feb. 28. The Standard & Poor's 500-stock index dropped 8.38 points, or 0.6 percent, to 1,293.23, the steepest loss since March 6. The Nasdaq composite index declined 11.12, or 0.5 percent, to 2,304.46.

Stocks have stalled near five- year highs since mid-March on concern the economy and earnings will not be strong enough to overcome increases in borrowing costs.

The price of the benchmark 10-year Treasury note fell 19/32, to 97 26/32. The yield, which moves in the opposite direction of the price, rose to 4.78 percent, from 4.70 percent on Monday.

"People are under the impression that higher rates will draw money out of stocks" by making bonds more attractive, said Michael Panzner, head of sales trading at Rabo Securities USA in New York.

Earlier, a measure of consumer confidence added to concern that the economy was strong enough for the Fed to keep raising interest rates. The Conference Board's confidence index rose to 107.2 in March from 102.7 the previous month. Economists had expected a reading of 102.

Financial shares fell because higher rates curb demand for mortgages and loans. Bank of America slid 76 cents, to $46.06. J. P.Morgan Chase lost 55 cents, to $41.56.

After the Fed's decision, futures traders added to bets that the central bank would increase the benchmark rate to 5 percent at the next meeting on May 10. Interest rate futures now show a 90 percent chance of a quarter-point increase in May, up from 76 percent on Monday.

Crude oil for May delivery jumped 3 percent, to $66.07 a barrel in New York, the highest close since Feb. 1. Energy stocks advanced with the surge in oil. ConocoPhillips rose 65 cents, to $63.75. Schlumberger, the oil field services company, jumped $1.63, to $124.58. Eli Lilly dropped $2.29, to $56.38, after analysts cut their outlook for the stock on concern about slow sales of its Cymbalta depression drug.

Monsanto, a producer of genetically modified crops climbed $2.89, to $83.45 after P. J. Juvekar, an analyst at Citigroup Investment Research, said the company might get an earnings lift from ethanol.

Level 3 Communications, an operator of long-distance phone and data networks, rallied 71 cents, to $5.18. The company said it expected to exceed some of the first-quarter and full-year forecasts it gave last month.

Almost two stocks fell for every one that rose on the New York Stock Exchange. Some 1.56 billion shares changed hands on the Big Board, 6.2 percent below the three-month average.

Here are the results of yesterday's auction of four-week Treasury bills:

Oil Prices Top $66 A Barrel On Unrest (USAT)

By Barbara Hagenbaugh

USA Today, March 29, 2006

WASHINGTON — Oil prices rose above $66 a barrel for the first time in nearly two months Tuesday as tensions in oil-producing countries and expectations for a strong summer driving season lifted prices.

The price of a barrel of crude oil trading in New York rose $1.91, or 3%, to $66.07. That was up $4.66 from a month ago and the highest price since Feb. 1.

The increase in prices was led by political unrest in oil producers Nigeria and Iran, a potential labor strike in Norway and regular closures of refineries for maintenance.

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A report showing a sharp increase in consumer confidence in March also strengthened expectations that Americans would keep driving to shopping malls and would hit the roads for summer vacations. That would lead to higher demand of gasoline, and in turn, oil, says Phil Flynn, oil analyst at Alaron Trading in Chicago.

"The combination of all of that kept the markets under buying pressure," Flynn says.

He says oil prices may reach $69 a barrel as early as next week and could hit $75 a barrel this summer, particularly as investors keep an eye on expectations for a strong hurricane season, which could hamper U.S. production and slow imports.

For consumers, that will likely mean higher prices at the pump. Motor club AAA Tuesday said the average retail price for a gallon of regular gasoline was $2.50, up 26 cents from a month ago and 37 cents from the same time last year.

Brian Kahn, market analyst at First Enercast Financial in Denver, says a nationwide average of $3 a gallon, which was seen in the aftermath of Hurricane Katrina, is "very attainable." He notes the price of oil at the start of last summer's driving season was $57 a barrel. Oil accounts for about half of the cost of retail gasoline prices.

'War' On Christians Is Alleged (WP)

By Alan Cooperman

The Washington Post, March 29, 2006

The "War on Christmas" has morphed into a "War on Christians."

Last December, some evangelical Christian groups declared that the religious celebration of Christmas -- and even the phrase "Merry Christmas" -- was under attack by the forces of secularism.

This week, radio commentator Rick Scarborough convened a two-day conference in Washington on the "War on Christians and the Values Voters in 2006." The opening session was devoted to "reports from the frontlines" on "persecution" of Christians in the United States and Canada, including an artist whose paintings were barred from a municipal art show in Deltona, Fla., because they contained religious themes.

"It doesn't rise to the level of persecution that we would see in China or North Korea," said Tristan Emmanuel, a Canadian activist. "But let's not pretend that it's okay."

Among the conference's speakers were former House majority leader Tom DeLay (R-Tex.) and Sens. John Cornyn (R-Tex.) and Sam Brownback (R-Kan.) as well as conservative Christian leaders Phyllis Schlafly, Rod Parsley, Gary Bauer, Janet Parshall and Alan Keyes.

To many of the 400 evangelicals packed into a small ballroom at the Omni Shoreham Hotel, it was a hard but necessary look at moral relativism, hedonism and Christophobia, or fear of Christ, to pick just a few terms offered by various speakers referring to the enemy.

To some outsiders, it illuminated the paranoia of the Christian right.

"Certainly religious persecution existed in our history, but to claim that these examples amount to religious persecution disrespects the experiences of people who have been jailed and died because of their faith," said K. Hollyn Hollman, general counsel of the Baptist Joint Committee for Religious Liberty.

"This is a skirmish over religious pluralism, and the inclination to see it as a war against Christianity strikes me as a spoiled-brat response by Christians who have always enjoyed the privileges of a majority position," said the Rev. Robert M. Franklin, a minister in the Church of God in Christ and professor of social ethics at Emory University.

White evangelicals make up about one-quarter of the U.S. population, and 85 percent of Americans identify themselves as Christians. But three-quarters of evangelicals believe they are a minority under siege and nearly half believe they are looked down upon by most of their fellow citizens, according to a 2004 poll.

In a luncheon speech yesterday, DeLay took issue with the "chattering classes" who think there is no war on Christians.

"We are after all a society that abides abortion on demand, that has killed millions of innocent children, that degrades the institution of marriage and often treats Christianity like some second-rate superstition. Seen from this perspective, of course there is a war on Christianity," he said.

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Much of the conference revolved around the difficulty of Christian parenting in a culture of sexual permissiveness. Don Feder, founder of a group called Jews Against Anti-Christian Defamation, urged the crowd not to blame "the liberal, self-hating Jews in Hollywood."

"Remember, the people in this audience are more Jewish than people like Barbra Streisand, because you embrace Jewish values, she doesn't," he said.

Another Jewish speaker, Michael Horowitz, told the conference that the "Christian decency of this country" saved him from becoming "a bar of soap" in Nazi Germany.

"You guys have become the Jews of the 21st century," said Horowitz, a senior fellow at the Hudson Institute in Washington, just before a false alarm interrupted his speech. Several attendees called the fire alarm suspicious, though a hotel spokesman said it resulted from a mechanical problem in a distant location.

In the session on recent cases of persecution, Navy Lt. Gordon James Klingenschmitt brought the crowd to its feet by introducing himself as a military chaplain "who prays in the name of Jesus."

Klingenschmitt said he was punished by a commander for offering sectarian prayers at a memorial service for a fallen sailor, and he compared himself to Abdur Rahman, an Afghan man who until this week faced possible execution for converting from Islam to Christianity.

"What do these two Christians have in common?" Klingenschmitt asked, showing slides first of himself, then of Rahman. "Perhaps we are persecuted. Perhaps we are no different than most Christians throughout history."

Lloyd Marcus, a painter, said he entered three paintings in a Black History Month art show at the City Hall of Deltona last month. But because the canvases showed a man wearing an "I love Jesus" cap and a minister holding a Bible, city officials deemed them inappropriate until the Alliance Defense Fund, a Christian legal group, threatened a lawsuit, he said.

The Rev. Tom Crouse, pastor of a Congregational Church in Holland, Mass., said that after hearing about a gay beauty pageant in California, he decided to hold a "Mr. Heterosexual Contest" in Worcester, Mass., on Feb. 18.

"It was just an event to proclaim the truth that God created us all heterosexual," he said. But to his surprise, he said, he received anonymous death threats, local officials condemned the contest, and "even Bible-believing churches were not on board. They said it wasn't loving."

DeLay Defends Religion In Politics (HILL)

By Carrie Sheffield

The Hill, March 29, 2006

Embattled Rep. Tom DeLay (R-Texas) received three standing ovations yesterday when he spoke at a “War on Christians” conference in Washington.

Vision America is sponsoring the two-day conference. While introducing DeLay, Rick Scarborough, founder of Vision America, said, “Here is a man that I believe God has appointed.”

“God always does his best work after a crucifixion,” Scarborough said, referring to DeLay’s recent troubles. The former majority leader faces a difficult reelection race in the wake of his indictments on money-laundering and conspiracy in Texas.

Quoting former President Reagan, DeLay told the crowd, “As morality’s foundation is religion, religion and politics are necessarily related.”

Redemption Among The Faithful (WP)

By Dana Milbank

The Washington Post, March 29, 2006

There are those who would say Tom DeLay lost his job as House majority leader because he was indicted by a Texas grand jury on charges of money laundering and conspiracy, or because of his extensive ties to lawbreaking lobbyist Jack Abramoff. But they would be wrong.

In fact, the Texas Republican fell from power because he is a Christian.

That, at least, is the view of Rick Scarborough, convener of a conference this week called "The War on Christians."

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"I believe the most damaging thing that Tom DeLay has done in his life is take his faith seriously into public office, which made him a target for all those who despise the cause of Christ," Scarborough said, introducing DeLay yesterday. When DeLay finished, the host reminded the politician: "God always does his best work right after a crucifixion."

This would seem to be an odd time to declare Christianity under siege. A Christian conservative president has just nominated two Supreme Court justices who take an expansive view of religious rights, and religious conservatives are ascendant in a Republican Party that controls both chambers of Congress.

But, as Scarborough knows, believers will be more motivated to go to the polls in November (and to contribute money to his group) if they feel threatened. And so his forum offered all sorts of books and pamphlets proclaiming dire warnings: "The Criminalization of Christianity," "Liberalism Kills Kids" and "Same-Sex Marriage: Putting Every Household at Risk."

Gary Bauer, a Christian activist and former presidential candidate, argued in a speech that the "War on Christians" in America was even emboldening al-Qaeda. "They believe they can win, because they believe you and I are decadent; they think our civilization is fat and lazy," he said. "I believe they're wrong, but I understand why they're confused."

And why are they confused? Because American Christians are attacked by "elites" who think America is "a country of unbridled liberty, different strokes for different folks."

The agenda was similarly ominous, with forums on the threats from Hollywood, the judiciary, gays and, worst of all, the news media. "I can tell you that there probably is no greater megaphone for anti-faith values," conservative activist Paul Weyrich said in introducing a panel on the subject.

But when it came to providing evidence about this war on Christians, the examples were a bit stale. Don Irvine of the conservative media watchdog Accuracy in Media led off. He cited a "Jesus freaks" slur by former CNN boss Ted Turner (from 2001), a CBS employee's description of Bauer as a "little nut" (1999), a columnist's description of "Taliban-like" conservatives (2002) and a radio report linking conservative Christians to the anthrax attacks (2002).

Irvine's most recent example was an item Monday in USA Today taking issue with the name of the "War on Christians" conference. "I'm so relieved that USA Today has found this wonderful religion reporter," Irvine said, neglecting to mention it was an op-ed by somebody not on the paper's staff.

Also on the panel were Tim Graham of the Media Research Center, another conservative watchdog (he cited a 2001 survey of journalists), and Janet Folger of a group called Faith2Action. She cited a 13-year-old Washington Post article and a 17-year-old remark by Turner, and she tearfully recounted a bad experience she had on ABC's "Nightline" -- eight years ago.

Bill Fancher, an American Family Radio journalist, sought to explain the media's obtuseness. "The media doesn't understand [conservative Christians'] inability to compromise on principles," he said, adding: "I don't apologize for being narrow-minded."

Largely absent from the discussion was a mention of Fox News, Rush Limbaugh, Matt Drudge and the like. It fell to one of the questioners to point out that the fabled liberal media is "a shadow of what it once was."

Graham acknowledged: "We're making some great inroads."

These were only warm-up acts for DeLay, whose entrance caused a ripple of applause that spread into an extended standing ovation.

"This is a man that I believe God has appointed," Scarborough said, a view that might surprise the voters of the 22nd District of Texas. Scarborough, in his introduction, said DeLay had been "virtually destroyed in the press," and he urged the crowd to campaign for DeLay -- though he said nonprofit tax rules prevented him from actually "endorsing" DeLay.

The congressman started with a profession of faith, then went on a tour of the religious views of great presidents. He seemed to be on the verge of discussing his own troubles when he recalled Lincoln's view that men should "confess their sins and transgressions in humble sorrow."

But this was not the time for a DeLay confessional. Instead, he gave his view on the War on Christians. "Sides are being chosen, and the future of man hangs in the balance!" he warned. "The enemies of virtue may be on the march, but they have not won, and if we put our trust in Christ, they never will. . . . It is for us then to do as our heroes have always done and put our faith in the perfect redeeming love of Jesus Christ."

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DeLay basked in the rapturous ovation that followed. "Keep your eyes on Jesus," Scarborough called after the fallen leader as he departed the stage.

DeLay Says Justices 'Don't Get' Criticism (AP-Y2)

By Will Lester

AP2, March 28, 2006

Republican Rep. Tom DeLay said Tuesday that former and current Supreme Court Justices Sandra Day O'Connor and Ruth Bader Ginsburg "don't get it" when they complain about conservative criticism of judges.

"All wisdom doesn't reside in ... people in black robes," DeLay said.

In recent weeks, O'Connor has said the criticism has threatened judicial independence to deal with difficult issues such as gay marriage. Ginsburg said in a speech that a Web threat against her and O'Connor was apparently prompted by Republican proposals in Congress that tell judges to stop relying on foreign laws or court decisions.

Ginsburg said such actions by Congress "fuel the irrational fringe."

"Didn't you see the comments of Sandra Day O'Connor and Ruth Ginsburg over the last couple of weeks?" DeLay, R-Texas, asked reporters after a speech to a group of Christian conservatives. "There's still a problem, they don't get it. There are three branches of government. All wisdom doesn't reside in ... people in black robes."

Earlier, the former House majority leader told activists he agreed with their premise that there is a "war on Christianity.

"Our faith has always been in direct conflict with the values of the world," DeLay said. "We are, after all, a society that provides abortion on demand, has killed millions of innocent children, degrades the institution of marriage, and all but treats Christianity like some second-rate superstition."

DeLay was forced to abandon his job as majority leader while facing indictment on charges that he improperly funneled corporate donations to Republican candidates for the House and amid questions about his ties to disgraced lobbyist Jack Abramoff.

Reading About Buckham's Activities Takes Strong Stomach (RC)

By Norman Ornstein

Roll Call, March 29, 2006

For most of the past week, I grappled with a dilemma about this column: Where should I focus my indignation? Unfortunately, there is an excess of targets these days, including the farce of the "line-item veto."

But my dilemma was solved when I read the story by R. Jeffrey Smith in The Washington Post on Sunday about Ed Buckham and the U.S. Family Network. I have been around the track enough to have a pretty strong stomach when it comes to scandalous behavior here in the nation's capital, but I needed several antacids after digesting that piece.

For years, when I would chat with Republican leadership staff or Members who were close to the leadership, I would get strong warning signals about Buckham — about his tight relationship with and sway over former House Majority Leader Tom DeLay (R-Texas), and about his willingness to push the ethical envelope. But I could not have imagined the depth of the corruption before reading about the ways in which Buckham and his buddy, former lobbyist Jack Abramoff, manipulated the nonprofit rules and bilked large numbers of people — including Abramoff's clients, the National Republican Congressional Committee and firms that worked with Abramoff.

This was done, apparently, for personal gain, to scratch the back of Abramoff clients such as Northern Marianas sweatshop operator Willie Tan, and to give a nice monetary bonus to DeLay's wife, Christine, and the wife of another longtime DeLay employee, Tony Rudy. Rudy, an earlier Post story reported, had acted as a kind of "mole" for Abramoff inside DeLay's office to help one of his other clients, eLottery, head off legislation to ban Internet gambling. Soon after, Rudy left to take a lucrative lobbying job with Abramoff.

Along the way, the "nonprofit" U.S. Family Network bought expensive artwork, a fancy skybox at the then-MCI Center and lavish travel and entertainment for the Buckhams and their pals. Buckham and his wife allegedly skimmed $1 million of the $3 million raised by the network. Its receipts included a million-dollar payment from Russian energy interests, as well as money from

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Indian tribes, Marianas Islands employers, tobacco company RJ Reynolds, and a half-million shaken down from the NRCC, from which Buckham took a separate share of $200,000 off the top as a fundraising commission.

All the while, DeLay was carrying water for the Marianas sweatshops, the Russians and other interests, while aggressively raising money for his own charities and nonprofits.

Read these stories, along with the tales of Michael Scanlon, the former DeLay communications director and Abramoff crony who negotiated a plea deal with prosecutors, and reflect on what they all tell us about Tom DeLay. There are two possible explanations. One is that he is the most naive man ever to serve in Congress or any political office: Right under his nose, his closest and most trusted employees were running schemes to enrich themselves, subvert his office and repeatedly abuse his trust over many years. The second is that he knew what was going on, and saw their efforts as a nice way to enrich his friends, employees and family while helping accomplish his political goals.

If you accept the former explanation, you have to explain away the fact that DeLay was the most successful Whip in our lifetimes, thanks to his attention to detail, his keen understanding of people and his indefatigable energy and focus. I would like to hear how GOP Reps. Henry Bonilla (Texas), Jeb Hensarling (Texas), Eric Cantor (Va.) and all the other House Republicans who went out of their way to repeatedly laud DeLay and his standards now explain DeLay's conduct, after having learned about the doings of Buckham, Rudy and Scanlon.

Read these stories with one more issue in mind: the obvious goal of House and Senate leaders now to do as little reform of lobbying and ethics as possible. How dismaying, and how stupid. These stories are not going away, and are overwhelmingly likely to be followed by many more that are at least as damning — not all of which will be about staffers. There is little willingness on the part of the leadership to do anything to create a meaningful ethics process, or to deal effectively with the lobbyist-Member axis, or the larger issues of how money influences government and politics in Washington, D.C.

Clearly, we also need a serious and pointed focus on the misuse and abuse of nonprofits and charities by lawmakers, staffs and others. What ties do lawmakers have to pet charities or nonprofit organizations set up on their behalf or with their connivance? Where is the money coming from — and where is it going? How many staffers or family members of lawmakers are getting consulting fees or salaries from these or related organizations? DeLay, remember, fought aggressively to make sure that fundraising techniques for charities, via golf tournaments in lavish resorts and other ways of trading access for money, were not touched at all by prior rounds of campaign finance reform or other reforms.

Fundraising and spending by Member-connected charities and nonprofits cry out for a serious investigation by the Internal Revenue Service, the Senate Finance Committee, and the Ways and Means Committee. It can't limit itself to the U.S. Family Network — it ought to look at every organization that took soft money from one of the party groups, as well as every such organization that employs a spouse or family member or provides them with consulting fees, and every nonprofit linked to Abramoff, Scanlon, Rudy, DeLay, Buckham and their cronies.

Let me close with a piece of good news. The Federal Election Commission did what it should have done and is supposed to do by passing unanimously a rule on political activity and money and the Internet that is fair, balanced and constructive. Kudos to all the commissioners, and especially Chairman Michael Toner for rebounding from the earlier regulation that was rejected by a federal judge. The commission has created a much better alternative — one that now can relegate the Hensarling bill and any alternative pieces of legislation to the remainder bin. At least somebody was doing good work this week.

Norman Ornstein is a resident scholar at the American Enterprise Institute.

Weinberger, 'An American Statesman,' Dies At 88 (WT)

By Jennifer Harper

The Washington Times, March 29, 2006

Caspar Weinberger, the stalwart defense secretary under President Reagan whose canny doctrine helped rebuild the nation's military, died of pneumonia yesterday in Bangor, Maine, with his family by his side. He was 88.

President Bush called Mr. Weinberger "an American statesman and a dedicated public servant."

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"He wore the uniform in World War II, held elected office and served in the Cabinets of three presidents. As secretary of defense for President Reagan, he worked to strengthen our military and win the Cold War. In all his years, this good man made many contributions to our nation. America is grateful for Caspar Weinberger's lifetime of service," the president said.

Of his predecessor, Defense Secretary Donald H. Rumsfeld said: "His support for the men and women in uniform and his central role in helping to win the Cold War leave a lasting legacy. He left the United States armed forces stronger, our country safer and the world more free."

Former first lady Nancy Reagan recalled her husband presenting Mr. Weinberger with the Presidential Medal of Freedom in 1987. "Ronnie said, 'His legacy is a strong and free America -- and for this, and for a lifetime of selfless service, a grateful nation thanks him.' I cannot think of any higher praise."

Secretary of State Condoleezza Rice recalled Mr. Weinberger's counsel during her earliest days in Washington and called him "a wise man."

Sen. Jon Kyl, Arizona Republican, observed, "Caspar Weinberger applied his considerable intellect to many of the nation's most critical problems. America has lost a true patriot."

A diligent Republican and conservative, Mr. Weinberger held a law degree from Harvard University but nevertheless joined the U.S. Army as a private in 1941. He was promoted to captain by the end of World War II while serving as an intelligence officer for Gen. Douglas MacArthur. The young officer never forgot the value of the experience.

"I think it gave me a whole different approach and understanding of the separate community that is the military," Mr. Weinberger once said.

He was quick to return to his hometown of San Francisco. He won a seat in the California Assembly in 1952 and the chairmanship of the California Republican Party 10 years later. Mr. Reagan, who was governor at the time, appointed Mr. Weinberger state director of finance in 1968.

Within two years, the deft administrator had arrived in Washington to serve in a series of high-powered positions in the Nixon and Ford administrations, including as chairman of the Federal Trade Commission, director of the Office of Management and Budget and secretary of health, education and welfare. He earned the moniker "Cap the Knife" for his finesse in keeping financial matters in check. In 1975, Mr. Weinberger became vice president and general counsel of the Bechtel Corp.

But public service still called. Mr. Weinberger joined the Reagan team as defense secretary in 1981, setting forth a vigorous state of military readiness that countered the Soviet threat through the Strategic Defense Initiative, the Air Force B-1B bomber and a 600-ship Navy. He resigned from the position seven years later. Mr. Weinberger was indicted later by an independent counsel along with five others on charges related to the Iran-Contra arms-for-hostages investigation, but was pardoned by President George Bush in 1992.

After leaving the Pentagon, Mr. Weinberger became the chairman of Forbes Inc. and remained a thoughtful writer and analyst at Forbes magazine and other publications, including The Washington Times.

"I'm an optimist. I think we will stay the course in Iraq," he wrote in a January Op-Ed column in Forbes. "We'll be strong enough, we'll have patience enough and we'll have sense enough not to listen to those whose only advice is to pull out, give up and not even try."

Mr. Weinberger is survived by his wife of 63 years, Jane; his son, Caspar Jr.; his daughter, Arlin; three grandchildren; and four great-grandchildren. Funeral arrangements are pending at Arlington National Cemetery.

Caspar W. Weinberger, 88; Reagan's Defense Secretary (WP)

By Adam Bernstein

The Washington Post, March 29, 2006

Caspar W. Weinberger, 88, a veteran public servant who drastically raised the post-Vietnam War military budget as Ronald Reagan's secretary of defense and who later was indicted and then pardoned in the Iran-contra affair, died March 28 at Eastern Maine Medical Center in Bangor. He had kidney ailments and pneumonia.

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Briefly a California assemblyman, Mr. Weinberger was a background force in the state's Republican Party through the 1960s. Then-Gov. Reagan named Mr. Weinberger to important state positions overseeing finances, and he was regarded as a remarkably efficient administrator.

Summoned to Washington in 1970, Mr. Weinberger served under Presidents Richard M. Nixon and Gerald R. Ford as chairman of the Federal Trade Commission, director of the Office of Management and Budget and secretary of the old Department of Health, Education and Welfare.

His reputation for pruning public spending -- particularly on social programs -- led to an unflattering nickname ("Cap the Knife") and enduring resentment from those opposed to his approach.

After five years as an executive with Bechtel Group, the California-based engineering giant, he surfaced again in Washington when Reagan won the presidency in 1980. As secretary of defense from 1981 to 1987, Mr. Weinberger served longer than any Pentagon chief save for Robert S. McNamara during the Vietnam War.

Mr. Weinberger cumulatively raised the defense budget by $2 trillion, among its greatest peacetime jumps (prompting a new nickname, "Cap the Shovel"). This funding increase coincided with the decline of the Soviet Union, whose military morale was already crippled in Afghanistan. Mr. Weinberger and many others felt keenly the Pentagon's role in the fall of communism.

He revived the B-1 bomber program that went dormant during the Carter administration and lavished money on many more programs, including the MX missile and the "Star Wars" space-based missile defense system.

For all the military buildup and his reputation as a hawk, Mr. Weinberger resisted engaging in conflicts abroad unless absolutely unavoidable.

"Some thought it was incongruous that I did so much to build up our defenses but was reluctant to commit forces abroad," he wrote in his memoir "In the Arena" (2001). "I did not arm to attack. . . . We armed so that we could negotiate from strength, defend freedom and make war less likely."

As the years passed, Mr. Weinberger saw himself challenged more by Congress about his spending patterns. One-time aides also offered damning analyses.

Lawrence J. Korb, an assistant secretary of defense under Mr. Weinberger who became a defense policy analyst, wrote that "the defense budget and programs that he bequeathed to his successor, Frank Carlucci, were so far out of balance that his five-year plan had a shortfall of $500 billion. (In his first month in office, Carlucci had to make some $200 billion in reductions.)"

Several procurement scandals, in which screws and claw hammers were found to have cost more than $100 apiece, were deeply frustrating to the cost-conscious side of Mr. Weinberger.

Ultimately, what might have sidelined him in the White House was his penchant for scuttling arms talks he viewed as compromises to the Soviets. Political watchers noted that his decision to resign -- which he attributed to his wife's cancer treatment -- came shortly before a third meeting between Reagan and Soviet leader Mikhail Gorbachev.

After he left office, Mr. Weinberger became a leading figure in the Iran-contra affair, in which U.S. officials covertly sold arms to Iran to win the release of U.S. hostages in the Middle East and used some of the profits to support Nicaraguan rebels known as the contras. This went against stated U.S. policy.

An independent prosecutor, Lawrence E. Walsh, brought felony charges against Mr. Weinberger for obstructing justice by concealing voluminous notes, and Mr. Weinberger wrote that Walsh "was constructing a case against me to try to force me to implicate the president."

In June 1992, he was indicted by a federal grand jury, but in December, President George H.W. Bush pardoned Mr. Weinberger and called him "a true American patriot."

In recent years, Mr. Weinberger had joined Forbes magazine as publisher, chairman and columnist. He also was a commentator specializing in defense threats.

Caspar Willard Weinberger was born in San Francisco on Aug. 18, 1917. His father, a lawyer, nicknamed his son "Cap" based on a character in a popular novel of the day.

At Harvard University, Mr. Weinberger joined the Crimson newspaper, where he considered a triumph getting a backstage interview with the throaty actress Tallulah Bankhead. He graduated magna cum laude in 1938 and from Harvard's law school in 1941.

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During World War II, he served in the Army and was detached to Gen. Douglas MacArthur's intelligence staff headquarters variously in Australia, New Guinea and the Philippines.

During his Pentagon years, Mr. Weinberger frequently mentioned his fleeting encounters with the general, but his greatest hero remained British Prime Minister Winston Churchill, whose speeches he studied and whose resilience he admired. He liked to draw an analogy between Churchill and the Nazis and his own responsibilities against the Soviet Union.

Back in California in 1945, Mr. Weinberger wrote book reviews for the San Francisco Chronicle and clerked for U.S. Court of Appeals Judge William E. Orr. He joined the judge's prominent law firm in San Francisco, working his way to partner mostly as an anti-trust litigator.

Meanwhile, he began his political career. He was elected to the state assembly in 1952, representing a tony neighborhood of San Francisco. Regarded as a moderate Republican, he was reelected twice, culled a reputation as an able crusader against the liquor lobby, and then lost a bid for state attorney general in 1958 to a more-conservative opponent.

He went on to serve as chairman of the Republican State Central Committee. In the 1966 gubernatorial race, he backed Republican candidate George Christopher, a former mayor of San Francisco, but shifted his support to Reagan after the former actor won the nomination.

Many of Reagan's millionaire backers were skeptical about Mr. Weinberger's bona fides, noting his faint support in 1964 for the presidential bid of conservative Sen. Barry Goldwater (R-Ariz.).

But when asked to fix the state's financial plight, Mr. Weinberger lived up to his self-described fiscal Puritanism and was steeped in praise. Mr. Weinberger was applauded for a budget surplus in 1968, although some attributed it to an earlier tax increase.

Soon, he was in Washington, where he made key reforms at the Federal Trade Commission and prompted criticism at the Office of Management and Budget for his cost-cutting.

What he soon heralded as a $300 million budget surplus, despite an overall growth in the deficit, was reportedly gained by ending or greatly reducing appropriations for about 100 health, antipoverty and drug control programs. Mr. Weinberger said the social service efforts would be more effectively handled at the state and local level.

Eager for a political role in the Reagan administration, he became, in January 1981, the 15th secretary of defense. He oversaw limited-engagement strikes against the Caribbean island-nation of Grenada and against Libya.

He said he initially discouraged sending the Marine Corps as a peacekeeping force in Lebanon, calling it "an impossible mission." In October 1983, when 241 U.S. servicemen were killed in their barracks by suicide bombers, he likened the situation to a quagmire and pushed for withdrawal, which soon occurred.

In 1987, Mr. Weinberger received the Presidential Medal of Freedom, the nation's highest civilian medal.

In Washington, he cut a wiry figure and was known for wry, self-deprecating quips. He enjoyed the symphony and ballet. He lectured and wrote books, including two memoirs.

Survivors include his wife of 63 years, Jane Dalton Weinberger of Mount Desert, Maine; a son, Caspar Jr.; a daughter, Arlin; three grandchildren; and four great-grandchildren.

Caspar W. Weinberger, Who Served 3 Republican Presidents, Is Dead At 88 (NYT)

By David Stout

The New York Times, March 29, 2006

Caspar W. Weinberger, who held high positions under three Republican presidents and oversaw the biggest and costliest military buildup in peacetime history as Ronald Reagan's secretary of defense, died yesterday in Bangor, Me., after a brief illness. He was 88.

Mr. Weinberger lived nearby in Mount Desert, Me. His son, Caspar Jr., also of Mount Desert, said his father had been undergoing kidney dialysis for two years and died of pneumonia. His wife of 63 years, Jane, was by his side when he died, his son said.

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Until his death, Mr. Weinberger was chairman of Forbes Inc. He had continued to travel around the world until recently, his son said, and wrote a regular column for Forbes magazine. A book by Mr. Weinberger, "Home of the Brave: A Tribute to Unsung Heroes in the War on Terror," which he wrote with Wynton C. Hall, will be published in June by Forge Press.

A self-assured man and a tenacious debater, Mr. Weinberger served in Washington off and on for almost two decades. He was a crucial backer of Mr. Reagan's missile-based Strategic Defense Initiative, popularly known as Star Wars. He was also an implacable foe of the Soviet Union, a posture that put him increasingly at odds with Secretary of State George P. Shultz, who leaned more toward arms-control negotiations with Moscow.

By the time Mr. Weinberger left the Pentagon in 1987, Mr. Reagan had been swayed by Mr. Shultz (who had the president's wife, Nancy, in his corner). The president who had once derided the Soviet Union as "an evil empire" got along well with the Russian leader, Mikhail S. Gorbachev, who seemed cut from different cloth than his drab but ruthless predecessors.

Mr. Weinberger never lost his bone-deep suspicion of the Russians, and his comments after the collapse of the Soviet Union suggested that he still had more faith in arms than diplomacy, at least in dealing with the Kremlin.

Many felt that Mr. Weinberger's record was marred late in life by questions about his role in the Iran-contra affair — questions a presidential pardon left unresolved — but his résumé was impressive by any standard.

Under President Richard M. Nixon, he was chairman of the Federal Trade Commission; deputy director and later director of the Office of Management and Budget, where he earned the nickname Cap the Knife by smilingly arguing against requests for more money; and secretary of health, education and welfare.

He remained as secretary of the health and welfare agency under President Gerald R. Ford until 1975, when he left Washington for his native California. He said his wife could better cope with her arthritis there.

It was after he returned to the capital as defense secretary for Mr. Reagan in 1981 that Mr. Weinberger made his real mark. His mission, he said early on, was "to rearm America." His view was that previous efforts to get along with the Russians without demanding good behavior in return had reinforced "the Soviet prison wall," which stretched, he said, "from the Balkans to the Baltic."

The rise of the charismatic Mr. Gorbachev in the mid-1980's did not soften those views. "I don't think just because he wears Gucci shoes and smiles occasionally that the Soviet Union has changed its basic doctrines," Mr. Weinberger said in 1987, as he was leaving office.

So while other parts of the federal government were cringing under the cut-to-the-bone philosophy of the Reagan White House (as the old Cap the Knife might have desired), Mr. Weinberger demanded billions more for nuclear arms, ships, planes and tanks. "This is not a one-year program for summer soldiers," he warned in 1981.

He was true to his word. Year after year, he fought for big increases in Pentagon spending and usually won.

Mr. Weinberger also tried to alleviate the historic rivalries among the services. He ordered the branches to find more roles for women. He delegated more planning authority to the chiefs of staff and the service secretaries so that he could devote more time to policy.

A blemish in his 35 years of public service came in 1992, five years after he left the cabinet. That year, he was indicted on felony charges of perjury and obstruction of justice in connection with the covert sale of arms to Iran and the diversion of some of the proceeds to the Nicaraguan rebels, or contras.

The tangled transactions, which came to be known as the Iran-contra affair, were against the declared policy of the United States. Subsequent investigations depicted Mr. Reagan as determined to win the release of American hostages held in the Middle East and eager to obtain the help of Iranian "moderates" to do so.

Mr. Weinberger told a special committee of Congress in 1987 that he was aghast when he first heard White House aides talk about cultivating Iranian moderates. He testified that he had considered the idea "almost too absurd to comment on," and he said as much in a staff memorandum at the time. He told Congress that he thought, erroneously, that he had killed the proposal.

A special commission headed by John Tower, a former Republican senator from Texas, criticized Mr. Weinberger as not advising the president vigorously enough. Mr. Weinberger rejected the criticism as unfair.

The special Iran-contra prosecutor, Lawrence E. Walsh, obtained an indictment accusing Mr. Weinberger of concealing voluminous notes that would have cast more light on the roles of Mr. Reagan and Vice President George Bush in the scandal.

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The notes were scrawled in his almost illegible handwriting in some 5-by-7-inch notebooks that he had donated to the Library of Congress after leaving office.

The notebooks, some 1,700 of them, lay undisturbed until prosecutors learned of them. To Mr. Weinberger and his supporters, the little books were personal diaries, with jottings about the family dog as well as policy. To prosecutors, they were evidence the former secretary had tried to bury.

Mr. Weinberger furiously denied the charges, declaring that the prosecutor had pressed him to plead guilty to a lesser count in return for giving damaging testimony against Mr. Reagan, testimony that Mr. Weinberger said would have been false.

Mr. Weinberger was to have stood trial in 1993. But on Christmas Eve 1992, President George Bush ended Mr. Weinberger's legal troubles, pardoning him and several other officials caught up in the scandal.

Early in his tenure as defense secretary, Mr. Weinberger learned that he could not change the sprawling military bureaucracy overnight. In 1981, David A. Stockman, the Reagan budget director, pronounced the Pentagon "a swamp" of waste and inefficiency.

"Maybe he was talking about the Pentagon of a few years ago," Mr. Weinberger bristled. "The Pentagon is not a swamp. It is very dry land."

But two years later, Mr. Weinberger acknowledged that some spending absurdities had sprung up under his watch as well as under previous Democratic ones. A common metal bolt that cost 80 cents in 1980 had somehow become worth $17.59 in 1982, for instance.

Though he oversaw the spending of huge sums as Pentagon chief, Mr. Weinberger sometimes unleashed the budget-cutter in his political personality. Shortly after asking for $30 billion more in military spending for the first two years of the Reagan administration, he announced $1.7 billion in spending cuts through elimination of some projects and postponement of others.

In 1985, he canceled the development of an antiaircraft gun that had already cost $1.8 billion and was expected to cost $3 billion more. It just did not work very well, and there was no use throwing good money after bad, the secretary said.

Mr. Weinberger was soft-spoken, almost courtly in personal encounters. He showed a soft side in 1983, when he vetoed a plan for dogs to be shot so that military doctors could practice treating wounds. (He owned a collie at the time.)

By mid-1985, there were signs that his influence was waning. Some Congressional leaders had wearied of his demands for more and more money, and he was conspicuously omitted from Mr. Reagan's entourage to the Geneva summit meeting with Mr. Gorbachev.

Mr. Weinberger resigned on Nov. 5, 1987. His wife had undergone treatment for cancer, and he said he wanted to spend more time with her at home. "That's the long and the short and the tall of it," he said.

Not everyone believed him entirely. By many accounts, Mr. Weinberger differed often with Secretary of State Shultz, whom he considered too eager to negotiate with the Kremlin. And some of Mr. Weinberger's critics thought it was no coincidence that his resignation came just weeks after the stock market plunged, heralding a time of retrenching and the end of the Pentagon joy ride.

Caspar Willard Weinberger was born in San Francisco on Aug. 18, 1917. His father, Herman, was of Jewish Bohemian descent and worked his way through college to become a lawyer. His mother, Cerise, was from an English background. In his book "In the Arena: A Memoir of the 20th Century," written with Gretchen Roberts and published by Regnery in 2001, Mr. Weinberger said his father and grandfather had been indifferent to religion but that he himself had found his mother's Episcopalian faith "an enormous influence and comfort all my life."

Mr. Weinberger graduated magna cum laude from Harvard, where he was a member of Phi Beta Kappa, in 1938. He graduated from Harvard Law School in 1941 and enlisted in the Army the same year. Decades later, when men with stars on their shoulders had to defer to him, he ruefully recalled that one of his first jobs in the Army was at a camp in California digging ditches for sewers.

Mr. Weinberger went to officers' candidate school at Fort Benning, Ga., was sent to the Pacific after being commissioned, served more than three years with the 41st Infantry Division and landed on the intelligence staff of Gen. Douglas MacArthur.

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He was a clerk for a federal judge from 1945 to 1947, then started a private practice in the San Francisco area. He broke into politics in 1952, winning a seat in the California Assembly. He was re-elected without opposition in 1954 and 1956. A 1955 poll of newspaper reporters who covered the Legislature selected him as the most able California lawmaker.

Mr. Weinberger was defeated in a run for attorney general of California in 1958. From 1959 to 1968, he wrote a newspaper column on state government and was moderator of a public affairs television program. He was vice chairman of the Republican State Central Committee of California from 1960 to 1962 and chairman from 1962 to 1964.

Mr. Weinberger was chairman of a commission on reorganizing the California state government from 1966 to 1968 and was appointed state director of finance by Mr. Reagan, then the governor, early in 1968. The two had a warm relationship, even though in 1966 Mr. Weinberger had opposed Mr. Reagan in favor of a fellow San Franciscan in the Republican primary for governor. Mr. Weinberger was also considered a turncoat by some conservative Republicans because he gave only token support to Barry Goldwater's presidential campaign in 1964.

As California's finance director, Mr. Weinberger ran an office that had long been considered weak in the state government. By most accounts, he revitalized it.

Around that time, he was asked to sum up his political philosophy. He replied with a Republican bromide, "Liberal on human affairs and conservative on fiscal ones."

His service under Mr. Reagan in California, and their friendship, burnished Mr. Weinberger's credentials in conservative eyes, enough so that Nixon asked him to be chairman of the Federal Trade Commission. Taking office in January 1970, Mr. Weinberger promised to be an ally to consumers.

To the annoyance of some conservatives in the administration, Mr. Weinberger took on as an aide William Howard Taft 4th. Mr. Taft had the right name and the right Republican pedigree, but some businessmen thought he had a blemish on his résumé: he had been an investigator for Ralph Nader. (Mr. Taft later served as a deputy defense secretary under Mr. Weinberger.)

In the summer of 1970, Nixon named Mr. Weinberger deputy director of the new Office of Management and Budget. When the director, Mr. Shultz, became Treasury secretary in May 1972, Mr. Weinberger took Mr. Shultz's old job.

In November 1972, Nixon needed a new secretary of health, education and welfare to replace Elliot L. Richardson, who had moved to secretary of defense. Mr. Weinberger was a natural for the post, in view of Nixon's stated opinion that the health agency had become "bloated."

Democrats wondered, in the words of Senator Harold E. Hughes of Iowa, if Mr. Weinberger could "make the transition from budget hatchetman to advocate of people programs." He was confirmed by a vote of 61 to 10.

As his critics had predicted, Mr. Weinberger did try to kill or rein in dozens of programs, including some for hospital construction and school aid. But his stewardship was not marked by the wholesale federal retreat on health issues that some liberals had feared.

One reason was that Mr. Weinberger embraced some causes that liberals (and not a few conservatives) liked. He tried to get Congress to pass legislation limiting the tar and nicotine content of cigarettes. He envisioned national health insurance. He prodded his own department to protect the civil rights of mentally retarded people who were considered for sterilization. And at his insistence, a better American diet became official departmental policy.

Another reason he could not live up to his sobriquet of Cap the Knife as H.E.W. secretary was that much of the department's spending was simply beyond his control. The enormous sums paid out for Social Security, Medicare and welfare programs were fixed by law, and often included automatic cost-of-living increases.

So in the end, Mr. Weinberger presided over an expansion at the department, an irony that prompted him to warn upon his departure of the perils of big government.

After resigning from the Ford administration in 1975, Mr. Weinberger became a special counsel to the Bechtel engineering companies. As president-elect, Mr. Reagan turned to him in 1980 for advice on economic issues, opening the door for his career-culminating tenure at the Pentagon.

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Mr. Weinberger's novel, "Chain of Command," written with Peter Schweizer, was published by Artia Books, a subsidiary of Simon & Schuster, in 2005. He was also the co-author, with Mr. Schweizer, of "The Next War," an examination of defense strategy, published by Regnery in 1996.

Mr. Weinberger enjoyed the theater, opera and ballet and for a time reviewed books for California newspapers.

In addition to his wife and son, he is survived by a daughter, Arlin Weinberger; three grandchildren; and four great-grandchildren.

Mr. Weinberger was second only to Robert S. McNamara in longevity as defense secretary. Characteristically, he fired some parting shots in his farewell ceremony on Nov. 17, 1987, complaining that previous presidents and lawmakers had allowed the American military to become weak and flabby.

"We began by doubting the war in Vietnam," he lamented, "and we ended by doubting ourselves."

Not even his bitterest foes doubted his patriotism or his intellectual power. But many critics thought he had encouraged Pentagon spending that was wasteful by any standards.

In the summer of 1993, a three-year study by the General Accounting Office, an investigative arm of Congress, concluded that under Mr. Weinberger the Pentagon had understated the cost of some weapons by billions of dollars, overstated their effectiveness and exaggerated the threat of the Soviet Union.

Deriding the study as revisionist history written by bean-counters, Mr. Weinberger said its authors showed no understanding of how the world really was in the cold war era.

"Yes, we used a worst-case analysis," he said. "You should always use a worst-case analysis in this business. You can't afford to be wrong. In the end, we won the cold war, and if we won by too much, if it was overkill, so be it."

Ex US Defence Chief Caspar Weinberger Dies (FT)

By Claudia Luther

Financial Times, March 29, 2006

Caspar W. Weinberger, the anti-Soviet hawk who oversaw the nation's huge peacetime defense buildup as the secretary of Defense during most of President Reagan's two terms, died Tuesday. He was 88.

Weinberger had been hospitalized in Bangor, Maine for about a week with a high fever and pneumonia, his son Caspar Weinberger Jr. told the Associated Press. Jane Weinberger, his wife of 63-years, was with him at the time of his death.

"I was deeply disturbed to learn of the death of a great American and a dear friend," former Secretary of State Colin Powell told Associated Press. "Cap Weinberger was an indefatigable fighter for peace through strength. He served his nation in war and peace in so many ways."

As the nation's 15th defense seceratary, Weinberger doggedly opposed reducing nuclear weapons, although he was eventually overruled when Reagan sought a partnership in arms control with Soviet President Mikhail S. Gorbachev. Still, the Defense Department under Weinberger increased overall defense spending by 50%, adding 90 ships to the Navy and two divisions to the Army as well as the B-1 bomber and other new weapons systems to the Air Force.

A native Californian, Weinberger's long career in public service began with a stint in the state Assembly in the 1950s and included prominent roles in the Nixon and Ford administrations before Reagan named him secretary of Defense in 1981. He had the second-longest tenure in the post after, Robert S. McNamara, who served as secretary of defense during the Kennedy and Johnson administrations.

A complex figure, Weinberger was a hawk who also opposed excessive use of military force, earning him such high-level opponents in the Reagan administration as Secretary of State George P. Shultz, with whom Weinberger often tangled on defense issues.

"To Weinberger, as I heard him, our forces were to be constantly built up but not used," Shultz wrote in his memoirs.

Weinberger and Shultz's biggest dispute came in the early 1980s when Reagan deployed U.S. forces in Lebanon as part of a multi-national peacekeeping force trying to quell the violence in the civil war there. Shultz was a strong advocate of this deployment while Weinberger initially objected, believing that U.S. participation was not vital to U.S. interests and that there was

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not a carefully defined objective. In October 1983, 241 servicemen were killed in a suicide truck bombing at a Marine barracks in Beirut — the worst single casualty toll for the U.S. military since the Vietnam War.

Though opposed to the operation in Lebanon, Weinberger endorsed the invasion of the Caribbean island nation of Grenada that same month, where a build-up of Cuban military forces was feared. That operation, while criticized by some as a diversion from the Lebanon debacle, helped restore a sense of confidence in the U.S. military.

A few years later, in April 1986, Weinberger also backed a U.S. strike against Libyan strongman Moammar Kadafi for two incidents: firing missiles at U.S. airplanes flying over the disputed Gulf of Sidra and the terrorist bombing — blamed on Kadafi — of a West Berlin discotheque frequented by U.S. servicemen, that left one American dead. The following year, during the summer of 1987, Weinberger also supported Reagan's decision to offer American help — including the protection of the U.S. flag — to Kuwaiti oil tankers in the Persian Gulf that feared attacks by Iranians.

During these years, Weinberger developed and put into use the "Weinberger Doctrine" — a set of six tests for when American troops should be deployed. Among the tests were the support of the American people, the willingness to employ overwhelming force and the use of forces as "a last resort."

Weinberger said he had formulated the policy on the uses of military power because of his strong disapproval of U.S. policy in Vietnam.

"Some thought it was incongruous that I did so much to build up our defenses but was reluctant to commit forces abroad," Weinberger wrote in "In the Arena: A Memoir of the 20th Century" (with Gretchen Roberts, 2001). But, he added, "I did not arm to attack. ¼ We armed so that we could negotiate from strength, defend freedom and make war less likely."

While widely endorsed by political conservatives and many in the defense establishment, Shultz dismissed the doctrine as "a counsel of inaction bordering on paralysis."

"There had to be some way to deal with violent threats that lay between doing nothing or launching an all-out conventional war," Shultz said. "The idea that force should be used 'only as a last resort' means that, by the time of use, force is the only resort and likely a much more costly one than if used earlier."

Weinberger's doctrine later evolved into the Powell Doctrine when it was reformulated by Powell — who had been a military advisor to Weinberger's in the Pentagon and later was chairman of the Joint Chiefs of Staff under President George H.W. Bush's secretary of state during President George W. Bush's first term.

During Weinberger's time in the Pentagon,defense spending reached $300 billion a year before leveling out. By some estimates, this peacetime defense buildup exceeded even that for the Vietnam War.

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While at the time loyally praising the 1987 agreement as "very good," Weinberger told the New York Times shortly afterward that "the fact that Gorbachev came and didn't throw his shoes at anybody" may have been promising, but: "He's got claws and every once in a while those claws come out. He remembers to retract them, but it's like a person who has learned to speak very carefully, very well, and then every once in a while resorts to a guttural brogue.''

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The 1992 indictment charged Weinberger with lying during congressional and criminal investigations of Iran-contra — the Reagan administration's sale of arms to Iran in the hope that such a deal would help win the release of American hostages. The complicated scandal also involved the diversion of profits from the sale to support rebels fighting the leftist Sandinista government in Nicaragua.

Negotiating with terrorists was against American policy, and aid to the rebels was banned by Congress.

Weinberger, who ironically had strongly opposed the Iranian arms sale, maintained that he "did not lie to investigators about the state of my recollection" "In the Arena" about plans for the Iranian arms sales, but he was set for trial in early 1993. Before the court could convene, however, President George H.W. Bush granted pardons to Weinberger and several others in the Reagan administration who had been indicted by the Iran-contra independent counsel, Lawrence E. Walsh.

In granting Weinberger's pardon, Bush declared him "a true American patriot who has rendered long and extraordinary service to our country."

The scandal left a mark on an otherwise stellar career that had culminated with Weinberger's years beside Reagan during the final years of the Cold War.

Caspar Willard Weinberger was born Aug. 18, 1917, in San Francisco, the son of a lawyer. Many people assumed that, because of his name, the family was Jewish, but "Cap," as his father nicknamed him, was raised as an Episcopalian — his mother's faith.

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Weinberger earned his bachelor's and law degrees from Harvard in 1938 and 1941, respectively. A few months before the Japanese attack on Pearl Harbor on Dec. 7, 1941, Weinberger entered the Army as a private in the infantry and served in the South Pacific during World War II. According to an official Pentagon biography, he was an officer on Gen. Douglas MacArthur's intelligence staff. He left the Army in 1945 with the rank of captain.

His experiences in the military would inform his later years at the Pentagon.

"I was trained on a wooden rifle with a little block of wood labeled `hand grenade,'" he told the Indianapolis Journal & Courier in 2002. "I just determined that if I had anything to do with it, I wouldn't want to have that kind of lack of training that we had at that time."

Also during the war, he met Army nurse Jane Dalton aboard ship on the way to the South Pacific. The couple married in 1942 and had a daughter, Arlin, and a son, Caspar Jr. All survive Weinberger, as do several grandchildren.

After the war, Weinberger returned to San Francisco as a law clerk to an appeals court judge before joining a law firm. But he was more interested in politics and, in 1952, he won a seat in the state Assembly representing a San Francisco area district.

In 1958, he ran in the GOP primary for state attorney general, but lost and returned to law practice. He kept a hand in Republican politics as chairman of the state Republican Party, gaining a reputation as a true believer in conservative principles.

Always interested in journalism — at Harvard, he was editor of the Crimson, the college's daily newspaper — he also at various times moderated a public affairs program on a San Francisco television station, wrote a newspaper column and did a radio commentary.

When Reagan was elected governor in 1966, Weinberger joined his administration, first as a member of the "Little Hoover Commission," an independent state panel that evaluates government for lawmakers, and, in 1968, as California's director of finance.

It was not long, however, before Weinberger made the jump to Washington as President Nixon's choice to head the Federal Trade Commission and, later, serve as deputy director and then director of the newly formed Office of Management and Budget.

At OMB, Weinberger's special targets were the Great Society programs put in place by Nixon's Democratic predecessor, Lyndon B. Johnson. He carried out his mandate at OMB with such energy that William Safire, then a presidential speechwriter, dubbed him "Cap the Knife." The nickname stuck.

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After the 1972 election gave Nixon a second term, the president moved Weinberger to a Cabinet post as secretary of Health, Education and Welfare. When Nixon resigned in the wake of the Watergate scandal, President Ford retained Weinberger in that post.

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Alarmed about estimates of Soviet military strength, Reagan asked his old friend to oversee an immense expansion of military might. Weinberger enthusiastically complied, earning a new nickname — Cap the Ladle — as he spearheaded Reagan's "peace through strength" policy.

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But the arms sale continued, pushed by national security advisors Robert C. McFarlane and John M. Poindexter as well as Lt. Col. Oliver L. North, a staff assistant to the National Security Council.

In the indictment, Independent Counsel Walsh accused Weinberger of saying he did not know whether the sale of Hawk missiles to Iran was going to take place when, Walsh said, the secretary's personal notes at the time indicated that he did know. (Walsh also investigated Shultz's role in Iran-contra, but the secretary of State was never indicted.)

Weinberger spent the rest of his life fuming about having had his integrity questioned by Walsh, calling the charges against him "misguided" and "reckless."

After leaving the federal government, Weinberger became publisher and later chairman of Forbes, the business periodical, for which he also wrote a column. Besides "In the Arena," he also wrote "Fighting for Peace: Seven Critical Years in the Pentagon" (1990) and, with Peter Schweizer, "The Next War" (1996), which outlined five possible scenarios in which the U.S. would again go to war.

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This article appears by special arrangement with The Los Angeles Times

Former Defense Secretary Weinberger Dead At 88 (LAT)

By Claudia Luther

The Los Angeles Times, March 29, 2006

Caspar W. Weinberger, the anti-Soviet hawk who oversaw the nation's huge peacetime defense buildup as the secretary of Defense during most of President Ronald Reagan's two terms, died today. He was 88.

Weinberger had been hospitalized in Bangor, Maine for about a week with a high fever and pneumonia, his son Caspar Weinberger Jr. told the Associated Press. Jane Weinberger, his wife of 63 years, was with him at the time of his death.

"I was deeply disturbed to learn of the death of a great American and a dear friend," former Secretary of State Colin Powell told Associated Press. "Cap Weinberger was an indefatigable fighter for peace through strength. He served his nation in war and peace in so many ways."

As the nation's 15th defense secretary, Weinberger doggedly opposed reducing nuclear weapons, although he was eventually overruled when Reagan sought a partnership in arms control with Soviet President Mikhail S. Gorbachev. Still, the Defense Department under Weinberger increased defense spending by 50%, adding 90 ships to the Navy and two divisions to the Army, as well as the B-1 bomber and other new weapons systems to the Air Force.

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A native Californian, Weinberger's long career in public service began with a stint in the state Assembly in the 1950s and included prominent roles in the Richard Nixon and Gerald Ford administrations before Reagan named him secretary of Defense in 1981. Weinberger had the second-longest tenure in the post after Robert S. McNamara, who served as secretary of Defense during the John F. Kennedy and Lyndon B. Johnson administrations.

A complex figure, Weinberger was a hawk who also opposed excessive use of military force, earning him such high-level opponents in the Reagan administration as Secretary of State George P. Shultz, with whom Weinberger often tangled on defense issues.

"To Weinberger, as I heard him, our forces were to be constantly built up but not used," Shultz wrote in his memoirs.

Weinberger and Shultz's biggest dispute came in the early 1980s when Reagan deployed U.S. forces in Lebanon as part of a multinational peacekeeping team trying to quell the civil war there. Shultz was a strong advocate of this deployment while Weinberger initially objected, believing that U.S. participation was not vital to U.S. interests and that there was not a carefully defined objective.

In October 1983, 241 servicemen were killed in a suicide truck bombing at a Marine barracks in Beirut — the worst single casualty toll for the U.S. military since the Vietnam War.

However, Weinberger did endorse the invasion of the Caribbean island nation of Grenada that same month, where a buildup of Cuban military forces was feared. That operation, while criticized by some as a diversion from the Lebanon debacle, helped restore a sense of confidence in the U.S. military.

A few years later, in April 1986, Weinberger backed the U.S. strike against Libyan strongman Moammar Kadafi for two incidents: firing missiles at U.S. airplanes flying over the disputed Gulf of Sidra and the terrorist bombing — blamed on Kadafi — of a West Berlin discotheque frequented by U.S. servicemen that left one American dead.

The next year, during the summer of 1987, Weinberger supported Reagan's decision to offer American help — including the protection of the U.S. flag — to Kuwaiti oil tankers that feared attacks by Iranians in the Persian Gulf.

During those years, Weinberger developed and put into use the "Weinberger Doctrine" — a set of six tests for when American troops should be deployed. Among the tests were the support of the American people, the willingness to employ overwhelming force, and the use of forces as "a last resort."

Weinberger said he had formulated the policy on the uses of military power because of his strong disapproval of U.S. policy in Vietnam.

"Some thought it was incongruous that I did so much to build up our defenses but was reluctant to commit forces abroad," Weinberger wrote in "In the Arena: A Memoir of the 20th Century" (with Gretchen Roberts, 2001). But, he added: "I did not arm to attack We armed so that we could negotiate from strength, defend freedom and make war less likely."

While widely endorsed by political conservatives and many in the defense establishment, Shultz dismissed the doctrine as "a counsel of inaction bordering on paralysis."

"There had to be some way to deal with violent threats that lay between doing nothing or launching an all-out conventional war," Shultz said. "The idea that force should be used 'only as a last resort' means that, by the time of use, force is the only resort and likely a much more costly one than if used earlier."

Weinberger's doctrine evolved into the "Powell Doctrine" when it was reformulated by Powell — who had been a military advisor to Weinberger in the Pentagon and later was chairman of the Joint Chiefs of Staff under President George H.W. Bush's and secretary of State during President Bush's first term.

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While at the time loyally praising the 1987 agreement as "very good," Weinberger told the New York Times shortly afterward that "the fact that Gorbachev came and didn't throw his shoes at anybody" may have been promising, but: "He's got claws, and every once in a while those claws come out. He remembers to retract them, but it's like a person who has learned to speak very carefully, very well, and then every once in a while resorts to a guttural brogue."

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Cap Weinberger, R.I.P. (WSJ)

The Wall Street Journal, March 29, 2006

Writing in Forbes magazine last year on the legacy of George Kennan, Caspar Weinberger concluded: "Reagan realized that containment was not enough, that the U.S. had to win the Cold War. And thanks to his leadership, we did."

The use of the pronoun "his" was typically modest, for, other than the Gipper, no American played a bigger role in defeating Soviet Communism than Mr. Weinberger, who died yesterday at the age of 88. Reagan picked his fellow Californian to transform

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a Defense Department left in tatters by Jimmy Carter's Presidency. In his seven years as secretary, Mr. Weinberger presided over a roughly 70% increase in defense spending and directed the modernization of the military that later won the Gulf War in spectacular fashion and remains globally dominant today.

Mr. Weinberger also exposed the false mystique of arms control as he helped put the first nails in the coffin of the Cold War MAD doctrine of mutually assured destruction. He was responsible for implementing Reagan's Strategic Defense Initiative -- and lived to see that vision become a reality 20 years later, with the U.S. withdrawal from the Anti-Ballistic Missile Treaty and the deployment of missile defenses.

After he left office, Mr. Weinberger served his country as well by refusing to accept a plea bargain in the politically motivated indictments by Independent Counsel Lawrence Walsh over the Iran-Contra affair. President George H.W. Bush pardoned him two weeks before he was to go to trial, and it's a tribute to Mr. Weinberger's patriotism and good will that that bitter experience never left him embittered. Perhaps he knew that his many contributions to liberty would be what history remembers.

Nofziger: A Friend With Whom It Was A Pleasure To Disagree (WP)

By Frank Mankiewicz

The Washington Post, March 29, 2006

Until his death Monday, Lyn Nofziger and I, unlikely as it may seem, were good friends -- off and on -- for 50 years. During that time, I doubt we ever agreed on any public matter (except for one, on which I dwell below). His consistency in some other matters is worth noting: I never saw him without a tie, usually with some design variant of Mickey Mouse -- nor did I ever see his collar buttoned. The tie was always well knotted, but an inch or two below his throat. We first talked during the '50s, when he was a journalist at Copley Newspapers in San Diego and I was a sometime Democratic campaign functionary and an aspiring lawyer. We debated occasionally, although it was always hard for him to take the disputes as seriously as his colleagues did.

We came together, I recall ruefully, in 1967, when he was the press secretary for Ronald Reagan, the newly elected governor of California, and I had the same job for the newly elected Sen. Robert F. Kennedy of New York. Don Hewitt of CBS News, later to achieve great renown as the inventor and executive producer of "60 Minutes," had an idea that a debate between Reagan and Kennedy would be a wonderful way to display CBS's new and then-revolutionary technical wonder -- the satellite.

As Hewitt explained it, RFK in Washington and Reagan in California would answer questions, live, from students around the world -- some in London, some in the Middle East and others in Asia. Nofziger, who knew his boss better than I knew mine, thought it was a wonderful idea and embraced it eagerly. I saw no downside, and thought RFK would virtually destroy this "B-movie actor" who had somehow stumbled into the governorship of California. The debate, to Lyn's eternal delight, was a disaster for our side. Reagan, a master of on-camera speaking developed through years of introducing the "General Electric Theater," was in command from the beginning.

When the first question came in from London, about Vietnam, I sensed we were in trouble. Kennedy, predictably, thought about his answer, mentioned that there were difficult questions involved. He came down on the right side, to be sure, but only after a lengthy explanation and a good deal of thought, during none of which did he make eye contact with the camera. Gov. Reagan, well coached by Lyn, stepped into the camera and, making instant eye contact, answered clearly and quickly that, "We have always been a generous people, and we seek only to share the benefits of democracy and a healthy economy."

As the questions continued from students in India and elsewhere in Asia, it only got worse. And indeed, whenever a brisk discussion occurred later within RFK's staff over the wisdom or non-wisdom of a particular activity, he would often stop the discussion, and turn to me with the question, "Aren't you the fellow who urged me to debate Ronald Reagan?"

By 1980, after playing a major role in the presidential campaigns of Reagan in 1976 and 1980, Lyn became the assistant to President Reagan for political affairs.

So, during that first year of Reagan's presidency, I sent Lyn another copy of a column I had written a few years before, attacking and satirizing the attempt by some organized do-gooders to inflict the metric system on Americans, a view of mine Lyn had enthusiastically endorsed. So, in 1981, when I reminded him that a commission actually existed to further the adoption of the metric system and the damage we both felt this could wreak on our country, Lyn went to work with material provided by each of

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us. He was able, he told me, to prevail on the president to dissolve the commission and make sure that, at least in the Reagan presidency, there would be no further effort to sell metric.

It was a signal victory, but one which we recognized would have to be shared only between the two of us, lest public opinion once again began to head toward metrification.

We debated after that from time to time on some cable show or other, but often found we agreed that our mutual respect for each other made the venom the talk shows sought (and alas, seek) disappear, and made our friendly participation less suitable for audiences accustomed to near-violence. In the past few years, we talked from time to time about the possibility of starting a program ourselves, but Lyn always begged off on the grounds he was overworked. I suspect, reading this week of his death from cancer, that the "overwork" may have consisted largely of his battle against the disease. When his doctor gave him the diagnosis, I'm betting he eventually chuckled, and then loosened his tie.

New U.N. Draft On Iran Softens Condemnation (NYT)

By Warren Hoge

The New York Times, March 29, 2006

UNITED NATIONS, March 28 — European and American diplomats circulated a new draft statement to the Security Council on Tuesday evening that weakens language condemning Iran's nuclear program but still calls on Tehran to abandon uranium enrichment activities, which the West believes are intended to make weapons.

The new draft, written by Britain and France and supported by the United States, eliminates or softens elements in earlier drafts that had raised objections from China and Russia.

The three Western nations hope the new version can be adopted Wednesday, a day before the foreign ministers of the five permanent Council members and Germany meet in Berlin to discuss strategy on Iran.

"We feel a sense of urgency," said John R. Bolton, the American ambassador, pointing out that it has been three weeks since Iran's case was delivered to the Council by the International Atomic Energy Agency, United Nations nuclear watchdog based in Vienna.

Negotiations to reach consensus on the relatively mild Security Council action of a nonbinding presidential statement have faltered over Chinese and Russian objections to language that they argue lays the groundwork for taking tougher action like sanctions, which they both oppose.

One of the changes in the text is a watering down of a phrase calling Iran's actions a possible "threat to international peace and security," a term that Beijing and Moscow said established a pretext for sanctions.

The new version simply notes the Council's "primary responsibility for the maintenance of international peace and security."

The revised text also drops any mention of specific charges and demands against Iran, and instead refers to resolutions of the nuclear agency that incorporate them.

In another modification, it now requests a report back from the director of the nuclear agency on Iran's compliance with the Security Council statement in 30 days instead of the 14 days in the original text.

China had suggested a time frame of four to six weeks, and Russia had spoken of more than two months.

Mr. Bolton acknowledged that the wording disagreements might be difficult for most people to understand. "But they are important points about the role of the Security Council and the I.A.E.A., and it's important to get it right because we want to send a clear message to Iran," he said.

Germans Say 6 Companies Sold Nuclear Parts To Iran Network (NYT)

By Richard Bernstein

The New York Times, March 29, 2006

BERLIN, March 28 — German prosecutors are investigating whether six German companies sold electronic equipment to a clandestine procurement network established to supply Iran with equipment for its nuclear development program.

A prosecutor in the state of Brandenberg, Benedikt Welfens, told German television on Monday that several million dollars' worth of equipment that could be used for a nuclear program had been shipped from Germany to Iran, via a Russian company that operated in Berlin in 2003 and 2004.

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"Its main business is the supply of Iran's nuclear program," Mr. Welfens said on the ARD television network. He said the parts included special cables, pumps and transformers, worth about $3.6 million.

The Web site of the German newsmagazine Der Spiegel on Tuesday quoted Mr. Welfens as saying that prosecutors suspected that one of the companies knew where the equipment had been headed, while the others may have mistakenly believed the equipment had been destined for Russia, for which no export restrictions apply.

Germany maintains strict export restrictions on so-called dual-use technology — goods that can be bought ostensibly for civilian purposes but diverted to military use — to Iran.

"The material was not of crucial significance for the nuclear industry," Mr. Welfens said. "It was peripheral rather than core.

"It did not include centrifuges," he said, referring to the machines used to enrich uranium gas and produce bomb-grade nuclear fuel.

The Russian front company, which has been closed down, was staffed by seven citizens of the former Soviet Union, all of whom have now disappeared, Mr. Welfens said. No arrests have been made, but prosecutors want to question the seven after having seized records and equipment in raids at 41 sites in Germany this week.

The raids and the disclosure that material useful in a nuclear development program was provided to Iran was bound to be interpreted by European and American officials as further evidence of a widespread, clandestine effort by Iran to build nuclear weapons.

Iran says its nuclear program, which has now been referred to the United Nations Security Council for possible sanctions, is aimed only at generating electricity, an assertion that is openly disbelieved by governments in Europe and the United States.

On Thursday, Germany plays host to a meeting of the five permanent members of the Security Council that are seeking to coordinate a response to widespread accusations that Iran has failed to fully disclose its nuclear development activities.

Mr. Welfens said that the investigation into the procurement ring, which culminated in the raids, has been under way since September 2004, but that information that some material had made its way to Iran was received only recently, Der Spiegel reported.

"There are no signs that the Russian authorities knew anything about this," Mr. Welfens said. "We can't rule out that the Iranians approached Russian middlemen directly. It doesn't appear to have been handled very professionally. The middlemen would go around offering cash."

Head Of Arab League Pushes Nuke Programs (NYT/AP)

By The Associated Press

The New York Times, March 29, 2006

KHARTOUM, Sudan (AP) -- The head of the Arab League called on Arab states Tuesday to work toward "entering the nuclear club" by developing atomic energy -- a new concern for a Western world already trying to rein in Iran's nuclear ambitions and fretting about a possible Mideast arms race.

Amr Moussa's comments came as a surprise at a troubled Arab League summit meant to tackle crises ranging from Iraq to the Palestinian peace process.

U.N. Secretary-General Kofi Annan warned Arab leaders that the Mideast faces one of its most critical periods.

"You are meeting today here while the whole Arab world and the region is witnessing turmoil," Annan said in a statement read by an envoy.

But Arab leaders seemed unlikely to take serious action. In private sessions before the summit, Iraqi Foreign Minister Hoshyar Zebari castigated Arab governments, saying their promises at the summit to help Iraq were "rhetoric."

The summit has already been undermined by low attendance. Ten heads of state from the league's 22 members stayed away, most notably Egypt's president and Saudi Arabia's king -- two regional heavyweights and top U.S. allies.

Moussa spoke to the gathered leaders at the opening of the summit, saying, "I would like to call on the Arab world to enter into the world of peaceful use of nuclear energy with all speed and momentum."

"This is a legal right ensured for all states that are party to the Nuclear Nonproliferation Treaty," he said.

No Arab country is known to have a significant program for nuclear energy, and few have shown a drive to do so.

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But Moussa's call was likely to cause concern in the United States and Europe, which are pressing for U.N. Security Council action on Iran's nuclear program. Washington accuses Iran of seeking to develop nuclear weapons, an accusation Tehran denies, saying it seeks only to generate electricity.

The issue of Iran has divided Arab leaders.

Countries close to Iran, including Kuwait and the United Arab Emirates, have expressed concern over its program, focussing on safety issues and the threat of a possible regional arms race. Moussa, an Egyptian, quarreled publicly with the Emirates' foreign minister after he urged Gulf leaders to focus on Israel, not Iran.

Sudanese President Omar al-Bashir accused the West of double standards on the nuclear issue.

"This is an issue which should not be a subject of discrimination. For the international community to be honest, Israel should be pushed to sign the Nonproliferation Treaty and open its nuclear installations for inspection," he said in a speech to the summit Tuesday.

The issue of Iran's standoff with the West was on the agenda for the summit, but the political turmoil and violence in Iraq and the issue of how to deal with a new Hamas-led Palestinian government loomed larger.

The annual Arab summits regularly conclude with resolutions that often fail to yield concrete action. This year, though, leaders received messages asking them to be assertive.

Turkish Prime Minister Recep Tayyip Erdogan, whose country is not a member of the league but who was invited as a guest, encouraged the leaders to make democratic changes, respect human rights and accept accountability.

"After that, our efforts to maintain peace and security will be more effective," he told them.

Among the resolutions agreed upon is one that promises help for Iraq and to eventually open embassies there, a top demand of the Baghdad government.

But Iraq's Zebari dismissed the resolutions as "rhetoric" and told his Arab counterparts to deal realistically with Iraq, according to Arab diplomats who participated in the private discussions Sunday.

"You should learn from the mistakes of Saddam Hussein," he said when some of the ministers pressed for a more anti-Western stance in the summit resolutions, according to the diplomats, who spoke on condition of anonymity because the meeting was private.

When the ministers complained about his comments, Zebari retorted with an Iraqi proverb: "Ask an experienced man, not just a learned one."

Arabs Urged To Enter Nuke Club (WT/AP)

By Tanalee Smith, Associated Press

The Washington Times, March 29, 2006

KHARTOUM, Sudan -- Arab League Secretary General Amr Moussa called on Arab leaders yesterday to move toward a goal of "entering the nuclear club" and making use of atomic energy for peaceful purposes.

The absence of at least 10 heads of state, including President Hosni Mubarak of Egypt and Saudi Arabia's King Abdullah, raised concerns of a lackluster summit in a year in which many had hoped to see serious efforts at dealing with regional troubles.

The 22-member Arab League is contending with complex issues involving Iraq's future and how to deal with a Hamas-led government in the Palestinian territories.

The U.S. State Department has urged Arab leaders to "be as supportive as possible of the new Iraqi government" by sending ambassadors and providing economic assistance to Baghdad.

For their part, Arab governments -- already suspicious of non-Arab Iran -- have been irritated by plans for talks on Iraq between Iranian and U.S. officials.

Mr. Moussa was particularly emphatic about Iraq in his address.

"Any solution for the Iraqi problem cannot be reached without Arabs, and Arab participation," he said. "Any result of consultations without Arab participation will be considered insufficient and will not lead to a solution."

Mr. Moussa called on Arabs "to enter into the nuclear club and make use of nuclear energy for peaceful purposes," a plea that comes as the world is wary about Iran's nuclear ambitions.

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In his opening speech, Algerian President Abdelaziz Bouteflika, host of last year's summit, called on Iraqis to close ranks to avoid a sectarian conflict pitting the country's Shi'ite majority against the once-dominant Sunni Arab minority.

Iraq's neighbors, he said, should "honestly cooperate with the Iraqi people to preserve the country's integrity and unity."

Summit host, Sudanese President Omar al-Bashir, used his opening speech to praise Palestinian elections and denounce Israel and Western countries that have threatened to cut off aid in response to the victory of the militant Hamas.

"We say no to robbing the Palestinian people of their democratic choice, no to punishing the Palestinian people for exercising their right to choose who rules, and no to succumbing to Israel's violations of all the promises it made," he said, winning the applause of the audience of heads of state and delegates.

Hamas' landslide election victory in January has raised fears of a halt in the Mideast peace process. Yesterday, in Gaza City, Hamas moved a step closer to taking power, winning overwhelming parliamentary approval -- 71-36 -- for its 25-member Cabinet.

The United States and European Union have threatened to cut direct financial aid vital to keeping the Palestinian Authority running, and Washington has pressed its Arab allies to follow suit.

However, a resolution to be adopted by the leaders meeting in Khartoum will pledge continued Arab funding for the Palestinian Authority.

'The Last Helicopter' (WSJ)

By Amir Taheri

The Wall Street Journal, March 29, 2006

Hassan Abbasi has a dream -- a helicopter doing an arabesque in cloudy skies to avoid being shot at from the ground. On board are the last of the "fleeing Americans," forced out of the Dar al-Islam (The Abode of Islam) by "the Army of Muhammad." Presented by his friends as "The Dr. Kissinger of Islam," Mr. Abbasi is "professor of strategy" at the Islamic Republic's Revolutionary Guard Corps University and, according to Tehran sources, the principal foreign policy voice in President Mahmoud Ahmadinejad's new radical administration.

For the past several weeks Mr. Abbasi has been addressing crowds of Guard and Baseej Mustadafin (Mobilization of the Dispossessed) officers in Tehran with a simple theme: The U.S. does not have the stomach for a long conflict and will soon revert to its traditional policy of "running away," leaving Afghanistan and Iraq, indeed the whole of the Middle East, to be reshaped by Iran and its regional allies.

To hear Mr. Abbasi tell it the entire recent history of the U.S. could be narrated with the help of the image of "the last helicopter." It was that image in Saigon that concluded the Vietnam War under Gerald Ford. Jimmy Carter had five helicopters fleeing from the Iranian desert, leaving behind the charred corpses of eight American soldiers. Under Ronald Reagan the helicopters carried the bodies of 241 Marines murdered in their sleep in a Hezbollah suicide attack. Under the first President Bush, the helicopter flew from Safwan, in southern Iraq, with Gen. Norman Schwarzkopf aboard, leaving behind Saddam Hussein's generals, who could not believe why they had been allowed live to fight their domestic foes, and America, another day. Bill Clinton's helicopter was a Black Hawk, downed in Mogadishu and delivering 16 American soldiers into the hands of a murderous crowd.

According to this theory, President George W. Bush is an "aberration," a leader out of sync with his nation's character and no more than a brief nightmare for those who oppose the creation of an "American Middle East." Messrs. Abbasi and Ahmadinejad have concluded that there will be no helicopter as long as George W. Bush is in the White House. But they believe that whoever succeeds him, Democrat or Republican, will revive the helicopter image to extricate the U.S. from a complex situation that few Americans appear to understand.

Mr. Ahmadinejad's defiant rhetoric is based on a strategy known in Middle Eastern capitals as "waiting Bush out." "We are sure the U.S. will return to saner policies," says Manuchehr Motakki, Iran's new Foreign Minister.

Mr. Ahmadinejad believes that the world is heading for a clash of civilizations with the Middle East as the main battlefield. In that clash Iran will lead the Muslim world against the "Crusader-Zionist camp" led by America. Mr. Bush might have led the U.S.

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into "a brief moment of triumph." But the U.S. is a "sunset" (ofuli) power while Iran is a sunrise (tolu'ee) one and, once Mr. Bush is gone, a future president would admit defeat and order a retreat as all of Mr. Bush's predecessors have done since Jimmy Carter.

Mr. Ahmadinejad also notes that Iran has just "reached the Mediterranean" thanks to its strong presence in Iraq, Syria, Lebanon and the Palestinian territories. He used that message to convince Syrian President Bashar al-Assad to adopt a defiant position vis-à-vis the U.N. investigation of the murder of Rafiq Hariri, a former prime minister of Lebanon. His argument was that once Mr. Bush is gone, the U.N., too, will revert to its traditional lethargy. "They can pass resolutions until they are blue in the face," Mr. Ahmadinejad told a gathering of Hezbollah, Hamas and other radical Arab leaders in Tehran last month.

According to sources in Tehran and Damascus, Mr. Assad had pondered the option of "doing a Gadhafi" by toning down his regime's anti-American posture. Since last February, however, he has revived Syria's militant rhetoric and dismissed those who advocated a rapprochement with Washington. Iran has rewarded him with a set of cut-price oil, soft loans and grants totaling $1.2 billion. In response Syria has increased its support for terrorists going to fight in Iraq and revived its network of agents in Lebanon, in a bid to frustrate that country's democratic ambitions.

It is not only in Tehran and Damascus that the game of "waiting Bush out" is played with determination. In recent visits to several regional capitals, this writer was struck by the popularity of this new game from Islamabad to Rabat. The general assumption is that Mr. Bush's plan to help democratize the heartland of Islam is fading under an avalanche of partisan attacks inside the U.S. The effect of this assumption can be witnessed everywhere.

In Pakistan, Pervez Musharraf has shelved his plan, forged under pressure from Washington, to foster a popular front to fight terrorism by lifting restrictions against the country's major political parties and allowing their exiled leaders to return. There is every indication that next year's elections will be choreographed to prevent the emergence of an effective opposition. In Afghanistan, Hamid Karzai, arguably the most pro-American leader in the region, is cautiously shaping his post-Bush strategy by courting Tehran and playing the Pushtun ethnic card against his rivals.

In Turkey, the "moderate" Islamist government of Recep Tayyip Erdogan is slowly but surely putting the democratization process into reverse gear. With the post-Bush era in mind, Mr. Erdogan has started a purge of the judiciary and a transfer of religious endowments to sections of the private sector controlled by his party's supporters. There are fears that next year's general election would not take place on a level playing field.

Even in Iraq the sentiment that the U.S. will not remain as committed as it has been under Mr. Bush is producing strange results. While Shiite politicians are rushing to Tehran to seek a reinsurance policy, some Sunni leaders are having second thoughts about their decision to join the democratization process. "What happens after Bush?" demands Salih al-Mutlak, a rising star of Iraqi Sunni leaders. The Iraqi Kurds have clearly decided to slow down all measures that would bind them closer to the Iraqi state. Again, they claim that they have to "take precautions in case the Americans run away."

There are more signs that the initial excitement created by Mr. Bush's democratization project may be on the wane. Saudi Arabia has put its national dialogue program on hold and has decided to focus on economic rather than political reform. In Bahrain, too, the political reform machine has been put into rear-gear, while in Qatar all talk of a new democratic constitution to set up a constitutional monarchy has subsided. In Jordan the security services are making a spectacular comeback, putting an end to a brief moment of hopes for reform. As for Egypt, Hosni Mubarak has decided to indefinitely postpone local elections, a clear sign that the Bush-inspired scenario is in trouble. Tunisia and Morocco, too, have joined the game by stopping much-advertised reform projects while Islamist radicals are regrouping and testing the waters at all levels.

But how valid is the assumption that Mr. Bush is an aberration and that his successor will "run away"? It was to find answers that this writer spent several days in the U.S., especially Washington and New York, meeting ordinary Americans and senior leaders, including potential presidential candidates from both parties. While Mr. Bush's approval ratings, now in free fall, and the increasingly bitter American debate on Iraq may lend some credence to the "helicopter" theory, I found no evidence that anyone in the American leadership elite supported a cut-and-run strategy.

The reason was that almost all realized that the 9/11 attacks have changed the way most Americans see the world and their own place in it. Running away from Saigon, the Iranian desert, Beirut, Safwan and Mogadishu was not hard to sell to the average American, because he was sure that the story would end there; the enemies left behind would not pursue their

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campaign within the U.S. itself. The enemies that America is now facing in the jihadist archipelago, however, are dedicated to the destruction of the U.S. as the world knows it today.

Those who have based their strategy on waiting Mr. Bush out may find to their cost that they have, once again, misread not only American politics but the realities of a world far more complex than it was even a decade ago. Mr. Bush may be a uniquely decisive, some might say reckless, leader. But a visitor to the U.S. soon finds out that he represents the American mood much more than the polls suggest.

Mr. Taheri is author of "L'Irak: Le Dessous Des Cartes" (Editions Complexe, 2002).

Olmert Declares Victory In Israeli Elections (USAT)

By Matthew Gutman And Jeffrey Stinson

USA Today, March 29, 2006

JERUSALEM — Acting Prime Minister Ehud Olmert, who campaigned on a pledge to relinquish control of most of the West Bank after 39 years of Israeli occupation, declared victory in Israel's parliamentary elections Tuesday.

"In the coming period, we will move to set the final borders of the state of Israel, a Jewish state with a Jewish majority," he said. "We will try to achieve this in an agreement with the Palestinians."

Israel's Central Election Commission reported Olmert's centrist Kadima Party as the front-runner.

Based on near-final results, Kadima appeared likely to capture enough of the 120 parliamentary seats to name Olmert prime minister.

Election officials said the total vote count would not be completed until Friday, the Associated Press reported.

No party in Israel's history has won the 61 seats needed to govern by itself. As a result, the party with the most seats has had to form a coalition government.

Olmert has said he would welcome any party that supports his West Bank withdrawal plan.

The center-left Labor Party led by fiery union leader Amir Peretz, which was in second place, is a likely coalition partner. Labor has said it would also support a unilateral withdrawal. The conservative Likud Party, led by former prime minister Benjamin Netanyahu, was far behind Labor, according to the election commission.

Olmert, 60, the mayor of Jerusalem from 1993 to 2003, assumed the leadership of Israel's government after Prime Minister Ariel Sharon was felled by a stroke Jan. 4.

Sharon, a former general who founded the Kadima Party in November, remains hospitalized in a coma. Olmert portrayed himself during the campaign as Sharon's natural successor.

Olmert has promised that within four years he would dismantle far-flung Jewish settlements, consolidate larger ones and return most of the West Bank to the overwhelmingly Arab Palestinian population.

The withdrawal plan would largely follow the 400-mile-long security barrier that Israel is building to protect itself from suicide bombers. The barrier would mark Israel's eastern border.

Olmert's plan follows the course undertaken by Sharon, who ordered the pullout of Israeli troops and about 9,500 settlers from Gaza and parts of the West Bank in August. Olmert said he would withdraw unilaterally if he was unable to negotiate territory with the Palestinians.

Negotiations appear increasingly unlikely following the Jan. 25 election of the militant group Hamas in Palestinian elections. Israel refuses to deal with a Hamas-led government unless the group recognizes Israel's right to exist, renounces violence against Israel and adheres to previous agreements made between Israel and the Palestinians.

The Hamas government, which was confirmed by the Palestinian parliament Tuesday, has refused to do that.

"This is an historical election," said Gidi Greenstein, president of Re'ut, a think tank in Tel Aviv. Greenstein said the election results herald the emergence of a "very pragmatic Israeli center" that reflects an electorate that is tired of the conflict with the Palestinians.

The roughly 5 million eligible voters had 31 political parties to pick from to fill 120 seats in the Israeli Knesset, or parliament.

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"We have no doubt that the Likud suffered a hard blow," Netanyahu told his party activists, according to AP. He blamed Sharon, who bolted from Likud to form Kadima, for leaving behind "a broken and shattered party."

Despite the historic issues that dominated the campaign, the turnout of 63% was the lowest ever for Israeli parliamentary elections, according to the election commission. The elections were Israel's sixth since 1992, and there was no dominant charismatic political figure in the race.

Sari Amoyal, 28, of Jerusalem didn't vote, preferring to sip coffee with a friend. "It doesn't matter whether I vote," she said. "The Israeli leaders aren't such a catch. Every leader seems to have the same program for peace."

One of those who did vote was Batya Yom Tov, 88, of Tel Aviv. She said she voted for the "sake of this country, for the future of my grandchildren."

Yom Tov, who said she has voted in every election since Israel's independence in 1948, said she voted for Kadima. She said she wants to see Israel out of the occupied territories. "Kadima was the only choice," she said.

Voters In Israel Support Parties Vowing Pullout (NYT)

By Steven Erlanger And Greg Myre

The New York Times, March 29, 2006

JERUSALEM, Wednesday, March 29 — Israelis voted Tuesday to bring to power a new centrist party, Kadima, which is committed to a further pullout from the occupied West Bank.

Kadima's leader, Ehud Olmert, will become prime minister, but his support proved tepid and he will find it harder than expected to impose his agenda on a larger coalition.

Kadima, founded in November by Ariel Sharon when he broke with the Likud Party, won the most seats in the 120-member Knesset, or Parliament. But with 99.7 percent of the vote counted Wednesday morning, Kadima is expected to win only 28 seats, fewer than voter polls had suggested.

At the same time, Israelis turned away from the right, and Mr. Olmert should be able to carry out his plan for another withdrawal, unilaterally if necessary, from the West Bank to reduce the costs of the continuing occupation.

The Labor Party, which supports a West Bank withdrawal, was second, with 20 seats, giving it a strong position to bargain with Kadima for a powerful role in a coalition government. The Labor leader, the Moroccan-born Amir Peretz, is expected to insist on key ministries like finance, social welfare and possibly defense.

A big surprise of the election was the far-right Russian-oriented Israel Beiteinu Party led by Avigdor Lieberman, which benefited from Likud's implosion and which took Russian votes that would have gone to Mr. Sharon. The party won 12 seats, one less than the religious Shas Party.

The voters repudiated Likud and its leader, former Prime Minister Benjamin Netanyahu, who warned against any new withdrawal as a victory for Palestinian terrorism. The party won only 11 seats and found itself once again on the fringes of Israeli politics after decades of being at the heart of things.

Before speaking to his supporters early Wednesday morning, Mr. Olmert, 60, went to the Western Wall to pray. He praised Mr. Sharon, who has been comatose since an extensive stroke in January, as "the man who had the courage, the strength, the will and the determination to see things differently and to create change."

Mr. Olmert then declared: "In the coming period, we will move to set the final borders of the State of Israel, a Jewish state with a Jewish majority." He said he would "work to do this through negotiations, in an agreement with the Palestinians."

Then, addressing the Palestinian president, Mahmoud Abbas, who was in Ramallah, Mr. Olmert said: "We are prepared to compromise, give up parts of our beloved land of Israel, remove, painfully, Jews who live there, to allow you the conditions to achieve your hopes and to live in a state in peace and quiet."

Mr. Olmert urged Palestinians, too, to recognize Israel, "to accept only part of their dream, to stop terror, to accept democracy and accept compromise and peace with us. We are prepared for this. We want this." If not, he said, Israel would act in its own interests, whether the world agreed or not. "The time has come to act," he said.

But a Palestinian Authority run by the radical Islamic group Hamas, which does not recognize Israel's right to exist, is not expected to become a peace partner any time soon.

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The other big surprise in the election was a protest vote, much of it from first-time voters, who gave the Pensioners Party, devoted to better rights for the elderly, seven seats and a likely role in government. The Pensioners seem likely to support Mr. Olmert's withdrawal plan.

Mr. Olmert will have to form a broader coalition than he had hoped, to achieve a working majority of 61 seats. The final shape of the coalition may not be clear for weeks, with most analysts suggesting that Mr. Olmert would join with Labor, the Pensioners and one or two religious parties, United Torah Judaism, with 6 seats, and Shas, with 13, to try to form a compact but stable government with the needed 61 seats.

Mr. Olmert might also try to take in Mr. Lieberman's Israel Beiteinu Party if it promises to support a West Bank withdrawal. If Mr. Netanyahu is pushed from Likud's leadership by the former foreign minister, Silvan Shalom, Likud could also be a partner if it too agreed to the pullback.

Mr. Olmert is not nearly as strong as he would like. But the new Parliament is diffuse, and the right wing opposed to withdrawal does not have enough votes to block it.

Mr. Olmert says his aim in the next four years will be to set Israel's borders with the Palestinians, unilaterally if necessary, and called the election a referendum on his intentions. But with Kadima's smaller total, he may find it necessary to have a national referendum on the issue — something Mr. Sharon always rejected — in order to carry it out with less protest, or even violence.

Palestinians fired its first Katyusha rocket from the Gaza Strip into Israel on Tuesday, according to the army. A spokesman said that the 122-millimeter shell struck near a kibbutz but caused no damage.

But the Katyusha has a range of up to 12 miles, about twice that of the makeshift Qassam rockets frequently aimed at Israel.

The voter turnout, though high by American standards, was a low for Israel: about 63.2 percent, compared with 67.8 percent in 2003. The lower figure hurt the larger parties, because it reduces the number of votes required for small parties to pass the threshold of 2 percent of the vote required to get seats.

Kadima was established by Prime Minister Sharon last November when he broke with the Likud Party, and he brought some of Likud's best politicians with him, along with the former Labor Party leader, Shimon Peres.

But Mr. Sharon's severe stroke on Jan. 4 put a pall on the campaign, and Mr. Olmert and his team, including his new deputy, Tzipi Livni, the foreign minister, faced the prospect of the party's collapse.

Mr. Netanyahu, leading the remnants of Likud, called Mr. Olmert's new pullout plan dangerous, especially after the victory of the radical Islamic group Hamas in the Palestinian legislative elections on Jan. 25. But Mr. Netanyahu appeared to get little traction with the public.

Kadima was also aided by the success of the army in preventing a spate of suicide bombings during the long campaign. Such attacks helped Mr. Netanyahu defeat Mr. Peres in 1996.

Mr. Sharon argued that Israel, in the absence of serious peace talks with the Palestinians, could move unilaterally to establish its own borders, largely defined by the separation barrier the army built to protect the country from suicide bombers.

But the route of the unfinished barrier also incorporates about 8 percent of the occupied West Bank and most of East Jerusalem, including a large majority of Israeli settlers, leading Palestinians to call it a land grab.

One major test of the new government will come from Hamas, considered a terrorist organization by the Israel, the United States and the European Union.

On Tuesday, election day in Israel, the Palestinian parliament voted to confirm the new Hamas government, led by Ismail Haniya, in a vote of 71 to 36. There were two abstentions.

Hamas has refused to meet American and European demands that it recognize Israel, forswear violence and accept previous Israeli-Palestinian agreements based on the idea of two states living side-by-side. President Abbas has also demanded that Hamas meet at least the last two demands, but he has agreed not to try to block the party from taking office.

Still, once the Hamas cabinet is sworn in, which could take place on Wednesday, the Palestinian Authority faces a cutoff of needed financial and development aid, though emergency aid will continue.

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Mr. Haniya, whose group has carried out dozens of suicide bombings in Israel over the past decade, said in a speech that the Palestinians were entitled to continue their armed fight for independence. "We were born from the womb of resistance, we will protect resistance and the arm of resistance will not be touched," he said.

Sharon's Party Is Winner In Israel (WP)

By Scott Wilson

The Washington Post, March 29, 2006

JERUSALEM, March 28 -- The Kadima party led by acting Prime Minister Ehud Olmert won the most seats in Israel's parliamentary elections Tuesday, in a vote that hinged on his plan to draw the country's final borders through unilateral withdrawals from the Palestinian territories.

But the election, which drew one of the lowest voter turnouts in Israeli history, left Kadima with an uncertain mandate to move ahead with a program that once appeared to have clear support from Israelis.

With virtually all of the votes counted, Kadima, the centrist party that Ariel Sharon founded four months ago after evacuating Israeli settlers from the Gaza Strip, had won 28 seats in the 120-seat Knesset, Israel's parliament. Sharon remains in a coma after suffering a massive stroke in January, and Kadima's projected strength had slipped a dozen seats in pre-election opinion polls since then.

"It is up to us, all of us, to put a new stamp on the life of Israel," Olmert said to cheering supporters in a post-election call for unity.

Kadima did not win even half of the 61 seats necessary for a parliamentary majority, ensuring that Olmert will have to enlist other parties to form a coalition government. The most likely partner is the Labor Party under former union leader Amir Peretz, which finished second with 20 seats. Peretz expanded the founding Zionist movement's base in a campaign that emphasized raising the minimum wage, improving social services and pursuing negotiations with the Palestinians to end the conflict. The ultra-Orthodox Shas party finished third with 13 seats.

The results also signaled a dramatic shift within the political wing most opposed to leaving the Palestinian territories, a group now highly fragmented among sectarian, secular and religious-nationalist parties.

The Likud Party, led by former prime minister Binyamin Netanyahu, dropped further than any previous governing party, finishing in fifth place with 11 seats. Sharon led Likud to victory in the past two elections. But he left the party, long the primary sponsor of Israel's settlement movement, in November after alienating its base with his Gaza evacuation.

"The Likud has been dealt a heavy blow, the second that we have absorbed since the former head of the party left and left behind a broken, shattered movement," Netanyahu said to supporters. "We will rehabilitate our movement. We will continue on our path. We will cling to it."

The party Israel Is Our Home finished with 12 seats, making it the largest nationalist faction. The party is led by Avigdor Lieberman, an immigrant from Moldova who proposes redrawing Israel's border to exclude roughly 150,000 of the Jewish state's Arab citizens. His message attracted Israel's large bloc of Russian-speaking voters, who have traditionally supported Sharon.

"This is just the beginning of the future fight for Israel," Lieberman said to supporters. "I am proud that we have just become the largest party in the nationalist camp, and I am certain that next time we will be the ruling party."

Only 63.2 percent of Israel's roughly 5 million eligible voters cast ballots after a low-energy campaign that belied the pressing questions facing the next government. The next prime minister must determine Israel's new relationship with the Palestinian Authority, now led by the radical Islamic group Hamas, and decide how to proceed on matters of peace.

Olmert, a 60-year-old lawyer and former Jerusalem mayor, outlined plans to withdraw from scattered West Bank settlements and draw Israel's border roughly along the line of the separation barrier due to be completed next year. Jerusalem and the largest settlement blocs would remain in Israel's hands under Olmert's plan, which he said he intends to carry out before the end of his four-year term.

Under Sharon, Kadima was initially projected to win roughly 40 Knesset seats, a figure that spiked slightly after his stroke. Kadima activists were uncertain how to respond to Tuesday's results, and some focused on Likud's dismal showing rather than their party's less-than-overwhelming finish.

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To build his coalition, Olmert could turn to Labor, Shas and the other ultra-Orthodox party, United Torah Judaism, the dovish Meretz and the surprising Pensioners Party, which won seven seats on the issue of improving state retirement benefits. The combination would give him a broad government of more than 70 seats.

"The extremists in Israeli politics have lost today -- Likud, Netanyahu have been sent deep into the opposition," said Lior Chorev, a Kadima political strategist. "We have a duty to secure the state of Israel. This is the legacy of Sharon."

Many Israelis turned out to vote on Olmert's strategy, which he told supporters he would pursue only if he determines that negotiations with the Palestinians are not possible. He told supporters that "there is no substitute for a peace agreement."

"We will never turn our backs on our desire for those locations that were the cradle of our culture and where the dearest memories of our people exist," Olmert said in a passage of his speech that he addressed to the Palestinians. "But understanding the reality and understanding the circumstances, we are willing to compromise and give up part of the beloved land of Israel in which our best sons and fighters are buried, and to evacuate with great pain Jews who live there in order to create a reality for you, so you can achieve your dream and live side by side with us in a state of your own, in peace and quiet."

In the West Bank settlement of Efrat, south of Jerusalem, residents filed into a small elementary school to reject future Israeli withdrawals from the territories.

Although Efrat would remain part of Israel under Olmert's emerging blueprint, voters such as Yehuda David, 70, cast ballots for the National Union, a coalition of nationalist-religious parties that is now the chief advocate of the settlement movement. The party finished with nine seats.

"There is an uncertainty here because of all the statements we've been hearing," said David, a retired Interior Ministry official who has lived in the hillside settlement since its creation in 1983. "We've been told our bloc would not be returned. But we don't know. We can't trust them."

Kadima's showing means that for the first time in Israel's 58-year history neither Labor nor Likud will form the next government, culminating a political realignment set off by the Gaza evacuation that analysts here called "the big bang."

Sharon argued that Israel must act alone to draw its final borders in a way that would separate a Jewish majority from the Arab population of the West Bank and Gaza. In forming Kadima, Sharon brought along a number of Likud leaders, including Olmert, as well as some from Labor. Among them was Shimon Peres, the Nobel Peace laureate who left after losing Labor's leadership to Peretz.

"The monumental choices this election was supposed to be about were actually decided beforehand," said Yaron Ezrahi, a Hebrew University political science professor. "This election came to be a measure of confirmation of this choice."

Party officials and analysts say more than 1 million voters -- about 20 percent of the electorate -- may have backed new parties this year.

Among those that benefited from the drift was the new Pensioners Party, led by Rafi Eitan, a former Mossad agent. But with his strong showing, Lieberman will likely challenge Netanyahu for the position of opposition leader in the next Knesset. The Arab bloc won 10 seats.

In the Israeli city of Bet Shemesh, more than a dozen activists from Labor, Likud, Shas and other parties swarmed voters at a polling station inside a community gymnasium.

Eliyahu Ben-Lulu, 51, said he voted for Shas because he is "a believing Jew." In some previous elections, Ben-Lulu was able to vote for a Likud prime minister and Shas members of parliament. But in this election, and the last one, voters were allowed to select only a single party list.

"I saw no other possibility," said Ben-Lulu, who used to work in a factory making munitions for Israeli military aircraft. "If I have to choose between a political and a religious way, I always choose my belief."

Taxis plastered with Kadima posters sped through the streets near the polling station.

"Olmert will continue the way of Sharon," said Mordechai Edri, 38, a gardener in Bet Shemesh who voted for Likud in the last election and Kadima in this one. "I didn't like the games Netanyahu played during the disengagement from Gaza -- supporting Sharon, opposing Sharon. And economically he went too far to the right."

Israel's Centrist Kadima Wins Elections (FT)

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By Harvey Morris And Sharmila Devi

Financial Times, March 29, 2006

Israel's centrist Kadima on Tuesday night declared victory in the Israeli elections, claiming a mandate for Ehud Olmert's plan to fix the country's borders in the next four years after strategic withdrawals from the West Bank.

Despite a narrower-than-expected margin for the centrist party founded by the ailing Ariel Sharon only five months ago, a crushing defeat for the mainstream right left Kadima with no shortage of potential allies to help push through the plan.

With 99.7 per cent of votes counted, the party now led by Mr Olmert, acting prime minister, had secured 28 seats in the 120-member Knesset. Amir Peretz's Labour party, a likely coalition partner, looked set to finish second with 20 seats, at the higher end of opinion poll expectations. Calling for national unity, Mr Olmert told his party: "We have to start a new page by uniting the nation, to make peace among ourselves and then with our neighbours."

The big shock was a virtual meltdown of support for the former ruling Likud party, which looked likely to be pushed into fourth place by Yisrael Beitenu, a predominantly Russian immigrant party headed by Avigdor Lieberman which appeared to have won 12 seats.

There was speculation that a poor 11-seat showing by Benjamin Netanyahu's rightwing Likud could spell the end of the party or at least the end of its leader's political career despite his pledge last night to stay on."

Leaders of Mr Peretz's Labour said the party's showing, which might put him in line for a senior coalition cabinet post, was a victory for his social agenda to defend the poor.

The other surprise was that the newly created Pensioners' party, which could back Mr Olmert, apparently won seven seats. He might also call on the ultra-Orthodox Shas party, which should clinch 13 seats, to take his coalition above a 61-seat target.

Final results were likely to confirm Israel's shift to the centre in a political realignment analysts have dubbed the Big Bang, sparked by Mr Sharon's defection from the rightwing Likud last year. But with a turnout of 63.3 per cent, the lowest in an Israeli general election, the outcome also reflected uncertainty after decades of more clear-cut left-right politics.

Kadima Wins Israel Election; Coalition Is Needed (WSJ)

By Bill Spindle

The Wall Street Journal, March 29, 2006

The Kadima Party won Israel's national elections, but the party will have to form a coalition with other parties, perhaps forcing Kadima Party head Ehud Olmert to slow or modify his drive to unilaterally set Israel's borders.

In an election with lower turnout than any other in Israeli history, with 99.7% of the polling stations counted Mr. Olmert's Kadima Party was winning 28 seats in the 120-seat Knesset, Israel's parliament. The Labor Party, headed by Amir Peretz, was finishing second with 20 seats. Likud, the conservative party led by Benjamin Netanyahu, appeared to have won 11 seats.

For Kadima, a party formed by Prime Minister Ariel Sharon before he suffered a stroke in January, it was a remarkable debut. The party, which lured members from both the left-wing Labor Party and the right-wing Likud, reshaped Israel's political landscape during the election. Kadima didn't garner the 42 or so seats that some early polls showed its support might win.

That would have given Mr. Olmert, who will become prime minister, an extraordinarily strong hand. But Labor, which focused on Israel's economic problems and the poor, surged in the final weeks of the campaign, along with several other smaller parties. Israel Beitenu, a party led by a charismatic Russian immigrant, appeared to become the country's third-largest parliamentary bloc, winning about 14 seats with a platform that consisted largely of advocating moving Arabs out of Israel. Party chairman Avigdor Lieberman drew much of his support from the one million immigrants from the former Soviet Union who want a leader with a strong stand of security issues.

Likud, which has dominated Israeli politics recently under the leadership of Mr. Sharon, turned out to be the big loser in Kadima's successful opening run. It won 38 seats in Israel's last election in 2003 and controlled the government until recently.

Voters gave Mr. Olmert, who is Israel's acting prime minister, a green light on his plan for the Palestinian territories. Mr. Olmert offered to negotiate with Palestinians under certain circumstances over borders in his acceptance speech, but he has said Israel would move to establish Israel's borders within his four-year term even if no Palestinian negotiating partner emerges. That plan is controversial because it flies in the face of decades of Middle East peacemaking, which has envisioned mutually

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negotiated borders between Israeli and Palestinian states. Mr. Olmert has also made clear his plans include closing many West Bank Jewish settlements, though he has vowed to keep the biggest for Israel. Reacting to projections showing a Kadima Party victory, Hamas said it would resist the party's platform.

Mr. Olmert needs a coalition of more than 60 seats to move forward, and to achieve that he will have to cut deals with other parties. That could require softening his plan or putting more emphasis on some other areas of policy, such as bolstering the country's welfare programs as Mr. Peretz would like to do, in order to win over partners for his government.

The election's turnout was the lowest in Israeli history with 63.3% of Israelis voting, reflecting a growing disenchantment with the candidates. That compares to 67% in the 2003 election.

Olmert Claims Victory In Israeli Election (AP)

By Ravi Nessman

AP, March 29, 2006

Acting Prime Minister Ehud Olmert declared victory for his centrist Kadima party in Israel's elections Tuesday, vowing to act on his own if necessary to draw Israel's final borders and "painfully" uproot Jewish settlers if negotiations with the Palestinians are not possible.

Standing below a massive portrait of his mentor Ariel Sharon, Olmert addressed chanting Kadima members as it became clear the party had won enough seats in parliament to form a ruling coalition.

Building on the vision of Sharon, who formed the party shortly before succumbing to a devastating stroke that left him in a coma, Olmert claimed a mandate to withdraw from much of the West Bank and set Israel's borders, which he has said he will do by 2010.

With 99.7 percent of polling stations accounted for, Kadima was winning 28 of 120 seats in parliament, the Election Commission reported early Wednesday.

The turnout was the lowest in Israel's history, and the results showed voters turning away from conventional political parties to an assortment of third parties with agendas ranging from pensioner rights to the legalization of marijuana. The aftermath will likely be a period of difficult negotiations between Olmert and potential coalition partners.

"Today, Israeli democracy has spoken its piece, in a loud and clear voice," Olmert declared. "Israel wants Kadima," which means forward in Hebrew.

Labor leader Amirt Peretz and Likud chief Benjamin Netanyahu called Olmert to congratulate him, as did British Prime Minister Tony Blair.

Olmert said he was ready for new peace talks and was prepared to make painful compromises such as uprooting some Jewish settlements in the West Bank and allowing Palestinians to have a state. But he demanded that the Palestinians be willing to compromise in return.

"In the coming period, we will move to set the final borders of the state of Israel, a Jewish state with a Jewish majority," Olmert said. "We will try to achieve this in an agreement with the Palestinians."

Olmert has said he would govern only with parties that accept his program, and projections showed a center-left coalition capturing 61 to 65 seats in the 120-member parliament. The hawkish parties fell far short of their plan to win enough seats to block Olmert's program.

As Israel held its election, the Palestinian parliament approved a new Cabinet led by the Hamas militant group. Incoming Palestinian Prime Minister Ismail Haniyeh told Al-Jazeera television that he opposed Olmert's plan. "Such a plan definitely won't be accepted by the Palestinian people or the Palestinian government," he said.

Allies of Palestinian President Mahmoud Abbas, a moderate from the Fatah Party, called for immediately renewing talks on the internationally backed "road map" peace plan under the auspices of the Palestine Liberation Organization, which he heads.

Olmert has said he supports the road map but will not wait indefinitely for a peace deal and would move unilaterally after a reasonable period of time.

Turning to the Palestinians, Olmert said: "We are prepared to compromise, give up parts of our beloved land of Israel, remove, painfully, Jews who live there, to allow you the conditions to achieve your hopes and to live in a state in peace and quiet."

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"The time has come for the Palestinians ... to relate to the existence of the state of Israel, to accept only part of their dream, to stop terror, to accept democracy and accept compromise and peace with us," he said.

Israeli officials have ruled out talks with Hamas unless the Islamic group renounces violence and accepts Israel's right to exist, demands Hamas has so far rejected. It remains unclear whether Olmert would negotiate with Abbas without a change in Hamas' position.

The leader of the largest party is traditionally asked first to try to form a ruling coalition. Whether Olmert chooses to form a government with dovish parties or more hardline factions could determine his ability to carry out his plan. With the results early Wednesday, Labor was winning 20 seats and Likud 11.

Olmert could form a coalition with Labor, the dovish Meretz and the party that advocates pensions for retirees, or he could add the ultra-Orthodox Shas or United Torah Judaism parties to his government.

Olmert, the vice prime minister and former mayor of Jerusalem, took over the party after Sharon suffered a devastating Jan. 4 stroke and immediately became the favorite to win the elections. Much of Kadima's campaign was built around Sharon, Israel's most popular politician, and his legacy resonated with many voters.

"It was important for me to vote, to continue the way of Sharon," said Rina Golan, 65, who voted for Kadima.

But Sharon had been much more circumspect than Olmert about his post-election plans. He never spoke of drawing final borders, and said there would not be an additional unilateral pullout in the West Bank.

Labor's total represented a strong showing by new party leader Peretz, who ran on a social platform advocating a higher minimum wage and guaranteed pensions for the elderly.

"The Labor Party has regained its credibility," said Labor lawmaker Colette Avital.

Likud, which had dominated Israeli politics for decades, was crushed, appearing to capture less than a third of the 38 seats it won in the last election. Netanyahu, the former prime minister and current party head, warned that further unilateral withdrawals would bring Hamas closer to Israel.

"We have no doubt that the Likud suffered a hard blow," Netanyahu told his party activists. He blamed Sharon, who bolted Likud to form Kadima, for leaving behind "a broken and shattered party."

A strong majority of voters turned away from Likud and Labor, the only two parties that have ever ruled Israel, to vote for the new Kadima and fringe parties. Though other attempts to create a strong centrist party in Israel have failed, analysts said Sharon's personal popularity gave Kadima its edge.

Two marginal parties posted strong showings.

The pensioners' party appeared to be the surprise protest vote of the election, taking seven seats. The party, headed by former Mossad spymaster Rafi Eitan, who oversaw a sensational espionage operation against the U.S. in the 1980s, was not represented in the last parliament. Kadima said the party was a natural coalition partner for Olmert.

The Shas party was projected to get 13 seats.

Elections officials said that even after 100 percent of the polling stations are accounted for, they would still have to count the votes of soldiers and Israelis who voted in locations other than their home stations, like invalids and election workers — so the total vote count would not be completed until Friday.

The record low voter turnout, 63.2 percent, was attributed partly to Kadima's dominance during the campaign. But the apathy was also a reflection of Israelis' disillusionment with rampant government corruption and veteran politicians' switching parties, which many saw as purely opportunistic.

Centrist Kadima Party Comes Out Ahead In Israeli Elections (KRT)

By Dion Nissenbaum And Michael Matza

Knight Ridder, March 28, 2006

JERUSALEM - Israel moved tentatively toward a new era of pragmatic politics in Tuesday's parliamentary elections by tepidly endorsing a strategic policy shift aimed at defining the Jewish nation's nebulous borders without talking peace with the Palestinians.

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Voters gave Israel's newest political party, Kadima, a smaller-than-expected plurality, but they nevertheless positioned it to build a coalition government that would formally absorb some contested Palestinian territory while giving up large swaths of the West Bank - and the dream of controlling currently occupied biblical land.

"This is a tectonic shift in the Israeli political system," said Gidi Grinstein, a onetime aide to former Israeli Prime Minister Ehud Barak who now runs the Re'ut Institute think tank in Tel Aviv.

While the election was billed as a referendum on Israel's national security options, voters appeared to be swayed more by bread-and-butter social issues closer to home: crime, retirement security, the minimum wage and government corruption.

Exit polls showed Kadima, the breakaway party founded by ailing Prime Minister Ariel Sharon, winning only 30 of the Israeli parliament's 120 seats, compared with projections of up to 40 seats at the start of the election campaign.

Acting Prime Minister Ehud Olmert, who took over as Kadima's leader in January after Sharon suffered a debilitating stroke, said during the campaign that winning fewer than 36 seats would be a disappointment.

In the waning days of the race, voters slipped away from Kadima and threw more support behind a spectrum of parties that focused largely on social issues. Labor, which focused on economic issues, won the second-largest number of seats, with 20 to 22. And in one of the biggest surprises of the race, a one-issue party committed to pension reform won as many as eight seats, according to exit polls.

Voters also soundly rejected the long-dominant Likud Party, which Sharon fled last year to form Kadima.

Likud, headed by former Prime Minister Benjamin Netanyahu, barely broke double digits with an estimated 11 seats and fell behind the surging right-of-center Yisrael Beitenu party, which made crime and corruption main planks of its platform.

In the coming weeks, Kadima will try to build a governing coalition around the central tenet of its platform: shuttering smaller Israeli settlements in the occupied West Bank in exchange for international blessings to annex major Jewish communities closer to Jerusalem.

In his victory speech, Olmert said Israel was prepared to make painful concessions to reach peace with the Palestinians, and he called on their leaders to do the same. But Olmert signaled that he would move quickly to enact his unilateral plan. "We will not wait forever," he said. "The time has come to act."

While voters made it more challenging for Olmert to lead the effort, Grinstein said the results showed that Israel was ready to change direction.

"Across the spectrum the debate is no longer whether to do territorial compromise. It is no longer a debate on if, it's a debate on how," he said.

The Israeli daily newspaper Ma'ariv made the same point Tuesday by framing the election as the historic demise of "two shattered dreams":

"On the one hand, the shattered dream of the greater Land of Israel and of retaining the settlements for all of eternity and, on the other hand, the shattered dream of a final peace settlement between Israel and the Palestinians, an End-of-Time peace."

During the sleepy campaign, which left many Israelis uninspired, Olmert outlined plans to absorb the biggest Jewish settlements, which house about two-thirds of the Israelis living in the West Bank. The remaining 60,000 Jewish settlers in the West Bank would be removed and most of the land would be turned over to the Palestinians. Olmert still wants to keep the Israeli military in the West Bank valley between Israel and Jordan as a buffer against any potential threats from the east.

Hopes dimmed for resurrecting peace talks in January when the Islamist militant group Hamas - which refuses to accept Israel's right to exist - won control of the Palestinian government.

Kadima has said that it would give Hamas six months to a year to meet international demands that could pave the way for talks to resume.

If there's no movement, Kadima plans to move ahead with the West Bank pullout plan.

While the strategy mirrors last summer's successful shutdown of all 21 Israeli settlements in the Gaza Strip, this proposal likely will be more challenging.

While few Israelis felt an historic tie to the narrow Gaza Strip on the Mediterranean coast, many Jews feel emotionally bound to the West Bank, which is home to the tomb of the Jewish patriarch Abraham and other biblical sites.

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Many Jews who followed their nation's appeals to settle in the West Bank did so out of fiercely ideological and religious beliefs, and persuading them to leave could prove difficult.

The plan also faces long-term challenges. Even some of its supporters concede that a West Bank pullout won't lead to lasting peace. At best, they say, it will buy Israel a few years of relative stability that could lead to new peace talks - if and when the Hamas-led Palestinian government either moderates or is replaced.

Voter apathy resulted in a record-low turnout in Tuesday's election. Many voters were undecided heading to the polls.

In the upscale Germany Colony section of Jerusalem, Kinneret Gruber, 29, a mental health worker who traditionally has voted for Israel's small niche parties, was undecided up to the very last minute. But once in the voting booth she chose a Kadima slip.

The factor that tipped the balance, she said, was her desire for another round of settlement withdrawals.

"I wanted Olmert to win because of his West Bank pullout program," she said, "but I didn't know if I would be able to vote for him. He's very intelligent, but his personality is a bit arrogant."

Husband and wife Rachel and Nir Topper, both in their early 30s, were traditional supporters of the secular-left Meretz party. But much to their own surprise they found themselves drawn to Kadima.

"At the moment what the country needs is a strong center. We have enough parties on the margins. Kadima has some seriously competent people, and if they do everything they say they'll do, I will be happy," Rachel said.

Rabbi Amy Klein, 43, said she voted for Labor, hoping to make it the biggest partner in a Kadima-Labor-Meretz coalition.

"People are tired. They want the conflict to end, whether through a negotiated settlement or a unilateral withdrawal," she said.

Olmert, Kadima Party Emerge Victorious In Election (LAT)

By Laura King And Ken Ellingwood

The Los Angeles Times, March 29, 2006

JERUSALEM -- Israelis set their country on course toward relinquishing dozens of settlements in the West Bank Tuesday, voting heavily for parties that favor further withdrawals from Palestinian territories.

The centrist Kadima Party founded last year by Prime Minister Ariel Sharon will have the largest number of parliamentary seats, just under 30, according to early returns. The showing was weaker than pre-election surveys had forecast, but still enough to make Sharon's deputy, Ehud Olmert, the next prime minister.

"We have to create a new chapter in the life of the state of Israel," Olmert told cheering, flag-waving supporters at his party headquarters early Wednesday. "In the coming period, we will move to set the final borders of the state of Israel, a Jewish state with a Jewish majority," he said.

He paid emotional tribute to Sharon, felled by a devastating stroke in January, calling him "even now, our prime minister."

In a stronger-than-expected second place was the left-leaning Labor Party, with which Olmert will likely seek to form a coalition. The night's most stunning defeat was dealt to the once-dominant Likud Party, whose leadership was taken up by former Prime Minister Benjamin Netanyahu after Sharon abandoned it last fall. The early returns showed Likud falling into fourth place.

The election was characterized by ennui and indecisiveness -- producing the lowest voter turnout ever -- 63.2 percent. Yet the vote, the fifth national ballot in a decade, was dominated by issues that will literally shape the country.

In the run-up to the election, Olmert made explicit the withdrawal plans that Sharon had kept vague. As a result, the election became, in effect, a test of his policy of unilaterally setting the nation's borders -- the clearest ballot in the nation's history on whether Israelis are willing to let go of land that many Jews regard as part of their biblical inheritance.

"Olmert did what Sharon would not have done on the eve of elections: he told the voters what he intends to do if they elect him," the country's premier political commentator, Nahum Barnea, wrote in Tuesday's editions of the Yediot Aharonot daily. "He turned these elections into a referendum on the future of Judea and Samaria" -- the biblical term for the West Bank.

Many observers considered the election a watershed in that voters chose a path yet untried by either Likud or Labor, which for decades have traded power in successive Israeli governments.

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The vote was "no longer a competition between the traditional left and the traditional right," said Shlomo Avineri, a professor at Hebrew University. "Each offered their own solutions for the conflict with the Palestinians, and each of their strategies have so far failed."

If carried through, Olmert's plan would "converge" Israel's West Bank settlements into a few large blocks lying relatively close to the 1967 armistice lines. That would uproot dozens of settlements -- a process that could be far more violent and contentious than Israel's exit from the Gaza Strip last summer, which the 78-year-old Sharon, the one-time godfather of the settlements, pushed through as his last major political act.

Addressing the Palestinians, Olmert said in his speech that "we are prepared to compromise, give up parts of our beloved land of Israel, remove, painfully, Jews who live there, to allow you the conditions to achieve your hopes and to live in a state in peace and quiet."

He said he hoped to accomplish that goal through negotiations, but would act unilaterally if necessary. That idea is strongly opposed by the Palestinians, who argue that boundaries can only be set by negotiation. Olmert has said he will not negotiate with a Palestinian government controlled by Hamas, the Islamist group, which refuses to recognizes Israel's right to exist.

As Israelis voted Tuesday, the Hamas-dominated parliament approved their proposed Cabinet, which is dominated by figures from the Islamist group. Some of the Hamas lawmakers cried out "God is great!" when the 71-36 vote was tallied.

The new Palestinian government could be sworn in as early as Wednesday, setting the stage for confrontation not only with Israel but with Palestinian Authority President Mahmoud Abbas. Abbas has urged Hamas to renounce its stated aim of Israel's destruction.

In Israel's entire history, no party has ever won an outright majority in the Knesset. This election was no different, so the 60-year-old Olmert, who was Sharon's longtime confidant and deputy, must turn to the complex task of building a stable governing coalition -- a difficult undertaking in Israel's traditionally fractious and combative political environment.

Labor's showing will increase its leverage in those coalition talks, which could last for several weeks. Jubilant scenes erupted at Labor headquarters when televised projections gave it up to 22 seats in the 120-member Knesset. The party's neophyte leader, Amir Peretz, had waged an energetic campaign calling for more social benefits for the poor and elderly and peace talks with the Palestinians.

By contrast, Netanyahu -- whose excellent English and command of television sound bites made him among the Israeli leaders best known in America -- could be at the end of his political career.

In a defiant speech at Likud headquarters, Netanyahu offered no sign of stepping aside. "We will see better days," he told supporters, some of them teary-eyed.

Likud appears to have lost votes not only to Kadima, but to another right-wing party led by a one-time Netanyahu protege, Avigdor Lieberman. Lieberman, an immigrant from Moldova who had strong appeal to fellow immigrants from the former Soviet Union, advocates swapping Arab-populated areas inside Israel for Jewish-settled areas of the West Bank. His party, Yisrael Beiteinu, and Likud would both end up with roughly 12 seats, early returns indicated.

(Begin optional trim)

Significantly, the combined strength of Likud, and other rightist parties leave them far short of a "blocking majority" in the Knesset.

"The right wing lost big time," said Reuven Hazan, a political scientist at Hebrew University.

(End optional trim)

Although the bulk of the attention was focused on the big parties, 31 political groupings contested the vote. In the Israeli parliamentary system, small parties can wield outsized clout in coalition-building.

One of the election's big surprises was the Pensioners' Party, winning at least half a dozen seats on what was effectively a single-issue campaign of increased benefits for retirees. The party swiftly declared support for withdrawals from the West Bank, making it a potential coalition partner.

Olmert is considered likeliest to ally himself with Labor, the leftist Meretz and perhaps the religious party Shas, whose constituency is mainly Orthodox Jews of Middle Eastern descent. He already has said that any governing partners must hew to his disengagement plans.

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But the unilateralism envisioned by Olmert could be moderated by Labor, which advocates a negotiated accord leading to Palestinian statehood.

Olmert Claims Election Victory (WT)

By Joshua Mitnick

The Washington Times, March 29, 2006

TEL AVIV -- Acting Prime Minister Ehud Olmert declared victory last night for his centrist Kadima party in Israel's elections, vowing to act on his own if necessary to draw Israel's final borders and "painfully" uproot Jewish settlers if negotiations with the Palestinians are not possible.

But a weaker-than-expected showing could undermine his ability to push for new territorial concessions by Israel in the West Bank.

With more than 95 percent of the vote counted, the newly formed party won 28 seats in the 120-member Knesset, Israel's parliament. Labor was the second-largest bloc, with 20 seats; the Likud won 11 seats.

If the final results stand, they would leave Mr. Olmert dependent on a potentially unstable constellation of smaller parties to hold together a coalition.

For the first time in Israel's history, a party other than Labor or Likud will lead the government. Kadima, founded in late November after Prime Minister Sharon resigned from the ruling Likud Party over internal opposition to the withdrawal from the Gaza Strip, turned yesterday's vote into a referendum on the party's vow to fix Israel's final borders within four years, either by peace negotiations or unilaterally.

Mr. Sharon's defection proved devastating for the Likud and its new chairman, Benjamin Netanyahu. The party was projected to win 10 to 12 seats, about one-fourth the number won in elections three years ago.

The preliminary results suggested that Mr. Olmert's government could not be blocked by any alliance of right-wing parties, virtually all of whom have pledged to stand in the way of his proposal to evacuate unilaterally most Jewish settlements in the West Bank.

Mr. Olmert, who took over after Mr. Sharon suffered a massive stroke in January, began his victory speech by thanking the ailing prime minister.

Mr. Sharon's shadow hung over the campaign even though he remains in deep coma.

The new leader of Israel quickly turned to his goal of creating a final border with the Palestinians, and vowed that Israel would abandon its preference of peace negotiations in favor of unilateral actions if necessary.

In an appeal to Palestinian Authority President Mahmoud Abbas, Mr. Olmert suggested that he would be ready for negotiations but warned that Palestinians needed to prepare for compromise.

"During thousands of years, we planted the dream of greater Israel in our hearts ... but in recognition of the reality, we are ready to compromise, and concede parts of the beloved land of Israel," Mr. Olmert said, "and evacuate with much sadness Jews living there to create the conditions that will allow you to achieve your dreams and build alongside us a state of your own."

In a jab at the newly elected Hamas government, Mr. Olmert said: "It's about time that the Palestinian public and its leaders adjust their dreams to a reality of the existence of the state of Israel as a Jewish state alongside them. It's time the Palestinian Authority resigns itself, just like us, to achieving only part of its dreams."

Voter turnout was at 57 percent, confirming widespread apathy amid an election campaign that was described as anemic and lackluster. The weak turnout was thought to have hurt Kadima -- which had been forecast to get as many as 39 seats a few weeks ago -- while strengthening smaller, niche parties with higher levels of voter loyalty.

"Ehud Olmert can't say that 'I got the mandate that I wanted,' " said Israeli political commentator Ben Caspit.

Led by Amir Peretz, a populist former union boss, Labor placed socioeconomic issues such as raising the minimum wage on par with questions of peace and security. In remarks that had the ring of a victory speech, Mr. Peretz promised to make good on policies aimed at helping Israel's poor and working class.

"We are going to create a new society," he said. "Today, the work is only starting."

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After ruling for most of the past three decades, Likud finished the campaign in disarray and blamed the press, the left and itself.

"The Likud has absorbed a huge blow," said Mr. Netanyahu in his concession speech.

Yisrael Beiteinu, a party combining Russian immigrants and right-wing hard-liners, finished with 12 to 14 seats, a surprise showing. Avigdor Lieberman, the chairman who has suggested ceding Israeli Arab towns to the Palestinians, said in a victory speech that he aspires to become the new leader of the Israeli nationalist political alliance.

The shocker of the elections was the Pensioner party, which won at least five seats, according to exit polls. It could be an important part of a coalition, analysts said.

Egypt Leader To Urge Israel On Peace Talks (AP)

By Nadia Abou El-magd

AP, March 29, 2006

Egyptian President Hosni Mubarak said he will encourage the newly elected Israeli government to resume negotiations with Palestinians, warning that unilateral moves "won't achieve peace."

In an interview published in Wednesday's edition of Al-Mussawar magazine, the Egyptian leader also called on Israel to "stop besieging" the Palestinians economically and targeting their leaders.

Acting Prime Minister Ehud Olmert declared victory in Israeli elections Tuesday, saying he will seek negotiations with the Palestinians but act on his own if necessary to draw final borders.

Before the election, the Israeli government had refused to deal with the incoming Palestinian government, led by the Islamic militant group Hamas.

Mubarak said he was waiting for the Israelis to form a new government before he contacts them to urge a resumption of the peace process.

Given the Israeli reluctance to deal with Hamas, Mubarak said the new government could negotiate with "the Palestinians that are represented by the Palestinian Liberation Organization and supervised by its leader Abu Mazen," as Palestinian President Mahmoud Abbas is known.

The moderate Abbas favors peace negotiations with Israel while Hamas refuses to recognize Israel or renounce the use of violence against the Jewish state.

Mubarak urged Hamas to honor existing agreements with Israel. Hamas has refused to recognize the agreements, regarding them as conferring recognition on Israel.

Mubarak said Israel should stop "besieging Palestinians economically and not retain Palestinian customs revenue, which will subject Palestinians to more economic crises and, in turn, encourage more violence."

Mubarak also insisted Israel should "stop its military operations against the Palestinians and chasing their leaders." Although Israel and militant Palestinian groups declared an informal cease-fire early last year, Israel has continued to launch airstrikes against leaders of the Islamic Jihad group in particular.

Turning to other regional problems, Mubarak warned in the interview that any attempt to attack Iran's nuclear facilities would destabilize the Middle East and increase terrorism across the world.

He also said attempts to replace U.S. troops in Iraq with soldiers from Arab or Muslim-majority countries would not succeed because many of those countries don't want to be involved and Iraqis do not want any foreign interference in their country.

Hamas-Led Cabinet Is Approved (WP)

By Scott Wilson

The Washington Post, March 29, 2006

JERUSALEM, March 28 -- The Palestinian parliament on Tuesday endorsed a new cabinet led by Hamas, a political triumph for the radical Islamic movement that must now confront the myriad problems plaguing the Palestinian Authority.

The cabinet, headed by Prime Minister Ismail Haniyeh and filled out by Hamas officials and independents allied with the organization, was approved by 71 legislators, most of them from Hamas and the radical Popular Front for the Liberation of

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Palestine. Leading Hamas figures will run the powerful Interior, Foreign and Finance ministries, as well as the influential portfolios of Higher Education and Health.

Not a single lawmaker from Fatah, the secular nationalist movement that Hamas ousted in the Jan. 25 parliamentary elections, voted for the cabinet.

Palestinian Authority President Mahmoud Abbas, known commonly as Abu Mazen, had demanded that Hamas recognize Israel and endorse a two-state solution to the conflict before it assumed control of the 24 ministries. International donors have also demanded that Hamas accept those conditions or risk an end to the aid that the Palestinian Authority relies on to function.

But Hamas leaders have rejected those appeals. Saeb Erekat, a Fatah legislator, said Hamas's failure to agree to the conditions has created "one authority with two palaces, which is a grave development."

"I hope Mr. Haniyeh will act like the prime minister for all the Palestinians and not just Hamas," Erekat said. "I hope he will learn while in office the importance of accepting Abu Mazen's plan or risk international isolation that can only hurt the Palestinian people."

The vote marks the start of a political contest between Abbas and Hamas, whose leaders have no governing experience above the local level. Abbas declined to block Hamas's cabinet to give the party a chance to govern the territories on its own or suffer the political consequences if it fails, according to sources close to him.

Hamas won its parliamentary majority in part because of its reputation for effective local governance. But Abbas believes the party will fare no better than his Fatah movement in controlling Palestinian militias, improving the economy or easing the hardships of the Israeli occupation.

A source close to Abbas said the president hopes to "erode the reputation of Hamas" and perhaps win its agreement for new parliamentary elections in six months.

Hamas, formally known as the Islamic Resistance Movement, is designated a terrorist organization by the United States and the European Union for the armed campaign it has waged against Israel. While refusing to recognize Israel, Hamas leaders have said they would accept a long-term truce if Israel left the land it occupied in the 1967 Middle East war, released Palestinian prisoners and recognized the right of Palestinian refugees to return to property inside what is now the Jewish state.

Haniyeh said in a speech before the legislature this week that he would be willing to talk with the United States about ending the Israeli-Palestinian conflict. U.S. officials rejected the proposal.

"Regrettably, the U.S. administration is always hasty in making its decision and reaffirms its bias toward Israel and against the Palestinian people," Haniyeh told reporters Tuesday at the parliament building in the Gaza Strip.

Palestinian Parliament OKs Hamas Cabinet (AP)

By Sarah El Deeb

AP, March 29, 2006

The Islamic militant Hamas moved a step closer Tuesday to taking power, winning overwhelming parliamentary approval for its 25-member Cabinet.

The parliament met as Israelis voted in a historic election billed as a referendum on the future of the West Bank. Incoming Palestinian Prime Minister Ismail Haniyeh said he opposes plans by the Israeli front-runner, acting Prime Minister Ehud Olmert, to draw the country's final borders by 2010.

However, Haniyeh toned down Hamas' militant ideology, saying he was not interested in perpetuating the cycle of violence with Israel. Hamas has killed hundreds of Israelis in suicide attacks in recent years, but has largely stuck to a truce for the past year.

"We're not calling for conflict or the continuation of the bloodbath in this region. We are a government that looks out for the interests of the Palestinian people," Haniyeh said.

But even as the Cabinet was approved, Gaza militants for the first time fired a Katyusha rocket into Israel, the Israeli army said. The launching of the Katyusha, which has twice the range of the Palestinians' homemade Qassam rockets and is deadlier, raised fears that rocket fire could reach the southern Israeli city of Ashkelon.

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The militant group Islamic Jihad claimed responsibility and said the rocket attack, which caused no injuries, was timed to coincide with Israel's election. Israeli security officials said the rocket apparently was smuggled into Gaza from Egypt.

In Gaza City, Hamas lawmakers broke into chants of "God is great" after parliament voted 71-36, with two abstentions, to approve the new lineup. Palestinian legislators swarmed Haniyeh to congratulate him. After the vote, Haniyeh went to the house of Sheik Ahmed Yassin, the Hamas founder assassinated by Israel in 2004, to pray with other Hamas leaders.

On Tuesday evening, thousands of cheering and whistling Hamas supporters gathered at the parliament building in Gaza to celebrate the vote as Haniyeh stood on a balcony above and threw candy at the crowd.

"While elections are taking place in the Israeli entity, here the flags of the government of Hamas and the government of the Palestinians are rising high," he told the cheering crowd.

The new Cabinet is to be sworn in by Palestinian President Mahmoud Abbas later this week.

Olmert has refused to deal with Hamas' incoming Cabinet and in his victory speech Tuesday night, he appealed to the Palestinians to accept a scaled-back dream as Israel has — as quickly as possible.

If they don't, "Israel will take its fate into its own hands," he said. "The time has come to act."

Haniyeh said he opposed Olmert's plan to draw Israel's final borders, with or without negotiations with the Palestinians. Olmert wants to withdraw from large parts of the West Bank and dismantle dozens of small Jewish settlements, but annex the large settlement blocs.

"We said from the beginning that any Israeli step that will impose facts on the ground or undermine Palestinian rights, such as creating so-called temporary borders, is rejected and unacceptable policy," Haniyeh said.

Hamas is listed as a terror group by the United States and European Union, and Western countries have threatened to cut off aid to the cash-strapped Palestinian Authority once Hamas takes over.

Marc Otte, the European Union's special envoy to the Middle East, said the EU would only work with a Palestinian government that "agrees to the platform of peace."

The new Cabinet includes 20 Hamas members and five independents. Twelve ministers are from Gaza and 13 from the West Bank. One is a woman and one a Coptic Christian. Nine are engineers and the rest have university degrees in other fields. Fourteen have spent time in Israeli prisons.

The Gaza session was hooked up via video link to a simultaneous session in the West Bank city of Ramallah, where members of the incoming Cabinet lined up to receive congratulatory kisses from lawmakers. An Israeli travel ban between Gaza and the West Bank prevents the whole legislature from meeting in one place.

Haniyeh said he intends to push for an independent Palestinian state with its capital in Jerusalem and the right of Palestinian refugees to return to their homes in what is now Israel.

Those demands are far more moderate than Hamas' traditional call to replace Israel with an Islamic state. However, the group, which won Jan. 25 elections in a landslide, has stopped far short of accepting demands by the international community to renounce violence and recognize Israel's right to exist.

Haniyeh said the new government planned a tour of Arab countries "to secure aid for the Palestinian people and the government and the authority."

Bush May Refuse To Meet Nigerian President (AP-Y2)

By George Gedda

AP2, March 29, 2006

The White House suggested Tuesday that President Bush might refuse to meet with Nigerian President Olesegun Obasanjo this week if answers are not forthcoming about the disappearance of indicted former Liberian President Charles Taylor.

Taylor has been indicted by a U.N. tribunal on charges of war crimes and crimes against humanity while in office.

He has been living in Nigeria under an agreement that helped end Liberia's civil war in 2003. Last week, Nigeria's government agreed reluctantly to surrender him to stand before a U.N. tribunal, but Nigerian officials said Tuesday that Taylor had vanished.

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Bush is scheduled to meet with Obasanjo on Wednesday in the Oval Office. Asked Tuesday whether the meeting was still on, White House press secretary Scott McClellan said, "Right now, we're looking for answers from the Nigerian government about the whereabouts of Charles Taylor."

On Capitol Hill, Secretary of State Condoleezza Rice told senators it would be a matter of "utmost seriousness" if reports of Taylor's escape are true.

Sen. Patrick Leahy (news, bio, voting record), D-Vt., said it would be inappropriate for Bush to receive Obasanjo under the circumstances. Rice, testifying before a Senate Appropriations Committee hearing, did not respond to Leahy's comment.

The charges against Taylor included aiding and directing a Sierra Leone rebel movement and trading guns and gems with the insurgents.

Taylor also has been accused of starting civil war in Liberia and of harboring al-Qaida suicide bombers who attacked U.S. embassies in Kenya and Tanzania in 1998, killing 12 Americans and more than 200 Africans.

The United States, the United Nations and others have demanded that Taylor be handed over to the international war crimes tribunal in Sierra Leone.

Nigeria's government agreed last week to hand him over to Liberia, which almost certainly would have transferred him to Sierra Leone for trial.

McClellan directed questions about Taylor's whereabouts to Nigerian officials and refused to speculate about whether somebody within the Nigerian government was involved in Taylor's disappearance.

"It is the responsibility of the Nigerian government to see that he is conveyed to the special court in Sierra Leone," he said. "We expect the government of Nigeria to fulfill this commitment."

The State Department said there was deep concern about reports that Taylor had fled. Deputy spokesman Adam Ereli told reporters that U.S. officials are in contact with the government of Nigeria to determine Taylor's whereabouts.

Even though the Nigerian government has acknowledged Taylor's disappearance in a statement, Ereli said the United States was seeking final confirmation from Nigerian leaders.

US Raps Nigeria As Liberian Warlord Vanishes (FT)

By Dino Mahtani And Guy Dinmore

Financial Times, March 29, 2006

The Bush administration last night was considering cancelling a White House meeting scheduled for today with Olusegun Obasanjo, the Nigerian president, following the disappearance of Charles Taylor, the former Liberian president wanted for war crimes who had been given asylum in Nigeria.

A White House spokesman said the US was waiting to hear back from Nigeria on the whereabouts of Mr Taylor. Officials said Condoleezza Rice, secretary of state, would meet Mr Obasanjo but a meeting with President George W. Bush was in doubt.

The officials expressed dismay that Mr Taylor had vanished after Washington had delivered a strong message that Nigeria was responsible for handing him over for trial by a special UN-backed court in Sierra Leone for his role in the civil war there. Liberia's newly elected president, Ellen Johnson-Sirleaf, who visited the White House last week, had called for him to face justice.

Ms Rice called Mr Obasanjo on Friday to reinforce that message, a US official said.

Members of Congress were outraged that Nigeria had apparently let him slip away on Monday, just two days after it had complicatedthe situation by suggesting that Liberian officials should come and collect Mr Taylor.

"Nigeria reportedly has let a mass murderer with alleged links to al-Qaeda slip out the back door," declared Ed Royce, a California Republican, calling on Mr Bush to call off the meeting. Mr Royce warned of "serious sanctions" by Congress for any country that gave sanctuary to Mr Taylor who is seen as a serious threat to regional security.

Mr Taylor, who won elections in Liberia in 1997, was given asylum in Nigeria in 2003. African leaders and western governments brokered the deal to stop further bloodshed and end 14 years of war that had killed some 250,000 people.

Since Mr Taylor's arrival in his seaside villa in the Nigerian city of Calabar there have been allegations by prosecutors and investigators that he was breaking the terms of his asylum by arranging secret meetings and meddling in Liberian politics.

In 1985 Mr Taylor escaped from a US prison while awaiting extradition to Liberia on corruption charges.

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Security around his residence was reportedly lax during the days after Mrs Johnson-Sirleaf's request. Court prosecutors in Sierra Leone had made a request for Nigerian officials to arrest Mr Taylor. Nigeria said it would set up a panel to investigate his disappearance

"His disappearance could mean higher tensions in Liberia in the short term, but there are a lot of people who would rather see Taylor dead than alive, and everything that's happened is pointing more in that direction," said Mike Mc Govern, West Africa project manager of the International Crisis Group.

The Least Surprising Jailbreak Ever (NYT)

The New York Times, March 29, 2006

Charles Taylor, the Liberian warlord and former president, has disappeared from his Nigerian haven, just days after President Olusegun Obasanjo agreed to turn him over to a war crimes tribunal. The disappearance is a diplomatic disaster for Mr. Obasanjo, who is scheduled to meet with President Bush today. We hope it doesn't turn into something worse for West Africa.

The conflicts linked to Mr. Taylor from 1989 to 2003 cost an estimated 500,000 lives and spawned a generation of child soldiers. He supported rebels in Sierra Leone and Ivory Coast who hacked off the limbs of civilians; he received diamonds in return, which he used to finance fighting in Liberia. Mr. Obasanjo did West Africa a favor in 2003 when he took in Mr. Taylor, ending Liberia's civil war.

For years, Nigeria had resisted the idea of handing over Mr. Taylor, saying it would give him only to an elected Liberian government. When Liberia's newly elected president, Ellen Johnson Sirleaf, requested this month that Mr. Taylor be turned over to a war crimes tribunal in Sierra Leone, Nigeria replied that Liberia was free to take him.

Nigerian security forces let Mr. Taylor slip through their fingers on the same day that a State Department spokesman said it was Nigeria's responsibility to see that Mr. Taylor was arrested and sent to Sierra Leone.

It's hard to believe the Nigerians did much to stop him. A reporter with Agence France-Presse who recently visited Mr. Taylor at his plush villa in the southeastern city of Calabar saw no sign of any Nigerian security on the way in, and only one policeman on the way out.

Once, in an earlier incarnation, Mr. Taylor sawed his way out of a county jail in Boston and used a knotted sheet to climb to freedom. If ever there was a disappearance that could be predicted, this was it. Let's hope that Mr. Obasanjo's carelessness doesn't lead to a return of Taylor-style ethnic fighting in West Africa. That is something no one can afford — including the Nigerian president, whose country has had some sectarian and ethnic clashes of its own lately.

A War Criminal Escapes (WP)

The Washington Post, March 29, 2006

ON MONDAY one of the world's most dangerous and despicable war criminals, Charles Taylor, escaped just as he was about to be brought to justice for his actions. His crimes include the incitement of wars in four West African countries; the enslavement, rape or dismemberment of thousands of children; and collaboration with al Qaeda. His freedom threatens the fragile stability of Liberia and its democratically elected president, Ellen Johnson-Sirleaf, as well as of Sierre Leone, Guinea and Ivory Coast.

The man responsible for this catastrophe, Nigerian President Olusegun Obasanjo, has an appointment at the White House today with President Bush. If the meeting goes forward, he deserves the frostiest of receptions. Under the guise of protective custody, Mr. Obasanjo shielded Mr. Taylor from justice and allowed him to continue meddling in West African affairs for more than two years. Now, having run out of excuses for refusing to turn him over to an international tribunal, the Nigerian has allowed Mr. Taylor to flee from the seaside villa where he was being held. Mr. Bush, who hosted Ms. Johnson-Sirleaf just two weeks ago, should tell Mr. Obasanjo that the United States will hold him personally accountable for Mr. Taylor's recapture.

Some prodding is clearly needed. Most governments would declare a national manhunt and consider sealing the borders if someone as dangerous as Charles Taylor were on the loose. Mr. Obasanjo's reaction was to issue a statement yesterday, many hours after the war criminal's escape Monday night, announcing his "disappearance" and the formation of a commission to investigate. It has two weeks to report back; perhaps Mr. Obasanjo believes that during that time any controversy will blow over.

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But as long as Mr. Taylor is free, years of efforts by the United Nations, the United States, European governments and Nigeria itself to stabilize West Africa will be at risk. It's not hard to foresee the warlord appearing at the head of yet another ragtag army, composed of drugged or brutalized children, in one of the several countries he has terrorized in the past decade.

Even if Mr. Taylor is soon captured, Mr. Obasanjo will merit some reevaluation. Though democratically elected, the two-term president may be seeking to transform himself into one of Africa's Big Men; he has done nothing to stop allies who are trying to change Nigeria's constitution so that he can remain in office. His offer of refuge to Mr. Taylor in late 2003 may have prevented a bloody end to a rebellion against his criminal regime in Monrovia. But when the Nigerian was asked to turn Mr. Taylor over to the U.N. tribunal in Sierre Leone, he produced a string of increasingly implausible excuses. First he said he would act only at the request of a democratic Liberian government. When Ms. Johnson-Sirleaf courageously made that request, he insisted that Liberians take custody of Mr. Taylor, even though he was to be moved from Nigeria to Sierra Leone.

Over the weekend Liberian and tribunal officials publicly pleaded with Mr. Obasanjo to arrest Mr. Taylor, warning that he would seek to escape. Mr. Obasanjo took no action. Perhaps he can't accept the idea that an African leader, even one as vile as Mr. Taylor, would be held accountable for his crimes. But if Mr. Taylor's escape leads to the murder, rape and dismemberment of more innocent Africans, their blood will be on Mr. Obasanjo's hands.

Taylor Said To Vanish In Nigeria (WP)

By Craig Timberg

The Washington Post, March 29, 2006

LAGOS, Nigeria, March 28 -- Former Liberian president Charles Taylor has vanished from a guarded government compound in southeastern Nigeria, authorities reported Tuesday, just days after an announcement by officials here opened the way for his transfer to an international war crimes tribunal.

The whereabouts of Taylor, 58, who had lived in exile in Nigeria for 2 1/2 years, remained unknown by the end of the day. But it was clear his disappearance had scuttled plans for a quick turnover to a U.N.-backed tribunal in Sierra Leone. The court there has indicted him for war crimes and crimes against humanity, including mass rape and murder, stemming from a civil war in Sierra Leone that many blame him for fomenting.

Nigerian President Olusegun Obasanjo, who was due to meet President Bush in Washington on Wednesday, offered no immediate explanation for Taylor's disappearance, though Obasanjo convened a panel to investigate. A news release from his office said Taylor vanished on Monday night. A presidential spokeswoman said members of Taylor's Nigerian security detail had been arrested, according to the Associated Press.

News of the disappearance was greeted with alarm and anger by the special prosecutor in Sierra Leone, human rights groups and officials from the United States and the United Nations, all of whom had lobbied vigorously for Taylor to be turned over to the tribunal. Many officials had expressed fear that he might try to flee following Nigeria's announcement on Saturday that it would hand him over to Liberian custody.

"Today marks a step back on the road to accountability and justice. Charles Taylor is now an international fugitive," Desmond de Silva, special prosecutor at the Sierra Leone court, said in a statement. "For him now to disappear, on the eve of his transfer, is an affront to justice."

Separately, Scott McClellan, the White House press secretary, suggested Bush might not meet with the Nigerian president on Wednesday. "Right now, we're looking for answers from the Nigerian government about the whereabouts of Charles Taylor," McClellan told reporters. Secretary of State Condoleezza Rice said it was Nigeria's responsibility to hand over Taylor for prosecution, warning of "consequences" if that did not happen.

Rumors of Taylor sightings immediately spread through Nigeria, with some reports placing him at the airport in the seaport of Lagos. Others said he was with a police escort Monday night in Calabar, the riverfront city where he had been living in a lavish government complex since August 2003, following his departure from Liberia in the face of encroaching rebels.

It was unclear where Taylor might be heading, but he has purportedly amassed billions of dollars from a variety of business dealings, including illicit trade in diamonds, guns and timber.

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A coalition of Nigerian and international human rights groups issued a statement on Tuesday warning "that the disappearance of Mr. Taylor is capable of destabilizing the fragile peace in Liberia and reversing the gains of the just concluded transition to civil rule."

Obasanjo had long resisted pressure to turn over Taylor to a war crimes tribunal, maintaining that only a democratically elected government in Liberia could properly request his return. The country elected Ellen Johnson-Sirleaf in November, and she requested earlier this month that Taylor's asylum be terminated.

What followed was a contentious public debate over where Taylor should be taken. Obasanjo suggested Liberia, and his spokesman went so far as to say that Liberian authorities could enter Nigeria to arrest Taylor in Calabar. Johnson-Sirleaf pushed for direct transfer to Sierra Leone, home of the international court that indicted Taylor in June 2003, and where Taylor stoked a civil war that involved such brutal tactics as widespread use of child soldiers, sexual slavery and the chopping off of civilians' hands.

As the debate continued, de Silva urged Nigerian authorities to arrest Taylor immediately. That did not happen, leading some groups to charge that Obasanjo had aided in Taylor's disappearance, or at least failed to take steps to prevent it.

"There's absolutely no excuse for an indicted war criminal to be able to slip out in the middle of the night," said Corinne Dufka, a Human Rights Watch researcher, speaking from Dakar, Senegal. "It's just a disgrace."

David M. Crane, the former special prosecutor in Sierra Leone who issued the indictment against Taylor, said he believed Obasanjo allowed the former Liberian leader to flee in a bid to assuage other African leaders. Many were unhappy that Nigeria had given in to Western pressure against a head of state. Obasanjo "should be pilloried for this," Crane said by phone from Detroit, adding that Taylor's vanishing "is our worst nightmare."

The disappearance was not Taylor's first. He escaped a Boston jail in 1985 after being imprisoned on charges of embezzlement.

His past has many in West Africa worried that he may attempt to resume activity in the region. He is a close ally of the president of nearby Burkina Faso. He also reportedly has maintained ties with militant groups in Liberia and other countries.

When he left office in 2003, Taylor said, "God willing, I will be back."

Ex-warlord Escapes From Nigeria (CSM)

By Katharine Houreld

The Christian Science Monitor, March 29, 2006

LAGOS, NIGERIA - Nigerian President Olusegun Obasanjo's long-awaited trip to Washington Wednesday may be overshadowed by a controversy surrounding the whereabouts of another West African leader, former Liberian president Charles Tayor.

The Nigerian government confirmed that the ex-warlord Mr. Taylor - who was due to be handed over from Nigerian custody to the authorities at a war crimes court in Sierra Leone - had gone missing Tuesday, and said it had established a panel to "ascertain whether he escaped or was abducted."

Taylor's "spiritual advisor," Dr. Kilari Anand Paul, told the Monitor by telephone from the Ethiopian capital, Addis Ababa that Ethiopia is one of several countries he is lobbying to offer Taylor refuge. Mr. Paul said he is also trying to get Taylor into Libya, Venezuala, and Syria.

A UN-backed Special Court has charged Taylor with seventeen counts of crimes against humanity for backing rebel groups in Sierra Leone who tortured thousands of civilians during a struggle to control the country's diamond fields. No charges have yet been brought against him in his native Liberia, where he began a war that claimed up to a quarter of a million lives before he went into exile in Nigeria in 2003. At the request of a newly-elected Liberian President Ellen Johnson-Sirleaf, President Obasanjo agreed to transfer Taylor to Liberia custody last Saturday.

Mr. Obasanjo is likely to face "considerable criticism" from President Bush and members of Congress over the issue, according to Princeton Lyman, the director of the Africa program at the Council for Foreign Relations.

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"This is a grave situation. Secretary of State Condoleeza Rice has put a lot of emphasis on having Charles Taylor brought to justice," says Mr. Lyman. "There have already been worries that he might slip away and this suggests the Nigerians have not been nearly careful enough." Obasanjo's dilemma

The news comes at a time when the Nigerian President is already facing considerable criticism for refusing to rule out constitutional changes that would allow him to run for a third term. An insurgency in the oil-rich Niger Delta has also shut down a quarter of production in the fifth-largest supplier of crude to the United States.

"Obasanjo offered [Taylor] asylum and doesn't want to be seen as going back on his word, says Ayesha Kajee, of the South African Institute of International Affairs. "And in a sense one doesn't blame him. He probably feels Taylor was foisted on him - and now he's being forced to go back on his word to a fellow head of state."

This is particularly uncomfortable because of the lack of precedence for punishing former heads of state in Africa. "When you turn in a former peer, you immediately lay yourself open, firstly, to charges of overriding sovereignty, but also to the possibility that you might someday be in that boat, says Ms. Kajee. "And that's what many African heads of state fear more than anything." US pressure

The US is seen by analysts as the key force behind Ms. Johnson-Sirleaf's call for Taylor to be transferred to Sierra Leone, and the US push is two-fold. Taylor has such a bad reputation that many in Congress want him prosecuted. If Johnson-Sirleaf hadn't asked for Taylor to be sent to Sierra Leone, "There's a strong possibility that [the US] Congress would have voted against the aid Liberia so desperately needs to rebuild," says Kajee.

Also, the Bush administration may have its own self-interested motives: It's "keen to see quick prosecution of a globally recognized despot outside of the sphere of the International Criminal Court," which it opposes, says Kajee. "Then it would have legitimacy for saying that the prosecution of war criminals and those accused of crimes against humanity can take place outside the ICC." Destabilizing effect

Taylor's escape threatens to destabilize an already volatile region. "Not only is Taylor an indicted war criminal, he is associated with mayhem and murder throughout West Africa. Now that Taylor has gone missing on his watch, Obasanjo must redeem himself by conducting an immediate and vigorous search for and apprehend Taylor, who remains under a UN travel ban," says Corinne Dufka, the West Africa head of Human Rights Watch. "As a head of state and key player on the African continent, Mr. Obasanjo has a moral, political and legal responsibility to promote justice and stability in Africa, not undermine it."

Mike McGovern, the West Africa Project Director for the International Crisis Group, warns that despite the presence of 15,000 UN soldiers in Liberia, any delays in Taylor's trial will expose the new President, Ellen Johnson-Sirleaf, to possible retribution. "The Nigerian army is well trained, well funded, and they know what they are doing. If Taylor indeed disappeared, it is hard to believe that this was an accident," he says. "[This] gives pro-Taylor forces time to regroup and recruit."

Over 100,000 former fighters still roam the Liberian countryside. Now the escape of Taylor threatens even this fragile peace.

Nigeria Says Ex-President Of Liberia Has Disappeared (NYT)

By Lydia Polgreen

The New York Times, March 29, 2006

FREETOWN, Sierra Leone, March 28 — The former president of Liberia, Charles G. Taylor, vanished Monday night, two days after the Nigerian government said it would end his asylum and allow him to face an indictment by an international court here.

Mr. Taylor, the warlord-turned-president who unleashed a series of civil wars that engulfed much of West Africa in the 1990's, killing more than 300,000 people, disappeared from the seaside villa where he had been living in exile, according to a statement released Tuesday by Nigeria's government.

His sudden disappearance was a huge setback for the court, which is trying those suspected of atrocities in Sierra Leone's decade-long civil war, and a major embarrassment for the Nigerian president, Olusegun Obasanjo, just as he left for the United States to meet with President Bush. It was unclear late Tuesday whether Mr. Taylor fled to escape prosecution or had been abducted.

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"Taylor's disappearance is a disgrace," said Corinne Dufka, head of the West Africa office of Human Rights Watch, "not only for the victims for the brutal war in Sierra Leone, but also for efforts to establish the rule of law in West Africa."

Scott McClellan, the White House spokesman, said during a press briefing on Tuesday that Mr. Taylor's disappearance would not relieve the Nigerian government of its responsibility to turn him over to the special court in Sierra Leone. "We expect the government of Nigeria to fulfill this commitment," he said.

Kofi Annan, the United Nations secretary general, called on all countries in the region not to harbor Mr. Taylor, a United Nations spokesman said.

The news that the man who terrorized much of this region for more than two decades might be on the loose inspired dread, anger and awe. On the streets of Monrovia, Liberia's capital, rumors of a coup or an attack by Taylor supporters, several of whom hold seats in Liberia's newly elected Parliament, were rampant.

"Many people are frightened," said Cholo Brooks, a Liberian journalist, in a telephone interview from the capital. "They are worried he might cross over to Ivory Coast and use it as a base to cause havoc in Liberia."

In Sierra Leone, Desmond de Silva, the prosecutor of the international court waiting to try Mr. Taylor, called the disappearance "an affront to justice."

"Charles Taylor is a threat to the peace and security of West Africa," Mr. de Silva said in a statement. "His disappearance now from under the eye of a regional superpower only heightens that threat and puts the whole region on the highest alert."

Human rights advocates and politicians had harsh words for Nigeria's president for failing to arrest Mr. Taylor despite his long history of eluding capture. "Mr. Obasanjo is a key and influential player in Africa who should be promoting justice and stability instead of undermining it," said Ms. Dufka, who had urged Nigeria to tighten security around the house where Mr. Taylor and his entourage were living.

The development seemed bound to further undermine Nigeria's position as a regional power broker and enforcer of democratic norms, a role it played in helping to end the Liberian conflict in 2003 by accepting Mr. Taylor and in defusing recent crises in Togo and Ivory Coast.

But its influence has been waning as troubles at home have nipped at Mr. Obasanjo's globetrotting heels. A militant uprising in the oil-rich Niger Delta has slashed Nigeria's oil output, while sectarian violence killed more than 100 people last month. Speculation that Mr. Obasanjo will run for a third term despite a constitutional term limit has also heightened political tensions.

Mr. Taylor fled Liberia as a rebel insurgency tried to remove him from power in 2003, taking refuge in Nigeria after Mr. Obasanjo brokered a peace agreement. Mr. Taylor was already under indictment for his role in Sierra Leone's civil war, but the Nigerian government said it would turn Mr. Taylor over for prosecution only if requested by an elected Liberian government.

Liberia's new president, Ellen Johnson Sirleaf, said in an interview with The New York Times before her inauguration in January that Mr. Taylor's fate was a relatively low priority, given the myriad problems facing Liberia and the fragility of the peace there.

But under intense political pressure on a visit to the United States earlier this month, including a threat by Congress to withhold aid to Liberia if she did not act, she asked Nigeria to hand Mr. Taylor over.

Kayode Fayemi, a Nigerian political analyst who has worked with Ms. Johnson Sirleaf to secure peace in Liberia, said the United States might have made matters worse for Liberia by pushing the country to deal with Mr. Taylor before it was ready.

"She was actually literally harassed to do what she did," Mr. Fayemi said. "This is now going to make the situation much more complicated and so much worse."

K. A. Paul, an evangelical Christian who has acted as a spiritual adviser and spokesman for Mr. Taylor, said Tuesday that he had spoken to one of Mr. Taylor's aides and had been told that Mr. Taylor was in hiding somewhere in West Africa.

Backed by Libya and others, Mr. Taylor incited a civil war in Liberia in 1989, which spread to neighboring Sierra Leone. He is accused of trading guns with the rebels seeking to topple Sierra Leone's government.

Bush May Find Political Soul Mate In Canada's Harper (KRT)

By William Douglas

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Knight Ridder, March 28, 2006

CANCUN, Mexico - President Bush arrives in Cancun on Wednesday for a two-day summit with Mexican President Vicente Fox and new conservative Canadian Prime Minister Stephen Harper, a political soul mate who's bent on improving his country's frosty relations with Washington.

While talks with Fox about immigration are expected to dominate the session at this Yucatan vacation resort, Harper will be pushing his own agenda, and when Bush sits down with him on Thursday, he'll see a mirror image of himself.

Harper, a 46-year-old economist, rose to Canada's highest office by talking about his religious faith, vowing to cut taxes and end government corruption, and promising to reconsider a same-sex marriage law that Canada's Parliament approved last June - all themes that Bush campaigned on in 2000 and 2004.

In addition, Harper said he'll consider the White House's offer for Canada to join in fielding a continental ballistic missile shield, an invitation that former Canadian Prime Minister Paul Martin rejected.

"If George Bush can't get along with Stephen Harper, he can't get along with any world leader," said David Taras, a political science professor at the University of Calgary. "They're ideological cousins, if not twins."

Sworn into office last month, Harper borrowed a page from Bush's playbook and secretly traveled to Afghanistan earlier this month to meet with Canadian troops, highlight his country's contribution to the war on terrorism, and buck up domestic support for the mission.

The trip also sent a message to Washington, according to John Hulsman, an analyst for the Heritage Foundation, a conservative think tank.

"That was to show the cavalry is back in town, that they're not going to be anti-American," he said. "Harper, like Bush, has a black-and-white, good-and-evil view of the world - they're cut from the same cloth."

That's a huge difference from the tattered relationships that Bush had with former Canadian Prime Ministers Martin and Jean Chretien, both members of Canada's Liberal Party.

Bush's relationship with Chretien, which was never great, eroded further after Chretien refused to send troops to Iraq. The war also strained relations between Bush and Martin, and they hit bottom last December when Martin chastised the United States at a United Nations conference for not doing enough to combat global warming.

Angry U.S. officials accused Martin, who was running for re-election against Harper, of playing the anti-American card. David Wilkins, the U.S. ambassador to Canada, issued a rare public rebuke, saying that "the United States should not be on your ballot."

Hoping to rise above the acrimonious past, Harper wants a "mature relationship" with Bush in which both men understand that if "we have to differ, we differ in a very transparent way, so there is a good understanding of why we differ," Canadian Ambassador Michael Wilson said.

Harper and Bush may become fast friends, but they still have to overcome a number of economic hurdles.

For example, Canada is the United States' largest trading partner, but the two have been engaged in a decades-long battle over soft lumber. Canada has accused the United States of unfairly imposing anti-dumping duties on Canadian softwood lumber to protect the U.S. lumber industry. Washington contends that Canada subsidizes its softwood lumber exports in violation of world trade rules.

"Softwood lumber is more than an irritant - it's a psychological symbol related to the North American Free Trade Agreement and whether America will play by the rules or whether the U.S. really likes NAFTA," Taras said.

Still, Harper's presence on the world stage will be a welcome one for Bush, who's slowly finding more foreign leaders he feels comfortable with as old foes, such as Martin, German Chancellor Gerhard Schroeder and French President Jacques Chirac, fade away through election defeats, retirements or term limits.

"The world is a friendlier place for the president, but the timing is wrong," Hulsman said. "When he was riding high, he had anti-Americans to deal with. Now, he's in a political zombie state, he gets people he can work with."

Can Turkey Bridge The Gap Between Islam And The West? (CSM)

By Yigal Schleifer

DOJ_NMG_0023379

The Christian Science Monitor, March 29, 2006

ISTANBUL, TURKEY - After decades of keeping the Arab and Muslim countries of the Middle East at arm's length, Turkey is trying to strengthen relations with its neighbors while at the same time recasting itself as a mediator in the region.

Prime Minister Recep Tayyip Erdogan delivered a speech at the opening of the Arab League summit in Khartoum, Sudan, where Turkey for the first time was given the status of "permanent guest" by the organization.

The prime minister's appearance at the summit - the first time a Turkish leader has done so - is the latest in a string of eyebrow-raising foreign policy moves: In February, a top Hamas official visited the capital, Ankara; soon after, Iraqi Prime Minister Ibrahim al-Jafaari made a bridge-building trip; and the Turkish government recently announced that it was planning to host firebrand Shiite Iraqi cleric Moqtada al-Sadr for an official visit - since put on hold.

While the moves have ruffled feathers from Israel and Iraq to the US and European Union (EU) - which Turkey hopes to join - analysts say these aren't so much blunders as a reflection of a significant change in Turkey's Middle East foreign policy.

"Turkey wants to be a message-bringer from the Islamic world to the West," says Huseyin Bagci, a professor of international relations at Ankara's Middle East Technical University (METU). "The government really believes that it can be a bridge between East and West, and this is the foreign policy."

The Turkish government offered to act as a kind of mediator between the EU and the Islamic world regarding the controversial cartoons of the prophet Muhammad. Turkey has also suggested its ties to the West and its improving relations with Iran could help it act as a go-between in the diplomatic crisis over Tehran's disputed nuclear program.

"We have historical links to the region, to the Middle East at large," says a senior Turkish foreign ministry official. "Turkey also has another important quality in this regard, which is that it has relations with everybody [in the region]. We can effectively pass on messages. We have trust on both sides of various conflicts."

But critics warn that this new policy is flawed and carries with it the risk of alienating Turkey's Western allies. The Ankara visit of exiled Hamas political leader Khaled Mashaal was strongly denounced by both Israel, the only Middle Eastern country with which Turkey has a military alliance, and by members of US Congress. Meanwhile, some of Turkey's efforts to upgrade its relations with Syria have been viewed by Western diplomats as counterproductive to efforts to contain the regime of Syrian President Bashar al-Assad.

"You can see a split between the people who run the foreign ministry and the people who run foreign policy for the [governing Justice and Development Party], and that's really a struggle for the future course of Turkish foreign policy," says a Western diplomat based in Ankara, who asked not to be named because of the sensitivity of the issue. "This is a rather new phenomenon that has crept up over the last few months."

"Where [Turkey's new policy] doesn't work is that if you are going to become an intermediary, what you do has to have some support outside of one of the parties," says Henri Barkey, chairman of the international relations department at Lehigh University in Pennsylvania. "This doesn't bring results if you don't have that support, it makes you irrelevant."

It can also impact Turkey's interests, Professor Barkey says. "There are a lot of congressmen who have been very supportive of Turkey but will now [after the Mashal visit] not lift a finger when something comes up that Turkey cares about," he says.

Adds Barkey: "I don't think anyone in Washington expects [Turkey] to downgrade trade relations with Iran or Syria. I don't think anyone faults the Turks for having better relations than we have with Iran or Syria. But when there is an international consensus on something, that is a line that shouldn't be crossed."

Other critics suggest that while based on good intentions, Turkey's policy presumes other countries are acting in good faith, which may not be the case. "It seems like a well-meaning policy but it fails when checked against the real politick of the Middle East," says Soner Cagaptay, director of the Turkish Research Program at the Washington Institute for Near East Policy. "The policy works so long as the other side needs Turkey."

But Bagci says events in the Middle East have left Turkey with few options other than to pursue a revised regional policy. "The 21st century is going to be a new era where East and West try to understand each other in a different way and Turkey is a window of opportunity for the West to enter the Islamic world in a different way."

DOJ_NMG_0023380

Bolton Presses For New Method Of Calculating Dues At The U.N. (NYT)

By Warren Hoge

The New York Times, March 29, 2006

UNITED NATIONS, March 28 — John R. Bolton, the American ambassador, will outline a proposal for fundamental changes in calculating United Nations dues on Wednesday that he said would address Congressional concerns that "the United States doesn't get value for money."

The plan, which Mr. Bolton is to present before the House International Relations Committee, has circulated privately and infuriated China and Russia, whose dues would rise, while the obligations of the United States, Japan and major European countries would decline.

"Obviously, when any country's contribution goes up, that is not going to be popular," Mr. Bolton said in an interview on Tuesday.

"But the real question is, will the U.N. step out of an antiquated system that it is using now and use something that in the best judgment of most contemporary economists in the international field is a better method," he said.

That method, known by economists as purchasing power parity, or P.P.P., would determine a nation's ability to pay under a system that measures comparative standards of living, rather than using the existing method of basing contributions on gross national products.

"The real issue in calculating the scale of assessments is how you evaluate the strength, the size of economies that are in very different circumstances, with currencies which are often not directly convertible, and that have official exchange rates which are not reflective of the actual size and strength of the economy," Mr. Bolton said.

Mark Groombridge, an economic counselor at the United States mission, said he ran into fierce opposition from China, Russia, India and some developing countries when he discussed the proposal before the General Assembly's budget committee on Monday. "It is fair to say that the U.S. was subject to intense questioning and scrutiny on the matter," he said.

Mr. Bolton said the opponents argued that the collection of data was incomplete and imperfect, but he said that the same was true of the current system.

According to International Monetary Fund figures, the P.P.P. calculation would result in China's gross domestic product rising from its current position of 7th in the world to 2nd, and Russia's from 16th to 10th. India would go from 12th to 4th.

Japan has suggested its own reform plan, which has also drawn opposition from Beijing and Moscow because it would call for a minimum rate of 3 to 5 percent of the United Nations budget for the five permanent members of the Security Council.

The United States, which pays 22 percent, would be unaffected. So would Britain at 6.1 percent and France at 6 percent. But China's current rate is 2.1 and Russia's is 1.1 percent.

Japan, which is the second highest contributor at 19.5 percent, has seen its ambitions to become a permanent member thwarted this year, at least in part because of opposition by China.

New calculations of assessments are made every three years, and the current one is to be decided this summer by a panel of experts and sent to the General Assembly for adoption.

Mr. Bolton said the United States was prepared to "cushion" the effect on countries whose dues would rise the most by phasing them in over a three-to-five-year period. "That certainly eases the burden," he said. "We're prepared to take mitigating factors into account."

The United States estimates that its portion of the $1.9 billion budget would decline from 22 percent to 21.5 percent under its plan, a change that Mr. Bolton argued was so slight that it undermined claims that the American plan was devised to benefit Washington.

"That's why nobody can say we have an ulterior motive with respect to the United States in this," he said. "We think we have a reform that is consistent with the idea of advancing the ideals of all member governments. Member governments should really be assessed in accordance with their real world economic capacity."

He added: "The point about purchasing power parity is that it's not an effort to put the U.S. in a better position or to put somebody else in a worse position. It's an effort to say, 'How do we really capture the strength of economies in the real world, how do we find a better way to reflect that reality in setting the U.N. assessment rate?' "

DOJ_NMG_0023381

Trade Truce With China In The Senate (NYT)

By Edmund L. Andrews

The New York Times, March 29, 2006

WASHINGTON, March 28 — Two of China's most relentless critics in Congress announced a temporary cease-fire on Tuesday in their long-running attack on China's foreign-exchange practices.

In an about-face, Senator Charles E. Schumer, Democrat of New York, and Senator Lindsey Graham, Republican of South Carolina, dropped plans for a bill that would threaten steep tariffs on Chinese imports if Chinese leaders refuse to let their currency, the yuan, rise in value against the dollar.

Both lawmakers said they had become more optimistic as a result of their weeklong trip to China, where Chinese leaders emphasized their willingness to let their currency float more freely and to address other aspects of their nation's growing trade deficit with the United States.

"We learned that the Chinese have come to a conclusion that a fixed currency is no good for China," Mr. Schumer said Tuesday. "We believe that the progress we have seen in the last two or three weeks will continue."

Mr. Schumer and Mr. Graham said they would not demand a Senate vote on their bill, which would threaten China with a 27.5 percent tariff on all exports to the United States if it did not let its currency move in line with market forces.

Though they said that they reserved the right to push for a vote by the end of September, the two senators made it clear they hoped to let the matter drop.

China has kept its currency at an almost fixed exchange rate against the dollar for more than a decade, and American manufacturers have long complained that the yuan's low valuation has given Chinese imports an extra competitive edge.

Political anxiety about China's huge trade surplus and its competitive pressure on American producers has risen in many quarters of Congress. The Bush administration, though a staunch defender of trade with China, has bluntly criticized Chinese leaders for failing to address a long list of trade complaints and has hinted it might accuse China of engaging in "currency manipulation."

Mr. Schumer and Mr. Graham have been threatening to force a Senate vote on their bill for nearly two years, but they have repeatedly held back after receiving assurances that China was moving toward a more flexible exchange-rate policy.

Last July, China announced a 2.1 increase in the value of the yuan and said it was moving away from a fixed exchange rate. But the yuan barely budged again until earlier this month, when the government allowed it to edge up another 1 percent.

As a practical matter, American companies are ambivalent about the entire issue.

The National Association of Manufacturers has complained about China's exchange rates for years, but it has opposed the Schumer-Graham bill out of fear that it would imperil a trade relationship that is vital to many American companies.

The group estimates that about a quarter of all manufactured goods from China come from subsidiaries of American companies. But that estimate does not include large volumes of imports from Chinese companies working as subcontractors to American manufacturers.

Senator Charles Grassley of Iowa and Senator Max Baucus of Montana, respectively the top Republican and Democrat on the Senate Finance Committee, are pushing a separate bill that would focus more attention on currency policies but stop short of threatening tariffs on imported goods.

Citing Progress, Senate Backs Off Showdown With China Over Yuan (WSJ)

By Michael M. Phillips And Andrew Browne

The Wall Street Journal, March 29, 2006

The Senate stepped back from the brink in its face-off with China over Beijing's practice of keeping the yuan weak against the dollar.

Sens. Charles Schumer, a New York Democrat, and Lindsey Graham, a Republican from South Carolina, announced yesterday that they wouldn't force an immediate vote on a bill that would impose 27.5% tariffs on all imports from China in retaliation for the alleged advantage that Beijing's currency policies give to Chinese firms.

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Senate leaders had promised Messrs. Schumer and Graham that the full Senate would vote on their bill by Friday. Both men returned from a trip to China this month, however, persuaded that Beijing was moving gradually toward a more flexible exchange-rate policy and that their tariff bill would disrupt commercial and political relations between the two powers.

Meanwhile, the two top-ranking senators on the Finance Committee, Republican Charles Grassley of Iowa and Democrat Max Baucus of Montana, unveiled an alternative bill, which they hoped would drain support for the more severe Schumer-Graham version. Their bill would leave it up to the Treasury Department to decide if China deserved retaliation -- and would offer much milder sanctions.

The committee leaders' bill is intended to strengthen the hand of the administration of President Bush in negotiating with China over currency issues without igniting a trade war or disrupting Washington's relations with Beijing, as many fear the tougher alternative would do.

In July, Beijing raised the official exchange value of the yuan by 2.1% against the dollar and promised to allow the rate to reflect market forces. Since then, the yuan has crept up an additional 1%.

Even as Chinese officials reassure visiting U.S. delegations, they have been careful to avoid the appearance that they are caving into American pressure.

In newly released comments, China's central-bank governor, Zhou Xiaochuan, ruled out "shock therapy" to reduce the country's surging trade surplus with the U.S. "China will only consider to take the gradualist reform approach," Mr. Zhou said in a March 20 speech summarized yesterday on the People's Bank of China Web site.

US Senators Postpone Anti-China Tariffs Bill (AFP-Y2)

AFP, March 28, 2006

Two US senators said they were postponing a vote on a punitive tariffs bill against China after Beijing assured them that it is serious about reforming its currency regime.

Democratic Senator Chuck Schumer and his Republican colleague Lindsey Graham said they had agreed to put off a vote on their bill, which was due to take place this Friday, "to no later than September 29."

That effectively gives Beijing six months to adopt "real reforms," the senators told reporters after meeting with US Treasury Secretary John Snow to brief him about their visit to China last week.

"If the pace of currency reform slows before that date, the senators will be able to call their bill for a vote sooner," Schumer said.

"We hope there will be real movement in the coming months," the New York senator added.

"We came back from China with a real feeling that the Chinese realised that pegging the currency is not only bad for America but bad for China as well."

Graham warned: "If at the end of September, there is no movement of a serious nature, not only would we have a vote but we would have an overwhelming vote."

Joined by Republican Senator Tom Coburn, Schumer and Graham visited China last week to press Beijing to float its currency, the yuan, ahead of a March 20 visit by President Hu Jintao to the White House.

Their bill would slap a hefty tariff of 27.5 percent on all Chinese imports into the United States unless Beijing moves quickly to float the yuan.

The bill survived an attempt to kill it in the Senate by an overwhelming 67-33 vote a year ago, jolting both the US and Chinese authorities about the level of rage in Congress over China's trade practices.

In July last year, under intense pressure from the United States, China revalued the yuan by 2.1 percent against the dollar and replaced its system of pegging the unit to the greenback with a basket of currencies.

The move came shortly after Schumer and Graham last put off their bill, assuring colleagues that China would soon reform its currency.

But the yuan has since risen only by about three percent against the dollar, fuelling the anger of US lawmakers who argue that a distorted exchange rate leaves US companies at an unfair disadvantage to Chinese rivals.

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But the senators appear to have been won over -- at least for now -- by promises of reform they were given in Beijing by top officials including Commerce Minister Bo Xilai and central bank governor Zhou Xiaochuan.

"Governor Zhou convinced me that their consumption rate has to change, they are saving too much and the only way they can consume more is to have a free-floating currency," Graham said.

"I know they could not possibly overnight revalue their currency 20 or 30 percent but they can continue what they have done in a faster pace," he said.

The senators expect some movement on the yuan as early as next month.

"April is a defining month if the president (Hu) is going to embrace currency reform as his government's policy," Graham said.

"If we have a good report by Secretary Snow that we can agree with showing more change, then I think it would be a win-win for us."

The Treasury Department is due to issue a periodic report on global currency policies next month that many members of Congress have argued should label China a currency "manipulator", thus opening up the way to possible sanctions.

Another bipartisan bill was introduced in the Senate Tuesday that would give the US government new tools to check "harmful currency imbalances and trade problems" with trading partners, including China.

The bill would create a new assistant secretary of the Treasury to focus more directly on currency issues and exchange rates.

Sens. Delay Bill Aimed At China Currency (AP-Y2)

By Foster Klug

AP2, March 28, 2006

Two senators decided Tuesday to delay a vote on a bill that would punish China for restricting its exchange rate, saying they had seen signs of currency reform during a recent trip to China.

The bill, sponsored by Sens. Lindsey Graham, R-S.C., and Charles Schumer, D-N.Y., would impose 27.5 percent tariffs on Chinese imports if the currency dispute is not settled.

The lawmakers said they would delay a vote to Sept. 29 at the latest. They said they would call the bill up for a vote if the pace of currency reform slowed before then.

"The jury is still out," Graham warned. "We will see in the next six months what the verdict is."

Schumer told reporters they "believe that the Chinese see the fact that manipulating their currency cannot continue."

"We expect continued progress on this issue," he said.

U.S. lawmakers want China to take steps to allow the yuan to strengthen against the dollar, saying the currency is undervalued by up to 40 percent.

The undervalued currency, U.S. manufacturers and politicians say, gives Chinese exports an unfair trade advantage, contributing to the United States' record $202 billion trade deficit with China last year.

China Signals Greater Currency Flexibility (WSJ)

By Andrew Browne

The Wall Street Journal, March 29, 2006

HONG KONG -- China's central-bank governor ruled out "shock therapy" to reduce the country's surging trade surplus with the U.S. But in carefully balanced remarks ahead of President Hu Jintao's planned visit to Washington next month, he suggested that China had become ready to allow greater currency flexibility.

Zhou Xiaochuan, in a summarized speech posted on the People's Bank of China Web site yesterday, also said Washington would be out of step with international opinion if it labeled Beijing a currency manipulator. The U.S. Treasury has hinted that it may do so in its next review of China's exchange-rate policy slated to occur about the time of Mr. Hu's trip.

Mr. Zhou's March 20 speech appeared aimed in part at damping expectations that China would succumb to U.S. pressure and allow significant appreciation of the yuan before Mr. Hu's visit. However, some economists say Beijing might try to improve

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the atmosphere by allowing more trading volatility, and by possibly letting the country's currency strengthen beyond the symbolically important level of eight yuan to the dollar. The yuan closed slightly higher yesterday at 8.0206.

Potentially paving the way for slight strengthening of the yuan, Mr. Zhou said most Chinese companies "have adapted smoothly" to a 2.1% appreciation of the yuan against the dollar that occurred in July and to gains of slightly more than 1% in the past half year. Mr. Zhou said that smooth adjustment meant "market forces could be allowed gradually to play a greater role in the floating exchange rate."

But he rejected the "shock therapy" advice peddled to Russia during its economic transition. That policy of rapid overhauls in the early 1990s sent the ruble into an inflationary spiral, wiping out savings and pensions. "China will only consider to take the gradualist reform approach," he said.

He said deep-seated factors are behind China's trade imbalance, precluding short-term solutions through currency changes. These factors include the shift of global manufacturing to China, which swells Chinese exports, and huge investment in China by multinational companies selling into the domestic market, which reduces imports.

Mr. Zhou said it would take two to three years for China to achieve balanced trade, and even then, it would continue to run a bilateral surplus with the U.S.

A congressional vote had been promised by March 31 in Washington on a bill that would have imposed an across-the-board tariff of 27.5% on Chinese imports unless Beijing allows the yuan to appreciate substantially against the dollar. The sponsors of the bill, Sens. Charles Schumer, a New York Democrat, and Lindsey Graham, a South Carolina Republican, have said an undervalued yuan costs U.S. jobs by making Chinese exports unfairly inexpensive. Yesterday, however, Messrs. Schumer and Graham, just back from talks in Beijing, said they would hold off on their punitive-tariff bill.

The U.S. trade deficit with China exceeded $200 billion last year, by U.S. reckoning.

U.S. Commerce Secretary Carlos Gutierrez, now visiting China, has called on Beijing to settle disputes over currency. He has said China risks a protectionist backlash in the U.S. if it fails to address concerns about the yuan.

Some economists say China's insistence that it doesn't manipulate its currency is undermined by the rapid buildup in its foreign-exchange reserves. To maintain a stable exchange rate, the central bank buys dollars as they flood in from exporters and investors, and sells yuan. The resulting yuan glut depresses the currency's value.

At the same time, dollar-buying has swelled China's foreign-exchange reserves.

The official China Business Daily, citing an unnamed source, yesterday said China's reserves hit $853.7 billion at the end of February compared with Japan's $850 billion. The central bank declined to comment on the newspaper report.

China Passes Japan In Foreign Exchange Reserves (NYT)

By Keith Bradsher

The New York Times, March 29, 2006

HONG KONG, Wednesday, March 29 — China's reserves of dollars and other foreign currencies hit $853.7 billion in February, an official Chinese newspaper said on Wednesday, allowing China to overtake Japan as the world's largest holder of foreign exchange reserves.

Japan's purchases in foreign currency markets to hold down the yen have been controversial for a quarter of a century. China's larger purchases to hold down the value of the yuan have caused similar anxieties from Washington to Brussels.

China Business News, a newspaper with close links to the government, reported that China's foreign reserves rose to $853.7 billion in February, from a previously announced total of $818.87 billion in December.

Japan, which has been doing little intervention lately, had previously reported $850.06 billion in reserves in February, barely up from $846.90 billion in December.

The latest figures show that the growth rate of China's reserves has slowed considerably in the last year, as speculative flows of money into China have faded, and that much of the remaining inflows reflect China's large and growing trade surplus.

Some economists contend that China's reserves effectively passed Japan's last year because more than $60 billion in reserves has been transferred to banks as swaps and injections of capital, with the money remaining partly under the control of the country's currency reserve managers.

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The International Monetary Fund requires member countries to disclose their foreign reserves regularly, but China's central bank has frequently lagged in officially disclosing figures. Instead, the figures often appear first in official newspapers, with no comment from the central bank, and are officially released days or weeks later.

U.S. And Europeans Consider Sanctions Against 40 Belarus Aides (NYT)

By C. J. Chivers

The New York Times, March 29, 2006

MOSCOW, March 28 — The European Union and the United States are considering personal sanctions against more than 40 officials and state journalists in Belarus for their roles in election rigging and crackdowns on civil society there, according to Western diplomats and government officials.

A list of officials under consideration includes not only President Aleksandr G. Lukashenko and his top staff but also government ministers and security officials, as well as prosecutors and judges involved in trying antigovernment demonstrators and sentencing them to jail.

The European Union and the United States announced an intention to pursue punitive sanctions immediately after Mr. Lukashenko's landslide re-election victory on March 19, which the West and the opposition have denounced as a sham.

The draft list of officials, a copy of which was obtained by The New York Times, reflects the work of diplomats in Minsk, the capital of Belarus, in the days since the election, and after crackdowns against peaceful protesters on March 24 and 25. It includes 43 officials or state journalists by name, and four regional election officials by position.

"We have drawn up a list, as the European Union heads of mission, and sent it to Brussels," a Western ambassador in Minsk said by telephone on Tuesday, referring to the union's offices in Belgium.

The exact form European sanctions might take has not been determined and requires agreement by the entire union, but is likely to include bans on the officials' travel to the 25 European Union countries, the ambassador said. Other steps might be taken as well, including freezing of assets.

The ambassador spoke anonymously because deliberations about which officials should face sanctions are confidential. He declined to discuss any officials by name.

The list is expected to be reviewed, and perhaps adopted, when the foreign ministers from the union meet in Luxembourg on April 10.

American and European officials said that although some names would probably be removed and others added, the speed of the list's creation and the collaboration between Washington and European governments reflected a resolve to apply pressure to Mr. Lukashenko's circle.

The United States has already banned travel for several officials, and plans to add more. "We are thinking through the right people to target, and are doing this in very close contact with the European Union," David J. Kramer, deputy assistant secretary of state for European and Eurasian affairs, said by telephone. He added that the list might grow.

In contrast to the European Union, the United States is forbidden to disclose the names of people under sanctions. But Washington has already brought sanctions against several officials in Minsk, and is steadily adding more, Mr. Kramer said.

Before the election, he said, the number of officials was "fewer than a dozen, and it's going to go up significantly. It's going up pretty much on a daily basis."

Mr. Lukashenko, whose inauguration had been scheduled for Friday but was postponed without explanation on Tuesday, is often referred to as Europe's last remaining dictator. The United States and Europe have financed part of the opposition that has begun to challenge him.

He runs Belarus, a nation of 10 million people along Russia's northwest border, like a Soviet holdout, where the preponderance of the economy is under state control. He is widely accused of vote rigging, corruption and Soviet-style repression.

He has been largely out of the public eye since March 20, when, anticipating the fresh round of Western sanctions, he said he was undeterred by Western threats. His spokesman, Pavel N. Lyogky, echoed Mr. Lukashenko on Tuesday.

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Any new sanctions, Mr. Lyogky said in a telephone interview, "are simply funny. They first of all are groundless, and secondly, they will not bring about any expected effect."

In spite of the consensus in the West to apply pressure against the Belarussian authorities, one potential point of contention is what action, if any, to take against prominent government journalists in Belarus.

Washington has been more willing to try punishing the journalists, whom it regards as K.G.B. officers, Western officials said, while European nations are concerned that limits against Belarussian journalists could lead to fresh restrictions against Western news gathering in Belarus.

The names of 14 journalists are on the draft list, labeled as "key figures in the propaganda, distortion of facts and attacks on the democracies and their representatives in Belarus."

The list also includes Aleksandr M. Radkov, the education minister, for "expulsions of students and restrictions on their travel," and Stepan N. Sukhorenko, the chairman of Belarus's K.G.B.

Yushchenko Meets With Former Ally, Old Foe (NYT/AP)

By The Associated Press

The New York Times, March 29, 2006

KIEV, Ukraine (AP) -- President Viktor Yushchenko began a round of coalition talks Tuesday with a former Orange Revolution ally and an old adversary following weekend vote that soundly rejected the beleaguered leader's pro-Western party.

Yushchenko sat opposite his one-time partner, Yulia Tymoshenko, in what was their first formal meeting since he fired her as prime minister six months ago after accusing her of abuse of office. In brief video released by his office, Yushchenko ruffled through notes and took on a lecturing tone, while she stared at him, wide-eyed.

Before that, he hosted pro-Russian opposition leader Viktor Yanukovych, reviving memories of their bitter showdown in the 2004 election. Yanukovych's ballot-stuffing attempt to win that vote triggered the Orange Revolution, which turned the nation toward the West.

Now Yanukovych is back: His party was the top vote-getter in Sunday's parliamentary election, and he confidently declared that he -- and not the president -- would put together the coalition that will form the new government.

Yushchenko's office said both meetings were "preliminary."

Tymoshenko, the blond-braided icon of the 2004 mass protests, gave a more upbeat assessment, saying afterward that she and the president "have a common vision for Ukraine's future and for the future coalition."

Yushchenko's presidency is not at risk, but the electoral defeat weakened him. Under constitutional reforms, which Yushchenko accepted during the tense days of the 2004 protests, the president's power to pick his prime minister and much of the Cabinet passes to parliament, leaving Yushchenko at risk of creeping isolation.

With no party winning a majority in the 450-seat parliament, the 226 majority can be reached only via a coalition.

With nearly 85 percent of the vote counted, Yanukovych's Party of the Regions won about 31 percent. Tymoshenko's party had about 22 percent, followed by Yushchenko's Our Ukraine party, with about 15 percent.

Tymoshenko has argued that only a revived Orange Team can keep Yanukovych out and safeguard the reformist ideals championed in 2004. But while the Orange parties won more votes combined, it remains unclear whether they will be able to overcome deep personal animosity and forge a coalition after months of trading insults.

After the talks, Yanukovych told journalists that he and Yushchenko did not discuss a coalition, adding that his party would wait until there was a final vote count.

But with no result after some 45 hours of counting, the president criticized the slow pace and warned of potential fraud.

"This could be regarded as somebody's intentional effort to benefit this or that political force," Yushchenko said in a statement.

Central Election Commission head Yaroslav Davydovych denied a political motive, blaming short-staffed and incompetent regional commissions and poor technology.

Since her strong showing, Tymoshenko has tried to keep up the public pressure on Yushchenko to forge a coalition. She wants to be prime minister again and predicted that a deal could be signed within a week.

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Yushchenko has kept his options open, but has repeatedly emphasized the need to bridge Ukraine's divisions. Yanukovych's party dominates in the Russian-speaking east, while the Orange Team rules in the Ukrainian-speaking west and center -- and Yushchenko's time in office has done little to fix that.

Yushchenko, who retains the right to set the nation's foreign policy and appoint the foreign and defense ministers, pledged that Ukraine would continue on its West-leaning path. Yanukovych has called for closer ties with Moscow and an end to Kiev's bid to join NATO, but supports European Union membership.

London Mayor Lashes U.S. Ambassador As A 'Crook' (WP)

By Mary Jordan

The Washington Post, March 29, 2006

LONDON, March 28 -- The mayor of London considered the virtues of the U.S. ambassador to Britain: "A chiseling little crook," Ken Livingstone concluded of Robert Holmes Tuttle on Monday, further dismissing the colonials' latest representative to Her Majesty's realm as a "car salesman."

Though Livingstone is known for contentious remarks -- he recently likened a Jewish newspaper reporter to a concentration camp guard -- splashing such verbal mud on Tuttle caused a flurry of amusement, embarrassment and tut-tutting among the British. Tuttle is a noted friend of President Bush and, it must be said, a purveyor of automobiles.

At issue is the U.S. government's refusal to pay more than a quarter of a million dollars in traffic congestion fees charged to cars that enter central London. The fees are a tax, the embassy says, and under international law, embassies don't pay taxes.

But Livingstone won't buy that line. "When British troops are putting their lives on the line for American foreign policy," he said Monday, "it would be quite nice if they paid the congestion charge."

Rick Roberts, a spokesman for the U.S. Embassy here, said he did "not want to dignify those remarks by responding to name-calling." But he noted: "We pay our parking tickets. We honor every commitment we have except tax. We are good citizens."

Other embassies in London also are refusing to pay the $14-per-car fee. "Our legal department in Berlin, like that of the State Department," concluded that the charge is a tax, said Michael Fluegger, a spokesman for the German Embassy.

A spokesman for the British Foreign Office said that "a large number of missions pay" and that Washington should, too. The spokesman added that the congestion fee "comes under the same category as parking fees and toll charges."

When diplomats have refused to pay parking tickets in New York and Washington, it has caused an uproar.

"It is absolutely not a tax," said Graham Goodwin, a spokesman for Transport for London, the city's public transportation agency. Goodwin said the United Arab Emirates also owed a considerable sum and was paying up.

The charge, implemented in February 2003, was designed to lessen traffic congestion in the city center and get more people to use the subway and buses.

Tuttle's family operates one of the largest automobile dealerships in the United States. He was sworn in as ambassador in mid-July, after the decision to stop paying the fee was made.

"This new ambassador is a car salesman and an ally of President Bush. This is clearly a political decision," Livingstone told reporters. On ITV television Monday night, he said: "It would actually be quite nice if the American ambassador in Britain could pay the charge that everybody else is paying and not actually try and skive out of it like some chiseling little crook."

On Tuesday a British civil liberties group, Liberty and Law, complained to a disciplinary board that the mayor had -- and not for the first time -- brought disrespect to his office.

"Ken Livingstone is an extremely left-wing, anti-American politician who delights in his anti-Americanism," said Gerald Hartup, director of Liberty and Law.

Livingstone was recently reported to the same disciplinary panel for his remarks to the Jewish reporter. The board suspended Livingstone from his duties for four weeks; he has remained in office pending the outcome of an appeal.

Meanwhile, the mayor last week tussled with two wealthy businessmen, telling them they should "go back to Iran and see if they can do better under the ayatollahs."

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His style has won admirers and detractors. "He is a bit of an idiot," said Stuart Alldrydge, 41, a London letter carrier. "If someone said something like that about him, all hell would break loose. The Yanks should have to pay the charge, though."

"Good on him," said Ann Love, 29, who works in financial services and supported Livingstone's tough words. "I think he just blurted it out -- he's just too honest to be a politician."

Municipal Workers Strike In Britain, Closing Schools And Offices (NYT)

By Sarah Lyall

The New York Times, March 29, 2006

LONDON, March 28 — Local government workers walked off their jobs across Britain on Tuesday, closing schools, libraries and other community centers in a one-day strike over reductions in pension benefits.

It was unclear how many people stayed away from work. The unions put the figure at more than a million, saying the walkout was the largest since the general strike in 1926, while the Local Government Association, which represents local councils, said the number was far less.

Ten unions are taking part in the strike, which also affected garbage collectors, traffic wardens, meat inspectors, street cleaners and social service workers, among others.

A spokesman for Unison, the largest union involved, said 15,000 of 21,000 primary and secondary schools around the country were closed. But a spokesman for the Local Government Association countered with figures showing that just 25 percent of its 1.6 million workers in all sectors had walked off their jobs.

"The vast majority of council services across England have not been affected," said the chairman of the Local Government Association, Sir Sandy Bruce-Lockhart. The group said it had no figures for Scotland, Wales or Northern Ireland.

At issue is the government's decision to abandon the so-called Rule of 85, which allows local government employees to retire at age 60 on full pensions, provided they have worked at least 25 years. The unions are arguing that the rule should continue to apply to current workers while being phased out for new employees, but the government says that with increasingly life expectancy, the cost to taxpayers for the current system could rise by as much as $10.5 billion in the next 15 years.

In a statement David Prentice, the general secretary of Unison, said other public-sector employees, like civil servants, teachers, police officers, firefighters and health care workers, have had their pension plans protected — unlike members of the Local Government Pension Scheme, whose pensions are at issue.

Most of affected workers are women whose salaries tend to be low anyway, he said. "There is absolutely no rhyme or reason in singling out L.G.P.S. members for such unfair and unjust treatment," Mr. Prentice said. "After a lifetime of dedicated service to their local communities, our members deserve the pensions they have already paid for."

Sir Digby Jones, the director general of the Confederation of British Industry, called the strike selfish, particularly in view of the fact that workers in the private sector are having to delay their own retirements.

"Private sector employers and their staff have had to get real, and recognize that longer life expectancies and the rising cost of providing pensions mean longer working lives," Sir Digby said in a statement.

Pocket Change Finally, A Healthy Japan Offers Lift For U.S., Asian Economies (WSJ)

By Sebastian Moffett And Yuka Hayashi

The Wall Street Journal, March 29, 2006

TOKYO -- Soichiro Takaoka, flush with cash from a successful consulting business, is an extreme example of the new Japanese consumer: He is splurging on expensive goods, many of which were imported. The 31-year-old just bought a $200,000 Ferrari Spider convertible and a $30,000 Cartier watch. He wears a pink and lavender Hermès cravat, green Berluti shoes and a brown Louis Vuitton suit.

Mr. Takaoka's spending shows how Japan's economy has started to grow in a way that could benefit the rest of the world. When Japan was booming nearly 20 years ago, the biggest indications were Tokyo's rocketing stock and land prices. Japanese people didn't buy as much from overseas as foreigners wanted. After a decade of slump, the recovery that began in 2002 was initially led by exports rather than domestic spending.

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Now, consumers and businesses are spending more. That's important, because their activity makes economic growth more sustainable: Even if exports were to slow because of problems in the U.S. or Chinese economies, domestic spending could keep Japan's economy chugging along.

The new spending reflects big structural changes in Japan. Local upstarts and foreign companies have taken advantage of the sharp drop in land prices during the 1990s downturn to buy stores or offices. Japan has also deregulated industries from financial services to food, sometimes under pressure from the U.S. It has loosened restrictions on large stores and opened the way for new types of financial products.

Once known as a fortress for home-grown products, Japan's market is now increasingly open to overseas companies and entrepreneurs. In the year ending March 31, 2005, imports were 10.2% of gross domestic product, the widest measure of economic activity, up from 6% a decade earlier. The figure is on track to reach 11% in Japan's current fiscal year, which ends Friday.

That means Japanese growth may this time be a boon for the rest of the world. The effects could be particularly strong in the rest of Asia, where Japan buys goods varying from clothes made in China to microchips made in South Korea.

To be sure, the world economy still depends heavily on purchases by American consumers. Because of their unabated appetite, the U.S. current-account deficit with Japan hit a record level of $99 billion last year. The figure reflects the total value of goods traded between the two countries as well as money flows in services such as tourism.

Japan's growth benefits other countries in ways besides trade. Some U.S. fund managers are scooping up Japanese household savings by offering new investment products with potentially higher returns than their Japanese competition. Pacific Investment Management Co., of Newport Beach, Calif., a unit of Germany's Allianz AG, has doubled the fixed-income assets it manages for Japanese clients to $40 billion over the past two years.

Japan's economy still has major long-term problems, including government debt that amounts to 160% of annual GDP -- the highest level of indebtedness in the developed world. Worse, the work force is declining as the number of elderly Japanese increases. That puts a greater burden on working people to support those who are retired.

But growth increases Japan's chances of coping successfully. It grew 2.7% last year -- close to the U.S. figure of 3.5% -- and economists forecast an even bigger Japanese expansion in 2006. Following several years of upturn in manufacturing, Japanese service industries are now investing more and demand for new homes is forecast to rise.

This new demand is benefiting companies around the world. Because of an increased desire for travel, plus new or expanded airports, Japanese airlines expect an increase in flights between Japan and mainland Asia during the next few years. Partly because of this, Japanese airlines are buying more planes from the world's two suppliers of big passenger jets, Airbus and Boeing Co. Boeing received orders for 197 airplanes from Japan between 2003 and 2005 -- more than the total in the previous decade.

In Japanese stores, consumers have an ever-wider array of choices -- and many of the new products are made overseas. For functional, low-cost wear, the big name in Japanese clothes is Fast Retailing Co., which makes most of its Uniqlo brand clothes in China. Foreign companies, from Gap Inc. to Prada Group NV of Italy, have multiplied their outlets in Japan, helped by falling land prices and the large-store deregulation. Overall, sales of imported consumer goods have risen about 40% since 2000, according to the Bank of Japan, while those made in Japan tumbled 20%.

The trend is most pronounced in big-ticket purchases. Cornes & Co., the Japanese importer for Italian sports-car maker Maserati, which is owned by Fiat SpA, says sales of the cars jumped to 400 last year from 238 in 2004. They cost $100,000 and up. "As well as our traditional customer base of people like doctors, we're getting a lot of new, younger customers recently," says Maki Abe, a Cornes spokeswoman. "A lot of them are entrepreneurs in fields like IT," or information technology.

Hirofumi Usui, president of a Tokyo company, e-Marketing Inc., that provides advice on marketing to the rich, says the biggest change for Japan is that people flaunt their wealth nowadays. The old Japanese desire for middle-class conformity has given way to a taste for flashy consumption, especially of prestige foreign items, he says.

"Japan used to be like a socialist country, and the Japanese thought the rich were boring, sneaky and lacking in taste," Mr. Usui says. "In the past, a lot of people would have been embarrassed to drive a Ferrari."

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Japanese consumers are also becoming more adventurous about investing. Rira Watabe, 37, got her highest bonus ever last year, as business took off at the Tokyo recruitment company where she works. At the same time, she's intent on building up her savings because jobs are less secure in Japan than they used to be and the pension system is strained. Japanese banks offer interest of just 0.03% on one-year time deposits, reflecting the supereasy monetary policy that the Bank of Japan adopted during the lean years and is only beginning to reverse.

Last year Ms. Watabe put about $3,000 in money-market funds denominated in Australian and U.S. dollars. One of these is an Australian-dollar fund that currently yields about 4.9% a year. She also puts about $250 a month in the Kokusai Global Sovereign Open Fund, which invests about a third of its funds in U.S. government bonds and most of the rest in European sovereign bonds. It returns 6% a year and its assets have more than tripled to $42.8 billion in the three years to Feb. 28, making it one of the world's largest bond mutual funds.

"I don't know what's going to happen to my job in the future and nobody knows what will become of the pension system," Ms. Watabe says. "We've got to protect ourselves."

Because of people like Ms. Watabe, Japanese purchases of U.S. stocks, non-Treasury bonds and financial derivatives totaled $62.8 billion in 2005, up 21% from the previous year.

The popularity of U.S. financial-services companies in Japan has been aided by a wave of deregulation since the late 1990s. Hartford Financial Services Group Inc.'s life-insurance arm entered Japan in 2000, soon after the government allowed Japanese brokerage firms to sell variable annuities to investors. These products resemble mutual funds except they offer tax advantages, benefits if the holder dies and sometimes protection from market losses. In the U.S., variable annuities have long been available and are sometimes criticized because of high fees and aggressive sales tactics, but they are a new concept in Japan.

In 2002, Japanese banks gained the ability to sell insurance products. This gave companies like Hartford relatively low-cost access to millions of potential customers. Hartford currently has 366,000 variable- and fixed-annuity accounts in Japan valued at $26 billion, nearly double the asset level a year ago. In a sign of how important the Japanese market has become, Hartford's Japan unit brought in $11.9 billion of new business in 2005, more than the $11.5 billion it recorded in new U.S. business.

"An enormous amount of wealth was handcuffed by risk aversion," says Stefan Reinwald, head of Japanese equities research at Calyon Capital Markets Asia. "Now it is put to work properly."

One factor reassuring average Japanese is the end of the long banking crisis that crippled earlier upturns. When Japan's stock-market and real-estate bubbles popped in the early 1990s, banks were left with mountains of bad loans on their books and they didn't want to lend money. Because Japanese businesses depend heavily on banks for financing, economic growth ground to a halt.

As banks finally cleaned up their books over the past three years, they began to lend again. Meanwhile, exports boosted profits at manufacturers, leading to higher wages -- which in turn are letting consumers spend more. The average household headed by a wage earner spent 74.5% of its income last year, the highest level since 1990, according to the government. Such a virtuous cycle is normal for a growing economy like the U.S., but in Japan, nothing like this has happened for more than a decade.

The good times are good news for Mr. Takaoka, whose consulting business gives investment advice to the wealthy. He used to work for giant trading house Mitsui & Co., but quit last year when he concluded Japanese investors were no longer satisfied with the safe options provided by big-name Japanese corporations. He says Japan's rich now want specialized services, which will make better use of their money. This will also give newcomers -- both foreigners and boutique services like his own -- the chance to manage Japan's new wealth.

"In the past, people went to big companies, so only these would get business," Mr. Takaoka says. Now, "people's field of vision has broadened. This is good for Japan."

Romania Backs Alternate Route For Pipeline To West (WT)

By David R. Sands

The Washington Times, March 29, 2006

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Russia's New Year's Day cutoff of natural gas to Europe has boosted Romania's strategic value as the route for a competing pipeline, Romanian Foreign Minister Mihai-Razvan Ungureanu said yesterday.

Mr. Ungureanu, in Washington this week for talks with senior Bush administration officials, said the brief midwinter interruption in Russian gas supplies underscored Romania's argument about the importance of the Black Sea region to the security of Europe and the West.

"We have been talking about this idea for a long time, but for some in Europe, this was a political watershed," he said during a breakfast meeting with a small group of reporters.

"It takes quite a fuss to get even the heads of the governments of Europe to discuss the issue, but it was an event everyone could understand: 'Someone turned the taps off.' "

The cutoff, which sprang from a bitter pricing dispute between Russia's gas monopoly and Ukraine, focused new attention on the so-called Nabucco pipeline, a $6 billion, 1,760-mile project that would bypass Russia while delivering natural gas from Central Asia and the Middle East to European customers.

The planned route would pass through Turkey, Bulgaria, Romania, Hungary and Austria for distribution across Western Europe. Moscow has proposed a competing pipeline route from Russia through Turkey and to the West.

Despite the concerns, Mr. Ungureanu said, Romania did not favor a policy of shutting out Russia, as he said some other former Soviet-bloc states advocated.

"We don't think Russia's shortcoming can be addressed by isolating Russia," he said. "Russia needs its Western partners just as much as we need Russia."

Since joining NATO in 2004, Romania has championed the importance of the Black Sea region, saying the security, economic and environmental challenges facing the countries on its shores have a direct impact on the stability of Europe as a whole.

Mr. Ungureanu said the agreement signed in December to establish new U.S. military staging bases in Romania was a sign that Washington also appreciated the rising importance of the Black Sea region.

"There is actually now a bit of a competition between [the European Union] and Washington over who can deal better with the challenges in our region," he said.

The foreign minister said Romania is committed to keeping its 870 troops in Iraq, despite the withdrawals of several other nations in the U.S.-led coalition.

"There is certainly no weakening of the resolve of Romania about Iraq," he said. "We have said that until the day when the Iraqi authorities can deal fully with their own security ... we will be there."

The minister said bilateral relations with the United States were strong, but he expressed frustration that improved ties have not led to more American investment in Romania's economy.

He said direct U.S. investment in Romania was $800 million -- "practically nil" -- despite NATO membership and the vote of confidence shown by the basing agreement.

Students And Unions Jubilant At Paris Protests (FT)

By Martin Arnold

Financial Times, March 29, 2006

French students and trades unions were in jubilant mood on Tuesday after more than 1m people took to the streets in protest against government labour reforms.

Despite the record turnout, Dominique de Villepin, the embattled prime minister, appeared to stand firm, brushing aside calls from members of the governing party to reach a compromise about his youth employment law.

“The republic is not about preconditions, it is not about ultimatums,” he told parliament.

There is mounting speculation that President Jacques Chirac, who yesterday cancelled a trip to be able to remain in Paris, could intervene in regard to the crisis. However, the president seems unlikely to take a decision until a constitutional court ruling on Thursday upon the validity of the new law.

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Nicolas Sarkozy, interior minister and Mr de Villepin's biggest rival for next year's presidential election, on Tuesday suggested a temporary suspension of the law during negotiations with unions.

Violence erupted in central Paris again, adding a sour note to the demonstrations that students and unions said attracted 3m people across France.

In Paris, police arrested more than 100 people after gangs of youths – most from poor suburbs – disrupted the march.

Police stepped up their presence at railway stations to intercept the casseurs – or troublemakers – and used paint balls filled with indelible ink to identify the mostly hooded figures trying to rob student protesters and smashing shop windows. Police also fired teargas.

Bernard Thibault, head of the communist CGT union, said: "We are more than 3m people today in the streets; it is historic. It is unthinkable that the prime minister will keep up his limpet-like attachment to his position." Police estimates put the number of protesters considerably lower.

Unions will meet today to decide their next steps if the government were to refuse to accept their demands for withdrawal of the first job contract – the CPE – that would allow companies to sack young workers more easily during a two-year trial.

France was also hit by widespread strikes in public transport, schools and many state-owned companies. Air traffic was heavily disrupted after 30 per cent of air traffic controllers went on strike. In Paris, about two-thirds of metro trains, regional trains and buses were running.

The government may be hoping that the constitutional court gives it an exit route from the crisis by blocking the law.

However, few legal experts expect it to declare the law unconstitutional, either because it discriminates against people aged under 26 or because it allows people to be sacked for no reason.

Eric Woerth, a centre-right UMP deputy and close ally of Mr Sarkozy, said the idea of a temporary suspension of the labour law was "the best way for everyone to get out of this crisis with their heads held high".

Mr de Villepin triggered a walk-out of parliament by the centrist UDF party when he left questions from opposition parties to his ministers and only answered those from his own party.

He repeated his offer to "improve" the contract during talks with unions, without changing the contract's fundamental shape.

Jean-Marc Ayrault, leader of the parliamentary Socialist party, called on him to "forget your pride, make peace with the French people".

Huge Protest Puts France To The Test (WP)

By Molly Moore

The Washington Post, March 29, 2006

PARIS, March 28 -- As many as 2.7 million demonstrators marched through the streets of French cities Tuesday in one of the country's largest protests in decades, as striking workers shut down the Eiffel Tower and the Paris Opera and disrupted train, bus and airline service nationwide in opposition to a new youth labor law.

The massive show of strength created new fissures in President Jacques Chirac's government, which early this month triggered the crisis by passing the measure to waive some of France's strict job protections and give employers new freedom to dismiss people under age 26.

Prime Minister Dominique de Villepin, author of the law, told Parliament on Tuesday that he would not give in to "the pressure of the streets." But Interior Minister Nicolas Sarkozy called for a delay in putting the law into effect to ease talks with labor unions.

Lawmakers from several parties warned that the size of the protests signaled a threat to the future of the government. The leader of the opposition Socialist Party, Francois Hollande, said the government was "running the risk of confrontation with a majority of the country." Bruno Julliard, president of the National Student Union, cautioned: "We are in front of a tidal wave."

The country's largest single demonstration -- a gathering in central Paris's Place de la Republique that unions estimated at 700,000 -- underscored the divisions in French society. Gangs of youths from poor suburban areas swarmed among the students and workers, snatching cellphones and knapsacks.

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Later, as screaming demonstrators ran from police water cannons and clouds of tear gas, men in business suits and women in fur coats watched from the balconies of luxury apartments high above the fray. Gray-haired diners at Les Freres Blancs restaurant sipped wine by candlelight, ignoring the frantic scenes unfolding outside the front windows.

The continuing protests also threaten to undermine France's tourism industry, just as it is starting to recover from a decline caused by rioting last fall in poor suburban communities populated primarily by immigrant families. Youths burned cars and attacked public and private buildings in what some said was anger at the government for ignoring their high unemployment rates and dismal living conditions.

On Tuesday, tourists inside the Holiday Inn fronting the Place de la Republique watched with expressions of horror as rows of black-suited riot police clashed with bottle-throwing demonstrators.

Thousands of other tourists suffered disruptions when striking workers closed the city's most famous tourist site, the Eiffel Tower, as well as the Paris Opera and other theaters. An estimated one-third of all flights to and from Paris airports were canceled and most others were delayed because air traffic controllers were striking, aviation officials said.

Parisians woke up to a morning without newspapers. The state-run radio, France-Info, one of the country's main news stations, played only music because technicians and reporters did not show up for work.

People who attempted to reach their workplaces grappled with commuting nightmares as only half of the suburban commuter trains were running and service on buses and subways was curtailed. Parents who took children to school found many teachers absent and some buildings locked. Services at banks, post offices and most government offices were limited.

Most of the demonstrations began in the afternoon. While official government estimates placed the number of protesters nationwide at about 1 million, unions put the figure at about 2.7 million. The government's figure of 92,000 participants in the Paris march seemed understated; broad columns of people marched into the square continuously for four hours.

The French government contends that the country's elaborate social safety net, including strict job protections, is too expensive and is holding the country back in global competition. Employers who have freedom to get rid of young employees they don't want would be more willing to hire in the first place, officials argue.

But Patrick Pion, a white-haired archaeology professor who joined Tuesday's demonstration in Paris, said the youth labor law has become a lightning rod for "all those who aren't satisfied with the current state of things" in France.

"It hit a very sensitive and symbolic target," Pion said. "The 16- to 26-year-olds -- our children -- and us workers."

"Everything's going wrong," agreed Khiter Sheba, 17, a high school student from a town east of Paris. "It's like France has the flu."

The protests are helping shape next year's presidential campaign. Prime Minister Villepin's likely chief rival for his party's nomination is Sarkozy, the interior minister, whose call for a delay in implementing the law, which is scheduled to take effect next month, represents a split with Villepin. A constitutional court is scheduled to rule Thursday on the law's validity.

The Interior Ministry said more than 4,000 uniformed and plainclothes law enforcement officers were deployed on Paris streets Tuesday in an effort to avoid the violence that accompanied a demonstration last Thursday in one of central Paris's most affluent districts. As that march was ending, stores were looted and vandalized and cars were set ablaze.

For much of Tuesday afternoon, the Paris demonstration resembled more of a festive parade than a protest. A jazz band aboard a truck led groups of demonstrators from across the country into the Place de la Republique, a traditional gathering spot for victorious politicians and protesters. The plaza features a statue of Marianne, a woman in flowing robes who symbolizes the republic and holds an olive branch aloft in her right hand.

But as the crowd swelled, chaos erupted. Riot police with shields and batons charged youths who were snatching cellphones. The thieves escaped by melting into the crowd.

Later, protesters threw bottles and sticks at police, who responded with tear gas and high-pressure streams of water. Some of the projectiles intended for the police smashed glass storefronts.

As one officer trained his water hose on protesters, he muttered to his colleagues: "Here we go -- the bad cops again."

Jobs Law Protests Shut Down Transit, Close Eiffel Tower (WT)

By Elizabeth Bryant

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The Washington Times, March 29, 2006

PARIS -- Protesters yesterday crippled France with massive demonstrations and a national strike, but failed to budge Prime Minister Dominique de Villepin from his steadfast defense of an unpopular new jobs law.

Chanting slogans and brandishing banners, hundreds of thousands of mainly young people spilled into the streets of Paris and other cities, denouncing the new law that makes it easier to hire and fire young workers.

The strikes disrupted transportation services as teachers and private-sector employees joined the walkouts. The Eiffel Tower was closed for fear of violence, and the U.S. State Department warned Americans to be wary of city crowds.

Police used tear gas and water cannons to break up scattered incidents of rock and bottle throwing last night. Police made 787 arrests around the country -- 488 of them in Paris -- National Police Chief Michel Gaudin told the Associated Press. Injuries in the capital were tallied at 46 demonstrators and nine police officers.

The demonstrations were the latest -- and largest -- expression of a fury that has spread from university campuses to Main Street France.

Mr. de Villepin issued a fresh call for political dialogue -- which was rejected outright by student and labor unions -- but showed no sign of backing down from the law, which calculates that companies will hire more young workers if they have more flexibility to fire them once they are on staff.

"The republic is not about preconditions," he said in the National Assembly. "It's not about ultimatums."

However, Mr. de Villepin's top conservative rival, Interior Minister Nicolas Sarkozy, proposed yesterday that the law be suspended while negotiations with the unions continue. The Constitutional Council is expected to rule tomorrow on its legality.

"I think we're heading toward some sort of compromise that won't be ideal, but will allow both sides to retain something," said Jerome Fourquet, studies director at the IFOP polling agency in Paris. "At the end, the law will be substantially changed."

Mr. de Villepin, who bulldozed the jobs law through parliament earlier this month, argues that the changes will slice youth unemployment, now at 23 percent. But critics argue it simply increases job insecurity by allowing businesses to fire young, first-time workers for any or no reason during their first two years of employment.

Several recent polls show a solid majority in all age groups oppose the legislation in its current form -- a sentiment echoed among the boisterous crowd that marched through Paris on a raw afternoon yesterday.

"I've held precarious jobs for the last 20 years," said 40-year-old educator Hishem Larach. "I don't want my children to end up with the same problems."

At universities like Paris 13, located in the grim suburb of Villetaneuse, there is little sign that student opposition to the law is waning. Banners denouncing the jobs law drape the cavernous campus center, along with flyers promoting yesterday's general strike.

"The government is going to have to repeal the law," said 20-year-old engineering student Abdoulaye Cisse, "because the students are not going to stop demonstrating."

Paris 13 has remained open while other schools are blockaded and shuttered, in part because its mainly immigrant, working-class students often juggle jobs and cannot make up study time lost through protests.

But its president, Alain Neuman, said: "I sense a real despair among my students. They're worried about the future."

Fear of the future is a continuing theme in France these days, particularly among the young. Nearly half the youths surveyed in an Ipsos poll last fall equated globalization with fear. Yet critics say France cannot afford to keep its generous social benefits and remain competitive. The economy is sluggish and unemployment hovers near 10 percent.

"We have privileges in our society we can't afford any more," said Julien Gomez, a history professor at Paris 13, who concedes he is in the minority on campus who support the jobs law. "Having a job for life is a privilege. People need to realize they have responsibilities."

In France, Systematized Revolt (CSM)

By Susan Sachs

The Christian Science Monitor, March 29, 2006

PARIS - In its choreographed and time-honed fashion, much of France went on strike Tuesday.

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A predetermined number of buses, subways, and trains did not run. Schools were ostensibly open, although teachers in certain grades had warned parents beforehand that they would skip class. In scores of cities and towns, about 1 million people marched peacefully - with only scattered post-march clashes between youths and police. No one expected to have mail delivered and, for the most part, they were right.

Prime Minister Dominique de Villepin, whose jobs plan for young people was the target of the nationwide protest, was already planning for the morning-after. He said he was open to discussing the details, but not the legitimacy, of his plan, and invited student and union leaders to meet when everyone goes back to work on Wednesday.

Indeed, for all its clamor and disruption, the latest political confrontation in France has a certain predictability to it.

Over the past 15 years, strikes and street demonstrations have become an integral part of the way public policy is made or, as is often the case, unmade, in a country that simultaneously fears and yearns for change.

With presidential elections scheduled for next year, the clash over the new labor contract has taken on the aspect of a dress rehearsal for the battles to come between Mr. Villepin, a potential candidate, and his rivals on the left and right wings of French politics.

But the latest eruption of public protest also has many people worried that politicians have lulled themselves into viewing such demonstrations as simply a form of popular referendum, especially after the surprise French rebellion against the European Constitution and the riots by suburban youth last year.

"Demonstrations are no longer even seen by the government as a sign of open crisis," says Danielle Tartakowski, a historian and professor at the University of Paris.

The prime minister, she adds, is flirting with danger. "If you make the demonstrations a quasi-norm of political life for resolving disputes," Mrs. Tartakowski says, "you can create a very strong destabilization of society and a strong sentiment of revolt."

The proposal that Villepin has been defending would add a new type of labor contract to the array of regulations that already govern relations between employers and employees.

The "first-employment" contract (CPE), as it is called, would permit companies to hire young people on the basis of a two-year probationary period with the freedom to fire them without cause at any time.

The prime minister described it as a reform to help reduce the 23 percent jobless rate among young people, but student groups have called it a contract of guaranteed insecurity for a single class of French worker.

Villepin pushed the proposal through the French parliament with little debate last month, prompting both union and some business leaders to complain that they should have been consulted before the law was written.

The process was itself an example of the country's dysfunctional system for finding consensus on social and economic reform, according to Jacques Julliard, a historian of contemporary French politics.

"Things are done in reverse here," he says. "First a law is passed and only afterwards is it discussed, in the street, chaotically and with a spectacular confrontation."

As the student and union protests over the law mounted over the past six weeks, Mr. Villepin also dug in his heels, saying he would not abandon the new law but was open to discussing changes that might provide better job protection.

A Socialist Party spokesman accused him of holding France "hostage to his presidential ambitions." Cartoonists for the French newspapers have taken to caricaturing him as imperial and imperious. And his chief rival in the center-right coalition government, Interior Minister Nicolas Sarkozy, has tried to exploit that image.

"One can be firm," said Mr. Sarkozy in a speech Monday evening that was billed as the start of his presidential campaign, "without being rigid."

But an opinion survey by the Ipsos polling firm and published in the daily newspaper Le Monde, suggested that Villepin's strategy in the face of the demonstrations has paid off in the short term.

Of the 959 people interviewed, 63 percent disapproved of his continued defense of the job plan. But 74 percent of those who identified themselves as supporters of the right-wing UMP, the party of both Villepin and Sarkozy, said they backed his stance.

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The opposition Socialists and other smaller left-wing parties, in the meantime, have thrown their support to the student and union demonstrators. Villepin, they said, must abandon the jobs plan completely or the demonstrations would continue.

The threats could be brinkmanship, a sort of "charade" with each side of the conflict taking a maximal position before a compromise, according to Mr. Julliard, who published a book called "Le Malheur Francais," or "The French Tragedy," last year. Or they could presage a serious government crisis.

"There are many people in the street and they are asking for nothing and proposing nothing," Julliard says. "They just want the law withdrawn. Yet at the same time, they expect a solution from the state. They distrust the political class and yet have this extraordinary confidence in the state. It's a particularly French form of immobility."

Liberte, Precarite: Labor Law Ignites Anxiety In France (WSJ)

By Andrew Higgins

The Wall Street Journal, March 29, 2006

PARIS -- On the edge of the Place de la Bastille, the symbolic starting point of France's 1789 revolution, Francois Brey waved a piece of soggy cardboard scrawled with his own call to revolt: "Death to Cows!"

A mild-mannered man with a stutter and a big beef, Mr. Brey joined more than a million people yesterday in a day of street protests and strikes across France triggered by a new youth labor law. It was the biggest day of protests after weeks of escalating agitation.

Mr. Brey, 51 years old, isn't affected by the proposed "first job contract." He was there to press his own idiosyncratic agenda. Alongside him in a rain-splattered Paris parade were a muddle of French anarchists, Kurdish Maoists, retirees nostalgic for the Soviet Union and teenagers from impoverished suburbs, who rioted late last year in a separate spasm of turbulence. Arguments and scuffles broke out among the groups. As night fell, order broke down and police clashed with bands of violent demonstrators.

The uproar began as a protest against a new law designed to relax a rigid French labor market that makes it difficult to fire anyone. In the process, however, the unrest has crystallized a deeper French anxiety. In better economic times, France maintained an elaborate system of social protections that cushioned citizens from the demands of the free market. The new law, which students call a symbol of "precarite," or precariousness, undermines that idea.

France's most famous period of violent protests in 1968 saw students rioting against what they saw as a rigid and smothering state. Today, it seems, they want the state back. Serge July, director of France's main left-of-center newspaper, Liberation, and a '68 veteran, says his country is gripped by "anguish about the future." It is also suffering from, he says, a "crisis of identity."

According to a recent poll, France is the only country among 20 surveyed where those who don't have faith in the free market outnumber those who do. Only 36% of those polled in France agreed with the proposition that the free market is the "best system on which to base the future of the world" -- compared with 71% in the U.S., 66% in Britain and 65% in Germany. In nominally communist China, 74% said they favored the free market, according to the University of Maryland's Program on International Policy Attitudes.

Police put the number of protesters yesterday across France at 1.05 million, more than twice as many as the previous biggest protest on March 16. Trade unions, which organized the rallies, put the figure at three million. A one-day strike to coincide with the protest disrupted hospitals, schools, rail services and air traffic, halted delivery of newspapers, dented production at France's biggest oil refinery and shut down the Eiffel Tower.

"We are all wreckers of this system," shouted students as they stormed into the Paris headquarters of the French news agency, Agence France-Presse. Earlier, in the southern city of Montpellier, students and anti-globalization activists took down a statue of Jean Jaures, a former socialist leader, saying they wanted to mourn the rise of capitalism.

In a rowdy gathering of the French Parliament yesterday, politicians traded hoots and insults, and disrupted an address by Dominique de Villepin, the aristocratic prime minister, poet and presidential hopeful who has staked his future on preserving at least fragments of the new law. Even some nominal allies on the right, including Interior Minister Nicolas Sarkozy, another likely presidential candidate, have sniped at the prime minister, who rammed the changes into law with scant debate or consultation with labor groups.

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Mr. Villepin says the new "first job contract," known by its French acronym CPE, will lower unemployment, which stands at 9.6% for the population as a whole and around 23% for young people. It allows employers to fire workers under the age of 26 without explanation during a two-year period of probation. The CPE would replace a complicated system that makes it hard to dismiss workers without big payoffs or expensive legal battles.

For many, though, arguments over what the measure will or won't do are irrelevant.

Mr. Brey, the man with the "Death to Cows" sign, said he doesn't have a gripe against animals but doesn't like French riot police, who huddled behind shields along the route of the march from Place d'Italie in the city's south to Place de la Republique. He says he adopted his slogan in homage to the 1968 revolt when protesters denounced police as cows, just as Americans sometimes use the slur "pigs."

His biggest fear is globalization, which he said would mean French people getting "eaten with a Chinese sauce." He believes France and the rest of Europe must focus on saving what they've earned behind a protective wall. "We can't make jeans for €2 a pair like the Chinese," said Mr. Brey, a television technician. "We can't win at this game."

Shafik Sarkaya, an immigrant from Turkey and a confirmed Marxist, said he doesn't know much about the proposed law. He does know, however, that it "defended the interests of bourgeoisie." He said he and a dozen "comrades," each carrying a red flag, wanted to show "our class solidarity with French workers." Mr. Sarkaya, a municipal worker, distributes a local government newsletter.

Another group of Marxists nearby waved red banners hailing the late Chinese leader Mao Zedong. Their "general secretary" says he disagreed with the rival group of non-Maoist Marxists led by Mr. Sarkaya but shared their "support for the fight of the French people."

Michael Haselli, a 24-year-old philosophy student, called himself a "resigned idealist," meaning he accepts the reality of the free market but would like something better. He joined in the march even though he's hoping to become a researcher and so is unlikely ever to need a "first job contract."

A group of pro-Palestinian activists handed out leaflets describing their opposition to Israel's role in the occupied territories as akin to the French labor "struggle." Anarchists set up a roadside stall stacked with stickers and fliers. "We want a rich life. Not a life of rich people," read one. Nearby, a group that champions immigrant rights chanted slogans denouncing the "first job contract" as an attempt to make "everyone an immigrant."

Taking shelter under a shop awning during a heavy downpour, a couple of French pensioners dressed in red jackets and wearing red stickers of the French Communist Party said they joined the march to protect the future of their 10 grandchildren.

Jacques Heller, 70, said he had some issues with the brutality of the old Soviet Union but also reminisced about the days when communism still "offered hope." His three children, he said, were not communists. Mr. Heller said he's not optimistic about his party ever winning power. Nonetheless, said his wife, Michelle, 68, a retired hospital worker, "we can't give up."

1 Million Across France March To Oppose Premier's Key Labor Law (LAT)

By Sebastian Rotella And Achrene Sicakyuz

The Los Angeles Times, March 29, 2006

PARIS — More than 1 million protesters marched through the streets of France on Tuesday in opposition to a labor law proposed by Prime Minister Dominique de Villepin, who has staked his political future on the outcome of the clash.

Strikes by transport workers, teachers and other public employees closed schools, slowed transit and disrupted services, but fell short of bringing the country to a stop. Despite an intense security deployment, there were scattered outbreaks of violence around the nation.

The protests culminated a five-week campaign by students who have shut down universities and high schools in an attempt to block a law that loosens job security safeguards in what De Villepin says is an effort to make it easier to hire young people.

"I'm here to show solidarity with the young people," said Nadia Kamech, 50, a biochemistry professor who marched despite intermittent showers in Paris. "I'm waiting for the government to retreat from its positions. If that's not the case, the movement will harden. It's not just the young people in the street, but everybody."

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The estimate of more than 1 million protesters nationwide was made by police; organizers said nearly three times that number of people participated.

During the afternoon, riot officers and volunteer union guards skirmished with dozens of youths in Paris who vandalized vehicles, smashed the windows of a supermarket and a cafe and roughed up protesters, stealing their cellphones, cameras and purses.

Police arrested at least 488 people in Paris and about 300 others elsewhere in connection with the protests. Authorities blamed some of the violence on gangs from outlying slums that have disrupted several recent protests, raising fears of a resurgence of the riots of last November by mostly Muslim residents of the housing projects.

As night fell and the march ended in the Place de la Republique, police used water cannons and tear gas to disperse protesters and others who refused to disband. Assailants threw bottles, stones and other objects at police, injuring one officer, who was hit in the face by a bottle rocket, authorities said. Eight other officers and 46 demonstrators were injured around the country.

Earlier, De Villepin had presided over unruly debate in the National Assembly. Legislators of the center-left opposition accused him of stoking social conflict. In response, the prime minister criticized labor representatives for refusing to negotiate two controversial details of the law: a two-year probation period for workers younger than 26 and the right of employers to dismiss those young employees without cause during that period.

"I am ready to engage in dialogue and modify the contract on two points," De Villepin declared over shouts and jeers of legislators. "They have refused my outstretched hand. I renew this offer here in front of all of you."

Union leaders rejected De Villepin's invitation to meet today and demanded that he accept talks about scuttling the law, which still has to be approved by a constitutional council and President Jacques Chirac.

De Villepin has refused to withdraw the measure, but has said he is willing to discuss reducing the probationary period and requiring employers to explain the grounds for dismissal.

The high-stakes dispute could decide the future of De Villepin's increasingly divided government and affect his chances of running for president next year.

An eloquent and mercurial technocrat, De Villepin, 52, has never run for office. He was appointed by Chirac, his mentor, last year.

De Villepin proposed the disputed labor law in response to last year's riots, which were blamed partly on France's youth unemployment rate, the highest in Western Europe. He used a special procedure to push it through the assembly without debate.

De Villepin has gambled that voters will agree that a system of extensive job security benefits has helped create a cadre of the hard-core unemployed, and must be curtailed. But he risks a popular backlash that has toppled previous leaders who tried to reform social welfare programs. In a nation that last year suffered its worst urban unrest in decades, the combination of street protests and lingering tension in the slums has caused deep concern. It also has aggravated De Villepin's intraparty feud with Interior Minister Nicolas Sarkozy, a longtime rival and fellow presidential contender.

Sarkozy, who leads the ruling center-right coalition, appeared to distance himself from De Villepin on Tuesday. He told coalition members that the government should hold off on implementing the law in order to advance negotiations, according to press reports.

De Villepin and Sarkozy are likely to be more concerned about their center-right voting base than with the demonstrators, mostly leftists unlikely to vote for either man. But polls show that more than half of voters disapprove of the labor law. And the Chirac government has been weakened by internal strife and a string of setbacks, including the riots and the defeat of the proposed European Union constitution in a national referendum last year.

Some protesters demanded that the government step down.

"Villepin resign!" chanted Eloi, a student wearing a scooter helmet. He pounded a drum in the Place de l'Italie in southeastern Paris, where rock music blared from speakers and the smell of hamburgers and sausages wafted from stands set up for the event.

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"I hope this demonstration brings about the withdrawal of the law," said Eloi, 19, who said he was a music student at the University of Vincennes-Saint Denis and declined to give his last name. "I hope it gets people talking to each other about globalization so they realize that's the real problem."

Labor leaders have warned of more strikes, including a possible general strike. Student leaders have threatened protests such as blocking roads and rail lines in the coming days.

Protests In France Over Youth Labor Law Turn Violent (NYT)

By Elaine Sciolino And Craig S. Smith

The New York Times, March 29, 2006

PARIS, March 28 — France was racked by strikes and demonstrations that turned violent on Tuesday, the latest act in a nationwide political and social drama aimed at forcing the government to rescind a new youth labor law.

A 36-hour strike, which began Monday night, set the stage for demonstrations in more than 250 towns and cities across the country that brought more than a million people into the streets, according to the police. Some of the labor unions put the figure much higher — at close to three million.

The worst violence occurred in the heart of Paris, as the demonstrations were winding down and groups of youths confronted the riot police. One police officer was reported seriously injured when a large firecracker thrown by protesters exploded in his face. The police eventually turned to tear gas and water cannons to clear the protesters away.

The turnout was the largest since protests against the new law began last month, gradually backing Prime Minister Dominique de Villepin into a corner. France's students and unions are demanding that he rescind the law, which he pushed through Parliament without consulting the public.

The law is intended to encourage the hiring of people under 26 by allowing employers to dismiss them without cause within two years. "It's historic," Bernard Thibault, the leader of the Confédération Générale du Travail, a giant left-wing labor federation, said of the turnout. He added, "For us there is just one outcome, and that is withdrawal of this reform."

The strikes that formed the backdrop to the protests disrupted aspects of daily life from transportation to services. Many of the country's universities, schools, post offices, banks, government offices, shops and unemployment bureaus were closed or at least worked more slowly than usual.

The Eiffel Tower was closed. French newspapers were printed but not distributed. Mail was not delivered. The state-run all-news radio station, France Info, broadcast only music. The Paris National Opera even canceled its ballet performances on Tuesday evening.

Still, it was a strike of half-measures. In Paris, 70 percent of the subways and buses were running normally. So were two-thirds of the high-speed TGV trains and half the other train services throughout the country. A third of the flights from French airports were canceled, but most were domestic routes.

Strikes and demonstrations are part of the fabric of French society. But this protest movement, which began three weeks ago, has been crucial for two reasons. The political stakes are high; Mr. de Villepin's presidential hopes hang in the balance, as do the current government's ability to make serious changes to a social welfare system that the country cannot afford.

Then there is also the fear that violence on the margins of the protests could get worse and reignite the nightly ritual of riots, arson and vandalism that gripped the country's suburbs for several weeks last fall.

"I'm afraid that if this continues, the kids from the suburbs will descend on Paris," said José Rodríguez, 37, on the fringes of the demonstration. "I'm afraid of the violence."

In Paris, the police deployed 4,000 officers to maintain order. There were reports of trouble in a number of other cities, including Rennes, Nantes, La Rochelle, Grenoble and Bordeaux. By early evening, more than 380 people had been arrested throughout the country.

Even before the protest started, a group of youths threw rocks at the police in the Paris suburb of Savigny-sur-Orge. Police officers dispersed them with tear gas and made a number of arrests. In another incident near the protest route, about 100 people, known as casseurs, or smashers, in French, broke the windows of a cafe.

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On one Métro line in central Paris, someone pulled the emergency brake on a train after a fight broke out between groups of youths, trapping passengers in the darkened tunnel for five minutes.

The protest march itself was largely peaceful until it reached the Place de la République, where the violence began with brawls between rival groups of young French-Africans, many of them from the troubled suburbs. The violence quickly shifted to skirmishes between police officers and bands of young casseurs.

Youths harassed the police by throwing sticks, rocks and bottles, while the police periodically charged the most violent groups to snatch one or two people for arrest. One shop window was broken along the broad square and the police quickly converged to protect the store from looting.

The police were restrained in controlling the violence, spraying tear gas from aerosol cans to keep protesters at bay and firing paint balls to identify people for possible arrest later on.

Still, a number of young people did suffer blows, both by the police and by other young people. One young woman was knocked down and kicked severely by a small group of young men. The police rescued one journalist as he was being beaten up and also intervened after a band of youths stole cameras and cellphones from marchers. Ambulances took several of the injured away.

As the evening wore on and tempers frayed, the skirmishes grew more violent until the police used water cannons and tear gas canisters to disperse the crowds. With only a few dozen protesters remaining, the French interior minister, Nicolas Sarkozy, arrived with television cameras in tow to thank the police for their restraint and professionalism.

"I came to congratulate the police for changing their methods," he said, apparently referring to the fires and vandalism that followed a student march last Thursday and to the beating suffered by a union worker taking part in a protest earlier this month. Witnesses said police officers delivered that beating, which left the man in a coma. An investigation is under way.

The presidential election is 13 months away, and politicians from the right and left are using the crisis for political advantage.

In a passionate speech tinged with anger before the National Assembly across town, Mr. de Villepin, a political rival of Mr. Sarkozy, vowed never to give in to demands that he rescind the law, although he repeated his offer to open talks on ways to change it.

"What I do not approve of is to just stand with crossed arms in the face of unemployment and to focus on the past, while my compatriots look towards the future," said Mr. de Villepin, his voice so loud that he was shouting at times.

When opposition deputies tried to shout him down with cries of "Stop!" and "Sit down!" Mr. de Villepin accused his detractors of inaction, saying that when the Socialists were in power, they never addressed the problem.

Earlier in the day, Mr. de Villepin met with lawmakers from the governing party, the Union for a Popular Movement, including Mr. Sarkozy, the party's leader.

In a break with the prime minister, Mr. Sarkozy proposed a delay in carrying out the new youth labor law, which was supported by other lawmakers, according to Bernard Accoyer, who heads the party's bloc in the National Assembly.

President Jacques Chirac, who played host to the king and queen of Spain for lunch on Tuesday, and has kept his distance from the crisis, canceled appointments outside Paris for the rest of the week to stay at Élysée Palace and monitor developments.

The strikes on Tuesday may be only the first of other work disruptions if the government refuses to back down.

Certainly, the image of France abroad already has been damaged. "We are currently in a situation of blockage," Léon Bertrand, the French tourism minister, said in an interview. "This time, it's in the heart of Paris. That's the problem."

The ministry was forced to spend $1.2 million to repair the country's image as a safe destination after the riots last fall. In a letter last week to Mr. de Villepin, Bertrand Delanoë, the Socialist mayor of Paris who is running for re-election, asked for compensation for Paris businesses that had suffered revenue losses since the protests began.

On Sunday, the defense minister, Michèle Alliot-Marie, blamed the English-language press for being anti-French. "We have to get out of this situation," she told French journalists. "This is bad for France, its economy. People who don't like us, particularly the Anglo-Saxon newspapers, are using this to denigrate our image."

Well Exercised And Supple, French Unions Flex Muscles (NYT)

By Craig S. Smith

The New York Times, March 29, 2006

PARIS, March 28 — Armed with hot dogs and baguettes, balloons, buttons, banners and, of course, gallons of red wine, France's major trade unions set out Tuesday to change the law, or to bring down a prime minister trying.

Responding to their rallying cry, more than a million people showed up in the streets, marching in the familiar protest parades that the unions sponsor from time to time. In Paris, the slow-moving street fair stretched for miles.

"The unions haven't been this united in 20 years," said Jean-Claude Mailly, general secretary of Force Ouvrière, as he prepared for the protests that are meant to force Prime Minister Dominique de Villepin to withdraw a contested law giving employers the right to fire recently hired young workers without cause.

Despite one of the lowest rates of unionization — only about 8 percent of the French work force are members — the unions have enormous leverage over the government. They play a unique organizational role in France's hierarchical society, rallying the populace accustomed to a confrontational relationship with leaders considered elitist. Spark-plug unions, some people call them.

Their mobilizations have killed efforts to change France's costly, rigid social welfare system before, and have hastened the end of the careers of politicians who got in the way.

But the unions, too, have their own troubles, rent by internal political and ideological battles that have cost them membership. The French have also been losing faith in the unions' ability to stop unpopular government programs after they failed to defeat painful pension reforms three years ago. The current protests and strikes present the unions with an opportunity to recover their reputation as the protectors of workers' rights.

In 1995, the last time France's unions were so united, they forced the withdrawal of a plan to trim pensions and curb health care costs, and were widely credited with causing the conservatives to lose elections two years later that left President Jacques Chirac in an awkward power-sharing arrangement with a Socialist prime minister, Lionel Jospin.

French trade unions got their start in the late 1800's, about the same time as in the United States. The country's first syndicate, the Confédération Générale du Travail, was formed in 1895, not long after Samuel Gompers organized the American Federation of Labor. But the arc of the two countries' labor movements diverged after World War II.

"American politics veered right while French politics veered left," said Gerald Friedman, an economist and author of "State-Making and Labor Movements: France and the United States, 1876-1914."

The French far right was discredited by its Nazi collaboration during the war, and the Communist Party emerged as a powerful force. It was able to put the right to strike into the French Constitution.

That clause makes all the difference: if workers strike in the United States, they risk losing their jobs, but strikers in France do not fear for their jobs, regardless of whether they are union members.

From the beginning, French unions have mobilized people to put pressure on the government instead of simply pressing employers. They have found a willing populace, thanks perhaps to the romantic legacy of the French Revolution.

Because French union organizers do not need the support of a majority of workers at an enterprise to form a union, a small minority of a company's workers can call a strike. When they do, many people take the day off regardless of whether they are union members. All they lose is a day's pay.

But most important, French unions have continued to play a leading role far beyond wage negotiations, fighting to shape a sort of workers' paradise and amassing entitlements for the broader population along the way. It is primarily because of the strength of the unions that all workers enjoy a minimum of five weeks of vacation, affordable health care and a 35-hour week.

"The unions are the origin of the great social conquests, the great entitlements enjoyed by France," said André Narritsens, a historian for the C.G.T., France's largest union.

That progress has won the unions a measure of popular support far larger than that enjoyed by American unions. Many people in the United States take a jaundiced view of strikes because union members are relatively better off than many private-sector employees. But French polls consistently show strong public support for striking workers, despite the havoc they may cause.

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And with strong ideological foundations, French unions have not become associated with organized crime, as has happened with some unions in the United States.

The Basque Spring (NYT)

By Bernardo Atxaga

The New York Times, March 29, 2006

Zalduondo, Spain

THE story that began when a group of university students founded Basque Homeland and Liberty, the organization known as ETA, has finally come to an end with its announcement last week of a permanent cease-fire. If a satellite could detect surges of relief and happiness rather than clouds or storm systems, then the entire southwestern part of Europe would appear on every television screen, and the weatherman of the hour would describe "a sudden reduction in the force of gravity in the region of the Pyrenees," along with breezes and winds that can cure any melancholy.

"These are uncommon phenomena," the weatherman would add, and he would certainly be right. Happiness is always rare, and even more so for the Basques, with 40 years of political violence behind us.

An old proverb has it that "if the thorn doesn't scratch when it first emerges, it will never scratch." The opposite can be said of the organization those students founded: it scratched from the beginning. Already in the early 1960's, its leaders spoke of the need for active resistance against Spain's dictator, Francisco Franco, "son of Adolf and Benito."

They defined, in passing, what they meant by the word "gogortasuna," or toughness: "It means sabotage, guerrilla warfare, frequent strikes, attacks against electrical plants. That is the path we must follow, that is the path of all peoples of the world, the path of liberty." The old-fashioned nationalists who'd taken the losing side in the Spanish Civil War were out of the game as those prepared to sacrifice themselves for Euskadi — the Basque homeland — took their stand.

For several years that attitude seemed little more than swagger, since "active resistance" amounted to some graffiti and the burning of a few Spanish flags. But then, on June 7, 1968, a 23-year-old named Xabier Etxebarrieta shot and killed an officer from the Guardia Civil, Spain's military police force, who'd asked him for his identification card. Hours later, a Guardia Civil patrol ended that young militant's life.

On that particular day, some bricklayers were working on our house. One of them turned to my father and asked, "Zer gertatuko da orain?" or, "What's going to happen now?" He suspected that the event had something to do with politics, and that it would affect us all.

The dead Guardia Civil officer, José Pardines, was buried in his native Galicia after a discreet funeral. As for Xabier Etxebarrieta, he was transformed into "the first martyr of the revolution." Pamphlets distributed during the days after his death waxed eloquent about his decision to abandon a promising career as an economist in order to be "closer to the People," comparing him to Che Guevara.

What was more, they promised revenge: "As of this moment we issue a warning. For us, Txabi Etxebarrieta is worth much more than all the members of the Guardia Civil put together. They have robbed us of him and for that they will be made to pay." The pamphlets were followed by poems and songs, and the image of Etxebarrieta — a skinny kid with nerdy glasses — became as ubiquitous as a popular singer's.

Forty years later, we need no special satellite to see the underside of that heroic posturing. Now our attention is fixed on the savage attacks the ETA perpetrated at the end of the 1980's — like the one in the Hipercor supermarket in Barcelona (21 dead) or the one at the Guardia Civil barracks in Zaragoza (11 dead, among them five little girls).

But back at the beginning, almost everyone accepted a vision of ETA as a band of young idealists prepared to risk their lives to defend a homeland and a language that since the bombardment of Guernica had been victimized by Franco. When, two months after Etxebarrieta's death, another of those young idealists assassinated a police inspector, Melitón Manzanas, the Spanish left publicly celebrated, saying that a "torturer of Communists, Catholics and many other people" had passed on to a better world.

Though we forget this, or don't want to accept it, a great many political nightmares begin as a dream, a shared notion of utopia. That's what happened with the Basques.

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Now, after the cease-fire, no satellite can send us a map of the future, but everyone wants to be a weatherman or a prophet. Some lovers of metaphor speak of Pandora's box and foresee great hatreds let loose. Others believe that pessimism is a sign of intelligence, and they recommend taking ETA's communiqué with many grains of salt. At the opposite extreme are those who call for a reconciliation, right this minute, between the country's two "sensibilities" — Basque nationalism and Spanish nationalism — starting with the creation of a monument that would record, together, the names of all the victims, those killed by ETA alongside ETA members killed by the police.

There are other positions, as well. Many other positions. But still and all, through the clamor of opinion, the feeling of happiness, of lightness, doesn't go away.

From my window I can see some bricklayers working on the facade of the house next door. They're talking boisterously, jumping from one scaffold to the next; they've got the radio turned up full volume. Their mood is nothing at all like that of the bricklayer who, in 1968, asked my father, "What's going to happen now?"

The Scandal Of 'Poor People's Diseases' (NYT)

By Tina Rosenberg

The New York Times, March 29, 2006

It's hard to imagine how a Rwandan woman with AIDS might be considered lucky, but in a way, she is. Effective drugs exist to treat her disease, and their price has dropped by more than 98 percent in the last six years. Research speeds ahead on treatments and vaccines. Although much more needs to be done, the world takes AIDS seriously: rich countries provide money, drug companies have lowered their prices and accepted generic competition, and poor countries like Rwanda are scrambling to provide free treatment to all who need it. None of this is true for people who suffer from malaria, tuberculosis, or a host of other diseases that citizens of rich countries haven't even heard of – like kala azar, sleeping sickness and Chagas disease. Even children with AIDS are out of luck compared to their parents.

All these diseases have been abandoned in some important way. For some, no good treatments exist and there is little attempt to invent them. For others, effective drugs exist, but aren't being made. Or those drugs are so expensive that poor people and poor countries have no hope of buying them. Most of these diseases are easily preventable and completely curable. Saving the lives of their sufferers is much cheaper and easier than treating AIDS. Yet millions of people die of them. Why the difference?

As fatal illnesses go, AIDS is the best one for a poor person to catch because rich people get it, too. The other diseases might as well hang out a sign: "Poor People Only." They offer researchers no profitable market. They have little political constituency. There is no well-connected group of sufferers who stage protests and lobby pharmaceutical companies and Congress to develop better medicines or make existing ones more available. The response to disease is political: the illnesses of invisible people usually stay invisible.

Five years ago, that would have been the end of the story. Today, however, for the best known of these diseases – malaria and tuberculosis – the bleak outlook is starting to change. They are slowly beginning to get the attention, money and research merited by the world's top killers.

People with AIDS all over the world are fortunate to have fellow sufferers in America and Europe. They are even more fortunate that many are middle-class gay men. These men have lots of education, leisure time and income (and usually no kids to spend it on). They are predominantly urban, well-connected and ultra-sophisticated. Their buying power provided pharmaceutical companies with a lucrative market for AIDS drugs. And they lobby. Groups such as ACT UP, which began in the 1980's fighting for the rights of their own members, are now savvy advocates for that woman in rural Rwanda. In poor countries as well, it helps that AIDS strikes all social classes. Brazil would never have become the first poor country to guarantee free AIDS treatment to all who need it without the activism of its many homosexual organizations. For every AIDS victim, though, there are many more suffering from diseases that lack this kind of constituency. Today, contracting a serious disease that affects only poor people is the worst luck of all.

I. How a Beauty Regime Salvaged a Cure for Sleeping Sickness

The story of sleeping sickness is a scandalous illustration of the politics of neglected diseases — and of how much wealthy people drive the global medical market. After malaria, sleeping sickness is the most deadly parasitic disease. It is endemic in 36

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African countries and is always fatal if it is not treated. The cure used in most places is melarsoprol – an arsenic-based drug so toxic that it collapses each vein into which it is injected and kills between two and eight percent of those who take it. There is another cure, eflornithine, so effective that it is called the "resurrection drug" – it makes people in comas get up and walk.

Eflornithine is an old anticancer drug that turned out to be not very effective against cancer. In the mid-1990's, the company that made the drug stopped making it. The fact that it was extraordinarily effective at treating sleeping sickness didn't matter, because victims of that disease had little money to pay for it. After it stopped production, the company, which is now known as Sanofi-Aventis, licensed the drug to the World Health Organization, which together with the medical charity Doctors Without Borders, searched for another manufacturer. But by 2000, the existing stocks of eflornithine were dwindling and no other manufacturer was interested.It looked as though the miracle cure would disappear. Then lightening struck. Eflornithine reappeared in a six-page ad in Cosmopolitan magazine as the active ingredient in the Bristol- Myers Squibb product, Vaniqa, a new cream that impedes the growth of women's facial hair. Doctors Without Borders, which had just won the Nobel Peace Prize and was launching an initiative to find cures for neglected diseases, seized the opportunity to launch a publicity campaign. Christiane Amanpour went to southern Sudan to report on eflornithine for "60 Minutes."

The predecessor to Sanofi-Aventis, which still controlled the rights to the drug, eventually agreed to donate a five-year supply, plus money for research, surveillance and training of health care workers, in a package totaling $25 million. The donation runs out this year, but there is a good chance it will be renewed. A Bristol-Myers Squibb spokesman inadvertently summed up the plight of sleeping sickness in 2001: "Before Vaniqa came on the scene, there was no reason to make eflornithine at all. Now there's a reason." The market agrees with him. Saving American complexions is a reason. Saving African lives, apparently, is not.

II. Why the Youngest AIDS Victims Suffer Most

AIDS in adults is a global focus of concern. AIDS in children, however, has been ignored.

Last year, 570,000 children died of the disease in poor countries, and 700,000 children became infected with H.I.V. Children should not be getting H.I.V. in the first place. Most of them acquire the virus in the womb, at birth or through breastfeeding. Infection is easily preventable with a drug that costs about a dollar per treatment. In many countries, the drug's producer, Boehringer-Ingelheim, provides it for free. It should be used everywhere in the world. But it is not. When children do become infected with H.I.V., there should be a good antiretroviral treatment for them, as there is with adults. But there isn't. Only about 40,000 children worldwide receive lifesaving antiretroviral drugs to combat AIDS. Children's antiretrovirals are expensive. Even in generic form, they cost three or four times the price of adult drugs. The syrups for young children taste terrible. The cheapest option for older children is to take the generic adult pills, broken by a caregiver into halves or thirds. But this poses a risk of underdosing or overdosing, as a half a pill doesn't necessary contain half its active ingredient.

Since most children with AIDS got the disease from their mothers, most sick kids are being raised by a grandmother or raising themselves. This makes having child-friendly medications even more crucial. One of the most important reasons the AIDS treatment revolution has bypassed kids is that pediatric AIDS is now almost exclusively a third-world disease. Virtually all pregnant women in Europe and North America get AIDS tests. Those who are H.I.V.-positive are either given antiretroviral therapy or a drug to cut mother-to-child transmission of the virus. In 1990, 321 infants were born with H.I.V. in New York City. In 2003, only five were. This is wonderful news for wealthy countries. But it has a deadly side effect: it means there is no more paying market for pediatric AIDS medicines, and no lobbying by those whose children have gotten sick. One result is a dearth of affordable child-friendly drugs. Former President Bill Clinton's foundation has negotiated cheaper prices for generic pediatric AIDS medicines from Cipla, an Indian manufacturer, but this only covers a few drugs.

The disappearance of pediatric AIDS from rich countries harms African children in more subtle ways as well. AIDS doctors and nurses in poor nations need clinical training in how to treat small patients whose doses must change as they grow. But there are few doctors with experience treating pediatric AIDS – they come from places that either don't have the problem, or that don't have the solution. Not much research exists about the long-term effects of antiretroviral drugs on kids. There has been little push to improve diagnostic tests or bring down their price – a serious problem, because the most widely used tests do not work in children under 18 months old.

III. Why One Million Africans a Year Die of Malaria

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Malaria used to be common as far north as Canada and Britain. It killed Oliver Cromwell. Shakespeare refers to it, as "ague," in eight of his plays. But today, many Americans don't even realize it is still around. Malaria is all but invisible despite the fact that it is one of the world's top killers, with over a million victims a year in Africa alone. It is the leading cause of death for children under five in Africa. Because rural children don't lobby, malaria is ignored even in Africa. Governments have come to accept a million child deaths as the natural order of things.

Malaria's victims suffer from their invisibility. One way is through lack of money to fight the disease. International organizations and aid agencies talk a lot about malaria. But they have not backed their talk with money. The solutions they push have been things poor people can buy for themselves, because most donors are unwilling to finance more effective measures. All over Africa, a main cure for malaria is chloroquine. The great advantage of chloroquine is that it costs only a few pennies, so even poor African families can buy it. It just has one small problem – in most places it doesn't work. The parasite has become resistant to it. There is a new, effective cure, called artemisinin-based combination therapy. Countries should be switching to it rapidly, but they are not, because it's much more expensive – around $1.40 for an adult cure, 40 cents for a child. That doesn't seem like much to save a life, but it's more than most malaria-stricken families can afford. That means rich-country donors would have to pay. Until recently, they haven't.

Now the United Nations' Global Fund to Fight AIDS, Tuberculosis and Malaria is starting to help countries switch to a malaria cure that actually works. Wealthy nations are also eager to help prevent the spread of malaria – as long as it doesn't cost much. The hot prevention tool today is an insecticide-treated net to hang over a bed. These bed nets are very effective, if people can get them. But people can't, because donors don't want to give them away. Even at the subsidized price of three dollars, the cost is high enough so that people living on a dollar a day do not buy them. One survey asked rural Africans what they would buy if they had the money. A bed net was sixth on the list. The first three items were a radio, a bicycle and, heartbreakingly, a plastic bucket.

Bed net sale programs generally do not work. In contrast, the country of Togo in 2004 gave away bed nets during its national measles vaccination days. Everyone who brought a child to be inoculated got a free bed net, or a voucher for one. Virtually overnight, Togo acquired an effective form of malaria prevention for most of its young children. But this is a solution many donors seem unwilling to finance.

The United States, of course, didn't beat malaria with bed nets. It killed mosquitoes with insecticide – something that African nations also did with much success half a century ago. Today, South Africa and Mozambique have drastically reduced malaria cases with a program to spray the insides of houses with small amounts of insecticide once or twice a year. Why don't other nations do this? Because it requires government financing, and that means rich countries have to pay. So far, they remain reluctant.

The truth is that many malaria victims would be better off if America still had the disease. If malaria still existed in America, we would be attacking it with DDT . In fact, we did exactly that. America sprayed DDT in large quantities on crops and cities. This was extremely irresponsible and did terrible environmental harm. But now we know that DDT can beat malaria without environmental damage, if it is used as it is in South Africa, sprayed in tiny amounts inside houses. DDT, however, is banned in the United States and Europe. That means that Washington has not, until the last few months, financed its use anywhere else and it has blocked the World Health Organization from issuing recommendations to use DDT. American officials maintained it was hypocritical to push an insecticide overseas that is banned at home. Americans are beginning to realize, however, that it is more hypocritical to deny Africa the ability to use responsibly the tools we used irresponsibly to beat malaria. Last year, President Bush announced a new program to fight malaria in Africa that he says will provide an additional $1.2 billion over the next five years. Such promises have a way of drying up, especially when they concern programs with little political constituency. But the program is well-conceived. It will give away bed nets, buy malaria drugs that work and finance indoor spraying. Eight countries in Africa are due to start spraying this year, and three will use DDT as their primary insecticide.

IV. Tuberculosis, Another Overlooked Killer

To many, tuberculosis is a disease of the past, reminiscent of Keats, the Bronte sisters, and a time when it was it was a death sentence all over the world. But it is only the cure that is outdated.

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The current cure for TB involves taking a six- to nine-month course of four drugs, the newest of which is 40 years old. The currently used – and not very effective – TB vaccine was invented 80 years ago. The most commonly used diagnostic method is hit-or-miss, and it doesn't work at all on people with AIDS. Until very recently, there was no research designed to solve any of these problems. But while the treatment of TB remains mired in the past, TB is, unfortunately, a disease of the future. Once thought to be disappearing, it has roared back, propelled by AIDS. In sub-Saharan Africa, TB cases are rising at six percent a year. One third of the world lives with the TB bacillus in latent form. When AIDS degrades a person's immune system, it activates TB, which has now become the number one AIDS-related killer. In some parts of Africa, 75 percent of people with AIDS also have TB. And they tend to be the poorest. Sons of presidents get AIDS, too, but they are unlikely to get tuberculosis. That has helped keep the disease invisible even as the numbers soar.

Five years ago, however, something happened. With financing from the Bill and Melinda Gates Foundation, researchers and public health officials created the TB Alliance. It scours universities and corporations for compounds – both existing drugs and brand new ideas – that might have promise against TB. It negotiates rights to these substances, then raises money to develop and test them, and to obtain regulatory approval – the things no drug company is interested in doing. A companion organization is doing the same for TB vaccines, and another one is taking on TB diagnostic tests. As a result, a drug pipeline that once held nothing now has several promising compounds in clinical trials that might allow a faster, less toxic TB cure.

The story of poor people's diseases has not been a happy one, but things are finally beginning to look up. From 1975 to 1999, only 13 new drugs for neglected diseases were invented. Since 2000, however, 63 new compounds have been put into development, including 18 that are in clinical trials. Most of these new compounds are being managed by groups like the TB Alliance, which go by the unwieldy name of public-private partnerships. These groups — including the Medicines for Malaria Venture , the Malaria Vaccine Initiative , and the International AIDS Vaccine Initiative — are starting to bring real hope to the problem of third world diseases. One World Health is a nonprofit pharmaceutical company that is trying to find cures for illnesses like diarrhea and Chagas disease. Its first product, a cure for a deadly tropical parasite called visceral leishmaniasis, which infects 500,000 people a year, is about to be submitted to India's drug regulatory agency for approval. Doctors Without Borders has its own organization, the Drugs for Neglected Diseases Initiative. The big pharmaceutical companies are also starting to pay more attention. Novartis, AstraZeneca and GlaxoSmithKline have established research labs dedicated to tropical diseases, and many of the largest drug companies are donating medicines. Several companies have programs to work on diseases in specific African countries.

One reason for the surge of interest is AIDS itself. Although many researchers who work on malaria and TB resent the fact that AIDS has hogged most of the attention and financing, the disease has awakened world interest in Africa and poor-country diseases. The pharmaceutical industry has also learned an important lesson with AIDS. Its efforts to maintain high prices and keep out cheap generic drugs – even from poor countries that would not be able to buy brand name medicines – led to worldwide notoriety, and even public comparisons with the tobacco companies. The industry has not reformed. The companies have successfully pushed Washington to negotiate clauses in free trade deals that will make it harder for some of the world's most miserable countries to get generic drugs. But they have begun programs of research and donations of drugs for neglected diseases in part as a way to burnish their image.

The AIDS pandemic has also given birth to the United Nations' Global Fund to Fight AIDS, Tuberculosis and Malaria, which has become a remarkably efficient ongoing source of money, although one hobbled by wealthy governments' stinginess. The partnerships and the pharmaceutical companies can now be assured that someone with money will buy a new AIDS, TB or malaria drug. They may not make a profit, but they won't take a loss. The other reason for the sudden visibility of poor-country diseases is the establishment of the Gates Foundation, which has $5.8 billion in active global health grants at the moment. There is probably not a single major organization working on any kind of vaccine, diagnostic tool, cure or treatment for any poor country disease that does not get much or most of its financing from the Gates Foundation.

When he began his philanthropy in 1994, Bill Gates was looking to locate and fix market failures and get a lot of results for the buck. He certainly has done that. But how many people have died unnecessarily if one person – albeit one very rich person – can stimulate so much progress in reversing a planet's worth of neglect?

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A Dangerous Deal With India (WP)

By Jimmy Carter

The Washington Post, March 29, 2006

During the past five years the United States has abandoned many of the nuclear arms control agreements negotiated since the administration of Dwight Eisenhower. This change in policies has sent uncertain signals to other countries, including North Korea and Iran, and may encourage technologically capable nations to choose the nuclear option. The proposed nuclear deal with India is just one more step in opening a Pandora's box of nuclear proliferation.

The only substantive commitment among nuclear-weapon states and others is the 1970 Non-Proliferation Treaty (NPT), accepted by the five original nuclear powers and 182 other nations. Its key objective is "to prevent the spread of nuclear weapons and weapons technology . . . and to further the goal of achieving nuclear disarmament." At the five-year U.N. review conference in 2005, only Israel, North Korea, India and Pakistan were not participating -- three with proven arsenals.

Our government has abandoned the Anti-Ballistic Missile Treaty and spent more than $80 billion on a doubtful effort to intercept and destroy incoming intercontinental missiles, with annual costs of about $9 billion. We have also forgone compliance with the previously binding limitation on testing nuclear weapons and developing new ones, with announced plans for earth-penetrating "bunker busters," some secret new "small" bombs, and a move toward deployment of destructive weapons in space. Another long-standing policy has been publicly reversed by our threatening first use of nuclear weapons against non-nuclear states. These decisions have aroused negative responses from NPT signatories, including China, Russia and even our nuclear allies, whose competitive alternative is to upgrade their own capabilities without regard to arms control agreements.

Last year former defense secretary Robert McNamara summed up his concerns in Foreign Policy magazine: "I would characterize current U.S. nuclear weapons policy as immoral, illegal, militarily unnecessary, and dreadfully dangerous."

It must be remembered that there are no detectable efforts being made to seek confirmed reductions of almost 30,000 nuclear weapons worldwide, of which the United States possesses about 12,000, Russia 16,000, China 400, France 350, Israel 200, Britain 185, India and Pakistan 40 each -- and North Korea has sufficient enriched nuclear fuel for a half-dozen. A global holocaust is just as possible now, through mistakes or misjudgments, as it was during the depths of the Cold War.

Knowing for more than three decades of Indian leaders' nuclear ambitions, I and all other presidents included them in a consistent policy: no sales of civilian nuclear technology or uncontrolled fuel to any country that refused to sign the NPT .

There was some fanfare in announcing that India plans to import eight nuclear reactors by 2012, and that U.S. companies might win two of those reactor contracts, but this is a minuscule benefit compared with the potential costs. India may be a special case, but reasonable restraints are necessary. The five original nuclear powers have all stopped producing fissile material for weapons, and India should make the same pledge to cap its stockpile of nuclear bomb ingredients. Instead, the proposal for India would allow enough fissile material for as many as 50 weapons a year, far exceeding what is believed to be its current capacity.

So far India has only rudimentary technology for uranium enrichment or plutonium reprocessing, and Congress should preclude the sale of such technology to India. Former senator Sam Nunn said that the current agreement "certainly does not curb in any way the proliferation of weapons-grade nuclear material." India should also join other nuclear powers in signing the Comprehensive Nuclear Test Ban Treaty.

There is no doubt that condoning avoidance of the NPT encourages the spread of nuclear weaponry. Japan, Brazil, Indonesia, South Africa, Argentina and many other technologically advanced nations have chosen to abide by the NPT to gain access to foreign nuclear technology. Why should they adhere to self-restraint if India rejects the same terms? At the same time, Israel's uncontrolled and unmonitored weapons status entices neighboring leaders in Iran, Syria, Turkey, Saudi Arabia, Egypt and other states to seek such armaments, for status or potential use. The world has observed that among the "axis of evil," nonnuclear Iraq was invaded and a perhaps more threatening North Korea has not been attacked.

The global threat of proliferation is real, and the destructive capability of irresponsible nations -- and perhaps even some terrorist groups -- will be enhanced by a lack of leadership among nuclear powers that are not willing to restrain themselves or certain chosen partners. Like it or not, the United States is at the forefront in making these crucial strategic decisions. A world armed with nuclear weapons could be a terrible legacy of the wrong choices.

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Former president Carter, a Democrat, is founder of the Carter Center.

DEPARTMENT OF JUSTICE *NEWS CLIPS*

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TERRORISM NEWS:

FBI Agent Says Moussaoui Sought Last-Minute Deal (LAT)

By Richard A. Serrano

The Los Angeles Times, March 29, 2006

ALEXANDRIA, Va. — In an odd twist to an already bizarre trial, the last witness in Zacharias Moussaoui's trial today described a secret nighttime meeting last month at a local jail in which Moussaoui tried to strike a deal with the government to save his life.

FBI Special Agent Jim Fitzgerald, one of the lead agents in the Moussaoui case, told the jury he and federal prosecutors were summoned to the Alexandria City Jail by Moussaoui, who tried to persuade them he was worth more to them alive than he would be dead if they followed through on their effort to seek the death penalty.

But the meeting in the jail law library late on Feb. 6, one month before the trial began, broke down when the government demanded he provide "full and complete" cooperation, not just about his Al Qaeda activities but everything he knew about Osama bin Laden's organization.

Moussaoui came away from the clandestine meeting empty-handed, Fitzgerald said. Moussaoui told the FBI and prosecutors that he believed death at the hands of the U.S. government was not a fitting end to an avowed terrorist like himself.

"He states it was different to die in battle, like an F-16 pilot," Fitzgerald recalled, "than to die in jail like in a toilet."

Fitzgerald was the last witness in a stormy trial that included allegations of witness tampering by a government lawyer and a stunning admission from Moussaoui that he lied to the FBI about the 9/11 plot.

In testimony Monday, Moussaoui said he and Richard Reid, later arrested in a shoe-bombing attempt aboard a transatlantic flight — were slated to hijack a fifth airplane on Sept. 11, 2001, and fly it into the White House.

That assertion was contradicted by several imprisoned Al Qaeda operatives, including the 9/11 mastermind, Khalid Shaikh Mohammed, who said in an interrogation read aloud in court Monday that Moussaoui was too "problematic" and unreliable to join the 19 hijackers in their suicide mission. Mohammad said Moussaoui was being groomed for a second wave of attacks — first disclosed in March 2004 — that included the former Library Tower in Los Angeles and bridges in San Francisco and San Mateo.

Today, the government read more Al Qaeda prisoner interrogations into the record, with most saying that Moussaoui was more of a nuisance than a valuable operator, and playing down his role. Prosecutors also entered into the record the opinion of aviation experts that in the summer of 2001, security analysts were more concerned with traditional hijackers than suicide bombers using airlines to fly into buildings.

The testimony of aviation experts was called into question earlier in the trial, when a lawyer for the Transportation Security Administration, Carla Martin, was alleged to have coached several aviation witnesses.

Closing arguments are scheduled for Wednesday morning, and the jury is expected to begin deliberations in the afternoon.

The jury is deliberating only on the issue of whether Moussaoui is eligible for the death penalty — whether prosecutors have in effect proven their assertion that 9/11 might have been prevented if Moussaoui had not lied about what he knew of the plot when he was captured in August.

If jurors conclude that the French Algerian self-described terrorist could have prevented the attacks by disclosing what he knew — an argument made easier by his admission Monday that he lied to the FBI after he was arrested in Minnesota — then a second phase of deliberations begins on whether to sentence him to die.

Moussaoui is the only Al Qaeda operator to stand trial for the Sept. 11 attacks — and he has told his lawyers that he wants to die to become a martyr.

Asked by lead prosecutor Robert A. Spencer about the loss of life on 9/11, Moussaoui said, "You are Americans, and I consider every American to be my enemy."

Moussaoui Offered To Implicate Himself (WP)

By Jerry Markon And Timothy Dwyer

The Washington Post, March 29, 2006

Zacarias Moussaoui wanted to be a witness for the prosecution -- and against himself.

DOJ_NMG_0023414

On the eve of his death penalty trial last month, Moussaoui met with prosecutors and offered to testify for them in exchange for better jail conditions before he was put to death, jurors were told late yesterday. The al-Qaeda operative withdrew the offer when he realized he had the right to testify on his own behalf and when prosecutors insisted that he also tell them about other terrorist plots.

"Have you ever heard of a defendant in a capital case offering to testify against himself?" defense attorney Edward B. MacMahon Jr. asked an FBI agent who took the stand after the news was revealed to the jury.

"No, not in my experience," said agent James M. Fitzgerald.

It was the latest bizarre turn in a trial that is expected to go to the jury today. Before defense attorneys rested their case that Moussaoui is not eligible for the death penalty, jurors heard testimony that one of Moussaoui's terrorist bosses thought he was "not right in the head" -- and that several disputed Moussaoui's testimony that he was supposed to crash a hijacked airplane into the White House on Sept. 11, 2001.

In an effort to save Moussaoui's life, his attorneys ended their case by trying to discredit their client. They told jurors that Moussaoui had said the opposite when he pleaded guilty last year to conspiring with al-Qaeda, insisting then that he was "not 9/11 material."

Prosecutors responded by coming to the defense of Moussaoui, whom they have been trying to execute over his role in the deadliest terrorist attack in U.S. history. They introduced evidence of the meeting Moussaoui requested four days before jury selection began in the trial.

Moussaoui, whose attorneys have vehemently objected to allowing him to take the stand, said he would testify for prosecutors about his plan to fly a fifth hijacked plane into the White House. In exchange for incriminating himself, he did not ask that his life be spared.

"He wanted better jail time between the time he was given a death sentence and the time he was executed," Fitzgerald told jurors. He said the meeting, described as civil, ended when prosecutors told Moussaoui he had an "absolute" constitutional right to testify.

It was unclear how jurors, some of whom were taking notes as they left the courtroom, would view the development. Prosecutors hope it reinforces that Moussaoui was telling the truth when he testified about his role because he would have told prosecutors the same thing. Moussaoui's defense appeared to be trying to signal to jurors that Moussaoui is untrustworthy and cannot be believed.

Moussaoui testified Monday that he was supposed to hijack a fifth plane Sept. 11 and attack the White House with a crew that included Richard Reid, the "shoe bomber." He also admitted to a key part of the government's case: that he had lied to the FBI when arrested in August 2001 to allow the Sept. 11 plot to go forward.

Even the judge indicated that Moussaoui's testimony may resonate with the jury. U.S. District Judge Leonie M. Brinkema, who threw out the death penalty in the case in 2003 before being overruled, declined a defense motion yesterday to toss it again.

"This case changed dramatically with Mr. Moussaoui's testimony," Brinkema said out of the presence of jurors.

Defense attorneys spent much of yesterday trying to overcome the damage Moussaoui had done to his case with his testimony. Even if Moussaoui was telling the truth about his role, his admissions did not address a fundamental part of the government's case -- that Sept. 11 could have been thwarted if Moussaoui had told the truth. Defense lawyers tried to hammer that point home -- that the government had plenty of warnings but could not stop it -- to the jury yesterday before resting their case.

Closing arguments are scheduled for this afternoon. If jurors find Moussaoui eligible for death, a second phase of the trial will determine whether he will be executed. Moussaoui, 37, pleaded guilty last year and is the only person convicted in the United States on charges stemming from Sept. 11.

In trying to overcome the image of Moussaoui calmly telling jurors Monday how he wants every American to die and rejoiced about the Sept. 11 attacks, defense attorneys returned to one of their core arguments. They introduced more evidence showing that the government could not stop the attacks, despite all the warnings, because of a pre-Sept. 11 mind-set. The defense argues that Moussaoui's information about the plot would not have helped.

Moussaoui's defense read into the record portions of the July 2001 "Phoenix memo," written by an FBI agent in Arizona, warning of suspicious individuals taking flight training in the United States, as the Sept. 11 hijackers did. The memo was not shared with the CIA or aviation and immigration authorities, and it generated little interest among top FBI officials.

The defense also showed the jury videotaped portions of then-national security adviser Condoleezza Rice's testimony before the independent commission that investigated the Sept. 11 attacks. At one point, Rice was asked by a commissioner whether Moussaoui's information could have helped stop the attacks, as prosecutors have argued at the trial.

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"I do not believe it is a good analysis to go back and presume that somehow we would have gotten lucky by going back and shaking the trees," Rice said. Prosecutors have argued that if Moussaoui had told the FBI about al-Qaeda's plans, the FBI would have scrambled and alerted federal aviation officials, who would have boosted security at the nation's airports.

The captured al-Qaeda members whose testimony was read to the jury did not speak highly of Moussaoui. Nurjaman Riduan Isamuddin, who is known as Hambali and was the chief strategist for a South Asian terror group with ties to al-Qaeda, said he worked with Moussaoui in Malaysia in 2000 and believed he was "very troubled, not right in the head."

Hambali, who was captured in 2003, told interrogators that Moussaoui "managed to annoy everyone he came in contact with." That drew a smile from Moussaoui, who otherwise did not visibly react to the testimony.

Mustafa al-Hawsawi, the financial and travel planner for Osama bin Laden's organization, said he saw Moussaoui at al-Qaeda training camps in Afghanistan but never helped him with flight arrangements to the United States -- as he did for the other hijackers who brought down the World Trade Center, damaged the Pentagon and crashed a plane into a field in Pennsylvania.

The statements, which were read to the jury by defense attorneys, climaxed a court battle that delayed the case for more than two years. Brinkema granted Moussaoui's lawyers access to a number of al-Qaeda detainees they said could help his defense. The government refused to produce them, for national security reasons, and a federal appeals court eventually said the detainees would not testify.

Instead, the court said, the statements they gave to interrogators would be read to the jury.

Moussaoui Wanted To Testify Vs. Himself (AP-Y2)

By Michael J. Sniffen, Associated Press Writer

AP2, March 29, 2006

Al-Qaida conspirator Zacarias Moussaoui offered last month to testify for prosecutors against himself at his death-penalty trial and told agents that he did not want to die in prison, according to last-minute testimony Tuesday.

The bizarre testimony capped a trial that has seen more than its share of the unusual over three tumultuous weeks. Introduced as part of a brief government rebuttal case, this testimony may be the firmest evidence the 37-year-old Frenchman of Moroccan descent hopes for martyrdom through execution and could provide fodder for the closing arguments of both prosecutors and Moussaoui's court-appointed defense attorneys.

U.S. District Judge Leonie Brinkema set Wednesday afternoon for closing arguments on whether the actions Moussaoui has admitted make him eligible for the death penalty. The jury must decide whether the only man charged in this country in the Sept. 11 plot will be executed or imprisoned for life.

Moussaoui offered on Feb. 2, just before jury selection began, to testify that he was to have hijacked and piloted a fifth plane on Sept. 11, 2001. He did not ask that prosecutors stop pursuing the death penalty in return. He sought only better conditions in prison and a promise not to be called to testify against other al-Qaida members.

FBI agent James Fitzgerald said Moussaoui told him — in a jailhouse meeting the defendant requested — that he did not want to die behind bars and it was "different to die in a battle ... than in a jail on a toilet." Moussaoui dropped this bid after he learned that he had an absolute right to testify in his own defense.

On Monday, he stunned the court by asserting that he was to fly a 747 jetliner into the White House on Sept. 11, despite having claimed for three years that he had no role in the plot. Instead, he had said he was to be part of a possible later assault.

The February meeting was to have been off the record but was introduced by prosecutors to rebut a defense exhibit. Closing its case Tuesday, the defense had introduced a partial transcript of Moussaoui's guilty plea last April.

In that 2005 pleading, Moussaoui said, "Everybody knows that I'm not 9/11 material." He said Sept. 11 "is not my conspiracy." He said he was going to attack the White House if the United States did not release radical Egyptian cleric Omar Abdel Rahman, imprisoned for other terrorist crimes.

The latest strange turn in Moussaoui's behavior could bolster the defense's claims that he would say anything to achieve martyrdom. Defense attorney Edward MacMahon told jurors in opening remarks that Moussaoui can only achieve that now if they vote to execute him. "Don't make him a hero," MacMahon pleaded.

Prosecutors got Brinkema to bar a repeat of that plea as an emotional rather than legal argument. But she agreed to allow MacMahon to argue Wednesday that evidence of a desire for martyrdom calls into question the credibility of Moussaoui's confession to being a part of Sept. 11.

The defense closed out its case Tuesday by using two high-ranking al-Qaida operatives to rebut their own client's claim that his plan to attack the White House was part of the Sept. 11 attacks.

The leaders of Osama bin Laden's terrorist group cast doubt on whether Moussaoui was part of Sept. 11, one portraying him as a misfit who refused to follow orders.

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Tuesday's proceedings were quite unusual for an American courtroom: Defense attorneys — appointed by the court to represent a client who despises them — tried to undermine the defendant's own bombshell testimony of Monday by using witnesses who were not present or seen in the courtroom, primarily because the government refused to allow captured al-Qaida members to appear for national security reasons.

Testimony from five al-Qaida members was read to the jury as defense attorneys tried to undo damage Moussaoui might have done to his case when he testified against their advice.

One terrorist, identified as Sayf al-Adl, a senior member of al-Qaida's military committee and close aide to bin Laden, stated sometime between Sept. 1, 2001, and late July 2004 that Moussaoui was "a confirmed jihadist but was absolutely not going to take part in the Sept. 11, 2001, mission." The 9/11 Commission reported the U.S. recovered from a safehouse in Pakistan a letter written by al-Adl describing the various candidates considered for the Sept. 11 attacks.

Another top terrorist witness — Waleed bin Attash, known as Khallad — is considered the mastermind of the 2000 suicide attack on the USS Cole and an early planner of the Sept. 11 plot. He said he knew of no part that Moussaoui was to have played in the Sept. 11 attacks. Khallad was captured in April 2003.

Their testimony supports that of another captive, Khalid Shaikh Mohammed, chief organizer of the Sept. 11 attacks. He said in testimony read Monday that Moussaoui had nothing to do with the Sept. 11 plot, but was to have been part of a later wave of attacks.

Most of the testimony of al-Qaida operatives was compiled from statements made during U.S. interrogations. The captives themselves have never spoken to either defense attorneys or prosecutors in this case, because prosecutors prevailed in the 4th U.S. Circuit Court of Appeals over the defense's request to question these witnesses live in court, or at least on videotape.

Also Tuesday, defense attorney Alan Yamamoto read portions of the joint Sept. 11 report by the Senate and House intelligence committees. The panel said that before Sept. 11, the U.S. intelligence community produced 12 reports between 1994 and 2001 "suggesting that terrorists might use airplanes as weapons." Later, the defense played videotape of then-National Security Adviser Condoleezza Rice and other top officials telling the 9/11 Commission they had no inkling al-Qaida had considered using airplanes as missiles.

This combination supported the defense theory that the government knew more beforehand than Moussaoui about Sept. 11 but ignored or bungled leads that might have unraveled the plot. Prosecutors contend Moussaoui's lying to FBI agents upon arrest prevented the FBI and the Federal Aviation Administration from identifying the hijackers and keeping them off airplanes on Sept. 11.

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Associated Press Writer Matthew Barakat contributed to this report.

Defense Tries To Undo Damage Moussaoui Did (NYT)

By Neil A. Lewis

The New York Times, March 29, 2006

ALEXANDRIA, Va., March 28 — Defense lawyers trying to prevent the government from executing Zacarias Moussaoui for the Sept. 11, 2001, attacks ended their case on Tuesday with last-minute efforts to undo the damage he had inflicted on himself with testimony in which he calmly agreed to the charges against him.

The lawyers presented the accounts of senior Qaeda terrorists who gave statements from captivity to deflate Mr. Moussaoui's surprise claim on Monday that he was to have played a major role in the Sept. 11 attacks. The Qaeda officials, whose testimony was recited in court, portrayed Mr. Moussaoui as an unreliable and unstable colleague who was unconnected to the Sept. 11 plot.

"He had dreams about flying a plane into the White House," a South Asian terrorist known as Hambali, captured in 2003, was quoted as saying. Hambali said Mr. Moussaoui was known to be "not right in the head and having a bad character."

Besides the account of Hambali, the defense on Tuesday offered the recollections of Mustafa al-Hawsawi, a financial and travel planner for Al Qaeda who worked closely with the Sept. 11 hijackers; Mohammed al-Qahtani, who is widely believed to be the real missing "20th hijacker"; and a Qaeda operative known as Khallad, whom investigators have linked to the bombing of two American embassies in Africa in 1998 and the attack on the destroyer Cole in Yemen 2000, as well as to the Sept. 11 plot.

Mr. Al-Qahtani is imprisoned at Guantánamo Bay, Cuba; the others are being held in the secret detention system of the Central Intelligence Agency, which is believed to house about two dozen senior Qaeda officials.

All provided statements that Mr. Moussaoui was never meant to be part of the Sept. 11 plot.

Mr. Moussaoui's court-appointed lawyers, who did not want him to testify, put on less than two full days of testimony, far less than did prosecutors. In a brief rebuttal, prosecutors produced evidence that Mr. Moussaoui had offered to testify for them against himself if they would have agreed to see that he spent his time before execution in a more comfortable jail cell.

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The suddenly accelerated pace of the trial means that the jury will begin deliberating Wednesday afternoon.

After the jury departed for the day, Judge Leonie M. Brinkema turned away a defense bid to strike the death penalty, saying, "This case changed dramatically with Mr. Moussaoui's testimony Monday."

In his few hours on the witness stand that day, Mr. Moussaoui appeared to undo much of the defense that his lawyers had built since the beginning of the trial, which is solely to determine whether he will be put to death or spend the rest of his life in jail. Mr. Moussaoui not only agreed with prosecutors that he was in Al Qaeda, he also asserted that he knew most of the hijackers and was to have flown a fifth plane on Sept. 11 into the White House.

Prosecutors have argued that Mr. Moussaoui deserves to be executed because when he was arrested on Aug. 16 on immigration violations, he lied to investigators about his knowledge of Qaeda plans to fly planes into buildings. Had Mr. Moussaoui told the truth, the prosecutors have said, the Federal Bureau of Investigation and the Federal Aviation Administration would have taken quick action to thwart the plot.

Defense lawyers have pressed the idea that any information Mr. Moussaoui may have provided would have become part of the sea of unchecked leads in the days before the attacks. In completing their case Tuesday, the lawyers played a videotape for the jury of the testimony of Thomas J. Pickard, the acting F.B.I. director at the time of the attacks, before the commission investigating the attacks.

Mr. Pickard was asked what he would have done if he had known three facts that became apparent to senior officials only after the attacks: that Mr. Moussaoui was an Islamic extremist taking flying lessons; that two identified Qaeda terrorists were probably in the country in August 2001; and that an F.B.I. agent in Phoenix had drafted a memorandum saying that he noticed an unusual number of young Middle Eastern men were enrolling in American flight schools and might be planning some hijacking plot.

He replied that given the thousands of terrorism leads the bureau was evaluating in the summer of 2001, "I don't know, with all the information the F.B.I. collects, whether we would have had the ability to hone in specifically on those three items."

In addition to the issue of what the F.B.I. may have done if Mr. Moussaoui had not lied, a major question the jury will have to consider is his real stature in Al Qaeda. Under a complicated federal death penalty law, the jury will first have to consider whether Mr. Moussaoui is responsible for any deaths on Sept. 11. Only if jurors are unanimous in deciding that he was do they move to the next phase in which they consider whether he should be executed.

The Sept. 11 commission did not offer firm conclusions about Mr. Moussaoui's role, speculating that he might have been kept in reserve as a substitute pilot. But the commission noted that Al Qaeda had invested heavily in him, providing more than $30,000 for travel and pilot training.

Eleanor J. Hill, the staff director of the joint Congressional investigation of 9/11, said that the planners told participants little in advance about their respective roles, so it is possible that Mr. Moussaoui did not know what his Qaeda superiors would ultimately have ordered him to do.

Ms. Hill said Mr. Moussaoui's dramatic courtroom statements might well be self-aggrandizing exaggerations or outright inventions.

"He clearly wants the world to know he wants to kill Americans," said Ms. Hill, a Washington lawyer. "Why wouldn't he want to exaggerate and glorify his potential role in an attack he considers a huge success? If he's just a bystander, he doesn't get much of a place in history."

A New Name In 9/11 Plot Surfaces (LAT)

By Josh Meyer

The Los Angeles Times, March 29, 2006

WASHINGTON — Sept. 11 mastermind Khalid Shaikh Mohammed has told interrogators that at least 34 individuals were "participants" in the attacks on New York and the Pentagon, including a mysterious Jordanian who supposedly prepared 10 of the hijackers for their grisly task by training them to butcher camels and sheep with Swiss Army knives.

Mohammed's statements were read aloud in court this week during the sentencing trial of Zacarias Moussaoui, the only person charged in the United States as a co-conspirator in the terrorist attacks.

His disclosures, made public more than four years after the attacks, open a window into the inner workings of the Sept. 11 plot, both in terms of who allegedly participated in it and how it was carried out so successfully.

The government refused to allow Mohammed to testify in person. But questions from the prosecution and defense were put to him during interrogations at undisclosed locations overseas. At least some of the material was made available to members of the independent commission that investigated the Sept. 11 attacks, although the specifics of what the panel was provided were not immediately known.

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According to a 58-page summary read in court Monday, Mohammed broke the Sept. 11 participants into six groups, each having a different level of involvement in the plot or prior knowledge of it.

In the top tier were Osama bin Laden, his loyal aide and military commander Mohammed Atef and Mohammed himself, along with his designated liaison to the hijackers, Ramzi Binalshibh, the summary stated.

The only other member of the top tier was Abu Turab al-Urduni — a Jordanian who, according to Mohammed's statement, had "full knowledge" of the plot as trainer of 10 of the "muscle" hijackers; their job was to commandeer the planes, subdue the pilots and keep the passengers at bay.

Abu Turab, as he was referred to in the summary, had years of experience with Al Qaeda and was working at the terrorist network's Al Matar complex in Afghanistan in late 2000 and early 2001 when 10 would-be hijackers were given to him for training, Mohammed's interrogation summary said.

Abu Turab trained the men to hijack a plane, disarm air marshals and put together and use explosives, the summary said. He allegedly showed them how to gain strength through bodybuilding, and taught them basic English words and phrases.

And at a second Al Qaeda camp, Al Faruq, "Abu Turab also had each hijacker butcher a sheep and camel with a Swiss knife to prepare them for using their knives during the hijackings," the summary stated.

In consultation with Mohammed, the summary said, Abu Turab instructed the "muscle" hijackers to focus on seizing the cockpit first "and then worry about seizing control over the rest of the plane."

As part of his successful effort to maintain operational security, the summary continued, Abu Turab trained the hijackers in making truck bombs, blowing up buildings and hijacking trains so they would not know for sure what their assignment would be once they reached the United States.

The disclosures, if true, are significant in that one of the more senior co-conspirators of the Sept. 11 attacks — Abu Turab — has never been identified publicly until now despite years of investigations, public hearings and commission reports.

Mohammed also named two Al Qaeda officials, whose identities were known, as having played previously undisclosed but lesser roles in the attacks.

One is Ammar al-Baluchi, a nephew of Mohammed who rose to become one of Al Qaeda's top operatives before being captured in Pakistan in May 2003.

Mohammed identified Baluchi as a key travel and financial facilitator for the hijackers, along with Mustafa Ahmed al-Hawsawi, whose role as a United Arab Emirates-based paymaster for the attacks has been acknowledged by U.S. officials since he was captured with Mohammed in raids in Pakistan in March 2003.

The other operative whose role Mohammed detailed was Abd Al-Rahim Ghulam Rabbani, also known as Abu Ramah. Mohammed said Abu Ramah helped several of the hijackers go through Pakistan on their way in and out of Afghanistan.

The interrogation summary also alludes to seven lower-level participants who have not been publicly identified, but it did not include their names.

"They knew that they were involved in a martyrdom operation and that it involved traveling to the U.S., but they never learned the real purpose of the operation until after the 9/11 attacks," the summary said.

Several U.S. authorities said in interviews Tuesday that they viewed at least some of Mohammed's claims with skepticism because he had been proved a calculated expert at providing his interrogators with disinformation to send his pursuers down blind alleys and protect ongoing Al Qaeda plots.

But a U.S. intelligence official familiar with the continuing investigation into Sept. 11 confirmed the basic outlines of Mohammed's claims, particularly about Abu Turab. He said the Jordanian was killed by U.S. forces in Afghanistan in late 2001, around the time Atef was killed by a U.S. airstrike.

That official and others, however, said the true role that Abu Turab, Baluchi and others played in the attacks might never be fully known to U.S. authorities, unless key figures such as Bin Laden and his second in command, Ayman Zawahiri, were captured and could corroborate or deny Mohammed's claims.

"A whole lot of guys boiled to the surface after 9/11" and their roles are still being investigated, said one former federal law enforcement official who has spent years tracking Al Qaeda's leaders.

The current and former U.S. officials interviewed Tuesday all spoke on the condition of anonymity because they were not authorized to discuss such matters.

Judges On Secretive Panel Speak Out On Spy Program (NYT)

By Eric Lichtblau

The New York Times, March 29, 2006

WASHINGTON, March 28 — Five former judges on the nation's most secretive court, including one who resigned in apparent protest over President Bush's domestic eavesdropping, urged Congress on Tuesday to give the court a formal role in overseeing the surveillance program.

In a rare glimpse into the inner workings of the secretive court, known as the Foreign Intelligence Surveillance Court, several former judges who served on the panel also voiced skepticism at a Senate hearing about the president's constitutional authority to order wiretapping on Americans without a court order. They also suggested that the program could imperil criminal prosecutions that grew out of the wiretaps.

Judge Harold A. Baker, a sitting federal judge in Illinois who served on the intelligence court until last year, said the president was bound by the law "like everyone else." If a law like the Foreign Intelligence Surveillance Act is duly enacted by Congress and considered constitutional, Judge Baker said, "the president ignores it at the president's peril."

Judge Baker and three other judges who served on the intelligence court testified at a Senate Judiciary Committee hearing in support of a proposal by Senator Arlen Specter, Republican of Pennsylvania, to give the court formal oversight of the National Security Agency's eavesdropping program. Committee members also heard parts of a letter in support of the proposal from a fifth judge, James Robertson, who left the court last December, days after the eavesdropping program was disclosed.

The intelligence court, created by Congress in 1978, meets in a tightly guarded, windowless office at the Justice Department. The court produces no public findings except for a single tally to Congress each year on the number of warrants it has issued — more than 1,600 in 2004. Even its roster of judges serving seven-year terms was, for a time, considered secret.

But Mr. Bush's decision effectively to bypass the court in permitting eavesdropping without warrants has raised the court's profile. That was underscored by the appearance on Tuesday of the four former FISA judges: Judge Baker; Judge Stanley S. Brotman, who left the panel in 2004; Judge John F. Keenan, who left in 2001; and Judge William H. Stafford Jr., who left in 2003. All four sit on the federal judiciary.

At a hearing lasting more than three hours, the former FISA judges discussed in detail their views on the standards of proof required by the court, its relations with the Justice Department, and the constitutional, balance-of-power issues at the heart of the debate over the N.S.A. program. The agency monitored the international communications of people inside the United States believed to be linked to Al Qaeda.

The public broadcasting of the court's business struck some court watchers as extraordinary. "This is unprecedented," said Magistrate Judge Allan Kornblum, who supervised Justice Department wiretap applications to the court for many years and testified alongside the four former judges.

But the most pointed testimony may have come from a man who was not at the hearing: Judge Robertson.

A sitting federal judge in Washington, Judge Robertson resigned from the intelligence court just days after the N.S.A. program was disclosed.

Colleagues say he resigned in frustration over the fact that none of the court's 11 judges, except for the presiding judge, were briefed on the program or knew of its existence. But Judge Robertson has remained silent, declining all requests for interviews, and his comments entered into The Congressional Record on Tuesday represented his first public remarks on the controversy.

In a March 23 letter in response to a query from Mr. Specter, the judge said he supported Mr. Specter's proposal "to give approval authority over the administration's electronic surveillance program" to the court.

The Bush administration, in its continued defense of the program, maintains that no change in the law is needed because the president has the inherent constitutional authority to order wiretaps without warrants in defense of the country.

Mr. Specter's proposal seeks to give the intelligence court a role in ruling on the legitimacy of the program. A competing proposal by Senator Mike DeWine, Republican of Ohio, would allow the president to authorize wiretaps for 45 days without Congressional oversight or judicial approval.

Judge Robertson made clear that he believed the FISA court should review the surveillance program. "Seeking judicial approval for government activities that implicate constitutional protections is, of course, the American way," he wrote.

But Judge Robertson argued that the court should not conduct a "general review" of the surveillance operation, as Mr. Specter proposed. Instead, he said the court should rule on individual warrant applications for eavesdropping under the program lasting 45 or 90 days.

Acknowledging the need for secrecy surrounding such a program, he said the FISA court was "best situated" for the task. "Its judges are independent, appropriately cleared, experienced in intelligence matters, and have a perfect security record," Judge Robertson said.

He did not weigh in on the ultimate question of whether he considered the N.S.A. program illegal. The judges at the committee hearing avoided that politically charged issue despite persistent questioning from Democrats, even as the judges raised concerns about how the program was put into effect.

Judge Baker said he felt most comfortable talking about possible changes to strengthen the foreign intelligence law. "Whether something's legal or illegal goes beyond that," he said, "and that's why I'm shying away from answering that."

Judges Back Bill Examining Domestic Spying (AP-Y2)

By Pete Yost

AP2, March 28, 2006

Five federal judges gave a boost Tuesday to legislation that would bring court scrutiny to the Bush administration's domestic spying program.

At a Senate Judiciary Committee hearing chaired by Sen. Arlen Specter (news, bio, voting record), R-Pa., the judges reacted favorably to his proposal that would require the secretive Foreign Intelligence Surveillance Court to conduct regular reviews of the four-year-old program.

The existence of the warrantless surveillance by the National Security Agency was revealed by The New York Times three months ago.

The judges stressed that they were not offering their views on the NSA operation, which they said they knew nothing about.

But they said the Foreign Intelligence Surveillance Court has operated capably for 28 years and is fully able to protect civil liberties and give the administration all the speed and flexibility it needs to execute the war on terror.

The administration contends the president has inherent war powers under the Constitution to order eavesdropping without warrants.

"I am very wary of inherent authority" claimed by presidents, testified U.S. Magistrate Judge Allan Kornblum. "It sounds very much like King George."

Before word of the warrantless surveillance leaked publicly, the Bush administration revealed it to just eight members of Congress and to the presiding judge on the surveillance court.

The hearing Tuesday focused on Specter's bill. A rival approach, drafted by Senate Judiciary Committee member Mike DeWine of Ohio and three other Republicans, would allow the government to conduct warrantless surveillance for up to 45 days before seeking court or congressional approval.

Senate Intelligence Committee Chairman Pat Roberts, R-Kan., expressed interest in handling legislation on the NSA effort. But the Senate Parliamentarian gave Specter jurisdiction over his bill and DeWine's.

Senate Judiciary Committee member Russ Feingold, D-Wis., has urged censure of the president for authorizing the warrantless surveillance.

Under it, the NSA can monitor international calls — when one party is inside the United States — without first getting court approval. The NSA has been conducting the surveillance when calls and e-mails are thought to involve al-Qaida.

The others testifying before Specter's panel were U.S. District Judges Harold Baker of Urbana, Ill.; Stanley Brotman of Camden, N.J.; John Keenan of the southern district of New York City; and William Stafford of Pensacola, Fla.

The careers of all five judges have been steeped in the work of the secret surveillance court.

In an interview about the program with The Associated Press last week, Specter said administration officials want to do "just as they please, for as long as they can get away with it. I think what is going on now without congressional intervention or judicial intervention is just plain wrong."

FISA Judges Say Bush Within Law (WT)

By Brian DeBose

The Washington Times, March 29, 2006

A panel of former Foreign Intelligence Surveillance Court judges yesterday told members of the Senate Judiciary Committee that President Bush did not act illegally when he created by executive order a wiretapping program conducted by the National Security Agency (NSA).

The five judges testifying before the committee said they could not speak specifically to the NSA listening program without being briefed on it, but that a Foreign Intelligence Surveillance Act does not override the president's constitutional authority to spy on suspected international agents under executive order.

"If a court refuses a FISA application and there is not sufficient time for the president to go to the court of review, the president can under executive order act unilaterally, which he is doing now," said Judge Allan Kornblum, magistrate judge of the U.S. District Court for the Northern District of Florida and an author of the 1978 FISA Act. "I think that the president would be remiss exercising his constitutional authority by giving all of that power over to a statute."

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The judges, however, said Mr. Bush's choice to ignore established law regarding foreign intelligence gathering was made "at his own peril," because ultimately he will have to answer to Congress and the Supreme Court if the surveillance was found not to be in the best interests of national security.

Judge Kornblum said before the 1978 FISA law, foreign surveillance was done by executive order and the law itself was altered by the orders of Presidents Ford, Carter and Reagan.

It has been three months since President Bush said publicly that the NSA was listening to phone conversations between suspected terrorists abroad and domestically. The actions raised concerns from Congress and civil liberties groups about domestic spying, but the judges said that given new threats from terrorists and new communications technologies, the FISA law should be changed to give the president more latitude.

Sen. Arlen Specter, Pennsylvania Republican and committee chairman, called the hearing to get advice on his bill that would expand FISA to codify less stringent rules on wiretapping of domestic phone conversations with suspected foreign terrorists and include new technologies like the Internet and satellite communications.

Sen. Patrick J. Leahy, Vermont Democrat, said the Congress should pass new legislation to ease existing restrictions under FISA.

"However, we should not rush to give the administration new powers it has not deigned to request, based on concerns it has not articulated," Mr. Leahy said.

The panel of judges unanimously agreed that the law should have been changed before now to deal with new threats from terrorists and new communications technologies, a point made by Sen. Dianne Feinstein, California Democrat.

"It is confusing that if you take something off of a satellite it is legal, but if you take it off of a wiretap it's not," she said. "We need to include new technology."

Friday's Censure Hearing Faces Possible Delay (RC)

By Erin P. Billings

Roll Call, March 29, 2006

Senate Judiciary Chairman Arlen Specter (R-Pa.) on Tuesday left open the possibility that a hearing set for Friday on Sen. Russ Feingold's (D-Wis.) bill to censure President Bush could be delayed, saying there are "a lot of balls in the air."

Specter said he first wanted to talk to Feingold about the substance and direction of the hearing, as well as the White House, which he had asked to participate. The chairman also left open the possibility that the topic of immigration could still be on Judiciary's plate at the week's end — and push off consideration of the censure resolution.

"I want to talk to Sen. Feingold about it," Specter said. "I want to see what witnesses he wants to call, I want to see what the contours of the hearing will be."

Talk of possibly pushing off the hearing was the topic of conversation Tuesday after Specter suggested to the Judiciary Committee earlier in the day that Feingold could not be available Friday and thus the hearing would have to be rescheduled.

But Feingold said "there is no truth to that whatsoever" and he continues to plan on a hearing Friday. He said he is assembling his witnesses, including some constitutional scholars, and was "perplexed" by Specter's suggestion that he wanted to delay consideration of the bill.

"I don't know where he came up with that," Feingold said.

He added that he doesn't know whether Specter — who sent out a notice to hold the hearing last Friday — still wants the committee to meet on the matter. But he said Specter is the chairman and it is up to him to decide when and whether to proceed.

"I'm prepared to do it," Feingold said.

Feingold's resolution seeks to condemn the president for authorizing an illegal domestic wiretapping program and then misleading the public about its existence. The Wisconsin lawmaker's controversial measure has attracted the support of just two Senators, Democrats Barbara Boxer (Calif.) and Tom Harkin (Iowa).

The censure resolution remains on the Judiciary Committee calendar for Friday. Republican sources also said the Judiciary panel may discuss the bill in executive session on Thursday in advance of the scheduled hearing.

Specter said he remained unsure if the measure would get its day on Friday, but that it remains on the schedule.

"It's on the books," he said.

Mr. President, Meet Your Censurer (MSNBC)

By Tom Curry

MSNBC.com, March 28, 2006

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WASHINGTON - As Sen. Russ Feingold urges the Senate to censure President Bush, the alleged misdeed that moved the Wisconsin Democrat to propose censure continues: the Bush administration keeps conducting surveillance of calls by suspected al Qaida operatives to and from people in the U.S.

Feingold had to leave early from Tuesday's Senate Judiciary Committee hearing on how to legalize the National Security Agency surveillance program -- he had an appointment at the White House to meet with the man he wants to censure.

Just back from Iraq, Feingold was part of a group of senators who went to discuss their findings with President Bush.

Would this meeting be awkward?

"No," Feingold said as he hustled down a Senate hallway on his way to the White House. "The president and I and others who've been involved in government for a while know that each issue is different. And we have an obligation to each other and the country to treat each issue differently."

He added, "I appreciate the president's interest in the findings from the trip this weekend. In my mind, it won't be awkward. I respect the president, I respect him personally and I respect his office."

Meanwhile back at the Judiciary Committee, Chairman Sen. Arlen Specter, R-Pa., has scheduled a Friday hearing on the censure proposal.

Specter opposes censure, as does Judiciary Committee Democrat Sen. Joe Biden of Delaware, who said at Tuesday's hearing, with exasperation in his voice, "The idea of censuring the president — we don't know what he did."

The politics of a censure vote

Friday's censure hearing sets up what both Feingold and Senate Majority leader Bill Frist want: a roll call vote on the Senate floor on censuring Bush.

This would force all 100 senators — and especially the potential Democratic presidential hopefuls — Sens. Biden, Evan Bayh, John Kerry and Hillary Clinton — to go in the spotlight and make their choice: either condemn Bush for taking an action which the president argues is necessary to defend the nation from al Qaida attacks — or give Feingold a potential weapon to use against them in the event that he too seeks the Democratic presidential nomination.

A "no" vote on censure would also incur the wrath of Democratic groups such as Moveon.org.

Even as he moves ahead on a censure showdown, Specter is also pressing forward on the bill he has drafted to put the NSA surveillance under the scrutiny of a special court established by the 1978 Foreign Intelligence Surveillance Act (FISA).

Under Specter's proposal, if, after finding out more about the program, the FISA court determined it was constitutional, then it could continue.

"I'm going to bring it up as the priority item when we come back after the Easter break," Specter said.

He said he'd conferred with Attorney General Alberto Gonzales and White House Counsel Harriet Miers on his bill. They see no need for it.

"Their position is that the president has inherent authority (to order the surveillance) and that's that," he said. Gonzales and Miers cite Bush's authority as commander-in-chief under Article II of the Constitution.

"They have an argument under Article II," Specter observed. "They don't really have an argument under the (2001 use of) force resolution."

Constitutional authority in question

Specter's view is that Bush has violated the 1978 FISA law by ordering the surveillance program but he adds, "It may well be that the program is within the president's inherent (constitutional) authority. But it seems to me that determination has to be made in accordance with tradition by a court, by judicial review."

Five federal judges came before Specter's committee Tuesday to lend their expertise. They have experience overseeing spying under the FISA law, which usually regulates surveillance of foreign agents inside the United States.

Each judge said he supported Specter's bill, although some suggested tweaks to it.

Another witness, New York attorney David Kris, who served as one of the top national security lawyers in the Justice Department from 2000 to 2003, told Specter's committee Tuesday: "I see this as a constitutional moment. I see it as a clash between the expressed will of Congress and the actions of the president."

Kris emphasized that he knew nothing about the operations of the NSA program and could only offer general comments based on what has been made public so far. He concurred with Specter that the program violated the FISA law.

While Specter pushes his solution, another option — Congress ending the NSA program by using its fiscal power — is languishing for now.

When Feingold was asked two weeks ago whether he would take action against the NSA program by cutting off funding for it, he replied, "Cutting off funding? How are you going to enforce that? If the president has inherent power, he'll just shift some money around. He'll just keep doing it. That's the problem with this doctrine. If the president isn't going to acknowledge that a law we passed such as FISA binds him, why should the cutting off of funding affect him?"

Hinting at the 2008 election, Feingold said, "An administration that is incompetent, that is dishonest, and doesn't respect the law, basically means that we should have a different kind of administration in the future."

Two weeks ago, Rep. Jay Inslee, D-Wash., was planning to offer an amendment to a military/hurricane Katrina spending bill to cut off funding for any surveillance program that doesn't comply with FISA.

But Inslee decided to wait until the House takes up another bill, the defense appropriations bill, after the April recess.

That, like the vote on Feingold's censure idea, will be a chance for members to go on the record.

Censuring The President: Four In 10 Favor It (RC)

By Karlyn Bowman

Roll Call, March 29, 2006

Should President Bush be censured by the Senate over the issue of warrantless wiretapping? According to one recent poll, the issue breaks along partisan lines, though not rigidly.

In a mid-March PSRA/Newsweek poll, 42 percent of respondents supported the censure of Bush, while 50 percent did not.

Twenty percent of Republicans, 42 percent of independents and 60 percent of Democrats supported censure. When asked about the motivations of the censure movement's primary spokesman, Sen. Russ Feingold (D-Wis.) and other Democrats, 53 percent of respondents said they were supporting censure more for partisan political advantage. Thirty-three percent said they were supporting it because it was right.

As for going a step further to impeachment of the president, 26 percent said they wanted Congress to impeach the president. Five percent of Republicans said so, as did 23 percent of independents and 49 percent of Democrats.

Feeling Proud About the War. Forty-six percent of respondents told CBS/New York Times interviewers that they were proud about what the United States was doing in the war with Iraq. Forty-eight percent said they were not. In September 2005, those responses were 43 percent and 49 percent, respectively.

CBS/New York Times pollsters also reported on the attitudes of "Iraq service families" — that is, cases in which the respondent or someone in his or her immediate family has served in Iraq, a description that fit 17 percent of those surveyed.

Fifty-six percent of this group were proud of U.S. involvement. The families also were more likely than the general population (60 percent versus 51 percent) to believe that the U.S. was likely to succeed there.

Demographically, nearly half of the "Iraq service families" in the poll were from the South (46 percent). One in five was African American. Twenty-six percent were from households earning less than $30,000 a year. Twenty-seven percent came from households in the $30,000 to $50,000 range, 29 percent from the $50,000 to $100,000 range and 12 percent from $100,000-and-up range.

War Protests. In a March 10-12 Gallup/CNN/USA Today poll, 13 percent of respondents said they had publicly opposed the war by participating in a demonstration or writing a letter to a public official.

A slightly smaller number — 11 percent — said they had publicly supported the war by doing these things.

The Draft. One-quarter of those surveyed in a March 9-12 CBS News/New York Times poll favored reinstating the draft. Thirty-four percent of Republicans and 16 percent of Democrats were in favor.

Twenty percent favored reinstating the draft to provide soldiers for the Iraq conflict (26 percent of Republicans, 12 percent of Democrats).

Americans in Mourning. In a March 10-12 Gallup/CNN/USA Today poll, 17 percent

of those surveyed said they had attended a funeral or memorial service for Americans who died in Iraq.

Foreign Investment. In a March 8-12 Pew poll, 53 percent said that foreign-company investment in the U.S. was good for the U.S. and 36 percent said it was bad. Fifty-four percent of Democrats and 52 percent of Republicans said it was good.

Sixty-four percent said free trade was good for the U.S. and 27 percent said it was bad. Fifty-three percent said foreign investors owning U.S. companies was bad (33 percent said it was good). On outsourcing, 71 percent said it was bad and 20 percent said it was good.

South Dakota's Abortion Ban. In a new Pew poll, 21 percent of respondents said they were following the news about the South Dakota abortion ban very closely. Twenty-six percent weren't following it closely at all. By comparison, 43 percent were closely following news about Iraq, and 41 percent were closely following the Dubai ports deal.

Women (25 percent) were more likely than men (16 percent) to be watching South Dakota's action very closely. According to Pew, both anti-abortion and pro-abortion rights Americans were equally uninterested in the story, though on both sides, those who feel strongly about the issue paid closer attention.

Fifty-eight percent of Pew respondents opposed a national law like South Dakota's, while 34 percent were in favor. Sixty-six percent of moderate-to-liberal Republicans were opposed. Sixty-five percent of conservative Republicans were in favor. Pew found greater intensity in the anti-abortion camp.

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March Madness. Twenty-one percent of those surveyed in a March 8-14 Harris poll said they had at some point participated in an office pool for the NCAA basketball tournament. Thirteen percent indicated that they would be participating this year. There was no information on how many bet on George Mason University's Patriots.

Nicest Politicians. In mid-March, Fox News and Opinion Dynamics asked people to forget politics and the way they usually voted and simply pick the nicest person. Twenty-nine percent picked George W. Bush, 23 percent chose Sen. John McCain, 18 percent selected Sen. Hillary Rodham Clinton and 16 percent named Al Gore.

Karlyn Bowman is a resident fellow specializing in public opinion and polls at the American Enterprise Institute.

Democrats In Vermont To Weigh Impeachment (AP-Y2)

By David Gram

AP2, March 29, 2006

Leading Democrats in Vermont plan to decide in April whether to urge state lawmakers to petition for President Bush's impeachment using a little-known provision in the rules of the U.S. House.

Democratic committees in at least half of the state's 14 counties have passed resolutions calling for impeachment, citing a rule in "Jefferson's Manual," a book of parliamentary guidelines written by Thomas Jefferson that supplements U.S. House rules.

The anti-Bush movement is "genuinely bubbling up from the grass roots," said Jon Copans, the state party's executive director.

The state Democratic committee is scheduled to decide the issue in a special meeting April 8.

The resolutions accuse the Bush administration of lying about the case for war in Iraq and illegally engaging in electronic surveillance of Americans.

They rely on "Jefferson's Manual," which says impeachment proceedings can begin "by charges transmitted from the legislature of a state."

Democratic House Speaker Gaye Symington said lawmakers should stay focused on state issues and suggested Bush critics work to elect a different Congress in November "that could investigate the actions of the president and change the direction of the country."

James Barnett, chairman of the Vermont Republican Party, said presidents should not be impeached "because we disagree with them," adding that evidence for impeachment was drawn from "left-wing blogs and conspiracy theories."

A message seeking comment from the White House press office was not immediately returned.

High Court Scrutinizes Military Tribunals Plan For Detainees Justices Challenge Notion That Law Voided Their Jurisdiction (USAT)

By Joan Biskupic

USA Today, March 29, 2006

WASHINGTON — Supreme Court justices on Tuesday vigorously questioned President Bush's attempt to hold military trials for foreign terrorism suspects, as well as the administration's effort to keep federal judges from hearing claims from detainees held at Guantanamo Bay, Cuba.

During a sometimes-heated, 90-minute session of arguments, most of the justices also made clear that they believe the judicial branch has a key role in reviewing Bush's legal strategies against terrorism, including the plan to hold military tribunals.

That sentiment led to some tense moments, as U.S. Solicitor General Paul Clement argued that the Detainee Treatment Act passed by Congress in December had stripped the high court of any power to hear claims from detainees at Guantanamo. Tuesday's case was brought by Salim Ahmed Hamdan, a Yemeni and former driver for Osama bin Laden.

Hamdan is challenging the administration's plan to hold tribunals at Guantanamo.

"It is an extraordinary act," Justice Ruth Bader Ginsburg said, "to withdraw jurisdiction from this court in a pending case."

The dispute over military tribunals marks the first time since 2004 that the court is weighing a challenge to the administration's legal strategy stemming from America's response to the Sept. 11 terrorist attacks. Two years ago, the court's majority rebuffed Bush's efforts to suppress detainees' legal challenges and said, in the words of then-justice Sandra Day O'Connor, that "a state of war is not a blank check for the president."

On Tuesday, five of the eight justices who heard the case seemed to embrace that idea. Ginsburg, along with Justices John Paul Stevens, Anthony Kennedy, David Souter and Stephen Breyer, expressed concern about the Pentagon-controlled trial planned for Hamdan, who is accused of conspiring with al-Qaeda to carry out attacks. Those justices — the court's four liberal members plus Kennedy, who is at the court's ideological center — also took aim at the idea that the December law snatched jurisdiction in the case from the court.

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The five justices questioned whether Hamdan could be charged with conspiracy, rather than an offense tied to a violation of the laws of war. They also wondered whether the tribunal system might wrongly shun procedural safeguards for defendants, such as letting them attend all hearings and see all evidence against them.

Chief Justice John Roberts, who succeeded William Rehnquist in September, did not participate because he ruled against Hamdan as a lower-court judge. Samuel Alito succeeded O'Connor in January. His questions seemed to favor the administration.

Justice Antonin Scalia seemed especially open to Clement's position that the president had the power to determine tribunal rules. Justice Clarence Thomas asked no questions.

Hamdan is one of 10 detainees at Guantanamo scheduled for a military tribunal. An additional 180 of the 490 detainees have been trying to challenge the constitutionality of their imprisonment in U.S. courts.

Souter asked Clement why Congress was not clearer on whether all claims from Guantanamo detainees were off limits for federal judges. Speaking loudly with unusual anger, Souter said it would have been “stupendously significant” for Congress to remove the court's power to hear a claim of wrongful imprisonment.

Hamdan's attorney, Georgetown University law professor Neal Katyal, argued that the president may not order military tribunals without a specific act of Congress.

Justices Hint That They'll Rule On Challenge Filed By Detainee (NYT)

By Linda Greenhouse

The New York Times, March 29, 2006

WASHINGTON, March 28 — As the justices of the Supreme Court took their seats Tuesday morning to hear Osama bin Laden's former driver challenge the Bush administration's plan to try him before a military commission, one question — perhaps the most important one — was how protective the justices would be of their jurisdiction to decide the case.

The answer emerged gradually, but by the end of the tightly packed 90-minute argument, it was fairly clear: highly protective.

At least five justices — Stephen G. Breyer, Ruth Bader Ginsburg, Anthony M. Kennedy, David H. Souter and John Paul Stevens — appeared ready to reject the administration's argument that the Detainee Treatment Act, passed and signed into law after the court accepted the case in November, had stripped the court of jurisdiction.

It was less certain by the end of the argument how the court would then go on to resolve the merits of the case, a multipronged attack on the validity of the military commissions themselves and on their procedures. Lawyers for the former driver, a Yemeni named Salim Ahmed Hamdan who is charged with conspiracy, also argue that he cannot properly be tried before any military commission for that crime because conspiracy is not recognized as a war crime.

Solicitor General Paul D. Clement was on the defensive throughout his argument. His stolid refusal to concede that any of the government's positions, on the jurisdictional as well as ultimate questions of the case, might present even theoretical problems provoked the normally soft-spoken Justice Souter into an outburst of anger.

What appeared to trouble Justice Souter most was Mr. Clement's discussion with Justice Stevens about whether Congress's removal of the federal courts' jurisdiction to hear habeas corpus petitions from detainees at the naval base at Guantánamo Bay, Cuba, amounted to "suspending" the writ of habeas corpus.

Suspending habeas corpus is an action, limited by the Constitution to "cases of rebellion or invasion," that Congress has taken only four times in the country's history. Habeas corpus is the means by which prisoners can go to court to challenge the lawfulness of their confinement, and its suspension is historically regarded as a serious, if not drastic, step.

Mr. Clement's position was that Congress had not in fact suspended habeas corpus, but that it might constitutionally have done so given "the exigencies of 9/11." Addressing Justice Stevens, the solicitor general said, "My view would be that if Congress sort of stumbles upon a suspension of the writ, that the preconditions are satisfied, that would still be constitutionally valid."

Justice Souter interrupted. "Isn't there a pretty good argument that suspension of the writ of habeas corpus is just about the most stupendously significant act that the Congress of the United States can take," he asked, "and therefore we ought to be at least a little slow to accept your argument that it can be done from pure inadvertence?"

When Mr. Clement began to answer, Justice Souter persisted: "You are leaving us with the position of the United States that the Congress may validly suspend it inadvertently. Is that really your position?"

The solicitor general replied, "I think at least if you're talking about the extension of the writ to enemy combatants held outside the territory of the United States —— "

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"Now wait a minute!" Justice Souter interrupted, waving a finger. "The writ is the writ. There are not two writs of habeas corpus, for some cases and for other cases. The rights that may be asserted, the rights that may be vindicated, will vary with the circumstances, but jurisdiction over habeas corpus is jurisdiction over habeas corpus."

Justice Breyer, in his questioning of Mr. Clement, practically begged the solicitor general to endorse an alternative approach that would allow the court to avoid "the most terribly difficult and important constitutional question of whether Congress can constitutionally deprive this court of jurisdiction in habeas corpus cases."

The alternative at hand was the one offered by Mr. Hamdan's lawyer, Neal Katyal, a law professor at Georgetown University. That was to interpret the Detainee Treatment Act as applying only prospectively, stripping federal courts of hearing future cases brought by the detainees but allowing the Supreme Court to continue with at least this one.

The argument was a textual one, based on a slight change in wording from the measure originally proposed by Senator Lindsey Graham, Republican of South Carolina, to the version the Senate eventually passed after Senator Carl Levin, Democrat of Michigan, and others raised objections to taking the Hamdan case away from the Supreme Court.

Mr. Graham, who filed a brief in this case, and the administration maintain that the change was immaterial. But the justices appeared ready to embrace the ambiguity if it would allow them to retain jurisdiction and proceed with the case.

Only eight justices will vote in the case, Hamdan v. Rumsfeld, No. 05-184. Chief Justice John G. Roberts Jr. is not sitting, because he was a member of the three-judge panel of the federal appeals court here that rejected Mr. Hamdan's challenge to the military commissions in a decision last July.

Of the other members of the court, Justice Antonin Scalia appeared most supportive of the administration. He intervened several times to offer Mr. Clement a helping hand, something the solicitor general rarely needs but accepted gratefully.

For example, Justice Kennedy was questioning Mr. Clement on the government's position that even if the court had jurisdiction, it should abstain from ruling on the validity of the military commission until after Mr. Hamdan's trial.

Justice Kennedy said he found the argument troubling, pointing out that Mr. Hamdan was arguing that because the commissions lacked the procedures required by the Geneva Conventions, they were invalid. "The historic office of habeas corpus is to test whether or not you're being tried by a lawful tribunal," Justice Kennedy said. "And he says, under the Geneva Convention, as you know, that it isn't."

Mr. Clement replied that Mr. Hamdan could raise that argument later, before the military commission itself. He predicted that the argument would fail and said that in any event, there was no reason "why that claim has to be brought at this stage."

Justice Scalia then jumped in to support the solicitor general. "In the normal criminal suit," he said, "even if you claim that the forum is not properly constituted, that claim is not adjudicated immediately."

Along with Justice Scalia, Justice Samuel A. Alito Jr. also appeared to support the argument that the court should allow the trial to go forward. Justice Clarence Thomas alone asked no questions.

Mr. Clement argued that the detainee law would allow a detainee to argue in federal court, after a conviction by a military commission, that the commission's procedures were illegal or unconstitutional.

Justice Ginsburg then asked him to "straighten me out." She said, "I thought it was the government's position that these enemy combatants do not have any rights under the Constitution and laws of the United States."

"That is true, Justice Ginsburg," the solicitor general answered.

Mr. Hamdan's lawyer, Mr. Katyal, appeared to get traction with his argument that conspiracy, with which Mr. Hamdan and nine other detainees awaiting military commissions have been charged, is not an appropriate crime for a trial before a military commission. If a majority agrees, this might provide a narrow way of resolving the case.

In many respects, the argument marked a resumption of the encounter between the court and the Bush administration two years ago, in cases that led to the court's rejection of the administration's claim to broad authority to proceed without judicial oversight. The administration was once again seeking "fundamentally open-ended authority," the "blank check" the court had rejected then, Mr. Katyal said.

Case Tests Power Of Judiciary, President (WP)

By Charles Lane

The Washington Post, March 29, 2006

A long-awaited test of the judiciary's power during wartime came to the Supreme Court yesterday, and, contrary to the urgings of the Bush administration, the justices did not seem inclined to duck it.

During a 90-minute oral argument on the legality of the military commissions President Bush has set up to try terrorism suspects, most members of the court resisted -- sometimes sharply -- the administration's request to dismiss the case because of a new federal law circumscribing appeals by terrorism suspects.

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A key comment came from Justice Anthony M. Kennedy, the closely divided court's moderate-conservative swing voter. He told Solicitor General Paul D. Clement that he has "trouble with the argument" that, because of the new law, court challenges to the commissions must wait until the trials are over.

"I had thought that the historic function of habeas corpus is to . . . test the jurisdiction and legitimacy of a court," Kennedy said. Habeas corpus is the legal vehicle through which prisoners challenge the lawfulness of their detention by the executive branch.

The court's defense of its turf does not bode well for the Bush administration's broader arguments in defense of the military commissions, but it remained unclear how the justices might ultimately rule on the merits of the case.

Kennedy pitched one approach, under which the court might uphold the military commissions, as the administration wants, but require that they proceed in accordance with the Geneva Conventions -- international treaties that protect war detainees -- as its opponents urge. Then, he suggested, the court could "just remand it for [a lower court] to go into all these arguments."

Other members of the court seemed attracted to invoking the Geneva Conventions, saying that the administration's position creates a double standard because it accuses alleged terrorists of violating the laws of war while denying them the protections of international law.

"I don't see how you can have it both ways," Justice David H. Souter told Clement.

Chief Justice John G. Roberts Jr. is not participating in the case because, as an appeals court judge, he was part of the panel whose ruling in favor of the commissions is now under review at the Supreme Court. If the remaining eight members of the court split 4 to 4 on the merits, the lower court's ruling would be affirmed.

In a Nov. 13, 2001, military order, Bush declared that military commissions will try foreign terrorism suspects for alleged war crimes, and sentence them to penalties including death.

The commissions immediately came under fire from civil libertarians and other critics who argued that the president's order was not properly authorized by Congress, violates the rights of prisoners under the Geneva Conventions, and provides for no effective appeals to the courts.

The case before the Supreme Court yesterday, Hamdan v. Rumsfeld , No. 05-184, arose from a petition for habeas corpus brought by Salim Ahmed Hamdan, a former chauffeur of Osama bin Laden who is represented by Georgetown University law professor Neal K. Katyal. Hamdan is one of 10 detainees from the U.S. prison at Guantanamo Bay, Cuba, slated to face military trials so far. No commission has yet reached a judgment in a case.

The Bush administration argued that military commissions are a time-honored instrument of warfare, amply authorized by the president's constitutional powers as commander in chief, by laws on military justice and by a Sept. 14, 2001, congressional resolution sanctioning war in response to the al-Qaeda attacks three days earlier.

Clement's goal yesterday, though, was to persuade the court to avoid those issues -- some of the most momentous war-powers questions to reach the court since World War II -- by simply bowing out of the case.

The Detainee Treatment Act, a measure passed by Congress and signed by Bush after the court had agreed to hear Hamdan's case, creates sufficient due process for Hamdan and others, including the opportunity to appeal after their trials, Clement argued. Meanwhile, he said, it rules out habeas corpus petitions, so "the courts no longer have jurisdiction over this case."

But that contention immediately landed him in trouble with several justices, who found the terms of the act, a bipartisan compromise engineered with administration support, too vague to warrant cutting back what they regard as a vital judicial check on unlawful executive detentions.

Justice Ruth Bader Ginsburg noted that it would be "an extraordinary act, I think, to withdraw jurisdiction over a pending case."

Souter was even more indignant, admonishing Clement that "given the significance of suspending the writ of habeas corpus, should we not have a pretty clear statement requirement?"

Clement replied that "just because Congress could have been clearer doesn't mean the government loses here."

Inevitably, perhaps, the court debate over executive authority indirectly reflected the recent controversies over Bush's conduct of the wars in Iraq and Afghanistan.

Justice Stephen G. Breyer spoke in strong terms about detainees at Guantanamo Bay who are "claiming -- some -- that they were tortured," and of the prospect that the president would use a commission to "pick up an alien and not have any trial at all except for that special commission."

A decision in the case is expected by July.

Justices Hear Challenge To Plan For Guantanamo-Prisoner Trials (WSJ)

By Jess Bravin

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The Wall Street Journal, March 29, 2006

WASHINGTON -- A government lawyer told the Supreme Court that prisoners held at Guantanamo Bay, Cuba, have no rights under the Constitution or federal law, as the justices heard a challenge to President Bush's plan for putting foreign detainees on trial before secretive military courts at the naval base.

The claim drew heavy questioning from a majority of the justices hearing the case, suggesting the military commissions could run afoul of the Supreme Court. In a separate Guantanamo case two years ago, the justices rejected administration claims that prisoners had no right to challenge their detentions, writing that a "state of war is not a blank check for the president." Solicitor General Paul Clement said the justices shouldn't even be hearing the case, citing recent legislation providing Guantanamo prisoners limited access to federal courts when contesting their detention.

Justice Samuel Alito, President Bush's most recent appointee to the court, and Justice Antonin Scalia both hinted that they agreed that if the prisoners have rights of appeal, their cases should be heard only following conviction by the Guantanamo courts. Under an order by President Bush, the commissions needn't afford defendants rights required in civilian courts and courts martial, such as attending all of one's trial and seeing all the evidence introduced by prosecutors.

When Mr. Clement asserted the president's inherent power to create the commissions under the "law of war," Justice David Souter questioned why the administration had declared that the 1949 Geneva Conventions, the bedrock treaty governing armed conflicts, didn't apply to the Guantanamo prisoners. "For purposes of determining the domestic authority to set up a commission, you say the president is operating under the laws of war recognized by Congress," Justice Souter said. But when it comes to prisoners' rights, "you're saying the laws of war don't apply. And I don't see how you can have it both ways."

Justice John Paul Stevens joined that view, questioning why the 10 Guantanamo prisoners set for trial have been charged with conspiracy -- a crime lawyer Neal Katyal, representing a Guantanamo prisoner challenging the commissions, said had been disallowed by war-crimes tribunals since World War II because it was too vague. Mr. Clement said the charge remained valid but even if it wasn't, the president could make it so "as a matter of pure constitutional power."

Tribunal Said To Violate Geneva (WT)

By Guy Taylor

The Washington Times, March 29, 2006

The attorney for Osama bin Laden's former driver yesterday told the Supreme Court the Bush administration never was given permission to create a special war crimes tribunal to try suspected terrorists at Guantanamo Bay.

Neal K. Katyal, a Georgetown University Law School professor representing Salim Ahmed Hamdan, said the tribunal is "literally unburdened by the laws, Constitution and treaties of the United States."

"This is an ad-hoc trial in which the procedures are all defined by the president," he said, arguing that Congress never gave President Bush authority to create the tribunal, and that its existence violates Geneva Convention rights of war prisoners.

Solicitor General Paul D. Clement dismissed those assertions, saying that in creating the tribunal Mr. Bush used "an authority that has essentially been invoked by every president in every war throughout the country's history."

The administration says al Qaeda is not a traditional army and that men like Hamdan are not POWs, but "enemy combatants," and thus not protected by the Geneva Convention.

"I don't think the Geneva Convention applies," said Mr. Clement, who argued the tribunal was bolstered by Congress' passage of the Detainee Treatment Act of 2005.

Hamdan, a 34-year-old native of Yemen, is one of 10 Guantanamo inmates charged with war crimes in the tribunal, and one of dozens who have filed petitions in U.S. federal courts challenging their detention at the naval base.

Justice Samuel A. Alito Jr. said it seemed unusual for the Supreme Court to be weighing what sounded like an appeal to the conspiracy to commit war crimes, murder and terrorism charge before the case had fully played out in the tribunal.

"In criminal litigation, review after litigation is the general rule," he said.

Justice Stephen G. Breyer questioned the administration's authority to create the tribunal, asking what would stop the president from holding special trials in the future in any place he chose, such as "Toledo, Ohio," rather than exclusively at Guantanamo.

The tribunal is free of constraints that define trials in federal courts. A panel of military officers preside over each case, and military prosecutors are allowed to use classified evidence concealed from the detainees. Human rights groups say the design unfairly stacks the deck against defendants.

Months before the tribunal opened in November 2004, the Supreme Court ruled that U.S. federal courts have legal authority to preside over challenges brought by the some 500 foreign nationals held at Guantanamo.

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Mr. Katyal used the ruling to file a petition on Hamdan's behalf in U.S. District Court for the District of Columbia. The court ruled in favor of Hamdan, prompting the Pentagon to briefly halt all tribunal activity at Guantanamo. A federal appeals court then reversed the ruling and Hamdan petitioned the high court to review.

New Chief Justice John G. Roberts Jr. recused himself because as a federal appeals judge he ruled in favor of allowing the tribunal last year.

Supreme Court Hears Challenge To Military Tribunals (KRT)

By Carol Rosenberg

Knight Ridder, March 28, 2006

WASHINGTON - In a key test of President Bush's war powers, the Supreme Court grappled Tuesday with whether the Pentagon's plan to try Osama bin Laden's ex-driver before a special military commission violates international law and the U.S. Constitution.

Neal Katyal, the attorney for Salim Hamdan, argued that the Pentagon had concocted a charge - conspiracy - that isn't a war crime, had failed to grant Hamdan certain Geneva Conventions rights, such as prisoner-of-war status, and fell short of standards that Congress has set for how the United States must conduct either military or civilian justice.

"This is a military commission that is literally unbounded by the laws, Constitution and treaties of the United States," he told the court.

Solicitor General Paul Clement argued that Congress had given the president the power to craft the commission when it authorized the use of force after the Sept. 11, 2001, terrorist attacks. He called such commissions "part and parcel of the (presidential) war power for 200 years."

Chief Justice John G. Roberts' seat was vacant for the sharp, 90-minute round of questioning and arguments; as an appeals court judge, Roberts had sided with the White House on the issue. His absence creates the possibility of a 4-4 deadlock when the court decides this summer whether to let Hamdan's war-crimes trial go forward, in which case the appeals court ruling would stand.

Hamdan is one of 10 captives at the U.S. naval base at Guantanamo Bay, Cuba, who face trial by military commission. Pentagon officials have said 75 at most of the nearly 500 suspected terrorists at Guantanamo might be tried before the panels, which are composed of military officers whose identities are being kept secret.

Several justices, notably freshman Samuel Alito, asked why the Pentagon shouldn't proceed with its trials, and perhaps amend its conspiracy charge, then let civilian courts consider the case if Hamdan is convicted, as at a typical U.S. criminal trial.

"The commission is operating in totally uncharted waters; it's charging a violation in a stateless, territorial-less conflict, something which the full laws of war have never applied," replied Katyal, a Georgetown University Law Center professor who was a clerk for Justice Stephen Breyer a decade ago.

Uniformed American military officers were scattered throughout the gallery, among them lawyers from all four services - Marines, Air Force, Army and Navy - who in effect mutinied against their commander in chief by alleging that Bush's commissions strip foreign captives of fundamental rights.

"If you believe that these are full and fair trials, you believe that the Bill of Rights is irrelevant," Hamdan's Pentagon-appointed defense attorney, Navy Lt. Cmdr. Charles Swift, declared on the front steps of the marble-columned courthouse.

Retired military officers, civil liberties lawyers, former diplomats and international law experts all filed briefs on behalf of the 36-year-old Yemeni with a fourth-grade education, arguing that the Bush administration went too far by creating a commission outside an explicit framework set out by Congress and ignoring many of the protections of U.S. military justice, which has a provision for tribunals.

The justices seemed especially intrigued with the nature of the crime alleged, conspiring with al-Qaida. At least four justices asked questions related to the charge.

Katyal called the conspiracy charge so broad and unfocused that "a little old lady in Switzerland who donates money to al-Qaida, and that turns out to be a front for terrorist acts ... might be swept up within this broad definition. That's why international law has so rejected the concept of conspiracy."

Clement argued that the court shouldn't even be considering the case because Bush had signed a law Dec. 30 that effectively stripped Guantanamo captives of pre-commission habeas corpus challenge.

Some justices focused on whether Congress intentionally or inadvertently suspended the Writ of Habeas Corpus for captives in Cuba; Clement argued that Congress' intent was irrelevant, an argument that seemed to find favor from Justice Antonin Scalia, for whom Clement once clerked.

Hamdan claims through his lawyers that he never joined al-Qaida, wasn't a warrior and was merely a civilian driver who earned $200 a month driving a pickup from bin Laden's private farm. His lawyer said Afghan militiamen captured him along the

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Afghan border in 2001, after he evacuated his pregnant wife and 2-year-old daughter to Pakistan, and turned him over to U.S. troops who sent him to Guantanamo.

Breyer asked what would stop the president from "picking up an alien" and holding the same type of trial in Toledo, Ohio.

Justice Anthony Kennedy questioned whether Hamdan wasn't "uniquely vulnerable," and therefore not entitled to certain prisoner-of-war considerations under the Geneva Conventions.

"I don't think he's protected by the Geneva Conventions, but that's largely because he chose not to comply with the basic laws of war," Clement said. "Nobody has a claim here that they were part of the uniformed al-Qaida division that complied with all of the laws of war such that they are entitled to POW status."

Supreme Court Debates Plans For Military Trial For Osama Bin Laden Driver (FINDLAW/AP)

By Gina Holland, Associated Press Writer

AP, March 29, 2006

(AP) - WASHINGTON-The Supreme Court sharply questioned plans for military trials for foreigners held at Guantanamo Bay, in a historic argument Tuesday over President George W. Bush's wartime powers.

Several justices seemed deeply concerned that the government had gone too far in its plans to hold a special trial for Osama bin Laden's former driver on a conspiracy charge.

Some were downright indignant over the Bush administration's claim that a new federal law bars the high court from ruling in the case of Salim Ahmed Hamdan.

Hamdan's lawyer, Neal Katyal, said that the president "has the keys to the federal courthouse" under the law.

Without Chief Justice John Roberts, a conservative Bush nominated last year, the argument seemed lopsided against the government. Roberts voted in the case on a lower court and had to withdraw. Justices Antonin Scalia and Samuel Alito hinted their support for the administration.

Justice Anthony M. Kennedy questioned Solicitor General Paul Clement about the legal safeguards for the trials. Justice Stephen Breyer also asked what would stop the president from holding the same type of trial in Toledo, Ohio, not just at the military prison in Guantanamo Bay, Cuba.

Hamdan claims the military commissions established by the Pentagon on Bush's orders are flawed because they violate basic military justice protections.

"This is a military commission that is literally unburdened by the laws, Constitution and treaties of the United States," Katyal told justices.

Scalia rebuffed a recusal request by five retired generals who support Hamdan's arguments. In a letter to the court, the generals had asked Scalia to withdraw from participating in the case because of remarks he made in a recent speech in Switzerland about "enemy combatants." Speaking at the University of Freiberg in Switzerland on March 8, Scalia said foreigners waging war against the United States have no rights under the Constitution.

Alito, the newest justice, suggested the court should wait until Hamdan's trial is over to allow him to question whether charging him with conspiracy violates the laws of war, as Katyal contends.

But Katyal brushed aside the contention. "The government has had four years to get their charges together on Mr. Hamdan," he said.

Hamdan, a Yemeni who was captured in Afghanistan in November 2001, is charged with conspiracy to commit war crimes, murder and terrorism. He claims he is an innocent father of two young daughters and worked as a driver for bin Laden in Afghanistan only to eke out a living for his family.

The Bush administration says he is a trained terrorist who should be tried for war crimes before a special military commission, the first such trial since the aftermath of World War II.

Roberts left the bench before arguments began and won't be involved in the decision.

Hamdan is among about 490 foreigners being held as "enemy combatants" at the military prison in Guantanamo Bay. Ten of the men, including Hamdan, have been charged with crimes.

Justices ruled two years ago that the government could detain enemy combatants but not shut off their access to U.S. courts.

In this follow-up case, justices are considering the government's plans for trials before a panel of military officers.

Hamdan's trial was halted last fall when a federal judge ruled that he could not be tried by a U.S. military commission unless a "competent tribunal" determined first that he was not a prisoner of war under the 1949 Geneva Convention.

Roberts was on a three-judge panel of the U.S. Court of Appeals for the District of Columbia Circuit that said the trial could resume, and Hamdan's attorneys appealed to the Supreme Court.

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The court could dodge a major ruling in the case, on grounds that the new law stripped the justices' authority to consider it. The law passed late last year bars Guantanamo prisoners from filing petitions to fight their detentions, and the administration claims this law retroactively voided hundreds of lawsuits.

On the Net:

Supreme Court: http://www.supremecourtus.gov/

Military tribunals: http://www.defenselink.mil/news/commissions.html

Military Tribunal Case Comes Before Skeptical Supreme Court (LAW)

By Tony Mauro, Legal Times

Legal Times, March 29, 2006

The Bush administration ran into skepticism from the Supreme Court on Tuesday as justices heard debate over a landmark war powers dispute testing the legal rights of enemy combatants held at Guantanamo Bay, Cuba.

At issue were military tribunals set up by the White House to try suspected terrorists, including Salim Hamdan, said to be the driver for Osama bin Laden, in the wake of the Sept. 11, 2001 attacks. Opponents claim the tribunals are an unlawful exercise of executive branch authority.

Justices seemed especially concerned about a law passed by Congress last year that the administration argues strips the high court of jurisdiction over habeas petitions filed by Guantanamo Bay detainees. The law created a limited appeals process for detainees that, the government says, excludes the Supreme Court -- even in pending cases like Hamdan's, argued Tuesday.

Justice Anthony Kennedy, likely the swing vote in the case Hamdan v. Rumsfeld, offered probing questions for both sides but seemed unwilling to accept that habeas petitions could be foreclosed by passage of the law, known as the Detainee Treatment Act.

"The historical function of habeas is to test the legitimacy" of the process that resulted in a prisoner's detention, Kennedy said, challenging Solicitor General Paul Clement. Justice David Souter also appeared irritated with Clement, suggesting that Congress, in passing the Detainee Treatment Act, had effectively suspended the writ of habeas corpus without saying so explicitly. "The writ is the writ," said Souter, with anger in his voice.

Justice Samuel Alito Jr. seemed more sympathetic toward Clement, suggesting in his questions that he thinks it is premature to rule on Hamdan's case until Hamdan is actually tried under the military commission procedures he is challenging.

Hamdan was captured by bounty hunters in Afghanistan in November 2001 and transferred to Guantánamo in June 2002. Thirteen months later, Hamdan was declared eligible to be tried by a military commission created by an order of President George W. Bush in November 2001. The commissions, which exist separately from courts-martial, operate under rules that allow the defendant to be excluded from trial and impose other limits on protections for defendants. Guilty verdicts and sentences are reviewable only by the president.

Hamdan filed a habeas petition in 2004, challenging the commissions as a violation of the Geneva Conventions and asking instead that he be treated as a prisoner of war and tried by a military court-martial.

Judge James Robertson of the U.S. District Court for the District of Columbia ruled for Hamdan. But a panel of the U.S. Court of Appeals for the D.C. Circuit reversed, ruling that the military commissions were authorized by the Uniform Code of Military Justice and by the congressional authorization of military force that was passed after the Sept. 11 attacks. The panel included then-Judge John Roberts Jr., who, now that he is chief justice, has decided to recuse himself in the case.

After the Supreme Court agreed to review the Hamdan case, the dispute took an unusual turn when Congress passed the Detainee Treatment Act. The Bush administration then filed a motion seeking dismissal of Hamdan's case, arguing that the new law applied to his and other pending cases. But lawyers for Hamdan argued that the law is prospective only. The high court added a half-hour to scheduled oral argument time to deal with the threshold jurisdiction issue raised by the law.

As the unusual 90-minute arguments began, Roberts stood up and left as expected, signaling his recusal. Justice Antonin Scalia also stood up, briefly causing a stir because it appeared he too might be recusing. Retired generals who filed a brief on Hamdan's side had requested Scalia's recusal on Monday because of comments he made in Switzerland on March 8 that seemed to signal his views on the legal rights of detainees.

But Scalia soon sat down and participated fully in the case. At times, Scalia appeared to take over Clement's argument, answering points made by Kennedy, Souter, and Justice Stephen Breyer.

"There were moments when Clement seemed to be a bystander," said Deborah Pearlstein of Human Rights First, which filed briefs in support of Hamdan. "Clement had a really tough day." Pearlstein predicted at least five votes against the government on the jurisdictional issue raised by the Detainee Treatment Act.

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If Scalia and Alito line up on the government's side and they are joined only by usual ally Justice Clarence Thomas, that would mean a loss for the administration. Souter, Breyer, and Justice Ruth Bader Ginsburg seemed to be safe votes against the government position, and both Kennedy and Justice John Paul Stevens appeared mostly skeptical of Clement's arguments.

Clement cast the military commission process as nothing new, citing a long history going back to George Washington. "Congress has repeatedly recognized and sanctioned that authority," he said. As is customary for Clement, he spoke with no notes in front of him.

But Clement's invocation of presidential power and congressional approval did not seem to quiet the concerns of justices. Nor did he seem to convince the Court when he argued that the Detainee Treatment Act could validly eliminate Court jurisdiction even for pending cases like Hamdan's. "Just because Congress wasn't clear," Clement said, "doesn't mean the government loses here."

Breyer said accepting Clement's argument would draw the Court into the "horrifically difficult" position of ratifying the elimination of its own jurisdiction.

Hamdan's lead lawyer, Neal Katyal, a professor at Georgetown University Law Center, had planted the seeds of doubt earlier with a forceful presentation that outlined the ways in which the military commissions Bush established in the aftermath of Sept. 11 violated the Geneva Conventions, the laws of war, and the Uniform Code of Military Justice.

The president, Katyal said, was arguing for a parallel system of justice for the detainees "unburdened by laws, treaties, or the Constitution." To ratify the commissions, he added, would be "a blank check for years on end."

The Detainee Treatment Act, Katyal also said, does not amount to an endorsement of Bush's military commissions. "Approval by inference has never been sufficient," he said, in cases involving "the most awesome powers of government."

Record Shows Senators' 'Debate' That Wasn't (WP)

By Dan Eggen

The Washington Post, March 29, 2006

According to the official Congressional Record of Dec. 21, 2005, Sens. Lindsey O. Graham (R-S.C.) and Jon Kyl (R-Ariz.) held a long conversation on the Senate floor about an amendment bearing Graham's name that restricts the legal rights of detainees in the military prison at Guantanamo Bay, Cuba.

"I agree entirely," Graham responds to Kyl at one point. "I have just been handed a memorandum on this subject," Kyl says later. Another Republican senator, Sam Brownback of Kansas, interrupts the two with his own commentary.

But those exchanges never occurred. Instead, the debate -- which runs 15 pages and brims with conversational flourishes -- was inserted into the Congressional Record minutes before the Senate gave final approval to the legislation.

In legal briefs to the Supreme Court, which took up the issue yesterday, the Justice Department cites the material as evidence that Congress intended the Detainee Treatment Act to retroactively invalidate pending legal challenges by hundreds of detainees held at Guantanamo Bay. Graham and Kyl submitted a friend-of-the-court brief asserting the same thing.

Some Democrats, including Sen. Carl M. Levin (Mich.), whose name is also on the amendment to the law, have argued otherwise. They contend that the law was written to allow cases filed before its enactment to go forward.

The inserted floor debate, known in Senate parlance as a "colloquy," has since become an intriguing side issue in the case of Salim Ahmed Hamdan, Osama bin Laden's former driver, whose case was at issue before the court yesterday.

Hamdan's lawyers complained about the colloquy in a recent legal filing, and the origin of Graham's and Kyl's comments has drawn recent attention on legal Web sites and on Slate.com. The subject did not come up during yesterday's Supreme Court argument, which focused on broader issues.

The briefs filed in support of the government do not make clear that the Graham-Kyl debate was manufactured. In their friend-of-the-court brief, filed in February, Graham and Kyl note that the "Congressional Record is presumed to reflect live debate except when the statements therein are followed by a bullet . . . or are underlined."

The Graham-Kyl exchange is not marked in either way, although a C-SPAN recording and other records make clear that the discussion never happened.

Members of the House and Senate routinely insert lengthy statements into the Congressional Record without uttering them on the floor or anywhere else. But Senate historian Richard Baker said that colloquies -- contrived debates between two or more lawmakers -- are relatively rare. Baker said he could not recall another example that included feigned banter of the type found in the Graham and Kyl debate.

David H. Remes, a Washington lawyer who has helped Hamdan's defense team, called the colloquy "outrageous."

"This colloquy is critical to the government's legislative history argument, and it's entirely manufactured and misrepresented to the court as having occurred live on the Senate floor before a crucial vote," Remes said.

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Representatives from Kyl's and Graham's offices did not respond to telephone messages yesterday. A spokesman for Levin and a spokesman for the Justice Department declined to comment.

Padilla Judge Restricts Classified Info (AP)

By Curt Anderson

AP, March 29, 2006

MIAMI -- The federal judge overseeing the terrorism case against Jose Padilla imposed tight restrictions Tuesday on the handling of classified material to prevent disclosure of national security secrets when classified evidence is turned over to the defense.

U.S. District Judge Marcia Cooke agreed to a prosecution motion on the information, expected to include secret FBI investigations, material provided to the United States by foreign governments and Padilla's own words from interrogations during his 3 1/2 years in military custody as an "enemy combatant."

The former Chicago gang member was once accused of plotting as an al-Qaida operative to detonate a radioactive "dirty bomb" inside the U.S., but those allegations weren't mentioned in the indictment.

Padilla and four others are charged with being part of a North American terror support cell that provided recruits, money and supplies to Islamic extremists worldwide. All have pleaded not guilty.

Cooke said the order would allow defense lawyers to begin examining secret evidence under special conditions so they can prepare for a trial scheduled for September.

"We've got to go forward," Cooke said at a hearing.

Padilla, a former Florida resident, was added to the Miami terror case late last year amid a legal struggle over President Bush's authority to hold him indefinitely as an "enemy combatant" without criminal charge.

In court documents, prosecutors outlined some of the classified material expected to come up in the trial:

_Results of surveillance conducted by the FBI in a separate investigation authorized by the Foreign Intelligence Surveillance Court, which oversees eavesdropping and other monitoring of suspected foreign agents in the United States.

_A request to limit defense questioning of a witness about the chain of custody of a specific piece of evidence. No details were given, but the defense has raised questions about a "mujahideen data form" Padilla allegedly filled out to attend an al-Qaida training camp in Afghanistan.

_Information provided to the U.S. by an unspecified foreign government. The material may eventually be declassified, prosecutors said.

_Written and recorded statements Padilla made while in military custody. Some information about Padilla's interrogations has already been made public and the Justice Department is seeking declassification of most of the remaining evidence.

Defense attorneys objected that Cooke's order was premature and overly broad. They were particularly incensed by a related government proposal that they sign a document verifying that they understand the laws regarding classified material and the potential penalties for violations.

"It chills us in our ability to prepare a defense. It's just overbearing," said Kenneth Swartz, who represents defendant Adham Amin Hassoun.

The judge agreed with defense lawyers on that point and asked prosecutors to come up with a less burdensome agreement for defense attorneys to sign.

Prosecutors Rest Case In Terrorism Trial (LAT)

By Rone Tempest

The Los Angeles Times, March 29, 2006

SACRAMENTO — Federal prosecutors rested their terrorism case Tuesday against a Lodi father and son by showing satellite images of a compound in remote, northeast Pakistan that closely resembled a training camp described by the son in an FBI interrogation.

Based on the satellite photographs and the videotaped questioning, Department of Defense image analyst Eric Benn concluded that the site was a "probable militant training camp." Earlier in the trial, a former Pakistani police chief testified that a militant writer — whose books were found in a search of the Lodi man's home — runs a training camp in that area.

It was the strongest evidence produced by government lawyers who have had problems with the credibility of their undercover FBI informant and the legitimacy of a purported confession obtained after hours of interrogation.

But the case against Lodi ice cream truck driver Umer Hayat, 48, and his junior high school dropout son Hamid Hayat, 23, has so far not lived up to its advance billing as a breakthrough in the war on terror.

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When the Hayats were arrested last June, federal investigators claimed they had shattered a trained Al Qaeda sleeper cell in California's agricultural heartland. And, in her opening remarks, Assistant U.S. Atty. Laura Ferris said Hamid Hayat was "awaiting orders" to commit a terrorist attack in the United States.

But no evidence has been presented that he or his father had any direct links to Al Qaeda or had specific plans to launch a terrorist attack.

During his interrogation by the FBI, Hamid Hayat, who speaks halting English, vaguely described a camp that he attended, though he never clearly indicated that he participated in any training.

Former Los Angeles federal prosecutor Jan Handzlik, now a private attorney, said the difference between the government's sensational claims and the relatively mundane drama unfolding on the 13th floor of the Sacramento federal courthouse stems from the "amorphous" charges against the two men. The younger Hayat is charged with attending a training camp in 2003; both men are charged with lying to the FBI.

"While the government asserts a vast conspiracy to harm U.S. interests," Handzlik said, "the charges against the Hayats are in fact very narrow. At issue is the truth or falsity of specific, limited statements made during lengthy FBI interrogations. Jurors sometimes sense this gap between perception and reality, and wonder why the government's proof has failed to live up to its advance billing."

The links to Al Qaeda are tenuous at best, traced by prosecutors through an array of fundamentalist Pakistan political parties that also are involved in the Pakistan-India conflict over Kashmir. A juror who heard all of the evidence before she was excused from the case last week said she was unconvinced by the videotaped confession, saying the younger Hayat appeared to have been "badgered" into saying what he thought agents wanted to hear.

Pedro Tenoch Aguilar, who had been an FBI agent less than a year when he was asked to lead the Lodi terrorism investigation, testified that the government had gathered no on-the-ground evidence from Pakistan that Hayat attended the camp, though undercover informant Naseem Khan told investigators that Hayat intended to go.

"The government," said retired FBI agent James J. Wedick Jr., who serves as chief investigator for the defense, "has failed to develop any evidence suggesting Hamid Hayat attended a terrorist training camp, despite the fact the FBI has an office in Islamabad, Pakistan, and had access to the resources of the CIA and the super-secret National Security Agency. And, they knew his name, address and phone number in Pakistan where he went to help his mother and get married."

The prosecution is fighting a defense motion to have Wedick, a decorated, 35-year FBI veteran, testify as an expert witness on proper techniques of effective investigation. Today, the trial switches to the defense side; the trial is expected to last at least two more weeks.

Even the alleged confessions of the father and son, obtained in separate interrogations, conflict on important facts. The younger Hayat told interrogators he attended a camp near Balakot, described in Tuesday's satellite testimony. His father claims the camp his son attended was only a few miles from a family home in Rawalpindi.

No evidence was produced about what training Hamid Hayat received. He said he spent his time in the kitchen, peeling vegetables.

The government also faces a serious credibility problem with Khan, the paid informant who shocked the courtroom when he testified that he saw Al Qaeda's No. 2 leader, Ayman Zawahiri, casually attending the Lodi mosque in 1999.

That surprising claim by the 32-year-old former Bend, Ore., convenience store clerk has been universally discounted by terrorism experts and government officials who say it is very unlikely that Zawahiri traveled in this country after 1995, and probably not after 1993.

The FBI provided Khan with a car and paid him nearly $230,000 in salary and expenses to infiltrate the Lodi Muslim community.

Some legal experts say the Lodi case fits a national pattern in which federal officials, eager to show progress in the Bush administration's "war on terror," exaggerate their anti-terror accomplishments only to get bogged down when it comes to proving them in court.

"The Hayat case is like a number of other cases in which the government has somewhat overstated the case going in but, when put to the proof, it has not always been so compelling," said Carl Tobias, a University of Richmond law professor who tracks terrorism prosecutions.

Last week, excused juror Andrea Clabaugh, a Sacramento engineering firm account executive, told reporters that, in her opinion, the government had failed so far to prove its charges against Hamid Hayat.

"It felt to me like he was being badgered and it felt to me, in some respects, he was giving the information because they refused to believe that he didn't know anything. He had to say something."

Even with difficulties facing the government, the two juries in the Hayat case — one for each defendant — may ultimately convict.

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The jury pool for the Eastern District of California, where the trial is taking place, draws from some of the state's most conservative areas, including the northern Sacramento River valley and Sierra foothills, which are overwhelmingly supportive of the Bush administration and its policies.

But as Clabaugh's reactions suggest, that is far from certain.

Terror Camp Allegedly Attended By Hamid Hayat Likely Exists, Analyst Says (LODINS)

By Layla Bohm, News-Sentinel Staff Writer

Lodi News-Sentinel, March 29, 2006

Defense attorney says uncertainty leaves reasonable doubt

SACRAMENTO — There is a 60 to 70 percent chance that Hamid Hayat attended a "militant training camp" in Pakistan and that the camp actually exists, a Department of Defense analyst told a federal jury today.

Eric Benn, who has viewed tens of thousands of surveillance images in his years with the department, spent hours going over satellite images of a mountainous region in northern Pakistan. It was there that 23-year-old Hayat allegedly spent several months in a training camp in 2003 before returning to the United States last summer.

The defense maintains that Hayat made up the account only after hours of repeated questioning of the FBI. And, defense attorney Wazhma Mojaddidi pointed out, jurors must have proof beyond a reasonable doubt. While Benn said the possibilities of the camp existing were high, Mojaddidi took a different angle.

"So that leaves the probability of 30 to 40 percent that it may not actually be a militant training camp, is that correct?" she asked Benn.

"That is correct," he replied.

Benn was the government's last witness, and prosecutors rested their case at 2:06 p.m. after nearly five weeks of trial. The defense portion of the case against Lodi residents Umer and Hamid Hayat is set to begin Wednesday.

Hamid Hayat is charged with lying to the FBI and providing material support to terrorists by attending a camp.

His father, Umer Hayat, 48, is charged with lying to the FBI. He was not in court most of today, as two juries are hearing the trial and only Hamid Hayat's jury was allowed to hear evidence of the alleged camp. The elder Hayat did appear in court later, when attorneys argued legal motions after jurors left for the day.

Showing the jury four poster-sized arial photos of a region near Balakot, Pakistan, Assistant U.S. Attorney David Deitch asked Benn to point out various landmarks. One was a paved, two-lane road that wound through tree-covered mountains. Another road, unpaved and more rugged, branched off the paved road, starting where several vehicles and a bus were parked.

"A bus has no business going up this road," Benn testified in response to a question by Deitch.

During FBI interviews last June, Hamid Hayat at one point said he traveled by bus to a camp, then had to walk several miles at night with a flashlight. Benn reviewed those interviews, and jurors saw short excerpts today.

The distance Hamid Hayat said he traveled was "consistent" with the arial photos, as was a vague description of a clearing with buildings in it, Benn testified.

Based on the photos and Hamid Hayat's interviews, "it's much more likely than not" that the site is a training camp, Benn said.

The area can be found on Google Earth, a mapping program that features satellite images of the world. Much of Pakistan is in low-resolution and details cannot be seen, but the area immediately surrounding the alleged training camp reveals more details, including blue rooftops on buildings near a clearing.

Benn also pointed to two distant buildings he believed could be guard shacks to limit access to the alleged camp. Satellite photos taken in October 2001 — also shown to jurors — showed that most of the buildings had not been constructed then, and Benn pointed to groups of tents.

The senior analyst began working with images and intelligence shortly after entering the U.S. Army in late 1976. He was soon conducting surveillance along the Germany-Czechoslovakia border at the height of the Cold War, then got a master's degree in geography when his stint in the Army ended. He went to work for the Defense Department in 1983.

Benn continued his surveillance work by watching North Korea and later the Soviet occupation of Afghanistan. He was ultimately promoted more than once and now holds the civilian rank equivalent to a two-star general.

His work consists of analyzing photos taken by camera and satellite, looking at them from various angles and enhancements, and also using other intelligence to interpret them.

"At the most pedestrian level it can be count the number of tanks in a garrison," he said, or it can extend to "look at a potentially adversary nation that may be developing nuclear weapons."

Whether the camp exists, and whether Hamid Hayat attended it, will ultimately be up to the jury to decide. Benn said today that he had never visited the camp, and that he knew of no government employee who had seen it.

Contact reporter Layla Bohm at layla@lodinews.com.

SACRAMENTO Hazy Case Against Lodi Man Prosecution Rests -- Evidence Murkier Than First Described (SFC)

By Demian Bulwa, Chronicle Staff Writer

San Francisco Chronicle, March 29, 2006

Sacramento -- Returning to Lodi last summer after a two-year trip to Pakistan, Hamid Hayat was grilled by FBI agents who suspected he might be a terrorist. But the young man didn't seem to understand he was in trouble.

He was questioned three times in the course of a week. When agents told him he had failed a lie-detector test, he confessed to attending a terrorist training camp in Pakistan.

But as Hayat sat in a lobby in the bureau's Sacramento office, eating pizza and waiting to confess further, he invited the lead agent on his case to a party -- a reception to be held when his Pakistani bride arrived. He also complimented the agent on his shoes.

Such unusual details have infused the trials of Hayat and his father, which reached a critical point Tuesday when prosecutors wrapped up their six-week case before a pair of juries in U.S. District Court. The younger Hayat, 23, is charged with supporting terror by attending a paramilitary camp in late 2003 and with initially lying about it; Umer Hayat, 48, is charged with lying about his son's training.

Prosecutors rested after revealing a far murkier case than the government had laid out in documents supporting the charges.

The government showed that Hamid Hayat held some radical and anti-American views. Their last witness was a Defense Department analyst who said Tuesday that Hayat's description of the camp during his disputed confession -- he said it was in a mountaintop clearing outside the Pakistani city of Balakot -- was consistent with satellite images, which showed a "possible" camp in the area.

One of the prosecution's main witnesses, however, was an aggressive informant who raised eyebrows when he reported having seen Osama bin Laden's chief deputy at a Lodi mosque as late as 1999 -- a sighting that national security experts doubt was genuine.

Prosecutors also were forced to rely on the defendants' videotaped confessions, which they called "the meat of the case" but which featured conflicting and sometimes bizarre details.

Umer Hayat, for example, told FBI agents that he had visited his son's camp out of curiosity in late 2004. While the son spoke of training with as few as 35 men in a field, the father described an underground room in a different province of Pakistan where 1,000 masked men, including Americans, fired machine guns, swung curved swords and learned to pole vault across bodies of water.

"You didn't take that as a literal description of what was happening, did you?" the elder Hayat's attorney, Johnny Griffin, asked FBI agent Timothy Harrison.

"I believe at times that Umer Hayat was a poor judge of the distances involved in jumping with a pole," Harrison responded.

Defense attorneys, who expect their case to take about two weeks, say the Hayats never went to a training camp but lied when pressured in a misguided attempt to be helpful. As for Pentagon analyst Eric Benn's testimony Tuesday, Hamid Hayat's attorney, Wazhma Mojaddidi, pointed out that her client had also placed the camp in Kashmir and Afghanistan.

At the center of the prosecution's case is Pakistani American informant Naseem Khan, who was working at a fast-food outlet and convenience store in Bend, Ore., when the FBI came to him weeks after the attacks of Sept. 11, 2001.

The agents asked whether he was involved in money laundering for a charity called the Holy Land Foundation for Relief and Development, which authorities suspected of funneling money to the Palestinian group Hamas, according to trial testimony.

Khan, 32, denied having anything to do with the charity, but volunteered to agents that while living in Lodi in 1999, he had seen al Qaeda's second-in-command, Ayman al-Zawahiri, at the Lodi mosque. Khan later told agents he had seen two other men on the FBI's list of most wanted terrorists in and around Lodi, an assertion that several terrorism experts regarded as unlikely.

By December 2001, Khan testified, he was working for the FBI in Lodi in a terrorism investigation that would eventually earn him more than $225,000 in salary and expenses. His code name: "Wildcat."

Though Khan did not disclose his targets, defense attorneys and Lodi residents said Khan got close to Muhammad Adil Khan and Shabbir Ahmed, Muslim clerics from Pakistan who were in Lodi on religious worker visas. The men were detained last summer, along with the Hayats, on immigration violations, and later agreed to be deported.

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Khan said that in the summer of 2002 he stumbled upon Hamid Hayat, a man with a sixth-grade education who was born in the United States but had spent half his life in Pakistan. Khan soon received permission to begin recording their conversations.

The men chatted about cricket, quitting smoking and Hayat's "jinxed" love life. When Khan posed as a would-be holy warrior, Hayat took the bait, expressing support for the Taliban and radical Sunni sectarian groups in Pakistan and showing off what prosecutors described as a "jihadi scrapbook" full of articles about militants.

Hayat told Khan that he planned to attend a training camp, but never indicated that he had actually gone.

"I have one objective now," Hayat told Khan on April 1, 2003, just before leaving Lodi. "If I went to Pakistan now, see, straight away, I'll stay at home for one or two weeks, then I'm going for training, friend."

In phone calls over the next couple of months, however, Khan scolded Hayat for "sitting idle" and "wasting time," and at one point told him to "be a man."

Khan testified the insults were a way "to make him talk."

The FBI was sufficiently interested in Hayat to divert his flight home last May to Japan, where the bureau's legal attache in Tokyo, Lawrence Futa, interviewed him. Futa recalled in testimony that Hayat was thin and "didn't appear to be someone who had gone through rigorous training recently."

A week later, however, Hayat confessed that he had attended an al Qaeda-run training camp and had returned to the United States "to carry out his jihadi mission," according to an affidavit signed by FBI agent Pedro Aguilar.

Umer Hayat, the agent wrote, admitted that his son had gone to a camp operated by Maulana Fazlur Rehman, the opposition leader in the Pakistani parliament -- a claim the defense calls outlandish. Initial news accounts of the arrests last year mistakenly assumed the reference was to Maulana Fazlur Rehman Khalil, the head of an outlawed militant group.

The information from father and son about who ran the camp was one of many conflicts in their statements to the FBI.

Hamid Hayat said he had been "fooled" into attending his camp, which he thought was a religious school, and escaped -- only to later become part of a budding terror cell in Lodi.

The young man gave five different answers when asked who ran the camp. He mentioned "big people ... taller than me, (more) educated than me"; a Pakistani group named Harakat-ul-Ansar that was first brought up by an FBI agent; al Qaeda; "maybe my uncle"; and "maybe my grandfather."

Both father and son seemed to have some trouble with English; they primarily speak Pashto in daily life. The agents did most of the talking during the interviews, and at times the Hayats seemed to parrot them.

For instance, when agent Harrison asked Hamid Hayat how he would get attack orders, Hayat responded, "Maybe, uh, send a letter or anything like that," according to a transcript prepared by Aguilar.

"No, I don't think they're gonna send a letter," Harrison said. "I think you're gonna have to talk to somebody here in Lodi."

"Yeah, maybe," Hayat said.

Because of rules regarding hearsay, Hamid Hayat's jury will not hear his father's confession, and vice versa. After closing arguments, the juries will render separate verdicts. Hamid Hayat faces up to 39 years in prison if convicted; his father faces up to 16 years.

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HOMELAND RESPONSE:

Brain Drain Hits Homeland Security (USAT)

By Mimi Hall

USA Today, March 29, 2006

WASHINGTON — The Homeland Security Department is losing top managers and rank-and-file employees in a brain drain that could affect morale and the nation's safety, according to members of Congress and labor experts.

Homeland Security is “hemorrhaging on the front lines and higher up,” says New York University professor Paul Light, an expert on the federal workforce. The turnover comes amid renewed threats of terrorism and as the department readies itself for another hurricane season.

Key vacancies include top leaders in the department's cybersecurity, technology and disaster response divisions.

The latest high-level departure came last week, when management chief Janet Hale announced she was leaving. She joined an exodus of top officials who have quit recently, many in the aftermath of Homeland Security's failures surrounding Hurricane Katrina last fall.

This month, operations chief Matthew Broderick resigned. Last month, Science and Technology Undersecretary Charles McQueary resigned. And in January, Chief Financial Officer Andy Maner quit.

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Meanwhile, the job of cybersecurity chief has been vacant since last summer. David Paulison has been the acting chief of the Federal Emergency Management Agency since Michael Brown resigned the $148,000 post in September; no permanent replacement has been found. FEMA is part of Homeland Security.

Homeland Security spokesman Russ Knocke acknowledged that the stress of top-level government security jobs can be grueling and "wear" on employees, who are expected to make "countless personal sacrifices." Nonetheless, he said he expects a number of the top jobs to be filled soon.

The impact is difficult to gauge. But a House investigation of Hurricane Katrina response recently cited personnel shortages at FEMA as a key part of the agency's failings during the disaster.

"It can't help morale for the rank-and-file employees when you have so much turnover," says Rep. Bennie Thompson, D-Miss., the top Democrat on the House Homeland Security Committee. "There just appears to be a continuous brain drain out of the agency."

FEMA typically has 2,500 full-time employees. When Katrina hit, it was down 500. Some of those positions have been filled, but the agency is still struggling to get back to full strength.

To prepare for the next hurricane season, officials in February announced a plan to ensure 95% of FEMA's jobs are filled by June 1.

Randall Larsen of the Institute for Homeland Security questions how the department will attract good people. Though many top-level jobs pay more than $100,000, "Who's going to give up a good job in the private sector to go into an organization that is criticized by the press and Congress and the American people?" he said.

GAO: Customs Failed 'Dirty Bomb' Test (WP)

By Spencer S. Hsu And William Branigin

Washington Post, March 29, 2006

Congressional investigators testing U.S. port security smuggled enough radioactive material into the United States last year to make two radiological "dirty" bombs, officials told a Senate panel yesterday.

In December, undercover teams from the Government Accountability Office, Congress's audit arm, carried small amounts of cesium-137 -- a radioactive material used for cancer therapy, industrial gauges and well logging -- in the trunks of rental cars through border checkpoints in Texas and Washington state. The material triggered radiation alarms, but the smugglers used false documents to persuade U.S. Customs and Border Protection inspectors to let them through with it.

"These are documents my 20-year-old son could easily develop with a simple Internet search," said Sen. Norm Coleman (R-Minn.), who chaired the hearing into covert nuclear threats before a Senate Homeland Security and Governmental Affairs subcommittee yesterday. "It is a problem when it is tougher to buy cold medicine than it is to acquire enough material to construct a dirty bomb."

Jayson P. Ahern, an assistant commissioner for field operations for Customs and Border Protection, said U.S. customs officers were unable to confirm the validity of counterfeit Nuclear Regulatory Commission licenses presented by testers, but a system will be in place within 30 days to do so.

"All our systems worked, and officers appeared to follow our protocols," Ahern said. "But the bottom line is the material was allowed in with questionable documents."

The GAO report is the latest to find weaknesses in implementing detection systems for air travel and biological, chemical and radiological threats. Another GAO report yesterday found that foreign corruption, technical limitations, poor maintenance and lack of infrastructure compromise detection systems placed overseas by the United States. But Ahern said U.S. customs officers have scanned more than 80 million containers with radiation portal monitors since 2000, resolved 318,000 alarms and turned up no illegal material.

Homeland Security and Nuclear Regulatory Commission officials, while not discounting the economic and psychological effects of a conventional explosive laced with radioactive materials or "dirty bomb," said the amounts smuggled were minimal.

Michael Levi, a fellow at the Council on Foreign Relations, said the 150 microcuries of cesium-137 smuggled by each team would barely cause more than one death from cancer per million people exposed for 30 years.

The GAO also reported it is "unlikely" the Department of Homeland Security can install 3,034 new-generation radiation detectors by September 2009 as planned at border crossings, ports and mail facilities, and that the $1.2 billion program may incur a $342 million overrun.

In a separate report released yesterday, the Council on Foreign Relations reported that the government has not made prevention of nuclear terrorism its highest priority. Council fellow Charles D. Ferguson said more action is needed to address proliferation threats posed by highly enriched uranium and weapons in Pakistan, Russia and more than 100 civilian facilities.

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"Securing and eliminating vulnerable nuclear materials and weapons offer points of greatest leverage in preventing nuclear terrorism," Ferguson wrote. "The biggest impediment to reducing the threat of nuclear terrorism involving Pakistan is President [Pervez] Musharraf's expressed belief that terrorists cannot make nuclear weapons."

According to the International Atomic Energy Agency, there were more than 400 confirmed cases of illicit trafficking in materials that could be used to produce a dirty bomb between 1993 and 2004, and 21 that involved material that could be used to produce a nuclear bomb.

"The simple fact is that if a nuclear device is already in the U.S., it's too late," Sen. Daniel K. Akaka (D-Hawaii) said.

Fake ID's At The Border Crossings (NYT)

The New York Times, March 29, 2006

While federal officials have been scrambling to install enough radiation detectors to screen all cargo for dangerous nuclear materials, they have apparently left a glaring hole in this thin and spotty line of defense. Even when detectors signal the presence of a radioactive substance, border guards may be fooled into waving a shipment through based on fraudulent paperwork and glib talk by the drivers.

That disturbing lesson comes from a report issued this week by the Government Accountability Office, an investigative arm of Congress. Undercover testers put small amounts of cesium-137, a highly radioactive material, in the trunks of two vehicles and drove across the borders from Mexico and Canada at sites that had big stationary detectors.

The good news is that the detectors signaled the presence of radioactivity and that inspectors then questioned the undercover testers and subjected their vehicles to further inspection with hand-held devices. The bad news is that they allowed the shipments through anyway, apparently on the basis of counterfeit Nuclear Regulatory Commission documents, copied from the Internet, and fake shipping documents from a fictitious company.

The G.A.O. says the smuggled cesium was enough to make two "dirty bombs," which could contaminate an area and render it unusable for a long period. The N.R.C., on the other hand, says the amounts were far too small to worry about. Either way, it is disturbing that the guards let the shipments through. It is not clear whether the guards have gotten complacent in the wake of repeated false alarms triggered by natural radiation from bananas, ceramic tiles, fertilizer and other products, or were simply tricked by the phony documents. Red-faced officials insist that they will give border agents new tools to verify such documents shortly. The N.R.C. clearly needs to tighten its rules governing the purchase and security of small quantities of radioactive materials.

A dirty bomb uses ordinary explosives to disperse radioactive materials and contaminate the environment. An even greater, if less likely, threat would be posed by a real nuclear weapon or the fissile material to make one. Unfortunately, bomb-grade uranium is much harder to detect than cesium, and radioactive materials shielded by lead are much harder to detect than containers of cesium in cardboard boxes in vehicle trunks. The nation is far short of its goal to have radiation detectors at every portal. If border guards miss shipments of bombs or fissile material, the result could be catastrophic.

Senators Urge Swifter Action To Strengthen Port Security (AP)

By Liz Sidoti

The AP, March 29, 2006

WASHINGTON --Senators said Tuesday the United States must act more quickly to strengthen security at U.S. entry points following the disclosure that undercover investigators breached security by slipping nuclear material into the United States.

"There are several gaps in our defense," Sen. Norm Coleman, R-Minn., said, opening a Senate Homeland Security subcommittee hearing on the matter. "These issues must be addressed with a sense of urgency."

Sen. Carl Levin of Michigan, the panel's top Democrat, called the outcome of the Government Accountability Office's investigation "an alarming wake-up call."

"If terrorists were to obtain nuclear or radiological material and smuggle it into this country, the consequences could be catastrophic: a tremendous loss of life and a crippling blow to our economy," said Sen. Susan Collins, R-Maine, the chairwoman of the full Homeland Security Committee.

In a test last year, the small amounts of cesium-137, which is used in industrial gauges, triggered radiation alarms in Texas and Washington state. The material was enough to make two small "dirty bombs," officials said, yet U.S. customs agents permitted the investigators to enter the United States after being tricked with counterfeit documents.

The Bush administration said Tuesday that within 30 days it will give U.S. Customs and Border Protection agents the tools they need to verify such documents in the future.

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In a series of reports, the GAO, which is the investigative arm of Congress, found that the Homeland Security Department's goal of installing 3,034 radiation detectors by September 2009 across the United States -- at border crossings, seaports, airports and mail facilities -- was "unlikely."

Investigators also said the government probably will spend $342 million more than it expects to complete the job, given its current costs and pace. Between October 2000 and October 2005, they said, the government spent about $286 million installing radiation monitors inside the United States.

The commission, in charge of overseeing nuclear reactor and nuclear substance safety, defended its record.

"Security has been of prime importance for us on the materials front and the power plant front since 9/11," commission spokesman David McIntyre said.

Vayl Oxford, who heads the Homeland Security Department's Domestic Nuclear Detection Office, said Monday that the substance could have been used in a radiological weapon with limited effects. On Tuesday, he told lawmakers that his comment was not meant to discount the psychological and economic impact a dirty bomb could have.

Jayson Ahern, the assistant customs commissioner for field operations, said a system for U.S. customs agents to confirm the authenticity of government licenses will be in place within 30 days.

To test security at U.S. borders with Mexico and Canada, GAO investigators last year represented themselves as employees of a fake company and obtained cesium-137.

They attempted to cross into the United States with the substance -- enough to possibly create two crude radiological bombs that could spread radiation if spread by the blast of a conventional explosive.

When stopped, the investigators presented counterfeit shipping papers and NRC documents that allegedly permitted them to receive, acquire, possess and transfer radioactive substances.

Investigators found that customs agents weren't able to check whether a person caught with radioactive materials was permitted to possess the materials under a government-issued license.

"Unless nuclear smugglers in possession of faked license documents raised suspicions in some other way, CBP officers could follow agency guidelines yet unwittingly allow them to enter the country with their illegal nuclear cargo," a report said. It described this problem as "a significant gap" in the nation's safety procedures.

False radiation alarms are common -- sometimes occurring more than 100 times a day -- although the GAO said inspectors generally do a good job distinguishing nuisance alarms from actual ones. False alarms can be caused by ceramics, fertilizers, bananas and even patients who have recently undergone some types of medical procedures.

Senators Urge Tighter Border Security After Test Finds Flaw (USAT)

USA Today, March 29, 2006

The United States must act even more quickly to strengthen security at U.S. border entrances following the disclosure that undercover investigators were able to slip nuclear material into the country, senators said at a hearing Tuesday.

“There are several gaps in our defense,” said Sen. Norm Coleman, R-Minn. “These issues must be addressed with a sense of urgency.”

Michigan Sen. Carl Levin, the top Democrat on the Homeland Security subcommittee, called the investigation by the Government Accountability Office “an alarming wake-up call.”

In a test last year, small amounts of cesium-137, which is used in industrial gauges, triggered radiation alarms at border crossings in Texas and Washington state. The material was enough to make two small “dirty bombs,” a GAO report said, yet U.S. Customs agents permitted the investigators to enter the United States after being tricked with counterfeit documents.

A dirty bomb would use a conventional explosion to spread radioactive material. It would make an area unusable and cause economic havoc.

Thomas Kean, an ex-governor who chaired the 9/11 Commission, told senators “the size of the problem still totally dwarfs the policy response.”

The Bush administration said that within 45 days it will give U.S. Customs and Border Protection agents the tools they need to verify such documents in the future.

Republican Sen. John Ensign of Nevada said he is dropping his opposition to the promotion of Coast Guard Vice Adm. Thad Allen, who headed Hurricane Katrina recovery efforts. Ensign said that after discussing Katrina problems with Allen, he would no longer oppose him as commandant of the Coast Guard. Under Senate rules, any senator can block a vote on a confirmation. President Bush nominated Allen in January. The nomination now goes to the full Senate for a vote.

'Dirty Bombs' Called Threat To Shipping (WT)

By Audrey Hudson

DOJ_NMG_0023441

The Washington Times, March 29, 2006

The marine shipping industry will be devastated if foreign countries do not increase cargo screenings to protect against a "dirty bomb" terrorist attack, Homeland Security Secretary Michael Chertoff is telling Asian officials this week.

During a trip to Japan on Monday and China yesterday, Mr. Chertoff urged cooperation to strengthen the shipping industry and to protect the United States against a nuclear attack.

"I think we all know that if a container were used to bring a dirty bomb or something similar into the United States, in addition to the obviously catastrophic consequences in America, it would be absolutely devastating to marine shipping," Mr. Chertoff said during a press conference yesterday.

"We can only really build our own security if we build it in partnership with other countries," Mr. Chertoff said.

The International Atomic Energy Agency has reported 662 known attempts to smuggle nuclear or radiological material across borders around the world.

Mr. Chertoff said it would be a "mortal blow" if Asian ports failed to use nuclear radiation detection equipment on ships bound for the United States. Hong Kong ports are experimenting with technology for such a program.

On his first trip to Asia, the homeland security chief is examining cutting-edge technology used to secure foreign ports, including a visit to one of the largest ports of the world, Singapore.

"We're looking to build a stronger partnership overseas, particularly in port and container security," said Homeland Security spokesman Brian Doyle. "It will make us and them more secure."

On Capitol Hill, lawmakers criticized the department for failing to block nuclear-weapon smuggling in a sting set up by the Government Accountability Office.

Witnesses told the Senate Homeland Security and Governmental Affairs permanent subcommittee on investigations yesterday that enough nuclear material entered the country as part of the investigation to make two dirty bombs.

"The radiation detectors correctly alarmed," said Sen. Norm Coleman, Minnesota Republican and panel chairman. "This is the good news."

"The bad news, however, is that officers were fooled by fraudulent documents and didn't have the mechanisms to verify the documents. These are documents my 20-year-old son could easily develop with a simple Internet search. We cannot allow this potentially deadly material to transmit our borders with ease," Mr. Coleman said.

The forged documents showed the nuclear shipment was approved by federal officials.

Sen. Carl Levin of Michigan, the panel's ranking Democrat, said Homeland Security officials have made significant improvements to detect such materials at land- and seaports, but said the GAO report shows "much more can and should be done."

Takeover Makeover (WSJ)

By Richard C. Shelby

The Wall Street Journal, March 29, 2006

WASHINGTON -- Over the last three years, direct foreign investment in the U.S. has exceeded $530 billion. The benefits are substantial: In 2002 alone, foreign affiliates paid $17.8 billion in taxes, representing 12% of U.S. corporate tax revenue. The investment is a key engine of our continued economic growth and also helps sustain global partnerships with countries throughout the world. The leading foreign investor is our staunchest ally, the U.K. Other key foreign investors are Japan, the Netherlands and Germany. U.S. companies also have a substantial stake abroad, with $252 billion invested overseas in 2004. A policy of open foreign investment here is thus essential if we are to expect similar treatment from other nations.

Nevertheless, anyone within proximity of a television, newspaper or radio over the course of the last month is aware of the firestorm that erupted over the Dubai Ports acquisition. Aside from the heightened political rhetoric and the considerable misinformation surrounding this specific deal, the controversy focused the spotlight squarely on what has previously been an obscure process by which the U.S. approves foreign acquisitions: the Committee on Foreign Investment in the U.S., or CFIUS. More to the point, the Dubai controversy provided a revealing glimpse of inherent flaws in the CFIUS process. Along with the recent uproar over the attempted acquisition of a U.S. oil company by a state-owned Chinese firm, it should provide enough momentum for strong reform of CFIUS, without which there will be even more investment related altercations.

The Dubai deal highlighted a key CFIUS deficiency by demonstrating that many top officials were not aware of CFIUS's approval of the transaction. As chairman of the Senate Banking Committee, which has jurisdiction over the Defense Production Act and CFIUS, I learned of the approval as other lawmakers did -- through the media. In fact, the secretaries of Treasury, Defense and Homeland Security have all publicly stated that they were unaware of the approval until it made the evening headlines. It is precisely because of the inherently secretive nature of CFIUS that our highest officials were caught off guard, and it directly corresponds to the current lack of credibility in the process.

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The Senate Banking Committee has had long-standing concerns with the inadequacies of CFIUS. In early 2004, members of the committee requested that the GAO perform a study on the process and include recommendations for reform. We held two hearings on the substance of this report last year, in addition to a hearing held earlier this month devoted exclusively to the Dubai Ports issue. Drawing from the GAO analysis and the record established by these hearings, I intend to move legislation through the Banking Committee this week that should give Congress and the American people greater faith in the CFIUS process.

A strong reform will introduce transparency, accountability and oversight to ensure public confidence that the deals approved by CFIUS do not pose a threat to national security. Striking the appropriate balance between our open investment policy and legitimate concerns over national security is not an easy task. The U.S. can never subjugate our national security to economic interests. But just as important as ensuring that national security is properly weighed, the signals that we send to the rest of the world about our investment policies must also be given thoughtful consideration.

This can be accomplished by strengthening the process by which we consider these transactions in specific areas. Among the key elements of reform will be closing the "Byrd Amendment loophole" to require full investigations of foreign state-owned companies which seek to acquire a U.S. company. Contrary to congressional intent, the Treasury used a loose interpretation of the Byrd Amendment to avoid a full 45-day investigation in the Dubai Ports case. This loophole will be closed to remove any ambiguity.

The Banking Committee bill will formally establish CFIUS in statute, giving it increased visibility and accountability. In a significant structural change, the secretary of defense will be added as a vice chairman and the director of national intelligence will be added as a regular participant. To increase transparency, the legislation will enhance congressional oversight, requiring notice to the relevant congressional committees on proposed transactions, with a report due to the committees of jurisdiction upon the disposition of those cases. To ensure accountability from the administration and to avoid the lack of culpability expressed by public officials in the Dubai case, the law will require certification of these reports by the CFIUS chair, vice chair and lead agency responsible for the review. The legislation will also require a comprehensive annual report to the Senate Banking and House Financial Services Committees on all CFIUS transactions.

Given the massive importance of the issues at stake in this debate -- national security and economic stability and growth -- it is incumbent upon the Congress to act thoughtfully and deliberatively. This can be achieved through targeted and specific legislation that will give us the credible process the American people deserve without causing irreparable damage to our economy and global relationships.

Sen. Shelby of Alabama is chairman of the Senate Banking Committee.

Xenophobia's Threat To Prosperity (WP)

By Charles Prince

The Washington Post, March 29, 2006

Citigroup employs 300,000 people in 100 countries. We are a guest in every one of those countries. We've bought companies in many of them and, with a few notable exceptions during periods of war and revolution, we've been welcomed with great hospitality everywhere for over a century -- just as the United States has welcomed many companies based in other countries. I sincerely hope things stay that way.

But that could prove a challenge in the current political environment. There are now upward of 30 proposals in Congress to make changes in the Committee on Foreign Investment in the United States (CFIUS), a little-known body that has the authority to suspend or prohibit any acquisition, merger or takeover of a U.S. corporation that is deemed to threaten national security. The committee, made up of representatives from a dozen federal agencies, has recently come under intense scrutiny, even though it has not allowed a single breach of national security since it was established in 1988.

Some of the proposals would place new and potentially damaging restrictions on foreign investment in the United States. Legitimate national security concerns are one thing, but introducing overt political considerations into decisions regarding the allocation of capital has the potential to undermine investor confidence -- both domestic and foreign -- in U.S. markets and to jeopardize the continued vibrancy, depth and liquidity of those markets.

Like the investments made overseas by Citigroup, IBM, General Electric and countless other U.S.-based global firms, investment in the United States by companies based outside this country is essential for job creation and innovation. The same is true of individual and institutional investors in the United States and in other countries. U.S. assets owned by individuals or companies outside the United States total about $11.5 trillion. These investors have helped to finance the housing boom in the United States and have contributed significantly to the rise in home values and ownership. They bought nearly $227 billion of U.S. agency debt in 2005, and they currently hold more than $900 billion of such debt.

Non-U.S. companies established in the United States support nearly 5.3 million jobs in this country, spread throughout all 50 states. Put another way, 4.7 percent of Americans holding private-sector jobs are employed by companies based outside the

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United States. These employees receive compensation totaling $318 billion annually, and their numbers are growing rapidly. Indeed, the very presence of these companies in the United States creates a multiplier effect throughout local and national economies -- including tax revenue -- that benefits all Americans.

In an increasingly global economy, labels such as "foreign" and "domestic" have become less relevant. Many non-U.S. multinational firms have moved their U.S. personnel into senior global positions. For instance, many chief executives of U.S. subsidiaries, most of whom are American citizens, have gone on to become CEOs of the global company, including Don Shepard of Aegon, Don Robert of Experian, Marjorie Scardino of Pearson and Klaus Kleinfeld of Siemens.

At the same time, many companies based outside the United States have moved senior managers with global responsibility for an entire business unit or function to the United States. The leadership role played by the employees of these companies, and their operations, benefit the U.S. economy and must be taken into account when balancing the value conferred by non-U.S. companies against notions of national interest.

I respectfully urge Congress to take only those actions that will enhance the security review process for foreign investment in the United States, and to avoid endorsing proposals that could undermine America's support for access to capital markets and the free movement of capital. We must avoid measures taken in the name of national security that are isolationist and xenophobic, and could have the effect of choking off vital investments in America. Such a path could threaten job creation in the United States, impede American economic growth and jeopardize U.S. efforts to open foreign markets for American companies, consumers and investors. Any changes to the CFIUS process should result from an informed, sober and fact-based assessment of all of our interests.

Genuine threats to U.S. national security must be met with resolve and purpose -- no deal can be worth the safety of our citizens. But at the same time, challenges to U.S. economic success must be met with the same commitment to international leadership and engagement that has for decades contributed to increasing prosperity in this country and throughout the world. This is not a choice between protecting vital national interests and building a more prosperous future. These two goals are vitally important, but they are also compatible, and Americans will hold their leaders accountable for working to achieve both of them.

The writer is CEO of Citigroup Inc.

"Spy Files" Include Antiwar Surveillance (DENP)

By Felisa Cardona, Denver Post Staff Writer

Denver Post, March 29, 2006

The ACLU has obtained more documents that show that the FBI's Joint Terrorism Task Force was watching antiwar groups in Denver as part of a domestic terrorism investigation.

The files were released to the ACLU's Colorado chapter under a Freedom of Information Act request filed in December 2004.

The records show FBI agents spent hours monitoring activist organizations such as Food Not Bombs, and the now-closed bookstore, Breakdown Books in Capitol Hill, among other groups.

FBI agents spent two hours outside the bookstore counting about 40 people who gathered there to carpool to an antiwar demonstration in Colorado Springs on Feb. 15, 2003. The report says agents noted the license plate numbers of a dozen nearby vehicles.

"This report raises more questions about the degree to which the FBI is unjustifiably regarding demonstrations and public dissent as potential terrorism," said Mark Silverstein, legal director of the ACLU's Colorado chapter.

Some of those groups, such as Making A Difference/Coloradans Opposed to War (MADCOW), have already disbanded since they were surveilled, Silverstein said.

In 2004, Denver activist Sarah Bardwell was questioned by agents regarding her association with Food Not Bombs, a group that the FBI characterized as having ties to the Anarchist Black Cross, a group that the FBI notes in the files as having a history of violence.

A flier for the Anarchist Black Cross was found on the Auraria campus in Denver and agents investigated a meeting that the group had on Lipan Street in 2004, the files show.

Silverstein said only a couple of people showed up for the meeting and ended up eating cookies.

The FBI contends that they do not watch groups or individuals unless agents receive intelligence that violent or disruptive activities are being planned.

Staff writer Felisa Cardona can be reached at 303-820-1219 or at fcardona@denverpost.com.

ACLU Says FBI Watched War Protesters In A 2003 Domestic Terrorism Probe (AP)

AP, March 29, 2006

DOJ_NMG_0023444

DENVER - FBI files on domestic terrorism show the agency monitored a meeting of anti-war activists in Denver in 2003, suggesting the government may treat dissent as "potential terrorism," the American Civil Liberties Union said Tuesday.

A document obtained by the ACLU this week under the Freedom of Information Act says the FBI also recorded the license numbers of vehicles "in the vicinity" of a now-closed bookstore where the activists met before carpooling to a demonstration in Colorado Springs.

More than 30 people were arrested at two anti-war demonstrations in Colorado Springs later that day, but it wasn't clear whether any of them had been at the Denver gathering.

The new document was the latest twist in a campaign by the ACLU to investigate surveillance by local and federal authorities of activists in Colorado, including peaceful groups, dating to the 1950s.

"We just have questions about why the FBI is surreptitiously staking out a bookstore in Denver and writing down the license numbers of people who are stopping there for the purpose of carpooling to an anti-war demonstration," said Mark Silverstein, legal director of the ACLU in Colorado.

FBI spokesman Bill Carter in Washington said he was not familiar with the bookstore surveillance, but he said the agency would not monitor a group simply because it is protesting.

"Our interest is not in the First Amendment activities the group is involved in," he said. The FBI would monitor a group only if participants might be planning or engaging in "violent criminal activity," he said.

The latest document obtained by the ACLU says a two-hour surveillance of Breakdown Books in February 2003 showed that at least 40 people "appeared to be involved" in the Revolutionary Anti-War Response demonstration planned later that day in Colorado Springs.

The one-page document does not mention any potential for criminal violence. The only blocked-out portions appear to be the names of four agents who conducted the surveillance and the license plates of 12 vehicles.

Later that day, police in Colorado Springs fired tear gas and at least one rubber bullet after an anti-war rally spilled out of a park and blocked a major street. At least two people were treated for minor injuries and 13 people were arrested. A second demonstration ended with 21 arrests but no tear gas.

The document does not mention a domestic terrorism investigation, but Silverstein said the file number corresponds to another FBI document the ACLU obtained in December that includes the designation "AOT," which he said stands for "acts of terrorism."

Silverstein said the FBI released the documents in response to an ACLU request for information about the agency's Joint Terrorism Task Force. The FBI has formed 66 such task forces with local law enforcement agencies across the nation, including Denver police.

FBI documents obtained earlier by the ACLU showed the agency had opened domestic terrorism investigations of peaceful demonstrators after reading websites announcing protests.

Among the groups the FBI investigated were the Colorado American Indian Movement and the Rocky Mountain Peace and Justice Center, the documents showed.

- The Associated Press

In 2003, the ACLU settled a lawsuit against the city of Denver for keeping so-called "spy files" on peaceful groups since at least the 1950s. The city agreed to collect information only if it can show a clear connection to criminal activity.

Silverstein said ACLU chapters nationwide are now requesting documents about FBI surveillance of peaceful protesters as the national organization tries to measure how extensive the monitoring has been.

He said he did not know where the effort might lead.

"Certainly I wouldn't rule out asking for legislation or doing more public education or litigation, if it's possible to do that," he said.

FOR THE RECORD (LAT)

The Los Angeles Times, March 29, 2006

Monitoring of activists: In some copies of Monday's Section A, a front-page headline said, "Activists on Anti-Terror Watch List." The list referred to in the article was not a formal terrorist watch list, the FBI said, but was included in a Department of Justice presentation to a law class that listed groups terrorists might associate with. Two left-wing groups were included.

After Hard Lessons, A New Game Plan For Hurricane Seasons (NYT)

By Jeremy Alford

The New York Times, March 29, 2006

BATON ROUGE, La., March 28 — Federal and state emergency officials promised a different approach on Tuesday to the coming hurricane season, saying they would no longer use "last resort" shelters like the Superdome to house displaced residents.

Instead, they said, they will put into effect a better system of communication and evacuation to get residents away from the path of a storm.

"Our goal is to create an environment for all of the individuals to leave in the face of a storm rather than stay," said Terry Ebbert, the homeland security adviser for Orleans Parish, speaking at a news conference with federal officials regarding preparations for the 2006 season, which begins June 1.

To relocate a large number of people efficiently, Mr. Ebbert said, officials are planning an improved public education campaign, and are exploring new ways to use buses, trains, airlines and other evacuation routes. Those plans, however, are still in the conceptual stages and will probably not be ready until closer to the hurricane season, he said.

R. David Paulison, acting director of the Federal Emergency Management Agency, said the new plans were a direct result of lessons learned from last year's disastrous Gulf Coast hurricanes. By retooling the agency and bringing in emergency resources before they are needed — supplies are being stockpiled at various locations off the Gulf of Mexico — the federal government will not repeat its mistakes, he vowed.

"We have a different situation now," Mr. Paulison said.

While the National Oceanic and Atmospheric Administration will not issue its official forecast for the new season until May, William Gray, a hurricane expert with Colorado State University, is predicting a tumultuous six months, although the season is not likely to rival last year's devastation. In his December outlook report, Mr. Gray predicted there would be 17 named storms, 9 hurricanes and 5 major events with winds exceeding 111 miles per hour.

Aside from these threatening conditions, moving people out of hurricane-prone areas will be more challenging than ever, Mr. Paulison said, because there are now more than 94,000 trailers housing evacuees in the Gulf Coast region alone that are largely unable to stand up to severe winds. People living in trailers will face a mandatory evacuation even for something as small as a tropical storm, he said.

Henry Rodriguez, president of St. Bernard Parish, a swampy area just east of New Orleans that was virtually destroyed by Hurricane Katrina, said he would wait to see the actual response before he started cheering the federal government, but expressed confidence that preparations would be improved over all.

He added that he hoped that preparedness for this year would not overshadow relief from the hurricanes that had already left their mark on the Gulf Coast.

"I hope that they have learned their lesson by now," Mr. Rodriguez said. "I hope they know that everyone is depending on them. They needed better planning, and it sounds like we're getting that. I just hope their response is better than their efforts at recovery, though. There has been no progress there — only progressively worse."

La. Candidates Must Track Down Voters (USAT)

By Anne Rochell Konigsmark

USA Today, March 29, 2006

ATLANTA — Seven candidates for mayor came here to debate tough issues, but they aren't hoping to lead this city. They want to be mayor of New Orleans.

“We miss you, and we want you back,” candidate Mitch Landrieu, who is also Louisiana's lieutenant governor, said recently to New Orleanians who have been living in Atlanta since Hurricane Katrina hit Aug. 29, flooding three-fourths of the city and emptying it of most residents.

In what could be a first in American politics, the New Orleans mayor's race may have more voters outside the city than inside. Candidates in the election April 22 are on a nationwide cat-and-mouse search for voters, who live in all 50 states.

“I just know of no precedent for it,” says Hastings Wyman, editor of the Southern Political Report.

The mayoral hopefuls are catching trains, chartering planes and taking daylong car trips to reach voters in cities with large numbers of evacuees, such as Houston, Atlanta, Dallas and Memphis.

“This is murder,” said candidate Johnny Adriani, who attended last weekend's Atlanta forum, which was hosted by evacuees. He said it took all day by train to reach Atlanta. “It was far too expensive to fly,” he said.

Adriani, who lives in Baton Rouge since his home in the Lakeview neighborhood flooded, attended another forum last weekend in Houston.

More than 250,000 of the 460,000 people who lived in New Orleans before the hurricane have not come home.

On Monday, a federal court refused a request from civil rights groups to delay the election, already postponed from February to April. The groups argue it is unfair to the thousands of displaced black residents.

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Jesse Jackson will lead a protest here Saturday.

Absentee-balloting rules have been relaxed somewhat for those living out of state; for those in Louisiana, there will be polling places statewide; more than 700,000 information packets have been sent to evacuees; and the state is running full-page ads in city newspapers around the Southeast. The Louisiana secretary of State's office commissioned a study that concluded about 80% of registered voters are living in or very near New Orleans.

The U.S. Justice Department, which oversees elections in Louisiana and other Southern states to prevent discrimination, has signed off on the election.

Candidates who are well-known and have money to travel have an advantage with displaced voters, says Ed Renwick, a political science professor at Loyola University in New Orleans. However, even a wealthy candidate "can't run television ad campaigns in all those cities," Renwick says.

"It's tricky," says Ashley Casey, who works for Audubon Nature Institute Director Ron Forman, one of the candidates. "You can't just walk down the street in another city and say, 'Hey! Voters!' "

This election is not easy for voters, either. Ferdinand Hines, who has been living in Atlanta since Katrina ruined his home in New Orleans East, was one of fewer than 100 attendees at the Atlanta forum.

Hines plans to vote but is worried about the absentee-balloting process, which requires voters to get a signed affidavit proving they are displaced. "It looked like if they could come up with an online system, that would be more efficient," he said.

Some evacuees plan to charter buses to return to Louisiana to vote, says Carla Allen, co-founder of the Coastal Gumbo Coalition, a grass-roots group for evacuees that hosted the Atlanta forum.

"We are telling people to go home to vote," she says. She hopes someone will donate buses to evacuees.

"If we don't vote, we don't have a voice," she says. "And the next four years are going to be a turning point for New Orleans."

Indeed, Katrina changed what probably would have been a sleepy re-election race — with incumbent Ray Nagin winning easily — into nationally intriguing political theater. Twenty-two candidates have jumped in to challenge Nagin. "One of the reasons I'm running is to be a part of history," the Rev. Tom Watson says.

Among the challengers:

·Kimberly Williamson-Butler, the New Orleans criminal court clerk who announced her candidacy on her way to jail. She was held for three days this month for refusing a court order regarding cleanup of a flooded evidence room.

·Forman, who runs the city's zoo and aquarium. His wife, Sally, was one of Nagin's top advisers until her husband decided to run against her boss.

Who's she supporting now? "My husband," she says.

·Marie Galatas, who says God told her to run and who claims to be able to see into the future.

·Landrieu, whose sister is U.S. Sen. Mary Landrieu, D-La., and whose father, "Moon," was the city's last white mayor when he left office 30 years ago.

·Roderick Dean, an election oddity: This Louisville resident is the only candidate in the race who doesn't live in Louisiana.

Many challengers are political newcomers. They're gambling that Nagin's popularity has waned, particularly among white voters who gave him broad support in his first election. Nagin apologized after his Martin Luther King Jr. Day speech in which he predicted that New Orleans would again be a "chocolate city" — predominantly black — because "that's how God wants it to be."

Loyola's Renwick predicts turnout will be low in other cities but very high among New Orleanians who have returned.

"People here are going to vote like crazy," he says. "Interest in this race is extremely high. We might wind up having a normal turnout overall."

In 2002, 45% of the 300,000 registered voters turned out to vote for mayor.

Candidates at the Atlanta forum appealed to voters' love of New Orleans.

"You are New Orleanians, and you don't belong here," Adriani said.

Candidate Shedrick White recited a poem he had written about New Orleans, which evoked city treasures such as brass bands and red beans and rice. The moderator, the Rev. Glenn Allen, was moved to tears.

WAR NEWS:

Bush Opposes Iraq's Premier, Shiites Report (NYT)

By Edward Wong

The New York Times, March 29, 2006

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BAGHDAD, Iraq, March 28 — The American ambassador has told Shiite officials that President Bush does not want the Iraqi prime minister to remain the country's leader in the next government, senior Shiite politicians said Tuesday.

It is the first time the Americans have directly expressed a preference in the furious debate over the country's top job, the politicians said, and it is inflaming tensions between the Americans and some Shiite leaders.

The ambassador, Zalmay Khalilzad, told the head of the main Shiite political bloc at a meeting on Saturday to pass on a "personal message from President Bush" to the interim prime minister, Ibrahim al-Jaafari, said Redha Jowad Taki, a Shiite member of Parliament who was at the meeting.

Mr. Khalilzad said Mr. Bush "doesn't want, doesn't support, doesn't accept" Mr. Jaafari as the next prime minister, according to Mr. Taki, a senior aide to Abdul-Aziz al-Hakim, the head of the Shiite bloc. It was the first "clear and direct message" from the Americans on a specific candidate for prime minister, Mr. Taki said.

The Shiite bloc, which won a plurality in the parliamentary election in December, nominated Mr. Jaafari last month to retain his post for four more years.

American officials in Baghdad did not dispute the Shiite politicians' account of the conversation, though they would not discuss the details of the meeting. A spokeswoman for the American Embassy confirmed that Mr. Khalilzad met with Mr. Hakim on Saturday. But she declined to comment on what was said.

"The decisions about the choice of the prime minister are entirely up to the Iraqis," said the spokeswoman, Elizabeth Colton. "This will be an Iraqi decision."

In Washington, the State Department said it would not comment on diplomatic conversations, but Adam Ereli, the deputy spokesman, reiterated American support for "a government of national unity with strong leadership that can unify all Iraqis."

The Americans have harshly criticized the Jaafari government in recent months for supporting Shiite militias that have been fomenting sectarian violence and pushing Iraq closer to full-scale civil war.

Mr. Khalilzad has sharpened his criticism in the last week, saying the militias are now killing more people than the Sunni Arab-led insurgency. American officials have expressed growing concern that Mr. Jaafari is incapable of reining in the private armies, especially since Moktada al-Sadr, the anti-American cleric who leads the most volatile militia, is Mr. Jaafari's most powerful backer.

Haider al-Ubady, a spokesman for Mr. Jaafari, said the prime minister had received the ambassador's message and accused the Americans of trying to subvert Iraqi sovereignty.

Tensions between Shiite leaders and the American government, which had been rising for months, boiled over after an assault on Sunday night by American and Iraqi forces on a Shiite mosque compound in northern Baghdad.

Shiite leaders say at least 17 civilians were killed in the battle, most of them members of a Shiite political party. American commanders say the soldiers fought insurgents.

The reported American pressure over Mr. Jaafari's nomination is another sign of White House impatience over the deadlocked talks to form a new government. American officials say the impasse has created a power vacuum that has encouraged lawlessness and civil conflict.

The nomination has become one of the most contentious issues in those talks, with the main Kurdish, Sunni Arab and secular blocs calling for the Shiites to replace Mr. Jaafari. On Monday, Shiite leaders suspended their participation in the negotiations, saying they were enraged by the assault on the mosque complex.

In Baghdad on Tuesday, at least 21 people were abducted in four separate incidents in the biggest wave of kidnappings in a month, an Interior Ministry official said. In one incident, 15 men in Iraqi Army uniforms dragged at least six people from a money exchange shop and stole nearly $60,000. In two other cases, people wearing Interior Ministry commando uniforms snatched victims from two electronics shops.

The police in western Baghdad discovered 14 bodies on Tuesday, all killed execution-style with gunshots to the head, apparently the latest victims of sectarian bloodletting. On Monday, Iraqi forces found 18 bodies near Baquba with similar wounds. Earlier reports of 30 beheaded bodies found in that area were wrong, the Interior Ministry official said.

An American soldier was killed Tuesday by small-arms fire in Baghdad, and another was killed and three were wounded by a roadside bomb outside Habbaniya, the American military said.

The Iraqi security minister, Abdul Karim al-Enizi, said on the state-run Iraqiya network on Tuesday night that the Iraqi forces who had raided the mosque compound in Baghdad were not part of the Interior or Defense Ministry. A survivor said the soldiers did not speak Arabic well, implying they may have been Kurdish militiamen working with Americans, Mr. Enizi said.

At the Pentagon, senior officials defended the raid, releasing photographs they said proved that weapons and bomb-making materials had been seized inside the compound, which they described as a school complex that had been turned into a base for a "hostage ring."

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When the soldiers entered the compound, "they found that there was a building there that had a small minaret and a prayer room inside it," said Gen. Peter Pace, chairman of the Joint Chiefs of Staff. "Some people are calling that a mosque."

The surge in violence has shaken confidence in Mr. Jaafari, who has been widely criticized by Iraqis for failing to smash the Sunni-led insurgency, letting Shiite death squads run rampant and doing little on reconstruction.

Mr. Jaafari won the Shiite bloc's nomination for prime minister by one vote in a secret ballot of its members of Parliament, beating out the deputy of Mr. Hakim, the bloc's leader. As the largest bloc, with 130 of the 275 seats, the Shiites have the right to nominate the prime minister.

But a two-thirds vote of Parliament is required for approval of the new government. As long as the other major blocs oppose Mr. Jaafari, the process is at a standstill.

U.S. Appeals To Iraq's Top Cleric To Help End Political Impasse (KRT)

By Nancy A. Youssef And Warren P. Strobel

Knight Ridder, March 28, 2006

BAGHDAD, Iraq - U.S. officials sent a message this week to Iraq's senior religious cleric asking that he help end the impasse over forming a new Iraqi government and strongly implying that the prime minister, Ibrahim al-Jafaari, should withdraw his candidacy for re-election, according to American officials.

The unusual decision by the White House to reach out to Grand Ayatollah Ali al-Sistani suggested how eager the Bush administration is to jump-start negotiations that have failed to produce Iraq's first permanent postwar government more than three months after national elections.

But by contacting the revered Shiite Muslim leader, the administration risks further angering Iraqi leaders, who already complain that the United States is interfering too much with the process.

During a news conference Tuesday, Salim al-Maliki, the minister of transportation and a member of the dominant United Iraqi Alliance, said al-Jaafari was still the slate's candidate.

"We do not accept interference by the United States or any other foreign body because it is an internal decision of United Iraqi Alliance," al-Maliki said.

In Washington, two officials confirmed that the United States had passed a message through a third party to the reclusive al-Sistani, Iraq's top cleric and, in some ways, its ultimate political arbiter.

It wasn't known whether al-Jafaari was mentioned by name. But the clear message was that the prime minister's bid to keep his job was creating an impasse and the way to end it was for him to withdraw, one official said.

The gist of the message was "we need to find a way to address this process," an administration official in Washington said. "We need to find a way out of the impasse."

He spoke on condition of anonymity because the White House and State Department weren't publicly acknowledging the move.

White House spokesman Scott McClellan denied reports in Baghdad that President Bush had sent a letter to leading Shiite politician Abdul-Aziz al-Hakim, a statement that, while true, was incomplete.

"What we are doing is encouraging the Iraqi leaders to move forward on a government of national unity, based on strong leadership. It is up to the Iraqi people to decide who the prime minister is," McClellan said. "I know of no letter."

It was unclear precisely how the message meant for al-Sistani was sent, but Haithem al-Husseini, a spokesman for al-Hakim, confirmed that the leader of the Shiite alliance bloc had received a message from the Bush administration. He wouldn't say whether al-Hakim or al-Sistani was the intended recipient.

Al-Sistani consistently has refused to meet with U.S. envoys.

Al-Hakim visited al-Sistani at his home in Najaf on Tuesday. Before a throng of supporters, al-Hakim promised that the Iraqi leadership would move quickly to form a government. When he mentioned a raid by U.S. and Iraqi forces that some charge occurred in a mosque, the crowds chanted: "No, no America."

The administration's outreach to al-Sistani underscored how much Bush has at stake in ending Iraq's political stalemate, which has gone on for months as violence continues.

"What it reflects - we are, we're deeper into this process," the administration official said.

Judith Yaphe, a Persian Gulf expert at the National Defense University in Washington, called the reported attempts to pressure al-Jafaari to resign "heavy-handed."

"They have to know that Sistani does not want to be seen as interfering in the political process," she said. "You're guaranteed to get the result that you don't want."

Elizabeth Colton, a U.S. Embassy spokeswoman, declined to comment about the message. American officials have said the Iraqis are leading the formation of the government and that the United States is supporting them.

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"This is an issue that Iraqis must determine, just like in other democratic systems," Colton said.

Maj. Gen. Rick Lynch, a multinational forces spokesman, said last week that the absence of a government was contributing to the surge of religious and ethnic violence.

On Tuesday, 24 people were kidnapped and more than 30 bodies were discovered throughout Baghdad, many of which had been tortured in apparent sectarian violence.

This week, there's been a growing chorus of complaints from Shiite politicians that the Bush administration doesn't want al-Jaafari as the next prime minister. They have charged that American officials are trying to usurp their election results, despite promising to bring democracy to Iraq.

Earlier this year, the United Iraqi Alliance, the largest Shiite slate, chose al-Jaafari to be its nominee for the top post in the permanent government. That virtually assured that he'd win, since the slate won nearly a majority of seats in the new parliament.

But widespread objections to al-Jaafari surfaced immediately from some, who charge that the Iranian-backed leader has been ineffective and divisive during the interim period. Opponents argued that the country's first democratically elected government since the fall of Saddam Hussein should have a more representative leader, particularly as religious and ethnic tensions worsen.

Adnan Ali, a top al-Jaafari adviser, said, "We have not received anything official objecting to Jaafari," adding that al-Jaafari has no intention of stepping aside.

Although a religious figure, al-Sistani has rescued the political process in the past, when he pushed for elections and the writing of the constitution, for example. But his aides have said he doesn't want to be seen as a politician. It's unclear how he'll respond to this outreach by U.S. officials.

Negotiations Resume In Capital (WT)

By Sharon Behn

The Washington Times, March 29, 2006

Negotiations for a new Iraqi government were back on track in Baghdad yesterday, despite continuing Shi'ite fury over an Iraqi-U.S. weekend raid on a complex used by loyalists of radical Shi'ite cleric Muqtada al-Sadr.

Pentagon officials showed reporters photographs from the operation that left at least 16 Iraqis dead, saying the evidence showed there were armed militiamen in the buildings, not unarmed men at prayer as Shi'ite clerics have insisted.

"This complex is an old school complex, I believe to hold, among other things, the hostage ring, people who grab people off the street for money," said Marine Gen. Peter Pace, pointing to a blown-up photograph of a group of buildings.

"This operation clearly was designed to go after a believed location of a kidnapping ring," said Gen. Pace, chairman of the Joint Chiefs of Staff.

Iraqis contacted by telephone in Baghdad said Shi'ites were furious over the operation in Sadr City -- a poor, predominantly Shi'ite area that is home to the Mahdi Army, a militia loyal to Sheik al-Sadr, and the powerful Badr Brigades, the armed wing of the political party of the Supreme Council of Islamic Resistance in Iraq.

"The Iraqi people are angry about this Shi'ite mosque, they are angry at the American forces [and] accuse the Americans of killing Shi'ite people," said one young businessman who would give his name only as Ahmed.

Conflicting accounts of Sunday night's gunfight continued, with U.S. and Iraqi officials unable to agree even whether the scene of the conflict was a mosque.

Gen. Pace said Iraqi special forces, backed by U.S. special forces, found bomb parts, rocket-propelled grenades and a hostage when they entered the complex, which included a building that held a small minaret and prayer room. He told reporters he did not know whether people were killed in the prayer room.

Secretary of Defense Donald H. Rumsfeld, referring to a photograph of the weapons, said, "Those are not religious instruments." He added that the Iraqi forces found two men with traces of explosives on their fingers.

Residents of Sadr City claimed that the Iraqi army special operations unit that conducted the raid was an all-Kurdish unit drawn from the fierce Kurdish Peshmerga militia.

Usually very outspoken, Sheik al-Sadr has not made any public statements on the raid.

One Sunni leader close to the talks on the formation of a new government said that Iraqi Shi'ite leaders, who suspended their participation in the negotiations on Monday, had returned to the table.

"Today they were sent back and there was a good four-hour negotiation, so it seems they are going ahead with the political process," said Ala'a Makky of the Iraqi Islamic Party. He said the special forces raid might have been designed to send a message to Shi'ite leaders that militia killings had to stop.

"Let me tell you that one of the main issues of the coming government is to abolish the militias and dissolve all the militias so the government can work nationally without any sectarian divisions," Mr. Makky said.

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True Or Not, Report Of 'Massacre' Angers Iraqis (CSM)

By Scott Peterson

The Christian Science Monitor, March 29, 2006

BAGHDAD - The public perceptions swirling around a "massacre" - as some Iraqi officials have charged - are the latest incident to stall the creation of Iraq's new government.

Did US forces attack a mosque in a Shiite district of Baghdad Sunday night, killing 17 unarmed worshippers, an act that Iraq's Shiite interior minister called a "horrible violation" that has dominated Iraqi TV and sparked a political outcry?

Or, did Iraqi special forces, backed up by US advisers, take on a "terrorist cell" at an office complex, kill 16 "insurgents," and free an Iraqi hostage - only to have Iraqi provocateurs, as top US commanders allege, "set the scene up" to look like an atrocity?

The truth may be the latest war casualty as perceptions shape Iraq's political reality, and the prevailing view of a bloody US raid is undermining US-backed efforts to form a coalition government, while boosting the influence of anti-US cleric Moqtada al-Sadr.

"How could [Americans] come out of this mess?" asks Ghassan Atiyyah, head of the Iraq Foundation for Development and Democracy, who was reached in London. "Sadr is becoming a strong force in Iraqi politics. When he was weak, they could not deal with him, and now he is strong."

"I very much appreciate what [US Ambassador Zalmay Khalilzad] is doing" to form a unity government, says Mr. Atiyyah. "It should have been done two and a half years ago, to balance these things."

Mr. Sadr conducted two popular revolts against US forces in 2004, and has become kingmaker by supporting Iraq's embattled Prime Minister Ibrahim al-Jaafari, against efforts by Kurdish, Sunni Arab, and secular parties - as well as, reportedly, the US - to see him go.

Sadr's Mahdi Army militia - which controls the Mustafa Husseiniya raided by US and Iraqi forces Sunday, and is accused of sectarian killings in Baghdad that mostly target Sunni Arabs - can deploy immediately in their thousands, and are often allowed to work unchecked by Iraq's Shiite-dominated security forces.

Underscoring the significance of the raid, President Jalal Talabani, a Kurd, vowed to oversee an investigation. A Husseiniyeh is a Shiite place for prayer and other religious purposes. In Iraq it is considered virtually the same as a mosque.

"It is very important to clarify - an investigation could help defuse tension," says Mahmoud Othman, a Kurdish MP who noted that Shiites did not turn up for talks Monday to form the government.

"Always people like Moqtada and extremists will benefit from this in the street, they will get sympathy from ordinary people," says Mr. Othman. "The last three years many things like this have happened: [Americans] hit a wedding ceremony, or hit the wrong house, or get wrong information - some anti-American people want them to make mistakes, to build on that."

The deputy US commander in Iraq, Lt. Gen. Peter Chiarelli, early Tuesday dismissed reports that a mosque had been hit, or that the 50 Iraqi Special Operations forces, backed up by 25 US advisers, had chosen the wrong target. Besides capturing some weaponry, they released an Iraqi dental technician who had been kidnapped 12 hours earlier.

Inside the religious complex, with its minaret, are series of rooms for teaching the Koran, a large prayer room, and Imam's quarters, as well as offices of Mr. Jafaari's Dawa Party, which were also raided. Even two days later, an Iraqi employee of the Monitor could see four places where the pockmarks of bullet holes coincided with bloodstains, and other evidence of killings at the place.

Iraqi units "told us point blank that this was not a mosque," said Lt. Gen. Chiarelli, noting that, on US military maps, the Mustafa Mosque was in fact six blocks north of their target. He said that Iraqi forces "did the fighting," and there was "gunfire from every room."

"After the fact someone went in and made the scene look different than it was. There's been huge misinformation," Chiarelli said. "I think the [anti-US] backlash has been caused by the folks who set the scene up."

That explanation did not wash Tuesday in the angry Ur neighborhood of northeast Baghdad, near the poor Shiite enclave of Sadr City, where witnesses and residents said the bloodshed has boosted their support of Sadr and his Mahdi Army.

"I need the government that I voted for to protect us, but they failed," says Souad Mohammad, the deputy director of a school, whose second-floor apartment, across the street from the mosque, is riven with holes from small-caliber US armor-piercing rounds.

"They came and killed the young people, and we want the Imam Mahdi Army to protect us, because they are from us, they are Iraqi people," says Mrs. Mohammad. "When the Mahdi Army is here, it's very quiet, no one is assassinated in this area, there are no car bombs, and at night there are checkpoints to protect us."

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The popular view of US wrongdoing has been fed by the images on Al-Furat television - the station run by one of the most powerful Shiite parties in Iraq - of bags of explosives with wires poking out, that they allege US forces left behind.

The result has been a firestorm among the majority Shiite, which have borne the brunt of Sunni Arab-led insurgent attacks aimed at sparking a full-scale civil war, and who grate at US insistence on giving the minority Sunni Arabs a real political role.

Haidar al-Abbadi, an adviser to Jafaari, warned of "death squads working alongside US troops that execute people without any reason while they are praying," he told Al-Arabiya television.

True or not, that view is widely held. The US-Iraqi raid "means they are targeting Shiites, to stop the political process," says Jassim Mohamad Ali, whose face was scratched by jumping over a fence in the Mustafa compound, to hide from the raiders. "The only thing I witness from the Mahdi Army, they have honor and are loyal to this country, and they try to keep the Iraqi street clean," he says.

"People always say: The Americans never do these things, but when I saw them with helicopters and their Humvees and Bradleys, I am very sure now they are terrorists," says Mr. Ali, giving a stark opinion increasingly expressed on Iraqi airwaves following the raid. "We will fight terrorism, whether it is [extreme Sunni] Wahhabi or American."

U.S. Displays Photos Of Weapons Seized In Baghdad Raid (KRT)

By Drew Brown

Knight Ridder, March 28, 2006

WASHINGTON - Defense officials displayed photographs Tuesday of rocket-propelled grenade launchers and bomb-making materials that they said were captured during a bloody raid Sunday that's become a bitter point of contention between the United States and leading Iraqi officials.

The briefing by Defense Secretary Donald H. Rumsfeld and Gen. Peter Pace, chairman of the Joint Chiefs of Staff, was intended to counter angry Shiite claims that U.S.-backed Iraqi commandos massacred at least 16 innocent worshippers at a Baghdad mosque.

"Those are not religious instruments," Rumsfeld said as the images were shown on a video screen.

U.S. officials say the raid was a successful operation by Iraqi special forces that eliminated a terrorist cell that engineered kidnappings and assassinations out of a former school complex in northeastern Baghdad.

But Iraqi Shiite leaders denounced the raid as an attempt by U.S. forces to distance themselves from Iraq's majority Muslim sect and to bolster minority Sunni Arabs in the stalled process to hammer out a new government.

Shiites make up 60 percent of Iraq's population, and the loss of their support would likely doom any U.S. hopes of working out a political compromise. Hostility between Shiites and the United States would place U.S. forces in Iraq in a difficult, if not untenable, position.

Rumsfeld and Pace said that the troops opened fire only after they were fired upon by fighters from Shiite cleric Muqtada al-Sadr's Mahdi Army militia.

With overhead satellite imagery posted on a video screen, Pace pointed out several buildings where he said the Iraqi security forces came under fire as they approached the compound.

Pace said one building had a "small minaret and a prayer room" inside of which were found several rocket-propelled grenade launchers and bomb-making materials. Iraqi forces also freed a hostage who said he'd been kidnapped, Pace said.

"When the hostage was released, he pointed to two of the individuals who the Iraqi security forces had detained as being his kidnappers," Pace said.

U.S. military officials in Baghdad said Monday that the Iraqi forces had killed 16 hostile fighters and detained 18 people.

At least two of those people had traces of explosives residue on their fingers, Rumsfeld said.

In Monday's statement, U.S. officials said the Iraqi forces found 32 AK-47 rifles, five grenades, four rocket-propelled grenades, two grenade launchers and two heavy machine guns, plus various items commonly used to make improvised bombs.

The raid threatened to further stall negotiations over the formation of a new Iraqi government, but Rumsfeld said that top U.S. officials in Baghdad had informed him Tuesday that those discussions were going forward.

Rumsfeld, who recently has focused many of his public comments on how the U.S. government was failing in the information war against terrorists, said that the incident had been distorted in the press.

"The people we're up against are vicious, and they lie," he said. "Obviously, they have media committees, they plan what they're going to do, they plan how they're going to manipulate the press, and they get out there fast and do it. And there's no penalty for that. Indeed, there's only rewards, because the information is around the world, while, as they say, truth is still putting its boots on."

Codel Frustration On Iraq (HILL)

DOJ_NMG_0023452

By Albert Eisele

The Hill, March 29, 2006

The chairman of the House Select Intelligence Committee returned from his seventh visit to Iraq last week "extremely frustrated" by the failure of Iraqi leaders to form a new unity government, which he called "the key to the future of Iraq."

Rep. Peter Hoekstra (R-Mich.) also expressed disappointment at the poor performance of Iraqi security forces and the failure of private contractors to make more progress in rebuilding Iraq's war-damaged infrastructure.

"The thing I sense right now is a lack of urgency of the Iraqi leadership to form a government, and that's leading to a vacuum of influence at the top of the Iraqi government," he said.

Senate Armed Services Committee Chairman John Warner (R-Va.) and Sen. John McCain (R-Ariz.) echoed Hoekstra's concerns after they, Hoekstra and other lawmakers who visited Iraq and Afghanistan last week met with President Bush at the White House yesterday.

Hoekstra made the comments in a telephone interview from his district Monday before returning to Washington to meet with Bush. Three other House members who accompanied Hoekstra to the Persian Gulf region — John Shadegg (R-Ariz.), Mark Souder (R-Ind.) and Dutch Ruppersberger (D-Md.) — also took part in the White House meeting.

Shadegg praised Bush for "listening and reaching out to members of both parties who've been to Iraq and Afghanistan." He noted that two Democrats who oppose the war, Sen. Russ Feingold (D-Wis.) and Rep. Tom Udall (D-N.M.), had different suggestions, but Shadegg said, "The one consistent theme was the need for Iraq to complete the formation of a government of national unity."

Both Warner and McCain voiced similar concerns to Bush about the lack of progress in forming a new government.

Warner met separately afterward with the president, Secretary of Defense Donald Rumsfeld, Secretary of State Condoleezza Rice and Joint Chiefs of Staff Chairman Gen. Peter Pace and urged Bush to rally his Cabinet behind the war in Iraq and Afghanistan.

"We need a total team effort to bring about continual gradual success in Iraq and Afghanistan," Warner said, adding that he made his appeal at the urging of U.S. Ambassador Zalmay Khalilzad and Gen. John Abizaid, commander of U.S. forces in the region.

McCain told reporters that Bush "appreciates the urgency of forming a unity government" but warned that the process is "still very slow and very long and very tough."

Hoekstra said he was disappointed to hear Iraqi leaders say it could be six or more weeks before they have a working government. "I think one of the most important things that needs to be done is for the Iraqis to form a new coalition government. That is the key to the future of Iraq," he said.

Hoekstra said Iraqi leaders are unhurried about bridging their religious and ethnic differences to form a workable government. "They've got to send a signal to the Iraqi people and the world that they recognize the future of their country lies in their hands," he declared.

Nevertheless, Hoekstra said he saw signs of progress on a number of fronts, including the performance of the Iraqi army and coalition forces, the quality of U.S. military and diplomatic leaders and the cooperation of other Arab countries in fighting terrorism.

"I was in Libya in January, and they were talking about their contributions in fighting the war on terror, and on this trip, people were verifying their claims," he said.

But he was sharply critical of the Iraqi police and security forces and of the slow pace of private contractors in carrying out billions of dollars worth of reconstruction projects.

"I'm disappointed in the police," he said. "We have the ability at any given time to project our power everywhere in the country. We can go in and help them, but the local law-enforcement people are not able to fill that vacuum."

While some private contractors have done their jobs, most haven't, he said. He blamed that on a combination of "security problems and poor management" and said he will press Congress to investigate.

"We took names, and we will follow up on it," he said.

Ruppersberger, who has been to Iraq three times, said that the effort to train Iraqi forces "has come a long way" but said the reconstruction program has been "mismanaged from the beginning."

U.S. troops should no longer conduct patrols in Baghdad and other major urban areas but should operate from the perimeter, he said, adding "We can still be there to assist the Iraqis, but they have to realize they can't be dependent on us. By moving out of the urban areas, the Iraqi people will no longer think we are occupying the country."

Shadegg said he "got to talk with more Iraqi civilians" than he had in two previous trips "and they made it clear most Iraqis don't want us to leave too soon, before they're in a position to defend themselves."

Bush Says Iraqis Resuming Government Talks (AP-Y2)

AP2, March 28, 2006

President Bush on Tuesday directed his entire Cabinet, from the housing chief to the treasury secretary, to assist their Iraqi counterparts once a permanent government is formed.

"By making a broad commitment from the federal government, we'll help the Iraqis establish a democracy, we'll help them build the institutions necessary for a stable society, and we'll help defeat the terrorists," the president said.

The president was surrounded on the Rose Garden steps by more than a dozen department secretaries and Cabinet-rank officials from his administration.

While Bush spoke at the White House about a future government, talks in Iraq to make it a reality remained fragile.

After a one-day boycott, Shiite leaders returned to the negotiations on how to replace the current caretaker government with a broad-based national one representing all of Iraq's factions.

Bush said he was pleased the talks resumed. But Shiite, Sunni and Kurdish representatives are struggling over issues such as how to apportion the most powerful posts.

U.S. officials are eager for quick resolution on a unity government in hope it would quell the daily violence in Iraq and set the stage for the start of a drawdown of U.S. troops.

Bush's remarks followed a more than hourlong Cabinet meeting on Iraq and the fight against terrorism. Participants received a briefing from Gen. John Abizaid, the top U.S. commander in the Middle East; Gen. George Casey, the top commander in Iraq; and U.S. Ambassador Zalmay Khalilzad.

White House press secretary Scott McClellan said Khalilzad told the president that the Iraqi negotiators "have made a lot of tough choices and ... reached a lot of compromises."

Secretary of State Condoleezza Rice brought up the need for each Cabinet member to build relationships with his eventual Iraqi counterpart, and Bush said he told them, "I expect them to follow through on that."

Bush also met Tuesday with three delegations of lawmakers from both parties who have recently visited Iraq. The president planned to speak about Iraq on Wednesday.

Thousands Of Iraqis Flee To Avoid Spread Of Violence (WP)

By Ellen Knickmeyer

The Washington Post, March 29, 2006

BAGHDAD, March 28 -- Sectarian violence has displaced more than 25,000 Iraqis since the Feb. 22 bombing of a Shiite Muslim shrine, a U.N.-affiliated agency said Tuesday, and shelters and tent cities are springing up across central and southern Iraq to house homeless Sunni and Shiite families.

The flight is continuing, according to the International Organization for Migration, which works closely with the United Nations and other groups. The result has been a population exchange as Sunni and Shiite families flee mixed communities for the safety of areas where their own sects predominate.

"I definitely wouldn't say the displacement has peaked," said Dana Graber, an official of the migration agency in Amman, Jordan. "It's continuous."

The agency's figures were compiled from information provided by partner organizations working with displaced Iraqis. The government Ministry of Displacement and Migration puts the count higher, at more than 32,000.

"I was shocked to be threatened by people from the same place I had lived in for so many years," said Hussein Alwan, 53, a cafe owner, who said he was driven out of Latifiyah, a mixed Shiite-Sunni city in the area south of Baghdad known as the Triangle of Death.

Alwan, a Shiite, traveled with his wife, four daughters and three sons this month to the almost entirely Shiite city of Najaf, where local authorities have converted a vacant hotel into a shelter for the newcomers and say they are gathering tents for an outlying camp. Iraqi newspapers on Tuesday reported tents pitched in a field outside another southern city, Nasiriyah, for Shiite families arriving there in flight from sectarian violence.

Alwan told a story that already has grown familiar since the near-destruction of the Golden Mosque in Samarra, 65 miles north of Baghdad, touched off five weeks of Shiite-Sunni bloodletting. "They told me that I should leave within 24 hours or we will all get killed," Alwan said in an interview in Najaf. "So we left everything there and took only the bare things we need to live."

The mosque bombing greatly escalated steadily climbing sectarian and ethnic tensions in Iraq, where the Shiite majority and Sunni Arab and ethnic Kurdish minorities have been competing for a share of power and turf since the overthrow of President Saddam Hussein three years ago.

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During Hussein's rule, forced transfers of ethnic group members left close to 1 million Iraqis internally displaced, and the country has experienced large flows of displaced people since the U.S.-led invasion, said Graber, the agency official. The November 2004 U.S. offensive in Fallujah, for example, sent more than 40,000 residents fleeing the city, she said.

Since the Samarra bombing, threats or killings have spurred many families to flee their homes with nothing, not even their ration cards, Graber said. "And there's no certainty as to when it will be safe again to return, when they can return without their sons getting killed," she said.

Both Shiite and Sunni families make up the displaced, the immigration agency's figures show.

Many Sunni families are leaving Shiite or mixed communities to take refuge in heavily Sunni western Iraq, and many Shiite families are heading south to the country's Shiite heartland. In some places, the last remaining minorities have left otherwise homogenous places.

Within Baghdad, many families are moving between Sunni, Shiite and mixed neighborhoods.

Baghdad has taken in at least 220 Shiite families from Anbar province, a Sunni stronghold west of the capital, according to reports gathered by the agency. These families "represent a fairly high percentage of the total Shia community in Anbar," the agency noted.

In Fallujah, an overwhelmingly Sunni Arab city 35 miles west of Baghdad, only 37 Shiite families remain, persuaded by pleas from their Sunni neighbors to stay despite threats from foreign fighters, the agency said.

Another 15 or so miles to the west, in Habbaniyah, dozens of Sunni families have gathered to seek shelter.

Dhafir Sadoun, a 41-year-old shop owner who uprooted his household in Baghdad's Sadr City neighborhood and came to Habbaniyah, said he had felt no threat from the militias of Iraq's governing Shiite religious parties. But after months of kidnappings and killings of Sunni men blamed on the Shiite-dominated government security forces, it had become impossible to remain, he said.

"We did not fear the Mahdi Army," Sadoun said, referring to the militia loyal to Shiite cleric Moqtada al-Sadr, "because we've lived in Sadr City for 20 years, and everyone knows us and knows how we love the Shiites. But the Interior Ministry commandos arrest any Sunni. They don't just arrest them; they kill them."

Police in Baghdad discovered 17 corpses Tuesday, all men who were handcuffed and shot in the head, the Associated Press reported. Most had been dumped under a bridge.

Deaths reported publicly by police have represented a fraction of the total number of victims of execution-style, sectarian killings brought daily to Baghdad's morgue. Iraqi and international officials reported more than 1,000 people killed in central Iraq alone in the first week after the mosque bombing, and hundreds have died since.

Shiite-Sunni violence has intensified as Iraq drifts under the leadership of a caretaker government more than three months after national elections. In Baghdad, Sunni, Shiite and Kurdish political leaders resumed negotiations on forming a new government Tuesday, a day after the talks were interrupted by Shiites' outcry over a U.S.-Iraqi raid Sunday on what the U.S. military said was an armed faction and what the Shiites said were Shiite men at prayer in a mosque.

In Washington, top Pentagon officials said Tuesday that Sunday's raid did not mark the start of a broader crackdown on Shiite militias and said U.S. troops were unaware until after breaching the compound that it contained a place of worship.

At a Pentagon briefing, Gen. Peter Pace, chairman of the Joint Chiefs of Staff, said the raid targeted a kidnapping ring. He said an Iraqi counterterrorism unit and its U.S. Special Forces advisers discovered an Iraqi hostage and numerous weapons inside the compound, as well as a small minaret and prayer room. U.S. forces "did not know that that minaret was there on the way in," Pace said.

Defense Secretary Donald H. Rumsfeld described the raid as a distinct, Iraqi-led operation. The Iraqi leaders engaged in negotiations over forming a new government, he said, were unlikely now to make any "big announcements on changes in policy" toward militias.

For Abu Ghraib, A Limited Prosecution (CSM)

By Mark Sappenfield

The Christian Science Monitor, March 29, 2006

WASHINGTON - In May 2004, just weeks after the images of abuse at Abu Ghraib had become public, the commanding officer of American forces in the Middle East sat before Congress and shared what he considered to be a bedrock tenet of military leadership.

"Officers of the United States military are responsible," said Gen. John Abizaid. "Every officer is responsible for what his or her unit does or fails to do."

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Yet two years later, as the military nears the end of its efforts to prosecute those who staged the Abu Ghraib photographs, the responsibility for those crimes has fallen almost entirely on the lower ranks - at least publicly. The question of why has in many respects far overshadowed the rest of the legal process.

The reasons are many and begin with the obvious: Those who commit the crimes - on film, no less - are the easiest to snare. Yet many experts add that the lesson of the courts-martial of Abu Ghraib is: Once war's chaos descends, it becomes ever more difficult to trace the line of accountability upward through the ranks.

In this case, the confusion was not caused by bullets or bombs, but by the administration's decision to adopt new and undefined rules for detainee treatment before the war. With the new rules, the worst of war crept into the cellblock, and the chain of command all but evaporated.

"The fog of war does exist, and that's why you have to be so clear and drill, drill, drill," says Walter Huffman, who served as judge advocate general of the Army from 1997 to 2001. "When you inject uncertainty into a situation that was already filled with uncertainty, my experience is that this is exactly what happens."

Even in the best situations, establishing responsibility along the chain of command is among the thorniest of tasks for the military, whether the incident involves a ship run aground or a bungled battle plan. With Abu Ghraib, those bearing the public blame - and the jail time - have been enlisted men and women.

Last week, the 10th court-martial connected to Abu Ghraib concluded. As in every other case, the defendant was convicted and was not higher than the rank of staff sergeant. One final court-martial remains in May, also for a sergeant.

In some respects, that is typical, not least because soldiers on the ground are more likely than officers behind the lines to commit obvious war crimes. Yet experts note that officers are not exempt from discipline: It just comes in a different form.

Abu Ghraib has followed that pattern. The two highest-ranking officers known to be punished in connection with the scandal - Brig. Gen. Janis Karpinski and Col. Thomas Pappas - were given nonjudicial punishments that seriously blighted their careers. As a rule, though, nonjudicial punishments are not a matter of public record and therefore bring less attention than courts-martial.

To some, it is similar to what might happen to a police chief if he doesn't watch over his officers on the beat. "We do not yet hold people criminally responsible based on position alone," says William Eckhardt, who was the chief prosecutor in the My Lai cases, where two US soldiers were tried for leading a massacre of Vietnamese villagers in 1968. "It seems like things are working the way they should be," he adds.

Others, however, look at the Abu Ghraib proceedings and wonder what happened to the real-life "A Few Good Men" moment - when a plucky defense lawyer connected the dots between the crimes of enlisted men and the commands of a senior officer.

"Defense counsels are pretty good at defending their clients," says Mr. Huffman. "I was anticipating more higher-ranking officers called as witnesses of the defense."

It points to the limitations of the court-martial, which can essentially only hold senior officers to account if they gave an express order to abuse detainees. But that, in itself, is significant: It suggests to Huffman that high-level orders for abuse could not have been pervasive, or else defense lawyers would have found out about it.

In fact, the only general officer called during one of the courts-martial was Maj. Gen. Geoffrey Miller, who first oversaw Guantánamo before taking control of US detention facilities in Iraq in 2003. General Miller took the uncommon step of invoking his right against self-incrimination to avoid testifying.

"That was awfully unusually for a general officer," says Huffman. "That in itself sends an unfortunate signal."

As a result, what has emerged from the Abu Ghraib proceedings is a portrait of a problem more systemic than individual, a Hydra in reverse - a monster not with many heads, but none.

Like the 10 courts-martial, for instance, 12 Pentagon investigations of detainee treatment convened since Abu Ghraib speak in expansive terms about the dereliction of senior leadership but offer almost no specifics. Yet there is widespread agreement among experts that those convicted of crimes at Abu Ghraib were not simply "a few bad apples," as the administration suggested.

Instead, they were the product of a culture of uncertainty and neglect that blurred the lines of accountability. Critics go further. One of the Pentagon investigations, by Vice Adm. Albert Church, "says misconduct was pervasive, therefore there can be no singular cause," says John Hutson, a former judge advocate general of the Navy. "I would say it does prove a singular cause - an arguably criminal lack of leadership."

It is a broad swipe at Pentagon leaders and the administration, but it also gets at the frustrations of some Americans. Mr. Hutson's concerns are about the detainee doctrine laid out at the highest levels of government, and he acknowledges that in such instances, holding senior leaders responsible isn't necessarily a legal exercise.

After the Navy went through the Tailhook sexual-harassment scandal, the Navy's senior leadership simply resigned.

Adds Eugene Fidell of the National Institute for Military Justice: "Some of the accountability is accountability that can only be achieved politically."

Rice Asks Russians To Probe Spying Reports (AP-Y2)

By Anne Gearan

AP2, March 29, 2006

Secretary of State Condoleezza Rice said Tuesday she had asked her Russian counterpart for an investigation into a report that Russian intelligence fed U.S. battle plans to Saddam Hussein before the 2003 invasion of Iraq.

"I have talked with the Russian foreign minister and asked them to look into this and to take it very seriously," Rice said.

At the same time, Gen. Peter Pace, chairman of the Joint Chiefs of Staff, raised the possibility that the allegation of Russian collusion might be "disinformation," which in military parlance could mean that American commanders had sought to spread false information about battle strategy in order to deceive Saddam about actual troop movements.

The allegation first became public last Friday with the release of a 210-page Pentagon report on how Saddam's government viewed the U.S. invasion.

Defense Secretary Donald H. Rumsfeld, who said he was briefed extensively on the report months ago, said Tuesday he was not aware of the allegation against the Russians until last Friday.

"It merits looking into," he said.

Rumsfeld declined to say whether he thought there should be a U.S. investigation into whether someone inside the U.S. military gave classified information to the Russians, as is suggested in the report.

"I'd have to go back and read it carefully and see what credence one ought to give to it, and see what we may have discovered through other channels, and then make a decision," Rumsfeld said.

Rice, testifying at a Senate hearing, said, "We take very seriously any implication that someone might have been passing information that endangered the operation at the outset of the war, and we will look for an answer back from the Russian government."

Rice and other U.S. officials made no direct accusations against Russia, whose government has an increasingly prickly and complicated relationship with the United States.

"We've wanted not to conclude before we've had the discussion, but it's obviously a very serious matter and we're taking it up with the Russians," Rice said.

She placed a telephone call Tuesday to Russian Foreign Minister Sergey Lavrov to ask for an investigation, said State Department spokesman Adam Ereli.

Russian officials have said the allegation is false, and Lavrov has called it politically motivated. The Russian government strongly opposed the U.S. invasion.

Pace, in his first public comments on the idea of Russian help to Saddam, expressed a degree of doubt about the veracity of the information as presented in a Joint Forces Command report. The report cited two Iraqi documents captured during the early days of the invasion — one of which said the Russian ambassador in Baghdad had passed sensitive information about U.S. battle plans to Saddam.

The other document said Russian intelligence had obtained information from "sources" inside U.S. Central Command's war-fighting headquarters hear Doha, Qatar, and passed it to Iraqi officials.

"We still don't know whether or not the translation itself is 100 percent accurate," Pace said. "We don't know if this is real information or disinformation. There's all kinds of pieces of this that need to be looked into."

The authors of the report, who briefed reporters on its details last Friday, said they saw no reason to doubt the authenticity of the information relating to alleged Russian collusion.

In at least one case, the report suggests that the information provided by the Russians did more harm than good for Saddam. In fact it may have reinforced in Saddam's mind a mistaken impression about the timing of the U.S. ground assault into Baghdad — an impression that permitted U.S. forces to preserve an element of surprise.

Referring to a Russian letter to Saddam that claimed the Russians had "sources" inside the U.S. Central Command, the Pentagon report said, "Such external sources of information were only one of the fog-generators obscuring the minds of Iraq's senior leadership."

That letter was dated March 24, five days into the war.

On the other hand, the Russians also reportedly told Saddam that the main focus of U.S. ground forces moving toward Baghdad from the southwest was the area around the city of Karbala. This was true. After crossing a bridge over the Euphrates River outside of Karbala, the 3rd Infantry Division had a clear path to the Iraqi capital.

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Russia's Newfound Clout Pushes US To Rethink Ties (AFP)

AFP, March 29, 2006

Russia's newfound diplomatic clout on the international scene and its slide away from democracy have forced the United States to rethink its relations with Moscow, analysts say.

They say if President George W. Bush were to peer into the soul of his Russian counterpart Vladimir Putin today -- as he famously claimed to have done during their first meeting in 2000 -- he was sure to find a much less kindred and trustworthy spirit.

"Russia arguably is the most important country in the world to go from semi-democratic to undemocratic during the Bush administration," Michael McFaul, a senior fellow at the Hoover Institution in Washington and a political science professor at Stanford University, told AFP.

"I'm sure Bush regrets saying what he did about Putin (in 2000)," McFaul added. "He had judged this guy one way and he was wrong about it.

"Now Bush is much more suspicious and he's disappointed."

The latest signs of trouble between the two countries emerged last week with a US Defense Department report suggesting that Moscow provided intelligence to Saddam Hussein at the start of the 2003 US-led invasion of Iraq.

US Secretary of State Condoleezza Rice was expected to raise the issue when she meets later this week in Berlin with her Russian counterpart Sergei Lavrov, who has denied the accusations, saying they were politically motivated.

The Pentagon report came amid brewing tensions between the United States and Russia on a number of issues, notably Putin's recent invitation to the Palestinian militant group Hamas to come to Moscow, his refusal to back US-led moves for UN sanctions on Iran over its nuclear program, and his support of the authoritarian regime in Belarus.

Washington has also expressed concern about Moscow using its new status as an energy giant to intimidate its neighbors, and has criticized Russia's decision to sell uranium to India.

Andrew Kuchins, a senior associate in the Russia and Eurasia Program at the Carnegie Endowment for International Peace, said it was clear that Moscow's behaviour was aimed at asserting itself as an independent major power not subservient to the United States.

"The Russians don't want to be talked down to by the US," Kuchins told AFP. "They see themselves as an independent player and they certainly want to be viewed as a significant player in the Middle East -- from Iran, to Iraq to the Mideast peace process."

McFaul said Putin's invitation to Hamas reflected the Russian leader's bid to undercut the United States on the world stage.

"Putin looks at any actions that weaken the US as good for Russia and vice versa," he said.

The fact that Russia is preparing to host the Group of Eight summit in Saint Petersburg has also emboldened Putin, analysts say.

"Right now the Bush administration just wants to get through the G8 summit ... trying to make that as least negative an event as possible," McFaul said. "After that it's kind of over in terms of policy until new election in both countries (in 2008)."

Andrei Piontkovsky, a Russian political scientist who is a visiting fellow at the Hudson Institute in Washington, said the Putin administration's foreign policy decisions of recent months reflected its hostility to the United States and the West in general.

"I think the US needs to face reality and stop pretending that Putin is an ally," Piontkovsky told AFP. "Maybe several years ago Bush looked into (Putin's) soul and saw something there.

"But what really concerns me today is this very evident flight of Russian foreign policy from the West into the camp of anyone who is confronting the West."

Influence In Iraq Emerges As Key Issue As Arab Conference Opens (NYT)

By Abeer Allam

The New York Times, March 29, 2006

KHARTOUM, Sudan, March 28 — Concerns over growing Iranian influence in Iraq, and the lack of Arab involvement there, dominated the opening of the annual Arab League summit here on Tuesday.

"Any solution for the Iraqi problem cannot be reached without Arabs and Arab participation," Amr Moussa, secretary general of the Arab League, said in his opening speech. "Any consultations conducted without Arab participation will be considered unsatisfactory and will yield no solutions."

Arab countries have been fuming over an Iranian-American agreement this month to hold direct talks about sectarian violence in Iraq.

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"They fear Iraq is drifting from the Arabs, being divorced from the Arab world, and the increased influence of another neighboring country," said Hoshyar Zebari, the Iraqi foreign minister. "This time, we are seeing some positive moves by the Arab League toward more realization of the situation on Iraq."

In a draft resolution likely to be approved tomorrow, the group's 22 Arab nations have pledged to reopen diplomatic missions in Iraq. In November, the Arab League also started an effort to reconcile differences among Iraq's religious sects in hopes of ending the sectarian fighting there, as well as increasing the Arab presence. Still, many Arab governments said they felt powerless in the face of Iran's growing influence.

"Arabs have no cards to play with, while Iran has many," said Abdel Wahab Badrakhan, editor of Al Hayat, a newspaper based in London. "Iran can influence the situation in Iraq, Lebanon, world oil prices, and now can play the nuclear card."

Analysts in the region feel that Iran is being rewarded for adopting a confrontational approach. Even though Iran has supported terrorist groups and defied the West's admonition to abandon its nuclear program, Arab countries fear that the United States may cut a deal with Iran that further weakens Arab influence in Iraq.

On the other hand, said Mohammed el-Sayed Said, deputy director of the Ahram Center for Political and Strategic Studies, the Arab countries have complied with international obligations and received nothing from the American government in return.

A declaration expected to be approved by the Arab League on Wednesday pointedly called for "respecting the Iraqi sovereignty, territorial integrity, freedom and independence and noninterference in domestic affairs."

Report Adds To Criticism Of Halliburton's Iraq Role (NYT)

By James Glanz

The New York Times, March 29, 2006

Even as a Halliburton subsidiary was absorbing harsh criticism of its costs on a 2003 no-bid contract for work in Iraq, the government officials overseeing a second contract wrote that the company was running up exorbitant new expenses on similar work, according to a report issued yesterday by the staff for the Democrats on the House Government Reform Committee.

The report, prepared for a frequent critic of Halliburton, Representative Henry A. Waxman of California, is based on previously undisclosed correspondence and performance evaluations from 2004 and 2005.

The documents show that the government's contracting officers became increasingly frustrated as they tried to penetrate what they considered to be inaccurate or misleading progress reports and expense vouchers filed by the subsidiary, Kellogg Brown & Root.

In August 2004, one of the officers wrote to the company that "you have universally failed to provide adequate cost information as required."

A few months later, after the company was served with a "cure notice," in which the government threatened to terminate the contract if performance was not improved, or "cured," another officer said he was writing "in sheer frustration with the consistent lack of accurate data."

Kellogg Brown & Root's second contract, awarded in January 2004 for rebuilding oil infrastructure in southern Iraq, has a maximum value of $1.2 billion. A company spokeswoman, Melissa Norcross, said that the report was "as devoid of context as it is new information" and that many of the issues raised by the contracting officers had been resolved.

The company, Ms. Norcross said, was forced to work with an ever-shifting cast of oversight organizations and at least 15 government contracting officials. "With each change, the company adjusted to meet the needs of its customer," she said, "all while operating in an extremely hostile war zone."

But Mr. Waxman, the ranking Democrat on the committee, said the report showed that the company had "actually done a worse job under its second Iraq oil contract than it did under the original no-bid contract."

William L. Nash, a retired Army general who is a senior fellow at the Council on Foreign Relations and an expert on post-conflict zones, said the unusually revealing documents laid bare "a microcosm of all the ills" of the Iraq rebuilding effort. "This a continuing example of the mismanagement of the Iraq reconstruction from the highest levels down to the contractors on the ground," he said.

The second contract was not terminated after the cure notice, and contracting officers later noted improvements in some areas. But the company received what appears to be a rebuke when it was given nothing out of a possible $7.9 million in socalled award fees for its first year of work on the contract. The award fees are incentives given by the government to reward good performance.

An award fee given for a later period, roughly the first half of 2005, was about 20 percent of the maximum, which Mr. Nash, who has been involved in determining such fees, described as extraordinarily low.

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Both Kellogg Brown & Root contracts called for things like repairing oil wells and pipelines, installing power generators at oil facilities and importing fuel to Iraq. The first contract, worth $2.4 billion, generated enormous controversy after Pentagon auditors questioned more than $200 million in fuel delivery costs.

Critics like Mr. Waxman called the challenged costs overcharges, a description rejected by the company, which claimed a measure of vindication last month when the Army overruled the auditors and reimbursed nearly all of the delivery charges.

The new report, which says that Pentagon auditors have questioned $45 million of the $365 million in costs they reviewed, may revive the battle. A spokesman for the Defense Contract Audit Agency confirmed those figures.

Responding to the numbers, an official with Kellogg Brown & Root said, "Audits are part of the normal contracting process, and it is important to note that the auditors' role in the process is advisory only."

But what are likely to be seen as the most striking portions of the report are those that cite the variously stern, heated and even anguished language of contracting officers trying to bring the company to heel.

"As I have said in numerous meetings, KBR's lack of cost containment and funds management is the single biggest detriment to this program," one officer, Maj. Michael V. Waggle, wrote in the cure notice. He noted that the company had listed an impossibly high cost overrun of $436,019,574 on one job, charges of $114,308 for an oil spill cleanup that failed to remove any oil and another set of tasks in which the overruns were 36.9 percent of all costs.

The slides used in presentations during the deliberations of the board that determined the first award fee are almost equally eye-catching. On one slide, covering the company's success at meeting its planned schedules, a section labeled "Strengths" bears only the notation "N/A," presumably meaning no answer or not applicable. The "Weaknesses" section contains four detailed items.

Documents Trace KBR Billing Problems (WP)

By Griff Witte

The Washington Post, March 29, 2006

Halliburton Co. repeatedly overcharged the government and exhibited "profound systemic problems" under a $1.2 billion contract to restore oil services in Iraq, according to internal government documents released yesterday by one of the company's fiercest critics.

The documents, cited in a report by the staff of Rep. Henry A. Waxman (D-Calif.), depict government officials' increasing irritation with Halliburton subsidiary Kellogg Brown and Root Inc. as schedules slid, costs multiplied and the company balked at meeting demands for accurate cost estimates. Ultimately, contract overseers threatened to terminate the company's contract if it did not improve.

Pentagon auditors have challenged $45 million worth of company costs, out of $365 million in charges that were reviewed. Under the terms of its deal with the government, KBR earns its profit as a percentage of its costs.

In one case, the government's contracting officials reported that KBR attempted to inflate its cost estimates by paying a supplier more than it was due. In another, KBR cut its cost estimates in half after it was pressed on its true expenses. In a third, KBR billed for work performed by the Iraqi oil ministry.

"The government has made numerous attempts to work with KBR to bring their cost reporting procedures into minimal acceptable standards," a contracting officer wrote to the company in January 2005. He said that the company's "failure to deliver a useable, accurate cost report" was "endangering performance of the contract."

As the company's costs escalated and work fell behind schedule, federal officials in Iraq reported KBR was being "obstructive" toward officials trying to investigate what had gone wrong.

Melissa Norcross, a Halliburton spokeswoman, defended the company's performance under the oil contract, saying Waxman's report dredged up old issues that have already been resolved. Norcross pointed to a July report by the State Department that said Halliburton had been "satisfactorily addressing most of the issues" raised in previous evaluations.

She labeled the Waxman report "partisan" and said it does not take into account the numerous changes the government requested once work was already underway.

"After two years and from thousands of miles away, it is easy to criticize decisions and actions that were based on urgent mission requirements and severe time constraints," Norcross said in a statement.

KBR, the Pentagon's largest contractor in Iraq, has often been criticized for its work, including one deal for supporting U.S. troops with food, laundry and mail services. Yesterday's report was the first to look at the competitively awarded contract from 2004 under which KBR worked to restore oil services in the southern part of Iraq.

That contract was a follow-up to a no-bid 2003 deal that gave KBR that responsibility nationwide. The Pentagon's internal audit division -- the Defense Contract Audit Agency -- had warned the Army Corps of Engineers to contact auditors before

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negotiating with the company on the new contract because of "significant deficiencies" in KBR's ability to estimate its costs. The DCAA later said the Corps never did so.

"Halliburton has pulled off the impossible: it has actually done a worse job under its second Iraq oil contract than it did under the original no-bid contract," Waxman said in a statement. "This new round of overcharges and dismal performance would have been avoided if the Bush Administration had listened to its own auditors."

Halliburton has said in the past it believes criticism of its performance in Iraq is politically motivated, in large part because Dick Cheney was the firm's chief executive before he became vice president.

A Defense Department spokesman had no immediate comment on the Waxman report.

Halliburton's Iraq Work Criticized (WSJ)

By Yochi J. Dreazen

The Wall Street Journal, March 29, 2006

The U.S. government was so uneasy about Halliburton Corp.'s performance on a major Iraq reconstruction contract that it threatened to end the award unless the company's conduct improved, internal government documents show.

The findings prepared for Rep. Henry Waxman (D., Calif.) are the first to examine the company's contract to restore Iraq's southern oil fields.

Drawing on reams of government reports and correspondence, they show that U.S. contracting officials regularly expressed concerns about the quality, integrity and cost of Halliburton's work.

Pentagon auditors questioned $45 million of the $365 million Halliburton received for the work.

"Among the serious and persistent problems identified in the documents are repeated examples of apparently intentional overcharging, exorbitant costs, poor cost reporting, slipping schedules, and a refusal to cooperate with the government," the report noted.

Halliburton officials questioned the report's conclusions, noting that the State Department sent a report to Congress the following month crediting Halliburton with "satisfactorily addressing most of the issues" raised about its work.

"This partisan 'report' is as devoid of context as it is new information," the company said in a written statement stressing the dangers of working in wartime Iraq.

The report comes at a moment of transition for the U.S. effort to rebuild Iraq. The Bush administration recently chose not to seek additional money for reconstructing Iraq, even though the $20 billion spent to date has failed to restore the country's infrastructure to prewar levels. Law-enforcement officials are intensifying their probes into fraud and corruption that is believed to have occurred.

The report focuses on the "Restore Iraqi Oil 2" contract awarded in January 2004 to Halliburton's Kellogg, Brown & Root subsidiary. Halliburton said most issues have since been resolved.

In an Aug. 28, 2004, "letter of concern," officials in the Pentagon's Project and Contracting Office in Iraq accused Halliburton of "accruing exorbitant indirect costs at a rapid pace" and failing to properly track its expenses. In October of that year, contracting officials met with Halliburton personnel to complain that the company maintained too many support employees in Houston and Kuwait, according to a summary of the meeting included in the report. Near the end of 2004, a contractor charged with evaluating Halliburton's work concluded that the firm's progress reports about an oil-field project were "misleading" and "distorted," according to another document in the report.

The mounting concerns led contracting officials to take the rare step of sending Halliburton in January 2005 a so-called cure notice complaining that the company's "lack of cost containment and funds management is the single biggest detriment to this program" and threatening to terminate the contract if matters didn't improve.

The U.S. lifted the threat in June 2005, but sharply limited the bonuses Halliburton received for its work. For the first year of the contract, U.S. officials withheld all of the $7.9 million Halliburton was eligible for, accusing the company of misdeeds such as seeking reimbursement for construction work actually carried out by the Iraqi Oil Ministry, according to the report. The U.S. paid Halliburton just 20% of the award fees it was eligible for in the second phase of the contract, chiding the firm for slow progress in the field and overly expensive support personnel in Kuwait.

Mr. Waxman said the report showed the administration failed to properly oversee the rebuilding of Iraq.

"There were concerns raised about giving Halliburton more work, but the administration gave the company a blank check that essentially rewarded it for poor performance," he said.

Documents Describe U.S. Auditors' Battles With Halliburton (LAT)

By Walter F. Roche Jr.

The Los Angeles Times, March 29, 2006

DOJ_NMG_0023461

WASHINGTON — Frustrated government auditors pleaded, cajoled and finally threatened Halliburton Co. executives who repeatedly failed to comply with government reporting requirements under a key Iraq contract with a $1.2-billion potential price tag, newly released documents show.

The documents, along with a report, were issued Tuesday by the Democratic staff of the House Committee on Government Reform. Rep. Henry A. Waxman (D-Los Angeles) had requested the report on the contract, considered crucial to the restoration of oil production capacity in southern Iraq.

The 15-page report cites findings by auditors that Halliburton overcharged — "apparently intentionally" — on the contract by using hidden calculations, and attempted in one instance to bill the government for $26 million in costs it did not incur. Auditors also challenged $45 million in other costs, labeling them as "unreasonable or unsupported," the report said.

The report blamed the Department of Defense for awarding the contract despite warnings from auditors that Halliburton's cost estimating system had "significant deficiencies." Although federal officials have criticized the company and threatened to cancel its contracts, Halliburton remains the largest private contractor in Iraq.

The contract, awarded in January 2004, was one of three Iraq pacts for the company once headed by Vice President Dick Cheney.

Although the other two agreements — one for supplies for U.S. troops and the other for fuel and oil industry repairs — have faced heavy criticism as no-bid contracts, Waxman and his staff said Tuesday's report was the first to focus on the third Halliburton contract, for the repair of oil fields in southern Iraq, which was awarded after a competitive bidding process.

"Halliburton has pulled off the impossible," Waxman, a staunch critic of the firm, said in releasing the report. "It has actually done a worse job under its second Iraq oil contract than it did under the original no-bid contract."

Melissa Norcross, a spokeswoman for Halliburton and a subsidiary, KBR, dismissed the report as partisan, and said it focused on issues that had been resolved. She said Waxman failed to include a State Department report to Congress that commended the company "for numerous improvements" to its cost reporting system.

In the days after the U.S. invasion in March 2003, Bush administration officials said the revitalization of Iraq oil fields would finance the country's reconstruction. Since then, though, oil output has failed to exceed prewar levels.

The documents released Tuesday review objective examinations of Halliburton's performance and compliance, including by the Pentagon's Defense Contract Audit Agency. The records provide details of the repeated efforts of government auditors to get Halliburton to comply with record-keeping and reporting requirements.

"You are hereby notified that the government considers that you have universally failed to provide adequate cost information as required under the subject contract," a U.S. contracting officer wrote in an Aug. 28, 2004, letter to an executive of KBR, the Halliburton unit formerly known as Kellogg Brown & Root. "Furthermore, this contract is accruing exorbitant indirect costs at a rapid rate."

Another memo stated: "KBR has done the minimum and has not shown initiative in providing the information required, despite repeated requests."

Other audit documents cite Halliburton's "lack of cost controls." In November 2004, citing the continued lack of required data from Halliburton, government auditors warned that noncompliance would result in "adverse contractual action" and the issuance of a so-called cure notice.

In late 2004, alarmed U.S. officials discovered that Halliburton, in a routine monthly report, had projected an estimated $436-million cost overrun on the project. "This," the government delinquency report states, "is unacceptable."

In late January 2005, the Pentagon's Project and Contracting Office formally issued the threatened cure notice, and warned Halliburton that unless the deficiencies were corrected, the contract could be canceled.

"To date, KBR has yet to produce a cost report that would meet minimal acceptable standards," the Jan. 29, 2005, notice states, adding that the company "is in violation of its basic contractual requirements."

KBR responded with a corrective action plan on Feb. 20, 2005, and promised "to take the necessary measures to correct deficiencies," adding that measures had been taken to identify "systemic deficiencies." KBR blamed delays on government requests for voluminous information.

In a March 7, 2005, response, an official of the Joint Contracting Command cited the "repeated failed attempts by the government to get factual data from the cost report. In sheer frustration with the consistent lack of data, the government has been pushed into the position of asking for everything possible in an attempt to be able to track the KBR costs."

Christian Convert Goes Into Hiding; Italy Asylum Eyed (WT/AP)

By Amir Shah, Associated Press

The Washington Times, March 29, 2006

DOJ_NMG_0023462

KABUL, Afghanistan -- An Afghan man who had faced the death penalty for abandoning Islam for Christianity went into hiding yesterday in Kabul after he was freed from prison. Italy said it may grant him asylum.

Abdul Rahman, 41, was released from the high-security Policharki prison on the outskirts of the capital late Monday after a court dropped charges of apostasy against him for lack of evidence and suspected mental illness. President Hamid Karzai had been under heavy international pressure to drop the case.

Muslim clerics condemned Mr. Rahman's release, saying it was a "betrayal of Islam." They threatened to incite violent protests.

Afghan Deputy Attorney General Mohammad Ishaq Aliko said Mr. Rahman was being held "at a special place and that is only for his own security," Agence France-Presse reported.

"The United Nations and the Afghanistan human rights commission are both aware and involved," Mr. Aliko said. Western diplomatic sources said it was thought the Christian convert was being held at a U.N. compound in Kabul.

U.S. officials have said they would help find Mr. Rahman a country that would provide him a "safe haven," but would not comment on whether U.S. forces were helping protect Mr. Rahman in Afghanistan.

"We are working with the appropriate authorities to ensure his well-being," a State Department spokeswoman said yesterday.

The Italian government said Foreign Minister Gianfranco Fini will use a Cabinet meeting today to press for Mr. Rahman to be granted asylum there.

Italy has close ties with Afghanistan, whose former king, Muhammad Zahir Shah, was allowed to live with his family in exile in Rome for 30 years. The former royals returned to Kabul after the fall of the Taliban regime in 2001.

An Italian diplomat in Kabul said no one from the Italian mission had been in contact with Mr. Rahman, but they had been assured his health was all right.

Mr. Rahman was put on trial last week for converting 16 years ago while he was a medical aid worker for an international Christian group helping Afghan refugees in Pakistan. He faced the death penalty under Afghanistan's Islamic laws.

The case caused an outcry in the United States and other nations that helped oust the hard-line Taliban regime in late 2001 and provide aid and military support for Mr. Karzai.

The outrage put Mr. Karzai in a difficult position because he also risked offending religious sensibilities in Afghanistan, where senior Muslim clerics have been united in calling for Mr. Rahman to be executed.

"This is a betrayal of Islam and the entire Afghan nation by our government," said Hamiddullah, a senior cleric in Kabul. "This will have very dangerous consequences for the government. Muslim leaders will react very strongly."

However, a preacher in northwestern Badghis province said the country's religious leaders should not incite violence. "Clerics shouldn't be calling for people to riot and damage our country," Mohammed Usman said.

DOJ:

U.S. Attorney General To Visit Yakamas (YAKHR)

By PHIL FEROLITO, YAKIMA HERALD-REPUBLIC

Yakima (WA) Herald Republic, March 28, 2006

U.S. Attorney General Alberto Gonzales will visit the Lower Yakima Valley on Wednesday to talk about drug and gang prevention with students and officials with the Yakama Nation.

An hour-long assembly with about 550 middle and high school students is planned for 10 a.m. at White Swan High School, Jonathan Black, a public affairs assistant for the attorney general's office, said in a phone interview Monday from Washington, D.C.

The event is open only to White Swan middle and high school students and school staff.

Later, Gonzales will meet tribal leaders in a closed gathering at the Yakama Nation Cultural Heritage Center in Toppenish. Tribal leaders have not said if other issues beyond drugs and gangs will be raised during their meeting with Gonzales.

As attorney general, Gonzales heads the federal Department of Justice, which is at the epicenter of issues such as immigration and the rights of detainees in the nation's war on terror.

When Gonzales was sworn in on Feb. 3, 2005, he became the nation's first Hispanic attorney general and the 80th person to hold that office.

Born in San Antonio, he was one of eight children of parents who were the children of Mexican immigrants. After obtaining his law degree from Harvard University, he went on to serve as Texas secretary of state under then-Gov. George W. Bush. He is 50 years old.

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His visit to the Lower Valley is his first stop in a swing through several Western states this week, including visits to Las Vegas, Los Angeles and San Jose, Calif.

U.S. Attorney General Appoints Local Prosecutor As Chair Of Justice Department Advisory Panel (SABJ)

San Antonio Business Journal, March 29, 2006

U.S. Attorney General Alberto R. Gonzales on Tuesday named Johnny Sutton to chair a key advisory committee that helps craft policy within the Justice Department.

Sutton is the U.S. Attorney for the Western District of Texas in San Antonio -- a position he has held since December 2001. In that role, he serves as the chief prosecutor for the federal government in San Antonio and West Texas.

Gonzales also appointed Susan Brooks, U.S. Attorney for the Southern District of Indiana, to serve as vice chair of the Advisory Committee of U.S. Attorneys.

"Johnny Sutton and Susan Brooks are experienced prosecutors who have served with distinction as United States Attorneys," Gonzales said in a statement.

"Together, we will work to combat terrorism, reduce violent crime and drug trafficking, prevent cybercrime and child exploitation, prosecute government and corporate corruption, and protect the civil rights of all Americans," the attorney general added.

Sutton has been a member of the Advisory Committee since 2002. He previously served as vice chairman of the panel and serves on the Border and Immigration Law Enforcement Subcommittee.

Sutton will be heading to Washington, D.C. every six to eight weeks for two full-day meetings with the attorney general and deputy attorney general.

As committee chairman, Sutton also will be called in to testify before Congress on how proposed legislation will affect law enforcement and the courts.

"I will be spending a lot more time in D.C.," Sutton says. "I will be spending a lot more time thinking about national policy."

Sutton will serve until the end of March 2007.

But even though he will be traveling more to D.C., Sutton says he is not trying to leverage this appointment to a position in Washington.

"I think my future (with the Justice Department) is in Texas," he says. "But you never say never. It's very exciting."

CORPORATE SCANDALS:

Enron Prosecutors Drop Some Charges And Rest Case (NYT)

By ALEXEI BARRIONUEVO

The New York Times, March 29, 2006

HOUSTON, March 28 — After more than eight weeks and 22 witnesses, the government rested its case on Tuesday against two former Enron chief executives, Jeffrey K. Skilling and Kenneth L. Lay, setting the stage for the defense to begin its bid to keep them out of prison.

When they present their first witness on Monday, the defense lawyers' burden will be a bit lighter, because the judge in the case, Simeon T. Lake III of Federal District Court, approved a government request to dismiss some of the criminal counts against the two men.

Sean Berkowitz, the director of the Justice Department's Enron Task Force, said prosecutors chose not to present evidence on the dismissed charges "out of economy." Judge Lake said he had been "wondering where the evidence was" on some of the charges, "so now I don't have to ask."

The government rested its case early Tuesday after a former Enron employee testified about the apparent contradiction between Mr. Lay's rapid disposal of tens of millions of dollars in Enron stock and his public pronouncements that Enron shares were "an incredible bargain." The situation alarmed the employee, Joanne Cortez, enough that she told the Federal Bureau of Investigation about the trades.

Mr. Lay and Mr. Skilling are accused of conspiring to defraud Enron's investors while enriching themselves. If convicted, they could spend decades in prison.

The judge closed the case for the rest of the week after Ms. Cortez left the stand, joking to jurors that it was "spring break." Defense lawyers agreed to use the time off to streamline their case, which they said they expected to last about four weeks. A defense lawyer said late Tuesday that Joannie Williamson, a former secretary of Mr. Lay's at Enron, would be their first witness.

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The much-anticipated testimony of Mr. Skilling and Mr. Lay is expected to take about two weeks. Defense lawyers said Mr. Skilling would take the stand as early as the week of April 10, with Mr. Lay to follow.

The dismissed charges against Mr. Skilling include two counts of securities fraud involving an analyst call and a quarterly filing with the Securities and Exchange Commission, and one count of making false statements to auditors. For Mr. Lay, the judge dismissed one count of securities fraud for a Nov. 12, 2001, analyst conference call. Judge Lake denied a defense motion to dismiss four other counts against Mr. Lay.

Mr. Skilling is now charged with 28 counts of fraud, conspiracy and insider trading, and Mr. Lay with 6 counts of fraud and conspiracy.

Outside the courthouse, defense lawyers blasted the government's case, saying prosecutors had no choice but to drop the charges dismissed by the judge. Daniel Petrocelli, Mr. Skilling's lead lawyer, said the government case was "long on atmospherics and short on actual facts." He said Mr. Skilling was "very anxious to take the stand."

Michael Ramsey, Mr. Lay's lead lawyer, said he was surprised that the prosecutors had called Ms. Cortez when the government months ago failed to bring insider-trading charges against Mr. Lay. "That is unheard of in my experience," Mr. Ramsey said. Mr. Lay is scheduled to go on trial on bank fraud charges immediately after the current case.

Mr. Ramsey and Mr. Petrocelli told reporters that they continued to struggle to persuade potential witnesses, including former managers from Enron and the accounting firm Arthur Andersen, to testify on behalf of Mr. Lay and Mr. Skilling. Mr. Petrocelli said fear of prosecution was the main reason most stayed away.

Mr. Ramsey sought to send a message to potential witnesses. "If you are going to make up your mind to win a case, now is the time to come forward," he said. "We need you down here at this courthouse to tell the truth about Enron."

In her testimony, Ms. Cortez, a former Enron employee who oversaw a line of credit the company had set up for Mr. Lay, said she was shocked to discover in 2001 that Enron's compensation committee had increased Mr. Lay's credit line to $7.5 million, from $4 million. The increase came a week after Enron reported large third-quarter losses in October 2001. By the end of the year, Mr. Lay maxed out the credit line, she said.

Mr. Lay repeatedly drew down the credit line and repaid it almost immediately with Enron shares he owned, Ms. Cortez said. "It made me question whether it was being used as somewhat of a tool to sell shares."

Ms. Cortez became so concerned that Mr. Lay's stock sales were not being disclosed that she hired a lawyer, who turned her records over to the F.B.I. "It's a clear indication of something going on for the C.E.O. to be selling so much stock," she said.

"I thought it was improper, " Ms. Cortez said. She conceded on cross-examination, however, that she had not known that Mr. Lay had used the line of credit to repay bank loans.

During 2001, Mr. Lay made withdrawals totaling $77.5 million and paid back just over $70 million, leaving a balance owed of $7.5 million, Bloomberg News reported.

While Mr. Lay has not been charged with insider trading, prosecutors have asserted that he enriched himself as the company descended into bankruptcy in late 2001.

Enron Defense Is Set To Present 'No Crime' Tack (WSJ)

By Gary McWilliams

The Wall Street Journal, March 29, 2006

HOUSTON -- As the prosecution rested its case yesterday against former Enron Corp. top executives Kenneth Lay1 and Jeffrey Skilling2, the defense is gearing up to present its argument that essentially no crimes occurred at the onetime energy giant, which collapsed into bankruptcy in 2001.

Defense attorneys, who are scheduled to begin their case when the trial resumes on Monday, signaled before the proceedings began at the end of January that they planned to argue that Enron was a vigorous and growing company felled by outside forces.

Such an approach is unusual in the recent annals of big-time corporate-crime cases. In recent corporate scandals, such as at HealthSouth Corp. and WorldCom Inc., the former chief executives at those companies argued that they weren't aware of large frauds taking place at the company. HealthSouth's CEO Richard Scrushy was acquitted in his trial while WorldCom's Bernard Ebbers was convicted and sentenced to more than 20 years in prison.

Lawyers for Messrs. Lay and Skilling have been arguing that the only crimes at Enron were committed by a handful of subordinates who stole money from the company-unbeknownst to either of the defendants. Both men are expected to repeat this position when they take the stand in their own defense.

Yesterday, U.S. District Judge Sim Lake5 dismissed a securities fraud charge against Mr. Lay, leaving six counts of conspiracy and fraud. Judge Lake dismissed two securities fraud charges and a charge of making false statements to auditors

against Mr. Skilling, leaving 28 counts of insider trading, conspiracy and fraud. The judge rejected defense motions for acquittal on all remaining counts.

Lead prosecutor Sean Berkowitz proposed dropping the four counts to speed up the case. The move is not unusual in a case this size. A securities-fraud count was dropped before deliberations began against Martha Stewart, who was ultimately convicted of obstruction of justice. Before concluding its case, prosecutors again hit at Mr. Lay's apparent contradiction in proclaiming Enron shares "an incredible bargain" while disposing of tens of millions of dollars of his Enron stock in late 2001.

In addition to their "no crime occurred" defense, the defendants will also likely argue that many of the company's most controversial activities were thoroughly vetted by attorneys and outside auditors and that they relied heavily on such expert advice. "They will have to educate the jury on just how vast their responsibilities were in the company," said Kent Schaffer, a Houston defense attorney not involved in the trial.

Meanwhile, in remarks outside the courtroom, Mr. Lay's lead defense attorney, Michael Ramsey6, yesterday blasted the prosecution for resting "with an allegation that does not exist -- insider trading." Mr. Lay's stock sales were approved and were in response to margin calls on investments, his attorneys have argued.

The first witness expected to be called by the defense is a former employee of Enron's office of the chairman and a friend of former Enron investor-relations chief Mark Koenig. During cross examination an attorney for Mr. Lay suggested that Mr. Koenig denied wrongdoing to Joannie Williamson during conversations. Mr. Koenig, who pleaded guilty to an Enron-related crime, said he hadn't made any such denial of guilt. Ms. Williamson couldn't be reached for comment.

Mr. Skilling's lead defense attorney, Daniel Petrocelli7, yesterday pleaded for help during an impromptu news conference outside the courthouse yesterday. Mr. Petrocelli blamed the government, which has suggested more indictments of Enron executives may be forthcoming, for a lack of witnesses. "People have been unwilling to risk their families and lives to take a position not in concert with the government's," he said. "It's tragic. It perverts our system of justice when witnesses with facts don't come forward." He said that Mr. Skilling will take the stand late in the week of April 10.

In testimony yesterday, Joanne Cortez, a former Enron employee who handled accounting for its executive loan program, said that she became alarmed in mid-2001 after Mr. Lay accelerated his borrowings at a time when questions were being raised about the company's prospects. After Mr. Skilling resigned in August, directors raised the maximum that Mr. Lay could borrow to $7.5 million from $4 million.

Ms. Cortez said she was concerned that "it isn't public knowledge that shares were being sold back to the company to repay his line of credit," and checked the proxy statement to see how Enron was publicly reporting the borrowings. Its 1999 proxy listed the maximum he was allowed to borrow at one time and his interest payments for loans that year, she said. The borrowings and repayments grew so frequently that she independently began tracking them, documenting some $77 million of borrowings by Mr. Lay in 2001.

Ms. Cortez said she didn't sell her own Enron stock, fearing her knowledge of Mr. Lay's unpublicized stock-swaps could expose her to some kind of legal jeopardy if she sold. "It was a clear indication something was going on," she told prosecutor John Hueston. "I was feeling not sure what he was doing so I didn't myself." She later asked her lawyer to contact the Federal Bureau of Investigation.

Questioned by an attorney for Mr. Lay, Ms. Cortez said she did know Enron lawyers and accountants were aware of the loan program and stock swaps, but she said she had reservations about them nonetheless.

The trial adjourned until Monday, when the defense is to begin its case. Attorneys said they expect to call about two dozen witnesses, including Messrs. Lay and Skilling.

Act 1 Of Enron Case Wraps Up (USAT)

By Greg Farrell

USA Today, March 29, 2006

And on the 32nd day, prosecutors rested.

The trial of former Enron CEOs Ken Lay and Jeff Skilling reached the midpoint Tuesday morning when the last of 22 prosecution witnesses stepped down from the stand.

Starting Monday, defense lawyers will make the case that instead of deceiving the investing public about the financial health of Enron — which the government accuses them of doing — Lay and Skilling were stand-up managers who believed in the company.

Their task got a little easier Tuesday when U.S. District Judge Sim Lake granted the government's request to drop three charges against Skilling and one against Lay. After that, Skilling now faces 28 counts of conspiracy, fraud and inside trading. Lay faces six counts of conspiracy and fraud.

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In just over eight weeks of trial, consisting of 32 days in court, prosecutors put 17 former Enron employees on the stand, including eight witnesses who pleaded guilty to crimes related to their actions at Enron and agreed to cooperate with the government.

According to the government's charges, Lay and Skilling headed a conspiracy to deceive the investing public about Enron's financial condition. Most of the prosecution witnesses said they told Lay or Skilling of the company's problems, but none of them had any paperwork or memos that proved the case conclusively.

To outside observers, the government turned in a solid effort so far. “It's Act 1, but I think it's been a very successful Act 1,” says John Coffee, an expert in securities law at Columbia University. “Given what can go wrong in a trial, nothing has gone wrong so far.”

Defense lawyers will argue next week that there was no conspiracy and that Enron was a sound company that faltered in 2001 only after revelations that former CFO Andrew Fastow stole $25 million caused a crisis of confidence in the marketplace.

They will also argue that every transaction Enron entered into was approved by an army of lawyers and accountants, all of whom Fastow deceived.

“There has been a mythology that has evolved over the years about Enron and what Enron has now come to mean, and we'll do our best to crush that mythology and get the facts out,” said Dan Petrocelli, the lead attorney for Skilling, after the prosecution rested its case.

“We're looking forward to getting on the stand and getting our case out there — the positive case,” Lay told reporters outside the federal courthouse in Houston.

Former Enron employee Joanne Cortez, the government's final witness, testified that in 2001, as Enron's financial situation worsened, its board increased Lay's line of credit from $4 million to $7.5 million. Several times Lay borrowed the maximum amount and repaid it immediately with Enron stock.

“I thought it was improper,” Cortez testified.

Enron Trial Made Simpler (WP)

By Carrie Johnson

The Washington Post, March 29, 2006

HOUSTON, March 28 -- The prosecution wrapped up its case in the fraud trial of former Enron Corp. executives Kenneth L. Lay and Jeffrey K. Skilling on Tuesday, setting the stage for the defense to begin next week.

Over nine weeks, prosecutors called 22 witnesses, including many former Enron insiders, to paint a dire portrait of the company's financial health in the months before its collapse, contrasting the dismal view inside Enron with optimistic statements by Lay and Skilling to investors and employees at the same time.

In contrast to many other corporate fraud cases, prosecutors avoided getting bogged down in accounting detail -- the result of a major breakthrough before the trial even began.

Former Enron accounting chief Richard A. Causey had been expected to stand trial with his former bosses, who might have blamed him for misleading accounting in order to save themselves from long prison sentences.

Instead, in December, a month before the trial began, Causey pleaded guilty, raising the possibility that he might be a witness against Lay and Skilling.

Prosecutors did not call Causey to testify, despite his role as a middleman who had close contact with both Skilling and Lay. Still, the last-minute plea deal allowed prosecutors to streamline their case, scuttling scores of witnesses against Causey who would have spent weeks talking about complex accounting practices and byzantine deals. With no need to concentrate on convicting Causey alongside Lay and Skilling, prosecutors were able to keep the time spent on bookkeeping detail to a minimum.

The Justice Department's Enron Task Force called fewer than two dozen witnesses, only a few of whom delved into the murky world of accounting. Two former Arthur Andersen LLP partners on the stand last week stupefied jurors and spectators. Defense lawyers promptly turned the cross-examination into a seminar, hoping to muddy the waters and stressing that corporate finances are subject to countless estimates and assumptions -- hardly the basis for convictions that could send Lay and Skilling to prison for the rest of their lives, they argue.

Samuel W. Buell, a former Enron prosecutor who teaches law at the University of Texas, called the Causey plea a "no-brainer" in a blog entry on the Houston Chronicle Web site last week.

"To prove intent, you need to get the jury inside the head of the defendant," Buell said in telephone interview. "The head of this particular defendant is the head of an accountant. It would have been a trickier task for the government."

In focusing on alleged misstatements by Lay and Skilling, rather than on Enron's accounting, the prosecutors may be using lessons learned from other recent corporate scandals. The trials of former Tyco International Ltd. chief executive L. Dennis

Kozlowski and Cendant chairman Walter A. Forbes both foundered on detail-ridden government presentations that dragged on for months. Neither jury reached a unanimous verdict, though a second, shorter trial of Kozlowski resulted in a conviction.

"It was just detail after detail, name after name," said Ken Premo, the jury foreman in the Cendant case. Premo said he voted to convict Forbes. "It seems like the Enron case is more about misrepresentation, [whether] they knew what was going on and they didn't act on that."

Nevertheless, the government has presented a case that is largely circumstantial and indirect, relying on the testimony of more than a half-dozen Enron insiders who pleaded guilty and agreed to testify in exchange for reduced prison sentences. No documents have emerged tying either Skilling or Lay to misconduct, an issue the defense emphasized repeatedly. Prosecutors are counting on the inferences jurors will draw after hearing 22 witnesses describe what they call improper practices in Enron's uppermost ranks.

In recent weeks, the trial has come to resemble more than anything else a case of dueling timelines. Prosecutors displayed colorful charts with plot points: board meetings, public statements, and stock sales made by the defendants in the months before the December 2001 bankruptcy-protection filing. The timelines are intended to advance the argument that Lay and Skilling knew about Enron's precarious health from multiple sources but painted too rosy a picture for investors.

The timelines raised frequent -- and prompt -- objections from the defense. On cross-examination, lawyers for Lay and Skilling projected their own charts on a courtroom screen, blaming Enron's collapse on a vicious brew of short sellers, skeptical reporters and doubts raised by the conduct of former chief financial officer Andrew S. Fastow. In short, the defense timelines illustrate their theory that Enron suffered from a liquidity crisis sparked by a "run on the bank."

Often, U.S. District Judge Simeon T. Lake III has told one side or the other to take down an offending chart. But the implications lingered.

On Tuesday, the judge consented to a prosecution request and dropped three criminal charges against Skilling and one against Lay. But he denied defense motions to throw out the case altogether. Instead, he declared a "spring break" and gave defense lawyers a chance to regroup before beginning their portion of the trial Monday.

Legal experts suggested that upcoming testimony by Skilling and Lay could be decisive in the case. While prosecutors need all 12 jurors to agree on at least one charge, defense lawyers need to raise doubt in the mind of only one juror to achieve a mistrial.

"Once the defendants take the stand, that changes the whole picture," said Michael J. Wynne, a former prosecutor who is now at the Houston law firm Yetter & Warden LLP. "By far the most important testimony will be the defendants'."

Meanwhile, neither defense lawyers nor prosecutors, who will put on a brief rebuttal case, have ruled out the possibility that Causey, who has been present in spirit but who has not appeared in the courtroom, will testify.

Prosecution Rests In Enron Trial (AFP-Y2)

AFP, March 29, 2006

The prosecution rested in the Enron fraud trial after two months of testimony aimed at depicting former chiefs Kenneth Lay and Jeffrey Skilling as greedy liars who deceived investors for personal gain.

US District Judge Sim Lake dismissed three of 31 charges against Skilling and one of Lay's seven charges. Prosecutors said they moved to dismiss the counts "for the purpose of economy and other reasons," a Justice Department official said.

Lake then declared a "spring break" and gave defense attorneys until Monday to prepare their rebuttal.

"There's been no case in this case," Michael Ramsey, Lay's lead lawyer, told reporters outside the courthouse.

"Everything (at Enron) was done according to the rules and that's what we're going to show."

Lay and Skilling, both of whom served as chief executives at Enron, are eager to take the stand, their lawyers said.

The defense teams plan on calling about 25 witnesses from an original list of 170 and expect testimony to last about four or five weeks.

"The government's case was long on atmosphere and short on facts and we are going to get the facts in front of the jury," said Daniel Petrocelli, Skilling's lead attorney, told reporters. "We are very hopeful and confident."

The dismissed charges include two counts of securities fraud and one count of making a false statement to auditors against Skilling and one count of securities fraud against Lay.

The judge denied defense motions to dismiss the other charges. Skilling faces 28 counts while Lay faces six in the trial.

Lay, 63, and Skilling, 52, have denied the charges, which carry long prison terms.

Enron collapsed in 2001 with estimated losses of more than 40 billion dollars.

What was then the biggest corporate collapse in history sent panic through Wall Street, and Enron's auditor, Arthur Andersen, folded after a criminal conviction, even though the verdict was overturned by the US Supreme Court.

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Lay, who founded Enron and served as chairman and chief executive, faces charges of fraud and conspiracy. He also faces a separate trial on federal banking violations.

Skilling, a company veteran who served as chief executive for several months in 2001, faces allegations of fraud, conspiracy, insider trading and lying to auditors about Enron's financial position.

Several Enron executives have already pleaded guilty and have been sentenced to prison, and some are helping prosecutors in their cases against Lay and Skilling.

Former Enron chief financial officer Andrew Fastow, seen as the architect of the secret partnerships that hid Enron's massive debts and who testified under a plea agreement, ended up as an effective witness, according to Jacob Frenkel, a former US prosecutor who has worked with the Securities and Exchange Commission.

Although the defense wanted to make Fastow the scapegoat, the lawyers may have erred by being too tough on the former executive, said Frenkel.

"At the end of the day ... you have a jury of 12 human beings watching another human being being pummeled by a trained gladiator, the lawyer," said Frenkel.

"If the jury develops sympathy for that witness, then the cross-examination has failed."

John Coffee, a Columbia University law professor specializing in white-collar crime, said prosecutors have created a formidable task for the defense.

"I think the government should be fundamentally quite happy," said Coffee.

"They have put on a variety of witnesses that have communicated the same story ... each of those people have been cross-examined and have had to retreat a bit, but each one adds up, and it is cumulative."

Coffee said the prosecution avoided any major surprises or mistakes, and did not allow the case to get bogged down in financial minutiae.

"The worst thing that can happen (for the prosecution) is that the jury can become confused and bored," Coffee said. "A confused jury is less likely to convict."

Judge Dismisses Several Charges Against Lay, Skilling (LAW)

By Brenda Sapino Jeffreys, Texas Lawyer

Texas Lawyer, March 29, 2006

Kenneth Lay, former Enron Corp. chairman, and Jeffrey Skilling, the company's former chief executive officer, got a break Tuesday in their criminal trial when U.S. District Judge Sim Lake of Houston agreed to dismiss a few of the charges against them.

After the prosecution rested its case Tuesday morning, Lake granted a motion filed by the Enron Task Force to dismiss three of the 31 charges pending against Skilling and one of the seven charges Lay faces in the trial that started in late January.

According to a spokeswoman for the prosecution team, the government asked Lake to dismiss the charges for the purpose of economy and other reasons.

Lake agreed to dismiss Count 15 against Skilling, a securities fraud charge stemming from a 10Q filed with the Securities and Exchange Commission in May 2000; Count 21, a securities fraud charge related to an analyst conference call in April 2000; and count 33, a false-statements-to-auditors charge related to the May 2000 10Q.

Lake also dismissed Count 30 against Lay, which is a securities fraud charge related to an analyst conference call in November 2001.

Lawyers for Lay and Skilling also asked Lake to dismiss other charges, but he denied their requests.

Testimony in the trial, which began Feb. 1, is scheduled to resume April 3 with defense witnesses.

In United States v. Jeffrey K. Skilling, et al., prosecutors allege the former Enron executives participated in a conspiracy to misrepresent the true financial condition of the former high-flying energy company. The defendants have pleaded not guilty.

U.S. Grand Jury Subpoenas GM Over Handling Of Supplier Credits (WSJ)

By Lee Hawkins Jr.

The Wall Street Journal, March 29, 2006

General Motors Corp. said it received a subpoena from a federal grand jury investigating its handling of payments or "credits" from suppliers, and said it had found "material weaknesses" or "significant deficiencies" in certain areas of its accounting controls.

The world's largest auto maker by production also said it received a subpoena from the Securities and Exchange Commission in connection with a previously disclosed investigation of GM's transactions in precious-metal raw materials.

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The disclosures, made yesterday in delayed annual filings with the SEC, are a setback for GM as it seeks to turn around its loss-plagued North American operations and hammer out agreements to reduce costs and quell labor strife at its No. 1 parts supplier Delphi Corp. (See related article.1) The disclosures also come as Chairman and Chief Executive Rick Wagoner faces growing pressure to restore investor confidence. (See filing.2)

The filings were made after the close of New York Stock Exchange composite trading, in which GM shares fell 18 cents to $22.75. In after-hours trading, GM was down 39 cents to $22.36.

Over the last six moths, GM has disclosed the receipt of six subpoenas from the SEC and two subpoenas from federal grand juries. Two of the SEC inquiries are related to GM's business dealings with Delphi, its former subsidiary. One federal grand jury matter is part of a broader investigation of the reinsurance business, including GM's General Motors Acceptance Corp. finance arm and many of its competitors. The supplier credits being investigated by the federal grand jury comprise a form of rebates.

Neither GM nor any GM executive has been accused of wrongdoing in connection with the SEC and grand jury probes. GM declined to disclose whether any individuals have been named in the federal subpoenas.

"Few large companies will escape SEC scrutiny at one time or another, but a federal grand jury is really perceived as several notches up from that. That really begins to erode investor's confidence in management," said Dan Genter, chief investment officer of RNC Genter, a Los Angeles investment-management firm, and a GM bondholder.

In another development, GM said the audit committee of its board of directors concluded on Monday that the company's financial statements for the years 2002-2004 and statements for the first three quarters of 2005 "should no longer be relied upon" because of accounting errors. The company filed corrected statements for those years with the SEC yesterday.

In yesterday's filings, GM said it has completed its internal investigation of accounting practices relating to the supplier credits. The company also looked at other matters, including how one of its subsidiaries classified cash flows relating to mortgage-loan sales and how it accounted for the value of cars GM leased to rental companies. GM said it found that the financial controls it uses to detect errors and possible fraud have been vulnerable to "material weaknesses" in the past.

GM said it will prevent such problems in the future using "enhanced" controls to aid in the correct "preparation, review, presentation and disclosures of our consolidated statement of cash flows." GM disclosed earlier this month that it would restate financial results going back to 2001 because of various accounting errors. GM also delayed filing its 2005 10(k) annual report until yesterday.

Some investors have said their confidence in GM's financial reporting is fading -- a reality that GM tried to counter in Tuesday's disclosure. "It's a high priority to win back investor confidence in GM," said GM spokeswoman Toni Simonetti.

While it is unclear what effect the rash of accounting problems will have on GM's day-to-day business, the company did caution that the problems with its financial statements could interfere with its ability to borrow money under a $5.6 billion unsecured credit facility. However, GM said it has "no current need or intention to draw" on the facility. It also said it is considering the possibility of amending or replacing the facility with new terms that would resolve any uncertainty regarding its ability to tap the line of credit.

Mr. Wagoner and his team have stepped up efforts to show progress toward a turnaround. GM disclosed in its filings yesterday that it expects to increase capital spending in 2006 to $8.7 billion, from about $8.4 billion in 2005. The added spending could speed new models to market as part of an effort to shore up market share.

The company said it expects to reduce its structural costs by $7 billion, on a running-rate basis, by the end of the year. That's up from $6 billion last year. "That's an indication of progress being made in North America, particularly on the structural cost side, even better than expected," Ms. Simonetti said.

GM also said its U.S. hourly and salaried pension plan is overfunded by about $7.5 billion as of the end of 2005. When including GM's executive plan, the plan is overfunded by $6.1 billion.

Yesterday, GM began laying off about 1% of its U.S. salaried work force of 36,000 as part of an overall plan to reduce the North American salaried work force by about 7% this year.

GM is continuing talks to sell a controlling interest in its auto financing subsidiary, General Motors Acceptance Corp., a deal that is being watched closely by Wall Street and credit-rating agencies.

GM Reveals More SEC Investigations (USAT)

By Sharon Silke Carty

USA Today, March 29, 2006

DETROIT — Adding to an already long list of problems, struggling automaker General Motors disclosed Tuesday that it now is the subject of seven investigations by the Securities and Exchange Commission rather than the five it previously said.

In a filing with the SEC, GM also warned that it might not be able to sell controlling interest in its GMAC finance arm to raise emergency cash and to restore the lender's credit rating. The money-losing automaker portrayed the disclosures as routine parts of its annual filing with the SEC. But that filing itself was delayed more than a week after GM at the last minute discovered financial irregularities at a unit called ResCap, which is part of GMAC.

At about the same time, the automaker said it would have to spend more than planned on its own restructuring and on lingering obligations to parts supplier Delphi, now under Chapter 11 bankruptcy protection. As a result, it added $2 billion to its losses last year, putting it $10.6 billion in the red for 2005.

Kevin Tynan, an analyst with Argus Research, said the issues trouble investors because GM's CEO, Rick Wagoner, has a background in accounting and finance. “You're talking about a guy who came from the finance side, and if the company has anything but squeaky clean finances, that's going to raise some eyebrows,” Tynan says.

In the Tuesday disclosures, GM said the SEC has issued a subpoena seeking information about precious metal transactions. Additionally, GM said, the SEC and a federal grand jury have issued subpoenas to GMAC as part of industrywide investigations into insurance industry practices.

“A negative outcome of one or more of these investigations could require us to restate prior financial results (in addition to our recent restatements) and could result in fines, penalties, or other remedies being imposed on GM,” the company said in its filing.

GM has been seeking a buyer for controlling interest in GMAC. GMAC has been a cash cow for GM, but the lending unit has been hurt by its ties to the money-losing car company, making it more expensive for GMAC to raise money.

Selling off most of it would raise cash for GM and could allow GMAC to improve its creditworthiness while it continues providing loan money for purchases of GM vehicles.

Tuesday, GM warned that it might not find a buyer, and even if it does, that “may not delink GMAC's credit rating from GM's credit rating.”

GM spokesman Jerry Dubrowski said, “I don't think you should read too much into that, beyond the obvious, that there's always a risk factor.”

CRIMINAL LAW:

Judge In Illinois Graft Case Denies Request For Mistrial (NYT)

By Gretchen Ruethling

The New York Times, March 29, 2006

CHICAGO, March 28 — A federal judge replaced two dismissed jurors on Tuesday in the criminal trial of former Gov. George Ryan and instructed the jury to begin deliberations anew, denying a request by the defense for a mistrial.

"To go forward right now, as difficult as it is, is not irrevocable," said the judge, Rebecca R. Pallmeyer of Federal District Court, in front of a packed courtroom. "That's one of the reasons it seemed appropriate to me."

Judge Pallmeyer had been investigating and interviewing jurors individually and having closed-door hearings with lawyers since last week, when The Chicago Tribune discovered that two jurors had lied on questionnaires about whether they had criminal records. Those jurors were dismissed Monday.

The judge called her decision to proceed "tentative" and said she had not "shut the door" on the possibility of a mistrial. She said the jurors had been diligent, had taken careful notes, had had perfect attendance over the past six months and had abided by her instructions.

"They have made extraordinary efforts to stay with us," she said before she began re-reading 148 pages of jury instructions on Tuesday afternoon. "At least for now, at least for this moment, we can proceed with these jurors."

It is going to be difficult for jurors to put eight days of deliberations completely out of their minds as the judge has ordered, experts say.

"I think it makes a lot of sense from a legal theoretical point of view, and it makes very little sense from a human psychological point of view," said Patrick J. Cotter, a defense lawyer here and a former federal prosecutor in Brooklyn. "They spent eight very difficult days, and now somebody comes to them and says, Just push a button and erase all that."

Jean Rosenbluth, a law professor at the University of Southern California and a former federal prosecutor in Los Angeles, said defense lawyers in similar situations had argued that such dismissals were subterfuges involving jurors who were holding out for acquittal.

"You do have a danger when the jurors who are removed are sort of a lone voice for acquittal," Ms. Rosenbluth said. "Any good defense lawyer is going to try to make hay of this."

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Difficulties in deliberations, which began two weeks ago, became apparent through an exchange of notes between jurors and Judge Pallmeyer indicating confusion about instructions and personal conflicts among jurors.

Mr. Ryan, 72, and Lawrence K. Warner, 67, are charged with 22 counts of racketeering, conspiracy, mail fraud and other charges. Mr. Ryan, a Republican, is accused of swapping state business for gifts, vacations and money. Both men have denied wrongdoing.

Judge Weighs Jury Alternates In Ryan Trial (FINDLAW/AP)

By Mike Robinson, Associated Press Writer

AP, March 29, 2006

(AP) - CHICAGO-A federal judge met behind closed doors with defense attorneys in former Gov. George Ryan's racketeering trial Tuesday, a day after she dismissed two of the jurors for allegedly lying on a court questionnaire.

After announcing the dismissals, U.S. District Judge Rebecca R. Pallmeyer said she wanted to talk with the remaining jurors before deciding whether to call in alternates. The jury has already struggled through two weeks of deliberations, and bringing in alternates would require them to start over.

Defense attorneys have argued in court papers that replacing the two jurors now would violate Ryan's rights.

"I haven't made any final decisions on whether or not we are going to be able to proceed, but I will tell you that we have excused two of the jurors," U.S. District Judge Rebecca R. Pallmeyer said before leaving court Monday.

Pallmeyer dismissed the jurors after the Chicago Tribune reported that they apparently had lied in saying on a questionnaire last September that they had never been charged with a crime.

Starting deliberations from scratch could add weeks to a trial that began last September. Pallmeyer met for hours with the attorneys Tuesday in an effort to resolve the crisis and avoid a mistrial.

She said pointedly that there had been "a very significant investment both public and private" in the trial that by any yardstick has cost millions of dollars.

"If we can proceed with this case fairly, if we can continue and continue with the jury and for them to deliberate fairly, that's what my goal would be," she said. "If I can proceed in a process that makes me comfortable, then that's what I intend to do."

Ryan, 72, and co-defendant Larry Warner, 67, are charged in a 22-count federal indictment with racketeering, mail fraud and other offenses. Prosecutors say that as secretary of state in the 1990s and later governor, Ryan steered leases and contracts to Warner and other friends.

Ryan and Warner deny anything they did was illegal.

Ryan Trial Deliberations To Resume (CHIT)

By Matt O'connor, Tribune Staff Reporter

Chicago Tribune, March 29, 2006

A federal judge on Tuesday added two alternates to the jury deciding former Gov. George Ryan's fate and ordered deliberations to begin anew in the historic trial.

U.S. District Judge Rebecca Pallmeyer made it clear her decision to reject a defense request for a mistrial was tentative and would depend on her continuing satisfaction that the process is fair to Ryan and lobbyist Lawrence Warner.

The judge's decision came a day after she excused two jurors following Tribune reports last week that uncovered both had apparently concealed their arrest records during jury selection in September.

The original jury had deliberated eight days amid signs of personal rancor before the judge suspended deliberations.

Deliberations in the six-month trial are set to begin again on Wednesday morning with the two new jurors, a divorced retail grocery manager and a mother who works part-time.

"The fact that there have been circumstances that led to the excusal of two jurors should not in any way enter into your deliberations," Pallmeyer told the new jury on Tuesday.

The dismissal of the two jurors and their replacement by two alternates didn't change the gender makeup of the six-man, six-woman jury but reduced its minority makeup to four members from five.

Returning to the courtroom for the first time since March 10, a grim-faced Ryan, with his wife, Lura Lynn, and son, George Jr., at his side, didn't appear pleased at the turn of events. But a gag order imposed by Pallmeyer in the trial's final days prevented him, Warner or lawyers in the case from commenting publicly.

On Monday, Ryan's lawyers publicly filed an objection to substituting alternate jurors, arguing it would be impossible for original jurors to start deliberations anew after two weeks of deliberations.

In that filing, Ryan's lawyers said notes signed last week by the jurors who ultimately were excused "indicated disagreement," suggesting that one or both had been holdouts for Ryan in the original deliberations.

Since the Tribune's revelations about the two jurors, Pallmeyer held hours of discussions behind closed doors, interviewing jurors individually and hearing legal arguments on pushing ahead with two alternates or declaring a mistrial.

In comments outside the new jury's presence, the judge defended her actions by saying she interviewed each juror behind closed doors to try to ensure that her questions were answered with candor.

She said she intends to release transcripts of the discussions as soon as possible, perhaps before the new jury reaches a verdict.

Acknowledging her decision was "relatively extraordinary," Pallmeyer disclosed that the defense had asked her to halt the proceedings and declare a mistrial. But she said she denied the request "without prejudice," meaning it could be reconsidered.

"I have not shut the door on this possibility," she told reporters and other spectators gathered in her courtroom. "I mean that with complete candor."

Jury room is 'cleansed'

To try to assist the new jury in starting deliberations anew, Pallmeyer said she ordered the jury room "cleansed" through the removal of any notes made during the earlier deliberations, any charts they may have created, and even a list of witnesses the original jury requested.

"To the extent that it's possible, I have directed that they resume their deliberations from moment one, and that means removing from the jury room any indications or reflections of the activity that's gone on up until then," she said.

Pallmeyer also issued a new instruction that jurors "must treat this case as if the prior deliberations did not occur."

"You also should not discuss or mention statements made during the prior deliberations during these news deliberations," she said.

Even though 10 of the jurors had heard them before, the jury listened intently as Pallmeyer took more than 1½ hours to read the same legal instructions she gave to the original jury more than two weeks ago.

Moments before she sent the jury from the courtroom, Pallmeyer directed jurors in "the sternest terms" to stay away from news media accounts, going so far as to instruct them "not even [to] pick up a newspaper." She said she would provide crossword puzzles to jurors herself if necessary.

Pallmeyer also mistakenly instructed jurors not to watch TV at all. When a lawyer pointed out she meant to restrict their viewing of TV news only, she hurried to the back to tell jurors before they departed. "They said they knew that," the judge said on her return to the bench.

One reason Pallmeyer said she decided against declaring a mistrial was that it would be an irrevocable move, while she could still change her mind about proceeding with the trial.

"If at any point I conclude that this procedure is not fair, I do intend to declare a mistrial if that's appropriate," the judge said. "I don't believe that step is appropriate right now."

Pallmeyer said no one was to blame for not catching the two jurors' apparent misrepresentations until deliberations had begun.

"We can all second-guess what might have been or could have been in terms of an investigation, but the fact is ... a criminal background investigation is not standard practice" in federal court in Chicago, she said.

A day after referring to the enormous public and private resources that have been devoted to the case, Pallmeyer said she wanted to make clear that wasn't the only reason she decided to proceed with the trial.

Goal is fairness, judge says

"The reason for that is that the No. 1 goal here is not that we not waste resources or that we obtain an expedient result," she said. "The No. 1 goal here is fairness."

Pallmeyer also defended the jurors' performance, noting their diligence and attention over the marathon trial.

"The reason you've got alternates is in case something like this happens," said Thomas Sullivan, a former U.S. attorney.

Mark Rotert, a criminal-defense lawyer and former federal prosecutor, said what happens next could be critical in any appeal if either Ryan or Warner is convicted.

If the new jury deliberates for a week or more and comes back with a mixed verdict, that might suggest that all 12 jurors were involved in a meaningful way, he said. But if they return in only a day or so with a verdict of guilty on all counts, Rotert said, "that gives real substance to the concerns" by Ryan's lawyers that the jury can't be expected to deliberate all over again.

Tribune staff reporter Michael Higgins contributed to this report

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2 Jurors Replaced With Alternates (CHIST)

By NATASHA KORECKI, JANET RAUSA FULLER AND STEVE PATTERSON, Staff Reporters

Chicago Sun-Times, March 29, 2006

The chance of a mistrial still looms, but former Gov. George Ryan's public corruption trial will go on after a federal judge on Tuesday -- admitting it was a rare move -- swapped two dismissed jurors with alternates.

U.S. District Judge Rebecca Pallmeyer averted a mistrial for now but left wide open the possibility she still could grant one after tossing two jurors who didn't disclose their criminal backgrounds.

"If at any point I conclude that this procedure is not fair, I do intend to declare a mistrial," she told a packed courtroom without the jury present. But, she explained: "To go forward right now, as difficult as it is, is not irrevocable."

A mistrial is irreversible, she said. "At least for now, I'd like to see the process proceed."

THE JUDGE SPEAKS

Judge Rebecca Pallmeyer addressed her decision to replace two jurors with alternates.

"The No. 1 goal here is fairness. If at any point I conclude that this procedure is not fair, I do intend to declare a mistrial if that's appropriate."

"I think at least somebody in one of the media outlets that I happened to see referred to this situation as 'the judge's nightmare' or 'the judge's worst nightmare.' I don't know if that's an exaggeration, but I can certainly tell you this has been an enormous challenge for me."

"We can all second-guess what might have been or could have been in terms of an investigation, but the fact is ... a criminal background investigation is not standard practice, and it was not requested."

The two jurors were cut after the panel deliberated for eight days in what apparently became fractious talks, culminating with Pallmeyer telling them to treat each other with "dignity and respect."

The new panel will restart deliberations today. Pallmeyer said a fair trial is paramount -- no matter what Ryan's historic, nearly six-month trial has cost.

Her decision comes as the defense asked to "cease proceedings right now," she said.

She called in the new jury and told it to start from scratch. She said the jury room would be cleansed and jurors had to completely start over.

A black female and white male were replaced with a white male and white female.

Ousted juror 'wanted to stay on'

The consternation came after the Tribune reported last week that two jurors didn't disclose criminal backgrounds after the panel already deliberated for eight days. Pallmeyer tossed the two jurors Monday -- including one who "feels sorry for George Ryan because no one is on his side now," according to the juror's son.

In an interview with the Sun-Times Tuesday, the son said he was speaking for himself, not his mom. He said his mom has been stressed out because of "a lot of name-calling throughout the whole jury," and she's disappointed she was kicked off. "I think she wanted to stay on. That's what I believe," he said.

The woman was dismissed after public records revealed she didn't disclose on a sworn juror questionnaire a history of arrests and criminal charges. She was never convicted, but the juror marked a box that said she never had been charged with a crime. Her son explained why she did that: "I think she was confused. And she didn't think she was gonna get picked."

Public records show the juror was charged in a 1994 incident where she was among those "sitting at a kitchen table dividing a white rock like substance," according to a police report. She wasn't convicted. Court records also show arrests for disorderly conduct, assault and child neglect, among other charges. Her son didn't deny his mom has a rap sheet.

"The charges, they stand as what they are. If they weren't true, she wouldn't be off [the jury], right?"

But he said any child neglect charges were bogus.

The male juror who was dismissed had a history of DUI convictions, a revoked license and a weapons charge that he didn't disclose on the questionnaire. Disclosing DUI convictions is especially pertinent because Ryan served as secretary of state. The man, who said he couldn't talk because of a gag order, in recent years has had a clean record and also is instrumental in community fund-raisers.

Revamped jury told: 'Begin fresh'

Following revelations of the jurors' backgrounds, Pallmeyer ordered a criminal check on all jurors, she said. She also privately interviewed some jurors who had "blemishes" on their records to be sure they could proceed fairly.

There were four alternates to pick from -- but two had potential problems. One of the two alternates not selected also had a run-in with the law: a March 2004 drunken driving arrest in Wilmette, records show.

Unlike the ousted jurors, however, the alternate juror disclosed the DUI on his jury questionnaire.

The alternate juror, a North Shore man, was convicted in June 2004. His driver's license was revoked, according to the secretary of state's office. The man was eligible to have his license reinstated in April 2005, but there is no record he did so, secretary of state's office spokesman David Druker said. Court records indicate the DUI arrest was not his first offense.

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Ryan left the courthouse Tuesday with his son and wife -- and a mob of media in tow -- before ducking into the Union League Club.

"You are to begin at the beginning," Pallmeyer told the new jury on its way out. "Begin fresh."

Contributing: Mark Konkol, Annie Sweeney

Prosecutors: Wiretap Evidence Points To Kincaid-Chauncey (KLAS-TV)

KLAS-TV, March 29, 2006

A new turn for the G-Sting political corruption trial -- Tuesday, prosecutors looked to strengthen their case against former Clark County Commissioners Dario Herrera and Mary Kincaid-Chauncey by playing wiretaps of someone else.

The big story was eye-opening wiretaps of Erin Kenny and a new attack on Lance Malone's credibility. Kenny, a former county commissioner, admits taking bribes from Mike Galardi in exchange for clearing licensing hurdles for Galardi's Jaguars strip club.

In an Oct. 2002 FBI wiretap, Kenny asks for money to finance her race for Lieutenant Governor. She tells Galardi lobbyist Lance Malone, quote, "I need money to finish this race off. I'm begging now, I'm on my knees. I've done for more Jaguars every day screaming at people than anyone else has."

Jerry Bernstein, Dario Herrera's attorney, said, "We listened to the tape. I think it speaks for itself and we heard the agents testimony."

Jerry Bernstein tells Eyewitness News the prosecution is focusing on Kenny because they can't pin much on his client. Bernstein questioned FBI Agent Christopher Byers who admitted no wiretaps exist of Herrera being offered specific dollar amounts in exchange for county commission votes. Byers also admitted the G-Sting investigation shows Galardi's lobbyist, Lance Malone, divorced his wife Rosemary but put all of his assets in her name, and still lives with her in the northwest valley.

The FBI believes Malone may be trying to protect his assets from any future court decisions in this case. The defense says it shows Malone is sneaky and can't be trusted -- a strike at the prosecutions case, which heavily depends on what Malone says on FBI wiretaps.

When court resumes Wednesday, the defense will take another crack at the prosecutions case. Defense attorneys tell Eyewitness News they believe there are weaknesses in the case.

Defense attorneys also played a wiretap of Lance Malone's father trying to convince him not to steal money from Galardi. Other wiretaps Tuesday reveal Dario Herrera also asked Mike Galardi to make contributions to his congressional campaign in 2002.

KLASTV.com will have periodic news flashes to keep you up to date with the G-Sting trial as is develops throughout the day.

George Federal Courthouse -- March 28 -- 1:00 p.m.

In an Aug. 2002 FBI wiretap, Mike Galardi is heard enticing former Clark County Commissioner Erin Kenny to help him on a licensing issue for Jaguars by telling her he has registered 300 strippers to vote. Galardi also promised another 10,000 strippers to register before the November election. At the time, Kenny was running for lt. governor.

Kenny told Galardi "I'm saying man that could swing an election." Prosecutors are spending much of this day focusing on Erin Kenny to solidify that a conspiracy did exist.

Prosecutors are also establishing a pattern that when issues important to Galardi appeared before the Clark County Commission, Galardi's lobbyist, Lance Malone would time and again make repeated calls to Erin Kenny, Dario Herrera and Mary Kincaid-Chauncey.

In an Aug. 2002 wiretap, Dario Herrera says to Lance Malone " I need you to hit up Mike for that commitment for me." Herrera was soliciting campaign contributions for his congressional run. Prosecutors imply Herrera used that race partially as a cover to accept bribes from Galardi.

Also in Aug. of 2002, Mary Kincaid-Chauncey discussed the reconsideration of an adult use ordinance. Mike didn't like this ordinance and feared it would hurt his business. Kincaid-Chauncey told Lance Malone "I think I got everything covered on it."

George Federal Courthouse -- March 28th -- 10 a.m.

Federal prosecutors continue presenting FBI wiretap evidence in the G-Sting political corruption trial of Dario Herrera and Mary Kincaid-Chauncey.

In a Sept. 2001 wiretap, strip club owner Mike Galardi tells his lobbyist Lance Malone that an upcoming liquor license extension for Jaguars should be a slam dunk because "we know we got Dario, Erin and Mary."

Prosecutors also worked to further prove a connection between Herrera and Galardi. In an Aug. 2002 wiretap, Herrera says to Lance Malone, "I need you to hit up Mike for that commitment for me." Herrera was referencing a contribution to his congressional campaign.

Malone tells Herrera, "I'll just get the money to you or someone else." Wiretaps also revealed today that Galardi frequently consulted on Jaguars licensing issues with former Las Vegas city Councilmen Michael Mack and Michael McDonald.

Email reporter Brian Allen at ballen@klastv.com

Evacuee Who Returned To New Orleans Arrested In Houston Killing (AP)

AP, March 29, 2006

NEW ORLEANS - A New Orleans evacuee has been arrested in connection with the murder of a Houston man in February, according to federal authorities.

Timothy D. Strong, 21, was arrested in New Orleans on Monday. An arrest warrant from Harris County accused him of murdering Daryl Cirk on Feb. 2 in Houston, the U.S. Marshals' office said.

Strong evacuated to Houston after Hurricane Katrina, and Cirk was a Houston-area native, Deputy U.S. Marshal Brian Fair said. Strong was arrested after Houston police and marshals in the southern district of Texas obtained information that he had returned to New Orleans.

Child-porn Charge Brings Guilty Plea (ORS)

The Orlando Sentinel, March 29, 2006

ORLANDO -- An east Orange County man accused of running a child-pornography Web site and charging monthly subscriptions pleaded guilty Monday in Orlando's federal court to one count of possessing the illicit material.

Earl A. Beach, 65, was indicted and arrested last month on charges of distributing and possessing child pornography. He signed a plea agreement March 18 with the U.S. Attorney's Office that will spare both sides of a trial.

Shackled at the waist and handcuffed while wearing a red jail jumpsuit, Beach told U.S. Magistrate Karla Spaulding he is guilty "because I committed the crime."

Beach faces up to 10 years in prison for the single count he pleaded to but could face an increase in his sentence because of convictions for similar crimes in Indiana in 1979 and in Orange County in 1986.

A tip from the National Center for Missing and Exploited Children in October about a Web site spurred an investigation by the U.S. Bureau of Immigration and Customs Enforcement in Orlando. Beach was arrested after a search of his home found more than 400 images depicting children in sex acts.

"The Web site itself said it was illegal and contained images of rape and incest," Assistant U.S. Attorney Cynthia Hawkins said in court Monday.

Beach's case prompted the U.S. Attorney's Office to seek a search warrant under the USA Patriot Act for electronic records at Yahoo Inc. in the hope that it would uncover others using Beach's Web site. One federal judge twice denied such requests, but he was overruled by district judges both times.

Pedro Ruz Gutierrez, Tanya Pérez-Brennan and Sarah Lundy of the Sentinel staff contributed to this report.

Case Against Lawmaker Is Upheld (NYT/AP)

By The Associated Press

The New York Times, March 29, 2006

WASHINGTON, March 28 (AP) — A federal appeals court ruled Tuesday that Representative Jim McDermott violated federal law by giving reporters an illegally taped telephone call nearly a decade ago.

In a 2-to-1 opinion, the United States Court of Appeals for the District of Columbia Circuit upheld a lower court ruling that Mr. McDermott, Democrat of Washington, had violated the rights of Representative John A. Boehner of Ohio in a case involving a 1996 phone conversation with Representative Newt Gingrich of Georgia, when Mr. Gingrich was speaker of the House.

The court ordered Mr. McDermott to pay Mr. Boehner more than $700,000, which included $60,000 in damages.

The case stems from a tape that a Florida couple made in December 1996 and gave to Mr. McDermott the following month.

The tape included discussion by Mr. Gingrich about a House ethics committee investigation of him. Mr. McDermott was then the ranking Democrat on the ethics panel.

Mr. Gingrich is no longer in office, and Mr. Boehner is now the House majority leader. Both are Republicans.

A lawyer for Mr. McDermott had argued that Mr. McDermott's actions were allowed under the First Amendment and said a ruling against him would have "a huge chilling effect" on reporters and newsmakers.

Lawyers for 18 news organizations, including ABC, NBC, CBS, CNN, The Associated Press, The New York Times and The Washington Post, filed a brief in support of Mr. McDermott.

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But Michael Calvin, a lawyer for Mr. Boehner, said that by leaking the tape Mr. McDermott had "chilled the free speech of others," namely Mr. Boehner and Mr. Gingrich.

In a statement, Mr. McDermott said he disagreed with the ruling. "The American people have a right to know when their government's leaders are plotting to deceive them, and that is exactly what was happening during a telephone call in 1996 involving Republican House leaders," he said.

Mr. Boehner hailed the ruling but said he said he expected the case to go to the Supreme Court.

Boehner Sees End Of Legal Battle (RC)

By John Bresnahan

Roll Call, March 29, 2006

House Majority Leader John Boehner's (R-Ohio) legal victory Tuesday in his historic court fight with Rep. Jim McDermott (D-Wash.) means there finally may be a light at the end of the tunnel in the eight-year struggle between the two lawmakers.

A divided three-judge panel of the U.S. Court of Appeals for the District of Columbia ruled Tuesday that McDermott had "unlawfully" obtained a copy of an illegally intercepted phone conversation between Boehner and other House GOP leaders in December 1996.

A lower court has already ruled in Boehner's favor, ordering McDermott to pay him $60,000 in damages and also pick up the tab for "reasonable" attorneys' fees incurred by Boehner during the long-running case, which began in 1998. Boehner's legal fees exceed $500,000, while McDermott has set up a legal defense fund to help cover his lawyers' bills.

McDermott now has 14 days to ask for the full appeals court to take up the case. If that request is denied, the Washington Democrat would have 90 days to appeal for a hearing before the Supreme Court.

Michael Carvin, Boehner's lawyer, predicted that McDermott will be unsuccessful on either front. Carvin pointed out that the full appeals court has already twice denied McDermott's application for a hearing, and added that he does not see any issues at stake in the case that would merit intervention by the Supreme Court.

"We're obviously gratified by the victory," Carvin said. "This decision confirms that Congressman McDermott unlawfully obtained the tape and violated the law."

Boehner had not seen the court's decision when he spoke to reporters on Tuesday, but the Ohio Republican said he had made a number of attempts to settle the case with McDermott, most recently last summer, without success.

During those conversations, Boehner said he insisted on "three conditions that I outlined: one, that [McDermott] had to admit that he was wrong; two, that he needed to apologize to the House; and three, that he should make a $10,000 donation to a charity [and] that we would agree on [trying] to bring this to a close." Boehner added McDermott "could never come close" to signing onto such a deal and the legal fight continued. Boehner himself believes it may end up before the Supreme Court.

In a statement released by his office Tuesday evening, the Washington Democrat said he had made no decision at this point on whether to appeal the latest ruling, although he showed strong displeasure with the findings.

"Our legal counsel is studying the decision, and we will decide on a course of action in the days ahead," McDermott said.

The dispute revolves around McDermott's role in circulating an illegally taped phone call between House GOP leaders regarding an ethics charge against then-Speaker Newt Gingrich (R-Ga.). At that time, Boehner was chairman of the House Republican Conference.

As part of his agreement with the House Committee on Standards of Official Conduct, Gingrich pledged to abide by the panel's ruling. Boehner was in Florida on Dec. 21, 1996, taking part via mobile phone in a GOP leadership strategy session on how to spin the ethics committee's decision and its impact on Gingrich's hold on the Speaker's gavel, when a Florida couple, John and Alice Martin, illegally taped the call on their police scanner.

McDermott eventually received a copy of the tape and, as he has publicly acknowledged, leaked it to The New York Times, Atlanta Journal-Constitution and Roll Call. McDermott believed that the conversation proved Gingrich violated his agreement with the ethics committee. Boehner, with support from then-President Bill Clinton's Justice Department, sued McDermott for invasion of privacy in 1998, and the case has been bouncing back and forth between federal courts, including the Supreme Court, since then.

In his statement, McDermott continued to portray the issue as a First Amendment argument, and defended the right of a public official to reveal alleged wrongdoing within the government.

"The American people have a right to know when their government's leaders are plotting to deceive them, and that is exactly what was happening during a telephone call in 1996 involving Republican House leaders, including then Speaker of the House Newt Gingrich and Rep. John Boehner," McDermott said.

The Washington Democrat noted that 18 media organizations, including ABC, NBC, CBS, CNN, The Associated Press, The New York Times and The Washington Post, filed a brief in support of his position prior to the latest appeals court ruling.

McDermott has suggested that if the full appeals court and Supreme Court let Tuesday's ruling stand, the ability of reporters to ferret out information regarding potentially improper activities by government officials, even if the information comes from questionable sources, will be hindered.

But the appeals court disagreed with McDermott's arguments. In a 2-1 opinion, the court rejected McDermott's reliance on a 2001 decision by the Supreme Court, which held that the First Amendment protects the disclosure of illegally intercepted communications by parties who did not participate in the illegal interception.

Circuit Judge A. Raymond Randolph wrote that McDermott's use of the 2001 ruling as part of his defense is "quite implausible" and not germane to the case since he knew how the telephone call had been intercepted.

"It is the difference between someone who discovers a bag containing a diamond ring on the sidewalk and some who accepts the same bag from a thief, knowing the ring inside to have been stolen," Randolph added. "The former has committed no offense; the latter is receiving stolen property, even if the ring was intended only as a gift."

Circuit Judge David Sentelle strongly dissented with the majority's decision, arguing that to follow the logic used by Randolph and Chief Judge Douglas Ginsburg could lead to the censoring of news stories over fears about how sources obtained information.

"I see no distinction, nor has Representative Boehner suggested one, between the constitutionality of regulating communication of the contents of the tape by McDermott or by The Washington Post or The New York Times or any other media resource," Sentelle wrote in his dissent. "For that matter, every reader of the information in the newspapers also learned that it had been obtained by unlawful intercept."

Sentelle added: "Under the rule proposed by Representative Boehner, no one in the United States could communicate on this topic of public interest because of the defect in the chain of title. I do not believe the First Amendment permits this interdiction of public information either at the stage of the newspaper-reading public, of the newspaper-publishing communicators, or at the stage of Representative McDermott's disclosure to the news media."

Lawmaker Loses Phone Tape Appeal (WT)

By Joyce Howard Price

The Washington Times, March 29, 2006

A federal appeals court yesterday upheld a lower court ruling that found Rep. Jim McDermott, Washington Democrat, violated federal law when he turned over an illegally taped phone conversation of House Republican leaders to reporters nearly a decade ago.

In its 2-1 opinion, the U.S. Court of Appeals for the District of Columbia backed the lawsuit against Mr. McDermott by Rep. John A. Boehner, Ohio Republican and now House majority leader, who was among those heard on the call.

Yesterday's ruling by Judge A. Raymond Randolph, who was appointed by the first President Bush, was supported by Chief Judge Douglas H. Ginsburg, who was tapped for the appellate bench in 1986 by President Reagan. The dissenting opinion was written by Judge David B. Sentelle, a 1987 Reagan appointee.

"I do not believe the First Amendment allows this interdiction of public information, either at the stage of the newspaper-reading public, of the newspaper-publishing communicators, or at the stage of Rep. McDermott's disclosure to the news media," Judge Sentelle wrote.

But the other two judges agreed with the August 2004 decision that Mr. McDermott "participated in an illegal transaction when he accepted the tape" from a Florida couple, knowing that the conversation on it had been unlawfully intercepted.

"It is the difference between someone who discovers a bag containing a diamond ring on the sidewalk, and someone who accepts the same bag from a thief, knowing the ring inside has been stolen. The former has committed no offense; the latter is guilty of receiving stolen property," Judge Randolph wrote.

The panel upheld the trial court's order that Mr. McDermott pay Mr. Boehner $60,000 in damages and at least $600,000 in legal fees in the lengthy legal battle.

In a statement yesterday, Mr. McDermott said no legal strategy had been decided, but he praised "Judge Sentelle's strong opinion in support of the First Amendment."

"The American people have the right to know when their government's leaders are plotting to deceive them, and that is exactly what was happening," he said of the Dec. 21, 1996, conversation among House Republicans about an ethics probe of then-Speaker Newt Gingrich.

In 2001, the Supreme Court said the federal wiretap law could not be used to punish disclosure of information about matters of public concern by people who did not engage in obtaining the material illegally. The case was sent back to a lower court, where U.S. District Judge Thomas Hogan said Mr. McDermott was still at fault, since he released information he knew had been obtained illegally.

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The ruling yesterday was a blow for the 18 news organizations that filed a brief supporting Mr. McDermott's right to release the tape, which he had received from Alice and John Martin. The list included the New York Times, The Washington Post, NBC, ABC, CBS, CNN and Associated Press.

"Under the rule proposed by Rep. Boehner, no one in the United States could communicate on this topic of public interest because of the defect in the chain of title," agreed Judge Sentelle in yesterday's opinion.

But Boehner attorney Michael Carvin said the Democrat's action was unlawful and said he "chilled" the free speech of persons such as Mr. Boehner and Mr. Gingrich. In the majority opinion, the appeals court called some of Mr. McDermott's arguments "implausible."

Aides close to Mr. Boehner said Mr. Carvin suffered a broken leg yesterday in an accident. As a result, Mr. Boehner did not know of his legal victory when he spoke to a group of reporters at a briefing yesterday morning.

"So they supported my position. Not a surprise. I think it is a good decision," Mr. Boehner said.

FBI Recorded Hutcherson Conversation (LYNCHNA)

By Conor Reilly

Lynchburg News & Advance, March 29, 2006

An FBI agent taped a phone conversation between Jerry Falwell Jr. and Lynchburg Mayor Carl Hutcherson in January 2005 without Falwell Jr.'s knowledge, a government motion filed Tuesday revealed.

Falwell Jr. said Tuesday evening that the government only recently told him that the call was recorded.

"It was a surprise to me," Falwell Jr. said. "(But) everything in that conversation is consistent with what we said later."

The mayor faces fraud charges related to a $32,500 donation from the Falwell ministries alleging that he used the money to improperly pay off tax debts, then lied to cover up his actions.

The 14-page document filed Tuesday says the government

FBI transcript of phone call

Download a copy of call between Mayor Hutcherson and Jerry Falwell Jr.

Government motion

Download a copy of the government motion. investigated "the possibility of public corruption by covertly recording a telephone call placed by Hutcherson at the government's direction to Jerry Falwell Jr."

The 13-minute conversation taped on Jan. 27, 2005 - the same day Hutcherson was first interviewed by the FBI - focused almost exclusively on the $32,500 gift from the Falwell ministries to a church group Hutcherson directed.

"The resultant taped conversation confirmed Hutcherson's denials of a bribery scheme," the motion says. "The taped conversation made clear that Falwell Jr. meant for the $32,500 to be a donation to Trinity CDC and not for Trinity CDC to be a mere shell or funnel for money to be given to Hutcherson."

Assistant U.S. Attorney Tom Bondurant is asking a judge to allow the conversation to be used as evidence at Hutcherson's trial, set to begin next month.

Defense attorney John Fishwick said in a prepared statement that Tuesday was the first time he had a chance to see the transcript.

"We have always anticipated that the contents of the conversation are supportive of our case," he said in the statement. "We can't wait for the jury to hear it."

Bondurant argues that Hutcherson knew the money wasn't a loan to his funeral home.

The government says Hutcherson's defense team will likely argue that the Falwells intended the money to go to the mayor all along, so no criminal intent existed.

Prosecutors say in the motion the "conversation is relevant because it demonstrates Hutcherson's true criminal intent and refutes his potential defense."

Hutcherson made the initial contact with Falwell Jr.'s Liberty University office at 2:36 p.m. while FBI Special Agent Christian Pettyjohn was present.

The mayor begins the conversation by informing Falwell that an FBI agent was asking questions about the donation. The mayor then tells Falwell the agent "knew it was a direct loan, and uh, um, to me."

Here is one exchange between Hutcherson and Falwell Jr. from the transcript, which was posted on the federal court's Web site Tuesday along with a motion to introduce it as evidence.

Hutcherson: I didn't answer, I didn't answer a lot after that because uh, ultimately what they did was issue me a subpoena.

Falwell: Is that right?

Hutcherson: I just didn't know what to say or do.

Falwell: Alright, well we, it was a donation to that New Life, that's who we made the check out to, right?

Hutcherson: Yes, uh huh.

Falwell: So what's, I don't understand what's wrong with that.

Hutcherson: I don't, I don't know.

Over the course of the conversation, Falwell repeatedly says the money was given as a donation to the CDC, not a personal loan.

"They're just uh, but I just uh, I can't think, Carl, what it would be that uh, would be so bad," Falwell said. "Even if we had just loaned the funeral home."

Falwell also refers to a Wards Crossing West rezoning that initially drew the attention of federal investigators.

From the transcript:

"But at the time you voted on that rezoning for us, it was nothing, no business relationship at all," Falwell said.

"That's, no, no. There wasn't. No," Hutcherson said.

Falwell also said during the conversation "they're just trying to scare you."

Falwell said Tuesday that the Bank of the James, the institution where the donation was deposited, was responsible for the entire investigation beginning.

In the transcript, Falwell tells Hutcherson, "… Now, it's probably Bank of the James that's brought that up."

Hutcherson says "Probably so."

Falwell says, "Oh, yeah. I don't trust those people."

FBI Agents Testify About Dealings With Zimmermann (MINNST)

By Rochelle Olson, Star Tribune

Minneapolis Star Tribune, March 29, 2006

They detailed their initial visit with the then-City Council member accused of corruption and then a trip to his house.

Two FBI agents offered details in court Tuesday about their first meeting with then-Minneapolis City Council Member Dean Zimmermann to talk about allegations that he took cash in exchange for promises of political favors.

FBI special agents Timothy Bisswurm and David Kukura both testified about Sept. 8, 2005, the day they interviewed -- and tape-recorded -- Zimmermann for three hours at the Chicago Commons housing-retail development project.

Zimmermann rode home on his bike and then got a second visit from the FBI, whose agents seized envelopes with cash. Prosecutors say Zimmermann, who wasn't reelected last year, took cash from the developer of Chicago Commons in return for promises to help with zoning approval.

Zimmermann pleaded not guilty to four corruption-related charges in February and expects to go to trial in July.

At a hearing in federal court Tuesday, Zimmermann's attorney argued that a judge should forbid prosecutors from using the conversation with the FBI that day as evidence.

The content of the interview wasn't discussed Tuesday. The testimony sounded more routine than revelatory, but defense attorney Dan Scott said it may have significance later. The two agents were the only witnesses questioned on Scott's motion to suppress the statements made to them by Zimmermann.

U.S. Magistrate Judge Jeanne Graham didn't immediately rule on the motion, but Scott said he expects her to allow Zimmermann's statements to be used at trial.

Scott said the motion to suppress the conversation allowed him to question the agents about the circumstances under which Zimmermann spoke to them.

"Among other things, we get to find out they talked for 15 minutes after the tape was shut off," Scott said of Zimmermann and Kukura's conversation.

Bisswurm was questioned about the search of Zimmermann's home following the September interview. Bisswurm said that he asked Zimmermann about four specific campaign envelopes with cash and that the council member led him to the second floor of his home, where he retrieved them from a desk drawer.

Graham declined a defense motion to require the prosecution to produce for questioning Gary Carlson, the Chicago Commons developer who was the FBI's "cooperating witness" against Zimmermann.

"When someone is in a position Mr. Carlson is, they are often quite paranoid about being approached," Scott said.

The judge told Scott that if he wants to interview Carlson, he can get his phone number from prosecutors and find him.

Asked after the hearing how Carlson came to the attention of investigators, Scott said: "We only have tantalizing hints right now."

Scott doesn't expect to get more answers until the government is required to produce them in the days leading up to the trial, now scheduled for July 31 in U.S. District Judge Ann Montgomery's courtroom.

Zimmerman Appears In Court (KSTP-TV)

KSTP-TV, March 29, 2006

"This is something that was totally manufactured by the FBI, totally out of character for me, that's clear and obvious to everybody," Zimmermann told 5 EYEWITNESS NEWS. A former Minneapolis City Council Member tried to clear his name Tuesday in Federal court.

Dean Zimmermann was voted out of office shortly after being indicted for accepting bribes.

Today, attorneys and FBI agents talked about an informal recorded interview with Zimmermann. The judge heard and dismissed a number of defense motions to suppress evidence. Some of that evidence was gathered on Sept. 8, when FBI agents raided Zimmermann's home.

"This is something that was totally manufactured by the FBI, totally out of character for me, that's clear and obvious to everybody," Zimmerman told 5 EYEWITNESS NEWS.

3 Charged In Murder-for-hire Scheme (CHIT)

By Carlos Sadovi, Tribune Staff Reporter

Chicago Tribune, March 29, 2006

Three Chicago men were ordered held on bail Tuesday for their involvement in a botched murder-for-hire scheme against a Harwoood Heights jeweler to whom a relative of one of the men owed cash.

Santos Ramirez, 34, was charged Monday with solicitation to commit murder for hire, said Tom Stanton, a spokesman for the Cook County state's attorney's office.

Anthony King, 27, and Robert Navarro, 39, were charged with conspiracy to commit murder for their role in the scheme, Stanton said.

Ramirez, of the 4000 block of West Nelson Street, was held on $700,000 bail Monday by Circuit Judge Raymond Myles. King, of the 3500 block of West Palmer Street, and Navarro, of the 2900 block of North Mulligan Avenue, were each held on $600,000 bail.

Stanton said that on March 18 during a narcotics transaction, Ramirez offered King $10,000 to kill the 49-year-old target to whom Ramirez's uncle allegedly owed money. The uncle has not been charged, Stanton said.

King recruited Navarro to help, in particular to act as a Spanish-language interpreter to communicate with Ramirez, Stanton said.

The three men staked out the man's business, and Ramirez allegedly showed the others a .38-caliber gun and pointed out the victim's car, according to Stanton. The three Chicago men allegedly hatched a scheme in which they would wait for the jeweler to leave the business and ram the jeweler's car with their vehicle. The jeweler would then be shot to death, Stanton said.

But on Sunday, as they attempted to follow the jeweler's car, the three men lost track of his vehicle and were arrested by Chicago police at a gas station in the 2400 block of North Milwaukee Avenue, Stanton said.

Stanton said the FBI had been tracking telephone conversations between the men, and that Ramirez was under surveillancein anotherinvestigation.

Navarro, who has seven felony convictions, and King, who has six felony convictions, are both on parole for drug charges. Ramirez was wanted on an outstanding warrant for a misdemeanor charge, Stanton said.

csadovi@tribune.com

Three Confess Huge Theft From Hudson Firm (AP)

AP, March 25, 2006

Newark, N.J. – Three former employees of Vectron International have admitted in guilty pleas that they cheated the company of up to $1 million.

The three are Chinese nationals who worked as sales representatives in China for Vectron, which is based in Hudson, N.H.

Zhen Zhang, who was based in Shanghai, was the mastermind, according to the U.S. Attorney's Office for New Jersey, which handled the case.

Zhang, 35, admitted Friday that he demanded bribe payments, as well as created front companies and falsified corporate records to cheat his employer, federal prosecutors said.

Pleading guilty in December and February, respectively, were Shiyi Zhang, 42, who is not related to Zhen Zhang, who was based in Beijing, and Zhuosen Tan, 31, who was based in Shenzhen.

According to court papers, Zhen Zhang took bribes from customers in exchange for lower prices and faster service, while those who did not pay saw bids delayed or declined.

By using straw buyers, which included existing companies in the United States and front companies that the schemers established in China, to hide the true value of and actual user of the products from Vectron, according to court papers.

As a result, the conspirators kept a portion of their sales proceeds from Vectron, prosecutors said.

The three were arrested June 6 in the United States.

Zhen Zhang faces up to 20 years in prison for wire fraud, and five years for conspiracy, when sentenced July 17 by U.S. District Judge Dickinson R. Debevoise. He could be fined could be up to twice the amount gained from the scheme.

Shiyi Zhang is to be sentenced on April 10 and Tan on May 12. They each pleaded to a conspiracy charge, and face up to five years in prison and the same possible fine.

Zhen Zhang and Shiyi Zhang remain incarcerated. Tan was freed on bail after his plea.

Vectron International makes high-tech equipment used to boost audio, video and data signals traveling through phone and cable lines.

Convicted Philly Councilman Released Pending Sentencing (AP)

AP, March 28, 2006

PHILADELPHIA (AP) — A city councilman jailed since his bribery conviction earlier this month was released Tuesday on orders from a judge to stay on his medication and continue with counseling.

"I'm fine," Councilman Rick Mariano told reporters as he left the federal courthouse after processing.

A psychiatrist who examined Mariano concluded that he is not a danger to himself or others, according to the order issued Tuesday by U.S. District Judge Lawrence F. Stengel.

Stengel had revoked Mariano's bond and detained him immediately after jurors convicted him of 18 bribery and corruption counts on March 17.

The judge questioned Mariano's emotional stability, given the long sentence he faces and a suicide scare he touched off days before his indictment, when he made a solitary trip to the observation deck of City Hall.

Prosecutors had not asked for Mariano to be detained pending his July 6 sentencing.

"His state of mind is excellent," defense lawyer Nino Tinari said. "We're going to go back to the office, review what his options are, prepare for court proceedings."

Mariano, a councilman for 10 years, was convicted of taking more than $28,000 from friends and businessmen in exchange for his help obtaining tax breaks, city contracts and real estate. He remains in office and, by law, can hold the $102,000-a-year job until his sentencing.

Lawyer: Mariano's 'Fine' After Psychiatric Tests (PHI)

By Chris Brennan & Michael Hinkelman

The Philadelphia Inquirer, March 29, 2006

City Councilman Rick Mariano's first words in public after being released from federal custody were, "I didn't do that."

Mariano's exclamation yesterday had nothing to do with his recent conviction on corruption charges or a judge's concern that he might be a danger to himself or others. Instead, he was talking about a newspaper photographer who took a hard fall while following him out of federal court. Mariano refused to say anything else as he jumped into a waiting taxi with his wife.

His defense attorney, Nino Tinari, said Mariano will immediately start contemplating "some factors that affect his entire life," including whether he will continue to serve on Council until his July 6 sentencing. Mariano spent 11 days in the Federal Detention Center because a federal judge feared that a looming prison term of six to 10 years might make him snap. Tinari said a psychiatric evaluation in jail showed Mariano's "state of mind is excellent." The lawyer also said he has heard that Mariano's former spokesman, Frank Keel, told the lead FBI special agent on the case that the councilman might be a danger to himself.

"It is very disturbing that a person who was his spokesman for a time says things that are inaccurate and inappropriate," Tinari said.

Keel expressed concern for Mariano's mental state immediately after a jury found him guilty on March 17 on 18 counts of conspiracy, corruption, bribery and filing a false tax return. Keel yesterday said he was glad U.S. District Judge Lawrence Stengel ordered the psychiatric evaluation and that Mariano is again free until he is sentenced. "He's a decent man who did some dumb things," Keel said. "I spent as much time with him during some very difficult days as anyone and was a witness to his increasingly dark mood swings."

Asked if he reported any of that to the FBI, Keel would only say, "As the councilman's former spokesperson, I had many conversations with federal authorities throughout the process, as did everyone else in Rick's circle."

FBI Special Agent Ray Manna declined to comment. Mariano sparked a suicide scare in the City Hall tower just days before he was indicted in October. He spent a weekend in a psychiatric ward but later claimed he was only up there taking

pictures with a new camera. Stengel, in releasing Mariano yesterday, ordered that he continue psychological counseling and taking all prescribed medication. Those orders, which Tinari called "voluntary," will be monitored by federal authorities until July 6. Mariano, troubled by recent knee surgeries, was pale and looked like he had lost weight when he was released.

"His physical state is a little deteriorated because he's been in the special housing unit for 11 days," Tinari said. "He was going to come out here not in any way with his head down or limping or being a person that has been beaten down. He's fine. He really is."

Tinari declined to say if Mariano is considering cooperating with federal prosecutors in exchange for a lighter sentence. He said estimates of a six-to-10-year prison sentence "may not be realistic," but conceded that the high end was a daunting number. "I don't know if anyone can do 10 years in jail, let alone Mariano," Tinari said. Mayor Street, a longtime political ally, said he was glad to hear Mariano was freed.

"Councilman Mariano made a mistake," said Street, who called on him to step down from Council upon conviction. "And believe me, our system will make sure that he pays for that mistake."

Mariano's staff has repeatedly said he will keep his post, as allowed by state law, and his city paycheck until he is sentenced. "I don't suspect that he'll be coming into City Hall on a regular basis," Street said. "But he might."

In First Public Appearance, Mariano Says 'I'm Fine,' But Nothing More (PHI)

By John Shiffman And Michael Currie Schaffer

The Philadelphia Inquirer, March 29, 2006

City Councilman Rick Mariano emerged from jail yesterday, dazed and unshaven, 11 days after a federal jury convicted him on corruption charges and a judge ordered him held for a psychiatric evaluation.

Mariano's first public appearance since the verdict, a simple 20-foot walk from the federal courthouse in Center City to a waiting taxi, turned into a carnival. As he left, the councilman squeezed awkwardly through an aggressive pack of journalists. In the confusion, two photographers tumbled onto Market Street.

Mariano scowled and did not answer questions about whether he would resign from his $102,000-a-year post or appear at tomorrow's regular Council session.

He said only: "I'm fine."

The councilman, who had not seen his wife or family during his 11 days at the Federal Detention Center, looked pale and thinner than he had at trial.

U.S. District Judge Lawrence F. Stengel set Mariano free on bail after reviewing the results of a court-ordered psychiatric examination.

Stengel said that he was no longer worried that Mariano might be a danger to himself or others. Stengel had previously cited Mariano's climb to the observation deck on City Hall shortly before his indictment last year, and said that episode had never been fully explained.

The psychiatric report, by Dr. Pogos H. Voskanian of Drexel University College of Medicine, is confidential.

As a condition of bail, however, Mariano must continue psychological counseling and take all prescribed medications. He also must continue to report to court officials. If he flees before sentencing, he would forfeit homes in Philadelphia and at the Jersey Shore.

Sentencing is scheduled for July 6, but it could come earlier, people involved in the case said. He likely faces six to 10 years in prison.

After a nearly two-week trial earlier this month, jurors deliberated for about six hours before convicting Mariano of bribery, corruption, money-laundering and fraud. They concluded that he took bribes from five businessmen in exchange for help with city agencies, a schools contract, and access to city land at a discount.

Although prosecutors believe that Mariano faces at least six years in prison, defense lawyer Nino V. Tinari said yesterday that he believes the sentencing range will be lower.

Prosecutors declined comment on Mariano's release.

In the hour before Mariano left the federal complex yesterday, Tinari engaged in a bit of misdirection with reporters, apparently hoping the councilman might be able to avoid the cameras. But once his client was safely inside the taxi and en route to his office, Tinari gave an impromptu news conference.

"His state of mind is excellent," Tinari said. "We're going to go back to the office, review what his options are."

Tinari said he and the councilman had a great deal to talk about.

"We're going to discuss all of his options: his legal options, his employment option - anything we have to discuss, we will," Tinari said.

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One of them is likely to be Mariano's status as a sitting councilman. According to a city legal opinion, Mariano is not required to relinquish his Council seat until he is sentenced.

Mariano's chief of staff, Jay McCalla, has said the councilman will stay in his seat as long as possible. But Tinari said yesterday that no decision had been made.

"We're going to review all of that in the next few days," he said.

McCalla said Mariano would not be in Council tomorrow. He said he expected the councilman would work from his district office rather than come to City Hall.

Mariano, whose district includes parts of North and lower Northeast Philadelphia, is the first sitting councilman convicted of corruption since 1991.

Reached at his home last night on a quiet, treeless street in Juniata Park, Mariano, dressed in an olive-colored T-shirt, looked like he was relaxing - not expecting company.

He said he had no comment, and told a reporter: "Don't come to my house."

He then quickly shut the door.

Witness Links "Mafia Cop" To Murder (NSDY)

By Anthony M. Destefano, Newsday Staff Writer

Long Island Newsday, March 29, 2006

For nearly 20 years, Peter Franzone kept his terrible secret. Tuesday, the laborer from Flatbush told the whole world about digging graves and burying bodies at the behest of others.

Testifying in the "Mafia Cops" racketeering trial, Franzone said he was forced to bury a man killed in a gangland slaying and indicated that one of the defendants -- former NYPD detective Louis Eppolito -- may have been an accessory to the killing.

Speaking in a low voice that betrayed no emotion, Franzone, who now is in the witness protection program, told a Brooklyn federal court jury how he was coerced into digging a grave 5 feet deep in a garage space he owned and later was ordered to move another corpse for disposal elsewhere. In both incidents, Franzone said, Eppolito had driven into the parking area as other men arrived.

Franzone, 56, testified that Frank Santoro Jr., Eppolito's mob associate cousin, forced him to bury the body of a man he described as "Jewish," who had been escorted onto the premises sometime in 1985 or 1986. The man, whom prosecutors maintain was jeweler Israel Greenwald, was brought to Franzone's combination parking lot and body shop facility by Santoro and another man. Eppolito had driven onto the property moments before the other three men walked to the location, Franzone said.

Eppolito, 57, and his former partner, Stephen Caracappa, 64, are accused of taking part in eight gangland murders, including that of Greenwald in February 1986, for the Luchese crime family. Eppolito also is accused of taking part in the killing of Pasquale Varriale, the other man whose body allegedly was at the parking lot.

Franzone, under questioning by Assistant U.S. Attorney Robert Henoch, did not say that Eppolito killed anyone.

Prosecutors, drawing out Franzone's description of Eppolito's proximity to the homicide scenes, are seeking to make the case that the former NYPD detective was an accessory to the crimes.

Franzone said that one of the two men who escorted the man believed to be Greenwald onto the property was tall, with a moustache and a face that was pockmarked on the right side.

About a half-hour later, Franzone said Santoro forced him to bury the Jewish man's corpse under pain of death.

"If I didn't help him, they would kill me and my -- -- family," Franzone said Santoro told him.

Franzone said he used a shovel as Santoro watched to dig a hole in one of the garage spaces he rented at 2232 Nostrand Ave. After the man's body was pushed into the ditch, Santoro first poured lime on the corpse and then wet cement, Franzone said. The hole was filled in.

In a second incident involving Santoro, Franzone said he was asked to lift a wrapped body into the trunk of a car. Investigators say the corpse was that of Varriale, who was killed after Eppolito allegedly tipped off the mob that Varriale was an informant.

Franzone said he didn't know the identity of the man he helped bury. The FBI unearthed Greenwald's body in April at the Nostrand Avenue location from beneath the garage floor. He said he was afraid to tell police about what happened because he feared Eppolito and Santoro, who died in 1987.

"Who would believe me, what I did with a police officer?" Franzone said. "I figured he would kill me, lock me up and have somebody else kill me."

On cross-examination by Caracappa's attorney, Ed Hayes, Franzone insisted that one of the men who escorted the Jewish man before his death had a pockmarked face and hooked nose.

Caracappa, who is lean and stands under 6 feet tall, has smooth skin and a straight nose. Eppolito is short and heavy.

Witness Says Cops Told Him To Dig A Grave (AP)

By Tom Hays

AP, March 29, 2006

NEW YORK -- A tow truck driver testified Tuesday that he was forced to dig the grave of a jeweler who was allegedly kidnapped and killed in 1986 by two New York City detectives moonlighting as hit men for the mob.

A gangster involved in the Brooklyn slaying "told me that I had to help bury the dead man," Peter Franzone said at the federal trial of the former detectives, Louis Eppolito and Stephen Caracappa. "He said if I told anybody, he'd kill me and my family."

The 56-year-old witness said he kept quiet for 19 years because he was convinced no one would believe that police were mixed up with the mob, and because he feared Eppolito might put him in his own grave.

"I was afraid of Louie Eppolito," he said.

Franzone broke his silence last year under questioning by federal authorities reinvestigating the slaying of Israel Greenwald, a Diamond District jeweler who ran afoul of the Luchese crime family.

Authorities allege Eppolito, 57, and Caracappa, 64, were involved in the killings of Greenwald and seven other victims between 1986 and 1990 while on the payroll both of the NYPD and Luchese underboss Anthony "Gaspipe" Casso. Prosecutors said the detectives committed killings for up to $65,000 a hit.

Greenwald was killed in 1986 after being pulled over by Eppolito and Caracappa and taken to a parking garage managed by Franzone, prosecutors said.

On the witness stand Tuesday, the tow truck driver told jurors he had seen a man in a pinstriped suit and a yarmulke being led inside a one-car garage by a Luchese associate, Frank Santoro, and a man fitting the description of Caracappa. Eppolito _ whom he had previously met _ was waiting in a car outside, he said.

Franzone said about 20 minutes later, the garage door opened, and Santoro and the other man emerged without Greenwald. The other man left with Eppolito, and then Santoro took Franzone into the garage, showed him the victim's body and ordered him to dig a 5-foot grave in the garage, the witness testified.

The body was dumped in the hole, and covered with cement. Santoro himself was killed the next year.

Greenwald's body was discovered last April after Franzone told investigators were to find it. Authorities said the jeweler had been shot in the head.

Franzone testified that in 1987 the mobsters used the same parking facility to wrap the body of another shooting victim in a tarp. He claimed Eppolito again served as a lookout.

Gravedigger's Secret Is Out, 20 Years Later, At Trial Of 2 Ex-Detectives (NYT)

By Alan Feuer

The New York Times, March 29, 2006

A 56-year-old man with a 20-year-old secret told it in public for the first time yesterday: how, in 1986, he dug a five-foot-deep hole in the floor of a parking garage he owned and, under pain of death, dumped in a dead man he believed that two detectives, Louis J. Eppolito and Stephen Caracappa, had just helped kill.

The man with the secret was Peter Franzone, a sixth-grade dropout, who testified at the detectives' trial that the worst things he had done before that day were take a car that did not belong to him and steal $65 he later spent on a cowboy hat and the rides at Coney Island.

Both were a moonshot's distance from burying a man, but Mr. Franzone told the jury in Federal District Court in Brooklyn that he watched one day as Mr. Eppolito's cousin and a man who looked like Mr. Caracappa marched their victim toward a garage on Nostrand Avenue near a collision shop he owned — then came out without him.

Minutes later, he said, the cousin, Frank Santora Jr., handed him a shovel, made him dig a grave, then forced him to push the dead man in and then pour lime and wet cement atop the body. "Frankie told me I gotta help him bury the body because I'm an accessory with it," Mr. Franzone said, "and if I didn't help him that he would kill me" and, he said, his family.

Beyond this experience, Mr. Franzone presented himself as a regular guy, a working man who left his city job with 17 years' worth of unused vacation time, and who looked in the Yellow Pages starting with A when he needed a lawyer in the case.

He was testifying yesterday at the detectives' trial, in which they stand accused of killing Israel Greenwald and seven other men for the mob. Though he said he never knew the name of the man he helped to bury, prosecutors say it was Mr. Greenwald, a Long Island jeweler who made the mistake of crossing Burton Kaplan, a criminal mastermind with whom he had a deal to sell stolen Treasury bills. When the deal went bad, the government says, Mr. Kaplan hired the two detectives and Mr. Santora (whom he knew from prison) to dispose of Mr. Greenwald for $30,000.

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Mr. Franzone was already a friend of Mr. Santora's, having worked on his Oldsmobile at the collision shop.

In February 1986, the government says, the two detectives stopped Mr. Greenwald on the highway. They took him to the lot, where the witness said he saw Mr. Eppolito in a parked car as Mr. Santora and someone in a trench coat who looked like Mr. Caracappa led the jeweler to the garage, from which he never returned.

Within minutes, the witness said, Mr. Santora led him, too, to the garage, where he saw the dead man "leaning on the left wall with his legs spread and his hands on his side." Removing a pair of spade-tipped wooden shovels from the trunk of his white Cadillac, Mr. Santora forced Mr. Franzone to bury the jeweler in the dirt — a job, the witness said, that lasted hours.

"It was daylight when I went in," he said. "When I came out, it was night."

Mr. Franzone held onto his secret until a year ago, when federal prosecutors sought his testimony.

He said he met his lawyer, Alan Abramson, and confessed to him.

"That's when I couldn't hold it in," he said. "I told him the truth about the man buried in the garage."

In their opening statements, prosecutors said Mr. Greenwald — whose body was exhumed last year — had been buried with hands bound and a bag on his head, though on cross-examination (which relied, in part, on props like a shovel) Mr. Franzone said the jeweler had no bag on his head or binding on his hands.

Mr. Caracappa's lawyer, Edward Hayes, got the witness to admit that he had heard no gunshots at the garage that night.

It was Bruce Cutler, Mr. Eppolito's lawyer, who played the legal heavy, yelling at the witness — who had told the jury he was hard of hearing — and calling him a "nonunion, unpaid gravedigger."

With great theatrical effect, Mr. Cutler asked: "Did you even call your wife and tell her, 'Dear, I won't be home for dinner. I'm digging a grave—at my place of business?' "

The witness had no answer to that, though he did respond to another of the lawyer's fierce interrogations.

Mr. Cutler asked, "Day after day, Christmas after Christmas, Thanksgiving after Thanksgiving, confirmation after confirmation, year after year, you just stayed silent, yes?"

To which the witness replied, "Yes."

I DUG GRAVE FOR MOB COPS (NYPOST)

By Zach Haberman

The New York Post, March 29, 2006

An illiterate parking attendant-turned-gravedigger for the mob yesterday gave damaging testimony that placed two alleged Mafia cops at the scene of two gruesome slayings.

Peter Franzone said that after one 1986 killing at a Brooklyn car lot - in which ex-cop defendants Louis Eppolito and Stephen Caracappa were on hand - he feared Eppolito so much that he kept quiet about the burial for 19 years.

"I was scared, because who is going to believe me if I mentioned a cop was involved?" Franzone said at the pair's federal racketeering trial in Brooklyn court.

"I figure [Eppolito] would kill me or arrest me and put me in jail and have somebody else kill me."

Franzone, a sixth-grade dropout, said that in the early 1970s, he got to know Eppolito's cousin Frank Santora Jr. - a mob associate who allegedly helped serve as an intermediary between the NYPD detectives and higher-level gangsters.

Santora became acquainted with the garage keeper after getting tow services from him. They were so close that Santoro invited him to his home and introduced his cousin, Eppolito, to him.

The witness said that on Feb. 10, 1986, he watched as a mob hit involving Santora, Eppolito - and apparently Caracappa - took place at a single-car garage at his lot.

He said he was sitting in the lot's attendant's booth when Santora and a yarmulke-wearing mob associate known as Israel Greenwald walked into the lot with another man, who wore a trench coat with the collar pulled up.

"I saw his mustache, and I saw the pockmarks on his face," he said, implying the man looked like Caracappa.

He testified that he later saw Caracappa at a Sweet 16 party for Santora's daughter, and realized he was the man at the lot.

As they walked in, Eppolito parked nearby and watched the trio enter the garage. The three men were in there for about 20 minutes. Only two of them came out, driving off in Eppolito's car.

Santora came back to the lot a short time later.

"He said he wants to show me something," Franzone testified.

Santora"He opens the door a little way and says, 'Go in there,' " Franzone said. "I turned the light on, and I saw a man slumped against the wall."

It was Greenwald, shot and killed. Franzone pulled his Cadillac up. He took some shovels, a bag of lime and some cement out of the trunk.

"Frankie said I gotta help bury the body because I'm an accessory," Franzone said.

Franzone said he took the short-handled spade and dug a hole in the garage, where the body remained until it was unearthed last year.

"I was afraid that he might [make me] dig it deep enough and just leave me in there," he said.

SantoraHe said the Williamsburg man's body folded into a near fetal position as it plopped into the hole. Santora covered the body with lime. Then they filled the hole and laid a coat of cement.

A year later, Franzone said, Santora killed another man at his parking lot, again with Eppolito on the scene keeping watch.

He that after Santoro and some other gangsters killed a victim named Pasquale Varialle, they made him lift the blanket-bound body into the trunk of a car.

He said he kept quiet, even after Santora died in the late 1980s, out of fear.

Also yesterday, prosecutors said they got a letter from jailed mob boss Anthony "Gaspipe" Casso concerning the case. They did not give details.

Casso is considered mentally unstable, but a witness said he paid the two cops for mob-connected work on several occasions.

I've Got Info, Convict Sez (NYDN)

By John Marzulli

New York Daily News, March 29, 2006

Lawyers for the reputed Mafia cops will get a chance to chat by phone today with their clients' alleged benefactor, imprisoned gangster Anthony (Gaspipe) Casso.

Casso, who is serving a life term at the nation's most secure prison in Florence, Colo., originally outed retired NYPD Detectives Louis Eppolito and Stephen Caracappa as rogue cops during his brief stint as a government cooperator in 1994.

The government rejected Casso's testimony because he was caught plotting violent crimes in prison, including the assassination of a federal judge and a prosecutor.

It took the feds more than a decade to build a case by flipping Casso's alleged middleman with the detectives, Burton Kaplan.

But Casso, 65, recently penned a letter to the feds saying he has "information favorable to the defense," prosecutor Daniel Wenner revealed yesterday.

Defense lawyers Edward Hayes and Bruce Cutler will listen to what the former Luchese crime underboss has to say, but Hayes indicated there was zero chance of calling Casso, who was involved in more than 30 murders, as a witness.

Victim's Daughters To Testify Vs. G-man (NYDN)

By NANCIE L. KATZ, DAILY NEWS STAFF WRITER

New York Daily News, March 29, 2006

While her dad was alive, Mary Anne Lampasi claims she was oblivious to his mob ties.

That ended in 1992 when businessman Larry Lampasi was gunned down in a Mafia hit authorities now believe was set up by alleged rogue FBI agent Lindley DeVecchio.

Tomorrow, Mary Anne, 52, and her sister, Candace, 48, will be in Brooklyn Supreme Court, where they are hoping to confront the man investigators say is at least partly responsible for their father's death.

DeVecchio, 65, is scheduled to surrender tonight on an indictment that charges him with four gangland murders, according to law enforcement sources.

The murders were allegedly carried out after DeVecchio tipped off a secret mob informant, longtime Colombo crime family capo Gregory Scarpa Sr., the sources said.

DeVecchio has repeatedly denied any wrongdoing.

"I don't care if my legs go weak under me," said Lampasi, who now lives in Florida. "I will face this. It is harder to live not facing it. You can't run away."

In the Lampasi slaying, DeVecchio allegedly let Scarpa know where he could find the mobster, a former associate turned rival. "We were shielded," Mary Anne Lampasi said. "My father wanted us to have a better life than he had. He gave us all college educations and graduate school. Suddenly this hits us."

From the moment her father was riddled with bullets, Mary Anne Lampasi said her mother had a feeling he had been set up. Unarmed, the 66-year-old Lampasi was shot nine times.

She said the family's home in Queens was the target of several break-ins and the Lampasis came to believe they were being followed. But was it the mob or the feds?

At the time, a family friend told the sisters that there was an FBI coverup going on. The family relocated to Florida.

"We would like justice. I am so grateful that something is happening and the truth can come out," Mary Anne Lampasi said.

Feds Bugged Bedroom, Phones Of FIU Pair (MH)

By Jay Weaver

The Miami Herald, March 29, 2006

Federal agents planted a bug in the bedroom of a Florida International University a couple of years ago, netting evidence to charge them as unregistered agents for the Cuban government, according to court records.

The FBI also wiretapped the home phones of Professor Carlos Alvarez and his counselor wife, Elsa Alvarez, from at least late 2001 until last summer, collecting electronic evidence on practically all of their conversations.

The reams of intercepts included mundane exchanges and even the private musings between husband and wife.

The FBI's eavesdropping of the couple's home goes far beyond what was first known about evidence in the case, which included alleged "confessions" to federal agents last summer and the confiscation of the Alvarezes' home and FIU computers. The surveillance evidence surfaced as part of their lawyers' efforts to revoke the couple's detention before their scheduled May 8 trial.

It's unclear from the court record how these thousands and thousands of surveillance intercepts will help the U.S. attorney's office prosecute the couple, who are suspected of reporting on the exile community and its leaders to Cuban leader Fidel Castro's government.

According to sources familiar with the case, the FBI had hoped the electronic intercepts would provide leads on alleged spying activity on behalf of the Cuban government. The evidence led only to the Alvarezes' arrests in January. It's unclear why prosecutors chose to charge them at that time.

The couple's lawyers say prosecutors have produced "about 200 supposedly pertinent conversations" recorded by the FBI, court records show. The evidence remains sealed from the public. But the Alvarezes' lawyers say the "majority deals only with mundane activities of daily life" -- such as conversations about the Alvarezes' dinner plans, the tenting of their South Miami home for termites and meetings at their Catholic church.

THE DEFENSE STANCE

The couple's lawyers, Steven Chaykin and Jane Moscowitz, argue their clients would not leave for Cuba if released because they have strong ties to the community, including five children and elderly parents.

They are challenging whether the FBI lawfully obtained warrants to conduct the electronic surveillance. The FBI obtained the warrants under the Foreign Intelligence Surveillance Act, which allows the government to wiretap people in the United States suspected of being agents for a foreign government or involved in terrorist activity overseas.

In the war on terror, the Bush administration has attracted sharp criticism for authorizing warrantless domestic wiretaps without approval from the secretive FISA court -- an issue that doesn't apply to the Alvarez case.

It is not clear from court records how long the FBI conducted electronic surveillance of the couple's home. But it appears the FISA wiretaps of the Alvarezes may have begun years before the Sept. 11, 2001, terrorist attacks. Post-9/11, Congress approved the USA Patriot Act that allows federal agencies to use foreign intelligence wiretap evidence for criminal investigations, such as the Alvarezes' case.

'On March 6, 2006, the government produced summaries of allegedly `pertinent' recorded conversations produced by that surveillance starting in December 2001 and ending July 4, 2005, although the government states that the eavesdropping began earlier and continued until the defendants' arrest on Jan. 6, 2006," the Alvarezes' lawyers wrote.

The attorneys, in their motion, asked the government to disclose the documents related to the wiretap warrants. They are trying to challenge evidence that could affect their clients' case before a jury.

They cited constitutional protections for Carlos Alvarez, 61, a psychology professor, and his wife, Elsa, 55, a psychology counselor, both U.S. citizens.

Referring to the FISA law, the attorneys said: No U.S. citizen ``may be considered an agent of a foreign power solely upon the basis of activities that are protected by the First Amendment. . . ."

For example, they argued, more than 40 of the "pertinent" FISA recordings are telephone conversations between Carlos Alvarez and an unidentified colleague regarding legally licensed culture-exchange programs between the United States and Cuba.

PROTECTIVE ORDER

This month, federal prosecutors refused to turn over documents for the FISA warrants to the Alvarezes' attorneys.

So far, U.S. District Judge K. Michael Moore has issued a protective order that allows only members of the legal teams and their staffs to review the declassified FISA intercepts for the upcoming trial.

Prosecutors apparently disclosed evidence about the FISA wiretaps to show the judge that the Alvarezes are a ``serious risk of flight."

Assistant U.S. attorney Brian Frazier cited Magistrate Judge Andrea Simonton's January ruling in which she said the couple would receive "a hero's welcome" in Cuba.

The prosecutor said the couple used their cover at FIU to infiltrate the exile community, spying on the university's president, Mitch Maidique, and other exile leaders. He said they secretly communicated with the Cuban intelligence directorate, using five-digit code in short-wave radio transmissions.

Once the messages were received, they would input them into their home computer, equipped with decryption technology.

Prosecutors say the couple traveled to Cuba, Mexico and other countries to exchange information with their handlers from the Cuban Directorate of Intelligence.

According to court filings, the Alvarezes reported on "community attitudes" after the FBI's 1998 arrests of 10 Cubans charged with spying. That high-profile espionage case was linked to the Cuban government's shoot-down of two Brothers to the Rescue exile planes over the Florida Straits that killed four Miami men two years earlier.

Muhammad 'Psychotic,' Medical Assessment Says (WP)

By Ernesto Londoño

The Washington Post, March 29, 2006

Sniper John Allen Muhammad is not competent to stand trial, his attorneys argued in a motion filed yesterday along with a psychiatric evaluation that says the defendant should not be allowed to defend himself during his murder trial because he is "psychotic, delusional" and "paranoid."

The report -- the first public disclosure of a mental health expert's assessment of the sniper's mind -- was filed a day before Muhammad is scheduled to appear before a judge in Rockville to explain why he wants to fire his attorneys and defend himself during his Montgomery County trial, which is scheduled to start May 1.

Yale University psychiatrist Dorothy O. Lewis, the defense expert who interviewed Muhammad twice in September 2003 and for four hours Monday, said the sniper told her that he is innocent and believes "his arrest was the result of an elaborate scheme to frame him for the murders."

She wrote that Muhammad told her he also believes Lee Boyd Malvo -- his alleged accomplice in the series of slayings committed with a high-powered rifle in October 2002 -- was "fed information by the police and forced to make a false confession."

Lewis wrote that Muhammad's judgment and ability to think logically are "severely compromised" by brain dysfunction and that he probably suffers from "schizo-affective schizophrenia."

Muhammad has refused to assist his attorneys -- Montgomery public defender Paul DeWolfe and his deputy, Brian D. Shefferman -- and says that he can't share his "secret defense strategy" with his attorneys because "they cannot be trusted," Lewis wrote.

Montgomery Circuit Court Judge James L. Ryan will have to tackle the competency issue before deciding whether to allow Muhammad to represent himself -- a request he made in a handwritten letter delivered to the judge this month.

People in criminal proceedings have a constitutional right to represent themselves at trial, but to sign off on such requests, judges need to find that the defendant is competent and is making the decision knowingly and voluntarily.

Ryan could rule on the competency motion today, but he might choose to have Muhammad examined by an independent psychiatrist before deciding whether he's fit to stand trial; Lewis was hired by Muhammad's defense attorneys.

Deputy State's Attorney Katherine Winfree declined to comment on the motion yesterday. DeWolfe said the "report speaks for itself with respect for his competence to stand trial and his competence to waive counsel."

Maryland prosecutors hope to convince a jury that Muhammad was the architect of the sniper shootings, six of which occurred in Montgomery. Muhammad, 45, and Malvo, 21, were each convicted of one killing in separate trials in Virginia in 2003. Muhammad has been sentenced to death and Malvo to life in prison without the possibility of parole in that state.

Maryland prosecutors say a second set of convictions would give relatives of the people shot in Montgomery a taste of justice and secure the defendants' uninterrupted incarceration in case the Virginia convictions were overturned.

Lewis, the psychiatrist, wrote that Muhammad has no clear defense strategy. When asked how he would strike back at the overwhelming amount of evidence prosecutors could introduce to link him to the six slayings, he told her: "One piece at a time . . . you take all the pieces and add them up as a total."

During Monday's interview, Muhammad seemed paranoid, Lewis wrote. He insisted that his attorneys were withholding information that was key to his defense and told her: "It was never my intention to be represented by an attorney."

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She wrote that Muhammad had short spurts of lucidity during their two interviews in September but that his behavior deteriorated unpredictably and that he rambled and made "inappropriate" requests, such as examining the physician's fingers and cuticles.

She said he became delusional when asked whether friends and relatives visited him and began speaking about people he knew in China and Russia. He told her that he had been in Germany when the Berlin Wall fell but that "the history books lied" about the date, Lewis wrote.

Anti-snitch Campaign Riles Police, Prosecutors (USAT)

By Rick Hampson

USA Today, March 29, 2006

PITTSBURGH — It was not the first time prosecutor Lisa Pellegrini had been enraged by the sight of the T-shirt with the traffic-sign message: STOP SNITCHING. But this guy was about to wear one into court, with matching baseball cap.

Worse, he was a witness — her witness — and the intended victim in an attempted murder case that had brought him, her and the defendants to court that day last fall.

This was Rayco "War" Saunders — ex-con, pro boxer and walking billboard for a street movement that has sparked a coast-to-coast beef involving everyone from professors to rappers.

Pellegrini, thinking "witness intimidation," told Saunders to lose the hat and reverse the shirt. Saunders, crying "First Amendment," refused. He left the courthouse, shirt in place. Case dismissed. "In almost every one of my homicides, this happens: 'I don't know nothin' about nothin', " the prosecutor says. "There is that attitude, 'Don't be a snitch.' And it's condoned by the community."

Omerta, the Mafia's blood oath of silence, has been broken by turncoat after turncoat. But the call to stop snitching — on other folks in the 'hood — is getting louder.

Is it an attempt by drug dealers and gangsters to intimidate witnesses?

Is it a legitimate protest against law enforcers' overreliance on self-serving criminal informers?

Or is it bigger than that?

Take the case of Busta Rhymes.

The hip-hop star has refused to cooperate with police investigating the slaying of his bodyguard Feb. 5 outside a Brooklyn studio where Rhymes was recording a video with performers such as Missy Elliott and Mary J. Blige. Police say that although Rhymes and as many as 50 others may have seen the shooting, no one came forward — an echo of the silence that followed the unsolved murders of rappers Tupac Shakur, the Notorious B.I.G. and Run-DMC's Jam Master Jay.

It's the code of the street: To be a credible rapper, you have to know when to shut up.

"Under pressure, I lie for ya, die for ya," Lil' Kim once rapped. Now she's in a federal jail in Philadelphia for failing to tell a grand jury what she knew about some friends involved in a shooting.

Rhymes' silence in the death of Israel Ramirez seemed to puzzle New York's seen-it-all police commissioner, Ray Kelly, an ex-Marine, career NYPD cop and U.S. Customs chief. "Your employee is murdered in front of you," he told reporters, so "you'd think he might want to talk to the police."

Not necessarily, says David Kennedy, director of the Center for Crime Prevention and Control at John Jay College of Criminal Justice in New York. "There's such animosity toward the police in some urban communities that even people who aren't afraid, and who hate crime, still feel cooperating is something good people don't do," Kennedy says. "That's the Busta Rhymes story. He has nothing to fear. He just doesn't want to talk. His reputation would take a dive if he did."

The code of silence, he says, "is breaking out in a way we've never seen before."

Saunders agrees: "It's a movement, that's what it is — a stop snitching movement."

The stigma against snitching is an old one, but the Mafia never took out newspaper ads to promote omerta. So why is an unwritten rule printed on thousands of T-shirts?

Start with the war on drugs. Over the past two decades, law enforcers have made more drug arrests and turned more defendants into informers than ever before. According to the U.S. Sentencing Commission, the agency that establishes federal court sentencing practices, about one-third of drug trafficking prosecutions involve informers' "substantial assistance." That makes them eligible for reduced sentences under otherwise inflexible federal sentencing guidelines.

Informers are a necessary evil, says Cmdr. Maurita Bryant, a 29-year veteran of the Pittsburgh Police Department. "We have to deal with who we have to deal with. … If a dealer needs to make a deal, he'll tell on his mother. It may not be right, but it's all we have."

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Some criminal informers who are allowed to remain free commit more crimes; some return to crime after a shortened prison sentence; some frame others, or tell prosecutors what they want to hear. Boston defense lawyer Harvey Silverglate says the system encourages defendants "not only to sing, but to compose."

According to a study by the Northwestern University Law School's Center on Wrongful Convictions, 51 of the 111 wrongful death penalty convictions since the 1970s were based in whole or in part on the testimony of witnesses who had an incentive to lie.

Alexandra Natapoff, a professor at Loyola Law School in Los Angeles, says that, based on federal statistics, one of every four black men from 20 to 29 is behind bars, on probation or on parole, and under pressure to snitch. She estimates one in 12 of all black men in the highest-crime neighborhoods are snitching.

She says informers strain the social fabric of poor minority neighborhoods, where as many as half the young men have been arrested. "Every family gathering, every party, every backyard barbecue probably has someone who's secretly working as an informer."

This is the world Rayco Saunders inhabits. It's filled, as he puts it, with "guys doin' all this crime and not doin' no time, because they're telling on the next man."

Hence a backlash — "stop snitching." The slogan appeared in Baltimore about two years ago as the title of an underground DVD featuring threatening, gun-wielding drug dealers and a brief appearance by NBA star and Baltimore native Carmelo Anthony. Anthony, who later said he didn't know the video's theme, told ESPN The Magazine that the dealer-turned-informer excoriated in the DVD "ran our neighborhood. Now he's working with the state and the feds. You can't do that. He turned his back on the 'hood."

The black community is divided. Rapper Chuck D of Public Enemy has blasted the Stop Snitching campaign on the hip-hop group's website: "The term 'snitch' was best applied to those that ratted revolutionaries like Huey P. Newton, Bobby Seale, Che Guevara. … Let's not let stupid cats use hip-hop to again twist this meaning for the sake of some 'innerganghood' violent drug thug crime dogs, who've sacrificed the black community's women and children."

Whatever its intent, the Stop Snitching movement has galvanized officials already apoplectic about witness reluctance and witness intimidation.

States and localities spend a fraction of what the federal government devotes to witness protection, although this month Pennsylvania restored $1 million for that purpose. The move came as more than a half-dozen witnesses recanted earlier testimony in the trial of men accused in the Philadelphia street shooting death of a third-grade boy.

"If the word 'snitch' comes out of someone's mouth, I go insane," says Pellegrini, the Pittsburgh prosecutor. "When young men and women see rappers refuse (to cooperate), they think it's cool. How do we tell them, 'we'll support you,' when they see that?"

Especially, she says, when the slogan is blatantly used to intimidate witnesses. Last year, supporters of an accused drug dealer on trial in Pittsburgh federal court wore T-shirts around town bearing witnesses' photos and the inscription "Stop Snitching. " U.S. Attorney Mary Beth Buchanan says one, Garry Smith, had a $100,000 price on his head.

"Everybody in law enforcement is beside themselves," says Kennedy of John Jay College. "They can't investigate cases. They can't prosecute cases. The clearance rate for some serious crimes is tanking."

Stop Snitching T-shirts have been banned from a number of courthouses. Boston Mayor Thomas Menino, whose city recorded the most homicides in a decade last year, threatened to send police into stores to pull them off the shelves.

Following the furor over the Stop Snitchin' DVD, Maryland raised witness intimidation from a misdemeanor to a felony, and Baltimore police made a tape of their own, Keep Talking. "People have to snitch," says Peter Moskos, a former Baltimore street cop. "That's how criminals get caught."

Saunders' life may have been saved by a snitch.

Pellegrini says an informer told police that an ex-con had hired another man to kill Saunders because the boxer was having an affair with his girlfriend. The man and his accomplices were arrested before the hit could be carried out. They were scheduled for a court hearing the day last fall that Saunders showed up in his Stop Snitching T-shirt.

Saunders and Pellegrini agree he was there to warn the men not to testify in other pending cases. But they disagree on why: Pellegrini says Saunders, whom she calls a "thug," is in cahoots with other criminals who feared the men's testimony. Saunders says he thought the defendants would try to save themselves by selling out others.

Saunders says he hates snitching so much that he not only wears the T-shirts himself but has given them as gifts to friends and relatives. "They love the T- shirts," he says. "It's way overdue for somebody to step up and speak about these things that's going on with these informants and these guys walking around here with immunity to do whatever they want to do."

At 31, Saunders has had a hard life. He says he never knew his father; his mother died of a drug overdose when he was 11. He was stabbed in the back at 15, shot in the chest at 21. He says he shot at people himself and dealt drugs. He was

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arrested six times from 1994 to 1997 and served four years in prison after a shootout with a police officer. He says he was framed.

Since leaving prison, he has pursued a career as a pro boxer, compiling a record of 15-7-2. In 2004 he won the North American Boxing Council cruiserweight championship. In an interview at the gym where he trains, he outlines a stop-snitching creed:

·Don't snitch on others just to save yourself. “Stop snitching is for those guys out there … selling more drugs than Noriega, and their only out is to tell on somebody. … If a (criminal) wants to be a Good Samaritan, OK. But send (him) to jail. Don't give him immunity to do what he wants on the street.”

·Stop Snitching doesn't mean stop talking to police. “It's always misconstrued by the public, or the powers that be, that we're trying to intimidate the regular people or the law-abiding citizens. That's not what it's about. … If that is your only outlet, to call the police, that's what you do.”

·But witnesses have no obligation to help police. “Do your job — you're the police. … I've been wronged by the system. Do you think I would help the system? … Do cops snitch on other cops?”

·The authorities can't protect witnesses. “What's happening to the innocent witness? They get dead or … terrorized for life.”

·Sometimes you must right wrongs yourself. “I'm a man, and I can handle my own situations like a man. … I've done dirt. I'll admit that. So I can't run to the police.”

Later, he's out on the street, wearing one of the T-shirts. Standing nearby is a woman dressed as the Statue of Liberty to advertise the services of her employer, Liberty Income Tax.

“The people who are snitching, a lot of them end up dead, a lot of them end up hurt,” says Lady Liberty — Ernestine Whitaker of Wilkinsburg, whose nephew was threatened after he witnessed a crime. “So the snitching doesn't do anything for the person who's snitching.”

She looks at Saunders, whose muscular chest bulges beneath the T. “I'd wear one of those,” she says.

As Scams Go, This Is A Gem (LAT)

By Jessica Garrison, Times Staff Writer

The Los Angeles Times, March 29, 2006

There was no heist. The dealer simply handed $14 million worth of diamonds to a stranger, relying on a tradition of trust.

Those not in the diamond trade might find it hard to understand why Emile Chayto, a Geneva dealer with more than 40 years of experience, gave $14 million worth of gems to a stranger who claimed to be the wife of the deceased president of the Congo — before she had paid him one penny.

Unfortunately for Chayto, she was not the widow of Mobutu Sese Seko. And her wire transfer never arrived.

As it turned out, the handoff of the stones triggered a series of transactions — detailed in lawsuits in Los Angeles and Israel — illuminating a strange and glamorous trade in which millions of dollars' worth of merchandise crisscrosses the globe on the strength of spoken promises.

Since the Middle Ages, when it was one of the few areas of commerce open to them in Europe, the diamond business has been dominated by Jews, and even today, though traders from India are increasingly moving into the industry, deals around the world are sealed with the traditional Yiddish phrase mazel und brocha, which means "luck and a blessing."

Hebrew is spoken along Hill Street in Los Angeles, the country's second-largest diamond market after New York, where some of the parties involved with Chayto in the disputed trades have offices. Every day at lunchtime, deliverymen bearing kosher food pour into the downtown jewelry exchange, a glittering, bustling hive filled with tiny offices and storefronts.

David Marcus, president of the West Coast Diamond Club, a guild that arbitrates disputes among dealers and has its offices on the 16th floor of the exchange, said he knew, or knew of, most of the parties named in the lawsuits but that he hadn't heard much talk about the dispute itself.

That did not surprise him, he added. It was easy to see why all parties involved — many of whom have excellent reputations in the diamond world — would not want to broadcast details of such a fight, especially in a business in which reputation counts for so much.

"Look, I make a deal for millions, and all I do is shake hands. I don't even give a check. I give my word," he said. "Cases like this are very rare," he added.

According to court papers, the intrigue began a year ago, in February 2005, when Chayto was contacted by Albert Shamash, a resident of Marbella, Spain, a seaside playground of the rich on the fabled Costa del Sol.

Shamash told Chayto that he was calling on behalf of a woman who said she was Mrs. Mobutu Sese Seko, the widow of the ex-president of Zaire, now known as the Democratic Republic of Congo. Shamash said she "had a collection of uncut

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diamonds that she wished to sell," according to court papers. The war-torn African state is known for its diamonds, and Mobutu was infamous for plundering his country's assets, so it was plausible that his widow might have quite a nice collection.

In April, Chayto accepted Shamash's invitation for an all-expenses-paid trip to Marbella, according to court papers.

No deal happened on that trip. In fact, Chayto didn't even meet the woman. But a few weeks later, Shamash called Chayto again and told him that the purported Mrs. Mobutu wanted to throw a huge party for Congolese leaders and hand out precious watches and jewelry as party favors.

Court filings provide no explanation why the woman would buy diamonds when she first appeared as a seller. Through his Los Angeles attorney, Chayto declined to comment.

But according to court papers, Chayto began putting together a collection of gems to offer for sale. Most were owned by other people, but that is not unusual in the diamond trade. One was a 23.8-carat diamond, which Chayto claimed in court papers was worth $1.8 million.

That stone belonged to a New York diamond dealer named Ishaia Gol. And there was a 16.62-carat diamond worth $900,000, owned by Chayto and another New York dealer. There was also a 43-carat Burmese sapphire, along with a ruby-and-diamond necklace, diamond-encrusted Harry Winston watches, Bulgari watches with emeralds and a long list of other gold, platinum and diamond jewelry, according to court papers.

A 23.8-carat diamond is big, but not among the largest diamonds in the world. The Hope Diamond, for example, is 45 carats. That stone, on display in the Smithsonian Institution in Washington, D.C., once belonged to King Louis XIV, and legend says it brings bad luck to its owners. Even bigger is the 530-carat Star of Africa, one of the British crown jewels.

With permission from the various owners around the world to negotiate a sale, Chayto delivered all the gems to Shamash in Marbella in May and June to show to the woman, according to court papers.

In June, Shamash told Chayto that she wanted to buy them all. She would pay him 12.2 million euros ($14 million) and a 2.8-million euro commission — totaling about $17.8 million at the current rate of exchange.

As payment, a man claiming to be an English lawyer named Eduardo Martin gave Chayto a bank transfer document allegedly showing that the money would arrive in Chayto's Geneva bank account on June 7, according to court papers.

But the money never arrived.

"I complained to Shamash that I had been defrauded," he said in a court affidavit. "Shamash assured me that the problem was related to the embargo on Mrs. Mobutu's funds imposed by the Congolese government. Shamash counseled me to wait."

Shamash also gave Chayto two personal checks totaling 12.2 million euros signed by his wife. The checks were post-dated to July 7, but Chayto accepted them anyway.

Several days later, the woman claiming to be Mrs. Mobutu summoned Chayto from Switzerland to a London hotel, where she had reserved "the royal suite," according to court papers.

The woman apologized to Chayto for the delay in payment. But she had good news: Her relations were improving with the new president of the Congo, and the money would be coming soon. And in the event it didn't, she said, she had 20 million euros stashed in Morocco.

Chayto never got his money (the checks did not clear), nor did the other owners of the diamonds, according to court papers. Spanish police, meanwhile, say they are investigating a man named Shamash for theft of the diamonds and for other crimes.

But where were the stones? According to the court documents, they had entered the worldwide rapids of large-carat diamond trading.

"Traditionally, the diamond trade has been … a small group that operates in a circle of trust," said Russell Shor, a senior diamond industry analyst with the Gemological Institute of America. "Everybody knows somebody who knows somebody, so if you violate that trust, you become a pariah, and you can't make a living."

Across the globe, there are relatively few people who deal in large diamonds; Shor estimates maybe a few hundred. They buy and sell with stunning speed, making a small margin of profit on each deal.

"You keep your ear to the ground," Shor said. "You know who's got the goods. You go get them. You seize the moment."

That is exactly what Ouri Shifman did when he heard through his brother-in-law in Casablanca about some large diamonds for sale last spring, according to court papers.

Shifman, a dealer whose company has offices in Los Angeles, New York and Israel, flew to Marbella on May 26, a week before Chayto completed his deal with Shamash and the woman. In a later court paper, Shifman said he met there with a diamond broker named Ali, who claimed to be acting on behalf of the wife of "a very wealthy man from one of the Persian Gulf emirates." She wanted to sell a 23.8-carat diamond, among other jewels.

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Shifman and a business associate went to a heavily guarded home in Marbella and looked at the stone. A third-generation diamond dealer, Shifman did not usually deal in large diamonds, so he approached an old friend from Los Angeles, Oved Anter, for help with financing.

By May 31, he and Anter had put together $900,000 for the 23.8-carat diamond, and Shifman had taken the diamond to Las Vegas to give to Anter. (Shifman said he eventually paid a total of $1.38 million for the diamond; the other side says it appears that he paid less, according to court papers.) Later, Shifman also bought two other diamonds and a sapphire that had been among the jewels Chayto had delivered to Shamash. Many of the others have disappeared, according to Chayto's attorneys.

Anter and Shifman sold part ownership in the 23.8-carat stone to a New York dealer. Within days, according to court papers, a representative of that dealer met one of Chayto's partners and, not knowing about the stone, tried to sell it to him. That's when the lawsuits started flying.

Chayto and his partners say Anter and Shifman ought to have known it was a shady deal.

They maintain that Anter and Shifman paid about $1 million less than market value for the diamonds, which should have tipped them that something wasn't right. But even without the low price, they say, the "convoluted story … would have put even an ordinary person on notice that the wealthy Arabian matron may not have had clear ownership of the jewels."

But as Shifman countered in his deposition, the diamond market is full of "brokers and middlemen, and the identity of the principal is often unknown." There was no way to he could have known he was part of a scam, he said.

Ali seemed to be well known in Marbella. He had a house. He knew lots of people. And all of the meetings took place in restaurants and cafes (where Ali insisted upon picking up the check).

"These transactions were not carried out in the shadows," Shifman said in his declaration. He added: "The last thing I could imagine was that when I arrived with the diamond in Las Vegas and proudly showed it … that several months later I would find myself being summoned to a police interrogation regarding the circumstances of how the diamond came to be in my possession."

Now the stones bought by Anter and Shifman, which last year jetted from New York to Geneva to Marbella to Las Vegas, back to New York, then to Israel and finally to Los Angeles, are grounded. Late last month, a Los Angeles judge issued an injunction forbidding Anter and his diamond company, First International Diamond Inc., from selling them while both sides fight it out.

Anter and Shifman say they paid for the diamonds fair and square and that the suits are tarnishing their reputations, built up over decades in the business.

"We bought goods in good faith," said Sam Wieder, Shifman's partner. "We are going to fight this all the way to end."

Earlier this month, Anter countersued Chayto and his New York partners, accusing them of negligence in the sale to Shamash, resulting in Anter's and Shifman's being defrauded. That suit also accuses Chayto and Ishaia Gol of slandering Anter's and Shifman's names. It seeks punitive damages. Lawyers for Chayto and Gol deny the allegations.

As the court filings continue to pile up, there is at least one thing both sides agree on: They've never been involved in anything as unusual as this suit.

"I've been in the business 30 years. I've never had such a strange thing happen to me," Wieder said.

"Never in my life," agreed Gol, the New York diamond dealer whose 23.8-carat diamond is at the heart of the dispute.

Now, Gol said, it is up to the courts. "Somewhere, somehow, somebody will have to decide who is honest and who is not."

Times special correspondent Cristina Mateo-Yanguas in Madrid contributed to this report.

Mr. Rosenbaum At Howard (WP)

The Washington Post, March 29, 2006

THE LAST 46 hours of New York Times reporter David E. Rosenbaum's life can be segmented into three stages: his robbery and beating on Gramercy Street NW; the response of the D.C. Fire and Emergency Medical Services Department (FEMS); and his treatment at Howard University Hospital, where he died from a massive head injury. Mr. Rosenbaum's alleged assailants are in custody and awaiting trial. Possible missteps by FEMS have been reported. Now, thanks to an in-depth investigation by the D.C. Health Department, we learn what happened to Mr. Rosenbaum after he arrived at the emergency room of Howard University Hospital on the night of Jan. 6. It is a distressing account of across-the-board failures.

The Health Department found that:

· "Once Mr. Rosenbaum was transported to the Emergency Dept., the triage nurse failed to properly assess, evaluate and manage his clinical presentation" as required by protocols and patient care standards. "The triage nurse also failed to perform a neurological assessment to determine Mr. Rosenbaum's level of consciousness and the possibility of a brain injury, based on the low GCS scorings [suggestive of a severe brain injury] obtained by the EMS unit while on the scene."

· "The evening charge nurse then failed to assess and evaluate Mr. Rosenbaum's condition prior to assigning him to the hallway. Furthermore, she failed to alert and specifically assign his care to one of the ED nurses overseeing patients in that hallway."

· "Mr. Rosenbaum was . . . left unattended in the hallway for approximately one hour and 20 minutes after his arrival to the ED . . . after which time he was discovered to have a life-threatening brain injury which required emergency neurosurgical intervention."

· "There was no documented evidence that Mr. Rosenbaum's initial evaluation by the physician included a comprehensive head-to-toe assessment . . . that would have revealed any trauma to his head. . . . Concurrently, there was no evidence that [his] initial level of consciousness (documented as lethargy), along with his limited response to painful stimuli, was investigated by the physician to determine a possible cause."

The Health Department has notified Howard of several deficiencies in its patient treatment and has demanded an "acceptable plan of corrective action," D.C. Health Director Gregg A. Pane said yesterday. The Health Department has also notified the federal Centers for Medicare and Medicaid Services of its findings and is weighing other options for holding the hospital accountable.

And to think: Howard University is asking that the city spend $200 million and that the federal government guarantee an additional $200 million so the university and the city can build a $400 million medical complex that Howard medical professionals will control and operate.

CIVIL LAW:

Big Tobacco Gets Favorable Ruling (WSJ)

By Vanessa O'Connell

The Wall Street Journal, March 29, 2006

An independent arbitrator ruled that the nation's big cigarette makers lost market share as a result of their 1998 legal settlement with 46 states.

The ruling increases the likelihood that Marlboro maker Philip Morris USA and its rivals will be able to cut $1.2 billion from the payment they owe the states next month, and possibly see similar reductions in future years.

The payment issue stems from a settlement reached eight years ago requiring Altria Group Inc.'s Philip Morris, Reynolds American Inc.'s RJR and Loews Corp.'s Lorillard to reimburse the states annually for the costs of caring for sick smokers. Each year's payment is calculated based on the previous year's cigarette-sales volume. So far, cigarette makers have paid the states $41.6 billion; another $6.5 billion is due April 17.

The latest ruling could usher in a new era of confrontation between major cigarette makers, which lately have benefited from a string of courtroom victories, and the states, which have grown increasingly dependent on annual tobacco-company payments to cover budget shortfalls.

The companies say the settlement allows them to cut their payments if their market share drops below certain thresholds. The companies say they hit that threshold in 2003: Their collective market share dropped to 92% from 99.6% in 1997 -- the year before the settlement -- amid gains by makers of bargain-priced generic cigarettes that have sprung up since 1998.

The states, however, claim the big cigarette makers lost share not because of the legal settlement, but because of outsize price increases.

Economist Daniel McFadden of the University of California at Berkeley, an independent analyst who served as an arbitrator in the dispute, affirmed his earlier ruling in favor of the companies. He found that the burdens of the settlement itself were a "significant factor" in causing the market-share losses.

No. 2 cigarette maker Reynolds, which sells Winston and Salem cigarettes, stands to gain the biggest sum -- roughly $567 million -- because it suffered the steepest loss in market share. The No. 1 maker, Philip Morris, of Richmond, Va., would be entitled to about $386 million, according to estimates by the settlement's designated auditor.

A loss of revenue is sure to hurt cash-strapped states that are counting on the tobacco billions to help fund health-care programs or pay other expenses.

The National Association of Attorneys General said yesterday that the states are negotiating with the tobacco companies to get the full payment and expect those negotiations to be successful. The states warn that, if necessary, they will sue the companies to get the full payment.

The dispute is likely to be closely followed by the bond markets. Many states and other municipalities have floated special bonds secured by the flow of future settlement payments by cigarette makers.

DOJ_NMG_0023495

Negotiation On Tobacco Payment (NYT)

By Michael Janofsky

The New York Times, March 29, 2006

WASHINGTON, March 28 — Negotiations are under way between the states and the nation's largest tobacco companies over more than $1 billion of a payment the companies are legally bound to make to the states by mid-April.

The dispute arises out of a binding determination by an independent consultant made public on Tuesday that the $246 billion Master Settlement Agreement of 1998, which ended lawsuits against the companies over the health care costs of smoking, was a "significant factor" in the companies' loss of market share. From 1997 to 2003, smoking in the United States fell by 21 percent.

The 1998 agreement, which included major restrictions on cigarette marketing, listed three conditions that would reduce the amount companies had to pay. The consultants agreed that the first two had been met: the companies' market share fell more than 2 percent, and the settlement agreement played a major role in the decline.

But the companies are arguing that the states did not "diligently enforce" statutes that require companies not participating in the agreement to create escrow accounts to cover losses in any future litigation that might involve them, the third condition to win a reduction. The smaller companies generally sell discount cigarettes.

The big companies say they are entitled to a reduction of $1.2 billion of the $6.5 billion they are scheduled to pay as the next installment of the settlement, which is due the states on April 17.

"We believe the states have diligently enforced their statutes," said Tom Miller, the Iowa attorney general and co-chairman of the National Association of Attorneys General tobacco committee.

"We are negotiating with the companies to make sure they pay the full amount," Mr. Miller said.

A spokeswoman for Philip Morris, the nation's largest tobacco company, said the company would have no comment on the negotiations. The next-largest company, Reynolds American, did not respond to a message seeking comment.

The Dim Halls Of Government Need More Sunlight (HILL)

By John F. Sturm

The Hill, March 29, 2006

Since 1966, the Freedom of Information Act (FOIA) has been the public's principal means of looking into the workings of government, but over the years FOIA requests filed by the public and the news media increasingly have been rejected or mysteriously delayed.

This is why the Newspaper Association of America and others have formed the Sunshine in Government Initiative, a coalition of media groups committed to promoting policies that ensure the government is accessible, accountable and open.

Many members of Congress are looking closely at reforming and improving FOIA. Sen. John Cornyn (R-Texas), Sen. Patrick Leahy (D-Vt.) and Rep. Lamar Smith (R-Texas) have introduced the Openness Promotes Effectiveness in Our National (OPEN) Government Act of 2005 (S. 394 and H.R. 867) to provide meaningful FOIA reform and accountability, legislation that the coalition supports. Rep. Todd Platts (R-Pa.), chairman of the House Government Reform Subcommittee on Government Management, Finance and Accountability, also held a constructive hearing on this issue.

In an attempt to strengthen FOIA, the White House issued an executive order just before Christmas. But the order fails to address important issues that are covered by the proposed legislation.

Here are a few ways that the executive order doesn't measure up to true legislative reform such as OPEN.

· Lack of realistic alternatives to litigation. If a FOIA request is denied, often the only option available to the requester is litigation in federal court, meaning most individuals and small organizations have no realistic means of appeal. OPEN mandates creation of an office to serve as an ombudsman, offering mediation services. The executive order offers no specific ways to handle complaints.

· Requests are difficult to track. A common complaint among requesters is that they are unable to obtain information on the status of their requests. OPEN requires each agency to establish an individualized tracking-number system, and it must establish ways to track requests by phone or Internet. The executive order advises agencies to consider creating a tracking system.

· Attorneys' fees are too difficult to recover. The cost of fighting a denial of a FOIA request in federal court is expensive. FOIA allows for the recovery of legal fees only when a requester wins in court.

Often, an agency will wait until a court decision against it seems imminent and only then grant or settle the FOIA request. But that denies requesters any recovery of legal fees. Thus requesters, especially those with limited resources, are dissuaded from filing suit.

DOJ_NMG_0023496

OPEN closes that loophole, allowing recovery of fees if the requester's court pursuit was the "catalyst" for the agency's granting the FOIA request. This discourages agencies from drawing out unnecessary litigation. The executive order fails to address the problem.

· No penalties for delaying requests. Agencies have no disincentives to drag their feet. As a result, some requests remain unprocessed for months, even years.

OPEN creates meaningful penalties for failing to comply with the current law's 20-day time limit on responding to FOIA requests. The executive order sets no firm time limits and imposes no penalties.

· Not even a slap on the wrist. Current law allows for disciplinary actions against officials who act arbitrarily or capriciously in denying FOIA requests. But in the 40-year history of the law, no one has ever been formally disciplined.

OPEN requires the attorney general to notify Congress of any finding of arbitrary withholding. The executive order does not specifically address the issue of bad-faith denials.

· No agency oversight or enforcement. Though technically in charge of enforcing FOIA, the Department of Justice lacks the oversight necessary to correct problems or to enforce FOIA provisions properly. OPEN creates an ombudsman function to help mediate disputes between requesters and agencies and to review agency policy and procedures. The executive order relies on self-reporting, with no enforcement.

· Records frequently exempted without notice. Congress can exempt specific records from FOIA by statute, but that exemption often appears as a single paragraph buried in a bill hundreds of pages long, allowing it to be passed without debate and public notice. OPEN requires all proposed exemptions to be stated explicitly so that they can be openly scrutinized. The executive order is silent on exemptions.

The darkness of unwarranted secrecy can hide and encourage misdeeds, and breed discontent. Conversely, as Justice Louis Brandeis said, "Sunlight is the best of disinfectants." Let's reform FOIA and open the darkened files of government.

Sturm is president and CEO of the Newspaper Association of America. The association is a member of the Sunshine in Government Initiative (www.sunshineingovernment.com).

CIVIL RIGHTS:

Pizza Hut Franchisee To Make Restaurants Accessible To Disabled (AP)

By Sam Hananel

AP, March 29, 2006

WASHINGTON - The nation's largest Pizza Hut franchisee has agreed to renovate hundreds of restaurants to settle claims they are inaccessible to the disabled, the Justice Department announced Tuesday.

NPC International Inc., which has executive offices in Lenexa, Kan., and its restaurant services center in Pittsburg, Kan., reached the settlement to resolve alleged violations of the Americans with Disabilities Act.

The agreement requires restaurants to repair parking lots, seating areas, bathrooms and self-service counters to bring them into compliance.

The company, which operates about 800 restaurants in 25 states, did not admit any violations of federal law and reached the settlement to avoid potential litigation, according to a copy of the settlement agreement.

"Too often, the ease and enjoyment of restaurant dining is not a reality for individuals with disabilities," said Wan J. Kim, assistant attorney general for the department's Civil Rights Division. "I commend NPC for their commitment to take the steps necessary to make its Pizza Hut restaurants accessible."

Under the settlement, NPC must alter or remodel all the Pizza Hut restaurants it owns to make them comply with the ADA and train all its employees and store managers on how to operate under the law.

NPC must also work with landlords at the 180 delivery and carryout restaurants it does not own to ensure they are accessible to disabled patrons.

The Justice Department discovered the violations during a compliance review prompted by complaints from private citizens in the Midwest, department spokesman Eric Holland said.

All improvements must be completed during a timetable that spans the next four years.

Earlier this month, NPC was sold to the private equity arm of Merrill Lynch & Co. Pizza Hut Inc. is a unit of Yum Brands Inc.

ON THE NET

http://www.npcinternational.com

Extension Of Voting Act Is Likely Despite Criticism (NYT)

By Rick Lyman

The New York Times, March 29, 2006

ATLANTA, March 27 — Representative Lynn Westmoreland, a former builder who represents a jigsaw of predominantly white areas just south and west of Atlanta, acknowledges that the 1965 Voting Rights Act, a cornerstone achievement of the civil rights movement, was necessary in its day to register blacks and overturn decades of laws preventing them from voting.

But times have changed, Mr. Westmoreland said.

"It was set up to be temporary, just to get things to where they should be," he said. "And if you look at the results we have here in Georgia, I think you can see that it's worked. Its time has passed."

Mr. Westmoreland is one of many conservative Republicans who have serious problems with the law. Yet, even though his party controls the White House and Congress, the law seems in little danger of expiring. A multiyear campaign by civil rights leaders to reauthorize the act, parts of which expire in August 2007, appears to be on the verge of success.

Liberal supporters and conservative opponents say they expect it to be reauthorized and, probably, even strengthened in coming weeks, well ahead of the deadline.

"The Republicans know that if they question the wisdom of reauthorization the Democrats will relentlessly demagogue them on the issue," said Roger Clegg, president of the Center for Equal Opportunity, which opposes reauthorization. "They'll be called racist and accused of wanting to turn back the clock on civil rights. The Republicans would really like to have this off the table."

The Voting Rights Act, a follow-up to the Civil Rights Act of 1964, was intended to break down barriers that had kept blacks from registering to vote, mostly in the Deep South. It prohibits officials from disenfranchising blacks through gerrymandering or vote rigging.

Partly by outlawing poll taxes, literacy tests and other laws intended to keep minorities off the rolls, the act had an immediate effect on the numbers of blacks registered in the South. A Census report in 1982, the last time the law was reauthorized, found that the number of registered blacks in Mississippi had grown to 175,000 in 1966 from 22,000 in 1960. Similar increases occurred in Alabama, South Carolina and other Southern states.

More gradually, but as a direct result, the larger numbers of black voters produced a steady increase in elected minority candidates in the South and nationally.

Before the act, civil rights organizations estimate, there were fewer than 300 black elected officials in the United States, with virtually none in the South, said Daniel Levitas, who works with the Voting Rights Project of the American Civil Liberties Union in Georgia. The Joint Center for Political and Economic Studies in Washington found 1,469 black elected officials by 1970 and more than 9,500 today.

Representative John Lewis, a former Freedom Rider who was beaten in the march in Selma, Ala., that helped lead to the act, said the people who felt that the law had outlived its usefulness failed to understand what it had done and what it needed to do. Mr. Lewis's district, the Fifth Congressional, encompassing much of urban Atlanta, would look quite different had there been no act, he said, and he is certain that someone besides himself would have represented it for the last 20 years.

"Hundreds of thousands of people across America would still have been denied the right to vote," Mr. Lewis, a liberal Democrat, said. "So it's become almost like apple pie, really. This act has become like America."

President Bush has said he supports reauthorization, without specifying what changes in the law he might entertain.

The Republican Congressional leadership has shown little interest in battling to overturn it, despite many conservatives' concerns that the act has led to unconstitutional redistricting based on race. A bipartisan bill to renew the law is expected to arrive at the House Judiciary Committee in the next week or two.

The bill is also likely to include language intended to address Supreme Court decisions that many supporters say have weakened the act.

In a case involving a school board in Bossier Parish, La., the Supreme Court ruled in 1999 that even though officials had openly described their plan to change voting districts as intended to keep blacks off the board, the Voting Rights Act was not violated because the outcome did not make matters worse for blacks.

"There were zero black school board members before and zero afterward, so it hadn't been made worse," Laughlin McDonald, director of the Voting Rights Project, said. "That was clearly not Congress's intention when the act was passed in 1965, and I expect we will see language in this bill that makes this clear and overturns the Bossier decision."

If the bill, as anticipated, emerges unscathed from the committee, it is expected to hit the House floor in the spring or early summer, where it will face opposition from some members like Mr. Westmoreland, who intend to submit amendments that the act's supporters say would weaken it or render it unconstitutional.

Many provisions are permanent. But some, including some of the most contentious, are temporary and have required subsequent Congressional votes to remain.

Congress reauthorized the act for five more years in 1970 and for seven years in 1975. In 1982, with President Ronald Reagan's support, it was reauthorized for 25 years.

Of the sections that require reauthorization, the two that have drawn the most attention are Section 5, which requires some jurisdictions to apply to the Justice Department before changing voting laws, and Section 203, which requires jurisdictions with high numbers of foreign-speaking voters to provide multilingual help at polls.

The "preclearance" in Section 5 has drawn the most complaints, especially from Southerners who feel that their region has made substantial progress since 1965 and no longer needs to be singled out.

Advocates of the act point out that although most of the covered jurisdictions are in the South, others are not, including New York City.

Mr. Westmoreland said he intended to propose an amendment to the reauthorization bill that would make preclearance nationwide. Rather than singling out places, like Georgia, it would require every jurisdiction to apply to the federal government to change its voting laws.

He said he was also likely to introduce an amendment that would make it easier for jurisdictions to leave the preclearance list, another move opposed by advocates of the act. Other congressmen are expected to offer amendments to dilute the foreign-language requirements of Section 203.

But at the moment it appears unlikely that any of his proposals will attract the necessary support, Mr. Westmoreland said, adding, "I'm afraid what's going to happen is this is going to be one of those middle-of-the-night deals where you're voting on it before you know it."

Blacks Losing Ground Financially, Study Finds (USAT)

By Larry Copeland

USA Today, March 29, 2006

Despite a rebounding economy, African-Americans are not making progress in achieving income, net worth, employment and homeownership levels equal to those of whites, according to a National Urban League report to be released today.

Blacks have just 56% of the economic status of whites, a slip of 1 percentage point from last year, according to the civil rights organization's annual “The State of Black America” report.

“The economic status of African-Americans is getting worse,” Urban League President Marc Morial says. “If things are stagnant in a growing economy … then we've got to say that progress is seriously lacking. … America is not America when millions of our citizens are still viewed as a fraction of a person.”

The sharpest economic disparity between black and whites is in median net worth, according to the report, which compiles data from many government sources, including the Census Bureau and the Bureau of Labor Statistics.

The median net worth for African-American families — half have more, half less — is less than one-tenth of the median for white families. That gap is driven largely by differences in homeownership. More than 70% of white families own their homes, compared with about 50% of blacks, the report says.

The unemployment rate for blacks is 10%, compared with 4.4% for whites. One promising finding in the report: The rate of black-owned businesses compared with white-owned ones is growing.

Morial, a former mayor of New Orleans, notes that this year's findings come in the aftermath of Hurricane Katrina, which he says exposed race and class gaps.

The report offers proposals for improving the economic conditions of blacks in four areas: homeownership, jobs, economic development and children's education and health. Morial says the proposals will be presented next year to 2008 presidential candidates.

Black America's search for answers should begin “right in the mirror,” says Ronald Mincy, a professor of social policy and social work practice at Columbia University in New York City and author of the 2006 book Black Males Left Behind.

“A big part of it is us,” he says. “This is not to say there isn't racism. I'm not crazy. But we do need to look at these disparities and try to identify what are the sources.”

Much of the net worth disparity can be accounted for by the fact that many African-American households are headed by single parents, says Mincy, a visiting fellow at the Urban Institute, an economic and social policy research group in Washington.

ANTITRUST:

Lawmakers Voice Concerns Over McClatchy's Deal (MINNST)

Minneapolis Star Tribune, March 29, 2006

DOJ_NMG_0023499

WASHINGTON - Two Minnesota congressmen on Tuesday called for an antitrust review of Knight Ridder's sale to the McClatchy Co., saying they are "deeply concerned about the impact the proposed sale could have on our constituents."

Republican Mark Kennedy and Democrat Jim Oberstar released a letter they wrote to Thomas Barnett, assistant attorney general for antitrust at the Justice Department.

"This sale, should it go forward, would place in one company's hands the ownership of the two largest newspapers in our state," the letter said.

The letter made no mention of McClatchy's intent to sell the St. Paul Pioneer Press and 11 other Knight Ridder papers. McClatchy officials said when the deal was announced March 13 that they would divest those papers, with antitrust concerns specifically cited regarding the St. Paul paper.

But Kennedy said McClatchy's planned sale of the Pioneer Press doesn't allay his concerns.

"I'm pleased that McClatchy agrees with us that they shouldn't continue to own the Pioneer Press," he said.

"But being able to choose your rival and have that be a factor in the equation ... I would prefer that McClatchy just not buy those [12] papers, and make Knight Ridder sell them independently themselves."

McClatchy said Tuesday in a prepared statement that the company has "made clear from the earliest stages of our agreement to acquire Knight Ridder that we intend to sell the St. Paul Pioneer Press to avoid any concern about antitrust issues. We have already made appropriate filings with the U.S. Department of Justice and are confident that our plans to sell the paper will go forward smoothly."

Mary Kerr, a spokeswoman for Oberstar, said Kennedy's office is driving the effort to seek the antitrust review.

"For us, it's really just a concern about media consolidation," Kerr said. "We're concerned about the smaller papers."

A Justice Department spokeswoman said the department "will review the transaction carefully" as a matter of course.

Kennedy, Oberstar Call For Review Of Knight Ridder Sale (AP)

By Frederic J. Frommer

AP, March 29, 2006

WASHINGTON - Minnesota Reps. Mark Kennedy and Jim Oberstar on Tuesday urged the Justice Department to review McClatchy Co.'s takeover of Knight Ridder Inc., expressing concerns about the impact of the sale on the Twin Cities.

Although McClatchy kicked off an auction Tuesday by accepting bids for the St. Paul Pioneer Press and 11 other newspapers it is selling, the lawmakers still expressed concern about McClatchy's ownership of the two largest newspapers in the state. McClatchy owns the Star Tribune of Minneapolis.

"We are concerned about the potential grave consequences such a dramatic consolidation could have on the people of Minnesota," wrote Kennedy, a Republican, and Oberstar, a Democrat, in a letter to Thomas Barnett, the assistant attorney general for antitrust.

"A monopoly in the newspaper industry is certainly no less dangerous, and is perhaps more so, than in any other American industry."

In a telephone interview, Kennedy said he didn't think the upcoming sale of the Pioneer Press made the issue moot, noting that McClatchy will still decide on the next owner of the Pioneer Press.

"Would people be comfortable if I said, 'Well, I'm going to make sure I have a Democrat opponent in the upcoming race, but I'm going to choose that Democrat?'" asked Kennedy, who is running for Senate.

"There's an inherent conflict of interest here. When they're calculating the benefit of selling a paper, they get a benefit if they sell to somebody who's going to do less with it, rather than if they sell it to somebody who will really energize the Pioneer Press and make it a really vibrant competitor."

He said McClatchy should have left the Pioneer Press out of the sale altogether, and let Knight Ridder sell it separately.

Oberstar spokeswoman Mary Kerr said Oberstar signed on to the letter out of concern about the dangers of media consolidation.

Knight Ridder spokesman Polk Laffoon said McClatchy is filing for a Justice Department antitrust review.

McClatchy spokeswoman Christina Stenson confirmed the filing was submitted. Stenson also said, "We don't anticipate any antitrust issues." She declined to comment on Kennedy's concerns.

The Justice Department is planning to review the sale of Knight Ridder to McClatchy; newspaper analyst John Morton said the department looks at all big transactions like this one.

"But I don't see any big problems because McClatchy has already announced before they close the transaction, they intend to sell the St. Paul newspaper," which is the only one that presents a conflict with a McClatchy paper, he said.

Morton dismissed the possibility that McClatchy would deliberately sell the Pioneer Press to a weak owner.

"McClatchy will sell to the highest bidder," he said.

Sacramento, Calif-based McClatchy is retaining 20 other papers included in the Knight Ridder deal.

Coherent Inc: DOJ Requested Added Info On Excel Deal (DOW)

Dow Jones, March 29, 2006

Coherent Inc. (COHR) (COHR) after Tuesday's closing bell said the Department of Justice's antitrust division has requested more information and documentary material in connection with its review of Coherent's proposed $376 million acquisition of Excel Technology Inc. (XLTC) (XLTC).

The request, to which Coherent plans to promptly respond, extends the waiting period under the Hart-Scott-Rodino Antitrust Improvements Act of 1976.

-Ruth Mantell; 415-439-6456; AskNewswires@dowjones.com

In Patent Case, EBay Tries To Fight Its Way Out Of Paper Bag (WSJ)

By Jess Bravin And Mylene Mangalindan

The Wall Street Journal, March 29, 2006

What do 19th-century paper bags have in common with the 21st century's most successful Internet auction site?

Patent problems and the U.S. Supreme Court.

More than a century ago, in a patent case involving a machine to fold paper bags, the Supreme Court ruled that infringement of a patent could result in an injunction against a company using the invention -- even if the patent holder didn't use it. "Patents are property, and entitled to the same rights and sanctions as other property," Justice Joseph McKenna wrote for the court.

Today, eBay Inc. will ask the Supreme Court to revisit that decision. While patents may be property, the San Jose, Calif., Internet auctioneer argues, Congress never intended to give patent holders who don't use their inventions nearly insurmountable leverage over companies later found to infringe.

Although eBay disputed the validity of the patents central to the case, the issue isn't whether the patent holder is entitled to a court-ordered remedy, but whether that remedy extends beyond the payment of royalties and penalties to an injunction.

EBay says that even a loss in the high court won't affect its business, arguing that it has made changes to the site that no longer touch on the patent in question.

But a ruling could have big implications for the patent world and the disputes around them, as evidenced by the bevy of friend-of-the-court briefs on both sides of the case.

Time Warner Inc., Nokia Corp. and Yahoo Inc. sided with eBay. But General Electric Co., 3M Co., and Procter & Gamble Co., along with the Bush administration, lined up with the patent holder. Each side says a ruling contrary to its preferred side could stifle innovation.

The eBay case was brought over the auctioneer's "Buy It Now" feature, a button on the auction site that lets buyers who don't choose to bid immediately purchase an item at a higher, fixed price. Introduced during the 2000 holiday shopping season, it quickly became popular with eBay customers who simply had to have a certain product.

In 2001, eBay was sued by MercExchange LLC, Great Falls, Va., a company started by engineer and patent attorney Thomas Woolston in 1995, shortly before eBay first went online. According to court papers, Mr. Woolston lacked the capital to launch the business himself but entered negotiations with eBay hoping for an arrangement where he could turn MercExchange from an idea into reality. EBay was only willing to consider buying MercExchange's patents, and those negotiations fell through.

Mr. Woolston prevailed on some infringement claims and won $29.5 million in damages. But the trial judge, Jerome Friedman of U.S. District Court in Norfolk, Va., refused to grant an injunction prohibiting eBay from using the business method underlying the Buy It Now feature.

But the U.S. Court of Appeals for the Federal Circuit, the specialized court in Washington that hears patent appeals, said last year that an injunction should have been imposed. The appeals court said Judge Friedman had applied too high a standard for MercExchange to win an injunction. Among other reasons, "a general concern regarding business-method patents ... is not the type of important public need that justifies the unusual step of denying injunctive relief," Judge William Bryson wrote for a unanimous three-member panel.

Some technology companies siding with eBay, such as chip giant Intel Corp., want to see more judges use their discretion to withhold injunctions -- particularly in cases where a single patent could be used to block sales of a product like a computer chip containing thousands of patented inventions. David Simon, Intel's chief patent counsel, says it stopped counting the number of Intel patents covering its microprocessors when the number reached 1,500. "Now you have this person with one patent, and he can shut it down," Mr. Simon says. "It doesn't seem quite equitable."

DOJ_NMG_0023501

Rembrandt IP Management, a Bala Cynwyd, Pa., company that invests in patents, opposed eBay in its supporting brief. Rembrandt said that entities such as itself play a "valuable role" in a free-enterprise system where property rights including intellectual property can be "freely tradable." They "allow inventors to concentrate on inventing while the [non-practicing entity] realizes the value of the patent through licensing and enforcement," Rembrandt said.

EBay acknowledges that injunctions are allowed under the Patent Act, as exemplified in the patent dispute that ended earlier this month when Research in Motion Ltd. of Waterloo, Ontario, agreed to pay $612.5 million in a settlement with Virginia-based patent holding company NTP Inc. or face an injunction that could have shut down RIM's BlackBerry email devices.

In the eBay case, underpinning MercExchange's argument was the century-old paper-bag case. The patent holder, Eastern Paper Bag Co., never used the invention, but rival Continental Paper Bag Co. was found to have done so, aiding a burgeoning retail industry that increasingly relied on providing customers easy ways to carry their purchases home.

The high court found no problem in denying society access to more efficiently produced self-opening paper bags. Justice McKenna wrote that the right to suppress use of one's invention was "the very essence of the right conferred by the patent, as it is the privilege of any owner of property to use it or not use it, without question of motive."

In its present day appeal over U.S. Patent No. 5,845,265, eBay argues that Continental Bag doesn't support the broad presumption for injunctions as applied by the Federal Circuit -- and if it does, then the 1908 case should be overruled.

The number of patents has grown tenfold, and "the relevant economic contexts have changed dramatically since Continental Bag was decided," eBay's brief argues. "As goods and services in our economy have become increasingly complex and technology has advanced, a patent holder's ability to leverage and abuse an automatic entitlement to an injunction has increased," the company argues.

MercExchange argues that reversing the Federal Circuit would impose a greater drag on innovation, diminishing the value of patents by effectively forcing inventors to license their discoveries to infringing rivals. "There is no good reason for this court to depart from Continental Paper Bag or the almost 100 years of precedent that followed it," its brief says. "Congress has chosen to 'promote progress' not by imposing a use requirement but by granting patent holders a statutory 'right to exclude' in return for disclosure of an invention." That injunctions give patent holders, even nonpracticing ones, leverage is precisely the point, MercExchange argues.

EBay, meanwhile, has pursued a dual strategy in this case, which received a significant lift last Friday. Under a re-examination of MercExchange's '265 patent, the U.S. Patent and Trademark Office rejected MercExchange's claims. It is the second time that the U.S. Patent office has rejected MercExchange's patent claims under re-examination.

Justices To Hear EBay Patent Challenge (WT)

By Tom Ramstack

The Washington Times, March 29, 2006

The U.S. Supreme Court is scheduled to hear arguments today in a case involving Internet auctioneer EBay Inc. that is testing the methods patent owners use to protect their inventions.

The small Internet commerce company MercExchange LLC is trying to enforce an injunction against EBay to prevent the billion-dollar company from using the "Buy it now" software that lets customers purchase fixed-price items over the Internet. MercExchange says it owns the rights to that software under two patents.

The Supreme Court has agreed to decide the extent to which court orders can be used to protect patent rights. Injunctions are a fundamental tool of the patent system, allowing inventors to stop others from copying their technology.

Large companies like EBay say they sometimes are forced to pay off people who hold questionable patents merely to avoid the time and expense of lawsuits. They refer to the people and small companies that sue them seeking settlements as "patent trolls."

"They are in the business of filing lawsuits, not of inventing new products," said a coalition of technology companies led by the Business Software Alliance.

"Patent litigation firms typically do not assert infringement claims until the target of the claim has brought a product to market or a standard has been finalized by a standard-setting organization," the group said in a legal brief filed in support of EBay. "The reason for this behavior is simple: It maximizes the value of the infringement claim."

Unnecessary patent litigation inhibits innovation and development of new products, the business coalition said.

Companies that sue for infringement and independent inventors say they are merely protecting their patent rights, which they say are essential to private enterprise.

A brief filed by an independent inventors group countered that large corporations want courts to protect intellectual property rights "only for themselves and companies like theirs."

Patent experts say the case could play a pivotal role in determining how U.S. courts handle intellectual property rights.

"Injunctions are important to the private property system," said John Dudas, administrator of the U.S. Patent and Trademark Office, who spoke to students at Fort Hunt Elementary School in Alexandria yesterday.

The Bush administration filed a brief that largely supports an injunction in favor of MercExchange, saying that maintaining the integrity of the patent system should take precedence over the convenience of parties with a stake in the case.

Mr. Dudas said a problem with patent litigation is determining whether patent owners are merely seeking easy money or valid protection of their rights.

"It's hard to distinguish that," he said.

Even patent lawyers agree that the expense of litigation can be excessive.

Legal expenses for patent lawsuits can sometimes reach $100,000 per month, said Fred H. Perkins, a patent lawyer with Morrison Cohen LLP. Some of his clients give up rather than pay the legal bills.

Mr. Perkins described lawsuits by patent litigation firms as "a serious problem."

The EBay appeal to the U.S. Supreme Court case follows a recent court battle involving McLean-based patent holder NTP Inc., which sought an injunction against Research In Motion Ltd. from selling its popular BlackBerry wireless e-mail devices.

Research in Motion settled the case for $612.5 million after a judge made it known that he would grant an injunction to NTP.

EBay is contesting a decision by the U.S. Court of Appeals for the Federal Circuit that upheld an injunction requested by MercExchange. EBay says federal judges should have more discretion to deny injunctions and award money to patent holders instead.

The Supreme Court is expected to issue a ruling in the EBay case later this year.

EU Warns Microsoft Over Vista (WSJ)

By Mary Jacoby

The Wall Street Journal, March 29, 2006

BRUSSELS -- The European Union's top antitrust regulator has sent a letter to Microsoft Corp., warning the company that it won't be allowed to sell its new Windows Vista operating system in Europe if it comes prepackaged with certain features.

"We expect that Microsoft will design Vista in a way which is in line with the European competition laws," Neelie Kroes, the EU's antitrust commissioner, said in an interview. "It would be rather stupid to design something that is not."

Ms. Kroes said she sent Microsoft Chief Executive Steve Ballmer a letter last week outlining her concerns, which mirror those in a continuing, seven-year-long dispute between the EU and Microsoft over software packaged with its current Windows operating system.

Microsoft spokesman Tom Brookes said the company wasn't aware of the March 20 letter and was therefore unable to comment on the EU's specific concerns. "However, consumers are demanding a more secure, functional operating system. And Microsoft has developed Vista to respond to that demand, while respecting its legal responsibilities," said Mr. Brookes.

The EU notice follows Microsoft's announcement last week that it would delay release of Vista until January because it needs more time to test the software.

Ms. Kroes's spokesman, Jonathan Todd, said that the EU is concerned about Microsoft's plans for Internet search. Though Mr. Todd didn't elaborate, Google Inc. and other Internet-search services have said they are concerned that Microsoft could use its Internet Explorer 7 Web browser to unfairly direct computer users to Microsoft's own search service. Microsoft says it will include ways to set the browser to its competitors' services.

EU regulators have also warned Microsoft against putting certain software-security functions into the Vista system, according to Mr. Todd.

Symantec Corp., a Cupertino, Calif., maker of antivirus software, has told EU regulators it is worried that Microsoft could include antivirus software in Vista, making it automatically available to all users who boot up a new Vista-powered PC. That would put Symantec's products at a disadvantage, the company has said.

Microsoft says it has no plans to bundle antivirus software into Vista. But the company will include a tool called Windows Defender in the new operating system, which is designed to eliminate so-called spy-ware that secretly monitors activity by computer users or can use computers to perform malevolent tasks.

In February a group of rivals including International Business Machines Inc., Sun Microsystems Inc. and Oracle Corp., filed a formal complaint asking EU regulators to ensure Microsoft doesn't fold a variety of other functions into Vista.

Among the group's concerns: that the company could fold so-called digital rights management software into Vista, according to people familiar with the complaint. Such software allows users to restrict access to documents they have created. Microsoft's version would encode documents, PowerPoint presentations and spreadsheets so they could be opened only by other Microsoft users, according to these people. That could put companies like Sun at a disadvantage.

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Beginning tomorrow, the European Commission, the EU's executive arm, will hold closed-door administrative hearings to decide whether Microsoft has complied with certain aspects of a March 2004 antitrust order.

In that 2004 decision, the EU fined Microsoft about $600 million, and ordered it to sell in Europe a version of its Windows XP computer operating system without its audio-visual software attached. The EU also ordered the Redmond, Wash., software maker to produce a kind of instruction manual for rival companies trying to write software that meshes with Windows.

The commission has accused Microsoft of not complying with the order to write the how-to manual for its competitors. After hearings tomorrow and Friday, it could decide to fine the company $100 million or more in new penalties. In April, an EU court in Luxembourg is scheduled to hear Microsoft's appeal of the underlying March 2004 charges.

In the interview, Ms. Kroes said she hadn't decided yet whether to open a new, formal investigation of Microsoft and the Vista system.

Microsoft Cuts Internet Dial-Up Price To Lure AOL Users (WP)

By Sara Kehaulani Goo

The Washington Post, March 29, 2006

Microsoft Corp.'s MSN made an aggressive bid yesterday to take dial-up Internet subscribers from America Online Inc., announcing that it would cut the price of a service that has been dwindling in popularity.

Microsoft's price cut, to $17.95 a month from $21.95 for a dial-up service that includes e-mail, parental monitoring and photo services, is a sharp departure from AOL's strategy of pushing dial-up customers to switch to broadband. Last month, Dulles-based AOL announced that it would increase the monthly fee it charges its dial-up subscribers by $2, to $25.90. The AOL price increase began taking effect earlier this month.

The long-term market for subscribers who log on to the Internet the old-fashioned way is not bright, as consumers switch to faster broadband service. The price war reflects the fierce competition for consumers among online portals that want to serve as users' home pages.

"We definitely think there's some opportunity for AOL dial-up subscribers to explore alternatives when they see a price increase," said Kevin Mizuhara, director of marketing for MSN Access dial-up service. "While it's a declining market, we do believe there's going to be a continued market for dial-up access."

As of 2005, 68 percent of North American households had Internet service, and that number is projected to be 78 percent by 2010, Forrester Research said. The company forecasts that by 2010, 62 percent of U.S. households will have broadband service, indicating that access to broadband and price will encourage many users to drop the slower dial-up service. There are more than 30 million dial-up households, Forrester said.

When AOL announced plans to raise its fees for dial-up service, the move was viewed as an effort to push subscribers into signing up for AOL's broadband services, which are bundled with Internet service providers via cable or DSL and offered for the new $25.90 price. AOL's base of dial-up subscribers has been shrinking rapidly; 7 million customers have dropped out in the past few years. By squeezing the difference between dial-up and broadband prices, AOL figured it could get its customers to upgrade.

An AOL spokeswoman declined to comment on the results of those efforts and about the competition from MSN.

For now, analyst Charles Golvin said, there are still a healthy number of dial-up users to make it worth MSN's effort. But the difficulty, he said, will be to convince AOL subscribers that it is worth the extra effort to change their e-mail address and contact lists to save a few bucks a month.

"People don't like to have to send an e-mail telling everyone about their new e-mail address," said Golvin, principal analyst at Forrester. "It's a really sticky point."

MSN said it will begin an online marketing campaign to lure AOL users and emphasize that those who switch can still keep some of their most treasured features of AOL: instant messaging and buddy lists.

Raycom Media Sells 12 TV Stations To Barrington Broadcasting (BIRMBIZ)

Birmingham (AL) Business Journal, March 29, 2006

Raycom Media Inc. and Barrington Broadcasting Corp. announced jointly that Barrington is buying 12 Raycom television stations in nine markets.

Barrington Broadcasting, which is based in Hoffman Estates, Ill., will pay a total of $262 million for the stations.

The transaction is subject to approval by the Federal Communications Commission and the Justice Department.

Barrington Broadcasting Corp. is part of the Pilot Group, a private equity firm.

The stations being acquired by Barrington include five NBC affiliates (WNWO-TV, Toledo, Ohio; WSTM-TV, Syracuse, N.Y.; WPBN-TV and WTOM-TV, Traverse City-Cheboygan, Mich.; and WLUC-TV, Marquette, Mich.), three FOX affiliates

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(WACH-TV, Columbia, S.C.; KXRM-TV, Colorado Springs, Colo.; and WFXL-TV, Albany, Ga.), two UPN affiliates (WSTQ, Syracuse, N.Y., and KXTU, Colorado Springs), one CBS affiliate (KGBT-TV, Harlingen, Texas) and one ABC affiliate (KTVO-TV, Kirksville, Mo).

Barrington president K. James Yager said in the companies' news release that Barrington Broadcasting looks forward to "working with the Raycom employees and managers at the stations we are acquiring. We believe these properties are a natural extension of our existing portfolio of stations in similarly sized markets."

Based in Montgomery, Raycom currently owns and operates 49 television stations in 22 states. Those stations cover more than 12.7 percent of U.S. households with televisions.

Cargill's Bid For Degussa Unit To Be Cleared By EU, People Say (BLOOM)

By Matthew Newman

Bloomberg, March 29, 2006

March 28 (Bloomberg) -- European Union regulators will clear plans by Cargill Inc., the largest U.S. agricultural company, to buy the food ingredients unit of German chemical maker Degussa AG, three people familiar with the investigation said.

The European Commission, the 25-nation EU's antitrust regulator in Brussels, will approve the transaction without asking for divestments, said the people, who declined to be identified because the ruling hasn't been made public. The decision will be announced tomorrow, the people said.

``The deal will help Degussa because they are selling off some assets to pay down debt,'' Andrew Benson, a chemicals analyst at Citigroup in London, said in a telephone interview.

Cargill, based in Wayzata, Minnesota, agreed to buy the maker of candy and drink flavors on Sept. 9 for $671 million as part of a plan to expand its range of ingredients for baked and dairy products, beverages, chocolates and other foods. The Degussa unit is the world's biggest supplier of lecithin, a soybean derivative used to enhance flavor and improve the shelf life of food.

The commission started an in-depth probe into the transaction on Dec. 14, saying the deal would combine two of the four leading suppliers of lecithin. The regulator said at the time that it wanted to ensure that customers such as food manufacturers wouldn't be harmed by the reduction in competition.

Early Clearance

The EU, which has until May 3 to reach a decision, will clear the case early because concerns about the lecithin market have been addressed, the people said.

Reinhard Scheiler, a spokesman at Degussa, the world's biggest specialty chemicals maker, had no comment. London-based Cargill spokeswoman Geraldine O'Shea also declined comment, as did commission spokesman Jonathan Todd.

The purchase of the unit from Dusseldorf, Germany-based Degussa would be the largest for Cargill since the 1.2 billion-euro ($1.4 billion) acquisition of Cerestar, a French maker of specialty starches and sweeteners, in 2002.

On March 20, RAG AG, which controls more than 95 percent of Degussa, asked the chemical company to arrange for the transfer of the remaining shares outstanding. Closely held RAG is buying Degussa as it changes focus from unprofitable mining to chemicals, power production and apartments.

The Problem With Patents (WSJ)

The Wall Street Journal, March 29, 2006

The Supreme Court will consider its second big patent case in a week today when oral arguments are heard in eBay v. MercExchange. While a technical case in some respects, the dispute is more important as another sign that there's something rotten in the U.S. patent system.

When the patent system works, it rewards entrepreneurs and inventors, encourages innovation and serves as a bulwark of property rights. The Founding Fathers considered patents important enough to provide for them in the Constitution. But the Founders left the implementation of patent rights up to Congress, which in turn vested patent authority in the U.S. Patent and Trademark Office and the courts. And there's the free-market rub.

The Constitution grants Congress the power to protect the rights of patent and copyright holders, but only "for limited times" and to "promote the progress of science and useful arts." It does not, by contrast, grant Congress the power to confer the right to real or personal property "to promote the cultivation of land" or "the accumulation of wealth." This distinction is important because royal patents in Britain were often granted to provide the favorites of the crown with a legal monopoly, and the Founders did not want Congress in that business. Patent rights are good insofar as they are useful, and the analogy with real or personal property goes only so far.

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A patent system, in turn, is only as good as the quality of patents that issue from it. If bad or dubious patents proliferate, they can have the opposite of their intended effect, which is to promote and reward innovation. Some of our free-market friends are so attached to patents as a vanguard of private property in theory that they ignore that the Patent Office is vulnerable to the usual failings and perverse incentives of any other government bureaucracy.

Which brings us back to the Supreme Court. A patent case last week involved Metabolite, which holds the right to license a blood test for vitamin B-12. But the patent also covers the relationship between B-12 and homocysteine, and between high homocysteine levels in the blood and heart disease. A patent on a blood test is a good thing. A patent on the relationship between a medical condition and what the test reveals is not. We hope the Supreme Court will come to the same conclusion.

Today's case, eBay v. MercExchange, turns on a purely technical question in the aftermath of a patent-infringement suit that eBay lost in 2003. The case concerns how much leeway judges should have in granting or denying permanent injunctions in patent cases. In the underlying litigation, the judge denied MercExchange's application for an injunction against eBay, arguing that the balance of interests did not support granting an injunction simply to give MercExchange leverage in any future licensing negotiations with eBay.

We don't have space to list the arguments for or against a possible injunction specifically against eBay, which in any case claims to have obviated the question by having "designed around" MercExchange's patent. But the larger issue of judicial discretion is the important one. The Patent Office is issuing an ever-increasing number of patents, and judicial discretion can be a useful constraint on patent abuse, especially when injunctions may cause undo harm to businesses and consumers. That is what we hope the Court will conclude.

Neither case will fix what's broken with the U.S. patent system, however. Bruce Lehman, Patent Office commissioner through much of the 1990s, once summed up the problem when he said, "We are the patent office, not the rejection office."

The Patent Office itself gets paid when it grants a patent, creating pressure on the staff to keep the money coming in. Patent examiners' bonuses are also based in part on the number of files they close in a year. But the only way to close a file for good is to grant the patent because an application that's been denied can always be modified and resubmitted, and frequently is. So examiners have a direct financial stake in closing application files by green-lighting the patent.

Today the Patent Office grants so many patents that half of the fees it generates are given back to the Treasury to spend on other things. Next month, Congressman Lamar Smith (R., Texas) will hold hearings on a patent-reform bill that has many good qualities, such as allowing third parties to submit evidence of "prior art" to show that an alleged innovation is not in fact novel -- before the patent is granted. It would also allow administrative review of questionable patents after they've been granted but before an infringement lawsuit is filed.

If this Congress wants to claim credit for doing something to help the economy ahead of November's elections, addressing the patent system would be a good place to start.

ENVIRONMENT/INDIAN AFFAIRS:

How Environmentalists Lost The Battle Over TCE (LAT)

By Ralph Vartabedian

The Los Angeles Times, March 29, 2006

After massive underground plumes of an industrial solvent were discovered in the nation's water supplies, the Environmental Protection Agency mounted a major effort in the 1990s to assess how dangerous the chemical was to human health.

Following four years of study, senior EPA scientists came to an alarming conclusion: The solvent, trichloroethylene, or TCE, was as much as 40 times more likely to cause cancer than the EPA had previously believed.

The preliminary report in 2001 laid the groundwork for tough new standards to limit public exposure to TCE. Instead of triggering any action, however, the assessment set off a high-stakes battle between the EPA and Defense Department, which had more than 1,000 military properties nationwide polluted with TCE.

By 2003, after a prolonged challenge orchestrated by the Pentagon, the EPA lost control of the issue and its TCE assessment was cast aside. As a result, any conclusion about whether millions of Americans were being contaminated by TCE was delayed indefinitely.

What happened with TCE is a stark illustration of a power shift that has badly damaged the EPA's ability to carry out one of its essential missions: assessing the health risks of toxic chemicals.

The agency's authority and its scientific stature have been eroded under a withering attack on its technical staff by the military and its contractors. Indeed, the Bush administration leadership at the EPA ultimately sided with the military.

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After years on the defensive, the Pentagon — with help from NASA and the Energy Department — is taking a far tougher stand in challenging calls for environmental cleanups. It is using its formidable political leverage to demand greater proof that industrial substances cause cancer before ratcheting up costly cleanups at polluted bases.

The military says it is only striving to make smart decisions based on sound science and accuses the EPA of being unduly influenced by left-leaning scientists.

But critics say the defense establishment has manufactured unwarranted scientific doubt, used its powerful role in the executive branch to cause delays and forced a reduction in the margins of protection that traditionally guard public health.

If the EPA's 2001 draft risk assessment was correct, then possibly thousands of the nation's birth defects and cancers every year are due in part to TCE exposure, according to several academic experts.

"It is a World Trade Center in slow motion," said Boston University epidemiologist David Ozonoff, a TCE expert. "You would never notice it."

Senior officials in the Defense Department say much remains unknown about TCE.

"We are all forgetting the facts on the table," said Alex A. Beehler, the Pentagon's top environmental official. "Meanwhile, we have done everything we can to curtail use of TCE."

But in the last four years, the Pentagon, with help from the Energy Department and NASA, derailed tough EPA action on such water contaminants as the rocket fuel ingredient perchlorate. In response, state regulators in California and elsewhere have moved to impose their own rules.

The stakes are even higher with TCE. Half a dozen state, federal and international agencies classify TCE as a probable carcinogen.

California EPA regulators consider TCE a known carcinogen and issued their own 1999 risk assessment that reached the same conclusion as federal EPA regulators: TCE was far more toxic than previous scientific studies indicated.

TCE is the most widespread water contaminant in the nation. Huge swaths of California, New York, Texas and Florida, among other states, lie over TCE plumes. The solvent has spread under much of the San Gabriel and San Fernando valleys, as well as the shuttered El Toro Marine Corps base in Orange County.

Developed by chemists in the late 19th century, TCE was widely used to degrease metal parts and then dumped into nearby disposal pits at industrial plants and military bases, where it seeped into aquifers.

The public is exposed to TCE in several ways, including drinking or showering in contaminated water and breathing air in homes where TCE vapors have intruded from the soil. Limiting such exposures, even at current federal regulatory levels, requires elaborate treatment facilities that cost billions of dollars annually. In addition, some cities, notably Los Angeles, have high ambient levels of TCE in the air.

An internal Air Force report issued in 2003 warned that the Pentagon alone has 1,400 sites contaminated with TCE.

Among those, at least 46 have involved large-scale contamination or significant exposure to humans at military bases, according to a list compiled by the Natural Resources New Service, an environmental group based in Washington.

The Air Force was convinced that the EPA would toughen its allowable limit of TCE in drinking water of 5 parts per billion by at least fivefold. The service was already spending $5 billion a year to clean up TCE at its bases and tougher standards would drive that up by another $1.5 billion, according to an Air Force document. Some outside experts said that estimate was probably low.

After the EPA issued the draft assessment, the Pentagon, Energy Department and NASA appealed their case directly to the White House. TCE has also contaminated 23 sites in the Energy Department's nuclear weapons complex — including Lawrence Livermore National Laboratory in the Bay Area, and NASA centers, including the Jet Propulsion Laboratory in La Cañada Flintridge.

The agencies argued that the EPA had produced junk science, its assumptions were badly flawed and that evidence exonerating TCE was ignored. They argued that the EPA could not be trusted to move ahead on its own and that top leaders in the agency did not have control of their own bureaucracy.

Bush administration appointees in the EPA — notably research director Paul Gilman — sided with the Pentagon and agreed to pull back the risk assessment. The matter was referred for a lengthy study by the National Academy of Sciences, which is due to issue a new report this summer. Any resolution of the cancer risk TCE poses will take years and any new regulation could take even longer.

The delay tactics have angered Republicans and Democrats who represent contaminated communities, where residents in some cases have elevated rates of cancer and birth defects but no direct proof that their illness is tied to TCE.

Half a dozen members of Congress last year wrote to the EPA, demanding that it issue interim standards for TCE, instead of waiting years while scientific battles are waged between competing federal agencies. EPA leaders have rejected those demands.

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"The evidence on TCE is overwhelming," said Dr. Gina Solomon, an environmental medicine expert at UC San Francisco and a scientist at the Natural Resources Defense Council. "We have 80 epidemiological studies and hundreds of toxicology studies. They are fairly consistent in finding cancer risks that cover a range of tumors. It is hard to make all that human health risk go away."

But Raymond F. DuBois, former deputy undersecretary of Defense for installations and environment in the Bush administration, said the Pentagon had not been willing to accept whatever came out of the EPA, though it cared a great deal about base contamination.

"If you go down two or three levels in EPA, you have an awful lot of people that came onboard during the Clinton administration, to be perfectly blunt about it, and have a different approach than I do at Defense," DuBois said. "It doesn't mean I don't respect their opinions or judgments, but I have an obligation where our scientists question their scientists to bring it to the surface."

The military has virtually eliminated its use of TCE, purchasing only 11 gallons last year, said Beehler, an attorney who used to head environmental affairs for Koch Industries Inc., a large industrial conglomerate in Wichita, Kan.

In its fight against the 2001 risk assessment, the Pentagon has gone to the very fundamentals of cancer research: toxicology, the study of poisons; and epidemiology, the science of how diseases are distributed in the population. This scientific approach has worked better than past arguments that cleanups are a costly diversion from the Pentagon's mission to defend U.S. security.

A few months after the 2001 draft risk assessment came out, an Air Force rebuttal charged that the EPA had "misrepresented" data from animal and human health studies.

It said "there is no convincing evidence" that some groups of people, like children and diabetics, are more susceptible to TCE, a key part of the EPA's report. And it said the EPA had failed to consider viewpoints from "scientists who believe that TCE does not represent a human cancer risk at levels reasonably expected in the environment."

But comments such as these are outside the scientific mainstream. Other federal agencies have also expressed grave concern about TCE and some experts say it is only a matter of time before the chemical is universally recognized as a known carcinogen.

"Do I think TCE causes cancer? Yes," said Ozonoff, the Boston University TCE expert. "There is lots of evidence. Is there a dispute about it? Yes. Whenever the stakes are high, that's when there will be disputes about the science."

The 2001 risk assessment found TCE was two to 40 times more likely to cause cancer than was found in an assessment conducted in 1986, a wide range that reflected many scientific uncertainties. Because cancer risk assessments are not an exact science, federal regulators have historically exercised great caution in protecting public health.

The California EPA, the nation's largest and best-funded state environment agency, assessed TCE in 1999 and also found reason for concern. Its risk assessment fell in the middle of the EPA risk range, according to the study's author, Joseph Brown.

Rodents fed TCE develop liver and kidney cancer, and humans exposed to TCE show elevated rates of many types of cancer and birth defects. But industry experts fire back that evidence on TCE is still weak. Just because rats and mice get cancer from high levels of TCE doesn't prove that humans will get cancer from low levels of TCE, they say. And the epidemiological research is less convincing than animal studies, they say.

The U.S. still uses about 100 tons of TCE annually, a fraction of the consumption before the mid-1980s, when it was first classified as a probable carcinogen. It was once widely used in consumer products, such as correction fluid for typewriters and spot cleaners.

"If TCE is a human carcinogen, it isn't much of one," said Paul Dugard, a toxicologist at the Halogenated Solvents Industry Alliance Inc., which represents TCE manufacturers. "People exposed at low levels shouldn't be concerned.

"EPA's philosophy is still one of being super conservative and that is being pushed back against."

EPA officials were braced for such a controversy when the TCE assessment was issued and quickly convened a scientific advisory board to review the work. The board included public health officials at state agencies, academics and chemical industry scientists.

About one year later, the board issued its findings, praising the risk assessment and urging the EPA to implement it as quickly as possible. But the board also suggested some changes, including stronger support for its calculations of TCE's health risks and a clearer disclosure of its underlying assumptions.

The report, particularly the request for additional work, was interpreted as a serious problem by Gilman, the EPA research director.

He said the board's findings represented a "red flag" and "raised very troubling issues," all of which were key arguments by Gilman and others for stopping the assessment.

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But members of the scientific advisory team dispute Gilman's interpretation, saying they felt the 2001 risk assessment was good science and their recommended changes amounted to normal commentary for such a complex matter.

"I thought by and large we supported the EPA and that its risk assessment could be modified to move forward," said Dr. Henry Anderson, the chairman of the scientific advisory board and a physician with the Wisconsin Division of Public Health. "That movement to shuttle the issue to the National Academy of Sciences was nothing like what we had in mind."

By 2004, the matter was out of the EPA's hands. The National Academy of Sciences received a $680,00 contract from the Energy Department to study TCE — a decision dictated by a working group at the White House. The briefings to the national academy on how to evaluate TCE were given by White House staff as well as the EPA.

The White House originally formed the working group — made up of officials from the Pentagon, Energy Department and NASA — in 2002 to combat the EPA's assessment of another pollutant, perchlorate. That group stayed in business to fight the TCE risk assessment. The group was co-chaired by officials in the Office of Management and Budget and the White House Office of Science and Technology Policy. The officials declined requests for interviews.

Given the controversy and stakes involved, the issue was bound to end up with National Academy of Sciences, said Peter Preuss, director of the National Center for Environmental Analysis, the EPA organization that produced the 2001 risk assessment. "It got very difficult to proceed," Preuss said.

The lead author of the 2001 health risk assessment, V. James Cogliano, agreed that the findings ran into trouble when Defense Department officials went to the White House. "Most of it was behind the scenes," said Cogliano, now a senior official at the International Agency for Research on Cancer in Lyon, France.

He added: "The degree of opposition was not surprising given the degree of economic interests involved."

The political maneuvering marked a significant change, Cogliano said. In the 1980s, Defense Department officials accepted every possible safeguard recommended by the EPA for incinerators to burn nerve gas and other chemical weapons, he recalled.

At that time, Defense Department officials said, "You put in every margin of safety, because we want to be sure it will be safe," he said. "There was no argument. There is a different spirit today."

Every health risk assessment is also getting more technically complex and more bureaucratically difficult, Preuss said.

When the EPA issued its first health risk assessment in 1976, it ran four pages and it was based in large part on studies that counted "bumps and lumps" on animals subjected to possible carcinogens. By contrast, EPA scientists now must show not only that a substance causes tumors, but the internal biological processes that are responsible. And the work is subject to greater scrutiny.

"It is true that there is more interagency review now of our work," Preuss said. "We have a couple steps where we send our assessments to the White House and they distribute them to other agencies. Each year, additional steps are taken."

All of the EPA's travails — the toughened scientific demands, the loss of authority, the interagency battles — have clearly taken a heavy toll and diminished the agency's stature.

"Inside the Beltway, it is an accepted fact that the science of EPA is not good," said Gilman, now director of the Oak Ridge Center for Advanced Studies in Tennessee, which conducts broad research on energy, the environment and other areas of science. Gilman said an entire consulting industry has sprung up in Washington to attack the EPA and sow seeds of doubt about its capabilities.

The delays in assessing TCE have also left many contaminated communities with few answers.

"My constituents who live at a recently named Superfund site … are forced to live everyday with contaminated groundwater, soil and air and can't afford to wait the years it would take for the results of your outsourced re-review," Rep. Sue W. Kelly (R-N.Y.) told EPA officials at a hearing last year.

"I have talked to a lot of sick people," said Rep. Maurice D. Hinchey (D-N.Y.), whose district includes hundreds of homes contaminated by TCE vapors, traced to an IBM Corp. factory. IBM has paid for air filtration systems for 400 homes, but has balked at more funding based on uncertainty over the health risk. "These people are deeply frustrated and increasingly angry," Hinchey said.

Meanwhile, many environmentalists are discouraged by what they view as a virtual emasculation of the EPA in this battle.

"The general public has no idea this is happening," said Erik Olson, a lawyer at the Natural Resources Defense Council. "The Defense Department has succeeded in undermining the basic scientific process at EPA. The DoD is the biggest polluter in the United States and they have made major investments to undercut the EPA."

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(INFOBOX BELOW)

The military and TCE

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About 1,400 Defense Department sites across the nation are contaminated with trichloroethylene, or TCE, including military bases and depots. The map shows sites that have some of the heaviest contamination or were studied for possibly causing health hazards. A sampling of problems nationwide:

Contaminated sites

McClellan Air Force Base, Sacramento:

The Pentagon is cleaning up 12 different TCE plumes affecting about 25% of the former base's property. About a half dozen public water wells have been shut and the cleanup is expected to continue for decades.

*

F.E. Warren Air Force Base, Cheyenne, Wyo.:

TCE was discovered at 13 decommissioned Atlas missile silos in Wyoming, Colorado and Nebraska. Contamination at some of the sites reached 3,500 parts per billion. TCE polluted an aquifer that Cheyenne, Wyo., planned to use as a municipal water source.

*

Twin Cities Army Ammunition Plant, Arden Hills, Minn.:

A TCE plume covered 25 square miles and spread to private residential wells. The water supply for a nearby trailer park contained 720 parts per billion TCE. The site is now undergoing a cleanup under Superfund program supervision.

*

Stratford Army Engine Plant, Stratford, Conn.:

Elevated TCE vapors were discovered in several buildings the Army planned to lease to private concerns. Federal health authorities judged the vapors too high for general public exposure. A cleanup is underway.

*

El Toro Marine Corps Air Station, Irvine, Calif.:

TCE contaminated the groundwater under the base, now closed, which long ago complicated plans to reuse the property for private housing and a public park. The government will retain about 900 contaminated acres to continue cleanup for the indefinite future.

*

Kelly Air Force Base, San Antonio:

TCE use at the shuttered aircraft repair depot contaminated a shallow aquifer that has migrated about 4 miles off the base, through a low-income neighborhood. Health authorities have found elevated rates of cancer and birth defects in the neighborhood.

*

Anniston Army Depot, Anniston, Ala.:

Extremely high concentrations of TCE, up to 200,000 parts per billion, were found by government investigators in groundwater under the depot, which included a number of dumps, a plating plant and other industrial activities. TCE levels above allowable drinking water standards have been found at springs and wells on the base.

*

Camp Lejeune, N.C.:

Tens of thousands of Marine families were exposed to TCE in the base's drinking water supply. A preliminary study has found elevated rates of leukemia among children conceived at the base. The TCE was discovered in 1980 but not disclosed until 1985.

*

Sources: Agency for Toxic Substances and Disease Registry, U.S. Environmental Protection Agency, Natural Resources News Service, Associated Press, California Department of Toxic Substances Control. Graphics reporting by Tom Reinken, Ralph Vartabedian

G.A.O. Sees Loss In Oil Royalties Of At Least $20 Billion (NYT)

By Edmund L. Andrews

The New York Times, March 29, 2006

WASHINGTON, March 28 — Incentives for oil and gas companies that drill in the Gulf of Mexico will cost the federal government at least $20 billion over the next 25 years, according to the draft of a Congressional report obtained on Tuesday.

The new estimates, prepared by the Government Accountability Office, also warn that $80 billion in revenue could be lost over the same period if oil and gas companies won a new lawsuit that seeks a further reduction in their royalty payments.

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The report, delivered in a private briefing late Monday to House and Senate staff members, startled some of the program's longtime supporters and infuriated some critics.

The report is the first attempt by a government agency to calculate the soaring costs of a 10-year-old program that was created to encourage deepwater drilling when energy prices were low.

The program, known as royalty relief, allows companies to avoid paying the government royalties on much of what they produce from federal leases in deepwater areas of the gulf.

The Interior Department acknowledged last month that it would forgo about $7 billion in royalties over the next five years — even though it expected energy prices to remain near record highs.

The G.A.O., the nonpartisan investigative arm of Congress, came up with much higher cost estimates but over a longer stretch of time.

On a related matter, the agency's investigators cautiously endorsed the Interior Department's explanation about why royalty collections for natural gas had climbed far more slowly than market prices.

Such royalties were almost no higher in 2005, when gas prices reached records, than in 2001.

The New York Times reported in January that the main reason appeared to be a widening gap between the sales prices that companies were reporting to the government and the prices they were reporting to their own shareholders.

The G.A.O. disputed that, saying that the weak revenue collections last year appeared to result primarily from a decline in gas production that was more severe than the drop indicated in the Interior Department's published statistics.

The G.A.O. said the Interior Department's explanation was "quick and reasonable," and that royalties in 2005 had been held down by both a general decline in offshore production and the damage wrought by Hurricanes Katrina and Rita.

But the Congressional office cautioned that its analysis was based on a reshuffling by the Interior Department's Minerals Management Service of its published royalty statistics.

"We conducted limited verification of M.M.S. data and did not audit the accuracy of underlying M.M.S. records," the G.A.O. said.

On the larger question of the overall cost of royalty relief, the G.A.O. noted that the Interior Department, which runs the offshore leasing program, had never carried out a "robust" cost-benefit analysis of the original program or of incentives added in the last five years.

In what the G.A.O. said was a preliminary analysis, it estimated that the government would lose about $20 billion as a result of leases already signed.

But that loss would quadruple to $80 billion if the suit by energy companies succeeded.

In the lawsuit, filed by Kerr-McGee Exploration and Production the company argues that the Interior Department does not have the authority to suspend the royalty incentives if prices for oil and gas climb above certain "threshold" levels.

Members of Congress, including some who have supported the energy industry, said the G.A.O. figures raised new questions about the royalty relief program.

"I am extremely concerned about information that has recently come to light," Senator Jeff Bingaman, Democrat of New Mexico, the ranking minority member of the Senate Energy Committee, wrote in a letter on Tuesday to the departing interior secretary, Gale A. Norton.

"I write to inquire as to what you plan to do to address this situation and these significant potential losses to the taxpayers of our nation."

Critics of the program said they were infuriated.

"Every day, the news for taxpayers gets unbelievably worse," said Representative Carolyn B. Maloney, Democrat of New York, who has assailed the royalty-collection program for years. "When will we put a stop to this?"

The actual cost of such royalty relief has been shrouded in mystery almost since its inception.

Last month, the Interior Department confirmed that the costs were about to soar as a result of leasing blunders in the late 1990's and a court decision in 2003.

The G.A.O.'s most optimistic prediction calls for a loss to the government of $20 billion in royalties, even though this assumes that energy prices will be above the "threshold levels" over the next 25 years.

Half of that stems from a blunder during the Clinton administration, when officials omitted the price-threshold restriction from all offshore leases signed in 1998 and 1999.

The other half results from the legal victory by energy companies in 2003, which more than doubled the amount of royalty-free oil and gas they could produce.

But those costs would be eclipsed if Kerr-McGee won its new lawsuit against the Bush administration. The G.A.O. estimated that a Kerr-McGee victory would cost $60 billion over 25 years, on top of the $20 billion the government is already expected to give up.

The G.A.O. said it based its estimate on the assumption that crude oil would sell for about $45 a barrel, a level well below the $66.07 next-month futures price in New York on Tuesday, and that oil and gas prices would climb 2.1 percent a year.

American Indians Cite Voter Intimidation (AP)

By MARY CLARE JALONICK, Associated Press Writer

AP, March 29, 2006

LAKE ANDES, S.D. — American Indian Charon Asetoyer says that when she went to vote a few years ago, a white man gave her the finger and asked her in vulgar terms what she was doing there.

She says she told him she had a right to vote, and she went back to her car to wait for him to leave. Only when he sped away did she walk inside.

"It's outright racism," said Asetoyer, who lives on the Yankton Sioux Indian Reservation in impoverished Charles Mix County, where Indians are about one-third of the population.

While the federal Voting Rights Act has brought them a long way from the days when some states required that they be "civilized" to cast ballots, many Indians around the country say they still face intimidation, restrictive voting requirements and long distances to reach polling places.

During the 2004 election, Senate Democratic Leader Tom Daschle's campaign obtained a restraining order in Charles Mix County against GOP poll watchers, accusing them of intimidating Indian voters. The Republicans denied that, saying the move was purely political. Daschle lost to Republican John Thune.

With parts of the Voting Rights Act set to expire in 2007 unless Congress reauthorizes them, some Indians say that the current federal and state protections need to be preserved and strengthened, too.

They cite, for example, South Dakota's new voter identification law, which requires photo identification at the polls, a problem for many on the reservations who do not have IDs. The law permits those without identification to sign an affidavit, but opponents argue there is confusion about what is allowed. The American Civil Liberties Union has challenged other voter ID statutes seen as burdensome to Indians in Albuquerque, N.M., and Minnesota.

"The tribes are still very concerned about the targeted efforts to disenfranchise their vote," said Jacqueline Johnson, executive director of the National Congress of American Indians.

Some Indians want the Voting Rights Act changed to bring more counties around the country under closer federal scrutiny and to expand bilingual assistance at polling places. Other suggest a larger number of polling places, more Indian poll-watchers and more general oversight on Election Day.

"If those federal protections weren't there, Indians wouldn't have a chance at voting," said former Republican Sen. Ben Nighthorse Campbell of Colorado, a member of the Northern Cheyenne Tribe. "The law probably ought to go farther."

Chris Nelson, who as South Dakota's Republican secretary of state is chief election officer, pointed to a big increase in Indian turnout in the past few years and said he has seen little evidence of voter intimidation. Nelson said some federal protections on South Dakota's reservations could safely be removed.

Under the Voting Rights Act, changes in election policy in most of the South and other places around the country with a history of discrimination need the approval of the U.S. Justice Department. That list includes South Dakota's Shannon and Todd Counties, with large numbers of Indians.

But Nelson said: "Has the preclearance requirement done anything to improve the ability of Indians to vote in those counties? The answer is no."

The debate comes as Indians show growing electoral clout.

During the 2002 Senate race in South Dakota, Democratic Sen. Tim Johnson won re-election by 524 votes with help from a huge increase in turnout on reservations. In Washington state, a surge of Indian votes helped lift Democratic Sen. Maria Cantwell to victory in 2000. In Arizona, reservations helped seat Democratic Gov. Janet Napolitano in 2002.

Johnson said that Congress will have to maintain some protections to keep Indian voting levels high.

"There's still a lack of trust and confidence between Native Americans and state institutions," he said, "and keeping some federal oversight is something that Native Americans want to have."

Editorial: After Norton, Lowered Expectations (ICT)

Indian Country Today, March 29, 2006

In a C-SPAN television appearance after announcing her resignation, Interior Department Secretary Gale Norton mused that she had begun her tenure with a program of four "C's" but when she ended, they had been condensed to two. The fate of her buzzwords - "cooperation," "consultation" and the like - could stand as a metaphor for her six years in office. Whatever she had as a program, especially on Indian affairs, for better or worse contracted and stalled in the face of the administration's inertia.

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Environmentalists will remonstrate that she displayed energy in pushing bad policies. Oil and mineral leasing on public lands is way up. Her "Healthy Forests" initiative would open old-growth forests to logging. The National Park Service is refocusing on commercial recreation. Snowmobilers are bothering wildlife. This might be so, but we don't see much point in demonizing a pleasant lady who has had a rough few years and who was neither as bad nor as good as she might have wished to be.

On Indian issues, always our primary concern, Norton occasionally talked a good game but almost never delivered. We think she was well-intentioned, but her record should be a caution to her likely successor, Dirk Kempthorne. In his previous career as U.S. senator and governor of Idaho, Kempthorne seems to have avoided displays of hostility to Native interests. (There are more than enough politicians out there who haven't.) The Nez Perce in Idaho say he has worked well with them. But the obstacles in Washington, D.C., are very high to conducting a decent Indian policy. In the absence of concentrated attention, they might be almost insurmountable.

The first trap that engulfed Norton was the Cobell v. Norton lawsuit. The new secretary can look forward to replacing her in the heading as the lead defendant, just as when she replaced Bruce Babbitt. He can also anticipate an almost inevitable contempt citation from Judge Royce C. Lamberth unless he somehow manages to change the administration's legal strategy. We could never understand how Norton accepted the obstructionism that has marked the government's response to this suit, unless she had little control over a strategy dictated by the Justice Department. If any private person were involved in a suit where the judge kept issuing contempt citations over legal tactics, one would think the first step would be to fire the lawyers. (The second and third steps might be to sue them for malpractice and grieve them to their bar associations.)

Norton made a number of efforts to improve management of the Individual Indian Money trust accounts and overcome the absurd fractionation of payments that was the end result of the vicious Allotment Act of 1887 - which is at the heart of the problem. But her most publicized initiative wound up looking like a reshuffling of boxes on the BIA organization chart (with some mid-level pay raises).

The change in leadership provides a chance for a toting-up of the changes that have been made and maybe a push for an equitable settlement. It's not reassuring, however, to hear that Interior's supervision of all its oil and gas leasing has been deteriorating, since this is how the trust money vanished.

Norton made other unkept promises to the tribes that Kempthorne should honor. In a September 2002 interview with Indian Country Today, she talked about giving the tribes a greater role in managing their forests and in competing for "stewardship contracts" on other public lands. It sounded good, but we haven't seen much follow-up. That same year, she made a well-publicized trip with then-Agriculture Secretary Ann Veneman to the Klamath River basin to try to settle the notorious "water war." In the course of her "charm offensive," she promised the Klamath Indian tribes to restore forest land that was stolen in the allotment period and mismanaged ever since. They might still be talking, but the land has not yet been restored.

Overall, it's hard to avoid the impression that Norton and the Bush administration simply lost interest in Indians after the 2004 election. Witness the leadership void at the BIA after the departure of Dave Anderson, or earlier. We grant that the office of assistant Interior secretary of Indian Affairs might be the single-worst job in the federal government, but there is still something wrong when it has been vacant for at least a third of Norton's tenure. Indian voices are markedly silent at the highest levels of Indian policy-making. And it's showing.

The anti-Indian campaign is growing more strident and vicious, but Indian country has the strong sense that no one in the administration is truly committed to protecting Native interests. We hear that Norton was appropriately frosty when Connecticut Attorney General Richard Blumenthal tried to engage in a bit of illegal ex parte lobbying on recognition decisions. But the lower levels show every sign of having caved in to his sort of political pressure. The reversals of recognition for New England tribes over the past year, starting with the Nipmuc Nation decision, have been nothing less than an insult to our intelligence. They changed the rules mid-stream, applied impossible standards of evidence and showed such a malignant predisposition that we look forward to the forthcoming Administrative Procedures Act lawsuits.

Compounding this revival of the "termination" spirit, the leading figure on Indian Affairs, Associate Deputy Interior Secretary James Cason has shown an arrogance in his personal dealings with the tribes worthy of the days of the Indian agents. It's not simply a case of cultural insensitivity. His behavior has been bad manners in any language.

This leadership vacuum has opened the way to suspicions of the worst sort of influence peddling. And yes, our own manners are not so good that we will leave Jack Abramoff unmentioned. His impact on Interior has yet to be fully explored. But this notorious scandal is not the only one to flare on Norton's watch. The full story of her tenure would have to explain the abrupt dismissal of Wayne Smith, the BIA's one-time No. 2 man; the curious concern of Stephen Griles over Louisiana Indian casinos; the dinner parties thrown by Italia Federici; the frustration of the Gun Lake Band and other incidents still below the surface.

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In the absence of a strong Indian advocate (Yes, we miss Kevin Gover), the host of lawyers, hustlers and casino sharpies now circling Indian country will do its best to corrupt that part of Interior's bureaucracy that has not been browbeaten and cowed by the vociferous anti-tribal lobby.

We don't think things are yet at this pass. Able people have been rising unscathed through the BIA's ranks. Some of the most breathless charges against it, such as the wanton granting of tribal recognition, have simply been false. But leadership at the top has been slipping. The most urgent task that Norton has left for Kempthorne in Indian policy is to rebuild a stable cadre of senior leaders drawn from Indian country and responsive to its needs.

FBI/DEA/ATF/USMS:

Puerto Rico Asks Congress To Lean On FBI (WP)

By Elisabeth Goodridge

The Washington Post, March 29, 2006

WASHINGTON -- Puerto Rico's attorney general asked Congress to pressure the FBI to cooperate with his investigation into raids by the bureau against independence advocates in the U.S. territory.

In a briefing for House Democrats, Attorney General Roberto J. Sanchez Ramos said Tuesday that bureau officials have stonewalled his investigation of an FBI raid that left one militant independence leader dead.

"Only through open and frank communication between Commonwealth and federal authorities can we hope to best service our common interest in the protection of our citizens," Sanchez Ramos said.

Rep. John Conyers of Michigan, the senior Democrat on the House Judiciary Committee, said he organized the briefing "to establish that there is a case."

In September 2005, FBI agents raided the house of Filiberto Ojeda Rios, a fugitive leader of a pro-independence militant group. Witnesses and his widow allege that the FBI shot Ojeda Rios and let him bleed to death. The FBI has said Ojeda Rios shot first.

During a raid last month that the FBI has said was to thwart a "domestic terrorist attack" planned by independence militants, witnesses allege that agents used pepper spray on reporters and protesters.

The raids sparked an anti-FBI rally Sunday in San Juan that drew more than 1,000.

The FBI has refused to disclose the identities of the agents who took part in the raids or to provide more than a minimal amount of information, Sanchez Ramos said.

Eduardo Bhatia, executive director of the Puerto Rico Federal Affairs Administration, read a statement from Puerto Rican Gov. Anibal Acevedo-Vila at the briefing.

"It must be clearly stated that in no way does the Commonwealth wish to impinge on any FBI investigation related to domestic terrorist activity nor to infringe on the FBI's ability to do its job," Acevedo-Vila said in the statement. "But just like the FBI must do its job, the Commonwealth of Puerto Rico, through its attorney general, has the right to require and obtain due cooperation from federal agencies when exercising its legitimate investigative powers."

Bill Carter, an FBI spokesman in Washington, said the complaints filed to the agency from members of Congress and Puerto Rican officials have been referred to the FBI Inspection Division for investigation and review.

"We can't comment further until that investigation is complete," Carter said.

At the request of FBI Director Robert Mueller, the U.S. Justice Department's inspector general, Glenn A. Fine, also is investigating Ojeda Rios' death.

Filiberto Pudo Ser Atendido (PRIMHORA)

Primera Hora, March 29, 2006

Sostiene Sánchez Ramos en sesión informativa

WASHINGTON.- El dirigente machetero Filiberto Ojeda Ríos pudo haber sobrevivido al disparo que le provocó la muerte por desangramiento si el FBI lo hubiera atendido a tiempo, sostuvo ayer el secretario de Justicia, Roberto J. Sánchez Ramos.

"La información que tenemos es que si él hubiera sido atendido, no hubiera muerto", declaró Sánchez Ramos de manera contundente en respuesta a una pregunta del representante Luis Gutiérrez, de Chicago, durante una sesión informativa efectuada por un grupo de congresistas demócratas para ventilar las quejas del Gobierno de Puerto Rico y de otros sectores sobre la presunta falta de cooperación del Negociado Federal de Investigaciones (FBI) en la investigación sobre la muerte de Ojeda Ríos y el maltrato a periodistas en un allanamiento el mes pasado.

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En una carta leída por Eduardo Bhatia, director ejecutivo de la Oficina de Asuntos Federales de Puerto Rico en Washington (PRFAA por sus siglas en inglés), el gobernador Aníbal Acevedo Vilá criticó al FBI por su falta de transparencia. "Las acciones del FBI han provocado preguntas legítimas y sustanciales en nuestra sociedad. El interés público requiere de una sólida y saludable cooperación mutua entre las autoridades federales, estatales y locales. El Gobierno de Puerto Rico tiene el derecho a exigir la cooperación debida de las agencias federales cuando esté ejerciendo su legítimo derecho de investigación", dice la carta.

En tanto, Sánchez Ramos reiteró que "estamos tratando de llegar al grano de lo que sucedió y no están cooperando y creo que lo hacen en una manera ilegal y que no atiende al público que desea saber qué fue lo que pasó".

Ojeda Ríos murió desangrado el pasado 23 de septiembre en la casa en que residía clandestinamente en Hormigueros, luego de un enfrentamiento con agentes del FBI.

Sánchez Ramos reiteró en la sesión congresional que no solamente no ha recibido información del FBI y del Departamento federal de Justicia sobre el caso de Ojeda Ríos y de las agresiones contra la prensa, sino que "en ningún momento" desde que asumió su cargo el año pasado ha recibido de las autoridades federales cualquier tipo de información sobre posibles operativos federales en la Isla que pudieran estar vinculados con el tema de terrorismo. El FBI y otras agencias federales sostienen que los allanamientos efectuados el 10 de febrero forman parte de la llamada lucha contra el terrorismo.

Impacta a congresistas el vídeo

Dos periodistas, Oscar J. Serrano, presidente de la Asociación de Periodistas de Puerto Rico (Asppro), y Normando Valentín, de Televicentro, presentaron en la audiencia un vídeo grabado en las afueras del condominio de Río Piedras donde se llevó a cabo uno de los allanamientos y en el que se aprecia claramente el enfrentamiento de los agentes federales con una quincena de periodistas, Valentín entre ellos.

Durante la presentación del vídeo, varios de los congresistas se notaron visiblemente conmocionados.

"Queda muy claro que aquí hay suficiente evidencia para exigir una respuesta del FBI", dijo el congresista Bobby Scott, de Virginia.

Por otra parte, el Comité para Proteger Periodistas (CPJ, por sus siglas en inglés), emitió una declaración en la que dice que están "muy preocupados" por el incidente con los periodistas.

Ni el FBI ni el Departamento de Justicia federal enviaron representantes a la sesión congresional.

En una reciente audiencia privada en el Comité Judicial de la Cámara de Representantes, representantes del FBI dijeron que no habían avisado de antemano a las autoridades puertorriqueñas del operativo contra Ojeda Ríos porque no confiaban en ellos, algo que Bhatia dijo no tiene sentido. "En otros asuntos, como el narcotráfico y las pandillas callejeras, ha habido cooperación entre las autoridades federales y las de Puerto Rico, pero cuando se trata de este asunto, ¿cómo pueden decir que no tienen confianza en nosotros?".

La representante Nydia Velázquez, de Nueva York, se expresó "avergonzada" como congresista. "Se supone que el FBI guarde el orden y no esté atentando contra los derechos civiles de la gente. Como puertorriqueña, tengo un interés personal en que a los residentes de Puerto Rico se les trate como ciudadanos estadounidenses que son y no como ciudadanos de segunda clase", afirmó.

El congresista José Serrano, también de Nueva York, añadió que la ausencia del FBI de la sesión apunta a un "patrón de falta de respeto" hacia Puerto Rico. "Imagínense que esto hubiera ocurrido en una ciudad en Estados Unidos. Hubiera provocado una enorme indignación".

Los congresistas, además, apuntaron la ausencia del comisionado residente Luis Fortuño, quien en recientes días había cuestionado la necesidad de la audiencia y la calificó como parte de un intento de dañar la imagen de la Administración Bush.

"Es verdaderamente triste que aquí estemos discutiendo los derechos civiles del pueblo de Puerto Rico y tenemos al representante de la Isla cuestionando los motivos de la audiencia", comentó Velázquez.

La sesión congresional no pudo ser calificada como audiencia formal porque los demócratas no obtuvieron la cooperación de la mayoría republicana en el comité judicial, algo que los congresistas calificaron como "lamentable". No obstante, el representante Charles Rangel, de Nueva York, sostuvo que la sesión se llevó a cabo para recopilar información con miras a llevar a cabo audiencias en la Isla en una fecha por determinar, y prometió darle seguimiento.

"Cuando no hacemos nada, somos parte del problema", dijo Rangel.

Director Del FBI Defiende Actuación De Agentes (PRIMHORA)

Prima Hora, March 29, 2006

WASHINGTON.- El director del FBI, Robert Mueller, defendió ayer la actuación de sus agentes en el operativo que terminó en la muerte del dirigente machetero Filiberto Ojeda Ríos, a la vez que indicó que se realiza una investigación interna de lo ocurrido.

En una audiencia del Comité de Asignaciones del Congreso realizada el mismo día que la sesión informativa auspiciada por congresistas demócratas sobre el operativo del 23 de septiembre pasado y sobre las agresiones a periodistas durante un allanamiento el 10 de febrero, Mueller habló del caso de Ojeda Ríos por primera vez desde que la agencia emitió un comunicado poco después de su muerte.

En respuesta a preguntas del congresista José Serrano, Mueller -que compareció a la audiencia para defender el presupuesto del FBI- dijo que los eventos tienen que colocarse en contexto.

"Hubo un agente (del FBI) que resultó herido en el estómago y otros que fueron lesionados. (Ojeda Ríos) estaba armado", dijo Mueller.

En el caso de los periodistas agredidos, sostuvo que a diferencia de lo que dice la prensa, sí había un perímetro establecido y que el FBI actuó para mantener el orden.

A la vez, declaró que "hay ocasiones en todas las jurisdicciones del FBI" en las que el FBI discrepa de autoridades locales y que en este caso no se trata necesariamente de desconfianza en las autoridades de Puerto Rico.

El pueblo de Puerto Rico, expuso, debería esperar a que se termine la investigación interna, aunque no indicó cuándo será eso.

Asimismo, disputó la aseveración del congresista Serrano de que el FBI pudiera estar comportándose en Puerto Rico "como en el pasado".

"Sí, nos importa mucho la imagen del FBI en Puerto Rico. Estoy sumamente decepcionado en que estos eventos hayan socavado la confianza que el pueblo de Puerto Rico tiene en el FBI", declaró Mueller.

FBI Director Says Preventing Terrorist Attacks Agency's Top Priority (VOA)

By Margaret Besheer

Voice of America, March 29, 2006

The director of the Federal Bureau of Investigation says his agency has transformed itself, and he does not believe the mistakes that led to the September 11 attacks on the United States would happen again.

Robert MuellerFBI Director Robert Mueller told a House of Representatives subcommittee Tuesday that since September 11, 2001, his agency's number one priority has been preventing terrorist attacks against the United States. He said the lack of information sharing within the FBI and with other agencies, which some say is to blame for the failure to not stop the attacks, is a thing of the past.

"I believe that what one saw happen in the days and weeks before September 11th would not happen again," said Robert Mueller. "That is not to say that we could not face another terrorist attack, but I believe we are far more efficient and effective, not only the FBI itself, but also the FBI in conjunction with the Department of Homeland Security, the CIA [Central Intelligence Agency], DIA [Defense Intelligence Agency], NSA [National Security Administration] and all those who play a role in protecting the public."

Director Mueller was responding to questions about the trial of admitted al-Qaida operative Zacarias Moussaoui. Moussaoui faces the death penalty in a U.S. court for his role in the September 11 attacks. Prosecutors charge that he lied about his al-Qaida membership and did not give authorities information about the planned attacks when federal agents arrested him weeks before they happened.

Mueller was on Capitol Hill to discuss the agency's 2007 budget request of $6 billion, which he said would go to support more than 31,000 jobs, as well as new technology and expanded facilities for the Bureau. He also answered lawmakers' questions about other national security issues.

He said China has a major spying program directed against the United States, which he called a "substantial threat."

The director also said the FBI is closely watching the case of former Liberian president and war crimes suspect Charles Taylor. The United States has expressed deep concern over reports that the former leader has disappeared from his Nigerian place of exile.

"We are monitoring what is happening in conjunction with the State Department, and to the extent that we are asked to provide any assistance in whatever way, we will," he said.

Director Mueller also talked about violence along the U.S.-Mexico border, where drug cartels and smugglers are responsible for a significant number of murders and other violence.

"To date, we have not had the same violence on this side of the border, that you have seen south of the border," said Director Mueller. "And we want to make certain that we do not see it and do everything we can to not only assure that it does not migrate to the United States, but also that we assist our Mexican colleagues to address it and disrupt and ultimately defeat that kind of violence."

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The FBI director said his agency has made national security its top priority, but has not forgotten its crime fighting responsibilities. E-mail This Article

Federal Agents In Right Place, Right Time (NOTP)

By Paul Rioux, St. Tammany Bureau

New Orleans Times-Picayune, March 16, 2006

When shooting started, they took control

After Randall Breaux took his wife out to dinner at a Covington restaurant Friday night, they strolled to the Columbia Street Tap Room and Grill, where they met a couple of friends, including Carter Mansfield, Breaux's fellow federal narcotics agent.

The foursome grooved to the beat of The Boogiemen for a couple of hours and were about to leave about 11:15 p.m. when they heard a series of loud popping sounds coming from outside the club.

While many inside the packed bar figured someone had lit a string of firecrackers, the two veteran Drug Enforcement Administration agents immediately recognized the sound of gunfire.

Breaux and Mansfield rushed outside and saw people pointing down the block at a man spraying the bar's stucco walls with rounds from a semiautomatic assault rifle, said William Renton, who heads the DEA's New Orleans office and on Wednesday gave the first detailed account of how the off-duty agents managed to subdue the gunman before anyone was injured.

Renton said Breaux drew a handgun, ran across the street and moved quickly toward the gunfire, using parked cars for cover, while Mansfield, who was not armed, made his way up the other side of the street.

The suspect had fired about 30 rounds and was trying to reload when Breaux popped up from behind a parked car and ordered him to drop the weapon, Renton said.

After the man tossed the AR-15 assault rifle on the trunk of a car, Mansfield rushed in and tackled him, detaining him until Covington police arrived a short while later.

Renton praised the agents, both of whom live in western St. Tammany Parish, for their lightning-quick response in going from enjoying a carefree night out one second to facing a life-or-death confrontation the next.

"They displayed tremendous heroism and courage in quickly advancing on a suspect who was much more heavily armed than they were," he said.

He said DEA guidelines prohibit Breaux, 43, and Mansfield, 35, from speaking publicly about the incident.

Tony R. Lambert, 34, of Covington, was booked with 10 charges, including two counts of attempted first-degree murder of a federal agent.

It's unclear what sparked the shooting, but police have said it may have involved an argument over a woman. A friend has said Lambert bought the rifle after hearing reports of looting in the wake of Hurricane Katrina.

Richard Daniels, who is second in command at the DEA's New Orleans office, said Lambert was wearing a vest loaded with extra ammunition clips and was reaching for one when Breaux confronted him.

"I always think, 'What if he had another second or two to reload?' It could have been a major tragedy with a lot of people getting hurt," Daniels said, citing reports that 150 people were in the bar.

Renton said the agents are being hailed for defusing the situation without anyone getting hurt.

"Breaux used tremendous judgment and restraint at a time of great danger," Renton said. "He could have shot the guy and no one would have ever questioned it."

He emphasized that his praise of Breaux is not a criticism of how other agencies have handled recent controversial incidents, including one in December when New Orleans police officers shot and killed a 38-year-old mental patient who was armed with a knife on St. Charles Avenue.

"Don't get me wrong," Renton said. "Breaux would have been happy to shoot the guy had he turned his weapon on him."

While their co-workers have been patting them on the back all week, Breaux and Mansfield aren't sure what all the fuss is about, Daniels said.

"They're not the boastful type," he said. "They said they just did their job and let their training take over."

Renton said both agents will undoubtedly be nominated for some of the agency's highest awards for bravery and valor, a process that takes months.

In the meantime, Renton used his discretion as head of the New Orleans office to give them an On-the-Spot Award for going above the call of duty -- a commendation that includes a $500 bonus.

"I told them to enjoy a nice, quiet evening on us and, hopefully, not get shot at," Renton said.

Venezuela Frees Dominican Wanted By U.S. (AP)

DOJ_NMG_0023517

By Natalie Obiko Pearson
AP, March 29, 2006

CARACAS, Venezuela -- Venezuela has freed a Dominican man wanted in the U.S. on drug charges, saying there was no guarantee U.S. authorities would agree to terms for his extradition.

Judge Hector Coronado Flores dismissed a previous order to extradite Mateo Holguin Ovalle and ruled that he be released, the Supreme Court said Monday in a statement.

The decision derailed a case cited earlier by American officials as a prime example of cooperation with Venezuela in the drug war. The two countries now are in a dispute over how to resume joint counter-trafficking efforts suspended since President Hugo Chavez last August accused Drug Enforcement Administration agents of spying.

American authorities allege Holguin Ovalle, arrested in 2003 after being indicted in the U.S. on charges of conspiring to import cocaine, directed a major drug ring that transported cocaine and heroin into the United States.

The Venezuela court previously authorized Holguin Ovalle's extradition on the condition that he not be sentenced to more than 30 years in prison.

"Since the term of punishment to be imposed on Mateo Juan Holguin Ovalle could not be guaranteed, the extradition ordered cannot be carried out," Coronado Flores ruled.

The U.S. Embassy in Caracas and the Drug Enforcement Administration in Washington did not immediately comment on the decision.

Hundreds of tons of Colombian cocaine cross Venezuela's porous borders each year, the State Department said March 1 in its annual narcotics report, citing "rampant corruption at the highest levels of law enforcement and a weak judicial system." The U.S. no longer considers Vezezuela an ally in the war on drugs, the report says.

Chavez defended Venezuela anti-drug efforts Tuesday, saying the military is eradicating fields of opium poppies along the border with Colombia.

The president also accused the U.S. of holding "a dictatorship" within the United Nations and predicted that the world would eventually revolt against U.S. hegemony.

"Sooner of later, we, the people, the nations, will break this scheme imposed in the United Nations so there are truly free and united countries, not the dictatorship there in the United Nations against the nations and people of the world," he said.

Valley Man Gets 50 Years For Drug Running (BHE)

By SERGIO CHAPA
Brownsville (TX)Herald, March 29, 2006

A federal judge on Tuesday denied a Gulf Cartel member's request to withdraw his guilty plea and sentenced him to 50 years for a cocaine trafficking charge.

Drug Enforcement Administration agents arrested Noel Exinia, 35, in January 2005 after he used his La Feria-based trucking business to move a massive quantity of marijuana and cocaine from Mexico across the United States.

"This case involves multiple, multiple states in a sophisticated operation involving large amounts of drugs," U.S. District Court Andrew S. Hanen said during Exinia's Tuesday afternoon sentencing.

Exinia and co-defendant Cesario Nuñez, 33, moved at least 275 pounds of cocaine a week from the Rio Grande Valley to New York City, according to a criminal complaint filed last year. Nuñez agreed to a plea agreement and was sentenced to three years in federal prison in January.

Court records show that FBI officials also investigated Exinia for an alleged plot to smuggle Middle Eastern terrorists into the United States, based on comments he made to a Michigan pilot, who worked as a confidential government source.

Exinia was cleared of terrorism charges, but federal prosecutors said the La Feria man was a local organizer for the Matamoros-based Gulf Cartel and had a violent criminal history that could not be ignored.

Assistant U.S. Attorney Charles Lewis told Hanen in open court that Exinia had multiple brushes with the law and served a five-year manslaughter sentence for beating a man with a statue of the Virgin Mary, shooting him twice and then stabbing him in the chest.

Lewis said Exinia did not stay out of trouble when he got out of jail in Florida.

"He had a primary role in the (Gulf Cartel's) distribution ring ... a trucking company that was a front for the distribution ring," Lewis said in court. "He was the one who chose who hired the drivers and decided how much to pay them."

Alleged death threats against Lewis and witnesses in the case prompted court officials to move Exinia's late September trial to Houston where the La Feria man fired his attorney William May for telling federal officials about the threats.

Court records show that Exinia pleaded guilty after the fourth day of representing himself in court.

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He filed a request to withdraw his guilty plea earlier this month, based on claims that his was poorly represented by May and that he was not in a sound mental condition at the time of his trial after spending a month in solitary confinement.

May testified Tuesday that extensive wiretapping evidence prompted him to advise Exinia to take a 15-year plea agreement instead of going to trial, but Exinia refused.

Exinia took the stand in his own defense Tuesday where his testimony contradicted an oral plea agreement made in October.

Court records show that Exinia pleaded guilty to trafficking cocaine but testified in court Tuesday that it was actually marijuana. He claims that he should receive a lesser charge for smuggling marijuana and testified that he never threatened anybody, adding that his emotional comments to May were taken out of context.

"I told him that people can kill and get less time than they want to give me," Exinia said.

Hanen sided with prosecutors and denied Exinia's request to withdraw his guilty plea. He will serve the 50-year sentence in a federal prison without the possibility of parole.

Exinia's attorney, John Blaylock, said he successfully argued to have part of his client's sentence reduced. "I'm relieved that he didn't get a life sentence," Blaylock said. "Given the evidence and events that transpired in this bizarre case, he was broken down to where he could say anything after a month of solitary confinement and the daily rigors of a four-day trial."

Blaylock said his client plans to file a motion to reconsider his sentence and file an appeal.

Will Glaspy with the DEA's office in McAllen said his agency was pleased with the sentencing and that agents continue to work on an investigation connected to Exinia's arrest.

"I think this case goes to show the hard work that our agents from the DEA, FBI and local law enforcement have done to successfully dismantle a major drug-trafficking operation that was based in the Rio Grande Valley," Glaspy said. "I think it is important for the public of the Rio Grande Valley to know that the law enforcement agencies are working to keep the public safe and eliminate drug trafficking through the area."

2 Held For Selling Cocaine To Agents (CHIST)

Chicago Sun-Times, March 28, 2006

Two men charged with selling more than $350,000 of cocaine to undercover agents were ordered held in federal custody Tuesday pending a detention hearing.

Melitone Carrera and Saul Rodriguez-Herrera, whose ages and addresses were not immediately available, were named in a criminal complaint charging them each with one count of conspiracy to possess with intent to distribute cocaine.

The two men made their initial court appearance Tuesday before U.S. Magistrate Judge Geraldine Soat Brown, who ordered the defendants to remain in federal custody pending a 1:30 p.m. detention hearing on Friday, according to Assistant U.S. Atty. Patrick McGovern.

Drug Enforcement Administration agents were put on the trail of the defendants when Carrera approached a confidential source in October 2005 and asked the source if he was interested in buying cocaine, according to the complaint. The source contacted the DEA after he was approached by Carrera.

During a March 22, 2006, meeting at a Melrose Park Dunkin' Donuts, Carrera and an unidentified person told the source and an undercover agent that they had access to large amounts of cocaine they could sell at $19,500 per kilogram, the complaint alleges.

The next day, Carrera and the source had a phone conversation, during which Carrera agreed to supply 20 kilograms of cocaine to the source at $19,500 per kilogram, the complaint alleges.

Carrera said he would deliver the drugs on Monday, March 27, and he and the source agreed to conduct the transaction in the parking lot of Tony's Finer Foods in Melrose Park. Carrera allegedly told the source that his cousin would arrive in the parking lot in a red car that contained 18 kilograms of cocaine rather than the 20 they had discussed, the complaint alleges.

The source and undercover agent, both wearing wires, were waiting in the parking lot when a red Mazda pulled in at 11:30 a.m. Monday, according to the complaint. The complaint alleges the Mazda was driven by Rodriguez-Herrera, who went into the store while Carrera slowly drove around the parking lot in a silver Dodge Intrepid.

A few minutes later Rodriguez-Herrera came out of the store and gave the keys to the Mazda to the agent, the complaint alleges. He told the agent and the source that there were two hidden compartments in the rear seat of the Mazda where they would find the cocaine, according to the complaint.

The source and the agent drove the Mazda to another location, opened the two hidden compartments and found 18 kilogram-sized packages wrapped in plastic and tape. A field test determined the white powder in the packages was cocaine.

The source called Carrera and told him everything was fine and he would send the money back to the grocery store parking lot with the undercover agent, according to the complaint.

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The undercover agent and other agents found Rodriguez-Herrera and Carrera at the store, the complaint states. Rodriguez-Herrera was arrested in the parking lot and Carrera was arrested inside the store.

7 Convicted In Meth Case (LYNCHNA)

By Zack Smith

Lynchburg News & Advance, March 29, 2006

Seven people have been convicted in what prosecutors are calling one of the biggest methamphetamine seizures in the area.

Travis Viar, 23, of Amherst, and June Garcia, 26, of Monroe, were convicted of conspiracy to distribute 500 grams or more of meth after a two-day trial in U.S. District Court in Lynchburg on March 21 and 22, according to a release from U.S. Attorney John L. Brownlee.

Ciro Gamaliel Garcia, 32, of Monroe; Randy Eldridge Ellington, 47, of Concord; Mark Shane Guill, 37, of Madison Heights; and Michael Cerillo, 35, of Rustburg, each pleaded guilty on March 20, before the trial started.

Brownlee said in the release that about half a kilogram of meth was seized from the various co-conspirators.

George Barbour, 37, of Madison Heights, pleaded guilty to a lesser charge of conspiracy to distribute 50 grams or more of meth.

He faces a mandatory minimum sentence of five years in prison, with a maximum sentence of 40 years, plus a maximum fine of $2 million.

The other co-defendants face a maximum sentence of life in prison and a maximum fine of $4 million.

Anthony Jamerson, 45, of Dillwyn, was initially indicted in the case, but was later charged in a different drug conspiracy.

The case was investigated by the Central Virginia Task Force, which includes agents and officers from the FBI, the U.S. Marshals Service, the Amherst County Sheriff's Office, the Appomattox County Sheriff's Office, the Virginia State Police and the Lynchburg Police Department.

Ciro Garcia, Ellington, Guill, Cerillo and Barbour will be sentenced on July 19. June Garcia and Viar will be sentenced on July 31.

Pair Who Ran Elaborate Marijuana-growing Operation In Caroline County Sentenced In Federal Court. (FLS)

By BILL FREEHLING

Free Lance-Star, March 28, 2006

Two men who participated in what authorities call one of the largest Central Virginia marijuana operations in the past decade were each sentenced to more than eight years in prison yesterday.

Luu Van Dinh, 35, of Tappahannock, and David Trac Luong, 36, of Colonial Heights, were both sentenced yesterday by Judge Henry E. Hudson in U.S. District Court in Richmond. Each pleaded guilty late last year to conspiracy to manufacture and possess with intent to distribute 1,000 or more marijuana plants.

The pair was involved in a large-scale marijuana-growing operation in Caroline and Powhatan counties that police discovered during raids last summer. Robert Scanlon, a special agent with the Drug Enforcement Administration, testified about the operation yesterday in court.

Scanlon said marijuana was grown at a 3,000-square-foot house in Caroline located at 25308 Ruther Glen Road. He said marijuana filled most of the house, which he described as like a greenhouse inside. Floors had been cut out, windows were darkened and the home had been rewired.

Scanlon said the home in Powhatan was similarly outfitted. Police also searched a home in Tappahannock, but Scanlon said yesterday that Dinh and Luong couldn't be directly linked to that home. He said that house was in the name of a third person, who hasn't been charged but who Scanlon described as equally involved in the operation.

Scanlon said that police seized more than 1,400 marijuana plants at the homes in the three counties. More than half were at the Caroline house. Scanlon said each plant had a street value of about $3,500. He said the marijuana was extremely high grade.

"I've never seen a case anywhere near this level of sophistication," Judge Hudson said.

Luong, who was described as the daily caretaker of the plants in Caroline and Powhatan, was sentenced to serve 10 years in federal prison.

Judge Hudson determined that Dinh was less involved. Dinh was described as the person who bought and delivered supplies for the operation. Dinh got eight years and a month in prison.

Neither man had any prior criminal record, according to the evidence yesterday.

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Through a translator, each man apologized yesterday. Hudson told them he'd consider amending their sentences at a later date if they helped authorities identify other people who were involved.

Dinh and Luong's charges were initially filed in Caroline but were later shifted to federal court because so many jurisdictions were involved and because penalties in federal drug cases are harsher, police said.

Court records show that the initial police searches were the result of a tip received by state police Special Agent Chris Crawford, who learned last April that Dinh was purchasing large quantities of pots and potting soil from a nursery in Hanover County.

Police had Dinh under surveillance when he and another man picked up the pots and took them to Luong's Ruther Glen home.

Crawford spotted marijuana clippings on the property that were consistent with a large growing operation. A large amount of potting soil and two 50-gallon barrels with water nozzles also were spotted, court records state.

Two Sentenced For Growing Marijuana (RTD)

By TOM CAMPBELL

Richmond (VA) Times Dispatch, March 28, 2006

A federal judge yesterday sentenced to prison two men who pleaded guilty to operating "grow houses" modified for cultivating marijuana.

David Trae Luong of Colonial Heights was sentenced to 10 years in prison and Luu Van Dinh of Tappahannock was sentenced to just more than eight years by U.S. District Judge Henry E. Hudson. The men pleaded guilty in December to conspiracy to cultivate and sell more than a thousand marijuana plants.

Hudson agreed with Assistant U.S. Attorney Rodney C. Young that the federal sentencing guidelines on both men failed to take into account the size and sophistication of the marijuana operation Luong and Dinh took part in. Hudson's sentences were well above the guidelines, which are advisory for judges.

Special Agent Robert J. Scanlon of the U.S. Drug Enforcement Administration said Luong cared for the plants on a regular basis. Dinh assisted and purchased supplies for the cultivation.

"Basically the whole house had been turned into a greenhouse . . . on all the square footage in the residence," Scanlon said.

The houses -- one in Caroline County, one in Powhatan County -- were modified for pot production with flooring removed to make room, industrial lighting to simulate sunlight, irrigation systems and ventilator fans to optimize conditions for the many hundreds of marijuana plants.

Even the house wiring was modified, both to handle the extra power load and to get around the meter so that the large amount of electricity used would not be noticed. Windows were fitted with opaque coverings so nothing could be seen from the outside.

A third house in Tappahannock was similarly modified as part of the operation, authorities alleged. But Hudson ruled that evidence did not sufficiently connect either defendant to that house.

Authorities believe at least one other person was involved in the conspiracy. Plea agreements call for Luong and Dinh to cooperate with investigators, leaving open the possibility of a recommendation that their sentences be reduced.

Each plant at maturity would have been good for about one pound of high-quality, smokable marijuana, according to testimony.

"There's no doubt it was a large-scale, high-dollar, sophisticated operation," Young said.

Hudson said he has been in law enforcement and jurisprudence a long time and: "I've never seen a [marijuana cultivation] case anywhere near this in size . . . or sophistication."

Former Clemson Student Pleads Guilty To Drug Charges (AIM)

By Meryl Dillman

Anderson Independent Mail, March 28, 2006

A former Clemson University student has pleaded guilty in connection with one of the largest federal prosecutions in South Carolina history, according to the office of United States Attorney Reginald I. Lloyd.

Tremayne Graham, 32, of Marietta, Ga., pleaded guilty in federal court in Greenville to drug and money-laundering conspiracies, possession with intent to distribute 5 kilograms or more of cocaine, maintaining a "stash house" for the purpose of storing cocaine, and failure to appear in court as required by a condition of bond.

According to a release, authorities discovered 250 kilograms of cocaine and more than $1.8 million in cash during the search of the "stash house."

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According to the release, Mr. Graham's co-defendant, Jerry Davis, 32, of Atlanta and Los Angeles, pleaded guilty to conspiracy to distribute and possess with intent to distribute 5 kilograms or more of cocaine and conspiracy to launder money.

The defendants' charges are also connected with a multi-state, multi-national drug conspiracy.

The maximum penalty Mr. Graham and Mr. Davis could receive is a $4 million fine and/or imprisonment for life, Mr. Lloyd stated. Both defendants also face a mandatory minimum term of 10 years in federal prison. Other charges are anticipated.

According to the release, testimony at the plea hearings established that Mr. Davis was the head of the "Sin City Mafia"— a major criminal enterprise with headquarters in Columbus, Ga., Atlanta, and Los Angeles. He obtained cocaine from California suppliers connected to major Mexican cartels and transported that cocaine to Atlanta. Once the cocaine reached Atlanta, it was packaged and shipped to various drug dealers operating along the East Coast, including Greenville, Spartanburg and Columbia in South Carolina.

According to the release, "Sin City Mafia" had ties to the Black Mafia Family— a criminal enterprise operating in Detroit, Atlanta, Orlando, Fla., St. Louis and elsewhere.

Evidence also established that Mr. Graham was one of Mr. Davis' primary distributors. According to the release, Mr. Graham supplied a number of South Carolina dealers he met at Clemson.

According to the release, evidence also established that Mr. Graham personally supplied more than 500 kilograms of cocaine sold in South Carolina.

The case was investigated by agents of the Drug Enforcement Administration of Greenville, Atlanta and Los Angeles; the Criminal Investigation Division of the Internal Revenue Service; the United States Marshal Service of Greenville, Atlanta and Los Angeles; the Greenville Police Department; the South Carolina Highway Patrol; and LA IMPACT of Los Angeles.

WASHINGTON Federal Sentencing Rules For Steroids Offenses Toughened (SFC)

By Cicero A. Estrella, Chronicle Staff Writer

San Francisco Chronicle, March 28, 2006

Federal officials made a temporary, emergency change to the federal sentencing guidelines Monday to stiffen penalties for steroids-related offenses.

The change by the U.S. Sentencing Commission means abusers of anabolic steroids will face the same sentences as those who abuse other controlled legal substances, categorized by the federal government as Schedule III drugs.

Schedule III drugs are substances that are accepted for medical use in the United States but have the potential for abuse and addiction. As listed by the U.S. Drug Enforcement Administration, they include LSD, ketamine and certain codeine combinations.

The commission's amendment to provide harsher penalties for steroids use and distribution was prompted by a directive from Congress.

"We are hopeful that the enhanced penalties will help deter anabolic steroid trafficking and abuse," U.S. Attorney Kevin Ryan said.

The amendment to the sentencing guidelines also adds sentencing enhancements for athletes using masking agents to hide their steroid use, for coaches who pressure athletes into experimenting with the drug and for individuals who distribute to athletes.

The tougher guidelines would have made the sentences for those convicted in the Bay Area Laboratory Co-Operative scandal about five times longer, according to Luke Macaulay, spokesman for the U.S. attorney's office for the Northern District of California.

BALCO owner Victor Conte, for example, would have been sentenced to 37 to 46 months instead of the eight months that he served after pleading guilty to possession and conspiracy to distribute steroids in 2005, Macaulay said.

Previously, steroids-related sentences did not equal those for other Schedule III drugs. Distribution of 50 steroid pills, for example, was the equivalent of the illegal distribution of one Vicodin pill, Macaulay said.

In 2004, Congress passed the Anabolic Steroid Control Act, which directed the Sentencing Commission to review the federal sentencing guidelines and provide for increased penalties that reflect the seriousness of the offenses.

New York Mayor Bloomberg Takes Gun Fight To Congress (AP)

By DEVLIN BARRETT, Associated Press Writer

AP, March 29, 2006

WASHINGTON (AP) - New York Mayor Michael Bloomberg blasted Congress on Tuesday for considering what he called a "God-awful piece of legislation" on guns. A congressman charged he was just trying to spur more lawsuits against the gun industry.

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Bloomberg went to Washington to speak out against a bill offered by Rep. Lamar Smith, R-Texas, which would make permanent a bar on federal authorities' sharing gun trace data with local governments; the governments had used such information to launch lawsuits against gun manufacturers and dealers.

Congress has moved to squelch lawsuits brought by U.S. cities against gun manufacturers and dealers, charging they are misguided attempts to undercut the Second Amendment right to bear arms.

The mayor railed against the bill, telling a House judiciary subcommittee that it would lead to more shooting deaths of police officers and civilians.

Two members of the New York Police Department were killed last year with illegal guns, and two undercover detectives were killed three years ago during a gun buy-and-bust operation gone bad.

"I have been to too many police officers' funerals to believe that this bill actually has a prayer's chance in hell," Bloomberg said. "But if it does pass, the next time an officer is attacked by an illegal gun - and I say next time because until Congress gets serious about illegal guns, more police officers and many more citizens will be murdered - there can be no denying that those who vote for this bill will bear some of the responsibility."

Rep. Tom Feeney, R-Fla., described himself as "a big believer in the Second Amendment" and said that without such legislation local governments could change federal policy by filing multiple baseless lawsuits.

"Individual jurisdictions are trying to set national policy by suing licensed gun dealers that have not committed a crime," said Feeney.

The mayor claimed Congress left him no choice.

"If we are depending on the federal government to drive this car, they are asleep at the wheel," said Bloomberg, a liberal Republican, who was invited to testify by panel Democrats.

The mayor has grown increasingly critical of Congress for blocking efforts by local authorities to collect gun sale records showing which dealers sell the majority of guns used in crimes.

New York and other cities have long complained that 1 percent of gun dealers are responsible for selling almost 60 percent of all guns used in crimes nationwide.

That trace data, compiled by the Bureau of Alcohol, Tobacco, Firearms and Explosives, had been used in lawsuits and in proceedings to revoke the licenses of businesses that sell large numbers of guns later used in crimes.

In recent years, Congress has added language to spending bills to prevent the ATF from sharing such trace data. The ATF has interpreted such language to mean aggregate gun trace data cannot be shared with the public or the press. Smith's bill would make the prohibition permanent.

But a spokesman for Rep. Todd Tiahrt, R-Kan., who first authored that language in 2003, said Monday the ATF is free to release aggregate information about guns used in crimes. Tiahrt spokesman Chuck Knapp said a 2005 appropriations amendment clarified that such information as percentage breakdowns of where guns used in crimes were originally sold could be made public.

Sen. Robert Menendez and Rep. Steve Rothman, both New Jersey Democrats, said they would introduce legislation this week to ensure that data about guns used in crimes and illegal gun sales would be public.

The National Rifle Association supports Smith's bill, saying it would also make permanent a ban on taxes or user fees to pay for federal background checks.

Chris W. Cox, the NRA's chief lobbyist, dismissed Bloomberg's claims, saying the bill would streamline current laws and free up law enforcement resources.

Cox called it "shameless" for the mayor to pin police officers' deaths on federal gun laws.

"If you look at the individuals who were charged with murder of these two great police officers, they had a long criminal history," Cox said. "They never should have been released out of jail. Our focus is on putting people like that in jail. Let's focus on the criminal."

Associated Press Writer Bonnie Pfister in Trenton, N.J., contributed to this report.

ATF Agents Confident They'll Catch Bomber (RMN)

By Ellen Miller, Special to the News

Rocky Mountain News, March 29, 2006

GRAND JUNCTION — Agents with the U.S. Bureau of Alcohol, Tobacco and Firearms said Tuesday they're confident they will capture a former air traffic controller suspected of planting five bombs at co-workers houses here last week.

"We'll get him," said Rich Marianos, an ATF agent in Washington, D.C.

Marianos said agents don't believe Robert L. Burke, 54, has left the country ``because he doesn't have the means. Indications are, he's been living in his van and he's probably out of resources."

Burke, who also has used the name Robert Pope, was fired in 2004 from his job with the Serco Group, which operates the air traffic tower at Walker Field Airport in Grand Junction and 55 other airports, mostly in the West and Alaska.

Burke gave notice to his landlord last October and left his apartment of four years sometime between then and December, Grand Junction police spokeswoman Linda Bowman said.

No one was injured when three of the bombs in Grand Junction exploded. On Sunday, the ATF linked a bomb that exploded at Serco's headquarters in Murfreesboro, Tenn., with the Grand Junction devices after finding strong similarities.

IMMIGRATION:

Senate To Weigh Guest-Worker Proposal (WP)

By Jonathan Weisman

The Washington Post, March 29, 2006

With the Republican Party deeply divided, the Senate will take up a broad revision of the nation's immigration laws today amid signs that conservatives are ready to compromise on efforts to offer illegal immigrants new avenues to lawful employment.

Senate Majority Leader Bill Frist (R-Tenn.) will move forward with his legislation to bolster border security and toughen laws against illegal immigration without a guest-worker program. But Frist agreed to allow Senate Judiciary Committee Chairman Arlen Specter (R-Pa.) to quickly move to substitute the more lenient bill that passed his committee Monday, and Specter appears to have more than enough votes to do so.

That bill would couple border security measures with provisions that would allow millions of undocumented workers to apply for legal work visas and move toward U.S. citizenship, while offering hundreds of thousands of foreign workers access to the U.S. workplace.

The committee's bill is a sharp break from the get-tough approach approved by the House in December, which rebuffed President Bush's call for a guest-worker program and focuses exclusively on border security and immigration law enforcement.

The committee measure also places Frist -- a potential 2008 White House candidate -- in a difficult position. The panel approved its immigration overhaul by a comfortable 12 to 6 margin, with four Republicans siding with the panel's Democrats. But most committee Republicans opposed the bill. There may be as many as a dozen Republicans backing the Judiciary Committee bill in the full Senate, but on an issue so fraught with political consequences, it is not yet clear that Frist will allow the Senate to pass immigration legislation that cannot garner the support of most Republicans.

"Under the best of circumstances, most bills don't make it. And this bill is more complicated and in many ways more controversial than usual," warned Sen. John Cornyn (R-Tex.), who opposed the committee's bill.

Still, with voters clamoring for action and hundreds of thousands of immigrants marching against the House's proposals, GOP leaders signaled a willingness to compromise. The committee's bill, which largely mirrors legislation written by Sens. John McCain (R-Ariz.) and Edward M. Kennedy (D-Mass.), goes considerably further than Bush's proposals, but after a meeting with the president, McCain declared, "I got the impression that he's happy."

House Majority Leader John A. Boehner (R-Ohio) said that he hopes the Senate will pass what he called "a responsible border security bill," but he indicated he is willing to rethink the House approach. After meeting with ranchers and law enforcement officers on the U.S.-Mexican border, Boehner said those living on the frontier do not think the House-passed border wall would work.

"If the people on the border don't believe that the wall will have the effect that people here think, then we ought to reconsider it," he said.

Boehner also said he knows of no promises that House GOP leaders have given to anti-immigration firebrands to block House consideration of a guest-worker program.

Under the Judiciary Committee bill, illegal immigrants who pay a $1,000 fine and back taxes would be able to apply for a three-year work visa, renewable for a second three-year period. In the fourth year of work, the visa holder could begin a five-year path toward citizenship. A second guest-worker program would open up legal agriculture jobs to 1.5 million undocumented farmworkers.

The measure would also add as many as 14,000 border patrol agents by 2011 to the current force of 11,300 agents and would authorize a "virtual wall" of unmanned vehicles, cameras and sensors to monitor the U.S.-Mexican border.

Unlike the House bill, it would not make illegal immigrants and those who assist them into felons, nor would it authorize the construction of massive new walls along 700 miles of the southern border.

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Republican opponents of the committee bill said they would wait to see what amendments pass the Senate before they consider a filibuster of the measure. Citing the passion of his constituents, Sen. John Ensign (R-Nev.) hinted at how politically difficult a filibuster would be. "We need to do something," he said.

"You don't filibuster away the problem of 11 million undocumented workers," warned Sen. Lindsey O. Graham (R-S.C.), a supporter of the bill. "You don't filibuster away the idea that our borders are broken and our legal system's a failure on immigration."

Immigration Bill Finds Bipartisan Support In Senate (KRT)

By Dave Montgomery

Knight Ridder, March 28, 2006

WASHINGTON - A comprehensive immigration bill that answers President Bush's call for a guest-worker program appears to have enough bipartisan support to pass the Senate, guaranteeing a legislative collision with an enforcement-oriented House bill, several advocates on both sides of the issue predicted Tuesday.

"We're in some trouble in the Senate," said Paul Egan, government-relations director of the Federation for American Immigration Reform (FAIR), which supports the House bill and opposes the guest-worker concept as a form of amnesty for illegal immigration.

The Senate may well deadlock with the House of Representatives because their positions differ so radically and the issue is too politically hot in this congressional election year for lawmakers on either side to compromise. That could doom all legislation to overhaul immigration this year.

The Senate Judiciary Committee voted 12-6 Monday to advance a comprehensive measure that would put millions of illegal immigrants on track to permanent legal status and allow up to 400,000 foreign workers each year to fill low-skilled jobs.

Egan said opponents of the measure put their hopes in the 435-member House, where a coalition of conservative Republicans has vowed to kill immigration legislation that includes a guest worker plan. The 94-member coalition blocked inclusion of a guest worker program in the immigration bill the House passed in December.

The House bill also makes illegal immigration a felony and calls for 700 miles of fences along the Southwest border.

"If the Senate follows the Judiciary Committee's lead, the prospects of getting a reform bill to the president's desk this year are slim, to say the least," said Rep. Tom Tancredo, R-Colorado, coalition leader. "No plan with amnesty and a massive increase in foreign workers will pass the House."

Egan said a "back-of-the-envelope" count of prospective votes in the Senate shows only about 10 solid votes, nearly all Republican, against the bill, while many other Republicans are undecided. The bill is thought to have strong support among Democrats.

Republicans have 55 seats in the Senate. Democrats have 44 and usually win support from the Senate's lone independent, James Jeffords of Vermont. Pro-immigrant groups believe they can count on support from at least nine Republicans, and possibly as many as 14. Senate Judiciary Committee Chairman Arlen Specter of Pennsylvania and three other committee Republicans - Sens. Sam Brownback of Kansas, Lindsey Graham of South Carolina and Mike DeWine of Ohio - voted for the bill.

"I think the Senate is probably foolish enough to pass this bill or something very close to it," said Egan, "but I don't think the House will buy it."

Angela Kelley, deputy director of the National Immigration Forum, which supports the Senate Judiciary bill, offered a similar assessment from an opposing perspective. Democrats are "rather unified" behind the bill, she said. "You add in the Republicans who are supportive, and that's enough to put us over the finish line."

Backers of the bill said its inclusion of a separate guest worker program for up to 1.5 million agricultural workers could bring added votes from rural-state senators.

The measure became entangled in parliamentary uncertainty Tuesday after Senate Majority Leader Bill Frist, R-Tenn., indicated that he might press ahead with a more-limited border security measure similar to the one passed earlier by the House. Senators nevertheless are expected to begin debate this week - possibly as early as Wednesday - and may vote on both measures.

Specter said that Frist's plan is to allow a day of debate on the enforcement bill, followed by consideration of the committee bill.

Some lawmakers said it's too early to predict the final outcome in the Senate. Several committee Republicans vowed to offer amendments to change the measure on the Senate floor, including Sens. John Cornyn, R-Tex., and Jon Kyl, R-Ariz., co-sponsors of a rival bill that would require illegal aliens to return home before being eligible to apply for a guest worker program.

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The committee bill includes key elements of bipartisan legislation co-sponsored by Sens. John McCain, R-Ariz., and Edward Kennedy, D-Mass. Specter said the bill also embraces Bush's proposed guest worker plan, although the president has not endorsed specific legislation.

"I think they (the White House) believe we're heading in the right direction," said Specter. "We've picked up essentially the president's idea on guest workers."

Asked if the president would veto legislation that does not include a guest worker provision, White House spokesman Scott McClellan reiterated Bush's belief that "any immigration reform ought to be comprehensive . . . including a guest worker program."

Boehner Hints A Back Down On 'Amnesty' (WT)

By Charles Hurt

The Washington Times, March 29, 2006

House Majority Leader John A. Boehner refused yesterday to rule out compromising with the Senate to expand the House border security bill to include a guest-worker program or provisions that opponents call "amnesty."

"Let's wait and see what the Senate can produce," he told reporters yesterday when asked whether House Republicans would reject the Senate Judiciary Committee's proposal to allow the estimated 12 million illegal aliens now in the U.S. to seek citizenship after paying a fine.

Since Monday's Judiciary vote, the Senate appears headed toward approving immigration legislation that strengthens border security some while creating a new guest-worker program and providing a path to U.S. citizenship for illegal aliens already in the country. Republican opponents of the proposal call it "amnesty" since it doesn't deport current illegals for breaking immigration laws.

"The American people are counting on us to secure our borders and restore the rule of law to our immigration system," Sen. Jeff Sessions, Alabama Republican and Judiciary Committee member, said Monday night after voting against the proposal.

He said the panel had "let the American people down by passing out a blanket amnesty bill. We've been down this path several times before, and it proved a failure."

Conservatives were especially appalled to see so many Republicans -- Sens. Arlen Specter of Pennsylvania, Mike DeWine of Ohio, Lindsey Graham of South Carolina and Sam Brownback of Kansas -- join panel Democrats to approve the proposal.

"It appears that the members of the committee who voted for this misguided legislation are more in tune with the thousands of protesters waving Mexican flags in the streets of Los Angeles than they are with the overwhelming majority of Americans who are demanding that America's borders and national security be protected," said Bill Lauderback, executive vice president of the American Conservative Union. "The first priority of any immigration reform bill must be to secure our borders. By contrast, this bill undermines respect for the rule of law and encourages more illegals to storm our borders."

The only solace for the conservatives has been the House, where many Republicans adamantly oppose any process that permits current illegals to apply for citizenship without first leaving the country. Also, they say Congress must prove to voters that they can enforce existing immigration laws and strengthen the borders before creating any guest-worker program that draws new immigrants.

Mr. Boehner and other House leaders said yesterday they still prefer their border-security-only bill.

"Border security is a huge, huge issue everywhere," said Majority Whip Roy Blunt, Missouri Republican. "House members are on the right side of the issue."

Mr. Blunt declined to give an opinion on the Senate proposal or even whether he considered it amnesty.

"I don't know what the Senate will finally do at the end of the process," he said.

But, like Mr. Boehner, Mr. Blunt indicated he is open to compromise.

"The critical concern here is clearly securing the border," he said. "What else has to happen with that for the legislative process to work -- you know, we'll let the process work."

Mr. Blunt and House Republican Conference Chair Deborah Pryce of Ohio said yesterday they will be sharing recent polling that shows American voters overwhelmingly supporting the House position of shoring up the borders and enforcing current immigration laws.

"The poll numbers really shout loudly and clearly how the American people feel about this issue," Mrs. Pryce said.

Though Mr. Boehner repeatedly sidestepped reporters' questions about his -- or the House leadership's -- stance on the Senate proposal, he did say that he hopes that whatever is sent to President Bush more closely reflects the House bill.

"The House has passed a responsible border security bill," he said. "While this was a very difficult issue for this Congress, I think the American people expect us to strengthen our borders and so I'm hopeful the Senate will do the same."

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Lawmakers Are Preparing For Big Battle On Immigrants (NYT)

By Carl Hulse

The New York Times, March 29, 2006

WASHINGTON, March 28 — Leading Congressional Republicans voiced serious reservations Tuesday about a new Senate immigration proposal as lawmakers braced for a difficult debate that will highlight ideological divisions among Senate Republicans as well as with their counterparts in the House.

The Senate was scheduled on Wednesday to turn to a plan by Senator Bill Frist, the majority leader, for tougher border controls and stricter law enforcement, with the expectation that a bipartisan proposal that allows illegal immigrants to qualify for citizenship would be proposed as an alternative.

Mr. Frist, a Tennessee Republican, said that bipartisan initiative, approved by the Judiciary Committee on Monday, was not satisfactory. "It went too far," he said.

Lawmakers acknowledged that the Senate faced days of contentious debate and that any final measure would be different from both the Frist plan and the Judiciary Committee proposal. It will also probably differ sharply with a House-approved plan that focused on slowing the influx of illegal immigrants.

Representative John A. Boehner of Ohio, the majority leader, said Tuesday that he did not want to rush to judgment on whether the House and Senate could eventually agree on a bill. But Mr. Boehner said the House would stand by its focus on law enforcement and border protection.

"Illegal immigration is just that, illegal," he said, "and Americans expect us to do something about illegal immigration."

Mr. Boehner said he was willing to reconsider a House-approved plan to construct a 700-mile-long fence along the nation's southwest border. But President Bush, in an interview with CNN on Tuesday, said he was opposed to that idea, saying it was impractical.

"I don't think anybody believes that you could totally fence off the border and be effective," Mr. Bush said. "But I do think we ought to be in a position to give our Border Patrol agents better tools, more effective ways to prevent people from smuggling people and/or drugs across our border."

Democrats were generally supportive of the Judiciary Committee plan, lawmakers said. But there were divisions among them as well, particularly with some labor leaders opposing a temporary worker program that they see as a threat to American jobs.

"I don't think there's 100 percent support in my caucus for what time of the day it is," said Senator Harry Reid of Nevada, the Democratic leader. "But the vast majority of the Democrats support this bill."

Despite the looming political and policy fights, lawmakers in both parties said it was time for Congress to move ahead on the issue.

"We've put off this problem for too long," said Senator Jon Kyl, Republican of Arizona. "And I can tell you that in my state, we need a solution to this because every month that it is put off, the problem becomes more and more difficult to solve."

AFL-CIO Chief Slams Guest Worker Programs (AP)

By David Espo

The AP, March 28, 2006

The nation's largest labor organization on Tuesday criticized plans to expand guest worker programs for immigrants seeking to come to the United States, parting company with longtime Senate Democratic allies who pushed successfully to include them in broad-based immigration legislation.

"Guest worker programs are a bad idea and harm all workers," AFL-CIO President John Sweeney said in a statement released the day after the Senate Judiciary Committee cleared an immigration bill. "They cast workers into a perennial second-class status, and unfairly put their fates into their employers' hands."

Sweeney's statement praised numerous provisions of the overall immigration legislation, particularly a part that gives illegal aliens an opportunity to apply for citizenship. Still, his criticism underscored the unusual political pressures at work as President Bush and Congress grapple with an emotional issue in the run-up to midterm elections.

Republicans have long appeared divided over the immigration issue, with Bush and some GOP members of Congress supporting temporary worker programs that other Republicans attack as amnesty for lawbreakers.

On the other hand, Sen. Edward M. Kennedy (news, bio, voting record), D-Mass., a longtime liberal, was the target of good-natured jokes during the committee meeting for his work with the U.S. Chamber of Commerce on the immigration measure. And while Sweeney criticized the temporary worker program, the Service Employees International Union issued a statement supporting the Judiciary Committee measure.

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The legislation, to be debated on the Senate floor beginning Wednesday, includes two provisions that together could create room for nearly 2 million temporary workers.

One is a five-year temporary program for up to 1.5 million agricultural workers advanced by Sen. Dianne Feinstein (news, bio, voting record), D-Calif. Immigrants living in the U.S. illegally as well as those outside the country would be eligible.

The other, backed by Kennedy, would create a new temporary visa to allow as many as 400,000 foreign workers into the country.

In both cases, individuals would have an opportunity to apply for citizenship after several years.

All eight Democrats on the Judiciary Committee supported both guest worker provisions on Monday, and all of them frequently work in concert with organized labor.

Feinstein said during the committee meeting that the agriculture industry was "almost entirely dependent on undocumented workers," a reference to individuals in the country illegally. She described her proposal as an attempt to assure a legal workforce. "The people are here. They're going to work regardless," she said of thousands of illegal immigrants who pick crops.

Kennedy, arguably labor's strongest voice in Congress, noted that the proposal "has the support of agribusiness and farm workers." Sen. Patrick Leahy (news, bio, voting record) of Vermont, another longtime ally of labor, said he, too, was satisfied with the program, noting that it had provisions that would help his state's dairy industry. Sen. Charles Schumer (news, bio, voting record) of New York added that he had no difficulty with the provision, either, as long as there were no problems associated with farms in his state. The New York Democrat is chairman of the party's senatorial committee, which relies on labor's support.

Sweeney saw things differently.

"Guest worker programs "encourage employers to turn good jobs into temporary jobs at reduced wages and diminished working conditions and contribute to the growing class of workers laboring in poverty," he said.

Sweeney issued his statement as White House spokesman Scott McClellan told reporters that Bush wants a temporary worker program included in any immigration measure that clears Congress. "Because what a temporary worker program would do is help relieve pressure on the border. It will allow our law enforcement officials and Border Patrol agents to focus on those who are coming here for the wrong reasons, the criminals and the drug dealers and the terrorists," he said.

The House has yet to pass legislation dealing with immigration issues involving workers, although it has approved a bill that calls for building a fence along 700 miles of the border with Mexico.

Majority Leader John Boehner, R-Ohio, who voted to approve the fence project, indicated he may change his mind based on a recent trip to the Southwest. He told reporters he had met with farmers as well as law enforcement officials and "no one in the room thought the wall would work, because if you build the wall, then you have to police the wall."

He added: "If the people on the border don't believe the wall will have the effect that people here think, then we ought to reconsider it."

Aid Groups Greet Panel's Illegals Bill (WT)

By Amy Fagan

The Washington Times, March 29, 2006

The immigration bill approved by the Senate Judiciary Committee on Monday eases the concerns of religious and humanitarian aid workers, who feared they would face criminal charges for helping illegal aliens.

But many religious and humanitarian aid groups still worry about a provision in the House-passed immigration bill that they say would criminalize such assistance.

The issue has become among the most debated in the immigration battle.

"We're not talking about a legal debate anymore; we're talking about a moral one," said Cristina Lopez, deputy executive director of the Center for Community Change, which organized an event Monday led by hundreds of clergy. "Scripture says you help your neighbor. That's what the Judeo-Christian tradition, the Muslim tradition ... is about," she said.

Democrats have seized on the religious community's concern, with Sen. Hillary Rodham Clinton of New York declaring last week that the House bill "would literally criminalize the good Samaritan and probably even Jesus himself," according to the Associated Press.

"I am not really surprised that Hillary Clinton doesn't know the first thing about the Bible," Rep. Tom Tancredo, Colorado Republican, retorted Sunday on ABC's "This Week." "Her impression, her analysis, her interpretation of both the law and the Bible are certainly wrong, to say the least."

The bill approved by the House in December would, among other things, modify a law that punishes anyone who helps foreigners sneak into the country or harbors illegal aliens from authorities.

Supporters of the House bill -- including its author, House Judiciary Committee Chairman F. James Sensenbrenner Jr., Wisconsin Republican -- say the provision is aimed at people who make a living trafficking foreigners into the country.

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"I would hope everyone would embrace a good-faith effort to combat alien-smuggling gangs rather than engage in fear mongering that clergy and good Samaritans will be thrown in jail. That's absolutely false," Mr. Sensenbrenner said Monday.

However, Bernadette Passade Cisse, vice president for policy and advocacy at the Lutheran Immigration and Refugee Service, said the House provision would be "a huge stumbling block to very essential services."

Kevin Appleby, director of migration and refugee policy for the U.S. Conference of Catholic Bishops, said the House bill "overreached" in several areas, including the provision on aid to illegal aliens.

"That was particularly offensive because it conflicts against the basic mission of the church," Mr. Appleby said.

He said the House bill "could criminalize minor acts of mercy," such as meals and first aid, and subject religious workers to prison.

"That's not the case at all," said Jeff Lungren, a spokesman for Mr. Sensenbrenner.

The government has no interest in spending time or money to prosecute priests, rabbis and other workers who offer food, shelter and assistance to illegal aliens, he said.

But the groups say verbal assurances aren't enough.

"We appreciate the spoken intent of the proponents. However, once a law is passed, it's on the books, and prosecutors and judges can interpret it however they'd like," Mr. Appleby said.

Republican Split On Immigration Reflects Nation's Struggle (NYT)

By Rachel L. Swarns

The New York Times, March 29, 2006

WASHINGTON, March 28 — It is almost as if they are looking at two different Americas.

The Senate Republicans who voted on Monday to legalize the nation's illegal immigrants look at the waves of immigration reshaping this country and see a powerful work force, millions of potential voters and future Americans.

The House Republicans who backed tough border security legislation in December look at the same group of people and see a flood of invaders and lawbreakers who threaten national security and American jobs and culture.

But both wings of the deeply divided Republican Party are responding to the same phenomenon: the demographic shift driven by immigration in recent decades, a wave that is quietly transforming small towns and cities across the country and underscoring pressures on many parts of the economy.

The United States has always been a nation of immigrants, but today the country has more than 33 million foreign-born residents, the largest number since the Census started keeping such statistics in 1850. In 2003, foreign-born residents made up 11.7 percent of the population, the highest percentage since 1910. And over the past 16 years, the newcomers, many of them illegal, have poured into places in the South and Midwest that have not seen sizeable numbers of new immigrants in generations.

The question of how to cope with the 11 million illegal immigrants believed to be living here — whether to integrate them, ignore them or try to send them home somehow — is a question gripping many ordinary citizens, religious leaders, state legislators and policy makers in the White House. And in their bitter, fractious debate, Republicans in Congress are reflecting what some describe as the nation's struggle to define itself and, to some degree, politically align itself, during a period of social change.

The Senate Republicans on the Judiciary Committee who emerged victorious on Monday with help from Democrats argue that those illegal immigrants who work, pay taxes and learn English should be fully incorporated into American society as citizens. The House Republicans who passed a far different bill in December are pushing to criminalize their presence in the United States. (The full Senate is expected to vote on immigration legislation next week. Any bill that passes the Senate will have to be reconciled with the House legislation.)

As the party struggles to reconcile these competing visions, frustrations over the stalemate are spilling onto the airwaves and into the streets as some conservatives on talk radio call for a wall to be built along the Mexican border and tens of thousands immigrants and their supporters march in favor of citizenship.

"Right now, we're seeing to some extent the political response to the demography," said Roberto Suro, executive director of the Pew Hispanic Center, a nonpartisan research group in Washington. "And even though the legislative proposals are seemingly technical and narrow, they touch these nerves about how we think of ourselves as a people."

"You end up, after a point, trying to balance our fundamental traditions, the need for order, law and security with a need for openness," he said. "Immigration policy, writ large, has always been partly a matter of national identity. It becomes a values-laden debate. Congress has a hard time with it."

That difficulty reflects, in part, the swiftness and the enormousness of the demographic shift.

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In 1970, there were 9.6 million foreign-born residents in the country, census data show. By 1980, that figure had surged to 14.1 million. Between 1990 and 2000, the number of foreign-born residents jumped to 31.1 million from 19.8 million.

Senator Sam Brownback, Republican of Kansas, who voted for the legalization of illegal immigrants on Monday, says he has seen and felt the shift in his own state.

"Huge increase," he said of the number of new immigrants. "It's a big issue, and it's one where communities that have adapted to it are more accepting and others are more questioning about the scale of what's taking place."

But when he wrestled with the issue, Mr. Brownback decided that he could not join the ranks of those who wanted simply to push out illegal immigrants. "This is also about the hallmark of a compassionate society, what you do with the widows, the orphans and the foreigners among you," he said.

Senator Lindsey Graham, Republican of South Carolina, echoed those thoughts in his defense of the legalization program, which would ultimately grant immigrants citizenship.

"Where is home?" Mr. Graham asked his colleagues Monday. "Their home is where they've raised their children. Their home is where they've lived their married lives."

"Whatever we do," he added, "we have to recognize that for several generations people have made America their home."

But to Representative Tom Tancredo, the Colorado Republican who helped spearhead the border security bill in the House, illegal immigrants are far from welcome or essential to this country.

He was not moved when he saw the tens of thousands of immigrants, some illegal, and their supporters rallying against his bill. He said he was outraged that people he viewed as lawbreakers felt comfortable enough to stand without fear in front of the television cameras.

"For years, the government has turned a blind eye to illegal immigrants who break into this country," Mr. Tancredo said. "It isn't any wonder that illegal aliens now act as if they are entitled to the rights and privileges of citizenship."

Mr. Tancredo's view of the illegal immigrant as an unwanted outsider, an encroacher, is far from uncommon.

The National Conference of State Legislatures has reported a surge in recent years in legislation intended to crack down on illegal immigrants. As of Feb. 28, state legislators in 42 states had introduced 368 bills related to immigration or immigrants, and many of those bills were intended to limit or restrict illegal immigrants.

But some Republicans are warning now that tough anti-immigrant legislation may fuel a backlash and threaten the party's hard-won gains with Hispanics, whose numbers have surged in recent years.

Foreign-born Hispanics voted for President Bush in 2004 at a 40 percent greater rate than Hispanics born in the United States. Grover Norquist, president of Americans for Tax Reform and a strategist close to the White House, warned that Republicans could squander what the party had gained if lawmakers did not embrace a more welcoming vision of America.

"There is a danger that if the face of the Republican Party is Tancredo that we could be weaker with Hispanics for generations," Mr. Norquist said. "If the face of the Republican Party is George Bush or Ronald Reagan, we win. This is up for grabs."

A GOP Faceoff Over Illegal Immigration (CSM)

By Gail Russell Chaddock

The Christian Science Monitor, March 29, 2006

WASHINGTON - Senate majority leader Bill Frist and GOP Sen. Sam Brownback stood together on trade, war, judges, guns, energy, abortion, and war, but they are bookends in this week's debate on "earned" amnesty for illegal aliens - the toughest issue before the Senate this year.

They illustrate the rift that runs through both parties, but especially the GOP, which controls both the House and Senate. That rift yawns so large that it could keep Congress from passing any immigration legislation this year.

Senator Frist, a prospect for a presidential run in 2008, wants a "virtual barrier" to secure borders first. It's about what it means to be a nation, he says: "A nation that can't secure its borders can't secure its destiny or administer its laws."

Senator Brownback, also a prospect for 2008, backs border security, but says he also wants a way to get 11 million undocumented people into a legalized status. It's about human dignity, he says: "One of the key measures in any society is what you do for the so-called least of these."

Polls show a strong majority of Republican voters oppose amnesty for those in the country illegally, but business groups, a core GOP constituency, want to assure a supply of low-wage workers for agriculture, construction, restaurant, and other services.

For Frist, who stumbled badly over his handling of the Terri Schiavo debacle a year ago, it's a chance to lead his party through a political mine field. "I'm here to solve problems, not stand around," he said in a statement on the floor of the Senate early Monday afternoon.

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Frist had given the Senate Judiciary Committee an ultimatum: Produce a bill by end-of-day Monday, or the Senate would take up his own immigration reform plan. Brownback is one of four Republicans on the Senate Judiciary Committee, including chairman Arlen Specter (R) of Pennsylvania, to side with Democrats in a bid for comprehensive immigration reform this session of Congress.

The Judiciary Committee's bill opens a path to citizenship for at least 11 million people living in the United States illegally. It allows those who were in the US before 2004 to get a temporary work visa, if they pay a $1,000 fine and clear a criminal background check. After six years, they would be eligible for permanent legal residence, if they learn English and pay back taxes and another $1,000 fine.

Frist's alternative, still in play, focuses exclusively on border security. That means more boots on the borders, unmanned aerial vehicles, cameras, sensors, and "a virtual barrier to cover every mile of our 1,950-mile long border with Mexico." (The House bill also includes a 700-mile wall along the southern border.)

The Frist bill also requires employers to verify the legal status of their workers, using a federal electronic database. Those employers engaging in a pattern of hiring illegal workers would face up to six months in jail. Those living in the country illegally are guilty of a misdemeanor; under the House bill, it's a felony.

Right up until the last vote late Monday afternoon, prospects for completing the complex bill looked unlikely. In the end, committee chairman Specter, as well as GOP Sens. Lindsey Graham of South Carolina, Mike DeWine of Ohio, and Brownback of Kansas lined up with all eight Democrats on the panel to complete a bill. The 12-to-6 vote electrified pro-immigration groups, who jammed the back of the Judiciary panel's hearing room.

"I'm guessing we'll get 40 Democrats and 20 to 30 Republicans who will vote for comprehensive reform," says Frank Sharry, executive director of the National Immigration Forum, a Washington advocacy group. "The idea is to get the best possible product out of the Senate, either as a prelude to a conference that goes the Senate's way - or a train wreck," he adds.

About six months ago, Mr. Sharry says he asked Brownback why, as a potential presidential candidate, he would be willing to risk alienating conservative voters, especially in Iowa, an early caucus state. "He told us, 'It's in the Bible.' He has pages of Scripture that refer to welcoming the stranger," he says.

"In all our talking to politicians, I'd never heard that," Sharry adds.

Brownback says he doesn't recall that meeting but stands by the comment. "What makes it tough is that we want to be a nation of laws," he says. "As I talk to people across Iowa, a number of people have questioned me on the immigration system. People aren't anti-immigrant, but they don't want the laws broken."

Senators on both sides of the aisle are watching the massive mobilization of immigrants, legal and illegal, in the streets of major US cities. "There is no question that what happened out in Chicago and Michigan made a big difference," said Sen. Edward Kennedy (D) of Massachusetts, a cosponsor with Sen. John McCain (R) of Arizona of immigration reform that includes a path to legalization for illegals.

Frist had been gearing up for a procedural clash with Democratic leader Harry Reid, who had threatened a filibuster. Now, he must repair rifts in his own caucus. Opposing immigration bills

The Senate Judiciary Committee approved Monday an immigration bill that differs markedly from one passed by the House this past December. Here are key points:

· Judiciary - Illegal immigrants in the US before 2004 may work legally for six years if they pay a $1,000 fine and have no criminal record. They become eligible for permanent residence upon paying another $1,000 fine and any back taxes and learning English.

· House - Makes illegal presence in the US a felony. Requires detention of all non-Mexican illegal immigrants arrested when entering the US and mandatory sentences for those smuggling them in.

· Judiciary - Creates a pilot guest-worker program for some 1.5 million farm workers. New immigrants may obtain temporary work visas. Both groups can earn permanent residence.

· House - Does not include a guest-worker program. Requires all employers to use a database to verify Social Security numbers of employees within six years or face civil or criminal penalties.

· Judiciary - More than doubles the number of Border Patrol agents by 2011. Authorizes a "virtual wall" of unmanned vehicles, cameras, and sensors to monitor the US-Mexico border.

· House - Requires building two-layer fences along 700 miles of the 2,000-mile border between Mexico and the US.

Source: The Associated Press

Immigration Splits Republican Lawmakers (WSJ)

By June Kronholz And David Rogers

The Wall Street Journal, March 29, 2006

WASHINGTON -- With Congress embarked on a debate about immigration, and tens of thousands of protestors taking to the streets, the issue is exposing significant divisions among lawmakers.

The debate is gathering steam at a time when the country seems uncertain whether immigration is a net plus or minus for the nation. Those who worry most about security along borders find themselves aligned against foes -- including many in the business community -- who argue that the flow of workers is producing not only a vibrant economy but also a more vibrant nation.

Even in states with a deep interest in immigration matters -- Arizona, for example -- the divides are driving congressional colleagues from the same party into opposing corners. Those divides will become more apparent when Senate Majority Leader Bill Frist of Tennessee opens Senate floor debate today on immigration overhaul. Because of differences with the House over the treatment of future guest workers and the millions of undocumented immigrants already here, final enactment may be impossible this election year -- even if a package gets past the Senate.

Under an agreement reached yesterday, Mr. Frist will call up his own border-security bill first. But after a day's debate, the much broader measure reported from the Senate Judiciary Committee Monday will be offered as a substitute. The bill passed by a 12-6 vote, with the majority of Republicans on the panel opposing it.

Like Mr. Frist's proposal, the Judiciary bill would boost enforcement, but it goes further by establishing a regulatory framework for guest workers and inviting undocumented immigrants to come forward and try to legalize their position without having to first return home. This will surely meet resistance from the House, and despite strong ties to business interests supporting the Senate bill, House Majority Leader John Boehner of Ohio was hesitant to go as far as the language in the Judiciary bill.

"We are going to have to find a way to do what the American people expect of us, and that is pass a strong border-security bill," Mr. Boehner said. Asked if the public expects a guest-worker program as well, he said, "I don't know."

Democrats have their own divisions over immigration policy, but the splits among Republicans are more significant because they control the Congress and the White House. Some Republicans fear that to make short-term gains with conservatives in November, the party may damage itself permanently with the growing Hispanic vote. And the Senate jockeying between Sen. Frist and Sen. John McCain (R., Ariz.), who supports a more comprehensive approach to immigration overhaul, could be a prelude to the 2008 presidential campaign.

In the past week, President Bush has cautioned Congress against passing a bill that only toughens enforcement. After meeting with the president yesterday, Mr. McCain said, "His body language was good for me."

House Republicans are skittish and divided. The Arizona congressional delegation mirrors this rift. Thanks to its long, largely unfenced border with Mexico, the state is home to an estimated 500,000 illegal immigrants out of a population of six million.

For example, Jeff Flake, a conservative Republican congressman from Mesa, has allied with Mr. McCain and supports legislation close to the Judiciary bill. J.D. Hayworth, from Scottsdale, is another conservative Republican representative -- and one with opposing views. He has written a book that proposes building a fence along the U.S.-Mexico border, using the armed forces to help patrol the area and denying citizenship to the U.S.-born children of illegal immigrants.

Arizona's senators -- Jon Kyl and Mr. McCain -- both want to help the estimated 11 million illegal immigrants already here to stay in the U.S. legally, but they disagree over how. The Kyl approach wants illegal immigrants to go home before returning as guest workers, and doesn't offer them citizenship.

In the House, Republican John Shadegg, who represents Phoenix, favors a guest-worker program, but helped broker the House immigration bill that didn't include one. Jim Kolbe, also a Republican, wants employers to have access to thousands more legal immigrants.

With the Republicans at odds, the delegation's two Democrats find themselves largely bypassed in the debate, even though both are Hispanic.

Mr. Flake represents the pro-business wing of the Republican Party, which argues that the booming construction and service industries need perhaps a half-million new immigrants yearly to offset a shrinking supply of American workers.

From his youth on a ranch in the 1970s, the congressman recalls that Mexicans working on farms and ranches in the border state routinely were hired for a couple of years, traveled home often and left for good after earning some money. His bill -- co-sponsored by Mr. Kolbe and close to the Judiciary bill -- proposes a guest-worker plan that would restore that pattern.

Because immigrants could travel home, they would be disinclined to settle in the U.S., easing the budget pressures and cultural tensions that fuel anti-immigrant sentiments now, Mr. Flake argues. That is a prediction the bill's critics dispute, however.

Mr. Hayworth represents the security-first wing of the party, which argues that the porous border is an invitation to another terrorist attack and a giveaway to employers who benefit from the low wages that unchecked immigration allows them to pay.

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Mr. Hayworth argues that lax enforcement of immigration laws has created a vast illegal underground where terrorists hide and immigrants willing to work for low pay are depressing wages. That cheap labor, he says, enables employers to shift health and welfare costs to taxpayers. Without it, he says, employers either would pay higher wages or mechanize more jobs, a view endorsed by policy groups and economists who favor restricting immigration.

Business is a player: the U.S. Chamber of Commerce opposed the House enforcement provisions because of the adverse effect on employers. By contrast the business-sponsored National Immigration Forum described the bipartisan vote in the Senate panel as "a big day for immigrants, a bigger day for America."

AFL-CIO President John Sweeney yesterday joined in praising the Senate committee's broader approach. But he and others in organized labor warned their own Democratic allies that they are skeptical of the reliance on guest-employee regimens, which "cast workers into a perennial second-class status and unfairly put their fates into their employers' hands," Mr. Sweeney said.

How The GOP Can Survive The Immigration Debate (HILL)

By Dick Morris

The Hill, March 29, 2006

The immigration bill pending in Congress poses as crucial a test for GOP efforts to reach out to Hispanic voters as the 1964 Civil Rights Act did in determining the future partisan preferences of America's African-Americans.

In 1964, the Republican Party, led by Barry Goldwater, was painted as sacrificing the interests of civil rights to its goal of attracting Southern support, although Republicans backed the bill in far greater numbers than Democrats did. But when Goldwater ran for president rejecting civil rights legislation, it doomed GOP chances among black voters for at least the next 40 years.

Will the Republican need to appease its anti-immigration base similarly vitiate President Bush's efforts to appeal to Hispanic voters?

Hispanics, let's remember, were the swing voter group in 2004. Having voted for Al Gore by 30 points in 2000, they sufficiently trusted Bush to back Sen. John Kerry by only an eight-point margin. If the Republican Party now turns its back on these newly swing Latino voters, it may permanently lose its ability to win America's fastest-growing voter group, perhaps dooming the party altogether.

But the demands of the GOP base must also be accommodated. Here's how:

One must separately consider the three key elements of immigration reform under discussion: The border fence, the guest-worker program and the criminalization of illegal aliens and those who employ them.

The GOP base wants a fence. It is vital to the entire concept of whether or not we can control our borders. All efforts to beef up manpower on the border have failed to stem the daily flow of illegal immigrants from Mexico. A fence is the only way to do it. By backing a fence and demonstrably taking control of our southern border, the Republican Party will appease the demands of its base.

But to prevent disaster among Latino voters, it must accompany the fence with a more liberal policy on guest workers and criminalization.

Simply put, the fence must have a gate that swings open for immigrants we want and need. To avoid permanently antagonizing our southern neighbors and to keep the labor supply on which so much of American business and prosperity depend, we need a guest-worker program.

The GOP base, happy with the fence, will probably go along with it. Whatever the Congress needs to do to differentiate the guest-worker program from amnesty it should do, but it must pass a generous guest-worker program. (If it is necessary for those here illegally to return to Mexico and reenter as registered and enrolled guest workers, to convince the right that a guest-worker program is not amnesty, so be it).

With a 4.7 percent unemployment rate, we will be slitting our own throats by denying our economy access to Mexican workers. We just need to make them legal, not illegal. With a border fence to enforce the difference, a guest-worker program will work politically.

And it is also important for the Republicans to avoid symbolic acts like making it a felony to be here illegally or to employ someone who is. The same practical deterrence is quite possible through the fence, and merely upgrading the jail time from a misdemeanor to a felony won't make much practical difference.

Judges, in any event, are not about to crowd our jails with millions of felony illegal entrants. Deportation is and will be the answer to those we catch — and deportation has new meaning with a fence in place.

Yes to the fence, yes to guest workers and no to greater criminalization are the keys to giving the Republican Party access to Latino votes in the future while coping with an issue that roils tens of millions of Americans.

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Morris, a former political adviser to Sen. Trent Lott (R-Miss.) and President Bill Clinton, is the author of Condi vs. Hillary: The Next Great Presidential Race.

The GOP Walks A Border Tightrope (WP)

By Ruth Marcus

The Washington Post, March 29, 2006

Karl Rove must be seeing Pete Wilson in his nightmares.

President Bush's architect has been laboring to build up the GOP among Hispanic voters, and he's been succeeding: Bush won more than 40 percent of the Hispanic vote in 2004, double the level attained by Bob Dole eight years earlier. Some of that is attributable to Hispanic voters' particular affinity for Bush, a former border state governor. But the change has been marked enough to make some smart Democrats fear they're at risk of losing their hold on a large and fast-growing slice of voters.

Now, though, with thousands demonstrating against a House-passed immigration bill that is all crackdown and no mercy, Rove's project is imperiled. The GOP -- riven between an enforcement-only approach and Bush's kinder, gentler immigration reform -- is risking a national repeat of Wilson's experience as governor of California over a decade ago.

Wilson pushed for Proposition 187, the 1994 initiative to deny state services to illegal immigrants, and won -- with disastrous results for the California GOP. Hispanic turnout in the next election surged, and the GOP's share of the Hispanic vote fell, from 31 percent between 1988 and 1994 to 23 percent from 1996 through 2000.

The current immigration debate, said Leslie Sanchez, who advises Republicans on Hispanic issues, "is Prop. 187 on steroids. It's real easy for a lot of my fellow Republican pollsters to say, 'This is red meat for conservatives, let's go out and pound this issue.' The deeper ramifications are that it turns off women and other ethnic minorities and turns on Hispanics, who are now mobilized against us."

Former Republican National Committee chairman Ed Gillespie invokes as well the more recent experience of Virginia gubernatorial candidate Jerry Kilgore, who ran anti-immigration ads and lost. "Anti-immigration rhetoric is a political siren's song, and Republicans must resist its lure . . . or our majority will crash on its shoals," he told the Federalist Society last week.

The difficulty for Republicans, though, is that their short-term political interests -- winning in November -- are arguably at odds with their long-term viability as a majority party. Their base is demoralized about the party's performance and riled up about immigration. Pushing for tough restrictions and resisting anything that has the whiff of leniency toward those who entered the country illegally may be the best way for Republicans to get their voters to the polls in November. And the recent protests, as unnerving as they are for Rove's dream of a GOP-inclined Hispanic electorate, also have the perverse effect of further enraging those already inflamed about immigration.

"White suburban voters who voted for George Bush are disaffected now," says Republican pollster Tony Fabrizio. "Would I rather be talking about immigration reform with these voters or the war? Immigration reform or gasoline prices? Sometimes, in order to avoid or avert the tidal wave, you have to do things that short-term make a little more sense than they do in the long term."

Public polls bear out Fabrizio's assessment. A recent NBC-Wall Street Journal poll, for example, found that 71 percent of voters said they would be more likely to favor a candidate who supports tighter controls on immigration; just 11 percent said that would tilt them to oppose. The percentage of voters who said the government was not doing enough to secure the nation's borders has gone from 54 percent in November 2001 to 78 percent, according to a Fox News poll.

And voters, especially Republicans, are hostile to proposals to ease the legal path for those in the country illegally. A February poll by the Quinnipiac University Polling Institute showed 62 percent (71 percent of Republicans and 55 percent of Democrats) opposed to making it easier for illegal immigrants to become citizens. A narrower majority, 54 percent (59 percent of Republicans, 52 percent of Democrats) opposed making it easier for illegal immigrants to work here. Some strategists argue that voters would support stepped-up enforcement plus reform, but that may contain more than a dollop of wishful thinking: Fueled by the kerosene of talk radio and cable news, this is not exactly a nuanced debate.

But if Republicans are about to hand Democrats a gift on immigration, Democrats have been treating the issue more like a hot potato. Spooked that immigration may become a GOP base-energizing issue, much like gay marriage in 2004, they are torn between trying to protect themselves against charges that they are soft on the issue and trying to seize the opportunity to attract Hispanic voters.

An illustration of that ambivalence came with the House vote in December in which 36 Democrats, including all the vulnerable incumbents, voted for the House bill. Much as with Democrats' self-imposed silence on the Bush tax cuts during the 2002 campaign, it's a bit hard to capitalize on an anti-immigration vote backed by some of your own troops.

And indeed, Democrats aren't doing much in the way of capitalizing. A New American Media poll of legal immigrants, released yesterday, found that while only 22 percent said the Republican Party was doing a good job on immigration, the

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approval rating for the Democrats wasn't all that impressive either: 38 percent. "There's anger out there" among immigrants, says Democratic pollster Sergio Bendixen, who conducted the survey. "But there's also a feeling that the Democrats are not much better."

Mexican Illegals Vs. American Voters (WT)

By Tony Blankley

The Washington Times, March 29, 2006

It is lucky America has more than two centuries of mostly calm experience with self-government. We are going to need to fall back on that invaluable patrimony if the immigration debate continues as it has started this season. The Senate is attempting to legislate into the teeth of the will of the American public. The Senate Judiciary Committeemen — and probably a majority of the Senate — are convinced that they know that the American people don't know what is best for them.

National polling data could not be more emphatic — and has been so for decades. Gallup Poll (March 27) finds 80 percent of the public wants the federal government to get tougher on illegal immigration. A Quinnipiac University Poll (March 3) finds 62 percent oppose making it easier for illegals to become citizens (72 percent in that poll don't even want illegals to be permitted to have driver's licenses). Time Magazine's recent poll (Jan. 24-26) found 75 percent favor "major penalties" on employers of illegals, 70 percent believe illegals increase the likelihood of terrorism and 57 percent would use military force at the Mexican-American border.

An NBC/Wall Street Journal poll (March 10-13) found 59 percent opposing a guest-worker proposal, and 71 percent would more likely vote for a congressional candidate who would tighten immigration controls.

An IQ Research poll (March 10) found 92 percent saying that securing the U.S. border should be a top priority of the White House and Congress.

Yet, according to a National Journal survey of Congress, 73 percent of Republican and 77 percent of Democratic congressmen and senators say they would support guest-worker legislation.

I commend to all those presumptuous senators and congressmen the sardonic and wise words of Edmund Burke in his 1792 letter to Sir Hercules Langrishe: "No man will assert seriously, that when people are of a turbulent spirit, the best way to keep them in order is to furnish them with something substantial to complain of." The senators should remember that they are American senators, not Roman proconsuls. Nor is the chairman of the Judiciary Committee some latter-day Praetor Maximus.

But if they would be dictators, it would be nice if they could at least be wise (until such time as the people can electorally forcefully project with a violent pedal thrust their regrettable backsides out of town). It was gut-wrenching (which in my case is a substantial event) to watch the senators prattle on in their idle ignorance concerning the manifold economic benefits that will accrue to the body politic if we can just cram a few million more uneducated illegals into the country. (I guess ignorance loves company.) Beyond the Senate last week, in a remarkable example of intellectual integrity (in the face of the editorial positions of their newspapers) the chief economic columnists for the New York Times and The Washington Post — Paul Krugman and Robert Samuelson, respectively — laid out the sad facts regarding the economics of the matter. Senators, congressmen and Mr. President, please take note.

Regarding the Senate's and the president's guest-worker proposals, The Post's Robert Samuelson writes: "Gosh, they're all bad ideas ... We'd be importing poverty. This isn't because these immigrants aren't hardworking, many are. Nor is it because they don't assimilate, many do. But they generally don't go home, assimilation is slow and the ranks of the poor are constantly replenished ... [It] is a conscious policy of creating poverty in the United States while relieving it in Mexico ... The most lunatic notion is that admitting more poor Latino workers would ease the labor market strains of retiring baby boomers ? Far from softening the social problems of an aging society, more poor immigrants might aggravate them by pitting older retirees against younger Hispanics for limited government benefits ... [Moreover], [i]t's a myth that the U.S. economy 'needs' more poor immigrants.

"The illegal immigrants already here represent only about 4.9 percent of the labor force." (For all Mr. Samuelson's supporting statistics, see his Washington Post column of March 22, from which this is taken.) Likewise, a few days later, the very liberal and often partisan Paul Krugman of the New York Times courageously wrote : "Unfortunately, low-skill immigrants don't pay enough taxes to cover the cost of the [government] benefits they receive ? As the Swiss writer Max Frisch wrote about his own country's experience with immigration, 'We wanted a labor force, but human beings came.' " Mr. Krugman also observed — citing a leading Harvard study — "that U.S. high school dropouts would earn as much as 8 percent more if it weren't for Mexican immigration. That's why it's intellectually dishonest to say, as President Bush does, that immigrants 'do jobs that Americans will not do.' The willingness of Americans to do a job depends on how much that job pays — and the reason some jobs pay too little to attract native-born Americans is competition from poorly paid immigrants." Thusly do the two leading economic writers for the

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nation's two leading liberal newspapers summarily debunk the economic underpinning of the president's and the Senate's immigration proposals.

Under such circumstances, advocates of guest-worker/amnesty bills will find it frustratingly hard to defend their arrogant plans by their preferred tactic of slandering those who disagree with them as racist, nativist and xenophobic.

When the slandered ones include not only The Washington Post and the New York Times, but about 70 percent of the public, it is not only bad manners, but bad politics.

The public demand to protect our borders will triumph sooner or later. And, the more brazen the opposing politicians, the sooner will come the triumph.

So legislate on, you proud and foolish senators — and hasten your political demise.

It Isn't Amnesty (NYT)

The New York Times, March 29, 2006

Here's one way to kill a cow: take it into the woods in hunting season, paint the word "deer" on it and stand back.

Something like that is happening in the immigration debate in Washington. Attackers of a smart, tough Senate bill have smeared it with the most mealy-mouthed word in the immigration glossary — amnesty — in hopes of rendering it politically toxic. They claim that the bill would bestow an official federal blessing of forgiveness on an estimated 12 million people who are living here illegally, rewarding their brazen crimes and encouraging more of the same.

That isn't true. The bill, approved by the Senate Judiciary Committee in a 12-to-6 vote on Monday, is one the country should be proud of. Four Republicans, including the committee's chairman, Arlen Specter, joined eight Democrats in endorsing a balanced approach to immigration reform. The bill does not ignore security and border enforcement. It would nearly double the number of Border Patrol agents, add resources for detaining illegal immigrants and deporting them more quickly, and expand state and local enforcement of immigration laws. It would create a system to verify workers' identities and impose tougher punishments on employers who defied it.

But unlike the bill's counterpart in the House, which makes a virtue out of being tough but not smart, the Specter bill would also take on the hard job of trying to sort out the immigrants who want to stay and follow the rules from those who don't. It would force them not into buses or jails but into line, where they could become lawful residents and — if they showed they deserved it — citizens. Instead of living off the books, they'd come into the system.

The path to citizenship laid out by the Specter bill wouldn't be easy. It would take 11 years, a clean record, a steady job, payment of a $2,000 fine and back taxes, and knowledge of English and civics. That's not "amnesty," with its suggestion of getting something for nothing. But the false label has muddied the issue, playing to people's fear and indignation, and stoking the opportunism of Bill Frist, the Senate majority leader. Mr. Frist has his enforcement-heavy bill in the wings, threatening to make a disgraceful end run around the committee's work.

The alternatives to the Specter bill are senseless. The enforcement-only approach — building a 700-mile wall and engaging in a campaign of mass deportation and harassment to rip 12 million people from the national fabric — would be an impossible waste of time and resources. It would destroy families and weaken the economy. An alternative favored by many businesses — creating a temporary-worker underclass that would do our dirtiest jobs and then have to go home, with no new path to citizenship — is a recipe for indentured servitude.

It is a weak country that feels it cannot secure its borders and impose law and order on an unauthorized population at the same time. And it is a foolish, insecure country that does not seek to channel the energy of an industrious, self-motivated population to its own ends, but tries instead to wall out "those people."

It's time for President Bush, who talks a good game on immigration, to use every means to clarify the issue and to lead this country out of the "amnesty" semantic trap. He dislikes amnesty. Mr. Frist dislikes amnesty. We dislike amnesty, too.

The Specter bill isn't amnesty. It's a victory for thoughtfulness and reason.

Poll Shows Growing Fear Among Immigrants (AP)

By Peter Prengaman

The AP, March 28, 2006

A majority of people who described themselves as legal immigrants for a poll released Tuesday said they believe anti-immigration sentiment is growing and are alarmed by the tone of the debate over reform.

Just under one-third of them said Congress and President Bush are doing a good job on the issue.

The findings come as the U.S. Senate considers immigration reform proposals, including legislation approved by the Senate Judiciary Committee on Monday that would clear the way for 11 million illegal aliens to seek U.S. citizenship.

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Lawmakers are also considering legislation that would make it a felony to be in the U.S. illegally, impose new penalties on employers who hire illegals and build more fences along the U.S.-Mexican border.

The poll was conducted by the firm Bendixen & Associates between Feb. 24 and March 21. Researchers said they interviewed 800 people who described themselves as legal immigrants in 47 states and who were reached by random digit dialing in communities with large numbers of immigrants. The said the margin of error was plus or minus 3.4 percentage points.

When told about reform proposals in Congress, 68 percent of poll respondents said they supported temporary work permits for illegal immigrants and a way for them to apply for residency after learning English and paying a fine.

That seems to conflict with arguments by some lawmakers who argue that a legalization program would be unfair to legal residents who played by the rules.

"Nobody comes here to get on welfare," said Perias Pillay, 43, who was 18 when he immigrated legally from Malaysia. He joined a massive immigration rally in Los Angeles. "They come here to work, and as long as we need workers we should let them come."

The immigration debate has sparked rallies around the nation by immigrant rights supporters, including the weekend rally in Los Angeles that drew an estimated 500,000 people. On Tuesday, hundreds of students in California and Texas staged a second day of school walkouts in protest.

The poll was commissioned by New America Media, a nonprofit San Francisco-based umbrella organization for more than 700 ethnic media outlets. Co-sponsors included the Center for American Progress, a liberal-leaning research group, and the Leadership Conference on Civil Rights Education Fund, an umbrella civil rights organization.

More than 60 percent of those interviewed said they were alarmed by the tone of the immigration reform debate. Sixty-seven percent said they believed anti-immigration sentiment was growing.

Asked about lawmakers' handling of immigration issues, 32 percent of those surveyed said Congress and President Bush were doing a good job. Democrats received the highest approval with 38 percent; Republicans garnered 22 percent.

On jobs, 81 percent of those surveyed said illegal immigrants accept low-end jobs that Americans don't want, and 73 percent said illegal immigrants aided the economy by supplying low-cost labor.

Delia Adene, 48, who immigrated legally from Mexico and joined the Los Angeles rally, said she was worried about the rhetoric.

"I feel like people see us as criminals now because we want to help our families," Adene said. "We do need more control of the border, but politicians need to talk about this with human justice in mind."

Immigration Debate Triggers More Protests (USAT)

By Kathy Kiely And Tom Vanden Brook

USA Today, March 29, 2006

Thousands of students took to the streets in Los Angeles, Phoenix, Dallas and other cities Tuesday to protest a proposed toughening of immigration policy.

The demonstrations took place as Republican senators in Washington emerged from a meeting saying they will begin debating immigration legislation this week.

Tuesday's demonstrations, smaller than those that clogged streets over the weekend, were mostly peaceful, police said.

·In Los Angeles, 8,800 students walked out of class, said Susan Cox, a school district spokeswoman. They will have to make up the work they missed.

·In Dallas, as many as 3,000 students protested, many of them gathering at City Hall, said Lt. Rick Watson, a spokesman for the police department. Some of the students entered the building, but Watson said there were no incidents or arrests.

·In Phoenix, about 1,200 students gathered at the state Capitol, said Alan Ecker, a spokesman for the Arizona department of administration. The crowd dispersed without incident, he said.

“I'm here for my parents,” Juliana Rojo, 14, told the Associated Press. She said her parents are illegal immigrants. “They work hard. I just want them to be treated fairly.”

The Senate bill would allow the estimated 11 million illegal immigrants now in the USA to become citizens eventually. They would have to prove they have jobs, pass a criminal background check, learn English, and pay fines and back taxes.

Sen. Jon Kyl, R-Ariz., said he cannot support the bill approved Monday by the Senate Judiciary Committee because it offers a chance at citizenship to workers who are needed only temporarily.

Sen. Mel Martinez, R-Fla., a refugee from Cuba, said he made an emotional appeal for his colleagues to resist pressure to follow the lead of the House, which passed a bill that increases penalties and enforcement against illegal immigration and does not adjust the status of migrant workers, legal or illegal.

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"I think we should have the courage to stand up for an issue, even if it isn't what those who scream the loudest want us to do," Martinez said.

House Majority Leader John Boehner, R-Ohio, said the House bill emphasizes that U.S. borders must be brought under control.

"The House has passed a responsible border-security bill. … I think the American people expect us to strengthen our borders," he said.

A Catholic leader who has been a harsh critic of the House border-security measure praised the Senate Judiciary Committee's approach. Cardinal Roger Mahony, spiritual leader of 5 million Catholics in Los Angeles, said he is "very pleased" with the committee's bill.

"The church is going to continue our educational efforts," Mahony said.

Like a number of the Judiciary Committee bill's supporters, Mahony argued that it offers a more workable approach to a difficult problem. "How are you going to pick up and arrest 8 (million) to 11 million people?" he asked. "It's not realistic."

Schools Focus On Walkouts As A Teachable Moment (LAT)

By Joel Rubin And Erika Hayasaki

The Los Angeles Times, March 29, 2006

He was supposed to be talking about supply and demand. But like teachers all over Southern California, Mike Stryer shelved the regular lesson plan for his economics class at Fairfax High on Tuesday. In its place, he took up the hot topics of the week: immigration and the previous day's walkouts by students protesting proposed changes in federal law.

"I don't know why we're always talking about immigrants as if they're all bad or good," 17-year-old Chris Potter said after a classmate suggested that there should be no distinction between illegal and legal immigrants. "The whole issue here is about 12 million illegal immigrants."

Stryer worked hard to keep the discussion from getting personal — a struggle in a class that was roughly half Latino and half African American. Several of the Latino students indicated they had relatives who are living illegally in the country.

When an African American student said that undocumented workers were taking jobs from citizens, the conversation turned pointed.

"Do you work? Do you have a job?" demanded 18-year-old Lesly Quinta. "You don't know what it means to work a $4-an-hour job to support your family."

Educators call this "the teachable moment," that serendipitous instant when a student's interest in a topic can be parlayed into meaningful learning. Such moments were popping like toast Tuesday.

"It's fantastic to be able to take an issue that is both current and important to my students and discuss themes related to the topic," Stryer said. "The kids care. They see a relevance."

Fairfax and all other Los Angeles Unified School District high school and middle school campuses had begun the day on lockdown, with students kept in their classrooms to prevent a repeat of the mass walkouts of the day before.

By midmorning Tuesday, however, the lockdown had been lifted and Stryer started his class by having students read newspaper accounts of the contrasting Senate and House versions of the proposed immigration bill and of the protests.

A brief discussion about the differences between the House and Senate bills led to a refresher on how bills become law. The class turned into a spirited debate over the rights that should be afforded illegal immigrants. When the closing bell rang, students were still clamoring to talk.

"It's so much better than a regular class," said Diane Morales, 17. "Instead of talking about something that happened 300 years ago, you get to discuss something that is happening right now. Something you're living through."

At Kennedy High School in Granada Hills, Principal Christine Clark presided over a lunch forum on immigration, passing a microphone down a line of more than 50 students waiting in the aisles of the auditorium, each squirming to talk. They spoke to an audience of nearly 300 others, some waving Mexican flags, some periodically booing.

Grabbing the mike, walkout organizer Carlos Mendoza, 16, told the crowd that he immigrated illegally from Guatemala with his parents seven years ago for a better future, education and rights.

"I'm very proud of you," he said, speaking to some of the 900 students he had led through the streets Monday.

Luis Gavilanes, 16, a Mexican immigrant, stood up, wearing a Che Guevara T-shirt. Why, he asked, are illegal immigrants treated like criminals? "Why should you compare something like wanting a better life to murder or robbery?" Students cheered in support.

The cheers turned to a mix of boos and applause when Jamielyn DeJesus, 17, spoke up.

"I'm very disappointed in anyone who walked out yesterday," she said. "I lost a day of my education because of it."

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DeJesus, a Filipina, said she spent Monday discussing immigration in small classroom groups instead of learning other subjects she needs for college. "I do support [your cause], I really do," she said as a few classmates rolled their eyes. "We came here for a better future and a better education, but why leave school?"

A voice shouted from the seats: "Because we want to be heard!"

At Berendo Middle School near downtown Los Angeles, Principal Jeanette Stevens sent packets of hastily assembled instructional materials to all of her teachers Tuesday, and had them build lessons around issues of constitutional rights and how citizens in a democracy should express their grievances.

The teachers then linked the discussion to students' current studies of persuasive writing, and had many express their views by writing letters to elected officials.

"The feedback we got from the teachers was that the kids really appreciated being heard," Stevens said.

At Santa Ana's Saddleback High School, students were kept in their second-period class until fourth period — about two hours — while Santa Ana police stood by. Some students complained that the restrictions were overly severe and that an open forum would have been more effective.

Principal Esther Jones didn't disagree, telling students over a loudspeaker: "You had your demonstration yesterday. It was a bit disorganized. This is a time for reflection and discussion. Not to walk out."

Jones estimated that more than half of her students are illegal immigrants. She said that she didn't oppose the walkout Monday but that she wished the students were better informed about the issue. "Bless their hearts," she said. "I love these kids. I don't want anything to trivialize the impact of what this legislation will do to them and their families."

The discussion in Julie Brard's peer counseling class at Los Angeles' Marshall High began with the immigrant legislation but gradually broadened into other issues: lack of healthcare, education, stereotypes. Of the 27 students in the class, 22 said they had a parent who came from another country.

"Look at the sacrifice [your parents] made," she said. "Are you living up to their sacrifice?"

"Yes," the students answered in chorus.

"Those of you who are failing, doing drugs and alcohol — what are you doing to honor that [sacrifice]?" Brard asked.

"It is a question you need to ask yourself. You need to do more than walk down the street and protest. What else can you do?"

Said one student: "Keep on going. Further your education."

Students Walk Out In 2nd Day Of Immigration Rights Protest (WP)

By Tara Bahrampour And Maria Glod

The Washington Post, March 29, 2006

Chanting, " Sí , se puede ," ("Yes, we can") and carrying "Latino Power" signs, hundreds of Northern Virginia high school students demonstrated for a second day yesterday against legislation that would crack down on illegal immigrants.

In Prince William County, about 350 students protested outside Freedom High School in Woodbridge. In Fairfax County, dozens of students marched out of JE.B. Stuart High School and into Arlington County, where they stopped at two more high schools, adding students at each stop.

Opponents of the legislation have demonstrated across the country, including 500,000 people in Los Angeles on Saturday. The legislation, passed by the House of Representatives, would make it a felony to be in the United States illegally and make it a crime to help illegal immigrants.

The Fairfax march started at Stuart High in the Falls Church area about 9 a.m. "We started getting bigger, so we left the school," said Louie Martinez, 16, a sophomore at Stuart, whose student body is 40 percent Latino. "We were like, 'We'll just keep walking.' We're showing the government we're big."

The group marched to Wakefield High School and then, followed by police cars that blocked traffic, marched several miles up George Mason Drive to Washington-Lee High School.

After police told them they would be arrested if they strayed onto the Washington-Lee campus, the protesters demonstrated at a park across the street.

The school's doors were locked to prevent outsiders from entering, and at noon Principal Gregg Robertson announced that students who left would have unexcused absences. Still, about 40 students left to join the protest, which swelled to around 200 people.

School officials did not try to stop them. "Part of the Washington-Lee mission is to encourage students to take an active role in their community," Robertson said. As with earlier demonstrations, word of the protests was spread by cellphone and the Web site MySpace.com. Some students said they learned about the immigration debate from newspapers or in class. Others said friends convinced them that many of the proposals were unfair.

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Raeshwan Greene, 17, a senior at Wakefield, which is 43.7 percent Latino, said: "Half of my friends came here a few years ago. . . . People have forgotten the meaning of America."

Caitlin Thomson, 17, a junior at Wakefield, said: "These people have worked really hard to get here. There might be economic problems or a dictatorship. People want to be free and have a new life. That's what we learn in history class."

Some had more personal connections to the issue. Ephram Lopez, 16, a sophomore at Stuart, is U.S.-born, but he worries that his mother, a baker, could be sent back to her native Guatemala.

"They are trying to deport her," Lopez said. "It's going to take her away from me and my two little brothers."

Lopez said everyone's quality of life in the Washington area is improved by immigrants. "We work at fast food restaurants. We paint houses. We mow lawns. Most people work without papers."

In Prince William, in addition to students from Freedom High School, many young people waving Mexican and El Salvadoran flags said they were from C.D. Hylton, Gar-Field and Woodbridge high schools, all in the eastern section of the county, where many Latinos live.

The students marched down Route 1 to Todos Supermarket, operated by Carlos Castro, a Salvadoran immigrant.

Arlington County Board member Walter Tejada (D), who joined the demonstration at Washington-Lee, said the students had been "itching to have their voices heard."

"They know that this bill unfairly cuts the legs of the working immigrant community," he said.

Christian Dorn, 16, a Salvadoran and a junior at Potomac High School in Dumfries, said the demonstrations had proved something.

"It got the word out that we're not going to be quiet," she said. "It's similar to what the African Americans did in the 1960s. . . . We shouldn't be treated like criminals."

Students In Virginia Protest Bill On Illegals (WT)

By Keyonna Summers

The Washington Times, March 29, 2006

Schools across Northern Virginia endured a second day of walkouts by hundreds of students protesting federal legislation that would crack down on illegal aliens.

About 400 students holding signs and flags from their home countries demonstrated yesterday in front of Freedom High School in Woodbridge, Va., said Phil Kavitz, a spokesman of Prince William County Public Schools. About 100 students from Woodbridge High School and about 60 from C.D. Hylton High School joined the protest.

About 150 students and community members had protested at Freedom on Monday.

"Kids were holding up their signs and chanting," Mr. Kavitz said. "At 11:30, they ended their demonstration and dispersed very peacefully."

About 100 students in Fairfax County and several in Arlington also walked out of classes.

Twenty to 30 students walked out of Stuart High School in Falls Church at about 9 a.m., said Fairfax County Public Schools spokesman Paul Regnier. Some returned when ordered by school officials, and those who left were notified that they were in violation of school rules, he said.

School officials said the students reportedly walked to Arlington and picked up what one official said "seemed like millions" of students from Wakefield, Yorktown and Washington-Lee High Schools along the way. Arlington County Police drove alongside the students during their 3½-hour march to ensure their safety along some narrow streets. Police estimated that the number of marchers peaked at 200.

Dozens of Annandale High School students, eighth-graders at Edgar Allan Poe Middle School and some students from Washington-Lee High School also protested on Monday.

"I think it was clear that the purpose is they were protesting against immigration bills before Congress," Mr. Regnier said. "We believe in students' ability to express their views, [but] I think the issue here is of who has responsibility for the welfare of the kids.

"If the parents want to write notes to excuse them, that's one thing," he said. "In this case, the kids are at school, so the schools are responsible. If the kids are not in school, it's the parents."

The local rallies mirrored those in California, Las Vegas, Dallas, Phoenix, Detroit and Yakima, Wash., where thousands of students walked out of classes, ignoring rain and campus lockdowns to protest immigration legislation that they see as an attack on Hispanic rights.

The Senate Judiciary Committee approved legislation late Monday that clears the way for millions of undocumented workers to seek U.S. citizenship without having to leave the country first.

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The committee also voted down proposed criminal penalties on people found to be in the country illegally. It approved a program allowing temporary entry for 1.5 million workers seeking jobs in the agriculture industry.

The next step is the full Senate, where Majority Leader Bill Frist, Tennessee Republican, is negotiating with other senators on how to handle the committee's bill and his own proposal, which focuses more on punishing employers who hire undocumented workers.

Yesterday morning, 2,610 students had left 23 schools in the Los Angeles Unified School District. Students carrying flags marched through the streets and along freeway ramps. In the 728,000-student school district, about 26,000 students walked out on Monday, at a cost of more than $500,000 in state attendance funds.

Fox Urges U.S., Canada To Accept Guest Workers (WT)

By Stephen Dinan

The Washington Times, March 29, 2006

Mexican President Vicente Fox is calling on Canada to accept more low-skilled Mexican workers in its temporary work force, making his push for guest workers a continentwide affair.

"We should move out from agriculture to other services and other kinds of jobs, and we are working on this with the Canadian government," Mr. Fox said in yesterday's edition of the Toronto Globe and Mail newspaper.

He is asking U.S. officials to legalize the estimated 6 million illegal-alien Mexicans in the United States and wants Congress to create a guest-worker program for low-skilled foreigners.

Immigration promises to be a dominant issue in the run-up to the meeting this week among Mr. Fox, Canadian Prime Minister Stephen Harper and President Bush. White House spokesman Scott McClellan said the leaders will discuss guest-worker programs and cross-border security efforts.

"There are responsibilities on both sides, and we all need to work together to make sure those responsibilities are met," Mr. McClellan said.

The Senate is debating immigration and appears to be headed toward approving some form of a guest-worker program. In December, the House passed an immigration-enforcement bill that does not include guest-worker provisions.

Mexican officials have been critical of the House bill, particularly an amendment that calls for building nearly 700 miles of fence along the border.

The Bush administration supported the House bill, but Mr. Bush told CNN Espanol yesterday that fencing off the border is "impractical." He did say that the U.S. Border Patrol needs more tools.

He also said he has told Mr. Fox that Mexico must work to secure its own southern border, through which hundreds of thousands pass illegally on their way to the United States.

Mr. Bush rejected the Mexican government's claim in U.S. newspaper advertisements to a role in the U.S. debate, saying that although "thoughtful suggestions" are welcome, Congress will write the bill.

The president is trying to keep a lid on simmering tensions over immigration, and has cautioned several times over the past week for a "civil" debate.

But some members of Congress say Mexican officials have crossed that line too often.

"Americans are tired of being told that they are bigots by the likes of President Fox and Foreign Minister [Luis Ernesto] Derbez," Rep. J.D. Hayworth, Arizona Republican, wrote in a letter yesterday to Mr. Bush.

"I respectfully request that you publicly make it clear to both men that their clumsy, over-the-top rhetoric about internal U.S. political matters pertaining to our border security is unwarranted and unacceptable."

Neither a spokesman at the Mexican Embassy in Washington nor a Canadian government spokesman could be reached for comment.

In his newspaper interview, Mr. Fox also disputed the size of the illegal Mexican population in the United States, saying it is between 3 million and 4 million, rather than 6.2 million as reported by the Pew Hispanic Center in March 2005.

Anchor-Advocate On Immigration Wins Viewers (NYT)

By Bill Carter And Jacques Steinberg

The New York Times, March 29, 2006

The nation's most prominent opponent of current immigration policy began his day yesterday on the "Today" show on NBC, debating a Hispanic defender of illegal immigrants. He moved on to "American Morning" on CNN to denounce a bill passed by the Senate Judiciary Committee on Monday as "an amnesty program."

By nightfall he was on a plane headed to Mexico, where he intended to assess critically the planned discussions on the issue between President Bush and President Vicente Fox of Mexico.

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This central figure in the increasingly fractious debate over future immigration policy was not a senator or congressman, nor even a lobbyist on either side of the issue. It was instead, a television news anchor, Lou Dobbs of CNN.

In the course of insistently offering his ever more passionate views on immigration all across the television landscape in just one 24-hour period, Mr. Dobbs underscored that what works in cable television news is not an objective analysis of the day's events but hard-nosed, unstinting advocacy of a specific point of view on a sizzling-hot topic.

While its competitors, the Fox News Channel and to a lesser extent, MSNBC, have consistently built successful programs around aggressively opinionated hosts like Bill O'Reilly and Keith Olbermann, CNN has maintained that its mission remains offering straight news coverage, unseasoned with sharp points of view.

Except for Lou Dobbs. On CNN only Mr. Dobbs's 6 p.m. nightly news program comes accompanied with the disclaimer that it will contain "news, debate and opinion." That is not a new development for Mr. Dobbs. He has had that freedom at CNN for years and his advocacy approach on the immigration debate has been widely discussed in recent months.

But in the past several weeks, Mr. Dobbs has ratcheted up his criticism of Bush administration policies, first on the Dubai ports deal and now on immigration, to a point where in the view of many he has become a significant factor in shaping public opinion on these issues.

"He has got a lot of listenership, and he is not a nut," said Senator Trent Lott, Republican of Mississippi. "He is a very thoughtful guy, and he feels very strongly about this issue."

Representative Peter T. King, a New York Republican and a leading opponent of the Dubai port deal, appeared repeatedly on the Dobbs show during that controversy and said he believed lawmakers were watching closely.

"He definitely influenced politicians who were watching him and listening to him," Mr. King said. "I think he had an impact."

Mr. King said that Mr. Dobbs was better able than other network reporters to "grab the issue, be able to keep it going and stay excited about it every night."

The management of CNN denied yesterday that Mr. Dobbs's soaring profile on the immigration issue — and the increased ratings he has garnered along with it — would steer the network toward adding more opinions on other news programs.

"Lou's show is not a harbinger of things to come at CNN," said Jonathan Klein, the president of CNN/U.S. "He is sui generis, one of a kind."

But CNN was hardly holding back yesterday on giving Mr. Dobbs opportunities to unleash opinions on the immigration debate, views that seem to have only grown more vociferous in reaction both to last weekend's mass marches in Los Angeles and other cities in support of illegal immigrants and the action Monday by the Senate committee.

On the CNN morning show he called the Senate bill "an unconscionable act" and "a sellout." He appeared again on CNN's midday "Live From..." program, saying, "I think illegal immigrants are a burden to the taxpayer, unequivocally."

Later, the network's "Situation Room" program displayed a clock counting down to the hour when Mr. Dobbs would be arriving in Mexico.

This followed by just a day a confrontation between Mr. Dobbs and a guest on his own program, Janet Murguia, the president of the Hispanic civil rights group National Council of La Raza, during which he lectured her on immigration policy.

"I want you to look me right in the eye, and I want you to hear me loud and clear," Mr. Dobbs said to Ms. Murguia, who replied, "I'm right here."

Yesterday, Ms. Murguia said, "There's no question he's branded a unique format."

Mr. Dobbs, who previously had a long-running and successful financial news-based program on CNN, said he had never held back on offering his opinions.

"I've been doing this three decades," he said. "I know whereof I speak on the political economy. I don't come to a conclusion out of thin air because of some partisan or ideological viewpoint, but rather with an analysis of the facts."

He said he did not believe that traditional objective journalism brought people closer to the truth. Asked if he himself knew what the truth was, Mr. Dobbs said: "I have strong feelings that I do. I have strong evidence I do."

CNN certainly has reason to celebrate Mr. Dobbs's expanding profile on the immigration issue. His program, which was up 24 percent in total viewers over the same period last year, is the only good news story in CNN's evening and prime-time lineup, which was otherwise down across the board in ratings for the past quarter.

Notably, for the first quarter of the year, Mr. Olbermann's show on MSNBC beat the 8 p.m. CNN show with Paula Zahn for the first time in the audience that matters most to news programs — viewers ages 25 to 54. But both still trailed far behind Mr. O'Reilly's dominant show at that hour.

Even as Mr. Klein conceded that "there is certainly a correlation between Lou's outspokenness and the ratings he has gotten," he reasserted that CNN would not be turning to opinion-based programs beyond the Dobbs newscast.

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"Cable has always been, certainly for the past 10 years, a hospitable home to outspoken, over-the-top figures," Mr. Klein said. "It cuts through the clutter." But, he added, "What is suitable for Lou is not necessarily suitable for many other, if any other, talent on the network. It is not a signal for some sea change at CNN."

Safety Stings At Work Sites Will End, Officials Say (NYT)

By Steven Greenhouse

The New York Times, March 29, 2006

Federal officials told immigrant advocates in a letter made public yesterday that government immigration agents would discontinue using undercover sting operations involving health and safety programs to round up illegal immigrants.

Such an operation generated a storm of protest in July when federal agents arrested 48 workers at Seymour Johnson Air Force Base in North Carolina on illegal immigration charges after the agents tricked the workers into attending what was billed as a mandatory training session sponsored by the federal Occupational Safety and Health Administration.

Worker advocates and immigrant groups complained that such activity would discourage immigrant workers from reporting safety violations or seeking help from safety officials at a time when Hispanics were suffering a disproportionately high rate of injuries and fatalities.

On March 17, Marcy M. Forman, director of investigations for the Department of Homeland Security's immigration and customs enforcement division, known as I.C.E., sent a letter to the United Food and Commercial Workers union, which had protested the ruse, to say federal officials were discontinuing the practice.

"This is exactly the action that I.C.E. should have taken," said Jackie Nowell, director of occupational safety for the food and commercial workers union. "Using health and safety as a ruse to catch workers is definitely the wrong way to go when immigrant workers are being killed and injured in far greater numbers than other workers."

TAX:

KPMG Settles Targus Audit Case (WSJ)

By David Reilly

The Wall Street Journal, March 29, 2006

KPMG LLP agreed to pay a former audit client $22.5 million as part of a legal settlement that also calls for a California judge to set aside a sanctions order imposed on the accounting giant last July, according to a person familiar with the matter and documents related to the case.

The settlement terms will allow KPMG to clear the legal record of a disciplinary action that could potentially be used against it by other parties who might sue the firm in the future. Orange County Superior Court Judge Geoffrey T. Glass sanctioned KPMG last summer for obstruction during pretrial proceedings.

The order emanated from proceedings related to a lawsuit brought against KPMG by former client Targus Group International Inc. The California-based computer-case maker sued the firm for malpractice, alleging KPMG's audit failed to spot alleged embezzlement by a former executive that cost the company as much as $50 million.

In settling the case, KPMG had proposed that Targus agree not to oppose a request for Judge Glass to vacate the sanctions order, according to a draft settlement proposal reviewed by The Wall Street Journal. The accounting firm also wanted records related to the case, as well as the sanctions order and its own appeal of that order, sealed, while precluding executives at Targus, or their attorneys, from speaking about or referring to the matter, according to the draft settlement proposal.

In a statement released yesterday, KPMG said: "The parties have reached a settlement. We cannot discuss the terms, which are confidential. We have settled the case to avoid more costly litigation." An attorney for Targus didn't return a call seeking comment. The company's general counsel, Michael Ward, was traveling outside the country and was unavailable for comment.

KPMG's efforts to clear the legal record in regard to the Targus case are an example of how big accounting firms are pursuing every means possible to limit their litigation liability and curtail the ability of clients to bring cases against them.

Home Sellers Face Unexpected Tax Hit (WSJ)

The Wall Street Journal, March 29, 2006

A growing number of homeowners, riding the crest of the real-estate boom, are getting hit by an unpleasant surprise when they sell: a hefty tax bill.

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This development stems from a 1997 law that Treasury Department officials said at the time would eliminate capital-gains taxes for nearly everyone selling their primary residence. Under that law, most married couples who file jointly can exclude as much as $500,000 of their gain. For most singles, the limit is $250,000.

Adding trees and shrubs to your property can help cut your capital-gains bill when you sell.

But as home prices have surged, more people have been selling their home for bigger gains than the exclusion amount -- and thus are facing unexpectedly big tax bills, accountants and other tax professionals say. Besides getting hit by the top 15% rate on capital gains, some also are facing the loss of deductions, exemptions and credits. In some cases, they may even be drawn into the rapidly expanding web of the alternative minimum tax.

Many sellers are startled to hear they owe any tax at all because they didn't realize the 1997 law erased a popular provision that had allowed them to avoid taxes. That provision generally allowed sellers to defer or eliminate capital-gains taxes by rolling over their proceeds within a specified time period into a new home costing as much or more than the old one. The law also deleted another provision that generally offered a once-in-a-lifetime $125,000 exclusion for people age 55 or older.

As a result, many people who thought they wouldn't owe taxes when they sell are now on the hook. Among those most likely to be affected are homeowners who bought many years ago and who live in hot real-estate markets such as California, New York, Hawaii, Florida and Washington, D.C. For example, the median price of an existing single-family home in the San Francisco area last year surged to $715,700 from $266,700 in 1996. The median price in Honolulu rose to $590,000 last year from $335,000 in 1996.

Though the Internal Revenue Service says it doesn't track how many people owe capital-gains taxes on their homes, accountants say more of their clients are paying them because many more high-priced homes are being sold. Last year, there were more than 827,000 single-family homes that sold for $500,000 or more, according to the National Association of Realtors -- up from 641,200 in 2004 and 66,100 in 1996. Though not all these home sellers will have cleared enough to have to pay the tax, many of them will.

These days, "it's not unusual at all" for an owner to have amassed a much bigger gain than the exclusion amount, says Richard Rampell, a certified public accountant in Palm Beach, Fla., and chief executive of Rampell & Rampell. In some cases, sellers don't discover this until after having sold.

One Florida couple, clients of Mr. Rampell, sold their home last year for $1.1 million. Their taxable gain was around $365,000, leaving them with an unexpected additional tax bill of about $60,000, which includes capital-gains taxes and the loss of certain other tax breaks, Mr. Rampell says.

"I rarely saw taxable gains on the sale of a home prior to the 1997 act," says Claudia Hill, an enrolled agent and the owner of Tax Mam Inc., a Cupertino, Calif. tax-services firm. Now, "at least 30% of my retirees are having to pay taxes when they sell the family home." Moreover, she says, many of her clients who have owned their home for lengthy periods are reluctant to sell because of the heavy tax hit they would take.

Under the 1997 law, to qualify for the full exclusion, you need to have owned the home and used it as your primary residence for at least two of the five years before the sale.

Alan E. Weiner, a CPA and tax partner at the firm of Holtz Rubenstein Reminick LLP, in Melville, N.Y., surveyed his firm's clients' tax returns and found these results: In the Manhattan office, 36 taxpayers sold their home in 2004 and 19 paid a tax. In 2001, 21 people sold their home and only six paid a tax.

The capital-gains tax isn't the only problem facing home sellers. A large capital gain can translate into even higher taxes for many people because of two other tax-law provisions, which are often referred to as "stealth taxes." These provisions limit your personal exemptions and certain itemized deductions once your income exceeds certain levels.

Here's how it works: Capital gains are included in your adjusted gross income. Once your adjusted gross income exceeds a certain level, you begin to lose certain itemized deductions and personal exemptions, adding another hit to your tax bill.

What's more, the higher income as a result of selling your house could force you to pay more by subjecting you to the alternative minimum tax. This parallel tax system -- which was originally designed to make sure high-income taxpayers couldn't avoid paying federal income taxes completely -- disallows personal exemptions and certain deductions, such as state and local taxes. Among those most likely to be hit by the tax are people with incomes between $200,000 and $500,000, according to the Tax Policy Center. Like the home-sale exclusion, the AMT wasn't indexed for inflation and is affecting increasing numbers of taxpayers.

For anyone thinking about selling, the rules underscore the importance of keeping good records of home-improvement costs, which typically can be added to your original purchase price -- and thus cut, or even eliminate, your tax bill. Examples of improvements include adding a bedroom or bathroom, putting up a new fence, installing new plumbing or wiring, and putting on a new roof. Even the cost of putting in shrubs and trees may qualify as "improvements" and raise your cost basis, according to

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the Ernst & Young Tax Guide 2006. But the cost of repairs, such as repainting your home or fixing gutters, can't be added to the purchase price of your property, the IRS says. For details, see IRS Publication 523 (www.irs.gov1).

"When the $500,000 exclusion rule came into the law, a lot of people figured they'd never have that much gain, so they stopped keeping records of the improvements they made to the house," says Tom Ochsenschlager, vice president-taxation of the American Institute of Certified Public Accountants. "That could mean they'll wind up paying more tax than they should have."

* * *

An IRS plan to hire private bill collectors runs into another delay.

IRS officials recently announced plans to hire three collection firms in the first phase of a controversial project to help the government recover large amounts of unpaid taxes. But the IRS says two companies that didn't get the contracts have protested, and the IRS has issued a "stop work" order to the three firms.

While the issue is being resolved, the IRS "will continue to prepare for debt-collection work to begin," a spokesman says.

* * *

Here's a chance to talk back to the IRS.

The IRS is looking for "civic-minded" people to serve on its Taxpayer Advocacy Panel and make suggestions about IRS decision-making. Among the panel's tasks are to "identify and prioritize" taxpayer issues and make recommendations to the IRS and Treasury on customer-service issues.

To qualify, you must be a U.S. citizen and "able to commit 300 to 500 hours" during the year. You have to be current with your tax obligations and able to pass a criminal background check.

Facts And Folly (NYT)

By Thomas L. Friedman

The New York Times, March 29, 2006

I was leaving for a trip the other day and scooped up some reading material off my desk for the plane ride. I found myself holding three documents: one was the Bush administration's National Security Strategy for 2006; another was a new study by the Economic Strategy Institute entitled "America's Technology Future at Risk," about how America is falling behind the world in broadband. And the third was "Teaching at Risk," a new report by the Teaching Commission, headed by the former I.B.M. chairman Louis Gerstner Jr., about the urgent need to upgrade the quality and pay of America's K-12 teachers.

The contrast was striking. The Bush strategy paper presupposes that we are a rich country and always will be, and that the only issue is how we choose to exercise our power. But what the teaching and telecom studies tell us is that key pillars of U.S. power are eroding, and unless we start tending to them in a strategic way, we aren't going to be able to project power anywhere.

Because we've long been rich, there is an abiding faith that we always will be, and those who dare question that are labeled "defeatists." I wouldn't call Lou Gerstner a defeatist. He saved I.B.M. by acknowledging its weaknesses and making dramatic changes — beginning with scrapping I.B.M.'s arrogant assumption that because it was such a great company, it could do extraordinary things with average people. Mr. Gerstner understood that an extraordinary company could stay that way only if it had a critical mass of extraordinary people. This is the message of his Teaching Commission: We cannot remain an extraordinary country without a critical mass of extraordinary teachers.

"If teaching remains a second-rate profession, America's economy will be driven by second-rate skills," Mr. Gerstner says. "We can wake up today — or we can have a rude awakening sooner than we think."

The Teaching Commission notes that "our schools are only as good as their teachers," yet this "occupation that makes all others possible is eroding at its foundations." Top students are far less likely to go into teaching today; salaries are stagnant; nearly 50 percent of new teachers leave within five years. To remedy this, the commission calls for raising teachers' base pay, finding ways to reward the best teachers, raising standards for acquiring a teaching degree and testing would-be teachers, on the basis of national standards, to be certain they have mastered the subjects they will teach (theteachingcommission.org).

Meanwhile, the report by the Economic Strategy Institute, a nonpartisan think tank, is equally harrowing. It notes that while the U.S. led the world in broadband Internet access in 2000, it has now fallen to 16th place. In 2000, 40 percent of the world's telecom equipment was produced in America. That share is now 21 percent and falling. The U.S. ranks 42nd for the percentage of people with cellphones.

In an age when connectivity means productivity, when communications infrastructure is at the heart of any innovation ecosystem, these things matter for job creation and growth. The lack of ultra-high-speed networks in the U.S. "makes it impossible for U.S.-based companies to enter key new business sectors" — one reason venture capitalists are moving their R.&D. start-ups to Asia, E.S.I. noted.

"The wealth and long-term economic growth of the United States," it added, "have long depended upon technological advancement as a means of competing with our foreign rivals. ... America's emphasis has always been on achieving such high

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levels of productivity that it could be the low-cost producer while still paying high wages." The study offers a variety of regulatory and investment prescriptions (econstrat.org).

It's not surprising that the Bush strategy paper is largely silent about these educational and technological deficits, as well as about the investment we need to make in alternative fuels to end our oil addiction. Because to acknowledge these deficits is to acknowledge that we have to spend money to fix them, and the radical Bush tax cuts make that impossible. It would be one thing if we were going into debt to solve these problems that affect our underlying national strength. But we are going into debt to buy low-interest houses and more stuff made in China.

We're like a family that is overdrawn at the bank just when the parents need to send their kid to college, buy a computer and a D.S.L. line, and replace a gas-guzzling furnace. Whatever "strategic plan" that family has for advancement, it won't get anywhere until it rebalances its books.

Corzine The Canary (WSJ)

The Wall Street Journal, March 29, 2006

Jon Corzine, New Jersey's new Governor, isn't the first politician not to follow through on a campaign promise. But rarely is such dishonesty later presented as a virtue. The question for voters to contemplate is whether this is also an indication of what to expect if Democrats gain control of Congress in November.

Mr. Corzine won the Trenton statehouse last year by running as a tax cutter who'd raise property tax rebates by 40% over four years. "I'm not considering raising taxes. It's not on my agenda. We have a very high-rate tax structure. I'm not considering it," the then-U.S. Senator had vowed in October.

Well, last week Governor Corzine removed the Steve Forbes mask and submitted a record $30.9 billion budget that increases state spending by 9% and includes $1.5 billion in new levies. He wants to raise the already high state sales tax by 16% and extend it to services; hike taxes on cigarettes, alcohol and expensive cars; and create a new state water tax. And just so Garden State entrepreneurs don't feel left out, his budget would impose a corporate tax surcharge and a commercial property transfer tax. "There are no immediate plans," joked one local paper, "to tax the air we breathe -- not this year, at least."

And what about his pledge to more than double property tax rebates in a state where the average homeowner's tax bill has risen by $1,300 in the past four years? That's on ice for now, and perhaps until he's running for re-election. "I'll be the first to acknowledge that some things have to wait," said Mr. Corzine in his budget address.

His spending plan would give homeowners about 30 bucks extra, which would hardly cover the property tax hikes that have averaged 7% annually of late. New Jersey already has the highest property taxes in the country, and the new Governor wants to extend its lead.

While voters might feel misled by this 180-degree turn, Mr. Corzine is winning praise from fellow Democrats as a "straight shooter" brave enough to make "hard choices." Former Governor Jim Florio said, "I think this is an intellectually honest budget." Senator Robert Menendez, who was appointed to serve the remainder of Mr. Corzine's term, commended the Governor for submitting the "most honest, fiscally responsible budget in years."

These Democrats have an odd definition of truthfulness, but then Mr. Florio himself pushed through huge tax increases in the early 1990s after saying he wouldn't. It cost him re-election, though that was when the New Jersey GOP still had a pulse. Like Mr. Corzine, former Democratic Governor James McGreevey also campaigned on a promise to lower tax burdens. The day after winning office in 2001, he declared, "I am ruling out a tax increase," yet he went on to raise the state's top marginal rate by 41% and make New Jersey's top income tax rate the fifth-highest in the country.

Knowing that track record, New Jersey voters may be getting what they deserve if they were dumb enough to believe Mr. Corzine. But this tax flip-flop seems to take place wherever Democrats take power these days. Former Virginia Governor (and possible Presidential aspirant) Mark Warner also promised not to increase taxes during his campaign in 2001, only to raise them later.

And now Democrats on Capitol Hill are promising they'll also cut taxes if they're elected to run Congress next year. Republicans have certainly given Democrats an opening by their failure to govern. But voters who might otherwise choose Democrats for a change might think twice if they conclude that Mr. Corzine is the canary in the coal mine of real Democratic tax intentions.

CONGRESS-ADMINISTRATION:

More Tweak Than White House Shake-up (PHI)

By Dick Polman

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The Philadelphia Inquirer, March 29, 2006

By one key measure, it is clear that George W. Bush is no Ronald Reagan.

Plagued by an unpopular war and big domestic headaches, and peppered with demands from Republican allies that he pierce his White House bubble and bring in new blood, President Bush responded yesterday by making one move. He replaced chief of staff Andrew Card, a veteran loyalist insider, with budget director Josh Bolten, a veteran loyalist insider.

Now flash back to 1987. Peppered with similar demands following the Iran-contra scandal, President Reagan responded by cleaning house. He installed, as chief of staff, Howard Baker, a former senator popular on Capitol Hill. He brought in a team of new advisers, including Maj. Gen. Colin Powell. He fired or eased out the big scandal players, notably Oliver North and John Poindexter. And he shared national security documents with Congress, waiving all claims of executive privilege.

Reagan's shake-up is prominent in the history books; the more minimal Bush response won't resonate nearly as much. After John Hinderaker, a lawyer and conservative blogger, heard the news, he headed his online remarks with one word: "Yawn." And he wrote: "I doubt that the change will make any difference, except maybe cosmetically."

It's questionable whether restive congressional Republicans will be satisfied by this move to the point where they will be eager to identify themselves as Bush loyalists as they run this year for reelection. They have long felt that this White House is too secretive - yet here is Bolten, as described in a Business Week profile: "[H]is penchant for secrecy befits the son of a career CIA officer."

As commentator Craig Crawford noted yesterday of Bolten, "He is inside the bubble of this White House and lacks the background and friendships on Capitol Hill that GOP leaders were hoping for in a new chief of staff."

Conservatives on the Hill have long complained that the Bush team spends too much money - and they remember Bolten's defense during one crucial episode in the battle over the Medicare drug-prescription plan. The original administration price tag for the plan was $400 billion over 10 years; after passage, it turned out to be roughly $535 billion. Yet Bolten testified last year that the old estimates were "completely consistent" with the new.

There is no outsider element in this personnel shuffle. Card, a longtime Bush family favorite who has served the President since his first stint as a candidate, will be replaced by a guy who has served the President since his first stint as a candidate.

There are other parallels. Card is strongly identified with the Bush agenda; he was a founding member of the White House Iraq Group and helped advance the arguments for war. In September 2002, when asked to explain why Bush was suddenly planning autumn speeches about the threat posed by Saddam Hussein, he replied: "From a marketing point of view, you don't introduce new products in August."

Bolten is similarly tied to the Bush agenda; he was a forceful advocate for Social Security privatization, writing guest columns even as the public - and Republicans on the Hill - were being scared off by the price tag.

As conservative commentator Kate O'Beirne noted yesterday: "There is no new blood in this 'shake up.' It's more like Andy Card put aside a vial of his own in the event the White House needed a transfusion."

Bush's move is less than sweeping for one big reason: In this White House, the chief of staff is not the most important bureaucratic player, job title notwithstanding. The real power is Karl Rove, the political strategist and policy deputy, and many observers say that unless or until he departs, there can be no substantive changes.

Bruce Buchanan, a veteran Bush-watcher at the University of Texas, said yesterday: "Rove's leaving would signal a major sea change, but there's no solid evidence that he expects to be shown the door, or brought on the carpet by the special prosecutor," a reference to Patrick Fitzgerald's ongoing probe of Rove's possible role in the outing of a CIA employee who is married to a Bush critic.

But, Rove aside, a serious reshuffling would arguably involve some key Iraq war planners. Even Fred Barnes, a conservative commentator and Bush defender, wrote last week that Bush should set aside his "admirable but unrealistic" loyalty code and replace Defense Secretary Donald H. Rumsfeld. Barnes also called for Vice President Cheney to quit.

We are more likely to see continuity; indeed, we have seen it already. When Cheney's top aide, Lewis "Scooter" Libby, quit last autumn after his indictment in the CIA outing scandal, he was merely replaced by his deputy, David Addington, an outspoken advocate of wartime presidential power who is known in some circles as "Cheney's Cheney" - as Libby himself had been.

Some conservatives, watching the Card departure, hope for the best from Bolten. Many long viewed Card with suspicion; they assigned him the blame for a number of debacles, notably the Harriet Miers nomination and the Dubai ports flap. They think that Bolten, despite the Medicare drug dispute, will be "a reasonable voice willing to control spending," someone who can cure Bush's "lame duck syndrome," in the words of redstate.org.

But Card/Bolten was not the most important event at the White House yesterday. Note, instead, that Bush brought his entire cabinet to the Rose Garden to stand with him while he assessed Iraq. It was a visual signal that there will be continuity, for good or ill, on the signature issue of his tenure.

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As Texas analyst Buchanan put it: "Bush's future hinges on what happens in Iraq, not on who his top staffer is. It's the war that will really determine whether we will have a failed presidency spinning in the wind for the next three years."

Bush Taps Bolten To Succeed Card As White House Chief Of Staff (WSJ)

By John D. McKinnon And Jackie Calmes

The Wall Street Journal, March 29, 2006

WASHINGTON -- President Bush, slumping in public-opinion polls and under pressure to make changes, announced a modest shake-up of his staff.

Mr. Bush said that Chief of Staff Andrew Card will leave the post he has held since the beginning of the presidency. He will be succeeded by budget director Joshua Bolten, another fiercely loyal and long-serving aide.

The White House said Mr. Card initiated the change, and there had long been speculation that he was close to giving up a grueling job that he has held for longer than average. Still, the change also comes when Republicans have been complaining about the president's political problems and calling for some fresh blood on the staff after a series of missteps. (Read the transcript of Mr. Bush's announcement.1)

But by itself, the switch to Mr. Bolten represents at most a mild change in a White House staff that remains unusually stable, and it isn't likely to satisfy those who were seeking a broader shake-up. Mr. Bolten, a 51-year-old former Goldman Sachs executive who joined Mr. Bush's presidential campaign in early 1999, even served under Mr. Card as deputy chief of staff during Mr. Bush's first term, until Mr. Bolten took over the Office of Management and Budget in mid-2003.

Mr. Bush didn't suggest any further changes are coming, though he didn't rule that out. In an interview with Cable News Network's CNN En Espanol, Mr. Bush said, "Josh's job is to design a White House staff that meets the needs of the president." Asked if any more staff changes were coming, Mr. Bush replied: "Josh has just begun to look at the White House structure."

With his elevation, Mr. Bolten is likely to become a bigger voice than his predecessor was in administration deliberations on a range of economic and trade issues. Mr. Bolten is an expert on policy -- particularly economic and fiscal policy -- and could help bring new prominence to those issues in an administration that has been focused on the unpopular war in Iraq in recent weeks.

And unlike Mr. Card, known for his passion for streamlining decision-making, Mr. Bolten may prove more adept at reaching out to lawmakers, thanks to a background that includes a stint as an aide on Capitol Hill. That could help avoid some of the costly mistakes that have plagued the administration recently, such as the blowups over the abortive nomination of Harriet Miers to the Supreme Court and a Dubai company's acquisition of some U.S. port operations.

"The biggest distinction between Josh and Andy is that Josh's job has been primarily a policy job for the last five years, while Andy has been focused on management and administration," said Vin Weber, a former Republican congressman and occasional White House adviser. "That might mean some differences at the margin."

Still, much like Mr. Card, Mr. Bolten essentially is a government insider who isn't likely to foment confrontation or dissent among Bush advisers -- something that some vocal critics of the White House think is needed.

If Mr. Card "had been replaced by someone other than Josh, then the president would be sending a signal that he wants to go in a different direction," said Paul Light, a New York University professor and an expert on the federal bureaucracy.

Stylistically, Mr. Bush from the outset has relied on a tight circle of loyalists and hasn't consulted as much as his predecessors did with Congress, even his own Republican majority. Now those once-compliant Republicans, worried about election survival this fall, have turned mutinous on some issues, such as the Dubai ports deal.

More substantively, the costs of war, entitlement programs and reduced taxes have spawned deficits that constrain Mr. Bush from any major policy initiative that might re-energize his presidency.

Some Republicans privately suggest that the only way to break the fiscal impasse is for Mr. Bush to reach a bipartisan compromise with Democrats, one that would force him to balance spending cuts with revenue increases. But such a compromise seems unlikely, given the president's belief that just such a compromise in 1990 doomed his father by enraging the party's antitax conservatives.

Yesterday's announcement appeared designed to minimize the expectation of change. In a brief 8:30 a.m. EST Oval Office appearance with both men, Mr. Bush praised Mr. Card's "wise counsel, his calm in crisis, his absolute integrity and his tireless commitment to public service." Mr. Bolten went even further, describing Mr. Card as "among the finest public servants of his generation."

QUESTION OF THE DAY

3 · Vote: Who was the most effective of these chiefs of staff?4

Mr. Card, 58 years old, a former deputy chief of staff and transportation secretary in the administration of Mr. Bush's father, had been on track to become the longest-serving chief of staff since the creation of the post after World War II -- if he had lasted

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through the year. Mr. Bush said Mr. Card had raised the possibility of stepping down earlier this month, and over the weekend the president accepted his resignation.

Some observers predicted Mr. Card might consider a run for Massachusetts governor or for one of the state's Senate seats. Ron Kaufman, a Washington lobbyist and Mr. Card's brother-in-law, said it's too early for Mr. Card -- a former Massachusetts legislator -- to be thinking about that.

Meanwhile, speculation in Washington now will turn to the question of who will succeed Mr. Bolten as director of the Office of Management and Budget. Joel Kaplan, deputy OMB director, is a logical candidate. Another possibility: Clay Johnson, the deputy OMB director for management who was both a college classmate of Mr. Bush and a top adviser when he was Texas governor.

President's Chief Of Staff Resigns After Five Years (LAT)

By James Gerstenzang

The Los Angeles Times, March 29, 2006

WASHINGTON — President Bush accepted the resignation Tuesday of his chief of staff, Andrew H. Card Jr., replacing him with Budget Director Joshua B. Bolten as the White House moved to regain a political footing deeply shaken by the war in Iraq and a rebellious and worried Republican majority in Congress.

The shift at the very top of the White House staff, the first since Bush took office five years ago, comes amid continuing pressure on the president to overhaul a team respected for its loyalty but exhausted from the grind of running the government and repeated setbacks in Iraq and, politically, at home.

No sooner was Bolten's appointment announced than administration critics, Republicans among them, began questioning whether he would offer the breadth of experience and respect that they say Bush needs now, with his political standing at the lowest point of his presidency.

Challenging the move as falling short of a staff shake-up, Sen. Trent Lott (R-Miss.), said: "They still need men and women of stature and gravitas in a number of slots there in the White House. They need to bring in some experienced hands to get a handle on things."

In Bolten, Bush has promoted a Princeton-educated, motorcycle-riding lawyer who has been at his side since 1999 and, before that, was in his father's administration and on a Senate committee staff.

Bolten, 51, became director of the Office of Management and Budget in June 2003.

His closeness to Bush is perceived as both an asset, in terms of his knowledge of the president, and a detriment, given that critics and supporters of the administration are calling for new ideas.

"Josh is a good guy — just not what this White House needs. They need a renovation, not just a new front door," said a senior Republican who served in top positions in Ronald Reagan's White House and spoke on condition of anonymity because he continues to deal with the Bush White House.

"They need people who can give the president honest appraisals, and not just the same group that has gotten him in trouble in the second term," he said.

Lott said Bush needed to hear "more disparate voices."

Nicholas Calio, the White House liaison to Congress during Bush's first term, said Bolten was "the logical and best choice" because "he knows the president, he knows the issues, he knows the personalities."

Besides, he said, Bush is not "particularly susceptible to calls that he needs to shake things up for the sake of shaking things up."

As Card and Bolten stood on either side of Bush in the Oval Office Tuesday morning, the president said: "Josh is a creative policy thinker. He's an expert on the budget and our economy. He's respected by members of Congress from both parties. He's a strong advocate for effective accountable management in the federal budget."

Card, he said, "has served me and our country in historic times: on a terrible day when America was attacked, during economic recession and recovery, through storms of unprecedented destructive power, in peace and in war."

It was Card who leaned over the president in an elementary school classroom in Sarasota, Fla., on the morning of Sept. 11, 2001, and whispered that a second airplane had struck the World Trade Center. "America's under attack," he told the president.

He kept the staff working with clock-like efficiency and precision during the 2004 presidential campaign and guided the administration's efforts to revamp Medicare and education policy. He also led the staff to secure the Supreme Court nominations of Chief Justice John G. Roberts Jr. and Justice Samuel A. Alito Jr.

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Card was also there for some of the White House's major stumbles: the inability to persuade Congress to go along with Bush's overhaul of Social Security, the administration's much-criticized response to Hurricane Katrina, and the doomed Supreme Court nomination of White House Counsel Harriet E. Miers.

As chief of staff since Bush was sworn in on Jan. 20, 2001, Card, 58, was closing in on the record set for longevity in that office: Sherman Adams, Dwight D. Eisenhower's staff chief, was in the job for five years and eight months.

Card, who served the president's father as deputy White House chief of staff and Transportation secretary, was among the first to arrive at the White House — at 5:30 a.m. — and would stay until the president retired for the night.

White House Press Secretary Scott McClellan said Tuesday that Card had approached Bush at the beginning of March and "raised the possibility of stepping down." They discussed it several times since, most recently on Saturday at Camp David when, he said, Bush "reluctantly accepted his resignation."

In an interview with CNN Español, Bush said Card's departure should not be seen as a sign of a larger shake-up. But, he added, "Josh's job is to design a White House staff that meets the needs of the president."

Asked if other changes were coming, he said: "Josh has just begun to take a look at the White House structure. And I haven't had a chance to talk to him about the future yet."

Replacing the chief of staff has become a standard operating procedure of a struggling White House. When his administration was weighed down by the Iran-Contra scandal, President Ronald Reagan replaced the rough-edged leadership of Donald T. Regan with the genteel manners and unquestioned integrity of Howard H. Baker Jr.

Rich Bond, a Republican political consultant who helped elect President George H.W. Bush and then served as chairman of the Republican National Committee, said Bolten's task, above all else, would be to boost the president's political standing sufficiently to retain Republican majorities in the House and Senate.

"It would be the mother of all political ironies to see the administration picked apart by a Democratic Congress," he said, because that was the fate of the first President Bush — a course not lost on that president's son.

"They have got," he said, repeating the phrase for emphasis, "they have got to re-energize the Republican base."

Bolten 'Not A Change' (RC)

By Ben Pershing And Erin P. Billings

Roll Call, March 29, 2006

House and Senate Republicans lent public support Tuesday to President Bush's announcement that Josh Bolten would succeed Andrew Card as White House chief of staff, even as GOP lawmakers and aides across the Capitol suggested that the administration needs to do far more to repair its faltering public image and strained relationship with Congress.

Card's decision to resign after more than five years in his post came as Republicans both on and off Capitol Hill suggested that Bush needed to make wholesale changes to slow the administration's downward spiral.

But while Bolten is well-liked by Members who have worked closely with him as the head of the Office of Management and Budget, most Republicans considered him to already have been part of Bush's inner circle and not the "fresh face" some had hoped for.

"This is not a change — this is just Josh Bolten moving from the OMB to chief of staff," Sen. Trent Lott (R-Miss.) said, later adding, "They still need men and women of stature and gravitas in a number of slots there at the White House. They need experienced people to give them a hand ... I do think they need more disparate voices in there."

While not all Republicans agreed with Lott and others that the White House needed to bring in a seasoned veteran with "stature," most do believe the White House needs a renewed focus on the political agenda.

"Maybe [Bolten] brings new energy, but does he bring new ideas? That remains to be seen," said a House GOP leadership aide.

Sen. John Sununu (R-N.H.) said he doesn't read too much into the move, saying replacing Card with Bolten "doesn't signal a change in the structure of the White House."

Sununu also doesn't believe the move will necessarily affect the level of coordination between the two branches: "I wouldn't blame [communications breakdowns] on Andy Card, and I don't think if there are communications issues in the future it will be the fault of Josh Bolten."

Lott, who talked to Bolten on Tuesday, had some advice for the new top White House aide: "If you get a call from a Senator, take it, or return it. Don't kick it down the hall to Congressional affairs."

The legislative affairs office has been the focus of criticism from Capitol Hill Republicans in recent weeks, particularly in the wake of the Dubai ports controversy. Some GOP officials expressed doubt that Bolten's job change would by itself improve Bush's relationship with Congress.

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"What we also would need is some sort of sense of change or addition at White House legislative affairs," said a senior Republican leadership aide.

No such change appeared to be forthcoming Tuesday, despite some buzz to the contrary, as some Republicans said they did not blame Candi Wolff, head of legislative affairs at the White House, for the recent problems as much as they did her superiors. Hill veteran Sean O'Hollaren was recently named to head up Senate relations for the administration, and the House liaison, Brian Conklin, is generally well-liked by Republicans in that chamber.

Many Republicans are privately hoping that more change will come, not only with senior policy staff, but with communications personnel as well.

One senior GOP Senate staffer said more shakeups are a must to ensure the political health of the administration and the party, saying: "I think they've hit rock bottom."

This aide said Card's departure is a mixed blessing: "The good thing is new ideas and a burst of energy is really needed. The bad is that it's more of the same. It's not someone new coming in. ... Let's just hope there will be more [changes], for all our sake."

Another Republican staffer was more specific, saying, "It would send a strong signal if John Bolten's first move is to is clean out the press operation starting with Dan Bartlett."

In December, House and Senate GOP leaders at their bicameral retreat in Maryland lambasted both Bartlett and Card for the administration's poor communications work, and that was before the Dubai controversy and Bush's suggestion earlier this month that Congress had underfunded the Hurricane Katrina recovery.

It is unclear what else the White House has planned in the coming days and months, but a few smaller changes affecting Capitol Hill already have occurred. In addition to naming O'Hollaren to head up the Senate liaison shop, the administration also just named Blain Rethmeier, the Senate Judiciary spokesman, to the White House communications office.

Democrats, meanwhile, took the move as a signal that the White House and Republicans recognize they are in political trouble, and a sea change at the top is critical to their midterm success. At the same time, however, they questioned whether Card's departure would be enough to fix the public view of the administration's policies.

"The good news is the administration has finally realized it needs to change its ways, but the problems go far deeper than one staffer," said Sen. Charles Schumer (D-N.Y.). "Simply rearranging the deck chairs on the Titanic by replacing Andy Card with Josh Bolten without a dramatic change in policy will not right this ship."

Sen. Dick Durbin (D-Ill.), the No. 2 Senate Democrat, said Card was not the problem, calling him "reasonable, professional and a man of his word."

"If the White House is looking to change course, they picked the wrong person to toss overboard," Durbin said.

Card's resignation plans were kept under a tight lid by the White House until Tuesday morning. Card spoke at a Lincoln Day Dinner in House Majority Leader John Boehner's (R-Ohio) district Monday night but did not let the Ohioan in on his plans until Tuesday.

Senate Budget Chairman Judd Gregg (R-N.H.) said Card "set a standard that a chief of staff will be held to as we go forward in this administration. ... It is a high intensity position that requires that you know all the issues, that you know who the players are, that you put out the fires and communicate effectively."

Sen. John Thune (R-S.D.) said Card's departure is understandable given his record length of service, saying he had "run out of gas" and it was a "good time" to make a change.

Thune said even though Card has done a solid job, the change makes sense: "In a second term, typically the administration tends to need an infusion of new ideas, different perspectives.

"It's indicative of a White House that is looking to send signals that it's willing put new horses on the team and is willing to change."

Even as they praised Card, many lawmakers also expressed enthusiasm for Bolten, with whom they have worked closely during his two stints at the OMB and as White House deputy chief of staff.

"He's an impressive guy," said Sen. John Cornyn (R-Texas). "He's moved up the ladder. We know him to be very solid and thoughtful."

Unlike his predecessor atop the OMB, Mitch Daniels, Bolten has forged a strong relationship with House and Senate appropriators. John Scofield, spokesman for House Appropriations Chairman Jerry Lewis (R-Calif.), said Lewis "has had a fabulous working relationship with" Bolten.

At the same time, Bolten has maintained the respect of conservatives who are worried about runaway spending. House Chief Deputy Majority Whip Eric Cantor (R-Va.) on Tuesday called Bolten "a real champion of fiscal sanity in Washington."

Bolten has stepped up his interaction with Congressional Republicans recently, attending some Senate GOP Conference meetings and staying at the House Republican retreat in February past the point when some Members already had left.

Bolten will remain as the OMB director until April 14, and the White House has not yet announced who will succeed him in that post. Speculation among Congressional Republicans Tuesday focused on three current OMB officials — Deputy Director Joel Kaplan, Deputy Director for Management Clay Johnson and Executive Associate Director Austin Smythe.

Johnson enjoys a strong relationship with Bush and previously served as head of the White House personnel office. Kaplan, meanwhile, is perhaps Bolten's closest aide and could move over to the White House with his boss.

Bolten Replaces Card As White House Chief Of Staff (KRT)

By Ron Hutcheson And James Kuhnhenn

Knight Ridder, March 28, 2006

WASHINGTON - Ignoring calls for a dramatic White House shakeup, President Bush on Tuesday turned to Joshua Bolten, a trusted loyalist, to replace Andy Card as White House chief of staff.

The personnel shift fell far short of the kind of bold move that some Republicans say Bush needs to pull out of his second-term slump. If anything, Bolten's ascension signals that Bush intends to stay the course despite dismal poll numbers and growing dissension in Republican ranks over his leadership style, policy choices and inattention to election-year GOP sensitivities on Capitol Hill.

"This is not a change. This is just Josh Bolten moving" to a new job, Sen. Trent Lott, R-Miss., said. "That's not what they need."

Democrats were dismissive.

"I have always found Andy Card to be reasonable, professional and a man of his word. If the White House is looking to change course, they picked the wrong person to toss overboard," said Assistant Senate Democratic Leader Richard Durbin, D-Ill.

While some GOP lawmakers had pressed the White House to appoint a new top aide with close connections to Capitol Hill, opinions were mixed as to whether Bolten filled that bill any better than Card had. Bolten did serve as a legislative liaison to Congress under the first President Bush, but Card had lobbied Congress for Detroit's automakers in Washington through the `90s.

As the man in charge of ensuring that the White House ran effectively, Card bears some responsibility for failing to anticipate and staunch the political hemorrhaging that has left Bush's poll numbers anemic. Over the past year, the White House has suffered political setbacks involving Iraq, Social Security, Hurricane Katrina, the failed Supreme Court nomination of Harriet Miers, Vice President Dick Cheney's hunting accident and the Dubai ports deal.

Sen. Chuck Hagel, R-Neb., a frequent White House critic and a likely presidential candidate in 2008, said Bush should do more than shuffle advisers.

"It isn't just a matter of shaking up his staff. It's policy, it's direction, it's leadership, it's confidence in that leadership. Sure, staff and senior people like chief of staff to the president have an effect on that. But just changing personnel doesn't necessarily change the perception or policy," Hagel said.

Other Republicans and some conservative commentators welcomed the move as a first step toward reinvigorating the Bush presidency. Staff shakeups are often used to replace worn-out aides and bring new ideas to a second White House term.

"It's what the doctor ordered," said Robert Tyrrell, editor in chief of The American Spectator, a conservative magazine that has urged staff turnover in the White House. "Changes have to be made. ... I think there should be others."

White House officials and Republicans close to the White House downplayed speculation that Card's departure would lead to more dramatic changes.

The chief of staff plays a critical role in controlling the flow of information and visitors to the Oval Office and in overseeing the entire White House operation. He or she also typically serves as the president's loyalty enforcer.

Bolten, 51, has been one of Bush's top advisers since the early days of the 2000 campaign, when Bush was still governor of Texas. He served under Card as deputy chief of staff before shifting to his current role as White House budget director in 2003.

Bolten's devotion to Bush came through in a 2005 television interview as he recalled their initial meeting in Austin.

"I fell in love with the governor and the whole operation, the whole spirit of the operation," Bolten told C-SPAN, the public affairs cable network. "And I thought, boy, this would be terrific if I got a chance to work on this."

A self-described "policy geek," Bolten likes to work behind the scenes. He was one of the architects of Bush's failed plan to overhaul Social Security and of the more successful effort to cut federal income taxes.

"Josh is a creative policy thinker," Bush said, flanked by Card and Bolten in the Oval Office. "He's a man of candor and humor and directness."

He also has a bit more flair than the typical policy wonk. The bachelor adviser rides a Harley-Davidson Fat Boy motorcycle to relieve stress and gladly took on the role of escort to actress Bo Derek when she campaigned for Bush.

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Card, 58, is probably best known as the man who first told Bush about the terrorist attacks on Sept. 11, 2001, in a whispered message while Bush was reading with schoolchildren in Florida.

He's been in his demanding job since the day Bush took office, typically working before dawn until well into the evening. Had he stayed in the post through September, he would have become the longest-serving chief of staff in American history.

In an interview last month with Knight Ridder, Card hinted that his time at the White House was drawing short.

"If the president says goodbye to me tomorrow, I would still turn around and say thank you very much for yesterday," he said. "I am a pawn on somebody else's chessboard, and I'm perfectly comfortable. I don't want you to take this as arrogance, but I believe that if I cannot find another job, I don't deserve this one."

Loyal Bush Aide Chosen As New Chief Of Staff (FT)

By Edward Alden

Financial Times, March 29, 2006

President George W. Bush announced the resignation on Tueday of Andrew Card as his chief of staff but resisted demands for a shake-up by replacing him with another trusted aide, Joshua Bolten.

The resignation, effective on April 14, follows a series of mis-steps in Mr Bush's second term that have driven his poll ratings to the lowest of his presidency.

John Podesta, who was chief of staff for Bill Clinton, the Democratic president, said: "Somebody needed to take the spear. Things are going in the wrong direction for this administration."

Mr Card lauded the president on Tuesday as "good man" who had done "great things".

Mr Card, a former car industry lobbyist and Massachusetts legislator who has been close to the Bush family for two decades, operated quietly behind the scenes, coming into the public eye most famously when he whispered to Mr Bush news of the September 11 2001 attacks.

The chief of staff is responsible for managing the president's schedule and ensuring that the best political and policy advice reaches his ears.

The president has been under mounting pressure to clean house in an effort to revive his presidency and leave a strong legacy for the 2008 presidential elections. Critics, including some in the Republican party, have urged him to replace Donald Rumsfeld, the defence secretary, and perhaps even Dick Cheney, the vice-president.

Fred Barnes, the executive editor of The Weekly Standard, an influential conservative journal, has urged the president to undertake an overhaul that would include replacing Mr Cheney with Condoleezza Rice, the secretary of state, who many Republicans want to draft for the 2008 race.

The appointment of Mr Bolten, the director of the White House office of management and budget and former deputy chief of staff under Mr Card, is one of continuity rather than change, however. It showed little evidence that Mr Bush is considering a larger shake-up of his administration or is wavering in his loyalty to key aides.

His appointment will also do nothing to minimise the influence of Karl Rove, the White House political strategist who was hailed as the architect of Mr Bush's first-term successes and is now widely blamed for the president's second-term stumbles.

It will also do little to shore up Mr Bush's relations with Congress, where many Republicans have refused to support him on Social Security, immigration reform and the controversial Dubai Ports World deal.

Ronald Reagan, the last two-term Republican president and a hero to conservatives, brought in a respected former senator, Howard Baker, as his chief of staff in 1987. He helped engineer Mr Reagan's recovery from the Iran-Contra scandal.

Top Bush Aide Resigns (CHIT)

By Mark Silva

Chicago Tribune, March 29, 2006

WASHINGTON -- In replacing long-serving chief of staff Andrew Card with another administration insider, President Bush has taken only a small step toward regaining the standing that he will need to salvage his second-term agenda, analysts said Tuesday.

The president has been under pressure, including from allies, to shake up his White House team with his job approval rating reaching an all-time low and the Iraq war increasingly unpopular. But experts say Bush presented little real change with his announcement that he will replace Card with another longtime aide, Budget Director Joshua Bolten, who followed Bush from Texas to Washington.

The appointment of Bolten, a policy expert who trained at Princeton and Stanford Law School and served in the administration of Bush's father, to one of the most powerful positions in government could be the start of a deeper reorganization,

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the White House has signaled. When Bolten assumes his new role April 15, he will have latitude to make more changes in the remaining 2 ½ years of this presidency.

Yet the swap of Bolten for Card, replacing one loyal insider with another, falls short of the bold stroke that some second-term presidents have made, such as Ronald Reagan's hiring of former Sen. Howard Baker of Tennessee in 1987.

Close observers of the presidency suggest that whatever reorganization is undertaken, it will be difficult for Bush to overcome his dual challenge: The weakening powers of a second-term president and a war entering its fourth year without an end in sight.

Bush's move struck many observers as a sign of continuity, not change, characteristic of a president who cherishes loyalty and stability. Even today, many of Bush's closest advisers date from his days as Texas governor, and he has resisted calls to jettison such controversial figures as political adviser Karl Rove and Defense Secretary Donald Rumsfeld.

"Bolten and Card are the same person in the same suits," said Paul Light, professor of public service at New York University and an expert on government administration. "This is not the beginning of a shakeup, if a shakeup is defined as entirely new faces that assure the American public that the administration absolutely means business about learning from its mistakes."

In any case, Bush's problems reach beyond his staff, Light said.

"Second terms are fraught with havoc anyway, and Bush brought into the second term the Iraq war, which has hurt him," he said. "You have a combination of a tough issue coupled with the natural atrophy that comes with a second term."

Card has served longer than any recent White House chief of staff, starting with Bush's arrival at the White House in January 2001. As Bush noted Wednesday, Card has served him "in historic times—on a terrible day when America was attacked, during economic recession and recovery, through storms of unprecedented destructive power, in peace and in war."

The chief of staff, the most powerful among them anyway, serves as almost the chief operating officer of the nation, with a wide-ranging portfolio that includes keeping custody of one of the capital's most valuable commodities, the president's time.

It was Card who discreetly whispered in Bush's ear at a Florida elementary school on Sept. 11, 2001, that the second World Trade Center tower had been struck and that "America is under attack." Card also served through the run-up to a U.S.-led invasion of Iraq and through three years of war.

Renowned for starting work before dawn and quitting well after dark, Card has told audiences he has lived with war every day. "I wake up every morning understanding that," Card said at a U.S. Chamber of Commerce luncheon.

Card also has lived with the perceived failings of an administration widely criticized for its handling of Hurricane Katrina. And while Card helped Bush win confirmation of two Supreme Court justices, he also was involved in the botched nomination of Bush's counsel and friend Harriet Miers.

"There is a new season," Card said Tuesday, with an allusion to Ecclesiastes. "It is a different season, and Josh Bolten is the right person for that season."

Bolten, who served as policy director for Bush's first presidential campaign, had served as deputy chief of staff for policy at the White House from 2001 through June 2003, when he became director of the Office of Management and Budget. A staunch defender of the president's tax cuts, he has steered Bush's domestic budget cutting, a dramatic boost in defense spending and a nearly $400 billion war budget as the federal deficit reached a record this year.

But with many within Bush's own party privately calling on the president to recruit a seasoned Washington hand from outside the White House to help steer a new course through the most difficult period of this presidency, critics say Bush has made no change at all.

"If the White House is looking to change course, they picked the wrong person to toss overboard," Senate Minority Whip Dick Durbin (D-Ill.) said. "The American people are looking for a new direction from the Bush administration. It remains to be seen whether Josh Bolten can put the White House on the right course."

Top Aide Leaves White House Job; Budget Chief In (NYT)

By David E. Sanger

The New York Times, March 29, 2006

WASHINGTON, March 28 — President Bush replaced his chief of staff, Andrew H. Card Jr., with another longtime loyalist on Tuesday, a step unlikely to satisfy calls within his own party for fresh thinking to address the administration's troubles.

In turning to Joshua B. Bolten, his budget director, as the new chief of staff, the president stayed within what one close associate called a "circle of comfort" and what Mr. Bush's critics consider a closed world that brooks little doubt or dissent.

Mr. Bolten worked for Mr. Bush's father on international trade and has filled important policy posts for Mr. Bush since 1999, when Mr. Bush began campaigning for the White House.

The White House left open the possibility that Mr. Bolten would, in turn, replace other senior members of the staff.

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The change, however incremental, occurred at a crucial moment in Mr. Bush's presidency and, in a White House remarkable for the stability of its senior staff, represented at least a symbolic turning point.

With Mr. Bush's poll numbers at or near their lows, his agenda stalled, his party no longer staying in line behind him and the Iraq war overshadowing almost everything he does, the president has been under pressure to give his administration new energy and direction.

Mr. Card's departure and Mr. Bolten's appointment signaled a possible start to achieving those ends, but shed little light on whether more substantive changes were to come.

In interviews and public statements, Mr. Bush's aides said that the president had accepted Mr. Card's resignation reluctantly and that if there were shifts in policy to go along with Mr. Bolten's arrival, they would be gradual.

"The president's style is not Saturday Night Massacre," a senior White House official said Tuesday night, a reference to Richard M. Nixon's series of firings in the Watergate scandal. The official said Mr. Bolten had "been given full authority" to reshuffle the White House staff if he deemed it necessary.

Asked in an interview with CNN Español whether more changes were coming, Mr. Bush replied: "Josh has just begun to take a look at the White House structure. And I haven't had a chance to talk to him about the future yet."

Other officials said they would be surprised if the move foretold any major shifts of policy on Iraq, economic management or other elements of the domestic agenda.

People close to Mr. Bush said he deliberately chose an insider who understood how this White House operated, even at the risk of angering Republican members of Congress who have said the White House has failed to consult with them sufficiently and blundered on the response to Hurricane Katrina, the nomination of Harriet E. Miers for the Supreme Court and the handling of Dubai's effort to take over management of some American port terminal operations.

"The differences between Andy Card and Josh Bolten are at the margins," said Donald Evans, the former commerce secretary and one of Mr. Bush's closest friends. "Josh is somebody the president knows well, and he knows how he operates. He can hit the ground running, and that's what the president wants. Just like any C.E.O., he wants to promote from the inside."

But that may not satisfy the Republicans who have been calling for more wholesale change. Mr. Bolten, although not part of the Texas clique that has dominated the White House, has had a hand in nearly all big domestic policy initiatives.

And though he has little experience in the national security issues on which Mr. Bush's political fate probably rests, he is respected among Republicans on Capitol Hill, where the president has had trouble holding his party together.

Karl Rove, who serves both as Mr. Bush's chief political strategist and deputy chief of staff for policy, remains in his posts, despite lingering public uncertainty over whether he will be charged in the inquiry into the leak of a C.I.A. officer's name.

On paper, Mr. Rove's policy position makes him subordinate to Mr. Bolten, who held the same job during Mr. Bush's first term, though in practice Mr. Rove has few rivals in influence or breadth of portfolio, especially with Mr. Card departing.

A former White House official said, "It's hard to imagine the two of them operating hand in glove," but noted that Mr. Rove and Mr. Card managed to work together, if warily.

At a brief ceremony in the Oval Office, Mr. Bush said Mr. Card, a Massachusetts Republican who appeared tired and emotional as he stood at the president's side, had approached him "and raised the possibility of stepping down."

White House officials said Mr. Card raised the possibility on March 8, just after the White House was taken by surprise by the ferocity of a Republican uproar over the Dubai controversy. That was the latest in a series of cases in which Republicans complained that the White House had been slow to detect approaching troubles, and Mr. Card had repeatedly said that if the White House staff made missteps, "it should be directed at me."

Mr. Bush made the final decision last weekend at Camp David, aides said.

"He thought it might be time to return to private life," Mr. Bush said of Mr. Bolten, who has served longer than any other chief of staff except Sherman Adams, who worked under President Dwight D. Eisenhower from 1953 to 1958.

While largely unseen in public, Mr. Card has been one of the most crucial members of Mr. Bush's team, arriving at 5:30 each morning to organize the president's agenda, act as gatekeeper to the Oval Office and provide advice.

He never sought the limelight, saying a few months ago on C-Span: "I'm very comfortable with the reality that I am a staffer. I'm just a staffer."

A year ago, he told a reporter, "The biggest mistake you can make in this job is to confuse yourself with one of the president's best friends."

Clearly there is a bond between the two men, forged in some respects on the morning of Sept. 11, 2001, when Mr. Card whispered into Mr. Bush's ear at an elementary school in Sarasota, Fla., that a second plane had hit the World Trade Center and that "America is under attack."

On Tuesday, Mr. Bush recalled that day and praised Mr. Card, citing "legislative achievements from education to Medicare," the successful confirmation of two Supreme Court justices and the response to the Sept. 11 attacks.

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Mr. Bolten will start on April 15, continuing a steady path toward the center of Mr. Bush's innermost circle. Starting in 1999, after he left a senior post with the investment bank Goldman Sachs in London, Mr. Bolten was the policy director of the 2000 Bush campaign.

He was a deputy chief of staff under Mr. Card from 2001 to 2003 and since then has been the budget director.

Mr. Bush praised Mr. Bolten as "a man with broad experience, having worked on Capitol Hill and on Wall Street and in the White House" and described him as being respected by members of Congress of both parties.

Mr. Bolten is a graduate of Princeton University, the Woodrow Wilson School of Public and International Affairs and the Stanford Law School.

While most Republicans welcomed the move, several made clear that they did not believe it went far enough.

"I'm one of those who has said I think they need some new blood, more people of stature in the White House," Senator Trent Lott, Republican of Mississippi, said on Fox News.

Mr. Bolten has not been a major player on Iraq policy, except for drawing up the budgets for the American troop presence there and the reconstruction. He will now become a significant player in the running debate in the White House over how Mr. Bush can begin to extract American troops.

As part of his job, he will sift through the intelligence that goes to Mr. Bush, and join many of the meetings on Iraq in the Situation Room. But the task of extracting troops over the next year will remain largely in the hands of Mr. Bush's longest-serving aides, who have now outlasted Mr. Card: Defense Secretary Donald H. Rumsfeld and Secretary of State Condoleezza Rice, among others.

Newsview: Changing Chief Of Staff May Help (AP-Y2)

By Tom Raum

AP2, March 28, 2006

Andrew Card's departure as White House chief of staff and the elevation of Budget Director Josh Bolten to that pressure-cooker job hardly seems like the major overhaul some Republicans had urged to revitalize President Bush's struggling presidency.

But it may represent a modest attempt at a fresh start for a White House that had stumbled recently, including the failed Supreme Court nomination of Harriet Miers, the Dubai ports fiasco and slow disclosure of Vice President Dick Cheney's hunting mishap.

"There's no question that since Katrina, there have been some missteps that have shaped the president's inability to get a message out," said GOP political consultant Scott Reed. "These are no one person's fault. But they happened. And now it's time to get back on the offensive."

Tuesday's shake-up came with Bush's political influence diminished by public unease over the war in Iraq and by GOP divisions. Increasingly, the White House has found itself isolated and estranged from many of its one-time allies on Capitol Hill.

The White House held out the possibility that Bolten's appointment could presage other staff changes.

Bolten may not be known to many Americans outside Washington, but as Bush's budget director he's familiar to members of Congress.

"Andy did a very good job, and he did the job exactly the way the president wanted. Both he and Josh are capable. Probably the difference between them is that Josh has more experience on Capitol Hill and stronger relationships with the Congress," said Charles Black, a longtime GOP adviser.

Some Republicans had pushed for Bush to bring in an elder GOP statesman to take charge of the White House operation, much as President Reagan did in 1987 when he named former Senate Majority Leader Howard Baker of Tennessee to be his chief of staff after the Iran-Contra affair.

But those familiar with how Bush operates suggested that was unlikely — so long as Cheney helped shape administration policy and so long as Bush's top political adviser, Karl Rove, remained on the job.

"Cheney is the de facto chief of staff. He's two steps down the hall. He's like a barnacle, he's not going anywhere," said Paul Light, a presidential historian at New York University. Few experienced Republican hands would be enthusiastic about taking on Cheney, Light suggested.

Beginning with Hurricane Katrina, the White House has failed to recognize the seriousness of a succession of troubles that analysts in both parties say should have raised early warning signs — especially for an administration that prided itself on discipline and political skills.

The administration failed to gauge the extent of GOP opposition last month, for example, to a plan to have an Arab company based in Dubai run terminals at some U.S. ports. Likewise, last fall it misjudged the depth of conservative rebellion to Bush's Supreme Court nomination of Miers, later withdrawn.

The administration has also had a difficult time with conservatives in Congress on immigration legislation. Bush's plans to overhaul Social Security and revamp the tax code remain stalled. And the program to provide prescription drug benefits to Medicare recipients got off to a difficult start.

"Part of the problem was, for whatever reason, they got a tin ear to the political consequences of such issues. You can't do that. You have to be ahead of that," said former Rep. Leon Panetta, D-Calif., a former budget director who served as President Clinton's second chief of staff.

Still, he praised Card for doing "an outstanding job" in a post for which "you get burned out pretty quickly."

Panetta said he himself benefited in going from the Office of Management and Budget to being White House chief of staff, and he predicted Bolton would, too. "That OMB job gives you a good perspective of the entire administration. You're making judgments every day as to what programs should be supported and which ones are not working," Panetta said.

Julian Zelizer, a history professor at Boston University, said the change is "as small a shake-up as one can imagine" in terms of significance to the public. "Part of me thinks this was just a badly calculated effort to respond to all the demands to `do something,'" Zelizer said.

For his part, Card, who has served at Bush's side since January 2001, said it was time to return to private life. "It is a different season, and Josh Bolten is the right person for that season," Card said.

"This is not a great shake-up. This is not the beginning of a great exodus. This is probably one person who stayed too long," said presidential scholar Stephen Hess, a former speechwriter for President Dwight Eisenhower and an adviser to Presidents Ford and Carter.

Card's Departure Seen As A Sign President Hears Words Of Critics (WP)

By Jim Vandehei

The Washington Post, March 29, 2006

A few weeks ago, President Bush's spokesman dismissed talk of an impending staff change as "inside Washington babble."

White House Chief of Staff Andrew H. Card Jr.'s resignation yesterday suggests that Bush was listening.

Through one full term and the first year of the second, a signature of this administration was the indifference -- even contempt -- it showed for the capital's political and media culture, and for the endless flow of commentary and unsolicited advice that its inhabitants deliver daily to all presidents.

Bush, his advisers say, has by no means changed his view of what he derisively calls the "chattering class." But the Card move is only the latest sign that -- with his presidency under the stress of low public approval ratings, an unpopular war and a stalled legislative agenda -- Bush is more often deferring to the expectations of Washington conventional wisdom.

On Iraq, he has not shifted policy but has modified his message in response to legislators and GOP operatives who said he needed to more directly address the arguments of opponents instead of simply disparaging them as defeatists. On his domestic agenda -- after last year proved that doubters of both parties on Capitol Hill were right when they said his planned overhaul of Social Security was far too ambitious -- Bush has returned this year with a series of small proposals such as incentives for alternative energy sources.

At the same time, the president who set out five years ago to circumvent what he considered the "filter" of Washington's mainstream media, has started having off-the-record, get-to-know-you-better chats with White House reporters.

"When you run into brick walls, you need to figure out ways around it," said a high-ranking administration official, who acknowledged that a White House that once prided itself on tuning out the views of op-ed pages and cable talk shows is now more likely to tune in. "Part of what you are seeing is some adjustment to the political realities."

These accommodations are of the sort that many presidents have made before, and Bush's steps should not be overstated. He has not summoned a respected Capitol Hill figure to join his staff, as Ronald Reagan did when he tapped Howard Baker as his chief of staff after the Iran-contra scandal in 1987. He did not invite a well-known figure from the other party into his fold, as Bill Clinton did when he recruited commentator David Gergen to help right a stumbling presidency in 1993.

What's more, Bush's team well knows that making nods to inside-Washington expectations can affect its political fortunes only at the margins. As Bush himself said at a news conference last week, his "political capital" is nearly all invested in Iraq, and that war is almost certainly what will determine his political success or failure in the balance of his presidency.

Still, longtime Bush observers are struck by the stylistic changes on display.

"The first term was about discipline, driven by a big event -- Sept. 11 -- that shaped the era, and maybe it saved them for a while," said Ed Rogers, a Republican with close ties to the White House. "It allowed them to do things that were inconsistent with the currents and ways of Washington. Now absent a big event that has upset the political order and laws of political physics, they are back playing by the rules that govern this universe."

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Ari Fleischer, Bush's spokesman in the first term, said the president is simply conforming to a new political reality. "Tough times force you to adjust," he said. "When times are tough and poll numbers are down . . . the president is more open to change for whatever good comes with that change."

Fleischer said there is no doubt that the Card resignation was at least partly the result of Republican calls for a staff shake-up. "There was a drumbeat out there that the president's staff could not miss and Bush could not miss," he said. Publicly, White House officials said it was Card who decided to resign, but a top aide said Bush gradually came to the conclusion that it was the right thing to do.

The president-vs.-Washington battle is not a new phenomenon. Washington has long had its own unique culture governed by a set of unspoken but generally understood political and social mores. By custom, presidents are expected to reach out to the social and political elite. The people in that elite almost always have the same advice: Listen to the top pundits, do more to reach across the partisan aisle, embrace foreign travel, shake up the staff when polls go in the tank. Most recent presidents, to some extent, came to town intent on playing by their own set of rules, and most end up striking some sort of truce.

"There are certain lessons you learn," said Leon E. Panetta, who became Clinton's second chief of staff in 1994 after an unseasoned White House staff made many errors in the first year. Presidents such as Bush and Clinton, who came from outside Washington, "kinda look down on Washington," Panetta added, but ultimately realize that "if you do not learn how to work in the Washington setting, it will basically eat you up."

Bush brings some personal history to the subject. After watching the travails of his father's presidency, he came to town with an attitude that bad decisions are often made when presidents pay too much attention to party insiders who wring their hands or don't dare to take chances, longtime aides said. He considered many in Washington too quick to turn on friends and their core principles during troubled times, and too scared to "shape history."

Bush's strategy often worked, according to John D. Podesta, a former Clinton chief of staff. But even some Republicans said it was less the result of Bush's strategy than the Sept. 11 attacks, which spurred twin emotions of fear and patriotism among voters and in Congress that allowed Bush to set the agenda and strike a defiant stance. One person close to Bush said this created a false sense of power and success at the highest reaches of the White House.

Bush's fatal mistake, Podesta said, was going too far in the direction of avoiding, if not alienating, important people in Washington. "You have to tip your hat enough to the chattering class so they don't spend every day thinking about how to flay you," Podesta said.

The Card resignation by itself does not signal a radical shift for this White House. But aides said more changes will come and that Bush is strongly considering adding one or two well-known Republicans to help soothe relations with Congress.

First Buddy (WP)

By Libby Copeland And Mark Leibovich

The Washington Post, March 29, 2006

Andrew Card didn't lose a job yesterday, he made a friend.

"Mr. President, as the chief of staff, I know I was a staffer," Card said yesterday in his resignation speech, "and now I look forward to being your friend."

The bright line between working for the president and being friends with the president has always been a big deal to Card, who is known for being enthusiastically humble. He liked to emphasize the "staff" in his title, rather than the "chief." In an interview on C-SPAN last year (in which he twice called himself "just a staffer") Card said he fought a "great temptation" to become buddies with the leader of the free world.

This, it turns out, is a White House occupational hazard.

"It's always easy to assume a friendship that's not helpful because you're with the president so closely in so many tense situations -- it's like being in a foxhole together," says Marlin Fitzwater, who served as press secretary to Ronald Reagan and the first President Bush. "On airplanes, in holding rooms, getting ready to make a speech, late at night, early in the morning, when everyone's tired, and in a lot of human settings."

The human element always makes things messy. Presidential staffers have to remind themselves they serve the office as much as an individual. The president is always "Mr. President" unless one happens to be the first lady. To this day, Mack McLarty, Bill Clinton's first chief of staff, still calls his boyhood friend and former kindergarten classmate "Mr. President," even in private.

When he became president, Jimmy Carter insisted that the friends who followed him to the White House still call him "Jimmy," says Gerald Rafshoon, who served two years in the administration as communications director. Rafshoon, who had served Carter when he was governor of Georgia, demurred.

He also struggled with just how to speak to his "friend," after vowing to himself that he would give Carter unfiltered advice.

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"Once I got to the Oval Office, the atmosphere was such that I was intimidated," Rafshoon says. "If there were other people there, I would come back later."

The distinction between friend and Mr. President is more than semantic, as many who have served at the pleasure of presidents can testify. There's a respectful distance not only in the Oval Office, but during dinner with the president and his family, says former George H.W. Bush aide Mary Matalin. This protects the president -- and his staff, too.

"There are times when you have to be an SOB on behalf of the president," says Leon Panetta, who served as Clinton's chief of staff for 2 1/2 years. "It helps to have that professional distance."

A staffer who's not properly deferential, who doesn't emphasize the professional over the personal, risks assuming power he doesn't have, or not giving the president frank advice, or being surprised when the president decides his assistance is no longer needed.

Case in point: the late Don Regan, Reagan's imperious chief of staff, whom some used to call the "prime minister." Regan feuded with the first lady (once hanging up on her) and was said to have stormed out of the White House after learning he'd lost his job. Nancy Reagan later wrote that Regan, a former Merrill Lynch CEO, "often acted as if he were the president."

As a staffer, "you're always deferential, meaning you're not the decision-maker, meaning you don't take credit for decisions," Fitzwater says. "Don Regan had trouble with those things."

Card, who served for almost six years before being replaced yesterday by White House budget chief Joshua Bolten, never had that kind of trouble. He often reminds people about the lowfalutin jobs he has held: at a McDonald's in Columbia, S.C. (rising as high as night manager), and one summer as a sanitation worker near his home town of Holbrook, Mass. He romanticizes the work to underscore the importance of getting dirty jobs done, be it on a garbage truck or in the White House.

As for President Bush, he's always liked loyalists -- people like Card, whose ambitions are tied wholly to the president's own success. He and Card and their wives have known one another for more than 20 years. If the men haven't been friends, exactly, they've had about as close a nonfriendship as a boss and an employee can have.

"I worry about the care and feeding of the president," Card said last year in the C-SPAN interview. "I greet him first thing in the morning and I say good night to him when he goes off to go home for the night. He probably sees much more of me than he wants to."

Then Card added, in what sounds like a strange distinction to anyone who doesn't understand the relationship between the president and a chief of staff: "The president is my friend and I do not want to let him down. But I am not his friend, I am a staffer."

Bush's Chief To Consider Changes (USAT)

By David Jackson And Andrea Stone

USA Today, March 29, 2006

WASHINGTON — President Bush's new chief of staff will look at possible changes in White House operations and staff as the administration grapples with political problems that include falling approval ratings and strained relations with congressional Republicans.

President Bush said Tuesday he's naming budget director Joshua Bolten, 51, to replace current chief of staff Andy Card, who has served as Bush's top aide for more than five years.

Bush, who told reporters last week he was “satisfied” with his White House team, said Card, 58, approached him about leaving the exhausting post. Bush praised Card's “calm in crisis” and noted that he routinely put in the longest days at the White House.

Bolten, 51, is a lawyer who served as White House deputy chief of staff before becoming Bush's budget director. Bush called him a “creative policy thinker.”

“Josh's job is to design a White House staff that meets the needs of the president,” Bush told CNN en Espaol on Tuesday. “Josh has just begun to take a look at the White House structure, and I haven't had a chance to talk to him about the future yet.”

White House press secretary Scott McClellan said it was premature to say whether there would be any more staff departures. But McClellan noted that Bolten has the authority to “manage the White House staff and to look at personnel issues throughout the administration.”

Bolten's appointment came after weeks of calls for staff changes from Republicans such as Sen. Norm Coleman of Minnesota and Rep. Pete King of New York. The demands intensified after Bush tried but failed to persuade the GOP-controlled Congress to accept a deal to let an Arab-owned company run some operations at ports in six states.

King greeted Bolten's appointment warmly. “Bolten is highly respected on Capitol Hill,” he said. “People feel they can deal with him.”

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Others said Bush needs to do more. “This is not a change,” said Sen. Trent Lott, R-Miss. He complained that swapping one White House insider for another was “not what they need. They still need men and women of stature and gravitas in a number of slots.”

Presidents have often changed chiefs of staff in difficult times. Only a few new hires have made enough change to give a White House new direction. For example, Leon Panetta, a former California congressman, was brought into the White House in Bill Clinton's second year to impose discipline and focus.

The Bush White House already is known for its discipline and managerial skill. Bolten will be coping with a restive GOP Congress, a difficult war in Iraq and the worst public opinion poll ratings of Bush's presidency.

Bush's staff change Tuesday reflected a hallmark of his management style: surrounding himself with trusted aides he knows well. Bolten served as policy director for Bush's 2000 presidential campaign before joining the administration at its outset.

OMB Head To Replace Card As Top Bush Aide (WP)

By Michael A. Fletcher

The Washington Post, March 29, 2006

President Bush took the first step in what aides say may be a second-term overhaul of his beleaguered administration yesterday as he announced the departure of longtime Chief of Staff Andrew H. Card Jr.

Card offered his resignation earlier this month, saying it would be best for the president.

Bush named Joshua B. Bolten, director of the Office of Management and Budget, to replace Card, and indicated that more changes are in the offing. Card's resignation comes after a series of political missteps that have contributed to Bush's sinking approval rating and prompted some Republicans to urge a staff shake-up.

White House officials emphasized that Bolten would have the prerogative to bring in fresh staff members and revamp operations to suit his leadership style. The White House must find a replacement for domestic policy adviser Claude A. Allen, who resigned after being accused of stealing from retail stores, and now a new budget director. At least one or two other senior officials are expected to leave for their own reasons by the end of the school year this spring, a senior official said.

White House press secretary Scott McClellan would not speculate on the future of other high-level White House staff members, including Deputy Chief of Staff Karl Rove, Bush's top political strategist, who has been under investigation by a special prosecutor in the CIA leak case.

"All of us here serve at the pleasure of the president. And that's important to keep in mind," McClellan said. ". . . But I think it's premature to try to speculate about what, if any, decisions might come."

Card, who served nearly 5 1/2 years as Bush's chief of staff, said he will stay on until April 14 to ease Bolten's transition. Speaking from the Oval Office, Bush thanked Card for his "wise counsel, his calm in crisis, his absolute integrity, and his tireless commitment to public service."

Bush went on to describe Bolten as a "creative policy thinker" who is an expert on the budget and economy and who has earned the respect of Congress and knows how to lead. "No person is better prepared for this important position," he said.

In picking Bolten, Bush once again chose not to reach beyond his inner circle to fill a critical post. With many Republicans concerned that Bush's flagging popularity will hurt them in this fall's midterm elections, some have been urging him to select a seasoned Washington veteran the way Ronald Reagan brought in former Senate majority leader Howard H. Baker Jr. (R-Tenn.) when his presidency's second term was listing.

But Bush instead turned to someone he knows and trusts implicitly. A confidant of the president's, Bolten, 51, served as deputy White House chief of staff in Bush's first term before moving to head the budget office at a time when spending on wars in Iraq and Afghanistan, as well as the expensive new Medicare prescription drug benefit and the recovery from Hurricane Katrina, caused deficits to spiral.

In an attempt to accommodate the new spending demands, Bolten oversaw two consecutive budgets that reduced spending on many housing, education and other social-service programs. Still, many Republicans in Congress have complained that the administration has not done enough to rein in federal expenditures.

Taking the microphone after Bush's announcement, Bolten said he was "deeply honored" by the opportunity to succeed Card. "The agenda ahead is exciting," he said. ". . . I am anxious to get to work."

Card has held the top staff job at the White House longer than any person since Sherman Adams, under President Dwight D. Eisenhower, and Card has earned respect within the building and around Washington for his stamina and calm professionalism.

Largely invisible to the public, Card is best known for his role on Sept. 11, 2001, as the person who informed Bush that a second hijacked plane had struck the World Trade Center in New York. As Bush was reading to students in a Florida classroom, Card calmly approached and whispered in his ear.

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As chief of staff in the current administration, Card has been instrumental in some of Bush's signature achievements, including tax cuts, a broad education-revision package and the appointment of two Supreme Court justices. But his stewardship has come under sharp questioning in recent months after a series of mishaps, including the failed Supreme Court nomination of Harriet Miers, the bungled federal response to Hurricane Katrina, the slow public disclosure of Vice President Cheney's shooting accident and the unexpected Republican revolt over a plan to turn over management at a half-dozen ports from a British firm to an Arab-owned company. Card also played a major role in the creation of the behemoth Department of Homeland Security, which has come under fire for profligate spending and its ineffective response to Katrina.

Card, 58, has been the focus of much speculation in Washington about how physically and politically exhausted the White House staff must be in the sixth year of a presidency buffeted by recession, terrorism and war. Card has told interviewers that he gets up every day at 4:20 a.m., arrives at the White House an hour or so later and works until 8 or 9 at night.

"On most days, Andy is the first one to arrive in the West Wing and the last one to leave," Bush said.

McClellan said Card initially told Bush that he wanted to resign on March 8, just one day before the port deal fell apart. Bush did not accept Card's resignation right away, but he did not reject it, either. "What the president did was examine it," a senior aide said. After thinking it through and pondering who would take over if Card left, the two talked again at Camp David on Saturday and finalized the move.

Some conservatives are glad to see Card go. Quin Hillyer, executive editor of the American Spectator magazine, offered a "friendly good riddance" to the chief of staff. "This White House is justly criticized for its insularity, and this little bit of shake-up may help break up that insularity just a little," he said. "Without saying anything bad about Andy Card, it's a good opportunity for the White House to get a new start."

Yesterday, Card's voice was thick with emotion as he left the Washington stage.

"Ecclesiastes reminds us that there are different seasons," he said. ". . . But it is a different season, and Josh Bolten is the right person for that season."

Card Resigns As Chief Of Staff (WT)

By Joseph Curl

The Washington Times, March 29, 2006

President Bush yesterday announced the resignation of his chief of staff, Andrew H. Card Jr., who had served in the White House's most demanding staff position for more than five years -- the second longest run in presidential history.

Mr. Bush appointed another longtime White House staffer, Joshua B. Bolten, 51, to fill the position. Mr. Bolten is the director of the Office of Management and Budget and a former deputy chief of staff under Mr. Card.

In an early morning televised announcement from the Oval Office, Mr. Bush said Mr. Card had come to him "and raised the possibility of stepping down."

"He thought it might be time to return to private life," Mr. Bush said, adding that he decided to accept Mr. Card's resignation after a weekend stay at Camp David, the presidential retreat, with his longtime aide and confidant.

"I have relied on Andy's wise counsel, his calm in crisis, his absolute integrity and his tireless commitment to public service," said Mr. Bush, who is known for prizing loyalty.

"The next three years will demand much of those who serve our country. We have a global war to fight and win."

Mr. Card, 58, stood stiffly with his hands by his sides as Mr. Bush praised his years of service through the September 11 attacks, two wars and a string of crises and legislative challenges. In brief comments, Mr. Card quoted the Bible, saying the time has come "for a new season."

Gripping the podium, Mr. Card, his eyes welling, said in his farewell: "You're a good man, Mr. President, and you do great things."

"Working in the White House is a tremendous privilege. It's almost beyond description, the great privilege it is to work at the White House. But it is even a greater honor to serve as the president's chief of staff, especially to you, Mr. President," Mr. Card said.

"Mr. President, as a chief of staff, I know I was a staffer, and now I look forward to being your friend."

Mr. Card's exit came amid calls from Republicans for a White House shake-up. Many conservatives have been angered by what they see as the "tin ear" of the administration in recent months, pointing to the Supreme Court nomination of White House counsel Harriet Miers, quickly derailed by conservatives, and the backing of an Arab company's bid to operate terminals at six U.S. ports.

Democrats seized on the ports deal as proof that Mr. Bush has gone soft on security. The company dropped its bid because of the opposition.

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But a senior White House official said Mr. Card's resignation -- and the president's decision to accept it -- had nothing to do with the Republican clamor for change. Instead, the official said, Mr. Card was simply ready to move on.

Mr. Card held the top White House staff job longer than anyone in 47 years, since Sherman Adams served President Eisenhower.

To the public, Mr. Card may be best-known as the aide who calmly walked into a Florida school room and whispered into Mr. Bush's ear that America was under attack on September 11. Known as a soft-spoken man who took time to praise even low-level staffers who performed well, Mr. Card brought a common-sense approach to the job, using a complex system to remember even the smallest details.

He also worked longer hours than nearly anyone else at the White House, rising at 4:20 a.m., arriving at his office less than an hour later and often working until 8 or 9 p.m.

Mr. Bolten will take over the job on April 14. Like Mr. Card, he is a longtime adviser, having served as a deputy chief of staff from 2001 to 2003 before becoming budget director.

Mr. Bush said yesterday that Mr. Bolten was "a man with broad experience, having worked on Capitol Hill and on Wall Street and in the White House" and was respected by members of Congress from both parties.

Mr. Bolten, speaking after Mr. Bush, said he looked forward to keeping on track an agenda he called "exciting" and was "deeply honored" to be succeeding Mr. Card

Mr. Bolten, who studied at Princeton University's Woodrow Wilson School of Public and International Affairs and Stanford Law School, is well-respected in top political circles in Washington.

The pick shows that Mr. Bush plans to push his agenda through the next three years, even during the 2008 presidential campaign, said U.S. Trade Representative Rob Portman, who has known Mr. Bolten for years.

Known as a square dealer with both the press and members of Congress, Mr. Bolten should be adept at helping the administration get its message out, Mr. Portman said.

"Josh knows not just the ins and outs of government, but in particular he knows the ins and outs of the White House," Mr. Portman said. "He'll make some appropriate changes."

Bolten To Replace Card As Chief Of Staff (AP-Y2)

By Terence Hunt

AP2, March 28, 2006

Struggling to revive his troubled presidency, President Bush replaced longtime chief of staff Andy Card with budget director Joshua Bolten on Tuesday and gave Bolten authority to make further changes in a White House staff that even Republicans have complained is tired, insular and lacking fresh ideas.

Appearing with Bush in the Oval Office, Bolten gave no hint about what, if any, shake-up he might order. But White House officials said no one should doubt his ability to replace Bush aides. "He'll have all the authority he needs ... to make the decisions that he feels best, working with the president," White House spokesman Scott McClellan said.

Like Card, Bolten, 51, is a Washington insider whose ties reach back to Bush's 2000 campaign for the White House. Democrats — as well as some Republicans — grumbled that the new White House boss looked a lot like the old one.

Bush said of Bolten, "He's a man of candor and humor and directness, who's comfortable with responsibility and knows how to lead. No person is better prepared for this important position."

Before being named budget director in 2003, Bolten was Card's deputy chief of staff for policy, a colleague of such senior aides as top political adviser Karl Rove and White House counselor Dan Bartlett.

Alarmed by Bush's falling approval ratings and White House mistakes — from the bungled Hurricane Katrina reaction to the ill-fated deal to allow an Arab company to manage U.S. ports — Republicans have been urging the president to bring in new advisers with fresh energy. The GOP's concerns have been heightened by anxiety over midterm congressional elections in November. Card, as chief of staff, became a target for blame.

Democrats said Card's departure wasn't enough. "Simply rearranging the deck chairs on the Titanic by replacing Andy Card with Josh Bolten without a dramatic change in policy will not right this ship," said Sen. Charles Schumer (news, bio, voting record), D-N.Y.

Said Democratic National Committee communications director Karen Finney: "As the saying goes, you can put lipstick on a pig, but it's still a pig. Unfortunately for the American people, all President Bush did today was make it clear that they should expect nothing more than the same failed policies they have come to know all too well."

Once believed to harbor ambitions of surpassing Sherman Adams' nearly six-year record as the longest serving chief of staff — under Dwight Eisenhower — Card told Bush on March 8 he thought he should leave, McClellan said. Bush decided over the weekend at Camp David to accept the resignation and replace Card with Bolten, the spokesman said.

"Ecclesiastes reminds us that there are different seasons, and there is a new season," said Card, whose wife is a Methodist minister.

Bush, in an interview with CNN Espanol, declined to say if other changes were in the works. "Well, Josh has just begun to take a look at the White House structure," the president said. "And I haven't had a chance to talk to him about the future yet."

To the public, Card may be best known as the aide who calmly walked into a Florida classroom and whispered to Bush that America was under attack on Sept. 11, 2001. A veteran of every Republican administration back to Ronald Reagan's, Card is respected in Washington as fair, smart and hardworking — the first to arrive at the White House around 5:30 a.m. and often the last to leave at night.

Card, 58, stood stoically with his hands by his sides as Bush lauded his years of service. Then, gripping the podium, Card said in his farewell: "You're a good man, Mr. President."

Card's eyes were watery. He said he looked forward to just being Bush's friend. Bush then gave him five quick slaps on the back, and the two walked out of the Oval Office together.

"Andy Card, a longtime friend of mine, is tired," Sen. George Voinovich (news, bio, voting record), R-Ohio, told reporters later. "That he stayed in this job this long shows how much he cares about this country."

As chief of staff, Bolten will regulate the paper flow to Bush's desk, oversee his schedule and determine who gets in to see the president — although some longtime aides have unquestioned access.

Bolten was budget chief when the government ran its three largest deficits ever, including the record $413 billion shortfall in 2004 — though most of that was because of the economy and years of decision-making by presidents and lawmakers.

"Josh Bolten has a record of failure," said Senate Minority Leader Harry Reid, D-Nev. "Look at what he's done with our national debt."

But Sen. Edward M. Kennedy (news, bio, voting record), D-Mass., said Bush had made a wise decision in picking Bolten. "His reputation among Democrats and Republicans alike is being a tough-minded, skilled conservative but also has an ability to work with Congress, work with Democrats as well as Republicans."

Rejecting charges of staff inertia, McClellan said half of Bush's senior aides have been replaced since the president's re-election in 2004. But some in Bush's inner circle — such as Texans Rove, Bartlett, Harriet Miers and McClellan himself — remain at the White House after 5 1/2 years.

‘A Cool Hand' On The Switch At White House (USAT)

By Richard Wolf

USA Today, March 29, 2006

WASHINGTON — Joshua Bolten is passionate about music and motorcycles, bowling and baseball. As President Bush's choice to be White House chief of staff, however, he will get a new chance to fulfill another passion: public service.

The son of a career CIA employee and a college professor, Bolten grew up in the worlds of government and academia. For most of the past 25 years, he has toiled inside the federal government.

Now, however, Bolten will take on a larger role inside a White House stricken by setbacks ranging from the war in Iraq to Hurricane Katrina.

“He is a very quick study, he is unflappable, and he is a cool hand,” says Rep. John Spratt, D-S.C., the top Democrat on the House Budget Committee.

“People like him, and they trust him,” says Sen. Chuck Hagel, R-Neb. “Those are the two currencies for success.”

Bolten's friends describe a 51-year-old who also likes to ride Harley-Davidson motorcycles, organize bowling parties, play bass in a rock band and cheer on the Washington Redskins and Nationals.

“For all his success in the public sector, he is still a very regular guy,” says Dan Price, a lawyer who worked with Bolten at the State Department and U.S. Trade Representative's Office in the 1980s and early 1990s. “He throws himself into bowling with the same enthusiasm that he approaches everything else.”

During the 2000 presidential campaign, Bolten headed Bush's policy shop and earned the nickname “Wizard” from the would-be president. Bolten brought it with him to the White House, where he worked as deputy chief of staff for policy, then as director of the Office of Management and Budget (OMB).

In that job, Bolten has presided over federal budgets that expanded defense spending at the expense of some domestic programs — and sent deficits soaring to record levels. “He's been dealt some tough hands” such as Iraq and Katrina, says Senate Budget Committee Chairman Judd Gregg, R-N.H. “You've got a Congress that likes to spend money.”

Democrats like Bolten but not his $2.77 trillion budget. Sen. Kent Conrad, D-N.D., top Democrat on the budget panel, once asked him, “How can a guy as smart as you come up with such bad results?”

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Throughout the give-and-take of the budget process, Bolten always stays on message. Asked last month whether a projected $423 billion deficit didn't call for higher taxes, he said: “A tax increase is the wrong prescription. … We are not an undertaxed society.”

Bolten's experience at the OMB should help him in his new post, says Leon Panetta, who made the same transition under President Clinton. “It's not a bad credential to take into the White House,” Panetta says. “When you're OMB director, you have a view of the entire government and the various programs, the ones that work and the ones that don't work.”

Having succeeded Andy Card as chief of staff, Bolten will spend more time with the president than anyone else. He will set the pace at which the White House works, help shape policy and implement it, mediate internal disputes, convey Bush's agenda to Cabinet departments and Congress, and manage the president's time.

“Whoever works for (Bolten) should be single, they should not like their home, and they should not like to complain,” says Ari Fleischer, Bush's first press secretary. “He's legendary for his long hours, especially at night.”

Bolten also has found time to rub shoulders with U2 frontman Bono and actress Bo Derek. An observant Jew, he recited the opening prayer in Hebrew at his first Cabinet meeting. He keeps a gas tank from a Harley-Davidson “Fat Boy” in his office. At Princeton reunions, “he's kind of a rock star,” says classmate Mike McCurry, who worked in the Clinton White House.

In 2004, Bolten joined a band of current and former government workers that includes Tabetha Mueller, Card's daughter. The foursome plays '60s tunes at school fundraisers and government functions. “We're all kind of middle-aged people trying to resuscitate our high school years,” says drummer and former White House staffer Bob McNally.

Shuffling The Deck (WP)

The Washington Post, March 29, 2006

EVERY PRESIDENT is rich in unsolicited advice, and lately President Bush has cornered the market in one particular recommendation: Shake up your staff, bring in new blood, call the bullpen. Yesterday Mr. Bush responded to his unsought counselors as he usually does, by ignoring them. He accepted the resignation of his notoriously long-serving, notoriously hard-working chief of staff, Andrew H. Card Jr., but he did not exactly replace him with a fresh face. Joshua B. Bolten will have a shorter walk to his new office from his current perch at the Office of Management and Budget than a relief pitcher's jog to the mound. And as Mr. Bolten told C-SPAN's "Q&A" last year, he has been "a part of the president's senior team from the beginning, from the beginning of his 2000 campaign."

Is that a bad thing? It depends in part on what you hoped a shake-up might accomplish. Mr. Bolten is bright, dedicated, fair-minded and well-liked, so the threshhold question -- competence -- doesn't arise. And if you think Mr. Bush's second-term slide essentially is a management problem, maybe a new manager can help. The miscalculation on Harriet Miers, the failure to anticipate the Dubai ports deal controversy, the botched response to Hurricane Katrina -- maybe a fresher chief of staff could have done better. But Mr. Bolten, even if he doesn't rise seven days a week at 4:20 a.m., has been working nearly Card-like hours for as long as Mr. Card. And on Iraq -- the single issue on which the Bush presidency most depends, and that might benefit most from fresh thinking -- this personnel shift is unlikely to have an impact.

If you hoped that Mr. Bush might respond to some of his setbacks by adjusting some of his policies, this "shake-up" is even less likely to satisfy. We might dream that Mr. Bush would look at the mounting evidence of human-induced climate change and offer a policy response; or notice the baleful impact of high oil prices on his foreign policy and get serious about alternative energy; or acknowledge the plunge from fiscal surplus to deficit in his tenure with a shift in tax policy. But a prod for change is unlikely to come from Mr. Bolten, who told Brian Lamb in the same C-SPAN interview that what he brought to OMB was "a good appreciation of what is important to the president and how we can contribute to accomplishing his agenda." Other personnel changes may follow, but the lesson of this one is that Mr. Bush sees no need for new thinking.

Not Quite What We Had In Mind (NYT)

The New York Times, March 29, 2006

For months now, people have been urging President Bush to shake up his inner circle and bring in fresh air. Perhaps in response, the White House chief of staff, Andrew Card Jr., resigned yesterday. Mr. Bush opened the window — and in climbed his budget director, Joshua Bolten, who used to be Mr. Card's deputy.

If this is what passes for a shake-up in this administration, the next two and a half years are going to be grim indeed. This is a meaningless change, and it simply sends the message that Mr. Bush lacks the gumption to trade in anyone in the comforting, friendly cast of characters who have kept him cocooned since his first inauguration.

It's hard to figure out what unmet need this change is supposed to fill. There's been a lot of talk about how exhausted the original Bush team is. But Mr. Bolten ought to be as pooped as everybody else. It takes just as much energy to put together an out-of-whack, fiscally ruinous budget as it does to mess up an invasion or ignore a cataclysmic hurricane.

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Mr. Bolten has been giving the president advice for years, and the result has been a deficit estimated at $371 billion. Perhaps he'll come up with a better approach in his new job. We've heard that under Mr. Card's watch, aides wound up showing Mr. Bush videos of TV news coverage of Hurricane Katrina to convince their boss that it really was a problem. Maybe Mr. Bolten can start the next budget discussion with some audiovisual aids — like an abacus.

New White House Chief Of Staff Is A Harley-riding Policy Geek (KRT)

By Steven Thomma

Knight Ridder, March 28, 2006

WASHINGTON - In 1999, a rising star at Goldman Sachs had a choice: Go to work for the firm's chairman or take a gamble and work for a presidential campaign.

Joshua Bolten chose George W. Bush's campaign. He's been with Bush ever since and was tapped Tuesday to be Bush's new White House chief of staff.

Bolten, 51, is a hybrid for a Washington insider. A self-described "policy geek," the soft-spoken bachelor prefers life beneath the political radar. Yet his penchant for anonymity notwithstanding, he's no stranger to flamboyant gestures: He rides several motorcycles, and his favorite is the 2003 anniversary edition Harley-Davidson Fat Boy. He's entertained White House staff with his rock band, the irreverently named "Deficit Attention Disorder." And he's friendly with actress Bo Derek.

Bolten easily could have taken a different track to a very different place. The Goldman Sachs chairman whom Bolten shunned: Jon Corzine, who left the investment bank soon after that to enter politics himself as a Democrat. He's now the governor of New Jersey.

In hindsight, it's clear that Bolten was meant for public life, not banking. He was reared in Washington, D.C. His father served in World War II, then spent a career at the CIA.

Bolten calls his mother the smartest person he's ever met.

With a bachelor's degree from Princeton University's Woodrow Wilson School of Public and International Affairs and a law degree from Stanford, Bolten clerked for a federal judge in San Francisco, then practiced law and worked in the State Department.

He became international trade counsel to the Senate Finance Committee in the 1980s before joining George H.W. Bush's White House as a counsel to the U.S. Trade Representative and deputy assistant to the president for legislative affairs.

After the elder Bush lost the White House in 1992, Bolten taught briefly at Yale, then joined Goldman Sachs for five years. A friend recommended him to the fledgling Bush campaign, and he warmed to the younger Bush immediately.

"I thought, boy, this would be terrific if I got a chance to work on this, even though I'd be forgoing this great opportunity to work . . . for the chairman of Goldman Sachs," Bolten recalled in an interview last year with C-SPAN.

After helping the campaign develop policy and assisting in the Florida recount that won Bush the White House, Bolten was named deputy chief of staff. In 2003, Bush named him director of the Office of Management and Budget.

His tenure there has been marked by the three largest federal budget deficits in history and soaring federal spending and debt that have angered conservatives in Bush's political base.

Bolten insists that the government is on track to cut the deficit in half within five years. But Democrats said his promotion represents a continuation of the same policies that produced record deficits. "As the saying goes, you can put lipstick on a pig, but it's still a pig," said Democratic National Committee spokeswoman Karen Finney.

If such criticism gets to him, Bolten can always escape on one of his motorcycles.

"I've been riding motorcycles for about 25 years," he told C-SPAN. "It's a form of relaxation and diversion that (is) beautiful and exhilarating. But you have to concentrate. So you need to clear your mind of everything else, because if you're not concentrating properly when you're riding a motorcycle, you're putting your life in danger."

For the full C-SPAN interview: www.q-and-a.org/Transcript/?ProgramID=1024

Outside The Office, Bolten Isn't The Usual West Wing Insider (LAT)

By Janet Hook

The Los Angeles Times, March 29, 2006

WASHINGTON — Joshua B. Bolten may be as much a loyalist as the rest of President Bush's inner circle, but he cuts a very distinct profile outside the West Wing: He rides a motorcycle, loves to bowl and keeps a copy of the children's book "Walter the Farting Dog" on his coffee table.

That gives Bolten a rare dash of idiosyncrasy in a notoriously buttoned-down White House, where he will soon replace Andrew H. Card Jr. as chief of staff.

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Bolten, 51, brings other attributes that could help the White House in these troubled times, with congressional Republicans in open revolt and Bush's policy agenda at sea. He has experience working on Capitol Hill and, as Bush's budget director the last three years, has mastered broad swaths of domestic policy.

Bolten also is one of the few non-Texans in Bush's tightknit group of advisors.

"He will reach out to a broader range of people to hear their point of view," said Robert D. Hormats, vice chairman of Goldman Sachs International and a Democrat who has worked with Bolten. "The worst way to serve the president is to narrow the range of advice he is exposed to."

But one thing Bolten does not bring to the White House is what some Republicans think is needed most — truly fresh blood. Like Card, Bolten has been a senior advisor to Bush without pause since his 2000 presidential campaign, and he also logged years working in Bush's father's White House.

Indeed, Bolten has worked for one Bush or the other for 11 of the last 18 years.

"He is very loyal, something this administration values," said G. William Hoagland, budget advisor to Senate Majority Leader Bill Frist (R-Tenn.). "He keeps things pretty tight. If he disagrees [with Bush], he does not show it."

Bolten may help smooth the rough edges of the White House's relationship with Congress, where Republicans increasingly have complained that the administration gives short shrift to their views.

For Bolten, Capitol Hill is not unknown territory: He has worked closely with party leaders and budget writers since being named director of the Office and Management and Budget in 2003. His easygoing, nonconfrontational style was a welcome change from his predecessor as budget director, Mitch Daniels, who was often cutting and impatient in his dealings with lawmakers.

"We were in open warfare with his predecessor," said James Dyer, a lobbyist who was staff director of the House Appropriations Committee until 2005. Bolten "came to the Hill and sat down with the chairman and said, 'I'm really under orders to fix this relationship.' "

The son of a CIA employee, Bolten was born in Washington in 1954. He had a blue-chip education at St. Albans, the elite boys' school in Washington, followed by Princeton University and Stanford Law School.

After a stint on the trade staff of the Senate Finance Committee from 1985 until 1989, he served in the George H.W. Bush administration as general counsel to the U.S. trade representative and as White House lobbyist. He left government for a lucrative job in the London office of Goldman Sachs International, then joined the Bush-Cheney campaign in Austin, Texas, in 1999 as policy director on the recommendation of Robert B. Zoellick, now deputy secretary of State.

After Bush was elected, Bolten became White House deputy chief of staff, where he continued to play a central role in policy development. But after the Sept. 11 attacks he was asked to oversee a group to find ways to bolster domestic security.

In 2003, Bush picked him to succeed Daniels as OMB director at a particularly difficult time. The budget deficit was burgeoning and the economy was weak, yet lawmakers were still clamoring for more federal spending on farm subsidies, on projects that benefited individual congressional districts and on other politically sacrosanct programs.

"He has one of the most thankless jobs in this town," Hoagland said. "It's a job that nobody's going to give you great kudos for. You're either under attack here [on Capitol Hill] or the agencies."

Though Bolten's rise in government has been conventional by Washington terms, his interests have not. He owns two motorcycles, one of which he keeps at Bush's ranch near Crawford, Texas. In his OMB office, he displays a motorcycle gas tank commemorating the 100th anniversary of Harley-Davidson.

During the 2000 campaign, he formed "Bikers for Bush." Bolten, a bachelor, gained notoriety when he gave a motorcycle ride at one of the group's rallies to actress Bo Derek.

An avid bowler, he sponsored an annual tournament for several years. Bush is one of his regular opponents during his frequent visits to the presidential retreat at Camp David. As a holiday gift one year, Bolten gave his staff bowling balls.

Bringing Evolution, Not Revolution (WP)

By Peter Baker

The Washington Post, March 29, 2006

Joshua B. Bolten doesn't find it fun to say no. He once called himself a "softer person" than his predecessor as White House budget chief.

But he has found his own ways to make a point. He shows up at policy meetings with a giant calculator to add up the cost of anyone's ambitious ideas. And when someone strays off course, he throws a yellow penalty flag onto the conference table like a football referee.

Now it has fallen on this dry-witted Washington native to get the White House itself back on course. Tapped by President Bush yesterday to replace White House Chief of Staff Andrew H. Card Jr., Bolten will take over a political operation gone astray -

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- mired in an overseas war, stalled in its domestic agenda, sagging in the polls and alienated from congressional Republican allies.

Like Card, Bolten is a Bush loyalist, known as self-effacing and efficient, not especially ideological, not a promoter of his own agenda, a quiet professional in a town filled with vast egos. Yet this workaholic bachelor and self-described "policy geek" in glasses is the picture of contradictions. Bolten, 51, spends his few off-hours racing down the highway on his prized Harley-Davidson Fat Boy or bowling in the White House alley or banging out tunes in a rock band he named Deficit Attention Disorder.

His office in the Dwight D. Eisenhower Executive Office Building adjacent to the White House attests to his personality. Rather than stock it with pictures of Bush, as many aides do, Bolten hung a large portrait of Eisenhower in military uniform above the fireplace and put a Harley-Davidson book on the mantle. Nearby is a motorcycle menorah. Not one to take himself too seriously, Bolten even hung a drawing by a niece that a visitor recalled was titled "Uncle Josh's Poop Calendar."

"He is very funny, he always kept the staff laughing," said Assistant Secretary of State Kristen Silverberg, who worked for Bolten during the 2000 presidential campaign and Bush's first term. At the same time, she said, "Josh has a great moral core" and a passion for bold ideas. "If you had to pick one person who was the architect of all the big first-term domestic policy initiatives," it would be Bolten.

Karl Rove, Bush's political adviser, said Bolten will reinvigorate the White House.

"People get energized -- new leadership has a way of doing that," Rove said. "He has strong views, but he is very adept at not allowing them to short-circuit a robust policy process." Bolten encourages aides to propose ideas he disagrees with, Rove added. "He would challenge them to think outside the box."

Yet Bolten was hardly an outside-the-box choice. He is not the Washington graybeard many Republicans urged Bush to recruit. By most accounts, Bolten will bring evolution, not revolution. Within hours of his appointment, talking points distributed among Democrats described his selection as rearranging deck chairs on the Titanic.

"He strikes me as pretty much cut from the same bolt as Andy Card, so I don't see this as a shift by the White House, replacing one insider with another," said Rep. John Spratt (S.C.), ranking Democrat on the House Budget Committee. But Spratt expressed "high regard" for Bolten: "He's bright, a quick study, yet cool and unflappable."

The son of a career CIA officer and a George Washington University teacher, Joshua Brewster Bolten grew up in Washington, attending public schools until enrolling at St. Albans for high school. After earning degrees at Princeton University and Stanford Law School, Bolten returned to Washington to work as a lawyer at the State Department and the Senate Finance Committee.

"He has this ethic of public service in his bones," said Daniel Price, a longtime friend.

Bolten joined the Bush team in 1989, working as general counsel of the U.S. trade representative and then as a White House lobbyist under President George H.W. Bush. He spent five years in London for Goldman Sachs International before being recruited at Christmas 1998 to go to Texas for the next Bush campaign. "I fell in love with the governor and the whole operation, the whole spirit of the operation," Bolten told C-SPAN last year.

Giving up the Goldman Sachs money, Bolten developed the campaign's policy platform, then helped enact it as deputy White House chief of staff in President Bush's first term. He was instrumental in pushing through tax cuts and the education plan known as No Child Left Behind. He also spearheaded a $15 billion plan to fight AIDS around the world, battling with Mitchell E. Daniels Jr., the director of the Office of Management and Budget, who objected to the cost.

When Daniels resigned in 2003, Bush tapped Bolten to take over OMB and the annual $2.8 trillion federal budget.

Bolten produced two consecutive budgets that cut discretionary, nonsecurity spending, but the cost of wars in Iraq and Afghanistan as well as soaring Medicare expenses have pumped up deficits.

Within the administration, Bolten earned a reputation as tight-fisted and more "overtly demanding" than Card, as one colleague put it, while making few enemies. "He's well-liked by all who know him, even if they don't agree with every decision that he makes," said former commerce secretary Donald L. Evans. "You can't help but say Josh Bolten is a fair and good man."

And Bolten repaired some relations on Capitol Hill frayed under Daniels, who was seen as less deferential to congressional egos. Bolten stroked the likes of Senate Appropriations Committee Chairman Ted Stevens (R-Alaska), terming him the "Incredible Hulk" of lawmakers. Bolten "is respected as a straight shooter and good listener," said Rob Portman, a member of the House leadership before becoming U.S trade representative last year.

Bolten views himself as an honest broker and eschews public attention. "It's best that you keep yourself out of the equation," he told C-SPAN, "and in that way make sure that others have confidence that you're not running your own agenda -- you're just running the president's agenda, which was my objective. Still is."

Still, he will not bring fresh legs to the assignment. Many Republicans around Washington attributed at least some of Bush's political problems to a tired White House staff that has remained largely intact since the beginning of his presidency. Card served longer than any other chief of staff in half a century.

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Bolten has been with Bush since the start, as well, working as many if not more hours than Card. Although he gets into the office later than Card, just in time for the 7:30 a.m. senior staff meeting, Bolten is regularly seen at the office until 10 or 11 at night before climbing into his 12-year-old Ford pickup to drive home. (After long resistance, Bolten recently accepted the car and driver service entitled to high-ranking White House officials, according to colleagues.)

Nonetheless, some believe Bolten offers enough change to make a difference. "It's a significant change because he brings a different skill set than Andy did," said Cesar Conda, a former aide to Vice President Cheney. "Josh will bring some energy to the policymaking apparatus at the White House. And he'll bring good relations with the Hill."

Joshua Brewster Bolten: Longtime Ally, Now A Top Aide (NYT)

By Elisabeth Bumiller

The New York Times, March 29, 2006

WASHINGTON, March 28 — Joshua B. Bolten, the incoming White House chief of staff, would appear to have the insider credentials and ability to soothe Congress that the White House desperately needs.

He grew up in establishment Washington, the son of a C.I.A. officer, and graduated from the elite St. Albans School, former Vice President Al Gore's alma mater. As White House budget director, he amused his 500-member staff by renaming his weekend rock band Deficit Attention Disorder for a performance at the Office of Management and Budget. He has nurtured relationships on Capitol Hill, and is personally close to President Bush.

But the question is whether Mr. Bolten is the man to right a listing presidency, and whether his skills, instincts and access to Mr. Bush are enough to overcome public anger over the war in Iraq and the growing questions in Washington about the competence of the West Wing staff. Mr. Bolten, after all, has been with Mr. Bush from his first days as a presidential candidate, and in the last three years has presided over the biggest budget deficits in the history of the United States.

"The last time Josh was in here, I said, 'How can a guy as smart as you are come up with such bad results?' " said Senator Kent Conrad of North Dakota, the ranking Democrat on the Budget Committee. "He said, 'You can't pin this one on me.' "

Republicans in Congress reacted positively to the appointment but with barely stifled yawns.

"It's an indication that they're turning the page, which I think will be received favorably, but I don't think there's going to be any significant change in the way things are done over there," said Senator John Thune, Republican of South Dakota, who two weeks ago said that the White House staff lacked passion and urgency.

Still, Mr. Thune said, "he probably will do a better job of reaching out to Congress."

Supporters of Mr. Bolten insisted he would revitalize a moribund policy operation at a White House that failed in the past year to push a Social Security overhaul through Congress and is now facing strong resistance to Mr. Bush's plan to change immigration laws. They said Mr. Bolten, the influential but publicly invisible White House deputy chief of staff in Mr. Bush's first term, would help formulate and drive legislation in a way that Andrew H. Card Jr., the outgoing chief of staff, did not.

As deputy chief of staff, Mr. Bolten scheduled the president's almost daily 45 minutes of domestic "policy time" in the Oval Office, and determined what issue was discussed, who was invited and in large part how it could be sold on Capitol Hill. In the first term he drove an agenda dominated by the tax cuts that the White House relentlessly pushed through Congress.

"Josh would have a calendar up in his office, where he would, in consultation with everybody else, map out when the president would be briefed on an issue, then tie it to events on the Hill and major announcements," said Cesar V. Conda, Vice President Dick Cheney's former top economic policy aide who worked closely with Mr. Bolten. "He was really the maestro of the policy process. I was there a month after Harriet Miers took over, and it wasn't the same."

Mr. Conda was referring to Mr. Bolten's replacement, now the White House counsel.

On Capitol Hill, Mr. Bolten, who worked in the White House Congressional liaison office of Mr. Bush's father, regularly stepped in as this administration's deal closer.

"I worked closely with him on everything from Medicare to the tax cuts," said Rob Portman, the United States trade representative and a former Republican congressman from Ohio who was a White House point man on Capitol Hill. "He was the one who ultimately pulled together the agency and White House folks and said, 'How do we get a result here?' He's not an ideologue."

Exactly what Mr. Bolten believes is something of a mystery, although he was considered a pragmatist who liked tax cuts and not a supply-side true believer in nearly six years at Goldman Sachs in the 1990's. He spent most of those years based in London, as the investment banking firm's chief lobbyist at the European Union's headquarters in Brussels, although he also worked for a short time there as the chief of staff to Jon Corzine, then the firm's co-chairman and now the Democratic governor of New Jersey.

When Mr. Bush named Mr. Bolten his budget director three years ago, Mr. Corzine, who was a United States senator from New Jersey at the time, called Mr. Bolten "on message and loyal to a fault."

Mr. Bolten, who described himself as a "policy geek" in an interview with Brian Lamb of C-Span late last year, has whitish-gray, closely cropped hair, round wire-rimmed glasses and the prosperous, buttoned-down look of a Washington corporate lawyer. At 51, he retains a slightly youthful look. At the White House, he is considered relatively mellow and more comfortable with reporters than Mr. Card.

Unlike other members of Mr. Bush's inner circle, Mr. Bolten makes occasional forays to the dinner parties of establishment Washington. He has turned up at the home of Ben Bradlee, the former executive editor of The Washington Post, and the writer Sally Quinn and has regularly dated women in the Bush administration. He distinguished himself at the 2000 Republican National Convention by appearing with the actress Bo Derek.

Mr. Bolten is also known for his motorcycle collection, although he most often rides a Harley.

"I've ridden motorcycles for a long time; it's not just a midlife crisis adoption," Mr. Bolten said on C-Span. "I've been riding motorcycles for about 25 years. And I enjoy it now I think especially because it's a form of relaxation and diversion that's beautiful and exhilarating. But you have to concentrate. So you need to clear your mind of everything else because if you're not concentrating properly when you're riding a motorcycle, you're putting your life in danger."

Joshua Brewster Bolten was born on Aug. 16, 1954. A graduate of Princeton and Stanford Law School, he grew up knowing little about the duties of his father, who worked in the C.I.A.'s directorate of operations, the agency's covert espionage arm. He plays bass guitar in his band, normally called the Compassionates. The lead singer is Tabitha Mueller, Mr. Card's daughter.

Washington Wire (WSJ)

By Various Writers

Wall Street Journal, March 27, 2006

March 28, 2006, 6:34 pm

Picking Up Static

It didn't take long for the complaints to start flying about a draft telecom bill introduced Monday night by House Energy and Commerce Chairman Joe Barton, a Texas Republican.

The bill would establish a national video franchise, giving phone companies such as Verizon Communications Inc. and AT&T Inc. their biggest wish: the ability to avoid negotiating local agreements before offering cable-like television service. Barton found an ally in Democrat Congressman Bobby Rush of Illinois, but senior committee Democrats weren't as enthusiastic.

The Bells welcomed Barton's legislation, but continued to grumble it contained a provision on Internet neutrality, which drew scorn for another reason from consumer groups and Internet companies. They complained it would actually make it harder for the Federal Communications Commission to respond to complaints. Six high-tech companies, including Microsoft Corp., Google Inc., Yahoo! Inc., and eBay Inc., sent a letter to Barton complaining the bill would "fail to protect the Internet from discrimination and would deny consumers unfettered access" to Internet applications and services in the future.

A previous attempt to draft a bi-partisan bill fell apart after the cable industry complained it was unfair because it would impose new restrictions on cable providers.

Phone and cable companies have been trading jabs as the House telecom draft begins to move through committee. A cable industry-funded group, Broadband Everywhere, is preparing to release a report entitled "Frayed at the Edges: A Chronicle of the Bells' Decade-Long, Unfulfilled "Plan" for Fiber Deployment." The 18-page report provides a litany of examples detailing what it calls the phone companies' broken promises to provide high-speed Internet access. Complaining the Bells have been "nurtured on the mother's milk of government regulation and grants of exclusive telephone franchise rights," the group argues in the report that phone companies shouldn't be given help on video franchises now. –Amy Schatz

March 28, 2006, 5:32 pm

Outsourcing Outrage

House Democrats cry foul over bare-boned report on outsourcing of American technology jobs.

Tennessee Rep. Bart Gordon complains that the Commerce Department refuses to allow lawmakers to see the complete 200-page version of its Six-Month Assessment of Workforce Globalization in Certain Knowledge-Based Industries, finished in mid-2004 at a cost of $335,000. Instead, Commerce gave Congress a 12-page summary that Democrats suspect whitewashes the worst news about job migration to India and other countries.

"The taxpayers paid for an analysis on the state of U.S. jobs and off-shoring, and in return they've gotten twelve pages of essentially useless information," Mr. Gordon says. "In my book, any government report that costs $27,917 per page and says nothing is little more than a very expensive waste of time."

Mr. Gordon, the top Democrat on the House Science Committee, plans to employ a rare parliamentary procedure — called a Resolution of Inquiry — that he hopes will force Commerce to turn over the full report. The committee is scheduled to vote on

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his resolution Wednesday morning. If it passes, it will go to the House floor. “American workers deserve the full truth about the current and future state of their jobs — and that’s all we are asking for,” Mr. Gordon says. Science Committee Chairman Sherwood Boehlert (R., N.Y.) is rounding up fellow Republicans to try to defeat the Gordon resolution, noting the Commerce Department study has since been superseded by a massive outsourcing study by the National Academy of Public Administration.

Commerce spokeswoman Christine Gunderson declines to explain for print why the full version of the report wasn’t released. As far as Commerce is concerned, she says, the 12-page summary is the final product. “The Democrats have that report, and it’s publicly available,” she says. –Michael M. Phillips

March 28, 2006, 3:58 pm

A Tax by Another Name

The Bush administration continues to strike out in its effort to trim the federal deficit by raising nontax revenues.

State trade directors from across the country are urging Congress to block a pending fee increase that they say would harm small businesses seeking to export goods overseas.

In a letter to key House and Senate committees, economic development officials from 41 states said companies that tap the Department of Commerce to help identify foreign buyers of American goods and services will soon have to pay as much as $2,500 for a single day of such “matchmaking” services, up from the current rate of $770. “These services … play a crucial role in linking exporters with foreign buyers,” the letter states, adding that “thousands of small exporters will not be able to afford this increase.”

Congress intervened in 2005 when a similar fee increase was slated to go into effect, and Chris Whatley of the Council of State Governments says state officials hope for similar action this time around. –Deborah Solomon

March 28, 2006, 3:48 pm

Taxing Work

Republican tax-writers on Capitol Hill, hoping to spur approval of a two-year extension of the 15% rates on capital gains and dividends, thought they had hit on a plan to win over Senate Democrats. But some liberal groups and deficit hawks are urging Democrats to oppose the plan.

Republicans planned to pay for some of the costs of the investment rate cuts by allowing wealthy Americans to convert their traditional IRAs into Roth IRAs. Since funds transferred from traditional IRAs to Roth IRAs are taxed at the front end, allowing wealthy Americans to transfer their retirement funds to Roth IRAs would general billions of dollars in revenue for the Treasury.

But the Center on Budget and Policy Priorities, the Committee for a Responsible Federal Budget, the Concord Coalition and the Committee for Economic Development warn that the plan is a “gimmick” that would increase the budget deficit in the long term. In a press conference today, the four groups called on Congress to reject the Republicans’ plan. The groups acknowledged that allowing wealthy Americans to transfer retirement funds to Roth IRAs would raise money in the short term for the government. But it would cost far more money in the long term, they said. “People would elect to convert their traditional IRAs to Roth IRAs only if doing so would be to their advantage because it would lower their tax bills,” said the groups “Anyone who expects that such a transaction would increase his or her tax bill simply would not make the transaction.”

Republicans are likely to ignore the groups. But the deficit concerns could make it more difficult to Republicans to win votes from Democrats for the bill.

Competing versions of the tax bill passed the House and Senate last year. The bill is now in a Republican-run conference committee trying to iron out a final bill that can clear Congress this spring. In addition to the capital gains and dividends tax cuts, the bill would provide an exemption to the alternative minimum tax for millions of middle-class Americans and extend a range of business tax credits. –Brody Mullins

March 28, 2006, 9:33 am

Card’s Real Ambition?

Card

In the wake of Andy Card’s resignation as White House chief of staff, speculation will turn immediately to an intriguing question about his future: Is Card about to launch a campaign to become the next governor of Massachusetts, his home state? Acquaintances say Card has been telling them in recent months that would be his dream job. Popular incumbent Gov. Mitt Romney isn’t running again this fall, and appears to be laying the groundwork to run for president instead. That makes Lt. Gov. Kerry Healey the current top Republican contender to replace Romney in this fall’s election, but her campaign has struggled.

Healey has been trailing in the polls behind Attorney General Thomas Reilly, a Democrat. A recent poll showed Reilly ahead with 34% support and Healey with just 25%. An independent candidate, Christy Mihos, has also entered the mix, threatening to pull votes away from Healy. In a state with just 13% registered Republicans, Healey would need broad cross-party

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support to win. She has been troubled in part by news that her running mate, former state Rep. Reed Hillman, asked for a gubernatorial pardon for a constituent who was arrested three times for drunk driving.

Meanwhile, speculation in Washington will turn to who will replace new White House chief of staff Josh Bolten, who has been director of the Office of Management and Budget. Joel Kaplan, deputy OMB director, is a logical top choice. Another possibility: Clay Johnson, the deputy OMB director for management. –Gerald F. Seib and Deborah Solomon

March 28, 2006, 9:22 am

New Season

Bolten

The elevation of Joshua Bolten – an administration veteran who's been with President Bush since the 2000 campaign – likely won't do much to silence critics who think that the White House is too insular and in need of new blood and fresh ideas. Still, the move signals that the administration is taking its political problems seriously.

The public comments of Bush and Bolten were carefully calculated to do minimal damage to Andrew Card's reputation, and to the administration's. Bolten described Card as "among the finest public servants of his generation." In brief comments of his own, Card quoted the biblical book of Ecclesiastes, saying simply, "It is a different season and Josh Bolten is the right person for that season." –John D. McKinnon

Selling U.S. Policy: Big Names For A Big Job (WP)

By Al Kamen

The Washington Post, March 29, 2006

These are difficult times for America's image abroad. And the folks at the State Department's public diplomacy operation, especially in the Bureau of International Information Programs, are working overtime to meet their mandate to "deliver America's message to the world, counteracting negative preconceptions."

The "mission statement" on the 370-member IIP's Web site says it is to "Inform, engage, and influence international audiences about U.S. policy and society to advance America's interests."

But that's not easy. The White House, we hear, looked hard a while back to find some celebrity types to promote the president's vision for Iraq, but came up empty. IIP, run by Alexander C. Feldman , has a group trying to enlist some "big name" speakers, people with instant credibility, for the cause, according to an internal March 20 e-mail sent by an IIP aide.

The Democracy Dialogues group had drawn up a list of people they'd like to get, such as former CBS anchor Walter Cronkite , for example, to talk about a free press and well-known scholars to talk about other issues. Feldman, the e-mail said, "professed himself less than entirely satisfied with the list of prospective big name speakers . . . which he thought was 'uneven' " and lacking in "truly big names," especially "international figures."

"He threw out some suggestions of his own, which I pass along to give you all an idea of the terms in which Alex is thinking about this," the e-mail said. For women's rights, maybe Secretary of State Condoleezza Rice , retired Supreme Court justice Sandra Day O'Connor or Justice Ruth Bader Ginsburg . For "judicial independence," maybe Justices Anthony Kennedy or Stephen G. Breyer , or maybe Senate Judiciary Committee Chairman Arlen Specter (R-Pa.).

But, the e-mail writer continues, "please be thinking about truly well-known international counterparts, e.g., Richard J. Goldstone , the former chief prosecutor of the International Tribunal for Rwanda and the former Yugoslavia -- people of that kind of stature" who would be known not just "in certain countries or regions."

So for "free and fair elections," we're told Feldman suggested former South African president Nelson Mandela or former president of Czechoslovakia Vaclav Havel . They'd certainly be willing to help advance America's interests.

For "freedom of worship: The Dali Lama [and] The Pope ."

Of course! Surely they'd at least be willing to do a Web chat for us? Hmm . . . Posting with the Pope. Kinda catchy?The Few, the Proud, the Cabinet Holdovers

Yesterday's announcement that Chief of Staff Andrew H. Card Jr. is leaving sparked much chatter about other top-level departures at the White House. At the Cabinet level, though, don't expect major change.

But President Bush 's Cabinet has only three of the original 15 statutory chiefs from 2001: Defense Secretary Donald H. Rumsfeld , Labor Secretary Elaine L. Chao and Transportation Secretary Norman Y. Mineta . (A replacement for Treasury Secretary John W. Snow , not of the Class of 2001 anyway, has long been expected.)

Of the trio, Mineta -- a close friend of Card's back from the days when Card was secretary of transportation and Mineta chaired the House Transportation Committee -- has long been talked about as a likely departee before 2008. Unclear if Chao might depart at the traditional last departure window -- the midterm elections in November. If those two go, that would leave Rumsfeld, who has shown no inclination to leave.

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President Bill Clinton's Cabinet had several bitter-enders, including Interior Secretary Bruce Babbitt , Education Secretary Richard W. Riley , Health and Human Services Secretary Donna E. Shalala and Attorney General Janet Reno .At State, the Vacancy Sign Stays Lit

Still looking . . . Anyone who wants to be assistant secretary of state for nonproliferation, please contact Robert Joseph , undersecretary for arms control and international security, ASAP with your bona fides.

Stephen Rademaker has been "acting" in the job since September, but the search has gone on. Names that have come and gone include Mark Esper , a senior aide to Senate Majority Leader Bill Frist (R-Tenn.); Marshall Billingslea , who's at NATO; and Susan Koch , a top adviser to Joseph. No signs any of them will be nominated any time soon. We hear Joseph has been telling people, even people he doesn't know, that he's not happy. Meanwhile, the operation bleeds talent as it merges arms control and nonproliferation bureaus into a new office called International Security and Nonproliferation.

Trouble May Be Brewing For GOP On Budget (AP-Y2)

By Andrew Taylor

AP2, March 29, 2006

A battle is shaping up between conservatives who want to cut government spending and moderates seeking to protect education and health programs as House Republicans start acting on President Bush's proposed budget for next year.

The conservative-dominated House Budget Committee was expected to act favorably Wednesday on a $2.8 trillion budget blueprint for the budget year that begins Oct. 1.

Moderates already are demanding a rewrite to boost popular domestic programs.

"I will not vote for a House budget resolution that would result in real cuts to critical federal investments in education, health care, housing veterans' services, social and community block grants and encourage my colleagues ... to do the same," Rep. Mike Castle, R-Del., told a cheering crowd of health and education advocates on Tuesday.

In a congressional session shortened by election-year politics, Congress probably will not wrap up its appropriations work before adjourning in October. A postelection lame duck session may be required.

The committee chairman, Rep. Jim Nussle (news, bio, voting record), R-Iowa, spent Tuesday polishing his budget plan ahead of what was shaping up as a full day of debate.

The plan was expected to adopt Bush's $873 billion proposal for Cabinet department and agency budgets that Congress renews annually.

That total does not include the $90 billion-plus in upcoming money for hurricane aid and the war in Iraq.

Democrats and moderate Republicans say popular domestic programs are being shortchanged. Their spending was cut slightly during last year's budget debate; Bush proposes an additional cut of about 1 percent this round.

The budget resolution is a nonbinding blueprint that establishes lawmakers' tax and spending priorities. It sets the outlines for bills that cut or raise taxes and spending.

With a resolution in place, the 100-member Senate can pass those bills with a simple majority rather than the 60 votes needed to overcome a filibuster.

It generally is assumed that Congress will not pass a major new round of tax cuts or push for more budget cuts after having an arduous time passing last year's $39 billion measure that trimmed Medicaid, Medicare and student loan subsidies.

While Nussle's budget plan probably will recommend a modest spending cut bill, senators are not likely to agree.

An amendment by Sen. Arlen Specter (news, bio, voting record), R-Pa., to add $7 billion for education, health and job training programs passed by a 73-27 vote, even attracting support from Senate Majority Leader Bill Frist, R-Tenn.

Specter annually writes a huge spending measure for education and health programs and says the $7 billion would restore programs to their levels of two years ago. All told, senators added $16 billion above Bush's spending cap.

White House budget director Joshua Bolten — named Tuesday to succeed Andy Card as Bush's chief of staff next month — said in a statement that the president would seek to eliminate the additional money.

In the House, GOP moderates are emboldened by Specter's success. Twenty-three lawmakers, led by Rep. Nancy Johnson (news, bio, voting record), R-Conn., signed a letter urging a 2 percent increase in domestic appropriations and warning that they "would have strong reservations voting for any budget that would result in real cuts in a number of programs."

Conservatives and GOP leaders such as House Majority Leader John Boehner of Ohio pledge to stick with Bush's spending cap, which may make it difficult to pass a budget. Even if the House does pass a budget that sticks to the Bush limits, Specter says he will not relent.

"I'm hopeful that the House conservatives can prevail, but I don't know that they have a working majority over there any more than our conservatives over here," said the chairman of the Senate Budget Committee, Sen. Judd Gregg (news, bio, voting record), R-N.H.

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Lobby Vote Teed Up For Today (RC)

By Tory Newmyer

Roll Call, March 29, 2006

Senators will vote on final passage of a lobbying reform package today, after moving last night to drop two key provisions by cutting off debate on the matter.

To quickly wrap up work on the issue, Senators agreed to forgo votes on one provision that would crack down on lawmakers' use of corporate jets and another that would severely curtail the practice of earmarks.

Falling by the wayside with those two proposals was one calling for the creation of an independent Office of Public Integrity to oversee compliance with new lobbying rules. Though highlighted by outside watchdogs as critical to the overall reform effort, two-thirds of Senators voted to reject the plan, with some criticizing the office as too weak and others calling it an affront to the Senate Ethics Committee's authority.

Senators, however, added to the measure a ban on the longtime practice of allowing any lawmaker to stop legislation in its tracks with a secret hold.

Senators will work through about five to 10 remaining amendments to the bill this morning before deciding on the entire package, a senior GOP aide said. They have until the morning to submit germane amendments, at which point Senate leaders will meet to try to narrow the list, a leadership aide said.

Senators voted 81-16 to invoke cloture on the bill, after rejecting the independent ethics office in a 30-67 vote and adding the proposal banning secret holds by a margin of 84-13.

The Tuesday votes to limit the measure's scope disappointed some of the chamber's loudest advocates for reform.

"I have serious reservations about a bill" that doesn't address travel, earmarks and enforcement, said Sen. Barack Obama (D-Ill.), his party's point man on the issue. "If those components are missing, I don't think we've gotten at the fundamental problem."

Obama said the Senate, which is under heavy pressure to take up the politically explosive issue of immigration reform, had moved too quickly on the lobbying rules overhaul.

Nevertheless, Senators supporting the travel and earmark provisions pledged to press ahead, planning to offer the proposals as amendments to future legislation.

"There will be an opportunity some other time to deal with it," said Sen. Rick Santorum (R-Pa.) a leader of the GOP reform efforts and a co-sponsor of the corporate-jet amendment.

He said despite failing to attach his proposal, he was satisfied with the final product, calling it a "very strong effort."

Although no deal on legislative vehicles for either amendment has been agreed to, a veteran GOP aide speculated that earmark reform could end up on a pending line-item veto bill, since attaching it to any other bill it would mean a 60-vote budget act point-of-order hurdle, as well as a cloture vote.

In the meantime, Sen. Tom Coburn (R-Okla.), a leading earmark critic, said that any unauthorized earmarks added to bills will be challenged on the floor. "We're going to have some fun," he said.

To clear the Senate today, the bill will need 67 votes, the threshold required for changing the chamber's rules. If it passes, those changes — including the longstanding ban on secret holds — will become effective immediately.

The measure being put to Senators today bans gifts from lobbyists and increases reporting requirements for lobbyists while doubling the frequency of those disclosures. It also tightens revolving door restrictions between Congress and K Street by expanding the one-year cooling-off period for former staffers and lawmakers who go to work as lobbyists. The bill also includes new disclosure requirements for groups that engage in grass-roots lobbying.

On the House side, Republican leaders were still hesitant to put a firm time frame on when the chamber would consider its version of lobbying and ethics reform.

"I would like to give you a firm date," House Majority Leader John Boehner (R-Ohio) said during his weekly session with reporters. "I would like to tell you we will have it all finished by 'X.' But it is going to depend upon how quickly the committees can do their hearings, markup their bills and then some decision about how this is all brought to the floor."

The House Rules Committee has a hearing scheduled Thursday on lobbying reform, but no other committees currently have hearings or markups scheduled on the subject.

A group of House Republicans, led by Chief Deputy Majority Whip Eric Cantor (Va.) held a press conference Tuesday to push for the inclusion of 527 reform in the lobbying package, and to release a letter they wrote to IRS Commissioner Mark Everson demanding that his agency investigate reports that many 527 groups are not meeting disclosure requirements and not paying taxes they owe.

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House Republican leaders decided Tuesday afternoon that they will put 527 reform on the floor next week, even if other portions of the broader lobbying reform package aren't ready for consideration yet.

The vote to attach the holds measure to the lobbying bill sets up a potentially landmark change for the Senate.

Bob Dove, a lawyer with Patton Boggs, said that during the eight years he served as parliamentary counsel to then-Minority Leader Bob Dole (R-Kan.), hold letters would come to Dole almost every day.

"Not all were the worst kind of holds, the 'I'm going to fight this with every strength of my being' kind," he said. But many would request that the Senator be notified before legislation moved forward, because the Senator might have an amendment he wanted included, he said.

"But they came almost every day," said Dove, who later served as Senate Parliamentarian.

Senate To Debate Lobbying Reform (WT)

By Christina Bellantoni

The Washington Times, March 29, 2006

The Senate today is expected to debate and start final consideration of a bill that would make sweeping changes to lobbying rules, with senators saying the vote is crucial to show that lawmakers are serious about "cleaning up" Washington.

Senators yesterday voted on two amendments to Sen. Trent Lott's bill to curb the influence of lobbyists, though there are nearly 80 proposed amendments on file. Late in the evening senators voted 81-16 to move on to final consideration of the measure, effectively limiting the amount of debate and amendments that can be taken up.

"This bill is not perfect but it contains important reforms," said Senate Minority Leader Harry Reid, Nevada Democrat, in urging his colleagues to move to a final vote.

Senators now have 30 hours to debate and then vote on Mr. Lott's bill, which bans gifts and meals paid for by lobbyists, requires lawmakers to attend an ethics training program and attempts to limit earmarks, called "pork-barrel" spending by critics. They will only consider amendments that are relevant to the bill.

Senators voted 67-30 to reject the creation of an independent Office of Public Integrity that would oversee congressional ethics, an amendment proposed by Sen. Susan Collins, Maine Republican.

"The public believes that investigation of our colleagues by our colleagues raises obvious conflicts of interest," she said. "Sunlight is the best disinfectant."

But Select Committee on Ethics members call the proposal "off target," saying it would replicate their work.

Senators did vote 84-13 for an amendment requiring senators to disclose their reasons for holding up legislation. The so-called "secret holds" targeted by this amendment are a "lobbyist jackpot," said Sen. Ron Wyden, Oregon Democrat.

Mr. Lott, Mississippi Republican, balked at the number of amendments to his bill, saying most were irrelevant to lobbying reform.

"Are we serious ... or not?" he asked. "Some people I suspect would hope this would just slide off the face of the Earth [but] this issue is going to be dealt with."

The lobbying legislation was given priority in the wake of scandals surrounding lobbyist Jack Abramoff and the bribery conviction of former Rep. Randy "Duke" Cunningham, California Republican.

Key House members yesterday called for 527 groups -- so called for the Internal Revenue Service code that governs their nonprofit tax status -- to be subject to the campaign finance laws that govern lawmakers. Those groups, such as America Coming Together and the Swift Boat Veterans for Truth, are mostly funded by a handful of wealthy activists.

"This is big money by a few people on a massive scale," said Rep. Tom Cole, Oklahoma Republican. The groups funneled $370 million into the 2004 election, with 46 persons giving more than $1 million each, lawmakers said.

The House expects a full vote on a new lobbying bill and the proposed 527 changes -- which are not included in the Senate version -- next week.

Lobbying-Overhaul Bill Nears Passage With Broad Support (WSJ)

By David Rogers

The Wall Street Journal, March 29, 2006

WASHINGTON -- Lobbying-overhaul legislation is nearing Senate passage after both parties joined forces to kill a proposed enforcement office and to preserve an election-year perk: below-cost flights on corporate aircraft.

On a 67-30 roll call, senators rejected creating an independent office of public integrity intended to strengthen the existing ethics-committee process. Later, on a 81-16 vote, the joint leadership won a motion to begin to close down debate and effectively block any amendment on the corporate-jet issue.

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Left in place are a set of tough new disclosure requirements for lobbyists, and lawmakers themselves would be subject to new rules making it harder to slip special-interest provisions into legislation at the last hour without prior debate.

Lobbyists would be barred from paying for meals or gifts for lawmakers, such as sports tickets. The level of detail in lobbying reports would be far greater, and all the data would be filed electronically to a centralized repository available on the Internet.

Yet without the proposed enforcement office, the effort may lose some of its credibility. And in further action today, there will be continued efforts to strike provisions requiring fuller disclosure of grass-roots lobbying campaigns, a powerful and often lucrative tool for interest groups, which lawmakers don't want to antagonize.

"Congress is always reluctant to reform itself," said Sen. Susan Collins (R., Maine), the bill's manager and one of those promoting the proposed integrity office. But she faced resistance in her own party leadership, while on the Democratic side, Minority Leader Harry Reid of Nevada appeared ready to shut down the debate and avoid a vote on the corporate-aircraft issue.

"No one needs to hang his head in shame about what we have done," Mr. Reid said. "This is a good piece of legislation. I don't think the perfect should get in the way of the good."

Mr. Reid said it was time to move onto new topics, such as immigration legislation. But his tone was far more accepting than the outcry in January, when Republican lobbyist Jack Abramoff pleaded guilty to three felonies and promised to cooperate with a still ongoing Justice Department investigation of political corruption.

Sen. John McCain (R., Ariz.), who opposed the motion to cut off debate and limit amendments, vowed to come back on a future bill to address the corporate-aircraft issue. But the popularity of the perk -- and its usefulness to party leaders in the midst of political campaigns -- makes it hard to restrict.

The primary issue is one of cost: Lawmakers need only pay the jet's owners the equivalent of a first-class ticket. But access is also an issue because a company's executive can ride along with the lawmaker. Over the years the frequency of such flights has grown, and it has become a source of influence for business.

Senators Reject Proposal For Separate Ethics Investigators (USAT)

By Jim Drinkard

USA Today, March 29, 2006

WASHINGTON — The Senate on Tuesday voted down a proposal to create an independent office to investigate alleged ethics violations as it struggled to revive a bill to tighten rules governing the ties between lobbyists and Congress.

Senators voted 67-30 to kill a plan to set up an office of public integrity that could interview witnesses, subpoena records and submit findings to federal prosecutors or the Ethics Committee for action.

Sen. Susan Collins, R-Maine, said the public has grown skeptical of Congress' ability to police itself and creating an independent ethics office would help restore confidence.

Senate Ethics Chairman George Voinovich, R-Ohio, called the idea “off target and unnecessary.” He said the committee, which does not make its work public, handles ethics enforcement adequately.

Mary Boyle of the ethics watchdog group Common Cause said “it's very disappointing that the Senate would reject this very modest proposal. It does not bode well for the whole lobbying bill.”

The bill was designed to boost public confidence in Congress, whose poll ratings have suffered under a lobbying-and-influence scandal. Former lobbyist Jack Abramoff, who pleaded guilty to corruption and fraud charges in January, is scheduled to be sentenced today in a Florida federal courtroom.

Abramoff's gifts of travel, meals, sports tickets and campaign contributions to members of Congress triggered fears that the scandal would spread across Capitol Hill. Rep. Bob Ney, R-Ohio, stepped down as chairman of the House Administration Committee because of his ties to Abramoff.

After Abramoff's guilty plea, Senate Majority Leader Bill Frist, R-Tenn., and House Speaker Dennis Hastert, R-Ill., ordered quick action to restrict gifts, travel and other lobbyist favors.

The push has slowed in recent weeks. The House has referred its legislation to five committees. The Senate bill stalled within hours when it was first brought up three weeks ago. Sen. Trent Lott, R-Miss., voiced frustration Tuesday. “Who wants to take the blame for not getting this done?” he asked.

The bill would ban gifts from lobbyists, including meals, to members of Congress and their staffs. It would require more frequent and thorough disclosure by lobbyists of their activities. It also would institute reporting requirements for travel aboard private jets and require advance approval for travel paid for by private sources.

Senate Votes Down Outside Ethics Office (WP)

By Jeffrey H. Birnbaum

DOJ_NMG_0023575

The Washington Post, March 29, 2006

The Senate rejected a proposal to establish an independent office to investigate ethics complaints against its members, and then cleared the way to pass a broad-based ethics and lobbying bill this week.

On a 67 to 30 vote, the Senate defeated a bipartisan proposal to create an office of public integrity, which its backers said was designed to strengthen enforcement of Senate rules and bolster voters' trust in Congress in the aftermath of the guilty plea in January of disgraced lobbyist Jack Abramoff.

The Homeland Security and Governmental Affairs Committee had killed a similar proposal March 2 after current and former members of the Senate's ethics committee called the office superfluous. The top Republican and the senior Democrat on the ethics panel led the successful effort to bury the proposal yesterday for a second time.

The rejected measure was devised by Sens. Susan Collins (R-Maine), Joseph I. Lieberman (D-Conn.) and John McCain (R-Ariz.). They asserted that lobbying and ethics rules need to be better enforced for the public to regain trust in congressional officials.

"The fact remains that public confidence in Congress is near an all-time low," Collins said. "Strengthening the enforcement mechanism is critical" to improving lawmakers' reputations, she added.

Government watchdog groups reacted quickly and angrily to the vote. "The Senate today is refusing to acknowledge that Congress -- in the eyes of the public -- has failed to police itself," said Common Cause President Chellie Pingree.

Joan Claybrook, president of Public Citizen, said the vote against the office shows that the "Senate is out of touch."

Opponents of the integrity office argued that the Senate's Select Committee on Ethics is already policing complaints thoroughly and without bias, and does not need an independent office to assist its investigations. "The laws and rules are enforced," said Sen. George V. Voinovich (R-Ohio), chairman of the ethics committee. An office to conduct investigations before the ethics panel's consideration "would hurt the situation" rather than help it, Voinovich said.

Sen. Tim Johnson (S.D.), the senior Democrat on the ethics committee, agreed that a new office would "duplicate the ethics committee" and would "waste resources."

Lieberman said the proposal had been altered since committee deliberations to attract more support. The scope of the office's duties was narrowed to the Senate only, leaving the House out of the measure, and he reiterated that the office would be subordinate to the ethics committee. But Collins acknowledged that the measure from the start had faced an "uphill" climb.

The Senate also approved a proposal by Sen. Ron Wyden (D-Ore.) to end the practice that allows a senator to block anonymously consideration of legislation. By an 84 to 13 vote, the Senate agreed to put a stop to what are known as secret holds.

The measure would require senators to disclose publicly within three days that they are objecting to the consideration of a bill. Currently, senators can place a hold on legislation without acknowledging their action to the public or to other senators.

The Senate agreed to work on the lobbying bill after voting 81 to 16 to limit the number of amendments it will consider. The procedural vote could allow the chamber to finish the legislation as early as today, lawmakers and staffers said.

McCain complained that some key amendments are being laid aside as a result of the vote. In particular, he said he regretted that amendments that would limit earmarks -- narrowly focused appropriations -- and that would, in effect, restrict lawmakers' use of chartered jets would not be voted on as part of the bill.

The legislation as it stands would bar lawmakers from accepting meals and gifts, including sports tickets, from registered lobbyists, and would increase the disclosure that lobbyists must make to the public.

Sens. Obama, Coburn Make Unlikely Duo (HILL)

By Alexander Bolton

The Hill, March 29, 2006

Sen. Barack Obama (D-Ill.), a fast-rising leader in the Democratic Party, and Tom Coburn (R-Okla.), whom conservatives view as one of their most principled spokesmen, have forged an unlikely alliance in the debate on lobbying reform.

Both lawmakers have played prominent roles in the legislative wrangling over how to address lobbying abuses in the wake of lobbyist Jack Abramoff's crimes. Democratic leaders tapped Obama early on to spearhead the debate over reform, and Coburn has emerged as a leading critic of earmarks, teaming up with Sen. John McCain (R-Ariz.) in vowing to challenge colleagues' projects on the Senate floor.

Coburn has co-sponsored all five amendments that Obama has filed for the lobbying reform package. Obama has crafted a range of proposals:

· A prohibition on paid coordination of lobbying activities.

· A ban on lawmakers' negotiating future employment as lobbyists.

· A prohibition on advocating for earmarks in which the lawmaker has a financial interest.

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· A prohibition on buying votes with earmarks.

· A requirement that earmarks be available for scrutiny during business days.

It is unclear when or whether the Senate will vote on the duo's amendments. Senate leaders scheduled votes on two different amendments to the reform package yesterday afternoon and had hoped to finish consideration of it quickly.

The unlikely pairing of Obama and Coburn has raised eyebrows in Senate leadership circles and among other observers.

"That's an odd alliance," remarked a senior Democratic leadership aide.

But an aide to Coburn said that his boss admires Obama's integrity.

"He has a lot of respect for him," said John Hart, Coburn's communications director. "He sees him as someone who has a good heart and principled and not mindlessly partisan. He sometimes finds it easier to work with a liberal Democrat than a Republican who isn't true to his principles."

Coburn has not flinched from taking on powerful lawmakers in his own conference. Most famously, he offered an amendment on the floor last year that would have stripped more than a hundred million dollars' worth of funds for projects in Alaska, the home state of Senate President Pro Tempore Ted Stevens (R-Alaska), to defray post-Hurricane Katrina construction costs in Louisiana.

The daring move prompted an angry outburst by Stevens, who threatened to resign from Congress if the legislation passed.

In January, Coburn and McCain circulated a letter among colleagues warning them: "We are committed to doing all we can to halt this egregious earmarking practice and plan to challenge future legislative earmarks that come to the Senate floor."

And last year, before the debate over curbing lobbying abuses heated up in the Senate, Coburn pushed for an essential component of the pending reform package. At least five times in 2005 Coburn introduced amendments requiring that earmarks be visible in a conference report or joint statement accompanying the legislation, a principle that has garnered consensus in the chamber.

Obama, too, has taken positions not popular with other members of his party. After being chosen as the Democratic point person on lobbying reform, he introduced a bill that would create an independent commission to enforce lobbying rules. Good-government groups such as Public Citizen and Common Cause endorsed the proposal as their top priority, but only two senators endorsed Obama's legislation, Minority Leader Harry Reid (D-Nev.) and Sen. John Kerry (D-Mass.).

Obama has now thrown his weight behind the creation of an office of public integrity, headed by a single director, to enforce ethics rules. The Senate voted down the proposal yesterday.

But Obama has identified Coburn as someone perhaps more serious about reform than many of his colleagues.

"Senator Coburn is serious about wanting to clean up how we do business in Washington," Obama said. "I've worked with him on a number of projects dealing with transparency and accountability."

Still, Coburn's work on lobbying reform has been largely behind the scenes.

Advocacy groups pushing for strong reform such as Public Citizen and Common Cause say that they have had little interaction with Coburn, who has also taken a relatively low profile in the media, but they add his fingerprints are apparent.

"His name keeps coming up all the time in all the meetings I'm going to," said Craig Holman, a lobbyist for Public Citizen's Congress Watch, referring to Coburn. "His name keeps coming all the time, so I presume he's very active working with the senators."

Good-government advocates said they assumed that Coburn was not serious about lobbying reform because during the Homeland Security and Governmental Affairs Committee markup of the lobbying reform package Coburn offered a set of farcical amendments to criticize the process. Coburn also was the only member of the committee to vote against the reform bill in committee.

"We didn't make any efforts to contact Coburn because of the way he sounded at the committee markup," said Public Citizen's Holman, who added that Coburn's alliance with Obama is "something that really surprises me."

But Coburn's aide said that the lawmaker was dissatisfied with the reform bill because it did not do enough to safeguard against future abuses.

"He felt like the product was tilted too much to public relations and not enough to substantial reform," Hart said. "It's not enough to create the appearance of reform, he wanted to have the substance of reform. Unless we rein in earmarks and the ability of lawmakers to manipulate the earmark 'favor factor,' as Abramoff called it, we're not going to have real reform."

Obama and Coburn have teamed up before. Last year Obama supported Coburn's effort to create an office of chief financial officer to oversee reconstruction costs of Hurricane Katrina. In the House, Coburn worked with Rep. Henry Waxman (D-Calif.) on healthcare issues, perhaps providing a partial explanation for his friendly relationship with Obama. Obama's legislative director is a former Waxman aide.

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But an aide to Obama stressed that the relationship is personal. Their wives became friendly during the congressional orientation session that Obama and Coburn attended together after the 2004 election, the aide said.

Republicans Vow To Pass Limits On 527s (HILL)

By Elana Schor

The Hill, March 29, 2006

House Republicans yesterday sent a message to Democrats insistent on keeping restrictions on 527 groups out of the chamber's lobbying reform bill.

Five GOP members, led by Chief Deputy Whip Eric Cantor (R-Va.), declared they would use every opportunity to seek a crackdown on the 527s' potent political power.

Cantor said that Republicans want to rein in the hundreds of millions of dollars in unregulated donations flowing to 527s and that they will do so "whether as part of a larger reform package or as a stand-alone."

"If the state of the law is that there is no soft money in politics, it ought to be that way for the average American as well as the wealthy American," he said.

The groups are named after Section 527 of the tax code, which permits them to accept unlimited donations for the purpose of influencing federal elections.

Wealthy Democratic donors have poured more cash into 527s than Republicans since the groups first sprang up after 2002's McCain-Feingold campaign-finance law, sparking complaints from many Democrats that the GOP is pushing for stronger 527 regulations to serve its political purposes.

But the five House Republicans mounting yesterday's renewed 527 push challenged Democrats to support restricting the groups or risk being branded as dishonest for their support of campaign-finance reform.

"If people don't vote to eliminate these entities, it's hypocritical. You can't be for McCain-Feingold but for these entities as they are," said Rep. Tom Cole (R-Okla.).

Jennifer Crider, spokeswoman for House Minority Leader Nancy Pelosi (D-Calif.), said Democrats welcome a debate on campaign-finance reform that is not mingled with lobbying and ethics legislation.

"If you want to do campaign-finance reform, do campaign-finance reform," Crider said. "But that doesn't substitute for the need for what Democrats have proposed, which is real lobbying reform that would end the Republican culture of corruption."

House Rules Committee Chairman David Dreier (R-Calif.) included new limits on 527s in the lobbying reform bill he introduced just before last week's recess, though it remains unclear when the bill would reach the floor.

The Senate, however, remains a question mark, as Sen. John McCain (R-Ariz.) has not decided whether to press his proposed amendment to the lobbying reform package that was in line for a final vote as quickly as last night.

McCain's amendment, which was introduced just before the Senate temporarily scuttled its consideration of lobbying reform, would restrict individual contributions to 527s to $25,000 per year, similar to the caps Dreier's bill would impose.

"It's not off the table, not off the table," McCain said yesterday when asked whether he would consider withdrawing his amendment.

Cantor and Cole, along with Reps. Marsha Blackburn (R-Tenn.), Patrick McHenry (R-N.C.) and Tom Price (R-Ga.), paired yesterday's push with a letter to Mark Everson, commissioner of the Internal Revenue Service, citing an August report from the Treasury Department's tax inspector general that found 527 groups have avoided tax bills totaling $9.4 million.

The five Republicans did not address the specifics of their desired 527-donation caps, focusing on heightened reporting requirements for the groups. Unlike 501(c)s, 527s must report donors' identities and contribution amounts.

"527s should at least have transparency and disclosure," McHenry said. While 501(c) nonprofit groups have also fielded charges of improper involvement in the political process, he said, "instead of eating the apple, we're trying to take a bite of the apple."

Crider noted that McHenry signed on to a letter sent earlier this month to House GOP leaders by members of the conservative Republican Study Committee (RSC), asking for any stronger 527 limits to be paired with relaxed rules in other areas of campaign-finance law.

"Now I'm thoroughly confused about what he thinks," Crider said.

Abramoff Gets Payback In Gaming Bill (HILL)

By Patrick O'Connor

The Hill, March 29, 2006

A handful of gambling lobbyists have already called it Jack Abramoff's payback. Others are less direct.

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But the central irony remains: The same Internet gambling legislation Abramoff fought so hard to defeat on behalf of a client that helped states conduct lotteries over the Internet now includes an exemption to protect those lotteries.

Now Abramoff's infamy and legal woes are driving anti-gambling legislation across Capitol Hill, even though one of the most prominent bills includes language that would protect his former client.

Two House bills, introduced separately by Reps. Bob Goodlatte (R-Va.) and Jim Leach (R-Iowa), seek to reinforce existing anti-gambling rules by respectively updating telecommunications and financial-services laws to give enforcement agents more power to prosecute gamblers who place bets on websites based outside the United States.

A previous version of Goodlatte's bill was defeated on the suspension calendar in July 2000 after a last-minute push by Abramoff and his team to spread misinformation about the bill on behalf of his client at the time, eLottery, a Connecticut-based firm.

Abramoff is now out of the picture, but gambling interests remain powerful on Capitol Hill and the current crop of anti-gambling legislation reflects that sway. Versions of this legislation have passed the House twice and the Senate twice, but never in the same year. Both chambers now appear intent on bringing bills to the floor this year.

The Goodlatte and Leach bills, along with legislation introduced in previous years by Sen. Jon Kyl (R-Ariz.), attempt to crack down on the estimated $12 billion annual overseas gambling business, but none of those bills would regulate some closely related industries, in an attempt to avoid potential roadblocks.

In addition to the lottery exemption in Goodlatte's bill, both pieces of legislation include language to protect fantasy sports from current anti-gambling laws, and the two bills also avoid a decades-long dispute between Congress and the Justice Department over the legality of interstate pari-mutuel betting on horse races.

"The underlying principle of this legislation is not to change the legality but to change the enforcement mechanisms," said Martin Gold, a lobbyist with Covington & Burling who represents the National Football League, an ardent supporter of anti-gambling legislation. "It doesn't make anything illegal that was legal, and it doesn't make anything that was legal illegal."

JUNE 2000

Goodlatte is staunchly opposed to gambling and first introduced a bill to improve the federal enforcement mechanisms for Internet gambling in 1997.

In June 2000, Abramoff and his team defeated the Goodlatte bill after a companion had already passed the Senate and his legislation appeared on its way to swift passage, according to a story in The Washington Post last fall.

Abramoff reportedly convinced a former aide to Rep. Tom DeLay (R-Texas) to help get the bill on the suspension calendar, which would increase the number of votes necessary to approve it, and directed funds to various religious groups to help him pressure conservative members to oppose the bill on the grounds that it would actually expand Internet gambling — a false charge, Goodlatte maintains.

The bill eventually fell short by 25 votes.

"It's now clear to a great many members of Congress that they were hoodwinked by Mr. Abramoff," Goodlatte said. "He effectively killed it in [the] Judiciary [Committee] by getting some amendments offered."

In the intervening years, Goodlatte added language giving states the right to conduct lotteries over the Internet. The change was part of an ongoing effort by the lawmaker and his staff to craft the legislation around a specific task: to update the 1961 Wire Act to prohibit anyone from placing bets over the Internet so that the 45-year-old law would apply to current technology.

Goodlatte reintroduced the bill in February of this year, and the legislation now has 130 co-sponsors. The Judiciary Committee is expected to address it in the coming months.

"It is a bill we intend to consider," committee spokesman Jeff Lungren said.

HORSE RACING

In addition to updating the Wire Act, Goodlatte's bill also gives Treasury officials more oversight of financial institutions to track illegal bets. This latter provision is the entire thrust of Leach's bill, which parallels legislation Kyl is expected to introduce in the Senate sometime this year.

The Leach and Kyl bills would require the Departments of the Treasury and Justice to establish "policies and procedures reasonably designed to identify and prevent restricted transactions" relative to Internet gambling. That would include monitoring of credit cards, electronic fund transfers and any checks or bank withdrawals.

Leach said his initial version of the legislation avoided any mention of horse racing, but the current version has a clause explicitly exempting any bet that adheres to the Interstate Horseracing Act.

Passed in 1978, the Interstate Horseracing Act governs all interstate betting on horses. The law creates a specific carve-out in the Wire Act to protect state-to-state betting on horse races provided it is legal in both the state where the bet is cast and the state where the race is run and provided all wagers are placed with a regulated pari-mutuel service.

Despite those protections, federal law-enforcement officials have argued that the law does not pertain to online betting.

In December 2000, despite strong protests from the Justice Department, Congress amended the Interstate Horseracing Act to include wagers placed "via telephone or other electronic media" provided both the sender and the receiver are licensed pari-mutuel providers.

Initially unaware of this dispute, Leach said, he was told early in the process to leave horse racing out of his legislation because it was a separate issue governed by previously established laws.

"It wasn't in the initial bill," Leach said of the horse racing exemption. The congressman said he wanted to limit his own legislation to betting that is already illegal under current law, adding, "Don't ever underestimate the power of the gambling lobby."

Goodlatte said he did not explicitly address the horse racing issue for the same reasons. "We don't address it, nor do we try to repeal it," he said.

The National Thoroughbred Racing Association (NTRA), which is both the trade association and governance body for breeders, owners and racing officials in the United States, sent out a release March 15 announcing that the organization "has secured language … to protect Internet and account wagering on horse racing" after Leach's bill passed through the House Financial Services Committee earlier this month.

The same release said that NTRA officials had worked with Goodlatte to "ensure that [his bill] also contained language that protects online and account pari-mutuel wagering."

The organization's political action committee had already contributed $79,000 to members of Congress this cycle as of Jan. 23 of this year, according to the Center for Responsive Politics. Neither Goodlatte nor Leach was a direct recipient of those funds, but Goodlatte's PAC, the Good Fund, did receive a $5,000 donation in July.

In addition, Federal Election Commission records show that Kyl refunded a $5,000 donation from the group late last year, according to politicalmoneyline.com. His office did not return repeated phone calls for comment.

FANTASY SPORTS

Almost 15 million people participate in fantasy sports leagues annually, according to the Fantasy Sports Trade Association (FSTA), which represents most of the online fantasy sport providers like CBS SportsLine and ESPN.com.

The average player participates in six separate leagues in two different sports each year, according to a recently completed survey by Prof. Kim Beason of the University of Mississippi. Participants are overwhelmingly male and spend an average of $493.60 on league fees every year.

The professional sports leagues, particularly the NFL and Major League Baseball, draw some revenue from fantasy sports participants, but much of that is tied up as part of larger broadcast or marketing deals.

The leagues now appear to be repositioning themselves after a recent boom in fantasy sports participation.

In 2005, big-league baseball paid its players union $50 million for the fantasy rights to its players for five years. Last year, St. Louis-based CBC Distribution and Marketing, Inc. sued the league for requiring companies to secure a license to operate fantasy baseball leagues online, arguing that statistics are part of the public record. That suit is pending.

In addition, the NFL has a deal with CBS SportsLine to operate its website, but the fantasy rights are up next month and the NFL can now renegotiate its deal.

Fantasy sports are protected in each piece of Internet gambling legislation because the results are an aggregation of individual statistics in multiple games over an entire season; therefore, backers argue, winning and losing is contingent on skill in picking players and the financial rewards are almost always determined before the season.

The results of fantasy sports contests are nearly impossible to influence because the standings are determined by too many players over too many games for outsiders to influence those results, a number of lobbyists said on background.

Goodlatte said it is unfair to criticize the entire bill on the basis of the single exemptions.

"It all goes back to Abramoff," Goodlatte said. "We were never trying to expand gambling. Clearly, it would contract Internet gambling. … [The legislation is] tighter now that it has ever been."

Affordability, Student Transfers On The Table In Higher-education Bill (USAT)

By Mary Beth Marklein

USA Today, March 29, 2006

The Republican-led U.S. House is poised to consider a package of higher-education proposals today that proponents say would increase college access and affordability and make it easier for students to transfer to different schools.

Critics see things differently. In ads Tuesday in a Capitol Hill newspaper, a group of associations representing college registrars, faculty members and students suggest that the aid proposals don't go far enough and that the bill panders to special-interest groups including lenders and for-profit colleges.

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The ad urges legislators to vote no on the House version of the bill to reauthorize the Higher Education Act, the law that governs most federal student-aid programs. A vote could come today. The Senate still needs to pass its bill.

Democrats, noting that Congress cut $12 billion in student aid in a deficit-reduction plan signed into law last month by President Bush, said they would push for stronger provisions to help families. Reps. George Miller, D-Calif., and Dale Kildee, D-Mich., said in a statement Tuesday that the House bill "misses an opportunity to make college more affordable."

A look at two key questions:

·Access and affordability. Howard McKeon (R-Calif.) chairman of the House Education Committee, says the bill would strengthen federal Pell Grants and access programs, especially for low- and middle-income students, and increase funding to minority-serving schools. Miller, the senior Democrat on the education committee, says Congress could boost student aid by billions over the next 10 years, at no cost to taxpayers, if it rewarded colleges that use a program through which the government makes loans directly to students rather than through banks.

·Ease of transfer. Noting that more than half of students attend multiple institutions, the bill would broaden the definition of "an institution of higher education" to include for-profit colleges, and "make it more difficult for academic credits earned by students to be wrongly denied," McKeon says. But the Washington-based American Association of Collegiate Registrars and Admissions Officers says the legislation could "open the door to fraud and abuse" and "dilute the high standards that have made American higher education the envy of the world."

States Have More Schools Falling Behind (WP)

By Paul Basken

The Washington Post, March 29, 2006

More than a quarter of U.S. schools are failing under terms of President Bush's No Child Left Behind law, according to preliminary state-by-state statistics reported to the U.S. Department of Education.

At least 24,470 U.S. public schools, or 27 percent of the national total, did not meet the federal requirement for "adequate yearly progress" in 2004-2005. The percentage of failing schools rose by one point from the previous school year. Under the 2002 law, schools that do not make sufficient academic progress face penalties including the eventual replacement of their administrators and teachers.

The results raise doubts about whether the law is working and its results are fairly calculated, said Michael Petrilli, vice president for policy at the Thomas B. Fordham Foundation, a Washington-based research group.

"Most people thought that at this point in the law, we'd be seeing these numbers go way, way up" as standards toughen, said Petrilli, a former Education Department official who helped implement the law in 2002.

Bush achieved rare bipartisan support to get the No Child Left Behind law passed as part of his first-term agenda. Since then, the law has become a subject of dispute, with Democrats accusing Republicans of providing insufficient money for it.

At the same time, there is evidence that states may be manipulating the numbers, Petrilli said. He cited Oklahoma, where the percentage of failing schools dropped to 3 percent from 25 percent a year earlier.

Under the law's "adequate yearly progress" measurements, states are required to show improvement in student test scores in reading and math. If they do not do so for two consecutive years, individual schools must let students transfer to another school. After a third year, schools must pay for tutoring for students from low-income families. Some states have complained that the federal government has not provided enough funding to cover costs such as tutoring.

The 2004-2005 rankings are just "one thing out of many things" that need to be considered when judging schools, said Chad Colby, a spokesman for the Education Department. A set of federal tests, the National Assessment of Educational Progress, gives policymakers another indication of scholastic achievement, Colby said.

The true test of the No Child Left Behind law will come in 2013-2014, when schools are required to bring all students to proficiency in math and reading, he said.

The Bush administration has expressed satisfaction with the rate of improvement under No Child Left Behind. Secretary of Education Margaret Spellings, in testimony last month before the Senate's education committee, cited statistics such as 9-year-olds making more progress in reading over the past five years than in the previous 28 years combined.

The law, however, allows states to adjust both their tests and the formulas by which they calculate "adequate yearly progress," leaving parents and policymakers unable to make definite conclusions about such numbers, analysts including Petrilli said.

"These stats are meaningless in the absence of a common test and common standards," said Diane Ravitch, a New York University professor who was an assistant secretary of education under President George H.W. Bush.

Among individual states, Florida placed last with 72 percent of its schools failing to show enough improvement, while Oklahoma led, according to the Education Department statistics provided to Bloomberg News. Rhode Island ranked second

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behind Oklahoma with 5 percent failing, with Iowa at 6 percent, Montana at 7 percent and New Hampshire, Tennessee and Wisconsin at 8 percent.

At the other end, Hawaii ranked second-worst with 66 percent of its schools failing to improve. Washington, D.C., came in third-worst with 60 percent, followed by Nevada at 56 percent and New Mexico at 53 percent.

Different states were required to submit the statistics to the Education Department by March 8. Federal officials plan to verify them and incorporate them into an annual report to Congress later this year, Colby said.

Math, Reading Crowd Out Other Classes In Test-Driven Schools (LAT)

By Seema Mehta

The Los Angeles Times, March 29, 2006

Science, social studies, music and arts classes are shrinking in the nation's schools, as educators concentrate on the reading and math curricula that gauge schools' performance on standardized tests under the federal No Child Left Behind Act, according to a study released Tuesday.

The report, by the Center on Education Policy, found this shift in instructional focus is among several profound changes in how schools operate that were prompted by the law, the centerpiece of President Bush's education agenda.

"The impact of the No Child Left Behind Act continued to broaden and deepen during 2005, the law's fourth year of implementation," said Jack Jennings, president of the Washington-based nonprofit that wrote the report. The law "affects a range of state and local activities: when and how students take tests, which textbooks districts adopt, which student receive extra attention…. Teaching and learning are changing as a result of No Child Left Behind."

Perhaps the most significant change is the increase in math and English offered in many districts, reducing the time students have for other subjects and electives, the report found.

Other main findings include:

· Overall student achievement has improved in the nation's schools since the law took effect, though some of the gains may be attributed to states changing how they determine whether a student is deemed proficient in English and math.

· Urban districts are bearing the brunt of the punitive aspects of the law, with a disproportionate number being identified as needing improvement, partly because of higher levels of poverty in inner-city schools. Some 90% of schools that are being restructured after failing to meet requirements for several years are in urban districts.

· The report called for more funding and flexibility by the federal government.

"From the Capital to the Classroom: Year 4 of the No Child Left Behind Act" was drawn from surveys of education leaders in the 50 states, surveys of 299 school districts, and in-depth case studies of 38 districts and 42 schools.

Critics argue that the report's findings and recommendations are unreliable because the surveys do not provide a scientific, quantitative look at the act.

"It's the same thing they've come out with every year on No Child Left Behind. What they do is ask public school officials what's going on, and they turn around and report the claims as facts. So every year they say schools are desperately underfunded," said Greg Forster, a senior fellow with the pro-voucher Friedman Foundation in Indianapolis. The findings "should be taken as public-school system propaganda."

Still, among the most striking findings was that more than two-thirds of districts reported reducing social studies, science, art and music instruction in elementary school to make time for increased English and math.

Chad Colby, spokesman for the U.S. Department of Education, said these two subjects were vital because they formed the foundation for students' education.

"Children must first learn to read so they can read to learn for the rest of their lives," he said.

California educators agreed.

"It is important for us to remember that reading and math are gateway skills, fundamental to success in other subjects, in higher education and the workplace," said state Supt. of Public Instruction Jack O'Connell.

But some teacher groups argue that it is vital to instill a love of all subjects in students at an early age, when they are most receptive.

"The young child is the most close to the mentality of the scientist — they've got curiosity," said Gerry Wheeler, executive director of the National Science Teachers' Assn. in Arlington, Va.

At Havenscourt Middle School, one of the most troubled schools in Oakland, four of the seven daily periods are devoted to reading and math, a move Principal Jacqueline Phillips says was born of necessity. Poetry, drum lessons and drama are offered every day after school, and three-quarters of the school's 600 students participate.

"This is something that must be done for survival," she said. "We have so many students that are scoring so low and are not equipped to move to the next grade."

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(INFOBOX BELOW)

More equations

This school year, elementary school instruction in social studies--history, geography and civics--was cut the most as more time was spent on English, language arts and math.

Percent of districts reporting instructional time was cut "somewhat/to a great extent," by subject

Social studies (history, geography, civics): 33%

Science: 29%

Art and music: 22%

Physical education: 14%

Other subjects: 17%

Source: Center on Education Policy. Graphics reporting by Seema Mehta

Frist Cut A Debt Deal With Spending Hawks (HILL)

By Jonathan Allen

The Hill, March 29, 2006

Senate Majority Leader Bill Frist (R-Tenn.) will give spending hawks floor time on budget-process reforms this year as part of a deal he cut to secure smooth passage of a debt-limit increase.

The conservatives, who agreed to withhold amendments to the debt-limit bill earlier this month, will have a chance to amend line-item veto legislation, according to Senate Budget Chairman Judd Gregg (R-N.H).

"We don't want to just keep passing increases in the debt ceiling," said Sen. John Ensign (R-Nev.), one of the conservatives who had eyed the debt-limit legislation as a vehicle for a budget overhaul. He voted against raising the cap when it passed March 16.

Without the deal, Senate conservatives, including Sens. Tom Coburn (R-Okla.), Jeff Sessions (R-Ala.) and Ensign, may have tried to attach amendments aimed at budget-process reform.

Any amendment would have sent the bill to the House for a politically uncomfortable vote — one that House Republican leaders had avoided by employing a parliamentary trick that allows the House to generate a debt-limit increase without a separate roll call.

Frist has often been criticized by House Republicans for past promises to recalcitrant senators, but there was little booing this time. The deal spared House leaders the pain of an election-year vote on raising the debt cap to $9 trillion.

"We appreciate them sending the president a clean debt-limit extension," said Ron Bonjean, the spokesman for House Speaker Dennis Hastert (R-Ill.).

Senate Democrats had given strong signals that they might support budget-process amendments offered by Republicans to force the House to vote on the debt limit.

Frist, who promised floor time before the August recess, cut the debt-limit deal because "he believes strongly in line-item veto and [biennial] budgeting," according to his chief of staff, Eric Ueland.

Republican spending hawks say they have few weapons to fight against expansion of the federal government. The budget process, they argue, is wired to promote spending, so they want to change the system.

Most of their ideas have been kicking around for years, but they hope anger among party activists will provide a catalyst for enacting mechanisms to control spending.

The proposals include line-item veto authority for the president, biennial budgeting, altering the rules through which the Congressional Budget Office calculates the costs and benefits of legislation, and the creation of a panel to review and eliminate government programs.

Though many Senate conservatives think process is the problem when it comes to increased spending, they do not appear to have agreed on which remedies to try.

"As to which reforms he would like to see included in a package on the floor or what amendments will be offered or supported, we will be discussing those as we get closer to action," said Ensign spokesman Jack Finn.

Frist's own legislation for a line-item veto is likely to headline any such package on the Senate floor, according to Republican lawmakers and aides.

During a GOP retreat at the beginning of the year, Frist encouraged conservatives to round up a filibuster-proof majority for a biennial budgeting plan written by former Budget Committee Chairman Pete Domenici (R-N.M.).

Sessions has been a powerful force behind a resurrection of Domenici's long-standing effort.

Frist is a co-sponsor of the biennial budgeting legislation, and backers think they can win a floor vote.

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Under Domenici's plan, lawmakers would adopt two-year fiscal blueprints and consider appropriations bills only in the first session of a Congress.

Proponents say that budgeting every two years would give lawmakers more time to evaluate the programs in their bills and identify targets for elimination.

"Committees would have longer to work on them," Sessions said. "We need to do a biennial budget."

Critics of biennial budgeting say that it would transfer authority unwisely from Congress to the president, a charge also leveled against several other proposals for budget-process reform. They also say any time saved by the maneuver would be negated by an increase in the need for supplemental appropriations bills.

Gregg spokesman Jeff Turcotte said there will be a hearing on the line-item veto on April 5.

Democratic Senators Vow FDA Nominee Block (AP-Y2)

AP2, March 28, 2006

Two Democratic senators said Tuesday they will not stop blocking President Bush's nominee to lead the Food and Drug Administration until the agency decides whether the emergency contraceptive Plan B can go on sale without a prescription.

Sens. Patty Murray, D-Wash., and Hillary Rodham Clinton, D-N.Y, told reporters that they met Tuesday with Dr. Andrew von Eschenbach but were unable to get a Plan B update.

"He gave us no status and he couldn't give us any kind of timeline," Murray said.

The FDA has held off on a decision on Plan B since Barr Laboratories Inc. first applied to sell the pill without a prescription in 2003.

The Senate Health, Education, Labor and Pensions Committee has not set a date for hearings on von Eschenbach, said Craig Orfield, a spokesman for the chairman, Sen. Mike Enzi, R-Wyo. Enzi has urged the White House to resolve the Plan B issue, Orfield said.

Nev. Senator Drops Coast Guard Opposition (AP-Y2)

AP2, March 28, 2006

Republican Sen. John Ensign (news, bio, voting record) of Nevada said Tuesday he is dropping his opposition to the promotion of a Coast Guard vice admiral who headed Hurricane Katrina recovery efforts.

Ensign, a former veterinarian who criticized pet evacuation efforts after the hurricane, had been blocking President Bush's nomination of Vice Adm. Thad W. Allen to be commandant of the Coast Guard.

Bush nominated Allen in January and the Senate Commerce, Science and Transportation Committee approved the nomination earlier this month.

Ensign said in a statement that he met with Allen on Tuesday morning and discussed problems with the Katrina response. Ensign said his concerns were unrelated to pet treatment, but he didn't say what they were.

Under Senate procedures, any senator can block a vote on a confirmation or a piece of legislation by raising an objection.

Now that Ensign has lifted his hold, Allen's nomination can go to the full Senate for a vote. No timeline has been set.

Voinovich Warms To U.S. Ambassador To U.N. (AP-Y2)

By David Hammer

AP2, March 28, 2006

The Republican senator who upset the White House last year by opposing President Bush's choice for U.N. ambassador now says John Bolton is "a changed man" whom he might support should Bush try to renew the appointment.

Sen. George Voinovich (news, bio, voting record), R-Ohio, said Tuesday he has been watching Bolton closely since he became ambassador on Aug. 1. Bush temporarily installed Bolton while Congress was in recess after Voinovich joined most Democrats in blocking a Senate vote on the nomination last May.

At the time, Voinovich called him a bully who would make critical U.N. reforms harder to achieve.

"John Bolton at this point is a changed man," Voinovich told reporters. "I want reform of the United Nations, so I've worked with John and stayed on top of John to make sure he takes this wonderful opportunity."

Bolton's appointment expires next January. If Bush reappoints him, Voinovich said he "might not take the same position as last time."

Voinovich said he has been impressed with Bolton's flair for diplomacy since he got to the U.N., especially when the United States ran into opposition to some of its proposals for overhauling the international body.

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"The old Bolton would have said this is terrible, but instead he said we don't agree but we're going to stick with it," Voinovich said. "It's a whole different attitude from the old attitude when John would have given them the back of his hand and walked out."

Boehner Changes Tune On Drug Benefit (HILL)

By Kelly McCormack

The Hill, March 29, 2006

After calling the implementation of the Medicare prescription-drug program "horrendous" last month, House Majority Leader John Boehner (R-Ohio) has been warming to the Bush administration's handling of the new benefit.

Over the past week, Boehner has issued three press releases condemning Democratic criticisms of the program and touting its success.

"Despite attempts by congressional Democrats to talk down the program, more and more Americans are signing up and paying far, far less for their medications than they were before," Boehner said Friday.

As recently as last month, he wasn't as positive.

"The implementation of the Medicare plan has been horrendous. We've made it far more complicated than it should be," Boehner said on "Fox News Sunday" in early February.

Since settling in as majority leader, Boehner has softened his stance on the drug program's implementation and begun to toe the party line.

"Recent polling reveals just how out of touch Democrats are with their relentless demagoguery." Boehner said in a press release Monday, referring to a Dutko Worldwide poll that found that most senior citizens who have signed up are satisfied with their drug coverage.

Boehner's February statement on Fox came as no surprise to Jennifer Crider, spokeswoman for House Minority Leader Nancy Pelosi (D-Calif.). Crider said that condemning the implementation is different from condemning the program but that Boehner was "absolutely correct."

"The implementation of the prescription-drug benefit has been horrendous, and that's why there should be a six-month enrollment extension," Crider said. The enrollment deadline is May 15.

"Boehner saw a lot of problems that many people have seen in the implementation of the benefit," said Boehner spokesman Kevin Smith. The federal Centers for Medicare & Medicaid Services "has made significant progress over the last couple of months, and there is growing evidence that as more seniors enroll the more they save on their prescription-drug costs."

Democrats Opening Assault On Bush Security Policies (NYT)

By Steven R. Weisman

The New York Times, March 29, 2006

WASHINGTON, March 28 — Seeking to capitalize on President Bush's troubles overseas, leading Democrats in Congress are unveiling a broad attack this week on the administration's security policies at home and overseas along with a set of proposals intended to demonstrate that they have a credible alternative.

In a set of policy papers titled "Real Security: Protecting America and Restoring Our Leadership in the World," Democratic leaders in the House and Senate plan to join with leading figures in the party, including former Secretary of State Madeleine K. Albright and Wesley K. Clark, the retired general and former presidential contender, in presenting the plan on Wednesday.

Their purpose, Democrats say, is to rebut the Republican accusation, echoed in some editorial columns, that with Mr. Bush's approval ratings sagging eight months before the next election, party leaders and candidates have not laid out a coherent set of alternatives, especially on Iraq and on dealing with nuclear proliferation.

The Democrats' material asserts that in combating terrorism, party leaders want to increase financing for Special Operations forces and interdicting terrorist financing and to spend more on economic development in troubled areas like the Middle East and South Asia.

Democrats also want to give greater powers to the office of the national intelligence director and to investigate accusations of abuse and torture of detainees. They say they want increased financing for screening containers at ports and securing nuclear and chemical plants and training emergency health workers.

Most of the proposals are not new. Many echo arguments put forward by Democrats and by their 2004 presidential nominee, Senator John Kerry of Massachusetts, including a demand for more military equipment and body armor for troops and improved veterans' benefits.

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In the diplomatic field, the proposals say Democrats will "redouble efforts to stop nuclear weapons development in Iran and North Korea," but they offer few details that differ from the Bush administration's effort to get cooperation from allies in Asia, the Middle East and Europe to pressure those countries to abandon their nuclear programs.

"In these times of unprecedented challenge and change, real leadership demands preparing for the threats that exist today and those that will emerge tomorrow," said Representative Nancy Pelosi of California, the House Democratic leader, who will be appearing with Senator Harry Reid of Nevada, the Senate Democratic leader.

"It demands tough and smart policies that recognize that a stronger America begins at home," Ms. Pelosi added.

In a statement to be released on Wednesday, Mr. Reid is to say: "Over the last century, Democrats have led America through two world wars, have stared down threats to our security at home and have defeated the ideals of Communism and Fascism. Today, Democrats are here to build on that record."

But Republicans, anticipating the Democratic attack, were already circulating their own counteroffensive on Capitol Hill on Tuesday. Senator Christopher S. Bond, Republican of Missouri, said he had just obtained a copy of the Democrats' plan and added, "It's taken them all this time to figure out what we've been doing for a long time."

Mr. Bond said that while Democrats sought to showcase their support of national security, they had tried to block renewal of the antiterrorism law known as the USA Patriot Act and the administration's program of wiretapping without warrants.

Democrats say that while their policies lack detail in some respects, they were able at least to put together a package of proposals to which all members of the party could subscribe, calling for more money to be spent on a broad array of items, including port security and foreign aid.

Meanwhile, the manifesto skirted divisive issues like whether the United States should set a timetable on the withdrawal of troops from Iraq, as advocated by Representative John P. Murtha, Democrat of Pennsylvania, but opposed or not endorsed by other members of his party.

Instead, it calls for making sure that 2006 "is a year of significant transition to full Iraqi sovereignty, with the Iraqis assuming primary responsibility for securing and governing their country and with the responsible redeployment of U.S. forces.<object.title class="Movie" idsrc="nyt_ttl" value="84897;220890">" Beyond "</object.title>redeployment," no mention is made of whether American troops should be taken out of Iraq.

The Democrats' paper also calls for the United States to achieve "energy independence" by 2020 by increasing production of alternative fuels.

A Party Waiting To Pounce (WP)

By David Ignatius

The Washington Post, March 29, 2006

If you're a Democrat, life is good right now. The Republicans are mired in Iraq and domestic political difficulties. The White House is rearranging the deck chairs. For now, Democrats can sit back and watch the GOP self-destruct: "They're on fire," says one party strategist. "Don't say anything. Let them destroy themselves."

The experience of being out of power and being the targets of Karl Rove's relentless attacks has made the Democrats a tougher and more cynical party. They think more about winning than about governing. Some strategists even see a virtue in the party's lack of a clear agenda or leader -- since it denies the Republicans easy targets. This strategy may not serve the country in the long run, but for angry Democrats this year, there is only the short run -- taking back control of Congress in the midterms and the White House in 2008.

Today it's the Bush administration that's struggling with its image and credibility. Yesterday's announcement that OMB Director Josh Bolten will replace Andrew Card as White House chief of staff drew tart comments from Democrats. "They've reached all the way across the driveway for new blood," says John Podesta, who became Bill Clinton's chief of staff in 1998, during a similar period of disarray. "When you're in a deep hole, you have to do more than that."

If the Democrats have a problem, it's what I would call the "Clinton blockage." As of today Sen. Hillary Clinton is the clear front-runner for the 2008 presidential nomination. Clinton "hovers over the presidential field like the Statue of Liberty in New York harbor," writes political analyst Walter Shapiro this week in the online magazine Salon. The problem is that Clinton is casting such a big shadow that it blocks out the sunlight in which other candidates might grow.

Clinton is building her own version of the Democratic National Committee, outside the control of accident-prone DNC Chairman Howard Dean. She has the best financial machine in American politics, and her fundraisers are signaling some big donors that the Clintons will be unhappy if they give to Hillary's rivals. Meanwhile, former White House aide Harold Ickes is creating a powerful database for grass-roots fundraising though his Data Warehouse project, and Podesta is building a solid policy-planning operation at his Center for American Progress.

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Clinton's timetable is also a problem. Running for reelection to the Senate from New York this year, she has a strategy of campaigning as if she cares more about Utica and Schenectady than Washington. That's understandable, but it leaves the Democrats in a pickle. Clinton doesn't want to speak for the party right now, but she doesn't want anyone else to take center stage -- especially not her husband.

That is the most unfortunate blockage caused by Hillary Clinton's presidential ambitions. Her undeclared candidacy denies her party and the country the full benefit of Bill Clinton's leadership. Paradoxically, the Republicans are making better use of the former president than are the Democrats. It's endearing to see him pal around with former president George H.W. Bush and his son, but it blunts Bill Clinton's impact.

Democratic leaders in Congress are gathering the ammunition to win back the House and Senate this year. They have crafted an upbeat, patriotic (and also somewhat vapid) slogan: "America Can Do Better." And they are beginning to roll out the pieces of a low-key 2006 version of Newt Gingrich's "Contract With America," which helped the GOP capture the House in 1994. The first installment, on "Honest Leadership," was presented in January; the second, on "Real Security," is this week. Three more segments are planned, on "Economic and Retirement Security," "Affordable Health Care for All" and "Educational Excellence."

The Democrats think they can turn the tables this year because of GOP mistakes. A top aide to Senate Democratic leader Harry Reid says the party has been studying the formula for victory proposed in 2004 by Bush media adviser Mark McKinnon: "Who do you like? Who do you trust? Who's on your side?" This year, says the aide, that calculus plays for the Democrats. Even on their weak issue of national security, they have closed a 30-point gap in public trust to roughly four or five points, according to some polls. The Democratic message is: "The Republicans have gone too far. They're not on your side. They're not competent to lead."

The 2008 election is still a long way off -- too long, in terms of America's need for the clarity and change a new president could offer the country. Meanwhile, America is struggling with big problems, from Iraq to immigration. Will Democrats help the Bush administration find solutions? In the age of Karl Rove, are you kidding?

Inside Politics (WT)

By Greg Pierce

The Washington Times, March 29, 2006

Change of heart

The Republican senator who upset the White House last year by opposing President Bush's choice for U.N. ambassador now says John R. Bolton is "a changed man" whom he might support should Mr. Bush renew the appointment.

Ohio Sen. George V. Voinovich said yesterday he has been watching Mr. Bolton closely since he became ambassador on Aug. 1. Mr. Bush temporarily installed Mr. Bolton while Congress was in recess after Mr. Voinovich joined most Democrats in blocking a Senate vote on the nomination in May.

At the time, Mr. Voinovich called him a bully who would make critical U.N. reforms harder to achieve.

"John Bolton at this point is a changed man," Mr. Voinovich told reporters. "I want reform of the United Nations, so I've worked with John and stayed on top of John to make sure he takes this wonderful opportunity."

Mr. Bolton's appointment expires in January. If Bush renominates him, Mr. Voinovich said he "might not take the same position as last time."

Mr. Voinovich said he has been impressed with Mr. Bolton's flair for diplomacy since he got to the United Nations, especially when the United States ran into opposition to some of its proposals for overhauling the international body, the Associated Press reports.

"The old Bolton would have said this is terrible, but instead he said we don't agree, but we're going to stick with it," Mr. Voinovich said. "It's a whole different attitude from the old attitude when John would have given them the back of his hand and walked out."

Pressing their case

A group of pro-life lawmakers and groups today will turn up the heat on their leaders and demand a House vote on a bill that would ban from the U.S. market the drug some refer to as the abortion pill, RU-486, or mifepristone.

Republican Reps. Mike Pence of Indiana, Christopher H. Smith of New Jersey, Joe Pitts of Pennsylvania and other lawmakers, will join Concerned Women for America, National Right to Life Committee, the U.S. Conference of Catholic Bishops and other pro-life groups today in demanding House action.

This coalition is particularly upset because the Food and Drug Administration (FDA) a few weeks ago learned that two women died after taking mifepristone. The news came after a warning by the FDA about the dangers of RU-486. And they point out that the government is still looking into the role of the drug in the death of four California women.

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The bill that pro-lifers are demanding would withdraw FDA approval of RU-486 and subject it to a thorough review.

"In the meantime, this drug that endangers women's lives ... remains available despite ongoing investigations and continued warnings that have made it clear that the drug is not safe and should not remain available," read a release that Mr. Pence's office circulated.

The measure -- called Holly's law -- is named after 18-year-old Holly Patterson who died after taking the drug.

In denial

"The New York Times [yesterday] joined the debate about Iraqi documents with a front-page news article and an op-ed by Peter Bergen," Stephen Hayes writes at www.weeklystandard.com.

"It's been nearly two weeks since the first documents were released, but a belated acknowledgement of the news is better than nothing. One might have expected such a longtime champion of open government as the Times to have aggressively led the effort to have these once-secret documents released. Not this time," Mr. Hayes said.

"The front-page story seeks to dismiss the importance of the documents while the op-ed by Bergen seems to find them only significant enough to warrant an attempted deconstruction. Both of these efforts fail badly. Reading the two pieces together, one gets the unmistakable impression that the Times doesn't want to know more about the documents, their contents and what they tell us about prewar Iraq. The Times, it seems, has chosen ignorance.

"The news piece deserves little in the way of a response. Reporter Scott Shane casts the story as a battle between diehard supporters of the Bush administration and the truth, noting most helpfully that in other Internet projects 'volunteers have tested software, scanned chemical compounds for useful drugs and even searched radiotelescope data for signals from extraterrestrial life.'"

Reed's response

Ralph Reed, a Republican candidate for lieutenant governor of Georgia, has responded to a state senator who accused him of "stunning hypocrisy" on the property rights issue.

State Sen. Chip Pearson sent a letter to Mr. Reed, accusing him of mounting a false and unfair attack on Republican rival state Sen. Casey Cagle, "a proven defender of property rights."

Mr. Pearson also charged that, in an e-mail, Mr. Reed attacked his rival for accepting contributions from "those of us in the real estate industry."

Mr. Reed, in a "Dear Chip" letter, replied: "You do not address the question that Casey has declined to answer: Why did he leave the floor of the state Senate and miss the most important vote on private property rights in the 2005 legislative session? He voted seven times before and 14 times after the vote on S.B. 86. But when the time came to stand for private property rights, he left the floor, and he has yet to explain to the voters why he did so."

Mr. Reed flatly denied that he had criticized Mr. Cagle for taking contributions from those in real estate or any other line of work.

DeLay's request

Rep. Tom DeLay, Texas Republican, wants his right to carry a firearm restored after the state of Texas revoked his permit following his indictment last year.

The former House majority leader's license to carry a concealed handgun was taken away after he was indicted on campaign-finance charges, but he has appealed the revocation, DeLay spokeswoman Shannon Flaherty said yesterday.

She would not say whether Mr. DeLay, a gun rights advocate who spoke last year at the National Rifle Association annual convention in Houston, carries a gun.

"That's the point of having a [concealed handgun license] in Texas -- potential criminals should assume everyone is [carrying]," the spokeswoman said.

Texas Department of Public Safety spokeswoman Tela Mange said she could not disclose how long Mr. DeLay has had the gun permit, but that state law dictates it be revoked upon indictment on felony charges.

Master of ceremonies

The Lynde and Harry Bradley Foundation announced that Pulitzer Prize-winning columnist George F. Will will serve as master of ceremonies for the 2006 Bradley Prizes.

The third annual awards ceremony will be held at the John F. Kennedy Center for the Performing Arts on May 25. Up to four persons will be honored, each receiving a stipend of $250,000.

Established in 2003, the Bradley Prizes honor outstanding individuals who have distinguished themselves in promoting democratic capitalism, freedom and the defense of American institutions. Mr. Will was named a Bradley Prize recipient last year.

Internet Firms Want FCC To Enforce Net Neutrality (WP)

By Arshad Mohammed

DOJ_NMG_0023588

The Washington Post, March 29, 2006

Internet companies yesterday criticized legislation that would give the Federal Communications Commission only limited ability to stop phone and cable companies from blocking access to Web sites, saying the proposal would endanger the open nature of the Web.

The bill, championed by House Commerce Committee Chairman Joe Barton (R-Tex.), would allow the FCC to decide disputes about Web access only case by case and would bar the agency from writing detailed rules on the subject. Open-Internet advocates said the bill would make the FCC toothless in the area of net neutrality, which is the concept that companies controlling Internet access should not use that power to block or slow particular Web services.

"We are extremely concerned that legislation before your committee would fail to protect the Internet from discrimination and would deny consumers unfettered access," six companies wrote in a letter to Barton and Rep. Fred Upton (R-Mich.), who is chairman of the panel's subcommittee on telecommunications and the Internet.

"We have urged Congress to adopt network neutrality requirements that are meaningful and enforceable. The provisions in the committee bill achieve neither goal," the letter said on behalf of Amazon.com Inc., eBay Inc., Google Inc., IAC/InterActiveCorp, Microsoft Corp. and Yahoo Inc.

As the major phone companies roll out high-speed data and video lines, some of them argue they should be able to charge such companies more to use their expensive networks.

The net-neutrality provisions are embedded in a broader bill whose main aim is to make it easier for phone companies to offer television service on new networks by freeing them from having to get video franchises from thousands of localities around the country.

The bill was released after months of negotiations failed to achieve a compromise between committee Republicans and senior Democrats John D. Dingell of Michigan and Edward J. Markey of Massachusetts.

Only one Democrat, Rep. Bobby L. Rush of Illinois, endorsed the bill when it was made public Monday.

Independent analysts said it would be difficult to enact legislation on the issue this year, citing partisan differences, the absence of a consensus bill in the Senate and the short election-year congressional calendar.

Dingell raised questions about the legislation but kept his options open while Markey was openly critical.

"The 'network neutrality' section of the bill represents a body blow to the Internet community," Markey said. "It removes FCC authority to establish any future rules needed to ensure that consumers and competitors can avail themselves of the Internet experience they enjoy today."

A committee spokesman said the bill gave the FCC ample enforcement authority, including fines.

"The bill has more teeth than a pit bull, starting with full Title V enforcement authority for the FCC to investigate cases and slap violators with fines up to $25,000 a day," said Larry Neal, the committee's deputy staff director for communications.

"What it doesn't have is a blank check for bureaucrats to write so many regulations that they'll choke off brand-new services even before consumers try them out."

OPM Director Asks Congress For Help In Pruning Back Retirement Paperwork (WP)

By Stephen Barr

The Washington Post, March 29, 2006

The president's chief civil service adviser appeared before a House subcommittee yesterday with a file cabinet drawer. It was stuffed with paperwork -- a symbol of the rising number of retirement requests from federal employees.

In 2003, the Office of Personnel Management received 90,000 retirement claims to process, and in 2004 and 2005, about 100,000 each year. The claims are filed on behalf of employees from all three branches of government.

OPM projects modest increases in retirement claims in coming years but says the government could face a surge in 2008-2010 as more baby boomers hit retirement age.

Each retirement claim requires a tedious, and sometimes lengthy, search for personnel folders and other paperwork -- "a shameful way" of doing business, Linda M. Springer , director of OPM, told the House federal workforce subcommittee.

She urged the subcommittee, chaired by Rep. Jon Porter (R-Nev.), to support a fiscal 2007 budget proposal that would provide $26.7 million for OPM to undertake a "retirement systems modernization project."

Upgraded computer systems will make it easier for OPM to speed up pension payments and to reduce the time that a retiree remains on interim retirement pay while a final annuity is being calculated.

OPM cannot begin processing retirement claims until it receives data on the departing employees from their agencies, which can take more than 30 days. For February, Springer noted yesterday, OPM had about 12,000 retirement cases on hold, pending the receipt of employment and work history information.

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Once the data arrives, OPM employees pull the rest of an employee's work history from records stored in a Pennsylvania mine. The personnel files fill 144,000 drawers in 28,000 file cabinets, Springer said.

The retirement program is a significant part of OPM's entitlement spending. The agency pays more than $52 billion per year in benefits to about 2.4 million retirees and their survivors.

Porter said he was pleased that the president's budget is seeking funds to create a more efficient system for processing retirement claims. But he expressed concern that OPM also will be absorbing $13.7 million in separate program reductions under the budget.

Springer said OPM would reduce staffing by 26 positions through attrition, delay some technology improvements and cut back on contractors as it tightened its budget.

Porter called the hearing to discuss OPM's new five-year strategic plan, and most subcommittee members praised Springer's approach to reaching goals through the use of deadlines that can be monitored by Congress.

Subcommittee Democrats, including Reps. Danny K. Davis (Ill.) and Elijah E. Cummings (Md.) and Del. Eleanor Holmes Norton (D.C.), told Springer they had concerns about some of the budget recommendations, including the president's pay proposal and plans to overhaul the civil service system.

Davis said the president's proposed 2.2 percent pay raise in 2007 "is markedly lower" than raises provided in past years. He warned that the budget's plan to use part of the raise to finance higher salaries in hard-to-fill jobs would reduce the amount of money available for the rest of the workforce.

Norton counseled Springer to move cautiously on a proposal to overhaul the civil service system, noting that "a very big experiment" has begun at the Homeland Security and Defense departments to install a performance-based pay system and make other changes.

Pointing to federal court decisions that have upheld union complaints, Norton suggested that the administration has reached too far in allowing the departments to void collective-bargaining agreements and reduce employee protections in disciplinary actions.

OTHER NEWS:

Fed Raises Rate, Hints It's Not Done (USAT)

By Barbara Hagenbaugh

USA Today, March 29, 2006

WASHINGTON — Federal Reserve policymakers increased interest rates Tuesday for the 15th-consecutive meeting to the highest level in five years and suggested a 16th rise may be in the cards.

In his first meeting as Fed chairman, Ben Bernanke and his colleagues unanimously voted to raise their target for short-term interest rates a quarter percentage point to 4.75% in their bid to thwart inflation. That's the highest since March 2001 but still far below the recent peak of 6.5% seen in mid-2000.

In their post-meeting statement, Fed policymakers said the economy “rebounded strongly” after a slowdown at the end of last year, which they attributed to “temporary or special factors.”

The Fed officials said economic growth would likely “moderate” to a healthy pace.

They said elevated energy prices, combined with a tight job market and a high usage of available resources, “have the potential” to stoke inflation. Therefore, the Fed officials repeated that “some further policy firming may be needed,” a phrase they used at their last meeting in January. That suggested the Fed will raise rates again when they next meet May 10, says Richard Yamarone, director of economic research at Argus Research.

“Another rate hike is all but a done deal,” Yamarone says. He expects Fed policymakers will raise rates to 5.5%.

Investors had been eagerly awaiting the statement for signs of when the Fed may end its rate-raising campaign that began in June 2004. Interest was high as Fed watchers attempt to glean how, if at all, the Fed may change under the leadership of Bernanke, who became chairman after Alan Greenspan retired two months ago.

But “I don't think there is really anything new in here,” John Hancock economist Oscar Gonzalez says.

He expects the Fed will raise rates in May and then stop for the year. Investors in a market that bet on future Fed moves also expect the Fed has one more rate increase in this cycle, according to Moody's Economy.com.

Banks responded to the Fed move by raising the prime rate, to which most consumer lending is tied, to 7.75%.

Consumer loan rates have been climbing. Last week, the average rate on a 30-year mortgage was 6.32%, up from 6.01% a year ago, according to Freddie Mac. Other rates, such as those on variable-rate credit cards and home equity lines of credit, likely will continue to rise.

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Savers, meanwhile, are benefiting. The average yield on a six-month CD rose to 5.02% this month, the first time it was above 5% since February 2001, according to the Fed.

Fed Lifts Rates A Further Quarter Point To 4.75% (FT)

By Andrew Balls And Ralph Atkins

Financial Times, March 29, 2006

The Federal Reserve raised interest rates by another quarter point at its first policymaking meeting chaired by Ben Bernanke, indicating that while it may have to have to raise rates further that it was close to the end of its tightening campaign.

In its statement, the Federal Open Market Committee said that growth had rebounded in the first quarter after a weak end to 2005 but said it "appears likely to moderate to a more sustainable pace".

Sounding a slightly more confident note on the inflation outlook, the committee said that "as yet, the run-up in the prices of energy and other commodities appears to have had only a modest effect on core inflation". The statement added that continuing productivity gains had helped to keep a lid on unit labour costs and that inflation remain contained.

Retaining the focus on inflation risks, the committee repeated the warning that "increases in resource utilization" and high energy prices could feed into increased inflation pressures.

Using the same forward-looking language on the policy outlook as in January, it said "some further policy firming may be needed to keep the risks to the attainment of both sustainable economic growth and price stability roughly in balance".

Tuesday's announcement continued the campaign of quarter-point rate increases that started in January 2004 under Alan Greenspan, with the 15th consecutive increase bringing the federal funds rate to 4.75 per cent, and signalled a bias to raise rates further.

But it also gave an indication on the direction Mr Bernanke wishes to take the US central bank in terms of clearer communication, with a fuller assessment of the economic situation, and modest detail on the forecast.

"They changed not a hair of the forward looking guidance and obviously are leaning towards another 25 basis points in May," said Peter Hooper, chief US economist at Deutsche Bank. "At the same time there was a noticeable step forward in the clarity on the current economic juncture."

Bond prices dipped after the Fed's announcement and following earlier strong readings on US consumer confidence and European business confidence. The yield on the 10 year Treasury note rose eight basis points to 4.78 per cent and the dollar strengthened.

US consumer confidence reached its highest level last month in four years, according to an update from the Conference Board, the business information group. The assessment of current conditions was the strongest since 2001. Consumers also upgraded their assessment of the outlook, but the survey continued to reflect expectations that growth will slow.

In the latest indication of a strengthening global economic backdrop to the Fed's deliberations, German business confidence has reached a 15-year high, according to the leading European business climate index. The Munich-based Ifo institute's business climate index increased unexpectedly, marking its fourth consecutive monthly increase. A separate survey reported that Italian business confidene had risen to a five year high.

Fed Boosts Key Rate To 5-Year High (LAT)

By Joel Havemann

The Los Angeles Times, March 29, 2006

WASHINGTON — The chairman was new, but the result was the same: The Federal Reserve nudged its benchmark short-term interest rate up a quarter of a percentage point today and suggested that at least one more rate hike is coming.

It was the central bank's 15th consecutive rate hike since June 2004. The so-called federal funds rate — the interest that banks charge each other for overnight loans — now stands at 4.75%, up from a historic low of 1% two years ago.

And in its statement accompanying the announcement, the Fed, now chaired not by Alan Greenspan but by Ben S. Bernanke, repeated language from its last meeting Jan. 31 that "some further policy firming may be needed." That is Fed-speak for more rate increases in order to fend off inflation.

In a departure from its January statement, the Fed's policy-making committee said "economic growth has rebounded strongly" from the slowdown at the end of 2005.

"Inflation expectations remain contained," the committee said. "Still, possible increases in resource utilization, in combination with the elevated prices of energy and other commodities, have the potential to add to inflation pressures."

The suggestion of further rate hikes disappointed stock and bond market investors who had hoped for some signal that the rate hikes might be ending. Major stock market indexes fell immediately after the Fed's statement, while bond yields rose.

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The increase in the federal funds rate, the only interest rate controlled by the Fed, has not translated into comparable increases in longer-term interest rates.

Unlike ordinary circumstances, the interest rate on 10-year Treasury notes is now lower than the rate on three-month Treasury bills. Ordinarily, rates are higher on longer-term borrowings because investors demand a hedge against the possibility that rising inflation will eat some of their profits.

Bernanke has vowed to continue the policies of the popular Greenspan, who presided for 18 years until his retirement after the Jan. 31 Fed meeting. Economists had widely expected him to engineer another quarter-point rate increase at his first meeting.

"It's as close to a sure thing as you can get," Bernard Baumohl, executive director of the Economic Outlook Group, said before the Fed announcement.

From here on out, the decisions will get progressively trickier. Bernanke does not want to trigger a recession at the beginning of his term by raising rates so high that they choke off economic activity, nor does he want to be remembered as letting inflation rise out of control because rates were too low.

"With the benchmark rate at 4.75%, the easy work for the Fed is done," Baumohl said. "From this point on, monetary policy becomes increasingly treacherous."

So does predicting what the Fed will do. A Bloomberg survey on March 8 found a plurality who saw the Fed pushing rates up one more time to 5% and then stopping. Of the 74 forecasters polled by Bloomberg, 31 held this view.

Another 21 analysts forecast that the Fed would stop at 4.75%, and 21 predicted increases beyond 5%. (The 74th analyst had the Fed holding the line today at 4.5%.)

Nariman Behravesh, chief economist for the consulting firm Global Insight, supported the most common view. He pointed out that Bernanke, in a speech in New York on March 20, said he saw no signs of an economic slowdown — a statement that Behravesh interpreted as suggesting at least one more interest rate hike after today's. "Beyond that, however, I suspect no one — not even Bernanke — really knows," Behravesh said.

Lehman Brothers, at the hawkish end of the spectrum, forecasts that the Fed will not stop at 5%, but rather keep going to 5.5%. The main reason, said economist John Shin, is "the exceptional strength in growth. With lower unemployment, stronger growth and less excess productive capacity, the labor market should tighten up," Shin said, "pushing up wages and adding to inflationary pressures."

Inflationary pressures are already spouting in prices. Core consumer prices — excluding the volatile energy and food sectors — are rising slightly faster than 2% a year, which is the upper bound of Bernanke's inflation "comfort zone."

From Fed, More Of The Same (WP)

By Nell Henderson

The Washington Post, March 29, 2006

Alan Greenspan is gone, but Federal Reserve officials kept going yesterday, raising their benchmark short-term interest rate again and hinting they may lift it higher in coming months to keep the lid on inflation.

"Economic growth has rebounded strongly" this year from its temporary weakness in late 2005, the Fed's top policymakers said in a statement after their first meeting led by new Chairman Ben S. Bernanke, who succeeded Greenspan last month.

A former White House adviser and economics professor, Bernanke has repeatedly pledged "continuity" with Greenspan's interest rate policies and delivered yesterday in action and style.

The Fed's policymaking body, the Federal Open Market Committee, unanimously agreed to raise its benchmark interest rate to 4.75 percent from 4.5 percent, marking the 15th consecutive increase since June 2004.

And with unemployment low and energy prices high, "further policy firming may be needed" to keep inflation in check, the FOMC statement said, signaling that at least one more rate increase might be in store.

Bernanke's first FOMC statement adhered closely to the language of the last statement issued under Greenspan in January, providing a slightly more expansive assessment of the economy while avoiding any big surprise that might roil financial markets. And in one small sign of greater openness, the new chairman allowed photographs of the session to be publicly released -- as his predecessor did at his last meeting in January.

But stock prices tumbled because the statement was so similar to the previous one, disappointing many investors who had hoped the Fed would signal it was nearly done raising interest rates. The Dow Jones industrial average fell 95.57, or 0.85 percent, to close at 11,154.54. The Fed's language strengthened analysts' expectations that the FOMC will nudge the rate to 5 percent in May and perhaps higher after that.

The statement indicated that the FOMC "felt itself no closer to the end of its sequence of tightening moves than it did in January," wrote Peter E. Kretzmer, a senior economist with Bank of America Corp.

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The Bernanke Fed "continues with [the] Greenspan legacy of gradual, measured rate increases," wrote Brian Bethune, a U.S. economist at Global Insight Inc., which predicts another increase in May.

Low interest rates encourage consumers and businesses to borrow and spend, boosting economic growth, which can fan inflationary pressures. High interest rates do the opposite.

The Fed's benchmark federal funds rate, the rate on overnight loans between banks, influences many other borrowing costs in the economy. The rate is now at the highest level in five years. Major banks followed the Fed's action yesterday by raising the prime rate on business loans to 7.75 percent from 7.5 percent. Many consumer rates linked to the prime, such as on credit cards and home equity loans, are likely to rise as well. Banks and other institutions also may increase the rates they pay on money market funds and certificates of deposit.

However, long-term rates, such as those on mortgages and corporate debt, are determined by global financial markets and remain historically low. For example, the average rate on a 30-year mortgage was 6.32 percent last week, according to Freddie Mac. That's only slightly higher than its 6.29 percent level in June 2004 before the Fed started raising the federal funds rate.

U.S. economic growth slowed sharply in the last three months of 2005 to a 1.1 percent annual rate, but Fed officials did not read that as a sign of underlying weakness. Rather, they attributed the slump to temporary factors such as the effects of hurricanes Katrina and Rita, which devastated parts of the Gulf Coast, disrupting commerce through the region and causing energy prices to spike nationally. Auto sales also plunged in the fourth quarter after booming during the summer because of dealers' incentives.

The economy is likely to expand at about a 5 percent annual rate in the first quarter of this year, spurred in part by an unusually warm winter and reconstruction work in the Gulf states, according to many estimates. That's a robust pace, well above the roughly 3.25 percent annual rate that Fed officials think can be sustained over time with both low unemployment and low inflation.

Fed policymakers want and expect the economy to slow down in coming months because of higher interest rates and a cooling housing market. The FOMC has projected the economy will grow 3.5 percent this year, the same as last year.

But they do not yet know how high they will have to raise the rate to achieve that happy ending. If they raise it too little, inflation could take off; if they move it too high, they might trigger a slump.

For now, Fed policymakers are more worried about the possibility of higher inflation, the FOMC statement showed. The unemployment rate is at a low 4.8 percent, and businesses are using a higher-than-average share of their productive capacity. Oil was trading above $65 dollars a barrel yesterday, and gasoline prices have rebounded in the past month. Metals prices have climbed recently, as well.

So far, these developments have had "only a modest effect" on core consumer inflation, which excludes food and energy prices, the FOMC said. But, it added, if labor markets keep tightening and businesses ramp up production further, that could "add to inflation pressures."

Fed Raises Rates By ¼ Point, Hints More May Come (WSJ)

By Greg Ip

The Wall Street Journal, March 29, 2006

At his first policy meeting as Federal Reserve chairman, Ben Bernanke picked up where predecessor Alan Greenspan left off: with another quarter-point boost in interest rates, and a hint of more to come.

But Mr. Bernanke put a modest stamp of his own on the Fed's closely watched postmeeting statement, by including a more explicit view of where the nation's economy is headed. The statement's forecast that economic growth appears likely "to moderate to a more sustainable pace" may be an early, though small, sign of his efforts to make the central bank's thinking more transparent. (The Fed's statement1)

The Fed raised its target for the federal-funds rate, charged on overnight loans between banks, to 4.75% from 4.5%. In its statement released after the two-day meeting, the Fed said "some further policy firming may be needed to keep" the risks to growth and of inflation "roughly in balance." The language was identical to that used in the statement released after Mr. Greenspan's last meeting, on Jan. 31. (Related story2)

Fed officials have indicated that saying policy firming "may be needed" simply keeps their options open on whether to raise rates again, and implies no commitment to do so. Nonetheless, financial markets, which had already thought it highly likely that the Fed would raise rates to 5% at its May 10 meeting, became even more convinced it would do so after reading the statement.

The Dow Jones Industrial Average, which had been up about 19 points before the Fed's afternoon announcement, finished the day down 95.57, or 0.9%, at 11154.54. The yield on the 10-year Treasury bond rose to 4.78% from 4.71% Monday.

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Yesterday's move was the Fed's 15th consecutive quarter-point rate increase since June 2004, when it began to raise rates from a 46-year low. The increase reflects a continuing view at the Fed that robust growth abroad and an economy near full capacity at home create a risk that inflation, though tame, could rise.

The Fed said that while energy prices could boost underlying inflation, so far they have not, in part because of brisk productivity growth. "Still, possible increases in resource utilization, in combination with the elevated prices of energy and other commodities, have the potential to add to inflation pressures," it said, in words similar to its Jan. 31 statement.

The similarity of the policy-setting Federal Open Market Committee's words and actions to those of Mr. Greenspan's on Jan. 31 may have reflected Mr. Bernanke's stated desire to maintain "continuity."

But in one respect, the statement did break some new ground. It said the slowing growth of the nation's gross domestic product in the fourth quarter was due to "temporary or special factors. Economic growth has rebounded strongly in the current quarter but appears likely to moderate to a more sustainable pace."

The inclusion of an explicit forecast differed from previous statements, which generally stuck to a snapshot of current economic conditions. Its reference to "real GDP growth in the fourth quarter" was also far more specific than previous statements, which seldom specified what data they were referring to.

Mr. Bernanke has suggested that more discussion of the forecast would help markets more accurately predict the central bank's actions.

"What does it mean when the Fed is data-dependent?" Mr. Bernanke said after a speech in New York last week. It means, he said, that with each new economic report, the Fed reconsiders "where the economy is going to be a year down the road. The key statistic is the forecast." Changes in the forecast, he said, drive rate decisions.

In his earlier career as an academic, Mr. Bernanke worked extensively on economic modeling, which is used to make forecasts. And as a Fed governor from 2002 to 2005, he often met with Fed staff to discuss their forecast, dubbed the "green book." While Mr. Greenspan also considered forecasts important, he generally was reluctant to issue one, and often disagreed with the green book.

Mr. Bernanke has argued for more transparency at the Fed and suggested the FOMC should release forecasts more often than twice a year, the current practice. The modest change in yesterday's statement suggests Mr. Bernanke may pursue his transparency initiatives in small, incremental steps.

Other changes in the FOMC's communications and deliberations processes may have been considered at the meeting. Minutes of the discussion will be released April 18.

Laurence Meyer, a former Fed governor who now analyzes the Fed for Macroeconomic Advisers, a St. Louis forecasting firm, said the statement reflected "continuity in policy and innovation in communication." While the forecast of moderating growth wasn't news, its inclusion in the statement served to temper potential market overreaction to the Fed's upbeat assessment of current conditions, he said.

Fed officials have said their actions increasingly are driven by new economic data, which means they probably will soon stop giving hints about their next action on interest rates. David Greenlaw, an economist at Morgan Stanley, said more information on the Fed's forecast could help make up for such a loss of guidance on interest rates as markets try to figure out what the Fed will do next.

The decision by the FOMC's 11 voting members was unanimous. Departing Federal Reserve Board Vice Chairman Roger Ferguson didn't attend. It is customary for departing FOMC members to skip their last meeting.

Eleven of the Fed's 12 regional reserve banks asked for the accompanying increase in the little-used discount rate, charged on short-term Fed loans to commercial banks, to 5.75% from 5.5%. The exception was the Kansas City Fed. Many commercial banks yesterday raised their prime rate -- a benchmark for many consumer and business loans -- to 7.75% from 7.5%.

Economists generally said that how much higher rates go depends mostly on whether the risk of inflation becomes reality. Ethan Harris, chief U.S. economist at Lehman Brothers, said, "I think you're going to see both...tightening capacity and some kind of pickup in inflation." He predicted the Fed will eventually lift its key rate to 5.5%.

Larry Kantor, co-head of research at Barclays Capital, said, "The financial environment is still stimulative: high stock prices, relatively low bond yields." He predicted that even if the Fed paused soon it would have to resume raising rates shortly afterward.

But Maury Harris, chief U.S. economist at UBS, said the Fed should stop raising rates now, arguing that the economy is already slowing. He noted that new-home sales and capital-goods orders, excluding aircraft and defense, dropped in February. Mr. Harris predicted growth will slow to an annual rate of 2.5% by the second half of the year from the current rate of about 4%.

If the Fed raises rates further, it risks overshooting and making the slowdown worse, he said. However, he added that inflation is low enough that it is unlikely any such overshooting would trigger a recession.

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Fed Panel Raises Rate To 4.75% (NYT)

By Eduardo Porter

The New York Times, March 29, 2006

WASHINGTON, March 28 — At Ben S. Bernanke's first meeting as head of the Federal Reserve's policy-making committee, the watchword was no surprises.

As expected, the Federal Open Market Committee raised the benchmark federal funds rate on Tuesday by a quarter of a percentage point, to 4.75 percent, and suggested that at least one more increase was in the cards. It was the 15th such increase in consecutive meetings of the committee.

In its statement describing the decision, the central bank veered little from the Fed's prior assessments of the economy and the expected path of monetary policy, underscoring Mr. Bernanke's stated intention to maintain the course set by his predecessor as Fed chairman, Alan Greenspan.

Despite its predictability, the Fed's statement still modestly unsettled financial markets, bolstering the dollar in foreign exchange markets and sending the prices of stocks and government bonds lower. The broad Standard & Poor's 500-stock index fell 0.64 percent, to 1,293.23. [Page C9.]

Though virtually all investors expected the rate increase, a substantial minority of operators on Wall Street had held hopes that the Fed would indicate that it would be the last one in the cycle that began in June 2004, when the benchmark rate stood at 1 percent. They were disappointed by the clear suggestion that the Fed still saw the need for further tightening.

"He was paving the way for another rate hike," said Mickey D. Levy, chief economist at Bank of America. "He knew full well that with this type of language the market would price in a hike to a 5 percent funds rate."

The Fed's statement relied on words nearly identical to those used after the committee's previous meeting in January, Mr. Greenspan's last after 18 years as head of the central bank. It said that "some further policy firming may be needed" to keep inflation under wraps.

It pointed out that the economy was growing robustly after a slowdown in the fourth quarter of last year. It noted that core inflation, beyond food and energy, had ticked up only modestly, but it warned that the rising prices of energy and other commodities could add to inflation pressures in the future.

Though the committee's statement was pored over by financial analysts for any hint of the new chairman's intentions, the market tremors appeared to have little to do with the new management at the Fed.

Mr. Bernanke is expected to put his own stamp on the central bank eventually. He has long said that he supports more transparency, letting the markets know more clearly how the Fed reaches its decisions and what is the expected path of policy. He has argued in favor of setting a specific inflation target — within a range — to make explicit the Fed's goals.

He apparently judged Tuesday not to be the day for bold moves, however. Untested as Fed chairman, Mr. Bernanke had a clear interest in projecting continuity with the Greenspan Fed.

At most, the new statement provided a mere hint of Mr. Bernanke's desired transparency. "It was the same policy message but with a little innovation in communication," said Laurence H. Meyer, a former Fed governor who is now an economic forecaster at Macroeconomic Advisers in Washington.

The whiff of change came in the second paragraph of the Fed's five-paragraph statement, the passage often referred to as the "snapshot paragraph," in which the committee assesses current economic conditions. It offered a somewhat more detailed analysis of current conditions than the one issued in January.

Significantly, it calmed fears that wage increases might spur inflation by pointing out that productivity gains were holding down the growth in labor costs.

At the same time, the Fed went beyond the expected description of the economy's current status to elucidate what it saw as its likely future path. "Economic growth has rebounded strongly in the current quarter," it said, adding that growth appeared "likely to moderate to a more sustainable pace."

Mr. Bernanke comes to the helm of the nation's central bank at a delicate moment for monetary policy. Since the Fed started increasing interest rates, financial markets have come to expect a quarter-point rise in interest rates at pretty much every committee meeting.

But after 15 consecutive rate increases, the cycle of monetary tightening is reaching its peak as interest rates approach what is seen as a "neutral" rate that is not so high that it slows economic growth but not so low that it allows inflationary fears to come back to life.

With underlying inflation at 1.8 percent, excluding food and energy, the Fed's preferred measure is still within the range of 1 percent to 2 percent considered comfortable by most officials. That leaves the Fed debating how far to raise rates merely to counter the risk of higher inflation as opposed to the reality of prices rising too fast.

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In a note to investors, a Goldman Sachs economist, Andrew Tilton, said that "the potential for disagreement on policy decisions increases now that the Fed is roughly at 'neutral' and the data become more important."

With the economy growing at a healthy clip but facing the potential headwind of a weakening housing market, the decision on when to end the cycle of rising interest rates will not be trivial.

The outlook for inflation is slightly worse than in January, with increases in producer prices and consumer price inflation. Payrolls have expanded by some 200,000 a month and retail sales have grown sharply.

Fed economists have argued that a slowing housing market is likely to dampen overall economic growth. Housing, however, is not sinking yet. Sales of existing homes rose in February, housing starts remain strong and by some measures home prices are still rising.

In testimony to Congress last month, Mr. Bernanke argued that in coming quarters the Fed's policy-setting committee "will have to make ongoing, provisional judgments about the risks to both inflation and growth, and monetary policy action will be increasingly dependent on incoming data."

Given such uncertainties, mused Ethan S. Harris, chief economist of Lehman Brothers, "Bernanke moved into the job right at the time it got interesting."

Fed Raises Interest Rates Again (WT)

By Patrice Hill

The Washington Times, March 29, 2006

The Federal Reserve yesterday raised short-term interest rates to the highest level in five years, giving no hint that it is nearing an end to its nearly two-year-long campaign to head off inflation.

In the first meeting of its rate-setting committee led by new Chairman Ben S. Bernanke, the Fed by unanimous vote dismissed the sharp slowdown in the economy in the fall as "temporary" and cited high energy and commodity prices, as well as constraints on the labor force that limit the economy's ability to grow, as reasons for continued vigilance.

The Fed has raised rates by nearly four percentage points in 15 actions since June 2004, leaving the rates on credit cards, home equity loans and adjustable-rate mortgages in most cases equal to or higher than the rates on long-term loans such as 30-year mortgages, which last week averaged 6.3 percent. The prime lending rate, after yesterday's latest quarter-point increase, rose to 7.75 percent.

Although Fed watchers cheered the central bank's determination not to give ground to inflation, Wall Street and Main Street analysts increasingly fear the central bank is in danger of overdoing it and pushing the economy into a slump.

The Dow Jones Industrial Average fell 96 points after the Fed's announcement, while rates on Treasuries and other bonds shot up on signs of further rate increases ahead.

"The Fed is in danger of overshooting" because it "is more worried about inflation than economic growth," said economist Roger Kubarych of HVB Group. With core inflation -- excluding food and energy -- running about 2 percent, the inflation-adjusted level of interest rates is at levels that brought on recessions in the past, he said.

"Interest-rate-sensitive sectors, notably autos and housing, are already showing strains," he said, noting that both General Motors Corp. and Ford Motor Co. are in financial straits with sinking credit ratings and declining sales that many analysts fear will force the automakers into bankruptcy.

Although manufacturers are struggling, consumer confidence and spending have rebounded this year after hitting a 12-year low in the fall, buoyed by improving job prospects. The Conference Board reported yesterday that its measure of consumer confidence hit a four-year high this month.

"A miscalculation in interest rate policy could damage the economy and force the Fed to reverse course later in the year by giving back one or two rate hikes," said Bernard Baumohl, executive director of the Economic Outlook Group.

This is most likely to happen if Mr. Bernanke, a specialist on monetary policy whose background is primarily academic, is not as attuned as his predecessor Alan Greenspan was to subtle signs that the economy is moving toward a substantial slowdown later this year, he said.

One such sign is the steep decline in the housing market since the fall. The housing boom had been a major driver of economic growth in recent years, with fast-appreciating house prices providing an important source of strength to consumers, who have cashed out at least $750 billion from their home equity to spend on other things since 2001, he said. Consumer spending generates about 70 percent of economic activity.

Other signs that growth is sure to wane are consumers' high debt burdens and growing delinquencies among the many borrowers who took out adjustable-rate mortgages in recent years and are now facing sharply higher mortgage payments as a result of the Fed's actions, he said.

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"Servicing all that debt was manageable when interest rates were low," Mr. Baumohl said. "But the Fed has been jacking up rates nonstop for 21 months, and the debt-service burden is starting to pinch."

Mr. Baumohl said the Fed would be overdoing it if it goes beyond raising the federal funds rate, its principal tool for influencing short-term rates, another quarter-point to 5 percent at the next meeting of its rate-setting committee in May. But he thinks it is more likely that the Fed will be convinced by then that the economy is slowing enough that further rate increases are not warranted.

Mark Vitner, senior economist at Wachovia Securities, agreed that the Fed is likely to pause after raising rates one more time in May, despite the likelihood that economic reports before then will show the economy rebounded to a robust rate of growth in excess of 5 percent during the first quarter from 1.6 percent at the end of last year.

"The Fed will not be unnerved by swings in the quarterly [growth] figures," Mr. Vitner said, though its goal is to cool growth to a little less than 3 percent.

Richard Yamarone, economist with Argus Research Corp., said he expects the Fed to raise rates three or more times.

"History tells us that the Fed has always overshot its tightening goal," he said. "Central bankers like to know the cork is firmly implanted in the bottle so that the inflation genie doesn't sneak out. The worst thing a central bank can do when fighting inflation is fall behind the curve."

Bernanke Steps To The Plate (WSJ)

By Scott Patterson

The Wall Street Journal, March 29, 2006

Federal Reserve Chairman Ben Bernanke made his presence felt on Wall Street Tuesday by stepping squarely into the shoes of his predecessor, Alan Greenspan.

Mr. Bernanke boosted the target for the federal-funds rate by a quarter-percentage point to 4.75%, the highest level since April 2001, and signaled more rate increases could be on the way at the Fed's next meeting on May 10.

Stocks reacted in much the same way they did to similar moves by Mr. Greenspan: They tumbled.

The Dow industrials, up 20 points before the decision, fell 95.57 points to 11154.54. The Standard & Poor's 500-stock index slid 8.38 to 1293.23 and the Nasdaq Composite Index declined 11.12 to 2304.46.

Treasury bonds, down before the statement was released at 2:15 p.m. EST, fell further. The 10-year Treasury note fell 20/32 point, or $6.25 per $1,000 invested, to yield 4.788%.

Language in the Fed's policy statement indicated continuing concerns about inflation amid a tightening labor market and high energy prices. "Economic growth has rebounded strongly in the current quarter but appears likely to moderate to a more sustainable pace," the rate-setting committee said. But increases in resource utilization and higher energy prices "have the potential to add to inflation pressures."

The upshot: Expect a 16th rate increase to 5% in May.

Analysts and economists saw little new or unexpected in the statement. "No surprise whatsoever," said David Wyss, chief economist at Standard & Poor's. Mr. Wyss expects the Fed to boost rates again in May and then stop.

"Looked like the old Fed to me," said Paul Kasriel, chief economist at Northern Trust, who said that unless employment data weakens by the May meeting, the Fed will raise rates again. "They said exactly the same thing they said last time," said Jeffrey Kleintop, chief investment strategist at PNC Advisors.

One source of investor dismay was the absence of any language in the statement regarding the housing market. Recent housing data, including a 10.5% decline in new-home sales in February, have raised concerns that the housing boom that helped drive economic growth is rapidly withering. Higher interest rates, which boost mortgage-lending rates, could accelerate the slump and potentially lead to a so-called hard landing in which home prices drop dramatically.

Prior to Tuesday's move, the Fed has lifted rates 14 times since June 2004 by quarter-point increment -- all under the stewardship of Mr. Greenspan, chairman of the central bank since 1987.

While Fed meetings are always an occasion for jangled nerves on Wall Street, investors were unusually jittery ahead of Tuesday's decision. They've grown accustomed to two decades of Greenspan leadership, and it remains to be seen how Mr. Bernanke reacts to challenging economic conditions. And since Fed officials have intimated that they are near the end of the current rate-lifting cycle, focusing on the minutia of the statement has become extreme.

A steep jump in crude-oil prices also jarred traders. Light, sweet crude surged $1.91 to $66.07 a barrel on the New York Mercantile Exchange. Michael Guido, director of commodity strategy at Societe Generale, said a combination of factors -- a report on strong demand from China, production disruptions in Nigeria and a simmering conflict with Iran -- have kept oil prices rising steadily in recent weeks. "It's not one event that's moving this market, it's … little disruptions going on around the globe," he said.

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The Conference Board's report on consumer confidence, which rose to a reading of 107.2, nearly a four-year high and above the 102 reading expected, added pressure to bond prices before the release of the Fed's statement.

In major market action:

Stocks fell7. On the New York Stock Exchange Monday, where 1.6 billion shares traded, 1,181 stocks rose and 2,123 fell. On the Nasdaq Stock Market, where 2 billion shares traded, 1,199 rose and 1,843 declined.

Bonds slipped8. The benchmark 10-year Treasury fell 20/32 point, or $6.25 per $1,000 invested, to yield 4.788%. The 30-year bond lost 1 2/32 to yield 4.78%. Yields move inversely to prices.

The dollar was mixed.9 It traded at 117.85 yen, up slightly from 116.70 yen late Monday, while the euro rose to $1.2016 from $1.2011.

Prospect Of Higher Rates Sinks In (USAT)

By Adam Shell

USA Today, March 29, 2006

NEW YORK — It wasn't the fallout from the 15th interest rate increase that sent stock prices into a downward spiral Tuesday on Wall Street. It was the rising odds of a 16th and, perhaps, 17th rate boost by the Federal Reserve that prompted investors to bail out of stocks.

In its first meeting headed by Chairman Ben Bernanke, the Fed, as expected, raised the target on short-term interest rates for the 15th time, to 4.75%. But the Fed signaled that more "policy firming" might be needed to slow the economy and stamp out inflation, which dashed the hopes of investors who expected the Fed to hint that its rate-raising campaign was nearing an end. The Dow Jones industrials fell 96 points, or 0.8%, to 11,155.

"The market heard the Fed is not done yet, and they were disappointed," said Jeffrey Kleintop, chief investment strategist at PNC Advisors. Many strategists believe stocks will rally once the Fed conveys to investors that it is done raising rates.

Higher interest rates are a negative for stocks because they make it more expensive for individuals and businesses to borrow money, which crimps both consumer spending and corporate profit growth. There is also a fear that the Fed will raise rates too much and damage the economy.

Heading into this week's Fed meeting, the consensus on Wall Street was that the Fed would increase rates at its March meeting to 4.75% and then raise rates for the last time to 5% at its May meeting.

But the market now must factor in the possibility that the Fed will boost rates another quarter point at its June meeting, which would push rates up to 5.25%.

Pushing rates above 5% would suggest that the economy was stronger than expected, which would spark fears that inflation was getting out of control, says Fritz Reynolds, portfolio manager for the Reynolds fund family.

"If rates go higher than 5% that would worry the market and could create some weakness," Reynolds said.

The Fed's tough language Tuesday did not surprise everyone. Stuart Schweitzer, global market strategist at JPMorgan Asset & Wealth Management, said Bernanke had to "establish his inflation-fighting credentials," especially given the economy's strong rebound in the first quarter of 2006.

"The Fed will continue to tighten until growth slows and the job market cools," Schweitzer said.

The prospect of higher rates is a reality check for overly optimistic investors, said Michael Panzner, vice president at Rabo Securities USA. "Traders finally got the message they have been ignoring since January: The easy money game is over."

Consumer Confidence At Highest Point In Almost 4 Years (USAT)

By Sue Kirchhoff

USA Today, March 29, 2006

WASHINGTON — Consumer confidence jumped in March to the highest level in nearly four years, as Americans expressed rising optimism about both current economic conditions and the future outlook, a private report said Tuesday.

The New York-based Conference Board's consumer confidence index rose to 107.2 from 102.7 in February — the highest level since May 2002. Further, the index measuring consumers' expectations of growth six months down the line rose to 89.9 from the previous 84.2.

The percentage of consumers calling jobs "plentiful" was the highest since August 2001 — before the Sept. 11 terrorist attacks.

However, even as more Americans said work was easy to find, the percentage terming jobs "hard to get" also rose. Though expectations for future growth improved from February, consumers' outlook is still less rosy than last summer.

While consumers are "optimistic in the here (and now), they're still somewhat cautious about the future," says Lynn Franco, director of the Conference Board Consumer Research Center.

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The confidence index is based on a monthly survey of 5,000 households.

The current survey, completed March 21, found the share of consumers calling current economic conditions good rose to 28.3% from 26.4% in February.

Also, 28.4% of consumers said jobs were plentiful, up from 27.4% last month. At the same time, those calling jobs hard to get rose slightly to 20.7% from 20.2%.

“Consumers may be wobbly, owing to high energy prices, a vulnerable housing sector and increasingly uncertain medical and pension benefits, but there is nothing like the whiff of solid job growth to keep them on their feet,” says Michael Gregory, senior economist at BMO Nesbitt Burns.

The share of consumers expecting conditions to improve in the next six months rose to 18% from 16.2% in February, and there was a slight increase in the number expecting more jobs to open up.

Franco said that consumer expectations, while better, were still somewhat subdued, suggesting “a cooling in activity in the latter half of this year.”

The report comes amid government data showing strong hiring and a quickening pace of growth in the first three months of 2006, despite continued high energy prices and signs that the record housing market is slowing. The unemployment rate was 4.8% in February as employers added 243,000 jobs.

Economists said the numbers were another sign the economy has weathered the shock of last year's devastating hurricanes.

The percentage of consumers planning to buy a car in the next six months fell to 5.7% from 7.1% last month. But the share planning to buy a home rose to 4% from 3.4%.

Consumer Confidence Advances To Highest Level Since May 2002 (WSJ)

By Michael S. Derby

The Wall Street Journal, March 29, 2006

U.S. consumer confidence jumped to nearly a four-year high as households were cheered by a strong start for economic growth in 2006 and an improving job market, the Conference Board reported.

The private research group said its index of consumer confidence for March exceeded forecasters' expectations, rising to 107.2, from a revised 102.7 seen in February. Economists had expected a March reading of 102.

March was the second consecutive month of growth in the index, and the March index was the highest reading since May 2002, when the index hit 110.3.

The Conference Board said its present-situation index, which measures consumer perceptions about business conditions and employment, rose to 133.3 in March from a revised 130.3 in February. Meanwhile, the expectations index, which measures perceptions about business conditions, employment and income six months into the future, rose to 89.9 from February's revised 84.2.

"The improvement in consumers' assessment of present-day conditions is yet another sign that the economy gained steam in early 2006," said Lynn Franco, director of the Conference Board's Consumer Research Center. But she added, "consumer expectations, while improved, remain subdued and still suggest a cooling in activity in the latter half of this year."

Economists generally expect that economic growth will ease in the second half of the year amid higher interest rates and a cooling housing market. Still, analysts said that they expect consumer spending to hold up in 2006 with the support of job and wage growth.

The Conference Board said that in its survey, the proportion of those who deem current economic circumstances as "good" moved up to 28.3% in March from 26.4% in February. The proportion of those who saw conditions as "bad" fell to 14.7% from 15.4%. The proportion of survey respondents who said jobs are "plentiful" stood at 28.4%, up from 27.4%.

Bank Shares Lead Decline As Fed Raises Interest Rates (NYT/BLOOM)

By Bloomberg News

The New York Times, March 29, 2006

Stocks fell yesterday after the Federal Reserve raised interest rates for a 15th time and signaled that further increases are ahead.

Bank of America led a retreat in bank shares, which are among the most sensitive to rate changes, as bond yields climbed. Oil prices jumped to an eight-week high, also hurting the market.

The rate decision, the first since Ben S. Bernanke became Fed chairman, cut short a rally that had preceded the central bank's afternoon announcement. The Fed lifted the benchmark lending rate by a quarter- point, to 4.75 percent, and said in a statement that "further policy firming may be needed."

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The Dow Jones industrial average fell 95.57 points, or 0.9 percent, to 11,154.54, for its worst performance since Feb. 28. The Standard & Poor's 500-stock index dropped 8.38 points, or 0.6 percent, to 1,293.23, the steepest loss since March 6. The Nasdaq composite index declined 11.12, or 0.5 percent, to 2,304.46.

Stocks have stalled near five- year highs since mid-March on concern the economy and earnings will not be strong enough to overcome increases in borrowing costs.

The price of the benchmark 10-year Treasury note fell 19/32, to 97 26/32. The yield, which moves in the opposite direction of the price, rose to 4.78 percent, from 4.70 percent on Monday.

"People are under the impression that higher rates will draw money out of stocks" by making bonds more attractive, said Michael Panzner, head of sales trading at Rabo Securities USA in New York.

Earlier, a measure of consumer confidence added to concern that the economy was strong enough for the Fed to keep raising interest rates. The Conference Board's confidence index rose to 107.2 in March from 102.7 the previous month. Economists had expected a reading of 102.

Financial shares fell because higher rates curb demand for mortgages and loans. Bank of America slid 76 cents, to $46.06. J. P.Morgan Chase lost 55 cents, to $41.56.

After the Fed's decision, futures traders added to bets that the central bank would increase the benchmark rate to 5 percent at the next meeting on May 10. Interest rate futures now show a 90 percent chance of a quarter-point increase in May, up from 76 percent on Monday.

Crude oil for May delivery jumped 3 percent, to $66.07 a barrel in New York, the highest close since Feb. 1. Energy stocks advanced with the surge in oil. ConocoPhillips rose 65 cents, to $63.75. Schlumberger, the oil field services company, jumped $1.63, to $124.58. Eli Lilly dropped $2.29, to $56.38, after analysts cut their outlook for the stock on concern about slow sales of its Cymbalta depression drug.

Monsanto, a producer of genetically modified crops climbed $2.89, to $83.45 after P. J. Juvekar, an analyst at Citigroup Investment Research, said the company might get an earnings lift from ethanol.

Level 3 Communications, an operator of long-distance phone and data networks, rallied 71 cents, to $5.18. The company said it expected to exceed some of the first-quarter and full-year forecasts it gave last month.

Almost two stocks fell for every one that rose on the New York Stock Exchange. Some 1.56 billion shares changed hands on the Big Board, 6.2 percent below the three-month average.

Here are the results of yesterday's auction of four-week Treasury bills:

Oil Prices Top $66 A Barrel On Unrest (USAT)

By Barbara Hagenbaugh

USA Today, March 29, 2006

WASHINGTON — Oil prices rose above $66 a barrel for the first time in nearly two months Tuesday as tensions in oil-producing countries and expectations for a strong summer driving season lifted prices.

The price of a barrel of crude oil trading in New York rose $1.91, or 3%, to $66.07. That was up $4.66 from a month ago and the highest price since Feb. 1.

The increase in prices was led by political unrest in oil producers Nigeria and Iran, a potential labor strike in Norway and regular closures of refineries for maintenance.

A report showing a sharp increase in consumer confidence in March also strengthened expectations that Americans would keep driving to shopping malls and would hit the roads for summer vacations. That would lead to higher demand of gasoline, and in turn, oil, says Phil Flynn, oil analyst at Alaron Trading in Chicago.

“The combination of all of that kept the markets under buying pressure,” Flynn says.

He says oil prices may reach $69 a barrel as early as next week and could hit $75 a barrel this summer, particularly as investors keep an eye on expectations for a strong hurricane season, which could hamper U.S. production and slow imports.

For consumers, that will likely mean higher prices at the pump. Motor club AAA Tuesday said the average retail price for a gallon of regular gasoline was $2.50, up 26 cents from a month ago and 37 cents from the same time last year.

Brian Kahn, market analyst at First Enercast Financial in Denver, says a nationwide average of $3 a gallon, which was seen in the aftermath of Hurricane Katrina, is “very attainable.” He notes the price of oil at the start of last summer's driving season was $57 a barrel. Oil accounts for about half of the cost of retail gasoline prices.

'War' On Christians Is Alleged (WP)

By Alan Cooperman

The Washington Post, March 29, 2006

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The "War on Christmas" has morphed into a "War on Christians."

Last December, some evangelical Christian groups declared that the religious celebration of Christmas -- and even the phrase "Merry Christmas" -- was under attack by the forces of secularism.

This week, radio commentator Rick Scarborough convened a two-day conference in Washington on the "War on Christians and the Values Voters in 2006." The opening session was devoted to "reports from the frontlines" on "persecution" of Christians in the United States and Canada, including an artist whose paintings were barred from a municipal art show in Deltona, Fla., because they contained religious themes.

"It doesn't rise to the level of persecution that we would see in China or North Korea," said Tristan Emmanuel, a Canadian activist. "But let's not pretend that it's okay."

Among the conference's speakers were former House majority leader Tom DeLay (R-Tex.) and Sens. John Cornyn (R-Tex.) and Sam Brownback (R-Kan.) as well as conservative Christian leaders Phyllis Schlafly, Rod Parsley, Gary Bauer, Janet Parshall and Alan Keyes.

To many of the 400 evangelicals packed into a small ballroom at the Omni Shoreham Hotel, it was a hard but necessary look at moral relativism, hedonism and Christophobia, or fear of Christ, to pick just a few terms offered by various speakers referring to the enemy.

To some outsiders, it illuminated the paranoia of the Christian right.

"Certainly religious persecution existed in our history, but to claim that these examples amount to religious persecution disrespects the experiences of people who have been jailed and died because of their faith," said K. Hollyn Hollman, general counsel of the Baptist Joint Committee for Religious Liberty.

"This is a skirmish over religious pluralism, and the inclination to see it as a war against Christianity strikes me as a spoiled-brat response by Christians who have always enjoyed the privileges of a majority position," said the Rev. Robert M. Franklin, a minister in the Church of God in Christ and professor of social ethics at Emory University.

White evangelicals make up about one-quarter of the U.S. population, and 85 percent of Americans identify themselves as Christians. But three-quarters of evangelicals believe they are a minority under siege and nearly half believe they are looked down upon by most of their fellow citizens, according to a 2004 poll.

In a luncheon speech yesterday, DeLay took issue with the "chattering classes" who think there is no war on Christians.

"We are after all a society that abides abortion on demand, that has killed millions of innocent children, that degrades the institution of marriage and often treats Christianity like some second-rate superstition. Seen from this perspective, of course there is a war on Christianity," he said.

Much of the conference revolved around the difficulty of Christian parenting in a culture of sexual permissiveness. Don Feder, founder of a group called Jews Against Anti-Christian Defamation, urged the crowd not to blame "the liberal, self-hating Jews in Hollywood."

"Remember, the people in this audience are more Jewish than people like Barbra Streisand, because you embrace Jewish values, she doesn't," he said.

Another Jewish speaker, Michael Horowitz, told the conference that the "Christian decency of this country" saved him from becoming "a bar of soap" in Nazi Germany.

"You guys have become the Jews of the 21st century," said Horowitz, a senior fellow at the Hudson Institute in Washington, just before a false alarm interrupted his speech. Several attendees called the fire alarm suspicious, though a hotel spokesman said it resulted from a mechanical problem in a distant location.

In the session on recent cases of persecution, Navy Lt. Gordon James Klingenschmitt brought the crowd to its feet by introducing himself as a military chaplain "who prays in the name of Jesus."

Klingenschmitt said he was punished by a commander for offering sectarian prayers at a memorial service for a fallen sailor, and he compared himself to Abdur Rahman, an Afghan man who until this week faced possible execution for converting from Islam to Christianity.

"What do these two Christians have in common?" Klingenschmitt asked, showing slides first of himself, then of Rahman. "Perhaps we are persecuted. Perhaps we are no different than most Christians throughout history."

Lloyd Marcus, a painter, said he entered three paintings in a Black History Month art show at the City Hall of Deltona last month. But because the canvases showed a man wearing an "I love Jesus" cap and a minister holding a Bible, city officials deemed them inappropriate until the Alliance Defense Fund, a Christian legal group, threatened a lawsuit, he said.

The Rev. Tom Crouse, pastor of a Congregational Church in Holland, Mass., said that after hearing about a gay beauty pageant in California, he decided to hold a "Mr. Heterosexual Contest" in Worcester, Mass., on Feb. 18.

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"It was just an event to proclaim the truth that God created us all heterosexual," he said. But to his surprise, he said, he received anonymous death threats, local officials condemned the contest, and "even Bible-believing churches were not on board. They said it wasn't loving."

DeLay Defends Religion In Politics (HILL)

By Carrie Sheffield

The Hill, March 29, 2006

Embattled Rep. Tom DeLay (R-Texas) received three standing ovations yesterday when he spoke at a "War on Christians" conference in Washington.

Vision America is sponsoring the two-day conference. While introducing DeLay, Rick Scarborough, founder of Vision America, said, "Here is a man that I believe God has appointed."

"God always does his best work after a crucifixion," Scarborough said, referring to DeLay's recent troubles. The former majority leader faces a difficult reelection race in the wake of his indictments on money-laundering and conspiracy in Texas.

Quoting former President Reagan, DeLay told the crowd, "As morality's foundation is religion, religion and politics are necessarily related."

Redemption Among The Faithful (WP)

By Dana Milbank

The Washington Post, March 29, 2006

There are those who would say Tom DeLay lost his job as House majority leader because he was indicted by a Texas grand jury on charges of money laundering and conspiracy, or because of his extensive ties to lawbreaking lobbyist Jack Abramoff. But they would be wrong.

In fact, the Texas Republican fell from power because he is a Christian.

That, at least, is the view of Rick Scarborough, convener of a conference this week called "The War on Christians."

"I believe the most damaging thing that Tom DeLay has done in his life is take his faith seriously into public office, which made him a target for all those who despise the cause of Christ," Scarborough said, introducing DeLay yesterday. When DeLay finished, the host reminded the politician: "God always does his best work right after a crucifixion."

This would seem to be an odd time to declare Christianity under siege. A Christian conservative president has just nominated two Supreme Court justices who take an expansive view of religious rights, and religious conservatives are ascendant in a Republican Party that controls both chambers of Congress.

But, as Scarborough knows, believers will be more motivated to go to the polls in November (and to contribute money to his group) if they feel threatened. And so his forum offered all sorts of books and pamphlets proclaiming dire warnings: "The Criminalization of Christianity," "Liberalism Kills Kids" and "Same-Sex Marriage: Putting Every Household at Risk."

Gary Bauer, a Christian activist and former presidential candidate, argued in a speech that the "War on Christians" in America was even emboldening al-Qaeda. "They believe they can win, because they believe you and I are decadent; they think our civilization is fat and lazy," he said. "I believe they're wrong, but I understand why they're confused."

And why are they confused? Because American Christians are attacked by "elites" who think America is "a country of unbridled liberty, different strokes for different folks."

The agenda was similarly ominous, with forums on the threats from Hollywood, the judiciary, gays and, worst of all, the news media. "I can tell you that there probably is no greater megaphone for anti-faith values," conservative activist Paul Weyrich said in introducing a panel on the subject.

But when it came to providing evidence about this war on Christians, the examples were a bit stale. Don Irvine of the conservative media watchdog Accuracy in Media led off. He cited a "Jesus freaks" slur by former CNN boss Ted Turner (from 2001), a CBS employee's description of Bauer as a "little nut" (1999), a columnist's description of "Taliban-like" conservatives (2002) and a radio report linking conservative Christians to the anthrax attacks (2002).

Irvine's most recent example was an item Monday in USA Today taking issue with the name of the "War on Christians" conference. "I'm so relieved that USA Today has found this wonderful religion reporter," Irvine said, neglecting to mention it was an op-ed by somebody not on the paper's staff.

Also on the panel were Tim Graham of the Media Research Center, another conservative watchdog (he cited a 2001 survey of journalists), and Janet Folger of a group called Faith2Action. She cited a 13-year-old Washington Post article and a 17-year-old remark by Turner, and she tearfully recounted a bad experience she had on ABC's "Nightline" -- eight years ago.

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Bill Fancher, an American Family Radio journalist, sought to explain the media's obtuseness. "The media doesn't understand [conservative Christians'] inability to compromise on principles," he said, adding: "I don't apologize for being narrow-minded."

Largely absent from the discussion was a mention of Fox News, Rush Limbaugh, Matt Drudge and the like. It fell to one of the questioners to point out that the fabled liberal media is "a shadow of what it once was."

Graham acknowledged: "We're making some great inroads."

These were only warm-up acts for DeLay, whose entrance caused a ripple of applause that spread into an extended standing ovation.

"This is a man that I believe God has appointed," Scarborough said, a view that might surprise the voters of the 22nd District of Texas. Scarborough, in his introduction, said DeLay had been "virtually destroyed in the press," and he urged the crowd to campaign for DeLay -- though he said nonprofit tax rules prevented him from actually "endorsing" DeLay.

The congressman started with a profession of faith, then went on a tour of the religious views of great presidents. He seemed to be on the verge of discussing his own troubles when he recalled Lincoln's view that men should "confess their sins and transgressions in humble sorrow."

But this was not the time for a DeLay confessional. Instead, he gave his view on the War on Christians. "Sides are being chosen, and the future of man hangs in the balance!" he warned. "The enemies of virtue may be on the march, but they have not won, and if we put our trust in Christ, they never will. . . . It is for us then to do as our heroes have always done and put our faith in the perfect redeeming love of Jesus Christ."

DeLay basked in the rapturous ovation that followed. "Keep your eyes on Jesus," Scarborough called after the fallen leader as he departed the stage.

DeLay Says Justices 'Don't Get' Criticism (AP-Y2)

By Will Lester

AP2, March 28, 2006

Republican Rep. Tom DeLay said Tuesday that former and current Supreme Court Justices Sandra Day O'Connor and Ruth Bader Ginsburg "don't get it" when they complain about conservative criticism of judges.

"All wisdom doesn't reside in ... people in black robes," DeLay said.

In recent weeks, O'Connor has said the criticism has threatened judicial independence to deal with difficult issues such as gay marriage. Ginsburg said in a speech that a Web threat against her and O'Connor was apparently prompted by Republican proposals in Congress that tell judges to stop relying on foreign laws or court decisions.

Ginsburg said such actions by Congress "fuel the irrational fringe."

"Didn't you see the comments of Sandra Day O'Connor and Ruth Ginsburg over the last couple of weeks?" DeLay, R-Texas, asked reporters after a speech to a group of Christian conservatives. "There's still a problem, they don't get it. There are three branches of government. All wisdom doesn't reside in ... people in black robes."

Earlier, the former House majority leader told activists he agreed with their premise that there is a "war on Christianity.

"Our faith has always been in direct conflict with the values of the world," DeLay said. "We are, after all, a society that provides abortion on demand, has killed millions of innocent children, degrades the institution of marriage, and all but treats Christianity like some second-rate superstition."

DeLay was forced to abandon his job as majority leader while facing indictment on charges that he improperly funneled corporate donations to Republican candidates for the House and amid questions about his ties to disgraced lobbyist Jack Abramoff.

Reading About Buckham's Activities Takes Strong Stomach (RC)

By Norman Ornstein

Roll Call, March 29, 2006

For most of the past week, I grappled with a dilemma about this column: Where should I focus my indignation? Unfortunately, there is an excess of targets these days, including the farce of the "line-item veto."

But my dilemma was solved when I read the story by R. Jeffrey Smith in The Washington Post on Sunday about Ed Buckham and the U.S. Family Network. I have been around the track enough to have a pretty strong stomach when it comes to scandalous behavior here in the nation's capital, but I needed several antacids after digesting that piece.

For years, when I would chat with Republican leadership staff or Members who were close to the leadership, I would get strong warning signals about Buckham — about his tight relationship with and sway over former House Majority Leader Tom DeLay (R-Texas), and about his willingness to push the ethical envelope. But I could not have imagined the depth of the

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corruption before reading about the ways in which Buckham and his buddy, former lobbyist Jack Abramoff, manipulated the nonprofit rules and bilked large numbers of people — including Abramoff's clients, the National Republican Congressional Committee and firms that worked with Abramoff.

This was done, apparently, for personal gain, to scratch the back of Abramoff clients such as Northern Marianas sweatshop operator Willie Tan, and to give a nice monetary bonus to DeLay's wife, Christine, and the wife of another longtime DeLay employee, Tony Rudy. Rudy, an earlier Post story reported, had acted as a kind of "mole" for Abramoff inside DeLay's office to help one of his other clients, eLottery, head off legislation to ban Internet gambling. Soon after, Rudy left to take a lucrative lobbying job with Abramoff.

Along the way, the "nonprofit" U.S. Family Network bought expensive artwork, a fancy skybox at the then-MCI Center and lavish travel and entertainment for the Buckhams and their pals. Buckham and his wife allegedly skimmed $1 million of the $3 million raised by the network. Its receipts included a million-dollar payment from Russian energy interests, as well as money from Indian tribes, Marianas Islands employers, tobacco company RJ Reynolds, and a half-million shaken down from the NRCC, from which Buckham took a separate share of $200,000 off the top as a fundraising commission.

All the while, DeLay was carrying water for the Marianas sweatshops, the Russians and other interests, while aggressively raising money for his own charities and nonprofits.

Read these stories, along with the tales of Michael Scanlon, the former DeLay communications director and Abramoff crony who negotiated a plea deal with prosecutors, and reflect on what they all tell us about Tom DeLay. There are two possible explanations. One is that he is the most naive man ever to serve in Congress or any political office: Right under his nose, his closest and most trusted employees were running schemes to enrich themselves, subvert his office and repeatedly abuse his trust over many years. The second is that he knew what was going on, and saw their efforts as a nice way to enrich his friends, employees and family while helping accomplish his political goals.

If you accept the former explanation, you have to explain away the fact that DeLay was the most successful Whip in our lifetimes, thanks to his attention to detail, his keen understanding of people and his indefatigable energy and focus. I would like to hear how GOP Reps. Henry Bonilla (Texas), Jeb Hensarling (Texas), Eric Cantor (Va.) and all the other House Republicans who went out of their way to repeatedly laud DeLay and his standards now explain DeLay's conduct, after having learned about the doings of Buckham, Rudy and Scanlon.

Read these stories with one more issue in mind: the obvious goal of House and Senate leaders now to do as little reform of lobbying and ethics as possible. How dismaying, and how stupid. These stories are not going away, and are overwhelmingly likely to be followed by many more that are at least as damning — not all of which will be about staffers. There is little willingness on the part of the leadership to do anything to create a meaningful ethics process, or to deal effectively with the lobbyist-Member axis, or the larger issues of how money influences government and politics in Washington, D.C.

Clearly, we also need a serious and pointed focus on the misuse and abuse of nonprofits and charities by lawmakers, staffs and others. What ties do lawmakers have to pet charities or nonprofit organizations set up on their behalf or with their connivance? Where is the money coming from — and where is it going? How many staffers or family members of lawmakers are getting consulting fees or salaries from these or related organizations? DeLay, remember, fought aggressively to make sure that fundraising techniques for charities, via golf tournaments in lavish resorts and other ways of trading access for money, were not touched at all by prior rounds of campaign finance reform or other reforms.

Fundraising and spending by Member-connected charities and nonprofits cry out for a serious investigation by the Internal Revenue Service, the Senate Finance Committee, and the Ways and Means Committee. It can't limit itself to the U.S. Family Network — it ought to look at every organization that took soft money from one of the party groups, as well as every such organization that employs a spouse or family member or provides them with consulting fees, and every nonprofit linked to Abramoff, Scanlon, Rudy, DeLay, Buckham and their cronies.

Let me close with a piece of good news. The Federal Election Commission did what it should have done and is supposed to do by passing unanimously a rule on political activity and money and the Internet that is fair, balanced and constructive. Kudos to all the commissioners, and especially Chairman Michael Toner for rebounding from the earlier regulation that was rejected by a federal judge. The commission has created a much better alternative — one that now can relegate the Hensarling bill and any alternative pieces of legislation to the remainder bin. At least somebody was doing good work this week.

Norman Ornstein is a resident scholar at the American Enterprise Institute.

Weinberger, 'An American Statesman,' Dies At 88 (WT)

By Jennifer Harper

The Washington Times, March 29, 2006

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Caspar Weinberger, the stalwart defense secretary under President Reagan whose canny doctrine helped rebuild the nation's military, died of pneumonia yesterday in Bangor, Maine, with his family by his side. He was 88.

President Bush called Mr. Weinberger "an American statesman and a dedicated public servant."

"He wore the uniform in World War II, held elected office and served in the Cabinets of three presidents. As secretary of defense for President Reagan, he worked to strengthen our military and win the Cold War. In all his years, this good man made many contributions to our nation. America is grateful for Caspar Weinberger's lifetime of service," the president said.

Of his predecessor, Defense Secretary Donald H. Rumsfeld said: "His support for the men and women in uniform and his central role in helping to win the Cold War leave a lasting legacy. He left the United States armed forces stronger, our country safer and the world more free."

Former first lady Nancy Reagan recalled her husband presenting Mr. Weinberger with the Presidential Medal of Freedom in 1987. "Ronnie said, 'His legacy is a strong and free America -- and for this, and for a lifetime of selfless service, a grateful nation thanks him.' I cannot think of any higher praise."

Secretary of State Condoleezza Rice recalled Mr. Weinberger's counsel during her earliest days in Washington and called him "a wise man."

Sen. Jon Kyl, Arizona Republican, observed, "Caspar Weinberger applied his considerable intellect to many of the nation's most critical problems. America has lost a true patriot."

A diligent Republican and conservative, Mr. Weinberger held a law degree from Harvard University but nevertheless joined the U.S. Army as a private in 1941. He was promoted to captain by the end of World War II while serving as an intelligence officer for Gen. Douglas MacArthur. The young officer never forgot the value of the experience.

"I think it gave me a whole different approach and understanding of the separate community that is the military," Mr. Weinberger once said.

He was quick to return to his hometown of San Francisco. He won a seat in the California Assembly in 1952 and the chairmanship of the California Republican Party 10 years later. Mr. Reagan, who was governor at the time, appointed Mr. Weinberger state director of finance in 1968.

Within two years, the deft administrator had arrived in Washington to serve in a series of high-powered positions in the Nixon and Ford administrations, including as chairman of the Federal Trade Commission, director of the Office of Management and Budget and secretary of health, education and welfare. He earned the moniker "Cap the Knife" for his finesse in keeping financial matters in check. In 1975, Mr. Weinberger became vice president and general counsel of the Bechtel Corp.

But public service still called. Mr. Weinberger joined the Reagan team as defense secretary in 1981, setting forth a vigorous state of military readiness that countered the Soviet threat through the Strategic Defense Initiative, the Air Force B-1B bomber and a 600-ship Navy. He resigned from the position seven years later. Mr. Weinberger was indicted later by an independent counsel along with five others on charges related to the Iran-Contra arms-for-hostages investigation, but was pardoned by President George Bush in 1992.

After leaving the Pentagon, Mr. Weinberger became the chairman of Forbes Inc. and remained a thoughtful writer and analyst at Forbes magazine and other publications, including The Washington Times.

"I'm an optimist. I think we will stay the course in Iraq," he wrote in a January Op-Ed column in Forbes. "We'll be strong enough, we'll have patience enough and we'll have sense enough not to listen to those whose only advice is to pull out, give up and not even try."

Mr. Weinberger is survived by his wife of 63 years, Jane; his son, Caspar Jr.; his daughter, Arlin; three grandchildren; and four great-grandchildren. Funeral arrangements are pending at Arlington National Cemetery.

Caspar W. Weinberger, 88; Reagan's Defense Secretary (WP)

By Adam Bernstein

The Washington Post, March 29, 2006

Caspar W. Weinberger, 88, a veteran public servant who drastically raised the post-Vietnam War military budget as Ronald Reagan's secretary of defense and who later was indicted and then pardoned in the Iran-contra affair, died March 28 at Eastern Maine Medical Center in Bangor. He had kidney ailments and pneumonia.

Briefly a California assemblyman, Mr. Weinberger was a background force in the state's Republican Party through the 1960s. Then-Gov. Reagan named Mr. Weinberger to important state positions overseeing finances, and he was regarded as a remarkably efficient administrator.

Summoned to Washington in 1970, Mr. Weinberger served under Presidents Richard M. Nixon and Gerald R. Ford as chairman of the Federal Trade Commission, director of the Office of Management and Budget and secretary of the old Department of Health, Education and Welfare.

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His reputation for pruning public spending -- particularly on social programs -- led to an unflattering nickname ("Cap the Knife") and enduring resentment from those opposed to his approach.

After five years as an executive with Bechtel Group, the California-based engineering giant, he surfaced again in Washington when Reagan won the presidency in 1980. As secretary of defense from 1981 to 1987, Mr. Weinberger served longer than any Pentagon chief save for Robert S. McNamara during the Vietnam War.

Mr. Weinberger cumulatively raised the defense budget by $2 trillion, among its greatest peacetime jumps (prompting a new nickname, "Cap the Shovel"). This funding increase coincided with the decline of the Soviet Union, whose military morale was already crippled in Afghanistan. Mr. Weinberger and many others felt keenly the Pentagon's role in the fall of communism.

He revived the B-1 bomber program that went dormant during the Carter administration and lavished money on many more programs, including the MX missile and the "Star Wars" space-based missile defense system.

For all the military buildup and his reputation as a hawk, Mr. Weinberger resisted engaging in conflicts abroad unless absolutely unavoidable.

"Some thought it was incongruous that I did so much to build up our defenses but was reluctant to commit forces abroad," he wrote in his memoir "In the Arena" (2001). "I did not arm to attack. . . . We armed so that we could negotiate from strength, defend freedom and make war less likely."

As the years passed, Mr. Weinberger saw himself challenged more by Congress about his spending patterns. One-time aides also offered damning analyses.

Lawrence J. Korb, an assistant secretary of defense under Mr. Weinberger who became a defense policy analyst, wrote that "the defense budget and programs that he bequeathed to his successor, Frank Carlucci, were so far out of balance that his five-year plan had a shortfall of $500 billion. (In his first month in office, Carlucci had to make some $200 billion in reductions.)"

Several procurement scandals, in which screws and claw hammers were found to have cost more than $100 apiece, were deeply frustrating to the cost-conscious side of Mr. Weinberger.

Ultimately, what might have sidelined him in the White House was his penchant for scuttling arms talks he viewed as compromises to the Soviets. Political watchers noted that his decision to resign -- which he attributed to his wife's cancer treatment -- came shortly before a third meeting between Reagan and Soviet leader Mikhail Gorbachev.

After he left office, Mr. Weinberger became a leading figure in the Iran-contra affair, in which U.S. officials covertly sold arms to Iran to win the release of U.S. hostages in the Middle East and used some of the profits to support Nicaraguan rebels known as the contras. This went against stated U.S. policy.

An independent prosecutor, Lawrence E. Walsh, brought felony charges against Mr. Weinberger for obstructing justice by concealing voluminous notes, and Mr. Weinberger wrote that Walsh "was constructing a case against me to try to force me to implicate the president."

In June 1992, he was indicted by a federal grand jury, but in December, President George H.W. Bush pardoned Mr. Weinberger and called him "a true American patriot."

In recent years, Mr. Weinberger had joined Forbes magazine as publisher, chairman and columnist. He also was a commentator specializing in defense threats.

Caspar Willard Weinberger was born in San Francisco on Aug. 18, 1917. His father, a lawyer, nicknamed his son "Cap" based on a character in a popular novel of the day.

At Harvard University, Mr. Weinberger joined the Crimson newspaper, where he considered a triumph getting a backstage interview with the throaty actress Tallulah Bankhead. He graduated magna cum laude in 1938 and from Harvard's law school in 1941.

During World War II, he served in the Army and was detached to Gen. Douglas MacArthur's intelligence staff headquarters variously in Australia, New Guinea and the Philippines.

During his Pentagon years, Mr. Weinberger frequently mentioned his fleeting encounters with the general, but his greatest hero remained British Prime Minister Winston Churchill, whose speeches he studied and whose resilience he admired. He liked to draw an analogy between Churchill and the Nazis and his own responsibilities against the Soviet Union.

Back in California in 1945, Mr. Weinberger wrote book reviews for the San Francisco Chronicle and clerked for U.S. Court of Appeals Judge William E. Orr. He joined the judge's prominent law firm in San Francisco, working his way to partner mostly as an anti-trust litigator.

Meanwhile, he began his political career. He was elected to the state assembly in 1952, representing a tony neighborhood of San Francisco. Regarded as a moderate Republican, he was reelected twice, culled a reputation as an able crusader against the liquor lobby, and then lost a bid for state attorney general in 1958 to a more-conservative opponent.

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He went on to serve as chairman of the Republican State Central Committee. In the 1966 gubernatorial race, he backed Republican candidate George Christopher, a former mayor of San Francisco, but shifted his support to Reagan after the former actor won the nomination.

Many of Reagan's millionaire backers were skeptical about Mr. Weinberger's bona fides, noting his faint support in 1964 for the presidential bid of conservative Sen. Barry Goldwater (R-Ariz.).

But when asked to fix the state's financial plight, Mr. Weinberger lived up to his self-described fiscal Puritanism and was steeped in praise. Mr. Weinberger was applauded for a budget surplus in 1968, although some attributed it to an earlier tax increase.

Soon, he was in Washington, where he made key reforms at the Federal Trade Commission and prompted criticism at the Office of Management and Budget for his cost-cutting.

What he soon heralded as a $300 million budget surplus, despite an overall growth in the deficit, was reportedly gained by ending or greatly reducing appropriations for about 100 health, antipoverty and drug control programs. Mr. Weinberger said the social service efforts would be more effectively handled at the state and local level.

Eager for a political role in the Reagan administration, he became, in January 1981, the 15th secretary of defense. He oversaw limited-engagement strikes against the Caribbean island-nation of Grenada and against Libya.

He said he initially discouraged sending the Marine Corps as a peacekeeping force in Lebanon, calling it "an impossible mission." In October 1983, when 241 U.S. servicemen were killed in their barracks by suicide bombers, he likened the situation to a quagmire and pushed for withdrawal, which soon occurred.

In 1987, Mr. Weinberger received the Presidential Medal of Freedom, the nation's highest civilian medal.

In Washington, he cut a wiry figure and was known for wry, self-deprecating quips. He enjoyed the symphony and ballet. He lectured and wrote books, including two memoirs.

Survivors include his wife of 63 years, Jane Dalton Weinberger of Mount Desert, Maine; a son, Caspar Jr.; a daughter, Arlin; three grandchildren; and four great-grandchildren.

Caspar W. Weinberger, Who Served 3 Republican Presidents, Is Dead At 88 (NYT)

By David Stout

The New York Times, March 29, 2006

Caspar W. Weinberger, who held high positions under three Republican presidents and oversaw the biggest and costliest military buildup in peacetime history as Ronald Reagan's secretary of defense, died yesterday in Bangor, Me., after a brief illness. He was 88.

Mr. Weinberger lived nearby in Mount Desert, Me. His son, Caspar Jr., also of Mount Desert, said his father had been undergoing kidney dialysis for two years and died of pneumonia. His wife of 63 years, Jane, was by his side when he died, his son said.

Until his death, Mr. Weinberger was chairman of Forbes Inc. He had continued to travel around the world until recently, his son said, and wrote a regular column for Forbes magazine. A book by Mr. Weinberger, "Home of the Brave: A Tribute to Unsung Heroes in the War on Terror," which he wrote with Wynton C. Hall, will be published in June by Forge Press.

A self-assured man and a tenacious debater, Mr. Weinberger served in Washington off and on for almost two decades. He was a crucial backer of Mr. Reagan's missile-based Strategic Defense Initiative, popularly known as Star Wars. He was also an implacable foe of the Soviet Union, a posture that put him increasingly at odds with Secretary of State George P. Shultz, who leaned more toward arms-control negotiations with Moscow.

By the time Mr. Weinberger left the Pentagon in 1987, Mr. Reagan had been swayed by Mr. Shultz (who had the president's wife, Nancy, in his corner). The president who had once derided the Soviet Union as "an evil empire" got along well with the Russian leader, Mikhail S. Gorbachev, who seemed cut from different cloth than his drab but ruthless predecessors.

Mr. Weinberger never lost his bone-deep suspicion of the Russians, and his comments after the collapse of the Soviet Union suggested that he still had more faith in arms than diplomacy, at least in dealing with the Kremlin.

Many felt that Mr. Weinberger's record was marred late in life by questions about his role in the Iran-contra affair — questions a presidential pardon left unresolved — but his résumé was impressive by any standard.

Under President Richard M. Nixon, he was chairman of the Federal Trade Commission; deputy director and later director of the Office of Management and Budget, where he earned the nickname Cap the Knife by smilingly arguing against requests for more money; and secretary of health, education and welfare.

He remained as secretary of the health and welfare agency under President Gerald R. Ford until 1975, when he left Washington for his native California. He said his wife could better cope with her arthritis there.

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It was after he returned to the capital as defense secretary for Mr. Reagan in 1981 that Mr. Weinberger made his real mark. His mission, he said early on, was "to rearm America." His view was that previous efforts to get along with the Russians without demanding good behavior in return had reinforced "the Soviet prison wall," which stretched, he said, "from the Balkans to the Baltic."

The rise of the charismatic Mr. Gorbachev in the mid-1980's did not soften those views. "I don't think just because he wears Gucci shoes and smiles occasionally that the Soviet Union has changed its basic doctrines," Mr. Weinberger said in 1987, as he was leaving office.

So while other parts of the federal government were cringing under the cut-to-the-bone philosophy of the Reagan White House (as the old Cap the Knife might have desired), Mr. Weinberger demanded billions more for nuclear arms, ships, planes and tanks. "This is not a one-year program for summer soldiers," he warned in 1981.

He was true to his word. Year after year, he fought for big increases in Pentagon spending and usually won.

Mr. Weinberger also tried to alleviate the historic rivalries among the services. He ordered the branches to find more roles for women. He delegated more planning authority to the chiefs of staff and the service secretaries so that he could devote more time to policy.

A blemish in his 35 years of public service came in 1992, five years after he left the cabinet. That year, he was indicted on felony charges of perjury and obstruction of justice in connection with the covert sale of arms to Iran and the diversion of some of the proceeds to the Nicaraguan rebels, or contras.

The tangled transactions, which came to be known as the Iran-contra affair, were against the declared policy of the United States. Subsequent investigations depicted Mr. Reagan as determined to win the release of American hostages held in the Middle East and eager to obtain the help of Iranian "moderates" to do so.

Mr. Weinberger told a special committee of Congress in 1987 that he was aghast when he first heard White House aides talk about cultivating Iranian moderates. He testified that he had considered the idea "almost too absurd to comment on," and he said as much in a staff memorandum at the time. He told Congress that he thought, erroneously, that he had killed the proposal.

A special commission headed by John Tower, a former Republican senator from Texas, criticized Mr. Weinberger as not advising the president vigorously enough. Mr. Weinberger rejected the criticism as unfair.

The special Iran-contra prosecutor, Lawrence E. Walsh, obtained an indictment accusing Mr. Weinberger of concealing voluminous notes that would have cast more light on the roles of Mr. Reagan and Vice President George Bush in the scandal. The notes were scrawled in his almost illegible handwriting in some 5-by-7-inch notebooks that he had donated to the Library of Congress after leaving office.

The notebooks, some 1,700 of them, lay undisturbed until prosecutors learned of them. To Mr. Weinberger and his supporters, the little books were personal diaries, with jottings about the family dog as well as policy. To prosecutors, they were evidence the former secretary had tried to bury.

Mr. Weinberger furiously denied the charges, declaring that the prosecutor had pressed him to plead guilty to a lesser count in return for giving damaging testimony against Mr. Reagan, testimony that Mr. Weinberger said would have been false.

Mr. Weinberger was to have stood trial in 1993. But on Christmas Eve 1992, President George Bush ended Mr. Weinberger's legal troubles, pardoning him and several other officials caught up in the scandal.

Early in his tenure as defense secretary, Mr. Weinberger learned that he could not change the sprawling military bureaucracy overnight. In 1981, David A. Stockman, the Reagan budget director, pronounced the Pentagon "a swamp" of waste and inefficiency.

"Maybe he was talking about the Pentagon of a few years ago," Mr. Weinberger bristled. "The Pentagon is not a swamp. It is very dry land."

But two years later, Mr. Weinberger acknowledged that some spending absurdities had sprung up under his watch as well as under previous Democratic ones. A common metal bolt that cost 80 cents in 1980 had somehow become worth $17.59 in 1982, for instance.

Though he oversaw the spending of huge sums as Pentagon chief, Mr. Weinberger sometimes unleashed the budget-cutter in his political personality. Shortly after asking for $30 billion more in military spending for the first two years of the Reagan administration, he announced $1.7 billion in spending cuts through elimination of some projects and postponement of others.

In 1985, he canceled the development of an antiaircraft gun that had already cost $1.8 billion and was expected to cost $3 billion more. It just did not work very well, and there was no use throwing good money after bad, the secretary said.

Mr. Weinberger was soft-spoken, almost courtly in personal encounters. He showed a soft side in 1983, when he vetoed a plan for dogs to be shot so that military doctors could practice treating wounds. (He owned a collie at the time.)

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By mid-1985, there were signs that his influence was waning. Some Congressional leaders had wearied of his demands for more and more money, and he was conspicuously omitted from Mr. Reagan's entourage to the Geneva summit meeting with Mr. Gorbachev.

Mr. Weinberger resigned on Nov. 5, 1987. His wife had undergone treatment for cancer, and he said he wanted to spend more time with her at home. "That's the long and the short and the tall of it," he said.

Not everyone believed him entirely. By many accounts, Mr. Weinberger differed often with Secretary of State Shultz, whom he considered too eager to negotiate with the Kremlin. And some of Mr. Weinberger's critics thought it was no coincidence that his resignation came just weeks after the stock market plunged, heralding a time of retrenching and the end of the Pentagon joy ride.

Caspar Willard Weinberger was born in San Francisco on Aug. 18, 1917. His father, Herman, was of Jewish Bohemian descent and worked his way through college to become a lawyer. His mother, Cerise, was from an English background. In his book "In the Arena: A Memoir of the 20th Century," written with Gretchen Roberts and published by Regnery in 2001, Mr. Weinberger said his father and grandfather had been indifferent to religion but that he himself had found his mother's Episcopalian faith "an enormous influence and comfort all my life."

Mr. Weinberger graduated magna cum laude from Harvard, where he was a member of Phi Beta Kappa, in 1938. He graduated from Harvard Law School in 1941 and enlisted in the Army the same year. Decades later, when men with stars on their shoulders had to defer to him, he ruefully recalled that one of his first jobs in the Army was at a camp in California digging ditches for sewers.

Mr. Weinberger went to officers' candidate school at Fort Benning, Ga., was sent to the Pacific after being commissioned, served more than three years with the 41st Infantry Division and landed on the intelligence staff of Gen. Douglas MacArthur.

He was a clerk for a federal judge from 1945 to 1947, then started a private practice in the San Francisco area. He broke into politics in 1952, winning a seat in the California Assembly. He was re-elected without opposition in 1954 and 1956. A 1955 poll of newspaper reporters who covered the Legislature selected him as the most able California lawmaker.

Mr. Weinberger was defeated in a run for attorney general of California in 1958. From 1959 to 1968, he wrote a newspaper column on state government and was moderator of a public affairs television program. He was vice chairman of the Republican State Central Committee of California from 1960 to 1962 and chairman from 1962 to 1964.

Mr. Weinberger was chairman of a commission on reorganizing the California state government from 1966 to 1968 and was appointed state director of finance by Mr. Reagan, then the governor, early in 1968. The two had a warm relationship, even though in 1966 Mr. Weinberger had opposed Mr. Reagan in favor of a fellow San Franciscan in the Republican primary for governor. Mr. Weinberger was also considered a turncoat by some conservative Republicans because he gave only token support to Barry Goldwater's presidential campaign in 1964.

As California's finance director, Mr. Weinberger ran an office that had long been considered weak in the state government. By most accounts, he revitalized it.

Around that time, he was asked to sum up his political philosophy. He replied with a Republican bromide, "Liberal on human affairs and conservative on fiscal ones."

His service under Mr. Reagan in California, and their friendship, burnished Mr. Weinberger's credentials in conservative eyes, enough so that Nixon asked him to be chairman of the Federal Trade Commission. Taking office in January 1970, Mr. Weinberger promised to be an ally to consumers.

To the annoyance of some conservatives in the administration, Mr. Weinberger took on as an aide William Howard Taft 4th. Mr. Taft had the right name and the right Republican pedigree, but some businessmen thought he had a blemish on his résumé: he had been an investigator for Ralph Nader. (Mr. Taft later served as a deputy defense secretary under Mr. Weinberger.)

In the summer of 1970, Nixon named Mr. Weinberger deputy director of the new Office of Management and Budget. When the director, Mr. Shultz, became Treasury secretary in May 1972, Mr. Weinberger took Mr. Shultz's old job.

In November 1972, Nixon needed a new secretary of health, education and welfare to replace Elliot L. Richardson, who had moved to secretary of defense. Mr. Weinberger was a natural for the post, in view of Nixon's stated opinion that the health agency had become "bloated."

Democrats wondered, in the words of Senator Harold E. Hughes of Iowa, if Mr. Weinberger could "make the transition from budget hatchetman to advocate of people programs." He was confirmed by a vote of 61 to 10.

As his critics had predicted, Mr. Weinberger did try to kill or rein in dozens of programs, including some for hospital construction and school aid. But his stewardship was not marked by the wholesale federal retreat on health issues that some liberals had feared.

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One reason was that Mr. Weinberger embraced some causes that liberals (and not a few conservatives) liked. He tried to get Congress to pass legislation limiting the tar and nicotine content of cigarettes. He envisioned national health insurance. He prodded his own department to protect the civil rights of mentally retarded people who were considered for sterilization. And at his insistence, a better American diet became official departmental policy.

Another reason he could not live up to his sobriquet of Cap the Knife as H.E.W. secretary was that much of the department's spending was simply beyond his control. The enormous sums paid out for Social Security, Medicare and welfare programs were fixed by law, and often included automatic cost-of-living increases.

So in the end, Mr. Weinberger presided over an expansion at the department, an irony that prompted him to warn upon his departure of the perils of big government.

After resigning from the Ford administration in 1975, Mr. Weinberger became a special counsel to the Bechtel engineering companies. As president-elect, Mr. Reagan turned to him in 1980 for advice on economic issues, opening the door for his career-culminating tenure at the Pentagon.

Mr. Weinberger's novel, "Chain of Command," written with Peter Schweizer, was published by Artia Books, a subsidiary of Simon & Schuster, in 2005. He was also the co-author, with Mr. Schweizer, of "The Next War," an examination of defense strategy, published by Regnery in 1996.

Mr. Weinberger enjoyed the theater, opera and ballet and for a time reviewed books for California newspapers.

In addition to his wife and son, he is survived by a daughter, Arlin Weinberger; three grandchildren; and four great-grandchildren.

Mr. Weinberger was second only to Robert S. McNamara in longevity as defense secretary. Characteristically, he fired some parting shots in his farewell ceremony on Nov. 17, 1987, complaining that previous presidents and lawmakers had allowed the American military to become weak and flabby.

"We began by doubting the war in Vietnam," he lamented, "and we ended by doubting ourselves."

Not even his bitterest foes doubted his patriotism or his intellectual power. But many critics thought he had encouraged Pentagon spending that was wasteful by any standards.

In the summer of 1993, a three-year study by the General Accounting Office, an investigative arm of Congress, concluded that under Mr. Weinberger the Pentagon had understated the cost of some weapons by billions of dollars, overstated their effectiveness and exaggerated the threat of the Soviet Union.

Deriding the study as revisionist history written by bean-counters, Mr. Weinberger said its authors showed no understanding of how the world really was in the cold war era.

"Yes, we used a worst-case analysis," he said. "You should always use a worst-case analysis in this business. You can't afford to be wrong. In the end, we won the cold war, and if we won by too much, if it was overkill, so be it."

Ex US Defence Chief Caspar Weinberger Dies (FT)

By Claudia Luther

Financial Times, March 29, 2006

Caspar W. Weinberger, the anti-Soviet hawk who oversaw the nation's huge peacetime defense buildup as the secretary of Defense during most of President Reagan's two terms, died Tuesday. He was 88.

Weinberger had been hospitalized in Bangor, Maine for about a week with a high fever and pneumonia, his son Caspar Weinberger Jr. told the Associated Press. Jane Weinberger, his wife of 63-years, was with him at the time of his death.

"I was deeply disturbed to learn of the death of a great American and a dear friend," former Secretary of State Colin Powell told Associated Press. "Cap Weinberger was an indefatigable fighter for peace through strength. He served his nation in war and peace in so many ways."

As the nation's 15th defense seceratary, Weinberger doggedly opposed reducing nuclear weapons, although he was eventually overruled when Reagan sought a partnership in arms control with Soviet President Mikhail S. Gorbachev. Still, the Defense Department under Weinberger increased overall defense spending by 50%, adding 90 ships to the Navy and two divisions to the Army as well as the B-1 bomber and other new weapons systems to the Air Force.

A native Californian, Weinberger's long career in public service began with a stint in the state Assembly in the 1950s and included prominent roles in the Nixon and Ford administrations before Reagan named him secretary of Defense in 1981. He had the second-longest tenure in the post after, Robert S. McNamara, who served as secretary of defense during the Kennedy and Johnson administrations.

A complex figure, Weinberger was a hawk who also opposed excessive use of military force, earning him such high-level opponents in the Reagan administration as Secretary of State George P. Shultz, with whom Weinberger often tangled on defense issues.

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"To Weinberger, as I heard him, our forces were to be constantly built up but not used," Shultz wrote in his memoirs.

Weinberger and Shultz's biggest dispute came in the early 1980s when Reagan deployed U.S. forces in Lebanon as part of a multi-national peacekeeping force trying to quell the violence in the civil war there. Shultz was a strong advocate of this deployment while Weinberger initially objected, believing that U.S. participation was not vital to U.S. interests and that there was not a carefully defined objective. In October 1983, 241 servicemen were killed in a suicide truck bombing at a Marine barracks in Beirut — the worst single casualty toll for the U.S. military since the Vietnam War.

Though opposed to the operation in Lebanon, Weinberger endorsed the invasion of the Caribbean island nation of Grenada that same month, where a build-up of Cuban military forces was feared. That operation, while criticized by some as a diversion from the Lebanon debacle, helped restore a sense of confidence in the U.S. military.

A few years later, in April 1986, Weinberger also backed a U.S. strike against Libyan strongman Moammar Kadafi for two incidents: firing missiles at U.S. airplanes flying over the disputed Gulf of Sidra and the terrorist bombing — blamed on Kadafi — of a West Berlin discotheque frequented by U.S. servicemen, that left one American dead. The following year, during the summer of 1987, Weinberger also supported Reagan's decision to offer American help — including the protection of the U.S. flag — to Kuwaiti oil tankers in the Persian Gulf that feared attacks by Iranians.

During these years, Weinberger developed and put into use the "Weinberger Doctrine" — a set of six tests for when American troops should be deployed. Among the tests were the support of the American people, the willingness to employ overwhelming force and the use of forces as "a last resort."

Weinberger said he had formulated the policy on the uses of military power because of his strong disapproval of U.S. policy in Vietnam.

"Some thought it was incongruous that I did so much to build up our defenses but was reluctant to commit forces abroad," Weinberger wrote in "In the Arena: A Memoir of the 20th Century" (with Gretchen Roberts, 2001). But, he added, "I did not arm to attack. ¼ We armed so that we could negotiate from strength, defend freedom and make war less likely."

While widely endorsed by political conservatives and many in the defense establishment, Shultz dismissed the doctrine as "a counsel of inaction bordering on paralysis."

"There had to be some way to deal with violent threats that lay between doing nothing or launching an all-out conventional war," Shultz said. "The idea that force should be used 'only as a last resort' means that, by the time of use, force is the only resort and likely a much more costly one than if used earlier."

Weinberger's doctrine later evolved into the Powell Doctrine when it was reformulated by Powell — who had been a military advisor to Weinberger's in the Pentagon and later was chairman of the Joint Chiefs of Staff under President George H.W. Bush's secretary of state during President George W. Bush's first term.

During Weinberger's time in the Pentagon,defense spending reached $300 billion a year before leveling out. By some estimates, this peacetime defense buildup exceeded even that for the Vietnam War.

Among the major items pushed by Weinberger were the MX missile and the B-1 bomber — costly initiatives that Reagan considered essential to the development and delivery of the Pentagon's nuclear force.

Although initially a skeptic, Weinberger also strongly defended another of Reagan's proposals — the controversial Strategic Defense Initiative, a proposed space-based defense against ballistic missiles that never was proven to be workable.

SDI, commonly known as "Star Wars," soaked up what one defense expert estimated as $17 billion of the defense budget. It was abandoned by President Clinton in the 1990s, although President Bush has made efforts to revive it.

Weinberger was among the hard-liners in the Reagan administration to oppose most efforts at arms control agreements, but, urged by Shultz and others, the president went ahead anyway. Starting with a summit in Geneva 1985, Reagan met with Gorbachev and, finally, in 1987, the two leaders agreed to major weapons cutbacks that greatly altered the relationship between their two countries and hastened the end of the Cold War.

While at the time loyally praising the 1987 agreement as "very good," Weinberger told the New York Times shortly afterward that "the fact that Gorbachev came and didn't throw his shoes at anybody" may have been promising, but: "He's got claws and every once in a while those claws come out. He remembers to retract them, but it's like a person who has learned to speak very carefully, very well, and then every once in a while resorts to a guttural brogue.''

That same year, as Weinberger was leaving Defense, Reagan presented him with the Medal of Freedom, the highest civilian honor a president can give. But years after leaving the Pentagon, Weinberger was indicted in the Iran

-contra arms-for-hostages scandal that had dogged the Reagan administration's second term.

The 1992 indictment charged Weinberger with lying during congressional and criminal investigations of Iran-contra — the Reagan administration's sale of arms to Iran in the hope that such a deal would help win the release of American hostages. The complicated scandal also involved the diversion of profits from the sale to support rebels fighting the leftist Sandinista government in Nicaragua.

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Negotiating with terrorists was against American policy, and aid to the rebels was banned by Congress.

Weinberger, who ironically had strongly opposed the Iranian arms sale, maintained that he "did not lie to investigators about the state of my recollection" "In the Arena" about plans for the Iranian arms sales, but he was set for trial in early 1993. Before the court could convene, however, President George H.W. Bush granted pardons to Weinberger and several others in the Reagan administration who had been indicted by the Iran-contra independent counsel, Lawrence E. Walsh.

In granting Weinberger's pardon, Bush declared him "a true American patriot who has rendered long and extraordinary service to our country."

The scandal left a mark on an otherwise stellar career that had culminated with Weinberger's years beside Reagan during the final years of the Cold War.

Caspar Willard Weinberger was born Aug. 18, 1917, in San Francisco, the son of a lawyer. Many people assumed that, because of his name, the family was Jewish, but "Cap," as his father nicknamed him, was raised as an Episcopalian — his mother's faith.

A sickly child with persistent ear infections, Weinberger turned to books and playing mock battles with tin soldiers atop his bed. He had an early and strong interest in politics, following political conventions closely on the radio and attending campaign rallies with his father. He said the congressional record was his bedtime reading and, even as a child, he thought of himself as a Republican, like his father.

Weinberger earned his bachelor's and law degrees from Harvard in 1938 and 1941, respectively. A few months before the Japanese attack on Pearl Harbor on Dec. 7, 1941, Weinberger entered the Army as a private in the infantry and served in the South Pacific during World War II. According to an official Pentagon biography, he was an officer on Gen. Douglas MacArthur's intelligence staff. He left the Army in 1945 with the rank of captain.

His experiences in the military would inform his later years at the Pentagon.

"I was trained on a wooden rifle with a little block of wood labeled `hand grenade,'" he told the Indianapolis Journal & Courier in 2002. "I just determined that if I had anything to do with it, I wouldn't want to have that kind of lack of training that we had at that time."

Also during the war, he met Army nurse Jane Dalton aboard ship on the way to the South Pacific. The couple married in 1942 and had a daughter, Arlin, and a son, Caspar Jr. All survive Weinberger, as do several grandchildren.

After the war, Weinberger returned to San Francisco as a law clerk to an appeals court judge before joining a law firm. But he was more interested in politics and, in 1952, he won a seat in the state Assembly representing a San Francisco area district.

In 1958, he ran in the GOP primary for state attorney general, but lost and returned to law practice. He kept a hand in Republican politics as chairman of the state Republican Party, gaining a reputation as a true believer in conservative principles.

Always interested in journalism — at Harvard, he was editor of the Crimson, the college's daily newspaper — he also at various times moderated a public affairs program on a San Francisco television station, wrote a newspaper column and did a radio commentary.

When Reagan was elected governor in 1966, Weinberger joined his administration, first as a member of the "Little Hoover Commission," an independent state panel that evaluates government for lawmakers, and, in 1968, as California's director of finance.

It was not long, however, before Weinberger made the jump to Washington as President Nixon's choice to head the Federal Trade Commission and, later, serve as deputy director and then director of the newly formed Office of Management and Budget.

At OMB, Weinberger's special targets were the Great Society programs put in place by Nixon's Democratic predecessor, Lyndon B. Johnson. He carried out his mandate at OMB with such energy that William Safire, then a presidential speechwriter, dubbed him "Cap the Knife." The nickname stuck.

After the 1972 election gave Nixon a second term, the president moved Weinberger to a Cabinet post as secretary of Health, Education and Welfare. When Nixon resigned in the wake of the Watergate scandal, President Ford retained Weinberger in that post.

Following Ford's defeat by Jimmy Carter in 1976, Weinberger went to work at Bechtel Corp., a defense contractor in the San Francisco Bay Area. But by 1981, he was back in Washington when Reagan, who defeated Carter, tapped him for what would be the most important post of his career: secretary of Defense.

Alarmed about estimates of Soviet military strength, Reagan asked his old friend to oversee an immense expansion of military might. Weinberger enthusiastically complied, earning a new nickname — Cap the Ladle — as he spearheaded Reagan's "peace through strength" policy.

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"The price of peace and freedom is high, but whatever it costs, it's worth it," he told the Washington Post in 1983. Post 10/9/83 He later wrote in "In the Arena": "I felt that I was able to make a difference and perhaps help set our nation on a more stable, secure course than it had previously been following."

After nearly seven years in the E Ring of the Pentagon, Weinberger, citing his wife's health, left his post in 1987. Five years later, he was indicted in the Iran-contra scandal.

When the idea of trading arms for hostages was first proposed, Weinberger said he had requested a meeting with Reagan during which he expressed his "very strong objection" to the Iran operation. He later told an aide that he believed "this baby had been strangled in its cradle."

But the arms sale continued, pushed by national security advisors Robert C. McFarlane and John M. Poindexter as well as Lt. Col. Oliver L. North, a staff assistant to the National Security Council.

In the indictment, Independent Counsel Walsh accused Weinberger of saying he did not know whether the sale of Hawk missiles to Iran was going to take place when, Walsh said, the secretary's personal notes at the time indicated that he did know. (Walsh also investigated Shultz's role in Iran-contra, but the secretary of State was never indicted.)

Weinberger spent the rest of his life fuming about having had his integrity questioned by Walsh, calling the charges against him "misguided" and "reckless."

After leaving the federal government, Weinberger became publisher and later chairman of Forbes, the business periodical, for which he also wrote a column. Besides "In the Arena," he also wrote "Fighting for Peace: Seven Critical Years in the Pentagon" (1990) and, with Peter Schweizer, "The Next War" (1996), which outlined five possible scenarios in which the U.S. would again go to war.

Also with Schweizer, he wrote the 2005 fiction thriller, "Chain of Command." The New York Times, in reviewing the book, called it "gripping."

This article appears by special arrangement with The Los Angeles Times

Former Defense Secretary Weinberger Dead At 88 (LAT)

By Claudia Luther

The Los Angeles Times, March 29, 2006

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Weinberger and Shultz's biggest dispute came in the early 1980s when Reagan deployed U.S. forces in Lebanon as part of a multinational peacekeeping team trying to quell the civil war there. Shultz was a strong advocate of this deployment while Weinberger initially objected, believing that U.S. participation was not vital to U.S. interests and that there was not a carefully defined objective.

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However, Weinberger did endorse the invasion of the Caribbean island nation of Grenada that same month, where a buildup of Cuban military forces was feared. That operation, while criticized by some as a diversion from the Lebanon debacle, helped restore a sense of confidence in the U.S. military.

A few years later, in April 1986, Weinberger backed the U.S. strike against Libyan strongman Moammar Kadafi for two incidents: firing missiles at U.S. airplanes flying over the disputed Gulf of Sidra and the terrorist bombing — blamed on Kadafi — of a West Berlin discotheque frequented by U.S. servicemen that left one American dead.

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Weinberger's doctrine evolved into the "Powell Doctrine" when it was reformulated by Powell — who had been a military advisor to Weinberger in the Pentagon and later was chairman of the Joint Chiefs of Staff under President George H.W. Bush's and secretary of State during President Bush's first term.

During Weinberger's time in the Pentagon, defense spending reached $300 billion a year before leveling out. By some estimates, this peacetime defense buildup exceeded that for the Vietnam War.

Among the major items pushed by Weinberger were the MX missile and the B-1 bomber — costly initiatives that Reagan considered essential to the development and delivery of the Pentagon's nuclear force.

Although initially a skeptic, Weinberger strongly defended another of Reagan's proposals — the controversial Strategic Defense Initiative, a proposed space-based defense against ballistic missiles that has not proven to be workable.

SDI, commonly known as "Star Wars," soaked up what one defense expert estimated as $17 billion of the defense budget. It was abandoned by President Bill Clinton in the 1990s, although President Bush has made efforts to revive it.

Weinberger was among the hard-liners in the Reagan administration to oppose most efforts at arms control agreements, but, urged on by Shultz and others, the president went ahead. Starting with a summit in Geneva in 1985, Reagan met with Gorbachev, and in 1987 the two leaders agreed to major weapons cutbacks that greatly altered the relationship between the two countries and hastened the end of the Cold War.

While at the time loyally praising the 1987 agreement as "very good," Weinberger told the New York Times shortly afterward that "the fact that Gorbachev came and didn't throw his shoes at anybody" may have been promising, but: "He's got claws, and every once in a while those claws come out. He remembers to retract them, but it's like a person who has learned to speak very carefully, very well, and then every once in a while resorts to a guttural brogue."

That same year, as Weinberger was leaving Defense, Reagan presented him with the Medal of Freedom, the highest civilian honor a president can give. But years after leaving the Pentagon, Weinberger was indicted in the Iran-Contra arms-for-hostages scandal that had dogged the Reagan administration's second term.

The 1992 indictment charged Weinberger with lying during congressional and criminal investigations of Iran-Contra — the Reagan administration's sale of arms to Iran in the hope that such a deal would help win the release of American hostages. The complicated scandal also involved the diversion of profits from the sale to support rebels fighting the leftist Sandinista government in Nicaragua.

Negotiating with terrorists was against American policy, and aid to the rebels was banned by Congress.

Weinberger, who ironically had strongly opposed the Iranian arms sale, maintained that he "did not lie to investigators about the state of my recollection" in his book "In the Arena."

However, before the trial could convene in 1993, President George H.W. Bush granted pardons to Weinberger and several others in the Reagan administration who had been indicted by the Iran-Contra independent counsel, Lawrence E. Walsh.

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In granting Weinberger's pardon, Bush declared him "a true American patriot who has rendered long and extraordinary service to our country."

The scandal left a mark on an otherwise stellar career that had culminated with Weinberger's years beside Reagan during the final years of the Cold War.

Caspar Willard Weinberger was born Aug. 18, 1917, in San Francisco, the son of a lawyer. Many people assumed that because of his name, the family was Jewish, but "Cap," as his father nicknamed him, was raised as an Episcopalian — his mother's faith.

A sickly child with persistent ear infections, Weinberger turned to books and playing mock battles with tin soldiers atop his bed. He had an early and strong interest in politics, following political conventions closely on the radio and attending campaign rallies with his father. He said the congressional record was his bedtime reading and, even as a child, he thought of himself as a Republican, like his father.

Weinberger earned his bachelor's and law degrees from Harvard University in 1938 and 1941. A few months before the Japanese attack on Pearl Harbor on Dec. 7, 1941, Weinberger entered the Army as a private in the infantry and served in the South Pacific during World War II. According to an official Pentagon biography, he was an officer on Gen. Douglas MacArthur's intelligence staff. He left the Army in 1945 with the rank of captain.

His experiences in the military would inform his later years at the Pentagon.

"I was trained on a wooden rifle with a little block of wood labeled `hand grenade,'" he told the Indianapolis Journal & Courier in 2002. "I just determined that if I had anything to do with it, I wouldn't want to have that kind of lack of training that we had at that time."

During the war, he met Army nurse Jane Dalton aboard a ship on the way to the South Pacific. The couple married in 1942 and had a daughter, Arlin, and a son, Caspar Jr. All survive Weinberger, as do several grandchildren.

After the war, Weinberger returned to San Francisco as a law clerk to an appeals court judge before joining a law firm. He was more interested in politics and, in 1952, he won a seat in the state Assembly representing a San Francisco area district.

In 1958, Weinberger ran in the GOP primary for state attorney general, but lost and returned to law practice. He kept a hand in politics as chairman of the state Republican Party, gaining a reputation as a true believer in conservative principles.

Always interested in journalism — at Harvard, he was editor of the Crimson, the college's daily newspaper — he at various times moderated a public affairs program on a San Francisco television station, wrote a newspaper column and did a radio commentary.

When Reagan was elected governor in 1966, Weinberger joined his administration, first as a member of the Little Hoover Commission, an independent state panel that evaluates government for lawmakers, and, in 1968, as California's director of finance.

It was not long before Weinberger made the jump to Washington as Nixon's choice to head the Federal Trade Commission. He later served as deputy director and then director of the newly formed Office of Management and Budget.

At OMB, Weinberger's special targets were the Great Society programs put in place by Nixon's Democratic predecessor, Johnson. Weinberger carried out his mandate at OMB with such energy that William Safire, then a presidential speechwriter, dubbed him "Cap the Knife." The nickname stuck.

After the 1972 election gave Nixon a second term, the president moved Weinberger to a Cabinet post as secretary of Health, Education and Welfare. When Nixon resigned amid the Watergate scandal, Ford retained Weinberger in that post.

After Ford's defeat by Jimmy Carter in 1976, Weinberger went to work at Bechtel Corp., a defense contractor in the San Francisco Bay Area. By 1981, he was back in Washington when Reagan, who defeated Carter, tapped him for what would be the most important post of his career: secretary of Defense.

Alarmed about estimates of Soviet military strength, Reagan asked his old friend to oversee an immense expansion of military might. Weinberger enthusiastically complied, earning a new nickname — Cap the Ladle — as he spearheaded Reagan's "peace through strength" policy.

"The price of peace and freedom is high, but whatever it costs, it's worth it," he told the Washington Post in 1983. He later wrote in "In the Arena": "I felt that I was able to make a difference and perhaps help set our nation on a more stable, secure course than it had previously been following."

After nearly seven years in the E Ring of the Pentagon, Weinberger, citing his wife's health, left his post in 1987. Five years later, he was indicted in the Iran-Contra scandal.

When the idea of trading arms for hostages was proposed, Weinberger said he had requested a meeting with Reagan during which he expressed his "very strong objection" to the Iran operation. He later told an aide that he believed "this baby had been strangled in its cradle."

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The arms sale continued, pushed by national security advisors Robert C. McFarlane and John M. Poindexter, as well as Lt. Col. Oliver L. North, a staff assistant to the National Security Council.

In the indictment, independent counsel Walsh accused Weinberger of saying he did not know whether the sale of Hawk missiles to Iran was going to take place when, Walsh said, the secretary's personal notes indicated that he did know.

Weinberger spent the rest of his life fuming about having had his integrity questioned by Walsh, calling the charges against him "misguided" and "reckless."

After leaving the federal government, Weinberger became publisher and later chairman of Forbes, the business periodical, for which he also wrote a column. Besides "In the Arena," he wrote "Fighting for Peace: Seven Critical Years in the Pentagon" (1990) and, with Peter Schweizer, "The Next War" (1996), which outlined five possible scenarios in which the U.S. would again go to war.

Also with Schweizer, he wrote the 2005 fiction thriller, "Chain of Command." The New York Times, in reviewing the book, called it "gripping."

Cap Weinberger, R.I.P. (WSJ)

The Wall Street Journal, March 29, 2006

Writing in Forbes magazine last year on the legacy of George Kennan, Caspar Weinberger concluded: "Reagan realized that containment was not enough, that the U.S. had to win the Cold War. And thanks to his leadership, we did."

The use of the pronoun "his" was typically modest, for, other than the Gipper, no American played a bigger role in defeating Soviet Communism than Mr. Weinberger, who died yesterday at the age of 88. Reagan picked his fellow Californian to transform a Defense Department left in tatters by Jimmy Carter's Presidency. In his seven years as secretary, Mr. Weinberger presided over a roughly 70% increase in defense spending and directed the modernization of the military that later won the Gulf War in spectacular fashion and remains globally dominant today.

Mr. Weinberger also exposed the false mystique of arms control as he helped put the first nails in the coffin of the Cold War MAD doctrine of mutually assured destruction. He was responsible for implementing Reagan's Strategic Defense Initiative -- and lived to see that vision become a reality 20 years later, with the U.S. withdrawal from the Anti-Ballistic Missile Treaty and the deployment of missile defenses.

After he left office, Mr. Weinberger served his country as well by refusing to accept a plea bargain in the politically motivated indictments by Independent Counsel Lawrence Walsh over the Iran-Contra affair. President George H.W. Bush pardoned him two weeks before he was to go to trial, and it's a tribute to Mr. Weinberger's patriotism and good will that that bitter experience never left him embittered. Perhaps he knew that his many contributions to liberty would be what history remembers.

Nofziger: A Friend With Whom It Was A Pleasure To Disagree (WP)

By Frank Mankiewicz

The Washington Post, March 29, 2006

Until his death Monday, Lyn Nofziger and I, unlikely as it may seem, were good friends -- off and on -- for 50 years. During that time, I doubt we ever agreed on any public matter (except for one, on which I dwell below). His consistency in some other matters is worth noting: I never saw him without a tie, usually with some design variant of Mickey Mouse -- nor did I ever see his collar buttoned. The tie was always well knotted, but an inch or two below his throat. We first talked during the '50s, when he was a journalist at Copley Newspapers in San Diego and I was a sometime Democratic campaign functionary and an aspiring lawyer. We debated occasionally, although it was always hard for him to take the disputes as seriously as his colleagues did.

We came together, I recall ruefully, in 1967, when he was the press secretary for Ronald Reagan, the newly elected governor of California, and I had the same job for the newly elected Sen. Robert F. Kennedy of New York. Don Hewitt of CBS News, later to achieve great renown as the inventor and executive producer of "60 Minutes," had an idea that a debate between Reagan and Kennedy would be a wonderful way to display CBS's new and then-revolutionary technical wonder -- the satellite.

As Hewitt explained it, RFK in Washington and Reagan in California would answer questions, live, from students around the world -- some in London, some in the Middle East and others in Asia. Nofziger, who knew his boss better than I knew mine, thought it was a wonderful idea and embraced it eagerly. I saw no downside, and thought RFK would virtually destroy this "B-movie actor" who had somehow stumbled into the governorship of California. The debate, to Lyn's eternal delight, was a disaster for our side. Reagan, a master of on-camera speaking developed through years of introducing the "General Electric Theater," was in command from the beginning.

When the first question came in from London, about Vietnam, I sensed we were in trouble. Kennedy, predictably, thought about his answer, mentioned that there were difficult questions involved. He came down on the right side, to be sure, but only after a lengthy explanation and a good deal of thought, during none of which did he make eye contact with the camera. Gov.

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Reagan, well coached by Lyn, stepped into the camera and, making instant eye contact, answered clearly and quickly that, "We have always been a generous people, and we seek only to share the benefits of democracy and a healthy economy."

As the questions continued from students in India and elsewhere in Asia, it only got worse. And indeed, whenever a brisk discussion occurred later within RFK's staff over the wisdom or non-wisdom of a particular activity, he would often stop the discussion, and turn to me with the question, "Aren't you the fellow who urged me to debate Ronald Reagan?"

By 1980, after playing a major role in the presidential campaigns of Reagan in 1976 and 1980, Lyn became the assistant to President Reagan for political affairs.

So, during that first year of Reagan's presidency, I sent Lyn another copy of a column I had written a few years before, attacking and satirizing the attempt by some organized do-gooders to inflict the metric system on Americans, a view of mine Lyn had enthusiastically endorsed. So, in 1981, when I reminded him that a commission actually existed to further the adoption of the metric system and the damage we both felt this could wreak on our country, Lyn went to work with material provided by each of us. He was able, he told me, to prevail on the president to dissolve the commission and make sure that, at least in the Reagan presidency, there would be no further effort to sell metric.

It was a signal victory, but one which we recognized would have to be shared only between the two of us, lest public opinion once again began to head toward metrification.

We debated after that from time to time on some cable show or other, but often found we agreed that our mutual respect for each other made the venom the talk shows sought (and alas, seek) disappear, and made our friendly participation less suitable for audiences accustomed to near-violence. In the past few years, we talked from time to time about the possibility of starting a program ourselves, but Lyn always begged off on the grounds he was overworked. I suspect, reading this week of his death from cancer, that the "overwork" may have consisted largely of his battle against the disease. When his doctor gave him the diagnosis, I'm betting he eventually chuckled, and then loosened his tie.

New U.N. Draft On Iran Softens Condemnation (NYT)

By Warren Hoge

The New York Times, March 29, 2006

UNITED NATIONS, March 28 — European and American diplomats circulated a new draft statement to the Security Council on Tuesday evening that weakens language condemning Iran's nuclear program but still calls on Tehran to abandon uranium enrichment activities, which the West believes are intended to make weapons.

The new draft, written by Britain and France and supported by the United States, eliminates or softens elements in earlier drafts that had raised objections from China and Russia.

The three Western nations hope the new version can be adopted Wednesday, a day before the foreign ministers of the five permanent Council members and Germany meet in Berlin to discuss strategy on Iran.

"We feel a sense of urgency," said John R. Bolton, the American ambassador, pointing out that it has been three weeks since Iran's case was delivered to the Council by the International Atomic Energy Agency, United Nations nuclear watchdog based in Vienna.

Negotiations to reach consensus on the relatively mild Security Council action of a nonbinding presidential statement have faltered over Chinese and Russian objections to language that they argue lays the groundwork for taking tougher action like sanctions, which they both oppose.

One of the changes in the text is a watering down of a phrase calling Iran's actions a possible "threat to international peace and security," a term that Beijing and Moscow said established a pretext for sanctions.

The new version simply notes the Council's "primary responsibility for the maintenance of international peace and security."

The revised text also drops any mention of specific charges and demands against Iran, and instead refers to resolutions of the nuclear agency that incorporate them.

In another modification, it now requests a report back from the director of the nuclear agency on Iran's compliance with the Security Council statement in 30 days instead of the 14 days in the original text.

China had suggested a time frame of four to six weeks, and Russia had spoken of more than two months.

Mr. Bolton acknowledged that the wording disagreements might be difficult for most people to understand. "But they are important points about the role of the Security Council and the I.A.E.A., and it's important to get it right because we want to send a clear message to Iran," he said.

Germans Say 6 Companies Sold Nuclear Parts To Iran Network (NYT)

By Richard Bernstein

The New York Times, March 29, 2006

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BERLIN, March 28 — German prosecutors are investigating whether six German companies sold electronic equipment to a clandestine procurement network established to supply Iran with equipment for its nuclear development program.

A prosecutor in the state of Brandenberg, Benedikt Welfens, told German television on Monday that several million dollars' worth of equipment that could be used for a nuclear program had been shipped from Germany to Iran, via a Russian company that operated in Berlin in 2003 and 2004.

"Its main business is the supply of Iran's nuclear program," Mr. Welfens said on the ARD television network. He said the parts included special cables, pumps and transformers, worth about $3.6 million.

The Web site of the German newsmagazine Der Spiegel on Tuesday quoted Mr. Welfens as saying that prosecutors suspected that one of the companies knew where the equipment had been headed, while the others may have mistakenly believed the equipment had been destined for Russia, for which no export restrictions apply.

Germany maintains strict export restrictions on so-called dual-use technology — goods that can be bought ostensibly for civilian purposes but diverted to military use — to Iran.

"The material was not of crucial significance for the nuclear industry," Mr. Welfens said. "It was peripheral rather than core.

"It did not include centrifuges," he said, referring to the machines used to enrich uranium gas and produce bomb-grade nuclear fuel.

The Russian front company, which has been closed down, was staffed by seven citizens of the former Soviet Union, all of whom have now disappeared, Mr. Welfens said. No arrests have been made, but prosecutors want to question the seven after having seized records and equipment in raids at 41 sites in Germany this week.

The raids and the disclosure that material useful in a nuclear development program was provided to Iran was bound to be interpreted by European and American officials as further evidence of a widespread, clandestine effort by Iran to build nuclear weapons.

Iran says its nuclear program, which has now been referred to the United Nations Security Council for possible sanctions, is aimed only at generating electricity, an assertion that is openly disbelieved by governments in Europe and the United States.

On Thursday, Germany plays host to a meeting of the five permanent members of the Security Council that are seeking to coordinate a response to widespread accusations that Iran has failed to fully disclose its nuclear development activities.

Mr. Welfens said that the investigation into the procurement ring, which culminated in the raids, has been under way since September 2004, but that information that some material had made its way to Iran was received only recently, Der Spiegel reported.

"There are no signs that the Russian authorities knew anything about this," Mr. Welfens said. "We can't rule out that the Iranians approached Russian middlemen directly. It doesn't appear to have been handled very professionally. The middlemen would go around offering cash."

Head Of Arab League Pushes Nuke Programs (NYT/AP)

By The Associated Press

The New York Times, March 29, 2006

KHARTOUM, Sudan (AP) -- The head of the Arab League called on Arab states Tuesday to work toward "entering the nuclear club" by developing atomic energy -- a new concern for a Western world already trying to rein in Iran's nuclear ambitions and fretting about a possible Mideast arms race.

Amr Moussa's comments came as a surprise at a troubled Arab League summit meant to tackle crises ranging from Iraq to the Palestinian peace process.

U.N. Secretary-General Kofi Annan warned Arab leaders that the Mideast faces one of its most critical periods.

"You are meeting today here while the whole Arab world and the region is witnessing turmoil," Annan said in a statement read by an envoy.

But Arab leaders seemed unlikely to take serious action. In private sessions before the summit, Iraqi Foreign Minister Hoshyar Zebari castigated Arab governments, saying their promises at the summit to help Iraq were "rhetoric."

The summit has already been undermined by low attendance. Ten heads of state from the league's 22 members stayed away, most notably Egypt's president and Saudi Arabia's king -- two regional heavyweights and top U.S. allies.

Moussa spoke to the gathered leaders at the opening of the summit, saying, "I would like to call on the Arab world to enter into the world of peaceful use of nuclear energy with all speed and momentum."

"This is a legal right ensured for all states that are party to the Nuclear Nonproliferation Treaty," he said.

No Arab country is known to have a significant program for nuclear energy, and few have shown a drive to do so.

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But Moussa's call was likely to cause concern in the United States and Europe, which are pressing for U.N. Security Council action on Iran's nuclear program. Washington accuses Iran of seeking to develop nuclear weapons, an accusation Tehran denies, saying it seeks only to generate electricity.

The issue of Iran has divided Arab leaders.

Countries close to Iran, including Kuwait and the United Arab Emirates, have expressed concern over its program, focussing on safety issues and the threat of a possible regional arms race. Moussa, an Egyptian, quarreled publicly with the Emirates' foreign minister after he urged Gulf leaders to focus on Israel, not Iran.

Sudanese President Omar al-Bashir accused the West of double standards on the nuclear issue.

"This is an issue which should not be a subject of discrimination. For the international community to be honest, Israel should be pushed to sign the Nonproliferation Treaty and open its nuclear installations for inspection," he said in a speech to the summit Tuesday.

The issue of Iran's standoff with the West was on the agenda for the summit, but the political turmoil and violence in Iraq and the issue of how to deal with a new Hamas-led Palestinian government loomed larger.

The annual Arab summits regularly conclude with resolutions that often fail to yield concrete action. This year, though, leaders received messages asking them to be assertive.

Turkish Prime Minister Recep Tayyip Erdogan, whose country is not a member of the league but who was invited as a guest, encouraged the leaders to make democratic changes, respect human rights and accept accountability.

"After that, our efforts to maintain peace and security will be more effective," he told them.

Among the resolutions agreed upon is one that promises help for Iraq and to eventually open embassies there, a top demand of the Baghdad government.

But Iraq's Zebari dismissed the resolutions as "rhetoric" and told his Arab counterparts to deal realistically with Iraq, according to Arab diplomats who participated in the private discussions Sunday.

"You should learn from the mistakes of Saddam Hussein," he said when some of the ministers pressed for a more anti-Western stance in the summit resolutions, according to the diplomats, who spoke on condition of anonymity because the meeting was private.

When the ministers complained about his comments, Zebari retorted with an Iraqi proverb: "Ask an experienced man, not just a learned one."

Arabs Urged To Enter Nuke Club (WT/AP)

By Tanalee Smith, Associated Press

The Washington Times, March 29, 2006

KHARTOUM, Sudan -- Arab League Secretary General Amr Moussa called on Arab leaders yesterday to move toward a goal of "entering the nuclear club" and making use of atomic energy for peaceful purposes.

The absence of at least 10 heads of state, including President Hosni Mubarak of Egypt and Saudi Arabia's King Abdullah, raised concerns of a lackluster summit in a year in which many had hoped to see serious efforts at dealing with regional troubles.

The 22-member Arab League is contending with complex issues involving Iraq's future and how to deal with a Hamas-led government in the Palestinian territories.

The U.S. State Department has urged Arab leaders to "be as supportive as possible of the new Iraqi government" by sending ambassadors and providing economic assistance to Baghdad.

For their part, Arab governments -- already suspicious of non-Arab Iran -- have been irritated by plans for talks on Iraq between Iranian and U.S. officials.

Mr. Moussa was particularly emphatic about Iraq in his address.

"Any solution for the Iraqi problem cannot be reached without Arabs, and Arab participation," he said. "Any result of consultations without Arab participation will be considered insufficient and will not lead to a solution."

Mr. Moussa called on Arabs "to enter into the nuclear club and make use of nuclear energy for peaceful purposes," a plea that comes as the world is wary about Iran's nuclear ambitions.

In his opening speech, Algerian President Abdelaziz Bouteflika, host of last year's summit, called on Iraqis to close ranks to avoid a sectarian conflict pitting the country's Shi'ite majority against the once-dominant Sunni Arab minority.

Iraq's neighbors, he said, should "honestly cooperate with the Iraqi people to preserve the country's integrity and unity."

Summit host, Sudanese President Omar al-Bashir, used his opening speech to praise Palestinian elections and denounce Israel and Western countries that have threatened to cut off aid in response to the victory of the militant Hamas.

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"We say no to robbing the Palestinian people of their democratic choice, no to punishing the Palestinian people for exercising their right to choose who rules, and no to succumbing to Israel's violations of all the promises it made," he said, winning the applause of the audience of heads of state and delegates.

Hamas' landslide election victory in January has raised fears of a halt in the Mideast peace process. Yesterday, in Gaza City, Hamas moved a step closer to taking power, winning overwhelming parliamentary approval -- 71-36 -- for its 25-member Cabinet.

The United States and European Union have threatened to cut direct financial aid vital to keeping the Palestinian Authority running, and Washington has pressed its Arab allies to follow suit.

However, a resolution to be adopted by the leaders meeting in Khartoum will pledge continued Arab funding for the Palestinian Authority.

'The Last Helicopter' (WSJ)

By Amir Taheri

The Wall Street Journal, March 29, 2006

Hassan Abbasi has a dream -- a helicopter doing an arabesque in cloudy skies to avoid being shot at from the ground. On board are the last of the "fleeing Americans," forced out of the Dar al-Islam (The Abode of Islam) by "the Army of Muhammad." Presented by his friends as "The Dr. Kissinger of Islam," Mr. Abbasi is "professor of strategy" at the Islamic Republic's Revolutionary Guard Corps University and, according to Tehran sources, the principal foreign policy voice in President Mahmoud Ahmadinejad's new radical administration.

For the past several weeks Mr. Abbasi has been addressing crowds of Guard and Baseej Mustadafin (Mobilization of the Dispossessed) officers in Tehran with a simple theme: The U.S. does not have the stomach for a long conflict and will soon revert to its traditional policy of "running away," leaving Afghanistan and Iraq, indeed the whole of the Middle East, to be reshaped by Iran and its regional allies.

To hear Mr. Abbasi tell it the entire recent history of the U.S. could be narrated with the help of the image of "the last helicopter." It was that image in Saigon that concluded the Vietnam War under Gerald Ford. Jimmy Carter had five helicopters fleeing from the Iranian desert, leaving behind the charred corpses of eight American soldiers. Under Ronald Reagan the helicopters carried the bodies of 241 Marines murdered in their sleep in a Hezbollah suicide attack. Under the first President Bush, the helicopter flew from Safwan, in southern Iraq, with Gen. Norman Schwarzkopf aboard, leaving behind Saddam Hussein's generals, who could not believe why they had been allowed live to fight their domestic foes, and America, another day. Bill Clinton's helicopter was a Black Hawk, downed in Mogadishu and delivering 16 American soldiers into the hands of a murderous crowd.

According to this theory, President George W. Bush is an "aberration," a leader out of sync with his nation's character and no more than a brief nightmare for those who oppose the creation of an "American Middle East." Messrs. Abbasi and Ahmadinejad have concluded that there will be no helicopter as long as George W. Bush is in the White House. But they believe that whoever succeeds him, Democrat or Republican, will revive the helicopter image to extricate the U.S. from a complex situation that few Americans appear to understand.

Mr. Ahmadinejad's defiant rhetoric is based on a strategy known in Middle Eastern capitals as "waiting Bush out." "We are sure the U.S. will return to saner policies," says Manuchehr Motakki, Iran's new Foreign Minister.

Mr. Ahmadinejad believes that the world is heading for a clash of civilizations with the Middle East as the main battlefield. In that clash Iran will lead the Muslim world against the "Crusader-Zionist camp" led by America. Mr. Bush might have led the U.S. into "a brief moment of triumph." But the U.S. is a "sunset" (ofuli) power while Iran is a sunrise (tolu'ee) one and, once Mr. Bush is gone, a future president would admit defeat and order a retreat as all of Mr. Bush's predecessors have done since Jimmy Carter.

Mr. Ahmadinejad also notes that Iran has just "reached the Mediterranean" thanks to its strong presence in Iraq, Syria, Lebanon and the Palestinian territories. He used that message to convince Syrian President Bashar al-Assad to adopt a defiant position vis-à-vis the U.N. investigation of the murder of Rafiq Hariri, a former prime minister of Lebanon. His argument was that once Mr. Bush is gone, the U.N., too, will revert to its traditional lethargy. "They can pass resolutions until they are blue in the face," Mr. Ahmadinejad told a gathering of Hezbollah, Hamas and other radical Arab leaders in Tehran last month.

According to sources in Tehran and Damascus, Mr. Assad had pondered the option of "doing a Gadhafi" by toning down his regime's anti-American posture. Since last February, however, he has revived Syria's militant rhetoric and dismissed those who advocated a rapprochement with Washington. Iran has rewarded him with a set of cut-price oil, soft loans and grants totaling $1.2 billion. In response Syria has increased its support for terrorists going to fight in Iraq and revived its network of agents in Lebanon, in a bid to frustrate that country's democratic ambitions.

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It is not only in Tehran and Damascus that the game of "waiting Bush out" is played with determination. In recent visits to several regional capitals, this writer was struck by the popularity of this new game from Islamabad to Rabat. The general assumption is that Mr. Bush's plan to help democratize the heartland of Islam is fading under an avalanche of partisan attacks inside the U.S. The effect of this assumption can be witnessed everywhere.

In Pakistan, Pervez Musharraf has shelved his plan, forged under pressure from Washington, to foster a popular front to fight terrorism by lifting restrictions against the country's major political parties and allowing their exiled leaders to return. There is every indication that next year's elections will be choreographed to prevent the emergence of an effective opposition. In Afghanistan, Hamid Karzai, arguably the most pro-American leader in the region, is cautiously shaping his post-Bush strategy by courting Tehran and playing the Pushtun ethnic card against his rivals.

In Turkey, the "moderate" Islamist government of Recep Tayyip Erdogan is slowly but surely putting the democratization process into reverse gear. With the post-Bush era in mind, Mr. Erdogan has started a purge of the judiciary and a transfer of religious endowments to sections of the private sector controlled by his party's supporters. There are fears that next year's general election would not take place on a level playing field.

Even in Iraq the sentiment that the U.S. will not remain as committed as it has been under Mr. Bush is producing strange results. While Shiite politicians are rushing to Tehran to seek a reinsurance policy, some Sunni leaders are having second thoughts about their decision to join the democratization process. "What happens after Bush?" demands Salih al-Mutlak, a rising star of Iraqi Sunni leaders. The Iraqi Kurds have clearly decided to slow down all measures that would bind them closer to the Iraqi state. Again, they claim that they have to "take precautions in case the Americans run away."

There are more signs that the initial excitement created by Mr. Bush's democratization project may be on the wane. Saudi Arabia has put its national dialogue program on hold and has decided to focus on economic rather than political reform. In Bahrain, too, the political reform machine has been put into rear-gear, while in Qatar all talk of a new democratic constitution to set up a constitutional monarchy has subsided. In Jordan the security services are making a spectacular comeback, putting an end to a brief moment of hopes for reform. As for Egypt, Hosni Mubarak has decided to indefinitely postpone local elections, a clear sign that the Bush-inspired scenario is in trouble. Tunisia and Morocco, too, have joined the game by stopping much-advertised reform projects while Islamist radicals are regrouping and testing the waters at all levels.

But how valid is the assumption that Mr. Bush is an aberration and that his successor will "run away"? It was to find answers that this writer spent several days in the U.S., especially Washington and New York, meeting ordinary Americans and senior leaders, including potential presidential candidates from both parties. While Mr. Bush's approval ratings, now in free fall, and the increasingly bitter American debate on Iraq may lend some credence to the "helicopter" theory, I found no evidence that anyone in the American leadership elite supported a cut-and-run strategy.

The reason was that almost all realized that the 9/11 attacks have changed the way most Americans see the world and their own place in it. Running away from Saigon, the Iranian desert, Beirut, Safwan and Mogadishu was not hard to sell to the average American, because he was sure that the story would end there; the enemies left behind would not pursue their campaign within the U.S. itself. The enemies that America is now facing in the jihadist archipelago, however, are dedicated to the destruction of the U.S. as the world knows it today.

Those who have based their strategy on waiting Mr. Bush out may find to their cost that they have, once again, misread not only American politics but the realities of a world far more complex than it was even a decade ago. Mr. Bush may be a uniquely decisive, some might say reckless, leader. But a visitor to the U.S. soon finds out that he represents the American mood much more than the polls suggest.

Mr. Taheri is author of "L'Irak: Le Dessous Des Cartes" (Editions Complexe, 2002).

Olmert Declares Victory In Israeli Elections (USAT)

By Matthew Gutman And Jeffrey Stinson

USA Today, March 29, 2006

JERUSALEM — Acting Prime Minister Ehud Olmert, who campaigned on a pledge to relinquish control of most of the West Bank after 39 years of Israeli occupation, declared victory in Israel's parliamentary elections Tuesday.

“In the coming period, we will move to set the final borders of the state of Israel, a Jewish state with a Jewish majority,” he said. “We will try to achieve this in an agreement with the Palestinians.”

Israel's Central Election Commission reported Olmert's centrist Kadima Party as the front-runner.

Based on near-final results, Kadima appeared likely to capture enough of the 120 parliamentary seats to name Olmert prime minister.

Election officials said the total vote count would not be completed until Friday, the Associated Press reported.

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No party in Israel's history has won the 61 seats needed to govern by itself. As a result, the party with the most seats has had to form a coalition government.

Olmert has said he would welcome any party that supports his West Bank withdrawal plan.

The center-left Labor Party led by fiery union leader Amir Peretz, which was in second place, is a likely coalition partner. Labor has said it would also support a unilateral withdrawal. The conservative Likud Party, led by former prime minister Benjamin Netanyahu, was far behind Labor, according to the election commission.

Olmert, 60, the mayor of Jerusalem from 1993 to 2003, assumed the leadership of Israel's government after Prime Minister Ariel Sharon was felled by a stroke Jan. 4.

Sharon, a former general who founded the Kadima Party in November, remains hospitalized in a coma. Olmert portrayed himself during the campaign as Sharon's natural successor.

Olmert has promised that within four years he would dismantle far-flung Jewish settlements, consolidate larger ones and return most of the West Bank to the overwhelmingly Arab Palestinian population.

The withdrawal plan would largely follow the 400-mile-long security barrier that Israel is building to protect itself from suicide bombers. The barrier would mark Israel's eastern border.

Olmert's plan follows the course undertaken by Sharon, who ordered the pullout of Israeli troops and about 9,500 settlers from Gaza and parts of the West Bank in August. Olmert said he would withdraw unilaterally if he was unable to negotiate territory with the Palestinians.

Negotiations appear increasingly unlikely following the Jan. 25 election of the militant group Hamas in Palestinian elections. Israel refuses to deal with a Hamas-led government unless the group recognizes Israel's right to exist, renounces violence against Israel and adheres to previous agreements made between Israel and the Palestinians.

The Hamas government, which was confirmed by the Palestinian parliament Tuesday, has refused to do that.

“This is an historical election,” said Gidi Greenstein, president of Re'ut, a think tank in Tel Aviv. Greenstein said the election results herald the emergence of a “very pragmatic Israeli center” that reflects an electorate that is tired of the conflict with the Palestinians.

The roughly 5 million eligible voters had 31 political parties to pick from to fill 120 seats in the Israeli Knesset, or parliament.

“We have no doubt that the Likud suffered a hard blow,” Netanyahu told his party activists, according to AP. He blamed Sharon, who bolted from Likud to form Kadima, for leaving behind “a broken and shattered party.”

Despite the historic issues that dominated the campaign, the turnout of 63% was the lowest ever for Israeli parliamentary elections, according to the election commission. The elections were Israel's sixth since 1992, and there was no dominant charismatic political figure in the race.

Sari Amoyal, 28, of Jerusalem didn't vote, preferring to sip coffee with a friend. “It doesn't matter whether I vote,” she said. “The Israeli leaders aren't such a catch. Every leader seems to have the same program for peace.”

One of those who did vote was Batya Yom Tov, 88, of Tel Aviv. She said she voted for the “sake of this country, for the future of my grandchildren.”

Yom Tov, who said she has voted in every election since Israel's independence in 1948, said she voted for Kadima. She said she wants to see Israel out of the occupied territories. “Kadima was the only choice,” she said.

Voters In Israel Support Parties Vowing Pullout (NYT)

By Steven Erlanger And Greg Myre

The New York Times, March 29, 2006

JERUSALEM, Wednesday, March 29 — Israelis voted Tuesday to bring to power a new centrist party, Kadima, which is committed to a further pullout from the occupied West Bank.

Kadima's leader, Ehud Olmert, will become prime minister, but his support proved tepid and he will find it harder than expected to impose his agenda on a larger coalition.

Kadima, founded in November by Ariel Sharon when he broke with the Likud Party, won the most seats in the 120-member Knesset, or Parliament. But with 99.7 percent of the vote counted Wednesday morning, Kadima is expected to win only 28 seats, fewer than voter polls had suggested.

At the same time, Israelis turned away from the right, and Mr. Olmert should be able to carry out his plan for another withdrawal, unilaterally if necessary, from the West Bank to reduce the costs of the continuing occupation.

The Labor Party, which supports a West Bank withdrawal, was second, with 20 seats, giving it a strong position to bargain with Kadima for a powerful role in a coalition government. The Labor leader, the Moroccan-born Amir Peretz, is expected to insist on key ministries like finance, social welfare and possibly defense.

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A big surprise of the election was the far-right Russian-oriented Israel Beiteinu Party led by Avigdor Lieberman, which benefited from Likud's implosion and which took Russian votes that would have gone to Mr. Sharon. The party won 12 seats, one less than the religious Shas Party.

The voters repudiated Likud and its leader, former Prime Minister Benjamin Netanyahu, who warned against any new withdrawal as a victory for Palestinian terrorism. The party won only 11 seats and found itself once again on the fringes of Israeli politics after decades of being at the heart of things.

Before speaking to his supporters early Wednesday morning, Mr. Olmert, 60, went to the Western Wall to pray. He praised Mr. Sharon, who has been comatose since an extensive stroke in January, as "the man who had the courage, the strength, the will and the determination to see things differently and to create change."

Mr. Olmert then declared: "In the coming period, we will move to set the final borders of the State of Israel, a Jewish state with a Jewish majority." He said he would "work to do this through negotiations, in an agreement with the Palestinians."

Then, addressing the Palestinian president, Mahmoud Abbas, who was in Ramallah, Mr. Olmert said: "We are prepared to compromise, give up parts of our beloved land of Israel, remove, painfully, Jews who live there, to allow you the conditions to achieve your hopes and to live in a state in peace and quiet."

Mr. Olmert urged Palestinians, too, to recognize Israel, "to accept only part of their dream, to stop terror, to accept democracy and accept compromise and peace with us. We are prepared for this. We want this." If not, he said, Israel would act in its own interests, whether the world agreed or not. "The time has come to act," he said.

But a Palestinian Authority run by the radical Islamic group Hamas, which does not recognize Israel's right to exist, is not expected to become a peace partner any time soon.

The other big surprise in the election was a protest vote, much of it from first-time voters, who gave the Pensioners Party, devoted to better rights for the elderly, seven seats and a likely role in government. The Pensioners seem likely to support Mr. Olmert's withdrawal plan.

Mr. Olmert will have to form a broader coalition than he had hoped, to achieve a working majority of 61 seats. The final shape of the coalition may not be clear for weeks, with most analysts suggesting that Mr. Olmert would join with Labor, the Pensioners and one or two religious parties, United Torah Judaism, with 6 seats, and Shas, with 13, to try to form a compact but stable government with the needed 61 seats.

Mr. Olmert might also try to take in Mr. Lieberman's Israel Beiteinu Party if it promises to support a West Bank withdrawal. If Mr. Netanyahu is pushed from Likud's leadership by the former foreign minister, Silvan Shalom, Likud could also be a partner if it too agreed to the pullback.

Mr. Olmert is not nearly as strong as he would like. But the new Parliament is diffuse, and the right wing opposed to withdrawal does not have enough votes to block it.

Mr. Olmert says his aim in the next four years will be to set Israel's borders with the Palestinians, unilaterally if necessary, and called the election a referendum on his intentions. But with Kadima's smaller total, he may find it necessary to have a national referendum on the issue — something Mr. Sharon always rejected — in order to carry it out with less protest, or even violence.

Palestinians fired its first Katyusha rocket from the Gaza Strip into Israel on Tuesday, according to the army. A spokesman said that the 122-millimeter shell struck near a kibbutz but caused no damage.

But the Katyusha has a range of up to 12 miles, about twice that of the makeshift Qassam rockets frequently aimed at Israel.

The voter turnout, though high by American standards, was a low for Israel: about 63.2 percent, compared with 67.8 percent in 2003. The lower figure hurt the larger parties, because it reduces the number of votes required for small parties to pass the threshold of 2 percent of the vote required to get seats.

Kadima was established by Prime Minister Sharon last November when he broke with the Likud Party, and he brought some of Likud's best politicians with him, along with the former Labor Party leader, Shimon Peres.

But Mr. Sharon's severe stroke on Jan. 4 put a pall on the campaign, and Mr. Olmert and his team, including his new deputy, Tzipi Livni, the foreign minister, faced the prospect of the party's collapse.

Mr. Netanyahu, leading the remnants of Likud, called Mr. Olmert's new pullout plan dangerous, especially after the victory of the radical Islamic group Hamas in the Palestinian legislative elections on Jan. 25. But Mr. Netanyahu appeared to get little traction with the public.

Kadima was also aided by the success of the army in preventing a spate of suicide bombings during the long campaign. Such attacks helped Mr. Netanyahu defeat Mr. Peres in 1996.

Mr. Sharon argued that Israel, in the absence of serious peace talks with the Palestinians, could move unilaterally to establish its own borders, largely defined by the separation barrier the army built to protect the country from suicide bombers.

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But the route of the unfinished barrier also incorporates about 8 percent of the occupied West Bank and most of East Jerusalem, including a large majority of Israeli settlers, leading Palestinians to call it a land grab.

One major test of the new government will come from Hamas, considered a terrorist organization by the Israel, the United States and the European Union.

On Tuesday, election day in Israel, the Palestinian parliament voted to confirm the new Hamas government, led by Ismail Haniya, in a vote of 71 to 36. There were two abstentions.

Hamas has refused to meet American and European demands that it recognize Israel, forswear violence and accept previous Israeli-Palestinian agreements based on the idea of two states living side-by-side. President Abbas has also demanded that Hamas meet at least the last two demands, but he has agreed not to try to block the party from taking office.

Still, once the Hamas cabinet is sworn in, which could take place on Wednesday, the Palestinian Authority faces a cutoff of needed financial and development aid, though emergency aid will continue.

Mr. Haniya, whose group has carried out dozens of suicide bombings in Israel over the past decade, said in a speech that the Palestinians were entitled to continue their armed fight for independence. "We were born from the womb of resistance, we will protect resistance and the arm of resistance will not be touched," he said.

Sharon's Party Is Winner In Israel (WP)

By Scott Wilson

The Washington Post, March 29, 2006

JERUSALEM, March 28 -- The Kadima party led by acting Prime Minister Ehud Olmert won the most seats in Israel's parliamentary elections Tuesday, in a vote that hinged on his plan to draw the country's final borders through unilateral withdrawals from the Palestinian territories.

But the election, which drew one of the lowest voter turnouts in Israeli history, left Kadima with an uncertain mandate to move ahead with a program that once appeared to have clear support from Israelis.

With virtually all of the votes counted, Kadima, the centrist party that Ariel Sharon founded four months ago after evacuating Israeli settlers from the Gaza Strip, had won 28 seats in the 120-seat Knesset, Israel's parliament. Sharon remains in a coma after suffering a massive stroke in January, and Kadima's projected strength had slipped a dozen seats in pre-election opinion polls since then.

"It is up to us, all of us, to put a new stamp on the life of Israel," Olmert said to cheering supporters in a post-election call for unity.

Kadima did not win even half of the 61 seats necessary for a parliamentary majority, ensuring that Olmert will have to enlist other parties to form a coalition government. The most likely partner is the Labor Party under former union leader Amir Peretz, which finished second with 20 seats. Peretz expanded the founding Zionist movement's base in a campaign that emphasized raising the minimum wage, improving social services and pursuing negotiations with the Palestinians to end the conflict. The ultra-Orthodox Shas party finished third with 13 seats.

The results also signaled a dramatic shift within the political wing most opposed to leaving the Palestinian territories, a group now highly fragmented among sectarian, secular and religious-nationalist parties.

The Likud Party, led by former prime minister Binyamin Netanyahu, dropped further than any previous governing party, finishing in fifth place with 11 seats. Sharon led Likud to victory in the past two elections. But he left the party, long the primary sponsor of Israel's settlement movement, in November after alienating its base with his Gaza evacuation.

"The Likud has been dealt a heavy blow, the second that we have absorbed since the former head of the party left and left behind a broken, shattered movement," Netanyahu said to supporters. "We will rehabilitate our movement. We will continue on our path. We will cling to it."

The party Israel Is Our Home finished with 12 seats, making it the largest nationalist faction. The party is led by Avigdor Lieberman, an immigrant from Moldova who proposes redrawing Israel's border to exclude roughly 150,000 of the Jewish state's Arab citizens. His message attracted Israel's large bloc of Russian-speaking voters, who have traditionally supported Sharon.

"This is just the beginning of the future fight for Israel," Lieberman said to supporters. "I am proud that we have just become the largest party in the nationalist camp, and I am certain that next time we will be the ruling party."

Only 63.2 percent of Israel's roughly 5 million eligible voters cast ballots after a low-energy campaign that belied the pressing questions facing the next government. The next prime minister must determine Israel's new relationship with the Palestinian Authority, now led by the radical Islamic group Hamas, and decide how to proceed on matters of peace.

Olmert, a 60-year-old lawyer and former Jerusalem mayor, outlined plans to withdraw from scattered West Bank settlements and draw Israel's border roughly along the line of the separation barrier due to be completed next year. Jerusalem

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and the largest settlement blocs would remain in Israel's hands under Olmert's plan, which he said he intends to carry out before the end of his four-year term.

Under Sharon, Kadima was initially projected to win roughly 40 Knesset seats, a figure that spiked slightly after his stroke. Kadima activists were uncertain how to respond to Tuesday's results, and some focused on Likud's dismal showing rather than their party's less-than-overwhelming finish.

To build his coalition, Olmert could turn to Labor, Shas and the other ultra-Orthodox party, United Torah Judaism, the dovish Meretz and the surprising Pensioners Party, which won seven seats on the issue of improving state retirement benefits. The combination would give him a broad government of more than 70 seats.

"The extremists in Israeli politics have lost today -- Likud, Netanyahu have been sent deep into the opposition," said Lior Chorev, a Kadima political strategist. "We have a duty to secure the state of Israel. This is the legacy of Sharon."

Many Israelis turned out to vote on Olmert's strategy, which he told supporters he would pursue only if he determines that negotiations with the Palestinians are not possible. He told supporters that "there is no substitute for a peace agreement."

"We will never turn our backs on our desire for those locations that were the cradle of our culture and where the dearest memories of our people exist," Olmert said in a passage of his speech that he addressed to the Palestinians. "But understanding the reality and understanding the circumstances, we are willing to compromise and give up part of the beloved land of Israel in which our best sons and fighters are buried, and to evacuate with great pain Jews who live there in order to create a reality for you, so you can achieve your dream and live side by side with us in a state of your own, in peace and quiet."

In the West Bank settlement of Efrat, south of Jerusalem, residents filed into a small elementary school to reject future Israeli withdrawals from the territories.

Although Efrat would remain part of Israel under Olmert's emerging blueprint, voters such as Yehuda David, 70, cast ballots for the National Union, a coalition of nationalist-religious parties that is now the chief advocate of the settlement movement. The party finished with nine seats.

"There is an uncertainty here because of all the statements we've been hearing," said David, a retired Interior Ministry official who has lived in the hillside settlement since its creation in 1983. "We've been told our bloc would not be returned. But we don't know. We can't trust them."

Kadima's showing means that for the first time in Israel's 58-year history neither Labor nor Likud will form the next government, culminating a political realignment set off by the Gaza evacuation that analysts here called "the big bang."

Sharon argued that Israel must act alone to draw its final borders in a way that would separate a Jewish majority from the Arab population of the West Bank and Gaza. In forming Kadima, Sharon brought along a number of Likud leaders, including Olmert, as well as some from Labor. Among them was Shimon Peres, the Nobel Peace laureate who left after losing Labor's leadership to Peretz.

"The monumental choices this election was supposed to be about were actually decided beforehand," said Yaron Ezrahi, a Hebrew University political science professor. "This election came to be a measure of confirmation of this choice."

Party officials and analysts say more than 1 million voters -- about 20 percent of the electorate -- may have backed new parties this year.

Among those that benefited from the drift was the new Pensioners Party, led by Rafi Eitan, a former Mossad agent. But with his strong showing, Lieberman will likely challenge Netanyahu for the position of opposition leader in the next Knesset. The Arab bloc won 10 seats.

In the Israeli city of Bet Shemesh, more than a dozen activists from Labor, Likud, Shas and other parties swarmed voters at a polling station inside a community gymnasium.

Eliyahu Ben-Lulu, 51, said he voted for Shas because he is "a believing Jew." In some previous elections, Ben-Lulu was able to vote for a Likud prime minister and Shas members of parliament. But in this election, and the last one, voters were allowed to select only a single party list.

"I saw no other possibility," said Ben-Lulu, who used to work in a factory making munitions for Israeli military aircraft. "If I have to choose between a political and a religious way, I always choose my belief."

Taxis plastered with Kadima posters sped through the streets near the polling station.

"Olmert will continue the way of Sharon," said Mordechai Edri, 38, a gardener in Bet Shemesh who voted for Likud in the last election and Kadima in this one. "I didn't like the games Netanyahu played during the disengagement from Gaza -- supporting Sharon, opposing Sharon. And economically he went too far to the right."

Israel's Centrist Kadima Wins Elections (FT)

By Harvey Morris And Sharmila Devi

Financial Times, March 29, 2006

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Israel's centrist Kadima on Tuesday night declared victory in the Israeli elections, claiming a mandate for Ehud Olmert's plan to fix the country's borders in the next four years after strategic withdrawals from the West Bank.

Despite a narrower-than-expected margin for the centrist party founded by the ailing Ariel Sharon only five months ago, a crushing defeat for the mainstream right left Kadima with no shortage of potential allies to help push through the plan.

With 99.7 per cent of votes counted, the party now led by Mr Olmert, acting prime minister, had secured 28 seats in the 120-member Knesset. Amir Peretz's Labour party, a likely coalition partner, looked set to finish second with 20 seats, at the higher end of opinion poll expectations. Calling for national unity, Mr Olmert told his party: "We have to start a new page by uniting the nation, to make peace among ourselves and then with our neighbours."

The big shock was a virtual meltdown of support for the former ruling Likud party, which looked likely to be pushed into fourth place by Yisrael Beitenu, a predominantly Russian immigrant party headed by Avigdor Lieberman which appeared to have won 12 seats.

There was speculation that a poor 11-seat showing by Benjamin Netanyahu's rightwing Likud could spell the end of the party or at least the end of its leader's political career despite his pledge last night to stay on."

Leaders of Mr Peretz's Labour said the party's showing, which might put him in line for a senior coalition cabinet post, was a victory for his social agenda to defend the poor.

The other surprise was that the newly created Pensioners' party, which could back Mr Olmert, apparently won seven seats. He might also call on the ultra-Orthodox Shas party, which should clinch 13 seats, to take his coalition above a 61-seat target.

Final results were likely to confirm Israel's shift to the centre in a political realignment analysts have dubbed the Big Bang, sparked by Mr Sharon's defection from the rightwing Likud last year. But with a turnout of 63.3 per cent, the lowest in an Israeli general election, the outcome also reflected uncertainty after decades of more clear-cut left-right politics.

Kadima Wins Israel Election; Coalition Is Needed (WSJ)

By Bill Spindle

The Wall Street Journal, March 29, 2006

The Kadima Party won Israel's national elections, but the party will have to form a coalition with other parties, perhaps forcing Kadima Party head Ehud Olmert to slow or modify his drive to unilaterally set Israel's borders.

In an election with lower turnout than any other in Israeli history, with 99.7% of the polling stations counted Mr. Olmert's Kadima Party was winning 28 seats in the 120-seat Knesset, Israel's parliament. The Labor Party, headed by Amir Peretz, was finishing second with 20 seats. Likud, the conservative party led by Benjamin Netanyahu, appeared to have won 11 seats.

For Kadima, a party formed by Prime Minister Ariel Sharon before he suffered a stroke in January, it was a remarkable debut. The party, which lured members from both the left-wing Labor Party and the right-wing Likud, reshaped Israel's political landscape during the election. Kadima didn't garner the 42 or so seats that some early polls showed its support might win.

That would have given Mr. Olmert, who will become prime minister, an extraordinarily strong hand. But Labor, which focused on Israel's economic problems and the poor, surged in the final weeks of the campaign, along with several other smaller parties. Israel Beitenu, a party led by a charismatic Russian immigrant, appeared to become the country's third-largest parliamentary bloc, winning about 14 seats with a platform that consisted largely of advocating moving Arabs out of Israel. Party chairman Avigdor Lieberman drew much of his support from the one million immigrants from the former Soviet Union who want a leader with a strong stand of security issues.

Likud, which has dominated Israeli politics recently under the leadership of Mr. Sharon, turned out to be the big loser in Kadima's successful opening run. It won 38 seats in Israel's last election in 2003 and controlled the government until recently.

Voters gave Mr. Olmert, who is Israel's acting prime minister, a green light on his plan for the Palestinian territories. Mr. Olmert offered to negotiate with Palestinians under certain circumstances over borders in his acceptance speech, but he has said Israel would move to establish Israel's borders within his four-year term even if no Palestinian negotiating partner emerges. That plan is controversial because it flies in the face of decades of Middle East peacemaking, which has envisioned mutually negotiated borders between Israeli and Palestinian states. Mr. Olmert has also made clear his plans include closing many West Bank Jewish settlements, though he has vowed to keep the biggest for Israel. Reacting to projections showing a Kadima Party victory, Hamas said it would resist the party's platform.

Mr. Olmert needs a coalition of more than 60 seats to move forward, and to achieve that he will have to cut deals with other parties. That could require softening his plan or putting more emphasis on some other areas of policy, such as bolstering the country's welfare programs as Mr. Peretz would like to do, in order to win over partners for his government.

The election's turnout was the lowest in Israeli history with 63.3% of Israelis voting, reflecting a growing disenchantment with the candidates. That compares to 67% in the 2003 election.

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Olmert Claims Victory In Israeli Election (AP)

By Ravi Nessman

AP, March 29, 2006

Acting Prime Minister Ehud Olmert declared victory for his centrist Kadima party in Israel's elections Tuesday, vowing to act on his own if necessary to draw Israel's final borders and "painfully" uproot Jewish settlers if negotiations with the Palestinians are not possible.

Standing below a massive portrait of his mentor Ariel Sharon, Olmert addressed chanting Kadima members as it became clear the party had won enough seats in parliament to form a ruling coalition.

Building on the vision of Sharon, who formed the party shortly before succumbing to a devastating stroke that left him in a coma, Olmert claimed a mandate to withdraw from much of the West Bank and set Israel's borders, which he has said he will do by 2010.

With 99.7 percent of polling stations accounted for, Kadima was winning 28 of 120 seats in parliament, the Election Commission reported early Wednesday.

The turnout was the lowest in Israel's history, and the results showed voters turning away from conventional political parties to an assortment of third parties with agendas ranging from pensioner rights to the legalization of marijuana. The aftermath will likely be a period of difficult negotiations between Olmert and potential coalition partners.

"Today, Israeli democracy has spoken its piece, in a loud and clear voice," Olmert declared. "Israel wants Kadima," which means forward in Hebrew.

Labor leader Amirt Peretz and Likud chief Benjamin Netanyahu called Olmert to congratulate him, as did British Prime Minister Tony Blair.

Olmert said he was ready for new peace talks and was prepared to make painful compromises such as uprooting some Jewish settlements in the West Bank and allowing Palestinians to have a state. But he demanded that the Palestinians be willing to compromise in return.

"In the coming period, we will move to set the final borders of the state of Israel, a Jewish state with a Jewish majority," Olmert said. "We will try to achieve this in an agreement with the Palestinians."

Olmert has said he would govern only with parties that accept his program, and projections showed a center-left coalition capturing 61 to 65 seats in the 120-member parliament. The hawkish parties fell far short of their plan to win enough seats to block Olmert's program.

As Israel held its election, the Palestinian parliament approved a new Cabinet led by the Hamas militant group. Incoming Palestinian Prime Minister Ismail Haniyeh told Al-Jazeera television that he opposed Olmert's plan. "Such a plan definitely won't be accepted by the Palestinian people or the Palestinian government," he said.

Allies of Palestinian President Mahmoud Abbas, a moderate from the Fatah Party, called for immediately renewing talks on the internationally backed "road map" peace plan under the auspices of the Palestine Liberation Organization, which he heads.

Olmert has said he supports the road map but will not wait indefinitely for a peace deal and would move unilaterally after a reasonable period of time.

Turning to the Palestinians, Olmert said: "We are prepared to compromise, give up parts of our beloved land of Israel, remove, painfully, Jews who live there, to allow you the conditions to achieve your hopes and to live in a state in peace and quiet."

"The time has come for the Palestinians ... to relate to the existence of the state of Israel, to accept only part of their dream, to stop terror, to accept democracy and accept compromise and peace with us," he said.

Israeli officials have ruled out talks with Hamas unless the Islamic group renounces violence and accepts Israel's right to exist, demands Hamas has so far rejected. It remains unclear whether Olmert would negotiate with Abbas without a change in Hamas' position.

The leader of the largest party is traditionally asked first to try to form a ruling coalition. Whether Olmert chooses to form a government with dovish parties or more hardline factions could determine his ability to carry out his plan. With the results early Wednesday, Labor was winning 20 seats and Likud 11.

Olmert could form a coalition with Labor, the dovish Meretz and the party that advocates pensions for retirees, or he could add the ultra-Orthodox Shas or United Torah Judaism parties to his government.

Olmert, the vice prime minister and former mayor of Jerusalem, took over the party after Sharon suffered a devastating Jan. 4 stroke and immediately became the favorite to win the elections. Much of Kadima's campaign was built around Sharon, Israel's most popular politician, and his legacy resonated with many voters.

"It was important for me to vote, to continue the way of Sharon," said Rina Golan, 65, who voted for Kadima.

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But Sharon had been much more circumspect than Olmert about his post-election plans. He never spoke of drawing final borders, and said there would not be an additional unilateral pullout in the West Bank.

Labor's total represented a strong showing by new party leader Peretz, who ran on a social platform advocating a higher minimum wage and guaranteed pensions for the elderly.

"The Labor Party has regained its credibility," said Labor lawmaker Colette Avital.

Likud, which had dominated Israeli politics for decades, was crushed, appearing to capture less than a third of the 38 seats it won in the last election. Netanyahu, the former prime minister and current party head, warned that further unilateral withdrawals would bring Hamas closer to Israel.

"We have no doubt that the Likud suffered a hard blow," Netanyahu told his party activists. He blamed Sharon, who bolted Likud to form Kadima, for leaving behind "a broken and shattered party."

A strong majority of voters turned away from Likud and Labor, the only two parties that have ever ruled Israel, to vote for the new Kadima and fringe parties. Though other attempts to create a strong centrist party in Israel have failed, analysts said Sharon's personal popularity gave Kadima its edge.

Two marginal parties posted strong showings.

The pensioners' party appeared to be the surprise protest vote of the election, taking seven seats. The party, headed by former Mossad spymaster Rafi Eitan, who oversaw a sensational espionage operation against the U.S. in the 1980s, was not represented in the last parliament. Kadima said the party was a natural coalition partner for Olmert.

The Shas party was projected to get 13 seats.

Elections officials said that even after 100 percent of the polling stations are accounted for, they would still have to count the votes of soldiers and Israelis who voted in locations other than their home stations, like invalids and election workers — so the total vote count would not be completed until Friday.

The record low voter turnout, 63.2 percent, was attributed partly to Kadima's dominance during the campaign. But the apathy was also a reflection of Israelis' disillusionment with rampant government corruption and veteran politicians' switching parties, which many saw as purely opportunistic.

Centrist Kadima Party Comes Out Ahead In Israeli Elections (KRT)

By Dion Nissenbaum And Michael Matza

Knight Ridder, March 28, 2006

JERUSALEM - Israel moved tentatively toward a new era of pragmatic politics in Tuesday's parliamentary elections by tepidly endorsing a strategic policy shift aimed at defining the Jewish nation's nebulous borders without talking peace with the Palestinians.

Voters gave Israel's newest political party, Kadima, a smaller-than-expected plurality, but they nevertheless positioned it to build a coalition government that would formally absorb some contested Palestinian territory while giving up large swaths of the West Bank - and the dream of controlling currently occupied biblical land.

"This is a tectonic shift in the Israeli political system," said Gidi Grinstein, a onetime aide to former Israeli Prime Minister Ehud Barak who now runs the Re'ut Institute think tank in Tel Aviv.

While the election was billed as a referendum on Israel's national security options, voters appeared to be swayed more by bread-and-butter social issues closer to home: crime, retirement security, the minimum wage and government corruption.

Exit polls showed Kadima, the breakaway party founded by ailing Prime Minister Ariel Sharon, winning only 30 of the Israeli parliament's 120 seats, compared with projections of up to 40 seats at the start of the election campaign.

Acting Prime Minister Ehud Olmert, who took over as Kadima's leader in January after Sharon suffered a debilitating stroke, said during the campaign that winning fewer than 36 seats would be a disappointment.

In the waning days of the race, voters slipped away from Kadima and threw more support behind a spectrum of parties that focused largely on social issues. Labor, which focused on economic issues, won the second-largest number of seats, with 20 to 22. And in one of the biggest surprises of the race, a one-issue party committed to pension reform won as many as eight seats, according to exit polls.

Voters also soundly rejected the long-dominant Likud Party, which Sharon fled last year to form Kadima.

Likud, headed by former Prime Minister Benjamin Netanyahu, barely broke double digits with an estimated 11 seats and fell behind the surging right-of-center Yisrael Beitenu party, which made crime and corruption main planks of its platform.

In the coming weeks, Kadima will try to build a governing coalition around the central tenet of its platform: shuttering smaller Israeli settlements in the occupied West Bank in exchange for international blessings to annex major Jewish communities closer to Jerusalem.

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In his victory speech, Olmert said Israel was prepared to make painful concessions to reach peace with the Palestinians, and he called on their leaders to do the same. But Olmert signaled that he would move quickly to enact his unilateral plan. "We will not wait forever," he said. "The time has come to act."

While voters made it more challenging for Olmert to lead the effort, Grinstein said the results showed that Israel was ready to change direction.

"Across the spectrum the debate is no longer whether to do territorial compromise. It is no longer a debate on if, it's a debate on how," he said.

The Israeli daily newspaper Ma'ariv made the same point Tuesday by framing the election as the historic demise of "two shattered dreams":

"On the one hand, the shattered dream of the greater Land of Israel and of retaining the settlements for all of eternity and, on the other hand, the shattered dream of a final peace settlement between Israel and the Palestinians, an End-of-Time peace."

During the sleepy campaign, which left many Israelis uninspired, Olmert outlined plans to absorb the biggest Jewish settlements, which house about two-thirds of the Israelis living in the West Bank. The remaining 60,000 Jewish settlers in the West Bank would be removed and most of the land would be turned over to the Palestinians. Olmert still wants to keep the Israeli military in the West Bank valley between Israel and Jordan as a buffer against any potential threats from the east.

Hopes dimmed for resurrecting peace talks in January when the Islamist militant group Hamas - which refuses to accept Israel's right to exist - won control of the Palestinian government.

Kadima has said that it would give Hamas six months to a year to meet international demands that could pave the way for talks to resume.

If there's no movement, Kadima plans to move ahead with the West Bank pullout plan.

While the strategy mirrors last summer's successful shutdown of all 21 Israeli settlements in the Gaza Strip, this proposal likely will be more challenging.

While few Israelis felt an historic tie to the narrow Gaza Strip on the Mediterranean coast, many Jews feel emotionally bound to the West Bank, which is home to the tomb of the Jewish patriarch Abraham and other biblical sites.

Many Jews who followed their nation's appeals to settle in the West Bank did so out of fiercely ideological and religious beliefs, and persuading them to leave could prove difficult.

The plan also faces long-term challenges. Even some of its supporters concede that a West Bank pullout won't lead to lasting peace. At best, they say, it will buy Israel a few years of relative stability that could lead to new peace talks - if and when the Hamas-led Palestinian government either moderates or is replaced.

Voter apathy resulted in a record-low turnout in Tuesday's election. Many voters were undecided heading to the polls.

In the upscale Germany Colony section of Jerusalem, Kinneret Gruber, 29, a mental health worker who traditionally has voted for Israel's small niche parties, was undecided up to the very last minute. But once in the voting booth she chose a Kadima slip.

The factor that tipped the balance, she said, was her desire for another round of settlement withdrawals.

"I wanted Olmert to win because of his West Bank pullout program," she said, "but I didn't know if I would be able to vote for him. He's very intelligent, but his personality is a bit arrogant."

Husband and wife Rachel and Nir Topper, both in their early 30s, were traditional supporters of the secular-left Meretz party. But much to their own surprise they found themselves drawn to Kadima.

"At the moment what the country needs is a strong center. We have enough parties on the margins. Kadima has some seriously competent people, and if they do everything they say they'll do, I will be happy," Rachel said.

Rabbi Amy Klein, 43, said she voted for Labor, hoping to make it the biggest partner in a Kadima-Labor-Meretz coalition.

"People are tired. They want the conflict to end, whether through a negotiated settlement or a unilateral withdrawal," she said.

Olmert, Kadima Party Emerge Victorious In Election (LAT)

By Laura King And Ken Ellingwood

The Los Angeles Times, March 29, 2006

JERUSALEM -- Israelis set their country on course toward relinquishing dozens of settlements in the West Bank Tuesday, voting heavily for parties that favor further withdrawals from Palestinian territories.

The centrist Kadima Party founded last year by Prime Minister Ariel Sharon will have the largest number of parliamentary seats, just under 30, according to early returns. The showing was weaker than pre-election surveys had forecast, but still enough to make Sharon's deputy, Ehud Olmert, the next prime minister.

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"We have to create a new chapter in the life of the state of Israel," Olmert told cheering, flag-waving supporters at his party headquarters early Wednesday. "In the coming period, we will move to set the final borders of the state of Israel, a Jewish state with a Jewish majority," he said.

He paid emotional tribute to Sharon, felled by a devastating stroke in January, calling him "even now, our prime minister."

In a stronger-than-expected second place was the left-leaning Labor Party, with which Olmert will likely seek to form a coalition. The night's most stunning defeat was dealt to the once-dominant Likud Party, whose leadership was taken up by former Prime Minister Benjamin Netanyahu after Sharon abandoned it last fall. The early returns showed Likud falling into fourth place.

The election was characterized by ennui and indecisiveness -- producing the lowest voter turnout ever -- 63.2 percent. Yet the vote, the fifth national ballot in a decade, was dominated by issues that will literally shape the country.

In the run-up to the election, Olmert made explicit the withdrawal plans that Sharon had kept vague. As a result, the election became, in effect, a test of his policy of unilaterally setting the nation's borders -- the clearest ballot in the nation's history on whether Israelis are willing to let go of land that many Jews regard as part of their biblical inheritance.

"Olmert did what Sharon would not have done on the eve of elections: he told the voters what he intends to do if they elect him," the country's premier political commentator, Nahum Barnea, wrote in Tuesday's editions of the Yediot Aharonot daily. "He turned these elections into a referendum on the future of Judea and Samaria" -- the biblical term for the West Bank.

Many observers considered the election a watershed in that voters chose a path yet untried by either Likud or Labor, which for decades have traded power in successive Israeli governments.

The vote was "no longer a competition between the traditional left and the traditional right," said Shlomo Avineri, a professor at Hebrew University. "Each offered their own solutions for the conflict with the Palestinians, and each of their strategies have so far failed."

If carried through, Olmert's plan would "converge" Israel's West Bank settlements into a few large blocks lying relatively close to the 1967 armistice lines. That would uproot dozens of settlements -- a process that could be far more violent and contentious than Israel's exit from the Gaza Strip last summer, which the 78-year-old Sharon, the one-time godfather of the settlements, pushed through as his last major political act.

Addressing the Palestinians, Olmert said in his speech that "we are prepared to compromise, give up parts of our beloved land of Israel, remove, painfully, Jews who live there, to allow you the conditions to achieve your hopes and to live in a state in peace and quiet."

He said he hoped to accomplish that goal through negotiations, but would act unilaterally if necessary. That idea is strongly opposed by the Palestinians, who argue that boundaries can only be set by negotiation. Olmert has said he will not negotiate with a Palestinian government controlled by Hamas, the Islamist group, which refuses to recognizes Israel's right to exist.

As Israelis voted Tuesday, the Hamas-dominated parliament approved their proposed Cabinet, which is dominated by figures from the Islamist group. Some of the Hamas lawmakers cried out "God is great!" when the 71-36 vote was tallied.

The new Palestinian government could be sworn in as early as Wednesday, setting the stage for confrontation not only with Israel but with Palestinian Authority President Mahmoud Abbas. Abbas has urged Hamas to renounce its stated aim of Israel's destruction.

In Israel's entire history, no party has ever won an outright majority in the Knesset. This election was no different, so the 60-year-old Olmert, who was Sharon's longtime confidant and deputy, must turn to the complex task of building a stable governing coalition -- a difficult undertaking in Israel's traditionally fractious and combative political environment.

Labor's showing will increase its leverage in those coalition talks, which could last for several weeks. Jubilant scenes erupted at Labor headquarters when televised projections gave it up to 22 seats in the 120-member Knesset. The party's neophyte leader, Amir Peretz, had waged an energetic campaign calling for more social benefits for the poor and elderly and peace talks with the Palestinians.

By contrast, Netanyahu -- whose excellent English and command of television sound bites made him among the Israeli leaders best known in America -- could be at the end of his political career.

In a defiant speech at Likud headquarters, Netanyahu offered no sign of stepping aside. "We will see better days," he told supporters, some of them teary-eyed.

Likud appears to have lost votes not only to Kadima, but to another right-wing party led by a one-time Netanyahu protege, Avigdor Lieberman. Lieberman, an immigrant from Moldova who had strong appeal to fellow immigrants from the former Soviet Union, advocates swapping Arab-populated areas inside Israel for Jewish-settled areas of the West Bank. His party, Yisrael Beiteinu, and Likud would both end up with roughly 12 seats, early returns indicated.

(Begin optional trim)

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Significantly, the combined strength of Likud, and other rightist parties leave them far short of a "blocking majority" in the Knesset.

"The right wing lost big time," said Reuven Hazan, a political scientist at Hebrew University.

(End optional trim)

Although the bulk of the attention was focused on the big parties, 31 political groupings contested the vote. In the Israeli parliamentary system, small parties can wield outsized clout in coalition-building.

One of the election's big surprises was the Pensioners' Party, winning at least half a dozen seats on what was effectively a single-issue campaign of increased benefits for retirees. The party swiftly declared support for withdrawals from the West Bank, making it a potential coalition partner.

Olmert is considered likeliest to ally himself with Labor, the leftist Meretz and perhaps the religious party Shas, whose constituency is mainly Orthodox Jews of Middle Eastern descent. He already has said that any governing partners must hew to his disengagement plans.

But the unilateralism envisioned by Olmert could be moderated by Labor, which advocates a negotiated accord leading to Palestinian statehood.

Olmert Claims Election Victory (WT)

By Joshua Mitnick

The Washington Times, March 29, 2006

TEL AVIV -- Acting Prime Minister Ehud Olmert declared victory last night for his centrist Kadima party in Israel's elections, vowing to act on his own if necessary to draw Israel's final borders and "painfully" uproot Jewish settlers if negotiations with the Palestinians are not possible.

But a weaker-than-expected showing could undermine his ability to push for new territorial concessions by Israel in the West Bank.

With more than 95 percent of the vote counted, the newly formed party won 28 seats in the 120-member Knesset, Israel's parliament. Labor was the second-largest bloc, with 20 seats; the Likud won 11 seats.

If the final results stand, they would leave Mr. Olmert dependent on a potentially unstable constellation of smaller parties to hold together a coalition.

For the first time in Israel's history, a party other than Labor or Likud will lead the government. Kadima, founded in late November after Prime Minister Sharon resigned from the ruling Likud Party over internal opposition to the withdrawal from the Gaza Strip, turned yesterday's vote into a referendum on the party's vow to fix Israel's final borders within four years, either by peace negotiations or unilaterally.

Mr. Sharon's defection proved devastating for the Likud and its new chairman, Benjamin Netanyahu. The party was projected to win 10 to 12 seats, about one-fourth the number won in elections three years ago.

The preliminary results suggested that Mr. Olmert's government could not be blocked by any alliance of right-wing parties, virtually all of whom have pledged to stand in the way of his proposal to evacuate unilaterally most Jewish settlements in the West Bank.

Mr. Olmert, who took over after Mr. Sharon suffered a massive stroke in January, began his victory speech by thanking the ailing prime minister.

Mr. Sharon's shadow hung over the campaign even though he remains in deep coma.

The new leader of Israel quickly turned to his goal of creating a final border with the Palestinians, and vowed that Israel would abandon its preference of peace negotiations in favor of unilateral actions if necessary.

In an appeal to Palestinian Authority President Mahmoud Abbas, Mr. Olmert suggested that he would be ready for negotiations but warned that Palestinians needed to prepare for compromise.

"During thousands of years, we planted the dream of greater Israel in our hearts ... but in recognition of the reality, we are ready to compromise, and concede parts of the beloved land of Israel," Mr. Olmert said, "and evacuate with much sadness Jews living there to create the conditions that will allow you to achieve your dreams and build alongside us a state of your own."

In a jab at the newly elected Hamas government, Mr. Olmert said: "It's about time that the Palestinian public and its leaders adjust their dreams to a reality of the existence of the state of Israel as a Jewish state alongside them. It's time the Palestinian Authority resigns itself, just like us, to achieving only part of its dreams."

Voter turnout was at 57 percent, confirming widespread apathy amid an election campaign that was described as anemic and lackluster. The weak turnout was thought to have hurt Kadima -- which had been forecast to get as many as 39 seats a few weeks ago -- while strengthening smaller, niche parties with higher levels of voter loyalty.

"Ehud Olmert can't say that 'I got the mandate that I wanted,' " said Israeli political commentator Ben Caspit.

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Led by Amir Peretz, a populist former union boss, Labor placed socioeconomic issues such as raising the minimum wage on par with questions of peace and security. In remarks that had the ring of a victory speech, Mr. Peretz promised to make good on policies aimed at helping Israel's poor and working class.

"We are going to create a new society," he said. "Today, the work is only starting."

After ruling for most of the past three decades, Likud finished the campaign in disarray and blamed the press, the left and itself.

"The Likud has absorbed a huge blow," said Mr. Netanyahu in his concession speech.

Yisrael Beiteinu, a party combining Russian immigrants and right-wing hard-liners, finished with 12 to 14 seats, a surprise showing. Avigdor Lieberman, the chairman who has suggested ceding Israeli Arab towns to the Palestinians, said in a victory speech that he aspires to become the new leader of the Israeli nationalist political alliance.

The shocker of the elections was the Pensioner party, which won at least five seats, according to exit polls. It could be an important part of a coalition, analysts said.

Egypt Leader To Urge Israel On Peace Talks (AP)

By Nadia Abou El-magd

AP, March 29, 2006

Egyptian President Hosni Mubarak said he will encourage the newly elected Israeli government to resume negotiations with Palestinians, warning that unilateral moves "won't achieve peace."

In an interview published in Wednesday's edition of Al-Mussawar magazine, the Egyptian leader also called on Israel to "stop besieging" the Palestinians economically and targeting their leaders.

Acting Prime Minister Ehud Olmert declared victory in Israeli elections Tuesday, saying he will seek negotiations with the Palestinians but act on his own if necessary to draw final borders.

Before the election, the Israeli government had refused to deal with the incoming Palestinian government, led by the Islamic militant group Hamas.

Mubarak said he was waiting for the Israelis to form a new government before he contacts them to urge a resumption of the peace process.

Given the Israeli reluctance to deal with Hamas, Mubarak said the new government could negotiate with "the Palestinians that are represented by the Palestinian Liberation Organization and supervised by its leader Abu Mazen," as Palestinian President Mahmoud Abbas is known.

The moderate Abbas favors peace negotiations with Israel while Hamas refuses to recognize Israel or renounce the use of violence against the Jewish state.

Mubarak urged Hamas to honor existing agreements with Israel. Hamas has refused to recognize the agreements, regarding them as conferring recognition on Israel.

Mubarak said Israel should stop "besieging Palestinians economically and not retain Palestinian customs revenue, which will subject Palestinians to more economic crises and, in turn, encourage more violence."

Mubarak also insisted Israel should "stop its military operations against the Palestinians and chasing their leaders." Although Israel and militant Palestinian groups declared an informal cease-fire early last year, Israel has continued to launch airstrikes against leaders of the Islamic Jihad group in particular.

Turning to other regional problems, Mubarak warned in the interview that any attempt to attack Iran's nuclear facilities would destabilize the Middle East and increase terrorism across the world.

He also said attempts to replace U.S. troops in Iraq with soldiers from Arab or Muslim-majority countries would not succeed because many of those countries don't want to be involved and Iraqis do not want any foreign interference in their country.

Hamas-Led Cabinet Is Approved (WP)

By Scott Wilson

The Washington Post, March 29, 2006

JERUSALEM, March 28 -- The Palestinian parliament on Tuesday endorsed a new cabinet led by Hamas, a political triumph for the radical Islamic movement that must now confront the myriad problems plaguing the Palestinian Authority.

The cabinet, headed by Prime Minister Ismail Haniyeh and filled out by Hamas officials and independents allied with the organization, was approved by 71 legislators, most of them from Hamas and the radical Popular Front for the Liberation of Palestine. Leading Hamas figures will run the powerful Interior, Foreign and Finance ministries, as well as the influential portfolios of Higher Education and Health.

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Not a single lawmaker from Fatah, the secular nationalist movement that Hamas ousted in the Jan. 25 parliamentary elections, voted for the cabinet.

Palestinian Authority President Mahmoud Abbas, known commonly as Abu Mazen, had demanded that Hamas recognize Israel and endorse a two-state solution to the conflict before it assumed control of the 24 ministries. International donors have also demanded that Hamas accept those conditions or risk an end to the aid that the Palestinian Authority relies on to function.

But Hamas leaders have rejected those appeals. Saeb Erekat, a Fatah legislator, said Hamas's failure to agree to the conditions has created "one authority with two palaces, which is a grave development."

"I hope Mr. Haniyeh will act like the prime minister for all the Palestinians and not just Hamas," Erekat said. "I hope he will learn while in office the importance of accepting Abu Mazen's plan or risk international isolation that can only hurt the Palestinian people."

The vote marks the start of a political contest between Abbas and Hamas, whose leaders have no governing experience above the local level. Abbas declined to block Hamas's cabinet to give the party a chance to govern the territories on its own or suffer the political consequences if it fails, according to sources close to him.

Hamas won its parliamentary majority in part because of its reputation for effective local governance. But Abbas believes the party will fare no better than his Fatah movement in controlling Palestinian militias, improving the economy or easing the hardships of the Israeli occupation.

A source close to Abbas said the president hopes to "erode the reputation of Hamas" and perhaps win its agreement for new parliamentary elections in six months.

Hamas, formally known as the Islamic Resistance Movement, is designated a terrorist organization by the United States and the European Union for the armed campaign it has waged against Israel. While refusing to recognize Israel, Hamas leaders have said they would accept a long-term truce if Israel left the land it occupied in the 1967 Middle East war, released Palestinian prisoners and recognized the right of Palestinian refugees to return to property inside what is now the Jewish state.

Haniyeh said in a speech before the legislature this week that he would be willing to talk with the United States about ending the Israeli-Palestinian conflict. U.S. officials rejected the proposal.

"Regrettably, the U.S. administration is always hasty in making its decision and reaffirms its bias toward Israel and against the Palestinian people," Haniyeh told reporters Tuesday at the parliament building in the Gaza Strip.

Palestinian Parliament OKs Hamas Cabinet (AP)

By Sarah El Deeb

AP, March 29, 2006

The Islamic militant Hamas moved a step closer Tuesday to taking power, winning overwhelming parliamentary approval for its 25-member Cabinet.

The parliament met as Israelis voted in a historic election billed as a referendum on the future of the West Bank. Incoming Palestinian Prime Minister Ismail Haniyeh said he opposes plans by the Israeli front-runner, acting Prime Minister Ehud Olmert, to draw the country's final borders by 2010.

However, Haniyeh toned down Hamas' militant ideology, saying he was not interested in perpetuating the cycle of violence with Israel. Hamas has killed hundreds of Israelis in suicide attacks in recent years, but has largely stuck to a truce for the past year.

"We're not calling for conflict or the continuation of the bloodbath in this region. We are a government that looks out for the interests of the Palestinian people," Haniyeh said.

But even as the Cabinet was approved, Gaza militants for the first time fired a Katyusha rocket into Israel, the Israeli army said. The launching of the Katyusha, which has twice the range of the Palestinians' homemade Qassam rockets and is deadlier, raised fears that rocket fire could reach the southern Israeli city of Ashkelon.

The militant group Islamic Jihad claimed responsibility and said the rocket attack, which caused no injuries, was timed to coincide with Israel's election. Israeli security officials said the rocket apparently was smuggled into Gaza from Egypt.

In Gaza City, Hamas lawmakers broke into chants of "God is great" after parliament voted 71-36, with two abstentions, to approve the new lineup. Palestinian legislators swarmed Haniyeh to congratulate him. After the vote, Haniyeh went to the house of Sheik Ahmed Yassin, the Hamas founder assassinated by Israel in 2004, to pray with other Hamas leaders.

On Tuesday evening, thousands of cheering and whistling Hamas supporters gathered at the parliament building in Gaza to celebrate the vote as Haniyeh stood on a balcony above and threw candy at the crowd.

"While elections are taking place in the Israeli entity, here the flags of the government of Hamas and the government of the Palestinians are rising high," he told the cheering crowd.

The new Cabinet is to be sworn in by Palestinian President Mahmoud Abbas later this week.

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Olmert has refused to deal with Hamas' incoming Cabinet and in his victory speech Tuesday night, he appealed to the Palestinians to accept a scaled-back dream as Israel has — as quickly as possible.

If they don't, "Israel will take its fate into its own hands," he said. "The time has come to act."

Haniyeh said he opposed Olmert's plan to draw Israel's final borders, with or without negotiations with the Palestinians. Olmert wants to withdraw from large parts of the West Bank and dismantle dozens of small Jewish settlements, but annex the large settlement blocs.

"We said from the beginning that any Israeli step that will impose facts on the ground or undermine Palestinian rights, such as creating so-called temporary borders, is rejected and unacceptable policy," Haniyeh said.

Hamas is listed as a terror group by the United States and European Union, and Western countries have threatened to cut off aid to the cash-strapped Palestinian Authority once Hamas takes over.

Marc Otte, the European Union's special envoy to the Middle East, said the EU would only work with a Palestinian government that "agrees to the platform of peace."

The new Cabinet includes 20 Hamas members and five independents. Twelve ministers are from Gaza and 13 from the West Bank. One is a woman and one a Coptic Christian. Nine are engineers and the rest have university degrees in other fields. Fourteen have spent time in Israeli prisons.

The Gaza session was hooked up via video link to a simultaneous session in the West Bank city of Ramallah, where members of the incoming Cabinet lined up to receive congratulatory kisses from lawmakers. An Israeli travel ban between Gaza and the West Bank prevents the whole legislature from meeting in one place.

Haniyeh said he intends to push for an independent Palestinian state with its capital in Jerusalem and the right of Palestinian refugees to return to their homes in what is now Israel.

Those demands are far more moderate than Hamas' traditional call to replace Israel with an Islamic state. However, the group, which won Jan. 25 elections in a landslide, has stopped far short of accepting demands by the international community to renounce violence and recognize Israel's right to exist.

Haniyeh said the new government planned a tour of Arab countries "to secure aid for the Palestinian people and the government and the authority."

Bush May Refuse To Meet Nigerian President (AP-Y2)

By George Gedda

AP2, March 29, 2006

The White House suggested Tuesday that President Bush might refuse to meet with Nigerian President Olesegun Obasanjo this week if answers are not forthcoming about the disappearance of indicted former Liberian President Charles Taylor.

Taylor has been indicted by a U.N. tribunal on charges of war crimes and crimes against humanity while in office.

He has been living in Nigeria under an agreement that helped end Liberia's civil war in 2003. Last week, Nigeria's government agreed reluctantly to surrender him to stand before a U.N. tribunal, but Nigerian officials said Tuesday that Taylor had vanished.

Bush is scheduled to meet with Obasanjo on Wednesday in the Oval Office. Asked Tuesday whether the meeting was still on, White House press secretary Scott McClellan said, "Right now, we're looking for answers from the Nigerian government about the whereabouts of Charles Taylor."

On Capitol Hill, Secretary of State Condoleezza Rice told senators it would be a matter of "utmost seriousness" if reports of Taylor's escape are true.

Sen. Patrick Leahy (news, bio, voting record), D-Vt., said it would be inappropriate for Bush to receive Obasanjo under the circumstances. Rice, testifying before a Senate Appropriations Committee hearing, did not respond to Leahy's comment.

The charges against Taylor included aiding and directing a Sierra Leone rebel movement and trading guns and gems with the insurgents.

Taylor also has been accused of starting civil war in Liberia and of harboring al-Qaida suicide bombers who attacked U.S. embassies in Kenya and Tanzania in 1998, killing 12 Americans and more than 200 Africans.

The United States, the United Nations and others have demanded that Taylor be handed over to the international war crimes tribunal in Sierra Leone.

Nigeria's government agreed last week to hand him over to Liberia, which almost certainly would have transferred him to Sierra Leone for trial.

McClellan directed questions about Taylor's whereabouts to Nigerian officials and refused to speculate about whether somebody within the Nigerian government was involved in Taylor's disappearance.

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"It is the responsibility of the Nigerian government to see that he is conveyed to the special court in Sierra Leone," he said. "We expect the government of Nigeria to fulfill this commitment."

The State Department said there was deep concern about reports that Taylor had fled. Deputy spokesman Adam Ereli told reporters that U.S. officials are in contact with the government of Nigeria to determine Taylor's whereabouts.

Even though the Nigerian government has acknowledged Taylor's disappearance in a statement, Ereli said the United States was seeking final confirmation from Nigerian leaders.

US Raps Nigeria As Liberian Warlord Vanishes (FT)

By Dino Mahtani And Guy Dinmore

Financial Times, March 29, 2006

The Bush administration last night was considering cancelling a White House meeting scheduled for today with Olusegun Obasanjo, the Nigerian president, following the disappearance of Charles Taylor, the former Liberian president wanted for war crimes who had been given asylum in Nigeria.

A White House spokesman said the US was waiting to hear back from Nigeria on the whereabouts of Mr Taylor. Officials said Condoleezza Rice, secretary of state, would meet Mr Obasanjo but a meeting with President George W. Bush was in doubt.

The officials expressed dismay that Mr Taylor had vanished after Washington had delivered a strong message that Nigeria was responsible for handing him over for trial by a special UN-backed court in Sierra Leone for his role in the civil war there. Liberia's newly elected president, Ellen Johnson-Sirleaf, who visited the White House last week, had called for him to face justice.

Ms Rice called Mr Obasanjo on Friday to reinforce that message, a US official said.

Members of Congress were outraged that Nigeria had apparently let him slip away on Monday, just two days after it had complicatedthe situation by suggesting that Liberian officials should come and collect Mr Taylor.

"Nigeria reportedly has let a mass murderer with alleged links to al-Qaeda slip out the back door," declared Ed Royce, a California Republican, calling on Mr Bush to call off the meeting. Mr Royce warned of "serious sanctions" by Congress for any country that gave sanctuary to Mr Taylor who is seen as a serious threat to regional security.

Mr Taylor, who won elections in Liberia in 1997, was given asylum in Nigeria in 2003. African leaders and western governments brokered the deal to stop further bloodshed and end 14 years of war that had killed some 250,000 people.

Since Mr Taylor's arrival in his seaside villa in the Nigerian city of Calabar there have been allegations by prosecutors and investigators that he was breaking the terms of his asylum by arranging secret meetings and meddling in Liberian politics.

In 1985 Mr Taylor escaped from a US prison while awaiting extradition to Liberia on corruption charges.

Security around his residence was reportedly lax during the days after Mrs Johnson-Sirleaf's request. Court prosecutors in Sierra Leone had made a request for Nigerian officials to arrest Mr Taylor. Nigeria said it would set up a panel to investigate his disappearance

"His disappearance could mean higher tensions in Liberia in the short term, but there are a lot of people who would rather see Taylor dead than alive, and everything that's happened is pointing more in that direction," said Mike McGovern, West Africa project manager of the International Crisis Group.

The Least Surprising Jailbreak Ever (NYT)

The New York Times, March 29, 2006

Charles Taylor, the Liberian warlord and former president, has disappeared from his Nigerian haven, just days after President Olusegun Obasanjo agreed to turn him over to a war crimes tribunal. The disappearance is a diplomatic disaster for Mr. Obasanjo, who is scheduled to meet with President Bush today. We hope it doesn't turn into something worse for West Africa.

The conflicts linked to Mr. Taylor from 1989 to 2003 cost an estimated 500,000 lives and spawned a generation of child soldiers. He supported rebels in Sierra Leone and Ivory Coast who hacked off the limbs of civilians; he received diamonds in return, which he used to finance fighting in Liberia. Mr. Obasanjo did West Africa a favor in 2003 when he took in Mr. Taylor, ending Liberia's civil war.

For years, Nigeria had resisted the idea of handing over Mr. Taylor, saying it would give him only to an elected Liberian government. When Liberia's newly elected president, Ellen Johnson Sirleaf, requested this month that Mr. Taylor be turned over to a war crimes tribunal in Sierra Leone, Nigeria replied that Liberia was free to take him.

Nigerian security forces let Mr. Taylor slip through their fingers on the same day that a State Department spokesman said it was Nigeria's responsibility to see that Mr. Taylor was arrested and sent to Sierra Leone.

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It's hard to believe the Nigerians did much to stop him. A reporter with Agence France-Presse who recently visited Mr. Taylor at his plush villa in the southeastern city of Calabar saw no sign of any Nigerian security on the way in, and only one policeman on the way out.

Once, in an earlier incarnation, Mr. Taylor sawed his way out of a county jail in Boston and used a knotted sheet to climb to freedom. If ever there was a disappearance that could be predicted, this was it. Let's hope that Mr. Obasanjo's carelessness doesn't lead to a return of Taylor-style ethnic fighting in West Africa. That is something no one can afford — including the Nigerian president, whose country has had some sectarian and ethnic clashes of its own lately.

A War Criminal Escapes (WP)

The Washington Post, March 29, 2006

ON MONDAY one of the world's most dangerous and despicable war criminals, Charles Taylor, escaped just as he was about to be brought to justice for his actions. His crimes include the incitement of wars in four West African countries; the enslavement, rape or dismemberment of thousands of children; and collaboration with al Qaeda. His freedom threatens the fragile stability of Liberia and its democratically elected president, Ellen Johnson-Sirleaf, as well as of Sierre Leone, Guinea and Ivory Coast.

The man responsible for this catastrophe, Nigerian President Olusegun Obasanjo, has an appointment at the White House today with President Bush. If the meeting goes forward, he deserves the frostiest of receptions. Under the guise of protective custody, Mr. Obasanjo shielded Mr. Taylor from justice and allowed him to continue meddling in West African affairs for more than two years. Now, having run out of excuses for refusing to turn him over to an international tribunal, the Nigerian has allowed Mr. Taylor to flee from the seaside villa where he was being held. Mr. Bush, who hosted Ms. Johnson-Sirleaf just two weeks ago, should tell Mr. Obasanjo that the United States will hold him personally accountable for Mr. Taylor's recapture.

Some prodding is clearly needed. Most governments would declare a national manhunt and consider sealing the borders if someone as dangerous as Charles Taylor were on the loose. Mr. Obasanjo's reaction was to issue a statement yesterday, many hours after the war criminal's escape Monday night, announcing his "disappearance" and the formation of a commission to investigate. It has two weeks to report back; perhaps Mr. Obasanjo believes that during that time any controversy will blow over.

But as long as Mr. Taylor is free, years of efforts by the United Nations, the United States, European governments and Nigeria itself to stabilize West Africa will be at risk. It's not hard to foresee the warlord appearing at the head of yet another ragtag army, composed of drugged or brutalized children, in one of the several countries he has terrorized in the past decade.

Even if Mr. Taylor is soon captured, Mr. Obasanjo will merit some reevaluation. Though democratically elected, the two-term president may be seeking to transform himself into one of Africa's Big Men; he has done nothing to stop allies who are trying to change Nigeria's constitution so that he can remain in office. His offer of refuge to Mr. Taylor in late 2003 may have prevented a bloody end to a rebellion against his criminal regime in Monrovia. But when the Nigerian was asked to turn Mr. Taylor over to the U.N. tribunal in Sierre Leone, he produced a string of increasingly implausible excuses. First he said he would act only at the request of a democratic Liberian government. When Ms. Johnson-Sirleaf courageously made that request, he insisted that Liberians take custody of Mr. Taylor, even though he was to be moved from Nigeria to Sierra Leone.

Over the weekend Liberian and tribunal officials publicly pleaded with Mr. Obasanjo to arrest Mr. Taylor, warning that he would seek to escape. Mr. Obasanjo took no action. Perhaps he can't accept the idea that an African leader, even one as vile as Mr. Taylor, would be held accountable for his crimes. But if Mr. Taylor's escape leads to the murder, rape and dismemberment of more innocent Africans, their blood will be on Mr. Obasanjo's hands.

Taylor Said To Vanish In Nigeria (WP)

By Craig Timberg

The Washington Post, March 29, 2006

LAGOS, Nigeria, March 28 -- Former Liberian president Charles Taylor has vanished from a guarded government compound in southeastern Nigeria, authorities reported Tuesday, just days after an announcement by officials here opened the way for his transfer to an international war crimes tribunal.

The whereabouts of Taylor, 58, who had lived in exile in Nigeria for 2 1/2 years, remained unknown by the end of the day. But it was clear his disappearance had scuttled plans for a quick turnover to a U.N.-backed tribunal in Sierra Leone. The court there has indicted him for war crimes and crimes against humanity, including mass rape and murder, stemming from a civil war in Sierra Leone that many blame him for fomenting.

Nigerian President Olusegun Obasanjo, who was due to meet President Bush in Washington on Wednesday, offered no immediate explanation for Taylor's disappearance, though Obasanjo convened a panel to investigate. A news release from his

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office said Taylor vanished on Monday night. A presidential spokeswoman said members of Taylor's Nigerian security detail had been arrested, according to the Associated Press.

News of the disappearance was greeted with alarm and anger by the special prosecutor in Sierra Leone, human rights groups and officials from the United States and the United Nations, all of whom had lobbied vigorously for Taylor to be turned over to the tribunal. Many officials had expressed fear that he might try to flee following Nigeria's announcement on Saturday that it would hand him over to Liberian custody.

"Today marks a step back on the road to accountability and justice. Charles Taylor is now an international fugitive," Desmond de Silva, special prosecutor at the Sierra Leone court, said in a statement. "For him now to disappear, on the eve of his transfer, is an affront to justice."

Separately, Scott McClellan, the White House press secretary, suggested Bush might not meet with the Nigerian president on Wednesday. "Right now, we're looking for answers from the Nigerian government about the whereabouts of Charles Taylor," McClellan told reporters. Secretary of State Condoleezza Rice said it was Nigeria's responsibility to hand over Taylor for prosecution, warning of "consequences" if that did not happen.

Rumors of Taylor sightings immediately spread through Nigeria, with some reports placing him at the airport in the seaport of Lagos. Others said he was with a police escort Monday night in Calabar, the riverfront city where he had been living in a lavish government complex since August 2003, following his departure from Liberia in the face of encroaching rebels.

It was unclear where Taylor might be heading, but he has purportedly amassed billions of dollars from a variety of business dealings, including illicit trade in diamonds, guns and timber.

A coalition of Nigerian and international human rights groups issued a statement on Tuesday warning "that the disappearance of Mr. Taylor is capable of destabilizing the fragile peace in Liberia and reversing the gains of the just concluded transition to civil rule."

Obasanjo had long resisted pressure to turn over Taylor to a war crimes tribunal, maintaining that only a democratically elected government in Liberia could properly request his return. The country elected Ellen Johnson-Sirleaf in November, and she requested earlier this month that Taylor's asylum be terminated.

What followed was a contentious public debate over where Taylor should be taken. Obasanjo suggested Liberia, and his spokesman went so far as to say that Liberian authorities could enter Nigeria to arrest Taylor in Calabar. Johnson-Sirleaf pushed for direct transfer to Sierra Leone, home of the international court that indicted Taylor in June 2003, and where Taylor stoked a civil war that involved such brutal tactics as widespread use of child soldiers, sexual slavery and the chopping off of civilians' hands.

As the debate continued, de Silva urged Nigerian authorities to arrest Taylor immediately. That did not happen, leading some groups to charge that Obasanjo had aided in Taylor's disappearance, or at least failed to take steps to prevent it.

"There's absolutely no excuse for an indicted war criminal to be able to slip out in the middle of the night," said Corinne Dufka, a Human Rights Watch researcher, speaking from Dakar, Senegal. "It's just a disgrace."

David M. Crane, the former special prosecutor in Sierra Leone who issued the indictment against Taylor, said he believed Obasanjo allowed the former Liberian leader to flee in a bid to assuage other African leaders. Many were unhappy that Nigeria had given in to Western pressure against a head of state. Obasanjo "should be pilloried for this," Crane said by phone from Detroit, adding that Taylor's vanishing "is our worst nightmare."

The disappearance was not Taylor's first. He escaped a Boston jail in 1985 after being imprisoned on charges of embezzlement.

His past has many in West Africa worried that he may attempt to resume activity in the region. He is a close ally of the president of nearby Burkina Faso. He also reportedly has maintained ties with militant groups in Liberia and other countries.

When he left office in 2003, Taylor said, "God willing, I will be back."

Ex-warlord Escapes From Nigeria (CSM)

By Katharine Houreld

The Christian Science Monitor, March 29, 2006

LAGOS, NIGERIA - Nigerian President Olusegun Obasanjo's long-awaited trip to Washington Wednesday may be overshadowed by a controversy surrounding the whereabouts of another West African leader, former Liberian president Charles Tayor.

The Nigerian government confirmed that the ex-warlord Mr. Taylor - who was due to be handed over from Nigerian custody to the authorities at a war crimes court in Sierra Leone - had gone missing Tuesday, and said it had established a panel to "ascertain whether he escaped or was abducted."

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Taylor's "spiritual advisor," Dr. Kilari Anand Paul, told the Monitor by telephone from the Ethiopian capital, Addis Ababa that Ethiopia is one of several countries he is lobbying to offer Taylor refuge. Mr. Paul said he is also trying to get Taylor into Libya, Venezuala, and Syria.

A UN-backed Special Court has charged Taylor with seventeen counts of crimes against humanity for backing rebel groups in Sierra Leone who tortured thousands of civilians during a struggle to control the country's diamond fields. No charges have yet been brought against him in his native Liberia, where he began a war that claimed up to a quarter of a million lives before he went into exile in Nigeria in 2003. At the request of a newly-elected Liberian President Ellen Johnson-Sirleaf, President Obasanjo agreed to transfer Taylor to Liberia custody last Saturday.

Mr. Obasanjo is likely to face "considerable criticism" from President Bush and members of Congress over the issue, according to Princeton Lyman, the director of the Africa program at the Council for Foreign Relations.

"This is a grave situation. Secretary of State Condoleeza Rice has put a lot of emphasis on having Charles Taylor brought to justice," says Mr. Lyman. "There have already been worries that he might slip away and this suggests the Nigerians have not been nearly careful enough." Obasanjo's dilemma

The news comes at a time when the Nigerian President is already facing considerable criticism for refusing to rule out constitutional changes that would allow him to run for a third term. An insurgency in the oil-rich Niger Delta has also shut down a quarter of production in the fifth-largest supplier of crude to the United States.

"Obasanjo offered [Taylor] asylum and doesn't want to be seen as going back on his word, says Ayesha Kajee, of the South African Institute of International Affairs. "And in a sense one doesn't blame him. He probably feels Taylor was foisted on him - and now he's being forced to go back on his word to a fellow head of state."

This is particularly uncomfortable because of the lack of precedence for punishing former heads of state in Africa. "When you turn in a former peer, you immediately lay yourself open, firstly, to charges of overriding sovereignty, but also to the possibility that you might someday be in that boat, says Ms. Kajee. "And that's what many African heads of state fear more than anything." US pressure

The US is seen by analysts as the key force behind Ms. Johnson-Sirleaf's call for Taylor to be transferred to Sierra Leone, and the US push is two-fold. Taylor has such a bad reputation that many in Congress want him prosecuted. If Johnson-Sirleaf hadn't asked for Taylor to be sent to Sierra Leone, "There's a strong possibility that [the US] Congress would have voted against the aid Liberia so desperately needs to rebuild," says Kajee.

Also, the Bush administration may have its own self-interested motives: It's "keen to see quick prosecution of a globally recognized despot outside of the sphere of the International Criminal Court," which it opposes, says Kajee. "Then it would have legitimacy for saying that the prosecution of war criminals and those accused of crimes against humanity can take place outside the ICC." Destabilizing effect

Taylor's escape threatens to destabilize an already volatile region. "Not only is Taylor an indicted war criminal, he is associated with mayhem and murder throughout West Africa. Now that Taylor has gone missing on his watch, Obasanjo must redeem himself by conducting an immediate and vigorous search for and apprehend Taylor, who remains under a UN travel ban," says Corinne Dufka, the West Africa head of Human Rights Watch. "As a head of state and key player on the African continent, Mr. Obasanjo has a moral, political and legal responsibility to promote justice and stability in Africa, not undermine it."

Mike McGovern, the West Africa Project Director for the International Crisis Group, warns that despite the presence of 15,000 UN soldiers in Liberia, any delays in Taylor's trial will expose the new President, Ellen Johnson-Sirleaf, to possible retribution. "The Nigerian army is well trained, well funded, and they know what they are doing. If Taylor indeed disappeared, it is hard to believe that this was an accident," he says. "[This] gives pro-Taylor forces time to regroup and recruit."

Over 100,000 former fighters still roam the Liberian countryside. Now the escape of Taylor threatens even this fragile peace.

Nigeria Says Ex-President Of Liberia Has Disappeared (NYT)

By Lydia Polgreen

The New York Times, March 29, 2006

FREETOWN, Sierra Leone, March 28 — The former president of Liberia, Charles G. Taylor, vanished Monday night, two days after the Nigerian government said it would end his asylum and allow him to face an indictment by an international court here.

Mr. Taylor, the warlord-turned-president who unleashed a series of civil wars that engulfed much of West Africa in the 1990's, killing more than 300,000 people, disappeared from the seaside villa where he had been living in exile, according to a statement released Tuesday by Nigeria's government.

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His sudden disappearance was a huge setback for the court, which is trying those suspected of atrocities in Sierra Leone's decade-long civil war, and a major embarrassment for the Nigerian president, Olusegun Obasanjo, just as he left for the United States to meet with President Bush. It was unclear late Tuesday whether Mr. Taylor fled to escape prosecution or had been abducted.

"Taylor's disappearance is a disgrace," said Corinne Dufka, head of the West Africa office of Human Rights Watch, "not only for the victims for the brutal war in Sierra Leone, but also for efforts to establish the rule of law in West Africa."

Scott McClellan, the White House spokesman, said during a press briefing on Tuesday that Mr. Taylor's disappearance would not relieve the Nigerian government of its responsibility to turn him over to the special court in Sierra Leone. "We expect the government of Nigeria to fulfill this commitment," he said.

Kofi Annan, the United Nations secretary general, called on all countries in the region not to harbor Mr. Taylor, a United Nations spokesman said.

The news that the man who terrorized much of this region for more than two decades might be on the loose inspired dread, anger and awe. On the streets of Monrovia, Liberia's capital, rumors of a coup or an attack by Taylor supporters, several of whom hold seats in Liberia's newly elected Parliament, were rampant.

"Many people are frightened," said Cholo Brooks, a Liberian journalist, in a telephone interview from the capital. "They are worried he might cross over to Ivory Coast and use it as a base to cause havoc in Liberia."

In Sierra Leone, Desmond de Silva, the prosecutor of the international court waiting to try Mr. Taylor, called the disappearance "an affront to justice."

"Charles Taylor is a threat to the peace and security of West Africa," Mr. de Silva said in a statement. "His disappearance now from under the eye of a regional superpower only heightens that threat and puts the whole region on the highest alert."

Human rights advocates and politicians had harsh words for Nigeria's president for failing to arrest Mr. Taylor despite his long history of eluding capture. "Mr. Obasanjo is a key and influential player in Africa who should be promoting justice and stability instead of undermining it," said Ms. Dufka, who had urged Nigeria to tighten security around the house where Mr. Taylor and his entourage were living.

The development seemed bound to further undermine Nigeria's position as a regional power broker and enforcer of democratic norms, a role it played in helping to end the Liberian conflict in 2003 by accepting Mr. Taylor and in defusing recent crises in Togo and Ivory Coast.

But its influence has been waning as troubles at home have nipped at Mr. Obasanjo's globetrotting heels. A militant uprising in the oil-rich Niger Delta has slashed Nigeria's oil output, while sectarian violence killed more than 100 people last month. Speculation that Mr. Obasanjo will run for a third term despite a constitutional term limit has also heightened political tensions.

Mr. Taylor fled Liberia as a rebel insurgency tried to remove him from power in 2003, taking refuge in Nigeria after Mr. Obasanjo brokered a peace agreement. Mr. Taylor was already under indictment for his role in Sierra Leone's civil war, but the Nigerian government said it would turn Mr. Taylor over for prosecution only if requested by an elected Liberian government.

Liberia's new president, Ellen Johnson Sirleaf, said in an interview with The New York Times before her inauguration in January that Mr. Taylor's fate was a relatively low priority, given the myriad problems facing Liberia and the fragility of the peace there.

But under intense political pressure on a visit to the United States earlier this month, including a threat by Congress to withhold aid to Liberia if she did not act, she asked Nigeria to hand Mr. Taylor over.

Kayode Fayemi, a Nigerian political analyst who has worked with Ms. Johnson Sirleaf to secure peace in Liberia, said the United States might have made matters worse for Liberia by pushing the country to deal with Mr. Taylor before it was ready.

"She was actually literally harassed to do what she did," Mr. Fayemi said. "This is now going to make the situation much more complicated and so much worse."

K. A. Paul, an evangelical Christian who has acted as a spiritual adviser and spokesman for Mr. Taylor, said Tuesday that he had spoken to one of Mr. Taylor's aides and had been told that Mr. Taylor was in hiding somewhere in West Africa.

Backed by Libya and others, Mr. Taylor incited a civil war in Liberia in 1989, which spread to neighboring Sierra Leone. He is accused of trading guns with the rebels seeking to topple Sierra Leone's government.

Bush May Find Political Soul Mate In Canada's Harper (KRT)

By William Douglas

Knight Ridder, March 28, 2006

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CANCUN, Mexico - President Bush arrives in Cancun on Wednesday for a two-day summit with Mexican President Vicente Fox and new conservative Canadian Prime Minister Stephen Harper, a political soul mate who's bent on improving his country's frosty relations with Washington.

While talks with Fox about immigration are expected to dominate the session at this Yucatan vacation resort, Harper will be pushing his own agenda, and when Bush sits down with him on Thursday, he'll see a mirror image of himself.

Harper, a 46-year-old economist, rose to Canada's highest office by talking about his religious faith, vowing to cut taxes and end government corruption, and promising to reconsider a same-sex marriage law that Canada's Parliament approved last June - all themes that Bush campaigned on in 2000 and 2004.

In addition, Harper said he'll consider the White House's offer for Canada to join in fielding a continental ballistic missile shield, an invitation that former Canadian Prime Minister Paul Martin rejected.

"If George Bush can't get along with Stephen Harper, he can't get along with any world leader," said David Taras, a political science professor at the University of Calgary. "They're ideological cousins, if not twins."

Sworn into office last month, Harper borrowed a page from Bush's playbook and secretly traveled to Afghanistan earlier this month to meet with Canadian troops, highlight his country's contribution to the war on terrorism, and buck up domestic support for the mission.

The trip also sent a message to Washington, according to John Hulsman, an analyst for the Heritage Foundation, a conservative think tank.

"That was to show the cavalry is back in town, that they're not going to be anti-American," he said. "Harper, like Bush, has a black-and-white, good-and-evil view of the world - they're cut from the same cloth."

That's a huge difference from the tattered relationships that Bush had with former Canadian Prime Ministers Martin and Jean Chretien, both members of Canada's Liberal Party.

Bush's relationship with Chretien, which was never great, eroded further after Chretien refused to send troops to Iraq. The war also strained relations between Bush and Martin, and they hit bottom last December when Martin chastised the United States at a United Nations conference for not doing enough to combat global warming.

Angry U.S. officials accused Martin, who was running for re-election against Harper, of playing the anti-American card. David Wilkins, the U.S. ambassador to Canada, issued a rare public rebuke, saying that "the United States should not be on your ballot."

Hoping to rise above the acrimonious past, Harper wants a "mature relationship" with Bush in which both men understand that if "we have to differ, we differ in a very transparent way, so there is a good understanding of why we differ," Canadian Ambassador Michael Wilson said.

Harper and Bush may become fast friends, but they still have to overcome a number of economic hurdles.

For example, Canada is the United States' largest trading partner, but the two have been engaged in a decades-long battle over soft lumber. Canada has accused the United States of unfairly imposing anti-dumping duties on Canadian softwood lumber to protect the U.S. lumber industry. Washington contends that Canada subsidizes its softwood lumber exports in violation of world trade rules.

"Softwood lumber is more than an irritant - it's a psychological symbol related to the North American Free Trade Agreement and whether America will play by the rules or whether the U.S. really likes NAFTA," Taras said.

Still, Harper's presence on the world stage will be a welcome one for Bush, who's slowly finding more foreign leaders he feels comfortable with as old foes, such as Martin, German Chancellor Gerhard Schroeder and French President Jacques Chirac, fade away through election defeats, retirements or term limits.

"The world is a friendlier place for the president, but the timing is wrong," Hulsman said. "When he was riding high, he had anti-Americans to deal with. Now, he's in a political zombie state, he gets people he can work with."

Can Turkey Bridge The Gap Between Islam And The West? (CSM)

By Yigal Schleifer

The Christian Science Monitor, March 29, 2006

ISTANBUL, TURKEY - After decades of keeping the Arab and Muslim countries of the Middle East at arm's length, Turkey is trying to strengthen relations with its neighbors while at the same time recasting itself as a mediator in the region.

Prime Minister Recep Tayyip Erdogan delivered a speech at the opening of the Arab League summit in Khartoum, Sudan, where Turkey for the first time was given the status of "permanent guest" by the organization.

The prime minister's appearance at the summit - the first time a Turkish leader has done so - is the latest in a string of eyebrow-raising foreign policy moves: In February, a top Hamas official visited the capital, Ankara; soon after, Iraqi Prime

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Minister Ibrahim al-Jafaari made a bridge-building trip; and the Turkish government recently announced that it was planning to host firebrand Shiite Iraqi cleric Moqtada al-Sadr for an official visit - since put on hold.

While the moves have ruffled feathers from Israel and Iraq to the US and European Union (EU) - which Turkey hopes to join - analysts say these aren't so much blunders as a reflection of a significant change in Turkey's Middle East foreign policy.

"Turkey wants to be a message-bringer from the Islamic world to the West," says Huseyin Bagci, a professor of international relations at Ankara's Middle East Technical University (METU). "The government really believes that it can be a bridge between East and West, and this is the foreign policy."

The Turkish government offered to act as a kind of mediator between the EU and the Islamic world regarding the controversial cartoons of the prophet Muhammad. Turkey has also suggested its ties to the West and its improving relations with Iran could help it act as a go-between in the diplomatic crisis over Tehran's disputed nuclear program.

"We have historical links to the region, to the Middle East at large," says a senior Turkish foreign ministry official. "Turkey also has another important quality in this regard, which is that it has relations with everybody [in the region]. We can effectively pass on messages. We have trust on both sides of various conflicts."

But critics warn that this new policy is flawed and carries with it the risk of alienating Turkey's Western allies. The Ankara visit of exiled Hamas political leader Khaled Mashaal was strongly denounced by both Israel, the only Middle Eastern country with which Turkey has a military alliance, and by members of US Congress. Meanwhile, some of Turkey's efforts to upgrade its relations with Syria have been viewed by Western diplomats as counterproductive to efforts to contain the regime of Syrian President Bashar al-Assad.

"You can see a split between the people who run the foreign ministry and the people who run foreign policy for the [governing Justice and Development Party], and that's really a struggle for the future course of Turkish foreign policy," says a Western diplomat based in Ankara, who asked not to be named because of the sensitivity of the issue. "This is a rather new phenomenon that has crept up over the last few months."

"Where [Turkey's new policy] doesn't work is that if you are going to become an intermediary, what you do has to have some support outside of one of the parties," says Henri Barkey, chairman of the international relations department at Lehigh University in Pennsylvania. "This doesn't bring results if you don't have that support, it makes you irrelevant."

It can also impact Turkey's interests, Professor Barkey says. "There are a lot of congressmen who have been very supportive of Turkey but will now [after the Mashal visit] not lift a finger when something comes up that Turkey cares about," he says.

Adds Barkey: "I don't think anyone in Washington expects [Turkey] to downgrade trade relations with Iran or Syria. I don't think anyone faults the Turks for having better relations than we have with Iran or Syria. But when there is an international consensus on something, that is a line that shouldn't be crossed."

Other critics suggest that while based on good intentions, Turkey's policy presumes other countries are acting in good faith, which may not be the case. "It seems like a well-meaning policy but it fails when checked against the real politick of the Middle East," says Soner Cagaptay, director of the Turkish Research Program at the Washington Institute for Near East Policy. "The policy works so long as the other side needs Turkey."

But Bagci says events in the Middle East have left Turkey with few options other than to pursue a revised regional policy. "The 21st century is going to be a new era where East and West try to understand each other in a different way and Turkey is a window of opportunity for the West to enter the Islamic world in a different way."

Bolton Presses For New Method Of Calculating Dues At The U.N. (NYT)

By Warren Hoge

The New York Times, March 29, 2006

UNITED NATIONS, March 28 — John R. Bolton, the American ambassador, will outline a proposal for fundamental changes in calculating United Nations dues on Wednesday that he said would address Congressional concerns that "the United States doesn't get value for money."

The plan, which Mr. Bolton is to present before the House International Relations Committee, has circulated privately and infuriated China and Russia, whose dues would rise, while the obligations of the United States, Japan and major European countries would decline.

"Obviously, when any country's contribution goes up, that is not going to be popular," Mr. Bolton said in an interview on Tuesday.

"But the real question is, will the U.N. step out of an antiquated system that it is using now and use something that in the best judgment of most contemporary economists in the international field is a better method," he said.

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That method, known by economists as purchasing power parity, or P.P.P., would determine a nation's ability to pay under a system that measures comparative standards of living, rather than using the existing method of basing contributions on gross national products.

"The real issue in calculating the scale of assessments is how you evaluate the strength, the size of economies that are in very different circumstances, with currencies which are often not directly convertible, and that have official exchange rates which are not reflective of the actual size and strength of the economy," Mr. Bolton said.

Mark Groombridge, an economic counselor at the United States mission, said he ran into fierce opposition from China, Russia, India and some developing countries when he discussed the proposal before the General Assembly's budget committee on Monday. "It is fair to say that the U.S. was subject to intense questioning and scrutiny on the matter," he said.

Mr. Bolton said the opponents argued that the collection of data was incomplete and imperfect, but he said that the same was true of the current system.

According to International Monetary Fund figures, the P.P.P. calculation would result in China's gross domestic product rising from its current position of 7th in the world to 2nd, and Russia's from 16th to 10th. India would go from 12th to 4th.

Japan has suggested its own reform plan, which has also drawn opposition from Beijing and Moscow because it would call for a minimum rate of 3 to 5 percent of the United Nations budget for the five permanent members of the Security Council.

The United States, which pays 22 percent, would be unaffected. So would Britain at 6.1 percent and France at 6 percent. But China's current rate is 2.1 and Russia's is 1.1 percent.

Japan, which is the second highest contributor at 19.5 percent, has seen its ambitions to become a permanent member thwarted this year, at least in part because of opposition by China.

New calculations of assessments are made every three years, and the current one is to be decided this summer by a panel of experts and sent to the General Assembly for adoption.

Mr. Bolton said the United States was prepared to "cushion" the effect on countries whose dues would rise the most by phasing them in over a three-to-five-year period. "That certainly eases the burden," he said. "We're prepared to take mitigating factors into account."

The United States estimates that its portion of the $1.9 billion budget would decline from 22 percent to 21.5 percent under its plan, a change that Mr. Bolton argued was so slight that it undermined claims that the American plan was devised to benefit Washington.

"That's why nobody can say we have an ulterior motive with respect to the United States in this," he said. "We think we have a reform that is consistent with the idea of advancing the ideals of all member governments. Member governments should really be assessed in accordance with their real world economic capacity."

He added: "The point about purchasing power parity is that it's not an effort to put the U.S. in a better position or to put somebody else in a worse position. It's an effort to say, 'How do we really capture the strength of economies in the real world, how do we find a better way to reflect that reality in setting the U.N. assessment rate?' "

Trade Truce With China In The Senate (NYT)

By Edmund L. Andrews

The New York Times, March 29, 2006

WASHINGTON, March 28 — Two of China's most relentless critics in Congress announced a temporary cease-fire on Tuesday in their long-running attack on China's foreign-exchange practices.

In an about-face, Senator Charles E. Schumer, Democrat of New York, and Senator Lindsey Graham, Republican of South Carolina, dropped plans for a bill that would threaten steep tariffs on Chinese imports if Chinese leaders refuse to let their currency, the yuan, rise in value against the dollar.

Both lawmakers said they had become more optimistic as a result of their weeklong trip to China, where Chinese leaders emphasized their willingness to let their currency float more freely and to address other aspects of their nation's growing trade deficit with the United States.

"We learned that the Chinese have come to a conclusion that a fixed currency is no good for China," Mr. Schumer said Tuesday. "We believe that the progress we have seen in the last two or three weeks will continue."

Mr. Schumer and Mr. Graham said they would not demand a Senate vote on their bill, which would threaten China with a 27.5 percent tariff on all exports to the United States if it did not let its currency move in line with market forces.

Though they said that they reserved the right to push for a vote by the end of September, the two senators made it clear they hoped to let the matter drop.

China has kept its currency at an almost fixed exchange rate against the dollar for more than a decade, and American manufacturers have long complained that the yuan's low valuation has given Chinese imports an extra competitive edge.

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Political anxiety about China's huge trade surplus and its competitive pressure on American producers has risen in many quarters of Congress. The Bush administration, though a staunch defender of trade with China, has bluntly criticized Chinese leaders for failing to address a long list of trade complaints and has hinted it might accuse China of engaging in "currency manipulation."

Mr. Schumer and Mr. Graham have been threatening to force a Senate vote on their bill for nearly two years, but they have repeatedly held back after receiving assurances that China was moving toward a more flexible exchange-rate policy.

Last July, China announced a 2.1 increase in the value of the yuan and said it was moving away from a fixed exchange rate. But the yuan barely budged again until earlier this month, when the government allowed it to edge up another 1 percent.

As a practical matter, American companies are ambivalent about the entire issue.

The National Association of Manufacturers has complained about China's exchange rates for years, but it has opposed the Schumer-Graham bill out of fear that it would imperil a trade relationship that is vital to many American companies.

The group estimates that about a quarter of all manufactured goods from China come from subsidiaries of American companies. But that estimate does not include large volumes of imports from Chinese companies working as subcontractors to American manufacturers.

Senator Charles Grassley of Iowa and Senator Max Baucus of Montana, respectively the top Republican and Democrat on the Senate Finance Committee, are pushing a separate bill that would focus more attention on currency policies but stop short of threatening tariffs on imported goods.

Citing Progress, Senate Backs Off Showdown With China Over Yuan (WSJ)

By Michael M. Phillips And Andrew Browne

The Wall Street Journal, March 29, 2006

The Senate stepped back from the brink in its face-off with China over Beijing's practice of keeping the yuan weak against the dollar.

Sens. Charles Schumer, a New York Democrat, and Lindsey Graham, a Republican from South Carolina, announced yesterday that they wouldn't force an immediate vote on a bill that would impose 27.5% tariffs on all imports from China in retaliation for the alleged advantage that Beijing's currency policies give to Chinese firms.

Senate leaders had promised Messrs. Schumer and Graham that the full Senate would vote on their bill by Friday. Both men returned from a trip to China this month, however, persuaded that Beijing was moving gradually toward a more flexible exchange-rate policy and that their tariff bill would disrupt commercial and political relations between the two powers.

Meanwhile, the two top-ranking senators on the Finance Committee, Republican Charles Grassley of Iowa and Democrat Max Baucus of Montana, unveiled an alternative bill, which they hoped would drain support for the more severe Schumer-Graham version. Their bill would leave it up to the Treasury Department to decide if China deserved retaliation -- and would offer much milder sanctions.

The committee leaders' bill is intended to strengthen the hand of the administration of President Bush in negotiating with China over currency issues without igniting a trade war or disrupting Washington's relations with Beijing, as many fear the tougher alternative would do.

In July, Beijing raised the official exchange value of the yuan by 2.1% against the dollar and promised to allow the rate to reflect market forces. Since then, the yuan has crept up an additional 1%.

Even as Chinese officials reassure visiting U.S. delegations, they have been careful to avoid the appearance that they are caving into American pressure.

In newly released comments, China's central-bank governor, Zhou Xiaochuan, ruled out "shock therapy" to reduce the country's surging trade surplus with the U.S. "China will only consider to take the gradualist reform approach," Mr. Zhou said in a March 20 speech summarized yesterday on the People's Bank of China Web site.

US Senators Postpone Anti-China Tariffs Bill (AFP-Y2)

AFP, March 28, 2006

Two US senators said they were postponing a vote on a punitive tariffs bill against China after Beijing assured them that it is serious about reforming its currency regime.

Democratic Senator Chuck Schumer and his Republican colleague Lindsey Graham said they had agreed to put off a vote on their bill, which was due to take place this Friday, "to no later than September 29."

That effectively gives Beijing six months to adopt "real reforms," the senators told reporters after meeting with US Treasury Secretary John Snow to brief him about their visit to China last week.

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"If the pace of currency reform slows before that date, the senators will be able to call their bill for a vote sooner," Schumer said.

"We hope there will be real movement in the coming months," the New York senator added.

"We came back from China with a real feeling that the Chinese realised that pegging the currency is not only bad for America but bad for China as well."

Graham warned: "If at the end of September, there is no movement of a serious nature, not only would we have a vote but we would have an overwhelming vote."

Joined by Republican Senator Tom Coburn, Schumer and Graham visited China last week to press Beijing to float its currency, the yuan, ahead of a March 20 visit by President Hu Jintao to the White House.

Their bill would slap a hefty tariff of 27.5 percent on all Chinese imports into the United States unless Beijing moves quickly to float the yuan.

The bill survived an attempt to kill it in the Senate by an overwhelming 67-33 vote a year ago, jolting both the US and Chinese authorities about the level of rage in Congress over China's trade practices.

In July last year, under intense pressure from the United States, China revalued the yuan by 2.1 percent against the dollar and replaced its system of pegging the unit to the greenback with a basket of currencies.

The move came shortly after Schumer and Graham last put off their bill, assuring colleagues that China would soon reform its currency.

But the yuan has since risen only by about three percent against the dollar, fuelling the anger of US lawmakers who argue that a distorted exchange rate leaves US companies at an unfair disadvantage to Chinese rivals.

But the senators appear to have been won over -- at least for now -- by promises of reform they were given in Beijing by top officials including Commerce Minister Bo Xilai and central bank governor Zhou Xiaochuan.

"Governor Zhou convinced me that their consumption rate has to change, they are saving too much and the only way they can consume more is to have a free-floating currency," Graham said.

"I know they could not possibly overnight revalue their currency 20 or 30 percent but they can continue what they have done in a faster pace," he said.

The senators expect some movement on the yuan as early as next month.

"April is a defining month if the president (Hu) is going to embrace currency reform as his government's policy," Graham said.

"If we have a good report by Secretary Snow that we can agree with showing more change, then I think it would be a win-win for us."

The Treasury Department is due to issue a periodic report on global currency policies next month that many members of Congress have argued should label China a currency "manipulator", thus opening up the way to possible sanctions.

Another bipartisan bill was introduced in the Senate Tuesday that would give the US government new tools to check "harmful currency imbalances and trade problems" with trading partners, including China.

The bill would create a new assistant secretary of the Treasury to focus more directly on currency issues and exchange rates.

Sens. Delay Bill Aimed At China Currency (AP-Y2)

By Foster Klug

AP2, March 28, 2006

Two senators decided Tuesday to delay a vote on a bill that would punish China for restricting its exchange rate, saying they had seen signs of currency reform during a recent trip to China.

The bill, sponsored by Sens. Lindsey Graham, R-S.C., and Charles Schumer, D-N.Y., would impose 27.5 percent tariffs on Chinese imports if the currency dispute is not settled.

The lawmakers said they would delay a vote to Sept. 29 at the latest. They said they would call the bill up for a vote if the pace of currency reform slowed before then.

"The jury is still out," Graham warned. "We will see in the next six months what the verdict is."

Schumer told reporters they "believe that the Chinese see the fact that manipulating their currency cannot continue."

"We expect continued progress on this issue," he said.

U.S. lawmakers want China to take steps to allow the yuan to strengthen against the dollar, saying the currency is undervalued by up to 40 percent.

The undervalued currency, U.S. manufacturers and politicians say, gives Chinese exports an unfair trade advantage, contributing to the United States' record $202 billion trade deficit with China last year.

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China Signals Greater Currency Flexibility (WSJ)

By Andrew Browne

The Wall Street Journal, March 29, 2006

HONG KONG -- China's central-bank governor ruled out "shock therapy" to reduce the country's surging trade surplus with the U.S. But in carefully balanced remarks ahead of President Hu Jintao's planned visit to Washington next month, he suggested that China had become ready to allow greater currency flexibility.

Zhou Xiaochuan, in a summarized speech posted on the People's Bank of China Web site yesterday, also said Washington would be out of step with international opinion if it labeled Beijing a currency manipulator. The U.S. Treasury has hinted that it may do so in its next review of China's exchange-rate policy slated to occur about the time of Mr. Hu's trip.

Mr. Zhou's March 20 speech appeared aimed in part at damping expectations that China would succumb to U.S. pressure and allow significant appreciation of the yuan before Mr. Hu's visit. However, some economists say Beijing might try to improve the atmosphere by allowing more trading volatility, and by possibly letting the country's currency strengthen beyond the symbolically important level of eight yuan to the dollar. The yuan closed slightly higher yesterday at 8.0206.

Potentially paving the way for slight strengthening of the yuan, Mr. Zhou said most Chinese companies "have adapted smoothly" to a 2.1% appreciation of the yuan against the dollar that occurred in July and to gains of slightly more than 1% in the past half year. Mr. Zhou said that smooth adjustment meant "market forces could be allowed gradually to play a greater role in the floating exchange rate."

But he rejected the "shock therapy" advice peddled to Russia during its economic transition. That policy of rapid overhauls in the early 1990s sent the ruble into an inflationary spiral, wiping out savings and pensions. "China will only consider to take the gradualist reform approach," he said.

He said deep-seated factors are behind China's trade imbalance, precluding short-term solutions through currency changes. These factors include the shift of global manufacturing to China, which swells Chinese exports, and huge investment in China by multinational companies selling into the domestic market, which reduces imports.

Mr. Zhou said it would take two to three years for China to achieve balanced trade, and even then, it would continue to run a bilateral surplus with the U.S.

A congressional vote had been promised by March 31 in Washington on a bill that would have imposed an across-the-board tariff of 27.5% on Chinese imports unless Beijing allows the yuan to appreciate substantially against the dollar. The sponsors of the bill, Sens. Charles Schumer, a New York Democrat, and Lindsey Graham, a South Carolina Republican, have said an undervalued yuan costs U.S. jobs by making Chinese exports unfairly inexpensive. Yesterday, however, Messrs. Schumer and Graham, just back from talks in Beijing, said they would hold off on their punitive-tariff bill.

The U.S. trade deficit with China exceeded $200 billion last year, by U.S. reckoning.

U.S. Commerce Secretary Carlos Gutierrez, now visiting China, has called on Beijing to settle disputes over currency. He has said China risks a protectionist backlash in the U.S. if it fails to address concerns about the yuan.

Some economists say China's insistence that it doesn't manipulate its currency is undermined by the rapid buildup in its foreign-exchange reserves. To maintain a stable exchange rate, the central bank buys dollars as they flood in from exporters and investors, and sells yuan. The resulting yuan glut depresses the currency's value.

At the same time, dollar-buying has swelled China's foreign-exchange reserves.

The official China Business Daily, citing an unnamed source, yesterday said China's reserves hit $853.7 billion at the end of February compared with Japan's $850 billion. The central bank declined to comment on the newspaper report.

China Passes Japan In Foreign Exchange Reserves (NYT)

By Keith Bradsher

The New York Times, March 29, 2006

HONG KONG, Wednesday, March 29 — China's reserves of dollars and other foreign currencies hit $853.7 billion in February, an official Chinese newspaper said on Wednesday, allowing China to overtake Japan as the world's largest holder of foreign exchange reserves.

Japan's purchases in foreign currency markets to hold down the yen have been controversial for a quarter of a century. China's larger purchases to hold down the value of the yuan have caused similar anxieties from Washington to Brussels.

China Business News, a newspaper with close links to the government, reported that China's foreign reserves rose to $853.7 billion in February, from a previously announced total of $818.87 billion in December.

Japan, which has been doing little intervention lately, had previously reported $850.06 billion in reserves in February, barely up from $846.90 billion in December.

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The latest figures show that the growth rate of China's reserves has slowed considerably in the last year, as speculative flows of money into China have faded, and that much of the remaining inflows reflect China's large and growing trade surplus.

Some economists contend that China's reserves effectively passed Japan's last year because more than $60 billion in reserves has been transferred to banks as swaps and injections of capital, with the money remaining partly under the control of the country's currency reserve managers.

The International Monetary Fund requires member countries to disclose their foreign reserves regularly, but China's central bank has frequently lagged in officially disclosing figures. Instead, the figures often appear first in official newspapers, with no comment from the central bank, and are officially released days or weeks later.

U.S. And Europeans Consider Sanctions Against 40 Belarus Aides (NYT)

By C. J. Chivers

The New York Times, March 29, 2006

MOSCOW, March 28 — The European Union and the United States are considering personal sanctions against more than 40 officials and state journalists in Belarus for their roles in election rigging and crackdowns on civil society there, according to Western diplomats and government officials.

A list of officials under consideration includes not only President Aleksandr G. Lukashenko and his top staff but also government ministers and security officials, as well as prosecutors and judges involved in trying antigovernment demonstrators and sentencing them to jail.

The European Union and the United States announced an intention to pursue punitive sanctions immediately after Mr. Lukashenko's landslide re-election victory on March 19, which the West and the opposition have denounced as a sham.

The draft list of officials, a copy of which was obtained by The New York Times, reflects the work of diplomats in Minsk, the capital of Belarus, in the days since the election, and after crackdowns against peaceful protesters on March 24 and 25. It includes 43 officials or state journalists by name, and four regional election officials by position.

"We have drawn up a list, as the European Union heads of mission, and sent it to Brussels," a Western ambassador in Minsk said by telephone on Tuesday, referring to the union's offices in Belgium.

The exact form European sanctions might take has not been determined and requires agreement by the entire union, but is likely to include bans on the officials' travel to the 25 European Union countries, the ambassador said. Other steps might be taken as well, including freezing of assets.

The ambassador spoke anonymously because deliberations about which officials should face sanctions are confidential. He declined to discuss any officials by name.

The list is expected to be reviewed, and perhaps adopted, when the foreign ministers from the union meet in Luxembourg on April 10.

American and European officials said that although some names would probably be removed and others added, the speed of the list's creation and the collaboration between Washington and European governments reflected a resolve to apply pressure to Mr. Lukashenko's circle.

The United States has already banned travel for several officials, and plans to add more. "We are thinking through the right people to target, and are doing this in very close contact with the European Union," David J. Kramer, deputy assistant secretary of state for European and Eurasian affairs, said by telephone. He added that the list might grow.

In contrast to the European Union, the United States is forbidden to disclose the names of people under sanctions. But Washington has already brought sanctions against several officials in Minsk, and is steadily adding more, Mr. Kramer said.

Before the election, he said, the number of officials was "fewer than a dozen, and it's going to go up significantly. It's going up pretty much on a daily basis."

Mr. Lukashenko, whose inauguration had been scheduled for Friday but was postponed without explanation on Tuesday, is often referred to as Europe's last remaining dictator. The United States and Europe have financed part of the opposition that has begun to challenge him.

He runs Belarus, a nation of 10 million people along Russia's northwest border, like a Soviet holdout, where the preponderance of the economy is under state control. He is widely accused of vote rigging, corruption and Soviet-style repression.

He has been largely out of the public eye since March 20, when, anticipating the fresh round of Western sanctions, he said he was undeterred by Western threats. His spokesman, Pavel N. Lyogky, echoed Mr. Lukashenko on Tuesday.

Any new sanctions, Mr. Lyogky said in a telephone interview, "are simply funny. They first of all are groundless, and secondly, they will not bring about any expected effect."

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In spite of the consensus in the West to apply pressure against the Belarussian authorities, one potential point of contention is what action, if any, to take against prominent government journalists in Belarus.

Washington has been more willing to try punishing the journalists, whom it regards as K.G.B. officers, Western officials said, while European nations are concerned that limits against Belarussian journalists could lead to fresh restrictions against Western news gathering in Belarus.

The names of 14 journalists are on the draft list, labeled as "key figures in the propaganda, distortion of facts and attacks on the democracies and their representatives in Belarus."

The list also includes Aleksandr M. Radkov, the education minister, for "expulsions of students and restrictions on their travel," and Stepan N. Sukhorenko, the chairman of Belarus's K.G.B.

Yushchenko Meets With Former Ally, Old Foe (NYT/AP)

By The Associated Press

The New York Times, March 29, 2006

KIEV, Ukraine (AP) -- President Viktor Yushchenko began a round of coalition talks Tuesday with a former Orange Revolution ally and an old adversary following weekend vote that soundly rejected the beleaguered leader's pro-Western party.

Yushchenko sat opposite his one-time partner, Yulia Tymoshenko, in what was their first formal meeting since he fired her as prime minister six months ago after accusing her of abuse of office. In brief video released by his office, Yushchenko ruffled through notes and took on a lecturing tone, while she stared at him, wide-eyed.

Before that, he hosted pro-Russian opposition leader Viktor Yanukovych, reviving memories of their bitter showdown in the 2004 election. Yanukovych's ballot-stuffing attempt to win that vote triggered the Orange Revolution, which turned the nation toward the West.

Now Yanukovych is back: His party was the top vote-getter in Sunday's parliamentary election, and he confidently declared that he -- and not the president -- would put together the coalition that will form the new government.

Yushchenko's office said both meetings were "preliminary."

Tymoshenko, the blond-braided icon of the 2004 mass protests, gave a more upbeat assessment, saying afterward that she and the president "have a common vision for Ukraine's future and for the future coalition."

Yushchenko's presidency is not at risk, but the electoral defeat weakened him. Under constitutional reforms, which Yushchenko accepted during the tense days of the 2004 protests, the president's power to pick his prime minister and much of the Cabinet passes to parliament, leaving Yushchenko at risk of creeping isolation.

With no party winning a majority in the 450-seat parliament, the 226 majority can be reached only via a coalition.

With nearly 85 percent of the vote counted, Yanukovych's Party of the Regions won about 31 percent. Tymoshenko's party had about 22 percent, followed by Yushchenko's Our Ukraine party, with about 15 percent.

Tymoshenko has argued that only a revived Orange Team can keep Yanukovych out and safeguard the reformist ideals championed in 2004. But while the Orange parties won more votes combined, it remains unclear whether they will be able to overcome deep personal animosity and forge a coalition after months of trading insults.

After the talks, Yanukovych told journalists that he and Yushchenko did not discuss a coalition, adding that his party would wait until there was a final vote count.

But with no result after some 45 hours of counting, the president criticized the slow pace and warned of potential fraud.

"This could be regarded as somebody's intentional effort to benefit this or that political force," Yushchenko said in a statement.

Central Election Commission head Yaroslav Davydovych denied a political motive, blaming short-staffed and incompetent regional commissions and poor technology.

Since her strong showing, Tymoshenko has tried to keep up the public pressure on Yushchenko to forge a coalition. She wants to be prime minister again and predicted that a deal could be signed within a week.

Yushchenko has kept his options open, but has repeatedly emphasized the need to bridge Ukraine's divisions. Yanukovych's party dominates in the Russian-speaking east, while the Orange Team rules in the Ukrainian-speaking west and center -- and Yushchenko's time in office has done little to fix that.

Yushchenko, who retains the right to set the nation's foreign policy and appoint the foreign and defense ministers, pledged that Ukraine would continue on its West-leaning path. Yanukovych has called for closer ties with Moscow and an end to Kiev's bid to join NATO, but supports European Union membership.

London Mayor Lashes U.S. Ambassador As A 'Crook' (WP)

By Mary Jordan

DOJ_NMG_0023647

The Washington Post, March 29, 2006

LONDON, March 28 -- The mayor of London considered the virtues of the U.S. ambassador to Britain: "A chiseling little crook," Ken Livingstone concluded of Robert Holmes Tuttle on Monday, further dismissing the colonials' latest representative to Her Majesty's realm as a "car salesman."

Though Livingstone is known for contentious remarks -- he recently likened a Jewish newspaper reporter to a concentration camp guard -- splashing such verbal mud on Tuttle caused a flurry of amusement, embarrassment and tut-tutting among the British. Tuttle is a noted friend of President Bush and, it must be said, a purveyor of automobiles.

At issue is the U.S. government's refusal to pay more than a quarter of a million dollars in traffic congestion fees charged to cars that enter central London. The fees are a tax, the embassy says, and under international law, embassies don't pay taxes.

But Livingstone won't buy that line. "When British troops are putting their lives on the line for American foreign policy," he said Monday, "it would be quite nice if they paid the congestion charge."

Rick Roberts, a spokesman for the U.S. Embassy here, said he did "not want to dignify those remarks by responding to name-calling." But he noted: "We pay our parking tickets. We honor every commitment we have except tax. We are good citizens."

Other embassies in London also are refusing to pay the $14-per-car fee. "Our legal department in Berlin, like that of the State Department," concluded that the charge is a tax, said Michael Fluegger, a spokesman for the German Embassy.

A spokesman for the British Foreign Office said that "a large number of missions pay" and that Washington should, too. The spokesman added that the congestion fee "comes under the same category as parking fees and toll charges."

When diplomats have refused to pay parking tickets in New York and Washington, it has caused an uproar.

"It is absolutely not a tax," said Graham Goodwin, a spokesman for Transport for London, the city's public transportation agency. Goodwin said the United Arab Emirates also owed a considerable sum and was paying up.

The charge, implemented in February 2003, was designed to lessen traffic congestion in the city center and get more people to use the subway and buses.

Tuttle's family operates one of the largest automobile dealerships in the United States. He was sworn in as ambassador in mid-July, after the decision to stop paying the fee was made.

"This new ambassador is a car salesman and an ally of President Bush. This is clearly a political decision," Livingstone told reporters. On ITV television Monday night, he said: "It would actually be quite nice if the American ambassador in Britain could pay the charge that everybody else is paying and not actually try and skive out of it like some chiseling little crook."

On Tuesday a British civil liberties group, Liberty and Law, complained to a disciplinary board that the mayor had -- and not for the first time -- brought disrespect to his office.

"Ken Livingstone is an extremely left-wing, anti-American politician who delights in his anti-Americanism," said Gerald Hartup, director of Liberty and Law.

Livingstone was recently reported to the same disciplinary panel for his remarks to the Jewish reporter. The board suspended Livingstone from his duties for four weeks; he has remained in office pending the outcome of an appeal.

Meanwhile, the mayor last week tussled with two wealthy businessmen, telling them they should "go back to Iran and see if they can do better under the ayatollahs."

His style has won admirers and detractors. "He is a bit of an idiot," said Stuart Alldrydge, 41, a London letter carrier. "If someone said something like that about him, all hell would break loose. The Yanks should have to pay the charge, though."

"Good on him," said Ann Love, 29, who works in financial services and supported Livingstone's tough words. "I think he just blurted it out -- he's just too honest to be a politician."

Municipal Workers Strike In Britain, Closing Schools And Offices (NYT)

By Sarah Lyall

The New York Times, March 29, 2006

LONDON, March 28 — Local government workers walked off their jobs across Britain on Tuesday, closing schools, libraries and other community centers in a one-day strike over reductions in pension benefits.

It was unclear how many people stayed away from work. The unions put the figure at more than a million, saying the walkout was the largest since the general strike in 1926, while the Local Government Association, which represents local councils, said the number was far less.

Ten unions are taking part in the strike, which also affected garbage collectors, traffic wardens, meat inspectors, street cleaners and social service workers, among others.

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A spokesman for Unison, the largest union involved, said 15,000 of 21,000 primary and secondary schools around the country were closed. But a spokesman for the Local Government Association countered with figures showing that just 25 percent of its 1.6 million workers in all sectors had walked off their jobs.

"The vast majority of council services across England have not been affected," said the chairman of the Local Government Association, Sir Sandy Bruce-Lockhart. The group said it had no figures for Scotland, Wales or Northern Ireland.

At issue is the government's decision to abandon the so-called Rule of 85, which allows local government employees to retire at age 60 on full pensions, provided they have worked at least 25 years. The unions are arguing that the rule should continue to apply to current workers while being phased out for new employees, but the government says that with increasingly life expectancy, the cost to taxpayers for the current system could rise by as much as $10.5 billion in the next 15 years.

In a statement David Prentice, the general secretary of Unison, said other public-sector employees, like civil servants, teachers, police officers, firefighters and health care workers, have had their pension plans protected — unlike members of the Local Government Pension Scheme, whose pensions are at issue.

Most of affected workers are women whose salaries tend to be low anyway, he said. "There is absolutely no rhyme or reason in singling out L.G.P.S. members for such unfair and unjust treatment," Mr. Prentice said. "After a lifetime of dedicated service to their local communities, our members deserve the pensions they have already paid for."

Sir Digby Jones, the director general of the Confederation of British Industry, called the strike selfish, particularly in view of the fact that workers in the private sector are having to delay their own retirements.

"Private sector employers and their staff have had to get real, and recognize that longer life expectancies and the rising cost of providing pensions mean longer working lives," Sir Digby said in a statement.

Pocket Change Finally, A Healthy Japan Offers Lift For U.S., Asian Economies (WSJ)

By Sebastian Moffett And Yuka Hayashi

The Wall Street Journal, March 29, 2006

TOKYO -- Soichiro Takaoka, flush with cash from a successful consulting business, is an extreme example of the new Japanese consumer: He is splurging on expensive goods, many of which were imported. The 31-year-old just bought a $200,000 Ferrari Spider convertible and a $30,000 Cartier watch. He wears a pink and lavender Hermès cravat, green Berluti shoes and a brown Louis Vuitton suit.

Mr. Takaoka's spending shows how Japan's economy has started to grow in a way that could benefit the rest of the world. When Japan was booming nearly 20 years ago, the biggest indications were Tokyo's rocketing stock and land prices. Japanese people didn't buy as much from overseas as foreigners wanted. After a decade of slump, the recovery that began in 2002 was initially led by exports rather than domestic spending.

Now, consumers and businesses are spending more. That's important, because their activity makes economic growth more sustainable: Even if exports were to slow because of problems in the U.S. or Chinese economies, domestic spending could keep Japan's economy chugging along.

The new spending reflects big structural changes in Japan. Local upstarts and foreign companies have taken advantage of the sharp drop in land prices during the 1990s downturn to buy stores or offices. Japan has also deregulated industries from financial services to food, sometimes under pressure from the U.S. It has loosened restrictions on large stores and opened the way for new types of financial products.

Once known as a fortress for home-grown products, Japan's market is now increasingly open to overseas companies and entrepreneurs. In the year ending March 31, 2005, imports were 10.2% of gross domestic product, the widest measure of economic activity, up from 6% a decade earlier. The figure is on track to reach 11% in Japan's current fiscal year, which ends Friday.

That means Japanese growth may this time be a boon for the rest of the world. The effects could be particularly strong in the rest of Asia, where Japan buys goods varying from clothes made in China to microchips made in South Korea.

To be sure, the world economy still depends heavily on purchases by American consumers. Because of their unabated appetite, the U.S. current-account deficit with Japan hit a record level of $99 billion last year. The figure reflects the total value of goods traded between the two countries as well as money flows in services such as tourism.

Japan's growth benefits other countries in ways besides trade. Some U.S. fund managers are scooping up Japanese household savings by offering new investment products with potentially higher returns than their Japanese competition. Pacific Investment Management Co., of Newport Beach, Calif., a unit of Germany's Allianz AG, has doubled the fixed-income assets it manages for Japanese clients to $40 billion over the past two years.

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Japan's economy still has major long-term problems, including government debt that amounts to 160% of annual GDP -- the highest level of indebtedness in the developed world. Worse, the work force is declining as the number of elderly Japanese increases. That puts a greater burden on working people to support those who are retired.

But growth increases Japan's chances of coping successfully. It grew 2.7% last year -- close to the U.S. figure of 3.5% -- and economists forecast an even bigger Japanese expansion in 2006. Following several years of upturn in manufacturing, Japanese service industries are now investing more and demand for new homes is forecast to rise.

This new demand is benefiting companies around the world. Because of an increased desire for travel, plus new or expanded airports, Japanese airlines expect an increase in flights between Japan and mainland Asia during the next few years. Partly because of this, Japanese airlines are buying more planes from the world's two suppliers of big passenger jets, Airbus and Boeing Co. Boeing received orders for 197 airplanes from Japan between 2003 and 2005 -- more than the total in the previous decade.

In Japanese stores, consumers have an ever-wider array of choices -- and many of the new products are made overseas. For functional, low-cost wear, the big name in Japanese clothes is Fast Retailing Co., which makes most of its Uniqlo brand clothes in China. Foreign companies, from Gap Inc. to Prada Group NV of Italy, have multiplied their outlets in Japan, helped by falling land prices and the large-store deregulation. Overall, sales of imported consumer goods have risen about 40% since 2000, according to the Bank of Japan, while those made in Japan tumbled 20%.

The trend is most pronounced in big-ticket purchases. Cornes & Co., the Japanese importer for Italian sports-car maker Maserati, which is owned by Fiat SpA, says sales of the cars jumped to 400 last year from 238 in 2004. They cost $100,000 and up. "As well as our traditional customer base of people like doctors, we're getting a lot of new, younger customers recently," says Maki Abe, a Cornes spokeswoman. "A lot of them are entrepreneurs in fields like IT," or information technology.

Hirofumi Usui, president of a Tokyo company, e-Marketing Inc., that provides advice on marketing to the rich, says the biggest change for Japan is that people flaunt their wealth nowadays. The old Japanese desire for middle-class conformity has given way to a taste for flashy consumption, especially of prestige foreign items, he says.

"Japan used to be like a socialist country, and the Japanese thought the rich were boring, sneaky and lacking in taste," Mr. Usui says. "In the past, a lot of people would have been embarrassed to drive a Ferrari."

Japanese consumers are also becoming more adventurous about investing. Rira Watabe, 37, got her highest bonus ever last year, as business took off at the Tokyo recruitment company where she works. At the same time, she's intent on building up her savings because jobs are less secure in Japan than they used to be and the pension system is strained. Japanese banks offer interest of just 0.03% on one-year time deposits, reflecting the supereasy monetary policy that the Bank of Japan adopted during the lean years and is only beginning to reverse.

Last year Ms. Watabe put about $3,000 in money-market funds denominated in Australian and U.S. dollars. One of these is an Australian-dollar fund that currently yields about 4.9% a year. She also puts about $250 a month in the Kokusai Global Sovereign Open Fund, which invests about a third of its funds in U.S. government bonds and most of the rest in European sovereign bonds. It returns 6% a year and its assets have more than tripled to $42.8 billion in the three years to Feb. 28, making it one of the world's largest bond mutual funds.

"I don't know what's going to happen to my job in the future and nobody knows what will become of the pension system," Ms. Watabe says. "We've got to protect ourselves."

Because of people like Ms. Watabe, Japanese purchases of U.S. stocks, non-Treasury bonds and financial derivatives totaled $62.8 billion in 2005, up 21% from the previous year.

The popularity of U.S. financial-services companies in Japan has been aided by a wave of deregulation since the late 1990s. Hartford Financial Services Group Inc.'s life-insurance arm entered Japan in 2000, soon after the government allowed Japanese brokerage firms to sell variable annuities to investors. These products resemble mutual funds except they offer tax advantages, benefits if the holder dies and sometimes protection from market losses. In the U.S., variable annuities have long been available and are sometimes criticized because of high fees and aggressive sales tactics, but they are a new concept in Japan.

In 2002, Japanese banks gained the ability to sell insurance products. This gave companies like Hartford relatively low-cost access to millions of potential customers. Hartford currently has 366,000 variable- and fixed-annuity accounts in Japan valued at $26 billion, nearly double the asset level a year ago. In a sign of how important the Japanese market has become, Hartford's Japan unit brought in $11.9 billion of new business in 2005, more than the $11.5 billion it recorded in new U.S. business.

"An enormous amount of wealth was handcuffed by risk aversion," says Stefan Reinwald, head of Japanese equities research at Calyon Capital Markets Asia. "Now it is put to work properly."

One factor reassuring average Japanese is the end of the long banking crisis that crippled earlier upturns. When Japan's stock-market and real-estate bubbles popped in the early 1990s, banks were left with mountains of bad loans on their books and

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they didn't want to lend money. Because Japanese businesses depend heavily on banks for financing, economic growth ground to a halt.

As banks finally cleaned up their books over the past three years, they began to lend again. Meanwhile, exports boosted profits at manufacturers, leading to higher wages -- which in turn are letting consumers spend more. The average household headed by a wage earner spent 74.5% of its income last year, the highest level since 1990, according to the government. Such a virtuous cycle is normal for a growing economy like the U.S., but in Japan, nothing like this has happened for more than a decade.

The good times are good news for Mr. Takaoka, whose consulting business gives investment advice to the wealthy. He used to work for giant trading house Mitsui & Co., but quit last year when he concluded Japanese investors were no longer satisfied with the safe options provided by big-name Japanese corporations. He says Japan's rich now want specialized services, which will make better use of their money. This will also give newcomers -- both foreigners and boutique services like his own -- the chance to manage Japan's new wealth.

"In the past, people went to big companies, so only these would get business," Mr. Takaoka says. Now, "people's field of vision has broadened. This is good for Japan."

Romania Backs Alternate Route For Pipeline To West (WT)

By David R. Sands

The Washington Times, March 29, 2006

Russia's New Year's Day cutoff of natural gas to Europe has boosted Romania's strategic value as the route for a competing pipeline, Romanian Foreign Minister Mihai-Razvan Ungureanu said yesterday.

Mr. Ungureanu, in Washington this week for talks with senior Bush administration officials, said the brief midwinter interruption in Russian gas supplies underscored Romania's argument about the importance of the Black Sea region to the security of Europe and the West.

"We have been talking about this idea for a long time, but for some in Europe, this was a political watershed," he said during a breakfast meeting with a small group of reporters.

"It takes quite a fuss to get even the heads of the governments of Europe to discuss the issue, but it was an event everyone could understand: 'Someone turned the taps off.' "

The cutoff, which sprang from a bitter pricing dispute between Russia's gas monopoly and Ukraine, focused new attention on the so-called Nabucco pipeline, a $6 billion, 1,760-mile project that would bypass Russia while delivering natural gas from Central Asia and the Middle East to European customers.

The planned route would pass through Turkey, Bulgaria, Romania, Hungary and Austria for distribution across Western Europe. Moscow has proposed a competing pipeline route from Russia through Turkey and to the West.

Despite the concerns, Mr. Ungureanu said, Romania did not favor a policy of shutting out Russia, as he said some other former Soviet-bloc states advocated.

"We don't think Russia's shortcoming can be addressed by isolating Russia," he said. "Russia needs its Western partners just as much as we need Russia."

Since joining NATO in 2004, Romania has championed the importance of the Black Sea region, saying the security, economic and environmental challenges facing the countries on its shores have a direct impact on the stability of Europe as a whole.

Mr. Ungureanu said the agreement signed in December to establish new U.S. military staging bases in Romania was a sign that Washington also appreciated the rising importance of the Black Sea region.

"There is actually now a bit of a competition between [the European Union] and Washington over who can deal better with the challenges in our region," he said.

The foreign minister said Romania is committed to keeping its 870 troops in Iraq, despite the withdrawals of several other nations in the U.S.-led coalition.

"There is certainly no weakening of the resolve of Romania about Iraq," he said. "We have said that until the day when the Iraqi authorities can deal fully with their own security ... we will be there."

The minister said bilateral relations with the United States were strong, but he expressed frustration that improved ties have not led to more American investment in Romania's economy.

He said direct U.S. investment in Romania was $800 million -- "practically nil" -- despite NATO membership and the vote of confidence shown by the basing agreement.

Students And Unions Jubilant At Paris Protests (FT)

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By Martin Arnold

Financial Times, March 29, 2006

French students and trades unions were in jubilant mood on Tuesday after more than 1m people took to the streets in protest against government labour reforms.

Despite the record turnout, Dominique de Villepin, the embattled prime minister, appeared to stand firm, brushing aside calls from members of the governing party to reach a compromise about his youth employment law.

"The republic is not about preconditions, it is not about ultimatums," he told parliament.

There is mounting speculation that President Jacques Chirac, who yesterday cancelled a trip to be able to remain in Paris, could intervene in regard to the crisis. However, the president seems unlikely to take a decision until a constitutional court ruling on Thursday upon the validity of the new law.

Nicolas Sarkozy, interior minister and Mr de Villepin's biggest rival for next year's presidential election, on Tuesday suggested a temporary suspension of the law during negotiations with unions.

Violence erupted in central Paris again, adding a sour note to the demonstrations that students and unions said attracted 3m people across France.

In Paris, police arrested more than 100 people after gangs of youths – most from poor suburbs – disrupted the march.

Police stepped up their presence at railway stations to intercept the casseurs – or troublemakers – and used paint balls filled with indelible ink to identify the mostly hooded figures trying to rob student protesters and smashing shop windows. Police also fired teargas.

Bernard Thibault, head of the communist CGT union, said: "We are more than 3m people today in the streets; it is historic. It is unthinkable that the prime minister will keep up his limpet-like attachment to his position." Police estimates put the number of protesters considerably lower.

Unions will meet today to decide their next steps if the government were to refuse to accept their demands for withdrawal of the first job contract – the CPE – that would allow companies to sack young workers more easily during a two-year trial.

France was also hit by widespread strikes in public transport, schools and many state-owned companies. Air traffic was heavily disrupted after 30 per cent of air traffic controllers went on strike. In Paris, about two-thirds of metro trains, regional trains and buses were running.

The government may be hoping that the constitutional court gives it an exit route from the crisis by blocking the law.

However, few legal experts expect it to declare the law unconstitutional, either because it discriminates against people aged under 26 or because it allows people to be sacked for no reason.

Eric Woerth, a centre-right UMP deputy and close ally of Mr Sarkozy, said the idea of a temporary suspension of the labour law was "the best way for everyone to get out of this crisis with their heads held high".

Mr de Villepin triggered a walk-out of parliament by the centrist UDF party when he left questions from opposition parties to his ministers and only answered those from his own party.

He repeated his offer to "improve" the contract during talks with unions, without changing the contract's fundamental shape.

Jean-Marc Ayrault, leader of the parliamentary Socialist party, called on him to "forget your pride, make peace with the French people".

Huge Protest Puts France To The Test (WP)

By Molly Moore

The Washington Post, March 29, 2006

PARIS, March 28 -- As many as 2.7 million demonstrators marched through the streets of French cities Tuesday in one of the country's largest protests in decades, as striking workers shut down the Eiffel Tower and the Paris Opera and disrupted train, bus and airline service nationwide in opposition to a new youth labor law.

The massive show of strength created new fissures in President Jacques Chirac's government, which early this month triggered the crisis by passing the measure to waive some of France's strict job protections and give employers new freedom to dismiss people under age 26.

Prime Minister Dominique de Villepin, author of the law, told Parliament on Tuesday that he would not give in to "the pressure of the streets." But Interior Minister Nicolas Sarkozy called for a delay in putting the law into effect to ease talks with labor unions.

Lawmakers from several parties warned that the size of the protests signaled a threat to the future of the government. The leader of the opposition Socialist Party, Francois Hollande, said the government was "running the risk of confrontation with a majority of the country." Bruno Julliard, president of the National Student Union, cautioned: "We are in front of a tidal wave."

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The country's largest single demonstration -- a gathering in central Paris's Place de la Republique that unions estimated at 700,000 -- underscored the divisions in French society. Gangs of youths from poor suburban areas swarmed among the students and workers, snatching cellphones and knapsacks.

Later, as screaming demonstrators ran from police water cannons and clouds of tear gas, men in business suits and women in fur coats watched from the balconies of luxury apartments high above the fray. Gray-haired diners at Les Freres Blancs restaurant sipped wine by candlelight, ignoring the frantic scenes unfolding outside the front windows.

The continuing protests also threaten to undermine France's tourism industry, just as it is starting to recover from a decline caused by rioting last fall in poor suburban communities populated primarily by immigrant families. Youths burned cars and attacked public and private buildings in what some said was anger at the government for ignoring their high unemployment rates and dismal living conditions.

On Tuesday, tourists inside the Holiday Inn fronting the Place de la Republique watched with expressions of horror as rows of black-suited riot police clashed with bottle-throwing demonstrators.

Thousands of other tourists suffered disruptions when striking workers closed the city's most famous tourist site, the Eiffel Tower, as well as the Paris Opera and other theaters. An estimated one-third of all flights to and from Paris airports were canceled and most others were delayed because air traffic controllers were striking, aviation officials said.

Parisians woke up to a morning without newspapers. The state-run radio, France-Info, one of the country's main news stations, played only music because technicians and reporters did not show up for work.

People who attempted to reach their workplaces grappled with commuting nightmares as only half of the suburban commuter trains were running and service on buses and subways was curtailed. Parents who took children to school found many teachers absent and some buildings locked. Services at banks, post offices and most government offices were limited.

Most of the demonstrations began in the afternoon. While official government estimates placed the number of protesters nationwide at about 1 million, unions put the figure at about 2.7 million. The government's figure of 92,000 participants in the Paris march seemed understated; broad columns of people marched into the square continuously for four hours.

The French government contends that the country's elaborate social safety net, including strict job protections, is too expensive and is holding the country back in global competition. Employers who have freedom to get rid of young employees they don't want would be more willing to hire in the first place, officials argue.

But Patrick Pion, a white-haired archaeology professor who joined Tuesday's demonstration in Paris, said the youth labor law has become a lightning rod for "all those who aren't satisfied with the current state of things" in France.

"It hit a very sensitive and symbolic target," Pion said. "The 16- to 26-year-olds -- our children -- and us workers."

"Everything's going wrong," agreed Khiter Sheba, 17, a high school student from a town east of Paris. "It's like France has the flu."

The protests are helping shape next year's presidential campaign. Prime Minister Villepin's likely chief rival for his party's nomination is Sarkozy, the interior minister, whose call for a delay in implementing the law, which is scheduled to take effect next month, represents a split with Villepin. A constitutional court is scheduled to rule Thursday on the law's validity.

The Interior Ministry said more than 4,000 uniformed and plainclothes law enforcement officers were deployed on Paris streets Tuesday in an effort to avoid the violence that accompanied a demonstration last Thursday in one of central Paris's most affluent districts. As that march was ending, stores were looted and vandalized and cars were set ablaze.

For much of Tuesday afternoon, the Paris demonstration resembled more of a festive parade than a protest. A jazz band aboard a truck led groups of demonstrators from across the country into the Place de la Republique, a traditional gathering spot for victorious politicians and protesters. The plaza features a statue of Marianne, a woman in flowing robes who symbolizes the republic and holds an olive branch aloft in her right hand.

But as the crowd swelled, chaos erupted. Riot police with shields and batons charged youths who were snatching cellphones. The thieves escaped by melting into the crowd.

Later, protesters threw bottles and sticks at police, who responded with tear gas and high-pressure streams of water. Some of the projectiles intended for the police smashed glass storefronts.

As one officer trained his water hose on protesters, he muttered to his colleagues: "Here we go -- the bad cops again."

Jobs Law Protests Shut Down Transit, Close Eiffel Tower (WT)

By Elizabeth Bryant

The Washington Times, March 29, 2006

PARIS -- Protesters yesterday crippled France with massive demonstrations and a national strike, but failed to budge Prime Minister Dominique de Villepin from his steadfast defense of an unpopular new jobs law.

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Chanting slogans and brandishing banners, hundreds of thousands of mainly young people spilled into the streets of Paris and other cities, denouncing the new law that makes it easier to hire and fire young workers.

The strikes disrupted transportation services as teachers and private-sector employees joined the walkouts. The Eiffel Tower was closed for fear of violence, and the U.S. State Department warned Americans to be wary of city crowds.

Police used tear gas and water cannons to break up scattered incidents of rock and bottle throwing last night. Police made 787 arrests around the country -- 488 of them in Paris -- National Police Chief Michel Gaudin told the Associated Press. Injuries in the capital were tallied at 46 demonstrators and nine police officers.

The demonstrations were the latest -- and largest -- expression of a fury that has spread from university campuses to Main Street France.

Mr. de Villepin issued a fresh call for political dialogue -- which was rejected outright by student and labor unions -- but showed no sign of backing down from the law, which calculates that companies will hire more young workers if they have more flexibility to fire them once they are on staff.

"The republic is not about preconditions," he said in the National Assembly. "It's not about ultimatums."

However, Mr. de Villepin's top conservative rival, Interior Minister Nicolas Sarkozy, proposed yesterday that the law be suspended while negotiations with the unions continue. The Constitutional Council is expected to rule tomorrow on its legality.

"I think we're heading toward some sort of compromise that won't be ideal, but will allow both sides to retain something," said Jerome Fourquet, studies director at the IFOP polling agency in Paris. "At the end, the law will be substantially changed."

Mr. de Villepin, who bulldozed the jobs law through parliament earlier this month, argues that the changes will slice youth unemployment, now at 23 percent. But critics argue it simply increases job insecurity by allowing businesses to fire young, first-time workers for any or no reason during their first two years of employment.

Several recent polls show a solid majority in all age groups oppose the legislation in its current form -- a sentiment echoed among the boisterous crowd that marched through Paris on a raw afternoon yesterday.

"I've held precarious jobs for the last 20 years," said 40-year-old educator Hishem Larach. "I don't want my children to end up with the same problems."

At universities like Paris 13, located in the grim suburb of Villetaneuse, there is little sign that student opposition to the law is waning. Banners denouncing the jobs law drape the cavernous campus center, along with flyers promoting yesterday's general strike.

"The government is going to have to repeal the law," said 20-year-old engineering student Abdoulaye Cisse, "because the students are not going to stop demonstrating."

Paris 13 has remained open while other schools are blockaded and shuttered, in part because its mainly immigrant, working-class students often juggle jobs and cannot make up study time lost through protests.

But its president, Alain Neuman, said: "I sense a real despair among my students. They're worried about the future."

Fear of the future is a continuing theme in France these days, particularly among the young. Nearly half the youths surveyed in an Ipsos poll last fall equated globalization with fear. Yet critics say France cannot afford to keep its generous social benefits and remain competitive. The economy is sluggish and unemployment hovers near 10 percent.

"We have privileges in our society we can't afford any more," said Julien Gomez, a history professor at Paris 13, who concedes he is in the minority on campus who support the jobs law. "Having a job for life is a privilege. People need to realize they have responsibilities."

In France, Systematized Revolt (CSM)

By Susan Sachs

The Christian Science Monitor, March 29, 2006

PARIS - In its choreographed and time-honed fashion, much of France went on strike Tuesday.

A predetermined number of buses, subways, and trains did not run. Schools were ostensibly open, although teachers in certain grades had warned parents beforehand that they would skip class. In scores of cities and towns, about 1 million people marched peacefully - with only scattered post-march clashes between youths and police. No one expected to have mail delivered and, for the most part, they were right.

Prime Minister Dominique de Villepin, whose jobs plan for young people was the target of the nationwide protest, was already planning for the morning-after. He said he was open to discussing the details, but not the legitimacy, of his plan, and invited student and union leaders to meet when everyone goes back to work on Wednesday.

Indeed, for all its clamor and disruption, the latest political confrontation in France has a certain predictability to it.

Over the past 15 years, strikes and street demonstrations have become an integral part of the way public policy is made or, as is often the case, unmade, in a country that simultaneously fears and yearns for change.

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With presidential elections scheduled for next year, the clash over the new labor contract has taken on the aspect of a dress rehearsal for the battles to come between Mr. Villepin, a potential candidate, and his rivals on the left and right wings of French politics.

But the latest eruption of public protest also has many people worried that politicians have lulled themselves into viewing such demonstrations as simply a form of popular referendum, especially after the surprise French rebellion against the European Constitution and the riots by suburban youth last year.

"Demonstrations are no longer even seen by the government as a sign of open crisis," says Danielle Tartakowski, a historian and professor at the University of Paris.

The prime minister, she adds, is flirting with danger. "If you make the demonstrations a quasi-norm of political life for resolving disputes," Mrs. Tartakowski says, "you can create a very strong destabilization of society and a strong sentiment of revolt."

The proposal that Villepin has been defending would add a new type of labor contract to the array of regulations that already govern relations between employers and employees.

The "first-employment" contract (CPE), as it is called, would permit companies to hire young people on the basis of a two-year probationary period with the freedom to fire them without cause at any time.

The prime minister described it as a reform to help reduce the 23 percent jobless rate among young people, but student groups have called it a contract of guaranteed insecurity for a single class of French worker.

Villepin pushed the proposal through the French parliament with little debate last month, prompting both union and some business leaders to complain that they should have been consulted before the law was written.

The process was itself an example of the country's dysfunctional system for finding consensus on social and economic reform, according to Jacques Julliard, a historian of contemporary French politics.

"Things are done in reverse here," he says. "First a law is passed and only afterwards is it discussed, in the street, chaotically and with a spectacular confrontation."

As the student and union protests over the law mounted over the past six weeks, Mr. Villepin also dug in his heels, saying he would not abandon the new law but was open to discussing changes that might provide better job protection.

A Socialist Party spokesman accused him of holding France "hostage to his presidential ambitions." Cartoonists for the French newspapers have taken to caricaturing him as imperial and imperious. And his chief rival in the center-right coalition government, Interior Minister Nicolas Sarkozy, has tried to exploit that image.

"One can be firm," said Mr. Sarkozy in a speech Monday evening that was billed as the start of his presidential campaign, "without being rigid."

But an opinion survey by the Ipsos polling firm and published in the daily newspaper Le Monde, suggested that Villepin's strategy in the face of the demonstrations has paid off in the short term.

Of the 959 people interviewed, 63 percent disapproved of his continued defense of the job plan. But 74 percent of those who identified themselves as supporters of the right-wing UMP, the party of both Villepin and Sarkozy, said they backed his stance.

The opposition Socialists and other smaller left-wing parties, in the meantime, have thrown their support to the student and union demonstrators. Villepin, they said, must abandon the jobs plan completely or the demonstrations would continue.

The threats could be brinkmanship, a sort of "charade" with each side of the conflict taking a maximal position before a compromise, according to Mr. Julliard, who published a book called "Le Malheur Francais," or "The French Tragedy," last year. Or they could presage a serious government crisis.

"There are many people in the street and they are asking for nothing and proposing nothing," Julliard says. "They just want the law withdrawn. Yet at the same time, they expect a solution from the state. They distrust the political class and yet have this extraordinary confidence in the state. It's a particularly French form of immobility."

Liberte, Precarite: Labor Law Ignites Anxiety In France (WSJ)

By Andrew Higgins

The Wall Street Journal, March 29, 2006

PARIS -- On the edge of the Place de la Bastille, the symbolic starting point of France's 1789 revolution, Francois Brey waved a piece of soggy cardboard scrawled with his own call to revolt: "Death to Cows!"

A mild-mannered man with a stutter and a big beef, Mr. Brey joined more than a million people yesterday in a day of street protests and strikes across France triggered by a new youth labor law. It was the biggest day of protests after weeks of escalating agitation.

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Mr. Brey, 51 years old, isn't affected by the proposed "first job contract." He was there to press his own idiosyncratic agenda. Alongside him in a rain-splattered Paris parade were a muddle of French anarchists, Kurdish Maoists, retirees nostalgic for the Soviet Union and teenagers from impoverished suburbs, who rioted late last year in a separate spasm of turbulence. Arguments and scuffles broke out among the groups. As night fell, order broke down and police clashed with bands of violent demonstrators.

The uproar began as a protest against a new law designed to relax a rigid French labor market that makes it difficult to fire anyone. In the process, however, the unrest has crystallized a deeper French anxiety. In better economic times, France maintained an elaborate system of social protections that cushioned citizens from the demands of the free market. The new law, which students call a symbol of "precarite," or precariousness, undermines that idea.

France's most famous period of violent protests in 1968 saw students rioting against what they saw as a rigid and smothering state. Today, it seems, they want the state back. Serge July, director of France's main left-of-center newspaper, Liberation, and a '68 veteran, says his country is gripped by "anguish about the future." It is also suffering from, he says, a "crisis of identity."

According to a recent poll, France is the only country among 20 surveyed where those who don't have faith in the free market outnumber those who do. Only 36% of those polled in France agreed with the proposition that the free market is the "best system on which to base the future of the world" -- compared with 71% in the U.S., 66% in Britain and 65% in Germany. In nominally communist China, 74% said they favored the free market, according to the University of Maryland's Program on International Policy Attitudes.

Police put the number of protesters yesterday across France at 1.05 million, more than twice as many as the previous biggest protest on March 16. Trade unions, which organized the rallies, put the figure at three million. A one-day strike to coincide with the protest disrupted hospitals, schools, rail services and air traffic, halted delivery of newspapers, dented production at France's biggest oil refinery and shut down the Eiffel Tower.

"We are all wreckers of this system," shouted students as they stormed into the Paris headquarters of the French news agency, Agence France-Presse. Earlier, in the southern city of Montpellier, students and anti-globalization activists took down a statue of Jean Jaures, a former socialist leader, saying they wanted to mourn the rise of capitalism.

In a rowdy gathering of the French Parliament yesterday, politicians traded hoots and insults, and disrupted an address by Dominique de Villepin, the aristocratic prime minister, poet and presidential hopeful who has staked his future on preserving at least fragments of the new law. Even some nominal allies on the right, including Interior Minister Nicolas Sarkozy, another likely presidential candidate, have sniped at the prime minister, who rammed the changes into law with scant debate or consultation with labor groups.

Mr. Villepin says the new "first job contract," known by its French acronym CPE, will lower unemployment, which stands at 9.6% for the population as a whole and around 23% for young people. It allows employers to fire workers under the age of 26 without explanation during a two-year period of probation. The CPE would replace a complicated system that makes it hard to dismiss workers without big payoffs or expensive legal battles.

For many, though, arguments over what the measure will or won't do are irrelevant.

Mr. Brey, the man with the "Death to Cows" sign, said he doesn't have a gripe against animals but doesn't like French riot police, who huddled behind shields along the route of the march from Place d'Italie in the city's south to Place de la Republique. He says he adopted his slogan in homage to the 1968 revolt when protesters denounced police as cows, just as Americans sometimes use the slur "pigs."

His biggest fear is globalization, which he said would mean French people getting "eaten with a Chinese sauce." He believes France and the rest of Europe must focus on saving what they've earned behind a protective wall. "We can't make jeans for €2 a pair like the Chinese," said Mr. Brey, a television technician. "We can't win at this game."

Shafik Sarkaya, an immigrant from Turkey and a confirmed Marxist, said he doesn't know much about the proposed law. He does know, however, that it "defended the interests of bourgeoisie." He said he and a dozen "comrades," each carrying a red flag, wanted to show "our class solidarity with French workers." Mr. Sarkaya, a municipal worker, distributes a local government newsletter.

Another group of Marxists nearby waved red banners hailing the late Chinese leader Mao Zedong. Their "general secretary" says he disagreed with the rival group of non-Maoist Marxists led by Mr. Sarkaya but shared their "support for the fight of the French people."

Michael Haselli, a 24-year-old philosophy student, called himself a "resigned idealist," meaning he accepts the reality of the free market but would like something better. He joined in the march even though he's hoping to become a researcher and so is unlikely ever to need a "first job contract."

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A group of pro-Palestinian activists handed out leaflets describing their opposition to Israel's role in the occupied territories as akin to the French labor "struggle." Anarchists set up a roadside stall stacked with stickers and fliers. "We want a rich life. Not a life of rich people," read one. Nearby, a group that champions immigrant rights chanted slogans denouncing the "first job contract" as an attempt to make "everyone an immigrant."

Taking shelter under a shop awning during a heavy downpour, a couple of French pensioners dressed in red jackets and wearing red stickers of the French Communist Party said they joined the march to protect the future of their 10 grandchildren.

Jacques Heller, 70, said he had some issues with the brutality of the old Soviet Union but also reminisced about the days when communism still "offered hope." His three children, he said, were not communists. Mr. Heller said he's not optimistic about his party ever winning power. Nonetheless, said his wife, Michelle, 68, a retired hospital worker, "we can't give up."

1 Million Across France March To Oppose Premier's Key Labor Law (LAT)

By Sebastian Rotella And Achrene Sicakyuz

The Los Angeles Times, March 29, 2006

PARIS — More than 1 million protesters marched through the streets of France on Tuesday in opposition to a labor law proposed by Prime Minister Dominique de Villepin, who has staked his political future on the outcome of the clash.

Strikes by transport workers, teachers and other public employees closed schools, slowed transit and disrupted services, but fell short of bringing the country to a stop. Despite an intense security deployment, there were scattered outbreaks of violence around the nation.

The protests culminated a five-week campaign by students who have shut down universities and high schools in an attempt to block a law that loosens job security safeguards in what De Villepin says is an effort to make it easier to hire young people.

"I'm here to show solidarity with the young people," said Nadia Kamech, 50, a biochemistry professor who marched despite intermittent showers in Paris. "I'm waiting for the government to retreat from its positions. If that's not the case, the movement will harden. It's not just the young people in the street, but everybody."

The estimate of more than 1 million protesters nationwide was made by police; organizers said nearly three times that number of people participated.

During the afternoon, riot officers and volunteer union guards skirmished with dozens of youths in Paris who vandalized vehicles, smashed the windows of a supermarket and a cafe and roughed up protesters, stealing their cellphones, cameras and purses.

Police arrested at least 488 people in Paris and about 300 others elsewhere in connection with the protests. Authorities blamed some of the violence on gangs from outlying slums that have disrupted several recent protests, raising fears of a resurgence of the riots of last November by mostly Muslim residents of the housing projects.

As night fell and the march ended in the Place de la Republique, police used water cannons and tear gas to disperse protesters and others who refused to disband. Assailants threw bottles, stones and other objects at police, injuring one officer, who was hit in the face by a bottle rocket, authorities said. Eight other officers and 46 demonstrators were injured around the country.

Earlier, De Villepin had presided over unruly debate in the National Assembly. Legislators of the center-left opposition accused him of stoking social conflict. In response, the prime minister criticized labor representatives for refusing to negotiate two controversial details of the law: a two-year probation period for workers younger than 26 and the right of employers to dismiss those young employees without cause during that period.

"I am ready to engage in dialogue and modify the contract on two points," De Villepin declared over shouts and jeers of legislators. "They have refused my outstretched hand. I renew this offer here in front of all of you."

Union leaders rejected De Villepin's invitation to meet today and demanded that he accept talks about scuttling the law, which still has to be approved by a constitutional council and President Jacques Chirac.

De Villepin has refused to withdraw the measure, but has said he is willing to discuss reducing the probationary period and requiring employers to explain the grounds for dismissal.

The high-stakes dispute could decide the future of De Villepin's increasingly divided government and affect his chances of running for president next year.

An eloquent and mercurial technocrat, De Villepin, 52, has never run for office. He was appointed by Chirac, his mentor, last year.

De Villepin proposed the disputed labor law in response to last year's riots, which were blamed partly on France's youth unemployment rate, the highest in Western Europe. He used a special procedure to push it through the assembly without debate.

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De Villepin has gambled that voters will agree that a system of extensive job security benefits has helped create a cadre of the hard-core unemployed, and must be curtailed. But he risks a popular backlash that has toppled previous leaders who tried to reform social welfare programs. In a nation that last year suffered its worst urban unrest in decades, the combination of street protests and lingering tension in the slums has caused deep concern. It also has aggravated De Villepin's intraparty feud with Interior Minister Nicolas Sarkozy, a longtime rival and fellow presidential contender.

Sarkozy, who leads the ruling center-right coalition, appeared to distance himself from De Villepin on Tuesday. He told coalition members that the government should hold off on implementing the law in order to advance negotiations, according to press reports.

De Villepin and Sarkozy are likely to be more concerned about their center-right voting base than with the demonstrators, mostly leftists unlikely to vote for either man. But polls show that more than half of voters disapprove of the labor law. And the Chirac government has been weakened by internal strife and a string of setbacks, including the riots and the defeat of the proposed European Union constitution in a national referendum last year.

Some protesters demanded that the government step down.

"Villepin resign!" chanted Eloi, a student wearing a scooter helmet. He pounded a drum in the Place de l'Italie in southeastern Paris, where rock music blared from speakers and the smell of hamburgers and sausages wafted from stands set up for the event.

"I hope this demonstration brings about the withdrawal of the law," said Eloi, 19, who said he was a music student at the University of Vincennes-Saint Denis and declined to give his last name. "I hope it gets people talking to each other about globalization so they realize that's the real problem."

Labor leaders have warned of more strikes, including a possible general strike. Student leaders have threatened protests such as blocking roads and rail lines in the coming days.

Protests In France Over Youth Labor Law Turn Violent (NYT)

By Elaine Sciolino And Craig S. Smith

The New York Times, March 29, 2006

PARIS, March 28 — France was racked by strikes and demonstrations that turned violent on Tuesday, the latest act in a nationwide political and social drama aimed at forcing the government to rescind a new youth labor law.

A 36-hour strike, which began Monday night, set the stage for demonstrations in more than 250 towns and cities across the country that brought more than a million people into the streets, according to the police. Some of the labor unions put the figure much higher — at close to three million.

The worst violence occurred in the heart of Paris, as the demonstrations were winding down and groups of youths confronted the riot police. One police officer was reported seriously injured when a large firecracker thrown by protesters exploded in his face. The police eventually turned to tear gas and water cannons to clear the protesters away.

The turnout was the largest since protests against the new law began last month, gradually backing Prime Minister Dominique de Villepin into a corner. France's students and unions are demanding that he rescind the law, which he pushed through Parliament without consulting the public.

The law is intended to encourage the hiring of people under 26 by allowing employers to dismiss them without cause within two years. "It's historic," Bernard Thibault, the leader of the Confédération Générale du Travail, a giant left-wing labor federation, said of the turnout. He added, "For us there is just one outcome, and that is withdrawal of this reform."

The strikes that formed the backdrop to the protests disrupted aspects of daily life from transportation to services. Many of the country's universities, schools, post offices, banks, government offices, shops and unemployment bureaus were closed or at least worked more slowly than usual.

The Eiffel Tower was closed. French newspapers were printed but not distributed. Mail was not delivered. The state-run all-news radio station, France Info, broadcast only music. The Paris National Opera even canceled its ballet performances on Tuesday evening.

Still, it was a strike of half-measures. In Paris, 70 percent of the subways and buses were running normally. So were two-thirds of the high-speed TGV trains and half the other train services throughout the country. A third of the flights from French airports were canceled, but most were domestic routes.

Strikes and demonstrations are part of the fabric of French society. But this protest movement, which began three weeks ago, has been crucial for two reasons. The political stakes are high; Mr. de Villepin's presidential hopes hang in the balance, as do the current government's ability to make serious changes to a social welfare system that the country cannot afford.

Then there is also the fear that violence on the margins of the protests could get worse and reignite the nightly ritual of riots, arson and vandalism that gripped the country's suburbs for several weeks last fall.

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"I'm afraid that if this continues, the kids from the suburbs will descend on Paris," said José Rodríguez, 37, on the fringes of the demonstration. "I'm afraid of the violence."

In Paris, the police deployed 4,000 officers to maintain order. There were reports of trouble in a number of other cities, including Rennes, Nantes, La Rochelle, Grenoble and Bordeaux. By early evening, more than 380 people had been arrested throughout the country.

Even before the protest started, a group of youths threw rocks at the police in the Paris suburb of Savigny-sur-Orge. Police officers dispersed them with tear gas and made a number of arrests. In another incident near the protest route, about 100 people, known as casseurs, or smashers, in French, broke the windows of a cafe.

On one Métro line in central Paris, someone pulled the emergency brake on a train after a fight broke out between groups of youths, trapping passengers in the darkened tunnel for five minutes.

The protest march itself was largely peaceful until it reached the Place de la République, where the violence began with brawls between rival groups of young French-Africans, many of them from the troubled suburbs. The violence quickly shifted to skirmishes between police officers and bands of young casseurs.

Youths harassed the police by throwing sticks, rocks and bottles, while the police periodically charged the most violent groups to snatch one or two people for arrest. One shop window was broken along the broad square and the police quickly converged to protect the store from looting.

The police were restrained in controlling the violence, spraying tear gas from aerosol cans to keep protesters at bay and firing paint balls to identify people for possible arrest later on.

Still, a number of young people did suffer blows, both by the police and by other young people. One young woman was knocked down and kicked severely by a small group of young men. The police rescued one journalist as he was being beaten up and also intervened after a band of youths stole cameras and cellphones from marchers. Ambulances took several of the injured away.

As the evening wore on and tempers frayed, the skirmishes grew more violent until the police used water cannons and tear gas canisters to disperse the crowds. With only a few dozen protesters remaining, the French interior minister, Nicolas Sarkozy, arrived with television cameras in tow to thank the police for their restraint and professionalism.

"I came to congratulate the police for changing their methods," he said, apparently referring to the fires and vandalism that followed a student march last Thursday and to the beating suffered by a union worker taking part in a protest earlier this month. Witnesses said police officers delivered that beating, which left the man in a coma. An investigation is under way.

The presidential election is 13 months away, and politicians from the right and left are using the crisis for political advantage.

In a passionate speech tinged with anger before the National Assembly across town, Mr. de Villepin, a political rival of Mr. Sarkozy, vowed never to give in to demands that he rescind the law, although he repeated his offer to open talks on ways to change it.

"What I do not approve of is to just stand with crossed arms in the face of unemployment and to focus on the past, while my compatriots look towards the future," said Mr. de Villepin, his voice so loud that he was shouting at times.

When opposition deputies tried to shout him down with cries of "Stop!" and "Sit down!" Mr. de Villepin accused his detractors of inaction, saying that when the Socialists were in power, they never addressed the problem.

Earlier in the day, Mr. de Villepin met with lawmakers from the governing party, the Union for a Popular Movement, including Mr. Sarkozy, the party's leader.

In a break with the prime minister, Mr. Sarkozy proposed a delay in carrying out the new youth labor law, which was supported by other lawmakers, according to Bernard Accoyer, who heads the party's bloc in the National Assembly.

President Jacques Chirac, who played host to the king and queen of Spain for lunch on Tuesday, and has kept his distance from the crisis, canceled appointments outside Paris for the rest of the week to stay at Élysée Palace and monitor developments.

The strikes on Tuesday may be only the first of other work disruptions if the government refuses to back down.

Certainly, the image of France abroad already has been damaged. "We are currently in a situation of blockage," Léon Bertrand, the French tourism minister, said in an interview. "This time, it's in the heart of Paris. That's the problem."

The ministry was forced to spend $1.2 million to repair the country's image as a safe destination after the riots last fall. In a letter last week to Mr. de Villepin, Bertrand Delanoë, the Socialist mayor of Paris who is running for re-election, asked for compensation for Paris businesses that had suffered revenue losses since the protests began.

On Sunday, the defense minister, Michèle Alliot-Marie, blamed the English-language press for being anti-French. "We have to get out of this situation," she told French journalists. "This is bad for France, its economy. People who don't like us, particularly the Anglo-Saxon newspapers, are using this to denigrate our image."

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Well Exercised And Supple, French Unions Flex Muscles (NYT)

By Craig S. Smith

The New York Times, March 29, 2006

PARIS, March 28 — Armed with hot dogs and baguettes, balloons, buttons, banners and, of course, gallons of red wine, France's major trade unions set out Tuesday to change the law, or to bring down a prime minister trying.

Responding to their rallying cry, more than a million people showed up in the streets, marching in the familiar protest parades that the unions sponsor from time to time. In Paris, the slow-moving street fair stretched for miles.

"The unions haven't been this united in 20 years," said Jean-Claude Mailly, general secretary of Force Ouvrière, as he prepared for the protests that are meant to force Prime Minister Dominique de Villepin to withdraw a contested law giving employers the right to fire recently hired young workers without cause.

Despite one of the lowest rates of unionization — only about 8 percent of the French work force are members — the unions have enormous leverage over the government. They play a unique organizational role in France's hierarchical society, rallying the populace accustomed to a confrontational relationship with leaders considered elitist. Spark-plug unions, some people call them.

Their mobilizations have killed efforts to change France's costly, rigid social welfare system before, and have hastened the end of the careers of politicians who got in the way.

But the unions, too, have their own troubles, rent by internal political and ideological battles that have cost them membership. The French have also been losing faith in the unions' ability to stop unpopular government programs after they failed to defeat painful pension reforms three years ago. The current protests and strikes present the unions with an opportunity to recover their reputation as the protectors of workers' rights.

In 1995, the last time France's unions were so united, they forced the withdrawal of a plan to trim pensions and curb health care costs, and were widely credited with causing the conservatives to lose elections two years later that left President Jacques Chirac in an awkward power-sharing arrangement with a Socialist prime minister, Lionel Jospin.

French trade unions got their start in the late 1800's, about the same time as in the United States. The country's first syndicate, the Confédération Générale du Travail, was formed in 1895, not long after Samuel Gompers organized the American Federation of Labor. But the arc of the two countries' labor movements diverged after World War II.

"American politics veered right while French politics veered left," said Gerald Friedman, an economist and author of "State-Making and Labor Movements: France and the United States, 1876-1914."

The French far right was discredited by its Nazi collaboration during the war, and the Communist Party emerged as a powerful force. It was able to put the right to strike into the French Constitution.

That clause makes all the difference: if workers strike in the United States, they risk losing their jobs, but strikers in France do not fear for their jobs, regardless of whether they are union members.

From the beginning, French unions have mobilized people to put pressure on the government instead of simply pressing employers. They have found a willing populace, thanks perhaps to the romantic legacy of the French Revolution.

Because French union organizers do not need the support of a majority of workers at an enterprise to form a union, a small minority of a company's workers can call a strike. When they do, many people take the day off regardless of whether they are union members. All they lose is a day's pay.

But most important, French unions have continued to play a leading role far beyond wage negotiations, fighting to shape a sort of workers' paradise and amassing entitlements for the broader population along the way. It is primarily because of the strength of the unions that all workers enjoy a minimum of five weeks of vacation, affordable health care and a 35-hour week.

"The unions are the origin of the great social conquests, the great entitlements enjoyed by France," said André Narritsens, a historian for the C.G.T., France's largest union.

That progress has won the unions a measure of popular support far larger than that enjoyed by American unions. Many people in the United States take a jaundiced view of strikes because union members are relatively better off than many private-sector employees. But French polls consistently show strong public support for striking workers, despite the havoc they may cause.

And with strong ideological foundations, French unions have not become associated with organized crime, as has happened with some unions in the United States.

The Basque Spring (NYT)

By Bernardo Atxaga

The New York Times, March 29, 2006

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Zalduondo, Spain

THE story that began when a group of university students founded Basque Homeland and Liberty, the organization known as ETA, has finally come to an end with its announcement last week of a permanent cease-fire. If a satellite could detect surges of relief and happiness rather than clouds or storm systems, then the entire southwestern part of Europe would appear on every television screen, and the weatherman of the hour would describe "a sudden reduction in the force of gravity in the region of the Pyrenees," along with breezes and winds that can cure any melancholy.

"These are uncommon phenomena," the weatherman would add, and he would certainly be right. Happiness is always rare, and even more so for the Basques, with 40 years of political violence behind us.

An old proverb has it that "if the thorn doesn't scratch when it first emerges, it will never scratch." The opposite can be said of the organization those students founded: it scratched from the beginning. Already in the early 1960's, its leaders spoke of the need for active resistance against Spain's dictator, Francisco Franco, "son of Adolf and Benito."

They defined, in passing, what they meant by the word "gogortasuna," or toughness: "It means sabotage, guerrilla warfare, frequent strikes, attacks against electrical plants. That is the path we must follow, that is the path of all peoples of the world, the path of liberty." The old-fashioned nationalists who'd taken the losing side in the Spanish Civil War were out of the game as those prepared to sacrifice themselves for Euskadi — the Basque homeland — took their stand.

For several years that attitude seemed little more than swagger, since "active resistance" amounted to some graffiti and the burning of a few Spanish flags. But then, on June 7, 1968, a 23-year-old named Xabier Etxebarrieta shot and killed an officer from the Guardia Civil, Spain's military police force, who'd asked him for his identification card. Hours later, a Guardia Civil patrol ended that young militant's life.

On that particular day, some bricklayers were working on our house. One of them turned to my father and asked, "Zer gertatuko da orain?" or, "What's going to happen now?" He suspected that the event had something to do with politics, and that it would affect us all.

The dead Guardia Civil officer, José Pardines, was buried in his native Galicia after a discreet funeral. As for Xabier Etxebarrieta, he was transformed into "the first martyr of the revolution." Pamphlets distributed during the days after his death waxed eloquent about his decision to abandon a promising career as an economist in order to be "closer to the People," comparing him to Che Guevara.

What was more, they promised revenge: "As of this moment we issue a warning. For us, Txabi Etxebarrieta is worth much more than all the members of the Guardia Civil put together. They have robbed us of him and for that they will be made to pay." The pamphlets were followed by poems and songs, and the image of Etxebarrieta — a skinny kid with nerdy glasses — became as ubiquitous as a popular singer's.

Forty years later, we need no special satellite to see the underside of that heroic posturing. Now our attention is fixed on the savage attacks the ETA perpetrated at the end of the 1980's — like the one in the Hipercor supermarket in Barcelona (21 dead) or the one at the Guardia Civil barracks in Zaragoza (11 dead, among them five little girls).

But back at the beginning, almost everyone accepted a vision of ETA as a band of young idealists prepared to risk their lives to defend a homeland and a language that since the bombardment of Guernica had been victimized by Franco. When, two months after Etxebarrieta's death, another of those young idealists assassinated a police inspector, Melitón Manzanas, the Spanish left publicly celebrated, saying that a "torturer of Communists, Catholics and many other people" had passed on to a better world.

Though we forget this, or don't want to accept it, a great many political nightmares begin as a dream, a shared notion of utopia. That's what happened with the Basques.

Now, after the cease-fire, no satellite can send us a map of the future, but everyone wants to be a weatherman or a prophet. Some lovers of metaphor speak of Pandora's box and foresee great hatreds let loose. Others believe that pessimism is a sign of intelligence, and they recommend taking ETA's communiqué with many grains of salt. At the opposite extreme are those who call for a reconciliation, right this minute, between the country's two "sensibilities" — Basque nationalism and Spanish nationalism — starting with the creation of a monument that would record, together, the names of all the victims, those killed by ETA alongside ETA members killed by the police.

There are other positions, as well. Many other positions. But still and all, through the clamor of opinion, the feeling of happiness, of lightness, doesn't go away.

From my window I can see some bricklayers working on the facade of the house next door. They're talking boisterously, jumping from one scaffold to the next; they've got the radio turned up full volume. Their mood is nothing at all like that of the bricklayer who, in 1968, asked my father, "What's going to happen now?"

The Scandal Of 'Poor People's Diseases' (NYT)

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By Tina Rosenberg

The New York Times, March 29, 2006

It's hard to imagine how a Rwandan woman with AIDS might be considered lucky, but in a way, she is. Effective drugs exist to treat her disease, and their price has dropped by more than 98 percent in the last six years. Research speeds ahead on treatments and vaccines. Although much more needs to be done, the world takes AIDS seriously: rich countries provide money, drug companies have lowered their prices and accepted generic competition, and poor countries like Rwanda are scrambling to provide free treatment to all who need it. None of this is true for people who suffer from malaria, tuberculosis, or a host of other diseases that citizens of rich countries haven't even heard of – like kala azar, sleeping sickness and Chagas disease. Even children with AIDS are out of luck compared to their parents.

All these diseases have been abandoned in some important way. For some, no good treatments exist and there is little attempt to invent them. For others, effective drugs exist, but aren't being made. Or those drugs are so expensive that poor people and poor countries have no hope of buying them. Most of these diseases are easily preventable and completely curable. Saving the lives of their sufferers is much cheaper and easier than treating AIDS. Yet millions of people die of them. Why the difference?

As fatal illnesses go, AIDS is the best one for a poor person to catch because rich people get it, too. The other diseases might as well hang out a sign: "Poor People Only." They offer researchers no profitable market. They have little political constituency. There is no well-connected group of sufferers who stage protests and lobby pharmaceutical companies and Congress to develop better medicines or make existing ones more available. The response to disease is political: the illnesses of invisible people usually stay invisible.

Five years ago, that would have been the end of the story. Today, however, for the best known of these diseases – malaria and tuberculosis – the bleak outlook is starting to change. They are slowly beginning to get the attention, money and research merited by the world's top killers.

People with AIDS all over the world are fortunate to have fellow sufferers in America and Europe. They are even more fortunate that many are middle-class gay men. These men have lots of education, leisure time and income (and usually no kids to spend it on). They are predominantly urban, well-connected and ultra-sophisticated. Their buying power provided pharmaceutical companies with a lucrative market for AIDS drugs. And they lobby. Groups such as ACT UP, which began in the 1980's fighting for the rights of their own members, are now savvy advocates for that woman in rural Rwanda. In poor countries as well, it helps that AIDS strikes all social classes. Brazil would never have become the first poor country to guarantee free AIDS treatment to all who need it without the activism of its many homosexual organizations. For every AIDS victim, though, there are many more suffering from diseases that lack this kind of constituency. Today, contracting a serious disease that affects only poor people is the worst luck of all.

I. How a Beauty Regime Salvaged a Cure for Sleeping Sickness

The story of sleeping sickness is a scandalous illustration of the politics of neglected diseases — and of how much wealthy people drive the global medical market. After malaria, sleeping sickness is the most deadly parasitic disease. It is endemic in 36 African countries and is always fatal if it is not treated. The cure used in most places is melarsoprol – an arsenic-based drug so toxic that it collapses each vein into which it is injected and kills between two and eight percent of those who take it. There is another cure, eflornithine, so effective that it is called the "resurrection drug" – it makes people in comas get up and walk.

Eflornithine is an old anticancer drug that turned out to be not very effective against cancer. In the mid-1990's, the company that made the drug stopped making it. The fact that it was extraordinarily effective at treating sleeping sickness didn't matter, because victims of that disease had little money to pay for it. After it stopped production, the company, which is now known as Sanofi-Aventis, licensed the drug to the World Health Organization, which together with the medical charity Doctors Without Borders, searched for another manufacturer. But by 2000, the existing stocks of eflornithine were dwindling and no other manufacturer was interested.It looked as though the miracle cure would disappear. Then lightening struck. Eflornithine reappeared in a six-page ad in Cosmopolitan magazine as the active ingredient in the Bristol- Myers Squibb product, Vaniqa, a new cream that impedes the growth of women's facial hair. Doctors Without Borders, which had just won the Nobel Peace Prize and was launching an initiative to find cures for neglected diseases, seized the opportunity to launch a publicity campaign. Christiane Amanpour went to southern Sudan to report on eflornithine for "60 Minutes."

The predecessor to Sanofi-Aventis, which still controlled the rights to the drug, eventually agreed to donate a five-year supply, plus money for research, surveillance and training of health care workers, in a package totaling $25 million. The donation runs out this year, but there is a good chance it will be renewed. A Bristol-Myers Squibb spokesman inadvertently summed up the plight of sleeping sickness in 2001: "Before Vaniqa came on the scene, there was no reason to make eflornithine at all. Now there's a reason." The market agrees with him. Saving American complexions is a reason. Saving African lives, apparently, is not.

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II. Why the Youngest AIDS Victims Suffer Most

AIDS in adults is a global focus of concern. AIDS in children, however, has been ignored.

Last year, 570,000 children died of the disease in poor countries, and 700,000 children became infected with H.I.V. Children should not be getting H.I.V. in the first place. Most of them acquire the virus in the womb, at birth or through breastfeeding. Infection is easily preventable with a drug that costs about a dollar per treatment. In many countries, the drug's producer, Boehringer-Ingelheim, provides it for free. It should be used everywhere in the world. But it is not. When children do become infected with H.I.V., there should be a good antiretroviral treatment for them, as there is with adults. But there isn't. Only about 40,000 children worldwide receive lifesaving antiretroviral drugs to combat AIDS. Children's antiretrovirals are expensive. Even in generic form, they cost three or four times the price of adult drugs. The syrups for young children taste terrible. The cheapest option for older children is to take the generic adult pills, broken by a caregiver into halves or thirds. But this poses a risk of underdosing or overdosing, as a half a pill doesn't necessary contain half its active ingredient.

Since most children with AIDS got the disease from their mothers, most sick kids are being raised by a grandmother or raising themselves. This makes having child-friendly medications even more crucial. One of the most important reasons the AIDS treatment revolution has bypassed kids is that pediatric AIDS is now almost exclusively a third-world disease. Virtually all pregnant women in Europe and North America get AIDS tests. Those who are H.I.V.-positive are either given antiretroviral therapy or a drug to cut mother-to-child transmission of the virus. In 1990, 321 infants were born with H.I.V. in New York City. In 2003, only five were. This is wonderful news for wealthy countries. But it has a deadly side effect: it means there is no more paying market for pediatric AIDS medicines, and no lobbying by those whose children have gotten sick. One result is a dearth of affordable child-friendly drugs. Former President Bill Clinton's foundation has negotiated cheaper prices for generic pediatric AIDS medicines from Cipla, an Indian manufacturer, but this only covers a few drugs.

The disappearance of pediatric AIDS from rich countries harms African children in more subtle ways as well. AIDS doctors and nurses in poor nations need clinical training in how to treat small patients whose doses must change as they grow. But there are few doctors with experience treating pediatric AIDS – they come from places that either don't have the problem, or that don't have the solution. Not much research exists about the long-term effects of antiretroviral drugs on kids. There has been little push to improve diagnostic tests or bring down their price – a serious problem, because the most widely used tests do not work in children under 18 months old.

III. Why One Million Africans a Year Die of Malaria

Malaria used to be common as far north as Canada and Britain. It killed Oliver Cromwell. Shakespeare refers to it, as "ague," in eight of his plays. But today, many Americans don't even realize it is still around. Malaria is all but invisible despite the fact that it is one of the world's top killers, with over a million victims a year in Africa alone. It is the leading cause of death for children under five in Africa. Because rural children don't lobby, malaria is ignored even in Africa. Governments have come to accept a million child deaths as the natural order of things.

Malaria's victims suffer from their invisibility. One way is through lack of money to fight the disease. International organizations and aid agencies talk a lot about malaria. But they have not backed their talk with money. The solutions they push have been things poor people can buy for themselves, because most donors are unwilling to finance more effective measures. All over Africa, a main cure for malaria is chloroquine. The great advantage of chloroquine is that it costs only a few pennies, so even poor African families can buy it. It just has one small problem – in most places it doesn't work. The parasite has become resistant to it. There is a new, effective cure, called artemisinin-based combination therapy. Countries should be switching to it rapidly, but they are not, because it's much more expensive – around $1.40 for an adult cure, 40 cents for a child. That doesn't seem like much to save a life, but it's more than most malaria-stricken families can afford. That means rich-country donors would have to pay. Until recently, they haven't.

Now the United Nations' Global Fund to Fight AIDS, Tuberculosis and Malaria is starting to help countries switch to a malaria cure that actually works. Wealthy nations are also eager to help prevent the spread of malaria – as long as it doesn't cost much. The hot prevention tool today is an insecticide-treated net to hang over a bed. These bed nets are very effective, if people can get them. But people can't, because donors don't want to give them away. Even at the subsidized price of three dollars, the cost is high enough so that people living on a dollar a day do not buy them. One survey asked rural Africans what they would buy if they had the money. A bed net was sixth on the list. The first three items were a radio, a bicycle and, heartbreakingly, a plastic bucket.

Bed net sale programs generally do not work. In contrast, the country of Togo in 2004 gave away bed nets during its national measles vaccination days. Everyone who brought a child to be inoculated got a free bed net, or a voucher for one. Virtually overnight, Togo acquired an effective form of malaria prevention for most of its young children. But this is a solution many donors seem unwilling to finance.

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The United States, of course, didn't beat malaria with bed nets. It killed mosquitoes with insecticide – something that African nations also did with much success half a century ago. Today, South Africa and Mozambique have drastically reduced malaria cases with a program to spray the insides of houses with small amounts of insecticide once or twice a year. Why don't other nations do this? Because it requires government financing, and that means rich countries have to pay. So far, they remain reluctant.

The truth is that many malaria victims would be better off if America still had the disease. If malaria still existed in America, we would be attacking it with DDT . In fact, we did exactly that. America sprayed DDT in large quantities on crops and cities. This was extremely irresponsible and did terrible environmental harm. But now we know that DDT can beat malaria without environmental damage, if it is used as it is in South Africa, sprayed in tiny amounts inside houses. DDT, however, is banned in the United States and Europe. That means that Washington has not, until the last few months, financed its use anywhere else and it has blocked the World Health Organization from issuing recommendations to use DDT. American officials maintained it was hypocritical to push an insecticide overseas that is banned at home. Americans are beginning to realize, however, that it is more hypocritical to deny Africa the ability to use responsibly the tools we used irresponsibly to beat malaria. Last year, President Bush announced a new program to fight malaria in Africa that he says will provide an additional $1.2 billion over the next five years. Such promises have a way of drying up, especially when they concern programs with little political constituency. But the program is well-conceived. It will give away bed nets, buy malaria drugs that work and finance indoor spraying. Eight countries in Africa are due to start spraying this year, and three will use DDT as their primary insecticide.

IV. Tuberculosis, Another Overlooked Killer

To many, tuberculosis is a disease of the past, reminiscent of Keats, the Bronte sisters, and a time when it was it was a death sentence all over the world. But it is only the cure that is outdated.

The current cure for TB involves taking a six- to nine-month course of four drugs, the newest of which is 40 years old. The currently used – and not very effective – TB vaccine was invented 80 years ago. The most commonly used diagnostic method is hit-or-miss, and it doesn't work at all on people with AIDS. Until very recently, there was no research designed to solve any of these problems. But while the treatment of TB remains mired in the past, TB is, unfortunately, a disease of the future. Once thought to be disappearing, it has roared back, propelled by AIDS. In sub-Saharan Africa, TB cases are rising at six percent a year. One third of the world lives with the TB bacillus in latent form. When AIDS degrades a person's immune system, it activates TB, which has now become the number one AIDS-related killer. In some parts of Africa, 75 percent of people with AIDS also have TB. And they tend to be the poorest. Sons of presidents get AIDS, too, but they are unlikely to get tuberculosis. That has helped keep the disease invisible even as the numbers soar.

Five years ago, however, something happened. With financing from the Bill and Melinda Gates Foundation, researchers and public health officials created the TB Alliance. It scours universities and corporations for compounds – both existing drugs and brand new ideas – that might have promise against TB. It negotiates rights to these substances, then raises money to develop and test them, and to obtain regulatory approval – the things no drug company is interested in doing. A companion organization is doing the same for TB vaccines, and another one is taking on TB diagnostic tests. As a result, a drug pipeline that once held nothing now has several promising compounds in clinical trials that might allow a faster, less toxic TB cure.

The story of poor people's diseases has not been a happy one, but things are finally beginning to look up. From 1975 to 1999, only 13 new drugs for neglected diseases were invented. Since 2000, however, 63 new compounds have been put into development, including 18 that are in clinical trials. Most of these new compounds are being managed by groups like the TB Alliance, which go by the unwieldy name of public-private partnerships. These groups — including the Medicines for Malaria Venture , the Malaria Vaccine Initiative , and the International AIDS Vaccine Initiative — are starting to bring real hope to the problem of third world diseases. One World Health is a nonprofit pharmaceutical company that is trying to find cures for illnesses like diarrhea and Chagas disease. Its first product, a cure for a deadly tropical parasite called visceral leishmaniasis, which infects 500,000 people a year, is about to be submitted to India's drug regulatory agency for approval. Doctors Without Borders has its own organization, the Drugs for Neglected Diseases Initiative. The big pharmaceutical companies are also starting to pay more attention. Novartis, AstraZeneca and GlaxoSmithKline have established research labs dedicated to tropical diseases, and many of the largest drug companies are donating medicines. Several companies have programs to work on diseases in specific African countries.

One reason for the surge of interest is AIDS itself. Although many researchers who work on malaria and TB resent the fact that AIDS has hogged most of the attention and financing, the disease has awakened world interest in Africa and poor-country diseases. The pharmaceutical industry has also learned an important lesson with AIDS. Its efforts to maintain high prices and keep out cheap generic drugs – even from poor countries that would not be able to buy brand name medicines – led to worldwide notoriety, and even public comparisons with the tobacco companies. The industry has not reformed. The companies have successfully pushed Washington to negotiate clauses in free trade deals that will make it harder for some of the world's

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most miserable countries to get generic drugs. But they have begun programs of research and donations of drugs for neglected diseases in part as a way to burnish their image.

The AIDS pandemic has also given birth to the United Nations' Global Fund to Fight AIDS, Tuberculosis and Malaria, which has become a remarkably efficient ongoing source of money, although one hobbled by wealthy governments' stinginess. The partnerships and the pharmaceutical companies can now be assured that someone with money will buy a new AIDS, TB or malaria drug. They may not make a profit, but they won't take a loss. The other reason for the sudden visibility of poor-country diseases is the establishment of the Gates Foundation, which has $5.8 billion in active global health grants at the moment. There is probably not a single major organization working on any kind of vaccine, diagnostic tool, cure or treatment for any poor country disease that does not get much or most of its financing from the Gates Foundation.

When he began his philanthropy in 1994, Bill Gates was looking to locate and fix market failures and get a lot of results for the buck. He certainly has done that. But how many people have died unnecessarily if one person – albeit one very rich person – can stimulate so much progress in reversing a planet's worth of neglect?

A Dangerous Deal With India (WP)

By Jimmy Carter

The Washington Post, March 29, 2006

During the past five years the United States has abandoned many of the nuclear arms control agreements negotiated since the administration of Dwight Eisenhower. This change in policies has sent uncertain signals to other countries, including North Korea and Iran, and may encourage technologically capable nations to choose the nuclear option. The proposed nuclear deal with India is just one more step in opening a Pandora's box of nuclear proliferation.

The only substantive commitment among nuclear-weapon states and others is the 1970 Non-Proliferation Treaty (NPT), accepted by the five original nuclear powers and 182 other nations. Its key objective is "to prevent the spread of nuclear weapons and weapons technology . . . and to further the goal of achieving nuclear disarmament." At the five-year U.N. review conference in 2005, only Israel, North Korea, India and Pakistan were not participating -- three with proven arsenals.

Our government has abandoned the Anti-Ballistic Missile Treaty and spent more than $80 billion on a doubtful effort to intercept and destroy incoming intercontinental missiles, with annual costs of about $9 billion. We have also forgone compliance with the previously binding limitation on testing nuclear weapons and developing new ones, with announced plans for earth-penetrating "bunker busters," some secret new "small" bombs, and a move toward deployment of destructive weapons in space. Another long-standing policy has been publicly reversed by our threatening first use of nuclear weapons against non-nuclear states. These decisions have aroused negative responses from NPT signatories, including China, Russia and even our nuclear allies, whose competitive alternative is to upgrade their own capabilities without regard to arms control agreements.

Last year former defense secretary Robert McNamara summed up his concerns in Foreign Policy magazine: "I would characterize current U.S. nuclear weapons policy as immoral, illegal, militarily unnecessary, and dreadfully dangerous."

It must be remembered that there are no detectable efforts being made to seek confirmed reductions of almost 30,000 nuclear weapons worldwide, of which the United States possesses about 12,000, Russia 16,000, China 400, France 350, Israel 200, Britain 185, India and Pakistan 40 each -- and North Korea has sufficient enriched nuclear fuel for a half-dozen. A global holocaust is just as possible now, through mistakes or misjudgments, as it was during the depths of the Cold War.

Knowing for more than three decades of Indian leaders' nuclear ambitions, I and all other presidents included them in a consistent policy: no sales of civilian nuclear technology or uncontrolled fuel to any country that refused to sign the NPT.

There was some fanfare in announcing that India plans to import eight nuclear reactors by 2012, and that U.S. companies might win two of those reactor contracts, but this is a minuscule benefit compared with the potential costs. India may be a special case, but reasonable restraints are necessary. The five original nuclear powers have all stopped producing fissile material for weapons, and India should make the same pledge to cap its stockpile of nuclear bomb ingredients. Instead, the proposal for India would allow enough fissile material for as many as 50 weapons a year, far exceeding what is believed to be its current capacity.

So far India has only rudimentary technology for uranium enrichment or plutonium reprocessing, and Congress should preclude the sale of such technology to India. Former senator Sam Nunn said that the current agreement "certainly does not curb in any way the proliferation of weapons-grade nuclear material." India should also join other nuclear powers in signing the Comprehensive Nuclear Test Ban Treaty.

There is no doubt that condoning avoidance of the NPT encourages the spread of nuclear weaponry. Japan, Brazil, Indonesia, South Africa, Argentina and many other technologically advanced nations have chosen to abide by the NPT to gain access to foreign nuclear technology. Why should they adhere to self-restraint if India rejects the same terms? At the same time, Israel's uncontrolled and unmonitored weapons status entices neighboring leaders in Iran, Syria, Turkey, Saudi Arabia, Egypt

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and other states to seek such armaments, for status or potential use. The world has observed that among the "axis of evil," nonnuclear Iraq was invaded and a perhaps more threatening North Korea has not been attacked.

The global threat of proliferation is real, and the destructive capability of irresponsible nations -- and perhaps even some terrorist groups -- will be enhanced by a lack of leadership among nuclear powers that are not willing to restrain themselves or certain chosen partners. Like it or not, the United States is at the forefront in making these crucial strategic decisions. A world armed with nuclear weapons could be a terrible legacy of the wrong choices.

Former president Carter, a Democrat, is founder of the Carter Center.

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Miller, Charles S

From: Miller, Charles S
Sent: Wednesday, March 29, 2006 11:31 AM
To: Agarwal, Asheesh (CIV); Ames, Andrew; Baxter, Felix (CIV); Branda, Joyce (CIV); Brody, Stephen (CIV); Bucholtz, Jeffrey (CIV); Bukvics, Jennifer (CIV); Claterbos, Barbara (CIV); Cohen, David M. (CIV); Cohn, Jonathan (CIV); Davidson, Jeanne (CIV); Fargo, John (CIV); Fielding, Gabrielle (CIV); Figley, Paul (CIV); Flentje, August (CIV); Frost, Peter (CIV); Garren, Timothy (CIV); Glynn, J.Patrick (CIV); Gorsuch, Neil M; Hertz, Michael (CIV); Hollis, Robert (CIV); Hunt, Jody (CIV); Hussey, Thom (CIV); Jeweler, James (CIV); Katsas, Gregory (CIV); Keisler, Peter D (CIV); Kohn, Chris (CIV); Kopp, Robert (CIV); Letter, Douglas (CIV); Levine, Larry (EOIR); Lindemann, Michael (CIV); Magnuson, Cynthia; McCallum, Robert (SMO); Miller, Charles S; Nichols, Carl (CIV); Nowacki, John; Pyles, Phyllis (CIV); Reyes, Luis (SMO); Riley, Sharon (CIV); Rivera, Jennifer (CIV); Roehrkasse, Brian; Schiffer, Stuart (CIV); Scolinos, Tasia; Seidel, Rebecca; Senger, Jeffrey M; Spellberg, Dianne (CIV); Swenson, Lily F; Thirolf, Eugene; Wilson, Karen L; Zwick, Ken (CIV)
Subject: 3/29/06 Civil Division News

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Editorial:Indian trust difficulties overstated

Legal Times
03-29-2006

Military Tribunal Case Comes Before Skeptical Supreme Court

By Tony Mauro

The Bush administration ran into skepticism from the Supreme Court on Tuesday as justices heard debate over a landmark war powers dispute testing the legal rights of enemy combatants held at Guantanamo Bay, Cuba.

At issue were military tribunals set up by the White House to try suspected terrorists, including Salim Hamdan, said to be the driver for Osama bin Laden, in the wake of the Sept. 11, 2001 attacks. Opponents claim the tribunals are an unlawful exercise of executive branch authority.

Justices seemed especially concerned about a law passed by Congress last year that the administration argues strips the high court of jurisdiction over habeas petitions filed by Guantanamo Bay detainees. The law created a limited appeals process for detainees that, the government says, excludes the Supreme Court -- even in pending cases like Hamdan's, argued Tuesday.

Justice Anthony Kennedy, likely the swing vote in the case *Hamdan v. Rumsfeld*, offered probing questions for both sides but seemed unwilling to accept that habeas petitions could be foreclosed by passage of the law, known as the Detainee Treatment Act.

"The historical function of habeas is to test the legitimacy" of the process that resulted in a prisoner's detention, Kennedy said, challenging Solicitor General Paul Clement. Justice David Souter also appeared irritated with Clement, suggesting that Congress, in passing the Detainee Treatment Act, had effectively suspended the writ of habeas corpus without saying so explicitly. "The writ is the writ," said Souter, with anger in his voice.

Justice Samuel Alito Jr. seemed more sympathetic toward Clement, suggesting in his questions that he thinks it is premature to rule on Hamdan's case until Hamdan is actually tried under the military commission procedures he is challenging.

Hamdan was captured by bounty hunters in Afghanistan in November 2001 and transferred to Guantánamo in June 2002. Thirteen months later, Hamdan was declared eligible to be tried by a military commission created by an order of President George W. Bush in November 2001. The commissions, which exist separately from courts-martial, operate under rules that allow the defendant to be excluded from trial and impose other limits on protections for defendants. Guilty verdicts and sentences are reviewable only by the president.

Hamdan filed a habeas petition in 2004, challenging the commissions as a violation of the Geneva Conventions and asking instead that he be treated as a prisoner of war and tried by a military court-martial.

Judge James Robertson of the U.S. District Court for the District of Columbia ruled for Hamdan. But a panel of the U.S. Court of Appeals for the D.C. Circuit reversed, ruling that the military commissions were authorized by the Uniform Code of Military Justice and by the congressional authorization of military force that was passed after the Sept. 11 attacks. The panel included then-Judge John Roberts Jr., who, now that he is chief justice, has decided to recuse himself in the case.

After the Supreme Court agreed to review the Hamdan case, the dispute took an unusual turn when Congress passed the Detainee Treatment Act. The Bush administration then filed a motion seeking dismissal of Hamdan's case, arguing that the new law applied to his and other pending cases. But lawyers for Hamdan argued that the law is prospective only. The high court added a half-hour to scheduled oral argument time to deal with the threshold jurisdiction issue raised by the law.

As the unusual 90-minute arguments began, Roberts stood up and left as expected, signaling his recusal. Justice Antonin Scalia also stood up, briefly causing a stir because it appeared he too might be recusing. Retired generals who filed a brief on Hamdan's side had requested Scalia's recusal on Monday because of comments he made in Switzerland on March 8 that seemed to signal his views on the legal rights of detainees.

But Scalia soon sat down and participated fully in the case. At times, Scalia appeared to take over Clement's argument, answering points made by Kennedy, Souter, and Justice Stephen Breyer.

"There were moments when Clement seemed to be a bystander," said Deborah Pearlstein of Human Rights First, which filed briefs in support of Hamdan. "Clement had a really tough day." Pearlstein

predicted at least five votes against the government on the jurisdictional issue raised by the Detainee Treatment Act.

If Scalia and Alito line up on the government's side and they are joined only by usual ally Justice Clarence Thomas, that would mean a loss for the administration. Souter, Breyer, and Justice Ruth Bader Ginsburg seemed to be safe votes against the government position, and both Kennedy and Justice John Paul Stevens appeared mostly skeptical of Clement's arguments.

Clement cast the military commission process as nothing new, citing a long history going back to George Washington. "Congress has repeatedly recognized and sanctioned that authority," he said. As is customary for Clement, he spoke with no notes in front of him.

But Clement's invocation of presidential power and congressional approval did not seem to quiet the concerns of justices. Nor did he seem to convince the Court when he argued that the Detainee Treatment Act could validly eliminate Court jurisdiction even for pending cases like Hamdan's. "Just because Congress wasn't clear," Clement said, "doesn't mean the government loses here."

Breyer said accepting Clement's argument would draw the Court into the "horrifically difficult" position of ratifying the elimination of its own jurisdiction.

Hamdan's lead lawyer, Neal Katyal, a professor at Georgetown University Law Center, had planted the seeds of doubt earlier with a forceful presentation that outlined the ways in which the military commissions Bush established in the aftermath of Sept. 11 violated the Geneva Conventions, the laws of war, and the Uniform Code of Military Justice.

The president, Katyal said, was arguing for a parallel system of justice for the detainees "unburdened by laws, treaties, or the Constitution." To ratify the commissions, he added, would be "a blank check for years on end."

The Detainee Treatment Act, Katyal also said, does not amount to an endorsement of Bush's military commissions. "Approval by inference has never been sufficient," he said, in cases involving "the most awesome powers of government."

END

New York Sun
March 29, 2006

Lawyer: Evidence From Wiretaps Won't Be Used in Suit Over Detentions

The government will not seek to use any evidence it may have gleaned from wiretapping in its defense against a lawsuit filed by Muslim men over their detention in the period following September 11, 2001, a Department of Justice trial attorney said in a letter submitted to federal court in Brooklyn.

Lawyer Stephen Handler wrote in the letter filed Monday that he had not reviewed any conversations between the Muslim men and their attorneys. He also pledged that he would not seek to introduce as evidence any attorney client conversation that may have been intercepted.

Mr. Handler refused to say whether he is aware if any such spying occurred. The magistrate judge in the case, Steven Gold, had previously ordered Mr. Handler to disclose whether the trial team and any potential witnesses - who may include a former attorney general, John Ashcroft - were aware of intercepted attorney-client conversations. Although Mr. Handler said in court that he was not aware of any eavesdropping, he has since rescinded that answer. In Monday's letter, Mr. Handler stated that any denial of knowledge of eavesdropping could "itself reveal classified information."

The back and forth between the government and lawyers for the Center for Constitutional Rights, which represents the men, has occurred against the backdrop of a similar line of questioning in Washington. Last Friday, the Department of Justice indicated that attorney-client conversations were not "categorically excluded from interception" under the National Security Agency's warrantless wiretap program, according to news reports of the Department of Justice's written responses to dozens of questions from lawmakers.

At least one legal observer said there was no reason that any government eavesdropping would affect the present litigation in Brooklyn.

"When you talk about the NSA program, it is just assumed that the government is not going to be using it for any courtroom situation," the former deputy assistant U.S. attorney general who established the Justice Department's antiterrorism unit, Victoria Toensing, said. "It is being used for intelligence and matters of national security and protection."

Ms. Toensing added that the Justice Department has traditionally made an effort to keep trial lawyers apart from its surveillance efforts, to prevent knowledge of eavesdropping from tainting courtroom efforts.

The Muslim men whose lawyers suspect to be under surveillance were detained for months after the terrorist attacks of September 11, 2001, before being deported. Some have accused their jailors of cruelty in the lawsuit filed in 2002. None of the men were accused of any terror-related charges. At least three of the men are currently in Toronto with their lawyers for further deposition, a spokesman for the Center for Constitutional Rights said, adding that the center would not comment on Mr. Handler's letter until the judge has responded.

END

AP

March 29, 2006

ACLU: Iraq Prison Photos to Be Released

By LARRY NEUMEISTER

Associated Press Writer

NEW YORK_The federal government has agreed to release disputed pictures showing American soldiers tormenting Iraqi detainees at Abu Ghraib prison, the American Civil Liberties Union said Tuesday.

Erica Pelletreau, a spokeswoman for the ACLU, said the pictures would be released within a week if a federal judge approves the deal.

Judge Alvin K. Hellerstein had ordered the release of the pictures from the infamous Baghdad prison over complaints by government\l "l" lawyers\l "l", who complained that doing so would incite violence against U.S. troops in Iraq and provoke terrorists.

The Department of Defense had appealed that order but planned to drop the appeal, the ACLU said.

Heather Tasker, a spokeswoman for government\l "l" lawyers\l "l" handling the case, had no immediate comment.

The ACLU said the government action seemed prompted by the recent publication of most of the disputed photographs on the Salon.com newsmagazine.

Anthony D. Romero, ACLU executive director, said the civil rights group "will press on with its lawsuit to hold high-level officials accountable for creating policies that resulted in the abuse of detainees."

The judge ordered the pictures released earlier this year, saying terrorists "do not need pretexts for their barbarism" and that suppressing the pictures would amount to submitting to blackmail.

"Our nation does not surrender to blackmail, and fear of blackmail is not a legally sufficient argument to prevent us from performing a statutory command," he said. "Indeed, the freedoms that we champion are as important to our success in Iraq and Afghanistan as the guns and missiles with which our troops are armed."

The 74 photographs were taken by a soldier. Three videotapes also were ordered released. A military policeman who saw the photos turned them over to the Army. Some may be duplicates of photos already seen by the public.

END

CNNMoney.com
March 29, 2006

Did Halliburton overcharge taxpayers? Report by U.S. representative accuses Texas firm of delivering misleading cost reports for $1.2 billion contract to restore Iraq oil fields.

WASHINGTON (Reuters) - Halliburton Co., the world's second-largest oil services company, repeatedly overcharged taxpayers and provided substandard cost reports under a $1.2 billion contract to restore Iraq's southern oil fields, according to a new report by Rep. Henry Waxman.

Waxman, a California Democrat, said Democratic staff members of the House Committee on Government Reform examined a series of previously undisclosed government audits and correspondence that criticized Halliburton's performance under the "Restore Iraqi Oil 2" (RIO2) contract.

The documents, which cover the period from January 2004 to July 2005, painted "an absolutely abysmal picture of Halliburton's RIO2 work" and cited profound systemic problems, misleading and distorted cost reports, he said.

Halliburton (Research), a Texas-based company formerly run by Vice President Dick Cheney, dismissed the committee report as partisan and said it focused on old issues with the two-year contract that have been resolved.

"After two years and from thousands of miles away, it is easy to criticize decisions and actions that were based on urgent mission requirements and severe time constraints," the company said in a statement.

Halliburton, the largest private contractor in Iraq, said the contract went through "countless changes" and review by at least 15 different government contracting officials.

Waxman, who has introduced legislation to limit sole-source contracts in the future, said lawmakers did not know much about what had happened with the contract since July 2005, adding: "From what we can see, major problems remain."

Halliburton said its engineering and construction arm KBR, which is gearing up for an initial public stock offering, had received 30 task orders under the contract to date, for a total current value of nearly $750 million, and work was ongoing.

The Democratic report said that, in addition to the RIO 2 contract, Halliburton was also paid $13.5 billion for providing troop support under a logistics contract with the Army, and $2.4 billion under the original RIO contract to import fuel into Iraq and rebuild Iraq oil infrastructure.

The Pentagon's Project and Contracting Office (PCO) found that Halliburton repeatedly overcharged the government, Waxman said, citing the documents.

PCO put KBR on notice in January 2005 that it could cancel the contract for cause. It lifted the notice six months later, saying KBR demonstrated "adequate" compliance. In January, it exercised one of three one-year options to extend the deal.

In one case, the agency said Halliburton tried to inflate cost estimates by $26 million. In another, it said Halliburton claimed costs for laying concrete pads and footings that the Iraqi Oil Ministry had already installed.

The report said the same agency reported Halliburton was "accruing exorbitant indirect costs at a rapid rate," while the Defense Contract Audit Agency challenged $45 million of $365 million in costs as unreasonable or unsupported.

The PCO also cited "profound systemic problems" with Halliburton's cost reporting and said some documents were stripped of information that would allow tracking of details.

It said Halliburton's work under RIO 2 was 50 percent late and officials refused to cooperate with oversight officials.

Halliburton, run by Cheney from 1995-2000, has been under scrutiny for its contracts in Iraq.

END

Financial Times

March 29, 2006

Ebay in court to defend patent charges

By Chris Nuttall in San Francisco

The state of US patent law will be put on the block again today as eBay, an online auction company, argues before the Supreme Court that it should not suffer an injunction for patent infringement.

Its case echoes that of Research in Motion, maker of the BlackBerry e-mail device, which settled out of court after facing a shutdown of its service in North America this year when a judge threatened an injunction over alleged patent violations.

Ebay was found by lower courts to have infringed two e-commerce patents owned by MercExchange, a small technology company. They concern the “buy it now” feature on its site, which allows users who do not want to take part in an auction to buy an item at a fixed price.

A district court declined to issue an injunction and awarded MercExchange damages instead.

The federal court of appeals overturned this decision and said patent holders had the right to an injunction barring exceptional circumstances.

Technology companies have supported eBay's case before the Supreme Court arguing that patent cases are stifling innovation.

Pharmaceuticals companies have been arguing the opposite. In a brief to the court, they say limiting injunctions and weakening patent laws would drive up the cost of innovation.

MercExchange denies it is a "patent troll" – a company that makes nothing itself but buys up patents with the intention of earning money from those companies it suspects are infringing them.

But eBay is arguing that this is a case of trolling and that injunctions are giving such companies a power that was never intended by lawmakers.

Whatever ruling emerges from the hearing, eBay does not face a shutdown of its website – the company has already redesigned its "buy it now" feature to avoid continuing to infringe the patent.

END

AP

March 29, 2006

NYCLU claims Coast Guard discriminates on religious head covers

NEW YORK_The U.S. Coast Guard is accused in a lawsuit\l "l" of discriminating by requiring anyone seeking a merchant marine license to submit photographs showing no religious head coverings.

The lawsuit\l "l", brought Tuesday by the New York Civil Liberties Union in U.S. District Court in Manhattan, says the Coast Guard began enforcing the regulation after the Sept\l "l". 11\l "l", 2001, terrorist attacks.

The civil rights group brought the claim on behalf of Khalid Hakim, a devout Muslim who has served in the merchant marine while working for private shipping companies since 1973.

Before September 2001, he regularly received licenses after submitting photographs in which he wore his religious hat, called a kufi, the lawsuit\l "l" said. After Sept\l "l". 11\l "l", though, the Coast Guard said he would have to remove the headdress to get a license, it added.

The lack of a license left him unable to work as a merchant marine, the NYCLU said.

Shortly before the lawsuit\l "l" was brought, the Coast Guard without explanation issued a new license to Hakim, the NYCLU said.

The lawsuit seeks unspecified damages and an order requiring the Coast Guard to change its practices.

A government spokeswoman had no comment.

Workers such as Hakim are not members of the military but are required to obtain merchant marine licenses to work on commercial ships that transport cargo in U.S. waters.

END

AP

March 28, 2006, 6:26 PM EST

Judge weighs options in public housing case; He asks about fate of those left in city if others are relocated to suburbs

By Alex Dominguez

The Associated Press

A federal judge seeking a remedy for flawed federal housing policies asked today what happens to those left behind if he agrees with the plaintiffs' plans to move some of the city's poor to wealthier suburbs.

U.S. District Judge Marvin Garbis has ruled that the U.S. Department of Housing and Urban Development violated fair housing laws by failing to take a regional approach in desegregating Baltimore's public housing.

"The question is, are we accomplishing something good when we help some people and inevitably not others?" Garbis asked Ohio State law professor John Powell during the second day of the remedy phase in the housing suit that has lasted more than a decade.

Powell, who studies race and poverty issues, acknowledged society can only "do what we can do," but said the courts can have a positive impact.

"It's clear to me if we leave these families where they are, we will be thwarting the lives of them and their children and their children's children for the next 20, 30, 40 years," Powell said.

The plaintiffs are proposing the construction of 3,000 new low-income housing units and the use of 3,750 vouchers, most of them in suburban neighborhoods with good schools. In addition, they also seeking mobility counseling to help public housing residents find "communities of opportunity."

Government attorneys have said HUD has met or exceeded its legal requirements and the proposed remedy "is plagued with problems and should not be implemented in any form."

Powell said moving residents out of blighted areas could also create opportunities for others to redevelop the impoverished neighborhoods.

"Then you create the possibility for people to come into those areas," Powell said. "So, I think that the court can do a lot. In terms of HUD, I think HUD can do some things itself, but it can also influence other actors."

Attorneys for the federal government asked Powell about the factors used in determining which communities would be chosen, noting that a variety of factors, such as proximity to transit lines, libraries and fire departments, were not used.

Powell said because of time and data constraints, he chose what he felt were the essential factors.

Both sides also asked about conflicting research on whether the public housing residents, who are mostly black, would be willing to move to primarily white communities.

Powell said his research found that safety is the top concern of black residents in areas of concentrated poverty, and race is "fairly low on the list."

Also taking the stand today were a current Baltimore County voucher recipient, an economist, and Michael Sarbanes, executive director of the Baltimore-based Citizens Planning and Housing Association, which studies regional solutions to transportation, housing and drug-treatment problems.

When Garbis asked what role an organization such as the CBHA might play, Sarbanes noted that housing affordability is expected to become an increasingly difficult problem in the future, for the middle class as well as for the poor.

"There needs to be the sort of pointing in the right direction. That is an incredibly important task at this point. It's one of the things potentially could be very hopeful coming out of this case," Sarbanes said.

Sarbanes' testimony followed that of economist Anirban Basu, who spoke on the tightening rental market in the Baltimore region. Despite the tight market, Basu said he felt HUD's negotiating clout could overcome market conditions and provide housing for low-income residents in better communities.

Doreen Brooks moved from the Cherry Hill public housing project in Baltimore to an apartment in Towson in Baltimore County.

"I didn't believe places like that existed," she replied when asked about her new home, recounting run-ins with drug dealers at her previous home. "I love it."

Brooks said she now volunteers at a local hospital and her 21-year-old son goes to college, which he was not considering when they lived in Baltimore. She said she would never move back to Baltimore.

However, during cross-examination by a Department of Justice attorney, Brooks said she was considering moving to Tennessee.

END

Reuters
March 28, 2006

Unions sue Pfizer over Lipitor marketing

CHICAGO - Several labor unions are suing Pfizer Inc. for allegedly marketing its Lipitor cholesterol drug outside approved uses, resulting in the unions making billions of dollars in overpayments for members' prescriptions.

The Welfare Fund of Teamsters Local Union 863 filed its proposed class action suit in U.S. District Court for the District of New Jersey late on Monday. Several other employee health care funds in other states are expected to file similar suits on Tuesday, according to lawyers for the plaintiffs.

The suit accuses Pfizer, the world's biggest pharmaceutical company, of marketing Lipitor for uses outside federal guidelines for treating cholesterol.

Companies are allowed to market drugs only for uses approved by the Food and Drug Administration, although physicians are free to prescribe approved drugs as they see fit.
The suit alleges that Pfizer's marketing recommends Lipitor for patients who don't meet the federal guidelines for cholesterol drug treatment.

Federal guidelines recommend drug therapy based on a patient's cholesterol level, as well as certain other factors, including the presence or probability of developing coronary heart disease.

The suit alleges that Pfizer paid consultants and other third parties to recommend Lipitor outside approved guidelines in pitches to doctors and in medical articles to pump up Lipitor sales.

Lipitor had sales of $12.9 billion in 2005 -- making it the world's biggest selling medicine. Its closest rival generated sales of half as much.

The Teamsters suit is expected to be joined by unions in New York, Illinois, Pennsylvania, Florida, Ohio and Indiana. Pfizer is accused of fraud, and violating of state consumer protection and racketeering laws.

A Pfizer spokesman was not available for comment.

Government prosecutors have been probing off-label marketing by pharmaceutical companies for several years and some of those inquiries are still ongoing.

In 2004, Pfizer settled with the U.S. Justice Department and state attorneys general, agreeing to pay $430 million and plead guilty to criminal charges for illegally marketing the epilepsy drug Neurontin.

Shares of Pfizer fell 29 cents of 1.12 percent to $25.52 in late morning trade on the New York Stock Exchange.

END

The Register-Guard, OR
March 28, 2006

Editorial:Indian trust difficulties overstated

By Ross Swimmer

Editorials about the ongoing Cobell vs. Norton Indian trust litigation that include so many incorrect facts, such as the one that appeared in The Register-Guard on March 17, do no favors to the people of Indian Country. Rather, they perpetuate the already deep mistrust of the Bureau of Indian Affairs staff members at the Department of the Interior who are working to improve the Indian trust for all trust beneficiaries.

To set the record straight: The Cobell litigation has brought a lot of necessary attention to an important issue. Since the passage of the American Indian Trust Fund Management Reform Act of 1994, and the filing of the litigation two years later, the Department of the Interior has made great strides in reforming the Indian trust.

We also have built one of the best archival records centers in the world. Today, we have more than 300 million pages of Indian records stored at the American Indian Records Repository in Kansas, and more boxes are arriving each week. We have a lot of work left to do on a number of issues, but things are entirely different today from how they were 10 years ago.

The Register-Guard's editorial said that the past two administrations have frustrated efforts to resolve this case. If the editors look at public court records, they will understand that this lawsuit is not about mismanagement, or even reparations.

It was filed simply to find out how the funds that came into the trust were disbursed to the beneficiaries, and to provide those beneficiaries with statements of their accounts. Reports to the court, available

online, will show that for a number of years we have been working on this accounting. It is a massive process and simply cannot be done quickly.

Before the Department of the Interior began collecting Indian trust documents from across the nation and working to reconcile accounts, we did not know if - or to what extent - allegations that the Indian trust might have been mishandled were credible. Obviously, we know much more today.

Results from accounting work (done by contractors from the nation's largest accounting firms and studied by a national organization for research at the University of Chicago) are showing that the liability may be in the millions of dollars, not the billions that the plaintiffs claim. Most mistakes - including both overpayments and underpayments - appear to be because of miscalculations in interest payments on trust funds.

The editorial also said the Department of Interior has refused to seriously discuss settlement. In fact, we have made serious attempts to discuss settlement with the plaintiffs' lawyers. The two parties are simply too far apart on a settlement figure.

History, and the federal government, have not been kind to the American Indian. Today, poverty, disease, crime and subpar education exist throughout Indian Country. All of these issues need more attention from the people, Congress and tribal, state and federal governments.

But it is not appropriate to lump the Indian trust situation into those. It turns out that the good people who worked in the Bureau of Indian Affairs - the majority of whom were American Indian - did their best to distribute funds to individual Indian account holders, and did, in good faith, retain records.

I'm proud of all those employees, and proud to work with the Interior staff members who are hard at work improving the Indian trust for today's beneficiaries.

Ross Swimmer, the U.S. Department of the Interior's special trustee for American Indians, was elected to three terms as principal chief of the Cherokee Nation. He served one term as the Interior Department's assistant secretary for Indian affairs.

END

From: USDOJ- Office of Public Affairs
Sent: Wednesday, March 29, 2006 6:40 PM
To: USDOJ- Office of Public Affairs
Subject: AHMED OMAR ABU ALI SENTENCED TO PRISON ON TERRORISM CHARGES

Department of Justice

United States Attorney Chuck Rosenberg
Eastern District of Virginia

FOR IMMEDIATE RELEASE
CONTACT: KIM WILLIAMS
WEDNESDAY, MARCH 29, 2006 PHONE: (703) 842-4050
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AHMED OMAR ABU ALI SENTENCED TO PRISON ON TERRORISM CHARGES

ALEXANDRIA, VIRGINIA – Ahmed Omar Abu Ali was sentenced today by U.S. District Judge Gerald Bruce Lee, to 30 years in prison followed by 30 years of supervised release, announced Chuck Rosenberg, United States Attorney for the Eastern District of Virginia. A jury previously found Abu Ali, 25, of Falls Church, Virginia, guilty of (1) conspiracy to provide material support and resources to a designated foreign terrorist organization (al-Qaeda); (2) providing material support and resources to a designated foreign terrorist organization (al-Qaeda); (3) conspiracy to provide material support to terrorists; (4) providing material support to terrorists; (5) contribution of services to al-Qaeda; (6) receipt of funds and services from al-Qaeda; (7) conspiracy to assassinate the President of the United States; (8) conspiracy to commit air piracy; and (9) conspiracy to destroy aircraft.

The evidence at trial proved that Abu Ali had joined an al-Qaeda cell in Saudi Arabia; that he received training from members of the cell in weapons, explosives, and document forgery; plotted with senior al-Qaeda operatives to personally carry out the assassination of the President; engaged in a conspiracy to hijack and destroy civilian airliners in a scheme substantially similar to that of September 11, 2001; and researched nuclear power facilities in the United States at the behest of a senior al-Qaeda operative.

"The Abu Ali prosecution is a milestone achievement in the international effort to bring terrorists to justice," said Deputy Attorney General Paul McNulty. "Today's sentence is strong punishment for the defendant's egregious crimes. It is important that Abu Ali remain behind bars until he is no longer a threat to the American people. I commend the investigative and prosecution teams for their excellent work."

Assistant United States Attorneys David H. Laufman and Stephen M. Campbell, Department of Justice Trial Attorney Jerry R. DeMaio, and Special Assistant United States Attorney Mala Tusk prosecuted the case for the United States. The case was investigated by agents of the Federal Bureau of Investigation's Washington Field Office.

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USDOJ- Office of Public Affairs

From: USDOJ- Office of Public Affairs
Sent: Wednesday, March 29, 2006 8:09 PM
To: USDOJ- Office of Public Affairs
Subject: DOJ Daily News Wrap

PUBLIC AFFAIRS DAILY NEWS WRAP
March 29, 2006

Contact: Brian Roehrkasse, Deputy Director, Office of Public Affairs (202) 514-2007

TOMORROW'S EXPECTED NEWS STORIES:

U.S. v. Ahmed Omar Abu Ali (OPA)
A federal judge sentenced a U.S. citizen convicted of plotting to assassinate President George W. Bush and conspiring with al Qaeda to 30 years in prison on Wednesday. In November, Abu Ali, now 25, was found guilty of all charges in a nine-count indictment, including conspiracy to assassinate Bush, conspiring to support al Qaeda and conspiracy to hijack aircraft.

Talking Points:

- Deputy Attorney General Paul McNulty statement: "The Abu Ali prosecution is a milestone achievement in the international effort to bring terrorists to justice. Today's sentence is strong punishment for the defendant's egregious crimes. It is important that Ali remain behind bars until he is no longer a threat to the American people. I commend the investigative and prosecution teams for their excellent work."

Moussaoui (OPA)
Prosecutor David Raskin gave the government's closing argument today saying that Moussaoui killed people by lying and concealing the September 11 plot. The defense countered that the government was trying to cover for bureaucratic blunders that might have prevented the 9/11 plot from being exposed. Coverage is likely to focus on the government's assertion that Moussaoui killed people by withholding information.

Schumer Surveillance Proposal
Sen. Charles Schumer today introduced a bill to create a fast track appeal to the Supreme Court for suits involving the terrorist surveillance program. Tom Brune from Newsday called seeking DOJ comment.

Talking Points:

- We have consistently stated that the terrorist surveillance program is being conducted in accordance with the law and provides a critical tool in the War on Terror. While we have

not reviewed this bill, the Administration is currently engaged in constructive discussions with several Senators about legislation that further codifies the President's authority.

Abramoff and Kidan Sentenced in Miami (USAO SDFL)
Jack A. Abramoff and Adam R. Kidan were sentenced to 70 months in prison followed by three years supervised release by U.S. District Court Judge Paul C. Huck. In addition, the defendants were ordered to pay restitution to Foothill Capital in the amount of $21,701,015.45. The defendants were also ordered to complete 750 hours of community service during their supervised release period. On Jan. 4, 2006, Abramoff pleaded guilty to conspiracy to commit wire fraud and mail fraud, and wire fraud (Counts 1 and 3 of the Indictment). Co-defendant Kidan had previously pleaded guilty on Dec. 15, 2005 to similar charges.

Closing of Investigation of Whirlpool's Acquisition of Maytag (Antitrust)
The Antitrust Division announced the closing of its investigation of the proposed acquisition by Whirlpool Corporation of Maytag Corporation. After thoroughly investigating Whirlpool's proposed acquisition of Maytag, the Division determined that the proposed transaction is not likely to reduce competition substantially.

Talking Points:

- The combination of strong rival suppliers with the ability to expand sales significantly and large cost savings and other efficiencies that Whirlpool appears likely to achieve indicates that this transaction is not likely to harm consumer welfare.

- After thoroughly investigating Whirlpool's proposed acquisition of Maytag, the Division determined that the proposed transaction is not likely to reduce competition substantially. The combination of strong rival suppliers with the ability to expand sales significantly and large cost savings and other efficiencies that Whirlpool appears likely to achieve indicates that this transaction is not likely to harm consumer welfare.

- The Division focused its investigation on residential clothes washers and dryers, though it considered the impact of the merger across the entire range of products offered by the two companies. Based on the evidence obtained during its extensive investigation, the Division found that this merger is not likely to give the merged entity market power in the sale of any of its products in the United States.

Former Federal Prosecutor, State Department Agent Indicted For Obstruction of Justice and Presenting False Evidence in Terrorism Trial (CRM)
A former federal prosecutor and a Department of State special agent were indicted by a federal grand jury today in Detroit on charges of conspiracy, obstruction of justice and making false declarations in the 2003 terrorism trial *United States v. Koubriti* in the Eastern District of Michigan, the Department of Justice announced. Former Assistant U.S. Attorney Richard G. Convertino, 45, of Canton, Mich., and Regional Security Officer Harry Raymond Smith III, 49, were named in the indictment returned by a federal grand jury in Detroit.

Talking points:

- The investigation into the case is ongoing. No arraignment date for the defendants has been set yet.

THURSDAY'S EXPECTED EVENTS/RELEASES:

7:30 A.M. PST Attorney General Alberto R. Gonzales will make remarks to the Portland Business Alliance. Following his remarks, the Attorney General will participate in a brief question and answer session with audience participants.
Marriott Waterfront Hotel
Mount Hood Room
1401 SW Naito Parkway
Portland, Oregon
OPEN PRESS

1:35 P.M. PST Attorney General Alberto R. Gonzales will make remarks and participate in a question and answer session with students at "Activate Your Mind" Intellectual Property Conference hosted by Court TV.
Windmill Springs School
2880 Aetna Way
San Jose, California
OPEN PRESS

Office of Justice Programs will have a press release.

ENRD will issue 2 press releases tomorrow. One release involves the sentencing of a defendant who conspired to defraud the EPA, OSHA, and the Small Business Administration. The second involves the lodging of a consent decree that resolves claims against AK Steel in Ohio.

Tomorrrow, the Civil Rights Division will issue an ADA release concerning the agreement with Arlington County, Virginia to ensure civic access for people with disabilities.

The FBI will host a press conference tomorrow in Alexandria at the Police Department hosted by the FBI announcing the formation of a Safe Streets Task Force. Members are Rapids Sheriff's Office, Grant Sheriff's Office, Alexandria PD, Pineville PD, FBI, ICE, and IRS.

USDOJ- Office of Public Affairs

From:	USDOJ- Office of Public Affairs
Sent:	Thursday, March 30, 2006 9:51 AM
To:	USDOJ- Office of Public Affairs
Subject:	Attorney General's News Briefing for Thursday, March 30, 2006
Attachments:	agnb060330.pdf; agnb060330.doc

THE ATTORNEY GENERAL'S *NEWS BRIEFING*

PREPARED FOR THE OFFICE OF PUBLIC AFFAIRS, U.S. DEPARTMENT OF JUSTICE

TO: THE ATTORNEY GENERAL AND SENIOR STAFF

DATE: THURSDAY, MARCH 30, 2006 7:45 AM EST

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TERRORISM NEWS:

Lawyers Make Closing Arguments At Moussaoui Trial. Jurors began deliberations in the penalty phase of Zacarias Moussoui's trial yesterday, after Assistant US Attorney David Raskin and defense lawyer Edward MacMahon made their closing arguments. ABC World News Tonight (3/29, story 2, 2:15, Thomas, 8.78M) reported, "Throughout the trial, prosecutors maintained Moussaoui lied about his knowledge of the 9/11 plot. But today, they asked a jury to believe him when he testified was part of it. And when if he told FBI agents who he knew in August of 2001, perhaps the attacks could have been stopped." The defense "argued today that Moussaoui is a liar. And that the jury should disregard his testimony about flying a fifth plane into the White House on 9/11."

The CBS Evening News (3/29, story 3, 1:20, Stewart, 7.66M) added, "Essentially the government is saying believe Moussaoui. His own attorneys are saying don't do that, he's a pathological liar." NBC Nightly News (3/29, story 5, 1:10, P. Williams, 9.87M) noted defense lawyers said Moussaoui "was just 'an al Qaeda hanger-on,' someone considered 'a nuisance' by bin Laden's own aides," and "now, they say, he's trying to transform himself into a big player, implying that he wants to be a martyr."

The New York Times (3/30, Lewis, 1.19M) reports Raskin "referred repeatedly to Mr. Moussaoui's testimony, in which he acknowledged the essence of the government's case: that he had known much about the plot and had concealed that knowledge." But MacMahon "said Mr. Moussaoui was clearly being driven by a desire for notoriety in asserting plans for him to crash a plane into the White House, changing his earlier account that he had been uninvolved in Sept. 11. … Moreover, the defense argued, it is entirely speculative to say that if Mr. Moussaoui had told the truth, the government would have thwarted the plot."

The Washington Post (3/30, A5, Markon, Dwyer, 744K) adds, "Prosecutors might have gained the upper hand in the case with Moussaoui's testimony," but they "had to walk a delicate line yesterday. Their entire case that Moussaoui is eligible for the death penalty is based on how, they say, the Sept. 11 attacks could have been prevented had he told the truth. And when Moussaoui pleaded guilty last year to conspiring with al-Qaeda, he told a different story, saying that his White House assault was to be part of a second wave of attacks." The Los Angeles Times (3/30, Serrano, 958K) notes "both sides agreed that Moussaoui was a liar and a manipulator."

The AP (3/30, Barakat) also reports on the closing arguments, under the headline "Prosecutors: Moussaoui Killed With Lies," as does Bloomberg (3/30, O'Reilly, Elsibai), under the similar headline "Moussaoui Wanted To Kill People, U.S. Prosecutor Says."

Convertino Indicted For Conspiring To Mislead Terror Case Jury. The Detroit Free Press (3/30, Ashenfelter) reports, "The former lead prosecutor in Detroit's ill-fated 2003 terrorism trial was indicted Wednesday along with a State Department official on charges that they conspired to mislead the jury about evidence in the case." The Free Press continues, "The indictment said former U.S. Attorney Richard Convertino, 44, and Harry Raymond Smith, former security official assigned to the U.S. Embassy in Amman, Jordan, misled the jury about the existence of photographs that would (have) contradicted so-called targeting sketches of the Queen Alia Military Hospital in Jordan. … The men were charged with conspiracy to obstruct justice, obstructing justice and making materially false declarations before a court."

The Detroit News (3/30, Hansen) reports, "The indictment marks another low point for the government in the disastrous Detroit 'sleeper cell' terror case. … Convertino led the government's legal attack on four immigrants charged with conspiring to support terrorism. … In June 2003, a jury convicted two of the men of the most serious charges and another man of less-serious document fraud. The fourth man was acquitted." The News adds, "John Ashcroft, then the U.S. attorney general, trumpeted the verdict as a victory in the nation's ongoing war on terror. Legal scholars called the case a victory for the criminal justice system because it validated that even sensitive national security matters could be handled by traditional juries. … But by 2004, the government had discovered enough evidence withheld from defense lawyers and other problems in the case that it abandoned the terror convictions against two of the men and instead focused on wrongdoing by Convertino and others in the investigation."

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The Washington Post (3/30, A3, Eggen) reports, "Legal experts said yesterday that an indictment of a prosecutor for improper conduct in a federal courtroom is extraordinarily rare, if not unprecedented, in modern times. … 'The charge is essentially that he prosecuted too aggressively and crossed the line,' said Stephen Gillers, a New York University law professor who specializes in legal ethics. 'This is simply astonishing.' … Convertino also is charged with presenting false information at a sentencing hearing in a separate drug case to gain a light prison term for an informant. … He resigned from the Justice Department last year and has filed a civil suit alleging that he was the target of a smear campaign by the Justice Department that resulted in the exposure of a valuable counterterrorism informant."

The New York Times (3/30, Lichtblau) reports, "Mr. Convertino, once a rising star at the Justice Department who fell out of favor with supervisors in Washington, denied that he had ever withheld evidence, and he pledged that he would be vindicated. 'These charges are clearly vindictive and retaliatory, and it's an effort to discredit and smear someone who tried to expose the government's mismanagement of the war on terrorism,' he said in a telephone interview."

The AP (3/30) reports, "The indictment said Convertino and Smith conspired to keep from defense lawyers photographs of a Jordanian hospital that would have undermined the government's argument that the alleged Detroit cell made surveillance sketches of the place. … Convertino also elicited testimony from Smith and an FBI agent that the sketch matched the hospital and its surrounding area, even though the photographs contradicted that description, the indictment said. … 'Mr. Convertino is a highly decorated and veteran federal prosecutor, who over many years consistently acted to preserve the safety of his community, and the Koubriti case is no different,' said his lawyer, William Sullivan. 'We will demonstrate that this indictment is manifestly false.' … Sullivan said the indictment was retaliation against Convertino for a pending whistle-blower lawsuit. Convertino has said the government has mounted a smear campaign against him."

Defense Lawyers To Challenge Other Convertino Cases. The Detroit News (3/30, Egan) reports that the indictment is likely to lead defense lawyers to challenge other cases prosecuted by Convertino. "'What's very important seems to be a pattern that Mr. Convertino indulges in -- it's not just in the terrorism case,' said Elizabeth Jacobs, a Detroit lawyer who plans to seek a new trial for Kenneth Andrew Jefferson, a man serving a 20-year prison sentence after he was convicted in 1999 following a trial prosecuted by Convertino. Lawyer Carole Stanyar filed a brief in federal court Monday alleging Convertino arranged for the early release of convicts who testified against her client, Joseph Stines, in the same 1999 drug trial. She, too, is seeking a new trial. … 'The U.S. government may not have the resources to check into all the cases that his hands have touched,' Jacobs said."

US Student Sentenced To 30 Years In Prison For Bush Plot. The CBS Evening News (3/29, story 2, 0:20, Mitchell, 7.66M) reported, "An American convicted in an al Qaeda plot to kill President Bush was sentenced today to 30 years in prison. Federal prosecutors in Virginia wanted a life sentence for Ahmed Omar Abu Ali, who joined al Qaeda in 2002, but the judge gave him 30 years, saying Abu Ali's actions did not actually harm anyone."

The Washington Post (3/30, A3, Murphy, 744K) reports US District Judge Gerald Bruce Lee "denied government prosecutors' request to impose a life sentence, citing several mitigating factors, including the fact that Abu Ali 'never planted any bombs, shot any gun or injured any person.'" The AP (3/30, Barakat) adds that Lee "compared the…case to 'American Taliban'' John Walker Lindh, who received a 20-year sentence. Abu Ali's actions 'did not result in one single actual victim. That fact must be taken into account,' the judge said."

The New York Times (3/30, Stout, 1.19M) reports prosecutors "said that Mr. Abu Ali went to Saudi Arabia in 2002 hoping to become a terrorist because he saw Mr. Bush as 'the leader of the infidels,' and that he eventually met a high-ranking leader of Al Qaeda and was trained in weapons, explosives and document forgery."

Hayat Defense Calls FBI Agents In Attack On Informant's Credibility. Lawyers for Umer and Hamid Hayat began presenting their defense yesterday with a challenge to the credibility of FBI informant Naseem Khan, calling FBI Special Agents Eric Barnhart and Rachel Pifer to testify about Khan's claim to have seen senior al Qaeda terrorists at the Lodi mosque in 1998 and 1999.

In a widely-distributed story, the AP (3/30, Thompson) reports, "Much of the questioning Wednesday was contentious. The agents repeatedly said they could not recall details of their interactions or conversations with Khan, even

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when they were shown their own reports." Umer Hayat's defense attorney, Johnny Griffin III, "suggested the agents were deliberately feigning ignorance. He asked how trained agents who expected to be called as trial witnesses could fail to recall an informant telling them that a close deputy to Osama bin Laden was living in Lodi." The Lodi News-Sentinel (3/30, Bohm) notes Barnhart's inability to recall his early meetings with Khan and reports, "Forgetting details is sometimes a way of halting the defense in trial…a former FBI agent later said. 'He's being paid to remember stuff, and his notes are written so that he can remember that stuff,' said James Wedick, who received multiple honors during his 34-year career with the FBI before retiring. Wedick, who has been hired by the defense…said outside court that some agents find they can simply say they don't recall things." KXTV-TV Sacramento (3/29, Hedlund) adds, "Obviously exasperated at the agent's apparent poor memory on the stand, Griffin once asked him pointblank, 'Do you consider yourself a competent agent?' Barnhart replied, 'Yes, sir.'"

Under the headline "FBI Agent Doubts Informant Saw Al Zawahri In Lodi," The Sacramento Bee (3/30, Walsh, 301K) focuses on Pifer's testimony, reporting she said "that after investigating Khan's claim, she concluded it 'probably was not true.' … She said she checked the bureau's internal databases and caused inquiries to be made at the agency's New York office, and perhaps other offices." Asked by Hamid Hayat's defense attorney, Wazhma Mojaddidi, "why she didn't confront Khan, Pifer said, 'Because I believed that he believed that's what he saw.'" Also reporting on Pifer's testimony, The Los Angeles Times (3/30, Tempest, 958K) notes the FBI hired Khan "despite serious doubts about the information" he gave agents "in a series of interviews shortly after Sept. 11, 2001," and paid "him nearly $230,000 in salary and expenses to secretly infiltrate the Lodi Muslim community from 2001 until 2005."

Pakistani Al Qaeda Leader Kidnapped, Beaten By Gunmen. The Los Angeles Times (3/30, Zaidi, Watson, 958K) reports, "Gunmen on Wednesday attacked and seriously injured a longtime ally of Osama bin Laden whom U.S. authorities have linked to an alleged terrorist sleeper cell in California. Fazlur Rehman Khalil's "attackers held him for five hours, tying a rope around his neck and beating him with rifle butts before dumping him in front of a mosque on Islamabad's outskirts, his spokesman said." Hamid Hayat is accused of attending one of Khalil's camps in Pakistan.

US Indicts 18 Alleged Members Of Hezbollah-Linked Michigan Smuggling Ring. The Detroit Free Press (3/30, Swickard) reports, "A smuggling ring operating in Michigan helped fund Hezbollah with profits from bootlegged cigarettes, counterfeit tax stamps, phony Viagra tablets and hijacked toilet paper, according to a federal indictment unsealed in Detroit on Wednesday." The Free Press notes that nine suspects were arrested Wednesday by the Detroit Joint Terrorism Task Force, one is expected to surrender voluntarily, and eight "others are believed to be outside the United States. … The gang's operations, according to U.S. Attorney's office, stretched from the Detroit area to New York, North Carolina, the Ivory Coast, China, Lebanon, Brazil and Paraguay." The Detroit News (3/30, Egan) adds that the "operation was based in Dearborn and shipped up to $500,000 a week worth of untaxed and low-tax cigarettes," and "the federal government estimates the state of Michigan lost $20 million in taxes as a result of the smuggling. There is no estimate of how much money went to Hezbollah, officials said."

The Canadian Press (3/30) also reports on the indictments, noting that one of the suspects was arrested yesterday in Windsor, Ont., and four of those not arrested are Canadian residents. AFP (3/30) reports on the arrests, as well.

Specter Says Feingold Censure Resolution Could Reach Senate Floor. Roll Call (3/30, Billings) reports Senate Judiciary Chairman Arlen Specter "left open the possibility that Sen. Russ Feingold's (D-Wis.) bill to censure President Bush" for his National Security Agency domestic surveillance program "could get its day before the full Senate, a move certain to ignite an intense partisan showdown with election-year stakes." Specter said "it could be brought to the floor under a rare procedural move. The panel could vote to defeat the bill, but send it to the floor anyway with an unfavorable recommendation." The Judiciary Committee is "expected to hold a hearing on Feingold's bill Friday. Specter reiterated Wednesday that he plans to keep to that schedule, despite some suggestion earlier in the week that it might be postponed."

Schumer Bill Would Fast-Track Challenges To NSA Program. The New York Times (3/30, 1.19M) reports Sen. Charles Schumer "introduced a bill Wednesday that would put lawsuits challenging the National Security Agency's domestic surveillance program on a fast track to the Supreme

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Court." Schumer said the bill "could produce a timely ruling by the court on the program's constitutionality."

HOMELAND RESPONSE:

Washington Region's Terror Preparedness Criticized. The Washington Post (3/30, A1, Weiss, 744K) reports in a front page story that federal and local officials told an oversight panel for the Senate Committee on Homeland Security and Governmental Affairs yesterday that almost five years after 9/11, the Washington region has yet to develop "a strategic plan to guide preparations for any future attacks or to effectively spend hundreds of millions of homeland security dollars." The panel "took emergency response officials from the District, Maryland, Virginia and the federal government to task for bureaucratic foot-dragging and a lack of agreement on a long-term plan for protecting millions of residents in the region." Meanwhile, "Thomas Lockwood, the DHS director for the capital region, said leaders are working hard to come up with a consensus plan," but that "the effort is hampered by fragmented authority."

NRC Says Small Amount Of Material Used In Test Prompted Less Stringent Licensing. The release of a GAO report based on a test of the government's ability to prevent radioactive materials from crossing US borders has produced widespread and predominantly negative coverage this week. The Christian Science Monitor (3/30, Marks, 61K) reports that senators discussing the report in a subcommittee hearing Tuesday acknowledged "some improvements in border security since 9/11," but "took to task the Department of Homeland Security (DHS) and the Nuclear Regulatory Commission (NRC) for not doing a better job of protecting the nation from radiological threats." Meanwhile, David McIntyre, NRC spokesman, said the "radioactive material smuggled in by GAO investigators was not enough to create a dirty bomb" and that "more stringent licensing of the materials entering the country would have been required" if it had been.

Tapes Of 9/11 Victims' Emergency Calls Offered To Families. The New York Times (3/30, Dwyer, 1.19M) reports 27 families "learned in the last few days that the city had tape recordings of 911 phone calls made by loved ones from inside the twin towers" on September 11th, 2001. Faced with "a court order issued three years ago and the prospect of new ultimatums, city lawyers this week offered tapes of the individual calls to the next of kin." But "disruptive as they are, the tapes hold unique power as aural relics and as portals into a lost and unseen moment for these three families." For "many of those closest to the day, the release of the tapes is yet another Sisyphean moment in the march away from Sept. 11, in which every step forward in time seems to be matched by one that sends them lurching back toward the day again."

Ground Zero Deal Eludes Developer, Governments. The New York Times (3/30, Bagli, 1.19M) reports an "agreement on a major realignment of the rebuilding effort at ground zero continued to elude government officials and the developer Larry A. Silverstein yesterday, even as the Port Authority board planned to meet today to discuss the matter." Governor Pataki "has taken the lead in dealing with Mr. Silverstein, who leased the World Trade Center from the Port Authority of New York and New Jersey six weeks before it was destroyed. But when the governor and Mr. Silverstein began closing in on a tentative deal this week, Port Authority executives, Gov. Jon S. Corzine of New Jersey and Mayor Michael R. Bloomberg continued questioning many of the financial aspects." They have "withheld their support for fear that the tentative deal would enrich the developer at the Port Authority's expense and fail to ensure that the entire project is completed."

WAR NEWS:

Bush "Frustrated" By Iraqi Failure To Form Government. The Washington Post (3/30, A18, Baker, 744K) reports President Bush "urged quarreling Iraqi leaders yesterday to set aside disagreements and forge a coalition government that will rein in illegal militias. His comments signaled increased frustration with the political deadlock in Baghdad more than three months after landmark parliamentary elections." The Post says the White House "denied reports" that Bush seeks the exclusion of Prime Minister al-Jaafari from the new government, but reports Bush "has grown aggravated at the stalemate, aides said, and he expressed the impatience publicly in response to an audience question at Freedom House after his latest speech on the war." The AP (3/29, Riechmann) said Bush "expressed frustration Wednesday that Iraqis have so far failed

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to form a unity government, but he said withdrawing U.S. troops from Iraq too early would damage U.S. security."

The Washington Times (3/30, Curl, 90K) says Bush also "blamed sectarian violence in Iraq on Saddam Hussein and his legacy of oppression, but said freedom and democracy will win if all the opposing political factions can put aside their differences and form a government." He "took on those who charge that the US occupation of Iraq has created an unprecedented insurgency."

USA Today (3/30, Benedetto, 2.31M) reports Bush made his comments "in an 89-minute speech and question-and-answer session at Freedom House in Washington." It was "Bush's third speech this month to boost flagging public support for the war."

Al-Jaafari Warns US Against "Interfering." The New York Times (3/30, Wong, 1.19M) reports, "Facing growing pressure from the Bush administration to step down, Prime Minister Ibrahim al-Jaafari of Iraq vigorously asserted his right to stay in office on Wednesday and warned the Americans against interfering in the country's political process." The Times says Jaafari called Moktada al-Sadr and his militia "a fact of life in Iraq and need to be accepted into mainstream politics." The government's "tolerance" of independent armed groups "has emerged as the greatest source of contention between American officials and Shiite leaders like Mr. Jaafari, with the American ambassador contending…that militias are killing more people than the Sunni Arab-led insurgency."

Senior Defense Officials Won't Withdraw Any Troops Until Government Is Formed. The Washington Times (3/30, Scarborough, 90K) reports, "Top US commanders in Iraq will not recommend the next stage of U.S. troop withdrawals before the Iraqis form a new unity government, say senior defense officials." The officials also "said that a 700-soldier reinforcement unit, brought into Iraq from Kuwait for the annual Shi'ite pilgrimage, will remain until the unity government is in place, or at least announced. 'I don't think you'll see a recommendation before then,' said one official, who asked not to be named." Meanwhile, under the headline "In Iraq, Frontline Patience Wears Thin," the Christian Science Monitor (3/30, Levinson, 61K) reports, "For those soldiers with years left on their contracts, for young fathers, and newlyweds, the prospect of the war dragging on is disconcerting."

Iraq War Costs, Benefits Analyzed. The New York Times (3/30, Krueger, 1.19M) reports on the uncertainties in constructing cost-benefit analyses of the Iraq war. One comparison by University of Chicago researchers ""on the eve of the invasion in 2003… explicitly considered a continued policy of containment -- enforcing the no-fly zone and other operations to hem in Saddam Hussein — as an alternative to invasion and regime change. Assuming that containment and invasion would protect the United States equally well, the question of whether invasion is worth it turns on which policy is less costly, after discounting all likely future costs." The economists "reckoned that the cost of pursuing a containment strategy was $258 billion to $380 billion," while the "anticipated price tag for the war, which they considered conservative, was $125 billion." The University of Chicago researchers "revised their figures in a new National Bureau of Economic Research working paper, 'War in Iraq Versus Containment.' Their estimated war costs have increased to a range of $410 billion to $630 billion, reflecting reality there." In the "fog of war accounting, one thing is clear: all costs and benefits can be contested as wildly inaccurate -- in either direction."

Cheney Says Seized Documents Will Provide Insight Into Saddam's "Nefarious" Dealings. In its "Washington Wire" column on its web site, the Wall Street Journal (3/29, 2.11M) reports, "On Fox News Talk's Tony Snow Show today, Vice President Cheney predicted that over the next few months, as researchers comb through" captured Iraqi documents, "we'll see a pretty complete picture that Saddam Hussein did, in fact, deal with some pretty nefarious characters out there. And he was legitimately labeled by our State Department as a state sponsor of terror." That likely includes "dealings with Osama bin Laden, Cheney suggested, while adding that he wasn't making a 'hard and fast prediction.'"

Gunmen Disguised As Police Blamed For Baghdad Massacre. The CBS Evening News (3/29, lead story, 2:45, Logan, 7.66M) reported, "Gunmen reportedly dressed as police commandos are blamed for" a "this massacre at an electronics store in Baghdad early this morning. It's the latest in a series of attacks and increased sectarian violence here that is often blamed on militias." The New York Times (3/30, Gettleman, 1.19M) reports the gunmen "rounded up all the employees and riddled them with

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machine-gun fire, Iraqi officials said." The attack, "which killed eight people and seriously wounded six in the Mansour neighborhood during morning rush hour, provoked an extensive military response, with the Iraqi Army shutting down large swaths of Baghdad." The shop, the Ibtikar Company, "may have been a target because it worked in the past for the American-led occupation government, one of the wounded employees said." The AP (3/30, Fam), Los Angeles Times (3/30, Johnson Jr., 958K) and Washington Post (3/30, A19, Anderson, 744K) run a similar report on the violence.

The AP (3/30, Hurst) also reports on "a new brand of violence" in Iraq, "a deadly mix of organized crime and sectarian murder. … Its origins are murky," but "the savagery has turned March into a pivotal month in the three-year war -- a month of gruesome news, mixed with some good. A sharp decline in American deaths appears to be the payoff for handing more duties to the Iraqi army, leaving US forces less exposed to attack." At the same time, "there has been the rise in the slayings of civilian Iraqis, the reasons for which are hard to find."

UN Says 30,000 Iraqis Fleeing Homes To Avoid Sectarian Violence. ABC World News Tonight (3/29, story 4, 2:05, Vargas, 8.78M) reported, "Entire families are moving out of formerly peaceful integrated neighborhoods because they fear for their lives. United Nations officials report that at least 30,000 Iraqis have fled their homes because of sectarian violence." ABC (Harris) added, "The bombing of a holy Shiite shrine last month provoked hundreds of executions and now, this fear-fueled exodus." To Professor Fawaz Gerges, "it looks like the early stages of Bosnia's ethnic cleansing or the beginnings of civil war in Lebanon, which he lived through." Prof. Gerges: "My instincts tell me that we are at the early stages of what happened in Lebanon and other civil war contexts."

US Military Says Raid Did Not Target Shiite Mosque. The CBS Evening News (3/29, lead story, 2:45, Logan, 7.66M) reported the US says the Iraqis killed in a joint US-Iraqi raid on Sunday "were members of a militia responsible for executions and kidnappings who opened fire on elite Iraqi forces carrying out a raid." Many Iraqis "believe they were innocent worshippers praying in a mosque who were slaughtered by American forces. Today the Iraqi commander in charge of that raid, whose identity we can't show for security reasons, told CBS News that was a lie." The commander "insisted his Iraqi special operations troops had to fight their way into the target building where they killed gunmen guarding a hostage and found various weapons including rocket launchers and heavy machine guns."

US, Canadian Soldiers Killed In Bold Taliban Attack. ABC World News Tonight (3/29, story 5, :45, Vargas, 8.78M) reported, "In Afghanistan, Taliban fighters launched a brazen attack on a US base in the south. A US soldier, a Canadian soldier and at least 32 insurgents were killed. The fighting was fierce. American helicopter gunships were called in for help." ABC (Peters) added, "Today's fighting is significant because it's one of the first times we've seen the Taliban attacking a US base. Normally, they stick to more classic insurgent tactics, like roadside bombs and hit-and-run attacks. But with funds pouring in from the drug trade, the Taliban is strengthening. And they have warned it will be a bloody spring for US troops here." The Washington Post/AP (3/30 A17, Faiez) also reports on the attack.

Bin Laden Ally Attacked By Gunmen In Pakistan. The Los Angeles Times (3/30, Zaidi, Watson, 958K) reports, "Gunmen on Wednesday attacked and seriously injured a longtime ally of Osama bin Laden whom U.S. authorities have linked to an alleged terrorist sleeper cell in California." Fazlur Rehman Khalil, "a signatory to Bin Laden's 1998 declaration of war on the United States and its allies, was severely beaten by eight armed men, supporters said." Khalil is "a former leader of Harkat Mujahedin, a militant group linked to Al Qaeda that he founded as Harkat Ansar to fight Soviet forces in Afghanistan in the 1980s. The U.S. labeled Khalil's group a terrorist organization in 1997, but it has continued its anti-Western jihad, or holy war, under the new name, Jamiat ul Ansar."

Afghan Christian Given Asylum In Italy. Abdul Rahman, the Afghan who converted to Christianity, was granted asylum by Italy. The CBS Evening News (3/29, story 4, 0:15, Mitchell, 7.66M) reported, "The Italian prime minister says Abdul Rahman was granted asylum and flown out of Afghanistan shortly after he was freed by an Afghan court." Before the announcement, said ABC World News Tonight (3/29, story 6, :20, Vargas, 8.78M), "Afghan parliament members demanded he not be allowed to flee the country."

The Washington Times/AP (3/30, Sanminiatelli) reports Rahman "was in the care of Italy's Interior Ministry, Premier Silvio Berlusconi said Wednesday evening. 'He is already in Italy,' he said." The premier "declined to release more

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details. The Interior Ministry said Rahman was 'under protection.'" The Washington Post (3/30, A17, Williams, 744K) reports Rahman "told La Repubblica newspaper he was unrepentant. 'I have done nothing to repent, I respect Afghan law as I respect Islam. But I chose to become a Christian, for myself, for my soul. It is not an offense.'"

The New York Times (3/30, Fisher, Povoledo, 1.19M) says "Rahman's departure created the prospect of increased pressure on Mr. Karzai domestically even as it eased pressure from Western nations, including the United States, which holds out Mr. Karzai as the model of a moderate and modern Muslim leader." The choice of Italy "as a place of refuge for Mr. Rahman seemed to be a result of a combination of factors, including Italy's ties to the Vatican and to Afghanistan, along with close national elections here in which the Catholic vote is substantial."

Kondracke Says Iraq Will Control Bush's Destiny. Morton Kondracke writes in Roll Call (3/30) that while President Bush is "engaged in an extensive new outreach campaign," White House aides "admit that events in Iraq are likely to control his destiny -- and GOP fortunes in November." Bush is "playing off the media, maintaining that overall conditions in Iraq are much better than is being reported." Kondracke adds, "Only 35 percent of Americans approve of Bush's Iraq policy, according to an NBC/Wall Street Journal poll. By a 50 percent to 39 percent margin, voters said they'd prefer a Congressional candidate who favors withdrawing all U.S. troops in the next three months over one who favors remaining as long as necessary to establish a democracy. Bush, to his credit, will not withdraw prematurely. But if significant troop withdrawals are not possible before November, it's likely that Republicans will suffer."

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In Washington, Gonzales Discusses Unsolved Crimes, Immigration, Drugs. The Yakima (WA) Herald Republic (3/30) reports, "U.S. Attorney General Alberto Gonzales announced new federal initiatives to fight drugs and solve old homicide cases on tribal land during a visit today to the Yakama Reservation." The Republic continues, "Gonzales first spoke about drugs and gangs to several hundred students at White Swan High School. Later he held a closed-door roundtable discussion with Yakama tribal leaders about federal, state and tribal law enforcement regarding methamphetamine and other tribal justice issues. … 'I think it is important to get a first-hand view of the tribal justice system on the Yakama Reservation,' he said in a statement released by his office. 'The tribe is doing good work to preserve the heritage of this special place and protect those who call it home from the threats of violence and drug abuse, but there remain serious problems that require additional attention.'" The Republic adds, "Gonzales said the Yakama Nation will be the first tribe to benefit from a cold case review initiative for Indian Country nationwide. As part of the initiative Gonzales announced today, the FBI and U.S. Attorneys Office will review the Yakama Nation's unsolved homicides to learn which might benefit from new investigative resources and advancements in forensic science. … Also, Gonzales announced funding for a methamphetamine investigation training for tribal law enforcement."

The AP (3/30, Dininny) reports, "Also, during a meeting with about 500 students from the reservation's Mount Adams School District, Gonzales was asked his opinion on the immigration debate before Congress. Roughly 70 percent of the district's students are American Indian. About 20 percent are Hispanic. … The attorney general said Americans live in a different world since the 2001 terrorist attacks, and the country needs to know who has crossed its borders. At the same time, he said, the United States must offer some kind of legal status to those workers who are already here, or risk serious consequences to the economy. … 'America is great because of its immigrants. It is what represents a great part of what is America. That needs to be protected,' Gonzales said, evoking applause."

KIMA-TV, CBS 29, Yakima, WA (3/30, Lewis) reports, "White Swan - After two practice assemblies and plenty of security checks, US Attorney General Alberto Gonzales came to White Swan. … 'What I'm here to tell you is there is no future in avenues like gangs,' he told a students at White Swan High School, 'There is no future in avenues like drugs.' … Just like every other teenager, White Swan senior Adrian Espindola has already heard this message before. … But this time there's something different. .. 'I probably paid more attention than I would have if anybody else would have told me,' he said. 'I swear there are at least 100 kids in the crowd that are around drugs everyday. I'm sure it influenced them to hear someone like that come speak to them.' … 'Just the entourage and the level of security puts it in a whole different light than someone who just walks in to give a presentation,'

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says Dr. Mary Hall, Superintendent of the Mt. Adams School District."

House Bill Guarantees Comp Time For DOJ Lawyers. The Washington Post (3/30, D4, Barr) reports in its "Federal Diary" column, "The House has approved a bill that would ensure that Justice Department lawyers are eligible to receive compensatory time off for travel during their off-duty hours, like other federal employees. Congress approved legislation in 2004 creating comp time for travel, and the Office of Personnel Management issued a regulation in 2005. … But the Justice Department decided that the time-off regulation did not apply to it because of a 1999 congressional restriction that limits overtime pay for Justice Department lawyers. … The House bill 'unequivocally clarifies congressional intent,' that Justice Department lawyers may receive comp time for travel during non-business hours, Rep. Jon C. Porter (R-Nev.), chairman of the House federal workforce subcommittee, said Tuesday when he sought passage of the bill."

CORPORATE SCANDALS:

Refco Probe Leads To Bermuda. The Wall Street Journal (3/30, Mollenkamp) reports, "When Refco Inc. filed for bankruptcy-court protection in October, many headlines focused on Phillip R. Bennett, the brokerage firm's since-departed chief executive." The Journal continues, "Investigators are still examining the actions of Mr. Bennett, who faces criminal-fraud and wire-fraud charges related to Refco's implosion. … But six months on, the inquiries into Refco's demise have broadened and are leading down another path, too, according to court documents filed in bankruptcy court in New York and interviews with lawyers and others involved in the matter. The second path: the flow of money through Refco's vast operations, including its unregulated Bermuda unit, which some investigators are treating as the epicenter of Refco's problems." The Journal adds, "Mr. Bennett denies wrongdoing as the Justice Department and others parse aspects of his personal life, including his trading accounts. … Lawyers and others working on behalf of Refco creditors are scrutinizing intercompany money transfers at the Bermuda unit, Refco Capital Markets Ltd., which offered Refco clients higher rates of return, less scrutiny, and more generous loans for trading than did Refco's regulated futures or stock-trading units." The Journal notes, "The purpose of the Bermuda unit was to allow sophisticated investors to trade securities such as emerging-market debt, with Refco acting as an informal exchange and providing loans so that the traders could increase their risk. The unit attracted hundreds of clients, including hedge funds and other big investors from around the globe. … But people familiar with Refco Capital Markets say bankruptcy lawyers are trying to determine whether some of the unit's client money was tapped by Refco to fund its expansion, specifically a string of acquisitions of trade-processing, or clearing, firms. Refco was founded in 1969 and became one of the world's biggest brokerage firms, focusing on commodities, derivatives and foreign currencies."

FBI Arrests Massachusetts Investment Firm Executives On Fraud Charges. In a widely-distributed story, the AP (3/3, Gorlick) reports, "Three investment firm executives…have been accused by federal authorities of making car payments, buying jewelry, paying for home improvements and taking personal loans with about $16 million swindled from people in high-pressure real estate deals." Mark Shapiro of Glastonbury, Conn., and William Foster of Easthampton, Mass., "were arrested by FBI agents Monday at their Cobalt Capital headquarters in Springfield. Foster was freed on $250 bond following a hearing Wednesday," and "Shapiro, who spent 30 months in prison after a 1998 bank fraud conviction and allegedly used some money he swindled through Cobalt to pay the $350,000 he owed from that case, was ordered held without bail Wednesday." Irving Stitsky of Bayside, N.Y., "was arrested at Cobalt's office…and is also free on bond."

The Springfield (MA) Republican (3/29, Blomberg) reported Shapiro and Foster "were arrested by local FBI agents Monday morning…according to Michael O'Reilly, agent in charge of the FBI's Springfield office. … An undercover FBI agent called a Cobalt phone number last October after seeing the number in an ad in the New York Times. A salesman told the agent that that Cobalt had been in business for 23 years and there were no sales commissions. But according to the affidavit, Cobalt was formed in 2003, and sales reps received a commission of $8,000 per unit sold."

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CRIMINAL LAW:

Abramoff Sentenced To Six Years In Prison In Miami Fraud Case. ABC World News Tonight (3/29, story 10, :25, Vargas, 8.78M) reported that on the same say the Senate voted on new lobbying restrictions, Jack Abramoff "was sentenced to nearly six years in jail for fraud." The CBS Evening News (3/29, story 6, 0:10, Mitchell, 7.66M) called Abramoff "one of the most influential lobbyists in town. That was before his world collapsed."

CNN's The Situation Room (3/29, Todd) called Abramoff's sentence "lenient sentence today under federal guidelines: five years, 10 months in prison, a fine of more than $21 million. … The reason for that leniency? Abramoff's cooperation with prosecutors, and hundreds of letters like these written on his behalf." CNN added, "Where will Abramoff serve his time? The Florida judge left that open, saying he'll work with defense attorneys and try to place Abramoff somewhere near his Washington area home, and at a facility where he can practice his Orthodox Jewish faith. The judge also said he could reduce Abramoff's sentence pending the outcome of other investigations."

NBC Nightly News (3/29, story 6, 0:30, Williams, 9.87M) said the case "involved the purchase of a fleet of Florida gambling boats," and the Washington Post (3/30, A1, Whoriskey, Branigin, 744K) reports that "among the congressmen whose names have come up in the investigation are Rep. Robert W. Ney (R-Ohio), former chairman of the House Administration Committee, and Rep. Tom DeLay (R-Tex.), the former House majority leader." Ney "has been identified as the 'Representative #1' who, according to court documents, received bribes from Abramoff in exchange for official acts, including statements in the Congressional Record that promoted the SunCruz deal." DeLay, who "once described Abramoff as 'one of my closest and dearest friends,' took three overseas trips with the lobbyist and received more than $70,000 in political contributions from him, his associates and his Indian tribal clients. He has denied any wrongdoing."

Knight Ridder (3/30, Weaver) reports, "Assistant U.S. Attorney Lawrence LaVecchio - who prosecuted the SunCruz case along with Paul Schwartz and Guy Singer and FBI agent Susan Sprengel - told the judge that the defendants need to be free for now to travel and review documents for authorities. … Both men are supposed to help Broward County, Fla., authorities in their investigation into the February 2001 mob-style murder of SunCruz founder Konstantinos 'Gus' Boulis, who had been publicly feuding with Kidan over the future of the gambling-ship empire, which eventually filed for bankruptcy. Neither has been charged in connection with Boulis' death. … The Broward State Attorney's Office has charged three defendants with Boulis' murder - including two who had been on the SunCruz payroll and had ties to organized crime. … Abramoff, in particular, is helping both South Florida and Washington federal prosecutors with the broader influence-peddling investigation in the nation's capital."

Bloomberg (3/30, Jensen) reports, "These days, Abramoff is spending much of his time talking to prosecutors and investigators in Washington. His attorneys said he has spent hundreds of hours with them and reviewed hundreds of thousands of documents as part of his cooperation."

The Washington Times/AP (3/30, Anderson), New York Times (3/30, Shenon, 1.19M), Wall Street Journal (3/30, Mullins, 2.11M), Roll Call (3/30, Bresnahan) and The Hill (3/30, Schor) run similar stories this morning.

Alleged "Mafia Cop" Eppolito Will Not Testify. Newsday (3/30, DeStefano) reports, "The attorney for accused 'Mafia Cop' Stephen Caracappa said Wednesday his client won't take the witness stand in his federal racketeering trial. … News of Caracappa's decision came as prosecutors neared the end of their case against him and his former NYPD partner, Louis Eppolito. Assistant U.S. Attorney Robert Henoch told Weinstein that the government expected to rest its case this morning." The New York Daily News (3/30, Marzulli, 729K) notes Caracappa lawyer Edward Hayes "plans to call three witnesses: a retired detective who will say Caracappa worked 32 hours straight on the Rabbi Meir Kahane murder investigation the day before gangster Edward Lino was gunned down in Brooklyn, suggesting Caracappa was too tired to whack anyone. He also will call an excavator to testify about the difficulty of digging a grave with only shovels in February when the ground is frozen, as a witness claimed, and an expert on money laundering to attack the credibility of chief witness Burton Kaplan, who was once sued by an Antiguan bank." The New York Post (3/30, Haberman, 624K) also reports on Caracappa's decision not to testify.

Meanwhile, The New York Times (3/30, Feuer, 1.19M) reports, "It could be argued that one of the most intriguing

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characters in the trial…is not a person, but a place. As absorbing as the witnesses, the lawyers and the two defendants is the borough of Brooklyn, which has arisen in the trial as something like an empire of the ill-fated and often illicitly employed."

Ryan Jury Resumes Deliberations With Two New Jurors. The Chicago Tribune (3/30, O'Connor, Bush) reports, "The revamped jury in former Gov. George Ryan's trial began a second round of deliberations Wednesday." The Tribune continues, "A quick verdict appeared remote after jurors sent out a note asking for a calendar for April to determine if there were any coming court holidays. … The jury also sought an overhead projector and a list of witnesses from the marathon trial." The Tribune adds, "Deliberations began anew after presiding U.S. District Judge Rebecca Pallmeyer excused two jurors, replaced them with alternates and ordered that the historic trial continue. … Pallmeyer said she might still declare a mistrial if she decided the deliberations were unfair to Ryan or co-defendant Lawrence Warner, a lobbyist. … The defense had argued 'that we cease proceedings right now,' the judge disclosed Tuesday in announcing her decision following hours of closed-door discussions with lawyers and individual interviews of jurors. … The two jurors were excused on Monday after the Tribune last week uncovered that both had apparently concealed their arrest records during jury selection in September."

Former FBI Officials Defend Agent Accused Of Helping Mob. The AP (3/30, Hays) reports, "Several former high-ranking FBI agents have launched a campaign to help a fellow mob investigator," R. Lindley DeVecchio, "fight allegations that have haunted him for well over a decade -- that he traded deadly secrets with the mob. … 'We all know Lin, and we all know he's not capable of doing these kinds of things,' said James Kossler, a former supervisor with the FBI's New York office. … Kossler, former FBI assistant director James Kallstrom, ex-agent Joe Pistone, known for infiltrating the mob as Donnie Brasco, and other supporters from the federal law enforcement community have begun raising money for DeVecchio's defense on a Web site. The site notes that the agent already was cleared in previous investigations, and it attributes the renewed allegations to convicted mob turncoats eager to lie in exchange for leniency."

On Flight To New York, DeVeccio Maintains Innocence. The New York Daily News (3/30, Mosconi, 729K) reports, "In the last moments before his surrender, former FBI agent Lindley DeVecchio insisted he was no mob mole. In an exclusive interview," on his flight from Florida to New York, "DeVecchio said his imminent indictment was a complete mystery to him." He "pointed out that a previous investigation by the FBI's Office of Professional Responsibility found nothing amiss -- certainly nothing that would support allegations that he gave Mafia capo Greg Scarpa Sr. secret intelligence that helped the mobster track and kill rivals and informants for more than eight years ending in 1992."

DeVeccio Said To Have Taken Hundreds Of Thousands In Mob Bribes. Under the headline "G-Man Blood Money," The New York Post (3/30, Weiss, 624K) reports, "Rogue FBI top gun Lindley DeVecchio allegedly raked in hundreds of thousands of dollars in bribes from a murderous Mafia chieftain in exchange for selling him federal secrets and helping participate in at least four gangland assassinations, The Post has learned. Exposing one of the worst corruption scandals in U.S. history, investigators from the office of Brooklyn DA Charles Hynes have unearthed a mountain of shocking new evidence -- including witnesses from both sides of the law -- unmasking DeVecchio's unholy alliance with" Scarpa, "who was known inside the Mafia as 'The Grim Reaper.'"

Mob Hitmen To Be Arraigned With DeVeccio. The New York Daily News (3/30, Sherman, 729K) reports, "Two hit men who allegedly killed targets pointed out by retired FBI agent Lindley DeVecchio will be arraigned alongside him this afternoon, the Daily News has learned. … Raven-haired beauty Mary Bari and teen Patrick Porco were killed after DeVecchio allegedly told" Scarpa "that they were informants squealing on the Colombo crime family about drug dealing and murder, sources said. … The identities of the two hit men were not available last night, but both are former soldiers in Scarpa's crew, sources said. It was unclear whether the two would be offered plea deals to testify against DeVecchio."

DA Said To Have "Relatively Credible" New Witnesses. ABC News (3/29, Esposito) reports on its Web site that DeVecchio "is expected to be arraigned on second degree murder charges in New York on Thursday for providing specific, 'detailed information' to Brooklyn mobster Gregory Scarpa Sr. that enabled the Colombo family captain to eliminate underworld rivals. … DeVecchio's indictment is the latest chapter in a long, controversial relationship

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between the FBI and Scarpa that law enforcement sources say dates back to the 1960s and includes the FBI's use of Scarpa to punch, kidnap and pistol-whip suspects." ABC notes, "ABC News has learned that Brooklyn District Attorney Charles 'Joe' Hynes has developed new witnesses, whose testimony the prosecutors believe will be relatively credible. That testimony is expected to also help demonstrate that DeVecchio may have used both Scarpa and the FBI — skimming money from each — to enrich himself, law enforcement sources say."

FBI Agent Testifies Probe Did Not Find Increased Spending By Nevada Commissioner. KLAS-TV Las Vegas (3/29, Allen) reports that in the corruption trial of former Clark County Commissioners Dario Herrera and Mary Kincaid-Chauncey yesterday, Kincaid-Chauncey attorney Richard Wright "questioned FBI Agent Christopher Byers about a financial investigation the agency conduct on Kincaid-Chauncey. In court, Byers testified: 'There was no significant trend of spending or purchases that I observed.' Kincaid-Chauncey acknowledges receiving $5,000 for a grandson's ski school tuition and $3,800 for her son's North Las Vegas City Council campaign. But Wright asserts Kincaid-Chauncey solicited those funds as donations, not bribes."

Two Sentenced To Prison For New Jersey Mortgage Fraud Scheme. The Asbury Park (NJ) Press (3/28, Conroy) reported, "Two men who conspired to commit mortgage fraud so they could profit from the sale of dilapidated properties in Essex County and elsewhere were sentenced to prison terms Monday." Barry Fauntleroy of Atlanta, Ga., "who pleaded guilty in September, was sentenced to 21 months in federal prison for his role in getting the federal Department of Housing and Urban Development to insure loans to unqualified home buyers." Devon Bowie f Malverne, N.Y., "was sentenced Friday to 12 months in prison and ordered to pay $500,000 in restitution." The Morris County (NJ) Daily Record (3/28) noted, "Fauntleroy acknowledged that he and others recruited individuals with relatively low incomes and promised them they could buy homes in Essex County with little or no money down. … Fauntleroy admitted that, on the HUD loan applications, his co-conspirators created and submitted false and fictitious bank statements, leases, IRS W-2 forms, verifications of past mortgage payments, pay stubs, attorney escrow letters, gift letters, verification of employment, real property appraisals and deposit checks."

Former Tennessee Judge Pleads Guilty To Extortion Charges. The Knoxville News (3/30, Satterfield) reports, "Former Roane County General Sessions Court Judge Thomas Alva Austin served up his guilty plea to federal extortion charges Wednesday with a side of caveats. … Austin's complaint centered on allegations that he forced kickbacks from two driving school instructors and a probation office chief." However, when US District Judge Thomas Phillips "pressed Austin for an unequivocal plea," the former judge pleaded guilty. The News notes, "He was arrested in January after a probe by the FBI and the Tennessee Bureau of Investigation, which included secret videotapes and audiotapes of conversations and transactions." FBI Special Agent Robert Gibson "has alleged in a search warrant affidavit that Austin had been extorting kickbacks from the driving school program he created for a decade and collected as much as $100,000."

Investigators Suspect Additional Email Deletions In Pennsylvania Senate Probe. The Philadelphia Inquirer (3/30, Shiffman, 423K) reports, "Federal authorities think they have discovered another trail of deleted e-mails involving State Sen. Vincent J. Fumo -- this time in his Senate office. A trusted Fumo aide, Ruth Arnao, is already a target of the investigation," and "authorities think they have found evidence that someone else…tried to destroy e-mails on the Senate computers after the FBI investigation surfaced, people familiar with the matter said." The Inquirer adds, "Some of the new details in the case became public yesterday during a federal appeals court hearing in Philadelphia. A lawyer for the Senate and a federal prosecutor argued over whether the FBI had a right to seize hard drives from computers in Fumo's government offices." The judges "were openly hostile" to Senate lawyer Clark Hodgson's "suggestion that Senate officials be permitted to review legislative documents before they are turned over to the FBI." The Philadelphia Daily News (3/30, Hinkelman) also reports on the hearing, noting that "judges were skeptical of Hodgson's argument that internal legislative communications are protected."

Union Files Lawsuit Against TV Station Over Report On Federal Probe. The Philadelphia Inquirer (3/30, Schaffer, 423K) reports, "John J. Dougherty, electricians'

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union leader, city Democratic treasurer, Philadelphia mayoral hopeful, has opened a new front in the political wars that have enveloped him in recent months," filing "a lawsuit pitting his International Brotherhood of Electrical Workers Local 98 against ABC affiliate WPVI-TV." In the suit, "the union claims it was defamed by a WPVI news report that said federal investigators were pressuring convicted City Councilman Rick Mariano to provide potential information for a probe of Dougherty's relationship with a local electrical contractor." The Philadelphia Daily News (3/30, Lucey) notes, "The union is asking for a retraction and damages in excess of $50,000."

3rd Circuit Panel Rules For Defense In "Candygram" Case. The Legal Intelligencer (3/30, Duffy) reports, "Big wins are so rare for criminal defense lawyers in federal court that one good victory can generate a lot of buzz -- sometimes even earning a nickname. … For attorney Jeffrey M. Lindy, the Feb. 13 decision in United States v. Coles from the 3rd U.S. Circuit Court of Appeals was just such a case and has come to be known among the defense bar as 'the Candygram case.'" The Intelligencer continues, "Voting 2-1, the 3rd Circuit agreed with Lindy's argument that evidence of drugs found in a hotel room should have been suppressed by the trial judge because the police had 'manufactured' an emergency situation to justify a warrantless search. … The majority concluded that police had used 'subterfuge' to gain entry to the hotel room by falsely claiming they were 'room service,' and, just moments later, that they were maintenance workers sent to fix a leak." The Intelligencer adds, "After those two attempts failed, the officers identified themselves as police and then heard the sound of a toilet flushing -- an event that prosecutors said allowed the police to enter immediately due to 'exigent circumstances.' … But the 3rd Circuit agreed with Lindy and held that the investigative tactics used by the officers had 'impermissibly manufactured the exigency.' … Defense lawyers have nicknamed the decision 'the Candygram case' -- a reference to the classic 'Saturday Night Live' skit from the 1970s in which a 'land shark' gains entry to an apartment, after several failed attempts, by claiming to be a Candygram deliveryman. … Now Lindy's victory has been sealed because the Justice Department has decided not to pursue a petition to have the case reargued before a 13-judge en banc panel of the 3rd Circuit. … Instead, prosecutors filed a motion to dismiss all charges against Terrance Coles."

Judge Rules Convicted DC Sniper May Represent Himself In Maryland Court. The Washington Post (3/30, B6, Londoño) reports, "Sniper John Allen Muhammad will be allowed to conduct his defense during his murder trial in Montgomery County, a judge ruled yesterday." The Post continues, "While telling Muhammad, 'I don't think it's the right decision,' Circuit Court Judge James L. Ryan acknowledged that the defendant had a constitutional right to be his own lawyer. He ruled that Muhammad understood the implications of that choice and had shown no sign of incompetence. … 'You haven't said anything that wasn't appropriate. You laughed when it was appropriate. You got mad when it was appropriate,' Ryan said. 'You've convinced me you do understand how serious this is.'" The Post adds, "Muhammad, who is accused of killing six people in Montgomery during the spree of sniper shootings that terrified the Washington area in 2002, has been sentenced to death in Virginia. During his murder trial in Virginia three years ago, he briefly acted as his own attorney, only to later re-retain his original counsel."

The Washington Times (3/30, Ward) reports, "Judge James L. Ryan allowed Muhammad to dismiss attorneys Paul B. DeWolfe and Brian Shefferman of Maryland's Office of the Public Defender and relegated them to standby counsel. … Mr. DeWolfe and Mr. Shefferman are expected to learn today whether the agency wants them to continue. … However, Mr. Shefferman said attorneys of that office 'typically don't act in [a support] capacity.'"

DC Officials Concerned About Increased Girl Gang Activity. The Washington Times (3/30, Emerling) reports on the growing problem of girl gangs in the DC area, reporting, "officials say girl gangs wielding everything from baseball bats to ice picks are on the rise." The Times continues, "Female cliques increasingly are turning schoolyard spats into beatings and turf battles for respect, recognition and attention the girls don't receive at home. … 'In the last three years, female activity -- as far as crews and gangs -- has risen,' says Bridget T. Miller, coordinator of the District's Youth Gang Task Force. 'Nobody wanted to acknowledge it because they thought it was just a short trend, but they failed to realize how dangerous a female can be.' … Miss Miller says more than 270 girl gangs and crews operate in the District. The cliques often form in middle schools and center around neighborhoods, clashing over anything from fashion styles to being snubbed at clubs."

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Seattle "Ravers" Stunned By Murder-Suicide. USA Today (3/30, Kasindorf) reports, "Kyle Huff, 28, fatally shot six people and himself Saturday at an early-morning house party (in Seattle) after a zombie-themed rave at a performing arts center. It was Seattle's worst crime since 1983, when 13 people were killed at a Chinatown gambling club. And it was the first such incident to mar the Pacific Northwest's rave culture, where partygoers and police have had an accord that some other U.S. localities haven't matched." USA continues, "As a police task force continues searching for a motive for Huff's rampage, Mayor Greg Nickels told a community meeting Tuesday that the loud, pulsating electronic music featured at rave dances is 'not a threat to us.' … 'We don't know why he picked these particular victims,' Nickels told the group. 'We do know that this incident was not caused by music — a particular kind of music. It was caused by a disturbed individual who chose to take out his anger or rage on other human beings. As a society, we have got to come to grips with this infatuation that we have with guns.'"

The New York Times (3/30, Kowal) reports, "Mr. Huff, an unemployed onetime pizza deliverer, had been invited to the house party by others at the rave. Without warning, he collected the guns from his truck parked nearby and swiftly killed four men and two teenage girls with gunshots to the head and chest, the King County Medical Examiner said Wednesday. … Confronted by a police officer, Mr. Huff committed suicide. The police have not determined his motive." The times adds, "The victims, ages 14 to 32 and with rave nicknames like Sushi, Deacon and Chinadoll, were familiar faces at spirited parties attended by hundreds of people in the Puget Sound region. In warehouses, art spaces or nightclubs on Friday and Saturday nights, dressed in clothing that defines them into smaller cliques like candykids and juggalos, they dance energetically to musical genres like house, trance and jungle and stop to rest in "chill rooms" tuned with quieter ambient music." The Times notes, "Many people have criticized what they see as lax gun-control laws, pointing out that Mr. Huff was convicted of a misdemeanor in 2000 after shooting a moose sculpture in his Montana hometown, Whitefish. He was allowed to keep the two guns used in the shooting here. … Other critics have faulted what they describe as permissive rave culture, lax parents or lenient laws that allow teenagers into clubs where alcohol is not served."

Puerto Rican Independence Militant Arrested For US Parole Violation. The AP (3/30) reports, "A Puerto Rican pro-independence militant who served 10 years for armed robbery and was sent back to prison twice for violating his parole, has been arrested again in the U.S. island territory, the FBI said Wednesday. Antonio Camacho Negron was arrested Tuesday for not meeting with his parole officer since his release from a Pennsylvania prison in August 2004, said FBI spokesman Harry Rodriguez." The AP notes, "In September, FBI agents shot and killed Filiberto Ojeda Rios, a leader of the Macheteros who was considered the mastermind of the robbery, after he allegedly opened fire when they came to arrest him."

Supreme Court Hears Arguments On Foreign Nationals' Rights In US Courts. The Supreme Court yesterday heard arguments in two cases that question whether the Vienna Convention On Consular relations, which protects people embroiled in another country's criminal justice system, gives foreign citizens any rights they can assert in US courts. The New York Times (3/30, Greenhouse, 1.19M) reports, "Article 36 of the treaty, which the United States ratified in 1969, gives people who are arrested and detained in a foreign country a right known as consular notification, which dictates that they be informed that at their request their country's diplomats will be notified and made available to advise them. Neither Moises Sanchez-Llamas, a Mexican who was convicted of attempted murder in Oregon for shooting a police officer, nor Mario A. Bustillo, a Honduran convicted of a gang-related murder in Springfield, Va., a Washington suburb, received the required notice at the time of their arrests. The question was what remedy, if any, existed for the violation." The Washington Post (3/30, A12, Lane, 744K) runs a similar report.

Duke Suspends Lacrosse Team Over Rape Allegation. ABC World News Tonight (3/29, story 9, 2:40, Vargas) reported Duke President Richard Brodhead "has suspended the entire" lacrosse team "from playing until authorities investigate" allegations of rape with racial overtones. ABC (Berman) added, "On the night of March 13th, a woman allegedly hired as an exotic dancer at a lacrosse party told police that three team members beat, choked and raped her in the bathroom of this house. The allegations set off a wave of protests." Team captains "say the allegations of rape are 'totally and transparently false.' 46

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players provided DNA samples to police. But the district attorney says the athletes have thrown up a stone wall of silence."

NBC Nightly News (3/29, story 7, 1:50, Savidge) reported because the alleged victim is "African-American and those she's accused are white, the incident has sparked concerns about racial attitudes on a campus where so many of the students come from white and well-to-do families."

USA Today (3/30, Ruibal) reports from Durham, NC, "The flier being distributed outside Duke's student union Wednesday night looked like a wanted poster: 40 faces of young men, smiling smugly for the camera. … What was most disturbing to those gathered was the possibility several of the Duke men's lacrosse players whose photos were arranged in those neat rows may have committed criminal charges, including forcible rape and sodomy." USA continues, "These men are wanted on the Duke campus. Their fellow students want them to come forward about what happened in a shabby off-campus house March 13. Police say the athletes have refused to cooperate with their investigation." USA adds, "That night a North Carolina Central University student who worked as a private party dancer claims she was raped and showered with racial epithets by three men at a party organized by three captains of the team and attended by many members of the nationally-ranked Duke squad, police say." USA notes that "details of the alleged spring break rape emerged this weekend when it was learned that 46 members of the team submitted to DNA sample requests from the Durham County law enforcement officials. … The players have told school officials the assault did not occur."

Crime Said To Be Returning To New Orleans. The New York Times (3/30, Nossiter, 1.19M) reports that in New Orleans, "The wail of police sirens is back, and gunfire again punctuates the night. As drug dealers move into flood-damaged houses, alarmed residents say that in the last few weeks, they have begun to sense a return to the bad old days before Hurricane Katrina, when crime was an omnipresent straitjacket on life in this city." Meanwhile, "In Houston, which reported a sharp spike in killings after Hurricane Katrina, police officials say they have noticed a decline since the beginning of the year." The Times notes, "A local rapper called Juvenile, in his new post-hurricane album, declaims: 'E'ybody need a check from FEMA/So he can go and sco' him some co-ca-een-uh.'"

Volunteer Geneticists Work To Identify Recently-Discovered Katrina Victims. The Washington Times (3/30, Harper, 90K) reports that 70 of the most recently discovered victims of Hurricane Katrina "are being tended by volunteer geneticists determined to identify them through DNA testing." Employing a "methodology reluctantly honed after the September 11 attacks," geneticists "must match unique patterns of genetic traits taken from DNA samples found in blood, combs or toothbrushes with the patterns of surviving family members."

Writer Urges Improved Crime-Solving Methods. In an op-ed in the Washington Post (3/30, A23), Brian Forst, professor of justice, law and society at American University's School of Public Affairs, writes, "A March 6 Post editorial lamented the District's appallingly low homicide closure rate. Last year just 43 percent of all known homicides reported to the D.C. police department resulted in a prosecution. While this number is low, it turns out that the problem -- most serious offenders evading punishment -- is not unique to the District. Consider the roughly 15 million felony victimizations that occur annually in the United States. Just half of these are reported to the police, and only a million or so defendants in those cases are convicted, leaving well over 10 million failures each year to convict serious, culpable offenders." Forst continues, "The use of modern management methods and more widespread availability of effective forensic technology could go a long way to solve more of these crimes and reduce both types of error. DNA evidence gives us a unique window into errors for those crimes for which the evidence is available and relevant. We can use this window to estimate rates of errors for those crimes. We can do more to assess the social costs of both wrongful convictions and nonconvictions for each major crime category: The costs to the community of failures to convict serial rapists and one-time shoplifters are clearly in different leagues. We can learn more about the relationships between police and prosecution policies and errors of justice. And in old, settled cases with valid DNA evidence, as in Virginia, we may be able to find further errors of justice and correct them."

CIVIL LAW:

DOJ's COPA Subpoenas Reach Beyond Google. Information Week (3/30, Claburn) reports, "In its

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effort to uphold the 1998 Child Online Protection Act (COPA), the U.S. Department of Justice is leaving no stone unturned. Its widely reported issuance of subpoenas to Internet search companies AOL, MSN, Google, and Yahoo is just the tip of the iceberg: The government has demanded information from at least 34 Internet service providers, search companies, and security software firms." IW continues, "Responding to a Freedom of Information Act request filed by InformationWeek, the Department of Justice disclosed that it has issued to subpoenas to a broad range of companies that includes AT&T, Comcast Cable, Cox Communications, EarthLink, LookSmart, SBC Communications (then separate from AT&T), Symantec, and Verizon. … Asked which companies objected to, or sought to limit, these subpoenas, Department of Justice spokesperson Charles Miller declined to comment because the litigation is ongoing. He also declined to comment on utility of the information gathered by the government." IW adds, "The documents presented to InformationWeek reveal that some companies did object to the government's demands. In an E-mail sent to the Department of Justice last July, Fernando Laguarda, an attorney representing Cablevision Systems Corp., characterized some of what the government was asking for as 'overly broad, vague, ambitious, and unduly burdensome.'"

Judge Overturns DOJ Decision On Junior Firefighter's Death Benefits. The Philadelphia Inquirer (3/30, Price) reports, "After years of hearings and appeals, U.S. Court of Federal Claims Judge Marian Blank Horn on Monday overturned a U.S. Justice Department decision that denied death benefits to a 14-year-old junior firefighter who was killed riding his bike to answer a fire alarm." The Inquirer continues, "The Justice Department had maintained that because Christopher Kangas, an eighth-grader at Northley Middle School in Brookhaven at the time of his death, was a trainee, he did not qualify as a public safety officer." The Inquirer adds, "Without the title, the junior firefighter was not eligible for federal death benefits, and, most important to his mother and his fellow firefighters, not eligible to have his named inscribed on the National Fallen Firefighters Memorial." The AP (3/30) also reports on the ruling.

FEC To Rule On Advocacy Ads By Outside Groups. The FEC is expected to rule next week on when TV spots, print ads and the advocacy buys from outside groups should be treated as in-kind campaign contributions, according to The Hill (3/30, Schor). Under campaign-finance rules, "a political ad is deemed coordinated and treated as a contribution subject to McCain-Feingold limits when it meets a three-part test. In July, however, a federal court struck down part of the 'content' test, which sets different rules for ads running more than 120 days before a primary or general election. … The court questioned the FEC's rationale for choosing a 120-day window and asked the agency to look into when the majority of party advertising is purchased." The Hill adds, "The Democratic Senatorial Campaign Committee (DSCC) and Democratic Congressional Campaign Committee (DCCC), through counsels Robert Bauer and Marc Elias, asked the FEC to replace the 120-day window with the 30- and 60-day windows that determine when an ad or mailing qualifies as an 'electioneering communication.'"

NYTimes Praises FEC Ruling On Internet Ads. An editorial in the New York Times (3/30, 1.19M) praises the FEC's ruling that the internet "must not be used as a conduit for unregulated salvos of big-money political advertising." The Commission's ruling "against such 'soft money' corruption is welcome as well for its ringing endorsement of the free-speech rights of political bloggers, who had been concerned that they would be unfairly hobbled by any campaign controls on the Web."

CIVIL RIGHTS:

DOJ Clears South Carolina Primary Election Plan. The AP (3/30) reports, "The U.S. Justice Department has approved South Carolina's plans for the June 13 primary. … 'They cleared it,' state Sen. Larry Martin, R-Pickens, told the Senate on Wednesday. 'So, it's already in effect and it's ready to go.'" The AP adds, "In February, the Justice Department challenged the state's runoffs because they come just two weeks after the primary. Agency lawyers said that was not enough time for overseas and military voters to receive and return runoff ballots. … The Legislature approved changes in the state's election laws that lets overseas and military voters rank primary candidates to indicate who they would vote for in a runoff. The law change also lets overseas and military voters cast ballots by fax or e-mail."

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DOJ Urged To Block Georgia's Voter ID Law. The AP (3/30) reports, "Civil rights groups have asked the U.S. Justice Department to block a new Georgia law that requires a photo ID to vote." The AP continues, "More than two dozen civil rights, community, religious and citizen advocacy groups sent a letter to the department on Tuesday." The AP adds, "The law was signed by Republican Gov. Sonny Perdue in January but needs Justice Department approval before it can be enforced. … Even if the department approves it, a federal judge could stall the law. An earlier version of the law was blocked by a federal judge in October."

Guatemalan Man Pleads Guilty To Florida Human Trafficking. The Ft. Myers News-Press (3/30, Boxleitner) reports, "A Guatemalan man whose arrest in 2004 unveiled the dark secrets of human trafficking in Southwest Florida pleaded guilty Wednesday to all federal charges facing him. Under the plea agreement, Fernando Pascual…will do 10 years in prison, with no chance for early release, said Chief Assistant U.S. Attorney Douglas Molloy. Pascual's guilty plea spares the 15-year-old victim in this case, who was held against her will and forced to be a sex slave, from having to appear in open court for a trial." The News-Press notes, "A neighbor reported the girl's story to the FBI, which prompted a federal investigation."

Louisiana Bills Fail To Change New Orleans Election Rules. The AP (3/30, Simpson) reports, "The Rev. Jesse Jackson went to the state Capitol on Wednesday with his campaign to make it easier for displaced New Orleans residents to vote in the April 22 mayor's race, but he got no help from a Senate committee." The AP continues, "The Senate and Governmental Affairs Committee rejected a bill that aimed to create 'satellite voting centers' in other states, so registered voters now living out of state could cast ballots without traveling back to Louisiana." The AP adds, "Jackson testified that forcing displaced voters - most of whom are black - to pay for transportation back to New Orleans amounted to a "poll tax" akin to those that existed in the Jim Crow era. … Opponents questioned whether Louisiana would get full cooperation from the other 49 states where Katrina evacuees now live." The AP notes, "State election officials have taken several steps to help residents displaced by Hurricane Katrina vote in the April 22 municipal elections, including easing restrictions on mail voting and setting up offices around the state where residents can cast early ballots prior to election day. But some civil rights groups say the state has not done enough. … A federal judge this week turned back their efforts to delay the election. Meanwhile, some lawmakers in the session that began Monday are pushing various bills they hope will further ease displaced residents' ability to vote."

NOPD Officers Indicted For Videotaped Beating Of Retired Teacher. In a widely-distributed story, the AP (3/30, Foster) reports, "Two fired New Orleans police officers and one current officer were indicted Wednesday in the videotaped beating of a retired teacher in the French Quarter last fall." The "beating of Robert Davis…was caught on video by an Associated Press Television News crew covering the aftermath of Hurricane Katrina." Officers Robert Evangelist, Lance Schilling and Stewart Smith "were charged with battery and other offenses." The AP notes, "The video also shows two FBI agents joining the police in subduing Davis. Their role is being investigated by federal officials."

Mississippi Sheriff Barred From Discussing Inmate Death. The AP (3/30) reports, "U.S. Attorney Dunn Lampton says Harrison County (MS) Sheriff George H. Payne Jr. cannot comment on the death of a jail inmate because of federal statutes that apply to grand jury matters and ongoing investigations." The AP continues, "County supervisors had asked Payne this week to talk to them about the death of Jessie Lee Williams Jr. Williams was allegedly beaten by jailers in the booking room of the county jail on Feb. 4. Without details, supervisors said they are ill-prepared to respond to a wrongful death lawsuit in which they are among defendants." The AP adds, "Payne said sheriff's department was not part of the investigation and Lampton told him that the department was not 'to comment in any shape, form or fashion on the case or the investigation.' … Cy Faneca, Payne's attorney, told supervisors he tried to get permission from the U.S. Justice Department to show them the booking room videotapes, but was denied."

Court Rules McDermott Violated Boehner's Civil Rights. A federal appeals court ruled Tuesday that Rep. Jim McDermott violated the rights of Rep. John Boehner and broke federal law when he leaked the contents of an illegally taped phone call to the press 10 years ago. The Washington Post (3/30, A21, Lee, 744K) reports that "a three-

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judge panel of the U.S. Court of Appeals for the District of Columbia Circuit ordered McDermott to pay Boehner, now House majority leader, more than $700,000, including $60,000 in damages and hundreds of thousands of dollars for legal fees. Boehner had sued McDermott, alleging violations of federal and state wiretapping laws. The tape was of a Dec. 21, 1996, conference call among Republican leaders, including then-House Speaker Newt Gingrich (Ga.), over how to handle the fallout of the ethics sanctions against Gingrich."

US Bookstore Chains Will Not Stock Magazine With Muhammad Cartoons. The Washington Post/AP (3/30, A8) reports, "Borders and Waldenbooks stores will not stock the April-May issue of Free Inquiry magazine because it contains cartoons of the Prophet Muhammad that provoked deadly protests among Muslims in several countries. … The magazine, published by the Council for Secular Humanism in suburban Amherst, includes four of the drawings that originally appeared in a Danish newspaper in September."

Americans Urged To Recognize Cultural Differences. Jonathan Zimmerman, who teaches history and education at New York University, writes in USA Today (3/30, 2.31M), "I can still picture my sixth grade student's frightened expression when I asked her to give the first classroom presentation that morning. 'Where I come from,' she said, in a quivering voice, 'girls don't go first.'" The girl was "an immigrant from a Muslim country in the Middle East whose family had moved to Baltimore a few years earlier." Zimmerman adds, "I'm not proud of this, but I let her go second. Today, I'd turn her objection into a set of questions. When you say 'girls don't go first' in your homeland, what do you mean? Who agrees with this idea? Who doesn't? Why do Americans continue to deny these differences in the name of culture? Now, more than ever, that's a question we need to ask."

ANTITRUST:

DOJ Gives Antitrust OK To Whirlpool-Maytag Merger. The New York Times (3/30, Henriques) reports, "The Justice Department's antitrust division announced yesterday that it had approved Whirlpool's purchase of its smaller rival Maytag, a $1.7 billion deal that will create one of the largest home appliance companies in the world." The Times continues, "Despite the dominant market share the merged companies would have, government lawyers concluded that the deal was not likely to reduce competition among home appliance manufacturers substantially, in part because of strong domestic rivals like General Electric and Frigidaire as well as rivals from abroad including LG, Samsung and Bosch." The Times adds, "Thomas O. Barnett, the assistant attorney general for antitrust, said yesterday that foreign competitors — although they are primarily supplying more expensive machines now — can still put meaningful pressure on appliance prices. 'It's not a question of whether they will enter the U.S.,' Mr. Barnett said. 'In this case, they're quite credible given that they're already here.'"

The Wall Street Journal (3/30, Brat, Gibson) reports, "After several months of review, the Justice Department concluded yesterday that the deal 'is not likely to reduce competition substantially,' citing the combined companies' 'ability to expand sales significantly and large cost savings and other efficiencies that Whirlpool appears likely to achieve.' … Under traditional antitrust analysis, the deal would probably be rejected or reshaped because of the combined companies' majority share of the U.S. market for washers and dryers. But the Justice Department weighed other factors that carried the day, including the prospect of foreign competition."

USA Today (3/30, Howard) reports, "The combined 'market share was high enough to conduct a very extensive and thorough investigation of this case,' Thomas Barnett, assistant attorney general for antitrust, said in a conference call. 'We went beyond market share and evaluated the competitive dynamics about what is likely to happen.' … He says that prices should stay in check because of competition from the growing ranks of foreign manufacturers, including LG and Samsung, and other American manufacturers, such as General Electric. … 'When we looked at the question of an anti-competitive price increase on low-to-midrange products, we considered North American competitors who could expand their sales, and foreign companies,' Barnett said. For example, South Korea's LG, which distributes to chains such as Home Depot, 'has been quite successful in a short period of time.'"

The Financial Times (3/30) reports, "The DoJ's decision, in the face of claims that the combined company could control up to 70 per cent of the market for washers and dryers in the US, followed an eight-month-long investigation that was seen as a major test of the limits of the Bush administration's stance on antitrust issues."

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The AP (3/30, Sherman) reports, "Some analysts and antitrust lawyers had expected the Justice Department to object to the deal. The merger would create a company producing half of the dishwashers in the United States and more than 70 percent of the clothes washers and dryers. … Such a rise in market concentration has typically drawn a challenge from the government." Barnett "said the combined market share prompted a lengthy investigation by his staff. … 'It's fair to say that Maytag and Whirlpool account for a large share of the laundry products sold in the United States today and that relatively large share creates an initial rebuttable presumption that justifies an extensive look,' he said. … However, he said the investigation resolved those concerns."

The Des Moines Register (3/30) reports, "The combination of Whirlpool, the nation's biggest appliance maker, and Newton-based No. 3 Maytag would create the largest appliance manufacturer in the world with annual sales of about $18 billion. … The sale, however, also raises questions about the future of Maytag operations in Newton, where it operates a 1,000-employee washer/dryer factory and employs another estimated 1,300 people at its headquarters." The Register adds, "Critics of the deal said the combined company would lessen competition and harm consumers through higher prices and reduced choice. The combined company will produce an estimated 75 percent of the nation's top-loading washers and companion dryers. … Backers of the deal said the market would still include another strong domestic appliance maker, General Electric, and foreign appliance makers from Asia and Europe would also offer significant competition."

Bloomberg (3/30) reports that the department "rejected concerns from its own lawyers that the combination might hurt competition. … It was the first merger decision by Thomas O. Barnett since he won Senate confirmation on Feb. 10 to head the Justice Department's antitrust division. … 'I'm stunned,' said Mirko Mikelic, a senior portfolio analyst with Fifth Third Bank in Grand Rapids, Michigan, with $21 billion assets including Whirlpool bonds. 'I thought they would need to do at least something to appease the Justice Department.'"

Small Companies Can Be Targets Of DOJ Antitrust Probes. In an op-ed in the Legal Times (3/30), John G. Calender and Phillip C. Zane of the D.C. office of Baker, Donelson, Bearman, Caldwell & Berkowitz write, "Although nonspecialists sometimes believe that the antitrust laws are aimed at limiting the power of big businesses, these laws, particularly the criminal provisions of the Sherman Act, are enforced against all manner of companies. Small businesses do get discovered, prosecuted and convicted." Calendar and Zane continue, "Recent prosecutions of small companies have been as varied as the economy itself. The Justice Department has investigated roofing contractors in upstate New York for rigging bids. Electrical contractors, concrete suppliers and insulation manufacturers also have been prosecuted. Small computer firms have been targeted, as have small chemical companies. Moving and storage companies have been prosecuted for bid rigging. Scrap companies have been convicted of price fixing. … Individuals convicted of price fixing or bid rigging now face a maximum sentence of 10 years in prison for each count. The actual length of the sentence depends on a number of characteristics of the offender and the offense -- most important, the volume of commerce affected by the conspiracy. This does result in shorter sentences for convicted employees of small companies. … But it's not much help. Recent amendments to the federal sentencing guidelines have served to increase the lowest sentence available for price fixing (without a departure from the guidelines) to 10 months confinement, at least half of which must be served in prison. Bid rigging is treated more harshly; a person convicted of this offense must spend at least one year in prison. … The lesson for small companies and their counsel is clear: Do not ignore the antitrust laws because you think they apply to someone bigger or more profitable. They apply to you too, and you ignore them at your peril."

Supreme Court Hears Arguments In eBay Patent Infringement Case. EBay argued before the Supreme court yesterday that a company found liable for patent infringement should not be forced to stop using the patented idea. USA Today (3/30, Biskupic, 2.31M) reports, 'Carter Phillips, an attorney representing eBay, argued that sometimes being forced to pay money damages is enough. If a judge issues an injunction while a company tries to design around the patents, that could stifle commercial innovation, Phillips said." USA adds, "A jury found eBay liable for infringement of patents held by MercExchange, a Virginia company. The jury awarded damages: $35 million, later reduced by $5.5 million. The judge denied MercExchange's request for an injunction, saying it would not be irreparably harmed if eBay continued operating as it sought alternatives

for its fixed-price marketplace. The judge noted that MercExchange had not put its patents into practice. But the U.S. Court of Appeals for the Federal Circuit reversed. It said once a jury has found infringement, the general rule is that an injunction is issued."

The Washington Post (3/30, D1, Noguchi, Lane, 744K) reports that MercExchange LLC "argues that the real problem is the bullying of giants like eBay that refuse to pay patent holders for their intellectual property. Backed by the pharmaceutical industry, which has its own huge stake in patenting drugs that take years to develop, MercExchange argues that, without easy access to injunctions, small inventors would be helpless against the likes of eBay."

The Wall Street Journal (3/30, Anderson, 2.11M) reports that several Justices "appeared resistant to eBay Inc.'s call for broader leeway on whether federal courts issue an injunction in a patent-infringement case, although the justices also probed for how they might clarify injunction standards. 'You're talking about a property right here and a property right is the right to exclude,' Justice Antonin Scalia said at oral arguments in eBay v. MercExchange. Justice Scalia wondered why the Supreme Court should rewrite patent laws. 'Why can't we let the marketplace take care of the problem,' he said. Justice Scalia and several other justices indicated they were worried that watering down the role of injunctions in patent-infringement cases might harm inventor rights in the U.S. patent system. At the same time, some of the justices also probed for whether the Supreme Court should rule that federal trial judges…have some discretion to withhold an injunction."

Dow Jones (3/30) reports, "Ebay Inc.'s arguments that trial court judges should have discretion over when to grant injunctions in patent-infringement cases ran into tough questioning from several justices Wednesday at the U.S. Supreme Court." Dow Jones continues, "The online auctioneer wants the high court to reverse an appeals court ruling that said a district-court judge erred in not issuing an injunction against eBay after a jury found the Internet giant violated patents held by MercExchange." Dow Jones adds, "The case is part of an ongoing battle over U.S. patent law that pits high-tech companies like eBay, who argued that such injunctions are granted too readily, against inventors, biotech firms and drug companies that rely heavily on patent law to protect their investments in intellectual property."

The Legal Times (3/30, Mauro) reports, "Two veterans of the Supreme Court bar argued forcefully -- and inconclusively -- Wednesday in a high-stakes dispute over how easy it should be for a patent holder to win an injunction against an infringer." The Times continues, "From the tenor of the questioning in eBay v. MercExchange, justices seemed closely divided over the issue, alternately sympathetic toward Sidley Austin's Carter Phillips, arguing his 49th case at the Court, and then toward his adversary, WilmerHale's Seth Waxman, appearing before the high court for the 47th time." The Times adds, "The case has drawn wide interest, with businesses lining up on both sides. Some companies, including Intel, are siding with eBay, expressing concern that the holder of a single patent that covers one of thousands of processes inside a product could bring down that product too easily by obtaining a paralyzing injunction. The recent patent dispute that almost crippled BlackBerry service is cited as a prime example."

More Commentary. In an op-ed in the Wall Street Journal (3/30), Nathan Myhrvold, Microsoft's first chief technological officer and currently CEO of Intellectual Ventures, writes, "The roots of this case lie in differing corporate cultures and attitudes about the patent system. In some industries, like pharmaceuticals or biotech, patents are crucial to the business model, so they support and respect patent rights. Tech companies, on the other hand, win by muscling their way to sufficient market share to become a de facto standard (some would say monopoly). Because patents don't figure in this business model, tech companies don't hold the patent system in high regard. Patents are simply not a priority for many tech companies. Ebay, for example, has only 11 issued patents." Myhvold continues, "Other large tech companies do amass significant portfolios, but often not directly related to their business model. If a rival company asserts a patent, a company like this plays defense and threaten the asserter's products right back. While 'defense' sounds benign, what it can mean in practice is having enough patents that you can steal from anybody else with impunity. Between big companies this works like a powerful shield, much like the doctrine of mutually assured destruction with nukes. But the shield is impotent against universities, companies without products or independent inventors. Owners of large defensive portfolios hate that." Myhrvold concludes, "Weakening patent laws, whether in the Supreme Court or Congress, is no more than a government bailout of the infringement problems big tech companies deliberately made for themselves. America needs to have future generations of inventions and technology. We can't mortgage

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our future by taking away the rights and incentive of our inventors."

ENVIRONMENT:

Administration Announces New CAFE Standards. Treasury Secretary Norman Mineta announced the Bush Administration's revised corporate average fuel economy standards yesterday, which, for the first time, include all sports utility vehicles and small trucks. However, environmental groups say the proposed standards fail to significantly address US fuel consumption. The Wall Street Journal (3/30, Meckler, 2.11M) says the standards finalized yesterday "are no stricter than proposed last year despite rising gasoline prices." The rules "are mostly a victory for auto makers, since environmentalists had argued that the rules should be increased even more, given government formulas for fuel-efficiency that take rising gas prices into account."

Meanwhile, the New York Times (3/30, Wald, 1.19M) says "the final rule…was slightly tougher than the one his department proposed last summer." The New York Times (3/30, Wald, 1.19M) also runs a related piece titled "Automakers Use New Technology To Beef Up Muscle, Not Mileage." The Washington Post (3/30, D1, Freeman, 744K) reports environmentalists "complained that NHTSA retained a fuel-economy exemption for the industry's largest pickup trucks. Vehicles such as the Ford F250 and F350 pickups are excluded from the fuel standards."

The Baltimore Sun (3/30, Dresser, 296K) says the proposals represent "some of the most far-reaching changes to its fuel economy standards in the 27-year history of the program Wednesday." It "marks the second time the Bush administration has increased the mileage targets for the group of vehicles, some of which had been exempt from the fuel efficiency rules." USA Today (3/30, O'Donnell, 2.31M) reports "some environmentalists' concerns were addressed in the rule. Groups had complained that an August plan to assign fuel-economy targets based on six size categories of trucks would have encouraged automakers to make trucks bigger to move them into a category with a less stringent mileage number." NHTSA "scrapped the categories to reduce the risk of this 'gaming' and instead is assigning a separate mpg number for each size of vehicle."

The story was the lead on ABC and NBC, while CBS ran a brief on the new standards late in its newscast. The CBS Evening News (3/29, story 10, 0:20, Mitchell, 7.66M) noted "the government says the tighter standards will save nearly 11 billion gallons of gas." CBS also ran a follow-up report (3/29, story 11, 3:25, Regan) on Brazil's effort to achieve energy independence by relying on sugar cane ethanol. ABC World News Tonight (3/29, lead story, 3:05, Vargas, 8.78M) reported, "For the first time, Federal standards address all SUVs and small trucks. By 2011, they must, on average, get 24 miles per gallon. The government says this will save more than 10 billion gallons of gasoline over the lifetime of the vehicle. Today, President Bush said, once again, that America needs to break its addiction to oil." ABC (von Fremd) added, "This year, the average gas mileage for each manufacturer's fleet must be at least 21.6 miles per gallon. The number gradually increases, and by 2011, the fuel economy must average 24 miles per gallon. Environmental groups say SUVs should get at least 40 miles per gallon."

NBC Nightly News (3/29, lead story, 2:50, Costello, 9.87M) reported, "By 2011, light trucks and pickups must average 24.1 miles per gallon, an increase of 1.8 miles per gallon from 2007 models. But that's only the average; the longer the distance between the front and rear axles, the lower the mileage requirement." American automakers "have opposed previous attempts to raise the standards, arguing they weren't fair. This time, they are going along." The "new standards will add about $200 to the average sticker price, but environmentalists wonder what the country is getting for the money."

Officials Say Ethanol Shortage Could Drive Up Gas Prices. The ethanol industry cannot keep pace with the demand for fuel-grade alcohol to mix with gasoline which means gas prices may be unusually high and shortages may occur this summer, according to the head of the US Energy Information Administration's testimony before the Senate Environment and Public Works Committee. USA Today (3/30, Healey, 2.31M) reports that Bob Dinneen, president of the Renewable Fuels Association countered that these are short term challenges and whatever "can't be produced here can be imported." USA adds, "Ethanol mainly is made in the Midwest. But demand should be heaviest in the Northeast and Texas because of special clean-air fuel requirements there. Shipping alcohol costs more and takes longer because ethanol attaches to any moisture present and could contaminate petroleum pipelines -- the cheap, fast way to ship."

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EPA Plans Emissions Standards For Lawn Equipment. The EPA is planning new emissions standards for lawn equipment to cut air pollution and save gas. The Wall Street Journal (3/30, Muñoz, 2.11M) reports, "The new standards would affect all lawn mowers. Currently, there are 52 million residential and commercial mowers (both the ones you push and the ones you ride) and other large lawn equipment that the EPA estimates are in use nationwide. … To control emissions, lawn equipment would likely need catalytic converters, devices that manufacturers and fire safety advocates say could increase the risk of fires and burns. An EPA safety study released earlier this month, however, found no risk from adding the devices to engines in lawn mowers."

Report Urges Strict Federal Limits On Fishing. A report from the Marine Fish Conservation Network which urges Congress to impose strict limits on fishing, says only 13 percent of federally mandated ocean fish stocks are known to be healthy and not overfished. The Washington Times (3/30, Price, 90K) reports, "During a press briefing at which the report was released, Lee Crockett, MFCN's executive director, said a new reauthorization measure should include annual 'catch limits set by scientists' and 'accountability' to deal with regional fisheries management councils that exceed those limits."

Avian Flu Vaccine Produces Limited Success. The CBS Evening News (3/29, story 8, 1:50, Kaledin, 7.66M) reported that an "experimental bird flu vaccine was tested in 450 people at study sites like this one at the University of Rochester, and in more than half of them, it worked." Dr. John Treanor, University of Rochester: "At the highest doses, most people made antibodies in the blood which we would expect to be able to fight off the bird flu virus." Kaledin: "Volunteers were given two shots of 90 micrograms, that's several times larger than the conventional flu shot dose. The high dose needed is the one big drawback right now." Still, "it's good enough for the government, which is planning to produce and stockpile eight million doses. Infectious disease experts like William Schaffner are relieved." The vaccine "will need to be improved, he says, but in the face of what some say is the inevitability of a coming flu pandemic, having a vaccine that's even modestly effective is a major step toward preparedness."

The Wall Street Journal (3/30, Armstrong, 2.11M) says the vaccine, developed by the US government and Sanofi-Aventis SA, "provided a mixed message of hope for an answer to the deadly disease, but only if manufacturing ramps up ahead of any widespread contagion." Meanwhile, USA Today (3/30, Sternberg, 2.31M) says the study, which appears in Thursday's New England Journal of Medicine, "marks a milestone in the joint government-private sector push to guard against avian flu by developing new vaccines and better ways of producing them."

The New York Times (3/30, Grady, 1.19M) reports that Dr. Anthony Fauci, director of the National Institute of Allergy and Infectious Disease, which paid for the development and testing of the vaccine, called the results "muted good news." He said the research was "a step in the right direction," but "we have a long way to go."

In a front page article, the Los Angeles Times (3/30, A1, Chong, Gellene, 958K) took a more negative tone, reporting, "Setting back plans to shield the nation from a potential bird flu pandemic, the first study of a human vaccine showed that even a massive dose failed to protect nearly half of those inoculated."

Bird Flu Fatalities Climb, Mark Deadliest Quarter Yet. Bloomberg (3/30, Gale) reports bird flu fatalities reported this week in Egypt, "which may be confirmed by the United Nations this week, will bring the year's global death toll to 31 people and mark the quarter as the deadliest yet as the virus spreads from Asia to Europe and Africa." Meanwhile, UN Secretary General Kofi Annan yesterday "asked wealthy countries to keep their promises made in January to give money for the fight against bird flu and said significant new funds may be needed for Africa."

Study Finds Sonar's Link To Whale Stranding Inconclusive. The Washington Post (3/30, A15, Kaufman) reports, "Federal ocean scientists said yesterday they were unable to determine whether Navy sonar caused a mass stranding of whales on the North Carolina shore last year." The Post continues, "In their report on the stranding -- one of the largest and most troubling in two decades -- the National Marine Fisheries Service researchers concluded that Navy ships had used sonar in the area the day before the whales came onshore. But detailed necropsies and analyses did not find any physical signs of a connection between the loud sonar pings and the whales' rush to shore." The Post adds, "The report concluded that

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most of the animals were otherwise healthy. In all, 33 pilot whales, two pygmy sperm whales and a minke whale stranded and died within two days. Strandings of more than one species at a time are rare. … The report on the January 2005 stranding had been anxiously awaited by the Navy and environmentalists because the animals died near the proposed site of a 660-square-mile underwater sonar testing range. … The Navy has said the sonar range is essential to train sailors and will not be a danger to the many whales in the area. Some environmentalists disagree, saying that the growing number of strandings around the world linked to naval active sonar make the range -- which is near a major whale migration path -- a threat to animals."

FBI/DEA/ATF/USMS:

Mitchell To Head Major League Baseball Probe Of Steroid Use. USA Today (3/30, Bodley, 2.31M) reports that ESPN yesterday reported that that former Senate Majority Leader George Mitchell will head Major League Baseball's investigation into steroid use by major league baseball players. According to USA today, an announcement "could come as early as today. Without citing sources, ESPN stated that Mitchell, a Maine Democrat and close friend of Commissioner Bud Selig, will head the investigation but not be the lead investigator."

The Los Angeles Times (3/30) reports Mitchell will head-up the investigation and writes, "George Mitchell, a Washington lawyer and the former Senate majority leader from Maine who previously has advised Major League Baseball, will lead Commissioner Bud Selig's investigation into alleged steroid use by Barry Bonds and other players. Under persistent pressure from Congress and in light of a new book that claims Bonds used performance-enhancing drugs for at least five years, Selig will outline his investigation in a news conference today at his office here, baseball sources said."

In a story included in yesterday's briefing, The New York times reported on the expected investigation. Today The New York Times (3/30) writes, "No one in the office of Commissioner Bud Selig would confirm Selig's intentions, but a team executive with knowledge of the situation said the announcement on Mitchell would come today. The person was granted anonymity because details had not been finalized."

The Sports Network (3/30) and the BBC (3/30) cite The New York Times report.

New York Newsday (3/30) writes, "Today, Bud Selig likely will announce that he is opening an examination of players who have been accused of steroid usage. Former Senator George Mitchell will lead the investigation, and the queries will start, not surprisingly, with those implicated in the BALCO scandal - with Barry Bonds and the Yankees' Jason Giambi and Gary Sheffield ranking as the big names."

Network TV Coverage. The CBS Evening News (3/29, story 13, 2:30, Mitchell) reported, "Most Major League teams begin regular season play on Monday, but this year is different because the steroid scandal that hung for so long on baseball's horizon now looms over the game like a thunder cloud." CBS (Mason) added, "San Francisco slugger Barry Bonds begins his assault on one of the most revered records in sports next week, needing 48 home runs to pass Hank Aaron and set baseball's all-time home run mark. But Bonds will come to bat under a cloud of suspicion. The new book 'Game of Shadows' alleges he began using steroids in 1998, and Baseball Commissioner Bud Selig is reviewing what to do." Former Commissioner Fay Vincent: "I think baseball has to tell people what was going on. I think Congress will investigate if baseball doesn't."

Some Argue Bonds Allegations Rooted In Racism. USA Today (3/30, Nightengale, 2.31M) reports on a growing argument over whether the hate mail directed at San Francisco Giant Barry Bonds is a result of racism from whites who do not want him to pass Babe Ruth for second on baseball's all-time home runs list, or of "mounting evidence he used performance-enhancing drugs to reach this point in history?" USA adds, "Those who insist race is a non-factor cite the overwhelming evidence of Bonds' steroid use in the leaked grand jury testimony and documents reported by the San Francisco Chronicle in the Bay Area Laboratory Co-Operative (BALCO) investigation and more recently in the book Game of Shadows. … That evidence, they say, has no overtones of racial or gender discrimination."

Tandy Says Marc Emery "Turns A Blind Eye" To Marijuana Victims. In a letter to the editor at the Washington Post (3/29), Karen Tandy writes in response to an article about Marc Emery, the self-proclaimed "Prince of Pot." Tandy writes, "Emery, who distributed millions of marijuana seeds throughout the country, admits the accuracy of the Drug Enforcement Administration's charges

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against him, but he denies harming Americans. Like all dealers, Mr. Emery turns a blind eye to marijuana's victims -- people like Victoria Rogers, a mother driving with her children when she was killed by a marijuana-intoxicated motorist."

Son Of Drug Cartel Founder Is Sentenced In Miami. The AP (3/30) reports a federal judge on Wednesday "sentenced the son of a co-founder of Colombia's Cali cocaine cartel to nearly 22 years in prison." However, William Rodriguez-Abadia "could serve less than the 21-year, 10-month term if prosecutors agree that his cooperation has been substantial in a case against his father and uncle." Prosecutors "say the Cali cartel was once the world's largest cocaine smuggling enterprise, earning more than $1 billion in profits."

US, Britain To Help Kenyan Officials Destroy Seized Cocaine. Slate.com (3/29) writes that experts from the United States and Britain "have stepped in to help Kenyan officials test and destroy 1,141 kilograms of cocaine. The drugs were netted in 2004 during the biggest cocaine seizure in the country's history." Slate notes that the cocaine will be burned and adds, "In the United States, the Drug Enforcement Administration burns illicit drugs such as marijuana, ecstasy, and cocaine at contract facilities."

Two Men May Face Death Penalty In Pennsylvania Drug-Related Case. The Pittsburgh Tribune-Review (3/30) reports two men "accused in a 2004 slaying designed to intimidate the victim's son from testifying in a Beaver County drug trial now face federal charges -- and possibly the death penalty. Jelani Solomon, 27, of Beaver Falls, and Claron Hanner, 28, of Pittsburgh's Knoxville neighborhood, are charged with an array of drug and weapons offenses in connection with the Jan. 19, 2004, slaying of Frank Helisek Jr., 53. … A two-year investigation into Jelani Solomon's drug enterprise, which the federal Drug Enforcement Administration dubbed 'Operation Enough is Enough,' has netted 44 arrests so far."

Former Louisiana Police Chief Gets 7-Year Prison Sentence For Selling Crack. The AP (3/30) reports a former Lutcher police chief "was sentenced Wednesday to more than seven years in prison for distributing crack cocaine. Corey Pittman was arrested in 2005 after federal agents and St. James Parish sheriff's officers caught him giving crack to an undercover officer on three occasions. … The investigation began when an area law officer…tipped off federal agents that the chief might be involved in selling drugs, according to the federal Drug Enforcement Administration."

The Baton Rouge Advocate (3/29) reports, "In the summer of 2005, Pittman distributed crack cocaine to an undercover agent who was part of an operation involving the U.S. Drug Enforcement Administration, the FBI and officers of the St. James Parish Sheriff's Office."

Evidence Suppressed In Guam Meth Case. The Pacific Daily News (3/30) reports a federal judge "granted a motion to suppress evidence obtained against two people arrested during the Sept. 8 drug raid at the Guam Reef Hotel. … U.S. District Court of Guam Judge Joaquin Manibusan, in a written opinion, stated that the arresting officers lacked probable cause to detain [the defendants] at the time of the raid. … On Sept. 8, agents from the U.S. Drug Enforcement Administration, the Guam Police Department and Guam Customs and Quarantine raided the hotel room based on a tip they had received earlier that morning."

Iowa Real Estate Agent Pleads Guilty To Money Laundering Charges. The Cedar Rapids, Iowa Gazette (3/29) reports real estate agent Harriette Cooper "pleaded not guilty to six money laundering charges during a brief appearance…in federal court in Cedar Rapids. Cooper, 52, is accused of taking cash from drug sales and obtaining six cashier's checks during April 2003 to avoid the filing of federal Currency Transaction Report. … The case…was investigated by the Drug Enforcement Administration, Iowa Division of Narcotics Enforcement and the Criminal Investigation Division of the Internal Revenue Service."

Federal Grand Jury Indicts Three Students For Alabama Church Arsons. The AP (3/30, Reeves) reports college students Matthew Cloyd, Russell DeBusk Jr. and Benjamin Moseley were indicted by a federal grand jury "Wednesday in a series of nine church fires that plagued rural Alabama last month, accusing them of conspiracy and arson. The three, who were arrested earlier this month after an investigation by dozens of local, state and federal authorities, also face state charges. And prosecutors say still more counts could be added once county grand juries hear the cases."

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IMMIGRATION:

Bush To Discuss Immigration Reform With Fox In Cancun. The AP (3/30, Pickler) reports, "President Bush began a trip Wednesday intended to strengthen ties with Mexico and Canada on issues like terrorism, trade and problems along the long borders the United States shares with its neighbors." Even "with a debate over border security raging at home, Bush is using the summit to try to strengthen ties with leaders of America's northern and southern neighbors who have their own concerns about the flow of people and goods with the United States," and "he said the strong relationship with Mexico and Canada needs to be further strengthened."

NBC covered the story in a full segment, while ABC mentioned it briefly in a story that focused on the President's light-hearted banter with the audience at a speech he delivered at Freedom House on Iraq. ABC World News Tonight (3/29, story 8, 1:00, Vargas, 8.78M) reported Bush "held a free-wheeling question and answer session with the audience. And free-wheeling it was." Asked by a member of the audience "what kinds of components" he was "looking for in an immigration bill," Bush said, "That's a great question. Thanks. It's topic du jour. Pretty fancy, huh? Topic du jour. I don't want to ruin the image."

NBC Nightly News (3/29, story 3, 1:10, Gregory, 9.87M) reported, "This is an important summit, if a quick one. The President will meet with the leaders of Mexico and Canada, everybody here watching that debate back in Congress. Before the President left, he pressured Congress once again in Washington to pass a guest worker program. And he made the argument today that such a program would help Border Patrol agents actually focus on real threats in his words – terrorist activity, drug smuggling along the border -- rather than their emphasis on just looking for people trying to come across the border to get work."

Fox News' Special Report (3/29, Cameron) reported that before leaving for Mexico, Bush spoke to reporters and "reiterated his insistence that any reform include his guest worker program. But Republicans are cool to his idea." The Los Angeles Times (3/30, Gerstenzang, Tobar, 958K) says the summit comes as Bush "is struggling to overcome the lowest approval ratings of his presidency, Fox is in the final year of a six-year term and cannot run for reelection, and Harper, who heads a minority Conservative government, came to power only two months ago after an election in which he was accused of being too cozy with the Bush administration." During his news conference, "Bush appeared eager to head for a resort that is popular with U.S. tourists. '"No Speedo suit here,' he assured the Freedom House audience." The AP (3/30) says that "though the 59-year-old president has been deemed in excellent shape for his age, he added a wry 'Thankfully' that earned laughter from the crowd. Then Bush told the man he had chosen as his final questioner that he was only trying to see if he could throw him off. 'Just testing your concentration,' the president said."

The New York Times (3/30, Thompson, 1.19M) reports the immigration debate in the US is "vitally important for Mr. Fox, who is leaving office at the end of this year and has staked much of his legacy on seeking reforms to benefit the estimated six million illegal Mexicans working in the United States." The Times adds, "Momentum on the measure turned in Mr. Fox's favor this week when the Senate Judiciary Committee passed the proposal. In an interview on Tuesday, Mr. Fox applauded the Senate's action, which was the first small victory in his government's five-year campaign for immigration reform, but he acknowledged the proposal still faced a fight in Congress."

The Washington Post (3/30, A4, Roig-Franzia, 744K) notes Fox "has responded angrily to US proposals to tighten the border. In a recent speech, he predicted that by 2010, the United States would 'beg' Mexico for workers in vain, suggesting that by then the Mexican economy would generate enough jobs to sustain its 100 million-plus people. … It wasn't supposed to turn out this way. When Fox was elected in 2000, many here and in the United States predicted an era of what was dubbed 'ranchero diplomacy,' with the two leaders bonding at Bush's Texas ranch and Fox's hacienda. On Sept. 5, 2001, Bush declared that Mexico represented the most important international relationship for the United States." The Post adds, "Six days later, terrorists smashed planes into the World Trade Center and the Pentagon, and the U.S. focus shifted to the Middle East and South Asia. Mexico later alienated the United States by not supporting the war in Iraq." The Christian Science Monitor (3/30, Harman, 61K) runs a similar report, saying, "'Los Dos Amigos,' everyone called them then. They slapped each other's backs, made jokes, gave each other custom-made cowboy boots, and toasted what was to be the beginning of a great friendship between neighbors." But "that was more than five years ago."

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USA Today (3/30, Jackson, 2.31M) reports Bush and Fox "may be as close as they've ever been on immigration with Bush's support of the temporary guest-worker program. It's unclear whether Bush's position will prevail in the current congressional struggle over an immigration bill," as "many of Bush's fellow Republicans oppose any kind of guest-worker program. The question for Fox is how -- and whether -- to address this issue," because "comments "from a foreign leader can cause a backlash when Congress is embroiled in debate."

US, Canada May Be Ready To Deal On Lumber Dispute. The Christian Science Monitor (3/30, Newman, 61K) reports that there are signs President Bush and Canadian Prime Minister Stephen Harper "may be ready to compromise in a contentious 20-year lumber dispute. … At heart of the disagreement between America and its No. 1 trading partner is $5.2 billion Canadian ($4.4 billion) in US duties that Canada says should never have been levied. It demands they be refunded."

Richardson Says Summit Should Produce More Than Photo-Ops. New Mexico Gov. Bill Richardson said on Fox News' Special Report (3/29) that "the summit between the two presidents should be more than photo ops. There should be something tangible. This is what Mexico can do. It's three things. One, fully participate with the United States in joint border Patrol to deter illegal immigration. Secondly, joint efforts to stop some of the smuggling of people and drugs at the border, serious efforts. And then thirdly, a joint border jobs creation plan so that -- financed by both countries, by the private sector, too, but Mexico putting up a major effort in those three areas to demonstrate to Congress that is skeptical of Mexico doing something that they're ready to be partners."

Hastert, Frist Signal Willingness To Consider Guest Worker Proposal. As the Senate begins its debate on immigration reform, media coverage continues to focus on the "split" in GOP ranks, particularly on the different approaches taken by the House and the Senate. The AP (3/30, Espo) reports the bill "under consideration in the Senate is designed to strengthen enforcement of US borders, regulate the flow into the country of so-called guest workers and determine the legal future of the illegal population scattered across all 50 states." The House "has passed legislation limited to border enforcement." However, developments yesterday suggest some progress is being made in both chambers to move toward a bill that includes the guest workers provisions backed by the President. Under the headline "Hastert Hints At Compromise On Immigration Bill," the New York Times (3/30, Swarns, 1.19M) reports Speaker J. Dennis Hastert "said Wednesday that he and other House Republicans recognized the need for a guest-worker program, opening the door to a possible compromise with the Senate on fiercely debated immigration legislation." Hastert's comments "were the first public hint of an olive branch" between House and Senate Republicans on this issue. Sen. Arlen Specter, chairman of the Judiciary Committee, "said he was heartened by the remarks. He said they were a significant shift for the House."

USA Today (3/30, Kiely, 2.31M) also reported Hastert "signaled a willingness to negotiate," while CNN's The Situation Room (3/29, Bash) said the Speaker "seemed to open the door a little bit" on the guest worker issue." Hastert was shown saying, "We're going to look at all alternatives. We're not going to discount anything right now. Our first priority is to protect the border, and we also know that there's a need in some sectors of this economy for a guest worker program. But, you know, we want to see what the Senate comes forward and we'll go through the conference process."

The Washington Times (3/30, Hurt, 90K) headlines its story "Frist Retreats From 'Amnesty,'" and notes Frist "said yesterday that the Senate likely will pass a version of immigration reform that includes more than the border-security overhaul he has proposed. … Previously, Mr. Frist has maintained that the Senate would take up a bill dealing only with border security but left open the possibility that a guest-worker program of some sort might get added later through amendments. His statements yesterday were the clearest yet about what he expects the Senate to ultimately produce." CQ (3/30, Sandler, Crowley) notes Frist's and Hastert's "strategic shift Wednesday," adding that Frist "indicated he would accept a comprehensive approach and used his opening statement to draw attention to the estimated 11 million to 12 million illegal immigrants in the United States."

The Los Angeles Times (3/30, Gaouette, 958K) says that "despite tensions, particularly within the Republican Party, some senators said they were optimistic about finding consensus," and "the House leadership indicated that agreement was possible between that chamber's already-passed bill and whatever might emerge from the Senate. … In the House, which produced a tough enforcement-only bill in December, leaders signaled for the first time that they

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might be able to find common ground with the Senate if it passed a guest-worker program."

NBC was the only network to report on the Senate debate, and it didn't mention Hastert's comments. NBC Nightly News (3/29, story 2, 1:50, Reid, 9.87M) reported, "The Senate took up an overhaul of the nation's immigrations laws, an issue that divides not only the nation but the Republican Party. Many conservatives want the focus on border security, more agents and completing a wall on the Mexican border." Sen. Jeff Sessions, Alabama: "I don't find anything wrong with that. I always heard the slogan good fences make good neighbors." NBC added, "They reject the President's call for a temporary worker plan and what they call amnesty, allowing millions of illegal immigrants to become US citizens. But other Republicans say citizenship is the only way to bring illegal immigrants out of the shadows." Sen. Arlen Specter, Pennsylvania: "It is not amnesty because the law breakers are not being unconditionally forgiven for their transgressions."

Debate Said To Threaten GOP Effort To Win Hispanic Vote. The Washington Times (3/30, Hurt, Fagan, 90K) runs a story titled "Immigration Reform A Two-edged Sword For GOP," in which it says "some Republicans on Capitol Hill see immigration reform as an opportunity to shake the party's image as hostile to minorities and immigrants, and other Republicans warn that embracing what many call 'amnesty'" Meanwhile, the New York Times (3/30, Kirkpatrick, 1.19M) reports "the battle among Republicans over immigration policy and border security is threatening to undercut a decade-long effort by President Bush and his party to court Hispanic voters, just as both parties are gearing up for the 2006 elections. … Over the last three national elections, persistent appeals by Mr. Bush and other Republican leaders have helped double their party's share of the Hispanic vote, to more than 40 percent in 2004 from about 20 percent in 1996." Last week, Sergio Bendixen, "a pollster for the Democratic Senatorial Campaign Committee, released a rare multilingual poll in which 76 percent of legal Latin American immigrants said they believed anti-immigrant sentiment was on the rise. A majority of immigrants said they believed the immigration debate was unfair and misinformed." But Ken Mehlman, chairman of the Republican National Committee, "dismissed such concerns. Mr. Mehlman said the party's image was defined by President Bush, who supports a temporary-worker program and has repeatedly urged Republicans to avoid inflammatory rhetoric."

In the Washington Post (3/30, A23, 744K), David Broder discusses the poll by Sergio Bendixen, whom he describes as "a respected professional pollster." Bendixen, he says, "briefed me on the survey his firm had just completed of 800 legal immigrants, from 43 different countries, living in 47 states -- a cross section carefully designed to mirror the makeup of the 26 million legal immigrants the Census counts. To ensure accuracy, Bendixen arranged to interview subjects in their native languages whenever they requested." Bendixen "asked two key questions. By a margin of 81 percent to 11 percent, the legal immigrants said they think the illegals are taking jobs that legal residents and citizens do not want to do, rather than taking jobs away from them." And "73 percent of them said the illegals help the economy by providing low-cost labor, while only 17 percent said they hurt the economy by driving down wages -- a favorite contention of those who want to restrict immigration." In addition, "disturbingly, the survey found that two-thirds of the legal immigrants believe that anti-immigrant sentiment is growing in the United States, and more than half said it has affected them and their families personally."

Evangelicals Seen As Split On Immigration Issue. The Wall Street Journal (3/30, Sataline, 2.11M) reports, "Major evangelical groups have been more muted on immigration than other Christian organizations. In fact, the dispute is exposing rifts in the evangelical community. Evangelicals who favor a tough stance toward illegal immigrants also want their leaders to speak out on the issue. … The majority of influential Christian conservatives have either delayed taking a stand, such as the National Association of Evangelicals, or have no position, such as the Southern Baptist Convention, the National Black Evangelical Association, James Dobson's Focus on the Family and Concerned Women for America." The Journal adds, "Despite their past unity on other issues, some evangelicals are divided over how to treat people who are breaking the law and worried they will be tainted as racist if they advocate penalties."

David Brooks writes in the New York Times (3/30, 1.19M), "Everybody says the Republicans are split on immigration. The law-and-order types want to close the border. The free-market types want plentiful labor. But today I want to talk to the social conservatives, because it's you folks who are really going to swing this debate. I'd like to get you to believe what Senator Sam Brownback of Kansas believes: that a balanced immigration bill is consistent with

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conservative values. I'd like to try to persuade the evangelical leaders in the tall grass to stop hiding on this issue. … Please ask yourself this: As we contemplate America's moral fiber, do the real threats come from immigrants, or are some people merely blaming them for sins that are already here?"

Kennedy Says Guest Worker Program Is Not Amnesty. Sen. Edward Kennedy was asked on CNN's The Situation Room (3/29) why it is fair "to give those who came to here illegally the opportunity, in effect, to jump ahead of the line, and become legal residents of the United States at the expense…of so many others who go through the law, go through the process and wait patiently in line." Kennedy said, "It isn't, and that's not what our bill does. Basically, what our bill does, is the following: For those that are here in the United States, the undocumented aliens, what this legislation says, 'Look, if you have paid your taxes, if you have worked, if you've been a good citizen, no problems with the law, then you go to the end of the line. And after all those that are out there now are coming into the United States, after they're all here in the United States, then you get on the track to be able to earn your citizenship.'" Kennedy added that "amnesty means forgiveness. Amnesty means 'pardoned.' We are not forgiving, we're not pardoning."

Local Governments Take Widely Varying Approaches To Undocumented Aliens. CBS and NBC both profiled the response of some local communities to the influx of undocumented workers. The CBS Evening News (3/29, story 12, 2:30, Whitaker, 7.66M) reported that Maywood, California is welcoming the immigrants. The city "is 97% Latino, an estimated half here illegally. The City Council passed a resolution opposing the tough immigration bill before Congress which would make it a felony to cross the border illegally or to aid anyone who does."

NBC Nightly News (3/29, story 4, 2:35, Allen, 9.87M) reported that in Denison, Iowa, Hispanics are now "about 25% of the population, perhaps more, and most have come here for the very same reason: Farmland Foods, a meat packing plant that's booming with a workforce almost 60% Hispanic." Farmland "says it only hires legal workers, but some residents doubt that and claim their new neighbors take more than they give." Councilman Cecil Blum, Denison, Iowa: "And I guess that I hate to have my culture, my community, put at risk." Allen: "Councilman Cecil Blum wants to role up the welcome mat. Blum: "I think we do need a system where we can document everybody that's here."

Effectiveness Of Tougher Border Enforcement Questioned. USA Today (3/30, Harman, 2.31M) reports from Altar, Mexico, where "migrants on the move to the USA say beefed-up enforcement will deter few. 'Walls and lights and sensors and police fill our heads,' says Dagoberto Martinez, a 17-year-old from Hidalgo, Mexico, who is headed north. 'But they don't make us turn back.'" Opponents of fences and walls "say they only push the human traffic elsewhere. The decline in crossings near San Diego coincided with increases in Arizona and Texas, they say."

Restrictions On Illegal Workers Could Hurt Some Industries, Help Unskilled US Workers. The Christian Science Monitor (3/30, Scherer, 61K) reports, "Seal the border. Round up all the illegal immigrants and send them back to their home countries. Start a whole new agency to handle only invited guest workers. Would that open up more jobs for American citizens?" As Congress "debates a new immigration bill, some economists believe any restrictions are likely to be disruptive to a variety of industries, from construction to hospitality to agriculture. At the very least, restrictions could add to employers' costs as they scramble to attract new workers with higher wages." But "new regulations might also be good for those without much education or marketable skills: Business might be forced to train them. And those in lower wage brackets might see their wages rise as they face less competition for jobs."

Funds Sent Home By Latin Immigrants Surged 17% In 2005. The Financial Times (3/30, Lapper) reports, "Migrant workers from Latin America and the Caribbean sent home $53.6bn to their families last year, an increase of 17 per cent on 2004." The rise, "documented in a survey to be announced on Thursday by the Inter-American Development Bank – confirms Latin America's position as the biggest market in the world for remittances. For the third consecutive year, remittances to the region exceeded the combined flows of direct foreign investment and overseas economic aid."

More Commentary. In an editorial titled "Speak Up, Mr. Bush," the Washington Post (3/30, A22, 744K) says the President "has been unwilling, so far, to match his words about reform with deeds to make certain it gets done. Now, with the Senate debating the explosive issue and protests against a draconian House bill flowering from the streets of Los Angeles to the high schools of Northern Virginia, it is time for Mr. Bush to step up." The Post also called the Senate Judiciary Committee bill "a realistic and humane immigration measure."

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In an editorial, the Los Angeles Times (3/30, 958K) says, "Balancing enforcement measures with a temporary-worker program, the [Senate] Judiciary Committee approved a sensible, comprehensive" immigration reform "measure in time to meet the Monday deadline set by Majority Leader Bill Frist (R-Tenn). But instead of bringing the committee bill to the floor as promised, Frist opted to bring his own enforcement-heavy bill forward first for a daylong debate. This is a needless distraction," and the "Senate should focus on the committee's compromise." The Times adds, "The Senate should swat aside the majority leader's cynical alternative and unite behind this compromise. Then senators will have to stand firm in negotiations with the House to ensure that any final legislation bears a relationship to the real world."

Dick Morris said on Fox News' The O'Reilly Factor (3/29), "Nobody's telling the basic truths about what's going on. Let's give it a start. Democrats like illegal immigration. Their goal is to swell the Hispanic population so that the black and Hispanic base accounts for about 1/3 of the votes."

Rep. Tom Tancredo, chairman of the congressional immigration reform caucus, defends the House bill in USA Today (3/30, 2.31M). He writes, "The House bill would construct a security fence along our southern border, require federal and local law enforcement to cooperate on immigration matters, and mandate that employers use an instant check system to verify their employees' legal status. Unlike the Senate bill, our version would offer no amnesty and would not add foreign workers to our already overwhelmed background-check system." The House's approach "is supported by most Americans. Now, we wait for the Senate to follow."

In an editorial, USA Today (3/30, 2.31M) calls the House bill "draconian," and adds that while "part of the answer to the immigration problem has to include improved and serious border controls…another round of chest-thumping about sealing borders and deporting illegals is far from a solution. A balanced approach must also include some kind of guest-worker program, like the one Bush has proposed, that would bring immigrant laborers out of the shadows."

Linda Chavez, director of the United States Commission on Civil Rights under President Ronald Reagan, writes in the New York Times (3/30, 1.19M), "Instead of presenting themselves as an aggrieved, foreign presence, immigration advocates ought to be explaining how similar Latinos are to other Americans in their values, aspirations and achievements. It's an easy case to make. Mexican-born men, for example, are more likely to be in the labor force than any other racial or ethnic group, according to the Census Bureau. Nearly half of Latino immigrants own their own homes. While most immigrants from Latin America, especially Mexico and Central America, lag in educational attainment, their children are far more likely to stay in school. … Latino immigrants are also starting their own businesses at a rapid pace. … These facts, if they were more widely known, would go a long way to calming fears about Latino immigration. If Latino advocates hope to influence the outcome of the Senate debate on immigration over the next two weeks, they would do well to spread the word -- and trade their ancestral flags for the Stars and Stripes."

George Will writes in the Washington Post (3/30, A23, 744K), "Today the president is spending more of his depleted political capital by standing to the left of much of his political base, which favors merely preventative and punitive measures regarding immigration. He is right to take his stand there."

TAX:

NYTimes Criticizes Invasions Of Taxpayer Privacy. An editorial in the New York Times (3/30, 1.19M) criticizes that IRS' hiring of three private collection firms to help collect overdue taxes, noting, "It seems unlikely that private collectors will meet the IRS's confidentiality standards." The Times also notes that next week, the agency "will hold a hearing on proposed rules that detail how tax preparers can gain their clients' permission to share information from their returns. … It's unlikely that any loss of confidentiality would accomplish much that's positive. But it would send a dark message to law-abiding taxpayers: Obeying the law could cost you your privacy."

CONGRESS-ADMINISTRATION:

Bolten Expected To Seek Changes At Treasury, Congressional Relations. The New York Times (3/30, Bumiller, 1.19M) reports incoming White House Chief of Staff Joshua Bolten is "expected to press President Bush to assemble new economic and Congressional relations teams and overhaul the management of the West Wing, Republicans close to the

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White House said Wednesday." A Republican source said Bolten "wants Mr. Bush to replace the Treasury secretary, John W. Snow, with someone who can more forcefully communicate the administration's message that the economy is strong." Names "circulating in Republican circles as possible candidates for the Treasury post included Henry M. Paulson Jr., the chief executive of Goldman Sachs; John J. Mack, the chief executive of Morgan Stanley; and Richard D. Parsons, the chairman of Time Warner." Republicans also said Mr. Bolten "was likely to change the White House Congressional relations team, which has been criticized on Capitol Hill as ineffective. Candida Wolff, the White House director of Congressional affairs, may well stay, they said, but a more senior person might be put in as a layer above her," possibly former Rep. Bill Paxon or former Sen. Daniel Coats. The "leading possibilities" for budget director "included Joel Kaplan and Clay Johnson, Mr. Bolten's two deputies, as well as Allan Hubbard, the director of the National Economic Council."

Novak Calls Bolten Selection Another Sign Of Rove's Clout. Syndicated columnist Robert Novak (3/30), in a piece the Washington Post titles "Bush Misses A Moment," writes that the unexpected selection of Josh Bolten to replace White House Chief of Staff Andrew Card "becomes understandable as a confirmation of Karl Rove's supremacy in the White House." With Bolten's promotion, Rove "is more influential than ever. Andrew Card, the departing chief of staff, served (as a Cabinet member) under the senior President Bush (as Rove did not). In contrast, Bolten can thank his rise in the second Bush regime to Rove." Bolten "replacing Card…advances Rove's project, which was obvious as early as the mid-'90s, of removing the influence of people close to the elder Bush. Rove named Bolten, who then was working for Goldman Sachs in London, as the Austin-based policy director of the 2000 Bush-Cheney campaign. There is no question that Bolten is a Rove man." Novak adds that Bush's and Rove's "implicit message is that no shake-up is needed because they had nothing to do with the parlous condition of the administration and the Republican Party."

Card Has Extensive Family Ties In Lobbying Community. The Washington Post (3/30, A21, Sarasohn, 744K) reports outgoing White House Chief of Staff Andrew Card "has family to fall back on in the Washington lobbying biz. Card's sister-in-law is Lorine Card, who runs a small lobby shop, Card & Associates. The name fits. Her clients have included Comcast and the National Cable Television Association." Lorine Card is "married to Card's brother, Brad Card, managing principal at Dutko Worldwide. He is registered to lobby for the Greater New York Hospital Association, the Essex County Sheriff's Office and software developer Cognos Corp." Card's sister Alison "Lisi" Kaufman, who "was chief of staff to then-Commerce Secretary Donald L. Evans, might be able to pull a string or two. She's now senior vice president for government and international affairs at United Technologies Corp." Andrew Card "has his own experience in the lobby world -- he was chief lobbyist for General Motors Corp. and chief executive of the American Automobile Manufacturers Association."

Romney Says Card Should Consider Attorney General Race, Kennedy Challenge. In its "Washington Wire" column on its web site, the Wall Street Journal (3/29, 2.11M) reports that Massachusetts Gov. Mitt Romney avoided a question about "talk that outgoing Bush White House chief of staff Andy Card aspires to succeed him in the Boston statehouse," and "suggests Card consider alternatives, such as running for attorney general of Massachusetts. … Romney says there are a number of 'empty' political offices that Card could vie for, and adds, 'I don't think Sen. Kennedy has an opponent yet.'"

Bush Proposes Science Standards For Public Schools. The Washington Times (3/30, 90K) reports President Bush "wants schools to face consequences for falling short in science, just as they do in reading and math." The President is proposing that schools "make yearly progress in science, adding a third high-stakes subject to the No Child Left Behind Act, which has thousands of schools scrambling to meet federal goals."

House Expected To Pass Higher Education Bill. The Wall Street Journal (3/30, Hechinger, 2.11M) reports the House this week "is expected to pass a higher-education bill that tries to curb skyrocketing college-tuition costs and protect the expression of conservative ideas on campus. The College Access and Opportunity Act would also drop longstanding antifraud safeguards holding back for-profit colleges that are taking market share from traditional schools, which are public or private nonprofit organizations." The bill "reauthorizes the Higher Education Act, which governs billions of dollars of federal funding for colleges and universities of all types. It is expected to pass the House in part because John Boehner, the Ohio Republican recently named majority leader, was one of its architects when he

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headed the House's education committee." But "higher-education groups say the bill represents an assault on academic independence and standards."

One-Fourth Of US Schools Failed To Meet NCLB Standards. The AP (3/30, Ohlemacher) reports preliminary Department of Education figures show "more than a fourth of the nation's schools failed to meet the requirements of the No Child Left Behind Law last year." About "half the states increased the number of schools making 'adequate yearly progress' in improving student test scores in math and reading in the 2004-05 school year. Overall, 27 percent of the schools failed to show adequate improvement, up one percentage point from the year before."

House Budget Drops Bush Health Care Cuts.

The Washington Post/AP (3/30, A9) reports the House Budget Committee bowed "to election-year realities" and "dropped President Bush's proposed budget cuts for hospitals and other Medicare providers yesterday but preserved his plan to trim spending by most Cabinet agencies." The "$2.8 trillion plan approved by the Budget Committee last night on a party-line 22 to 17 vote omits Bush's proposed cuts in Medicare, Medicaid, crop subsidies and other politically sensitive programs."

The Wall Street Journal (3/30, Mullins, 2.11M) reports the House Republican proposal "would cut just $6.8 billion -- and completely spare the massive health-insurance program for the elderly and disabled -- in response to complaints from colleagues running for re-election in November." Still, "a group of moderate Republicans say they will vote against the budget measure on the House floor next week if party leaders don't increase funds for a range of domestic programs."

CQ (3/29, Dennis) reports the budget blueprint "adopted late Wednesday by the House Budget Committee is already under attack from moderate Republicans upset over cuts to domestic spending programs and appropriators concerned about an attempt to crack down on supplemental spending." GOP moderates "have already put leaders on notice that they will seek to sink the budget resolution if" the $6.8 billion in cuts "stand. Rep. Michael N. Castle, R-Del., who wants $7 billion added to restore a nominal increase in health and education programs, called the budget a 'non-starter' Wednesday."

Boehner Seeks GOP Unity On Budget. The Hill (3/30, O'Connor) reports House Majority Leader John Boehner "delivered an ultimatum to his Republican colleagues yesterday that they must approve the upcoming budget resolution." During the GOP's weekly closed-door conference meeting, Boehner said the caucus "must 'put their minds around the fact that they have to vote for the budget' measure, said one member in attendance." That message "included a mild admonishment of those conservative Republicans who raised objections to the emergency supplemental spending bill that passed the House before the March recess, other members said afterward." The Hill adds the "upcoming budget fight is Rep. Boehner's "first clear test as leader, and his remarks yesterday signal an intent to take a hard line in negotiations with the conference at a time when conservatives and centrists are laying markers to signal their intent against the budget bill."

Roll Call (3/30, Yachnin) reports as Republican and Democratic members "of the House Budget Committee quarreled over the chamber's $2.77 trillion fiscal 2007 budget resolution Wednesday, the GOP leadership sought to pre-empt internal disputes on the budget and urged a united front." Budget Chairman Jim Nussle's resolution "closely tracks the Bush administration's proposal, arresting growth in discretionary spending, while increasing both defense and homeland security expenditures 7 percent and 3.8 percent, respectively." Even "before the committee had voted on final passage of the resolution," GOP leaders "urged unity on the budget during Wednesday's House Republican Conference meeting." After clearing the chamber of aides, "Boehner discussed the 527 reform legislation that will be on the floor next week and the importance of Republicans working together to pass the budget. He reminded them that the budget will attract no Democratic votes and would need near-unanimous Republican support to pass."

Cheney Speaks At Radio And TV Correspondents' Dinner. Vice President Dick Cheney was the featured speaker at last night's 62nd annual Radio and Television Correspondent's Association dinner. The Washington Post (3/30, C1, Carlson, 744K) reports that Cheney "was pretty funny, and he seemed to be having a good time. Several times he even smiled, sort of. … 'This picture shows me at my birthday bash, when I felt myself almost losing control,' he said. And, presto, on the screen popped up a picture of a room crowded with revelers and, at the center, Cheney, sitting and poring over a stack of

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documents. And so it went. There were pictures of Cheney with a rifle, Cheney on a Segway, Cheney with his dogs."

Chaplain's Group Opposes Call For Executive Order On Prayer. The National Conference on Ministry to the Armed Forces,, which represents move than 70 percent of the chaplains in the Us military, opposes a demand by congressional conservatives for a presidential order guaranteeing the right of chaplains to pray in the name of Jesus. The Washington Post (3/30, A4, Cooperman, 744K) reports, "The rising calls for an executive order are based on 'confusion and misinformation,' because Christian chaplains routinely pray in the name of Jesus, in public, thousands of times a week in military chapels around the world," said Conference chairman the Rev. Herman Keizer Jr." The Post adds, "The calls for an executive order to protect the right to pray in Jesus's name have originated in large part from a rival association, the International Conference of Evangelical Chaplain Endorsers. Formed two years ago, it says it represents about 800 chaplains, exclusively from evangelical Christian churches."

Pension Reform Conference Committee Negotiations Stalled. The Wall Street Journal (3/30, Schroeder, 2.11M) reports negotiations "to reconcile differences in federal pension-overhaul legislation have stalled, raising questions about whether delays will increase the financial burden of companies with pension-plan contributions due soon." Sen. Mike Enzi, chairman of the conference committee, "had set April 7 as a target for completing a combined bill," and has "said the final bill should be completed before many companies must make contributions to their traditional defined-benefit pension plans on April 15."

Senate Passes Limited Lobbying Reform Bill. The Senate yesterday passed what several media sources described as a "limited" lobbying reform bill. Press accounts also depicted the Senate's move as an attempt by GOP lawmakers to "get through the elections." The story was covered by CBS last night in a full segment. The CBS Evening News (3/29, story 7, 2:45, Borger, 7.66M) reported, "The reform bill passed by the senate today is hardly the ethics overhaul once promised. What grade would you give it?" Sen. John McCain, Arizona: "I'd give it a D." Borger: "All that's left of the grand ideas are small: More disclosure by lobbyists about their contact with members and a ban on free meals and gifts. But some say these are not the big-ticket items that buy access." Dan Danner, National Federation of Independent Businesses: "The two big problems clearly are travel and very exclusive trips to somewhere and earmarks." Borger: "Senator McCain voted against this bill, and more indictments would certainly make Congress nervous. But for now, one Republican told me they're just trying to get through the elections." The New York Times (3/30, Stolberg, 1.19M) also quotes McCain, "who has long pressed for tougher laws on lobbying," calling the bill "very, very weak."

Roll Call (3/30, Newmyer) reports that "despite the bill's 90-8 passage, several Senators, including the measure's sponsors, acknowledged that the bill could have gone further. In fact, the final package was assailed by the Senate's most vocal reform advocates, who called it too weak." Voting against the bill were "Sens. John McCain (R-Ariz.), Russ Feingold (D-Wis.), Tom Coburn (R-Okla.), Barack Obama (D-Ill.), Lindsey Graham (R-S.C.), Jim DeMint (R-S.C.), James Inhofe (R-Okla.) and John Kerry (D-Mass.)."

USA Today (3/30, Drinkard, 2.31M) headlines its story "Limited Ethics Bill Approved As Lobbyist Gets Prison Time," and says the legislation "stopped short of banning some major tools of the influence trade." The AP (3/30, Abrams) calls the bill "election-year ethics package," one that is "light on outright prohibitions -- and with no independent office to police it all." Knight Ridder (3/30, Kuhnhenn) also says "it has no enforcement mechanism, and its limits on special-interest 'earmarks' have a loophole that would exclude millions in targeted spending from its restrictions."

The Washington Times (3/30, Bellantoni, 90K), meanwhile, refers to "tough restrictions on lobbyists," and adds that "if the Senate version becomes law, gone would be the typical practice of lobbyists treating lawmakers to meals at swanky restaurants. Members and their staffers would be required to take an ethics training course." The Wall Street Journal (3/30, Rogers, 2.11M) also says "the new disclosure requirements are significant and could have a greater impact than critics expect because of the abundance of data that would have to be filed into a central repository available on the Internet." The Hill (3/30, Allen) quotes Senate Majority Leader Bill Frist saying, "Today's passage of lobbying reform is an important step forward in bringing more transparency and accountability to our government while strengthening America's trust and confidence in our public officials."

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The Los Angeles Times (3/30, Curtius, 958K) says "the Senate's measure also lays down a marker for the House, which is studying changes to its guidelines for dealing with lobbyists." The Washington Post (3/30, A1, Birnbaum, 744K) reports, "The House's leading ethics proposal, offered by its Republican leaders, would also broaden disclosure requirements, though not for such grass-roots activities as instigating e-mails, letters and phone calls from voters back home." The House plan "would bar neither meals nor gifts."

Miller Denies Conflict Of Interest In Airport Closure Deal. Rep. Garry Miller pushed a provision in last year's transportation bill that allowing the cit of Rialto, California to shut down its airport, this paving the way for one of his top campaign contributors to buy the land and pursue plans to build a community of 2,500 homes parks and retail space on the property and adjacent land. The Hill (3/30, Crabtree) reports that the sole authority to close airports usually rests with the FAA. Miller "said he sees nothing wrong with his work to close Rialto's airport, even though it freed land that his business partner wanted to develop. … Miller denied that his actions created a conflict of interest."

NASA Denies Griffin Formally Endorsed DeLay. The Houston Chronicle (3/30, Levine, 581K) reports, "Five days after NASA administrator Michael Griffin urged a Houston audience to keep US Rep. Tom DeLay in office, a spokesman denied Wednesday that Griffin had made a formal campaign endorsement." Pointing out that DeLay's spokeswoman said the congressman did not interpret Griffin's words as an endorsement, the Chronicle adds, "Under the Hatch Act, executive branch employees such as Griffin are permitted to express an opinion, campaign and make speeches for or against candidates in partisan elections -- when they are off-duty. The black-tie awards dinner at which Griffin made his remarks was held after regular working hours, but Griffin was representing the space agency and giving an award to a NASA employee, astronaut Eileen Collins." Griffin's travel to Washington, D.C. was paid by NASA.

Democrats Hit Bush, Republicans On National Security Issues. Fox News' Special Report (3/29, Angle) reported, "The 2006 elections shifted into high gear today as the Democratic party launched a broad attack on the President and Republicans over national security." Democrats call for "eliminating terrorist breeding grounds by combating economic, social and political conditions that allow extremism to thrive. Republicans were somewhat amused, saying they're proposing things everyone favors."

The Los Angeles Times (3/30, Brownstein, 958K) headlines its story "Democratic Plan to Beef Up US Security Lacks Specifics," and says that on Iraq the plan "established no timetables, or targets, for reducing the U.S. military commitment there." The Democrats also "pledged to rebuild the military, 'eliminate' terrorist leader Osama bin Laden, improve domestic security, free America from reliance on foreign oil by 2020 and pressure Iraq's feuding political factions to reach consensus on a national unity government." The Democratic plan "provoked a coordinated flurry of counterattacks from leading Republicans." The Washington Times (3/30, DeBose, 90K) reports that Republicans, "who had been tipped off about the event more than a week ago, countered throughout the day that the Democrats' proposals amounted to nothing more than plagiarism and empty rhetoric."

CNN's The Situation Room (3/29, Bash) reported, "Democrats here on Capitol Hill are very candid about why they are trying to step up their talk about national security right now. They see that the public is souring on President Bush and his signature issue, which is national security and especially Iraq, and they are essentially trying to take advantage of that for this election year." Roll Call (3/30, Billings, Stanton) reports that "with the president's poll numbers sagging and public concern with homeland security heightened thanks to Hurricane Katrina and the scrapped Dubai Ports World deal, Democrats see a new window of political opportunity."

Knight Ridder (3/30, Thomma) also says Democrats hope the strategy "will erase their most significant political vulnerability in a pivotal wartime election year - the belief that they're too weak to defend the country. Their most dramatic promise: If they win control of Congress this fall, they'd vote on their first day in power to implement all the recommendations of the independent 9-11 commission." That "would boost security at ports, airports, chemical and nuclear power plants, on mass transit systems and at the border, they said. Their vaguest point: They lambasted Republicans for the Iraq war but offered no alternative beyond a promise of 'responsible redeployment' of U.S. troops and a 'significant' transition to full Iraqi sovereignty."

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The Washington Post (3/30, A12, Cillizza, Balz, 744K) says "many of the items in the Democratic statement echo themes Kerry advanced in the 2004 presidential campaign," but "party strategists believe that they are now in position to capitalize on public disenchantment with the war in Iraq and with declining confidence in Bush as a wartime leader."

The AP (3/30, Sidoti) quotes Senate Minority Leader Harry Reid saying, "We are uniting behind a national security agenda that is tough and smart, an agenda that will provide the real security President Bush has promised, but failed to deliver." Rep. Nancy Pelosi "said Democrats were providing a fresh strategy – 'one that is strong and smart, which understands the challenges America faces in a post 9/11 world, and one that demonstrates that Democrats are the party of real national security.'" They "spoke at a news conference at Union Station, near the Capitol, in front of banners reading 'Real Security.' They were flanked by some of the Democratic Party's top authorities on national security, including retired Gen. Wesley Clark and former Secretary of State Madeleine Albright."

GOP Lawmakers To Present "Suburban Agenda" To Their Colleagues. Roll Call (3/30, Ben Pershing) reports, "As House Republicans continue work on crafting a broad party-wide vision statement to guide them through the rest of this year and beyond, a smaller group of GOP lawmakers from across the political spectrum will meet with the leadership today to present their 'suburban agenda.'" Roll Call adds, "A coalition of close to 40 Republican Members have come together since the beginning of this year to form an informal suburban caucus, and roughly 20 of those lawmakers will sit down with Speaker Dennis Hastert (R-Ill.) and House Majority Leader John Boehner (R-Ohio) to present a list of legislative priorities in their suburban districts, many of which are among the most competitive in the country. … In addition to Kirk, GOP Reps. Jon Porter (Nev.), Pete Sessions (Texas), Tom Price (Ga.) and Michael Fitzpatrick (Pa.) have all played prominent roles in the effort. Other contributors include Republican Reps. Tom Reynolds (N.Y.), Dave Reichert (Wash.), Mike Castle (Del.) and Jim Gerlach (Pa.)."

Jefferson Puts Capitol Hill Home Up For Sale. Roll Call (3/30, Akers) reports in its "Heard on the Hill" column that Rep. William Jefferson, "who is under federal investigation, has put his house on Capitol Hill up for sale. His three-bedroom home in the 1300 block of F Street Northeast, has a price tag of $799,000. A source knowledgeable about the property told HOH he was under the impression the Congressman was leaving the area. … Jefferson aides insist he's going nowhere, despite an ongoing criminal probe that has ensnared one of his former aides, Brett Pfeffer, who has pleaded guilty to two felony charges, including aiding and abetting the solicitation of bribes."

McKinney Accused Of Striking Capitol Police Officer. CNN's The Situation Room (3/29, Bash) reported that Rep. Cynthia McKinney "apparently earlier today struck a Capitol Police officer and that police officer might file charges against the congresswoman." We "are getting different versions, as you can imagine, from different sources. One Democratic official suggesting that it was perhaps just an incident. Cynthia McKinney is a Democrat. A Republican official describing it as perhaps a little bit more -- a bigger incident, I should say."

The AP (3/30, Kellman) reports Rep. McKinney "and a police officer scuffled Wednesday after the Georgia Democrat entered a House office building unrecognized and refused to stop when asked, according to U.S. Capitol Police." McKinney "struck the officer according to one account, a police official said, adding there were conflicting accounts. The officer, who was not authorized to speak publicly about the incident, spoke only on condition of anonymity." Republicans "circulated an e-mail noting that McKinney's party the same day announced an election-year 'affirmation' of their commitment to shoring up the nation's security." Ron Bonjean, spokesman for House Speaker Dennis Hastert,, said, "On a day when the Democrats unveil their national security agenda, it's probably not a good idea to allegedly strike a police officer."

The Hill (3/30, Hearn, Kaplan) reports the Capitol Police officer "is considering filing assault charges against" Rep. McKinney "following an altercation yesterday in which she allegedly hit him after he asked to see identification, according to a source familiar with the incident." The incident "is likely to have been caught on videotape, since all Capitol Hill entrances are monitored by cameras. Republicans wasted no time pouncing on the events. National Republican Congressional Committee spokesman Carl Forti tied the altercation to Democrats' unveiling of their security agenda yesterday." Forti said, "Today's ironic one-two punch from national Democrats trying to look tough on

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security finds Cynthia McKinney attacking a member of the law-enforcement community."

Roll Call (3/30, Brotherton) reports, "A senior Capitol Police official said charges were not likely to be filed against Rep. Cynthia McKinney (D-Ga.) after she allegedly struck a Capitol Police officer in the chest with her mobile phone Wednesday." The source said, "She certainly can be charged over this, but I don't know it warrants that action."

The Washington Post (3/30, C3, Argetsinger, Roberts, 744K) reports, "Not being recognized is apparently something of an issue for Rep. Cynthia McKinney , as a Capitol Police officer discovered yesterday." In 1998, McKinney "wrote a scathing letter to President Bill Clinton accusing White House guards of racism after they failed to recognize her when she arrived for an event. For years, the Hill newspaper reported in 2002, Capitol Police kept a photo of her posted in a basement office to warn security officers against committing any other such embarrassment."

Frist's 2008 Ambitions Seen As Conflicting With Senate Business. The Washington Post (3/30, A4, Babington, 744K) reports that by "by pushing his way to the front of the volatile debate over immigration, Senate Majority Leader Bill Frist has reignited complaints that his presidential ambitions conflict with his leadership duties at times and put him at odds with his GOP caucus." Frist's tactics "rankled some GOP colleagues who wanted more time to talk through the divisive questions of illegal immigrants, border fences, guest-worker options and other matters." Frist's supporters say "he balances his dual roles fairly and does not put his presidential ambitions ahead of his 55-member caucus's best interests. But some close observers in the Senate and elsewhere see a pattern in which he repeatedly veers right on contentious issues, which could boost his chances in a GOP presidential primary likely to include more centrist Republicans such as Sen. John McCain (Ariz) and Massachusetts Gov. Mitt Romney."

Frist Says Senate Post "Terrible" Place For Presidential Run. The AP (3/30, Zuckerbrod) reports Sen. Frist "says his high-profile job is a 'terrible, terrible, terrible, terrible' post for seeking the 2008 Republican presidential nomination." In an interview, Frist made "it clear that a White House bid is all but certain," saying that "remaining in the Senate would make a presidential run impossible. Frist plans to step down when his second term ends this year." Frist said, "I know the perch not to even consider. That would be, for me, the United States Senate or being majority leader." Asked if "trying to run a campaign from such a position would be difficult, he replied: "Terrible, terrible, terrible, terrible.'" Frist said "that once out of the Senate, 'you'll see, as you do now, the real Bill Frist but unencumbered by having responsibilities of leading this body, which results in negotiated positions.'"

OTHER NEWS:

Nasdaq Reaches Five-Year High. USA Today (3/30, Krantz, 2.31M) reports, "A major missing piece of the 2006 stock rally has finally fallen into place." The Nasdaq composite "has been strangely absent from the rally the past few weeks as the Dow Jones industrials and Standard & Poor's 500 set multiple 2006 highs." But "that changed Wednesday, when the tech-packed Nasdaq powered up 33.32 points, or 1.4%, to 2337.78 for its highest close in more than five years." NBC Nightly News (3/29, story 11, 0:10, Williams, 9.87M) reported, "On Wall Street today, stocks rebounded from yesterday's losses. The Dow was up more than 61 points [to close at 11,215.70]. NASDAQ gained 33 points on the day [to close at 2,337.78]." The Wall Street Journal (3/30, Patterson, 2.11M) also reports the stock numbers.

Kodak Hit By Suit Alleging Alteration Of Photographs. The Wall Street Journal (3/30, Armstrong) reports, "A former Eastman Kodak Co. manager says that the company altered millions of photographs stored by customers on the popular EasyShare Gallery Web site and that she was fired after threatening to bring her concerns about the plan to top management." The Journal continues, "In a lawsuit filed in California superior court in Oakland, Maya Raber, the former director of engineering for EasyShare Gallery, said that Kodak planned to secretly compress the digital-photograph images stored by customers of the Web site, a process she says can irreversibly damage the images. The suit alleges that she and other employees warned of the potential damage the compression could cause, but higher-ups pushed the plan along."

Minnesota Seen As Possible Bellwether For Midterm Elections. The Wall Street Journal (3/30, Rogers, 2.11M) reports if a "political tidal wave is coming in November it will surely be felt" in Minnesota. In "three races

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in Republican House districts that Mr. Bush carried in 2004, Democrats hope for upsets given the president's faltering ratings." Iraq "hangs over the landscape: 2,600 Minnesota National Guard troops began deploying to the Mideast and the war last week; Republican Gov. Tim Pawlenty, up for re-election, made headlines with a trip to the region." For the Senate seat "being vacated by retiring Democratic Sen. Mark Dayton, the DFL leans heavily toward Amy Klobuchar, Hennepin County prosecutor and daughter of legendary Minneapolis newspaper columnist Jim Klobuchar who is out of retirement to stump for his daughter -- but sometimes has to be reminded to mention her name when he gets wound up." But the 1st CD, 2nd CD, and 6th CD House races are "most revealing." In "all three cases, Democrats will need a lot of luck and more money."

Kasich Says "Corruption Has Reigned" In Ohio GOP. Former Rep. John Kasich writes in the Wall Street Journal (3/30, 2.11M) that Ohio Republican Gov. Bob Taft's ethical lapses "represent only a small fraction of an ever widening scandal that is drowning the Ohio Republican Party. Over the past year and a half, the list of political operatives and government officials (both elected and appointed) implicated in corruption scandals has grown exponentially, and yet the message hasn't registered. In Buckeye politics, it's business as usual. … Democratic incompetence has led to Republican domination, which, with no effective opposition, has untethered the GOP from its first principles. In the absence of these, corruption has reigned. The political lens might be clouded and growing darker; but Ohio Republicans need to decide whether or not they want to stand for something."

Candidate Removes Photos Of Misidentified Baghdad Street From Web Site. Howard Kaloogian, who is vying for the GOP nomination in the race to succeed Rep. Duke Cunningham, has returned to a trip from Baghdad. According to the Washington Post (3/30, A21, Milbank, 744K), Kaloogian "posted on his Web site a photo showing a busy urban street scene, which he said proved that Baghdad is 'much more calm and stable' than people think." However, "readers of the liberal Web site Daily Kos…noted that women in the photo were wearing Western clothing, a couple was holding hands, and signs are in the Roman alphabet." Yesterday, "the photo disappeared from the Kaloogian Web site and was replaced by a notice" that the campaign originally posted a Istanbul, Turkey by mistake. The photo "was replaced by a long-distance shot of a Baghdad street empty of pedestrians. Late yesterday the whole display disappeared."

McCain Makes Play For Southern Primary Voters. The Hill (3/30, Allen) reports that despite his "iconic status as a maverick and sometimes centrist, some Southern lawmakers say Sen. John McCain (Ariz.) could compete for Dixie states in the 2008 Republican primary." McCain, who "is scheduled to headline a Lincoln Day dinner in Polk County, Fla., on April 8, has visited several Southern states in recent weeks and has been cultivating Southern political leaders." McCain will "give the commencement address at Liberty University, a school founded by evangelical Christian leader Jerry Falwell. He angered some religious conservatives by calling Falwell an 'agent of intolerance' when he ran against George W. Bush for the 2000 Republican presidential nomination." The Hill adds most lawmakers and aides interviewed "said it is too early to tell how McCain's second presidential bid will play with Southern conservatives, but several said they could envision him appealing to their constituents because of his military background, his support for the president on the Iraq war or his crusade against earmarks."

Rothenberg Says Environment Very Favorable For McCain. In his Roll Call column (3/30), Stuart Rothenberg says it is "hard not to conclude that events are lining up perfectly for Sen. John McCain (R-Ariz.), should he decide to make another run" for the GOP nomination in 2008. The "threat of a Sen. Hillary Rodham Clinton (D-N.Y.) presidency has always been McCain's ace in the hole. Even conservatives who worry about McCain's independent streak — including the Arizona Republican's support for campaign finance reform and his co-sponsorship (with Massachusetts Democratic Sen. Edward Kennedy, no less) of a guest worker program — might well find McCain preferable to a Clinton victory." But what "nobody has yet commented on, however, is how the 2006 midterm elections now seem all but destined to boost McCain's presidential prospects. Democrats are headed for significant gains in both chambers of Congress in November. Even if they fail to win control in at least one chamber, they are likely to be seen as the clear winners and Bush and his party as the clear losers on Election Day." The election results "are likely to increase panic among some Republicans, who will fear that the Democrats' success in

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running on a message of change during the midterm elections is an omen of things to come in '08. This kind of reaction from Republicans and the media is likely to enhance McCain's attractiveness as a presidential candidate."

Maryland Lawmakers Approve Bill To Fund Stem Cell Research. Maryland's House of Delegates yesterday passed a measure to fund stem cell research and Gov. Robert Ehrlich has vowed to sign it. A front page story in the Washington Post (3/30, A1, Wagner, 744K) reports, "With Ehrlich's signature, the state will offer as much as $15 million in grants in the coming year to university and private-sector researchers seeking treatments for debilitating conditions through work on stem cells, including those derived from human embryos. … Much of the money, to be awarded by a state commission, is expected to flow to researchers at Johns Hopkins University and University of Maryland campuses, as well as to a few companies in Maryland's biotech sector conducting research on adult stem cells."

Study Finds Mental Health Coverage Did Not Increase Insurance Costs. A study of federal employees published today in the New England Journal of Medicine has found that providing mental health coverage does not lead to an rise in insurance costs. The Washington Post (3/30, A21, Lee, 744K) reports that the study "examined seven federal health plans in the years after 1999, when President Bill Clinton ordered companies in the Federal Employees Health Benefits Program to provide coverage for mental health and substance abuse that is comparable to that for other health conditions. Researchers found that, contrary to the predictions of some policymakers and analysts, the use and cost of such services did not increase, compared with the experience of private health plans with less generous mental health benefits -- provided that new benefits were offered under managed-care plans."

States Moving To Tap Lucrative Slot Machine Market. States are growing frustrated that they are losing revenue from lotteries as locals travel to neighboring states and Indian reservations to gamble. As a result, many states are moving to tap the slot machine market. A front page story in the Wall Street Journal (3/30, Bulkeley, 2.11M) reports that states "are teaming up with struggling horse and dog tracks, slot-machine makers and casino companies to create venues that are remarkably similar to commercial casinos. The allure to gamblers: no wait for nightly or weekly lottery drawings. Currently, after debate and approval by state legislatures, state-sponsored slot machines are in use in nine states: Delaware, Iowa, Maine, New York, Oregon, Oklahoma, Rhode Island, South Dakota and West Virginia. Pennsylvania is preparing to add them, and others are debating such a move."

Today Marks Twenty-Fifth Anniversary Of Reagan Assassination Attempt. The Washington Post (3/30, B1, Pressley, 744K) reports that today marks the 25th anniversary of the assassination attempt against President Ronald Reagan. The Post story recounts the events of the day and notes, "The anniversary of the shooting brings a certain trepidation – [former press secretary James Brady and his wife Sarah] know they will have to relive the television footage. They will be asked once more what they think of would-be assassin John W. Hinckley Jr., who was found not guilty by reason of insanity and has spent the past 25 years in a mental hospital."

UN Security Council Calls On Iran To Suspend Uranium Enrichment. ABC World News Tonight (3/29, story 3, :15, Vargas, 8.78M) reported, "The United Nations Security Council came to a unanimous agreement about Iran's nuclear program today. The 15 member countries are demanding that Iran suspend uranium enrichment within 30 days. But they did not say what consequences there would be." The CBS Evening News (3/29, story 5, 0:10, Mitchell, 7.66M) also said the Council "voted unanimously."

CNN's The Situation Room (3/29, Blitzer) reported that "the United Nations ratcheted up the already tense nuclear standoff with Iran. The key U.N. council dealing with the issue has just arrived at a key consensus." CNN (Roth) added, "It took a little longer than Washington would have liked, but the full Security Council has now unanimously agreed to a statement." The AFP (3/30) reports Secretary Rice "greeted" the statement "as 'unmistakeably clear,'" adding that "it demonstrates that the international community is united in its concern over Iran's nuclear program." However, says USA Today (3/30, Slavin, 2.31M), US Ambassador John Bolton "said Russia and China watered down the statement. 'The message is clear nonetheless that Iran's nuclear weapons program is unacceptable,' Bolton said."

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The Washington Times/AP (3/30, Wadhams) reports "diplomats portrayed the statement, which is not legally binding, as a first, modest step toward compelling Iran to make clear that its program is for peaceful purposes." The Security Council "could eventually impose economic sanctions, though Russia and China say they oppose such tough measures." Knight Ridder (3/30, Landay) says the UN statement "set the stage for talks that Rice is to hold in Berlin on Thursday with her British, French, German, Chinese and Russian counterparts on what steps should be taken if Iran refuses to suspend its uranium enrichment work."

The Washington Post (3/30, A1, Lynch, 744K) notes the statement "does not commit the United Nations to action against Iran and was written to avoid language that might clearly set the stage for sanctions or subsequent military moves," although "U.S. and other Western officials said the Security Council's action…represents an important breakthrough and could set the stage for a tougher line later." The New York Times (3/30, Hoge, 1.19M) also focused upon the revisions to the statement, noting "three weeks of bruising negotiations…ended up producing a markedly weakened final version." While "western ambassadors conceded that the document had been watered down," they "argued that it was still meaningful." The Wall Street Journal (3/30, King, 2.11M) adds that "The diplomatic path ahead…is sure to be rocky" and "crafting a resolution that contains any threat of sanctions could take months, and will prove exceedingly difficult in the face of a potential veto threat from Russia or China."

Effectiveness Of Possible Sanctions On Iran Considered. Carne Ross, a former diplomat who served in Britain's delegation to the United Nations from 1998 to 2002, writes in the Washington Post (3/30, A23, 744K), "Now that the UN Security Council has agreed on a statement demanding that Iran restrict its nuclear program, the United States and its allies are doubtless considering tougher measures, including sanctions, to force Iran's compliance. The experience of sanctions imposed on Iraq (and on other countries), which I helped engineer and maintain as a British diplomat at the Security Council, offers some lessons." First, "no sanctions regime is effective unless its objective is widely shared, especially by the neighbors of the targeted state. … Second, oil sanctions are a double-edged sword. In the latter years of the 12-year sanctions regime on Iraq, Saddam Hussein often threatened to stop Iraq's oil exports in order to deter the United States and Britain from imposing measures in the Security Council to thwart his sanctions-busting techniques. … Third, even the most aggressive sanctions regimes, such as comprehensive economic sanctions, tend not to achieve their desired effects. … Fourth, any sanctions regime requires a long-term, patient and detailed effort to succeed."

US Forbids Diplomatic Contact With Hamas Officials. The State Department forbid its officials from having contact with any member of Hamas. The Financial Times (3/30, Devi) reports, "The US policy will now affect not just Hamas ministers but also independents and technocrats in the newly formed Palestinian government – though US officials will still be able to speak to Mahmoud Abbas, the Palestinian president." However, Omar Abdel-Razeq, the new Palestinian finance minister, "said he believed that Europe would eventually encourage a rethink of the boycott." The AP (3/30) quotes Assistant Secretary McCormack saying, "We will not have contact with members of Hamas, no matter what title they may have."

Hamas Cabinet Takes Oath Of Office. Palestine's new prime minister, Ismail Haniya, and his cabinet were sworn in Wednesday. The New York Times (3/30, Myre, 1.19M) reports this as "an almost total break in the government's contact with Israel." Mark Regev, a spokesman for the Israeli Foreign Ministry "said the policy was to avoid contact with the Hamas government, while trying not to impose hardship on ordinary Palestinians. But Palestinian officials argue that this distinction is impossible." The AP (3/30, El Deeb) adds that "the Palestinian government faces a crippling international economic boycott, and may run into immediate difficulties next week when March salaries are to be paid for some 140,000 government employees." Prime Minister Ismail Haniyeh "appeared to be softening his message," saying that "if Abbas wants to go ahead with peace talks, 'it's his prerogative and we have no problem with that.'"

Olmert, Kadima Intend To Form Government Quickly. The Wall Street Journal (3/30, Spindle, 2.11M) reports that following "a remarkable debut," the Kadima Party said "it would quickly form a broad ruling coalition that will carry out its plan to pull out of much of the West Bank and draw Israel's borders by 2010." Officials added "that despite a weaker-than-expected performance in Tuesday's election, Kadima has widespread support in parliament." The Financial Times (3/30, Morris) adds, "Kadima's less-than-decisive victory meant tough bargaining ahead," and "Kadima

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leaders acknowledged the difficulties of forming a working coalition with such a slender mandate for the party." The New York Times (3/30, Erlanger, 1.19M), under the headline "Not With A Bang But A Pop," echoed this tone, writing, "Israeli voters delivered a small pop, unwilling to give too much power to an untested acting prime minister, Ehud Olmert," and "it will be an expensive coalition for Mr. Olmert and the new Kadima Party, which will have to give up some important ministries."

The Washington Times (3/30, Mitnick, 90K), Los Angeles Times (3/30, King, 958K) and Christian Science Monitor (3/30, Prusher, 61K) run similar stories. USA Today (3/30, Gutman, Stinson, 2.31M) runs a related story titled on the election "Kadima Victory Is Disturbing; For Some West Bank Settlers Evacuation Plans Met With Defiance."

Meanwhile, the Washington Times (3/30, Rabinovich, 90K) says "the biggest surprise of an Israeli election filled with surprises was the performance of the Pensioners' Party, a newly formed and unheralded political bloc that emerged with seven seats -- most going to men in their upper 70s. No one was more shocked than the pensioners themselves, who find themselves confronting national questions they had not prepared for when they announced their one-issue campaign for increased pension rights two months ago."

More Commentary. The Wall Street Journal (3/30, 2.11M) editorializes, "Israelis went to the polls Tuesday for the fifth time in 10 years, and what's remarkable is that they emerged more or less as they had entered: leaderless. …. Ultimately, this election demonstrated that, in the absence of Mr. Sharon's reassuring presence, Israelis remain uncertain about their future and skeptical of a new generation of untested leaders. That's still a step forward from the sense of despair Mr. Sharon faced when he came to power five years ago. Mr. Olmert has many doubters and a great deal to prove. He can benefit from the example of his predecessor, who showed what real leadership can do."

The New York Times (3/30, 1.19M) editorializes, "We're not happy with Mr. Olmert's proposal of a unilateral withdrawal. But at this point, we're heartened by anything that leads to an Israeli withdrawal from land that the Palestinians must control if the area is ever going to evolve into two peaceful, co-existing states," and "Israel's voters know that, too, as Tuesday's election results confirm." True, "the ultimate solution to the conflict can be only a negotiated one, as opposed to a unilateral drawing of final borders by Israel, a negotiated deal is not going to happen until Hamas repudiates terrorism and recognizes Israel's right to exist."

In an editorial, the Washington Post (3/30, A22, 744K) says, "As the new prime minister sees it, this could involve the removal of some 70,000 Jewish settlers from the West Bank, but also the de facto annexation of other large settlements to Israel, along with 10 percent of the West Bank's land. Such a large Israeli withdrawal would be a major practical step toward a Middle East settlement." But "the United States would be bound to ensure that the new border made possible the eventual creation of a viable Palestinian state and that it strengthened rather than weakened Palestinian alternatives to Hamas. Managing that diplomacy may well emerge as one of the greatest opportunities, and challenges, of President Bush's second term."

In an editorial, the Los Angeles Times (3/30, 958K) calls Tuesday's election in Israel "an endorsement…of [Ariel] Sharon's improbable legacy of moderation." Sharon's successor, Ehud Olmert, "has promised to continue Sharon's policy of 'disengagement,' which he has renamed 'convergence.' By any name, it is an imperfect but welcome development."

Bush Won't Boycott G8 Meeting. The New York Times (3/30, Bumiller, 1.19M) reports, "President Bush said Wednesday that it would be a mistake for the United States to boycott the Group of 8 meeting in Russia this summer," adding "he was hopeful that Russia would move toward a more open society even though it has cracked down on democratic institutions." The Times characterized that the President "was freer in his remarks than usual."

Meanwhile, the Financial Times (3/30, Buckley, Williams) reports Russian president Vladimir Putin "on Wednesday accused the US of 'artificially' holding back progress in talks on Russia's accession to the World Trade Organisation, adding to a chill in relations between the two countries." Said Putin, "Unfortunately we have received a list of questions from our American colleagues that require additional agreements that we thought had been settled long ago. … The negotiation process is being artificially set back."

Creation Of Russian Gas Cartel Seen As Unlikely. Vijay V. Vaitheeswaran, a correspondent for the Economist, writes in the Wall Street Journal (3/30, 2.11M), "Energy ministers from the G7 countries clashed with Russia over 'energy security' this month, and the topic is sure to be at the top of the agenda when G8 heads of state meet soon at their

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St. Petersburg summit." There are fears that Russian President Vadimir Putin "intends to use his country's unrivalled gas endowment to forge a gas-supply cartel akin to the OPEC oil cartel. So will Russia really bring the global economy to its knees by playing pipeline politics or by creating a "GOPEC"? Don't hold your breath. Saber-rattling aside, pipelines are a lousy tool for imposing an embargo."

Former Liberian President Captured. ABC World News Tonight (3/29, story 7, :30, Vargas, 8.78M) reported, "The former president of Liberia, Charles Taylor, was captured today, days after he disappeared in Nigeria. The accused war criminal was captured one day after the White House signaled a meeting with the Nigerian president might be cancelled, unless Taylor was found. Hours later, Taylor was arrested, trying to leave the country with bags of cash. With Taylor in custody, the Nigerian president got his meeting, as planned." The Washington Times/AP (3/30, Roy-Macauley) says Taylor "was flown to Sierra Leone yesterday to be tried on war-crimes charges."

The AP (3/30, Riechmann) reports "President Bush said Wednesday he's confident that Charles Taylor…will be tried in an international tribunal." While "the Sierra Leone tribunal has jurisdiction," Bush "said the United States is working to have Taylor tried at the International Criminal Court in The Hague," adding that "Secretary of State Condoleezza Rice 'told me that she thought that might happen relatively quickly.'"

The Washington Post (3/30, A16, Timberg, 744K) reports, "Reports of Taylor's capture reached Washington a few hours before" Nigerian President Olusegun Obasanjo "was due to meet with President Bush at the White House, heading off what would have been an embarrassing encounter for both leaders." The New York Times (3/30, Polgreen, 1.19M) agrees, sating "the escape was an acute embarrassment for Mr. Obasanjo." The Washington Post (3/30, A18, Raghavan, 744K) runs a second report on Liberian expatriates, who reacted to the news with "relief and jubilation," while USA Today (3/30, 2.31M) and Los Angeles Times (3/30, Dixon, Nichols, 958K) also report on Taylor's capture.

Lawmakers Seek Balance Between "Patience And Assertiveness" With China. The Christian Science Monitor (3/30, Trumbull, 61K) reports on US efforts to find "the right balance between assertiveness and patience" with China over its trade policies. Some lawmakers, concerned that the US' growing US trade gap with China threatens the US economy, want China to end what they see as "unfair trade practices and an artificially low yuan." Other lawmakers "say the greater danger lies in provoking a trade war with China, which could hurt the two biggest drivers of the global economy." The Monitor adds, "The next few weeks could reveal whether the path ahead involves confrontation or common ground. Chinese leader Hu Jintao meets with President Bush in April. And the US Treasury Department is preparing to issue an assessment of whether China is manipulating its currency."

US Tries To Force Trade Concessions Before Hu Visit. The Financial Times (3/30, McGregor, Swann) reports that the US yesterday stepped up efforts to force concessions from China in advance of President Hu Jintao's visit next month. Commerce Secretary Carlos Gutierrez warned Beijing "that China would risk protectionist retaliation if it failed to open its market faster and that such measures could be 'devastating' to the Chinese economy. 'It is important for our colleagues in China to recognise that the voices in the US calling for protectionist policies are real,' Mr Gutierrez said ahead of trade negotiations scheduled for next month."

The New York Times (3/30, Lague, 1.19M) reports that Gutierrez "said China could help the Bush administration counter that threat with improved market access for United States products and stricter enforcement of intellectual property rights. He acknowledged that Chinese tariffs had fallen since the country's entry into the World Trade Organization in 2001, but he said a wide array of barriers remained that restricted sales of products from companies in the United States and other foreign countries."

Gutierrez Says US Will Focus On Intellectual Property Rights. The Christian Science Monitor (3/30, Marquand, 61K) reports that Gutierrez indicated that "the White House will focus on a more diffuse and difficult problem: intellectual property rights (IPR)." Gutierrez "says that while China is the world's No. 2 buyer of personal computers, it ranks No. 25 in software purchasing -- a result of widespread use of 'pirated software' in China. In a talk to an American business audience, he noted that if China cut the use of pirated software to 80 percent from 90 percent of all software, the country would gain $6.5 billion in tax revenue."

Treasury Department Focused On Pushing More Flexible Exchange Rate With China. The Wall Street Journal (3/30, Fong, 2.11M) reports that "the Bush

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administration warned China that it must do more to allow its currency's value to be set by market forces. U.S. Treasury Undersecretary Timothy Adams told a congressional committee that getting China to move toward a more-flexible exchange rate system remained his department's No. 1 priority and that the Chinese have failed to do enough since announcing last summer a small revaluation of the currency."

WSJournal Says Globalization Is Two-Way Street. An editorial in the Wall Street Journal (3/30, 2.11M) says that "ambitious politicians are baring their protectionist teeth. Now would seem a good time to recall how well their countries and others have done by flinging doors open to trade, capital, services and people. … Globalization is a two-way street. Nations can't take advantage of it abroad and try to protect themselves from it at home. Maybe in the halls of Congress, this message will eventually sink in. The world's prosperity depends on it."

Protectionist Sentiment Said To Threaten Open Skies Policies. USA Today (3/30, Adams, 2.31M) reports that the protectionist sentiment that killed the Dubai ports deal could have a similar impact on Open Skies. If European Union transport ministers approve the Open Skies policy at a meeting scheduled for June, "any US airline could fly to any of the European Union's 25 nations. Likewise, any European airline could fly from anywhere in Europe to anywhere in the USA." The Bush administration backs Open Skies because officials believe it would lower fares and benefit US carriers." EU transport ministers "aren't inclined to approve Open Skies unless the U.S. first relaxes restrictions on foreign control of U.S. airlines to better reflect foreign ownership rules for European airlines."

Congress Urged To Keep US Open To Foreign Investment. Stuart Eizenstat, American chairman of the European American Business Council (EABC), and Michael Maibach, president and CEO of the EABC, write in the Wall Street Journal (3/30, 2.11M), "There is a clear and present danger that Congress will use the recent Dubai Ports World controversy as a platform to fundamentally change the rules governing foreign investments in the U.S. -- and do so in ways that will scare away investments that are a lifeblood for a healthy economy. … As Congress looks at changing the rules for foreign investment it should recognize that its actions will reverberate around the world. … Members of Congress from both political parties should avoid fundamentally changing the rules of foreign investment in ways that would create a less inviting climate for such investment at the very time we need more of it. If they do not, this would be an excellent choice for President Bush's first veto, because America must remain open for business."

John Castellani, president of the Business Roundtable, Thomas Donohue, president and CEO of the US Chamber of Commerce and Todd Malan, president and CEO of the Organization for International Investment, write in the Washington Times (3/30, 90K), "Members of Congress are introducing legislation to 'fix' the CFIUS system." Some legislation "focuses on refinements to CFIUS, while other bills go beyond to ban non-U.S. firms from entire sectors of our economy. … Clearly some changes are warranted. While we know the CFIUS process to be extremely rigorous, there is room for improvement. … America enjoys the world's strongest economy, the most open and transparent markets, and one of the highest standards of living in the world, thanks in no small measure to international investment. Let's not put those benefits at risk now."

Prosecutors To Charge Defeated Belarus Candidate. Prosecutors in Belarus said yesterday they plan to bring criminal charges against defeated presidential candidate Aleksandr V. Kazulin, who led an antigovernment march last week. The New York Times (3/30, Chivers, 1.19M) reports, "The announcement, during which prosecutors also said the police had arrested more than 500 demonstrators last week, continued the crackdown on the opposition to President Aleksandr G. Lukashenko, who is often called Europe's last dictator." Kazulin "faces charges of organizing group actions and hooliganism, Belarus's federal prosecutor said, according to the Belapan news agency. The first charge could carry a prison term of up to six years."

Gas Deal Cost Yuschenko Votes In Ukraine Election. The New York Times (3/30, Myers, Kramer, 1.19M) reports that the deal to resolve a dispute between Russia and Ukraine over the price of natural gas "has prompted accusations of corruption and almost certainly contributed to President Viktor A. Yushchenko's poor showing in parliamentary elections last Sunday, when his party finished a distant third." Candidate Yulia V. Tymoshenko "campaigned fiercely against the deal, citing it as an example of the corruption and untrustworthiness of the leadership of Mr. Yushchenko's party, Our Ukraine." Tymoshenko "has now claimed the right to lead the coalition in Parliament

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representing the reformist, Western-leaning forces who took part in what came to be known as the Orange Revolution. And she has promised that one of her first acts as prime minister, should she return to the post she held for the first eight months of Mr. Yushchenko's presidency, would be 'by all means' to scuttle the deal."

UK Pushes Back Date For Mandatory ID Cards. Britain has pushed back its target date for mandatory ID cards to January 2010. The AFP (3/30) reports that the House of Lords "accepted a compromise deal with Prime Minister Tony Blair's government. By a vote of 287-60, the upper chamber of parliament agreed that Britons renewing or applying for a passport will not be obliged to take out an ID card as well in 2008, as originally proposed in the Identity Cards Bill."

Berlusconi Faces Tough Reelection Battle. A front page story in the Wall Street Journal (3/30, Kahn, 2.11M) profiles Italian Prime Minister Silvio Berlusconi, who has "one of the most glorious records of success of any man in Europe. Time and again he has broken into fields that in Italy had been the domain of an established elite -- from construction to television, sports to politics. Along the way, he has amassed a fortune of close to $12 billion, almost twice that of Rupert Murdoch, mostly from his commercial television network, Mediaset SpA." Yet Berlusconi "has proved a surprisingly leaden leader during his five years in power. Even on this sluggish continent, Italy is an underperformer." The Journal adds that Berlusconi " faces an uphill re-election battle. Polls say his coalition trails [his opponent] by five percentage points."

THE BIG PICTURE:

Headlines From Today's Front Pages.

Los Angeles Times:
"Reiner Quits First 5 Panel."
"Cancer Stalks A 'Toxic Triangle.'"
"Staking Out New Lives."
"Laws And Funding Thwart Search For Illegal Workers."
"Avian Flu Vaccine Falls Short In Trial."
"They're Panting After Squeezing Into These Jeans."

USA Today:
"A Black & White Issue?"
"Limited Ethics Bill Advances As Lobbyist Gets Prison Time."
"Art Buchwald Lives On, And That's A Reason To Smile."

New York Times:
"Senate Approves Lobbying Limits By Wide Margin."
"G.O.P. Risking Hispanic Votes On Immigration."
"Liberian Seized To Stand Trial On War Crimes."
"9/11 Tapes Revive Lost Voices, And Families' Pain."
"As Life Returns To New Orleans, So Does Crime."
"Automakers Use New Technology To Beef Up Muscle, Not Mileage."

Washington Post:
"Senate Passes Lobbying Bill."
"Abramoff Is Sentenced For Casino Boat Fraud."
"Security Council Pressures Tehran."
"Area Still Unprepared For Terror Attacks, Senate Panel is Told."
"Md. Approves Fund To Support Medical Stem Cell Research."
"NIH Panel Finds No Extra Risk In Caesarean Section."

Washington Times:
"Frist Retreats From 'Amnesty.'"
"Pelosi, Reid Push Security Agenda."
"Abramoff Sentenced To Almost Six Years."
"Spirit Beams Through A Satellite."
"Pensioners Now New Kids On The Bloc."
"Who's Minding The Score?"
"No More Sugar And Spice: Girl Gangs On Rise In D.C."

Detroit Free Press:
"New Hurdle: Better Mileage."
"High School Grad Rules Set To Get Tougher."
"Maida's Reorganization Plan Leaves Details To The Parishes."
"Terrorism Prosecutor Is Charged With Lying."

Atlanta Journal-Constitution:
"Trailer Shortfall Puts Schools In Tight Spot."
"Scandal Stains Duke's Image."
"Tense Last Days."
"Fake IDs Could Frustrate Laws To Curb Illegals."

Houston Chronicle:
"2 Students Die In Bus Crash."
"Bird Flu Vaccine Shows Promise."
"School Finance Plan Draws Mixed Reviews."
"Opinions Split Over Red, White And Green."
"Gas Guzzlers Are Forced To Go On A Diet."

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Story Lineup From Last Night's Network News:

ABC: Cafe Standards; Moussaoui Trial; UN-Iranian Nukes; Iraq-Sectarian Violence; Afghanistan-Taliban Attack; Afghan Christian Convert; Nigeria-Taylor Captured; Bush-Cancun; Duke-Rape Allegations; Abramoff Sentenced; Caesarian Section Trend; Solar Eclipse.

CBS: Iraq-Mosque Raid; Abu Ali Convicted; Moussaoui Trial; Afghan Christian Convert; UN-Iranian Nukes; Abramoff Sentenced; Senate-Lobbying Reform; Avian Flu Vaccine; Iraq-Wounded US Soldier; Cafe Standards; Brazil-Ethanol; Illegal Immigration-Maywood; Bonds-Steroid Scandal; Solar Eclipse.

NBC: Cafe Standards; Immigration Reform; Bush-Cancun; Immigration-Denison, Iowa; Moussaoui Trial; Abramoff Sentenced; Duke-Rape Allegations; Caesarian Section Trend; Miami-Brush Fire; WV Mine Disaster Survivor; Stock Markets; Solar Eclipse; Apple-Beatles Lawsuit.

Story Lineup From This Morning's Radio News Broadcasts:

ABC: MLB-Steroid Investigation; Moussaoui Sentencing; Duke-Rape Scandal; Senate-Immigration Reform.

CBS: Senate-Immigration; Mexico Summit; Moussaoui Sentencing; MLB-steroid Investigation; Duke-Rape Scandal; Wall Street.

NPR: Moussaoui Sentencing; Bush Plotter Sentenced; Senate-Immigration; Mexico Summit; UN-Congo; Duke-Rape Scandal; McKinney-Police Scuffle.

WASHINGTON'S SCHEDULE:

Today's Events In Washington.

White House:

PRESIDENT BUSH — Tours Chichen-Itza archeological ruins, near Cancun; meets with Mexican President Vincente Fox, Fiesta Americana Condesa Cancun Hotel; meets with Prime Minister Martin of Canada; attends leaders' dinner, Fiesta Americana Condesa Cancun Hotel.

VICE PRESIDENT CHENEY — No public schedule.

US Senate: 9:30 a.m. APPROPRIATIONS _ Interior and Related Agencies Subcommittee. Hearing on the FY07 Interior budget. Interior Secretary Norton, Assistant Secretary Thomas Weimer, Pam Haze, Co-Director, Interior Budget Office. Location: Room 124, Dirksen.

9:30 a.m. FOREIGN RELATIONS _ Full Committee. Hearing on the hidden cost of oil. Milton R. Copulos, National Defense Council Foundation; Hillard Huntington, Stanford University. Location: Room 419, Dirksen.

9:30 a.m. HOMELAND SECURITY AND GOVERNMENTAL AFFAIRS _ Permanent Subcommittee on Investigations. Hearing on port security and neutralizing the nuclear and radiological threat. Deputy DHS Secretary Michael Jackson; Christopher Koch, World Shipping Council; Gary Gilbert, Hutchinson Port Holdings; John Clancey, Maersk Inc. Agency. Location: Room 342, Dirksen.

9:30 a.m. JUDICIARY _ Full Committee. Markup of pending legislation. Location: Room 226, Dirksen.

10 a.m. APPROPRIATIONS _ Agriculture, Rural Development and Related Agencies Subcommittee. Hearing on FY07 appropriations. USDA Chief Economist Keith Collins; Undersecretary J.B. Penn; Undersecretary Mark Rey; Undersecretary Eric M. Bost; Undersecretary Richard Raymond; Acting Undersecretary Charles Lambert; Dennis Kaplan, Budget Office, USDA. Location: Room 192, Dirksen.

10 a.m. APPROPRIATIONS _ Energy and Water Subcommittee. Hearing on the FY07 budget for the Yucca Mountain project's Office of Safeguards and security. Location: Room 138, Dirksen.

10 a.m. BANKING, HOUSING AND URBAN AFFAIRS _ Full Committee. Markup of of legislation on foreign investment in the U.S. and the review process of the Committee on Foreign Investment in the U.S. Location: Room 538, Dirksen.

10 a.m. COMMERCE, SCIENCE AND TRANSPORTATION _ Full Committee. Markup of S.2389, Protecting Consumer Phone Records Act. Location: Room 562, Dirksen.

10 a.m. VETERANS AFFAIRS _ full Committee. Hearing on the annual review of legislative priorities for veterans organizations. Location: Room 106, Dirksen.

11 a.m. COMMERCE, SCIENCE AND TRANSPORTATION _ Disaster Prevention and Prediction Subcommittee. Oversight hearing on the National Polar-Orbiting Operational Environmental Satellite System. David Ryan, Northrop Grumman Corporation; Air Force Deputy Undersecretary Gary Payton; David Powner, GAO; Greg Withee, National Environmental Satellite Data and Information Service. Location: Room 562, Dirksen.

1:30 p.m. APPROPRIATIONS _ District of Columbia Subcommittee. Hearing on the impact of flat federal income tax in D.C. D.c. CFO Natwar M. Gandhi; Alice M. Rivlin, Brookings Institution; Terence C. Golden, chairman, Federal

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City Council; John W. Hill, chief executive officer, Federal City Council. Location: Room 138, Dirksen.

2 p.m. ARMED SERVICES _ Personnel Subcommittee. Hearing on the FY07 budget for reserve personnel. Gen. Richard A. Cody, vice chief of staff, Army; Gen. Robert Magnus, assistant commandant, Marine Corps; David S. C. Chu, undersecretary of Defense; retired Lt. Gen. Dennis M. McCarthy, executive director, Reserve Officers Association; William Winkenwerder Jr., assistant secretary of Defense. Location: Room 106, Dirksen.

2:30 p.m. BANKING, HOUSING AND URBAN AFFAIRS _ Housing and Transportation Subcommittee. Hearing on reauthorization of the McKinney-Vento Act. Deputy HUD Secretary Roy Bernanrdi; Phillip Mangano,executive director, Interagency Council on Homelessness; Gail Dorfman, county commissioner, Hennepin County, Minn.; Steve Berg, National Alliance to End Homelessness; Charles Gould, national president, Volunteers of America; Anthony Love, president and CEO, Houston Coalition for the Homeless; Dennis Culhane, University of Pennsylvania. Location: Room 538, Dirksen.

2:30 p.m. COMMERCE, SCIENCE AND TRANSPORTATION _ Full Committee. Hearing on competition and convergence in the communications industry. Kyle McSlarrow, President, National Cable and Telecommunications Association; Earl Comstock, President, COMPTEL; Walter McCormick, President, US Telecom; Steve Largent, President, CTIA-The Wireless Association; Jerry Ellig, George Mason University; Mark Cooper, Consumer Federation of America. Location: Room 216, Hart.

2:30 p.m. ENERGY AND NATURAL RESOURCES _ Water and Power Subcommittee. Hearing on pending legislation. Location: Room 366, Dirksen.

2:30 p.m. HOMELAND SECURITY AND GOVERNMENTAL AFFAIRS _ Oversight of Government Management, the Federal Workforce and the District of Columbia Subcommittee. Hearing on veterans' preference in the federal government. Deputy OPM Director Dan Blair; Assistant Labor Secretary Charles Ciccolella; James McVay, Office of Special Counsel; Richard Weidman, Vietnam Veterans of America; Joseph Sharpe; The American Legion; Brian Lawrence, Disabled American Veterans. Location: Room 342, Dirksen.

2:30 p.m. SELECT INTELLIGENCE _ Full Committee. Closed briefing on pending matters. Location: Room 219, Hart.

US House: FLOOR SCHEDULE _ 10 a.m. Meets for legislative business. Highlights: H.R. 609 - College Access and Opportunity Act of 2005.

9 a.m. FINANCIAL SERVICES _ Full Committee. Hearing on the FY)& HUD budget. Secretary Jackson. Location: Room 2128, Rayburn.

9 a.m. JUDICIARY _ Immigration, Border Security and Claims Subcommittee. Hearing on whether Congress should raise the H-1B cap. John Miano, author, Stuart Anderson, Executive Director for the National Foundation for American Policy; David Huber, high-tech worker from the Chicago area; and Delbert Baker, President of Oakwood College (Ala.). Location: Room 2141, Rayburn.

9 a.m. SELECT INTELLIGENCE _ Full Committee. Closed. Markup of H.R.____ - Intelligence Authorization Act FY 2007. Location: Room H-405, Capitol.

9:30 a.m. APPROPRIATIONS _ Agriculture, Rural Development, FDA and Related AGencies Subcommittee. Hearing on research, education and economics. Undersecretary of Agriculture Joseph Jen; Edward B. Knipling, administrator, Agricultural Research Service; Colien Hefferan, administrator, Cooperative State Research, Education and Extension Service; Susan Offutt, administrator, Economic Research Service; R. Ronald Bosecker, administrator, National Agricultural Statistics Service; W. Scott Steele - USDA budget officer. Location: Room 2362A, Rayburn.

10 a.m. AGRICULTURE _ Conservation, Credit, Rural Development and Research Subcommittee. Hearing on rural development. Location: Room 1300, Longworth.

10 a.m. APPROPRIATIONS _ Defense Subcommittee. Hearing on Navy and Marine Corps acquisitions. Location: Room 2359, Rayburn.

10 a.m. APPROPRIATIONS _ Labor, HHS, Education and Related Agencies Subcommittee. Hearing with public witnesses. Location: Room 2358, Rayburn.

10 a.m. APPROPRIATIONS _ Interior, Environment and Related Agencies Subcommittee. Hearing with public witnesses discussing Native American issues. Location: Room B-308, Rayburn.

10 a.m. APPROPRIATIONS _ Energy and Water Development and Related Agencies Subcommittee. Hearing on the FY07 budget for energy supply and conservation. David Garman, undersecretary of Energy; Shane Johnson, acting director, Office of Nuclear Energy; Douglas Faulkner, acting assistant secretary of Energy; Jeffrey Jarrett, assistant

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secretary of Energy; Kevin Koleva, director, Electricity Delivery and Energy Reliability. Location: Room 2362B, Rayburn.

10 a.m. APPROPRIATIONS _ Science, State, Justice, Commerce and Related Agencies Subcommittee. Hearing on FY07 budget for NASA. Administrator Michael Griffin. Location: Room H-309, Capitol.

10 a.m. ENERGY AND COMMERCE _ Telecommunications and the Internet Subcommittee. Hearing on the Communications Promotion and Enhancement Act. Location: Room 2123, Rayburn.

10 a.m. GOVERNMENT REFORM _ Full Committee. Markup of H.R. 4368 - To designate the facility of the United States Postal Service located in Mayaguez, Puerto Rico, as the Miguel Angel Garcia Mendez Post Office Building; H.R. 4561 - To designate the facility of the United States Postal Service located in Dallas, Texas, as the Francisco Pancho Medrano Post Office Building; H.R.4586 - To extend the authorization of the Benjamin Franklin Tercentenary Commission; H.R. 4646 - To designate the facility of the United States Postal Service located in Reseda, California as the Coach John Wooden Post Office Building; H.R. 4811 - To designate the facility of the United States Postal Service located in Harrison, Arkansas, as the John Paul Hammerschmidt Post Office Building. Followed by hrng. on information sharing and disaster response. Peter F. Verga, Principal Deputy Assistant Secretary of Defense, DoD; Dr. Linton Wells II, Principal Deputy Assistant Secretary of Defense, DoD; Vance Hitch, Chief Information Officer, DOJ; John Brennan, President and CEO, The Analysis Corporation; Dr. Donald F. Kettl, Director, Fels Institute of Government, University of Pennsylvania. Location: Room 2154, Rayburn.

10 a.m. HOMELAND SECURITY _ Economic Security, Infrastructure Protection and Cybersecurity Subcommittee. Markup of H.R. 4954 - Security and Accountability for Everyt Port Act. Location: Room 311, Cannon.

10 a.m. RESOURCES _ National Parks Subcommittee. Hearing on HR 2134 - To establish the Commission to Study the Potential Creation of a National Museum of the American Latino Community to develop a plan of action for the establishment and maintenance of a National Museum of the American Latino Community in Washington, DC; H.R. 3961 - To authorize the National Park Service to pay for services rendered by subcontractors under a General Services Administration Indefinite Deliver Indefinite Quantity Contract issued for work to be completes at the Grand Canyon National Park; H.R. 4294 - To authorize the Secretary of the Interior to enter into cooperative agreements to protect natural resources of units of the National Park System through collaborative efforts on land inside and outside of units of the National Park System. Reps. Becerra, Ros-Lehtinen, Renzi, and Porter. Michael Soukup, Associate Director for Natural Resource Stewardship and Science, National Park Service, Department of the Interior. Location: Room 1334, Longworth.

10 a.m. RULES _ Full Committee. Hearing on H.r. 4975 - Lobbying Accountability and Transparency Act of 2006. Location: Room H-313, Capitol.

10 a.m. SCIENCE _ Full Committee. Hearing on k-12 science and math education. Education Secretary Spellings, NSF Director Arden Bement, Brig. Gen. John Kelly (ret.) of NOAA, Shana Dale of NASA, and James Decker of the Energy Department. Location: Room 2318, Rayburn.

10 a.m. TRANSPORTATION AND INFRASTRUCTURE _ Economic Development, Public Buildings and Emergency Management Subcommittee. Hearing on GSA FY 2007 capital investment and leasing program. David L. Winstead, Commissioner, Public Buildings Service of the GSA. Followed by markup of H. Con. Res. 360 - Authorizing the use of the Capitol Grounds for the National Peace Officers' Memorial Service; H. Con. Res. 359 - Authorizing the use of the Capitol Grounds for the District of Columbia Special Olympics Law Enforcement Torch Run; H. Con. Res. 349 - Authorizing the use of the Capitol Grounds for the Greater Washington Soap Box Derby. Location: Room 2253, Rayburn.

10 a.m. TRANSPORTATION AND INFRASTRUCTURE _ Water Resources and Environment Subcommittee. Oversight hearing on barriers to the cleanup of abandoned mine sites. EPA Assistant Administrator Benjamin Grumbles; Colorado Water Quality Control Administrator Paul Frohardt; Joseph Pizarchik, Pennsylvania Department of Environmental Protection; Dave Williams, East Bay Municipal Utility District; Patricia Nelson Limerick, University of Colorado; John Mudge, Newmont Mining Corp.; Chris Wood, Trout Unlimited; Velma Smith, National Environmental Trust. Location: Room 2167, Rayburn.

10:30 a.m. INTERNATIONAL RELATIONS _ Western Hemisphere Subcommittee. Hearing on counternarcotics strategies in Latin America. Assistant Secretary of State Anne W. Patterson; Michael A. Braun, DEA; James F. Mack, OAS; Joy Olson, Washington Office on Latin America. Location: Room 2172, Rayburn.

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11:30 a.m. JUDICIARY _ Crime, Terrorism and Homeland Security Subcommittee. Hearing on the Death Penalty Reform Act of 2006. Location: Room 2141, Rayburn.

1 p.m. ARMED SERVICES _ Readiness Subcommittee and Tactical Air and Land Forces Subcommittee. Joint hearing on Army and Marine Corps reset strategies for ground equipment and rotocraft. Ltr. Gen. Emerson Gardner, Marine Corps; Army Lt. Gen. David Melcher; Army Deputy Chief of Staff Ann Dunwoody; William Solis, GAO. Location: Room 2118, Rayburn.

1:30 p.m. APPROPRIATIONS _ Agriculture, Rural Development, FDA and Related Agencies Subcommittee. Hearing on Avian flu. Agriculture Secretary Johanns; Ron DeHaven, administrator, Animal and Plant Health Inspection Service; Bruce Gillen, director, National Vaccine Program Office, Department of Health and Human Services; Jesse Goodman, director, Center for Biologics Evaluation and Research, FDA. Location: Room 2362A, Rayburn.

1:30 p.m. VETERANS AFFAIRS _ Disability Assistance and Memorial Affairs Subcommittee. Hearing on issues facing Arlington National Cemetery and the American Battle Monuments Commission. Location: Room 340, Cannon.

2 p.m. APPROPRIATIONS _ Homeland Security Subcommittee. Hearing on FY07 appropriations for general preparedness. DHS Undersecretary George Foresman; others. Location: Room 2359, Rayburn.

2 p.m. APPROPRIATIONS _ Energy and Water Development and Related Agencies Subcommittee. Hearing on energy supply and conservation. Energy Undersecretary David Garman; Shane Johnson, acting director, Office of Nuclear Energy; Douglas Faulkner, acting assistant secretary of Energy; Jeffrey Jarrett, assistant secretary of Energy; Kevin Koleva, director, Electricity Delivery and Energy Reliability. Location: Room 2362B, Rayburn.

2 p.m. APPROPRIATIONS _ Interior, Environment and Related Agencies Subcommittee. Hearing on Native American issues. Public witnesses. Location: Room B-308, Rayburn.

2 p.m. APPROPRIATIONS _ Labor, HHS, Education and Related Agencies Subcommittee. Hearing with public witnesses. Location: Room 2358, Rayburn.

2 p.m. APPROPRIATIONS _ Science, State, Justice, commerce and Related Agencies Subcommittee. Hearing on FY07 budget for the FTC. Location: Room H-309, Capitol.

2 p.m. JUDICIARY _ Commercial and Administrative Law Subcommittee. Hearing on the 10yth anniversary of the Congressional Review Act. Location: Room 2141, Rayburn.

2 p.m. WAYS AND MEANS _ Social Security Subcommittee. Hearing on issues facing Social Security. Reps. Dreier, Reyes; Cynthia M. Fagnoni, Managing Director, Education, Workforce, and Income Security, GAO; Joel Winston, Associate Director, Division of Privacy and Identity Protection, Bureau of Consumer Protection, FTC; Nicole Robinson, North Atlantic Coast Volunteer Coordinator, Identity Theft Resource Center. Location: Room B-318, Rayburn.

2:30 p.m. INTERNATIONAL RELATIONS _ International Terrorism and Nonproliferation Subcommittee. Hearing on terrorist threat from shoulder-Fired missiles. John Hillen, Assistant Secretary, Bureau of Political-Military Affairs, Department of State. Location: Room 2200, Ryburn House Office Building.

4 p.m. ARMED SERVICES _ Projection Forces Subcommittee. Hearing on the Navy's FY07 shipbuilding strategy and the long-term fleet plan. Assistant Navy Secretary Delores M. Etter; Deputy CNO Vice Admiral Lewis W. Crenshaw, Jr.; Lieutenant General James N. Mattis, Commanding General, Marine Corps Combat Development Command; Rear Admiral Charles S. Hamilton, II, Program Executive Officer for Ships; Rear Adm. David Architzel, Program Executive Officer for Carriers; Rear Admiral William H. Hilarides, Program Executive Officer for Submarines; Paul L. Francis, GAO; Ronald O'Rourke, CRS; J. Michael Gilmore, CBO; Eric J. Labs, CBO; Robert O. Work, Center for Strategic and Budgetary Assessments. Location: Room 2212, Rayburn.

Other: INSTITUTIONAL INVESTORS _ The Council of Institutional Investors holds its spring meeting. Highlights: 9:30 a.m. PBGC Executive Director Bradley Belt. 11 a.m. NYSE Chief Regulatory Officer Richard Ketchum and Nasdaq Executive Vice President Edward Knight discuss their exchanges. 12:15 p.m. SEC Chairman Christopher Cox. Location: L'Enfant Plaza Hotel, 480 L'Enfant Plaza, SW.

INTERNATIONAL LAW _ The American Society of International Law (ASIL) holds its 10th Annual Meeting. Theme of this years meeting is ``A Just World Under Law." Highlights: 4:30 p.m. Supreme Court Justice Anthony Kennedy delivers a plenary address. UPDATE: The speech is open to all media. Setup between 12:30-2:30 p.m. Location: Fairmont Hotel, 2401 M St. NW.

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JOHANNS _ 8:15 a.m. Agriculture Secretary Johanns speaks at the Bio-Energy Deals: Breakthrough in Biomass and Bio-refineries conference. Location: Strategic Analysis Executive Conference Center, 3601 Wilson Blvd., Arlington.

MOUSSAOUI _ 8:30 a.m. Jury deliberations continues in the case U.S. v. Moussaoui. Location: U.S. District Court, Alexandria, Va.

INDIA-US RELATIONS _ 10 a.m. The Heritage Foundation sponsors a presentation, ``India-US Relations: An Agenda for the Future," with Shyam Saran, foreign secretary of India. Location: Heritage Foundation's Allison Auditorium, 214 Massachusetts Avenue NE.

WETLANDS _ 10 a.m. Interior Secretary Norton and Agriculture Secretary Johanns release a report on the status of the national wetlands from 1998-2004. Location: Rooms 7000A and B, main Interior.

PELOSI _ 10:45 a.m. House Democratic leader Nancy Pelosi holds her weekly news briefing. Location: Room H-206, Capitol.

BOEHNER _ 11 a.m. House Majority Leader John Boehner holds a media availability. Location: House Radio-TV Gallery.

HEALTH CARE _ 11 a.m. Sen. Mike Enzi holds a news conference with National Association of Realtors President Tom Stevens to discuss a survey on small business health plans. Location: Room S-207, Capitol.

RANGEL-IRAQ _ 11 a.m. Rep. Charles Rangel, D-N.Y., addresses a National Press Club newsmaker briefing. Topic: The Iraq War. Location: National Press Club.

US-CHINA _ 11:30 a.m. Reps. Don Manzullo and Adam Schiff hold a news conference to discuss meetings between members of Congress and the National People's Congress of China. Location: House Radio-TV Gallery.

FEDERAL LAND _ 12 p.m. The Heritage Foundation holds a seminar on how much land the Federal Government should own, with Rep. Rob Bishop, R-Utah. Location: Van Andel Center, 214 Massachusetts Ave. NE.

IMMIGRATION _ 12 p.m. The National Immigration Forum holds a telephone briefing on the Senate's immigration reform debate. Notes: Note time change. Callin number: 800-289-0494; passcode: National Immigration Forum Immigration.

CHEMICAL PLANTS _ 2 p.m. Sens. Frank R. Lautenberg, Barack Obama and Robert Menendez hold a news conference to introduce chemical plant security legislation in response to the Bush proposal announced last week. Location: Senate Radio-TV Gallery.

MEDICARE _ 2 p.m. Families USA holds a telephone briefing to discuss the end of Medicare Part D transition help on April 1. Notes: Callin number: 800-967-7138; passcode: 7109646.

INTERNATIONAL RULES _ 3 p.m. The New America Foundation holds a presentation by British author Philippe Sands on ``Lawless World: America and the Making and Breaking of Global Rules." Location: 7th floor, 1630 Connecticut Ave. NW.

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THE ATTORNEY GENERAL'S *NEWS BRIEFING*

PREPARED FOR THE OFFICE OF PUBLIC AFFAIRS, U.S. DEPARTMENT OF JUSTICE

TO: THE ATTORNEY GENERAL AND SENIOR STAFF

DATE: THURSDAY, MARCH 30, 2006 7:45 AM EST

TODAY'S EDITION

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TERRORISM NEWS:

Lawyers Make Closing Arguments At Moussaoui Trial. Jurors began deliberations in the penalty phase of Zacarias Moussoui's trial yesterday, after Assistant US Attorney David Raskin and defense lawyer Edward MacMahon made their closing arguments. ABC World News Tonight (3/29, story 2, 2:15, Thomas, 8.78M) reported, "Throughout the trial, prosecutors maintained Moussaoui lied about his knowledge of the 9/11 plot. But today, they asked a jury to believe him when he testified was part of it. And when if he told FBI agents who he knew in August of 2001, perhaps the attacks could have been stopped." The defense "argued today that Moussaoui is a liar. And that the jury should disregard his testimony about flying a fifth plane into the White House on 9/11."

The CBS Evening News (3/29, story 3, 1:20, Stewart, 7.66M) added, "Essentially the government is saying believe Moussaoui. His own attorneys are saying don't do that, he's a pathological liar." NBC Nightly News (3/29, story 5, 1:10, P. Williams, 9.87M) noted defense lawyers said Moussaoui "was just 'an al Qaeda hanger-on,' someone considered 'a nuisance' by bin Laden's own aides," and "now, they say, he's trying to transform himself into a big player, implying that he wants to be a martyr."

The New York Times (3/30, Lewis, 1.19M) reports Raskin "referred repeatedly to Mr. Moussaoui's testimony, in which he acknowledged the essence of the government's case: that he had known much about the plot and had concealed that knowledge." But MacMahon "said Mr. Moussaoui was clearly being driven by a desire for notoriety in asserting plans for him to crash a plane into the White House, changing his earlier account that he had been uninvolved in Sept. 11. … Moreover, the defense argued, it is entirely speculative to say that if Mr. Moussaoui had told the truth, the government would have thwarted the plot."

The Washington Post (3/30, A5, Markon, Dwyer, 744K) adds, "Prosecutors might have gained the upper hand in the case with Moussaoui's testimony," but they "had to walk a delicate line yesterday. Their entire case that Moussaoui is eligible for the death penalty is based on how, they say, the Sept. 11 attacks could have been prevented had he told the truth. And when Moussaoui pleaded guilty last year to conspiring with al-Qaeda, he told a different story, saying that his White House assault was to be part of a second wave of attacks." The Los Angeles Times (3/30, Serrano, 958K) notes "both sides agreed that Moussaoui was a liar and a manipulator."

The AP (3/30, Barakat) also reports on the closing arguments, under the headline "Prosecutors: Moussaoui Killed With Lies," as does Bloomberg (3/30, O'Reilly, Elsibai), under the similar headline "Moussaoui Wanted To Kill People, U.S. Prosecutor Says."

Convertino Indicted For Conspiring To Mislead Terror Case Jury. The Detroit Free Press (3/30, Ashenfelter) reports, "The former lead prosecutor in Detroit's ill-fated 2003 terrorism trial was indicted Wednesday along with a State Department official on charges that they conspired to mislead the jury about evidence in the case." The Free Press continues, "The indictment said former U.S. Attorney Richard Convertino, 44, and Harry Raymond Smith, former security official assigned to the U.S. Embassy in Amman, Jordan, misled the jury about the existence of photographs that would (have) contradicted so-called targeting sketches of the Queen Alia Military Hospital in Jordan. … The men were charged with conspiracy to obstruct justice, obstructing justice and making materially false declarations before a court."

The Detroit News (3/30, Hansen) reports, "The indictment marks another low point for the government in the disastrous Detroit 'sleeper cell' terror case. … Convertino led the government's legal attack on four immigrants charged with conspiring to support terrorism. … In June 2003, a jury convicted two of the men of the most serious charges and another man of less-serious document fraud. The fourth man was acquitted." The News adds, "John Ashcroft, then the U.S. attorney general, trumpeted the verdict as a victory in the nation's ongoing war on terror. Legal scholars called the case a victory for the criminal justice system because it validated that even sensitive national security matters could be handled by traditional juries. … But by 2004, the government had discovered enough evidence withheld from defense lawyers and other problems in the case that it abandoned the terror convictions against two of the men and instead focused on wrongdoing by Convertino and others in the investigation."

The Washington Post (3/30, A3, Eggen) reports, "Legal experts said yesterday that an indictment of a prosecutor for improper conduct in a federal courtroom is extraordinarily rare, if not unprecedented, in modern times. … 'The charge is essentially that he prosecuted too aggressively and crossed the line,' said Stephen Gillers, a New York University law professor who specializes in legal ethics. 'This is simply astonishing.' … Convertino also is charged with presenting false information at a sentencing hearing in a separate drug case to gain a light prison term for an informant. … He resigned from the Justice Department last year and has filed a civil suit alleging that he was the target of a smear

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campaign by the Justice Department that resulted in the exposure of a valuable counterterrorism informant."

The New York Times (3/30, Lichtblau) reports, "Mr. Convertino, once a rising star at the Justice Department who fell out of favor with supervisors in Washington, denied that he had ever withheld evidence, and he pledged that he would be vindicated. 'These charges are clearly vindictive and retaliatory, and it's an effort to discredit and smear someone who tried to expose the government's mismanagement of the war on terrorism,' he said in a telephone interview."

The AP (3/30) reports, "The indictment said Convertino and Smith conspired to keep from defense lawyers photographs of a Jordanian hospital that would have undermined the government's argument that the alleged Detroit cell made surveillance sketches of the place. … Convertino also elicited testimony from Smith and an FBI agent that the sketch matched the hospital and its surrounding area, even though the photographs contradicted that description, the indictment said. … 'Mr. Convertino is a highly decorated and veteran federal prosecutor, who over many years consistently acted to preserve the safety of his community, and the Koubriti case is no different,' said his lawyer, William Sullivan. 'We will demonstrate that this indictment is manifestly false.' … Sullivan said the indictment was retaliation against Convertino for a pending whistle-blower lawsuit. Convertino has said the government has mounted a smear campaign against him."

Defense Lawyers To Challenge Other Convertino Cases. The Detroit News (3/30, Egan) reports that the indictment is likely to lead defense lawyers to challenge other cases prosecuted by Convertino. "'What's very important seems to be a pattern that Mr. Convertino indulges in -- it's not just in the terrorism case,' said Elizabeth Jacobs, a Detroit lawyer who plans to seek a new trial for Kenneth Andrew Jefferson, a man serving a 20-year prison sentence after he was convicted in 1999 following a trial prosecuted by Convertino. Lawyer Carole Stanyar filed a brief in federal court Monday alleging Convertino arranged for the early release of convicts who testified against her client, Joseph Stines, in the same 1999 drug trial. She, too, is seeking a new trial. … 'The U.S. government may not have the resources to check into all the cases that his hands have touched,' Jacobs said."

US Student Sentenced To 30 Years In Prison For Bush Plot. The CBS Evening News (3/29, story 2, 0:20, Mitchell, 7.66M) reported, "An American convicted in an al Qaeda plot to kill President Bush was sentenced today to 30 years in prison. Federal prosecutors in Virginia wanted a life sentence for Ahmed Omar Abu Ali, who joined al Qaeda in 2002, but the judge gave him 30 years, saying Abu Ali's actions did not actually harm anyone."

The Washington Post (3/30, A3, Murphy, 744K) reports US District Judge Gerald Bruce Lee "denied government prosecutors' request to impose a life sentence, citing several mitigating factors, including the fact that Abu Ali 'never planted any bombs, shot any gun or injured any person.'" The AP (3/30, Barakat) adds that Lee "compared the…case to 'American Taliban'' John Walker Lindh, who received a 20-year sentence. Abu Ali's actions 'did not result in one single actual victim. That fact must be taken into account,' the judge said."

The New York Times (3/30, Stout, 1.19M) reports prosecutors "said that Mr. Abu Ali went to Saudi Arabia in 2002 hoping to become a terrorist because he saw Mr. Bush as 'the leader of the infidels,' and that he eventually met a high-ranking leader of Al Qaeda and was trained in weapons, explosives and document forgery."

Hayat Defense Calls FBI Agents In Attack On Informant's Credibility. Lawyers for Umer and Hamid Hayat began presenting their defense yesterday with a challenge to the credibility of FBI informant Naseem Khan, calling FBI Special Agents Eric Barnhart and Rachel Pifer to testify about Khan's claim to have seen senior al Qaeda terrorists at the Lodi mosque in 1998 and 1999.

In a widely-distributed story, the AP (3/30, Thompson) reports, "Much of the questioning Wednesday was contentious. The agents repeatedly said they could not recall details of their interactions or conversations with Khan, even when they were shown their own reports." Umer Hayat's defense attorney, Johnny Griffin III, "suggested the agents were deliberately feigning ignorance. He asked how trained agents who expected to be called as trial witnesses could fail to recall an informant telling them that a close deputy to Osama bin Laden was living in Lodi." The Lodi News-Sentinel (3/30, Bohm) notes Barnhart's inability to recall his early meetings with Khan and reports, "Forgetting details is sometimes a way of halting the defense in trial…a former FBI agent later said. 'He's being paid to remember stuff, and his notes are written so that he can remember that stuff,' said James Wedick, who received multiple honors during his 34-year career with the FBI before retiring. Wedick, who has been hired by the defense…said outside court that some agents find they can simply say they don't recall things." KXTV-TV Sacramento (3/29, Hedlund) adds, "Obviously exasperated at the agent's apparent poor memory on the stand, Griffin once asked him pointblank, 'Do you consider yourself a competent agent?' Barnhart replied, 'Yes, sir.'"

Under the headline "FBI Agent Doubts Informant Saw Al Zawahri In Lodi," The Sacramento Bee (3/30, Walsh, 301K) focuses on Pifer's testimony, reporting she said "that after investigating Khan's claim, she concluded it 'probably was not true.' … She said she checked the bureau's internal

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databases and caused inquiries to be made at the agency's New York office, and perhaps other offices." Asked by Hamid Hayat's defense attorney, Wazhma Mojaddidi, "why she didn't confront Khan, Pifer said, 'Because I believed that he believed that's what he saw.'" Also reporting on Pifer's testimony, The Los Angeles Times (3/30, Tempest, 958K) notes the FBI hired Khan "despite serious doubts about the information" he gave agents "in a series of interviews shortly after Sept. 11, 2001," and paid "him nearly $230,000 in salary and expenses to secretly infiltrate the Lodi Muslim community from 2001 until 2005."

Pakistani Al Qaeda Leader Kidnapped, Beaten By Gunmen. The Los Angeles Times (3/30, Zaidi, Watson, 958K) reports, "Gunmen on Wednesday attacked and seriously injured a longtime ally of Osama bin Laden whom U.S. authorities have linked to an alleged terrorist sleeper cell in California. Fazlur Rehman Khalil's "attackers held him for five hours, tying a rope around his neck and beating him with rifle butts before dumping him in front of a mosque on Islamabad's outskirts, his spokesman said." Hamid Hayat is accused of attending one of Khalil's camps in Pakistan.

US Indicts 18 Alleged Members Of Hezbollah-Linked Michigan Smuggling Ring. The Detroit Free Press (3/30, Swickard) reports, "A smuggling ring operating in Michigan helped fund Hezbollah with profits from bootlegged cigarettes, counterfeit tax stamps, phony Viagra tablets and hijacked toilet paper, according to a federal indictment unsealed in Detroit on Wednesday." The Free Press notes that nine suspects were arrested Wednesday by the Detroit Joint Terrorism Task Force, one is expected to surrender voluntarily, and eight "others are believed to be outside the United States. … The gang's operations, according to U.S. Attorney's office, stretched from the Detroit area to New York, North Carolina, the Ivory Coast, China, Lebanon, Brazil and Paraguay." The Detroit News (3/30, Egan) adds that the "operation was based in Dearborn and shipped up to $500,000 a week worth of untaxed and low-tax cigarettes," and "the federal government estimates the state of Michigan lost $20 million in taxes as a result of the smuggling. There is no estimate of how much money went to Hezbollah, officials said."

The Canadian Press (3/30) also reports on the indictments, noting that one of the suspects was arrested yesterday in Windsor, Ont., and four of those not arrested are Canadian residents. AFP (3/30) reports on the arrests, as well.

Specter Says Feingold Censure Resolution Could Reach Senate Floor. Roll Call (3/30, Billings) reports Senate Judiciary Chairman Arlen Specter "left open the possibility that Sen. Russ Feingold's (D-Wis.) bill to censure President Bush" for his National Security Agency domestic surveillance program "could get its day before the full Senate, a move certain to ignite an intense partisan showdown with election-year stakes." Specter said "it could be brought to the floor under a rare procedural move. The panel could vote to defeat the bill, but send it to the floor anyway with an unfavorable recommendation." The Judiciary Committee is "expected to hold a hearing on Feingold's bill Friday. Specter reiterated Wednesday that he plans to keep to that schedule, despite some suggestion earlier in the week that it might be postponed."

Schumer Bill Would Fast-Track Challenges To NSA Program. The New York Times (3/30, 1.19M) reports Sen. Charles Schumer "introduced a bill Wednesday that would put lawsuits challenging the National Security Agency's domestic surveillance program on a fast track to the Supreme Court." Schumer said the bill "could produce a timely ruling by the court on the program's constitutionality."

HOMELAND RESPONSE:

Washington Region's Terror Preparedness Criticized. The Washington Post (3/30, A1, Weiss, 744K) reports in a front page story that federal and local officials told an oversight panel for the Senate Committee on Homeland Security and Governmental Affairs yesterday that almost five years after 9/11, the Washington region has yet to develop "a strategic plan to guide preparations for any future attacks or to effectively spend hundreds of millions of homeland security dollars." The panel "took emergency response officials from the District, Maryland, Virginia and the federal government to task for bureaucratic foot-dragging and a lack of agreement on a long-term plan for protecting millions of residents in the region." Meanwhile, "Thomas Lockwood, the DHS director for the capital region, said leaders are working hard to come up with a consensus plan," but that "the effort is hampered by fragmented authority."

NRC Says Small Amount Of Material Used In Test Prompted Less Stringent Licensing. The release of a GAO report based on a test of the government's ability to prevent radioactive materials from crossing US borders has produced widespread and predominantly negative coverage this week. The Christian Science Monitor (3/30, Marks, 61K) reports that senators discussing the report in a subcommittee hearing Tuesday acknowledged "some improvements in border security since 9/11," but "took to task the Department of Homeland Security (DHS) and the Nuclear Regulatory Commission (NRC) for not doing a better job of protecting the nation from radiological threats." Meanwhile, David McIntyre, NRC spokesman, said the "radioactive material smuggled in by GAO investigators was not enough

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to create a dirty bomb" and that "more stringent licensing of the materials entering the country would have been required" if it had been.

Tapes Of 9/11 Victims' Emergency Calls Offered To Families. The New York Times (3/30, Dwyer, 1.19M) reports 27 families "learned in the last few days that the city had tape recordings of 911 phone calls made by loved ones from inside the twin towers" on September 11th, 2001. Faced with "a court order issued three years ago and the prospect of new ultimatums, city lawyers this week offered tapes of the individual calls to the next of kin." But "disruptive as they are, the tapes hold unique power as aural relics and as portals into a lost and unseen moment for these three families." For "many of those closest to the day, the release of the tapes is yet another Sisyphean moment in the march away from Sept. 11, in which every step forward in time seems to be matched by one that sends them lurching back toward the day again."

Ground Zero Deal Eludes Developer, Governments. The New York Times (3/30, Bagli, 1.19M) reports an "agreement on a major realignment of the rebuilding effort at ground zero continued to elude government officials and the developer Larry A. Silverstein yesterday, even as the Port Authority board planned to meet today to discuss the matter." Governor Pataki "has taken the lead in dealing with Mr. Silverstein, who leased the World Trade Center from the Port Authority of New York and New Jersey six weeks before it was destroyed. But when the governor and Mr. Silverstein began closing in on a tentative deal this week, Port Authority executives, Gov. Jon S. Corzine of New Jersey and Mayor Michael R. Bloomberg continued questioning many of the financial aspects." They have "withheld their support for fear that the tentative deal would enrich the developer at the Port Authority's expense and fail to ensure that the entire project is completed."

WAR NEWS:

Bush "Frustrated" By Iraqi Failure To Form Government. The Washington Post (3/30, A18, Baker, 744K) reports President Bush "urged quarreling Iraqi leaders yesterday to set aside disagreements and forge a coalition government that will rein in illegal militias. His comments signaled increased frustration with the political deadlock in Baghdad more than three months after landmark parliamentary elections." The Post says the White House "denied reports" that Bush seeks the exclusion of Prime Minister al-Jaafari from the new government, but reports Bush "has grown aggravated at the stalemate, aides said, and he expressed the impatience publicly in response to an audience question at Freedom House after his latest speech on the war." The AP (3/29, Riechmann) said Bush "expressed frustration Wednesday that Iraqis have so far failed to form a unity government, but he said withdrawing U.S. troops from Iraq too early would damage U.S. security."

The Washington Times (3/30, Curl, 90K) says Bush also "blamed sectarian violence in Iraq on Saddam Hussein and his legacy of oppression, but said freedom and democracy will win if all the opposing political factions can put aside their differences and form a government." He "took on those who charge that the US occupation of Iraq has created an unprecedented insurgency."

USA Today (3/30, Benedetto, 2.31M) reports Bush made his comments "in an 89-minute speech and question-and-answer session at Freedom House in Washington." It was "Bush's third speech this month to boost flagging public support for the war."

Al-Jaafari Warns US Against "Interfering." The New York Times (3/30, Wong, 1.19M) reports, "Facing growing pressure from the Bush administration to step down, Prime Minister Ibrahim al-Jaafari of Iraq vigorously asserted his right to stay in office on Wednesday and warned the Americans against interfering in the country's political process." The Times says Jaafari called Moktada al-Sadr and his militia "a fact of life in Iraq and need to be accepted into mainstream politics." The government's "tolerance" of independent armed groups "has emerged as the greatest source of contention between American officials and Shiite leaders like Mr. Jaafari, with the American ambassador contending…that militias are killing more people than the Sunni Arab-led insurgency."

Senior Defense Officials Won't Withdraw Any Troops Until Government Is Formed. The Washington Times (3/30, Scarborough, 90K) reports, "Top US commanders in Iraq will not recommend the next stage of U.S. troop withdrawals before the Iraqis form a new unity government, say senior defense officials." The officials also "said that a 700-soldier reinforcement unit, brought into Iraq from Kuwait for the annual Shi'ite pilgrimage, will remain until the unity government is in place, or at least announced. 'I don't think you'll see a recommendation before then,' said one official, who asked not to be named." Meanwhile, under the headline "In Iraq, Frontline Patience Wears Thin," the Christian Science Monitor (3/30, Levinson, 61K) reports, "For those soldiers with years left on their contracts, for young fathers, and newlyweds, the prospect of the war dragging on is disconcerting."

Iraq War Costs, Benefits Analyzed. The New York Times (3/30, Krueger, 1.19M) reports on the uncertainties in constructing cost-benefit analyses of the Iraq war. One comparison by University of Chicago researchers ""on the eve of the invasion in 2003… explicitly considered a

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continued policy of containment -- enforcing the no-fly zone and other operations to hem in Saddam Hussein — as an alternative to invasion and regime change. Assuming that containment and invasion would protect the United States equally well, the question of whether invasion is worth it turns on which policy is less costly, after discounting all likely future costs." The economists "reckoned that the cost of pursuing a containment strategy was $258 billion to $380 billion," while the "anticipated price tag for the war, which they considered conservative, was $125 billion." The University of Chicago researchers "revised their figures in a new National Bureau of Economic Research working paper, 'War in Iraq Versus Containment.' Their estimated war costs have increased to a range of $410 billion to $630 billion, reflecting reality there." In the "fog of war accounting, one thing is clear: all costs and benefits can be contested as wildly inaccurate -- in either direction."

Cheney Says Seized Documents Will Provide Insight Into Saddam's "Nefarious" Dealings. In its "Washington Wire" column on its web site, the Wall Street Journal (3/29, 2.11M) reports, "On Fox News Talk's Tony Snow Show today, Vice President Cheney predicted that over the next few months, as researchers comb through" captured Iraqi documents, "we'll see a pretty complete picture that Saddam Hussein did, in fact, deal with some pretty nefarious characters out there. And he was legitimately labeled by our State Department as a state sponsor of terror." That likely includes "dealings with Osama bin Laden, Cheney suggested, while adding that he wasn't making a 'hard and fast prediction.'"

Gunmen Disguised As Police Blamed For Baghdad Massacre. The CBS Evening News (3/29, lead story, 2:45, Logan, 7.66M) reported, "Gunmen reportedly dressed as police commandos are blamed for" a "this massacre at an electronics store in Baghdad early this morning. It's the latest in a series of attacks and increased sectarian violence here that is often blamed on militias." The New York Times (3/30, Gettleman, 1.19M) reports the gunmen "rounded up all the employees and riddled them with machine-gun fire, Iraqi officials said." The attack, "which killed eight people and seriously wounded six in the Mansour neighborhood during morning rush hour, provoked an extensive military response, with the Iraqi Army shutting down large swaths of Baghdad." The shop, the Ibtikar Company, "may have been a target because it worked in the past for the American-led occupation government, one of the wounded employees said." The AP (3/30, Fam), Los Angeles Times (3/30, Johnson Jr., 958K) and Washington Post (3/30, A19, Anderson, 744K) run a similar report on the violence.

The AP (3/30, Hurst) also reports on "a new brand of violence" in Iraq, "a deadly mix of organized crime and sectarian murder. … Its origins are murky," but "the savagery has turned March into a pivotal month in the three-year war -- a month of gruesome news, mixed with some good. A sharp decline in American deaths appears to be the payoff for handing more duties to the Iraqi army, leaving US forces less exposed to attack." At the same time, "there has been the rise in the slayings of civilian Iraqis, the reasons for which are hard to find."

UN Says 30,000 Iraqis Fleeing Homes To Avoid Sectarian Violence. ABC World News Tonight (3/29, story 4, 2:05, Vargas, 8.78M) reported, "Entire families are moving out of formerly peaceful integrated neighborhoods because they fear for their lives. United Nations officials report that at least 30,000 Iraqis have fled their homes because of sectarian violence." ABC (Harris) added, "The bombing of a holy Shiite shrine last month provoked hundreds of executions and now, this fear-fueled exodus." To Professor Fawaz Gerges, "it looks like the early stages of Bosnia's ethnic cleansing or the beginnings of civil war in Lebanon, which he lived through." Prof. Gerges: "My instincts tell me that we are at the early stages of what happened in Lebanon and other civil war contexts."

US Military Says Raid Did Not Target Shiite Mosque. The CBS Evening News (3/29, lead story, 2:45, Logan, 7.66M) reported the US says the Iraqis killed in a joint US-Iraqi raid on Sunday "were members of a militia responsible for executions and kidnappings who opened fire on elite Iraqi forces carrying out a raid." Many Iraqis "believe they were innocent worshippers praying in a mosque who were slaughtered by American forces. Today the Iraqi commander in charge of that raid, whose identity we can't show for security reasons, told CBS News that was a lie." The commander "insisted his Iraqi special operations troops had to fight their way into the target building where they killed gunmen guarding a hostage and found various weapons including rocket launchers and heavy machine guns."

US, Canadian Soldiers Killed In Bold Taliban Attack. ABC World News Tonight (3/29, story 5, :45, Vargas, 8.78M) reported, "In Afghanistan, Taliban fighters launched a brazen attack on a US base in the south. A US soldier, a Canadian soldier and at least 32 insurgents were killed. The fighting was fierce. American helicopter gunships were called in for help." ABC (Peters) added, "Today's fighting is significant because it's one of the first times we've seen the Taliban attacking a US base. Normally, they stick to more classic insurgent tactics, like roadside bombs and hit-and-run attacks. But with funds pouring in from the drug trade, the Taliban is strengthening. And they have warned it

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will be a bloody spring for US troops here." The Washington Post/AP (3/30 A17, Faiez) also reports on the attack.

Bin Laden Ally Attacked By Gunmen In Pakistan. The Los Angeles Times (3/30, Zaidi, Watson, 958K) reports, "Gunmen on Wednesday attacked and seriously injured a longtime ally of Osama bin Laden whom U.S. authorities have linked to an alleged terrorist sleeper cell in California." Fazlur Rehman Khalil, "a signatory to Bin Laden's 1998 declaration of war on the United States and its allies, was severely beaten by eight armed men, supporters said." Khalil is "a former leader of Harkat Mujahedin, a militant group linked to Al Qaeda that he founded as Harkat Ansar to fight Soviet forces in Afghanistan in the 1980s. The U.S. labeled Khalil's group a terrorist organization in 1997, but it has continued its anti-Western jihad, or holy war, under the new name, Jamiat ul Ansar."

Afghan Christian Given Asylum In Italy. Abdul Rahman, the Afghan who converted to Christianity, was granted asylum by Italy. The CBS Evening News (3/29, story 4, 0:15, Mitchell, 7.66M) reported, "The Italian prime minister says Abdul Rahman was granted asylum and flown out of Afghanistan shortly after he was freed by an Afghan court." Before the announcement, said ABC World News Tonight (3/29, story 6, :20, Vargas, 8.78M), "Afghan parliament members demanded he not be allowed to flee the country."

The Washington Times/AP (3/30, Sanminiatelli) reports Rahman "was in the care of Italy's Interior Ministry, Premier Silvio Berlusconi said Wednesday evening. 'He is already in Italy,' he said." The premier "declined to release more details. The Interior Ministry said Rahman was 'under protection.'" The Washington Post (3/30, A17, Williams, 744K) reports Rahman "told La Repubblica newspaper he was unrepentant. 'I have done nothing to repent, I respect Afghan law as I respect Islam. But I chose to become a Christian, for myself, for my soul. It is not an offense.'"

The New York Times (3/30, Fisher, Povoledo, 1.19M) says "Rahman's departure created the prospect of increased pressure on Mr. Karzai domestically even as it eased pressure from Western nations, including the United States, which holds out Mr. Karzai as the model of a moderate and modern Muslim leader." The choice of Italy "as a place of refuge for Mr. Rahman seemed to be a result of a combination of factors, including Italy's ties to the Vatican and to Afghanistan, along with close national elections here in which the Catholic vote is substantial."

Kondracke Says Iraq Will Control Bush's Destiny. Morton Kondracke writes in Roll Call (3/30) that while President Bush is "engaged in an extensive new outreach campaign," White House aides "admit that events in Iraq are likely to control his destiny -- and GOP fortunes in November." Bush is "playing off the media, maintaining that overall conditions in Iraq are much better than is being reported." Kondracke adds, "Only 35 percent of Americans approve of Bush's Iraq policy, according to an NBC/Wall Street Journal poll. By a 50 percent to 39 percent margin, voters said they'd prefer a Congressional candidate who favors withdrawing all U.S. troops in the next three months over one who favors remaining as long as necessary to establish a democracy. Bush, to his credit, will not withdraw prematurely. But if significant troop withdrawals are not possible before November, it's likely that Republicans will suffer."

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In Washington, Gonzales Discusses Unsolved Crimes, Immigration, Drugs. The Yakima (WA) Herald Republic (3/30) reports, "U.S. Attorney General Alberto Gonzales announced new federal initiatives to fight drugs and solve old homicide cases on tribal land during a visit today to the Yakama Reservation." The Republic continues, "Gonzales first spoke about drugs and gangs to several hundred students at White Swan High School. Later he held a closed-door roundtable discussion with Yakama tribal leaders about federal, state and tribal law enforcement regarding methamphetamine and other tribal justice issues. … 'I think it is important to get a first-hand view of the tribal justice system on the Yakama Reservation,' he said in a statement released by his office. 'The tribe is doing good work to preserve the heritage of this special place and protect those who call it home from the threats of violence and drug abuse, but there remain serious problems that require additional attention.'" The Republic adds, "Gonzales said the Yakama Nation will be the first tribe to benefit from a cold case review initiative for Indian Country nationwide. As part of the initiative Gonzales announced today, the FBI and U.S. Attorneys Office will review the Yakama Nation's unsolved homicides to learn which might benefit from new investigative resources and advancements in forensic science. … Also, Gonzales announced funding for a methamphetamine investigation training for tribal law enforcement."

The AP (3/30, Dininny) reports, "Also, during a meeting with about 500 students from the reservation's Mount Adams School District, Gonzales was asked his opinion on the immigration debate before Congress. Roughly 70 percent of the district's students are American Indian. About 20 percent are Hispanic. … The attorney general said Americans live in a different world since the 2001 terrorist attacks, and the country needs to know who has crossed its borders. At the same time, he said, the United States must offer some kind of legal status to those workers who are already here, or risk serious consequences to the economy. … 'America is great

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because of its immigrants. It is what represents a great part of what is America. That needs to be protected,' Gonzales said, evoking applause."

KIMA-TV, CBS 29, Yakima, WA (3/30, Lewis) reports, "White Swan - After two practice assemblies and plenty of security checks, US Attorney General Alberto Gonzales came to White Swan. … 'What I'm here to tell you is there is no future in avenues like gangs,' he told a students at White Swan High School, 'There is no future in avenues like drugs.' … Just like every other teenager, White Swan senior Adrian Espindola has already heard this message before. … But this time there's something different. .. 'I probably paid more attention than I would have if anybody else would have told me,' he said. 'I swear there are at least 100 kids in the crowd that are around drugs everyday. I'm sure it influenced them to hear someone like that come speak to them.' … 'Just the entourage and the level of security puts it in a whole different light than someone who just walks in to give a presentation,' says Dr. Mary Hall, Superintendent of the Mt. Adams School District."

House Bill Guarantees Comp Time For DOJ Lawyers. The Washington Post (3/30, D4, Barr) reports in its "Federal Diary" column, "The House has approved a bill that would ensure that Justice Department lawyers are eligible to receive compensatory time off for travel during their off-duty hours, like other federal employees. Congress approved legislation in 2004 creating comp time for travel, and the Office of Personnel Management issued a regulation in 2005. … But the Justice Department decided that the time-off regulation did not apply to it because of a 1999 congressional restriction that limits overtime pay for Justice Department lawyers. … The House bill 'unequivocally clarifies congressional intent,' that Justice Department lawyers may receive comp time for travel during non-business hours, Rep. Jon C. Porter (R-Nev.), chairman of the House federal workforce subcommittee, said Tuesday when he sought passage of the bill."

CORPORATE SCANDALS:

Refco Probe Leads To Bermuda. The Wall Street Journal (3/30, Mollenkamp) reports, "When Refco Inc. filed for bankruptcy-court protection in October, many headlines focused on Phillip R. Bennett, the brokerage firm's since-departed chief executive." The Journal continues, "Investigators are still examining the actions of Mr. Bennett, who faces criminal-fraud and wire-fraud charges related to Refco's implosion. … But six months on, the inquiries into Refco's demise have broadened and are leading down another path, too, according to court documents filed in bankruptcy court in New York and interviews with lawyers and others involved in the matter. The second path: the flow of money through Refco's vast operations, including its unregulated Bermuda unit, which some investigators are treating as the epicenter of Refco's problems." The Journal adds, "Mr. Bennett denies wrongdoing as the Justice Department and others parse aspects of his personal life, including his trading accounts. … Lawyers and others working on behalf of Refco creditors are scrutinizing intercompany money transfers at the Bermuda unit, Refco Capital Markets Ltd., which offered Refco clients higher rates of return, less scrutiny, and more generous loans for trading than did Refco's regulated futures or stock-trading units." The Journal notes, "The purpose of the Bermuda unit was to allow sophisticated investors to trade securities such as emerging-market debt, with Refco acting as an informal exchange and providing loans so that the traders could increase their risk. The unit attracted hundreds of clients, including hedge funds and other big investors from around the globe. … But people familiar with Refco Capital Markets say bankruptcy lawyers are trying to determine whether some of the unit's client money was tapped by Refco to fund its expansion, specifically a string of acquisitions of trade-processing, or clearing, firms. Refco was founded in 1969 and became one of the world's biggest brokerage firms, focusing on commodities, derivatives and foreign currencies."

FBI Arrests Massachusetts Investment Firm Executives On Fraud Charges. In a widely-distributed story, the AP (3/3, Gorlick) reports, "Three investment firm executives…have been accused by federal authorities of making car payments, buying jewelry, paying for home improvements and taking personal loans with about $16 million swindled from people in high-pressure real estate deals." Mark Shapiro of Glastonbury, Conn., and William Foster of Easthampton, Mass., "were arrested by FBI agents Monday at their Cobalt Capital headquarters in Springfield. Foster was freed on $250 bond following a hearing Wednesday," and "Shapiro, who spent 30 months in prison after a 1998 bank fraud conviction and allegedly used some money he swindled through Cobalt to pay the $350,000 he owed from that case, was ordered held without bail Wednesday." Irving Stitsky of Bayside, N.Y., "was arrested at Cobalt's office…and is also free on bond."

The Springfield (MA) Republican (3/29, Blomberg) reported Shapiro and Foster "were arrested by local FBI agents Monday morning…according to Michael O'Reilly, agent in charge of the FBI's Springfield office. … An undercover FBI agent called a Cobalt phone number last October after seeing the number in an ad in the New York Times. A salesman told the agent that that Cobalt had been in business for 23 years and there were no sales commissions. But according to the affidavit, Cobalt was

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formed in 2003, and sales reps received a commission of $8,000 per unit sold."

CRIMINAL LAW:

Abramoff Sentenced To Six Years In Prison In Miami Fraud Case. ABC World News Tonight (3/29, story 10, :25, Vargas, 8.78M) reported that on the same say the Senate voted on new lobbying restrictions, Jack Abramoff "was sentenced to nearly six years in jail for fraud." The CBS Evening News (3/29, story 6, 0:10, Mitchell, 7.66M) called Abramoff "one of the most influential lobbyists in town. That was before his world collapsed."

CNN's The Situation Room (3/29, Todd) called Abramoff's sentence "lenient sentence today under federal guidelines: five years, 10 months in prison, a fine of more than $21 million. … The reason for that leniency? Abramoff's cooperation with prosecutors, and hundreds of letters like these written on his behalf." CNN added, "Where will Abramoff serve his time? The Florida judge left that open, saying he'll work with defense attorneys and try to place Abramoff somewhere near his Washington area home, and at a facility where he can practice his Orthodox Jewish faith. The judge also said he could reduce Abramoff's sentence pending the outcome of other investigations."

NBC Nightly News (3/29, story 6, 0:30, Williams, 9.87M) said the case "involved the purchase of a fleet of Florida gambling boats," and the Washington Post (3/30, A1, Whoriskey, Branigin, 744K) reports that "among the congressmen whose names have come up in the investigation are Rep. Robert W. Ney (R-Ohio), former chairman of the House Administration Committee, and Rep. Tom DeLay (R-Tex.), the former House majority leader." Ney "has been identified as the 'Representative #1' who, according to court documents, received bribes from Abramoff in exchange for official acts, including statements in the Congressional Record that promoted the SunCruz deal." DeLay, who "once described Abramoff as 'one of my closest and dearest friends,' took three overseas trips with the lobbyist and received more than $70,000 in political contributions from him, his associates and his Indian tribal clients. He has denied any wrongdoing."

Knight Ridder (3/30, Weaver) reports, "Assistant U.S. Attorney Lawrence LaVecchio - who prosecuted the SunCruz case along with Paul Schwartz and Guy Singer and FBI agent Susan Sprengel - told the judge that the defendants need to be free for now to travel and review documents for authorities. … Both men are supposed to help Broward County, Fla., authorities in their investigation into the February 2001 mob-style murder of SunCruz founder Konstantinos 'Gus' Boulis, who had been publicly feuding with Kidan over the future of the gambling-ship empire, which eventually filed for bankruptcy. Neither has been charged in connection with Boulis' death. … The Broward State Attorney's Office has charged three defendants with Boulis' murder - including two who had been on the SunCruz payroll and had ties to organized crime. … Abramoff, in particular, is helping both South Florida and Washington federal prosecutors with the broader influence-peddling investigation in the nation's capital."

Bloomberg (3/30, Jensen) reports, "These days, Abramoff is spending much of his time talking to prosecutors and investigators in Washington. His attorneys said he has spent hundreds of hours with them and reviewed hundreds of thousands of documents as part of his cooperation."

The Washington Times/AP (3/30, Anderson), New York Times (3/30, Shenon, 1.19M), Wall Street Journal (3/30, Mullins, 2.11M), Roll Call (3/30, Bresnahan) and The Hill (3/30, Schor) run similar stories this morning.

Alleged "Mafia Cop" Eppolito Will Not Testify. Newsday (3/30, DeStefano) reports, "The attorney for accused 'Mafia Cop' Stephen Caracappa said Wednesday his client won't take the witness stand in his federal racketeering trial. … News of Caracappa's decision came as prosecutors neared the end of their case against him and his former NYPD partner, Louis Eppolito. Assistant U.S. Attorney Robert Henoch told Weinstein that the government expected to rest its case this morning." The New York Daily News (3/30, Marzulli, 729K) notes Caracappa lawyer Edward Hayes "plans to call three witnesses: a retired detective who will say Caracappa worked 32 hours straight on the Rabbi Meir Kahane murder investigation the day before gangster Edward Lino was gunned down in Brooklyn, suggesting Caracappa was too tired to whack anyone. He also will call an excavator to testify about the difficulty of digging a grave with only shovels in February when the ground is frozen, as a witness claimed, and an expert on money laundering to attack the credibility of chief witness Burton Kaplan, who was once sued by an Antiguan bank." The New York Post (3/30, Haberman, 624K) also reports on Caracappa's decision not to testify.

Meanwhile, The New York Times (3/30, Feuer, 1.19M) reports, "It could be argued that one of the most intriguing characters in the trial…is not a person, but a place. As absorbing as the witnesses, the lawyers and the two defendants is the borough of Brooklyn, which has arisen in the trial as something like an empire of the ill-fated and often illicitly employed."

Ryan Jury Resumes Deliberations With Two New Jurors. The Chicago Tribune (3/30, O'Connor, Bush) reports, "The revamped jury in former Gov. George Ryan's trial began a second round of deliberations Wednesday." The Tribune continues, "A quick verdict

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appeared remote after jurors sent out a note asking for a calendar for April to determine if there were any coming court holidays. … The jury also sought an overhead projector and a list of witnesses from the marathon trial." The Tribune adds, "Deliberations began anew after presiding U.S. District Judge Rebecca Pallmeyer excused two jurors, replaced them with alternates and ordered that the historic trial continue. … Pallmeyer said she might still declare a mistrial if she decided the deliberations were unfair to Ryan or co-defendant Lawrence Warner, a lobbyist. … The defense had argued 'that we cease proceedings right now,' the judge disclosed Tuesday in announcing her decision following hours of closed-door discussions with lawyers and individual interviews of jurors. … The two jurors were excused on Monday after the Tribune last week uncovered that both had apparently concealed their arrest records during jury selection in September."

Former FBI Officials Defend Agent Accused Of Helping Mob. The AP (3/30, Hays) reports, "Several former high-ranking FBI agents have launched a campaign to help a fellow mob investigator," R. Lindley DeVecchio, "fight allegations that have haunted him for well over a decade -- that he traded deadly secrets with the mob. … 'We all know Lin, and we all know he's not capable of doing these kinds of things,' said James Kossler, a former supervisor with the FBI's New York office. … Kossler, former FBI assistant director James Kallstrom, ex-agent Joe Pistone, known for infiltrating the mob as Donnie Brasco, and other supporters from the federal law enforcement community have begun raising money for DeVecchio's defense on a Web site. The site notes that the agent already was cleared in previous investigations, and it attributes the renewed allegations to convicted mob turncoats eager to lie in exchange for leniency."

On Flight To New York, DeVeccio Maintains Innocence. The New York Daily News (3/30, Mosconi, 729K) reports, "In the last moments before his surrender, former FBI agent Lindley DeVecchio insisted he was no mob mole. In an exclusive interview," on his flight from Florida to New York, "DeVecchio said his imminent indictment was a complete mystery to him." He "pointed out that a previous investigation by the FBI's Office of Professional Responsibility found nothing amiss -- certainly nothing that would support allegations that he gave Mafia capo Greg Scarpa Sr. secret intelligence that helped the mobster track and kill rivals and informants for more than eight years ending in 1992."

DeVeccio Said To Have Taken Hundreds Of Thousands In Mob Bribes. Under the headline "G-Man Blood Money," The New York Post (3/30, Weiss, 624K) reports, "Rogue FBI top gun Lindley DeVecchio allegedly raked in hundreds of thousands of dollars in bribes from a murderous Mafia chieftain in exchange for selling him federal secrets and helping participate in at least four gangland assassinations, The Post has learned. Exposing one of the worst corruption scandals in U.S. history, investigators from the office of Brooklyn DA Charles Hynes have unearthed a mountain of shocking new evidence -- including witnesses from both sides of the law -- unmasking DeVecchio's unholy alliance with" Scarpa, "who was known inside the Mafia as 'The Grim Reaper.'"

Mob Hitmen To Be Arraigned With DeVeccio. The New York Daily News (3/30, Sherman, 729K) reports, "Two hit men who allegedly killed targets pointed out by retired FBI agent Lindley DeVecchio will be arraigned alongside him this afternoon, the Daily News has learned. … Raven-haired beauty Mary Bari and teen Patrick Porco were killed after DeVecchio allegedly told" Scarpa "that they were informants squealing on the Colombo crime family about drug dealing and murder, sources said. … The identities of the two hit men were not available last night, but both are former soldiers in Scarpa's crew, sources said. It was unclear whether the two would be offered plea deals to testify against DeVecchio."

DA Said To Have "Relatively Credible" New Witnesses. ABC News (3/29, Esposito) reports on its Web site that DeVecchio "is expected to be arraigned on second degree murder charges in New York on Thursday for providing specific, 'detailed information' to Brooklyn mobster Gregory Scarpa Sr. that enabled the Colombo family captain to eliminate underworld rivals. … DeVecchio's indictment is the latest chapter in a long, controversial relationship between the FBI and Scarpa that law enforcement sources say dates back to the 1960s and includes the FBI's use of Scarpa to punch, kidnap and pistol-whip suspects." ABC notes, "ABC News has learned that Brooklyn District Attorney Charles 'Joe' Hynes has developed new witnesses, whose testimony the prosecutors believe will be relatively credible. That testimony is expected to also help demonstrate that DeVecchio may have used both Scarpa and the FBI — skimming money from each — to enrich himself, law enforcement sources say."

FBI Agent Testifies Probe Did Not Find Increased Spending By Nevada Commissioner. KLAS-TV Las Vegas (3/29, Allen) reports that in the corruption trial of former Clark County Commissioners Dario Herrera and Mary Kincaid-Chauncey yesterday, Kincaid-Chauncey attorney Richard Wright "questioned FBI Agent Christopher Byers about a financial investigation the agency conduct on Kincaid-Chauncey. In court, Byers testified: 'There was no significant trend of spending or purchases that I observed.' Kincaid-Chauncey acknowledges receiving $5,000 for a grandson's ski school tuition and $3,800 for her son's North Las Vegas City Council campaign. But Wright

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asserts Kincaid-Chauncey solicited those funds as donations, not bribes."

Two Sentenced To Prison For New Jersey Mortgage Fraud Scheme. The Asbury Park (NJ) Press (3/28, Conroy) reported, "Two men who conspired to commit mortgage fraud so they could profit from the sale of dilapidated properties in Essex County and elsewhere were sentenced to prison terms Monday." Barry Fauntleroy of Atlanta, Ga., "who pleaded guilty in September, was sentenced to 21 months in federal prison for his role in getting the federal Department of Housing and Urban Development to insure loans to unqualified home buyers." Devon Bowie f Malverne, N.Y., "was sentenced Friday to 12 months in prison and ordered to pay $500,000 in restitution." The Morris County (NJ) Daily Record (3/28) noted, "Fauntleroy acknowledged that he and others recruited individuals with relatively low incomes and promised them they could buy homes in Essex County with little or no money down. … Fauntleroy admitted that, on the HUD loan applications, his co-conspirators created and submitted false and fictitious bank statements, leases, IRS W-2 forms, verifications of past mortgage payments, pay stubs, attorney escrow letters, gift letters, verification of employment, real property appraisals and deposit checks."

Former Tennessee Judge Pleads Guilty To Extortion Charges. The Knoxville News (3/30, Satterfield) reports, "Former Roane County General Sessions Court Judge Thomas Alva Austin served up his guilty plea to federal extortion charges Wednesday with a side of caveats. … Austin's complaint centered on allegations that he forced kickbacks from two driving school instructors and a probation office chief." However, when US District Judge Thomas Phillips "pressed Austin for an unequivocal plea," the former judge pleaded guilty. The News notes, "He was arrested in January after a probe by the FBI and the Tennessee Bureau of Investigation, which included secret videotapes and audiotapes of conversations and transactions." FBI Special Agent Robert Gibson "has alleged in a search warrant affidavit that Austin had been extorting kickbacks from the driving school program he created for a decade and collected as much as $100,000."

Investigators Suspect Additional Email Deletions In Pennsylvania Senate Probe. The Philadelphia Inquirer (3/30, Shiffman, 423K) reports, "Federal authorities think they have discovered another trail of deleted e-mails involving State Sen. Vincent J. Fumo -- this time in his Senate office. A trusted Fumo aide, Ruth Arnao, is already a target of the investigation," and "authorities think they have found evidence that someone else…tried to destroy e-mails on the Senate computers after the FBI investigation surfaced, people familiar with the matter said." The Inquirer adds, "Some of the new details in the case became public yesterday during a federal appeals court hearing in Philadelphia. A lawyer for the Senate and a federal prosecutor argued over whether the FBI had a right to seize hard drives from computers in Fumo's government offices." The judges "were openly hostile" to Senate lawyer Clark Hodgson's "suggestion that Senate officials be permitted to review legislative documents before they are turned over to the FBI." The Philadelphia Daily News (3/30, Hinkelman) also reports on the hearing, noting that "judges were skeptical of Hodgson's argument that internal legislative communications are protected."

Union Files Lawsuit Against TV Station Over Report On Federal Probe. The Philadelphia Inquirer (3/30, Schaffer, 423K) reports, "John J. Dougherty, electricians' union leader, city Democratic treasurer, Philadelphia mayoral hopeful, has opened a new front in the political wars that have enveloped him in recent months," filing "a lawsuit pitting his International Brotherhood of Electrical Workers Local 98 against ABC affiliate WPVI-TV." In the suit, "the union claims it was defamed by a WPVI news report that said federal investigators were pressuring convicted City Councilman Rick Mariano to provide potential information for a probe of Dougherty's relationship with a local electrical contractor." The Philadelphia Daily News (3/30, Lucey) notes, "The union is asking for a retraction and damages in excess of $50,000."

3rd Circuit Panel Rules For Defense In "Candygram" Case. The Legal Intelligencer (3/30, Duffy) reports, "Big wins are so rare for criminal defense lawyers in federal court that one good victory can generate a lot of buzz -- sometimes even earning a nickname. … For attorney Jeffrey M. Lindy, the Feb. 13 decision in United States v. Coles from the 3rd U.S. Circuit Court of Appeals was just such a case and has come to be known among the defense bar as 'the Candygram case.'" The Intelligencer continues, "Voting 2-1, the 3rd Circuit agreed with Lindy's argument that evidence of drugs found in a hotel room should have been suppressed by the trial judge because the police had 'manufactured' an emergency situation to justify a warrantless search. … The majority concluded that police had used 'subterfuge' to gain entry to the hotel room by falsely claiming they were 'room service,' and, just moments later, that they were maintenance workers sent to fix a leak." The Intelligencer adds, "After those two attempts failed, the officers identified themselves as police and then heard the sound of a toilet flushing -- an event that prosecutors said allowed the police to enter immediately due to 'exigent circumstances.' … But the 3rd Circuit agreed with Lindy and held that the investigative tactics used by the officers had

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'impermissibly manufactured the exigency.' … Defense lawyers have nicknamed the decision 'the Candygram case' -- a reference to the classic 'Saturday Night Live' skit from the 1970s in which a 'land shark' gains entry to an apartment, after several failed attempts, by claiming to be a Candygram deliveryman. … Now Lindy's victory has been sealed because the Justice Department has decided not to pursue a petition to have the case reargued before a 13-judge en banc panel of the 3rd Circuit. … Instead, prosecutors filed a motion to dismiss all charges against Terrance Coles."

Judge Rules Convicted DC Sniper May Represent Himself In Maryland Court. The Washington Post (3/30, B6, Londoño) reports, "Sniper John Allen Muhammad will be allowed to conduct his defense during his murder trial in Montgomery County, a judge ruled yesterday." The Post continues, "While telling Muhammad, 'I don't think it's the right decision,' Circuit Court Judge James L. Ryan acknowledged that the defendant had a constitutional right to be his own lawyer. He ruled that Muhammad understood the implications of that choice and had shown no sign of incompetence. … 'You haven't said anything that wasn't appropriate. You laughed when it was appropriate. You got mad when it was appropriate,' Ryan said. 'You've convinced me you do understand how serious this is.'" The Post adds, "Muhammad, who is accused of killing six people in Montgomery during the spree of sniper shootings that terrified the Washington area in 2002, has been sentenced to death in Virginia. During his murder trial in Virginia three years ago, he briefly acted as his own attorney, only to later re-retain his original counsel."

The Washington Times (3/30, Ward) reports, "Judge James L. Ryan allowed Muhammad to dismiss attorneys Paul B. DeWolfe and Brian Shefferman of Maryland's Office of the Public Defender and relegated them to standby counsel. … Mr. DeWolfe and Mr. Shefferman are expected to learn today whether the agency wants them to continue. … However, Mr. Shefferman said attorneys of that office 'typically don't act in [a support] capacity.'"

DC Officials Concerned About Increased Girl Gang Activity. The Washington Times (3/30, Emerling) reports on the growing problem of girl gangs in the DC area, reporting, "officials say girl gangs wielding everything from baseball bats to ice picks are on the rise." The Times continues, "Female cliques increasingly are turning schoolyard spats into beatings and turf battles for respect, recognition and attention the girls don't receive at home. … 'In the last three years, female activity -- as far as crews and gangs -- has risen,' says Bridget T. Miller, coordinator of the District's Youth Gang Task Force. 'Nobody wanted to acknowledge it because they thought it was just a short trend, but they failed to realize how dangerous a female can be.' … Miss Miller says more than 270 girl gangs and crews operate in the District. The cliques often form in middle schools and center around neighborhoods, clashing over anything from fashion styles to being snubbed at clubs."

Seattle "Ravers" Stunned By Murder-Suicide. USA Today (3/30, Kasindorf) reports, "Kyle Huff, 28, fatally shot six people and himself Saturday at an early-morning house party (in Seattle) after a zombie-themed rave at a performing arts center. It was Seattle's worst crime since 1983, when 13 people were killed at a Chinatown gambling club. And it was the first such incident to mar the Pacific Northwest's rave culture, where partygoers and police have had an accord that some other U.S. localities haven't matched." USA continues, "As a police task force continues searching for a motive for Huff's rampage, Mayor Greg Nickels told a community meeting Tuesday that the loud, pulsating electronic music featured at rave dances is 'not a threat to us.' … 'We don't know why he picked these particular victims,' Nickels told the group. 'We do know that this incident was not caused by music — a particular kind of music. It was caused by a disturbed individual who chose to take out his anger or rage on other human beings. As a society, we have got to come to grips with this infatuation that we have with guns.'"

The New York Times (3/30, Kowal) reports, "Mr. Huff, an unemployed onetime pizza deliverer, had been invited to the house party by others at the rave. Without warning, he collected the guns from his truck parked nearby and swiftly killed four men and two teenage girls with gunshots to the head and chest, the King County Medical Examiner said Wednesday. … Confronted by a police officer, Mr. Huff committed suicide. The police have not determined his motive." The times adds, "The victims, ages 14 to 32 and with rave nicknames like Sushi, Deacon and Chinadoll, were familiar faces at spirited parties attended by hundreds of people in the Puget Sound region. In warehouses, art spaces or nightclubs on Friday and Saturday nights, dressed in clothing that defines them into smaller cliques like candykids and juggalos, they dance energetically to musical genres like house, trance and jungle and stop to rest in "chill rooms" tuned with quieter ambient music." The Times notes, "Many people have criticized what they see as lax gun-control laws, pointing out that Mr. Huff was convicted of a misdemeanor in 2000 after shooting a moose sculpture in his Montana hometown, Whitefish. He was allowed to keep the two guns used in the shooting here. … Other critics have faulted what they describe as permissive rave culture, lax parents or lenient laws that allow teenagers into clubs where alcohol is not served."

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Puerto Rican Independence Militant Arrested For US Parole Violation. The AP (3/30) reports, "A Puerto Rican pro-independence militant who served 10 years for armed robbery and was sent back to prison twice for violating his parole, has been arrested again in the U.S. island territory, the FBI said Wednesday. Antonio Camacho Negron was arrested Tuesday for not meeting with his parole officer since his release from a Pennsylvania prison in August 2004, said FBI spokesman Harry Rodriguez." The AP notes, "In September, FBI agents shot and killed Filiberto Ojeda Rios, a leader of the Macheteros who was considered the mastermind of the robbery, after he allegedly opened fire when they came to arrest him."

Supreme Court Hears Arguments On Foreign Nationals' Rights In US Courts. The Supreme Court yesterday heard arguments in two cases that question whether the Vienna Convention On Consular relations, which protects people embroiled in another country's criminal justice system, gives foreign citizens any rights they can assert in US courts. The New York Times (3/30, Greenhouse, 1.19M) reports, "Article 36 of the treaty, which the United States ratified in 1969, gives people who are arrested and detained in a foreign country a right known as consular notification, which dictates that they be informed that at their request their country's diplomats will be notified and made available to advise them. Neither Moises Sanchez-Llamas, a Mexican who was convicted of attempted murder in Oregon for shooting a police officer, nor Mario A. Bustillo, a Honduran convicted of a gang-related murder in Springfield, Va., a Washington suburb, received the required notice at the time of their arrests. The question was what remedy, if any, existed for the violation." The Washington Post (3/30, A12, Lane, 744K) runs a similar report.

Duke Suspends Lacrosse Team Over Rape Allegation. ABC World News Tonight (3/29, story 9, 2:40, Vargas) reported Duke President Richard Brodhead "has suspended the entire" lacrosse team "from playing until authorities investigate" allegations of rape with racial overtones. ABC (Berman) added, "On the night of March 13th, a woman allegedly hired as an exotic dancer at a lacrosse party told police that three team members beat, choked and raped her in the bathroom of this house. The allegations set off a wave of protests." Team captains "say the allegations of rape are 'totally and transparently false.' 46 players provided DNA samples to police. But the district attorney says the athletes have thrown up a stone wall of silence."

NBC Nightly News (3/29, story 7, 1:50, Savidge) reported because the alleged victim is "African-American and those she's accused are white, the incident has sparked concerns about racial attitudes on a campus where so many of the students come from white and well-to-do families."

USA Today (3/30, Ruibal) reports from Durham, NC, "The flier being distributed outside Duke's student union Wednesday night looked like a wanted poster: 40 faces of young men, smiling smugly for the camera. … What was most disturbing to those gathered was the possibility several of the Duke men's lacrosse players whose photos were arranged in those neat rows may have committed criminal charges, including forcible rape and sodomy." USA continues, "These men are wanted on the Duke campus. Their fellow students want them to come forward about what happened in a shabby off-campus house March 13. Police say the athletes have refused to cooperate with their investigation." USA adds, "That night a North Carolina Central University student who worked as a private party dancer claims she was raped and showered with racial epithets by three men at a party organized by three captains of the team and attended by many members of the nationally-ranked Duke squad, police say." USA notes that "details of the alleged spring break rape emerged this weekend when it was learned that 46 members of the team submitted to DNA sample requests from the Durham County law enforcement officials. … The players have told school officials the assault did not occur."

Crime Said To Be Returning To New Orleans. The New York Times (3/30, Nossiter, 1.19M) reports that in New Orleans, "The wail of police sirens is back, and gunfire again punctuates the night. As drug dealers move into flood-damaged houses, alarmed residents say that in the last few weeks, they have begun to sense a return to the bad old days before Hurricane Katrina, when crime was an omnipresent straitjacket on life in this city." Meanwhile, "In Houston, which reported a sharp spike in killings after Hurricane Katrina, police officials say they have noticed a decline since the beginning of the year." The Times notes, "A local rapper called Juvenile, in his new post-hurricane album, declaims: 'E'ybody need a check from FEMA/So he can go and sco' him some co-ca-een-uh.'"

Volunteer Geneticists Work To Identify Recently-Discovered Katrina Victims. The Washington Times (3/30, Harper, 90K) reports that 70 of the most recently discovered victims of Hurricane Katrina "are being tended by volunteer geneticists determined to identify them through DNA testing." Employing a "methodology reluctantly honed after the September 11 attacks," geneticists "must match unique patterns of genetic traits taken from DNA samples found in blood, combs or toothbrushes with the patterns of surviving family members."

Writer Urges Improved Crime-Solving Methods. In an op-ed in the Washington Post (3/30, A23), Brian Forst,

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professor of justice, law and society at American University's School of Public Affairs, writes, "A March 6 Post editorial lamented the District's appallingly low homicide closure rate. Last year just 43 percent of all known homicides reported to the D.C. police department resulted in a prosecution. While this number is low, it turns out that the problem -- most serious offenders evading punishment -- is not unique to the District. Consider the roughly 15 million felony victimizations that occur annually in the United States. Just half of these are reported to the police, and only a million or so defendants in those cases are convicted, leaving well over 10 million failures each year to convict serious, culpable offenders." Forst continues, "The use of modern management methods and more widespread availability of effective forensic technology could go a long way to solve more of these crimes and reduce both types of error. DNA evidence gives us a unique window into errors for those crimes for which the evidence is available and relevant. We can use this window to estimate rates of errors for those crimes. We can do more to assess the social costs of both wrongful convictions and nonconvictions for each major crime category: The costs to the community of failures to convict serial rapists and one-time shoplifters are clearly in different leagues. We can learn more about the relationships between police and prosecution policies and errors of justice. And in old, settled cases with valid DNA evidence, as in Virginia, we may be able to find further errors of justice and correct them."

CIVIL LAW:

DOJ's COPA Subpoenas Reach Beyond Google. Information Week (3/30, Claburn) reports, "In its effort to uphold the 1998 Child Online Protection Act (COPA), the U.S. Department of Justice is leaving no stone unturned. Its widely reported issuance of subpoenas to Internet search companies AOL, MSN, Google, and Yahoo is just the tip of the iceberg: The government has demanded information from at least 34 Internet service providers, search companies, and security software firms." IW continues, "Responding to a Freedom of Information Act request filed by InformationWeek, the Department of Justice disclosed that it has issued to subpoenas to a broad range of companies that includes AT&T, Comcast Cable, Cox Communications, EarthLink, LookSmart, SBC Communications (then separate from AT&T), Symantec, and Verizon. … Asked which companies objected to, or sought to limit, these subpoenas, Department of Justice spokesperson Charles Miller declined to comment because the litigation is ongoing. He also declined to comment on utility of the information gathered by the government." IW adds, "The documents presented to InformationWeek reveal that some companies did object to the government's demands. In an E-mail sent to the Department of Justice last July, Fernando Laguarda, an attorney representing Cablevision Systems Corp., characterized some of what the government was asking for as 'overly broad, vague, ambitious, and unduly burdensome.'"

Judge Overturns DOJ Decision On Junior Firefighter's Death Benefits. The Philadelphia Inquirer (3/30, Price) reports, "After years of hearings and appeals, U.S. Court of Federal Claims Judge Marian Blank Horn on Monday overturned a U.S. Justice Department decision that denied death benefits to a 14-year-old junior firefighter who was killed riding his bike to answer a fire alarm." The Inquirer continues, "The Justice Department had maintained that because Christopher Kangas, an eighth-grader at Northley Middle School in Brookhaven at the time of his death, was a trainee, he did not qualify as a public safety officer." The Inquirer adds, "Without the title, the junior firefighter was not eligible for federal death benefits, and, most important to his mother and his fellow firefighters, not eligible to have his named inscribed on the National Fallen Firefighters Memorial." The AP (3/30) also reports on the ruling.

FEC To Rule On Advocacy Ads By Outside Groups. The FEC is expected to rule next week on when TV spots, print ads and the advocacy buys from outside groups should be treated as in-kind campaign contributions, according to The Hill (3/30, Schor). Under campaign-finance rules, "a political ad is deemed coordinated and treated as a contribution subject to McCain-Feingold limits when it meets a three-part test. In July, however, a federal court struck down part of the 'content' test, which sets different rules for ads running more than 120 days before a primary or general election. … The court questioned the FEC's rationale for choosing a 120-day window and asked the agency to look into when the majority of party advertising is purchased." The Hill adds, "The Democratic Senatorial Campaign Committee (DSCC) and Democratic Congressional Campaign Committee (DCCC), through counsels Robert Bauer and Marc Elias, asked the FEC to replace the 120-day window with the 30- and 60-day windows that determine when an ad or mailing qualifies as an 'electioneering communication.'"

NYTimes Praises FEC Ruling On Internet Ads. An editorial in the New York Times (3/30, 1.19M) praises the FEC's ruling that the internet "must not be used as a conduit for unregulated salvos of big-money political advertising." The Commission's ruling "against such 'soft money' corruption is welcome as well for its ringing endorsement of the free-speech rights of political bloggers, who had been concerned that they would be unfairly hobbled by any campaign controls on the Web."

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CIVIL RIGHTS:

DOJ Clears South Carolina Primary Election Plan. The AP (3/30) reports, "The U.S. Justice Department has approved South Carolina's plans for the June 13 primary. … 'They cleared it,' state Sen. Larry Martin, R-Pickens, told the Senate on Wednesday. 'So, it's already in effect and it's ready to go.'" The AP adds, "In February, the Justice Department challenged the state's runoffs because they come just two weeks after the primary. Agency lawyers said that was not enough time for overseas and military voters to receive and return runoff ballots. … The Legislature approved changes in the state's election laws that lets overseas and military voters rank primary candidates to indicate who they would vote for in a runoff. The law change also lets overseas and military voters cast ballots by fax or e-mail."

DOJ Urged To Block Georgia's Voter ID Law. The AP (3/30) reports, "Civil rights groups have asked the U.S. Justice Department to block a new Georgia law that requires a photo ID to vote." The AP continues, "More than two dozen civil rights, community, religious and citizen advocacy groups sent a letter to the department on Tuesday." The AP adds, "The law was signed by Republican Gov. Sonny Perdue in January but needs Justice Department approval before it can be enforced. … Even if the department approves it, a federal judge could stall the law. An earlier version of the law was blocked by a federal judge in October."

Guatemalan Man Pleads Guilty To Florida Human Trafficking. The Ft. Myers News-Press (3/30, Boxleitner) reports, "A Guatemalan man whose arrest in 2004 unveiled the dark secrets of human trafficking in Southwest Florida pleaded guilty Wednesday to all federal charges facing him. Under the plea agreement, Fernando Pascual…will do 10 years in prison, with no chance for early release, said Chief Assistant U.S. Attorney Douglas Molloy. Pascual's guilty plea spares the 15-year-old victim in this case, who was held against her will and forced to be a sex slave, from having to appear in open court for a trial." The News-Press notes, "A neighbor reported the girl's story to the FBI, which prompted a federal investigation."

Louisiana Bills Fail To Change New Orleans Election Rules. The AP (3/30, Simpson) reports, "The Rev. Jesse Jackson went to the state Capitol on Wednesday with his campaign to make it easier for displaced New Orleans residents to vote in the April 22 mayor's race, but he got no help from a Senate committee." The AP continues, "The Senate and Governmental Affairs Committee rejected a bill that aimed to create 'satellite voting centers' in other states, so registered voters now living out of state could cast ballots without traveling back to Louisiana." The AP adds, "Jackson testified that forcing displaced voters - most of whom are black - to pay for transportation back to New Orleans amounted to a "poll tax" akin to those that existed in the Jim Crow era. … Opponents questioned whether Louisiana would get full cooperation from the other 49 states where Katrina evacuees now live." The AP notes, "State election officials have taken several steps to help residents displaced by Hurricane Katrina vote in the April 22 municipal elections, including easing restrictions on mail voting and setting up offices around the state where residents can cast early ballots prior to election day. But some civil rights groups say the state has not done enough. … A federal judge this week turned back their efforts to delay the election. Meanwhile, some lawmakers in the session that began Monday are pushing various bills they hope will further ease displaced residents' ability to vote."

NOPD Officers Indicted For Videotaped Beating Of Retired Teacher. In a widely-distributed story, the AP (3/30, Foster) reports, "Two fired New Orleans police officers and one current officer were indicted Wednesday in the videotaped beating of a retired teacher in the French Quarter last fall." The "beating of Robert Davis…was caught on video by an Associated Press Television News crew covering the aftermath of Hurricane Katrina." Officers Robert Evangelist, Lance Schilling and Stewart Smith "were charged with battery and other offenses." The AP notes, "The video also shows two FBI agents joining the police in subduing Davis. Their role is being investigated by federal officials."

Mississippi Sheriff Barred From Discussing Inmate Death. The AP (3/30) reports, "U.S. Attorney Dunn Lampton says Harrison County (MS) Sheriff George H. Payne Jr. cannot comment on the death of a jail inmate because of federal statutes that apply to grand jury matters and ongoing investigations." The AP continues, "County supervisors had asked Payne this week to talk to them about the death of Jessie Lee Williams Jr. Williams was allegedly beaten by jailers in the booking room of the county jail on Feb. 4. Without details, supervisors said they are ill-prepared to respond to a wrongful death lawsuit in which they are among defendants." The AP adds, "Payne said sheriff's department was not part of the investigation and Lampton told him that the department was not 'to comment in any shape, form or fashion on the case or the investigation.' … Cy Faneca, Payne's attorney, told supervisors he tried to get permission from the U.S. Justice Department to show them the booking room videotapes, but was denied."

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Court Rules McDermott Violated Boehner's Civil Rights. A federal appeals court ruled Tuesday that Rep. Jim McDermott violated the rights of Rep. John Boehner and broke federal law when he leaked the contents of an illegally taped phone call to the press 10 years ago. The Washington Post (3/30, A21, Lee, 744K) reports that "a three-judge panel of the U.S. Court of Appeals for the District of Columbia Circuit ordered McDermott to pay Boehner, now House majority leader, more than $700,000, including $60,000 in damages and hundreds of thousands of dollars for legal fees. Boehner had sued McDermott, alleging violations of federal and state wiretapping laws. The tape was of a Dec. 21, 1996, conference call among Republican leaders, including then-House Speaker Newt Gingrich (Ga.), over how to handle the fallout of the ethics sanctions against Gingrich."

US Bookstore Chains Will Not Stock Magazine With Muhammad Cartoons. The Washington Post/AP (3/30, A8) reports, "Borders and Waldenbooks stores will not stock the April-May issue of Free Inquiry magazine because it contains cartoons of the Prophet Muhammad that provoked deadly protests among Muslims in several countries. … The magazine, published by the Council for Secular Humanism in suburban Amherst, includes four of the drawings that originally appeared in a Danish newspaper in September."

Americans Urged To Recognize Cultural Differences. Jonathan Zimmerman, who teaches history and education at New York University, writes in USA Today (3/30, 2.31M), "I can still picture my sixth grade student's frightened expression when I asked her to give the first classroom presentation that morning. 'Where I come from,' she said, in a quivering voice, 'girls don't go first.'" The girl was "an immigrant from a Muslim country in the Middle East whose family had moved to Baltimore a few years earlier." Zimmerman adds, "I'm not proud of this, but I let her go second. Today, I'd turn her objection into a set of questions. When you say 'girls don't go first' in your homeland, what do you mean? Who agrees with this idea? Who doesn't? Why do Americans continue to deny these differences in the name of culture? Now, more than ever, that's a question we need to ask."

ANTITRUST:

DOJ Gives Antitrust OK To Whirlpool-Maytag Merger. The New York Times (3/30, Henriques) reports, "The Justice Department's antitrust division announced yesterday that it had approved Whirlpool's purchase of its smaller rival Maytag, a $1.7 billion deal that will create one of the largest home appliance companies in the world." The Times continues, "Despite the dominant market share the merged companies would have, government lawyers concluded that the deal was not likely to reduce competition among home appliance manufacturers substantially, in part because of strong domestic rivals like General Electric and Frigidaire as well as rivals from abroad including LG, Samsung and Bosch." The Times adds, "Thomas O. Barnett, the assistant attorney general for antitrust, said yesterday that foreign competitors — although they are primarily supplying more expensive machines now — can still put meaningful pressure on appliance prices. 'It's not a question of whether they will enter the U.S.,' Mr. Barnett said. 'In this case, they're quite credible given that they're already here.'"

The Wall Street Journal (3/30, Brat, Gibson) reports, "After several months of review, the Justice Department concluded yesterday that the deal 'is not likely to reduce competition substantially,' citing the combined companies' 'ability to expand sales significantly and large cost savings and other efficiencies that Whirlpool appears likely to achieve.' … Under traditional antitrust analysis, the deal would probably be rejected or reshaped because of the combined companies' majority share of the U.S. market for washers and dryers. But the Justice Department weighed other factors that carried the day, including the prospect of foreign competition."

USA Today (3/30, Howard) reports, "The combined 'market share was high enough to conduct a very extensive and thorough investigation of this case,' Thomas Barnett, assistant attorney general for antitrust, said in a conference call. 'We went beyond market share and evaluated the competitive dynamics about what is likely to happen.' … He says that prices should stay in check because of competition from the growing ranks of foreign manufacturers, including LG and Samsung, and other American manufacturers, such as General Electric. … 'When we looked at the question of an anti-competitive price increase on low-to-midrange products, we considered North American competitors who could expand their sales, and foreign companies,' Barnett said. For example, South Korea's LG, which distributes to chains such as Home Depot, 'has been quite successful in a short period of time.'"

The Financial Times (3/30) reports, "The DoJ's decision, in the face of claims that the combined company could control up to 70 per cent of the market for washers and dryers in the US, followed an eight-month-long investigation that was seen as a major test of the limits of the Bush administration's stance on antitrust issues."

The AP (3/30, Sherman) reports, "Some analysts and antitrust lawyers had expected the Justice Department to object to the deal. The merger would create a company producing half of the dishwashers in the United States and more than 70 percent of the clothes washers and dryers. … Such a rise in market concentration has typically drawn a

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challenge from the government." Barnett "said the combined market share prompted a lengthy investigation by his staff. … 'It's fair to say that Maytag and Whirlpool account for a large share of the laundry products sold in the United States today and that relatively large share creates an initial rebuttable presumption that justifies an extensive look,' he said. … However, he said the investigation resolved those concerns."

The Des Moines Register (3/30) reports, "The combination of Whirlpool, the nation's biggest appliance maker, and Newton-based No. 3 Maytag would create the largest appliance manufacturer in the world with annual sales of about $18 billion. … The sale, however, also raises questions about the future of Maytag operations in Newton, where it operates a 1,000-employee washer/dryer factory and employs another estimated 1,300 people at its headquarters." The Register adds, "Critics of the deal said the combined company would lessen competition and harm consumers through higher prices and reduced choice. The combined company will produce an estimated 75 percent of the nation's top-loading washers and companion dryers. … Backers of the deal said the market would still include another strong domestic appliance maker, General Electric, and foreign appliance makers from Asia and Europe would also offer significant competition."

Bloomberg (3/30) reports that the department "rejected concerns from its own lawyers that the combination might hurt competition. … It was the first merger decision by Thomas O. Barnett since he won Senate confirmation on Feb. 10 to head the Justice Department's antitrust division. … 'I'm stunned,' said Mirko Mikelic, a senior portfolio analyst with Fifth Third Bank in Grand Rapids, Michigan, with $21 billion assets including Whirlpool bonds. 'I thought they would need to do at least something to appease the Justice Department.'"

Small Companies Can Be Targets Of DOJ Antitrust Probes. In an op-ed in the Legal Times (3/30), John G. Calender and Phillip C. Zane of the D.C. office of Baker, Donelson, Bearman, Caldwell & Berkowitz write, "Although nonspecialists sometimes believe that the antitrust laws are aimed at limiting the power of big businesses, these laws, particularly the criminal provisions of the Sherman Act, are enforced against all manner of companies. Small businesses do get discovered, prosecuted and convicted." Calendar and Zane continue, "Recent prosecutions of small companies have been as varied as the economy itself. The Justice Department has investigated roofing contractors in upstate New York for rigging bids. Electrical contractors, concrete suppliers and insulation manufacturers also have been prosecuted. Small computer firms have been targeted, as have small chemical companies. Moving and storage companies have been prosecuted for bid rigging. Scrap companies have been convicted of price fixing. … Individuals convicted of price fixing or bid rigging now face a maximum sentence of 10 years in prison for each count. The actual length of the sentence depends on a number of characteristics of the offender and the offense -- most important, the volume of commerce affected by the conspiracy. This does result in shorter sentences for convicted employees of small companies. … But it's not much help. Recent amendments to the federal sentencing guidelines have served to increase the lowest sentence available for price fixing (without a departure from the guidelines) to 10 months confinement, at least half of which must be served in prison. Bid rigging is treated more harshly; a person convicted of this offense must spend at least one year in prison. … The lesson for small companies and their counsel is clear: Do not ignore the antitrust laws because you think they apply to someone bigger or more profitable. They apply to you too, and you ignore them at your peril."

Supreme Court Hears Arguments In eBay Patent Infringement Case. EBay argued before the Supreme court yesterday that a company found liable for patent infringement should not be forced to stop using the patented idea. USA Today (3/30, Biskupic, 2.31M) reports, 'Carter Phillips, an attorney representing eBay, argued that sometimes being forced to pay money damages is enough. If a judge issues an injunction while a company tries to design around the patents, that could stifle commercial innovation, Phillips said." USA adds, "A jury found eBay liable for infringement of patents held by MercExchange, a Virginia company. The jury awarded damages: $35 million, later reduced by $5.5 million. The judge denied MercExchange's request for an injunction, saying it would not be irreparably harmed if eBay continued operating as it sought alternatives for its fixed-price marketplace. The judge noted that MercExchange had not put its patents into practice. But the U.S. Court of Appeals for the Federal Circuit reversed. It said once a jury has found infringement, the general rule is that an injunction is issued."

The Washington Post (3/30, D1, Noguchi, Lane, 744K) reports that MercExchange LLC "argues that the real problem is the bullying of giants like eBay that refuse to pay patent holders for their intellectual property. Backed by the pharmaceutical industry, which has its own huge stake in patenting drugs that take years to develop, MercExchange argues that, without easy access to injunctions, small inventors would be helpless against the likes of eBay."

The Wall Street Journal (3/30, Anderson, 2.11M) reports that several Justices "appeared resistant to eBay Inc.'s call for broader leeway on whether federal courts issue an injunction in a patent-infringement case, although the justices also probed for how they might clarify injunction

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standards. 'You're talking about a property right here and a property right is the right to exclude,' Justice Antonin Scalia said at oral arguments in eBay v. MercExchange. Justice Scalia wondered why the Supreme Court should rewrite patent laws. 'Why can't we let the marketplace take care of the problem,' he said. Justice Scalia and several other justices indicated they were worried that watering down the role of injunctions in patent-infringement cases might harm inventor rights in the U.S. patent system. At the same time, some of the justices also probed for whether the Supreme Court should rule that federal trial judges…have some discretion to withhold an injunction."

Dow Jones (3/30) reports, "Ebay Inc.'s arguments that trial court judges should have discretion over when to grant injunctions in patent-infringement cases ran into tough questioning from several justices Wednesday at the U.S. Supreme Court." Dow Jones continues, "The online auctioneer wants the high court to reverse an appeals court ruling that said a district-court judge erred in not issuing an injunction against eBay after a jury found the Internet giant violated patents held by MercExchange." Dow Jones adds, "The case is part of an ongoing battle over U.S. patent law that pits high-tech companies like eBay, who argued that such injunctions are granted too readily, against inventors, biotech firms and drug companies that rely heavily on patent law to protect their investments in intellectual property."

The Legal Times (3/30, Mauro) reports, "Two veterans of the Supreme Court bar argued forcefully -- and inconclusively -- Wednesday in a high-stakes dispute over how easy it should be for a patent holder to win an injunction against an infringer." The Times continues, "From the tenor of the questioning in eBay v. MercExchange, justices seemed closely divided over the issue, alternately sympathetic toward Sidley Austin's Carter Phillips, arguing his 49th case at the Court, and then toward his adversary, WilmerHale's Seth Waxman, appearing before the high court for the 47th time." The Times adds, "The case has drawn wide interest, with businesses lining up on both sides. Some companies, including Intel, are siding with eBay, expressing concern that the holder of a single patent that covers one of thousands of processes inside a product could bring down that product too easily by obtaining a paralyzing injunction. The recent patent dispute that almost crippled BlackBerry service is cited as a prime example."

More Commentary. In an op-ed in the Wall Street Journal (3/30), Nathan Myhrvold, Microsoft's first chief technological officer and currently CEO of Intellectual Ventures, writes, "The roots of this case lie in differing corporate cultures and attitudes about the patent system. In some industries, like pharmaceuticals or biotech, patents are crucial to the business model, so they support and respect patent rights. Tech companies, on the other hand, win by muscling their way to sufficient market share to become a de facto standard (some would say monopoly). Because patents don't figure in this business model, tech companies don't hold the patent system in high regard. Patents are simply not a priority for many tech companies. Ebay, for example, has only 11 issued patents." Myhvold continues, "Other large tech companies do amass significant portfolios, but often not directly related to their business model. If a rival company asserts a patent, a company like this plays defense and threaten the asserter's products right back. While 'defense' sounds benign, what it can mean in practice is having enough patents that you can steal from anybody else with impunity. Between big companies this works like a powerful shield, much like the doctrine of mutually assured destruction with nukes. But the shield is impotent against universities, companies without products or independent inventors. Owners of large defensive portfolios hate that." Myhrvold concludes, "Weakening patent laws, whether in the Supreme Court or Congress, is no more than a government bailout of the infringement problems big tech companies deliberately made for themselves. America needs to have future generations of inventions and technology. We can't mortgage our future by taking away the rights and incentive of our inventors."

ENVIRONMENT:

Administration Announces New CAFE Standards. Treasury Secretary Norman Mineta announced the Bush Administration's revised corporate average fuel economy standards yesterday, which, for the first time, include all sports utility vehicles and small trucks. However, environmental groups say the proposed standards fail to significantly address US fuel consumption. The Wall Street Journal (3/30, Meckler, 2.11M) says the standards finalized yesterday "are no stricter than proposed last year despite rising gasoline prices." The rules "are mostly a victory for auto makers, since environmentalists had argued that the rules should be increased even more, given government formulas for fuel-efficiency that take rising gas prices into account."

Meanwhile, the New York Times (3/30, Wald, 1.19M) says "the final rule…was slightly tougher than the one his department proposed last summer." The New York Times (3/30, Wald, 1.19M) also runs a related piece titled "Automakers Use New Technology To Beef Up Muscle, Not Mileage." The Washington Post (3/30, D1, Freeman, 744K) reports environmentalists "complained that NHTSA retained a fuel-economy exemption for the industry's largest pickup trucks. Vehicles such as the Ford F250 and F350 pickups are excluded from the fuel standards."

The Baltimore Sun (3/30, Dresser, 296K) says the proposals represent "some of the most far-reaching changes

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to its fuel economy standards in the 27-year history of the program Wednesday." It "marks the second time the Bush administration has increased the mileage targets for the group of vehicles, some of which had been exempt from the fuel efficiency rules." USA Today (3/30, O'Donnell, 2.31M) reports "some environmentalists' concerns were addressed in the rule. Groups had complained that an August plan to assign fuel-economy targets based on six size categories of trucks would have encouraged automakers to make trucks bigger to move them into a category with a less stringent mileage number." NHTSA "scrapped the categories to reduce the risk of this 'gaming' and instead is assigning a separate mpg number for each size of vehicle."

The story was the lead on ABC and NBC, while CBS ran a brief on the new standards late in its newscast. The CBS Evening News (3/29, story 10, 0:20, Mitchell, 7.66M) noted "the government says the tighter standards will save nearly 11 billion gallons of gas." CBS also ran a follow-up report (3/29, story 11, 3:25, Regan) on Brazil's effort to achieve energy independence by relying on sugar cane ethanol. ABC World News Tonight (3/29, lead story, 3:05, Vargas, 8.78M) reported, "For the first time, Federal standards address all SUVs and small trucks. By 2011, they must, on average, get 24 miles per gallon. The government says this will save more than 10 billion gallons of gasoline over the lifetime of the vehicle. Today, President Bush said, once again, that America needs to break its addiction to oil." ABC (von Fremd) added, "This year, the average gas mileage for each manufacturer's fleet must be at least 21.6 miles per gallon. The number gradually increases, and by 2011, the fuel economy must average 24 miles per gallon. Environmental groups say SUVs should get at least 40 miles per gallon."

NBC Nightly News (3/29, lead story, 2:50, Costello, 9.87M) reported, "By 2011, light trucks and pickups must average 24.1 miles per gallon, an increase of 1.8 miles per gallon from 2007 models. But that's only the average; the longer the distance between the front and rear axles, the lower the mileage requirement." American automakers "have opposed previous attempts to raise the standards, arguing they weren't fair. This time, they are going along." The "new standards will add about $200 to the average sticker price, but environmentalists wonder what the country is getting for the money."

Officials Say Ethanol Shortage Could Drive Up Gas Prices. The ethanol industry cannot keep pace with the demand for fuel-grade alcohol to mix with gasoline which means gas prices may be unusually high and shortages may occur this summer, according to the head of the US Energy Information Administration's testimony before the Senate Environment and Public Works Committee. USA Today (3/30, Healey, 2.31M) reports that Bob Dinneen, president of the Renewable Fuels Association countered that these are short term challenges and whatever "can't be produced here can be imported." USA adds, "Ethanol mainly is made in the Midwest. But demand should be heaviest in the Northeast and Texas because of special clean-air fuel requirements there. Shipping alcohol costs more and takes longer because ethanol attaches to any moisture present and could contaminate petroleum pipelines -- the cheap, fast way to ship."

EPA Plans Emissions Standards For Lawn Equipment. The EPA is planning new emissions standards for lawn equipment to cut air pollution and save gas. The Wall Street Journal (3/30, Muñoz, 2.11M) reports, "The new standards would affect all lawn mowers. Currently, there are 52 million residential and commercial mowers (both the ones you push and the ones you ride) and other large lawn equipment that the EPA estimates are in use nationwide. … To control emissions, lawn equipment would likely need catalytic converters, devices that manufacturers and fire safety advocates say could increase the risk of fires and burns. An EPA safety study released earlier this month, however, found no risk from adding the devices to engines in lawn mowers."

Report Urges Strict Federal Limits On Fishing. A report from the Marine Fish Conservation Network which urges Congress to impose strict limits on fishing, says only 13 percent of federally mandated ocean fish stocks are known to be healthy and not overfished. The Washington Times (3/30, Price, 90K) reports, "During a press briefing at which the report was released, Lee Crockett, MFCN's executive director, said a new reauthorization measure should include annual 'catch limits set by scientists' and 'accountability' to deal with regional fisheries management councils that exceed those limits."

Avian Flu Vaccine Produces Limited Success. The CBS Evening News (3/29, story 8, 1:50, Kaledin, 7.66M) reported that an "experimental bird flu vaccine was tested in 450 people at study sites like this one at the University of Rochester, and in more than half of them, it worked." Dr. John Treanor, University of Rochester: "At the highest doses, most people made antibodies in the blood which we would expect to be able to fight off the bird flu virus." Kaledin: "Volunteers were given two shots of 90 micrograms, that's several times larger than the conventional flu shot dose. The high dose needed is the one big drawback right now." Still, "it's good enough for the government, which is planning to produce and stockpile eight million doses. Infectious disease experts like William Schaffner are relieved." The vaccine "will need to be improved, he says, but in the face of what some say is the inevitability of a coming flu pandemic, having a

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vaccine that's even modestly effective is a major step toward preparedness."

The Wall Street Journal (3/30, Armstrong, 2.11M) says the vaccine, developed by the US government and Sanofi-Aventis SA, "provided a mixed message of hope for an answer to the deadly disease, but only if manufacturing ramps up ahead of any widespread contagion." Meanwhile, USA Today (3/30, Sternberg, 2.31M) says the study, which appears in Thursday's New England Journal of Medicine, "marks a milestone in the joint government-private sector push to guard against avian flu by developing new vaccines and better ways of producing them."

The New York Times (3/30, Grady, 1.19M) reports that Dr. Anthony Fauci, director of the National Institute of Allergy and Infectious Disease, which paid for the development and testing of the vaccine, called the results "muted good news." He said the research was "a step in the right direction," but "we have a long way to go."

In a front page article, the Los Angeles Times (3/30, A1, Chong, Gellene, 958K) took a more negative tone, reporting, "Setting back plans to shield the nation from a potential bird flu pandemic, the first study of a human vaccine showed that even a massive dose failed to protect nearly half of those inoculated."

Bird Flu Fatalities Climb, Mark Deadliest Quarter Yet. Bloomberg (3/30, Gale) reports bird flu fatalities reported this week in Egypt, "which may be confirmed by the United Nations this week, will bring the year's global death toll to 31 people and mark the quarter as the deadliest yet as the virus spreads from Asia to Europe and Africa." Meanwhile, UN Secretary General Kofi Annan yesterday "asked wealthy countries to keep their promises made in January to give money for the fight against bird flu and said significant new funds may be needed for Africa."

Study Finds Sonar's Link To Whale Stranding Inconclusive. The Washington Post (3/30, A15, Kaufman) reports, "Federal ocean scientists said yesterday they were unable to determine whether Navy sonar caused a mass stranding of whales on the North Carolina shore last year." The Post continues, "In their report on the stranding -- one of the largest and most troubling in two decades -- the National Marine Fisheries Service researchers concluded that Navy ships had used sonar in the area the day before the whales came onshore. But detailed necropsies and analyses did not find any physical signs of a connection between the loud sonar pings and the whales' rush to shore." The Post adds, "The report concluded that most of the animals were otherwise healthy. In all, 33 pilot whales, two pygmy sperm whales and a minke whale stranded and died within two days. Strandings of more than one species at a time are rare. … The report on the January 2005 stranding had been anxiously awaited by the Navy and environmentalists because the animals died near the proposed site of a 660-square-mile underwater sonar testing range. … The Navy has said the sonar range is essential to train sailors and will not be a danger to the many whales in the area. Some environmentalists disagree, saying that the growing number of strandings around the world linked to naval active sonar make the range -- which is near a major whale migration path -- a threat to animals."

FBI/DEA/ATF/USMS:

Mitchell To Head Major League Baseball Probe Of Steroid Use. USA Today (3/30, Bodley, 2.31M) reports that ESPN yesterday reported that that former Senate Majority Leader George Mitchell will head Major League Baseball's investigation into steroid use by major league baseball players. According to USA today, an announcement "could come as early as today. Without citing sources, ESPN stated that Mitchell, a Maine Democrat and close friend of Commissioner Bud Selig, will head the investigation but not be the lead investigator."

The Los Angeles Times (3/30) reports Mitchell will head-up the investigation and writes, "George Mitchell, a Washington lawyer and the former Senate majority leader from Maine who previously has advised Major League Baseball, will lead Commissioner Bud Selig's investigation into alleged steroid use by Barry Bonds and other players. Under persistent pressure from Congress and in light of a new book that claims Bonds used performance-enhancing drugs for at least five years, Selig will outline his investigation in a news conference today at his office here, baseball sources said."

In a story included in yesterday's briefing, The New York times reported on the expected investigation. Today The New York Times (3/30) writes, "No one in the office of Commissioner Bud Selig would confirm Selig's intentions, but a team executive with knowledge of the situation said the announcement on Mitchell would come today. The person was granted anonymity because details had not been finalized."

The Sports Network (3/30) and the BBC (3/30) cite The New York Times report.

New York Newsday (3/30) writes, "Today, Bud Selig likely will announce that he is opening an examination of players who have been accused of steroid usage. Former Senator George Mitchell will lead the investigation, and the queries will start, not surprisingly, with those implicated in the BALCO scandal - with Barry Bonds and the Yankees' Jason Giambi and Gary Sheffield ranking as the big names."

Network TV Coverage. The CBS Evening News (3/29, story 13, 2:30, Mitchell) reported, "Most Major League

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teams begin regular season play on Monday, but this year is different because the steroid scandal that hung for so long on baseball's horizon now looms over the game like a thunder cloud." CBS (Mason) added, "San Francisco slugger Barry Bonds begins his assault on one of the most revered records in sports next week, needing 48 home runs to pass Hank Aaron and set baseball's all-time home run mark. But Bonds will come to bat under a cloud of suspicion. The new book 'Game of Shadows' alleges he began using steroids in 1998, and Baseball Commissioner Bud Selig is reviewing what to do." Former Commissioner Fay Vincent: "I think baseball has to tell people what was going on. I think Congress will investigate if baseball doesn't."

Some Argue Bonds Allegations Rooted In Racism. USA Today (3/30, Nightengale, 2.31M) reports on a growing argument over whether the hate mail directed at San Francisco Giant Barry Bonds is a result of racism from whites who do not want him to pass Babe Ruth for second on baseball's all-time home runs list, or of "mounting evidence he used performance-enhancing drugs to reach this point in history?" USA adds, "Those who insist race is a non-factor cite the overwhelming evidence of Bonds' steroid use in the leaked grand jury testimony and documents reported by the San Francisco Chronicle in the Bay Area Laboratory Co-Operative (BALCO) investigation and more recently in the book Game of Shadows. … That evidence, they say, has no overtones of racial or gender discrimination."

Tandy Says Marc Emery "Turns A Blind Eye" To Marijuana Victims. In a letter to the editor at the Washington Post (3/29), Karen Tandy writes in response to an article about Marc Emery, the self-proclaimed "Prince of Pot." Tandy writes, "Emery, who distributed millions of marijuana seeds throughout the country, admits the accuracy of the Drug Enforcement Administration's charges against him, but he denies harming Americans. Like all dealers, Mr. Emery turns a blind eye to marijuana's victims -- people like Victoria Rogers, a mother driving with her children when she was killed by a marijuana-intoxicated motorist."

Son Of Drug Cartel Founder Is Sentenced In Miami. The AP (3/30) reports a federal judge on Wednesday "sentenced the son of a co-founder of Colombia's Cali cocaine cartel to nearly 22 years in prison." However, William Rodriguez-Abadia "could serve less than the 21-year, 10-month term if prosecutors agree that his cooperation has been substantial in a case against his father and uncle." Prosecutors "say the Cali cartel was once the world's largest cocaine smuggling enterprise, earning more than $1 billion in profits."

US, Britain To Help Kenyan Officials Destroy Seized Cocaine. Slate.com (3/29) writes that experts from the United States and Britain "have stepped in to help Kenyan officials test and destroy 1,141 kilograms of cocaine. The drugs were netted in 2004 during the biggest cocaine seizure in the country's history." Slate notes that the cocaine will be burned and adds, "In the United States, the Drug Enforcement Administration burns illicit drugs such as marijuana, ecstasy, and cocaine at contract facilities."

Two Men May Face Death Penalty In Pennsylvania Drug-Related Case. The Pittsburgh Tribune-Review (3/30) reports two men "accused in a 2004 slaying designed to intimidate the victim's son from testifying in a Beaver County drug trial now face federal charges -- and possibly the death penalty. Jelani Solomon, 27, of Beaver Falls, and Claron Hanner, 28, of Pittsburgh's Knoxville neighborhood, are charged with an array of drug and weapons offenses in connection with the Jan. 19, 2004, slaying of Frank Helisek Jr., 53. … A two-year investigation into Jelani Solomon's drug enterprise, which the federal Drug Enforcement Administration dubbed 'Operation Enough is Enough,' has netted 44 arrests so far."

Former Louisiana Police Chief Gets 7-Year Prison Sentence For Selling Crack. The AP (3/30) reports a former Lutcher police chief "was sentenced Wednesday to more than seven years in prison for distributing crack cocaine. Corey Pittman was arrested in 2005 after federal agents and St. James Parish sheriff's officers caught him giving crack to an undercover officer on three occasions. … The investigation began when an area law officer…tipped off federal agents that the chief might be involved in selling drugs, according to the federal Drug Enforcement Administration."

The Baton Rouge Advocate (3/29) reports, "In the summer of 2005, Pittman distributed crack cocaine to an undercover agent who was part of an operation involving the U.S. Drug Enforcement Administration, the FBI and officers of the St. James Parish Sheriff's Office."

Evidence Suppressed In Guam Meth Case. The Pacific Daily News (3/30) reports a federal judge "granted a motion to suppress evidence obtained against two people arrested during the Sept. 8 drug raid at the Guam Reef Hotel. … U.S. District Court of Guam Judge Joaquin Manibusan, in a written opinion, stated that the arresting officers lacked probable cause to detain [the defendants] at the time of the raid. … On Sept. 8, agents from the U.S. Drug Enforcement Administration, the Guam Police Department and Guam Customs and Quarantine raided the hotel room based on a tip they had received earlier that morning."

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Iowa Real Estate Agent Pleads Guilty To Money Laundering Charges. The Cedar Rapids, Iowa Gazette (3/29) reports real estate agent Harriette Cooper "pleaded not guilty to six money laundering charges during a brief appearance…in federal court in Cedar Rapids. Cooper, 52, is accused of taking cash from drug sales and obtaining six cashier's checks during April 2003 to avoid the filing of federal Currency Transaction Report. … The case…was investigated by the Drug Enforcement Administration, Iowa Division of Narcotics Enforcement and the Criminal Investigation Division of the Internal Revenue Service."

Federal Grand Jury Indicts Three Students For Alabama Church Arsons. The AP (3/30, Reeves) reports college students Matthew Cloyd, Russell DeBusk Jr. and Benjamin Moseley were indicted by a federal grand jury "Wednesday in a series of nine church fires that plagued rural Alabama last month, accusing them of conspiracy and arson. The three, who were arrested earlier this month after an investigation by dozens of local, state and federal authorities, also face state charges. And prosecutors say still more counts could be added once county grand juries hear the cases."

IMMIGRATION:

Bush To Discuss Immigration Reform With Fox In Cancun. The AP (3/30, Pickler) reports, "President Bush began a trip Wednesday intended to strengthen ties with Mexico and Canada on issues like terrorism, trade and problems along the long borders the United States shares with its neighbors." Even "with a debate over border security raging at home, Bush is using the summit to try to strengthen ties with leaders of America's northern and southern neighbors who have their own concerns about the flow of people and goods with the United States," and "he said the strong relationship with Mexico and Canada needs to be further strengthened."

NBC covered the story in a full segment, while ABC mentioned it briefly in a story that focused on the President's light-hearted banter with the audience at a speech he delivered at Freedom House on Iraq. ABC World News Tonight (3/29, story 8, 1:00, Vargas, 8.78M) reported Bush "held a free-wheeling question and answer session with the audience. And free-wheeling it was." Asked by a member of the audience "what kinds of components" he was "looking for in an immigration bill," Bush said, "That's a great question. Thanks. It's topic du jour. Pretty fancy, huh? Topic du jour. I don't want to ruin the image."

NBC Nightly News (3/29, story 3, 1:10, Gregory, 9.87M) reported, "This is an important summit, if a quick one. The President will meet with the leaders of Mexico and Canada, everybody here watching that debate back in Congress. Before the President left, he pressured Congress once again in Washington to pass a guest worker program. And he made the argument today that such a program would help Border Patrol agents actually focus on real threats in his words – terrorist activity, drug smuggling along the border -- rather than their emphasis on just looking for people trying to come across the border to get work."

Fox News' Special Report (3/29, Cameron) reported that before leaving for Mexico, Bush spoke to reporters and "reiterated his insistence that any reform include his guest worker program. But Republicans are cool to his idea." The Los Angeles Times (3/30, Gerstenzang, Tobar, 958K) says the summit comes as Bush "is struggling to overcome the lowest approval ratings of his presidency, Fox is in the final year of a six-year term and cannot run for reelection, and Harper, who heads a minority Conservative government, came to power only two months ago after an election in which he was accused of being too cozy with the Bush administration." During his news conference, "Bush appeared eager to head for a resort that is popular with U.S. tourists. '"No Speedo suit here,' he assured the Freedom House audience." The AP (3/30) says that "though the 59-year-old president has been deemed in excellent shape for his age, he added a wry 'Thankfully' that earned laughter from the crowd. Then Bush told the man he had chosen as his final questioner that he was only trying to see if he could throw him off. 'Just testing your concentration,' the president said."

The New York Times (3/30, Thompson, 1.19M) reports the immigration debate in the US is "vitally important for Mr. Fox, who is leaving office at the end of this year and has staked much of his legacy on seeking reforms to benefit the estimated six million illegal Mexicans working in the United States." The Times adds, "Momentum on the measure turned in Mr. Fox's favor this week when the Senate Judiciary Committee passed the proposal. In an interview on Tuesday, Mr. Fox applauded the Senate's action, which was the first small victory in his government's five-year campaign for immigration reform, but he acknowledged the proposal still faced a fight in Congress."

The Washington Post (3/30, A4, Roig-Franzia, 744K) notes Fox "has responded angrily to US proposals to tighten the border. In a recent speech, he predicted that by 2010, the United States would 'beg' Mexico for workers in vain, suggesting that by then the Mexican economy would generate enough jobs to sustain its 100 million-plus people. … It wasn't supposed to turn out this way. When Fox was elected in 2000, many here and in the United States predicted an era of what was dubbed 'ranchero diplomacy,' with the two leaders bonding at Bush's Texas ranch and Fox's hacienda. On Sept. 5, 2001, Bush declared that

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Mexico represented the most important international relationship for the United States." The Post adds, "Six days later, terrorists smashed planes into the World Trade Center and the Pentagon, and the U.S. focus shifted to the Middle East and South Asia. Mexico later alienated the United States by not supporting the war in Iraq." The Christian Science Monitor (3/30, Harman, 61K) runs a similar report, saying, "'Los Dos Amigos,' everyone called them then. They slapped each other's backs, made jokes, gave each other custom-made cowboy boots, and toasted what was to be the beginning of a great friendship between neighbors." But "that was more than five years ago."

USA Today (3/30, Jackson, 2.31M) reports Bush and Fox "may be as close as they've ever been on immigration with Bush's support of the temporary guest-worker program. It's unclear whether Bush's position will prevail in the current congressional struggle over an immigration bill," as "many of Bush's fellow Republicans oppose any kind of guest-worker program. The question for Fox is how -- and whether -- to address this issue," because "comments "from a foreign leader can cause a backlash when Congress is embroiled in debate."

US, Canada May Be Ready To Deal On Lumber Dispute. The Christian Science Monitor (3/30, Newman, 61K) reports that there are signs President Bush and Canadian Prime Minister Stephen Harper "may be ready to compromise in a contentious 20-year lumber dispute. … At heart of the disagreement between America and its No. 1 trading partner is $5.2 billion Canadian ($4.4 billion) in US duties that Canada says should never have been levied. It demands they be refunded."

Richardson Says Summit Should Produce More Than Photo-Ops. New Mexico Gov. Bill Richardson said on Fox News' Special Report (3/29) that "the summit between the two presidents should be more than photo ops. There should be something tangible. This is what Mexico can do. It's three things. One, fully participate with the United States in joint border Patrol to deter illegal immigration. Secondly, joint efforts to stop some of the smuggling of people and drugs at the border, serious efforts. And then thirdly, a joint border jobs creation plan so that -- financed by both countries, by the private sector, too, but Mexico putting up a major effort in those three areas to demonstrate to Congress that is skeptical of Mexico doing something that they're ready to be partners."

Hastert, Frist Signal Willingness To Consider Guest Worker Proposal. As the Senate begins its debate on immigration reform, media coverage continues to focus on the "split" in GOP ranks, particularly on the different approaches taken by the House and the Senate. The AP (3/30, Espo) reports the bill "under consideration in the Senate is designed to strengthen enforcement of US borders, regulate the flow into the country of so-called guest workers and determine the legal future of the illegal population scattered across all 50 states." The House "has passed legislation limited to border enforcement." However, developments yesterday suggest some progress is being made in both chambers to move toward a bill that includes the guest workers provisions backed by the President. Under the headline "Hastert Hints At Compromise On Immigration Bill," the New York Times (3/30, Swarns, 1.19M) reports Speaker J. Dennis Hastert "said Wednesday that he and other House Republicans recognized the need for a guest-worker program, opening the door to a possible compromise with the Senate on fiercely debated immigration legislation." Hastert's comments "were the first public hint of an olive branch" between House and Senate Republicans on this issue. Sen. Arlen Specter, chairman of the Judiciary Committee, "said he was heartened by the remarks. He said they were a significant shift for the House."

USA Today (3/30, Kiely, 2.31M) also reported Hastert "signaled a willingness to negotiate," while CNN's The Situation Room (3/29, Bash) said the Speaker "seemed to open the door a little bit" on the guest worker issue." Hastert was shown saying, "We're going to look at all alternatives. We're not going to discount anything right now. Our first priority is to protect the border, and we also know that there's a need in some sectors of this economy for a guest worker program. But, you know, we want to see what the Senate comes forward and we'll go through the conference process."

The Washington Times (3/30, Hurt, 90K) headlines its story "Frist Retreats From 'Amnesty,'" and notes Frist "said yesterday that the Senate likely will pass a version of immigration reform that includes more than the border-security overhaul he has proposed. … Previously, Mr. Frist has maintained that the Senate would take up a bill dealing only with border security but left open the possibility that a guest-worker program of some sort might get added later through amendments. His statements yesterday were the clearest yet about what he expects the Senate to ultimately produce." CQ (3/30, Sandler, Crowley) notes Frist's and Hastert's "strategic shift Wednesday," adding that Frist "indicated he would accept a comprehensive approach and used his opening statement to draw attention to the estimated 11 million to 12 million illegal immigrants in the United States."

The Los Angeles Times (3/30, Gaouette, 958K) says that "despite tensions, particularly within the Republican Party, some senators said they were optimistic about finding consensus," and "the House leadership indicated that agreement was possible between that chamber's already-passed bill and whatever might emerge from the Senate. … In the House, which produced a tough enforcement-only bill in December, leaders signaled for the first time that they

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might be able to find common ground with the Senate if it passed a guest-worker program."

NBC was the only network to report on the Senate debate, and it didn't mention Hastert's comments. NBC Nightly News (3/29, story 2, 1:50, Reid, 9.87M) reported, "The Senate took up an overhaul of the nation's immigrations laws, an issue that divides not only the nation but the Republican Party. Many conservatives want the focus on border security, more agents and completing a wall on the Mexican border." Sen. Jeff Sessions, Alabama: "I don't find anything wrong with that. I always heard the slogan good fences make good neighbors." NBC added, "They reject the President's call for a temporary worker plan and what they call amnesty, allowing millions of illegal immigrants to become US citizens. But other Republicans say citizenship is the only way to bring illegal immigrants out of the shadows." Sen. Arlen Specter, Pennsylvania: "It is not amnesty because the law breakers are not being unconditionally forgiven for their transgressions."

Debate Said To Threaten GOP Effort To Win Hispanic Vote. The Washington Times (3/30, Hurt, Fagan, 90K) runs a story titled "Immigration Reform A Two-edged Sword For GOP," in which it says "some Republicans on Capitol Hill see immigration reform as an opportunity to shake the party's image as hostile to minorities and immigrants, and other Republicans warn that embracing what many call 'amnesty'" Meanwhile, the New York Times (3/30, Kirkpatrick, 1.19M) reports "the battle among Republicans over immigration policy and border security is threatening to undercut a decade-long effort by President Bush and his party to court Hispanic voters, just as both parties are gearing up for the 2006 elections. … Over the last three national elections, persistent appeals by Mr. Bush and other Republican leaders have helped double their party's share of the Hispanic vote, to more than 40 percent in 2004 from about 20 percent in 1996." Last week, Sergio Bendixen, "a pollster for the Democratic Senatorial Campaign Committee, released a rare multilingual poll in which 76 percent of legal Latin American immigrants said they believed anti-immigrant sentiment was on the rise. A majority of immigrants said they believed the immigration debate was unfair and misinformed." But Ken Mehlman, chairman of the Republican National Committee, "dismissed such concerns. Mr. Mehlman said the party's image was defined by President Bush, who supports a temporary-worker program and has repeatedly urged Republicans to avoid inflammatory rhetoric."

In the Washington Post (3/30, A23, 744K), David Broder discusses the poll by Sergio Bendixen, whom he describes as "a respected professional pollster." Bendixen, he says, "briefed me on the survey his firm had just completed of 800 legal immigrants, from 43 different countries, living in 47 states -- a cross section carefully designed to mirror the makeup of the 26 million legal immigrants the Census counts. To ensure accuracy, Bendixen arranged to interview subjects in their native languages whenever they requested." Bendixen "asked two key questions. By a margin of 81 percent to 11 percent, the legal immigrants said they think the illegals are taking jobs that legal residents and citizens do not want to do, rather than taking jobs away from them." And "73 percent of them said the illegals help the economy by providing low-cost labor, while only 17 percent said they hurt the economy by driving down wages -- a favorite contention of those who want to restrict immigration." In addition, "disturbingly, the survey found that two-thirds of the legal immigrants believe that anti-immigrant sentiment is growing in the United States, and more than half said it has affected them and their families personally."

Evangelicals Seen As Split On Immigration Issue. The Wall Street Journal (3/30, Sataline, 2.11M) reports, "Major evangelical groups have been more muted on immigration than other Christian organizations. In fact, the dispute is exposing rifts in the evangelical community. Evangelicals who favor a tough stance toward illegal immigrants also want their leaders to speak out on the issue. … The majority of influential Christian conservatives have either delayed taking a stand, such as the National Association of Evangelicals, or have no position, such as the Southern Baptist Convention, the National Black Evangelical Association, James Dobson's Focus on the Family and Concerned Women for America." The Journal adds, "Despite their past unity on other issues, some evangelicals are divided over how to treat people who are breaking the law and worried they will be tainted as racist if they advocate penalties."

David Brooks writes in the New York Times (3/30, 1.19M), "Everybody says the Republicans are split on immigration. The law-and-order types want to close the border. The free-market types want plentiful labor. But today I want to talk to the social conservatives, because it's you folks who are really going to swing this debate. I'd like to get you to believe what Senator Sam Brownback of Kansas believes: that a balanced immigration bill is consistent with conservative values. I'd like to try to persuade the evangelical leaders in the tall grass to stop hiding on this issue. … Please ask yourself this: As we contemplate America's moral fiber, do the real threats come from immigrants, or are some people merely blaming them for sins that are already here?"

Kennedy Says Guest Worker Program Is Not Amnesty. Sen. Edward Kennedy was asked on CNN's The Situation Room (3/29) why it is fair "to give those who came to here illegally the opportunity, in effect, to jump ahead of the line, and become legal residents of the United States at the expense…of so many others who go through the law, go through the process and wait patiently in line." Kennedy said,

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"It isn't, and that's not what our bill does. Basically, what our bill does, is the following: For those that are here in the United States, the undocumented aliens, what this legislation says, 'Look, if you have paid your taxes, if you have worked, if you've been a good citizen, no problems with the law, then you go to the end of the line. And after all those that are out there now are coming into the United States, after they're all here in the United States, then you get on the track to be able to earn your citizenship.'" Kennedy added that "amnesty means forgiveness. Amnesty means 'pardoned.' We are not forgiving, we're not pardoning."

Local Governments Take Widely Varying Approaches To Undocumented Aliens. CBS and NBC both profiled the response of some local communities to the influx of undocumented workers. The CBS Evening News (3/29, story 12, 2:30, Whitaker, 7.66M) reported that Maywood, California is welcoming the immigrants. The city "is 97% Latino, an estimated half here illegally. The City Council passed a resolution opposing the tough immigration bill before Congress which would make it a felony to cross the border illegally or to aid anyone who does."

NBC Nightly News (3/29, story 4, 2:35, Allen, 9.87M) reported that in Denison, Iowa, Hispanics are now "about 25% of the population, perhaps more, and most have come here for the very same reason: Farmland Foods, a meat packing plant that's booming with a workforce almost 60% Hispanic." Farmland "says it only hires legal workers, but some residents doubt that and claim their new neighbors take more than they give." Councilman Cecil Blum, Denison, Iowa: "And I guess that I hate to have my culture, my community, put at risk." Allen: "Councilman Cecil Blum wants to role up the welcome mat. Blum: "I think we do need a system where we can document everybody that's here."

Effectiveness Of Tougher Border Enforcement Questioned. USA Today (3/30, Harman, 2.31M) reports from Altar, Mexico, where "migrants on the move to the USA say beefed-up enforcement will deter few. 'Walls and lights and sensors and police fill our heads,' says Dagoberto Martinez, a 17-year-old from Hidalgo, Mexico, who is headed north. 'But they don't make us turn back.'" Opponents of fences and walls "say they only push the human traffic elsewhere. The decline in crossings near San Diego coincided with increases in Arizona and Texas, they say."

Restrictions On Illegal Workers Could Hurt Some Industries, Help Unskilled US Workers. The Christian Science Monitor (3/30, Scherer, 61K) reports, "Seal the border. Round up all the illegal immigrants and send them back to their home countries. Start a whole new agency to handle only invited guest workers. Would that open up more jobs for American citizens?" As Congress "debates a new immigration bill, some economists believe any restrictions are likely to be disruptive to a variety of industries, from construction to hospitality to agriculture. At the very least, restrictions could add to employers' costs as they scramble to attract new workers with higher wages." But "new regulations might also be good for those without much education or marketable skills: Business might be forced to train them. And those in lower wage brackets might see their wages rise as they face less competition for jobs."

Funds Sent Home By Latin Immigrants Surged 17% In 2005. The Financial Times (3/30, Lapper) reports, "Migrant workers from Latin America and the Caribbean sent home $53.6bn to their families last year, an increase of 17 per cent on 2004." The rise, "documented in a survey to be announced on Thursday by the Inter-American Development Bank – confirms Latin America's position as the biggest market in the world for remittances. For the third consecutive year, remittances to the region exceeded the combined flows of direct foreign investment and overseas economic aid."

More Commentary. In an editorial titled "Speak Up, Mr. Bush," the Washington Post (3/30, A22, 744K) says the President "has been unwilling, so far, to match his words about reform with deeds to make certain it gets done. Now, with the Senate debating the explosive issue and protests against a draconian House bill flowering from the streets of Los Angeles to the high schools of Northern Virginia, it is time for Mr. Bush to step up." The Post also called the Senate Judiciary Committee bill "a realistic and humane immigration measure."

In an editorial, the Los Angeles Times (3/30, 958K) says, "Balancing enforcement measures with a temporary-worker program, the [Senate] Judiciary Committee approved a sensible, comprehensive" immigration reform "measure in time to meet the Monday deadline set by Majority Leader Bill Frist (R-Tenn). But instead of bringing the committee bill to the floor as promised, Frist opted to bring his own enforcement-heavy bill forward first for a daylong debate. This is a needless distraction," and the "Senate should focus on the committee's compromise." The Times adds, "The Senate should swat aside the majority leader's cynical alternative and unite behind this compromise. Then senators will have to stand firm in negotiations with the House to ensure that any final legislation bears a relationship to the real world."

Dick Morris said on Fox News' The O'Reilly Factor (3/29), "Nobody's telling the basic truths about what's going on. Let's give it a start. Democrats like illegal immigration. Their goal is to swell the Hispanic population so that the black and Hispanic base accounts for about 1/3 of the votes."

Rep. Tom Tancredo, chairman of the congressional immigration reform caucus, defends the House bill in USA Today (3/30, 2.31M). He writes, "The House bill would construct a security fence along our southern border, require federal and local law enforcement to cooperate on immigration matters, and mandate that employers use an instant check system to verify their employees' legal status.

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Unlike the Senate bill, our version would offer no amnesty and would not add foreign workers to our already overwhelmed background-check system." The House's approach "is supported by most Americans. Now, we wait for the Senate to follow."

In an editorial, USA Today (3/30, 2.31M) calls the House bill "draconian," and adds that while "part of the answer to the immigration problem has to include improved and serious border controls…another round of chest-thumping about sealing borders and deporting illegals is far from a solution. A balanced approach must also include some kind of guest-worker program, like the one Bush has proposed, that would bring immigrant laborers out of the shadows."

Linda Chavez, director of the United States Commission on Civil Rights under President Ronald Reagan, writes in the New York Times (3/30, 1.19M), "Instead of presenting themselves as an aggrieved, foreign presence, immigration advocates ought to be explaining how similar Latinos are to other Americans in their values, aspirations and achievements. It's an easy case to make. Mexican-born men, for example, are more likely to be in the labor force than any other racial or ethnic group, according to the Census Bureau. Nearly half of Latino immigrants own their own homes. While most immigrants from Latin America, especially Mexico and Central America, lag in educational attainment, their children are far more likely to stay in school. … Latino immigrants are also starting their own businesses at a rapid pace. … These facts, if they were more widely known, would go a long way to calming fears about Latino immigration. If Latino advocates hope to influence the outcome of the Senate debate on immigration over the next two weeks, they would do well to spread the word -- and trade their ancestral flags for the Stars and Stripes."

George Will writes in the Washington Post (3/30, A23, 744K), "Today the president is spending more of his depleted political capital by standing to the left of much of his political base, which favors merely preventative and punitive measures regarding immigration. He is right to take his stand there."

TAX:

NYTimes Criticizes Invasions Of Taxpayer Privacy. An editorial in the New York Times (3/30, 1.19M) criticizes that IRS' hiring of three private collection firms to help collect overdue taxes, noting, "It seems unlikely that private collectors will meet the IRS's confidentiality standards." The Times also notes that next week, the agency "will hold a hearing on proposed rules that detail how tax preparers can gain their clients' permission to share information from their returns. … It's unlikely that any loss of confidentiality would accomplish much that's positive. But it would send a dark message to law-abiding taxpayers: Obeying the law could cost you your privacy."

CONGRESS-ADMINISTRATION:

Bolten Expected To Seek Changes At Treasury, Congressional Relations. The New York Times (3/30, Bumiller, 1.19M) reports incoming White House Chief of Staff Joshua Bolten is "expected to press President Bush to assemble new economic and Congressional relations teams and overhaul the management of the West Wing, Republicans close to the White House said Wednesday." A Republican source said Bolten "wants Mr. Bush to replace the Treasury secretary, John W. Snow, with someone who can more forcefully communicate the administration's message that the economy is strong." Names "circulating in Republican circles as possible candidates for the Treasury post included Henry M. Paulson Jr., the chief executive of Goldman Sachs; John J. Mack, the chief executive of Morgan Stanley; and Richard D. Parsons, the chairman of Time Warner." Republicans also said Mr. Bolten "was likely to change the White House Congressional relations team, which has been criticized on Capitol Hill as ineffective. Candida Wolff, the White House director of Congressional affairs, may well stay, they said, but a more senior person might be put in as a layer above her," possibly former Rep. Bill Paxon or former Sen. Daniel Coats. The "leading possibilities" for budget director "included Joel Kaplan and Clay Johnson, Mr. Bolten's two deputies, as well as Allan Hubbard, the director of the National Economic Council."

Novak Calls Bolten Selection Another Sign Of Rove's Clout. Syndicated columnist Robert Novak (3/30), in a piece the Washington Post titles "Bush Misses A Moment," writes that the unexpected selection of Josh Bolten to replace White House Chief of Staff Andrew Card "becomes understandable as a confirmation of Karl Rove's supremacy in the White House." With Bolten's promotion, Rove "is more influential than ever. Andrew Card, the departing chief of staff, served (as a Cabinet member) under the senior President Bush (as Rove did not). In contrast, Bolten can thank his rise in the second Bush regime to Rove." Bolten "replacing Card…advances Rove's project, which was obvious as early as the mid-'90s, of removing the influence of people close to the elder Bush. Rove named Bolten, who then was working for Goldman Sachs in London, as the Austin-based policy director of the 2000 Bush-Cheney campaign. There is no question that Bolten is a Rove man." Novak adds that Bush's and Rove's "implicit message is that no shake-up is needed because they had nothing to do with the parlous condition of the administration and the Republican Party."

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Card Has Extensive Family Ties In Lobbying Community. The Washington Post (3/30, A21, Sarasohn, 744K) reports outgoing White House Chief of Staff Andrew Card "has family to fall back on in the Washington lobbying biz. Card's sister-in-law is Lorine Card, who runs a small lobby shop, Card & Associates. The name fits. Her clients have included Comcast and the National Cable Television Association." Lorine Card is "married to Card's brother, Brad Card, managing principal at Dutko Worldwide. He is registered to lobby for the Greater New York Hospital Association, the Essex County Sheriff's Office and software developer Cognos Corp." Card's sister Alison "Lisi" Kaufman, who "was chief of staff to then-Commerce Secretary Donald L. Evans, might be able to pull a string or two. She's now senior vice president for government and international affairs at United Technologies Corp." Andrew Card "has his own experience in the lobby world -- he was chief lobbyist for General Motors Corp. and chief executive of the American Automobile Manufacturers Association."

Romney Says Card Should Consider Attorney General Race, Kennedy Challenge. In its "Washington Wire" column on its web site, the Wall Street Journal (3/29, 2.11M) reports that Massachusetts Gov. Mitt Romney avoided a question about "talk that outgoing Bush White House chief of staff Andy Card aspires to succeed him in the Boston statehouse," and "suggests Card consider alternatives, such as running for attorney general of Massachusetts. … Romney says there are a number of 'empty' political offices that Card could vie for, and adds, 'I don't think Sen. Kennedy has an opponent yet.'"

Bush Proposes Science Standards For Public Schools.

The Washington Times (3/30, 90K) reports President Bush "wants schools to face consequences for falling short in science, just as they do in reading and math." The President is proposing that schools "make yearly progress in science, adding a third high-stakes subject to the No Child Left Behind Act, which has thousands of schools scrambling to meet federal goals."

House Expected To Pass Higher Education Bill. The Wall Street Journal (3/30, Hechinger, 2.11M) reports the House this week "is expected to pass a higher-education bill that tries to curb skyrocketing college-tuition costs and protect the expression of conservative ideas on campus. The College Access and Opportunity Act would also drop longstanding antifraud safeguards holding back for-profit colleges that are taking market share from traditional schools, which are public or private nonprofit organizations." The bill "reauthorizes the Higher Education Act, which governs billions of dollars of federal funding for colleges and universities of all types. It is expected to pass the House in part because John Boehner, the Ohio Republican recently named majority leader, was one of its architects when he headed the House's education committee." But "higher-education groups say the bill represents an assault on academic independence and standards."

One-Fourth Of US Schools Failed To Meet NCLB Standards. The AP (3/30, Ohlemacher) reports preliminary Department of Education figures show "more than a fourth of the nation's schools failed to meet the requirements of the No Child Left Behind Law last year." About "half the states increased the number of schools making 'adequate yearly progress' in improving student test scores in math and reading in the 2004-05 school year. Overall, 27 percent of the schools failed to show adequate improvement, up one percentage point from the year before."

House Budget Drops Bush Health Care Cuts.

The Washington Post/AP (3/30, A9) reports the House Budget Committee bowed "to election-year realities" and "dropped President Bush's proposed budget cuts for hospitals and other Medicare providers yesterday but preserved his plan to trim spending by most Cabinet agencies." The "$2.8 trillion plan approved by the Budget Committee last night on a party-line 22 to 17 vote omits Bush's proposed cuts in Medicare, Medicaid, crop subsidies and other politically sensitive programs."

The Wall Street Journal (3/30, Mullins, 2.11M) reports the House Republican proposal "would cut just $6.8 billion -- and completely spare the massive health-insurance program for the elderly and disabled -- in response to complaints from colleagues running for re-election in November." Still, "a group of moderate Republicans say they will vote against the budget measure on the House floor next week if party leaders don't increase funds for a range of domestic programs."

CQ (3/29, Dennis) reports the budget blueprint "adopted late Wednesday by the House Budget Committee is already under attack from moderate Republicans upset over cuts to domestic spending programs and appropriators concerned about an attempt to crack down on supplemental spending." GOP moderates "have already put leaders on notice that they will seek to sink the budget resolution if" the $6.8 billion in cuts "stand. Rep. Michael N. Castle, R-Del., who wants $7 billion added to restore a nominal increase in health and education programs, called the budget a 'non-starter' Wednesday."

Boehner Seeks GOP Unity On Budget. The Hill (3/30, O'Connor) reports House Majority Leader John Boehner "delivered an ultimatum to his Republican colleagues yesterday that they must approve the upcoming budget resolution." During the GOP's weekly closed-door conference meeting, Boehner said the caucus "must 'put their minds around the fact that they have to vote for the budget' measure, said one member in attendance." That message "included a mild admonishment of those conservative Republicans who raised objections to the emergency

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supplemental spending bill that passed the House before the March recess, other members said afterward." The Hill adds the "upcoming budget fight is Rep. Boehner's "first clear test as leader, and his remarks yesterday signal an intent to take a hard line in negotiations with the conference at a time when conservatives and centrists are laying markers to signal their intent against the budget bill."

Roll Call (3/30, Yachnin) reports as Republican and Democratic members "of the House Budget Committee quarreled over the chamber's $2.77 trillion fiscal 2007 budget resolution Wednesday, the GOP leadership sought to pre-empt internal disputes on the budget and urged a united front." Budget Chairman Jim Nussle's resolution "closely tracks the Bush administration's proposal, arresting growth in discretionary spending, while increasing both defense and homeland security expenditures 7 percent and 3.8 percent, respectively." Even "before the committee had voted on final passage of the resolution," GOP leaders "urged unity on the budget during Wednesday's House Republican Conference meeting." After clearing the chamber of aides, "Boehner discussed the 527 reform legislation that will be on the floor next week and the importance of Republicans working together to pass the budget. He reminded them that the budget will attract no Democratic votes and would need near-unanimous Republican support to pass."

Cheney Speaks At Radio And TV Correspondents' Dinner. Vice President Dick Cheney was the featured speaker at last night's 62nd annual Radio and Television Correspondent's Association dinner. The Washington Post (3/30, C1, Carlson, 744K) reports that Cheney "was pretty funny, and he seemed to be having a good time. Several times he even smiled, sort of. … 'This picture shows me at my birthday bash, when I felt myself almost losing control,' he said. And, presto, on the screen popped up a picture of a room crowded with revelers and, at the center, Cheney, sitting and poring over a stack of documents. And so it went. There were pictures of Cheney with a rifle, Cheney on a Segway, Cheney with his dogs."

Chaplain's Group Opposes Call For Executive Order On Prayer. The National Conference on Ministry to the Armed Forces,, which represents move than 70 percent of the chaplains in the Us military, opposes a demand by congressional conservatives for a presidential order guaranteeing the right of chaplains to pray in the name of Jesus. The Washington Post (3/30, A4, Cooperman, 744K) reports, "The rising calls for an executive order are based on 'confusion and misinformation,' because Christian chaplains routinely pray in the name of Jesus, in public, thousands of times a week in military chapels around the world," said Conference chairman the Rev. Herman Keizer Jr." The Post adds, "The calls for an executive order to protect the right to pray in Jesus's name have originated in large part from a rival association, the International Conference of Evangelical Chaplain Endorsers. Formed two years ago, it says it represents about 800 chaplains, exclusively from evangelical Christian churches."

Pension Reform Conference Committee Negotiations Stalled. The Wall Street Journal (3/30, Schroeder, 2.11M) reports negotiations "to reconcile differences in federal pension-overhaul legislation have stalled, raising questions about whether delays will increase the financial burden of companies with pension-plan contributions due soon." Sen. Mike Enzi, chairman of the conference committee, "had set April 7 as a target for completing a combined bill," and has "said the final bill should be completed before many companies must make contributions to their traditional defined-benefit pension plans on April 15."

Senate Passes Limited Lobbying Reform Bill. The Senate yesterday passed what several media sources described as a "limited" lobbying reform bill. Press accounts also depicted the Senate's move as an attempt by GOP lawmakers to "get through the elections." The story was covered by CBS last night in a full segment. The CBS Evening News (3/29, story 7, 2:45, Borger, 7.66M) reported, "The reform bill passed by the senate today is hardly the ethics overhaul once promised. What grade would you give it?" Sen. John McCain, Arizona: "I'd give it a D." Borger: "All that's left of the grand ideas are small: More disclosure by lobbyists about their contact with members and a ban on free meals and gifts. But some say these are not the big-ticket items that buy access." Dan Danner, National Federation of Independent Businesses: "The two big problems clearly are travel and very exclusive trips to somewhere and earmarks." Borger: "Senator McCain voted against this bill, and more indictments would certainly make Congress nervous. But for now, one Republican told me they're just trying to get through the elections." The New York Times (3/30, Stolberg, 1.19M) also quotes McCain, "who has long pressed for tougher laws on lobbying," calling the bill "very, very weak."

Roll Call (3/30, Newmyer) reports that "despite the bill's 90-8 passage, several Senators, including the measure's sponsors, acknowledged that the bill could have gone further. In fact, the final package was assailed by the Senate's most vocal reform advocates, who called it too weak." Voting against the bill were "Sens. John McCain (R-Ariz.), Russ Feingold (D-Wis.), Tom Coburn (R-Okla.), Barack Obama (D-Ill.), Lindsey Graham (R-S.C.), Jim DeMint (R-S.C.), James Inhofe (R-Okla.) and John Kerry (D-Mass.)."

USA Today (3/30, Drinkard, 2.31M) headlines its story "Limited Ethics Bill Approved As Lobbyist Gets Prison Time,"

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and says the legislation "stopped short of banning some major tools of the influence trade." The AP (3/30, Abrams) calls the bill "election-year ethics package," one that is "light on outright prohibitions -- and with no independent office to police it all." Knight Ridder (3/30, Kuhnhenn) also says "it has no enforcement mechanism, and its limits on special-interest 'earmarks' have a loophole that would exclude millions in targeted spending from its restrictions."

The Washington Times (3/30, Bellantoni, 90K), meanwhile, refers to "tough restrictions on lobbyists," and adds that "if the Senate version becomes law, gone would be the typical practice of lobbyists treating lawmakers to meals at swanky restaurants. Members and their staffers would be required to take an ethics training course." The Wall Street Journal (3/30, Rogers, 2.11M) also says "the new disclosure requirements are significant and could have a greater impact than critics expect because of the abundance of data that would have to be filed into a central repository available on the Internet." The Hill (3/30, Allen) quotes Senate Majority Leader Bill Frist saying, "Today's passage of lobbying reform is an important step forward in bringing more transparency and accountability to our government while strengthening America's trust and confidence in our public officials."

The Los Angeles Times (3/30, Curtius, 958K) says "the Senate's measure also lays down a marker for the House, which is studying changes to its guidelines for dealing with lobbyists." The Washington Post (3/30, A1, Birnbaum, 744K) reports, "The House's leading ethics proposal, offered by its Republican leaders, would also broaden disclosure requirements, though not for such grass-roots activities as instigating e-mails, letters and phone calls from voters back home." The House plan "would bar neither meals nor gifts."

Miller Denies Conflict Of Interest In Airport Closure Deal. Rep. Garry Miller pushed a provision in last year's transportation bill that allowing the cit of Rialto, California to shut down its airport, this paving the way for one of his top campaign contributors to buy the land and pursue plans to build a community of 2,500 homes parks and retail space on the property and adjacent land. The Hill (3/30, Crabtree) reports that the sole authority to close airports usually rests with the FAA. Miller "said he sees nothing wrong with his work to close Rialto's airport, even though it freed land that his business partner wanted to develop. … Miller denied that his actions created a conflict of interest."

NASA Denies Griffin Formally Endorsed DeLay. The Houston Chronicle (3/30, Levine, 581K) reports, "Five days after NASA administrator Michael Griffin urged a Houston audience to keep US Rep. Tom DeLay in office, a spokesman denied Wednesday that Griffin had made a formal campaign endorsement." Pointing out that DeLay's spokeswoman said the congressman did not interpret Griffin's words as an endorsement, the Chronicle adds, "Under the Hatch Act, executive branch employees such as Griffin are permitted to express an opinion, campaign and make speeches for or against candidates in partisan elections -- when they are off-duty. The black-tie awards dinner at which Griffin made his remarks was held after regular working hours, but Griffin was representing the space agency and giving an award to a NASA employee, astronaut Eileen Collins." Griffin's travel to Washington, D.C. was paid by NASA.

Democrats Hit Bush, Republicans On National Security Issues. Fox News' Special Report (3/29, Angle) reported, "The 2006 elections shifted into high gear today as the Democratic party launched a broad attack on the President and Republicans over national security." Democrats call for "eliminating terrorist breeding grounds by combating economic, social and political conditions that allow extremism to thrive. Republicans were somewhat amused, saying they're proposing things everyone favors."

The Los Angeles Times (3/30, Brownstein, 958K) headlines its story "Democratic Plan to Beef Up US Security Lacks Specifics," and says that on Iraq the plan "established no timetables, or targets, for reducing the U.S. military commitment there." The Democrats also "pledged to rebuild the military, 'eliminate' terrorist leader Osama bin Laden, improve domestic security, free America from reliance on foreign oil by 2020 and pressure Iraq's feuding political factions to reach consensus on a national unity government." The Democratic plan "provoked a coordinated flurry of counterattacks from leading Republicans." The Washington Times (3/30, DeBose, 90K) reports that Republicans, "who had been tipped off about the event more than a week ago, countered throughout the day that the Democrats' proposals amounted to nothing more than plagiarism and empty rhetoric."

CNN's The Situation Room (3/29, Bash) reported, "Democrats here on Capitol Hill are very candid about why they are trying to step up their talk about national security right now. They see that the public is souring on President Bush and his signature issue, which is national security and especially Iraq, and they are essentially trying to take advantage of that for this election year." Roll Call (3/30, Billings, Stanton) reports that "with the president's poll numbers sagging and public concern with homeland security heightened thanks to Hurricane Katrina and the scrapped Dubai Ports World deal, Democrats see a new window of political opportunity."

Knight Ridder (3/30, Thomma) also says Democrats hope the strategy "will erase their most significant political vulnerability in a pivotal wartime election year - the belief that they're too weak to defend the country. Their most dramatic

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promise: If they win control of Congress this fall, they'd vote on their first day in power to implement all the recommendations of the independent 9-11 commission." That "would boost security at ports, airports, chemical and nuclear power plants, on mass transit systems and at the border, they said. Their vaguest point: They lambasted Republicans for the Iraq war but offered no alternative beyond a promise of 'responsible redeployment' of U.S. troops and a 'significant' transition to full Iraqi sovereignty."

The Washington Post (3/30, A12, Cillizza, Balz, 744K) says "many of the items in the Democratic statement echo themes Kerry advanced in the 2004 presidential campaign," but "party strategists believe that they are now in position to capitalize on public disenchantment with the war in Iraq and with declining confidence in Bush as a wartime leader."

The AP (3/30, Sidoti) quotes Senate Minority Leader Harry Reid saying, "We are uniting behind a national security agenda that is tough and smart, an agenda that will provide the real security President Bush has promised, but failed to deliver." Rep. Nancy Pelosi "said Democrats were providing a fresh strategy – 'one that is strong and smart, which understands the challenges America faces in a post 9/11 world, and one that demonstrates that Democrats are the party of real national security.'" They "spoke at a news conference at Union Station, near the Capitol, in front of banners reading 'Real Security.' They were flanked by some of the Democratic Party's top authorities on national security, including retired Gen. Wesley Clark and former Secretary of State Madeleine Albright."

GOP Lawmakers To Present "Suburban Agenda" To Their Colleagues. Roll Call (3/30, Ben Pershing) reports, "As House Republicans continue work on crafting a broad party-wide vision statement to guide them through the rest of this year and beyond, a smaller group of GOP lawmakers from across the political spectrum will meet with the leadership today to present their 'suburban agenda.'" Roll Call adds, "A coalition of close to 40 Republican Members have come together since the beginning of this year to form an informal suburban caucus, and roughly 20 of those lawmakers will sit down with Speaker Dennis Hastert (R-Ill.) and House Majority Leader John Boehner (R-Ohio) to present a list of legislative priorities in their suburban districts, many of which are among the most competitive in the country. … In addition to Kirk, GOP Reps. Jon Porter (Nev.), Pete Sessions (Texas), Tom Price (Ga.) and Michael Fitzpatrick (Pa.) have all played prominent roles in the effort. Other contributors include Republican Reps. Tom Reynolds (N.Y.), Dave Reichert (Wash.), Mike Castle (Del.) and Jim Gerlach (Pa.)."

Jefferson Puts Capitol Hill Home Up For Sale. Roll Call (3/30, Akers) reports in its "Heard on the Hill" column that Rep. William Jefferson, "who is under federal investigation, has put his house on Capitol Hill up for sale. His three-bedroom home in the 1300 block of F Street Northeast, has a price tag of $799,000. A source knowledgeable about the property told HOH he was under the impression the Congressman was leaving the area. … Jefferson aides insist he's going nowhere, despite an ongoing criminal probe that has ensnared one of his former aides, Brett Pfeffer, who has pleaded guilty to two felony charges, including aiding and abetting the solicitation of bribes."

McKinney Accused Of Striking Capitol Police Officer. CNN's The Situation Room (3/29, Bash) reported that Rep. Cynthia McKinney "apparently earlier today struck a Capitol Police officer and that police officer might file charges against the congresswoman." We "are getting different versions, as you can imagine, from different sources. One Democratic official suggesting that it was perhaps just an incident. Cynthia McKinney is a Democrat. A Republican official describing it as perhaps a little bit more -- a bigger incident, I should say."

The AP (3/30, Kellman) reports Rep. McKinney "and a police officer scuffled Wednesday after the Georgia Democrat entered a House office building unrecognized and refused to stop when asked, according to U.S. Capitol Police." McKinney "struck the officer according to one account, a police official said, adding there were conflicting accounts. The officer, who was not authorized to speak publicly about the incident, spoke only on condition of anonymity." Republicans "circulated an e-mail noting that McKinney's party the same day announced an election-year 'affirmation' of their commitment to shoring up the nation's security." Ron Bonjean, spokesman for House Speaker Dennis Hastert,, said, "On a day when the Democrats unveil their national security agenda, it's probably not a good idea to allegedly strike a police officer."

The Hill (3/30, Hearn, Kaplan) reports the Capitol Police officer "is considering filing assault charges against" Rep. McKinney "following an altercation yesterday in which she allegedly hit him after he asked to see identification, according to a source familiar with the incident." The incident "is likely to have been caught on videotape, since all Capitol Hill entrances are monitored by cameras. Republicans wasted no time pouncing on the events. National Republican Congressional Committee spokesman Carl Forti tied the altercation to Democrats' unveiling of their security agenda yesterday." Forti said, "Today's ironic one-two punch from national Democrats trying to look tough on security finds Cynthia McKinney attacking a member of the law-enforcement community."

Roll Call (3/30, Brotherton) reports, "A senior Capitol Police official said charges were not likely to be filed against

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Rep. Cynthia McKinney (D-Ga.) after she allegedly struck a Capitol Police officer in the chest with her mobile phone Wednesday." The source said, "She certainly can be charged over this, but I don't know it warrants that action."

The Washington Post (3/30, C3, Argetsinger, Roberts, 744K) reports, "Not being recognized is apparently something of an issue for Rep. Cynthia McKinney , as a Capitol Police officer discovered yesterday." In 1998, McKinney "wrote a scathing letter to President Bill Clinton accusing White House guards of racism after they failed to recognize her when she arrived for an event. For years, the Hill newspaper reported in 2002, Capitol Police kept a photo of her posted in a basement office to warn security officers against committing any other such embarrassment."

Frist's 2008 Ambitions Seen As Conflicting With Senate Business. The Washington Post (3/30, A4, Babington, 744K) reports that by "by pushing his way to the front of the volatile debate over immigration, Senate Majority Leader Bill Frist has reignited complaints that his presidential ambitions conflict with his leadership duties at times and put him at odds with his GOP caucus." Frist's tactics "rankled some GOP colleagues who wanted more time to talk through the divisive questions of illegal immigrants, border fences, guest-worker options and other matters." Frist's supporters say "he balances his dual roles fairly and does not put his presidential ambitions ahead of his 55-member caucus's best interests. But some close observers in the Senate and elsewhere see a pattern in which he repeatedly veers right on contentious issues, which could boost his chances in a GOP presidential primary likely to include more centrist Republicans such as Sen. John McCain (Ariz.) and Massachusetts Gov. Mitt Romney."

Frist Says Senate Post "Terrible" Place For Presidential Run. The AP (3/30, Zuckerbrod) reports Sen. Frist "says his high-profile job is a 'terrible, terrible, terrible, terrible' post for seeking the 2008 Republican presidential nomination." In an interview, Frist made "it clear that a White House bid is all but certain," saying that "remaining in the Senate would make a presidential run impossible. Frist plans to step down when his second term ends this year." Frist said, "I know the perch not to even consider. That would be, for me, the United States Senate or being majority leader." Asked if "trying to run a campaign from such a position would be difficult, he replied: "Terrible, terrible, terrible, terrible.'" Frist said "that once out of the Senate, 'you'll see, as you do now, the real Bill Frist but unencumbered by having responsibilities of leading this body, which results in negotiated positions.'"

OTHER NEWS:

Nasdaq Reaches Five-Year High. USA Today (3/30, Krantz, 2.31M) reports, "A major missing piece of the 2006 stock rally has finally fallen into place." The Nasdaq composite "has been strangely absent from the rally the past few weeks as the Dow Jones industrials and Standard & Poor's 500 set multiple 2006 highs." But "that changed Wednesday, when the tech-packed Nasdaq powered up 33.32 points, or 1.4%, to 2337.78 for its highest close in more than five years." NBC Nightly News (3/29, story 11, 0:10, Williams, 9.87M) reported, "On Wall Street today, stocks rebounded from yesterday's losses. The Dow was up more than 61 points [to close at 11,215.70]. NASDAQ gained 33 points on the day [to close at 2,337.78]." The Wall Street Journal (3/30, Patterson, 2.11M) also reports the stock numbers.

Kodak Hit By Suit Alleging Alteration Of Photographs. The Wall Street Journal (3/30, Armstrong) reports, "A former Eastman Kodak Co. manager says that the company altered millions of photographs stored by customers on the popular EasyShare Gallery Web site and that she was fired after threatening to bring her concerns about the plan to top management." The Journal continues, "In a lawsuit filed in California superior court in Oakland, Maya Raber, the former director of engineering for EasyShare Gallery, said that Kodak planned to secretly compress the digital-photograph images stored by customers of the Web site, a process she says can irreversibly damage the images. The suit alleges that she and other employees warned of the potential damage the compression could cause, but higher-ups pushed the plan along."

Minnesota Seen As Possible Bellwether For Midterm Elections. The Wall Street Journal (3/30, Rogers, 2.11M) reports if a "political tidal wave is coming in November it will surely be felt" in Minnesota. In "three races in Republican House districts that Mr. Bush carried in 2004, Democrats hope for upsets given the president's faltering ratings." Iraq "hangs over the landscape: 2,600 Minnesota National Guard troops began deploying to the Mideast and the war last week; Republican Gov. Tim Pawlenty, up for re-election, made headlines with a trip to the region." For the Senate seat "being vacated by retiring Democratic Sen. Mark Dayton, the DFL leans heavily toward Amy Klobuchar, Hennepin County prosecutor and daughter of legendary Minneapolis newspaper columnist Jim Klobuchar who is out of retirement to stump for his daughter -- but sometimes has to be reminded to mention her name when he gets wound up." But the 1st CD, 2nd CD, and 6th CD House races are

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"most revealing." In "all three cases, Democrats will need a lot of luck and more money."

Kasich Says "Corruption Has Reigned" In Ohio GOP. Former Rep. John Kasich writes in the Wall Street Journal (3/30, 2.11M) that Ohio Republican Gov. Bob Taft's ethical lapses "represent only a small fraction of an ever widening scandal that is drowning the Ohio Republican Party. Over the past year and a half, the list of political operatives and government officials (both elected and appointed) implicated in corruption scandals has grown exponentially, and yet the message hasn't registered. In Buckeye politics, it's business as usual. … Democratic incompetence has led to Republican domination, which, with no effective opposition, has untethered the GOP from its first principles. In the absence of these, corruption has reigned. The political lens might be clouded and growing darker; but Ohio Republicans need to decide whether or not they want to stand for something."

Candidate Removes Photos Of Misidentified Baghdad Street From Web Site. Howard Kaloogian, who is vying for the GOP nomination in the race to succeed Rep. Duke Cunningham, has returned to a trip from Baghdad. According to the Washington Post (3/30, A21, Milbank, 744K), Kaloogian "posted on his Web site a photo showing a busy urban street scene, which he said proved that Baghdad is 'much more calm and stable' than people think." However, "readers of the liberal Web site Daily Kos…noted that women in the photo were wearing Western clothing, a couple was holding hands, and signs are in the Roman alphabet." Yesterday, "the photo disappeared from the Kaloogian Web site and was replaced by a notice" that the campaign originally posted a Istanbul, Turkey by mistake. The photo "was replaced by a long-distance shot of a Baghdad street empty of pedestrians. Late yesterday the whole display disappeared."

McCain Makes Play For Southern Primary Voters. The Hill (3/30, Allen) reports that despite his "iconic status as a maverick and sometimes centrist, some Southern lawmakers say Sen. John McCain (Ariz.) could compete for Dixie states in the 2008 Republican primary." McCain, who "is scheduled to headline a Lincoln Day dinner in Polk County, Fla., on April 8, has visited several Southern states in recent weeks and has been cultivating Southern political leaders." McCain will "give the commencement address at Liberty University, a school founded by evangelical Christian leader Jerry Falwell. He angered some religious conservatives by calling Falwell an 'agent of intolerance' when he ran against George W. Bush for the 2000 Republican presidential nomination." The Hill adds most lawmakers and aides interviewed "said it is too early to tell how McCain's second presidential bid will play with Southern conservatives, but several said they could envision him appealing to their constituents because of his military background, his support for the president on the Iraq war or his crusade against earmarks."

Rothenberg Says Environment Very Favorable For McCain. In his Roll Call column (3/30), Stuart Rothenberg says it is "hard not to conclude that events are lining up perfectly for Sen. John McCain (R-Ariz.), should he decide to make another run" for the GOP nomination in 2008. The "threat of a Sen. Hillary Rodham Clinton (D-N.Y.) presidency has always been McCain's ace in the hole. Even conservatives who worry about McCain's independent streak — including the Arizona Republican's support for campaign finance reform and his co-sponsorship (with Massachusetts Democratic Sen. Edward Kennedy, no less) of a guest worker program — might well find McCain preferable to a Clinton victory." But what "nobody has yet commented on, however, is how the 2006 midterm elections now seem all but destined to boost McCain's presidential prospects. Democrats are headed for significant gains in both chambers of Congress in November. Even if they fail to win control in at least one chamber, they are likely to be seen as the clear winners and Bush and his party as the clear losers on Election Day." The election results "are likely to increase panic among some Republicans, who will fear that the Democrats' success in running on a message of change during the midterm elections is an omen of things to come in '08. This kind of reaction from Republicans and the media is likely to enhance McCain's attractiveness as a presidential candidate."

Maryland Lawmakers Approve Bill To Fund Stem Cell Research. Maryland's House of Delegates yesterday passed a measure to fund stem cell research and Gov. Robert Ehrlich has vowed to sign it. A front page story in the Washington Post (3/30, A1, Wagner, 744K) reports, "With Ehrlich's signature, the state will offer as much as $15 million in grants in the coming year to university and private-sector researchers seeking treatments for debilitating conditions through work on stem cells, including those derived from human embryos. … Much of the money, to be awarded by a state commission, is expected to flow to researchers at Johns Hopkins University and University of Maryland campuses, as well as to a few companies in Maryland's biotech sector conducting research on adult stem cells."

Study Finds Mental Health Coverage Did Not Increase Insurance Costs. A study of federal employees published today in the New England Journal of Medicine has found that providing mental health coverage

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does not lead to an rise in insurance costs. The Washington Post (3/30, A21, Lee, 744K) reports that the study "examined seven federal health plans in the years after 1999, when President Bill Clinton ordered companies in the Federal Employees Health Benefits Program to provide coverage for mental health and substance abuse that is comparable to that for other health conditions. Researchers found that, contrary to the predictions of some policymakers and analysts, the use and cost of such services did not increase, compared with the experience of private health plans with less generous mental health benefits -- provided that new benefits were offered under managed-care plans."

States Moving To Tap Lucrative Slot Machine Market. States are growing frustrated that they are losing revenue from lotteries as locals travel to neighboring states and Indian reservations to gamble. As a result, many states are moving to tap the slot machine market. A front page story in the Wall Street Journal (3/30, Bulkeley, 2.11M) reports that states "are teaming up with struggling horse and dog tracks, slot-machine makers and casino companies to create venues that are remarkably similar to commercial casinos. The allure to gamblers: no wait for nightly or weekly lottery drawings. Currently, after debate and approval by state legislatures, state-sponsored slot machines are in use in nine states: Delaware, Iowa, Maine, New York, Oregon, Oklahoma, Rhode Island, South Dakota and West Virginia. Pennsylvania is preparing to add them, and others are debating such a move."

Today Marks Twenty-Fifth Anniversary Of Reagan Assassination Attempt. The Washington Post (3/30, B1, Pressley, 744K) reports that today marks the 25th anniversary of the assassination attempt against President Ronald Reagan. The Post story recounts the events of the day and notes, "The anniversary of the shooting brings a certain trepidation – [former press secretary James Brady and his wife Sarah] know they will have to relive the television footage. They will be asked once more what they think of would-be assassin John W. Hinckley Jr., who was found not guilty by reason of insanity and has spent the past 25 years in a mental hospital."

UN Security Council Calls On Iran To Suspend Uranium Enrichment. ABC World News Tonight (3/29, story 3, :15, Vargas, 8.78M) reported, "The United Nations Security Council came to a unanimous agreement about Iran's nuclear program today. The 15 member countries are demanding that Iran suspend uranium enrichment within 30 days. But they did not say what consequences there would be." The CBS Evening News (3/29, story 5, 0:10, Mitchell, 7.66M) also said the Council "voted unanimously."

CNN's The Situation Room (3/29, Blitzer) reported that "the United Nations ratcheted up the already tense nuclear standoff with Iran. The key U.N. council dealing with the issue has just arrived at a key consensus." CNN (Roth) added, "It took a little longer than Washington would have liked, but the full Security Council has now unanimously agreed to a statement." The AFP (3/30) reports Secretary Rice "greeted" the statement "as 'unmistakeably clear,'" adding that "it demonstrates that the international community is united in its concern over Iran's nuclear program." However, says USA Today (3/30, Slavin, 2.31M), US Ambassador John Bolton "said Russia and China watered down the statement. 'The message is clear nonetheless that Iran's nuclear weapons program is unacceptable,' Bolton said."

The Washington Times/AP (3/30, Wadhams) reports "diplomats portrayed the statement, which is not legally binding, as a first, modest step toward compelling Iran to make clear that its program is for peaceful purposes." The Security Council "could eventually impose economic sanctions, though Russia and China say they oppose such tough measures." Knight Ridder (3/30, Landay) says the UN statement "set the stage for talks that Rice is to hold in Berlin on Thursday with her British, French, German, Chinese and Russian counterparts on what steps should be taken if Iran refuses to suspend its uranium enrichment work."

The Washington Post (3/30, A1, Lynch, 744K) notes the statement "does not commit the United Nations to action against Iran and was written to avoid language that might clearly set the stage for sanctions or subsequent military moves," although "U.S. and other Western officials said the Security Council's action…represents an important breakthrough and could set the stage for a tougher line later." The New York Times (3/30, Hoge, 1.19M) also focused upon the revisions to the statement, noting "three weeks of bruising negotiations…ended up producing a markedly weakened final version." While "western ambassadors conceded that the document had been watered down," they "argued that it was still meaningful." The Wall Street Journal (3/30, King, 2.11M) adds that "The diplomatic path ahead…is sure to be rocky" and "crafting a resolution that contains any threat of sanctions could take months, and will prove exceedingly difficult in the face of a potential veto threat from Russia or China."

Effectiveness Of Possible Sanctions On Iran Considered. Carne Ross, a former diplomat who served in Britain's delegation to the United Nations from 1998 to 2002, writes in the Washington Post (3/30, A23, 744K), "Now that the UN Security Council has agreed on a statement demanding that Iran restrict its nuclear program, the United States and its allies are doubtless considering tougher measures, including sanctions, to force Iran's compliance. The experience of sanctions imposed on Iraq (and on other countries), which I helped engineer and maintain as a British

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diplomat at the Security Council, offers some lessons." First, "no sanctions regime is effective unless its objective is widely shared, especially by the neighbors of the targeted state. … Second, oil sanctions are a double-edged sword. In the latter years of the 12-year sanctions regime on Iraq, Saddam Hussein often threatened to stop Iraq's oil exports in order to deter the United States and Britain from imposing measures in the Security Council to thwart his sanctions-busting techniques. … Third, even the most aggressive sanctions regimes, such as comprehensive economic sanctions, tend not to achieve their desired effects. … Fourth, any sanctions regime requires a long-term, patient and detailed effort to succeed."

US Forbids Diplomatic Contact With Hamas Officials. The State Department forbid its officials from having contact with any member of Hamas. The Financial Times (3/30, Devi) reports, "The US policy will now affect not just Hamas ministers but also independents and technocrats in the newly formed Palestinian government – though US officials will still be able to speak to Mahmoud Abbas, the Palestinian president." However, Omar Abdel-Razeq, the new Palestinian finance minister, "said he believed that Europe would eventually encourage a rethink of the boycott." The AP (3/30) quotes Assistant Secretary McCormack saying, "We will not have contact with members of Hamas, no matter what title they may have."

Hamas Cabinet Takes Oath Of Office. Palestine's new prime minister, Ismail Haniya, and his cabinet were sworn in Wednesday. The New York Times (3/30, Myre, 1.19M) reports this as "an almost total break in the government's contact with Israel." Mark Regev, a spokesman for the Israeli Foreign Ministry "said the policy was to avoid contact with the Hamas government, while trying not to impose hardship on ordinary Palestinians. But Palestinian officials argue that this distinction is impossible." The AP (3/30, El Deeb) adds that "the Palestinian government faces a crippling international economic boycott, and may run into immediate difficulties next week when March salaries are to be paid for some 140,000 government employees." Prime Minister Ismail Haniyeh "appeared to be softening his message," saying that "if Abbas wants to go ahead with peace talks, 'it's his prerogative and we have no problem with that.'"

Olmert, Kadima Intend To Form Government Quickly. The Wall Street Journal (3/30, Spindle, 2.11M) reports that following "a remarkable debut," the Kadima Party said "it would quickly form a broad ruling coalition that will carry out its plan to pull out of much of the West Bank and draw Israel's borders by 2010." Officials added "that despite a weaker-than-expected performance in Tuesday's election, Kadima has widespread support in parliament." The Financial Times (3/30, Morris) adds, "Kadima's less-than-decisive victory meant tough bargaining ahead," and "Kadima leaders acknowledged the difficulties of forming a working coalition with such a slender mandate for the party." The New York Times (3/30, Erlanger, 1.19M), under the headline "Not With A Bang But A Pop," echoed this tone, writing, "Israeli voters delivered a small pop, unwilling to give too much power to an untested acting prime minister, Ehud Olmert," and "it will be an expensive coalition for Mr. Olmert and the new Kadima Party, which will have to give up some important ministries."

The Washington Times (3/30, Mitnick, 90K), Los Angeles Times (3/30, King, 958K) and Christian Science Monitor (3/30, Prusher, 61K) run similar stories. USA Today (3/30, Gutman, Stinson, 2.31M) runs a related story titled on the election "Kadima Victory Is Disturbing; For Some West Bank Settlers Evacuation Plans Met With Defiance."

Meanwhile, the Washington Times (3/30, Rabinovich, 90K) says "the biggest surprise of an Israeli election filled with surprises was the performance of the Pensioners' Party, a newly formed and unheralded political bloc that emerged with seven seats -- most going to men in their upper 70s. No one was more shocked than the pensioners themselves, who find themselves confronting national questions they had not prepared for when they announced their one-issue campaign for increased pension rights two months ago."

More Commentary. The Wall Street Journal (3/30, 2.11M) editorializes, "Israelis went to the polls Tuesday for the fifth time in 10 years, and what's remarkable is that they emerged more or less as they had entered: leaderless. …. Ultimately, this election demonstrated that, in the absence of Mr. Sharon's reassuring presence, Israelis remain uncertain about their future and skeptical of a new generation of untested leaders. That's still a step forward from the sense of despair Mr. Sharon faced when he came to power five years ago. Mr. Olmert has many doubters and a great deal to prove. He can benefit from the example of his predecessor, who showed what real leadership can do."

The New York Times (3/30, 1.19M) editorializes, "We're not happy with Mr. Olmert's proposal of a unilateral withdrawal. But at this point, we're heartened by anything that leads to an Israeli withdrawal from land that the Palestinians must control if the area is ever going to evolve into two peaceful, co-existing states," and "Israel's voters know that, too, as Tuesday's election results confirm." True, "the ultimate solution to the conflict can be only a negotiated one, as opposed to a unilateral drawing of final borders by Israel, a negotiated deal is not going to happen until Hamas repudiates terrorism and recognizes Israel's right to exist."

In an editorial, the Washington Post (3/30, A22, 744K) says, "As the new prime minister sees it, this could involve the removal of some 70,000 Jewish settlers from the West

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Bank, but also the de facto annexation of other large settlements to Israel, along with 10 percent of the West Bank's land. Such a large Israeli withdrawal would be a major practical step toward a Middle East settlement." But "the United States would be bound to ensure that the new border made possible the eventual creation of a viable Palestinian state and that it strengthened rather than weakened Palestinian alternatives to Hamas. Managing that diplomacy may well emerge as one of the greatest opportunities, and challenges, of President Bush's second term."

In an editorial, the Los Angeles Times (3/30, 958K) calls Tuesday's election in Israel "an endorsement…of [Ariel] Sharon's improbable legacy of moderation." Sharon's successor, Ehud Olmert, "has promised to continue Sharon's policy of 'disengagement,' which he has renamed 'convergence.' By any name, it is an imperfect but welcome development."

Bush Won't Boycott G8 Meeting. The New York Times (3/30, Bumiller, 1.19M) reports, "President Bush said Wednesday that it would be a mistake for the United States to boycott the Group of 8 meeting in Russia this summer," adding "he was hopeful that Russia would move toward a more open society even though it has cracked down on democratic institutions." The Times characterized that the President "was freer in his remarks than usual."

Meanwhile, the Financial Times (3/30, Buckley, Williams) reports Russian president Vladimir Putin "on Wednesday accused the US of 'artificially' holding back progress in talks on Russia's accession to the World Trade Organisation, adding to a chill in relations between the two countries." Said Putin, "Unfortunately we have received a list of questions from our American colleagues that require additional agreements that we thought had been settled long ago. … The negotiation process is being artificially set back."

Creation Of Russian Gas Cartel Seen As Unlikely. Vijay V. Vaitheeswaran, a correspondent for the Economist, writes in the Wall Street Journal (3/30, 2.11M), "Energy ministers from the G7 countries clashed with Russia over 'energy security' this month, and the topic is sure to be at the top of the agenda when G8 heads of state meet soon at their St. Petersburg summit." There are fears that Russian President Vadimir Putin "intends to use his country's unrivalled gas endowment to forge a gas-supply cartel akin to the OPEC oil cartel. So will Russia really bring the global economy to its knees by playing pipeline politics or by creating a "GOPEC"? Don't hold your breath. Saber-rattling aside, pipelines are a lousy tool for imposing an embargo."

Former Liberian President Captured. ABC World News Tonight (3/29, story 7, :30, Vargas, 8.78M) reported, "The former president of Liberia, Charles Taylor, was captured today, days after he disappeared in Nigeria. The accused war criminal was captured one day after the White House signaled a meeting with the Nigerian president might be cancelled, unless Taylor was found. Hours later, Taylor was arrested, trying to leave the country with bags of cash. With Taylor in custody, the Nigerian president got his meeting, as planned." The Washington Times/AP (3/30, Roy-Macauley) says Taylor "was flown to Sierra Leone yesterday to be tried on war-crimes charges."

The AP (3/30, Riechmann) reports "President Bush said Wednesday he's confident that Charles Taylor…will be tried in an international tribunal." While "the Sierra Leone tribunal has jurisdiction," Bush "said the United States is working to have Taylor tried at the International Criminal Court in The Hague," adding that "Secretary of State Condoleezza Rice 'told me that she thought that might happen relatively quickly.'"

The Washington Post (3/30, A16, Timberg, 744K) reports, "Reports of Taylor's capture reached Washington a few hours before" Nigerian President Olusegun Obasanjo "was due to meet with President Bush at the White House, heading off what would have been an embarrassing encounter for both leaders." The New York Times (3/30, Polgreen, 1.19M) agrees, sating "the escape was an acute embarrassment for Mr. Obasanjo." The Washington Post (3/30, A18, Raghavan, 744K) runs a second report on Liberian expatriates, who reacted to the news with "relief and jubilation," while USA Today (3/30, 2.31M) and Los Angeles Times (3/30, Dixon, Nichols, 958K) also report on Taylor's capture.

Lawmakers Seek Balance Between "Patience And Assertiveness" With China. The Christian Science Monitor (3/30, Trumbull, 61K) reports on US efforts to find "the right balance between assertiveness and patience" with China over its trade policies. Some lawmakers, concerned that the US' growing US trade gap with China threatens the US economy, want China to end what they see as "unfair trade practices and an artificially low yuan." Other lawmakers "say the greater danger lies in provoking a trade war with China, which could hurt the two biggest drivers of the global economy." The Monitor adds, "The next few weeks could reveal whether the path ahead involves confrontation or common ground. Chinese leader Hu Jintao meets with President Bush in April. And the US Treasury Department is preparing to issue an assessment of whether China is manipulating its currency."

US Tries To Force Trade Concessions Before Hu Visit. The Financial Times (3/30, McGregor, Swann) reports that the US yesterday stepped up efforts to force concessions from China in advance of President Hu Jintao's visit next month. Commerce Secretary Carlos Gutierrez warned

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Beijing "that China would risk protectionist retaliation if it failed to open its market faster and that such measures could be 'devastating' to the Chinese economy. 'It is important for our colleagues in China to recognise that the voices in the US calling for protectionist policies are real,' Mr Gutierrez said ahead of trade negotiations scheduled for next month."

The New York Times (3/30, Lague, 1.19M) reports that Gutierrez "said China could help the Bush administration counter that threat with improved market access for United States products and stricter enforcement of intellectual property rights. He acknowledged that Chinese tariffs had fallen since the country's entry into the World Trade Organization in 2001, but he said a wide array of barriers remained that restricted sales of products from companies in the United States and other foreign countries."

Gutierrez Says US Will Focus On Intellectual Property Rights. The Christian Science Monitor (3/30, Marquand, 61K) reports that Gutierrez indicated that "the White House will focus on a more diffuse and difficult problem: intellectual property rights (IPR)." Gutierrez "says that while China is the world's No. 2 buyer of personal computers, it ranks No. 25 in software purchasing -- a result of widespread use of 'pirated software' in China. In a talk to an American business audience, he noted that if China cut the use of pirated software to 80 percent from 90 percent of all software, the country would gain $6.5 billion in tax revenue."

Treasury Department Focused On Pushing More Flexible Exchange Rate With China. The Wall Street Journal (3/30, Fong, 2.11M) reports that "the Bush administration warned China that it must do more to allow its currency's value to be set by market forces. U.S. Treasury Undersecretary Timothy Adams told a congressional committee that getting China to move toward a more-flexible exchange rate system remained his department's No. 1 priority and that the Chinese have failed to do enough since announcing last summer a small revaluation of the currency."

WSJournal Says Globalization Is Two-Way Street. An editorial in the Wall Street Journal (3/30, 2.11M) says that "ambitious politicians are baring their protectionist teeth. Now would seem a good time to recall how well their countries and others have done by flinging doors open to trade, capital, services and people. … Globalization is a two-way street. Nations can't take advantage of it abroad and try to protect themselves from it at home. Maybe in the halls of Congress, this message will eventually sink in. The world's prosperity depends on it."

Protectionist Sentiment Said To Threaten Open Skies Policies. USA Today (3/30, Adams, 2.31M) reports that the protectionist sentiment that killed the Dubai ports deal could have a similar impact on Open Skies. If European Union transport ministers approve the Open Skies policy at a meeting scheduled for June, "any US airline could fly to any of the European Union's 25 nations. Likewise, any European airline could fly from anywhere in Europe to anywhere in the USA." The Bush administration backs Open Skies because officials believe it would lower fares and benefit US carriers." EU transport ministers "aren't inclined to approve Open Skies unless the U.S. first relaxes restrictions on foreign control of U.S. airlines to better reflect foreign ownership rules for European airlines."

Congress Urged To Keep US Open To Foreign Investment. Stuart Eizenstat, American chairman of the European American Business Council (EABC), and Michael Maibach, president and CEO of the EABC, write in the Wall Street Journal (3/30, 2.11M), "There is a clear and present danger that Congress will use the recent Dubai Ports World controversy as a platform to fundamentally change the rules governing foreign investments in the U.S. -- and do so in ways that will scare away investments that are a lifeblood for a healthy economy. … As Congress looks at changing the rules for foreign investment it should recognize that its actions will reverberate around the world. … Members of Congress from both political parties should avoid fundamentally changing the rules of foreign investment in ways that would create a less inviting climate for such investment at the very time we need more of it. If they do not, this would be an excellent choice for President Bush's first veto, because America must remain open for business."

John Castellani, president of the Business Roundtable, Thomas Donohue, president and CEO of the US Chamber of Commerce and Todd Malan, president and CEO of the Organization for International Investment, write in the Washington Times (3/30, 90K), "Members of Congress are introducing legislation to 'fix' the CFIUS system." Some legislation "focuses on refinements to CFIUS, while other bills go beyond to ban non-U.S. firms from entire sectors of our economy. … Clearly some changes are warranted. While we know the CFIUS process to be extremely rigorous, there is room for improvement. … America enjoys the world's strongest economy, the most open and transparent markets, and one of the highest standards of living in the world, thanks in no small measure to international investment. Let's not put those benefits at risk now."

Prosecutors To Charge Defeated Belarus Candidate. Prosecutors in Belarus said yesterday they plan to bring criminal charges against defeated presidential candidate Aleksandr V. Kazulin, who led an antigovernment march last week. The New York Times (3/30, Chivers, 1.19M) reports, "The announcement, during which prosecutors also said the police had arrested more than 500 demonstrators last week, continued the crackdown on the opposition to President Aleksandr G. Lukashenko, who is

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often called Europe's last dictator." Kazulin "faces charges of organizing group actions and hooliganism, Belarus's federal prosecutor said, according to the Belapan news agency. The first charge could carry a prison term of up to six years."

Gas Deal Cost Yuschenko Votes In Ukraine Election. The New York Times (3/30, Myers, Kramer, 1.19M) reports that the deal to resolve a dispute between Russia and Ukraine over the price of natural gas "has prompted accusations of corruption and almost certainly contributed to President Viktor A. Yushchenko's poor showing in parliamentary elections last Sunday, when his party finished a distant third." Candidate Yulia V. Tymoshenko "campaigned fiercely against the deal, citing it as an example of the corruption and untrustworthiness of the leadership of Mr. Yushchenko's party, Our Ukraine." Tymoshenko "has now claimed the right to lead the coalition in Parliament representing the reformist, Western-leaning forces who took part in what came to be known as the Orange Revolution. And she has promised that one of her first acts as prime minister, should she return to the post she held for the first eight months of Mr. Yushchenko's presidency, would be 'by all means' to scuttle the deal."

UK Pushes Back Date For Mandatory ID Cards. Britain has pushed back its target date for mandatory ID cards to January 2010. The AFP (3/30) reports that the House of Lords "accepted a compromise deal with Prime Minister Tony Blair's government. By a vote of 287-60, the upper chamber of parliament agreed that Britons renewing or applying for a passport will not be obliged to take out an ID card as well in 2008, as originally proposed in the Identity Cards Bill."

Berlusconi Faces Tough Reelection Battle. A front page story in the Wall Street Journal (3/30, Kahn, 2.11M) profiles Italian Prime Minister Silvio Berlusconi, who has "one of the most glorious records of success of any man in Europe. Time and again he has broken into fields that in Italy had been the domain of an established elite -- from construction to television, sports to politics. Along the way, he has amassed a fortune of close to $12 billion, almost twice that of Rupert Murdoch, mostly from his commercial television network, Mediaset SpA." Yet Berlusconi "has proved a surprisingly leaden leader during his five years in power. Even on this sluggish continent, Italy is an underperformer." The Journal adds that Berlusconi " faces an uphill re-election battle. Polls say his coalition trails [his opponent] by five percentage points."

THE BIG PICTURE:

Headlines From Today's Front Pages.

Los Angeles Times:
"Reiner Quits First 5 Panel."
"Cancer Stalks A 'Toxic Triangle.'"
"Staking Out New Lives."
"Laws And Funding Thwart Search For Illegal Workers."
"Avian Flu Vaccine Falls Short In Trial."
"They're Panting After Squeezing Into These Jeans."

USA Today:
"A Black & White Issue?"
"Limited Ethics Bill Advances As Lobbyist Gets Prison Time."
"Art Buchwald Lives On, And That's A Reason To Smile."

New York Times:
"Senate Approves Lobbying Limits By Wide Margin."
"G.O.P. Risking Hispanic Votes On Immigration."
"Liberian Seized To Stand Trial On War Crimes."
"9/11 Tapes Revive Lost Voices, And Families' Pain."
"As Life Returns To New Orleans, So Does Crime."
"Automakers Use New Technology To Beef Up Muscle, Not Mileage."

Washington Post:
"Senate Passes Lobbying Bill."
"Abramoff Is Sentenced For Casino Boat Fraud."
"Security Council Pressures Tehran."
"Area Still Unprepared For Terror Attacks, Senate Panel is Told."
"Md. Approves Fund To Support Medical Stem Cell Research."
"NIH Panel Finds No Extra Risk In Caesarean Section."

Washington Times:
"Frist Retreats From 'Amnesty.'"
"Pelosi, Reid Push Security Agenda."
"Abramoff Sentenced To Almost Six Years."
"Spirit Beams Through A Satellite."
"Pensioners Now New Kids On The Bloc."
"Who's Minding The Score?"
"No More Sugar And Spice: Girl Gangs On Rise In D.C."

Detroit Free Press:
"New Hurdle: Better Mileage."
"High School Grad Rules Set To Get Tougher."
"Maida's Reorganization Plan Leaves Details To The Parishes."
"Terrorism Prosecutor Is Charged With Lying."

Atlanta Journal-Constitution:
"Trailer Shortfall Puts Schools In Tight Spot."
"Scandal Stains Duke's Image."
"Tense Last Days."

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"Fake IDs Could Frustrate Laws To Curb Illegals."

Houston Chronicle:
"2 Students Die In Bus Crash."
"Bird Flu Vaccine Shows Promise."
"School Finance Plan Draws Mixed Reviews."
"Opinions Split Over Red, White And Green."
"Gas Guzzlers Are Forced To Go On A Diet."

Story Lineup From Last Night's Network News:
ABC: Cafe Standards; Moussaoui Trial; UN-Iranian Nukes; Iraq-Sectarian Violence; Afghanistan-Taliban Attack; Afghan Christian Convert; Nigeria-Taylor Captured; Bush-Cancun; Duke-Rape Allegations; Abramoff Sentenced; Caesarian Section Trend; Solar Eclipse.
CBS: Iraq-Mosque Raid; Abu Ali Convicted; Moussaoui Trial; Afghan Christian Convert; UN-Iranian Nukes; Abramoff Sentenced; Senate-Lobbying Reform; Avian Flu Vaccine; Iraq-Wounded US Soldier; Cafe Standards; Brazil-Ethanol; Illegal Immigration-Maywood; Bonds-Steroid Scandal; Solar Eclipse.
NBC: Cafe Standards; Immigration Reform; Bush-Cancun; Immigration-Denison, Iowa; Moussaoui Trial; Abramoff Sentenced; Duke-Rape Allegations; Caesarian Section Trend; Miami-Brush Fire; WV Mine Disaster Survivor; Stock Markets; Solar Eclipse; Apple-Beatles Lawsuit.

Story Lineup From This Morning's Radio News Broadcasts:
ABC: MLB-Steroid Investigation; Moussaoui Sentencing; Duke-Rape Scandal; Senate-Immigration Reform.
CBS: Senate-Immigration; Mexico Summit; Moussaoui Sentencing; MLB-steroid Investigation; Duke-Rape Scandal; Wall Street.
NPR: Moussaoui Sentencing; Bush Plotter Sentenced; Senate-Immigration; Mexico Summit; UN-Congo; Duke-Rape Scandal; McKinney-Police Scuffle.

WASHINGTON'S SCHEDULE:

Today's Events In Washington.

White House:

PRESIDENT BUSH — Tours Chichen-Itza archeological ruins, near Cancun; meets with Mexican President Vincente Fox, Fiesta Americana Condesa Cancun Hotel; meets with Prime Minister Martin of Canada; attends leaders' dinner, Fiesta Americana Condesa Cancun Hotel.

VICE PRESIDENT CHENEY — No public schedule.

US Senate: 9:30 a.m. APPROPRIATIONS _ Interior and Related Agencies Subcommittee. Hearing on the FY07 Interior budget. Interior Secretary Norton, Assistant Secretary Thomas Weimer, Pam Haze, Co-Director, Interior Budget Office. Location: Room 124, Dirksen.

9:30 a.m. FOREIGN RELATIONS _ Full Committee. Hearing on the hidden cost of oil. Milton R. Copulos, National Defense Council Foundation; Hillard Huntington, Stanford University. Location: Room 419, Dirksen.

9:30 a.m. HOMELAND SECURITY AND GOVERNMENTAL AFFAIRS _ Permanent Subcommittee on Investigations. Hearing on port security and neutralizing the nuclear and radiological threat. Deputy DHS Secretary Michael Jackson; Christopher Koch, World Shipping Council; Gary Gilbert, Hutchinson Port Holdings; John Clancey, Maersk Inc. Agency. Location: Room 342, Dirksen.

9:30 a.m. JUDICIARY _ Full Committee. Markup of pending legislation. Location: Room 226, Dirksen.

10 a.m. APPROPRIATIONS _ Agriculture, Rural Development and Related Agencies Subcommittee. Hearing on FY07 appropriations. USDA Chief Economist Keith Collins; Undersecretary J.B. Penn; Undersecretary Mark Rey; Undersecretary Eric M. Bost; Undersecretary Richard Raymond; Acting Undersecretary Charles Lambert; Dennis Kaplan, Budget Office, USDA. Location: Room 192, Dirksen.

10 a.m. APPROPRIATIONS _ Energy and Water Subcommittee. Hearing on the FY07 budget for the Yucca Mountain project's Office of Safeguards and security. Location: Room 138, Dirksen.

10 a.m. BANKING, HOUSING AND URBAN AFFAIRS _ Full Committee. Markup of of legislation on foreign investment in the U.S. and the review process of the Committee on Foreign Investment in the U.S. Location: Room 538, Dirksen.

10 a.m. COMMERCE, SCIENCE AND TRANSPORTATION _ Full Committee. Markup of S.2389, Protecting Consumer Phone Records Act. Location: Room 562, Dirksen.

10 a.m. VETERANS AFFAIRS _ full Committee. Hearing on the annual review of legislative priorities for veterans organizations. Location: Room 106, Dirksen.

11 a.m. COMMERCE, SCIENCE AND TRANSPORTATION _ Disaster Prevention and Prediction Subcommittee. Oversight hearing on the National Polar-Orbiting Operational Environmental Satellite System. David Ryan, Northrop Grumman Corporation; Air Force Deputy Undersecretary Gary Payton; David Powner, GAO; Greg Withee, National Environmental Satellite Data and Information Service. Location: Room 562, Dirksen.

1:30 p.m. APPROPRIATIONS _ District of Columbia Subcommittee. Hearing on the impact of flat federal income tax in D.C. D.c. CFO Natwar M. Gandhi; Alice M. Rivlin, Brookings Institution; Terence C. Golden, chairman, Federal City Council; John W. Hill, chief executive officer, Federal City Council. Location: Room 138, Dirksen.

2 p.m. ARMED SERVICES _ Personnel Subcommittee. Hearing on the FY07 budget for reserve personnel. Gen. Richard A. Cody, vice chief of staff, Army; Gen. Robert

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Magnus, assistant commandant, Marine Corps; David S. C. Chu, undersecretary of Defense; retired Lt. Gen. Dennis M. McCarthy, executive director, Reserve Officers Association; William Winkenwerder Jr., assistant secretary of Defense. Location: Room 106, Dirksen.

2:30 p.m. BANKING, HOUSING AND URBAN AFFAIRS _ Housing and Transportation Subcommittee. Hearing on reauthorization of the McKinney-Vento Act. Deputy HUD Secretary Roy Bernanrdi; Phillip Mangano,executive director, Interagency Council on Homelessness; Gail Dorfman, county commissioner, Hennepin County, Minn.; Steve Berg, National Alliance to End Homelessness; Charles Gould, national president, Volunteers of America; Anthony Love, president and CEO, Houston Coalition for the Homeless; Dennis Culhane, University of Pennsylvania. Location: Room 538, Dirksen.

2:30 p.m. COMMERCE, SCIENCE AND TRANSPORTATION _ Full Committee. Hearing on competition and convergence in the communications industry. Kyle McSlarrow, President, National Cable and Telecommunications Association; Earl Comstock, President, COMPTEL; Walter McCormick, President, US Telecom; Steve Largent, President, CTIA-The Wireless Association; Jerry Ellig, George Mason University; Mark Cooper, Consumer Federation of America. Location: Room 216, Hart.

2:30 p.m. ENERGY AND NATURAL RESOURCES _ Water and Power Subcommittee. Hearing on pending legislation. Location: Room 366, Dirksen.

2:30 p.m. HOMELAND SECURITY AND GOVERNMENTAL AFFAIRS _ Oversight of Government Management, the Federal Workforce and the District of Columbia Subcommittee. Hearing on veterans' preference in the federal government. Deputy OPM Director Dan Blair; Assistant Labor Secretary Charles Ciccolella; James McVay, Office of Special Counsel; Richard Weidman, Vietnam Veterans of America; Joseph Sharpe; The American Legion; Brian Lawrence, Disabled American Veterans. Location: Room 342, Dirksen.

2:30 p.m. SELECT INTELLIGENCE _ Full Committee. Closed briefing on pending matters. Location: Room 219, Hart.

US House: FLOOR SCHEDULE _ 10 a.m. Meets for legislative business. Highlights: H.R. 609 - College Access and Opportunity Act of 2005.

9 a.m. FINANCIAL SERVICES _ Full Committee. Hearing on the FY)& HUD budget. Secretary Jackson. Location: Room 2128, Rayburn.

9 a.m. JUDICIARY _ Immigration, Border Security and Claims Subcommittee. Hearing on whether Congress should raise the H-1B cap. John Miano, author, Stuart Anderson, Executive Director for the National Foundation for American Policy; David Huber, high-tech worker from the Chicago area; and Delbert Baker, President of Oakwood College (Ala.). Location: Room 2141, Rayburn.

9 a.m. SELECT INTELLIGENCE _ Full Committee. Closed. Markup of H.R.____ - Intelligence Authorization Act FY 2007. Location: Room H-405, Capitol.

9:30 a.m. APPROPRIATIONS _ Agriculture, Rural Development, FDA and Related AGencies Subcommittee. Hearing on research, education and economics. Undersecretary of Agriculture Joseph Jen; Edward B. Knipling, administrator, Agricultural Research Service; Colien Hefferan, administrator, Cooperative State Research, Education and Extension Service; Susan Offutt, administrator, Economic Research Service; R. Ronald Bosecker, administrator, National Agricultural Statistics Service; W. Scott Steele - USDA budget officer. Location: Room 2362A, Rayburn.

10 a.m. AGRICULTURE _ Conservation, Credit, Rural Development and Research Subcommittee. Hearing on rural development. Location: Room 1300, Longworth.

10 a.m. APPROPRIATIONS _ Defense Subcommittee. Hearing on Navy and Marine Corps acquisitions. Location: Room 2359, Rayburn.

10 a.m. APPROPRIATIONS _ Labor, HHS, Education and Related Agencies Subcommittee. Hearing with public witnesses. Location: Room 2358, Rayburn.

10 a.m. APPROPRIATIONS _ Interior, Environment and Related Agencies Subcommittee. Hearing with public witnesses discussing Native American issues. Location: Room B-308, Rayburn.

10 a.m. APPROPRIATIONS _ Energy and Water Development and Related Agencies Subcommittee. Hearing on the FY07 budget for energy supply and conservation. David Garman, undersecretary of Energy; Shane Johnson, acting director, Office of Nuclear Energy; Douglas Faulkner, acting assistant secretary of Energy; Jeffrey Jarrett, assistant secretary of Energy; Kevin Koleva, director, Electricity Delivery and Energy Reliability. Location: Room 2362B, Rayburn.

10 a.m. APPROPRIATIONS _ Science, State, Justice, Commerce and Related Agencies Subcommittee. Hearing on FY07 budget for NASA. Administrator Michael Griffin. Location: Room H-309, Capitol.

10 a.m. ENERGY AND COMMERCE _ Telecommunications and the Internet Subcommittee. Hearing on the Communications Promotion and Enhancement Act. Location: Room 2123, Rayburn.

10 a.m. GOVERNMENT REFORM _ Full Committee. Markup of H.R. 4368 - To designate the facility of the United States Postal Service located in Mayaguez, Puerto Rico, as the Miguel Angel Garcia Mendez Post Office Building; H.R. 4561 - To designate the facility of the United States Postal Service located in Dallas, Texas, as the Francisco Pancho Medrano Post Office Building; H.R.4586 - To extend the

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authorization of the Benjamin Franklin Tercentenary Commission; H.R. 4646 - To designate the facility of the United States Postal Service located in Reseda, California as the Coach John Wooden Post Office Building; H.R. 4811 - To designate the facility of the United States Postal Service located in Harrison, Arkansas, as the John Paul Hammerschmidt Post Office Building. Followed by hrng. on information sharing and disaster response. Peter F. Verga, Principal Deputy Assistant Secretary of Defense, DoD; Dr. Linton Wells II, Principal Deputy Assistant Secretary of Defense, DoD; Vance Hitch, Chief Information Officer, DOJ; John Brennan, President and CEO, The Analysis Corporation; Dr. Donald F. Kettl, Director, Fels Institute of Government, University of Pennsylvania. Location: Room 2154, Rayburn.

10 a.m. HOMELAND SECURITY _ Economic Security, Infrastructure Protection and Cybersecurity Subcommittee. Markup of H.R. 4954 - Security and Accountability for Everyt Port Act. Location: Room 311, Cannon.

10 a.m. RESOURCES _ National Parks Subcommittee. Hearing on HR 2134 - To establish the Commission to Study the Potential Creation of a National Museum of the American Latino Community to develop a plan of action for the establishment and maintenance of a National Museum of the American Latino Community in Washington, DC; H.R. 3961 - To authorize the National Park Service to pay for services rendered by subcontractors under a General Services Administration Indefinite Deliver Indefinite Quantity Contract issued for work to be completes at the Grand Canyon National Park; H.R. 4294 - To authorize the Secretary of the Interior to enter into cooperative agreements to protect natural resources of units of the National Park System through collaborative efforts on land inside and outside of units of the National Park System. Reps. Becerra, Ros-Lehtinen, Renzi, and Porter. Michael Soukup, Associate Director for Natural Resource Stewardship and Science, National Park Service, Department of the Interior. Location: Room 1334, Longworth.

10 a.m. RULES _ Full Committee. Hearing on H.r. 4975 - Lobbying Accountability and Transparency Act of 2006. Location: Room H-313, Capitol.

10 a.m. SCIENCE _ Full Committee. Hearing on k-12 science and math education. Education Secretary Spellings, NSF Director Arden Bement, Brig. Gen. John Kelly (ret.) of NOAA, Shana Dale of NASA, and James Decker of the Energy Department. Location: Room 2318, Rayburn.

10 a.m. TRANSPORTATION AND INFRASTRUCTURE _ Economic Development, Public Buildings and Emergency Management Subcommittee. Hearing on GSA FY 2007 capital investment and leasing program. David L. Winstead, Commissioner, Public Buildings Service of the GSA. Followed by markup of H. Con. Res. 360 - Authorizing the use of the Capitol Grounds for the National Peace Officers' Memorial Service; H. Con. Res. 359 - Authorizing the use of the Capitol Grounds for the District of Columbia Special Olympics Law Enforcement Torch Run; H. Con. Res. 349 - Authorizing the use of the Capitol Grounds for the Greater Washington Soap Box Derby. Location: Room 2253, Rayburn.

10 a.m. TRANSPORTATION AND INFRASTRUCTURE _ Water Resources and Environment Subcommittee. Oversight hearing on barriers to the cleanup of abandoned mine sites. EPA Assistant Administrator Benjamin Grumbles; Colorado Water Quality Control Administrator Paul Frohardt; Joseph Pizarchik, Pennsylvania Department of Environmental Protection; Dave Williams, East Bay Municipal Utility District; Patricia Nelson Limerick, University of Colorado; John Mudge, Newmont Mining Corp.; Chris Wood, Trout Unlimited; Velma Smith, National Environmental Trust. Location: Room 2167, Rayburn.

10:30 a.m. INTERNATIONAL RELATIONS _ Western Hemisphere Subcommittee. Hearing on counternarcotics strategies in Latin America. Assistant Secretary of State Anne W. Patterson; Michael A. Braun, DEA; James F. Mack, OAS; Joy Olson, Washington Office on Latin America. Location: Room 2172, Rayburn.

11:30 a.m. JUDICIARY _ Crime, Terrorism and Homeland Security Subcommittee. Hearing on the Death Penalty Reform Act of 2006. Location: Room 2141, Rayburn.

1 p.m. ARMED SERVICES _ Readiness Subcommittee and Tactical Air and Land Forces Subcommittee. Joint hearing on Army and Marine Corps reset strategies for ground equipment and rotocraft. Ltr. Gen. Emerson Gardner, Marine Corps; Army Lt. Gen. David Melcher; Army Deputy Chief of Staff Ann Dunwoody; William Solis, GAO. Location: Room 2118, Rayburn.

1:30 p.m. APPROPRIATIONS _ Agriculture, Rural Development, FDA and Related Agencies Subcommittee. Hearing on Avian flu. Agriculture Secretary Johanns; Ron DeHaven, administrator, Animal and Plant Health Inspection Service; Bruce Gillen, director, National Vaccine Program Office, Department of Health and Human Services; Jesse Goodman, director, Center for Biologics Evaluation and Research, FDA. Location: Room 2362A, Rayburn.

1:30 p.m. VETERANS AFFAIRS _ Disability Assistance and Memorial Affairs Subcommittee. Hearing on issues facing Arlington National Cemetery and the American Battle Monuments Commission. Location: Room 340, Cannon.

2 p.m. APPROPRIATIONS _ Homeland Security Subcommittee. Hearing on FY07 appropriations for general preparedness. DHS Undersecretary George Foresman; others. Location: Room 2359, Rayburn.

2 p.m. APPROPRIATIONS _ Energy and Water Development and Related Agencies Subcommittee. Hearing on energy supply and conservation. Energy Undersecretary David Garman; Shane Johnson, acting director, Office of

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Nuclear Energy; Douglas Faulkner, acting assistant secretary of Energy; Jeffrey Jarrett, assistant secretary of Energy; Kevin Koleva, director, Electricity Delivery and Energy Reliability. Location: Room 2362B, Rayburn.

2 p.m. APPROPRIATIONS _ Interior, Environment and Related Agencies Subcommittee. Hearing on Native American issues. Public witnesses. Location: Room B-308, Rayburn.

2 p.m. APPROPRIATIONS _ Labor, HHS, Education and Related Agencies Subcommittee. Hearing with public witnesses. Location: Room 2358, Rayburn.

2 p.m. APPROPRIATIONS _ Science, State, Justice, commerce and Related Agencies Subcommittee. Hearing on FY07 budget for the FTC. Location: Room H-309, Capitol.

2 p.m. JUDICIARY _ Commercial and Administrative Law Subcommittee. Hearing on the 10yth anniversary of the Congressional Review Act. Location: Room 2141, Rayburn.

2 p.m. WAYS AND MEANS _ Social Security Subcommittee. Hearing on issues facing Social Security. Reps. Dreier, Reyes; Cynthia M. Fagnoni, Managing Director, Education, Workforce, and Income Security, GAO; Joel Winston, Associate Director, Division of Privacy and Identity Protection, Bureau of Consumer Protection, FTC; Nicole Robinson, North Atlantic Coast Volunteer Coordinator, Identity Theft Resource Center. Location: Room B-318, Rayburn.

2:30 p.m. INTERNATIONAL RELATIONS _ International Terrorism and Nonproliferation Subcommittee. Hearing on terrorist threat from shoulder-Fired missiles. John Hillen, Assistant Secretary, Bureau of Political-Military Affairs, Department of State. Location: Room 2200, Ryburn House Office Building.

4 p.m. ARMED SERVICES _ Projection Forces Subcommittee. Hearing on the Navy's FY07 shipbuilding strategy and the long-term fleet plan. Assistant Navy Secretary Delores M. Etter; Deputy CNO Vice Admiral Lewis W. Crenshaw, Jr.; Lieutenant General James N. Mattis, Commanding General, Marine Corps Combat Development Command; Rear Admiral Charles S. Hamilton, II, Program Executive Officer for Ships; Rear Adm. David Architzel, Program Executive Officer for Carriers; Rear Admiral William H. Hilarides, Program Executive Officer for Submarines; Paul L. Francis, GAO; Ronald O'Rourke, CRS; J. Michael Gilmore, CBO; Eric J. Labs, CBO; Robert O. Work, Center for Strategic and Budgetary Assessments. Location: Room 2212, Rayburn.

Other: INSTITUTIONAL INVESTORS _ The Council of Institutional Investors holds its spring meeting. Highlights: 9:30 a.m. PBGC Executive Director Bradley Belt. 11 a.m. NYSE Chief Regulatory Officer Richard Ketchum and Nasdaq Executive Vice President Edward Knight discuss their exchanges. 12:15 p.m. SEC Chairman Christopher Cox. Location: L'Enfant Plaza Hotel, 480 L'Enfant Plaza, SW.

INTERNATIONAL LAW _ The American Society of International Law (ASIL) holds its 10th Annual Meeting. Theme of this years meeting is ``A Just World Under Law." Highlights: 4:30 p.m. Supreme Court Justice Anthony Kennedy delivers a plenary address. UPDATE: The speech is open to all media. Setup between 12:30-2:30 p.m. Location: Fairmont Hotel, 2401 M St. NW.

JOHANNS _ 8:15 a.m. Agriculture Secretary Johanns speaks at the Bio-Energy Deals: Breakthrough in Biomass and Bio-refineries conference. Location: Strategic Analysis Executive Conference Center, 3601 Wilson Blvd., Arlington.

MOUSSAOUI _ 8:30 a.m. Jury deliberations continues in the case U.S. v. Moussaoui. Location: U.S. District Court, Alexandria, Va.

INDIA-US RELATIONS _ 10 a.m. The Heritage Foundation sponsors a presentation, ``India-US Relations: An Agenda for the Future," with Shyam Saran, foreign secretary of India. Location: Heritage Foundation's Allison Auditorium, 214 Massachusetts Avenue NE.

WETLANDS _ 10 a.m. Interior Secretary Norton and Agriculture Secretary Johanns release a report on the status of the national wetlands from 1998-2004. Location: Rooms 7000A and B, main Interior.

PELOSI _ 10:45 a.m. House Democratic leader Nancy Pelosi holds her weekly news briefing. Location: Room H-206, Capitol.

BOEHNER _ 11 a.m. House Majority Leader John Boehner holds a media availability. Location: House Radio-TV Gallery.

HEALTH CARE _ 11 a.m. Sen. Mike Enzi holds a news conference with National Association of Realtors President Tom Stevens to discuss a survey on small business health plans. Location: Room S-207, Capitol.

RANGEL-IRAQ _ 11 a.m. Rep. Charles Rangel, D-N.Y., addresses a National Press Club newsmaker briefing. Topic: The Iraq War. Location: National Press Club.

US-CHINA _ 11:30 a.m. Reps. Don Manzullo and Adam Schiff hold a news conference to discuss meetings between members of Congress and the National People's Congress of China. Location: House Radio-TV Gallery.

FEDERAL LAND _ 12 p.m. The Heritage Foundation holds a seminar on how much land the Federal Government should own, with Rep. Rob Bishop, R-Utah. Location: Van Andel Center, 214 Massachusetts Ave. NE.

IMMIGRATION _ 12 p.m. The National Immigration Forum holds a telephone briefing on the Senate's immigration reform debate. Notes: Note time change. Callin number: 800-289-0494; passcode: National Immigration Forum Immigration.

CHEMICAL PLANTS _ 2 p.m. Sens. Frank R. Lautenberg, Barack Obama and Robert Menendez hold a

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news conference to introduce chemical plant security legislation in response to the Bush proposal announced last week. Location: Senate Radio-TV Gallery.

MEDICARE _ 2 p.m. Families USA holds a telephone briefing to discuss the end of Medicare Part D transition help on April 1. Notes: Callin number: 800-967-7138; passcode: 7109646.

INTERNATIONAL RULES _ 3 p.m. The New America Foundation holds a presentation by British author Philippe Sands on ``Lawless World: America and the Making and Breaking of Global Rules." Location: 7th floor, 1630 Connecticut Ave. NW.

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DEPARTMENT OF JUSTICE *NEWS CLIPS*

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TO: THE ATTORNEY GENERAL AND SENIOR STAFF

DATE: THURSDAY, MARCH 30, 2006 7:45 AM EST

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TERRORISM NEWS:

Moussaoui Sentencing Case Goes To The Jury (NYT)

By Neil A. Lewis

The New York Times, March 30, 2006

ALEXANDRIA, Va., March 29 — The jurors in the case of Zacarias Moussaoui began deliberating Wednesday whether he is eligible for the death penalty, after prosecutors told them that he had been in the thick of the Sept. 11 plot and his lawyer portrayed him as a feckless "Al Qaeda hanger-on."

In a reflection of the unusual roads the trial has taken, the prosecutors based their closing argument largely on Mr. Moussaoui's own testimony to bolster their case that he should be executed. Mr. Moussaoui's chief court-appointed lawyer, in turn, relied mostly on the testimony of a prosecution witness, an F.B.I. agent, to argue that the defendant should instead be given a life sentence.

Mr. Moussaoui has already pleaded guilty in connection with the conspiracy; only the sentence is at issue in the trial. But the nine men and three women of the jury are not deciding even at this stage whether he should be executed. Under federal law, they must first consider whether Mr. Moussaoui, who was in jail at the time of the attacks, is eligible for the death penalty.

To reach such a finding, Judge Leonie M. Brinkema told them, they must consider whether his actions led directly to any deaths on Sept. 11, 2001. If they decide unanimously that the answer is yes, they will hear evidence of any aggravating factors like the large number of victims, and of mitigating factors like Mr. Moussaoui's mental health. After that phase, the jurors would decide whether to recommend execution. The death sentence would require another unanimous vote, and Judge Brinkema would be obliged to impose it.

In trying to convince the jury that Mr. Moussaoui was responsible for at least some of nearly 3,000 fatalities that day, David Raskin, a federal prosecutor, said that when Mr. Moussaoui was arrested for immigration violations three weeks before the attacks, he used training he had received from Al Qaeda to protect the other plotters by lying to investigators.

"Zacarias Moussaoui came to this country to kill as many Americans as he could," Mr. Raskin told the jury, citing the defendant's startling testimony on Monday that his arrest had kept him from flying a plane into the White House on Sept. 11. "So instead, he killed people by lying."

Mr. Raskin referred repeatedly to Mr. Moussaoui's testimony, in which he acknowledged the essence of the government's case: that he had known much about the plot and had concealed that knowledge.

"How do you know the defendant lied?" Mr. Raskin said to the jury. "Well, because the defendant admitted it here in the courtroom."

Had Mr. Moussaoui told the truth when he was arrested, Mr. Raskin said, the Federal Bureau of Investigation and the Federal Aviation Administration would have thwarted much of the plot if not all of it. For example, he said, the F.B.I. would have obtained from Mr. Moussaoui's belongings a list of American flight schools — two of them in Venice, Fla., that were marked on the list with Arabic notations. Those two schools trained two of the Sept. 11 hijackers.

But Edward B. MacMahon Jr., the chief defense lawyer, said Mr. Moussaoui was clearly being driven by a desire for notoriety in asserting plans for him to crash a plane into the White House, changing his earlier account that he had been uninvolved in Sept. 11.

"He was never slated, except in his dreams, to be part of the plot," Mr. MacMahon said. "Now he wants to write a role for himself in history when the truth was he was an Al Qaeda hanger-on."

Moreover, the defense argued, it is entirely speculative to say that if Mr. Moussaoui had told the truth, the government would have thwarted the plot.

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Mr. MacMahon cited the testimony of Harry Samit, an F.B.I. agent in Minneapolis who arrested Mr. Moussaoui and became convinced that he was a terrorist involved in some imminent hijacking. Mr. Samit said under Mr. MacMahon's cross-examination that his supervisors in Washington had been "criminally negligent" in bungling the case.

"Agent Samit's work was tremendous," Mr. MacMahon told the jury, but he was repeatedly obstructed by superiors at the bureau. There is no evidence, the lawyer said, that if Mr. Moussaoui had disclosed what he knew, the F.B.I. "would have transformed itself into a flawless institution." He asked the jurors to frustrate Mr. Moussaoui's expectation that they will move to have him killed simply because they are Americans.

"Show him we are not the hate-filled vengeful Americans Zacarias Moussaoui thinks you are," Mr. MacMahon said.

During Mr. MacMahon's final argument, Mr. Moussaoui, who does not speak to his lawyers, slumped low in his chair at the side of the courtroom, his eyelids heavy. When the prosecutors spoke, he seemed more attentive.

In Closing, Moussaoui Trial Rests On His Lies (WP)

By Jerry Markon And Timothy Dwyer

The Washington Post, March 30, 2006

Zacarias Moussaoui is an arrogant, hate-filled, wannabe terrorist who lied in court about his involvement in the Sept. 11, 2001, plot because he is incapable of telling the truth, jurors were told during closing arguments yesterday at his death penalty trial.

And that was Moussaoui's attorney talking.

Moussaoui is, indeed, a liar who misled the FBI when he was arrested a month before Sept. 11, 2001, prosecutors asserted -- until he told the truth when he testified that he planned to crash a hijacked airplane into the White House on that day of terror.

The role reversals have almost become routine in the death penalty trial of Moussaoui, 37, the only person convicted in the United States in connection with Sept. 11. The jury began deliberating late yesterday after both sides finished closing arguments. Jurors will consider whether Moussaoui is eligible for the death penalty, then reconvene for a second phase of the trial if they decide he is.

Moussaoui's attorneys spent much of their closing trying to undo the damage their client did to his case with his testimony Monday, when he calmly told jurors that he wanted to kill all Americans, starting with a White House attack that was to include "shoe bomber" Richard Reid.

"Mr. Moussaoui displayed his absolute contempt for every one of us," defense attorney Edward B. MacMahon Jr. said at the outset. Speaking directly to the 17-member jury, including five alternates, he said: "He believes that all of you sitting in that box, just because you are Americans, that you want to kill him."

MacMahon said Moussaoui's version of his Sept. 11 role was "a tall tale, a whopper even for a convicted felon, an al-Qaeda member who believes it's his obligation to lie to you." He said that the government's massive investigation never showed Moussaoui was involved and that Moussaoui had no contact with the 19 hijackers who toppled the World Trade Center, damaged the Pentagon and crashed a plane into a field in Pennsylvania.

Pointing to statements by top al-Qaeda leaders that disputed Moussaoui's account, MacMahon said his client "was trying to write a role for himself into history when the truth is, he was an al-Qaeda hanger-on and a nuisance to everybody."

Prosecutors might have gained the upper hand in the case with Moussaoui's testimony, especially when he admitted to a key government argument for his execution: that he lied to the FBI when he was arrested to allow the plot to go forward.

Yet prosecutors had to walk a delicate line yesterday. Their entire case that Moussaoui is eligible for the death penalty is based on how, they say, the Sept. 11 attacks could have been prevented had he told the truth. And when Moussaoui pleaded guilty last year to conspiring with al-Qaeda, he told a different story, saying that his White House assault was to be part of a second wave of attacks.

As they summed up their case, prosecutors said the Moussaoui who appeared on the witness stand Monday was telling the truth, and they quoted extensively from his testimony. "Zacarias Moussaoui came to this country to kill as many Americans as he

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could," Assistant U.S. Attorney David Raskin said as he began his closing. "In this trial, you have learned from the defendant himself that that is exactly what he did."

Raskin said Moussaoui's version of events was backed up by other evidence showing his activities in August 2001 paralleled those of the hijackers. Moussaoui received about $14,000 from al-Qaeda in early August, bought two of the same type of short-blade knives the hijackers used and was rushing to complete his training on a 747 simulator.

Legally, prosecutors argued, Moussaoui's precise role is irrelevant because his lies still make him eligible for the death penalty. "Whether he was part of the first wave, the second wave or the 20th wave, he still had the same evidence in his head," Assistant U.S. Attorney David J. Novak said in his rebuttal.

The closing arguments came after a series of unusual developments in a case already known for them. A day after Moussaoui's testimony, prosecutors introduced evidence that he had met with them on the eve of the trial and offered to testify for them and against himself, in exchange for better jail conditions before his execution. Moussaoui withdrew the offer when he realized he had a constitutional right to testify on his behalf, despite his attorneys' objections.

Moussaoui's actions and history of courtroom outbursts have long raised questions about his mental state. When he tried to fire his attorneys and represent himself in 2002, he was evaluated by a court-appointed psychiatrist. U.S. District Judge Leonie M. Brinkema found him mentally competent and allowed him to represent himself, though she later revoked that right after Moussaoui filed blistering handwritten motions from jail.

Brinkema also allowed Moussaoui to enter a guilty plea last year, after his attorneys argued he was mentally incompetent to make it. When he initially notified the government that he intended to plead guilty, Moussaoui said he was willing to accept the possibility of a death sentence, sources familiar with the case have said.

Richard Moran, a professor of sociology and criminology at Mount Holyoke College in Massachusetts, said that although Moussaoui's recent actions "probably seal his fate with the jury," his insistence on testifying is rational.

"He's asserting his right to be taken seriously and offer an explanation for his actions," Moran said. "He doesn't want to be dismissed as a kind of two-bit troublemaker whose actions can only be explained by mental instability or illness."

Asked whether he thought Moussaoui wanted to die, Moran, who has testified in more than two dozen death penalty hearings, said: "I would think he prefers death and the attention and martyr status he might achieve to rotting in a cell for the rest of his life."

Jury Begins Deliberating Fate Of Moussaoui (LAT)

By Richard Serrano

The Los Angeles Times, March 30, 2006

WASHINGTON — The jury in the Zacarias Moussaoui trial began deliberating today on whether he is eligible for the death penalty after prosecutors said his silence kept the Sept. 11, 2001 terrorist plot under wraps and defense attorneys said a dysfunctional federal law enforcement system never would have stopped the hijackers anyway.

Both sides agreed that Moussaoui was a liar and a manipulator. Prosecutors said he lied when he was arrested just 25 days before the terrorist attacks on New York and Washington. Defense lawyers said he was "now trying to write a role in history for himself, when the truth is he's just an Al Qaeda hanger-on."

Even more remarkable, the two sides switched their positions about the 37-year-old Frenchman, who was apprehended while taking jet simulator lessons in Minnesota.

Prosectors said they believed Moussaoui when he testified that he was in the United States to pilot a fifth plane into the White House on the morning of Sept. 11. At the same time, prosecutors branded him a liar who tried to deceive FBI agents.

Defense lawyers also took an oddly untraditional tack in their closing arguments. Faced with a client they could not control, they repeatedly castigated him as untrustworthy; someone who was trying to manipulate the jury. And they all but accused Moussaoui, who in the past has claimed he was to be part of a second wave of attacks, of committing perjury when he testified about being the fifth Sept. 11 pilot.

Seventeen potential jurors had heard the evidence. Judge Leonie M. Brinkema randomly chose 12 — nine men and three women — as the jury. The five others are alternates.

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Wednesday concluded the first phase of the sentencing trial, convened when Moussaoui pleaded guilty to two capital murders last April.

The jury must now decide several key questions:

Did Moussaoui lie to FBI agents in Minnesota on Aug. 16 and Aug. 17, 2001, when he claimed he was merely a tourist visiting this country?

If so, did he lie "contemplating" that someone would die as a result?

Did his lies lead to any of the 2,792 deaths on Sept. 11?

The jury's verdict must be unanimous. If the jury comes down on the side of prosectors and determines that Moussaoui is eligible for the death penalty, then the trial will move into a second phase.

Then, the two sides will spend several weeks presenting evidence trying to persuade the jury to give him the death penalty or life in prison with no parole.

If the jury decides he is not eligible for the death penalty, the case will end and Moussaoui will be sentenced to life without parole.

As the judge told the jurors: "I will sentence the defendant upon your conclusion."

The jury deliberated about 90 minutes late this afternoon and is to return Thursday morning.

Prosecution Says Moussaoui Killed With His Lies; Defense Points To Federal Blunders Before 9/11 (FINDLAW/AP)

By Matthew Barakat, Associated Press Writer

AP, March 30, 2006

(AP) - ALEXANDRIA, Virginia-The death-penalty case against al-Qaida conspirator Zacarias Moussaoui went to the jury Wednesday after the prosecution asserted his lies were responsible for deaths Sept. 11, 2001, and the defense argued he had no part in the plot.

The nine men and three women on the jury will decide whether Moussaoui bears blame for at least one death that day. If so, a second phase of the trial, which could last weeks, will open that will determine whether he deserves to be executed.

If not sentenced to execution, the 37-year-old Frenchman will spend the rest of his life in prison.

"Zacarias Moussaoui came to this country to kill as many Americans as he could," prosecutor David Raskin said, wrapping up a case that saw Moussaoui make the startling claim - disputed by his own lawyers - that he was to have piloted a fifth hijacked plane Sept. 11 and flown it into the White House.

"Instead he killed people by lying and concealing the plot...that resulted in the worst terrorist attack in the country's history."

Raskin said Moussaoui lied "with lethal intent" when he failed to tell federal agents after his arrest in August 2001 about his al-Qaida membership and the plot to kill Americans using hijacked aircraft.

Defense lawyer Edward MacMahon countered that his client was merely an "al-Qaida hanger-on" who had nothing to do with Sept. 11. He accused the prosecution of trivializing bureaucratic blunders that might have prevented the Sept. 11 plot from being exposed.

"Moussaoui was never involved other than in his dreams," MacMahon said, trying to minimize damage that Moussaoui might have done to himself when he claimed on the stand that he was to have crashed a plane into the White House on Sept. 11.

"The government cannot prove a hypothetical, what would have happened if Moussaoui had not lied," he said. "We will never know what could have happened in the 25 days between Moussaoui's arrest and Sept. 11."

He said of his client: "He's now trying to write a role for himself in history when in reality he's an al-Qaida hanger-on."

Moussaoui watched the closing arguments impassively but shouted "Victory to Moussaoui, God curse America," during a recess after the judge and jury had left the room. The recess preceded U.S. District Judge Leonie Brinkema's instructions to the jury.

Prosecutors contended that if Moussaoui had told the truth after his arrest, investigators could have tracked down 11 of the 19 hijackers. "The FBI would have had the names, the phone numbers, and their addresses in some cases," Raskin said.

The bottom line, he said, was that, "He chose Osama bin Laden and because of that, 2,900 are dead."

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Moussaoui pleaded guilty last April to conspiring with al-Qaida, which bin Laden leads, to hijack airplanes.

MacMahon challenged the assertion that Moussaoui had led investigators on a goose chase with his deceptions. He said, for example, that the government had the identities of two of the hijackers 18 months before 9/11 when they were on U.S. soil - men who had been previously under CIA surveillance in Malaysia - and still did nothing.

The arguments followed a disclosure Tuesday that Moussaoui offered last month to testify for prosecutors against himself at his death penalty trial, the firmest evidence yet that he was seeking to derail his own defense to try to gain martyrdom through execution.

The jury must decide whether he will be executed or imprisoned for life. If jurors find he is eligible for the death penalty, the question now in their hands, a second phase would involve another round of testimony, probably focusing on the nearly 3,000 Sept. 11 victims.

Prosecutors want a mistrial declared if the jury does not agree unanimously, which could mean a new trial with a new jury. Defense attorneys argued any hung jury should end the trial with a sentence of life in prison. Brinkema appeared to lean toward the defense argument, but did not immediately resolve the issue.

According to Tuesday's testimony, Moussaoui offered in February during a jailhouse meeting with prosecutors to testify for the government that he planned to hijack and pilot a fifth plane on Sept. 11.

FBI agent James Fitzgerald testified that Moussaoui told him - in a meeting requested by the defendant - that he did not want to die behind bars and it was "different to die in a battle ... than in a jail on a toilet."

Moussaoui dropped his effort to testify for prosecutors after he learned that he had an absolute right to testify in his own defense.

On Monday, he stunned the court by asserting publicly for the first time that he was to fly a 747 jetliner into the White House on Sept. 11, despite having claimed for three years that he had no role in the plot. Instead, he had said he was to be part of a possible later attack.

The defense presented evidence from three high-ranking al-Qaida operatives, including the chief organizer of Sept. 11, that cast doubt on Moussaoui's claim of involvement in the attacks.

Associated Press writers Michael J. Sniffen and Pete Yost contributed to this report.

Moussaoui Wanted To Kill People, U.S. Prosecutor Says (Update4) (BLOOM)

By Cary O'reilly Nadine Elsibai

Bloomberg, March 30, 2006

March 29 (Bloomberg) -- Zacarias Moussaoui wanted to kill as many people as possible in the Sept. 11 conspiracy, a prosecutor told jurors before they began deliberating on whether to let the government continue seeking a death sentence.

``Zacarias Moussaoui came to this country to kill as many Americans as he could," prosecutor David Raskin said in closing arguments in the sentencing trial's initial phase in Alexandria, Virginia. ``That is exactly what he did."

Defense lawyer Edward McMahon criticized his own client, saying jurors ``saw an arrogant, dangerous, stubborn person" when Moussaoui testified two days ago that he plotted to fly a plane into the White House on Sept. 11. The lawyer said Moussaoui's only involvement in the plot ``was in his dreams."

Moussaoui, 37, pleaded guilty last April to conspiracy charges linked to the attacks. He testified this week that he knew about the Sept. 11 plot when he was arrested on immigration charges Aug. 16, 2001, and that he lied to FBI agents because he wanted the attacks to go forward. He is the only person charged in the U.S. in connection with the attacks.

Jurors recessed for the day after deliberating for an hour and a half on the initial phase of the case to decide whether Moussaoui is eligible for the death penalty. If he is, the trial will continue so jurors can decide whether he will be sentenced to death. A decision that he is ineligible for capital punishment would lead to a life prison sentence without parole.

No-Fly List

Raskin said that if the government had known what Moussaoui knew the month before the attacks, three of the four hijacker pilots would have been put on a no-fly list. Hijacker Mohamed Atta ``wouldn't have gotten out of Boston," where his fatal flight originated, the prosecutor said.

``There are 3,000 people dead and the question is whether the information he had would have stopped it," another prosecutor, David Novak, told the federal court jury.

McMahon said Moussaoui's testimony this week was ``a tall tale, a whopper even for a convicted felon, a liar." The lawyer said, ``Moussaoui is obligated to lie to you because he's at war."

His beliefs about the U.S. are the result of ``ignorance and prejudice," said McMahon, who said his client ``believes all of you, just because you are Americans, want to kill him." The defense lawyer said the government failed to prove its case and there was no evidence that Moussaoui was involved in the Sept. 11 plot, ``whatever he says."

Moussaoui Laughed

Moussaoui, sitting in the courtroom, laughed and shook his head when McMahon said that statements read to the jury from captured al-Qaeda leaders said he had no involvement in the Sept. 11 plot.

Moussaoui testified two days ago that he and would-be shoe bomber Richard Reid planned to hijack a jetliner and fly it into the White House on the day of the Sept. 11 attacks.

``I was supposed to pilot a plane to hit the White House," Moussaoui said. He said he also knew in advance that the World Trade Center in New York would be hit.

Federal agents arrested Moussaoui, a French citizen of Moroccan descent, in 2001 in Minnesota after FBI agents discovered he was taking lessons to become a pilot.

Prosecutors said his lies to federal agents prevented them from uncovering the Sept. 11 plot. They said he is responsible for the deaths of almost 3,000 people when 19 terrorists hijacked commercial airliners and flew two of them into the World Trade Center and a third into the Pentagon outside Washington. A fourth plane crashed near Pittsburgh.

Six Counts

Moussaoui pleaded guilty to six counts that included conspiracy to commit acts of international terrorism, to commit aircraft piracy resulting in death, and to destroy an aircraft resulting in death.

At the time of his guilty plea, he maintained that his plan to fly a commercial jetliner into the White House was separate from the 2001 attacks. That changed when Moussaoui took the witness stand and said his plan was to have been part of the Sept. 11 attacks.

Sentencing in federal death penalty cases is held in two parts. Jurors first are considering whether Moussaoui is eligible for the death penalty. Prosecutors must prove his actions directly led to at least one death in the Sept. 11 attacks.

If Moussaoui is found eligible, the trial would move to a second stage in which the jury would consider factors weighing for and against capital punishment to decide whether to sentence him to death. A verdict of death must be unanimous.

The case is U.S. vs. Moussaoui, 01cr455, U.S. District Court for the Eastern District of Virginia (Alexandria).

Former U.S. Attorney Richard Convertino Indicted (FREEP)

By DAVID ASHENFELTER, FREE PRESS STAFF WRITER

Detroit Free Press, March 30, 2006

The former lead prosecutor in Detroit's ill-fated 2003 terrorism trial was indicted Wednesday along with a State Department official on charges that they conspired to mislead the jury about evidence in the case.

The indictment said former U.S. Attorney Richard Convertino, 44, and Harry Raymond Smith, former security official assigned to the U.S. Embassy in Amman, Jordan, misled the jury about the existence of photographs that would contradicted so-called targeting sketches of the Queen Alia Military Hospital in Jordan.

The men were charged with conspiracy to obstruct justice, obstructing justice and making materially false declarations before a court.

The photographs, had they been presented at trial, would have shown that a dead tree said to be depicted in the sketch in the day planner didn't show up in the photographs.

Two men were found guilty in June 2003 of conspiring to aid terrorists at the trial. But the charges were thrown out in September 2004 at the request of the U.S. Attorney's Office, which said Convertino had withheld key evidence from the defendants and allowed witnesses to mislead the jury.

Contact DAVID ASHENFELTER at 313-223-4490 or ashenf@freepress.com.

Federal Grand Jury Indicts Convertino Over Handling Of Terrorism Case (DEN)

By Ronald J. Hansen

Detroit News, March 30, 2006

DETROIT -- Richard G. Convertino, the one-time federal prosecutor who triumphantly won two convictions in the nation's first terror trial after September 11, was formally indicted today on charges that he built that case on perjury and deception.

The four-count indictment, which had been expected for weeks, alleges Convertino obstructed justice and sought false statements under oath in an effort to win the case against four immigrants.

Also indicted was Harry Raymond Smith III, a U.S. State Department security officer, who is charged with conspiring with Convertino to help bolster the case against the men.

The indictment marks another low point for the government in the disastrous Detroit "sleeper cell" terror case.

Convertino led the government's legal attack on four immigrants charged with conspiring to support terrorism.

In June 2003, a jury convicted two of the men of the most serious charges and another man of less-serious document fraud. The fourth man was acquitted.

John Ashcroft, then the U.S. attorney general, trumpeted the verdict as a victory in the nation's ongoing war on terror. Legal scholars called the case a victory for the criminal justice system because it validated that even sensitive national security matters could be handled by traditional juries.

But by 2004, the government had discovered enough evidence withheld from defense lawyers and other problems in the case that it abandoned the terror convictions against two of the men and instead focused on wrongdoing by Convertino and others in the investigation.

Prosecutor, Agent Indicted In Detroit (WP)

By Dan Eggen

The Washington Post, March 30, 2006

A former federal prosecutor and a State Department security officer were indicted yesterday on charges that they lied during a bungled terrorism trial in Detroit and then sought to cover up their deceptions once the case began to fall apart.

Former assistant U.S. attorney Richard G. Convertino, 45, and State Department special agent Harry R. Smith III, 49, were charged with conspiracy, obstruction of justice and making false statements in connection with the 2003 prosecution, according to an indictment handed up by a federal grand jury in Detroit.

The charges mark the latest embarrassment for the government in a case that was once hailed by former attorney general John D. Ashcroft as one of the most important terrorism prosecutions since the Sept. 11, 2001, attacks. It disintegrated after a federal judge ordered an investigation of Convertino's conduct.

Legal experts said yesterday that an indictment of a prosecutor for improper conduct in a federal courtroom is extraordinarily rare, if not unprecedented, in modern times.

"The charge is essentially that he prosecuted too aggressively and crossed the line," said Stephen Gillers, a New York University law professor who specializes in legal ethics. "This is simply astonishing."

Convertino also is charged with presenting false information at a sentencing hearing in a separate drug case to gain a light prison term for an informant.

He resigned from the Justice Department last year and has filed a civil suit alleging that he was the target of a smear campaign by the Justice Department that resulted in the exposure of a valuable counterterrorism informant.

Convertino led the prosecution of Karim Koubriti and three other North African immigrants, who were alleged to be part of a "sleeper operational combat cell." The government gained three convictions -- including two on terrorism charges -- but they were dismissed in 2004 after the Justice Department announced it had uncovered serious prosecutorial misconduct.

A report by a special Justice Department attorney assigned to review the case found that the prosecution had failed to turn over dozens of pieces of evidence to the defense. The "pattern of mistakes and oversights," along with possible misconduct, was so egregious that the government had little choice but to withdraw its case, his report said.

William Sullivan, Convertino's attorney in the criminal case, said in a prepared statement yesterday that the indictment is "another example of government reprisal" against Convertino for his lawsuit. A federal judge in Washington threw out part of Convertino's lawsuit in October, and delayed the rest to await the outcome of the grand jury inquiry in Detroit.

"Rick Convertino is a highly decorated and veteran former prosecutor who over a period of many years acted to preserve the safety of his community," Sullivan said. "We will demonstrate that the indictment is manifestly false."

One of Smith's attorneys, Matthew Leitman of Troy, Mich., said his client is a "dedicated public servant" falsely accused of wrongdoing. "We do not believe the charges are warranted, and we look forward to vigorously defending him in court," he said.

Convertino faces up to 30 years in prison and a $1 million fine, while Smith could be sentenced to 20 years behind bars and a $750,000 penalty.

The indictment alleges that, during the trial, Convertino concealed photographs taken by Smith and another State Department staff member of Queen Alia Hospital in Jordan. Convertino had alleged that the defendants made a casing sketch of the military hospital in preparation for a terrorist attack, and Smith testified that he had no photographs with which to compare the sketches.

But Justice investigators said later that Convertino knew U.S. officials had taken numerous photographs and that "it is difficult, if not impossible, to compare the . . . sketches with the photos and see a correlation."

Smith, stationed as a security officer at the U.S. Embassy in Amman, Jordan, from 1999 to 2002, assisted in the Detroit investigation.

The indictment notably does not contain several other allegations of misconduct by Convertino that were aired in prior court proceedings, including disputes over a second sketch alleged to depict a Turkish air base and over his failure to disclose evidence undermining a key prosecution witness.

Margaret Raben, a Detroit lawyer who represented one of the defendants, Abdel-Ilah Elmardoudi, said the government may have purposely kept its case against Convertino narrow in an attempt to prevent him from responding with his own allegations of misconduct by higher-ranking Justice officials.

Raben said the indictment was a "vindication for the defense team," but would do little to help the former defendants in the case. One of the defendants has been deported, two others are fighting fraud charges and the fourth is living in Dearborn, Mich., with his mother.

"The reality is that the government ruined these people's lives, and there is no remedy for that," Raben said. "Rick Convertino can go to prison for the next 15 years and it won't make one bit of difference for Abdel-Ilah or any of the others."

In a second criminal case, Convertino allegedly misled a judge about the defendant's cooperation with the government and "falsely suggested" that the original prosecutor had doubts about the accuracy of the amount of drugs in the case, according to the indictment. As a result, the defendant received a prison term of eight months, rather than the 108 to 135 months outlined in sentencing guidelines.

Ex-Prosecutor Accused Of Concealing Evidence In Terror Case (NYT)

By Eric Lichtblau

The New York Times, March 30, 2006

WASHINGTON, March 29 — A grand jury charged today that a former federal prosecutor in Detroit who led one of the Justice Department's biggest terrorism investigations concealed critical evidence in the case in an effort to bolster the government's theory that a group of local Muslim men were plotting an attack.

The prosecutor, Richard G. Convertino, and a State Department employee who served as a chief government witness were each indicted on charges of conspiracy and obstruction of justice. The grand jury charged that they had conspired to conceal evidence from the jury about photographs of an American military hospital in Jordan that was the supposed target of a terrorist plot concocted by the Detroit defendants.

Mr. Convertino, once a rising star at the Justice Department who fell out of favor with supervisors in Washington, denied that he had ever withheld evidence, and he pledged that he would be vindicated. "These charges are clearly vindictive and retaliatory, and it's an effort to discredit and smear someone who tried to expose the government's mismanagement of the war on terrorism," he said in a telephone interview.

The indictment of the former prosecutor and one of his star witnesses marked a striking turnaround in a case once hailed by President Bush and John Ashcroft, his first attorney general, as a major breakthrough against terrorism plotted on American soil.

After four Muslim men were arrested days after the attacks of Sept. 11, 2001, in a dilapidated Detroit apartment, federal authorities charged that they were part of a "sleeper" terrorist cell plotting attacks against Americans overseas.

Two of the men were convicted on terrorism charges after a high-profile trial in 2003, with Mr. Convertino as the lead prosecutor. But the case soon began to unravel amid allegations of concealed evidence and government misconduct. The Justice Department ultimately repudiated its own case, leading to the dismissal of all terrorism charges against the men in 2004.

"I can't recall a case like this in recent memory where you have not only the collapse of the prosecution's entire case, but now the prosecutor himself indicted," said Brian Levin, a professor at Cal State University at San Bernardino who has written extensively on terrorism prosecutions.

"The government has made clear it's going to do everything it can to go after terrorism, but here you have a case where it appears that hubris might have intoxicated the prosecutor, and he might have taken one step over the line," Mr. Levin said.

Mr. Convertino, 45, who has left the Justice Department and opened his own defense practice in the Detroit area, faces a maximum of 30 years in prison and a $1 million fine if convicted. His co-defendant, Harry R. Smith III, 49, a security officer for the State Department who assisted in the prosecution, faces a maximum of 20 years in prison and a $750,000 fine.

The indictment returned by a grand jury in the eastern district of Michigan lays blame for the collapse of the case against the terrorism suspects at the feet of Mr. Convertino and Mr. Smith. It said the two men conspired "to present false evidence at trial and to conceal inconsistent and potentially damaging evidence from the defendants."

But an investigation by The New York Times published in October 2004 found that senior officials at the Justice Department knew of problems in the case almost from its inception, yet still pushed for an aggressive prosecution.

An internal Justice Department memo prepared in Washington before the 2002 indictments of the men acknowledged that the evidence was "somewhat weak," that the case relied on a single informant with "some baggage," and that there was no clear link to terrorist groups.

"We can charge this case with the hope that the case might get better," a senior counterterrorism official in Washington wrote at the time, "and the certainty that it will not get much worse."

The prosecution exposed deep rifts within the Justice Department over issues of strategy — to the point that some Washington prosecutors assigned to work on the case were barely on speaking terms with Mr. Convertino and his Detroit prosecutors.

The opening of the government's indictment against the terror suspects, drafted by prosecutors in Washington, appeared to have been lifted almost verbatim from a scholarly article on Islamic fundamentalism. And Mr. Ashcroft was rebuked by the Detroit judge hearing the case for publicly asserting — in error — that the defendants were suspected of having advance knowledge of the Sept. 11 attacks.

Ex-prosecutor Indicted In Botched Terror Trial (AP)

AP, March 30, 2006

State Department official also charged with allegedly hiding evidence

DETROIT - A former federal prosecutor and a State Department official were indicted Wednesday on charges of conspiring to conceal evidence during a botched terrorism trial that proved a major embarrassment for the Bush administration.

Former Assistant U.S. Attorney Richard G. Convertino, 45, and State Department Regional Security Officer Harry Raymond Smith III, 49, were charged with conspiracy, obstruction of justice and making false declarations.

The indictment stemmed from the prosecution of four North African immigrants accused of operating a terrorist cell in Detroit. The case was the nation's first major terrorism trial after the 2001 attacks, and was hailed by the Bush administration at one point as a victory in the war on terror.

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Two of the four men, Karim Koubriti and Abdel-Ilah Elmardoudi, were convicted in 2003 of conspiring to provide support to terrorists.

However, a federal judge overturned the verdicts at the Justice Department's request after prosecutors discovered that documents that could have helped the defense were not turned over by the government as required.

Convertino was the lead prosecutor in the case, and Smith helped in the investigation and testified for the government at the trial.

Conspired to hide photographs

The indictment said Convertino and Smith conspired to keep from defense lawyers photographs of a Jordanian hospital that would have undermined the government's argument that the alleged Detroit cell made surveillance sketches of the place.

Convertino also elicited testimony from Smith and an FBI agent that the sketch matched the hospital and its surrounding area, even though the photographs contradicted that description, the indictment said.

"Mr. Convertino is a highly decorated and veteran federal prosecutor, who over many years consistently acted to preserve the safety of his community, and the Koubriti case is no different," said his lawyer, William Sullivan. "We will demonstrate that this indictment is manifestly false."

Sullivan said the indictment was retaliation against Convertino for a pending whistle-blower lawsuit. Convertino has said the government has mounted a smear campaign against him.

Smith's lawyer, Matthew Leitman, said that Smith is a "dedicated public servant" and that a vigorous defense is planned.

Convertino also was charged with obstruction in a second case in which prosecutors said he gave false information to a judge in an effort to reduce a defendant's sentence.

The charges against Convertino carry up to 30 years in prison, while those against Smith carry up to 20 years.

Other Convertino Cases Likely To Be Scrutinized (DEN)

By Paul Egan

Detroit News, March 30, 2006

Wednesday's indictment of former assistant U.S. Attorney Richard Convertino puts a thicker tarnish on what was once a bright star of the Detroit office.

Convertino's terrorism case collapsed in 2004. His indictment on charges of conspiracy to obstruct justice, obstructing justice and making false declarations before a court could put other criminal cases Convertino handled in jeopardy.

"What's very important seems to be a pattern that Mr. Convertino indulges in -- it's not just in the terrorism case," said Elizabeth Jacobs, a Detroit lawyer who plans to seek a new trial for Kenneth Andrew Jefferson, a man serving a 20-year prison sentence after he was convicted in 1999 following a trial prosecuted by Convertino.

Lawyer Carole Stanyar filed a brief in federal court Monday alleging Convertino arranged for the early release of convicts who testified against her client, Joseph Stines, in the same 1999 drug trial. She, too, is seeking a new trial.

More Convertino cases are likely to come under heavy scrutiny, Jacobs said.

"The U.S. government may not have the resources to check into all the cases that his hands have touched," Jacobs said.

Convertino's criminal lawyer, Jeffrey J. Del Fuoco, said he believes his client will be fully vindicated.

"There is no question he was a rising star in the Justice Department," Del Fuoco said of Convertino.

"He had won numerous awards from both the U.S. Attorney's Office and Main Justice," the Department of Justice's headquarters in Washington, D.C.

Del Fuoco said he thinks talk of problems with other Convertino prosecutions is an attempt to bolster a weak case to support the indictments. "They want to dig up dirt on the guy," he said.

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Robert Precht, a former law professor at the University of Michigan and an expert on federal criminal law who practices law in New York City, said it is "sad and tragic that a man's career is ruined in this way."

"It's very rare for a prosecutor's misconduct to be handled as a criminal matter, but looking at this case, I can see why," Precht said.

Convertino likely saw himself as fighting a critical war against terror with insufficient resources, he said.

"I'm sure there were elements of vanity in Convertino's thinking, as well. He saw himself as a Lone Ranger who was going to vanquish these enemies."

You can reach Paul Egan at (313) 222-2069 or pegan@detnews.com.

Man Given 30 Years In Plot Against Bush (WP)

By Caryle Murphy

The Washington Post, March 30, 2006

A federal judge in Alexandria yesterday sentenced Ahmed Omar Abu Ali, the Falls Church man convicted of conspiring to kill President Bush and of joining an al-Qaeda cell in Saudi Arabia, to 30 years in prison with 30 additional years of supervised release.

U.S. District Judge Gerald Bruce Lee denied government prosecutors' request to impose a life sentence, citing several mitigating factors, including the fact that Abu Ali "never planted any bombs, shot any gun or injured any person."

The 30-year sentence will "adequately and reasonably reflect" the seriousness of Abu Ali's offenses and "provide just punishment," Lee said, because it means the U.S.-born citizen, 25, will spend "most of his productive years in prison."

Abu Ali, dressed in a dark green jumpsuit with "Prisoner" stenciled in white on the back, showed no emotion when the sentence was announced. He declined to address the court before being sentenced.

Deputy Attorney General Paul J. McNulty hailed the sentence in a statement as "strong punishment for the defendant's egregious crimes. It is important that Abu Ali remain behind bars until he is no longer a threat to the American people."

McNulty called Abu Ali's prosecution "a milestone achievement in the international effort to bring terrorists to justice."

The sentence disappointed Abu Ali's family and friends, who maintain that he was wrongly convicted on statements that they say were obtained under coercion and torture during his 20-month incarceration in Saudi Arabia.

"I think it's a sad day not only for me as a mother but for the whole country," said Abu Ali's mother, Faten Abu Ali, after the proceedings. "America is all about justice and democracy. Before we export democracy to the outside, we have to have it in our own land. My son didn't have a fair trial."

Abu Ali attorney Khurrum Wahid called the sentence "disappointing," noting that Abu Ali had testified during a pretrial hearing that "he was tortured, and that is the only reason he had made these statements."

Lee later said he found it implausible that Abu Ali was tortured, and jurors said after their verdict that they did not believe his story.

At his trial in November, the jury convicted Abu Ali of nine counts, including conspiring to assassinate the president and commit aircraft piracy, providing material support to al-Qaeda and plotting terrorist activities in the United States. Those activities included kidnapping members of Congress.

Abu Ali's attorneys have said they will appeal his conviction.

The trial was the first in a U.S. criminal courtroom to rely so heavily on evidence gathered by a foreign intelligence service. Security officers from Saudi Arabia, testifying anonymously via video from the kingdom, provided significant portions of the government's case.

But Abu Ali's conviction was based primarily on his videotaped confession to Saudi authorities after his arrest there in June 2003. He was detained as he was taking final exams at the Islamic University of Medina after other members of the al-Qaeda cell he had joined identified him to Saudi police.

Saudi authorities declined to prosecute Abu Ali, and U.S. officials did not request that the Saudis hand him over to them. His family then mounted a highly public campaign to have him brought home. They sued the U.S. government in federal court in Washington, contending that U.S. officials were complicit in the detention and torture of their son by Saudi security officers.

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When that lawsuit threatened to force disclosure of information U.S. officials wanted to keep classified, the U.S. government formally asked for custody of Abu Ali.

In February 2005, Abu Ali was transferred to the Alexandria jail, where he has been in solitary confinement.

In seeking a life sentence, Assistant U.S. Attorney David Laufman called Abu Ali "the perfect recruit" for al-Qaeda, who "betrayed our country" by planning to form a clandestine terrorist cell in the United States.

But Lee noted that Abu Ali had no prior criminal record and had taken no steps to carry out his plots.

There is no parole in the federal prison system, though sentences can be reduced for good behavior.

Man Sentenced For Bush Assassination Plot (AP)

By MATTHEW BARAKAT, Associated Press Writer

AP, March 30, 2006

ALEXANDRIA, Va. — An American Muslim was sentenced Wednesday to 30 years in prison for joining al-Qaida and plotting to assassinate President Bush.

Prosecutors had asked for the maximum _ a life sentence _ for Ahmed Omar Abu Ali, a 25-year-old U.S. citizen who was born to a Jordanian father and raised in Falls Church, Va.

"The facts of this case are still astonishing," prosecutor David Laufman said. "Barely a year after Sept. 11 the defendant joined the organization responsible for 3,000 deaths."

But U.S. District Judge Gerald Bruce Lee said 30 years was sufficient punishment. He compared the Abu Ali case to "American Taliban" John Walker Lindh, who received a 20-year sentence.

Abu Ali's actions "did not result in one single actual victim. That fact must be taken into account," the judge said.

Abu Ali, wearing a green prison jumpsuit, declined to speak before his sentence was imposed. Defense lawyers said they plan to appeal.

Prosecutors said Abu Ali traveled to Saudi Arabia and joined al-Qaida out of hatred for the United States. The Saudis arrested Abu Ali in June 2003 as he was taking final exams at the Islamic University of Medina.

Ali was convicted in November of conspiracy to assassinate the president, conspiracy to hijack aircraft and providing support to al-Qaida, among other crimes. The charges carried a mandatory sentence of at least 20 years behind bars.

Abu Ali gave the Saudis a statement in which he said that he joined al-Qaida and discussed with some of the most senior al-Qaida members terror plots, including Bush's assassination, and plans to establish an al-Qaida terror cell in the U.S.

He claimed that the Saudis had extracted a confession from him through torture. Prosecutors denied he was mistreated.

Abu Ali said he had the scars on his back that proved he was whipped or beaten by the Saudis. Pictures were taken of his back, and doctors for both the government and the defense examined him, coming to different conclusions.

The jury in the three-week trial saw a videotaped confession Abu Ali gave to the Saudis in which he said he joined al-Qaida because he hated the United States for its support of Israel.

In February, defense lawyers asked for a review of the conviction in light of the disclosure that the Bush administration had eavesdropped on suspected terrorists' conversations without search warrants. Abu Ali's lawyers said they suspected, but had no firm evidence, that Abu Ali had been a target of the surveillance program.

The government's response was not made public, but the judge decided to go ahead with the sentencing after receiving it.

American Is Sentenced To 30 Years In Terror Case (NYT)

By David Stout

The New York Times, March 30, 2006

WASHINGTON, March 29 — An Arab-American student from Virginia was sentenced Wednesday to 30 years in prison for plotting with operatives of Al Qaeda to assassinate President Bush and hijack airplanes.

In November, a federal jury in Alexandria, Va., convicted the student, Ahmed Omar Abu Ali, now 25, of numerous counts of conspiracy to commit acts of terrorism. The jurors rejected his claim that his captors beat and tortured him into confessing after his arrest in Saudi Arabia in 2003.

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Judge Gerald Bruce Lee of the Federal District Court in Alexandria could have sentenced Mr. Abu Ali to as little as 20 years. The Justice Department had argued for the maximum sentence, life in prison.

The department has described Mr. Abu Ali as "one of the most dangerous terrorist threats that America faces in the perilous world after Sept. 11, 2001: an Al Qaeda operative born and raised in the United States, trained and committed to carry out deadly attacks on American soil."

Mr. Abu Ali, who was born to a Jordanian father and grew up in Falls Church, Va., was arrested in June 2003 at a university in Medina, Saudi Arabia, as the Saudi authorities were investigating a wave of bombings.

Prosecutors said that Mr. Abu Ali went to Saudi Arabia in 2002 hoping to become a terrorist because he saw Mr. Bush as "the leader of the infidels," and that he eventually met a high-ranking leader of Al Qaeda and was trained in weapons, explosives and document forgery.

Mr. Abu Ali's lawyers have insisted that he was just a student who went to Saudi Arabia to pursue religious studies. They said they would appeal the conviction.

Defense Questions Informant's Credibility In Lodi Terror Case (AP)

By Don Thompson

AP, March 30, 2006

SACRAMENTO - Attorneys representing a father and son facing federal terrorism-related charges opened their defense by challenging the credibility of a paid government informant.

The informant, a 32-year-old former convenience store clerk from Oregon, said in previous testimony that he saw three al-Qaida operatives in the Central Valley town of Lodi in 1998 and 1999.

At the time, the three were suspects in the bombings of U.S. government buildings in Saudi Arabia and Africa and were being sought aggressively by authorities. Terrorism and law enforcement experts previously told The Associated Press that it was highly unlikely the suspects were inside the U.S. when the informant said they were.

Defense attorneys pursued that angle Wednesday with two FBI agents they called to the stand.

Attorney Johnny Griffin III asked whether agents thought the informant, Naseem Khan, was lying to them when he claimed to have seen the terror suspects in Lodi. The Pakistani community in the agricultural hub south of Sacramento became a focus of federal agents shortly after the 2001 terrorist attacks.

"If he was lying as opposed to being mistaken, that would have a great bearing" on whether Khan was a suitable informant, said Eric Barnhart, an FBI agent based in Oregon.

He said he notified the FBI's Sacramento bureau of Khan's story but did not try to verify it.

Sacramento agent Rachel Pifer, also testifying Wednesday, said she checked FBI databases and other sources before deciding that Khan's claim "was probably highly unlikely." Pifer said she believed Khan was truthful in telling agents "what he thought he saw."

But after court, defense attorney Wazhma Mojaddidi said the testimony showed that the FBI and prosecutors "continue to use an informant they didn't believe. That's a problem."

The FBI agents were the first witnesses called by attorneys representing Umer and Hamid Hayat, a father and son from Lodi who have been in federal custody since last June.

Hamid Hayat, 23, is charged with attending an al-Qaida training camp in Pakistan in 2003 and lying about it to the FBI. The government says he returned home in 2005 to await orders for attacking grocery stores, banks, hospitals and other targets.

His father, a 48-year-old ice cream truck driver, faces two counts of making false statements to FBI agents. Both have pleaded not guilty.

The defense was beginning to call witnesses after roughly six weeks devoted to the government's case.

The statement by the government informant that he saw the three operatives in Lodi came after he was approached by the FBI in October 2001. The agency was investigating an alleged money-laundering scheme involving Islamic charities.

Khan denied knowledge of the money laundering but consented to an FBI interview in his apartment in Bend, a fast-growing former timber town in central Oregon.

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Khan told agents he had lived in Lodi during the late 1990s and recalled seeing Osama bin Laden's physician, Ayman al-Zawahiri, attending a local mosque.

He also told Barnhart that he saw Abdelkarim Hussein Mohamed al-Nasser and Ahmed Mohammed Hamed Ali in Lodi in 1998 and 1999. At the time, Ali was suspected in the bombing of a U.S. embassy in Africa and al-Nasser was wanted in the bombing of a U.S. military housing complex in Saudi Arabia.

Under questioning by Griffin, Barnhart said he considered Khan's claim as "historical information. I didn't see it as the focal point of his information."

Government agents around the country were receiving similar reports of suspected terrorist sightings - many of them unreliable - in the months immediately following the 2001 terrorist attacks, Barnhart said. In that context, the agent said he didn't consider Khan's claims particularly intriguing.

Much of the questioning Wednesday was contentious.

The agents repeatedly said they could not recall details of their interactions or conversations with Khan, even when they were shown their own reports.

Griffin, a former FBI employee and federal prosecutor, suggested the agents were deliberately feigning ignorance. He asked how trained agents who expected to be called as trial witnesses could fail to recall an informant telling them that a close deputy to Osama bin Laden was living in Lodi.

"Do you consider yourself a competent agent?" a frustrated Griffin asked Barnhart at one point.

"Yes sir," Barnhart replied.

The FBI hired Khan as an informant, sent him to Lodi in late 2001 and paid him nearly $230,000 over the next few years.

Khan, one of the government's key witnesses, befriended Hamid Hayat and secretly recorded hundreds of hours of conversations between the two, some by telephone while Hayat was in Pakistan between 2003 and 2005.

'Highly Unlikely' Bin Laden's Top Man Visited Lodi, Agent Says (LODINS)

By Layla Bohm, News-Sentinel Staff Writer

Lodi News-Sentinel, March 30, 2006

Testimony about key terror figure questions informant's credibility

SACRAMENTO — It is "highly unlikely" that Osama bin Laden's right-hand man was in Lodi in 1998 and 1999, an FBI agent testified Wednesday afternoon.

The acknowledgment, elicited by the defense attorney for a Lodi man charged with attending a terror training camp, calls into question the credibility of informant Naseem Khan, who became a key government witness in the case.

Khan told a federal jury earlier this month that Ayman al-Zawahiri had spent at least a month in Lodi, making countless trips to the Muslim mosque. Khan originally made the claim to FBI agents who visited him in October 2001 to ask him about a multi-million-dollar money laundering scheme.

"I thought that the probability that he saw al-Zawahiri at that time was probably slim," special agent Rachel Pizer said Wednesday.

She communicated with officials higher up in the FBI, who said it was "highly unlikely." Pizer didn't recall who gave her the information, but believed it came from New York, which was also involved in post-9/11 investigations.

"So at some point you came to the conclusion that it was likely not true, correct?" asked defense attorney Wazhma Mojaddidi, who represents Lodi resident Hamid Hayat.

Pizer replied: "That's correct."

The agent did not confront Khan with the information "because I believed that's what he thought he saw," she testified.

For Mojaddidi and co-counsel Johnny Griffin III, who represents Hayat's father, Umer Hayat, the information casts doubt on the reliability of the man who went on to secretly record their clients and ultimately testify against them — to the tune of salary totaling about $230,000.

"They continued to use an informant they didn't believe," Mojaddidi said after trial ended for the day.

Attorneys had spent much of the day questioning the agent who first contacted Khan in Bend, Ore.

After meeting Khan and learning that he had once lived in Kentucky, agent Eric Barnhart remembered it so distinctly that he gave Khan the code name of "Wildcat," after the University of Kentucky's mascot.

However, though that first meeting was mere weeks after 9/11, Barnhart said has no memory of Khan giving him the tip that al-Zawahiri had been in Lodi.

Barnhart repeatedly said he has almost no recollection of his first contacts with Khan, even after Griffin showed the agent copies of his own reports.

Forgetting details is sometimes a way of halting the defense in trial, even though part of an agent's job is to remember details and later testify in court, a former FBI agent later said.

"He's being paid to remember stuff, and his notes are written so that he can remember that stuff," said James Wedick, who received multiple honors during his 34-year career with the FBI before retiring.

Wedick, who has been hired by the defense in the Hayat case, said outside court that some agents find they can simply say they don't recall things.

"There is a subset of folks who use that tactic in court to throw off the defense," he said of agents in general, clarifying that Barnhart was not necessarily using that tactic.

Barnhart testified that he remembers mention of Taliban members possibly being in Lodi in 1998 and 1999, but that he doesn't recall mention of al-Zawahiri, who is the FBI's second most wanted terrorist and has a $25 million bounty on his head.

Al-Zawahiri's photo appeared next to Osama bin Laden on the bureau's list of most wanted terrorists, which was released Oct. 10, 2001, exactly one week before Barnhart met with Khan.

Despite Khan's claims that he had seen Taliban members in Lodi when he lived in the city for a time, the FBI quickly made him a source and sent him to work in Lodi.

Before long, the FBI was paying him $3,000 a month plus bonuses, and he got a raise the following year, according to previous trial testimony and documents. Pizer, however, testified Wednesday that Khan was not paid a salary and was only given cash payments.

Khan grew close to local Muslim religious leaders, then befriended Hamid Hayat in summer 2002. He secretly recorded conversations, often asking the 23-year-old man if he was going to attend terror camps in Pakistan.

Ultimately, Hamid Hayat was arrested on allegations of lying to the FBI and denying that he had allegedly attended terror training camps in Pakistan. Hayat also faces a charge of providing material support to terrorists.

His father, 48-year-old Umer Hayat, is charged with lying to the FBI about his alleged knowledge of the camps.

Prosecutors wrapped up their case Tuesday after five weeks of trial, and Barnhart was the first defense witness, who testified that he interviewed Khan at the request of the Sacramento office.

Barnhart, who joined the FBI in April 1996, continuously said he had no recollection of most of his conversations with Khan.

"Do you consider yourself a competent agent?" Griffin asked him at one point.

Barnhart replied: "Yes sir."

Contact reporter Layla Bohm at layla@lodinews.com.

Defense Calls First Witness In Hayat Trial (KXTV-TV)

KXTV-TV, March 30, 2006

Just weeks after the 9-11 terrorist attacks, you'd think information about Osama Bin Laden's number two man being in Lodi would be big news. But in the terrorism trial against two Lodi men, an FBI agent said when an informant claimed Ayman Al-Zawahiri had spent time in Lodi in 1999, the agent didn't alert his superiors about the information.

"In my mind, (it) was historical information," said Agent Eric Barnhart (shown above outside of court).

The defense in the Lodi terror trial is opening its case by trying to show a paid FBI informant was untrustworthy from the first time he received money in exchange for information. Part of that information from informant Naseem Khan included his claims that three top men connected to the Taliban, including Al-Zawahiri, spent time in and around the Lodi mosque in 1999. Khan, who was being interviewed by the FBI in Bend, Oregon, also claimed to have information about alleged money laundering and fundraising for terrorism in Lodi, where he once lived.

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Khan is a key prosecution witness in the case against Hamid Hayat and his father, Umer Hayat. The father and son, both Lodi residents and U.S. citizens, are charged with lying to the FBI about Hamid Hayat's alleged training in a Pakistani terrorist camp in 2003 and 2004. The younger Hayat also faces a charge of providing support to terrorism by his alleged training to commit violent jihad against the United States.

After his recruitment as a full-time FBI informant, Khan move back to Lodi, befriended Hamid Hayat, and secretly recorded several conversations they had about Pakistani politics, terrorist leaders and Hayat's purported desire to go to Pakistan to train for violent jihad.

Under questioning by defense attorney Johnny Griffin, Agent Barnhart confirmed he paid Khan $650 for his information given between October and November of 2001. Barnhart admitted he didn't know if Khan was lying or not but said if he had known, "I wouldn't have paid him."

At the time Khan made those claims about Al-Zawahiri, the terrorist was and still is on the FBI's most wanted list. Barnhart testified he was aware of that but didn't made a big deal about Khan's claims.

There's been no independent confirmation that Al-Zawahiri, nor the other two men, Ahmed Hamed Ali and Abdel Al Nassar, ever spent any time in Lodi.

Barnhart repeatedly answered, "I don't recall" to most of the defense's questions regarding how and why Khan was recruited. Khan was working at a Circle K store making low wages when first contacted by Barnhart in October, 2001. According to a receipt brought into evidence, Khan received money for his information beginning after the second meeting.

Obviously exasperated at the agent's apparent poor memory on the stand, Griffin once asked him pointblank, "Do you consider yourself a competent agent?" Barnhart replied, "Yes, sir."

The defense has begun calling witnesses after prosecutors rested their case Tuesday afternoon. Defense attorneys moved to have the case dismissed, claiming prosecutors haven't proven their case, but Judge Garland Burrell denied the motion. He's still considering another motion, however, to drop two of the three lying counts against Hamid Hayat.

FBI Agent Doubts Informant Saw Al Zawahri In Lodi (SACBEE)

By Denny Walsh, Bee Staff Writer

The Sacramento Bee, March 30, 2006

The account of an FBI informant, a critical government witness, about seeing one of the world's most wanted terrorists in Lodi in 1999 is probably not true, an FBI agent testified in Sacramento federal court Wednesday.

Naseem Khan, who already has testified against two Lodi men on trial on terror-related charges, said in his first meeting with FBI agents four and a half years ago that he saw two men on the bureau's most-wanted list at the Muslim mosque in Lodi in 1999.

According to an FBI report on that meeting between Khan and two agents, Khan positively identified photographs of Ayman al Zawahri and Ahmed Mohammed Hamed Ali as the two men he saw at the Lodi mosque.

Al Zawahri is Osama bin Laden's chief deputy and is wanted in connection with the 1998 bombings of U.S. embassies in Tanzania and Kenya. Ali also is a suspect in those bombings.

FBI Special Agent Rachel Pifer testified Wednesday that after investigating Khan's claim, she concluded it "probably was not true."

Khan gave a truncated version of his story from the witness stand three weeks ago while testifying in the trial of Hamid Hayat, 23, who is charged with supporting terrorism by undergoing training at a camp in Pakistan, and initially lying to the FBI to conceal what he did.

Hayat's 48-year-old father, Umer, is charged with initially lying to the FBI to cover for his son and to hide his own firsthand knowledge of terrorist training.

Much of the government's case against the Hayats rests on secretly recorded conversations the pair had with Khan in 2003. Khan wore a concealed recording device while acting as an FBI informant.

The Hayats are being tried at the same time, but with separate juries.

Both juries were in court Wednesday to hear testimony on the first day the defense presented its case.

Under examination by Hamid Hayat's attorney, Wazhma Mojaddidi, Agent Pifer, who is assigned to the bureau's Sacramento office and who worked with Khan from November 2001 to September 2002, testified that she began checking Khan's claim about the infamous terrorist after hearing of it from a fellow agent.

"I thought the probability he saw al Zawahri at that time was slim," Pifer recalled.

She said she checked the bureau's internal databases and caused inquiries to be made at the agency's New York office, and perhaps other offices.

She said the feedback made Khan's story appear "highly unlikely."

Asked by Mojaddidi why she didn't confront Khan, Pifer said, "Because I believed that he believed that's what he saw."

Two FBI agents wrote, in a report of an interview with Khan on Oct. 17, 2001, that he "could still picture the priest-like al Zawahri standing up in front of the audience (at the Lodi mosque), speaking Urdu, and lecturing about Allah." That interview was conducted in Khan's apartment in Bend, Ore.

The agents stumbled upon Khan, who at the time was managing a Circle K mini mart in Bend, in the course of an unrelated investigation. He was quickly signed up as a paid informant and has since received nearly $230,000 in salary and expenses.

One of the agents who discovered him, Eric Barnhart, was the defense's first witness Wednesday, but he testified he doesn't remember much about his encounters with Khan.

Under questioning by Umer Hayat's attorney, Johnny Griffin III, the agent said he doesn't recall Khan telling him about seeing the two top terrorists.

Griffin showed the agent the report on the interview, which Barnhart helped prepare, but he said that didn't refresh his memory.

Asked if he later told an agent in Sacramento about the Khan interview, Barnhart again testified that he doesn't remember.

"Did you advise your superior immediately after the interview?" Griffin asked.

"I don't recall, sir," Barnhart replied. "I don't recall what importance I attached to it."

"Sir, do you consider yourself a competent agent?" a frustrated Griffin then asked.

"Yes, sir," the agent said.

Griffin asked Barnhart if he had been coached by prosecutors not to recall what Khan had told him about al Zawahri. He denied that had occurred.

When Griffin questioned Pifer, she too could not recall details of her early dealings with Khan.

Shown a report on her first meeting with Khan in a Sacramento park on Nov. 15, 2001, Pifer said, "I don't recall, but that's what I wrote, so that's what happened."

Griffin asked if her poor memory was brought on by prosecutors' coaching. Pifer answered that prosecutors told her to tell the truth.

Griffin, a former state and federal prosecutor, said outside of court: "At no time in my entire career have I witnessed such a spectacle as two seasoned FBI agents simultaneously afflicted with an inability to recall significant events."

Al Qaeda In Lodi 'Unlikely' (LAT)

By Rone Tempest, Times Staff Writer

The Los Angeles Times, March 30, 2006

An FBI agent in the terrorism case testifies for the defense that an informant's claim wasn't credible.

SACRAMENTO — Within weeks after an Oregon convenience store clerk told the FBI he had seen Al Qaeda's No. 2 leader worshipping at a Lodi, Calif., mosque, agents determined the report was "highly unlikely," according to testimony Wednesday in a Northern California terrorism case.

Despite serious doubts about the information from Pakistani immigrant Naseem Khan in a series of interviews shortly after Sept. 11, 2001, the FBI hired Khan as an undercover operative, paying him nearly $230,000 in salary and expenses to secretly infiltrate the Lodi Muslim community from 2001 until 2005.

Khan, a key witness in the terrorism case against a Lodi father and son, shocked a federal courtroom here earlier this month when he testified that he had seen Al Qaeda leader Ayman Zawahiri — the man believed to be behind the 1998 bombings of U.S. embassies in Kenya and Tanzania — in Lodi in 1998 and 1999.

Most terrorism experts believe Zawahiri did not travel to the United States after 1995.

Sacramento FBI Agent Rachel Pifer testified Wednesday that a quick check of Khan's assertion showed that it was probably false.

"I thought the probability that he saw Zawahiri during this period of time was probably pretty slim," Pifer said. But Pifer also said the agency decided to make him an informant because he appeared sincere, if mistaken. Defense attorneys contend that Khan would never have been hired if he had not made his sensational claim.

The prosecution in the trial of Lodi ice cream truck driver Umer Hayat, 48, and his son Hamid Hayat, 23, rested its case Tuesday with satellite photographs of what the government says is a terrorist training camp in Pakistan that the son attended in late 2003. Hamid Hayat is charged with "providing material support to terrorism" by attending the camp. Both men are charged with lying to the FBI.

Hoping to impeach Khan's key testimony by showing that he lied in his very first meetings with FBI agents, defense attorneys called to the stand Pifer, who was Khan's handler in 2001-2002, and Eric Barnhart, who initially contacted Khan on Oct. 17, 2001.

"The problem is that they continued to use an informant they didn't believe," defense attorney Wazhma Mojaddidi said.

Pakistani Militant Leader Is Beaten (LAT)

By Mubashir Zaidi And Paul Watson, Special To The Times

The Los Angeles Times, March 30, 2006

Fazlur Rehman Khalil, an ally of Osama bin Laden, was dragged from a mosque by assailants who held him for five hours, aides say.

ISLAMABAD, Pakistan — Gunmen on Wednesday attacked and seriously injured a longtime ally of Osama bin Laden whom U.S. authorities have linked to an alleged terrorist sleeper cell in California.

Fazlur Rehman Khalil, a signatory to Bin Laden's 1998 declaration of war on the United States and its allies, was severely beaten by eight armed men, supporters said.

The assailants dragged Khalil and his driver from a mosque in Tarnol, about three miles northwest of Islamabad, Pakistan's capital, as they attended evening prayers, said his spokesman, Sultan Zia.

Khalil is a former leader of Harkat Mujahedin, a militant group linked to Al Qaeda that he founded as Harkat Ansar to fight Soviet forces in Afghanistan in the 1980s. The U.S. labeled Khalil's group a terrorist organization in 1997, but it has continued its anti-Western jihad, or holy war, under the new name, Jamiat ul Ansar.

Khalil's attackers held him for five hours, tying a rope around his neck and beating him with rifle butts before dumping him in front of a mosque on Islamabad's outskirts, his spokesman said. "He was left in a very serious condition with a severe head injury. However, he has survived with the grace of God," Zia said. Khalil was taken to a hospital in Rawalpindi, adjacent to the capital.

In June, the FBI arrested Lodi, Calif., ice cream truck driver Umer Hayat, 48, and his son Hamid, 23, and charged them with training in one of Khalil's camps in Pakistan for attacks in the U.S. The men are on trial in a Sacramento court. The prosecution rested its case Tuesday.

Khalil co-signed Bin Laden's 1998 fatwa, or religious edict, that declared it "an individual duty" for Muslims to kill American civilians and troops, or their allies, anywhere they could be found in the world.

Bin Laden's deputy, Egyptian physician Ayman Zawahiri, and two other Egyptian and Pakistani extremists also signed the declaration by the so-called World Islamic Front for Jihad against the Jews and the Crusaders.

That same year, then-President Clinton ordered an attack with Tomahawk cruise missiles on targets in Afghanistan to kill Bin Laden after Al Qaeda attacks on two U.S. embassies in East Africa left at least 224 people dead. The strikes also targeted Khalil's camps near the eastern Afghan town of Khowst.

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Intelligence assessments concluded that the missile strikes missed Bin Laden by a few hours, but Khalil claimed several of his fighters were killed in the airstrikes.

In testimony before the 9/11 Commission in 2004, Clinton's national security advisor, Samuel R. "Sandy" Berger, said an undisclosed number of agents from the Pakistani military's Inter-Services Intelligence agency also died in the strikes on the camps. The powerful ISI was long associated with Khalil and other militant groups.

Pakistani President Pervez Musharraf banned Khalil's militant group in 2001, after he ended support for the Taliban regime in neighboring Afghanistan and joined the U.S.-led war on terrorism after the Sept. 11 attacks.

Pakistani authorities arrested Khalil in 2004 when he was accused of aiding militants crossing into Afghanistan to attack U.S.-led forces.

He was detained at least two more times but was released each time under what Pakistan's government insisted was close supervision to ensure he didn't engage in militant activities.

As late as 2004, Khalil continued to raise funds and rally militants to wage jihad against the U.S. in a magazine called Al Hilal, published from his headquarters, in a mosque next to a school and across from an army base in Rawalpindi.

A November 2003 edition of the magazine featured an advertisement on the back page, announcing the "All-Pakistan Training Convention of Jamiat ul Ansar Activists," at Khalil's headquarters.

Times special correspondent Zaidi reported from Islamabad and staff writer Watson from New Delhi.

Feds Say Smuggling Ring Helped Fund Hezbollah (FREEP)

By JOE SWICKARD, FREE PRESS STAFF WRITER

Detroit Free Press, March 30, 2006

A smuggling ring operating in Michigan helped fund Hezbollah with profits from bootlegged cigarettes, counterfeit tax stamps, phony Viagra tablets and hijacked toilet paper, according to a federal indictment unsealed in Detroit on Wednesday.

The indictment, issued almost two years ago, names 18 men and alleges the leaders were bound together by their support of Hezbollah. Federal authorities say the men levied a surcharge on the cigarettes they smuggled as a tax on behalf of the organization, which is characterized as a terrorist group by the U.S. government.

They were indicted on charges of being part of a global racketeering conspiracy.

Ten of the suspects have been arrested or are expected to surrender to federal officials. The others are believed to be outside the United States.

Arrested Wednesday morning by the Detroit Joint Terrorism Task Force were: Karim Hassan Nasser, 37, of Windsor; Fadi Mohamad-Musbah Hammoud, 33, of Dearborn; Majid Mohamad Hammoud, 39, of Dearborn Heights; Jihad Hammoud, 47, of Dearborn; Youssef Aoun Bakri, 36, of Dearborn Heights; Ali Najib Berjaoui, 39, of Dearborn; Mohammed Fawzi Zeidan, 41, of Canton; Imad Majed Hamadeh, 51, of Dearborn Heights and Adel Isak, 37, of Sterling Heights.

Theodore Schenk, 73, of Miami Beach, is expected to voluntarily surrender for arraignment on April 10.

The gang's operations, according to U.S. Attorney's office, stretched from the Detroit area to New York, North Carolina, the Ivory Coast, China, Lebanon, Brazil and Paraguay.

18 Charged In Smuggling Case (DEN)

Detroit News, March 30, 2006

U.S. attorney says group illegally brought in cigarettes, fake Viagra to raise funds for Hezbollah.

DETROIT -- The U.S. Attorney's Office on Wednesday indicted 18 people it alleged took part in a multimillion-dollar international conspiracy to smuggle cigarettes, counterfeit Viagra and other goods to raise money for the Mideast terrorist group Hezbollah.

The tobacco-smuggling operation was based in Dearborn and shipped up to $500,000 a week worth of untaxed and low-tax cigarettes, according to a grand jury indictment unsealed Wednesday in federal court in Detroit. Part of the fundraising effort also involved the sale of counterfeit Viagra shipped from China and Eastern Europe, the indictment alleges.

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"The enterprise operated from Lebanon, Canada, Brazil, Paraguay, China, North Carolina, Florida and the Dearborn, Mich., area, perpetrating crimes in the states of Michigan, California, Florida, Georgia, Illinois, North Carolina and West Virginia (and points in between)," the indictment alleges.

The federal government estimates the state of Michigan lost $20 million in taxes as a result of the smuggling. There is no estimate of how much money went to Hezbollah, officials said.

Some smuggled cigarettes were supplied by Cattaraugus Indian Reservation residents near Irving, N.Y., the indictment alleges. Also, thousands of cartons were bought after they were stolen from the R.J. Reynolds tobacco company in Kentucky, the indictment alleges.

Tens of thousands of generic virility tablets were sold as if they were name-brand Viagra manufactured by Pfizer, the indictment alleges.

The alleged scheme, operated from 1996 to 2004, also involved the manufacture and purchase of counterfeit stamps placed on cigarette packages to show taxes had been paid on them.

"This indictment represents a major effort of our office," U.S. Attorney Stephen Murphy said.

Though no specific terrorism counts were part of the indictment, Murphy said the case is a key one in his agency's fight against what has become its No. 1 priority. Hezbollah, a group founded in 1982 to fight the Israeli occupation in southern Lebanon, is seen as a legitimate resistance force by many in Lebanon and elsewhere, but is deemed a foreign terrorist organization by the State Department.

The smuggled cigarettes were sometimes subject to a "resistance tax," which customers said would be sent to Hezbollah, the indictment alleges.

Imad Hamad, Michigan regional director of the American Anti-Discrimination Committee, said he objects to the stamp of terrorism being routinely placed on criminal cases involving Arab-Americans or people of Muslim faith.

"An indictment does not mean a conviction," Hamad said.

Nine men were arraigned in U.S. District Court in Detroit on racketeering charges Wednesday. The charges could bring up 20 years in prison and fines of up to $250,000 for each accused. All but two were released on unsecured bonds and ordered to surrender their passports. A 10th man, Theodore Schenk, 73, of Miami Beach, Fla., is to be arraigned on April 10. The other eight men indicted are fugitives now living in Canada, Lebanon or elsewhere outside the country, Murphy said.

"The family is denying everything," said Maurice Herskovic, a lawyer for Imad Majed Hamadeh, 51, of Dearborn Heights, one of the men accused in the alleged conspiracy and arrested Wednesday. Friends and relatives of the men who attended the arraignment declined to comment.

Among those arraigned were three Hammoud brothers: Fadi Mohamad-Musbah Hammoud, also known as Fadi Musbah Hammoud, 33, of Dearborn; Majid Mohamad Hammoud, also known as Mike Hammoud, 39, of Dearborn Heights; and Jihad Hammoud, also known as Jay Hammoud, 47, of Dearborn. A fourth brother, Imad Mohamad-Musbah Hammoud, also known as Jacob Hammoud, 37, formerly of Dearborn, is a key figure in the conspiracy and a fugitive now believed to be living in Lebanon, assistant U.S. Attorney Kenneth Chadwell told the court.

Also arraigned Wednesday were Karim Hassan Nasser, 37, of Windsor; Youssef Aoun Bakri, 36, of Dearborn Heights; Ali Najib Berjaoui, 39, of Dearborn; Mohamad Fawzi Zeidan, 41, of Canton Township; and Adel Isak, 37, of Sterling Heights.

Indicted, but not yet arraigned, in addition to Imad Hammoud, were Hassan Ali Al-Mosawi, 49, of Lebanon; Hassan Hassan Nasser, 36, of Windsor; Ali Ahmad Hammoud, 64, of Lebanon, who is an uncle of the Hammoud brothers; Karim Hassan Abbas, 37, formerly of Dearborn; Hassan Mohamad Srour, 30, of Montreal; Naji Hassan Alawie, 44, of Windsor; and Abdel-Hamid Sinno, 52, of Montreal.

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U.S. Breaks Up Michigan-based Smuggling Ring That Sent Profits To Hezbollah (CP)

Canadian Press, March 30, 2006

DETROIT (CP) - Federal authorities said Wednesday they have broken up a smuggling ring that sent some of its profits to the Lebanese guerrilla group Hezbollah.

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Eighteen people have been indicted in the Michigan-based ring, which sold contraband cigarettes, counterfeit Zig-Zag rolling papers, and counterfeit Viagra, U.S. Attorney Stephen Murphy said in a statement.

Nine of the suspects, from the Detroit and Windsor, Ont., areas, were arrested Wednesday on an April 2004 indictment that had been sealed by court order. A Miami Beach, Fla., man was to surrender in April, and authorities were seeking eight others who now live out of the country.

The suspect arrested in Windsor was identified as Karim Hassan Nasser, 37. Also named in the indictment, but not arrested, were Hassan Hassan Nasser, 36, and Naji Hassan Alawie, 44, of Windsor and Hassan Mohamad Srour, 30, and Abdel-Hamid Sinno, 52, of Montreal.

The indictment alleges that from 1996 to 2004, the group ran a multimillion-dollar cigarette-trafficking ring out of Dearborn. It purchased low-taxed or untaxed cigarettes from North Carolina or a New York Indian reservation and resold them in Michigan and New York, making profits by evading state cigarette taxes, prosecutors said.

Sometimes the group made counterfeit state tax stamps to make it appear as if the state taxes had been paid, authorities said.

Some members charged a tax on the cigarettes to fund Hezbollah, which has been classified as a terrorist group by the federal government, the statement said. They also solicited money for Hezbollah's program to support the families of those killed in suicide bombings and other terrorist operations, the statement said.

New elder still asking the same old questions

Last week, I turned 70. For younger people, that may seem impossibly old. But for those of us entering the latter stages of life, we just can't believe how quickly it came upon us - or how much we hope to accomplish in the time we have left. Full Column

US Charges 19 With Selling Smuggled Cigarettes To Aid Hezbollah (AFP-Y2)

AFP, March 30, 2006

US prosecutors have charged 19 people with trafficking in smuggled cigarettes and other contraband and using some of the profits to aid designated terrorist organization Hezbollah.

The indictment, which was unsealed Wednesday following the arrest of nine people in Michigan and Canada, alleges that a Dearborn, Michigan man ran a multi-million dollar a year contraband cigarette trafficking organization which also dealt in stolen and counterfeit goods.

Some members of the enterprise charged a "Resistance Tax", a set amount over the black market price of contraband cigarettes, which their customers were told would go to Hezbollah, the justice department said in a statement.

The US has officially labelled the Lebanese Shiite militia Hezbollah a terror organization.

The traffickers also solicited money from cigarette customers for the orphans of martyrs program run by Hezbollah in Southern Lebanon to support the families of persons killed in Hezbollah suicide and other operations, the statement said.

"Fighting terrorism and keeping our citizens safe from its reach are the number one priorities of this office," US Attorney Stephen Murphy said in a statement.

"We will use all of the legal tools available to us to disrupt criminal activity that funds terrorist organizations."

The enterprise operated from Lebanon, Canada, China, Brazil, Paraguay and the United States, and its members were bound together by their shared Lebanese heritage, blood relations, allegiance to Hezbollah and "a common purpose of generating large sums of cash illegally," the indictment said.

The criminal organization operated between 1996 and 2002. One leader pleaded guilty in 2003 in federal district court in Detroit to racketeering and providing material support to Hezbollah.

He was not named in the latest indictment, which was returned by a federal grand jury on April 14, 2004 and was sealed pursuant until Wednesday.

Specter: Censure Could Reach Floor (RC)

By Erin P. Billings

Roll Call, March 30, 2006

DOJ_NMG_0023804

Senate Judiciary Chairman Arlen Specter (R-Pa.) on Wednesday left open the possibility that Sen. Russ Feingold's (D-Wis.) bill to censure President Bush could get its day before the full Senate, a move certain to ignite an intense partisan showdown with election-year stakes.

Specter said he doesn't know how the controversial resolution will play out before his Judiciary Committee, but suggested it could be brought to the floor under a rare procedural move. The panel could vote to defeat the bill, but send it to the floor anyway with an unfavorable recommendation.

"I think this one may well be the exception" to regular order, Specter said. "We'll have a hearing on it. We'll take in do course what the committee action will be."

Feingold's motion seeks to censure President Bush for authorizing what the Wisconsin Democrat believes is an illegal domestic wiretapping program and then misleading the public about its existence. The highly charged measure has given Republicans a new rallying cry against Democrats even as the minority claims to be making headway with the public on national security matters.

The Judiciary Committee is expected to hold a hearing on Feingold's bill Friday. Specter reiterated Wednesday that he plans to keep to that schedule, despite some suggestion earlier in the week that it might be postponed.

"Friday is a work day for me," Specter said. "I'll be here. We'll have a hearing."

Feingold said Wednesday he still believes censuring Bush over the wiretapping program is "a modest approach to a very serious constitutional crisis." He said he is ready for the hearing, and would welcome floor consideration even if it comes without the backing of the Judiciary panel, but noted "It is an unusual step."

A Senate GOP aide said: "Certainly this is an issue where all Senators should go on record."

Only two other Senators, Barbara Boxer (D-Calif.) and Tom Harkin (D-Iowa), have signed on to the bill so far.

Many Democrats have argued the move is premature, especially at a time when the Senate is seeking to fully investigate the surveillance program. Privately, some also fear the bill goes to far and could curb Democrats' momentum to make gains as Republicans drop in the polls.

Feingold said that even if his bill doesn't advance this year, he's not going to give up: "If censure doesn't succeed this time, we'll come back again next year."

Bill Would Speed Challenge To Surveillance (NYT)

By The New York Times

The New York Times, March 30, 2006

WASHINGTON, March 29 — Senator Charles E. Schumer, Democrat of New York, introduced a bill Wednesday that would put lawsuits challenging the National Security Agency's domestic surveillance program on a fast track to the Supreme Court.

With Congress and the Bush administration at odds over the legality of eavesdropping on Americans without court warrants, the legislation could produce a timely ruling by the court on the program's constitutionality, Mr. Schumer said.

"We have a system of checks and balances," he said, "and, in this case, when the stakes are so high, the Supreme Court should be the ultimate check."

The bill would permit lawsuits by scholars, journalists and others who assert that they have refrained from calls or e-mail messages to Iraq, Afghanistan and other countries because of "a reasonable fear" of N.S.A. eavesdropping.

Such suits would be heard by a panel of three federal judges, whose decision could be appealed immediately to the Supreme Court.

HOMELAND RESPONSE:

Area Still Unprepared For Terror Attacks, Senate Panel Is Told (WP)

By Eric M. Weiss

The Washington Post, March 30, 2006

DOJ_NMG_0023805

Nearly five years after the Sept. 11, 2001, terrorist attacks, the Washington region still lacks a strategic plan to guide preparations for any future attacks or to effectively spend hundreds of millions of homeland security dollars, federal and local officials told a U.S. Senate panel yesterday.

The lack of a comprehensive regionwide communication system was repeatedly cited by senators as a case of poor planning and coordination. For example, Prince George's County does not have radios that are fully compatible with neighboring jurisdictions.

An oversight panel for the Senate Committee on Homeland Security and Governmental Affairs took emergency response officials from the District, Maryland, Virginia and the federal government to task for bureaucratic foot-dragging and a lack of agreement on a long-term plan for protecting millions of residents in the region.

"What do we have today? What's in place today?" asked Sen. John W. Warner (R-Va.).

Local homeland security officials did not give a definitive answer. Since the Sept. 11 attacks, they said, strategies have been developed that make the region better prepared to deal with attacks, but they realize that more needs to be done.

"That's not too good after all these years, I have to tell you," Warner said.

Senators questioned why the Capital Region Homeland Security Strategic Plan has not been completed. The plan was promised last September but will not be available until August at the earliest, officials said. The plan would establish goals and priorities for enhancing disaster response and for efficiently spending federal preparedness dollars.

"Six months since the proposed release date, the region has yet to release a final version of the strategic plan. This is unacceptable," said Sen. George V. Voinovich (R-Ohio), chairman of the subcommittee on oversight, which held the hearing.

Yesterday was not the first time that lawmakers expressed frustration over the pace and progress of emergency planning in the region. Although the Washington area is designated as high-risk, last year it had not spent $120 million of the federal anti-terrorism grants it received from 2002 to 2004. Officials said yesterday they have boosted the spending rate.

Warner and other senators said the poor federal response to Hurricane Katrina and the confusion and lack of communication when a small plane violated the District's airspace in May underscored the need for effective regional coordination.

Edward D. Reiskin, the District's deputy mayor for public safety and justice, assured the panel that local jurisdictions are prepared to respond to individual emergencies.

"If a big, bad thing happens, we have a response plan," he said after the hearing. "That's not at all what is the issue here. It's about strategic planning and about what is the vision."

Thomas Lockwood, the DHS director for the capital region, said leaders are working hard to come up with a consensus plan. But he said the effort is hampered by fragmented authority among the region's 12 jurisdictions, two states and the District of Columbia, all three branches of the federal government, more than 2,000 nonprofit organizations and numerous regional business and civic groups. Nearly three dozen police departments operate in the District alone.

Lockwood said regional officials are making slow but steady progress on crafting the plan.

"The consensus process around the details takes much longer to do," he said, but "if you do it right, it's going to last."

Lockwood and Reiskin, along with Robert P. Crouch, Virginia's preparedness director, and Dennis R. Schrader, Maryland's homeland security director, said much has been accomplished in recent months.

They said enhanced cooperation with military and aviation officials has dramatically improved responses to airspace incursions. Also, additional gear has been purchased so that firefighters in the region could continue functioning if their original gear became contaminated. In addition, the region has developed an area-wide electronic surveillance system for early detection of epidemics and a plan for dealing with large numbers of casualties.

Officials are working on a secure, compatible communication network that would link local officials in an emergency. There is also a cache of 1,250 compatible radios that could be distributed to Prince George's or other jurisdictions during an incident.

But a detailed strategic plan is still vital, experts said. The problems encountered during the Katrina disaster highlighted the need for detailed evacuation plans, especially when many jurisdictions and agencies are involved.

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In testimony yesterday, William O. Jenkins Jr., director of homeland security issues for the Government Accountability Office, was asked whether local officials can really know whether they are adequately prepared without such a plan.

"In a word, no," he said.

Lapses In Cargo Screening Uncovered (CSMonitor)

By Alexandra Marks

Christian Science Monitor, March 30, 2006

NEW YORK - All it took were some forged documents to "smuggle" into the US enough nuclear material to make a "dirty" bomb - the kind that mixes radioactive material with conventional explosives to cause extra damage.

In a government sting, US investigators twice managed to slip the illicit materials across America's border, once at a point of entry from Canada and another time from Mexico. And that was after border agents in both instances detected the presence of the nuclear material, but were duped by Nuclear Regulatory Commission documents the investigators had faked.

Their ability to sneak nuclear material into the US has led General Accountability Office investigators to conclude that the nation needs to do much more to improve nuclear-detection and enforcement at its borders. Between 1993 and 2004, the GAO notes, there were 662 confirmed cases of illicit trafficking of radiological materials around the world - a sure sign that demand for such materials is unabated.

This week in Washington, senators on both sides of the aisle agreed with the GAO assessment. Though acknowledging some improvements in border security since 9/11, they took to task the Department of Homeland Security (DHS) and the Nuclear Regulatory Commission (NRC) for not doing a better job of protecting the nation from radiological threats.

"The ability to identify radioactive source material as it crosses our borders is meaningless if those intending to harm us can acquire counterfeit documents and transport radioactive material into our country," said Sen. Norm Coleman (R) of Minnesota at a hearing of the Permanent Committee on Investigations on Tuesday. "The Nuclear Regulatory Commission must find a way to change its pre-9/11 mind-set in our post-9/11 world." A lot to keep track of

DHS's Customs and Border Protection (CPB), working in conjunction with the NRC, is responsible for keeping illicit radiological materials out of the country, and the challenge is enormous. Each day CPB processes 64,000 containers coming into the US by truck, ship, and rail cars; 365,000 vehicles; and more than 1.1 million people at 380 border crossings, according to the GAO.

Since 9/11, DHS has spent $286 million to deploy radiation detectors, called radiation portal monitors.

The GAO report released Tuesday found that 40 percent of the cargo coming into the US is currently screened. Moreover, the technology in use is inefficient, and the goal of deploying enough monitors to screen all cargo for radiological material by 2009 probably won't be met because of bureaucratic delays, it reports. The $1.3 billion program is also expected to cost as much as $340 million more than planned. That's because the new generation of radiological monitors - which are more efficient - cost between $330,000 and $460,000 each, while today's detectors cost between $50,000 and $60,000 apiece.

"This is not getting the attention it deserves from the leadership at the department," says Michael Greenberger, director of the University of Maryland's Center for Health and Homeland Security. "The only way you get projects like this off the ground, running effectively, and implemented quickly is with a strong driving force at the top of the department, and that just isn't there."

It was a "Pyrrhic victory," Professor Greenberger says, that border patrol agents successfully identified the material smuggled in during the undercover operation, only to be duped by false documents from the Nuclear Regulatory Commission.

The NRC works in conjunction with Homeland Security officials to prevent illicit radioactive materials from entering the country. NRC: 'We've imposed greater controls'

The amount of radioactive material smuggled in by GAO investigators was not enough to create a dirty bomb, says David McIntyre, NRC spokesman, disputing the GAO's contention. If it had been enough, he says, more stringent licensing of the materials entering the country would have been required. He also took exception to Senator Coleman's characterization of the NRC as having a "pre-9/11 mind-set."

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"We have obviously taken the security of radioactive material very seriously, 24/7 since 9/11," says Mr. McIntyre. "We have imposed greater controls, paperwork, and licensing requirements on the highest-risk sources that would cause the most contamination, injury, and the most difficult cleanup from a radiological standpoint."

Still, he acknowledges, more must be done. The NRC is now working with CPB to create a database that can be accessed 24 hours a day, so that border patrol agents can verify the validity of NRC licenses and other documents. The new system is expected to be operational within 30 days, says CPB spokeswoman Suzanne Trevino. DHS is sticking by its deadline to screen 100 percent of the cargo coming into the US by 2009, she adds.

"Our roll-out schedule is continuing at a quickened pace, and we expect to have significantly more monitors and detection equipment on line in the coming months," she says.

Ground Zero Still Lacks An Agreement On Rebuilding (NYT)

By Charles V. Bagli

The New York Times, March 30, 2006

An agreement on a major realignment of the rebuilding effort at ground zero continued to elude government officials and the developer Larry A. Silverstein yesterday, even as the Port Authority board planned to meet today to discuss the matter.

Sporadic talks continued into the evening with the hope of finding a framework for a deal that would allow construction of the Freedom Tower, the largest of five towers planned for the site, to begin next month. A new arrangement, officials say, would also allow the rebuilding of the entire 16-acre site to move more quickly.

"Talks are continuing," said Joanna Rose, a spokeswoman for Gov. George E. Pataki.

Governor Pataki has taken the lead in dealing with Mr. Silverstein, who leased the World Trade Center from the Port Authority of New York and New Jersey six weeks before it was destroyed. But when the governor and Mr. Silverstein began closing in on a tentative deal this week, Port Authority executives, Gov. Jon S. Corzine of New Jersey and Mayor Michael R. Bloomberg continued questioning many of the financial aspects.

So far, they have withheld their support for fear that the tentative deal would enrich the developer at the Port Authority's expense and fail to ensure that the entire project is completed. For one thing, according to authority executives, Mr. Silverstein, whose annual rent will rise to $125.25 million in July, wants a rent reduction worth as much as $500 million over the length of the lease. City officials and others say that is far too generous.

Yesterday, Governor Corzine, who shares control of the Port Authority with Mr. Pataki, said the financial plans "aren't encouraging to me." He said the final deal should provide about $100 million for the memorial, which is over budget and having trouble raising money.

Mayor Bloomberg has also raised the possibility that Mr. Silverstein would run out of money after building only two of the five towers, then default on his lease and realize hundreds of millions of dollars in profit.

In contrast, Mr. Silverstein continues to insist that he can and will complete the entire job. Officials point out, however, there is only $2.9 billion in insurance money available for the $7 billion project.

In one of a flurry of meetings yesterday, Mr. Bloomberg met with Governor Pataki at state offices on Third Avenue to resolve their differences over the tentative agreement that would transfer control of the Freedom Tower from Mr. Silverstein to the Port Authority. The meeting ended without a resolution, according to state and city officials.

Meanwhile, Pataki officials continued dickering with Mr. Silverstein's representatives. Even if they work out a framework for a deal in time for the board's meeting today, a number of issues would remain, ranging from Mr. Silverstein's share of the infrastructure costs to the plans for a large shopping mall. The authority and Mayor Bloomberg have sought assurances that a final deal would be contingent on resolving these matters quickly.

If Mr. Silverstein sheds the financial responsibility for the Freedom Tower, he would still retain the right to build three towers on the most valuable sites, along Church Street.

Over the last week, the Pataki administration has also sought to shore up support among its six commissioners on the authority board, who share the misgivings of their New Jersey counterparts.

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"The pressure was direct," said one New York commissioner, who was granted anonymity because of the sensitivity of the talks. "The governor needs to get this done. I told the governor and New Jersey that if the numbers check out, I'd support the deal."

WAR NEWS:

Bush To Iraqis: Time To Get A Government (AP)

By Deb Riechmann

The Associated Press, March 29, 2006

President Bush expressed frustration Wednesday that Iraqis have so far failed to form a unity government, but he said withdrawing U.S. troops from Iraq too early would damage U.S. security.

"I want the Iraqi people to hear I've got great confidence in their capacity to self-govern," Bush said. "I also want the Iraqi people to hear — it's about time you get a unity government going.

"In other words, Americans understand you're newcomers to the political arena. But pretty soon it's time to shut her down and get governing."

The successful creation of a unified central authority remains key to the hoped-for start of an American troop withdrawal this summer. Withdrawing U.S. troops before Iraqi security forces can protect the fragile democracy, however, would yield adverse results, Bush said.

"While it might sound attractive to some, it would have disastrous consequences for American security," Bush said in his third speech this month trying to bolster public support for the war.

If democracy fails, Bush predicted that terrorists would use Iraq as a base to overthrow moderate governments in the Middle East and launch further attacks against the United States.

Bush spoke to Freedom House, an independent organization that supports democracy worldwide, before flying to Cancun, Mexico, to meet with Mexican President Vicente Fox and Canadian Prime Minister Stephen Harper.

Congressional Democrats, meanwhile, proposed a strategy on Wednesday for protecting Americans at home and abroad — an election-year effort aimed at changing public perception that Republicans are stronger on national security.

In the strategy, Democrats vowed to provide U.S. agents with the resources to eliminate Osama bin Laden and ensure a redeployment of U.S. forces from Iraq in 2006. They promised to rebuild the military, eliminate the United States' dependence on foreign oil and implement the recommendations of the Sept. 11 commission.

"The president can give all the speeches he wants, but nothing will change the fact that his Iraq policy is wrong," said Senate Minority Leader Harry Reid, D-Nev.

"Two weeks ago, he told Americans that Iraqis would control their country by the end of the year. Last week, he told us our troops would be there until at least 2009. These mixed messages from President Bush are taking America in the wrong direction and jeopardizing Iraq's chances for success."

Vice President Dick Cheney said the Democrats' behavior has been inconsistent with what they're now promising to do. Cheney said he did not believe the Democrats had a credible plan for tracking down bin Laden and their plan to move U.S. forces out of Iraq this year would amount to a strategic retreat.

"It makes no sense at all to turn Iraq over to the terrorists," Cheney said on Fox News Radio's "The Tony Snow Show."

Jim Manley, a Reid spokesman, responded: "The vice president's tough-talking rhetoric is no longer credible. The Republican game plan to distort and divide will fail because they can't run on their record. All they have are catchy sound bites."

The United States has been pushing Iraq to speed up the formation of a unity government, seen as the best option to subdue the violence gripping several Iraqi cities.

Hundreds of Iraqis have been killed in sectarian violence since the Feb. 22 bombing of an important Shiite shrine in Samarra.

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Political talks remain fragile in a country with deep sectarian differences between Shiites and Sunnis. U.S. Ambassador Zalmay Khalilzad has asked one of Iraq's most prominent Shiite politicians to seek the withdrawal of Prime Minister Ibrahim al-Jaafari's contentious nomination for a second term.

Bush countered critics who wonder whether toppling Saddam Hussein caused the current divisions and instability.

"In fact, much of the animosity and violence we now see is the legacy of Saddam Hussein," Bush said. "He is a tyrant who exacerbated sectarian divisions to keep himself in power."

Bush Blames Saddam For Strife (WT)

By Joseph Curl

The Washington Times, March 30, 2006

President Bush yesterday blamed sectarian violence in Iraq on Saddam Hussein and his legacy of oppression, but said freedom and democracy will win if all the opposing political factions can put aside their differences and form a government.

In his third speech this month to reassure Americans that his war plan is working, the president took on those who charge that the U.S. occupation of Iraq has created an unprecedented insurgency. In a question-and-answer period at Freedom House, a 65-year-old organization that supports expansion of freedom, Mr. Bush faced down critics.

"Today, some Americans ask whether removing Saddam caused the divisions and instability we're now seeing. In fact, much of the animosity and violence we now see is the legacy of Saddam Hussein," Mr. Bush said.

Iraq, he added, is "a nation that is physically and emotionally scarred by three decades of Saddam's tyranny, and these wounds will take time to heal."

He opposed the idea that sectarian violence was created solely by the U.S.-led war to oust the dictator, who he said aggravated divisions among rival sects in Iraq through deliberate policies of ethnic cleansing and targeted violence. The animosity that was created during three decades remains, and insurgents are using the same techniques to sow division, such as bombing mosques.

The president did not blame all of Iraq's strife on Saddam. He pushed for sectarian leaders to move forward with creating a unity government and taking responsibility for the nation's future.

"I also want the Iraqi people to hear: It's about time you get a unity government going. In other words, Americans understand you're newcomers to the political arena, but pretty soon it's time to shut her down and get governing," Mr. Bush said.

Senate Minority Leader Harry Reid, Nevada Democrat, accused Mr. Bush of sending "mixed messages."

"The president can give all the speeches he wants, but nothing will change the fact that his Iraq policy is wrong," Mr. Reid said. "Two weeks ago, he told the American people that Iraqis would control their country by the end of the year. But last week, he told us our troops would be there until at least 2009."

Mr. Bush said the U.S. must stay the course despite recent setbacks and outbursts of violence in Iraq.

Referring to the terrorist attacks of September 11, 2001, the president said winning in Iraq is crucial to homeland security. He took aim at Democratic opponents on Capitol Hill who advocate immediate withdrawal of U.S. troops.

"While it might sound attractive to some, it would have disastrous consequences for American security," he said.

In nearly every speech on Iraq since November, Mr. Bush acknowledged that "there will be more tough fighting ahead with difficult days that test the patience and the resolve of our country."

Bush Defends War, Says U.S. 'will Not Retreat From Iraq' (USAT)

USA Today, March 30, 2006

President Bush said a U.S. pullout from Iraq before the job is done would be a "disaster" that would embolden the global terrorist movement and make the United States less secure. "Americans will leave Iraq, but we will not retreat from Iraq," he said in an 89-minute speech and question-and-answer session at Freedom House in Washington.

It was Bush's third speech this month to boost flagging public support for the war. His comments came the same day Democrats unveiled their national security agenda. It included "eliminating" Osama bin Laden and "redeployment of U.S. forces" from Iraq this year, but it did not provide details. — Richard Benedetto

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Republicans who are leading efforts in the House of Representatives to write a budget for the fiscal year that begins Oct. 1 dropped President Bush's proposed cuts in Medicare, Medicaid, crop subsidies and other politically sensitive programs. Budget Committee Chairman Jim Nussle, R-Iowa, fashioned a $2.8 trillion plan that backs Bush's call for a 7% increase in defense spending, not including Iraq war costs, and assumes $226 billion in additional tax cuts over five years. Nussle credited earlier tax cuts with reviving an economy that was in recession when Bush took office.

Democrats said the plan would create deficits of $348 billion in 2007 and more than $1 trillion through 2011. Rep. John Spratt, D-S.C., said there's "no real plan or prospect of balancing the budget."

The Homeland Security Department plans to collect digital fingerprints of merchant sailors at U.S. ports, said Robert Mocny of the department's visitor technology program. He said immigration agents at major cargo terminals would use hand-held scanners to photograph and fingerprint sailors. The data would be checked against 1.5 million names on U.S. lists of terrorism suspects, fugitives and immigration violators. Mocny spoke in Dubai, United Arab Emirates, at a meeting on biometric security. Biometrics involves unique human characteristics such as fingerprints and irises.

Beleaguered Premier Warns U.S. To Stop Interfering In Iraq's Politics (NYT)

By Edward Wong

The New York Times, March 30, 2006

BAGHDAD, Iraq, March 29 — Facing growing pressure from the Bush administration to step down, Prime Minister Ibrahim al-Jaafari of Iraq vigorously asserted his right to stay in office on Wednesday and warned the Americans against interfering in the country's political process.

Mr. Jaafari also defended his recent political alliance with the radical Shiite cleric Moktada al-Sadr, now the prime minister's most powerful backer, saying in an interview that Mr. Sadr and his militia, now thousands strong, are a fact of life in Iraq and need to be accepted into mainstream politics.

Mr. Jaafari said he would work to fold the country's myriad militias into the official security forces and ensure that recruits and top security ministers abandoned their ethnic or sectarian loyalties.

The Iraqi government's tolerance of militias has emerged as the greatest source of contention between American officials and Shiite leaders like Mr. Jaafari, with the American ambassador contending in the past week that militias are killing more people than the Sunni Arab-led insurgency. Dozens of bodies, garroted or with gunshots to the head, turn up almost daily in Baghdad, fueling sectarian tensions that are pushing Iraq closer to full-scale civil war.

The prime minister made his remarks in an hourlong interview at his home, a Saddam Hussein-era palace with an artificial lake at the heart of the fortified Green Zone. He spoke in a languorous manner, relaxing in a black pinstripe suit in a dim ground-floor office lined with Arabic books like the multivolume "World of Civilizations."

"There was a stand from both the American government and President Bush to promote a democratic policy and protect its interests," he said, sipping from a cup of boiled water mixed with saffron. "But now there's concern among the Iraqi people that the democratic process is being threatened."

"The source of this is that some American figures have made statements that interfere with the results of the democratic process," he added. "These reservations began when the biggest bloc in Parliament chose its candidate for prime minister."

Mr. Jaafari is at the center of the deadlock in the talks over forming a new government, with the main Kurdish, Sunni Arab and secular blocs in the 275-member Parliament staunchly opposing the Shiite bloc's nomination of Mr. Jaafari for prime minister.

Senior Shiite politicians said Tuesday that the American ambassador, Zalmay Khalilzad, had weighed in over the weekend, telling the leader of the Shiite bloc that President Bush did not want Mr. Jaafari as prime minister. That was the first time the Americans had openly expressed a preference for the post, the politicians said, and it showed the Bush administration's acute impatience with the political logjam.

Relations between Shiite leaders and the Americans have been fraying for months and reached a crisis point after a bloody assault on a Shiite mosque compound Sunday night by American and Iraqi forces.

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Mr. Jaafari said in the interview that Ambassador Khalilzad had visited him on Wednesday morning but did not indicate that he should abandon his job.

American reactions to the political process can be seen as either supporting or interfering in Iraqi decisions, said Mr. Jaafari, the leader of the Islamic Dawa Party and a former exile. "When it takes the form of interference, it makes the Iraqi people worried," he said. "For that reason, the Iraqi people want to ensure that these reactions stay in a positive frame and do not cross over into interference that damages the results of the democratic process."

According to the Constitution, the largest bloc in Parliament, in this case the religious Shiites, has the right to nominate a prime minister. Mr. Jaafari won that nomination in a secret ballot last month among the blocs' 130 Shiite members of Parliament. But his victory was a narrow one: he won by only one vote after getting the support of Mr. Sadr, who controls 32 seats.

That alliance has raised concern among the Americans that Mr. Jaafari will do little to rein in Mr. Sadr, who led two fierce rebellions against the American military in 2004. Mr. Sadr's militia, the Mahdi Army, rampaged in Baghdad after the Feb. 22 bombing of a revered Shiite shrine in Samarra and after a series of car bomb explosions on March 12 in Baghdad's Sadr City neighborhood. The violence left hundreds dead and Sunni mosques burnt to the ground.

After the secret ballot last month, Sadr politicians said Mr. Jaafari had agreed to meet all their demands in exchange for their votes. Mr. Sadr has been pushing for control of service ministries like health, transportation and electricity.

Mr. Jaafari did not say in the interview what deals he had made, but he insisted that engagement with the cleric's movement was needed for the stability of Iraq. He said he had disagreed with L. Paul Bremer III, the former American proconsul, when Mr. Bremer barred Mr. Sadr and some Sunni Arab groups from the Iraqi Governing Council in 2003.

"The delay in getting them to join led to the situation of them becoming violent elements," he said.

"I look at them as part of Iraq's de facto reality, whether some of the individual people are negative or positive," he said.

Mr. Jaafari used similar language when laying out his policy toward militias: that inclusion rather than isolation was the proper strategy.

The Iraqi government will try "to meld them, take them, take their names and make them join the army and police forces."

"And they will respect the army or police rather than the militias."

Recruiting militia members into the Iraqi security forces has not been a problem under the Jaafari government. The issue has been getting those fighters to act as impartial defenders of the state rather than as political partisans. The police forces are stocked with members of the Mahdi Army and the Badr Organization, an Iranian-trained militia, who still exhibit obvious loyalties to their political party leaders.

Police officers have performed poorly when ordered to contain militia violence, and they even cruise around in some cities with images of Mr. Sadr or other religious politicians on their squad cars.

There is growing evidence of uniformed death squads operating out of the Shiite-run Interior Ministry, and Ambassador Khalilzad has been lobbying the Iraqis to place more neutral figures in charge of the Interior and Defense Ministries in the next government. That has caused friction with Shiite leaders, and some have even accused the ambassador of implicitly backing the Sunni Arab-led insurgency.

But Mr. Jaafari said he supported the Americans' goal.

"We insist that the ministers in the next cabinet, especially the ministers of defense and the interior, shouldn't be connected to any militias, and they should be nonsectarian," he said. "They should be experienced in security work. They should keep the institutions as security institutions, not as political institutions. They should work for the central government."

In the first two years of the war, Mr. Jaafari emerged as one of the most popular politicians in Iraq, especially compared with other exiles like Ahmad Chalabi, the former Pentagon favorite. A doctor by training and well-versed in the Koran, Mr. Jaafari comes from a prominent family in Karbala, the Shiite holy city. But since taking power last spring, Mr. Jaafari has come under widespread criticism for failing to stamp out the insurgency and promoting hard-line pro-Shiite policies.

Extra Troops' Exit Contingent On Iraqi Unity (WT)

By Rowan Scarborough

The Washington Times, March 30, 2006

DOJ_NMG_0023812

Top U.S. commanders in Iraq will not recommend the next stage of U.S. troop withdrawals before the Iraqis form a new unity government, say senior defense officials.

The officials also said that a 700-soldier reinforcement unit, brought into Iraq from Kuwait for the annual Shi'ite pilgrimage, will remain until the unity government is in place, or at least announced.

"I don't think you'll see a recommendation before then," said one official, who asked not to be named.

Defense Secretary Donald H. Rumsfeld and Army Gen. George Casey, his top commander in Iraq, have spoken publicly of anticipating more reductions this year below the current 132,000 troops. U.S. strength in Iraq peaked at 160,000 military personnel during the Dec. 15 parliamentary elections.

But two sources said those expected reductions will not be recommended before a unity government is formed and that Gen. Casey has yet to make a formal proposal to the defense secretary, although the two talk frequently via secure teleconferences.

"Right now, he is not in a position to make that assessment," the official said. This official declined to discuss specific troop scenarios, but other defense sources have mentioned 100,000 as the level they would like to see announced before year's end.

Forming a new government and maturing the 240,000-strong Iraqi Security Forces (ISF) are the principal factors driving talks of troop reduction. Shi'ites, Sunnis and Kurds resumed negotiations yesterday, but no side is predicting when a unity government will be agreed upon. They face a May deadline, which could be extended.

In that vein, the recent Shi'ite Arbaeen pilgrimage of more than 1 million to holy sites in Karbala and Najaf is being cited by the Pentagon as an example of the ISF's becoming more proficient.

In 2004, insurgents killed more than 120 Iraqis during the trek. Last year, 33 were killed. This year, 12 Iraqis were killed in a religious exercise long banned by Saddam Hussein, a Sunni Muslim who regularly cracked down on Shi'ite towns throughout the south.

"It's estimated that more than a million Shia traveled across the country, across Iraq, for the pilgrimage," Mr. Rumsfeld said Tuesday. "Many slept in tents along the road. Many wore black robes and held banners. Some walked with their children.

"They were thought to be easy and very visible targets for terrorists. ... Iraqi security forces -- benefiting from their increased numbers ... and their additional training and experience -- performed well and took the lead in protecting their fellow Iraqis."

Pentagon officials also think the ISF performed well controlling violence in the aftermath of the Feb. 22 mosque bombing in Samarra. They said, however, that some units, especially the national police, have been infiltrated by militias or insurgents who carry out revenge attacks and put out false reports of U.S. atrocities.

Gen. Casey said on NBC's "Meet the Press" earlier this month that he is doing monthly assessments of the ISF, but has made no decision on when to make the "fairly substantial" reductions that he has predicted.

In Iraq, Frontline Patience Wears Thin (CSM)

By Charles Levinson

The Christian Science Monitor, March 30, 2006

MOSUL, IRAQ - In a middle-class neighborhood on the bank of the Tigris River, Charlie Company's 4th Platoon dismounts from their armored vehicles and starts banging on doors. They're going house to house, talking to residents, looking for information on insurgents in this city of 1.8 million.

While the soldiers' reception varies, one Christian family welcomes them with smiles. But misunderstanding quickly ensues.

"Please don't take our weapon," the mother of four pleads in Arabic when US Army Staff Sgt. Josh Clevenger comes across an AK-47. "We need it to defend ourselves. It is not safe, anything can happen."

As he stands in the living room, Sergeant Clevenger has no intention of confiscating their rifle - nor any comprehension of the woman's plea. With his platoon's lone interpreter elsewhere, he is effectively rendered speechless.

"Your weapon is filled with blanks," Clevenger, from Muncie, Ind., says to the woman, his voice unwittingly rising as he tries to convey helpful information. "These aren't real bullets - they won't protect you."

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For US soldiers who don't grasp the language or the culture here, a central part of their mission - generating goodwill and support - remains far more difficult than capturing insurgent leaders. While their officers remain largely on message and outwardly optimistic, many of the front-line men like Clevenger, who patrol "outside the wire" twice daily, say that their patience is wearing thin.

"I don't want to stay here too much longer. The Iraqi Army is getting to where they can get a hold of things now," says Clevenger. "The longer we're here and the more times they attack us, the more they're going to figure out how to better their attacks."

More than a few soldiers of the US Army's 172nd Stryker Brigade Combat Team stationed in this Sunni-Kurdish city in northern Iraq, shuddered last week when President Bush said total withdrawal of US troops "will be decided by future presidents and future governments of Iraq." Three years after the invasion, many soldiers say it's time to hand over control to Iraqis. Most of those interviewed echoed a recentZogby poll of 944 military respondents throughout Iraq, that found that 72 percent of US troops favor withdrawal within the next year.

"I think we're doing good things here, but I think we need to start pulling it out," Spc. Mathew Merced, a jovial infantryman from Mcinnville, Ore., says, scanning Mosul's al-Karama neighborhood from a trash-strewn rooftop.

"The Iraqi Army here has come a long way in just the short time we've been here."

More than 2,300 US servicemen have lost their lives in the longest US armed conflict since Vietnam. American support for the war, 62 percent three years ago, has dwindled today to just 43 percent, according to a recent CNN/Gallup/USA Today poll. How much longer?

For those soldiers with years left on their contracts, for young fathers, and newlyweds, the prospect of the war dragging on is disconcerting. Divorce rates in the Army have risen at least 25 percent since the war began.

"In the back of your mind you wonder how much longer is this going to go on, how many more times am I going to have to come back over here," says 1st Lt. Michael McCasland of Spokane, Wash., who spent just two weeks with his newborn daughter before returning to Iraq. "There has to be a point when Iraqis take responsibility for their own country."

Compared with much of Iraq, the city of Mosul is relatively calm today, sidestepping the sectarian dueling that is roiling much of the country.

Still, two IEDs struck the battalion's armored eight-wheeled Strykers Sunday, though there were no casualties. In the city's eastern half alone, Lieutenant McCasland's battalion (one of four in the Stryker Brigade operating in Mosul) endures an average of 50 IED attacks each month, and a handful of car bombs.

The insurgents' attacks have grown less effective with time, but now they seem to be adapting, officers say. In recent weeks those attacks have become more sophisticated as some here worry a catastrophic attack could be imminent.

"The enemy has gotten very well- organized and very well-versed in what they're doing, as if they've gotten new leadership in the area," intelligence officer Capt. Mark Awad told a gathering of Iraqi Army and police officers in Mosul Saturday.

While US soldiers are practiced in the art of firepower, the sort of counterinsurgency campaign under way at the moment has demanded a far more nuanced approach to battle. Defeating the insurgency is as much about reaching ordinary Iraqis as it is about capturing terrorists.

"The fight is really for the people and their mind-set," says Lt. Col. Richard Greene of Germantown, Md., the battalion's executive officer. Beanie Babies and candy

Even as they're frustrated at the often-tense relationship with Iraqis, the soldiers here take solace in the swarms of children that come out to greet them wherever they go. Though the children are often after the Beanie Babies and candies that the soldiers dole out, for troops, their response offers much-needed reassurance.

"When we roll into a neighborhood, it's like a parade with all the young kids running out," says Clevenger. "I think we're definitely making a difference here."

But in the leafy front yard of a well-to-do Kurdish family, three women spew vitriol in the face of platoon leader 1st Lt. Raymond Maszarose of Vicksburg, Md. Last year, they say, US troops accidentally killed their father and two of their nephews.

"We hate the Americans," says one of the women, calling herself simply Om Omar. "They destroyed our country. They can't protect this country, can't provide electricity, why'd they come here? It's a nightmare."

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The women say their father was caught in the crossfire during a firefight between US soldiers and insurgents. "How do you know it was the Americans that killed him?" Lieutenant Maszarose asks again and again. But it's no use. For these women, the blame lies squarely on US shoulders.

And they are not alone. A recent poll by WorldPublicOpinion.org of 1,150 Iraqis showed that nearly half of all Iraqis and nine out of 10 Sunni Arabs support attacks on US forces.

"We're up to over 2,300 US military deaths and it sucks that they feel like that," says Clevenger.

After the encounter with the angry Kurdish family, members of Maszarose's Charlie Company 4th Platoontake over an Iraqi home for an evening stakeout of an oft-targeted police station. Khaled Saleh, the father whose home has been temporarily commandeered, and his young children sit wearily among them.

As the evening drags on uneventfully, the soldiers complain about new rules of engagement, meant to limit the sort of accidental killings and indiscriminate shootings that can alienate communities overnight. In recent months, they've been ordered to keep their vehicles' rear-mounted machine guns unloaded, to drive slowly down streets that are likely mined with IEDs, and to hunker down in their vehicles when approached by a possible suicide car bomber rather than open fire. Their efforts are unappreciated

To these soldiers, they are bending over backward to keep the peace, and they are confounded that Iraqis don't seem to appreciate that.

"Why do they blame us?" wonders US Army Spc. Brandon Beard, of Arkadelphia, Ark. "The terrorists are wreaking more havoc on this city than we are."

"I don't hate all Arabs just because a few of them blew up the World Trade Center, so why should they hate all US soldiers just because one shot their father?" asks US Army Cpl. Joshua Hedges, of Warrensburg, Mo., a father of three.

The bleary-eyed Saleh looks on uncomprehending. When asked about the US soldiers in his country, and now in his living room, he shrugs, and barks down to his wife to bring another round of tea.

"What can I do?" he wonders. "We adapt and we survive and we give tea to our guests. But I would like an option beside the murderer Saddam Hussein or the lawlessness and humiliation of foreign occupation."

Back on base, Pvt. Isaac Ussery, of Naples, Fla., offers an explanation as he plays Blackhawk Down on a Sony PlayStation.

"Saddam had [things] under control and we don't basically," he says. "Iraq was safe under Saddam. You weren't safe from him, but you were safe from your neighbor and you were safe from Syrian people trying to come in and blow things up."

Despite their stated frustrations, soldiers say they are prepared to keep coming back. Many here have reenlisted for another four years and throughout the Army reenlistment rates are up.

It beats managing a gas station back home, says Private Ussery.

"I expected to be living in tents in the desert," he says after he rescues the virtual downed Blackhawk. "But I got here and I have electricity, heating, air conditioning, Playstation, TV, surround sound. It's not that bad." How US troops see Iraq

According to a Zogby poll of 944 US troops stationed in Iraq:

• 72% said the US should leave Iraq within one year.
• 29% said US forces should leave Iraq immediately.
• 58% said the US mission in Iraq is clear.
• 85% believe the US invaded Iraq to retaliate for 9/11 attacks.
• 24% said a major reason for invading was to establish a model democracy.

Source: Zogby International, Jan. 18 - Feb. 14, 2006

The Cost Of Invading Iraq: Imponderables Meet Uncertainties (NYT)

By Alan B. Krueger

The New York Times, March 30, 2006

THE question of whether it was worth invading Iraq is being asked with increasing frequency and fervency.

A Gallup poll this month found that 60 percent of Americans said they did not think it was worth going to war in Iraq, up from 29 percent at the start of the invasion in March 2003.

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Fundamentally, deciding whether war is worth it involves weighing the benefits and costs, both tangible and intangible. The many estimates of the cost of the Iraq war that are available are uninformative absent a comparison with the likely benefits, or a comparison with the costs and benefits of the best alternative to invasion.

Unfortunately, cost-benefit comparisons of such weighty issues are more art than science. One problem is that the counterfactual situation — meaning the outcomes that would have occurred had another policy been pursued — cannot be known for sure. In addition, it is often unclear how to value the outcomes of the policy that is pursued.

One of the earliest cost-benefit comparisons was done by Steven J. Davis, Kevin M. Murphy and Robert H. Topel of the University of Chicago on the eve of the invasion in 2003. They explicitly considered a continued policy of containment — enforcing the no-fly zone and other operations to hem in Saddam Hussein — as an alternative to invasion and regime change. Assuming that containment and invasion would protect the United States equally well, the question of whether invasion is worth it turns on which policy is less costly, after discounting all likely future costs.

Allowing for a 3 percent chance that the Iraqi regime would evolve into a benign government in any future year and a 2 percent real interest rate, the economists reckoned that the cost of pursuing a containment strategy was $258 billion to $380 billion. "This dwarfs any reasonable estimate of U.S. war costs," they wrote at the time. Their anticipated price tag for the war, which they considered conservative, was $125 billion.

Professors Davis, Murphy and Topel have revised their figures in a new National Bureau of Economic Research working paper, "War in Iraq Versus Containment." Their estimated war costs have increased to a range of $410 billion to $630 billion, reflecting reality there.

William D. Nordhaus, an economist at Yale who warned in 2002 that past war cost forecasts had turned out to be too low, said the updated work is "economics at its best and worst — quantifying the almost-unquantifiable."

In the fog of war accounting, one thing is clear: all costs and benefits can be contested as wildly inaccurate — in either direction.

Consider what the cost of containment would have been had the United States not gone to war. The University of Chicago study now says it is in "the range of $350 billion to $700 billion." This range is arguably grossly inflated because it counts virtually all of the American military forces in the Middle East as dedicated to containing Iraq.

While containing Iraq was a central focus, these troops also served many other purposes. They conducted rescue operations in Somalia; performed humanitarian missions in Nigeria, Ethiopia, Eritrea and Jordan; responded to terrorist bombings in Nairobi and Tanzania; and were responsible for military activities in the five Central Asian republics of the former Soviet Union.

Additionally, Iran was considered a greater potential long-term threat than Iraq, according to the official command history. It is hard to believe that the United States would not have a substantial military presence in the region even if Iraq was not regarded as a threat.

Ideally, only incremental costs would be counted in deciding whether something was worth it; that is, the extra costs of resources used to achieve an objective.

Another study of Iraq war costs, by Linda J. Bilmes of Harvard and Joseph E. Stiglitz of Columbia, comes up with an eye-catching estimate of $2.2 trillion, assuming the United States is no longer in Iraq in 2015. This is arguably too high for several reasons. First, it counts future interest payments on the debt created by military spending as well as the direct expenditures. (This is analogous to counting both the sale price of a house and the cost of future mortgage payments as the cost of buying the house.)

Second, it counts elevated military recruitment costs that incorporate a premium for higher risk of death or injury because of the war as well as the predicted direct cost of the deaths and injuries; this is double counting if the risk premium is adequate. Finally, it ascribes a big increase in the price of oil to the war, and, as a result, a loss to the American economy of almost half a trillion dollars.

A menu of cost estimates is thus available, depending on the counterfactual situation that one chooses.

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"The question of whether the war was worth it hinges not on budget costs or economic costs," said Douglas Holtz-Eakin, who until recently was director of the Congressional Budget Office, "but on what do we gain in the way of genuine security and international standing." The costs, he said, were manageable.

The benefits, however, are much harder to quantify than the costs. To Zbigniew Brzezinski, President Jimmy Carter's national security adviser, "the benefits have been, in fact, very few, beyond the obvious one: the removal of Saddam Hussein." Offsetting that, he said the war "undermined our international legitimacy," "destroyed our credibility" and "tarnished our morality with Abu Ghraib and Guantánamo."

The Chicago economists argue that anticipated improvements in Iraq's living standard, once the country stabilizes, tip the balance in favor of invasion over containment, which in their view had costs that were "in the same ballpark." They also argue that the number of Iraqi fatalities since the invasion is probably no greater than would have been the case under Mr. Hussein.

But even if one accepts all of their estimates, their results implicitly raise another question: Why intervene in Iraq and not a country like Sudan, where genocide and oppression are at least as much an affront as they were in Iraq, and where the cost of intervention and prospects for improving lives may offer a better benefit-to-cost ratio than is likely in Iraq?

Credible estimation of counterfactual outcomes of alternative policies for cost-benefit comparisons has been a hallmark of modern economics. When it comes to judging whether war is worth it, however, cost-benefit analysis is little more than educated guessing by other means. But at least it provides a framework for where to put the guesses.

Washington Wire (WSJ.com)

Wall Street Journal, March 29, 2006

The Case for Iraq

Seeking to buoy public support for the Iraq war, the Bush administration hopes tens of thousands of boxes of captured Iraqi documents now being made public will buttress their case for invading. On Fox News Talk's Tony Snow Show today, Vice President Cheney predicted that over the next few months, as researchers comb through the records, "we'll see a pretty complete picture that Saddam Hussein did, in fact, deal with some pretty nefarious characters out there. And he was legitimately labeled by our State Department as a state sponsor of terror."

That likely includes dealings with Osama bin Laden, Cheney suggested, while adding that he wasn't making a "hard and fast prediction." In the past, the administration has been embarrassed over suggestions that Iraq aided the 9/11 attackers.

Cheney conceded yesterday that an early report that lead hijacker Atta met with Iraqi intelligence officials in Prague "has been pretty well knocked down." But he said that "that's a separate proposition from the question of whether or not there was some kind of a relationship between the Iraqi government, Iraqi intelligence services and the al Qaeda organization." Conservatives also hope to find evidence that Iraq was actively pursuing development of various weapons of mass destruction. – John D. McKinnon

Gunmen Storm A Baghdad Store, Executing 8 (NYT)

By Jeffrey Gettleman

The New York Times, March 30, 2006

BAGHDAD, Iraq, March 29 — Gunmen in Iraqi commando uniforms burst into an electrical supply shop in Baghdad on Wednesday, rounded up all the employees and riddled them with machine-gun fire, Iraqi officials said.

The attack, which killed eight people and seriously wounded six in the Mansour neighborhood during morning rush hour, provoked an extensive military response, with the Iraqi Army shutting down large swaths of Baghdad.

The shop, the Ibtikar Company, may have been a target because it worked in the past for the American-led occupation government, one of the wounded employees said. The employee, who identified himself only by his first name, Bakar, said that when the gunmen stormed into the shop, they brought a masked cameraman with them to record the killings on videotape.

The gunmen lined up all the employees against a wall and shot them one by one at point-blank range, Bakar said. He survived, he said, because a heavy-set colleague fell on him after he was shot and knocked him to the ground, making it look as if he were dead, too. He said the gunmen drove off afterward.

DOJ_NMG_0023817

Despite additional American troops in Baghdad and increased patrols, violence in the capital has continued unchecked. Dozens of bodies are found nearly every morning, and the rate of killings has reached a record of 33 a day.

On Wednesday, at least nine bodies were found in Baghdad apart from the Ibtikar attack. And American military officials said Iraqi soldiers discovered the bodies of 13 people alongside a highway in Baghdad on Tuesday.

Many witnesses have accused Shiite-led police and commando units of running death squads, but the Shiite-led government insists that foreign terrorists in stolen uniforms are the killers. On Wednesday, Iraqi Army units were stopping commando units on the street and questioning them about the shooting at the electrical supply shop, hinting at rising suspicion and tension between the two branches of the security forces.

Also on Wednesday, three Iraqi police officers were killed by a roadside bomb near Kirkuk, a northern Iraqi city that has grown increasingly violent in the past weeks. And seven more people, a mix of police officers and civilians, died in other insurgent attacks.

The Education Ministry issued a warning to students across the country to not accept candy from strangers because it "might contain explosives." Last week, several people were killed after a box of sweets blew up in a Baghdad tea shop.

Still, Iraqi politicians on Wednesday delayed, once again, talks to iron out political differences.

American officials have recently complicated the political situation by insisting that Prime Minister Ibrahim al-Jaafari step down, according to Iraqi politicians.

Eight Killed, Six Hurt At Baghdad Business (AP)

By Mariam Fam

AP, March 29, 2006

For the third time in as many days, gunmen stormed a Baghdad business Wednesday, this time lining 14 employees against the wall and shooting them all. Eight were killed, and at least 26 others were reported dead in violence elsewhere.

Politicians working to form a new government, meanwhile, canceled their multiparty talks for the day, saying they needed time to consult with their political blocs over the critical issue of what powers the next prime minister would have over security issues.

It was the second time this week political leaders shunned a session meant to overcome the government stalemate that is in its sixth week.

The attack on the al-Ibtikar electronics trading firm began when gunmen drove up in five black BMWs shortly after 8 a.m., said police Lt. Maitham Abdul-Razzaq. The attackers set a fire in the office but took no money.

Survivors told police some of the attackers wore police uniforms and said they were intelligence agents of the Interior Ministry, which oversees police. Survivors said the gunmen asked for the company manager, who was not there, and then opened fire on the 14 workers. Six were wounded.

The motive for the attack, the second on a firm in the upscale Mansour neighborhood this week, was not clear, but a key lawmaker blamed al-Qaida or Saddam loyalists.

"These are concentrated efforts to paralyze the country. They are either from al-Qaida or the remnants of Saddam's regime. They want to tell the people that there is no government," said Kurdish lawmaker Mahmoud Othman.

The political talks appeared stalled again after a series of meetings over the past two weeks brokered by U.S. Ambassador Zalmay Khalilzad. The major stumbling block is the nomination of Prime Minister Ibrahim al-Jaafari, a Shiite, for a second term.

Al-Jaafari faces deep opposition from Kurdish and Sunni politicians. On behalf of President Bush, Khalilzad has asked other top Shiite leaders for help in persuading al-Jaafari to step aside.

While al-Jaafari was not known to have formally responded to the U.S. request, he said in an interview Wednesday that there was "concern among the Iraqi people that the democratic process is being threatened."

Speaking with The New York Times, he implied the threat arose from what he viewed as the involvement of "some American figures (who) have made statements that interfere with the results of the democratic process."

The United States has been pushing Iraq to speed the formation of a unity government, seen as the best option to subdue the violence gripping several Iraqi cities — and to allow for the start of a U.S. troop withdrawal this summer.

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There has been no breakthrough in the government deadlock since results of the Dec. 15 parliamentary elections were certified Feb. 12. Parliament has met only once, in a 40-minute session so new members could be sworn in.

The March 16 meeting, however, set in motion a 60-day clock for electing a president, approving the prime minister and signing off on his cabinet.

Wednesday's attack on the trading company came a day after masked gunmen, again many in uniform, hit a currency exchange and two electronics shops, seized 23 people and made off with tens of thousands of dollars.

"All these operations have one aim: to freeze life in Iraq and sabotage the democratic process. They want to take us back to the dictatorship," said Maj. Gen. Ahmed al-Khafaji, a deputy interior minister. He, too, blamed al-Qaida and said "we will work day and night to arrest them."

Gunmen Target Baghdad Firm, Killing 8 Workers (LAT)

By John Johnson Jr.

The Los Angeles Times, March 30, 2006

BAGHDAD — Men dressed as police commandos Wednesday killed eight employees of an electronics import company in an upscale neighborhood of Baghdad, the latest in a wave of strikes against businesses in the Iraqi capital.

Interior Ministry officials, who spoke on condition of anonymity because they were not authorized to speak with the media, said that witnesses who survived the attack on the Ibtikar trading company provided this account: The assailants drove up in two Mercedeses and a third car about 11 a.m. and stormed the building. The gunmen gathered the employees in one room and shot them with automatic rifles.

Three young women and five men were killed. Six wounded workers were taken from the company's office in a large house to Yarmouk Hospital in Baghdad.

The attack stood out among the many acts of violence here because it occurred in the Dawoodi neighborhood, a modestly wealthy area of town where embassies and other international missions are located. The district has seen kidnappings, but not attacks of this scale.

The officials said the assailants were wearing the familiar green camouflage uniforms of the Interior Ministry's Majhaweer, an elite force that has taken the lead in a number of operations against insurgents in and around Baghdad.

The attack by uniformed gunmen underscored one of the major issues here — violence that appears linked to the security services.

The question of who will control Iraq's security forces is a major point of contention in talks aimed at forming a new government. Those negotiations were put on hold Wednesday as Shiite Muslim and Sunni Arab blocs tried to work out their differences.

Since the Feb. 22 bombing of the Shiite Golden Mosque in Samarra, Iraq has been convulsed by a wave of sectarian violence between Sunnis and Shiites. The bloodshed has brought the nation to the brink of all-out civil war.

Sunni leaders have accused the Shiite-dominated Interior Ministry of operating death squads that have been involved in many of those attacks.

But police and army uniforms have been stolen and used by insurgents and by criminal gangs to bluff their way past guards in a number of attacks, officials said.

Sunni parties, mistrustful of the Shiite-dominated police, want the police and armed forces to be under the control of a Sunni deputy prime minister, who would report to a Shiite prime minister. But Shiites, who are a majority and now have political power after decades of Sunni domination, don't want to yield any authority.

Mahmoud Othman, a Kurdish negotiator, said the government talks had not broken down over that issue.

Sounding less optimistic, Shiite spokesman Haider Abadi said the Sunni proposal was unconstitutional. "The prime minister is the head of the armed forces, and the security issues can't be handed over to someone else," he said.

Othman and Abadi said the parties would probably return today to the negotiating table.

In other incidents across Iraq, two policemen and two commandos were killed in the Jihad neighborhood of Baghdad when gunmen opened fire on their vehicles.

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A roadside bomb near Abu Ghraib, on the old highway between Fallouja and Baghdad, struck an Iraqi army convoy, killing one soldier.

A policeman died in another roadside bomb attack, this one targeting a police convoy patrolling between Mashtal and Baladiyat, east of Baghdad. Two other policemen and three civilians were injured.

And three people were killed in Nasiriya by a roadside bomb placed outside the home of a reporter for Radio Sawa, hospital officials said. The reporter, Mohammed Noor, was not injured, officials said.

Iraq War Changing With Attacks On Cos. (AP-Y2)

By Steven R. Hurst

AP2, March 29, 2006

Fourteen shot at a trading company. At least 90 kidnapped at other businesses. Bodies dumped nightly, bound hand and foot, some tortured. A new brand of violence — a deadly mix of organized crime and sectarian murder — is tearing at Iraq.

Its origins are murky. But the savagery has turned March into a pivotal month in the three-year war — a month of gruesome news, mixed with some good. A sharp decline in American deaths appears to be the payoff for handing more duties to the Iraqi army, leaving U.S. forces less exposed to attack.

At the same time, there has been the rise in the slayings of civilian Iraqis, the reasons for which are hard to find.

Not so many weeks ago, this was a conflict with straightforward, if brutal, terms. Sunni insurgents and al-Qaida terrorists used car bombs, roadside bombs, suicide bomb belts and sniper rifles to target U.S. troops, Iraqi soldiers, police and civilians — mainly Shiites, the newly ascendent majority after years of Saddam Hussein's oppression.

Those groups still operate and still kill. But their war has been dwarfed by the shadowy and incipient terror stalking the capital of Baghdad and its adjoining provinces.

Or perhaps — as some Iraq officials believe — the insurgents simply switched their targets, moving from American and Iraqi troops to targeting businesses and Iraqi civilians as a way to cause chaos or to fund their terror work.

Either way, the staggering shift makes it difficult to predict how the U.S. military will or can react to the new climate of violence, and what it might mean for hopes to begin a troop pullout this summer.

Bombs still rattle the capital and elsewhere, but far less regularly. U.S. helicopters still thunder through the sky, darting here and there and raising a racket that disturbs sleep and sends packs of wild dogs into a howling nighttime frenzy.

The tanks in the streets these days aren't American, by and large, but old Russian T-72s driven by Iraqi soldiers. Faces at military checkpoints are increasingly Iraqi.

As of Wednesday, 27 U.S. military personnel had died in March — the lowest monthly American death count since February 2004 and the second-lowest of the war, according to an Associated Press count.

Coincidental with the sharp drop in American deaths was the huge rise in the number of execution-style killings among Iraqis. Since the beginning of the month, at least 385 people — an average of more than 13 a day — have been found slain, the apparent victims of sectarian hatred and settling of old scores after a Shiite shrine was bombed Feb. 22.

The count climbs to at least 486 when the last six days of February are added, according to figures compiled from daily AP reports based on police accounts.

Also since the start of March, gunmen — mostly masked, many wearing police uniforms — have stormed at least six Baghdad businesses. On Wednesday, eight people were killed at the al-Ibtikar trading company when they were lined up against a wall and shot, and six others were wounded. At least 90 workers have been kidnapped and tens of thousands of dollars stolen in the five other assaults.

Execution-style killings and kidnappings of civilians happened before late February, of course — but not nearly in such big numbers.

In one rough accounting of the rise, for example, the AP reported 36 bodies found in Iraq in December, 150 in January and 195 in February. To date in March, the AP has reported 374 bodies found.

It is not always easy in war zones to separate criminal thugs from political thugs, and Iraq's insurgency has always been made up of several disparate groups.

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"These are concentrated efforts to paralyze the country. They are either from al-Qaida or from the remnants of Saddam's regime. They want to tell the people that there is no government," Kurdish lawmaker Mahmoud Othman said after Wednesday's attack.

"All these operations have one aim: to freeze life in Iraq and sabotage the democratic process. They want to take us back to the dictatorship," said Maj. Gen. Ahmed al-Khafaji, a deputy interior minister. He, too, blamed al-Qaida and said "we will work day and night to arrest them."

The violence that has hit Iraqi businesses may be aimed at old-line Sunni business moguls. It could be the work of either common criminal gangs, or of death squads operating in or tolerated by the Shiite-dominated Interior Ministry, which controls the police.

Organized crime may now account for a majority of the violence in the country, said Matthew Sherman, who just finished a two-year stint advising the Interior Ministry.

That, he notes, in a recent interview with an online publication of the Council on Foreign Relations in New York, "really falls outside of what traditional military counterinsurgency operations cover."

Across this critical month, meanwhile, Iraqi politicians struggled but failed to form a government that might — U.S. officials hope — help put a lid on skyrocketing sectarian violence. The successful creation of a unified central authority remains key to the hoped-for start of an American troop withdrawal this summer.

Yet compromise has proved impossible so far.

U.S. Troops Repel Blitz By Taliban (WP)

By Rahim Faiez

The Washington Post, March 30, 2006

KANDAHAR, Afghanistan, March 29 -- Taliban fighters on Wednesday launched a rare concerted attack on a base used by multinational forces in southern Afghanistan, killing an American soldier and a Canadian soldier and sparking fierce U.S.-led retaliation that killed 32 insurgents in the bloodiest fighting in months.

Assaults by the radical Islamic militia have grown in intensity recently, and the group has warned of a renewed offensive this year.

The most recent assault was directed at a remote forward operating base in the Sangin district of Helmand province. A small contingent of American and Canadian troops are stationed at the base with Afghan soldiers.

The violence began late Tuesday, when Taliban insurgents ambushed an Afghan convoy as it returned to the base, killing eight Afghan soldiers, said Col. Chris Vernon, a spokesman for the British military.

U.S. and British warplanes and helicopters were called in to provide air support and a Canadian quick-reaction force was sent from Kandahar to the base.

Early Wednesday, the base came under a "significant Taliban attack" that killed the Canadian and American soldiers, Vernon said. At least five coalition troops were wounded, including three Canadians and an American, officials said.

Twelve Taliban fighters died in the attack, while 20 others were killed after coalition aircraft and artillery fire forced them to flee into the desert.

The U.S. military said that coalition troops who overrran a Taliban base in Helmand found two "headquarters buildings" containing large caches of weapons, bombs and ammunition. All were blown up, the military said.

"The capturing of these two compounds with boots on the ground produced significant intelligence and allows us to continue to put pressure on the enemy," U.S. Brig. Gen. Anthony J. Tata added.

The American's death brought to 223 the number of U.S. service members killed in and around Afghanistan since the Taliban was driven from power in 2001. Twelve Canadians have been killed in the country since 2002, according to the Canadian Press news agency.

In other violence, suspected Taliban rebels attacked a police checkpoint in Kandahar late Tuesday, killing two officers and wounding four, according to a police.

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Also Tuesday, a roadside bomb killed six Afghan soldiers in Helmand province. Four private security workers -- a Namibian and three Afghans -- were killed elsewhere in the south in attacks blamed on Taliban rebels.

Pakistani Militant Leader Is Beaten (LAT)

By Mubashir Zaidi And Paul Watson

The Los Angeles Times, March 30, 2006

ISLAMABAD, Pakistan — Gunmen on Wednesday attacked and seriously injured a longtime ally of Osama bin Laden whom U.S. authorities have linked to an alleged terrorist sleeper cell in California.

Fazlur Rehman Khalil, a signatory to Bin Laden's 1998 declaration of war on the United States and its allies, was severely beaten by eight armed men, supporters said.

The assailants dragged Khalil and his driver from a mosque in Tarnol, about three miles northwest of Islamabad, Pakistan's capital, as they attended evening prayers, said his spokesman, Sultan Zia.

Khalil is a former leader of Harkat Mujahedin, a militant group linked to Al Qaeda that he founded as Harkat Ansar to fight Soviet forces in Afghanistan in the 1980s. The U.S. labeled Khalil's group a terrorist organization in 1997, but it has continued its anti-Western jihad, or holy war, under the new name, Jamiat ul Ansar.

Khalil's attackers held him for five hours, tying a rope around his neck and beating him with rifle butts before dumping him in front of a mosque on Islamabad's outskirts, his spokesman said. "He was left in a very serious condition with a severe head injury. However, he has survived with the grace of God," Zia said. Khalil was taken to a hospital in Rawalpindi, adjacent to the capital.

In June, the FBI arrested Lodi, Calif., ice cream truck driver Umer Hayat, 48, and his son Hamid, 23, and charged them with training in one of Khalil's camps in Pakistan for attacks in the U.S. The men are on trial in a Sacramento court. The prosecution rested its case Tuesday.

Khalil co-signed Bin Laden's 1998 fatwa, or religious edict, that declared it "an individual duty" for Muslims to kill American civilians and troops, or their allies, anywhere they could be found in the world.

Bin Laden's deputy, Egyptian physician Ayman Zawahiri, and two other Egyptian and Pakistani extremists also signed the declaration by the so-called World Islamic Front for Jihad against the Jews and the Crusaders.

That same year, then-President Clinton ordered an attack with Tomahawk cruise missiles on targets in Afghanistan to kill Bin Laden after Al Qaeda attacks on two U.S. embassies in East Africa left at least 224 people dead. The strikes also targeted Khalil's camps near the eastern Afghan town of Khowst.

Intelligence assessments concluded that the missile strikes missed Bin Laden by a few hours, but Khalil claimed several of his fighters were killed in the airstrikes.

In testimony before the 9/11 Commission in 2004, Clinton's national security advisor, Samuel R. "Sandy" Berger, said an undisclosed number of agents from the Pakistani military's Inter-Services Intelligence agency also died in the strikes on the camps. The powerful ISI was long associated with Khalil and other militant groups.

Pakistani President Pervez Musharraf banned Khalil's militant group in 2001, after he ended support for the Taliban regime in neighboring Afghanistan and joined the U.S.-led war on terrorism after the Sept. 11 attacks.

Pakistani authorities arrested Khalil in 2004 when he was accused of aiding militants crossing into Afghanistan to attack U.S.-led forces.

He was detained at least two more times but was released each time under what Pakistan's government insisted was close supervision to ensure he didn't engage in militant activities.

As late as 2004, Khalil continued to raise funds and rally militants to wage jihad against the U.S. in a magazine called Al Hilal, published from his headquarters, in a mosque next to a school and across from an army base in Rawalpindi.

A November 2003 edition of the magazine featured an advertisement on the back page, announcing the "All-Pakistan Training Convention of Jamiat ul Ansar Activists," at Khalil's headquarters.

Christian Convert Given Asylum In Italy (WT/AP)

By Maria Sanminiatelli, Associated Press

DOJ_NMG_0023822

The Washington Times, March 30, 2006

ROME -- The Afghan man who faced the death penalty for converting from Islam to Christianity received asylum in Italy yesterday, despite requests by lawmakers in Afghanistan that he be barred from fleeing the conservative Muslim country.

Abdul Rahman arrived in Rome days after he was freed from a high-security prison on the outskirts of Kabul after a court dropped charges of apostasy against him for lack of evidence and suspected mental illness.

The case has attracted wide attention in the West and led to calls by the U.S. and other governments for the Afghan government to protect the 41-year-old convert.

It also inspired an appeal by Pope Benedict XVI to Afghanistan President Hamid Karzai and efforts by the United Nations to find a country to take him in after Muslim clerics in Afghanistan threatened his life, saying his conversion was a "betrayal to Islam."

Mr. Rahman was in the care of Italy's Interior Ministry, Prime Minister Silvio Berlusconi said yesterday evening. "He is already in Italy," he said. "I think he arrived overnight."

The Italian Interior Ministry said Mr. Rahman was "under protection."

Conversion is a crime under Afghanistan's Islamic law. Mr. Rahman was arrested last month after police discovered him with a Bible. He was brought to trial last week and faced the death penalty for converting 16 years ago while working as a medical aid worker for an international Christian group helping Afghan refugees in Pakistan.

Under heavy international pressure from the United States and other nations that helped oust the hard-line Taliban regime and provide aid and military support for Mr. Karzai, Mr. Rahman was released from prison Monday.

President Bush and others had insisted Afghanistan protect personal beliefs. Secretary of State Condoleezza Rice called Mr. Karzai last week and appealed for a "favorable resolution" of the case.

Afghanistan's new parliament debated Mr. Rahman's case yesterday and demanded he be barred from leaving the country. But no formal vote was taken on the issue.

Some 500 Afghans, including Muslim leaders and students, also gathered at a mosque in the southern town of Qalat, in Zabul province, to demand the convert be forced to return to Islam or be killed.

"This is a terrible thing and a major shame for Afghanistan," Zabul's top cleric, Abdulrahman Jan, said.

Italy has close ties with Afghanistan, whose former king, Mohammed Zahir Shah, was allowed to live with his family in exile in Rome for 30 years. The former royals returned to Kabul after the fall of the Taliban regime.

Italian troops were sent into Afghanistan after the U.S.-led invasion of the country in 2001 to help with reconstruction, and Italy still has 1,775 troops there.

Mr. Rahman's ordeal began as a custody dispute over his two daughters, now 13 and 14. The girls had lived with their grandparents their whole lives, but Mr. Rahman sought custody when he returned to Afghanistan in 2002 after living in Germany for nine years.

Afghan Convert Arrives In Italy As Protests Mount In Homeland (WP)

By Daniel Williams

The Washington Post, March 30, 2006

ROME, March 29 -- Abdul Rahman, the Afghan convert to Christianity who faced a possible death sentence in his homeland for rejecting Islam, has arrived in Italy and will be granted political asylum here, Prime Minister Silvio Berlusconi said Wednesday.

Berlusconi told Italian journalists that Rahman, 41, had probably arrived overnight and was now in the hands of the Interior Ministry. It was not immediately clear how he had traveled to Italy from Afghanistan, and his exact whereabouts were being kept secret.

"We are very glad to be able to welcome someone who has been so courageous," Berlusconi said.

Rahman departed for Europe as a confrontation was building between the Afghan government and the Christian world. Political and religious leaders in Europe, including Pope Benedict XVI, had condemned Rahman's prosecution on charges of apostasy, a capital offense under sharia , or Islamic law. The Bush administration, which has about 20,000 troops in Afghanistan, called on the Afghan government to respect religious freedom.

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Rahman was released late Monday from a high-security prison outside Kabul after a public security court dismissed the charges against him, citing a lack of evidence and suspicions that he is mentally ill.

On Wednesday, Western governments welcomed Rahman's release. German Chancellor Angela Merkel said it was a "sensible signal to the international community but also for the situation in Afghanistan." Germany is a major donor to Afghanistan with about 2,000 troops in the NATO security force there.

But controversy continued to boil in Afghanistan, where Islamic clerics and members of parliament strongly objected to Rahman being freed from prison and allowed to leave the country. Demonstrators in several cities continued to protest foreign interference, and critics accused President Hamid Karzai of giving in to international pressure.

Under Islamic law, rejection of Islam is a grave offense, punishable by death if the convert does not repent. Afghanistan is a deeply traditional Muslim country where there are no publicly practicing Afghan Christians. Both proselytizing and conversion are viewed by most people as anathema.

On Wednesday, 500 clerics gathered in a mosque in the southern city of Qalat to protest Rahman's release, news services reported from Kabul. Abdulrahman Jan, the top cleric in the Qalat region, said the government should either force Rahman to convert back to Islam or kill him.

"This is a terrible thing and a major shame for Afghanistan," he said.

The Afghan parliament also condemned Rahman's liberation as a breach of Islamic law, but did not take a formal vote on the issue.

"We sent a letter and called the Interior Ministry and demanded they not allow Abdul Rahman to leave the country," Yonus Qanooni, the speaker in the lower house and a leading political rival of Karzai, told reporters in Kabul. During debate, several other legislators said Rahman should be executed.

The case has highlighted the contradictions that remain between Afghan society and the Western powers that in 2001 helped topple the Taliban, the extremist Islamic movement that ruled most of the country. Although Afghanistan is now a democracy with an elected president, its constitution enshrines sharia as well as international human rights conventions.

Rahman converted 16 years ago while working with a Christian refugee aid group in Pakistan. He then moved to Germany. Only recently had he returned home to Kabul, where he was arrested for possessing a Bible after his relatives informed police. He was embroiled in a child custody battle with his estranged wife, an Afghan Muslim.

His arrival in Italy came in the middle of a hotly contested election campaign, in which some groups in Berlusconi's ruling coalition are running on a platform that opposes immigration and portrays Western civilization as on the defensive against an onslaught of Muslim intolerance.

Rahman told La Repubblica newspaper he was unrepentant. "I have done nothing to repent, I respect Afghan law as I respect Islam. But I chose to become a Christian, for myself, for my soul. It is not an offense."

Italy has close ties with Afghanistan, whose former king, Mohammed Zahir Shah, was allowed to live in exile in Rome with his family for 30 years. The former royals returned to Kabul after the Taliban fell.

Italy Grants Asylum To Afghan Christian Convert (NYT)

By Ian Fisher And Elisabetta Povoledo

The New York Times, March 30, 2006

ROME, March 29 — A man who faced the death penalty in Afghanistan for converting to Christianity was secretly flown to Italy, where he was granted asylum under round-the-clock protection by the government, the Italian prime minister said Wednesday evening.

"He's already in Italy," Prime Minister Silvio Berlusconi told reporters.

Mr. Berlusconi was vague about when the convert, Abdul Rahman, 41, had arrived here, saying he believed that it happened "overnight." The Italian news service ANSA reported that he landed in Rome on Tuesday night, accompanied by Italian secret service agents.

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His arrival culminated several days of strong pressure on the American-supported government in Afghanistan, where Mr. Rahman had been jailed for weeks for his conversion. Many in Afghanistan called for his death, while Western nations demanded his release.

The differing reactions here and in Afghanistan to Mr. Rahman's release and his arrival in Italy seemed to underscore the continuing tension between the West and the Islamic world on issues like freedom of religion, freedom of expression and democracy.

"I say that we are very glad to be able to welcome someone who has been so courageous," Mr. Berlusconi told reporters here earlier in the day, before making Mr. Rahman's arrival public.

Later he said Mr. Rahman had "asked for asylum and it has been granted," after his cabinet took the unusual step of immediately approving it.

But in deeply conservative and religious Afghanistan, politicians were outraged on Wednesday amid confusion about Mr. Rahman's whereabouts and fears that he might be taken from Afghanistan. Clerics called for him to be tried under Islamic law, which under conservative interpretations applies execution as a punishment for apostasy, and they led hundreds of people in demonstrations that also protested Western interference.

"We must call on the authorities in charge right now to stop him from going out," Muhammad Dawood Zarif, an Afghan legislator and businessman, said in Kabul before Mr. Berlusconi's announcement.

Abdul Rab Rasool Sayaf, a conservative legislator, accused outside nations of plotting against Islam and Afghanistan.

"This is a net of conspiracies," he said. "I am sure there are people behind this who want to create problems between Afghanistan and the West from which they themselves would get their benefit."

Accordingly, Mr. Rahman's departure created the prospect of increased pressure on Mr. Karzai domestically even as it eased pressure from Western nations, including the United States, which holds out Mr. Karzai as the model of a moderate and modern Muslim leader.

Mr. Rahman, said to have converted to Christianity after working for an international Christian aid group, was jailed in Afghanistan after being accused of apostasy for abandoning Islam, although he was never formally charged. He was released to his family on Monday night, said the justice minister, Sarwar Danish.

The Bush administration pressed Mr. Karzai to resolve the case, but he resisted, citing separation of executive and judicial powers. Germany, Italy and Canada, which have troops serving in Afghanistan, and other countries voiced their concerns to Mr. Karzai's government.

On Saturday, Pope Benedict XVI, long outspoken about religious freedom for Christians in predominantly Muslim countries, sent a letter asking Mr. Karzai to pardon Mr. Rahman. The next day, the pope spoke at St. Peter's Square about his worries about "communities who live in countries where there is a lack of religious freedom, or where despite claims on paper they in truth are subjected to many restrictions."

The choice of Italy as a place of refuge for Mr. Rahman seemed to be a result of a combination of factors, including Italy's ties to the Vatican and to Afghanistan, along with close national elections here in which the Catholic vote is substantial.

Bush Tries Outreach To Bolster Standing, But Iraq Counts Most (RC)

By Morton M. Kondracke

Roll Call, March 30, 2006

President Bush is engaged in an extensive new outreach campaign to Members of Congress, the media and the public to bolster his flagging political fortunes. But White House aides admit that events in Iraq are likely to control his destiny — and GOP fortunes in November.

In Iraq, U.S. Ambassador Zalmay Khalilzad is striving mightily to get the Iraqis to put a unity government in place as quickly as possible, which would restore confidence in the political leg of Bush's "victory" strategy.

In a reprise of a strategy that lifted his poll ratings from the 30s into the 40s last November and December, Bush is also back on the speechmaking circuit to convince the public that progress is being made on the military and reconstruction fronts, as well.

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Last year, Bush used as a foil Democrats who accused him of lying about how the United States got into the war and who were calling for immediate troop withdrawals. Now, he's playing off the media, maintaining that overall conditions in Iraq are much better than is being reported.

At the same time, Bush is inviting various news organizations to off-the-record briefings in the family quarters of the White House, and other groups are being invited to backgrounders with high-ranking officials.

On Tuesday, Bush had his Cabinet briefed via teleconference by Khalilzad and U.S. military commanders, after which Bush urged his top appointees to help him talk up Iraq progress when they travel around the country.

He also urged them to encourage young people in their departments to travel to Iraq to assist the fledgling Iraqi ministries in providing services to the population.

And the same day, he met with Congressional delegations back from visits to Iraq, including such critics of his policy as Sens. Carl Levin (D-Mich.) and Russ Feingold (D-Wis.). He held another session on competitiveness policy that included Sen. Edward Kennedy (D-Mass.).

These sessions come on top of a series of small group meetings with Congressional Republicans that are designed to quiet restiveness in his own ranks and silence charges that the White House "doesn't listen" or is "tone deaf."

Improving relations with Congress and bolstering the GOP base are seen as two of three key tasks facing the White House between now and the November elections. The third is re-establishing the administration's record on the "competence" issue.

Replacing White House Chief of Staff Andy Card with Budget Director Josh Bolten is described as a major step to tighten the administration's performance, which is now a central rhetorical target for Democrats, who charge the administration with being "dangerously incompetent."

Bolten is said to have a "free hand" in reshaping the White House staff — and perhaps other parts of the administration — to ensure that there are no repetitions of the Dubai ports fiasco and Hurricane Katrina confusion.

On the base-bolstering front, GOP leaders are mindful of the fact that the 1994 GOP landslide victory — 52 House and six Senate seats — resulted partly from low morale among Democratic base voters and from low turnout. There's been some weakening in Bush's GOP base in 2006, partly due to negative comments by Republicans in Congress.

Even though Bush is at odds with the GOP base on immigration policy, House Republican leaders think it helps their Members — at least in the short run — to have illegal immigrants staging huge demonstrations protesting their enforcement-only border security bill.

"Every poll I've ever seen supports the notion that Americans want stronger border security," one leader told me. "We're getting lots of notice now for passing that kind of bill, and our Members will benefit from that."

Democrats think they will gain if the GOP is seen as heartless or Draconian on immigration.

But Republicans are pushing back by reminding journalists that last December, all but 10 Democrats voted against a GOP effort to soften penalties for being in the country illegally, from felony to misdemeanor status. Democrats wanted the GOP bill to be as cruel-seeming as possible.

To bolster the base, GOP leaders also are determined to "play offense, not defense" in the November elections and to make it "a choice" between Democratic and GOP candidates, not simply a referendum on Bush.

Republicans say they will fight Democratic attempts to "nationalize" the campaign by "localizing" it — pointing to differences that are of concern in specific states and districts.

But the GOP also will do some "nationalizing" by pointing to Democratic leaders such as Senate Minority Leader Harry Reid (Nev.) and House Minority Leader Nancy Pelosi (Calif.), arguing that a given Senate or House candidate will be "part of that team" and subject to its discipline.

Vice President Cheney signaled anew last week that Republicans will attack Democrats on national security, declaring that party leaders "have demanded a sudden withdrawal from the battle against terrorists in Iraq — the very kind of retreat that Osama bin Laden has been predicting."

Another version of the attack is to charge that Democrats "want to raise a white flag in the face of terrorism — and also raise your taxes." Senate Republicans charge that Democratic amendments to the fiscal 2007 budget bill would cost taxpayers nearly $170 billion over a five-year period.

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But, as important as it is for the administration to reach out, get its White House in order, communicate better and bolster the base, aides acknowledge that Iraq is the chief factor governing Bush's fortunes and that of his party.

Only 35 percent of Americans approve of Bush's Iraq policy, according to an NBC/Wall Street Journal poll. By a 50 percent to 39 percent margin, voters said they'd prefer a Congressional candidate who favors withdrawing all U.S. troops in the next three months over one who favors remaining as long as necessary to establish a democracy.

Bush, to his credit, will not withdraw prematurely. But if significant troop withdrawals are not possible before November, it's likely that Republicans will suffer.

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NEW: Attorney General Announces New Initiatives During Stop (YAKHR)

Yakima (WA) Herald Republic, March 30, 2006

TOPPENISH — U.S. Attorney General Alberto Gonzales announced new federal initiatives to fight drugs and solve old homicide cases on tribal land during a visit today to the Yakama Reservation.

Gonzales first spoke about drugs and gangs to several hundred students at White Swan High School. Later he held a closed-door roundtable discussion with Yakama tribal leaders about federal, state and tribal law enforcement regarding methamphetamine and other tribal justice issues.

"I think it is important to get a first-hand view of the tribal justice system on the Yakama Reservation," he said in a statement released by his office. "The tribe is doing good work to preserve the heritage of this special place and protect those who call it home from the threats of violence and drug abuse, but there remain serious problems that require additional attention."

Gonzales said the Yakama Nation will be the first tribe to benefit from a cold case review initiative for Indian Country nationwide. As part of the initiative Gonzales announced today, the FBI and U.S. Attorneys Office will review the Yakama Nation's unsolved homicides to learn which might benefit from new investigative resources and advancements in forensic science.

Mystery surrounds what happened to more a dozen women who have been killed or disappeared on the Yakama reservation since the early 1980s.

As part of the cold case review initiative, the Federal Bureau of Investigation will make available the services of both its Violent Crime Apprehension program and its National Center for Analysis of Violent Crime.

Also, Gonzales announced funding for a methamphetamine investigation training for tribal law enforcement.

"The use, production and distribution of methamphetamine on Indian reservations has increased significantly during the past 10 years. At the winter session of the National Congress of American Indians in Washington, D.C., methamphetamine's dramatic impact within Indian Country was perhaps the biggest issue of concern amongst tribal leaders," according to a statement from the Attorney General's Office.

Gonzales Vows Reservation Crimes Review (AP)

By SHANNON DININNY, Associated Press Writer

AP, March 30, 2006

WHITE SWAN, Wash. (AP) - Federal authorities plan to re-examine unsolved criminal cases on American Indian reservations to see whether they can be solved using new investigative tools, U.S. Attorney General Alberto Gonzales said Wednesday.

He said the first cases to get new federal scrutiny will be at the Yakama Indian Reservation, where more than a dozen women were slain or disappeared in the 1980s and early 1990s in what some people speculated could have been the work of a serial killer.

"Hopefully we can be successful in bringing closure to some of these families," Gonzales said after a private meeting with tribal officials.

Between 1980 and 1993, authorities found the remains of 13 women on the reservation. Eleven of the victims were Indian, and most were in their 20s. Most were stabbed, beaten or shot to death.

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At the time, some officials complained about a lack of coordination between law enforcement agencies. The FBI has jurisdiction over major crimes on Indian lands.

Also, during a meeting with about 500 students from the reservation's Mount Adams School District, Gonzales was asked his opinion on the immigration debate before Congress. Roughly 70 percent of the district's students are American Indian. About 20 percent are Hispanic.

The attorney general said Americans live in a different world since the 2001 terrorist attacks, and the country needs to know who has crossed its borders. At the same time, he said, the United States must offer some kind of legal status to those workers who are already here, or risk serious consequences to the economy.

"America is great because of its immigrants. It is what represents a great part of what is America. That needs to be protected," Gonzales said, evoking applause.

US Attorney General Visits Yakama Nation (KIMA-TV)

By Tim Lewis

KIMA-TV, CBS 29, Yakima, WA, March 30, 2006

White Swan - After two practice assemblies and plenty of security checks, US Attorney General Alberto Gonzales came to White Swan.

"What I'm here to tell you is there is no future in avenues like gangs," he told a students at White Swan High School, "There is no future in avenues like drugs."

Just like every other teenager, White Swan senior Adrian Espindola has already heard this message before.

"I hear it all the time."

But this time there's something different.

"I probably paid more attention than I would have if anybody else would have told me," he said. "I swear there are at least 100 kids in the crowd that are around drugs everyday. I'm sure it influenced them to hear someone like that come speak to them."

"Just the entourage and the level of security puts it in a whole different light than someone who just walks in to give a presentation," says Dr. Mary Hall, Superintendent of the Mt. Adams School District.

Gonzalez isn't only talking the talk, he's also walking the walk.

More people are using methamphetamine on Indian reservations than they have over the past 10 years.

That's why the Justice Department will give money to the Tribal Police to train officers on how to spot meth problems.

"It'll be a slow process, we understand that, but I think we are on our way and there are a number of efforts underway -- including the school district -- that show the more we work together, the more power we have together," said Hall after being asked if she thinks things will change after the visit.

Gonzales also announced a new program to investigate cold cases on Indian reservations.

The Yakama Nation will be the first tribe to benefit from the initiative.

House Approves Comp Time For Justice Department Lawyers (WP)

By Stephen Barr

The Washington Post, March 30, 2006

The House has approved a bill that would ensure that Justice Department lawyers are eligible to receive compensatory time off for travel during their off-duty hours, like other federal employees.

Congress approved legislation in 2004 creating comp time for travel, and the Office of Personnel Management issued a regulation in 2005. The law permits federal employees to claim time off when they travel on official business during off-duty hours, such as flying on a Sunday to attend a meeting Monday morning. Previous rules had made it difficult for employees to qualify for compensation while traveling outside normal business hours.

But the Justice Department decided that the time-off regulation did not apply to it because of a 1999 congressional restriction that limits overtime pay for Justice Department lawyers. The interpretation triggered complaints that the department was not treating its 9,000 lawyers fairly.

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The House bill "unequivocally clarifies congressional intent," that Justice Department lawyers may receive comp time for travel during non-business hours, Rep. Jon C. Porter (R-Nev.), chairman of the House federal workforce subcommittee, said Tuesday when he sought passage of the bill. Co-sponsors included Reps. Thomas M. Davis III (R-Va.), Danny K. Davis (D-Ill.), Henry A. Waxman (D-Calif.) and Chris Van Hollen (D-Md.).

The bill, Porter said, "would greatly assist those employees who take early morning flights in order to attend business away from the home office but don't currently get compensated for their dedication."

He noted that the Justice Department provided technical assistance during the drafting of the bill.

Richard L. Delonis , president of the National Association of Assistant U.S. Attorneys, said the bill will not impose a financial burden on the department. "It is symbolic, though," he added.

The association represents the interests of about 5,400 assistant U.S. attorneys. "There will be some people it will actually benefit more than others -- someone who lives out on the West Coast and has to travel to Washington for meetings on a Monday," Delonis said.

Delonis wrote House members last year when the Justice Department balked at implementing the benefit. "Our organization stood up for what we believed in, and through the legislative process has achieved a victory," he said.

A similar bill has been introduced in the Senate by Sen. Daniel K. Akaka (D-Hawaii), who said he is looking forward to Senate passage as soon as possible. "I'm delighted the House passed its bill yesterday," he said in a statement. "Our bills restate congressional intent that DOJ attorneys enjoy the same benefits as other federal attorneys."'Get With the Program'

Rep. Thomas Davis told OPM Director Linda M. Springer at a hearing this week that many Northern Virginia companies sponsor telecommuting programs that keep their employees out of traffic jams and let them focus on being productive rather than punching a clock.

"When are we going to get with the program?" Davis asked in an exasperated tone.

Less than 20 percent of those in the federal workforce have been deemed telecommuters, as measured by the number of jobs that agencies have declared eligible for telework, OPM data show.

Springer told Davis that the administration "is doing a good job" of educating federal managers on the alternative work program. She said telecommuting will become "more urgent than in the past" as the government prepares for events that could disrupt operations, such as a pandemic flu.Fire Closes IRS Headquarters

The headquarters of the Internal Revenue Service will be closed today because of an electrical fire that shut down power to the Constitution Avenue building. More than 3,000 IRS employees were forced out of the headquarters yesterday morning after a fire in the basement filled the building with smoke.

Terry Lemons , an IRS spokesman, said crews were scheduled to work throughout the night to restore power but did not think repairs would be finished in time to reopen the building this morning. The building should be open for business on Friday, he said.

IRS employees should call 866-743-5748, the employee hotline, for information on when the building will be ready for them to return, Lemons said.

Mark W. Everson , the IRS commissioner, was leaving the building as fire alarms went off at about 9:30 a.m. yesterday. He was en route to testify on Capitol Hill about the agency's budget plans for fiscal 2007.

CORPORATE SCANDALS:

Street Sleuth Tracing Refco's Ruin Leads Probe To Bermuda (WSJ)

By Carrick Mollenkamp

The Wall Street Journal, March 30, 2006

When Refco Inc. filed for bankruptcy-court protection in October, many headlines focused on Phillip R. Bennett, the brokerage firm's since-departed chief executive.

Investigators are still examining the actions of Mr. Bennett, who faces criminal-fraud and wire-fraud charges related to Refco's implosion.

But six months on, the inquiries into Refco's demise have broadened and are leading down another path, too, according to court documents filed in bankruptcy court in New York and interviews with lawyers and others involved in the matter. The second path: the flow of money through Refco's vast operations, including its unregulated Bermuda unit, which some investigators are treating as the epicenter of Refco's problems.

Mr. Bennett denies wrongdoing as the Justice Department and others parse aspects of his personal life, including his trading accounts. Mr. Bennett's lawyer, Gary Naftalis, declined comment. David Esseks, the assistant U.S. Attorney for the Southern District of New York who is prosecuting Mr. Bennett, declined comment.

Lawyers and others working on behalf of Refco creditors are scrutinizing intercompany money transfers at the Bermuda unit, Refco Capital Markets Ltd., which offered Refco clients higher rates of return, less scrutiny, and more generous loans for trading than did Refco's regulated futures or stock-trading units.

The purpose of the Bermuda unit was to allow sophisticated investors to trade securities such as emerging-market debt, with Refco acting as an informal exchange and providing loans so that the traders could increase their risk. The unit attracted hundreds of clients, including hedge funds and other big investors from around the globe.

But people familiar with Refco Capital Markets say bankruptcy lawyers are trying to determine whether some of the unit's client money was tapped by Refco to fund its expansion, specifically a string of acquisitions of trade-processing, or clearing, firms. Refco was founded in 1969 and became one of the world's biggest brokerage firms, focusing on commodities, derivatives and foreign currencies.

Among Refco's purchases was the 2005 acquisition of the global brokerage operations of Cargill Investor Services. Refco paid about $208 million for those operations, plus future considerations, according to a person familiar with that transaction. Refco's transfer records show that $170 million came through Refco Capital Markets, the person says. Investigators are looking into other intercompany transfers between the unit and Refco Inc., the parent company, that total hundreds of millions of dollars.

The event that led to the bankruptcy-court filing by Refco only weeks after the company went public was an admission Oct. 10 by the company that Mr. Bennett had hidden $430 million in bad debts, removing them from the company's books and parking them elsewhere, including in an entity tied to Mr. Bennett.

After that revelation, customers rushed to get their money out of Refco Capital Markets, leading Refco to freeze customer accounts.

Court documents show that Refco Capital Markets didn't have the financial wherewithal to meet those demands.

At that point, the value of client collateral and other assets held by the unit was supposed to total $3.7 billion, but the unit's actual assets were about $1.9 billion, according to the documents.

Elsewhere, investigations have turned up links between Refco, Mr. Bennett and other entities, including Bawag P.S.K. Group, an Austrian bank that once owned a 10% stake in Refco and lent Mr. Bennett €350 million, or about $420 million, which he used to pay off the hidden bad debts just before Refco revealed them. Bawag subsequently sued Refco, saying it was misled when it agreed to provide that loan.

Bawag's chairman said last week that he and other executives failed to disclose losses totaling more than €1 billion between 2000 and 2005 after investments by the former chief executive officer's son went sour.

The bank and its current and former executives are under investigation by the Austrian financial regulator for not informing regulators about losses run up by Wolfgang Flottl, a New York investor and son of Bawag's former CEO, Walter Flottl.

The full extent of links between Refco and Bawag remain unclear. Court documents show that investigators working for Refco's bankruptcy attorneys and creditors are pursuing several leads, including money transfers between Refco and Bawag.

In separate court filings, Refco's bankruptcy attorneys in December suggested they were pursuing different links: "Attention to situation involving Austria subsidiary, Bawag and RGHI." RGHI is believed to be Refco Group Holdings Inc., an entity affiliated with Mr. Bennett.

And in January, Refco's bankruptcy attorneys met to discuss "status of various investigations, including investigation into transfer of funds from Refco Vienna," according to the filings.

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Forensic-accounting firm FTI Consulting Inc., which has been working as consultant to the Chapter 11 trustee, is looking into the transfer of securities that may relate to Bawag. In one court document dated March 24, the accounting firm said it had met with Refco officials in October about " 'missing' Bawag securities."

FTI said it had conducted a "review and analysis of account statements for Refco Capital Markets re: bonds and securities transferred re: BAWAG." FTI declined comment.

The federal criminal investigation into Mr. Bennett's affairs has examined company-personnel charts, several Chicago entities potentially affiliated with Mr. Bennett, and trading reports for certain customers at Refco Capital Markets, according to court documents. Prosecutors have examined an account belonging to Mr. Bennett known simply as "account No. 87," those documents show, and they have looked at loan agreements between Refco and other entities.

One entity is Liberty Corner Capital LLC, a Summit, N.J., hedge fund that has said it unwittingly played a role in helping hide Refco's client debt. In October, Liberty Corner said it had been told it wasn't the target of any criminal investigation regarding Refco.

A second agreement that prosecutors are looking at was between Refco and Ingram Micro Inc., an information-technology distributor.

A spokeswoman for the Santa Ana, Calif., company confirmed the loan, but said Ingram Micro's lawyers declined to say anything more about it because it is part of the current litigation against the collapsed brokerage firm.

"It looks like we had a loan transaction with Refco several years ago, but no transactions for more than four years," said Ria Carlson, the spokeswoman. "Because of that transaction, we were asked to provide some documents to the U.S. Attorney's office."

The origin and importance of a third loan pact, titled "Delta Flyer," remains unknown.

Investors, Including Queens Man, Charged With Scamming Millions (NSDY/AP)

By Adam Gorlick, Associated Press Writer

Long Island Newsday, March 30, 2006

SPRINGFIELD, Mass. -- Three investment firm executives _ including one from Queens _ have been accused by federal authorities of making car payments, buying jewelry, paying for home improvements and taking personal loans with about $16 million swindled from people in high-pressure real estate deals.

Mark Shapiro, 45, of Glastonbury, Conn., and William Foster, 66, of Easthampton, were arrested by FBI agents Monday at their Cobalt Capital headquarters in Springfield. Foster was freed on $250 bond following a hearing Wednesday in U.S. District Court in Springfield.

Shapiro, who spent 30 months in prison after a 1998 bank fraud conviction and allegedly used some money he swindled through Cobalt to pay the $350,000 he owed from that case, was ordered held without bail Wednesday.

The third executive, Irving Stitsky, of Bayside, N.Y., was arrested at Cobalt's office in Great Neck, N.Y., and is also free on bond. Stitsky pleaded guilty in 2001 to securities fraud, wire fraud and bribery. He also has a money laundering and fraud case pending in New Jersey.

According to a federal complaint charging the men with securities fraud and conspiracy, Cobalt employed telemarketers who made fast, high-pressure calls to potential investors.

Phone records for the company's office in Great Neck show that tens of thousands of long-distance calls _ most less than one minute _ were made to locations across the country, according to an affidavit by FBI Agent Jennifer May.

"Based on my experience and training, the calling patterns reflected in the telephone records are consistent with those of a 'boiler room' operation," May wrote.

Megan Gaffney, a spokeswoman for the U.S. Attorney's office in Manhattan _ which has spearheaded the investigation _ would not disclose information about the people targeted in the alleged scam.

Raipher Pellegrino, Foster's lawyer, said Cobalt was soliciting legitimate investments for residential and commercial properties in Florida and Texas.

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"These are real properties that are being developed," Pellegrino said. He said "many investors are getting returns on their money," but would not say what the average rate of return is.

In denying Shapiro's request for bail, U.S. Magistrate Judge Kenneth Neiman said he was concerned that "his access to large sums of money" made him a flight risk.

Shapiro's lawyer, Martin Leppo, said his client needed to be free so he could manage Cobalt's investments and cooperate with the Securities and Exchange Commission, which is investigating the company.

"If Mr. Shapiro is not released, Cobalt will fail," Leppo said.

Stitsky, who has appeared in federal court in Manhattan, did not return a phone call to The Associated Press.

The federal complaint says the three men never told Cobalt's investors that Shapiro and Stitsky had criminal records, and lied by saying Shapiro had a master's degree in finance from Harvard University.

When an undercover investigator called Cobalt for investment information, he was told the company had been running for 23 years. But Cobalt wasn't formed until 2004, according to the complaint.

Authorities say Shapiro, Stitsky and Foster gave themselves loans and paid for personal expenses with investors' money. They allegedly set up an account with the money that was used to write checks to a jewelry store and to make car payments.

Investigators also say Shapiro used $240,000 to pay for construction work on his Glastonbury home, and made thousands of dollars of purchases at places including Gucci, Best Buy, Dial-a-Mattress and Williams-Sonoma.

FBI Arrests 3 In Fraud Case (RMA)

By Marcia Blomberg, Mblomberg@repub.com

The Republican (MA), March 30, 2006

SPRINGFIELD - A sleek office in a modest Maple Street building is the headquarters of Cobalt Capital Cos., where two top executives were arrested by federal authorities this week and charged with securities fraud.

Mark Alan Shapiro, 45, of Glastonbury, Conn., and William B. Foster, 66, of Williamsburg, were arrested by local FBI agents Monday morning in their fourth-floor corporate condominiums at 155 Maple St., according to Michael O'Reilly, agent in charge of the FBI's Springfield office.

Shapiro was still being held yesterday, while Foster was released Monday on a $250,000 secured bond. Both are due in U.S. District Court today.

Irving Stitsky, of Bayside, N.Y., was arrested at Cobalt Capital's office in Great Neck, N.Y., a facility that an FBI agent called a "boiler room," where sales reps made calls to potential investors, according to the agent's affidavit filed in U.S. District Court.

Stitsky was released on $1 million bond.

According to a complaint filed in U.S. District Court in Manhattan, the three men diverted millions of dollars entrusted to them by investors for their personal use

According to the U.S. Attorney's office in Manhattan, Cobalt raised more than $16 million from more than 150 investors.

The company, according to its Web site, is a "vertically integrated, national real estate investment, development and management" company with properties in Texas and Florida.

Yesterday, the Cobalt Capital office at 155 Maple St. was still open. Glass blocks infused with a blue light, black-and-white tile floor and art glass decorated the reception area. A woman in the office said no one would be made available to speak to the press.

According to the company's Web site, there are 13 people on its management team at its various companies, not including Shapiro or Stitsky.

Foster was named in the company's marketing materials as owner, president and chief executive officer, but the operation is really run by Shapiro, according to the affidavit.

The marketing materials sent to investors never mentioned that Stitsky and Shapiro both have convictions for fraud.

In fact, the materials never mentioned that Stitsky was involved in the company at all, and only one marketing memo noted Shapiro was involved, as a consultant.

The memo said that Shapiro has a master's degree in finance from Harvard.

But according to the affidavit, Stitsky and Shapiro have criminal records - Shapiro for bank and tax fraud, and Stitsky for conspiracy to commit securities fraud, wire fraud and commercial bribery, among others.

And Shapiro never went to Harvard, according to the affidavit.

The three men are accused of misappropriating money invested in Cobalt from July 2004, through Nov. 30, 2005, paying for personal expenses such as jewelry and Porsche payments, and making undisclosed loans to themselves.

According to the complaint filed against the trio by the U.S. Attorney's office in Manhattan, Shapiro used the company's American Express card to spend $31,000 at jewelry stores, at Gucci and Louis Vuitton stores, and at Ferragamo and Williams-Sonoma.

Another $240,000 was used to pay for work on Shapiro's house in Glastonbury, and $2.2 million was diverted from a Cobalt bank account into an account controlled by Shapiro.

Shapiro even used $214,000 from the account he controlled to make a restitution payment he owed in Connecticut on bank and tax fraud convictions, according to the complaint filed in U.S. District Court.

Foster, according to the complaint, received $646,000 in investor funds from Cobalt, and Stitsky received $165,000.

The company offered membership interests at a price of $100,000 per unit.

The company focused on multi-family residential properties, though it also marketed a property known as the Simone Hotel in Miami Beach.

The FBI affidavit asserts that no Cobalt entity owned the hotel.

An undercover FBI agent called a Cobalt phone number last October after seeing the number in an ad in the New York Times.

A salesman told the agent that that Cobalt had been in business for 23 years and there were no sales commissions.

But according to the affidavit, Cobalt was formed in 2003, and sales reps received a commission of $8,000 per unit sold.

The FBI and Securities and Exchange Commission cooperated on the investigation, with search warrants executed Dec. 1 at the Springfield and Great Neck, N.Y., offices.

The trio is charged with securities fraud and conspiracy to commit mail, wire and securities fraud. If convicted, they face a maximum penalty of 20 years in prison and a $5 million fine on the securities fraud charge.

CRIMINAL LAW:

Abramoff Is Sentenced For Casino Boat Fraud (WP)

By Peter Whoriskey And William Branigin

The Washington Post, March 30, 2006

MIAMI, March 29 -- Jack Abramoff, the once-powerful Washington lobbyist whose downfall has propelled a far-reaching congressional corruption investigation, was sentenced Wednesday to five years and 10 months in prison for his role in the fraudulent purchase of a fleet of casino cruise boats.

U.S. District Judge Paul C. Huck sentenced Abramoff, 47, and his former partner Adam Kidan, 41, to the shortest possible prison terms under sentencing guidelines after prosecutors affirmed that both men have been aiding the ongoing investigations and had expressed remorse. Abramoff's attorneys said he has reviewed "thousands of documents" in the inquiry, which could reach members of Congress, congressional staff members and employees of federal agencies, including the Interior Department.

"They're both trying to atone by cooperating," Assistant U.S. Attorney Lawrence D. LaVecchio said in court.

Abramoff, dressed in a gray double-breasted suit, appeared somber and detached during the proceedings. His wife, Pam, also attended.

In a subdued monotone, he told the judge that the day was "incredibly painful" for him, as well as his family and friends.

"Over the past two years, I have started the process of becoming a new man. I am much chastened and profoundly remorseful over the reckless and hurtful things I have done in my life, especially those which have brought me before you today. I

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can only hope that the Almighty and those whom I have wronged will forgive me my trespasses, and that God grants me the time on this earth to make amends."

Abramoff will also face sentencing in Washington after pleading guilty in January to fraud, tax evasion and conspiracy to bribe public officials. He could receive a prison term of more than nine years on those charges, but prosecutors have agreed to recommend that the sentences from that case and the Miami case be served concurrently.

His prison time could be reduced further if he provides substantial assistance to corruption investigators, and both prosecutors and defense attorneys said he has been helpful so far.

"The literally hundreds of hours he has spent, the hundreds of thousands of documents he has reviewed, and the dozens of topics he has been assisting with in themselves would merit a sentence at the bottom of the stipulated range," attorneys Neal Sonnett and Abbe Lowell wrote in a court filing.

What he is telling investigators is not known, however.

"This is not the time to show all he's done," Lowell told the judge Wednesday. That would come later, he said, presumably when the investigation is complete and Abramoff's attorneys ask for a reduced sentence based on his cooperation.

In requesting the minimum sentence for the Florida charges, lawyers for Abramoff and Kidan laid most of the blame on the other for the gambling boat scam, in which the pair faked a $23 million wire transfer to fraudulently obtain a $60 million loan for the 2000 purchase of SunCruz Casinos. Abramoff and Kidan pleaded guilty to conspiracy and wire fraud in the case, and under sentencing guidelines, each faced a minimum of five years and 10 months and a maximum of seven years and three months in prison.

In addition to their prison terms, Huck ordered Abramoff and Kidan to pay $21.7 million in restitution and to serve three years' probation upon their release.

He also agreed to allow them at least 90 days before beginning their sentences so they can continue to cooperate with investigators looking into government corruption and the gangland-style killing in 2001 of former SunCruz owner Konstantinos "Gus" Boulis, with whom Abramoff and Kidan quarreled.

Three men have been charged with the killing, one of whom -- allegedly connected to the mafia in New York -- was hired by Kidan to provide catering and security services for SunCruz.

Abramoff and Kidan have denied any involvement in the death.

Abramoff's notoriety is more closely associated with his Washington influence, however. Among the congressmen whose names have come up in the investigation are Rep. Robert W. Ney (R-Ohio), former chairman of the House Administration Committee, and Rep. Tom DeLay (R-Tex.), the former House majority leader.

Ney has been identified as the "Representative #1" who, according to court documents, received bribes from Abramoff in exchange for official acts, including statements in the Congressional Record that promoted the SunCruz deal.

Mark Tuohey, an attorney for Ney, said he and Ney have recently been seeking to persuade prosecutors not to bring charges in Washington or Florida. An agreement Ney signed last fall that waived the five-year statute of limitations on possible charges in Florida will expire in late April. Tuohey said his client will not accept any plea deal.

DeLay, who once described Abramoff as "one of my closest and dearest friends," took three overseas trips with the lobbyist and received more than $70,000 in political contributions from him, his associates and his Indian tribal clients. He has denied any wrongdoing.

Before the sentencing, Abramoff's attorneys sought to portray him as a man who had been unfairly caricatured by newspaper reporters and late-night comics.

They submitted a memo that amounted to a biography, opening with his childhood in Atlantic City; his embrace of Orthodox Judaism at age 13 -- despite his parents' concern that he may be shunned by mainstream society -- the family's move to Beverly Hills and his standing as an All-Conference high school football star there.

The memo followed his career path from national chairman of the College Republicans to his days as a movie producer who forbade foul language, and his work as a lobbyist. Noting his efforts to start a Jewish school, Eshkol Academy in Columbia, Md., and a kosher restaurant, the biography suggests Abramoff's life was more often guided by religion than greed.

Among the court submissions were supportive letters from more than 260 of Abramoff's friends, relatives and associates -- including one from his 12-year-old daughter, Sarah, who wrote that she burst into tears after hearing actor George Clooney joke about her father during the Golden Globe awards ceremony.

"Our five children, all teenagers, love and need their dad," his wife wrote. "I cannot imagine the pain and suffering we would all endure should Jack be incarcerated."

Abramoff Sentenced To More Than 5 Years In Fraud Case (KRT)

By Jay Weaver

Knight Ridder, March 30, 2006

MIAMI - One-time powerhouse lobbyist Jack Abramoff will soon be trading in his pin stripes for prison stripes.

Abramoff was sentenced Wednesday in Miami federal court to a prison term of five years and 10 months for a fraudulent loan deal to buy a South Florida fleet of gambling ships.

His business partner, Adam Kidan of New York, received the same sentence before U.S. District Judge Paul Huck.

The judge ordered both men to pay back $21.7 million to one of the lenders in the 2000 SunCruz Casinos deal. Both were allowed to remain free on bail for at least 90 days while they assist authorities in SunCruz-related criminal investigations.

Huck's courtroom was packed with reporters, prosecutors and gawkers. Most came to witness the somber sentencing of Abramoff, whose influence peddling on Capitol Hill has spawned an array of investigations into the lobbyist's relationships with lawmakers, especially Republicans.

Abramoff had already pleaded guilty in a parallel corruption probe in which he admitted giving members of Congress and their staffers bribes, foreign trips and gourmet meals. Several lawmakers - including an Ohio congressman who operated behind the scenes in the SunCruz deal and other Abramoff activities - may be indicted this spring, according to sources familiar with the case.

"As you can imagine, this day is incredibly painful for my family, friends and me," Abramoff told the judge.

"Over the past two years, I have started the process of becoming a new man. I am much chastened and profoundly remorseful over the reckless and hurtful things I have done in my life, especially those which have brought me before you today," he continued. "I can only hope that the Almighty and those whom I have wronged will forgive my trespasses, and that God grants me the time on this earth to make amends."

Kidan expressed similar sentiments, saying, "I'm completely remorseful and apologetic."

Outside the courthouse, Abramoff - sporting a dark suit and a tan baseball cap - sidestepped the throng of television cameras and other media. He was accompanied by his wife, Pam, and his attorneys, Neal Sonnett and Abbe Lowell.

Wednesday's court hearing marked a dark chapter in the lives of two men who first met in college as Young Republicans and rekindled their friendship with what has proven to be a shady business venture.

Last summer, Abramoff and Kidan were charged with lying to lenders - Foothill Capital, a California-based unit of Wells Fargo, and Citadel Equity Fund Ltd., based in the Cayman Islands - about putting down $23 million to qualify for a $60 million loan to seal the SunCruz deal.

But the pair never made the down payment toward the $147 million purchase, though they sent bogus documents to the lenders that showed they did - the foundation of the wire-fraud conspiracy case.

Abramoff, 47, and Kidan, 41, respectively cut plea deals in January and December to curry favor for shorter sentences. They faced up to seven years and three months under federal sentencing guidelines.

Both men will be allowed to remain free on bail for the next 90 days and possibly longer. They are cooperating with state and federal authorities on two separate investigations related to the SunCruz fraud case.

Assistant U.S. Attorney Lawrence LaVecchio - who prosecuted the SunCruz case along with Paul Schwartz and Guy Singer and FBI agent Susan Sprengel - told the judge that the defendants need to be free for now to travel and review documents for authorities.

Both men are supposed to help Broward County, Fla., authorities in their investigation into the February 2001 mob-style murder of SunCruz founder Konstantinos "Gus" Boulis, who had been publicly feuding with Kidan over the future of the gambling-ship empire, which eventually filed for bankruptcy. Neither has been charged in connection with Boulis' death.

The Broward State Attorney's Office has charged three defendants with Boulis' murder - including two who had been on the SunCruz payroll and had ties to organized crime.

Abramoff, in particular, is helping both South Florida and Washington federal prosecutors with the broader influence-peddling investigation in the nation's capital.

Abramoff has admitted to allegations about a SunCruz bribery conspiracy as well as his collection of tens of millions of dollars in fraudulent fees from his Indian tribal clients and his payoffs to congressmen.

He faces up to 11 years in the Justice Department corruption case, but his deal with prosecutors allows him to serve the time concurrently with his SunCruz prison term.

Abramoff and Kidan paid themselves $500,000 salaries and diverted $310,000 in SunCruz money for Washington-area sports skyboxes for GOP fundraisers orchestrated by Abramoff. Among them: a fundraiser for Rep. Bob Ney, R-Ohio, a target of the federal probe who could soon be indicted, according to sources familiar with the investigation. Ney denies any wrongdoing.

It was the SunCruz sale almost six years ago that provided momentum for the Justice Department's public corruption probe.

During negotiations of the SunCruz deal in 2000, Abramoff asked his ex-lobbying partner, Michael Scanlon, to do him a favor. Scanlon, who has pleaded guilty in the Washington corruption case, once served as a top aide to House Republican leader Tom DeLay.

Scanlon contacted Ney's chief of staff, Neil Volz, to arrange to have the lawmaker publicly disparage SunCruz's owner, Boulis, in the Congressional Record. Ney agreed.

Incriminating e-mails also show that Abramoff and Scanlon approved a $10,000 donation from SunCruz - made at Ney's request - to the National Republican Congressional Committee. Prosecutors say the money was an alleged illegal payback for the congressman's "official act" in the SunCruz sale. The donation was made Nov. 1, 2000.

Authorities are putting pressure on Volz, who once worked as a lobbyist with Abramoff, to turn on Ney, according to sources. But Volz and his defense lawyers have been resisting the Justice Department's overtures. Volz has denied any wrongdoing.

Abramoff Sentenced To 5 Years, 10 Months In Florida (Update1) (BLOOM)

By Kristin Jensen

Bloomberg, March 30, 2006

March 29 (Bloomberg) -- Jack Abramoff, the Republican lobbyist at the center of a Washington corruption scandal, was sentenced to five years and 10 months in prison in an unrelated fraud case in Florida.

U.S. District Judge Paul Huck in Miami accepted the plea of Abramoff's lawyers for the shortest possible prison time. The lawyers had submitted a 61-page memorandum attesting to Abramoff's character and remorse, along with 262 letters of support, including one from U.S. Representative Dana Rohrabacher, a California Republican.

Abramoff, 47, was given 90 days in which to voluntarily surrender, although Huck said his lawyers could come back and ask for more time. Abramoff is cooperating with investigators in the Washington corruption case, and his lawyers have argued that he needs to remain free to continue those discussions.

``I can only hope that the Almighty and those that I have wronged will forgive my trespasses," Abramoff said to the judge before sentencing.

Before the allegations of fraud and bribery came to light, Abramoff was one of the Republican Party's most prolific fund-raisers and one of Washington's best-connected lobbyists. He raised at least $100,000 for President George W. Bush's re-election campaign in 2004 and counted former House Majority Leader Tom DeLay of Texas among his friends.

Casino-Boat Purchase

A grand jury in Florida indicted Abramoff in August on six counts of wire fraud and conspiracy to commit fraud in connection with his $147.5 million purchase of the SunCruz casino-boat company in 2000. Prosecutors said Abramoff and

business partner Adam Kidan provided false information on a loan application and used a counterfeit document to mislead lenders.

Abramoff and Kidan had attested that they contributed $23 million in cash toward the SunCruz purchase, a condition of obtaining a $60 million loan. To buttress their claim, they sent a false statement indicating the money had been transferred to the account of SunCruz's former owner, Gus Boulis.

Boulis was killed gangland-style in 2001. Three men were arrested last September and charged with murder.

Abramoff initially pleaded not guilty, then changed his plea on Jan. 4, a day after he admitted to defrauding clients and conspiring to corrupt public officials in a federal court in Washington. Kidan pleaded guilty in December.

Washington Conspiracy

In the Washington case, Abramoff pleaded guilty to conspiracy to corrupt public officials, mail fraud and tax evasion. He faces 30 years in prison in that case, although the Justice Department said it will recommend a reduced sentence depending on how much he cooperates.

The government says Abramoff and former business partner Michael Scanlon, a one-time aide to DeLay, pocketed tens of millions of dollars from Indian-tribe clients; set up a foundation that financed a trip to Scotland for public officials and Abramoff's colleagues; and provided a ``stream of things of value" to officials, including money, meals, trips and entertainment to entice them to help the lobbyist.

At least two Republican lawmakers have been connected to the Florida case. Abramoff listed Rohrabacher as a reference for his loan, the Washington Post reported. And according to the Washington indictment, Representative Bob Ney placed comments in the Congressional Record that were helpful to Abramoff's bid to buy the company. Ney, an Ohio Republican, has denied wrongdoing.

These days, Abramoff is spending much of his time talking to prosecutors and investigators in Washington. His attorneys said he has spent hundreds of hours with them and reviewed hundreds of thousands of documents as part of his cooperation.

Abramoff Sentenced To Almost Six Years (WT/AP)

By Curt Anderson, Associated Press

The Washington Times, March 30, 2006

MIAMI -- Disgraced lobbyist Jack Abramoff was sentenced yesterday to nearly six years in prison for committing fraud in the purchase of a fleet of gambling boats.

Abramoff, who told the judge that he is working to become a "new man," will remain free while helping prosecutors with a vast bribery investigation involving members of Congress.

Abramoff, 47, and former business partner Adam Kidan, 41, received the minimum under federal guidelines: five years and 10 months.

The two had pleaded guilty to conspiracy and fraud for concocting a fake $23 million wire transfer to make it appear as if they were contributing their own money toward the purchase of the $147.5 million SunCruz Casinos gambling fleet. Based on that fraudulent transfer, lenders provided the pair with $60 million in financing.

Abramoff told U.S. District Judge Paul C. Huck that he had started "the process of becoming a new man."

"I am much chastened and profoundly remorseful," Abramoff said. "I can only hope that the Almighty and those whom I have wronged will forgive me my trespasses."

He and Kidan also were ordered to pay restitution of more than $21 million. Both must serve three years of probation after they get out of prison.

Abramoff pleaded guilty in the SunCruz fraud in January. The same week, he pleaded guilty in Washington to defrauding American Indian tribes and other lobbying clients out of millions of dollars. He also agreed to cooperate in a corruption probe that could involve up to 20 members of Congress, including former House Majority Leader Tom DeLay of Texas. No date has been set for Abramoff's sentencing in that case.

The judge said Abramoff and Kidan will not have to report to prison for at least 90 days so they can continue cooperating in the corruption case and in the investigation into the slaying of former SunCruz owner Konstantinos "Gus" Boulis.

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Mr. Boulis was fatally shot in 2001 at the wheel of his car amid a power struggle over the gambling fleet. Three men face murder charges, including one who worked for Kidan as a consultant at SunCruz and who purportedly has ties to New York's Gambino crime family.

Abramoff and Kidan have denied any role in the killing, and neither has been charged.

If prosecutors are satisfied with the cooperation of Abramoff and Kidan in those cases, the two men's sentences could be reduced.

Abramoff and his attorneys declined to speak with reporters as they left court. The defense team filed 62 pages of documents that depicted Abramoff as a deeply religious Orthodox Jew who was generous to charities, dedicated to his wife and five children, and filled with remorse over his crimes.

But the memo also distanced Abramoff from the SunCruz fraud and laid most of the blame on Kidan, a New York businessman and disbarred lawyer.

"After the company was purchased, Mr. Abramoff learned that some of the representations made by his partner were untrue," the defense said.

Kidan's attorney, Joseph Conway, said his client has acknowledged his guilt but disagrees "with the statement of facts as laid out by Mr. Abramoff."

In his own letter to the judge, Kidan said that he knew the SunCruz deal was wrong but that he "was very caught up in the fast-paced world of my partner and the high profile that came along with it."

The SunCruz fleet of 11 ships sailed from nine Florida ports and Myrtle Beach, S.C., to international waters. The company operates gambling cruises under new ownership after emerging from bankruptcy.

Lobbyist In Congress Furor Is Sentenced In Florida Case (NYT)

By Philip Shenon

The New York Times, March 30, 2006

MIAMI, March 29 — Jack Abramoff, the former superlobbyist at the center of a major corruption investigation in Washington involving members of Congress, was sentenced on Wednesday to 5 years and 10 months in prison on related fraud changes in Florida.

The judge agreed to the prison term, the minimum possible under sentencing guidelines, after prosecutors praised Mr. Abramoff for his cooperation in the Washington inquiry, which centers on accusations that he had tried to bribe public officials, including Republican lawmakers.

In Florida, the case involved charges that Mr. Abramoff and a business partner had defrauded lenders in a gambling cruise-ship line that they bought in 2000 for $147.5 million. Mr. Abramoff still faces sentencing in Washington, where he pleaded guilty to fraud, tax evasion and conspiracy.

"In the past two years, I have started the process of becoming a new man," Mr. Abramoff said in a brief appearance before Judge Paul C. Huck of Federal District Court here. "As you can imagine, this day is incredibly painful for my family, my friends and me."

Wearing a gray double-breasted suit and speaking in a grave tone, Mr. Abramoff said he was "profoundly remorseful" for his crimes.

For several minutes before the hearing, Mr. Abramoff, an Orthodox Jew whose lawyers have suggested that he will seek confinement in a prison where he can maintain a strict kosher diet and observe other religious requirements, closed his eyes and appeared to pray, his upper body moving rhythmically back and forth.

Adam Kidan, his former business partner, was sentenced at the hearing to the same prison term as Mr. Abramoff. The two men have agreed to make a total of $20.7 million in restitution as a result of the fraud here, which involved faking documents to get a $60 million loan to buy the SunCruz fleet of gambling ships.

A lingering mystery in the Florida case is why the former owner of SunCruz, Konstantinos Boulis, also known as Gus, was gunned down in a gangland-style ambush in February 2001 in the midst of an angry post-sale dispute with the company's new buyers.

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Three men were charged last year in the killing, including one linked to the Gambino crime family. All three had financial links to Mr. Kidan. Both Mr. Kidan and Mr. Abramoff have denied any involvement in Mr. Boulis's death.

Federal prosecutors offered no details about the cooperation they had received from Mr. Abramoff since the plea agreement with the Justice Department was announced in January. But their comments on Wednesday should deepen the concern in Washington among lawmakers and others who are under scrutiny over their ties to the lobbyist.

"I've spent a lot of time with both men," said Lawrence D. LaVecchio, an assistant United States attorney in Miami in the case, referring to Mr. Abramoff and Mr. Kidan. "They are both trying to atone."

Mr. LaVecchio said he was planning to ask Judge Huck to delay confinement of Mr. Abramoff for at least six months, allowing prosecutors in Washington to continue debriefing him outside of prison. The judge granted only 90 days' delay but suggested that he was open to another postponement at the request of the Justice Department.

Under federal sentencing guidelines, Mr. Abramoff could have received up to seven years and three months in prison for his crimes here. He faces up to 11 years in prison as a result of his plea accord in the Washington case. Under his agreement with the Justice Department, Mr. Abramoff will be allowed to serve any prison terms concurrently. His overall prison time could be cut at the request of prosecutors.

After the hearing Wednesday, Mr. Abramoff's lawyers, Neal R. Sonnett in Miami and Abbe D. Lowell in Washington, said in a joint statement that "today's sentencing is another step in Mr. Abramoff's sincere commitment to accept responsibility for his actions."

"He will continue to work hard to fully cooperate with the Department of Justice and law enforcement agencies and to make restitution to all victims," they said. "This is the course he set out many months ago and the course he intends to follow and complete no matter how long it takes."

In the Washington case, Mr. Abramoff is accused with another former business partner, Michael Scanlon, of conspiring to provide illegal gifts to members of Congress in exchange for legislation and other actions.

There are clear links between the two investigations. In the Florida case, Mr. Abramoff has acknowledged that he asked that Representative Bob Ney, an Ohio Republican who recently stepped down as chairman of the House Administration Committee, to enter statements in the Congressional Record praising Mr. Kidan and condemning Mr. Boulis over the SunCruz sale. Mr. Ney, who went on a lavish golfing holiday in Scotland that was arranged by Mr. Abramoff, has been subpoenaed by the federal grand jury in Washington and has denied wrongdoing, saying he was duped by Mr. Abramoff.

Abramoff Is Sentenced To Five Years, 10 Months In Florida Fraud Case (WSJ)

By Brody Mullins

The Wall Street Journal, March 30, 2006

WASHINGTON -- Former Republican super-lobbyist Jack Abramoff was sentenced to five years and 10 months in prison for fraud related to his 2000 purchase of a fleet of gambling cruise ships in Florida.

But his ultimate prison term won't be known until he is sentenced in Washington as part of a Department of Justice investigation into corruption by Mr. Abramoff and more than a dozen lawmakers and congressional aides.

Mr. Abramoff faces between 9.5 and 11 years in prison for his role in trying to bribe public officials and defraud his lobbying clients.

Mr. Abramoff's sentences can be served concurrently and may by reduced depending on how much he helps the Justice Department's ongoing corruption investigation.

"Over the past two years, I have started the process of becoming a new man," Mr. Abramoff told the court. "I am much chastened and profoundly remorseful over the reckless and hurtful things I have done in my life, especially those which have brought me before you today."

Mr. Abramoff has said that it could take years for him to tell prosecutors about his contracts with members of Congress and their aides. On Wednesday, U.S. District Judge Paul Huck in Miami said Mr. Abramoff won't have to report to prison for at least 90 days so he can continue to cooperate with prosecutors.

In January, Mr. Abramoff pled guilty in a federal courthouse in Washington to fraud, tax evasion and conspiracy to bribe public officials. He agreed to cooperate with the Department of Justice investigation in exchange for a reduced prison sentence.

The following day, Mr. Abramoff pled guilty in Florida to faking a $23 million wire transfer in order to secure the financing that he and two partners needed for a $147.5 million purchase of the SunCruz Casinos gambling fleet.

One business partner, Adam Kidan, also pled guilty in Florida on Wednesday and faces a similar sentence.

The Justice Department is investigating Mr. Abramoff's contacts with several lawmakers and Capitol Hill aides, including Rep. Tom DeLay (R., Texas), Rep. Bob Ney (R., Ohio) and Sen. Conrad Burns (R., Mont.). Each lawmaker has denied wrongdoing.

In his plea deal in January, Mr. Abramoff admitted to trying to bribe public officials with meals, gifts, overseas trips, greens fees and cash.

The plea also turned up the pressure on Mr. DeLay. Mr. Abramoff told prosecutor that he sought the help of DeLay's deputy chief of staff, Tony Rudy, by bringing him to the U.S. Open in June 2000 and paying his wife $50,000. In exchange, Mr. Abramoff said in his plea deal, Mr. Rudy helped defeat two bills that would have hurt Mr. Abramoff's clients.

Mr. Rudy's lawyer, Laura Miller, did not return calls seeking comment.

Another former DeLay aide, Michael Scanlon, pled guilty to bribery charges in November.

Abramoff Gets Nearly Six Years (RC)

By John Bresnahan

Roll Call, March 30, 2006

Former lobbyist Jack Abramoff and an ex-business partner were sentenced to 70 months in prison on Wednesday and ordered to pay $21.7 million in restitution by a federal judge in Miami, but the one-time K Street superstar won't find himself behind bars right away.

Instead, Judge Paul C. Huck of the U.S. District Court for the Southern District of Florida will allow Abramoff to remain free for at least three more months so he can continue to cooperate with federal prosecutors running a bribery and corruption probe that has touched more than a dozen lawmakers and former Capitol Hill staffers.

Abramoff also may have to take the witness stand this spring in the upcoming trial of former Bush administration official David Safavian. Safavian, who has been charged with lying to federal investigators over his business dealings with Abramoff, is scheduled to go on trial on May 22 in Washington, D.C., and Abramoff is expected to be the government's star witness in that case.

The nearly six-year jail sentence meted out to Abramoff, who lobbied Republicans exclusively, was immediately pounced on by Capitol Hill Democrats.

Rep. George Miller (D-Calif.), a longtime Abramoff nemesis, called for a special prosecutor to investigate Abramoff's lobbying on behalf of the Commonwealth of the Northern Marianas Islands — one of Abramoff's most lucrative clients — as well as Abramoff's dealings with Rep. Tom DeLay (R-Texas) and other lawmakers on CNMI-related issues.

"Abramoff's shady activities span from the Florida casino deal all the way to the Northern Mariana Islands in the Pacific Ocean, where for years Abramoff successfully lobbied Tom DeLay and the Republican House of Representatives to protect a cruel system of human trafficking and sweatshop labor," Miller said in a statement released by his office.

The Democratic Congressional Campaign Committee slammed several GOP lawmakers, including Reps. John Doolittle (Calif.), Phil English (Pa.), Richard Pombo (Calif.), and Charles Taylor (N.C.), for failing to give up "tainted" campaign contributions from Abramoff. Democratic leaders are also expected to go to the House floor in coming days to call for an ethics committee probe into Abramoff's ties to House Republicans, according to Democratic insiders.

Wednesday's sentencing hearing was only the first of a two-part legal challenge facing Abramoff.

The former lobbyist pleaded guilty earlier this year in two separate federal cases — one in Miami, the other in Washington — and will be sentenced separately in the Washington case at a future date. The next status hearing for that case is set for June 6, and Abramoff faces as much as 11 years in prison after admitting to fraud, tax evasion and conspiracy to bribe public officials. Abramoff will serve whatever sentences he receives in the two cases concurrently.

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The 70-month sentence handed down to Abramoff on Wednesday in Miami was the minimum he could have received under his plea agreement with the Justice Department, and it could be reduced even further, depending on Abramoff's continued help to DOJ in the Washington corruption probe.

The details of Abramoff's incarceration, including when he will head to prison and where he will serve his time, have yet to be worked out. His lawyers have lobbied Huck and the Justice Department to allow him to be sent to a federal prison located close to his wife and five children, who live in Maryland.

In the Sunshine State case, Abramoff and Kidan admitted to creating a phony wire transfer in September 2000 that stated that they had committed $23 million of their own funds to the purchase of SunCruz Casinos, a Florida-based casino cruise-ship company. The fraudulent wire transfer helped Abramoff and Kidan garner $60 million in loans to complete the SunCruz purchase.

But shortly after taking over SunCruz, Kidan had a falling out with the former owner of the company, Greek immigrant Gus Boulis, and SunCruz quickly ended up in bankruptcy. Boulis was murdered in February 2001, and several men with ties to Kidan have been arrested and charged with his murder. Both Abramoff and Kidan deny any knowledge of the circumstances surrounding Boulis' death, although Huck will now allow the two to be questioned by law-enforcement officials investigating the case.

On Jan. 4, a day after entering a guilty plea in the Washington case, Abramoff admitted to conspiracy to commit mail and wire fraud. Kidan had pleaded to similar charges on Dec. 15.

In the weeks leading up to Wednesday's sentencing hearing, Abramoff's lawyers had mounted an extensive letter-writing campaign asking Huck for leniency. They also attempted to shift some of the blame for the SunCruz debacle to Kidan, while Kidan's lawyers said their client had gotten caught up in Abramoff's high-profile lifestyle.

In his appearance before Huck, Abramoff expressed remorse for his criminal actions, as he has done repeatedly since he first pleaded guilty to federal charges in January.

"As you can imagine, this day is incredibly painful for my family, friends and me," Abramoff said in a statement read to a packed courtroom. "Over the past two years, I have started the process of becoming a new man. I am much chastened and profoundly remorseful over the reckless and hurtful things I have done in my life, especially those which have brought me before you today. I can only hope that the Almighty and those whom I have wronged will forgive me my trespasses, and that God grants me the time on this earth to make amends."

Abbe Lowell and Neal Sonnett, Abramoff's attorneys, pledged in a statement released after the sentencing that their client would continue to cooperate with the Justice Department as it attempts to unravel the biggest corruption scandal to hit official Washington in decades.

"Today's sentencing is another step in Mr. Abramoff's sincere commitment to accept responsibility for his actions," Lowell and Sonnett said in a statement. "He will continue to work hard to fully cooperate with the Department of Justice and law enforcement agencies and to make restitution to all victims. This is the course he set out many months ago and the course he intends to follow and complete no matter how long it takes."

Abramoff May Stay Out Of Jail Until D.C. Investigation Is Over (HILL)

By Elana Schor

The Hill, March 30, 2006

Jack Abramoff was sentenced to 70 months in prison yesterday on conspiracy and fraud charges tied to his purchase of a South Florida casino fleet, but the infamous lobbyist could stay out of jail until federal prosecutors finish their wide-ranging probe of influence peddling and corruption on Capitol Hill.

Abramoff pleaded guilty in the Florida case in January, one day after signing a plea deal in Washington that calls for him to help government lawyers investigating the Congress members and aides involved in his vast lobbying network. Abramoff and former business partner Adam Kidan admitted faking a $23 million wire transfer in 2000 to help obtain a loan financing their $148 million purchase of the SunCruz Casinos boats.

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"I have started the process of becoming a new man," Abramoff said yesterday in remarks prepared for delivery to the court. "I am much chastened and profoundly remorseful over the reckless and hurtful things I have done in my life, especially those which have brought me before you today."

The Justice Department had secured a two-week delay from U.S. District Judge Paul Huck, citing Abramoff's cooperation with the Washington probe, which could implicate as many as 20 members of Congress and their aides. Huck ultimately chose the minimum prison term allowable under federal guidelines, giving Kidan the same sentence.

The Florida case is largely separate from the bribery and fraud charges Abramoff faces in Washington over his lobbying for multiple Indian tribes, an Israeli wireless company and other clients. Rep. Bob Ney (R-Ohio), referred to in the Washington plea agreement, also inserted comments in the Congressional Record in March 2000 aimed at embarrassing Abramoff's rival in the SunCruz purchase.

Ney has long maintained that he was never involved with Abramoff's crimes and contends that the federal investigation eventually will exonerate him.

Konstantinos "Gus" Boulis, the owner who eventually sold the SunCruz fleet to Abramoff and Kidan, was killed in a gangland-style shooting shortly after the sale. Prosecutors have ruled out Abramoff as a suspect in the murder case, according to published reports.

While Huck ordered Abramoff to report for the start of his sentence within 90 days, an extension could be granted if government prosecutors and defense attorneys agree that Abramoff needs more time to share information in the Washington probe. U.S. District Judge Ellen Huvane agreed this month to postpone Abramoff's status conference in the Washington case, originally scheduled for last week, until June to encourage his further cooperation.

Abramoff will serve his sentence in the Washington case, which could range from nine and a half to 11 years, concurrently with his Florida prison term.

Abbe Lowell and Neal Sonnett, Abramoff's attorneys, said the low sentence would not chill Abramoff's participation in the congressional investigation.

"He will continue to work hard to fully cooperate with the Department of Justice and law enforcement agencies and to make restitution to all victims," Lowell and Sonnett said in a statement. "This is the course he set out many months ago and the course he intends to follow and complete no matter how long it takes."

Abramoff has sardonically remarked on lawmakers' eagerness to distance themselves from his toxic reputation, and few members of Congress were commenting publicly on yesterday's sentencing. Rep. Dana Rohrabacher (R-Calif.), however, wrote to Huck urging him to consider Abramoff's patriotism and positive qualities, one of more than 260 letters the judge received asking for mercy on the lobbyist once famous for his excesses.

Rohrabacher, who reportedly was listed as an Abramoff reference for the SunCruz loan at issue in the case, did not return a request for comment by press time.

Rep. George Miller (D-Calif.), who has pressed the Bush administration to appoint a special prosecutor to investigate Abramoff's lobbying on behalf of the Northern Mariana Islands territories, said the case is far from closed.

"Complete justice will not be served until all of Abramoff's activities and connections are exposed and all of his partners in crime are punished," Miller said in a statement.

Lawyer: Neither Of 'Mafia Cops' Will Testify (NSDY)

By Anthony M. Destefano, Newsday Staff Writer

Long Island Newsday, March 30, 2006

The attorney for accused "Mafia Cop" Stephen Caracappa said Wednesday his client won't take the witness stand in his federal racketeering trial.

Ed Hayes, who is representing Caracappa in the Brooklyn federal court case, had earlier floated the possibility that the defendant might testify in his own defense. But at the close of Wednesday's court session, Hayes told Judge Jack B. Weinstein that Caracappa elected to stay off the witness stand. He didn't elaborate.

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News of Caracappa's decision came as prosecutors neared the end of their case against him and his former NYPD partner, Louis Eppolito. Assistant U.S. Attorney Robert Henoch told Weinstein that the government expected to rest its case this morning.

Caracappa, 64, and Eppolito, 57, are on trial facing charges that they played roles in eight gangland murders while working as moles for the Luchese crime family in the late 1980s and early 1990s. By 1992 both men had retired as detectives.

Hayes did say he expected to call two or three witnesses. Eppolito isn't testifying but is expected to submit documents to the court for the jury to consider.

Hayes and Eppolito's attorney Bruce Cutler will attempt to hold an unusual telephone conference call outside the court today with imprisoned mobster Anthony "Gaspipe" Casso. It is Casso, prosecutors contend, who paid Eppolito and Caracappa for sensitive law enforcement information that investigators believe was used to carry out homicides, expose informants and tip off gangsters of impending arrests.

Once the acting boss of the Luchese crime family in the early 1990s, Casso turned government witness in 1994 but was never called to testify in any trial because of problems with his credibility, officials have said. He is currently serving a life sentence for racketeering and had admitted his roles in numerous homicides, including some charged against Eppolito and Caracappa.

It is likely that Hayes and Cutler want to see if Casso has any information that would call into question the testimony of key government witnesses such as Burton Kaplan, who testified he was the intermediary between the mob and the retired detectives.

Weinstein set closing arguments in the case for Monday, the beginning of the fourth week of the trial.

Both Eppolito and Caracappa, who are free on $5-million bail but under house arrest, face life in prison if convicted.

Cop's Att'y Sez Hush (NYDN)

By John Marzulli, Daily News Staff Writer

New York Daily News, March 30, 2006

Reputed Mafia cop Stephen Caracappa wants to take the stand in his own defense - but his lawyer has overruled him.

"He sort of wanted to do it [testify] and I didn't want him to," lawyer Edward Hayes said yesterday. "I think there's a lot of problems with the government's case and I don't need to put him on."

The government plans to rest its case today against Caracappa and his former NYPD partner, Louis Eppolito, after 12 days and 25 witnesses, including gripping testimony from Mafia turncoats who claim the detectives were hit men for the Mafia and leaked confidential information to the Luchese crime family for years.

Caracappa is the thin, quiet guy who shuns the limelight; Eppolito is fat, loud and wrote an autobiography called "Mafia Cop" revealing his family's mob lineage.

Since their arrests last March, Caracappa's only public statement has been an interview earlier this year on "60 Minutes" in which he vehemently denied the charges.

Hayes plans to call three witnesses: a retired detective who will say Caracappa worked 32 hours straight on the Rabbi Meir Kahane murder investigation the day before gangster Edward Lino was gunned down in Brooklyn, suggesting Caracappa was too tired to whack anyone.

He also will call an excavator to testify about the difficulty of digging a grave with only shovels in February when the ground is frozen, as a witness claimed, and an expert on money laundering to attack the credibility of chief witness Burton Kaplan, who was once sued by an Antiguan bank.

Eppolito's side will admit documents showing he was awarded numerous citations during his police career.

Yesterday, Eppolito's lawyer Bruce Cutler did nothing to refute a Las Vegas man who testified he saw Eppolito and Kaplan meeting there twice in 1995. Previously, Eppolito told reporters he had not seen Kaplan since 1989.

'MOB COP' WON'T TAKE THE STAND (NYPOST)

By Zach Haberman

The New York Post, March 30, 2006

Accused mob cop Stephen Caracappa is not going to take the witness stand at his racketeering trial, his defense team said yesterday.

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The announcement ended speculation that the reputed Mafia associate would try to talk himself out of charges that he and his former NYPD partner, Louis Eppolito, helped pass information to gangsters and even whacked a Gambino crime family member.

"I think there are a lot of problems with the case, and I'm not going to put the guy on," said Caracappa's lawyer, Ed Hayes.

While Eppolito is expected not to mount any defense against the prosecution case, which his lawyers believe to be weak, Caracappa is considering presenting an odd array of evidence.

An expert on hole digging is set to testify, in apparent response to a Brooklyn parking-lot owner who testified that he was forced to bury the body of a jeweler who was whacked with help from the cops.

Also, a former co-worker of Caracappa's will testify that the then-cop worked for 30 hours straight before he allegedly whacked gangster Ed Lino in 1990 - implying the detective would have been too tired to have played hit man.

Prosecutors are expected to rest their case today. Before they do, they will join with the defense in a conference call with jailed Luchese mob boss Anthony "Gaspipe" Casso.

It is not clear what they will talk about, but Casso has allegedly tried in the past to testify against the cops to save himself jail time. Authorities have not considered him a reliable witness.

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Listen To The Testimony: Only The Sleazy Know This Brooklyn (NYT)

By Alan Feuer

The New York Times, March 30, 2006

It could be argued that one of the most intriguing characters in the trial of Louis J. Eppolito and Stephen Caracappa is not a person, but a place. As absorbing as the witnesses, the lawyers and the two defendants is the borough of Brooklyn, which has arisen in the trial as something like an empire of the ill-fated and often illicitly employed.

Countless times, Brooklyn — or specifically southern Brooklyn — has been painted as a universe of two-bit deals and three-time losers, of gangster bars and catering halls and auto-body shops. It has come to seem in testimony like a world where people are forever swapping envelopes of cash and owing money to their loan sharks and their mothers — a world of which a witness could say, without a whiff of irony, "I was having some bad times and I committed bank robbery," or "a few times back in the 80's people paid me to make their cars disappear."

If one believes the government, Brooklyn is the place where Mr. Eppolito, 57, and Mr. Caracappa, 64, former New York City detectives, committed their most heinous crimes, taking part in at least eight murders for the mob. The evidence at the trial has necessarily focused on its more desolate locales: not on the gold dome of Borough Hall or the red-brick streets of Brooklyn Heights, but on places like Garage No. 4 at Valiant Towing on Nostrand Avenue or the parking lot of the Flatbush Avenue Toys "R" Us, which borders on a marsh.

As described by Mr. Eppolito's lawyer, Bruce Cutler (himself born and raised in Flatbush), this particular embodiment of Brooklyn often leads a man to one of three places: to "jail, death or the witness stand." So far, this trial has seen or heard of several men who have ended up in one of those locations. In a few instances, they have ended up in two.

Demographers have noted that if Brooklyn were severed from the other boroughs, it would stand as the fourth-most-populous city in the nation, though, according to testimony at the trial, it can apparently feel as tiny as an Appalachian hamlet. Last week, for instance, Detective Joe Piraino, a government witness, told the jury he had once been partners with a man named Jack Ryan. Mr. Ryan was sitting in court, as a private investigator for the defense.

Then there was the strange coincidence yesterday in which it was revealed that another government witness had once worked at the same Toys "R" Us where prosecutors say that Mr. Eppolito and Mr. Caracappa had delivered a kidnapped gangster to Anthony Casso, their patron in the mob. This witness, Thomas Licata, was in fact the very man who testified to having once robbed a bank during "bad times" and to making people's cars disappear.

Mr. Licata is a Brooklynite's Brooklynite, or at least the sort of Brooklynite who has constantly appeared at trial. He was raised in Bensonhurst and Flatbush, went to Erasmus Hall High and, aside from Toys "R" Us held jobs at a chicken place and an Italian deli in his youth.

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As an older man, he got involved in the towing business and told the jury that his partners, Frank and Leo (he never mentioned their last names) were, or claimed to be, involved with organized crime. "At the time, I wanted to be with them," said Mr. Licata, a man so energetically on the make that, he testified, he stripped inspection stickers from used cars and then resold them.

When Peter Franzone, the former owner of Mr. Licata's towing company, testified Tuesday, he told the jury that he employed "a kid named Louie," three guys named Michael, Carl and Jimmy, and Jimmy's brother-in-law, Joe. It made a sort of Brooklyn sense that a homeless man named Al lived in some kind of container at the back of the lot, he said.

Nor was it incredible when Mr. Licata testified to owing nearly $20,000 to three loan sharks — a situation he was in because, "I was trying to build my business and also living above my means."

Eventually, the borough got to him and, in 1990, he moved to California. "I had enough of everyone," he said, "had enough of paying everybody, had enough of what was going on."

Within six months, he was back.

Revamped Ryan Jury Starts Deliberations Over Again (CHIT)

By Matt O'Connor And Rudolph Bush, Tribune Staff Reporters

Chicago Tribune, March 30, 2006

The revamped jury in former Gov. George Ryan's trial began a second round of deliberations Wednesday.

A quick verdict appeared remote after jurors sent out a note asking for a calendar for April to determine if there were any coming court holidays.

The jury also sought an overhead projector and a list of witnesses from the marathon trial.

Deliberations began anew after presiding U.S. District Judge Rebecca Pallmeyer excused two jurors, replaced them with alternates and ordered that the historic trial continue.

Pallmeyer said she might still declare a mistrial if she decided the deliberations were unfair to Ryan or co-defendant Lawrence Warner, a lobbyist.

The defense had argued "that we cease proceedings right now," the judge disclosed Tuesday in announcing her decision following hours of closed-door discussions with lawyers and individual interviews of jurors.

The two jurors were excused on Monday after the Tribune last week uncovered that both had apparently concealed their arrest records during jury selection in September.

The original jury had deliberated eight days amid signs of personal rancor before the judge suspended deliberations.

In ordering that the deliberations begin anew with two new members, Pallmeyer told jurors to "treat this case as if the prior deliberations did not occur."

Toward that end, she ordered the jury room "cleansed" by removing any materials left from the initial deliberations, including notes, charts, a list of the trial's 117 witnesses and an overhead projector.

Not long after restarting deliberations at 9:30 a.m., the jury sought the return of the projector and the witness list as well as the April court calendar.

It appeared from the note that the same juror remained as forewoman.

Pallmeyer acceded to the jury's requests, noting in a written response that there are no court holidays in April but that Passover begins on April 12 and Good Friday occurs on April 14.

"You are free to set your own schedule for deliberations," the judge wrote.

The six-man, six-woman jury deliberated for about 5½ hours Wednesday before recessing for the night. Deliberations are scheduled to resume Thursday morning.

In the initial deliberations, jurors didn't meet on Fridays, keeping to the schedule set during the 5½-month trial.

On Wednesday, at least a couple of the jurors were seen exercising during breaks in a stairwell in the high-rise Dirksen U.S. Courthouse as they had during the initial deliberations.

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Former FBI Agents Rally Behind Colleague Suspected Of NY Mob Ties (NSDY/AP)

By Tom Hays, Associated Press Writer

Long Island Newsday, March 30, 2006

NEW YORK -- Several former high-ranking FBI agents have launched a campaign to help a fellow mob investigator fight allegations that have haunted him for well over a decade _ that he traded deadly secrets with the mob.

The retired agent, R. Lindley DeVecchio, planned to surrender Wednesday night at the Brooklyn district attorney's office to face undisclosed criminal charges, his supporters said.

"We all know Lin, and we all know he's not capable of doing these kinds of things," said James Kossler, a former supervisor with the FBI's New York office. "This is like a bad movie. ... It's so sad it could happen to a guy like this."

Prosecutors were expected to announce an indictment against DeVecchio on Thursday. They declined to discuss the case Wednesday.

Authorities have said an investigation revisited DeVecchio's past relationship with Gregory Scarpa Jr. _ a ruthless Colombo crime family captain he had recruited as an informant _ and whether the agent provided information that helped the gangster knock off rivals in the 1980s and '90s.

If indicted, DeVecchio, 65, would "deny the charges in the strongest way possible," said his attorney, Mark Bederow. "He's innocent."

Kossler, former FBI assistant director James Kallstrom, ex-agent Joe Pistone, known for infiltrating the mob as Donnie Brasco, and other supporters from the federal law enforcement community have begun raising money for DeVecchio's defense on a Web site. The site notes that the agent already was cleared in previous investigations, and it attributes the renewed allegations to convicted mob turncoats eager to lie in exchange for leniency.

DeVecchio headed the FBI's Colombo squad while the crime family was embroiled in a bloody power struggle. After Scarpa became an informant, they became so close the mobster referred to the agent as his "girlfriend" when speaking in code.

Federal prosecutors revealed in 1995 that they suspected that DeVecchio provided Scarpa the names of other gangsters cooperating with the FBI. He also was accused of tipping off his gangster friend that the Drug Enforcement Administration was planning to arrest his son and that authorities had bugged his social club.

But the Department of Justice declined to prosecute DeVecchio after an internal probe, and the agent quietly retired in 1996.

Scarpa died in prison in 1994 after contracting HIV in a blood transfusion from one of his crime family associates.

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'I Have No Clue On Mafia Charges' (NYDN)

By Angela Mosconi, Special To The News

New York Daily News, March 30, 2006

ABOARD DELTA FLIGHT 2057 - In the last moments before his surrender, former FBI agent Lindley DeVecchio insisted he was no mob mole.

In an exclusive interview, DeVecchio said his imminent indictment was a complete mystery to him.

"Maybe you can enlighten me about all of this," he smiled. "Maybe you can tell me what it's all about."

From his window seat toward the rear of the flight from Tampa to New York, DeVecchio tried to dance around the indictment, saying firmly, "I can't talk about it right now."

He kept silent hours later, ignoring a barrage of questions from reporters outside the Brooklyn district attorney's office, where he surrendered.

But on the plane, DeVecchio pointed out that a previous investigation by the FBI's Office of Professional Responsibility found nothing amiss - certainly nothing that would support allegations that he gave Mafia capo Greg Scarpa Sr. secret intelligence that helped the mobster track and kill rivals and informants for more than eight years ending in 1992.

"I was cleared by the OPR," he said. Then the tanned but tired-looking suspect sighed and said, "You'll have to ask the DA about this \[new charges\]."

DeVecchio, 65, appeared calm when he arrived at Tampa Airport in plenty of time for his 12:45 p.m. flight, casually clad in a navy pinstriped shirt, jeans and white sneakers.

But he got progressively more nervous, talking quickly to someone on his cell phone and eyeballing other passengers suspiciously.

Between short naps on the flight, DeVecchio chewed vigorously on strawberry-flavored gum, drank sparkling water, repeatedly sighed and often checked his silver-gold Rolex. He watched President Bush talk about Iraq on TV for a while, then changed the channel to a documentary on Benjamin Franklin and a story about hurricanes.

Twenty minutes before landing, a reporter approached him.

"How did you find me?" he asked incredulously. "I'm really impressed. . . . You're in the wrong line of work."

During the 21/2-hour flight to LaGuardia, DeVecchio admitted, "I'm surrendering tonight, but I certainly would feel better if this wasn't so."

Then the conversation shifted to DeVecchio's home in Sarasota, Fla.

"It's very nice," he said wistfully, looking out the window at Queens. "It's quiet there."

Later, DeVecchio's lawyer, Mark Bederow, said of the 33-year FBI agent, "He's innocent. These are baseless allegations that are predicated on fabricated testimony. "My client was a distinguished agent with an exemplary career," he said.

Some high-ranking agents who once worked with DeVecchio have set up a Web site to raise money for his defense. They've also called for a big turnout at DeVecchio's arraignment today. DeVecchio wouldn't talk about his relationship with the late Scarpa, a mob informant he handled.

"But I do know where I'll be staying, courtesy of the DA," he joked. "The Brooklyn Detention Center."

Not just yet. DeVecchio spent last night under guard on a cot in the DA's office.

With Nancie L. Katz

G-MAN BLOOD MONEY (NYPOST)

By Murray Weiss

The New York Post, March 30, 2006

FBI AGENT CASHED IN AS MAFIA SLAY MOLE: DA

ROGUE FBI top gun Lindley DeVecchio allegedly raked in hundreds of thousands of dollars in bribes from a murderous Mafia chieftain in exchange for selling him federal secrets and helping participate in at least four gangland assassinations, The Post has learned.

Exposing one of the worst corruption scandals in U.S. history, investigators from the office of Brooklyn DA Charles Hynes have unearthed a mountain of shocking new evidence - including witnesses from both sides of the law - unmasking DeVecchio's unholy alliance with fearsome Colombo crime family acting boss Gregory Scarpa Sr., who was known inside the Mafia as "The Grim Reaper."

DeVecchio turned himself in to prosecutors in Brooklyn last night. An indictment against him is expected to be unsealed as early as today.

DeVecchio's lawyer, Douglas Grover, would not comment on the case.

"We'll save it for the courtroom," he said.

For more than a decade, DeVecchio - a supervisory special agent in charge of the Colombo family squad - allegedly served as a mole, enabling Scarpa's brutal empire to eliminate government informants in their ranks, competitors trying to poach their territory and anyone who was a possible threat to his faction during the infamous Colombo wars.

In one vicious execution, DeVecchio allegedly called Scarpa "in a panic" and ordered him to kill Patrick Porco, 18, after learning from his agents in the FBI's Colombo squad that Porco had been hauled into the 62nd Precinct station house for questioning on a murder.

"You have to kill him," DeVecchio allegedly told his mob crony.

The evidence against DeVecchio in three other murders is just as startling:

* After beautiful Mary Bari was lured to her execution - partly because DeVecchio said she was a rat - he allegedly voiced his amazement that the body of Colombo big Alphonse "Allie Boy" Persico's former girlfriend was dumped on a street so close to Scarpa's Bensonhurst home.

"You got some pair of balls," DeVecchio told Scarpa, sources said, describing an account from a new witness who testified before the grand jury.

The ravishing Bari showed up for a job interview at a Scarpa-connected club wearing a halter top and high heels, and Scarpa greeted her initially with a playful hug around her head and then started squeezing her down to the floor where she was shot three times, including once behind the ear - a Scarpa trademark - to ensure she was dead.

"They dumped her on the street like the garbage," one investigator said.

* DeVecchio allegedly used his FBI squad to track the movements of a Scarpa rival, Lorenzo Lampasi, and provided Scarpa with the FBI's insight of him in order for Scarpa's hit team to best catch him by surprise.

And they did - easily stepping up to Lampasi, just as DeVecchio had predicted, after Lampasi exited his car on May 1992 to lock a gate behind him outside his Brooklyn home.

* It was DeVecchio who allegedly instructed Scarpa to whack another of his disloyal underlings, Joseph DeDomenico, after learning from his FBI organized-crime investigators that DeDomenico was pulling off burglaries behind Scarpa's back.

The FBI supervisor allegedly believed DeDomenico had to go - after all, he was not "kicking up" any profits to Scarpa. DeDomenico was killed inside his Buick Regal on Sept. 17, 1987.

Law-enforcement officials familiar with DeVecchio investigation and the separate case involving two retired NYPD detectives dubbed the "Mafia cops" - also largely unmasked by Hynes' investigators - say DeVecchio is a "more horrendous instance of corruption."

"DeVecchio was a boss, a supervisor," one source said. "He was not just some detective, or two. You don't see cases with federal law-enforcement officials in position with the ability to cover up because they are the head of a squad or unit. He was getting the intelligence - and using it to kill people."

And his motives: greed and adulation from his bosses.

DeVecchio was allegedly paid hundreds of thousands of dollars from the Colombo crime family - often in cash stuffed in envelopes - and was so brazen, he even pocketed money the feds had earmarked for Scarpa as payment for being an informant.

That money totaled more than $60,000, witnesses have told the DA.

DeVecchio's shocking indictment culminates nearly four decades of criminal activity involving the mercenary Scarpa.

Scarpa himself became a secret informant in the 1960s, working for the FBI and acting as a double agent inside in the Colombo crime family, ensuring he had an "insurance policy" against prosecution.

At the time, Scarpa - known as a ruthless hood who enjoyed killing - was also a flashy dresser who often carried a $5,000 wad of cash, with homes on Sutton Place, Las Vegas and in Brooklyn and Staten Island.

A rising star in the Colombo family, Scarpa would years later align himself with the faction run by mob boss Carmine Persico when a war broke out with a faction headed by Vic Orena, who refused to give up the family's reins to Persico's son, "Allie Boy."

By the 1970s, Scarpa was a top capo operating a Bensonhurst crew and was arrested numerous times on weapons charges, assault, fencing hijacked liquor, bookmaking and loan-sharking, but barely spent time in jail.

Around 1980, DeVecchio took over the Colombo FBI squad and "reactivated" Scarpa as a mole. He used him virtually up until the time Scarpa went to jail and died of AIDS, and DeVecchio's alleged wrongdoing surfaced.

By then, his Colombo crime family was roiled in an internal war that left a dozen bodies across the city.

In 1994, Scarpa died at age 66 - just as his secret life as an FBI mole surfaced.

His son, Gregory Jr., tried to blow the whistle on DeVecchio, and ultimately prompted a congressional inquiry by William Delahunt, a Massachusetts Democrat on the Judiciary Committee.

Delahunt enlisted the help of forensic investigator Angela Clemente to assist in the probing the sordid tale, which got the attention of writers such as Peter Lance.

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In February 2005, the congressman decided to hand off his thick files on Scarpa to Hynes, whose office was making news chasing crooked judges, political boss Clarence Norman and the alleged mob cops.

The DA initially probed the long-running allegation that DeVecchio had pulled a FBI surveillance team off Colombo capo Nicholas Grancio so that Scarpa could whack him.

Allegations that DeVecchio helped set up Grancio had swirled for years and he had been investigated by the FBI's internal inspections unit, which cleared DeVecchio because the agents left Grancio by coincidence to attend a meeting.

But investigators discovered the real events of that fateful day - Scarpa had a police scanner with a secret FBI frequency and heard when the FBI agents departed.

That evidence started the chain of events that led to DeVecchio's indictment in the four other murders.

Hit Suspects To Join Mob-linked G-Man (NYDN)

By William Sherman, Daily News Staff Writer

New York Daily News, March 30, 2006

Two hit men who allegedly killed targets pointed out by retired FBI agent Lindley DeVecchio will be arraigned alongside him this afternoon, the Daily News has learned.

The thugs were arrested this week and charged separately in the slaying of a beautiful mob moll and a 17-year-old boy, sources said.

Raven-haired beauty Mary Bari and teen Patrick Porco were killed after DeVecchio allegedly told Mafia capo Greg Scarpa Sr. that they were informants squealing on the Colombo crime family about drug dealing and murder, sources said.

DeVecchio, an FBI agent for 33 years, had a close relationship with Scarpa, who was a secret mob informer.

DeVecchio, 65, allegedly provided Scarpa with FBI intelligence on Scarpa's rivals and helped protect his criminal turf.

Investigators also are tracking down large cash payments from Scarpa to DeVecchio.

The identities of the two hit men were not available last night, but both are former soldiers in Scarpa's crew, sources said. It was unclear whether the two would be offered plea deals to testify against DeVecchio.

One of the hit men allegedly killed Porco in 1989 after DeVecchio allegedly tipped off Scarpa that Porco was going to tell cops that Scarpa's sons, including Greg Jr., were involved in drugs and murder.

The second hit man is being charged with Bari's 1984 murder, which allegedly occurred after DeVecchio told Scarpa that Bari, 31, was a paid informant for the FBI.

Bari was the sometime girlfriend of Colombo boss Alphonse (Allie Boy) Persico, a close ally of Scarpa.

After DeVecchio allegedly told the elder Scarpa that Bari was an informant, she was invited to a mob social club in Bensonhurst, Brooklyn, where she was shot to death. Her body was later found dumped in the street.

DeVecchio also is under indictment for the 1987 murder of Joseph (Joe Brewster) DeDomenico as well as the death of mob associate Larry Lampesi in 1992.

Ex-FBI Agent To Be Charged In Gangland Murders (ABC)

By RICHARD ESPOSITO

ABC News, March 30, 2006

Four-Count Indictment Alleges Agent Kept Mobster Informant Informed

NEW YORK, March 29, 2006 — For 30 years, he was one of the FBI's most important mob busters, but now he is about to be formally charged with helping one mobster commit murder.

Lindley DeVecchio, once a highly respected FBI agent, is expected to be arraigned on second degree murder charges in New York on Thursday for providing specific, "detailed information" to Brooklyn mobster Gregory Scarpa Sr. that enabled the Colombo family captain to eliminate underworld rivals.

DeVecchio was Scarpa's handler, and Scarpa was more than an ordinary stool pigeon — he had also allegedly served as muscle for the FBI when the bureau needed some extra-legal assistance in making difficult cases. As a result, he was allegedly accorded special, sometimes questionable favors, including tips on coming indictments that allowed Scarpa's associates to skip

town in advance. But in aiding his informant to commit murder, prosecutors now allege that DeVecchio went too far in protecting his valuable mob asset. Law enforcement sources say DeVecchio may have also enriched himself in the process.

DeVecchio is expected to voluntarily surrender to authorities tonight on four counts of second degree murder contained in the still-sealed indictment that was handed down last week by a Brooklyn grand jury, law enforcement sources and DeVecchio's attorney confirm.

"We've been advised that there is an indictment filed. We have been asked to surrender today," says DeVecchio's attorney, Douglas Grover, a former senior special attorney for the Justice Department's Brooklyn-based Organized Crime Strike Force.

DeVecchio's indictment is the latest chapter in a long, controversial relationship between the FBI and Scarpa that law enforcement sources say dates back to the 1960s and includes the FBI's use of Scarpa to punch, kidnap and pistol-whip suspects. In this relationship, law enforcement sources say, Scarpa served as a well-placed mob stool pigeon who provided the FBI with decades of information against his underworld rivals. In turn, the FBI provided Scarpa with information that allowed his mob associates to skip town before they were indicted, according to law enforcement sources and multiple published reports.

G-Sting: First Witnesses Testify (KLAS-TV)

KLAS-TV, March 30, 2006

Prosecutors in the G-Sting political corruption will call one of their two star witnesses to the stand Thursday morning -- a witness who will acknowledge she took bribes from strip club owner Mike Galardi.

New assertions that a conspiracy did not exist between Mike Galardi and Dario Herrera surfaced Wednesday, as well as new information about Mary Kincaid-Chauncey's finances.

On Thursday, this trial is going to be about two words: Erin Kenny.

The former county commissioner took bribes from Galardi to help license his "Jaguars strip club." Through a plea deal, Kenny will testify for federal prosecutors and provide a link from Galardi to Kincaid-Chauncey and Herrera.

Jerry Bernstein commented, "That will be interesting. We're looking forward to it."

Bernstein, Dario Herrera's attorney, can't wait for Kenny to take the stand. In court Wednesday, Bernstein played a series of wiretaps from Dec. 2002 of Mike Galardi and Lance Malone on which both made several attempts to contact Herrera that month.

In one wiretap, Galardi says, "I tried Dario. Now it says his phone's not even workin'."

Bernstein wonders that if Herrera was getting paid thousands a month by Galardi, wouldn't he have stayed in touch?

It was also an important day for Mary Kincaid-Chauncey. Her attorney, Richard Wright, said, "There isn't any trace of any money ever being spent in any way or being received other than that which she admits to."

Wright questioned FBI Agent Christopher Byers about a financial investigation the agency conduct on Kincaid-Chauncey. In court, Byers testified: "There was no significant trend of spending or purchases that I observed."

Kincaid-Chauncey acknowledges receiving $5,000 for a grandson's ski school tuition and $3,800 for her son's North Las Vegas City Council campaign. But Wright asserts Kincaid-Chauncey solicited those funds as donations, not bribes.

The G-Sting trial resumes Thursday at 8:30 a.m. at George Federal Court. Again, Erin Kenny will take the witness stand.

George Federal Courthouse -- March 29 -- 1:10 p.m.

Dario Herrera’s attorney Jerry Bernstein told the jury prosecutors were attempting to mislead them by playing a Nov. 2002 wiretap where Lance Malone tells Herrera, quote, "Mike wanted me to sit down with you and see what we could come up with before you leave."

At the time Herrera had lost a race for congress and was going to be leaving the county commission in about a month and a half.

Prosecutors implied this wiretap shows one last collaboration on Galardi's behalf, but Bernstein played three wiretaps from Dec. of 2002, wiretaps the prosecutors did not play were Malone and Galardi complain about not being able to get in touch with Herrera.

Bernstein says this shows Herrera wanted nothing to do with them and was never a part of their team.

FBI Agent Byers also testified the agency wiretapped the OnStar communication system in Malone’s car and tried to bug a booth at Ruth's Chris Steak House on Paradise Road, a frequent hangout of Herrera's.

George Federal Courthouse -- March 29 -- 10:15 a.m.

FBI agent Christopher Byers testified this morning that for a 10-month period in 2002, his agency had an inside informant working at Mike Galardi's Cheetahs strip club. The insider is identified as Tony Montanya and Byers testified while he worked at Cheetahs he wore a concealed audio recorder.

Upon cross-examination by Dario Herrera's attorney Jerry Bernstein, Byers told the court Montanya never saw Herrera or recorded any conversation where Herrera or bribes were discussed.

Of the four remaining Clark County commissioners who served during the time of the G-Sting investigation, only three have been interviewed by the FBI -- Bruce Woodbury, Myrna Williams, and Chip Maxfield were interviewed by FBI agents last month. Commissioner Yvonne Atkinson-Gates has never been interviewed. Bernstein did not ask Byers why.

Bernstein also continued to work on chipping away at the credibility of Galardi lobbyist Lance Malone.

In Aug. of 2002, Mary Kincaid-Chauncey asked for the reconsideration of an adult use ordinance that Mike Galardi didn't like.

In a wiretap, Malone asks Kincaid-Chauncey to tell anyone who asks that it was Malone's idea to ask for reconsideration, not hers.

In an Oct. 2002 wiretap, Lance Malone and then County Commissioner Erin Kenny discussed misleading Galardi about support for an annexation plan that would have moved Galardi's strip club Jaguars from Clark County to the city of Las Vegas.

Defense attorneys say Malone is a lair and what he says on FBI wiretaps can not be depended on.

(APP)

By Will Conroy

Asbury Park (NJ) Press, March 29, 2006

NEWARK — Two men who conspired to commit mortgage fraud so they could profit from the sale of dilapidated properties in Essex County and elsewhere were sentenced to prison terms Monday.

Barry Fauntleroy, 40, formerly of Mendham, who pleaded guilty in September, was sentenced to 21 months in federal prison for his role in getting the federal Department of Housing and Urban Development to insure loans to unqualified home buyers.

He also was ordered by U.S. District Court Judge Joseph A. Greenaway Jr. to pay $524,000 in restitution, according to the U.S. Attorney's Office. He paid $25,000 of that Monday, authorities said.

Fauntleroy was one of the subjects of a 1998 Asbury Park Press home-sales investigation of a previous scheme that used similar methods in Monmouth County.

Another principal in the Essex County scheme who pleaded guilty, Devon Bowie, 54, of Malverne, N.Y., was sentenced Friday to 12 months in prison and ordered to pay $500,000 in restitution.

Peter Port, 52, of Roslyn, N.Y., a lawyer who also pleaded guilty, was sentenced last week to five months in jail and paid restitution and a fine totaling $510,000.

Fauntleroy and Bowie were indicted last June for their actions in Essex County. The indictment charged that from at least June 1999 through July 2001, Fauntleroy conspired with Bowie and others to prepare falsified loan applications, which were submitted to the Federal Housing Administration.

Bowie was president of Neighborhood Mortgage Bankers Co. in Elmsford, N.Y. Fauntleroy was president of EON Institute Inc., a real estate holding company and controlled a bank account in the name of Neighborhood Holdings LLC., government authorities said.

Prior to Fauntleroy's operations in Essex County, he headed Mortgage Acceptance Corp., Floral Park, N.Y.

A 1998 Asbury Park Press investigation found that Fauntleroy's brother, Thomas Fauntleroy, and his associates bought at least 58 houses in rundown sections of Asbury Park, Neptune and Long Branch between October 1996 and March 1998, selling them quickly at inflated prices to first-time buyers.

As a result of the Press series, Barry Fauntleroy's company was banned from making additional FHA-backed loans without extra oversight. The company subsequently shut down. Forty-two of the loans were insured by the FHA.

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In 2004, a Wall lawyer, Allen J. Meyer, was sentenced to a year in prison for his role in that scheme.

Ex-Mendham Investor Sentenced In Mortgage Scam (MOCDR)

Morris County (NJ) Daily Record, March 30, 2006

Real-estate businessman, 40, admits he conspired tofalsify home loan papers

NEWARK -- A real-estate investor formerly from Mendham was sentenced to 21 months in federal prison for conspiring with others to commit mortgage fraud.

Barry Fauntleroy, 40, who had been living in Mendham but now lives in Atlanta, was also ordered Monday to pay $524,000 in restitution, according to a statement from U.S. Attorney Chris Christie.

Fauntleroy was president of EON Institute Inc., a real estate holding company. He had pleaded guilty last year to charges that he conspired with others to commit mortgage fraud by arranging federal loans for unqualified buyers.

Authorities said that from at least June 1999, through July 2001, Fauntleroy conspired with Devon Bowie, 53, of Malverne, N.Y., and others to prepare falsified loan applications. The applications were submitted to the Federal Housing Administration and related to loans insured by HUD. Bowie was president of Neighborhood Mortgage Bankers Company of Elmsford, N.Y.

Fauntleroy acknowledged that he and others recruited individuals with relatively low incomes and promised them they could buy homes in Essex County with little or no money down.

Faked HUD paperwork

He and others then found dilapidated houses and would promise they would be renovated before the sale closed, and that the buyers would get HUD-insured loans to pay for them, authorities said.

Fauntleroy admitted that, on the HUD loan applications, his co-conspirators created and submitted false and fictitious bank statements, leases, IRS W-2 forms, verifications of past mortgage payments, pay stubs, attorney escrow letters, gift letters, verification of employment, real property appraisals and deposit checks.

Bowie was sentenced Friday to 12 months in prison and ordered to pay $500,000 in restitution. Bowie had also pleaded guilty to one count of conspiracy.

Peter Port, 52, of Roslyn, N.Y., an attorney, was a title agent on many of the properties involved and a co-investor with Fauntleroy. He pleaded guilty to one count of false statements for producing false documents used in the scheme. He was sentenced March 21 to five months in prison and ordered to pay $500,000 plus a $10,000 fine.

A Grudging Guilty Plea By Ex-judge In Extortion Case (KNOXNS)

By Jamie Satterfield

Knoxville News Sentinel (TN), March 30, 2006

Complaint centered on kickbacks ordered by Austin

Former Roane County General Sessions Court Judge Thomas Alva Austin served up his guilty plea to federal extortion charges Wednesday with a side of caveats.

"Do you agree that is what you did?" U.S. District Court Judge Thomas Phillips asked Austin after Assistant U.S. Attorney Charles Atchley outlined bare-bones details of the case against the ex-judge.

"Your Honor, I entered a plea agreement and accepted responsibility of those charges," Austin responded. "I do agree that I did part of that. I don't agree with every word that is in that (account)."

Austin's complaint centered on allegations that he forced kickbacks from two driving school instructors and a probation office chief.

"As far as any demands or any pressure or any deals like that, I have never agreed that that ever happened," Austin told Phillips at Wednesday's hearing. "I do understand that my part in it was criminal conduct on my part."

His disclaimer made Phillips uneasy about accepting Austin's plea.

"I am not sure exactly what you are saying, Mr. Austin," Phillips said. "Are you saying that part of the factual basis of the plea is incorrect?"

Before Austin, 57, could answer, defense attorney Gregory P. Isaacs asked for a quick huddle with the former judge and fellow lawyer Jerrold L. Becker.

"Judge Austin has some concerns about an adjective that was used," Isaacs later explained to Phillips. "After talking to Judge Austin, he agrees the factual basis is correct."

Phillips pressed Austin for an unequivocal plea.

"Mr. Austin, I need to make sure," Phillips said. "Do you agree with what that factual basis says or not?"

Austin responded, "Yes, sir, I do."

"How do you plead - guilty or not guilty?" Phillips asked.

"Guilty," Austin answered.

Austin, who resigned last week from a judgeship he had held for 27 years, was accused of using his position as a judge to extort a portion of the proceeds from two driving schools in Roane County and a private probation firm.

He was arrested in January after a probe by the FBI and the Tennessee Bureau of Investigation, which included secret videotapes and audiotapes of conversations and transactions that Atchley has said support the extortion charges.

Austin admits to taking roughly $14,000 in kickbacks in a six-month period in 2005. FBI Agent Robert Gibson, who led the investigation, has alleged in a search warrant affidavit that Austin had been extorting kickbacks from the driving school program he created for a decade and collected as much as $100,000.

The affidavit also included allegations that Austin regularly smoked marijuana.

Atchley has stated in court records that he plans to trot out evidence at Austin's upcoming sentencing hearing in August to show the "full scope" of the judge's criminal activity.

Austin, who is free on bond, likely faces no more than four years in prison under federal sentencing guidelines. Isaacs and Becker will push for a much lower sentence.

"We look forward to this journey to justice," Isaacs said after the hearing.

Jamie Satterfield may be reached at 865-342-6308.

More Fumo File Deletions Alleged (PHI)

By John Shiffman

The Philadelphia Inquirer, March 30, 2006

Federal authorities think they have discovered another trail of deleted e-mails involving State Sen. Vincent J. Fumo - this time in his Senate office.

A trusted Fumo aide, Ruth Arnao, is already a target of the investigation, facing possible charges for allegedly deleting e-mails in the office of a charity linked to the senator.

Now, authorities think they have found evidence that someone else - not Arnao - tried to destroy e-mails on the Senate computers after the FBI investigation surfaced, people familiar with the matter said.

That person's identity could not be determined.

Some of the new details in the case became public yesterday during a federal appeals court hearing in Philadelphia.

A lawyer for the Senate and a federal prosecutor argued over whether the FBI had a right to seize hard drives from computers in Fumo's government offices. A decision is expected soon.

For more than two years, federal authorities have been investigating whether the Fumo-backed charity, Citizens' Alliance for Better Neighborhoods, violated a federal law that prohibits nonprofit organizations from engaging in political activity. For example, public records show that the charity spent $215,000 for political polling.

The grand jury is also pursuing allegations of obstruction of justice - that someone destroyed e-mails and documents after learning the FBI investigation had begun.

Fumo's attorney, Richard Sprague, did not attend yesterday's arguments and did not return a phone call afterward. On Monday, Fumo predicted that the investigation would "go nowhere" and suggested that the Bush White House was behind the probe.

Fumo has no official title with Citizens' Alliance, started in 1991 by Arnao and two Fumo aides, but he has been responsible for most of its generous funding. He has referred to it as "my nonprofit."

Citizens' Alliance works to clean streets and rejuvenate businesses in Fumo's district. Yesterday, it announced a $100,000 donation to the Metropolitan AIDS Neighborhood Nutrition Alliance.

The grand jury investigation stems in part from an Inquirer report in 2003 that Fumo and Peco Energy Co. had a secret deal under which the utility donated $17 million to the charity during negotiations on Peco's rates.

The Inquirer reported in January that a computer technician in Fumo's government offices, Donald J. Wilson, had been granted immunity in the case. His attorney, Mark Cedrone, did not return phone calls.

Until this month, there were no official statements about the investigation. Details became public during two unusual hearings before the U.S. Court of Appeals for the Third Circuit. The first, March 9, was brought by Arnao's attorney.

Yesterday's hearing came from an appeal by the state Senate, arguing that the FBI had no right to seize records from senators' legislative offices.

Assistant U.S. Attorney John J. Pease told the court that the FBI examined the government hard drives to try "to understand why certain e-mails no longer exist." Pease said the FBI needed the complete hard drives, not just files, because it had to search for evidence of deleted e-mail.

The seized hard drives hold more than 550,000 files, many of which are e-mails and attached documents.

C. Clark Hodgson Jr., a Philadelphia lawyer representing the Senate, said the computers contain communications related to inner workings of the legislature - things the FBI has no right to see.

A 1980 Supreme Court decision authorizes federal agents to seize documents from state lawmakers' offices, but Hodgson asked the judges to revisit that decision. The court could not have foreseen the advent of e-mail, he said.

The circuit judges - Theodore A. McKee, Maryanne Trump Barry, and Franklin S. Van Antwerpen - were openly hostile to Hodgson's suggestion that Senate officials be permitted to review legislative documents before they are turned over to the FBI.

"Why should the government trust you?" Van Antwerpen said. Referring to Richard Nixon's reluctance to provide his Watergate tapes, the judge added: "I seem to remember a certain person who said, 'You don't need all these transcripts. I'll have my secretary, Rosemary Woods, transcribe them.' "

Sources: Feds Seized Fumo's Computer Files (PHI)

By Michael Hinkelman

The Philadelphia Inquirer, March 30, 2006

Federal prosecutors revealed at a hearing yesterday that they have seized 550,000 computer files, mostly e-mails, from the state Senate as part of an ongoing grand-jury probe.

Prosecutors did not identify whose files they took, but sources said the hearing was related to the seizure of files and computers from state Sen. Vince Fumo's legislative offices in February 2005.

Fumo has said he has done nothing wrong and is cooperating with the investigation, which began in January 2004.

Prosecutors also revealed yesterday that they had completed a "forensic analysis" of the computers' hard drives.

The focus of the hearing in federal appeals court was how much latitude prosecutors have in dealing with the Legislature.

At issue is whether the computer files are protected by a "legislative-immunity privilege" and thus unable to be used as evidence for an indictment.

C. Clark Hodgson Jr., a lawyer representing the state Senate, argued that the "privilege isn't lost by a random act of the [federal] government."

He said he was concerned that "thousands and thousands" of pages of sensitive legislative communications could be made public.

Hodgson suggested that federal authorities and Senate staffers - or even an independent third party appointed by the court - should review all the computer files to determine which e-mails are pertinent to the investigation.

Assistant U.S. Attorney John J. Pease contended that the Senate was attempting to "slow down" the grand-jury investigation.

Neither Hodgson nor federal prosecutors would comment after the hearing.

The state Senate had asked U.S. District Judge Robert F. Kelly last April to prohibit the feds from keeping any records related to legislative matters, such as communications between a senator and a staffer about legislation.

Kelly denied the request, and the state Senate appealed to the U.S. Court of Appeals for the Third Circuit.

Judges were skeptical of Hodgson's argument that internal legislative communications are protected.

"The legislative privilege can be overcome," said Judge Theodore A. McKee, citing a U.S. Supreme Court decision, if the computer files seized from legislative offices show "prima facie" evidence of criminal misconduct.

Hodgson conceded that the privilege would not apply in that case.

Assistant U.S. Attorney Pease ridiculed the idea that sensitive legislative matters could be made public.

"This is subject to grand-jury secrecy. This isn't about somebody on the street, a busybody, invading the business of the Senate," he said.

The judges did not indicate when they would rule.

Dougherty's Union Sues WPVI-TV Over News Report (PHI)

By Michael Currie Schaffer

The Philadelphia Inquirer, March 30, 2006

John J. Dougherty, electricians' union leader, city Democratic treasurer, Philadelphia mayoral hopeful, has opened a new front in the political wars that have enveloped him in recent months.

But where Dougherty's other recent battles have been behind-the-scenes struggles with fellow Democratic power brokers, the latest engagement comes in the form of a lawsuit pitting his International Brotherhood of Electrical Workers Local 98 against ABC affiliate WPVI-TV (Channel 6).

In a suit filed yesterday in Common Pleas Court, the union claims it was defamed by a WPVI news report that said federal investigators were pressuring convicted City Councilman Rick Mariano to provide potential information for a probe of Dougherty's relationship with a local electrical contractor.

"The broadcast left the unmistakable impression... that federal prosecutors were attempting to parlay Mariano's guilty verdict into an opportunity for Mariano to give up allegedly incriminating evidence about IBEW Local 98 and its business manager," the complaint reads.

The union's lawsuit says the report was "fabricated."

WPVI spokeswoman Caroline Welch said she had not seen the suit, and because of that "it would be premature to comment."

At a news conference yesterday, Local 98 attorney George Bochetto said there was no way Mariano could have received such pressure in the time between his midafternoon corruption conviction March 17 and the station's 6 p.m. newscast that night, as he said the report implied.

"It didn't happen, and to suggest that it did suggests that IBEW has somehow done something wrong," Bochetto said. "They haven't."

IBEW is asking for at least $50,000 plus unspecified punitive damages. Bochetto said he also wanted a retraction.

Federal authorities last month subpoenaed records from the city's Redevelopment Agency, which Dougherty chairs, as part what people familiar with the matter told The Inquirer was an investigation of the labor practices of the contractor, Donald Dougherty, unrelated to the Local 98 leader but an old friend of his.

At the news conference, Bochetto was joined by seven IBEW officials - but not Dougherty, the only IBEW official named in the broadcast.

"John Dougherty has nothing to do with the lawsuit," Bochetto said. "He has not been involved in any aspect of it."

A call to Dougherty's spokesman, Frank Keel, was not returned yesterday.

The U.S. Attorney's Office declined comment.

"We're not going to comment on the underlying facts of the suit," said U.S. Attorney's spokesman Rich Manieri. "We understand from the attorneys for Local 98 that they don't believe the U.S. Attorney's Office or the FBI did anything improper."

Mariano's attorney, Nino V. Tinari, could not be reached for comment. After Mariano was freed on bail pending sentencing Tuesday, Tinari refused to address questions about whether his client was cooperating in any other investigations.

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Dougherty, who used lavish political donations and the ability to mobilize a loyal cadre of activists to make himself the city's most politically powerful labor leader, has seen his Democratic Party standing fall in recent months amid acrimony with several longtime allies.

The high-profile feud has included clashes with Mayor Street, U.S. Rep Bob Brady, and Mariano, a onetime protégé.

WPVI Is Sued Over Report On Johnny Doc (PHI)

By Catherine Lucey

The Philadelphia Inquirer, March 30, 2006

The electricans' union yesterday filed a lawsuit against WPVI-TV, Channel 6, alleging that a recent report on the station falsely claimed that union leader John Dougherty was being investigated by the feds.

The suit targets a report that the station aired March 17 about Councilman Rick Mariano's conviction on corruption charges.

The story, by reporter Dann Cuellar, said federal authorities were pressuring Mariano to give them information that would help their probe into the relationship between John Dougherty and electrician Donald "Gus" Dougherty, the suit says.

Gus Dougherty, who is not related to the union leader, runs Dougherty Electric, from which documents were seized in late January by FBI, IRS and Labor Department agents.

The suit, by Local 98 of the International Brotherhood of Electrical Workers, claims that Cuellar's report had been "fabricated purely for sensational purposes."

The union is asking for a retraction and damages in excess of $50,000.

"That didn't happen," union lawyer George Bochetto said of the Channel 6 report. "The councilman was not being pressured."

John Dougherty, who is considered a likely candidate in the 2007 Democratic mayoral primary, did not comment on the suit. Nor did he appear at a press conference at Bochetto's Center City law office that was attended by seven members of IBEW's leadership.

Bochetto insisted the case was not about Dougherty's political ambitions.

"This is not a political move," Bochetto said. "This has nothing to do with the mayor's race or anything else."

Bochetto would not detail his plans to prove the case. Federal authorities are forbidden to discuss an ongoing investigation, so it's difficult to determine what conversations they have had with Mariano until the Dougherty Electric probe is over.

When asked why he had not waited until then to file a suit, Bochetto said, "This action took place in such a way that there might be additional reports."

Channel 6 spokeswoman Caroline Welch refused to discuss the suit yesterday. Mariano's lawyer did not return a call for comment.

Rich Manieri, a spokesman for the U.S. Attorney's Office, said he could not discuss the suit.

Who's The Shark Now? 'Candygram' Case Delivers Good News For Criminal Defense (LAW)

By Shannon P. Duffy, The Legal Intelligencer

Legal Intelligencer, March 30, 2006

Big wins are so rare for criminal defense lawyers in federal court that one good victory can generate a lot of buzz -- sometimes even earning a nickname.

For attorney Jeffrey M. Lindy, the Feb. 13 decision in United States v. Coles from the 3rd U.S. Circuit Court of Appeals was just such a case and has come to be known among the defense bar as "the Candygram case."

Voting 2-1, the 3rd Circuit agreed with Lindy's argument that evidence of drugs found in a hotel room should have been suppressed by the trial judge because the police had "manufactured" an emergency situation to justify a warrantless search.

The majority concluded that police had used "subterfuge" to gain entry to the hotel room by falsely claiming they were "room service," and, just moments later, that they were maintenance workers sent to fix a leak.

After those two attempts failed, the officers identified themselves as police and then heard the sound of a toilet flushing -- an event that prosecutors said allowed the police to enter immediately due to "exigent circumstances."

But the 3rd Circuit agreed with Lindy and held that the investigative tactics used by the officers had "impermissibly manufactured the exigency."

Defense lawyers have nicknamed the decision "the Candygram case" -- a reference to the classic "Saturday Night Live" skit from the 1970s in which a "land shark" gains entry to an apartment, after several failed attempts, by claiming to be a Candygram deliveryman.

Now Lindy's victory has been sealed because the Justice Department has decided not to pursue a petition to have the case reargued before a 13-judge en banc panel of the 3rd Circuit.

Instead, prosecutors filed a motion to dismiss all charges against Terrance Coles.

In the motion, Assistant U.S. Attorney Robert Zauzmer said "the government has ... determined that, in the absence of the evidence which the 3rd Circuit has held should be suppressed, the prosecution should not proceed."

Chief U.S. District Judge Harvey Bartle III on Tuesday granted the motion, vacated Coles' 11-year prison sentence and ordered that Coles "shall be released from custody immediately."

Judge: D.C. Sniper Can Represent Himself (WP)

By Ernesto Londoño

The Washington Post, March 30, 2006

Sniper John Allen Muhammad will be allowed to conduct his defense during his murder trial in Montgomery County, a judge ruled yesterday.

While telling Muhammad, "I don't think it's the right decision," Circuit Court Judge James L. Ryan acknowledged that the defendant had a constitutional right to be his own lawyer. He ruled that Muhammad understood the implications of that choice and had shown no sign of incompetence.

"You haven't said anything that wasn't appropriate. You laughed when it was appropriate. You got mad when it was appropriate," Ryan said. "You've convinced me you do understand how serious this is."

Muhammad, who is accused of killing six people in Montgomery during the spree of sniper shootings that terrified the Washington area in 2002, has been sentenced to death in Virginia. During his murder trial in Virginia three years ago, he briefly acted as his own attorney, only to later re-retain his original counsel.

During a hearing yesterday afternoon in Rockville, a visibly exasperated Muhammad found himself in the awkward position of siding with his accusers on a key question: Is he competent to stand trial? He rejected his Maryland attorneys' contention that he is "schizophrenic, psychotic, delusional" and paranoid.

At one point, he interrupted Montgomery County Public Defender Paul DeWolfe as the lawyer outlined a mental health expert's assessment of Muhammad's "brain dysfunction."

"Your honor, can I sit over there with them?" Muhammad blurted out as he looked toward the prosecutors' table, drawing laughter from several people in the courtroom.

Muhammad said a report from a Yale University psychiatrist who was hired by his defense attorneys to provide an assessment of his state of mind was insulting and flawed.

"Your honor, I know no other way of reasoning except by a black man's reasoning. I know no other reality except for a black man's reality," Muhammad said, in one of two instances in which he implied his race was a factor in the case. "She knows no other way of reasoning except for a white woman's reality. . . . It becomes wrong when she tries to take that white reality and impose it on my black reality."

At another point in the hearing, Muhammad compared himself to civil rights leader Rosa Parks, saying: "If I have a mental disorder, then Rosa Parks had a mental disorder because she didn't get off her seat."

Ryan asked Muhammad whether he understood the nature of the charges against him and the consequences he could face if convicted in Maryland.

"Your honor, I'm on death row right now," Muhammad said. "I'm on death row for charges I had nothing to do with. I have a fully understanding of what's going on here."

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During the Virginia trial, he said he turned his defense back over to his attorney because a dental condition impaired his ability to present the case. He did deliver the opening statement and cross-examine a witness.

Muhammad told Ryan yesterday that he'd like to have "stand-by" attorneys in the upcoming trial, scheduled to start May 1. The two public defenders who had been representing him said they would consult with their boss in Baltimore to determine what role -- if any -- they'll play in court.

Yesterday's ruling is a setback for DeWolfe and his deputy, Brian Shefferman, who have spent several months sifting through mounds of evidence the state's attorney's office intends to use at trial. The hearing was scheduled after Muhammad sent Ryan a letter expressing his desire to fire his attorneys. Responding to that move, DeWolfe filed a motion arguing that his client was not competent to stand trial or defend himself.

Sniper Mastermind To Defend Self (WT)

By Jon Ward

The Washington Times, March 30, 2006

Convicted sniper mastermind John Allen Muhammad will get a second chance to represent himself in a capital murder trial.

A Montgomery County Circuit judge yesterday granted Muhammad's request to defend himself during a hearing in which Muhammad denounced assertions by his defense attorneys that he is schizophrenic.

"I am a sane individual your honor," said Muhammad, 45, who stood instead of sitting for the entire two-hour hearing. "If I'm incompetent now, I've been incompetent since the day I was born. There is no reason at all that I should not represent myself. It is not my intention to lose. ...This is my life. These people have attacked my life."

Judge James L. Ryan allowed Muhammad to dismiss attorneys Paul B. DeWolfe and Brian Shefferman of Maryland's Office of the Public Defender and relegated them to standby counsel.

Mr. DeWolfe and Mr. Shefferman are expected to learn today whether the agency wants them to continue.

However, Mr. Shefferman said attorneys of that office "typically don't act in [a support] capacity."

Muhammad said he was "fine" with having no legal assistance.

"I came out of my mother's womb all by myself," he said.

Said Mr. DeWolfe: "I think he'll make it through trial, poorly."

The trial is scheduled to begin May 1, with prosecutors seeking life in prison without parole in connection with the fatal shootings of six persons in Montgomery County over three weeks in October 2002.

The judge set a procedural hearing for tomorrow.

Muhammad insists he is innocent of the crimes.

In 2003, a jury in southeastern Virginia found Muhammad guilty of shooting, with an accomplice, 13 random persons in the region during the fall of 2002, killing 10. He was he sentenced to death.

The jury found Muhammad's accomplice, Lee Boyd Malvo, now 21, guilty of helping carry out the shootings, which authorities think included at least nine additional shootings across the country.

Muhammad is believed to have been hunting down his ex-wife, Mildred, who has custody of their three children.

He said yesterday that defense attorneys were "trying to circumvent my rights" by planning an insanity defense, and that he has told them for months that he intended to mount his own defense.

Muhammad was allowed to defend himself two years ago in the trial in Virginia. He argued the case for the first two days, making an opening statement and questioning witnesses, including one shooting victim, then was unable to continue because of an abscess in his mouth.

Muhammad, who is black, made several references to race during the hearing yesterday and said he has been a victim of racism.

"If I have a mental disorder, then Rosa Parks has a mental disorder because she didn't get up off that seat," he said.

Muhammad also said a female psychiatrist hired by his defense attorneys spent a lot of time trying to "tell Muhammad about Muhammad."

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"I know no other reality except a black man's reality," he said. "She knows no other way of reasoning, except for a white woman's reality. There's nothing wrong with that. It becomes wrong when she tries to take her white reality, and impose it on my black reality. It is wrong for me to try to impose my black reality on her white reality.... We live in one America, but we live in two different realities."

No More Sugar And Spice: Girl Gangs On Rise In D.C. (WT)

By Gary Emerling

The Washington Times, March 30, 2006

Princess Galloway's days as a D.C. gang member began innocently enough: She and her childhood friends had birthday parties, talked about clothes and held sleepovers at one another's houses.

"It was, like, a normal thing females do," says Princess, 16.

As the girls grew older, the parties became nighttime outings to go-go clubs. Belts and bags were replaced by blades and bats as accessories. A girl gang was born.

"We started fighting when a different female gang from uptown jumped one of our friends," says Princess, an honor roll student at Spingarn High School in Northeast who quit her gang after spending several stints in the Oak Hill Youth Facility for assault. "It just escalated. ... It was a back-and-forth beef."

Princess' story is becoming common in the District, where officials say girl gangs wielding everything from baseball bats to ice picks are on the rise.

Female cliques increasingly are turning schoolyard spats into beatings and turf battles for respect, recognition and attention the girls don't receive at home.

"In the last three years, female activity -- as far as crews and gangs -- has risen," says Bridget T. Miller, coordinator of the District's Youth Gang Task Force. "Nobody wanted to acknowledge it because they thought it was just a short trend, but they failed to realize how dangerous a female can be."

Miss Miller says more than 270 girl gangs and crews operate in the District. The cliques often form in middle schools and center around neighborhoods, clashing over anything from fashion styles to being snubbed at clubs.

"People just hate," says Coco, a 17-year-old who is trying to quit a gang centered in Rosedale in Northeast. "One person will bump you, mug you, put their middle fingers up to you, then we'll start fighting. Fistfights, brick fights, bats -- whatever they feel like they can whoop you with, they'll get."

Members -- who include homosexual boys in some cases -- sometimes color their hair a specific color. Although girl gangs usually don't resort to guns, officials note clashes involving blades, bats and even stun guns.

"Girls are getting beat with crowbars, they've got knives, [they] get stabbed and cut," says Ronald Moten, founder of the nonprofit Peacoholics, which is sponsoring a forum, "Saving Our Sisters," in May at Howard University. "One girl got killed leaving a club in Southeast, a female got shot by another female.

"It's changing; that's why we got to nip it in the bud."

Sharell Kyle, a former Anacostia High School student who now attends Trinity College, says her school basketball team brawled with rivals from Theodore Roosevelt High School and at least half of her friends have participated in girl gangs.

"A lot of it deals with following, fitting in," says Miss Kyle, 20, who now works for Peacoholics. "Some youths don't have nobody else to look at in their lives, so they turn to the streets."

According to the federal Bureau of Justice Statistics, the number of female state and federal inmates grew 5 percent a year from 1995 to mid-2004. The number of male inmates grew by an average of 3.3 percent during the same period.

In the District, the number of Superior Court cases involving female juveniles increased from 445 in 2003 to 571 in 2004. The number of girls brought before the court for violent offenses jumped from 225 in 2003 to 322 in 2004, a 43 percent increase.

Officials say preliminary court numbers show a slight decrease last year, but the trend is disturbing.

"Women have become more involved in the system for at least a decade," says Anita Josey-Herring, the presiding judge of D.C. Family Court. "We're trying to get ahead of that before the problem becomes insurmountable."

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The court in January began its Leaders of Today in Solidarity (LOTS) program, which is staffed only by women and offers girls in the court system community supervision, guidance and support services. Juveniles in the LOTS program will be supervised by Judge Zoe Bush, who will be assigned to monitor their cases.

"A lot of girls get involved with gangs because they're looking to be accepted by their peers," Judge Josey-Herring says. "We're trying to create a community ... so these girls can understand they have a whole lot more to look forward to in life than being a member of a gang."

Tiffany, a 17-year-old mother, says she quit her gang when her priorities changed.

"My baby's father started saying, 'You don't need to be in that to prove yourself,' " she says. "[Now] when I'm gonna fight, I'm gonna fight for my son. It's gonna be a good reason."

Rave Scene Not To Blame, Says Seattle Mayor (USAT)

By Martin Kasindorf

USA Today, March 30, 2006

SEATTLE — Despite seven violent deaths last weekend, the mayor and other city leaders have a reassuring message for the youths who love the all-night music and dancing of the "rave" party scene: Rave on.

Kyle Huff, 28, fatally shot six people and himself Saturday at an early-morning house party after a zombie-themed rave at a performing arts center. It was Seattle's worst crime since 1983, when 13 people were killed at a Chinatown gambling club. And it was the first such incident to mar the Pacific Northwest's rave culture, where partygoers and police have had an accord that some other U.S. localities haven't matched.

As a police task force continues searching for a motive for Huff's rampage, Mayor Greg Nickels told a community meeting Tuesday that the loud, pulsating electronic music featured at rave dances is "not a threat to us."

"We don't know why he picked these particular victims," Nickels told the group. "We do know that this incident was not caused by music — a particular kind of music. It was caused by a disturbed individual who chose to take out his anger or rage on other human beings. As a society, we have got to come to grips with this infatuation that we have with guns."

Travis Webb, 29, a rave dance promoter here, said he had feared a crackdown, in part because two of the victims were girls ages 14 and 15.

Those killed were Melissa Moore, 14; Suzanne Thorne, 15; Christopher Williamson, 21; Justin Schwartz, 22; Jeremy Martin, 26; and Jason Travers, 32.

Raves were an underground phenomenon in the 1980s and '90s. The favored drug at raves was Ecstasy, which mellowed partygoers but gave them energy for nightlong gyration, Webb said. By 2000, raves had gone mainstream, being held in clubs and sports arenas. Fire marshals and off-duty cops patrolled. Use of Ecstasy has declined, but marijuana often is sneaked past security guards, Webb and other promoters say.

Raves have turned violent in some places. At four illegal parties in Los Angeles in 2004, a total of five men were killed and seven were wounded.

But the rave scene in Seattle gave police "no problems to speak of" until Saturday's massacre in the quiet Capitol Hill district, police spokesman Sean Whitcomb said.

"I never thought it would happen in Seattle," said Aaron Chase, 32, a regular at raves.

At a makeshift memorial outside the rented house where the killings occurred, Shane Wicker, 21, described the close-knit party community as "trusting and accepting everyone."

Gary Williamson, whose son Christopher was killed, was in tears during a prayer service at the scene of the slayings. He thanked the ravers for accepting a young man who'd "felt like an outcast." "Your friendships touched him and filled a void that the school couldn't fill, the church couldn't fill," Williamson said.

Huff moved to Seattle with his twin brother, Kane, five years ago from Whitefish, Mont. The brothers, at 6-foot-5 and 270 pounds, were voted "least spirited" by Whitefish High School classmates because they wouldn't play football or other sports.

Searching now for early signs of trouble, people in Whitefish point to an incident in 2000 when Huff shot at a life-size moose sculpture. The two guns used in the vandalism were those used in Seattle, said Whitefish Assistant Police Chief Mike Ferda.

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Wicker said he saw Huff at a rave on March 17. “A couple of my friends were hanging out with him at another after-party,” Wicker said.

Last weekend's rave was promoted with the theme of “Better Off Undead,” and people were invited to wear white face paint, said Webb, who attended. “We focus on themes and costumes to try to pull kids away from drugs, give them a new focus at the events,” Webb said. Pierce Dyer, 20, said the event was like a Halloween party. Webb said security at the zombie rave was “strong,” with four guards checking for guns and drugs at the door and others in the smoking area and on patrol.

Seattle Deputy Police Chief Clark Kimerer said Huff had “premeditated” the slayings that night, loading his pickup with weapons and more than 300 rounds of ammunition. Webb said the guards may have deterred Huff from shooting at the dance.

According to a police affidavit, several of the six men who lived at the Capitol Hill house decided to invite Huff to their party when the rave wound down at 4 a.m. Saturday. None knew him. “Standing on the sidelines,” he gave off “bad vibes” that might be fun at the party, Anthony Moulton, 25, told detectives.

Shortly before 7 a.m., the police affidavit says, Huff left the party. Fetching the weapons from his truck, he spray-painted “NOW” on the front steps of three houses. He approached the porch of the house and started shooting. Police officer Steve Leonard heard the shooting and rushed to the house. When Huff saw the officer, he killed himself.

Later, friends of the victims placed flowers, candles and beads outside the house. They played techno music and camped out in tents. And they danced. “The best way we're going to mourn is by celebrating,” Dyer said. “We're not going to stop dancing.”

Police say they don't have an answer yet for why Huff turned into a killer. “A year from now, we may still be asking that question,” Kimerer said. Others have theories. “He tried to fit in, and it didn't work for him,” Chase said.

Seattle's Shattered Rave 'Family' Seeks Answers To Killings (NYT)

By Jessica Kowal

The New York Times, March 30, 2006

SEATTLE, March 29 — The candykids, juggalos, groovers and burners are uniting here with fresh purpose this week. Dancing to the synthesized music that binds them together, planting memorials of candles and their signature beaded bracelets, they join together not to rave, but to mourn slain friends.

One woman had a rainbow of yarn woven into her hair. Two men had faces painted in red and black. A man in a suit and tie had a pinkish mohawk. Dozens of others wore baggy clothing or unremarkable dress. All showed up on Tuesday at a spring-green park with a spectacular view of the Space Needle.

Exhausted by sorrow and lack of sleep, they seemed dumbstruck that the community of ravers, who follow a mantra of "plur," for "peace, love, unity and respect," had been punctured by senseless violence.

Six friends were killed early Saturday, when, the police say, Aaron Kyle Huff, 28, barreled through the front door of a small house on Republican Street, armed with a semiautomatic handgun and a 12-gauge shotgun.

At 7 a.m., a few dozen ravers were in the house to talk, drink beer, sleep, watch cartoons or otherwise decompress after attending a zombie-themed rave elsewhere.

Mr. Huff, an unemployed onetime pizza deliverer, had been invited to the house party by others at the rave. Without warning, he collected the guns from his truck parked nearby and swiftly killed four men and two teenage girls with gunshots to the head and chest, the King County Medical Examiner said Wednesday.

Confronted by a police officer, Mr. Huff committed suicide. The police have not determined his motive.

To the mourners in Volunteer Park and to those who lingered at the house on Wednesday with their tents and trinkets, it was unbearable that Mr. Huff had brutalized the self-described "family" of music-loving slackers, students and young professionals who often exchange beaded bracelets, called candy, as a friendship gesture.

"These are peaceful people," said Wally Hansen, 24, a rave promoter from Tukwila whose face was drawn and pale, with dark circles under his eyes. "Why would he do this to people who accepted him, who welcomed him into their own home?"

The victims, ages 14 to 32 and with rave nicknames like Sushi, Deacon and Chinadoll, were familiar faces at spirited parties attended by hundreds of people in the Puget Sound region. In warehouses, art spaces or nightclubs on Friday and

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Saturday nights, dressed in clothing that defines them into smaller cliques like candykids and juggalos, they dance energetic ally to musical genres like house, trance and jungle and stop to rest in "chill rooms" tuned with quieter ambient music.

The dancing is powered by energy drinks, candy and snacks, although many ravers concede that alcohol, marijuana and Ecstasy are part of the scene.

The rave community here had been mostly invisible to people who were not part of it. After the killings, talk-show hosts and columnists, intent on finding lessons, have focused on the youngest victims, Melissa Moore, 14, a ninth grader from Milton, and Suzanne Thorne, 15, a 10th grader from Bellevue.

Many people have criticized what they see as lax gun-control laws, pointing out that Mr. Huff was convicted of a misdemeanor in 2000 after shooting a moose sculpture in his Montana hometown, Whitefish. He was allowed to keep the two guns used in the shooting here.

Other critics have faulted what they describe as permissive rave culture, lax parents or lenient laws that allow teenagers into clubs where alcohol is not served.

Kyle Moore, Ms. Moore's father, refused to blame anyone but the gunman. He said he and his daughter, nicknamed Chinadoll, trusted other ravers to protect her.

"She just loved meeting the different people, seeing the different costumes, and she loved the music, the beat," Mr. Moore said in a telephone interview. "She was brighter than the sun out there. I just would love to know why she felt that she couldn't call me to pick her up."

Most likely, the two teenagers were waiting for the county bus to restart its downtown route at 7 a.m., said Nicole Loerke, 17, of Everett, who, like other candykids at the park, had a peach-colored Care Bears backpack. Ms. Loerke started going to raves last year, she said, when she had no friends in high school.

"They accept you as a person, the virtues and values you hold," she said of the ravers.

She said that she noticed Mr. Huff at the rave and that he stood against a wall with folded arms and did not mingle in a millieu where people greet one another as close friends within minutes of meeting.

"I asked him, 'Is there anything wrong?' and he turned his head," Ms. Loerke said. "I said, 'If you need anyone to talk to, I'm here to listen.' He looked right at me, and said, 'Thank you.' He must have had some screws loose."

Outside the Republican Street house, the ravers pitched tents on the grass and stayed in shifts to protect a growing memorial of candles and candy bracelets strung with words like "plur" and "luv all." The neighbors have given them hot chocolate and offered the use of bathrooms.

Josh McPharlin, 24, a rave promoter, looked at the mementos on the sidewalk and said: "I enjoyed these people. It's just unbelievable that I won't ever be able to spend time with them again."

Puerto Rican Militant Arrested Again On Parole Violation (AP)

Associated Press

AP, March 30, 2006

SAN JUAN, Puerto Rico -- A Puerto Rican pro-independence militant who served 10 years for armed robbery and was sent back to prison twice for violating his parole, has been arrested again in the U.S. island territory, the FBI said Wednesday.

Antonio Camacho Negron was arrested Tuesday for not meeting with his parole officer since his release from a Pennsylvania prison in August 2004, said FBI spokesman Harry Rodriguez.

Negron, a leader of the militant pro-independence People's Boricua Army, has said he refuses to abide by his parole conditions because he doesn't recognize U.S. authority in Puerto Rico.

His arrest was ordered shortly after his most recent release from prison but authorities were only able to find him in San Juan this week, Rodriguez told The Associated Press.

Camacho, 65, was held at a federal jail outside San Juan. Authorities could return him to prison to serve the remainder of his original 15-year prison term, Rodriguez said.

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His lawyer, Linda Backiel, said she believes that Camacho has now served all his required time. "I think the arrest was a reprisal for his participating in political activities," she said. "But the reason they are going to allege is that he didn't comply with the conditions of parole."

Camacho was originally sentenced to prison for his role in the 1983 robbery of more than $7 million from a Wells Fargo depot in West Hartford, Conn.. He was sent back to prison twice, in 1998 and 2003, for violating his parole.

The 1983 robbery was carried out with other members of the People's Boricua Army, also known as the Macheteros or Cane Cutters - a group accused of bombings and attacks in the 1970s and 1980s.

The Wells Fargo robbery was considered an act of domestic terrorism by U.S. authorities who alleged the money was used to fund the militant activities of the Macheteros. The group said it also used the money to buy gifts for impoverished Hispanic communities.

In September, FBI agents shot and killed Filiberto Ojeda Rios, a leader of the Macheteros who was considered the mastermind of the robbery, after he allegedly opened fire when they came to arrest him at a farmhouse in a western town in Puerto Rico.

Supreme Court Hears Arguments Over Foreigners' Rights In U.S. (NYT)

By Linda Greenhouse

The New York Times, March 30, 2006

WASHINGTON, March 29 — The question before the Supreme Court on Wednesday was whether an international treaty that protects people embroiled in another country's criminal justice system gives foreign citizens any specific rights they can assert in American courts.

There was no dispute that authorities in Oregon and Virginia violated the treaty, the Vienna Convention on Consular Relations, in the two cases that were before the court in a single extended argument.

Article 36 of the treaty, which the United States ratified in 1969, gives people who are arrested and detained in a foreign country a right known as consular notification, which dictates that they be informed that at their request their country's diplomats will be notified and made available to advise them.

Neither Moises Sanchez-Llamas, a Mexican who was convicted of attempted murder in Oregon for shooting a police officer, nor Mario A. Bustillo, a Honduran convicted of a gang-related murder in Springfield, Va., a Washington suburb, received the required notice at the time of their arrests.

The question was what remedy, if any, existed for the violation. Five lawyers debated the issue: one for each defendant, the solicitors general of Oregon and Virginia, and a deputy United States solicitor general.

The three government officials argued that the treaty governs relationships between nations, and that the remedy for a violation of consular notification was limited to a diplomatic protest or formal apology. The United States in fact issued a formal apology to Honduras in the case of Mr. Bustillo, who is serving a 30-year sentence for the 1997 killing.

The lawyers for the defendants argued that so limited a view ran counter to the undisputed principle that a treaty, once ratified, becomes part of a country's domestic law. Consequently, they argued, foreign defendants should have access to the same remedies that the legal system offers for government violations of rights protected by American law.

Accordingly, Mr. Sanchez-Llamas is arguing that incriminating statements he made to the police be suppressed because he had not received his consular notification at the time he made them. His lawyer's argument that such an exclusion should apply — similar to the rule that bars the introduction of illegally seized evidence — was rejected by the Oregon Supreme Court and did not make much headway with the justices on Wednesday.

After the lawyer, Peter Gartlan, acknowledged that the Vienna Convention says nothing about suppressing evidence, Chief Justice John G. Roberts Jr. asked, "So if the treaty doesn't say 'suppress,' what authority does a federal court have to tell a state court to suppress?"

The other defendant, Mr. Bustillo, is arguing that he is entitled to reversal of his conviction on the ground that Honduran officials, had they been notified of his arrest, would have helped identify another Honduran man who returned to Honduras after the murder and who, Mr. Bustillo asserts, was the real killer.

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His lawyer, Mark T. Stancil, argued that because Virginia was not forced to reopen the case to permit the new evidence, the state was able to benefit from its violation of the Vienna Convention.

Here, too, the justices were skeptical. Several suggested that the fact that Mr. Bustillo had been provided with a lawyer was enough to insulate any Vienna Convention violation. The state, they said, had a right to expect that lawyers would inform their clients of their Vienna Convention rights.

"The lawyer should be taxed with knowing it because it's the law of the land," Justice David H. Souter said, referring to the treaty.

The International Court of Justice, often referred to as the World Court, takes the view that the convention confers individual rights. It ruled in 2004, in a case brought by Mexico, that the United States could not permit the execution of 51 Mexicans, on death row in various states, who had not received their consular notification.

After that ruling, and while a Supreme Court appeal brought by one of the Mexicans, José Ernesto Medellín, was pending, the Bush administration withdrew the United States from the provision of the treaty that gives the World Court jurisdiction over disputes of this kind. At the same time, the administration told state courts to abide by the decision. The Supreme Court dismissed the Medellín case last May without ruling on the enforceability of the Vienna Convention.

Deputy Solicitor General Gregory G. Garre was asked about the World Court's position by Justice Stephen G. Breyer, who referred to that court by its initials, I. C J.

Mr. Garre replied, "To be blunt, the I. C. J. decision is wrong." He said that while the World Court was entitled to "respectful consideration," its decision was "certainly not" binding on the United States.

Mr. Garre said that the State Department was making "extensive efforts" to make sure state and local governments were aware of the need to inform foreign defendants of the right to consular notification. The department has distributed 600,000 cards to police departments, he said, adding, "These efforts are working."

But it appeared that Vienna Convention issues would probably not disappear. Justice Anthony M. Kennedy asked Mary H. Williams, the Oregon solicitor general, why the police, who already give Miranda warnings, could not simply be told to ascertain the citizenship of people they take into custody so that the required notice could be given.

That was "not so easy," said Ms. Williams.

"I don't see why it's so complicated," Justice Kennedy said. He was joined by Justice Souter, who asked Ms. Williams, "You ask his name, why not his citizenship?"

Ms. Williams replied, "We're moving toward that goal."

Justice Souter was less than satisfied. "Why does it have to be a distant goal?" he asked.

The cases are Sanchez-Llamas v. Oregon, No. 04-10566, and Bustillo v. Johnson, No. 05-51.

Court Hears Arguments In Consular Access Case (WP)

By Charles Lane

The Washington Post, March 30, 2006

On a December night in 1997, a Honduran man swung a baseball bat and killed James Merry outside a Popeye's restaurant in Springfield. Mario Bustillo was convicted of murder and sentenced to 30 years.

Now that local slaying has evolved into a Supreme Court case with major implications for the rights of 21.1 million noncitizens in the United States, as well as for U.S. international relations.

At issue is the Vienna Convention on consular access, a pact among the United States and 160 other nations that guarantees foreign detainees access to diplomats from their home country. In oral arguments at the court yesterday, an attorney for Bustillo told the justices that his conviction should be overturned because Virginia authorities never informed him of his Vienna Convention rights.

As a result of the delay, Mark T. Stancil said, Bustillo, who maintains that another man from his home country is the real culprit, was denied "critical exculpatory evidence in the possession of the Honduran government."

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The Vienna Convention issue has generated several difficult cases for the court in recent years, and the Bustillo case offers the justices a chance to clarify the domestic effect of treaties, which the Constitution says are part of "the supreme law of the land."

A ruling in Bustillo's favor could affect relations between millions of noncitizens and local law enforcement officers, whose knowledge of and compliance with the Vienna Convention is spotty. It would be a defeat for the Bush administration, which says the convention should be enforced through diplomatic negotiations.

But it would represent a major step toward incorporating international law into U.S. domestic affairs -- as several justices have been urging in recent years.

In a companion case, an attorney for Moises Sanchez-Llamas, a Mexican convicted of trying to kill a police officer in Oregon, said that his client's statements to police should not have been admitted as evidence because they were obtained without notifying him of his Vienna Convention rights.

None of the justices seemed eager to embrace that claim, but they appeared more evenly divided on the two men's basic contention that the Vienna Convention creates rights that can be enforced by lawsuits in a U.S. court.

Ratified by the United States in 1969, the pact commits signatories to provide one another's arrested citizens access to consular officials and to inform detainees of these "rights" "without delay."

The United States, which led the international effort to negotiate the convention, has long backed its goals. But Mexico and Germany sued the United States at the International Court of Justice in The Hague because their citizens who were not informed of their Vienna Convention rights were sentenced to death in the United States in recent years.

The international court ruled in 2004 that the convention required the United States to give 51 Mexicans a new chance to appeal the violation of their consular rights in a U.S. court, even though state procedural rules say defendants forfeit legal claims they do not first raise at trial.

The issue of whether that international court ruling could bind U.S. courts came to the Supreme Court last year, but the court dismissed the case after the Bush administration, invoking the president's foreign policy powers, announced that it would require Texas state courts to give the Mexicans a new hearing -- and then withdrew the United States from the part of the convention that says it must abide by the international court's rulings.

Yet the two cases argued yesterday raise what may be much more fundamental issues -- whether the international court's interpretation of the convention should essentially be binding on all states.

Backed by the Bush administration and by 28 other states, Virginia and Oregon counter that neither the treaty nor the international court's ruling can trump the states' own rules of criminal procedure.

To decide that noncitizens can belatedly raise Vienna Convention claims, they argue, would give noncitizens in this country a right that Americans do not have with regard to claims under the Constitution, and that is denied to Americans by governments abroad.

"These treaty claims should not be treated more favorably than constitutional rights," Virginia's solicitor general, William E. Thro, told the court.

Several justices suggested that because U.S. law already requires states to provide suspects lawyers, the remedy for the international court's concerns is to give defendants whose lawyers fail to tell them about the Vienna Convention the right to appeal. Such "ineffective assistance of counsel" claims are already allowed.

The cases are Bustillo v. Johnson , No. 05-51, and Sanchez-Llamas v. Oregon , No. 04-10566. A decision is expected by July.

Rape Allegations Cast Pall At Duke (USAT)

By Sal Ruibal

USA Today, March 30, 2006

DURHAM, N.C. — The flier being distributed outside Duke's student union Wednesday night looked like a wanted poster: 40 faces of young men, smiling smugly for the camera.

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What was most disturbing to those gathered was the possibility several of the Duke men's lacrosse players whose photos were arranged in those neat rows may have committed criminal charges, including forcible rape and sodomy.

These men are wanted on the Duke campus. Their fellow students want them to come forward about what happened in a shabby off-campus house March 13. Police say the athletes have refused to cooperate with their investigation.

That night a North Carolina Central University student who worked as a private party dancer claims she was raped and showered with racial epithets by three men at a party organized by three captains of the team and attended by many members of the nationally-ranked Duke squad, police say.

"Please Come Forward," the flier's headline reads.

The flier was distributed Wednesday night at a "Take Back the Night March" that was scheduled well before the details of the alleged spring break rape emerged this weekend when it was learned that 46 members of the team submitted to DNA sample requests from the Durham County law enforcement officials.

The players have told school officials the assault did not occur.

The flier has only 40 photos, however, because university officials removed the team rosters and photos from its GoDuke.com website Monday morning for what assistant sports information director Art Chase said were "safety reasons."

Alvaro Jarrin, a Duke graduate student, wore a T-shirt imploring the silent players to speak up.

"It is important that we not let this go down easily," he said as hundreds of marchers began gathering on Duke's east campus. "There's a culture of rape at Duke, so we're hoping this will get them to speak up. This rape is a symptom of a larger problem at Duke."

Other wore signs that read, "It isn't what Duke has, but what it lax," a reference to a commonly used abbreviation for lacrosse.

The march was the final pressure point in a day filled with campus tension over the allegations.

The cycle began late Tuesday night after Duke President Richard Brodhead announced that he was suspending the team "until there is a clearer resolution of the legal situation involving team members."

Brodhead was confronted by upset students after the press conference and agreed to meet with them Wednesday morning. Some of the students then occupied the room where the meeting had been hastily arranged, calling it a "Sleep-In."

They met with the president in the morning, but the school banned off-campus media from covering the discussion. Some students left the meeting unconvinced that the school was taking a hard line on sexual violence on campus.

Senior Zachari Curtis says the alleged rape is just another example of the abuse of privilege that exists on many levels at Duke.

"The larger community at Duke, for whom we are just scenery, don't have to think about these complicated things," says the Fulbright Scholar who will study in Brazil after her graduation this spring.

"The members of this lacrosse team aren't the only people who exercise their privilege on the bodies and minds of those of us in their environment."

To make matters even more tense, this is Sexual Assault Prevention Week on campus. Seminars had been scheduled, but the recent events brought a poignancy to lectures and displays of anti-rape materials at Duke.

Although the team is not playing games, a practice was held under the watchful eye of campus police — in SUVs, on foot and on mountain bikes — brought in to prevent any disturbances.

The players appeared with their full-face helmets on while photographers and video crews recorded their every move. After 30 minutes, the media was asked to leave.

Brodhead insists that the school is not being easy on the players.

"The facts of the March 13 episode remain unclear," he said in a prepared statement.

"To determine responsibility, we need to learn the full truth as quickly as possible. ... I have confidence in the (Durham) authorities to find the truth and take whatever legal steps are necessary in the best interests of the community."

As Life Returns To New Orleans, So Does Crime (NYT)

By Adam Nossiter

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The New York Times, March 30, 2006

NEW ORLEANS, March 29 — The wail of police sirens is back, and gunfire again punctuates the night. As drug dealers move into flood-damaged houses, alarmed residents say that in the last few weeks, they have begun to sense a return to the bad old days before Hurricane Katrina, when crime was an omnipresent straitjacket on life in this city.

In a city that once led the nation in homicides per capita, crime has long been a leading indicator of New Orleans's health and prospects — an unavoidable part of the equation for a walk around the block or a trip to the grocery store.

That diminished greatly after the storm, when several hundred thousand people were evacuated. But there are signs that the past may be returning, with a new twist.

Police officials say the landscape of abandoned houses, stretching block after block, after Hurricane Katrina is being incorporated into a revived drug trade, with the empty dwellings offering an unexpected convenience to dealers returning from Houston and Atlanta.

Residents concur, pointing to this boarded-up house or that abandoned-looking shed as a place where they have seen young men congregating.

"It's coming back," said Capt. Timmy Bayard of the New Orleans police, who is in charge of narcotics investigations.

"It's not as plentiful as it was," Captain Bayard said. But, he added, "We're starting to grab some people." His men, searching abandoned houses in the Eighth Ward, have found drug stashes. He said it was like "looking for a needle in a haystack."

There are popping sounds of gunfire at night in the Central City and St. Roch neighborhoods flanking downtown — not as often as before, but enough to induce unease.

"Less, yeah, but it's started back up," said the Rev. A. P. Williby, who owns a house in Central City. "Shooting and killing — that's what we had before. It ain't going nowhere."

Two shootings, one of them fatal, occurred in January and earlier this month.

Parasol's, a classic old-line bar in the Irish Channel neighborhood, was held up at midnight recently. And a young man was killed after handing over his wallet in the Faubourg Marigny, a neighborhood of popular bars and restaurants.

On Web forums, there are reports of robberies and break-ins.

In Houston, which reported a sharp spike in killings after Hurricane Katrina, police officials say they have noticed a decline since the beginning of the year. Homicides were up 24 percent in 2005, but Houston police officials say the number would have been down 2 percent, absent cases in which either the suspect or the victim was a storm evacuee.

Last fall, there were "multiple" hurricane-related killings in Houston nearly every weekend, said Sgt. Brian Harris of the Houston police, but the violence had significantly eased, he said.

New Orleans again appears to be drawing the people who wreaked havoc on its streets before the storm. A local murder suspect wanted in Houston, for example, drifted back here and was arrested this month in Kenner, a New Orleans suburb.

In the past, even when there were lulls in crime, many residents felt as if they were living in a city under siege. Perception became part of the reality, fueling an exodus of whites and blacks to the suburbs or out of state.

The drug culture has been deeply ingrained here and never fully disappeared. A local rapper called Juvenile, in his new post-hurricane album, declaims: "E'ybody need a check from FEMA/So he can go and sco' him some co-ca-een-uh."

But crime is nowhere near its pre-storm levels. With the city's population reduced by at least three-fifths, statistics indicate that crime is down 60 percent to 70 percent over all, the department said.

There have been 16 killings this year, compared with more than 60 for the same period last year, which means quieter days for the police but still works out to an annualized rate of 32 killings per 100,000 people, ahead of Cleveland and Chicago.

A gnawing sense of vulnerability, particularly in poorer neighborhoods, is returning. On any block, it may have no more concrete basis than the sight of young men hanging out, but it is real nonetheless.

"They're beginning to surface again," said Alfred Barrow, a newspaper deliverer, painting his porch on an empty-looking block at Third and Magnolia in Center City.

"I'm out here throwing papers at 3 a.m., and I see them. What reason is there for them to be out there?" The anxiety is not helped by the Police Department's struggle to return to normal. At about 1,400 officers, the department is not far from its strength of just under 1,600 officers before Hurricane Katrina.

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But the department is operating out of trailers, much of its data-gathering capability is impaired because of storm damage, and about 80 percent of its officers lost their homes in the storm.

There is evidence that the non-working poor — the population most implicated in crime, as victims and perpetrators — may be returning in higher percentages, for now, than middle-class residents washed out by the storm. A population map prepared for the city appears to suggest as much.

"It looks like the worst have come back," said Andrew Jackson, a homeowner on Villere Street in the Eighth Ward.

"That house over there," he said, pointing to an empty-looking dwelling down the block where he said youths congregate. "You don't see 'em during the day, but you see them at night."

There are a few hopeful signs. Before, this was a city virtually awash in guns, experts say. The contractor who cleaned up the city's storm drains after Hurricane Katrina said his crews had recovered at least a dozen firearms. Guns are not as prevalent, the police say.

Another aid, officers and residents say, is a new level of cooperation from citizens who had traditionally mistrusted the New Orleans police.

For years, the police here had complained that witnesses and residents refused to help, fearing retribution from gangs and drug dealers.

Killings in broad daylight on busy blocks produced few or no witnesses.

Now, "the people who are here are the people who want to be here, and they don't want that back," said Kenny Zeiger, who described his block in the St. Roch area as "one of the three worst corners in the neighborhood" for drug activity before the storm.

"The people are calling the cops more," Mr. Zeiger said.

Capt. John Bryson commands the Sixth District in Central City, a high-crime area.

"It's incredible," Captain Bryson said. "People you normally wouldn't believe would want an association with the Police Department call us up."

He is confident about keeping the lid on, even as more people return.

"We have control," he said. "We have gained this ground."

Less than a mile away, Mr. Barrow, the newspaper deliverer, is skeptical — about the present, and the future.

"It don't take much to improve what it was," he said, "because what it was, was probably the most vicious killing scene in the U.S."

9/11 Method Aids In Katrina ID (WT)

By Jennifer Harper

The Washington Times, March 30, 2006

They are among the last victims of Hurricane Katrina, unknown but not abandoned: 70 nameless bodies recovered from floodwaters and debris are being tended by volunteer geneticists determined to identify them through DNA testing.

It is methodology reluctantly honed after the September 11 attacks.

"Pulling together the infrastructure -- from experts in various disciplines and from medical centers around the country -- is a skill forensics experts gleaned from 9/11. Most of us hoped it was a once-in-a-lifetime event, but sadly, it was not," said Joan Bailey-Wilson, a statistical geneticist at the National Institutes of Health who helped New York coroners identify World Trade Center victims in 2001.

She is coordinating the team of scientists from 30 medical institutions eager to help on the Gulf Coast.

More than 1,600 people are known to have been killed in Louisiana and Mississippi as a result of Hurricane Katrina, which slammed ashore along the Gulf Coast seven months ago. Most of those bodies have been returned to their families, but 2,000 people are still listed as missing.

The difficult task of identifying bodies bears testimony to the power of the storm. Personal effects were washed away or contaminated, and dental and medical records are gone.

The circumstances present a stark challenge for geneticists who must match unique patterns of genetic traits taken from DNA samples found in blood, combs or toothbrushes with the patterns of surviving family members.

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First, they must find the families. Slowly, displaced relatives have been located by the Louisiana State Police, the Louisiana Family Assistance Center and volunteers. Survivors are offering DNA samples -- simple mouth swabs -- hoping they will match DNA from a recovered body.

Some remains, the scientists say, were only recently pulled from debris.

"One of the lessons learned from 9/11 was that talking to the families about the missing is skilled detective work," said Johns Hopkins genetic epidemiologist Elizabeth Pugh, who assisted New York officials five years ago and is helping state police ensure accurate matches.

Their work has just begun.

"Just knowing the grief these families are going through is what motivates me," said geneticist Nicole Johnson, who volunteered in Louisiana to reconstruct the family trees "of those presumed lost."

The first three geneticists arrived in Baton Rouge in mid-March with more arriving in June. Though computer-assisted DNA matches can speed the process, creating a genetic portrait of a family is "a sensitive and time-consuming task," Mrs. Bailey-Wilson said.

She continues to field hundreds of calls from geneticists and other medical personnel offering help. The effort, she said, "is bridging the gap between genetic and forensic medicine to help make our country better prepared to deal with a massive disaster."

The Cost Of Errant Justice (WP)

By Brian Forst

The Washington Post, March 30, 2006

A March 6 Post editorial lamented the District's appallingly low homicide closure rate. Last year just 43 percent of all known homicides reported to the D.C. police department resulted in a prosecution. While this number is low, it turns out that the problem -- most serious offenders evading punishment -- is not unique to the District. Consider the roughly 15 million felony victimizations that occur annually in the United States. Just half of these are reported to the police, and only a million or so defendants in those cases are convicted, leaving well over 10 million failures each year to convict serious, culpable offenders.

Errors on the other side -- wrongful convictions -- are equally noteworthy, even if less frequent. Estimates of erroneous convictions range from 0.5 percent to about 1.3 percent, suggesting something like 10,000 wrongful convictions annually. Civil libertarians have compiled a list of people convicted of capital murder and later exonerated. In 2001 then-Justice Sandra Day O'Connor cited 90 such releases since 1973. At last count the number had risen to 175.

But the problem of such errors is more than a matter of counting misses on both plates of the scale of justice. Even if there are many more failures to convict than wrongful convictions -- and even if no one has been wrongfully executed in the 30 years since the Supreme Court reinstated the death penalty (no one really knows) -- wrongful imprisonments impose huge costs on innocent people: loss of freedom, lost companionship of loved ones, lost livelihoods and difficulty getting decent jobs after years in prison. And they impose parallel losses on families and friends of the wrongfully convicted and services lost to the community. These are extremely costly errors.

And they are gross injustices. Perhaps the greatest cost of wrongful convictions is their corrosive effect on the legitimacy of the criminal justice system. Typically a product of erroneous witness identification and bad luck, wrongful convictions seriously undermine the public's confidence in police, prosecutors and the courts. They are double errors, reflecting also failures to bring to justice those who actually committed the acts, sometimes enabling the commission of further crimes.

In his last days in office as Virginia's governor, Mark Warner took unprecedented action to deal with the problem. He ordered thousands of decades-old cases involving DNA evidence to be reopened following the discovery of files containing meticulously preserved samples of blood, semen and saliva, ready for retesting using technology that had not been available when the evidence was originally collected. DNA analysis of evidence in a small sample of these cases induced Warner to pardon two inmates wrongfully convicted of rape. This work to expose and correct errors of justice -- and to validate the accuracy of other old cases -- may prove to be Warner's greatest legacy, not only to Virginia but to the nation's criminal justice system.

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Some errors of justice are inevitable, but we could manage them much more effectively than we do. Sophisticated systems are in place to manage mistakes in other fields: scientific research and production processes, for example, or to balance the risk of loss against the yield in financial portfolios. And yet no such systems exist with regard to the vitally important business of determining guilt or innocence in criminal cases.

This can be fixed. The use of modern management methods and more widespread availability of effective forensic technology could go a long way to solve more of these crimes and reduce both types of error. DNA evidence gives us a unique window into errors for those crimes for which the evidence is available and relevant. We can use this window to estimate rates of errors for those crimes. We can do more to assess the social costs of both wrongful convictions and nonconvictions for each major crime category: The costs to the community of failures to convict serial rapists and one-time shoplifters are clearly in different leagues. We can learn more about the relationships between police and prosecution policies and errors of justice. And in old, settled cases with valid DNA evidence, as in Virginia, we may be able to find further errors of justice and correct them. Better late than never.

The writer is professor of justice, law and society at American University's School of Public Affairs and the author of "Errors of Justice: Nature, Sources and Remedies."

CIVIL LAW:

Justice Department Subpoenas Reach Far Beyond Google (INFOWEEK)

By Thomas Claburn, InformationWeek

Information Week, March 30, 2006

In its effort to uphold the 1998 Child Online Protection Act (COPA), the U.S. Department of Justice is leaving no stone unturned. Its widely reported issuance of subpoenas to Internet search companies AOL, MSN, Google, and Yahoo is just the tip of the iceberg: The government has demanded information from at least 34 Internet service providers, search companies, and security software firms.

Responding to a Freedom of Information Act request filed by InformationWeek, the Department of Justice disclosed that it has issued to subpoenas to a broad range of companies that includes AT&T, Comcast Cable, Cox Communications, EarthLink, LookSmart, SBC Communications (then separate from AT&T), Symantec, and Verizon.

Asked which companies objected to, or sought to limit, these subpoenas, Department of Justice spokesperson Charles Miller declined to comment because the litigation is ongoing. He also declined to comment on utility of the information gathered by the government.

The documents presented to InformationWeek reveal that some companies did object to the government's demands. In an E-mail sent to the Department of Justice last July, Fernando Laguarda, an attorney representing Cablevision Systems Corp., characterized some of what the government was asking for as "overly broad, vague, ambitious, and unduly burdensome."

In a letter sent to the Department of Justice in August, Joseph Serino Jr., an attorney representing Verizon, voiced similar objections. However, he clearly states that his objections are routine and intended protect the company.

The one exceptional objection he cites has to do with the sensitivity of the information sought. Serino said Verizon Online is concerned that documents might be forwarded to people working for entities hostile to Verizon Online, or suing the company, including the Justice Department itself, and the American Civil Liberties Union.

Verizon did not respond to requests for comment.

The subpoenas were issued between June and September, 2005. Beyond AOL, MSN, Google, and Yahoo, the only other search engine subpoenaed was LookSmart.

It's likely, however, that the government's interest in LookSmart stems not from the company's search engine but from its ownership of Internet content filtering software company Net Nanny.

LookSmart declined to comment about the information it was asked for and the information it provided. EarthLink likewise declined to comment.

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The bulk of the subpoenas were directed at Internet service providers and makers of content filtering software. The effectiveness of filtering technology is a critical issue in the COPA case. If the Department of Justice can prove that filters fail to shield minors from explicit material online, COPA may well be reinstated.

The full list of companies subpoenaed by the Department of Justice includes: 711Net (Mayberry USA), American Family Online, AOL, ATT, Authentium, Bell South, Cable Vision, Charter Communications, Comcast Cable Company, Computer Associates, ContentWatch, Cox Communications, EarthLink, Google, Internet4Families, LookSmart, McAfee, MSN, Qwest, RuleSpace, S4F (Advance Internet Management), SafeBrowse, SBC Communications, Secure Computing Corp., Security Software Systems, SoftForYou, Solid Oak Software, Surf Control, Symantec, Time Warner, Tucows (Mayberry USA), United Online, Verizon, and Yahoo.

The subpoenas directed at security software companies asked for a substantial amount of information: any and all documents that fall into 29 separate categories including the kinds of content filtering products or services offered, the number of customers using those products or services, how users configure their filters, how filters get updated, R&D spending on such products, the methodology used to generate blacklisted or filtered sites, and pretty much any data gathered that relates to the use of filters.

"What they are doing, from our perspective, is engaging in a massive fishing expedition, in an attempt to find some shred of evidence that they think can change a result they didn't like, which is that COPA violates the First Amendment," says Aden Fine, an attorney for the ACLU.

While the government's demands for information from Internet search engines have privacy implications for individuals, its interest in corporate information raises questions about the rights of businesses.

Stephen Ryan, a partner at Manatt Phelps & Phillips in Washington D.C., considers the scope of the government's discovery efforts unusual. "I'm not surprised that the Google piece looks like the tip of an iceberg," he says. "But it is sort of surprising that they're using their authority this broadly."

Ryan acknowledges that government subpoenas place undue burdens on companies every day, noting that there are probably scores of attorneys at large ISPs who do nothing but process subpoenas. He suggests that as information technology produces more information, that the government will want greater access to that data.

With regard to the financial impact of subpoenas, Ryan notes, "If you look at the Office of Regulatory Affairs at Office of Management and Budget, there's something called the Paperwork Reduction Act. And there's supposed to be an evaluation of the burden that a government law or regulation will make on the public. I'll bet there's never been a burden analysis of what they're doing."

Justice Department spokesman Miller said he would inquire about this but did not have an immediate answer.

Dan Jude, however, did. Jude, president of filtering software company Security Software Systems, confirms that the subpoena his 12-person firm received was a burden. "It was a pain," he says. "I don't have exact figures but it took 40-plus hours to put stuff together."

Jude says the Department of Justice asked for proprietary information about his company's content filtering software. Despite assurances the information would remain confidential, he says he refused that particular demand, fearing that it might be revealed by a Freedom of Information Act request.

Jude contends the government's efforts to prop up COPA are misguided. "It's a waste of time," he says, noting that he testified before the COPA Commission about the prevalence of explicit material online in August, 2000. The problem, he says, is that U.S. legislation has no teeth because half of the Web servers with explicit content are located in other countries.

If COPA were to be reinstated, Jude suggests that the Department of Justice would have to turn ISPs into content police in order to deal with offshore offenders.

As someone who sells a technical solution, it's perhaps not surprise that Jude has faith in filtering. "The great thing about the technology is that it allows parents to make the determination of what they want their kids to be able to do and not to do," he says. "And isn't that what we're supposed to be doing in this country?"

Judge: Delco Boy Killed Responding To Fire Deserves Death Benefits (PHI)

DOJ_NMG_0023871

By Jeff Price

The Philadelphia Inquirer, March 30, 2006

After years of hearings and appeals, U.S. Court of Federal Claims Judge Marian Blank Horn on Monday overturned a U.S. Justice Department decision that denied death benefits to a 14-year-old junior firefighter who was killed riding his bike to answer a fire alarm.

The Justice Department had maintained that because Christopher Kangas, an eighth-grader at Northley Middle School in Brookhaven at the time of his death, was a trainee, he did not qualify as a public safety officer.

Without the title, the junior firefighter was not eligible for federal death benefits, and, most important to his mother and his fellow firefighters, not eligible to have his named inscribed on the National Fallen Firefighters Memorial.

"Christopher Kangas died 'in the line of duty' and was a 'firefighter' authorized to be at a fire scene and perform duties as part of a team engaged in the 'suppression of fires' at the time of his death," she wrote in Washington.

Chris's mom, Julie Amber-Messick, did not try to hide her joy.

"I'm in shock," she said this afternoon, reading again the judge's decision. "I keep looking at that paragraph, that he was a firefighter, that he was a member of a team - we were right!

The Justice Department, which has 60 days to appeal the ruling, did not return a phone call seeking comment.

Judge Rules In Favor Of Fallen Junior Firefighter's Family (AP)

AP, March 30, 2006

WASHINGTON - An appeals court has ruled that the family of a 14-year-old junior firefighter from Pennsylvania killed while responding to a fire is eligible for federal benefits.

Christopher Kangas, of Brookhaven, Pa., was struck by a car two blocks from the Brookhaven fire station while responding on a bicycle to a fire on May 4, 2002.

The Justice Department ruled that Kangas did not meet the definition of a public safety officer under the 1976 Public Safety Officers' Benefits Act because he was a trainee.

But Monday's ruling by Judge Marian Blank Horn in the U.S. Court of Federal Claims reversed that decision. Kangas' family is now eligible for $250,000 in benefits and Kangas' name can be added to the National Fallen Firefighters Memorial in Emmitsburg, Md.

Rep. Curt Weldon, R-Pa., who testified at a hearing on behalf of Kangas' family, praised the ruling on Wednesday.

The Justice Department has 60 days to appeal the ruling.

FEC's Coordination Ruling Could Shake Up The Midterms (HILL)

By Elana Schor

The Hill, March 30, 2006

The Federal Election Commission (FEC) is set to rule next week on when TV spots, print ads and other advocacy buys from outside groups should be treated as in-kind campaign contributions.

Some party committees are asking the agency to change its standard.

Under campaign-finance rules, a political ad is deemed coordinated and treated as a contribution subject to McCain-Feingold limits when it meets a three-part test.

In July, however, a federal court struck down part of the "content" test, which sets different rules for ads running more than 120 days before a primary or general election.

Under the test, an ad could avoid being tagged as coordinated if it runs outside the 120-day window and does not use "express advocacy language" urging a vote for or against a specified candidate. The court questioned the FEC's rationale for choosing a 120-day window and asked the agency to look into when the majority of party advertising is purchased.

Democracy 21 President Fred Wertheimer cited Illinois's early primary as an example. Illinois Democrat Tammy Duckworth last week won a close primary against Christine Cegelis and will take on state Sen. Peter Roskam (R) in November.

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"Between the primary and four months out from the general election — which is July — you can run ads every day written by the lawmaker, paid for by an outside group, attacking that lawmaker's opponent, as long as they don't contain express advocacy," he said. "Most ads don't contain express advocacy language anyway."

For an ad run within the 120-day window to be considered coordinated, according to current rules, it must refer to a political party or a clearly identified candidate in addition to being targeted to that candidate's electorate.

In comments submitted in advance of next week's ruling, Congress's four party committees have all recommended shrinking the window, increasing the number of ads that would have to meet the weaker "express advocacy" test to be considered coordinated.

The Democratic Senatorial Campaign Committee (DSCC) and Democratic Congressional Campaign Committee (DCCC), through counsels Robert Bauer and Marc Elias, asked the FEC to replace the 120-day window with the 30- and 60-day windows that determine when an ad or mailing qualifies as an "electioneering communication."

A 90-day window, the Democratic commentators wrote, "would be the outer limit of any plausible extension."

The general counsels of the National Republican Senatorial Committee (NRSC) and National Republican Congressional Committee (NRCC) agreed.

"The Commission is completely justified in limiting the reach of its coordination rules, without fear of circumvention," wrote NRCC counsel Donald McGahn.

Wertheimer, along with fellow watchdogs at the Center for Responsive Politics and the Campaign Legal Center, disagrees. They handed the FEC copies of Club for Growth ads critical of Sen. Lincoln Chafee (R-R.I.) and Montana Democratic Party ads critical of Sen. Conrad Burns (R-Mont.), among others.

The three watchdogs urged the FEC to add another standard to the 120-day window that would ensnare ads placed by 527s and nonprofit 501(c) groups avoiding the use of express advocacy language.

McCain-Feingold's lead sponsors — Sens. John McCain (R-Ariz.) and Russ Feingold (D-Wis.) and Reps. Christopher Shays (R-Conn.) and Marty Meehan (D-Mass.) — weighed in with comments in January that blasted the FEC's coordination rule as "even weaker than the one Congress repealed" by passing their landmark law.

FEC Commissioner Ellen Weintraub, a Democrat, said the panel is negotiating over what the new rule should look like. The FEC's initial rulemaking notice suggested seven possible outcomes, including "adopt a different timeframe" to replace the 120-day window.

"We have a lot of different options on the table, and it's all in flux right now," Weintraub said. "I'm not sure that this whole framework of a three-part test is what I would have come up with on my own, but we're not starting with a blank slate … I'm probably not going to be supportive of an entirely new approach."

Weintraub and fellow Commissioner Robert Lenhard, the FEC's vice chairman, said the agency has not ignored the crucial pre-midterm timing of its new rule.

"We're mindful that this is occurring during an election year," said Lenhard, who defended the FEC's existing coordination rule, including the 120-day window. "I don't think there's a lot of evidence of illegal coordination going on out there," he said.

Americans for Job Security, a business-backed 501(c) group, drew fire in December from the campaign of Pennsylvania state Treasurer Bob Casey Jr. (D), who is challenging Sen. Rick Santorum (R-Pa.). Casey filed an FEC complaint after the group spent $500,000 on ads supporting Santorum, and Casey supporters charged the Santorum campaign with illegal coordination.

The Watchdog Awakes (NYT)

The New York Times, March 30, 2006

The Federal Election Commission finally did the right thing in ruling that the Internet must not be used as a conduit for unregulated salvos of big-money political advertising. Scolded by a federal judge, the commission reversed its earlier rule that threatened to turn the Web into a giant trough for the six- and seven-figure donations from corporations, unions and fat-cat influence shoppers that Congress banned in the campaign reforms of 2002.

The F.E.C. ruling against such "soft money" corruption is welcome as well for its ringing endorsement of the free-speech rights of political bloggers, who had been concerned that they would be unfairly hobbled by any campaign controls on the Web.

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To the contrary, bloggers have now been assured of the same wide latitude to opine free of government control as newspapers enjoy, so long as they are not paid by a political campaign.

The commission's action is timely for effectively skewering a brazen attempt in the House this week to make the Internet a soft money cornucopia beyond the reach of campaign law. The measure was peddled in the name of protecting bloggers' free speech, but that veil has been shredded by the F.E.C.'s rule. House Republican leaders wisely pulled the measure from the agenda rather than laying bare the political greed of trying to make the Web a supermarket for influence peddling.

CIVIL RIGHTS:

Justice Department Approves South Carolina Primary Plan (AP)

AP, March 30, 2006

COLUMBIA, S.C. - The U.S. Justice Department has approved South Carolina's plans for the June 13 primary.

"They cleared it," state Sen. Larry Martin, R-Pickens, told the Senate on Wednesday. "So, it's already in effect and it's ready to go."

In February, the Justice Department challenged the state's runoffs because they come just two weeks after the primary. Agency lawyers said that was not enough time for overseas and military voters to receive and return runoff ballots.

The Legislature approved changes in the state's election laws that lets overseas and military voters rank primary candidates to indicate who they would vote for in a runoff. The law change also lets overseas and military voters cast ballots by fax or e-mail.

Civil Rights Groups Urge Feds To Block Georgia's Voter ID Law (AP)

AP, March 30, 2006

ATLANTA – Civil rights groups have asked the U.S. Justice Department to block a new Georgia law that requires a photo ID to vote.

More than two dozen civil rights, community, religious and citizen advocacy groups sent a letter to the department on Tuesday.

The law was signed by Republican Gov. Sonny Perdue in January but needs Justice Department approval before it can be enforced.

Even if the department approves it, a federal judge could stall the law. An earlier version of the law was blocked by a federal judge in October.

It makes Georgia one of seven states that require a photo ID such as a driver's license to cast a ballot. The law eliminates several forms of identification previously accepted at the polls, such as Social Security cards, birth certificates and utility bills.

Unlike last year's version, the new law would provide a free state-issued photo ID card to anyone who needs one.

Perdue and others say the measure will help crack down on voter fraud. Democrats claim the Republicans are trying to suppress voting among blacks, poor people and the elderly, who are less likely to have driver's licenses.

Under the federal Voting Rights Act, the South and other parts of the country with a history of discrimination need federal approval for changes in their election laws.

Man Faces 10 Years In Sex-slave Plea (FMNP)

By Grant Boxleitner

Fort Myers (FL) News-Press, March 30, 2006

A Guatemalan man whose arrest in 2004 unveiled the dark secrets of human trafficking in Southwest Florida pleaded guilty Wednesday to all federal charges facing him.

Under the plea agreement, Fernando Pascual, 22, will do 10 years in prison, with no chance for early release, said Chief Assistant U.S. Attorney Douglas Molloy. Pascual's guilty plea spares the 15-year-old victim in this case, who was held against her will and forced to be a sex slave, from having to appear in open court for a trial.

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His guilty plea comes nearly two years after his arrest.

Pascual was charged with sex trafficking and harboring immigrants for commercial gain.

“He has accepted responsibility for what he did,” Molloy said. “This is what the victim wanted. This was the best resolution in this case.”

The Guatemalan teenager told investigators she was forced to cook, clean house and used as a sex slave by Fernando Pascual. She was enslaved, raped, beaten and impregnated, investigators said.

A neighbor reported the girl’s story to the FBI, which prompted a federal investigation.

Pascual’s sister, Matilde Pascual Andres, 26, pleaded guilty to harboring the girl and making her help prepare food for migrant workers.

She agreed to cooperate against Pascual, Molloy said. Pascual, Andres and husband, Pascual Sebastian Miguel, have been in custody since May 20, 2004, when detectives from the Lee County Human Trafficking Unit raided a North Fort Myers home where they were residing. The abuse happened at a home in Cape Coral. The victim and her baby were no longer living with the family.

Miguel pleaded guilty in February to harboring illegal immigrants.

The News-Press investigated the case in 2005, reporting that safety nets designed to protect Florida's children from abuse failed the girl for more than 1 1/2 years.

Bills Fail To Change Voting Rules For New Orleans Election (AP)

By DOUG SIMPSON, Associated Press Writer

AP, March 30, 2006

BATON ROUGE, La. - The Rev. Jesse Jackson went to the state Capitol on Wednesday with his campaign to make it easier for displaced New Orleans residents to vote in the April 22 mayor's race, but he got no help from a Senate committee.

The Senate and Governmental Affairs Committee rejected a bill that aimed to create "satellite voting centers" in other states, so registered voters now living out of state could cast ballots without traveling back to Louisiana.

Jackson testified that forcing displaced voters - most of whom are black - to pay for transportation back to New Orleans amounted to a "poll tax" akin to those that existed in the Jim Crow era.

Opponents questioned whether Louisiana would get full cooperation from the other 49 states where Katrina evacuees now live.

Sen. Jay Dardenne called the plan "a recipe for litigation," arguing that it would provoke lawsuits alleging that different voters received different treatment depending on which state they voted in.

"You have to have a consistent plan that treats everyone alike," said Dardenne, R-Baton Rouge. "It is virtually impossible ... to envision how you could implement that on a nationwide basis."

The bill, by Sen. Cleo Fields, D-Baton Rouge, failed on a 3-3 vote.

State election officials have taken several steps to help residents displaced by Hurricane Katrina vote in the April 22 municipal elections, including easing restrictions on mail voting and setting up offices around the state where residents can cast early ballots prior to election day. But some civil rights groups say the state has not done enough.

A federal judge this week turned back their efforts to delay the election. Meanwhile, some lawmakers in the session that began Monday are pushing various bills they hope will further ease displaced residents' ability to vote.

Another Fields bill would have required the Louisiana Secretary of State's office to mail absentee ballots to all voters displaced by a natural disaster and living at a new address. Under current law, such voters receive an absentee ballot only after requesting one by mail - a process Fields and Jackson called an "undue burden."

While that bill could not have made it through the Legislature in time to affect the April 22 election, it could have been passed in time for the expected May 20 runoff.

But Sen. Chris Ullo amended it so that it would not take effect until after the runoff. Ullo, D-Harvey, said he was reluctant to tinker further with the New Orleans elections, after the U.S. Justice Department has already approved other changes that include shifting the primary date from February to April.

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The panel approved the watered down bill with a 4-2 vote, sending it to the full Senate. Dardenne and Sen. Noble Ellington, D-Winnsboro, voted against it.

New Orleans Officers Indicted In Beating (AP)

By Mary Foster

AP, March 30, 2006

NEW ORLEANS - Two former New Orleans police officers who were caught on videotape beating a retired teacher were indicted on felony charges that could send them to prison for years.

The officers - Robert Evangelist and Lance Schilling - were fired after the Oct. 8 beating of Robert Davis, 64, was captured on video by an Associated Press Television News crew covering the aftermath of Hurricane Katrina.

Evangelist, 36, faces up to 10 years in prison if convicted of false imprisonment while armed with a dangerous weapon and second-degree battery. Schilling, 29, could spend five years behind bars if convicted of second-degree battery.

"I hope this will result in something good for our city," said Davis, who spent more than an hour Wednesday testifying about the beating, which left him lying on the street, hands cuffed and blood flowing from his head and face.

A third officer, Stewart Smith, 50, was charged with simple battery. If convicted, he faces up to 6 months in jail and a $500 fine. Smith was suspended for 120 days but remains on the force.

Evangelist and Schilling were charged with battery against Davis, and Smith was charged with battery against a reporter.

A telephone call Wednesday to an attorney representing Evangelist, Schilling and Smith for comment was not returned.

Police Superintendent Warren Riley said in a statement late Wednesday that Smith would be reassigned to desk duty pending the outcome of his trial.

After the grand jury appearance, Davis told reporters that he still has headaches and back problems. He had to interrupt his testimony to take medicine.

The retired elementary school teacher said he had returned to the storm-struck city to check on his property and was looking for a place to buy cigarettes in the French Quarter when police grabbed him.

The videotape shows an officer hitting Davis at least four times on the head. Davis twisted and flailed as he was dragged to the ground. One officer kneed Davis and punched him twice.

Smith had ordered APTN producer Rich Matthews and the cameraman to stop recording. When Matthews held up his credentials, the officer grabbed him, jabbed him in the stomach and delivered a profanity-laced tirade.

The video also shows two FBI agents joining the police in subduing Davis. Their role is being investigated by federal officials.

A federal civil rights investigation also was launched.

"Without this videotape, I'm sure this case would be swept under the rug," said Davis' attorney, Joseph Bruno.

District Attorney Eddie Jordan agreed the videotape was important.

"Any time you have strong evidence, and I consider a videotape strong evidence, it helps your case," he said.

When asked if the false imprisonment charge meant that Davis should not have been arrested, Jordan said, "I think that's a fair inference."

Davis has pleaded not guilty to municipal charges of public intoxication, resisting arrest, battery on a police officer and public intimidation. His lawyer said this week he expects the charges will be dropped.

U.S. Attorney Says Harrison Sheriff Can't Talk About Inmate Death (AP)

AP, March 30, 2006

GULFPORT, Miss. - U.S. Attorney Dunn Lampton says Harrison County Sheriff George H. Payne Jr. cannot comment on the death of a jail inmate because of federal statutes that apply to grand jury matters and ongoing investigations.

County supervisors had asked Payne this week to talk to them about the death of Jessie Lee Williams Jr. Williams was allegedly beaten by jailers in the booking room of the county jail on Feb. 4. Without details, supervisors said they are ill-prepared to respond to a wrongful death lawsuit in which they are among defendants.

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Payne said sheriff's department was not part of the investigation and Lampton told him that the department was not "to comment in any shape, form or fashion on the case or the investigation."

Cy Faneca, Payne's attorney, told supervisors he tried to get permission from the U.S. Justice Department to show them the booking room videotapes, but was denied.

Lampton confirmed Tuesday that he told Payne not to comment.

The videotapes, Lampton said, likely will be released at a later time, "but probably not as quickly as you would like."

The original videotapes are in federal possession, an issue of concern to attorneys for Williams' estate. They haven't been able to get copies, either.

The case would move quicker, if it was only a state investigation, Lampton said.

"If we arrest someone, we have to be prepared to take it to a grand jury in 30 days. It is more important to worry about the end result, to be fair and have sufficient evidence," he said.

No charges have been filed. A federal grand jury convenes the first and third week of each month, but a special grand jury can be convened if requested.

Attorney Michael W. Crosby, who filed a civil lawsuit on behalf of Williams' family, said Monday he is not giving up on gaining access to the tapes.

Board President Connie Rockco said it is frustrating for supervisors to be named as co-defendants and "know nothing about what happened."

The wrongful death lawsuit alleges former corrections officer Ryan Teel, 29, is the jailer who allegedly continued to beat, punch, choke and torture Williams while he was restrained and hog-tied.

Williams, 40, was in custody on misdemeanor charges of public drunk, simple assault on a minor and pointing and aiming a gun. He died at a hospital two days after the Feb. 4 arrest when he was taken off life support.

Teel was on administrative leave with pay for more than a month before his resignation.

Four other booking room officers are named in the lawsuit, but they apparently are still employed at the jail.

Court Rules Against Democrat In Leak Of Tape (WP)

By Christopher Lee

The Washington Post, March 30, 2006

Rep. Jim McDermott (D-Wash.) violated the rights of Rep. John A. Boehner (R-Ohio) and broke federal law 10 years ago when he leaked the contents of an illegally taped telephone call to the press, a federal appeals court ruled Tuesday.

In a 2 to 1 opinion, a three-judge panel of the U.S. Court of Appeals for the District of Columbia Circuit ordered McDermott to pay Boehner, now House majority leader, more than $700,000, including $60,000 in damages and hundreds of thousands of dollars for legal fees. Boehner had sued McDermott, alleging violations of federal and state wiretapping laws.

The tape was of a Dec. 21, 1996, conference call among Republican leaders, including then-House Speaker Newt Gingrich (Ga.), over how to handle the fallout of the ethics sanctions against Gingrich. Boehner, then the GOP conference chairman, was vacationing in Florida and participated on a cellular phone.

John and Alice Martin, Democratic activists from Florida, overheard the discussion on a police scanner and recorded it. The Martins gave the tape to McDermott; they later pleaded guilty to illegally intercepting the call and were each fined $500.

Boehner targeted his ire at McDermott, then the ranking Democrat on the House ethics committee, who he said leaked the contents of the tape to the New York Times and other news organizations in a blatant invasion of privacy.

"The reason I proceeded then, and the reason I continue to be engaged in this, is because while we all expect our political opponents to go after us, violating the law in the pursuit of your political opponents is, in fact, against the law and should not be tolerated," Boehner said this week.

Boehner said that twice in the past three years he offered to withdraw the lawsuit if McDermott agreed to admit that he was wrong, apologized to the House and donated $10,000 to charity.

DOJ_NMG_0023877

In a written statement Tuesday, McDermott said he "respectfully" disagrees with the appeals court's decision and is evaluating whether to appeal. "The American people have a right to know when their government's leaders are plotting to deceive them, and that is exactly what was happening" during the taped call, he said.

McDermott had contended that he did not break any laws by receiving the tape, and argued that penalizing him for making it public would violate his free-speech rights. The Washington Post, the Times and other news organizations filed briefs in support of McDermott's right to release the contents to the media.

McDermott lost the previous round in federal court in August 2004, when U.S. District Judge Thomas F. Hogan ruled that he "participated in an illegal transaction when he accepted the tape."

Two Chains Reject Magazine With Muhammad Cartoons (WP/AP)

By Associated Press

The Washington Post, March 30, 2006

BUFFALO, N.Y., March 29 -- Borders and Waldenbooks stores will not stock the April-May issue of Free Inquiry magazine because it contains cartoons of the Prophet Muhammad that provoked deadly protests among Muslims in several countries.

"For us, the safety and security of our customers and employees is a top priority, and we believe that carrying this issue could challenge that priority," Borders Group Inc. spokeswoman Beth Bingham said.

The magazine, published by the Council for Secular Humanism in suburban Amherst, includes four of the drawings that originally appeared in a Danish newspaper in September.

"What is at stake is the precious right of freedom of expression," said Paul Kurtz, editor in chief of Free Inquiry. "Cartoons often provide an important form of political satire. . . . To refuse to distribute a publication because of fear of vigilante violence is to undermine freedom of press -- so vital for our democracy."

"We absolutely respect our customers' right to choose what they wish to read and buy and we support the First Amendment," Bingham said. "And we absolutely support the rights of Free Inquiry to publish the cartoons. We've just chosen not to carry this particular issue in our stores."

Culture Wars: Beware Of Presuming Sameness (USAT)

By Jonathan Zimmerman

USA Today, March 30, 2006

I don't remember her name. But I can still picture my sixth grade student's frightened expression when I asked her to give the first classroom presentation that morning.

"Where I come from," she said, in a quivering voice, "girls don't go first." She was an immigrant from a Muslim country in the Middle East whose family had moved to Baltimore a few years earlier. I was a young social studies teacher at her middle school, fired with passion and idealism. I believed in my heart that schools should respect national differences. But I also believed that we should treat boys and girls in an equal fashion.

So how should I have responded? For years, I've put this question to my graduate students. Most side with the girl, citing her distinct cultural background. By forcing the girl to go first, my students tell me, I would be telling her, and the class, that there's something inferior about her culture. And that's not a message our public schools should transmit.

A vocal minority of students bridles at this approach. Some invoke a brand of liberal universalism: Girls and boys are endowed with equal rights, no matter what different cultures might say about it. Others emphasize America's own national rights and imperatives.

American values

Although other cultures do not award equal respect to girls, this argument says, America does; the Middle Eastern girl came to America, so America has both the duty and the responsibility to convert her to its ways.

I'm always a bit bemused by this debate, which masks a basic consensus about culture itself. Both sides assume that culture exists outside of history; that each person has one culture, and only one; and that we know what it is.

We don't.

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In my young student's country of origin, most people probably believed that "girls don't go first." But many thought otherwise. Mideast societies contain a huge variety of attitudes about gender and everything else. Culture collapses these distinctions, tricking us into thinking that all in the Middle East think the same. You know, those Middle Easterners. Always oppressing women; it's in their culture.

A century ago, Americans and Europeans spoke knowingly about civilization rather than culture. Only whites possessed it. The culture concept arose to challenge this racial hierarchy, insisting that every people, including people of color, had a distinct set of values, beliefs and habits. And though you might not share these beliefs and habits, you were enjoined to respect them. They weren't necessarily worse, or better, than yours; they were, quite simply, different.

Stereotypical views

The culture concept revolutionized Western thought, forcing us to acknowledge the huge distortions that a ladder of civilization based on race had fostered. But culture imposed distortions of its own, starting with the dubious idea that everybody in a given culture, or race, thinks in the same way.

This fallacy is richly bipartisan, as we've seen during the recent debates over the war in Iraq. President Bush's newly emboldened GOP critics insist that the culture of Iraq is so different, so authoritarian, so intolerant, so divided, that democracy will never take root there.

We hear much the same thing from Democrats, with a slightly altered inflection: Because our own culture is so different from Iraqi culture, we have no business trying to impose ours on theirs.

They're both wrong. America's war in Iraq might be misguided, for many reasons. But culture is not one of them. By making blanket claims about Iraqi culture, the war's critics place 25 million people in the same conceptual straightjacket.

And that brings us back to my young student. I'm not proud of this, but I let her go second. Today, I'd turn her objection into a set of questions. When you say "girls don't go first" in your homeland, what do you mean? Who agrees with this idea? Who doesn't?

Why do Americans continue to deny these differences in the name of culture? Now, more than ever, that's a question we need to ask.

Jonathan Zimmerman teaches history and education at New York University. He recently completed a history of American teachers in the Third World, to be published this fall.

ANTITRUST:

U.S. Antitrust Review Backs Whirlpool-Maytag Merger (NYT)

By Diana B. Henriques

The New York Times, March 30, 2006

The Justice Department's antitrust division announced yesterday that it had approved Whirlpool's purchase of its smaller rival Maytag, a $1.7 billion deal that will create one of the largest home appliance companies in the world.

Despite the dominant market share the merged companies would have, government lawyers concluded that the deal was not likely to reduce competition among home appliance manufacturers substantially, in part because of strong domestic rivals like General Electric and Frigidaire as well as rivals from abroad including LG, Samsung and Bosch.

Thomas O. Barnett, the assistant attorney general for antitrust, said yesterday that foreign competitors — although they are primarily supplying more expensive machines now — can still put meaningful pressure on appliance prices. "It's not a question of whether they will enter the U.S.," Mr. Barnett said. "In this case, they're quite credible given that they're already here."

The green light from Mr. Barnett's office removes the last obstacle to Whirlpool's determined pursuit of the venerable Maytag brand. After initially offering $17 a share for the company last July, Whirlpool eventually had to raise its offer to $21 a share to lock up the deal last August.

Shares of Whirlpool rose $6.38 yesterday, or 7.1 percent, to close at $95.95. Maytag shares gained $4.73, or almost 28 percent, to close at $21.81.

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David L. Swift, the president of Whirlpool, said the company expected to close the deal "before the opening bell on Monday." It had delayed the final steps in the transaction to allow time for the Justice Department's review, he said.

Mr. Swift noted that Whirlpool's original presentation to the antitrust division had included letters from 20 of its trade customers — the retail outlets that sell its appliances — and all supported the deal.

Whirlpool, based in Benton Harbor, Mich., is the largest home appliance maker in the United States, and Maytag of Newton, Iowa, is the third largest. But the combined heft of the two formidable brands, especially in the market for dishwashers and home laundry equipment, prompted criticism from some antitrust experts and analysts. General Electric is No. 2, by domestic appliance sales.

The combined company's market power would "substantially lessen competition by impairing the ability of rivals to compete effectively, " said Diana Moss, vice president and senior research fellow at the American Antitrust Institute, an independent research and advocacy group in Washington. That, in turn, would "harm consumers through higher prices, reduced choice and less innovation," she argued in a report issued by the institute in January.

Both Mr. Swift at Whirlpool and Mr. Barnett, the assistant attorney general, acknowledged that antitrust questions were naturally raised by the combined companies' significant market share — neither would say how big, but Ms. Moss has estimated it at 50 percent to 75 percent, depending on the product.

In Mr. Bennett's view, those questions were satisfactorily answered not only by the presence of strong competitors but also by the substantial cost savings that Whirlpool expects to achieve at Maytag.

And Mr. Swift noted that traditional measures of Whirlpool market share, which he said was not as large as some public estimates, still do not take into account the increasing power of the retailers who are its first-line customers.

Just four giant retailers — Sears, Lowe's, Home Depot and Best Buy — control 65 percent of retail home appliance sales, he said. That power has "created a very different dynamic" for manufacturers, he said.

Whirlpool-Maytag Deal Gets Antitrust Approval (WSJ)

By Ilan Brat And Richard Gibson

The Wall Street Journal, March 30, 2006

Whirlpool Corp. hopes to close its acquisition of appliance maker Maytag Corp. no later than Monday, as the Justice Department said it won't block the $1.7 billion deal.

In an interview, David Swift, Whirlpool's North American president, vowed to "inject exciting new life" into Maytag brands, although he said it was too soon to comment on which brands Whirlpool would keep or whether it would close any plants. He said the company also would be able to lower costs by increasing manufacturing efficiencies and by buying supplies in larger volumes.

"While efficiencies certainly are a part of what makes this an appealing acquisition, we get very excited about our ability to grow our top-line products and accelerate innovation," Mr. Swift said.

After several months of review, the Justice Department concluded yesterday that the deal "is not likely to reduce competition substantially," citing the combined companies'"ability to expand sales significantly and large cost savings and other efficiencies that Whirlpool appears likely to achieve."

Under traditional antitrust analysis, the deal would probably be rejected or reshaped because of the combined companies' majority share of the U.S. market for washers and dryers. But the Justice Department weighed other factors that carried the day, including the prospect of foreign competition.

This rising level of competition -- mostly from Asia -- would deter the merged companies from raising prices, the department said. Foreign competitors could increase imports and use excess capacity to increase production, the department said.

Also, the agency noted that large retailers, through which the majority of such appliances are sold -- including Sears Holdings Corp., Lowe's Cos. and Best Buy Co. -- have alternatives available to help them resist price increases.

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Whirlpool of Benton Harbor, Mich., is the world's largest maker of major home appliances by sales. Maytag, Newton, Iowa, is No. 3 behind General Electric Co. Whirlpool beat at least two rivals with its $22-a-share offer for Maytag, with about a $1.7 billion market value.

Whirlpool and Maytag shares jumped on the news. Whirlpool rose $6.38, or 7%, to $95.95, and Maytag leapt $4.73, or 28%, to $21.81 on the New York Stock Exchange.

After the Justice Department's ruling, Standard & Poor's announced that Maytag shares would be removed from the S&P 500-stock index and be replaced by Dean Foods Co. on a date to be announced. S&P routinely makes such a move when a company is acquired.

Laura Champine, a Morgan Keegan & Co. analyst, said the company likely would stay largely intact, in part because its widely known brands would cost little to maintain. However, she predicted Whirlpool will sell Maytag's Hoover line of vacuum cleaners.

Justice OKs Whirlpool's $1.7B Acquisition Of Maytag (USAT)

By Theresa Howard

USA Today, March 30, 2006

NEW YORK — In a surprising decision Wednesday, the Department of Justice said that Whirlpool (WHR) can go ahead with its $1.7 billion purchase of appliance rival Maytag (MYG) without having to divest any brands.

The deal, which Whirlpool expects to close by Monday, will make it the world's largest appliance manufacturer, accounting for about 70% of domestic sales for washers and dryers, and about 50% of dishwashers.

Whirlpool's brands include KitchenAid, Roper and Consul. It also makes Kenmore appliances for Sears, although the retailer sets prices.

Maytag makes Hoover vacuum cleaners and products from Jenn-Air, Amana and Magic Chef.

The combined "market share was high enough to conduct a very extensive and thorough investigation of this case," Thomas Barnett, assistant attorney general for antitrust, said in a conference call. "We went beyond market share and evaluated the competitive dynamics about what is likely to happen."

He says that prices should stay in check because of competition from the growing ranks of foreign manufacturers, including LG and Samsung, and other American manufacturers, such as General Electric.

"When we looked at the question of an anti-competitive price increase on low-to-midrange products, we considered North American competitors who could expand their sales, and foreign companies," Barnett said. For example, South Korea's LG, which distributes to chains such as Home Depot, "has been quite successful in a short period of time."

The foreign factor is a fairly new consideration with regulators.

"Ten years ago, if you said the Chinese were coming, you would have been laughed out of the Justice Department and out of court," says Keith Shugarman, an antitrust lawyer at Goodwin Procter.

Despite the rapidly changing landscape in the U.S. market, one antitrust attorney was surprised with the decision.

"I had not seen any particular arguments that were made that would suggest why this transaction does not reduce consumer choice," said Steve Axinn, antitrust attorney and partner at Axinn Veltrop & Harkrider. "It will probably lead to higher prices at least in some lines down the road."

The Justice Department has been assessing the deal since September. Its decision sent Maytag shares soaring 28% to $21.81, while Whirlpool's were up 7.1% to $95.95.

Whirlpool-Maytag Deal Wins Antitrust Approval (FT)

By Stephanie Kirchgaessner

Financial Times, March 30, 2006

Whirlpool's $1.7bn takeover of Maytag was approved by antitrust authorities at the Justice Deparment on Wednesday without any conditions, clearing the way for the creation of the world's largest appliance maker.

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The DoJ's decision, in the face of claims that the combined company could control up to 70 per cent of the market for washers and dryers in the US, followed an eight-month-long investigation that was seen as a major test of the limits of the Bush administration's stance on antitrust issues.

It also put a spotlight on Thomas Barnett, the freshly confirmed head of the antitrust division who has gained a reputation among antitrust attorneys for having approved deals during his short tenure against the recommendation of his staff.

Mr Barnett said the deal would not "substantially" reduce competition, was "not likely" to harm consumer welfare, and was "not likely" to give the merged entity market power in the sale of any of its products.

His defence of the deal hinted at a new, emerging standard of antitrust review. This would still consider a company's current market share, but would give more weight to an industry's future competitive landscape. In this case, Mr Barnett said foreign companies such as LG and Samsung could increase their imports into the US in the next few years, adding to competition in the market.

Although he denied that the DoJ was taking a new approach, Mr Barnett emphasised the attention he paid to the potential for new entrants, the excess capacity of other US manufacturers, and the cost savings that would be generated by the combined companies.

"The division found that, despite the two companies' relatively high share of laundry product sales in the US, any attempt to raise prices likely would be unsuccessful," he said.

Approval of the deal also reflects that the DoJ viewed the Kenmore brand of appliances, which is owned by Sears but is largely manufactured by Whirlpool, as a potential rival to the combined company.

The decision vindicates Maytag's directors and advisers, who spent week last year wrestling with the likelihood that a combination with Whirlpool would be cleared by antitrust regulators.

Between July and August, Maytag pushed Whirlpool to raise its offer three times in order to make up for the risk that regulators might block the deal. Maytag's board had previously signed off on a takeover bid which carried no antitrust risk from Ripplewood Holdings, a buy-out group, for the much lower price of $1.1bn.

If the takeover by Whirlpool had not been approved, many observers believe it would have provided a second opportunity for Haier, the Chinese appliance maker, to attempt a bid for Maytag. In June, Haier teamed up with Blackstone and Bain Capital, the private equity groups, to study Maytag's books but decided not to pursue an offer.

The prospect of an iconic US brand and manufacturer being taken over by a Chinese group generated political opposition at the time, coming as CNOOC, the Chinese energy group, was attempting to gain control of California-based Unocal.

Justice Department Approves Whirlpool-Maytag Merger (AP)

By MARK SHERMAN, Associated Press Writer

AP, March 30, 2006

WASHINGTON — Antitrust regulators approved Whirlpool Corp.'s proposed $1.79 billion purchase of Maytag Corp. on Wednesday, saying the merger would not reduce competition substantially.

The existence of strong rivals and the cost savings the new company would generate indicate "this transaction is not likely to harm consumer welfare," the Justice Department said.

Whirlpool CEO Jeff Fettig said the companies expect to close the deal by Monday.

An investigation by the department's Antitrust Division found that an effort by the new company to raise prices on its washers and dryers "likely would be unsuccessful" because at least five other companies are well-established in U.S. markets.

Those competitors include the Sears Holding Corp.'s brand Kenmore, General Electric Co. and Frigidaire, which is made by Electrolux AB. The Justice Department also concluded that foreign manufacturers have quickly established themselves in recent years.

"LG, Samsung and other foreign manufacturers could increase their imports to the U.S.," the department said in a statement. "Existing U.S. manufacturers have excess capacity and could increase their production."

The Justice Department said large retailers including Sears, Lowe's Companies Inc. , The Home Depot Inc. Co. and Best Buy have alternatives available to help them resist any attempt by the combined company to raise prices.

The cost savings and other efficiencies gained by the merger should also benefit consumers, the department said in a statement.

Some analysts and antitrust lawyers had expected the Justice Department to object to the deal. The merger would create a company producing half of the dishwashers in the United States and more than 70 percent of the clothes washers and dryers.

Such a rise in market concentration has typically drawn a challenge from the government.

Assistant Attorney General Thomas O. Barnett said the combined market share prompted a lengthy investigation by his staff.

"It's fair to say that Maytag and Whirlpool account for a large share of the laundry products sold in the United States today and that relatively large share creates an initial rebuttable presumption that justifies an extensive look," he said.

However, he said the investigation resolved those concerns.

The department asked for more time to review the merger last month, prompting wide speculation that it was preparing to challenge the deal.

He declined to comment on whether his staff had recommended a challenge, saying he doesn't comment on internal deliberations.

Whirlpool, based in Benton Harbor, Mich., is the largest appliance manufacturer in the United States.

Maytag, based in Newton, Iowa, is number three, behind GE Consumer products. Maytag owns North Canton, Ohio-based vacuum-cleaner maker Hoover Co.

The International Brotherhood of Electrical Workers Local 1985, represents about 1,000 employees at Hoover's northeast Ohio factories.

The local's president, Jim Repace, said union officials continue to look into a possible employee-sponsored buyout of Hoover. He said consultants in Boston and Chicago plan to present a buyout plan to employees this spring.

Maytag said in February that it was looking at options for the Hoover division, including a possible sale.

Another 1,800 nonunion hourly employees in Juarez, Mexico, and El Paso, Texas, also could be part of the buyout.

Executives from Whirlpool and Maytag declined to discuss how the merger would affect factories and the Maytag's corporate headquarters in Newton, Iowa

"The combination of Whirlpool and Maytag will create substantial benefits for consumers, trade customers and shareholders, through continued development of innovative products, improved quality and service, and cost efficiencies," Fettig said.

Maytag CEO Ralph Hake said the deal provides fair value to Maytag shareholders and will help the company reach a broader base of customers by expanding its global reach.

David MacGregor, an industry analyst with Independence, Ohio-based Longbow Research, said the deal is likely to rapidly improve Maytag's falling market share.

"There's going to be stronger management, there's going to be more resources for growing the business, the brands will have product development that they haven't had in the past and there will be a lot of advertising and promotional support that the brands have lacked in the past," he said.

The antitrust division has been reviewing the proposed merger since September. The companies announced that they had signed a definitive merger agreement in August.

Whirlpool offered to pay $21 a share for Maytag. Including the assumption of $977 million of Maytag debt, the entire deal is valued at about $2.7 billion.

Whirlpool won a bidding match last summer that included a $14 per share bid by New York investment firm Ripplewood Holdings and investment partners. China's Haier America, backed by Bain Capital and Blackstone Group had bid $16 per share to acquire Maytag, whose brands include Maytag, Amana, Hoover, Jenn-Air and Magic Chef.

Whirlpool, which makes KitchenAid, Brastemp, Consul and other brands racheted up the bidding from its initial $17 offer to $21 to entice Maytag away from the Ripplewood group.

Maytag shares rose $4.73, or 27.7 percent, to close at $21.81 on the New York Stock Exchange. They have traded in a 52-week range of $9.21 to $19.97.

Whirlpool shares gained $6.38, or 7.1 percent, to close at $95.95. They've traded between $60.78 and $91.92 in the past year.

Associated Press Writer David Pitt in Des Moines contributed to this story.

Justice Dept. Approves Whirlpool-Maytag Deal (DMR)

Des Moines Register, March 30, 2006

The U.S. Justice Department cleared the way today for Whirlpool Corp.'s purchase of Newton-based Maytag, a combination that would create the world's largest appliance maker and clouds the future of the Iowa company's operations in its hometown.

"After thoroughly investigating Whirlpool's proposed acquisition of Maytag, the division determined that the proposed transaction is not likely to reduce competition substantially," the department's antitrust division said in a statement.

The statement said the "transaction is not likely to harm consumer welfare" because there are strong rival manufacturers in the market place and Whirlpool appears likely to get large cost-savings and other benefits from the acquisition.

The combination of Whirlpool, the nation's biggest appliance maker, and Newton-based No. 3 Maytag would create the largest appliance manufacturer in the world with annual sales of about $18 billion.

The sale, however, also raises questions about the future of Maytag operations in Newton, where it operates a 1,000-employee washer/dryer factory and employs another estimated 1,300 people at its headquarters.

Maytag also operates a 2,500-employee refrigerator factory in Amana.

Critics of the deal said the combined company would lessen competition and harm consumers through higher prices and reduced choice. The combined company will produce an estimated 75 percent of the nation's top-loading washers and companion dryers.

Backers of the deal said the market would still include another strong domestic appliance maker, General Electric, and foreign appliance makers from Asia and Europe would also offer significant competition.

Maytag stockholders approved the $2.7 billion sale in December, but the deal hadn't closed, pending review by the U.S. Justice Department.

It wasn't clear how soon the deal would close, now that the justice department had announced that it wouldn't challenge the sale.

Maytag stockholders would get $21 for each of their shares, half paid in cash and half paid in Whirlpool stock.

Whirlpool's $1.68 Billion Takeover Of Maytag Approved (Update2) (BLOOM)

Bloomberg, March 30, 2006

March 29 (Bloomberg) -- Whirlpool Corp. can complete its $1.68 billion takeover of Maytag Corp., the U.S. Justice Department decided as it rejected concerns from its own lawyers that the combination might hurt competition.

The acquisition, approved without any required divestitures, will create the world's largest appliance maker. It was the first merger decision by Thomas O. Barnett since he won Senate confirmation on Feb. 10 to head the Justice Department's antitrust division.

``I'm stunned," said Mirko Mikelic, a senior portfolio analyst with Fifth Third Bank in Grand Rapids, Michigan, with $21 billion assets including Whirlpool bonds. ``I thought they would need to do at least something to appease the Justice Department."

Shares of Maytag surged $4.73, or almost 28 percent, to $21.81 at 4 p.m. in composite trading on the New York Stock Exchange. Whirlpool rose $6.38, or 7.1 percent, to $95.95.

``The proposed transaction is not likely to reduce competition substantially," the Justice Department said in a statement. ``Large cost savings and other efficiencies that Whirlpool appears likely to achieve indicate that this transaction is not likely to harm consumer welfare."

Government lawyers who investigated the combination had raised concerns that it would lead to higher prices for washing machines because Whirlpool and Maytag together control more than 70 percent of the U.S. market, said antitrust lawyers familiar with the matter who spoke on condition of anonymity because they were not authorized to discuss the transaction.

Foreign Competition

Whirlpool, argued that growing foreign competition from makers such as China-based Haier Group Corp., LG Corp. of South Korea and Sweden's Electrolux AB would constrain its ability to raise prices.

The Justice Department said in its statement today that it is convinced the combined company can't raise prices because of competition from General Electric Co. and Electrolux AB's Frigidaire line. It also noted that foreign-made products sold by such companies as LG and Samsung Electronics Co. Ltd. ``have quickly established themselves in recent years."

The Justice Department also cited competition from Sears Holdings Corp.'s Kenmore brand, which is manufactured by Whirlpool.

Whirlpool said its production of the Kenmore brand shouldn't be counted as part of its share of the washing machine market because Sears sets prices and promotes its own appliances.

Fourth-Quarter Loss

Whirlpool, based in Benton Harbor, Michigan, outbid Ripplewood Holdings last year for Maytag, which reported a fourth-quarter loss of $75 million, or 93 cents a share. Maytag's loss widened from $14.1 million, or 18 cents a share, in the same quarter a year earlier.

Haier withdrew its preliminary bid of $16 a share for Newton, Iowa-based Maytag after Whirlpool bid $17. Whirlpool then raised its offer three times to $21 a share before Maytag's board agreed to the deal.

U.S. manufacturers have ``excess capacity" and would be able to increase production, the Justice Department said today. Large retailers that account for most appliance sales -- Sears, The Home Depot Inc., Lowe's Cos. Inc. and Best Buy Co. -- have alternative suppliers to help them ``resist an attempt by the merged entity to raise prices," the department said.

The agency also noted that Whirlpool and Maytag ``substantiated large cost savings and other efficiencies that should benefit consumers."

To contact the reporter on this story: James Rowley at jarowley@bloomberg.net Last Updated: March 29, 2006 16:17 EST

Small Doesn't Mean Safe Under Antitrust Laws (LAW)

By John G. Calender and Phillip C. Zane, Legal Times

Legal Times, March 30, 2006

Enforcers don't focus their attention solely on multimillion-dollar companies

The big news in antitrust enforcement is always the international investigation that ends in a fine of tens or hundreds of millions of dollars, such as last year's agreement by Samsung to pay $300 million for fixing the price of DRAM chips or last week's agreement by Akzo Nobel to pay $32 million for fixing the price of hydrogen peroxide. Even when the Justice Department announces its statistics, the headline is the amount of money collected in fines. But if this gives comfort to small companies and their counsel, they should think again.

Although nonspecialists sometimes believe that the antitrust laws are aimed at limiting the power of big businesses, these laws, particularly the criminal provisions of the Sherman Act, are enforced against all manner of companies. Small businesses do get discovered, prosecuted and convicted.

Recent prosecutions of small companies have been as varied as the economy itself. The Justice Department has investigated roofing contractors in upstate New York for rigging bids. Electrical contractors, concrete suppliers and insulation manufacturers also have been prosecuted. Small computer firms have been targeted, as have small chemical companies. Moving and storage companies have been prosecuted for bid rigging. Scrap companies have been convicted of price fixing.

Under the Sherman Act the Justice Department will prosecute price fixing and bid rigging as crimes. Price fixing and bid rigging are usually responses to corporate pressures for profits and results, not acts of personal greed. As a result, price fixers rarely think of themselves as criminals. Small companies are no less vulnerable to this blind spot than large ones.

Individuals convicted of price fixing or bid rigging now face a maximum sentence of 10 years in prison for each count. The actual length of the sentence depends on a number of characteristics of the offender and the offense -- most important, the volume of commerce affected by the conspiracy. This does result in shorter sentences for convicted employees of small companies.

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But it's not much help. Recent amendments to the federal sentencing guidelines have served to increase the lowest sentence available for price fixing (without a departure from the guidelines) to 10 months confinement, at least half of which must be served in prison. Bid rigging is treated more harshly; a person convicted of this offense must spend at least one year in prison.

Companies convicted of cartel activity face large fines calculated by looking at the volume of commerce affected by the price fixing. The base fine is 20 percent of the volume of commerce regardless of what the actual loss was. Even after adjustments for various factors, fines for antitrust offenses cannot be less than 15 percent of the volume of commerce. This may well be enough to bankrupt a small company, particularly if the company has few other products or services besides those whose prices were fixed, and especially if the price fixing lasted more than a year.

Lacking expertise in antitrust law, small companies may think that colluding to keep prices lower than would result from unrestrained competition is legal. No, it's not.

In recent years the Justice Department has prosecuted bidders who agreed to keep purchase prices at auction low so that they could make more money on resale in a number of real estate markets. Earlier this year the department prosecuted a similar scheme in the otter-pelt market.

When targets of an antitrust investigation lie to the grand jury or falsify or destroy documents, the Justice Department will prosecute for obstruction of justice -- even when no substantive antitrust offense is found. The department has launched such prosecutions against smaller businesses in a number of markets, including linen supply, feeder goldfish (fish sold to be fed to other fish) and computer products.

Even when the government is done with you, it's not necessarily all over. For every criminal antitrust offense, there is also a tort. Private parties may sue for treble damages suffered as a result of price fixing or bid rigging, as well as for attorney fees. And a criminal conviction is prima facie evidence of liability.

The lesson for small companies and their counsel is clear: Do not ignore the antitrust laws because you think they apply to someone bigger or more profitable. They apply to you too, and you ignore them at your peril.

John G. Calender is a shareholder and Phillip C. Zane is of counsel in the D.C. office of Baker, Donelson, Bearman, Caldwell & Berkowitz.

Supreme Court Hears EBay Patent Case (USAT)

By Joan Biskupic

USA Today, March 30, 2006

WASHINGTON — EBay faced skeptical Supreme Court justices Wednesday as it argued that a company found liable for patent infringement should not necessarily be forced to stop using the patented idea.

Carter Phillips, an attorney representing eBay, argued that sometimes being forced to pay money damages is enough. If a judge issues an injunction while a company tries to design around the patents, that could stifle commercial innovation, Phillips said.

The dispute, coming just weeks after BlackBerry-maker Research In Motion settled a patent lawsuit, arises amid rapid changes and fierce competition in the tech world. EBay argues that the routine issuance of injunctions adds to the leverage of "patent trolls," entities that get patents on promising technology without intending to use them commercially. Instead, they seek settlements from companies that might infringe them.

The case traces not to eBay's popular online auction, but to a feature that allows customers to buy items for a fixed price. A jury found eBay liable for infringement of patents held by MercExchange, a Virginia company. The jury awarded damages: $35 million, later reduced by $5.5 million. The judge denied MercExchange's request for an injunction, saying it would not be irreparably harmed if eBay continued operating as it sought alternatives for its fixed-price marketplace. The judge noted that MercExchange had not put its patents into practice.

But the U.S. Court of Appeals for the Federal Circuit reversed. It said once a jury has found infringement, the general rule is that an injunction is issued.

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Phillips called that stance “extraordinarily stringent” and said trial judges should be able to decide on injunctions based on facts of individual cases. He said the appeals court rule could hinder tech advances and fuel companies that obtain patents for license fees rather than to make something.

MercExchange's attorney, Seth Waxman, objected to the notion that his client sought patents as a litigation strategy. “This is not a patent-troll case,” he said. Waxman said the company's founder invented the technology. “He is no promiscuous licenser.”

Waxman said the rule used by the appeals court is rooted in history. Only in “rare cases,” he said, would the public be served by denying the injunction.

The justices who spoke up most appeared to find merit in the appeals court's ruling. Chief Justice John Roberts questioned why patent holders would have less protection because they did not make a product, as the trial judge suggested.

Justice Ruth Bader Ginsburg said if trial judges had more discretion on injunctions, a patchwork of policies would emerge. “You'd get a tremendous disparity among jurisdictions,” she said.

EBay shares closed Wednesday at $39.32, up 1.2%.

High Court Considers EBay Case On Patent (WP)

By Yuki Noguchi And Charles Lane

The Washington Post, March 30, 2006

The Supreme Court heard oral arguments yesterday in a crucial intellectual property case -- and the outcome could hinge on whether the justices think online auctioneer eBay Inc. is a larcenous corporate giant or the innocent victim of a greedy "patent troll."

At issue is the current rule in patent cases that patent holders who prove infringement get money damages and an injunction shutting down the businesses that violate their intellectual property rights. EBay, backed by tech firms such as America Online Inc. and Yahoo Inc., says the near-automatic injunction gives patent holders too much leverage, enabling patent holders who have no intention of using their inventions -- known as "patent trolls" -- to ambush companies with expensive lawsuits.

But MercExchange LLC, a Great Falls firm that says it created a process for selling goods at a fixed price online that eBay later infringed, argues that the real problem is the bullying of giants like eBay that refuse to pay patent holders for their intellectual property. Backed by the pharmaceutical industry, which has its own huge stake in patenting drugs that take years to develop, MercExchange argues that, without easy access to injunctions, small inventors would be helpless against the likes of eBay.

"This is not a patent troll case," MercExchange's lawyer, Seth P. Waxman, told the court. MercExchange came up with a legitimate invention that eBay offered to buy, he said, but when negotiations broke down, eBay "stole the technology." The invention is a method for allowing users to buy goods at a set price instead of bidding on them.

The case puts a spotlight on the nation's troubled patent system, which recent studies by the National Academy of Sciences and the Federal Trade Commission have described as plagued by questionable patents and costly litigation.

Research in Motion Ltd., the maker of BlackBerry wireless e-mail devices, recently settled a case brought by NTP Inc., a patent-holding company, for $612.5 million. RIM faced an injunction even though the U.S. Patent and Trademark Office had concluded that the patents were largely invalid.

Some patent experts said yesterday that eBay v. MercExchange , No. 05-130, is likely to spur action on Capitol Hill. A House bill introduced by Rep. Lamar S. Smith (R-Tex.) would essentially back software companies' interests by allowing permanent injunctions only in cases in which the patent holder could prove it would suffer irreparable harm without one. But the bill is on hold, stymied largely by opposition from the pharmaceutical industry.

"I think the biggest issue this is going to result in is a more urgent push for patent reform" among legislators, said Brian Ferguson, a patent attorney in Washington who did not represent either side in this case. "There is a concern that the patent office is overwhelmed and it isn't doing as good a job as it could" in reviewing existing technologies or issuing patents in new technology areas, he said.

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The Bush administration, faced with a division within the business community, weighed in on MercExchange's side. But its cautious brief urged the court to address the specific issues in the case, instead of trying to address "general policy concerns respecting potential abuse of the patent system."

In 2003, eBay lost a jury trial to MercExchange. The jury awarded MercExchange $35 million, but the judge reduced the award by $5.5 million and denied MercExchange an injunction, saying the smaller company would not face "irreparable harm" without it.

The district judge reasoned that, among other things, MercExchange was not practicing the patents and was willing to license its technologies to other companies.

The judge also cited "growing concern over the issuance of business-method patents" as a reason that an injunction would not be in the public interest.

But the U.S. Court of Appeals for the Federal Circuit, which has nationwide appellate jurisdiction over patent cases, reversed that ruling last year, saying MercExchange was entitled to an injunction because a "general concern" about business-method patents did not justify "the unusual step of denying injunctive relief."

It said MercExchange was entitled to an injunction to shut down eBay's "Buy It Now" feature. "Buy It Now" continues to operate, though, pending the case's final outcome. EBay also said there is no need for an injunction because it is planning to install a work-around that would allow the feature to function without infringing on the patents.

At the hearing yesterday, eBay's lawyer, Carter G. Phillips, argued that the appeals court's ruling is too inflexible to encompass the fast-changing world of software technologies. Those realities demand that district courts be allowed to consider the circumstances of each case before determining whether shutting down a business is necessary to address the property concerns of companies like MercExchange, Phillips argued.

"The time has come for this court to say, 'No, this is not what the Patent Act protects,' " Phillips said. District judges should be empowered to limit the relief to patent holders to cash alone, he argued.

But Waxman countered: "It is critical that this judgment be affirmed, because this is a real inventor. . . . Any suggestion of uncertainty to come out of this case would dramatically destabilize settled law . . . and the investment-backed expectations of inventors large and small."

Chief Justice John G. Roberts Jr. challenged Waxman, noting that since the lawsuit began, the Patent Office has rejected MercExchange's patent claims. Can the district court take that into account? Roberts asked.

Waxman said allowing parties to file for review after litigating cases in court would be an "open invitation" to manipulations of the patent process by infringers like eBay.

Justice Antonin Scalia seemed to agree with Waxman, asking questions that suggested he did not consider this case different from others regarding private property rights.

"We're talking about property rights; all he's asking for is, 'Give me my property back,' " Scalia said to Phillips. "Why isn't the free market adequate to deal with the problems you're talking about?"

A decision is expected by July.

High Court Hears EBay Patent Fight (WSJ)

By Mark H. Anderson

The Wall Street Journal, March 30, 2006

Several U.S. Supreme Court justices Wednesday appeared resistant to eBay Inc.'s call for broader leeway on whether federal courts issue an injunction in a patent-infringement case, although the justices also probed for how they might clarify injunction standards.

"You're talking about a property right here and a property right is the right to exclude," Justice Antonin Scalia said at oral arguments in eBay v. MercExchange. Justice Scalia wondered why the Supreme Court should rewrite patent laws. "Why can't we let the marketplace take care of the problem," he said.

Justice Scalia and several other justices indicated they were worried that watering down the role of injunctions in patent-infringement cases might harm inventor rights in the U.S. patent system. At the same time, some of the justices also probed for

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whether the Supreme Court should rule that federal trial judges - contrary to a recent lower court ruling by the Washington-based Federal Circuit Court of Appeals - have some discretion to withhold an injunction.

EBay went before the Supreme Court in its quest to avoid an injunction for infringing on patents held by MercExchange, a Great Falls, Va., patent holding company. The patents, among other things, deal with eBay's popular "Buy It Now" feature in online auctions.

The case is being watched closely by both Supreme Court and patent law experts and has been billed as one of the most significant patent appeals to reach the Supreme Court in recent years.

The justices who spoke at the oral arguments made it clear they don't take changes to the patent procedures lightly. "Are you devaluing the value of a particular patent by denying an injunction," Chief Justice John Roberts Jr. said. But Justice Roberts also worried about whether some patent holding companies may be abusing the patent system by leveraging questionable patents with the power of an injunction threat.

For example, Justice Roberts asked questions about the standards that should apply to inventors who do nothing but hold their patents and about situations where a patent covers a business process, such as the auction purchase feature at issue in the case, that may appear to be somewhat vague. He also asked what should happen if the U.S. Patent & Trademark Office reverses course and denies a patent when it is challenged in a dispute.

The core issue in the case is whether a federal judge should have handed down an immediate injunction barring eBay from infringing on patents held by MercExchange. The justices, reviewing almost 100 years of legal precedent, will decide whether the current standard for patent injunctions should be changed or, at a minimum, clarified.

"The Federal Circuit's rule is extraordinarily stringent," said Carter Phillips, a Washington attorney who represented eBay. Mr. Phillips urged the Supreme Court to give federal judges who handle patent disputes more discretion when deciding whether a company that has infringed on a patent deserves an injunction in addition to monetary damages.

Seth Waxman, a Washington attorney who represented MercExchange, said his client deserved injunction protection that patent law provides in infringement cases. "The jury found by clear and convincing evidence that eBay had infringed," Mr. Waxman said. He added that changing current injunction standards would upset settled patent law and harm inventor rights.

The U.S. government argued that the Supreme Court shouldn't change current legal precedent that leaves federal judges with limited discretion on injunctions. Jeffrey Minear, an assistant in the U.S. Solicitor General's office, said the Supreme Court should affirm the Federal Circuit's decision while providing new guidance for judges. He said injunctions are important in patent law because they "harness the market to determine what the market value of a patent is."

The fight has split the corporate world. Many technology companies, citing what they believe are legal shakedowns from patent holders that don't make any products, want the Supreme Court to ease precedent that calls for injunctions in many patent judgments. Biotechnology, pharmaceutical and other business segments that rely heavily on the development of single-product patents want strong injunction standards to remain in place.

EBay and several high-tech companies said in court filings that they already are being victimized by "patent trolls," small companies that sue larger firms over ideas they have never developed into products. Earlier this month, a $612 million settlement by Research in Motion Ltd., maker of the BlackBerry wireless e-mail service, occurred under threat of an injunction that could've barred use of technology that is essential to the popular device's operation.

"Under such circumstances, injunctions do not serve the goal of the patent system to promote innovation but turn that system on its head," lawyers for Time Warner Inc., Amazon.com Inc., Xerox Corp. and others wrote in a friend-of-the-court filing.

Pharmaceutical and biotechnology companies disagree. In court filings, their lawyers said developers of drugs or technology need protection not only for their ideas but also to recoup costs of their investments in developing new medicines.

MercExchange, founded by patent lawyer Thomas Woolston, sued eBay and its subsidiary Half.com Inc. in 2001, alleging infringement of patents dating to 1995, shortly before eBay's launch on the Web.

Mr. Woolston's idea was to use an electronic network of consignment stores that would ensure legitimacy of sales by taking possession of goods being offered. eBay's system was based on the belief that buyers and sellers could trust each other and deal directly.

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A jury sided with MercExchange, finding that its business method patents had been infringed, and awarded the patent-holder $35 million. The judge later reduced the award by $5.5 million and refused to grant a permanent injunction, ruling that MercExchange would not suffer because it had not used its inventions commercially and had expressed an interest in licensing its patents to eBay. On appeal, the Washington-based Federal Circuit Court of Appeals, a special appeals court set up to handle patent cases, said an injunction is required.

UPDATE: EBay Arguments Run Into Skepticism At High Court (DOW)

Dow Jones, March 30, 2006

WASHINGTON (Dow Jones) - Ebay Inc.'s (EBAY) arguments that trial court judges should have discretion over when to grant injunctions in patent-infringement cases ran into tough questioning from several justices Wednesday at the U.S. Supreme Court.

The online auctioneer wants the high court to reverse an appeals court ruling that said a district-court judge erred in not issuing an injunction against eBay (EBAY)after a jury found the Internet giant violated patents held by MercExchange.

The case is part of an ongoing battle over U.S. patent law that pits high-tech companies like eBay (EBAY), who argued that such injunctions are granted too readily, against inventors, biotech firms and drug companies that rely heavily on patent law to protect their investments in intellectual property.

MercExchange, a small firm in Great Falls, Va., has sought an injunction to bar eBay (EBAY) (EBAY (EBAY)) from using its patented technology since winning a $25 million damage award in 2003.

An attorney for eBay (EBAY), Carter Phillips, argued at the high court that "monetary damages are a perfectly adequate remedy" for patent holders who've been infringed upon, and added that the judge in the case was "uniquely suited" to make a determination on whether an injunction was necessary.

But Justice Ruth Bader Ginsburg countered that appellate courts have a role in standardizing such rulings, and Justice Antonin Scalia voiced skepticism about making significant changes to existing U.S. patent law.

"You're talking about a property right here," Scalia said, addressing the eBay (EBAY)lawyer. "Why isn't the free market adequate to resolve these problems?"

The lawsuit concerns patents related to eBay's (EBAY) "Buy it Now" feature, a service that lets buyers circumvent the auction process and buy a product immediately for a set price. That option accounts for one-third of the gross value of merchandise sold via eBay's (EBAY) Web site.

In the 2003 ruling, the U.S. District Court judge declined to issue an injunction, saying MercExchange had sufficient means to seek monetary damages for past and future infringement.

The Court of Appeals for the Federal Circuit, which hears most patent case appeals, later overruled the district judge, saying a permanent injunction should be granted in most cases barring extraordinary circumstances.

"Injunctions historically are issued in all but the most rare cases," MercExchange attorney Seth Waxman argued in court Wednesday.

In its suit, eBay (EBAY) asked the Supreme Court to reject the circuit court ruling and to allow the district judge's decision to stand.

MercExchange countered that the Supreme Court's intervention on eBay's (EBAY) behalf would dramatically undermine a century of settle law and cause massive confusion in the business world.

The federal government backed MercExchange in the case. The lawyer representing the U.S. Justice Department, Jeffrey Minear, said injunctions " force negotiations between the parties" and help figure out the market value of the invention that has been infringed.

Justice Anthony Kennedy appeared to agree, stating that injunctions often prove to be the quickest way to settle patent lawsuits.

Although several justices, including Chief Justice John Roberts, showed some sympathy for the idea that injunctions could be an unduly harsh remedy, none indicated an eagerness to change the existing law that allows judges discretion in such cases.

A decision in the case, eBay Inc. (EBAY) v. MercExchange, is expected by early summer.

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Justices Seem Divided Over EBay Patent Injunction Case (LAW)

By Tony Mauro, Legal Times

Legal Times, March 30, 2006

Two veterans of the Supreme Court bar argued forcefully -- and inconclusively -- Wednesday in a high-stakes dispute over how easy it should be for a patent holder to win an injunction against an infringer.

From the tenor of the questioning in eBay v. MercExchange, justices seemed closely divided over the issue, alternately sympathetic toward Sidley Austin's Carter Phillips, arguing his 49th case at the Court, and then toward his adversary, WilmerHale's Seth Waxman, appearing before the high court for the 47th time.

The case has drawn wide interest, with businesses lining up on both sides. Some companies, including Intel, are siding with eBay, expressing concern that the holder of a single patent that covers one of thousands of processes inside a product could bring down that product too easily by obtaining a paralyzing injunction. The recent patent dispute that almost crippled BlackBerry service is cited as a prime example.

Phillips represented eBay, arguing that injunctions should not be granted automatically and that instead, judges should have broad discretion to balance equities and to decide, in some cases, that money damages are a "perfectly adequate" way to penalize infringers. Permanent injunctions, he said, represent a "sword of Damocles" over companies that can be wielded by small patent holders or "trolls" who do not even make direct use of the patent.

Waxman represented MercExchange, a small Virginia firm that sought an injunction against eBay. Both Court precedent and the will of Congress, he said, dictate that "a final judgment of infringement yields an injunction in all but the rarest of cases." He portrayed his client as a hardworking inventor, not a "patent troll" or a "promiscuous licenser" aiming to profit from his patent merely through litigation.

The dispute began in 2001, when MercExchange sued eBay for infringing its patent that enabled the "Buy it Now" feature used on the popular online auction site. A jury in the Eastern District of Virginia awarded MercExchange $35 million for infringement, and the company promptly moved for a permanent injunction to prevent future infringement by eBay.

Under a 1908 precedent, Continental Paper Bag Co. v. Eastern Paper Bag Co., there is a legal presumption in favor of an injunction against the infringer. But the judge denied MercExchange's motion, finding that the company, which licenses but does not practice its patents, would not suffer irreparable harm without an injunction. The judge also ruled that "growing concern" over business-method patents like those at issue cut against MercExchange's arguments.

But the U.S. Court of Appeals for the Federal Circuit rejected the District Court's reasoning and said that nothing in the case justified deviating from the rule in favor of an injunction.

Supporters of eBay argue that so-called trolls that hold or license relatively insignificant patents can hold a high-tech company hostage by threatening to seek an injunction and winning disproportionately high licensing fees in exchange.

But other companies, joined by the Bush administration, argue that the precedent should be upheld to give needed protection to valid patents. Assistant to the Solicitor General Jeffrey Minear told the justices Wednesday that infringement by itself "normally is irreparable harm" and, therefore, should trigger an injunction against the infringer.

Chief Justice John Roberts Jr. seemed sympathetic at one point toward the "garage inventor" who might need the weapon of an injunction to keep a big company from erasing his livelihood. But then he also voiced concern that an injunction could sweep too broadly, especially if it was aimed at protecting a hard-to-define business-process patent. Justice John Paul Stevens also seemed concerned about the breadth of injunctions against patent holders.

Justice Antonin Scalia appeared sympathetic toward MercExchange, suggesting it would be unusual for the government not to order an infringer to, in effect, give back the patent holder's property.

Justice Anthony Kennedy, apparently perplexed by the terminology, asked Phillips whether the word "troll" in the patent context is "the scary thing under the bridge, or is it the fishing technique?" Amid laughter, Phillips indicated it was the former.

One problem on the horizon for the case before the Court, noted several times by Roberts, is the fact that on review, the Patent and Trademark Office has invalidated all of MercExchange's patents involved in the case.

Waxman said that determination was not final and should not prevent the Court from ruling in the case.

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Inventors Have Rights, Too! (WSJ)

By Nathan Myhrvold

The Wall Street Journal, March 30, 2006

Why is the tech industry out to squash the rights of inventors? Aren't tech companies pro-invention? That paradox played out yesterday as the Supreme Court heard a patent case between eBay and MercExchange. Ebay has been found guilty of willfully infringing a patent, and concedes as much (since that topic is not on appeal). The question the court will consider, then, is more abstract: Does an inventor also need to create and sell a product to enjoy the full rights of the patent system? If he does not, Ebay, supported by a set of large tech companies, wants to overturn 200 years of precedent by weakening or eliminating the right to injunction. Meanwhile, a collection of other innovative companies, universities and inventors disagree, and support MercExchange. So how did we reach this strange situation?

The roots of this case lie in differing corporate cultures and attitudes about the patent system. In some industries, like pharmaceuticals or biotech, patents are crucial to the business model, so they support and respect patent rights. Tech companies, on the other hand, win by muscling their way to sufficient market share to become a de facto standard (some would say monopoly). Because patents don't figure in this business model, tech companies don't hold the patent system in high regard. Patents are simply not a priority for many tech companies. Ebay, for example, has only 11 issued patents.

Other large tech companies do amass significant portfolios, but often not directly related to their business model. If a rival company asserts a patent, a company like this plays defense and threaten the asserter's products right back. While "defense" sounds benign, what it can mean in practice is having enough patents that you can steal from anybody else with impunity. Between big companies this works like a powerful shield, much like the doctrine of mutually assured destruction with nukes. But the shield is impotent against universities, companies without products or independent inventors. Owners of large defensive portfolios hate that.

In the 14 years I served as Microsoft's first chief technology officer, I saw this firsthand across the ranks of the computer industry. Tech companies work extremely hard to use state-of-the-art technology, and either be first to market or a fast follower -- all else falls by the wayside. Big tech companies are happy to hire the best people from rivals, universities and small companies. Their employees attend conferences and study technical papers to stay on the cutting edge. But they pretend that the patents on the technology in those papers, or from universities or small companies, don't exist. Many of the largest tech companies have a standing policy that engineers are not allowed to read patents or check whether their work infringes. Why bother to look, if you know you'll find lots of infringement? Besides the cost, it's a distraction that might hurt time to market. Their strategy is simple -- damn the torpedoes, full speed ahead.

The trouble is, this cavalier attitude toward the law runs afoul of the rights of legitimate patent holders and the big tech companies know this. Rather than pay out a small fraction of their huge profits, they're fighting a campaign to weaken patent laws for the little guy. Some of this has taken place in Congress under the banner of "patent reform." The eBay case aims to achieve the same ends in the courts.

It's hard to go to Congress or the courts and admit that you're one of the richest companies in the world, have huge profit margins and infringe lots of valid patents held by honorable people . . . but you don't want to pay them. So naturally, these companies paint a different picture. They claim that patents are low quality; yet there is no objective evidence of this. They claim patent litigation is exploding; but the actual figures show just the opposite. There are fewer patent lawsuits than copyright, trademark or other major forms of commercial litigation.

Perhaps the biggest myth is the danger "patent trolls" -- people who supposedly manipulate the patent system in a shady way. It does happen, but apart from some anecdotes, no evidence has been offered that patent trolls are a major problem. Court records show that only 2% of all patent lawsuits are due to plaintiffs that have no ongoing product business. Of that 2%, the vast majority are perfectly legitimate companies or universities. A tiny minority of patent suits are due to bad actors, but it's hardly a crisis. While I was at Microsoft, we encountered a couple of patent manipulators, but frankly we won those cases; at worst they were a nuisance.

RIM, the company behind the BlackBerry, recently paid $612 million to a company called NTP to settle a patent lawsuit. People love their BlackBerries, so it's tempting to see NTP as a villainous troll, but RIM wears the black hat in this story. It could

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have settled for a reasonable rate (several of its competitors did). Instead it bet the farm in court and proceeded to lose big. The judge ruled that "this was not a close case" and, further, that RIM's litigation tactics were "egregious" and "fraudulent." When a judge says things like that, most people would settle. Instead, RIM gambled on a series of ever more desperate legal maneuvers and enormously raised the stakes through brinksmanship. Hubris caused its loss, not the patent system.

The telling point in the troll debate comes if you look where tech companies pay big money for patents. It's not trolls, but rather small and completely legitimate patent holders -- the same ones that would be hurt by the "reform" proposals or the eBay case. As one observer puts it, Goliath is crying "Unfair! Take David's sling away!" Without full rights there is no way for a small inventor to get a big infringer to the table to settle. Instead, they'll stall and drown the little guy with legal fees. The courts would be put in the middle and have to decide all future licensing revenue. Is that the way we want to run an innovative economy?

The patent system exists to give economic incentive to create inventions -- not products. After all, profit is the incentive to create and sell products. In order to have a level playing field, inventors must have a full set of rights, regardless of whether they are big or little, or whether they make products or just invent. Those rights are what give them the incentive to work long and hard on new ideas that may not work. A lot of big innovative companies agree with this -- companies like DuPont, GE, Qualcomm and 3M, as well as the pharmaceutical and biotech industry, have filed amicus briefs in support of MercExchange and equal rights for all inventors.

Weakening patent laws, whether in the Supreme Court or Congress, is no more than a government bailout of the infringement problems big tech companies deliberately made for themselves. America needs to have future generations of inventions and technology. We can't mortgage our future by taking away the rights and incentive of our inventors.

Mr. Myhrvold, Microsoft's first chief technological officer, is currently CEO of Intellectual Ventures and holds 18 patents with more than 100 pending. He filed an amicus brief with the Supreme Court in support of MercExchange.

ENVIRONMENT:

Fuel Standards Set For Auto Makers (WSJ)

By Laura Meckler

The Wall Street Journal, March 30, 2006

WASHINGTON -- The Bush administration will require auto makers to build more fuel-efficient sport-utility vehicles, minivans and pickup trucks, but standards finalized yesterday are no stricter than proposed last year despite rising gasoline prices.

The rules issued by federal highway officials are mostly a victory for auto makers, since environmentalists had argued that the rules should be increased even more, given government formulas for fuel-efficiency that take rising gas prices into account. Still, the rules will subject SUVs and vans that weigh more than 8,500 pounds to the standards for the first time, making it harder for manufacturers, particularly General Motors Corp., to reach the new targets.

Overall, the changes are the most sweeping since the program -- known as corporate average fuel economy, or CAFE -- was created in 1975 in the wake of the oil embargo that left Americans jittery about their dependence on foreign crude. In 2001, President Bush moved to overhaul the rules for light trucks, a category that includes SUVs, minvans and pickups and represents more than half of all new vehicles sold. Transportation Secretary Norman Y. Mineta said the standards are the toughest in the program's history, and officials estimated the new rules will save 10.7 billion gallons of fuel.

Many auto makers will benefit from a change in how overall compliance is measured. The existing system requires them to meet a fleetwide average, which punishes GM and Ford Motor Co., in particular, for producing many large, low-mileage trucks. Under the new system, the mileage standard will be set based on the size -- though not the weight -- of the vehicle. The smallest vehicles will be required to get the best mileage, with the standards falling as trucks get bigger.

The Bush administration also said the new system would be a safety improvement because it removes incentives to build smaller trucks that are less able to withstand a crash. The new system, optional beginning in 2008, will be mandatory in 2011.

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For model-year 2007, the standard was already set to rise to 22.2 miles per gallon for a manufacturer's entire light-truck fleet from 20.7 mpg in 2004. Under the regulation issued yesterday, the target will rise slowly to an estimated 24 mpg in 2011. Precise mileage targets will vary depending on the mix of trucks sold by each manufacturer.

The standards are nearly identical to those proposed last year. Since then, though, the official government estimate of future gasoline prices has risen. In its earlier analysis, it put gasoline prices at $1.51 to $1.58 a gallon over the lives of the affected vehicles; it currently puts prices at $1.96 to $2.39 in constant dollars. Given that alone, the cost-benefit calculation required by law would justify increased fuel-economy targets.

However, the administration made countervailing changes to the formula. For instance, it revised estimates as to how quickly auto makers will be able to adopt new technology. In addition, by subjecting the largest SUVs and vans to the rules, the final regulation increases the cost of compliance to manufacturers and therefore helps counter the higher gas prices. Pickup trucks would still be exempt.

The new rules now include GM's Hummer H2, which weighs just enough to escape the current regulation. The administration estimates that this provision will affect some 240,000 SUVs and vans. GM makes the great majority of them, though some of Ford's E-Series vans will be newly subject to the standards as well. (See related article2.)

In addition, the new rules will close a loophole in 2012 that let companies count as light trucks high-mileage vehicles that are really cars, such as DaimlerChrysler AG's PT Cruiser and GM's Chevrolet HHR.

Auto makers said the new regulation will still be challenging. "This means seven straight years of increases in fuel-economy standards," said Eron Shosteck, a spokesman for the Alliance of Automobile Manufacturers. "Auto makers view it as a challenge, but they are committed to meeting the new standards."

But the rules prompted environmentalists to question President Bush's commitment to reducing the nation's dependence on foreign oil. "Gas prices went up, we had two hurricanes and the president admitted we were addicted to oil, and yet we couldn't get anything more out of them?" said David Friedman of the Union of Concerned Scientists. "To me, it defies logic." Others question the program's effectiveness, saying that when vehicles become more fuel-efficient, people simply drive more.

Auto makers and environmental groups submitted hundreds of pages of comments after the proposed regulation was published. In its analysis, the administration acknowledged that Ford and GM have had a difficult stretch, cutting jobs and losing market share.

To some extent, the market has already drifted away from the most-gas-thirsty vehicles. Sales of traditional large and large luxury SUVs, those built on heavy-pickup-truck frames such as the Ford Expedition and Chevrolet Tahoe, slid to 830,000 in 2005 from nearly one million vehicles in 2002.

U.S. Raises Standards On Mileage (NYT)

By Matthew L. Wald

The New York Times, March 30, 2006

BALTIMORE, March 29 — The Transportation Department announced new fuel economy standards Wednesday for sport utility vehicles, pickup trucks and minivans that will make some of them go farther on a gallon of gasoline than the average car does, and will apply to many of the biggest S.U.V.'s for the first time.

But the overall fuel savings, 8.1 percent when the rule is fully phased in, were characterized as too modest by many conservation advocates, who also noted that the biggest pick-up trucks will still be unregulated. Remarks by auto manufacturers were restrained.

The transportation secretary, Norman Y. Mineta, speaking on the fifth-floor walkway at a football stadium, said that the cost of the new rule would be justified by the fuel saved, but that more than economics was involved.

"Saving fuel is as important to our national security and economic viability as it is to preserving our environment," he said, a tangle of highways in the background.

The final rule that Mr. Mineta announced on Wednesday was slightly tougher than the one his department proposed last summer. He said this was partly because of the president's commitment in the State of the Union address in January to reduce the nation's "addiction" to imported oil. But oil consumption would continue to rise under the new rule, he acknowledged.

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The rule covers "light trucks" in the model years from 2008 to 2011. The current rules cover vehicles weighing up to 8,500 pounds. But the new one will cover S.U.V.'s that weigh up to 10,000 pounds. That includes the heavier variants of the Chevy Suburban and the Hummer H2. (The H1 is over 10,000 pounds and still exempt.)

The rule does not cover heavy pickup trucks, like the Ford F-250, on the theory that those are used mostly in agriculture or business. While many of the vehicles covered under the new rule are used primarily for personal transportation, often with a single person inside, Mr. Mineta said that the people of Baltimore and the rest of the nation understood how important light trucks were "to maintaining our way of life."

The rule will save 10.7 billion gallons of fuel over the lifetime of the vehicles in those model years, the department estimated. Currently, the United States uses that much gasoline in less than a month.

Transportation officials estimated that the rule would cost vehicle manufacturers about $6.7 billion, a big number even by the standards of federal rule-making, and would add about $200 to the cost of the average vehicle. But owners would save that much within four years, officials said, based on a fuel price of $2 a gallon at the beginning of the period, rising to $2.39 over the vehicle's lifetime. In fact, average gasoline prices are already slightly above the second figure.

The standard is 21.6 miles a gallon for the current model year; it would rise to about 24 miles a gallon in 2011, the last year of the rule, but it would be calculated differently. The new rule sets a fuel economy standard based on the vehicle's "footprint," or how far apart the wheels are. Actual fuel economy will depend on the mix of vehicles sold.

The smallest S.U.V.'s, like the Suzuki Grand Vitara and the Jeep Wrangler, would have to meet a standard of 28.6 miles per gallon. The car standard is 27.5 miles per gallon.

Changing the rules to take into account the size of each vehicle has another effect: it puts pressure on all the companies that sell vehicles in the category, and not just those that sell the biggest, thirstiest vehicles.

Stephen R. Kratzke, the associate administrator for rule-making at the National Highway Traffic Safety Administration, said that the current standard was irrelevant to companies that built only small S.U.V.'s and pickups, because their fleet average was within acceptable limits even if their vehicles were not particularly fuel efficient for their size.

American manufacturers had complained that the current system burdened them but made no difference to Asian makers that sold few or no vehicles at the top end of the range.

Mr. Kratzke said that manufacturers would more widely deploy technologies that are already in limited use. Those include six-speed automatic transmissions, power steering systems that run on electricity instead of a belt that draws power from the engine, hybrid-electric drive trains and superchargers. Aluminum might be more widely used as an alternative to steel, but composite materials are still too costly, he said.

At the Alliance of Automobile Manufacturers, which represents all the major manufacturers but Honda, Eron Shosteck, a spokesman, said, "It is going to be a challenge for automakers, but automakers are committed to meeting it."

Sherrie Childers Arb, a spokeswoman at General Motors, said that when her company analyzed the rule as proposed last year, engineers found it "challenging but achievable." This one will be tougher, but the company has not finished analyzing it, she said.

Others were more critical. Representative Sherwood L. Boehlert, a New York Republican who is the chairman of the House Science Committee, said the Bush administration had missed an opportunity. "It's remarkable to me how long we keep making the same mistake over and over," he said. "Nothing is preventing us from making our nation more prosperous and more secure except political failure of will."

At Environmental Defense, a nonprofit advocacy group, Eric Haxthausen, an economist and expert on cars, said the expansion from 8,500 to 10,000 pounds in vehicle weight should have covered pickups, which make up 80 percent of the category, and the whole standard should have been more aggressive.

"We have to credit them with some modest steps forward," he said. "But given the urgency of the global warming issue and oil dependency issue, this is not the bold step that is called for."

But Ron DeFore, a spokesman for a group run by industry lobbyists called the S.U.V. Owners of America, said, "With the manufacturers, even tenths of a mile per gallon are hard to eke out." He said 20 million Americans have "something that's towable," from a trailer to a boat, and need powerful engines. And, he added, "in an era when we're at $2.50 a gallon plus, the

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real question is why you need a rule like this anyway." Economic self-interest will make people buy higher-mileage vehicles, he said.

Automakers Use New Technology To Beef Up Muscle, Not Mileage (NYT)

By Matthew L. Wald

The New York Times, March 30, 2006

John Elsden relishes the excitement of the mint-condition '65 Mustang convertible he takes out of his garage in eastern Virginia only on sunny days. The sporty coupe with a 289-cubic-inch engine growls, rumbles, vibrates and shakes when he puts his foot on the gas pedal.

But the Mustang, Mr. Elsden said, is not as zippy as his daughter's year-old sports wagon, a Nissan Murano, and accelerates hardly better than his wife's 2001 Jeep Grand Cherokee. Mr. Elsden, a car buff who has owned a variety of muscle cars, said the average sedan today accelerated faster than many cars designed to turn heads in the old days.

For two decades automakers have been developing technology that could make vehicles go farther on a gallon of gasoline. But instead, they have chosen pep and size — making vehicles like the new Murano accelerate faster than cars like the old Mustang, and making them bigger.

The average vehicle, which 25 years ago accelerated to 60 miles an hour in 14.4 seconds, now does it in 9.9 seconds, a pace once typical only of sporty or luxury cars like Camaros and Jaguars. And vehicle weight now averages about 4,100 pounds, up from about 3,200 in the early 1980's, as many buyers switched to larger, roomier cars or to sport utility vehicles and minivans, and as automakers added safety equipment.

Buyers like the extra zoom and room, but these have come at a cost: average fuel economy has fallen slightly over the last two decades. The government's new standards for light trucks like S.U.V.'s, published yesterday, will require an 8.1 percent increase in miles per gallon over the four model years from 2008 through 2011. [Page C1.]

But over the longer term, significant improvement appears to be lagging. As scientists and engineers look for ways to satisfy the fast-growing demand for energy and to slow climate change, many of them say that fundamental changes are needed in the way fuel is produced and consumed.

They say that ways must be found to replace oil and gas, and to get more energy from coal, which will become increasingly important as an energy source, without adding to carbon dioxide emissions.

And they say that greater fuel efficiency is imperative as the number of motor vehicles, which the Worldwatch Institute says has nearly doubled worldwide in the last two decades, could double again in 15 years. The United States has the highest per capita gasoline consumption of any major country.

Higher mileage would also significantly reduce emissions of global-warming gases that come from burning gasoline. The increase in vehicle acceleration and weight alone has raised emissions of carbon dioxide in the United States by about 5 percent.

If 2005 model vehicles, with their better technology, had the performance and size of those in 1987, they would use only 80 percent of the gasoline they do today, according to the Environmental Protection Agency. That alone would get the country nearly halfway to the goal President Bush set in his State of the Union address: to cut American oil consumption enough to nearly eliminate the need to import from the Middle East.

But because Americans have not insisted on better fuel economy, "we can take the technology in the cars and turn the knob toward performance," said Karl H. Hellman, an automotive development expert who retired from the E.P.A. two years ago.

Improving mileage now would be easy if drivers sacrificed some zip in new cars, he said, "but in this country, we don't sacrifice for anything."

Just as significant as vehicle weight is how much faster autos accelerate, even as more driving is done on congested roads. The E.P.A. does not calculate how much of the poorer fuel economy results from acceleration and how much is attributable to weight, but it publishes figures suggesting that the split is about even.

The 2005 Toyota Camry, one of the most popular sedans, accelerates more quickly than some 1975 Pontiac Firebirds. The Chevrolet TrailBlazer, an S.U.V., can reach 60 miles an hour in 8.2 seconds — about half the time of its 1985 ancestor. The

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2006 Cadillac STS-V, which can reach 60 m.p.h. in less than five seconds, is one of many cars that now have more than enough horsepower to pull an 18-wheeler.

Philip H. Kosak of High Point, N.C., owns a 1965 Mustang, a 2005 Mustang, a Chevrolet TrailBlazer S.U.V. and an extended-cab Silverado pickup. The whole country, himself included, is spoiled, he said.

He has thought about buying something smaller and more fuel-efficient, especially with gasoline prices often running near $3 a gallon, but he has driven a pickup for years. "Once you've graduated to that, it's tough to go back. It's like moving back into a smaller home."

Mr. Kosak, who owns a company that produces snack food, said he drove 30,000 miles a year. He could save hundreds of gallons of gas a year with something smaller, he said, but even at today's fuel prices he can afford the extra expense and does not want to give up the fun of something that performs well. Mr. Kosak, who is 50, says he is looking forward to a lot of driving just for enjoyment.

But nearly a hundred million households burning an extra few hundred gallons a year add significantly to pollution and a greater reliance on imported oil. That contributes to a larger trade deficit and, at times, the use of American power to protect foreign supplies.

Representative Sherwood Boehlert, Republican of New York, who has pushed for years for higher fuel economy standards, said, "We can talk all we want about our addiction to oil, but words have to be followed with deeds."

"It wouldn't be a sacrifice at all. No one really needs that greater power, except specialized vehicles for law enforcement purposes."

The carmakers say they give customers what they want. "Performance and safety, those factors are salable into the marketplace," said Gerald M. Roussel, manager for energy and environment at the Ford Motor Company's government relations office. And they have done so while reducing emissions of pollutants that cause smog and acid rain, he and others pointed out.

In improving fuel economy, virtually everyone agrees that there is a way only if there is a will. "There is no shortage of technology," said John M. DeCicco, a senior analyst at Environmental Defense, a nonprofit advocacy group.

Technologies already in use include four valves for each cylinder, which allows more power from a smaller, lighter engine, and computer-controlled fuel injection, which increases efficiency and cuts pollution.

More changes are coming. For example, gas-electric hybrids are increasingly common, but have been used in some cases more to make the vehicle accelerate faster than to go farther on a gallon of gasoline.

Indeed, Mark P. Mills, a physicist and energy expert, said that improvements in vehicle efficiency would not reduce consumption because without a significant rise in gasoline prices to encourage buyers to save fuel, most people would simply take advantage of the advances to demand bigger, faster vehicles.

Mr. DeCicco agreed. "What we're really talking about here is the need to, through a combination of public policy and awareness, use the technologies at hand with a different set of priorities in mind," he said. "Until we do that, all the invention in the world isn't going to make a difference."

Light Trucks' Mileage Rules Toughen (WP)

By Sholnn Freeman

The Washington Post, March 30, 2006

The federal government set gas-mileage goals for the largest sport-utility vehicles for the first time yesterday and said minivans, pickup trucks and SUVs as a group must increase their fuel efficiency by 11 percent over the next five years.

Big, gas-guzzling SUVs are hit the hardest under the rule. The three-ton Hummer H2, for instance, which gets an average of 13.8 miles per gallon, will have to achieve 22 mpg by 2011. The Ford Explorer SUV will have to increase its fuel efficiency from 17.7 mpg to 25.2 mpg, while a Dodge Caravan will need to inch up from 22.7 mpg to 23.5 mpg.

"No SUV gets a pass," said Transportation Secretary Norman Y. Mineta in announcing the changes. The new standards represent the most ambitious fuel economy goals for light trucks -- SUVs, minivans and pickups -- ever developed in the program's 27-year history, he said.

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Nevertheless, environmental groups derided yesterday's announcement, saying the rules are too modest for an administration that has called on the nation to kick its oil addiction.

Mineta's announcement comes as gasoline prices are nearing their six-month high, with a gallon of regular averaging $2.50 per gallon, or 35 cents more than it cost a year ago, according to the U.S. Department of Energy. At the same time, General Motors Corp. is staking its turnaround in profit this year on a new batch of large SUVs.

Mineta said the new rule is being phased in over the next five years to lessen the impact on the "fragile" U.S. auto industry, hit by declining market share and huge financial losses.

The new National Highway Traffic Safety Administration standards aim to raise the fuel economy of the light-truck category to 24 mpg by 2011 on an industry-wide scale, up from 21.6 mpg on 2006 models. The new standards do not apply to passenger cars.

The rule could force automakers to spend $6.7 billion to update light trucks with fuel-saving technology needed to meet the new regulations, Mineta said. He added that the rule will save 10.7 billion gallons of gasoline over the next five years and help the overall economy, outweighing the expense to automakers. Additionally, the system closes a loophole that excluded the largest and least-efficient SUVs in the industry from the fuel-economy rules.

The Alliance of Automobile Manufacturers, the industry's primary lobbying group, said meeting the standards of the new rule will be a "challenge" for automakers.

Environmental groups continue to seek tougher standards.

"The biggest single step that the president could take to cut our oil addiction, curb global warming and save consumers money at the gas pump is raising [fuel economy] standards substantially, and that's not what they're doing," said Dan Becker, director of the global warming program at the Sierra Club. "They are tinkering around the edges rather than using the most powerful tool they've got."

Becker and other environmentalists also complained that NHTSA retained a fuel-economy exemption for the industry's largest pickup trucks. Vehicles such as the Ford F250 and F350 pickups are excluded from the fuel standards.

GM and Ford Motor Co. depend heavily on profit from large SUVs. Demand for the vehicles collapsed last year as rising gas prices roiled the U.S. market for new cars and trucks. The resulting slide in profits has led to a major restructuring in the industry. GM and Ford have announced turnaround plans that include cutting billions of dollars in costs and eliminating as many as 60,000 jobs over the next few years. Executives at both companies have said developing more vehicles with greater fuel economy is essential to fixing the companies' financial problems.

Chris Preuss, a GM spokesman in Washington, said the run-up in gas prices is already shifting consumer demand toward more fuel-efficient models. "As fuel economy becomes more of a part of the purchase equation to consumers, it proves to be easier to deal with at the manufacturing level," he said.

Mineta said the 2011 deadline for the more fuel-efficient SUVs gives automakers enough time to act. The rules affecting minivans, pickup trucks and smaller SUVs will be phased in starting next year.

Hybrid cars, such as the Toyota Prius and the Honda Insight -- the vehicles that get the highest mileage -- typically get about 55 mpg, according to the federal government. However, consumers have complained of getting lower numbers.

Mineta said NHTSA is studying ways to improve the fuel economy of passenger cars. The average mileage requirement for all cars has been stalled at 27.5 mpg since the 1975 Energy Policy Conservation Act was signed by President Gerald Ford. The law set initial fuel economy standards after the OPEC oil embargo.

Higher Mpg Required Of SUVs (BSUN)

By Michael Dresser

The Baltimore Sun, March 30, 2006

The U.S. Transportation Department made some of the most far-reaching changes to its fuel economy standards in the 27-year history of the program Wednesday -- adopting rules that will raise mileage requirements for minivans, SUVs and some pickup trucks.

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But environmental groups expressed disappointment at the regulations, contending the Bush administration had missed an opportunity to make meaningful strides toward cleaning the air and meeting the president's stated goal of breaking a national "addiction" to imported oil.

The new rules, which will apply to 2008-to-2011 vehicles, raise the average mileage requirements for the vehicles from the current 21.6 miles per gallon to 24.1 mpg by 2011 in annual steps. They should save an estimated 10.7 billion gallons of fuel over the lifetime of those vehicles.

It marks the second time the Bush administration has increased the mileage targets for the group of vehicles, some of which had been exempt from the fuel efficiency rules.

The administration previously raised the target from 20.7 mpg -- where it had been frozen by Congress for almost a decade -- to 22.2 mpg for 2207.

In unveiling the new requirements Wednesday at the Baltimore Ravens' stadium, Transportation Secretary Norman Y. Mineta called them "significant improvements" in standards for the vehicles.

While they are collectively known as "light trucks," the category includes minivans and SUVs.

Transportation officials selected an upper level of the Camden Yards football stadium that provided a panoramic view of various modes of transportation -- including light rail, freight trains and a spaghetti bowl of highway interchanges.

Billing the changes as the first "complete reform" of fuel economy requirements for light trucks since standards were introduced in 1979, Mineta said they "close loopholes that have long plagued the current system."

"We are pushing the envelope," he said.

Last August, the administration first proposed higher standards but did not include the heaviest vehicles -- those between 8,500 and 10,000 pounds. The revised rules include about 240,000 SUVs -- including such behemoths as the Hummer H2, Chevrolet Suburban and Ford Expedition -- that fall into that weight category.

"We decided we could ask more of the manufacturers than we did last August," said Mineta.

While the administration decided to extend the fuel economy rules to the heavier SUVs, it continued to exclude a larger number of pickup trucks in the same weight category. Officials said such vehicles are mostly used for commercial purposes -- an assertion questioned by environmentalists.

The rule changes do not apply to passenger cars, which now must meet a standard of 27.5 mpg.

Mineta said the administration tried to be mindful of the economic impact of the rules. Domestic automakers, especially Ford and General Motors, have posted heavy losses in recent quarters and have been taking steps to severely cut back their work forces.

"The automobile industry is in a very fragile state right now," he said.

Jennifer Moore, public affairs manager for Ford Motor Co., expressed general satisfaction with the latest changes to the Corporate Average Fuel Economy (CAFE) program:

"The new CAFE standards will pose significant challenges, but at Ford, we're confident that our drive toward innovation will result in fuel economy gains."

Sherrie Childers Arb, director for communications on the environment and energy for General Motors Corp., described the rules as "slightly more stringent" than last year's proposals. She noted that the company had called those proposed standards "challenging" but "achievable."

Environmental groups were unimpressed with the final standards, saying they fall far short of their expectations. They said the rules are only marginally stricter than those proposed last year, which would have set the standard at 24 mpg.

"Why such a modest change?" was the reaction of Eric Haxthausen, an economist with Environmental Defense in Washington. He said his organization had hoped to see a standard closer to 26 miles per gallon.

"This is less than a week's worth of gasoline," he said.

Roland Wong, a spokesman for the Natural Resources Defense Council, said the standards don't come close to the action needed to deliver on President Bush's promise in his State of the Union address to reduce U.S. dependence of foreign oil suppliers.

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"We think this administration proposal is a baby step when bold action is required," he said. "Bold rhetoric is not being matched by bold action."

In Congress, environmental advocates also expressed dismay. Rep. Sherwood Boehlert, a New York Republican and chairman of the House Science Committee, de scribed the changes as "a missed opportunity." He said the new CAFE targets could have been set much higher "in a safe and cost- effective manner."

"The president rightly pointed out in his State of the Union address that when it comes to oil, we are a nation of addicts," Boehlert said.

"And we're behaving exactly as an addict would behave -- not admitting our problem, not taking even the simplest steps to address our problem, not acting in our own best interests."

Lon Anderson, government affairs director for AAA Mid-Atlantic, called the new standards "a small step in the right direction" but said the administration had missed a good opportunity to include large pickup trucks.

"Especially right now, with gas prices stuck in the stratosphere, I think it's for sure that consumers will be much more interested in fuel economy when making purchasing decisions than they were in the past," he said.

Haxthausen also questioned the decision to exclude large pickup trucks, pointing to a 2005 survey commissioned by his group showing that two-thirds of the use of such vehicles was for personal travel.

Glassman said transportation department officials were relying on information about the truck use from the Environmental Protection Agency and had not done their own studies.

Glassman put the cost of the change to the industry at $6.7 billion. But she estimated that consumers could recoup the extra passed-on costs with fuel savings over a four-year period.

Big SUVs To Face New Fuel-economy Rules (USAT)

By Jayne O'Donnell

USA Today, March 30, 2006

The nation's largest SUVs and vans will have to meet government fuel-economy rules for the first time under a new rule announced Wednesday.

If the new National Highway Traffic Safety Administration (NHTSA) rules were in effect now, it would cover a quarter million SUVs — including the Hummer H2 — that had never been covered by fuel-economy rules.

All other SUVs, pickups and minivans will be required to get improved mileage — some even better than the 27.5 mpg required for 2006 cars. The new average fuel economy for these trucks will be 24 miles per gallon — up from the current 21.6 mpg. The new rules will take effect in 2011.

The Hummer H2, which currently doesn't have to meet fuel-economy standards, would have to get 22.3 mpg in 2011, up from the 10 mpg it now gets.

General Motors spokeswoman Sherrie Childers Arb says GM should still be able to sell the H2 even if it can't achieve the new fuel-economy numbers. The NHTSA rules allow a company's more fuel-efficient vehicles to offset those that use more fuel.

Ford spokesman Ed Lewis said the rules “pose significant challenges” but said the company's hybrid and car-based SUVs should help it improve its trucks' mpg.

Ron DeFore, a spokesman for the Sport Utility Vehicle Owners of America, a non-profit consumer group, questioned whether the rules were needed given high gas prices. He says he fears the standards will lead to higher vehicle prices, reduced performance and fewer options such as V-8 engines and four-wheel drive.

The Transportation Department says the rules will save nearly 11 billion gallons of fuel — including 2 billion from the largest SUVs alone. But environmentalists say they don't go far enough.

“Fighting America's oil addiction with these standards is like fighting lung cancer by smoking 49 cigarettes a day instead of 50,” said Don MacKenzie, a Union of Concerned Scientists engineer.

Some environmentalists' concerns were addressed in the rule. Groups had complained that an August plan to assign fuel-economy targets based on six size categories of trucks would have encouraged automakers to make trucks bigger to move them into a category with a less stringent mileage number.

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NHTSA scrapped the categories to reduce the risk of this "gaming" and instead is assigning a separate mpg number for each size of vehicle.

Ethanol Shortage Could Up Gas Prices (USAT)

By James R. Healey

USA Today, March 30, 2006

Gasoline prices will be unusually high and shortages might occur this summer, because the U.S. ethanol industry can't keep up with the demand for fuel-grade alcohol to mix with gasoline, the head of the U.S. Energy Information Administration told a Senate committee Wednesday.

Merely "short-term challenges," countered Bob Dinneen, president of the Renewable Fuels Association, the ethanol trade group. Whatever can't be produced here can be imported, he said. But imported ethanol, mostly from Brazil, carries a 54-cents-per-gallon tariff that would boost fuel prices even more, unless it were waived.

Ethanol — grain alcohol made mainly from corn in the USA — is being promoted by the auto and ethanol industries and the government as a substitute for gasoline, usually in a mix called E85 that is 85% ethanol and 15% gasoline.

But the comments Wednesday at the Senate Environment and Public Works Committee underlined how distant a goal that is. The hearing wasn't even about a goal as ambitious as E85. It was to discuss ethanol as a substitute for MTBE, a clean-air additive in gasoline. Replacing it with ethanol would require only about 8% as much ethanol as E85 requires.

Refiners have used MTBE for years and now are discontinuing it because MTBE can taint water supplies and Congress has refused to protect them from MTBE lawsuits. Ethanol is the only ready substitute.

Dinneen pointed out that 33 ethanol plants are under construction and that some of the 97 others already producing are being expanded. But EIA, in a report last month warning of shortages, said that "new (ethanol) facilities will not start soon enough to meet 2006 demand." That, EIA head Guy Caruso told the committee, "could cause temporary supply dislocations and may cause price volatility."

Ethanol mainly is made in the Midwest. But demand should be heaviest in the Northeast and Texas because of special clean-air fuel requirements there. Shipping alcohol costs more and takes longer because ethanol attaches to any moisture present and could contaminate petroleum pipelines — the cheap, fast way to ship.

EIA has forecast summer gasoline prices averaging about $2.50 per gallon, or 12 cents more than last year. It has not, however, directly blamed ethanol shortages.

EIA reported Wednesday that U.S. inventories of gasoline — though still robust — dropped 5.4 million barrels last week, the biggest drop since the week ended Aug. 22, 2003.

The wholesale price of gasoline for summer-month delivery rose several cents a gallon, to about $1.91.

Ethanol, by contrast, ranged from about $2.49 to $2.52.

EPA Plans Tougher Smog Rules For Mowers (WSJ)

By Sara Schaefer Muñoz

The Wall Street Journal, March 30, 2006

The Environmental Protection Agency is planning new emissions standards for lawn equipment that would cut air pollution and save gas. But manufacturers say the rules could increase the risk of fires and lead to higher prices for consumers.

The new standards would affect all lawn mowers. Currently, there are 52 million residential and commercial mowers (both the ones you push and the ones you ride) and other large lawn equipment that the EPA estimates are in use nationwide. Such lawn equipment is operated about three billion hours a year, the agency says, and a typical push mower emits as much hourly pollution as 11 cars, with a riding mower emitting as much as 34 cars.

To control emissions, lawn equipment would likely need catalytic converters, devices that manufacturers and fire safety advocates say could increase the risk of fires and burns. An EPA safety study released earlier this month, however, found no risk from adding the devices to engines in lawn mowers.

The move toward tighter regulation comes at a time when the landscape industry is booming: Residential lawn and garden equipment, supplies and services generated sales of $24 billion in 2004, up 5% from 2003, according to the most recent data

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available from Packaged Facts, a division of New York-based MarketResearch.com. It also comes during a period of intense industry innovation.

So-called zero-turn riding mowers, for example, a type of rear-engine machine that can turn in place, are able to make grass-cutting more efficient. Manufacturers are also launching a wave of bigger, more sophisticated mowers (which also guzzle more gas than push models). The Bloomington, Minn.-based Toro Co. recently unveiled a new tractor with cruise control. MTD Products in Cleveland this year rolled out its biggest mower yet under the Cub Cadet brand: It weighs 843 pounds and is designed for properties of six acres or larger.

The EPA has not formally proposed the new emission standards, but officials say a preliminary version of nationwide rules should be published this fall. They will likely be similar to those created in California. The California rules ban tanks and hoses made of gas-permeable materials like plastic, which can allow fumes to evaporate, and set strict limits for hydrocarbon emissions, the building blocks of smog. The California regulations are expected to go into effect in January.

"Given the fact that across the country we have areas that have unhealthy air, and localities and states are looking for strategies to reduce smog, we believe it is very appropriate to look at these [lawn-equipment] sources," said Margo T. Oge, the EPA's director of transportation and air quality.

Small engine manufactures say tighter standards will require costly redesigns. The Wauwatosa, Wis.-based Briggs & Stratton Corp., the country's biggest maker of engines for outdoor power equipment, estimated that the California regulations would raise the retail cost of lawn mowers by 31%, and said expenses associated with upgrades could force them to move plants overseas. The EPA estimates that adding converters could cost $8 per engine. The retail cost of mowers is around $100 to more than $10,000 for large, riding models.

Opposition to tighter standards from Sen. Kit Bond (R., Mo.), whose state is home to factories owned by Briggs & Stratton, delayed the EPA's emission rules when he called for further study of possible fire and burn risks associated with pollution-control devices in small engines.

The central concern is the catalytic converter, a device used for decades in cars that filters emissions and can generate high levels of heat. The converters have long had fire-safety advocates urging drivers not to park on dry grass or underbrush due to safety concerns, "but you can't tell someone to keep a lawn mower off the grass," says George Miller, chairman of the International Consortium for Fire Safety, Health and the Environment, a nonprofit group devoted to fire protection. The group is working with manufacturers to do their own safety study, to be completed at the end of the year.

Under any new guidelines, the EPA won't specifically ask companies to install catalytic converters in their equipment. But the devices are one of the most effective ways to reduce smog-causing engine emissions.

The EPA's safety study found if systems are retooled to allow for cool air to flow through them, small catalytic converters can successfully be installed in lawn mowers without elevating the risk of fire. The study looked at roughly 60 different engines and 30 types of catalytic converters, and found that temperatures in the equipment could be the same or cooler than current models that don't use the devices. Use of a catalytic converter can cut small engine hydrocarbon emissions by 35%, EPA officials say.

Some companies are already moving toward more environmentally friendly products: This year's line of riding mowers from Deere & Co.'s John Deere, which include a fully enclosed engine to mitigate noise and seats with better lumbar support, were also upgraded to include nonpermeable fuel lines to keep gas from evaporating.

A few manufacturers are also offering electric mowers. These are quieter, use only several dollars a year worth of electricity, and don't require engine tune-ups or oil changes. But because they need cords and batteries they are practical only for smaller lawns. Black & Decker, for example, makes the MM875, a 19-inch blade, electric mower that sells for $249, and a cordless version priced at $449. Other alternative mowers don't need gas or electricity, but trim grass by push-power only.

America's obsession with manicured lawns has created a backlash in many areas of the country, as municipalities have restricted the use of mowers and other lawn equipment, such as leaf blowers, because of pollution and noise concerns. Palo Alto, Calif., banned gas-powered leaf blowers in July, and a new ordinance in Pound Ridge, N.Y., prohibits use of commercial landscaping equipment on Sundays. Other cities have incentives to cut down on gas-powered equipment. Fort Collins, Colo., offers a $15 rebate for mowers that are electric or motor-free.

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Some consumers welcome the crackdown. Gene Lottner, a 56-year-old comptroller in Stamford, Conn., says he is frequently bothered by the noise and fumes from commercial lawn companies in his neighborhood. If lawn equipment is being used next door, "I can smell it if I have the windows open," he says.

Pollution and noise aren't the only drawbacks to the greater use of lawn equipment. According to the Consumer Product Safety Commission, hospitals saw 14,607 injuries from riding mowers in 2004, up from 9,001 in 2002. There was also an increase in injuries associated with walk-behind mowers: There were 3,485 in 2004, up from 2,450 in 2003.

Report Asks Congress To Set Limits On Fishing (WT)

By Joyce Howard Price

The Washington Times, March 30, 2006

Only 13 percent of federally managed ocean fish stocks are known to be healthy and not overfished, says a report by the Marine Fish Conservation Network (MFCN), which urges Congress to impose strict limits on fishing and penalties for those who exceed them.

The report, released yesterday by a coalition of 175 groups that include fishermen and environmentalists, comes as Congress prepares to consider reauthorization of the 1976 Magnuson-Stevens Fishery Conservation and Management Act, the nation's primary fisheries law.

During a press briefing at which the report was released, Lee Crockett, MFCN's executive director, said a new reauthorization measure should include annual "catch limits set by scientists" and "accountability" to deal with regional fisheries management councils that exceed those limits.

One option formerly included in a Senate version of the measure, approved by the Senate Commerce, Science and Transportation Committee in December, would require councils that catch more than their allowable limit one year to have their quotas reduced by that amount the following year. But the punishment language was cut from the Senate measure as a result of pressure from New England lawmakers.

Yesterday, Rep. Frank Pombo, California Republican, and Rep. Barney Frank, Massachusetts Democrat, introduced a House version of the reauthorization bill that would provide no penalties for exceeding catch limits.

In an interview, Mr. Crockett called the Pombo-Frank bill "a good step in the right direction" because it would have scientists set annual catch limits.

"But there are other troubling parts," besides the lack of penalties for management councils that exceed limits, he said. The bill would provide additional exemptions to a provision in the current law that requires a rebuilding of depleted fish stocks within 10 years, he said.

Mr. Crockett said that, in the next few days, Rep. Wayne T. Gilchrest, Maryland Republican, will introduce a bill "that will be stronger than the Senate" version of the reauthorization and "without some of the troubling things the Pombo bill contains."

The MFCN's report found that in 2004 only 91 of 686 ocean fish stocks were not being overfished, a figure that had not changed since 2001

This should not be happening, Mr. Crockett and others at the briefing said, because legislation passed by Congress in 1996 required an end to overfishing and the strengthening of depleted stock. MFCN said the National Marine Fisheries Service "hides its lack of progress" on this front "with administrative shell games."

Peter Baker of the Cape Cod Commercial Hook Fishermen's Association and Gerald Leape, vice president of marine conservation at the National Environmental Trust, who also participated in the briefing, agreed that protection of ocean fish must be strengthened.

"We are not seeing full implementation of what Congress passed in 1996," when the Magnuson-Stevens act was last reauthorized, Mr. Leape said.

Mixed Message On Bird-Flu Vaccine (WSJ)

By David Armstrong

The Wall Street Journal, March 30, 2006

Effectiveness Is Exhibited, But Only in High Doses, Posing Production Difficulty

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An experimental bird-flu vaccine under development by the U.S. government and Sanofi-Aventis SA is effective only at high doses, making it difficult to mass-produce in the event of a pandemic, according to a new study.

The findings provided a mixed message of hope for an answer to the deadly disease, but only if manufacturing ramps up ahead of any widespread contagion. Production of avian-influenza vaccines is restricted by the limited capacity of vaccine makers and the fact that the virus particles used to develop the vaccine have to be grown in fertilized hen eggs.

"This is more of a clear indication that we have a way to go," said Anthony Fauci, the director of the National Institute of Allergy and Infectious Diseases, in an interview. "This is not the answer in and of itself." Dr. Fauci's agency is spearheading the government research on bird flu.

The study published in this week's New England Journal of Medicine found the vaccine from Sanofi Pasteur, a unit of Paris-based Sanofi-Aventis, was only effective at six times the standard dose. In addition, two doses were needed to get the best result -- and even then it only produced the desired immune response in 54% of the patients tested. The study detected no significant side effects associated with the vaccine.

"Given that this is a new kind of influenza virus for the body to experience, we anticipated it would take more of a punch to elicit an immune response, and that is certainly the case," said William Schaffner, chairman of the department of preventive medicine at Vanderbilt University School of Medicine who served on the safety-monitoring board for the study. "What we learned is it takes a lot more. We anticipated a better response at the low dose."

Dr. Fauci said researchers are turning their attention to figuring out ways to get more of a reaction from the vaccine to reduce the need for huge quantities of it. One method being studied is to add immune-system boosters, known as "adjuvants," to produce a stronger reaction from lower doses of the bird-flu vaccine. Among the adjuvants being studied are aluminum, which is already used in other vaccines, and another substance known as MF59.

Sanofi Pasteur, in a statement, said it is boosting its production capabilities by building a plant in Swiftwater, Pa., that will double its U.S. capacity by 2009, and expanding its facility in Val de Reuil, France. The current world-wide manufacturing capacity is estimated to be such that it can only produce enough vaccine for 75 million people, according to an accompanying editorial in the NEJM.

U.S. health agencies have awarded contracts to Sanofi and Chiron Corp., of Emeryville, Calif., to produce and test vaccines to protect against the H5N1 virus, which has proved to be the deadliest of the 16 subtypes of avian-influenza viruses. There are no approved vaccines for the virus.

The U.S. government has stockpiled enough bulk concentrate of the bird-flu vaccine to immunize 3.8 million people, which is well short of the goal of 20 million set by health officials. The two companies have also produced thousands of experimental doses for clinical trials.

The H5N1 virus was first detected in Hong Kong in 1997. The virus is spread by birds and has continued to move into Europe and Africa from Asia.

Write to David Armstrong at david.armstrong@wsj.com6

Avian Flu Vaccine Produces Limited Success (USAT)

By Steve Sternberg

USA Today, March 30, 2006

Researchers claimed only partial success Thursday in the largest human trial of an avian flu vaccine. (Related video: Vaccine needs boost)

They showed the vaccine is safe and generates what appears to be a protective immune response. But it worked just half the time and only when given in a total dose that is 12 times the amount used in seasonal flu vaccine, study leader John Treanor of the University of Rochester says.

"Every journey starts with the first step," Treanor says, saying researchers hope to use chemicals called adjuvants to boost the vaccine's effectiveness.

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The study, in Thursday's New England Journal of Medicine, marks a milestone in the joint government-private sector push to guard against avian flu by developing new vaccines and better ways of producing them. Without an effective vaccine, the Congressional Budget Office estimates, a flu pandemic in the USA could kill 2 million people.

So far, the avian flu virus, H5N1, has mainly killed birds. As of March 24, the World Health Organization reported 186 human cases and 105 deaths.

The virus's lethality, and its ongoing mutations, make it unlikely that any one vaccine will be enough, experts say.

"If this virus evolves to a point of being able to spread person to person, and we hope it never does, it will be different than the strain" used in this vaccine, possibly limiting its effectiveness, says Anthony Fauci, director of the National Institute of Allergy and Infectious Diseases, the study's main sponsor.

Although the vaccine is not a perfect match, "we would hope there would be some benefit from deploying it."

The vaccine, made by Sanofi-Aventis, carries inactivated genes from an H5N1 virus taken from a patient in Vietnam. It was given to 451 healthy adults ages 18 to 64 who were broken into four groups. Each group received a different dose ranging from 7.5 micrograms to 90 micrograms. Just more than half of those who got two 90-microgram doses 28 days apart made enough protective antibody to match the levels that occur after standard flu shots.

Standard flu shots contain vaccines against three types of virus and are 75% to 90% effective in the age group studied in the trial. Each of the three doses totals just 15 micrograms.

The amount of vaccine needed to provide protection will be crucial in a pandemic. As the dose increases, the number of people who can be vaccinated shrinks, because there are limits to how much vaccine manufacturers can make.

Current global manufacturing capacity is about 900 million 15-microgram doses. At the high dose used in the trial, only 1.2% of the world's population, 75 million people, could be vaccinated, Gregory Poland of the Mayo Clinic Foundation wrote in an NEJ editorial.

The biotech firm Chiron also has produced an avian flu vaccine that is now in human trials.

And Thursday, officials at GlaxoSmithKline were to announce the launch of two studies of the company's vaccine. About 30 other avian flu vaccines are in early testing stages, Fauci says.

Doubt Cast On Stockpile Of A Vaccine For Bird Flu (NYT)

By Denise Grady

The New York Times, March 30, 2006

A bird flu vaccine being stockpiled by the government in preparation for a possible pandemic protects only about half the people who receive it, scientists are reporting. In addition, it must be given in such high doses that if a pandemic were to start soon, manufacturers could not begin to make enough vaccine for all who would need it.

A dose 12 times the amount used in a standard flu shot protected 54 percent of the people in a study being described today in The New England Journal of Medicine. That level of effectiveness is "poor to moderate at best," said Dr. Gregory A. Poland of the Mayo Clinic, who wrote an editorial accompanying the report.

But Dr. Anthony S. Fauci, director of the National Institute of Allergy and Infectious Disease, which paid for the development and testing of the vaccine, called the results "muted good news."

"We have a long way to go," Dr. Fauci said, but he said the research was a step in the right direction, adding, "You have to go through these early steps."

The new report is the first to include results on all the participants, 451 adults ages 18 to 64 who were inoculated at three medical centers in the United States. They received two shots a month apart. No serious side effects occurred, though some got sore arms from the shots.

Dr. Fauci and Dr. John Treanor of the University of Rochester, the lead investigator of the study, discussed the results on Tuesday in a telephone news conference.

The vaccine, developed by government and other researchers, is being made by Sanofi Pasteur under a government contract. It is designed to prevent the disease caused by the A(H5N1) virus, which has been spreading rapidly through Asia, Europe and Africa. The disease has not reached the Americas.

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The virus attacks mainly birds, but some humans have been infected, almost all of them through contact with birds, and half have died. Some health officials are concerned that the virus could mutate in a way that would make it more contagious in people and start a lethal pandemic.

Vaccines work by activating a patient's immune system. Standard flu shots, even with their smaller doses, are more effective than the new bird-flu vaccine: they protect 75 percent to 90 percent of people under 65, and 50 percent to 60 percent of those who are older, Dr. Fauci said.

The standard shots probably work better because the viruses they protect against have been around for a long time, and most adults have some immunity to them. The vaccine acts like a booster shot to enhance an immunity that is already there.

Researchers say the bird flu vaccine may be less effective because hardly anyone in the United States has been exposed to the A(H5N1) virus. People have no resistance to it, and so it takes a lot of vaccine to jump-start the immune system.

The study used blood tests, which measured immunity to the virus, and researchers set the bar fairly high. Dr. Treanor said he thought that the vaccine might actually work better than it appeared from the study.

A next step in the research is to try adding a substance called an adjuvant to the vaccine, to try to make it work better and at lower doses. Adjuvants stir up the immune system. Alum is a common one.

The government has stored a "modest" amount of the Sanofi vaccine, Dr. Fauci said, about seven million to eight million doses. He said that such a small amount would not be of much help to the public, but he described it as stopgap.

If the disease emerged, he said, the main purpose of the supply would be to inoculate health care workers and people involved in the rush to make a vaccine specific for the virus strain causing the outbreak.

Currently, the United States does not have the production capacity to make bird flu vaccine and the usual vaccines for seasonal flu.

The bird flu vaccine can be made only between runs of the seasonal vaccines, which have to take priority because those types of flu occur every year, and bird flu is a theoretical threat.

Dr. Fauci said the government was spending several hundred million dollars to increase the nation's ability to make flu vaccine.

Another company, Chiron, also has a government contract to make millions of doses of bird flu vaccine. But Chiron, which has a history of manufacturing problems, has produced only 70 percent of the amount it promised the government it would provide by now, and it will not begin making the rest until this fall.

Avian Flu Vaccine Falls Short In Trial (LAT)

By Jia-rui Chong And Denise Gellene

The Los Angeles Times, March 30, 2006

Setting back plans to shield the nation from a potential bird flu pandemic, the first study of a human vaccine showed that even a massive dose failed to protect nearly half of those inoculated, according to a study released today.

The vaccine for the avian flu strain known as H5N1 was far less effective than the standard seasonal flu vaccine, which protects 70% to 90% of the people who get the shot, according to the study in the New England Journal of Medicine.

The experimental bird flu vaccine required 12 times the dose of the seasonal inoculation. That in effect would cut down the nation's stockpile of the vaccine, purchased for about $160 million, to approximately 4 million courses — enough to inoculate only some healthcare and vaccine workers.

The current pandemic flu plan, issued by the U.S. Department of Health and Human Services in November, calls for enough vaccine for 20 million people, though it does not set a timetable for acquiring the shots.

"It's disappointing in that it takes so much," said Robert Webster, a virologist at St. Jude Children's Research Hospital in Memphis, Tenn., who has been studying this particular strain of bird flu since it emerged in 1997. "We have to … find ways to do better, to get more bang for the buck."

Dr. Anthony Fauci, who heads the National Institute of Allergy and Infectious Diseases, acknowledged that the current vaccine "cannot be the answer to where we want to be." He said, however, that the study did demonstrate that the vaccine was partially effective and safe to use.

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"It's a bit of muted good news in that we're going in the right direction, but the sobering news is we have a long way to go," he said.

Developing a human vaccine for bird flu has been the cornerstone of the nation's efforts to deal with a potential pandemic.

The virus, which originated in Asia, rarely infects people, but scientists fear a mutation could make it more easily transmissible, sparking a pandemic.

Since 2003, the World Health Organization has recorded only 186 human cases. But H5N1 is clearly lethal: 105 of those people died.

In the last two months, the virus has been detected in birds in Europe, Africa and the Middle East.

Experts believe it could arrive in North America as early as this summer, carried by migrating birds into Alaska or northeastern Canada.

The Department of Health and Human Services has funded studies of more than 30 candidate vaccines. Results from some of these studies are expected to appear in the next six to 12 months.

The study reported today, which was funded by the National Institute of Allergy and Infectious Diseases, involved 451 healthy adults who were injected with vaccine made by French drug maker Sanofi Pasteur.

The patients received either placebos or dosages that ranged from 15 to 180 micrograms, split into two injections given 28 days apart. The standard dose for seasonal vaccine is 15 micrograms for each of three flu strains.

The researchers could not expose any of the subjects to the disease, so they later tested antibody response to gauge the effectiveness of the vaccine.

Two separate tests found that 54% and 58% of the people who received the highest dose had the same level of protection provided by a seasonal flu shot.

But the remaining subjects who got the highest dose — 46% and 42% in the two tests — fell below that level, meaning that they failed to reach the standard of protection.

Of those given lower doses, fewer than half were protected from the virus.

"We certainly hoped it would be better," said lead author Dr. John J. Treanor of the University of Rochester in New York.

But he said that even people who were not fully protected might have enough immunity to reduce the severity of the illness.

Sanofi spokesman Len Lavenda acknowledged that the results were disappointing.

"We're not satisfied with the level of protection, and we're working diligently to improve the immune response," he said.

Nonetheless, Sanofi is in discussions with the Food and Drug Administration about obtaining approval of its vaccine, Lavenda said.

The high doses needed cause serious problems for the nation's pandemic planning.

Dr. Wendy Keitel, an infectious disease specialist at Baylor College of Medicine in Houston who is leading a trial of another Sanofi vaccine, said requiring two shots was impractical.

"Two high doses are quite problematic if you think about vaccinating people in a pandemic," she said.

The massive doses also would strain the world's manufacturing capacity, which at best can make bird flu vaccine for only 75 million people each year.

That is "really a no-go," said Ripley Ballou, a research vice president at GlaxoSmithKline, which is also developing a vaccine. "It is just not even conceivable that all the manufacturers in the world could produce" enough to meet the demand in case of a pandemic.

The Sanofi vaccine is made in the traditional manner, using an altered virus grown in chicken eggs — a process considered slow and inefficient.

"This is slide-rule technology," said Michael Osterholm, director of the Center for Infectious Disease Research and Policy at the University of Minnesota. "We need to be dealing with a modern vaccine."

British-based Glaxo and Sanofi have announced plans to build or expand factories, which could add hundreds of millions of doses of the pandemic flu vaccine to the global supply. But the added capacity won't be available for several years.

To stretch the supply, researchers are experimenting with the use of a drug additive, known as an adjuvant, that could boost the effectiveness of the vaccine. The adjuvant works by making the vaccine more easily perceptible by the immune system .

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The concept isn't new. Childhood vaccines against tetanus and bacterial meningitis contain adjuvants. Most trials of adjuvants use alum, a mixture of aluminum salts.

Emeryville, Calif.-based Chiron Corp., which has also made millions of H5N1 doses for the U.S. stockpile, is testing an adjuvant derived from shark oil that it now uses in seasonal flu shots in Europe. The adjuvant isn't approved for use in the U.S.

Glaxo will announce plans today to launch clinical trials using different adjuvants with experimental avian flu vaccine.

Sanofi has already tested a bird flu vaccine with an adjuvant that produced a "good immune response" and would meet European standards for licensing seasonal flu vaccines, Lavenda said.

Bird Flu Fatalities Climb, Mark Deadliest Quarter Yet (Update1) (BLOOM)

By Jason Gale

Bloomberg, March 30, 2006

March 30 (Bloomberg) -- Bird flu fatalities in Egypt, which may be confirmed by the United Nations this week, will bring the year's global death toll to 31 people and mark the quarter as the deadliest yet as the virus spreads from Asia to Europe and Africa.

The World Health Organization is scheduled to report within a few days the results of tests on two women who died this month, the UN agency said on its Web site yesterday. Three other people in Egypt also tested positive for the lethal H5N1 avian flu strain by a U.S. Naval Medical Research Unit, the WHO said.

``Since the first outbreak was confirmed on Feb. 17, more than 25 million birds have died or been destroyed" in Egypt, the WHO said. ``Egypt has a large population of poultry, many of which are kept on roof terraces in close proximity to humans."

More people are becoming infected after 31 countries reported initial outbreaks in animals since February. Diseased fowl raise the risk to humans and create opportunities for the virus to mutate into a pandemic form that may kill millions of people. A human case was reported every second day on average this year. The fatality rate rose to one every three days, compared with one a week in the first quarter of 2005.

Since 2003, the H5N1 strain of avian flu has killed at least 105 of 186 people infected, the WHO said on March 24. It will adjust the tally after tests are completed on the Egyptian cases, it said yesterday.

Cameroon Outbreak

A second outbreak of H5N1 was found in a wild duck in northern Cameroon, Agence France-Presse reported yesterday, citing a statement from the West African country's Agriculture Ministry. The outbreak occurred at Lake Malape, near the border with Nigeria, and about 1,000 kilometers (622 miles) north of the capital Yaounde.

UN Secretary General Kofi Annan yesterday asked wealthy countries to keep their promises made in January to give money for the fight against bird flu and said significant new funds may be needed for Africa.

Health officials in poorer nations need help monitoring the avian flu virus and small farmers need payment for poultry they've killed to slow its spread, Annan said in a statement. The original pledge of $1.9 billion, made at a conference in Beijing, may not be enough, he said.

``Nowhere is this more the case than in Africa, from where I have just returned," Annan said in the e-mailed statement. ``As I learned at first hand, there is an immediate and desperate need for expertise, funds, transport and equipment."

Fears the H5N1 virus will mutate and spawn a deadly pandemic-causing variant have focused attention on antiviral medication and vaccines.

Relenza Drug

GlaxoSmithKline Plc's Relenza drug yesterday won U.S. approval for the prevention of influenza, giving doctors another weapon against an illness that kills about 36,000 people in the U.S. each year.

The medicine, an inhaled powder, already is approved by the Food and Drug Administration to treat the flu. Roche Holding AG's Tamiflu, a capsule, is the only treatment also approved for prevention. The drugs would help protect people who are exposed when the flu breaks out in a family or a community, and aren't intended to replace vaccinations, the FDA said.

Study On Whale Stranding, Sonar Is Inconclusive (WP)

By Marc Kaufman

The Washington Post, March 30, 2006

DOJ_NMG_0023908

Federal ocean scientists said yesterday they were unable to determine whether Navy sonar caused a mass stranding of whales on the North Carolina shore last year.

In their report on the stranding -- one of the largest and most troubling in two decades -- the National Marine Fisheries Service researchers concluded that Navy ships had used sonar in the area the day before the whales came onshore. But detailed necropsies and analyses did not find any physical signs of a connection between the loud sonar pings and the whales' rush to shore.

"Experts from around the country worked on these samples and tests, and the bottom line is that we are not able to reach a definitive cause for the stranding," said Aleta Hohn, the Fisheries Service's lead scientist on the report.

The report concluded that most of the animals were otherwise healthy. In all, 33 pilot whales, two pygmy sperm whales and a minke whale stranded and died within two days. Strandings of more than one species at a time are rare.

The report on the January 2005 stranding had been anxiously awaited by the Navy and environmentalists because the animals died near the proposed site of a 660-square-mile underwater sonar testing range.

The Navy has said the sonar range is essential to train sailors and will not be a danger to the many whales in the area. Some environmentalists disagree, saying that the growing number of strandings around the world linked to naval active sonar make the range -- which is near a major whale migration path -- a threat to animals.

The two sides, which are battling in court over sonar, interpreted the report differently. "The NOAA report clearly acknowledges that there is no pathology implicating sonar as a cause of the stranding," said James A. Symonds, director of the Navy's environmental programs.

"We believe the time frame and the distance at which active sonar was used, two to three days prior to the stranding and over 50 nautical miles from [the site of the stranding] make it extremely unlikely that our sonar affected the animals in any way," he said.

Michael Jasny of the Natural Resources Defense Council disagreed. "Today's report by the federal government establishes that sonar was a possible cause of the January 2005 mass stranding," he said. "It confirms that the event itself was highly unusual, being the only mass stranding of offshore species ever to have been reported in the region; and that it shared 'a number of features' with other sonar-related mass stranding events."

Navies worldwide have been using powerful mid-frequency sonar for years, but the link to whale strandings is quite recent. The U.S. Navy acknowledged that its sonar caused a mass stranding in the Bahamas in 2001, and numerous other suspected cases have been reported. Most recently, Spanish officials concluded that beaked whales that came ashore along the Costa del Sol most likely did so because of naval sonar.

Fisheries Service acoustics specialist Brandon Southall said the amount of sonar used in the area prior to the North Carolina stranding was not unusual. But he said it was impossible to say whether the sonar led to the strandings.

FBI/DEA/ATF/USMS:

Report: MLB To Investigate Drug Use (USAT)

By Hal Bodley

USA Today, March 30, 2006

Former Senate majority leader George Mitchell will be named to head Major League Baseball's investigation into past steroid use by Barry Bonds and other major leaguers, ESPN reported Wednesday.

An announcement could come as early as today.

Without citing sources, ESPN stated that Mitchell, a Maine Democrat and close friend of Commissioner Bud Selig, will head the investigation but not be the lead investigator.

MLB President Bob DuPuy, who refused to confirm the ESPN story, told USA TODAY: “The commissioner has given a great deal of consideration to the subject of an investigation over the past weeks and if one were to be conducted to its scope. I am confident he is well along in the deliberative process and will make his final decision shortly.”

DOJ_NMG_0023909

The Associated Press reported Wednesday that a baseball official said the final plans for the investigation were pending, as was a definite answer from Mitchell.

MLB spokesman Richard Levin said neither he nor the commissioner would comment on the ESPN and AP reports.

Mitchell is the chairman of the board of the Walt Disney Co., parent company of ESPN. He is also on the board of directors of the Boston Red Sox and was a key member of Selig's blue-ribbon economic study committee. He stepped down as Senate majority leader in 1994.

Selig, after the publication of the book Game of Shadows, written by two San Francisco Chronicle reporters, has repeatedly said he would consider an investigation. The book details the use of steroids, human growth hormone and insulin by Bonds for at least five seasons beginning in the fall after the 1998 season.

MLB did not ban steroids until after the 2002 season.

The league began testing for illegal performance-enhancing drugs in 2003.

Mitchell To Lead Steroids Inquiry (LAT)

By Tim Brown, Times Staff Writer

The Los Angeles Times, March 30, 2006

NEW YORK — George Mitchell, a Washington lawyer and the former Senate majority leader from Maine who previously has advised Major League Baseball, will lead Commissioner Bud Selig's investigation into alleged steroid use by Barry Bonds and other players.

Under persistent pressure from Congress and in light of a new book that claims Bonds used performance-enhancing drugs for at least five years, Selig will outline his investigation in a news conference today at his office here, baseball sources said.

Mitchell, 72, served on a blue ribbon panel that reported on the financial state of baseball in 2000. He will be the point man in Selig's first hard look at baseball's so-called "steroid era," in which many of the game's foremost players have been accused of using illegal performance-enhancers. Mitchell is expected to attend today's news conference.

It is unclear what action Selig would — or could — take if Mitchell and his investigative team found evidence that Bonds and others had taken steroids. The commissioner has appeared resistant to erasing tainted records, and probably would face a legal battle if he employed his "best interests of the game" authority to suspend guilty players.

One, New York Yankee Jason Giambi, reportedly admitted to a federal grand jury that he used steroids, and in a subsequent news conference offered a vague apology. He hasn't been disciplined because he apparently did not test positive under baseball's steroid policy. Neither has Bonds.

Major League Baseball did not begin its testing program until 2003, did not suspend its first player until a year ago, and only this year strengthened its policy to sufficiently satisfy Congress.

Certain members of Congress remain unconvinced. In a letter sent to Selig two weeks ago, Rep. Cliff Stearns (R-Fla.) cited "apparently credible allegations that [Bonds] used steroids," and demanded that Selig disclose "your involvement and authority to police against illegal performance-enhancing drug use."

Stearns, chairman of the House Subcommittee on Commerce, Trade and Consumer Protection, and Rep. Edward Whitfield (R-Ky.), chairman of the Committee on Oversight and Investigations, asked Selig to respond to six queries — two directly related to Bonds — by today. According to a source in the commissioner's office, Selig has received an extension to respond at a later date.

Mitchell will conduct his investigation independently, as when another lawyer, John Dowd, investigated Pete Rose for gambling on baseball in 1989. Dowd submitted a 225-page report and Rose was banned for life by then-commissioner A. Bartlett Giamatti.

Twelve major leaguers and 81 minor leaguers were suspended last year under baseball's previous policy, the major league portion of which suspended first-time offenders for 10 days. The current policy requires a 50-game suspension for a first offense, 100 games for a second offense and a lifetime ban for a third.

DOJ_NMG_0023910

"Game of Shadows," a book written by two San Francisco Chronicle reporters and released last week, claims to detail steroid use by Bonds, Gary Sheffield, Jason Giambi and others, most of whom were alleged to have received designer and anabolic steroids from the Bay Area Laboratory Co-Operative.

The timing of the investigation will be particularly delicate for Bonds and the San Francisco Giants. Bonds is approaching Babe Ruth on the all-time home run list and is 47 short of Hank Aaron's career record of 755. The Giants open the regular season Monday in San Diego.

Mitchell Is Expected To Oversee Inquiry Into Steroid Use (NYT)

By Ben Shpigel

The New York Times, March 30, 2006

Major League Baseball is expected to announce today that George Mitchell, the former Senate majority leader from Maine, will head a panel that will investigate past steroid use by major league players, and will take a thorough look at Barry Bonds's suspected involvement.

No one in the office of Commissioner Bud Selig would confirm Selig's intentions, but a team executive with knowledge of the situation said the announcement on Mitchell would come today. The person was granted anonymity because details had not been finalized.

Mitchell was expected to oversee the investigation, but it was anticipated that someone else would lead the panel's day-to-day activities. The decision to create the panel comes after the release of "Game of Shadows," a book written by two San Francisco Chronicle reporters that links Bonds to the ongoing steroid scandal that has engulfed baseball and created a huge problem for Selig.

Mitchell, a director of the Red Sox who served on Selig's panel on baseball economics in the late 1990's, lends prestige and immediate credibility to the investigation, which comes after months of Congressional pressure on Selig and baseball. In choosing Mitchell, Selig again finds himself reacting to voices in Congress and in the news media that have criticized baseball for looking the other way as steroid use became popular.

Over the past 13 months, Selig has fended off Congressional pressure to enact steroid legislation by twice persuading Donald Fehr, the executive director of the players union, to reopen the collective-bargaining agreement to introduce stricter language and tougher penalties for players who violate the league's steroid policy.

The first change came in 2004, when baseball mandated a 10-day suspension for the first positive test, a 30-day suspension for the second, a 60-day suspension for the third and a one-year suspension for the fourth.

The second change came in November, when Selig announced that, for the first time, testing would include amphetamines and that players who failed a steroid test this season would be suspended 50 games. The penalties increase to 100 games for a second positive test and a lifetime suspension after a third.

Despite these concessions, Selig has found himself needing to take another step by creating the panel. At the center of the controversy is Bonds, whose march on the career home run record will ensure that the focus remains on steroids. Bonds, who enters this season with 708 career homers, is bearing down on Babe Ruth (714) and Hank Aaron (755), and was bound to find himself embroiled in controversy even without the publication of the book and its incendiary charges.

The book asserts that Bonds, who has denied knowingly using steroids, began using performance-enhancing drugs in 1998 because he was jealous that Mark McGwire had captured the spotlight during his record-setting home run race with Sammy Sosa that season. It offers a lurid timeline of Bonds's devoted steroid use, contending that he was given the drugs by Greg Anderson, a friend and personal trainer, and later became involved with Victor Conte Jr., the owner of the Bay Area Laboratory Co-Operative, which concentrated on offering performance-enhancing drugs to athletes.

The book also alleges that Bonds lied before a federal grand jury investigating Balco when, on Dec. 4, 2003, he testified that he did not think that products he had used described as "the clear" and "the cream" were steroids.

To complicate the investigation, the collective-bargaining agreement did not include drug testing until the owners and the players union agreed to it in 2002, which may make it difficult for baseball to penalize anyone who used steroids before then. Testing began in 2003, and penalties were introduced in 2004.

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The investigation could also introduce new names and verify alleged users, creating additional headaches for Selig as he tries to undo the damage done to the sport by a scandal that refuses to go away.

Report: MLB To Launch Steroid Investigation (SEAPI)

Seattle Post-Intelligencer, March 30, 2006

New York, NY (Sports Network) - Major League Baseball is reportedly expected to launch an investigation into past steroid use by its players, with former Senate majority leader George Mitchell reportedly heading the panel.

The New York Times reported late Wednesday that the announcement of Mitchell's appointment could come as early as Thursday. The paper also reported that, while Mitchell will head the investigation, someone else will handle the day- to-day activities.

Mitchell served on Commissioner Bud Selig's baseball economic panel in the late 1990s and is currently a director with the Boston Red Sox. He served as a senator from Maine (D) from 1989-1995.

San Francisco Giants outfielder Barry Bonds will also reportedly get a close look in the investigation. Bonds once again became synonymous with alleged steroid use after the book "Game of Shadows," was released.

According to the book, written by reporters Mark Fainaru-Wada and Lance Williams of San Francisco Chronicle, Bonds began using steroids after the 1998 season because of his jealousy stemming from the attention that Mark McGwire and Sammy Sosa garnered during their chase, and eventual passing, of Roger Maris' single-season home run mark.

Bonds eventually broke McGwire's mark of 70 after he jacked 73 homers during the 2001 season. He has continuously denied knowingly taking steroids and has even attempted legal action against the recently released book.

Major League Baseball has been constantly battling the alleged use of steroids in its league for some time now, and in November, announced a new steroid policy with stricter penalties for offenders.

The new penalties include a 50-game suspension for first-time offenders, 100- game suspension for a second offense and a lifetime ban for a third violation. Players banned for life will have the opportunity to seek reinstatement after two years.

Also, the new policy will include random testing for amphetamines. First time offenders for amphetamines will have to undergo mandatory evaluation and follow-up testing. Subsequent positive tests will carry suspension of 25 games, 80 games and up to a lifetime ban.

The former penalties for steroid use called for a 10-day suspension for a first offense, a 30-day ban for a second violation and 60-day penalty for a third offense. The penalty for a fourth positive test was a one-year ban and the penalty for a fifth offense was left to the commissioner's discretion. There was no penalty for amphetamine use.

MLB To Investigate Steroid Abuse (BBC)

BBC, March 30, 2006

Bonds is one of several players expected to be investigated Major League Baseball will launch an investigation into alleged past steroid by players, including slugger Barry Bonds, according to reports.

Former US senate majority leader George Mitchell is expected to lead the probe.

Performance enhancing drugs were not officially banned until after the 2002 season and Bonds has denied ever knowingly using any drugs.

But there has been increasing pressure on MLB to deal with the steroid issue, especially between 1998 to 2002.

Two recent books - Game Of Shadows by two San Francisco Chronicle reporters and Love Me, Hate Me: Barry Bonds And The Making Of An Antihero by Jeff Pearlman - have accused Bonds of using steroids.

MLB also faces questions from the United States Congress regarding the issue.

The organisation has yet to confirm the investigation but the New York Times reported in its Wednesday editions that commissioner Bud Selig was on the verge of making it public.

Probe Of Shadows (NSDY)

By Ken Davidoff, Staff Writer; Staff Writer Jon Heyman Contributed To This Story.

Long Island Newsday, March 30, 2006

DOJ_NMG_0023912

Selig expected to start investigation focusing on performance-enhancers and targeting BALCO, Bonds, Sheffield, Giambi

Steroids and baseball have been linked since 1988, when public suspicion concerning Jose Canseco arose.

Now, days before the 2006 season will begin, the game's leadership will finally, formally investigate those who allegedly have used the performance-enhancing drug.

Today, Bud Selig likely will announce that he is opening an examination of players who have been accused of steroid usage. Former Senator George Mitchell will lead the investigation, and the queries will start, not surprisingly, with those implicated in the BALCO scandal - with Barry Bonds and the Yankees' Jason Giambi and Gary Sheffield ranking as the big names.

Although the BALCO scandal has been public for more than 2 1/2 years, the release last week of "Game of Shadows" - the book written by the San Francisco Chronicle reporters (Mark Fainaru-Wada and Lance Williams) who broke many of the BALCO stories - clearly precipitated this dramatic step by Selig.

Baseball last appointed an independent investigator to look into the transgressions of Pete Rose, in 1989, and that resulted in Rose's expulsion from baseball for gambling on games involving the Reds, whom he managed from 1984-89. But this effort is murkier in both goal and scope.

Once baseball established that Rose indeed bet on the Reds, breaking the game's cardinal rule, it became relatively easy to kick the all-time hits leader out of the game. Yet even if Mitchell and his investigators can somehow prove conclusively that Bonds, et al, used steroids prior to 2003, that won't necessarily lead to suspensions of any kind.

Steroids weren't explicitly banned - and weren't tested for, therefore - until 2003. And there was no disciplinary system in place for steroid users until the 2004 season.

Bonds, Giambi and Sheffield all testified in front of a BALCO grand jury in December 2003, and "Game of Shadows" submits strong evidence that both Bonds and Sheffield - who reportedly spoke of unknowingly using steroids - perjured themselves. To date, however, the federal government hasn't brought perjury charges against either player; such an indictment would give Selig far more latitude to act.

Selig has a "best interests of the game" power, as granted by baseball's owners, yet that likely wouldn't hold much water, legally.

The timetable on baseball's investigation isn't clear, although the endeavor will play against Bonds' pursuit of Hank Aaron's all-time home run record of 755. When Bonds' Giants begin the season Monday at San Diego's PETCO Park, the 41-year-old slugger will bring 708 homers to the plate. He is six away from tying Babe Ruth for second place and needs 47 to tie Aaron, an event baseball's leadership would love to somehow avoid.

BALCO represents Mitchell's most obvious starting point because it is the only major laboratory to have been caught. It will be far more challenging for Mitchell and his assembled staff to track down other producers of illicit substances, both domestically and internationally.

Mitchell, 72, a native of Maine, represented his home state in the Senate from 1980 until 1995, when he retired. A Democrat, he served as the Senate Majority Leader from 1989 until 1995.

Most important for this job, Mitchell is a close friend of Selig. Earlier this decade, he served on the commissioner's highly publicized "blue ribbon panel," which produced a study reflecting Selig's desire to overturn the game's economics.

Mitchell is listed as the "director" of the Boston Red Sox. It's not clear whether he'll need to resign from this job to avoid the appearance of a conflict of interest.

Staff writer Jon Heyman contributed to this story.

A Black Issue? (USAT)

By Bob Nightengale

USA Today, March 30, 2006

SCOTTSDALE, Ariz. — They arrive with no return addresses and, of course, with no signatures.

DOJ_NMG_0023913

These are the hate letters San Francisco Giants slugger Barry Bonds and his publicists say they receive each week, arriving with greater frequency since spring training began. Some are thrown away. A few are kept. Others, the ones that threaten his life, go to Major League Baseball security officials.

As opening day looms Monday and as baseball prepares an investigation of steroid use in the major leagues, the letters keep arriving — and a debate gathers momentum:

Is Bonds, seven home runs from surpassing Babe Ruth for second on baseball's all-time home runs list, the latest African-American athlete to suffer the effects of racism, similar to the experience of all-time leader Hank Aaron?

Or is the anger directed toward Bonds a product of mounting evidence he used performance-enhancing drugs to reach this point in history?

Or could he be paying the price for a career of surly behavior toward fans and the media?

Whatever side of the debate they take, the participants — Bonds, other major league players and observers of the game — fervently and heatedly argue they're right.

"White America doesn't want him to (pass) Babe Ruth and is doing everything they can to stop him," says Leonard Moore, director of African and African-American Studies at Louisiana State University. "America hasn't had a white hope since the retirement of (NBA star) Larry Bird, and once Bonds passes Ruth, there's nothing that will make (Ruth) unique, and they're scared. And I'm scared for Bonds.

"I think what he'll go through will be 100 times worse than what Aaron went through" when he surpassed Ruth in 1974. "I pray for him every night."

Those who insist race is a non-factor cite the overwhelming evidence of Bonds' steroid use in the leaked grand jury testimony and documents reported by the San Francisco Chronicle in the Bay Area Laboratory Co-Operative (BALCO) investigation and more recently in the book Game of Shadows.

The mass of data includes affidavits filed by government investigators, evidence seized from BALCO and memos detailing statements of BALCO founder Victor Conte and Bonds' trainer and friend, Greg Anderson, to Internal Revenue Service special agent Jeff Novitzky.

That evidence, they say, has no overtones of racial or gender discrimination; those identified in the book as using steroids range from Bonds to former NFL player Bill Romanowski, who is white, and track star Marion Jones.

"Barry was my childhood hero growing up, and what he's going through I wouldn't wish on my worst enemy," Oakland Athletics third baseman Eric Chavez says. "But as far as this being race-related? I totally disagree. If Big Mac (Mark McGwire) was playing, he'd be in the same boat. This is a case where if there is a beast, you chop the beast's head off. That happens to be Barry. I think we all want to see the end of the story. I want the right information."

Giants managing partner Peter Magowan says: "I don't believe this is a case of racism. In fact, I think this shows how far we've come. If the media brought this up 20 years ago, they would have been considered racists."

Moore sees the grand jury testimony differently. "To black America, this is just another example of the judicial system trying to railroad an African-American male," Moore says.

The controversy has done little to slow Bonds this spring. He batted .625 and hit four home runs in 16 at-bats in Cactus League exhibition games. The lingering effects of three knee surgeries in 2005 and a strained elbow limited him to 24 innings in the field; he is expected to play in two of the Giants' exhibitions this weekend in the Bay Area.

Bonds, whose 708 home runs are 47 shy of Aaron's record 755, was reticent last week about discussing the role of race in the recent steroid allegations. He says he realizes his personality, which has led to few endorsement opportunities, plays a factor.

"I've done some f----- up things, I admit it," Bonds said Friday at the Giants spring training facility. "We all make mistakes in life. But there's only one perfect person in our society, and they put him on a cross. For what? For being kind? For loving people?"

Bonds' reluctance to nurture his public image may hinder him, says Harry Edwards, a former University of California-Berkeley sociology professor who organized the 1968 Olympic Games black athlete protest.

"Barry has never really cultivated the media and cultured the media the way Magic Johnson did and Michael Jordan did or the way Tiger Woods has done," Edwards says. "So he doesn't have the reserve of public relations capital to call upon.

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"The same animosity and resentment that Hank Aaron suffered through when he broke Babe Ruth's record has been exacerbated because of the cloud of steroid suspicion. This is a visceral response to a black man (passing) Babe Ruth."

Game of Shadows, by Chronicle reporters Mark Fainaru-Wada and Lance Williams, claims Bonds began taking steroids after the 1998 season. Commissioner Bud Selig has been reviewing the matter and according to ESPN will launch an investigation of Bonds and other major leaguers. USA TODAY could not independently confirm the investigation.

Several players say Bonds' differences with the media, rather than his race, make him a target. Would the media act the same toward New York Yankees shortstop Derek Jeter if he were going for the record?

"I'm a big believer in karma," says San Diego Padres center fielder Mike Cameron, who is African-American. "What goes around comes around. If you don't treat people right, things come back to bite you."

Bonds, the son of former major league player Bobby Bonds and godson of Hall of Famer Willie Mays, says he never worries about diplomacy and knows he's one of the most disliked players in the game.

He caused a furor two years ago when he said he wanted to break all of Ruth's records but wouldn't mind falling short of Aaron, who started his career in the Negro leagues. Yet when Bonds was criticized for his comments, construed by some as racist, he reminded everyone that his first wife was white.

"This is something we, as African-American athletes, live with every day," Bonds said. "I don't need a headline that says, 'Bonds says there's racism in the game of baseball.' We all know it. It's just that some people don't want to admit it. They're going to play dumb like they don't know what the hell is going on."

Bonds, who insists he has never taken steroids, says he has been tested several times for steroids since 2003. Major League Baseball confirms that every test was clean. Yet the suspicions refuse to go away, particularly after the leaked grand jury testimony and documents discovered by the Chronicle in the BALCO investigation.

Game of Shadows reports that Bonds, spurred by jealousy of the attention generated by McGwire's season home run record in 1998, began taking the steroid Winstrol after that season. It says Bonds took human growth hormone and Deca Durabolin after the 1999 season and, before his 73-home run season of 2001, the BALCO-created "clear" and "cream" drugs as well as Clomid, a women's infertility drug, and Modafinil, a narcolepsy drug used as a stimulant.

Co-author Fainaru-Wada says Game of Shadows and the Chronicle investigation never were about Bonds.

"The premise that the media is going after Bonds is false," Fainaru-Wada says. "People are reporting on a federal investigation that is about steroids, in which Bonds is a major part of the investigation. We haven't had anyone characterize (the book) in any racial terms.

"But this is not a Barry Bonds book. It was born from a federal investigation in which he was a part."

Yet many African-American players in baseball believe the constant allegations can be construed as racially motivated.

"It's so obvious what's going on," Minnesota Twins center fielder Torii Hunter says. "He has never failed a drug test and said he never took steroids, but everybody keeps trying to disgrace him. How come nobody even talks about Mark McGwire anymore? Or (Rafael) Palmeiro (who tested positive for steroids in 2005)?

"Whenever I go home (to Pine Bluff, Ark.), I hear people say all of the time, 'Baseball just doesn't like black people. Here's the greatest hitter in the game, and they're scrutinizing him like crazy.' It's killing me because you know it's about race."

Before the period of alleged drug usage detailed in Game of Shadows, Bonds' career high in home runs was 46, achieved in 1993 at age 28. From 2000 to 2004, between the ages of 35 and 39, he averaged 51.6 home runs a season and hit his record 73 homers.

Bonds has gained nearly 50 pounds since his 1986 rookie season; he weighs about 235 pounds and never had a drastic weight loss once steroid testing was implemented.

"People keep talking about how he's not supposed to keep hitting homers and doing phenomenal things because he's 40-plus," says baseball agent Dave Stewart, a former 20-game winner and front office executive.

"Well, (seven-time Cy Young winner) Roger Clemens is 40-plus, too, and nobody ever brings his name up. Why not? Is it because one's black and the other is white?"

Seattle Mariners outfielder Matt Lawton, one of 12 major league players who tested positive for steroids last season, even has difficulty understanding why the guilty have been forgotten.

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"If (Bonds) were white, he'd be a poster boy in baseball, not an outcast," Lawton says.

Selig and Donald Fehr, executive director of the players association, refused to publicly comment about the possible racial implications if an investigation is launched against Bonds.

Public perception is mixed. A USA TODAY/CNN/Gallup Poll of baseball fans taken this month showed 49% think Bonds should be inducted into the Hall of Fame and 43% think he shouldn't.

If Major League Baseball ever concludes Bonds is guilty of taking steroids, 52% of fans believe his records should be taken away.

"People would breathe a deep sigh of relief if he didn't break Hank's record," says Edwards, the former Berkeley professor.

"If he had the grace to step aside for Hank, I think it would get him into the Hall of Fame.

"It's sad to think that's what it would take because of all his accomplishments, but it's true."

A Drug Dealer's Toll On Americans (WP)

The Washington Post, March 29, 2006

Marc Emery, who distributed millions of marijuana seeds throughout the country, admits the accuracy of the Drug Enforcement Administration's charges against him, but he denies harming Americans ["High Crimes, or a Tokin' Figure?" Style, March 18].

Like all dealers, Mr. Emery turns a blind eye to marijuana's victims -- people like Victoria Rogers, a mother driving with her children when she was killed by a marijuana-intoxicated motorist.

Marijuana feeds thousands of addictions -- so many that more teenagers enter treatment for marijuana dependency than for all other drugs combined. Thousands of adolescents whose brains are still developing also suffer from depression, memory impairment and diminished judgment because of marijuana. Users destroy their lungs because marijuana smoke contains 50 to 70 percent more cancer-causing chemicals than tobacco smoke.

That Mr. Emery sees no consequences of his actions does not change the fact that they destroy innocent American lives and that he should and will face legal consequences as a result.

KAREN P. TANDY
Administrator
Drug Enforcement Administration
Arlington

Cali Cartel Co - Founder's Son Sentenced (AP)

AP, March 30, 2006

MIAMI (AP) -- A federal judge on Wednesday sentenced the son of a co-founder of Colombia's Cali cocaine cartel to nearly 22 years in prison.

William Rodriguez-Abadia, 40, could serve less than the 21-year, 10-month term if prosecutors agree that his cooperation has been substantial in a case against his father and uncle.

Rodriguez-Abadia surrendered to U.S. authorities in January and pleaded guilty to drug trafficking.

He admitted that he took over much of the cartel's operations after the 1995 arrests in Colombia of his father, Miguel Rodriguez-Orejuela, and uncle, Gilberto Rodriguez-Orejuela.

Both are jailed in Miami on U.S. charges and are awaiting trial.

Rodriguez-Abadia has agreed to forfeit more than $300 million in assets linked to drug profits.

The Cali cartel was once the world's largest cocaine smuggling enterprise, earning more than $1 billion in profits, prosecutors say.

Get Rid Of All This Cocaine?The Secrets Of Drug Disposal (SLATE)

By Melonyce McAfee

Slate, March 29, 2006

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Experts from the United States and Britain have stepped in to help Kenyan officials test and destroy 1,141 kilograms of cocaine. The drugs were netted in 2004 during the biggest cocaine seizure in the country's history. How will the Kenyans get rid of all that blow?

They'll burn it. The plan is to incinerate the cocaine at the Kenya Medical Research Institute after officials finish testing the bundles to ensure that they're narcotics and possibly to determine their origin. Kenya's attorney general estimates that it will take at least eight hours to burn all of the contraband. The United Nations Office on Drugs and Crime has advised the country on internationally accepted destruction methods, which include testing the ashes to verify the absence of drugs.

In the United States, the Drug Enforcement Administration burns illicit drugs such as marijuana, ecstasy, and cocaine at contract facilities. DEA officials transport seized drugs to the incinerator and load them into the device. (DEA agents do not allow the drugs to leave their custody.) Most incinerators have at least two chambers. The first chamber burns the drugs in a natural-gas fire to release CO2 vapor, while the second chamber burns off the vapor at a higher temperature. Hazardous chemicals, like the ether and methanol used to make methamphetamine, are incinerated separately, according to Environmental Protection Agency regulations.

Temperatures inside an incinerator can reach up to 1,500 degrees Fahrenheit. Leftover ash is generally a product of the drug's packaging. The ashes are disposed of according to local regulations. (Some landfills prohibit the waste.)

Drugs are destroyed after they are no longer needed for legal proceedings. The DEA incinerates seized drugs if the U.S. Attorney's Office does not send a letter requesting that the substances be preserved for use in an ongoing trial or investigation. If a stash is taking up too much space in DEA storage facilities, a sample might be preserved while the rest is destroyed.

Local law enforcement may use incinerators at hospitals, veterinary clinics, and other facilities. Virginia state police flush small amounts of drugs down the toilet. Springdale, Ark., police reportedly burn drugs in barrels. Canadian officials sometimes render drugs unusable by mixing them into a plaster that is later buried.

Pair Charged In Intimidation Slaying (PTR)

Pittsburgh Tribune-Review, March 30, 2006

Two men accused in a 2004 slaying designed to intimidate the victim's son from testifying in a Beaver County drug trial now face federal charges -- and possibly the death penalty, state and federal authorities said Wednesday.

Jelani Solomon, 27, of Beaver Falls, and Claron Hanner, 28, of Pittsburgh's Knoxville neighborhood, are charged with an array of drug and weapons offenses in connection with the Jan. 19, 2004, slaying of Frank Helisek Jr., 53.

Hanner used a Glock 9 mm handgun to shoot Helisek on the doorstep of his New Brighton home, authorities said. The hit was ordered by Solomon to send a message to Shawn Helisek, the victim's son, who was scheduled to testify the following day against Solomon.

The trial never happened. Solomon pleaded guilty the day after Helisek's killing to one count of cocaine possession with intent to distribute.

Solomon agreed to pay Hanner for killing Frank Helisek, said U.S. Attorney Mary Beth Buchanan, who declined to discuss the price of the contract because that information will be presented at trial.

Hanner, who was identified by a cell phone left at the scene of the slaying, was arrested and charged with criminal homicide, authorities said.

Beaver County District Attorney Dale M. Fouse vowed repeatedly to seek the death penalty and hasn't backed away from that stance, even though the case now is being handled by federal prosecutors.

"It's still our hope and intention that the death penalty be sought in this case," said Fouse, calling Helisek's death a contract murder.

Buchanan said she will decide in the next few days whether to recommend seeking the death penalty. The final decision will be made by U.S. Attorney General Alberto Gonzales.

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Buchanan said she has sought the death penalty in the past. She said this is a serious crime that was substantially planned and premeditated.

"This is an offense that involved the murder of a father of a witness in a drug-trafficking trial," Buchanan said.

Also included in the indictment -- handed up by a Pittsburgh grand jury Tuesday and unsealed yesterday -- is Solomon's mother, Wanda Solomon, 46, of Ambridge, Beaver County. She is accused of helping her son run the drug operation.

Wanda Solomon pleaded not guilty yesterday in federal court. She has a prior drug conviction and another pending federal indictment. She could face 10 years to life in prison if convicted.

From 1999 through November 2005, authorities allege, Jelani Solomon distributed more than five kilograms of cocaine. While Solomon was in jail, Buchanan said, he continued to run his drug ring with the help of his mother and other people.

A two-year investigation into Jelani Solomon's drug enterprise, which the federal Drug Enforcement Administration dubbed "Operation Enough is Enough," has netted 44 arrests so far.

"This investigation will continue until each person involved in this drug conspiracy and the murder of Frank Helisek is charged," Buchanan said.

Jelani Solomon and Hanner will appear in federal court within the next two weeks, Buchanan said.

Police Chief Sentenced On Crack Conviction (AP)

AP, March 30, 2006

NEW ORLEANS (AP) - A former Lutcher police chief was sentenced Wednesday to more than seven years in prison for distributing crack cocaine.

Corey Pittman was arrested in 2005 after federal agents and St. James Parish sheriff's officers caught him giving crack to an undercover officer on three occasions, federal authorities said. Pittman, 30, pleaded guilty earlier to three counts of distributing crack.

U.S. District Judge Ginger Berrigan sentenced him to seven years and eight months in prison and ordered him to serve three years of supervised release after his term ends. The charges carried up to 40 years.

The investigation began when an area law officer, but not one in Pittman's department, tipped off federal agents that the chief might be involved in selling drugs, according to the federal Drug Enforcement Administration.

Former Lutcher Chief Gets Seven Years (ADV)

Advocate, March 29, 2006

Former Lutcher Police Chief Corey Pittman was sentenced to seven years in prison on Wednesday. Pittman, 30, received the sentence following a guilty plea to three counts of crack cocaine distribution.

In the summer of 2005 Pittman distributed crack cocaine to an undercover agent who was part of an operation involving the U.S. Drug Enforcement Administration, the FBI and officers of the St. James Parish Sheriff's Office.

"The conviction and today's prison sentence of former police chief Corey Pittman -- an admitted crack cocaine dealer -- will serve as yet another strong signal to the citizens we in federal law serve, that we will tolerate no abuses or betrayals by officials who are sworn to protect and serve the public," U.S. Attorney Jim Letten said.

As part of the sentence, Pittman will have to serve three years of supervised release following his incarceration.

Evidence Suppressed In Drug Raid (PDN)

By Mark-Alexander Pieper, Pacific Daily News

Pacific Daily News, March 30, 2006

A federal judge yesterday granted a motion to suppress evidence obtained against two people arrested during the Sept. 8 drug raid at the Guam Reef Hotel.

That means the federal prosecutors may not use the items, including an ice pipe, ice straws and the bag from which they were obtained, to prosecute defendants Justin Keith Guerrero and Renea Dorleen Cruz-Taitano.

Prosecutors have until April 6 to decide whether to continue to pursue the case against them or drop the charges. Four others have been arrested in connection with the alleged ice-manufacturing scheme. Defense attorney Curtis Van de Veld had

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argued that all statements and articles seized from Guerrero and Cruz-Taitano during the raid should be suppressed because the search was not conducted properly, and therefore, violated the defendants' Fourth Amendment rights that protect them from unreasonable searches.

U.S. District Court of Guam Judge Joaquin Manibusan, in a written opinion, stated that the arresting officers lacked probable cause to detain Cruz-Taitano and Guerrero at the time of the raid.

In her court testimony in January, Guam Customs Officer Barbara Tayama, who detained Cruz-Taitano, said she had not read Cruz-Taitano her Miranda Rights before detaining her, questioning her and asking to search her bag, which contained the suspected drug paraphernalia.

Last month, Manibusan decided to admit evidence obtained in the raid in the case against the other defendants: Joseph Anthony Mesa, Jeffrey Anthony Espinosa, Ginger Perez Hamamoto and Shardae Roxanne Love. The four were arrested and charged with manufacturing ice in Room 755 of the Guam Reef Hotel. The case against them is ongoing.

On Sept. 8, agents from the U.S. Drug Enforcement Administration, the Guam Police Department and Guam Customs and Quarantine raided the hotel room based on a tip they had received earlier that morning.

Real Estate Agent Pleads Not Guilty To Money Laundering (CRG)

Cedar Rapids Gazette, March 30, 2006

Cedar Rapids real estate agent Harriette Cooper pleaded not guilty to six money laundering charges during a brief appearance this morning in federal court in Cedar Rapids.

Cooper, 52, is accused of taking cash from drug sales and obtaining six cashier's checks during April 2003 to avoid the filing of federal Currency Transaction Reports. She also faces one count of structuring financial transactions for obtaining the money orders, then acting in her role as a real estate agent, using the checks to make a down payment on a house at 267 Tomahawk Trail SE in April 2003.

U.S. Chief Magistrate Judge John Jarvey set a May 22 trial date and released Cooper under the supervision of the U.S. Probation Office.

If convicted she faces up to 20 years in prison and a $250 fine on each of the six money laundering charges. The seventh charge carries a possible sentence of five years in prison and a $250,000 fine.

The case is being prosecuted by Assistant U.S. Attorney C.J. Williams and was investigated by the Drug Enforcement Administration, Iowa Division of Narcotics Enforcement and the Criminal Investigation Division of the Internal Revenue Service.

Trio Indicted On Federal Charges In Alabama Church Fires (AP)

By JAY REEVES, Associated Press Writer

AP, March 30, 2006

BIRMINGHAM, Ala. (AP) -- A federal grand jury indicted three college students Wednesday in a series of nine church fires that plagued rural Alabama last month, accusing them of conspiracy and arson.

The three, who were arrested earlier this month after an investigation by dozens of local, state and federal authorities, also face state charges. And prosecutors say still more counts could be added once county grand juries hear the cases.

"Churches are important centers, especially in our rural communities, so these acts of heartless criminal destruction strike at the heart of these rural communities," U.S. Attorney Alice H. Martin said in a statement.

Attorneys for two suspects said they anticipated discussions with prosecutors that could lead to guilty pleas.

"We intend to work toward a resolution of this matter to begin the process of healing," said Tommy Spina, representing Matthew Cloyd, 20. "This is really day one of the beginning of that process."

Defense lawyer Brett Bloomston said his client, Russell DeBusk Jr., 19, also wanted to conclude the case soon, but added: "It's premature to predict how it will be resolved, especially in light of the state charges that are out there."

A lawyer for Benjamin Moseley, 19, did not immediately return a call seeking comment.

Spina said the next step in the case is an arraignment hearing where the suspects are required to enter initial pleas of not guilty. The three could change their pleas after that hearing, expected in mid-April.

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The three have been jailed since March 8 on federal charges in a series of early morning fires that destroyed or damaged churches in four rural counties over two days in early February. The charges initially covered one church arson. The indictment charged the three in five Bibb County fires and Cloyd and Moseley in four others.

Court documents filed by prosecutors indicate at least two of the suspects confessed to being involved in the fires. Investigators matched tire tracks found at several of the fires to the type of tires that were on a sport-utility vehicle driven by Cloyd, investigators said.

Evidence indicates the fires started as a prank that got out of control on a night of drinking and illegal hunting in Bibb County, south of Birmingham. The three are accused of torching five churches there.

A sworn statement by an investigator said Moseley told agents he and Cloyd set four more fires in three west Alabama counties as a diversion four days later to throw off police. Only Moseley and Cloyd were indicted in those fires.

Defense attorneys have said the fires were not crimes of hate.

Moseley and DeBusk attended Birmingham-Southern College, where they were aspiring actors studying theater. Cloyd transferred from Birmingham-Southern last fall to the University of Alabama at Birmingham, where he hoped to become a doctor, like his father.

Each man faces a mandatory minimum sentence of seven years imprisonment and a fine of $250,000 if convicted, prosecutors said.

A judge previously approved bond of $50,000 for each of the suspects on the initial federal charges, but all have remained jailed in a suburban lockup near their homes rather than make bail and be transferred to one of the jails in the rural counties where the nine fires occurred.

No arrests have been made in a 10th church blaze that was believed to be the work of a copycat. Other articles:

IMMIGRATION:

Bush In Mexico For Talks With Fox, Harper (AP)

By Nedra Pickler

AP, March 30, 2006

President Bush began a trip Wednesday intended to strengthen ties with Mexico and Canada on issues like terrorism, trade and problems along the long borders the United States shares with its neighbors.

Bush said he was concerned that a "protectionist tendency and isolationist tendency" could emerge among the three countries and make cooperation more difficult, particularly in the face of economic challenges from countries like China. In an interview with Canadian television, he said the strong relationship with Mexico and Canada needs to be further strengthened.

The president arrived in Cancun Wednesday evening to an understated welcome from just a few local officials gathered at the bottom of Air Force One's stairs. Bush is meeting Thursday and Friday with Mexican President Vicente Fox and Canadian Prime Minister Stephen Harper.

While thousands of U.S. students lounge on the beach in this spring break spot, Bush, Fox and Harper will grapple with issues like trade, terrorism and border and immigration problems.

The student crowds are smaller this year with the beachfront still rebounding from last year's Hurricane Wilma, and Mexican officials are no doubt hoping the international attention from the summit will help boost tourism again.

"Cancun will be the eyes of the world," said cab driver Luciano Salgado Campos as he drove past downed trees lining the road from the airport to the beachfront resorts. "President Bush will be able to see how much progress has been made already."

Fox's government has spent millions to rebuild the beaches and dredge sand from the ocean floor to replace what was swept away in October, when Wilma brought winds reaching 150 mph. Many hotels still are closed.

The three leaders will gather at the Fiesta Americana Condesa on Thursday and Friday. By Tuesday, police had already set up roadblocks around the perimeter and security forces patrolled from the air and water.

Bush plans to spend less than 48 hours in Cancun, squeezing in bilateral and group meetings and a visit to the Mayan ruins at Chichen Itza — a rare cultural detour for the president who normally keeps a tight diplomatic schedule on foreign visits.

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Before climbing aboard Air Force One to fly here, Bush joked that no one would see him in a skimpy bathing suit at this beach resort. "No Speedo suit here. Thankfully," he told an audience after a speech in Washington.

With a debate over border security raging at home, Bush is using the summit to try to strengthen ties with leaders of America's northern and southern neighbors who have their own concerns about the flow of people and goods with the United States.

The summit comes a year after the three countries signed a pact at Baylor University near Bush's Texas ranch that was designed to make trade more efficient and borders more secure. The agreement, called the Security and Prosperity Partnership of North America, aims to combat terrorism and drug trafficking while making U.S., Mexican and Canadian products more competitive with imports from China and other nations.

Yet there are concerns, particularly on the Canadian side, about a new U.S. requirement going into effect next year that says anyone coming into the United States must show passports or other secure ID instead of a simple driver's license or birth certificate. Critics say it could slow commerce with the United States' largest trading partner. Meanwhile, Mexico is closely watching how the U.S. will change its laws concerning as many as 12 million illegal immigrants.

In Washington, the Senate began to debate the emotional issue this week, while hundreds of thousands of protesters took to the streets nationwide in protest. Some Republicans are demanding tougher border standards, including the installation of fencing and criminal penalties for those who sneak across, citing national security concerns in the post-Sept. 11 world.

Bush says border security is important, but he also insists that immigrants who are willing to work for low wages perform a vital contribution to the U.S. economy. He is pushing Congress for a visitor program that would let foreigners — many of whom have sneaked in over the Mexican border — work temporarily in the United States.

But Bush said the way to control U.S.-Mexico immigration in the long term is for Mexico to improve its economy.

"Moms and dads in Mexico are anxious to put food on the table for their children," Bush told reporters from Mexico and Canada earlier this week. "And, therefore, many of them are willing to come great distances and lengths to be able to provide for their families. And I think most people would rather be providing for their families close to their homes."

The three leaders plan joint meetings, and Bush also will talk privately with each leader on bilateral issues. The border passport requirement and a long-running dispute over tariffs on Canadian lumber are expected to be part of his first meeting with Harper, a conservative who has less than two months on the job leading traditionally liberal Canada.

Both Canada and Mexico objected to Bush's pursuit of war in Iraq, and the dispute strained relations in Bush's first term. But the president insisted this week that the relationship has remained strong because of their strong economic, cultural and historic ties.

"Face it, part of the problem that we had was because of my decision to go into Iraq," Bush said. And the government of both countries didn't agree. And I understand that. War is terrible, it's an awful thing. And yet we're still able to maintain good relations."

Bush Arrives In Cancun For Talks (LAT)

By James Gerstenzang And Héctor Tobar

The Los Angeles Times, March 30, 2006

CANCUN, Mexico — With the emotions of the immigration debate roiling politics to the north, President Bush arrived here Wednesday evening for meetings with Mexican President Vicente Fox and Canadian Prime Minister Stephen Harper.

The three-party conference, aimed at bolstering a year-old economic and security partnership, comes at a sensitive moment in U.S.-Mexican relations. The Senate is debating a proposal that would overhaul the United States' immigration laws. It would tighten border restrictions and create a program that would allow some of the nation's estimated 12 million undocumented immigrants to become citizens without having to leave the country.

It is unclear whether the United States' latest effort to tighten its borders will interfere with Bush's ongoing agenda to invigorate economic cooperation, and how much can be accomplished at the meeting today and Friday, with each leader in uneasy domestic political circumstances.

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Bush is struggling to overcome the lowest approval ratings of his presidency, Fox is in the final year of a six-year term and cannot run for reelection, and Harper, who heads a minority Conservative government, came to power only two months ago after an election in which he was accused of being too cozy with the Bush administration.

Bush favors allowing restricted numbers of foreigners to work legally in the United States in a "guest worker" program. But he opposes giving undocumented immigrants in the U.S. an edge over those seeking American citizenship from abroad.

Fox, who has praised the Senate measure as "a step forward," is expected to assure Bush that Mexico will implement greater security measures along the border if the bill becomes law, Mexican media reported.

On Tuesday, Fox said he was "moderately optimistic" about the legislation's prospects, adding that the bill resembled the immigration program he promised to seek soon after taking office in 2000. His inability to make good on the vow has been one of the disappointments of his presidency.

With the Mexican presidential election little more than three months away, Fox is under pressure to demonstrate that he remains an effective leader who can stand up to the United States to defend his country's interests.

Fox also has been working hard to pump life into the campaign of Felipe Calderon, the candidate of his center-right National Action Party. Calderon trails leftist contender Andres Manuel Lopez Obrador by a wide margin in polls.

Both presidential candidates are united in opposing an immigration bill that the U.S. House of Representatives approved last year. It would make illegal entry into the United States a felony, criminalize humanitarian assistance to undocumented immigrants, and add 700 miles of barriers along the U.S.-Mexican border.

Before leaving Washington, Bush reiterated his position on the immigration bills. "You cannot enforce the border without having a temporary guest worker program — the two go hand in hand," he said during a question-and-answer session with the nonprofit Freedom House advocacy group. "There are people doing jobs Americans will not do. Many people who have come into our country are helping our economy grow. It's just a fact of life."

After a session of sometimes pointed questions on the Middle East, Afghanistan and other issues, Bush appeared eager to head for a resort that is popular with U.S. tourists.

"No Speedo suit here," he assured the Freedom House audience.

The Cancun conference follows a similar three-way meeting a year ago at Bush's vacation home near Crawford, Texas, at which he, Fox and then-Canadian Prime Minister Paul Martin established the Security and Prosperity Partnership of North America, a loosely structured framework intended to enhance cross-border protections and economic cooperation.

For Bush, the program has become part of his initiative to advance U.S. competitiveness in the global economy, unveiled two months ago in his State of the Union address.

The partnership would enable the three signatories to the North American Free Trade Agreement to boost trade beyond the continent.

As it is, trade within North America is huge: Canada is the United States' largest trading partner with daily trans-border business greater than $1 billion; Mexico is the third largest, behind China. Canada is the United States' largest supplier of imported oil; Mexico ranks second.

Just as the unresolved disputes over immigration have exposed the shaky foundation of the U.S.-Mexican relationship, disagreements also color the United States' ties with Canada.

Washington and Ottawa have been at odds for several years over subsidies Canada provides to its softwood lumber industry. U.S. lumber producers say the assistance undercuts competition.

Bush Heads To Mexico, Doesn't Pack Speedo (AP-Y2)

AP2, March 29, 2006

President Bush had a plane to catch for his meetings along the sugar-white sands of Cancun, Mexico. But that didn't stop him from lengthening a Washington speech and question-and-answer session Wednesday with more jokes.

After delivering considerable opening remarks and giving long answers to more than a half-dozen questions, Bush finally warned his audience that his time with them was almost up.

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"Final question, then I'm going down to be with the president of Mexico and the prime minister of Canada," Bush said a couple of hours before his scheduled departure for the resort known as a hedonistic spring break draw.

While beer and bikinis dominated the beaches of Cancun, the president was to spend two days with Mexican President Vicente Fox and Canadian Prime Minister Stephen Harper.

But Bush made one thing clear. "No Speedo suit here," he promised.

Though the 59-year-old president has been deemed in excellent shape for his age, he added a wry "Thankfully" that earned laughter from the crowd.

Then Bush told the man he had chosen as his final questioner that he was only trying to see if he could throw him off.

"Just testing your concentration," the president said.

Immigration On Agenda As Bush Meets Fox In Mexico (NYT)

By Ginger Thompson

The New York Times, March 30, 2006

CANCÚN, Mexico, March 29 — President Bush arrived here on Wednesday evening for a summit meeting that was intended in part to allay this country's concerns that he will not have sufficient political capital to push through broad-ranging changes in American immigration policy.

The meeting is a long-scheduled North American summit meeting, for which President Vicente Fox of Mexico is the host and which Prime Minister Stephen Harper of Canada will also attend.

But it comes as the United States Congress is in the midst of a debate over a proposal that would legalize an estimated 11 million illegal immigrants and expand guest worker programs for an estimated 400,000 immigrants each year.

The changes are vitally important for Mr. Fox, who is leaving office at the end of this year and has staked much of his legacy on seeking reforms to benefit the estimated six million illegal Mexicans working in the United States, along with the estimated hundreds of thousands of Mexicans who abandon their homeland to move north of the border every year.

Momentum on the measure turned in Mr. Fox's favor this week when the Senate Judiciary Committee passed the proposal. In an interview on Tuesday, Mr. Fox applauded the Senate's action, which was the first small victory in his government's five-year campaign for immigration reform, but he acknowledged the proposal still faced a fight in Congress.

During talks in Cancún, Mr. Fox is expected to ask Mr. Bush to press Republicans to support the measure, so that it can be passed before the end of the year. Aides to Mr. Fox said Tuesday that he would also ask Mr. Bush to use this summit meeting to restore the confidence that marked the beginning of their administrations five years ago by making Mexico a higher political priority. They also said Mr. Fox would urge his counterparts from Canada and the United States to agree to hold summit meetings every year.

"I believe that migration brings great benefits to the United States," Mr. Fox said in the interview. "I trust that American businessmen understand the productivity and quality of Mexican labor. And I trust that American governors recognize the enormous contributions that immigrants make to their states."

Mexico's prosperity depends even more heavily on immigrants in the United States. Remittances from the United States to Mexico exceeded $16 billion last year, the nation's second-highest source of revenue, after oil. Migration also serves as an escape valve that takes pressure off a government unable to create enough decent-paying jobs for its people.

"Mexico is an immigration addict," said Rafael Fernández de Castro, an expert on United States-Mexico relations at the Technological Autonomous Institute of Mexico. "If 400,000 people were not able to migrate every year, I don't want to think about what would happen."

Mr. Fox has been pushing the United States to open the border to a greater flow of workers since he was elected Mexico's first opposition president five years ago, putting a peaceful end to seven decades of authoritarian rule by the Institutional Revolutionary Party. But after the Sept. 11 attacks in the United States, the Bush administration shelved migration talks with Mexico, and the United States demanded tighter control of the border. The closeness between the governments ended when Mexico voted against the war in Iraq in the United Nations Security Council. Since then, tensions over migration have flared repeatedly.

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Political analysts have said that the meeting here could be Mr. Fox's last best chance to get Mr. Bush engaged on Mexico and migration. "If President Bush were to commit to annual summits with his counterparts, that would be a positive step and some vindication for President Fox and for the North American community he has been trying to build," said Robert Pastor, the director of the Center for North American Studies at American University in Washington. He said Mr. Bush and Mr. Fox had limited political capital, with Mr. Fox soon leaving office and Mr. Bush with the lowest approval ratings of his presidency.

"It will be up to their successors to push a bolder agenda," Mr. Pastor said.

Down On Border, 'La Linea' Isn't So Clear (WP)

By Manuel Roig-franzia

The Washington Post, March 30, 2006

NOGALES, Mexico -- Troops. Barricades. Guns.

On the border, this is the vocabulary of U.S.-Mexico relations. Here at one of the busiest crossing points, dingy metal walls separate the United States from Mexico, rich from poor. The walls are spray-painted with crude images of American border patrol agents, their pistols leveled at brown-skinned men.

Even as differences over immigration and border security -- roiled this week by congressional debates and massive protests by Latinos across the United States -- threaten to dredge a deeper divide between the nations, it is clear that they are increasingly knit by an exchange of business, ideas and, above all, human beings.

On Thursday and Friday, when President Bush meets in Cancun with President Vicente Fox, there will be no topic more pressing than the border -- "La Linea," as Mexicans call it -- a barrier that dominates a relationship marked both by enormous potential and overwhelming problems. Bush arrived in Cancun Wednesday night.

Canadian Prime Minister Stephen Harper will also participate in the talks at the coastal resort, the second session since the formation of the Security and Prosperity Partnership of North America, intended to foster cooperation among the United States, Mexico and Canada.

Historic feelings of mistrust remain strong on the Mexican side of the border with the United States. Business is booming, but so is crime, and the rapid but lopsided economic development of the region has highlighted the persistent differences in living standards between the two countries.

In 2005, the United States imported a record $170 billion in goods from Mexico and exported $120 billion to its southern neighbor, according to the U.S. Department of Commerce. Twelve years after the implementation of the North American Free Trade Agreement, American business people tap into high-speed, Wi-Fi networks in the lobbies of U.S.-style hotels in border towns such as Nogales.

But out in the remote deserts, the border sizzles with a different kind of activity. An all-time high of 1.17 million people, the great majority of them Mexican migrants, were arrested by U.S. agents for illegal border crossing between October 2004 and October 2005. A record 473 people died while trying to cross, according to the U.S. Border Patrol.

Uncounted hundreds of thousands more make it into the United States illegally and blend into a nationwide pool of surreptitious, cheap labor. They work on cleanup crews in Houston, construction sites in Virginia and onion fields in California, ever one step ahead of deportation.

At the same time, Mexico remains a major conduit for illegal drugs, turning border towns such as Nuevo Laredo and Juarez into virtual shooting galleries and further complicating relations with the United States.

In the 700-mile corridor between El Paso and Nuevo Laredo, U.S. drug enforcement agents seized 1,220 kilos of cocaine in 2005, up from 700 kilos four years earlier. The amount of methamphetamine confiscated between the Texas border cities of Laredo and Brownsville nearly tripled in those years, to 354 kilos, while marijuana seizures in the Phoenix border-crossing area more than doubled, to 285,000 kilos.

The torrent of drugs and migrants across the Arizona border -- an especially hazardous trip because of the dangers of dehydration in the vast desert -- has turned that state into a flash point for confrontation.

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Gov. Janet Napolitano (D) issued an executive order this month allowing her to dispatch more National Guard troops to the border, even as she stated that "we are not at war with Mexico." The state legislature has tried to take steps of its own to marshal troops, and the volunteer Minuteman Civil Defense Corps launched citizen border patrols.

Outside Nogales, a city of 20,000 where the main roads funnel north to the Arizona border, the cycle of attempted crossings, arrests, deportations and more attempts revolves like a surreal game.

One recent afternoon, Abram Gutierrez, a 23-year-old migrant with chipped fingernails and a dirty sweat shirt, devoured a bowl of instant noodles outside the building housing Grupo Beta, a humanitarian aid program funded by the Mexican government. Hours before, he had been caught in Arizona and taken back to Nogales. Now he was plotting a second try -- and a third and fourth, if need be.

"We'll see who gets bored first," Gutierrez said, laughing. His friend, Lasaroa Damian, 27, said Bush and Fox should realize that migrants "are like cats" who find another way into a house after the front door is closed.

In the United States, debate over illegal immigration has become super-heated with election-year politics. The House of Representatives passed a bill in December that would make it a felony for a person to be in the United States illegally, and some members have proposed building a wall along the entire U.S.-Mexico border.

Now the divisive issue has moved to the Senate, where this week the Judiciary Committee approved a bill that would create a large temporary-worker program and allow an estimated 11 million illegal immigrants to apply for work visas after paying fines. But Majority Leader Bill Frist (R-Tenn.) has proposed stiffening penalties for businesses that hire illegal immigrants, and many conservatives strongly oppose any amnesty.

The Fox government took out full-page ads last week in several major U.S. newspapers, including The Washington Post, urging an immigration pact that would allow assimilation of undocumented workers living in the United States. "We are your friends and neighbors. Let's work together," the ads read.

"Mexico and the U.S., I think, are becoming more aware that they are interdependent, and perhaps neither of the countries feels entirely comfortable with that interdependence," Geronimo Gutierrez, Mexico's undersecretary for North American affairs, said in an interview. "The relationship is at a fairly complex moment of catharsis."

But Fox, who cannot run for reelection and will leave office in December, has responded angrily to U.S. proposals to tighten the border. In a recent speech, he predicted that by 2010, the United States would "beg" Mexico for workers in vain, suggesting that by then the Mexican economy would generate enough jobs to sustain its 100 million-plus people.

"The rhetoric is more strident. The politics is driving this," Michael Shifter, director of the nonprofit Inter-American Dialogue, said by phone from Washington. "The U.S. and Mexico have a knack for bringing out the worst in each other."

It wasn't supposed to turn out this way. When Fox was elected in 2000, many here and in the United States predicted an era of what was dubbed "ranchero diplomacy," with the two leaders bonding at Bush's Texas ranch and Fox's hacienda. On Sept. 5, 2001, Bush declared that Mexico represented the most important international relationship for the United States.

Six days later, terrorists smashed planes into the World Trade Center and the Pentagon, and the U.S. focus shifted to the Middle East and South Asia. Mexico later alienated the United States by not supporting the war in Iraq.

Mexicans weren't entirely surprised to see their relationship drop from the forefront of U.S. foreign policy. But Shifter said that "the question Mexicans raise is, did it have to completely disappear?"

A disappearance of another sort, beyond the vigilant gaze of border patrol agents, is exactly what Abram Gutierrez wants. For him, the other side of the border represents " el color verde " -- the color green, the color of money. Sitting in the hot Nogales sun last week, he vowed to make it across this time, whether by "holes or tunnels or the desert."

Francisco Loureiro, who runs a shelter in Nogales that has housed 600,000 migrants in 24 years, recognizes Gutierrez's determination. It is a quality, he said, that he has seen over and over in the men who pass through his shelter.

Loureiro says the only solution is a broad guest-worker program, something the Bush administration recently proposed. But he said his expectations are low for the upcoming meeting between the U.S. and Mexican leaders.

"Every time they talk, I have hope," he said. "But things are getting worse."

When the sun drops, Loureiro's little shelter will be full, as it is every night. When Gutierrez disappears, he knows, thousands more will follow.

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Ahead Of Summit, Promising Ties Unfulfilled (CSM)

By Danna Harman

The Christian Science Monitor, March 30, 2006

CANCÚN, MEXICO - "Los Dos Amigos," everyone called them then. They slapped each other's backs, made jokes, gave each other custom-made cowboy boots, and toasted what was to be the beginning of a great friendship between neighbors.

But that was more than five years ago, when the newly inaugurated President Bush dropped in for a friendly visit to the newly inaugurated Mexican President Vicente Fox's family ranch.

Thursday marks the first time in a year that the two leaders have had a face-to-face meeting, and a different sort of atmosphere is expected as they sit down with newly elected Canadian Prime Minister Stephen Harper in Cancun for two days of talks.

Bush is in his second term, heading into the midterm elections. Fox, who is barred constitutionally from seeking a second term, will step down after July elections here. And yet the friendship that was to have characterized their administrations - and was expected to be the basis of major immigration initiatives - never really materialized.

Despite the expected cheerful appearances before the cameras, this summit is likely to be marked by an underlying tone of unfulfilled promise.

When Fox took office in 2000 one of his top foreign policy goals was to win sweeping US immigration reform in favor of millions of Mexicans working illegally across the border. Fox's then-Foreign Secretary Jorge Castañeda referred to the plan as "the whole enchilada."

In Bush - the Texan who understood border issues, made his first foreign trip as President to Mexico, and pledged to reform immigration - Fox felt he had a partner.

But then came 9/11 - to which Fox, Washington felt, responded late with expressions of solidarity - and soon after, Mexico's opposition at the UN Security Council to the war in Iraq. Relations tensed. And, as the US turned its focus toward the war on terror, it turned away from Latin America. Security fears meanwhile led to a tightening of all US borders, and Mexicans began worrying that the dreams of being welcomed into the US legally someday were only getting farther away.

While other issues are expected to be raised at the trilateral summit - among them trade, labor disputes (particularly between the US and Canada over lumber tariffs), and the rising influence of China in the region - the main topic on the table, and on everyone's mind, remains immigration.

The decision by the Senate Judiciary Committee Monday to adopt a comprehensive immigration bill, complete with a serious guest worker program that could eventually legalize some 2 million Mexican illegal immigrants has been received well in Mexico. It has given new hope that a solution may yet be found for many of the estimated 6 million illegal Mexican immigrants in the US today, and the approximately 400,000 that sneak through the border every year looking for jobs.

But the journey to realizing that bill is expected to be long, with battles that need to be fought both within the Senate as it takes up the proposals this week - and later as the Senate turns to squaring its final bill with a far more conservative immigration bill passed by the Congress last December. Bush, a vocal supporter of comprehensive reform together with a guest worker program, will nonetheless be likely to impress upon Fox that Mexico also has work to do before a final bill is passed and will ask for more commitment to fixing the root causes of illegal immigration. Mexico's recent adoption of a new immigration policy that calls for creation of economic and housing programs that would lure Mexican workers back home has been praised by Bush.

So too, have Mexican efforts to stem the rising violence at the border. Despite a sharp increase in drug trafficking along the border, US officials have stressed that cooperation between the US and Mexicans on the drug war front is actually improving.

Earlier this month, US Homeland Security Secretary Michael Chertoff and Mexican Interior Minister Carlos Abascal met in Texas to announce a plan to jointly respond to border crime. The plan calls for immediate communication and response, "bilateral coordination of investigations" and "appropriate patrolling of the border region."

Still, years of disappointment with any real movement on immigration reform seem to have tempered Fox's expectations. "If the full Congress ultimately approves the [Senate Judiciary Committee's] proposal it would be good news, but of course now we just have the start," President Fox's chief spokesman, Rubén Aguilar, told a news conference Tuesday, downplaying the Senate committee's action. "It's headed in the right direction, but from Mexico's point of view it doesn't resolve the entire problem."

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• Ms. Harman is Latin America correspondent for the Monitor and USA Today. Topping the agenda
• US punitive tariffs on Canadian softwood lumber imports.
• Border security and drug detection.
• Employment status of illegal immigrants.
• Review 2005 agreement to improve US-Mexican customs practices to expedite trade.
Source: Associated Press

North American Leaders Get Together In Cancun (USAT)

By David Jackson

USA Today, March 30, 2006

President Bush is in Mexico for his second annual joint meeting with the leaders of the United States' two closest neighbors, Mexico and Canada. Among the topics the leaders will discuss is a pact the three countries agreed to last year: the Security and Prosperity Partnership of North America. The partnership was designed to coordinate the three nations' business and border-policing strategies. The goal was to make sure that increased border security would not mean less trade, and that increased trade would not mean less security.

Where: Cancun, Mexico

The meeting site rotates among the countries. This year it's Mexico's turn to be host. Last year, leaders met in Waco, Texas, near Bush's Crawford ranch. Next year's meeting will be in Canada.

When: Today-Friday

Bush arrived in Cancun on Wednesday night, but the formal work doesn't begin until today, when he meets separately with the other leaders. The three will have dinner tonight, then meet again Friday. They'll conduct a joint news conference before Bush leaves Friday afternoon to spend time at his ranch.

Who:

Mexican President Vicente Fox. Fox won office the same year Bush did, and the U.S. president initially made Mexico one of his top foreign policy priorities. Fox was the guest of honor at Bush's first state dinner, a week before the Sept. 11, 2001, attacks. The relationship cooled after the attacks as Bush turned his attention to the war on terrorism. Fox protested U.S. immigration policy and opposed the Iraq war. The two get along better these days as Bush tries to push a temporary guest-worker program through Congress that would clear the way for thousands of Mexican workers to come to, or stay in, the USA. Mexican law limits Fox to one term, and he leaves office later this year.

Canadian Prime Minister Stephen Harper. Harper won election just this year, replacing Paul Martin of the Liberal Party, who attended last year's meeting. Harper would seem to be right up Bush's alley: a founder of the new Conservative Party of Canada and a westerner with family ties to the oil industry. Harper's opponents have accused him of being too much like the U.S. president, who is controversial in Canada. Harper may not want to give his critics any more ammunition, especially because the Conservatives lack a majority in the Canadian Parliament. Harper has said one of his major goals is to make progress on a bitter dispute over Canadian lumber exports. The United States imposes tariffs on Canadian lumber, alleging that Canada unfairly subsidizes the industry; Canada disagrees, as does a special NAFTA panel. Bush told the Canadian network CTV that he hopes to resolve the dispute before he leaves office.

What to expect:

Mexico. Bush and Fox may be as close as they've ever been on immigration with Bush's support of the temporary guest-worker program. It's unclear whether Bush's position will prevail in the current congressional struggle over an immigration bill; many of Bush's fellow Republicans oppose any kind of guest-worker program. The question for Fox is how — and whether — to address this issue; comments from a foreign leader can cause a backlash when Congress is embroiled in debate. Bush and Fox would like to go out on a high note.

Canada. This is a feeling-out time for Bush and the new Canadian leader. In addition to the lumber dispute, the two could discuss differences over Canada's reluctance to join the U.S. missile-defense shield and whether cross-border travelers must carry passports. This might not be a time for major agreements; Chris Sands, a Canada expert at the Center for Strategic and

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International Studies, says Harper wants to raise his approval rating and might soon call a "snap election" to seek a parliamentary majority.

Leaders Take On US-Canada Lumber Dispute (CSM)

By Josie Newman

The Christian Science Monitor, March 30, 2006

TORONTO - As President Bush and Canadian Prime Minister Stephen Harper meet at the NAFTA summit that starts Thursday in Cancún, Mexico, there are signs that the two leaders may be ready to compromise in a contentious 20-year lumber dispute.

"Both sides will need to see some sign from the other that the work won't be in vain. Softwood lumber has become an irritant that is really contaminating the relationship and it's time, if the conditions are right, to talk about a solution," said Canadian Trade Minister David Emerson after preliminary trade meetings last Friday.

At heart of the disagreement between America and its No. 1 trading partner is $5.2 billion Canadian ($4.4 billion) in US duties that Canada says should never have been levied. It demands they be refunded.

The US government contends that the taxes compensate for what amounts to government subsidies. Since provincial governments own most Canadian forests, it says, the lumber can be sold at a price that undercuts American lumber producers, whose product comes mainly from privately owned forests. Canada, supported by a NAFTA ruling, contends that its industry is not subsidized and thus the countervailing duties should be lifted.

The lumber trade is critical to both countries. Approximately $10 billion Canadian ($8.5 billion) worth of Canadian softwood lumber, close to 70 percent of Canada's lumber production, is sold to the US annually. Those imports supplement US domestic industry, which can supply only 50 to 60 percent of its own needs.

Barry Cullen, executive director of the US Coalition for Fair Lumber Imports, says his organization would like to see a long-term lumber agreement between Canada and the US. "In the past, Canada's provincial governments couldn't come to an agreement amongst themselves on this issue, but we stand in unity on ours. In the past couple of years, we've put forward several positions and gotten no response from Canada."

But the steady warming of relations between the two neighbors since Canadian Prime Minister Stephen Harper was elected in January may facilitate resolution of the lumber dispute.

In his first interview with Canadian reporters since he took office five years ago, President Bush said this week that he'd like to resolve the softwood lumber issue and wants his government to work hard to bring it to a conclusion.

On March 17, a NAFTA panel ruling dropped the countervailing duties to less than one per cent from 8.7 percent.

"This is a huge victory for Canada," John Allan, president of the British Columbia Lumber Trade Association, told reporters in a conference call after the announcement. "I would also note the panel was unanimous in its decision - three Americans, two Canadians." The US has until April 27 to appeal the decision.

Last November, the panel called for the US Commerce Dept. to drop all countervailing duties - then at 16 percent. But a last-minute US appeal resulted in an 8.7 percent duty.

Daniel Ikenson, a trade-policy analyst with the Cato Institute's Center for Trade Policy Studies in Washington, says one reason the lumber dispute has dragged on is the Byrd Amendment, which ensured that duties imposed on Canadian lumber were given to petitioning US lumber producers instead of to the US Treasury. The trade amendment was repealed last December after the World Trade Organization declared it illegal, but the repeal won't take effect until Oct. 1, 2007.

Senate GOP Debates If Bill Equals Amnesty (AP-Y2)

By David Espo

AP2, March 30, 2006

The Senate opened debate on an election-year immigration bill Wednesday, and leading Republicans swiftly clashed over whether the legislation would amount to amnesty for millions of illegal residents in the United States.

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The legislation "goes too far in granting illegal immigrants with what most Americans will see as amnesty," said Senate Majority Leader Bill Frist of Tennessee, the first to speak on the bill. "I disagree with this approach ... because granting amnesty now will only encourage further and further disrespect for the law."

Moments later, the chairman of the Senate Judiciary Committee, Sen. Arlen Specter (news, bio, voting record) of Pennsylvania, bluntly rebutted his fellow Republican. "I want to disagree with him head on. It is not amnesty," he said. Specter said illegal residents would have to be current on their taxes, undergo background checks and clear other obstacles before gaining a place on a "citizenship track."

The disagreement underscored not only the divisions within the Senate, but the extent to which the fate of 11 million illegal immigrants has come to dominate the issue. Adding a fresh layer of political complexity, Hispanics make up a fast-growing segment of the electorate and have demonstrated by the hundreds of thousands in recent days in opposition to punitive legislation.

In general, the bill under consideration in the Senate is designed to strengthen enforcement of U.S. borders, regulate the flow into the country of so-called guest workers and determine the legal future of the illegal population scattered across all 50 states.

The House has passed legislation limited to border enforcement. Republican leaders have signaled in recent days they are receptive to an expanded measure, and immigration has taken on added importance for the GOP in the run-up to midterm elections.

"We are not going to discount anything right now," House Speaker Dennis Hastert said several hours before the Senate debate opened. "Our first priority is to protect the borders. We also know there is a need in some sectors of this economy for a guest worker program," added the Illinois Republican.

President Bush has urged Congress to approve legislation that strengthens border security and contains enforcement at the workplace and a temporary guest worker program.

"There are people doing jobs Americans will not do," Bush told reporters Wednesday. "Many people who have come into our country are helping our economy grow. That's just a fact of life."

Specter shepherded legislation through the Judiciary Committee on Monday on a vote of 12-6. The outcome was unusual in the Republican-controlled Senate since there were more GOP committee members against the measure than voting in favor.

The Pennsylvania Republican said at the time he would continue to seek agreement on changes, and he repeated his remarks on the Senate floor. "If there is a better way to bring these 11 million people forward so that we can identify them, we are open to any suggestions which anyone may have," he said.

Frist and Specter were not the only lawmakers to address the issue of amnesty, an emotionally charged label that political candidates all hope to avoid.

Sen. Patrick Leahy (news, bio, voting record) of Vermont, the senior Democrat on the Judiciary Committee, sided with the panel's chairman. "Opponents of a fair, comprehensive approach are quick to claim that anything but the most punitive provisions are amnesty. They are wrong," he said.

But Sen. Jeff Sessions (news, bio, voting record), R-Alabama, was quick to counter. "The truth is this bill is amnesty," he said, adding that if others insist on saying otherwise, "we'll keep talking about it every day this week."

The legislation that cleared committee would double the Border Patrol and allow for a virtual wall of unmanned vehicles, cameras and sensors to monitor the U.S.-Mexico border. It also calls for detention facilities for an additional 10,000 immigrants who may face deportation.

The committee voted down proposed criminal penalties on immigrants found to be in the country illegally.

The bill would establish a temporary program for up to 1.5 million farm workers who are in the country illegally, giving them an opportunity to achieve legal status.

Separately, it creates a new guest worker program for would-be immigrants, allowing them to enter the country under a three-year visa, renewable for another three years, then apply for legal permanent residence without leaving the United States. The program would initially be open to 400,000 individuals a year, a figure to be adjusted annually based on the labor market.

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Hastert Hints At Compromise On Immigration Bill (NYT)

By Rachel L. Swarns

The New York Times, March 30, 2006

WASHINGTON, March 29 — Speaker J. Dennis Hastert said Wednesday that he and other House Republicans recognized the need for a guest-worker program, opening the door to a possible compromise with the Senate on fiercely debated immigration legislation.

"We're going to look at all alternatives," Mr. Hastert, an Illinois Republican, said at a news conference. "We're not going to discount anything right now. Our first priority is to protect the border. And we also know there is a need in some sections of the economy for a guest-worker program."

Many House Republicans and conservatives in the Senate still oppose any legislation that would grant citizenship to illegal immigrants, like the bill passed by the Senate Judiciary Committee on Monday. And as the Senate began its debate on immigration on Wednesday, Republicans were deeply divided over the fate of the estimated 11 million illegal immigrants in the United States.

Mr. Hastert's comments were the first public hint of an olive branch.

Senator Arlen Specter, chairman of the Judiciary Committee, said he was heartened by the remarks. He said they were a significant shift for the House, which defied President Bush's call for a temporary-worker program and passed a border security bill in December that would criminalize illegal immigrants.

Since then, Mr. Bush and business groups have urged Republicans to support a temporary-worker program to help fulfill the economy's needs for labor.

"I'm very pleased that Speaker Hastert has demonstrated flexibility on that issue," Mr. Specter, a Pennsylvania Republican, said, adding that he was prepared to support a compromise that would not provide a path to citizenship for all illegal immigrants in an effort "to present an even more balanced approach."

On Monday, before his committee voted, Mr. Specter proposed a compromise that would require illegal immigrants to return home briefly after spending six more years in this country. They could then participate in a temporary-worker program or move toward citizenship if they are highly skilled, hold supervisory positions or have a close relative who is a citizen or permanent resident.

Mr. Specter and his committee ultimately voted for the legislation that would grant all illegal immigrants the possibility of citizenship.

Senators Debate Fate Of Illegals (USAT)

By Kathy Kiely, Usa Today

USA Today, March 30, 2006

WASHINGTON — The Senate opened debate on immigration Wednesday as President Bush delivered an impassioned plea for civility and a bill that will “uphold the decency of America.”

“I think a system which forces people underground and into the shadows of our society, which causes people to have to sneak across our border and risk their life, is a system that needs to be changed,” Bush told a Washington audience.

Senators acknowledged they are heading into emotional territory. “The debate, when you boil it down to its essence, is about the American dream,” said Senate Majority Leader Bill Frist, R-Tenn.

A key question facing the lawmakers: What to do with the as many as 12 million people now living in the country illegally — a figure greater than the population of Ohio?

Republicans are divided on the issue. The Republican-controlled House of Representatives in December ignored Bush's call for a plan that includes expanded opportunities for foreigners to work here legally and an adjustment for those living here illegally. The House bill focused on tightening the nation's borders and cracking down on illegal immigrants and their employers.

House Speaker Dennis Hastert, R-Ill., signaled a willingness to negotiate.

“We're not going to discount anything right now,” he said. “There is a need in some sectors of the economy for a guest-worker program.”

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Some Republican conservatives say a Senate Judiciary Committee bill that would give a chance at citizenship to those now working in the country illegally amounts to rewarding lawbreakers. Rep. Tom Tancredo, R-Colo., is hosting a "Just Say No to Amnesty" rally today.

Senate Judiciary Committee Chairman Arlen Specter, R-Pa., said his panel's bill exacts a stiff price by insisting that illegal immigrants pay fines, pass background checks, pay back taxes and wait 11 years before becoming citizens.

The bill is "smart and tough," said Sen. Patrick Leahy, D-Vermont. "This is not an amnesty bill."

Frist Retreats From 'Amnesty' (WT)

By Charles Hurt

The Washington Times, March 30, 2006

Senate Majority Leader Bill Frist said yesterday that the Senate likely will pass a version of immigration reform that includes more than the border-security overhaul he has proposed.

"It's critical that the Senate address comprehensive immigration legislation including both border security and economic provisions," he said in a reference to a guest-worker program that President Bush has called for, but which conservatives and House Republicans adamantly oppose until border security has been enhanced and current immigration laws have been enforced.

"The enforcement provisions included in both my bill and the Judiciary Committee's bill are a step in that process," he said in a prepared statement before officially beginning floor debate on the explosive issue. "I fully expect that the final bill will be a comprehensive approach to border security and immigration reform."

But Mr. Frist -- who is widely expected to run for the 2008 Republican presidential nomination -- later distanced himself from the bill finished this week by the Senate Judiciary Committee. That proposal would fine illegals but let them remain in the U.S. while they apply for full citizenship.

That bill "goes too far in granting illegal immigrants with what most Americans will see as amnesty," he said on the Senate floor. "I disagree with this approach not just as a matter of principle but because granting amnesty now will only encourage future and further disrespect for the law. It will undermine our efforts to secure our homeland."

Previously, Mr. Frist has maintained that the Senate would take up a bill dealing only with border security but left open the possibility that a guest-worker program of some sort might get added later through amendments. His statements yesterday were the clearest yet about what he expects the Senate to ultimately produce.

Whatever the Senate produces must then be hammered out with House Republicans, who last year approved a border-security bill that has no guest-worker provisions and doesn't deal with the estimated 11 million to 12 million illegals already in the country.

While the Senate is technically debating Mr. Frist's border-security-only bill, Republican leaders say that will be swapped out with the committee's bill that includes a guest-worker program and angers conservatives for containing provisions they call "amnesty."

Many senators still have many questions about the committee's bill, however, since it still hasn't been committed to paper. The Judiciary Committee sped through the bill so quickly Monday that the massive legislation was largely pieced together verbally.

"There will be passionate arguments, that is certainly true," Committee Chairman Arlen Specter said yesterday. "Emotionalism runs very high on these issues. Some say that we are a nation defined by the rule of law and that has been flagrantly violated by 11 million people who have come to this country without conforming to United States law. And at the same time, we pride ourselves on being a compassionate nation."

One thing everyone seemed to agree upon was that the immigration system is broken.

"We have ignored the tough conditions endured by the undocumented, and the harmful ripple effects undocumented employment has on some U.S. workers," Sen. Edward M. Kennedy, Massachusetts Democrat, said yesterday.

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Past fixes by Congress, he said, were "well-intentioned," but ended -- as many conservatives say of today's legislation -- predictably. "By ending legal migration, but allowing employers to bid for immigrant labor, Congress all but guaranteed a generation of undocumented immigrants would emerge," Mr. Kennedy said.

Sen. Jeff Sessions, the Alabama Republican who voted against the proposal in the Judiciary Committee, said the Senate was at a historic crossroads to fix once and for all the country's immigration system.

"The system as it operates today makes a mockery of law and we all know that," he said. "It rewards bad behavior. It places bureaucratic hurdles and delays in front of those who want to do the right thing about coming here."

There were poignant moments, too, as yesterday's debate was an opportunity for senators to discuss their own roots as immigrants.

"My own family is exhibit A," said Mr. Specter, a Republican from Pennsylvania. "My father came to this country in 1911 when he was 18 because the czar wanted to send him to Siberia. He preferred Pennsylvania, so he came to the United States."

Senate Tries To Reconcile Immigration Approaches (LAT)

By Nicole Gaouette

The Los Angeles Times, March 30, 2006

WASHINGTON — Senators took on the task of overhauling the nation's immigration laws Wednesday, a two-tiered process in which they publicly considered two competing bills while working behind the scenes to find common ground.

Despite tensions, particularly within the Republican Party, some senators said they were optimistic about finding consensus, and the House leadership indicated that agreement was possible between that chamber's already-passed bill and whatever might emerge from the Senate.

Still, the emotional question of how to deal with the estimated 12 million people illegally in the United States remains the point on which all efforts pivot.

The Senate's debate will focus on two bills, an enforcement-only measure from Senate Majority Leader Bill Frist (R-Tenn.) and a bill approved Monday by the Senate Judiciary Committee that includes enforcement, provisions for a guest-worker program, and a way for those here illegally to work toward citizenship.

Opponents of the committee bill contend that it offers amnesty to individuals who broke the law.

"The committee bill goes too far in granting what most Americans will see as amnesty," said Frist, whose enforcement-only bill is the first to be debated.

"It is not an amnesty," countered Judiciary Committee Chairman Arlen Specter (R-Pa.). In amnesty, "lawbreakers do not have to pay for their transgressions," he said, outlining the requirements that undocumented immigrants would have to meet to attain citizenship.

Senators began debating the issue shortly after President Bush threw his weight behind a plan that would allow those now here illegally, along with new guest workers, to work toward citizenship.

In the House, which produced a tough enforcement-only bill in December, leaders signaled for the first time that they might be able to find common ground with the Senate if it passed a guest-worker program. A House-Senate conference committee would need to agree on compromise legislation before an immigration bill could go to the president to be signed into law.

"We're not going to discount anything," said House Speaker J. Dennis Hastert (R-Ill.).

An influential, largely Republican caucus in the House opposes any deviation from a security-only approach, but Hastert's comments signaled that the House Republican opinion on immigration was not monolithic.

"Our first priority is to protect the border. And we also know there is a need in some sectors of the economy for a guest-worker program. But we want to see what the Senate comes forward with, and we will go through the process," Hastert said.

Debate on the Senate Judiciary Committee bill begins today and is expected to end next week, before the Senate leaves on recess.

On the enforcement front, that bill would add fences along the Arizona border, double the number of border agents and criminalize tunnel-building.

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It also sets forth a path to citizenship for people now here illegally. They would have to work for six years, pay fines and back taxes, and learn English and civics before they could apply for a green card indicating legal permanent resident status. Five years after gaining that status, they could seek citizenship.

But these workers would receive no special consideration: Their green card applications would be processed after those from people outside the United States.

The bill would also allow up to 400,000 people a year to enter the country to work for up to six years. Once they had worked for four years, they too could start working toward citizenship.

A competing proposal by Sen. Jon Kyl (R-Ariz.) and Sen. John Cornyn (R-Texas) would not allow guest workers to gain citizenship and would require those now here illegally to return to their home countries.

On Wednesday, Bush spoke up for the first time in favor of a guest-worker program that leads to citizenship.

"I believe that we ought to say to somebody doing a job an American won't do, 'Here is a tamper-proof identity card that will enable you to be here for a period of time,' " Bush told a meeting of Freedom House, an independent organization that supports the expansion of democracy. "And if that person wants to become a citizen of the United States, because we're a nation of law, they get at the end of the line, not the beginning of the line."

Bush, who arrived in Cancun, Mexico, on Wednesday, is to meet with Mexican President Vicente Fox today.

Sen. Lindsey Graham (R-S.C.), a Judiciary Committee member who favors a guest-worker program that leads to citizenship, said Bush was "one of the keys" to brokering a compromise. "He can validate a comprehensive approach" that includes enforcing immigration laws as well as ensuring a labor supply, Graham said.

He was among several senators optimistic about the prospects for compromise. "I think it's possible to get a consensus," he said.

Sen. Mel Martinez (R-Fla.), who came to the United States from Cuba as a teenager, also sounded a hopeful note. "People are talking — they're not necessarily agreeing, but I can see a way we can get to a compromise," he said, without offering details.

Martinez, the Senate's only immigrant, also backs a guest-worker program.

Frist said he expected several amendments to the Judiciary Committee bill to "tighten" its "amnesty" provisions, indicating he favored a result similar to the Kyl-Cornyn model.

Specter said he was still trying to find a compromise. "It's not possible to describe what that compromise will look like; things are too fluid," he said, predicting stormy debate in the days ahead.

"Emotionalism runs very high on these issues," he said.

Frist urged his colleagues to keep their debate civil.

Immigration Reform A Two-edged Sword For GOP (WT)

By Charles Hurt And Amy Fagan

The Washington Times, March 30, 2006

Some Republicans on Capitol Hill see immigration reform as an opportunity to shake the party's image as hostile to minorities and immigrants, and other Republicans warn that embracing what many call "amnesty" will tear the party apart.

"They are absolutely up in arms," said Bobby Eberle, who runs the conservative Web site GOPUSA.com that reaches 600,000 subscribers. "They think that's a total cave-in, basically rewarding illegal behavior."

Sen. Jim DeMint, a conservative Republican from South Carolina, said yesterday he constantly hears concerns about illegal immigration from constituents.

The great majority want tighter border security, and some business owners want "a guest-worker plan that works," he said. "But nobody is calling to say they want citizenship for illegals. That's not something we hear too much."

Republicans, he said, are torn between doing what their constituents want and burnishing their image with minorities and immigrants.

"Republicans do not want to be seen as anti-immigrant -- and we're not -- but they think if we draw the line on illegal immigration and enforce our laws, Democrats will demagogue us," Mr. DeMint said.

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It isn't clear how many Republicans in the Senate support the proposal drafted this week by the Senate Judiciary Committee, but already four have cast votes in support. Sens. Arlen Specter of Pennsylvania, Mike DeWine of Ohio, Lindsay Graham of South Carolina and Sam Brownback of Kansas all voted Monday for the proposal in the committee.

Sen. Elizabeth Dole, North Carolina Republican and chairwoman of the National Republican Senatorial Committee, is charged with getting Republican candidates re-elected this fall and worries about the bill approved by the Senate Judiciary Committee.

"It's extremely important that we pass a good bill that secures our borders, but I'm opposed to legislation that has amnesty," she said yesterday. "I personally think that's wrong, and I also think we'll pay a political price for it."

Polls show that more than 80 percent of Americans view immigration as a "serious" problem, and more than 60 percent of Americans oppose making it easier for illegals to become citizens. Those percentages are even higher among Republicans.

Though House Republican leaders have thus far declined to rule out the Senate Judiciary Committee's proposal, they continue to say the border security-only bill they passed last year is the way to go.

"The American people see it as a clear imperative," said House Republican ConferenceChairman Deborah Pryce of Ohio. "They're demanding that action be taken, and I don't think we have any choice but to get a bill to the president's desk."

Republicans should be careful what they send to the president, Mr. Eberle said.

"The administration and the Senate -- none of these Republican leadership groups have been able to sell to conservatives that this guest-worker program isn't amnesty," he said. Conservatives "are definitely nervous about the direction they think this is going."

Mr. DeMint argued that doing nothing would be bad, as well.

"It hurts Republicans a lot worse than Democrats if we don't do something this year," he said.

G.O.P. Risking Hispanic Votes On Immigration (NYT)

By David D. Kirkpatrick

The New York Times, March 30, 2006

WASHINGTON, March 29 — The battle among Republicans over immigration policy and border security is threatening to undercut a decade-long effort by President Bush and his party to court Hispanic voters, just as both parties are gearing up for the 2006 elections.

"I believe the Republican Party has hurt itself already," said the Rev. Luis Cortes, a Philadelphia pastor close to President Bush and the leader of a national organization of Hispanic Protestant clergy members, saying he delivered that message to the president last week in a meeting at the White House.

To underscore the contested allegiance of Hispanic voters, Mr. Cortes said, he also took a delegation of Hispanic ministers to meet with the leaders of both parties last week, including what he called a productive discussion with Howard Dean, the Democratic chairman.

The immigration and security debate, which has sparked huge demonstrations in recent days by Hispanic residents of cities around the country, comes at a crucial moment for both parties.

Over the last three national elections, persistent appeals by Mr. Bush and other Republican leaders have helped double their party's share of the Hispanic vote, to more than 40 percent in 2004 from about 20 percent in 1996. As a result, Democrats can no longer rely on the country's 42 million Hispanic residents as a natural part of their base.

In a lunch meeting of Senate Republicans this week, Senator Mel Martinez of Florida, the only Hispanic Republican in the Senate, gave his colleagues a stern warning. "This is the first issue that, in my mind, has absolutely galvanized the Latino community in America like no other," Mr. Martinez said he told them.

The anger among Hispanics has continued even as the Senate Judiciary Committee proposed a bill this week that would allow illegal immigrants a way to become citizens. The backlash was aggravated, Mr. Martinez said in an interview, by a Republican plan to crack down on illegal immigrants that the House approved last year.

The outcome remains to be seen. Speaker J. Dennis Hastert said on Wednesday that he recognized the need for a guest-worker program, opening the door to a possible compromise on fiercely debated immigration legislation.

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Democrats see an opportunity to "show Hispanics who their real friends are," as Senator Charles E. Schumer of New York, chairman of the Democratic Senatorial Campaign Committee, put it.

But the issue is a delicate matter for Democrats as well. Polls show large majorities of the public both support tighter borders as a matter of national security, and oppose amnesty for illegal immigrants. Many working-class Democrats resent what they see as a continuing influx of cheap labor.

The stakes are enormous because Hispanics now account for one of every eight United States residents, and for about half the recent growth in the country's population. Although Hispanics cast just 6 percent of the votes in the 2004 elections, birth rates promise an imminent explosion in the number of eligible voters.

"There is a big demographic wave of Hispanic kids who are native born who will be turning 18 in even greater numbers over the next three, four and five election cycles," Roberto Suro, director of the nonpartisan Pew Hispanic Center, said.

Nowhere is the immigration debate more heated than Arizona, where about 28 percent of the population is Hispanic and where Senator Jon Kyl, a Republican sponsor of an immigration bill, faces what could be a difficult race for re-election. Both Mr. Kyl and his Democratic challenger, Jim Pederson, have hired Hispanics or Hispanic-dominated firms to manage their campaigns.

A mostly Hispanic crowd of about 20,000 gathered outside Mr. Kyl's office last weekend to protest criminal penalties against illegal immigrants that were in the House Republican bill, even though Mr. Kyl's proposal does not include the measure.

Mario E. Diaz, the campaign manager for Mr. Pederson, faulted Mr. Kyl's proposal, which would require illegal immigrants or future temporary workers to return to their countries before becoming eligible for legal status in the United States.

"Speaking the language that Kyl does, which is round them up and deport them, is offensive and disgusting to the Latino community," Mr. Diaz said.

Mr. Kyl, for his part, accused Democrats of race-baiting by painting all Republicans as anti-Hispanic, a practice he said most Hispanics resent. But the senator also acknowledged some fears that the immigration debate could repel Hispanic voters. He added, "I would hope that some of our colleagues who don't have much of a Hispanic population in their states would at least defer to those of us who do."

Pollsters from each party say Hispanics, like other groups, typically rank immigration lower in importance than other issues, especially education. But they respond strongly when they believe the rhetoric surrounding the debate demonizes immigrants or Hispanics, as they did when Gov. Pete Wilson of California, a Republican, backed a 1994 initiative to exclude illegal immigrants from public schools and services.

Many analysts say the backlash from Hispanics wrecked the California Republican party for a decade.

As governor of Texas, Mr. Bush opposed such measures, and pushed Republicans to woo Hispanics.

Last week, Sergio Bendixen, a pollster for the Democratic Senatorial Campaign Committee, released a rare multilingual poll in which 76 percent of legal Latin American immigrants said they believed anti-immigrant sentiment was on the rise. A majority of immigrants said they believed the immigration debate was unfair and misinformed.

But Ken Mehlman, chairman of the Republican National Committee, dismissed such concerns. Mr. Mehlman said the party's image was defined by President Bush, who supports a temporary-worker program and has repeatedly urged Republicans to avoid inflammatory rhetoric.

"In an emotional debate like this," Mr. Mehlman said, "people need to lower their energy and remember that ultimately the goal is something that is consistent with being a nation of laws and a nation of immigrants."

Danny Diaz, a spokesman for the Republican Party, said it had pushed ahead on recruitment of Hispanic candidates and voters. He noted that Mr. Mehlman had appeared frequently at events with Hispanic groups, hitting classic Republican themes about lower taxes and traditional values. A particular focus has been Hispanic churchgoers and pastors like Mr. Cortes, who receives money from Mr. Bush's religion-based social services initiative.

Democrats say that Mr. Bush's success with Hispanics has not gone unnoticed. Democratic leaders in Congress have expanded their Spanish-language communications, and after 2004 the Democratic Party vowed to stop relying on payments to Hispanic groups and organizations to help turn out Hispanic voters.

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"How can you spend your money on get-out-the-vote when you are beginning to lose your market share?" Mr. Bendixen said. "But Democrats had no experience in campaigning for the hearts and minds of Hispanic voters. They treated them like black voters who they just needed to get out to the polls."

Still, both sides say it is the tenor and ultimate outcome of the immigration debate that may give the Democrats their best opportunity to attract Hispanic voters.

Senator Martinez, a Cuban immigrant who delivered part of a Senate speech in Spanish a few months ago, alluded to the nervousness among Hispanics when he was asked whether he would do the same again in the debate on immigration. "I am about to be sent back as it is," he said, joking. "I better be careful."

Immigrants, Finding Their Voice (WP)

By David S. Broder

The Washington Post, March 30, 2006

By turning out close to a million people in cities from Los Angeles to Washington for demonstrations against punitive immigration laws, the Hispanic community has delivered a timely reminder of the often-forgotten voice in this national debate.

For too long, others with shaky claims to authenticity have attempted to speak on behalf of the immigrants who are most affected by the laws and regulations being debated in Congress.

It was not until this month that the first substantial poll of immigrants was taken. Its findings give the lie to one of the most frequent claims from those who want to "crack down" on illegal immigration: the assertion that undocumented workers are resented by those who have come to this country legally.

This week Sergio Bendixen, a respected professional pollster, briefed me on the survey his firm had just completed of 800 legal immigrants, from 43 different countries, living in 47 states -- a cross section carefully designed to mirror the makeup of the 26 million legal immigrants the Census counts. To ensure accuracy, Bendixen arranged to interview subjects in their native languages whenever they requested.

When he probed these legal immigrants for their attitude toward the estimated 11 million illegal immigrants living in the United States, Bendixen asked two key questions. By a margin of 81 percent to 11 percent, the legal immigrants said they think the illegals are taking jobs that legal residents and citizens do not want to do, rather than taking jobs away from them.

And 73 percent of them said the illegals help the economy by providing low-cost labor, while only 17 percent said they hurt the economy by driving down wages -- a favorite contention of those who want to restrict immigration.

Backers of the tough House-passed bill to make it a crime to illegally enter the country contend that a guest worker program of the kind the Senate Judiciary Committee included in its bill this week would allow illegals to "cut into line" ahead of those who are waiting to become citizens legally.

But Bendixen said the interviews found that "the resentment isn't there." He said that one woman, an accountant, who gained her citizenship by following the rules, explained, "I came first-class. The illegals are coming coach -- they do jobs I didn't have to do, and they live outside the law."

"She didn't feel that she was in competition with them," Bendixen said. "She felt sympathy for them."

That mind-set explains the legal immigrants' hostility to the main provisions of the House bill -- and also the emotion that pulled so many thousands of immigrants into the streets for demonstrations during the past week.

Majorities of about 70 percent or more oppose all these steps: arresting illegal immigrants and charging them with a felony; deporting all illegal immigrants; imposing stiff penalties on employers who hire illegals or groups that help them; or building a wall between the United States and Mexico to discourage illegal immigration.

On the other hand, two-thirds of the legal immigrants favor President Bush's proposal to provide work permits for temporary employment, with a proviso that the recipient return to his or her home country. And even more -- eight out of 10 -- favor the kind of legislation that came out of the Senate Judiciary Committee, which would open a path to eventual citizenship for illegals who remain in this country for an extended period, learn English, pay fines and have no criminal record.

That legislation was backed by all the committee Democrats but only a minority of its Republicans. But Bendixen's survey, completed before the committee vote, found skepticism among the legal immigrants about the stance of both parties on

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immigration issues. Only 22 percent said the Republican Party was doing a good job on immigration issues; for Democrats, the approval score was 38 percent, just six points higher than the rating for Bush on immigration.

Bendixen said that suggested to him that "the jury is out" as the current debate unfolds.

Disturbingly, the survey found that two-thirds of the legal immigrants believe that anti-immigrant sentiment is growing in the United States, and more than half said it has affected them and their families personally. Racism against Latino and Asian immigrants is blamed by more than six out of 10 for fueling this development.

The demonstrations are a reminder of the risks in policy that feeds such fears.

Immigration Exposes Rifts For Evangelicals (WSJ)

By Suzanne Sataline

The Wall Street Journal, March 30, 2006

Kit Danley says she has waited for months for evangelical Christians to join together on the illegal immigration issue. An evangelical Christian herself, she's watched as Catholic, Episcopalian, Methodist and Jewish clergy converged on Capitol Hill, lobbying legislators to grant illegal residents permanent status. Ms. Danley, president of Neighborhood Ministries, an evangelical mission to the poor in Phoenix, says she would like to see a united front for liberal reform.

But that is unlikely to happen anytime soon. Major evangelical groups have been more muted on immigration than other Christian organizations. In fact, the dispute is exposing rifts in the evangelical community. Evangelicals who favor a tough stance toward illegal immigrants also want their leaders to speak out on the issue. "Our side is so afraid of sounding unmerciful," says Cathie Adams, a member of a nondenominational Dallas Bible church. "It's like it's a nonissue in the church. . . It's very frustrating."

The majority of influential Christian conservatives have either delayed taking a stand, such as the National Association of Evangelicals, or have no position, such as the Southern Baptist Convention, the National Black Evangelical Association, James Dobson's Focus on the Family and Concerned Women for America.

When united, the evangelical movement has had considerable success influencing U.S. politics in recent years, helping to elect President Bush, working to scuttle Harriet Miers as a Supreme Court nominee, and influencing stricter laws on abortion. But as evangelicals attract more adherents, it will be increasingly difficult for the groups to reach consensus on many issues.

"We will see a larger number of arguments, disputes and debates among evangelicals," says John C. Green, a political scientist and senior fellow with the Pew Forum on Religion and Public Life. "That could potentially lead to divisions in the voting booth."

Despite their past unity on other issues, some evangelicals are divided over how to treat people who are breaking the law and worried they will be tainted as racist if they advocate penalties. "When someone speaks out, they're portrayed as being against immigration," says Tony Perkins, president of the Family Research Council, a conservative Christian group. "They're being more cautious, afraid of being misconstrued."

Several board members of the National Association of Evangelicals, the largest group in the movement, say they need time to study the issue and to gauge what their congregations want. "If we don't speak with a true Biblical voice, we will alienate millions of people," says the Rev. Richard Cizik, the group's vice-president.

Others say issues involving right-to-life are central to their mission, not immigration. Focus, known for Mr. Dobson's popular radio show, has decided that immigration isn't "something that defines an evangelical," spokesman Stuart Shepard says.

The issue is critical for some parts of the evangelical movement. The National Hispanic Christian Leadership Conference, an evangelical group which claims to speak for millions of Latinos, supports President Bush's call -- and a Senate bill -- for a guest-worker program. The bill would post patrols along the Mexican border and create a plan to allow workers into the country and grant them credits toward obtaining visas if they paid taxes and learned English. The Senate has been debating the bill this week.

But the Hispanic group has received little support from the National Association of Evangelicals. The Christian Coalition opposes the bill, saying the plan would reward lawbreakers.

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At the same time, the Hispanic Conference group opposes a House bill that would return illegals to their native lands and jail those who aid illegal immigrants. One of the House bill's sponsors is Rep. Tom Tancredo, a Colorado Republican and an evangelical Presbyterian. Latinos have been backed by Sojourners, a Christian antipoverty group, and World Relief, a humanitarian organization, while the Christian Coalition supports the House bill.

Evangelical pastors around the country can't agree with some of the basic tenets of liberal treatment for immigrants. Some evangelicals say their beliefs in law-and-order issues mean they favor returning nonresidents to their own countries and that employers should be fined for hiring them. "To me the issue is, do we support lawlessness?" says Leo Godzich, associate pastor of Phoenix First Assembly of God.

Other evangelical Christians say the Bible instructs them to help strangers. Gilberto Velez, pastor of Christian Church of Mercy in the border town of Laredo, Texas, figures about 20% of his flock of 2,000 are in the country illegally. "They are coming to do jobs Americans won't do," he says. "We believe they have the right not to be illegal anymore."

Immigration is only the latest issue that has split evangelicals -- usually defined as Christians who believe in the literal word of the Bible, see Jesus as their personal savior, and also try to recruit others to their faith. Evangelicals were divided over supporting the Iraq war. More recently, 86 leaders of the movement broke ranks with the more-conservative mainstream groups and took out ads calling on Congress and businesses to lower greenhouse-gas emissions. That effort was notable, partly because it includes Rick Warren, the charismatic pastor and bestselling author of "The Purpose Driven Life."

Samuel Rodriguez Jr., president of the Hispanic Conference group, believes "if the Republican party had received a unified message from their evangelical base," the party would have come together behind immigration reform, says the Sacramento, Calif., pastor.

Evangelicals turned out for President Bush in 2000 and even more so in 2004, when 63% of Latino Protestants supported his re-election, according to the Pew Forum. Pew estimates that 42 million to 52 million white Americans, and roughly six million Latino adults, belong to an evangelical church.

Mr. Rodriguez says a candidate's stance on immigration could sway more Latino voters than traditional conservative causes. White evangelicals and Hispanics agree on a number of issues, including abortion and gay marriage, but "those sorts of coalitions are going to be a lot more difficult to come by," he says.

Immigrants To Be Proud Of (NYT)

By David Brooks

The New York Times, March 30, 2006

Everybody says the Republicans are split on immigration. The law-and-order types want to close the border. The free-market types want plentiful labor. But today I want to talk to the social conservatives, because it's you folks who are really going to swing this debate.

I'd like to get you to believe what Senator Sam Brownback of Kansas believes: that a balanced immigration bill is consistent with conservative values. I'd like to try to persuade the evangelical leaders in the tall grass to stop hiding on this issue.

My first argument is that the exclusionists are wrong when they say the current wave of immigration is tearing our social fabric. The facts show that the recent rise in immigration hasn't been accompanied by social breakdown, but by social repair. As immigration has surged, violent crime has fallen by 57 percent. Teen pregnancies and abortion rates have declined by a third. Teenagers are having fewer sexual partners and losing their virginity later. Teen suicide rates have dropped. The divorce rate for young people is on the way down.

Over the past decade we've seen the beginnings of a moral revival, and some of the most important work has been done by Catholic and evangelical immigrant churches, by faith-based organizations like the Rev. Luis Cortés's Nueva Esperanza, by Hispanic mothers and fathers monitoring their kids. The anti-immigration crowd says this country is under assault. But if that's so, we're under assault by people who love their children.

My second argument is that the immigrants themselves are like a booster shot of traditional morality injected into the body politic. Immigrants work hard. They build community groups. They have traditional ideas about family structure, and they work heroically to make them a reality.

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This is evident in everything from divorce rates (which are low, given immigrants' socioeconomic status) to their fertility rates (which are high) and even the way they shop.

Hispanics and Hispanic immigrants have less money than average Americans, but they spend what they have on their families, usually in wholesome ways. According to Simmons Research, Hispanics are 57 percent more likely than average Americans to have purchased children's furniture in the past year. Mexican-Americans spend 93 percent more on children's music.

According to the government's Consumer Expenditure Survey, Hispanics spend more on gifts, on average, than other Americans. They're more likely to support their parents financially. They're more likely to have big family dinners at home.

This isn't alien behavior. It's admirable behavior, the antidote to the excessive individualism that social conservatives decry.

My third argument is that good values lead to success, and that immigrants' long-term contributions more than compensate for the short-term strains they cause. There's no use denying the strains immigration imposes on schools, hospitals and wage levels in some markets (but economists are sharply divided on this).

So over the long haul, today's immigrants succeed. By the second generation, most immigrant families are middle class and paying taxes that more than make up for the costs of the first generation. By the third generation, 90 percent speak English fluently and 50 percent marry non-Latinos.

My fourth argument is that government should be at least as virtuous as the immigrants themselves. Right now (as under Bill Frist's legislation), government pushes immigrants into a chaotic underground world. The Judiciary Committee's bill, which Senator Brownback supports, would tighten the borders, but it would also reward virtue. Immigrants who worked hard, paid fines, paid their taxes, stayed out of trouble and waited their turn would have a chance to become citizens. This isn't government enabling vice; it's government at its best, encouraging middle-class morality.

Social conservatives, let me ask you to consider one final thing. Women who have recently arrived from Mexico have bigger, healthier babies than more affluent non-Hispanic white natives. That's because strong family and social networks support these pregnant women, reminding them what to eat and do. But the longer they stay, and the more assimilated they become, the more bad habits they acquire and the more problems their subsequent babies have.

Please ask yourself this: As we contemplate America's moral fiber, do the real threats come from immigrants, or are some people merely blaming them for sins that are already here?

Illegal Migrants Persist Despite Fences, Danger (USAT)

By Danna Harman

USA Today, March 30, 2006

ALTAR, Mexico — They gather here, their backpacks stuffed with bottled water, soap, chips and maybe an icon of the Virgin of Guadalupe. They wear double sweaters and pull wool hats over their eyes against the cold nights.

Altar, a dusty town of 14,000 about 60 miles south of the Arizona border, is one of the largest staging points for migrants trying to cross into the USA illegally. They arrive from all over Mexico and from as far as Brazil. They eat road-stand chicken from plastic foam containers and bed down at hostels. Then they head for "El Norte."

Congress is considering dramatic changes in U.S. immigration policy this week. President Bush is discussing the issue with Mexican President Vicente Fox in Cancun. Here, though, migrants on the move to the USA say beefed-up enforcement will deter few. "Walls and lights and sensors and police fill our heads," says Dagoberto Martinez, a 17-year-old from Hidalgo, Mexico, who is headed north. "But they don't make us turn back."

The U.S. Border Patrol caught 1.2 million illegal immigrants in 2005, an arrest rate of roughly one person every 30 seconds. There are no official statistics to indicate how many illegal immigrants made it across, but the Pew Hispanic Center estimates there are as many as 12 million illegal immigrants in the USA — 56% of them Mexicans.

From Altar, migrants guided by "coyotes," — people smugglers — might cross near Naco, Mexico, and into the canyons, walking toward Tucson and Phoenix. Or they trek through the mountains around Organ Pipe Cactus National Monument, moving north to Phoenix or west to Los Angeles. Others take the Sasabe route and follow "ghost roads," footpaths in the sand, toward Tucson. A few go through the Barry M. Goldwater Range, an Air Force live bombing range, heading for Yuma, Ariz.

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The first time Jess Ramirez sneaked across was three years ago, when he was 17, he says. He worked construction and bused tables in Las Vegas, earning $350 a week. He sent half his pay home to his parents in the Mexican state of Michoacan, and saved much of the rest to travel back at Christmas and pay a coyote for the return trip north. Back home in Michoacan, he says, he was never able to earn more than $80 a week.

Last week, Ramirez set off again from Michoacan. He agreed to pay a coyote $1,000 upon arrival in Las Vegas. From Altar, Ramirez's group drove to the border near Sasabe and crossed on foot. After three days, they were rounded up by border agents and handed over to Mexican immigration police.

Next week, Ramirez says, he will try a different route. He gives a cellphone number. Call in a week, he says, and he'll be on the other side.

In Yuma, much has changed, says Mike Gramley, a U.S. Border Patrol agent who has been there 12 years. When he started, there were 300 agents in Yuma who tracked people by following footprints in the desert. There was also a new fence that ran for 6 miles around Yuma, where the Border Patrol nabbed about 50 illegal immigrants a day.

Now, there are 650 agents in Yuma; the fence is being elevated to 12 feet and extended to 10 miles. A secondary fence is going up, stadium lights shine through the night, motion sensors are buried in the ground, surveillance planes fly overhead, and infrared cameras beam back to headquarters.

Yuma is the USA's busiest border station. Last year, 138,460 migrants were caught coming through here.

In Arizona, many want a longer fence. They point to San Diego as proof it would work. There, the fence helped send attempted crossings falling in the early 1990s. Last year, 126,910 illegal immigrants were caught near San Diego, down from a peak of 629,650 in 1986, the Border Patrol says. “California and Texas got relief with increased border vigilance — don't we deserve any in Arizona?” Sen. Jon Kyl, R-Ariz., said this month.

Opponents of fences and walls say they only push the human traffic elsewhere. The decline in crossings near San Diego coincided with increases in Arizona and Texas, they say. “It's like a balloon. If you squeeze in one sector, the migrants move to the other side,” says Jon Amastae, director of the Center for Inter-American and Border Studies at the University of Texas at El Paso.

Today, close to half of all illegal crossings take place in Arizona, according to Humane Borders, a Tucson-based organization that offers humanitarian assistance to illegal immigrants. Because of increased vigilance near heavily traveled entry points and urban areas, illegal immigrants have begun crossing over more difficult terrain — remote locations where temperatures during the summer often top 100 degrees.

A record 473 migrants died in 2005 while crossing the U.S.-Mexican border, the most since the Border Patrol began tracking such deaths in 1999.

Also, by making the journey more difficult, the coyotes become more necessary and can charge higher prices. That lengthens the stays of migrants who must repay people smugglers, Amastae says.

Mexico's National Population Council says illegal immigrants stayed in the USA an average of about six months during 1993-97. The average stay increased to more than a year by 2001-04.

Back in Altar, Dagoberto Martinez is standing on the side of the road looking south, toward home. It's his first time away from his brothers, his first attempt at crossing the border. He looks scared.

He will go to Los Angeles. There is a job there and a second cousin. At home, there was no work. “That's my whole story,” he says.

Immigration Debate Crux: Jobs Impact (CSM)

By Ron Scherer

The Christian Science Monitor, March 30, 2006

NEW YORK - Seal the border. Round up all the illegal immigrants and send them back to their home countries. Start a whole new agency to handle only invited guest workers.

Would that open up more jobs for American citizens?

This is one of the key questions being posed as the US considers the economics of illegal immigration - with no easy solutions to the challenges in sight.

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As Congress debates a new immigration bill, some economists believe any restrictions are likely to be disruptive to a variety of industries, from construction to hospitality to agriculture. At the very least, restrictions could add to employers' costs as they scramble to attract new workers with higher wages. But new regulations might also be good for those without much education or marketable skills: Business might be forced to train them. And those in lower wage brackets might see their wages rise as they face less competition for jobs.

"Do undocumented workers take away jobs from Americans?" asks Anthony Chan, chief economist at JPMorgan Private Client Services in Columbus, Ohio. "My best guess is that they take some jobs away. Some Americans are willing to work at those jobs at low salaries, but not all [Americans are]."

Analysts are quick to point out that the economics of undocumented immigration are complex. Few models have been crafted that try to look at how the US economy would perform without tapping into inexpensive labor for some jobs.

"We can't run econometric models. The numbers aren't good enough," says David Wyss, chief economist at Standard & Poor's in New York.

One challenge in performing any calculations is agreeing on the number of undocumented workers. Only estimates exist, and they range from 9 million to 20 million. The conventional estimate is 11 million. But no one really knows for sure.

By way of contrast, the Bureau of Labor Statistics calculates how many people out of a workforce of 143 million are unemployed. Last month, 7,193,000, or 4.8 percent, were out pounding the pavement.

The Center for Immigration Studies, which is in favor of some restrictions on immigration, recently issued a report looking at jobs and undocumented workers. One of its conclusions was that between March 2000 and March 2005, only 9 percent of the net increase in jobs for adults went to people born in the US.

"This is striking because natives accounted for 61 percent of the net increase in the overall size of the 18- to 64-year-old population," writes Steve Camarota, director of research.

Howard Hayghe, an economist at the Department of Labor, confirms that this number is correct. But he also points out that by 2005, the economy was doing a better job of producing jobs - and the percentage of native-born residents finding jobs rose to 41 percent. In other words, the stronger economy absorbed more workers of all educational levels. "The more office buildings you build, the more people you need to clean them. The more roads you build, the more workers you need," says Mr. Hayghe.

In addition to the 7 million Americans looking for jobs, another 1.5 million are considered to be "marginally attached" - that is, not actively looking for work. Moreover, some 386,000 are counted as "discouraged" workers. And there are about 19 million, including students and senior citizens, who are not in the workforce.

"If we close the borders and have less undocumented workers, it would put some upward pressure on overall wages," says Mr. Chan. "It's no secret business will have to pay workers more money."

But it's not a given that business will do that. "They may just outsource a larger percentage of the work, or the jobs may just disappear," Chan says.

Economists certainly differ on whether tighter immigration will have any effect on the economy. "It's similar to asking a big part of the labor force to leave," says Mark Zandi, chief economist at Moody's Economy.com. "In today's economy where the job market is at capacity, asking people to leave means the economy will not grow as fast. In fact, there could be a very difficult adjustment over the first three to four years when this process is in full swing."

On the other side are those who say it will have very little impact on the economy because most undocumented workers are low paid and relatively unskilled. Yes, there might be some adjustments - Americans might have to eat more plum tomatoes that can be harvested by machines. And the US may have to increase its already swollen import bill to make up for what can't be produced here.

"We might have a lower unemployment rate and a somewhat lower gross domestic product, but it wouldn't be a huge impact," says Mr. Wyss.

However, that depends on who is affected. San Diego builder Sherman Harmer Jr., president of Urban Housing Partners Inc., typically delivers about 300 units of housing per year. He relies on workers coming across the US-Mexican border who have some form of documentation. "We have a shortage of construction workers in California," he explains while in New York.

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If he didn't have access to these workers from Mexico, he says he would have to slow the amount of construction he does: "There would be a reduction in the inventory of new homes, condos, and apartments, and that would drive prices even higher."

But, as he walks down 125th Street in upper Manhattan, Kevin Brown, a plumber, says restrictions on illegals might be good for him. "Could I have a better job?" asks Mr. Brown, whose parents are from Jamaica. "Possibly," he says, adding that he knows people out of work who could do a job taken by an illegal immigrant. However, he's also quick to add, "I don't blame anyone. Everybody's got to live."

Not far away, Miguel Almanzar, a bicycle messenger, is reading a newspaper. "This country is made of immigrants," says Mr. Almanzar. But he wants them to be legal immigrants. "There is the threat of terrorism," he says. "Now, the country needs to secure its borders."

Surge In Amounts Sent Back By Migrant Workers (FT)

By Richard Lapper

Financial Times, March 30, 2006

Migrant workers from Latin America and the Caribbean sent home $53.6bn to their families last year, an increase of 17 per cent on 2004.

The rise – documented in a survey to be announced on Thursday by the Inter-American Development Bank – confirms Latin America's position as the biggest market in the world for remittances.

For the third consecutive year, remittances to the region exceeded the combined flows of direct foreign investment and overseas economic aid.

The surge in remittances reflects the fact that rates of economic migration outstrip world population growth by a ratio of four to one. The bank said the trend – in a week when the US Senate is to consider legislation that would allow as many as 400,000 new workers to come to the US legally a year – also underlines the need for reform of migration law.

"The shift in international trade, investment and communications has required the world's political and economic system to adapt new rules and mechanisms to meet modern realities," said Donald Terry, head of the bank's multilateral investment fund. "The same needs to be done for the migrant labourers who have become such an integral part of the world's labour markets."

An estimated 25m-27m Latin Americans are living and working abroad, 22m of them in the developed markets of North America, Eur-ope and Japan. Mr Terry said migrant workers from the region now made up more than 20 per cent of the labour force in Madrid, Spain's capital. In the US, Latin American and Caribbean workers constitute an average of 12 per cent of the labour force. "Family by family, worker by worker, migrants are redrawing the map of global labour markets," Mr Terry said.

Improvements in techniques used to monitor the flows of remittances in part accounted for the sharp rise last year. Many migrants continue to use informal channels, and the total could be more than $59bn.

Countries nearest the US have seen the biggest flows, with Mexico drawing some $20bn of foreign exchange earnings from remittances. The five countries of Central America and the Dominican Republic received $11bn.

Brazil got $6bn, Colombia $4bn and the four other Andean economies a total of $9bn. The bank is continuing its efforts to force down the cost of transmission costs of remittances, typically despatched in amounts of between $100 and $300. Commission costs now amount to about 5 per cent of the total, less than half the levels of five years ago.

But Mr Terry said banks could do much more to help integrate migrants into their local financial systems. "Latin American banks are essentially irrelevant to the daily lives of the vast majority of their population."

Meanwhile, BBVA, the Spanish bank that handles about 40 per cent of remittances from Mexico, on Wednesday signed an agreement with banks in India and the Philippines to process their money transfers for immigrants in the US and Canada. India received more than $23bn in family remittances last year, about $9bn of which came from north America. The Philippines received more than $10.6bn. BBVA's transfer service in India will initially handle remittances from 9m people from India living in north America.

Speak Up, Mr. Bush (WP)

The Washington Post, March 30, 2006

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PRESIDENT BUSH says he's committed to "comprehensive reform" of the nation's broken immigration system: legislation that would both increase enforcement to stem the flow of illegal immigrants into this country and provide a legal way to, as Mr. Bush puts it, "match willing foreign workers with willing American employers to fill the jobs that Americans are unwilling to do." But the president himself has been unwilling, so far, to match his words about reform with deeds to make certain it gets done. Now, with the Senate debating the explosive issue and protests against a draconian House bill flowering from the streets of Los Angeles to the high schools of Northern Virginia, it is time for Mr. Bush to step up.

In a welcome move this week, the Senate Judiciary Committee approved a realistic and humane immigration measure. It not only would create a temporary worker program to help stem the flow of illegal immigration but also would permit those already working here illegally to obtain citizenship eventually. Credit on this goes especially to the minority of committee Republicans -- Chairman Arlen Specter (Pa.) and Sens. Sam Brownback (Kan.), Mike DeWine (Ohio) and Lindsey O. Graham (S.C.) -- who voted with Democrats for this sensible approach, under which illegal workers would have to register, pay fines and back taxes, learn English, and wait their turn for legal status.

The Judiciary Committee's work could well be fleeting. Senate Majority Leader Bill Frist (R-Tenn.) has a competing, enforcement-only approach that will also be debated on the Senate floor. And the measure approved by the House -- with, it's important to recall, a statement of strong support from the administration -- would, among other things, make it a felony to be in the United States illegally or to help illegal immigrants. "The administration remains committed to comprehensive immigration reform, including a temporary worker program that avoids amnesty, and believes this bill is a positive step toward that goal," the statement said of that draconian measure. With a gulf this wide and an election looming in November, it's easy to imagine immigration reform languishing -- or even worse, the passage of an unbalanced, unfair measure that includes a crackdown on illegals but not a remedy for those already here.

Which is why presidential involvement and clarity are so important. Does Mr. Bush support the Senate Judiciary measure, which mirrors an earlier proposal from Sens. John McCain (R-Ariz.) and Edward M. Kennedy (D-Mass.)? Mr. McCain and Mr. Kennedy sounded hopeful after talking with the president, but the White House has not been clear, simply repeating that Mr. Bush would oppose any measure that grants "amnesty" without saying whether it views the Judiciary measure as an amnesty bill. Does the president disagree with Mr. Frist's enforcement-only measure? If that's the case, it would help if he would say so. On reflection, does he really "strongly" support the cruel House approach? If not, this would be the time to speak up.

Frist, Do No Harm (LAT)

The Los Angeles Times, March 30, 2006

ON WEDNESDAY, AFTER MONTHS of work, the Senate brought the immigration reform debate to the floor. Unfortunately, senators took up the wrong bill.

Balancing enforcement measures with a temporary-worker program, the Judiciary Committee approved a sensible, comprehensive measure in time to meet the Monday deadline set by Majority Leader Bill Frist (R-Tenn). But instead of bringing the committee bill to the floor as promised, Frist opted to bring his own enforcement-heavy bill forward first for a daylong debate.

This is a needless distraction. The Senate should focus on the committee's compromise.

Frist introduced his Securing America's Borders Act about two weeks ago. Unlike the committee's more thorough approach, and contrary to President Bush's wishes, it has no guest-worker program. It resembles the bill the House passed in December when it comes to controversial measures such as criminalizing illegal immigrants and those who aid them.

But the content of Frist's proposal may be secondary to its role in his nascent presidential run. We hope that the majority leader doesn't really believe his alternative is sound, and that this is mere posturing so he can pander to the far right by saying he was extra harsh on immigration until — gasp — other senators insisted on a guest-worker program and "soft" enforcement measures.

The more promising legislation, shepherded by Sen. Arlen Specter (R-Pa.) out of his Judiciary Committee, relies largely on the May 2005 bill introduced by Sens. Edward M. Kennedy (D-Mass.) and John McCain (R-Ariz.). That bill provided the framework for a guest-worker program for immigrants already in the country and for those who would seek to immigrate in the

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future. Immigrants currently in the country would have to pay back taxes and fines, study English and fulfill other requirements to become eligible for citizenship — a far cry from amnesty.

The Specter compromise added a program for 1.5 million agricultural workers, toughened the requirements for citizenship, provided more visas for nurses, doctors and asylum candidates and bulked up border security.

The Senate should swat aside the majority leader's cynical alternative and unite behind this compromise. Then senators will have to stand firm in negotiations with the House to ensure that any final legislation bears a relationship to the real world.

Myths Vs. Facts (USAT)

By Tom Tancredo

USA Today, March 30, 2006

It has been said that if you tell a lie 1,000 times in politics, it becomes truth. Before we reach that threshold, there are two myths that must be dispelled about the House's bipartisan immigration reform bill:

• The first myth is that the House bill would make criminals out of priests who run homeless shelters and soup kitchens.

The bill would not substantially change decades of law with respect to religious organizations. From 1986 until this year, no organization was allowed to conceal, harbor or shield an alien from law enforcement "in reckless disregard of the fact" that the alien is in this country illegally. During those two decades, no church was shut down for providing basic social services to illegal aliens. Regardless, I think congressional leaders would be open to language that reaffirms current practice and clarifies the bill's intent.

But beyond soup and shelter, why should religious organizations be exempt from a law against actively concealing illegal aliens from law enforcement? It's no secret that there are terrorist front organizations in the USA, and that these front organizations most often claim to be relief charities or religious groups. Just one example is the Holy Land Foundation, whose headquarters was only miles from our nation's capital and which was shut down for supporting Hamas and other terrorist-related organizations.

• A second myth is that House Republicans want to make illegal presence in the USA a felony.

The truth is Democrats voted for the felony provision, and a majority of Republicans (including me) voted against it.

Right now, illegal presence in the USA is not a crime; it is a civil infraction. The House Judiciary Committee voted to make it a felony but then was counseled that millions of new felons could clog our courts.

Chairman James Sensenbrenner, R-Wis., wrote an amendment to his own bill asking that the penalty be reduced from a felony to a misdemeanor; 191 Democrats and a few Republicans voted to keep the felony penalty in the hope that it would be a poison pill to defeat the measure. After his amendment lost, Sensenbrenner promised, "When this bill gets to (House-Senate) conference, those penalties will be made workable. You can count on that."

The truth? The House bill would construct a security fence along our southern border, require federal and local law enforcement to cooperate on immigration matters, and mandate that employers use an instant check system to verify their employees' legal status. Unlike the Senate bill, our version would offer no amnesty and would not add foreign workers to our already overwhelmed background-check system.

Polls released last week show that nearly two-thirds of Americans oppose amnesty, and that 90% say illegal immigration is a serious problem. The House's approach is supported by most Americans. Now, we wait for the Senate to follow.

Rep. Tom Tancredo, R-Colo., is chairman of the congressional immigration reform caucus.

Latest Immigration 'Crisis' Defies Simplistic Solutions (USAT)

USA Today, March 30, 2006

The USA, truly a nation of immigrants, is having another of its periodic bouts of anxiety about immigration.

Communities even in areas far from any foreign border are dealing with the burdens and social change caused by growing numbers of immigrants, both legal and illegal. Longtime residents and local officials complain of the costs of immigrant children in the schools, strains on health care systems for a population that often lacks insurance, and economic impact of people willing to work for low wages. Recent polls found that nine of every 10 Americans say immigration is a serious problem, and three-fourths want more done to keep illegal immigrants out.

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Looking at these numbers, politicians are falling over each other with promises to round up millions for deportation, erect massive walls along the porous U.S.-Mexico border and crack down yet again on employers who hire those here illegally.

The House of Representatives, sensing a potential vote-getting issue, passed a draconian border control and immigration-enforcement bill in December. That simplistic legislation has triggered large demonstrations in support of immigrant rights, including one in Los Angeles on Saturday that drew more than 500,000 people. The Senate took up the issue Wednesday and will, we hope, bring a more balanced and practical approach.

The backlash against immigration is happening in a country where nearly everyone is either an immigrant or descended from immigrants, many of whom arrived without anything resembling what would now be considered proper papers.

Energetic strivers have always been attracted to America, starting in the 1600s with the likes of John Smith in Jamestown and William Bradford in Plymouth. And as far back as the 18th century, Benjamin Franklin was fretting publicly about a surge of German arrivals in Pennsylvania.

According to the Census Bureau, more than 35 million immigrants are in the USA, a record number but a smaller proportion of the population now (12.1%) than at the peak of European immigration early in the 20th century (14.7%).

Roughly two-thirds are here legally, but an estimated 11.5 million to 12 million are undocumented. The legislation passed by the House would declare all of them felons subject to expulsion, as if it were possible to round up a population the size of Ohio and dump them across the nearest border.

Moreover, the illegals are roughly 5% of the labor force, heavily concentrated in construction, low-wage service jobs and agriculture. Their abrupt departure, even if it were possible, would seriously disrupt those sectors of the economy. Their employers are violating the law, but successive administrations have essentially abandoned enforcement of employer sanctions.

Clearly the immigration-control system enacted in 1986 and revised in 1996 is broken. Pressures to revisit the issue run in cycles, usually paralleling anxiety about the economy, jobs and national security. When concern slackens, businesses become reliant on cheap labor, consumers welcome the lower prices for food and services, and enforcement is gradually neglected.

Certainly, part of the answer to the immigration problem has to include improved and serious border controls — on both sides, as President Bush should make clear when he meets his Mexican counterpart, Vicente Fox, in Cancun starting today. Such controls are necessary not just to curb illegal immigration but also to protect the nation in an age of terrorism.

But another round of chest-thumping about sealing borders and deporting illegals is far from a solution. A balanced approach must also include some kind of guest-worker program, like the one Bush has proposed, that would bring immigrant laborers out of the shadows. And common sense suggests providing a route to eventual legalization for those who have been here for years, in many cases paying taxes and contributing to their communities. A Senate Judiciary Committee proposal hammered out Monday is a step in that direction. It would offer not amnesty but a chance to get in line for eventual citizenship to those who are willing to continue working for six years, pay their fines and any back taxes, and learn English.

Despite the frustrations and fears of the moment, and the obvious security reasons for better management of the borders, a nation of immigrants cannot turn its back on the new arrivals in its midst.

This is the first in an occasional series of editorials about immigration-related issues.

American Dreams, Foreign Flags (NYT)

By Linda Chavez

The New York Times, March 30, 2006

Pittsburg, Tex. - HUNDREDS of thousands of flag-waving demonstrators took to the streets in Denver, Los Angeles, Phoenix and dozens of other cities in the last week to protest harsh legislation passed by the House that would make felons of the 12 million illegal aliens living in the United States — along with anyone who provides them with shelter, food or other services. It didn't take long for a bipartisan majority on the Senate Judiciary Committee to get the message and take a softer tack.

On Monday, four Republicans joined all eight committee Democrats to vote down the controversial penalties. Their proposal also calls for admitting more legal immigrants and temporary workers, allowing illegal aliens already in the country to remain here and earn citizenship if they pay a fine, learn English and study American civics.

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The Senate bill has a long way to go before becoming law, however. Despite their victory in this round, supporters of comprehensive immigration reform must be careful in their tactics, including what symbols they embrace. Although American flags were widely visible among the crowd of a half-million in downtown Los Angeles (organizers had asked marchers to bring them), reports indicated that they were outnumbered by those of Mexico, Guatemala, El Salvador and other countries. And if history is any guide, those foreign banners could spur an anti-immigrant reaction.

That's what happened in 1994, when 70,000 people marched in Los Angeles, many waving Mexican flags, to show their distaste for Proposition 187, a California ballot initiative that denied social services to illegal aliens and their children. Initially favored by more than 70 percent of voters, the measure was losing steam as the election approached, with a poll a week before the election showing it ahead by only 1 point. But that sea of green, white and red Mexican flags flooding the streets just before the election signaled to many Californians that those demanding equal treatment were more attached to their native country than to the United States. The proposition scored a surprisingly strong 59 percent of the vote, although the courts eventually declared it unconstitutional.

Similar dynamics are playing out today. For all the talk of national security and the economic costs of immigration, the underlying issue driving the current anti-immigrant frenzy is a deep suspicion that this latest group of newcomers won't do what others have before them did: learn English and embrace American identity.

Unfortunately, many Latino leaders play right into the hands of those who claim they are different from the Germans, Italians, Poles, Jews, Irish and others who came here in another era. With shouts of "Sí, se puede!" (Yes, we can!) — an old United Farm Workers rallying cry — and signs announcing "We didn't cross the border, the border crossed us," the demonstrators are likely to turn off more Americans than they win over. And the sight of thousands of angry Hispanic students from California to Virginia pouring out of schools to join protest marches will only reinforce stereotypes that Latinos care little about education.

Instead of presenting themselves as an aggrieved, foreign presence, immigration advocates ought to be explaining how similar Latinos are to other Americans in their values, aspirations and achievements. It's an easy case to make.

Mexican-born men, for example, are more likely to be in the labor force than any other racial or ethnic group, according to the Census Bureau. Nearly half of Latino immigrants own their own homes. While most immigrants from Latin America, especially Mexico and Central America, lag in educational attainment, their children are far more likely to stay in school: according to research by the Pew Hispanic Center, 80 percent of second-generation Latinos graduate from high school. Almost half of second-generation Latinos ages 25 to 44 have attended college, and those who graduate earn more on average than non-Hispanic white workers.

Latino immigrants are also starting their own businesses at a rapid pace. The Census Bureau reported that entrepreneurship among Latinos is increasing at a rate three times faster than that of other Americans. Americans of Hispanic descent now own 1.6 million businesses generating $222 billion annually; and while Census data didn't distinguish between immigrants and American-born Hispanics, it suggested that much of this growth occurred in heavily immigrant communities.

Like every generation of immigrants before them, Latinos start out on the bottom rungs of the economic ladder, but they don't stay there. They are learning English as quickly as their predecessors, perhaps more quickly thanks to television (a majority of third-generation Latinos speak only English). They are intermarrying at faster rates than earlier ethnic groups, too, with about one-third of married American-born Latinos having a non-Hispanic spouse.

These facts, if they were more widely known, would go a long way to calming fears about Latino immigration. If Latino advocates hope to influence the outcome of the Senate debate on immigration over the next two weeks, they would do well to spread the word — and trade their ancestral flags for the Stars and Stripes.

Guard The Borders -- And Face Facts, Too (WP)

By George F. Will

The Washington Post, March 30, 2006

America, the only developed nation that shares a long -- 2,000-mile -- border with a Third World nation, could seal that border. East Germany showed how: walls, barbed wire, machine gun-toting border guards in towers, mine fields, large, irritable

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dogs. And we have modern technologies that East Germany never had: sophisticated sensors, unmanned surveillance drones, etc.

It is a melancholy fact that many of these may have to be employed along the U.S.-Mexican border. The alternatives are dangerous and disagreeable conditions for Americans residing near the border, and vigilantism. It is, however, important that Americans feel melancholy about taking such measures to frustrate immigration that usually is an entrepreneurial act: taking risks to get to America to do work most Americans spurn. As the debate about immigration policy boils, augmented border control must not be the entire agenda, lest other thorny problems be ignored, and lest America turn a scowling face to the south and, to some extent, to many immigrants already here.

But control belongs at the top of the agenda, for four reasons. First, control of borders is an essential attribute of sovereignty. Second, conditions along the border mock the rule of law. Third, large rallies by immigrants, many of them here illegally, protesting more stringent control of immigration reveal that many immigrants have, alas, assimilated: They have acquired the entitlement mentality created by America's welfare state, asserting an entitlement to exemption from the laws of the society they invited themselves into. Fourth, giving Americans a sense that borders are controlled is a prerequisite for calm consideration of what policy that control should serve.

Of the nation's illegal immigrants -- estimated to be at least 11 million, a cohort larger than the combined populations of 12 states -- 60 percent have been here at least five years. Most have roots in their communities. Their children born here are U.S. citizens. We are not going to take the draconian police measures necessary to deport 11 million people. They would fill 200,000 buses in a caravan stretching bumper-to-bumper from San Diego to Alaska -- where, by the way, 26,000 Latinos live. And there are no plausible incentives to get the 11 million to board the buses.

Facts, a conservative (John Adams) said, are stubborn things, and regarding immigration, true conservatives take their bearings from facts such as those in the preceding paragraph. Conservatives should want, as the president proposes, a guest worker program to supply what the U.S. economy demands -- immigrant labor for entry-level jobs. Conservatives should favor a policy of encouraging unlimited immigration by educated people with math, engineering, technology or science skills that America's education system is not sufficiently supplying.

And conservatives should favor reducing illegality by putting illegal immigrants on a path out of society's crevices and into citizenship by paying fines and back taxes and learning English. Faux conservatives absurdly call this price tag on legal status "amnesty." Actually, it would prevent the emergence of a sullen, simmering subculture of the permanently marginalized, akin to the Arab ghettos in France. The House-passed bill, making it a felony to be in the country illegally, would make 11 million people permanently ineligible for legal status. To what end?

Within a decade the New York and Washington metropolitan regions will join the Miami, Houston, Los Angeles and San Francisco regions in having majorities made up of minorities, partly because immigrants have higher birthrates than whites. Since 2000, births, not immigration, have been the largest source of growth of America's Latino population.

Urban immigrant communities, with their support networks, are magnets for immigrants. Good. Investor's Business Daily reports a new study demonstrating that "over the past 30 years rising immigration led to higher wages for U.S.-born workers. Cities that served as migrant magnets did better than others. Why? Hiring one worker creates wealth with which to hire more workers."

The president, who has not hoarded his political capital, spent some trying to get the nation to face facts about the bleak future of an unreformed Social Security system. Concerning which: In 1940 there were 42 workers for every retiree; today there are 3.1. By 2030, when all 77 million baby boomers will have left the work force, there will be only 2.2. And that projection assumes net annual immigration, legal and illegal, of 900,000, more than double the 400,000 foreigners who, under the terms of proposed Senate legislation, could come here to work each year.

Today the president is spending more of his depleted political capital by standing to the left of much of his political base, which favors merely preventative and punitive measures regarding immigration. He is right to take his stand there.

TAX:

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Twilight Of Tax Privacy (NYT)

The New York Times, March 30, 2006

For most people, the apparently hard-wired human reluctance to pay taxes is overcome by the knowledge that it's illegal not to. The Internal Revenue Service, in turn, is legally bound to keep tax returns private.

For now, anyway. This month, the I.R.S. hired three private collection firms to help the agency collect overdue taxes. Authorized by Congress two years ago, private collections are scheduled to start this year, with the I.R.S. providing names, contact information and the amounts of the taxes owed.

It seems unlikely that private collectors will meet the I.R.S.'s confidentiality standards. Privacy protection is part of the I.R.S. culture. If an I.R.S. employee improperly discloses taxpayer information, he or she faces serious consequences, including dismissal. It's unclear what the punishment would be for a private collector.

A House subcommittee also raised questions yesterday about whether private tax collection would make financial sense. The fact that the I.R.S. would have more success than private collectors in collecting unpaid taxes is not in dispute. But the budget rules don't allow the I.R.S. to claim credit for the extra taxes it would bring in if it had more collectors, so the agency has not been given the money to hire more people.

Some lawmakers say that private collections are better than nothing, but that's not necessarily so. Many taxpayers who are contacted by private collectors — yet unable to pay — will be bounced back to the I.R.S., forcing the agency to spend its scant resources on small cases.

This is not the only privacy issue confronting the I.R.S. this year.

Next week, the agency will hold a hearing on proposed rules that detail how tax preparers can gain their clients' permission to share information from their returns. The idea is to let preparers steer clients to other financial services, like opening I.R.A.'s. Right now, tax information can be used only by affiliates of the tax preparation firm — and only if the customer approves.

The new regulations would allow tax preparers who had customers' approval to use the information more freely to generate outside business. But consumer advocates contend that many people won't really understand what they're approving. The controversy has also generated a more far-reaching debate among advocates and some lawmakers over whether information from tax returns should be used or disclosed for anything other than paying one's taxes.

That's clearly the fundamental issue. It's unlikely that any loss of confidentiality would accomplish much that's positive. But it would send a dark message to law-abiding taxpayers: Obeying the law could cost you your privacy.

CONGRESS-ADMINISTRATION:

Chief Of Staff Is Expected To Shake Up 2 Key Teams (NYT)

By Elisabeth Bumiller

The New York Times, March 30, 2006

WASHINGTON, March 29 — Joshua B. Bolten, the incoming White House chief of staff, is expected to press President Bush to assemble new economic and Congressional relations teams and overhaul the management of the West Wing, Republicans close to the White House said Wednesday.

A prominent Republican in Washington who consults often with the White House said Mr. Bolten, who is to assume his duties next month, wants Mr. Bush to replace the Treasury secretary, John W. Snow, with someone who can more forcefully communicate the administration's message that the economy is strong. This Republican was granted anonymity to discuss private deliberations within the administration.

Speculation about Mr. Snow's departure has flared and receded periodically for more than a year, and it returned after Mr. Bush's announcement on Tuesday that Mr. Bolten, the White House budget director, would succeed Andrew H. Card Jr. as chief of staff.

Names circulating in Republican circles as possible candidates for the Treasury post included Henry M. Paulson Jr., the chief executive of Goldman Sachs; John J. Mack, the chief executive of Morgan Stanley; and Richard D. Parsons, the chairman of Time Warner.

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It was unclear if any of the three would consider taking the job. Their names surfaced immediately after Mr. Bolten's appointment because Mr. Bolten, who once worked for Goldman Sachs, is friendly with Mr. Paulson and Mr. Mack. Karl Rove, the president's chief political adviser, is said to think highly of Mr. Parsons, who has worked with the White House on several issues, including its efforts to overhaul Social Security.

Republicans said that if Mr. Bush turned to Wall Street for a new Treasury secretary, it could help reassure financial markets, which are increasingly worried about record-high budget and trade deficits.

Mr. Snow's spokesman, Tony Fratto, declined to comment Wednesday night about the speculation, but said Mr. Snow was continuing with plans to be the host of a meeting of finance ministers from the Group of 7 industrialized democracies next month in Washington.

Dan Bartlett, the White House counselor, also declined to comment on the speculation, but said Mr. Bolten had a free hand to make changes.

"The president has given Josh, as he would have any chief of staff, the authority to run the White House as he sees fit," Mr. Bartlett said.

Nonetheless, Mr. Bartlett added: "I don't think Josh is entering this transition period with firm judgments. He's going to take a fresh assessment and do what he thinks is right to accomplish his goals. While Josh and Andy are very close and have worked together, they're different people and have different management styles."

Republicans said Mr. Bolten was likely to change the White House Congressional relations team, which has been criticized on Capitol Hill as ineffective. Candida Wolff, the White House director of Congressional affairs, may well stay, they said, but a more senior person might be put in as a layer above her.

Ms. Wolff is well liked at the White House, but one Republican said she had been undercut by Mr. Rove, Mr. Bartlett and Mr. Card, who were in effect all masters of their own Congressional relations.

People mentioned as possibilities for such a liaison post included Bill Paxon, a former New York congressman who was a lieutenant to Newt Gingrich, the former House majority leader, in the 1990's, and Daniel R. Coats, a former Republican senator from Indiana and guide for Harriet E. Miers and Justice Samuel A. Alito Jr. through the Supreme Court confirmation process.

The most immediate change, Republicans said, would be a budget director to replace Mr. Bolten. The leading possibilities included Joel Kaplan and Clay Johnson, Mr. Bolten's two deputies, as well as Allan Hubbard, the director of the National Economic Council.

Republicans said Mr. Bush had not ruled out bringing in an experienced Washington hand to help calm Congressional Republicans who have complained with increasing boldness and exasperation that the White House staff is exhausted and adrift. While Mr. Bolten's appointment was generally well received by the party, many Republicans said on Wednesday that the staff changes did not go far enough.

Mr. Bush was described as paying close heed to such advice.

"What I've been hearing for several weeks is that he was listening and he wasn't being impatient about it," said a Republican who speaks regularly to senior White House officials. "You know how he is, somebody presents an idea; he says, 'No, not doing that, next question.' But he was not like that, so that means he was at least digesting some of the advice suggesting change."

Not The Staff Dreams Are Made Of (CHIST)

By Robert Novak

Chicago Sun-Times, March 30, 2006

Everybody in Washington's Republican political community was well-aware that any changes George W. Bush made in his White House staff would not constitute a shakeup. What nobody expected was that Josh Bolten, in essence a professional bureaucrat, would be promoted to chief of staff. Yet, this selection becomes understandable as a confirmation of Karl Rove's supremacy in the White House.

Rove holds the mundane titles of senior adviser to the president and deputy chief of staff, but scarcely anything happens in the Bush administration without his approval. Now he is more influential than ever. Andrew Card, the departing chief of staff,

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served (as a Cabinet member) under the senior President Bush (as Rove did not). In contrast, Bolten can thank his rise in the second Bush regime to Rove, his nominal subordinate.

I talked to former White House staffers who served Republican presidents over the last quarter of a century. To a man, they were appalled that President Bush had squandered the opportunity handed him when a burned-out Card told him he must resign. It was the time, they agreed, to emulate what President Ronald Reagan did in 1987 when his national approval rating dropped below 40 percent and he brought a new team to the White House: Howard Baker, Kenneth Duberstein, Frank Carlucci and Colin Powell. By not emulating Reagan's boldness, Bush failed to address the unhappy state of his administration and his party.

Throughout his governmental career in Washington and Sacramento, Reagan never was hesitant to drop overboard aides who had become part of the problem. The belief in Republican circles is that Bush is unable to change the guard at the White House because that would tacitly admit something is wrong with the way he governs.

Into his sixth year as president, Bush has preferred to promote from within -- a tendency that has brought third-level aides to the top of White House sections. Although this has produced staff mediocrity, nobody questions Bolten's intelligence and competency.

While Card forced himself to work 16- or 17-hour days, Bolten is a natural workaholic who as a bachelor seemed on the job continuously as director of the Office of Management and Budget. He is more attuned to issues than Card and gets along better with Congress, especially Speaker J. Dennis Hastert. Bolten stayed overtime at this year's House Republican retreat in Cambridge, Md., to chat with members of Congress.

But Bolten replacing Card also advances Rove's project, which was obvious as early as the mid-'90s, of removing the influence of people close to the elder Bush. Rove named Bolten, then working for Goldman Sachs in London, as the Austin-based policy director of the 2000 Bush-Cheney campaign. There is no question that Bolten is a Rove man.

Bolten's promotion does improve the professional quality of the president's chief of staff, but Republicans fear the worst about his successor at OMB. If Bush follows his usual pattern and promotes from within according to the present pecking order, the new OMB director will be the agency's current deputy, Clay Johnson. A Dallas businessman who was Gov. Bush's aide in Austin and was the administration's personnel director in Washington, Johnson has won few admirers. I found widespread hope but little optimism that he would be overlooked for the OMB post.

A dysfunctional OMB director is the last result Bush needs in a White House filled with problems. The absence of a Cabinet secretary coordinating the departments with the president is an inexplicable and unnecessary shortcoming. Lesser staff positions remain unfilled, which may explain the ruinous hours that senior aides are forced to keep.

Prior to Tuesday's surprise announcement of Bolten-for-Card, a Republican parlor game was trying to guess the 21st century counterparts of Howard Baker & Co. named by Reagan in 1987 to save his presidency. It is not an easy task to come up with good names, but it is highly unlikely that Bush and Rove made such a search. Their implicit message is that no shakeup is needed because they had nothing to do with the parlous condition of the administration and the Republican Party.

Chief Of Staff Can Pick From Plenty Of Cards (WP)

By Judy Sarasohn

The Washington Post, March 30, 2006

When Andrew H. Card Jr. walks out of the White House for the last time as chief of staff to President Bush on April 14, it's unlikely that he will be worrying about his next job. But just in case he runs into any obstacles, he has family to fall back on in the Washington lobbying biz.

Card's sister-in-law is Lorine Card , who runs a small lobby shop, Card & Associates . The name fits. Her clients have included Comcast and the National Cable Television Association.

Lorine Card is married to Card's brother, Brad Card , managing principal at Dutko Worldwide . He is registered to lobby for the Greater New York Hospital Association, the Essex County Sheriff's Office and software developer Cognos Corp.

Card's sister Alison "Lisi" Kaufman , who was chief of staff to then-Commerce Secretary Donald L. Evans, might be able to pull a string or two. She's now senior vice president for government and international affairs at United Technologies Corp.

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Of course, Andrew Card has his own experience in the lobby world -- he was chief lobbyist for General Motors Corp. and chief executive of the American Automobile Manufacturers Association.

"He hasn't spent 10 seconds thinking about it," said Ron Kaufman , chairman of Dutko's executive committee, who is separated from Alison Kaufman.

Ron Kaufman, who was White House personnel director and political director for President George H.W. Bush, said Card has "a gazillion choices," and "no one is more trusted and loved" here than Card.Duo to Join C&M Capitolink

C&M Capitolink , a lobbying and consulting subsidiary of the law firm Crowell & Moring , has landed Paul D. Behrends from the defunct Alexander Strategy Group and Patrick J. Donnelly from CropLife America.

John Thorne , president of C&M Capitolink, said that while the seven-person shop is known for its agricultural sector work, "Pat and Paul strengthen our bench and offer more diverse experience to our clients," including Behrends's defense and international policy work.

Behrends, a former national security adviser to Rep. Dana Rohrabacher (R-Calif.) is one of a number of folks who were left out in the cold when ASG closed in January because of its ties to lobbyist Jack Abramoff , who has pleaded guilty to fraud and conspiracy charges, and to Rep. Tom DeLay (R-Tex.), who is under scrutiny in the Abramoff case.

"We sought Paul out because he is well-known by clients and colleagues alike for being an effective straight shooter," Thorne said.

Behrends, who could not be reached for comment, has represented the International Peace Operations Association, a trade group for private security contractors, and was part of the ASG team that lobbied for Koch Industries and the American Bankers Association.

CropLife America, the pesticide industry trade group where Donnelly was executive vice president and chief operating officer, has been a longtime client of C&M Capitolink. Other clients include the American Meat Institute, the National Pork Producers Council and Smithfield Foods.HillZoo.com Creator Hired at Mayer, Brown

Andrew Shore , former chief of staff for the House Republican Conference and creator of HillZoo.com, a Web site for Hill staffers, this week joined Mayer, Brown, Rowe & Maw in the law firm's government and global trade practice. Earlier, he worked for former House Ways and Means chairman Bill Archer (R-Tex.) and former House member Phillip Crane (R-Ill.).

"It was just time. . . . It's every issue every day and I was just getting tired," Shore said.

The government and global trade practice includes Peter Scher ; former U.S. trade representative Mickey Kantor ; James Jochum , former Bush administration assistant secretary of commerce and trade counsel to Sen. Charles E. Grassley (R-Iowa); and Catherine Novelli , a former assistant U.S. trade representative.Here and There

David E. Hebert , formerly chief of staff for Majority Whip Roy Blunt (R-Mo.) and more recently a lawyer at Alston & Bird , is joining the American Health Care Association next month as senior vice president of policy and government relations. The trade group represents nursing homes, assisted-living residences and other types of facilities.

Sprint Nextel has signed on two new directors of government affairs: Melinda Lewis , previously a lobbyist for the National Association of Broadcasters and Major League Baseball, and Laura McPherson , who was at CTIA, the wireless industry association.

Pillsbury Winthrop Shaw Pittman recently pinched two more lawyers from Patton Boggs for its public policy practice. Hakkyun Kim and Kristina Pisanelli will reunite with six of their former colleagues who joined Pillsbury in February. Kim is a former economist at the Bank of Korea. Pisanelli earlier worked for Sen. Patrick Leahy (D-Vt.).

David Mohler , a senior vice president at the Pharmaceutical Research and Manufacturers of America, is joining Foley Hoag in the law firm's life sciences and government strategies practices.

Debra Barrett , a former health care policy aide to Democratic Sens. Charles Schumer (N.Y.) and Christopher Dodd (Conn.) and Leahy, has joined Teva USA as vice president of government affairs. Between the Senate and Teva, she was a lobbyist at the Washington Group .

Bush Pushes Science Standards (WT/AP)

By The Associated Press

DOJ_NMG_0023951

The Washington Times, March 30, 2006

President Bush wants schools to face consequences for falling short in science, just as they do in reading and math.

A proposal by Mr. Bush would require schools to make yearly progress in science, adding a third high-stakes subject to the No Child Left Behind Act, which has thousands of schools scrambling to meet federal goals.

Congressional leaders say they are willing to consider the president's idea when the law comes up for renewal next year, but that is as far as they will commit.

Science already is part of the law. Starting in the 2007-08 school year, states are required to test students' science knowledge at least once in elementary, middle and high school. But nothing in the law holds schools accountable for science scores.

Mr. Bush wants to change that by applying a system of penalties for schools whose students do not improve their grasp of science. Such a move would affect millions of students nationwide.

"Given our philosophy that what gets measured gets done, this would be a natural way to emphasize the importance of science," Assistant Education Secretary Tom Luce said. "We do think it's important to have consequences."

In reading and math, those consequences have made the yearly test scores a huge priority. Schools that receive federal poverty aid and miss one academic target face penalties that get tougher each year -- from letting students transfer to firing employees.

The same could apply in science.

Rep. Howard P. "Buck" McKeon, California Republican and chairman of the House Education and the Workforce Committee, has an open mind about requiring schools to show gains in science, spokesman Steve Forde said.

Sen. Michael B. Enzi, Wyoming Republican and chairman of the Senate Health, Education, Labor and Pensions Committee, wants input from people affected by the law, including parents and teachers who say children are tested enough. "I don't think we're close to making a decision," said his spokesman, Craig Orfield.

Democrats who helped Mr. Bush pass No Child Left Behind in 2001 also have offered wait-and-see responses.

Sen. Edward M. Kennedy, Massachusetts Democrat, is not opposed to adding science to how schools are judged, but a spokeswoman said Mr. Kennedy does not think the change should happen until states have a chance to get high-quality tests in place and more training for their teachers.

One clear supporter is Rep. Rush D. Holt. The New Jersey Democrat has pushed for judging schools on their science scores when testing begins.

"It is as important as reading and math," Mr. Holt said. But he says Congress may balk because lawmakers are getting an earful about problems with the current law.

Among those problems is how progress is measured. Many educators don't like the reliance on tests, or how missing one academic goal labels the whole school as "needing improvement."

"Let's get it right first. Then we can start talking about bringing on science or whatever subject they want to talk about," said Rob Weil, deputy director of educational issues for the American Federation of Teachers.

Higher-Education Bill Aims To Stir Up Academia (WSJ)

By John Hechinger

The Wall Street Journal, March 30, 2006

Congressional Republicans have lambasted traditional colleges for years as overpriced liberal bastions, without making much headway against the nearly unassailable higher-education establishment.

Now, they are finally gaining ground.

This week, the House of Representatives is expected to pass a higher-education bill that tries to curb skyrocketing college-tuition costs and protect the expression of conservative ideas on campus. The College Access and Opportunity Act would also drop longstanding antifraud safeguards holding back for-profit colleges that are taking market share from traditional schools, which are public or private nonprofit organizations.

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Congressional Republicans are "steamrolling the traditional colleges," says Sarah Flanagan, vice president for government relations at the National Association of Independent Colleges and Universities, which represents private, nonprofit colleges.

The bill reauthorizes the Higher Education Act, which governs billions of dollars of federal funding for colleges and universities of all types. It is expected to pass the House in part because John Boehner, the Ohio Republican recently named majority leader, was one of its architects when he headed the House's education committee.

House Republicans view the legislation as a long-overdue reordering of the educational landscape, promoting fairness and fiscal responsibility. "Costs at both public and private colleges are spiraling upward -- and fast," Rep. Howard McKeon, a California Republican who is chairman of the education committee, told the House yesterday. "Colleges and universities must remain accountable to consumers of higher education."

Higher-education groups say the bill represents an assault on academic independence and standards. Key Democrats, including Rep. George Miller of California, also complain that the bill doesn't restore the $12.7 billion over five years that Congress recently cut from federal student-loan programs. A fierce debate is expected to continue in the Senate.

One provision of the act would require public disclosure of data from colleges that increase their tuitions by more than twice the rate of inflation over a three-year period. The schools would also be required to submit to the Department of Education a plan to hold down costs. Colleges say the requirement is a backdoor way of instituting tuition price controls.

The House bill also includes the "Academic Bill of Rights," in which Congress would tell colleges to reflect diverse viewpoints -- though the provision has no enforcement mechanism. The measure, pushed by conservative activist David Horowitz in response to complaints of professors discriminating against conservative students, has been introduced in many state legislatures. Colleges say such bias doesn't exist.

Other provisions are a boon to fast-growing higher-education corporations, many of which have publicly traded stocks and operate big chains of colleges that Republicans now favor. Big players include Apollo Group Inc., operator of the University of Phoenix; Career Education Corp.; and Corinthian Colleges Inc.

Such companies used to focus on granting certificates in vocational fields such as auto repair but now are increasingly granting bachelor's and professional degrees. The industry faces numerous government investigations and lawsuits alleging shoddy instruction and financial-aid fraud -- claims the companies deny.

Officials associated with for-profit companies and their political action committees made $280,000 in campaign contribution to Reps. McKeon and Boehner in the past four years, according to the Center for Responsive Politics, a nonprofit that tracks money in Washington. Spokespeople for the Republican leaders have said contributions haven't affected policy.

Republicans are "opening up a tremendous number of provisions for the for-profits," says Ms. Flanagan. "Those are the ones with a seat at the table. The rest of us have been left out."

Congress recently handed for-profit schools a big win when it eliminated a rule requiring all colleges to offer at least half of their instruction in brick-and-mortar classrooms to be eligible for federal financial aid. The restriction, intended to prevent fraud, had hindered online education programs that are especially popular offerings among education companies.

A provision in the latest bill would weaken another requirement -- that schools receive no more than 90% of their revenue from federal financial aid. The rule was intended to prevent a repeat of widespread fraud in the 1980s and early 1990s, when some trade schools signed up unqualified low-income students in order to collect federal aid. For-profit schools are most likely to bump up against the 90% limit because they lack other funding sources and often cater to low-income students. Schools would now have more time to get back in line with the rule if they fall short.

Yet another measure would put for-profits more on equal academic footing with established schools. Traditional schools have long tended to reject degrees and course credits from students at for-profit schools, which often lack the imprimatur of long-established regional accrediting agencies. Under the bill, they would no longer be able to turn down credits solely based on a school's source of accreditation.

Nick Glakas, president of the Career College Association, which represents for-profits, says Congress "is basically saying there's no difference between" for-profit and nonprofit schools. "It's not about Confederate gray and Union blue anymore."

Dept. Of Education Cites Lagging Schools (AP)

DOJ_NMG_0023953

By Stephen Ohlemacher

AP, March 29, 2006

More than a fourth of the nation's schools failed to meet the requirements of the No Child Left Behind Law last year, according to preliminary numbers reported to the Department of Education.

About half the states increased the number of schools making "adequate yearly progress" in improving student test scores in math and reading in the 2004-05 school year. Overall, 27 percent of the schools failed to show adequate improvement, up one percentage point from the year before.

"This is just one piece of data we look at," said Chad Colby, a spokesman for the Department of Education. These numbers alone don't signify a trend in how schools are doing, he said Wednesday. "This isn't a trend indicator in proficiency."

Schools receiving federal poverty aid can be sanctioned for not making "adequate yearly progress" two years in a row, with administrators and teachers eventually being replaced.

To meet goals, schools must show overall improvement, plus gains by minority students, poor students, students with limited English skills and students with disabilities.

States are required to get increasing percentages of students proficient in math and reading, with all students being proficient by 2013-14.

However, states are given flexibility in designing tests, and many have made it easier to meet federal requirements.

The result is an uneven measurement from state to state, said Joel Packer, a lobbyist for the National Education Association, the country's largest teachers union.

"Each state has its own standards, each state has its own tests, each state has its own definition of what it means to be proficient," Packer said.

Oklahoma led the country in 2004-05 with 97 percent of its schools making adequate progress. It was followed closely by Rhode Island, Iowa, Montana and New Hampshire.

Florida was at the bottom, with only 28 percent of its school meeting the requirements. Hawaii, Nevada, New Mexico and South Carolina rounded out the bottom five states.

Ross Wiener, policy director at the Education Trust, a Washington research and advocacy group, said states can do better if they address funding and teacher inequities. Wiener said too many poor school districts get less money and less qualified teachers than wealthier districts.

"We have not taken a lot of steps that could dramatically improve student achievement," Wiener said.

House Panel Drops Cuts In Medicare (WP/AP)

By Associated Press

The Washington Post, March 30, 2006

Bowing to election-year realities, a key House panel dropped President Bush's proposed budget cuts for hospitals and other Medicare providers yesterday but preserved his plan to trim spending by most Cabinet agencies.

The $2.8 trillion plan approved by the Budget Committee last night on a party-line 22 to 17 vote omits Bush's proposed cuts in Medicare, Medicaid, crop subsidies and other politically sensitive programs.

The GOP plan -- written by committee Chairman Jim Nussle (R-Iowa) for fiscal 2007, which will begin on Oct. 1 -- adopts Bush's $873 billion cap on agency budgets that are renewed by Congress each year. But it also assumes just $50 billion for the wars in Afghanistan and Iraq, less than half of the expected spending for military operations in those countries this year.

The plan endorses Bush's call for a 7 percent increase in next year's core defense budget, which does not cover the costs of the war in Iraq. That increase would come at the expense of domestic programs such as education, health research and grants to local governments and relief agencies.

Democrats denounced the Republican blueprint, which would produce a deficit of $348 billion in 2007 and deficits totaling more than $1 trillion through 2011.

Republicans blocked attempts by Democrats to increase funding for port security, education, health programs, food stamps and homeland security.

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Budget Wrangle In House Exposes Republican Rift (WSJ)

By Brody Mullins

The Wall Street Journal, March 30, 2006

WASHINGTON -- House Republican leaders began crafting a $2.7 trillion federal budget package under pressure from competing camps within their party.

Their budget largely tracks President Bush's request for $873 billion of discretionary spending, but would protect some funding he would cut for domestic programs such as Medicare.

Republican leaders in the Senate and House of Representatives face opposition from both conservative and moderate members of their party, and most Democrats are opposed to the current spending blueprints -- meaning that ultimately approving a budget bill could be difficult.

Mr. Bush's budget called for $65 billion of mandatory-spending cuts over five years, with about half of that coming from Medicare.

But the House Republican proposal would cut just $6.8 billion -- and completely spare the massive health-insurance program for the elderly and disabled -- in response to complaints from colleagues running for re-election in November.

Still, a group of moderate Republicans say they will vote against the budget measure on the House floor next week if party leaders don't increase funds for a range of domestic programs. Earlier this month, moderate Republicans in the Senate teamed up with Democrats to add $16 billion of such funding to the budget.

Likewise, moderate Republicans in the House hope to add at least $7 billion to their chamber's version. They are most concerned about funding cuts for labor and health programs, from which Mr. Bush's budget would trim $4.2 billion.

"We have put the leadership on notice that the number for nonmilitary, nonhomeland-security part of the budget is just insufficient," said Rep. Mike Castle. "I think there is an awareness about that."

The Delaware Republican is joined by about two dozen other moderate Republicans who shared their concerns in a letter to House Speaker Dennis Hastert of Illinois.

If the moderates vote against the budget bill, it will likely fail because most Democrats also oppose it.

Meanwhile, a group of conservative Republicans in the House say the $6.8 billion of mandatory-spending cuts in the proposed budget isn't enough.

Led by Rep. Mike Pence of Indiana, the conservatives once told Republican leaders that they would agree to support a small cut in mandatory spending in exchange for legislation that would revamp the congressional process for creating an annual budget.

But with the overhaul measure on hold, Mr. Pence demanded a meeting with Mr. Hastert yesterday. With Republicans holding a slim 232-202 margin in the House, the Republican budget could sink if there are enough defections from either conservatives or moderates.

Meanwhile, House Republicans decided not to include a special provision in the budget bill that would have made it easier to approve further tax cuts this year.

Without the so-called budget-reconciliation provision, Republicans would need 60 votes to clear any major new tax-cut bill in the Senate. With midterm elections just over five months away, it is unlikely Republicans will be able to clear that hurdle.

The budget bill, which was expected to clear the House Budget Committee last night, also included a $4.3 billion "rainy-day fund" to cover the unexpected costs of cleaning up after natural disasters.

Boehner's Budget Ultimatum (HILL)

By Patrick O'Connor

The Hill, March 30, 2006

House Majority Leader John Boehner (R-Ohio) delivered an ultimatum to his Republican colleagues yesterday that they must approve the upcoming budget resolution.

Boehner told members during their weekly closed-door conference meeting that they must "put their minds around the fact that they have to vote for the budget" measure, said one member in attendance.

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That message included a mild admonishment of those conservative Republicans who raised objections to the emergency supplemental spending bill that passed the House before the March recess, other members said afterward.

Members gave the majority leader a standing ovation after he completed his remarks.

In his brief tenure as majority leader, Boehner has made a distinct imprint on the job, involving himself and his staff in the party's broad message strategy as well as initiating a number of smaller procedural changes to make the process more open and efficient for members.

The upcoming budget fight is his first clear test as leader, and his remarks yesterday signal an intent to take a hard line in negotiations with the conference at a time when conservatives and centrists are laying markers to signal their intent against the budget bill.

During his campaign, Boehner promised members that he and a small group of his Republican colleagues would draft a vision statement for the party. The majority leader has conducted a similar exercise for his staff every winter to help focus their energies for the year.

Members of that group, which includes a broad cross-section of the conference, are expected to release that statement in the next few weeks after the entire conference has a chance to vote on it.

Boehner has also made a number of small changes during his early tenure as majority leader. He and his staff have implemented two-minute votes to limit the time members spend on the floor; he released a three-month floor schedule earlier this month so members could prepare legislation adhering to his broad themes; and his office has already scheduled two televised briefings — with the possibility of more in the future — to give reporters and producers further chances to ask questions about the agenda.

Rank-and-file members have welcomed many of these procedural changes, which adhere to Boehner's campaign promise to make the leadership more inclusive. The real test comes in corralling members on tough votes, a skill for which his predecessor, Rep. Tom DeLay (R-Texas), was renowned.

Boehner butted heads with a handful of Republican Study Committee (RSC) members earlier this month after they asked for a vote on their amendment to separate the funds for hurricane reconstruction from a broader emergency-spending bill to fund the wars in Afghanistan and Iraq.

Negotiations between Boehner and those RSC members broke down, prompting 29 Republicans to vote against the rule on that bill — 22 Democrats offset those protest votes, allowing the rule to pass.

RSC members took leadership to the brink last year with their demands to make changes to the annual budget process before cutting a deal.

Lawmakers from the RSC, including Chairman Mike Pence (R-Ind.), met yesterday with House Speaker Dennis Hastert (R-Ill.) to urge him to support their suggested procedural changes to the budget

GOP centrists, meanwhile, have already asked leaders to boost spending that was cut in the White House's proposed budget.

Boehner's speech yesterday earned mixed reviews from a few members in attendance.

"It was a call to be a team player," one GOP member said afterward. "The problem I personally had with the remarks was the admonishment for our activities on the supplemental," adding, "I would have preferred Mr. Boehner not address that."

The majority leader has otherwise earned positive reviews during the early stages of his return to leadership.

Rep. John Shadegg (R-Ariz.), whose own unsuccessful candidacy gave Boehner a boost during the majority leader's race, gave his opponent generally high marks but wanted to see the leaders make more progress to trim federal spending and reform the earmark process.

"I would like to see him be more aggressive in looking for budget savings…and to curb the abuses that led to the [Jack] Abramoff and [former Rep. Randy "Duke"] Cunningham scandals," Shadegg said.

"On the overall, I would give them good marks," Shadegg said about the leadership as a whole. In singling out Boehner, he said, "To a certain extent he jumped into a stream that was already moving."

Rep. Jeff Flake (R-Ariz.), who has waged a personal crusade against earmarks, believes Boehner is committed to that cause. "He's trying," Flake said.

Boehner pledged to remain the same person he always has been in his campaign for the leadership post, and the conservative, avid golf player has largely stayed true to form.

Since becoming majority leader, Boehner has cosponsored two bills: Rep. Chris Smith's (R-N.J.) measure, which would require doctors to inform all pregnant women seeking an abortion after the 20th week of their pregnancy that the baby will feel pain and to require anesthesia be administered to the babies. The other bill seeks to award a congressional gold medal to golfing legend Byron Nelson.

The dapper and affable Ohioan still conducts business from his old perch in the smoker's corner of the Speaker's Lobby, where he fields questions from members and reporters while smoking his signature Barclay's. Earlier this month, Boehner, DeLay and a few other members enjoyed a smoke together during a long series of afternoon votes, with DeLay smoking a large cigar.

But the overwhelming pressure of leadership can take its toll on even the most carefree lawmakers.

Asked about his change of emotion since leaving the leadership after 10 years cutting the deals, DeLay recently said, "I feel free."

GOP Leadership Preaches Unity On Budget (RC)

By Jennifer Yachnin

Roll Call, March 30, 2006

As Republican and Democratic members of the House Budget Committee quarreled over the chamber's $2.77 trillion fiscal 2007 budget resolution Wednesday, the GOP leadership sought to pre-empt internal disputes on the budget and urged a united front.

The measure presented by Budget Chairman Jim Nussle (R-Iowa) closely tracks the Bush administration's proposal, arresting growth in discretionary spending, while increasing both defense and homeland security expenditures 7 percent and 3.8 percent, respectively.

"Our budget will assume a freeze in non-security spending," Nussle said, adding that "high priority programs can and should receive funding increases," while under-performing programs will likely see reductions.

Even before the committee had voted on final passage of the resolution — it had yet to do so at Roll Call press time Wednesday — GOP leaders urged unity on the budget during Wednesday's House Republican Conference meeting.

After a discussion of Medicare and a handful of other items, House Majority Leader John Boehner (R-Ohio) ordered all staff out of the room, a rare step usually taken by leaders when they want to prevent leaks to the media or focus Members' attention on a particularly serious topic.

Once the staff was clear, Boehner discussed the 527 reform legislation that will be on the floor next week and the importance of Republicans working together to pass the budget. He reminded them that the budget will attract no Democratic votes and would need near-unanimous Republican support to pass.

One lawmaker who was present said the message was: "We've got to go on offense."

In particular, Boehner stressed the need for all GOP lawmakers to come together and support the budget once it is completed, even if they didn't get all the provisions they wanted.

Another Member said Boehner emphasized to lawmakers that, "Once your negotiations are done, move on."

Boehner has tried to make the assemblage of support for the budget easier this year than in past years by including more Members early on in the process. Both he and House Majority Whip Roy Blunt (R-Mo.) held scores of meetings with lawmakers to hear their concerns before Wednesday's budget markup, rather than waiting until after the measure was written to try to sell it to Members.

Nonetheless, moderate GOP lawmakers greeted the budget proposal with skepticism Wednesday. Rep. Mike Castle (R-Del.) who called the resolution's $873 billion domestic discretionary spending level "insufficient."

"The basic discussion was that almost all the moderates feel there is insufficient funding for discretionary programs that are non-defense, non-security, and adjustments have to be made," Castle said, referring to a Tuesday meeting with the Republican Main Street Partnership.

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Nearly two-dozen moderate GOP lawmakers, led by Reps. Nancy Johnson (Conn.) and Fred Upton (Mich.), issued a letter earlier this month to Speaker Dennis Hastert (Ill.), seeking a 2 percent increase in discretionary spending.

"There is more focus and knowledge about what this particular budget does or doesn't do than when we typically vote on the budget," Castle said in an interview Wednesday.

The Delaware lawmaker has vowed to seek an additional $7 billion in the budget resolution for education and health programs — matching a measure approved in the Senate version of the resolution — when the measure reaches the House floor.

Rep. Rosa DeLauro (D-Conn.) offered a similar amendment at Wednesday's mark up of the resolution, but that proposal failed on a 22-14 party-line vote.

Numerous Democratic-sponsored amendments met a similar fate Wednesday afternoon.

"Given recent history, we doubt that these amendments will carry, and that's a shame," said Rep. John Spratt (D-S.C.), the panel's ranking member, noted at the hearing's outset.

While the conservative Republican Study Committee and GOP moderates are not in harmony on budget figures, Castle asserted that the two factions do agree on numerous process issues — such as a line-item veto proposal and the inclusion of an emergency fund for natural disasters in the fiscal 2007 budget — potentially giving those lawmakers greater influence on the budget.

"When it comes to budget process we're pretty much in agreement with one another," he said. RSC Chairman Mike Pence (Ind.) could not be reached by press time.

"Now you're dealing with both factions of the party who are willing to cast 'no' votes and aren't always going to be cooperative," Castle said. "When you do that it just doubles your strength."

Cheney Hits His Mark At Correspondents' Salute To Congress (WP)

By Peter Carlson

The Washington Post, March 30, 2006

"I feel very comfortable up here," Dick Cheney said as he stood at the podium at the 62nd annual Radio & Television Correspondents' Association dinner last night at the Hilton Washington.

"The lighting could be better, but I can still see the whites of your eyes," the sometime quail hunter joked.

The vice president was the featured speaker at the event, and he brought along a comic slideshow. He was pretty funny, and he seemed to be having a good time. Several times he even smiled, sort of.

"I know how to have fun," he said. "I'm a real party animal."

That got a laugh.

"This picture shows me at my birthday bash, when I felt myself almost losing control," he said. And, presto, on the screen popped up a picture of a room crowded with revelers and, at the center, Cheney, sitting and poring over a stack of documents.

And so it went. There were pictures of Cheney with a rifle, Cheney on a Segway, Cheney with his dogs.

The theme of the dinner was "A Salute to Congress," which is kind of refreshing, don't you think?

After Tom DeLay's indictment and Duke Cunningham's guilty plea and Jack Abramoff's sentencing, most of the salutes Congress sees these days are the kind that feature an extended middle finger.

Does Congress deserve a salute?

"Half of it does," said Howard Dean, the Democratic Party chairman.

That would be the Democratic half, which, to be purely technical about it, would be a little less than half.

But Dean swears that's going to get bigger soon. "We have a message that works and we're getting it out," he said. Then he touted a speech earlier in the day by Democratic congressional leaders Harry Reid and Nancy Pelosi. "The president cleverly changed his speech time to step on it," Dean complained. "The president changed his speech from 12 to 1, when they were speaking."

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About 2,000 people showed up for the "Salute," about half of them men, which meant the ballroom was filled with about 1,000 guys in tuxedos and black ties. Only one was wearing shorts with white socks and white tennis shoes. That was Eddie Favre.

"You're wearing shorts!" said Kristi King, a WTOP reporter who was wearing a green dress. "Are you a sports guy? Or are you an eccentric?"

"I'm a lunatic," said Favre. Then he smiled. "I'm a mayor."

He's the mayor of Bay St. Louis, Miss., which was pretty much obliterated by Hurricane Katrina last summer. When Favre's house was destroyed, he escaped with only the clothes he was wearing -- shorts, a shirt and a pair of flip-flops. He vowed then that he wouldn't wear long pants again until his city was rebuilt.

"Now it's become a symbol of need," he said. "We've still got a job to do, and when the job is done, we'll put on long pants."

Favre, 51, is a CPA and a distant cousin of Green Bay Packers quarterback Bret Favre. He says he has met twice with President Bush while wearing his shorts.

"It got talked about on the Letterman show," he said. "He mentioned this yoyo with short pants who met the president."

At the dinner, Favre was a guest of CNN reporter Kathleen Koch, who had done a story on him back in February.

"It was pretty brisk in Mississippi in February," she said. "But Eddie has plenty of personal insulation, so he managed to stay warm."

She was referring to Favre's impressive potbelly, but Favre said it's not his fat that keeps him warm.

"It's the tequila."

Chaplains Group Opposes Prayer Order (WP)

By Alan Cooperman

The Washington Post, March 30, 2006

An association that represents more than 70 percent of the chaplains in the U.S. military, including many evangelical Christians, is opposing a demand by conservatives in Congress for a presidential order guaranteeing the right of chaplains to pray in the name of Jesus.

The rising calls for an executive order are based on "confusion and misinformation," because Christian chaplains routinely pray in the name of Jesus, in public, thousands of times a week in military chapels around the world, said the Rev. Herman Keizer Jr., chairman of the National Conference on Ministry to the Armed Forces.

"This has been portrayed as though chaplains are not allowed to pray in Jesus's name, without any distinction between what they do all the time in worship services and what they do occasionally, in ceremonial settings where attendance is mandatory," Keizer said.

Known by the initials NCMAF, Keizer's group is a private, 40-year-old association of more than 60 Christian, Jewish and Muslim denominations. It says it represents 5,430 of the 7,620 chaplains in the armed forces.

The calls for an executive order to protect the right to pray in Jesus's name have originated in large part from a rival association, the International Conference of Evangelical Chaplain Endorsers. Formed two years ago, it says it represents about 800 chaplains, exclusively from evangelical Christian churches.

The Rev. Billy Baugham, executive director of ICECE, said he was surprised by NCMAF's stand.

"It will just lead more evangelicals to leave them and join us," he said.

Prodded by complaints from ICECE, 74 members of Congress signed a letter to President Bush last fall saying that "it has come to our attention that in all branches of the military it is becoming increasingly difficult for Christian chaplains to use the name of Jesus when praying."

In December, Rep. Walter B. Jones (R-N.C.) and three other congressmen unveiled a supporting petition that has since swelled to more than 200,000 signatures. Calls for congressional hearings and an executive order have become a staple on religious radio and television broadcasts, generating protests of White House inaction by conservative Christians, who are usually strong supporters of Bush.

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In a letter this month to the Senate Armed Services Committee, Keizer said NCMAF believes that an executive order is unnecessary because the military is "now effectively addressing the current religious concerns."

Keizer, a minister in the Christian Reformed Church of North America, a conservative Protestant denomination, retired in 2002 after 34 years as an Army chaplain. He said the armed services are gradually rolling out guidelines that set a path between "those who don't want any religion practiced in the military, and those who want religion practiced without any limits in the military." An executive order "would just precipitate more litigation," he said.

In a Feb. 21 instruction to commanders, the secretary of the Navy distinguished between prayers given by chaplains at "divine worship services" -- on which there are no restrictions -- and those delivered at "command functions" that people of many faiths are encouraged or required to attend.

"Absent extraordinary circumstances," any religious elements in a command ceremony "should be nonsectarian," it said. Air Force guidelines issued a few weeks earlier made essentially the same distinction, calling for "non-denominational, inclusive prayer" or a moment of silence at military ceremonies.

Keizer said NCMAF sees nothing wrong with a commander asking a chaplain to offer nonsectarian prayers at such events, as long as the chaplain can decline to participate, with no repercussions.

But Baugham said evangelical chaplains must represent the church that endorses them for military duty, and "they are not authorized to give nonsectarian prayers." He also said he does not believe that chaplains are truly free to pray as they wish in worship services.

"There are chaplains who get their knuckles rapped pretty hard, and we have documentation of this, for praying in Jesus's name in chapels," he said.

Pension-Overhaul Talks Stall, Raising Concern Over Firms' Cost (WSJ)

By Michael Schroeder

The Wall Street Journal, March 30, 2006

WASHINGTON -- Negotiations to reconcile differences in federal pension-overhaul legislation have stalled, raising questions about whether delays will increase the financial burden of companies with pension-plan contributions due soon.

Sen. Mike Enzi, chairman of the conference committee that is working on a compromise version of measures passed by the House and Senate, had set April 7 as a target for completing a combined bill.

To give the talks some urgency, the Wyoming Republican has said the final bill should be completed before many companies must make contributions to their traditional defined-benefit pension plans on April 15. The date was described as significant because it's been argued that some companies with underfunded plans could face higher-than-expected contributions because the measure for calculating payments is reverting back to the 30-year Treasury bond yield.

For the past two years, companies had been able to use a more favorable blend of corporate bonds to calculate pension-plan contributions. That temporary provision expired Dec. 31, and the 30-year Treasury bond yield will have to be used unless a new funding rate proposed in the pension legislation is approved.

But a spokesman for the Pension Benefit Guaranty Corp., the federal insurer of traditional company pension plans, says the Treasury bond rate won't apply to most plans until April 15, 2007. A few plans with unusual fiscal years could be affected this fall, he said.

Major airlines are pushing hard for quick approval of legislation, which currently includes a special provision that allows airlines 20 years to pay up their deeply underfunded pension plans. But aides to conference committee members now believe a final bill won't be completed until at least late May.

Senate Approves Lobbying Limits By Wide Margin (NYT)

By Sheryl Gay Stolberg

The New York Times, March 30, 2006

WASHINGTON, March 29 — The Senate on Wednesday overwhelmingly passed the first major restrictions on lobbying in more than a decade, banning lobbyists from giving gifts and meals to lawmakers and tightening rules for pet projects known as earmarks.

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But critics called the bipartisan measure weak, and some lawmakers who led the effort for tighter restrictions voted against it.

The bill would require lobbyists to file more public reports about their activities in a searchable Internet database, would demand that lawmakers receive advance approval for trips paid with private money and would bar former lawmakers and senior aides from lobbying Congress for two years.

The vote, 90 to 8, was taken hours after Jack Abramoff, whose lobbying activities prompted a federal criminal investigation into corruption here and calls for a crackdown on influence peddling, was sentenced in Miami to nearly six years in prison for his role in the fraudulent purchase of a cruise line.

Mr. Abramoff, who said in a brief court appearance Wednesday that he was "profoundly remorseful," is cooperating in a broader investigation that is scrutinizing members of Congress, among others, and has provided Democrats an opening to attack Republicans on ethics grounds.

Mr. Abramoff's wining and dining, featuring tales of lavish meals at his restaurant here and laundered money that paid for golf trips to Scotland, have helped sour the public on Congress, driving lawmakers' approval ratings to historic lows in this election year.

When Mr. Abramoff pleaded guilty to charges of corruption in January and agreed to tell what he knows to federal prosecutors, Republicans and Democrats called for broad changes in the way the thousands of registered lobbyists do business.

"There's a sign that's now up in front of the Capitol," Senator Christopher J. Dodd of Connecticut, a chief Democratic author of the measure, said after the vote. "It says 'Not for Sale.' "

But Senator John McCain, the Arizona Republican who has long pressed for tougher laws on lobbying, called the bill "very, very weak."

The measure would not ban private travel, as some members have urged. Nor would it rein in lawmakers' ability to fly on corporate jets at heavily discounted rates, a practice that gives precious access to lobbyists, who often go along for the trip.

The measure would not do away with earmarks, though it would make it more difficult for lawmakers to insert the pet projects quietly into bills at lobbyists' behest. And the Senate overwhelmingly rejected, 30 to 67, a move to create an independent ethics office to investigate accusations of abuse.

The lobbying debate now moves to the House, where Republican leaders are backing a proposal that would temporarily ban privately financed trips. Their approach would also require lobbyists to disclose meals and gifts to lawmakers, and it would require members of Congress to disclose when they earmark money for the specific projects that critics deride as pork-barrel spending.

House Republicans are split over the plan, and it is not clear whether the House and Senate will be able to agree on a measure this year.

Leaders of both parties, as well as the architects of the Senate bill, hailed its bipartisan passage at a time Republicans and Democrats rarely work together.

"Congress stepped up in a big way," the Republicans' point man on lobbying changes, Senator Rick Santorum of Pennsylvania, said. "This is a much tougher bill than anyone would have anticipated when we started this process."

Some of the most highly visible advocates of overhauling laws on lobbying disagreed. Senators McCain and Barack Obama, Democrat of Illinois, who joined forces in the lobbying debate and then had a public dispute over it, were among those voting against the bill, as was Senator Russell D. Feingold, Democrat of Wisconsin.

Mr. McCain predicted that there would be more indictments in the Abramoff case, and added, "I think we will be revisiting this issue."

Another senator who voted against the bill, Tom Coburn, Republican of Oklahoma, said his colleagues would suffer at the polls for failing to cut back on lobbyists' influence by eliminating the earmarks.

"You can wash the outside of the cup all you want," Mr. Coburn said. "If the inside is still unclean, you're going to have the same problems."

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The other senators who voted against the bill were John Kerry, Democrat of Massachusetts; and three Republicans, James Inhofe of Oklahoma and Jim DeMint and Lindsey Graham of South Carolina. Senators Robert C. Byrd and John D. Rockefeller IV, both Democrats of West Virginia, did not vote.

The bill does little to break the link between lobbyists and lawmakers' money-raising machines, because senators decided that those issues related to campaign finance, not lobbying. As a result, the bill steers clear of regulating the fund-raising activities of lobbyists, some of whom help run political action committees of the same lawmakers they hope to influence.

In that respect, Mr. Dodd said, the bill does not address "true meaningful campaign finance reform that breaks the link between the legislative favor seekers and the free flow of special interest private money."

Government watchdog groups agreed.

"This bill is not going to cut it and it's not going to fool the public," Fred Wertheimer, president of Democracy 21, an advocacy group, said. "The Senate was looking inward today."

With the midterm elections looming, Republican leaders in both chambers have been eager to pass a lobbying bill well before November to demonstrate that they are serious about cleaning up business in the Capitol.

Some lawmakers in tough re-election fights, like Senator Mike DeWine, Republican of Ohio, wondered whether the measure would help.

"I don't know," Mr. DeWine said. "People are not really talking to me directly about lobbying. I think they're concerned about some of the quote scandal, but I don't have anybody come up to me and say there's a lobbying problem. It doesn't get that specific."

The Senate considered an independent Office of Public Integrity to investigate accusations of ethics abuses. But the measure, proposed by Senator Susan Collins, Republican of Maine, drew support from just 30 senators on Tuesday.

Ms. Collins said Wednesday that she was disappointed.

"The public," she said, "does not trust a system where we set our own rules, we're our own advisers, we're our own investigators, we're our own prosecutors, we're our own judges, and we're our own jurors."

Senate Passes Lobby Reforms (RC)

By Tory Newmyer

Roll Call, March 30, 2006

The Senate on Wednesday overwhelmingly approved the first overhaul of lobbying laws in a decade, sending to the House an issue that has been looming over Congress since the beginning of the year.

Despite the bill's 90-8 passage, several Senators, including the measure's sponsors, acknowledged that the bill could have gone further. In fact, the final package was assailed by the Senate's most vocal reform advocates, who called it too weak.

Voting against the bill were Sens. John McCain (R-Ariz.), Russ Feingold (D-Wis.), Tom Coburn (R-Okla.), Barack Obama (D-Ill.), Lindsey Graham (R-S.C.), Jim DeMint (R-S.C.), James Inhofe (R-Okla.) and John Kerry (D-Mass.).

McCain, who late last year introduced what became the framework for the bill, called it "very weak" in its final form. The Wednesday sentencing of former lobbyist Jack Abramoff, whose misdeeds inspired the reform efforts, offered a stark counterpoint for some of the bill's nay-sayers.

"Given that Mr. Abramoff just got five years in the pokey, the notion that this is the best we can do doesn't make any sense," said Obama, the Democratic point man on the lobbying issue.

Outside watchdog groups likewise heaped criticism on the measure. A coalition of reform groups — including Common Cause, Public Citizen and Democracy 21 — issued the Senate a report card on the performance, giving it three Fs and two Cs. The chamber's best grade, a B, came for the bill's new disclosure requirements for lobbyists.

"It is not a report card that any child would like to take home to their parents," the groups said in a statement.

Bill sponsors acknowledged that it was far from perfect, but they pointed to what they called its far-reaching provisions as evidence that it would restore public confidence in the integrity of the legislative process.

"There is now a sign up in front of the Capitol that says, 'Not for sale,'" Sen. Chris Dodd (D-Conn.) said.

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Action now moves to the House, where five committees with jurisdiction over parts of the bill are expected to start marking up the measure next week.

House Republicans on Wednesday signaled their intention to deal separately with a proposal to rein in donations to 527 groups. That decision heads off what could have been a major conference committee showdown. Democrats, who have more to lose from a 527 crackdown, have argued that the inclusion of such reforms would be little more than an attempt by the GOP to gain partisan advantage.

The changes will become official only upon passage by the House and the signature of the president. Provisions affecting just the House or the Senate could, in theory, be amended during a conference committee, but that is considered unlikely.

Despite the criticism of the Senate bill, Senators did act on Wednesday to adopt a number of amendments aimed at strengthening the bill. Among them was a provision to add transparency to the multimillion-dollar business of representing foreign governments in Washington, D.C. The package now calls for the Department of Justice to create a free, online database that compiles disclosure forms by lobbyists representing foreign governments.

The bill already had included several provisions to restrict and regulate interaction between Congress and K Street, and to require greater transparency from both camps.

The package bans all gifts and meals from lobbyists. It requires lawmakers to receive preapproval from the Ethics Committee before taking privately funded trips and to disclose details of the trips afterwards. It tightens revolving-door restrictions for former lawmakers and staffers-turned-lobbyists, while ending floor privileges for former Senators working on K Street.

The bill bans efforts by lawmakers, such as the Republicans' controversial K Street Project, to influence the hiring decisions of private sector groups. And it includes new disclosure requirements for grass-roots lobbying campaigns.

In addition, the package would add transparency to the earmarking process. It would make it out of order for the Senate to take up any piece of legislation unless lawmakers were provided with a list of every earmark contained in the measure, its sponsor and an explanation of its purposes a full day before consideration.

Nevertheless, several Senators hoping for tougher reforms bemoaned that the bill would not create an independent office to oversee enforcement with lobbying rules, or require lawmakers to pay charter rates when flying on corporate jets, or give them more options to challenge earmarks in bills.

Proposals to add those items to the bill were either rejected outright this week, or shunted aside when Senators voted to limit debate on the measure.

Before the bill's passage, McCain said he remained optimistic that the next installments of the unfolding ethics scandals could renew interest in further reforms.

"The good news is I think there will be more indictments," he said. "We will revisit the issue."

Just before approving the package on Wednesday, Senators sidelined an amendment by Sen. John Ensign (R-Nev.) that would have required sponsors of earmarks to federal entities be identified.

Earlier, Senators voted down a proposal by Feingold to close what he called a major loophole in the measure's gift ban.

That provision forbids registered lobbyists from offering meals, sports tickets, and other freebies to lawmakers and staffers. But Feingold argued that its wording is narrow enough to allow lobbyists to continue wining and dining Capitol Hill allies, as long as another company employee who's not formally lobbying, such as a secretary, comes along to pick up the tab.

Feingold's measure would have banned gifts from anyone working for a company that employed registered lobbyists. Feingold's opponents on the issue said his proposal went too far, roping in millions of people who could be subject to a $100,000 fine if they unknowingly broke the rule.

Among proposals dropped on Wednesday for being nongermane was one from Obama to strengthen revolving-door protections. The plan would have added a ban on any behind-the-scenes work to the current prohibition on direct lobbying by those who have recently left the Hill.

Another dropped amendment, offered by Sen. Max Baucus (D-Mont.), appeared tailored to recent revelations about how associates of Rep. Tom DeLay (R-Texas) set up a charity that provided personal and political gain. Ed Buckham, a former chief of staff to DeLay, and his wife raked in more than $1 million for their work with the U. S. Family Network, a nonprofit nominally established to further a pro-family agenda but used more often for political ends, according to a recent Washington Post report.

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Baucus' proposal would have banned lawmakers and their relatives from being on a charity payroll; prohibit anyone working for a Member's campaign or political action committee from also receiving money from a charity; and forbid charities from covering travel expenses for lawmakers, if those trips also involve campaign fundraising.

Limited Ethics Bill Approved As Lobbyist Gets Prison Time (USAT)

By Jim Drinkard

USA Today, March 30, 2006

WASHINGTON — The Senate voted Wednesday to force greater disclosure of how lobbyists sway lawmakers, but stopped short of banning some major tools of the influence trade.

The action came as Jack Abramoff, the ex-lobbyist who has come to symbolize excessive influence, was sentenced to prison in Miami on conspiracy and fraud charges. His activities helped spark the Senate bill, which watchdog groups criticized as too weak. (Related: Abramoff facing prison | Video | Plea agreement)

"It's mostly window dressing," said Chellie Pingree, president of Common Cause. "I don't think this will pass the straight-face test."

Supporters said the bill, while not perfect, would help restore public confidence. "There's a sign now up in front of the Capitol that says, 'Not for sale,' " said Sen. Chris Dodd, D-Conn.

While the Senate debated lobbying, U.S. District Judge Paul Huck sentenced Abramoff to a term of five years and 10 months. That is the minimum under sentencing guidelines for the charges, which stem from a deal to buy a fleet of casino ships. Abramoff, who pleaded guilty in January, said he was "much chastened and profoundly remorseful."

Abramoff also faces sentencing as early as June on his Washington lobbying activities, which included plying members of Congress and other government officials with meals, trips and campaign contributions to influence policy. He is cooperating in the federal probe of influence peddling.

The scandal has prompted a scramble on Capitol Hill to tighten the rules governing the way lobbyists and lawmakers interact. The Senate bill passed on a vote of 90-8.

Sens. John McCain, R-Ariz., Barack Obama, D-Ill., and Russ Feingold, D-Wis. — all leading voices for greater change — voted against it.

The measure would ban gifts, including meals, for lawmakers and their staffs from registered lobbyists. Feingold said that leaves a "huge loophole" that would allow lawmakers to dine with a lobbyist and have the lobbyist's employer pick up the tab. His effort to tighten the rule failed, 68-30.

The bill focuses more on disclosure than on banning behavior. Lobbyists would be required to file reports quarterly instead of semiannually. For the first time, lobbyists would have to include details about their campaign contributions and fundraising. They would have to disclose trips they provide for government officials, and contributions to charities linked to lawmakers.

Members of Congress also would have to get approval from the ethics committee for fact-finding trips funded by private sources and would have to disclose trips they take aboard corporate or other private planes. The measure does not change how much lawmakers would reimburse aircraft owners: They pay the equivalent of first-class airfare, which is a fraction of the market value for such flights.

Greater disclosure also would be required of lawmakers' pet spending provisions, known as "earmarks," which are often inserted into legislation at the last minute with little scrutiny. Abramoff referred to the congressional spending committees, which produce many earmarks, as "the favor factory."

The measure also would double, to two years, the "cooling-off period" in which members of Congress and top aides who leave for lobbying jobs would be barred from trying to influence their former colleagues.

Legislation to restrict lobbyist-lawmaker relations also is pending in the House, where five committees are reviewing a draft bill.

Senate Passes Election-Year Ethics Package (AP-Y2)

By Jim Abrams

AP2, March 29, 2006

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The Senate passed an election-year ethics package Wednesday that was heavy on disclosing lawmaker contacts with lobbyists but light on outright prohibitions — and with no independent office to police it all.

The legislation would bar lawmakers from accepting gifts or meals from lobbyists or moving quickly to lobbying jobs after retiring. But members of Congress could still use corporate jets for the price of a first-class ticket and accept free lodging, travel and meals from non-lobbyists.

"Trust is the foundation of our democratic government," Majority Leader Bill Frist, R-Tenn., said moments before the Senate voted 90-8 for the first lobbying overhaul bill in a decade. "With the public opinion of Congress at an all-time low, we have to do a better job of retaining that trust and that confidence."

The vote came just hours after a U.S. District judge in Miami sentenced former lobbyist Jack Abramoff, whose influence-peddling activities spawned the Senate action, to five years and 10 months in prison on conspiracy and wire fraud charges.

The legislation also seeks to restrain earmarks, those thousands of special projects that make their way into legislation. Former Rep. Randy "Duke" Cunningham, R-Calif., went to prison this year after using the earmark process to help defense contractors who had given him bribes.

The House is now working on its version of the bill, which also is expected to emphasize greater disclosure of lobbying activities. House leaders are also pushing for a provision to restrict political groups that are permitted to accept donations of unlimited size. Such groups have tended to favor Democrats, and Senate Democrats vowed to keep that out of the final bill.

Republicans and Democrats, in a rare show of bipartisanship, defended the Senate bill against critics who said it didn't go far enough. It's a "measured response to this scandal," said Sen. Christopher Dodd (news, bio, voting record), D-Conn., "ensuring that special interests cannot operate under a cloak of darkness."

The bill bans lobbyists from giving gifts or meals to lawmakers, and requires lobbyists to file quarterly electronic reports of their activities, up from the current two times a year.

Lobbyists must also disclose their contributions to officeholders and political fundraisers and their "grass-roots" lobbying activities — helping clients to encourage the general public, through mass mailings or ads, to contact federal officials.

Senators must get pre-clearance from the ethics committee before embarking on privately funded trips and, when accepting rides on corporate jets, must reveal who was on board.

Lawmakers and other senior executive branch officials must wait two years, up from the current one, before accepting jobs as lobbyists trying to influence the institution where they formerly served.

But lawmakers and clean government groups who saw the scandals as a golden opportunity to enact far-reaching reform expressed disappointment in the final product. The sponsors turned back efforts to ban privately funded trips or force lawmakers traveling by corporate jets to pay more expensive charter rates, rather than the first-class ticket prices they now pay.

And the Senate on Tuesday rejected an amendment that would have created an Office of Public Integrity to carry out investigations of charges of ethics violations in the Senate.

"I believe this bill was crippled without it," said Joan Claybrook, president of Public Citizen. "It's not a law without an enforcement system." Supporters of an independent office argued that the congressional ethics committees, particularly in the highly partisan House, have proved incapable of investigating their own members.

The legislation also takes several steps to make Senate procedures more open. Senators would have to identify the source and purpose of earmarks, the thousands of special projects that find their way into larger bills. And a procedure is set up where lawmakers could strip out earmarks that are not in original bills but are later attached to House-Senate conference reports.

Several senators, led by John Ensign, R-Nev., and John McCain, R-Ariz., said the procedure for eliminating earmarks was too vague, and tried unsuccessfully to extend the definition to include federal as well as nonfederal projects.

Keith Ashdown of Taxpayers for Common Sense said 40 percent of the estimated 15,000 earmarks that were inserted in legislation last year were federal in nature.

The Senate also decided to end the practice of secret "holds," where a single senator can block action on a bill or nomination without revealing that he is the source of the delay.

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The eight senators voting against the measure were Democrats Russ Feingold of Wisconsin, John Kerry of Massachusetts and Barack Obama of Illinois and Republicans Tom Coburn and James Inhofe of Oklahoma, Jim DeMint and Lindsey Graham of South Carolina and John McCain of Arizona. Not voting were West Virginia Democrats Robert Byrd and John D. Rockefeller.

The Senate lobbying reform bill is S. 2349.

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On the Net:

Congress: http://thomas.loc.gov/

Senate Adopts Changes In Lobbying And Ethics Rules (KRT)

By James Kuhnhenn

Knight Ridder, March 29, 2006

WASHINGTON - The Senate, prodded by influence-peddling scandals that have given Congress a black eye, voted overwhelmingly Wednesday to deny senators gifts and meals from lobbyists and to tighten lobbyist reporting requirements.

In a 90-8 vote, senators also restricted, but didn't eliminate, their ability to insert the special-interest provisions, or "earmarks," that find their way into massive spending bills.

Sponsors of the bipartisan legislation praised it for making Senate business more transparent and less susceptible to backroom deals and high-priced wining and dining.

But it has no enforcement mechanism, and its limits on special-interest "earmarks" have a loophole that would exclude millions in targeted spending from its restrictions.

The House of Representatives has yet to act. The Senate could impose several of the provisions, including the ban on gifts and meals, on itself later if the House fails to enact the legislation.

The changes came after two major corruption cases involving lobbyists, contractors and members of Congress. One former lawmaker, Rep. Randy "Duke" Cunningham, R-Calif., was sentenced this month to more than eight years in prison for accepting $2.4 million in bribes from defense contractors in exchange for favors inserted into Pentagon spending bills.

The Senate vote occurred the same day that disgraced Washington lobbyist Jack Abramoff was sentenced to nearly six years in prison for his role in the fraudulent purchase of a fleet of casino cruise ships. He awaits sentencing on his guilty plea to corruption charges for influencing legislation on Indian gaming and other matters. He's also cooperating with federal prosecutors investigating official corruption.

"In the past year, Americans have been shocked and some certainly disgusted by revelations of corruption to our system," said Senate Democratic leader Harry Reid of Nevada. "It has shaken public confidence in the Congress and our entire federal government."

Sen. Rick Santorum, R-Pa., said the legislation was "a much tougher bill than I think anyone could have anticipated when we started this process."

Critics said the bill fell short by keeping enforcement in the hands of the Senate Ethics Committee, a panel that operates largely in secret. The Senate on Tuesday overwhelmingly defeated a proposal to create an independent office of public integrity to investigate ethics complaints against lawmakers.

"This is nothing to write home about," said Fred Wertheimer, the president of Democracy 21, a watchdog group. "The argument they seemed to make was `trust us.'"

Sen. John McCain, R-Ariz., said the legislation should eliminate earmarks, which he said were at the root of the scandals. Critics said the bill still would've allowed Cunningham to funnel money to Pentagon contractors unnoticed.

"The good news is there'll be more indictments and we'll be revisiting this issue, if not this year, then next year," McCain said.

The measure's main provisions:

-All gifts and meals from lobbyists for lawmakers or their staffs would be prohibited. Under existing rules, senators can accept gifts or meals valued up to $50, a threshold that created an eruption of $49.99 luncheon specials at some top Washington restaurants.

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-Lawmakers would be prohibited from lobbying Congress for two years after leaving office. The current limit is one year. Senior congressional staffers would be prohibited from such lobbying for one year.

-Lobbyists would have to file quarterly reports identifying their lobbying activity. Current law requires semi-annual reports. They also would have to disclose more information about themselves, including any previous positions in the legislative or executive branches of government.

-No lawmaker's staff could have "official contact" with any lobbyist who's a member of the lawmaker's immediate family. A number of leading lawmakers have had spouses or children working as lobbyists in Washington, including assistant House Republican leader Roy Blunt, R-Mo., and Reid.

-Lawmakers no longer could negotiate their private employment while still in office. They also couldn't influence the hiring practices of lobbying shops by threatening to punish lobbyists legislatively. The provision is designed to banish the "K Street Project," named after lobbying row in Washington, whereby Republicans attempted to inject more Republicans into lobbying firms.

-Some earmarks would have to be made public at least 24 hours before a bill is considered on the Senate floor. Provisions added during House-Senate negotiations that hadn't been voted on earlier by either chamber would be removed if challenged unless 60 senators vote for them.

Still, those restrictions would apply only to spending on "nonfederal" projects, ones for local or state government or other nonfederal administrators, such as a museum or Indian tribe. Critics argued that the Senate should ban earmarks altogether.

"You can wash the outside of the cup all you want," said Sen. Tom Coburn, R-Okla. "If the inside is still unclean you're going to have the same problems. Earmarks are the gateway drug for overspending and fiscal mismanagement."

Senate Toughens Lobbying Rules (WT)

By Christina Bellantoni

The Washington Times, March 30, 2006

The Senate yesterday overwhelmingly passed tough restrictions on lobbyists, hoping to send a message that the public can trust legislators in Washington despite recent scandals suggesting otherwise.

Senators voted 90-8 to pass the bipartisan Legislative Transparency and Accountability Act.

Sen. Christopher J. Dodd said the downfall of lobbyist Jack Abramoff and former Republican Rep. Randy "Duke" Cunningham's guilty plea and prison sentence on bribery charges "rocked the House" and created a climate of "disillusionment and distrust." The corruption scandals were also the impetus to make a change, the Connecticut Democrat said.

"There is a sign that now is up in front of the Capitol here that says 'not for sale,' " he said.

The vote took place as members got the news that Abramoff was sentenced yesterday to nearly six years in prison.

The Senate now must compromise with the House, which starts work today on its own lobbying-reform plan. If the Senate version becomes law, gone would be the typical practice of lobbyists treating lawmakers to meals at swanky restaurants. Members and their staffers would be required to take an ethics training course.

"With the public's opinion of Congress at an all-time low, we have to do a better job at regaining that trust and that confidence," said Senate Majority Leader Bill Frist, Tennessee Republican. He also said he was pleased the measure creates a process to scrutinize pork-barrel spending proposals.

The Abramoff scandal has undercut the trust that is essential to democracy, said Sen. Joe Lieberman, Connecticut Democrat.

It created the impression that "in Washington, results go too often to the highest bidder, not to the greatest public good," he said. "That is not the truth, but this legislation upends that perception."

The bill creates a series of restrictions and tightens some rules already imposed on members and lobbyists.

Among the highlights is a requirement that members need preapproval for their travel through the ethics committee, and the banning of former legislators from the chamber floor. It extends the "cooling-off" period for members who retire to become lobbyists, making them wait two years before they can lobby former colleagues.

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Under the measure, lobbyists would be required to file public quarterly reports on the Internet disclosing their activities and expenditures. The reports will be subject to audit. Violating the new lobbying rules could result in a maximum fine of $100,000, double what it is now.

"I think disclosure is going to make a big difference," said Sen. Susan Collins, Maine Republican, noting that she worries the public no longer trusts Congress to make decisions untainted by special interests.

Several senators said the measure was not perfect, and were irritated that most of the 88 suggested amendments to the bill were killed without debate.

Sen. Russell D. Feingold sought to define a lobbyist as anyone employed by a company that has a registered lobbyist on the payroll, but the Wisconsin Democrat's amendment was soundly rejected yesterday.

He argued the amendment would close a loophole allowing lobbyists to skirt the meals ban, but critics said the amendment was too broad.

Mr. Feingold balked at opponents and said if they had a problem with it, they could pay for their own meals. He ultimately voted against the final passage of the bill yesterday.

Sen. Barack Obama, Illinois Democrat, also opposed the bill, saying it "does little" to change the culture that allowed Abramoff to abuse the system.

"The Senate has missed a once-in-a-decade opportunity to clean up the way we do business in Washington," he said.

Other senators opposing the bill were John Kerry, Massachusetts Democrat, and Republicans Tom Coburn and James M. Inhofe of Oklahoma, Jim DeMint and Lindsey Graham of South Carolina and John McCain of Arizona.

Senate Approves Lobbying-Disclosure Legislation (WSJ)

By David Rogers

The Wall Street Journal, March 30, 2006

WASHINGTON -- The Senate approved legislation that mandates far greater disclosure of lobbying activities but preserves two favorite business-financed travel perks for lawmakers.

The action came as Speaker Dennis Hastert signaled that the House next week will take up a related measure to limit the flow of money to so-called 527 political groups, which sprang up in the last presidential election. Factions in both parties employed 527s to get around campaign-finance rules and spend as much as $420 million, largely for advertising and grassroots get-out-the-vote efforts in 2004.

The Senate lobbying bill, adopted 90-8, was greeted by Bronx cheers from public-interest groups after the recent scandals that have tarnished Congress. But the new disclosure requirements are significant and could have a greater impact than critics expect because of the abundance of data that would have to be filed into a central repository available on the Internet.

For the first time, disclosure is required of paid grass-roots lobbying campaigns that use mass mailings and phone banks to influence lawmakers. Senators would be prohibited from accepting meals or gifts, such as sporting-event tickets, from lobbyists. And members who leave the Senate to become lobbyists themselves would have to wait two years -- twice the current "cooling off" period -- before returning to lobby their former colleagues.

"This legislation upends the status quo," said Sen. Joseph Lieberman (D., Conn.).

But a coalition of liberal reform groups, such as Public Citizen and Democracy 21, said the bill failed to correct the abusive use of corporate jets and privately financed travel by lobbyists and lawmakers. And the conservative Taxpayers for Common Sense said senators "blew up" their chance to curb the earmarking of funds for special interests.

Eager to shut down debate, the Senate leadership had won a procedural motion late Tuesday that protected senators from having to vote on whether they should be required to pay more for flights on corporate aircraft. And in a final skirmish yesterday, the Senate voted 57-41 to kill an effort to broaden the definition of what constitutes an earmark under the bill.

As adopted, the bill defines an earmark as a provision that identifies a "nonfederal" entity to receive assistance, but critics argued that this effectively exempts attempts to steer money to military services to benefit favored defense contractors, for example.

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Senate Appropriations Committee Chairman Thad Cochran (R., Miss.) said this constituted "nitpicking" and imposed too great a burden on his panel to have to identify every change within the administration's budget.

But Sen. John McCain (R., Ariz.) argued that military contracts have been one of the areas of greatest abuse -- as seen in the bribery case of former California Rep. Randall "Duke" Cunningham, a previous member of the House Appropriations defense subcommittee who was sentenced to prison this month after reaching a plea deal with prosecutors.

"Ripping off the taxpayers of tens, if not hundreds of millions of dollars," Mr. McCain said. "That's why this amendment is not nitpicking."

Senate Passes Lobbying Reform Bill, 90-8 (HILL)

By Jonathan Allen

The Hill, March 30, 2006

The Senate passed a lobbying-reform measure yesterday, clearing the first hurdle to enacting legislation aimed at responding to a spate of influence-peddling scandals.

The bill, which passed 90-8, would prohibit lawmakers from accepting gifts – including meals – from lobbyists, require greater disclosure of lobbying activities and allow senators to strike new earmarks from conference reports. The latter proposal would give rank-and-file lawmakers a powerful new weapon to combat the late insertion of new proposals and strengthen the Senate in its negotiations with the House.

"Today's passage of lobbying reform is an important step forward in bringing more transparency and accountability to our government while strengthening America's trust and confidence in our public officials," Majority Leader Bill Frist (R-Tenn.) said.

Senate Approves Limits On High-Profile Lobbying (LAT)

By Mary Curtius

The Los Angeles Times, March 30, 2006

WASHINGTON — The Senate voted Wednesday to impose new rules to rein in the clout wielded by lobbyists on Capitol Hill, but critics charged the measure would fall short of significantly curbing the influence peddling.

The bill, which passed 90 to 8, aims to eliminate some of the more high-profile connections between lobbyists and lawmakers. It would end the common practice of lobbyists buying meals for senators or providing gifts — such as tickets to sporting events — that many lawmakers said fed the public perception that Congress was swayed by these favors.

"What we're saying here is that there's a sign that now is up in front of the Capitol," said Sen. Christopher J. Dodd (D-Conn.), one of the bill's co-authors. "It says: 'Not for Sale.' "

The measure also would for the first time enable senators to challenge funding of some special projects often tucked into bills at the behest of lobbyists. Still, many of these so-called earmarks that are attached each year to spending bills would remain exempt from challenge.

Other changes would require lobbyists to more frequently report their dealings with lawmakers and their contributions to their campaigns, filing the information to a database searchable online by the public.

Also, former members of Congress and senior aides would have to wait two years instead of one before lobbying their onetime colleagues. And senators could no longer put a secret "hold" on legislation or nominations, a behind-the-scenes move that blocks action on such matters.

Senators who pushed for more sweeping changes said the measure would leave much of lobbyists' power intact. For instance, the bill contains no limits on lobbyists' ability to rely on their contacts and clients to generate large campaign contributions.

Sen. John McCain (R-Ariz.), who voted against the bill, said that although some lawmakers viewed the bill's passage as "a major feat," he considered its provisions "very, very weak."

McCain spoke after votes were blocked on amendments he offered, including one that would have required senators to pay charter rates when they traveled on corporate jets. The lawmakers usually pay much less.

Others complained that the bill would not ban lawmakers' travel paid for by private groups and would not create an independent office of public integrity to investigate senators or staffers accused of unethical conduct.

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"What ethics bill?" Sen. Tom Coburn (R-Okla.) said of the measure, which he opposed.

McCain and Coburn attacked the bill for not giving senators broader power to question earmarks. For instance, challenges could only be lodged against projects added during House-Senate negotiations over a final spending measure. Many earmarks are put into bills in each chamber before those negotiations.

Still, supporters said the Senate's revised rules would put some distance between lobbyists and lawmakers and make it easier for the public to track their links.

"This is not popular stuff [in the bill], but it's the right thing to do," said Sen. Joe Lieberman (D-Conn.). "This legislation upends the status quo with regard to oversight of the … relationship between lobbyists and members of Congress."

California's senators, Democrats Barbara Boxer and Dianne Feinstein, were among those voting for the bill.

The Senate's measure also lays down a marker for the House, which is studying changes to its guidelines for dealing with lobbyists.

The two chambers do not have to adopt the same rules, but their changes must be included in a single bill that would require President Bush's signature to become law.

Backers of the Senate bill praised its passage as a step toward restoring Congress' battered reputation among many voters before the November elections.

Public opinion of the House and Senate has dropped in nationwide polls since scandals involving former Rep. Randy "Duke" Cunningham (R-Rancho Santa Fe) and lobbyist Jack Abramoff.

Late last year, Cunningham pleaded guilty to accepting bribes from defense contractors in return for steering their way federal projects worth millions of dollars. He resigned from office and this month was sentenced to more than eight years in prison.

Abramoff, who lavished food, drink and luxury trips on some lawmakers and their staff and steered hundreds of thousands of dollars in campaign donations to House members and senators, pleaded guilty in January to several corruption charges. He is awaiting sentencing in that case. In a separate case, he was sentenced Wednesday in Florida to about six years in prison on charges of wire fraud and conspiracy.

The coincidence did not go unnoticed as the Senate debated its lobbying measure.

"I think it is significant that this bill passed on the day that [Abramoff] received his first prison sentence," said Sen. Susan Collins (R-Maine). "It was the scandals involving Mr. Abramoff and former Rep. Cunningham that prompted us to take a harder look at practices that, while legal, eroded public confidence" in Congress.

Collins said she believed the Senate's action would begin to restore "the bonds of trust" between lawmakers and the public.

Several government watchdog groups, however, were among the bill's critics.

"I really think that if members of the Senate think they can pass a bill that is largely window dressing and not deal with the really tough issues and then go back to the voters and convince them they have done something, they have another think coming," said Chellie Pingree, president of the citizens' lobbying group Common Cause. "This bill lacks the critical things that would really change the atmosphere of corruption in Washington."

Pingree said that although the bill would improve disclosure requirements for lobbyists, "there's very little that breaks down this nexus between lobbyists as fundraisers and sources of campaign funds, which is much of the root of what goes on that creates the scandals."

She said her group and other watchdog organizations feared the measures approved by the Senate might be further watered down in negotiations with the House.

"The tragedy is that we were counting on the Senate to be the leaders," Pingree said.

Senate Passes Lobbying Bill (WP)

By Jeffrey H. Birnbaum

The Washington Post, March 30, 2006

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The Senate voted yesterday to require lobbyists to provide far more information about their dealings with lawmakers, responding to the Jack Abramoff political corruption scandal with a plan for more disclosure rather than tougher enforcement of ethics laws.

By a vote of 90 to 8, the Senate approved a bill that would also force the disclosure for the first time of indirect lobbying, such as grass-roots activities, and prevent registered lobbyists from paying for lawmakers' meals or giving them gifts such as sports tickets. Congressional leaders had promised far-ranging revisions of lobbying activities after Abramoff pleaded guilty in January to conspiring to bribe public officials. But the legislation that emerged yesterday is less sweeping than GOP leaders envisioned.

"This legislation contains very serious reform," said Sen. Joseph I. Lieberman (D-Conn.), one of the architects of the Senate bill. Sen. Susan Collins (R-Maine), who also wrote large portions of the measure, said the bill goes a long way toward restoring "the bonds of trust with our constituents [that have been] frayed."

However, spokesmen for government watchdog groups and several lawmakers who were active in pushing ethics rule changes expressed disappointment in the Senate's effort. "It's extremely weak," said Sen. John McCain (R-Ariz.), whose lobbying and ethics plan had been hailed by Senate Republican leaders in January as the model for future legislation. He voted against the bill yesterday.

On Tuesday, the Senate rejected a bipartisan plan to create an independent investigative office designed to help the Senate's ethics committee enforce lobbying and ethics laws. Sen. Barack Obama (D-Ill.), one of the authors of the Democrats' lobbying proposals, voted against the Senate bill in part because it did not contain the office of public integrity.

Senate and House leaders will have to reconcile differences before Congress can send a final bill to the president. The House's leading ethics proposal, offered by its Republican leaders, would also broaden disclosure requirements, though not for such grass-roots activities as instigating e-mails, letters and phone calls from voters back home. The House plan would bar neither meals nor gifts.

Abramoff, the former lobbyist who bribed public officials with expensive trips, skybox fundraisers, meals and campaign donations, was sentenced yesterday to nearly six years in prison on separate fraud charges. He is cooperating with federal prosecutors, who are widely expected to pursue indictments against lawmakers, staffers and lobbyists with the help of Abramoff's testimony.

House Speaker J. Dennis Hastert (R-Ill.) led the charge for ethics law revisions by recommending a ban on privately funded travel and steep limitations on meals and gifts. Other top lawmakers, including Sen. Rick Santorum (Pa.), pressed to curtail lawmakers' use of corporate jets among other lobbyist-provided perks.

But the momentum to pass lobbying legislation slowed as opposition to the most restrictive types of proposals grew among rank-and-file lawmakers. House Majority Leader John A. Boehner (R-Ohio) also argued in favor of increased disclosure requirements over adding new restrictions on lobbyists' interaction with lawmakers. Senior Republican aides said the House bill will probably not be ready for consideration by the full body until late April at the earliest.

Asked if the measure meets the sweeping pledges of change voiced by senior members of the House and Senate early in the year, McCain laughed. "The good news is there will be more indictments, and we will be revisiting this issue," he said.

The Senate largely avoided curtailing the behavior of lawmakers. It decided to prohibit lawmakers from accepting meals and gifts from registered lobbyists, but shelved a plan offered by Sen. Russell Feingold (D-Wis.) yesterday that would have applied that ban to companies and organizations that employ those lobbyists. The House measure would not bar meals or gifts from lobbyists or from anyone else.

Extra disclosures of many sorts are at the core of the Senate-passed bill. The measure would require lobbyists to file quarterly reports, rather than the current biannual ones, on their activities, as well as a new, annual disclosure that would detail their donations to federal candidates, officeholders and political parties. In addition, lobbyists would have to disclose all travel they arrange for lawmakers.

Lobbying reports would have to be filed electronically, including those filed by lobbyists for foreign entities, and would need to be accessible via the Internet, something that is not always possible today. In addition, the bill would mandate that senators get approval in advance from the Senate Select Committee on Ethics for any privately financed travel that they accept, but would not

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limit such travel otherwise. The trips and their major details would have to be disclosed rapidly, including the names of other passengers on private aircraft.

The Senate's bill would slow what has been called the revolving door between government and the K Street lobbying industry. The legislation would double to two years the time during which former lawmakers and former top executive branch officials would be prohibited from lobbying their ex-colleagues. It would also ban -- for a year after leaving their Capitol Hill jobs -- former senior congressional staffers from lobbying anyone in the chamber in which they had worked. Currently, staff members are prohibited from lobbying only their former offices during their one-year "cooling-off period."

The Senate legislation, like its companion in the House, would make it harder for lawmakers to slip into law narrowly targeted appropriations called earmarks.

Besides Obama and McCain, the other six senators voting against the measure were Democrats Russell Feingold (Wis.) and John F. Kerry (Mass.), and Republicans Tom Coburn and James M. Inhofe of Oklahoma, Jim DeMint and Lindsey O. Graham of South Carolina. Not voting were West Virginia Democrats Robert C. Byrd and John D. Rockefeller IV.

Miller Helped Free Land For A Business Partner (HILL)

By Susan Crabtree

The Hill, March 30, 2006

Rep. Gary Miller (R-Calif.) pushed for a provision in last year's transportation bill that allowed the city of Rialto, Calif., to shut down its airport.

By doing so, he paved the way for his business partner, Lewis Operating Corp., one of his top campaign contributors, to buy the land from the city and make plans to build Renaissance, a community consisting of 2,500 homes, parks and 80 acres of retail space on the former airport property and adjacent land.

Normally, the Federal Aviation Administration (FAA) has sole authority to close airports.

"This is the first time … an airport has been closed through the legislative process," said FAA spokesman Hank Price. "We follow Congress's direction."

Miller's relationship with Lewis Operating and its president of Southern California operations, Richard Lewis, dates back more than three decades, to Miller's years as a developer of planned communities. He founded G. Miller Development Co. in his early 20s, and he and Lewis were competitors, Miller said.

Miller, 57, went on to be elected to the Diamond Bar City Council, the mayor's office, the California Assembly and Congress, beating scandal-scarred Republican Rep. Jay Kim in 1998. Just months earlier, Kim and his wife had pleaded guilty to accepting and concealing $230,000 in illegal campaign contributions.

Miller said he prides himself on his efforts to disclose his campaign contributions fully. He said he sees nothing wrong with his work to close Rialto's airport, even though it freed land that his business partner wanted to develop.

"I've known Richard Lewis for 30 years," he said. "Richard's son and my daughter went to high school together. If knowing somebody is bad, I guess that's bad."

Miller denied that his actions created a conflict of interest.

"There was no quid pro quo," he said.

But Theis Finlev, a policy advocate for Common Cause, argues that members of Congress must go out of their way to avoid using their offices to benefit private business partners directly, especially if they also are major campaign contributors.

"Even if it's legal, it's horribly unseemly," Finlev said about Miller's work to shut down the airport. "It's not something that inspires confidence in the political process, and should not happen."

This election cycle, employees of Lewis Operating including Richard Lewis and several Lewis family members have donated a combined $8,100 to Miller's campaign, according to the Center for Responsive Politics, making the company his top contributor.

Employees of Lewis Operating and members of the Lewis family have donated $19,300 to Miller's campaign committee since 1998.

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Lewis Operating is also a member of the National Association of Home Builders, Miller's No. 1 contributor since he was elected. The group has donated $44,000 to Miller's campaign committee since 1998.

ACROSS DISTRICT LINES

Rialto tried for years to close the airport, arguing that it was underused and losing money.

In August 2004, the City Council passed an amendment giving the city the exclusive right to negotiate with Lewis and its partner, Hillwood Development Corp., to purchase and develop the airport land if it should become available. The council approved the prospective sale eight months later.

But finalizing that transaction would have to wait until the city could find a way to close the airport, and the transportation bill provided it last year.

The price tag for the 450 acres of airport land will likely be tens of millions of dollars, but the purchase is still in the appraisal stage, according to Rob Steel, Rialto's redevelopment director.

"We have entered into contracts of sale with Lewis-Hillwood Rialto," Steel confirmed.

When it is sold, it will be at fair market value, which the appraiser will determine, a requirement that Miller included in his version of the provision and was in the final bill.

Lewis and Hillwood, founded and chaired by Ross Perot Jr., formed Lewis-Hillwood Rialto LLC when they became interested in the project. There is no way to know how much money the two companies would make on the deal. Lewis Operating and Hillwood officials declined to comment for the story.

Rialto is not in Miller's district but in that of nearby Rep. Joe Baca (D-Calif.). Miller said Baca backed his efforts to shut down the airport. Baca did not respond to requests for comment.

Other development companies besides Lewis-Hillwood tried to offer bids for the development but were told by a Rialto City Council member that Hillwood's strong ties to Washington could help the city find a way to shut down the airport. The company was already working with the FAA on developing San Bernardino airport 8.5 miles to the east, and the city thought that relationship could help influence the FAA's decision.

According to minutes from Aug. 9, 2004, City Councilman Joseph Sampson reminded other members that "based upon knowledge of Hillwood Corp. they do have extremely close ties in Washington, which provides them with inroads on what a final outcome may be in regards to how they might treat the airport."

FAA OBJECTIONS

But the FAA did not support closing Rialto airport. Since 1984, the city has taken out $15 million in federal government loans to improve the airport. Traditionally, the FAA opposes closing an airport when it has invested in it until it earns a return on the investment.

The provision in the transportation bill requires Rialto to pay back the federal government 90 percent of any unpaid portion of the federal loans it had taken out.

In an interview, Miller said he is not responsible for the final airport language in the bill because Senate conferees struck his provision from the measure. Working with Rep. Jim Oberstar (Minn.), the ranking Democrat on the transportation panel, Appropriations Committee Chairman Jerry Lewis (R-Calif.) managed to insert his own language closing the airport into the final bill.

Rep. Lewis's provision relocates airport business and equipment to San Bernardino Airport, in his district.

John Scofield, a spokesman for Rep. Lewis, said there are many good reasons for closing Rialto airport, noting that both the city and the county want it closed.

"There are a lot of airports in the area, such as the San Bernardino National Airport and the Redlands airport, which are both better facilities," he said. "Because of the Santa Ana winds, the [Rialto airport] is only open half of the time anyway."

Rep. Lewis is not related to anyone at Lewis Operating Corp.

Miller, the only California Republican on the Transportation and Infrastructure Committee and a senior member of the Highways, Transit and Pipelines Subcommittee, said he helped push for the inclusion of Rep. Lewis's provision in the final version of the measure.

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Employees of Lewis Operating and other members of the Lewis family also have donated $19,900 to Baca this election cycle, making the company his top contributor as well. Rep. Lewis has received $3,000 since 2000.

Before Lewis Operating joined with Hillwood on the Rialto project, Miller had not received any campaign contributions from Hillwood employees. But after Miller started working on language in the transportation bill, John Magness, senior vice president of Hillwood Investments, cut him a check for $500 dated May 12, 2005, according to Federal Election Commission records.

"I guess they were saying thank you. … I guess that's what that was," Miller said.

He said that the city of Rialto chose Lewis Operating, one of the largest real-estate developers in Southern California, for the airport job on its own.

He could not recall, however, when he discovered that Lewis Operating was seeking the airport property. Rialto contacted him about shutting down the airport because he had done business with the city years earlier before becoming a congressman, he said.

He was asked to help because Rialto's efforts to convince the FAA to shut down the airport had failed.

"The FAA doesn't want anything closed," Miller said. "I don't think the FAA has ever closed an airport. It's like pulling teeth to get them to close an airport."

He also said he does not see how he benefited from any of his business dealings with Lewis Operating Corp.

A CONTROVERSIAL PAST

Watchdog groups have criticized a number of land deals between Lewis Operating and Miller, as well as his role in helping secure other provisions in last year's $286.5 billion transportation transportation bill.

As first reported by the Los Angeles Newspaper Group, Miller helped secure $1.28 million in the bill for street improvements in front of a planned housing and retail center that he co-owned with Lewis Operating in his district.

Lewis-Diamond Bar LLC, a company formed to buy the land, is the developer. Miller owns $1 million-$5 million of the company. The other partner is Lewis Operating Corp.

The same year, Miller took out a promissory note from a subsidiary of Lewis Operating Corp., Lewis Investments, for $1 million to $5 million, according to his 2004 financial disclosure records.

The Los Angeles Newspaper Group also ran a critical story about a real-estate deal involving Miller, Lewis Operating and the Southern California city of Fontana.

In July 2005, Fontana's redevelopment agency spent $5 million to buy land from Miller without notifying the public, an apparent violation of state open-meeting laws.

Miller said that he was outraged about it and that he has since demanded that the city insert a written pledge in the sales contract to make public the sale of the last parcel he owns to the city.

Some six months earlier, Miller had bought the same land from Lewis Operating. He said he did so to avoid tax penalties on profit from a land sale to Monrovia, another Southern California city, two years before.

That profit is estimated at $10 million, according to Miller's 2003 financial disclosure record and knowledgeable sources.

He said he only made $50,000 on the sale to Fontana, barely enough to cover taxes and real-estate transaction fees.

"I needed to find property, and that property was available," he said.

NASA Denies Chief Made Formal DeLay Endorsement (HCHRON)

By SAMANTHA LEVINE

Houston Chronicle, March 30, 2006

Space agency's Griffin urged a Houston audience last week to keep lawmaker in office

WASHINGTON - Five days after NASA administrator Michael Griffin urged a Houston audience to keep U.S. Rep. Tom DeLay in office, a spokesman denied Wednesday that Griffin had made a formal campaign endorsement.

"The space program has had no better friend in its entire existence than Tom DeLay," Griffin said Friday of DeLay's legislative support of the agency. "He's still with us and we need to keep him there."

With DeLay present, Griffin spoke at the annual Space Center Rotary Club of Houston's nonprofit National Award for Space Achievement Foundation gala.

Griffin had no intention of soliciting votes for the 11-term lawmaker, NASA spokesman Dean Acosta said.

"He did not make an endorsement and will not get involved in any political campaigns," Acosta said. "If his words of thanks to Tom DeLay were misconstrued as an endorsement, then he regrets that."

'Terrific' relationshipAcosta pointed out that DeLay made a complimentary introduction speech before Griffin spoke.

"NASA is a scientific and technological agency and we work very closely with our congressional partners," Acosta said.

"Administrator Griffin and Congressman DeLay have a terrific working relationship," DeLay spokeswoman Shannon Flaherty said. "They are fighting for the same goals, and that's what his comments expressed."

Flaherty said DeLay did not interpret Griffin's statements as an endorsement.

DeLay, a Republican from Sugar Land, is seeking re-election against Democrat and former congressman Nick Lampson and Libertarian Bob Smither; former Republican congressman Steve Stockman has been seeking a place on the ballot as an independent.

Lampson represented the Johnson Space Center in the U.S. House but never had the clout DeLay had when the Republican was House majority leader. The space center now is in DeLay's district.

Under the Hatch Act, executive branch employees such as Griffin are permitted to express an opinion, campaign and make speeches for or against candidates in partisan elections — when they are off-duty.

Office will investigateThe black-tie awards dinner at which Griffin made his remarks was held after regular working hours, but Griffin was representing the space agency and giving an award to a NASA employee, astronaut Eileen Collins.

Griffin's travel to Houston from Washington, D.C., for the dinner was paid by NASA rather than the Rotary Club, said event organizer Floyd Bennett of the United Space Alliance.

The independent Office of Special Counsel, which administers the Hatch Act, will investigate the matter, spokesman Loren Smith said.

Employees who violate the Hatch Act can be removed from office, according to the Office of Special Counsel, or suspended without pay.

Determining whether Griffin was acting in an official or after-hours capacity "really is a close call," said Corey Ditslear, a political scientist at the University of North Texas.

'A little egg on his vest'But any misstep by Griffin was relatively minor, said Stephen Hess, a professor of media and public affairs at George Washington University.

"Even in this context, I am not going to get too uptight about it," Hess said. "When (officials such as Griffin) make statements that can be interpreted as political statements, the government should not be underwriting it. You just caught the fellow with a little egg on his vest, looking untidy."

DeLay has sat on the NASA spending panel since February, after formally giving up his position as majority leader. He relinquished the post last fall after he was indicted in Travis County on money-laundering charges relating to the 2002 Texas House races.

Griffin began duties as the 11th administrator of NASA on April 14, 2005, with strong support from DeLay. The lawmaker accompanied Griffin on his first official visit to the space center in May.

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Democratic Plan To Beef Up U.S. Security Lacks Specifics (LAT)

By Ronald Brownstein

The Los Angeles Times, March 30, 2006

WASHINGTON — Sharpening their election-year message, leading Democrats on Wednesday released a plan that promised to strengthen America's security but offered few details about how they would achieve their sweeping goals.

On Iraq, the plan — echoing language recently approved by Congress — said Democrats would "ensure 2006 is a year of significant transition … with Iraqis assuming primary responsibility for securing and governing their country."

But it established no timetables, or targets, for reducing the U.S. military commitment there.

The Democrats also pledged to rebuild the military, "eliminate" terrorist leader Osama bin Laden, improve domestic security, free America from reliance on foreign oil by 2020 and pressure Iraq's feuding political factions to reach consensus on a national unity government.

The agenda "will take America in a new direction, one that is tough and smart," Senate Minority Leader Harry Reid (D-Nev.) said.

The plan, dubbed Real Security, is part of a Democratic effort to clarify the party's message for voters before the November midterm elections by releasing a series of policy statements. Democrats previously issued a lobbying reform plan.

By focusing on national security policies before detailing their ideas on traditional party priorities such as healthcare or education, the Democrats signaled their desire to neutralize an issue that had been President Bush's core political strength since the Sept. 11 terrorist attacks.

But the Democratic plan provoked a coordinated flurry of counterattacks from leading Republicans.

In statements and interviews, GOP officials charged that Democrats had belied their tough talk by challenging Bush on some national security issues, including his approval of a domestic surveillance program that operates without obtaining court warrants.

"Their behavior has been totally inconsistent with what they're now promising they're going to do," Vice President Dick Cheney said in a radio interview.

The Democratic plan was released at a rally attended by dozens of the party's most prominent figures. Amplifying an increasing Democratic campaign theme, a series of speakers accused Bush of mismanaging the nation's defense and foreign policies.

"I have never seen such rank incompetence as we are seeing from the Bush administration," said Madeleine Albright, secretary of state under President Clinton.

The Democratic blueprint was released as Bush continued a heightened effort to shore up public support for his Iraqi policy.

Speaking at a Washington gathering sponsored by the Freedom House, a nonpartisan group that promotes democracy, Bush said the sectarian violence in Iraq was not the result of the U.S. invasion, but "is the legacy of Saddam Hussein."

The former Iraqi dictator, Bush argued, "exacerbated sectarian divisions to keep himself in power" and created the animosities fueling the bloodshed between Shiite and Sunni Muslims.

Though Democrats were spirited in their denunciations of Bush's record on national security, they offered limited insights into the actual policies they would pursue if returned to power.

The party document said Democrats would double the size of the military's special forces, pass legislation improving veterans' medical care and press to screen all cargo bound for the United States "in ships or airplanes at the point of origin."

On many other fronts, though, the Democratic plan emphasized aspiration over direction.

For instance, party leaders said they would make "the needed investments in equipment and manpower so that we can project power to protect America wherever and whenever necessary." But aides said the proposal did not commit Democrats to any specific increase in defense spending.

Along with its vow to eliminate Bin Laden, the plan said Democrats would "destroy terrorist networks like Al Qaeda, finish the job in Afghanistan and end the threat posed by the Taliban." But other than adding more special forces and improving America's intelligence capacity, the document offered no hints of what strategies the party might employ toward those ends.

Pelosi, Reid Push Security Agenda (WT)

By Brian Debose

The Washington Times, March 30, 2006

Democrats yesterday stood with representatives of firefighter, police and veterans groups in a rally in which party leaders outlined their national security agenda.

Congressional Democrats said their plan would help rebuild the military and National Guard, help fight terrorism, promote increased use of alternative fuels, and fully fund veterans benefits as well as training and equipment for first responders.

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"After five years of Republican incompetence, Americans have had enough," said Senate Minority Leader Harry Reid, Nevada Democrat.

Americans deserve "real security," said Mr. Reid, charging that Republicans have been dangerously incompetent on many security issues, such as the Iraq war, hurricane response, port security, and diplomacy with Iran and North Korea.

At the Capitol Hill rally, House Minority Leader Nancy Pelosi, California Democrat, said: "Democrats stand together to ensure unparalleled military strength, to defeat terrorism and stop the spread of weapons of mass destruction, to implement the recommendations of the 9/11 commission, and we intend to do it on the first day that we take over the Congress of the United States."

Republicans, who had been tipped off about the event more than a week ago, countered throughout the day that the Democrats' proposals amounted to nothing more than plagiarism and empty rhetoric.

The Washington Times reported in its March 18 editions that Democratic leaders planned to attack President Bush's national security policies at a series of press events -- appearing with active-duty military personnel, veterans and emergency responders -- during the St. Patrick's Day recess, culminating in a major policy rollout when Congress returned.

Democrats, however, accused Republicans yesterday of politicizing events.

"For years, Karl Rove's playbook of distortion and distraction have been well-known, but I thought it was interesting today that the president decided to change the time of his [Iraq policy] speech to coincide with our event, and I think that shows their real fear of our agenda," said Jim Manley, a spokesman for Mr. Reid.

Madeleine K. Albright, who served as secretary of state in the Clinton administration, was among the speakers at the Democratic rally.

"I have never seen such rank incompetence as I have seen now from the Bush administration," she said.

Mrs. Albright referred to a recent White House gathering of former secretaries of state at which she said she told Mr. Bush, "Things were not going well in the Middle East, we were worried about Russian regression, there are four times the number of nuclear weapons with North Korea, and Iran knocking at the door, and no one is looking at or talking about Africa and Latin America."

Democrats are said by top aides to be united in both houses of Congress around their election-year security agenda, planning to push it daily and offering agenda items as amendments to budget and homeland security bills.

One of the first tests will be an amendment to increase funding for the National Guard, adding back $244 million to recoup the estimated 17,000 troop slots cut in the current budget and return the total number to 350,000.

Democrats also said their plan would reduce the nation's 60 percent dependence on foreign oil by 2020, by shifting federal funding toward alternative fuels such as bio-diesel, "clean coal" and other technologies.

If Democrats win back the majority, they said, they would expand health care for active-duty troops, military retirees and veterans.

Republicans yesterday were dismissive of Democrats' rhetoric.

"I'm surprised that after months of searching for an agenda, Democrats have finally rallied around the Republican plan for success in the war on terror," said first-term Sen. Jim DeMint, South Carolina Republican.

A Clash Of Security Events (RC)

By Erin P. Billings And John Stanton

Roll Call, March 30, 2006

Democrats latest national security critique of the Bush administration was met with an unusually aggressive Republican response Wednesday, including a last-minute decision by President Bush to reschedule an Iraq policy speech so that it would begin just minutes before the planned Democratic rollout of their security agenda.

Democrats have been attempting to wrest the high ground on national security from Bush for most of the last year, making several unsuccessful gambits to focus the national debate on White House missteps in Iraq and on homeland security. But with the president's poll numbers sagging and public concern with homeland security heightened thanks to Hurricane Katrina and the scrapped Dubai Ports World deal, Democrats see a new window of political opportunity, Senate aides said. The difference

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from their previous failed efforts, Democrats believe, is that they have put together a policy of homeland security and military spending reforms that they can unify the party around.

"I don't know that we've had this kind of coordinated approach before," a Senate Democratic aide said, noting that Senate Minority Leader Harry Reid (D-Nev.) used three recent Caucus lunches to discuss Democrats' position on the issue and that he and House Minority Leader Nancy Pelosi (D-Calif.) have worked closely in developing their strategy.

The aide also said Democratic House Members and Senators are simply weary of being painted as weak and unpatriotic by Republicans, which has helped fuel efforts to strike a unifying theme. "I think they're tired of being accused of being weak and not having [strong] policies to protect the country," the aide said.

Congressional Democrats, along with national party officials and security experts, have been plotting the unveiling of the so called "Real Security" plan for months. It is the second plank in the party's rolling election-year agenda, designed to put on paper what Democrats would do if given the majority this November.

Although Bush had originally been scheduled to give his Iraq speech at 1:30 p.m. at a Capitol Hill hotel, it was announced Wednesday morning that the speech would start at 12:50 p.m. The timing change meant the speech would coincide with the 1 p.m. start time of the Democratic event at Union Station — just blocks from the hotel where Bush spoke.

Democrats interpreted the timing of Bush's speech as the clearest signal yet that they are putting the GOP on the defensive on an issue that has served as an electoral firewall for Republicans, and they argued it mirrored a favored 2004 campaign tactic of Bush adviser Karl Rove in which Bush would upstage Sen. John Kerry (D-Mass.) by holding an event in the same town either the same day as or just prior to a visit from Kerry.

At the event, Reid opened his speech with an acknowledgement of Bush's competing address on Iraq, saying "the president can give all the speeches he wants, but nothing will change the fact that his Iraq policy is wrong."

"Karl Rove's playbook of distortion and distraction is well known," a Senate Democratic leadership aide said Wednesday, arguing the move "demonstrates a concern they have about Democrats' united position on national security, and it shows they have real concern about where this debate is going."

Republicans rejected any conspiracy theory about the time change as a Democratic fantasy and insisted there is no concern within their party about their posture on national security. One GOP Senate aide said it was humorous that Democrats would actually think that Bush would rearrange his schedule to try to trump their event. "They are giving themselves way too much credit in the president's eyes," said a GOP Senate aide.

But at least one GOP aide, while dismissing out of hand any gains by Democrats on national security, acknowledged the time shift appeared to be a political move aimed at undercutting any shots Democrats would take on Bush.

Additionally, Republicans in the House and Senate wasted no time in launching an all-out assault on the plan. Individual Members, the GOP's campaign committees and the leadership teams in both chambers issued dozens of press releases and statements deriding the policy rollout. House Majority Leader John Boehner (R-Ohio) in a statement called the Union Station event a "media stunt" that would not "eclipse [Democrats'] record of obfuscation and neglect on national and border security," while the National Republican Senatorial Committee dismissed it as a "Keystone Dems" event.

Sen. Bob Menendez (D-N.J.) said Republicans "are overreacting to the fact that Democrats are striking a responsive chord with voters in showing that we are more aggressively, intellectually and successfully working to secure America."

Menendez said to back that up, the public doesn't need to look any further than the heat Democrats have put on the White House over its handling of Dubai Ports deal and the war in Iraq.

"The American people understand that — that's why [the Republicans] are overreacting," Menendez said.

But Republicans said Democrats shouldn't pat themselves on the back too quickly, noting that it is members of the minority who are seeking to censure President Bush for trying to keep the country safe while at the same time advocating a "cut and run" policy in Iraq.

"What you are seeing from the Democrats and what they are saying now is inconsistent," said Sen. John Cornyn (R-Texas). "They have a credibility gap."

Democrats Offer National Security Agenda (KRT)

DOJ_NMG_0023978

By Steven Thomma

Knight Ridder, March 29, 2006

WASHINGTON - Congressional Democrats unveiled a national security plan Wednesday that they hope will erase their most significant political vulnerability in a pivotal wartime election year - the belief that they're too weak to defend the country.

Their most dramatic promise: If they win control of Congress this fall, they'd vote on their first day in power to implement all the recommendations of the independent 9-11 commission. That would boost security at ports, airports, chemical and nuclear power plants, on mass transit systems and at the border, they said.

Their vaguest point: They lambasted Republicans for the Iraq war but offered no alternative beyond a promise of "responsible redeployment" of U.S. troops and a "significant" transition to full Iraqi sovereignty.

In a hint of the investigations they might launch if in power, the Democrats also promised to hold the Bush administration "accountable for its manipulated prewar intelligence, poor planning and contracting abuses" in Iraq.

One of their leading voices for pulling troops out of Iraq, Rep. John Murtha, D-Pa., attended the event, according to an aide, but wasn't visible on the platform, which was crowded with dozens of lawmakers, and didn't speak. Their most vocal critic of the war, Sen. Russ Feingold, D-Wis., wasn't in view either, and his office didn't respond to queries about whether he went.

The Democrats made their pitch as polls find they're closing the historic gap on the question of which party would better safeguard the country.

In a recent Gallup poll, 45 percent of adults said they trusted Republicans to defend them against terrorism, while 41 percent said they trusted Democrats. Four years ago, the margin for Republicans was 51 percent to 19 percent.

Much of the Democrats' gain could be attributed more to Republican problems - anger at the Iraq war and a proposal to turn over operations at some U.S. ports to a company controlled by the United Arab Emirates - than to Democratic stands.

But Democrats hoped to add to their side of the ledger with Wednesday's event. It was a campaign-style rally under a banner proclaiming, "Real Security," with congressional Democrats flanked by well-known Democratic voices on national security, including retired Army Gen. Wesley Clark and former Secretary of State Madeleine Albright.

Clark boasted that a U.S.-led war under Democratic President Bill Clinton saved more than a million Albanians from ethnic cleansing without the loss of a single American life. By contrast, he called the Iraq war "a strategic blunder." Albright accused the Bush administration of "rank incompetence."

Among the Democratic promises, many culled from earlier proposals:

-Screen 100 percent of the containers and cargo bound for the United States at their points of origin.

-Prevent outsourcing of critical work at ports, airports or mass transit to "foreign interests that put America at risk."

-Give more resources to police, firefighters and emergency medical technicians, who'd be the first to respond to terrorist attacks.

-Enact a new GI Bill of Rights to guarantee better pay, health care and other benefits for the military.

-"Eliminate" al-Qaida leader Osama bin Laden, destroy al-Qaida and "end the threat" of the Taliban in Afghanistan.

-Boost the National Guard and double the size of the military's Special Forces.

-Secure all the world's loose nuclear materials by 2010.

-Provide more armor and other protection to troops.

"We are uniting behind a national security agenda that is tough and smart, an agenda that will provide the real security President Bush has promised, but failed to deliver," said Senate Minority Leader Harry Reid, D-Nev.

In response, Vice President Dick Cheney told Fox News that the Democrats had no real plan to catch bin Laden and that their proposal for Iraq would amount to a retreat. He also said that their promise of a strong defense was contradicted by their past opposition to extending the Patriot Act.

"Their behavior has been totally inconsistent with what they're now promising they're going to do," Cheney said.

For more on the Democrats' security agenda: www.democrats.gov

Democrats Detail Security Policy (WP)

By Chris Cillizza And Dan Balz

DOJ_NMG_0023979

The Washington Post, March 30, 2006

Emboldened by President Bush's declining approval ratings, Democrats unveiled a national security platform yesterday for the midterm elections that stresses renewed focus on capturing Osama bin Laden, reducing the U.S. presence in Iraq and stepped up protection at home.

The new strategy, which comes after months of deliberations and several false starts, aims to neutralize the advantage Republicans have held on national security and terrorism issues, that Democrats acknowledge were critical in the GOP's midterm gains in 2002 and in Bush's reelection victory over Sen. John F. Kerry (D-Mass.) in 2004.

Flanked by former secretary of state Madeleine K. Albright and retired Army Gen. Wesley K. Clark, Senate Minority Leader Harry M. Reid and House Minority Leader Nancy Pelosi vowed that Democrats could do a better job of defending the country than the administration has done since the Sept. 11, 2001, attacks.

Declaring that the administration's "dangerous incompetence has made America less safe," Reid said, "We are uniting behind a national security agenda that is tough and smart, an agenda that will provide the real security President Bush has promised, but failed to deliver."

Republicans immediately attacked the Democratic plan, with Vice President Cheney arguing that Democrats' "behavior has been totally inconsistent with what they're now promising they're going to do."

Many of the items in the Democratic statement echo themes Kerry advanced in the 2004 presidential campaign, but party strategists believe that they are now in position to capitalize on public disenchantment with the war in Iraq and with declining confidence in Bush as a wartime leader.

Among the proposals in the "Real Security" plan: eliminate bin Laden and his al-Qaeda terrorist network, implement in full the recommendations of the Sept. 11 commission, and work to make 2006 a year of "significant transition" in Iraq.

On terrorism, the Democrats call for doubling the size of U.S. Special Forces and eliminating terrorist breeding grounds by "combating the economic, social and political conditions that allow extremism to thrive."

Democrats have been badly divided over Iraq. The new strategy urges Iraqis to assume responsibility for their own security, recommends "responsible redeployment" of U.S. forces without specifying a timetable and blames the administration for poor planning and manipulating prewar intelligence.

The statement contains language -- voiced by Pelosi, Reid and others yesterday -- that the Democrats' security agenda will be both "tough and smart" in contrast to the "dangerous incompetence" the Bush administration has shown -- language that has been tested by the Democrats in anticipation of the fall campaign.

Albright decried the Bush administration's "rank incompetence" on such issues as the Iraq war and the aftermath of Hurricane Katrina. Albright called for a security plan based on "facts not fantasy."

A series of national polls released in recent days have shown Democrats making up ground on Republicans when voters are asked which party they trust to better deal with issues of terrorism and homeland security.

A CNN/USA Today/Gallup poll showed Republicans with just a four percentage-point edge over Democrats on which party would deal better with terrorism, a serious slip from just last fall when Republicans held an 11-point bulge in the same survey.

Democrats have polled extensively on national security, testing various possible messages for the fall, and found that the more emphasis put on securing the homeland, the more voters respond. According to one poll taken for the Democratic National Committee, nearly three-quarters of those surveyed responded positively to such a message, rather than a message that emphasized taking the fight to the terrorists and staying the course in Iraq.

Democrats Offer National Security Strategy (AP)

By Liz Sidoti

The Associated Press, March 29, 2006

Democrats on Wednesday proposed a wide-ranging strategy for protecting Americans at home and abroad, an election-year effort aimed at changing public perception that Republicans are stronger on national security. Republicans, for their part, criticized the national security policy statement as a stunt.

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"We are uniting behind a national security agenda that is tough and smart, an agenda that will provide the real security President Bush has promised, but failed to deliver," Senate Minority Leader Harry Reid, D-Nev., said.

His counterpart in the House, Rep. Nancy Pelosi (news, bio, voting record), D-Calif., said Democrats were providing a fresh strategy — "one that is strong and smart, which understands the challenges America faces in a post 9/11 world, and one that demonstrates that Democrats are the party of real national security."

They spoke at a news conference at Union Station, near the Capitol, in front of banners reading "Real Security." They were flanked by some of the Democratic Party's top authorities on national security, including retired Gen. Wesley Clark and former Secretary of State Madeleine Albright.

In the strategy, Democrats vowed to provide U.S. agents with the resources to "eliminate" Osama bin Laden and ensure a "responsible redeployment of U.S. forces" from Iraq in 2006. They promised to rebuild the military, eliminate the United States' dependence on foreign oil by 2020 and implement the recommendations of the Sept. 11 commission. Those are many of the same proposals Democrats have offered before.

Republicans refused to let Democrats portray themselves as stronger than them on the GOP's signature issue.

"Their behavior has been totally inconsistent with what they're now promising to do," said Vice President Dick Cheney. Interviewed on Fox News' "Tony Snow Show," Cheney said he did not believe Democrats had a credible plan for tracking down bin Laden and that their plan to move U.S. forces out of Iraq this year "would be a strategic retreat."

"It makes no sense at all to turn Iraq over to the terrorists," Cheney said. "We can succeed in Iraq, we can complete the mission."

Indeed, the Democratic statement lacks specific details of a plan to capture bin Laden, the al-Qaida chief who has evaded U.S. forces in the more than four years since the Sept. 11, 2001, terrorist attacks. But Democrats suggest they will double the number of special forces and add more spies to increase the chances of finding al-Qaida's elusive leader.

Democrats also do not set a deadline for when all of the 132,000 American troops now in Iraq should be withdrawn.

They say: "We will ensure 2006 is a year of significant transition to full Iraqi sovereignty, with the Iraqis assuming primary responsibility for security and governing their country and with the responsible redeployment of U.S. forces."

The latest in a series of party policy statements for 2006, the Democrats' national security platform comes seven months before voters decide who will control the House and Senate.

Bush's job approval ratings are in the mid- to high-30s, and Democrats consistently have about a 10 percentage point lead over Republicans when people are asked who they want to see in control of Congress.

With the public skeptical of the Iraq war and Republicans and Democrats alike questioning Bush's war policies, Democrats aim to force Republicans to distance themselves from the president on Iraq and national security or rubber-stamp what Democrats contend is a failed policy.

Democratic strategists say their polling shows Democrats leading in all other areas — such as the economy, health care, education and retirement security — and having closed a gap in polls with Republicans on national security.

For months, House and Senate Democrats have tried to craft a comprehensive position on national security, but they have splintered, primarily over Iraq.

Republicans have sought to use that division to their own political advantage, claiming that Democrats simply attack the president and his fellow Republicans without presenting proposals of their own.

House GOP Leaders To Hear Suburban Agenda (RC)

By Ben Pershing

Roll Call, March 30, 2006

As House Republicans continue work on crafting a broad party-wide vision statement to guide them through the rest of this year and beyond, a smaller group of GOP lawmakers from across the political spectrum will meet with the leadership today to present their "suburban agenda."

A coalition of close to 40 Republican Members have come together since the beginning of this year to form an informal suburban caucus, and roughly 20 of those lawmakers will sit down with Speaker Dennis Hastert (R-Ill.) and House Majority

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Leader John Boehner (R-Ohio) to present a list of legislative priorities in their suburban districts, many of which are among the most competitive in the country.

Illinois Rep. Mark Kirk (R-Ill.) and his fellow suburban lawmakers have been working on this project for several months, but they only now have whittled their proposals down to a specific set of legislative items that they believe will help align the House GOP with the desires of crucial suburban voters.

"At this point, we're in a legislative policy mode," Kirk said Wednesday. "We're working on the subject areas the American people care about."

In addition to Kirk, GOP Reps. Jon Porter (Nev.), Pete Sessions (Texas), Tom Price (Ga.) and Michael Fitzpatrick (Pa.) have all played prominent roles in the effort. Other contributors include Republican Reps. Tom Reynolds (N.Y.), Dave Reichert (Wash.), Mike Castle (Del.) and Jim Gerlach (Pa.).

Gerlach and Fitzpatrick are major Democratic targets this election cycle, and Reichert could become one.

Kirk said the response to their work so far from the leadership has been good. "We've done a lot of work with leadership staff. Now we're working on specific Members and specific bills and beginning to talk about how to move them through the committee process," he said.

The list of proposals they will present to Hastert and Boehner today include a bill by Porter to strengthen background checks for teachers and a savings plan authored by Rep. Clay Shaw (R-Fla.) dubbed "401Kids" that would allow parents to save money for their children tax-free from birth. Other ideas include tort reform for the Superfund and expanding health care portability.

While those lawmakers craft their suburban agenda, Boehner is still busy cobbling together a broader "vision statement" for the House GOP.

Boehner already has released a floor calendar through the end of June and a set of four general themes — prosperity, security, health care and fiscal discipline — the party will use as guideposts for its agenda. But he said Tuesday that the leadership was still working on "the actual vision statement itself."

To that end, Boehner has been meeting with an informal "vision task force" of eight to 10 Republican lawmakers in hopes of reaching a common plan. The group is not toiling under a set time frame, and Boehner has not said when he expects the work to be completed.

For Sale, Foreshadowing? (RC)

By Mary Ann Akers

Roll Call, March 30, 2006

His office says not to read anything into it, but Rep. William Jefferson (D-La.), who is under federal investigation, has put his house on Capitol Hill up for sale.

His three-bedroom home in the 1300 block of F Street Northeast, has a price tag of $799,000. A source knowledgeable about the property told HOH he was under the impression the Congressman was leaving the area.

Asked whether the "for sale" sign meant Jefferson was planning to leave town, the source said, "Yes, I think that's the deal."

Jefferson aides insist he's going nowhere, despite an ongoing criminal probe that has ensnared one of his former aides, Brett Pfeffer, who has pleaded guilty to two felony charges, including aiding and abetting the solicitation of bribes.

Jefferson's attorney, Ronald Machen,

didn't return phone and e-mail messages, but Melanie Roussell, the Congressman's spokeswoman, said Jefferson's decision to sell his Washington, D.C., home has nothing to do with his legal standing and that he's not leaving Washington.

"I do not comment on the investigation. This has nothing to do with anything relating to that," she said, adding, "He is running for re-election."

Roussell explained that the housing market "has gone flat and is expected to decline" and that the Congressman's house has "seen a large appreciation," so now is the time to sell.

Jefferson is looking to buy "less expensive property," she said, reiterating that he fully intends to run for another term.

He isn't sure yet where he'll buy. "If anyone knows of any affordable properties, let us know," Roussell joked.

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Mother Knows Best. Rep. Rob Simmons (R-Conn.) sure wishes he had listened to Mom's sage "chew your food!" advice. He nearly choked to death last week when he swallowed a too-big piece of steak at a fundraiser and wound up in the hospital, where doctors removed a 4-inch piece of meat from his throat.

Simmons was just about to address a luncheon gathering at the Mohegan Sun casino and resort in his district when he realized he was choking. He took a sip of water to force the meat down, but it didn't work. "The water filled up and covered my lungs ... I was suffocating," Simmons told HOH.

His training as a former Army intelligence officer and CIA ops agent paid off: he remained cool and — though he was choking — excused himself from the table, covered his mouth with a napkin and nonchalantly strolled to the kitchen.

He said he stood in the kitchen for about 10 minutes trying to dislodge the errant meat, then he heard the host telling the crowd that the Congressman had to leave. Of all things at that moment, Simmons felt guilty.

"I washed my face, tidied up, went back in ... gave a 10-minute speech to the group, posed for photos, then left," he said. He got through the speech by expectorating into a Kleenex "because I couldn't swallow," he said.

Being a man — an admittedly stubborn one — the Connecticut lawmaker insisted on driving himself (of course, just as anyone choking and unable to breathe would) to the hospital. The closest option was a convenience care facility, where he was put on an IV and medication to try to relax his esophagus. It didn't work.

After an hour, officials at the convenience care facility wanted to rush him to Lawrence & Memorial Hospital by ambulance. But Simmons refused. His wife, Heidi, who had met him at the convenience care center, drove him instead.

Once there, Simmons said he was rushed into the operating room and anesthetized for what would be an hour-long operation during which doctors "pulled out an approximately 4-inch-long piece of meat."

Other than being a little shaken, Simmons is doing fine. He's taking medication to repair his esophagus, which was damaged from the coughing and gagging in his struggle with the beef.

"These days," Simmons says, "I'm cutting my meat very small."

Burns, Bush and the Bard. President Bush and Sen. Conrad Burns (R-Mont.) seem to have some unusual terms of endearment for each other. On Monday, Bush hosted a campaign fundraiser at the Madison Hotel in downtown D.C. for the Senator. In addition to allowing anyone who raised more than $10,000 for the event to pose with him for a picture, the president also had a few quips about Burns.

"I kind of like being on the same platform as Sen. Burns because he makes me sound like Shakespeare," Bush said.

This comment comes only a month after Burns called the president stubborn and said Bush has a skull of "solid granite" at the Hill County Republican Party's annual Lincoln Day dinner.

But Burns' communications specialist explained that he was showing Bush a little love with the comment.

"He says the same thing about his son," Burns' spokesman Matt Mackowiak said. "It's a little joke he likes to use."

Place Your Bets! Forget the bookies in Las Vegas. The important wagers on the NCAA Men's Basketball Tournament are being placed on Capitol Hill.

Rep. Tom Davis (R-Va.) has so much faith that the underdog George Mason University Patriots will win their semifinal matchup against the University of Florida on Saturday that he's putting up a basket full of Northern Virginia-produced M&Ms, Snickers bars and Twix candies. Apparently not one to shy away from a bet, Rep. Cliff Stearns (R-Fla.) is confident enough that his home district's Florida Gators will dominate that he's putting up a case of Gatorade (which was, of course, developed at UF).

And both Members managed to trash talk a little bit during a press event Wednesday.

"The Gators are a young team, and I think they have a great future next year," Davis said, sporting a snazzy George Mason baseball cap.

Davis called the Patriots the modern-day version of "Hoosiers," the small-town Indiana high school team who made it to the state finals in 1954 and was immortalized on film. It's no coincidence, Davis said, that this year's final four will be played in Indianapolis.

Stearns did not appear intimidated, pointing out that the Gators have a spectacular lineup this season and a record of winning as underdogs as well, including their recent victory against No. 1 seed Villanova.

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Plus, Stearns said, while the Patriots will be filling up on their home state's unhealthy candy, the Gators will be powering up with a drink that has "integrity."

"What we are going to see here on Saturday is another win," Stearns said of the Gators.

Ga. Congresswoman In Scuffle With Police (AP-Y2)

By Laurie Kellman

AP2, March 29, 2006

Rep. Cynthia McKinney and a police officer scuffled Wednesday after the Georgia Democrat entered a House office building unrecognized and refused to stop when asked, according to U.S. Capitol Police.

McKinney, a sixth-term congresswoman who represents suburban Atlanta, struck the officer according to one account, a police official said, adding there were conflicting accounts. The officer, who was not authorized to speak publicly about the incident, spoke only on condition of anonymity.

No charges were filed, police said.

Officials in McKinney's office refused two requests for comment.

Capitol Police spokeswoman Sgt. Kimberly Schneider said only that senior officials have been made aware of the incident and are investigating.

Members of Congress do not have to walk through metal detectors as they enter buildings on the Capitol complex. They wear lapel pins identifying them as members.

McKinney routinely doesn't wear her pin and is recognized by many officers, the police official said, adding that she wasn't wearing it when she entered a House office building early Wednesday.

By one police account, she walked around a metal detector and an officer asked her several times to stop. When she did not, the officer tried to stop her, and she then struck the officer, according to that account.

McKinney was defeated in 2002 after she implied on a talk radio program that the Bush administration might have had advance notice of the Sept. 11, 2001, terrorist attacks. She won back the seat two years later with 64 percent of the vote.

Republicans circulated an e-mail noting that McKinney's party the same day announced an election-year "affirmation" of their commitment to shoring up the nation's security.

"On a day when the Democrats unveil their national security agenda, it's probably not a good idea to allegedly strike a police officer," said Ron Bonjean, spokesman for House Speaker Dennis Hastert, R-Ill.

McKinney In Fracas With Officer (HILL)

By Josephine Hearn And Jonathan E. Kaplan

The Hill, March 30, 2006

A U.S. Capitol Police officer is considering filing assault charges against Rep. Cynthia McKinney (D-Ga.) following an altercation yesterday in which she allegedly hit him after he asked to see identification, according to a source familiar with the incident.

The incident occurred at approximately 8:50 yesterday morning at the New Jersey Avenue and C Street entrance to the Longworth Building. As McKinney was entering the building, the officer stopped her and asked for identification. McKinney allegedly hit him before identifying herself as a member of Congress and walking away, the source said.

McKinney's office would not comment on the incident yesterday afternoon.

Sgt. Kimberly Schneider, spokeswoman for the Capitol Police, was unable to confirm the details of the account, saying, "The matter has been brought to our attention and is currently under investigation."

Members of the House do not typically display their congressional ID cards around the Capitol complex, as staff do, but many wear the official lapel pin for the 109th Congress. It was not known whether McKinney was displaying the pin yesterday.

With or without the pin, many Congress members pass through security with merely a nod or hello to security officers. They are not required to pass through metal detectors.

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Capitol Hill publication Hotline reported a witness's account on its blog. According to the blog, the witness recounted that the officer pursued McKinney after she failed to pass through the metal detector. As the officer took McKinney by the arm, she swung around and punched him in the chest while still holding on to her cell phone.

The incident is likely to have been caught on videotape, since all Capitol Hill entrances are monitored by cameras.

Republicans wasted no time pouncing on the events. National Republican Congressional Committee spokesman Carl Forti tied the altercation to Democrats' unveiling of their security agenda yesterday.

"Today's ironic one-two punch from national Democrats trying to look tough on security finds Cynthia McKinney attacking a member of the law-enforcement community," he said. "When we said Democrats were all talk and no action on security, we did not mean to provoke them to take matters into their own cell-phone-clutching hands."

The incident yesterday was uncannily reminiscent of a scene in a recent documentary about McKinney, a member of the Congressional Black Caucus. Filmmaker Ian Inaba followed her around Capitol Hill for "American Blackout," about African-American voting rights and McKinney's 2002 reelection bid.

In one scene, McKinney is walking into the House side of the Capitol with Inaba when a white Capitol Police officer stops her. McKinney informs him that she is a congresswoman, prompting an immediate apology.

She then told the filmmaker that she is often challenged when entering the Capitol.

The documentary debuted at the Sundance Film Festival in January.

First elected in 1992, McKinney, 51, has a history of lashing out at government security guards:

• In 1993, after she complained about being stopped by security guards, Capitol Police posted a photo of her on an office wall so that officers could remember who she was.

• In 1995, McKinney reportedly contacted the sergeant at arms after a white Capitol Police officer asked her to consent to a security check.

• In 1996 and 1998, she complained that White House security officials failed to recognize her and did not give her the same treatment as other members of Congress, at one time mistaking her 23-year-old white aide for the congresswoman.

"I am absolutely sick and tired of having to have my appearance at the White House validated by white people," she said at the time.

Those comments and others have earned McKinney a reputation as one of the most outspoken and controversial members of Congress.

Shortly after Sept. 11, McKinney apologized to a member of the Saudi royal family after New York's then-mayor, Rudy Giuliani, rejected the family's $10 million contribution to recovery efforts on the grounds that the Saudis had said the attacks had been provoked by U.S. support of Israel.

Later, McKinney argued that President Bush may have ignored warnings of the impending attacks to buoy defense stocks.

McKinney drew a challenger in her 2002 primary, African-American Judge Denise Majette. The race focused on Middle East issues, juxtaposing McKinney's sympathies with Arab causes with Majette's support from Jewish groups.

Majette won with a 16 percent margin, a rare and embarrassing defeat for an incumbent.

Majette later ran unsuccessfully for the Senate, and McKinney won back her old seat. When she returned to the House, Democratic Leader Nancy Pelosi (Calif.) broke with tradition and denied her the seniority her previous service would have allowed her in committee rankings.

McKinney Said To Strike Officer (RC)

By Elizabeth Brotherton

Roll Call, March 30, 2006

A senior Capitol Police official said charges were not likely to be filed against Rep. Cynthia McKinney (D-Ga.) after she allegedly struck a Capitol Police officer in the chest with her mobile phone Wednesday.

The altercation between the officer and McKinney took place when the officer asked her to go through the magnetometer at a security checkpoint.

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Members are not required to pass through magnetometers, but, according to the police source, the officer did not recognize McKinney, who apparently was sporting a different hairstyle than she usually does.

Details of the event were still unclear at press time, but according to the source, the unidentified officer asked McKinney to go through the magnetometer at one of the House Office Buildings "a couple times," but she refused.

The officer then grabbed McKinney's arm and restrained her, which prompted her to yell: "Don't touch me." McKinney then hit the officer in the chest with her phone, the source said.

It was unclear if McKinney had on her Congressional lapel pin, which is one method that officers use to identify Members.

"She certainly can be charged over this, but I don't know it warrants that action," the source said.

Sources on both sides of the aisle confirmed that the officer involved had met with outgoing Capitol Police Chief Terrance Gainer and House Sergeant-at-Arms Bill Livingood afterwards to discuss the incident.

McKinney, who has been a lightning rod for controversy in her tenure on Capitol Hill, had no comment as Roll Call went to press Wednesday.

The Capitol Police remained officially mum about the incident.

"The matter has been brought to our attention and is currently under investigation," said Sgt. Kimberly Schneider, the agency's public information officer. "I don't have any specific information."

Rumors about the incident rapidly spread via e-mail across Capitol Hill Wednesday, as staffers on both the House and Senate side traded gossip about the incident.

Republicans had a field day.

The National Republican Congressional Committee pointed out that the incident occurred on a day when Democrats unveiled their agenda on national security.

"Today's ironic one-two punch from National Democrats trying to look tough on security finds Cynthia McKinney attacking a member of the law enforcement community," NRCC Director Carl Forti said in a statement. "When we said Democrats were all talk and no action on security, we did not mean to provoke them to take matters into their own cell phone-clutching hands."

Sean Spicer, communications director for the House Republican Conference, echoed Forti's sentiments.

"It is just ironic that on a day that they were trying to gather for a media stunt on the issue of security, one of their Members struck a Capitol police officer, who puts his life on the line every day to secure this building, Members and staff," Spicer said. "I don't care what day of the week it is, you don't ever treat a law enforcement officer with that type of treatment."

The senior police source said that while Wednesday's event was unfortunate, the issue had basically been settled.

"This is an incident that shouldn't have happened," the source said. "She shouldn't have behaved that way, and the officer was absolutely correct in his actions. But I don't think we need to spend much more time on it — I think she recognizes what she did was wrong."

The Reliable Source (WP)

By Amy Argetsinger And Roxanne Roberts

The Washington Post, March 30, 2006

Not being recognized is apparently something of an issue for Rep. Cynthia McKinney , as a Capitol Police officer discovered yesterday.

In 1998, the outspoken Georgia Democrat wrote a scathing letter to President Bill Clinton accusing White House guards of racism after they failed to recognize her when she arrived for an event. For years, the Hill newspaper reported in 2002, Capitol Police kept a photo of her posted in a basement office to warn security officers against committing any other such embarrassment.

Maybe it's time to change the photo. The police department is investigating a bizarre scuffle yesterday morning between McKinney and an officer who tried to stop her at a congressional office building checkpoint after apparently failing to realize she was a member of Congress.

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McKinney allegedly "stabbed" the officer with her cellphone when he grabbed her, said a police source who requested anonymity because the investigation had just begun; the officer, whom the source did not identify, is considering whether to file criminal charges. The source said the officer was not seriously injured.

In a statement issued last night, McKinney said she regretted the "unfortunate confrontation."

"I know that Capitol Hill Police are securing our safety, that of thousands of others, and I appreciate the work that they do. I deeply regret that the incident occurred," McKinney said.

How on earth did this all come to pass? Could it be the officer didn't recognize her after her recent makeover? The 51-year-old recently ditched her trademark braids for a softer, full-bodied do that started turning heads around her suburban Georgia district in January.

"I was urgently trying to get to an important meeting on time to fulfill my obligations to my constituents," McKinney said in the statement. "Unfortunately, the Police Officer did not recognize me as a Member of Congress and a confrontation ensued. I did not have on my Congressional pin but showed the Police Officer my Congressional ID."

The office of House Sergeant at Arms Bill Livingood , which oversees security, referred questions to the Capitol Police. Police spokeswoman Sgt. Kimberly Schneider would say only that "the matter has been brought to our attention, and it's currently under investigation."

Some Republicans, though, were more than happy to comment. Sean Spicer , a spokesman for the House GOP leadership, sent out a mass e-mail chortling over the irony of the incident happening on the same day the Democrats unveiled their national security agenda. "Not exactly a show of support for law enforcement," he wrote.My Team Can Kick Your Team's . . .

Once, political sports bets involved good stuff: bushels of lobsters, thick steaks, maybe a fine wine or two. Now, we're down to Gatorade and vending-machine candy.

With their teams in the NCAA Final Four, Rep. Tom Davis (R-Va.), who represents George Mason University's district, and Rep. Cliff Stearns, a Republican from University of Florida territory, wanted in on some action. Davis put up a basket of Mars candies -- Milky Way Minis, Snicker Minis Mix, Twix Minis, Peanut M&Ms, etc. -- because the Mars family is based in Northern Virginia. Stearns put up a case of the power drink because it was developed at the college.

Davis (born in North Dakota, grew up in Fairfax County) is headed to Indianapolis for Saturday's game; Stearns (born in Washington, graduated from Woodrow Wilson High School and George Washington University) will miss the semifinals but has tickets for Monday's championship game. As if.NYC on $35K a Week

Movie star Julia Roberts is taking a huge pay cut to be part of the the-ah-ter . The Oscar-winning actress made her Broadway debut Tuesday night in the family drama "Three Days of Rain" for a reported $35,000 a week instead of the $20 million she makes per movie. A lesser star could not have gotten away with her first-night blooper: Roberts broke character and cracked up when a plastic prop tomato accidentally bounced across the stage, according to wire reports.

This is the first big part for Roberts, 38, since giving birth to twins Phinnaeus and Hazel, now 16 months old . The preview audience at the Bernard B. Jacobs Theatre greeted her with huge applause; the critics weigh in when the play officially opens April 19.

"Obviously, Jack got off track in his business dealings, wrapped up in an extreme spirit of competition and disregard for 'the rules,' which may be the natural tendency of all real Jeffersonian liberals."

-- former Young Republicans chairman David Barron in one of 262 letters to U.S. District Judge Paul C. Huck asking for mercy in Jack Abramoff's sentencing yesterday.NYC on $35K a Week

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Senate GOP Fears Frist's Ambitions Split Party (WP)

By Charles Babington

The Washington Post, March 30, 2006

By pushing his way to the front of the volatile debate over immigration, Senate Majority Leader Bill Frist has reignited complaints that his presidential ambitions conflict with his leadership duties at times and put him at odds with his GOP caucus.

Frist (R-Tenn.) pointedly told the Judiciary Committee on March 16 that unless it produced a comprehensive bill by Monday, he would send his own proposal to the Senate floor. The committee worked overtime to comply, but Frist still arranged for his bill -- which places more emphasis on border security -- to draw several hours of debate before yielding to the committee measure as the vehicle for amendments and votes, which will start today.

Frist's tactics rankled some GOP colleagues who wanted more time to talk through the divisive questions of illegal immigrants, border fences, guest-worker options and other matters.

"We should have had a much more ambitious process of trying to build consensus and bringing people and different views together before we engaged in debate on the Senate floor," Sen. Olympia J. Snowe (R-Maine) said in an interview. "As majority leader you can't be single-minded. You've got to deal with a confluence of challenges and priorities, on behalf of the president, on behalf of the overall party and on behalf of the institution."

Frist's supporters say he balances his dual roles fairly and does not put his presidential ambitions ahead of his 55-member caucus's best interests. But some close observers in the Senate and elsewhere see a pattern in which he repeatedly veers right on contentious issues, which could boost his chances in a GOP presidential primary likely to include more centrist Republicans such as Sen. John McCain (Ariz.) and Massachusetts Gov. Mitt Romney.

The immigration issue "is one in which his mark is designed to appeal to the party base," said congressional scholar Ross Baker of Rutgers University. "His caucus is elsewhere. There are a number of Republicans who favor some kind of guest-worker program," which Frist's bill lacks.

Frist did not unduly rush the Judiciary Committee, said his spokesman Bob Stevenson, and the senator's emphasis on tightening borders is in line with many colleagues' wishes. Frist wants to "initiate the debate from a platform of consensus . . . and move from there," Stevenson said.

Others say immigration is far from the only area in which Frist, a heart-lung surgeon, has either stumbled or angered colleagues in his three years as majority leader. A year ago he told the Senate that brain-damaged Floridian Terri Schiavo was not in a "persistent vegetative state," a declaration that pleased right-to-life activists but did not comport with autopsy results. When a Dubai company's proposed control of U.S. port operations prompted controversy, Frist initially called for a 45-day study but soon broke with President Bush's support for the deal.

"So much of what he has done, including Schiavo, the ports deal and now this [immigration], are clearly aimed at the Republican primary," Baker said.

Frist's GOP colleagues agree that his presidential hopes make his leadership job much more complicated, but some say he does not always act in his own best interest.

"I think that he's learning -- as he goes about trying to pursue a White House bid and continue to manage the day-to-day operations of the Senate -- that it's a great challenge," Sen. John Thune (R-S.D.) said. "As the leader of the agenda, he probably has to take positions and advocate things that are very much contrary to what he would do if he were just purely a candidate for the White House. . . . It's a very delicate and difficult tightrope to walk."

Asked if the Schiavo episode -- in which Frist announced his conclusions after viewing a home video of the severely handicapped woman -- was an example of a high-wire slip, Thune said: "Well, sure. You look at that, and there's a full range of issues where trying to get 51 votes in the Senate -- or in some cases 60 votes in the Senate -- probably puts you at some odds

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with the national constituency of some sort. And I think this immigration reform issue is a good case in point. It is extremely challenging to try to craft a position that would be helpful in a Republican primary and then to deal with getting 51 votes for that position here."

Another Republican senator, who would speak only on background to avoid a clash with the leader, was more pointed. "The immigration issue is poorly handled. He's obviously playing primary politics."

Sen. Lindsey O. Graham (R-S.C.), who backs the immigration bill that emerged from the Judiciary Committee, said he would have preferred that the Senate launch the immigration debate discussing the committee's bill rather than Frist's more conservative plan. "I think his legislative fix is wrong," Graham said, because it does not address guest-worker issues.

But Sen. George Allen (R-Va.), a likely rival for the GOP presidential nomination, said Frist's maneuvering on immigration "doesn't bother me at all. I want to see action."

Frist Says Job Bad Spot To Seek Presidency (AP-Y2)

By Nancy Zuckerbrod

AP2, March 29, 2006

Senate Majority Leader Bill Frist says his high-profile job is a "terrible, terrible, terrible, terrible" post for seeking the 2008 Republican presidential nomination.

Making it clear that a White House bid is all but certain, Frist said in an interview with The Associated Press that remaining in the Senate would make a presidential run impossible. Frist plans to step down when his second term ends this year.

"I know the perch not to even consider," he said. "That would be, for me, the United States Senate or being majority leader." Asked if trying to run a campaign from such a position would be difficult, he replied: "Terrible, terrible, terrible, terrible."

One of possibly a dozen Republicans interested in the GOP nomination, Frist said in the interview late Tuesday that once out of the Senate, "you'll see, as you do now, the real Bill Frist but unencumbered by having responsibilities of leading this body, which results in negotiated positions."

The last senator to succeed in his presidential bid was John F. Kennedy in 1960. Another Massachusetts senator, John Kerry, lost to President Bush in 2004, hampered in part by an extensive Senate voting record that opponents used against him.

In 1996, Senate Majority Leader Bob Dole of Kansas realized that trying to pursue the White House as the Republican nominee from the Senate's top job would be an obstacle. He resigned in June and lost to President Clinton five months later.

Frist, a heart and lung surgeon, was the White House's choice for majority leader after the undoing of Sen. Trent Lott (news, bio, voting record), R-Miss., whose favorable comments about Strom Thurmond's segregationist past cost him the leadership post in 2002.

Frist has made the customary trips of a presidential candidate, traveling to New Hampshire and Iowa. He further demonstrated his determination to be a contender earlier this month when he bused dozens of supporters to the Southern Republican Leadership Conference in Memphis and emerged as the winner of a straw poll of possible GOP candidates.

Frist still faces political and possibly legal obstacles.

He is under investigation for possible insider trading by federal authorities following his sale last year of stock in the hospital chain HCA Inc., which his family founded. Frist has said he did nothing wrong.

He acknowledged that he needs to improve his speaking skills, particularly in a campaign.

"I will have to really work hard on it," Frist said. "As a surgeon, I did my best work when people were sound asleep, cutting out their hearts, putting new hearts in. And now what I need to do, everybody says, is do your best work and not put people to sleep. That's what I'll work on."

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On the Net:

Frist's office: http://frist.senate.gov/

OTHER NEWS:

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Nasdaq Ready To Rumble Ahead (USAT)

By Matt Krantz

USA Today, March 30, 2006

A major missing piece of the 2006 stock rally has finally fallen into place.

The Nasdaq composite has been strangely absent from the rally the past few weeks as the Dow Jones industrials and Standard & Poor's 500 set multiple 2006 highs.

But that changed Wednesday, when the tech-packed Nasdaq powered up 33.32 points, or 1.4%, to 2337.78 for its highest close in more than five years. Not only did the percentage gain Wednesday trounce the Dow's 0.5% gain and the Standard & Poor's 500's 0.7% rise, but it put the Nasdaq up 6% this year with two days left in the first quarter. In comparison, the S&P is only up 4.4% in 2006, and the Dow 4.6%.

Followers of tech are relieved the Nasdaq is finally reviving. “It's about time,” says Kevin Landis, portfolio manager at Firsthand Funds.

Tech stocks finally joining in the 2006 breakout show that investors have confidence about the economy and Corporate America's willingness to spend on upgrades and tech projects, says Christopher McHugh, portfolio manager at Turner Investment Partners. This recent tech rally, though, is selective and mostly involves:

•Smaller companies. Look at the 20.6% decline of Intel, 1.6% gain of Dell and 3.3% gain in 2006 of Microsoft, and it's clear the big gains aren't coming from big companies. It's even more clear if you consider that the Nasdaq 100 index, which includes the 100 largest non-financial Nasdaq companies, is up just 3.7% this year, well below the Nasdaq's overall gain.

The reason? Small-cap outperformance, says Michelle Clayman, managing partner of New Amsterdam Partners. She points out the Russell 2000 index, which measures small-cap stocks, is up 13.5% this year, and Wednesday set a record. There was a big exception Wednesday, however, when Google's $17.78 gain to $394.98 helped push the Nasdaq above its 2006 high.

•Telecom. One of the notable recoveries has been among companies involved in telecommunications, especially those making semiconductors used in telecom gear, says Chuck Stutenroth, portfolio manager at ZAR Fund Group. PMC-Sierra, a maker of telecom chips, is up 61% this year, for instance.

Some of these victories might seem small consolation for investors who have been aboard for the ride since the Nasdaq peaked at 5048.62 on March 10, 2000.

“The jury is still out with people who have gotten hurt,” McHugh says.

Clawing back to that peak is a tall order and would require the Nasdaq to gain 8% a year for 10 years. But Charlie Crane, strategist at Scotsman Capital, says the tech rally is on solid ground and can do it. Crane says he's willing to predict the Nasdaq will get back to its peak, “but give me a decade.”

Investors Transcend Fed (WSJ)

By Scott Patterson

The Wall Street Journal, March 30, 2006

What Fed?

Stocks shrugged off Tuesday's interest-rate increase like yesterday's bad news, led by a powerful rally in the technology sector that lifted the Nasdaq Composite Index to a five year high.

Shares of Maytag surged 28% in the final minutes of trading Wednesday after the Justice Department approved Whirlpool's $1.79 billion acquisition of the home-appliance maker. Whirlpool's shares gained 1%.

Traders were scratching their heads over what sparked the rally, other than a bounce from yesterday's Federal Reserve-induced plunge. "Sometimes a rubber band gets stretched too far in one direction, and then it snaps back," said Barry Ritholtz, chief market strategist at Ritholtz Capital Partners.

"The market just feels like it has a bid under it," said Kevin Kruszenski, head of listed trading at KeyBanc Capital Markets. Larry Peruzzi, senior equity trader at Boston Company Asset Management, said he expects stocks to become increasingly volatile as the Fed nears the end of its rate-lifting campaign, and that wide two-day swings could become the norm. "Who knows, tomorrow this thing could reverse again," he said.

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Skeptics said investors piling into stocks ignore bad news at their peril. Bond yields hitting multiyear highs and oil prices creeping near $70 a barrel will drag on stocks sooner or later, they said. "There's obviously a consequence of what the Fed is doing, and that's what people are missing," said Peter Boockvar, equity strategist at Miller Tabak. "The end result of [the rate increases] is a slower economy."

The Nasdaq, laden with tech stocks, added 33.32, or 1.45%, to 2337.78. A 4.7% jump by Google helped trigger the rally by tech, said Marc Pado, U.S. market strategist at Cantor Fitzgerald.

Semiconductor stocks led the charge. The Philadelphia Semiconductor Index gained 2.5%, helped by a near 6% increase by Xilinx. Small-cap stocks also surged. The Russell 2000, a gauge of small companies, rose 1.72%. The Standard & Poor's 500-stock index gained a more tame 9.66 to 1302.89.

The Dow Jones Industrial Average added 61.16 points to 11215.70, shaving away nearly two-thirds of the near-100-point swoon from Tuesday. A 2.6% slide by General Motors, which said late Tuesday that it would restate6 financial results for financing arm GM Acceptance Corp., weighed on the average. Caterpillar fell 1.6% after UBS downgraded the company to "neutral" from "buy." 3M gained 1.1% after Merrill Lynch boosted its rating on the stock to "buy" from "neutral" due to its exposure to growing overseas markets.

Analysts debated whether the rate increases will weigh on stocks down the road. Dick Green, president of Briefing.com, wrote in a morning note that the Fed intends to slow the economy, which means "slower earnings growth in the second half of the year than Wall Street currently expects."

Gail Dudack of Dudack Research Group, however, says investors shouldn't be overly fearful of tighter monetary policy. Higher rates "are not a problem for equities" she wrote in a Tuesday report. While earnings are likely to slow, she says, the valuations of stocks are "the best in 10 years" according to trailing and forward price-to-earnings ratios.

Light, sweet crude oil rose 38 cents to $66.45 a barrel after the release of the Energy Information Agency's weekly petroleum inventory report. While crude stocks jumped by 2.03 million barrels, higher than the 950,000 barrel build expected, gasoline and distillate inventories fell more than expected.

Treasury bonds declined, sending the yield on the 10-year note above 4.8% to its highest level since June 2004. The dollar slipped against the euro and yen.

In major market action:

Stocks rose7. On the New York Stock Exchange, where 1.6 billion shares traded, 2,480 stocks rose and 880 fell. On the Nasdaq Stock Market, where 2.4 billion shares traded, 2,226 rose and 850 declined.

Bonds fell8. The benchmark 10-year Treasury shed 5/32 point, or $1.56 per $1,000 invested, to yield 4.808%. The 30-year bond fell 20/32 to yield 4.840%. Yields move inversely to prices.

The dollar declined.9 It traded at 117.83 yen, down slightly from 117.98 yen late Tuesday, while the euro rose to $1.2024 from $1.2009.

Lawsuit Is Filed Against Kodak (WSJ)

By David Armstrong

The Wall Street Journal, March 30, 2006

A former Eastman Kodak Co. manager says that the company altered millions of photographs stored by customers on the popular EasyShare Gallery Web site and that she was fired after threatening to bring her concerns about the plan to top management.

In a lawsuit filed in California superior court in Oakland, Maya Raber, the former director of engineering for EasyShare Gallery, said that Kodak planned to secretly compress the digital-photograph images stored by customers of the Web site, a process she says can irreversibly damage the images. The suit alleges that she and other employees warned of the potential damage the compression could cause, but higher-ups pushed the plan along.

Kodak, in a statement, said it would not comment on why Ms. Raber left the company in August because it was a personnel matter. Kodak said Ms. Raber's allegations about its photo service "are completely false."

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"We have not compressed images that are stored in the Gallery without our customers' knowledge," the statement said. "We feel that Kodak has acted in a manner that is consistent with our corporate policies and ethics, and we will vigorously defend ourselves against all claims to the contrary."

Ms. Raber claims some of the photographic images that are uploaded on the EasyShare Web site are still being compressed and potentially damaged. She says customers are not told of the possible damage.

"I thought it was deceiving and illegal," Ms. Raber said in an interview. She said the idea to compress photo images was part of a cost-cutting plan that would allow the company to save money on photo-imaging storage costs. Ms. Raber claims Kodak used misleading advertising pitches to lure customers to the site.

She says compressed images can permanently lose sharpness and appear grainy when reproduced. An internal panel found the results to be unsatisfactory, Ms. Raber claims. Kodak declined to comment on any effects of compression on the photos.

The lawsuit says that employees who complained about the compression plans were told "this is not a democracy" and "objection to the project will be noticed."

Ms. Raber says after she threatened to submit a report of her concerns to top executives, she was terminated and told it was part of a "restructuring." Her lawsuit alleges she was wrongfully terminated and seeks unspecified monetary damages.

Minnesota May Be Tip Of Political Iceberg (WSJ)

By David Rogers

The Wall Street Journal, March 30, 2006

ROCHESTER, Minn. -- From the governor's mansion to Congress, everything's up for grabs in Minnesota this year, and if a political tidal wave is coming in November it will surely be felt here.

With the lakes still frozen white from winter, Republican and Democratic-Farmer-Labor Party candidates already have begun the spring ritual of nominating conventions in school auditoriums across the state. In three races in Republican House districts that Mr. Bush carried in 2004, Democrats hope for upsets given the president's faltering ratings.

To understand the currents ahead, forget about staid Scandinavians; remember this is the state that elected Jesse Ventura governor.

The Republican nightmare here in the First District is a burly, high-school teacher and coach who is running as a Democrat but evokes House Speaker Dennis Hastert as a younger man. The Democratic candidate in the Second District is a former Federal Bureau of Investigation agent with the maiden name of Cheney who is waging an antiwar campaign. Her Republican opponent, a Marine veteran, opined on radical Islam and attacks on the Easter Bunny while on the campaign trail recently at a Lutheran school whose sports teams are the "Crusaders."

As Minnesota suggests, the 2006 campaign is a power struggle but also a moment for Congress to renew itself after wearing thin its welcome with voters. For Democrats, who need to gain 15 seats to win the House, spring is the season for testing campaign pitches. For Republicans, who hold power, it is a time to take stock after dominating Congress for the past 12 years.

K.J. McDonald, a former Republican state legislator who now is mayor of Watertown in Carver County, recites a litany of party woes from "the ineptness of the Bush administration" to the national debt and the Iraq war. "We are due for a fall," he worries. "We're a disgrace."

Iraq hangs over the landscape: 2,600 Minnesota National Guard troops began deploying to the Mideast and the war last week; Republican Gov. Tim Pawlenty, up for re-election, made headlines with a trip to the region. Progress for America, a conservative political organization, in February chose Minnesota to test more than $1 million in television ads and mailings in support of the war. And in picking its candidates in May, the DFL must decide if it wants to press for troop withdrawals by a fixed date.

For the Senate seat being vacated by retiring Democratic Sen. Mark Dayton, the DFL leans heavily toward Amy Klobuchar, Hennepin County prosecutor and daughter of legendary Minneapolis newspaper columnist Jim Klobuchar who is out of retirement to stump for his daughter -- but sometimes has to be reminded to mention her name when he gets wound up.

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"She's got moxie," says Barry Bowden, a farm insurance agent and Republican. Enough so that the Republican candidate, Rep. Mark Kennedy, is no longer the favorite in the Senate race.

But most revealing are the House races. In the First and Second districts, incumbent Republicans are challenged. In the Sixth, the seat is held by Mr. Kennedy, but the race has sparked party infighting as conservatives jockey to try to succeed him as he runs for the Senate.

In all three cases, Democrats will need a lot of luck and more money. "If you can't pay the band, you can't do the boogaloo," said Patty Wetterling, a child-rights advocate and Democratic candidate running in the Sixth.

Equally important is how the party will try to win back independent voters in largely suburban and rural areas.

At the spring caucuses, party activists pick delegates to nominating conventions in May. Primaries are held in September but both Republicans and the DFL make it difficult for any loser to challenge the candidate the party endorses.

Within the DFL, divisions over the war have surfaced. Ms. Wetterling, for example, proposed last fall that the troops be brought home by Thanksgiving 2006. But another Democrat seeking the Sixth District seat, Elwyn Tinklenberg, a Methodist minister and former member of Mr. Ventura's cabinet, warns that Democrats will fail if they move too far left. "If we provide them with only two options, far right, far left, they will still pick far right," he says. "For us to be able to win, we have to provide an alternative to the extremes."

In the Second District, Coleen Rowley, a former FBI agent who criticized the agency's performance before the 9/11 attacks, is outspoken in her opposition to the war. "I think most of the problems we are in right now are because people are playing politics instead of doing the right thing," she says.

But as Ms. Rowley's campaign has faltered, another Democrat, State Sen. Sharon Marko, jumped in recently to offer a more moderate approach -- and to put greater emphasis on traditional economic issues.

Here in the First District, Tim Walz, the high-school teacher and coach and ringer for Speaker Hastert, has the Democratic field to himself. A retired master sergeant in the Army National Guard, he served overseas during the early war in Afghanistan. When his old artillery battalion deployed to Iraq last week, Mr. Walz's emotions showed after traveling down to Mississippi to say goodbye.

"There were soldiers down there that I taught in school. They were my students in my classroom, I coached them," he said. "This is not something that is a political game or a political loss."

Mr. Walz's opponent, Rep. Gil Gutknecht, a former auctioneer, served 12 years in the Minnesota legislature before joining Congress in 1995. He emails progress reports on Iraq to constituents but prefers to talk up immigration, where he is taking a tougher line in response the influx of illegal immigrants working in agriculture-processing facilities in the district. "It's a hotter issue and it's more clear-cut," he says. Unlike Iraq, "people know which side they're on."

In the Second District, Republican Rep. John Kline is a former Marine helicopter pilot in Vietnam whose son now serves in Iraq. "We never thought the Viet Cong would leave the Ho Chi Minh trail and come here," he says. "This time we're engaged in a war where I believe absolutely they will come here."

Yet, after compiling a near-perfect party unity rating in recent years, he now describes himself as a "conservative but independent" Republican and faults the White House for resisting pension-relief provisions important to bankrupt Northwest Airlines in his district. "They're wrong," he says of the administration.

Both Republican incumbents worry about voter concerns, even with Minnesota's low unemployment. "You think, 'What if I lost my job when I'm 55 or 56 or 57?'" Mr. Kline says.

Mr. Gutknecht asks: "Why is there still economic angst in the United States? The answer is the average working American hasn't had a real pay raise."

Buckeye GOP Circles The Drain (WSJ)

By John Kasich

The Wall Street Journal, March 30, 2006

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COLUMBUS, OHIO – "There are no words to express the deep remorse that I feel over the embarrassment I have caused for my administration and the people of the state of Ohio." Thus, Gov. Bob Taft complied with a court order to apologize to the people of Ohio.

Were that the only instance of poor judgment by an Ohio Republican in recent memory, the state GOP would probably remain in relatively good shape leading up to the elections this November, despite growing indicators against the party nationally. Unfortunately, the governor's ethical lapses -- he pled guilty last August to four misdemeanors related to undisclosed gifts from lobbyists -- represent only a small fraction of an ever widening scandal that is drowning the Ohio Republican Party.

Over the past year and a half, the list of political operatives and government officials (both elected and appointed) implicated in corruption scandals has grown exponentially, and yet the message hasn't registered. In Buckeye politics, it's business as usual.

The biggest scam in town -- but by no means the only -- is the "pay for play" practices of office-holders at every level. Of course, not all public servants are guilty -- most are not. However, Ohio Republicans have held every statewide office since 1994, and the governorship and secretary of state since 1990. They currently have longstanding, lopsided majorities in both houses of the general assembly. The endemic culture of money-for-influence is a testament to the corrupting consequences that inevitably follow when one party holds power for too long.

Exhibit A in this mire is Toledo coin dealer and Republican fundraiser Tom Noe. His "coingate" scandal, as it has been inelegantly termed, demonstrated a total breakdown in ethics and was a direct result of one-party domination of the political process. Mr. Noe obtained several contracts totaling some $50 million to pursue investment opportunities for the Ohio Bureau of Workers Compensation, in this case rare coin speculation. With limited oversight of his operation, Mr. Noe allegedly began laundering campaign contributions to state and federal candidates (including President Bush). In February Mr. Noe was indicted on 53 felony counts and faces a mandatory 10-year prison term if convicted of corruption. At this point $10 million to $12 million remains unaccounted for.

Unfortunately, coingate isn't the only prominent Republican scandal. According to reports in Ohio newspapers, former Speaker of the House Larry Householder and his political fundraisers and consultants are currently under criminal investigation for various charges involving possible campaign and fundraising irregularities. An anonymous memo charging Mr. Householder and his top political aids with bribery, kickbacks and tax and mail fraud was sent to the U.S. Attorney's Office by Secretary of State Ken Blackwell. While Mr. Householder emphatically denies any wrongdoing, no one seems to know for sure when and if any actual charges will be filed.

Add to these scandals regnant political infighting and widespread distrust between the different ideological wings of the GOP. This year's election, in addition to a contentious re-election campaign for Sen. Mike DeWine, features a gubernatorial primary race in the wake of Mr. Taft. Mr. Blackwell is strongly supported by social conservatives and their allies within the fundamentalist Christian movement. He is pitted against Attorney General Jim Petro, supported by more moderate elements.

This widening division has spilled over into a nasty dispute between conservative, moderate and liberal clergy. In an attempt to counter the political activities of the religious right, 31 moderate and liberal religious leaders recently sent a strongly worded letter to the IRS accusing the Rev. Rod Parsley and the Rev. Russell Johnson of using their churches and other nonprofit ministries to advance partisan causes, including the candidacy of Ken Blackwell. Rev. Parsley, Rev. Johnson and their conservative supporters deny the charges. Mr. Blackwell for his part called the 31 ministers "bullies," saying "political and social and cultural forces are trying to run God out of the public square."

Yet the debate between the moderate and conservative wings of Ohio's Republican Party goes beyond Messrs. Petro and Blackwell. Some conservatives are angry at Sen. DeWine, and are threatening to withhold support, largely because he joined forces with the "gang of 14" to end the judicial filibuster spat last spring. Ironically, two of Mr. Bush's most conservative nominees to the federal bench, Priscilla Owens and Janice Rogers Brown, would not have been confirmed without this agreement, and arguably Justices John Roberts and Samuel Alito would have faced filibusters from Senate liberals opposed to their nominations. Nonetheless, his relationship with some conservatives has worsened.

With Gov. Taft's ratings running as low as 16% approval in one poll, and with charges of corruption and cronyism rampant throughout the party, Ohio Republicans face some pretty tough obstacles in this year's elections. Add to this broken campaign

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promises that resulted in the highest tax increase in Ohio history, an exodus of the state's young people to pursue opportunity elsewhere, the general trend against Republicans nationally, and the complete ineptness of Republican leaders to enunciate any kind of bold political initiatives -- and you have the makings of a Democrat sweep this November.

The biggest advantage going for Republicans, in purely electoral terms, is the ineptness of the Democrats. They have a long tradition of turning sure things into might-have-beens. This, however, is simply not enough. Democratic incompetence has led to Republican domination, which, with no effective opposition, has untethered the GOP from its first principles. In the absence of these, corruption has reigned. The political lens might be clouded and growing darker; but Ohio Republicans need to decide whether or not they want to stand for something.

Mr. Kasich is a former Ohio congressman and author of "Stand for Something: The Battle for America's Soul," forthcoming from Warner Books.

Baghdad On The Bosporus (WP)

By Dana Milbank

The Washington Post, March 30, 2006

Howard Kaloogian, vying for the Republican nomination in the race to succeed felonious former representative Randy "Duke" Cunningham (R-Calif.), just returned from a trip to Baghdad and posted on his Web site a photo showing a busy urban street scene, which he said proved that Baghdad is "much more calm and stable" than people think.

But something didn't look right to readers of the liberal Web site Daily Kos, who noted that women in the photo were wearing Western clothing, a couple was holding hands, and signs are in the Roman alphabet.

Soon after this discovery yesterday, the photo disappeared from the Kaloogian Web site and was replaced by a notice: "We originally posted a photograph not of Baghdad, Iraq but from Istanbul, Turkey, where our delegation traveled on the way home to the United States. We apologize for this mistake."

The photo was replaced by a long-distance shot of a Baghdad street empty of pedestrians. Late yesterday the whole display disappeared.

McCain Pursues Southern Primary Strategy For 2008 (HILL)

By Jonathan Allen

The Hill, March 30, 2006

Despite his iconic status as a maverick and sometimes centrist, some Southern lawmakers say Sen. John McCain (Ariz.) could compete for Dixie states in the 2008 Republican primary.

McCain, who is scheduled to headline a Lincoln Day dinner in Polk County, Fla., on April 8, has visited several Southern states in recent weeks and has been cultivating Southern political leaders.

This spring, McCain will give the commencement address at Liberty University, a school founded by evangelical Christian leader Jerry Falwell. He angered some religious conservatives by calling Falwell an “agent of intolerance” when he ran against George W. Bush for the 2000 Republican presidential nomination.

Falwell, who did not offer an endorsement, told the Lynchburg, Va., News & Advance that he and McCain have put their differences behind him but that McCain still has fences to mend.

“I think to any presidential candidate, the South is important,” said McCain, who despite pointing out that he has visited other regions of the country noted the prominence of the South Carolina and Alabama primaries.

“He’s fully aware that he has to carry some of the South to win the nomination,” said one Southern lawmaker who is considering backing McCain.

Most lawmakers and aides interviewed said it is too early to tell how McCain’s second presidential bid will play with Southern conservatives, but several said they could envision him appealing to their constituents because of his military background, his support for the president on the Iraq war or his crusade against earmarks.

“He has some credibility with every crowd because he’s all over the place,” said Rep. Jack Kingston (R-Ga.), who, like most Republican officials, has yet to choose sides in the 2008 primary. “It depends on who he’s squaring off against.”

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Some lawmakers questioned whether McCain could overcome his reputation as an agitator and outsider to claim support from Republican primary voters.

"I think they feel like he's too unpredictable," said border-state Rep. Anne Northup (R-Ky.). "I don't think it's that they don't like the individualism; it's that he seems to relish that."

McCain's efforts with Sen. Edward Kennedy (D-Mass.) and others to establish a guest-worker program as part of Senate immigration legislation could alienate Southern voters who view the proposal as amnesty for those who have broken the law.

"I don't think Southerners are going to appreciate his immigration bill," said Rep. Tom DeLay (R-Texas), the former House majority leader. DeLay declined to handicap McCain's chances in the South, saying he would need more time to analyze the race.

McCain already has at least a few ties to the South, where fellow Sens. Trent Lott (R-Miss.) and Lindsey Graham (R-S.C.) and influential Mississippi Gov. Haley Barbour (R) have said supportive things about him.

Such backing from political leaders could give McCain credibility in the South, where he must try to emphasize his ties to the Republican establishment to win, according to the Southern lawmaker

"Independence, in the South, is not a high virtue," the lawmaker said.

Southern conservatives could be more inclined to back McCain based on his chances in a general election if Democrats appear likely to nominate Sen. Hillary Rodham Clinton (D-N.Y.), some lawmakers said.

It remains to be seen whether McCain can execute a new Southern strategy, but Southerners have noted his presence.

"He's been down there working hard. He's got a lot of support," said Republican Jim DeMint, South Carolina's junior senator.

The two senators have collaborated on a campaign to cut federal spending, an issue that DeMint predicts will be front and center in the Republican primary. "I hear that more than anything else," DeMint said.

Sen. Johnny Isakson (R-Ga.) likened the primary fray to a three-phase relationship: a getting-to-know-you period, a courtship period and, finally, a marriage. He said that McCain can appeal to Republican primary voters in the South but that he is still in the first phase: introducing himself.

Like a prospective dater, McCain was coy yesterday, saying, "I haven't decided whether I'm going to run or not."

He had just wrapped up a one-on-one conversation with former White House chief of staff and Republican superlobbyist Ken Duberstein on a Capitol veranda.

Things Continue To Fall In Place For John McCain (RC)

By Stuart Rothenberg

Roll Call, March 30, 2006

It's still a long time until the Iowa caucuses formally kick off the 2008 race for the White House. But it's hard not to conclude that events are lining up perfectly for Sen. John McCain (R-Ariz.), should he decide to make another run.

A weakened President Bush and a damaged Republican Party are more likely than not to convince GOP activists around the country — including some conservatives and party regulars who ordinarily would not warm to McCain — that the Arizona Republican is the only man who can carry the party's banner in 2008.

The threat of a Sen. Hillary Rodham Clinton (D-N.Y.) presidency has always been McCain's ace in the hole. Even conservatives who worry about McCain's independent streak — including the Arizona Republican's support for campaign finance reform and his co-sponsorship (with Massachusetts Democratic Sen. Edward Kennedy, no less) of a guest worker program — might well find McCain preferable to a Clinton victory.

Even if Democrats bypass the New York Senator and turn to an allegedly "more electable" moderate such as former Virginia Gov. Mark Warner, many Republicans may come to believe that only McCain can keep the White House in GOP hands.

What nobody has yet commented on, however, is how the 2006 midterm elections now seem all but destined to boost McCain's presidential prospects.

Democrats are headed for significant gains in both chambers of Congress in November. Even if they fail to win control in at least one chamber, they are likely to be seen as the clear winners and Bush and his party as the clear losers on Election Day.

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That result, no doubt, would produce a wave of stories about the GOP's troubles, with columnists, politicians (Democratic and Republican) and TV talking heads yammering on about the Republican Party's demise. There would be plenty of talk about infighting within the party, and there would be even more punditry about how the Republicans are in a sorry state just two years before the next presidential election.

The election results, in other words, are likely to increase panic among some Republicans, who will fear that the Democrats' success in running on a message of change during the midterm elections is an omen of things to come in '08.

This kind of reaction from Republicans and the media is likely to enhance McCain's attractiveness as a presidential candidate. The more gloom and doom surrounding his party, the better McCain looks. The more the GOP needs to counterpunch with its own message of change, reform and leadership, the more attractive McCain appears to Republicans, independents and even some Democrats.

Even Republican critics of the Arizona Senator agree that McCain has broad general election appeal, and his primary foes would have a harder time rallying their fellow Republicans against him if the only thing standing between Democratic control of the entire federal government is McCain.

Remember, the ranks of Senators up for re-election in 2008 include 21 Republicans and only 12 Democrats, giving Democrats an engraved invitation to win a majority in the Senate if they can put together sizable gains this November. You can bet that virtually all of those Republicans would like to have McCain running with them at the top of the Republican ticket.

McCain will be in much demand this year, as Republican incumbents look to inoculate themselves on issues such as ethics, government spending and even the war.

Ethics, government transparency and political corruption could well grow as issues over the next couple of years, especially if Democrats take the House in November and begin to use their powers to scrutinize the Bush administration and other Republicans. Again, McCain, known as an advocate of campaign finance reform, looks like the best antidote for the GOP.

Timing is everything in politics, and while McCain has been making himself more acceptable to Bush loyalists by standing with the president's general approach to Iraq and the war on terrorism, the administration's problems and the president's weakness also have been combining to enhance the Arizona Republican's appeal within his own party.

How far has McCain come to be accepted by religious conservatives in his party? He will be the graduation speaker at Jerry Falwell's Liberty University in May.

These are very good times for McCain, whose military background and reputation as a reformer and a straight shooter seem a perfect fit for the issues of the day and the Republican Party's current problems. And that's why he has emerged as the frontrunner for the Republican presidential nomination, overtaking my initial favorite, Virginia Sen. George Allen.

Stuart Rothenberg is editor of the Rothenberg Political Report.

Md. Approves Fund To Support Medical Stem Cell Research (WP)

By John Wagner

The Washington Post, March 30, 2006

Maryland will become one of four states that have agreed to fund stem cell research, following final passage yesterday of legislation in the House of Delegates and a pledge from Gov. Robert L. Ehrlich Jr. (R) to sign it, despite misgivings by most lawmakers in his party.

With Ehrlich's signature, the state will offer as much as $15 million in grants in the coming year to university and private-sector researchers seeking treatments for debilitating conditions through work on stem cells, including those derived from human embryos.

In the wake of a 2001 executive order by President Bush limiting federal support for embryonic research, debate over funding the controversial science has been pushed down to statehouses across the country.

"We're going to sign it," Ehrlich said of the bill that passed the House 90 to 48 and had already won approval in the Senate. "It furthers our reputation nationally and internationally. . . . It helps us retain our best and brightest here."

Much of the money, to be awarded by a state commission, is expected to flow to researchers at Johns Hopkins University and University of Maryland campuses, as well as to a few companies in Maryland's biotech sector conducting research on adult

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stem cells. The adult cells, while not considered as promising for research, are less controversial because collecting them does not require the destruction of an embryo.

Julie Coons, president of the Tech Council of Maryland, said she also sees potential for the legislation to foster start-up companies, as long as future governors and lawmakers continue to provide financial support.

"We have made a major step forward in helping the industry but also in sending a message . . . that we are a player in this field," Coons said.

In the wake of Bush's order, New Jersey was the first state to appropriate money for embryonic stem cell research. Californians then voted to spend $3 billion on the research over 10 years, though that money has been held up by lawsuits. And grant money will soon be available in Connecticut, where lawmakers created a research fund last year.

The issue has been one of the most emotional and most divisive taken up by the Maryland General Assembly this year, with opponents arguing that work on embryonic cells is tantamount to abortion. Supporters have spoken of the promise the research holds for such conditions as Parkinson's disease and juvenile diabetes.

Several advocates for the bill, some of them with those conditions, unfurled a banner in the House gallery that read, "Thank you for hope!" after the vote.

A tearful celebration ensued on the State House steps, where advocates were joined by sponsors of the legislation.

"We've done the right thing for our state, not just for people here today but for others who are suffering," said Del. Samuel I. Rosenberg (D-Baltimore), author of a more expansive bill passed by the House earlier that mandated $25 million a year for embryonic stem cell research.

The bill that passed yesterday, which originated in the Senate, incorporated several compromises, including leaving the level of funding to future governors.

Opponents in the House offered less impassioned arguments yesterday than in previous debate, recognizing they had no realistic chance of stopping the bill.

House Minority Whip Anthony J. O'Donnell (R-Calvert) stressed that he and other opponents support adult stem cell research, which is closer to yielding therapies. It is work on embryonic cells that they oppose.

"Please don't misinterpret these votes," O'Donnell said. "They're a matter of conscience."

Only four of the chamber's 43 Republicans voted for the bill. In the Senate, only one of the 13 GOP members supported it.

Ehrlich, in an interview, said he was comfortable signing the bill despite the lack of support from his caucus, given his track record supporting stem cell research reaching back to his days in Congress.

"I have my views, and those views are part of my record, part of my belief system," he said.

Similar legislation died on the final day of the legislative session last year under the threat of a filibuster on the Senate floor. Ehrlich remained largely silent on the issue then.

At the outset of this session, the governor sought to craft a middle ground. He included $20 million in his budget proposal for stem cell research but insisted grants be available for work on adult stem cells, if scientists found it promising.

Lawmakers sponsoring the bill initially balked, arguing that federal funding is plentiful for work on adult stem cells. But the bill was heavily amended to make it palatable to the more socially conservative Senate.

"It's evolved into . . . what we envisioned," Ehrlich said.

His posture on the bill remained unclear until yesterday because he had said repeatedly that he did not believe legislation was necessary to fund the science. Ehrlich suggested that his budget proposal was sufficient, but lawmakers insisted on establishing guidelines in the law for awarding the grants.

Mental Health Coverage Affordable, Study Finds (WP)

By Christopher Lee

The Washington Post, March 30, 2006

A new study involving federal employees has found that providing better mental health coverage does not lead to an explosion in insurance costs, a potentially important development in an old national debate over what insurance plans should cover.

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The study, published today in the New England Journal of Medicine, examined seven federal health plans in the years after 1999, when President Bill Clinton ordered companies in the Federal Employees Health Benefits Program to provide coverage for mental health and substance abuse that is comparable to that for other health conditions.

Researchers found that, contrary to the predictions of some policymakers and analysts, the use and cost of such services did not increase, compared with the experience of private health plans with less generous mental health benefits -- provided that new benefits were offered under managed-care plans. The changes did, however, mean lower out-of-pocket expenses for people who used the services under the federal plans.

"These results are important, because it means that it is affordable for all of us who have health insurance to have better protection in the event that we might need to use mental health or substance abuse services," said Howard H. Goldman, the lead researcher and professor of psychiatry at the University of Maryland School of Medicine.

The findings provide ammunition for advocates of mental health "parity" in the long-running battle in Congress and state legislatures over whether health insurance companies should be required to offer mental health coverage that is equivalent to the coverage they offer for physical diseases such as cancer or diabetes.

Such expanded coverage is ardently supported by mental health professionals and patients' groups, who say it would eliminate long-standing discrimination against people who are mentally ill. Just as passionately, leading business groups almost unanimously oppose such a requirement, saying it would increase insurance premiums and force some employers to scale back coverage for physical diseases or drop health benefits altogether.

In general, mental health and substance abuse coverage has come with higher out-of-pocket costs to patients and greater restrictions on office visits and days in the hospital.

Ralph Ibson, a vice president with the nonprofit National Mental Health Association, said the study shows that requiring mental health parity in employer-provided insurance plans is a good idea that will not break the bank.

"This study, which is certainly enormous and robust, very decisively puts to rest some of the major myths that opponents have brought to this debate, the principal myth being that to enact and implement parity is to increase health-care costs," Ibson said.

Edwina Rogers, vice president for health policy at the ERISA Industry Committee, an association of major employers, said a single study does not settle the argument and that costs are still a concern.

"The data can be massaged on either side of this particular debate," Rogers said. "There is a big push in the mental health community to kind of force the government to say they have this right to sort of a steady stream of benefits, to mandate it. What they are asking for is just not appropriate."

Rogers said many large employers already offer generous mental health coverage.

Goldman and other researchers, working under contract to the federal government, looked at seven FEHB plans from 1999 to 2002, comparing them to similar plans in the private sector that did not offer enhanced mental health and substance abuse coverage. More than 300,000 people were continuously enrolled in each set of plans.

The research team found that the rates of spending on, and use of, mental health and substance abuse services rose in both groups over the study period, but no more so in the federal group than in the other one. At the same time, enrollees in five of the seven federal plans saw average reductions in out-of-pocket spending ranging from $14 to $87 a year. The plans were managed-care plans.

"Managed care has figured out how to direct care and prioritize things within budgets," said Richard G. Frank, a professor of health economics at Harvard Medical School. "What our results suggest is that if you are going to do parity and you are concerned about cost growth, then parity is a good idea if it's done along with managed care."

Playing The Odds To Boost Revenues, State Lotteries Wager On Slots (WSJ)

By William M. Bulkeley

The Wall Street Journal, March 30, 2006

LINCOLN, R.I. -- The giant signs on the old dog track show greyhounds and thoroughbreds. But the thousands of New Englanders crossing the wind-swept parking lots on a late winter afternoon are here for another way to gamble: slot machines.

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Rhode Island isn't one of the 11 states that allow casino gambling. Its state lottery commission is one of a growing number to embrace slots -- one of the most popular and addictive forms of betting -- as a way to increase revenue.

Paul Musard, an 82-year-old retired engineer from nearby North Providence, says he and his wife come every two weeks. This day, they've both won. Other days, they lose their self-imposed daily limit of $40 each. "It's an enjoyment," Mr. Musard says. "A lot of people spend $150 going out to dinner. I'd rather spend $40 here."

State lotteries have always cast themselves as relatively benign alternatives to casinos, which many states have kept out for fear of fostering problem gambling. But some states have grown frustrated that they are losing revenue as locals travel to neighboring states or Indian reservations to gamble.

Now, with slot machines accounting for about 70% of revenue in America's casinos, even states such as New York, which has shunned commercial casinos, are moving to tap the slot market. They are teaming up with struggling horse and dog tracks, slot-machine makers and casino companies to create venues that are remarkably similar to commercial casinos. The allure to gamblers: no wait for nightly or weekly lottery drawings.

Currently, after debate and approval by state legislatures, state-sponsored slot machines are in use in nine states: Delaware, Iowa, Maine, New York, Oregon, Oklahoma, Rhode Island, South Dakota and West Virginia. Pennsylvania is preparing to add them, and others are debating such a move.

Most states won't allow old-style "one-armed bandits" with mechanical spinning reels. States prefer to call their machines "video lottery terminals," or VLTs. They resemble the electronic slot machines with push-buttons that have become common in casinos. They are made by the same companies, but are often modified slightly. They don't spit out coins for winners, instead printing receipts that must be redeemed with a cashier. Betting generally goes from one cent to $5, and prizes go up to $100,000 or more.

Rhode Island, which added its first slot machines at a run-down dog track in 1992, has been a pioneer in the move to slick, casino-like "racinos," which are slots-only facilities located at racetracks. Last year, the state lottery chose a company headed by South African gambling magnate Butch Kerzner to run Lincoln Park, which converted its shabby clubhouse into a racino. The state's slot machines now produce 80% of lottery revenues.

Later this year, the New York lottery expects Yonkers Raceway, just north of the Bronx, to open a racino with 3,000 slots. And casino giant MGM Mirage has been given authorization to open next year a huge state-sponsored slots facility at Aqueduct Racetrack in Queens -- the first casino-style gambling facility within New York City. MGM will operate the facility, and will get a percentage of the proceeds.

Pennsylvania has authorized 14 sites to install 61,000 slot machines, which would make it second to Nevada in total slots. Maine, working with big casino operator Penn National Gaming Inc., recently opened a "Hollywood Slots" parlor on Main Street in downtown Bangor, the state's third-largest city. Late last year, Oklahoma introduced state-sponsored slots. Legislators in Massachusetts and Maryland are seriously considering slots operated by their lotteries, too.

Already, states have installed about 86,000 slot machines. By the end of 2007, under laws already passed, they expect to add 49,000 more, a gain of 57%. There are currently about 675,000 slots in private venues, including casinos and cruise ships.

New Concern

All this is sparking new concern among foes of gambling. Studies of compulsive gamblers suggest that slots are among the most addictive forms of gambling, and that proximity to a casino is a risk factor for turning casual players into compulsive gamblers.

Keith Whyte, executive director of the National Council on Problem Gambling, in Washington, D.C., says lotteries are displaying "a willful ignorance about the impact of problem gambling...because they're both the regulator and the operator." Slot-machine venues are more troublesome than lotteries, Mr. Whyte says, because they create "an enveloping environment. For someone who uses gambling as a way to escape their problems, it's a much more narcotic effect."

The nonprofit council says the boom in state slots is coming amid indications that problem gambling is rising. Its national help line received 227,000 calls in 2005, up 23.8% from 183,328 calls in 2004. A 1998 Harvard Medical School analysis of numerous studies concluded that 1.6% of adults in the U.S. and Canada had suffered from gambling addiction, and an additional 3.85% had experienced mild to moderate gambling problems.

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Lotteries officials say they are aware of criticism that slot machines contribute to problem gambling, but that their legislative mandate is to raise revenue for their states. Some lotteries make contributions to gambling-treatment centers. "There are a small number who have a problem," says Gerald Aubin, executive director of Rhode Island's lottery department. "Without the lottery they'd have other [gambling] problems."

Julie Muto, a 48-year-old truck-stop cashier from Carlisle, Iowa, says she became addicted to playing slots in Iowa's riverboat casinos, then lost her house, her car, her truck and her teenage daughter, who moved in with relatives. She spent a year in jail for passing a bad check and 18 months in a residential gambling-treatment facility.

When she got out last year, she says, she avoided casinos. But in December, while gassing up her car, she recalls, she saw one of the "TouchPlay" machines the state lottery had placed in hundreds of convenience stores and restaurants beginning in 2003. It looked like her favorite casino slot. She says she drove to a loan office, got a $200 loan on her car, returned to the store and started playing.

Ms. Muto, who says she is recovering again, told her story to a task force appointed by the governor during a campaign earlier this year to eliminate the machines. On March 14, Iowa legislators passed a bill, since signed by Gov. Thomas Vilsack, requiring the removal of all the machines later this year.

The American Gaming Association, a trade group, says that a small percentage of people can't control their gambling, but disputes that gambling problems have increased in recent years.

Attractive Alternative

Some states regard boosting lottery revenues as an attractive alternative to raising taxes. Although some states have posted budget surpluses recently, the costs of Medicaid, retirement programs and education are rising fast in many states. "In the current environment, raising taxes is politically radioactive," so expanding lotteries is very popular, says Sujit Canagaretna, senior fiscal analyst for Washington-based Council of State Governments.

Rhode Island's lottery is expected to contribute $325.1 million to state revenues during the current fiscal year, or 10.6% of the projected total, and legislators expect lottery revenues to increase by 12% next year. In New York, in the fiscal year ended last June 30, the lottery brought in $2.06 billion, paying for 5% of education spending.

Yet lottery players appear to be growing bored with traditional numbers games. LaFleur's Magazine, a trade publication, says revenue from lottery games in which players choose numbers for daily or weekly drawings fell 8.3% to $9.44 billion last year. Revenue from lottery-operated slot machines rose 15% to $3.6 billion, the publication says. All told, U.S. lottery revenues, which also include popular instant scratch-ticket games, rose 6% last year to $46.9 billion.

Until recently, most states rejected slots and casino-style venues due to worries they would lead to problem gambling, crime and social problems. But slots and casinos were spreading anyway. Indian tribes opened 390 casinos since 1989, many in states such as Connecticut and California that otherwise forbid casino gambling. States such as Mississippi and Missouri permitted "riverboat" casinos that never leave the dock. States without casinos watched their citizens cross state lines. Mr. Aubin of Rhode Island's lottery department says the state has tried to make Lincoln Park more appealing for gamblers to prevent them from driving across the border into Connecticut to Foxwoods Resort Casino and Mohegan Sun Resort Casino, two popular Native American venues.

During the 1990s, the two companies that dominate the business of operating lotteries as state contractors -- Gtech Holdings Corp., of West Greenwich, R.I., and New York's Scientific Games Corp. -- acquired their own slots technology and wooed slumping racetracks as allies in marketing to state regulators. Rhode Island was the first to adopt racetrack slots.

The declining popularity of racetrack betting has heightened the interest of track owners in hosting state-sponsored slot operations. At Yonkers Raceway, after attendance fell to a few hundred a night last year from 20,000 in the early 1970s, the track shut down. Under a plan authorized by the state legislature, Pittsburgh's Rooney family, owner of the track and the Pittsburgh Steelers football team, intends to install 3,000 slot machines and to reopen later this year with a refurbished and expanded facility.

Without the addition of slots, "it wasn't feasible to keep going," says Frank Drucker, a spokesman for the racetrack. The legislation authorizing the changes requires harness racing to resume, a measure intended to support the state's horse breeders.

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Racinos like Rhode Island's Lincoln Park use some of the same management techniques as casino floors. The money plugged into each slot game is evaluated monthly, and unpopular games are replaced. In another echo of casinos, Lincoln Park expects to soon team up with Delaware and West Virginia racinos to link hundreds of machines in the three states to create jackpots that can run into the six figures.

The slots at Lincoln Park and at an old jai alai arena in Newport have boosted Rhode Island's lottery revenue to $1,370.95 per resident, the highest in the nation and far higher than the national average of $183.70, according to the North American Association of State and Provincial Lotteries. Rhode Island benefits from numerous visitors from Massachusetts.

This year, as part of a $125 million expansion, Lincoln Park will add 600 slots, a comedy club and several restaurants. One of the owners of the management company, Len Wolman, who until last year helped run the Mohegan Sun, says that when upgrades are finished next year, except for the lack of table games, customers will see no difference between Lincoln Park and a casino. (The state doesn't permit Lincoln Park to give away alcoholic beverages, a common practice in most casinos, because 18-year-olds are allowed by law to play the slots, but not to drink.)

Frank Termini, a construction worker from Uxbridge, Mass., says he started coming a year ago and has been visiting two or three times a week in recent months because the construction business is slow. "I think every state should have this," he says.

Some studies suggest that slots pose a bigger risk of problem gambling than traditional lottery games do. In a recent telephone survey of 2,800 Nova Scotia residents commissioned by the province and conducted by Focal Research Consultants Ltd. of Halifax, 3.6% of respondents said they had trouble controlling the time and money they spent on the province's video-lottery machines. These players accounted for 53% of revenue, Focal Research reported.

In a 2004 study of 180 people being treated for problem gambling, published in the International Journal of Mental Health, Rhode Island Hospital psychiatrist Robert Breen concluded that they become addicted to slot machines in about one year, compared to 3 1/2; years for card games and about five years for racetrack or sports betting. According to a 1996 Minnesota study of 944 gamblers in treatment, published in the Journal of Gambling Studies, 37% of gamblers in treatment programs related their problems to slot machines, while fewer than 1% related them to lottery play.

Easy access to casinos appears to lead more problem gamblers into trouble. A 2000 federal study said that problem gamblers are about twice as prevalent within 50 miles of a casino as farther away. Maureen Corbett, director of the Center for Problem Gambling in Albany, N.Y., says that she opened a new office in Saratoga, N.Y., because calls to the telephone help line in Albany increased 64% after a Saratoga harness-racing track added slots in 2004.

Lincoln Park posts messages on walls and slots urging players to gamble responsibly. The messages include phone numbers for gambling help lines. The New York racinos plan similar measures.

When History, Destiny Converged (WP)

By Sue Anne Pressley

The Washington Post, March 30, 2006

The shots came from the crowd outside the Washington Hilton that drizzly afternoon -- six shots that would show the nation once again how vulnerable to attack its presidents are.

President Ronald Reagan, then 70, a Washington newcomer in office two months, had paused to wave to the knot of people. At the sound of the shots, Secret Service agents shoved him into the presidential limousine and sped away, not realizing he had been hit. Three men lay wounded, one with blood dripping from his head, and the young assailant, whose mission would soon be revealed, was quickly restrained.

Twenty-five years ago today, the nation watched in shock as television brought home again and again the reality of the shooting. It was a moment chilling in its possibilities, reminding Americans another time in two decades that a national tragedy is only an assassin's bullet away. People saw once again that they live in an epicenter of power, where monumental shifts can occur in an instant.

For some, it was a day that forced them to walk alongside history, to participate in the urgent events that unfolded. Some of them were with the president at his most unguarded moments. They saw his attempts to be strong and his sense of humor. They overheard the "Honey, I forgot to duck" quip he delivered when his wife, Nancy, arrived at the hospital. They revisit their memories

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of this historic episode from time to time. One of them, who suffered a severe head injury, has had to live with the imprint of that day.

Some say they will always be haunted by what could have happened.

"There's a couple of times where truth and training converge, where history and destiny converge," said Jerry Parr, a Secret Service agent working with Reagan that day. "I thought about that for a long time. It's that moment -- either you do it or you don't, either you save him or you don't."Shots Are Fired

When Jerry Parr was a kid, his father took him to see the movie "Code of the Secret Service" (1939). One of the lead characters, agent Brass Bancroft -- played by Ronald Reagan -- made such an impression on the young boy that he later decided to join the Secret Service. More than 40 years later, Parr would marvel that he had helped save this same man, then president of the United States.

By the time Reagan took office in 1981, Parr was special agent in charge of the presidential protection division, with about 120 agents under his supervision. That day, he was among agents helping guide Reagan to the presidential limousine parked outside the Hilton's side entrance on T Street NW. It was 2:25 p.m., and Reagan had just given a speech to union representatives inside. Suddenly, a young man stepped out from the crowd. Parr switched to "muscle memory," he said -- don't think, just respond -- when he heard the shots.

"It was like a rabbit running for a hole," he said. He and agent Ray Shattuck had one goal, to get Reagan safely inside the limousine.

The first shot hit presidential press secretary James S. Brady in the head. The second struck D.C. police officer Thomas Delahanty. Secret Service agent Timothy J. McCarthy, who opened the limo door, shielding Reagan with his body, took the next shot.

Parr "grabbed the president by the shoulder and started getting him down," he said. "Shattuck was behind me, and we were both giving him a tremendous heave into the car."

Parr jumped in after the president. "Let's move," he shouted to the driver, and, according to plan, the limousine headed south on Connecticut Avenue, toward the White House. Parr helped the president sit up, then began to examine him, running his hands under Reagan's jacket and through his hair. He did not find a wound.

As the limo slid under Dupont Circle, however, Reagan began to spit up blood, and Parr quickly directed the driver to the nearest emergency room, at George Washington University Hospital. The trip took three minutes. Reagan wanted to walk in by himself.

"He hitched up his pants. I offered him my hand, and he didn't want it," Parr said. The president took a few steps and collapsed; agents helped him to a trauma table.

These days, Parr, 75 and long retired, thinks a lot about purpose and destiny; he is co-pastor of Festival Church, an ecumenical church in Adams Morgan. In time, Parr would tell the president that he had set his destiny "by impressing me as a kid."

But that afternoon, Parr remembered, he watched the doctors work, his heart sinking.

"I thought, 'My God, we've lost another one,' " he said.News Begins to Unfold

Sarah Brady was home in Alexandria that afternoon, playing with her 2-year-old son, Scott. A chicken was cooking in the crockpot for supper. The past few months had been exciting for Brady and her husband, Jim Brady, the wisecracking press secretary to the new Republican president.

Jim Brady, then 40, a Chicago native and longtime Washington insider, had won his new job, despite, he would joke later, Nancy Reagan's edict that her husband's new spokesman be someone "young and handsome." Nicknamed "Bear," Brady was known for his outsize personality, his zest for life and his way with one-liners.

The television set was on in the Brady family room that afternoon, and a breaking news report said that someone had just shot at the president but that he was not hurt. Although she was alarmed, Sarah Brady had no idea how life had just been shattered. Further reports said her husband had died. Friends hurried over to take her to the hospital.

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Arthur Kobrine, Jim Brady's surgeon, had shocking news for her. "I remember him standing there and saying: 'I'm going to go in. If I'm successful, I do know he'll never have any use of his left arm and very little use of his left leg, but he could very easily succumb to this operation,' " Sarah Brady said.

"There was nothing left for me. I mean, he laid it all out. And I said, 'We've got a little 2-year-old, you've got to keep him alive.' "

She went to a small room to telephone relatives. The first lady walked in and embraced her. Brady still did not know the president was wounded.

"I said something to her, like, 'I am so, so scared.' And she was shaking, and she said, 'So am I.' " And I just knew, nobody had to tell me, I knew he had been shot, too."At the Hospital

The commotion caught security guard Frederick Bailey's attention as he stood near the emergency ramp at GWU Hospital -- a limo pulling in with a couple of men running alongside it.

"We didn't know at the time who was coming," said Bailey, now head of hospital security.

Secret Service agents burst into the emergency room, ordering families out. Police swarmed the area. Armed officers appeared on nearby rooftops. A media corral was set up across the street. "We weren't sure if it was a plot, and other people were involved," Bailey said. "The hospital went to code purple."

Joseph Giordano reported to the emergency room to find his patient lying on a gurney with "a very bad injury." A bullet had ricocheted off the armored presidential limousine and struck Reagan in the left armpit, stopping an inch from his heart and causing bleeding in his lung.

"I tell everybody, five or 10 more minutes may have made a difference," Giordano said. "You lose blood pressure slowly, then it's off the edge. He was almost there. If there had been much more of a delay, it would have been a different ending."

Reagan was stabilized, but the bleeding did not stop, so surgery was scheduled. Still, the president seemed determined to keep laughing.

"Please tell me you're Republicans," he joked to the doctors about to operate on him. And Giordano, whose liberal Democratic stance was well known, said he replied, "Mr. President, today we are all Republicans."

Giordano did not have time to think about his hand in history that day, not then. A couple of days later, he said, "it dawned on me, when my role was over, I said to myself, 'This better work out well.' "The Bradys Now

President Reagan would stay in the hospital 12 days. Delahanty and McCarthy recovered quickly. But for Jim Brady, the next year would bring him close to death at least three times, and his life would be spent adjusting to a brain injury that also left him partially paralyzed.

From his recliner in his sun-filled family room in Rehoboth Beach, Del., he can see the Atlantic Ocean. The Bradys moved permanently to Rehoboth seven years ago and say they do not miss Washington. The last time he visited was in June 2004, for the funeral of Reagan, a man they speak of warmly. For years, the Reagans telephoned Brady every year on his birthday.

The anniversary of the shooting brings a certain trepidation -- the Bradys know they will have to relive the television footage. They will be asked once more what they think of would-be assassin John W. Hinckley Jr., who was found not guilty by reason of insanity and has spent the past 25 years in a mental hospital. Recently, a federal judge granted Hinckley overnight visits with his parents, who live in Williamsburg -- where Sarah Brady attended the College of William and Mary. The Bradys, who have many friends there, visit Williamsburg often.

"We both believe strongly that he was mentally . . . " Sarah Brady began.

"He's several bubbles off plumb," her husband piped in from the recliner.

"He encroached on me personally," Sarah Brady said. "I feel like he changed our life drastically enough that he encroached on our life for 25 years. I mean, we've had to live with the aftermath of it. . . . And now, when you think he could be walking into one of our favorite haunts and we'd run into him, it's like he's sort of encroaching on us going to Williamsburg now."

But the Bradys don't talk much about destiny, and they are not bitter people. "That wouldn't be classy," Jim Brady often jokes.

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Instead, the couple made the best of things. The Brady Handgun Violence Prevention Act, which they championed for a decade and President Bill Clinton signed into law in 1993, is one of their greatest accomplishments. For the first time, prospective buyers of handguns had a five-day waiting period and had to pass a criminal background check.

"It used to be the dog and pony show when we'd go around the country talking. I would do the straight stuff," Sarah Brady said, "and I never knew what he would come up with. I did notice if I didn't feed him dinner beforehand, he'd do better because he was madder at me. He says I never feed him. And he also says he doesn't get any sleep."

"He doesn't sleep!" Jim Brady repeated from the recliner. His wife ignored him. "I hate to tell you, but he doesn't get up till noon most days," she said dryly.

In their beachfront home, shared with two dogs and two cats, they are happy, they said. Next week, they are going to an autism ball at the local hospital. Their son, Scott, now 27 and a sound engineer, lives south of Charlottesville and visits often. They have lots of friends. Life didn't turn out the way they thought it would, but they made a whole different life.

"When life gives you lemons, you make lemonade," Jim Brady said. "I have several stands around here."

Security Council Message To Iran 'Unmistakable': Rice (AFP)

AFP, March 30, 2006

US Secretary of State Condoleezza Rice greeted as "unmistakeably clear" the UN Security Council's statement giving Iran 30 days to abandon its uranium enrichment activities.

"The adoption today by the UN Security Council of a Presidential Statement on Iran is an important diplomatic step," Rice said in a statement.

"It demonstrates that the international community is united in its concern over Iran's nuclear program," Rice said shortly before she was to depart for meetings in Europe on the Iran nuclear issue.

"Iran is more isolated now than ever. The Security Councils Presidential Statement sends an unmistakable message to Iran that its efforts to conceal its nuclear program and evade its international obligations are unacceptable."

Rice added that the international community expects Iran to comply with the International Atomic Energy Agency's call to suspend its uranium enrichment-related activities and to return to negotiations.

Earlier, the UN Security Council unanimously approved a non-binding statement giving Iran 30 days to halt uranium enrichment activities.

The full 15-member council backed a watered-down text worked out among the five veto-wielding permanent members that requested a report in 30 days from the IAEA director on Iranian compliance with the steps required by the IAEA board.

U.N. Security Council Softens Tone In Asking Iran To Halt Nuke Program (USAT)

By Barbara Slavin

USA Today, March 30, 2006

The United Nations Security Council on Wednesday urged Iran to suspend its nuclear program and said it would take up the issue again in 30 days.

It was the first time the U.N. body has condemned Iran's nuclear ambitions, a move that could ultimately lead to sanctions.

The statement, which took three weeks to craft, is weaker than the United States, Britain and France originally sought. Earlier drafts called for the council to meet again in 14 days and said Iran's activities were a potential “threat to international peace and security.” Under the U.N. charter, that language can justify economic sanctions or military strikes.

U.S. Ambassador John Bolton said Russia and China watered down the statement. “The message is clear nonetheless that Iran's nuclear weapons program is unacceptable,” Bolton said.

The council acted a day before Secretary of State Condoleezza Rice was to meet in Berlin with foreign ministers from the other four veto-holding members of the council — Russia, China, Britain and France — as well as Germany. The six officials are to discuss longer-range policy toward Iran, said State Department spokesman Sean McCormack.

In January, Iran resumed efforts to enrich uranium, a fuel that can be used for civilian power plants or bombs. Iran denies it intends to make weapons, but the International Atomic Energy Agency still has many questions about the program, much of which Iran hid for nearly two decades.

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Iran has refused a Russian offer to produce nuclear fuel for a power plant the Russians are constructing near the Iranian port of Bushehr.

Russia fears tough measures against Iran more than it fears an Iran with nuclear weapons, says Toby Gati, an assistant secretary of State in the Clinton administration. “They are sure that what we've done in Iraq will make things worse and deadly afraid that we'll repeat the mistake in Iran,” she says.

“Any ideas involving the use of force or pressure in resolving the issue are counterproductive and cannot be supported,” Russian Foreign Minister Sergey Lavrov said in Moscow on Wednesday.

Russia also does not want to jeopardize commercial ties with Iran, including the $1 billion nuclear reactor it is completing at Bushehr and a plan to sell Iran $700 million in missiles, says Ariel Cohen, a Russia expert at the Heritage Foundation, a Washington think tank. Trade between the two countries is about $2 billion a year, the Russian Embassy in Washington says.

Mark Parris, a former U.S. diplomat and Russia specialist, says Russia is in a “no-lose situation” when it comes to Iran. Sanctions or military action would send the price of oil, currently about $60 a barrel, even higher, enriching a Russia that is already earning half a billion dollars a day from oil sales.

If Iran agrees to suspend its nuclear program, Russia will also benefit because it may win the contract to produce uranium fuel for the Bushehr facility and other nuclear power plants it wants to construct in Iran, he said.

Stop Enrichment, U.N. Tells Tehran (WT/AP)

By Nick Wadhams, Associated Press

The Washington Times, March 30, 2006

NEW YORK -- The U.N. Security Council demanded yesterday that Iran suspend uranium enrichment, the first time the powerful body has directly urged Tehran to clear up suspicions that it is seeking nuclear weapons.

The 15-nation council unanimously approved a statement that will ask the U.N. nuclear watchdog, the International Atomic Energy Agency (IAEA), to report back in 30 days on Iran's compliance with demands to stop enriching uranium.

Diplomats portrayed the statement, which is not legally binding, as a first, modest step toward compelling Iran to make clear that its program is for peaceful purposes. The Security Council eventually could impose economic sanctions, though Russia and China say they oppose such tough measures.

The document was adopted by consensus and without a vote after a flurry of negotiations among the five veto-wielding council members. In the end, Britain, France and the United States made several concessions to China and Russia, Iran's allies, who wanted as mild a statement as possible.

Still, the Western countries said the statement expresses the international community's shared conviction that Iran must comply with the governing board of the IAEA and the nuclear Non-Proliferation Treaty.

Enrichment is a process that can produce either fuel for a nuclear reactor or the material for a nuclear warhead.

"The council is expressing its clear concern and is saying to Iran that it should comply with the wishes of the governing board," said France's U.N. ambassador, Jean-Marc de La Sabliere.

Members of the council wanted to reach a deal before today, when foreign ministers from the five veto-wielding council members and Germany meet in Berlin to discuss strategy on Iran.

Diplomats would not say exactly what will happen if Iran does not comply with the statement within 30 days, but suggested that would be discussed by the foreign ministers in Berlin.

U.S. Ambassador John R. Bolton said earlier yesterday that the statement "sends an unmistakable message to Iran that its efforts to deny the obvious fact of what it's doing are not going to be sufficient."

The council has struggled for three weeks to come up with a written rebuke that would urge Iran to comply with several demands from the board of the IAEA to clear up suspicions about its intentions. Tehran insists its nuclear program is for peaceful purposes.

The West thinks council action will help isolate Iran and put new pressure on it to clear up suspicions about its intentions. It has proposed an incremental approach, refusing to rule out sanctions.

U.S. officials have said the threat of military action also must remain on the table.

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Security Council Calls On Iran To Halt Uranium Enrichment (KRT)

By Jonathan S. Landay

Knight Ridder, March 29, 2006

WASHINGTON - The United Nations Security Council on Wednesday called on Iran to stop enriching uranium and resolve concerns that it's developing nuclear weapons, but the statement wasn't legally binding, and it was watered down in response to demands from Russia and China.

The Security Council gave Iran 30 days to comply, but Javad Zarif, the Iranian ambassador to the United Nations, rejected the statement, saying the issue "is only about Iran's rights" and that his country "is allergic to pressure and intimidation."

The U.N. effort to curtail Iran's work on uranium enrichment, a process that produces low enriched uranium for civilian power plants and highly enriched uranium for nuclear weapons, came only after weeks of wrangling among the Security Council's five permanent members.

The fact that Russia, China, the United States, France and Britain had a difficult time hammering out a common position suggests that it may be hard for the Bush administration to win approval of U.N. sanctions if Iran ignores the council's demands. Russia and China, which have huge financial stakes in oil-rich Iran and veto power in the council, refused to accept any language in Wednesday's statement that could be interpreted as paving the way for sanctions.

The statement was adopted only after Secretary of State Condoleezza Rice telephoned Russian Foreign Minister Sergey Lavrov and Washington agreed to drop a sentence restating the Security Council's authority to impose sanctions, said a senior State Department official who requested anonymity because of the issue's sensitivity.

The statement set the stage for talks that Rice is to hold in Berlin on Thursday with her British, French, German, Chinese and Russian counterparts on what steps should be taken if Iran refuses to suspend its uranium enrichment work.

Iran denies that it's seeking nuclear weapons and insists that it has the right to peaceful enrichment as a signatory of the Non-Proliferation Treaty, the cornerstone of the global system designed to halt the spread of nuclear arms.

However, Tehran has admitted that it hid its program from the U.N.'s International Atomic Energy Agency for 18 years, and Iran has repeatedly failed to explain numerous aspects of the effort. They include deals for weapons-related know-how with an international smuggling ring and information indicating Iranian military involvement in the project.

The 35-nation IAEA Board of Governors referred the matter to the Security Council in February after Iran ended a more than two-year suspension of uranium enrichment work.

In the statement, the 15-nation council said Iran should comply with the IAEA's demand for a "full and sustained" enrichment suspension and clear up all outstanding questions, saying those steps are "essential to build confidence in the exclusively peaceful purpose of its nuclear program."

"Iran is more isolated now than ever," Rice said in a statement. "The Security Council's Presidential Statement sends an unmistakable message to Iran that its efforts to conceal its nuclear program and evade its international obligations are unacceptable."

"The ball is in Iran's court," said France's U.N. envoy, Jean-Marc de la Sabliere.

U.S. and European officials stressed that they remained open to a resumption of European-led negotiations with Tehran on a settlement under which Iran would give up enrichment but could operate nuclear power plants.

U.S. officials have said that if Iran rejects the council's statement, the Bush administration will press to impose sanctions that would penalize regime members, but not ordinary Iranians.

Unlike the statement, a Security Council resolution would have the force of international law.

President Bush also has refused to exclude the possibility of military strikes on Iranian nuclear facilities. European governments oppose the use of force, as do Russia and China.

Warren P. Strobel of Knight Ridder Newspapers contributed to this report.

The U.N. statement is available at www.un.org/News/Press/docs/2006/sc8679.doc.htm

Security Council Pressures Tehran (WP)

DOJ_NMG_0024007

By Colum Lynch

The Washington Post, March 30, 2006

UNITED NATIONS, March 29 -- The Security Council called on Iran Wednesday to suspend its uranium enrichment program within 30 days, ending three weeks of deadlock between Western powers and Russia and China over how to pressure Tehran to prove its nuclear efforts are not aimed at making weapons.

The 15-member council unanimously adopted a nonbinding statement on Iran after the United States and five other key countries finished difficult negotiations on its wording. The statement does not commit the United Nations to action against Iran and was written to avoid language that might clearly set the stage for sanctions or subsequent military moves -- the sort of direct pressure that Russia and China have declined to support.

But U.S. and other Western officials said the Security Council's action -- its first unified statement on Iran's nuclear program -- represents an important breakthrough and could set the stage for a tougher line later if Tehran refuses to meet the council's demands. Secretary of State Condoleezza Rice was set to meet Thursday in Berlin with foreign ministers of Russia, China, France, Britain and Germany to map out the next steps in confronting Iran over its nuclear program.

"Iran is more isolated now than ever," Rice said in a statement after the vote. "The Security Council's Presidential Statement sends an unmistakable message to Iran that its efforts to conceal its nuclear program and evade its international obligations are unacceptable."

Referring to the International Atomic Energy Agency, the United Nations' atomic watchdog, she continued: "The international community expects Iran to comply with the IAEA's call to suspend all enrichment-related activity and to return to negotiations."

Iran's U.N. ambassador, Javad Zarif, told reporters his government has not decided on a formal response, but said that Iran will never give up its right to produce nuclear fuel for a peaceful nuclear energy program.

"Iran will want to cooperate with the international community, but it does not accept pressure or intimidation," he said. "We have made it clear at the highest levels of government Iran does not want nuclear weapons, nor does it want to pursue development, stockpiling or acquisition of these inhumane weapons."

The council accord was struck just hours after Rice urged Russian Foreign Minister Sergei Lavrov during a telephone call to support a French and British draft statement urging Iran to suspend its uranium enrichment within 30 days or face increased, but unspecified, international pressure. The statement also calls on Iran to fully cooperate with the IAEA, which conducts inspections aimed at preventing the spread of atomic weapons.

U.S., British and French diplomats secured Russian and Chinese support by offering concessions that softened the tone of the statement, which was read by the council's rotating president, Cesar Mayoral of Argentina. They included extending the deadline for Iranian compliance from 14 to 30 days, and dropping language hinting that Iran's nuclear program constitutes a threat to international peace and security.

The agreement on the statement masked persistent divisions among the Security Council five veto-wielding powers over the threat of sanctions or the military force to compel Iranian cooperation.

Lavrov said in Moscow that "any ideas involving the use of force or pressure in resolving the issue are counterproductive and cannot be supported."

China's U.N. ambassador, Wang Guangya, told reporters in New York that the council's statement underscores the importance of pursuing a diplomatic settlement and letting U.N. inspectors, not the Security Council, take the lead.

John R. Bolton, the U.S. ambassador to the United Nations, insisted that the Security Council, which is vested by the U.N. charter with responsibility for responding to threats to international peace and security, has the obligation to prevent Tehran from producing nuclear weapons. He expressed frustration that Moscow and Beijing had blocked language in the statement highlighting the council's obligation to react to such threats.

"What happened here today is that Russia and China declined to quote from the U.N. charter," said Bolton, waving a copy of the charter. "We accept that . . . because the message is clear, nonetheless, that Iran's nuclear weapons program is unacceptable."

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Russia's U.N. ambassador, Andrei Denisov, conceded that there are "suspicions, very strong suspicions" that Iran is developing nuclear weapons, but he said there is still no hard evidence and that it is up to U.N. nuclear inspectors to decide.

The U.N. statement expressed concern that the IAEA has not provided assurances, after years of investigation into covert aspects of Tehran's nuclear program, that Iran is not secretly developing nuclear weapons. It calls on Iran to comply with the agency's demand to halt all of its uranium enrichment activities to "build confidence" that Iran's nuclear activities are for an "exclusively peaceful purpose." IAEA Director General Mohamed ElBaradei is to report on "the process of Iran's compliance" in 30 days.

Iran says it needs to enrich uranium to produce electricity for an energy-hungry society. The IAEA has accused Iran of engaging in a pattern of deception and concealment that has fueled international suspicions. It acknowledges that Iran has the right to nuclear energy and that it cannot prove Iran is pursuing a nuclear weapons program.

U.N. Council Urges Iran To Halt Atom Activity (NYT)

By Warren Hoge

The New York Times, March 30, 2006

UNITED NATIONS, March 29 — The Security Council urged Iran on Wednesday to suspend its uranium-enrichment activities and asked the director of the International Atomic Energy Agency to report back on Iran's compliance within 30 days.

The Council took its action in a presidential statement, a nonbinding declaration that needs unanimous support and usually achieves consensus among the 15 members with little resistance. But this one, on the highly charged issue of Iran's nuclear program, which the West maintains is geared toward producing weapons, resulted in three weeks of bruising negotiations that ended up producing a markedly weakened final version.

In a last-minute concession on Tuesday afternoon by the European authors of the final draft, the text eliminated language suggesting that any Iranian drive to produce nuclear weapons would be a "threat to international peace and security." China and Russia had argued that the term established a pretext for sanctions, which they both oppose.

"When you speak about a threat to international peace and security, you must have strong, clear and legally proved evidence," Andrei Denisov, the Russian ambassador, said before the Council acted.

The statement also dropped references to specific charges and demands for compliance from Tehran and lengthened the period for the report from the International Atomic Energy Agency, the Vienna-based United Nations nuclear watchdog, to 30 days from 14 days.

In another step necessary to gain Chinese and Russian support, the statement gave the nuclear agency continuing shared authority over the Iran issue that earlier drafts assigned wholly to the Security Council. Beijing and Moscow fear the Council's power to impose sanctions.

Western ambassadors conceded that the document had been watered down, but argued that it was still meaningful.

"There are some points not in the text that frankly we would have preferred to have seen in the text," said Emyr Jones Parry, the British ambassador. "Other colleagues said no, that would send a different message at this particular time."

Despite the text changes, he said, "no one doubts that the Security Council is competent for this issue, no one doubts that proliferation is a threat to international peace and security, and we all say the same thing: that we do not wish to see Iran develop nuclear weapons."

The statement avoids suggesting any consequences for noncooperation by Iran, but Jean-Marc de la Sablière, France's ambassador, said: "Iran has 30 days. We hope that Iran will comply. If Iran doesn't comply, then the Security Council will have to take its responsibilities."

The most vocal critic of Iran's nuclear activity, John R. Bolton, the American ambassador, said, "This is an unambiguous signal to Iran that the Security Council, charged with the maintenance of international peace and security under the Charter, is now dealing with this issue."

He said the Council action would allow an Iran-themed meeting on Thursday in Berlin involving Secretary of State Condoleezza Rice and the foreign ministers of Britain, China, France, Germany and Russia to be "forward looking."

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"We're finished with the presidential statement: that step is over," he said. "Now we look to the future and see if Iran varies the conduct from that it has been following for the past 18 years."

The European ambassadors said they would not prejudge Iran's response and urged Tehran to comply so that negotiations over its nuclear program could resume.

Mr. Bolton held out no such hope. "We are prepared to be back on the 31st day," he said, "given the Iranian record to date of consistently flouting the International Atomic Energy Agency, attempting to obstruct what they have done and continuing to pursue nuclear weapons."

In a news conference after the Security Council session, Iran's ambassador, Javad Zarif, said Tehran had historically placed little faith in the Security Council and doubted that its action would have any effect on Tehran.

"Pressure and threats do not work for Iran," he said. "Iran is a country that is allergic to pressure and threats and intimidation."

U.N. Security Council Drafts Statement On Iran (WSJ)

By Neil King Jr.

The Wall Street Journal, March 30, 2006

WASHINGTON -- The five permanent members of the United Nations Security Council broke a three-week impasse on Iran and agreed on a statement demanding that Tehran suspend all uranium enrichment.

Diplomats hailed the step as an important breakthrough, but it is unclear what impact the statement will have in Tehran, where the Iranian government insists it will proceed with its nuclear-development plans as a matter of sovereign right.

Concerns over the U.N. standoff with Iran have helped keep oil prices above $60 a barrel in recent weeks. Iran is the second-largest producer in the Organization of Petroleum Exporting Countries after Saudi Arabia. The U.S.'s Energy Information Administration yesterday reported that commercial stockpiles of gasoline declined by 5.4 million barrels last week to 216.2 million barrels. The May crude delivery contract on the New York Mercantile Exchange yesterday rose 38 cents a barrel to $66.45.

The U.N. statement, which isn't legally binding and falls short of a resolution, expresses "serious concerns" that Iran has failed to comply with a series of steps laid out by the International Atomic Energy Agency to assure that Tehran isn't pursing nuclear weapons. Iran insists its nuclear program is for peaceful purposes, but the statement notes "that the IAEA is unable to conclude that there are no undeclared nuclear materials or activities in Iran."

The statement asks IAEA chief Mohamed ElBaradei to report to the Security Council in 30 days on Iran's compliance.

The U.N. agreement "demonstrates that the international community is united in its concern over Iran's nuclear program," said U.S. Secretary of State Condoleezza Rice in a statement. "Iran is more isolated now than ever."

The five permanent members of the Security Council -- the U.S., France, Britain, China and Russia -- have been locked in negotiations since early this month to craft a joint position on Iran, even one that makes no mention of potential sanctions or other leverage. Each permanent member of the Security Council has powers of veto. Russia and China have staunchly resisted any diplomatic moves that might eventually pave the way to sanctions or military actions, as happened with Iraq. They have also pushed to assure that the IAEA be the main focus of diplomatic action instead of the Security Council.

In a clear nod to those concerns, the statement says that Iranian compliance with all IAEA requests, including the suspension of all nuclear-enrichment activities, "would contribute to a diplomatic, negotiated solution that guarantees Iran's nuclear program is of exclusively peaceful purposes."

Russian Foreign Minister Sergei Lavrov told reporters yesterday, before the U.N. agreement was reached, that "any ideas involving the use of force or pressure in resolving the [Iran] issue are counterproductive and cannot be supported."

A top British official this month privately floated the idea of offering Iran a new package of unspecified incentives, saying in a letter that that was the only way to get the Russians and Chinese "to accept significant sanctions [on Tehran] over the coming months." The Bush administration rejected the idea of enticing Iran into compliance with diplomatic sweeteners.

U.S. ambassador to the U.N. John Bolton told reporters the statement "sends an unmistakable message to Iran that its efforts to deny the obvious fact of what it is doing are not going to be sufficient."

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The diplomatic path ahead, however, is sure to be rocky. If Iranian officials refuse to suspend enrichment and to make various technical moves required by the IAEA, and Mr. ElBaradei reports back that they remain noncompliant, the U.S., Britain and France are likely to try to push ahead on a resolution.

But crafting a resolution that contains any threat of sanctions could take months, and will prove exceedingly difficult in the face of a potential veto threat from Russia or China.

Could Sanctions Stop Iran? (WP)

By Carne Ross

The Washington Post, March 30, 2006

Now that the U.N. Security Council has agreed on a statement demanding that Iran restrict its nuclear program, the United States and its allies are doubtless considering tougher measures, including sanctions, to force Iran's compliance. The experience of sanctions imposed on Iraq (and on other countries), which I helped engineer and maintain as a British diplomat at the Security Council, offers some lessons.

First, no sanctions regime is effective unless its objective is widely shared, especially by the neighbors of the targeted state. On Iraq, even though the United States and Britain managed, through strenuous diplomatic effort, to gain Security Council approval of sanctions, there was considerable evasion of the sanctions by Iraq's neighbors and others, for whom their economic welfare was more important that the goal of disarming Iraq. Even if China and Russia do not block any sanctions resolution on Iran, no resolution will be effective unless they and other states choose to enforce the sanctions.

Second, oil sanctions are a double-edged sword. In the latter years of the 12-year sanctions regime on Iraq, Saddam Hussein often threatened to stop Iraq's oil exports in order to deter the United States and Britain from imposing measures in the Security Council to thwart his sanctions-busting techniques. Then as now, the gap between global oil demand and supply was so small that even the threat of stopping Iraq's exports caused damaging spikes in global oil prices. Any attempt to block or limit Iran's oil exports would surely have similar effects.

Third, even the most aggressive sanctions regimes, such as comprehensive economic sanctions, tend not to achieve their desired effects. While they were in effect, sanctions on Iraq prevented it from rearming -- despite the claims of the U.S. and British governments before the 2003 invasion. But the sanctions did not force Iraq to comply fully with the United Nations' weapons inspectors. It finally took the threat of invasion for Iraq to cooperate with the inspectors in the months before the war.

Instead, comprehensive sanctions caused considerable human suffering in Iraq and, thanks to the control over food rationing that the oil-for-food program placed in the regime's hands, they arguably helped reinforce Hussein's rule. This mistake must not be repeated.

Fourth, any sanctions regime requires a long-term, patient and detailed effort to succeed. Sanctions on Slobodan Milosevic's Yugoslavia were effective partly because the United States and the European Union devoted considerable resources to targeting Milosevic's illegal financial holdings. Although there was lots of rhetoric, and American ships patrolled the Persian Gulf, sanctions enforcement on Iraq was sporadic, as the United States and its allies allowed Iraq's neighbors, particularly Jordan and Turkey, to import oil illegally. It's hard to believe that support for sanctions against Iran, even if they were imposed, would endure for very long.

Sanctions on Libya, imposed in 1992 after the bombing of Pan Am Flight 103 over Lockerbie, Scotland, were more effective in part because they were more limited. The U.N. ban on arms sales and air travel to Libya was seen as measured and commensurate pressure on Moammar Gaddafi to comply with the Security Council's demand that two Libyan agents accused of planning the bombing be handed over for trial. Even then, it took many years before Libya complied. Here there is a lesson that sanctions, when supported politically and patiently applied, can eventually work. Perhaps here there is scope for something that could work with Iran: a package of travel bans and financial measures targeting Iranian leaders. Targeted sanctions are, after the Iraq experience, now the fashion.

But there is one big reason why any U.S. effort to obtain sanctions against Iran is unlikely to be effective. All U.N. sanctions in the past have been imposed on governments that have done something seriously wrong -- such as invading other countries (Iraq) or brazenly hosting terrorist organizations (the Taliban). The claim that Iran might be developing a nuclear bomb hardly

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meets this standard, particularly because Pakistan and India got away with it (and with U.S. sympathy) and because U.S. intelligence assertions on weapons of mass destruction are, thanks to the Iraq experience, thoroughly disbelieved. Unless Iran is silly enough to do something such as testing a bomb (which is not very likely), there will probably not be sufficient international support for punitive measures.

All of these reasons suggest that sanctions, as a policy option, are far from straightforward. Without troublemaking from Iran (which perhaps the United States is hoping for), they are unlikely to be agreed to under the current circumstances, and even if they are, they will succeed only if they are very carefully designed, targeted and supported by long-term and diligent diplomacy to shore up support.

The writer is a former diplomat who served in Britain's delegation to the United Nations from 1998 to 2002. He is now director of Independent Diplomat, a nonprofit diplomatic advisory group.

US Bans Meetings With Hamas (FT)

By Sharmila Devi

Financial Times, March 30, 2006

The US administration banned its officials on Wednesday night from meeting the Islamist group Hamas, as the new Palestinian government was sworn in and while Israel's centrist Kadima party opened talks to form a coalition after winning the largest number of seats in Knesset elections.

US officials in the region were instructed by e-mail on Wednesday to have no contacts with Palestinian ministries from 6pm last night.

Canada also announced last night it was suspending assistance to the Palestinian Authority because the new Hamas-led government refused to renounce violence and recognise Israel.

The US brands Hamas a terrorist organisation and bans all contact with the group. But the impact of that policy will become more severe with Hamas now in government.

Washington wants Hamas, which won by a landslide in Palestinian elections in January, to recognise Israel, renounce violence and abide by previously signed peace accords before it will consider a change in attitude.

The US policy will now affect not just Hamas min-isters but also independents and technocrats in the newly formed Palestinian government – though US officials will still be able to speak to Mahmoud Abbas, the Palestinian president.

However, Omar Abdel-Razeq, the new government's finance minister, said he believed that Europe would eventually encourage a rethink of the boycott.

He told the Financial Times: "We believe these positions will be reversed, hopefully by Europe in the beginning and later by the US once they realise that we are serious about the financial transparency and accountability they have been demanding from the Palestinian Authority."

The Palestinian Authority is facing chronic shortfalls in a budget that runs to about $160m (£92m) a month. The US, which has given $1.5bn over the past decade, will donate only to humanitarian agencies in future.

State Dept. Warns Envoys On Hamas Meetings (AP-Y2)

AP2, March 29, 2006

U.S. diplomats considering contacts with Palestinian officials should clarify beforehand whether they have links to Hamas, the State Department said Wednesday.

The warning came as the new Hamas-led government took power in the Palestinian territories. The United States regards Hamas as a terrorist organization, so contacts with Hamas members would be forbidden because of U.S. laws barring exchanges with such groups.

"We will not have contact with members of Hamas, no matter what title they may have," said State Department spokesman Sean McCormack.

McCormack said a notice was sent to U.S. diplomats outlining procedures they should take if questions arise about the affiliations of Palestinian officials.

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As a condition of dealing with Hamas, the U.S. and its allies want it to agree to the recognition of Israel, renunciation of terrorism and acceptance of international commitments made by the Palestinian Authority.

Hamas Cabinet Is Sworn In, Widening Break With The Israelis (NYT)

By Greg Myre

The New York Times, March 30, 2006

RAMALLAH, West Bank, March 29 — The new Palestinian prime minister, Ismail Haniya, and his cabinet were sworn in Wednesday, formally putting the Islamic movement Hamas in charge of the Palestinian Authority and marking an almost total break in the government's contact with Israel.

The swearing-in of the Hamas-dominated cabinet, coming just a day after Israel's national elections, crystallized the great shifts in Israeli and Palestinian politics that have come in the past decade: from sweeping peace negotiations to years of fighting and now to declarations that neither side wants anything to do with the other.

Israel's acting prime minister, Ehud Olmert, and his Kadima Party, which came out ahead in the Israeli election, say they want to define Israel's borders over four years and are ready to do it unilaterally.

But Hamas refuses to recognize Israel and has shown no signs of meeting Israeli and international demands to disavow violence and accept previous agreements.

"My message to Israel is to put an end to the occupation, and then there will be no fighting," said Aziz Dweik, the new speaker of the Palestinian parliament and a Hamas member.

He presided over a budget session on Wednesday that took place simultaneously, through video conference, in Ramallah and in Gaza City because Israeli travel restrictions prevent Hamas members from traveling between the territories.

Mark Regev, a spokesman for the Israeli Foreign Ministry, said: "With Hamas formally taking over the government structure of the Palestinian Authority, Israel and many in the international community cannot continue with business as usual. We will not talk to an unreformed Hamas, and we believe many countries think the same as we do."

The United States and the European Union regard Hamas as a terrorist group and refuse to deal with it. Immediately after the new government was sworn in, Canada suspended some assistance to the Palestinian Authority.

But American officials have maintained ties with Mahmoud Abbas, the Palestinian Authority president, who leads Fatah, the dominant political movement until its electoral defeat in January.

Still, Israel and the Palestinians cannot completely disentangle themselves. For example, Israel controls the electricity and much of the water supplied to the Palestinians. All food, medicine and other goods going in and out of Gaza must pass through an Israeli-controlled crossing.

Mr. Regev said the policy was to avoid contact with the Hamas government, while trying not to impose hardship on ordinary Palestinians.

But Palestinian officials argue that this distinction is impossible. The Palestinian Authority runs the schools and hospitals, and if Israel continues withholding monthly tax revenues of some $50 million that it collects on behalf of the Palestinians, these essential institutions could quickly collapse, the officials say.

"A hungry man is an angry man," said Mr. Dweik, the speaker. "We hope the world will not allow the Palestinian people to suffer, because this will only make people more radical."

The new Palestinian government faces the urgent problem of raising roughly $170 million each month that it says it needs just to pay government workers and keep the Palestinian Authority functioning.

The swearing-in ceremony on Wednesday, which was held after the parliamentary session, was also conducted by video conference.

Mr. Abbas, who is allowed to travel between the West Bank and Gaza, was in Gaza City. He stood before the 10 new ministers from Gaza as each took his oath with his right hand on the Koran. In Ramallah, the 14 ministers were sworn in before a large television screen beaming the image of Mr. Abbas.

Olmert's Border Plan Draws Fire

By The New York Times

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KHARTOUM, Sudan, March 29 — At the end of a two-day Arab League summit meeting here, the leaders on Wednesday condemned Israel's acting prime minister, Ehud Olmert, for his threat to draw up Israel's borders unilaterally by 2010.

The leaders passed a resolution that rejected the plan as "advancing an insatiable expansionist intention," adding that any such action would prevent establishing an independent and sovereign Palestinian state.

Other concerns raised at the talks included the tense situation in Iraq, Iran's nuclear program and growing influence, and the victory of Hamas in the Palestinian election. Arab countries also pledged $150 million to support the African Union peacekeeping mission in Darfur in Sudan.

This year, only 12 of the 22 Arab heads of state attended.

Commentators for the Arab news media have reflected a general feeling of disappointment with the meeting. One, Dawood as-Shiryan, wrote in the pan-Arab newspaper Al Hayat: "Clearly, the Khartoum summit has earned its place as a model Arab summit. It ignored the important issues. It failed to play a mediatory role, let alone rise to the challenges."

Abbas Swears In Hamas Cabinet Ministers (AP)

By Sarah El Deeb

AP, March 30, 2006

Hamas formally took power Wednesday, with Palestinian President Mahmoud Abbas swearing in 24 Cabinet ministers, including 14 who served time in Israeli prisons.

Soon after the ceremony Canada announced it was suspending aid to the cash-strapped Palestinian Authority, and other nations were expected to follow suit.

State Department spokesman Sean McCormack said the United States is looking for ways to get humanitarian aid to the Palestinian people, but "we are not going to provide funds to a terrorist organization. And we are not going to provide U.S. funds to a Hamas-led government."

With Hamas now at the helm, the Palestinian government faces a crippling international economic boycott, and may run into immediate difficulties next week when March salaries are to be paid for some 140,000 government employees.

The Palestinian Authority gets a large part of its approximately $1.9 billion annual budget from overseas sources. Without money from the Arab world, Europe and the United States, a Hamas-led government would be nearly broke.

The newly installed Palestinian Information Minister, Youssef Rizka, called the Canadian action "hasty" and said it "shows obvious bias."

"What we need from the Canadian government is that it ask the Israeli authorities to admit that they are occupying Palestinian land," he told The Associated Press.

Canadian Foreign Affairs Minister Peter MacKay said his government had no choice but to suspend assistance and decline any contact with the new Hamas Cabinet.

"The stated platform of this government has not addressed the concerns raised by Canada and others concerning nonviolence, the recognition of Israel and acceptance of previous agreements and obligations, including the roadmap for peace," MacKay said.

"As a result, Canada will have no contact with the members of the Hamas Cabinet and is suspending assistance to the Palestinian Authority."

However, Ottawa emphasized it would continue giving humanitarian aid to the Palestinian people through U.N. and nongovernment organizations.

Wednesday's swearing-in ceremony came just a day after Israel's election and drew clear lines of confrontation. Hamas says it will not soften its violent platform and Israel's victorious Kadima Party says if that is the case, Israel will set the borders of a Palestinian state itself, without negotiations, and keep large areas of the West Bank.

Arab leaders, wrapping up an annual summit in the Sudanese capital, Khartoum, rejected any Israeli move to unilaterally draw its borders with a West Bank withdrawal. In a final statement, they renewed a peace offer for Israel — a 2002 initiative that Israel has rejected, promising a peace with Arab states in return for a withdrawal from all occupied Arab lands.

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Israeli officials said it is very unlikely acting Prime Minister Ehud Olmert will create a "Hamas bypass" and negotiate directly with the moderate Abbas as long as Hamas refuses to change. Abbas, leader of the defeated Fatah Party, was elected separately and wields considerable power.

Israel suspended tens of millions of dollars in monthly tax transfers to the Palestinian Authority after the Hamas victory, and Israeli Foreign Ministry spokesman Mark Regev said the Israeli Cabinet would decide on additional sanctions next week.

"With Hamas taking over now, you can't have business as usual," Regev said.

The Cabinet ministers took their oath in two ceremonies, held simultaneously in the West Bank and Gaza because Israel bans the travel of Hamas leaders between the two territories. The two locales were hooked up by video conference.

Abbas presided over the 10-minute ceremony in Gaza City, looking glum, then left without speaking.

The first to be sworn in was Prime Minister Ismail Haniyeh, who walked along a red carpet, then placed his hand on a copy of the Muslim holy book, the Quran, laid out on a low table. He pledged to be "loyal to the homeland and its sacred places."

Haniyeh later told a news conference his government would cooperate with Abbas. He reiterated Hamas won't negotiate with Israel under the current terms, but appeared to be softening his message. Haniyeh said if Abbas wants to go ahead with peace talks, "it's his prerogative and we have no problem with that."

Abbas then held a separate news conference and said the new government "knows what is required" of it, including dealing with Israel. Abbas reiterated that many differences remain between him and Hamas, and that both sides should try to bridge them.

In all, the new Cabinet has 24 ministers, including Haniyeh. Ten are from Gaza and 14 are from the West Bank. Nine have engineering degrees and the rest are university graduates in other fields. Nineteen are Hamas activists and five are independents. One is a woman and one a Coptic Christian.

Fourteen spent time in Israeli prisons, serving terms ranging from six months to six years, most for membership in Hamas or fundraising activities. Haniyeh was arrested by Israel in 1989, and served three years for allegedly heading a Hamas unit that hunted down suspected informers for Israel.

Hamas claims its military and political wings are separate, while Israel maintains Hamas politicians have had direct knowledge of the group's violent attacks that have killed hundreds of Israelis over the years.

The militants took office just a day after Olmert, head of the centrist Kadima Party, emerged as the victor in Israel's parliament election. It will probably take several weeks for Olmert to form a ruling coalition. He has said he would only invite parties that accept his West Bank plan.

Olmert has said he would take unilateral action if the Palestinians don't indicate a readiness for compromise in a reasonable period of time. Olmert wants to keep large West Bank settlement blocs, but dismantle several dozen smaller settlements with about 70,000 residents.

Kadima Plans To Form Coalition Quickly After Election Win (WSJ)

By Bill Spindle

The Wall Street Journal, March 30, 2006

After its victory in Israeli elections, acting Prime Minister Ehud Olmert's Kadima Party said Wednesday it would quickly form a broad ruling coalition that will carry out its plan to pull out of much of the West Bank and draw Israel's borders by 2010.

Party officials said that despite a weaker-than-expected performance in Tuesday's election, Kadima has widespread support in parliament.

In an election with lower turnout than any other in Israeli history, Mr. Olmert's Kadima Party won 28 seats in the 120-seat Knesset, Israel's parliament. The Labor Party, headed by Amir Peretz, finished second with 20 seats. Likud, the conservative party led by Benjamin Netanyahu, won 11 seats.

Haim Ramon, a senior Kadima lawmaker, told Israel Radio that the party is confident it will get broad backing for its withdrawal plan in parliament. "I believe we will have more than 70 legislators who will support the disengagement plan," Mr. Ramon told Israel Radio, referring to the expected West Bank pullout.

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Mr. Ramon was quoted as saying he expects Mr. Olmert to have a government in place after the Jewish holiday of Passover, which begins in mid-April.

For Kadima, a party formed by Prime Minister Ariel Sharon before he suffered a stroke in January, it was a remarkable debut. The party, which lured members from both the left-wing Labor Party and the right-wing Likud, reshaped Israel's political landscape during the election. Kadima didn't garner the 42 or so seats that some early polls showed its support might win.

That would have given Mr. Olmert, who will become prime minister, an extraordinarily strong hand. But Labor, which focused on Israel's economic problems and the poor, surged in the final weeks of the campaign, along with several other smaller parties. Israel Beitenu, a party led by a charismatic Russian immigrant, appeared to become the country's third-largest parliamentary bloc, winning about 14 seats with a platform that consisted largely of advocating moving Arabs out of Israel. Party chairman Avigdor Lieberman drew much of his support from the one million immigrants from the former Soviet Union who want a leader with a strong stand of security issues.

Likud, which has dominated Israeli politics recently under the leadership of Mr. Sharon, turned out to be the big loser in Kadima's successful opening run. It won 38 seats in Israel's last election in 2003 and controlled the government until recently.

Voters gave Mr. Olmert, who is Israel's acting prime minister, a green light on his plan for the Palestinian territories. Mr. Olmert offered to negotiate with Palestinians under certain circumstances over borders in his acceptance speech, but he has said Israel would move to establish Israel's borders within his four-year term even if no Palestinian negotiating partner emerges. That plan is controversial because it flies in the face of decades of Middle East peacemaking, which has envisioned mutually negotiated borders between Israeli and Palestinian states. Mr. Olmert has also made clear his plans include closing many West Bank Jewish settlements, though he has vowed to keep the biggest for Israel. Reacting to projections showing a Kadima Party victory, Hamas said it would resist the party's platform.

Mr. Olmert needs a coalition of more than 60 seats to move forward, and to achieve that he will have to cut deals with other parties. That could require softening his plan or putting more emphasis on some other areas of policy, such as bolstering the country's welfare programs as Mr. Peretz would like to do, in order to win over partners for his government.

The election's turnout was the lowest in Israeli history with 63.3% of Israelis voting, reflecting a growing disenchantment with the candidates. That compares to 67% in the 2003 election.

Israel's ceremonial president, Moshe Katsav, said Wednesday that he will start talking to party leaders next week about forming a coalition. Traditionally, the Israeli president gives the nod to the leader of the largest party to try to form a government.

"I assume there will be a stable government," Mr. Katsav told Army Radio.

Palestinian President Mahmoud Abbas said Wednesday that the results of the Israeli election would have little effect unless Mr. Olmert agrees to peace talks. "We want negotiations and not to dictate unilateral solutions," he said in Khartoum, Sudan, where he was attending an Arab Summit.

--The Associated Press contributed to this article.

Write to Bill Spindle at bill.spindle@wsj.com1

Olmert Considers Options After Slender Victory (FT)

By Harvey Morris

Financial Times, March 30, 2006

Ehud Olmert on Wednesday embarked on forming a broad coalition to implement his plan for separating Israel from the Palestinians after his new Kadima party won the largest number of seats in Tuesday's elections.

With just 28 seats in the 120-member Knesset, Kadima's less-than-decisive victory meant tough bargaining ahead as Mr Olmert weighed his options for bringing left-wing and single-issue parties into a new ruling coalition.

Although the election was billed as a referendum on the acting prime minister's plan to fix Israel's borders – unilaterally if necessary – on the basis of future withdrawals from the West Bank, many voters opted for sectarian and special interest factions. Parties representing the ultra-Orthodox, Russian immigrants, Israel's Arab minority and even pensioners took around a third of Knesset seats.

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In the first Israeli election that neither the traditional ruling Likud or Labour blocs was tipped to win, Amir Peretz's Labour party re-gained some of the status it lost with the collapse of the peace process it sponsored, ending up with 20 seats.

Likud, however, the battleground of last year's struggle over the decision of its then leader, Ariel Sharon, to disengage from the Gaza Strip, plummeted to fifth place with only 11 seats, down from the 38 it won in 2003 when Mr Sharon was prime minister.

The rightist Yisrael Beitenu and its predominantly Russian immigrant electorate fared better, taking 12 seats to place it fourth in the party rankings. Avigor Lieberman, its leader, fought an anti-crime campaign in which, despite his ultra-nationalist credentials, he hinted he would be open to an offer of a place in a Kadima-led coalition.

The National Union-National Religious bloc, defender of the right of Jewish settlers to remain in all parts of the West Bank, took nine seats, having apparently failed to garner many votes from rightwingers disenchanted with Likud.

Mr Olmert on Wednesday called a meeting of senior party officials to review the election results and set up a coalition negotiation team.

Kadima leaders acknowledged the difficulties of forming a working coalition with such a slender mandate for the party. "I think we can run a government with 28 seats. It will be difficult, but possible," said Shimon Peres, the former Labour leader.

Haim Ramon, another Labour defector to Mr Olmert's party, nevertheless believed the government would be in place before next month's Jewish holiday of Passover.

He told Israel Radio that Kadima could implement its so-called "convergence" plan in the West Bank with support from 70-80 members of parliament. Labour was a possible central partner, he said, and "social issues will not be a hindrance in coalition negotiations".

Labour was expected to emerge as Mr Olmert's key coalition partner, despite its reservations about a unilateral withdrawal from the West Bank. Mr Olmert has said Israel would prefer a negotiated settlement but was prepared to go it alone if necessary.

Other potential allies – including the new Pensioners party with seven seats and the ultra-Orthodox Shas, with 13 – are more agnostic about the Olmert plan and might demand government concessions to their constituencies as the price for supporting it.

Labour itself is likely to press for senior ministries to reflect its coalition role and was already eyeing the finance portfolio which it would use to push the party's social welfare agenda. Israeli stocks fell more than 2 per cent and the shekel weakened 0.5 per cent against the dollar as investors counting on a stronger Kadima showing contemplated possible higher government spending.

It could be a year before Kadima finalises its plan to determine Israel's final borders by pulling out of part of the West Bank, according to one of the party's winning candidates.

Otniel Schneller, an architect of the disengagement plan, was yesterday quoted as saying he had been working on the plan on Mr Olmert's behalf ahead of the election. "The wisdom of the plan is that there is no precise timetable but rather you flow with the plan and set a timetable as the plan develops," he told Associated Press.

Under the plan, Israel would maintain and strengthen its hold on the main settler blocs that are home to the bulk of the 250,000 Israelis in the West Bank while evacuating smaller communities to the east of its separation barrier. Jerusalem, including most if not all of the annexed and predominantly Arab eastern sector, would remain part of Israel.

Ismail Haniya, incoming Hamas prime minister of the Palestinian Authority, said: "Such a plan definitely won't be accepted by the Palestinian people or the Palestinian government."

Not With A Bang But A Pop (NYT)

By Steven Erlanger

The New York Times, March 30, 2006

JERUSALEM, March 29 — In an election that Israeli leaders hoped would produce "the big bang," creating a strong, stable centrist majority, Israeli voters delivered a small pop, unwilling to give too much power to an untested acting prime minister, Ehud Olmert.

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Mr. Olmert should be able to govern the country, cobbling together a coalition that will support a further Israeli pullout from the West Bank. But it will be an expensive coalition for Mr. Olmert and the new Kadima Party, which will have to give up some important ministries.

It is likely to be expensive for the Israeli taxpayer, too, because Mr. Olmert's main prospective partners are all committed to big increases in social benefits for the poor and the old.

There were surprises in this election, but no big winners. There was one obvious loser, though: Benjamin Netanyahu, the former prime minister, who led his Likud Party to a disastrous showing of 11 parliamentary seats out of 120.

Likud came in fifth, behind even Yisrael Beiteinu, the party of Mr. Netanyahu's former aide Avigdor Lieberman, who favors handing over Israel's Arab citizens to the Palestinian Authority in exchange for settlement land.

Mr. Netanyahu was being punished in part for his economic policies as finance minister. His battles to cut the power of unions, slash social benefits and cut taxes were praised by economists and helped restore growth to the economy, but they were a target for his political rivals, especially for the new Labor Party leader, the Moroccan-born trade union leader Amir Peretz. Mr. Peretz was one of the small winners of the election, because Labor kept 20 seats, close to Kadima's 28.

Already, Mr. Netanyahu's enemies in Likud are circling to overthrow him, but the party looks likely to be on the margins for some time, and it risks being swallowed up again by Kadima from the center and by Yisrael Beiteinu from the right.

"Take yourself back two years," Yair Lapid wrote in the daily Yediot Aharonot. "The Likud has 40 seats, and the sense is that the right is going to govern here for another 40 years. Then take a look at yesterday."

Most important, the right plus the religious parties will be unable to muster a 61-seat majority to block any West Bank withdrawal plan, while Kadima plus the left and the Arab parties, which won 10 seats, will control more than 61 seats.

Mr. Lieberman was another small winner, bringing his Russian-oriented party into fourth place, and could end up as a member of the governing coalition or as the opposition leader.

After Prime Minister Ariel Sharon's severe stroke, Mr. Lieberman understood that many Russian voters who loved Mr. Sharon wanted a strong, security-minded leader who would not be too nice to Arabs, and that Russians were angry at Mr. Netanyahu for slashing social services.

Some Israelis accuse Mr. Lieberman of being a racist; Ari Shavit of the newspaper Haaretz suggested that his rise was "an expression of a crisis in Israeli democracy."

It was a disorienting election, with Israelis turning away from the large, sophisticated parties that deal with a range of issues. Kadima, Labor and Likud together won only 59 seats — not even a majority. Kadima won substantially fewer seats than the 44 predicted at its birth under Mr. Sharon in November.

"This was a missed opportunity for Israel to stabilize the political system, which is what Sharon wanted to do," said Yossi Klein Halevi, a senior fellow at the Shalem Center, a Jerusalem research institute. "We needed a strong center party, and we haven't quite gotten one. The vote reinforces the sense that Olmert doesn't have the mandate Kadima claims he has for a withdrawal."

Still, analysts speculated that with Labor, the Pensioners Party — which won a surprising seven seats by seeking more benefits for the elderly — and the religious party Shas, Mr. Olmert and Kadima would have a stable majority of 68. Moreover, they said the leftist party Meretz and the Arab parties, controlling another 14 seats, would not vote against a withdrawal even if Shas defected.

Mr. Olmert may also attract the religious party United Torah Judaism, which is flexible on policy and controls another six seats.

But the two defining ideologies of Israeli politics for the last decade have been marginalized, Mr. Halevi pointed out. Only Likud remains committed to the idea of Greater Israel, comprising the full biblical land of Israel, while only the small, dovish Meretz remains committed to the kind of negotiations with the Palestinians that failed at Camp David under President Clinton.

In a way, Mr. Halevi said, "it's the marginalization of the left and right, of the idea of peace and of the settlements."

Yuval Steinitz of Likud, the chairman of Parliament's foreign affairs and defense committee, was bitter: "Apparently the right is stupid," he said. "The national camp did not protect and preserve its ruling party. The right will pay; the national camp will pay; the whole country will pay."

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Stephen P. Cohen of the Israel Policy Forum noted the importance of domestic economic issues. "Because there's such a strong consensus that Israel's romance with the territories is over, people felt free to vote on domestic issues, which is healthy," he said.

The election was also strange for its displacement of old voting loyalties, said Shlomo Avineri, a political scientist at Hebrew University. With a split Likud, the new Kadima, Mr. Sharon's disappearance, the collapse of the centrist, secular Shinui Party, and Mr. Peretz instead of Shimon Peres as leader of the Labor Party, few Israelis felt that they could vote in traditional ways.

"It helps explain the wavering, the undecideds, the low turnout and the success of the Pensioners Party," Mr. Avineri said. The party, led by a former Israeli spymaster, Rafael Eitan, 79, did not make it into Parliament last time, but this year voting for it became modish among young voters alienated by other choices.

It was also hard to create excitement and passion for the idea of a unilateral withdrawal from parts of the West Bank in the absence of serious negotiations with a Palestinian Authority able to make a deal for peace. "Even those who support unilateral withdrawal are depressed by it," Mr. Halevi said. "It's kind of an admission of failure."

Menachem Brinker, a professor of philosophy at Hebrew University and a man of the left, was pleased at the collapse of the right. "The right — those who still believe in the postcolonial era that you can rule 3.5 million Palestinians — has no future now," he said. "The great majority of Israeli Jews have absorbed the need for more withdrawals from the West Bank."

Olmert Seeks Coalition Partners (WT)

By Joshua Mitnick

The Washington Times, March 30, 2006

TEL AVIV -- Acting Prime Minister Ehud Olmert, winner of Tuesday's Israeli election, began informal negotiations yesterday with prospective coalition partners, several of which laid out demands for joining a government that is expected to be bottom heavy with smaller niche factions.

"The bang," read one newspaper headline, referring to the disintegration of the two-party system into a confusing array of 12 parliamentary factions with no dominant group. One commentator called the new legislature a "postmodern" parliament in which older ideologies of left and right have been discredited.

Mr. Olmert's centrist Kadima Party, which disappointed party members by managing only 28 of the 120 seats in the Knesset, is expected to shape its coalition around a partnership with the dovish Labor Party, which earned 20 seats.

Israel's Channel 2 television news suggested that Mr. Olmert would piece together a coalition of more than 70 members by adding a party of pensioners and two ultrareligious parties, including the third-place Shas Party. The results indicated that the prime minister probably could rely on 69 votes to support his plan to withdraw from much of the West Bank within four years, either through negotiation or unilateral withdrawal.

"I want to see a coalition that doesn't become sucked into a crisis midway, like we've seen" in the past, said Foreign Minister Tzipi Livni. "[We want] a coalition that supports a division into two states."

The negotiations began as a new Hamas-led Palestinian Cabinet was sworn in at ceremonies in Ramallah and Gaza City. Prime Minister Ismail Haniyeh said his government would give its blessing to Palestinian Authority President Mahmoud Abbas' pursuit of peace negotiations with Israel, even though the Islamic militants have ruled out talks in the past.

"If the Palestinian Authority chairman, as the serving president, wants to accelerate the negotiations, we won't oppose this," he said."If what President Abbas [presents after] negotiations serves our interests, we can also redefine our positions."

Palestinian negotiator Saeb Erekat said he hoped that Israel's new government would abandon unilateralism in favor of peace negotiations.

"The right is down and the right is up, the left is center and the center is left, and its all very confusing," said Mr. Erekat.

Unstable coalitions in Israel have prompted five general elections in less than 10 years, spurring widespread disillusionment and apathy.

Kadima, the first party other than Labor and Likud elected to run the government, had been expected to reel in close to 40 seats as recently as a few weeks ago. The lackluster performance puts Labor in a position to demand one of three top ministerial portfolios -- foreign, defense or finance.

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"Suddenly the results will force Kadima to see us as almost equal partners," said Labor Knesset member Yuli Tamir. "We are going to be tough negotiators."

Israel's Olmert Hastens To Form Governing Coalition (LAT)

By Laura King

The Los Angeles Times, March 30, 2006

JERUSALEM — Urged by Israel's president to move swiftly, acting Prime Minister Ehud Olmert began working Wednesday to assemble a governing coalition in the wake of his centrist party's narrower-than-expected election victory.

The pressing nature of the task was underscored in Gaza City by the swearing-in of the new Palestinian government dominated by the Islamist group Hamas — a regional milestone that will greatly complicate any steps on the peace front.

Since its own election victory two months ago, Hamas has resisted calls to renounce its aim of destroying Israel. Now that its Cabinet is officially in place, that stance is likely to bring about a near-cessation of official Palestinian contacts with whatever Israeli government emerges and to imperil international aid to the Palestinian Authority.

Wednesday, in the latest international move to isolate Hamas, Canada announced that it was suspending assistance to the Palestinian Authority.

With a glum-looking Palestinian Authority President Mahmoud Abbas looking on, members of the new Palestinian Cabinet each laid a hand on a Koran and took the oath of office.

The ceremony was linked by video teleconference between Gaza City and the West Bank town of Ramallah, because of travel restrictions placed by Israel on Hamas lawmakers and government ministers.

Israel's president, Moshe Katsav, said an array of potential threats had spurred him to put aside the waiting period for a formal announcement of election results, expected to be made next week. He called on the various political factions — some of them natural allies, some of them bitter foes — to start aligning themselves without delay.

"The new government does not have much time — there are weighty issues on the agenda," Katsav said. "All the parties … should pull together and start cooperating so that the government can form and run the country." Informal talks between the various political camps were already underway, Israeli media reported.

Tuesday's election results gave a clear victory to Israeli parties that are committed to ceding more territory to the Palestinians in the wake of last summer's Israeli pullout from the Gaza Strip.

Both Olmert's party, Kadima, and the second-place Labor Party say Israel will have to give up many of its West Bank settlements, though the two differ on whether the Jewish state should proceed unilaterally or on the basis of negotiations.

With Hamas now in power, however, any peace talks are highly unlikely. Still, Olmert signaled in his victory speech that he hoped to maintain contacts with the more pragmatic Abbas.

Israeli analysts and Olmert's allies said that although Kadima's mandate was smaller than he had hoped for — 28 seats in the 120-member Knesset — parties likely to ally with him would be able to fend off efforts by the right wing to block West Bank withdrawals.

"I believe we will have more than 70 legislators who will support the disengagement plan," senior Kadima lawmaker Haim Ramon told Israel Radio on Wednesday.

But the results will leave Olmert and Kadima vulnerable to the often-bruising vicissitudes of Israeli coalition politics.

"A leading party with less than 30 seats is much more dependent on partner parties," said analyst Yoram Peri of Tel Aviv University.

And some influential commentators pointed to the low voter turnout and Kadima's slippage in support in the weeks before the elections as signs that Olmert would have to proceed with caution.

"The voters accepted him and his plan, but did so with a decided lack of enthusiasm," prominent political analyst Nahum Barnea wrote in the Yediot Aharonot mass-circulation daily.

"He and his party are going to have to work hard to stabilize the government and to establish their public standing. They are in a test period — a little modesty wouldn't hurt them."

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In Israel, the assembling of a governing coalition traditionally entails delicate negotiations coupled with bare-knuckled assertion of claims to the most powerful government ministries.

Labor, by virtue of picking up 20 Knesset seats, will be in a position to demand senior Cabinet positions such as the Ministry of Finance or Defense. Its strong showing also dictates that the social welfare issues championed by its leader, Amir Peretz, will have to be high on the new government's agenda.

Small but important players in the new government could include the Pensioners Party, which won a very respectable seven seats advocating the rights of the elderly — to the bemusement of many Israelis.

"Who would have thought the trendy, 'hot' party in this election would be an obscure bunch of senior citizens?" commentator Ofer Shelah wrote on Yediot Aharonot's website, YNET.

Olmert has said any coalition partners must support his plan to consolidate West Bank settlements and draw Israel's borders. Some parties scrambled to retrofit their views in order to reap the benefits of entering the government.

The constituents of Shas, an ultra-Orthodox party that placed third with 13 seats, have vehemently opposed pullbacks from Palestinian territory in the past. But as coalition discussions began, the party was touting a ruling by its spiritual leader, Rabbi Ovadia Yosef, that such withdrawals were in keeping with scriptural edicts that saving lives was the highest religious priority.

The vote was nothing short of a full-blown disaster for former Prime Minister Benjamin Netanyahu, whose Likud Party, once a political powerhouse, fell to fifth place.

Israeli media buzzed Wednesday with accounts of furious but anonymous senior party figures sharpening the political knives to force him from the party leadership.

Some saw poetic justice in the voter rebuke of Netanyahu, who had tirelessly harried Prime Minister Ariel Sharon before the Israeli leader was felled by a massive stroke.

"It was Ariel Sharon's last revenge," columnist Ben Caspit wrote in the Maariv daily. "He is lying between life and death, and now the Likud is in similar straits."

Israeli Voters Turn To New Issues, Parties (CSM)

By Ilene R. Prusher

The Christian Science Monitor, March 30, 2006

JERUSALEM - Asked for their votes at a turning point in their history, Israelis were deeply divided. A slim majority chose parties keen to make dramatic steps toward solving the conflict with the Palestinians, be it through negotiations or unilateral moves to reshape Israel's borders.

But creating some unexpected power realignments that will reshape the country's political scene for years to come, nearly half of those who voted chose smaller, special-interest parties whose agendas were not primarily focused on the Israeli-Palestinian conflict.

"The results show that the elections were not about disengagement, because if you look at the support for the three major parties that purport to represent the general interest - Kadima, Labor, and Likud - they got only half the vote," say Ofer Shelach, a columnist for Yedioth Ahronoth.

Most of the other parties, while holding some views on the Israeli-Palestinian conflict, gleaned votes for other reasons, mostly on the basis of socio- economic, religious, or ethnic interests.

Israel's right, much of it opposed to concessions to Palestinian statehood aspirations, has experienced a stunning reversal of fortune. The once-mighty Likud party, led by Benjamin Netanyahu, won just 11 seats.

Israel Beitenu (Israel Is Our Home), a far more nationalist party with a base among Russian immigrants, leapt into the country's No. 4 spot, all but anointing its leader, Avigdor Lieberman, as the new frontman of the Israeli Right. Next is Shas party with just one more seat in the Knesset, Israel's parliament. It was the choice among many religious Israelis of Sephardic - or Middle Eastern - origin.

The numbers are expected to add up to a center-left coalition, a sort of collage dominated by the two biggest parties in the picture: Kadima, founded by Ariel Sharon, and the left-wing Labor Party, who brought Israel into the Oslo process with the Palestinians.

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Frustrations over ongoing socioeconomic problems allowed for the surprise success of the "Pensioners' Party," which promises to advance the interest of retirees who face an uncertain future in a country still struggling for a balance between social-democratic ideals and market-driven reforms.

"This election was billed as a referendum on disengagement, but it really wasn't, and it's difficult to get a reading on what these results mean," says Mark Heller, a political scientist at Tel Aviv University. "We don't really know where Shas stands, where the Pensioners stand," on the question of making additional pullouts from the occupied West Bank.

Amid this splintering of power, the constant at the center is Acting Prime Minister Ehud Olmert. Mr. Olmert, who took over as Kadima party leader after Mr. Sharon's stroke in January, will now be premier despite having won less than a quarter of the vote.

Under him, the party had hoped to take close to 40 of the 120 seats, but must settle on 28. The smaller-than-expected number is viewed as a mark of the tepid support he has from the public, and an indication of the difficult job that lies ahead for him.

In a victory speech, Olmert made an appeal to the Palestinians that was statesmanlike in quality, and which seemed to run counter to some of the assumptions made about Kadima's do-it-yourself, unilateralist approach to the conflict.

"There is no substitute for a peace agreement. There is no more stable peace than one with a peace agreement," said Olmert, specifically citing the Bush administration's road map as a primary means to reaching an end to the conflict. He called on the Palestinians to be realistic, and like Israel, consider forfeiting land they cherish.

"For thousands of years, we have dreamed in our hearts of a Greater Israel, and such a country will always remain our dream in our hearts," Olmert said. "But out of a recognition of reality we are prepared to make compromises, we are prepared to turn our backs on these areas, and to painfully pull out our residents from settlements."

Olmert's speech seemed an apparent opening to talk with the Palestinian Authority (PA), even one led by Hamas. Israel, the US, and other Western allies have declined to deal with Hamas because they view it as a terrorist group, and because it does not recognize Israel's right to exist.

Many analysts here, however, say that the chances of a resumption of negotiations are extremely slim, making unilateral moves far more likely. But such major moves to pull unilaterally out of settlements beyond Israel's West Bank barrier are not expected to be made for at least a year, says Mr. Shelach, the columnist.

"Right now, Olmert is going to try to put the ball in the Palestinian court and see how things work out between [Palestinian President] Mahmoud Abbas and Hamas," he says. "Unless the security situation deteriorates, both sides of the conflict and the international community will wait it out."

Part of the suspense in this election drama, he adds, is whether most Israelis actually voted on the questions of the conflict with the Palestinians. Probably half voted on internal questions - economic problems or narrower, special interests.

One common thread among the "other half," as it were, is a backlash against the economic cuts made by Mr. Netanyahu while he was finance minister under Sharon.

The Pension Party wants a better national retirement plan - support payments were cut by about 30 percent during Netanyahu's reforms. Shas will push for the restoration of a per-child support check from the state.

"The real complication is that it's difficult to get a common denominator on economic issues," says Mr. Heller.

Kadima Victory Is Disturbing For Some West Bank Settlers (USAT)

By Matthew Gutman And Jeffrey Stinson

USA Today, March 30, 2006

YITZHAR, West Bank — Yigal Amitay moved to this Jewish settlement to walk with God, he says.

However, Amitay's beloved Yitzhar community may be one of the settlements Israel's new governing political party and its leader, acting Prime Minister Ehud Olmert, have pledged to evacuate within four years.

Israeli voters endorsed Olmert's evacuation plans Tuesday when they gave Kadima and other political parties that favor a West Bank withdrawal enough seats in parliamentary elections to form a government.

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Amitay, 40, lives in a hilltop home with his wife and nine children, part of a settlement of about 150 families. He says he'll fight to keep his home.

The West Bank is home to 250,000 Israeli settlers. Based on Kadima's plans, about 60,000-80,000 settlers would be evacuated from the West Bank, according to Yaacov Bar-Siman-Tov, a political scientist at Hebrew University of Jerusalem.

Bar-Siman-Tov describes a future West Bank withdrawal as "dramatic and possibly bloody." Losing the West Bank and the biblical land of their forefathers is so daunting to settlers, he says, that they would probably put up a fight.

"A prime minister (Yitzhak Rabin in 1995) was assassinated because he dared raise the subject of withdrawals," he says.

Last summer, Prime Minister Ariel Sharon ordered the withdrawal of troops and 9,500 settlers from Gaza. Thousands of people who supported the settlers, including Amitay, flooded Gaza's settlements to help residents there resist. Amitay calls the expulsion "ethnic cleansing."

Settlers there clashed with soldiers and police, and more than 200 people were injured, but the evacuation was successful in removing settlers.

Israelis began settling the West Bank soon after Israel captured it in the 1967 Arab-Israeli war. What began as a series of tent outposts has become a network of developed villages and towns that dot the crests of West Bank hills.

The villages often attracted ideological Jews, such as Amitay, who believed that it was their God-given duty to settle land once walked by Abraham, Isaac and Jacob.

Sharon, who remains comatose after suffering a stroke on Jan. 4, was a key proponent of settlements in the 1980s, when he was Israel's agriculture minister. Sharon helped establish some of the West Bank settlements.

By the time Sharon created the Kadima Party in November, he had set out to undo what he once advocated.

Olmert, Sharon's protégé, is carrying out that policy. He has said he would evacuate far-flung settlements such as Yitzhar and relocate settler housing on the Israeli side of the 400-mile security barrier that Israel is building in the West Bank.

Olmert hasn't pinpointed which settlements he would dismantle. Nor has he set a timetable other than saying the withdrawal will be completed by the time his term as Israel's new prime minister ends in 2010.

The Palestinians have long considered the settlements the greatest obstacle to peace with the Israelis.

To Amitay, it makes little sense for the Israeli government to destroy what it had constructed. "Do you have the right to kill a child you brought into the world?" he says.

The Yitzhar settlement near Nablus is a cluster of cookie-cutter homes with red-tile roofs. They were built solely by Jews, Amitay says. No foreign workers or Palestinians are allowed in. Amitay's terrace has panoramic views of hillsides with olive groves in the valleys below.

Amitay argues passionately that Jewish settlers like him have a right to remain. "We pay taxes, we serve in the army, we are productive people," he says.

Amitay says he knows that if Yitzhar is targeted for dismantlement and residents don't accept a buyout, the Israeli army could forcibly remove them and bring in bulldozers just as it did in Gaza.

"Like a lot of values, this is something people will die for," he says.

Pensioners Now New Kids On The Bloc (WT)

By Abraham Rabinovich

The Washington Times, March 30, 2006

JERUSALEM -- The biggest surprise of an Israeli election filled with surprises was the performance of the Pensioners' Party, a newly formed and unheralded political bloc that emerged with seven seats -- most going to men in their upper 70s.

No one was more shocked than the pensioners themselves, who find themselves confronting national questions they had not prepared for when they announced their one-issue campaign for increased pension rights two months ago.

"We haven't formulated a policy about issues like the pullback from the West Bank," said party leader Rafi Eitan, 79. The party will hold a caucus today to figure out what its policies actually are.

The outcome may determine whether the golden agers are invited to take part in a ruling coalition led by Kadima party leader Ehud Olmert, who yesterday began informal talks to find a parliamentary majority supporting his positions.

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Mr. Olmert's key campaign promise was to withdraw from most of the West Bank and unilaterally set Israel's final borders if a Hamas-led Palestinian Authority fails to meet international demands that it recognize Israel. Kadima aides said yesterday they would take at least a year to finalize those plans.

Kadima, with 28 seats in the 120-seat Knesset, is expected to join forces with the Labor party, which finished second with 20 seats. Russian immigrant-led Yisrael Beitenu, with 12 seats, and Likud with 11 will likely go into opposition, meaning Mr. Olmert must find at least 13 more votes from among two religious parties, the leftist Meretz party, three Israeli Arab lists and the Pensioners.

If the aging parliamentarians get a Cabinet seat, it will likely go to Mr. Eitan, a former senior Mossad operative who played a major role in the 1960 capture in Buenos Aires of Adolf Eichmann, the Gestapo official in charge of the extermination of Europe's Jews. Most of the others on the party list are former union leaders, some of them quite vigorous.

The Pensioners' Party was among more than 30 groupings to field candidates, and was regarded with the same amusement as the Green Leaf Party -- which advocated the legalization of marijuana -- and other niche groups. Pollsters missed the rise of the Pensioners until the last week of the campaign, when they predicted that, incredible as it sounded, the party might actually get two seats.

Analysts think that the party profited from the confusion created by the redrawing of Israel's political map after Ariel Sharon abandoned the right-wing Likud and founded the centrist Kadima party, drawing in left-wing Labor stalwart Shimon Peres.

Uncertain where to deposit their votes, many chose to place them for safekeeping with the cheerful band of oldsters, even though no one knew what their politics are. A Tel Aviv man said that many of the young people exercising in his sports club said they would vote for the Pensioners.

"I think we radiate sincerity and credibility," said Mr. Eitan.

Some analysts saw the vote for the pensioners reflecting a sense of humor that cut across party lines.

Israel's Muddled Election (WSJ)

The Wall Street Journal, March 30, 2006

Israelis went to the polls Tuesday for the fifth time in 10 years, and what's remarkable is that they emerged more or less as they had entered: leaderless.

Ehud Olmert did get a mandate of sorts for the Kadima (Hebrew for "Forward") party he inherited from the now-comatose Ariel Sharon. Given that Kadima is not yet six months old and brings together an ideologically eclectic group of candidates, that's not a trivial achievement. But with only a 28-seat plurality in Israel's 120-seat parliament -- down from the 35 seats the party was polling a few weeks ago -- Mr. Olmert will have to form a government with some of Israel's 11 other parties.

The coalition Mr. Olmert is now predicted to form is principally with the Labor Party, led by the truculent union leader Amir Peretz, perhaps along with Israel's ultra-Orthodox parties. Labor would support Mr. Olmert's plans to dismantle settlements in the West Bank and draw Israel's self-declared final borders with the Palestinians.

But as a socialist of the old school, Mr. Peretz will insist on halting or rolling back some of the pro-market reforms instituted by former Finance Minister Benjamin Netanyahu. For a country that only recently emerged from four years of deep recession, the choice between a sensible security policy and a sensible economic one is unfortunate and bitter.

Alternatively, Mr. Olmert could tack right and join forces with his old allies in the Likud, now reduced to 11 seats under Mr. Netanyahu's leadership, and the ethnically Russian Yisrael Beitenu party. The markets would welcome Mr. Netanyahu's return to the Finance Ministry, and the Likud slate also includes such talents as former Soviet dissident Natan Sharansky. But Mr. Netanyahu has painted his party into a corner, both by his opposition to Israel's withdrawal last year from the Gaza Strip and his political opportunism. His attempt to blame a dying and helpless Mr. Sharon for Likud's drubbing this week was not a class act.

The larger task Mr. Olmert faces is asserting himself as a credible national leader. Most Israeli prime ministers have come to office with some large record of past accomplishments. Mr. Olmert has been a professional politician most of his life and his 10 years as Jerusalem mayor were notable for the city's decline. As Mr. Sharon's deputy, Mr. Olmert functioned mainly as a political canary, floating ideas that his boss didn't yet dare endorse publicly. One such is the re-division of Jerusalem into two cities, one Arab, one Israeli.

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Now Mr. Olmert has a relatively narrow window of opportunity to show Israelis he has both vision and backbone. The vision is of an Israel that withdraws to borders that best suit its strategic and demographic interests. It remains to be seen, however, whether Mr. Olmert can carry out the withdrawals in a way that a majority of Israelis can accept and which does not signal weakness to the Palestinians, the way Ehud Barak's hasty withdrawal from southern Lebanon in 2000 did. Mr. Olmert will do even better if he can commit himself to an economic course not dictated by Israel's labor federation and the Pensioners' Party, which came out of nowhere to take seven seats.

Ultimately, this election demonstrated that, in the absence of Mr. Sharon's reassuring presence, Israelis remain uncertain about their future and skeptical of a new generation of untested leaders. That's still a step forward from the sense of despair Mr. Sharon faced when he came to power five years ago. Mr. Olmert has many doubters and a great deal to prove. He can benefit from the example of his predecessor, who showed what real leadership can do.

West Bank Withdrawal (NYT)

The New York Times, March 30, 2006

Tuesday's election in Israel was a minor breakthrough. Israeli voters rightfully slammed Likud, the right-wing party of former Prime Minister Benjamin Netanyahu, casting their lot instead with Kadima, the infant party created by Ariel Sharon, who remains comatose after a severe stroke.

Kadima can't be happy with its performance under the relatively lackluster Ehud Olmert, who is now likely to become prime minister, because it received only 28 parliamentary seats and will have to form an alliance with at least two parties. But by placing the more centrist Kadima, along with Labor, which received 20 seats, in the driver's seat, Israeli voters have endorsed the idea of withdrawing from the West Bank. We're not happy with Mr. Olmert's proposal of a unilateral withdrawal. But at this point, we're heartened by anything that leads to an Israeli withdrawal from land that the Palestinians must control if the area is ever going to evolve into two peaceful, co-existing states.

It may take weeks to sort out a coalition government, but the strong likelihood is that the next government will proceed with Mr. Olmert's pledge to set Israel's borders by 2010.

While the ultimate solution to the conflict can be only a negotiated one, as opposed to a unilateral drawing of final borders by Israel, a negotiated deal is not going to happen until Hamas repudiates terrorism and recognizes Israel's right to exist. Hamas has yet to earn itself a seat at the negotiating table. But in the meantime, Israel can start to rid itself of its self-created problem in the West Bank.

Immediately after the vote, Mr. Olmert made it clear that this remains his intent. He invited the Palestinian president, Mahmoud Abbas, to enter into negotiations on permanent borders, while clearly indicating that he would proceed alone if necessary. With Hamas now in control of the Palestinian legislature, the invitation seemed mainly symbolic.

Whatever borders Israel fixes are not likely to get international recognition, particularly if those borders leave Palestinians cut in half — in the West Bank and Gaza — and unable to get from one part of their country to another without going through Israel. But figuring out what the borders should look like is the least of the problems. After years of peace talks and road maps, the general lines are pretty clear, and they require a West Bank withdrawal. Israel's voters know that, too, as Tuesday's election results confirm.

A Decisive Election (WP)

The Washington Post, March 30, 2006

AN ELECTION cast as a historic referendum over whether to redraw the borders of Israel produced a curious reaction from voters Tuesday: the lowest turnout in history, coupled with a surge of support for small parties focused on domestic issues. That may mean Israelis are uninspired by the man who will now become their prime minister, Ehud Olmert, who stepped in after Ariel Sharon suffered a stroke in January. Or it may mean that many Israelis already assumed what the election results showed: that the debate over whether to give up most of the West Bank and its Jewish settlements is over.

Though Mr. Olmert's Kadima party won fewer parliamentary seats than it hoped for, up to two-thirds of the new Knesset will probably support a West Bank withdrawal. That doesn't mean it will happen in the next four years; this is still the Middle East. But the Israeli parties that favor holding on to all of the remaining occupied territories and settlements were devastated by the

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election. The Likud Party, which governed Israel for most of the past 30 years and pursued the cause of a "greater Israel" during most of that time, won only 11 of the 120 Knesset seats; even among right-wing parties, it took second place to one that favors a territorial separation of Israelis and Palestinians. Mr. Olmert should have little trouble forming a coalition, though he may have to agree to some big government spending on social programs and pensions.

The pullout that Mr. Olmert favors, and that he boldly outlined before the election, won't take place anytime soon. First, the new government will have to complete the system of fences and walls it is building through the western edge of the West Bank and around Jerusalem; that may take a year. During that time, Mr. Olmert will probably hold to a stated policy that a negotiated settlement with the Palestinians, as envisioned by President Bush's "road map," is still possible. But negotiation would require either a radical change of position by the Hamas government that took office yesterday in the Palestinian Authority, or its early collapse under Israeli and international pressure. In the meantime, Israel will still exchange blows with Palestinian militants, who fired a Katyusha rocket this week from Gaza into Israel for the first time.

In the absence of Palestinian movement, Mr. Olmert then will seek the support of the Bush administration for a unilateral withdrawal. As the new prime minister sees it, this could involve the removal of some 70,000 Jewish settlers from the West Bank, but also the de facto annexation of other large settlements to Israel, along with 10 percent of the West Bank's land. Such a large Israeli withdrawal would be a major practical step toward a Middle East settlement. But the United States would be bound to ensure that the new border made possible the eventual creation of a viable Palestinian state and that it strengthened rather than weakened Palestinian alternatives to Hamas. Managing that diplomacy may well emerge as one of the greatest opportunities, and challenges, of President Bush's second term.

Sharon's Moment (LAT)

The Los Angeles Times, March 30, 2006

THE BIGGEST WINNER IN Tuesday's election in Israel will almost certainly never learn of his victory. Ariel Sharon lies comatose in a hospital in Jerusalem, unlikely ever to recover after suffering a massive stroke three months ago. But Kadima, the centrist party he founded after leaving the conservative Likud Party last year, won 28 of 120 seats in the Knesset, more than any other party — an endorsement, if not a resounding one, of Sharon's improbable legacy of moderation.

Kadima (it means "Forward") supports the unilateral withdrawal from some Israeli settlements in the West Bank. A clear majority of Israelis supports withdrawal from the settlements, yet Kadima faces obstacles on every front. To govern, the party's leader, Ehud Olmert, will have to form a coalition, probably with leaders of the liberal Labor Party and several smaller parties. It promises to be fractious. And the victory of the terrorist group Hamas in Palestinian elections in January will only make the peace process all the more difficult; Hamas remains dedicated to the destruction of the Jewish state.

Still, it's worth pausing to note what Sharon hath wrought. First is the simple fact that neither Labor nor Likud, but a new party created to reflect the center of Israeli politics, will now govern Israel. Voters had plainly tired of the long-standing Likud-Labor slugfest, and it took the willful former general nicknamed "the Bulldozer" to create a new dynamic. As happened in Gaza, Kadima is now determined to preside over the dismantling of some of the very West Bank settlements whose construction Sharon oversaw as agriculture minister in the 1970s.

Debate over Sharon's legacy will last at least as long as Sharon's life (he turned 78 last month). But this much is undeniable: Israel is closer now to peace than it was when he took office in 2001. The question, as ever, is how to inch still closer to that goal.

Olmert, Sharon's successor and the former mayor of Jerusalem, has promised to continue Sharon's policy of "disengagement," which he has renamed "convergence." By any name, it is an imperfect but welcome development. Ideally, the Palestinians would be partners in the process of Israeli withdrawal from Gaza and the West Bank. But Hamas has shown no interest in negotiating with Israel. President Bush, for his part, has invited Olmert to the White House, an invitation that rightly will not be extended to the new Palestinian prime minister. Now that the Palestinian government is officially controlled by Hamas, the U.S. will have only limited contact with it, though Washington has pledged to continue its aid to Palestinians through other means.

It is a sensible yet vaguely unsatisfying policy. Perhaps the best thing that can be said about it is that it is flexible enough to allow Bush to change as circumstances warrant — as Ariel Sharon did.

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Bush Rejects Idea Of Boycotting Meeting In Russia (NYT)

By Elisabeth Bumiller

The New York Times, March 30, 2006

WASHINGTON, March 29 — President Bush said Wednesday that it would be a mistake for the United States to boycott the Group of 8 meeting in Russia this summer.

He also said he needed a personal relationship with President Vladimir V. Putin of Russia so he could walk into a room with him and have him "not throw me out."

Addressing members of Freedom House, a pro-democracy group, Mr. Bush said he was hopeful that Russia would move toward a more open society even though it has cracked down on democratic institutions.

"I haven't given up on Russia," he said at the Hyatt Regency Capitol Hill. "I still think Russia understands that it's in her interest to be West, to work with the West, and to act in concert with the West. Nobody is saying to Russia, you must look like the United States of America.'"

Although he said, "I've heard some say, 'Don't go to the G-8,' " there have not been recent major objections to the American presence at the meeting, in July in St. Petersburg.

Last year, Senators John McCain of Arizona and Joseph I. Lieberman of Connecticut introduced legislation urging the president to suspend Russia's membership in the group of eight major industrialized nations until it ended its rollback of democratic reforms.

Mr. Bush, who spoke and took questions from the audience, was freer in his remarks than usual. He told the group, for example, that he had sought advice on how best to be effective with Mr. Putin.

"I remember meeting with human rights groups in Russia, and I asked them what strategy should I take as the president of the United States," Mr. Bush said. "Should I be in a position where I can engage the president in frank discussion, or should I publicly scold him, in which case he may turn a deaf ear?"

He continued, "And the universal consensus for them kind of played to my own instincts, which is that I think it's important for the United States to be in a position to be able to express our concerns."

He also said he found meetings like the Group of 8's useful because he could serve as a consensus builder and advocate for other democracies. "One of the things that I find is that nations oftentimes approach me at these different meetings we go to and say, hey, pass the message for me, will you?" he said. "We need you to pass a message, Mr. President."

The president also fielded a question about the American decision to cut off direct funds to the Palestinian Authority now that Hamas has taken control of the government. Washington has decided to redirect the money through the United Nations and independent relief groups.

The questioner, a Palestinian, asked why the United States was "punishing us and cutting funds for people who chose fair and free elections," and hurting "the refugees, the poor, the malnourished mothers and children?"

Mr. Bush said, "I think that aid should go to suffering Palestinians, but nor should it go to a government, however, which has expressed its desire to destroy its neighbor," Israel.

He added, "We support the election process, we support democracy, but that doesn't mean we have to support governments that get elected as a result of democracy."

US Delaying Russia's WTO Membership: Putin (FT)

By Neil Buckley And Frances Williams

Financial Times, March 30, 2006

Russian president Vladimir Putin on Wednesday accused the US of "artificially" holding back progress in talks on Russia's accession to the World Trade Organisation, adding to a chill in relations between the two countries.

Mr Putin made his comments during an annual meeting with Russian business leaders, otherwise largely devoted to domestic policy.

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"Unfortunately we have received a list of questions from our American colleagues that require additional agreements that we thought had been settled long ago," the Russian president said, without specifying what areas the US demands covered. "The negotiation process is being artificially set back."

He added that Russia was still interested in WTO membership but "only on economically beneficial conditions".

The US rejected Mr Putin's claim. Robert Portman, US trade representative, said: "The remaining issues with Russia's accession...are not new problems and they are not dissimilar to those issues addressed by others who have acceded to the WTO."

President George W. Bush on Wednesday acknowledged pressure not to attend the G8 summit in Russia later this year, but said that would be a mistake. "I need to be in a position where I can sit down with him [Mr Putin] and be very frank about our concerns ... I haven't given up on Russia. I still think Russia understands that it's in her interest to be west, to work with the west, and to act in concert with the west."

Moscow had hoped to wrap up its 13-year-old talks on joining the WTO by the end of last year, then, after that deadline was missed, at least before it hosted the summit of the G8 summit in St Petersburg in July.

But Alexander Shokhin, head of the Russian Union of Entrepreneurs and Industrialists, a lobby group, said after the meeting with Mr Putin that the July deadline looked doubtful. He said Mr Putin's comments were "news both for members of the government and for business".

Russia has become impatient over the past year or so as targets for WTO entry have slipped. Moscow now says it is aiming for the end of 2006 – but even this is threatened, not only by failure to wrap up bilateral market access talks with the US but by sluggish progress in multilateral negotiations dealing with Russia's compliance with WTO rules.

Agreement with Washington has been held up over US demands for Moscow to allow foreign banks to open direct branches, not just Russian subsidiary companies as now. Russia says its financial sector could not withstand the competition and that it has security concerns about foreign banks opening branches. The US has also said Russia must clamp down on video and software piracy and cut import duties on aircraft.

The recent WTO accord between Ukraine and the US has rubbed salt into the wound, raising the prospect that Ukraine may join the trade body before Russia.

Russia is the biggest economy not yet to be a member of the 149-nation WTO, but has struck all necessary bilateral deals with other members apart from the US, Australia and Colombia.

Abominable Gasman? (WSJ)

By Vijay V. Vaitheeswaran

The Wall Street Journal, March 30, 2006

Is there really an Abominable Gasman stomping around in the frozen wilds of Siberia? To judge by the hysteria surrounding Russian natural gas, you might think so. Energy ministers from the G7 countries clashed with Russia over "energy security" this month, and the topic is sure to be at the top of the agenda when G8 heads of state meet soon at their St. Petersburg summit.

At first blush, such concerns seem justified. Russia's political showdown with Ukraine in early January over natural gas tariffs temporarily affected gas supplies to Europe. That spooked Germany, and led to accusations of Russia playing pipeline politics. Then, in mid-March, Vladimir Putin announced that Russia will build a $10 billion gas pipeline from Siberia to China. That upset not only the EU but also gas-starved Japan and America. Both countries have been eager to secure access to new Russian gas (to be shipped not by pipeline but in frozen form, as liquefied natural gas). The Chinese deal also stoked fears that Mr. Putin intends to use his country's unrivalled gas endowment to forge a gas-supply cartel akin to the OPEC oil cartel.

So will Russia really bring the global economy to its knees by playing pipeline politics or by creating a "GOPEC"? Don't hold your breath. Saber-rattling aside, pipelines are a lousy tool for imposing an embargo. Because piped gas cannot easily be redirected to the world market, a supplier who embargoes his pipeline customer is in effect losing the money he would have made from that gas. That explains why Russia immediately backed down during the Ukraine standoff in January when Germany, its best customer, growled publicly. As a long history of failed energy embargoes proves, even the most unsavory regime needs money to feed its people.

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The notion of a GOPEC is also far-fetched. Global gas reserves are far more abundant and better distributed than oil reserves, so cartel-minded regimes opposed to foreign investment will stagnate no matter how much gas they have. That is why hostile Venezuela has lost out to investor-friendly Trinidad on new gas investments, and why Qatar has become the Mecca of LNG while its gas-rich neighbors Iran and Saudi Arabia remain largely untapped. Besides, what power Saudi Arabia has over the oil market arises from its massive investment in spare capacity. Since the cost of building spare LNG capacity is far larger than for oil, nobody will.

If the G8 wants to do something useful about energy security, it should focus on market liberalization. Russia's pious vow to be a reliable supplier of gas would sound a lot more persuasive if Mr. Putin stopped harassing private investment in energy and opened up access to the country's gas pipeline network. The European Commission must crack down on member states obstructing energy liberalization (especially France and Spain, which have been backsliding recently). And only if America sweeps away over-bureaucratic processes for siting LNG terminals will the country be assured of growing supplies of this clean, plentiful fuel.

In sum, there is no Abominable Gasman. The recent ructions involving Russia arose because the global natural gas market is not yet as transparent or liquid as the global oil market. But there are harbingers of change. In early April, Gazprom is expected to announce which foreign firms will help develop its Shtokman project. This field, located under the Barents Sea, is so massive its gas could meet all Europe's needs for seven years -- though, thanks to flexible LNG technology, that gas could end up in America too.

In the current panic, the great danger is that politicians will turn back the tide of market liberalization. If instead they forge ahead, then the gas future need not be so bleak after all. As the Shtokman example suggests, the dynamic interplay of global markets and technological innovation could yet prove to be the ultimate anti-GOPEC.

Mr. Vaitheeswaran is a correspondent for the Economist and author of "Power to the People" (Farrar, Straus & Giroux, 2004).

Taylor Caught, Sent To Sierra Leone (WT/AP)

By Clarence Roy-macauley, Associated Press

The Washington Times, March 30, 2006

FREETOWN, Sierra Leone -- Former Liberian President Charles Taylor, captured on the run in Nigeria with sacks full of cash, was flown to Sierra Leone yesterday to be tried on war-crimes charges.

A white United Nations helicopter carrying Mr. Taylor left neighboring Liberia and landed inside the compound of the U.N.-backed war-crimes tribunal that will try the former warlord, U.N. officials said. A second U.N. chopper also landed on the helipad in the capital, Freetown.

Mr. Taylor then was jailed.

Mr. Taylor was captured Tuesday night by security forces in the far northeastern border town of Gamboru, in Borno state, nearly 600 miles from the villa in southern Calabar from which he reportedly disappeared Monday night, Information Minister Frank Nweke said in a statement. He was trying to cross the border into Cameroon.

President Olusegun Obasanjo, who was visiting the White House yesterday, gave few details about Mr. Taylor's arrest except to say he was picked up in a car with his wife and taken to a regional state capital.

President Bush said he appreciated Nigeria's work in apprehending Mr. Taylor.

"The fact that Charles Taylor will be brought to justice in a court of law will help Liberia and is a sign of your deep desire for there to be peace in your neighborhood," Mr. Bush told Mr. Obasanjo in an Oval Office meeting.

A Nigerian police official said Mr. Taylor was in a vehicle with his son, an aide and a local guide when arrested. They also were carrying two 110-pound sacks filled with U.S. and European currency, Alhaji Mohammed Aminu Bello said.

Mr. Taylor and his son were taken into custody while the others were let go, Mr. Bello said.

Mr. Taylor then was flown on a plane bearing a Nigerian flag to Monrovia, Liberia, where hundreds of U.N. troops patrolled. Dozens of elite Irish troops in armored personnel carriers parked their vehicles on the airstrip.

There are 15,000 U.N. peacekeepers in Liberia.

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Liberian President Ellen Johnson Sirleaf had said she did not want Mr. Taylor back because his presence could destabilize her fragile country as it takes its first steps toward rebuilding since she was installed in January.

In New York, U.N. Secretary-General Kofi Annan told reporters "it's a great relief that he's been recaptured."

"I think his capture and being put on trial does not only close a chapter, but it also sends a powerful message to the region that impunity will not be allowed to stand and would-be warlords will pay a price," Mr. Annan said.

Mr. Taylor disappeared just days after Nigeria, which had granted him asylum under a 2003 agreement that helped end Liberia's 14-year civil war, bowed to pressure to surrender Mr. Taylor to face justice before the tribunal.

All 22 Nigerian police officers responsible for guarding Mr. Taylor have been arrested, the Nigerian government said Tuesday.

The admission that Mr. Taylor had slipped away came an hour before Mr. Obasanjo left Nigeria to meet with Mr. Bush. The White House had suggested the meeting might be canceled if Nigeria's leader did not have some answers about Mr. Taylor's disappearance.

Mr. Obasanjo said the mood of the White House encounter had "changed drastically" as a result of Mr. Taylor's arrest.

"I feel vindicated," Mr. Obasanjo said as he rejected the notion that Nigerian authorities may have been complicit in Mr. Taylor's escape.

Nigeria announced last week it would hand Mr. Taylor over to the tribunal to be tried for reputed war crimes related to Sierra Leone's 1991-2001 civil war, but the government made no moves to arrest him before he disappeared.

Mr. Taylor, a one-time warlord and rebel leader, is charged with backing Sierra Leonean rebels, including child fighters, who terrorized victims by chopping off their arms, legs, ears and lips. He would be the first African leader to face trial for crimes against humanity.

While the Sierra Leonean tribunal's charges refer only to the war there, Mr. Taylor also has been accused of starting civil war in Liberia and of harboring al Qaeda suicide bombers who attacked the U.S. embassies in Kenya and Tanzania in 1998, killing more than 200 people.

Bush Sure Nigeria's Taylor Will Be Tried (AP-Y2)

By Deb Riechmann

AP2, March 29, 2006

President Bush said Wednesday he's confident that Charles Taylor, a former warlord charged with brutal crimes during Sierra Leone's civil war, will be tried in an international tribunal.

"I think he is headed for where he belongs, which is trial," Bush said.

Taylor, the former president of Liberia who has been living in exile in neighboring Nigeria, disappeared just days after Nigeria bowed to pressure to surrender him to face charges at the international criminal tribunal in Sierra Leone.

News that he had slipped away came Tuesday, just an hour before Nigerian President Olesegun Obasanjo left Nigeria for his Wednesday meeting with Bush at the White House. On Tuesday night, Taylor was captured on the run with sacks full of U.S. and European currency.

"I do believe that he is headed for trial," Bush said. "We certainly will do our efforts in the diplomatic channels to see to it that that's the case."

A U.N. helicopter carrying Taylor landed inside the Sierra Leone tribunal compound shortly after noon Washington time.

All 22 of the Nigerian police officers who had been guarding Taylor have been arrested, but at the White House, Obasanjo rejected claims that Nigerian authorities may have been complicit in Taylor's escape.

"I do not agree, must disagree that we have been negligent in the way we handled the Charles Taylor issue," Obasanjo said.

Taylor is charged with backing Sierra Leone rebels, including child fighters, who terrorized victims by chopping off their arms, legs, ears and lips. He would be the first African leader to face trial for crimes against humanity.

"If we had been negligent, then Charles Taylor would have got away," Obasanjo said. "He would not have been arrested if there was negligence."

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Bush said he appreciated the government of Nigeria's work to apprehend Taylor.

Bush recalled his meeting last week with Liberia's new President Ellen Johnson Sirleaf, who had asked Obasanjo to hand over Taylor. Sirleaf told Bush that her impoverished nation cannot move beyond its years of civil strife until Taylor, who continues to have operatives in Liberia, had his day in court.

"The fact that Charles Taylor will be brought to justice in a court of law will help Liberia and is a signal, Mr. President, of your deep desire for there to be peace in your neighborhood," Bush said after his meeting with Obasanjo.

The Sierra Leone tribunal has jurisdiction, but Bush said the United States is working to have Taylor tried at the International Criminal Court in The Hague, Netherlands — something that would require a U.N. Security Council resolution.

Secretary of State Condoleezza Rice "told me that she thought that might happen relatively quickly," Bush said.

Bush said he and Obasanjo also talked about an international effort to help end Sudan's 21-year civil war, which has left more than 180,000 people dead and 2 million displaced.

Bush has called for greater NATO involvement in Sudan's Darfur region, which the United Nations has described as the world's gravest humanitarian crisis. But he said the African Union must request that its mission in Darfur be converted to a U.N. mission. When that happens, NATO can move in with U.S. help.

"I made it very clear to (Obasanjo) that we are deeply concerned about the humiliation, the rape, the murder that is taking place among the — against the citizens of Darfur. He agreed," Bush said.

On other topics affecting U.S.-Africa relations, Bush asked Obasanjo about conditions in Nigeria's oil-rich southern delta. Obasanjo has been criticized for failing to control militants who have launched attacks on oil facilities in the area. Nigeria is the fifth-biggest source of U.S. oil imports.

"We are very grateful that the measures we are taking, which are essentially socio-economic measures to address some of the grievances, identified grievances (that) will resolve the issue of the Niger Delta," Obasanjo said.

The Nigerian leader said he also talked to Bush about West Africa's Gulf of Guinea, where an oil boom could outpace Persian Gulf exports to America in a decade. The United States is wary about the security of an increasingly strategic part of the world that some U.S. officials believe is vulnerable to piracy, political instability and terrorism.

Obasanjo said he told Bush about how he is working to establish a Gulf of Guinea commission to address any misunderstandings between Nigeria and other countries in the Gulf and how activity in the region can be monitored.

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On the Net:

CIA World Factbook on Liberia:

http://www.cia.gov/cia/publications/factbook/geos/li.html

Liberia's Taylor Found And Arrested (WP)

By Craig Timberg

The Washington Post, March 30, 2006

MONROVIA, Liberia, March 29 -- On a rain-drenched tarmac, former Liberian president Charles Taylor was arrested by U.N. security officials Wednesday, read his rights, placed in manacles and then flown by helicopter to neighboring Sierra Leone to face charges of crimes against humanity.

So ended, for now anyway, the political career of one of the most-wanted men in the world, a charismatic warlord-turned-president-turned-fugitive who finished the day in the custody of a U.N.-backed tribunal that has indicted him on 11 counts of war crimes and crimes against humanity for his long reign of terror across this fragile region.

Among his alleged crimes are mass murder, rape and mutilation, including support for a brutal rebel group in Sierra Leone that cut off the limbs of its civilian victims. Taylor, 58, is also accused of destabilizing Liberia and several neighboring countries while amassing a personal fortune from illicit trade in diamonds, guns and timber.

Taylor, who served as president from 1997 until he resigned under pressure in August 2003, is the first former African head of state to face international criminal charges for alleged misdeeds while in office. After stepping down, he went into exile in the

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southeastern Nigerian tourist city of Calabar, but last week Nigerian authorities agreed to return him to Liberia at the request of the newly elected president, Ellen Johnson-Sirleaf.

"It's an important day for justice in the whole African region," said Ezekiel Pajibo of the Center for Democratic Empowerment, based in Monrovia. "It means that Liberia has begun the process of curbing the culture of impunity that has been existing in our country."

Liberians expressed relief, wonder and some unease at the dramatic turn of events for their former president. Only one day earlier, they had learned that Taylor had mysteriously disappeared from a government guest house in Nigeria where he had spent the past 2 1/2 years in exile. Many Liberians feared that he was on his way back to the country, where he stills commands some support.

Johnson-Sirleaf, who on March 5 requested Taylor's return from Liberia, made no immediate public comments but announced plans to address the country in a televised speech Thursday morning.

Taylor, who lived in the United States for years and served a stint in a Boston jail, returned to Liberia in 1989 to launch his rebel movement. Since then, he has exerted a hold on the imagination of Liberians, first by helping to topple the hated dictator Samuel K. Doe, then by winning election in a country he had terrorized for years.

To many Liberians, his return to power had loomed as a real possibility. As he left for exile, Taylor vowed: "God willing, I'll be back." They were words few Liberians have forgotten.

But it was not the return Taylor and his supporters had envisioned.

The office of Nigerian President Olusegun Obasanjo announced Tuesday that Taylor had disappeared the night before. Obasanjo ordered the arrest of the security detail that was guarding Taylor and created a commission of inquiry.

News of the disappearance provoked denunciations from the United States, the United Nations, international human rights groups and the special prosecutor in Sierra Leone. Alarm spread through Liberia as well, which has recently begun to show signs of recovering from decades of war and instability.

But an immigration official in Gamboru, in northeastern Nigeria, spotted Taylor in a jeep with diplomatic tags that was attempting to cross into Cameroon about 7:30 a.m., according to Nigerian authorities. Under orders from Obasanjo, who for years had resisted pressure to deliver Taylor to the war crimes court, Taylor was taken into custody and, courtesy of a sleek green-and-white government jet, flown to Monrovia, Liberia's seaside capital.

Reports of Taylor's capture reached Washington a few hours before Obasanjo was due to meet with President Bush at the White House, heading off what would have been an embarrassing encounter for both leaders. Rather than meeting with the man who had lost a war criminal, Bush was able to applaud Obasanjo for the arrest and focus on other issues.

"The fact that Charles Taylor will be brought to justice in a court of law will help Liberia and is a signal, Mr. President, of your deep desire for there to be peace in your neighborhood," Bush told Obasanjo in the Oval Office as cameras recorded the moment.

Obasanjo thanked him and then denied any mishandling of Taylor. "I do not agree, must disagree, that we have been negligent in the way we handled the Charles Taylor issue," he said. "If we had been negligent, then Charles Taylor would have got away."

U.S. officials were not sure what to make of the incident and the dramatic developments. Obasanjo arrived in Washington after 9 p.m. Tuesday amid reports that Taylor had escaped, and the Nigerian president and his delegation were promptly met at their hotel by State Department officials seeking information on what had happened. The national security adviser, Stephen J. Hadley, met separately at the White House with his Nigerian counterpart, Aliyu Mohammed.

Administration officials went to bed Tuesday night uncertain what would happen at the Oval Office meeting the next morning, but by the time they arrived at work, they had received reports that Taylor had been caught.

"It's an open question as to what happened," said State Department spokesman Sean McCormack. "We will follow up with the Nigerian government on that issue, but as I said, the important fact is that he is in custody and he's going to face justice."

For Taylor's arrival at Roberts International Airport in Monrovia, dozens of Jordanian and Nepalese military police officers took up positions on the tarmac. White U.N. tanks were posted at every corner of the runway and two helicopters patrolled.

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A half-hour before Taylor's plane landed, thick clouds rolled in. The temperature dropped. The wind picked up and churned the propellers of a waiting plane. Then rain poured down.

It had slowed only slightly when Taylor's plane landed about 4:30 p.m. The former president, dressed casually in a beige traditional robe and slacks, was somber as he was read his rights and placed under arrest, according to Liberian officials. In a matter of several minutes, he boarded a waiting U.N. helicopter a few steps away.

He was then flown to Freetown, the capital of Sierra Leone. About an hour after arriving there, Taylor was in the custody of the special court.

Many Liberians learned of Taylor's arrest by listening to live radio broadcasts. A surge of jubilation shot through the capital.

"I'm so grateful today to hear that Taylor has gone to Sierra Leone," Samuel Kanneh, 31, said in downtown Monrovia. "Liberia will be safe."

The joy was tinged with frustration that the United Nations, pushed mostly by Western powers, had brought Taylor to justice rather than Liberians themselves.

"He was my president," said Marcus Kelley, 27, a student. "He was loved by a lot of people."

Even Harris Banni, 29, an unemployed man who said his father was killed by Taylor-led rebels, expressed wounded pride at the manner of Taylor's arrest.

"I am a Liberian even though he killed my father," Banni said.

Liberian Seized To Stand Trial On War Crimes (NYT)

By Lydia Polgreen

The New York Times, March 30, 2006

FREETOWN, Sierra Leone, March 29 — Charles G. Taylor, the warlord who became Liberia's president, was captured Wednesday after a dramatic 24 hours in which he disappeared from the villa in Nigeria where he had lived in exile and then was recognized at a remote outpost as he tried to leave the country.

He was brought here to face war crimes charges for his role in a brutal decade-long civil war in Sierra Leone, one of a series of conflagrations that he set off, killing at least 300,000 people. He is the first African head of state to face such charges in an international court.

Mr. Taylor's arrival by helicopter under extraordinary security capped a saga that began nearly three years ago, when he fled his nation in the face of a rebel onslaught. He was captured Wednesday morning after a customs official recognized him as he tried to escape into Cameroon.

He arrived unshaven and dressed in a white tunic covered by a bullet-proof vest, tan pants and slip-on shoes. His appearance was in stark contrast to his dapper look in his last public appearance, in 2003, when he went into exile after a 14-year civil war that killed a quarter million of his countrymen, defiantly declaring, "God willing, I will be back."

He did return to Liberia, briefly, on Wednesday, but only to be handed over to United Nations troops who promptly flew him here, where he was read the indictment from a United Nations-backed court dealing with war crimes in Sierra Leone — 11 counts of crimes against humanity — then jailed.

Desmond de Silva, the prosecutor who will try the case, said Mr. Taylor's arrival "sends out the clear message that no matter how rich, powerful or feared people may be, the law is above them."

The trial is sure to resonate on a continent where dictators have ruled with ruthless impunity. From Idi Amin, the soldier whose murderous rule in Uganda gave way to comfortable exile in Saudi Arabia, to Haile Mengistu Mariam, whose 14-year Communist rule in Ethiopia brought political purges that killed more than a million people but who is now living quietly in Zimbabwe, African leaders who brutalize their citizens have faced few consequences.

"The current perpetrators of serious human rights crimes should be put on notice that international courts take the crimes they commit very, very seriously," said Corinne Dufka of Human Rights Watch.

Mr. Taylor's arrival here was a dramatic turn in the already complicated saga of the effort to bring him to justice after he ignited a series of civil wars in the 1990's that engulfed much of West Africa.

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In the early 1980's, Mr. Taylor was a senior government procurement officer in Liberia. Charged in 1983 with embezzling nearly $1 million, he fled. He was arrested in Massachusetts in 1984, then escaped from jail in 1985. He resurfaced in Liberia in 1989 as a Libyan-trained warlord, leading a rebel force. He was elected president in 1997, in a vote overshadowed by fears of what might happen if he lost.

A warrant for his arrest was issued in March 2003. But as part of an agreement to remove him from power and halt a bloodbath in Liberia, Nigeria offered him asylum and refused to hand him over to the court in Sierra Leone, where he was accused of fomenting a civil war.

Though under intense pressure by the United States to arrest him, President Olusegun Obasanjo of Nigeria had insisted he would hand over Mr. Taylor only to an elected Liberian government. Earlier this month, Ellen Johnson Sirleaf, Liberia's new president, herself facing pressure from the United States, made the request, and Mr. Obasanjo agreed.

But Nigeria insisted that it was Liberia's responsibility to go and arrest him, with Mr. Obasanjo's spokeswoman declaring that Mr. Taylor was "not a prisoner," which seemed almost to taunt Mr. Taylor into trying to escape from his lightly guarded compound in Calabar.

Late Monday night the Nigerian government said he had vanished. He was found more than 600 miles north, in an ash-colored Land Rover with a large quantity of dollars, in the company of a woman and a driver, Haz Iwendi, a spokesman for the National Police, said by telephone.

A customs official spotted Mr. Taylor, whose vehicle had diplomatic license plates, early Wednesday morning in the border town of Ngala, Mr. Iwendi said.

The escape was an acute embarrassment for Mr. Obasanjo, who arrived Tuesday in Washington for a visit to the White House to discuss security in the volatile Niger Delta, where attacks by militants on oil facilities and kidnappings have slashed output. Nigeria is the United States' fifth-largest supplier of oil.

Outraged American lawmakers called on President Bush to cancel his meeting with Mr. Obasanjo, with whom Mr. Bush has had a warm relationship, based in part on their shared Christian faith and bolstered by Mr. Obasanjo's role as a regional problem solver.

But internal problems have eroded the Nigerian's status. Militants in the Niger Delta, sectarian violence that killed more than 100 people last month and a political crisis stemming from plans to try to extend his rule to a third term have roiled Nigeria.

Mr. Bush met with him on Wednesday, and at a joint news conference, hailed the arrest of Mr. Taylor. "The fact that Charles Taylor will be brought to justice in a court of law will help Liberia," Mr. Bush said, "and is a signal, Mr. President, of your deep desire for there to be peace in your neighborhood."

Mr. Taylor was flown on a Nigerian government jet from Borno State, in northeastern Nigeria, where he was captured, to Monrovia, Liberia's capital. There he was handed over to Liberian officials, who promptly turned him over to United Nations peacekeepers, who arrested him. After a brief medical checkup, he boarded a helicopter for Sierra Leone.

The reaction to Mr. Taylor's arrival here was muted and fearful.

J. B. Jenkins-Johnson, a human rights lawyer in Freetown, worried that Mr. Taylor's arrival would cause unrest in a country still reeling from the long civil war. "Let them not bring that man here," Mr. Jenkins-Johnson said. "This man will bring us nothing but problems."

Indeed, many Sierra Leoneans wonder if the court's work will do much to help them improve their lives. "The Taylor case doesn't have a lot of resonance," said Olu Gordon, a political analyst and journalist in Freetown. "It is abstract, while the problems they face are concrete: what to feed their children, how to pay for school, and so on."

The loudest calls for Mr. Taylor's arrest came not from his victims but from the United States, which has backed the international court here financially and diplomatically.

Ms. Johnson Sirleaf, the Liberian leader, had been hesitant to act on Mr. Taylor, saying that the peace in Liberia was still fragile and that any action could stir up his allies, several of whom hold seats in Liberia's new legislature. Several of his commanders remain in Liberia, and news of Mr. Taylor's arrest caused immediate fears of a coup attempt.

But removing him from the scene could also help stabilize the region, said Mike McGovern, an analyst for the International Crisis Group, by demoralizing Mr. Taylor's supporters.

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"The arrest closes an ugly chapter in Liberian history and gives people the confidence to look to the future," Mr. McGovern said in an interview in Monrovia. "A lot of people are still sitting on the fence. Once they have a clear idea of where Taylor is and what's likely to happen to him, they're likely to really turn their backs on that period and move forward."

In Liberia, human rights advocates exulted in the news. "This is a great day," said Jerome J. Verdier Sr., head of the country's Truth and Reconciliation Commission. "It's a fundamental triumph for the rule of law both in Liberia and the sub-region."

For Liberia's Expats, Relief And Jubilation (WP)

By Sudarsan Raghavan

The Washington Post, March 30, 2006

Kai Wleh, whose parents were murdered by soldiers of former Liberian president Charles Taylor, has waited 15 long years for justice. Yesterday, unlike any other day, he felt his quest could soon be over.

Like many Liberians across the Washington region, Wleh awoke to a news report that Taylor had been captured while trying to flee Nigeria, where he was exiled. Unconvinced, Wleh jumped out of bed and called co-workers in Liberia to check whether the report was true.

"My prayer had been answered," said Wleh, 46, who fled Liberia in 1998 and lives in Silver Spring. "Taylor must face trial to bring closure to the atrocities he committed against all of us."

Liberians across the region heaved a sigh of relief yesterday morning as word spread of Taylor's capture and handover to a U.N.-backed war crimes tribunal in neighboring Sierra Leone. Many feared that his dramatic escape Monday from his villa in the Nigerian city of Calabar could trigger another bloody chapter of war and chaos in Liberia.

Hundreds of people phoned Radio Free Liberia, a local radio station that Wleh manages, and joined online chat rooms, refusing to believe that Taylor had finally been apprehended. Shock soon gave way to outright joy.

"This is a great day of celebration, a great day of relief, a great day of jubilation and a great day for freedom for Liberians," said the Rev. Joseph Samuel Reeves, 51, of Culpeper, Va., who said he fled Liberia after several attempts were made on his life.

An estimated 10,000 native Liberians live in the Washington region, many of them refugees who fled different periods of civil war in their West African homeland. Over the years, they have remained connected, wiring home millions of dollars to support poor relatives and to help finance Liberian political candidates.

Last year's historic post-civil war elections, held under the protection of 15,000 U.N. peacekeepers, promised a new era of peace and stability with the election of Harvard University-trained economist Ellen Johnson Sirleaf, Africa's first female elected president.

But many Liberians in the United States still worried about their homeland's future. Taylor has many supporters inside Liberia, and as long as he was in exile, Liberians feared he could return to launch another rebellion. So when the news broke about Taylor's escape, they worried for relatives at home who were putting their lives back together after more than two decades of conflict.

"Charles Taylor on the loose, that could mean insecurity in the region," said Caroline Barnard, a well-known singer in College Park, who fled Liberia in 1990. "That's what we were so afraid of."

Barnard said her mother, who like many older Liberians plans to return home soon, is relieved that Taylor was captured. For many Liberians, it's the most promising sign that their country has turned a corner on the road toward peace.

"The election was an historical landmark, but the capture of Charles Taylor paves the way for the building of peaceful coexistence," Wleh said. "As long as Taylor was in exile or alive, the possibility of peace in Liberia was on slippery ground. This solidifies Liberia's march towards democracy."

Ex-Liberian Leader Arrested In Nigeria, To Face U.N. Tribunal (USAT)

USA Today, March 30, 2006

Former Liberian president Charles Taylor was arrested Wednesday and flown to a United Nations tribunal prison in Sierra Leone to face 17 counts of war crimes. Nigerian President Olusegun Obasanjo said Taylor was arrested in a car as he tried to

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cross Nigeria's northern border into Cameroon. He was flown to the Liberian capital, Monrovia, and then to Sierra Leone. The charges stem from Taylor's alleged role in civil strife that killed tens of thousands in Sierra Leone from 1991 to 2002.

Taylor had disappeared Monday from his villa in southern Nigeria, where he had been living in exile since being forced from power under a peace deal in 2003 that ended Liberia's civil war. Obasanjo, who met Wednesday with President Bush at the White House, denied that Nigeria helped Taylor's attempted escape.

An Afghan man who could have been executed for converting from Islam to Christianity arrived in Italy and was granted asylum, Prime Minister Silvio Berlusconi said. Abdul Rahman, 41, was released Monday from a prison in Kabul after a court dismissed charges of apostasy — abandoning his faith — because of a lack of evidence and suspicions he might be mentally ill.

President Hamid Karzai was under international pressure to end the case. Afghanistan's new parliament sent a letter to the Interior Ministry demanding that Rahman be barred from leaving the country, but no vote was taken, parliamentary speaker Yunus Qanooni said. Muslim clerics condemned Rahman's release and threatened to incite violent protests; Zabul province's top cleric, Abdulrahman Jan, called it "a terrible thing and a major shame."

Also, Taliban rebels attacked a coalition military base in southern Afghanistan, killing a U.S. soldier and a Canadian soldier but losing 32 of their own, British military spokesman Col. Chris Vernon said.

Vernon said the fighting was the deadliest in months. The Taliban has warned of a renewed offensive more than four years after U.S.-led forces ousted the hard-line regime.

An Indian court sentenced radiologist Anil Sabsani and an assistant to two years in prison for using ultrasound tests to determine the sex of fetuses. Sabsani is the first physician convicted of flouting a law designed to stop parents from aborting female fetuses. Sushma Saini, an information officer for the Haryana state government, said the sentence includes a $125 fine. Girls in India are often seen as burdens requiring huge dowries. The British medical journal Lancet reported that ultrasound sex-determination tests resulted in nearly 10 million female fetuses being aborted in India during the past two decades.

Fugitive Ex-Liberian President Is Captured At Nigerian Border (LAT)

By Robyn Dixon And Hans Nichols

The Los Angeles Times, March 30, 2006

FREETOWN, Sierra Leone — Looking unshaven and haggard, former Liberian President Charles Taylor was placed in a detention cell in Sierra Leone on Wednesday, after his early-morning arrest trying to flee Nigeria carrying large bags of cash.

He will be the first former African head of state to face international justice on war crimes charges, which include forced recruitment of child soldiers, as well as murder, rape, mutilation and sexual enslavement of civilians in a decade of civil war in Sierra Leone. More than 50,000 people were killed in the conflict, which ended in 2002.

Taylor's arrest is a further sign that the international community is catching up with the leaders of West Africa's bloodiest conflicts. Nine former leaders in the Sierra Leone conflict have been detained and await trial in that country. In addition, Thomas Lubanga, a former militia leader during the civil war in Zaire, now the Democratic Republic of Congo, is facing judgment in The Hague.

A United Nations helicopter carrying Taylor, escorted by two other helicopters, landed in the compound of the U.N. Special Court for Sierra Leone in Freetown at dusk.

Handcuffed and wearing a bulletproof vest over a white tunic, Taylor stepped out and was hustled into an SUV and driven about 100 yards to the door of the detention center.

As he emerged from the helicopter, about two dozen Sierra Leoneans on the roof of a nearby house cheered in apparent support of his arrest. Taylor gave no sign he had heard, nor did he answer a question shouted by a reporter.

Inside, away from reporters, a court official read him an amended 11-count indictment on war crimes for his role in the civil war in diamond-rich Sierra Leone, which neighbors Liberia. Taylor is due to appear in court in the coming days to enter his plea, but it will be months before he is granted a hearing.

The court's original 17-count indictment, in March 2003, was reduced by the court this month to 11 counts, prosecutor Desmond de Silva said.

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"This will ensure a more focused trial," De Silva said in a statement. "The thrust and gravity of the former indictment is in no way diminished."

Analysts said Taylor's arrest was a boost for West African stability and would give Liberia the chance to break with its violent history.

President Bush welcomed Taylor's arrest in comments to journalists with Nigerian President Olusegun Obasanjo in Washington. "The fact that Charles Taylor will be brought to justice in a court of law will help Liberia and is a signal, Mr. President, of your deep desire for there to be peace in your neighborhood," he said.

Bush added later that he hoped the U.N. Security Council would pass a resolution to place Taylor under the jurisdiction of The Hague in the Netherlands.

Taylor, who wore no disguise, was arrested after 5 a.m. in a Land Rover carrying two large sacks of currency, including American dollars, at Nigeria's border with Cameroon, said Nigerian officials in the northeastern state of Borno.

Traveling in an entourage of several cars, Taylor passed through the Nigerian customs post but found the gate at the immigration post padlocked, according to reports from the scene. When immigration officials pounced, the other vehicles in the convoy fled, according to the reports.

Taylor's capture, a day after he had disappeared, saved Obasanjo intense embarrassment in his meeting with Bush on Wednesday.

Obasanjo said he felt vindicated by the arrest, adding that there was no negligence by Nigeria. "If we had been negligent then Charles Taylor would have got away," he said.

But some still raised questions about Nigeria's role.

This month, Liberia's recently elected president, Ellen Johnson-Sirleaf, requested Taylor's extradition from Nigeria, but Nigeria took no steps to detain him.

Mike McGovern, West Africa analyst for the International Crisis Group, said the near escape was "very peculiar."

"The fact he would be miraculously found in this way is also very peculiar."

After 14 years of civil war in Liberia, Taylor accepted exile in Nigeria in 2003 and left power, vowing that he would return, "God willing." He was accused by many of breaching the conditions of his exile by trying to interfere in Liberian affairs.

In the Freetown detention center, Taylor joined nine other detainees, some former allies and some enemies: three former leaders of the Sierra Leone Civil Defense Forces, three members of a former military junta and three leaders of the rebel Revolutionary United Front.

Congress Wary Of Trade Deficit With China (CSM)

By Mark Trumbull

The Christian Science Monitor, March 30, 2006

Last year, Americans sold just $1 of goods to China for every $6 of goods flowing the other way. That imbalance is tipping the scales in Congress toward confronting China about its trade.

The growing trade gap - nearly $202 billion in 2005 - threatens the US economy, some lawmakers say. They want China to end what they call unfair trade policies and an artificially low yuan, its currency.

But others say the greater danger lies in provoking a trade war with China, which could hurt the two biggest drivers of the global economy.

Those stakes pose a delicate challenge for America: finding the right balance between assertiveness and patience.

"There's strong bipartisan concern that this growing trade deficit with China is a serious problem," says Robert Scott, an economist at the Economic Policy Institute, a liberal think tank in Washington.

So far this year, Congress and the Bush administration have leaned hard on China's leadership. One Senate bill introduced Tuesday by Charles Grassley (R) of Iowa and Max Baucus (D) of Montana outlines new consequences for trade violations and artificially low exchange rates. Sens. Lindsey Graham (R) of South Carolina and Charles Schumer (D) of New York, meanwhile, have delayed a vote on their proposal to impose a 27.5 percent tariff on Chinese imports if the yuan's value doesn't rise.

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The next few weeks could reveal whether the path ahead involves confrontation or common ground. Chinese leader Hu Jintao meets with President Bush in April. And the US Treasury Department is preparing to issue an assessment of whether China is manipulating its currency.

The blend of pressure and patience with China is already a well-worn balancing act for US officials. That's because both the economics and politics of the issues are tricky.

Many US companies are developing profitable operations in China and don't want to antagonize the nation that offers superior growth prospects. Wal-Mart, for example, recently said it expects to hire 150,000 Chinese workers as it expands retail operations there during the next five years.

By some measures, China may already be the world's No. 2 economy. And forecasters estimate that it could surpass America as the world's biggest economy by about 2040.

Economists say the two nations stand to reap big rewards from their expanding ties. The low-cost goods imported from China represent a boost in the purchasing power of American consumers - a kind of "China dividend" for the US standard of living.

And trade is flowing the other way too, with US exports booming last year.

In effect, many economists say the greatest risk is not the trade deficit but the prospect that a rift over trade could result in a resurgence of protectionism.

"Personally, I can think of no faster path to a worldwide recession than for the twin engines of the global economy - the United States and China - to turn against one another," Caterpillar Inc. chairman Jim Owens said in a speech to manufacturers last week in Illinois.

The company's exports of machinery to China have grown 40 percent in the past few years, helping to support 5,000 US jobs. The company is also adding workers rapidly in China.

Although trade and economic prosperity have historically gone together, critics say the US has not done enough to defend US jobs against unfair trade practices - especially in China.

Counting the number of manufacturing jobs lost due to trade is notoriously difficult. Many economists contend that even if China cut export subsidies and boosted the yuan by 25 percent, the impact on US employment would not be dramatic. Americans might simply import more goods from other nations.

But the effect on US manufacturers might be greater. An analysis by the Economic Policy Institute concluded that since 1989, the rising trade deficit with China has displaced production that supported 1.5 million US jobs.

The Grassley-Baucus bill would address currency imbalances and trade violations through a system of "engagement." "We need to engage China and other nations firmly, but with an eye to economic opportunities as well as economic concerns," Senator Baucus said.

Currency is a primary concern for the National Association of Manufacturers. With the yuan undervalued by some 20 to 40 percent, "it does confer a very significant artificial price advantage," says Frank Vargo, who specializes in trade issues at the association. "That's huge."

He hopes that the Bush administration will work with other nations to bring joint action against China to reform the exchange rate. "There really are no quick routes," says Mr. Vargo. "It's the one we prefer."

US Adds To Pressure On China Over Trade (FT)

By Richard Mcgregor And Christopher Swann

Financial Times, March 30, 2006

The US government on Wednesday stepped up efforts to press China into making big trade concessions before Hu Jintao, their president, visits Washington next month.

Amid a fresh salvo of criticism of Chinese recalcitrance, the Bush administration also gave its first indication that it would back a Senate bill that would require it to take a tougher line on China for not allowing its currency to appreciate.

Carlos Gutierrez, the US commerce secretary, warned in Beijing on Thursday that China would risk protectionist retaliation if it failed to open its market faster and that such measures could be “devastating” to the Chinese economy. “It is important for our

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colleagues in China to recognise that the voices in the US calling for protectionist policies are real," Mr Gutierrez said ahead of trade negotiations scheduled for next month.

A few hours later in Washington, Timothy Adams, US undersecretary of the Treasury, told a Senate hearing that China had been "far too cautious" in moving to greater currency flexibility. "They continue to say all the right things...they need to walk the walk," he said.

Washington is demanding action by Beijing on a range of fronts, including more stringent enforcement of intellectual property rights, the reduction of auto parts tariffs and action on subsidies of state companies and government procurement policies. Pressure also continues to mount for China to allow its currency to appreciate more rapidly.

The Senate has temporarily backed away from threats to put tariffs on Chinese imports in retaliation but is moving ahead with legislation that would threaten China with sanctions if the renminbi failed to appreciate.

Mr Adams indicated on Wednesday that the administration would endorse legislation introduced by Republican Charles Grassley and Democrat Max Baucus that would allow for some sanctions against countries deemed to have currency "misalignments" with the US. He called it "a novel approach" that "would help us".

Mr Adams said, however, that the administration was not in favour of some of the more draconian proposals put forward by lawmakers. "There are several bills in Congress that would close our markets to Chinese goods if China does not move more on its exchange rate. We do not support those isolationist approaches.

"They would damage our economy and not achieve our shared goals."

The US efforts are designed to press China into faster action by threatening consequences that the administration – and powerful US companies – would prefer not be carried out.

In spite of Mr Gutierrez's warning, he struck a much milder tone than on previous trips to China. The importance of cheap Chinese goods to US consumers and the huge investments made by US companies in China make the imposition of any penalties by Washington on Beijing problematic.

China Is Told Of U.S. Impatience On Trade (NYT)

By David Lague

The New York Times, March 30, 2006

BEIJING, March 29 — The rise of protectionist sentiment in the United States over a $202 billion trade deficit with China could hurt the Chinese economy, Commerce Secretary Carlos Gutierrez said Wednesday.

Mr. Gutierrez said at a business forum here that protectionist measures could lead to a decline in Chinese exports to the United States, its biggest international customer.

That would hurt the United States, but be even more damaging for China, he said.

Mr. Gutierrez said China could help the Bush administration counter that threat with improved market access for United States products and stricter enforcement of intellectual property rights.

He acknowledged that Chinese tariffs had fallen since the country's entry into the World Trade Organization in 2001, but he said a wide array of barriers remained that restricted sales of products from companies in the United States and other foreign countries.

"It is important for our colleagues in China to realize that the voices in the U.S. calling for protectionist policies are very real," he said. Mr. Gutierrez was on the last day of a four-day visit to China.

While Mr. Gutierrez was in Beijing for trade talks, one looming threat to its exports to the United States appeared to have eased. Senator Charles E. Schumer, Democrat of New York, and Senator Lindsey Graham, Republican of South Carolina, delayed plans for a bill that would have threatened steep tariffs on Chinese imports if Chinese leaders refused to let their currency, the yuan, rise in value against the dollar.

The senators said they had become more optimistic as a result of their trip to China last week when Chinese officials emphasized their willingness to let the yuan float more freely and to address other aspects of their country's growing trade deficit with the United States.

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Senator Charles Grassley of Iowa and Senator Max Baucus of Montana, respectively the top Republican and Democrat on the Senate Finance Committee, are pushing a separate bill that would focus more attention on currency policies but would stop short of threatening tariffs on imported goods.

Mr. Gutierrez, in earlier talks with senior Chinese officials, including Prime Minister Wen Jiabao; the vice prime minister, Wu Yi; and the commerce minister, Bo Xilai, urged China to accelerate moves to open its markets.

In a statement posted on the Web site of the Commerce Ministry, Mr. Bo said "global economic trends," not Beijing, were to blame for the deficit.

He also said that United States consumers enjoyed the benefits of cheap high-quality goods from China.

The Bush administration is pushing China to make tangible progress on market access at the next meeting of the Joint Commission on Commerce and Trade, to be held in Washington on April 11.

The outcome of the talks could set the tone for President Hu Jintao's visit to the United States later in April, according to United States and Chinese officials.

Mr. Gutierrez did not publicly raise concerns about the value of the yuan, in keeping with a longstanding policy that only Treasury officials deal with currency issues.

US Targets Chinese Piracy Of US Goods (CSM)

By Robert Marquand

The Christian Science Monitor, March 30, 2006

BEIJING - Liu Tong is polite to a fault, speaks perfect English, majored in American studies, has loads of American friends he loves to phone - and duplicates Japanese and American high-tech goods for a living.

Mr. Liu buys unusual, specialized technology - a machine to make film subtitles is a recent project, for example. He disassembles the machine, duplicates the parts, and rebuilds a Chinese version. The process, called "reverse engineering," is the more serious side of a long-running feud between the US and China over intellectual property rights violations - one that includes mass production of pirated DVDs of movies, music, and software.

Now, as Chinese president Hu Jintao prepares to visit the US next month to discuss what Bush administration officials term "our $250 billion relationship," Washington seems to be backing away from a trade war over currency valuation that would slap an epic 27.5 percent tariff on Chinese exports.

Instead, US Commerce Secretary Carlos Gutierrez indicated here Wednesday that the White House will focus on a more diffuse and difficult problem: intellectual property rights (IPR).

"Not currency valuation ... but intellectual property rights violations are the main threat to US industry" argues Stephen Green, senior economist for the London-based Standard Charter Bank in Shanghai, China. "It is the taking of emerging technology, the sophisticated technology that resides in the products of large Western firms, that can do the most harm in the long term."

For nearly a decade, complaints about IPR violations have been a mantra by US trade officials coming to China. Little is done, apart from occasional bonfires of illegal DVDs by Chinese police.

But as the US trade deficit with China climbed to $202 billion last year, protectionist sentiment has built in Washington. Talk of a lack of access to Chinese markets, unfair and obscure business rules that penalize foreign companies, and the recent bill, introduced by Sens. Lindsey Graham (R) of South Carolina and Charles Schumer (D) of New York, which would impose a 27.5 percent tariff on Chinese imports - have seized Beijing's attention. Some 67 senators agreed to pass the bill, despite opposition by the White House. After high-level meetings last week with Vice-Premier Wu Yi and Commerce Minister Bo Xilai, Sens. Schumer and Graham agreed to delay the vote.

Secretary Gutierrez says that while China is the world's No. 2 buyer of personal computers, it ranks No. 25 in software purchasing - a result of widespread use of "pirated software" in China. In a talk to an American business audience, he noted that if China cut the use of pirated software to 80 percent from 90 percent of all software, the country would gain $6.5 billion in tax revenue.

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Just around the corner from where Gutierrez spoke, one major DVD shop had removed all current Hollywood movies from its shelves, leaving an odd assortment of Alfred Hitchcock, Charlie Chaplin, exercise videos, and Korean, Japanese, and Chinese films. But at the store counter, two huge folders of movie flyers were available - Capote, Crash, Pride and Prejudice. Buyers simply pulled the flyers, paid $1 each, and a young Chinese person left the store and returned with movies under his or her coat, already wrapped.

On Treasure Street, Ya Ba Lu, hundreds of vendors who front for factories outside Beijing tell reporters that they can have name-brand coats, shoes, and purses mass-produced for shipment to Moscow, Warsaw, Bangkok, and other destinations.

Economic relations between the US and China have arrived at something of a crucial juncture, US officials say. Gutierrez said that US firms have shifted from thinking of China as a "land of opportunity" to giving its business environment a more "mixed assessment." The secretary also adjusted his criticism of piracy practices and closed markets, shifting from a tone that Chinese see as one of self-interest to an argument that greater opening and fair trade was ultimately good for the Chinese.

IPR enforcement is highly problematic, requiring China to police deeply inside a corrupt system that sprawls over local provinces and cities.

The US isn't alone in showing greater worry over China's capability as a superb duplicator of innovative products. The European Union is preparing to file a WTO suit arguing that Chinese laws requiring European auto-parts makers to create joint ventures with Chinese firms will mainly allow Chinese firms to learn to duplicate European technology and then abandon the firms.

Beijing is showing signs that it understands the sentiment behind US protectionist feelings. Last week, five Chinese agencies held a rare joint press conference arguing that China has done, and will do, much more to police IPR violations. China has shut down more than a dozen factories making illegal DVDs in the past year. Moreover, in a development also praised by Gutierrez, China has shifted IPR violations from a civil to a criminal violation - though the fine print on this is unclear. That Vice Premier Wu is handling IPR violations inside the state structure is an affirmative fact, the commerce secretary said.

"They are closing down the DVD factories, but will they remain closed?" Gutierrez asked, adding that China may need to pay more attention to the concerns of "its No. 1 customer."

"In private business, the thought of my No. 1 customer preparing to change policy ... that would have a significant impact on my thinking," Gutierrez told reporters here.

U.S. Officials Urge China On Markets, Yuan (WSJ)

By Mei Fong

The Wall Street Journal, March 30, 2006

BEIJING -- U.S. Commerce Secretary Carlos Gutierrez warned of rising U.S. protectionist sentiments against China and told China it must do more to open up its markets.

In a speech to the U.S. business community in Beijing yesterday, Mr. Gutierrez warned of "a real protectionist sentiment" that was "creeping up" in America, in part due to the U.S.'s ballooning trade deficit with China.

Later in Washington, the Bush administration warned China that it must do more to allow its currency's value to be set by market forces.

U.S. Treasury Undersecretary Timothy Adams told a congressional committee that getting China to move toward a more-flexible exchange rate system remained his department's No. 1 priority and that the Chinese have failed to do enough since announcing last summer a small revaluation of the currency.

"To date, China's progress has been far too cautious," Mr. Adams said in testimony to the Senate Finance Committee. "China could easily move more rapidly towards greater flexibility. It should do so now."

The comments of Messrs. Gutierrez and Adams came after U.S. Sens. Charles Schumer, a New York Democrat, and Lindsey Graham, a Republican from South Carolina, announced Tuesday that they wouldn't force an immediate vote on a bill that would impose 27.5% tariffs on all imports from China in retaliation for the alleged advantage that Beijing's currency policies give to Chinese firms.

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Discussions on China's yuan policy and the U.S.-China trade imbalance are expected to figure high on the agenda during President Hu Jintao's planned visit to Washington next month. U.S. critics say China has been slow to open its markets to outsiders and that it has kept the yuan artificially low, making its exports unfairly cheap. The U.S. deficit with China exceeded $200 billion last year by Washington's reckoning.

Mr. Gutierrez said "China still had a lot to do" to alleviate trade tensions, including improving enforcement of intellectual-property rights and removing barriers to entry, such as a requirement that foreign telecom firms invest $241 million before they are allowed to provide basic telecom services in China. He said that amount is "24 times more than normal" compared with most other countries.

Chinese authorities say the country has been opening its markets in accordance with its World Trade Organization commitments, after it joined the international trade body in 2001. They also maintain that other factors, including profligate consumption in America and shifting global trade patterns, are to blame for the trade imbalance, not Beijing's yuan policy.

Chinese Commerce Minister Bo Xilai, in a meeting with Mr. Gutierrez on Tuesday, said China's low-cost imports brought "hundreds of billions of dollars" in benefits to American consumers, according to the ministry's Web site.

Still, protectionist sentiment appears to be mounting in the U.S. Congress, despite the decision to delay the Schumer-Graham bill. Currently, there are at least 15 bills and amendments pending in Congress that threaten new taxes or tighter restrictions on Chinese trade, including a bill proposed Tuesday by the two top-ranking senators on the Finance Committee, Republican Charles Grassley of Iowa and Democrat Max Baucus of Montana. Their bill would leave it up to the Treasury Department to decide if China deserved retaliation and would offer much milder sanctions than the Schumer-Graham bill.

In Washington yesterday, Mr. Adams, the Treasury undersecretary, said the proposed Schumer-Graham legislation would damage the U.S. economy without helping achieve a more-flexible Chinese foreign-exchange policy. The bills amount to isolationism that "would damage our economy and not achieve our shared goals," he said.

In his testimony to the Senate Finance Committee, Mr. Adams reiterated Treasury's opposition to such legislation, arguing constructive engagement with China toward a more flexible foreign-exchange regime is working, albeit not as swiftly as the U.S. would like.

"The obstacles are no longer technical; China could easily move more rapidly towards greater flexibility," he said. "It should do so now."

In Beijing, Mr. Gutierrez also said yesterday that if China cut the proportion of pirated software used in the country to 80% from 90%, it would generate $6.5 billion in tax revenue and create 2.6 million jobs for China.

Besides Mr. Bo, Mr. Gutierrez met this week with Premier Wen Jiabao, China's top economic official and the commissioner in charge of China's State Intellectual Property Office, which enforces patents and copyrights. He declined to give details of their talks but said earlier he would bring up market access, product piracy and complaints about China's exchange-rate controls.

Open-Door Policy (WSJ)

The Wall Street Journal, March 30, 2006

From the Beltway panic over the Dubai ports deal to Europe's bout of merger anxiety, ambitious politicians are baring their protectionist teeth. Now would seem a good time to recall how well their countries and others have done by flinging doors open to trade, capital, services and people.

The emergence of China and India as global giants in the making dates directly to their decisions to liberalize. The current U.S. expansion is powered in part by capital from abroad. The Asian Tigers grew off trade. The singular achievement of the European Union was to create the biggest zone on the planet for the free trade of goods, capital and people.

In the past four decades, open economies (mostly from Europe, East Asia, North America) have fared far better than closed ones (Africa, Latin America, parts of Eastern Europe). Economists Jeffrey Sachs and Andrew Warner found that from 1970-1989 average annual growth in open developed economies was 2.3%, compared with 0.7% in the closed. In developing countries, those numbers were 4.5% and 0.7%. That trend hasn't changed much as trade and foreign investment have powered global growth.

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As befits the dismal science, not to mention the dismal profession of politics, this evidence hasn't settled the intellectual argument. So New York Senator Chuck Schumer and French Prime Minister Dominique de Villepin can make their case for "economic patriotism," to use the Frenchman's phrase, with a straight face.

But Europe is a good laboratory to test the link between market access and prosperity. Forget about old and new, south and north; the real EU divide is between open and less open economies. The former category include the "Anglo-Saxon" success stories of the past decade, Britain and Ireland. Starting with the Thatcher era, the U.K. put a "For Sale" sign out. A swath of British industry, including its car makers, is now in foreign hands. But -- Mr. de Villepin, take note -- the world didn't end. Britain focused its attention on services, turning London into a global financial center. Britain's rate of growth and employment is the envy of Europe.

The real star pupil is Ireland, which went from the bottom of the EU league tables in GDP per capita to the top in a generation by slashing taxes and barriers to investment. Of the OECD countries, Ireland has the highest share of foreign-controlled affiliates in terms of employment (nearly 50%) and turnover (78%). In Portugal, which puts up higher obstacles to foreign investment, it's 15% and 8%. Portugal is today the poorest country in Western Europe.

Less well-known is Austria. Having emerged from the Cold War with a state-dominated corporatist system, Austrian fortunes changed with the opening of the east and its own economy. Barriers to foreign direct investment went from above to below the OECD average. In 1998 Austria had the most legal barriers to investment; by 2003 Vienna had the least after New Zealand, another socialist backwater that liberalized its economy starting in the 1980s.

An open-door policy may be the only proven way that EU countries will be able to salvage their beloved "social model." Consider the Nordic states. Other Europeans envy their high economic growth and welfare spending but don't want to see what makes it possible. These countries have deregulated product and service markets and are open to foreign investment. Volvo and Saab aren't owned by "Swedes" anymore.

The human capital in those countries, often cited as one reason for their strong performance, didn't spare them the downturn of the 1990s. That's when Sweden, Denmark and Finland embraced market reforms to become the most dynamic economies in Europe. Call it "a second-generation Nordic Model," socialist mainly in the welfare sphere.

Foreign capital and free trade have also kept the more protectionist EU states afloat. No Western European country has more barriers to foreign investment than France, according to the OECD. (Britain has the least.) But investors have nonetheless moved into France. By one measure -- the stock of foreign direct investment as a share of GDP -- France (41.8%) is ahead of Britain (36%) and Germany (21.3%), according to Eric Chaney of Morgan Stanley. French multinationals are flourishing abroad. With the state eating up half of GDP, the private sector drives the little growth -- a paltry 1.4% last year -- that France has.

Imagine what a freer market for capital and services could do for France. But the government's nationalist turn of recent years is proving costly. Outside investment is dropping, amounting to half the level of 2003 in each of the past two years. French investors may in turn soon find themselves unwelcome in other countries. When the French political class vilified Indian-born steel baron Lakshmi Mittal and his hostile bid for Arcelor, the Indian finance minister warned that the French may not be so welcome in his booming economy.

Globalization is a two-way street. Nations can't take advantage of it abroad and try to protect themselves from it at home. Maybe in the halls of Congress, this message will eventually sink in. The world's prosperity depends on it.

Door Threatens To Slam On Open Skies (USAT)

By Marilyn Adams

USA Today, March 30, 2006

The rising tide of protectionism that killed the Dubai ports deal threatens to swamp another major transportation proposal: removal of 62-year-old limits on air service between Europe and the USA.

If European Union transport ministers approve the move at a meeting scheduled for June, any U.S. airline could fly to any of the European Union's 25 nations. Likewise, any European airline could fly from anywhere in Europe to anywhere in the USA.

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Supporters of so-called Open Skies say it would allow airlines to step up competition for an estimated 17 million new passengers annually, making a trans-Atlantic market already valued at $22 billion a year even more lucrative. For travelers, Open Skies could mean more flights, more convenient routes and cheaper fares across the Atlantic.

But Open Skies has been controversial since negotiators for the U.S. departments of State and Transportation and other agencies began talking to the EU in 2003 about dropping arcane restrictions that limit air service between the continents.

In the USA, the Bush administration backs Open Skies because officials believe it would lower fares and benefit U.S. carriers. No. 2 United Airlines and No. 3 Delta Air Lines support it as a welcome step toward globalization of the industry. Just as adamantly, Houston-based Continental Airlines argues that the promised benefits are illusory. Open Skies has also drawn vehement opposition from labor groups that fear American jobs might be lost.

"Giving away another vital U.S. industry to foreign interests is one more example of globalization run amok," says the AFL-CIO's Edward Wytkind.

Open Skies was no sure thing even before the political flare-up that killed the plan to turn over management of five major U.S. ports to Dubai Ports World, a company based in the United Arab Emirates. Now some of the same arguments used to thwart that deal are being used to attack Open Skies.

Opponents are aiming criticism not at Open Skies directly, but at a proposed change in rules that govern ownership of U.S. airlines. EU transport ministers aren't inclined to approve Open Skies unless the U.S. first relaxes restrictions on foreign control of U.S. airlines to better reflect foreign ownership rules for European airlines.

The House has approved a non-binding measure to delay the DOT proposal to relax foreign ownership rules. Separately, 163 House members have co-sponsored a bill to delay or veto the DOT rule change. The Senate has similar legislation pending. If enacted, Open Skies could be stalled indefinitely.

Tight restrictions on foreign control of U.S. airlines date back to the 1920s, when memories of World War I were still fresh. Even today, no U.S. airline is permitted to have foreign interests control more than 25% of its voting stock or more than one-third of its board of directors.

In addition, foreign investors may not currently exert "actual control" over any aspect of a U.S. airline by, for example, having a majority of votes on a board committee or a company president who is American but beholden to them.

U.S. citizens must control an airline's safety, security, routes, fares — everything. To invite foreign investment and to pave the way for Open Skies, the DOT now proposes changing this rule so foreign investors could exert control over purely "commercial" decisions, such as fares and routes. Only U.S. citizens would make decisions on safety and security, the proposal says. Limits on stock ownership and board control wouldn't change. Loosening foreign-control restrictions is not formally linked to Open Skies, but EU officials say one follows the other.

Daniel Calleja, air transport director for the European Commission, said in an interview from Spain that Americans don't face the same restrictions on investments in European airlines. Companies in the EU want "the possibility to invest in the American (aviation) market." In Europe, foreigners can own up to 49% of voting stock.

If the U.S. refuses to loosen its rule on airlines, "The EU ministers would have to re-examine the situation, and I think there would be no agreement," Calleja said.

Reaction in the USA to the foreign-control proposal has been swift and severe. Changing the U.S. rule would open the door to investment not only from Europe but also from anywhere else. Critics have not forgotten that U.S. oil company Unocal was nearly sold last year to CNOOC of China before a U.S. political backlash prompted withdrawal of the Chinese offer.

U.S. labor leaders fear foreign investment could threaten airline jobs at a time when tens of thousands of airline workers already have been laid off amid heavy losses and bankruptcies. U.S. pilots on trans-Atlantic flights could be replaced with foreign pilots, or more U.S. jet maintenance could be farmed out to foreign companies. Reps. James Oberstar, D-Minn., and Frank LoBiondo, R-N.J., sponsors of the House bill to block the easing of ownership restrictions, are sounding alarms about homeland security and national defense. During war, the Pentagon pays U.S. airlines to transport troops in the airlines' jets. Critics of the rule change say foreign investors might resist allowing aircraft use in a war they oppose.

"Allowing the daily operations of our airlines to be controlled by competing — and potentially unfriendly — foreign interests could significantly undermine homeland security," LoBiondo says.

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Critics also say the DOT is trying to make an end run around Congress by changing the rule administratively. “If they straight up asked Congress to amend the law, it would fail,” says Duane Woerth, national president of the Air Line Pilots Association.

But DOT officials say they have the legal authority to revise the ownership rules and are prepared to defend their actions in court.

“I am a little surprised by the ferocity” of the criticism, says Jeff Shane, the DOT undersecretary for policy. He chafes at opponents' likening the Dubai ports deal to foreign investment in airlines.

“The two cases are dramatically different,” he says. In the foreign-investment proposal, “We have walled off security issues entirely” from foreign influence.

Restrictions on trans-Atlantic air service are almost as old as those on foreign investment. In the final years of World War II, the U.S., with the world's largest commercial fleet, wanted to fly anywhere.

But at a 1944 meeting in Chicago, the United Kingdom and other nations refused, citing their competitive disadvantage. The countries agreed instead on a system of individual agreements between nations regulating air service.

Although the U.S. has since negotiated individual Open Skies agreements with 15 European countries, the United Kingdom, Ireland, Spain, Greece and several Eastern European countries are not among them. They still restrict service to protect their own interests.

For example, only two U.S. airlines, American and United, have the legal right to take off and land at London's Heathrow Airport, the world's busiest international gateway. United, however, is not allowed to fly from Heathrow to all of its U.S. hub airports: Heathrow-Denver flights are prohibited.

Open Skies would end that.

“Those would be significant openings,” says Michael Whitaker, vice president of United, which supports the changes. “It would get government out of those decisions.”

It would also lift restrictions on European airlines, allowing them to fly between the USA and European cities outside their home countries for the first time.

“Instead of just Alitalia flying to the U.S. from Rome, you might see Air France, KLM or Lufthansa offering non-stop service to the U.S.” from there, says Washington, D.C., aviation consultant Mark Gerchick.

Delta Air Lines has come out publicly for Open Skies, but No. 1 American Airlines has been quiet, as have others. Continental, the only U.S. airline to come out publicly against Open Skies, has gone so far as to threaten litigation.

Continental President Jeff Smisek calls it “ludicrous” to think an airline could wall off safety and security decisions from a major foreign investor. And he says Open Skies would not be all its supporters promise. U.S. carriers already operate so many trans-Atlantic flights that “the only thing they really need in Europe is access to Heathrow,” he says.

Open Skies would technically make it possible for any U.S. airline to fly to Heathrow, but the agreement would not automatically make it possible to land there. Heathrow is so congested that takeoff and landing times must be owned. Although slots there may be bought and sold, they are costly.

If Open Skies is signed, Continental, which now flies to London's Gatwick Airport, would be locked out of the more popular Heathrow until it could buy slots and gate facilities there. Getting enough slots might take years.

Meanwhile, London-based British Airways could launch Heathrow service to Continental's home base of Houston if it wished. British Airways already flies between Heathrow and Continental's hub airport of Newark, N.J., but Continental can't compete. “If a U.S. carrier can't actually serve Heathrow, Open Skies is a worthless piece of paper,” Smisek says.

Shane acknowledges Heathrow slots are costly and may not be readily available. But, he says, “Anyone who thinks we can live with the status quo should think long and hard.”

The next move is up to the Bush administration. The DOT is scheduled to issue its decision on foreign control next month. The EU's transport ministers are scheduled to meet on Open Skies in June, when they could ratify it. U.S. and EU leaders could sign Open Skies in August.

Meanwhile, criticism in the USA shows no sign of relenting. “Some of the rhetoric has been embarrassing, even xenophobic,” United's Whitaker says.

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Protect Our Heritage (WSJ)

By Stuart E. Eizenstat And Michael C. Maibach

The Wall Street Journal, March 30, 2006

WASHINGTON -- There is a clear and present danger that Congress will use the recent Dubai Ports World controversy as a platform to fundamentally change the rules governing foreign investments in the U.S. -- and do so in ways that will scare away investments that are a lifeblood for a healthy economy.

We need to be clear-eyed about our vital national interests. Little direct foreign investment comes from the Middle East: 94% of foreign assets in America are owned by companies from the 25 industrialized, democratic OECD member countries, and 73% of all foreign investments in the U.S. are made by European companies. Our traditionally open investment climate has greatly benefited the American people. At a time when concerns are raised about the "outsourcing" of jobs abroad, foreign investment represents "in-sourcing," a vote of confidence by foreign firms and investors in the openness, flexibility and strength of the U.S. economy.

In-sourcing foreign companies employ more than five million Americans, some 5% of private industry employment. At a time when U.S. manufacturing employment is hemorrhaging, almost 35% of the jobs created by foreign firms in this country are in manufacturing. Foreign direct investment often saves a struggling American company, which might otherwise be shut down or moved abroad.

Foreign-owned U.S. operations account for 21% of our total exports and in 2004 plowed $45 billion in profits back into the American economy. Foreign-owned affiliates purchase 80% of their intermediate components from U.S. firms; they also spend $30 billion on R&D and over $100 billion on plant and equipment annually in the U.S. Moreover, we also need to keep the arteries of foreign investment open to fund our record current account trade deficit and compensate for our low savings rates; foreign capital flows keep long-term interest rates lower.

As Congress looks at changing the rules for foreign investment it should recognize that its actions will reverberate around the world. Today the European Union is facing its own foreign investment debate as France, Poland and Spain seek to check intra-European investments by their own EU fellow-members. Spurred by a takeover threat to the French yogurt industry from a U.S. company, Prime Minister Dominique de Villepin has restricted foreign investment in 11 "strategic" sectors. Those on the other side of the Atlantic will be watching to see what the U.S. government does if the DP World controversy spills over into new anti-investment policies. Russia, already suspicious of foreign investment, may take comfort from U.S. restrictions.

In 1988, at the height of American concerns over Japanese investments, Congress passed the Exon-Florio Amendment to the Defense Production Act, empowering the president to block proposed foreign acquisitions that threatened national security. The president assigned the 12-agency Committee on Foreign Investment in the U.S. (CFIUS) to review such transactions. Since then, over 1,600 investments have been reviewed, and while the overwhelming majority have been approved, several have been withdrawn, either because CFIUS told the foreign company that they would recommend the president reject the acquisition on national security grounds, or because of congressional opposition, like the DP World deal. Many others were approved only with strict security agreements. The CFIUS process works well and has found a path that addresses national security concerns while maintaining an open investment climate.

The DP World case has spawned eight congressional hearings and some 20 bills. Even without formal changes, the controversy will lead to greater scrutiny of foreign investment, with more "split" decisions between agencies, and thus more decisions landing on the president's desk, subjecting him to case-by-case lobbying.

One set of bills would give Congress a greater role in overseeing individual investments by unprecedented, intrusive reporting requirements of all filings with CFIUS, including reports which identify disagreements by agencies. This could politicize foreign investment decisions, encourage agencies to go on record in opposition to foreign investment deals, and potentially lead to leaks of propriety information. But confidentiality is central to acquisitions. Another legislative initiative would transfer congressional jurisdiction over CFIUS from the Banking Committee, which has traditionally balanced security concerns with a recognition of the importance of foreign investment, to the Homeland Security Committee, tilting the balance away from investment.

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Most troubling are proposals to require a mandatory 45-day investigation -- now reserved for only the most controversial deals with genuine national security concerns -- for all foreign investments, even by purely private firms, in "critical infrastructure." This would include a dozen sectors, from agriculture to telecoms and banking. The effect would be to chill foreign investment in some 25% of the U.S. economy: It might even have required the European firm that acquired Ben & Jerry's to go through an additional 45-day review! This is a virtual duplication of the French decree, and could lead to mirror-image bills by other countries, restricting U.S. investment in their countries. Increasing the time for approval of many CFIUS filings would drastically curtail the willingness of American firms to go through an acquisition process with any foreign firm, even from our closest friends and allies. Time is money; the longer a deal takes to approve, the more it costs and the more variables can affect the underlying transaction. Together these bills would threaten America's proud heritage of openness to foreign investment.

In an age of terrorism, foreign investments in U.S. assets must be carefully scrutinized for national security concerns. The current CFIUS process already provides such protection. More effective oversight and communication between the administration and Congress can be done under current law. Members of Congress from both political parties should avoid fundamentally changing the rules of foreign investment in ways that would create a less inviting climate for such investment at the very time we need more of it. If they do not, this would be an excellent choice for President Bush's first veto, because America must remain open for business.

Mr. Eizenstat, a former trade official in the Carter and Clinton administrations, is the American chairman of the European American Business Council (EABC), a group of 55 U.S. and European companies with transatlantic investments. Mr. Maibach is the president and CEO of the EABC.

Foreign Investment Needs (WT)

By John Castellani, Thomas Donohue And Todd Malan

The Washington Times, March 30, 2006

Today, reacting to the public concern about the Dubai Ports World transaction, the Senate Banking Committee will begin a legislative process in which very important national issues will be the focus -- none more than national security. But Congress needs to be careful as it moves forward in this area: National security, our economy and the health of many American's investment portfolios are at stake.

As leading business associations representing multinational companies based here and abroad, we have a strong interest in making sure the public and elected officials view the Committee on Foreign Investment in the United States (CFIUS) process as an effective national security tool. Our member companies will either have to comply with any changes to U.S. foreign investment policy or live with other nations' reaction to them.

Members of Congress are introducing legislation to "fix" the CFIUS system that many say created the storm in the first place. Some legislation focuses on refinements to CFIUS, while other bills go beyond to ban non-U.S. firms from entire sectors of our economy.

The most draconian proposal would ban non-U.S. companies' ownership of U.S. assets not only in seaports, but in energy, telecommunications, financial services and other industries viewed as "critical infrastructure." The bill would force companies based in countries that are among our staunchest allies, such as Great Britain, to sell their U.S. operations within a five-year period, the equivalent of a fire sale.

Why is it a bad idea to restrict foreign direct investment in the United States, provided it does not endanger our national security interests? Let's start with jobs. Restricting foreign direct investment would put at risk the jobs of 5.3 million Americans employed by foreign companies in the United States.

Next, let's look at the American investor's stock portfolio. Americans now hold more than $2.9 trillion in shares of foreign companies. For instance, cell phone maker Nokia may be based in Helsinki, but 40 percent of its shares are owned in America. The forced sale of U.S. assets by foreign-owned companies would hurt U.S. pensions, mutual funds and investors through falling stock prices and lower investment returns.

Foreign direct investment is also critical to the success of our capital markets, which provide the "seed corn" essential to the creation of new businesses and jobs, innovations and ideas. Our growing economy and robust capital markets attract more

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foreign investment than any other single country: more than $1.5 trillion. Shut off that spigot and our competitive edge and mighty economic engine will run dry.

And just think of how our trading partners would respond. While nearly 90 percent of U.S. company investments on an annual basis are made in this country, the fact is we invest more in their countries than they do in ours -- more than $2 trillion. Closing our markets would lead to retaliatory actions that would deeply harm the U.S. economy.

Clearly some changes are warranted. While we know the CFIUS process to be extremely rigorous, there is room for improvement. Congress was clearly unimpressed with the quality and depth of communication from the administration. To remedy this, there should be a focused process for dialogue between CFIUS and the committees of jurisdiction in Congress. Also, CFIUS should be especially alert in the case of wholly state-owned enterprises. One only has to look at Venezuelan President Hugo Chavez's political use of CITGO Petroleum to see the reasoning for the current law's heightened review of state-controlled enterprises.

However, a congressional "veto" over CFIUS decisions would inevitably lead to politically motivated interference in a national security process. This would depart from every other administrative procedure in law regarding specific commercial transactions. Congress does not have a procedure for second-guessing anti-trust reviews, anti-dumping decisions or patent and trademark awards. It should not start here.

Nor should Congress tinker with the law's flexible definition of national security or, worse, expand CFIUS' mission to include "economic security." One of the strengths of the current law is its flexibility to adjust with the times: The Internet was barely known in 1988 when the law was written, but CFIUS now reviews most cross-border telecom transactions because the Internet backbone is part of critical communications infrastructure. Including "economic security" in the definition of the law is protectionism masquerading as national security policy. This charade emulates the very worst of other nations' policies.

As Congress debates how to respond to the Dubai deal, it should keep the Hippocratic oath in mind: First, do no harm. America enjoys the world's strongest economy, the most open and transparent markets, and one of the highest standards of living in the world, thanks in no small measure to international investment. Let's not put those benefits at risk now.

John Castellani is president of the Business Roundtable. Thomas Donohue is president and CEO of the U.S. Chamber of Commerce. Todd Malan is president and CEO of the Organization for International Investment.

Belarus Plans To Charge Defeated Candidate Who Led Protest (NYT)

By C. J. Chivers

The New York Times, March 30, 2006

MOSCOW, March 29 — Prosecutors in Belarus said Wednesday that they would bring criminal charges against a defeated presidential candidate who led an antigovernment march last week, and that they were considering lesser charges against a second candidate who organized a rally.

The announcement, during which prosecutors also said the police had arrested more than 500 demonstrators last week, continued the crackdown on the opposition to President Aleksandr G. Lukashenko, who is often called Europe's last dictator.

It was also an unmistakable snub to the West. The United States and the European Union have demanded the release of the candidate, Aleksandr V. Kazulin, and of demonstrators arrested last week during peaceful protests against Mr. Lukashenko's re-election, which the opposition says was a fraud.

Mr. Kazulin, who was arrested Saturday as he led a march toward a detention center where opposition members were being held, faces charges of organizing group actions and hooliganism, Belarus's federal prosecutor said, according to the Belapan news agency. The first charge could carry a prison term of up to six years.

Mr. Kazulin received 2.2 percent of the officially tabulated vote on March 19.

In an interview Friday, he said an honest count would show he received roughly a third of the votes cast. The next day, he led a group of demonstrators who were attacked by an elite riot police unit, SOBR, which has been widely accused of human rights abuses.

His wife, Irina Kazulin, said the charges were retaliation for his daring to challenge Mr. Lukashenko's authoritarian rule. "It is personal revenge," she said by telephone. "It is purely a political case."

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Ms. Kazulin also said her husband had been kicked and beaten, and had a back injury that had not been examined by a doctor. The prosecutor said Mr. Kazulin had not filed a complaint. Neither claim could be independently verified.

Prosecutors also said they were considering charges against Aleksandr Milinkevich, who received 6.1 percent in the official vote count and who has called for peaceful acts of public assembly. The potential charge, disturbing public order, could carry a sentence of 15 days.

Mr. Milinkevich, in a telephone interview as he prepared for meetings in Poland, said that he expected to be jailed, and that the announcement on Wednesday was part of a mounting campaign against him. "At first, it is usually a P.R. action," he said. "It is only beginning."

He added that the government's pressure was counterproductive.

"I think they would very much like me to emigrate, fearing imprisonment, but I am not going to do that," he said. "The more repression they bring against the protesters and the organizers of protests, the more protests they will have. They are losing their supporters."

The United States warned Belarus's prosecutors not to proceed with charges.

In a telephone interview, David J. Kramer, the deputy assistant secretary of state for European and Eurasian affairs, said officials involved in these cases risked personal sanctions in the West.

The European Union is expected to discuss sanctions against Belarussian officials when foreign ministers of its 25 nations meet on April 10. The United States, which has its own process for applying sanctions, including bans on travel and asset freezes, has been adding names of Belarussian officials on an almost daily basis since last week, Mr. Kramer said.

Gas Deal Roils Ukraine And May Have Cut Leader's Vote (NYT)

By Steven Lee Myers And Andrew E. Kramer

The New York Times, March 30, 2006

KIEV, Ukraine, March 29 — The official residence of the managing director of a company now set to control Ukraine's supply of natural gas is a one-story, clapboard house in a tumbledown village bordering a defunct collective farm outside Moscow. A dirty rug covers the floor, a bare light bulb hangs from the ceiling and scraps of plywood plug gaps in the wall.

Olga P. Sakharova, 49, lives there with her mother and a German fox terrier called Lyusa and has never heard of the director, Oleg A. Palchikov, who operates a business worth $7 billion a year.

"What boss would want to live here?" Ms. Sakharova asked, surprised to learn that she occupied one of the few known addresses of any of the executives of the shadowy gas trading company involved in a deal between Ukraine and Russia that continues to roil politics here in Kiev, nearly 400 miles away.

The company, RosUkrEnergo, became a broker in a deal to resolve a New Year's confrontation between Russia and Ukraine over the price of natural gas — a deal that has prompted accusations of corruption and almost certainly contributed to President Viktor A. Yushchenko's poor showing in parliamentary elections last Sunday, when his party finished a distant third.

The mysteries surrounding the company — ranging from the identity of its owners and the circumstances of its selection, to even the places its executives live and work — reflect the post-Soviet combustion of politics and business that still afflicts Ukraine despite the significant progress that Mr. Yushchenko and his allies have made in making the country a freer, more democratic society.

Yulia V. Tymoshenko, Mr. Yushchenko's erstwhile ally in the mass protests that swept him to the presidency in 2004, campaigned fiercely against the deal, citing it as an example of the corruption and untrustworthiness of the leadership of Mr. Yushchenko's party, Our Ukraine.

With her party having won significantly more votes than Mr. Yushchenko's, according to nearly complete results announced Wednesday, she has now claimed the right to lead the coalition in Parliament representing the reformist, Western-leaning forces who took part in what came to be known as the Orange Revolution.

And she has promised that one of her first acts as prime minister, should she return to the post she held for the first eight months of Mr. Yushchenko's presidency, would be "by all means" to scuttle the deal and RosUkrEnergo's part in it.

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"These are the standards preached by Kuchmaism," she said of the deal in an interview on Wednesday, referring to the scandal-tainted presidency of Ukraine's previous leader, Leonid D. Kuchma.

Ms. Tymoshenko's fierce opposition to the deal echoes her zeal in revisiting scandalous privatizations that took place during Mr. Kuchma's tenure, and could complicate efforts to reunite the coalition that swept Mr. Yushchenko to power.

Already, Mr. Yushchenko and his aides have met with his bitter rival, Viktor F. Yanukovich, whose party won the largest bloc of votes, 31 percent, raising speculation that he would seek a parliamentary alliance that would exclude Ms. Tymoshenko. Mr. Yushchenko's party announced Wednesday that it would not commit to any coalition until at least April 7.

Reopening the deal could provoke a new conflict with Russia over the supply of natural gas, only months after the New Year's showdown, which resulted in a disruption of supplies across Europe, deeply rattling countries that rely heavily on Russian and Central Asian gas that passes through Ukraine's pipelines.

"Any agreement that is unstable is one that is undesirable from the point of view of Europe," said Thane Gustafson, a senior analyst at Cambridge Energy Research Associates.

The deal's critics say the instability comes from the murky nature of the arrangement, which granted substantial control over Ukraine's gas market to a little-known company with links to Russia's state energy monopoly, Gazprom, and unknown investors.

Even now, nearly three months after the deal was announced, the ownership and operations of RosUkrEnergo remain murky. Registered in Zug, Switzerland, it is owned half by Gazprom and half by Centragas, an umbrella corporation run by Austria's Raiffeisen bank for a group of investors whom the bank will not identify, despite pressure from American and European officials.

Officials in Russia and Ukraine have accused one another of having beneficiaries in the company and have provided contradictory accounts of who suggested that RosUkrEnergo be included in the first place.

"This is the Ukrainian part and you need to ask them," President Vladimir V. Putin of Russia told journalists earlier this month. Mr. Yushchenko, by his own accounting, knows no more. "I have personally turned several times to the Russian side to receive this information," he said at a news conference earlier this month. "Unfortunately, as of today, I do not have any information about the founders of this structure."

Executives of the company, some of whom also work for Gazprom itself, declined to discuss the matter in detail. Aleksandr I. Medvedev, the director of Gazprom's export arm, Gazexport, and one of eight members of the board of RosUkrEnergo, has denied knowing the unknown investors.

Konstantin A. Chuychinko, the head of Gazprom's legal department and a longtime associate of Mr. Putin, is a co-director of RosUkrEnergo with Mr. Palchikov. The head of Gazprom's banking subsidiary, Andrei I. Akimov, also sits on the board.

Little else is known about the company. There is an office of a company called RosUkrEnergo on Saksagansky Street here in Kiev, but it operates a series of gas stations, and according to a woman there, has no connection to the company with its name.

Wolfgang Putschek, a member of RosUkrEnergo's board representing Centragas, said in a telephone interview that the company had an office in Moscow, but he referred questions about it to a public relations agency in London, Merlin PR.

Michael Rummel, a spokesman for the agency, could not provide an address for any office, and said officials would not comment. At the same time, he defended the company's role. Only a company like RosUkrEnergo, he said, could handle the complicated transactions necessary to supply natural gas from Russia and Turkmenistan to Ukraine and onward to Romania and Hungary.

The vacuum of information has led to reports, so far unsubstantiated, that RosUkrEnergo's beneficiaries have links to Mr. Yushchenko's top advisers. Mr. Yushchenko himself was forced to deny any involvement by his brother, Petro, who has been involved in the gas-trading business.

Although much remains unclear, there is little doubt the deal has weakened Mr. Yushchenko politically, tarnishing his reputation as an uncorrupted reformer. Mychailo Wynnyckyj, a professor of sociology at the University of Kiev-Mohyla Academy, attributed the electoral failure of Mr. Yushchenko — and Ms. Tymoshenko's success — to the gas deal.

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"Yushchenko came to power on the whole idea of transparency," he said. "And he was pushing a deal that obviously had some corrupt aspect to it."

Date For Compulsory ID Cards In Britain Put Back To 2010 (AFP-Y2)

AFP, March 29, 2006

The target date for compulsory ID cards in Britain was pushed back to January 2010 when the House of Lords accepted a compromise deal with Prime Minister Tony Blair's government.

By a vote of 287-60, the upper chamber of parliament agreed that Britons renewing or applying for a passport will not be obliged to take out an ID card as well in 2008, as originally proposed in the Identity Cards Bill.

Those people, however, will nevertheless have to have their personal details included on a National Identity Register -- something that Britain has never maintained before.

"The amendment preserves the integrity of the National Identity Register by ensuring that everyone who applies for or renews a passport or other designated document has their biometric information and other identity details placed on the register," said Home Office Minister Andy Burnham.

"However, it also goes towards meeting the concerns of those who have argued that the card itself should not be compulsory at this stage, by allowing those who apply for or renew their passport before 1 January 2010 to 'opt-out' of being issued the ID card itself, even though their identity details will be entered onto the register."

Unlike its continental European neighbours, Britain has never had a mandatory ID card scheme other than in wartime, but the idea has gathered momentum since the deadly July 2005 suicide bombings in London.

Critics of the scheme have argued that it would be next to useless as a weapon in the war against international terrorism and that it infringes cherished civil liberties.

In a vote on May 14, the House of Commons handed Blair its approval for the principle of linking the issue of biometric ID cards to passport applications and renewals -- a political bone of contention with the Lords.

Silvio's World As Italy Votes, Golden Career Of Berlusconi Is At Crossroads (WSJ)

By Gabriel Kahn

The Wall Street Journal, March 30, 2006

ROME -- When Italy's prime minister, Silvio Berlusconi, addressed a joint meeting of the U.S. Congress earlier this month, he recounted how he was inspired by a boyhood visit to the graves of American soldiers who had died in the fight to liberate Italy from fascist oppression.

Minutes later, in an informal gathering with lawmakers, he hailed another American icon that guided him in his youth: Playboy. Mr. Berlusconi said he would rent out a copy, sent to him by an uncle, at 10-minute intervals to classmates at his Milan high school run by Salesian monks. "Of course," he said, "we were still good Catholics."

From his start with the monks, Mr. Berlusconi went on to one of the most glorious records of success of any man in Europe. Time and again he has broken into fields that in Italy had been the domain of an established elite -- from construction to television, sports to politics.

Along the way, he has amassed a fortune of close to $12 billion, almost twice that of Rupert Murdoch, mostly from his commercial television network, Mediaset SpA. He owns one of the most successful soccer teams in Europe, A.C. Milan, and he is the longest-serving prime minister in the history of the Italian republic. In his spare time, he has created a world-class collection of exotic flowers and cactuses, which he tends himself on his estate in Sardinia.

"It's not a superiority complex; it's an objective fact," he said once during a news conference aboard a cruise ship he rented for an election campaign. "No one is as valuable as Berlusconi."

Yet the man with the golden touch has proved a surprisingly leaden leader during his five years in power. Even on this sluggish continent, Italy is an underperformer. Growth last year was zero. Though nominally a free-market conservative, Mr. Berlusconi has done little to break monopolies, including those that keep Italians paying among the highest energy prices in Europe and impose steep fees for opening a business.

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His detractors say adroit manipulation of his media empire explains his political success. "He has represented a giant step backward for democracy," says former Italian Prime Minister Romano Prodi, who is running against Mr. Berlusconi in national elections on April 9-10. Critics say Mr. Berlusconi's legislative achievements are few because he has spent so much energy pushing laws to help himself avoid criminal charges from bribery to false bookkeeping.

Mr. Berlusconi has said it is a "disgrace" for anyone to suggest that his government has passed laws to benefit him personally. He denies wrongdoing in the criminal cases against him. His office didn't respond to requests for an interview.

Now, a few months short of his 70th birthday -- though he looks much younger after a face-lift and two hair transplants -- Mr. Berlusconi faces an uphill re-election battle. Polls say his coalition trails Mr. Prodi's by five percentage points. Mr. Berlusconi has been stumping throughout the country insisting that the economy is booming. Surely, he says, a nation that has more cellphones than people must be called prosperous. He also cites laws that made it easier to hire workers and overhauled the bloated pension system.

But businessmen and shopkeepers, once his core constituency, have begun to tire of his ebullient promises. "Considering all he has been able to achieve in his life I had expected much more," says Lucia Lolli, who runs a small stationery store in Rome. "I'm profoundly disappointed."

Should he lose, it may be the last great act in one of the most fascinating political careers ever seen in the land of the Medicis and Mussolini. Yet Mr. Berlusconi has often succeeded against seemingly unbeatable odds. In both business and politics, he has understood the market better than his adversaries.

He has long ignored all boundaries, whether between business and politics, between the appropriate or inappropriate, or between personal and public. A pioneer of commercial television in Italy in the early 1980s, Mr. Berlusconi cultivated a close friendship with Socialist Prime Minister Bettino Craxi, whose government provided crucial support that allowed his television network to stay on the air. In 1994, when Italy's political order was collapsing under a bribery scandal, he used the money, men and means of his advertising company to create a new party, Forza Italia, or "Go Italy." Two months later, his coalition won parliamentary elections.

Even his personal schedule knows few bounds. He often sleeps four hours a night and schedules appointments for 1 a.m., associates say. Most Saturdays, he travels to his villa in Sardinia, where a personal musician is frequently on hand to play the guitar as Mr. Berlusconi sings songs of his own composition. On Sundays, he flies to Milan to watch his soccer team play. On Mondays, he's back in Rome in his rented apartment in a 17th-century palazzo.

One of Their Own

Despite his glamorous lifestyle, many Italians still perceive him as one of their own, a regular guy. He is prone to gaffes, tells bawdy jokes in public and suggests it's acceptable to cheat on one's taxes, or one's wife. When he was asked in a recent radio interview whether he is faithful to his second wife, Veronica, Mr. Berlusconi answered: "I've frequently been faithful." In a speech two years ago to Italy's tax police, he said people shouldn't "feel guilty" about evading tax rates that were too high. On the campaign trail this week, he sparked a minor diplomatic incident when, trying to make a joke about the left-wing opposition, he said Communists in China would boil babies for fertilizer.

"He's not a snob. He's on the same wavelength as the average Italian," says Fedele Confalonieri, Mr. Berlusconi's best friend from grade school, who is chairman of the Mediaset broadcaster and a confidant. "He's a bit of a braggart, though."

On a recent television show, Mr. Berlusconi said "only Napoleon has done more" than he has as prime minister. Two days later, as newspapers poked fun at his hubris, he corrected himself: "I'm the Jesus Christ of politics, a victim, patient. I put up with everything. I sacrifice myself for all."

Mr. Berlusconi dismisses the potential conflicts of interest that outrage his critics by noting that he has relinquished day-to-day control of his media empire to two of his children. The prime minister owns Mondadori SpA, Italy's largest book and magazine publisher. Mediaset is by far the dominant force in commercial television, controlling 63% of the advertising market. Mr. Berlusconi's brother, Paolo, controls one influential daily newspaper and his wife controls another.

Since entering politics, Mr. Berlusconi has accumulated a long list of criminal indictments, any one of which might have forced a lesser man into retirement. The charges have included bribing tax police and judges, false accounting and illegal

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donations to political parties. On some he was acquitted or the statute of limitations expired before a trial was completed. On others, he was initially convicted and even sentenced to prison, but the convictions were overturned on appeal.

Judges had to throw out charges against him alleging false accounting after Mr. Berlusconi's government pushed through a law decriminalizing the offense. Parliament also approved a law that granted the prime minister and other top state officials immunity from prosecution, even for crimes committed before taking office. The law was later deemed unconstitutional.

Mr. Berlusconi has boldly turned his weaknesses into advantages. He claims to be the victim of communist prosecutors and a left-wing media conspiracy. Many in Italy believe him. These themes are echoed frequently in some of his magazines and on some of the news shows on his television network.

On the campaign trail, he often stages show-stealing moments that turn the tables on his adversaries. Earlier this month, he arrived unexpectedly at the annual conference of Italy's powerful business lobby, strutted onto the stage and took the microphone to deliver a blistering attack on the nation's leading newspapers. "Don't believe the newspapers that speak of decline," he shouted, traversing the stage and pumping his fists. "Where is this crisis? It exists only on the left and in their newspapers."

He boasts of building a strong alliance with the U.S. during the war on terror, in contrast to France and Germany. The Italian military has been a key component of allied forces in Afghanistan and Iraq.

Winning Over Skeptics

Mr. Berlusconi's charisma often wins over skeptics. Before meetings, he studies up on the personal details of someone he's scheduled to meet. He is generous with friends and allies. Last Christmas, he gave digital cameras to the 72 male senators in his Forza Italia party and bracelets to the five female senators. The 166 Forza Italia members of the lower house received hand-held computers.

Emilio Fede, a former top anchor with state broadcaster RAI, joined one of Mr. Berlusconi's television stations in 1989 after a visit to the tycoon's 145-room estate in Arcore, just outside Milan. Mr. Berlusconi acquired the villa after its previous owner, a marquis, shot his wife and her lover before turning the gun on himself there in 1970.

Mr. Berlusconi gave Mr. Fede and his wife a tour and sang them a song from the piano. They traveled by helicopter to Milan's soccer stadium to watch Mr. Berlusconi's A.C. Milan beat A.S. Roma. Later, in his office, Mr. Berlusconi slipped Mr. Fede a piece of paper with a handwritten salary figure. Mr. Fede accepted and has been one of the prime minister's most loyal fans ever since, earning him the nickname "Fido" in the media. On his office wall are pictures of himself with Mr. Berlusconi. Mr. Fede points to one: "In this one, we're dressed alike."

Mr. Berlusconi sums up his own life story in "Una Storia Italiana," a 129-page photo-filled booklet sent to every voter before the last elections in 2001. There, he describes himself as a typical Italian born to a family of modest means in Milan before World War II. But he says he had big dreams and the good fortune to have been born under a lucky star. The book includes his horoscope.

His talents emerged at an early age, he says. In high school, he would always finish his work first, then help his classmates -- for a fee, according to the book. He earned extra money during university by singing and playing guitar in bands and on cruise ships with Mr. Confalonieri, who accompanied him on piano. In 1961, during university, Mr. Berlusconi forged another lasting friendship. Though he usually sold copies of his lecture notes, he lent a copy free to fellow student Marcello Dell'Utri, who had come to Milan from Sicily, Mr. Dell'Utri recalls.

For many years, Mr. Dell'Utri served his friend as chief executive of Publitalia 80, the advertising arm of Mediaset, and later became a senator in the Forza Italia party. In December 2004 he was convicted of having contacts with elements of the Mafia. Prosecutors accused him of acting as a go-between in alleged dealings between Sicilian organized crime and Mr. Berlusconi's business empire. Mr. Dell'Utri has also been convicted of tax fraud stemming from his role as an executive in Mr. Berlusconi's companies. He has appealed the conviction on Mafia association and calls the accusations politically motivated.

In 2004, Mr. Berlusconi appointed Mr. Dell'Utri to the Council of Europe, an international body, based in Strasbourg, France, that promotes peace and democracy. The post gives Mr. Dell'Utri protection from arrest and from serving prison time.

Mr. Dell'Utri describes his friend as "a person who does not have limits." One day, 40 years ago, Mr. Berlusconi took Mr. Dell'Utri to a foggy field outside Milan. "I'm going to build a city here," he recalls Mr. Berlusconi saying. "You're crazy," answered

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Mr. Dell'Utri. That field became the site of Milano 2, a revolutionary housing project in Italy that replicated an American suburb. The Milanese middle class snapped up the apartments, which were built around a duck pond, restaurants and boutiques.

Shortly after the Milano 2 project, Mr. Berlusconi sensed that television could be his next big moneymaker. In the 1970s, Italian television was dominated by the stodgy state broadcaster, RAI, which didn't start broadcasting until the afternoon, kept tight limits on how many commercials aired and handpicked which companies could advertise. Mr. Berlusconi believed there was a fortune to be made if he could find a way break RAI's monopoly.

He devised a clever strategy to sidestep a law that blocked the creation of private national TV networks. He bought up local broadcast rights around the country, and then had all his local stations broadcast the same program at the same time. This allowed advertisers that had been shut out of RAI to reach a nationwide audience.

Mr. Berlusconi's programming was geared toward the masses, with soap operas for stay-at-home mothers and cartoons for children. But in 1984, judges in Turin and Rome, calling the national network illegal, ordered Mr. Berlusconi's network to broadcast only local content. Mr. Berlusconi responded by pulling all his programming off the air in those cities in protest.

'Revolt of the Smurfs'

That sparked what came to be called the "Revolt of the Smurfs," named after the cartoon show broadcast on his network. Many children complained to their parents when the station suddenly went dark. Angry families demanded that the broadcasts be resumed. Mr. Berlusconi appealed to the prime minister, Mr. Craxi. The leader, who would later serve as best man at Mr. Berlusconi's wedding to his second wife, signed a government decree that allowed the stations back on the air.

Mr. Berlusconi's network soon stole audience share from RAI, while dominating its nascent private competitors. One struggling rival private station, Rete 4, tried to gain an audience by spending heavily on the rights for the miniseries "Winds of War," starring Robert Mitchum. For much less money, Mr. Berlusconi's station aired "The Thorn Birds," a miniseries in which Richard Chamberlain plays a priest who frolics with a young woman. "The Thorn Birds" destroyed "Winds of War" in the ratings, almost driving Rete 4 out of business until Mr. Berlusconi bought it.

As a businessman, say associates, Mr. Berlusconi could obsess over the look of a new show, while paying little attention to the financial details of his business empire. "I could never get him to look at more than a page of figures," says Franco Tatò, who has served as chief executive of Fininvest, Mr. Berlusconi's holding company. "But he can follow the rollout of a new product in minute detail."

During the Gulf War in 1991, Mr. Berlusconi called up Mr. Fede, the anchorman, at 5 a.m. one day. He complained that the marker used on the previous evening's newscast to highlight newspaper headlines was the wrong color. "He told me, 'Don't use a yellow highlighter, use a green one,' " Mr. Fede says.

Though Mr. Berlusconi's television venture was popular with viewers, it ran up debt equivalent to more than $2.4 billion by 1993. The entire business empire was at risk, recalls Mr. Tatò. He says he tried to warn his boss about the risk of banks closing their credit lines, to no avail. "Having so much debt is a good thing. It means that the banks trust me," retorted Mr. Berlusconi, according to Mr. Tatò, adding, "Besides, I'm lucky."

Around the same time, Italy's political order was collapsing under a bribery scandal in which Mr. Berlusconi would later be implicated. Mr. Craxi became one of the chief targets and later fled to Tunisia to avoid prosecution. Mr. Berlusconi had relied heavily on Mr. Craxi's support to keep his television network running smoothly and feared repercussions if a left-wing coalition dominated by Italy's former communist party took power.

In late 1993 and early 1994, Mr. Berlusconi summoned top executives and editors from his television stations and print publications to his Milan estate to discuss strategy. His idea: create a new political party with himself at the helm. "It seemed absurd to us," says Federico Orlando, who was deputy editor of the Milan daily Il Giornale, which Mr. Berlusconi owned at the time. But Mr. Berlusconi's understanding of the market proved to be spot-on. "The voters were exactly as he understood them to be, not as we thought they were," Mr. Orlando says.

Mr. Berlusconi came up with the name Forza Italia, after the popular soccer chant, "Go Italy." He wrote the lyrics to the party anthem, say several colleagues. He also designed an intensive training course for prospective Forza Italia candidates, many of whom were sales executives in Publitalia. Known as "the kit," it included a necktie, videos and a manual with advice on politics and grooming.

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Just as the bribery scandal had decimated Italy's traditional governing parties, Mr. Berlusconi set out to create a new movement that appealed to a consumer-savvy middle class. "It was as if all the products on the shelf that people had used for years suddenly disappeared," says Mr. Dell'Utri, his old friend. "He invented the political equivalent of the formula for Coca-Cola."

On Jan. 26, 1994, in an address from his Milan estate broadcast on his television stations, Mr. Berlusconi announced his candidacy, promising "a new Italian miracle." He was voted into office two months later.

Fading Fortune

His good fortune didn't last long. In November, while presiding over a conference on international crime in Naples, Mr. Berlusconi received his first formal notice from prosecutors that he was under criminal investigation for alleged corruption. One of the parties in his governing alliance jumped ship, and his government collapsed after only seven months in office.

Many assumed that Mr. Berlusconi, who had promised to bring a new, clean type of politics to scandal-tarred Italy, was finished. But they underestimated his resilience. "He's an incredible fighter. He's the only politician capable of completely reversing his fortunes with one grand coup de théâtre," says Stefano Folli, a political commentator for the business daily Il Sole/24 Ore.

Indictments against Mr. Berlusconi continued to roll in during the 1990s, but each time he would describe it as fresh evidence that he was the victim of a political witch hunt. His battle against prosecutors became a central plank of his campaign in 2001 parliamentary elections, along with lowering taxes and creating new jobs. He won convincingly and once again became prime minister.

To date, Mr. Berlusconi has been the target of more than 90 investigations and he has been indicted more than 10 times. This month, prosecutors asked that he be indicted for allegedly bribing a British lawyer, David Mills, to make favorable testimony in a case. Mr. Berlusconi said the timing of the prosecutors' request, on the eve of elections, was further proof that they were out to get him.

At his annual year-end news conference in December, Mr. Berlusconi summed up his last term. "I'm convinced that no one in the history of the republic has ever done what we did," he said, "and that no one could have done better."

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DEPARTMENT OF JUSTICE *NEWS CLIPS*

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TO: THE ATTORNEY GENERAL AND SENIOR STAFF

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TERRORISM NEWS:

Moussaoui Sentencing Case Goes To The Jury (NYT)

By Neil A. Lewis

The New York Times, March 30, 2006

ALEXANDRIA, Va., March 29 — The jurors in the case of Zacarias Moussaoui began deliberating Wednesday whether he is eligible for the death penalty, after prosecutors told them that he had been in the thick of the Sept. 11 plot and his lawyer portrayed him as a feckless "Al Qaeda hanger-on."

In a reflection of the unusual roads the trial has taken, the prosecutors based their closing argument largely on Mr. Moussaoui's own testimony to bolster their case that he should be executed. Mr. Moussaoui's chief court-appointed lawyer, in turn, relied mostly on the testimony of a prosecution witness, an F.B.I. agent, to argue that the defendant should instead be given a life sentence.

Mr. Moussaoui has already pleaded guilty in connection with the conspiracy; only the sentence is at issue in the trial. But the nine men and three women of the jury are not deciding even at this stage whether he should be executed. Under federal law, they must first consider whether Mr. Moussaoui, who was in jail at the time of the attacks, is eligible for the death penalty.

To reach such a finding, Judge Leonie M. Brinkema told them, they must consider whether his actions led directly to any deaths on Sept. 11, 2001. If they decide unanimously that the answer is yes, they will hear evidence of any aggravating factors like the large number of victims, and of mitigating factors like Mr. Moussaoui's mental health. After that phase, the jurors would decide whether to recommend execution. The death sentence would require another unanimous vote, and Judge Brinkema would be obliged to impose it.

In trying to convince the jury that Mr. Moussaoui was responsible for at least some of nearly 3,000 fatalities that day, David Raskin, a federal prosecutor, said that when Mr. Moussaoui was arrested for immigration violations three weeks before the attacks, he used training he had received from Al Qaeda to protect the other plotters by lying to investigators.

"Zacarias Moussaoui came to this country to kill as many Americans as he could," Mr. Raskin told the jury, citing the defendant's startling testimony on Monday that his arrest had kept him from flying a plane into the White House on Sept. 11. "So instead, he killed people by lying."

Mr. Raskin referred repeatedly to Mr. Moussaoui's testimony, in which he acknowledged the essence of the government's case: that he had known much about the plot and had concealed that knowledge.

"How do you know the defendant lied?" Mr. Raskin said to the jury. "Well, because the defendant admitted it here in the courtroom."

Had Mr. Moussaoui told the truth when he was arrested, Mr. Raskin said, the Federal Bureau of Investigation and the Federal Aviation Administration would have thwarted much of the plot if not all of it. For example, he said, the F.B.I. would have obtained from Mr. Moussaoui's belongings a list of American flight schools — two of them in Venice, Fla., that were marked on the list with Arabic notations. Those two schools trained two of the Sept. 11 hijackers.

But Edward B. MacMahon Jr., the chief defense lawyer, said Mr. Moussaoui was clearly being driven by a desire for notoriety in asserting plans for him to crash a plane into the White House, changing his earlier account that he had been uninvolved in Sept. 11.

"He was never slated, except in his dreams, to be part of the plot," Mr. MacMahon said. "Now he wants to write a role for himself in history when the truth was he was an Al Qaeda hanger-on."

Moreover, the defense argued, it is entirely speculative to say that if Mr. Moussaoui had told the truth, the government would have thwarted the plot.

Mr. MacMahon cited the testimony of Harry Samit, an F.B.I. agent in Minneapolis who arrested Mr. Moussaoui and became convinced that he was a terrorist involved in some imminent hijacking. Mr. Samit said under Mr. MacMahon's cross-examination that his supervisors in Washington had been "criminally negligent" in bungling the case.

"Agent Samit's work was tremendous," Mr. MacMahon told the jury, but he was repeatedly obstructed by superiors at the bureau. There is no evidence, the lawyer said, that if Mr. Moussaoui had disclosed what he knew, the F.B.I. "would have transformed itself into a flawless institution." He asked the jurors to frustrate Mr. Moussaoui's expectation that they will move to have him killed simply because they are Americans.

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"Show him we are not the hate-filled vengeful Americans Zacarias Moussaoui thinks you are," Mr. MacMahon said.

During Mr. MacMahon's final argument, Mr. Moussaoui, who does not speak to his lawyers, slumped low in his chair at the side of the courtroom, his eyelids heavy. When the prosecutors spoke, he seemed more attentive.

In Closing, Moussaoui Trial Rests On His Lies (WP)

By Jerry Markon And Timothy Dwyer

The Washington Post, March 30, 2006

Zacarias Moussaoui is an arrogant, hate-filled, wannabe terrorist who lied in court about his involvement in the Sept. 11, 2001, plot because he is incapable of telling the truth, jurors were told during closing arguments yesterday at his death penalty trial.

And that was Moussaoui's attorney talking.

Moussaoui is, indeed, a liar who misled the FBI when he was arrested a month before Sept. 11, 2001, prosecutors asserted -- until he told the truth when he testified that he planned to crash a hijacked airplane into the White House on that day of terror.

The role reversals have almost become routine in the death penalty trial of Moussaoui, 37, the only person convicted in the United States in connection with Sept. 11. The jury began deliberating late yesterday after both sides finished closing arguments. Jurors will consider whether Moussaoui is eligible for the death penalty, then reconvene for a second phase of the trial if they decide he is.

Moussaoui's attorneys spent much of their closing trying to undo the damage their client did to his case with his testimony Monday, when he calmly told jurors that he wanted to kill all Americans, starting with a White House attack that was to include "shoe bomber" Richard Reid.

"Mr. Moussaoui displayed his absolute contempt for every one of us," defense attorney Edward B. MacMahon Jr. said at the outset. Speaking directly to the 17-member jury, including five alternates, he said: "He believes that all of you sitting in that box, just because you are Americans, that you want to kill him."

MacMahon said Moussaoui's version of his Sept. 11 role was "a tall tale, a whopper even for a convicted felon, an al-Qaeda member who believes it's his obligation to lie to you." He said that the government's massive investigation never showed Moussaoui was involved and that Moussaoui had no contact with the 19 hijackers who toppled the World Trade Center, damaged the Pentagon and crashed a plane into a field in Pennsylvania.

Pointing to statements by top al-Qaeda leaders that disputed Moussaoui's account, MacMahon said his client "was trying to write a role for himself into history when the truth is, he was an al-Qaeda hanger-on and a nuisance to everybody."

Prosecutors might have gained the upper hand in the case with Moussaoui's testimony, especially when he admitted to a key government argument for his execution: that he lied to the FBI when he was arrested to allow the plot to go forward.

Yet prosecutors had to walk a delicate line yesterday. Their entire case that Moussaoui is eligible for the death penalty is based on how, they say, the Sept. 11 attacks could have been prevented had he told the truth. And when Moussaoui pleaded guilty last year to conspiring with al-Qaeda, he told a different story, saying that his White House assault was to be part of a second wave of attacks.

As they summed up their case, prosecutors said the Moussaoui who appeared on the witness stand Monday was telling the truth, and they quoted extensively from his testimony. "Zacarias Moussaoui came to this country to kill as many Americans as he could," Assistant U.S. Attorney David Raskin said as he began his closing. "In this trial, you have learned from the defendant himself that that is exactly what he did."

Raskin said Moussaoui's version of events was backed up by other evidence showing his activities in August 2001 paralleled those of the hijackers. Moussaoui received about $14,000 from al-Qaeda in early August, bought two of the same type of short-blade knives the hijackers used and was rushing to complete his training on a 747 simulator.

Legally, prosecutors argued, Moussaoui's precise role is irrelevant because his lies still make him eligible for the death penalty. "Whether he was part of the first wave, the second wave or the 20th wave, he still had the same evidence in his head," Assistant U.S. Attorney David J. Novak said in his rebuttal.

The closing arguments came after a series of unusual developments in a case already known for them. A day after Moussaoui's testimony, prosecutors introduced evidence that he had met with them on the eve of the trial and offered to testify for them and against himself, in exchange for better jail conditions before his execution. Moussaoui withdrew the offer when he realized he had a constitutional right to testify on his behalf, despite his attorneys' objections.

Moussaoui's actions and history of courtroom outbursts have long raised questions about his mental state. When he tried to fire his attorneys and represent himself in 2002, he was evaluated by a court-appointed psychiatrist. U.S. District Judge Leonie

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M. Brinkema found him mentally competent and allowed him to represent himself, though she later revoked that right after Moussaoui filed blistering handwritten motions from jail.

Brinkema also allowed Moussaoui to enter a guilty plea last year, after his attorneys argued he was mentally incompetent to make it. When he initially notified the government that he intended to plead guilty, Moussaoui said he was willing to accept the possibility of a death sentence, sources familiar with the case have said.

Richard Moran, a professor of sociology and criminology at Mount Holyoke College in Massachusetts, said that although Moussaoui's recent actions "probably seal his fate with the jury," his insistence on testifying is rational.

"He's asserting his right to be taken seriously and offer an explanation for his actions," Moran said. "He doesn't want to be dismissed as a kind of two-bit troublemaker whose actions can only be explained by mental instability or illness."

Asked whether he thought Moussaoui wanted to die, Moran, who has testified in more than two dozen death penalty hearings, said: "I would think he prefers death and the attention and martyr status he might achieve to rotting in a cell for the rest of his life."

Jury Begins Deliberating Fate Of Moussaoui (LAT)

By Richard Serrano

The Los Angeles Times, March 30, 2006

WASHINGTON — The jury in the Zacarias Moussaoui trial began deliberating today on whether he is eligible for the death penalty after prosecutors said his silence kept the Sept. 11, 2001 terrorist plot under wraps and defense attorneys said a dysfunctional federal law enforcement system never would have stopped the hijackers anyway.

Both sides agreed that Moussaoui was a liar and a manipulator. Prosecutors said he lied when he was arrested just 25 days before the terrorist attacks on New York and Washington. Defense lawyers said he was "now trying to write a role in history for himself, when the truth is he's just an Al Qaeda hanger-on."

Even more remarkable, the two sides switched their positions about the 37-year-old Frenchman, who was apprehended while taking jet simulator lessons in Minnesota.

Prosectors said they believed Moussaoui when he testified that he was in the United States to pilot a fifth plane into the White House on the morning of Sept. 11. At the same time, prosecutors branded him a liar who tried to deceive FBI agents.

Defense lawyers also took an oddly untraditional tack in their closing arguments. Faced with a client they could not control, they repeatedly castigated him as untrustworthy; someone who was trying to manipulate the jury. And they all but accused Moussaoui, who in the past has claimed he was to be part of a second wave of attacks, of committing perjury when he testified about being the fifth Sept. 11 pilot.

Seventeen potential jurors had heard the evidence. Judge Leonie M. Brinkema randomly chose 12 — nine men and three women — as the jury. The five others are alternates.

Wednesday concluded the first phase of the sentencing trial, convened when Moussaoui pleaded guilty to two capital murders last April.

The jury must now decide several key questions:

Did Moussaoui lie to FBI agents in Minnesota on Aug. 16 and Aug. 17, 2001, when he claimed he was merely a tourist visiting this country?

If so, did he lie "contemplating" that someone would die as a result?

Did his lies lead to any of the 2,792 deaths on Sept. 11?

The jury's verdict must be unanimous. If the jury comes down on the side of prosectors and determines that Moussaoui is eligible for the death penalty, then the trial will move into a second phase.

Then, the two sides will spend several weeks presenting evidence trying to persuade the jury to give him the death penalty or life in prison with no parole.

If the jury decides he is not eligible for the death penalty, the case will end and Moussaoui will be sentenced to life without parole.

As the judge told the jurors: "I will sentence the defendant upon your conclusion."

The jury deliberated about 90 minutes late this afternoon and is to return Thursday morning.

Prosecution Says Moussaoui Killed With His Lies; Defense Points To Federal Blunders Before 9/11 (FINDLAW/AP)

By Matthew Barakat, Associated Press Writer

AP, March 30, 2006

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(AP) - ALEXANDRIA, Virginia-The death-penalty case against al-Qaida conspirator Zacarias Moussaoui went to the jury Wednesday after the prosecution asserted his lies were responsible for deaths Sept. 11, 2001, and the defense argued he had no part in the plot.

The nine men and three women on the jury will decide whether Moussaoui bears blame for at least one death that day. If so, a second phase of the trial, which could last weeks, will open that will determine whether he deserves to be executed.

If not sentenced to execution, the 37-year-old Frenchman will spend the rest of his life in prison.

"Zacarias Moussaoui came to this country to kill as many Americans as he could," prosecutor David Raskin said, wrapping up a case that saw Moussaoui make the startling claim - disputed by his own lawyers - that he was to have piloted a fifth hijacked plane Sept. 11 and flown it into the White House.

"Instead he killed people by lying and concealing the plot...that resulted in the worst terrorist attack in the country's history."

Raskin said Moussaoui lied "with lethal intent" when he failed to tell federal agents after his arrest in August 2001 about his al-Qaida membership and the plot to kill Americans using hijacked aircraft.

Defense lawyer Edward MacMahon countered that his client was merely an "al-Qaida hanger-on" who had nothing to do with Sept. 11. He accused the prosecution of trivializing bureaucratic blunders that might have prevented the Sept. 11 plot from being exposed.

"Moussaoui was never involved other than in his dreams," MacMahon said, trying to minimize damage that Moussaoui might have done to himself when he claimed on the stand that he was to have crashed a plane into the White House on Sept. 11.

"The government cannot prove a hypothetical, what would have happened if Moussaoui had not lied," he said. "We will never know what could have happened in the 25 days between Moussaoui's arrest and Sept. 11."

He said of his client: "He's now trying to write a role for himself in history when in reality he's an al-Qaida hanger-on."

Moussaoui watched the closing arguments impassively but shouted "Victory to Moussaoui, God curse America," during a recess after the judge and jury had left the room. The recess preceded U.S. District Judge Leonie Brinkema's instructions to the jury.

Prosecutors contended that if Moussaoui had told the truth after his arrest, investigators could have tracked down 11 of the 19 hijackers. "The FBI would have had the names, the phone numbers, and their addresses in some cases," Raskin said.

The bottom line, he said, was that, "He chose Osama bin Laden and because of that, 2,900 are dead."

Moussaoui pleaded guilty last April to conspiring with al-Qaida, which bin Laden leads, to hijack airplanes.

MacMahon challenged the assertion that Moussaoui had led investigators on a goose chase with his deceptions. He said, for example, that the government had the identities of two of the hijackers 18 months before 9/11 when they were on U.S. soil - men who had been previously under CIA surveillance in Malaysia - and still did nothing.

The arguments followed a disclosure Tuesday that Moussaoui offered last month to testify for prosecutors against himself at his death penalty trial, the firmest evidence yet that he was seeking to derail his own defense to try to gain martyrdom through execution.

The jury must decide whether he will be executed or imprisoned for life. If jurors find he is eligible for the death penalty, the question now in their hands, a second phase would involve another round of testimony, probably focusing on the nearly 3,000 Sept. 11 victims.

Prosecutors want a mistrial declared if the jury does not agree unanimously, which could mean a new trial with a new jury. Defense attorneys argued any hung jury should end the trial with a sentence of life in prison. Brinkema appeared to lean toward the defense argument, but did not immediately resolve the issue.

According to Tuesday's testimony, Moussaoui offered in February during a jailhouse meeting with prosecutors to testify for the government that he planned to hijack and pilot a fifth plane on Sept. 11.

FBI agent James Fitzgerald testified that Moussaoui told him - in a meeting requested by the defendant - that he did not want to die behind bars and it was "different to die in a battle ... than in a jail on a toilet."

Moussaoui dropped his effort to testify for prosecutors after he learned that he had an absolute right to testify in his own defense.

On Monday, he stunned the court by asserting publicly for the first time that he was to fly a 747 jetliner into the White House on Sept. 11, despite having claimed for three years that he had no role in the plot. Instead, he had said he was to be part of a possible later attack.

The defense presented evidence from three high-ranking al-Qaida operatives, including the chief organizer of Sept. 11, that cast doubt on Moussaoui's claim of involvement in the attacks.

Associated Press writers Michael J. Sniffen and Pete Yost contributed to this report.

Moussaoui Wanted To Kill People, U.S. Prosecutor Says (Update4) (BLOOM)

By Cary O'reilly Nadine Elsibai

Bloomberg, March 30, 2006

March 29 (Bloomberg) -- Zacarias Moussaoui wanted to kill as many people as possible in the Sept. 11 conspiracy, a prosecutor told jurors before they began deliberating on whether to let the government continue seeking a death sentence.

``Zacarias Moussaoui came to this country to kill as many Americans as he could," prosecutor David Raskin said in closing arguments in the sentencing trial's initial phase in Alexandria, Virginia. ``That is exactly what he did."

Defense lawyer Edward McMahon criticized his own client, saying jurors ``saw an arrogant, dangerous, stubborn person" when Moussaoui testified two days ago that he plotted to fly a plane into the White House on Sept. 11. The lawyer said Moussaoui's only involvement in the plot ``was in his dreams."

Moussaoui, 37, pleaded guilty last April to conspiracy charges linked to the attacks. He testified this week that he knew about the Sept. 11 plot when he was arrested on immigration charges Aug. 16, 2001, and that he lied to FBI agents because he wanted the attacks to go forward. He is the only person charged in the U.S. in connection with the attacks.

Jurors recessed for the day after deliberating for an hour and a half on the initial phase of the case to decide whether Moussaoui is eligible for the death penalty. If he is, the trial will continue so jurors can decide whether he will be sentenced to death. A decision that he is ineligible for capital punishment would lead to a life prison sentence without parole.

No-Fly List

Raskin said that if the government had known what Moussaoui knew the month before the attacks, three of the four hijacker pilots would have been put on a no-fly list. Hijacker Mohamed Atta ``wouldn't have gotten out of Boston," where his fatal flight originated, the prosecutor said.

``There are 3,000 people dead and the question is whether the information he had would have stopped it," another prosecutor, David Novak, told the federal court jury.

McMahon said Moussaoui's testimony this week was ``a tall tale, a whopper even for a convicted felon, a liar." The lawyer said, ``Moussaoui is obligated to lie to you because he's at war."

His beliefs about the U.S. are the result of ``ignorance and prejudice," said McMahon, who said his client ``believes all of you, just because you are Americans, want to kill him." The defense lawyer said the government failed to prove its case and there was no evidence that Moussaoui was involved in the Sept. 11 plot, ``whatever he says."

Moussaoui Laughed

Moussaoui, sitting in the courtroom, laughed and shook his head when McMahon said that statements read to the jury from captured al-Qaeda leaders said he had no involvement in the Sept. 11 plot.

Moussaoui testified two days ago that he and would-be shoe bomber Richard Reid planned to hijack a jetliner and fly it into the White House on the day of the Sept. 11 attacks.

``I was supposed to pilot a plane to hit the White House," Moussaoui said. He said he also knew in advance that the World Trade Center in New York would be hit.

Federal agents arrested Moussaoui, a French citizen of Moroccan descent, in 2001 in Minnesota after FBI agents discovered he was taking lessons to become a pilot.

Prosecutors said his lies to federal agents prevented them from uncovering the Sept. 11 plot. They said he is responsible for the deaths of almost 3,000 people when 19 terrorists hijacked commercial airliners and flew two of them into the World Trade Center and a third into the Pentagon outside Washington. A fourth plane crashed near Pittsburgh.

Six Counts

Moussaoui pleaded guilty to six counts that included conspiracy to commit acts of international terrorism, to commit aircraft piracy resulting in death, and to destroy an aircraft resulting in death.

At the time of his guilty plea, he maintained that his plan to fly a commercial jetliner into the White House was separate from the 2001 attacks. That changed when Moussaoui took the witness stand and said his plan was to have been part of the Sept. 11 attacks.

Sentencing in federal death penalty cases is held in two parts. Jurors first are considering whether Moussaoui is eligible for the death penalty. Prosecutors must prove his actions directly led to at least one death in the Sept. 11 attacks.

If Moussaoui is found eligible, the trial would move to a second stage in which the jury would consider factors weighing for and against capital punishment to decide whether to sentence him to death. A verdict of death must be unanimous.

The case is U.S. vs. Moussaoui, 01cr455, U.S. District Court for the Eastern District of Virginia (Alexandria).

Former U.S. Attorney Richard Convertino Indicted (FREEP)

DOJ_NMG_0024064

By DAVID ASHENFELTER, FREE PRESS STAFF WRITER

Detroit Free Press, March 30, 2006

The former lead prosecutor in Detroit's ill-fated 2003 terrorism trial was indicted Wednesday along with a State Department official on charges that they conspired to mislead the jury about evidence in the case.

The indictment said former U.S. Attorney Richard Convertino, 44, and Harry Raymond Smith, former security official assigned to the U.S. Embassy in Amman, Jordan, misled the jury about the existence of photographs that would contradicted so-called targeting sketches of the Queen Alia Military Hospital in Jordan.

The men were charged with conspiracy to obstruct justice, obstructing justice and making materially false declarations before a court.

The photographs, had they been presented at trial, would have shown that a dead tree said to be depicted in the sketch in the day planner didn't show up in the photographs.

Two men were found guilty in June 2003 of conspiring to aid terrorists at the trial. But the charges were thrown out in September 2004 at the request of the U.S. Attorney's Office, which said Convertino had withheld key evidence from the defendants and allowed witnesses to mislead the jury.

Contact DAVID ASHENFELTER at 313-223-4490 or ashenf@freepress.com.

Federal Grand Jury Indicts Convertino Over Handling Of Terrorism Case (DEN)

By Ronald J. Hansen

Detroit News, March 30, 2006

DETROIT -- Richard G. Convertino, the one-time federal prosecutor who triumphantly won two convictions in the nation's first terror trial after September 11, was formally indicted today on charges that he built that case on perjury and deception.

The four-count indictment, which had been expected for weeks, alleges Convertino obstructed justice and sought false statements under oath in an effort to win the case against four immigrants.

Also indicted was Harry Raymond Smith III, a U.S. State Department security officer, who is charged with conspiring with Convertino to help bolster the case against the men.

The indictment marks another low point for the government in the disastrous Detroit "sleeper cell" terror case.

Convertino led the government's legal attack on four immigrants charged with conspiring to support terrorism.

In June 2003, a jury convicted two of the men of the most serious charges and another man of less-serious document fraud. The fourth man was acquitted.

John Ashcroft, then the U.S. attorney general, trumpeted the verdict as a victory in the nation's ongoing war on terror. Legal scholars called the case a victory for the criminal justice system because it validated that even sensitive national security matters could be handled by traditional juries.

But by 2004, the government had discovered enough evidence withheld from defense lawyers and other problems in the case that it abandoned the terror convictions against two of the men and instead focused on wrongdoing by Convertino and others in the investigation.

Prosecutor, Agent Indicted In Detroit (WP)

By Dan Eggen

The Washington Post, March 30, 2006

A former federal prosecutor and a State Department security officer were indicted yesterday on charges that they lied during a bungled terrorism trial in Detroit and then sought to cover up their deceptions once the case began to fall apart.

Former assistant U.S. attorney Richard G. Convertino, 45, and State Department special agent Harry R. Smith III, 49, were charged with conspiracy, obstruction of justice and making false statements in connection with the 2003 prosecution, according to an indictment handed up by a federal grand jury in Detroit.

The charges mark the latest embarrassment for the government in a case that was once hailed by former attorney general John D. Ashcroft as one of the most important terrorism prosecutions since the Sept. 11, 2001, attacks. It disintegrated after a federal judge ordered an investigation of Convertino's conduct.

Legal experts said yesterday that an indictment of a prosecutor for improper conduct in a federal courtroom is extraordinarily rare, if not unprecedented, in modern times.

"The charge is essentially that he prosecuted too aggressively and crossed the line," said Stephen Gillers, a New York University law professor who specializes in legal ethics. "This is simply astonishing."

Convertino also is charged with presenting false information at a sentencing hearing in a separate drug case to gain a light prison term for an informant.

He resigned from the Justice Department last year and has filed a civil suit alleging that he was the target of a smear campaign by the Justice Department that resulted in the exposure of a valuable counterterrorism informant.

Convertino led the prosecution of Karim Koubriti and three other North African immigrants, who were alleged to be part of a "sleeper operational combat cell." The government gained three convictions -- including two on terrorism charges -- but they were dismissed in 2004 after the Justice Department announced it had uncovered serious prosecutorial misconduct.

A report by a special Justice Department attorney assigned to review the case found that the prosecution had failed to turn over dozens of pieces of evidence to the defense. The "pattern of mistakes and oversights," along with possible misconduct, was so egregious that the government had little choice but to withdraw its case, his report said.

William Sullivan, Convertino's attorney in the criminal case, said in a prepared statement yesterday that the indictment is "another example of government reprisal" against Convertino for his lawsuit. A federal judge in Washington threw out part of Convertino's lawsuit in October, and delayed the rest to await the outcome of the grand jury inquiry in Detroit.

"Rick Convertino is a highly decorated and veteran former prosecutor who over a period of many years acted to preserve the safety of his community," Sullivan said. "We will demonstrate that the indictment is manifestly false."

One of Smith's attorneys, Matthew Leitman of Troy, Mich., said his client is a "dedicated public servant" falsely accused of wrongdoing. "We do not believe the charges are warranted, and we look forward to vigorously defending him in court," he said.

Convertino faces up to 30 years in prison and a $1 million fine, while Smith could be sentenced to 20 years behind bars and a $750,000 penalty.

The indictment alleges that, during the trial, Convertino concealed photographs taken by Smith and another State Department staff member of Queen Alia Hospital in Jordan. Convertino had alleged that the defendants made a casing sketch of the military hospital in preparation for a terrorist attack, and Smith testified that he had no photographs with which to compare the sketches.

But Justice investigators said later that Convertino knew U.S. officials had taken numerous photographs and that "it is difficult, if not impossible, to compare the . . . sketches with the photos and see a correlation."

Smith, stationed as a security officer at the U.S. Embassy in Amman, Jordan, from 1999 to 2002, assisted in the Detroit investigation.

The indictment notably does not contain several other allegations of misconduct by Convertino that were aired in prior court proceedings, including disputes over a second sketch alleged to depict a Turkish air base and over his failure to disclose evidence undermining a key prosecution witness.

Margaret Raben, a Detroit lawyer who represented one of the defendants, Abdel-Ilah Elmardoudi, said the government may have purposely kept its case against Convertino narrow in an attempt to prevent him from responding with his own allegations of misconduct by higher-ranking Justice officials.

Raben said the indictment was a "vindication for the defense team," but would do little to help the former defendants in the case. One of the defendants has been deported, two others are fighting fraud charges and the fourth is living in Dearborn, Mich., with his mother.

"The reality is that the government ruined these people's lives, and there is no remedy for that," Raben said. "Rick Convertino can go to prison for the next 15 years and it won't make one bit of difference for Abdel-Ilah or any of the others."

In a second criminal case, Convertino allegedly misled a judge about the defendant's cooperation with the government and "falsely suggested" that the original prosecutor had doubts about the accuracy of the amount of drugs in the case, according to the indictment. As a result, the defendant received a prison term of eight months, rather than the 108 to 135 months outlined in sentencing guidelines.

Ex-Prosecutor Accused Of Concealing Evidence In Terror Case (NYT)

By Eric Lichtblau

The New York Times, March 30, 2006

WASHINGTON, March 29 — A grand jury charged today that a former federal prosecutor in Detroit who led one of the Justice Department's biggest terrorism investigations concealed critical evidence in the case in an effort to bolster the government's theory that a group of local Muslim men were plotting an attack.

The prosecutor, Richard G. Convertino, and a State Department employee who served as a chief government witness were each indicted on charges of conspiracy and obstruction of justice. The grand jury charged that they had conspired to conceal evidence from the jury about photographs of an American military hospital in Jordan that was the supposed target of a terrorist plot concocted by the Detroit defendants.

Mr. Convertino, once a rising star at the Justice Department who fell out of favor with supervisors in Washington, denied that he had ever withheld evidence, and he pledged that he would be vindicated. "These charges are clearly vindictive and

retaliatory, and it's an effort to discredit and smear someone who tried to expose the government's mismanagement of the war on terrorism," he said in a telephone interview.

The indictment of the former prosecutor and one of his star witnesses marked a striking turnaround in a case once hailed by President Bush and John Ashcroft, his first attorney general, as a major breakthrough against terrorism plotted on American soil.

After four Muslim men were arrested days after the attacks of Sept. 11, 2001, in a dilapidated Detroit apartment, federal authorities charged that they were part of a "sleeper" terrorist cell plotting attacks against Americans overseas.

Two of the men were convicted on terrorism charges after a high-profile trial in 2003, with Mr. Convertino as the lead prosecutor. But the case soon began to unravel amid allegations of concealed evidence and government misconduct. The Justice Department ultimately repudiated its own case, leading to the dismissal of all terrorism charges against the men in 2004.

"I can't recall a case like this in recent memory where you have not only the collapse of the prosecution's entire case, but now the prosecutor himself indicted," said Brian Levin, a professor at Cal State University at San Bernardino who has written extensively on terrorism prosecutions.

"The government has made clear it's going to do everything it can to go after terrorism, but here you have a case where it appears that hubris might have intoxicated the prosecutor, and he might have taken one step over the line," Mr. Levin said.

Mr. Convertino, 45, who has left the Justice Department and opened his own defense practice in the Detroit area, faces a maximum of 30 years in prison and a $1 million fine if convicted. His co-defendant, Harry R. Smith III, 49, a security officer for the State Department who assisted in the prosecution, faces a maximum of 20 years in prison and a $750,000 fine.

The indictment returned by a grand jury in the eastern district of Michigan lays blame for the collapse of the case against the terrorism suspects at the feet of Mr. Convertino and Mr. Smith. It said the two men conspired "to present false evidence at trial and to conceal inconsistent and potentially damaging evidence from the defendants."

But an investigation by The New York Times published in October 2004 found that senior officials at the Justice Department knew of problems in the case almost from its inception, yet still pushed for an aggressive prosecution.

An internal Justice Department memo prepared in Washington before the 2002 indictments of the men acknowledged that the evidence was "somewhat weak," that the case relied on a single informant with "some baggage," and that there was no clear link to terrorist groups.

"We can charge this case with the hope that the case might get better," a senior counterterrorism official in Washington wrote at the time, "and the certainty that it will not get much worse."

The prosecution exposed deep rifts within the Justice Department over issues of strategy — to the point that some Washington prosecutors assigned to work on the case were barely on speaking terms with Mr. Convertino and his Detroit prosecutors.

The opening of the government's indictment against the terror suspects, drafted by prosecutors in Washington, appeared to have been lifted almost verbatim from a scholarly article on Islamic fundamentalism. And Mr. Ashcroft was rebuked by the Detroit judge hearing the case for publicly asserting — in error — that the defendants were suspected of having advance knowledge of the Sept. 11 attacks.

Ex-prosecutor Indicted In Botched Terror Trial (AP)

AP, March 30, 2006

State Department official also charged with allegedly hiding evidence

DETROIT - A former federal prosecutor and a State Department official were indicted Wednesday on charges of conspiring to conceal evidence during a botched terrorism trial that proved a major embarrassment for the Bush administration.

Former Assistant U.S. Attorney Richard G. Convertino, 45, and State Department Regional Security Officer Harry Raymond Smith III, 49, were charged with conspiracy, obstruction of justice and making false declarations.

The indictment stemmed from the prosecution of four North African immigrants accused of operating a terrorist cell in Detroit. The case was the nation's first major terrorism trial after the 2001 attacks, and was hailed by the Bush administration at one point as a victory in the war on terror.

Story continues below ? advertisement

Two of the four men, Karim Koubriti and Abdel-Ilah Elmardoudi, were convicted in 2003 of conspiring to provide support to terrorists.

However, a federal judge overturned the verdicts at the Justice Department's request after prosecutors discovered that documents that could have helped the defense were not turned over by the government as required.

Convertino was the lead prosecutor in the case, and Smith helped in the investigation and testified for the government at the trial.

Conspired to hide photographs

The indictment said Convertino and Smith conspired to keep from defense lawyers photographs of a Jordanian hospital that would have undermined the government's argument that the alleged Detroit cell made surveillance sketches of the place.

Convertino also elicited testimony from Smith and an FBI agent that the sketch matched the hospital and its surrounding area, even though the photographs contradicted that description, the indictment said.

"Mr. Convertino is a highly decorated and veteran federal prosecutor, who over many years consistently acted to preserve the safety of his community, and the Koubriti case is no different," said his lawyer, William Sullivan. "We will demonstrate that this indictment is manifestly false."

Sullivan said the indictment was retaliation against Convertino for a pending whistle-blower lawsuit. Convertino has said the government has mounted a smear campaign against him.

Smith's lawyer, Matthew Leitman, said that Smith is a "dedicated public servant" and that a vigorous defense is planned.

Convertino also was charged with obstruction in a second case in which prosecutors said he gave false information to a judge in an effort to reduce a defendant's sentence.

The charges against Convertino carry up to 30 years in prison, while those against Smith carry up to 20 years.

Other Convertino Cases Likely To Be Scrutinized (DEN)

By Paul Egan

Detroit News, March 30, 2006

Wednesday's indictment of former assistant U.S. Attorney Richard Convertino puts a thicker tarnish on what was once a bright star of the Detroit office.

Convertino's terrorism case collapsed in 2004. His indictment on charges of conspiracy to obstruct justice, obstructing justice and making false declarations before a court could put other criminal cases Convertino handled in jeopardy.

"What's very important seems to be a pattern that Mr. Convertino indulges in -- it's not just in the terrorism case," said Elizabeth Jacobs, a Detroit lawyer who plans to seek a new trial for Kenneth Andrew Jefferson, a man serving a 20-year prison sentence after he was convicted in 1999 following a trial prosecuted by Convertino.

Lawyer Carole Stanyar filed a brief in federal court Monday alleging Convertino arranged for the early release of convicts who testified against her client, Joseph Stines, in the same 1999 drug trial. She, too, is seeking a new trial.

More Convertino cases are likely to come under heavy scrutiny, Jacobs said.

"The U.S. government may not have the resources to check into all the cases that his hands have touched," Jacobs said.

Convertino's criminal lawyer, Jeffrey J. Del Fuoco, said he believes his client will be fully vindicated.

"There is no question he was a rising star in the Justice Department," Del Fuoco said of Convertino.

"He had won numerous awards from both the U.S. Attorney's Office and Main Justice," the Department of Justice's headquarters in Washington, D.C.

Del Fuoco said he thinks talk of problems with other Convertino prosecutions is an attempt to bolster a weak case to support the indictments. "They want to dig up dirt on the guy," he said.

Robert Precht, a former law professor at the University of Michigan and an expert on federal criminal law who practices law in New York City, said it is "sad and tragic that a man's career is ruined in this way."

"It's very rare for a prosecutor's misconduct to be handled as a criminal matter, but looking at this case, I can see why," Precht said.

Convertino likely saw himself as fighting a critical war against terror with insufficient resources, he said.

"I'm sure there were elements of vanity in Convertino's thinking, as well. He saw himself as a Lone Ranger who was going to vanquish these enemies."

You can reach Paul Egan at (313) 222-2069 or pegan@detnews.com.

Man Given 30 Years In Plot Against Bush (WP)

By Caryle Murphy

The Washington Post, March 30, 2006

A federal judge in Alexandria yesterday sentenced Ahmed Omar Abu Ali, the Falls Church man convicted of conspiring to kill President Bush and of joining an al-Qaeda cell in Saudi Arabia, to 30 years in prison with 30 additional years of supervised release.

U.S. District Judge Gerald Bruce Lee denied government prosecutors' request to impose a life sentence, citing several mitigating factors, including the fact that Abu Ali "never planted any bombs, shot any gun or injured any person."

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The 30-year sentence will "adequately and reasonably reflect" the seriousness of Abu Ali's offenses and "provide just punishment," Lee said, because it means the U.S.-born citizen, 25, will spend "most of his productive years in prison."

Abu Ali, dressed in a dark green jumpsuit with "Prisoner" stenciled in white on the back, showed no emotion when the sentence was announced. He declined to address the court before being sentenced.

Deputy Attorney General Paul J. McNulty hailed the sentence in a statement as "strong punishment for the defendant's egregious crimes. It is important that Abu Ali remain behind bars until he is no longer a threat to the American people."

McNulty called Abu Ali's prosecution "a milestone achievement in the international effort to bring terrorists to justice."

The sentence disappointed Abu Ali's family and friends, who maintain that he was wrongly convicted on statements that they say were obtained under coercion and torture during his 20-month incarceration in Saudi Arabia.

"I think it's a sad day not only for me as a mother but for the whole country," said Abu Ali's mother, Faten Abu Ali, after the proceedings. "America is all about justice and democracy. Before we export democracy to the outside, we have to have it in our own land. My son didn't have a fair trial."

Abu Ali attorney Khurrum Wahid called the sentence "disappointing," noting that Abu Ali had testified during a pretrial hearing that "he was tortured, and that is the only reason he had made these statements."

Lee later said he found it implausible that Abu Ali was tortured, and jurors said after their verdict that they did not believe his story.

At his trial in November, the jury convicted Abu Ali of nine counts, including conspiring to assassinate the president and commit aircraft piracy, providing material support to al-Qaeda and plotting terrorist activities in the United States. Those activities included kidnapping members of Congress.

Abu Ali's attorneys have said they will appeal his conviction.

The trial was the first in a U.S. criminal courtroom to rely so heavily on evidence gathered by a foreign intelligence service. Security officers from Saudi Arabia, testifying anonymously via video from the kingdom, provided significant portions of the government's case.

But Abu Ali's conviction was based primarily on his videotaped confession to Saudi authorities after his arrest there in June 2003. He was detained as he was taking final exams at the Islamic University of Medina after other members of the al-Qaeda cell he had joined identified him to Saudi police.

Saudi authorities declined to prosecute Abu Ali, and U.S. officials did not request that the Saudis hand him over to them. His family then mounted a highly public campaign to have him brought home. They sued the U.S. government in federal court in Washington, contending that U.S. officials were complicit in the detention and torture of their son by Saudi security officers.

When that lawsuit threatened to force disclosure of information U.S. officials wanted to keep classified, the U.S. government formally asked for custody of Abu Ali.

In February 2005, Abu Ali was transferred to the Alexandria jail, where he has been in solitary confinement.

In seeking a life sentence, Assistant U.S. Attorney David Laufman called Abu Ali "the perfect recruit" for al-Qaeda, who "betrayed our country" by planning to form a clandestine terrorist cell in the United States.

But Lee noted that Abu Ali had no prior criminal record and had taken no steps to carry out his plots.

There is no parole in the federal prison system, though sentences can be reduced for good behavior.

Man Sentenced For Bush Assassination Plot (AP)

By MATTHEW BARAKAT, Associated Press Writer

AP, March 30, 2006

ALEXANDRIA, Va. — An American Muslim was sentenced Wednesday to 30 years in prison for joining al-Qaida and plotting to assassinate President Bush.

Prosecutors had asked for the maximum _ a life sentence _ for Ahmed Omar Abu Ali, a 25-year-old U.S. citizen who was born to a Jordanian father and raised in Falls Church, Va.

"The facts of this case are still astonishing," prosecutor David Laufman said. "Barely a year after Sept. 11 the defendant joined the organization responsible for 3,000 deaths."

But U.S. District Judge Gerald Bruce Lee said 30 years was sufficient punishment. He compared the Abu Ali case to "American Taliban" John Walker Lindh, who received a 20-year sentence.

Abu Ali's actions "did not result in one single actual victim. That fact must be taken into account," the judge said.

Abu Ali, wearing a green prison jumpsuit, declined to speak before his sentence was imposed. Defense lawyers said they plan to appeal.

Prosecutors said Abu Ali traveled to Saudi Arabia and joined al-Qaida out of hatred for the United States. The Saudis arrested Abu Ali in June 2003 as he was taking final exams at the Islamic University of Medina.

Ali was convicted in November of conspiracy to assassinate the president, conspiracy to hijack aircraft and providing support to al-Qaida, among other crimes. The charges carried a mandatory sentence of at least 20 years behind bars.

Abu Ali gave the Saudis a statement in which he said that he joined al-Qaida and discussed with some of the most senior al-Qaida members terror plots, including Bush's assassination, and plans to establish an al-Qaida terror cell in the U.S.

He claimed that the Saudis had extracted a confession from him through torture. Prosecutors denied he was mistreated.

Abu Ali said he had the scars on his back that proved he was whipped or beaten by the Saudis. Pictures were taken of his back, and doctors for both the government and the defense examined him, coming to different conclusions.

The jury in the three-week trial saw a videotaped confession Abu Ali gave to the Saudis in which he said he joined al-Qaida because he hated the United States for its support of Israel.

In February, defense lawyers asked for a review of the conviction in light of the disclosure that the Bush administration had eavesdropped on suspected terrorists' conversations without search warrants. Abu Ali's lawyers said they suspected, but had no firm evidence, that Abu Ali had been a target of the surveillance program.

The government's response was not made public, but the judge decided to go ahead with the sentencing after receiving it.

American Is Sentenced To 30 Years In Terror Case (NYT)

By David Stout

The New York Times, March 30, 2006

WASHINGTON, March 29 — An Arab-American student from Virginia was sentenced Wednesday to 30 years in prison for plotting with operatives of Al Qaeda to assassinate President Bush and hijack airplanes.

In November, a federal jury in Alexandria, Va., convicted the student, Ahmed Omar Abu Ali, now 25, of numerous counts of conspiracy to commit acts of terrorism. The jurors rejected his claim that his captors beat and tortured him into confessing after his arrest in Saudi Arabia in 2003.

Judge Gerald Bruce Lee of the Federal District Court in Alexandria could have sentenced Mr. Abu Ali to as little as 20 years. The Justice Department had argued for the maximum sentence, life in prison.

The department has described Mr. Abu Ali as "one of the most dangerous terrorist threats that America faces in the perilous world after Sept. 11, 2001: an Al Qaeda operative born and raised in the United States, trained and committed to carry out deadly attacks on American soil."

Mr. Abu Ali, who was born to a Jordanian father and grew up in Falls Church, Va., was arrested in June 2003 at a university in Medina, Saudi Arabia, as the Saudi authorities were investigating a wave of bombings.

Prosecutors said that Mr. Abu Ali went to Saudi Arabia in 2002 hoping to become a terrorist because he saw Mr. Bush as "the leader of the infidels," and that he eventually met a high-ranking leader of Al Qaeda and was trained in weapons, explosives and document forgery.

Mr. Abu Ali's lawyers have insisted that he was just a student who went to Saudi Arabia to pursue religious studies. They said they would appeal the conviction.

Defense Questions Informant's Credibility In Lodi Terror Case (AP)

By Don Thompson

AP, March 30, 2006

SACRAMENTO - Attorneys representing a father and son facing federal terrorism-related charges opened their defense by challenging the credibility of a paid government informant.

The informant, a 32-year-old former convenience store clerk from Oregon, said in previous testimony that he saw three al-Qaida operatives in the Central Valley town of Lodi in 1998 and 1999.

At the time, the three were suspects in the bombings of U.S. government buildings in Saudi Arabia and Africa and were being sought aggressively by authorities. Terrorism and law enforcement experts previously told The Associated Press that it was highly unlikely the suspects were inside the U.S. when the informant said they were.

Defense attorneys pursued that angle Wednesday with two FBI agents they called to the stand.

Attorney Johnny Griffin III asked whether agents thought the informant, Naseem Khan, was lying to them when he claimed to have seen the terror suspects in Lodi. The Pakistani community in the agricultural hub south of Sacramento became a focus of federal agents shortly after the 2001 terrorist attacks.

"If he was lying as opposed to being mistaken, that would have a great bearing" on whether Khan was a suitable informant, said Eric Barnhart, an FBI agent based in Oregon.

He said he notified the FBI's Sacramento bureau of Khan's story but did not try to verify it.

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Sacramento agent Rachel Pifer, also testifying Wednesday, said she checked FBI databases and other sources before deciding that Khan's claim "was probably highly unlikely." Pifer said she believed Khan was truthful in telling agents "what he thought he saw."

But after court, defense attorney Wazhma Mojaddidi said the testimony showed that the FBI and prosecutors "continue to use an informant they didn't believe. That's a problem."

The FBI agents were the first witnesses called by attorneys representing Umer and Hamid Hayat, a father and son from Lodi who have been in federal custody since last June.

Hamid Hayat, 23, is charged with attending an al-Qaida training camp in Pakistan in 2003 and lying about it to the FBI. The government says he returned home in 2005 to await orders for attacking grocery stores, banks, hospitals and other targets.

His father, a 48-year-old ice cream truck driver, faces two counts of making false statements to FBI agents. Both have pleaded not guilty.

The defense was beginning to call witnesses after roughly six weeks devoted to the government's case.

The statement by the government informant that he saw the three operatives in Lodi came after he was approached by the FBI in October 2001. The agency was investigating an alleged money-laundering scheme involving Islamic charities.

Khan denied knowledge of the money laundering but consented to an FBI interview in his apartment in Bend, a fast-growing former timber town in central Oregon.

Khan told agents he had lived in Lodi during the late 1990s and recalled seeing Osama bin Laden's physician, Ayman al-Zawahiri, attending a local mosque.

He also told Barnhart that he saw Abdelkarim Hussein Mohamed al-Nasser and Ahmed Mohammed Hamed Ali in Lodi in 1998 and 1999. At the time, Ali was suspected in the bombing of a U.S. embassy in Africa and al-Nasser was wanted in the bombing of a U.S. military housing complex in Saudi Arabia.

Under questioning by Griffin, Barnhart said he considered Khan's claim as "historical information. I didn't see it as the focal point of his information."

Government agents around the country were receiving similar reports of suspected terrorist sightings - many of them unreliable - in the months immediately following the 2001 terrorist attacks, Barnhart said. In that context, the agent said he didn't consider Khan's claims particularly intriguing.

Much of the questioning Wednesday was contentious.

The agents repeatedly said they could not recall details of their interactions or conversations with Khan, even when they were shown their own reports.

Griffin, a former FBI employee and federal prosecutor, suggested the agents were deliberately feigning ignorance. He asked how trained agents who expected to be called as trial witnesses could fail to recall an informant telling them that a close deputy to Osama bin Laden was living in Lodi.

"Do you consider yourself a competent agent?" a frustrated Griffin asked Barnhart at one point.

"Yes sir," Barnhart replied.

The FBI hired Khan as an informant, sent him to Lodi in late 2001 and paid him nearly $230,000 over the next few years.

Khan, one of the government's key witnesses, befriended Hamid Hayat and secretly recorded hundreds of hours of conversations between the two, some by telephone while Hayat was in Pakistan between 2003 and 2005.

'Highly Unlikely' Bin Laden's Top Man Visited Lodi, Agent Says (LODINS)

By Layla Bohm, News-Sentinel Staff Writer

Lodi News-Sentinel, March 30, 2006

Testimony about key terror figure questions informant's credibility

SACRAMENTO — It is "highly unlikely" that Osama bin Laden's right-hand man was in Lodi in 1998 and 1999, an FBI agent testified Wednesday afternoon.

The acknowledgment, elicited by the defense attorney for a Lodi man charged with attending a terror training camp, calls into question the credibility of informant Naseem Khan, who became a key government witness in the case.

Khan told a federal jury earlier this month that Ayman al-Zawahiri had spent at least a month in Lodi, making countless trips to the Muslim mosque. Khan originally made the claim to FBI agents who visited him in October 2001 to ask him about a multi-million-dollar money laundering scheme.

"I thought that the probability that he saw al-Zawahiri at that time was probably slim," special agent Rachel Pizer said Wednesday.

She communicated with officials higher up in the FBI, who said it was "highly unlikely." Pizer didn't recall who gave her the information, but believed it came from New York, which was also involved in post-9/11 investigations.

"So at some point you came to the conclusion that it was likely not true, correct?" asked defense attorney Wazhma Mojaddidi, who represents Lodi resident Hamid Hayat.

Pizer replied: "That's correct."

The agent did not confront Khan with the information "because I believed that's what he thought he saw," she testified.

For Mojaddidi and co-counsel Johnny Griffin III, who represents Hayat's father, Umer Hayat, the information casts doubt on the reliability of the man who went on to secretly record their clients and ultimately testify against them — to the tune of salary totaling about $230,000.

"They continued to use an informant they didn't believe," Mojaddidi said after trial ended for the day.

Attorneys had spent much of the day questioning the agent who first contacted Khan in Bend, Ore.

After meeting Khan and learning that he had once lived in Kentucky, agent Eric Barnhart remembered it so distinctly that he gave Khan the code name of "Wildcat," after the University of Kentucky's mascot.

However, though that first meeting was mere weeks after 9/11, Barnhart said has no memory of Khan giving him the tip that al-Zawahiri had been in Lodi.

Barnhart repeatedly said he has almost no recollection of his first contacts with Khan, even after Griffin showed the agent copies of his own reports.

Forgetting details is sometimes a way of halting the defense in trial, even though part of an agent's job is to remember details and later testify in court, a former FBI agent later said.

"He's being paid to remember stuff, and his notes are written so that he can remember that stuff," said James Wedick, who received multiple honors during his 34-year career with the FBI before retiring.

Wedick, who has been hired by the defense in the Hayat case, said outside court that some agents find they can simply say they don't recall things.

"There is a subset of folks who use that tactic in court to throw off the defense," he said of agents in general, clarifying that Barnhart was not necessarily using that tactic.

Barnhart testified that he remembers mention of Taliban members possibly being in Lodi in 1998 and 1999, but that he doesn't recall mention of al-Zawahiri, who is the FBI's second most wanted terrorist and has a $25 million bounty on his head.

Al-Zawahiri's photo appeared next to Osama bin Laden on the bureau's list of most wanted terrorists, which was released Oct. 10, 2001, exactly one week before Barnhart met with Khan.

Despite Khan's claims that he had seen Taliban members in Lodi when he lived in the city for a time, the FBI quickly made him a source and sent him to work in Lodi.

Before long, the FBI was paying him $3,000 a month plus bonuses, and he got a raise the following year, according to previous trial testimony and documents. Pizer, however, testified Wednesday that Khan was not paid a salary and was only given cash payments.

Khan grew close to local Muslim religious leaders, then befriended Hamid Hayat in summer 2002. He secretly recorded conversations, often asking the 23-year-old man if he was going to attend terror camps in Pakistan.

Ultimately, Hamid Hayat was arrested on allegations of lying to the FBI and denying that he had allegedly attended terror training camps in Pakistan. Hayat also faces a charge of providing material support to terrorists.

His father, 48-year-old Umer Hayat, is charged with lying to the FBI about his alleged knowledge of the camps.

Prosecutors wrapped up their case Tuesday after five weeks of trial, and Barnhart was the first defense witness, who testified that he interviewed Khan at the request of the Sacramento office.

Barnhart, who joined the FBI in April 1996, continuously said he had no recollection of most of his conversations with Khan.

"Do you consider yourself a competent agent?" Griffin asked him at one point.

Barnhart replied: "Yes sir."

Contact reporter Layla Bohm at layla@lodinews.com.

Defense Calls First Witness In Hayat Trial (KXTV-TV)

KXTV-TV, March 30, 2006

Just weeks after the 9-11 terrorist attacks, you'd think information about Osama Bin Laden's number two man being in Lodi would be big news. But in the terrorism trial against two Lodi men, an FBI agent said when an informant claimed Ayman Al-Zawahiri had spent time in Lodi in 1999, the agent didn't alert his superiors about the information.

"In my mind, (it) was historical information," said Agent Eric Barnhart (shown above outside of court).

The defense in the Lodi terror trial is opening its case by trying to show a paid FBI informant was untrustworthy from the first time he received money in exchange for information. Part of that information from informant Naseem Khan included his claims that three top men connected to the Taliban, including Al-Zawahiri, spent time in and around the Lodi mosque in 1999.

Khan, who was being interviewed by the FBI in Bend, Oregon, also claimed to have information about alleged money laundering and fundraising for terrorism in Lodi, where he once lived.

Khan is a key prosecution witness in the case against Hamid Hayat and his father, Umer Hayat. The father and son, both Lodi residents and U.S. citizens, are charged with lying to the FBI about Hamid Hayat's alleged training in a Pakistani terrorist camp in 2003 and 2004. The younger Hayat also faces a charge of providing support to terrorism by his alleged training to commit violent jihad against the United States.

After his recruitment as a full-time FBI informant, Khan move back to Lodi, befriended Hamid Hayat, and secretly recorded several conversations they had about Pakistani politics, terrorist leaders and Hayat's purported desire to go to Pakistan to train for violent jihad.

Under questioning by defense attorney Johnny Griffin, Agent Barnhart confirmed he paid Khan $650 for his information given between October and November of 2001. Barnhart admitted he didn't know if Khan was lying or not but said if he had known, "I wouldn't have paid him."

At the time Khan made those claims about Al-Zawahiri, the terrorist was and still is on the FBI's most wanted list. Barnhart testified he was aware of that but didn't made a big deal about Khan's claims.

There's been no independent confirmation that Al-Zawahiri, nor the other two men, Ahmed Hamed Ali and Abdel Al Nassar, ever spent any time in Lodi.

Barnhart repeatedly answered, "I don't recall" to most of the defense's questions regarding how and why Khan was recruited. Khan was working at a Circle K store making low wages when first contacted by Barnhart in October, 2001. According to a receipt brought into evidence, Khan received money for his information beginning after the second meeting.

Obviously exasperated at the agent's apparent poor memory on the stand, Griffin once asked him pointblank, "Do you consider yourself a competent agent?" Barnhart replied, "Yes, sir."

The defense has begun calling witnesses after prosecutors rested their case Tuesday afternoon. Defense attorneys moved to have the case dismissed, claiming prosecutors haven't proven their case, but Judge Garland Burrell denied the motion. He's still considering another motion, however, to drop two of the three lying counts against Hamid Hayat.

FBI Agent Doubts Informant Saw Al Zawahri In Lodi (SACBEE)

By Denny Walsh, Bee Staff Writer

The Sacramento Bee, March 30, 2006

The account of an FBI informant, a critical government witness, about seeing one of the world's most wanted terrorists in Lodi in 1999 is probably not true, an FBI agent testified in Sacramento federal court Wednesday.

Naseem Khan, who already has testified against two Lodi men on trial on terror-related charges, said in his first meeting with FBI agents four and a half years ago that he saw two men on the bureau's most-wanted list at the Muslim mosque in Lodi in 1999.

According to an FBI report on that meeting between Khan and two agents, Khan positively identified photographs of Ayman al Zawahri and Ahmed Mohammed Hamed Ali as the two men he saw at the Lodi mosque.

Al Zawahri is Osama bin Laden's chief deputy and is wanted in connection with the 1998 bombings of U.S. embassies in Tanzania and Kenya. Ali also is a suspect in those bombings.

FBI Special Agent Rachel Pifer testified Wednesday that after investigating Khan's claim, she concluded it "probably was not true."

Khan gave a truncated version of his story from the witness stand three weeks ago while testifying in the trial of Hamid Hayat, 23, who is charged with supporting terrorism by undergoing training at a camp in Pakistan, and initially lying to the FBI to conceal what he did.

Hayat's 48-year-old father, Umer, is charged with initially lying to the FBI to cover for his son and to hide his own firsthand knowledge of terrorist training.

Much of the government's case against the Hayats rests on secretly recorded conversations the pair had with Khan in 2003. Khan wore a concealed recording device while acting as an FBI informant.

The Hayats are being tried at the same time, but with separate juries.

Both juries were in court Wednesday to hear testimony on the first day the defense presented its case.

Under examination by Hamid Hayat's attorney, Wazhma Mojaddidi, Agent Pifer, who is assigned to the bureau's Sacramento office and who worked with Khan from November 2001 to September 2002, testified that she began checking Khan's claim about the infamous terrorist after hearing of it from a fellow agent.

"I thought the probability he saw al Zawahri at that time was slim," Pifer recalled.

She said she checked the bureau's internal databases and caused inquiries to be made at the agency's New York office, and perhaps other offices.

She said the feedback made Khan's story appear "highly unlikely."

Asked by Mojaddidi why she didn't confront Khan, Pifer said, "Because I believed that he believed that's what he saw."

Two FBI agents wrote, in a report of an interview with Khan on Oct. 17, 2001, that he "could still picture the priest-like al Zawahri standing up in front of the audience (at the Lodi mosque), speaking Urdu, and lecturing about Allah." That interview was conducted in Khan's apartment in Bend, Ore.

The agents stumbled upon Khan, who at the time was managing a Circle K mini mart in Bend, in the course of an unrelated investigation. He was quickly signed up as a paid informant and has since received nearly $230,000 in salary and expenses.

One of the agents who discovered him, Eric Barnhart, was the defense's first witness Wednesday, but he testified he doesn't remember much about his encounters with Khan.

Under questioning by Umer Hayat's attorney, Johnny Griffin III, the agent said he doesn't recall Khan telling him about seeing the two top terrorists.

Griffin showed the agent the report on the interview, which Barnhart helped prepare, but he said that didn't refresh his memory.

Asked if he later told an agent in Sacramento about the Khan interview, Barnhart again testified that he doesn't remember.

"Did you advise your superior immediately after the interview?" Griffin asked.

"I don't recall, sir," Barnhart replied. "I don't recall what importance I attached to it."

"Sir, do you consider yourself a competent agent?" a frustrated Griffin then asked.

"Yes, sir," the agent said.

Griffin asked Barnhart if he had been coached by prosecutors not to recall what Khan had told him about al Zawahri. He denied that had occurred.

When Griffin questioned Pifer, she too could not recall details of her early dealings with Khan.

Shown a report on her first meeting with Khan in a Sacramento park on Nov. 15, 2001, Pifer said, "I don't recall, but that's what I wrote, so that's what happened."

Griffin asked if her poor memory was brought on by prosecutors' coaching. Pifer answered that prosecutors told her to tell the truth.

Griffin, a former state and federal prosecutor, said outside of court: "At no time in my entire career have I witnessed such a spectacle as two seasoned FBI agents simultaneously afflicted with an inability to recall significant events."

Al Qaeda In Lodi 'Unlikely' (LAT)

By Rone Tempest, Times Staff Writer

The Los Angeles Times, March 30, 2006

An FBI agent in the terrorism case testifies for the defense that an informant's claim wasn't credible.

SACRAMENTO — Within weeks after an Oregon convenience store clerk told the FBI he had seen Al Qaeda's No. 2 leader worshipping at a Lodi, Calif., mosque, agents determined the report was "highly unlikely," according to testimony Wednesday in a Northern California terrorism case.

Despite serious doubts about the information from Pakistani immigrant Naseem Khan in a series of interviews shortly after Sept. 11, 2001, the FBI hired Khan as an undercover operative, paying him nearly $230,000 in salary and expenses to secretly infiltrate the Lodi Muslim community from 2001 until 2005.

Khan, a key witness in the terrorism case against a Lodi father and son, shocked a federal courtroom here earlier this month when he testified that he had seen Al Qaeda leader Ayman Zawahiri — the man believed to be behind the 1998 bombings of U.S. embassies in Kenya and Tanzania — in Lodi in 1998 and 1999.

Most terrorism experts believe Zawahiri did not travel to the United States after 1995.

Sacramento FBI Agent Rachel Pifer testified Wednesday that a quick check of Khan's assertion showed that it was probably false.

"I thought the probability that he saw Zawahiri during this period of time was probably pretty slim," Pifer said. But Pifer also said the agency decided to make him an informant because he appeared sincere, if mistaken. Defense attorneys contend that Khan would never have been hired if he had not made his sensational claim.

The prosecution in the trial of Lodi ice cream truck driver Umer Hayat, 48, and his son Hamid Hayat, 23, rested its case Tuesday with satellite photographs of what the government says is a terrorist training camp in Pakistan that the son attended in late 2003. Hamid Hayat is charged with "providing material support to terrorism" by attending the camp. Both men are charged with lying to the FBI.

Hoping to impeach Khan's key testimony by showing that he lied in his very first meetings with FBI agents, defense attorneys called to the stand Pifer, who was Khan's handler in 2001-2002, and Eric Barnhart, who initially contacted Khan on Oct. 17, 2001.

"The problem is that they continued to use an informant they didn't believe," defense attorney Wazhma Mojaddidi said.

Pakistani Militant Leader Is Beaten (LAT)

By Mubashir Zaidi And Paul Watson, Special To The Times

The Los Angeles Times, March 30, 2006

Fazlur Rehman Khalil, an ally of Osama bin Laden, was dragged from a mosque by assailants who held him for five hours, aides say.

ISLAMABAD, Pakistan — Gunmen on Wednesday attacked and seriously injured a longtime ally of Osama bin Laden whom U.S. authorities have linked to an alleged terrorist sleeper cell in California.

Fazlur Rehman Khalil, a signatory to Bin Laden's 1998 declaration of war on the United States and its allies, was severely beaten by eight armed men, supporters said.

The assailants dragged Khalil and his driver from a mosque in Tarnol, about three miles northwest of Islamabad, Pakistan's capital, as they attended evening prayers, said his spokesman, Sultan Zia.

Khalil is a former leader of Harkat Mujahedin, a militant group linked to Al Qaeda that he founded as Harkat Ansar to fight Soviet forces in Afghanistan in the 1980s. The U.S. labeled Khalil's group a terrorist organization in 1997, but it has continued its anti-Western jihad, or holy war, under the new name, Jamiat ul Ansar.

Khalil's attackers held him for five hours, tying a rope around his neck and beating him with rifle butts before dumping him in front of a mosque on Islamabad's outskirts, his spokesman said. "He was left in a very serious condition with a severe head injury. However, he has survived with the grace of God," Zia said. Khalil was taken to a hospital in Rawalpindi, adjacent to the capital.

In June, the FBI arrested Lodi, Calif., ice cream truck driver Umer Hayat, 48, and his son Hamid, 23, and charged them with training in one of Khalil's camps in Pakistan for attacks in the U.S. The men are on trial in a Sacramento court. The prosecution rested its case Tuesday.

Khalil co-signed Bin Laden's 1998 fatwa, or religious edict, that declared it "an individual duty" for Muslims to kill American civilians and troops, or their allies, anywhere they could be found in the world.

Bin Laden's deputy, Egyptian physician Ayman Zawahiri, and two other Egyptian and Pakistani extremists also signed the declaration by the so-called World Islamic Front for Jihad against the Jews and the Crusaders.

That same year, then-President Clinton ordered an attack with Tomahawk cruise missiles on targets in Afghanistan to kill Bin Laden after Al Qaeda attacks on two U.S. embassies in East Africa left at least 224 people dead. The strikes also targeted Khalil's camps near the eastern Afghan town of Khowst.

Intelligence assessments concluded that the missile strikes missed Bin Laden by a few hours, but Khalil claimed several of his fighters were killed in the airstrikes.

In testimony before the 9/11 Commission in 2004, Clinton's national security advisor, Samuel R. "Sandy" Berger, said an undisclosed number of agents from the Pakistani military's Inter-Services Intelligence agency also died in the strikes on the camps. The powerful ISI was long associated with Khalil and other militant groups.

Pakistani President Pervez Musharraf banned Khalil's militant group in 2001, after he ended support for the Taliban regime in neighboring Afghanistan and joined the U.S.-led war on terrorism after the Sept. 11 attacks.

Pakistani authorities arrested Khalil in 2004 when he was accused of aiding militants crossing into Afghanistan to attack U.S.-led forces.

He was detained at least two more times but was released each time under what Pakistan's government insisted was close supervision to ensure he didn't engage in militant activities.

As late as 2004, Khalil continued to raise funds and rally militants to wage jihad against the U.S. in a magazine called Al Hilal, published from his headquarters, in a mosque next to a school and across from an army base in Rawalpindi.

A November 2003 edition of the magazine featured an advertisement on the back page, announcing the "All-Pakistan Training Convention of Jamiat ul Ansar Activists," at Khalil's headquarters.

Times special correspondent Zaidi reported from Islamabad and staff writer Watson from New Delhi.

Feds Say Smuggling Ring Helped Fund Hezbollah (FREEP)

By JOE SWICKARD, FREE PRESS STAFF WRITER

Detroit Free Press, March 30, 2006

DOJ_NMG_0024075

A smuggling ring operating in Michigan helped fund Hezbollah with profits from bootlegged cigarettes, counterfeit tax stamps, phony Viagra tablets and hijacked toilet paper, according to a federal indictment unsealed in Detroit on Wednesday.

The indictment, issued almost two years ago, names 18 men and alleges the leaders were bound together by their support of Hezbollah. Federal authorities say the men levied a surcharge on the cigarettes they smuggled as a tax on behalf of the organization, which is characterized as a terrorist group by the U.S. government.

They were indicted on charges of being part of a global racketeering conspiracy.

Ten of the suspects have been arrested or are expected to surrender to federal officials. The others are believed to be outside the United States.

Arrested Wednesday morning by the Detroit Joint Terrorism Task Force were: Karim Hassan Nasser, 37, of Windsor; Fadi Mohamad-Musbah Hammoud, 33, of Dearborn; Majid Mohamad Hammoud, 39, of Dearborn Heights; Jihad Hammoud, 47, of Dearborn; Youssef Aoun Bakri, 36, of Dearborn Heights; Ali Najib Berjaoui, 39, of Dearborn; Mohammed Fawzi Zeidan, 41, of Canton; Imad Majed Hamadeh, 51, of Dearborn Heights and Adel Isak, 37, of Sterling Heights.

Theodore Schenk, 73, of Miami Beach, is expected to voluntarily surrender for arraignment on April 10.

The gang's operations, according to U.S. Attorney's office, stretched from the Detroit area to New York, North Carolina, the Ivory Coast, China, Lebanon, Brazil and Paraguay.

18 Charged In Smuggling Case (DEN)

Detroit News, March 30, 2006

U.S. attorney says group illegally brought in cigarettes, fake Viagra to raise funds for Hezbollah.

DETROIT -- The U.S. Attorney's Office on Wednesday indicted 18 people it alleged took part in a multimillion-dollar international conspiracy to smuggle cigarettes, counterfeit Viagra and other goods to raise money for the Mideast terrorist group Hezbollah.

The tobacco-smuggling operation was based in Dearborn and shipped up to $500,000 a week worth of untaxed and low-tax cigarettes, according to a grand jury indictment unsealed Wednesday in federal court in Detroit. Part of the fundraising effort also involved the sale of counterfeit Viagra shipped from China and Eastern Europe, the indictment alleges.

"The enterprise operated from Lebanon, Canada, Brazil, Paraguay, China, North Carolina, Florida and the Dearborn, Mich., area, perpetrating crimes in the states of Michigan, California, Florida, Georgia, Illinois, North Carolina and West Virginia (and points in between)," the indictment alleges.

The federal government estimates the state of Michigan lost $20 million in taxes as a result of the smuggling. There is no estimate of how much money went to Hezbollah, officials said.

Some smuggled cigarettes were supplied by Cattaraugus Indian Reservation residents near Irving, N.Y., the indictment alleges. Also, thousands of cartons were bought after they were stolen from the R.J. Reynolds tobacco company in Kentucky, the indictment alleges.

Tens of thousands of generic virility tablets were sold as if they were name-brand Viagra manufactured by Pfizer, the indictment alleges.

The alleged scheme, operated from 1996 to 2004, also involved the manufacture and purchase of counterfeit stamps placed on cigarette packages to show taxes had been paid on them.

"This indictment represents a major effort of our office," U.S. Attorney Stephen Murphy said.

Though no specific terrorism counts were part of the indictment, Murphy said the case is a key one in his agency's fight against what has become its No. 1 priority. Hezbollah, a group founded in 1982 to fight the Israeli occupation in southern Lebanon, is seen as a legitimate resistance force by many in Lebanon and elsewhere, but is deemed a foreign terrorist organization by the State Department.

The smuggled cigarettes were sometimes subject to a "resistance tax," which customers said would be sent to Hezbollah, the indictment alleges.

Imad Hamad, Michigan regional director of the American Anti-Discrimination Committee, said he objects to the stamp of terrorism being routinely placed on criminal cases involving Arab-Americans or people of Muslim faith.

"An indictment does not mean a conviction," Hamad said.

Nine men were arraigned in U.S. District Court in Detroit on racketeering charges Wednesday. The charges could bring up 20 years in prison and fines of up to $250,000 for each accused. All but two were released on unsecured bonds and ordered to surrender their passports. A 10th man, Theodore Schenk, 73, of Miami Beach, Fla., is to be arraigned on April 10. The other eight men indicted are fugitives now living in Canada, Lebanon or elsewhere outside the country, Murphy said.

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"The family is denying everything," said Maurice Herskovic, a lawyer for Imad Majed Hamadeh, 51, of Dearborn Heights, one of the men accused in the alleged conspiracy and arrested Wednesday. Friends and relatives of the men who attended the arraignment declined to comment.

Among those arraigned were three Hammoud brothers: Fadi Mohamad-Musbah Hammoud, also known as Fadi Musbah Hammoud, 33, of Dearborn; Majid Mohamad Hammoud, also known as Mike Hammoud, 39, of Dearborn Heights; and Jihad Hammoud, also known as Jay Hammoud, 47, of Dearborn. A fourth brother, Imad Mohamad-Musbah Hammoud, also known as Jacob Hammoud, 37, formerly of Dearborn, is a key figure in the conspiracy and a fugitive now believed to be living in Lebanon, assistant U.S. Attorney Kenneth Chadwell told the court.

Also arraigned Wednesday were Karim Hassan Nasser, 37, of Windsor; Youssef Aoun Bakri, 36, of Dearborn Heights; Ali Najib Berjaoui, 39, of Dearborn; Mohamad Fawzi Zeidan, 41, of Canton Township; and Adel Isak, 37, of Sterling Heights.

Indicted, but not yet arraigned, in addition to Imad Hammoud, were Hassan Ali Al-Mosawi, 49, of Lebanon; Hassan Hassan Nasser, 36, of Windsor; Ali Ahmad Hammoud, 64, of Lebanon, who is an uncle of the Hammoud brothers; Karim Hassan Abbas, 37, formerly of Dearborn; Hassan Mohamad Srour, 30, of Montreal; Naji Hassan Alawie, 44, of Windsor; and Abdel-Hamid Sinno, 52, of Montreal.

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U.S. Breaks Up Michigan-based Smuggling Ring That Sent Profits To Hezbollah (CP)

Canadian Press, March 30, 2006

DETROIT (CP) - Federal authorities said Wednesday they have broken up a smuggling ring that sent some of its profits to the Lebanese guerrilla group Hezbollah.

Eighteen people have been indicted in the Michigan-based ring, which sold contraband cigarettes, counterfeit Zig-Zag rolling papers, and counterfeit Viagra, U.S. Attorney Stephen Murphy said in a statement.

Nine of the suspects, from the Detroit and Windsor, Ont., areas, were arrested Wednesday on an April 2004 indictment that had been sealed by court order. A Miami Beach, Fla., man was to surrender in April, and authorities were seeking eight others who now live out of the country.

The suspect arrested in Windsor was identified as Karim Hassan Nasser, 37. Also named in the indictment, but not arrested, were Hassan Hassan Nasser, 36, and Naji Hassan Alawie, 44, of Windsor and Hassan Mohamad Srour, 30, and Abdel-Hamid Sinno, 52, of Montreal.

The indictment alleges that from 1996 to 2004, the group ran a multimillion-dollar cigarette-trafficking ring out of Dearborn. It purchased low-taxed or untaxed cigarettes from North Carolina or a New York Indian reservation and resold them in Michigan and New York, making profits by evading state cigarette taxes, prosecutors said.

Sometimes the group made counterfeit state tax stamps to make it appear as if the state taxes had been paid, authorities said.

Some members charged a tax on the cigarettes to fund Hezbollah, which has been classified as a terrorist group by the federal government, the statement said. They also solicited money for Hezbollah's program to support the families of those killed in suicide bombings and other terrorist operations, the statement said.

New elder still asking the same old questions

Last week, I turned 70. For younger people, that may seem impossibly old. But for those of us entering the latter stages of life, we just can't believe how quickly it came upon us - or how much we hope to accomplish in the time we have left. Full Column

US Charges 19 With Selling Smuggled Cigarettes To Aid Hezbollah (AFP-Y2)

AFP, March 30, 2006

US prosecutors have charged 19 people with trafficking in smuggled cigarettes and other contraband and using some of the profits to aid designated terrorist organization Hezbollah.

The indictment, which was unsealed Wednesday following the arrest of nine people in Michigan and Canada, alleges that a Dearborn, Michigan man ran a multi-million dollar a year contraband cigarette trafficking organization which also dealt in stolen and counterfeit goods.

Some members of the enterprise charged a "Resistance Tax", a set amount over the black market price of contraband cigarettes, which their customers were told would go to Hezbollah, the justice department said in a statement.

The US has officially labelled the Lebanese Shiite militia Hezbollah a terror organization.

The traffickers also solicited money from cigarette customers for the orphans of martyrs program run by Hezbollah in Southern Lebanon to support the families of persons killed in Hezbollah suicide and other operations, the statement said.

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"Fighting terrorism and keeping our citizens safe from its reach are the number one priorities of this office," US Attorney Stephen Murphy said in a statement.

"We will use all of the legal tools available to us to disrupt criminal activity that funds terrorist organizations."

The enterprise operated from Lebanon, Canada, China, Brazil, Paraguay and the United States, and its members were bound together by their shared Lebanese heritage, blood relations, allegiance to Hezbollah and "a common purpose of generating large sums of cash illegally," the indictment said.

The criminal organization operated between 1996 and 2002. One leader pleaded guilty in 2003 in federal district court in Detroit to racketeering and providing material support to Hezbollah.

He was not named in the latest indictment, which was returned by a federal grand jury on April 14, 2004 and was sealed pursuant until Wednesday.

Specter: Censure Could Reach Floor (RC)

By Erin P. Billings

Roll Call, March 30, 2006

Senate Judiciary Chairman Arlen Specter (R-Pa.) on Wednesday left open the possibility that Sen. Russ Feingold's (D-Wis.) bill to censure President Bush could get its day before the full Senate, a move certain to ignite an intense partisan showdown with election-year stakes.

Specter said he doesn't know how the controversial resolution will play out before his Judiciary Committee, but suggested it could be brought to the floor under a rare procedural move. The panel could vote to defeat the bill, but send it to the floor anyway with an unfavorable recommendation.

"I think this one may well be the exception" to regular order, Specter said. "We'll have a hearing on it. We'll take in do course what the committee action will be."

Feingold's motion seeks to censure President Bush for authorizing what the Wisconsin Democrat believes is an illegal domestic wiretapping program and then misleading the public about its existence. The highly charged measure has given Republicans a new rallying cry against Democrats even as the minority claims to be making headway with the public on national security matters.

The Judiciary Committee is expected to hold a hearing on Feingold's bill Friday. Specter reiterated Wednesday that he plans to keep to that schedule, despite some suggestion earlier in the week that it might be postponed.

"Friday is a work day for me," Specter said. "I'll be here. We'll have a hearing."

Feingold said Wednesday he still believes censuring Bush over the wiretapping program is "a modest approach to a very serious constitutional crisis." He said he is ready for the hearing, and would welcome floor consideration even if it comes without the backing of the Judiciary panel, but noted "It is an unusual step."

A Senate GOP aide said: "Certainly this is an issue where all Senators should go on record."

Only two other Senators, Barbara Boxer (D-Calif.) and Tom Harkin (D-Iowa), have signed on to the bill so far.

Many Democrats have argued the move is premature, especially at a time when the Senate is seeking to fully investigate the surveillance program. Privately, some also fear the bill goes to far and could curb Democrats' momentum to make gains as Republicans drop in the polls.

Feingold said that even if his bill doesn't advance this year, he's not going to give up: "If censure doesn't succeed this time, we'll come back again next year."

Bill Would Speed Challenge To Surveillance (NYT)

By The New York Times

The New York Times, March 30, 2006

WASHINGTON, March 29 — Senator Charles E. Schumer, Democrat of New York, introduced a bill Wednesday that would put lawsuits challenging the National Security Agency's domestic surveillance program on a fast track to the Supreme Court.

With Congress and the Bush administration at odds over the legality of eavesdropping on Americans without court warrants, the legislation could produce a timely ruling by the court on the program's constitutionality, Mr. Schumer said.

"We have a system of checks and balances," he said, "and, in this case, when the stakes are so high, the Supreme Court should be the ultimate check."

The bill would permit lawsuits by scholars, journalists and others who assert that they have refrained from calls or e-mail messages to Iraq, Afghanistan and other countries because of "a reasonable fear" of N.S.A. eavesdropping.

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Such suits would be heard by a panel of three federal judges, whose decision could be appealed immediately to the Supreme Court.

HOMELAND RESPONSE:

Area Still Unprepared For Terror Attacks, Senate Panel Is Told (WP)

By Eric M. Weiss

The Washington Post, March 30, 2006

Nearly five years after the Sept. 11, 2001, terrorist attacks, the Washington region still lacks a strategic plan to guide preparations for any future attacks or to effectively spend hundreds of millions of homeland security dollars, federal and local officials told a U.S. Senate panel yesterday.

The lack of a comprehensive regionwide communication system was repeatedly cited by senators as a case of poor planning and coordination. For example, Prince George's County does not have radios that are fully compatible with neighboring jurisdictions.

An oversight panel for the Senate Committee on Homeland Security and Governmental Affairs took emergency response officials from the District, Maryland, Virginia and the federal government to task for bureaucratic foot-dragging and a lack of agreement on a long-term plan for protecting millions of residents in the region.

"What do we have today? What's in place today?" asked Sen. John W. Warner (R-Va.).

Local homeland security officials did not give a definitive answer. Since the Sept. 11 attacks, they said, strategies have been developed that make the region better prepared to deal with attacks, but they realize that more needs to be done.

"That's not too good after all these years, I have to tell you," Warner said.

Senators questioned why the Capital Region Homeland Security Strategic Plan has not been completed. The plan was promised last September but will not be available until August at the earliest, officials said. The plan would establish goals and priorities for enhancing disaster response and for efficiently spending federal preparedness dollars.

"Six months since the proposed release date, the region has yet to release a final version of the strategic plan. This is unacceptable," said Sen. George V. Voinovich (R-Ohio), chairman of the subcommittee on oversight, which held the hearing.

Yesterday was not the first time that lawmakers expressed frustration over the pace and progress of emergency planning in the region. Although the Washington area is designated as high-risk, last year it had not spent $120 million of the federal anti-terrorism grants it received from 2002 to 2004. Officials said yesterday they have boosted the spending rate.

Warner and other senators said the poor federal response to Hurricane Katrina and the confusion and lack of communication when a small plane violated the District's airspace in May underscored the need for effective regional coordination.

Edward D. Reiskin, the District's deputy mayor for public safety and justice, assured the panel that local jurisdictions are prepared to respond to individual emergencies.

"If a big, bad thing happens, we have a response plan," he said after the hearing. "That's not at all what is the issue here. It's about strategic planning and about what is the vision."

Thomas Lockwood, the DHS director for the capital region, said leaders are working hard to come up with a consensus plan. But he said the effort is hampered by fragmented authority among the region's 12 jurisdictions, two states and the District of Columbia, all three branches of the federal government, more than 2,000 nonprofit organizations and numerous regional business and civic groups. Nearly three dozen police departments operate in the District alone.

Lockwood said regional officials are making slow but steady progress on crafting the plan.

"The consensus process around the details takes much longer to do," he said, but "if you do it right, it's going to last."

Lockwood and Reiskin, along with Robert P. Crouch, Virginia's preparedness director, and Dennis R. Schrader, Maryland's homeland security director, said much has been accomplished in recent months.

They said enhanced cooperation with military and aviation officials has dramatically improved responses to airspace incursions. Also, additional gear has been purchased so that firefighters in the region could continue functioning if their original gear became contaminated. In addition, the region has developed an area-wide electronic surveillance system for early detection of epidemics and a plan for dealing with large numbers of casualties.

Officials are working on a secure, compatible communication network that would link local officials in an emergency. There is also a cache of 1,250 compatible radios that could be distributed to Prince George's or other jurisdictions during an incident.

But a detailed strategic plan is still vital, experts said. The problems encountered during the Katrina disaster highlighted the need for detailed evacuation plans, especially when many jurisdictions and agencies are involved.

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In testimony yesterday, William O. Jenkins Jr., director of homeland security issues for the Government Accountability Office, was asked whether local officials can really know whether they are adequately prepared without such a plan.

"In a word, no," he said.

Lapses In Cargo Screening Uncovered (CSMonitor)

By Alexandra Marks

Christian Science Monitor, March 30, 2006

NEW YORK - All it took were some forged documents to "smuggle" into the US enough nuclear material to make a "dirty" bomb - the kind that mixes radioactive material with conventional explosives to cause extra damage.

In a government sting, US investigators twice managed to slip the illicit materials across America's border, once at a point of entry from Canada and another time from Mexico. And that was after border agents in both instances detected the presence of the nuclear material, but were duped by Nuclear Regulatory Commission documents the investigators had faked.

Their ability to sneak nuclear material into the US has led General Accountability Office investigators to conclude that the nation needs to do much more to improve nuclear-detection and enforcement at its borders. Between 1993 and 2004, the GAO notes, there were 662 confirmed cases of illicit trafficking of radiological materials around the world - a sure sign that demand for such materials is unabated.

This week in Washington, senators on both sides of the aisle agreed with the GAO assessment. Though acknowledging some improvements in border security since 9/11, they took to task the Department of Homeland Security (DHS) and the Nuclear Regulatory Commission (NRC) for not doing a better job of protecting the nation from radiological threats.

"The ability to identify radioactive source material as it crosses our borders is meaningless if those intending to harm us can acquire counterfeit documents and transport radioactive material into our country," said Sen. Norm Coleman (R) of Minnesota at a hearing of the Permanent Committee on Investigations on Tuesday. "The Nuclear Regulatory Commission must find a way to change its pre-9/11 mind-set in our post-9/11 world." A lot to keep track of

DHS's Customs and Border Protection (CPB), working in conjunction with the NRC, is responsible for keeping illicit radiological materials out of the country, and the challenge is enormous. Each day CPB processes 64,000 containers coming into the US by truck, ship, and rail cars; 365,000 vehicles; and more than 1.1 million people at 380 border crossings, according to the GAO.

Since 9/11, DHS has spent $286 million to deploy radiation detectors, called radiation portal monitors.

The GAO report released Tuesday found that 40 percent of the cargo coming into the US is currently screened. Moreover, the technology in use is inefficient, and the goal of deploying enough monitors to screen all cargo for radiological material by 2009 probably won't be met because of bureaucratic delays, it reports. The $1.3 billion program is also expected to cost as much as $340 million more than planned. That's because the new generation of radiological monitors - which are more efficient - cost between $330,000 and $460,000 each, while today's detectors cost between $50,000 and $60,000 apiece.

"This is not getting the attention it deserves from the leadership at the department," says Michael Greenberger, director of the University of Maryland's Center for Health and Homeland Security. "The only way you get projects like this off the ground, running effectively, and implemented quickly is with a strong driving force at the top of the department, and that just isn't there."

It was a "Pyrrhic victory," Professor Greenberger says, that border patrol agents successfully identified the material smuggled in during the undercover operation, only to be duped by false documents from the Nuclear Regulatory Commission.

The NRC works in conjunction with Homeland Security officials to prevent illicit radioactive materials from entering the country. NRC: 'We've imposed greater controls'

The amount of radioactive material smuggled in by GAO investigators was not enough to create a dirty bomb, says David McIntyre, NRC spokesman, disputing the GAO's contention. If it had been enough, he says, more stringent licensing of the materials entering the country would have been required. He also took exception to Senator Coleman's characterization of the NRC as having a "pre-9/11 mind-set."

"We have obviously taken the security of radioactive material very seriously, 24/7 since 9/11," says Mr. McIntyre. "We have imposed greater controls, paperwork, and licensing requirements on the highest-risk sources that would cause the most contamination, injury, and the most difficult cleanup from a radiological standpoint."

Still, he acknowledges, more must be done. The NRC is now working with CPB to create a database that can be accessed 24 hours a day, so that border patrol agents can verify the validity of NRC licenses and other documents. The new system is expected to be operational within 30 days, says CPB spokeswoman Suzanne Trevino. DHS is sticking by its deadline to screen 100 percent of the cargo coming into the US by 2009, she adds.

"Our roll-out schedule is continuing at a quickened pace, and we expect to have significantly more monitors and detection equipment on line in the coming months," she says.

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Ground Zero Still Lacks An Agreement On Rebuilding (NYT)

By Charles V. Bagli

The New York Times, March 30, 2006

An agreement on a major realignment of the rebuilding effort at ground zero continued to elude government officials and the developer Larry A. Silverstein yesterday, even as the Port Authority board planned to meet today to discuss the matter.

Sporadic talks continued into the evening with the hope of finding a framework for a deal that would allow construction of the Freedom Tower, the largest of five towers planned for the site, to begin next month. A new arrangement, officials say, would also allow the rebuilding of the entire 16-acre site to move more quickly.

"Talks are continuing," said Joanna Rose, a spokeswoman for Gov. George E. Pataki.

Governor Pataki has taken the lead in dealing with Mr. Silverstein, who leased the World Trade Center from the Port Authority of New York and New Jersey six weeks before it was destroyed. But when the governor and Mr. Silverstein began closing in on a tentative deal this week, Port Authority executives, Gov. Jon S. Corzine of New Jersey and Mayor Michael R. Bloomberg continued questioning many of the financial aspects.

So far, they have withheld their support for fear that the tentative deal would enrich the developer at the Port Authority's expense and fail to ensure that the entire project is completed. For one thing, according to authority executives, Mr. Silverstein, whose annual rent will rise to $125.25 million in July, wants a rent reduction worth as much as $500 million over the length of the lease. City officials and others say that is far too generous.

Yesterday, Governor Corzine, who shares control of the Port Authority with Mr. Pataki, said the financial plans "aren't encouraging to me." He said the final deal should provide about $100 million for the memorial, which is over budget and having trouble raising money.

Mayor Bloomberg has also raised the possibility that Mr. Silverstein would run out of money after building only two of the five towers, then default on his lease and realize hundreds of millions of dollars in profit.

In contrast, Mr. Silverstein continues to insist that he can and will complete the entire job. Officials point out, however, there is only $2.9 billion in insurance money available for the $7 billion project.

In one of a flurry of meetings yesterday, Mr. Bloomberg met with Governor Pataki at state offices on Third Avenue to resolve their differences over the tentative agreement that would transfer control of the Freedom Tower from Mr. Silverstein to the Port Authority. The meeting ended without a resolution, according to state and city officials.

Meanwhile, Pataki officials continued dickering with Mr. Silverstein's representatives. Even if they work out a framework for a deal in time for the board's meeting today, a number of issues would remain, ranging from Mr. Silverstein's share of the infrastructure costs to the plans for a large shopping mall. The authority and Mayor Bloomberg have sought assurances that a final deal would be contingent on resolving these matters quickly.

If Mr. Silverstein sheds the financial responsibility for the Freedom Tower, he would still retain the right to build three towers on the most valuable sites, along Church Street.

Over the last week, the Pataki administration has also sought to shore up support among its six commissioners on the authority board, who share the misgivings of their New Jersey counterparts.

"The pressure was direct," said one New York commissioner, who was granted anonymity because of the sensitivity of the talks. "The governor needs to get this done. I told the governor and New Jersey that if the numbers check out, I'd support the deal."

WAR NEWS:

Bush To Iraqis: Time To Get A Government (AP)

By Deb Riechmann

The Associated Press, March 29, 2006

President Bush expressed frustration Wednesday that Iraqis have so far failed to form a unity government, but he said withdrawing U.S. troops from Iraq too early would damage U.S. security.

"I want the Iraqi people to hear I've got great confidence in their capacity to self-govern," Bush said. "I also want the Iraqi people to hear — it's about time you get a unity government going.

"In other words, Americans understand you're newcomers to the political arena. But pretty soon it's time to shut her down and get governing."

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The successful creation of a unified central authority remains key to the hoped-for start of an American troop withdrawal this summer. Withdrawing U.S. troops before Iraqi security forces can protect the fragile democracy, however, would yield adverse results, Bush said.

"While it might sound attractive to some, it would have disastrous consequences for American security," Bush said in his third speech this month trying to bolster public support for the war.

If democracy fails, Bush predicted that terrorists would use Iraq as a base to overthrow moderate governments in the Middle East and launch further attacks against the United States.

Bush spoke to Freedom House, an independent organization that supports democracy worldwide, before flying to Cancun, Mexico, to meet with Mexican President Vicente Fox and Canadian Prime Minister Stephen Harper.

Congressional Democrats, meanwhile, proposed a strategy on Wednesday for protecting Americans at home and abroad — an election-year effort aimed at changing public perception that Republicans are stronger on national security.

In the strategy, Democrats vowed to provide U.S. agents with the resources to eliminate Osama bin Laden and ensure a redeployment of U.S. forces from Iraq in 2006. They promised to rebuild the military, eliminate the United States' dependence on foreign oil and implement the recommendations of the Sept. 11 commission.

"The president can give all the speeches he wants, but nothing will change the fact that his Iraq policy is wrong," said Senate Minority Leader Harry Reid, D-Nev.

"Two weeks ago, he told Americans that Iraqis would control their country by the end of the year. Last week, he told us our troops would be there until at least 2009. These mixed messages from President Bush are taking America in the wrong direction and jeopardizing Iraq's chances for success."

Vice President Dick Cheney said the Democrats' behavior has been inconsistent with what they're now promising to do. Cheney said he did not believe the Democrats had a credible plan for tracking down bin Laden and their plan to move U.S. forces out of Iraq this year would amount to a strategic retreat.

"It makes no sense at all to turn Iraq over to the terrorists," Cheney said on Fox News Radio's "The Tony Snow Show."

Jim Manley, a Reid spokesman, responded: "The vice president's tough-talking rhetoric is no longer credible. The Republican game plan to distort and divide will fail because they can't run on their record. All they have are catchy sound bites."

The United States has been pushing Iraq to speed up the formation of a unity government, seen as the best option to subdue the violence gripping several Iraqi cities.

Hundreds of Iraqis have been killed in sectarian violence since the Feb. 22 bombing of an important Shiite shrine in Samarra.

Political talks remain fragile in a country with deep sectarian differences between Shiites and Sunnis. U.S. Ambassador Zalmay Khalilzad has asked one of Iraq's most prominent Shiite politicians to seek the withdrawal of Prime Minister Ibrahim al-Jaafari's contentious nomination for a second term.

Bush countered critics who wonder whether toppling Saddam Hussein caused the current divisions and instability.

"In fact, much of the animosity and violence we now see is the legacy of Saddam Hussein," Bush said. "He is a tyrant who exacerbated sectarian divisions to keep himself in power."

Bush Blames Saddam For Strife (WT)

By Joseph Curl

The Washington Times, March 30, 2006

President Bush yesterday blamed sectarian violence in Iraq on Saddam Hussein and his legacy of oppression, but said freedom and democracy will win if all the opposing political factions can put aside their differences and form a government.

In his third speech this month to reassure Americans that his war plan is working, the president took on those who charge that the U.S. occupation of Iraq has created an unprecedented insurgency. In a question-and-answer period at Freedom House, a 65-year-old organization that supports expansion of freedom, Mr. Bush faced down critics.

"Today, some Americans ask whether removing Saddam caused the divisions and instability we're now seeing. In fact, much of the animosity and violence we now see is the legacy of Saddam Hussein," Mr. Bush said.

Iraq, he added, is "a nation that is physically and emotionally scarred by three decades of Saddam's tyranny, and these wounds will take time to heal."

He opposed the idea that sectarian violence was created solely by the U.S.-led war to oust the dictator, who he said aggravated divisions among rival sects in Iraq through deliberate policies of ethnic cleansing and targeted violence. The animosity that was created during three decades remains, and insurgents are using the same techniques to sow division, such as bombing mosques.

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The president did not blame all of Iraq's strife on Saddam. He pushed for sectarian leaders to move forward with creating a unity government and taking responsibility for the nation's future.

"I also want the Iraqi people to hear: It's about time you get a unity government going. In other words, Americans understand you're newcomers to the political arena, but pretty soon it's time to shut her down and get governing," Mr. Bush said.

Senate Minority Leader Harry Reid, Nevada Democrat, accused Mr. Bush of sending "mixed messages."

"The president can give all the speeches he wants, but nothing will change the fact that his Iraq policy is wrong," Mr. Reid said. "Two weeks ago, he told the American people that Iraqis would control their country by the end of the year. But last week, he told us our troops would be there until at least 2009."

Mr. Bush said the U.S. must stay the course despite recent setbacks and outbursts of violence in Iraq.

Referring to the terrorist attacks of September 11, 2001, the president said winning in Iraq is crucial to homeland security. He took aim at Democratic opponents on Capitol Hill who advocate immediate withdrawal of U.S. troops.

"While it might sound attractive to some, it would have disastrous consequences for American security," he said.

In nearly every speech on Iraq since November, Mr. Bush acknowledged that "there will be more tough fighting ahead with difficult days that test the patience and the resolve of our country."

Bush Defends War, Says U.S. 'will Not Retreat From Iraq' (USAT)

USA Today, March 30, 2006

President Bush said a U.S. pullout from Iraq before the job is done would be a "disaster" that would embolden the global terrorist movement and make the United States less secure. "Americans will leave Iraq, but we will not retreat from Iraq," he said in an 89-minute speech and question-and-answer session at Freedom House in Washington.

It was Bush's third speech this month to boost flagging public support for the war. His comments came the same day Democrats unveiled their national security agenda. It included "eliminating" Osama bin Laden and "redeployment of U.S. forces" from Iraq this year, but it did not provide details. — Richard Benedetto

Republicans who are leading efforts in the House of Representatives to write a budget for the fiscal year that begins Oct. 1 dropped President Bush's proposed cuts in Medicare, Medicaid, crop subsidies and other politically sensitive programs. Budget Committee Chairman Jim Nussle, R-Iowa, fashioned a $2.8 trillion plan that backs Bush's call for a 7% increase in defense spending, not including Iraq war costs, and assumes $226 billion in additional tax cuts over five years. Nussle credited earlier tax cuts with reviving an economy that was in recession when Bush took office.

Democrats said the plan would create deficits of $348 billion in 2007 and more than $1 trillion through 2011. Rep. John Spratt, D-S.C., said there's "no real plan or prospect of balancing the budget."

The Homeland Security Department plans to collect digital fingerprints of merchant sailors at U.S. ports, said Robert Mocny of the department's visitor technology program. He said immigration agents at major cargo terminals would use hand-held scanners to photograph and fingerprint sailors. The data would be checked against 1.5 million names on U.S. lists of terrorism suspects, fugitives and immigration violators. Mocny spoke in Dubai, United Arab Emirates, at a meeting on biometric security. Biometrics involves unique human characteristics such as fingerprints and irises.

Beleaguered Premier Warns U.S. To Stop Interfering In Iraq's Politics (NYT)

By Edward Wong

The New York Times, March 30, 2006

BAGHDAD, Iraq, March 29 — Facing growing pressure from the Bush administration to step down, Prime Minister Ibrahim al-Jaafari of Iraq vigorously asserted his right to stay in office on Wednesday and warned the Americans against interfering in the country's political process.

Mr. Jaafari also defended his recent political alliance with the radical Shiite cleric Moktada al-Sadr, now the prime minister's most powerful backer, saying in an interview that Mr. Sadr and his militia, now thousands strong, are a fact of life in Iraq and need to be accepted into mainstream politics.

Mr. Jaafari said he would work to fold the country's myriad militias into the official security forces and ensure that recruits and top security ministers abandoned their ethnic or sectarian loyalties.

The Iraqi government's tolerance of militias has emerged as the greatest source of contention between American officials and Shiite leaders like Mr. Jaafari, with the American ambassador contending in the past week that militias are killing more people than the Sunni Arab-led insurgency. Dozens of bodies, garroted or with gunshots to the head, turn up almost daily in Baghdad, fueling sectarian tensions that are pushing Iraq closer to full-scale civil war.

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The prime minister made his remarks in an hourlong interview at his home, a Saddam Hussein-era palace with an artificial lake at the heart of the fortified Green Zone. He spoke in a languorous manner, relaxing in a black pinstripe suit in a dim ground-floor office lined with Arabic books like the multivolume "World of Civilizations."

"There was a stand from both the American government and President Bush to promote a democratic policy and protect its interests," he said, sipping from a cup of boiled water mixed with saffron. "But now there's concern among the Iraqi people that the democratic process is being threatened."

"The source of this is that some American figures have made statements that interfere with the results of the democratic process," he added. "These reservations began when the biggest bloc in Parliament chose its candidate for prime minister."

Mr. Jaafari is at the center of the deadlock in the talks over forming a new government, with the main Kurdish, Sunni Arab and secular blocs in the 275-member Parliament staunchly opposing the Shiite bloc's nomination of Mr. Jaafari for prime minister.

Senior Shiite politicians said Tuesday that the American ambassador, Zalmay Khalilzad, had weighed in over the weekend, telling the leader of the Shiite bloc that President Bush did not want Mr. Jaafari as prime minister. That was the first time the Americans had openly expressed a preference for the post, the politicians said, and it showed the Bush administration's acute impatience with the political logjam.

Relations between Shiite leaders and the Americans have been fraying for months and reached a crisis point after a bloody assault on a Shiite mosque compound Sunday night by American and Iraqi forces.

Mr. Jaafari said in the interview that Ambassador Khalilzad had visited him on Wednesday morning but did not indicate that he should abandon his job.

American reactions to the political process can be seen as either supporting or interfering in Iraqi decisions, said Mr. Jaafari, the leader of the Islamic Dawa Party and a former exile. "When it takes the form of interference, it makes the Iraqi people worried," he said. "For that reason, the Iraqi people want to ensure that these reactions stay in a positive frame and do not cross over into interference that damages the results of the democratic process."

According to the Constitution, the largest bloc in Parliament, in this case the religious Shiites, has the right to nominate a prime minister. Mr. Jaafari won that nomination in a secret ballot last month among the blocs' 130 Shiite members of Parliament. But his victory was a narrow one: he won by only one vote after getting the support of Mr. Sadr, who controls 32 seats.

That alliance has raised concern among the Americans that Mr. Jaafari will do little to rein in Mr. Sadr, who led two fierce rebellions against the American military in 2004. Mr. Sadr's militia, the Mahdi Army, rampaged in Baghdad after the Feb. 22 bombing of a revered Shiite shrine in Samarra and after a series of car bomb explosions on March 12 in Baghdad's Sadr City neighborhood. The violence left hundreds dead and Sunni mosques burnt to the ground.

After the secret ballot last month, Sadr politicians said Mr. Jaafari had agreed to meet all their demands in exchange for their votes. Mr. Sadr has been pushing for control of service ministries like health, transportation and electricity.

Mr. Jaafari did not say in the interview what deals he had made, but he insisted that engagement with the cleric's movement was needed for the stability of Iraq. He said he had disagreed with L. Paul Bremer III, the former American proconsul, when Mr. Bremer barred Mr. Sadr and some Sunni Arab groups from the Iraqi Governing Council in 2003.

"The delay in getting them to join led to the situation of them becoming violent elements," he said.

"I look at them as part of Iraq's de facto reality, whether some of the individual people are negative or positive," he said.

Mr. Jaafari used similar language when laying out his policy toward militias: that inclusion rather than isolation was the proper strategy.

The Iraqi government will try "to meld them, take them, take their names and make them join the army and police forces."

"And they will respect the army or police rather than the militias."

Recruiting militia members into the Iraqi security forces has not been a problem under the Jaafari government. The issue has been getting those fighters to act as impartial defenders of the state rather than as political partisans. The police forces are stocked with members of the Mahdi Army and the Badr Organization, an Iranian-trained militia, who still exhibit obvious loyalties to their political party leaders.

Police officers have performed poorly when ordered to contain militia violence, and they even cruise around in some cities with images of Mr. Sadr or other religious politicians on their squad cars.

There is growing evidence of uniformed death squads operating out of the Shiite-run Interior Ministry, and Ambassador Khalilzad has been lobbying the Iraqis to place more neutral figures in charge of the Interior and Defense Ministries in the next government. That has caused friction with Shiite leaders, and some have even accused the ambassador of implicitly backing the Sunni Arab-led insurgency.

But Mr. Jaafari said he supported the Americans' goal.

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"We insist that the ministers in the next cabinet, especially the ministers of defense and the interior, shouldn't be connected to any militias, and they should be nonsectarian," he said. "They should be experienced in security work. They should keep the institutions as security institutions, not as political institutions. They should work for the central government."

In the first two years of the war, Mr. Jaafari emerged as one of the most popular politicians in Iraq, especially compared with other exiles like Ahmad Chalabi, the former Pentagon favorite. A doctor by training and well-versed in the Koran, Mr. Jaafari comes from a prominent family in Karbala, the Shiite holy city. But since taking power last spring, Mr. Jaafari has come under widespread criticism for failing to stamp out the insurgency and promoting hard-line pro-Shiite policies.

Extra Troops' Exit Contingent On Iraqi Unity (WT)

By Rowan Scarborough

The Washington Times, March 30, 2006

Top U.S. commanders in Iraq will not recommend the next stage of U.S. troop withdrawals before the Iraqis form a new unity government, say senior defense officials.

The officials also said that a 700-soldier reinforcement unit, brought into Iraq from Kuwait for the annual Shi'ite pilgrimage, will remain until the unity government is in place, or at least announced.

"I don't think you'll see a recommendation before then," said one official, who asked not to be named.

Defense Secretary Donald H. Rumsfeld and Army Gen. George Casey, his top commander in Iraq, have spoken publicly of anticipating more reductions this year below the current 132,000 troops. U.S. strength in Iraq peaked at 160,000 military personnel during the Dec. 15 parliamentary elections.

But two sources said those expected reductions will not be recommended before a unity government is formed and that Gen. Casey has yet to make a formal proposal to the defense secretary, although the two talk frequently via secure teleconferences.

"Right now, he is not in a position to make that assessment," the official said. This official declined to discuss specific troop scenarios, but other defense sources have mentioned 100,000 as the level they would like to see announced before year's end.

Forming a new government and maturing the 240,000-strong Iraqi Security Forces (ISF) are the principal factors driving talks of troop reduction. Shi'ites, Sunnis and Kurds resumed negotiations yesterday, but no side is predicting when a unity government will be agreed upon. They face a May deadline, which could be extended.

In that vein, the recent Shi'ite Arbaeen pilgrimage of more than 1 million to holy sites in Karbala and Najaf is being cited by the Pentagon as an example of the ISF's becoming more proficient.

In 2004, insurgents killed more than 120 Iraqis during the trek. Last year, 33 were killed. This year, 12 Iraqis were killed in a religious exercise long banned by Saddam Hussein, a Sunni Muslim who regularly cracked down on Shi'ite towns throughout the south.

"It's estimated that more than a million Shia traveled across the country, across Iraq, for the pilgrimage," Mr. Rumsfeld said Tuesday. "Many slept in tents along the road. Many wore black robes and held banners. Some walked with their children.

"They were thought to be easy and very visible targets for terrorists. ... Iraqi security forces -- benefiting from their increased numbers ... and their additional training and experience -- performed well and took the lead in protecting their fellow Iraqis."

Pentagon officials also think the ISF performed well controlling violence in the aftermath of the Feb. 22 mosque bombing in Samarra. They said, however, that some units, especially the national police, have been infiltrated by militias or insurgents who carry out revenge attacks and put out false reports of U.S. atrocities.

Gen. Casey said on NBC's "Meet the Press" earlier this month that he is doing monthly assessments of the ISF, but has made no decision on when to make the "fairly substantial" reductions that he has predicted.

In Iraq, Frontline Patience Wears Thin (CSM)

By Charles Levinson

The Christian Science Monitor, March 30, 2006

MOSUL, IRAQ - In a middle-class neighborhood on the bank of the Tigris River, Charlie Company's 4th Platoon dismounts from their armored vehicles and starts banging on doors. They're going house to house, talking to residents, looking for information on insurgents in this city of 1.8 million.

While the soldiers' reception varies, one Christian family welcomes them with smiles. But misunderstanding quickly ensues.

"Please don't take our weapon," the mother of four pleads in Arabic when US Army Staff Sgt. Josh Clevenger comes across an AK-47. "We need it to defend ourselves. It is not safe, anything can happen."

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As he stands in the living room, Sergeant Clevenger has no intention of confiscating their rifle - nor any comprehension of the woman's plea. With his platoon's lone interpreter elsewhere, he is effectively rendered speechless.

"Your weapon is filled with blanks," Clevenger, from Muncie, Ind., says to the woman, his voice unwittingly rising as he tries to convey helpful information. "These aren't real bullets - they won't protect you."

For US soldiers who don't grasp the language or the culture here, a central part of their mission - generating goodwill and support - remains far more difficult than capturing insurgent leaders. While their officers remain largely on message and outwardly optimistic, many of the front-line men like Clevenger, who patrol "outside the wire" twice daily, say that their patience is wearing thin.

"I don't want to stay here too much longer. The Iraqi Army is getting to where they can get a hold of things now," says Clevenger. "The longer we're here and the more times they attack us, the more they're going to figure out how to better their attacks."

More than a few soldiers of the US Army's 172nd Stryker Brigade Combat Team stationed in this Sunni-Kurdish city in northern Iraq, shuddered last week when President Bush said total withdrawal of US troops "will be decided by future presidents and future governments of Iraq." Three years after the invasion, many soldiers say it's time to hand over control to Iraqis. Most of those interviewed echoed a recentZogby poll of 944 military respondents throughout Iraq, that found that 72 percent of US troops favor withdrawal within the next year.

"I think we're doing good things here, but I think we need to start pulling it out," Spc. Mathew Merced, a jovial infantryman from Mcinnville, Ore., says, scanning Mosul's al-Karama neighborhood from a trash-strewn rooftop.

"The Iraqi Army here has come a long way in just the short time we've been here."

More than 2,300 US servicemen have lost their lives in the longest US armed conflict since Vietnam. American support for the war, 62 percent three years ago, has dwindled today to just 43 percent, according to a recent CNN/Gallup/USA Today poll. How much longer?

For those soldiers with years left on their contracts, for young fathers, and newlyweds, the prospect of the war dragging on is disconcerting. Divorce rates in the Army have risen at least 25 percent since the war began.

"In the back of your mind you wonder how much longer is this going to go on, how many more times am I going to have to come back over here," says 1st Lt. Michael McCasland of Spokane, Wash., who spent just two weeks with his newborn daughter before returning to Iraq. "There has to be a point when Iraqis take responsibility for their own country."

Compared with much of Iraq, the city of Mosul is relatively calm today, sidestepping the sectarian dueling that is roiling much of the country.

Still, two IEDs struck the battalion's armored eight-wheeled Strykers Sunday, though there were no casualties. In the city's eastern half alone, Lieutenant McCasland's battalion (one of four in the Stryker Brigade operating in Mosul) endures an average of 50 IED attacks each month, and a handful of car bombs.

The insurgents' attacks have grown less effective with time, but now they seem to be adapting, officers say. In recent weeks those attacks have become more sophisticated as some here worry a catastrophic attack could be imminent.

"The enemy has gotten very well- organized and very well-versed in what they're doing, as if they've gotten new leadership in the area," intelligence officer Capt. Mark Awad told a gathering of Iraqi Army and police officers in Mosul Saturday.

While US soldiers are practiced in the art of firepower, the sort of counterinsurgency campaign under way at the moment has demanded a far more nuanced approach to battle. Defeating the insurgency is as much about reaching ordinary Iraqis as it is about capturing terrorists.

"The fight is really for the people and their mind-set," says Lt. Col. Richard Greene of Germantown, Md., the battalion's executive officer. Beanie Babies and candy

Even as they're frustrated at the often-tense relationship with Iraqis, the soldiers here take solace in the swarms of children that come out to greet them wherever they go. Though the children are often after the Beanie Babies and candies that the soldiers dole out, for troops, their response offers much-needed reassurance.

"When we roll into a neighborhood, it's like a parade with all the young kids running out," says Clevenger. "I think we're definitely making a difference here."

But in the leafy front yard of a well-to-do Kurdish family, three women spew vitriol in the face of platoon leader 1st Lt. Raymond Maszarose of Vicksburg, Md. Last year, they say, US troops accidentally killed their father and two of their nephews.

"We hate the Americans," says one of the women, calling herself simply Om Omar. "They destroyed our country. They can't protect this country, can't provide electricity, why'd they come here? It's a nightmare."

The women say their father was caught in the crossfire during a firefight between US soldiers and insurgents. "How do you know it was the Americans that killed him?" Lieutenant Maszarose asks again and again. But it's no use. For these women, the blame lies squarely on US shoulders.

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And they are not alone. A recent poll by WorldPublicOpinion.org of 1,150 Iraqis showed that nearly half of all Iraqis and nine out of 10 Sunni Arabs support attacks on US forces.

"We're up to over 2,300 US military deaths and it sucks that they feel like that," says Clevenger.

After the encounter with the angry Kurdish family, members of Maszarose's Charlie Company 4th Platoontake over an Iraqi home for an evening stakeout of an oft-targeted police station. Khaled Saleh, the father whose home has been temporarily commandeered, and his young children sit wearily among them.

As the evening drags on uneventfully, the soldiers complain about new rules of engagement, meant to limit the sort of accidental killings and indiscriminate shootings that can alienate communities overnight. In recent months, they've been ordered to keep their vehicles' rear-mounted machine guns unloaded, to drive slowly down streets that are likely mined with IEDs, and to hunker down in their vehicles when approached by a possible suicide car bomber rather than open fire. Their efforts are unappreciated

To these soldiers, they are bending over backward to keep the peace, and they are confounded that Iraqis don't seem to appreciate that.

"Why do they blame us?" wonders US Army Spc. Brandon Beard, of Arkadelphia, Ark. "The terrorists are wreaking more havoc on this city than we are."

"I don't hate all Arabs just because a few of them blew up the World Trade Center, so why should they hate all US soldiers just because one shot their father?" asks US Army Cpl. Joshua Hedges, of Warrensburg, Mo., a father of three.

The bleary-eyed Saleh looks on uncomprehending. When asked about the US soldiers in his country, and now in his living room, he shrugs, and barks down to his wife to bring another round of tea.

"What can I do?" he wonders. "We adapt and we survive and we give tea to our guests. But I would like an option beside the murderer Saddam Hussein or the lawlessness and humiliation of foreign occupation."

Back on base, Pvt. Isaac Ussery, of Naples, Fla., offers an explanation as he plays Blackhawk Down on a Sony PlayStation.

"Saddam had [things] under control and we don't basically," he says. "Iraq was safe under Saddam. You weren't safe from him, but you were safe from your neighbor and you were safe from Syrian people trying to come in and blow things up."

Despite their stated frustrations, soldiers say they are prepared to keep coming back. Many here have reenlisted for another four years and throughout the Army reenlistment rates are up.

It beats managing a gas station back home, says Private Ussery.

"I expected to be living in tents in the desert," he says after he rescues the virtual downed Blackhawk. "But I got here and I have electricity, heating, air conditioning, Playstation, TV, surround sound. It's not that bad." How US troops see Iraq

According to a Zogby poll of 944 US troops stationed in Iraq:

· 72% said the US should leave Iraq within one year.
· 29% said US forces should leave Iraq immediately.
· 58% said the US mission in Iraq is clear.
· 85% believe the US invaded Iraq to retaliate for 9/11 attacks.
· 24% said a major reason for invading was to establish a model democracy.

Source: Zogby International, Jan. 18 - Feb. 14, 2006

The Cost Of Invading Iraq: Imponderables Meet Uncertainties (NYT)

By Alan B. Krueger

The New York Times, March 30, 2006

THE question of whether it was worth invading Iraq is being asked with increasing frequency and fervency.

A Gallup poll this month found that 60 percent of Americans said they did not think it was worth going to war in Iraq, up from 29 percent at the start of the invasion in March 2003.

Fundamentally, deciding whether war is worth it involves weighing the benefits and costs, both tangible and intangible. The many estimates of the cost of the Iraq war that are available are uninformative absent a comparison with the likely benefits, or a comparison with the costs and benefits of the best alternative to invasion.

Unfortunately, cost-benefit comparisons of such weighty issues are more art than science. One problem is that the counterfactual situation — meaning the outcomes that would have occurred had another policy been pursued — cannot be known for sure. In addition, it is often unclear how to value the outcomes of the policy that is pursued.

One of the earliest cost-benefit comparisons was done by Steven J. Davis, Kevin M. Murphy and Robert H. Topel of the University of Chicago on the eve of the invasion in 2003. They explicitly considered a continued policy of containment — enforcing the no-fly zone and other operations to hem in Saddam Hussein — as an alternative to invasion and regime change.

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Assuming that containment and invasion would protect the United States equally well, the question of whether invasion is worth it turns on which policy is less costly, after discounting all likely future costs.

Allowing for a 3 percent chance that the Iraqi regime would evolve into a benign government in any future year and a 2 percent real interest rate, the economists reckoned that the cost of pursuing a containment strategy was $258 billion to $380 billion. "This dwarfs any reasonable estimate of U.S. war costs," they wrote at the time. Their anticipated price tag for the war, which they considered conservative, was $125 billion.

Professors Davis, Murphy and Topel have revised their figures in a new National Bureau of Economic Research working paper, "War in Iraq Versus Containment." Their estimated war costs have increased to a range of $410 billion to $630 billion, reflecting reality there.

William D. Nordhaus, an economist at Yale who warned in 2002 that past war cost forecasts had turned out to be too low, said the updated work is "economics at its best and worst — quantifying the almost-unquantifiable."

In the fog of war accounting, one thing is clear: all costs and benefits can be contested as wildly inaccurate — in either direction.

Consider what the cost of containment would have been had the United States not gone to war. The University of Chicago study now says it is in "the range of $350 billion to $700 billion." This range is arguably grossly inflated because it counts virtually all of the American military forces in the Middle East as dedicated to containing Iraq.

While containing Iraq was a central focus, these troops also served many other purposes. They conducted rescue operations in Somalia; performed humanitarian missions in Nigeria, Ethiopia, Eritrea and Jordan; responded to terrorist bombings in Nairobi and Tanzania; and were responsible for military activities in the five Central Asian republics of the former Soviet Union.

Additionally, Iran was considered a greater potential long-term threat than Iraq, according to the official command history. It is hard to believe that the United States would not have a substantial military presence in the region even if Iraq was not regarded as a threat.

Ideally, only incremental costs would be counted in deciding whether something was worth it; that is, the extra costs of resources used to achieve an objective.

Another study of Iraq war costs, by Linda J. Bilmes of Harvard and Joseph E. Stiglitz of Columbia, comes up with an eye-catching estimate of $2.2 trillion, assuming the United States is no longer in Iraq in 2015. This is arguably too high for several reasons. First, it counts future interest payments on the debt created by military spending as well as the direct expenditures. (This is analogous to counting both the sale price of a house and the cost of future mortgage payments as the cost of buying the house.)

Second, it counts elevated military recruitment costs that incorporate a premium for higher risk of death or injury because of the war as well as the predicted direct cost of the deaths and injuries; this is double counting if the risk premium is adequate. Finally, it ascribes a big increase in the price of oil to the war, and, as a result, a loss to the American economy of almost half a trillion dollars.

A menu of cost estimates is thus available, depending on the counterfactual situation that one chooses.

"The question of whether the war was worth it hinges not on budget costs or economic costs," said Douglas Holtz-Eakin, who until recently was director of the Congressional Budget Office, "but on what do we gain in the way of genuine security and international standing." The costs, he said, were manageable.

The benefits, however, are much harder to quantify than the costs. To Zbigniew Brzezinski, President Jimmy Carter's national security adviser, "the benefits have been, in fact, very few, beyond the obvious one: the removal of Saddam Hussein." Offsetting that, he said the war "undermined our international legitimacy," "destroyed our credibility" and "tarnished our morality with Abu Ghraib and Guantánamo."

The Chicago economists argue that anticipated improvements in Iraq's living standard, once the country stabilizes, tip the balance in favor of invasion over containment, which in their view had costs that were "in the same ballpark." They also argue that the number of Iraqi fatalities since the invasion is probably no greater than would have been the case under Mr. Hussein.

But even if one accepts all of their estimates, their results implicitly raise another question: Why intervene in Iraq and not a country like Sudan, where genocide and oppression are at least as much an affront as they were in Iraq, and where the cost of intervention and prospects for improving lives may offer a better benefit-to-cost ratio than is likely in Iraq?

Credible estimation of counterfactual outcomes of alternative policies for cost-benefit comparisons has been a hallmark of modern economics. When it comes to judging whether war is worth it, however, cost-benefit analysis is little more than educated guessing by other means. But at least it provides a framework for where to put the guesses.

Washington Wire (WSJ.com)

Wall Street Journal, March 29, 2006

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The Case for Iraq

Seeking to buoy public support for the Iraq war, the Bush administration hopes tens of thousands of boxes of captured Iraqi documents now being made public will buttress their case for invading. On Fox News Talk's Tony Snow Show today, Vice President Cheney predicted that over the next few months, as researchers comb through the records, "we'll see a pretty complete picture that Saddam Hussein did, in fact, deal with some pretty nefarious characters out there. And he was legitimately labeled by our State Department as a state sponsor of terror."

That likely includes dealings with Osama bin Laden, Cheney suggested, while adding that he wasn't making a "hard and fast prediction." In the past, the administration has been embarrassed over suggestions that Iraq aided the 9/11 attackers.

Cheney conceded yesterday that an early report that lead hijacker Atta met with Iraqi intelligence officials in Prague "has been pretty well knocked down." But he said that "that's a separate proposition from the question of whether or not there was some kind of a relationship between the Iraqi government, Iraqi intelligence services and the al Qaeda organization." Conservatives also hope to find evidence that Iraq was actively pursuing development of various weapons of mass destruction. – John D. McKinnon

Gunmen Storm A Baghdad Store, Executing 8 (NYT)

By Jeffrey Gettleman

The New York Times, March 30, 2006

BAGHDAD, Iraq, March 29 — Gunmen in Iraqi commando uniforms burst into an electrical supply shop in Baghdad on Wednesday, rounded up all the employees and riddled them with machine-gun fire, Iraqi officials said.

The attack, which killed eight people and seriously wounded six in the Mansour neighborhood during morning rush hour, provoked an extensive military response, with the Iraqi Army shutting down large swaths of Baghdad.

The shop, the Ibtikar Company, may have been a target because it worked in the past for the American-led occupation government, one of the wounded employees said. The employee, who identified himself only by his first name, Bakar, said that when the gunmen stormed into the shop, they brought a masked cameraman with them to record the killings on videotape.

The gunmen lined up all the employees against a wall and shot them one by one at point-blank range, Bakar said. He survived, he said, because a heavy-set colleague fell on him after he was shot and knocked him to the ground, making it look as if he were dead, too. He said the gunmen drove off afterward.

Despite additional American troops in Baghdad and increased patrols, violence in the capital has continued unchecked. Dozens of bodies are found nearly every morning, and the rate of killings has reached a record of 33 a day.

On Wednesday, at least nine bodies were found in Baghdad apart from the Ibtikar attack. And American military officials said Iraqi soldiers discovered the bodies of 13 people alongside a highway in Baghdad on Tuesday.

Many witnesses have accused Shiite-led police and commando units of running death squads, but the Shiite-led government insists that foreign terrorists in stolen uniforms are the killers. On Wednesday, Iraqi Army units were stopping commando units on the street and questioning them about the shooting at the electrical supply shop, hinting at rising suspicion and tension between the two branches of the security forces.

Also on Wednesday, three Iraqi police officers were killed by a roadside bomb near Kirkuk, a northern Iraqi city that has grown increasingly violent in the past weeks. And seven more people, a mix of police officers and civilians, died in other insurgent attacks.

The Education Ministry issued a warning to students across the country to not accept candy from strangers because it "might contain explosives." Last week, several people were killed after a box of sweets blew up in a Baghdad tea shop.

Still, Iraqi politicians on Wednesday delayed, once again, talks to iron out political differences.

American officials have recently complicated the political situation by insisting that Prime Minister Ibrahim al-Jaafari step down, according to Iraqi politicians.

Eight Killed, Six Hurt At Baghdad Business (AP)

By Mariam Fam

AP, March 29, 2006

For the third time in as many days, gunmen stormed a Baghdad business Wednesday, this time lining 14 employees against the wall and shooting them all. Eight were killed, and at least 26 others were reported dead in violence elsewhere.

Politicians working to form a new government, meanwhile, canceled their multiparty talks for the day, saying they needed time to consult with their political blocs over the critical issue of what powers the next prime minister would have over security issues.

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It was the second time this week political leaders shunned a session meant to overcome the government stalemate that is in its sixth week.

The attack on the al-Ibtikar electronics trading firm began when gunmen drove up in five black BMWs shortly after 8 a.m., said police Lt. Maitham Abdul-Razzaq. The attackers set a fire in the office but took no money.

Survivors told police some of the attackers wore police uniforms and said they were intelligence agents of the Interior Ministry, which oversees police. Survivors said the gunmen asked for the company manager, who was not there, and then opened fire on the 14 workers. Six were wounded.

The motive for the attack, the second on a firm in the upscale Mansour neighborhood this week, was not clear, but a key lawmaker blamed al-Qaida or Saddam loyalists.

"These are concentrated efforts to paralyze the country. They are either from al-Qaida or the remnants of Saddam's regime. They want to tell the people that there is no government," said Kurdish lawmaker Mahmoud Othman.

The political talks appeared stalled again after a series of meetings over the past two weeks brokered by U.S. Ambassador Zalmay Khalilzad. The major stumbling block is the nomination of Prime Minister Ibrahim al-Jaafari, a Shiite, for a second term.

Al-Jaafari faces deep opposition from Kurdish and Sunni politicians. On behalf of President Bush, Khalilzad has asked other top Shiite leaders for help in persuading al-Jaafari to step aside.

While al-Jaafari was not known to have formally responded to the U.S. request, he said in an interview Wednesday that there was "concern among the Iraqi people that the democratic process is being threatened."

Speaking with The New York Times, he implied the threat arose from what he viewed as the involvement of "some American figures (who) have made statements that interfere with the results of the democratic process."

The United States has been pushing Iraq to speed the formation of a unity government, seen as the best option to subdue the violence gripping several Iraqi cities — and to allow for the start of a U.S. troop withdrawal this summer.

There has been no breakthrough in the government deadlock since results of the Dec. 15 parliamentary elections were certified Feb. 12. Parliament has met only once, in a 40-minute session so new members could be sworn in.

The March 16 meeting, however, set in motion a 60-day clock for electing a president, approving the prime minister and signing off on his cabinet.

Wednesday's attack on the trading company came a day after masked gunmen, again many in uniform, hit a currency exchange and two electronics shops, seized 23 people and made off with tens of thousands of dollars.

"All these operations have one aim: to freeze life in Iraq and sabotage the democratic process. They want to take us back to the dictatorship," said Maj. Gen. Ahmed al-Khafaji, a deputy interior minister. He, too, blamed al-Qaida and said "we will work day and night to arrest them."

Gunmen Target Baghdad Firm, Killing 8 Workers (LAT)

By John Johnson Jr.

The Los Angeles Times, March 30, 2006

BAGHDAD — Men dressed as police commandos Wednesday killed eight employees of an electronics import company in an upscale neighborhood of Baghdad, the latest in a wave of strikes against businesses in the Iraqi capital.

Interior Ministry officials, who spoke on condition of anonymity because they were not authorized to speak with the media, said that witnesses who survived the attack on the Ibtikar trading company provided this account: The assailants drove up in two Mercedeses and a third car about 11 a.m. and stormed the building. The gunmen gathered the employees in one room and shot them with automatic rifles.

Three young women and five men were killed. Six wounded workers were taken from the company's office in a large house to Yarmouk Hospital in Baghdad.

The attack stood out among the many acts of violence here because it occurred in the Dawoodi neighborhood, a modestly wealthy area of town where embassies and other international missions are located. The district has seen kidnappings, but not attacks of this scale.

The officials said the assailants were wearing the familiar green camouflage uniforms of the Interior Ministry's Majhaweer, an elite force that has taken the lead in a number of operations against insurgents in and around Baghdad.

The attack by uniformed gunmen underscored one of the major issues here — violence that appears linked to the security services.

The question of who will control Iraq's security forces is a major point of contention in talks aimed at forming a new government. Those negotiations were put on hold Wednesday as Shiite Muslim and Sunni Arab blocs tried to work out their differences.

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Since the Feb. 22 bombing of the Shiite Golden Mosque in Samarra, Iraq has been convulsed by a wave of sectarian violence between Sunnis and Shiites. The bloodshed has brought the nation to the brink of all-out civil war.

Sunni leaders have accused the Shiite-dominated Interior Ministry of operating death squads that have been involved in many of those attacks.

But police and army uniforms have been stolen and used by insurgents and by criminal gangs to bluff their way past guards in a number of attacks, officials said.

Sunni parties, mistrustful of the Shiite-dominated police, want the police and armed forces to be under the control of a Sunni deputy prime minister, who would report to a Shiite prime minister. But Shiites, who are a majority and now have political power after decades of Sunni domination, don't want to yield any authority.

Mahmoud Othman, a Kurdish negotiator, said the government talks had not broken down over that issue.

Sounding less optimistic, Shiite spokesman Haider Abadi said the Sunni proposal was unconstitutional. "The prime minister is the head of the armed forces, and the security issues can't be handed over to someone else," he said.

Othman and Abadi said the parties would probably return today to the negotiating table.

In other incidents across Iraq, two policemen and two commandos were killed in the Jihad neighborhood of Baghdad when gunmen opened fire on their vehicles.

A roadside bomb near Abu Ghraib, on the old highway between Fallouja and Baghdad, struck an Iraqi army convoy, killing one soldier.

A policeman died in another roadside bomb attack, this one targeting a police convoy patrolling between Mashtal and Baladiyat, east of Baghdad. Two other policemen and three civilians were injured.

And three people were killed in Nasiriya by a roadside bomb placed outside the home of a reporter for Radio Sawa, hospital officials said. The reporter, Mohammed Noor, was not injured, officials said.

Iraq War Changing With Attacks On Cos. (AP-Y2)

By Steven R. Hurst

AP2, March 29, 2006

Fourteen shot at a trading company. At least 90 kidnapped at other businesses. Bodies dumped nightly, bound hand and foot, some tortured. A new brand of violence — a deadly mix of organized crime and sectarian murder — is tearing at Iraq.

Its origins are murky. But the savagery has turned March into a pivotal month in the three-year war — a month of gruesome news, mixed with some good. A sharp decline in American deaths appears to be the payoff for handing more duties to the Iraqi army, leaving U.S. forces less exposed to attack.

At the same time, there has been the rise in the slayings of civilian Iraqis, the reasons for which are hard to find.

Not so many weeks ago, this was a conflict with straightforward, if brutal, terms. Sunni insurgents and al-Qaida terrorists used car bombs, roadside bombs, suicide bomb belts and sniper rifles to target U.S. troops, Iraqi soldiers, police and civilians — mainly Shiites, the newly ascendent majority after years of Saddam Hussein's oppression.

Those groups still operate and still kill. But their war has been dwarfed by the shadowy and incipient terror stalking the capital of Baghdad and its adjoining provinces.

Or perhaps — as some Iraq officials believe — the insurgents simply switched their targets, moving from American and Iraqi troops to targeting businesses and Iraqi civilians as a way to cause chaos or to fund their terror work.

Either way, the staggering shift makes it difficult to predict how the U.S. military will or can react to the new climate of violence, and what it might mean for hopes to begin a troop pullout this summer.

Bombs still rattle the capital and elsewhere, but far less regularly. U.S. helicopters still thunder through the sky, darting here and there and raising a racket that disturbs sleep and sends packs of wild dogs into a howling nighttime frenzy.

The tanks in the streets these days aren't American, by and large, but old Russian T-72s driven by Iraqi soldiers. Faces at military checkpoints are increasingly Iraqi.

As of Wednesday, 27 U.S. military personnel had died in March — the lowest monthly American death count since February 2004 and the second-lowest of the war, according to an Associated Press count.

Coincidental with the sharp drop in American deaths was the huge rise in the number of execution-style killings among Iraqis. Since the beginning of the month, at least 385 people — an average of more than 13 a day — have been found slain, the apparent victims of sectarian hatred and settling of old scores after a Shiite shrine was bombed Feb. 22.

The count climbs to at least 486 when the last six days of February are added, according to figures compiled from daily AP reports based on police accounts.

Also since the start of March, gunmen — mostly masked, many wearing police uniforms — have stormed at least six Baghdad businesses. On Wednesday, eight people were killed at the al-Ibtikar trading company when they were lined up against

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a wall and shot, and six others were wounded. At least 90 workers have been kidnapped and tens of thousands of dollars stolen in the five other assaults.

Execution-style killings and kidnappings of civilians happened before late February, of course — but not nearly in such big numbers.

In one rough accounting of the rise, for example, the AP reported 36 bodies found in Iraq in December, 150 in January and 195 in February. To date in March, the AP has reported 374 bodies found.

It is not always easy in war zones to separate criminal thugs from political thugs, and Iraq's insurgency has always been made up of several disparate groups.

"These are concentrated efforts to paralyze the country. They are either from al-Qaida or from the remnants of Saddam's regime. They want to tell the people that there is no government," Kurdish lawmaker Mahmoud Othman said after Wednesday's attack.

"All these operations have one aim: to freeze life in Iraq and sabotage the democratic process. They want to take us back to the dictatorship," said Maj. Gen. Ahmed al-Khafaji, a deputy interior minister. He, too, blamed al-Qaida and said "we will work day and night to arrest them."

The violence that has hit Iraqi businesses may be aimed at old-line Sunni business moguls. It could be the work of either common criminal gangs, or of death squads operating in or tolerated by the Shiite-dominated Interior Ministry, which controls the police.

Organized crime may now account for a majority of the violence in the country, said Matthew Sherman, who just finished a two-year stint advising the Interior Ministry.

That, he notes, in a recent interview with an online publication of the Council on Foreign Relations in New York, "really falls outside of what traditional military counterinsurgency operations cover."

Across this critical month, meanwhile, Iraqi politicians struggled but failed to form a government that might — U.S. officials hope — help put a lid on skyrocketing sectarian violence. The successful creation of a unified central authority remains key to the hoped-for start of an American troop withdrawal this summer.

Yet compromise has proved impossible so far.

U.S. Troops Repel Blitz By Taliban (WP)

By Rahim Faiez

The Washington Post, March 30, 2006

KANDAHAR, Afghanistan, March 29 -- Taliban fighters on Wednesday launched a rare concerted attack on a base used by multinational forces in southern Afghanistan, killing an American soldier and a Canadian soldier and sparking fierce U.S.-led retaliation that killed 32 insurgents in the bloodiest fighting in months.

Assaults by the radical Islamic militia have grown in intensity recently, and the group has warned of a renewed offensive this year.

The most recent assault was directed at a remote forward operating base in the Sangin district of Helmand province. A small contingent of American and Canadian troops are stationed at the base with Afghan soldiers.

The violence began late Tuesday, when Taliban insurgents ambushed an Afghan convoy as it returned to the base, killing eight Afghan soldiers, said Col. Chris Vernon, a spokesman for the British military.

U.S. and British warplanes and helicopters were called in to provide air support and a Canadian quick-reaction force was sent from Kandahar to the base.

Early Wednesday, the base came under a "significant Taliban attack" that killed the Canadian and American soldiers, Vernon said. At least five coalition troops were wounded, including three Canadians and an American, officials said.

Twelve Taliban fighters died in the attack, while 20 others were killed after coalition aircraft and artillery fire forced them to flee into the desert.

The U.S. military said that coalition troops who overrran a Taliban base in Helmand found two "headquarters buildings" containing large caches of weapons, bombs and ammunition. All were blown up, the military said.

"The capturing of these two compounds with boots on the ground produced significant intelligence and allows us to continue to put pressure on the enemy," U.S. Brig. Gen. Anthony J. Tata added.

The American's death brought to 223 the number of U.S. service members killed in and around Afghanistan since the Taliban was driven from power in 2001. Twelve Canadians have been killed in the country since 2002, according to the Canadian Press news agency.

In other violence, suspected Taliban rebels attacked a police checkpoint in Kandahar late Tuesday, killing two officers and wounding four, according to a police.

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Also Tuesday, a roadside bomb killed six Afghan soldiers in Helmand province. Four private security workers -- a Namibian and three Afghans -- were killed elsewhere in the south in attacks blamed on Taliban rebels.

Pakistani Militant Leader Is Beaten (LAT)

By Mubashir Zaidi And Paul Watson

The Los Angeles Times, March 30, 2006

ISLAMABAD, Pakistan — Gunmen on Wednesday attacked and seriously injured a longtime ally of Osama bin Laden whom U.S. authorities have linked to an alleged terrorist sleeper cell in California.

Fazlur Rehman Khalil, a signatory to Bin Laden's 1998 declaration of war on the United States and its allies, was severely beaten by eight armed men, supporters said.

The assailants dragged Khalil and his driver from a mosque in Tarnol, about three miles northwest of Islamabad, Pakistan's capital, as they attended evening prayers, said his spokesman, Sultan Zia.

Khalil is a former leader of Harkat Mujahedin, a militant group linked to Al Qaeda that he founded as Harkat Ansar to fight Soviet forces in Afghanistan in the 1980s. The U.S. labeled Khalil's group a terrorist organization in 1997, but it has continued its anti-Western jihad, or holy war, under the new name, Jamiat ul Ansar.

Khalil's attackers held him for five hours, tying a rope around his neck and beating him with rifle butts before dumping him in front of a mosque on Islamabad's outskirts, his spokesman said. "He was left in a very serious condition with a severe head injury. However, he has survived with the grace of God," Zia said. Khalil was taken to a hospital in Rawalpindi, adjacent to the capital.

In June, the FBI arrested Lodi, Calif., ice cream truck driver Umer Hayat, 48, and his son Hamid, 23, and charged them with training in one of Khalil's camps in Pakistan for attacks in the U.S. The men are on trial in a Sacramento court. The prosecution rested its case Tuesday.

Khalil co-signed Bin Laden's 1998 fatwa, or religious edict, that declared it "an individual duty" for Muslims to kill American civilians and troops, or their allies, anywhere they could be found in the world.

Bin Laden's deputy, Egyptian physician Ayman Zawahiri, and two other Egyptian and Pakistani extremists also signed the declaration by the so-called World Islamic Front for Jihad against the Jews and the Crusaders.

That same year, then-President Clinton ordered an attack with Tomahawk cruise missiles on targets in Afghanistan to kill Bin Laden after Al Qaeda attacks on two U.S. embassies in East Africa left at least 224 people dead. The strikes also targeted Khalil's camps near the eastern Afghan town of Khowst.

Intelligence assessments concluded that the missile strikes missed Bin Laden by a few hours, but Khalil claimed several of his fighters were killed in the airstrikes.

In testimony before the 9/11 Commission in 2004, Clinton's national security advisor, Samuel R. "Sandy" Berger, said an undisclosed number of agents from the Pakistani military's Inter-Services Intelligence agency also died in the strikes on the camps. The powerful ISI was long associated with Khalil and other militant groups.

Pakistani President Pervez Musharraf banned Khalil's militant group in 2001, after he ended support for the Taliban regime in neighboring Afghanistan and joined the U.S.-led war on terrorism after the Sept. 11 attacks.

Pakistani authorities arrested Khalil in 2004 when he was accused of aiding militants crossing into Afghanistan to attack U.S.-led forces.

He was detained at least two more times but was released each time under what Pakistan's government insisted was close supervision to ensure he didn't engage in militant activities.

As late as 2004, Khalil continued to raise funds and rally militants to wage jihad against the U.S. in a magazine called Al Hilal, published from his headquarters, in a mosque next to a school and across from an army base in Rawalpindi.

A November 2003 edition of the magazine featured an advertisement on the back page, announcing the "All-Pakistan Training Convention of Jamiat ul Ansar Activists," at Khalil's headquarters.

Christian Convert Given Asylum In Italy (WT/AP)

By Maria Sanminiatelli, Associated Press

The Washington Times, March 30, 2006

ROME -- The Afghan man who faced the death penalty for converting from Islam to Christianity received asylum in Italy yesterday, despite requests by lawmakers in Afghanistan that he be barred from fleeing the conservative Muslim country.

Abdul Rahman arrived in Rome days after he was freed from a high-security prison on the outskirts of Kabul after a court dropped charges of apostasy against him for lack of evidence and suspected mental illness.

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The case has attracted wide attention in the West and led to calls by the U.S. and other governments for the Afghan government to protect the 41-year-old convert.

It also inspired an appeal by Pope Benedict XVI to Afghanistan President Hamid Karzai and efforts by the United Nations to find a country to take him in after Muslim clerics in Afghanistan threatened his life, saying his conversion was a "betrayal to Islam."

Mr. Rahman was in the care of Italy's Interior Ministry, Prime Minister Silvio Berlusconi said yesterday evening. "He is already in Italy," he said. "I think he arrived overnight."

The Italian Interior Ministry said Mr. Rahman was "under protection."

Conversion is a crime under Afghanistan's Islamic law. Mr. Rahman was arrested last month after police discovered him with a Bible. He was brought to trial last week and faced the death penalty for converting 16 years ago while working as a medical aid worker for an international Christian group helping Afghan refugees in Pakistan.

Under heavy international pressure from the United States and other nations that helped oust the hard-line Taliban regime and provide aid and military support for Mr. Karzai, Mr. Rahman was released from prison Monday.

President Bush and others had insisted Afghanistan protect personal beliefs. Secretary of State Condoleezza Rice called Mr. Karzai last week and appealed for a "favorable resolution" of the case.

Afghanistan's new parliament debated Mr. Rahman's case yesterday and demanded he be barred from leaving the country. But no formal vote was taken on the issue.

Some 500 Afghans, including Muslim leaders and students, also gathered at a mosque in the southern town of Qalat, in Zabul province, to demand the convert be forced to return to Islam or be killed.

"This is a terrible thing and a major shame for Afghanistan," Zabul's top cleric, Abdulrahman Jan, said.

Italy has close ties with Afghanistan, whose former king, Mohammed Zahir Shah, was allowed to live with his family in exile in Rome for 30 years. The former royals returned to Kabul after the fall of the Taliban regime.

Italian troops were sent into Afghanistan after the U.S.-led invasion of the country in 2001 to help with reconstruction, and Italy still has 1,775 troops there.

Mr. Rahman's ordeal began as a custody dispute over his two daughters, now 13 and 14. The girls had lived with their grandparents their whole lives, but Mr. Rahman sought custody when he returned to Afghanistan in 2002 after living in Germany for nine years.

Afghan Convert Arrives In Italy As Protests Mount In Homeland (WP)

By Daniel Williams

The Washington Post, March 30, 2006

ROME, March 29 -- Abdul Rahman, the Afghan convert to Christianity who faced a possible death sentence in his homeland for rejecting Islam, has arrived in Italy and will be granted political asylum here, Prime Minister Silvio Berlusconi said Wednesday.

Berlusconi told Italian journalists that Rahman, 41, had probably arrived overnight and was now in the hands of the Interior Ministry. It was not immediately clear how he had traveled to Italy from Afghanistan, and his exact whereabouts were being kept secret.

"We are very glad to be able to welcome someone who has been so courageous," Berlusconi said.

Rahman departed for Europe as a confrontation was building between the Afghan government and the Christian world. Political and religious leaders in Europe, including Pope Benedict XVI, had condemned Rahman's prosecution on charges of apostasy, a capital offense under sharia , or Islamic law. The Bush administration, which has about 20,000 troops in Afghanistan, called on the Afghan government to respect religious freedom.

Rahman was released late Monday from a high-security prison outside Kabul after a public security court dismissed the charges against him, citing a lack of evidence and suspicions that he is mentally ill.

On Wednesday, Western governments welcomed Rahman's release. German Chancellor Angela Merkel said it was a "sensible signal to the international community but also for the situation in Afghanistan." Germany is a major donor to Afghanistan with about 2,000 troops in the NATO security force there.

But controversy continued to boil in Afghanistan, where Islamic clerics and members of parliament strongly objected to Rahman being freed from prison and allowed to leave the country. Demonstrators in several cities continued to protest foreign interference, and critics accused President Hamid Karzai of giving in to international pressure.

Under Islamic law, rejection of Islam is a grave offense, punishable by death if the convert does not repent. Afghanistan is a deeply traditional Muslim country where there are no publicly practicing Afghan Christians. Both proselytizing and conversion are viewed by most people as anathema.

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On Wednesday, 500 clerics gathered in a mosque in the southern city of Qalat to protest Rahman's release, news services reported from Kabul. Abdulrahman Jan, the top cleric in the Qalat region, said the government should either force Rahman to convert back to Islam or kill him.

"This is a terrible thing and a major shame for Afghanistan," he said.

The Afghan parliament also condemned Rahman's liberation as a breach of Islamic law, but did not take a formal vote on the issue.

"We sent a letter and called the Interior Ministry and demanded they not allow Abdul Rahman to leave the country," Yonus Qanooni, the speaker in the lower house and a leading political rival of Karzai, told reporters in Kabul. During debate, several other legislators said Rahman should be executed.

The case has highlighted the contradictions that remain between Afghan society and the Western powers that in 2001 helped topple the Taliban, the extremist Islamic movement that ruled most of the country. Although Afghanistan is now a democracy with an elected president, its constitution enshrines sharia as well as international human rights conventions.

Rahman converted 16 years ago while working with a Christian refugee aid group in Pakistan. He then moved to Germany. Only recently had he returned home to Kabul, where he was arrested for possessing a Bible after his relatives informed police. He was embroiled in a child custody battle with his estranged wife, an Afghan Muslim.

His arrival in Italy came in the middle of a hotly contested election campaign, in which some groups in Berlusconi's ruling coalition are running on a platform that opposes immigration and portrays Western civilization as on the defensive against an onslaught of Muslim intolerance.

Rahman told La Repubblica newspaper he was unrepentant. "I have done nothing to repent, I respect Afghan law as I respect Islam. But I chose to become a Christian, for myself, for my soul. It is not an offense."

Italy has close ties with Afghanistan, whose former king, Mohammed Zahir Shah, was allowed to live in exile in Rome with his family for 30 years. The former royals returned to Kabul after the Taliban fell.

Italy Grants Asylum To Afghan Christian Convert (NYT)

By Ian Fisher And Elisabetta Povoledo

The New York Times, March 30, 2006

ROME, March 29 — A man who faced the death penalty in Afghanistan for converting to Christianity was secretly flown to Italy, where he was granted asylum under round-the-clock protection by the government, the Italian prime minister said Wednesday evening.

"He's already in Italy," Prime Minister Silvio Berlusconi told reporters.

Mr. Berlusconi was vague about when the convert, Abdul Rahman, 41, had arrived here, saying he believed that it happened "overnight." The Italian news service ANSA reported that he landed in Rome on Tuesday night, accompanied by Italian secret service agents.

His arrival culminated several days of strong pressure on the American-supported government in Afghanistan, where Mr. Rahman had been jailed for weeks for his conversion. Many in Afghanistan called for his death, while Western nations demanded his release.

The differing reactions here and in Afghanistan to Mr. Rahman's release and his arrival in Italy seemed to underscore the continuing tension between the West and the Islamic world on issues like freedom of religion, freedom of expression and democracy.

"I say that we are very glad to be able to welcome someone who has been so courageous," Mr. Berlusconi told reporters here earlier in the day, before making Mr. Rahman's arrival public.

Later he said Mr. Rahman had "asked for asylum and it has been granted," after his cabinet took the unusual step of immediately approving it.

But in deeply conservative and religious Afghanistan, politicians were outraged on Wednesday amid confusion about Mr. Rahman's whereabouts and fears that he might be taken from Afghanistan. Clerics called for him to be tried under Islamic law, which under conservative interpretations applies execution as a punishment for apostasy, and they led hundreds of people in demonstrations that also protested Western interference.

"We must call on the authorities in charge right now to stop him from going out," Muhammad Dawood Zarif, an Afghan legislator and businessman, said in Kabul before Mr. Berlusconi's announcement.

Abdul Rab Rasool Sayaf, a conservative legislator, accused outside nations of plotting against Islam and Afghanistan.

"This is a net of conspiracies," he said. "I am sure there are people behind this who want to create problems between Afghanistan and the West from which they themselves would get their benefit."

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Accordingly, Mr. Rahman's departure created the prospect of increased pressure on Mr. Karzai domestically even as it eased pressure from Western nations, including the United States, which holds out Mr. Karzai as the model of a moderate and modern Muslim leader.

Mr. Rahman, said to have converted to Christianity after working for an international Christian aid group, was jailed in Afghanistan after being accused of apostasy for abandoning Islam, although he was never formally charged. He was released to his family on Monday night, said the justice minister, Sarwar Danish.

The Bush administration pressed Mr. Karzai to resolve the case, but he resisted, citing separation of executive and judicial powers. Germany, Italy and Canada, which have troops serving in Afghanistan, and other countries voiced their concerns to Mr. Karzai's government.

On Saturday, Pope Benedict XVI, long outspoken about religious freedom for Christians in predominantly Muslim countries, sent a letter asking Mr. Karzai to pardon Mr. Rahman. The next day, the pope spoke at St. Peter's Square about his worries about "communities who live in countries where there is a lack of religious freedom, or where despite claims on paper they in truth are subjected to many restrictions."

The choice of Italy as a place of refuge for Mr. Rahman seemed to be a result of a combination of factors, including Italy's ties to the Vatican and to Afghanistan, along with close national elections here in which the Catholic vote is substantial.

Bush Tries Outreach To Bolster Standing, But Iraq Counts Most (RC)

By Morton M. Kondracke

Roll Call, March 30, 2006

President Bush is engaged in an extensive new outreach campaign to Members of Congress, the media and the public to bolster his flagging political fortunes. But White House aides admit that events in Iraq are likely to control his destiny — and GOP fortunes in November.

In Iraq, U.S. Ambassador Zalmay Khalilzad is striving mightily to get the Iraqis to put a unity government in place as quickly as possible, which would restore confidence in the political leg of Bush's "victory" strategy.

In a reprise of a strategy that lifted his poll ratings from the 30s into the 40s last November and December, Bush is also back on the speechmaking circuit to convince the public that progress is being made on the military and reconstruction fronts, as well.

Last year, Bush used as a foil Democrats who accused him of lying about how the United States got into the war and who were calling for immediate troop withdrawals. Now, he's playing off the media, maintaining that overall conditions in Iraq are much better than is being reported.

At the same time, Bush is inviting various news organizations to off-the-record briefings in the family quarters of the White House, and other groups are being invited to backgrounders with high-ranking officials.

On Tuesday, Bush had his Cabinet briefed via teleconference by Khalilzad and U.S. military commanders, after which Bush urged his top appointees to help him talk up Iraq progress when they travel around the country.

He also urged them to encourage young people in their departments to travel to Iraq to assist the fledgling Iraqi ministries in providing services to the population.

And the same day, he met with Congressional delegations back from visits to Iraq, including such critics of his policy as Sens. Carl Levin (D-Mich.) and Russ Feingold (D-Wis.). He held another session on competitiveness policy that included Sen. Edward Kennedy (D-Mass.).

These sessions come on top of a series of small group meetings with Congressional Republicans that are designed to quiet restiveness in his own ranks and silence charges that the White House "doesn't listen" or is "tone deaf."

Improving relations with Congress and bolstering the GOP base are seen as two of three key tasks facing the White House between now and the November elections. The third is re-establishing the administration's record on the "competence" issue.

Replacing White House Chief of Staff Andy Card with Budget Director Josh Bolten is described as a major step to tighten the administration's performance, which is now a central rhetorical target for Democrats, who charge the administration with being "dangerously incompetent."

Bolten is said to have a "free hand" in reshaping the White House staff — and perhaps other parts of the administration — to ensure that there are no repetitions of the Dubai ports fiasco and Hurricane Katrina confusion.

On the base-bolstering front, GOP leaders are mindful of the fact that the 1994 GOP landslide victory — 52 House and six Senate seats — resulted partly from low morale among Democratic base voters and from low turnout. There's been some weakening in Bush's GOP base in 2006, partly due to negative comments by Republicans in Congress.

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Even though Bush is at odds with the GOP base on immigration policy, House Republican leaders think it helps their Members — at least in the short run — to have illegal immigrants staging huge demonstrations protesting their enforcement-only border security bill.

"Every poll I've ever seen supports the notion that Americans want stronger border security," one leader told me. "We're getting lots of notice now for passing that kind of bill, and our Members will benefit from that."

Democrats think they will gain if the GOP is seen as heartless or Draconian on immigration.

But Republicans are pushing back by reminding journalists that last December, all but 10 Democrats voted against a GOP effort to soften penalties for being in the country illegally, from felony to misdemeanor status. Democrats wanted the GOP bill to be as cruel-seeming as possible.

To bolster the base, GOP leaders also are determined to "play offense, not defense" in the November elections and to make it "a choice" between Democratic and GOP candidates, not simply a referendum on Bush.

Republicans say they will fight Democratic attempts to "nationalize" the campaign by "localizing" it — pointing to differences that are of concern in specific states and districts.

But the GOP also will do some "nationalizing" by pointing to Democratic leaders such as Senate Minority Leader Harry Reid (Nev.) and House Minority Leader Nancy Pelosi (Calif.), arguing that a given Senate or House candidate will be "part of that team" and subject to its discipline.

Vice President Cheney signaled anew last week that Republicans will attack Democrats on national security, declaring that party leaders "have demanded a sudden withdrawal from the battle against terrorists in Iraq — the very kind of retreat that Osama bin Laden has been predicting."

Another version of the attack is to charge that Democrats "want to raise a white flag in the face of terrorism — and also raise your taxes." Senate Republicans charge that Democratic amendments to the fiscal 2007 budget bill would cost taxpayers nearly $170 billion over a five-year period.

But, as important as it is for the administration to reach out, get its White House in order, communicate better and bolster the base, aides acknowledge that Iraq is the chief factor governing Bush's fortunes and that of his party.

Only 35 percent of Americans approve of Bush's Iraq policy, according to an NBC/Wall Street Journal poll. By a 50 percent to 39 percent margin, voters said they'd prefer a Congressional candidate who favors withdrawing all U.S. troops in the next three months over one who favors remaining as long as necessary to establish a democracy.

Bush, to his credit, will not withdraw prematurely. But if significant troop withdrawals are not possible before November, it's likely that Republicans will suffer.

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NEW: Attorney General Announces New Initiatives During Stop (YAKHR)

Yakima (WA) Herald Republic, March 30, 2006

TOPPENISH — U.S. Attorney General Alberto Gonzales announced new federal initiatives to fight drugs and solve old homicide cases on tribal land during a visit today to the Yakama Reservation.

Gonzales first spoke about drugs and gangs to several hundred students at White Swan High School. Later he held a closed-door roundtable discussion with Yakama tribal leaders about federal, state and tribal law enforcement regarding methamphetamine and other tribal justice issues.

"I think it is important to get a first-hand view of the tribal justice system on the Yakama Reservation," he said in a statement released by his office. "The tribe is doing good work to preserve the heritage of this special place and protect those who call it home from the threats of violence and drug abuse, but there remain serious problems that require additional attention."

Gonzales said the Yakama Nation will be the first tribe to benefit from a cold case review initiative for Indian Country nationwide. As part of the initiative Gonzales announced today, the FBI and U.S. Attorneys Office will review the Yakama Nation's unsolved homicides to learn which might benefit from new investigative resources and advancements in forensic science.

Mystery surrounds what happened to more a dozen women who have been killed or disappeared on the Yakama reservation since the early 1980s.

As part of the cold case review initiative, the Federal Bureau of Investigation will make available the services of both its Violent Crime Apprehension program and its National Center for Analysis of Violent Crime.

Also, Gonzales announced funding for a methamphetamine investigation training for tribal law enforcement.

"The use, production and distribution of methamphetamine on Indian reservations has increased significantly during the past 10 years. At the winter session of the National Congress of American Indians in Washington, D.C., methamphetamine's dramatic impact within Indian Country was perhaps the biggest issue of concern amongst tribal leaders," according to a statement from the Attorney General's Office.

Gonzales Vows Reservation Crimes Review (AP)

By SHANNON DININNY, Associated Press Writer

AP, March 30, 2006

WHITE SWAN, Wash. (AP) - Federal authorities plan to re-examine unsolved criminal cases on American Indian reservations to see whether they can be solved using new investigative tools, U.S. Attorney General Alberto Gonzales said Wednesday.

He said the first cases to get new federal scrutiny will be at the Yakama Indian Reservation, where more than a dozen women were slain or disappeared in the 1980s and early 1990s in what some people speculated could have been the work of a serial killer.

"Hopefully we can be successful in bringing closure to some of these families," Gonzales said after a private meeting with tribal officials.

Between 1980 and 1993, authorities found the remains of 13 women on the reservation. Eleven of the victims were Indian, and most were in their 20s. Most were stabbed, beaten or shot to death.

At the time, some officials complained about a lack of coordination between law enforcement agencies. The FBI has jurisdiction over major crimes on Indian lands.

Also, during a meeting with about 500 students from the reservation's Mount Adams School District, Gonzales was asked his opinion on the immigration debate before Congress. Roughly 70 percent of the district's students are American Indian. About 20 percent are Hispanic.

The attorney general said Americans live in a different world since the 2001 terrorist attacks, and the country needs to know who has crossed its borders. At the same time, he said, the United States must offer some kind of legal status to those workers who are already here, or risk serious consequences to the economy.

"America is great because of its immigrants. It is what represents a great part of what is America. That needs to be protected," Gonzales said, evoking applause.

US Attorney General Visits Yakama Nation (KIMA-TV)

By Tim Lewis

KIMA-TV, CBS 29, Yakima, WA, March 30, 2006

White Swan - After two practice assemblies and plenty of security checks, US Attorney General Alberto Gonzales came to White Swan.

"What I'm here to tell you is there is no future in avenues like gangs," he told a students at White Swan High School, "There is no future in avenues like drugs."

Just like every other teenager, White Swan senior Adrian Espindola has already heard this message before.

"I hear it all the time."

But this time there's something different.

"I probably paid more attention than I would have if anybody else would have told me," he said. "I swear there are at least 100 kids in the crowd that are around drugs everyday. I'm sure it influenced them to hear someone like that come speak to them."

"Just the entourage and the level of security puts it in a whole different light than someone who just walks in to give a presentation," says Dr. Mary Hall, Superintendent of the Mt. Adams School District.

Gonzalez isn't only talking the talk, he's also walking the walk.

More people are using methamphetamine on Indian reservations than they have over the past 10 years.

That's why the Justice Department will give money to the Tribal Police to train officers on how to spot meth problems.

"It'll be a slow process, we understand that, but I think we are on our way and there are a number of efforts underway -- including the school district -- that show the more we work together, the more power we have together," said Hall after being asked if she thinks things will change after the visit.

Gonzales also announced a new program to investigate cold cases on Indian reservations.

The Yakama Nation will be the first tribe to benefit from the initiative.

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House Approves Comp Time For Justice Department Lawyers (WP)

By Stephen Barr

The Washington Post, March 30, 2006

The House has approved a bill that would ensure that Justice Department lawyers are eligible to receive compensatory time off for travel during their off-duty hours, like other federal employees.

Congress approved legislation in 2004 creating comp time for travel, and the Office of Personnel Management issued a regulation in 2005. The law permits federal employees to claim time off when they travel on official business during off-duty hours, such as flying on a Sunday to attend a meeting Monday morning. Previous rules had made it difficult for employees to qualify for compensation while traveling outside normal business hours.

But the Justice Department decided that the time-off regulation did not apply to it because of a 1999 congressional restriction that limits overtime pay for Justice Department lawyers. The interpretation triggered complaints that the department was not treating its 9,000 lawyers fairly.

The House bill "unequivocally clarifies congressional intent," that Justice Department lawyers may receive comp time for travel during non-business hours, Rep. Jon C. Porter (R-Nev.), chairman of the House federal workforce subcommittee, said Tuesday when he sought passage of the bill. Co-sponsors included Reps. Thomas M. Davis III (R-Va.), Danny K. Davis (D-Ill.), Henry A. Waxman (D-Calif.) and Chris Van Hollen (D-Md.).

The bill, Porter said, "would greatly assist those employees who take early morning flights in order to attend business away from the home office but don't currently get compensated for their dedication."

He noted that the Justice Department provided technical assistance during the drafting of the bill.

Richard L. Delonis , president of the National Association of Assistant U.S. Attorneys, said the bill will not impose a financial burden on the department. "It is symbolic, though," he added.

The association represents the interests of about 5,400 assistant U.S. attorneys. "There will be some people it will actually benefit more than others -- someone who lives out on the West Coast and has to travel to Washington for meetings on a Monday," Delonis said.

Delonis wrote House members last year when the Justice Department balked at implementing the benefit. "Our organization stood up for what we believed in, and through the legislative process has achieved a victory," he said.

A similar bill has been introduced in the Senate by Sen. Daniel K. Akaka (D-Hawaii), who said he is looking forward to Senate passage as soon as possible. "I'm delighted the House passed its bill yesterday," he said in a statement. "Our bills restate congressional intent that DOJ attorneys enjoy the same benefits as other federal attorneys."'Get With the Program'

Rep. Thomas Davis told OPM Director Linda M. Springer at a hearing this week that many Northern Virginia companies sponsor telecommuting programs that keep their employees out of traffic jams and let them focus on being productive rather than punching a clock.

"When are we going to get with the program?" Davis asked in an exasperated tone.

Less than 20 percent of those in the federal workforce have been deemed telecommuters, as measured by the number of jobs that agencies have declared eligible for telework, OPM data show.

Springer told Davis that the administration "is doing a good job" of educating federal managers on the alternative work program. She said telecommuting will become "more urgent than in the past" as the government prepares for events that could disrupt operations, such as a pandemic flu.Fire Closes IRS Headquarters

The headquarters of the Internal Revenue Service will be closed today because of an electrical fire that shut down power to the Constitution Avenue building. More than 3,000 IRS employees were forced out of the headquarters yesterday morning after a fire in the basement filled the building with smoke.

Terry Lemons , an IRS spokesman, said crews were scheduled to work throughout the night to restore power but did not think repairs would be finished in time to reopen the building this morning. The building should be open for business on Friday, he said.

IRS employees should call 866-743-5748, the employee hotline, for information on when the building will be ready for them to return, Lemons said.

Mark W. Everson , the IRS commissioner, was leaving the building as fire alarms went off at about 9:30 a.m. yesterday. He was en route to testify on Capitol Hill about the agency's budget plans for fiscal 2007.

CORPORATE SCANDALS:

Street Sleuth Tracing Refco's Ruin Leads Probe To Bermuda (WSJ)

By Carrick Mollenkamp

The Wall Street Journal, March 30, 2006

When Refco Inc. filed for bankruptcy-court protection in October, many headlines focused on Phillip R. Bennett, the brokerage firm's since-departed chief executive.

Investigators are still examining the actions of Mr. Bennett, who faces criminal-fraud and wire-fraud charges related to Refco's implosion.

But six months on, the inquiries into Refco's demise have broadened and are leading down another path, too, according to court documents filed in bankruptcy court in New York and interviews with lawyers and others involved in the matter. The second path: the flow of money through Refco's vast operations, including its unregulated Bermuda unit, which some investigators are treating as the epicenter of Refco's problems.

Mr. Bennett denies wrongdoing as the Justice Department and others parse aspects of his personal life, including his trading accounts. Mr. Bennett's lawyer, Gary Naftalis, declined comment. David Esseks, the assistant U.S. Attorney for the Southern District of New York who is prosecuting Mr. Bennett, declined comment.

Lawyers and others working on behalf of Refco creditors are scrutinizing intercompany money transfers at the Bermuda unit, Refco Capital Markets Ltd., which offered Refco clients higher rates of return, less scrutiny, and more generous loans for trading than did Refco's regulated futures or stock-trading units.

The purpose of the Bermuda unit was to allow sophisticated investors to trade securities such as emerging-market debt, with Refco acting as an informal exchange and providing loans so that the traders could increase their risk. The unit attracted hundreds of clients, including hedge funds and other big investors from around the globe.

But people familiar with Refco Capital Markets say bankruptcy lawyers are trying to determine whether some of the unit's client money was tapped by Refco to fund its expansion, specifically a string of acquisitions of trade-processing, or clearing, firms. Refco was founded in 1969 and became one of the world's biggest brokerage firms, focusing on commodities, derivatives and foreign currencies.

Among Refco's purchases was the 2005 acquisition of the global brokerage operations of Cargill Investor Services. Refco paid about $208 million for those operations, plus future considerations, according to a person familiar with that transaction. Refco's transfer records show that $170 million came through Refco Capital Markets, the person says. Investigators are looking into other intercompany transfers between the unit and Refco Inc., the parent company, that total hundreds of millions of dollars.

The event that led to the bankruptcy-court filing by Refco only weeks after the company went public was an admission Oct. 10 by the company that Mr. Bennett had hidden $430 million in bad debts, removing them from the company's books and parking them elsewhere, including in an entity tied to Mr. Bennett.

After that revelation, customers rushed to get their money out of Refco Capital Markets, leading Refco to freeze customer accounts.

Court documents show that Refco Capital Markets didn't have the financial wherewithal to meet those demands.

At that point, the value of client collateral and other assets held by the unit was supposed to total $3.7 billion, but the unit's actual assets were about $1.9 billion, according to the documents.

Elsewhere, investigations have turned up links between Refco, Mr. Bennett and other entities, including Bawag P.S.K. Group, an Austrian bank that once owned a 10% stake in Refco and lent Mr. Bennett €350 million, or about $420 million, which he used to pay off the hidden bad debts just before Refco revealed them. Bawag subsequently sued Refco, saying it was misled when it agreed to provide that loan.

Bawag's chairman said last week that he and other executives failed to disclose losses totaling more than €1 billion between 2000 and 2005 after investments by the former chief executive officer's son went sour.

The bank and its current and former executives are under investigation by the Austrian financial regulator for not informing regulators about losses run up by Wolfgang Flottl, a New York investor and son of Bawag's former CEO, Walter Flottl.

The full extent of links between Refco and Bawag remain unclear. Court documents show that investigators working for Refco's bankruptcy attorneys and creditors are pursuing several leads, including money transfers between Refco and Bawag.

In separate court filings, Refco's bankruptcy attorneys in December suggested they were pursuing different links: "Attention to situation involving Austria subsidiary, Bawag and RGHI." RGHI is believed to be Refco Group Holdings Inc., an entity affiliated with Mr. Bennett.

And in January, Refco's bankruptcy attorneys met to discuss "status of various investigations, including investigation into transfer of funds from Refco Vienna," according to the filings.

Forensic-accounting firm FTI Consulting Inc., which has been working as consultant to the Chapter 11 trustee, is looking into the transfer of securities that may relate to Bawag. In one court document dated March 24, the accounting firm said it had met with Refco officials in October about " 'missing' Bawag securities."

FTI said it had conducted a "review and analysis of account statements for Refco Capital Markets re: bonds and securities transferred re: BAWAG." FTI declined comment.

The federal criminal investigation into Mr. Bennett's affairs has examined company-personnel charts, several Chicago entities potentially affiliated with Mr. Bennett, and trading reports for certain customers at Refco Capital Markets, according to court documents. Prosecutors have examined an account belonging to Mr. Bennett known simply as "account No. 87," those documents show, and they have looked at loan agreements between Refco and other entities.

One entity is Liberty Corner Capital LLC, a Summit, N.J., hedge fund that has said it unwittingly played a role in helping hide Refco's client debt. In October, Liberty Corner said it had been told it wasn't the target of any criminal investigation regarding Refco.

A second agreement that prosecutors are looking at was between Refco and Ingram Micro Inc., an information-technology distributor.

A spokeswoman for the Santa Ana, Calif., company confirmed the loan, but said Ingram Micro's lawyers declined to say anything more about it because it is part of the current litigation against the collapsed brokerage firm.

"It looks like we had a loan transaction with Refco several years ago, but no transactions for more than four years," said Ria Carlson, the spokeswoman. "Because of that transaction, we were asked to provide some documents to the U.S. Attorney's office."

The origin and importance of a third loan pact, titled "Delta Flyer," remains unknown.

Investors, Including Queens Man, Charged With Scamming Millions (NSDY/AP)

By Adam Gorlick, Associated Press Writer

Long Island Newsday, March 30, 2006

SPRINGFIELD, Mass. -- Three investment firm executives _ including one from Queens _ have been accused by federal authorities of making car payments, buying jewelry, paying for home improvements and taking personal loans with about $16 million swindled from people in high-pressure real estate deals.

Mark Shapiro, 45, of Glastonbury, Conn., and William Foster, 66, of Easthampton, were arrested by FBI agents Monday at their Cobalt Capital headquarters in Springfield. Foster was freed on $250 bond following a hearing Wednesday in U.S. District Court in Springfield.

Shapiro, who spent 30 months in prison after a 1998 bank fraud conviction and allegedly used some money he swindled through Cobalt to pay the $350,000 he owed from that case, was ordered held without bail Wednesday.

The third executive, Irving Stitsky, of Bayside, N.Y., was arrested at Cobalt's office in Great Neck, N.Y., and is also free on bond. Stitsky pleaded guilty in 2001 to securities fraud, wire fraud and bribery. He also has a money laundering and fraud case pending in New Jersey.

According to a federal complaint charging the men with securities fraud and conspiracy, Cobalt employed telemarketers who made fast, high-pressure calls to potential investors.

Phone records for the company's office in Great Neck show that tens of thousands of long-distance calls _ most less than one minute _ were made to locations across the country, according to an affidavit by FBI Agent Jennifer May.

"Based on my experience and training, the calling patterns reflected in the telephone records are consistent with those of a 'boiler room' operation," May wrote.

Megan Gaffney, a spokeswoman for the U.S. Attorney's office in Manhattan _ which has spearheaded the investigation _ would not disclose information about the people targeted in the alleged scam.

Raipher Pellegrino, Foster's lawyer, said Cobalt was soliciting legitimate investments for residential and commercial properties in Florida and Texas.

"These are real properties that are being developed," Pellegrino said. He said "many investors are getting returns on their money," but would not say what the average rate of return is.

In denying Shapiro's request for bail, U.S. Magistrate Judge Kenneth Neiman said he was concerned that "his access to large sums of money" made him a flight risk.

Shapiro's lawyer, Martin Leppo, said his client needed to be free so he could manage Cobalt's investments and cooperate with the Securities and Exchange Commission, which is investigating the company.

"If Mr. Shapiro is not released, Cobalt will fail," Leppo said.

Stitsky, who has appeared in federal court in Manhattan, did not return a phone call to The Associated Press.

The federal complaint says the three men never told Cobalt's investors that Shapiro and Stitsky had criminal records, and lied by saying Shapiro had a master's degree in finance from Harvard University.

When an undercover investigator called Cobalt for investment information, he was told the company had been running for 23 years. But Cobalt wasn't formed until 2004, according to the complaint.

Authorities say Shapiro, Stitsky and Foster gave themselves loans and paid for personal expenses with investors' money. They allegedly set up an account with the money that was used to write checks to a jewelry store and to make car payments.

Investigators also say Shapiro used $240,000 to pay for construction work on his Glastonbury home, and made thousands of dollars of purchases at places including Gucci, Best Buy, Dial-a-Mattress and Williams-Sonoma.

FBI Arrests 3 In Fraud Case (RMA)

By Marcia Blomberg, Mblomberg@repub.com

The Republican (MA), March 30, 2006

SPRINGFIELD - A sleek office in a modest Maple Street building is the headquarters of Cobalt Capital Cos., where two top executives were arrested by federal authorities this week and charged with securities fraud.

Mark Alan Shapiro, 45, of Glastonbury, Conn., and William B. Foster, 66, of Williamsburg, were arrested by local FBI agents Monday morning in their fourth-floor corporate condominiums at 155 Maple St., according to Michael O'Reilly, agent in charge of the FBI's Springfield office.

Shapiro was still being held yesterday, while Foster was released Monday on a $250,000 secured bond. Both are due in U.S. District Court today.

Irving Stitsky, of Bayside, N.Y., was arrested at Cobalt Capital's office in Great Neck, N.Y., a facility that an FBI agent called a "boiler room," where sales reps made calls to potential investors, according to the agent's affidavit filed in U.S. District Court.

Stitsky was released on $1 million bond.

According to a complaint filed in U.S. District Court in Manhattan, the three men diverted millions of dollars entrusted to them by investors for their personal use

According to the U.S. Attorney's office in Manhattan, Cobalt raised more than $16 million from more than 150 investors.

The company, according to its Web site, is a "vertically integrated, national real estate investment, development and management" company with properties in Texas and Florida.

Yesterday, the Cobalt Capital office at 155 Maple St. was still open. Glass blocks infused with a blue light, black-and-white tile floor and art glass decorated the reception area. A woman in the office said no one would be made available to speak to the press.

According to the company's Web site, there are 13 people on its management team at its various companies, not including Shapiro or Stitsky.

Foster was named in the company's marketing materials as owner, president and chief executive officer, but the operation is really run by Shapiro, according to the affidavit.

The marketing materials sent to investors never mentioned that Stitsky and Shapiro both have convictions for fraud.

In fact, the materials never mentioned that Stitsky was involved in the company at all, and only one marketing memo noted Shapiro was involved, as a consultant.

The memo said that Shapiro has a master's degree in finance from Harvard.

But according to the affidavit, Stitsky and Shapiro have criminal records - Shapiro for bank and tax fraud, and Stitsky for conspiracy to commit securities fraud, wire fraud and commercial bribery, among others.

And Shapiro never went to Harvard, according to the affidavit.

The three men are accused of misappropriating money invested in Cobalt from July 2004, through Nov. 30, 2005, paying for personal expenses such as jewelry and Porsche payments, and making undisclosed loans to themselves.

According to the complaint filed against the trio by the U.S. Attorney's office in Manhattan, Shapiro used the company's American Express card to spend $31,000 at jewelry stores, at Gucci and Louis Vuitton stores, and at Ferragamo and Williams-Sonoma.

Another $240,000 was used to pay for work on Shapiro's house in Glastonbury, and $2.2 million was diverted from a Cobalt bank account into an account controlled by Shapiro.

Shapiro even used $214,000 from the account he controlled to make a restitution payment he owed in Connecticut on bank and tax fraud convictions, according to the complaint filed in U.S. District Court.

Foster, according to the complaint, received $646,000 in investor funds from Cobalt, and Stitsky received $165,000.

The company offered membership interests at a price of $100,000 per unit.

The company focused on multi-family residential properties, though it also marketed a property known as the Simone Hotel in Miami Beach.

The FBI affidavit asserts that no Cobalt entity owned the hotel.

An undercover FBI agent called a Cobalt phone number last October after seeing the number in an ad in the New York Times.

A salesman told the agent that that Cobalt had been in business for 23 years and there were no sales commissions.

But according to the affidavit, Cobalt was formed in 2003, and sales reps received a commission of $8,000 per unit sold.

The FBI and Securities and Exchange Commission cooperated on the investigation, with search warrants executed Dec. 1 at the Springfield and Great Neck, N.Y., offices.

The trio is charged with securities fraud and conspiracy to commit mail, wire and securities fraud. If convicted, they face a maximum penalty of 20 years in prison and a $5 million fine on the securities fraud charge.

CRIMINAL LAW:

Abramoff Is Sentenced For Casino Boat Fraud (WP)

By Peter Whoriskey And William Branigin

The Washington Post, March 30, 2006

MIAMI, March 29 -- Jack Abramoff, the once-powerful Washington lobbyist whose downfall has propelled a far-reaching congressional corruption investigation, was sentenced Wednesday to five years and 10 months in prison for his role in the fraudulent purchase of a fleet of casino cruise boats.

U.S. District Judge Paul C. Huck sentenced Abramoff, 47, and his former partner Adam Kidan, 41, to the shortest possible prison terms under sentencing guidelines after prosecutors affirmed that both men have been aiding the ongoing investigations and had expressed remorse. Abramoff's attorneys said he has reviewed "thousands of documents" in the inquiry, which could reach members of Congress, congressional staff members and employees of federal agencies, including the Interior Department.

"They're both trying to atone by cooperating," Assistant U.S. Attorney Lawrence D. LaVecchio said in court.

Abramoff, dressed in a gray double-breasted suit, appeared somber and detached during the proceedings. His wife, Pam, also attended.

In a subdued monotone, he told the judge that the day was "incredibly painful" for him, as well as his family and friends.

"Over the past two years, I have started the process of becoming a new man. I am much chastened and profoundly remorseful over the reckless and hurtful things I have done in my life, especially those which have brought me before you today. I can only hope that the Almighty and those whom I have wronged will forgive me my trespasses, and that God grants me the time on this earth to make amends."

Abramoff will also face sentencing in Washington after pleading guilty in January to fraud, tax evasion and conspiracy to bribe public officials. He could receive a prison term of more than nine years on those charges, but prosecutors have agreed to recommend that the sentences from that case and the Miami case be served concurrently.

His prison time could be reduced further if he provides substantial assistance to corruption investigators, and both prosecutors and defense attorneys said he has been helpful so far.

"The literally hundreds of hours he has spent, the hundreds of thousands of documents he has reviewed, and the dozens of topics he has been assisting with in themselves would merit a sentence at the bottom of the stipulated range," attorneys Neal Sonnett and Abbe Lowell wrote in a court filing.

What he is telling investigators is not known, however.

"This is not the time to show all he's done," Lowell told the judge Wednesday. That would come later, he said, presumably when the investigation is complete and Abramoff's attorneys ask for a reduced sentence based on his cooperation.

In requesting the minimum sentence for the Florida charges, lawyers for Abramoff and Kidan laid most of the blame on the other for the gambling boat scam, in which the pair faked a $23 million wire transfer to fraudulently obtain a $60 million loan for the 2000 purchase of SunCruz Casinos. Abramoff and Kidan pleaded guilty to conspiracy and wire fraud in the case, and under sentencing guidelines, each faced a minimum of five years and 10 months and a maximum of seven years and three months in prison.

In addition to their prison terms, Huck ordered Abramoff and Kidan to pay $21.7 million in restitution and to serve three years' probation upon their release.

He also agreed to allow them at least 90 days before beginning their sentences so they can continue to cooperate with investigators looking into government corruption and the gangland-style killing in 2001 of former SunCruz owner Konstantinos "Gus" Boulis, with whom Abramoff and Kidan quarreled.

Three men have been charged with the killing, one of whom -- allegedly connected to the mafia in New York -- was hired by Kidan to provide catering and security services for SunCruz.

Abramoff and Kidan have denied any involvement in the death.

Abramoff's notoriety is more closely associated with his Washington influence, however. Among the congressmen whose names have come up in the investigation are Rep. Robert W. Ney (R-Ohio), former chairman of the House Administration Committee, and Rep. Tom DeLay (R-Tex.), the former House majority leader.

Ney has been identified as the "Representative #1" who, according to court documents, received bribes from Abramoff in exchange for official acts, including statements in the Congressional Record that promoted the SunCruz deal.

Mark Tuohey, an attorney for Ney, said he and Ney have recently been seeking to persuade prosecutors not to bring charges in Washington or Florida. An agreement Ney signed last fall that waived the five-year statute of limitations on possible charges in Florida will expire in late April. Tuohey said his client will not accept any plea deal.

DeLay, who once described Abramoff as "one of my closest and dearest friends," took three overseas trips with the lobbyist and received more than $70,000 in political contributions from him, his associates and his Indian tribal clients. He has denied any wrongdoing.

Before the sentencing, Abramoff's attorneys sought to portray him as a man who had been unfairly caricatured by newspaper reporters and late-night comics.

They submitted a memo that amounted to a biography, opening with his childhood in Atlantic City; his embrace of Orthodox Judaism at age 13 -- despite his parents' concern that he may be shunned by mainstream society -- the family's move to Beverly Hills and his standing as an All-Conference high school football star there.

The memo followed his career path from national chairman of the College Republicans to his days as a movie producer who forbade foul language, and his work as a lobbyist. Noting his efforts to start a Jewish school, Eshkol Academy in Columbia, Md., and a kosher restaurant, the biography suggests Abramoff's life was more often guided by religion than greed.

Among the court submissions were supportive letters from more than 260 of Abramoff's friends, relatives and associates -- including one from his 12-year-old daughter, Sarah, who wrote that she burst into tears after hearing actor George Clooney joke about her father during the Golden Globe awards ceremony.

"Our five children, all teenagers, love and need their dad," his wife wrote. "I cannot imagine the pain and suffering we would all endure should Jack be incarcerated."

Abramoff Sentenced To More Than 5 Years In Fraud Case (KRT)

By Jay Weaver

Knight Ridder, March 30, 2006

MIAMI - One-time powerhouse lobbyist Jack Abramoff will soon be trading in his pin stripes for prison stripes.

Abramoff was sentenced Wednesday in Miami federal court to a prison term of five years and 10 months for a fraudulent loan deal to buy a South Florida fleet of gambling ships.

His business partner, Adam Kidan of New York, received the same sentence before U.S. District Judge Paul Huck.

The judge ordered both men to pay back $21.7 million to one of the lenders in the 2000 SunCruz Casinos deal. Both were allowed to remain free on bail for at least 90 days while they assist authorities in SunCruz-related criminal investigations.

Huck's courtroom was packed with reporters, prosecutors and gawkers. Most came to witness the somber sentencing of Abramoff, whose influence peddling on Capitol Hill has spawned an array of investigations into the lobbyist's relationships with lawmakers, especially Republicans.

Abramoff had already pleaded guilty in a parallel corruption probe in which he admitted giving members of Congress and their staffers bribes, foreign trips and gourmet meals. Several lawmakers - including an Ohio congressman who operated behind the scenes in the SunCruz deal and other Abramoff activities - may be indicted this spring, according to sources familiar with the case.

"As you can imagine, this day is incredibly painful for my family, friends and me," Abramoff told the judge.

"Over the past two years, I have started the process of becoming a new man. I am much chastened and profoundly remorseful over the reckless and hurtful things I have done in my life, especially those which have brought me before you today," he continued. "I can only hope that the Almighty and those whom I have wronged will forgive my trespasses, and that God grants me the time on this earth to make amends."

Kidan expressed similar sentiments, saying, "I'm completely remorseful and apologetic."

Outside the courthouse, Abramoff - sporting a dark suit and a tan baseball cap - sidestepped the throng of television cameras and other media. He was accompanied by his wife, Pam, and his attorneys, Neal Sonnett and Abbe Lowell.

Wednesday's court hearing marked a dark chapter in the lives of two men who first met in college as Young Republicans and rekindled their friendship with what has proven to be a shady business venture.

Last summer, Abramoff and Kidan were charged with lying to lenders - Foothill Capital, a California-based unit of Wells Fargo, and Citadel Equity Fund Ltd., based in the Cayman Islands - about putting down $23 million to qualify for a $60 million loan to seal the SunCruz deal.

But the pair never made the down payment toward the $147 million purchase, though they sent bogus documents to the lenders that showed they did - the foundation of the wire-fraud conspiracy case.

Abramoff, 47, and Kidan, 41, respectively cut plea deals in January and December to curry favor for shorter sentences. They faced up to seven years and three months under federal sentencing guidelines.

Both men will be allowed to remain free on bail for the next 90 days and possibly longer. They are cooperating with state and federal authorities on two separate investigations related to the SunCruz fraud case.

Assistant U.S. Attorney Lawrence LaVecchio - who prosecuted the SunCruz case along with Paul Schwartz and Guy Singer and FBI agent Susan Sprengel - told the judge that the defendants need to be free for now to travel and review documents for authorities.

Both men are supposed to help Broward County, Fla., authorities in their investigation into the February 2001 mob-style murder of SunCruz founder Konstantinos "Gus" Boulis, who had been publicly feuding with Kidan over the future of the gambling-ship empire, which eventually filed for bankruptcy. Neither has been charged in connection with Boulis' death.

The Broward State Attorney's Office has charged three defendants with Boulis' murder - including two who had been on the SunCruz payroll and had ties to organized crime.

Abramoff, in particular, is helping both South Florida and Washington federal prosecutors with the broader influence-peddling investigation in the nation's capital.

Abramoff has admitted to allegations about a SunCruz bribery conspiracy as well as his collection of tens of millions of dollars in fraudulent fees from his Indian tribal clients and his payoffs to congressmen.

He faces up to 11 years in the Justice Department corruption case, but his deal with prosecutors allows him to serve the time concurrently with his SunCruz prison term.

Abramoff and Kidan paid themselves $500,000 salaries and diverted $310,000 in SunCruz money for Washington-area sports skyboxes for GOP fundraisers orchestrated by Abramoff. Among them: a fundraiser for Rep. Bob Ney, R-Ohio, a target of the federal probe who could soon be indicted, according to sources familiar with the investigation. Ney denies any wrongdoing.

It was the SunCruz sale almost six years ago that provided momentum for the Justice Department's public corruption probe.

During negotiations of the SunCruz deal in 2000, Abramoff asked his ex-lobbying partner, Michael Scanlon, to do him a favor. Scanlon, who has pleaded guilty in the Washington corruption case, once served as a top aide to House Republican leader Tom DeLay.

Scanlon contacted Ney's chief of staff, Neil Volz, to arrange to have the lawmaker publicly disparage SunCruz's owner, Boulis, in the Congressional Record. Ney agreed.

Incriminating e-mails also show that Abramoff and Scanlon approved a $10,000 donation from SunCruz - made at Ney's request - to the National Republican Congressional Committee. Prosecutors say the money was an alleged illegal payback for the congressman's "official act" in the SunCruz sale. The donation was made Nov. 1, 2000.

Authorities are putting pressure on Volz, who once worked as a lobbyist with Abramoff, to turn on Ney, according to sources. But Volz and his defense lawyers have been resisting the Justice Department's overtures. Volz has denied any wrongdoing.

Abramoff Sentenced To 5 Years, 10 Months In Florida (Update1) (BLOOM)

By Kristin Jensen

Bloomberg, March 30, 2006

March 29 (Bloomberg) -- Jack Abramoff, the Republican lobbyist at the center of a Washington corruption scandal, was sentenced to five years and 10 months in prison in an unrelated fraud case in Florida.

U.S. District Judge Paul Huck in Miami accepted the plea of Abramoff's lawyers for the shortest possible prison time. The lawyers had submitted a 61-page memorandum attesting to Abramoff's character and remorse, along with 262 letters of support, including one from U.S. Representative Dana Rohrabacher, a California Republican.

Abramoff, 47, was given 90 days in which to voluntarily surrender, although Huck said his lawyers could come back and ask for more time. Abramoff is cooperating with investigators in the Washington corruption case, and his lawyers have argued that he needs to remain free to continue those discussions.

``I can only hope that the Almighty and those that I have wronged will forgive my trespasses," Abramoff said to the judge before sentencing.

Before the allegations of fraud and bribery came to light, Abramoff was one of the Republican Party's most prolific fund-raisers and one of Washington's best-connected lobbyists. He raised at least $100,000 for President George W. Bush's re-election campaign in 2004 and counted former House Majority Leader Tom DeLay of Texas among his friends.

Casino-Boat Purchase

A grand jury in Florida indicted Abramoff in August on six counts of wire fraud and conspiracy to commit fraud in connection with his $147.5 million purchase of the SunCruz casino-boat company in 2000. Prosecutors said Abramoff and business partner Adam Kidan provided false information on a loan application and used a counterfeit document to mislead lenders.

Abramoff and Kidan had attested that they contributed $23 million in cash toward the SunCruz purchase, a condition of obtaining a $60 million loan. To buttress their claim, they sent a false statement indicating the money had been transferred to the account of SunCruz's former owner, Gus Boulis.

Boulis was killed gangland-style in 2001. Three men were arrested last September and charged with murder.

Abramoff initially pleaded not guilty, then changed his plea on Jan. 4, a day after he admitted to defrauding clients and conspiring to corrupt public officials in a federal court in Washington. Kidan pleaded guilty in December.

Washington Conspiracy

In the Washington case, Abramoff pleaded guilty to conspiracy to corrupt public officials, mail fraud and tax evasion. He faces 30 years in prison in that case, although the Justice Department said it will recommend a reduced sentence depending on how much he cooperates.

The government says Abramoff and former business partner Michael Scanlon, a one-time aide to DeLay, pocketed tens of millions of dollars from Indian-tribe clients; set up a foundation that financed a trip to Scotland for public officials and Abramoff's colleagues; and provided a ``stream of things of value" to officials, including money, meals, trips and entertainment to entice them to help the lobbyist.

At least two Republican lawmakers have been connected to the Florida case. Abramoff listed Rohrabacher as a reference for his loan, the Washington Post reported. And according to the Washington indictment, Representative Bob Ney placed comments in the Congressional Record that were helpful to Abramoff's bid to buy the company. Ney, an Ohio Republican, has denied wrongdoing.

These days, Abramoff is spending much of his time talking to prosecutors and investigators in Washington. His attorneys said he has spent hundreds of hours with them and reviewed hundreds of thousands of documents as part of his cooperation.

Abramoff Sentenced To Almost Six Years (WT/AP)

By Curt Anderson, Associated Press

The Washington Times, March 30, 2006

MIAMI -- Disgraced lobbyist Jack Abramoff was sentenced yesterday to nearly six years in prison for committing fraud in the purchase of a fleet of gambling boats.

Abramoff, who told the judge that he is working to become a "new man," will remain free while helping prosecutors with a vast bribery investigation involving members of Congress.

Abramoff, 47, and former business partner Adam Kidan, 41, received the minimum under federal guidelines: five years and 10 months.

The two had pleaded guilty to conspiracy and fraud for concocting a fake $23 million wire transfer to make it appear as if they were contributing their own money toward the purchase of the $147.5 million SunCruz Casinos gambling fleet. Based on that fraudulent transfer, lenders provided the pair with $60 million in financing.

Abramoff told U.S. District Judge Paul C. Huck that he had started "the process of becoming a new man."

"I am much chastened and profoundly remorseful," Abramoff said. "I can only hope that the Almighty and those whom I have wronged will forgive me my trespasses."

He and Kidan also were ordered to pay restitution of more than $21 million. Both must serve three years of probation after they get out of prison.

Abramoff pleaded guilty in the SunCruz fraud in January. The same week, he pleaded guilty in Washington to defrauding American Indian tribes and other lobbying clients out of millions of dollars. He also agreed to cooperate in a corruption probe that could involve up to 20 members of Congress, including former House Majority Leader Tom DeLay of Texas. No date has been set for Abramoff's sentencing in that case.

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The judge said Abramoff and Kidan will not have to report to prison for at least 90 days so they can continue cooperating in the corruption case and in the investigation into the slaying of former SunCruz owner Konstantinos "Gus" Boulis.

Mr. Boulis was fatally shot in 2001 at the wheel of his car amid a power struggle over the gambling fleet. Three men face murder charges, including one who worked for Kidan as a consultant at SunCruz and who purportedly has ties to New York's Gambino crime family.

Abramoff and Kidan have denied any role in the killing, and neither has been charged.

If prosecutors are satisfied with the cooperation of Abramoff and Kidan in those cases, the two men's sentences could be reduced.

Abramoff and his attorneys declined to speak with reporters as they left court. The defense team filed 62 pages of documents that depicted Abramoff as a deeply religious Orthodox Jew who was generous to charities, dedicated to his wife and five children, and filled with remorse over his crimes.

But the memo also distanced Abramoff from the SunCruz fraud and laid most of the blame on Kidan, a New York businessman and disbarred lawyer.

"After the company was purchased, Mr. Abramoff learned that some of the representations made by his partner were untrue," the defense said.

Kidan's attorney, Joseph Conway, said his client has acknowledged his guilt but disagrees "with the statement of facts as laid out by Mr. Abramoff."

In his own letter to the judge, Kidan said that he knew the SunCruz deal was wrong but that he "was very caught up in the fast-paced world of my partner and the high profile that came along with it."

The SunCruz fleet of 11 ships sailed from nine Florida ports and Myrtle Beach, S.C., to international waters. The company operates gambling cruises under new ownership after emerging from bankruptcy.

Lobbyist In Congress Furor Is Sentenced In Florida Case (NYT)

By Philip Shenon

The New York Times, March 30, 2006

MIAMI, March 29 — Jack Abramoff, the former superlobbyist at the center of a major corruption investigation in Washington involving members of Congress, was sentenced on Wednesday to 5 years and 10 months in prison on related fraud changes in Florida.

The judge agreed to the prison term, the minimum possible under sentencing guidelines, after prosecutors praised Mr. Abramoff for his cooperation in the Washington inquiry, which centers on accusations that he had tried to bribe public officials, including Republican lawmakers.

In Florida, the case involved charges that Mr. Abramoff and a business partner had defrauded lenders in a gambling cruise-ship line that they bought in 2000 for $147.5 million. Mr. Abramoff still faces sentencing in Washington, where he pleaded guilty to fraud, tax evasion and conspiracy.

"In the past two years, I have started the process of becoming a new man," Mr. Abramoff said in a brief appearance before Judge Paul C. Huck of Federal District Court here. "As you can imagine, this day is incredibly painful for my family, my friends and me."

Wearing a gray double-breasted suit and speaking in a grave tone, Mr. Abramoff said he was "profoundly remorseful" for his crimes.

For several minutes before the hearing, Mr. Abramoff, an Orthodox Jew whose lawyers have suggested that he will seek confinement in a prison where he can maintain a strict kosher diet and observe other religious requirements, closed his eyes and appeared to pray, his upper body moving rhythmically back and forth.

Adam Kidan, his former business partner, was sentenced at the hearing to the same prison term as Mr. Abramoff. The two men have agreed to make a total of $20.7 million in restitution as a result of the fraud here, which involved faking documents to get a $60 million loan to buy the SunCruz fleet of gambling ships.

A lingering mystery in the Florida case is why the former owner of SunCruz, Konstantinos Boulis, also known as Gus, was gunned down in a gangland-style ambush in February 2001 in the midst of an angry post-sale dispute with the company's new buyers.

Three men were charged last year in the killing, including one linked to the Gambino crime family. All three had financial links to Mr. Kidan. Both Mr. Kidan and Mr. Abramoff have denied any involvement in Mr. Boulis's death.

Federal prosecutors offered no details about the cooperation they had received from Mr. Abramoff since the plea agreement with the Justice Department was announced in January. But their comments on Wednesday should deepen the concern in Washington among lawmakers and others who are under scrutiny over their ties to the lobbyist.

"I've spent a lot of time with both men," said Lawrence D. LaVecchio, an assistant United States attorney in Miami in the case, referring to Mr. Abramoff and Mr. Kidan. "They are both trying to atone."

Mr. LaVecchio said he was planning to ask Judge Huck to delay confinement of Mr. Abramoff for at least six months, allowing prosecutors in Washington to continue debriefing him outside of prison. The judge granted only 90 days' delay but suggested that he was open to another postponement at the request of the Justice Department.

Under federal sentencing guidelines, Mr. Abramoff could have received up to seven years and three months in prison for his crimes here. He faces up to 11 years in prison as a result of his plea accord in the Washington case. Under his agreement with the Justice Department, Mr. Abramoff will be allowed to serve any prison terms concurrently. His overall prison time could be cut at the request of prosecutors.

After the hearing Wednesday, Mr. Abramoff's lawyers, Neal R. Sonnett in Miami and Abbe D. Lowell in Washington, said in a joint statement that "today's sentencing is another step in Mr. Abramoff's sincere commitment to accept responsibility for his actions."

"He will continue to work hard to fully cooperate with the Department of Justice and law enforcement agencies and to make restitution to all victims," they said. "This is the course he set out many months ago and the course he intends to follow and complete no matter how long it takes."

In the Washington case, Mr. Abramoff is accused with another former business partner, Michael Scanlon, of conspiring to provide illegal gifts to members of Congress in exchange for legislation and other actions.

There are clear links between the two investigations. In the Florida case, Mr. Abramoff has acknowledged that he asked that Representative Bob Ney, an Ohio Republican who recently stepped down as chairman of the House Administration Committee, to enter statements in the Congressional Record praising Mr. Kidan and condemning Mr. Boulis over the SunCruz sale. Mr. Ney, who went on a lavish golfing holiday in Scotland that was arranged by Mr. Abramoff, has been subpoenaed by the federal grand jury in Washington and has denied wrongdoing, saying he was duped by Mr. Abramoff.

Abramoff Is Sentenced To Five Years, 10 Months In Florida Fraud Case (WSJ)

By Brody Mullins

The Wall Street Journal, March 30, 2006

WASHINGTON -- Former Republican super-lobbyist Jack Abramoff was sentenced to five years and 10 months in prison for fraud related to his 2000 purchase of a fleet of gambling cruise ships in Florida.

But his ultimate prison term won't be known until he is sentenced in Washington as part of a Department of Justice investigation into corruption by Mr. Abramoff and more than a dozen lawmakers and congressional aides.

Mr. Abramoff faces between 9.5 and 11 years in prison for his role in trying to bribe public officials and defraud his lobbying clients.

Mr. Abramoff's sentences can be served concurrently and may by reduced depending on how much he helps the Justice Department's ongoing corruption investigation.

"Over the past two years, I have started the process of becoming a new man," Mr. Abramoff told the court. "I am much chastened and profoundly remorseful over the reckless and hurtful things I have done in my life, especially those which have brought me before you today."

Mr. Abramoff has said that it could take years for him to tell prosecutors about his contracts with members of Congress and their aides. On Wednesday, U.S. District Judge Paul Huck in Miami said Mr. Abramoff won't have to report to prison for at least 90 days so he can continue to cooperate with prosecutors.

In January, Mr. Abramoff pled guilty in a federal courthouse in Washington to fraud, tax evasion and conspiracy to bribe public officials. He agreed to cooperate with the Department of Justice investigation in exchange for a reduced prison sentence.

The following day, Mr. Abramoff pled guilty in Florida to faking a $23 million wire transfer in order to secure the financing that he and two partners needed for a $147.5 million purchase of the SunCruz Casinos gambling fleet.

One business partner, Adam Kidan, also pled guilty in Florida on Wednesday and faces a similar sentence.

The Justice Department is investigating Mr. Abramoff's contacts with several lawmakers and Capitol Hill aides, including Rep. Tom DeLay (R., Texas), Rep. Bob Ney (R., Ohio) and Sen. Conrad Burns (R., Mont.). Each lawmaker has denied wrongdoing.

In his plea deal in January, Mr. Abramoff admitted to trying to bribe public officials with meals, gifts, overseas trips, greens fees and cash.

The plea also turned up the pressure on Mr. DeLay. Mr. Abramoff told prosecutor that he sought the help of DeLay's deputy chief of staff, Tony Rudy, by bringing him to the U.S. Open in June 2000 and paying his wife $50,000. In exchange, Mr. Abramoff said in his plea deal, Mr. Rudy helped defeat two bills that would have hurt Mr. Abramoff's clients.

Mr. Rudy's lawyer, Laura Miller, did not return calls seeking comment.

Another former DeLay aide, Michael Scanlon, pled guilty to bribery charges in November.

Abramoff Gets Nearly Six Years (RC)

By John Bresnahan

Roll Call, March 30, 2006

Former lobbyist Jack Abramoff and an ex-business partner were sentenced to 70 months in prison on Wednesday and ordered to pay $21.7 million in restitution by a federal judge in Miami, but the one-time K Street superstar won't find himself behind bars right away.

Instead, Judge Paul C. Huck of the U.S. District Court for the Southern District of Florida will allow Abramoff to remain free for at least three more months so he can continue to cooperate with federal prosecutors running a bribery and corruption probe that has touched more than a dozen lawmakers and former Capitol Hill staffers.

Abramoff also may have to take the witness stand this spring in the upcoming trial of former Bush administration official David Safavian. Safavian, who has been charged with lying to federal investigators over his business dealings with Abramoff, is scheduled to go on trial on May 22 in Washington, D.C., and Abramoff is expected to be the government's star witness in that case.

The nearly six-year jail sentence meted out to Abramoff, who lobbied Republicans exclusively, was immediately pounced on by Capitol Hill Democrats.

Rep. George Miller (D-Calif.), a longtime Abramoff nemesis, called for a special prosecutor to investigate Abramoff's lobbying on behalf of the Commonwealth of the Northern Marianas Islands — one of Abramoff's most lucrative clients — as well as Abramoff's dealings with Rep. Tom DeLay (R-Texas) and other lawmakers on CNMI-related issues.

"Abramoff's shady activities span from the Florida casino deal all the way to the Northern Mariana Islands in the Pacific Ocean, where for years Abramoff successfully lobbied Tom DeLay and the Republican House of Representatives to protect a cruel system of human trafficking and sweatshop labor," Miller said in a statement released by his office.

The Democratic Congressional Campaign Committee slammed several GOP lawmakers, including Reps. John Doolittle (Calif.), Phil English (Pa.), Richard Pombo (Calif.), and Charles Taylor (N.C.), for failing to give up "tainted" campaign contributions from Abramoff. Democratic leaders are also expected to go to the House floor in coming days to call for an ethics committee probe into Abramoff's ties to House Republicans, according to Democratic insiders.

Wednesday's sentencing hearing was only the first of a two-part legal challenge facing Abramoff.

The former lobbyist pleaded guilty earlier this year in two separate federal cases — one in Miami, the other in Washington — and will be sentenced separately in the Washington case at a future date. The next status hearing for that case is set for June 6, and Abramoff faces as much as 11 years in prison after admitting to fraud, tax evasion and conspiracy to bribe public officials. Abramoff will serve whatever sentences he receives in the two cases concurrently.

The 70-month sentence handed down to Abramoff on Wednesday in Miami was the minimum he could have received under his plea agreement with the Justice Department, and it could be reduced even further, depending on Abramoff's continued help to DOJ in the Washington corruption probe.

The details of Abramoff's incarceration, including when he will head to prison and where he will serve his time, have yet to be worked out. His lawyers have lobbied Huck and the Justice Department to allow him to be sent to a federal prison located close to his wife and five children, who live in Maryland.

In the Sunshine State case, Abramoff and Kidan admitted to creating a phony wire transfer in September 2000 that stated that they had committed $23 million of their own funds to the purchase of SunCruz Casinos, a Florida-based casino cruise-ship company. The fraudulent wire transfer helped Abramoff and Kidan garner $60 million in loans to complete the SunCruz purchase.

But shortly after taking over SunCruz, Kidan had a falling out with the former owner of the company, Greek immigrant Gus Boulis, and SunCruz quickly ended up in bankruptcy. Boulis was murdered in February 2001, and several men with ties to Kidan have been arrested and charged with his murder. Both Abramoff and Kidan deny any knowledge of the circumstances surrounding Boulis' death, although Huck will now allow the two to be questioned by law-enforcement officials investigating the case.

On Jan. 4, a day after entering a guilty plea in the Washington case, Abramoff admitted to conspiracy to commit mail and wire fraud. Kidan had pleaded to similar charges on Dec. 15.

In the weeks leading up to Wednesday's sentencing hearing, Abramoff's lawyers had mounted an extensive letter-writing campaign asking Huck for leniency. They also attempted to shift some of the blame for the SunCruz debacle to Kidan, while Kidan's lawyers said their client had gotten caught up in Abramoff's high-profile lifestyle.

In his appearance before Huck, Abramoff expressed remorse for his criminal actions, as he has done repeatedly since he first pleaded guilty to federal charges in January.

"As you can imagine, this day is incredibly painful for my family, friends and me," Abramoff said in a statement read to a packed courtroom. "Over the past two years, I have started the process of becoming a new man. I am much chastened and profoundly remorseful over the reckless and hurtful things I have done in my life, especially those which have brought me before you today. I can only hope that the Almighty and those whom I have wronged will forgive me my trespasses, and that God grants me the time on this earth to make amends."

Abbe Lowell and Neal Sonnett, Abramoff's attorneys, pledged in a statement released after the sentencing that their client would continue to cooperate with the Justice Department as it attempts to unravel the biggest corruption scandal to hit official Washington in decades.

"Today's sentencing is another step in Mr. Abramoff's sincere commitment to accept responsibility for his actions," Lowell and Sonnett said in a statement. "He will continue to work hard to fully cooperate with the Department of Justice and law enforcement agencies and to make restitution to all victims. This is the course he set out many months ago and the course he intends to follow and complete no matter how long it takes."

Abramoff May Stay Out Of Jail Until D.C. Investigation Is Over (HILL)

By Elana Schor

The Hill, March 30, 2006

Jack Abramoff was sentenced to 70 months in prison yesterday on conspiracy and fraud charges tied to his purchase of a South Florida casino fleet, but the infamous lobbyist could stay out of jail until federal prosecutors finish their wide-ranging probe of influence peddling and corruption on Capitol Hill.

Abramoff pleaded guilty in the Florida case in January, one day after signing a plea deal in Washington that calls for him to help government lawyers investigating the Congress members and aides involved in his vast lobbying network. Abramoff and former business partner Adam Kidan admitted faking a $23 million wire transfer in 2000 to help obtain a loan financing their $148 million purchase of the SunCruz Casinos boats.

"I have started the process of becoming a new man," Abramoff said yesterday in remarks prepared for delivery to the court. "I am much chastened and profoundly remorseful over the reckless and hurtful things I have done in my life, especially those which have brought me before you today."

The Justice Department had secured a two-week delay from U.S. District Judge Paul Huck, citing Abramoff's cooperation with the Washington probe, which could implicate as many as 20 members of Congress and their aides. Huck ultimately chose the minimum prison term allowable under federal guidelines, giving Kidan the same sentence.

The Florida case is largely separate from the bribery and fraud charges Abramoff faces in Washington over his lobbying for multiple Indian tribes, an Israeli wireless company and other clients. Rep. Bob Ney (R-Ohio), referred to in the Washington plea agreement, also inserted comments in the Congressional Record in March 2000 aimed at embarrassing Abramoff's rival in the SunCruz purchase.

Ney has long maintained that he was never involved with Abramoff's crimes and contends that the federal investigation eventually will exonerate him.

Konstantinos "Gus" Boulis, the owner who eventually sold the SunCruz fleet to Abramoff and Kidan, was killed in a gangland-style shooting shortly after the sale. Prosecutors have ruled out Abramoff as a suspect in the murder case, according to published reports.

While Huck ordered Abramoff to report for the start of his sentence within 90 days, an extension could be granted if government prosecutors and defense attorneys agree that Abramoff needs more time to share information in the Washington probe. U.S. District Judge Ellen Huvane agreed this month to postpone Abramoff's status conference in the Washington case, originally scheduled for last week, until June to encourage his further cooperation.

Abramoff will serve his sentence in the Washington case, which could range from nine and a half to 11 years, concurrently with his Florida prison term.

Abbe Lowell and Neal Sonnett, Abramoff's attorneys, said the low sentence would not chill Abramoff's participation in the congressional investigation.

"He will continue to work hard to fully cooperate with the Department of Justice and law enforcement agencies and to make restitution to all victims," Lowell and Sonnett said in a statement. "This is the course he set out many months ago and the course he intends to follow and complete no matter how long it takes."

Abramoff has sardonically remarked on lawmakers' eagerness to distance themselves from his toxic reputation, and few members of Congress were commenting publicly on yesterday's sentencing. Rep. Dana Rohrabacher (R-Calif.), however, wrote

to Huck urging him to consider Abramoff's patriotism and positive qualities, one of more than 260 letters the judge received asking for mercy on the lobbyist once famous for his excesses.

Rohrabacher, who reportedly was listed as an Abramoff reference for the SunCruz loan at issue in the case, did not return a request for comment by press time.

Rep. George Miller (D-Calif.), who has pressed the Bush administration to appoint a special prosecutor to investigate Abramoff's lobbying on behalf of the Northern Mariana Islands territories, said the case is far from closed.

"Complete justice will not be served until all of Abramoff's activities and connections are exposed and all of his partners in crime are punished," Miller said in a statement.

Lawyer: Neither Of 'Mafia Cops' Will Testify (NSDY)

By Anthony M. Destefano, Newsday Staff Writer

Long Island Newsday, March 30, 2006

The attorney for accused "Mafia Cop" Stephen Caracappa said Wednesday his client won't take the witness stand in his federal racketeering trial.

Ed Hayes, who is representing Caracappa in the Brooklyn federal court case, had earlier floated the possibility that the defendant might testify in his own defense. But at the close of Wednesday's court session, Hayes told Judge Jack B. Weinstein that Caracappa elected to stay off the witness stand. He didn't elaborate.

News of Caracappa's decision came as prosecutors neared the end of their case against him and his former NYPD partner, Louis Eppolito. Assistant U.S. Attorney Robert Henoch told Weinstein that the government expected to rest its case this morning.

Caracappa, 64, and Eppolito, 57, are on trial facing charges that they played roles in eight gangland murders while working as moles for the Luchese crime family in the late 1980s and early 1990s. By 1992 both men had retired as detectives.

Hayes did say he expected to call two or three witnesses. Eppolito isn't testifying but is expected to submit documents to the court for the jury to consider.

Hayes and Eppolito's attorney Bruce Cutler will attempt to hold an unusual telephone conference call outside the court today with imprisoned mobster Anthony "Gaspipe" Casso. It is Casso, prosecutors contend, who paid Eppolito and Caracappa for sensitive law enforcement information that investigators believe was used to carry out homicides, expose informants and tip off gangsters of impending arrests.

Once the acting boss of the Luchese crime family in the early 1990s, Casso turned government witness in 1994 but was never called to testify in any trial because of problems with his credibility, officials have said. He is currently serving a life sentence for racketeering and had admitted his roles in numerous homicides, including some charged against Eppolito and Caracappa.

It is likely that Hayes and Cutler want to see if Casso has any information that would call into question the testimony of key government witnesses such as Burton Kaplan, who testified he was the intermediary between the mob and the retired detectives.

Weinstein set closing arguments in the case for Monday, the beginning of the fourth week of the trial.

Both Eppolito and Caracappa, who are free on $5-million bail but under house arrest, face life in prison if convicted.

Cop's Att'y Sez Hush (NYDN)

By John Marzulli, Daily News Staff Writer

New York Daily News, March 30, 2006

Reputed Mafia cop Stephen Caracappa wants to take the stand in his own defense - but his lawyer has overruled him.

"He sort of wanted to do it [testify] and I didn't want him to," lawyer Edward Hayes said yesterday. "I think there's a lot of problems with the government's case and I don't need to put him on."

The government plans to rest its case today against Caracappa and his former NYPD partner, Louis Eppolito, after 12 days and 25 witnesses, including gripping testimony from Mafia turncoats who claim the detectives were hit men for the Mafia and leaked confidential information to the Luchese crime family for years.

Caracappa is the thin, quiet guy who shuns the limelight; Eppolito is fat, loud and wrote an autobiography called "Mafia Cop" revealing his family's mob lineage.

Since their arrests last March, Caracappa's only public statement has been an interview earlier this year on "60 Minutes" in which he vehemently denied the charges.

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Hayes plans to call three witnesses: a retired detective who will say Caracappa worked 32 hours straight on the Rabbi Meir Kahane murder investigation the day before gangster Edward Lino was gunned down in Brooklyn, suggesting Caracappa was too tired to whack anyone.

He also will call an excavator to testify about the difficulty of digging a grave with only shovels in February when the ground is frozen, as a witness claimed, and an expert on money laundering to attack the credibility of chief witness Burton Kaplan, who was once sued by an Antiguan bank.

Eppolito's side will admit documents showing he was awarded numerous citations during his police career.

Yesterday, Eppolito's lawyer Bruce Cutler did nothing to refute a Las Vegas man who testified he saw Eppolito and Kaplan meeting there twice in 1995. Previously, Eppolito told reporters he had not seen Kaplan since 1989.

'MOB COP' WON'T TAKE THE STAND (NYPOST)

By Zach Haberman

The New York Post, March 30, 2006

Accused mob cop Stephen Caracappa is not going to take the witness stand at his racketeering trial, his defense team said yesterday.

The announcement ended speculation that the reputed Mafia associate would try to talk himself out of charges that he and his former NYPD partner, Louis Eppolito, helped pass information to gangsters and even whacked a Gambino crime family member.

"I think there are a lot of problems with the case, and I'm not going to put the guy on," said Caracappa's lawyer, Ed Hayes.

While Eppolito is expected not to mount any defense against the prosecution case, which his lawyers believe to be weak, Caracappa is considering presenting an odd array of evidence.

An expert on hole digging is set to testify, in apparent response to a Brooklyn parking-lot owner who testified that he was forced to bury the body of a jeweler who was whacked with help from the cops.

Also, a former co-worker of Caracappa's will testify that the then-cop worked for 30 hours straight before he allegedly whacked gangster Ed Lino in 1990 - implying the detective would have been too tired to have played hit man.

Prosecutors are expected to rest their case today. Before they do, they will join with the defense in a conference call with jailed Luchese mob boss Anthony "Gaspipe" Casso.

It is not clear what they will talk about, but Casso has allegedly tried in the past to testify against the cops to save himself jail time. Authorities have not considered him a reliable witness.

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Listen To The Testimony: Only The Sleazy Know This Brooklyn (NYT)

By Alan Feuer

The New York Times, March 30, 2006

It could be argued that one of the most intriguing characters in the trial of Louis J. Eppolito and Stephen Caracappa is not a person, but a place. As absorbing as the witnesses, the lawyers and the two defendants is the borough of Brooklyn, which has arisen in the trial as something like an empire of the ill-fated and often illicitly employed.

Countless times, Brooklyn — or specifically southern Brooklyn — has been painted as a universe of two-bit deals and three-time losers, of gangster bars and catering halls and auto-body shops. It has come to seem in testimony like a world where people are forever swapping envelopes of cash and owing money to their loan sharks and their mothers — a world of which a witness could say, without a whiff of irony, "I was having some bad times and I committed bank robbery," or "a few times back in the 80's people paid me to make their cars disappear."

If one believes the government, Brooklyn is the place where Mr. Eppolito, 57, and Mr. Caracappa, 64, former New York City detectives, committed their most heinous crimes, taking part in at least eight murders for the mob. The evidence at the trial has necessarily focused on its more desolate locales: not on the gold dome of Borough Hall or the red-brick streets of Brooklyn Heights, but on places like Garage No. 4 at Valiant Towing on Nostrand Avenue or the parking lot of the Flatbush Avenue Toys "R" Us, which borders on a marsh.

As described by Mr. Eppolito's lawyer, Bruce Cutler (himself born and raised in Flatbush), this particular embodiment of Brooklyn often leads a man to one of three places: to "jail, death or the witness stand." So far, this trial has seen or heard of several men who have ended up in one of those locations. In a few instances, they have ended up in two.

Demographers have noted that if Brooklyn were severed from the other boroughs, it would stand as the fourth-most-populous city in the nation, though, according to testimony at the trial, it can apparently feel as tiny as an Appalachian hamlet.

Last week, for instance, Detective Joe Piraino, a government witness, told the jury he had once been partners with a man named Jack Ryan. Mr. Ryan was sitting in court, as a private investigator for the defense.

Then there was the strange coincidence yesterday in which it was revealed that another government witness had once worked at the same Toys "R" Us where prosecutors say that Mr. Eppolito and Mr. Caracappa had delivered a kidnapped gangster to Anthony Casso, their patron in the mob. This witness, Thomas Licata, was in fact the very man who testified to having once robbed a bank during "bad times" and to making people's cars disappear.

Mr. Licata is a Brooklynite's Brooklynite, or at least the sort of Brooklynite who has constantly appeared at trial. He was raised in Bensonhurst and Flatbush, went to Erasmus Hall High and, aside from Toys "R" Us held jobs at a chicken place and an Italian deli in his youth.

As an older man, he got involved in the towing business and told the jury that his partners, Frank and Leo (he never mentioned their last names) were, or claimed to be, involved with organized crime. "At the time, I wanted to be with them," said Mr. Licata, a man so energetically on the make that, he testified, he stripped inspection stickers from used cars and then resold them.

When Peter Franzone, the former owner of Mr. Licata's towing company, testified Tuesday, he told the jury that he employed "a kid named Louie," three guys named Michael, Carl and Jimmy, and Jimmy's brother-in-law, Joe. It made a sort of Brooklyn sense that a homeless man named Al lived in some kind of container at the back of the lot, he said.

Nor was it incredible when Mr. Licata testified to owing nearly $20,000 to three loan sharks — a situation he was in because, "I was trying to build my business and also living above my means."

Eventually, the borough got to him and, in 1990, he moved to California. "I had enough of everyone," he said, "had enough of paying everybody, had enough of what was going on."

Within six months, he was back.

Revamped Ryan Jury Starts Deliberations Over Again (CHIT)

By Matt O'Connor And Rudolph Bush, Tribune Staff Reporters

Chicago Tribune, March 30, 2006

The revamped jury in former Gov. George Ryan's trial began a second round of deliberations Wednesday.

A quick verdict appeared remote after jurors sent out a note asking for a calendar for April to determine if there were any coming court holidays.

The jury also sought an overhead projector and a list of witnesses from the marathon trial.

Deliberations began anew after presiding U.S. District Judge Rebecca Pallmeyer excused two jurors, replaced them with alternates and ordered that the historic trial continue.

Pallmeyer said she might still declare a mistrial if she decided the deliberations were unfair to Ryan or co-defendant Lawrence Warner, a lobbyist.

The defense had argued "that we cease proceedings right now," the judge disclosed Tuesday in announcing her decision following hours of closed-door discussions with lawyers and individual interviews of jurors.

The two jurors were excused on Monday after the Tribune last week uncovered that both had apparently concealed their arrest records during jury selection in September.

The original jury had deliberated eight days amid signs of personal rancor before the judge suspended deliberations.

In ordering that the deliberations begin anew with two new members, Pallmeyer told jurors to "treat this case as if the prior deliberations did not occur."

Toward that end, she ordered the jury room "cleansed" by removing any materials left from the initial deliberations, including notes, charts, a list of the trial's 117 witnesses and an overhead projector.

Not long after restarting deliberations at 9:30 a.m., the jury sought the return of the projector and the witness list as well as the April court calendar.

It appeared from the note that the same juror remained as forewoman.

Pallmeyer acceded to the jury's requests, noting in a written response that there are no court holidays in April but that Passover begins on April 12 and Good Friday occurs on April 14.

"You are free to set your own schedule for deliberations," the judge wrote.

The six-man, six-woman jury deliberated for about 5½ hours Wednesday before recessing for the night. Deliberations are scheduled to resume Thursday morning.

In the initial deliberations, jurors didn't meet on Fridays, keeping to the schedule set during the 5½-month trial.

On Wednesday, at least a couple of the jurors were seen exercising during breaks in a stairwell in the high-rise Dirksen U.S. Courthouse as they had during the initial deliberations.

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Former FBI Agents Rally Behind Colleague Suspected Of NY Mob Ties (NSDY/AP)

By Tom Hays, Associated Press Writer
Long Island Newsday, March 30, 2006

NEW YORK -- Several former high-ranking FBI agents have launched a campaign to help a fellow mob investigator fight allegations that have haunted him for well over a decade _ that he traded deadly secrets with the mob.

The retired agent, R. Lindley DeVecchio, planned to surrender Wednesday night at the Brooklyn district attorney's office to face undisclosed criminal charges, his supporters said.

"We all know Lin, and we all know he's not capable of doing these kinds of things," said James Kossler, a former supervisor with the FBI's New York office. "This is like a bad movie. ... It's so sad it could happen to a guy like this."

Prosecutors were expected to announce an indictment against DeVecchio on Thursday. They declined to discuss the case Wednesday.

Authorities have said an investigation revisited DeVecchio's past relationship with Gregory Scarpa Jr. _ a ruthless Colombo crime family captain he had recruited as an informant _ and whether the agent provided information that helped the gangster knock off rivals in the 1980s and '90s.

If indicted, DeVecchio, 65, would "deny the charges in the strongest way possible," said his attorney, Mark Bederow. "He's innocent."

Kossler, former FBI assistant director James Kallstrom, ex-agent Joe Pistone, known for infiltrating the mob as Donnie Brasco, and other supporters from the federal law enforcement community have begun raising money for DeVecchio's defense on a Web site. The site notes that the agent already was cleared in previous investigations, and it attributes the renewed allegations to convicted mob turncoats eager to lie in exchange for leniency.

DeVecchio headed the FBI's Colombo squad while the crime family was embroiled in a bloody power struggle. After Scarpa became an informant, they became so close the mobster referred to the agent as his "girlfriend" when speaking in code.

Federal prosecutors revealed in 1995 that they suspected that DeVecchio provided Scarpa the names of other gangsters cooperating with the FBI. He also was accused of tipping off his gangster friend that the Drug Enforcement Administration was planning to arrest his son and that authorities had bugged his social club.

But the Department of Justice declined to prosecute DeVecchio after an internal probe, and the agent quietly retired in 1996.

Scarpa died in prison in 1994 after contracting HIV in a blood transfusion from one of his crime family associates.

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'I Have No Clue On Mafia Charges' (NYDN)

By Angela Mosconi, Special To The News
New York Daily News, March 30, 2006

ABOARD DELTA FLIGHT 2057 - In the last moments before his surrender, former FBI agent Lindley DeVecchio insisted he was no mob mole.

In an exclusive interview, DeVecchio said his imminent indictment was a complete mystery to him.

"Maybe you can enlighten me about all of this," he smiled. "Maybe you can tell me what it's all about."

From his window seat toward the rear of the flight from Tampa to New York, DeVecchio tried to dance around the indictment, saying firmly, "I can't talk about it right now."

He kept silent hours later, ignoring a barrage of questions from reporters outside the Brooklyn district attorney's office, where he surrendered.

But on the plane, DeVecchio pointed out that a previous investigation by the FBI's Office of Professional Responsibility found nothing amiss - certainly nothing that would support allegations that he gave Mafia capo Greg Scarpa Sr. secret intelligence that helped the mobster track and kill rivals and informants for more than eight years ending in 1992.

"I was cleared by the OPR," he said. Then the tanned but tired-looking suspect sighed and said, "You'll have to ask the DA about this \[new charges\]."

DeVecchio, 65, appeared calm when he arrived at Tampa Airport in plenty of time for his 12:45 p.m. flight, casually clad in a navy pinstriped shirt, jeans and white sneakers.

But he got progressively more nervous, talking quickly to someone on his cell phone and eyeballing other passengers suspiciously.

Between short naps on the flight, DeVecchio chewed vigorously on strawberry-flavored gum, drank sparkling water, repeatedly sighed and often checked his silver-gold Rolex. He watched President Bush talk about Iraq on TV for a while, then changed the channel to a documentary on Benjamin Franklin and a story about hurricanes.

Twenty minutes before landing, a reporter approached him.

"How did you find me?" he asked incredulously. "I'm really impressed. . . . You're in the wrong line of work."

During the 21/2-hour flight to LaGuardia, DeVecchio admitted, "I'm surrendering tonight, but I certainly would feel better if this wasn't so."

Then the conversation shifted to DeVecchio's home in Sarasota, Fla.

"It's very nice," he said wistfully, looking out the window at Queens. "It's quiet there."

Later, DeVecchio's lawyer, Mark Bederow, said of the 33-year FBI agent, "He's innocent. These are baseless allegations that are predicated on fabricated testimony. "My client was a distinguished agent with an exemplary career," he said.

Some high-ranking agents who once worked with DeVecchio have set up a Web site to raise money for his defense. They've also called for a big turnout at DeVecchio's arraignment today. DeVecchio wouldn't talk about his relationship with the late Scarpa, a mob informant he handled.

"But I do know where I'll be staying, courtesy of the DA," he joked. "The Brooklyn Detention Center."

Not just yet. DeVecchio spent last night under guard on a cot in the DA's office.

With Nancie L. Katz

G-MAN BLOOD MONEY (NYPOST)

By Murray Weiss

The New York Post, March 30, 2006

FBI AGENT CASHED IN AS MAFIA SLAY MOLE: DA

ROGUE FBI top gun Lindley DeVecchio allegedly raked in hundreds of thousands of dollars in bribes from a murderous Mafia chieftain in exchange for selling him federal secrets and helping participate in at least four gangland assassinations, The Post has learned.

Exposing one of the worst corruption scandals in U.S. history, investigators from the office of Brooklyn DA Charles Hynes have unearthed a mountain of shocking new evidence - including witnesses from both sides of the law - unmasking DeVecchio's unholy alliance with fearsome Colombo crime family acting boss Gregory Scarpa Sr., who was known inside the Mafia as "The Grim Reaper."

DeVecchio turned himself in to prosecutors in Brooklyn last night. An indictment against him is expected to be unsealed as early as today.

DeVecchio's lawyer, Douglas Grover, would not comment on the case.

"We'll save it for the courtroom," he said.

For more than a decade, DeVecchio - a supervisory special agent in charge of the Colombo family squad - allegedly served as a mole, enabling Scarpa's brutal empire to eliminate government informants in their ranks, competitors trying to poach their territory and anyone who was a possible threat to his faction during the infamous Colombo wars.

In one vicious execution, DeVecchio allegedly called Scarpa "in a panic" and ordered him to kill Patrick Porco, 18, after learning from his agents in the FBI's Colombo squad that Porco had been hauled into the 62nd Precinct station house for questioning on a murder.

"You have to kill him," DeVecchio allegedly told his mob crony.

The evidence against DeVecchio in three other murders is just as startling:

* After beautiful Mary Bari was lured to her execution - partly because DeVecchio said she was a rat - he allegedly voiced his amazement that the body of Colombo big Alphonse "Allie Boy" Persico's former girlfriend was dumped on a street so close to Scarpa's Bensonhurst home.

"You got some pair of balls," DeVecchio told Scarpa, sources said, describing an account from a new witness who testified before the grand jury.

The ravishing Bari showed up for a job interview at a Scarpa-connected club wearing a halter top and high heels, and Scarpa greeted her initially with a playful hug around her head and then started squeezing her down to the floor where she was shot three times, including once behind the ear - a Scarpa trademark - to ensure she was dead.

"They dumped her on the street like the garbage," one investigator said.

* DeVecchio allegedly used his FBI squad to track the movements of a Scarpa rival, Lorenzo Lampasi, and provided Scarpa with the FBI's insight of him in order for Scarpa's hit team to best catch him by surprise.

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And they did - easily stepping up to Lampasi, just as DeVecchio had predicted, after Lampasi exited his car on May 1992 to lock a gate behind him outside his Brooklyn home.

* It was DeVecchio who allegedly instructed Scarpa to whack another of his disloyal underlings, Joseph DeDomenico, after learning from his FBI organized-crime investigators that DeDomenico was pulling off burglaries behind Scarpa's back.

The FBI supervisor allegedly believed DeDomenico had to go - after all, he was not "kicking up" any profits to Scarpa. DeDomenico was killed inside his Buick Regal on Sept. 17, 1987.

Law-enforcement officials familiar with DeVecchio investigation and the separate case involving two retired NYPD detectives dubbed the "Mafia cops" - also largely unmasked by Hynes' investigators - say DeVecchio is a "more horrendous instance of corruption."

"DeVecchio was a boss, a supervisor," one source said. "He was not just some detective, or two. You don't see cases with federal law-enforcement officials in position with the ability to cover up because they are the head of a squad or unit. He was getting the intelligence - and using it to kill people."

And his motives: greed and adulation from his bosses.

DeVecchio was allegedly paid hundreds of thousands of dollars from the Colombo crime family - often in cash stuffed in envelopes - and was so brazen, he even pocketed money the feds had earmarked for Scarpa as payment for being an informant.

That money totaled more than $60,000, witnesses have told the DA.

DeVecchio's shocking indictment culminates nearly four decades of criminal activity involving the mercenary Scarpa.

Scarpa himself became a secret informant in the 1960s, working for the FBI and acting as a double agent inside in the Colombo crime family, ensuring he had an "insurance policy" against prosecution.

At the time, Scarpa - known as a ruthless hood who enjoyed killing - was also a flashy dresser who often carried a $5,000 wad of cash, with homes on Sutton Place, Las Vegas and in Brooklyn and Staten Island.

A rising star in the Colombo family, Scarpa would years later align himself with the faction run by mob boss Carmine Persico when a war broke out with a faction headed by Vic Orena, who refused to give up the family's reins to Persico's son, "Allie Boy."

By the 1970s, Scarpa was a top capo operating a Bensonhurst crew and was arrested numerous times on weapons charges, assault, fencing hijacked liquor, bookmaking and loan-sharking, but barely spent time in jail.

Around 1980, DeVecchio took over the Colombo FBI squad and "reactivated" Scarpa as a mole. He used him virtually up until the time Scarpa went to jail and died of AIDS, and DeVecchio's alleged wrongdoing surfaced.

By then, his Colombo crime family was roiled in an internal war that left a dozen bodies across the city.

In 1994, Scarpa died at age 66 - just as his secret life as an FBI mole surfaced.

His son, Gregory Jr., tried to blow the whistle on DeVecchio, and ultimately prompted a congressional inquiry by William Delahunt, a Massachusetts Democrat on the Judiciary Committee.

Delahunt enlisted the help of forensic investigator Angela Clemente to assist in the probing the sordid tale, which got the attention of writers such as Peter Lance.

In February 2005, the congressman decided to hand off his thick files on Scarpa to Hynes, whose office was making news chasing crooked judges, political boss Clarence Norman and the alleged mob cops.

The DA initially probed the long-running allegation that DeVecchio had pulled a FBI surveillance team off Colombo capo Nicholas Grancio so that Scarpa could whack him.

Allegations that DeVecchio helped set up Grancio had swirled for years and he had been investigated by the FBI's internal inspections unit, which cleared DeVecchio because the agents left Grancio by coincidence to attend a meeting.

But investigators discovered the real events of that fateful day - Scarpa had a police scanner with a secret FBI frequency and heard when the FBI agents departed.

That evidence started the chain of events that led to DeVecchio's indictment in the four other murders.

Hit Suspects To Join Mob-linked G-Man (NYDN)

By William Sherman, Daily News Staff Writer

New York Daily News, March 30, 2006

Two hit men who allegedly killed targets pointed out by retired FBI agent Lindley DeVecchio will be arraigned alongside him this afternoon, the Daily News has learned.

The thugs were arrested this week and charged separately in the slaying of a beautiful mob moll and a 17-year-old boy, sources said.

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Raven-haired beauty Mary Bari and teen Patrick Porco were killed after DeVecchio allegedly told Mafia capo Greg Scarpa Sr. that they were informants squealing on the Colombo crime family about drug dealing and murder, sources said.

DeVecchio, an FBI agent for 33 years, had a close relationship with Scarpa, who was a secret mob informer.

DeVecchio, 65, allegedly provided Scarpa with FBI intelligence on Scarpa's rivals and helped protect his criminal turf.

Investigators also are tracking down large cash payments from Scarpa to DeVecchio.

The identities of the two hit men were not available last night, but both are former soldiers in Scarpa's crew, sources said. It was unclear whether the two would be offered plea deals to testify against DeVecchio.

One of the hit men allegedly killed Porco in 1989 after DeVecchio allegedly tipped off Scarpa that Porco was going to tell cops that Scarpa's sons, including Greg Jr., were involved in drugs and murder.

The second hit man is being charged with Bari's 1984 murder, which allegedly occurred after DeVecchio told Scarpa that Bari, 31, was a paid informant for the FBI.

Bari was the sometime girlfriend of Colombo boss Alphonse (Allie Boy) Persico, a close ally of Scarpa.

After DeVecchio allegedly told the elder Scarpa that Bari was an informant, she was invited to a mob social club in Bensonhurst, Brooklyn, where she was shot to death. Her body was later found dumped in the street.

DeVecchio also is under indictment for the 1987 murder of Joseph (Joe Brewster) DeDomenico as well as the death of mob associate Larry Lampesi in 1992.

Ex-FBI Agent To Be Charged In Gangland Murders (ABC)

By RICHARD ESPOSITO

ABC News, March 30, 2006

Four-Count Indictment Alleges Agent Kept Mobster Informant Informed

NEW YORK, March 29, 2006 — For 30 years, he was one of the FBI 's most important mob busters, but now he is about to be formally charged with helping one mobster commit murder.

Lindley DeVecchio, once a highly respected FBI agent, is expected to be arraigned on second degree murder charges in New York on Thursday for providing specific, "detailed information" to Brooklyn mobster Gregory Scarpa Sr. that enabled the Colombo family captain to eliminate underworld rivals.

DeVecchio was Scarpa's handler, and Scarpa was more than an ordinary stool pigeon — he had also allegedly served as muscle for the FBI when the bureau needed some extra-legal assistance in making difficult cases. As a result, he was allegedly accorded special, sometimes questionable favors, including tips on coming indictments that allowed Scarpa's associates to skip town in advance. But in aiding his informant to commit murder, prosecutors now allege that DeVecchio went too far in protecting his valuable mob asset. Law enforcement sources say DeVecchio may have also enriched himself in the process.

DeVecchio is expected to voluntarily surrender to authorities tonight on four counts of second degree murder contained in the still-sealed indictment that was handed down last week by a Brooklyn grand jury, law enforcement sources and DeVecchio's attorney confirm.

"We've been advised that there is an indictment filed. We have been asked to surrender today," says DeVecchio's attorney, Douglas Grover, a former senior special attorney for the Justice Department's Brooklyn-based Organized Crime Strike Force.

DeVecchio's indictment is the latest chapter in a long, controversial relationship between the FBI and Scarpa that law enforcement sources say dates back to the 1960s and includes the FBI's use of Scarpa to punch, kidnap and pistol-whip suspects. In this relationship, law enforcement sources say, Scarpa served as a well-placed mob stool pigeon who provided the FBI with decades of information against his underworld rivals. In turn, the FBI provided Scarpa with information that allowed his mob associates to skip town before they were indicted, according to law enforcement sources and multiple published reports.

G-Sting: First Witnesses Testify (KLAS-TV)

KLAS-TV, March 30, 2006

Prosecutors in the G-Sting political corruption will call one of their two star witnesses to the stand Thursday morning -- a witness who will acknowledge she took bribes from strip club owner Mike Galardi.

New assertions that a conspiracy did not exist between Mike Galardi and Dario Herrera surfaced Wednesday, as well as new information about Mary Kincaid-Chauncey's finances.

On Thursday, this trial is going to be about two words: Erin Kenny.

The former county commissioner took bribes from Galardi to help license his "Jaguars strip club." Through a plea deal, Kenny will testify for federal prosecutors and provide a link from Galardi to Kincaid-Chauncey and Herrera.

Jerry Bernstein commented, "That will be interesting. We're looking forward to it."

Bernstein, Dario Herrera's attorney, can't wait for Kenny to take the stand. In court Wednesday, Bernstein played a series of wiretaps from Dec. 2002 of Mike Galardi and Lance Malone on which both made several attempts to contact Herrera that month.

In one wiretap, Galardi says, "I tried Dario. Now it says his phone's not even workin'."

Bernstein wonders that if Herrera was getting paid thousands a month by Galardi, wouldn't he have stayed in touch?

It was also an important day for Mary Kincaid-Chauncey. Her attorney, Richard Wright, said, "There isn't any trace of any money ever being spent in any way or being received other than that which she admits to."

Wright questioned FBI Agent Christopher Byers about a financial investigation the agency conduct on Kincaid-Chauncey. In court, Byers testified: "There was no significant trend of spending or purchases that I observed."

Kincaid-Chauncey acknowledges receiving $5,000 for a grandson's ski school tuition and $3,800 for her son's North Las Vegas City Council campaign. But Wright asserts Kincaid-Chauncey solicited those funds as donations, not bribes.

The G-Sting trial resumes Thursday at 8:30 a.m. at George Federal Court. Again, Erin Kenny will take the witness stand.

George Federal Courthouse -- March 29 -- 1:10 p.m.

Dario Herrera's attorney Jerry Bernstein told the jury prosecutors were attempting to mislead them by playing a Nov. 2002 wiretap where Lance Malone tells Herrera, quote, "Mike wanted me to sit down with you and see what we could come up with before you leave."

At the time Herrera had lost a race for congress and was going to be leaving the county commission in about a month and a half.

Prosecutors implied this wiretap shows one last collaboration on Galardi's behalf, but Bernstein played three wiretaps from Dec. of 2002, wiretaps the prosecutors did not play were Malone and Galardi complain about not being able to get in touch with Herrera.

Bernstein says this shows Herrera wanted nothing to do with them and was never a part of their team.

FBI Agent Byers also testified the agency wiretapped the OnStar communication system in Malone's car and tried to bug a booth at Ruth's Chris Steak House on Paradise Road, a frequent hangout of Herrera's.

George Federal Courthouse -- March 29 -- 10:15 a.m.

FBI agent Christopher Byers testified this morning that for a 10-month period in 2002, his agency had an inside informant working at Mike Galardi's Cheetahs strip club. The insider is identified as Tony Montanya and Byers testified while he worked at Cheetahs he wore a concealed audio recorder.

Upon cross-examination by Dario Herrera's attorney Jerry Bernstein, Byers told the court Montanya never saw Herrera or recorded any conversation where Herrera or bribes were discussed.

Of the four remaining Clark County commissioners who served during the time of the G-Sting investigation, only three have been interviewed by the FBI -- Bruce Woodbury, Myrna Williams, and Chip Maxfield were interviewed by FBI agents last month. Commissioner Yvonne Atkinson-Gates has never been interviewed. Bernstein did not ask Byers why.

Bernstein also continued to work on chipping away at the credibility of Galardi lobbyist Lance Malone.

In Aug. of 2002, Mary Kincaid-Chauncey asked for the reconsideration of an adult use ordinance that Mike Galardi didn't like.

In a wiretap, Malone asks Kincaid-Chauncey to tell anyone who asks that it was Malone's idea to ask for reconsideration, not hers.

In an Oct. 2002 wiretap, Lance Malone and then County Commissioner Erin Kenny discussed misleading Galardi about support for an annexation plan that would have moved Galardi's strip club Jaguars from Clark County to the city of Las Vegas.

Defense attorneys say Malone is a lair and what he says on FBI wiretaps can not be depended on.

(APP)

By Will Conroy

Asbury Park (NJ) Press, March 29, 2006

NEWARK — Two men who conspired to commit mortgage fraud so they could profit from the sale of dilapidated properties in Essex County and elsewhere were sentenced to prison terms Monday.

Barry Fauntleroy, 40, formerly of Mendham, who pleaded guilty in September, was sentenced to 21 months in federal prison for his role in getting the federal Department of Housing and Urban Development to insure loans to unqualified home buyers.

He also was ordered by U.S. District Court Judge Joseph A. Greenaway Jr. to pay $524,000 in restitution, according to the U.S. Attorney's Office. He paid $25,000 of that Monday, authorities said.

Fauntleroy was one of the subjects of a 1998 Asbury Park Press home-sales investigation of a previous scheme that used similar methods in Monmouth County.

Another principal in the Essex County scheme who pleaded guilty, Devon Bowie, 54, of Malverne, N.Y., was sentenced Friday to 12 months in prison and ordered to pay $500,000 in restitution.

Peter Port, 52, of Roslyn, N.Y., a lawyer who also pleaded guilty, was sentenced last week to five months in jail and paid restitution and a fine totaling $510,000.

Fauntleroy and Bowie were indicted last June for their actions in Essex County. The indictment charged that from at least June 1999 through July 2001, Fauntleroy conspired with Bowie and others to prepare falsified loan applications, which were submitted to the Federal Housing Administration.

Bowie was president of Neighborhood Mortgage Bankers Co. in Elmsford, N.Y. Fauntleroy was president of EON Institute Inc., a real estate holding company and controlled a bank account in the name of Neighborhood Holdings LLC., government authorities said.

Prior to Fauntleroy's operations in Essex County, he headed Mortgage Acceptance Corp., Floral Park, N.Y.

A 1998 Asbury Park Press investigation found that Fauntleroy's brother, Thomas Fauntleroy, and his associates bought at least 58 houses in rundown sections of Asbury Park, Neptune and Long Branch between October 1996 and March 1998, selling them quickly at inflated prices to first-time buyers.

As a result of the Press series, Barry Fauntleroy's company was banned from making additional FHA-backed loans without extra oversight. The company subsequently shut down. Forty-two of the loans were insured by the FHA.

In 2004, a Wall lawyer, Allen J. Meyer, was sentenced to a year in prison for his role in that scheme.

Ex-Mendham Investor Sentenced In Mortgage Scam (MOCDR)

Morris County (NJ) Daily Record, March 30, 2006

Real-estate businessman, 40, admits he conspired tofalsify home loan papers

NEWARK -- A real-estate investor formerly from Mendham was sentenced to 21 months in federal prison for conspiring with others to commit mortgage fraud.

Barry Fauntleroy, 40, who had been living in Mendham but now lives in Atlanta, was also ordered Monday to pay $524,000 in restitution, according to a statement from U.S. Attorney Chris Christie.

Fauntleroy was president of EON Institute Inc., a real estate holding company. He had pleaded guilty last year to charges that he conspired with others to commit mortgage fraud by arranging federal loans for unqualified buyers.

Authorities said that from at least June 1999, through July 2001, Fauntleroy conspired with Devon Bowie, 53, of Malverne, N.Y., and others to prepare falsified loan applications. The applications were submitted to the Federal Housing Administration and related to loans insured by HUD. Bowie was president of Neighborhood Mortgage Bankers Company of Elmsford, N.Y.

Fauntleroy acknowledged that he and others recruited individuals with relatively low incomes and promised them they could buy homes in Essex County with little or no money down.

Faked HUD paperwork

He and others then found dilapidated houses and would promise they would be renovated before the sale closed, and that the buyers would get HUD-insured loans to pay for them, authorities said.

Fauntleroy admitted that, on the HUD loan applications, his co-conspirators created and submitted false and fictitious bank statements, leases, IRS W-2 forms, verifications of past mortgage payments, pay stubs, attorney escrow letters, gift letters, verification of employment, real property appraisals and deposit checks.

Bowie was sentenced Friday to 12 months in prison and ordered to pay $500,000 in restitution. Bowie had also pleaded guilty to one count of conspiracy.

Peter Port, 52, of Roslyn, N.Y., an attorney, was a title agent on many of the properties involved and a co-investor with Fauntleroy. He pleaded guilty to one count of false statements for producing false documents used in the scheme. He was sentenced March 21 to five months in prison and ordered to pay $500,000 plus a $10,000 fine.

A Grudging Guilty Plea By Ex-judge In Extortion Case (KNOXNS)

By Jamie Satterfield

Knoxville News Sentinel (TN), March 30, 2006

Complaint centered on kickbacks ordered by Austin

Former Roane County General Sessions Court Judge Thomas Alva Austin served up his guilty plea to federal extortion charges Wednesday with a side of caveats.

"Do you agree that is what you did?" U.S. District Court Judge Thomas Phillips asked Austin after Assistant U.S. Attorney Charles Atchley outlined bare-bones details of the case against the ex-judge.

"Your Honor, I entered a plea agreement and accepted responsibility of those charges," Austin responded. "I do agree that I did part of that. I don't agree with every word that is in that (account)."

Austin's complaint centered on allegations that he forced kickbacks from two driving school instructors and a probation office chief.

"As far as any demands or any pressure or any deals like that, I have never agreed that that ever happened," Austin told Phillips at Wednesday's hearing. "I do understand that my part in it was criminal conduct on my part."

His disclaimer made Phillips uneasy about accepting Austin's plea.

"I am not sure exactly what you are saying, Mr. Austin," Phillips said. "Are you saying that part of the factual basis of the plea is incorrect?"

Before Austin, 57, could answer, defense attorney Gregory P. Isaacs asked for a quick huddle with the former judge and fellow lawyer Jerrold L. Becker.

"Judge Austin has some concerns about an adjective that was used," Isaacs later explained to Phillips. "After talking to Judge Austin, he agrees the factual basis is correct."

Phillips pressed Austin for an unequivocal plea.

"Mr. Austin, I need to make sure," Phillips said. "Do you agree with what that factual basis says or not?"

Austin responded, "Yes, sir, I do."

"How do you plead - guilty or not guilty?" Phillips asked.

"Guilty," Austin answered.

Austin, who resigned last week from a judgeship he had held for 27 years, was accused of using his position as a judge to extort a portion of the proceeds from two driving schools in Roane County and a private probation firm.

He was arrested in January after a probe by the FBI and the Tennessee Bureau of Investigation, which included secret videotapes and audiotapes of conversations and transactions that Atchley has said support the extortion charges.

Austin admits to taking roughly $14,000 in kickbacks in a six-month period in 2005. FBI Agent Robert Gibson, who led the investigation, has alleged in a search warrant affidavit that Austin had been extorting kickbacks from the driving school program he created for a decade and collected as much as $100,000.

The affidavit also included allegations that Austin regularly smoked marijuana.

Atchley has stated in court records that he plans to trot out evidence at Austin's upcoming sentencing hearing in August to show the "full scope" of the judge's criminal activity.

Austin, who is free on bond, likely faces no more than four years in prison under federal sentencing guidelines. Isaacs and Becker will push for a much lower sentence.

"We look forward to this journey to justice," Isaacs said after the hearing.

Jamie Satterfield may be reached at 865-342-6308.

More Fumo File Deletions Alleged (PHI)

By John Shiffman

The Philadelphia Inquirer, March 30, 2006

Federal authorities think they have discovered another trail of deleted e-mails involving State Sen. Vincent J. Fumo - this time in his Senate office.

A trusted Fumo aide, Ruth Arnao, is already a target of the investigation, facing possible charges for allegedly deleting e-mails in the office of a charity linked to the senator.

Now, authorities think they have found evidence that someone else - not Arnao - tried to destroy e-mails on the Senate computers after the FBI investigation surfaced, people familiar with the matter said.

That person's identity could not be determined.

Some of the new details in the case became public yesterday during a federal appeals court hearing in Philadelphia.

A lawyer for the Senate and a federal prosecutor argued over whether the FBI had a right to seize hard drives from computers in Fumo's government offices. A decision is expected soon.

For more than two years, federal authorities have been investigating whether the Fumo-backed charity, Citizens' Alliance for Better Neighborhoods, violated a federal law that prohibits nonprofit organizations from engaging in political activity. For example, public records show that the charity spent $215,000 for political polling.

The grand jury is also pursuing allegations of obstruction of justice - that someone destroyed e-mails and documents after learning the FBI investigation had begun.

Fumo's attorney, Richard Sprague, did not attend yesterday's arguments and did not return a phone call afterward. On Monday, Fumo predicted that the investigation would "go nowhere" and suggested that the Bush White House was behind the probe.

Fumo has no official title with Citizens' Alliance, started in 1991 by Arnao and two Fumo aides, but he has been responsible for most of its generous funding. He has referred to it as "my nonprofit."

Citizens' Alliance works to clean streets and rejuvenate businesses in Fumo's district. Yesterday, it announced a $100,000 donation to the Metropolitan AIDS Neighborhood Nutrition Alliance.

The grand jury investigation stems in part from an Inquirer report in 2003 that Fumo and Peco Energy Co. had a secret deal under which the utility donated $17 million to the charity during negotiations on Peco's rates.

The Inquirer reported in January that a computer technician in Fumo's government offices, Donald J. Wilson, had been granted immunity in the case. His attorney, Mark Cedrone, did not return phone calls.

Until this month, there were no official statements about the investigation. Details became public during two unusual hearings before the U.S. Court of Appeals for the Third Circuit. The first, March 9, was brought by Arnao's attorney.

Yesterday's hearing came from an appeal by the state Senate, arguing that the FBI had no right to seize records from senators' legislative offices.

Assistant U.S. Attorney John J. Pease told the court that the FBI examined the government hard drives to try "to understand why certain e-mails no longer exist." Pease said the FBI needed the complete hard drives, not just files, because it had to search for evidence of deleted e-mail.

The seized hard drives hold more than 550,000 files, many of which are e-mails and attached documents.

C. Clark Hodgson Jr., a Philadelphia lawyer representing the Senate, said the computers contain communications related to inner workings of the legislature - things the FBI has no right to see.

A 1980 Supreme Court decision authorizes federal agents to seize documents from state lawmakers' offices, but Hodgson asked the judges to revisit that decision. The court could not have foreseen the advent of e-mail, he said.

The circuit judges - Theodore A. McKee, Maryanne Trump Barry, and Franklin S. Van Antwerpen - were openly hostile to Hodgson's suggestion that Senate officials be permitted to review legislative documents before they are turned over to the FBI.

"Why should the government trust you?" Van Antwerpen said. Referring to Richard Nixon's reluctance to provide his Watergate tapes, the judge added: "I seem to remember a certain person who said, 'You don't need all these transcripts. I'll have my secretary, Rosemary Woods, transcribe them.' "

Sources: Feds Seized Fumo's Computer Files (PHI)

By Michael Hinkelman

The Philadelphia Inquirer, March 30, 2006

Federal prosecutors revealed at a hearing yesterday that they have seized 550,000 computer files, mostly e-mails, from the state Senate as part of an ongoing grand-jury probe.

Prosecutors did not identify whose files they took, but sources said the hearing was related to the seizure of files and computers from state Sen. Vince Fumo's legislative offices in February 2005.

Fumo has said he has done nothing wrong and is cooperating with the investigation, which began in January 2004.

Prosecutors also revealed yesterday that they had completed a "forensic analysis" of the computers' hard drives.

The focus of the hearing in federal appeals court was how much latitude prosecutors have in dealing with the Legislature.

At issue is whether the computer files are protected by a "legislative-immunity privilege" and thus unable to be used as evidence for an indictment.

C. Clark Hodgson Jr., a lawyer representing the state Senate, argued that the "privilege isn't lost by a random act of the [federal] government."

He said he was concerned that "thousands and thousands" of pages of sensitive legislative communications could be made public.

Hodgson suggested that federal authorities and Senate staffers - or even an independent third party appointed by the court - should review all the computer files to determine which e-mails are pertinent to the investigation.

Assistant U.S. Attorney John J. Pease contended that the Senate was attempting to "slow down" the grand-jury investigation.

Neither Hodgson nor federal prosecutors would comment after the hearing.

The state Senate had asked U.S. District Judge Robert F. Kelly last April to prohibit the feds from keeping any records related to legislative matters, such as communications between a senator and a staffer about legislation.

Kelly denied the request, and the state Senate appealed to the U.S. Court of Appeals for the Third Circuit.

Judges were skeptical of Hodgson's argument that internal legislative communications are protected.

"The legislative privilege can be overcome," said Judge Theodore A. McKee, citing a U.S. Supreme Court decision, if the computer files seized from legislative offices show "prima facie" evidence of criminal misconduct.

Hodgson conceded that the privilege would not apply in that case.

Assistant U.S. Attorney Pease ridiculed the idea that sensitive legislative matters could be made public.

"This is subject to grand-jury secrecy. This isn't about somebody on the street, a busybody, invading the business of the Senate," he said.

The judges did not indicate when they would rule.

Dougherty's Union Sues WPVI-TV Over News Report (PHI)

By Michael Currie Schaffer

The Philadelphia Inquirer, March 30, 2006

John J. Dougherty, electricians' union leader, city Democratic treasurer, Philadelphia mayoral hopeful, has opened a new front in the political wars that have enveloped him in recent months.

But where Dougherty's other recent battles have been behind-the-scenes struggles with fellow Democratic power brokers, the latest engagement comes in the form of a lawsuit pitting his International Brotherhood of Electrical Workers Local 98 against ABC affiliate WPVI-TV (Channel 6).

In a suit filed yesterday in Common Pleas Court, the union claims it was defamed by a WPVI news report that said federal investigators were pressuring convicted City Councilman Rick Mariano to provide potential information for a probe of Dougherty's relationship with a local electrical contractor.

"The broadcast left the unmistakable impression... that federal prosecutors were attempting to parlay Mariano's guilty verdict into an opportunity for Mariano to give up allegedly incriminating evidence about IBEW Local 98 and its business manager," the complaint reads.

The union's lawsuit says the report was "fabricated."

WPVI spokeswoman Caroline Welch said she had not seen the suit, and because of that "it would be premature to comment."

At a news conference yesterday, Local 98 attorney George Bochetto said there was no way Mariano could have received such pressure in the time between his midafternoon corruption conviction March 17 and the station's 6 p.m. newscast that night, as he said the report implied.

"It didn't happen, and to suggest that it did suggests that IBEW has somehow done something wrong," Bochetto said. "They haven't."

IBEW is asking for at least $50,000 plus unspecified punitive damages. Bochetto said he also wanted a retraction.

Federal authorities last month subpoenaed records from the city's Redevelopment Agency, which Dougherty chairs, as part what people familiar with the matter told The Inquirer was an investigation of the labor practices of the contractor, Donald Dougherty, unrelated to the Local 98 leader but an old friend of his.

At the news conference, Bochetto was joined by seven IBEW officials - but not Dougherty, the only IBEW official named in the broadcast.

"John Dougherty has nothing to do with the lawsuit," Bochetto said. "He has not been involved in any aspect of it."

A call to Dougherty's spokesman, Frank Keel, was not returned yesterday.

The U.S. Attorney's Office declined comment.

"We're not going to comment on the underlying facts of the suit," said U.S. Attorney's spokesman Rich Manieri. "We understand from the attorneys for Local 98 that they don't believe the U.S. Attorney's Office or the FBI did anything improper."

Mariano's attorney, Nino V. Tinari, could not be reached for comment. After Mariano was freed on bail pending sentencing Tuesday, Tinari refused to address questions about whether his client was cooperating in any other investigations.

Dougherty, who used lavish political donations and the ability to mobilize a loyal cadre of activists to make himself the city's most politically powerful labor leader, has seen his Democratic Party standing fall in recent months amid acrimony with several longtime allies.

The high-profile feud has included clashes with Mayor Street, U.S. Rep Bob Brady, and Mariano, a onetime protégé.

WPVI Is Sued Over Report On Johnny Doc (PHI)

By Catherine Lucey

The Philadelphia Inquirer, March 30, 2006

DOJ_NMG_0024122

The electricans' union yesterday filed a lawsuit against WPVI-TV, Channel 6, alleging that a recent report on the station falsely claimed that union leader John Dougherty was being investigated by the feds.

The suit targets a report that the station aired March 17 about Councilman Rick Mariano's conviction on corruption charges.

The story, by reporter Dann Cuellar, said federal authorities were pressuring Mariano to give them information that would help their probe into the relationship between John Dougherty and electrician Donald "Gus" Dougherty, the suit says.

Gus Dougherty, who is not related to the union leader, runs Dougherty Electric, from which documents were seized in late January by FBI, IRS and Labor Department agents.

The suit, by Local 98 of the International Brotherhood of Electrical Workers, claims that Cuellar's report had been "fabricated purely for sensational purposes."

The union is asking for a retraction and damages in excess of $50,000.

"That didn't happen," union lawyer George Bochetto said of the Channel 6 report. "The councilman was not being pressured."

John Dougherty, who is considered a likely candidate in the 2007 Democratic mayoral primary, did not comment on the suit. Nor did he appear at a press conference at Bochetto's Center City law office that was attended by seven members of IBEW's leadership.

Bochetto insisted the case was not about Dougherty's political ambitions.

"This is not a political move," Bochetto said. "This has nothing to do with the mayor's race or anything else."

Bochetto would not detail his plans to prove the case. Federal authorities are forbidden to discuss an ongoing investigation, so it's difficult to determine what conversations they have had with Mariano until the Dougherty Electric probe is over.

When asked why he had not waited until then to file a suit, Bochetto said, "This action took place in such a way that there might be additional reports."

Channel 6 spokeswoman Caroline Welch refused to discuss the suit yesterday. Mariano's lawyer did not return a call for comment.

Rich Manieri, a spokesman for the U.S. Attorney's Office, said he could not discuss the suit.

Who's The Shark Now? 'Candygram' Case Delivers Good News For Criminal Defense (LAW)

By Shannon P. Duffy, The Legal Intelligencer

Legal Intelligencer, March 30, 2006

Big wins are so rare for criminal defense lawyers in federal court that one good victory can generate a lot of buzz -- sometimes even earning a nickname.

For attorney Jeffrey M. Lindy, the Feb. 13 decision in United States v. Coles from the 3rd U.S. Circuit Court of Appeals was just such a case and has come to be known among the defense bar as "the Candygram case."

Voting 2-1, the 3rd Circuit agreed with Lindy's argument that evidence of drugs found in a hotel room should have been suppressed by the trial judge because the police had "manufactured" an emergency situation to justify a warrantless search.

The majority concluded that police had used "subterfuge" to gain entry to the hotel room by falsely claiming they were "room service," and, just moments later, that they were maintenance workers sent to fix a leak.

After those two attempts failed, the officers identified themselves as police and then heard the sound of a toilet flushing -- an event that prosecutors said allowed the police to enter immediately due to "exigent circumstances."

But the 3rd Circuit agreed with Lindy and held that the investigative tactics used by the officers had "impermissibly manufactured the exigency."

Defense lawyers have nicknamed the decision "the Candygram case" -- a reference to the classic "Saturday Night Live" skit from the 1970s in which a "land shark" gains entry to an apartment, after several failed attempts, by claiming to be a Candygram deliveryman.

Now Lindy's victory has been sealed because the Justice Department has decided not to pursue a petition to have the case reargued before a 13-judge en banc panel of the 3rd Circuit.

Instead, prosecutors filed a motion to dismiss all charges against Terrance Coles.

In the motion, Assistant U.S. Attorney Robert Zauzmer said "the government has ... determined that, in the absence of the evidence which the 3rd Circuit has held should be suppressed, the prosecution should not proceed."

Chief U.S. District Judge Harvey Bartle III on Tuesday granted the motion, vacated Coles' 11-year prison sentence and ordered that Coles "shall be released from custody immediately."

Judge: D.C. Sniper Can Represent Himself (WP)

DOJ_NMG_0024123

By Ernesto Londoño
The Washington Post, March 30, 2006

Sniper John Allen Muhammad will be allowed to conduct his defense during his murder trial in Montgomery County, a judge ruled yesterday.

While telling Muhammad, "I don't think it's the right decision," Circuit Court Judge James L. Ryan acknowledged that the defendant had a constitutional right to be his own lawyer. He ruled that Muhammad understood the implications of that choice and had shown no sign of incompetence.

"You haven't said anything that wasn't appropriate. You laughed when it was appropriate. You got mad when it was appropriate," Ryan said. "You've convinced me you do understand how serious this is."

Muhammad, who is accused of killing six people in Montgomery during the spree of sniper shootings that terrified the Washington area in 2002, has been sentenced to death in Virginia. During his murder trial in Virginia three years ago, he briefly acted as his own attorney, only to later re-retain his original counsel.

During a hearing yesterday afternoon in Rockville, a visibly exasperated Muhammad found himself in the awkward position of siding with his accusers on a key question: Is he competent to stand trial? He rejected his Maryland attorneys' contention that he is "schizophrenic, psychotic, delusional" and paranoid.

At one point, he interrupted Montgomery County Public Defender Paul DeWolfe as the lawyer outlined a mental health expert's assessment of Muhammad's "brain dysfunction."

"Your honor, can I sit over there with them?" Muhammad blurted out as he looked toward the prosecutors' table, drawing laughter from several people in the courtroom.

Muhammad said a report from a Yale University psychiatrist who was hired by his defense attorneys to provide an assessment of his state of mind was insulting and flawed.

"Your honor, I know no other way of reasoning except by a black man's reasoning. I know no other reality except for a black man's reality," Muhammad said, in one of two instances in which he implied his race was a factor in the case. "She knows no other way of reasoning except for a white woman's reality. . . . It becomes wrong when she tries to take that white reality and impose it on my black reality."

At another point in the hearing, Muhammad compared himself to civil rights leader Rosa Parks, saying: "If I have a mental disorder, then Rosa Parks had a mental disorder because she didn't get off her seat."

Ryan asked Muhammad whether he understood the nature of the charges against him and the consequences he could face if convicted in Maryland.

"Your honor, I'm on death row right now," Muhammad said. "I'm on death row for charges I had nothing to do with. I have a fully understanding of what's going on here."

During the Virginia trial, he said he turned his defense back over to his attorney because a dental condition impaired his ability to present the case. He did deliver the opening statement and cross-examine a witness.

Muhammad told Ryan yesterday that he'd like to have "stand-by" attorneys in the upcoming trial, scheduled to start May 1. The two public defenders who had been representing him said they would consult with their boss in Baltimore to determine what role -- if any -- they'll play in court.

Yesterday's ruling is a setback for DeWolfe and his deputy, Brian Shefferman, who have spent several months sifting through mounds of evidence the state's attorney's office intends to use at trial. The hearing was scheduled after Muhammad sent Ryan a letter expressing his desire to fire his attorneys. Responding to that move, DeWolfe filed a motion arguing that his client was not competent to stand trial or defend himself.

Sniper Mastermind To Defend Self (WT)

By Jon Ward
The Washington Times, March 30, 2006

Convicted sniper mastermind John Allen Muhammad will get a second chance to represent himself in a capital murder trial.

A Montgomery County Circuit judge yesterday granted Muhammad's request to defend himself during a hearing in which Muhammad denounced assertions by his defense attorneys that he is schizophrenic.

"I am a sane individual your honor," said Muhammad, 45, who stood instead of sitting for the entire two-hour hearing. "If I'm incompetent now, I've been incompetent since the day I was born. There is no reason at all that I should not represent myself. It is not my intention to lose. ...This is my life. These people have attacked my life."

Judge James L. Ryan allowed Muhammad to dismiss attorneys Paul B. DeWolfe and Brian Shefferman of Maryland's Office of the Public Defender and relegated them to standby counsel.

Mr. DeWolfe and Mr. Shefferman are expected to learn today whether the agency wants them to continue.

However, Mr. Shefferman said attorneys of that office "typically don't act in [a support] capacity."

Muhammad said he was "fine" with having no legal assistance.

"I came out of my mother's womb all by myself," he said.

Said Mr. DeWolfe: "I think he'll make it through trial, poorly."

The trial is scheduled to begin May 1, with prosecutors seeking life in prison without parole in connection with the fatal shootings of six persons in Montgomery County over three weeks in October 2002.

The judge set a procedural hearing for tomorrow.

Muhammad insists he is innocent of the crimes.

In 2003, a jury in southeastern Virginia found Muhammad guilty of shooting, with an accomplice, 13 random persons in the region during the fall of 2002, killing 10. He was he sentenced to death.

The jury found Muhammad's accomplice, Lee Boyd Malvo, now 21, guilty of helping carry out the shootings, which authorities think included at least nine additional shootings across the country.

Muhammad is believed to have been hunting down his ex-wife, Mildred, who has custody of their three children.

He said yesterday that defense attorneys were "trying to circumvent my rights" by planning an insanity defense, and that he has told them for months that he intended to mount his own defense.

Muhammad was allowed to defend himself two years ago in the trial in Virginia. He argued the case for the first two days, making an opening statement and questioning witnesses, including one shooting victim, then was unable to continue because of an abscess in his mouth.

Muhammad, who is black, made several references to race during the hearing yesterday and said he has been a victim of racism.

"If I have a mental disorder, then Rosa Parks has a mental disorder because she didn't get up off that seat," he said.

Muhammad also said a female psychiatrist hired by his defense attorneys spent a lot of time trying to "tell Muhammad about Muhammad."

"I know no other reality except a black man's reality," he said. "She knows no other way of reasoning, except for a white woman's reality. There's nothing wrong with that. It becomes wrong when she tries to take her white reality, and impose it on my black reality. It is wrong for me to try to impose my black reality on her white reality.... We live in one America, but we live in two different realities."

No More Sugar And Spice: Girl Gangs On Rise In D.C. (WT)

By Gary Emerling

The Washington Times, March 30, 2006

Princess Galloway's days as a D.C. gang member began innocently enough: She and her childhood friends had birthday parties, talked about clothes and held sleepovers at one another's houses.

"It was, like, a normal thing females do," says Princess, 16.

As the girls grew older, the parties became nighttime outings to go-go clubs. Belts and bags were replaced by blades and bats as accessories. A girl gang was born.

"We started fighting when a different female gang from uptown jumped one of our friends," says Princess, an honor roll student at Spingarn High School in Northeast who quit her gang after spending several stints in the Oak Hill Youth Facility for assault. "It just escalated. ... It was a back-and-forth beef."

Princess' story is becoming common in the District, where officials say girl gangs wielding everything from baseball bats to ice picks are on the rise.

Female cliques increasingly are turning schoolyard spats into beatings and turf battles for respect, recognition and attention the girls don't receive at home.

"In the last three years, female activity -- as far as crews and gangs -- has risen," says Bridget T. Miller, coordinator of the District's Youth Gang Task Force. "Nobody wanted to acknowledge it because they thought it was just a short trend, but they failed to realize how dangerous a female can be."

Miss Miller says more than 270 girl gangs and crews operate in the District. The cliques often form in middle schools and center around neighborhoods, clashing over anything from fashion styles to being snubbed at clubs.

"People just hate," says Coco, a 17-year-old who is trying to quit a gang centered in Rosedale in Northeast. "One person will bump you, mug you, put their middle fingers up to you, then we'll start fighting. Fistfights, brick fights, bats -- whatever they feel like they can whoop you with, they'll get."

Members -- who include homosexual boys in some cases -- sometimes color their hair a specific color. Although girl gangs usually don't resort to guns, officials note clashes involving blades, bats and even stun guns.

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"Girls are getting beat with crowbars, they've got knives, [they] get stabbed and cut," says Ronald Moten, founder of the nonprofit Peacoholics, which is sponsoring a forum, "Saving Our Sisters," in May at Howard University. "One girl got killed leaving a club in Southeast, a female got shot by another female.

"It's changing; that's why we got to nip it in the bud."

Sharell Kyle, a former Anacostia High School student who now attends Trinity College, says her school basketball team brawled with rivals from Theodore Roosevelt High School and at least half of her friends have participated in girl gangs.

"A lot of it deals with following, fitting in," says Miss Kyle, 20, who now works for Peacoholics. "Some youths don't have nobody else to look at in their lives, so they turn to the streets."

According to the federal Bureau of Justice Statistics, the number of female state and federal inmates grew 5 percent a year from 1995 to mid-2004. The number of male inmates grew by an average of 3.3 percent during the same period.

In the District, the number of Superior Court cases involving female juveniles increased from 445 in 2003 to 571 in 2004. The number of girls brought before the court for violent offenses jumped from 225 in 2003 to 322 in 2004, a 43 percent increase.

Officials say preliminary court numbers show a slight decrease last year, but the trend is disturbing.

"Women have become more involved in the system for at least a decade," says Anita Josey-Herring, the presiding judge of D.C. Family Court. "We're trying to get ahead of that before the problem becomes insurmountable."

The court in January began its Leaders of Today in Solidarity (LOTS) program, which is staffed only by women and offers girls in the court system community supervision, guidance and support services. Juveniles in the LOTS program will be supervised by Judge Zoe Bush, who will be assigned to monitor their cases.

"A lot of girls get involved with gangs because they're looking to be accepted by their peers," Judge Josey-Herring says. "We're trying to create a community ... so these girls can understand they have a whole lot more to look forward to in life than being a member of a gang."

Tiffany, a 17-year-old mother, says she quit her gang when her priorities changed.

"My baby's father started saying, 'You don't need to be in that to prove yourself,' " she says. "[Now] when I'm gonna fight, I'm gonna fight for my son. It's gonna be a good reason."

Rave Scene Not To Blame, Says Seattle Mayor (USAT)

By Martin Kasindorf

USA Today, March 30, 2006

SEATTLE — Despite seven violent deaths last weekend, the mayor and other city leaders have a reassuring message for the youths who love the all-night music and dancing of the "rave" party scene: Rave on.

Kyle Huff, 28, fatally shot six people and himself Saturday at an early-morning house party after a zombie-themed rave at a performing arts center. It was Seattle's worst crime since 1983, when 13 people were killed at a Chinatown gambling club. And it was the first such incident to mar the Pacific Northwest's rave culture, where partygoers and police have had an accord that some other U.S. localities haven't matched.

As a police task force continues searching for a motive for Huff's rampage, Mayor Greg Nickels told a community meeting Tuesday that the loud, pulsating electronic music featured at rave dances is "not a threat to us."

"We don't know why he picked these particular victims," Nickels told the group. "We do know that this incident was not caused by music — a particular kind of music. It was caused by a disturbed individual who chose to take out his anger or rage on other human beings. As a society, we have got to come to grips with this infatuation that we have with guns."

Travis Webb, 29, a rave dance promoter here, said he had feared a crackdown, in part because two of the victims were girls ages 14 and 15.

Those killed were Melissa Moore, 14; Suzanne Thorne, 15; Christopher Williamson, 21; Justin Schwartz, 22; Jeremy Martin, 26; and Jason Travers, 32.

Raves were an underground phenomenon in the 1980s and '90s. The favored drug at raves was Ecstasy, which mellowed partygoers but gave them energy for nightlong gyration, Webb said. By 2000, raves had gone mainstream, being held in clubs and sports arenas. Fire marshals and off-duty cops patrolled. Use of Ecstasy has declined, but marijuana often is sneaked past security guards, Webb and other promoters say.

Raves have turned violent in some places. At four illegal parties in Los Angeles in 2004, a total of five men were killed and seven were wounded.

But the rave scene in Seattle gave police "no problems to speak of" until Saturday's massacre in the quiet Capitol Hill district, police spokesman Sean Whitcomb said.

"I never thought it would happen in Seattle," said Aaron Chase, 32, a regular at raves.

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At a makeshift memorial outside the rented house where the killings occurred, Shane Wicker, 21, described the close-knit party community as “trusting and accepting everyone.”

Gary Williamson, whose son Christopher was killed, was in tears during a prayer service at the scene of the slayings. He thanked the ravers for accepting a young man who'd “felt like an outcast.” “Your friendships touched him and filled a void that the school couldn't fill, the church couldn't fill,” Williamson said.

Huff moved to Seattle with his twin brother, Kane, five years ago from Whitefish, Mont. The brothers, at 6-foot-5 and 270 pounds, were voted “least spirited” by Whitefish High School classmates because they wouldn't play football or other sports.

Searching now for early signs of trouble, people in Whitefish point to an incident in 2000 when Huff shot at a life-size moose sculpture. The two guns used in the vandalism were those used in Seattle, said Whitefish Assistant Police Chief Mike Ferda.

Wicker said he saw Huff at a rave on March 17. “A couple of my friends were hanging out with him at another after-party,” Wicker said.

Last weekend's rave was promoted with the theme of “Better Off Undead,” and people were invited to wear white face paint, said Webb, who attended. “We focus on themes and costumes to try to pull kids away from drugs, give them a new focus at the events,” Webb said. Pierce Dyer, 20, said the event was like a Halloween party. Webb said security at the zombie rave was “strong,” with four guards checking for guns and drugs at the door and others in the smoking area and on patrol.

Seattle Deputy Police Chief Clark Kimerer said Huff had “premeditated” the slayings that night, loading his pickup with weapons and more than 300 rounds of ammunition. Webb said the guards may have deterred Huff from shooting at the dance.

According to a police affidavit, several of the six men who lived at the Capitol Hill house decided to invite Huff to their party when the rave wound down at 4 a.m. Saturday. None knew him. “Standing on the sidelines,” he gave off “bad vibes” that might be fun at the party, Anthony Moulton, 25, told detectives.

Shortly before 7 a.m., the police affidavit says, Huff left the party. Fetching the weapons from his truck, he spray-painted “NOW” on the front steps of three houses. He approached the porch of the house and started shooting. Police officer Steve Leonard heard the shooting and rushed to the house. When Huff saw the officer, he killed himself.

Later, friends of the victims placed flowers, candles and beads outside the house. They played techno music and camped out in tents. And they danced. “The best way we're going to mourn is by celebrating,” Dyer said. “We're not going to stop dancing.”

Police say they don't have an answer yet for why Huff turned into a killer. “A year from now, we may still be asking that question,” Kimerer said. Others have theories. “He tried to fit in, and it didn't work for him,” Chase said.

Seattle's Shattered Rave 'Family' Seeks Answers To Killings (NYT)

By Jessica Kowal

The New York Times, March 30, 2006

SEATTLE, March 29 — The candykids, juggalos, groovers and burners are uniting here with fresh purpose this week. Dancing to the synthesized music that binds them together, planting memorials of candles and their signature beaded bracelets, they join together not to rave, but to mourn slain friends.

One woman had a rainbow of yarn woven into her hair. Two men had faces painted in red and black. A man in a suit and tie had a pinkish mohawk. Dozens of others wore baggy clothing or unremarkable dress. All showed up on Tuesday at a spring-green park with a spectacular view of the Space Needle.

Exhausted by sorrow and lack of sleep, they seemed dumbstruck that the community of ravers, who follow a mantra of "plur," for "peace, love, unity and respect," had been punctured by senseless violence.

Six friends were killed early Saturday, when, the police say, Aaron Kyle Huff, 28, barreled through the front door of a small house on Republican Street, armed with a semiautomatic handgun and a 12-gauge shotgun.

At 7 a.m., a few dozen ravers were in the house to talk, drink beer, sleep, watch cartoons or otherwise decompress after attending a zombie-themed rave elsewhere.

Mr. Huff, an unemployed onetime pizza deliverer, had been invited to the house party by others at the rave. Without warning, he collected the guns from his truck parked nearby and swiftly killed four men and two teenage girls with gunshots to the head and chest, the King County Medical Examiner said Wednesday.

Confronted by a police officer, Mr. Huff committed suicide. The police have not determined his motive.

To the mourners in Volunteer Park and to those who lingered at the house on Wednesday with their tents and trinkets, it was unbearable that Mr. Huff had brutalized the self-described "family" of music-loving slackers, students and young professionals who often exchange beaded bracelets, called candy, as a friendship gesture.

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"These are peaceful people," said Wally Hansen, 24, a rave promoter from Tukwila whose face was drawn and pale, with dark circles under his eyes. "Why would he do this to people who accepted him, who welcomed him into their own home?"

The victims, ages 14 to 32 and with rave nicknames like Sushi, Deacon and Chinadoll, were familiar faces at spirited parties attended by hundreds of people in the Puget Sound region. In warehouses, art spaces or nightclubs on Friday and Saturday nights, dressed in clothing that defines them into smaller cliques like candykids and juggalos, they dance energetically to musical genres like house, trance and jungle and stop to rest in "chill rooms" tuned with quieter ambient music.

The dancing is powered by energy drinks, candy and snacks, although many ravers concede that alcohol, marijuana and Ecstasy are part of the scene.

The rave community here had been mostly invisible to people who were not part of it. After the killings, talk-show hosts and columnists, intent on finding lessons, have focused on the youngest victims, Melissa Moore, 14, a ninth grader from Milton, and Suzanne Thorne, 15, a 10th grader from Bellevue.

Many people have criticized what they see as lax gun-control laws, pointing out that Mr. Huff was convicted of a misdemeanor in 2000 after shooting a moose sculpture in his Montana hometown, Whitefish. He was allowed to keep the two guns used in the shooting here.

Other critics have faulted what they describe as permissive rave culture, lax parents or lenient laws that allow teenagers into clubs where alcohol is not served.

Kyle Moore, Ms. Moore's father, refused to blame anyone but the gunman. He said he and his daughter, nicknamed Chinadoll, trusted other ravers to protect her.

"She just loved meeting the different people, seeing the different costumes, and she loved the music, the beat," Mr. Moore said in a telephone interview. "She was brighter than the sun out there. I just would love to know why she felt that she couldn't call me to pick her up."

Most likely, the two teenagers were waiting for the county bus to restart its downtown route at 7 a.m., said Nicole Loerke, 17, of Everett, who, like other candykids at the park, had a peach-colored Care Bears backpack. Ms. Loerke started going to raves last year, she said, when she had no friends in high school.

"They accept you as a person, the virtues and values you hold," she said of the ravers.

She said that she noticed Mr. Huff at the rave and that he stood against a wall with folded arms and did not mingle in a millieu where people greet one another as close friends within minutes of meeting.

"I asked him, 'Is there anything wrong?' and he turned his head," Ms. Loerke said. "I said, 'If you need anyone to talk to, I'm here to listen.' He looked right at me, and said, 'Thank you.' He must have had some screws loose."

Outside the Republican Street house, the ravers pitched tents on the grass and stayed in shifts to protect a growing memorial of candles and candy bracelets strung with words like "plur" and "luv all." The neighbors have given them hot chocolate and offered the use of bathrooms.

Josh McPharlin, 24, a rave promoter, looked at the mementos on the sidewalk and said: "I enjoyed these people. It's just unbelievable that I won't ever be able to spend time with them again."

Puerto Rican Militant Arrested Again On Parole Violation (AP)

Associated Press

AP, March 30, 2006

SAN JUAN, Puerto Rico -- A Puerto Rican pro-independence militant who served 10 years for armed robbery and was sent back to prison twice for violating his parole, has been arrested again in the U.S. island territory, the FBI said Wednesday.

Antonio Camacho Negron was arrested Tuesday for not meeting with his parole officer since his release from a Pennsylvania prison in August 2004, said FBI spokesman Harry Rodriguez.

Negron, a leader of the militant pro-independence People's Boricua Army, has said he refuses to abide by his parole conditions because he doesn't recognize U.S. authority in Puerto Rico.

His arrest was ordered shortly after his most recent release from prison but authorities were only able to find him in San Juan this week, Rodriguez told The Associated Press.

Camacho, 65, was held at a federal jail outside San Juan. Authorities could return him to prison to serve the remainder of his original 15-year prison term, Rodriguez said.

His lawyer, Linda Backiel, said she believes that Camacho has now served all his required time. "I think the arrest was a reprisal for his participating in political activities," she said. "But the reason they are going to allege is that he didn't comply with the conditions of parole."

Camacho was originally sentenced to prison for his role in the 1983 robbery of more than $7 million from a Wells Fargo depot in West Hartford, Conn.. He was sent back to prison twice, in 1998 and 2003, for violating his parole.

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The 1983 robbery was carried out with other members of the People's Boricua Army, also known as the Macheteros or Cane Cutters - a group accused of bombings and attacks in the 1970s and 1980s.

The Wells Fargo robbery was considered an act of domestic terrorism by U.S. authorities who alleged the money was used to fund the militant activities of the Macheteros. The group said it also used the money to buy gifts for impoverished Hispanic communities.

In September, FBI agents shot and killed Filiberto Ojeda Rios, a leader of the Macheteros who was considered the mastermind of the robbery, after he allegedly opened fire when they came to arrest him at a farmhouse in a western town in Puerto Rico.

Supreme Court Hears Arguments Over Foreigners' Rights In U.S. (NYT)

By Linda Greenhouse

The New York Times, March 30, 2006

WASHINGTON, March 29 — The question before the Supreme Court on Wednesday was whether an international treaty that protects people embroiled in another country's criminal justice system gives foreign citizens any specific rights they can assert in American courts.

There was no dispute that authorities in Oregon and Virginia violated the treaty, the Vienna Convention on Consular Relations, in the two cases that were before the court in a single extended argument.

Article 36 of the treaty, which the United States ratified in 1969, gives people who are arrested and detained in a foreign country a right known as consular notification, which dictates that they be informed that at their request their country's diplomats will be notified and made available to advise them.

Neither Moises Sanchez-Llamas, a Mexican who was convicted of attempted murder in Oregon for shooting a police officer, nor Mario A. Bustillo, a Honduran convicted of a gang-related murder in Springfield, Va., a Washington suburb, received the required notice at the time of their arrests.

The question was what remedy, if any, existed for the violation. Five lawyers debated the issue: one for each defendant, the solicitors general of Oregon and Virginia, and a deputy United States solicitor general.

The three government officials argued that the treaty governs relationships between nations, and that the remedy for a violation of consular notification was limited to a diplomatic protest or formal apology. The United States in fact issued a formal apology to Honduras in the case of Mr. Bustillo, who is serving a 30-year sentence for the 1997 killing.

The lawyers for the defendants argued that so limited a view ran counter to the undisputed principle that a treaty, once ratified, becomes part of a country's domestic law. Consequently, they argued, foreign defendants should have access to the same remedies that the legal system offers for government violations of rights protected by American law.

Accordingly, Mr. Sanchez-Llamas is arguing that incriminating statements he made to the police be suppressed because he had not received his consular notification at the time he made them. His lawyer's argument that such an exclusion should apply — similar to the rule that bars the introduction of illegally seized evidence — was rejected by the Oregon Supreme Court and did not make much headway with the justices on Wednesday.

After the lawyer, Peter Gartlan, acknowledged that the Vienna Convention says nothing about suppressing evidence, Chief Justice John G. Roberts Jr. asked, "So if the treaty doesn't say 'suppress,' what authority does a federal court have to tell a state court to suppress?"

The other defendant, Mr. Bustillo, is arguing that he is entitled to reversal of his conviction on the ground that Honduran officials, had they been notified of his arrest, would have helped identify another Honduran man who returned to Honduras after the murder and who, Mr. Bustillo asserts, was the real killer.

His lawyer, Mark T. Stancil, argued that because Virginia was not forced to reopen the case to permit the new evidence, the state was able to benefit from its violation of the Vienna Convention.

Here, too, the justices were skeptical. Several suggested that the fact that Mr. Bustillo had been provided with a lawyer was enough to insulate any Vienna Convention violation. The state, they said, had a right to expect that lawyers would inform their clients of their Vienna Convention rights.

"The lawyer should be taxed with knowing it because it's the law of the land," Justice David H. Souter said, referring to the treaty.

The International Court of Justice, often referred to as the World Court, takes the view that the convention confers individual rights. It ruled in 2004, in a case brought by Mexico, that the United States could not permit the execution of 51 Mexicans, on death row in various states, who had not received their consular notification.

After that ruling, and while a Supreme Court appeal brought by one of the Mexicans, José Ernesto Medellín, was pending, the Bush administration withdrew the United States from the provision of the treaty that gives the World Court jurisdiction over

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disputes of this kind. At the same time, the administration told state courts to abide by the decision. The Supreme Court dismissed the Medellín case last May without ruling on the enforceability of the Vienna Convention.

Deputy Solicitor General Gregory G. Garre was asked about the World Court's position by Justice Stephen G. Breyer, who referred to that court by its initials, I. C J.

Mr. Garre replied, "To be blunt, the I. C. J. decision is wrong." He said that while the World Court was entitled to "respectful consideration," its decision was "certainly not" binding on the United States.

Mr. Garre said that the State Department was making "extensive efforts" to make sure state and local governments were aware of the need to inform foreign defendants of the right to consular notification. The department has distributed 600,000 cards to police departments, he said, adding, "These efforts are working."

But it appeared that Vienna Convention issues would probably not disappear. Justice Anthony M. Kennedy asked Mary H. Williams, the Oregon solicitor general, why the police, who already give Miranda warnings, could not simply be told to ascertain the citizenship of people they take into custody so that the required notice could be given.

That was "not so easy," said Ms. Williams.

"I don't see why it's so complicated," Justice Kennedy said. He was joined by Justice Souter, who asked Ms. Williams, "You ask his name, why not his citizenship?"

Ms. Williams replied, "We're moving toward that goal."

Justice Souter was less than satisfied. "Why does it have to be a distant goal?" he asked.

The cases are Sanchez-Llamas v. Oregon, No. 04-10566, and Bustillo v. Johnson, No. 05-51.

Court Hears Arguments In Consular Access Case (WP)

By Charles Lane

The Washington Post, March 30, 2006

On a December night in 1997, a Honduran man swung a baseball bat and killed James Merry outside a Popeye's restaurant in Springfield. Mario Bustillo was convicted of murder and sentenced to 30 years.

Now that local slaying has evolved into a Supreme Court case with major implications for the rights of 21.1 million noncitizens in the United States, as well as for U.S. international relations.

At issue is the Vienna Convention on consular access, a pact among the United States and 160 other nations that guarantees foreign detainees access to diplomats from their home country. In oral arguments at the court yesterday, an attorney for Bustillo told the justices that his conviction should be overturned because Virginia authorities never informed him of his Vienna Convention rights.

As a result of the delay, Mark T. Stancil said, Bustillo, who maintains that another man from his home country is the real culprit, was denied "critical exculpatory evidence in the possession of the Honduran government."

The Vienna Convention issue has generated several difficult cases for the court in recent years, and the Bustillo case offers the justices a chance to clarify the domestic effect of treaties, which the Constitution says are part of "the supreme law of the land."

A ruling in Bustillo's favor could affect relations between millions of noncitizens and local law enforcement officers, whose knowledge of and compliance with the Vienna Convention is spotty. It would be a defeat for the Bush administration, which says the convention should be enforced through diplomatic negotiations.

But it would represent a major step toward incorporating international law into U.S. domestic affairs -- as several justices have been urging in recent years.

In a companion case, an attorney for Moises Sanchez-Llamas, a Mexican convicted of trying to kill a police officer in Oregon, said that his client's statements to police should not have been admitted as evidence because they were obtained without notifying him of his Vienna Convention rights.

None of the justices seemed eager to embrace that claim, but they appeared more evenly divided on the two men's basic contention that the Vienna Convention creates rights that can be enforced by lawsuits in a U.S. court.

Ratified by the United States in 1969, the pact commits signatories to provide one another's arrested citizens access to consular officials and to inform detainees of these "rights" "without delay."

The United States, which led the international effort to negotiate the convention, has long backed its goals. But Mexico and Germany sued the United States at the International Court of Justice in The Hague because their citizens who were not informed of their Vienna Convention rights were sentenced to death in the United States in recent years.

The international court ruled in 2004 that the convention required the United States to give 51 Mexicans a new chance to appeal the violation of their consular rights in a U.S. court, even though state procedural rules say defendants forfeit legal claims they do not first raise at trial.

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The issue of whether that international court ruling could bind U.S. courts came to the Supreme Court last year, but the court dismissed the case after the Bush administration, invoking the president's foreign policy powers, announced that it would require Texas state courts to give the Mexicans a new hearing -- and then withdrew the United States from the part of the convention that says it must abide by the international court's rulings.

Yet the two cases argued yesterday raise what may be much more fundamental issues -- whether the international court's interpretation of the convention should essentially be binding on all states.

Backed by the Bush administration and by 28 other states, Virginia and Oregon counter that neither the treaty nor the international court's ruling can trump the states' own rules of criminal procedure.

To decide that noncitizens can belatedly raise Vienna Convention claims, they argue, would give noncitizens in this country a right that Americans do not have with regard to claims under the Constitution, and that is denied to Americans by governments abroad.

"These treaty claims should not be treated more favorably than constitutional rights," Virginia's solicitor general, William E. Thro, told the court.

Several justices suggested that because U.S. law already requires states to provide suspects lawyers, the remedy for the international court's concerns is to give defendants whose lawyers fail to tell them about the Vienna Convention the right to appeal. Such "ineffective assistance of counsel" claims are already allowed.

The cases are Bustillo v. Johnson , No. 05-51, and Sanchez-Llamas v. Oregon , No. 04-10566. A decision is expected by July.

Rape Allegations Cast Pall At Duke (USAT)

By Sal Ruibal

USA Today, March 30, 2006

DURHAM, N.C. — The flier being distributed outside Duke's student union Wednesday night looked like a wanted poster: 40 faces of young men, smiling smugly for the camera.

What was most disturbing to those gathered was the possibility several of the Duke men's lacrosse players whose photos were arranged in those neat rows may have committed criminal charges, including forcible rape and sodomy.

These men are wanted on the Duke campus. Their fellow students want them to come forward about what happened in a shabby off-campus house March 13. Police say the athletes have refused to cooperate with their investigation.

That night a North Carolina Central University student who worked as a private party dancer claims she was raped and showered with racial epithets by three men at a party organized by three captains of the team and attended by many members of the nationally-ranked Duke squad, police say.

"Please Come Forward," the flier's headline reads.

The flier was distributed Wednesday night at a "Take Back the Night March" that was scheduled well before the details of the alleged spring break rape emerged this weekend when it was learned that 46 members of the team submitted to DNA sample requests from the Durham County law enforcement officials.

The players have told school officials the assault did not occur.

The flier has only 40 photos, however, because university officials removed the team rosters and photos from its GoDuke.com website Monday morning for what assistant sports information director Art Chase said were "safety reasons."

Alvaro Jarrin, a Duke graduate student, wore a T-shirt imploring the silent players to speak up.

"It is important that we not let this go down easily," he said as hundreds of marchers began gathering on Duke's east campus. "There's a culture of rape at Duke, so we're hoping this will get them to speak up. This rape is a symptom of a larger problem at Duke."

Other wore signs that read, "It isn't what Duke has, but what it lax," a reference to a commonly used abbreviation for lacrosse.

The march was the final pressure point in a day filled with campus tension over the allegations.

The cycle began late Tuesday night after Duke President Richard Brodhead announced that he was suspending the team "until there is a clearer resolution of the legal situation involving team members."

Brodhead was confronted by upset students after the press conference and agreed to meet with them Wednesday morning. Some of the students then occupied the room where the meeting had been hastily arranged, calling it a "Sleep-In."

They met with the president in the morning, but the school banned off-campus media from covering the discussion. Some students left the meeting unconvinced that the school was taking a hard line on sexual violence on campus.

Senior Zachari Curtis says the alleged rape is just another example of the abuse of privilege that exists on many levels at Duke.

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"The larger community at Duke, for whom we are just scenery, don't have to think about these complicated things," says the Fulbright Scholar who will study in Brazil after her graduation this spring.

"The members of this lacrosse team aren't the only people who exercise their privilege on the bodies and minds of those of us in their environment."

To make matters even more tense, this is Sexual Assault Prevention Week on campus. Seminars had been scheduled, but the recent events brought a poignancy to lectures and displays of anti-rape materials at Duke.

Although the team is not playing games, a practice was held under the watchful eye of campus police — in SUVs, on foot and on mountain bikes — brought in to prevent any disturbances.

The players appeared with their full-face helmets on while photographers and video crews recorded their every move. After 30 minutes, the media was asked to leave.

Brodhead insists that the school is not being easy on the players.

"The facts of the March 13 episode remain unclear," he said in a prepared statement.

"To determine responsibility, we need to learn the full truth as quickly as possible. ... I have confidence in the (Durham) authorities to find the truth and take whatever legal steps are necessary in the best interests of the community."

As Life Returns To New Orleans, So Does Crime (NYT)

By Adam Nossiter

The New York Times, March 30, 2006

NEW ORLEANS, March 29 — The wail of police sirens is back, and gunfire again punctuates the night. As drug dealers move into flood-damaged houses, alarmed residents say that in the last few weeks, they have begun to sense a return to the bad old days before Hurricane Katrina, when crime was an omnipresent straitjacket on life in this city.

In a city that once led the nation in homicides per capita, crime has long been a leading indicator of New Orleans's health and prospects — an unavoidable part of the equation for a walk around the block or a trip to the grocery store.

That diminished greatly after the storm, when several hundred thousand people were evacuated. But there are signs that the past may be returning, with a new twist.

Police officials say the landscape of abandoned houses, stretching block after block, after Hurricane Katrina is being incorporated into a revived drug trade, with the empty dwellings offering an unexpected convenience to dealers returning from Houston and Atlanta.

Residents concur, pointing to this boarded-up house or that abandoned-looking shed as a place where they have seen young men congregating.

"It's coming back," said Capt. Timmy Bayard of the New Orleans police, who is in charge of narcotics investigations.

"It's not as plentiful as it was," Captain Bayard said. But, he added, "We're starting to grab some people." His men, searching abandoned houses in the Eighth Ward, have found drug stashes. He said it was like "looking for a needle in a haystack."

There are popping sounds of gunfire at night in the Central City and St. Roch neighborhoods flanking downtown — not as often as before, but enough to induce unease.

"Less, yeah, but it's started back up," said the Rev. A. P. Williby, who owns a house in Central City. "Shooting and killing — that's what we had before. It ain't going nowhere."

Two shootings, one of them fatal, occurred in January and earlier this month.

Parasol's, a classic old-line bar in the Irish Channel neighborhood, was held up at midnight recently. And a young man was killed after handing over his wallet in the Faubourg Marigny, a neighborhood of popular bars and restaurants.

On Web forums, there are reports of robberies and break-ins.

In Houston, which reported a sharp spike in killings after Hurricane Katrina, police officials say they have noticed a decline since the beginning of the year. Homicides were up 24 percent in 2005, but Houston police officials say the number would have been down 2 percent, absent cases in which either the suspect or the victim was a storm evacuee.

Last fall, there were "multiple" hurricane-related killings in Houston nearly every weekend, said Sgt. Brian Harris of the Houston police, but the violence had significantly eased, he said.

New Orleans again appears to be drawing the people who wreaked havoc on its streets before the storm. A local murder suspect wanted in Houston, for example, drifted back here and was arrested this month in Kenner, a New Orleans suburb.

In the past, even when there were lulls in crime, many residents felt as if they were living in a city under siege. Perception became part of the reality, fueling an exodus of whites and blacks to the suburbs or out of state.

The drug culture has been deeply ingrained here and never fully disappeared. A local rapper called Juvenile, in his new post-hurricane album, declaims: "E'ybody need a check from FEMA/So he can go and sco' him some co-ca-een-uh."

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But crime is nowhere near its pre-storm levels. With the city's population reduced by at least three-fifths, statistics indicate that crime is down 60 percent to 70 percent over all, the department said.

There have been 16 killings this year, compared with more than 60 for the same period last year, which means quieter days for the police but still works out to an annualized rate of 32 killings per 100,000 people, ahead of Cleveland and Chicago.

A gnawing sense of vulnerability, particularly in poorer neighborhoods, is returning. On any block, it may have no more concrete basis than the sight of young men hanging out, but it is real nonetheless.

"They're beginning to surface again," said Alfred Barrow, a newspaper deliverer, painting his porch on an empty-looking block at Third and Magnolia in Center City.

"I'm out here throwing papers at 3 a.m., and I see them. What reason is there for them to be out there?" The anxiety is not helped by the Police Department's struggle to return to normal. At about 1,400 officers, the department is not far from its strength of just under 1,600 officers before Hurricane Katrina.

But the department is operating out of trailers, much of its data-gathering capability is impaired because of storm damage, and about 80 percent of its officers lost their homes in the storm.

There is evidence that the non-working poor — the population most implicated in crime, as victims and perpetrators — may be returning in higher percentages, for now, than middle-class residents washed out by the storm. A population map prepared for the city appears to suggest as much.

"It looks like the worst have come back," said Andrew Jackson, a homeowner on Villere Street in the Eighth Ward.

"That house over there," he said, pointing to an empty-looking dwelling down the block where he said youths congregate. "You don't see 'em during the day, but you see them at night."

There are a few hopeful signs. Before, this was a city virtually awash in guns, experts say. The contractor who cleaned up the city's storm drains after Hurricane Katrina said his crews had recovered at least a dozen firearms. Guns are not as prevalent, the police say.

Another aid, officers and residents say, is a new level of cooperation from citizens who had traditionally mistrusted the New Orleans police.

For years, the police here had complained that witnesses and residents refused to help, fearing retribution from gangs and drug dealers.

Killings in broad daylight on busy blocks produced few or no witnesses.

Now, "the people who are here are the people who want to be here, and they don't want that back," said Kenny Zeiger, who described his block in the St. Roch area as "one of the three worst corners in the neighborhood" for drug activity before the storm.

"The people are calling the cops more," Mr. Zeiger said.

Capt. John Bryson commands the Sixth District in Central City, a high-crime area.

"It's incredible," Captain Bryson said. "People you normally wouldn't believe would want an association with the Police Department call us up."

He is confident about keeping the lid on, even as more people return.

"We have control," he said. "We have gained this ground."

Less than a mile away, Mr. Barrow, the newspaper deliverer, is skeptical — about the present, and the future.

"It don't take much to improve what it was," he said, "because what it was, was probably the most vicious killing scene in the U.S."

9/11 Method Aids In Katrina ID (WT)

By Jennifer Harper

The Washington Times, March 30, 2006

They are among the last victims of Hurricane Katrina, unknown but not abandoned: 70 nameless bodies recovered from floodwaters and debris are being tended by volunteer geneticists determined to identify them through DNA testing.

It is methodology reluctantly honed after the September 11 attacks.

"Pulling together the infrastructure -- from experts in various disciplines and from medical centers around the country -- is a skill forensics experts gleaned from 9/11. Most of us hoped it was a once-in-a-lifetime event, but sadly, it was not," said Joan Bailey-Wilson, a statistical geneticist at the National Institutes of Health who helped New York coroners identify World Trade Center victims in 2001.

She is coordinating the team of scientists from 30 medical institutions eager to help on the Gulf Coast.

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More than 1,600 people are known to have been killed in Louisiana and Mississippi as a result of Hurricane Katrina, which slammed ashore along the Gulf Coast seven months ago. Most of those bodies have been returned to their families, but 2,000 people are still listed as missing.

The difficult task of identifying bodies bears testimony to the power of the storm. Personal effects were washed away or contaminated, and dental and medical records are gone.

The circumstances present a stark challenge for geneticists who must match unique patterns of genetic traits taken from DNA samples found in blood, combs or toothbrushes with the patterns of surviving family members.

First, they must find the families. Slowly, displaced relatives have been located by the Louisiana State Police, the Louisiana Family Assistance Center and volunteers. Survivors are offering DNA samples -- simple mouth swabs -- hoping they will match DNA from a recovered body.

Some remains, the scientists say, were only recently pulled from debris.

"One of the lessons learned from 9/11 was that talking to the families about the missing is skilled detective work," said Johns Hopkins genetic epidemiologist Elizabeth Pugh, who assisted New York officials five years ago and is helping state police ensure accurate matches.

Their work has just begun.

"Just knowing the grief these families are going through is what motivates me," said geneticist Nicole Johnson, who volunteered in Louisiana to reconstruct the family trees "of those presumed lost."

The first three geneticists arrived in Baton Rouge in mid-March with more arriving in June. Though computer-assisted DNA matches can speed the process, creating a genetic portrait of a family is "a sensitive and time-consuming task," Mrs. Bailey-Wilson said.

She continues to field hundreds of calls from geneticists and other medical personnel offering help. The effort, she said, "is bridging the gap between genetic and forensic medicine to help make our country better prepared to deal with a massive disaster."

The Cost Of Errant Justice (WP)

By Brian Forst

The Washington Post, March 30, 2006

A March 6 Post editorial lamented the District's appallingly low homicide closure rate. Last year just 43 percent of all known homicides reported to the D.C. police department resulted in a prosecution. While this number is low, it turns out that the problem -- most serious offenders evading punishment -- is not unique to the District. Consider the roughly 15 million felony victimizations that occur annually in the United States. Just half of these are reported to the police, and only a million or so defendants in those cases are convicted, leaving well over 10 million failures each year to convict serious, culpable offenders.

Errors on the other side -- wrongful convictions -- are equally noteworthy, even if less frequent. Estimates of erroneous convictions range from 0.5 percent to about 1.3 percent, suggesting something like 10,000 wrongful convictions annually. Civil libertarians have compiled a list of people convicted of capital murder and later exonerated. In 2001 then-Justice Sandra Day O'Connor cited 90 such releases since 1973. At last count the number had risen to 175.

But the problem of such errors is more than a matter of counting misses on both plates of the scale of justice. Even if there are many more failures to convict than wrongful convictions -- and even if no one has been wrongfully executed in the 30 years since the Supreme Court reinstated the death penalty (no one really knows) -- wrongful imprisonments impose huge costs on innocent people: loss of freedom, lost companionship of loved ones, lost livelihoods and difficulty getting decent jobs after years in prison. And they impose parallel losses on families and friends of the wrongfully convicted and services lost to the community. These are extremely costly errors.

And they are gross injustices. Perhaps the greatest cost of wrongful convictions is their corrosive effect on the legitimacy of the criminal justice system. Typically a product of erroneous witness identification and bad luck, wrongful convictions seriously undermine the public's confidence in police, prosecutors and the courts. They are double errors, reflecting also failures to bring to justice those who actually committed the acts, sometimes enabling the commission of further crimes.

In his last days in office as Virginia's governor, Mark Warner took unprecedented action to deal with the problem. He ordered thousands of decades-old cases involving DNA evidence to be reopened following the discovery of files containing meticulously preserved samples of blood, semen and saliva, ready for retesting using technology that had not been available when the evidence was originally collected. DNA analysis of evidence in a small sample of these cases induced Warner to pardon two inmates wrongfully convicted of rape. This work to expose and correct errors of justice -- and to validate the accuracy of other old cases -- may prove to be Warner's greatest legacy, not only to Virginia but to the nation's criminal justice system.

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Some errors of justice are inevitable, but we could manage them much more effectively than we do. Sophisticated systems are in place to manage mistakes in other fields: scientific research and production processes, for example, or to balance the risk of loss against the yield in financial portfolios. And yet no such systems exist with regard to the vitally important business of determining guilt or innocence in criminal cases.

This can be fixed. The use of modern management methods and more widespread availability of effective forensic technology could go a long way to solve more of these crimes and reduce both types of error. DNA evidence gives us a unique window into errors for those crimes for which the evidence is available and relevant. We can use this window to estimate rates of errors for those crimes. We can do more to assess the social costs of both wrongful convictions and nonconvictions for each major crime category: The costs to the community of failures to convict serial rapists and one-time shoplifters are clearly in different leagues. We can learn more about the relationships between police and prosecution policies and errors of justice. And in old, settled cases with valid DNA evidence, as in Virginia, we may be able to find further errors of justice and correct them. Better late than never.

The writer is professor of justice, law and society at American University's School of Public Affairs and the author of "Errors of Justice: Nature, Sources and Remedies."

CIVIL LAW:

Justice Department Subpoenas Reach Far Beyond Google (INFOWEEK)

By Thomas Claburn, InformationWeek

Information Week, March 30, 2006

In its effort to uphold the 1998 Child Online Protection Act (COPA), the U.S. Department of Justice is leaving no stone unturned. Its widely reported issuance of subpoenas to Internet search companies AOL, MSN, Google, and Yahoo is just the tip of the iceberg: The government has demanded information from at least 34 Internet service providers, search companies, and security software firms.

Responding to a Freedom of Information Act request filed by InformationWeek, the Department of Justice disclosed that it has issued to subpoenas to a broad range of companies that includes AT&T, Comcast Cable, Cox Communications, EarthLink, LookSmart, SBC Communications (then separate from AT&T), Symantec, and Verizon.

Asked which companies objected to, or sought to limit, these subpoenas, Department of Justice spokesperson Charles Miller declined to comment because the litigation is ongoing. He also declined to comment on utility of the information gathered by the government.

The documents presented to InformationWeek reveal that some companies did object to the government's demands. In an E-mail sent to the Department of Justice last July, Fernando Laguarda, an attorney representing Cablevision Systems Corp., characterized some of what the government was asking for as "overly broad, vague, ambitious, and unduly burdensome."

In a letter sent to the Department of Justice in August, Joseph Serino Jr., an attorney representing Verizon, voiced similar objections. However, he clearly states that his objections are routine and intended protect the company.

The one exceptional objection he cites has to do with the sensitivity of the information sought. Serino said Verizon Online is concerned that documents might be forwarded to people working for entities hostile to Verizon Online, or suing the company, including the Justice Department itself, and the American Civil Liberties Union.

Verizon did not respond to requests for comment.

The subpoenas were issued between June and September, 2005. Beyond AOL, MSN, Google, and Yahoo, the only other search engine subpoenaed was LookSmart.

It's likely, however, that the government's interest in LookSmart stems not from the company's search engine but from its ownership of Internet content filtering software company Net Nanny.

LookSmart declined to comment about the information it was asked for and the information it provided. EarthLink likewise declined to comment.

The bulk of the subpoenas were directed at Internet service providers and makers of content filtering software. The effectiveness of filtering technology is a critical issue in the COPA case. If the Department of Justice can prove that filters fail to shield minors from explicit material online, COPA may well be reinstated.

The full list of companies subpoenaed by the Department of Justice includes: 711Net (Mayberry USA), American Family Online, AOL, ATT, Authentium, Bell South, Cable Vision, Charter Communications, Comcast Cable Company, Computer Associates, ContentWatch, Cox Communications, EarthLink, Google, Internet4Families, LookSmart, McAfee, MSN, Qwest, RuleSpace, S4F (Advance Internet Management), SafeBrowse, SBC Communications, Secure Computing Corp., Security

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Software Systems, SoftForYou, Solid Oak Software, Surf Control, Symantec, Time Warner, Tucows (Mayberry USA), United Online, Verizon, and Yahoo.

The subpoenas directed at security software companies asked for a substantial amount of information: any and all documents that fall into 29 separate categories including the kinds of content filtering products or services offered, the number of customers using those products or services, how users configure their filters, how filters get updated, R&D spending on such products, the methodology used to generate blacklisted or filtered sites, and pretty much any data gathered that relates to the use of filters.

"What they are doing, from our perspective, is engaging in a massive fishing expedition, in an attempt to find some shred of evidence that they think can change a result they didn't like, which is that COPA violates the First Amendment," says Aden Fine, an attorney for the ACLU.

While the government's demands for information from Internet search engines have privacy implications for individuals, its interest in corporate information raises questions about the rights of businesses.

Stephen Ryan, a partner at Manatt Phelps & Phillips in Washington D.C., considers the scope of the government's discovery efforts unusual. "I'm not surprised that the Google piece looks like the tip of an iceberg," he says. "But it is sort of surprising that they're using their authority this broadly."

Ryan acknowledges that government subpoenas place undue burdens on companies every day, noting that there are probably scores of attorneys at large ISPs who do nothing but process subpoenas. He suggests that as information technology produces more information, that the government will want greater access to that data.

With regard to the financial impact of subpoenas, Ryan notes, "If you look at the Office of Regulatory Affairs at Office of Management and Budget, there's something called the Paperwork Reduction Act. And there's supposed to be an evaluation of the burden that a government law or regulation will make on the public. I'll bet there's never been a burden analysis of what they're doing."

Justice Department spokesman Miller said he would inquire about this but did not have an immediate answer.

Dan Jude, however, did. Jude, president of filtering software company Security Software Systems, confirms that the subpoena his 12-person firm received was a burden. "It was a pain," he says. "I don't have exact figures but it took 40-plus hours to put stuff together."

Jude says the Department of Justice asked for proprietary information about his company's content filtering software. Despite assurances the information would remain confidential, he says he refused that particular demand, fearing that it might be revealed by a Freedom of Information Act request.

Jude contends the government's efforts to prop up COPA are misguided. "It's a waste of time," he says, noting that he testified before the COPA Commission about the prevalence of explicit material online in August, 2000. The problem, he says, is that U.S. legislation has no teeth because half of the Web servers with explicit content are located in other countries.

If COPA were to be reinstated, Jude suggests that the Department of Justice would have to turn ISPs into content police in order to deal with offshore offenders.

As someone who sells a technical solution, it's perhaps not surprise that Jude has faith in filtering. "The great thing about the technology is that it allows parents to make the determination of what they want their kids to be able to do and not to do," he says. "And isn't that what we're supposed to be doing in this country?"

Judge: Delco Boy Killed Responding To Fire Deserves Death Benefits (PHI)

By Jeff Price

The Philadelphia Inquirer, March 30, 2006

After years of hearings and appeals, U.S. Court of Federal Claims Judge Marian Blank Horn on Monday overturned a U.S. Justice Department decision that denied death benefits to a 14-year-old junior firefighter who was killed riding his bike to answer a fire alarm.

The Justice Department had maintained that because Christopher Kangas, an eighth-grader at Northley Middle School in Brookhaven at the time of his death, was a trainee, he did not qualify as a public safety officer.

Without the title, the junior firefighter was not eligible for federal death benefits, and, most important to his mother and his fellow firefighters, not eligible to have his named inscribed on the National Fallen Firefighters Memorial.

"Christopher Kangas died 'in the line of duty' and was a 'firefighter' authorized to be at a fire scene and perform duties as part of a team engaged in the 'suppression of fires' at the time of his death," she wrote in Washington.

Chris's mom, Julie Amber-Messick, did not try to hide her joy.

"I'm in shock," she said this afternoon, reading again the judge's decision. "I keep looking at that paragraph, that he was a firefighter, that he was a member of a team - we were right!

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The Justice Department, which has 60 days to appeal the ruling, did not return a phone call seeking comment.

Judge Rules In Favor Of Fallen Junior Firefighter's Family (AP)

AP, March 30, 2006

WASHINGTON - An appeals court has ruled that the family of a 14-year-old junior firefighter from Pennsylvania killed while responding to a fire is eligible for federal benefits.

Christopher Kangas, of Brookhaven, Pa., was struck by a car two blocks from the Brookhaven fire station while responding on a bicycle to a fire on May 4, 2002.

The Justice Department ruled that Kangas did not meet the definition of a public safety officer under the 1976 Public Safety Officers' Benefits Act because he was a trainee.

But Monday's ruling by Judge Marian Blank Horn in the U.S. Court of Federal Claims reversed that decision. Kangas' family is now eligible for $250,000 in benefits and Kangas' name can be added to the National Fallen Firefighters Memorial in Emmitsburg, Md.

Rep. Curt Weldon, R-Pa., who testified at a hearing on behalf of Kangas' family, praised the ruling on Wednesday.

The Justice Department has 60 days to appeal the ruling.

FEC's Coordination Ruling Could Shake Up The Midterms (HILL)

By Elana Schor

The Hill, March 30, 2006

The Federal Election Commission (FEC) is set to rule next week on when TV spots, print ads and other advocacy buys from outside groups should be treated as in-kind campaign contributions.

Some party committees are asking the agency to change its standard.

Under campaign-finance rules, a political ad is deemed coordinated and treated as a contribution subject to McCain-Feingold limits when it meets a three-part test.

In July, however, a federal court struck down part of the "content" test, which sets different rules for ads running more than 120 days before a primary or general election.

Under the test, an ad could avoid being tagged as coordinated if it runs outside the 120-day window and does not use "express advocacy language" urging a vote for or against a specified candidate. The court questioned the FEC's rationale for choosing a 120-day window and asked the agency to look into when the majority of party advertising is purchased.

Democracy 21 President Fred Wertheimer cited Illinois's early primary as an example. Illinois Democrat Tammy Duckworth last week won a close primary against Christine Cegelis and will take on state Sen. Peter Roskam (R) in November.

"Between the primary and four months out from the general election — which is July — you can run ads every day written by the lawmaker, paid for by an outside group, attacking that lawmaker's opponent, as long as they don't contain express advocacy," he said. "Most ads don't contain express advocacy language anyway."

For an ad run within the 120-day window to be considered coordinated, according to current rules, it must refer to a political party or a clearly identified candidate in addition to being targeted to that candidate's electorate.

In comments submitted in advance of next week's ruling, Congress's four party committees have all recommended shrinking the window, increasing the number of ads that would have to meet the weaker "express advocacy" test to be considered coordinated.

The Democratic Senatorial Campaign Committee (DSCC) and Democratic Congressional Campaign Committee (DCCC), through counsels Robert Bauer and Marc Elias, asked the FEC to replace the 120-day window with the 30- and 60-day windows that determine when an ad or mailing qualifies as an "electioneering communication."

A 90-day window, the Democratic commentators wrote, "would be the outer limit of any plausible extension."

The general counsels of the National Republican Senatorial Committee (NRSC) and National Republican Congressional Committee (NRCC) agreed.

"The Commission is completely justified in limiting the reach of its coordination rules, without fear of circumvention," wrote NRCC counsel Donald McGahn.

Wertheimer, along with fellow watchdogs at the Center for Responsive Politics and the Campaign Legal Center, disagrees. They handed the FEC copies of Club for Growth ads critical of Sen. Lincoln Chafee (R-R.I.) and Montana Democratic Party ads critical of Sen. Conrad Burns (R-Mont.), among others.

The three watchdogs urged the FEC to add another standard to the 120-day window that would ensnare ads placed by 527s and nonprofit 501(c) groups avoiding the use of express advocacy language.

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McCain-Feingold's lead sponsors — Sens. John McCain (R-Ariz.) and Russ Feingold (D-Wis.) and Reps. Christopher Shays (R-Conn.) and Marty Meehan (D-Mass.) — weighed in with comments in January that blasted the FEC's coordination rule as "even weaker than the one Congress repealed" by passing their landmark law.

FEC Commissioner Ellen Weintraub, a Democrat, said the panel is negotiating over what the new rule should look like. The FEC's initial rulemaking notice suggested seven possible outcomes, including "adopt a different timeframe" to replace the 120-day window.

"We have a lot of different options on the table, and it's all in flux right now," Weintraub said. "I'm not sure that this whole framework of a three-part test is what I would have come up with on my own, but we're not starting with a blank slate … I'm probably not going to be supportive of an entirely new approach."

Weintraub and fellow Commissioner Robert Lenhard, the FEC's vice chairman, said the agency has not ignored the crucial pre-midterm timing of its new rule.

"We're mindful that this is occurring during an election year," said Lenhard, who defended the FEC's existing coordination rule, including the 120-day window. "I don't think there's a lot of evidence of illegal coordination going on out there," he said.

Americans for Job Security, a business-backed 501(c) group, drew fire in December from the campaign of Pennsylvania state Treasurer Bob Casey Jr. (D), who is challenging Sen. Rick Santorum (R-Pa.). Casey filed an FEC complaint after the group spent $500,000 on ads supporting Santorum, and Casey supporters charged the Santorum campaign with illegal coordination.

The Watchdog Awakes (NYT)

The New York Times, March 30, 2006

The Federal Election Commission finally did the right thing in ruling that the Internet must not be used as a conduit for unregulated salvos of big-money political advertising. Scolded by a federal judge, the commission reversed its earlier rule that threatened to turn the Web into a giant trough for the six- and seven-figure donations from corporations, unions and fat-cat influence shoppers that Congress banned in the campaign reforms of 2002.

The F.E.C. ruling against such "soft money" corruption is welcome as well for its ringing endorsement of the free-speech rights of political bloggers, who had been concerned that they would be unfairly hobbled by any campaign controls on the Web. To the contrary, bloggers have now been assured of the same wide latitude to opine free of government control as newspapers enjoy, so long as they are not paid by a political campaign.

The commission's action is timely for effectively skewering a brazen attempt in the House this week to make the Internet a soft money cornucopia beyond the reach of campaign law. The measure was peddled in the name of protecting bloggers' free speech, but that veil has been shredded by the F.E.C.'s rule. House Republican leaders wisely pulled the measure from the agenda rather than laying bare the political greed of trying to make the Web a supermarket for influence peddling.

CIVIL RIGHTS:

Justice Department Approves South Carolina Primary Plan (AP)

AP, March 30, 2006

COLUMBIA, S.C. - The U.S. Justice Department has approved South Carolina's plans for the June 13 primary.

"They cleared it," state Sen. Larry Martin, R-Pickens, told the Senate on Wednesday. "So, it's already in effect and it's ready to go."

In February, the Justice Department challenged the state's runoffs because they come just two weeks after the primary. Agency lawyers said that was not enough time for overseas and military voters to receive and return runoff ballots.

The Legislature approved changes in the state's election laws that lets overseas and military voters rank primary candidates to indicate who they would vote for in a runoff. The law change also lets overseas and military voters cast ballots by fax or e-mail.

Civil Rights Groups Urge Feds To Block Georgia's Voter ID Law (AP)

AP, March 30, 2006

ATLANTA – Civil rights groups have asked the U.S. Justice Department to block a new Georgia law that requires a photo ID to vote.

More than two dozen civil rights, community, religious and citizen advocacy groups sent a letter to the department on Tuesday.

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The law was signed by Republican Gov. Sonny Perdue in January but needs Justice Department approval before it can be enforced.

Even if the department approves it, a federal judge could stall the law. An earlier version of the law was blocked by a federal judge in October.

It makes Georgia one of seven states that require a photo ID such as a driver's license to cast a ballot. The law eliminates several forms of identification previously accepted at the polls, such as Social Security cards, birth certificates and utility bills.

Unlike last year's version, the new law would provide a free state-issued photo ID card to anyone who needs one.

Perdue and others say the measure will help crack down on voter fraud. Democrats claim the Republicans are trying to suppress voting among blacks, poor people and the elderly, who are less likely to have driver's licenses.

Under the federal Voting Rights Act, the South and other parts of the country with a history of discrimination need federal approval for changes in their election laws.

Man Faces 10 Years In Sex-slave Plea (FMNP)

By Grant Boxleitner

Fort Myers (FL) News-Press, March 30, 2006

A Guatemalan man whose arrest in 2004 unveiled the dark secrets of human trafficking in Southwest Florida pleaded guilty Wednesday to all federal charges facing him.

Under the plea agreement, Fernando Pascual, 22, will do 10 years in prison, with no chance for early release, said Chief Assistant U.S. Attorney Douglas Molloy. Pascual's guilty plea spares the 15-year-old victim in this case, who was held against her will and forced to be a sex slave, from having to appear in open court for a trial.

His guilty plea comes nearly two years after his arrest.

Pascual was charged with sex trafficking and harboring immigrants for commercial gain.

"He has accepted responsibility for what he did," Molloy said. "This is what the victim wanted. This was the best resolution in this case."

The Guatemalan teenager told investigators she was forced to cook, clean house and used as a sex slave by Fernando Pascual. She was enslaved, raped, beaten and impregnated, investigators said.

A neighbor reported the girl's story to the FBI, which prompted a federal investigation.

Pascual's sister, Matilde Pascual Andres, 26, pleaded guilty to harboring the girl and making her help prepare food for migrant workers.

She agreed to cooperate against Pascual, Molloy said. Pascual, Andres and husband, Pascual Sebastian Miguel, have been in custody since May 20, 2004, when detectives from the Lee County Human Trafficking Unit raided a North Fort Myers home where they were residing. The abuse happened at a home in Cape Coral. The victim and her baby were no longer living with the family.

Miguel pleaded guilty in February to harboring illegal immigrants.

The News-Press investigated the case in 2005, reporting that safety nets designed to protect Florida's children from abuse failed the girl for more than 1 1/2 years.

Bills Fail To Change Voting Rules For New Orleans Election (AP)

By DOUG SIMPSON, Associated Press Writer

AP, March 30, 2006

BATON ROUGE, La. - The Rev. Jesse Jackson went to the state Capitol on Wednesday with his campaign to make it easier for displaced New Orleans residents to vote in the April 22 mayor's race, but he got no help from a Senate committee.

The Senate and Governmental Affairs Committee rejected a bill that aimed to create "satellite voting centers" in other states, so registered voters now living out of state could cast ballots without traveling back to Louisiana.

Jackson testified that forcing displaced voters - most of whom are black - to pay for transportation back to New Orleans amounted to a "poll tax" akin to those that existed in the Jim Crow era.

Opponents questioned whether Louisiana would get full cooperation from the other 49 states where Katrina evacuees now live.

Sen. Jay Dardenne called the plan "a recipe for litigation," arguing that it would provoke lawsuits alleging that different voters received different treatment depending on which state they voted in.

"You have to have a consistent plan that treats everyone alike," said Dardenne, R-Baton Rouge. "It is virtually impossible ... to envision how you could implement that on a nationwide basis."

The bill, by Sen. Cleo Fields, D-Baton Rouge, failed on a 3-3 vote.

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State election officials have taken several steps to help residents displaced by Hurricane Katrina vote in the April 22 municipal elections, including easing restrictions on mail voting and setting up offices around the state where residents can cast early ballots prior to election day. But some civil rights groups say the state has not done enough.

A federal judge this week turned back their efforts to delay the election. Meanwhile, some lawmakers in the session that began Monday are pushing various bills they hope will further ease displaced residents' ability to vote.

Another Fields bill would have required the Louisiana Secretary of State's office to mail absentee ballots to all voters displaced by a natural disaster and living at a new address. Under current law, such voters receive an absentee ballot only after requesting one by mail - a process Fields and Jackson called an "undue burden."

While that bill could not have made it through the Legislature in time to affect the April 22 election, it could have been passed in time for the expected May 20 runoff.

But Sen. Chris Ullo amended it so that it would not take effect until after the runoff. Ullo, D-Harvey, said he was reluctant to tinker further with the New Orleans elections, after the U.S. Justice Department has already approved other changes that include shifting the primary date from February to April.

The panel approved the watered down bill with a 4-2 vote, sending it to the full Senate. Dardenne and Sen. Noble Ellington, D-Winnsboro, voted against it.

New Orleans Officers Indicted In Beating (AP)

By Mary Foster

AP, March 30, 2006

NEW ORLEANS - Two former New Orleans police officers who were caught on videotape beating a retired teacher were indicted on felony charges that could send them to prison for years.

The officers - Robert Evangelist and Lance Schilling - were fired after the Oct. 8 beating of Robert Davis, 64, was captured on video by an Associated Press Television News crew covering the aftermath of Hurricane Katrina.

Evangelist, 36, faces up to 10 years in prison if convicted of false imprisonment while armed with a dangerous weapon and second-degree battery. Schilling, 29, could spend five years behind bars if convicted of second-degree battery.

"I hope this will result in something good for our city," said Davis, who spent more than an hour Wednesday testifying about the beating, which left him lying on the street, hands cuffed and blood flowing from his head and face.

A third officer, Stewart Smith, 50, was charged with simple battery. If convicted, he faces up to 6 months in jail and a $500 fine. Smith was suspended for 120 days but remains on the force.

Evangelist and Schilling were charged with battery against Davis, and Smith was charged with battery against a reporter.

A telephone call Wednesday to an attorney representing Evangelist, Schilling and Smith for comment was not returned.

Police Superintendent Warren Riley said in a statement late Wednesday that Smith would be reassigned to desk duty pending the outcome of his trial.

After the grand jury appearance, Davis told reporters that he still has headaches and back problems. He had to interrupt his testimony to take medicine.

The retired elementary school teacher said he had returned to the storm-struck city to check on his property and was looking for a place to buy cigarettes in the French Quarter when police grabbed him.

The videotape shows an officer hitting Davis at least four times on the head. Davis twisted and flailed as he was dragged to the ground. One officer kneed Davis and punched him twice.

Smith had ordered APTN producer Rich Matthews and the cameraman to stop recording. When Matthews held up his credentials, the officer grabbed him, jabbed him in the stomach and delivered a profanity-laced tirade.

The video also shows two FBI agents joining the police in subduing Davis. Their role is being investigated by federal officials.

A federal civil rights investigation also was launched.

"Without this videotape, I'm sure this case would be swept under the rug," said Davis' attorney, Joseph Bruno.

District Attorney Eddie Jordan agreed the videotape was important.

"Any time you have strong evidence, and I consider a videotape strong evidence, it helps your case," he said.

When asked if the false imprisonment charge meant that Davis should not have been arrested, Jordan said, "I think that's a fair inference."

Davis has pleaded not guilty to municipal charges of public intoxication, resisting arrest, battery on a police officer and public intimidation. His lawyer said this week he expects the charges will be dropped.

U.S. Attorney Says Harrison Sheriff Can't Talk About Inmate Death (AP)

DOJ_NMG_0024140

AP, March 30, 2006

GULFPORT, Miss. - U.S. Attorney Dunn Lampton says Harrison County Sheriff George H. Payne Jr. cannot comment on the death of a jail inmate because of federal statutes that apply to grand jury matters and ongoing investigations.

County supervisors had asked Payne this week to talk to them about the death of Jessie Lee Williams Jr. Williams was allegedly beaten by jailers in the booking room of the county jail on Feb. 4. Without details, supervisors said they are ill-prepared to respond to a wrongful death lawsuit in which they are among defendants.

Payne said sheriff's department was not part of the investigation and Lampton told him that the department was not "to comment in any shape, form or fashion on the case or the investigation."

Cy Faneca, Payne's attorney, told supervisors he tried to get permission from the U.S. Justice Department to show them the booking room videotapes, but was denied.

Lampton confirmed Tuesday that he told Payne not to comment.

The videotapes, Lampton said, likely will be released at a later time, "but probably not as quickly as you would like."

The original videotapes are in federal possession, an issue of concern to attorneys for Williams' estate. They haven't been able to get copies, either.

The case would move quicker, if it was only a state investigation, Lampton said.

"If we arrest someone, we have to be prepared to take it to a grand jury in 30 days. It is more important to worry about the end result, to be fair and have sufficient evidence," he said.

No charges have been filed. A federal grand jury convenes the first and third week of each month, but a special grand jury can be convened if requested.

Attorney Michael W. Crosby, who filed a civil lawsuit on behalf of Williams' family, said Monday he is not giving up on gaining access to the tapes.

Board President Connie Rockco said it is frustrating for supervisors to be named as co-defendants and "know nothing about what happened."

The wrongful death lawsuit alleges former corrections officer Ryan Teel, 29, is the jailer who allegedly continued to beat, punch, choke and torture Williams while he was restrained and hog-tied.

Williams, 40, was in custody on misdemeanor charges of public drunk, simple assault on a minor and pointing and aiming a gun. He died at a hospital two days after the Feb. 4 arrest when he was taken off life support.

Teel was on administrative leave with pay for more than a month before his resignation.

Four other booking room officers are named in the lawsuit, but they apparently are still employed at the jail.

Court Rules Against Democrat In Leak Of Tape (WP)

By Christopher Lee

The Washington Post, March 30, 2006

Rep. Jim McDermott (D-Wash.) violated the rights of Rep. John A. Boehner (R-Ohio) and broke federal law 10 years ago when he leaked the contents of an illegally taped telephone call to the press, a federal appeals court ruled Tuesday.

In a 2 to 1 opinion, a three-judge panel of the U.S. Court of Appeals for the District of Columbia Circuit ordered McDermott to pay Boehner, now House majority leader, more than $700,000, including $60,000 in damages and hundreds of thousands of dollars for legal fees. Boehner had sued McDermott, alleging violations of federal and state wiretapping laws.

The tape was of a Dec. 21, 1996, conference call among Republican leaders, including then-House Speaker Newt Gingrich (Ga.), over how to handle the fallout of the ethics sanctions against Gingrich. Boehner, then the GOP conference chairman, was vacationing in Florida and participated on a cellular phone.

John and Alice Martin, Democratic activists from Florida, overheard the discussion on a police scanner and recorded it. The Martins gave the tape to McDermott; they later pleaded guilty to illegally intercepting the call and were each fined $500.

Boehner targeted his ire at McDermott, then the ranking Democrat on the House ethics committee, who he said leaked the contents of the tape to the New York Times and other news organizations in a blatant invasion of privacy.

"The reason I proceeded then, and the reason I continue to be engaged in this, is because while we all expect our political opponents to go after us, violating the law in the pursuit of your political opponents is, in fact, against the law and should not be tolerated," Boehner said this week.

Boehner said that twice in the past three years he offered to withdraw the lawsuit if McDermott agreed to admit that he was wrong, apologized to the House and donated $10,000 to charity.

In a written statement Tuesday, McDermott said he "respectfully" disagrees with the appeals court's decision and is evaluating whether to appeal. "The American people have a right to know when their government's leaders are plotting to deceive them, and that is exactly what was happening" during the taped call, he said.

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McDermott had contended that he did not break any laws by receiving the tape, and argued that penalizing him for making it public would violate his free-speech rights. The Washington Post, the Times and other news organizations filed briefs in support of McDermott's right to release the contents to the media.

McDermott lost the previous round in federal court in August 2004, when U.S. District Judge Thomas F. Hogan ruled that he "participated in an illegal transaction when he accepted the tape."

Two Chains Reject Magazine With Muhammad Cartoons (WP/AP)

By Associated Press

The Washington Post, March 30, 2006

BUFFALO, N.Y., March 29 -- Borders and Waldenbooks stores will not stock the April-May issue of Free Inquiry magazine because it contains cartoons of the Prophet Muhammad that provoked deadly protests among Muslims in several countries.

"For us, the safety and security of our customers and employees is a top priority, and we believe that carrying this issue could challenge that priority," Borders Group Inc. spokeswoman Beth Bingham said.

The magazine, published by the Council for Secular Humanism in suburban Amherst, includes four of the drawings that originally appeared in a Danish newspaper in September.

"What is at stake is the precious right of freedom of expression," said Paul Kurtz, editor in chief of Free Inquiry. "Cartoons often provide an important form of political satire. . . . To refuse to distribute a publication because of fear of vigilante violence is to undermine freedom of press -- so vital for our democracy."

"We absolutely respect our customers' right to choose what they wish to read and buy and we support the First Amendment," Bingham said. "And we absolutely support the rights of Free Inquiry to publish the cartoons. We've just chosen not to carry this particular issue in our stores."

Culture Wars: Beware Of Presuming Sameness (USAT)

By Jonathan Zimmerman

USA Today, March 30, 2006

I don't remember her name. But I can still picture my sixth grade student's frightened expression when I asked her to give the first classroom presentation that morning.

"Where I come from," she said, in a quivering voice, "girls don't go first." She was an immigrant from a Muslim country in the Middle East whose family had moved to Baltimore a few years earlier. I was a young social studies teacher at her middle school, fired with passion and idealism. I believed in my heart that schools should respect national differences. But I also believed that we should treat boys and girls in an equal fashion.

So how should I have responded? For years, I've put this question to my graduate students. Most side with the girl, citing her distinct cultural background. By forcing the girl to go first, my students tell me, I would be telling her, and the class, that there's something inferior about her culture. And that's not a message our public schools should transmit.

A vocal minority of students bridles at this approach. Some invoke a brand of liberal universalism: Girls and boys are endowed with equal rights, no matter what different cultures might say about it. Others emphasize America's own national rights and imperatives.

American values

Although other cultures do not award equal respect to girls, this argument says, America does; the Middle Eastern girl came to America, so America has both the duty and the responsibility to convert her to its ways.

I'm always a bit bemused by this debate, which masks a basic consensus about culture itself. Both sides assume that culture exists outside of history; that each person has one culture, and only one; and that we know what it is.

We don't.

In my young student's country of origin, most people probably believed that "girls don't go first." But many thought otherwise. Mideast societies contain a huge variety of attitudes about gender and everything else. Culture collapses these distinctions, tricking us into thinking that all in the Middle East think the same. You know, those Middle Easterners. Always oppressing women; it's in their culture.

A century ago, Americans and Europeans spoke knowingly about civilization rather than culture. Only whites possessed it. The culture concept arose to challenge this racial hierarchy, insisting that every people, including people of color, had a distinct set of values, beliefs and habits. And though you might not share these beliefs and habits, you were enjoined to respect them. They weren't necessarily worse, or better, than yours; they were, quite simply, different.

Stereotypical views

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The culture concept revolutionized Western thought, forcing us to acknowledge the huge distortions that a ladder of civilization based on race had fostered. But culture imposed distortions of its own, starting with the dubious idea that everybody in a given culture, or race, thinks in the same way.

This fallacy is richly bipartisan, as we've seen during the recent debates over the war in Iraq. President Bush's newly emboldened GOP critics insist that the culture of Iraq is so different, so authoritarian, so intolerant, so divided, that democracy will never take root there.

We hear much the same thing from Democrats, with a slightly altered inflection: Because our own culture is so different from Iraqi culture, we have no business trying to impose ours on theirs.

They're both wrong. America's war in Iraq might be misguided, for many reasons. But culture is not one of them. By making blanket claims about Iraqi culture, the war's critics place 25 million people in the same conceptual straightjacket.

And that brings us back to my young student. I'm not proud of this, but I let her go second. Today, I'd turn her objection into a set of questions. When you say "girls don't go first" in your homeland, what do you mean? Who agrees with this idea? Who doesn't?

Why do Americans continue to deny these differences in the name of culture? Now, more than ever, that's a question we need to ask.

Jonathan Zimmerman teaches history and education at New York University. He recently completed a history of American teachers in the Third World, to be published this fall.

ANTITRUST:

U.S. Antitrust Review Backs Whirlpool-Maytag Merger (NYT)

By Diana B. Henriques

The New York Times, March 30, 2006

The Justice Department's antitrust division announced yesterday that it had approved Whirlpool's purchase of its smaller rival Maytag, a $1.7 billion deal that will create one of the largest home appliance companies in the world.

Despite the dominant market share the merged companies would have, government lawyers concluded that the deal was not likely to reduce competition among home appliance manufacturers substantially, in part because of strong domestic rivals like General Electric and Frigidaire as well as rivals from abroad including LG, Samsung and Bosch.

Thomas O. Barnett, the assistant attorney general for antitrust, said yesterday that foreign competitors — although they are primarily supplying more expensive machines now — can still put meaningful pressure on appliance prices. "It's not a question of whether they will enter the U.S.," Mr. Barnett said. "In this case, they're quite credible given that they're already here."

The green light from Mr. Barnett's office removes the last obstacle to Whirlpool's determined pursuit of the venerable Maytag brand. After initially offering $17 a share for the company last July, Whirlpool eventually had to raise its offer to $21 a share to lock up the deal last August.

Shares of Whirlpool rose $6.38 yesterday, or 7.1 percent, to close at $95.95. Maytag shares gained $4.73, or almost 28 percent, to close at $21.81.

David L. Swift, the president of Whirlpool, said the company expected to close the deal "before the opening bell on Monday." It had delayed the final steps in the transaction to allow time for the Justice Department's review, he said.

Mr. Swift noted that Whirlpool's original presentation to the antitrust division had included letters from 20 of its trade customers — the retail outlets that sell its appliances — and all supported the deal.

Whirlpool, based in Benton Harbor, Mich., is the largest home appliance maker in the United States, and Maytag of Newton, Iowa, is the third largest. But the combined heft of the two formidable brands, especially in the market for dishwashers and home laundry equipment, prompted criticism from some antitrust experts and analysts. General Electric is No. 2, by domestic appliance sales.

The combined company's market power would "substantially lessen competition by impairing the ability of rivals to compete effectively, " said Diana Moss, vice president and senior research fellow at the American Antitrust Institute, an independent research and advocacy group in Washington. That, in turn, would "harm consumers through higher prices, reduced choice and less innovation," she argued in a report issued by the institute in January.

Both Mr. Swift at Whirlpool and Mr. Barnett, the assistant attorney general, acknowledged that antitrust questions were naturally raised by the combined companies' significant market share — neither would say how big, but Ms. Moss has estimated it at 50 percent to 75 percent, depending on the product.

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In Mr. Bennett's view, those questions were satisfactorily answered not only by the presence of strong competitors but also by the substantial cost savings that Whirlpool expects to achieve at Maytag.

And Mr. Swift noted that traditional measures of Whirlpool market share, which he said was not as large as some public estimates, still do not take into account the increasing power of the retailers who are its first-line customers.

Just four giant retailers — Sears, Lowe's, Home Depot and Best Buy — control 65 percent of retail home appliance sales, he said. That power has "created a very different dynamic" for manufacturers, he said.

Whirlpool-Maytag Deal Gets Antitrust Approval (WSJ)

By Ilan Brat And Richard Gibson

The Wall Street Journal, March 30, 2006

Whirlpool Corp. hopes to close its acquisition of appliance maker Maytag Corp. no later than Monday, as the Justice Department said it won't block the $1.7 billion deal.

In an interview, David Swift, Whirlpool's North American president, vowed to "inject exciting new life" into Maytag brands, although he said it was too soon to comment on which brands Whirlpool would keep or whether it would close any plants. He said the company also would be able to lower costs by increasing manufacturing efficiencies and by buying supplies in larger volumes.

"While efficiencies certainly are a part of what makes this an appealing acquisition, we get very excited about our ability to grow our top-line products and accelerate innovation," Mr. Swift said.

After several months of review, the Justice Department concluded yesterday that the deal "is not likely to reduce competition substantially," citing the combined companies'"ability to expand sales significantly and large cost savings and other efficiencies that Whirlpool appears likely to achieve."

Under traditional antitrust analysis, the deal would probably be rejected or reshaped because of the combined companies' majority share of the U.S. market for washers and dryers. But the Justice Department weighed other factors that carried the day, including the prospect of foreign competition.

This rising level of competition -- mostly from Asia -- would deter the merged companies from raising prices, the department said. Foreign competitors could increase imports and use excess capacity to increase production, the department said.

Also, the agency noted that large retailers, through which the majority of such appliances are sold -- including Sears Holdings Corp., Lowe's Cos. and Best Buy Co. -- have alternatives available to help them resist price increases.

Whirlpool of Benton Harbor, Mich., is the world's largest maker of major home appliances by sales. Maytag, Newton, Iowa, is No. 3 behind General Electric Co. Whirlpool beat at least two rivals with its $22-a-share offer for Maytag, with about a $1.7 billion market value.

Whirlpool and Maytag shares jumped on the news. Whirlpool rose $6.38, or 7%, to $95.95, and Maytag leapt $4.73, or 28%, to $21.81 on the New York Stock Exchange.

After the Justice Department's ruling, Standard & Poor's announced that Maytag shares would be removed from the S&P 500-stock index and be replaced by Dean Foods Co. on a date to be announced. S&P routinely makes such a move when a company is acquired.

Laura Champine, a Morgan Keegan & Co. analyst, said the company likely would stay largely intact, in part because its widely known brands would cost little to maintain. However, she predicted Whirlpool will sell Maytag's Hoover line of vacuum cleaners.

Justice OKs Whirlpool's $1.7B Acquisition Of Maytag (USAT)

By Theresa Howard

USA Today, March 30, 2006

NEW YORK — In a surprising decision Wednesday, the Department of Justice said that Whirlpool (WHR) can go ahead with its $1.7 billion purchase of appliance rival Maytag (MYG) without having to divest any brands.

The deal, which Whirlpool expects to close by Monday, will make it the world's largest appliance manufacturer, accounting for about 70% of domestic sales for washers and dryers, and about 50% of dishwashers.

Whirlpool's brands include KitchenAid, Roper and Consul. It also makes Kenmore appliances for Sears, although the retailer sets prices.

Maytag makes Hoover vacuum cleaners and products from Jenn-Air, Amana and Magic Chef.

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The combined "market share was high enough to conduct a very extensive and thorough investigation of this case," Thomas Barnett, assistant attorney general for antitrust, said in a conference call. "We went beyond market share and evaluated the competitive dynamics about what is likely to happen."

He says that prices should stay in check because of competition from the growing ranks of foreign manufacturers, including LG and Samsung, and other American manufacturers, such as General Electric.

"When we looked at the question of an anti-competitive price increase on low-to-midrange products, we considered North American competitors who could expand their sales, and foreign companies," Barnett said. For example, South Korea's LG, which distributes to chains such as Home Depot, "has been quite successful in a short period of time."

The foreign factor is a fairly new consideration with regulators.

"Ten years ago, if you said the Chinese were coming, you would have been laughed out of the Justice Department and out of court," says Keith Shugarman, an antitrust lawyer at Goodwin Procter.

Despite the rapidly changing landscape in the U.S. market, one antitrust attorney was surprised with the decision.

"I had not seen any particular arguments that were made that would suggest why this transaction does not reduce consumer choice," said Steve Axinn, antitrust attorney and partner at Axinn Veltrop & Harkrider. "It will probably lead to higher prices at least in some lines down the road."

The Justice Department has been assessing the deal since September. Its decision sent Maytag shares soaring 28% to $21.81, while Whirlpool's were up 7.1% to $95.95.

Whirlpool-Maytag Deal Wins Antitrust Approval (FT)

By Stephanie Kirchgaessner

Financial Times, March 30, 2006

Whirlpool's $1.7bn takeover of Maytag was approved by antitrust authorities at the Justice Deparment on Wednesday without any conditions, clearing the way for the creation of the world's largest appliance maker.

The DoJ's decision, in the face of claims that the combined company could control up to 70 per cent of the market for washers and dryers in the US, followed an eight-month-long investigation that was seen as a major test of the limits of the Bush administration's stance on antitrust issues.

It also put a spotlight on Thomas Barnett, the freshly confirmed head of the antitrust division who has gained a reputation among antitrust attorneys for having approved deals during his short tenure against the recommendation of his staff.

Mr Barnett said the deal would not "substantially" reduce competition, was "not likely" to harm consumer welfare, and was "not likely" to give the merged entity market power in the sale of any of its products.

His defence of the deal hinted at a new, emerging standard of antitrust review. This would still consider a company's current market share, but would give more weight to an industry's future competitive landscape. In this case, Mr Barnett said foreign companies such as LG and Samsung could increase their imports into the US in the next few years, adding to competition in the market.

Although he denied that the DoJ was taking a new approach, Mr Barnett emphasised the attention he paid to the potential for new entrants, the excess capacity of other US manufacturers, and the cost savings that would be generated by the combined companies.

"The division found that, despite the two companies' relatively high share of laundry product sales in the US, any attempt to raise prices likely would be unsuccessful," he said.

Approval of the deal also reflects that the DoJ viewed the Kenmore brand of appliances, which is owned by Sears but is largely manufactured by Whirlpool, as a potential rival to the combined company.

The decision vindicates Maytag's directors and advisers, who spent week last year wrestling with the likelihood that a combination with Whirlpool would be cleared by antitrust regulators.

Between July and August, Maytag pushed Whirlpool to raise its offer three times in order to make up for the risk that regulators might block the deal. Maytag's board had previously signed off on a takeover bid which carried no antitrust risk from Ripplewood Holdings, a buy-out group, for the much lower price of $1.1bn.

If the takeover by Whirlpool had not been approved, many observers believe it would have provided a second opportunity for Haier, the Chinese appliance maker, to attempt a bid for Maytag. In June, Haier teamed up with Blackstone and Bain Capital, the private equity groups, to study Maytag's books but decided not to pursue an offer.

The prospect of an iconic US brand and manufacturer being taken over by a Chinese group generated political opposition at the time, coming as CNOOC, the Chinese energy group, was attempting to gain control of California-based Unocal.

Justice Department Approves Whirlpool-Maytag Merger (AP)

By MARK SHERMAN, Associated Press Writer

AP, March 30, 2006

WASHINGTON — Antitrust regulators approved Whirlpool Corp.'s proposed $1.79 billion purchase of Maytag Corp. on Wednesday, saying the merger would not reduce competition substantially.

The existence of strong rivals and the cost savings the new company would generate indicate "this transaction is not likely to harm consumer welfare," the Justice Department said.

Whirlpool CEO Jeff Fettig said the companies expect to close the deal by Monday.

An investigation by the department's Antitrust Division found that an effort by the new company to raise prices on its washers and dryers "likely would be unsuccessful" because at least five other companies are well-established in U.S. markets.

Those competitors include the Sears Holding Corp.'s brand Kenmore, General Electric Co. and Frigidaire, which is made by Electrolux AB. The Justice Department also concluded that foreign manufacturers have quickly established themselves in recent years.

"LG, Samsung and other foreign manufacturers could increase their imports to the U.S.," the department said in a statement. "Existing U.S. manufacturers have excess capacity and could increase their production."

The Justice Department said large retailers including Sears, Lowe's Companies Inc. , The Home Depot Inc. Co. and Best Buy have alternatives available to help them resist any attempt by the combined company to raise prices.

The cost savings and other efficiencies gained by the merger should also benefit consumers, the department said in a statement.

Some analysts and antitrust lawyers had expected the Justice Department to object to the deal. The merger would create a company producing half of the dishwashers in the United States and more than 70 percent of the clothes washers and dryers.

Such a rise in market concentration has typically drawn a challenge from the government.

Assistant Attorney General Thomas O. Barnett said the combined market share prompted a lengthy investigation by his staff.

"It's fair to say that Maytag and Whirlpool account for a large share of the laundry products sold in the United States today and that relatively large share creates an initial rebuttable presumption that justifies an extensive look," he said.

However, he said the investigation resolved those concerns.

The department asked for more time to review the merger last month, prompting wide speculation that it was preparing to challenge the deal.

He declined to comment on whether his staff had recommended a challenge, saying he doesn't comment on internal deliberations.

Whirlpool, based in Benton Harbor, Mich., is the largest appliance manufacturer in the United States.

Maytag, based in Newton, Iowa, is number three, behind GE Consumer products. Maytag owns North Canton, Ohio-based vacuum-cleaner maker Hoover Co.

The International Brotherhood of Electrical Workers Local 1985, represents about 1,000 employees at Hoover's northeast Ohio factories.

The local's president, Jim Repace, said union officials continue to look into a possible employee-sponsored buyout of Hoover. He said consultants in Boston and Chicago plan to present a buyout plan to employees this spring.

Maytag said in February that it was looking at options for the Hoover division, including a possible sale.

Another 1,800 nonunion hourly employees in Juarez, Mexico, and El Paso, Texas, also could be part of the buyout.

Executives from Whirlpool and Maytag declined to discuss how the merger would affect factories and the Maytag's corporate headquarters in Newton, Iowa

"The combination of Whirlpool and Maytag will create substantial benefits for consumers, trade customers and shareholders, through continued development of innovative products, improved quality and service, and cost efficiencies," Fettig said.

Maytag CEO Ralph Hake said the deal provides fair value to Maytag shareholders and will help the company reach a broader base of customers by expanding its global reach.

David MacGregor, an industry analyst with Independence, Ohio-based Longbow Research, said the deal is likely to rapidly improve Maytag's falling market share.

"There's going to be stronger management, there's going to be more resources for growing the business, the brands will have product development that they haven't had in the past and there will be a lot of advertising and promotional support that the brands have lacked in the past," he said.

The antitrust division has been reviewing the proposed merger since September. The companies announced that they had signed a definitive merger agreement in August.

Whirlpool offered to pay $21 a share for Maytag. Including the assumption of $977 million of Maytag debt, the entire deal is valued at about $2.7 billion.

Whirlpool won a bidding match last summer that included a $14 per share bid by New York investment firm Ripplewood Holdings and investment partners. China's Haier America, backed by Bain Capital and Blackstone Group had bid $16 per share to acquire Maytag, whose brands include Maytag, Amana, Hoover, Jenn-Air and Magic Chef.

Whirlpool, which makes KitchenAid, Brastemp, Consul and other brands racheted up the bidding from its initial $17 offer to $21 to entice Maytag away from the Ripplewood group.

Maytag shares rose $4.73, or 27.7 percent, to close at $21.81 on the New York Stock Exchange. They have traded in a 52-week range of $9.21 to $19.97.

Whirlpool shares gained $6.38, or 7.1 percent, to close at $95.95. They've traded between $60.78 and $91.92 in the past year.

Associated Press Writer David Pitt in Des Moines contributed to this story.

Justice Dept. Approves Whirlpool-Maytag Deal (DMR)

Des Moines Register, March 30, 2006

The U.S. Justice Department cleared the way today for Whirlpool Corp.'s purchase of Newton-based Maytag, a combination that would create the world's largest appliance maker and clouds the future of the Iowa company's operations in its hometown.

"After thoroughly investigating Whirlpool's proposed acquisition of Maytag, the division determined that the proposed transaction is not likely to reduce competition substantially," the department's antitrust division said in a statement.

The statement said the "transaction is not likely to harm consumer welfare" because there are strong rival manufacturers in the market place and Whirlpool appears likely to get large cost-savings and other benefits from the acquisition.

The combination of Whirlpool, the nation's biggest appliance maker, and Newton-based No. 3 Maytag would create the largest appliance manufacturer in the world with annual sales of about $18 billion.

The sale, however, also raises questions about the future of Maytag operations in Newton, where it operates a 1,000-employee washer/dryer factory and employs another estimated 1,300 people at its headquarters.

Maytag also operates a 2,500-employee refrigerator factory in Amana.

Critics of the deal said the combined company would lessen competition and harm consumers through higher prices and reduced choice. The combined company will produce an estimated 75 percent of the nation's top-loading washers and companion dryers.

Backers of the deal said the market would still include another strong domestic appliance maker, General Electric, and foreign appliance makers from Asia and Europe would also offer significant competition.

Maytag stockholders approved the $2.7 billion sale in December, but the deal hadn't closed, pending review by the U.S. Justice Department.

It wasn't clear how soon the deal would close, now that the justice department had announced that it wouldn't challenge the sale.

Maytag stockholders would get $21 for each of their shares, half paid in cash and half paid in Whirlpool stock.

Whirlpool's $1.68 Billion Takeover Of Maytag Approved (Update2) (BLOOM)

Bloomberg, March 30, 2006

March 29 (Bloomberg) -- Whirlpool Corp. can complete its $1.68 billion takeover of Maytag Corp., the U.S. Justice Department decided as it rejected concerns from its own lawyers that the combination might hurt competition.

The acquisition, approved without any required divestitures, will create the world's largest appliance maker. It was the first merger decision by Thomas O. Barnett since he won Senate confirmation on Feb. 10 to head the Justice Department's antitrust division.

``I'm stunned," said Mirko Mikelic, a senior portfolio analyst with Fifth Third Bank in Grand Rapids, Michigan, with $21 billion assets including Whirlpool bonds. ``I thought they would need to do at least something to appease the Justice Department."

Shares of Maytag surged $4.73, or almost 28 percent, to $21.81 at 4 p.m. in composite trading on the New York Stock Exchange. Whirlpool rose $6.38, or 7.1 percent, to $95.95.

``The proposed transaction is not likely to reduce competition substantially," the Justice Department said in a statement. ``Large cost savings and other efficiencies that Whirlpool appears likely to achieve indicate that this transaction is not likely to harm consumer welfare."

Government lawyers who investigated the combination had raised concerns that it would lead to higher prices for washing machines because Whirlpool and Maytag together control more than 70 percent of the U.S. market, said antitrust lawyers familiar with the matter who spoke on condition of anonymity because they were not authorized to discuss the transaction.

Foreign Competition

Whirlpool, argued that growing foreign competition from makers such as China-based Haier Group Corp., LG Corp. of South Korea and Sweden's Electrolux AB would constrain its ability to raise prices.

The Justice Department said in its statement today that it is convinced the combined company can't raise prices because of competition from General Electric Co. and Electrolux AB's Frigidaire line. It also noted that foreign-made products sold by such companies as LG and Samsung Electronics Co. Ltd. ``have quickly established themselves in recent years."

The Justice Department also cited competition from Sears Holdings Corp.'s Kenmore brand, which is manufactured by Whirlpool.

Whirlpool said its production of the Kenmore brand shouldn't be counted as part of its share of the washing machine market because Sears sets prices and promotes its own appliances.

Fourth-Quarter Loss

Whirlpool, based in Benton Harbor, Michigan, outbid Ripplewood Holdings last year for Maytag, which reported a fourth-quarter loss of $75 million, or 93 cents a share. Maytag's loss widened from $14.1 million, or 18 cents a share, in the same quarter a year earlier.

Haier withdrew its preliminary bid of $16 a share for Newton, Iowa-based Maytag after Whirlpool bid $17. Whirlpool then raised its offer three times to $21 a share before Maytag's board agreed to the deal.

U.S. manufacturers have ``excess capacity" and would be able to increase production, the Justice Department said today. Large retailers that account for most appliance sales -- Sears, The Home Depot Inc., Lowe's Cos. Inc. and Best Buy Co. -- have alternative suppliers to help them ``resist an attempt by the merged entity to raise prices," the department said.

The agency also noted that Whirlpool and Maytag ``substantiated large cost savings and other efficiencies that should benefit consumers."

To contact the reporter on this story: James Rowley at jarowley@bloomberg.net Last Updated: March 29, 2006 16:17 EST

Small Doesn't Mean Safe Under Antitrust Laws (LAW)

By John G. Calender and Phillip C. Zane, Legal Times

Legal Times, March 30, 2006

Enforcers don't focus their attention solely on multimillion-dollar companies

The big news in antitrust enforcement is always the international investigation that ends in a fine of tens or hundreds of millions of dollars, such as last year's agreement by Samsung to pay $300 million for fixing the price of DRAM chips or last week's agreement by Akzo Nobel to pay $32 million for fixing the price of hydrogen peroxide. Even when the Justice Department announces its statistics, the headline is the amount of money collected in fines. But if this gives comfort to small companies and their counsel, they should think again.

Although nonspecialists sometimes believe that the antitrust laws are aimed at limiting the power of big businesses, these laws, particularly the criminal provisions of the Sherman Act, are enforced against all manner of companies. Small businesses do get discovered, prosecuted and convicted.

Recent prosecutions of small companies have been as varied as the economy itself. The Justice Department has investigated roofing contractors in upstate New York for rigging bids. Electrical contractors, concrete suppliers and insulation manufacturers also have been prosecuted. Small computer firms have been targeted, as have small chemical companies. Moving and storage companies have been prosecuted for bid rigging. Scrap companies have been convicted of price fixing.

Under the Sherman Act the Justice Department will prosecute price fixing and bid rigging as crimes. Price fixing and bid rigging are usually responses to corporate pressures for profits and results, not acts of personal greed. As a result, price fixers rarely think of themselves as criminals. Small companies are no less vulnerable to this blind spot than large ones.

Individuals convicted of price fixing or bid rigging now face a maximum sentence of 10 years in prison for each count. The actual length of the sentence depends on a number of characteristics of the offender and the offense -- most important, the volume of commerce affected by the conspiracy. This does result in shorter sentences for convicted employees of small companies.

But it's not much help. Recent amendments to the federal sentencing guidelines have served to increase the lowest sentence available for price fixing (without a departure from the guidelines) to 10 months confinement, at least half of which must be served in prison. Bid rigging is treated more harshly; a person convicted of this offense must spend at least one year in prison.

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Companies convicted of cartel activity face large fines calculated by looking at the volume of commerce affected by the price fixing. The base fine is 20 percent of the volume of commerce regardless of what the actual loss was. Even after adjustments for various factors, fines for antitrust offenses cannot be less than 15 percent of the volume of commerce. This may well be enough to bankrupt a small company, particularly if the company has few other products or services besides those whose prices were fixed, and especially if the price fixing lasted more than a year.

Lacking expertise in antitrust law, small companies may think that colluding to keep prices lower than would result from unrestrained competition is legal. No, it's not.

In recent years the Justice Department has prosecuted bidders who agreed to keep purchase prices at auction low so that they could make more money on resale in a number of real estate markets. Earlier this year the department prosecuted a similar scheme in the otter-pelt market.

When targets of an antitrust investigation lie to the grand jury or falsify or destroy documents, the Justice Department will prosecute for obstruction of justice -- even when no substantive antitrust offense is found. The department has launched such prosecutions against smaller businesses in a number of markets, including linen supply, feeder goldfish (fish sold to be fed to other fish) and computer products.

Even when the government is done with you, it's not necessarily all over. For every criminal antitrust offense, there is also a tort. Private parties may sue for treble damages suffered as a result of price fixing or bid rigging, as well as for attorney fees. And a criminal conviction is prima facie evidence of liability.

The lesson for small companies and their counsel is clear: Do not ignore the antitrust laws because you think they apply to someone bigger or more profitable. They apply to you too, and you ignore them at your peril.

John G. Calender is a shareholder and Phillip C. Zane is of counsel in the D.C. office of Baker, Donelson, Bearman, Caldwell & Berkowitz.

Supreme Court Hears EBay Patent Case (USAT)

By Joan Biskupic

USA Today, March 30, 2006

WASHINGTON — EBay faced skeptical Supreme Court justices Wednesday as it argued that a company found liable for patent infringement should not necessarily be forced to stop using the patented idea.

Carter Phillips, an attorney representing eBay, argued that sometimes being forced to pay money damages is enough. If a judge issues an injunction while a company tries to design around the patents, that could stifle commercial innovation, Phillips said.

The dispute, coming just weeks after BlackBerry-maker Research In Motion settled a patent lawsuit, arises amid rapid changes and fierce competition in the tech world. EBay argues that the routine issuance of injunctions adds to the leverage of "patent trolls," entities that get patents on promising technology without intending to use them commercially. Instead, they seek settlements from companies that might infringe them.

The case traces not to eBay's popular online auction, but to a feature that allows customers to buy items for a fixed price. A jury found eBay liable for infringement of patents held by MercExchange, a Virginia company. The jury awarded damages: $35 million, later reduced by $5.5 million. The judge denied MercExchange's request for an injunction, saying it would not be irreparably harmed if eBay continued operating as it sought alternatives for its fixed-price marketplace. The judge noted that MercExchange had not put its patents into practice.

But the U.S. Court of Appeals for the Federal Circuit reversed. It said once a jury has found infringement, the general rule is that an injunction is issued.

Phillips called that stance "extraordinarily stringent" and said trial judges should be able to decide on injunctions based on facts of individual cases. He said the appeals court rule could hinder tech advances and fuel companies that obtain patents for license fees rather than to make something.

MercExchange's attorney, Seth Waxman, objected to the notion that his client sought patents as a litigation strategy. "This is not a patent-troll case," he said. Waxman said the company's founder invented the technology. "He is no promiscuous licenser."

Waxman said the rule used by the appeals court is rooted in history. Only in "rare cases," he said, would the public be served by denying the injunction.

The justices who spoke up most appeared to find merit in the appeals court's ruling. Chief Justice John Roberts questioned why patent holders would have less protection because they did not make a product, as the trial judge suggested.

Justice Ruth Bader Ginsburg said if trial judges had more discretion on injunctions, a patchwork of policies would emerge. "You'd get a tremendous disparity among jurisdictions," she said.

EBay shares closed Wednesday at $39.32, up 1.2%.

High Court Considers EBay Case On Patent (WP)

By Yuki Noguchi And Charles Lane

The Washington Post, March 30, 2006

The Supreme Court heard oral arguments yesterday in a crucial intellectual property case -- and the outcome could hinge on whether the justices think online auctioneer eBay Inc. is a larcenous corporate giant or the innocent victim of a greedy "patent troll."

At issue is the current rule in patent cases that patent holders who prove infringement get money damages and an injunction shutting down the businesses that violate their intellectual property rights. EBay, backed by tech firms such as America Online Inc. and Yahoo Inc., says the near-automatic injunction gives patent holders too much leverage, enabling patent holders who have no intention of using their inventions -- known as "patent trolls" -- to ambush companies with expensive lawsuits.

But MercExchange LLC, a Great Falls firm that says it created a process for selling goods at a fixed price online that eBay later infringed, argues that the real problem is the bullying of giants like eBay that refuse to pay patent holders for their intellectual property. Backed by the pharmaceutical industry, which has its own huge stake in patenting drugs that take years to develop, MercExchange argues that, without easy access to injunctions, small inventors would be helpless against the likes of eBay.

"This is not a patent troll case," MercExchange's lawyer, Seth P. Waxman, told the court. MercExchange came up with a legitimate invention that eBay offered to buy, he said, but when negotiations broke down, eBay "stole the technology." The invention is a method for allowing users to buy goods at a set price instead of bidding on them.

The case puts a spotlight on the nation's troubled patent system, which recent studies by the National Academy of Sciences and the Federal Trade Commission have described as plagued by questionable patents and costly litigation.

Research in Motion Ltd., the maker of BlackBerry wireless e-mail devices, recently settled a case brought by NTP Inc., a patent-holding company, for $612.5 million. RIM faced an injunction even though the U.S. Patent and Trademark Office had concluded that the patents were largely invalid.

Some patent experts said yesterday that eBay v. MercExchange , No. 05-130, is likely to spur action on Capitol Hill. A House bill introduced by Rep. Lamar S. Smith (R-Tex.) would essentially back software companies' interests by allowing permanent injunctions only in cases in which the patent holder could prove it would suffer irreparable harm without one. But the bill is on hold, stymied largely by opposition from the pharmaceutical industry.

"I think the biggest issue this is going to result in is a more urgent push for patent reform" among legislators, said Brian Ferguson, a patent attorney in Washington who did not represent either side in this case. "There is a concern that the patent office is overwhelmed and it isn't doing as good a job as it could" in reviewing existing technologies or issuing patents in new technology areas, he said.

The Bush administration, faced with a division within the business community, weighed in on MercExchange's side. But its cautious brief urged the court to address the specific issues in the case, instead of trying to address "general policy concerns respecting potential abuse of the patent system."

In 2003, eBay lost a jury trial to MercExchange. The jury awarded MercExchange $35 million, but the judge reduced the award by $5.5 million and denied MercExchange an injunction, saying the smaller company would not face "irreparable harm" without it.

The district judge reasoned that, among other things, MercExchange was not practicing the patents and was willing to license its technologies to other companies.

The judge also cited "growing concern over the issuance of business-method patents" as a reason that an injunction would not be in the public interest.

But the U.S. Court of Appeals for the Federal Circuit, which has nationwide appellate jurisdiction over patent cases, reversed that ruling last year, saying MercExchange was entitled to an injunction because a "general concern" about business-method patents did not justify "the unusual step of denying injunctive relief."

It said MercExchange was entitled to an injunction to shut down eBay's "Buy It Now" feature. "Buy It Now" continues to operate, though, pending the case's final outcome. EBay also said there is no need for an injunction because it is planning to install a work-around that would allow the feature to function without infringing on the patents.

At the hearing yesterday, eBay's lawyer, Carter G. Phillips, argued that the appeals court's ruling is too inflexible to encompass the fast-changing world of software technologies. Those realities demand that district courts be allowed to consider the circumstances of each case before determining whether shutting down a business is necessary to address the property concerns of companies like MercExchange, Phillips argued.

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"The time has come for this court to say, 'No, this is not what the Patent Act protects,' " Phillips said. District judges should be empowered to limit the relief to patent holders to cash alone, he argued.

But Waxman countered: "It is critical that this judgment be affirmed, because this is a real inventor. . . . Any suggestion of uncertainty to come out of this case would dramatically destabilize settled law . . . and the investment-backed expectations of inventors large and small."

Chief Justice John G. Roberts Jr. challenged Waxman, noting that since the lawsuit began, the Patent Office has rejected MercExchange's patent claims. Can the district court take that into account? Roberts asked.

Waxman said allowing parties to file for review after litigating cases in court would be an "open invitation" to manipulations of the patent process by infringers like eBay.

Justice Antonin Scalia seemed to agree with Waxman, asking questions that suggested he did not consider this case different from others regarding private property rights.

"We're talking about property rights; all he's asking for is, 'Give me my property back,' " Scalia said to Phillips. "Why isn't the free market adequate to deal with the problems you're talking about?"

A decision is expected by July.

High Court Hears EBay Patent Fight (WSJ)

By Mark H. Anderson

The Wall Street Journal, March 30, 2006

Several U.S. Supreme Court justices Wednesday appeared resistant to eBay Inc.'s call for broader leeway on whether federal courts issue an injunction in a patent-infringement case, although the justices also probed for how they might clarify injunction standards.

"You're talking about a property right here and a property right is the right to exclude," Justice Antonin Scalia said at oral arguments in eBay v. MercExchange. Justice Scalia wondered why the Supreme Court should rewrite patent laws. "Why can't we let the marketplace take care of the problem," he said.

Justice Scalia and several other justices indicated they were worried that watering down the role of injunctions in patent-infringement cases might harm inventor rights in the U.S. patent system. At the same time, some of the justices also probed for whether the Supreme Court should rule that federal trial judges - contrary to a recent lower court ruling by the Washington-based Federal Circuit Court of Appeals - have some discretion to withhold an injunction.

EBay went before the Supreme Court in its quest to avoid an injunction for infringing on patents held by MercExchange, a Great Falls, Va., patent holding company. The patents, among other things, deal with eBay's popular "Buy It Now" feature in online auctions.

The case is being watched closely by both Supreme Court and patent law experts and has been billed as one of the most significant patent appeals to reach the Supreme Court in recent years.

The justices who spoke at the oral arguments made it clear they don't take changes to the patent procedures lightly. "Are you devaluing the value of a particular patent by denying an injunction," Chief Justice John Roberts Jr. said. But Justice Roberts also worried about whether some patent holding companies may be abusing the patent system by leveraging questionable patents with the power of an injunction threat.

For example, Justice Roberts asked questions about the standards that should apply to inventors who do nothing but hold their patents and about situations where a patent covers a business process, such as the auction purchase feature at issue in the case, that may appear to be somewhat vague. He also asked what should happen if the U.S. Patent & Trademark Office reverses course and denies a patent when it is challenged in a dispute.

The core issue in the case is whether a federal judge should have handed down an immediate injunction barring eBay from infringing on patents held by MercExchange. The justices, reviewing almost 100 years of legal precedent, will decide whether the current standard for patent injunctions should be changed or, at a minimum, clarified.

"The Federal Circuit's rule is extraordinarily stringent," said Carter Phillips, a Washington attorney who represented eBay. Mr. Phillips urged the Supreme Court to give federal judges who handle patent disputes more discretion when deciding whether a company that has infringed on a patent deserves an injunction in addition to monetary damages.

Seth Waxman, a Washington attorney who represented MercExchange, said his client deserved injunction protection that patent law provides in infringement cases. "The jury found by clear and convincing evidence that eBay had infringed," Mr. Waxman said. He added that changing current injunction standards would upset settled patent law and harm inventor rights.

The U.S. government argued that the Supreme Court shouldn't change current legal precedent that leaves federal judges with limited discretion on injunctions. Jeffrey Minear, an assistant in the U.S. Solicitor General's office, said the Supreme Court

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should affirm the Federal Circuit's decision while providing new guidance for judges. He said injunctions are important in patent law because they "harness the market to determine what the market value of a patent is."

The fight has split the corporate world. Many technology companies, citing what they believe are legal shakedowns from patent holders that don't make any products, want the Supreme Court to ease precedent that calls for injunctions in many patent judgments. Biotechnology, pharmaceutical and other business segments that rely heavily on the development of single-product patents want strong injunction standards to remain in place.

EBay and several high-tech companies said in court filings that they already are being victimized by "patent trolls," small companies that sue larger firms over ideas they have never developed into products. Earlier this month, a $612 million settlement by Research in Motion Ltd., maker of the BlackBerry wireless e-mail service, occurred under threat of an injunction that could've barred use of technology that is essential to the popular device's operation.

"Under such circumstances, injunctions do not serve the goal of the patent system to promote innovation but turn that system on its head," lawyers for Time Warner Inc., Amazon.com Inc., Xerox Corp. and others wrote in a friend-of-the-court filing.

Pharmaceutical and biotechnology companies disagree. In court filings, their lawyers said developers of drugs or technology need protection not only for their ideas but also to recoup costs of their investments in developing new medicines.

MercExchange, founded by patent lawyer Thomas Woolston, sued eBay and its subsidiary Half.com Inc. in 2001, alleging infringement of patents dating to 1995, shortly before eBay's launch on the Web.

Mr. Woolston's idea was to use an electronic network of consignment stores that would ensure legitimacy of sales by taking possession of goods being offered. eBay's system was based on the belief that buyers and sellers could trust each other and deal directly.

A jury sided with MercExchange, finding that its business method patents had been infringed, and awarded the patent-holder $35 million. The judge later reduced the award by $5.5 million and refused to grant a permanent injunction, ruling that MercExchange would not suffer because it had not used its inventions commercially and had expressed an interest in licensing its patents to eBay. On appeal, the Washington-based Federal Circuit Court of Appeals, a special appeals court set up to handle patent cases, said an injunction is required.

UPDATE: EBay Arguments Run Into Skepticism At High Court (DOW)

Dow Jones, March 30, 2006

WASHINGTON (Dow Jones) - Ebay Inc.'s (EBAY) arguments that trial court judges should have discretion over when to grant injunctions in patent-infringement cases ran into tough questioning from several justices Wednesday at the U.S. Supreme Court.

The online auctioneer wants the high court to reverse an appeals court ruling that said a district-court judge erred in not issuing an injunction against eBay (EBAY)after a jury found the Internet giant violated patents held by MercExchange.

The case is part of an ongoing battle over U.S. patent law that pits high-tech companies like eBay (EBAY), who argued that such injunctions are granted too readily, against inventors, biotech firms and drug companies that rely heavily on patent law to protect their investments in intellectual property.

MercExchange, a small firm in Great Falls, Va., has sought an injunction to bar eBay (EBAY) (EBAY (EBAY)) from using its patented technology since winning a $25 million damage award in 2003.

An attorney for eBay (EBAY), Carter Phillips, argued at the high court that "monetary damages are a perfectly adequate remedy" for patent holders who've been infringed upon, and added that the judge in the case was "uniquely suited" to make a determination on whether an injunction was necessary.

But Justice Ruth Bader Ginsburg countered that appellate courts have a role in standardizing such rulings, and Justice Antonin Scalia voiced skepticism about making significant changes to existing U.S. patent law.

"You're talking about a property right here," Scalia said, addressing the eBay (EBAY)lawyer. "Why isn't the free market adequate to resolve these problems?"

The lawsuit concerns patents related to eBay's (EBAY) "Buy it Now" feature, a service that lets buyers circumvent the auction process and buy a product immediately for a set price. That option accounts for one-third of the gross value of merchandise sold via eBay's (EBAY) Web site.

In the 2003 ruling, the U.S. District Court judge declined to issue an injunction, saying MercExchange had sufficient means to seek monetary damages for past and future infringement.

The Court of Appeals for the Federal Circuit, which hears most patent case appeals, later overruled the district judge, saying a permanent injunction should be granted in most cases barring extraordinary circumstances.

"Injunctions historically are issued in all but the most rare cases," MercExchange attorney Seth Waxman argued in court Wednesday.

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In its suit, eBay (EBAY) asked the Supreme Court to reject the circuit court ruling and to allow the district judge's decision to stand.

MercExchange countered that the Supreme Court's intervention on eBay's (EBAY) behalf would dramatically undermine a century of settle law and cause massive confusion in the business world.

The federal government backed MercExchange in the case. The lawyer representing the U.S. Justice Department, Jeffrey Minear, said injunctions " force negotiations between the parties" and help figure out the market value of the invention that has been infringed.

Justice Anthony Kennedy appeared to agree, stating that injunctions often prove to be the quickest way to settle patent lawsuits.

Although several justices, including Chief Justice John Roberts, showed some sympathy for the idea that injunctions could be an unduly harsh remedy, none indicated an eagerness to change the existing law that allows judges discretion in such cases.

A decision in the case, eBay Inc. (EBAY) v. MercExchange, is expected by early summer.

Justices Seem Divided Over EBay Patent Injunction Case (LAW)

By Tony Mauro, Legal Times

Legal Times, March 30, 2006

Two veterans of the Supreme Court bar argued forcefully -- and inconclusively -- Wednesday in a high-stakes dispute over how easy it should be for a patent holder to win an injunction against an infringer.

From the tenor of the questioning in eBay v. MercExchange, justices seemed closely divided over the issue, alternately sympathetic toward Sidley Austin's Carter Phillips, arguing his 49th case at the Court, and then toward his adversary, WilmerHale's Seth Waxman, appearing before the high court for the 47th time.

The case has drawn wide interest, with businesses lining up on both sides. Some companies, including Intel, are siding with eBay, expressing concern that the holder of a single patent that covers one of thousands of processes inside a product could bring down that product too easily by obtaining a paralyzing injunction. The recent patent dispute that almost crippled BlackBerry service is cited as a prime example.

Phillips represented eBay, arguing that injunctions should not be granted automatically and that instead, judges should have broad discretion to balance equities and to decide, in some cases, that money damages are a "perfectly adequate" way to penalize infringers. Permanent injunctions, he said, represent a "sword of Damocles" over companies that can be wielded by small patent holders or "trolls" who do not even make direct use of the patent.

Waxman represented MercExchange, a small Virginia firm that sought an injunction against eBay. Both Court precedent and the will of Congress, he said, dictate that "a final judgment of infringement yields an injunction in all but the rarest of cases." He portrayed his client as a hardworking inventor, not a "patent troll" or a "promiscuous licenser" aiming to profit from his patent merely through litigation.

The dispute began in 2001, when MercExchange sued eBay for infringing its patent that enabled the "Buy it Now" feature used on the popular online auction site. A jury in the Eastern District of Virginia awarded MercExchange $35 million for infringement, and the company promptly moved for a permanent injunction to prevent future infringement by eBay.

Under a 1908 precedent, Continental Paper Bag Co. v. Eastern Paper Bag Co., there is a legal presumption in favor of an injunction against the infringer. But the judge denied MercExchange's motion, finding that the company, which licenses but does not practice its patents, would not suffer irreparable harm without an injunction. The judge also ruled that "growing concern" over business-method patents like those at issue cut against MercExchange's arguments.

But the U.S. Court of Appeals for the Federal Circuit rejected the District Court's reasoning and said that nothing in the case justified deviating from the rule in favor of an injunction.

Supporters of eBay argue that so-called trolls that hold or license relatively insignificant patents can hold a high-tech company hostage by threatening to seek an injunction and winning disproportionately high licensing fees in exchange.

But other companies, joined by the Bush administration, argue that the precedent should be upheld to give needed protection to valid patents. Assistant to the Solicitor General Jeffrey Minear told the justices Wednesday that infringement by itself "normally is irreparable harm" and, therefore, should trigger an injunction against the infringer.

Chief Justice John Roberts Jr. seemed sympathetic at one point toward the "garage inventor" who might need the weapon of an injunction to keep a big company from erasing his livelihood. But then he also voiced concern that an injunction could sweep too broadly, especially if it was aimed at protecting a hard-to-define business-process patent. Justice John Paul Stevens also seemed concerned about the breadth of injunctions against patent holders.

Justice Antonin Scalia appeared sympathetic toward MercExchange, suggesting it would be unusual for the government not to order an infringer to, in effect, give back the patent holder's property.

Justice Anthony Kennedy, apparently perplexed by the terminology, asked Phillips whether the word "troll" in the patent context is "the scary thing under the bridge, or is it the fishing technique?" Amid laughter, Phillips indicated it was the former.

One problem on the horizon for the case before the Court, noted several times by Roberts, is the fact that on review, the Patent and Trademark Office has invalidated all of MercExchange's patents involved in the case.

Waxman said that determination was not final and should not prevent the Court from ruling in the case.

Inventors Have Rights, Too! (WSJ)

By Nathan Myhrvold

The Wall Street Journal, March 30, 2006

Why is the tech industry out to squash the rights of inventors? Aren't tech companies pro-invention? That paradox played out yesterday as the Supreme Court heard a patent case between eBay and MercExchange. Ebay has been found guilty of willfully infringing a patent, and concedes as much (since that topic is not on appeal). The question the court will consider, then, is more abstract: Does an inventor also need to create and sell a product to enjoy the full rights of the patent system? If he does not, Ebay, supported by a set of large tech companies, wants to overturn 200 years of precedent by weakening or eliminating the right to injunction. Meanwhile, a collection of other innovative companies, universities and inventors disagree, and support MercExchange. So how did we reach this strange situation?

The roots of this case lie in differing corporate cultures and attitudes about the patent system. In some industries, like pharmaceuticals or biotech, patents are crucial to the business model, so they support and respect patent rights. Tech companies, on the other hand, win by muscling their way to sufficient market share to become a de facto standard (some would say monopoly). Because patents don't figure in this business model, tech companies don't hold the patent system in high regard. Patents are simply not a priority for many tech companies. Ebay, for example, has only 11 issued patents.

Other large tech companies do amass significant portfolios, but often not directly related to their business model. If a rival company asserts a patent, a company like this plays defense and threaten the asserter's products right back. While "defense" sounds benign, what it can mean in practice is having enough patents that you can steal from anybody else with impunity. Between big companies this works like a powerful shield, much like the doctrine of mutually assured destruction with nukes. But the shield is impotent against universities, companies without products or independent inventors. Owners of large defensive portfolios hate that.

In the 14 years I served as Microsoft's first chief technology officer, I saw this firsthand across the ranks of the computer industry. Tech companies work extremely hard to use state-of-the-art technology, and either be first to market or a fast follower -- all else falls by the wayside. Big tech companies are happy to hire the best people from rivals, universities and small companies. Their employees attend conferences and study technical papers to stay on the cutting edge. But they pretend that the patents on the technology in those papers, or from universities or small companies, don't exist. Many of the largest tech companies have a standing policy that engineers are not allowed to read patents or check whether their work infringes. Why bother to look, if you know you'll find lots of infringement? Besides the cost, it's a distraction that might hurt time to market. Their strategy is simple -- damn the torpedoes, full speed ahead.

The trouble is, this cavalier attitude toward the law runs afoul of the rights of legitimate patent holders and the big tech companies know this. Rather than pay out a small fraction of their huge profits, they're fighting a campaign to weaken patent laws for the little guy. Some of this has taken place in Congress under the banner of "patent reform." The eBay case aims to achieve the same ends in the courts.

It's hard to go to Congress or the courts and admit that you're one of the richest companies in the world, have huge profit margins and infringe lots of valid patents held by honorable people . . . but you don't want to pay them. So naturally, these companies paint a different picture. They claim that patents are low quality; yet there is no objective evidence of this. They claim patent litigation is exploding; but the actual figures show just the opposite. There are fewer patent lawsuits than copyright, trademark or other major forms of commercial litigation.

Perhaps the biggest myth is the danger "patent trolls" -- people who supposedly manipulate the patent system in a shady way. It does happen, but apart from some anecdotes, no evidence has been offered that patent trolls are a major problem. Court records show that only 2% of all patent lawsuits are due to plaintiffs that have no ongoing product business. Of that 2%, the vast majority are perfectly legitimate companies or universities. A tiny minority of patent suits are due to bad actors, but it's hardly a crisis. While I was at Microsoft, we encountered a couple of patent manipulators, but frankly we won those cases; at worst they were a nuisance.

RIM, the company behind the BlackBerry, recently paid $612 million to a company called NTP to settle a patent lawsuit. People love their BlackBerries, so it's tempting to see NTP as a villainous troll, but RIM wears the black hat in this story. It could have settled for a reasonable rate (several of its competitors did). Instead it bet the farm in court and proceeded to lose big. The

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judge ruled that "this was not a close case" and, further, that RIM's litigation tactics were "egregious" and "fraudulent." When a judge says things like that, most people would settle. Instead, RIM gambled on a series of ever more desperate legal maneuvers and enormously raised the stakes through brinksmanship. Hubris caused its loss, not the patent system.

The telling point in the troll debate comes if you look where tech companies pay big money for patents. It's not trolls, but rather small and completely legitimate patent holders -- the same ones that would be hurt by the "reform" proposals or the eBay case. As one observer puts it, Goliath is crying "Unfair! Take David's sling away!" Without full rights there is no way for a small inventor to get a big infringer to the table to settle. Instead, they'll stall and drown the little guy with legal fees. The courts would be put in the middle and have to decide all future licensing revenue. Is that the way we want to run an innovative economy?

The patent system exists to give economic incentive to create inventions -- not products. After all, profit is the incentive to create and sell products. In order to have a level playing field, inventors must have a full set of rights, regardless of whether they are big or little, or whether they make products or just invent. Those rights are what give them the incentive to work long and hard on new ideas that may not work. A lot of big innovative companies agree with this -- companies like DuPont, GE, Qualcomm and 3M, as well as the pharmaceutical and biotech industry, have filed amicus briefs in support of MercExchange and equal rights for all inventors.

Weakening patent laws, whether in the Supreme Court or Congress, is no more than a government bailout of the infringement problems big tech companies deliberately made for themselves. America needs to have future generations of inventions and technology. We can't mortgage our future by taking away the rights and incentive of our inventors.

Mr. Myhrvold, Microsoft's first chief technological officer, is currently CEO of Intellectual Ventures and holds 18 patents with more than 100 pending. He filed an amicus brief with the Supreme Court in support of MercExchange.

ENVIRONMENT:

Fuel Standards Set For Auto Makers (WSJ)

By Laura Meckler

The Wall Street Journal, March 30, 2006

WASHINGTON -- The Bush administration will require auto makers to build more fuel-efficient sport-utility vehicles, minivans and pickup trucks, but standards finalized yesterday are no stricter than proposed last year despite rising gasoline prices.

The rules issued by federal highway officials are mostly a victory for auto makers, since environmentalists had argued that the rules should be increased even more, given government formulas for fuel-efficiency that take rising gas prices into account. Still, the rules will subject SUVs and vans that weigh more than 8,500 pounds to the standards for the first time, making it harder for manufacturers, particularly General Motors Corp., to reach the new targets.

Overall, the changes are the most sweeping since the program -- known as corporate average fuel economy, or CAFE -- was created in 1975 in the wake of the oil embargo that left Americans jittery about their dependence on foreign crude. In 2001, President Bush moved to overhaul the rules for light trucks, a category that includes SUVs, minvans and pickups and represents more than half of all new vehicles sold. Transportation Secretary Norman Y. Mineta said the standards are the toughest in the program's history, and officials estimated the new rules will save 10.7 billion gallons of fuel.

Many auto makers will benefit from a change in how overall compliance is measured. The existing system requires them to meet a fleetwide average, which punishes GM and Ford Motor Co., in particular, for producing many large, low-mileage trucks. Under the new system, the mileage standard will be set based on the size -- though not the weight -- of the vehicle. The smallest vehicles will be required to get the best mileage, with the standards falling as trucks get bigger.

The Bush administration also said the new system would be a safety improvement because it removes incentives to build smaller trucks that are less able to withstand a crash. The new system, optional beginning in 2008, will be mandatory in 2011.

For model-year 2007, the standard was already set to rise to 22.2 miles per gallon for a manufacturer's entire light-truck fleet from 20.7 mpg in 2004. Under the regulation issued yesterday, the target will rise slowly to an estimated 24 mpg in 2011. Precise mileage targets will vary depending on the mix of trucks sold by each manufacturer.

The standards are nearly identical to those proposed last year. Since then, though, the official government estimate of future gasoline prices has risen. In its earlier analysis, it put gasoline prices at $1.51 to $1.58 a gallon over the lives of the affected vehicles; it currently puts prices at $1.96 to $2.39 in constant dollars. Given that alone, the cost-benefit calculation required by law would justify increased fuel-economy targets.

However, the administration made countervailing changes to the formula. For instance, it revised estimates as to how quickly auto makers will be able to adopt new technology. In addition, by subjecting the largest SUVs and vans to the rules, the

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final regulation increases the cost of compliance to manufacturers and therefore helps counter the higher gas prices. Pickup trucks would still be exempt.

The new rules now include GM's Hummer H2, which weighs just enough to escape the current regulation. The administration estimates that this provision will affect some 240,000 SUVs and vans. GM makes the great majority of them, though some of Ford's E-Series vans will be newly subject to the standards as well. (See related article2.)

In addition, the new rules will close a loophole in 2012 that let companies count as light trucks high-mileage vehicles that are really cars, such as DaimlerChrysler AG's PT Cruiser and GM's Chevrolet HHR.

Auto makers said the new regulation will still be challenging. "This means seven straight years of increases in fuel-economy standards," said Eron Shosteck, a spokesman for the Alliance of Automobile Manufacturers. "Auto makers view it as a challenge, but they are committed to meeting the new standards."

But the rules prompted environmentalists to question President Bush's commitment to reducing the nation's dependence on foreign oil. "Gas prices went up, we had two hurricanes and the president admitted we were addicted to oil, and yet we couldn't get anything more out of them?" said David Friedman of the Union of Concerned Scientists. "To me, it defies logic." Others question the program's effectiveness, saying that when vehicles become more fuel-efficient, people simply drive more.

Auto makers and environmental groups submitted hundreds of pages of comments after the proposed regulation was published. In its analysis, the administration acknowledged that Ford and GM have had a difficult stretch, cutting jobs and losing market share.

To some extent, the market has already drifted away from the most-gas-thirsty vehicles. Sales of traditional large and large luxury SUVs, those built on heavy-pickup-truck frames such as the Ford Expedition and Chevrolet Tahoe, slid to 830,000 in 2005 from nearly one million vehicles in 2002.

U.S. Raises Standards On Mileage (NYT)

By Matthew L. Wald

The New York Times, March 30, 2006

BALTIMORE, March 29 — The Transportation Department announced new fuel economy standards Wednesday for sport utility vehicles, pickup trucks and minivans that will make some of them go farther on a gallon of gasoline than the average car does, and will apply to many of the biggest S.U.V.'s for the first time.

But the overall fuel savings, 8.1 percent when the rule is fully phased in, were characterized as too modest by many conservation advocates, who also noted that the biggest pick-up trucks will still be unregulated. Remarks by auto manufacturers were restrained.

The transportation secretary, Norman Y. Mineta, speaking on the fifth-floor walkway at a football stadium, said that the cost of the new rule would be justified by the fuel saved, but that more than economics was involved.

"Saving fuel is as important to our national security and economic viability as it is to preserving our environment," he said, a tangle of highways in the background.

The final rule that Mr. Mineta announced on Wednesday was slightly tougher than the one his department proposed last summer. He said this was partly because of the president's commitment in the State of the Union address in January to reduce the nation's "addiction" to imported oil. But oil consumption would continue to rise under the new rule, he acknowledged.

The rule covers "light trucks" in the model years from 2008 to 2011. The current rules cover vehicles weighing up to 8,500 pounds. But the new one will cover S.U.V.'s that weigh up to 10,000 pounds. That includes the heavier variants of the Chevy Suburban and the Hummer H2. (The H1 is over 10,000 pounds and still exempt.)

The rule does not cover heavy pickup trucks, like the Ford F-250, on the theory that those are used mostly in agriculture or business. While many of the vehicles covered under the new rule are used primarily for personal transportation, often with a single person inside, Mr. Mineta said that the people of Baltimore and the rest of the nation understood how important light trucks were "to maintaining our way of life."

The rule will save 10.7 billion gallons of fuel over the lifetime of the vehicles in those model years, the department estimated. Currently, the United States uses that much gasoline in less than a month.

Transportation officials estimated that the rule would cost vehicle manufacturers about $6.7 billion, a big number even by the standards of federal rule-making, and would add about $200 to the cost of the average vehicle. But owners would save that much within four years, officials said, based on a fuel price of $2 a gallon at the beginning of the period, rising to $2.39 over the vehicle's lifetime. In fact, average gasoline prices are already slightly above the second figure.

The standard is 21.6 miles a gallon for the current model year; it would rise to about 24 miles a gallon in 2011, the last year of the rule, but it would be calculated differently. The new rule sets a fuel economy standard based on the vehicle's "footprint," or how far apart the wheels are. Actual fuel economy will depend on the mix of vehicles sold.

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The smallest S.U.V.'s, like the Suzuki Grand Vitara and the Jeep Wrangler, would have to meet a standard of 28.6 miles per gallon. The car standard is 27.5 miles per gallon.

Changing the rules to take into account the size of each vehicle has another effect: it puts pressure on all the companies that sell vehicles in the category, and not just those that sell the biggest, thirstiest vehicles.

Stephen R. Kratzke, the associate administrator for rule-making at the National Highway Traffic Safety Administration, said that the current standard was irrelevant to companies that built only small S.U.V.'s and pickups, because their fleet average was within acceptable limits even if their vehicles were not particularly fuel efficient for their size.

American manufacturers had complained that the current system burdened them but made no difference to Asian makers that sold few or no vehicles at the top end of the range.

Mr. Kratzke said that manufacturers would more widely deploy technologies that are already in limited use. Those include six-speed automatic transmissions, power steering systems that run on electricity instead of a belt that draws power from the engine, hybrid-electric drive trains and superchargers. Aluminum might be more widely used as an alternative to steel, but composite materials are still too costly, he said.

At the Alliance of Automobile Manufacturers, which represents all the major manufacturers but Honda, Eron Shosteck, a spokesman, said, "It is going to be a challenge for automakers, but automakers are committed to meeting it."

Sherrie Childers Arb, a spokeswoman at General Motors, said that when her company analyzed the rule as proposed last year, engineers found it "challenging but achievable." This one will be tougher, but the company has not finished analyzing it, she said.

Others were more critical. Representative Sherwood L. Boehlert, a New York Republican who is the chairman of the House Science Committee, said the Bush administration had missed an opportunity. "It's remarkable to me how long we keep making the same mistake over and over," he said. "Nothing is preventing us from making our nation more prosperous and more secure except political failure of will."

At Environmental Defense, a nonprofit advocacy group, Eric Haxthausen, an economist and expert on cars, said the expansion from 8,500 to 10,000 pounds in vehicle weight should have covered pickups, which make up 80 percent of the category, and the whole standard should have been more aggressive.

"We have to credit them with some modest steps forward," he said. "But given the urgency of the global warming issue and oil dependency issue, this is not the bold step that is called for."

But Ron DeFore, a spokesman for a group run by industry lobbyists called the S.U.V. Owners of America, said, "With the manufacturers, even tenths of a mile per gallon are hard to eke out." He said 20 million Americans have "something that's towable," from a trailer to a boat, and need powerful engines. And, he added, "in an era when we're at $2.50 a gallon plus, the real question is why you need a rule like this anyway." Economic self-interest will make people buy higher-mileage vehicles, he said.

Automakers Use New Technology To Beef Up Muscle, Not Mileage (NYT)

By Matthew L. Wald

The New York Times, March 30, 2006

John Elsden relishes the excitement of the mint-condition '65 Mustang convertible he takes out of his garage in eastern Virginia only on sunny days. The sporty coupe with a 289-cubic-inch engine growls, rumbles, vibrates and shakes when he puts his foot on the gas pedal.

But the Mustang, Mr. Elsden said, is not as zippy as his daughter's year-old sports wagon, a Nissan Murano, and accelerates hardly better than his wife's 2001 Jeep Grand Cherokee. Mr. Elsden, a car buff who has owned a variety of muscle cars, said the average sedan today accelerated faster than many cars designed to turn heads in the old days.

For two decades automakers have been developing technology that could make vehicles go farther on a gallon of gasoline. But instead, they have chosen pep and size — making vehicles like the new Murano accelerate faster than cars like the old Mustang, and making them bigger.

The average vehicle, which 25 years ago accelerated to 60 miles an hour in 14.4 seconds, now does it in 9.9 seconds, a pace once typical only of sporty or luxury cars like Camaros and Jaguars. And vehicle weight now averages about 4,100 pounds, up from about 3,200 in the early 1980's, as many buyers switched to larger, roomier cars or to sport utility vehicles and minivans, and as automakers added safety equipment.

Buyers like the extra zoom and room, but these have come at a cost: average fuel economy has fallen slightly over the last two decades. The government's new standards for light trucks like S.U.V.'s, published yesterday, will require an 8.1 percent increase in miles per gallon over the four model years from 2008 through 2011. [Page C1.]

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But over the longer term, significant improvement appears to be lagging. As scientists and engineers look for ways to satisfy the fast-growing demand for energy and to slow climate change, many of them say that fundamental changes are needed in the way fuel is produced and consumed.

They say that ways must be found to replace oil and gas, and to get more energy from coal, which will become increasingly important as an energy source, without adding to carbon dioxide emissions.

And they say that greater fuel efficiency is imperative as the number of motor vehicles, which the Worldwatch Institute says has nearly doubled worldwide in the last two decades, could double again in 15 years. The United States has the highest per capita gasoline consumption of any major country.

Higher mileage would also significantly reduce emissions of global-warming gases that come from burning gasoline. The increase in vehicle acceleration and weight alone has raised emissions of carbon dioxide in the United States by about 5 percent.

If 2005 model vehicles, with their better technology, had the performance and size of those in 1987, they would use only 80 percent of the gasoline they do today, according to the Environmental Protection Agency. That alone would get the country nearly halfway to the goal President Bush set in his State of the Union address: to cut American oil consumption enough to nearly eliminate the need to import from the Middle East.

But because Americans have not insisted on better fuel economy, "we can take the technology in the cars and turn the knob toward performance," said Karl H. Hellman, an automotive development expert who retired from the E.P.A. two years ago.

Improving mileage now would be easy if drivers sacrificed some zip in new cars, he said, "but in this country, we don't sacrifice for anything."

Just as significant as vehicle weight is how much faster autos accelerate, even as more driving is done on congested roads. The E.P.A. does not calculate how much of the poorer fuel economy results from acceleration and how much is attributable to weight, but it publishes figures suggesting that the split is about even.

The 2005 Toyota Camry, one of the most popular sedans, accelerates more quickly than some 1975 Pontiac Firebirds. The Chevrolet TrailBlazer, an S.U.V., can reach 60 miles an hour in 8.2 seconds — about half the time of its 1985 ancestor. The 2006 Cadillac STS-V, which can reach 60 m.p.h. in less than five seconds, is one of many cars that now have more than enough horsepower to pull an 18-wheeler.

Philip H. Kosak of High Point, N.C., owns a 1965 Mustang, a 2005 Mustang, a Chevrolet TrailBlazer S.U.V. and an extended-cab Silverado pickup. The whole country, himself included, is spoiled, he said.

He has thought about buying something smaller and more fuel-efficient, especially with gasoline prices often running near $3 a gallon, but he has driven a pickup for years. "Once you've graduated to that, it's tough to go back. It's like moving back into a smaller home."

Mr. Kosak, who owns a company that produces snack food, said he drove 30,000 miles a year. He could save hundreds of gallons of gas a year with something smaller, he said, but even at today's fuel prices he can afford the extra expense and does not want to give up the fun of something that performs well. Mr. Kosak, who is 50, says he is looking forward to a lot of driving just for enjoyment.

But nearly a hundred million households burning an extra few hundred gallons a year add significantly to pollution and a greater reliance on imported oil. That contributes to a larger trade deficit and, at times, the use of American power to protect foreign supplies.

Representative Sherwood Boehlert, Republican of New York, who has pushed for years for higher fuel economy standards, said, "We can talk all we want about our addiction to oil, but words have to be followed with deeds."

"It wouldn't be a sacrifice at all. No one really needs that greater power, except specialized vehicles for law enforcement purposes."

The carmakers say they give customers what they want. "Performance and safety, those factors are salable into the marketplace," said Gerald M. Roussel, manager for energy and environment at the Ford Motor Company's government relations office. And they have done so while reducing emissions of pollutants that cause smog and acid rain, he and others pointed out.

In improving fuel economy, virtually everyone agrees that there is a way only if there is a will. "There is no shortage of technology," said John M. DeCicco, a senior analyst at Environmental Defense, a nonprofit advocacy group.

Technologies already in use include four valves for each cylinder, which allows more power from a smaller, lighter engine, and computer-controlled fuel injection, which increases efficiency and cuts pollution.

More changes are coming. For example, gas-electric hybrids are increasingly common, but have been used in some cases more to make the vehicle accelerate faster than to go farther on a gallon of gasoline.

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Indeed, Mark P. Mills, a physicist and energy expert, said that improvements in vehicle efficiency would not reduce consumption because without a significant rise in gasoline prices to encourage buyers to save fuel, most people would simply take advantage of the advances to demand bigger, faster vehicles.

Mr. DeCicco agreed. "What we're really talking about here is the need to, through a combination of public policy and awareness, use the technologies at hand with a different set of priorities in mind," he said. "Until we do that, all the invention in the world isn't going to make a difference."

Light Trucks' Mileage Rules Toughen (WP)

By Sholnn Freeman

The Washington Post, March 30, 2006

The federal government set gas-mileage goals for the largest sport-utility vehicles for the first time yesterday and said minivans, pickup trucks and SUVs as a group must increase their fuel efficiency by 11 percent over the next five years.

Big, gas-guzzling SUVs are hit the hardest under the rule. The three-ton Hummer H2, for instance, which gets an average of 13.8 miles per gallon, will have to achieve 22 mpg by 2011. The Ford Explorer SUV will have to increase its fuel efficiency from 17.7 mpg to 25.2 mpg, while a Dodge Caravan will need to inch up from 22.7 mpg to 23.5 mpg.

"No SUV gets a pass," said Transportation Secretary Norman Y. Mineta in announcing the changes. The new standards represent the most ambitious fuel economy goals for light trucks -- SUVs, minivans and pickups -- ever developed in the program's 27-year history, he said.

Nevertheless, environmental groups derided yesterday's announcement, saying the rules are too modest for an administration that has called on the nation to kick its oil addiction.

Mineta's announcement comes as gasoline prices are nearing their six-month high, with a gallon of regular averaging $2.50 per gallon, or 35 cents more than it cost a year ago, according to the U.S. Department of Energy. At the same time, General Motors Corp. is staking its turnaround in profit this year on a new batch of large SUVs.

Mineta said the new rule is being phased in over the next five years to lessen the impact on the "fragile" U.S. auto industry, hit by declining market share and huge financial losses.

The new National Highway Traffic Safety Administration standards aim to raise the fuel economy of the light-truck category to 24 mpg by 2011 on an industry-wide scale, up from 21.6 mpg on 2006 models. The new standards do not apply to passenger cars.

The rule could force automakers to spend $6.7 billion to update light trucks with fuel-saving technology needed to meet the new regulations, Mineta said. He added that the rule will save 10.7 billion gallons of gasoline over the next five years and help the overall economy, outweighing the expense to automakers. Additionally, the system closes a loophole that excluded the largest and least-efficient SUVs in the industry from the fuel-economy rules.

The Alliance of Automobile Manufacturers, the industry's primary lobbying group, said meeting the standards of the new rule will be a "challenge" for automakers.

Environmental groups continue to seek tougher standards.

"The biggest single step that the president could take to cut our oil addiction, curb global warming and save consumers money at the gas pump is raising [fuel economy] standards substantially, and that's not what they're doing," said Dan Becker, director of the global warming program at the Sierra Club. "They are tinkering around the edges rather than using the most powerful tool they've got."

Becker and other environmentalists also complained that NHTSA retained a fuel-economy exemption for the industry's largest pickup trucks. Vehicles such as the Ford F250 and F350 pickups are excluded from the fuel standards.

GM and Ford Motor Co. depend heavily on profit from large SUVs. Demand for the vehicles collapsed last year as rising gas prices roiled the U.S. market for new cars and trucks. The resulting slide in profits has led to a major restructuring in the industry. GM and Ford have announced turnaround plans that include cutting billions of dollars in costs and eliminating as many as 60,000 jobs over the next few years. Executives at both companies have said developing more vehicles with greater fuel economy is essential to fixing the companies' financial problems.

Chris Preuss, a GM spokesman in Washington, said the run-up in gas prices is already shifting consumer demand toward more fuel-efficient models. "As fuel economy becomes more of a part of the purchase equation to consumers, it proves to be easier to deal with at the manufacturing level," he said.

Mineta said the 2011 deadline for the more fuel-efficient SUVs gives automakers enough time to act. The rules affecting minivans, pickup trucks and smaller SUVs will be phased in starting next year.

Hybrid cars, such as the Toyota Prius and the Honda Insight -- the vehicles that get the highest mileage -- typically get about 55 mpg, according to the federal government. However, consumers have complained of getting lower numbers.

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Mineta said NHTSA is studying ways to improve the fuel economy of passenger cars. The average mileage requirement for all cars has been stalled at 27.5 mpg since the 1975 Energy Policy Conservation Act was signed by President Gerald Ford. The law set initial fuel economy standards after the OPEC oil embargo.

Higher Mpg Required Of SUVs (BSUN)

By Michael Dresser

The Baltimore Sun, March 30, 2006

The U.S. Transportation Department made some of the most far-reaching changes to its fuel economy standards in the 27-year history of the program Wednesday -- adopting rules that will raise mileage requirements for minivans, SUVs and some pickup trucks.

But environmental groups expressed disappointment at the regulations, contending the Bush administration had missed an opportunity to make meaningful strides toward cleaning the air and meeting the president's stated goal of breaking a national "addiction" to imported oil.

The new rules, which will apply to 2008-to-2011 vehicles, raise the average mileage requirements for the vehicles from the current 21.6 miles per gallon to 24.1 mpg by 2011 in annual steps. They should save an estimated 10.7 billion gallons of fuel over the lifetime of those vehicles.

It marks the second time the Bush administration has increased the mileage targets for the group of vehicles, some of which had been exempt from the fuel efficiency rules.

The administration previously raised the target from 20.7 mpg -- where it had been frozen by Congress for almost a decade -- to 22.2 mpg for 2207.

In unveiling the new requirements Wednesday at the Baltimore Ravens' stadium, Transportation Secretary Norman Y. Mineta called them "significant improvements" in standards for the vehicles.

While they are collectively known as "light trucks," the category includes minivans and SUVs.

Transportation officials selected an upper level of the Camden Yards football stadium that provided a panoramic view of various modes of transportation -- including light rail, freight trains and a spaghetti bowl of highway interchanges.

Billing the changes as the first "complete reform" of fuel economy requirements for light trucks since standards were introduced in 1979, Mineta said they "close loopholes that have long plagued the current system."

"We are pushing the envelope," he said.

Last August, the administration first proposed higher standards but did not include the heaviest vehicles -- those between 8,500 and 10,000 pounds. The revised rules include about 240,000 SUVs -- including such behemoths as the Hummer H2, Chevrolet Suburban and Ford Expedition -- that fall into that weight category.

"We decided we could ask more of the manufacturers than we did last August," said Mineta.

While the administration decided to extend the fuel economy rules to the heavier SUVs, it continued to exclude a larger number of pickup trucks in the same weight category. Officials said such vehicles are mostly used for commercial purposes -- an assertion questioned by environmentalists.

The rule changes do not apply to passenger cars, which now must meet a standard of 27.5 mpg.

Mineta said the administration tried to be mindful of the economic impact of the rules. Domestic automakers, especially Ford and General Motors, have posted heavy losses in recent quarters and have been taking steps to severely cut back their work forces.

"The automobile industry is in a very fragile state right now," he said.

Jennifer Moore, public affairs manager for Ford Motor Co., expressed general satisfaction with the latest changes to the Corporate Average Fuel Economy (CAFE) program:

"The new CAFE standards will pose significant challenges, but at Ford, we're confident that our drive toward innovation will result in fuel economy gains."

Sherrie Childers Arb, director for communications on the environment and energy for General Motors Corp., described the rules as "slightly more stringent" than last year's proposals. She noted that the company had called those proposed standards "challenging" but "achievable."

Environmental groups were unimpressed with the final standards, saying they fall far short of their expectations. They said the rules are only marginally stricter than those proposed last year, which would have set the standard at 24 mpg.

"Why such a modest change?" was the reaction of Eric Haxthausen, an economist with Environmental Defense in Washington. He said his organization had hoped to see a standard closer to 26 miles per gallon.

"This is less than a week's worth of gasoline," he said.

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Roland Wong, a spokesman for the Natural Resources Defense Council, said the standards don't come close to the action needed to deliver on President Bush's promise in his State of the Union address to reduce U.S. dependence of foreign oil suppliers.

"We think this administration proposal is a baby step when bold action is required," he said. "Bold rhetoric is not being matched by bold action."

In Congress, environmental advocates also expressed dismay. Rep. Sherwood Boehlert, a New York Republican and chairman of the House Science Committee, de scribed the changes as "a missed opportunity." He said the new CAFE targets could have been set much higher "in a safe and cost- effective manner."

"The president rightly pointed out in his State of the Union address that when it comes to oil, we are a nation of addicts," Boehlert said.

"And we're behaving exactly as an addict would behave -- not admitting our problem, not taking even the simplest steps to address our problem, not acting in our own best interests."

Lon Anderson, government affairs director for AAA Mid-Atlantic, called the new standards "a small step in the right direction" but said the administration had missed a good opportunity to include large pickup trucks.

"Especially right now, with gas prices stuck in the stratosphere, I think it's for sure that consumers will be much more interested in fuel economy when making purchasing decisions than they were in the past," he said.

Haxthausen also questioned the decision to exclude large pickup trucks, pointing to a 2005 survey commissioned by his group showing that two-thirds of the use of such vehicles was for personal travel.

Glassman said transportation department officials were relying on information about the truck use from the Environmental Protection Agency and had not done their own studies.

Glassman put the cost of the change to the industry at $6.7 billion. But she estimated that consumers could recoup the extra passed-on costs with fuel savings over a four-year period.

Big SUVs To Face New Fuel-economy Rules (USAT)

By Jayne O'Donnell

USA Today, March 30, 2006

The nation's largest SUVs and vans will have to meet government fuel-economy rules for the first time under a new rule announced Wednesday.

If the new National Highway Traffic Safety Administration (NHTSA) rules were in effect now, it would cover a quarter million SUVs — including the Hummer H2 — that had never been covered by fuel-economy rules.

All other SUVs, pickups and minivans will be required to get improved mileage — some even better than the 27.5 mpg required for 2006 cars. The new average fuel economy for these trucks will be 24 miles per gallon — up from the current 21.6 mpg. The new rules will take effect in 2011.

The Hummer H2, which currently doesn't have to meet fuel-economy standards, would have to get 22.3 mpg in 2011, up from the 10 mpg it now gets.

General Motors spokeswoman Sherrie Childers Arb says GM should still be able to sell the H2 even if it can't achieve the new fuel-economy numbers. The NHTSA rules allow a company's more fuel-efficient vehicles to offset those that use more fuel.

Ford spokesman Ed Lewis said the rules “pose significant challenges” but said the company's hybrid and car-based SUVs should help it improve its trucks' mpg.

Ron DeFore, a spokesman for the Sport Utility Vehicle Owners of America, a non-profit consumer group, questioned whether the rules were needed given high gas prices. He says he fears the standards will lead to higher vehicle prices, reduced performance and fewer options such as V-8 engines and four-wheel drive.

The Transportation Department says the rules will save nearly 11 billion gallons of fuel — including 2 billion from the largest SUVs alone. But environmentalists say they don't go far enough.

“Fighting America's oil addiction with these standards is like fighting lung cancer by smoking 49 cigarettes a day instead of 50,” said Don MacKenzie, a Union of Concerned Scientists engineer.

Some environmentalists' concerns were addressed in the rule. Groups had complained that an August plan to assign fuel-economy targets based on six size categories of trucks would have encouraged automakers to make trucks bigger to move them into a category with a less stringent mileage number.

NHTSA scrapped the categories to reduce the risk of this “gaming” and instead is assigning a separate mpg number for each size of vehicle.

Ethanol Shortage Could Up Gas Prices (USAT)

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By James R. Healey
USA Today, March 30, 2006

Gasoline prices will be unusually high and shortages might occur this summer, because the U.S. ethanol industry can't keep up with the demand for fuel-grade alcohol to mix with gasoline, the head of the U.S. Energy Information Administration told a Senate committee Wednesday.

Merely "short-term challenges," countered Bob Dinneen, president of the Renewable Fuels Association, the ethanol trade group. Whatever can't be produced here can be imported, he said. But imported ethanol, mostly from Brazil, carries a 54-cents-per-gallon tariff that would boost fuel prices even more, unless it were waived.

Ethanol — grain alcohol made mainly from corn in the USA — is being promoted by the auto and ethanol industries and the government as a substitute for gasoline, usually in a mix called E85 that is 85% ethanol and 15% gasoline.

But the comments Wednesday at the Senate Environment and Public Works Committee underlined how distant a goal that is. The hearing wasn't even about a goal as ambitious as E85. It was to discuss ethanol as a substitute for MTBE, a clean-air additive in gasoline. Replacing it with ethanol would require only about 8% as much ethanol as E85 requires.

Refiners have used MTBE for years and now are discontinuing it because MTBE can taint water supplies and Congress has refused to protect them from MTBE lawsuits. Ethanol is the only ready substitute.

Dinneen pointed out that 33 ethanol plants are under construction and that some of the 97 others already producing are being expanded. But EIA, in a report last month warning of shortages, said that "new (ethanol) facilities will not start soon enough to meet 2006 demand." That, EIA head Guy Caruso told the committee, "could cause temporary supply dislocations and may cause price volatility."

Ethanol mainly is made in the Midwest. But demand should be heaviest in the Northeast and Texas because of special clean-air fuel requirements there. Shipping alcohol costs more and takes longer because ethanol attaches to any moisture present and could contaminate petroleum pipelines — the cheap, fast way to ship.

EIA has forecast summer gasoline prices averaging about $2.50 per gallon, or 12 cents more than last year. It has not, however, directly blamed ethanol shortages.

EIA reported Wednesday that U.S. inventories of gasoline — though still robust — dropped 5.4 million barrels last week, the biggest drop since the week ended Aug. 22, 2003.

The wholesale price of gasoline for summer-month delivery rose several cents a gallon, to about $1.91.

Ethanol, by contrast, ranged from about $2.49 to $2.52.

EPA Plans Tougher Smog Rules For Mowers (WSJ)

By Sara Schaefer Muñoz
The Wall Street Journal, March 30, 2006

The Environmental Protection Agency is planning new emissions standards for lawn equipment that would cut air pollution and save gas. But manufacturers say the rules could increase the risk of fires and lead to higher prices for consumers.

The new standards would affect all lawn mowers. Currently, there are 52 million residential and commercial mowers (both the ones you push and the ones you ride) and other large lawn equipment that the EPA estimates are in use nationwide. Such lawn equipment is operated about three billion hours a year, the agency says, and a typical push mower emits as much hourly pollution as 11 cars, with a riding mower emitting as much as 34 cars.

To control emissions, lawn equipment would likely need catalytic converters, devices that manufacturers and fire safety advocates say could increase the risk of fires and burns. An EPA safety study released earlier this month, however, found no risk from adding the devices to engines in lawn mowers.

The move toward tighter regulation comes at a time when the landscape industry is booming: Residential lawn and garden equipment, supplies and services generated sales of $24 billion in 2004, up 5% from 2003, according to the most recent data available from Packaged Facts, a division of New York-based MarketResearch.com. It also comes during a period of intense industry innovation.

So-called zero-turn riding mowers, for example, a type of rear-engine machine that can turn in place, are able to make grass-cutting more efficient. Manufacturers are also launching a wave of bigger, more sophisticated mowers (which also guzzle more gas than push models). The Bloomington, Minn.-based Toro Co. recently unveiled a new tractor with cruise control. MTD Products in Cleveland this year rolled out its biggest mower yet under the Cub Cadet brand: It weighs 843 pounds and is designed for properties of six acres or larger.

The EPA has not formally proposed the new emission standards, but officials say a preliminary version of nationwide rules should be published this fall. They will likely be similar to those created in California. The California rules ban tanks and hoses

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made of gas-permeable materials like plastic, which can allow fumes to evaporate, and set strict limits for hydrocarbon emissions, the building blocks of smog. The California regulations are expected to go into effect in January.

"Given the fact that across the country we have areas that have unhealthy air, and localities and states are looking for strategies to reduce smog, we believe it is very appropriate to look at these [lawn-equipment] sources," said Margo T. Oge, the EPA's director of transportation and air quality.

Small engine manufactures say tighter standards will require costly redesigns. The Wauwatosa, Wis.-based Briggs & Stratton Corp., the country's biggest maker of engines for outdoor power equipment, estimated that the California regulations would raise the retail cost of lawn mowers by 31%, and said expenses associated with upgrades could force them to move plants overseas. The EPA estimates that adding converters could cost $8 per engine. The retail cost of mowers is around $100 to more than $10,000 for large, riding models.

Opposition to tighter standards from Sen. Kit Bond (R., Mo.), whose state is home to factories owned by Briggs & Stratton, delayed the EPA's emission rules when he called for further study of possible fire and burn risks associated with pollution-control devices in small engines.

The central concern is the catalytic converter, a device used for decades in cars that filters emissions and can generate high levels of heat. The converters have long had fire-safety advocates urging drivers not to park on dry grass or underbrush due to safety concerns, "but you can't tell someone to keep a lawn mower off the grass," says George Miller, chairman of the International Consortium for Fire Safety, Health and the Environment, a nonprofit group devoted to fire protection. The group is working with manufacturers to do their own safety study, to be completed at the end of the year.

Under any new guidelines, the EPA won't specifically ask companies to install catalytic converters in their equipment. But the devices are one of the most effective ways to reduce smog-causing engine emissions.

The EPA's safety study found if systems are retooled to allow for cool air to flow through them, small catalytic converters can successfully be installed in lawn mowers without elevating the risk of fire. The study looked at roughly 60 different engines and 30 types of catalytic converters, and found that temperatures in the equipment could be the same or cooler than current models that don't use the devices. Use of a catalytic converter can cut small engine hydrocarbon emissions by 35%, EPA officials say.

Some companies are already moving toward more environmentally friendly products: This year's line of riding mowers from Deere & Co.'s John Deere, which include a fully enclosed engine to mitigate noise and seats with better lumbar support, were also upgraded to include nonpermeable fuel lines to keep gas from evaporating.

A few manufacturers are also offering electric mowers. These are quieter, use only several dollars a year worth of electricity, and don't require engine tune-ups or oil changes. But because they need cords and batteries they are practical only for smaller lawns. Black & Decker, for example, makes the MM875, a 19-inch blade, electric mower that sells for $249, and a cordless version priced at $449. Other alternative mowers don't need gas or electricity, but trim grass by push-power only.

America's obsession with manicured lawns has created a backlash in many areas of the country, as municipalities have restricted the use of mowers and other lawn equipment, such as leaf blowers, because of pollution and noise concerns. Palo Alto, Calif., banned gas-powered leaf blowers in July, and a new ordinance in Pound Ridge, N.Y., prohibits use of commercial landscaping equipment on Sundays. Other cities have incentives to cut down on gas-powered equipment. Fort Collins, Colo., offers a $15 rebate for mowers that are electric or motor-free.

Some consumers welcome the crackdown. Gene Lottner, a 56-year-old comptroller in Stamford, Conn., says he is frequently bothered by the noise and fumes from commercial lawn companies in his neighborhood. If lawn equipment is being used next door, "I can smell it if I have the windows open," he says.

Pollution and noise aren't the only drawbacks to the greater use of lawn equipment. According to the Consumer Product Safety Commission, hospitals saw 14,607 injuries from riding mowers in 2004, up from 9,001 in 2002. There was also an increase in injuries associated with walk-behind mowers: There were 3,485 in 2004, up from 2,450 in 2003.

Report Asks Congress To Set Limits On Fishing (WT)

By Joyce Howard Price

The Washington Times, March 30, 2006

Only 13 percent of federally managed ocean fish stocks are known to be healthy and not overfished, says a report by the Marine Fish Conservation Network (MFCN), which urges Congress to impose strict limits on fishing and penalties for those who exceed them.

The report, released yesterday by a coalition of 175 groups that include fishermen and environmentalists, comes as Congress prepares to consider reauthorization of the 1976 Magnuson-Stevens Fishery Conservation and Management Act, the nation's primary fisheries law.

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During a press briefing at which the report was released, Lee Crockett, MFCN's executive director, said a new reauthorization measure should include annual "catch limits set by scientists" and "accountability" to deal with regional fisheries management councils that exceed those limits.

One option formerly included in a Senate version of the measure, approved by the Senate Commerce, Science and Transportation Committee in December, would require councils that catch more than their allowable limit one year to have their quotas reduced by that amount the following year. But the punishment language was cut from the Senate measure as a result of pressure from New England lawmakers.

Yesterday, Rep. Frank Pombo, California Republican, and Rep. Barney Frank, Massachusetts Democrat, introduced a House version of the reauthorization bill that would provide no penalties for exceeding catch limits.

In an interview, Mr. Crockett called the Pombo-Frank bill "a good step in the right direction" because it would have scientists set annual catch limits.

"But there are other troubling parts," besides the lack of penalties for management councils that exceed limits, he said. The bill would provide additional exemptions to a provision in the current law that requires a rebuilding of depleted fish stocks within 10 years, he said.

Mr. Crockett said that, in the next few days, Rep. Wayne T. Gilchrest, Maryland Republican, will introduce a bill "that will be stronger than the Senate" version of the reauthorization and "without some of the troubling things the Pombo bill contains."

The MFCN's report found that in 2004 only 91 of 686 ocean fish stocks were not being overfished, a figure that had not changed since 2001

This should not be happening, Mr. Crockett and others at the briefing said, because legislation passed by Congress in 1996 required an end to overfishing and the strengthening of depleted stock. MFCN said the National Marine Fisheries Service "hides its lack of progress" on this front "with administrative shell games."

Peter Baker of the Cape Cod Commercial Hook Fishermen's Association and Gerald Leape, vice president of marine conservation at the National Environmental Trust, who also participated in the briefing, agreed that protection of ocean fish must be strengthened.

"We are not seeing full implementation of what Congress passed in 1996," when the Magnuson-Stevens act was last reauthorized, Mr. Leape said.

Mixed Message On Bird-Flu Vaccine (WSJ)

By David Armstrong

The Wall Street Journal, March 30, 2006

Effectiveness Is Exhibited, But Only in High Doses, Posing Production Difficulty

An experimental bird-flu vaccine under development by the U.S. government and Sanofi-Aventis SA is effective only at high doses, making it difficult to mass-produce in the event of a pandemic, according to a new study.

The findings provided a mixed message of hope for an answer to the deadly disease, but only if manufacturing ramps up ahead of any widespread contagion. Production of avian-influenza vaccines is restricted by the limited capacity of vaccine makers and the fact that the virus particles used to develop the vaccine have to be grown in fertilized hen eggs.

"This is more of a clear indication that we have a way to go," said Anthony Fauci, the director of the National Institute of Allergy and Infectious Diseases, in an interview. "This is not the answer in and of itself." Dr. Fauci's agency is spearheading the government research on bird flu.

The study published in this week's New England Journal of Medicine found the vaccine from Sanofi Pasteur, a unit of Paris-based Sanofi-Aventis, was only effective at six times the standard dose. In addition, two doses were needed to get the best result -- and even then it only produced the desired immune response in 54% of the patients tested. The study detected no significant side effects associated with the vaccine.

"Given that this is a new kind of influenza virus for the body to experience, we anticipated it would take more of a punch to elicit an immune response, and that is certainly the case," said William Schaffner, chairman of the department of preventive medicine at Vanderbilt University School of Medicine who served on the safety-monitoring board for the study. "What we learned is it takes a lot more. We anticipated a better response at the low dose."

Dr. Fauci said researchers are turning their attention to figuring out ways to get more of a reaction from the vaccine to reduce the need for huge quantities of it. One method being studied is to add immune-system boosters, known as "adjuvants," to produce a stronger reaction from lower doses of the bird-flu vaccine. Among the adjuvants being studied are aluminum, which is already used in other vaccines, and another substance known as MF59.

Sanofi Pasteur, in a statement, said it is boosting its production capabilities by building a plant in Swiftwater, Pa., that will double its U.S. capacity by 2009, and expanding its facility in Val de Reuil, France. The current world-wide manufacturing

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capacity is estimated to be such that it can only produce enough vaccine for 75 million people, according to an accompanying editorial in the NEJM.

U.S. health agencies have awarded contracts to Sanofi and Chiron Corp., of Emeryville, Calif., to produce and test vaccines to protect against the H5N1 virus, which has proved to be the deadliest of the 16 subtypes of avian-influenza viruses. There are no approved vaccines for the virus.

The U.S. government has stockpiled enough bulk concentrate of the bird-flu vaccine to immunize 3.8 million people, which is well short of the goal of 20 million set by health officials. The two companies have also produced thousands of experimental doses for clinical trials.

The H5N1 virus was first detected in Hong Kong in 1997. The virus is spread by birds and has continued to move into Europe and Africa from Asia.

Write to David Armstrong at david.armstrong@wsj.com6

Avian Flu Vaccine Produces Limited Success (USAT)

By Steve Sternberg

USA Today, March 30, 2006

Researchers claimed only partial success Thursday in the largest human trial of an avian flu vaccine. (Related video: Vaccine needs boost)

They showed the vaccine is safe and generates what appears to be a protective immune response. But it worked just half the time and only when given in a total dose that is 12 times the amount used in seasonal flu vaccine, study leader John Treanor of the University of Rochester says.

"Every journey starts with the first step," Treanor says, saying researchers hope to use chemicals called adjuvants to boost the vaccine's effectiveness.

The study, in Thursday's New England Journal of Medicine, marks a milestone in the joint government-private sector push to guard against avian flu by developing new vaccines and better ways of producing them. Without an effective vaccine, the Congressional Budget Office estimates, a flu pandemic in the USA could kill 2 million people.

So far, the avian flu virus, H5N1, has mainly killed birds. As of March 24, the World Health Organization reported 186 human cases and 105 deaths.

The virus's lethality, and its ongoing mutations, make it unlikely that any one vaccine will be enough, experts say.

"If this virus evolves to a point of being able to spread person to person, and we hope it never does, it will be different than the strain" used in this vaccine, possibly limiting its effectiveness, says Anthony Fauci, director of the National Institute of Allergy and Infectious Diseases, the study's main sponsor.

Although the vaccine is not a perfect match, "we would hope there would be some benefit from deploying it."

The vaccine, made by Sanofi-Aventis, carries inactivated genes from an H5N1 virus taken from a patient in Vietnam. It was given to 451 healthy adults ages 18 to 64 who were broken into four groups. Each group received a different dose ranging from 7.5 micrograms to 90 micrograms. Just more than half of those who got two 90-microgram doses 28 days apart made enough protective antibody to match the levels that occur after standard flu shots.

Standard flu shots contain vaccines against three types of virus and are 75% to 90% effective in the age group studied in the trial. Each of the three doses totals just 15 micrograms.

The amount of vaccine needed to provide protection will be crucial in a pandemic. As the dose increases, the number of people who can be vaccinated shrinks, because there are limits to how much vaccine manufacturers can make.

Current global manufacturing capacity is about 900 million 15-microgram doses. At the high dose used in the trial, only 1.2% of the world's population, 75 million people, could be vaccinated, Gregory Poland of the Mayo Clinic Foundation wrote in an NEJ editorial.

The biotech firm Chiron also has produced an avian flu vaccine that is now in human trials.

And Thursday, officials at GlaxoSmithKline were to announce the launch of two studies of the company's vaccine. About 30 other avian flu vaccines are in early testing stages, Fauci says.

Doubt Cast On Stockpile Of A Vaccine For Bird Flu (NYT)

By Denise Grady

The New York Times, March 30, 2006

A bird flu vaccine being stockpiled by the government in preparation for a possible pandemic protects only about half the people who receive it, scientists are reporting. In addition, it must be given in such high doses that if a pandemic were to start soon, manufacturers could not begin to make enough vaccine for all who would need it.

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A dose 12 times the amount used in a standard flu shot protected 54 percent of the people in a study being described today in The New England Journal of Medicine. That level of effectiveness is "poor to moderate at best," said Dr. Gregory A. Poland of the Mayo Clinic, who wrote an editorial accompanying the report.

But Dr. Anthony S. Fauci, director of the National Institute of Allergy and Infectious Disease, which paid for the development and testing of the vaccine, called the results "muted good news."

"We have a long way to go," Dr. Fauci said, but he said the research was a step in the right direction, adding, "You have to go through these early steps."

The new report is the first to include results on all the participants, 451 adults ages 18 to 64 who were inoculated at three medical centers in the United States. They received two shots a month apart. No serious side effects occurred, though some got sore arms from the shots.

Dr. Fauci and Dr. John Treanor of the University of Rochester, the lead investigator of the study, discussed the results on Tuesday in a telephone news conference.

The vaccine, developed by government and other researchers, is being made by Sanofi Pasteur under a government contract. It is designed to prevent the disease caused by the A(H5N1) virus, which has been spreading rapidly through Asia, Europe and Africa. The disease has not reached the Americas.

The virus attacks mainly birds, but some humans have been infected, almost all of them through contact with birds, and half have died. Some health officials are concerned that the virus could mutate in a way that would make it more contagious in people and start a lethal pandemic.

Vaccines work by activating a patient's immune system. Standard flu shots, even with their smaller doses, are more effective than the new bird-flu vaccine: they protect 75 percent to 90 percent of people under 65, and 50 percent to 60 percent of those who are older, Dr. Fauci said.

The standard shots probably work better because the viruses they protect against have been around for a long time, and most adults have some immunity to them. The vaccine acts like a booster shot to enhance an immunity that is already there.

Researchers say the bird flu vaccine may be less effective because hardly anyone in the United States has been exposed to the A(H5N1) virus. People have no resistance to it, and so it takes a lot of vaccine to jump-start the immune system.

The study used blood tests, which measured immunity to the virus, and researchers set the bar fairly high. Dr. Treanor said he thought that the vaccine might actually work better than it appeared from the study.

A next step in the research is to try adding a substance called an adjuvant to the vaccine, to try to make it work better and at lower doses. Adjuvants stir up the immune system. Alum is a common one.

The government has stored a "modest" amount of the Sanofi vaccine, Dr. Fauci said, about seven million to eight million doses. He said that such a small amount would not be of much help to the public, but he described it as stopgap.

If the disease emerged, he said, the main purpose of the supply would be to inoculate health care workers and people involved in the rush to make a vaccine specific for the virus strain causing the outbreak.

Currently, the United States does not have the production capacity to make bird flu vaccine and the usual vaccines for seasonal flu.

The bird flu vaccine can be made only between runs of the seasonal vaccines, which have to take priority because those types of flu occur every year, and bird flu is a theoretical threat.

Dr. Fauci said the government was spending several hundred million dollars to increase the nation's ability to make flu vaccine.

Another company, Chiron, also has a government contract to make millions of doses of bird flu vaccine. But Chiron, which has a history of manufacturing problems, has produced only 70 percent of the amount it promised the government it would provide by now, and it will not begin making the rest until this fall.

Avian Flu Vaccine Falls Short In Trial (LAT)

By Jia-rui Chong And Denise Gellene

The Los Angeles Times, March 30, 2006

Setting back plans to shield the nation from a potential bird flu pandemic, the first study of a human vaccine showed that even a massive dose failed to protect nearly half of those inoculated, according to a study released today.

The vaccine for the avian flu strain known as H5N1 was far less effective than the standard seasonal flu vaccine, which protects 70% to 90% of the people who get the shot, according to the study in the New England Journal of Medicine.

The experimental bird flu vaccine required 12 times the dose of the seasonal inoculation. That in effect would cut down the nation's stockpile of the vaccine, purchased for about $160 million, to approximately 4 million courses — enough to inoculate only some healthcare and vaccine workers.

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The current pandemic flu plan, issued by the U.S. Department of Health and Human Services in November, calls for enough vaccine for 20 million people, though it does not set a timetable for acquiring the shots.

"It's disappointing in that it takes so much," said Robert Webster, a virologist at St. Jude Children's Research Hospital in Memphis, Tenn., who has been studying this particular strain of bird flu since it emerged in 1997. "We have to … find ways to do better, to get more bang for the buck."

Dr. Anthony Fauci, who heads the National Institute of Allergy and Infectious Diseases, acknowledged that the current vaccine "cannot be the answer to where we want to be." He said, however, that the study did demonstrate that the vaccine was partially effective and safe to use.

"It's a bit of muted good news in that we're going in the right direction, but the sobering news is we have a long way to go," he said.

Developing a human vaccine for bird flu has been the cornerstone of the nation's efforts to deal with a potential pandemic.

The virus, which originated in Asia, rarely infects people, but scientists fear a mutation could make it more easily transmissible, sparking a pandemic.

Since 2003, the World Health Organization has recorded only 186 human cases. But H5N1 is clearly lethal: 105 of those people died.

In the last two months, the virus has been detected in birds in Europe, Africa and the Middle East.

Experts believe it could arrive in North America as early as this summer, carried by migrating birds into Alaska or northeastern Canada.

The Department of Health and Human Services has funded studies of more than 30 candidate vaccines. Results from some of these studies are expected to appear in the next six to 12 months.

The study reported today, which was funded by the National Institute of Allergy and Infectious Diseases, involved 451 healthy adults who were injected with vaccine made by French drug maker Sanofi Pasteur.

The patients received either placebos or dosages that ranged from 15 to 180 micrograms, split into two injections given 28 days apart. The standard dose for seasonal vaccine is 15 micrograms for each of three flu strains.

The researchers could not expose any of the subjects to the disease, so they later tested antibody response to gauge the effectiveness of the vaccine.

Two separate tests found that 54% and 58% of the people who received the highest dose had the same level of protection provided by a seasonal flu shot.

But the remaining subjects who got the highest dose — 46% and 42% in the two tests — fell below that level, meaning that they failed to reach the standard of protection.

Of those given lower doses, fewer than half were protected from the virus.

"We certainly hoped it would be better," said lead author Dr. John J. Treanor of the University of Rochester in New York.

But he said that even people who were not fully protected might have enough immunity to reduce the severity of the illness.

Sanofi spokesman Len Lavenda acknowledged that the results were disappointing.

"We're not satisfied with the level of protection, and we're working diligently to improve the immune response," he said.

Nonetheless, Sanofi is in discussions with the Food and Drug Administration about obtaining approval of its vaccine, Lavenda said.

The high doses needed cause serious problems for the nation's pandemic planning.

Dr. Wendy Keitel, an infectious disease specialist at Baylor College of Medicine in Houston who is leading a trial of another Sanofi vaccine, said requiring two shots was impractical.

"Two high doses are quite problematic if you think about vaccinating people in a pandemic," she said.

The massive doses also would strain the world's manufacturing capacity, which at best can make bird flu vaccine for only 75 million people each year.

That is "really a no-go," said Ripley Ballou, a research vice president at GlaxoSmithKline, which is also developing a vaccine. "It is just not even conceivable that all the manufacturers in the world could produce" enough to meet the demand in case of a pandemic.

The Sanofi vaccine is made in the traditional manner, using an altered virus grown in chicken eggs — a process considered slow and inefficient.

"This is slide-rule technology," said Michael Osterholm, director of the Center for Infectious Disease Research and Policy at the University of Minnesota. "We need to be dealing with a modern vaccine."

British-based Glaxo and Sanofi have announced plans to build or expand factories, which could add hundreds of millions of doses of the pandemic flu vaccine to the global supply. But the added capacity won't be available for several years.

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To stretch the supply, researchers are experimenting with the use of a drug additive, known as an adjuvant, that could boost the effectiveness of the vaccine. The adjuvant works by making the vaccine more easily perceptible by the immune system.

The concept isn't new. Childhood vaccines against tetanus and bacterial meningitis contain adjuvants. Most trials of adjuvants use alum, a mixture of aluminum salts.

Emeryville, Calif.-based Chiron Corp., which has also made millions of H5N1 doses for the U.S. stockpile, is testing an adjuvant derived from shark oil that it now uses in seasonal flu shots in Europe. The adjuvant isn't approved for use in the U.S.

Glaxo will announce plans today to launch clinical trials using different adjuvants with experimental avian flu vaccine.

Sanofi has already tested a bird flu vaccine with an adjuvant that produced a "good immune response" and would meet European standards for licensing seasonal flu vaccines, Lavenda said.

Bird Flu Fatalities Climb, Mark Deadliest Quarter Yet (Update1) (BLOOM)

By Jason Gale

Bloomberg, March 30, 2006

March 30 (Bloomberg) -- Bird flu fatalities in Egypt, which may be confirmed by the United Nations this week, will bring the year's global death toll to 31 people and mark the quarter as the deadliest yet as the virus spreads from Asia to Europe and Africa.

The World Health Organization is scheduled to report within a few days the results of tests on two women who died this month, the UN agency said on its Web site yesterday. Three other people in Egypt also tested positive for the lethal H5N1 avian flu strain by a U.S. Naval Medical Research Unit, the WHO said.

``Since the first outbreak was confirmed on Feb. 17, more than 25 million birds have died or been destroyed'' in Egypt, the WHO said. ``Egypt has a large population of poultry, many of which are kept on roof terraces in close proximity to humans.''

More people are becoming infected after 31 countries reported initial outbreaks in animals since February. Diseased fowl raise the risk to humans and create opportunities for the virus to mutate into a pandemic form that may kill millions of people. A human case was reported every second day on average this year. The fatality rate rose to one every three days, compared with one a week in the first quarter of 2005.

Since 2003, the H5N1 strain of avian flu has killed at least 105 of 186 people infected, the WHO said on March 24. It will adjust the tally after tests are completed on the Egyptian cases, it said yesterday.

Cameroon Outbreak

A second outbreak of H5N1 was found in a wild duck in northern Cameroon, Agence France-Presse reported yesterday, citing a statement from the West African country's Agriculture Ministry. The outbreak occurred at Lake Malape, near the border with Nigeria, and about 1,000 kilometers (622 miles) north of the capital Yaounde.

UN Secretary General Kofi Annan yesterday asked wealthy countries to keep their promises made in January to give money for the fight against bird flu and said significant new funds may be needed for Africa.

Health officials in poorer nations need help monitoring the avian flu virus and small farmers need payment for poultry they've killed to slow its spread, Annan said in a statement. The original pledge of $1.9 billion, made at a conference in Beijing, may not be enough, he said.

``Nowhere is this more the case than in Africa, from where I have just returned,'' Annan said in the e-mailed statement. ``As I learned at first hand, there is an immediate and desperate need for expertise, funds, transport and equipment.''

Fears the H5N1 virus will mutate and spawn a deadly pandemic-causing variant have focused attention on antiviral medication and vaccines.

Relenza Drug

GlaxoSmithKline Plc's Relenza drug yesterday won U.S. approval for the prevention of influenza, giving doctors another weapon against an illness that kills about 36,000 people in the U.S. each year.

The medicine, an inhaled powder, already is approved by the Food and Drug Administration to treat the flu. Roche Holding AG's Tamiflu, a capsule, is the only treatment also approved for prevention. The drugs would help protect people who are exposed when the flu breaks out in a family or a community, and aren't intended to replace vaccinations, the FDA said.

Study On Whale Stranding, Sonar Is Inconclusive (WP)

By Marc Kaufman

The Washington Post, March 30, 2006

Federal ocean scientists said yesterday they were unable to determine whether Navy sonar caused a mass stranding of whales on the North Carolina shore last year.

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In their report on the stranding -- one of the largest and most troubling in two decades -- the National Marine Fisheries Service researchers concluded that Navy ships had used sonar in the area the day before the whales came onshore. But detailed necropsies and analyses did not find any physical signs of a connection between the loud sonar pings and the whales' rush to shore.

"Experts from around the country worked on these samples and tests, and the bottom line is that we are not able to reach a definitive cause for the stranding," said Aleta Hohn, the Fisheries Service's lead scientist on the report.

The report concluded that most of the animals were otherwise healthy. In all, 33 pilot whales, two pygmy sperm whales and a minke whale stranded and died within two days. Strandings of more than one species at a time are rare.

The report on the January 2005 stranding had been anxiously awaited by the Navy and environmentalists because the animals died near the proposed site of a 660-square-mile underwater sonar testing range.

The Navy has said the sonar range is essential to train sailors and will not be a danger to the many whales in the area. Some environmentalists disagree, saying that the growing number of strandings around the world linked to naval active sonar make the range -- which is near a major whale migration path -- a threat to animals.

The two sides, which are battling in court over sonar, interpreted the report differently. "The NOAA report clearly acknowledges that there is no pathology implicating sonar as a cause of the stranding," said James A. Symonds, director of the Navy's environmental programs.

"We believe the time frame and the distance at which active sonar was used, two to three days prior to the stranding and over 50 nautical miles from [the site of the stranding] make it extremely unlikely that our sonar affected the animals in any way," he said.

Michael Jasny of the Natural Resources Defense Council disagreed. "Today's report by the federal government establishes that sonar was a possible cause of the January 2005 mass stranding," he said. "It confirms that the event itself was highly unusual, being the only mass stranding of offshore species ever to have been reported in the region; and that it shared 'a number of features' with other sonar-related mass stranding events."

Navies worldwide have been using powerful mid-frequency sonar for years, but the link to whale strandings is quite recent. The U.S. Navy acknowledged that its sonar caused a mass stranding in the Bahamas in 2001, and numerous other suspected cases have been reported. Most recently, Spanish officials concluded that beaked whales that came ashore along the Costa del Sol most likely did so because of naval sonar.

Fisheries Service acoustics specialist Brandon Southall said the amount of sonar used in the area prior to the North Carolina stranding was not unusual. But he said it was impossible to say whether the sonar led to the strandings.

FBI/DEA/ATF/USMS:

Report: MLB To Investigate Drug Use (USAT)

By Hal Bodley

USA Today, March 30, 2006

Former Senate majority leader George Mitchell will be named to head Major League Baseball's investigation into past steroid use by Barry Bonds and other major leaguers, ESPN reported Wednesday.

An announcement could come as early as today.

Without citing sources, ESPN stated that Mitchell, a Maine Democrat and close friend of Commissioner Bud Selig, will head the investigation but not be the lead investigator.

MLB President Bob DuPuy, who refused to confirm the ESPN story, told USA TODAY: “The commissioner has given a great deal of consideration to the subject of an investigation over the past weeks and if one were to be conducted to its scope. I am confident he is well along in the deliberative process and will make his final decision shortly.”

The Associated Press reported Wednesday that a baseball official said the final plans for the investigation were pending, as was a definite answer from Mitchell.

MLB spokesman Richard Levin said neither he nor the commissioner would comment on the ESPN and AP reports.

Mitchell is the chairman of the board of the Walt Disney Co., parent company of ESPN. He is also on the board of directors of the Boston Red Sox and was a key member of Selig's blue-ribbon economic study committee. He stepped down as Senate majority leader in 1994.

Selig, after the publication of the book Game of Shadows, written by two San Francisco Chronicle reporters, has repeatedly said he would consider an investigation. The book details the use of steroids, human growth hormone and insulin by Bonds for at least five seasons beginning in the fall after the 1998 season.

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MLB did not ban steroids until after the 2002 season.

The league began testing for illegal performance-enhancing drugs in 2003.

Mitchell To Lead Steroids Inquiry (LAT)

By Tim Brown, Times Staff Writer

The Los Angeles Times, March 30, 2006

NEW YORK — George Mitchell, a Washington lawyer and the former Senate majority leader from Maine who previously has advised Major League Baseball, will lead Commissioner Bud Selig's investigation into alleged steroid use by Barry Bonds and other players.

Under persistent pressure from Congress and in light of a new book that claims Bonds used performance-enhancing drugs for at least five years, Selig will outline his investigation in a news conference today at his office here, baseball sources said.

Mitchell, 72, served on a blue ribbon panel that reported on the financial state of baseball in 2000. He will be the point man in Selig's first hard look at baseball's so-called "steroid era," in which many of the game's foremost players have been accused of using illegal performance-enhancers. Mitchell is expected to attend today's news conference.

It is unclear what action Selig would — or could — take if Mitchell and his investigative team found evidence that Bonds and others had taken steroids. The commissioner has appeared resistant to erasing tainted records, and probably would face a legal battle if he employed his "best interests of the game" authority to suspend guilty players.

One, New York Yankee Jason Giambi, reportedly admitted to a federal grand jury that he used steroids, and in a subsequent news conference offered a vague apology. He hasn't been disciplined because he apparently did not test positive under baseball's steroid policy. Neither has Bonds.

Major League Baseball did not begin its testing program until 2003, did not suspend its first player until a year ago, and only this year strengthened its policy to sufficiently satisfy Congress.

Certain members of Congress remain unconvinced. In a letter sent to Selig two weeks ago, Rep. Cliff Stearns (R-Fla.) cited "apparently credible allegations that [Bonds] used steroids," and demanded that Selig disclose "your involvement and authority to police against illegal performance-enhancing drug use."

Stearns, chairman of the House Subcommittee on Commerce, Trade and Consumer Protection, and Rep. Edward Whitfield (R-Ky.), chairman of the Committee on Oversight and Investigations, asked Selig to respond to six queries — two directly related to Bonds — by today. According to a source in the commissioner's office, Selig has received an extension to respond at a later date.

Mitchell will conduct his investigation independently, as when another lawyer, John Dowd, investigated Pete Rose for gambling on baseball in 1989. Dowd submitted a 225-page report and Rose was banned for life by then-commissioner A. Bartlett Giamatti.

Twelve major leaguers and 81 minor leaguers were suspended last year under baseball's previous policy, the major league portion of which suspended first-time offenders for 10 days. The current policy requires a 50-game suspension for a first offense, 100 games for a second offense and a lifetime ban for a third.

"Game of Shadows," a book written by two San Francisco Chronicle reporters and released last week, claims to detail steroid use by Bonds, Gary Sheffield, Jason Giambi and others, most of whom were alleged to have received designer and anabolic steroids from the Bay Area Laboratory Co-Operative.

The timing of the investigation will be particularly delicate for Bonds and the San Francisco Giants. Bonds is approaching Babe Ruth on the all-time home run list and is 47 short of Hank Aaron's career record of 755. The Giants open the regular season Monday in San Diego.

Mitchell Is Expected To Oversee Inquiry Into Steroid Use (NYT)

By Ben Shpigel

The New York Times, March 30, 2006

Major League Baseball is expected to announce today that George Mitchell, the former Senate majority leader from Maine, will head a panel that will investigate past steroid use by major league players, and will take a thorough look at Barry Bonds's suspected involvement.

No one in the office of Commissioner Bud Selig would confirm Selig's intentions, but a team executive with knowledge of the situation said the announcement on Mitchell would come today. The person was granted anonymity because details had not been finalized.

Mitchell was expected to oversee the investigation, but it was anticipated that someone else would lead the panel's day-to-day activities. The decision to create the panel comes after the release of "Game of Shadows," a book written by two San

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Francisco Chronicle reporters that links Bonds to the ongoing steroid scandal that has engulfed baseball and created a huge problem for Selig.

Mitchell, a director of the Red Sox who served on Selig's panel on baseball economics in the late 1990's, lends prestige and immediate credibility to the investigation, which comes after months of Congressional pressure on Selig and baseball. In choosing Mitchell, Selig again finds himself reacting to voices in Congress and in the news media that have criticized baseball for looking the other way as steroid use became popular.

Over the past 13 months, Selig has fended off Congressional pressure to enact steroid legislation by twice persuading Donald Fehr, the executive director of the players union, to reopen the collective-bargaining agreement to introduce stricter language and tougher penalties for players who violate the league's steroid policy.

The first change came in 2004, when baseball mandated a 10-day suspension for the first positive test, a 30-day suspension for the second, a 60-day suspension for the third and a one-year suspension for the fourth.

The second change came in November, when Selig announced that, for the first time, testing would include amphetamines and that players who failed a steroid test this season would be suspended 50 games. The penalties increase to 100 games for a second positive test and a lifetime suspension after a third.

Despite these concessions, Selig has found himself needing to take another step by creating the panel. At the center of the controversy is Bonds, whose march on the career home run record will ensure that the focus remains on steroids. Bonds, who enters this season with 708 career homers, is bearing down on Babe Ruth (714) and Hank Aaron (755), and was bound to find himself embroiled in controversy even without the publication of the book and its incendiary charges.

The book asserts that Bonds, who has denied knowingly using steroids, began using performance-enhancing drugs in 1998 because he was jealous that Mark McGwire had captured the spotlight during his record-setting home run race with Sammy Sosa that season. It offers a lurid timeline of Bonds's devoted steroid use, contending that he was given the drugs by Greg Anderson, a friend and personal trainer, and later became involved with Victor Conte Jr., the owner of the Bay Area Laboratory Co-Operative, which concentrated on offering performance-enhancing drugs to athletes.

The book also alleges that Bonds lied before a federal grand jury investigating Balco when, on Dec. 4, 2003, he testified that he did not think that products he had used described as "the clear" and "the cream" were steroids.

To complicate the investigation, the collective-bargaining agreement did not include drug testing until the owners and the players union agreed to it in 2002, which may make it difficult for baseball to penalize anyone who used steroids before then. Testing began in 2003, and penalties were introduced in 2004.

The investigation could also introduce new names and verify alleged users, creating additional headaches for Selig as he tries to undo the damage done to the sport by a scandal that refuses to go away.

Report: MLB To Launch Steroid Investigation (SEAPI)

Seattle Post-Intelligencer, March 30, 2006

New York, NY (Sports Network) - Major League Baseball is reportedly expected to launch an investigation into past steroid use by its players, with former Senate majority leader George Mitchell reportedly heading the panel.

The New York Times reported late Wednesday that the announcement of Mitchell's appointment could come as early as Thursday. The paper also reported that, while Mitchell will head the investigation, someone else will handle the day- to-day activities.

Mitchell served on Commissioner Bud Selig's baseball economic panel in the late 1990s and is currently a director with the Boston Red Sox. He served as a senator from Maine (D) from 1989-1995.

San Francisco Giants outfielder Barry Bonds will also reportedly get a close look in the investigation. Bonds once again became synonymous with alleged steroid use after the book "Game of Shadows," was released.

According to the book, written by reporters Mark Fainaru-Wada and Lance Williams of San Francisco Chronicle, Bonds began using steroids after the 1998 season because of his jealousy stemming from the attention that Mark McGwire and Sammy Sosa garnered during their chase, and eventual passing, of Roger Maris' single-season home run mark.

Bonds eventually broke McGwire's mark of 70 after he jacked 73 homers during the 2001 season. He has continuously denied knowingly taking steroids and has even attempted legal action against the recently released book.

Major League Baseball has been constantly battling the alleged use of steroids in its league for some time now, and in November, announced a new steroid policy with stricter penalties for offenders.

The new penalties include a 50-game suspension for first-time offenders, 100- game suspension for a second offense and a lifetime ban for a third violation. Players banned for life will have the opportunity to seek reinstatement after two years.

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Also, the new policy will include random testing for amphetamines. First time offenders for amphetamines will have to undergo mandatory evaluation and follow-up testing. Subsequent positive tests will carry suspension of 25 games, 80 games and up to a lifetime ban.

The former penalties for steroid use called for a 10-day suspension for a first offense, a 30-day ban for a second violation and 60-day penalty for a third offense. The penalty for a fourth positive test was a one-year ban and the penalty for a fifth offense was left to the commissioner's discretion. There was no penalty for amphetamine use.

MLB To Investigate Steroid Abuse (BBC)

BBC, March 30, 2006

Bonds is one of several players expected to be investigated Major League Baseball will launch an investigation into alleged past steroid by players, including slugger Barry Bonds, according to reports.

Former US senate majority leader George Mitchell is expected to lead the probe.

Performance enhancing drugs were not officially banned until after the 2002 season and Bonds has denied ever knowingly using any drugs.

But there has been increasing pressure on MLB to deal with the steroid issue, especially between 1998 to 2002.

Two recent books - Game Of Shadows by two San Francisco Chronicle reporters and Love Me, Hate Me: Barry Bonds And The Making Of An Antihero by Jeff Pearlman - have accused Bonds of using steroids.

MLB also faces questions from the United States Congress regarding the issue.

The organisation has yet to confirm the investigation but the New York Times reported in its Wednesday editions that commissioner Bud Selig was on the verge of making it public.

Probe Of Shadows (NSDY)

By Ken Davidoff, Staff Writer; Staff Writer Jon Heyman Contributed To This Story.

Long Island Newsday, March 30, 2006

Selig expected to start investigation focusing on performance-enhancers and targeting BALCO, Bonds, Sheffield, Giambi

Steroids and baseball have been linked since 1988, when public suspicion concerning Jose Canseco arose.

Now, days before the 2006 season will begin, the game's leadership will finally, formally investigate those who allegedly have used the performance-enhancing drug.

Today, Bud Selig likely will announce that he is opening an examination of players who have been accused of steroid usage. Former Senator George Mitchell will lead the investigation, and the queries will start, not surprisingly, with those implicated in the BALCO scandal - with Barry Bonds and the Yankees' Jason Giambi and Gary Sheffield ranking as the big names.

Although the BALCO scandal has been public for more than 2 1/2 years, the release last week of "Game of Shadows" - the book written by the San Francisco Chronicle reporters (Mark Fainaru-Wada and Lance Williams) who broke many of the BALCO stories - clearly precipitated this dramatic step by Selig.

Baseball last appointed an independent investigator to look into the transgressions of Pete Rose, in 1989, and that resulted in Rose's expulsion from baseball for gambling on games involving the Reds, whom he managed from 1984-89. But this effort is murkier in both goal and scope.

Once baseball established that Rose indeed bet on the Reds, breaking the game's cardinal rule, it became relatively easy to kick the all-time hits leader out of the game. Yet even if Mitchell and his investigators can somehow prove conclusively that Bonds, et al, used steroids prior to 2003, that won't necessarily lead to suspensions of any kind.

Steroids weren't explicitly banned - and weren't tested for, therefore - until 2003. And there was no disciplinary system in place for steroid users until the 2004 season.

Bonds, Giambi and Sheffield all testified in front of a BALCO grand jury in December 2003, and "Game of Shadows" submits strong evidence that both Bonds and Sheffield - who reportedly spoke of unknowingly using steroids - perjured themselves. To date, however, the federal government hasn't brought perjury charges against either player; such an indictment would give Selig far more latitude to act.

Selig has a "best interests of the game" power, as granted by baseball's owners, yet that likely wouldn't hold much water, legally.

The timetable on baseball's investigation isn't clear, although the endeavor will play against Bonds' pursuit of Hank Aaron's all-time home run record of 755. When Bonds' Giants begin the season Monday at San Diego's PETCO Park, the 41-year-old slugger will bring 708 homers to the plate. He is six away from tying Babe Ruth for second place and needs 47 to tie Aaron, an event baseball's leadership would love to somehow avoid.

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BALCO represents Mitchell's most obvious starting point because it is the only major laboratory to have been caught. It will be far more challenging for Mitchell and his assembled staff to track down other producers of illicit substances, both domestically and internationally.

Mitchell, 72, a native of Maine, represented his home state in the Senate from 1980 until 1995, when he retired. A Democrat, he served as the Senate Majority Leader from 1989 until 1995.

Most important for this job, Mitchell is a close friend of Selig. Earlier this decade, he served on the commissioner's highly publicized "blue ribbon panel," which produced a study reflecting Selig's desire to overturn the game's economics.

Mitchell is listed as the "director" of the Boston Red Sox. It's not clear whether he'll need to resign from this job to avoid the appearance of a conflict of interest.

Staff writer Jon Heyman contributed to this story.

A Black Issue? (USAT)

By Bob Nightengale

USA Today, March 30, 2006

SCOTTSDALE, Ariz. — They arrive with no return addresses and, of course, with no signatures.

These are the hate letters San Francisco Giants slugger Barry Bonds and his publicists say they receive each week, arriving with greater frequency since spring training began. Some are thrown away. A few are kept. Others, the ones that threaten his life, go to Major League Baseball security officials.

As opening day looms Monday and as baseball prepares an investigation of steroid use in the major leagues, the letters keep arriving — and a debate gathers momentum:

Is Bonds, seven home runs from surpassing Babe Ruth for second on baseball's all-time home runs list, the latest African-American athlete to suffer the effects of racism, similar to the experience of all-time leader Hank Aaron?

Or is the anger directed toward Bonds a product of mounting evidence he used performance-enhancing drugs to reach this point in history?

Or could he be paying the price for a career of surly behavior toward fans and the media?

Whatever side of the debate they take, the participants — Bonds, other major league players and observers of the game — fervently and heatedly argue they're right.

“White America doesn't want him to (pass) Babe Ruth and is doing everything they can to stop him,” says Leonard Moore, director of African and African-American Studies at Louisiana State University. “America hasn't had a white hope since the retirement of (NBA star) Larry Bird, and once Bonds passes Ruth, there's nothing that will make (Ruth) unique, and they're scared. And I'm scared for Bonds.

“I think what he'll go through will be 100 times worse than what Aaron went through” when he surpassed Ruth in 1974. “I pray for him every night.”

Those who insist race is a non-factor cite the overwhelming evidence of Bonds' steroid use in the leaked grand jury testimony and documents reported by the San Francisco Chronicle in the Bay Area Laboratory Co-Operative (BALCO) investigation and more recently in the book Game of Shadows.

The mass of data includes affidavits filed by government investigators, evidence seized from BALCO and memos detailing statements of BALCO founder Victor Conte and Bonds' trainer and friend, Greg Anderson, to Internal Revenue Service special agent Jeff Novitzky.

That evidence, they say, has no overtones of racial or gender discrimination; those identified in the book as using steroids range from Bonds to former NFL player Bill Romanowski, who is white, and track star Marion Jones.

“Barry was my childhood hero growing up, and what he's going through I wouldn't wish on my worst enemy,” Oakland Athletics third baseman Eric Chavez says. “But as far as this being race-related? I totally disagree. If Big Mac (Mark McGwire) was playing, he'd be in the same boat. This is a case where if there is a beast, you chop the beast's head off. That happens to be Barry. I think we all want to see the end of the story. I want the right information.”

Giants managing partner Peter Magowan says: “I don't believe this is a case of racism. In fact, I think this shows how far we've come. If the media brought this up 20 years ago, they would have been considered racists.”

Moore sees the grand jury testimony differently. “To black America, this is just another example of the judicial system trying to railroad an African-American male,” Moore says.

The controversy has done little to slow Bonds this spring. He batted .625 and hit four home runs in 16 at-bats in Cactus League exhibition games. The lingering effects of three knee surgeries in 2005 and a strained elbow limited him to 24 innings in the field; he is expected to play in two of the Giants' exhibitions this weekend in the Bay Area.

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Bonds, whose 708 home runs are 47 shy of Aaron's record 755, was reticent last week about discussing the role of race in the recent steroid allegations. He says he realizes his personality, which has led to few endorsement opportunities, plays a factor.

"I've done some f----- up things, I admit it," Bonds said Friday at the Giants spring training facility. "We all make mistakes in life. But there's only one perfect person in our society, and they put him on a cross. For what? For being kind? For loving people?"

Bonds' reluctance to nurture his public image may hinder him, says Harry Edwards, a former University of California-Berkeley sociology professor who organized the 1968 Olympic Games black athlete protest.

"Barry has never really cultivated the media and cultured the media the way Magic Johnson did and Michael Jordan did or the way Tiger Woods has done," Edwards says. "So he doesn't have the reserve of public relations capital to call upon.

"The same animosity and resentment that Hank Aaron suffered through when he broke Babe Ruth's record has been exacerbated because of the cloud of steroid suspicion. This is a visceral response to a black man (passing) Babe Ruth."

Game of Shadows, by Chronicle reporters Mark Fainaru-Wada and Lance Williams, claims Bonds began taking steroids after the 1998 season. Commissioner Bud Selig has been reviewing the matter and according to ESPN will launch an investigation of Bonds and other major leaguers. USA TODAY could not independently confirm the investigation.

Several players say Bonds' differences with the media, rather than his race, make him a target. Would the media act the same toward New York Yankees shortstop Derek Jeter if he were going for the record?

"I'm a big believer in karma," says San Diego Padres center fielder Mike Cameron, who is African-American. "What goes around comes around. If you don't treat people right, things come back to bite you."

Bonds, the son of former major league player Bobby Bonds and godson of Hall of Famer Willie Mays, says he never worries about diplomacy and knows he's one of the most disliked players in the game.

He caused a furor two years ago when he said he wanted to break all of Ruth's records but wouldn't mind falling short of Aaron, who started his career in the Negro leagues. Yet when Bonds was criticized for his comments, construed by some as racist, he reminded everyone that his first wife was white.

"This is something we, as African-American athletes, live with every day," Bonds said. "I don't need a headline that says, 'Bonds says there's racism in the game of baseball.' We all know it. It's just that some people don't want to admit it. They're going to play dumb like they don't know what the hell is going on."

Bonds, who insists he has never taken steroids, says he has been tested several times for steroids since 2003. Major League Baseball confirms that every test was clean. Yet the suspicions refuse to go away, particularly after the leaked grand jury testimony and documents discovered by the Chronicle in the BALCO investigation.

Game of Shadows reports that Bonds, spurred by jealousy of the attention generated by McGwire's season home run record in 1998, began taking the steroid Winstrol after that season. It says Bonds took human growth hormone and Deca Durabolin after the 1999 season and, before his 73-home run season of 2001, the BALCO-created "clear" and "cream" drugs as well as Clomid, a women's infertility drug, and Modafinil, a narcolepsy drug used as a stimulant.

Co-author Fainaru-Wada says Game of Shadows and the Chronicle investigation never were about Bonds.

"The premise that the media is going after Bonds is false," Fainaru-Wada says. "People are reporting on a federal investigation that is about steroids, in which Bonds is a major part of the investigation. We haven't had anyone characterize (the book) in any racial terms.

"But this is not a Barry Bonds book. It was born from a federal investigation in which he was a part."

Yet many African-American players in baseball believe the constant allegations can be construed as racially motivated.

"It's so obvious what's going on," Minnesota Twins center fielder Torii Hunter says. "He has never failed a drug test and said he never took steroids, but everybody keeps trying to disgrace him. How come nobody even talks about Mark McGwire anymore? Or (Rafael) Palmeiro (who tested positive for steroids in 2005)?

"Whenever I go home (to Pine Bluff, Ark.), I hear people say all of the time, 'Baseball just doesn't like black people. Here's the greatest hitter in the game, and they're scrutinizing him like crazy.' It's killing me because you know it's about race."

Before the period of alleged drug usage detailed in Game of Shadows, Bonds' career high in home runs was 46, achieved in 1993 at age 28. From 2000 to 2004, between the ages of 35 and 39, he averaged 51.6 home runs a season and hit his record 73 homers.

Bonds has gained nearly 50 pounds since his 1986 rookie season; he weighs about 235 pounds and never had a drastic weight loss once steroid testing was implemented.

"People keep talking about how he's not supposed to keep hitting homers and doing phenomenal things because he's 40-plus," says baseball agent Dave Stewart, a former 20-game winner and front office executive.

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"Well, (seven-time Cy Young winner) Roger Clemens is 40-plus, too, and nobody ever brings his name up. Why not? Is it because one's black and the other is white?"

Seattle Mariners outfielder Matt Lawton, one of 12 major league players who tested positive for steroids last season, even has difficulty understanding why the guilty have been forgotten.

"If (Bonds) were white, he'd be a poster boy in baseball, not an outcast," Lawton says.

Selig and Donald Fehr, executive director of the players association, refused to publicly comment about the possible racial implications if an investigation is launched against Bonds.

Public perception is mixed. A USA TODAY/CNN/Gallup Poll of baseball fans taken this month showed 49% think Bonds should be inducted into the Hall of Fame and 43% think he shouldn't.

If Major League Baseball ever concludes Bonds is guilty of taking steroids, 52% of fans believe his records should be taken away.

"People would breathe a deep sigh of relief if he didn't break Hank's record," says Edwards, the former Berkeley professor.

"If he had the grace to step aside for Hank, I think it would get him into the Hall of Fame.

"It's sad to think that's what it would take because of all his accomplishments, but it's true."

A Drug Dealer's Toll On Americans (WP)

The Washington Post, March 29, 2006

Marc Emery, who distributed millions of marijuana seeds throughout the country, admits the accuracy of the Drug Enforcement Administration's charges against him, but he denies harming Americans ["High Crimes, or a Tokin' Figure?" Style, March 18].

Like all dealers, Mr. Emery turns a blind eye to marijuana's victims -- people like Victoria Rogers, a mother driving with her children when she was killed by a marijuana-intoxicated motorist.

Marijuana feeds thousands of addictions -- so many that more teenagers enter treatment for marijuana dependency than for all other drugs combined. Thousands of adolescents whose brains are still developing also suffer from depression, memory impairment and diminished judgment because of marijuana. Users destroy their lungs because marijuana smoke contains 50 to 70 percent more cancer-causing chemicals than tobacco smoke.

That Mr. Emery sees no consequences of his actions does not change the fact that they destroy innocent American lives and that he should and will face legal consequences as a result.

KAREN P. TANDY
Administrator
Drug Enforcement Administration
Arlington

Cali Cartel Co - Founder's Son Sentenced (AP)

AP, March 30, 2006

MIAMI (AP) -- A federal judge on Wednesday sentenced the son of a co-founder of Colombia's Cali cocaine cartel to nearly 22 years in prison.

William Rodriguez-Abadia, 40, could serve less than the 21-year, 10-month term if prosecutors agree that his cooperation has been substantial in a case against his father and uncle.

Rodriguez-Abadia surrendered to U.S. authorities in January and pleaded guilty to drug trafficking.

He admitted that he took over much of the cartel's operations after the 1995 arrests in Colombia of his father, Miguel Rodriguez-Orejuela, and uncle, Gilberto Rodriguez-Orejuela.

Both are jailed in Miami on U.S. charges and are awaiting trial.

Rodriguez-Abadia has agreed to forfeit more than $300 million in assets linked to drug profits.

The Cali cartel was once the world's largest cocaine smuggling enterprise, earning more than $1 billion in profits, prosecutors say.

Get Rid Of All This Cocaine?The Secrets Of Drug Disposal (SLATE)

By Melonyce McAfee
Slate, March 29, 2006
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Experts from the United States and Britain have stepped in to help Kenyan officials test and destroy 1,141 kilograms of cocaine. The drugs were netted in 2004 during the biggest cocaine seizure in the country's history. How will the Kenyans get rid of all that blow?

They'll burn it. The plan is to incinerate the cocaine at the Kenya Medical Research Institute after officials finish testing the bundles to ensure that they're narcotics and possibly to determine their origin. Kenya's attorney general estimates that it will take at least eight hours to burn all of the contraband. The United Nations Office on Drugs and Crime has advised the country on internationally accepted destruction methods, which include testing the ashes to verify the absence of drugs.

In the United States, the Drug Enforcement Administration burns illicit drugs such as marijuana, ecstasy, and cocaine at contract facilities. DEA officials transport seized drugs to the incinerator and load them into the device. (DEA agents do not allow the drugs to leave their custody.) Most incinerators have at least two chambers. The first chamber burns the drugs in a natural-gas fire to release CO2 vapor, while the second chamber burns off the vapor at a higher temperature. Hazardous chemicals, like the ether and methanol used to make methamphetamine, are incinerated separately, according to Environmental Protection Agency regulations.

Temperatures inside an incinerator can reach up to 1,500 degrees Fahrenheit. Leftover ash is generally a product of the drug's packaging. The ashes are disposed of according to local regulations. (Some landfills prohibit the waste.)

Drugs are destroyed after they are no longer needed for legal proceedings. The DEA incinerates seized drugs if the U.S. Attorney's Office does not send a letter requesting that the substances be preserved for use in an ongoing trial or investigation. If a stash is taking up too much space in DEA storage facilities, a sample might be preserved while the rest is destroyed.

Local law enforcement may use incinerators at hospitals, veterinary clinics, and other facilities. Virginia state police flush small amounts of drugs down the toilet. Springdale, Ark., police reportedly burn drugs in barrels. Canadian officials sometimes render drugs unusable by mixing them into a plaster that is later buried.

Pair Charged In Intimidation Slaying (PTR)

PittsburghTribune-Review, March 30, 2006

Two men accused in a 2004 slaying designed to intimidate the victim's son from testifying in a Beaver County drug trial now face federal charges -- and possibly the death penalty, state and federal authorities said Wednesday.

Jelani Solomon, 27, of Beaver Falls, and Claron Hanner, 28, of Pittsburgh's Knoxville neighborhood, are charged with an array of drug and weapons offenses in connection with the Jan. 19, 2004, slaying of Frank Helisek Jr., 53.

Hanner used a Glock 9 mm handgun to shoot Helisek on the doorstep of his New Brighton home, authorities said. The hit was ordered by Solomon to send a message to Shawn Helisek, the victim's son, who was scheduled to testify the following day against Solomon.

The trial never happened. Solomon pleaded guilty the day after Helisek's killing to one count of cocaine possession with intent to distribute.

Solomon agreed to pay Hanner for killing Frank Helisek, said U.S. Attorney Mary Beth Buchanan, who declined to discuss the price of the contract because that information will be presented at trial.

Hanner, who was identified by a cell phone left at the scene of the slaying, was arrested and charged with criminal homicide, authorities said.

Beaver County District Attorney Dale M. Fouse vowed repeatedly to seek the death penalty and hasn't backed away from that stance, even though the case now is being handled by federal prosecutors.

"It's still our hope and intention that the death penalty be sought in this case," said Fouse, calling Helisek's death a contract murder.

Buchanan said she will decide in the next few days whether to recommend seeking the death penalty. The final decision will be made by U.S. Attorney General Alberto Gonzales.

Buchanan said she has sought the death penalty in the past. She said this is a serious crime that was substantially planned and premeditated.

"This is an offense that involved the murder of a father of a witness in a drug-trafficking trial," Buchanan said.

Also included in the indictment -- handed up by a Pittsburgh grand jury Tuesday and unsealed yesterday -- is Solomon's mother, Wanda Solomon, 46, of Ambridge, Beaver County. She is accused of helping her son run the drug operation.

Wanda Solomon pleaded not guilty yesterday in federal court. She has a prior drug conviction and another pending federal indictment. She could face 10 years to life in prison if convicted.

From 1999 through November 2005, authorities allege, Jelani Solomon distributed more than five kilograms of cocaine. While Solomon was in jail, Buchanan said, he continued to run his drug ring with the help of his mother and other people.

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A two-year investigation into Jelani Solomon's drug enterprise, which the federal Drug Enforcement Administration dubbed "Operation Enough is Enough," has netted 44 arrests so far.

"This investigation will continue until each person involved in this drug conspiracy and the murder of Frank Helisek is charged," Buchanan said.

Jelani Solomon and Hanner will appear in federal court within the next two weeks, Buchanan said.

Police Chief Sentenced On Crack Conviction (AP)

AP, March 30, 2006

NEW ORLEANS (AP) - A former Lutcher police chief was sentenced Wednesday to more than seven years in prison for distributing crack cocaine.

Corey Pittman was arrested in 2005 after federal agents and St. James Parish sheriff's officers caught him giving crack to an undercover officer on three occasions, federal authorities said. Pittman, 30, pleaded guilty earlier to three counts of distributing crack.

U.S. District Judge Ginger Berrigan sentenced him to seven years and eight months in prison and ordered him to serve three years of supervised release after his term ends. The charges carried up to 40 years.

The investigation began when an area law officer, but not one in Pittman's department, tipped off federal agents that the chief might be involved in selling drugs, according to the federal Drug Enforcement Administration.

Former Lutcher Chief Gets Seven Years (ADV)

Advocate, March 29, 2006

Former Lutcher Police Chief Corey Pittman was sentenced to seven years in prison on Wednesday. Pittman, 30, received the sentence following a guilty plea to three counts of crack cocaine distribution.

In the summer of 2005 Pittman distributed crack cocaine to an undercover agent who was part of an operation involving the U.S. Drug Enforcement Administration, the FBI and officers of the St. James Parish Sheriff's Office.

"The conviction and today's prison sentence of former police chief Corey Pittman -- an admitted crack cocaine dealer -- will serve as yet another strong signal to the citizens we in federal law serve, that we will tolerate no abuses or betrayals by officials who are sworn to protect and serve the public," U.S. Attorney Jim Letten said.

As part of the sentence, Pittman will have to serve three years of supervised release following his incarceration.

Evidence Suppressed In Drug Raid (PDN)

By Mark-Alexander Pieper, Pacific Daily News

Pacific Daily News, March 30, 2006

A federal judge yesterday granted a motion to suppress evidence obtained against two people arrested during the Sept. 8 drug raid at the Guam Reef Hotel.

That means the federal prosecutors may not use the items, including an ice pipe, ice straws and the bag from which they were obtained, to prosecute defendants Justin Keith Guerrero and Renea Dorleen Cruz-Taitano.

Prosecutors have until April 6 to decide whether to continue to pursue the case against them or drop the charges. Four others have been arrested in connection with the alleged ice-manufacturing scheme. Defense attorney Curtis Van de Veld had argued that all statements and articles seized from Guerrero and Cruz-Taitano during the raid should be suppressed because the search was not conducted properly, and therefore, violated the defendants' Fourth Amendment rights that protect them from unreasonable searches.

U.S. District Court of Guam Judge Joaquin Manibusan, in a written opinion, stated that the arresting officers lacked probable cause to detain Cruz-Taitano and Guerrero at the time of the raid.

In her court testimony in January, Guam Customs Officer Barbara Tayama, who detained Cruz-Taitano, said she had not read Cruz-Taitano her Miranda Rights before detaining her, questioning her and asking to search her bag, which contained the suspected drug paraphernalia.

Last month, Manibusan decided to admit evidence obtained in the raid in the case against the other defendants: Joseph Anthony Mesa, Jeffrey Anthony Espinosa, Ginger Perez Hamamoto and Shardae Roxanne Love. The four were arrested and charged with manufacturing ice in Room 755 of the Guam Reef Hotel. The case against them is ongoing.

On Sept. 8, agents from the U.S. Drug Enforcement Administration, the Guam Police Department and Guam Customs and Quarantine raided the hotel room based on a tip they had received earlier that morning.

Real Estate Agent Pleads Not Guilty To Money Laundering (CRG)

Cedar Rapids Gazette, March 30, 2006

Cedar Rapids real estate agent Harriette Cooper pleaded not guilty to six money laundering charges during a brief appearance this morning in federal court in Cedar Rapids.

Cooper, 52, is accused of taking cash from drug sales and obtaining six cashier's checks during April 2003 to avoid the filing of federal Currency Transaction Reports. She also faces one count of structuring financial transactions for obtaining the money orders, then acting in her role as a real estate agent, using the checks to make a down payment on a house at 267 Tomahawk Trail SE in April 2003.

U.S. Chief Magistrate Judge John Jarvey set a May 22 trial date and released Cooper under the supervision of the U.S. Probation Office.

If convicted she faces up to 20 years in prison and a $250 fine on each of the six money laundering charges. The seventh charge carries a possible sentence of five years in prison and a $250,000 fine.

The case is being prosecuted by Assistant U.S. Attorney C.J. Williams and was investigated by the Drug Enforcement Administration, Iowa Division of Narcotics Enforcement and the Criminal Investigation Division of the Internal Revenue Service.

Trio Indicted On Federal Charges In Alabama Church Fires (AP)

By JAY REEVES, Associated Press Writer

AP, March 30, 2006

BIRMINGHAM, Ala. (AP) -- A federal grand jury indicted three college students Wednesday in a series of nine church fires that plagued rural Alabama last month, accusing them of conspiracy and arson.

The three, who were arrested earlier this month after an investigation by dozens of local, state and federal authorities, also face state charges. And prosecutors say still more counts could be added once county grand juries hear the cases.

"Churches are important centers, especially in our rural communities, so these acts of heartless criminal destruction strike at the heart of these rural communities," U.S. Attorney Alice H. Martin said in a statement.

Attorneys for two suspects said they anticipated discussions with prosecutors that could lead to guilty pleas.

"We intend to work toward a resolution of this matter to begin the process of healing," said Tommy Spina, representing Matthew Cloyd, 20. "This is really day one of the beginning of that process."

Defense lawyer Brett Bloomston said his client, Russell DeBusk Jr., 19, also wanted to conclude the case soon, but added: "It's premature to predict how it will be resolved, especially in light of the state charges that are out there."

A lawyer for Benjamin Moseley, 19, did not immediately return a call seeking comment.

Spina said the next step in the case is an arraignment hearing where the suspects are required to enter initial pleas of not guilty. The three could change their pleas after that hearing, expected in mid-April.

The three have been jailed since March 8 on federal charges in a series of early morning fires that destroyed or damaged churches in four rural counties over two days in early February. The charges initially covered one church arson. The indictment charged the three in five Bibb County fires and Cloyd and Moseley in four others.

Court documents filed by prosecutors indicate at least two of the suspects confessed to being involved in the fires. Investigators matched tire tracks found at several of the fires to the type of tires that were on a sport-utility vehicle driven by Cloyd, investigators said.

Evidence indicates the fires started as a prank that got out of control on a night of drinking and illegal hunting in Bibb County, south of Birmingham. The three are accused of torching five churches there.

A sworn statement by an investigator said Moseley told agents he and Cloyd set four more fires in three west Alabama counties as a diversion four days later to throw off police. Only Moseley and Cloyd were indicted in those fires.

Defense attorneys have said the fires were not crimes of hate.

Moseley and DeBusk attended Birmingham-Southern College, where they were aspiring actors studying theater. Cloyd transferred from Birmingham-Southern last fall to the University of Alabama at Birmingham, where he hoped to become a doctor, like his father.

Each man faces a mandatory minimum sentence of seven years imprisonment and a fine of $250,000 if convicted, prosecutors said.

A judge previously approved bond of $50,000 for each of the suspects on the initial federal charges, but all have remained jailed in a suburban lockup near their homes rather than make bail and be transferred to one of the jails in the rural counties where the nine fires occurred.

No arrests have been made in a 10th church blaze that was believed to be the work of a copycat. Other articles:

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IMMIGRATION:

Bush In Mexico For Talks With Fox, Harper (AP)

By Nedra Pickler

AP, March 30, 2006

President Bush began a trip Wednesday intended to strengthen ties with Mexico and Canada on issues like terrorism, trade and problems along the long borders the United States shares with its neighbors.

Bush said he was concerned that a "protectionist tendency and isolationist tendency" could emerge among the three countries and make cooperation more difficult, particularly in the face of economic challenges from countries like China. In an interview with Canadian television, he said the strong relationship with Mexico and Canada needs to be further strengthened.

The president arrived in Cancun Wednesday evening to an understated welcome from just a few local officials gathered at the bottom of Air Force One's stairs. Bush is meeting Thursday and Friday with Mexican President Vicente Fox and Canadian Prime Minister Stephen Harper.

While thousands of U.S. students lounge on the beach in this spring break spot, Bush, Fox and Harper will grapple with issues like trade, terrorism and border and immigration problems.

The student crowds are smaller this year with the beachfront still rebounding from last year's Hurricane Wilma, and Mexican officials are no doubt hoping the international attention from the summit will help boost tourism again.

"Cancun will be the eyes of the world," said cab driver Luciano Salgado Campos as he drove past downed trees lining the road from the airport to the beachfront resorts. "President Bush will be able to see how much progress has been made already."

Fox's government has spent millions to rebuild the beaches and dredge sand from the ocean floor to replace what was swept away in October, when Wilma brought winds reaching 150 mph. Many hotels still are closed.

The three leaders will gather at the Fiesta Americana Condesa on Thursday and Friday. By Tuesday, police had already set up roadblocks around the perimeter and security forces patrolled from the air and water.

Bush plans to spend less than 48 hours in Cancun, squeezing in bilateral and group meetings and a visit to the Mayan ruins at Chichen Itza — a rare cultural detour for the president who normally keeps a tight diplomatic schedule on foreign visits.

Before climbing aboard Air Force One to fly here, Bush joked that no one would see him in a skimpy bathing suit at this beach resort. "No Speedo suit here. Thankfully," he told an audience after a speech in Washington.

With a debate over border security raging at home, Bush is using the summit to try to strengthen ties with leaders of America's northern and southern neighbors who have their own concerns about the flow of people and goods with the United States.

The summit comes a year after the three countries signed a pact at Baylor University near Bush's Texas ranch that was designed to make trade more efficient and borders more secure. The agreement, called the Security and Prosperity Partnership of North America, aims to combat terrorism and drug trafficking while making U.S., Mexican and Canadian products more competitive with imports from China and other nations.

Yet there are concerns, particularly on the Canadian side, about a new U.S. requirement going into effect next year that says anyone coming into the United States must show passports or other secure ID instead of a simple driver's license or birth certificate. Critics say it could slow commerce with the United States' largest trading partner. Meanwhile, Mexico is closely watching how the U.S. will change its laws concerning as many as 12 million illegal immigrants.

In Washington, the Senate began to debate the emotional issue this week, while hundreds of thousands of protesters took to the streets nationwide in protest. Some Republicans are demanding tougher border standards, including the installation of fencing and criminal penalties for those who sneak across, citing national security concerns in the post-Sept. 11 world.

Bush says border security is important, but he also insists that immigrants who are willing to work for low wages perform a vital contribution to the U.S. economy. He is pushing Congress for a visitor program that would let foreigners — many of whom have sneaked in over the Mexican border — work temporarily in the United States.

But Bush said the way to control U.S.-Mexico immigration in the long term is for Mexico to improve its economy.

"Moms and dads in Mexico are anxious to put food on the table for their children," Bush told reporters from Mexico and Canada earlier this week. "And, therefore, many of them are willing to come great distances and lengths to be able to provide for their families. And I think most people would rather be providing for their families close to their homes."

The three leaders plan joint meetings, and Bush also will talk privately with each leader on bilateral issues. The border passport requirement and a long-running dispute over tariffs on Canadian lumber are expected to be part of his first meeting with Harper, a conservative who has less than two months on the job leading traditionally liberal Canada.

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Both Canada and Mexico objected to Bush's pursuit of war in Iraq, and the dispute strained relations in Bush's first term. But the president insisted this week that the relationship has remained strong because of their strong economic, cultural and historic ties.

"Face it, part of the problem that we had was because of my decision to go into Iraq," Bush said. And the government of both countries didn't agree. And I understand that. War is terrible, it's an awful thing. And yet we're still able to maintain good relations."

Bush Arrives In Cancun For Talks (LAT)

By James Gerstenzang And Héctor Tobar

The Los Angeles Times, March 30, 2006

CANCUN, Mexico — With the emotions of the immigration debate roiling politics to the north, President Bush arrived here Wednesday evening for meetings with Mexican President Vicente Fox and Canadian Prime Minister Stephen Harper.

The three-party conference, aimed at bolstering a year-old economic and security partnership, comes at a sensitive moment in U.S.-Mexican relations. The Senate is debating a proposal that would overhaul the United States' immigration laws. It would tighten border restrictions and create a program that would allow some of the nation's estimated 12 million undocumented immigrants to become citizens without having to leave the country.

It is unclear whether the United States' latest effort to tighten its borders will interfere with Bush's ongoing agenda to invigorate economic cooperation, and how much can be accomplished at the meeting today and Friday, with each leader in uneasy domestic political circumstances.

Bush is struggling to overcome the lowest approval ratings of his presidency, Fox is in the final year of a six-year term and cannot run for reelection, and Harper, who heads a minority Conservative government, came to power only two months ago after an election in which he was accused of being too cozy with the Bush administration.

Bush favors allowing restricted numbers of foreigners to work legally in the United States in a "guest worker" program. But he opposes giving undocumented immigrants in the U.S. an edge over those seeking American citizenship from abroad.

Fox, who has praised the Senate measure as "a step forward," is expected to assure Bush that Mexico will implement greater security measures along the border if the bill becomes law, Mexican media reported.

On Tuesday, Fox said he was "moderately optimistic" about the legislation's prospects, adding that the bill resembled the immigration program he promised to seek soon after taking office in 2000. His inability to make good on the vow has been one of the disappointments of his presidency.

With the Mexican presidential election little more than three months away, Fox is under pressure to demonstrate that he remains an effective leader who can stand up to the United States to defend his country's interests.

Fox also has been working hard to pump life into the campaign of Felipe Calderon, the candidate of his center-right National Action Party. Calderon trails leftist contender Andres Manuel Lopez Obrador by a wide margin in polls.

Both presidential candidates are united in opposing an immigration bill that the U.S. House of Representatives approved last year. It would make illegal entry into the United States a felony, criminalize humanitarian assistance to undocumented immigrants, and add 700 miles of barriers along the U.S.-Mexican border.

Before leaving Washington, Bush reiterated his position on the immigration bills. "You cannot enforce the border without having a temporary guest worker program — the two go hand in hand," he said during a question-and-answer session with the nonprofit Freedom House advocacy group. "There are people doing jobs Americans will not do. Many people who have come into our country are helping our economy grow. It's just a fact of life."

After a session of sometimes pointed questions on the Middle East, Afghanistan and other issues, Bush appeared eager to head for a resort that is popular with U.S. tourists.

"No Speedo suit here," he assured the Freedom House audience.

The Cancun conference follows a similar three-way meeting a year ago at Bush's vacation home near Crawford, Texas, at which he, Fox and then-Canadian Prime Minister Paul Martin established the Security and Prosperity Partnership of North America, a loosely structured framework intended to enhance cross-border protections and economic cooperation.

For Bush, the program has become part of his initiative to advance U.S. competitiveness in the global economy, unveiled two months ago in his State of the Union address.

The partnership would enable the three signatories to the North American Free Trade Agreement to boost trade beyond the continent.

As it is, trade within North America is huge: Canada is the United States' largest trading partner with daily trans-border business greater than $1 billion; Mexico is the third largest, behind China. Canada is the United States' largest supplier of imported oil; Mexico ranks second.

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Just as the unresolved disputes over immigration have exposed the shaky foundation of the U.S.-Mexican relationship, disagreements also color the United States' ties with Canada.

Washington and Ottawa have been at odds for several years over subsidies Canada provides to its softwood lumber industry. U.S. lumber producers say the assistance undercuts competition.

Bush Heads To Mexico, Doesn't Pack Speedo (AP-Y2)

AP2, March 29, 2006

President Bush had a plane to catch for his meetings along the sugar-white sands of Cancun, Mexico. But that didn't stop him from lengthening a Washington speech and question-and-answer session Wednesday with more jokes.

After delivering considerable opening remarks and giving long answers to more than a half-dozen questions, Bush finally warned his audience that his time with them was almost up.

"Final question, then I'm going down to be with the president of Mexico and the prime minister of Canada," Bush said a couple of hours before his scheduled departure for the resort known as a hedonistic spring break draw.

While beer and bikinis dominated the beaches of Cancun, the president was to spend two days with Mexican President Vicente Fox and Canadian Prime Minister Stephen Harper.

But Bush made one thing clear. "No Speedo suit here," he promised.

Though the 59-year-old president has been deemed in excellent shape for his age, he added a wry "Thankfully" that earned laughter from the crowd.

Then Bush told the man he had chosen as his final questioner that he was only trying to see if he could throw him off.

"Just testing your concentration," the president said.

Immigration On Agenda As Bush Meets Fox In Mexico (NYT)

By Ginger Thompson

The New York Times, March 30, 2006

CANCÚN, Mexico, March 29 — President Bush arrived here on Wednesday evening for a summit meeting that was intended in part to allay this country's concerns that he will not have sufficient political capital to push through broad-ranging changes in American immigration policy.

The meeting is a long-scheduled North American summit meeting, for which President Vicente Fox of Mexico is the host and which Prime Minister Stephen Harper of Canada will also attend.

But it comes as the United States Congress is in the midst of a debate over a proposal that would legalize an estimated 11 million illegal immigrants and expand guest worker programs for an estimated 400,000 immigrants each year.

The changes are vitally important for Mr. Fox, who is leaving office at the end of this year and has staked much of his legacy on seeking reforms to benefit the estimated six million illegal Mexicans working in the United States, along with the estimated hundreds of thousands of Mexicans who abandon their homeland to move north of the border every year.

Momentum on the measure turned in Mr. Fox's favor this week when the Senate Judiciary Committee passed the proposal. In an interview on Tuesday, Mr. Fox applauded the Senate's action, which was the first small victory in his government's five-year campaign for immigration reform, but he acknowledged the proposal still faced a fight in Congress.

During talks in Cancún, Mr. Fox is expected to ask Mr. Bush to press Republicans to support the measure, so that it can be passed before the end of the year. Aides to Mr. Fox said Tuesday that he would also ask Mr. Bush to use this summit meeting to restore the confidence that marked the beginning of their administrations five years ago by making Mexico a higher political priority. They also said Mr. Fox would urge his counterparts from Canada and the United States to agree to hold summit meetings every year.

"I believe that migration brings great benefits to the United States," Mr. Fox said in the interview. "I trust that American businessmen understand the productivity and quality of Mexican labor. And I trust that American governors recognize the enormous contributions that immigrants make to their states."

Mexico's prosperity depends even more heavily on immigrants in the United States. Remittances from the United States to Mexico exceeded $16 billion last year, the nation's second-highest source of revenue, after oil. Migration also serves as an escape valve that takes pressure off a government unable to create enough decent-paying jobs for its people.

"Mexico is an immigration addict," said Rafael Fernández de Castro, an expert on United States-Mexico relations at the Technological Autonomous Institute of Mexico. "If 400,000 people were not able to migrate every year, I don't want to think about what would happen."

Mr. Fox has been pushing the United States to open the border to a greater flow of workers since he was elected Mexico's first opposition president five years ago, putting a peaceful end to seven decades of authoritarian rule by the Institutional

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Revolutionary Party. But after the Sept. 11 attacks in the United States, the Bush administration shelved migration talks with Mexico, and the United States demanded tighter control of the border. The closeness between the governments ended when Mexico voted against the war in Iraq in the United Nations Security Council. Since then, tensions over migration have flared repeatedly.

Political analysts have said that the meeting here could be Mr. Fox's last best chance to get Mr. Bush engaged on Mexico and migration. "If President Bush were to commit to annual summits with his counterparts, that would be a positive step and some vindication for President Fox and for the North American community he has been trying to build," said Robert Pastor, the director of the Center for North American Studies at American University in Washington. He said Mr. Bush and Mr. Fox had limited political capital, with Mr. Fox soon leaving office and Mr. Bush with the lowest approval ratings of his presidency.

"It will be up to their successors to push a bolder agenda," Mr. Pastor said.

Down On Border, 'La Linea' Isn't So Clear (WP)

By Manuel Roig-franzia

The Washington Post, March 30, 2006

NOGALES, Mexico -- Troops. Barricades. Guns.

On the border, this is the vocabulary of U.S.-Mexico relations. Here at one of the busiest crossing points, dingy metal walls separate the United States from Mexico, rich from poor. The walls are spray-painted with crude images of American border patrol agents, their pistols leveled at brown-skinned men.

Even as differences over immigration and border security -- roiled this week by congressional debates and massive protests by Latinos across the United States -- threaten to dredge a deeper divide between the nations, it is clear that they are increasingly knit by an exchange of business, ideas and, above all, human beings.

On Thursday and Friday, when President Bush meets in Cancun with President Vicente Fox, there will be no topic more pressing than the border -- "La Linea," as Mexicans call it -- a barrier that dominates a relationship marked both by enormous potential and overwhelming problems. Bush arrived in Cancun Wednesday night.

Canadian Prime Minister Stephen Harper will also participate in the talks at the coastal resort, the second session since the formation of the Security and Prosperity Partnership of North America, intended to foster cooperation among the United States, Mexico and Canada.

Historic feelings of mistrust remain strong on the Mexican side of the border with the United States. Business is booming, but so is crime, and the rapid but lopsided economic development of the region has highlighted the persistent differences in living standards between the two countries.

In 2005, the United States imported a record $170 billion in goods from Mexico and exported $120 billion to its southern neighbor, according to the U.S. Department of Commerce. Twelve years after the implementation of the North American Free Trade Agreement, American business people tap into high-speed, Wi-Fi networks in the lobbies of U.S.-style hotels in border towns such as Nogales.

But out in the remote deserts, the border sizzles with a different kind of activity. An all-time high of 1.17 million people, the great majority of them Mexican migrants, were arrested by U.S. agents for illegal border crossing between October 2004 and October 2005. A record 473 people died while trying to cross, according to the U.S. Border Patrol.

Uncounted hundreds of thousands more make it into the United States illegally and blend into a nationwide pool of surreptitious, cheap labor. They work on cleanup crews in Houston, construction sites in Virginia and onion fields in California, ever one step ahead of deportation.

At the same time, Mexico remains a major conduit for illegal drugs, turning border towns such as Nuevo Laredo and Juarez into virtual shooting galleries and further complicating relations with the United States.

In the 700-mile corridor between El Paso and Nuevo Laredo, U.S. drug enforcement agents seized 1,220 kilos of cocaine in 2005, up from 700 kilos four years earlier. The amount of methamphetamine confiscated between the Texas border cities of Laredo and Brownsville nearly tripled in those years, to 354 kilos, while marijuana seizures in the Phoenix border-crossing area more than doubled, to 285,000 kilos.

The torrent of drugs and migrants across the Arizona border -- an especially hazardous trip because of the dangers of dehydration in the vast desert -- has turned that state into a flash point for confrontation.

Gov. Janet Napolitano (D) issued an executive order this month allowing her to dispatch more National Guard troops to the border, even as she stated that "we are not at war with Mexico." The state legislature has tried to take steps of its own to marshal troops, and the volunteer Minuteman Civil Defense Corps launched citizen border patrols.

Outside Nogales, a city of 20,000 where the main roads funnel north to the Arizona border, the cycle of attempted crossings, arrests, deportations and more attempts revolves like a surreal game.

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One recent afternoon, Abram Gutierrez, a 23-year-old migrant with chipped fingernails and a dirty sweat shirt, devoured a bowl of instant noodles outside the building housing Grupo Beta, a humanitarian aid program funded by the Mexican government. Hours before, he had been caught in Arizona and taken back to Nogales. Now he was plotting a second try -- and a third and fourth, if need be.

"We'll see who gets bored first," Gutierrez said, laughing. His friend, Lasaroa Damian, 27, said Bush and Fox should realize that migrants "are like cats" who find another way into a house after the front door is closed.

In the United States, debate over illegal immigration has become super-heated with election-year politics. The House of Representatives passed a bill in December that would make it a felony for a person to be in the United States illegally, and some members have proposed building a wall along the entire U.S.-Mexico border.

Now the divisive issue has moved to the Senate, where this week the Judiciary Committee approved a bill that would create a large temporary-worker program and allow an estimated 11 million illegal immigrants to apply for work visas after paying fines. But Majority Leader Bill Frist (R-Tenn.) has proposed stiffening penalties for businesses that hire illegal immigrants, and many conservatives strongly oppose any amnesty.

The Fox government took out full-page ads last week in several major U.S. newspapers, including The Washington Post, urging an immigration pact that would allow assimilation of undocumented workers living in the United States. "We are your friends and neighbors. Let's work together," the ads read.

"Mexico and the U.S., I think, are becoming more aware that they are interdependent, and perhaps neither of the countries feels entirely comfortable with that interdependence," Geronimo Gutierrez, Mexico's undersecretary for North American affairs, said in an interview. "The relationship is at a fairly complex moment of catharsis."

But Fox, who cannot run for reelection and will leave office in December, has responded angrily to U.S. proposals to tighten the border. In a recent speech, he predicted that by 2010, the United States would "beg" Mexico for workers in vain, suggesting that by then the Mexican economy would generate enough jobs to sustain its 100 million-plus people.

"The rhetoric is more strident. The politics is driving this," Michael Shifter, director of the nonprofit Inter-American Dialogue, said by phone from Washington. "The U.S. and Mexico have a knack for bringing out the worst in each other."

It wasn't supposed to turn out this way. When Fox was elected in 2000, many here and in the United States predicted an era of what was dubbed "ranchero diplomacy," with the two leaders bonding at Bush's Texas ranch and Fox's hacienda. On Sept. 5, 2001, Bush declared that Mexico represented the most important international relationship for the United States.

Six days later, terrorists smashed planes into the World Trade Center and the Pentagon, and the U.S. focus shifted to the Middle East and South Asia. Mexico later alienated the United States by not supporting the war in Iraq.

Mexicans weren't entirely surprised to see their relationship drop from the forefront of U.S. foreign policy. But Shifter said that "the question Mexicans raise is, did it have to completely disappear?"

A disappearance of another sort, beyond the vigilant gaze of border patrol agents, is exactly what Abram Gutierrez wants. For him, the other side of the border represents " el color verde " -- the color green, the color of money. Sitting in the hot Nogales sun last week, he vowed to make it across this time, whether by "holes or tunnels or the desert."

Francisco Loureiro, who runs a shelter in Nogales that has housed 600,000 migrants in 24 years, recognizes Gutierrez's determination. It is a quality, he said, that he has seen over and over in the men who pass through his shelter.

Loureiro says the only solution is a broad guest-worker program, something the Bush administration recently proposed. But he said his expectations are low for the upcoming meeting between the U.S. and Mexican leaders.

"Every time they talk, I have hope," he said. "But things are getting worse."

When the sun drops, Loureiro's little shelter will be full, as it is every night. When Gutierrez disappears, he knows, thousands more will follow.

Ahead Of Summit, Promising Ties Unfulfilled (CSM)

By Danna Harman

The Christian Science Monitor, March 30, 2006

CANCÚN, MEXICO - "Los Dos Amigos," everyone called them then. They slapped each other's backs, made jokes, gave each other custom-made cowboy boots, and toasted what was to be the beginning of a great friendship between neighbors.

But that was more than five years ago, when the newly inaugurated President Bush dropped in for a friendly visit to the newly inaugurated Mexican President Vicente Fox's family ranch.

Thursday marks the first time in a year that the two leaders have had a face-to-face meeting, and a different sort of atmosphere is expected as they sit down with newly elected Canadian Prime Minister Stephen Harper in Cancun for two days of talks.

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Bush is in his second term, heading into the midterm elections. Fox, who is barred constitutionally from seeking a second term, will step down after July elections here. And yet the friendship that was to have characterized their administrations - and was expected to be the basis of major immigration initiatives - never really materialized.

Despite the expected cheerful appearances before the cameras, this summit is likely to be marked by an underlying tone of unfulfilled promise.

When Fox took office in 2000 one of his top foreign policy goals was to win sweeping US immigration reform in favor of millions of Mexicans working illegally across the border. Fox's then-Foreign Secretary Jorge Castañeda referred to the plan as "the whole enchilada."

In Bush - the Texan who understood border issues, made his first foreign trip as President to Mexico, and pledged to reform immigration - Fox felt he had a partner.

But then came 9/11 - to which Fox, Washington felt, responded late with expressions of solidarity - and soon after, Mexico's opposition at the UN Security Council to the war in Iraq. Relations tensed. And, as the US turned its focus toward the war on terror, it turned away from Latin America. Security fears meanwhile led to a tightening of all US borders, and Mexicans began worrying that the dreams of being welcomed into the US legally someday were only getting farther away.

While other issues are expected to be raised at the trilateral summit - among them trade, labor disputes (particularly between the US and Canada over lumber tariffs), and the rising influence of China in the region - the main topic on the table, and on everyone's mind, remains immigration.

The decision by the Senate Judiciary Committee Monday to adopt a comprehensive immigration bill, complete with a serious guest worker program that could eventually legalize some 2 million Mexican illegal immigrants has been received well in Mexico. It has given new hope that a solution may yet be found for many of the estimated 6 million illegal Mexican immigrants in the US today, and the approximately 400,000 that sneak through the border every year looking for jobs.

But the journey to realizing that bill is expected to be long, with battles that need to be fought both within the Senate as it takes up the proposals this week - and later as the Senate turns to squaring its final bill with a far more conservative immigration bill passed by the Congress last December. Bush, a vocal supporter of comprehensive reform together with a guest worker program, will nonetheless be likely to impress upon Fox that Mexico also has work to do before a final bill is passed and will ask for more commitment to fixing the root causes of illegal immigration. Mexico's recent adoption of a new immigration policy that calls for creation of economic and housing programs that would lure Mexican workers back home has been praised by Bush.

So too, have Mexican efforts to stem the rising violence at the border. Despite a sharp increase in drug trafficking along the border, US officials have stressed that cooperation between the US and Mexicans on the drug war front is actually improving.

Earlier this month, US Homeland Security Secretary Michael Chertoff and Mexican Interior Minister Carlos Abascal met in Texas to announce a plan to jointly respond to border crime. The plan calls for immediate communication and response, "bilateral coordination of investigations" and "appropriate patrolling of the border region."

Still, years of disappointment with any real movement on immigration reform seem to have tempered Fox's expectations. "If the full Congress ultimately approves the [Senate Judiciary Committee's] proposal it would be good news, but of course now we just have the start," President Fox's chief spokesman, Rubén Aguilar, told a news conference Tuesday, downplaying the Senate committee's action. "It's headed in the right direction, but from Mexico's point of view it doesn't resolve the entire problem."

· Ms. Harman is Latin America correspondent for the Monitor and USA Today. Topping the agenda
· US punitive tariffs on Canadian softwood lumber imports.
· Border security and drug detection.
· Employment status of illegal immigrants.
· Review 2005 agreement to improve US-Mexican customs practices to expedite trade.

Source: Associated Press

North American Leaders Get Together In Cancun (USAT)

By David Jackson

USA Today, March 30, 2006

President Bush is in Mexico for his second annual joint meeting with the leaders of the United States' two closest neighbors, Mexico and Canada. Among the topics the leaders will discuss is a pact the three countries agreed to last year: the Security and Prosperity Partnership of North America. The partnership was designed to coordinate the three nations' business and border-policing strategies. The goal was to make sure that increased border security would not mean less trade, and that increased trade would not mean less security.

Where: Cancun, Mexico

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The meeting site rotates among the countries. This year it's Mexico's turn to be host. Last year, leaders met in Waco, Texas, near Bush's Crawford ranch. Next year's meeting will be in Canada.

When: Today-Friday

Bush arrived in Cancun on Wednesday night, but the formal work doesn't begin until today, when he meets separately with the other leaders. The three will have dinner tonight, then meet again Friday. They'll conduct a joint news conference before Bush leaves Friday afternoon to spend time at his ranch.

Who:

Mexican President Vicente Fox. Fox won office the same year Bush did, and the U.S. president initially made Mexico one of his top foreign policy priorities. Fox was the guest of honor at Bush's first state dinner, a week before the Sept. 11, 2001, attacks. The relationship cooled after the attacks as Bush turned his attention to the war on terrorism. Fox protested U.S. immigration policy and opposed the Iraq war. The two get along better these days as Bush tries to push a temporary guest-worker program through Congress that would clear the way for thousands of Mexican workers to come to, or stay in, the USA. Mexican law limits Fox to one term, and he leaves office later this year.

Canadian Prime Minister Stephen Harper. Harper won election just this year, replacing Paul Martin of the Liberal Party, who attended last year's meeting. Harper would seem to be right up Bush's alley: a founder of the new Conservative Party of Canada and a westerner with family ties to the oil industry. Harper's opponents have accused him of being too much like the U.S. president, who is controversial in Canada. Harper may not want to give his critics any more ammunition, especially because the Conservatives lack a majority in the Canadian Parliament. Harper has said one of his major goals is to make progress on a bitter dispute over Canadian lumber exports. The United States imposes tariffs on Canadian lumber, alleging that Canada unfairly subsidizes the industry; Canada disagrees, as does a special NAFTA panel. Bush told the Canadian network CTV that he hopes to resolve the dispute before he leaves office.

What to expect:

Mexico. Bush and Fox may be as close as they've ever been on immigration with Bush's support of the temporary guest-worker program. It's unclear whether Bush's position will prevail in the current congressional struggle over an immigration bill; many of Bush's fellow Republicans oppose any kind of guest-worker program. The question for Fox is how — and whether — to address this issue; comments from a foreign leader can cause a backlash when Congress is embroiled in debate. Bush and Fox would like to go out on a high note.

Canada. This is a feeling-out time for Bush and the new Canadian leader. In addition to the lumber dispute, the two could discuss differences over Canada's reluctance to join the U.S. missile-defense shield and whether cross-border travelers must carry passports. This might not be a time for major agreements; Chris Sands, a Canada expert at the Center for Strategic and International Studies, says Harper wants to raise his approval rating and might soon call a "snap election" to seek a parliamentary majority.

Leaders Take On US-Canada Lumber Dispute (CSM)

By Josie Newman

The Christian Science Monitor, March 30, 2006

TORONTO - As President Bush and Canadian Prime Minister Stephen Harper meet at the NAFTA summit that starts Thursday in Cancún, Mexico, there are signs that the two leaders may be ready to compromise in a contentious 20-year lumber dispute.

"Both sides will need to see some sign from the other that the work won't be in vain. Softwood lumber has become an irritant that is really contaminating the relationship and it's time, if the conditions are right, to talk about a solution," said Canadian Trade Minister David Emerson after preliminary trade meetings last Friday.

At heart of the disagreement between America and its No. 1 trading partner is $5.2 billion Canadian ($4.4 billion) in US duties that Canada says should never have been levied. It demands they be refunded.

The US government contends that the taxes compensate for what amounts to government subsidies. Since provincial governments own most Canadian forests, it says, the lumber can be sold at a price that undercuts American lumber producers, whose product comes mainly from privately owned forests. Canada, supported by a NAFTA ruling, contends that its industry is not subsidized and thus the countervailing duties should be lifted.

The lumber trade is critical to both countries. Approximately $10 billion Canadian ($8.5 billion) worth of Canadian softwood lumber, close to 70 percent of Canada's lumber production, is sold to the US annually. Those imports supplement US domestic industry, which can supply only 50 to 60 percent of its own needs.

Barry Cullen, executive director of the US Coalition for Fair Lumber Imports, says his organization would like to see a long-term lumber agreement between Canada and the US. "In the past, Canada's provincial governments couldn't come to an

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agreement amongst themselves on this issue, but we stand in unity on ours. In the past couple of years, we've put forward several positions and gotten no response from Canada."

But the steady warming of relations between the two neighbors since Canadian Prime Minister Stephen Harper was elected in January may facilitate resolution of the lumber dispute.

In his first interview with Canadian reporters since he took office five years ago, President Bush said this week that he'd like to resolve the softwood lumber issue and wants his government to work hard to bring it to a conclusion.

On March 17, a NAFTA panel ruling dropped the countervailing duties to less than one per cent from 8.7 percent.

"This is a huge victory for Canada," John Allan, president of the British Columbia Lumber Trade Association, told reporters in a conference call after the announcement. "I would also note the panel was unanimous in its decision - three Americans, two Canadians." The US has until April 27 to appeal the decision.

Last November, the panel called for the US Commerce Dept. to drop all countervailing duties - then at 16 percent. But a last-minute US appeal resulted in an 8.7 percent duty.

Daniel Ikenson, a trade-policy analyst with the Cato Institute's Center for Trade Policy Studies in Washington, says one reason the lumber dispute has dragged on is the Byrd Amendment, which ensured that duties imposed on Canadian lumber were given to petitioning US lumber producers instead of to the US Treasury. The trade amendment was repealed last December after the World Trade Organization declared it illegal, but the repeal won't take effect until Oct. 1, 2007.

Senate GOP Debates If Bill Equals Amnesty (AP-Y2)

By David Espo

AP2, March 30, 2006

The Senate opened debate on an election-year immigration bill Wednesday, and leading Republicans swiftly clashed over whether the legislation would amount to amnesty for millions of illegal residents in the United States.

The legislation "goes too far in granting illegal immigrants with what most Americans will see as amnesty," said Senate Majority Leader Bill Frist of Tennessee, the first to speak on the bill. "I disagree with this approach ... because granting amnesty now will only encourage further and further disrespect for the law."

Moments later, the chairman of the Senate Judiciary Committee, Sen. Arlen Specter (news, bio, voting record) of Pennsylvania, bluntly rebutted his fellow Republican. "I want to disagree with him head on. It is not amnesty," he said. Specter said illegal residents would have to be current on their taxes, undergo background checks and clear other obstacles before gaining a place on a "citizenship track."

The disagreement underscored not only the divisions within the Senate, but the extent to which the fate of 11 million illegal immigrants has come to dominate the issue. Adding a fresh layer of political complexity, Hispanics make up a fast-growing segment of the electorate and have demonstrated by the hundreds of thousands in recent days in opposition to punitive legislation.

In general, the bill under consideration in the Senate is designed to strengthen enforcement of U.S. borders, regulate the flow into the country of so-called guest workers and determine the legal future of the illegal population scattered across all 50 states.

The House has passed legislation limited to border enforcement. Republican leaders have signaled in recent days they are receptive to an expanded measure, and immigration has taken on added importance for the GOP in the run-up to midterm elections.

"We are not going to discount anything right now," House Speaker Dennis Hastert said several hours before the Senate debate opened. "Our first priority is to protect the borders. We also know there is a need in some sectors of this economy for a guest worker program," added the Illinois Republican.

President Bush has urged Congress to approve legislation that strengthens border security and contains enforcement at the workplace and a temporary guest worker program.

"There are people doing jobs Americans will not do," Bush told reporters Wednesday. "Many people who have come into our country are helping our economy grow. That's just a fact of life."

Specter shepherded legislation through the Judiciary Committee on Monday on a vote of 12-6. The outcome was unusual in the Republican-controlled Senate since there were more GOP committee members against the measure than voting in favor.

The Pennsylvania Republican said at the time he would continue to seek agreement on changes, and he repeated his remarks on the Senate floor. "If there is a better way to bring these 11 million people forward so that we can identify them, we are open to any suggestions which anyone may have," he said.

Frist and Specter were not the only lawmakers to address the issue of amnesty, an emotionally charged label that political candidates all hope to avoid.

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Sen. Patrick Leahy (news, bio, voting record) of Vermont, the senior Democrat on the Judiciary Committee, sided with the panel's chairman. "Opponents of a fair, comprehensive approach are quick to claim that anything but the most punitive provisions are amnesty. They are wrong," he said.

But Sen. Jeff Sessions (news, bio, voting record), R-Alabama, was quick to counter. "The truth is this bill is amnesty," he said, adding that if others insist on saying otherwise, "we'll keep talking about it every day this week."

The legislation that cleared committee would double the Border Patrol and allow for a virtual wall of unmanned vehicles, cameras and sensors to monitor the U.S.-Mexico border. It also calls for detention facilities for an additional 10,000 immigrants who may face deportation.

The committee voted down proposed criminal penalties on immigrants found to be in the country illegally.

The bill would establish a temporary program for up to 1.5 million farm workers who are in the country illegally, giving them an opportunity to achieve legal status.

Separately, it creates a new guest worker program for would-be immigrants, allowing them to enter the country under a three-year visa, renewable for another three years, then apply for legal permanent residence without leaving the United States. The program would initially be open to 400,000 individuals a year, a figure to be adjusted annually based on the labor market.

Hastert Hints At Compromise On Immigration Bill (NYT)

By Rachel L. Swarns

The New York Times, March 30, 2006

WASHINGTON, March 29 — Speaker J. Dennis Hastert said Wednesday that he and other House Republicans recognized the need for a guest-worker program, opening the door to a possible compromise with the Senate on fiercely debated immigration legislation.

"We're going to look at all alternatives," Mr. Hastert, an Illinois Republican, said at a news conference. "We're not going to discount anything right now. Our first priority is to protect the border. And we also know there is a need in some sections of the economy for a guest-worker program."

Many House Republicans and conservatives in the Senate still oppose any legislation that would grant citizenship to illegal immigrants, like the bill passed by the Senate Judiciary Committee on Monday. And as the Senate began its debate on immigration on Wednesday, Republicans were deeply divided over the fate of the estimated 11 million illegal immigrants in the United States.

Mr. Hastert's comments were the first public hint of an olive branch.

Senator Arlen Specter, chairman of the Judiciary Committee, said he was heartened by the remarks. He said they were a significant shift for the House, which defied President Bush's call for a temporary-worker program and passed a border security bill in December that would criminalize illegal immigrants.

Since then, Mr. Bush and business groups have urged Republicans to support a temporary-worker program to help fulfill the economy's needs for labor.

"I'm very pleased that Speaker Hastert has demonstrated flexibility on that issue," Mr. Specter, a Pennsylvania Republican, said, adding that he was prepared to support a compromise that would not provide a path to citizenship for all illegal immigrants in an effort "to present an even more balanced approach."

On Monday, before his committee voted, Mr. Specter proposed a compromise that would require illegal immigrants to return home briefly after spending six more years in this country. They could then participate in a temporary-worker program or move toward citizenship if they are highly skilled, hold supervisory positions or have a close relative who is a citizen or permanent resident.

Mr. Specter and his committee ultimately voted for the legislation that would grant all illegal immigrants the possibility of citizenship.

Senators Debate Fate Of Illegals (USAT)

By Kathy Kiely, Usa Today

USA Today, March 30, 2006

WASHINGTON — The Senate opened debate on immigration Wednesday as President Bush delivered an impassioned plea for civility and a bill that will “uphold the decency of America.”

“I think a system which forces people underground and into the shadows of our society, which causes people to have to sneak across our border and risk their life, is a system that needs to be changed,” Bush told a Washington audience.

Senators acknowledged they are heading into emotional territory. “The debate, when you boil it down to its essence, is about the American dream,” said Senate Majority Leader Bill Frist, R-Tenn.

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A key question facing the lawmakers: What to do with the as many as 12 million people now living in the country illegally — a figure greater than the population of Ohio?

Republicans are divided on the issue. The Republican-controlled House of Representatives in December ignored Bush's call for a plan that includes expanded opportunities for foreigners to work here legally and an adjustment for those living here illegally. The House bill focused on tightening the nation's borders and cracking down on illegal immigrants and their employers.

House Speaker Dennis Hastert, R-Ill., signaled a willingness to negotiate.

“We're not going to discount anything right now,” he said. “There is a need in some sectors of the economy for a guest-worker program.”

Some Republican conservatives say a Senate Judiciary Committee bill that would give a chance at citizenship to those now working in the country illegally amounts to rewarding lawbreakers. Rep. Tom Tancredo, R-Colo., is hosting a “Just Say No to Amnesty” rally today.

Senate Judiciary Committee Chairman Arlen Specter, R-Pa., said his panel's bill exacts a stiff price by insisting that illegal immigrants pay fines, pass background checks, pay back taxes and wait 11 years before becoming citizens.

The bill is “smart and tough,” said Sen. Patrick Leahy, D-Vermont. “This is not an amnesty bill.”

Frist Retreats From 'Amnesty' (WT)

By Charles Hurt

The Washington Times, March 30, 2006

Senate Majority Leader Bill Frist said yesterday that the Senate likely will pass a version of immigration reform that includes more than the border-security overhaul he has proposed.

"It's critical that the Senate address comprehensive immigration legislation including both border security and economic provisions," he said in a reference to a guest-worker program that President Bush has called for, but which conservatives and House Republicans adamantly oppose until border security has been enhanced and current immigration laws have been enforced.

"The enforcement provisions included in both my bill and the Judiciary Committee's bill are a step in that process," he said in a prepared statement before officially beginning floor debate on the explosive issue. "I fully expect that the final bill will be a comprehensive approach to border security and immigration reform."

But Mr. Frist -- who is widely expected to run for the 2008 Republican presidential nomination -- later distanced himself from the bill finished this week by the Senate Judiciary Committee. That proposal would fine illegals but let them remain in the U.S. while they apply for full citizenship.

That bill "goes too far in granting illegal immigrants with what most Americans will see as amnesty," he said on the Senate floor. "I disagree with this approach not just as a matter of principle but because granting amnesty now will only encourage future and further disrespect for the law. It will undermine our efforts to secure our homeland."

Previously, Mr. Frist has maintained that the Senate would take up a bill dealing only with border security but left open the possibility that a guest-worker program of some sort might get added later through amendments. His statements yesterday were the clearest yet about what he expects the Senate to ultimately produce.

Whatever the Senate produces must then be hammered out with House Republicans, who last year approved a border-security bill that has no guest-worker provisions and doesn't deal with the estimated 11 million to 12 million illegals already in the country.

While the Senate is technically debating Mr. Frist's border-security-only bill, Republican leaders say that will be swapped out with the committee's bill that includes a guest-worker program and angers conservatives for containing provisions they call "amnesty."

Many senators still have many questions about the committee's bill, however, since it still hasn't been committed to paper. The Judiciary Committee sped through the bill so quickly Monday that the massive legislation was largely pieced together verbally.

"There will be passionate arguments, that is certainly true," Committee Chairman Arlen Specter said yesterday. "Emotionalism runs very high on these issues. Some say that we are a nation defined by the rule of law and that has been flagrantly violated by 11 million people who have come to this country without conforming to United States law. And at the same time, we pride ourselves on being a compassionate nation."

One thing everyone seemed to agree upon was that the immigration system is broken.

"We have ignored the tough conditions endured by the undocumented, and the harmful ripple effects undocumented employment has on some U.S. workers," Sen. Edward M. Kennedy, Massachusetts Democrat, said yesterday.

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Past fixes by Congress, he said, were "well-intentioned," but ended -- as many conservatives say of today's legislation -- predictably. "By ending legal migration, but allowing employers to bid for immigrant labor, Congress all but guaranteed a generation of undocumented immigrants would emerge," Mr. Kennedy said.

Sen. Jeff Sessions, the Alabama Republican who voted against the proposal in the Judiciary Committee, said the Senate was at a historic crossroads to fix once and for all the country's immigration system.

"The system as it operates today makes a mockery of law and we all know that," he said. "It rewards bad behavior. It places bureaucratic hurdles and delays in front of those who want to do the right thing about coming here."

There were poignant moments, too, as yesterday's debate was an opportunity for senators to discuss their own roots as immigrants.

"My own family is exhibit A," said Mr. Specter, a Republican from Pennsylvania. "My father came to this country in 1911 when he was 18 because the czar wanted to send him to Siberia. He preferred Pennsylvania, so he came to the United States."

Senate Tries To Reconcile Immigration Approaches (LAT)

By Nicole Gaouette

The Los Angeles Times, March 30, 2006

WASHINGTON — Senators took on the task of overhauling the nation's immigration laws Wednesday, a two-tiered process in which they publicly considered two competing bills while working behind the scenes to find common ground.

Despite tensions, particularly within the Republican Party, some senators said they were optimistic about finding consensus, and the House leadership indicated that agreement was possible between that chamber's already-passed bill and whatever might emerge from the Senate.

Still, the emotional question of how to deal with the estimated 12 million people illegally in the United States remains the point on which all efforts pivot.

The Senate's debate will focus on two bills, an enforcement-only measure from Senate Majority Leader Bill Frist (R-Tenn.) and a bill approved Monday by the Senate Judiciary Committee that includes enforcement, provisions for a guest-worker program, and a way for those here illegally to work toward citizenship.

Opponents of the committee bill contend that it offers amnesty to individuals who broke the law.

"The committee bill goes too far in granting what most Americans will see as amnesty," said Frist, whose enforcement-only bill is the first to be debated.

"It is not an amnesty," countered Judiciary Committee Chairman Arlen Specter (R-Pa.). In amnesty, "lawbreakers do not have to pay for their transgressions," he said, outlining the requirements that undocumented immigrants would have to meet to attain citizenship.

Senators began debating the issue shortly after President Bush threw his weight behind a plan that would allow those now here illegally, along with new guest workers, to work toward citizenship.

In the House, which produced a tough enforcement-only bill in December, leaders signaled for the first time that they might be able to find common ground with the Senate if it passed a guest-worker program. A House-Senate conference committee would need to agree on compromise legislation before an immigration bill could go to the president to be signed into law.

"We're not going to discount anything," said House Speaker J. Dennis Hastert (R-Ill.).

An influential, largely Republican caucus in the House opposes any deviation from a security-only approach, but Hastert's comments signaled that the House Republican opinion on immigration was not monolithic.

"Our first priority is to protect the border. And we also know there is a need in some sectors of the economy for a guest-worker program. But we want to see what the Senate comes forward with, and we will go through the process," Hastert said.

Debate on the Senate Judiciary Committee bill begins today and is expected to end next week, before the Senate leaves on recess.

On the enforcement front, that bill would add fences along the Arizona border, double the number of border agents and criminalize tunnel-building.

It also sets forth a path to citizenship for people now here illegally. They would have to work for six years, pay fines and back taxes, and learn English and civics before they could apply for a green card indicating legal permanent resident status. Five years after gaining that status, they could seek citizenship.

But these workers would receive no special consideration: Their green card applications would be processed after those from people outside the United States.

The bill would also allow up to 400,000 people a year to enter the country to work for up to six years. Once they had worked for four years, they too could start working toward citizenship.

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A competing proposal by Sen. Jon Kyl (R-Ariz.) and Sen. John Cornyn (R-Texas) would not allow guest workers to gain citizenship and would require those now here illegally to return to their home countries.

On Wednesday, Bush spoke up for the first time in favor of a guest-worker program that leads to citizenship.

"I believe that we ought to say to somebody doing a job an American won't do, 'Here is a tamper-proof identity card that will enable you to be here for a period of time,' " Bush told a meeting of Freedom House, an independent organization that supports the expansion of democracy. "And if that person wants to become a citizen of the United States, because we're a nation of law, they get at the end of the line, not the beginning of the line."

Bush, who arrived in Cancun, Mexico, on Wednesday, is to meet with Mexican President Vicente Fox today.

Sen. Lindsey Graham (R-S.C.), a Judiciary Committee member who favors a guest-worker program that leads to citizenship, said Bush was "one of the keys" to brokering a compromise. "He can validate a comprehensive approach" that includes enforcing immigration laws as well as ensuring a labor supply, Graham said.

He was among several senators optimistic about the prospects for compromise. "I think it's possible to get a consensus," he said.

Sen. Mel Martinez (R-Fla.), who came to the United States from Cuba as a teenager, also sounded a hopeful note. "People are talking — they're not necessarily agreeing, but I can see a way we can get to a compromise," he said, without offering details.

Martinez, the Senate's only immigrant, also backs a guest-worker program.

Frist said he expected several amendments to the Judiciary Committee bill to "tighten" its "amnesty" provisions, indicating he favored a result similar to the Kyl-Cornyn model.

Specter said he was still trying to find a compromise. "It's not possible to describe what that compromise will look like; things are too fluid," he said, predicting stormy debate in the days ahead.

"Emotionalism runs very high on these issues," he said.

Frist urged his colleagues to keep their debate civil.

Immigration Reform A Two-edged Sword For GOP (WT)

By Charles Hurt And Amy Fagan

The Washington Times, March 30, 2006

Some Republicans on Capitol Hill see immigration reform as an opportunity to shake the party's image as hostile to minorities and immigrants, and other Republicans warn that embracing what many call "amnesty" will tear the party apart.

"They are absolutely up in arms," said Bobby Eberle, who runs the conservative Web site GOPUSA.com that reaches 600,000 subscribers. "They think that's a total cave-in, basically rewarding illegal behavior."

Sen. Jim DeMint, a conservative Republican from South Carolina, said yesterday he constantly hears concerns about illegal immigration from constituents.

The great majority want tighter border security, and some business owners want "a guest-worker plan that works," he said. "But nobody is calling to say they want citizenship for illegals. That's not something we hear too much."

Republicans, he said, are torn between doing what their constituents want and burnishing their image with minorities and immigrants.

"Republicans do not want to be seen as anti-immigrant -- and we're not -- but they think if we draw the line on illegal immigration and enforce our laws, Democrats will demagogue us," Mr. DeMint said.

It isn't clear how many Republicans in the Senate support the proposal drafted this week by the Senate Judiciary Committee, but already four have cast votes in support. Sens. Arlen Specter of Pennsylvania, Mike DeWine of Ohio, Lindsay Graham of South Carolina and Sam Brownback of Kansas all voted Monday for the proposal in the committee.

Sen. Elizabeth Dole, North Carolina Republican and chairwoman of the National Republican Senatorial Committee, is charged with getting Republican candidates re-elected this fall and worries about the bill approved by the Senate Judiciary Committee.

"It's extremely important that we pass a good bill that secures our borders, but I'm opposed to legislation that has amnesty," she said yesterday. "I personally think that's wrong, and I also think we'll pay a political price for it."

Polls show that more than 80 percent of Americans view immigration as a "serious" problem, and more than 60 percent of Americans oppose making it easier for illegals to become citizens. Those percentages are even higher among Republicans.

Though House Republican leaders have thus far declined to rule out the Senate Judiciary Committee's proposal, they continue to say the border security-only bill they passed last year is the way to go.

"The American people see it as a clear imperative," said House Republican ConferenceChairman Deborah Pryce of Ohio. "They're demanding that action be taken, and I don't think we have any choice but to get a bill to the president's desk."

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Republicans should be careful what they send to the president, Mr. Eberle said.

"The administration and the Senate -- none of these Republican leadership groups have been able to sell to conservatives that this guest-worker program isn't amnesty," he said. Conservatives "are definitely nervous about the direction they think this is going."

Mr. DeMint argued that doing nothing would be bad, as well.

"It hurts Republicans a lot worse than Democrats if we don't do something this year," he said.

G.O.P. Risking Hispanic Votes On Immigration (NYT)

By David D. Kirkpatrick

The New York Times, March 30, 2006

WASHINGTON, March 29 — The battle among Republicans over immigration policy and border security is threatening to undercut a decade-long effort by President Bush and his party to court Hispanic voters, just as both parties are gearing up for the 2006 elections.

"I believe the Republican Party has hurt itself already," said the Rev. Luis Cortes, a Philadelphia pastor close to President Bush and the leader of a national organization of Hispanic Protestant clergy members, saying he delivered that message to the president last week in a meeting at the White House.

To underscore the contested allegiance of Hispanic voters, Mr. Cortes said, he also took a delegation of Hispanic ministers to meet with the leaders of both parties last week, including what he called a productive discussion with Howard Dean, the Democratic chairman.

The immigration and security debate, which has sparked huge demonstrations in recent days by Hispanic residents of cities around the country, comes at a crucial moment for both parties.

Over the last three national elections, persistent appeals by Mr. Bush and other Republican leaders have helped double their party's share of the Hispanic vote, to more than 40 percent in 2004 from about 20 percent in 1996. As a result, Democrats can no longer rely on the country's 42 million Hispanic residents as a natural part of their base.

In a lunch meeting of Senate Republicans this week, Senator Mel Martinez of Florida, the only Hispanic Republican in the Senate, gave his colleagues a stern warning. "This is the first issue that, in my mind, has absolutely galvanized the Latino community in America like no other," Mr. Martinez said he told them.

The anger among Hispanics has continued even as the Senate Judiciary Committee proposed a bill this week that would allow illegal immigrants a way to become citizens. The backlash was aggravated, Mr. Martinez said in an interview, by a Republican plan to crack down on illegal immigrants that the House approved last year.

The outcome remains to be seen. Speaker J. Dennis Hastert said on Wednesday that he recognized the need for a guest-worker program, opening the door to a possible compromise on fiercely debated immigration legislation.

Democrats see an opportunity to "show Hispanics who their real friends are," as Senator Charles E. Schumer of New York, chairman of the Democratic Senatorial Campaign Committee, put it.

But the issue is a delicate matter for Democrats as well. Polls show large majorities of the public both support tighter borders as a matter of national security, and oppose amnesty for illegal immigrants. Many working-class Democrats resent what they see as a continuing influx of cheap labor.

The stakes are enormous because Hispanics now account for one of every eight United States residents, and for about half the recent growth in the country's population. Although Hispanics cast just 6 percent of the votes in the 2004 elections, birth rates promise an imminent explosion in the number of eligible voters.

"There is a big demographic wave of Hispanic kids who are native born who will be turning 18 in even greater numbers over the next three, four and five election cycles," Roberto Suro, director of the nonpartisan Pew Hispanic Center, said.

Nowhere is the immigration debate more heated than Arizona, where about 28 percent of the population is Hispanic and where Senator Jon Kyl, a Republican sponsor of an immigration bill, faces what could be a difficult race for re-election. Both Mr. Kyl and his Democratic challenger, Jim Pederson, have hired Hispanics or Hispanic-dominated firms to manage their campaigns.

A mostly Hispanic crowd of about 20,000 gathered outside Mr. Kyl's office last weekend to protest criminal penalties against illegal immigrants that were in the House Republican bill, even though Mr. Kyl's proposal does not include the measure.

Mario E. Diaz, the campaign manager for Mr. Pederson, faulted Mr. Kyl's proposal, which would require illegal immigrants or future temporary workers to return to their countries before becoming eligible for legal status in the United States.

"Speaking the language that Kyl does, which is round them up and deport them, is offensive and disgusting to the Latino community," Mr. Diaz said.

Mr. Kyl, for his part, accused Democrats of race-baiting by painting all Republicans as anti-Hispanic, a practice he said most Hispanics resent. But the senator also acknowledged some fears that the immigration debate could repel Hispanic voters.

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He added, "I would hope that some of our colleagues who don't have much of a Hispanic population in their states would at least defer to those of us who do."

Pollsters from each party say Hispanics, like other groups, typically rank immigration lower in importance than other issues, especially education. But they respond strongly when they believe the rhetoric surrounding the debate demonizes immigrants or Hispanics, as they did when Gov. Pete Wilson of California, a Republican, backed a 1994 initiative to exclude illegal immigrants from public schools and services.

Many analysts say the backlash from Hispanics wrecked the California Republican party for a decade.

As governor of Texas, Mr. Bush opposed such measures, and pushed Republicans to woo Hispanics.

Last week, Sergio Bendixen, a pollster for the Democratic Senatorial Campaign Committee, released a rare multilingual poll in which 76 percent of legal Latin American immigrants said they believed anti-immigrant sentiment was on the rise. A majority of immigrants said they believed the immigration debate was unfair and misinformed.

But Ken Mehlman, chairman of the Republican National Committee, dismissed such concerns. Mr. Mehlman said the party's image was defined by President Bush, who supports a temporary-worker program and has repeatedly urged Republicans to avoid inflammatory rhetoric.

"In an emotional debate like this," Mr. Mehlman said, "people need to lower their energy and remember that ultimately the goal is something that is consistent with being a nation of laws and a nation of immigrants."

Danny Diaz, a spokesman for the Republican Party, said it had pushed ahead on recruitment of Hispanic candidates and voters. He noted that Mr. Mehlman had appeared frequently at events with Hispanic groups, hitting classic Republican themes about lower taxes and traditional values. A particular focus has been Hispanic churchgoers and pastors like Mr. Cortes, who receives money from Mr. Bush's religion-based social services initiative.

Democrats say that Mr. Bush's success with Hispanics has not gone unnoticed. Democratic leaders in Congress have expanded their Spanish-language communications, and after 2004 the Democratic Party vowed to stop relying on payments to Hispanic groups and organizations to help turn out Hispanic voters.

"How can you spend your money on get-out-the-vote when you are beginning to lose your market share?" Mr. Bendixen said. "But Democrats had no experience in campaigning for the hearts and minds of Hispanic voters. They treated them like black voters who they just needed to get out to the polls."

Still, both sides say it is the tenor and ultimate outcome of the immigration debate that may give the Democrats their best opportunity to attract Hispanic voters.

Senator Martinez, a Cuban immigrant who delivered part of a Senate speech in Spanish a few months ago, alluded to the nervousness among Hispanics when he was asked whether he would do the same again in the debate on immigration. "I am about to be sent back as it is," he said, joking. "I better be careful."

Immigrants, Finding Their Voice (WP)

By David S. Broder

The Washington Post, March 30, 2006

By turning out close to a million people in cities from Los Angeles to Washington for demonstrations against punitive immigration laws, the Hispanic community has delivered a timely reminder of the often-forgotten voice in this national debate.

For too long, others with shaky claims to authenticity have attempted to speak on behalf of the immigrants who are most affected by the laws and regulations being debated in Congress.

It was not until this month that the first substantial poll of immigrants was taken. Its findings give the lie to one of the most frequent claims from those who want to "crack down" on illegal immigration: the assertion that undocumented workers are resented by those who have come to this country legally.

This week Sergio Bendixen, a respected professional pollster, briefed me on the survey his firm had just completed of 800 legal immigrants, from 43 different countries, living in 47 states -- a cross section carefully designed to mirror the makeup of the 26 million legal immigrants the Census counts. To ensure accuracy, Bendixen arranged to interview subjects in their native languages whenever they requested.

When he probed these legal immigrants for their attitude toward the estimated 11 million illegal immigrants living in the United States, Bendixen asked two key questions. By a margin of 81 percent to 11 percent, the legal immigrants said they think the illegals are taking jobs that legal residents and citizens do not want to do, rather than taking jobs away from them.

And 73 percent of them said the illegals help the economy by providing low-cost labor, while only 17 percent said they hurt the economy by driving down wages -- a favorite contention of those who want to restrict immigration.

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Backers of the tough House-passed bill to make it a crime to illegally enter the country contend that a guest worker program of the kind the Senate Judiciary Committee included in its bill this week would allow illegals to "cut into line" ahead of those who are waiting to become citizens legally.

But Bendixen said the interviews found that "the resentment isn't there." He said that one woman, an accountant, who gained her citizenship by following the rules, explained, "I came first-class. The illegals are coming coach -- they do jobs I didn't have to do, and they live outside the law."

"She didn't feel that she was in competition with them," Bendixen said. "She felt sympathy for them."

That mind-set explains the legal immigrants' hostility to the main provisions of the House bill -- and also the emotion that pulled so many thousands of immigrants into the streets for demonstrations during the past week.

Majorities of about 70 percent or more oppose all these steps: arresting illegal immigrants and charging them with a felony; deporting all illegal immigrants; imposing stiff penalties on employers who hire illegals or groups that help them; or building a wall between the United States and Mexico to discourage illegal immigration.

On the other hand, two-thirds of the legal immigrants favor President Bush's proposal to provide work permits for temporary employment, with a proviso that the recipient return to his or her home country. And even more -- eight out of 10 -- favor the kind of legislation that came out of the Senate Judiciary Committee, which would open a path to eventual citizenship for illegals who remain in this country for an extended period, learn English, pay fines and have no criminal record.

That legislation was backed by all the committee Democrats but only a minority of its Republicans. But Bendixen's survey, completed before the committee vote, found skepticism among the legal immigrants about the stance of both parties on immigration issues. Only 22 percent said the Republican Party was doing a good job on immigration issues; for Democrats, the approval score was 38 percent, just six points higher than the rating for Bush on immigration.

Bendixen said that suggested to him that "the jury is out" as the current debate unfolds.

Disturbingly, the survey found that two-thirds of the legal immigrants believe that anti-immigrant sentiment is growing in the United States, and more than half said it has affected them and their families personally. Racism against Latino and Asian immigrants is blamed by more than six out of 10 for fueling this development.

The demonstrations are a reminder of the risks in policy that feeds such fears.

Immigration Exposes Rifts For Evangelicals (WSJ)

By Suzanne Sataline

The Wall Street Journal, March 30, 2006

Kit Danley says she has waited for months for evangelical Christians to join together on the illegal immigration issue. An evangelical Christian herself, she's watched as Catholic, Episcopalian, Methodist and Jewish clergy converged on Capitol Hill, lobbying legislators to grant illegal residents permanent status. Ms. Danley, president of Neighborhood Ministries, an evangelical mission to the poor in Phoenix, says she would like to see a united front for liberal reform.

But that is unlikely to happen anytime soon. Major evangelical groups have been more muted on immigration than other Christian organizations. In fact, the dispute is exposing rifts in the evangelical community. Evangelicals who favor a tough stance toward illegal immigrants also want their leaders to speak out on the issue. "Our side is so afraid of sounding unmerciful," says Cathie Adams, a member of a nondenominational Dallas Bible church. "It's like it's a nonissue in the church. . . It's very frustrating."

The majority of influential Christian conservatives have either delayed taking a stand, such as the National Association of Evangelicals, or have no position, such as the Southern Baptist Convention, the National Black Evangelical Association, James Dobson's Focus on the Family and Concerned Women for America.

When united, the evangelical movement has had considerable success influencing U.S. politics in recent years, helping to elect President Bush, working to scuttle Harriet Miers as a Supreme Court nominee, and influencing stricter laws on abortion. But as evangelicals attract more adherents, it will be increasingly difficult for the groups to reach consensus on many issues.

"We will see a larger number of arguments, disputes and debates among evangelicals," says John C. Green, a political scientist and senior fellow with the Pew Forum on Religion and Public Life. "That could potentially lead to divisions in the voting booth."

Despite their past unity on other issues, some evangelicals are divided over how to treat people who are breaking the law and worried they will be tainted as racist if they advocate penalties. "When someone speaks out, they're portrayed as being against immigration," says Tony Perkins, president of the Family Research Council, a conservative Christian group. "They're being more cautious, afraid of being misconstrued."

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Several board members of the National Association of Evangelicals, the largest group in the movement, say they need time to study the issue and to gauge what their congregations want. "If we don't speak with a true Biblical voice, we will alienate millions of people," says the Rev. Richard Cizik, the group's vice-president.

Others say issues involving right-to-life are central to their mission, not immigration. Focus, known for Mr. Dobson's popular radio show, has decided that immigration isn't "something that defines an evangelical," spokesman Stuart Shepard says.

The issue is critical for some parts of the evangelical movement. The National Hispanic Christian Leadership Conference, an evangelical group which claims to speak for millions of Latinos, supports President Bush's call -- and a Senate bill -- for a guest-worker program. The bill would post patrols along the Mexican border and create a plan to allow workers into the country and grant them credits toward obtaining visas if they paid taxes and learned English. The Senate has been debating the bill this week.

But the Hispanic group has received little support from the National Association of Evangelicals. The Christian Coalition opposes the bill, saying the plan would reward lawbreakers.

At the same time, the Hispanic Conference group opposes a House bill that would return illegals to their native lands and jail those who aid illegal immigrants. One of the House bill's sponsors is Rep. Tom Tancredo, a Colorado Republican and an evangelical Presbyterian. Latinos have been backed by Sojourners, a Christian antipoverty group, and World Relief, a humanitarian organization, while the Christian Coalition supports the House bill.

Evangelical pastors around the country can't agree with some of the basic tenets of liberal treatment for immigrants. Some evangelicals say their beliefs in law-and-order issues mean they favor returning nonresidents to their own countries and that employers should be fined for hiring them. "To me the issue is, do we support lawlessness?" says Leo Godzich, associate pastor of Phoenix First Assembly of God.

Other evangelical Christians say the Bible instructs them to help strangers. Gilberto Velez, pastor of Christian Church of Mercy in the border town of Laredo, Texas, figures about 20% of his flock of 2,000 are in the country illegally. "They are coming to do jobs Americans won't do," he says. "We believe they have the right not to be illegal anymore."

Immigration is only the latest issue that has split evangelicals -- usually defined as Christians who believe in the literal word of the Bible, see Jesus as their personal savior, and also try to recruit others to their faith. Evangelicals were divided over supporting the Iraq war. More recently, 86 leaders of the movement broke ranks with the more-conservative mainstream groups and took out ads calling on Congress and businesses to lower greenhouse-gas emissions. That effort was notable, partly because it includes Rick Warren, the charismatic pastor and bestselling author of "The Purpose Driven Life."

Samuel Rodriguez Jr., president of the Hispanic Conference group, believes "if the Republican party had received a unified message from their evangelical base," the party would have come together behind immigration reform, says the Sacramento, Calif., pastor.

Evangelicals turned out for President Bush in 2000 and even more so in 2004, when 63% of Latino Protestants supported his re-election, according to the Pew Forum. Pew estimates that 42 million to 52 million white Americans, and roughly six million Latino adults, belong to an evangelical church.

Mr. Rodriguez says a candidate's stance on immigration could sway more Latino voters than traditional conservative causes. White evangelicals and Hispanics agree on a number of issues, including abortion and gay marriage, but "those sorts of coalitions are going to be a lot more difficult to come by," he says.

Immigrants To Be Proud Of (NYT)

By David Brooks

The New York Times, March 30, 2006

Everybody says the Republicans are split on immigration. The law-and-order types want to close the border. The free-market types want plentiful labor. But today I want to talk to the social conservatives, because it's you folks who are really going to swing this debate.

I'd like to get you to believe what Senator Sam Brownback of Kansas believes: that a balanced immigration bill is consistent with conservative values. I'd like to try to persuade the evangelical leaders in the tall grass to stop hiding on this issue.

My first argument is that the exclusionists are wrong when they say the current wave of immigration is tearing our social fabric. The facts show that the recent rise in immigration hasn't been accompanied by social breakdown, but by social repair. As immigration has surged, violent crime has fallen by 57 percent. Teen pregnancies and abortion rates have declined by a third. Teenagers are having fewer sexual partners and losing their virginity later. Teen suicide rates have dropped. The divorce rate for young people is on the way down.

Over the past decade we've seen the beginnings of a moral revival, and some of the most important work has been done by Catholic and evangelical immigrant churches, by faith-based organizations like the Rev. Luis Cortés's Nueva Esperanza, by

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Hispanic mothers and fathers monitoring their kids. The anti-immigration crowd says this country is under assault. But if that's so, we're under assault by people who love their children.

My second argument is that the immigrants themselves are like a booster shot of traditional morality injected into the body politic. Immigrants work hard. They build community groups. They have traditional ideas about family structure, and they work heroically to make them a reality.

This is evident in everything from divorce rates (which are low, given immigrants' socioeconomic status) to their fertility rates (which are high) and even the way they shop.

Hispanics and Hispanic immigrants have less money than average Americans, but they spend what they have on their families, usually in wholesome ways. According to Simmons Research, Hispanics are 57 percent more likely than average Americans to have purchased children's furniture in the past year. Mexican-Americans spend 93 percent more on children's music.

According to the government's Consumer Expenditure Survey, Hispanics spend more on gifts, on average, than other Americans. They're more likely to support their parents financially. They're more likely to have big family dinners at home.

This isn't alien behavior. It's admirable behavior, the antidote to the excessive individualism that social conservatives decry.

My third argument is that good values lead to success, and that immigrants' long-term contributions more than compensate for the short-term strains they cause. There's no use denying the strains immigration imposes on schools, hospitals and wage levels in some markets (but economists are sharply divided on this).

So over the long haul, today's immigrants succeed. By the second generation, most immigrant families are middle class and paying taxes that more than make up for the costs of the first generation. By the third generation, 90 percent speak English fluently and 50 percent marry non-Latinos.

My fourth argument is that government should be at least as virtuous as the immigrants themselves. Right now (as under Bill Frist's legislation), government pushes immigrants into a chaotic underground world. The Judiciary Committee's bill, which Senator Brownback supports, would tighten the borders, but it would also reward virtue. Immigrants who worked hard, paid fines, paid their taxes, stayed out of trouble and waited their turn would have a chance to become citizens. This isn't government enabling vice; it's government at its best, encouraging middle-class morality.

Social conservatives, let me ask you to consider one final thing. Women who have recently arrived from Mexico have bigger, healthier babies than more affluent non-Hispanic white natives. That's because strong family and social networks support these pregnant women, reminding them what to eat and do. But the longer they stay, and the more assimilated they become, the more bad habits they acquire and the more problems their subsequent babies have.

Please ask yourself this: As we contemplate America's moral fiber, do the real threats come from immigrants, or are some people merely blaming them for sins that are already here?

Illegal Migrants Persist Despite Fences, Danger (USAT)

By Danna Harman

USA Today, March 30, 2006

ALTAR, Mexico — They gather here, their backpacks stuffed with bottled water, soap, chips and maybe an icon of the Virgin of Guadalupe. They wear double sweaters and pull wool hats over their eyes against the cold nights.

Altar, a dusty town of 14,000 about 60 miles south of the Arizona border, is one of the largest staging points for migrants trying to cross into the USA illegally. They arrive from all over Mexico and from as far as Brazil. They eat road-stand chicken from plastic foam containers and bed down at hostels. Then they head for "El Norte."

Congress is considering dramatic changes in U.S. immigration policy this week. President Bush is discussing the issue with Mexican President Vicente Fox in Cancun. Here, though, migrants on the move to the USA say beefed-up enforcement will deter few. "Walls and lights and sensors and police fill our heads," says Dagoberto Martinez, a 17-year-old from Hidalgo, Mexico, who is headed north. "But they don't make us turn back."

The U.S. Border Patrol caught 1.2 million illegal immigrants in 2005, an arrest rate of roughly one person every 30 seconds. There are no official statistics to indicate how many illegal immigrants made it across, but the Pew Hispanic Center estimates there are as many as 12 million illegal immigrants in the USA — 56% of them Mexicans.

From Altar, migrants guided by "coyotes," — people smugglers — might cross near Naco, Mexico, and into the canyons, walking toward Tucson and Phoenix. Or they trek through the mountains around Organ Pipe Cactus National Monument, moving north to Phoenix or west to Los Angeles. Others take the Sasabe route and follow "ghost roads," footpaths in the sand, toward Tucson. A few go through the Barry M. Goldwater Range, an Air Force live bombing range, heading for Yuma, Ariz.

The first time Jess Ramirez sneaked across was three years ago, when he was 17, he says. He worked construction and bused tables in Las Vegas, earning $350 a week. He sent half his pay home to his parents in the Mexican state of Michoacan,

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and saved much of the rest to travel back at Christmas and pay a coyote for the return trip north. Back home in Michoacan, he says, he was never able to earn more than $80 a week.

Last week, Ramirez set off again from Michoacan. He agreed to pay a coyote $1,000 upon arrival in Las Vegas. From Altar, Ramirez's group drove to the border near Sasabe and crossed on foot. After three days, they were rounded up by border agents and handed over to Mexican immigration police.

Next week, Ramirez says, he will try a different route. He gives a cellphone number. Call in a week, he says, and he'll be on the other side.

In Yuma, much has changed, says Mike Gramley, a U.S. Border Patrol agent who has been there 12 years. When he started, there were 300 agents in Yuma who tracked people by following footprints in the desert. There was also a new fence that ran for 6 miles around Yuma, where the Border Patrol nabbed about 50 illegal immigrants a day.

Now, there are 650 agents in Yuma; the fence is being elevated to 12 feet and extended to 10 miles. A secondary fence is going up, stadium lights shine through the night, motion sensors are buried in the ground, surveillance planes fly overhead, and infrared cameras beam back to headquarters.

Yuma is the USA's busiest border station. Last year, 138,460 migrants were caught coming through here.

In Arizona, many want a longer fence. They point to San Diego as proof it would work. There, the fence helped send attempted crossings falling in the early 1990s. Last year, 126,910 illegal immigrants were caught near San Diego, down from a peak of 629,650 in 1986, the Border Patrol says. “California and Texas got relief with increased border vigilance — don't we deserve any in Arizona?” Sen. Jon Kyl, R-Ariz., said this month.

Opponents of fences and walls say they only push the human traffic elsewhere. The decline in crossings near San Diego coincided with increases in Arizona and Texas, they say. “It's like a balloon. If you squeeze in one sector, the migrants move to the other side,” says Jon Amastae, director of the Center for Inter-American and Border Studies at the University of Texas at El Paso.

Today, close to half of all illegal crossings take place in Arizona, according to Humane Borders, a Tucson-based organization that offers humanitarian assistance to illegal immigrants. Because of increased vigilance near heavily traveled entry points and urban areas, illegal immigrants have begun crossing over more difficult terrain — remote locations where temperatures during the summer often top 100 degrees.

A record 473 migrants died in 2005 while crossing the U.S.-Mexican border, the most since the Border Patrol began tracking such deaths in 1999.

Also, by making the journey more difficult, the coyotes become more necessary and can charge higher prices. That lengthens the stays of migrants who must repay people smugglers, Amastae says.

Mexico's National Population Council says illegal immigrants stayed in the USA an average of about six months during 1993-97. The average stay increased to more than a year by 2001-04.

Back in Altar, Dagoberto Martinez is standing on the side of the road looking south, toward home. It's his first time away from his brothers, his first attempt at crossing the border. He looks scared.

He will go to Los Angeles. There is a job there and a second cousin. At home, there was no work. “That's my whole story,” he says.

Immigration Debate Crux: Jobs Impact (CSM)

By Ron Scherer

The Christian Science Monitor, March 30, 2006

NEW YORK - Seal the border. Round up all the illegal immigrants and send them back to their home countries. Start a whole new agency to handle only invited guest workers.

Would that open up more jobs for American citizens?

This is one of the key questions being posed as the US considers the economics of illegal immigration - with no easy solutions to the challenges in sight.

As Congress debates a new immigration bill, some economists believe any restrictions are likely to be disruptive to a variety of industries, from construction to hospitality to agriculture. At the very least, restrictions could add to employers' costs as they scramble to attract new workers with higher wages. But new regulations might also be good for those without much education or marketable skills: Business might be forced to train them. And those in lower wage brackets might see their wages rise as they face less competition for jobs.

"Do undocumented workers take away jobs from Americans?" asks Anthony Chan, chief economist at JPMorgan Private Client Services in Columbus, Ohio. "My best guess is that they take some jobs away. Some Americans are willing to work at those jobs at low salaries, but not all [Americans are]."

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Analysts are quick to point out that the economics of undocumented immigration are complex. Few models have been crafted that try to look at how the US economy would perform without tapping into inexpensive labor for some jobs.

"We can't run econometric models. The numbers aren't good enough," says David Wyss, chief economist at Standard & Poor's in New York.

One challenge in performing any calculations is agreeing on the number of undocumented workers. Only estimates exist, and they range from 9 million to 20 million. The conventional estimate is 11 million. But no one really knows for sure.

By way of contrast, the Bureau of Labor Statistics calculates how many people out of a workforce of 143 million are unemployed. Last month, 7,193,000, or 4.8 percent, were out pounding the pavement.

The Center for Immigration Studies, which is in favor of some restrictions on immigration, recently issued a report looking at jobs and undocumented workers. One of its conclusions was that between March 2000 and March 2005, only 9 percent of the net increase in jobs for adults went to people born in the US.

"This is striking because natives accounted for 61 percent of the net increase in the overall size of the 18- to 64-year-old population," writes Steve Camarota, director of research.

Howard Hayghe, an economist at the Department of Labor, confirms that this number is correct. But he also points out that by 2005, the economy was doing a better job of producing jobs - and the percentage of native-born residents finding jobs rose to 41 percent. In other words, the stronger economy absorbed more workers of all educational levels. "The more office buildings you build, the more people you need to clean them. The more roads you build, the more workers you need," says Mr. Hayghe.

In addition to the 7 million Americans looking for jobs, another 1.5 million are considered to be "marginally attached" - that is, not actively looking for work. Moreover, some 386,000 are counted as "discouraged" workers. And there are about 19 million, including students and senior citizens, who are not in the workforce.

"If we close the borders and have less undocumented workers, it would put some upward pressure on overall wages," says Mr. Chan. "It's no secret business will have to pay workers more money."

But it's not a given that business will do that. "They may just outsource a larger percentage of the work, or the jobs may just disappear," Chan says.

Economists certainly differ on whether tighter immigration will have any effect on the economy. "It's similar to asking a big part of the labor force to leave," says Mark Zandi, chief economist at Moody's Economy.com. "In today's economy where the job market is at capacity, asking people to leave means the economy will not grow as fast. In fact, there could be a very difficult adjustment over the first three to four years when this process is in full swing."

On the other side are those who say it will have very little impact on the economy because most undocumented workers are low paid and relatively unskilled. Yes, there might be some adjustments - Americans might have to eat more plum tomatoes that can be harvested by machines. And the US may have to increase its already swollen import bill to make up for what can't be produced here.

"We might have a lower unemployment rate and a somewhat lower gross domestic product, but it wouldn't be a huge impact," says Mr. Wyss.

However, that depends on who is affected. San Diego builder Sherman Harmer Jr., president of Urban Housing Partners Inc., typically delivers about 300 units of housing per year. He relies on workers coming across the US-Mexican border who have some form of documentation. "We have a shortage of construction workers in California," he explains while in New York.

If he didn't have access to these workers from Mexico, he says he would have to slow the amount of construction he does: "There would be a reduction in the inventory of new homes, condos, and apartments, and that would drive prices even higher."

But, as he walks down 125th Street in upper Manhattan, Kevin Brown, a plumber, says restrictions on illegals might be good for him. "Could I have a better job?" asks Mr. Brown, whose parents are from Jamaica. "Possibly," he says, adding that he knows people out of work who could do a job taken by an illegal immigrant. However, he's also quick to add, "I don't blame anyone. Everybody's got to live."

Not far away, Miguel Almanzar, a bicycle messenger, is reading a newspaper. "This country is made of immigrants," says Mr. Almanzar. But he wants them to be legal immigrants. "There is the threat of terrorism," he says. "Now, the country needs to secure its borders."

Surge In Amounts Sent Back By Migrant Workers (FT)

By Richard Lapper

Financial Times, March 30, 2006

Migrant workers from Latin America and the Caribbean sent home $53.6bn to their families last year, an increase of 17 per cent on 2004.

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The rise – documented in a survey to be announced on Thursday by the Inter-American Development Bank – confirms Latin America's position as the biggest market in the world for remittances.

For the third consecutive year, remittances to the region exceeded the combined flows of direct foreign investment and overseas economic aid.

The surge in remittances reflects the fact that rates of economic migration outstrip world population growth by a ratio of four to one. The bank said the trend – in a week when the US Senate is to consider legislation that would allow as many as 400,000 new workers to come to the US legally a year – also underlines the need for reform of migration law.

"The shift in international trade, investment and communications has required the world's political and economic system to adapt new rules and mechanisms to meet modern realities," said Donald Terry, head of the bank's multilateral investment fund. "The same needs to be done for the migrant labourers who have become such an integral part of the world's labour markets."

An estimated 25m-27m Latin Americans are living and working abroad, 22m of them in the developed markets of North America, Eur-ope and Japan. Mr Terry said migrant workers from the region now made up more than 20 per cent of the labour force in Madrid, Spain's capital. In the US, Latin American and Caribbean workers constitute an average of 12 per cent of the labour force. "Family by family, worker by worker, migrants are redrawing the map of global labour markets," Mr Terry said.

Improvements in techniques used to monitor the flows of remittances in part accounted for the sharp rise last year. Many migrants continue to use informal channels, and the total could be more than $59bn.

Countries nearest the US have seen the biggest flows, with Mexico drawing some $20bn of foreign exchange earnings from remittances. The five countries of Central America and the Dominican Republic received $11bn.

Brazil got $6bn, Colombia $4bn and the four other Andean economies a total of $9bn. The bank is continuing its efforts to force down the cost of transmission costs of remittances, typically despatched in amounts of between $100 and $300. Commission costs now amount to about 5 per cent of the total, less than half the levels of five years ago.

But Mr Terry said banks could do much more to help integrate migrants into their local financial systems. "Latin American banks are essentially irrelevant to the daily lives of the vast majority of their population."

Meanwhile, BBVA, the Spanish bank that handles about 40 per cent of remittances from Mexico, on Wednesday signed an agreement with banks in India and the Philippines to process their money transfers for immigrants in the US and Canada. India received more than $23bn in family remittances last year, about $9bn of which came from north America. The Philippines received more than $10.6bn. BBVA's transfer service in India will initially handle remittances from 9m people from India living in north America.

Speak Up, Mr. Bush (WP)

The Washington Post, March 30, 2006

PRESIDENT BUSH says he's committed to "comprehensive reform" of the nation's broken immigration system: legislation that would both increase enforcement to stem the flow of illegal immigrants into this country and provide a legal way to, as Mr. Bush puts it, "match willing foreign workers with willing American employers to fill the jobs that Americans are unwilling to do." But the president himself has been unwilling, so far, to match his words about reform with deeds to make certain it gets done. Now, with the Senate debating the explosive issue and protests against a draconian House bill flowering from the streets of Los Angeles to the high schools of Northern Virginia, it is time for Mr. Bush to step up.

In a welcome move this week, the Senate Judiciary Committee approved a realistic and humane immigration measure. It not only would create a temporary worker program to help stem the flow of illegal immigration but also would permit those already working here illegally to obtain citizenship eventually. Credit on this goes especially to the minority of committee Republicans -- Chairman Arlen Specter (Pa.) and Sens. Sam Brownback (Kan.), Mike DeWine (Ohio) and Lindsey O. Graham (S.C.) -- who voted with Democrats for this sensible approach, under which illegal workers would have to register, pay fines and back taxes, learn English, and wait their turn for legal status.

The Judiciary Committee's work could well be fleeting. Senate Majority Leader Bill Frist (R-Tenn.) has a competing, enforcement-only approach that will also be debated on the Senate floor. And the measure approved by the House -- with, it's important to recall, a statement of strong support from the administration -- would, among other things, make it a felony to be in the United States illegally or to help illegal immigrants. "The administration remains committed to comprehensive immigration reform, including a temporary worker program that avoids amnesty, and believes this bill is a positive step toward that goal," the statement said of that draconian measure. With a gulf this wide and an election looming in November, it's easy to imagine immigration reform languishing -- or even worse, the passage of an unbalanced, unfair measure that includes a crackdown on illegals but not a remedy for those already here.

Which is why presidential involvement and clarity are so important. Does Mr. Bush support the Senate Judiciary measure, which mirrors an earlier proposal from Sens. John McCain (R-Ariz.) and Edward M. Kennedy (D-Mass.)? Mr. McCain and Mr.

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Kennedy sounded hopeful after talking with the president, but the White House has not been clear, simply repeating that Mr. Bush would oppose any measure that grants "amnesty" without saying whether it views the Judiciary measure as an amnesty bill. Does the president disagree with Mr. Frist's enforcement-only measure? If that's the case, it would help if he would say so. On reflection, does he really "strongly" support the cruel House approach? If not, this would be the time to speak up.

Frist, Do No Harm (LAT)

The Los Angeles Times, March 30, 2006

ON WEDNESDAY, AFTER MONTHS of work, the Senate brought the immigration reform debate to the floor. Unfortunately, senators took up the wrong bill.

Balancing enforcement measures with a temporary-worker program, the Judiciary Committee approved a sensible, comprehensive measure in time to meet the Monday deadline set by Majority Leader Bill Frist (R-Tenn). But instead of bringing the committee bill to the floor as promised, Frist opted to bring his own enforcement-heavy bill forward first for a daylong debate.

This is a needless distraction. The Senate should focus on the committee's compromise.

Frist introduced his Securing America's Borders Act about two weeks ago. Unlike the committee's more thorough approach, and contrary to President Bush's wishes, it has no guest-worker program. It resembles the bill the House passed in December when it comes to controversial measures such as criminalizing illegal immigrants and those who aid them.

But the content of Frist's proposal may be secondary to its role in his nascent presidential run. We hope that the majority leader doesn't really believe his alternative is sound, and that this is mere posturing so he can pander to the far right by saying he was extra harsh on immigration until — gasp — other senators insisted on a guest-worker program and "soft" enforcement measures.

The more promising legislation, shepherded by Sen. Arlen Specter (R-Pa.) out of his Judiciary Committee, relies largely on the May 2005 bill introduced by Sens. Edward M. Kennedy (D-Mass.) and John McCain (R-Ariz.). That bill provided the framework for a guest-worker program for immigrants already in the country and for those who would seek to immigrate in the future. Immigrants currently in the country would have to pay back taxes and fines, study English and fulfill other requirements to become eligible for citizenship — a far cry from amnesty.

The Specter compromise added a program for 1.5 million agricultural workers, toughened the requirements for citizenship, provided more visas for nurses, doctors and asylum candidates and bulked up border security.

The Senate should swat aside the majority leader's cynical alternative and unite behind this compromise. Then senators will have to stand firm in negotiations with the House to ensure that any final legislation bears a relationship to the real world.

Myths Vs. Facts (USAT)

By Tom Tancredo

USA Today, March 30, 2006

It has been said that if you tell a lie 1,000 times in politics, it becomes truth. Before we reach that threshold, there are two myths that must be dispelled about the House's bipartisan immigration reform bill:

· The first myth is that the House bill would make criminals out of priests who run homeless shelters and soup kitchens.

The bill would not substantially change decades of law with respect to religious organizations. From 1986 until this year, no organization was allowed to conceal, harbor or shield an alien from law enforcement "in reckless disregard of the fact" that the alien is in this country illegally. During those two decades, no church was shut down for providing basic social services to illegal aliens. Regardless, I think congressional leaders would be open to language that reaffirms current practice and clarifies the bill's intent.

But beyond soup and shelter, why should religious organizations be exempt from a law against actively concealing illegal aliens from law enforcement? It's no secret that there are terrorist front organizations in the USA, and that these front organizations most often claim to be relief charities or religious groups. Just one example is the Holy Land Foundation, whose headquarters was only miles from our nation's capital and which was shut down for supporting Hamas and other terrorist-related organizations.

· A second myth is that House Republicans want to make illegal presence in the USA a felony.

The truth is Democrats voted for the felony provision, and a majority of Republicans (including me) voted against it.

Right now, illegal presence in the USA is not a crime; it is a civil infraction. The House Judiciary Committee voted to make it a felony but then was counseled that millions of new felons could clog our courts.

Chairman James Sensenbrenner, R-Wis., wrote an amendment to his own bill asking that the penalty be reduced from a felony to a misdemeanor; 191 Democrats and a few Republicans voted to keep the felony penalty in the hope that it would be a

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poison pill to defeat the measure. After his amendment lost, Sensenbrenner promised, "When this bill gets to (House-Senate) conference, those penalties will be made workable. You can count on that."

The truth? The House bill would construct a security fence along our southern border, require federal and local law enforcement to cooperate on immigration matters, and mandate that employers use an instant check system to verify their employees' legal status. Unlike the Senate bill, our version would offer no amnesty and would not add foreign workers to our already overwhelmed background-check system.

Polls released last week show that nearly two-thirds of Americans oppose amnesty, and that 90% say illegal immigration is a serious problem. The House's approach is supported by most Americans. Now, we wait for the Senate to follow.

Rep. Tom Tancredo, R-Colo., is chairman of the congressional immigration reform caucus.

Latest Immigration 'Crisis' Defies Simplistic Solutions (USAT)

USA Today, March 30, 2006

The USA, truly a nation of immigrants, is having another of its periodic bouts of anxiety about immigration.

Communities even in areas far from any foreign border are dealing with the burdens and social change caused by growing numbers of immigrants, both legal and illegal. Longtime residents and local officials complain of the costs of immigrant children in the schools, strains on health care systems for a population that often lacks insurance, and economic impact of people willing to work for low wages. Recent polls found that nine of every 10 Americans say immigration is a serious problem, and three-fourths want more done to keep illegal immigrants out.

Looking at these numbers, politicians are falling over each other with promises to round up millions for deportation, erect massive walls along the porous U.S.-Mexico border and crack down yet again on employers who hire those here illegally.

The House of Representatives, sensing a potential vote-getting issue, passed a draconian border control and immigration-enforcement bill in December. That simplistic legislation has triggered large demonstrations in support of immigrant rights, including one in Los Angeles on Saturday that drew more than 500,000 people. The Senate took up the issue Wednesday and will, we hope, bring a more balanced and practical approach.

The backlash against immigration is happening in a country where nearly everyone is either an immigrant or descended from immigrants, many of whom arrived without anything resembling what would now be considered proper papers.

Energetic strivers have always been attracted to America, starting in the 1600s with the likes of John Smith in Jamestown and William Bradford in Plymouth. And as far back as the 18th century, Benjamin Franklin was fretting publicly about a surge of German arrivals in Pennsylvania.

According to the Census Bureau, more than 35 million immigrants are in the USA, a record number but a smaller proportion of the population now (12.1%) than at the peak of European immigration early in the 20th century (14.7%).

Roughly two-thirds are here legally, but an estimated 11.5 million to 12 million are undocumented. The legislation passed by the House would declare all of them felons subject to expulsion, as if it were possible to round up a population the size of Ohio and dump them across the nearest border.

Moreover, the illegals are roughly 5% of the labor force, heavily concentrated in construction, low-wage service jobs and agriculture. Their abrupt departure, even if it were possible, would seriously disrupt those sectors of the economy. Their employers are violating the law, but successive administrations have essentially abandoned enforcement of employer sanctions.

Clearly the immigration-control system enacted in 1986 and revised in 1996 is broken. Pressures to revisit the issue run in cycles, usually paralleling anxiety about the economy, jobs and national security. When concern slackens, businesses become reliant on cheap labor, consumers welcome the lower prices for food and services, and enforcement is gradually neglected.

Certainly, part of the answer to the immigration problem has to include improved and serious border controls — on both sides, as President Bush should make clear when he meets his Mexican counterpart, Vicente Fox, in Cancun starting today. Such controls are necessary not just to curb illegal immigration but also to protect the nation in an age of terrorism.

But another round of chest-thumping about sealing borders and deporting illegals is far from a solution. A balanced approach must also include some kind of guest-worker program, like the one Bush has proposed, that would bring immigrant laborers out of the shadows. And common sense suggests providing a route to eventual legalization for those who have been here for years, in many cases paying taxes and contributing to their communities. A Senate Judiciary Committee proposal hammered out Monday is a step in that direction. It would offer not amnesty but a chance to get in line for eventual citizenship to those who are willing to continue working for six years, pay their fines and any back taxes, and learn English.

Despite the frustrations and fears of the moment, and the obvious security reasons for better management of the borders, a nation of immigrants cannot turn its back on the new arrivals in its midst.

This is the first in an occasional series of editorials about immigration-related issues.

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American Dreams, Foreign Flags (NYT)

By Linda Chavez

The New York Times, March 30, 2006

Pittsburg, Tex. - HUNDREDS of thousands of flag-waving demonstrators took to the streets in Denver, Los Angeles, Phoenix and dozens of other cities in the last week to protest harsh legislation passed by the House that would make felons of the 12 million illegal aliens living in the United States — along with anyone who provides them with shelter, food or other services. It didn't take long for a bipartisan majority on the Senate Judiciary Committee to get the message and take a softer tack.

On Monday, four Republicans joined all eight committee Democrats to vote down the controversial penalties. Their proposal also calls for admitting more legal immigrants and temporary workers, allowing illegal aliens already in the country to remain here and earn citizenship if they pay a fine, learn English and study American civics.

The Senate bill has a long way to go before becoming law, however. Despite their victory in this round, supporters of comprehensive immigration reform must be careful in their tactics, including what symbols they embrace. Although American flags were widely visible among the crowd of a half-million in downtown Los Angeles (organizers had asked marchers to bring them), reports indicated that they were outnumbered by those of Mexico, Guatemala, El Salvador and other countries. And if history is any guide, those foreign banners could spur an anti-immigrant reaction.

That's what happened in 1994, when 70,000 people marched in Los Angeles, many waving Mexican flags, to show their distaste for Proposition 187, a California ballot initiative that denied social services to illegal aliens and their children. Initially favored by more than 70 percent of voters, the measure was losing steam as the election approached, with a poll a week before the election showing it ahead by only 1 point. But that sea of green, white and red Mexican flags flooding the streets just before the election signaled to many Californians that those demanding equal treatment were more attached to their native country than to the United States. The proposition scored a surprisingly strong 59 percent of the vote, although the courts eventually declared it unconstitutional.

Similar dynamics are playing out today. For all the talk of national security and the economic costs of immigration, the underlying issue driving the current anti-immigrant frenzy is a deep suspicion that this latest group of newcomers won't do what others have before them did: learn English and embrace American identity.

Unfortunately, many Latino leaders play right into the hands of those who claim they are different from the Germans, Italians, Poles, Jews, Irish and others who came here in another era. With shouts of "Sí, se puede!" (Yes, we can!) — an old United Farm Workers rallying cry — and signs announcing "We didn't cross the border, the border crossed us," the demonstrators are likely to turn off more Americans than they win over. And the sight of thousands of angry Hispanic students from California to Virginia pouring out of schools to join protest marches will only reinforce stereotypes that Latinos care little about education.

Instead of presenting themselves as an aggrieved, foreign presence, immigration advocates ought to be explaining how similar Latinos are to other Americans in their values, aspirations and achievements. It's an easy case to make.

Mexican-born men, for example, are more likely to be in the labor force than any other racial or ethnic group, according to the Census Bureau. Nearly half of Latino immigrants own their own homes. While most immigrants from Latin America, especially Mexico and Central America, lag in educational attainment, their children are far more likely to stay in school: according to research by the Pew Hispanic Center, 80 percent of second-generation Latinos graduate from high school. Almost half of second-generation Latinos ages 25 to 44 have attended college, and those who graduate earn more on average than non-Hispanic white workers.

Latino immigrants are also starting their own businesses at a rapid pace. The Census Bureau reported that entrepreneurship among Latinos is increasing at a rate three times faster than that of other Americans. Americans of Hispanic descent now own 1.6 million businesses generating $222 billion annually; and while Census data didn't distinguish between immigrants and American-born Hispanics, it suggested that much of this growth occurred in heavily immigrant communities.

Like every generation of immigrants before them, Latinos start out on the bottom rungs of the economic ladder, but they don't stay there. They are learning English as quickly as their predecessors, perhaps more quickly thanks to television (a majority of third-generation Latinos speak only English). They are intermarrying at faster rates than earlier ethnic groups, too, with about one-third of married American-born Latinos having a non-Hispanic spouse.

These facts, if they were more widely known, would go a long way to calming fears about Latino immigration. If Latino advocates hope to influence the outcome of the Senate debate on immigration over the next two weeks, they would do well to spread the word — and trade their ancestral flags for the Stars and Stripes.

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Guard The Borders -- And Face Facts, Too (WP)

By George F. Will

The Washington Post, March 30, 2006

America, the only developed nation that shares a long -- 2,000-mile -- border with a Third World nation, could seal that border. East Germany showed how: walls, barbed wire, machine gun-toting border guards in towers, mine fields, large, irritable dogs. And we have modern technologies that East Germany never had: sophisticated sensors, unmanned surveillance drones, etc.

It is a melancholy fact that many of these may have to be employed along the U.S.-Mexican border. The alternatives are dangerous and disagreeable conditions for Americans residing near the border, and vigilantism. It is, however, important that Americans feel melancholy about taking such measures to frustrate immigration that usually is an entrepreneurial act: taking risks to get to America to do work most Americans spurn. As the debate about immigration policy boils, augmented border control must not be the entire agenda, lest other thorny problems be ignored, and lest America turn a scowling face to the south and, to some extent, to many immigrants already here.

But control belongs at the top of the agenda, for four reasons. First, control of borders is an essential attribute of sovereignty. Second, conditions along the border mock the rule of law. Third, large rallies by immigrants, many of them here illegally, protesting more stringent control of immigration reveal that many immigrants have, alas, assimilated: They have acquired the entitlement mentality created by America's welfare state, asserting an entitlement to exemption from the laws of the society they invited themselves into. Fourth, giving Americans a sense that borders are controlled is a prerequisite for calm consideration of what policy that control should serve.

Of the nation's illegal immigrants -- estimated to be at least 11 million, a cohort larger than the combined populations of 12 states -- 60 percent have been here at least five years. Most have roots in their communities. Their children born here are U.S. citizens. We are not going to take the draconian police measures necessary to deport 11 million people. They would fill 200,000 buses in a caravan stretching bumper-to-bumper from San Diego to Alaska -- where, by the way, 26,000 Latinos live. And there are no plausible incentives to get the 11 million to board the buses.

Facts, a conservative (John Adams) said, are stubborn things, and regarding immigration, true conservatives take their bearings from facts such as those in the preceding paragraph. Conservatives should want, as the president proposes, a guest worker program to supply what the U.S. economy demands -- immigrant labor for entry-level jobs. Conservatives should favor a policy of encouraging unlimited immigration by educated people with math, engineering, technology or science skills that America's education system is not sufficiently supplying.

And conservatives should favor reducing illegality by putting illegal immigrants on a path out of society's crevices and into citizenship by paying fines and back taxes and learning English. Faux conservatives absurdly call this price tag on legal status "amnesty." Actually, it would prevent the emergence of a sullen, simmering subculture of the permanently marginalized, akin to the Arab ghettos in France. The House-passed bill, making it a felony to be in the country illegally, would make 11 million people permanently ineligible for legal status. To what end?

Within a decade the New York and Washington metropolitan regions will join the Miami, Houston, Los Angeles and San Francisco regions in having majorities made up of minorities, partly because immigrants have higher birthrates than whites. Since 2000, births, not immigration, have been the largest source of growth of America's Latino population.

Urban immigrant communities, with their support networks, are magnets for immigrants. Good. Investor's Business Daily reports a new study demonstrating that "over the past 30 years rising immigration led to higher wages for U.S.-born workers. Cities that served as migrant magnets did better than others. Why? Hiring one worker creates wealth with which to hire more workers."

The president, who has not hoarded his political capital, spent some trying to get the nation to face facts about the bleak future of an unreformed Social Security system. Concerning which: In 1940 there were 42 workers for every retiree; today there are 3.1. By 2030, when all 77 million baby boomers will have left the work force, there will be only 2.2. And that projection assumes net annual immigration, legal and illegal, of 900,000, more than double the 400,000 foreigners who, under the terms of proposed Senate legislation, could come here to work each year.

Today the president is spending more of his depleted political capital by standing to the left of much of his political base, which favors merely preventative and punitive measures regarding immigration. He is right to take his stand there.

TAX:

Twilight Of Tax Privacy (NYT)

DOJ_NMG_0024202

The New York Times, March 30, 2006

For most people, the apparently hard-wired human reluctance to pay taxes is overcome by the knowledge that it's illegal not to. The Internal Revenue Service, in turn, is legally bound to keep tax returns private.

For now, anyway. This month, the I.R.S. hired three private collection firms to help the agency collect overdue taxes. Authorized by Congress two years ago, private collections are scheduled to start this year, with the I.R.S. providing names, contact information and the amounts of the taxes owed.

It seems unlikely that private collectors will meet the I.R.S.'s confidentiality standards. Privacy protection is part of the I.R.S. culture. If an I.R.S. employee improperly discloses taxpayer information, he or she faces serious consequences, including dismissal. It's unclear what the punishment would be for a private collector.

A House subcommittee also raised questions yesterday about whether private tax collection would make financial sense. The fact that the I.R.S. would have more success than private collectors in collecting unpaid taxes is not in dispute. But the budget rules don't allow the I.R.S. to claim credit for the extra taxes it would bring in if it had more collectors, so the agency has not been given the money to hire more people.

Some lawmakers say that private collections are better than nothing, but that's not necessarily so. Many taxpayers who are contacted by private collectors — yet unable to pay — will be bounced back to the I.R.S., forcing the agency to spend its scant resources on small cases.

This is not the only privacy issue confronting the I.R.S. this year.

Next week, the agency will hold a hearing on proposed rules that detail how tax preparers can gain their clients' permission to share information from their returns. The idea is to let preparers steer clients to other financial services, like opening I.R.A.'s. Right now, tax information can be used only by affiliates of the tax preparation firm — and only if the customer approves.

The new regulations would allow tax preparers who had customers' approval to use the information more freely to generate outside business. But consumer advocates contend that many people won't really understand what they're approving. The controversy has also generated a more far-reaching debate among advocates and some lawmakers over whether information from tax returns should be used or disclosed for anything other than paying one's taxes.

That's clearly the fundamental issue. It's unlikely that any loss of confidentiality would accomplish much that's positive. But it would send a dark message to law-abiding taxpayers: Obeying the law could cost you your privacy.

CONGRESS-ADMINISTRATION:

Chief Of Staff Is Expected To Shake Up 2 Key Teams (NYT)

By Elisabeth Bumiller

The New York Times, March 30, 2006

WASHINGTON, March 29 — Joshua B. Bolten, the incoming White House chief of staff, is expected to press President Bush to assemble new economic and Congressional relations teams and overhaul the management of the West Wing, Republicans close to the White House said Wednesday.

A prominent Republican in Washington who consults often with the White House said Mr. Bolten, who is to assume his duties next month, wants Mr. Bush to replace the Treasury secretary, John W. Snow, with someone who can more forcefully communicate the administration's message that the economy is strong. This Republican was granted anonymity to discuss private deliberations within the administration.

Speculation about Mr. Snow's departure has flared and receded periodically for more than a year, and it returned after Mr. Bush's announcement on Tuesday that Mr. Bolten, the White House budget director, would succeed Andrew H. Card Jr. as chief of staff.

Names circulating in Republican circles as possible candidates for the Treasury post included Henry M. Paulson Jr., the chief executive of Goldman Sachs; John J. Mack, the chief executive of Morgan Stanley; and Richard D. Parsons, the chairman of Time Warner.

It was unclear if any of the three would consider taking the job. Their names surfaced immediately after Mr. Bolten's appointment because Mr. Bolten, who once worked for Goldman Sachs, is friendly with Mr. Paulson and Mr. Mack. Karl Rove, the president's chief political adviser, is said to think highly of Mr. Parsons, who has worked with the White House on several issues, including its efforts to overhaul Social Security.

Republicans said that if Mr. Bush turned to Wall Street for a new Treasury secretary, it could help reassure financial markets, which are increasingly worried about record-high budget and trade deficits.

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Mr. Snow's spokesman, Tony Fratto, declined to comment Wednesday night about the speculation, but said Mr. Snow was continuing with plans to be the host of a meeting of finance ministers from the Group of 7 industrialized democracies next month in Washington.

Dan Bartlett, the White House counselor, also declined to comment on the speculation, but said Mr. Bolten had a free hand to make changes.

"The president has given Josh, as he would have any chief of staff, the authority to run the White House as he sees fit," Mr. Bartlett said.

Nonetheless, Mr. Bartlett added: "I don't think Josh is entering this transition period with firm judgments. He's going to take a fresh assessment and do what he thinks is right to accomplish his goals. While Josh and Andy are very close and have worked together, they're different people and have different management styles."

Republicans said Mr. Bolten was likely to change the White House Congressional relations team, which has been criticized on Capitol Hill as ineffective. Candida Wolff, the White House director of Congressional affairs, may well stay, they said, but a more senior person might be put in as a layer above her.

Ms. Wolff is well liked at the White House, but one Republican said she had been undercut by Mr. Rove, Mr. Bartlett and Mr. Card, who were in effect all masters of their own Congressional relations.

People mentioned as possibilities for such a liaison post included Bill Paxon, a former New York congressman who was a lieutenant to Newt Gingrich, the former House majority leader, in the 1990's, and Daniel R. Coats, a former Republican senator from Indiana and guide for Harriet E. Miers and Justice Samuel A. Alito Jr. through the Supreme Court confirmation process.

The most immediate change, Republicans said, would be a budget director to replace Mr. Bolten. The leading possibilities included Joel Kaplan and Clay Johnson, Mr. Bolten's two deputies, as well as Allan Hubbard, the director of the National Economic Council.

Republicans said Mr. Bush had not ruled out bringing in an experienced Washington hand to help calm Congressional Republicans who have complained with increasing boldness and exasperation that the White House staff is exhausted and adrift. While Mr. Bolten's appointment was generally well received by the party, many Republicans said on Wednesday that the staff changes did not go far enough.

Mr. Bush was described as paying close heed to such advice.

"What I've been hearing for several weeks is that he was listening and he wasn't being impatient about it," said a Republican who speaks regularly to senior White House officials. "You know how he is, somebody presents an idea; he says, 'No, not doing that, next question.' But he was not like that, so that means he was at least digesting some of the advice suggesting change."

Not The Staff Dreams Are Made Of (CHIST)

By Robert Novak

Chicago Sun-Times, March 30, 2006

Everybody in Washington's Republican political community was well-aware that any changes George W. Bush made in his White House staff would not constitute a shakeup. What nobody expected was that Josh Bolten, in essence a professional bureaucrat, would be promoted to chief of staff. Yet, this selection becomes understandable as a confirmation of Karl Rove's supremacy in the White House.

Rove holds the mundane titles of senior adviser to the president and deputy chief of staff, but scarcely anything happens in the Bush administration without his approval. Now he is more influential than ever. Andrew Card, the departing chief of staff, served (as a Cabinet member) under the senior President Bush (as Rove did not). In contrast, Bolten can thank his rise in the second Bush regime to Rove, his nominal subordinate.

I talked to former White House staffers who served Republican presidents over the last quarter of a century. To a man, they were appalled that President Bush had squandered the opportunity handed him when a burned-out Card told him he must resign. It was the time, they agreed, to emulate what President Ronald Reagan did in 1987 when his national approval rating dropped below 40 percent and he brought a new team to the White House: Howard Baker, Kenneth Duberstein, Frank Carlucci and Colin Powell. By not emulating Reagan's boldness, Bush failed to address the unhappy state of his administration and his party.

Throughout his governmental career in Washington and Sacramento, Reagan never was hesitant to drop overboard aides who had become part of the problem. The belief in Republican circles is that Bush is unable to change the guard at the White House because that would tacitly admit something is wrong with the way he governs.

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Into his sixth year as president, Bush has preferred to promote from within -- a tendency that has brought third-level aides to the top of White House sections. Although this has produced staff mediocrity, nobody questions Bolten's intelligence and competency.

While Card forced himself to work 16- or 17-hour days, Bolten is a natural workaholic who as a bachelor seemed on the job continuously as director of the Office of Management and Budget. He is more attuned to issues than Card and gets along better with Congress, especially Speaker J. Dennis Hastert. Bolten stayed overtime at this year's House Republican retreat in Cambridge, Md., to chat with members of Congress.

But Bolten replacing Card also advances Rove's project, which was obvious as early as the mid-'90s, of removing the influence of people close to the elder Bush. Rove named Bolten, then working for Goldman Sachs in London, as the Austin-based policy director of the 2000 Bush-Cheney campaign. There is no question that Bolten is a Rove man.

Bolten's promotion does improve the professional quality of the president's chief of staff, but Republicans fear the worst about his successor at OMB. If Bush follows his usual pattern and promotes from within according to the present pecking order, the new OMB director will be the agency's current deputy, Clay Johnson. A Dallas businessman who was Gov. Bush's aide in Austin and was the administration's personnel director in Washington, Johnson has won few admirers. I found widespread hope but little optimism that he would be overlooked for the OMB post.

A dysfunctional OMB director is the last result Bush needs in a White House filled with problems. The absence of a Cabinet secretary coordinating the departments with the president is an inexplicable and unnecessary shortcoming. Lesser staff positions remain unfilled, which may explain the ruinous hours that senior aides are forced to keep.

Prior to Tuesday's surprise announcement of Bolten-for-Card, a Republican parlor game was trying to guess the 21st century counterparts of Howard Baker & Co. named by Reagan in 1987 to save his presidency. It is not an easy task to come up with good names, but it is highly unlikely that Bush and Rove made such a search. Their implicit message is that no shakeup is needed because they had nothing to do with the parlous condition of the administration and the Republican Party.

Chief Of Staff Can Pick From Plenty Of Cards (WP)

By Judy Sarasohn

The Washington Post, March 30, 2006

When Andrew H. Card Jr. walks out of the White House for the last time as chief of staff to President Bush on April 14, it's unlikely that he will be worrying about his next job. But just in case he runs into any obstacles, he has family to fall back on in the Washington lobbying biz.

Card's sister-in-law is Lorine Card , who runs a small lobby shop, Card & Associates . The name fits. Her clients have included Comcast and the National Cable Television Association.

Lorine Card is married to Card's brother, Brad Card , managing principal at Dutko Worldwide . He is registered to lobby for the Greater New York Hospital Association, the Essex County Sheriff's Office and software developer Cognos Corp.

Card's sister Alison "Lisi" Kaufman , who was chief of staff to then-Commerce Secretary Donald L. Evans, might be able to pull a string or two. She's now senior vice president for government and international affairs at United Technologies Corp.

Of course, Andrew Card has his own experience in the lobby world -- he was chief lobbyist for General Motors Corp. and chief executive of the American Automobile Manufacturers Association.

"He hasn't spent 10 seconds thinking about it," said Ron Kaufman , chairman of Dutko's executive committee, who is separated from Alison Kaufman.

Ron Kaufman, who was White House personnel director and political director for President George H.W. Bush, said Card has "a gazillion choices," and "no one is more trusted and loved" here than Card.Duo to Join C&M Capitolink

C&M Capitolink , a lobbying and consulting subsidiary of the law firm Crowell & Moring , has landed Paul D. Behrends from the defunct Alexander Strategy Group and Patrick J. Donnelly from CropLife America.

John Thorne , president of C&M Capitolink, said that while the seven-person shop is known for its agricultural sector work, "Pat and Paul strengthen our bench and offer more diverse experience to our clients," including Behrends's defense and international policy work.

Behrends, a former national security adviser to Rep. Dana Rohrabacher (R-Calif.) is one of a number of folks who were left out in the cold when ASG closed in January because of its ties to lobbyist Jack Abramoff , who has pleaded guilty to fraud and conspiracy charges, and to Rep. Tom DeLay (R-Tex.), who is under scrutiny in the Abramoff case.

"We sought Paul out because he is well-known by clients and colleagues alike for being an effective straight shooter," Thorne said.

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Behrends, who could not be reached for comment, has represented the International Peace Operations Association, a trade group for private security contractors, and was part of the ASG team that lobbied for Koch Industries and the American Bankers Association.

CropLife America, the pesticide industry trade group where Donnelly was executive vice president and chief operating officer, has been a longtime client of C&M Capitolink. Other clients include the American Meat Institute, the National Pork Producers Council and Smithfield Foods.HillZoo.com Creator Hired at Mayer, Brown

Andrew Shore , former chief of staff for the House Republican Conference and creator of HillZoo.com, a Web site for Hill staffers, this week joined Mayer, Brown, Rowe & Maw in the law firm's government and global trade practice. Earlier, he worked for former House Ways and Means chairman Bill Archer (R-Tex.) and former House member Phillip Crane (R-Ill.).

"It was just time. . . . It's every issue every day and I was just getting tired," Shore said.

The government and global trade practice includes Peter Scher ; former U.S. trade representative Mickey Kantor ; James Jochum , former Bush administration assistant secretary of commerce and trade counsel to Sen. Charles E. Grassley (R-Iowa); and Catherine Novelli , a former assistant U.S. trade representative.Here and There

David E. Hebert , formerly chief of staff for Majority Whip Roy Blunt (R-Mo.) and more recently a lawyer at Alston & Bird , is joining the American Health Care Association next month as senior vice president of policy and government relations. The trade group represents nursing homes, assisted-living residences and other types of facilities.

Sprint Nextel has signed on two new directors of government affairs: Melinda Lewis , previously a lobbyist for the National Association of Broadcasters and Major League Baseball, and Laura McPherson , who was at CTIA, the wireless industry association.

Pillsbury Winthrop Shaw Pittman recently pinched two more lawyers from Patton Boggs for its public policy practice. Hakkyun Kim and Kristina Pisanelli will reunite with six of their former colleagues who joined Pillsbury in February. Kim is a former economist at the Bank of Korea. Pisanelli earlier worked for Sen. Patrick Leahy (D-Vt.).

David Mohler , a senior vice president at the Pharmaceutical Research and Manufacturers of America, is joining Foley Hoag in the law firm's life sciences and government strategies practices.

Debra Barrett , a former health care policy aide to Democratic Sens. Charles Schumer (N.Y.) and Christopher Dodd (Conn.) and Leahy, has joined Teva USA as vice president of government affairs. Between the Senate and Teva, she was a lobbyist at the Washington Group .

Bush Pushes Science Standards (WT/AP)

By The Associated Press

The Washington Times, March 30, 2006

President Bush wants schools to face consequences for falling short in science, just as they do in reading and math.

A proposal by Mr. Bush would require schools to make yearly progress in science, adding a third high-stakes subject to the No Child Left Behind Act, which has thousands of schools scrambling to meet federal goals.

Congressional leaders say they are willing to consider the president's idea when the law comes up for renewal next year, but that is as far as they will commit.

Science already is part of the law. Starting in the 2007-08 school year, states are required to test students' science knowledge at least once in elementary, middle and high school. But nothing in the law holds schools accountable for science scores.

Mr. Bush wants to change that by applying a system of penalties for schools whose students do not improve their grasp of science. Such a move would affect millions of students nationwide.

"Given our philosophy that what gets measured gets done, this would be a natural way to emphasize the importance of science," Assistant Education Secretary Tom Luce said. "We do think it's important to have consequences."

In reading and math, those consequences have made the yearly test scores a huge priority. Schools that receive federal poverty aid and miss one academic target face penalties that get tougher each year -- from letting students transfer to firing employees.

The same could apply in science.

Rep. Howard P. "Buck" McKeon, California Republican and chairman of the House Education and the Workforce Committee, has an open mind about requiring schools to show gains in science, spokesman Steve Forde said.

Sen. Michael B. Enzi, Wyoming Republican and chairman of the Senate Health, Education, Labor and Pensions Committee, wants input from people affected by the law, including parents and teachers who say children are tested enough. "I don't think we're close to making a decision," said his spokesman, Craig Orfield.

Democrats who helped Mr. Bush pass No Child Left Behind in 2001 also have offered wait-and-see responses.

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Sen. Edward M. Kennedy, Massachusetts Democrat, is not opposed to adding science to how schools are judged, but a spokeswoman said Mr. Kennedy does not think the change should happen until states have a chance to get high-quality tests in place and more training for their teachers.

One clear supporter is Rep. Rush D. Holt. The New Jersey Democrat has pushed for judging schools on their science scores when testing begins.

"It is as important as reading and math," Mr. Holt said. But he says Congress may balk because lawmakers are getting an earful about problems with the current law.

Among those problems is how progress is measured. Many educators don't like the reliance on tests, or how missing one academic goal labels the whole school as "needing improvement."

"Let's get it right first. Then we can start talking about bringing on science or whatever subject they want to talk about," said Rob Weil, deputy director of educational issues for the American Federation of Teachers.

Higher-Education Bill Aims To Stir Up Academia (WSJ)

By John Hechinger

The Wall Street Journal, March 30, 2006

Congressional Republicans have lambasted traditional colleges for years as overpriced liberal bastions, without making much headway against the nearly unassailable higher-education establishment.

Now, they are finally gaining ground.

This week, the House of Representatives is expected to pass a higher-education bill that tries to curb skyrocketing college-tuition costs and protect the expression of conservative ideas on campus. The College Access and Opportunity Act would also drop longstanding antifraud safeguards holding back for-profit colleges that are taking market share from traditional schools, which are public or private nonprofit organizations.

Congressional Republicans are "steamrolling the traditional colleges," says Sarah Flanagan, vice president for government relations at the National Association of Independent Colleges and Universities, which represents private, nonprofit colleges.

The bill reauthorizes the Higher Education Act, which governs billions of dollars of federal funding for colleges and universities of all types. It is expected to pass the House in part because John Boehner, the Ohio Republican recently named majority leader, was one of its architects when he headed the House's education committee.

House Republicans view the legislation as a long-overdue reordering of the educational landscape, promoting fairness and fiscal responsibility. "Costs at both public and private colleges are spiraling upward -- and fast," Rep. Howard McKeon, a California Republican who is chairman of the education committee, told the House yesterday. "Colleges and universities must remain accountable to consumers of higher education."

Higher-education groups say the bill represents an assault on academic independence and standards. Key Democrats, including Rep. George Miller of California, also complain that the bill doesn't restore the $12.7 billion over five years that Congress recently cut from federal student-loan programs. A fierce debate is expected to continue in the Senate.

One provision of the act would require public disclosure of data from colleges that increase their tuitions by more than twice the rate of inflation over a three-year period. The schools would also be required to submit to the Department of Education a plan to hold down costs. Colleges say the requirement is a backdoor way of instituting tuition price controls.

The House bill also includes the "Academic Bill of Rights," in which Congress would tell colleges to reflect diverse viewpoints -- though the provision has no enforcement mechanism. The measure, pushed by conservative activist David Horowitz in response to complaints of professors discriminating against conservative students, has been introduced in many state legislatures. Colleges say such bias doesn't exist.

Other provisions are a boon to fast-growing higher-education corporations, many of which have publicly traded stocks and operate big chains of colleges that Republicans now favor. Big players include Apollo Group Inc., operator of the University of Phoenix; Career Education Corp.; and Corinthian Colleges Inc.

Such companies used to focus on granting certificates in vocational fields such as auto repair but now are increasingly granting bachelor's and professional degrees. The industry faces numerous government investigations and lawsuits alleging shoddy instruction and financial-aid fraud -- claims the companies deny.

Officials associated with for-profit companies and their political action committees made $280,000 in campaign contribution to Reps. McKeon and Boehner in the past four years, according to the Center for Responsive Politics, a nonprofit that tracks money in Washington. Spokespeople for the Republican leaders have said contributions haven't affected policy.

Republicans are "opening up a tremendous number of provisions for the for-profits," says Ms. Flanagan. "Those are the ones with a seat at the table. The rest of us have been left out."

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Congress recently handed for-profit schools a big win when it eliminated a rule requiring all colleges to offer at least half of their instruction in brick-and-mortar classrooms to be eligible for federal financial aid. The restriction, intended to prevent fraud, had hindered online education programs that are especially popular offerings among education companies.

A provision in the latest bill would weaken another requirement -- that schools receive no more than 90% of their revenue from federal financial aid. The rule was intended to prevent a repeat of widespread fraud in the 1980s and early 1990s, when some trade schools signed up unqualified low-income students in order to collect federal aid. For-profit schools are most likely to bump up against the 90% limit because they lack other funding sources and often cater to low-income students. Schools would now have more time to get back in line with the rule if they fall short.

Yet another measure would put for-profits more on equal academic footing with established schools. Traditional schools have long tended to reject degrees and course credits from students at for-profit schools, which often lack the imprimatur of long-established regional accrediting agencies. Under the bill, they would no longer be able to turn down credits solely based on a school's source of accreditation.

Nick Glakas, president of the Career College Association, which represents for-profits, says Congress "is basically saying there's no difference between" for-profit and nonprofit schools. "It's not about Confederate gray and Union blue anymore."

Dept. Of Education Cites Lagging Schools (AP)

By Stephen Ohlemacher

AP, March 29, 2006

More than a fourth of the nation's schools failed to meet the requirements of the No Child Left Behind Law last year, according to preliminary numbers reported to the Department of Education.

About half the states increased the number of schools making "adequate yearly progress" in improving student test scores in math and reading in the 2004-05 school year. Overall, 27 percent of the schools failed to show adequate improvement, up one percentage point from the year before.

"This is just one piece of data we look at," said Chad Colby, a spokesman for the Department of Education. These numbers alone don't signify a trend in how schools are doing, he said Wednesday. "This isn't a trend indicator in proficiency."

Schools receiving federal poverty aid can be sanctioned for not making "adequate yearly progress" two years in a row, with administrators and teachers eventually being replaced.

To meet goals, schools must show overall improvement, plus gains by minority students, poor students, students with limited English skills and students with disabilities.

States are required to get increasing percentages of students proficient in math and reading, with all students being proficient by 2013-14.

However, states are given flexibility in designing tests, and many have made it easier to meet federal requirements.

The result is an uneven measurement from state to state, said Joel Packer, a lobbyist for the National Education Association, the country's largest teachers union.

"Each state has its own standards, each state has its own tests, each state has its own definition of what it means to be proficient," Packer said.

Oklahoma led the country in 2004-05 with 97 percent of its schools making adequate progress. It was followed closely by Rhode Island, Iowa, Montana and New Hampshire.

Florida was at the bottom, with only 28 percent of its school meeting the requirements. Hawaii, Nevada, New Mexico and South Carolina rounded out the bottom five states.

Ross Wiener, policy director at the Education Trust, a Washington research and advocacy group, said states can do better if they address funding and teacher inequities. Wiener said too many poor school districts get less money and less qualified teachers than wealthier districts.

"We have not taken a lot of steps that could dramatically improve student achievement," Wiener said.

House Panel Drops Cuts In Medicare (WP/AP)

By Associated Press

The Washington Post, March 30, 2006

Bowing to election-year realities, a key House panel dropped President Bush's proposed budget cuts for hospitals and other Medicare providers yesterday but preserved his plan to trim spending by most Cabinet agencies.

The $2.8 trillion plan approved by the Budget Committee last night on a party-line 22 to 17 vote omits Bush's proposed cuts in Medicare, Medicaid, crop subsidies and other politically sensitive programs.

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The GOP plan -- written by committee Chairman Jim Nussle (R-Iowa) for fiscal 2007, which will begin on Oct. 1 -- adopts Bush's $873 billion cap on agency budgets that are renewed by Congress each year. But it also assumes just $50 billion for the wars in Afghanistan and Iraq, less than half of the expected spending for military operations in those countries this year.

The plan endorses Bush's call for a 7 percent increase in next year's core defense budget, which does not cover the costs of the war in Iraq. That increase would come at the expense of domestic programs such as education, health research and grants to local governments and relief agencies.

Democrats denounced the Republican blueprint, which would produce a deficit of $348 billion in 2007 and deficits totaling more than $1 trillion through 2011.

Republicans blocked attempts by Democrats to increase funding for port security, education, health programs, food stamps and homeland security.

Budget Wrangle In House Exposes Republican Rift (WSJ)

By Brody Mullins

The Wall Street Journal, March 30, 2006

WASHINGTON -- House Republican leaders began crafting a $2.7 trillion federal budget package under pressure from competing camps within their party.

Their budget largely tracks President Bush's request for $873 billion of discretionary spending, but would protect some funding he would cut for domestic programs such as Medicare.

Republican leaders in the Senate and House of Representatives face opposition from both conservative and moderate members of their party, and most Democrats are opposed to the current spending blueprints -- meaning that ultimately approving a budget bill could be difficult.

Mr. Bush's budget called for $65 billion of mandatory-spending cuts over five years, with about half of that coming from Medicare.

But the House Republican proposal would cut just $6.8 billion -- and completely spare the massive health-insurance program for the elderly and disabled -- in response to complaints from colleagues running for re-election in November.

Still, a group of moderate Republicans say they will vote against the budget measure on the House floor next week if party leaders don't increase funds for a range of domestic programs. Earlier this month, moderate Republicans in the Senate teamed up with Democrats to add $16 billion of such funding to the budget.

Likewise, moderate Republicans in the House hope to add at least $7 billion to their chamber's version. They are most concerned about funding cuts for labor and health programs, from which Mr. Bush's budget would trim $4.2 billion.

"We have put the leadership on notice that the number for nonmilitary, nonhomeland-security part of the budget is just insufficient," said Rep. Mike Castle. "I think there is an awareness about that."

The Delaware Republican is joined by about two dozen other moderate Republicans who shared their concerns in a letter to House Speaker Dennis Hastert of Illinois.

If the moderates vote against the budget bill, it will likely fail because most Democrats also oppose it.

Meanwhile, a group of conservative Republicans in the House say the $6.8 billion of mandatory-spending cuts in the proposed budget isn't enough.

Led by Rep. Mike Pence of Indiana, the conservatives once told Republican leaders that they would agree to support a small cut in mandatory spending in exchange for legislation that would revamp the congressional process for creating an annual budget.

But with the overhaul measure on hold, Mr. Pence demanded a meeting with Mr. Hastert yesterday. With Republicans holding a slim 232-202 margin in the House, the Republican budget could sink if there are enough defections from either conservatives or moderates.

Meanwhile, House Republicans decided not to include a special provision in the budget bill that would have made it easier to approve further tax cuts this year.

Without the so-called budget-reconciliation provision, Republicans would need 60 votes to clear any major new tax-cut bill in the Senate. With midterm elections just over five months away, it is unlikely Republicans will be able to clear that hurdle.

The budget bill, which was expected to clear the House Budget Committee last night, also included a $4.3 billion "rainy-day fund" to cover the unexpected costs of cleaning up after natural disasters.

Boehner's Budget Ultimatum (HILL)

By Patrick O'Connor

The Hill, March 30, 2006

DOJ_NMG_0024209

House Majority Leader John Boehner (R-Ohio) delivered an ultimatum to his Republican colleagues yesterday that they must approve the upcoming budget resolution.

Boehner told members during their weekly closed-door conference meeting that they must "put their minds around the fact that they have to vote for the budget" measure, said one member in attendance.

That message included a mild admonishment of those conservative Republicans who raised objections to the emergency supplemental spending bill that passed the House before the March recess, other members said afterward.

Members gave the majority leader a standing ovation after he completed his remarks.

In his brief tenure as majority leader, Boehner has made a distinct imprint on the job, involving himself and his staff in the party's broad message strategy as well as initiating a number of smaller procedural changes to make the process more open and efficient for members.

The upcoming budget fight is his first clear test as leader, and his remarks yesterday signal an intent to take a hard line in negotiations with the conference at a time when conservatives and centrists are laying markers to signal their intent against the budget bill.

During his campaign, Boehner promised members that he and a small group of his Republican colleagues would draft a vision statement for the party. The majority leader has conducted a similar exercise for his staff every winter to help focus their energies for the year.

Members of that group, which includes a broad cross-section of the conference, are expected to release that statement in the next few weeks after the entire conference has a chance to vote on it.

Boehner has also made a number of small changes during his early tenure as majority leader. He and his staff have implemented two-minute votes to limit the time members spend on the floor; he released a three-month floor schedule earlier this month so members could prepare legislation adhering to his broad themes; and his office has already scheduled two televised briefings — with the possibility of more in the future — to give reporters and producers further chances to ask questions about the agenda.

Rank-and-file members have welcomed many of these procedural changes, which adhere to Boehner's campaign promise to make the leadership more inclusive. The real test comes in corralling members on tough votes, a skill for which his predecessor, Rep. Tom DeLay (R-Texas), was renowned.

Boehner butted heads with a handful of Republican Study Committee (RSC) members earlier this month after they asked for a vote on their amendment to separate the funds for hurricane reconstruction from a broader emergency-spending bill to fund the wars in Afghanistan and Iraq.

Negotiations between Boehner and those RSC members broke down, prompting 29 Republicans to vote against the rule on that bill — 22 Democrats offset those protest votes, allowing the rule to pass.

RSC members took leadership to the brink last year with their demands to make changes to the annual budget process before cutting a deal.

Lawmakers from the RSC, including Chairman Mike Pence (R-Ind.), met yesterday with House Speaker Dennis Hastert (R-Ill.) to urge him to support their suggested procedural changes to the budget

GOP centrists, meanwhile, have already asked leaders to boost spending that was cut in the White House's proposed budget.

Boehner's speech yesterday earned mixed reviews from a few members in attendance.

"It was a call to be a team player," one GOP member said afterward. "The problem I personally had with the remarks was the admonishment for our activities on the supplemental," adding, "I would have preferred Mr. Boehner not address that."

The majority leader has otherwise earned positive reviews during the early stages of his return to leadership.

Rep. John Shadegg (R-Ariz.), whose own unsuccessful candidacy gave Boehner a boost during the majority leader's race, gave his opponent generally high marks but wanted to see the leaders make more progress to trim federal spending and reform the earmark process.

"I would like to see him be more aggressive in looking for budget savings…and to curb the abuses that led to the [Jack] Abramoff and [former Rep. Randy "Duke"] Cunningham scandals," Shadegg said.

"On the overall, I would give them good marks," Shadegg said about the leadership as a whole. In singling out Boehner, he said, "To a certain extent he jumped into a stream that was already moving."

Rep. Jeff Flake (R-Ariz.), who has waged a personal crusade against earmarks, believes Boehner is committed to that cause. "He's trying," Flake said.

Boehner pledged to remain the same person he always has been in his campaign for the leadership post, and the conservative, avid golf player has largely stayed true to form.

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Since becoming majority leader, Boehner has cosponsored two bills: Rep. Chris Smith's (R-N.J.) measure, which would require doctors to inform all pregnant women seeking an abortion after the 20th week of their pregnancy that the baby will feel pain and to require anesthesia be administered to the babies. The other bill seeks to award a congressional gold medal to golfing legend Byron Nelson.

The dapper and affable Ohioan still conducts business from his old perch in the smoker's corner of the Speaker's Lobby, where he fields questions from members and reporters while smoking his signature Barclay's. Earlier this month, Boehner, DeLay and a few other members enjoyed a smoke together during a long series of afternoon votes, with DeLay smoking a large cigar.

But the overwhelming pressure of leadership can take its toll on even the most carefree lawmakers.

Asked about his change of emotion since leaving the leadership after 10 years cutting the deals, DeLay recently said, "I feel free."

GOP Leadership Preaches Unity On Budget (RC)

By Jennifer Yachnin

Roll Call, March 30, 2006

As Republican and Democratic members of the House Budget Committee quarreled over the chamber's $2.77 trillion fiscal 2007 budget resolution Wednesday, the GOP leadership sought to pre-empt internal disputes on the budget and urged a united front.

The measure presented by Budget Chairman Jim Nussle (R-Iowa) closely tracks the Bush administration's proposal, arresting growth in discretionary spending, while increasing both defense and homeland security expenditures 7 percent and 3.8 percent, respectively.

"Our budget will assume a freeze in non-security spending," Nussle said, adding that "high priority programs can and should receive funding increases," while under-performing programs will likely see reductions.

Even before the committee had voted on final passage of the resolution — it had yet to do so at Roll Call press time Wednesday — GOP leaders urged unity on the budget during Wednesday's House Republican Conference meeting.

After a discussion of Medicare and a handful of other items, House Majority Leader John Boehner (R-Ohio) ordered all staff out of the room, a rare step usually taken by leaders when they want to prevent leaks to the media or focus Members' attention on a particularly serious topic.

Once the staff was clear, Boehner discussed the 527 reform legislation that will be on the floor next week and the importance of Republicans working together to pass the budget. He reminded them that the budget will attract no Democratic votes and would need near-unanimous Republican support to pass.

One lawmaker who was present said the message was: "We've got to go on offense."

In particular, Boehner stressed the need for all GOP lawmakers to come together and support the budget once it is completed, even if they didn't get all the provisions they wanted.

Another Member said Boehner emphasized to lawmakers that, "Once your negotiations are done, move on."

Boehner has tried to make the assemblage of support for the budget easier this year than in past years by including more Members early on in the process. Both he and House Majority Whip Roy Blunt (R-Mo.) held scores of meetings with lawmakers to hear their concerns before Wednesday's budget markup, rather than waiting until after the measure was written to try to sell it to Members.

Nonetheless, moderate GOP lawmakers greeted the budget proposal with skepticism Wednesday. Rep. Mike Castle (R-Del.) who called the resolution's $873 billion domestic discretionary spending level "insufficient."

"The basic discussion was that almost all the moderates feel there is insufficient funding for discretionary programs that are non-defense, non-security, and adjustments have to be made," Castle said, referring to a Tuesday meeting with the Republican Main Street Partnership.

Nearly two-dozen moderate GOP lawmakers, led by Reps. Nancy Johnson (Conn.) and Fred Upton (Mich.), issued a letter earlier this month to Speaker Dennis Hastert (Ill.), seeking a 2 percent increase in discretionary spending.

"There is more focus and knowledge about what this particular budget does or doesn't do than when we typically vote on the budget," Castle said in an interview Wednesday.

The Delaware lawmaker has vowed to seek an additional $7 billion in the budget resolution for education and health programs — matching a measure approved in the Senate version of the resolution — when the measure reaches the House floor.

Rep. Rosa DeLauro (D-Conn.) offered a similar amendment at Wednesday's mark up of the resolution, but that proposal failed on a 22-14 party-line vote.

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Numerous Democratic-sponsored amendments met a similar fate Wednesday afternoon.

"Given recent history, we doubt that these amendments will carry, and that's a shame," said Rep. John Spratt (D-S.C.), the panel's ranking member, noted at the hearing's outset.

While the conservative Republican Study Committee and GOP moderates are not in harmony on budget figures, Castle asserted that the two factions do agree on numerous process issues — such as a line-item veto proposal and the inclusion of an emergency fund for natural disasters in the fiscal 2007 budget — potentially giving those lawmakers greater influence on the budget.

"When it comes to budget process we're pretty much in agreement with one another," he said. RSC Chairman Mike Pence (Ind.) could not be reached by press time.

"Now you're dealing with both factions of the party who are willing to cast 'no' votes and aren't always going to be cooperative," Castle said. "When you do that it just doubles your strength."

Cheney Hits His Mark At Correspondents' Salute To Congress (WP)

By Peter Carlson

The Washington Post, March 30, 2006

"I feel very comfortable up here," Dick Cheney said as he stood at the podium at the 62nd annual Radio & Television Correspondents' Association dinner last night at the Hilton Washington.

"The lighting could be better, but I can still see the whites of your eyes," the sometime quail hunter joked.

The vice president was the featured speaker at the event, and he brought along a comic slideshow. He was pretty funny, and he seemed to be having a good time. Several times he even smiled, sort of.

"I know how to have fun," he said. "I'm a real party animal."

That got a laugh.

"This picture shows me at my birthday bash, when I felt myself almost losing control," he said. And, presto, on the screen popped up a picture of a room crowded with revelers and, at the center, Cheney, sitting and poring over a stack of documents.

And so it went. There were pictures of Cheney with a rifle, Cheney on a Segway, Cheney with his dogs.

The theme of the dinner was "A Salute to Congress," which is kind of refreshing, don't you think?

After Tom DeLay's indictment and Duke Cunningham's guilty plea and Jack Abramoff's sentencing, most of the salutes Congress sees these days are the kind that feature an extended middle finger.

Does Congress deserve a salute?

"Half of it does," said Howard Dean, the Democratic Party chairman.

That would be the Democratic half, which, to be purely technical about it, would be a little less than half.

But Dean swears that's going to get bigger soon. "We have a message that works and we're getting it out," he said. Then he touted a speech earlier in the day by Democratic congressional leaders Harry Reid and Nancy Pelosi. "The president cleverly changed his speech time to step on it," Dean complained. "The president changed his speech from 12 to 1, when they were speaking."

About 2,000 people showed up for the "Salute," about half of them men, which meant the ballroom was filled with about 1,000 guys in tuxedos and black ties. Only one was wearing shorts with white socks and white tennis shoes. That was Eddie Favre.

"You're wearing shorts!" said Kristi King, a WTOP reporter who was wearing a green dress. "Are you a sports guy? Or are you an eccentric?"

"I'm a lunatic," said Favre. Then he smiled. "I'm a mayor."

He's the mayor of Bay St. Louis, Miss., which was pretty much obliterated by Hurricane Katrina last summer. When Favre's house was destroyed, he escaped with only the clothes he was wearing -- shorts, a shirt and a pair of flip-flops. He vowed then that he wouldn't wear long pants again until his city was rebuilt.

"Now it's become a symbol of need," he said. "We've still got a job to do, and when the job is done, we'll put on long pants."

Favre, 51, is a CPA and a distant cousin of Green Bay Packers quarterback Bret Favre. He says he has met twice with President Bush while wearing his shorts.

"It got talked about on the Letterman show," he said. "He mentioned this yoyo with short pants who met the president."

At the dinner, Favre was a guest of CNN reporter Kathleen Koch, who had done a story on him back in February.

"It was pretty brisk in Mississippi in February," she said. "But Eddie has plenty of personal insulation, so he managed to stay warm."

She was referring to Favre's impressive potbelly, but Favre said it's not his fat that keeps him warm.

"It's the tequila."

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Chaplains Group Opposes Prayer Order (WP)

By Alan Cooperman

The Washington Post, March 30, 2006

An association that represents more than 70 percent of the chaplains in the U.S. military, including many evangelical Christians, is opposing a demand by conservatives in Congress for a presidential order guaranteeing the right of chaplains to pray in the name of Jesus.

The rising calls for an executive order are based on "confusion and misinformation," because Christian chaplains routinely pray in the name of Jesus, in public, thousands of times a week in military chapels around the world, said the Rev. Herman Keizer Jr., chairman of the National Conference on Ministry to the Armed Forces.

"This has been portrayed as though chaplains are not allowed to pray in Jesus's name, without any distinction between what they do all the time in worship services and what they do occasionally, in ceremonial settings where attendance is mandatory," Keizer said.

Known by the initials NCMAF, Keizer's group is a private, 40-year-old association of more than 60 Christian, Jewish and Muslim denominations. It says it represents 5,430 of the 7,620 chaplains in the armed forces.

The calls for an executive order to protect the right to pray in Jesus's name have originated in large part from a rival association, the International Conference of Evangelical Chaplain Endorsers. Formed two years ago, it says it represents about 800 chaplains, exclusively from evangelical Christian churches.

The Rev. Billy Baugham, executive director of ICECE, said he was surprised by NCMAF's stand.

"It will just lead more evangelicals to leave them and join us," he said.

Prodded by complaints from ICECE, 74 members of Congress signed a letter to President Bush last fall saying that "it has come to our attention that in all branches of the military it is becoming increasingly difficult for Christian chaplains to use the name of Jesus when praying."

In December, Rep. Walter B. Jones (R-N.C.) and three other congressmen unveiled a supporting petition that has since swelled to more than 200,000 signatures. Calls for congressional hearings and an executive order have become a staple on religious radio and television broadcasts, generating protests of White House inaction by conservative Christians, who are usually strong supporters of Bush.

In a letter this month to the Senate Armed Services Committee, Keizer said NCMAF believes that an executive order is unnecessary because the military is "now effectively addressing the current religious concerns."

Keizer, a minister in the Christian Reformed Church of North America, a conservative Protestant denomination, retired in 2002 after 34 years as an Army chaplain. He said the armed services are gradually rolling out guidelines that set a path between "those who don't want any religion practiced in the military, and those who want religion practiced without any limits in the military." An executive order "would just precipitate more litigation," he said.

In a Feb. 21 instruction to commanders, the secretary of the Navy distinguished between prayers given by chaplains at "divine worship services" -- on which there are no restrictions -- and those delivered at "command functions" that people of many faiths are encouraged or required to attend.

"Absent extraordinary circumstances," any religious elements in a command ceremony "should be nonsectarian," it said. Air Force guidelines issued a few weeks earlier made essentially the same distinction, calling for "non-denominational, inclusive prayer" or a moment of silence at military ceremonies.

Keizer said NCMAF sees nothing wrong with a commander asking a chaplain to offer nonsectarian prayers at such events, as long as the chaplain can decline to participate, with no repercussions.

But Baugham said evangelical chaplains must represent the church that endorses them for military duty, and "they are not authorized to give nonsectarian prayers." He also said he does not believe that chaplains are truly free to pray as they wish in worship services.

"There are chaplains who get their knuckles rapped pretty hard, and we have documentation of this, for praying in Jesus's name in chapels," he said.

Pension-Overhaul Talks Stall, Raising Concern Over Firms' Cost (WSJ)

By Michael Schroeder

The Wall Street Journal, March 30, 2006

WASHINGTON -- Negotiations to reconcile differences in federal pension-overhaul legislation have stalled, raising questions about whether delays will increase the financial burden of companies with pension-plan contributions due soon.

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Sen. Mike Enzi, chairman of the conference committee that is working on a compromise version of measures passed by the House and Senate, had set April 7 as a target for completing a combined bill.

To give the talks some urgency, the Wyoming Republican has said the final bill should be completed before many companies must make contributions to their traditional defined-benefit pension plans on April 15. The date was described as significant because it's been argued that some companies with underfunded plans could face higher-than-expected contributions because the measure for calculating payments is reverting back to the 30-year Treasury bond yield.

For the past two years, companies had been able to use a more favorable blend of corporate bonds to calculate pension-plan contributions. That temporary provision expired Dec. 31, and the 30-year Treasury bond yield will have to be used unless a new funding rate proposed in the pension legislation is approved.

But a spokesman for the Pension Benefit Guaranty Corp., the federal insurer of traditional company pension plans, says the Treasury bond rate won't apply to most plans until April 15, 2007. A few plans with unusual fiscal years could be affected this fall, he said.

Major airlines are pushing hard for quick approval of legislation, which currently includes a special provision that allows airlines 20 years to pay up their deeply underfunded pension plans. But aides to conference committee members now believe a final bill won't be completed until at least late May.

Senate Approves Lobbying Limits By Wide Margin (NYT)

By Sheryl Gay Stolberg

The New York Times, March 30, 2006

WASHINGTON, March 29 — The Senate on Wednesday overwhelmingly passed the first major restrictions on lobbying in more than a decade, banning lobbyists from giving gifts and meals to lawmakers and tightening rules for pet projects known as earmarks.

But critics called the bipartisan measure weak, and some lawmakers who led the effort for tighter restrictions voted against it.

The bill would require lobbyists to file more public reports about their activities in a searchable Internet database, would demand that lawmakers receive advance approval for trips paid with private money and would bar former lawmakers and senior aides from lobbying Congress for two years.

The vote, 90 to 8, was taken hours after Jack Abramoff, whose lobbying activities prompted a federal criminal investigation into corruption here and calls for a crackdown on influence peddling, was sentenced in Miami to nearly six years in prison for his role in the fraudulent purchase of a cruise line.

Mr. Abramoff, who said in a brief court appearance Wednesday that he was "profoundly remorseful," is cooperating in a broader investigation that is scrutinizing members of Congress, among others, and has provided Democrats an opening to attack Republicans on ethics grounds.

Mr. Abramoff's wining and dining, featuring tales of lavish meals at his restaurant here and laundered money that paid for golf trips to Scotland, have helped sour the public on Congress, driving lawmakers' approval ratings to historic lows in this election year.

When Mr. Abramoff pleaded guilty to charges of corruption in January and agreed to tell what he knows to federal prosecutors, Republicans and Democrats called for broad changes in the way the thousands of registered lobbyists do business.

"There's a sign that's now up in front of the Capitol," Senator Christopher J. Dodd of Connecticut, a chief Democratic author of the measure, said after the vote. "It says 'Not for Sale.' "

But Senator John McCain, the Arizona Republican who has long pressed for tougher laws on lobbying, called the bill "very, very weak."

The measure would not ban private travel, as some members have urged. Nor would it rein in lawmakers' ability to fly on corporate jets at heavily discounted rates, a practice that gives precious access to lobbyists, who often go along for the trip.

The measure would not do away with earmarks, though it would make it more difficult for lawmakers to insert the pet projects quietly into bills at lobbyists' behest. And the Senate overwhelmingly rejected, 30 to 67, a move to create an independent ethics office to investigate accusations of abuse.

The lobbying debate now moves to the House, where Republican leaders are backing a proposal that would temporarily ban privately financed trips. Their approach would also require lobbyists to disclose meals and gifts to lawmakers, and it would require members of Congress to disclose when they earmark money for the specific projects that critics deride as pork-barrel spending.

House Republicans are split over the plan, and it is not clear whether the House and Senate will be able to agree on a measure this year.

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Leaders of both parties, as well as the architects of the Senate bill, hailed its bipartisan passage at a time Republicans and Democrats rarely work together.

"Congress stepped up in a big way," the Republicans' point man on lobbying changes, Senator Rick Santorum of Pennsylvania, said. "This is a much tougher bill than anyone would have anticipated when we started this process."

Some of the most highly visible advocates of overhauling laws on lobbying disagreed. Senators McCain and Barack Obama, Democrat of Illinois, who joined forces in the lobbying debate and then had a public dispute over it, were among those voting against the bill, as was Senator Russell D. Feingold, Democrat of Wisconsin.

Mr. McCain predicted that there would be more indictments in the Abramoff case, and added, "I think we will be revisiting this issue."

Another senator who voted against the bill, Tom Coburn, Republican of Oklahoma, said his colleagues would suffer at the polls for failing to cut back on lobbyists' influence by eliminating the earmarks.

"You can wash the outside of the cup all you want," Mr. Coburn said. "If the inside is still unclean, you're going to have the same problems."

The other senators who voted against the bill were John Kerry, Democrat of Massachusetts; and three Republicans, James Inhofe of Oklahoma and Jim DeMint and Lindsey Graham of South Carolina. Senators Robert C. Byrd and John D. Rockefeller IV, both Democrats of West Virginia, did not vote.

The bill does little to break the link between lobbyists and lawmakers' money-raising machines, because senators decided that those issues related to campaign finance, not lobbying. As a result, the bill steers clear of regulating the fund-raising activities of lobbyists, some of whom help run political action committees of the same lawmakers they hope to influence.

In that respect, Mr. Dodd said, the bill does not address "true meaningful campaign finance reform that breaks the link between the legislative favor seekers and the free flow of special interest private money."

Government watchdog groups agreed.

"This bill is not going to cut it and it's not going to fool the public," Fred Wertheimer, president of Democracy 21, an advocacy group, said. "The Senate was looking inward today."

With the midterm elections looming, Republican leaders in both chambers have been eager to pass a lobbying bill well before November to demonstrate that they are serious about cleaning up business in the Capitol.

Some lawmakers in tough re-election fights, like Senator Mike DeWine, Republican of Ohio, wondered whether the measure would help.

"I don't know," Mr. DeWine said. "People are not really talking to me directly about lobbying. I think they're concerned about some of the quote scandal, but I don't have anybody come up to me and say there's a lobbying problem. It doesn't get that specific."

The Senate considered an independent Office of Public Integrity to investigate accusations of ethics abuses. But the measure, proposed by Senator Susan Collins, Republican of Maine, drew support from just 30 senators on Tuesday.

Ms. Collins said Wednesday that she was disappointed.

"The public," she said, "does not trust a system where we set our own rules, we're our own advisers, we're our own investigators, we're our own prosecutors, we're our own judges, and we're our own jurors."

Senate Passes Lobby Reforms (RC)

By Tory Newmyer

Roll Call, March 30, 2006

The Senate on Wednesday overwhelmingly approved the first overhaul of lobbying laws in a decade, sending to the House an issue that has been looming over Congress since the beginning of the year.

Despite the bill's 90-8 passage, several Senators, including the measure's sponsors, acknowledged that the bill could have gone further. In fact, the final package was assailed by the Senate's most vocal reform advocates, who called it too weak.

Voting against the bill were Sens. John McCain (R-Ariz.), Russ Feingold (D-Wis.), Tom Coburn (R-Okla.), Barack Obama (D-Ill.), Lindsey Graham (R-S.C.), Jim DeMint (R-S.C.), James Inhofe (R-Okla.) and John Kerry (D-Mass.).

McCain, who late last year introduced what became the framework for the bill, called it "very weak" in its final form. The Wednesday sentencing of former lobbyist Jack Abramoff, whose misdeeds inspired the reform efforts, offered a stark counterpoint for some of the bill's nay-sayers.

"Given that Mr. Abramoff just got five years in the pokey, the notion that this is the best we can do doesn't make any sense," said Obama, the Democratic point man on the lobbying issue.

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Outside watchdog groups likewise heaped criticism on the measure. A coalition of reform groups — including Common Cause, Public Citizen and Democracy 21 — issued the Senate a report card on the performance, giving it three Fs and two Cs. The chamber's best grade, a B, came for the bill's new disclosure requirements for lobbyists.

"It is not a report card that any child would like to take home to their parents," the groups said in a statement.

Bill sponsors acknowledged that it was far from perfect, but they pointed to what they called its far-reaching provisions as evidence that it would restore public confidence in the integrity of the legislative process.

"There is now a sign up in front of the Capitol that says, 'Not for sale,'" Sen. Chris Dodd (D-Conn.) said.

Action now moves to the House, where five committees with jurisdiction over parts of the bill are expected to start marking up the measure next week.

House Republicans on Wednesday signaled their intention to deal separately with a proposal to rein in donations to 527 groups. That decision heads off what could have been a major conference committee showdown. Democrats, who have more to lose from a 527 crackdown, have argued that the inclusion of such reforms would be little more than an attempt by the GOP to gain partisan advantage.

The changes will become official only upon passage by the House and the signature of the president. Provisions affecting just the House or the Senate could, in theory, be amended during a conference committee, but that is considered unlikely.

Despite the criticism of the Senate bill, Senators did act on Wednesday to adopt a number of amendments aimed at strengthening the bill. Among them was a provision to add transparency to the multimillion-dollar business of representing foreign governments in Washington, D.C. The package now calls for the Department of Justice to create a free, online database that compiles disclosure forms by lobbyists representing foreign governments.

The bill already had included several provisions to restrict and regulate interaction between Congress and K Street, and to require greater transparency from both camps.

The package bans all gifts and meals from lobbyists. It requires lawmakers to receive preapproval from the Ethics Committee before taking privately funded trips and to disclose details of the trips afterwards. It tightens revolving-door restrictions for former lawmakers and staffers-turned-lobbyists, while ending floor privileges for former Senators working on K Street.

The bill bans efforts by lawmakers, such as the Republicans' controversial K Street Project, to influence the hiring decisions of private sector groups. And it includes new disclosure requirements for grass-roots lobbying campaigns.

In addition, the package would add transparency to the earmarking process. It would make it out of order for the Senate to take up any piece of legislation unless lawmakers were provided with a list of every earmark contained in the measure, its sponsor and an explanation of its purposes a full day before consideration.

Nevertheless, several Senators hoping for tougher reforms bemoaned that the bill would not create an independent office to oversee enforcement with lobbying rules, or require lawmakers to pay charter rates when flying on corporate jets, or give them more options to challenge earmarks in bills.

Proposals to add those items to the bill were either rejected outright this week, or shunted aside when Senators voted to limit debate on the measure.

Before the bill's passage, McCain said he remained optimistic that the next installments of the unfolding ethics scandals could renew interest in further reforms.

"The good news is I think there will be more indictments," he said. "We will revisit the issue."

Just before approving the package on Wednesday, Senators sidelined an amendment by Sen. John Ensign (R-Nev.) that would have required sponsors of earmarks to federal entities be identified.

Earlier, Senators voted down a proposal by Feingold to close what he called a major loophole in the measure's gift ban.

That provision forbids registered lobbyists from offering meals, sports tickets, and other freebies to lawmakers and staffers. But Feingold argued that its wording is narrow enough to allow lobbyists to continue wining and dining Capitol Hill allies, as long as another company employee who's not formally lobbying, such as a secretary, comes along to pick up the tab.

Feingold's measure would have banned gifts from anyone working for a company that employed registered lobbyists. Feingold's opponents on the issue said his proposal went too far, roping in millions of people who could be subject to a $100,000 fine if they unknowingly broke the rule.

Among proposals dropped on Wednesday for being nongermane was one from Obama to strengthen revolving-door protections. The plan would have added a ban on any behind-the-scenes work to the current prohibition on direct lobbying by those who have recently left the Hill.

Another dropped amendment, offered by Sen. Max Baucus (D-Mont.), appeared tailored to recent revelations about how associates of Rep. Tom DeLay (R-Texas) set up a charity that provided personal and political gain. Ed Buckham, a former chief of staff to DeLay, and his wife raked in more than $1 million for their work with the U. S. Family Network, a nonprofit nominally established to further a pro-family agenda but used more often for political ends, according to a recent Washington Post report.

Baucus' proposal would have banned lawmakers and their relatives from being on a charity payroll; prohibit anyone working for a Member's campaign or political action committee from also receiving money from a charity; and forbid charities from covering travel expenses for lawmakers, if those trips also involve campaign fundraising.

Limited Ethics Bill Approved As Lobbyist Gets Prison Time (USAT)

By Jim Drinkard

USA Today, March 30, 2006

WASHINGTON — The Senate voted Wednesday to force greater disclosure of how lobbyists sway lawmakers, but stopped short of banning some major tools of the influence trade.

The action came as Jack Abramoff, the ex-lobbyist who has come to symbolize excessive influence, was sentenced to prison in Miami on conspiracy and fraud charges. His activities helped spark the Senate bill, which watchdog groups criticized as too weak. (Related: Abramoff facing prison | Video | Plea agreement)

"It's mostly window dressing," said Chellie Pingree, president of Common Cause. "I don't think this will pass the straight-face test."

Supporters said the bill, while not perfect, would help restore public confidence. "There's a sign now up in front of the Capitol that says, 'Not for sale,' " said Sen. Chris Dodd, D-Conn.

While the Senate debated lobbying, U.S. District Judge Paul Huck sentenced Abramoff to a term of five years and 10 months. That is the minimum under sentencing guidelines for the charges, which stem from a deal to buy a fleet of casino ships. Abramoff, who pleaded guilty in January, said he was "much chastened and profoundly remorseful."

Abramoff also faces sentencing as early as June on his Washington lobbying activities, which included plying members of Congress and other government officials with meals, trips and campaign contributions to influence policy. He is cooperating in the federal probe of influence peddling.

The scandal has prompted a scramble on Capitol Hill to tighten the rules governing the way lobbyists and lawmakers interact. The Senate bill passed on a vote of 90-8.

Sens. John McCain, R-Ariz., Barack Obama, D-Ill., and Russ Feingold, D-Wis. — all leading voices for greater change — voted against it.

The measure would ban gifts, including meals, for lawmakers and their staffs from registered lobbyists. Feingold said that leaves a "huge loophole" that would allow lawmakers to dine with a lobbyist and have the lobbyist's employer pick up the tab. His effort to tighten the rule failed, 68-30.

The bill focuses more on disclosure than on banning behavior. Lobbyists would be required to file reports quarterly instead of semiannually. For the first time, lobbyists would have to include details about their campaign contributions and fundraising. They would have to disclose trips they provide for government officials, and contributions to charities linked to lawmakers.

Members of Congress also would have to get approval from the ethics committee for fact-finding trips funded by private sources and would have to disclose trips they take aboard corporate or other private planes. The measure does not change how much lawmakers would reimburse aircraft owners: They pay the equivalent of first-class airfare, which is a fraction of the market value for such flights.

Greater disclosure also would be required of lawmakers' pet spending provisions, known as "earmarks," which are often inserted into legislation at the last minute with little scrutiny. Abramoff referred to the congressional spending committees, which produce many earmarks, as "the favor factory."

The measure also would double, to two years, the "cooling-off period" in which members of Congress and top aides who leave for lobbying jobs would be barred from trying to influence their former colleagues.

Legislation to restrict lobbyist-lawmaker relations also is pending in the House, where five committees are reviewing a draft bill.

Senate Passes Election-Year Ethics Package (AP-Y2)

By Jim Abrams

AP2, March 29, 2006

The Senate passed an election-year ethics package Wednesday that was heavy on disclosing lawmaker contacts with lobbyists but light on outright prohibitions — and with no independent office to police it all.

The legislation would bar lawmakers from accepting gifts or meals from lobbyists or moving quickly to lobbying jobs after retiring. But members of Congress could still use corporate jets for the price of a first-class ticket and accept free lodging, travel and meals from non-lobbyists.

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"Trust is the foundation of our democratic government," Majority Leader Bill Frist, R-Tenn., said moments before the Senate voted 90-8 for the first lobbying overhaul bill in a decade. "With the public opinion of Congress at an all-time low, we have to do a better job of retaining that trust and that confidence."

The vote came just hours after a U.S. District judge in Miami sentenced former lobbyist Jack Abramoff, whose influence-peddling activities spawned the Senate action, to five years and 10 months in prison on conspiracy and wire fraud charges.

The legislation also seeks to restrain earmarks, those thousands of special projects that make their way into legislation. Former Rep. Randy "Duke" Cunningham, R-Calif., went to prison this year after using the earmark process to help defense contractors who had given him bribes.

The House is now working on its version of the bill, which also is expected to emphasize greater disclosure of lobbying activities. House leaders are also pushing for a provision to restrict political groups that are permitted to accept donations of unlimited size. Such groups have tended to favor Democrats, and Senate Democrats vowed to keep that out of the final bill.

Republicans and Democrats, in a rare show of bipartisanship, defended the Senate bill against critics who said it didn't go far enough. It's a "measured response to this scandal," said Sen. Christopher Dodd (news, bio, voting record), D-Conn., "ensuring that special interests cannot operate under a cloak of darkness."

The bill bans lobbyists from giving gifts or meals to lawmakers, and requires lobbyists to file quarterly electronic reports of their activities, up from the current two times a year.

Lobbyists must also disclose their contributions to officeholders and political fundraisers and their "grass-roots" lobbying activities — helping clients to encourage the general public, through mass mailings or ads, to contact federal officials.

Senators must get pre-clearance from the ethics committee before embarking on privately funded trips and, when accepting rides on corporate jets, must reveal who was on board.

Lawmakers and other senior executive branch officials must wait two years, up from the current one, before accepting jobs as lobbyists trying to influence the institution where they formerly served.

But lawmakers and clean government groups who saw the scandals as a golden opportunity to enact far-reaching reform expressed disappointment in the final product. The sponsors turned back efforts to ban privately funded trips or force lawmakers traveling by corporate jets to pay more expensive charter rates, rather than the first-class ticket prices they now pay.

And the Senate on Tuesday rejected an amendment that would have created an Office of Public Integrity to carry out investigations of charges of ethics violations in the Senate.

"I believe this bill was crippled without it," said Joan Claybrook, president of Public Citizen. "It's not a law without an enforcement system." Supporters of an independent office argued that the congressional ethics committees, particularly in the highly partisan House, have proved incapable of investigating their own members.

The legislation also takes several steps to make Senate procedures more open. Senators would have to identify the source and purpose of earmarks, the thousands of special projects that find their way into larger bills. And a procedure is set up where lawmakers could strip out earmarks that are not in original bills but are later attached to House-Senate conference reports.

Several senators, led by John Ensign, R-Nev., and John McCain, R-Ariz., said the procedure for eliminating earmarks was too vague, and tried unsuccessfully to extend the definition to include federal as well as nonfederal projects.

Keith Ashdown of Taxpayers for Common Sense said 40 percent of the estimated 15,000 earmarks that were inserted in legislation last year were federal in nature.

The Senate also decided to end the practice of secret "holds," where a single senator can block action on a bill or nomination without revealing that he is the source of the delay.

The eight senators voting against the measure were Democrats Russ Feingold of Wisconsin, John Kerry of Massachusetts and Barack Obama of Illinois and Republicans Tom Coburn and James Inhofe of Oklahoma, Jim DeMint and Lindsey Graham of South Carolina and John McCain of Arizona. Not voting were West Virginia Democrats Robert Byrd and John D. Rockefeller.

The Senate lobbying reform bill is S. 2349.

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On the Net:

Congress: http://thomas.loc.gov/

Senate Adopts Changes In Lobbying And Ethics Rules (KRT)

By James Kuhnhenn

Knight Ridder, March 29, 2006

WASHINGTON - The Senate, prodded by influence-peddling scandals that have given Congress a black eye, voted overwhelmingly Wednesday to deny senators gifts and meals from lobbyists and to tighten lobbyist reporting requirements.

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In a 90-8 vote, senators also restricted, but didn't eliminate, their ability to insert the special-interest provisions, or "earmarks," that find their way into massive spending bills.

Sponsors of the bipartisan legislation praised it for making Senate business more transparent and less susceptible to backroom deals and high-priced wining and dining.

But it has no enforcement mechanism, and its limits on special-interest "earmarks" have a loophole that would exclude millions in targeted spending from its restrictions.

The House of Representatives has yet to act. The Senate could impose several of the provisions, including the ban on gifts and meals, on itself later if the House fails to enact the legislation.

The changes came after two major corruption cases involving lobbyists, contractors and members of Congress. One former lawmaker, Rep. Randy "Duke" Cunningham, R-Calif., was sentenced this month to more than eight years in prison for accepting $2.4 million in bribes from defense contractors in exchange for favors inserted into Pentagon spending bills.

The Senate vote occurred the same day that disgraced Washington lobbyist Jack Abramoff was sentenced to nearly six years in prison for his role in the fraudulent purchase of a fleet of casino cruise ships. He awaits sentencing on his guilty plea to corruption charges for influencing legislation on Indian gaming and other matters. He's also cooperating with federal prosecutors investigating official corruption.

"In the past year, Americans have been shocked and some certainly disgusted by revelations of corruption to our system," said Senate Democratic leader Harry Reid of Nevada. "It has shaken public confidence in the Congress and our entire federal government."

Sen. Rick Santorum, R-Pa., said the legislation was "a much tougher bill than I think anyone could have anticipated when we started this process."

Critics said the bill fell short by keeping enforcement in the hands of the Senate Ethics Committee, a panel that operates largely in secret. The Senate on Tuesday overwhelmingly defeated a proposal to create an independent office of public integrity to investigate ethics complaints against lawmakers.

"This is nothing to write home about," said Fred Wertheimer, the president of Democracy 21, a watchdog group. "The argument they seemed to make was `trust us.'"

Sen. John McCain, R-Ariz., said the legislation should eliminate earmarks, which he said were at the root of the scandals. Critics said the bill still would've allowed Cunningham to funnel money to Pentagon contractors unnoticed.

"The good news is there'll be more indictments and we'll be revisiting this issue, if not this year, then next year," McCain said.

The measure's main provisions:

-All gifts and meals from lobbyists for lawmakers or their staffs would be prohibited. Under existing rules, senators can accept gifts or meals valued up to $50, a threshold that created an eruption of $49.99 luncheon specials at some top Washington restaurants.

-Lawmakers would be prohibited from lobbying Congress for two years after leaving office. The current limit is one year. Senior congressional staffers would be prohibited from such lobbying for one year.

-Lobbyists would have to file quarterly reports identifying their lobbying activity. Current law requires semi-annual reports. They also would have to disclose more information about themselves, including any previous positions in the legislative or executive branches of government.

-No lawmaker's staff could have "official contact" with any lobbyist who's a member of the lawmaker's immediate family. A number of leading lawmakers have had spouses or children working as lobbyists in Washington, including assistant House Republican leader Roy Blunt, R-Mo., and Reid.

-Lawmakers no longer could negotiate their private employment while still in office. They also couldn't influence the hiring practices of lobbying shops by threatening to punish lobbyists legislatively. The provision is designed to banish the "K Street Project," named after lobbying row in Washington, whereby Republicans attempted to inject more Republicans into lobbying firms.

-Some earmarks would have to be made public at least 24 hours before a bill is considered on the Senate floor. Provisions added during House-Senate negotiations that hadn't been voted on earlier by either chamber would be removed if challenged unless 60 senators vote for them.

Still, those restrictions would apply only to spending on "nonfederal" projects, ones for local or state government or other nonfederal administrators, such as a museum or Indian tribe. Critics argued that the Senate should ban earmarks altogether.

"You can wash the outside of the cup all you want," said Sen. Tom Coburn, R-Okla. "If the inside is still unclean you're going to have the same problems. Earmarks are the gateway drug for overspending and fiscal mismanagement."

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Senate Toughens Lobbying Rules (WT)

By Christina Bellantoni

The Washington Times, March 30, 2006

The Senate yesterday overwhelmingly passed tough restrictions on lobbyists, hoping to send a message that the public can trust legislators in Washington despite recent scandals suggesting otherwise.

Senators voted 90-8 to pass the bipartisan Legislative Transparency and Accountability Act.

Sen. Christopher J. Dodd said the downfall of lobbyist Jack Abramoff and former Republican Rep. Randy "Duke" Cunningham's guilty plea and prison sentence on bribery charges "rocked the House" and created a climate of "disillusionment and distrust." The corruption scandals were also the impetus to make a change, the Connecticut Democrat said.

"There is a sign that now is up in front of the Capitol here that says 'not for sale,' " he said.

The vote took place as members got the news that Abramoff was sentenced yesterday to nearly six years in prison.

The Senate now must compromise with the House, which starts work today on its own lobbying-reform plan. If the Senate version becomes law, gone would be the typical practice of lobbyists treating lawmakers to meals at swanky restaurants. Members and their staffers would be required to take an ethics training course.

"With the public's opinion of Congress at an all-time low, we have to do a better job at regaining that trust and that confidence," said Senate Majority Leader Bill Frist, Tennessee Republican. He also said he was pleased the measure creates a process to scrutinize pork-barrel spending proposals.

The Abramoff scandal has undercut the trust that is essential to democracy, said Sen. Joe Lieberman, Connecticut Democrat.

It created the impression that "in Washington, results go too often to the highest bidder, not to the greatest public good," he said. "That is not the truth, but this legislation upends that perception."

The bill creates a series of restrictions and tightens some rules already imposed on members and lobbyists.

Among the highlights is a requirement that members need preapproval for their travel through the ethics committee, and the banning of former legislators from the chamber floor. It extends the "cooling-off" period for members who retire to become lobbyists, making them wait two years before they can lobby former colleagues.

Under the measure, lobbyists would be required to file public quarterly reports on the Internet disclosing their activities and expenditures. The reports will be subject to audit. Violating the new lobbying rules could result in a maximum fine of $100,000, double what it is now.

"I think disclosure is going to make a big difference," said Sen. Susan Collins, Maine Republican, noting that she worries the public no longer trusts Congress to make decisions untainted by special interests.

Several senators said the measure was not perfect, and were irritated that most of the 88 suggested amendments to the bill were killed without debate.

Sen. Russell D. Feingold sought to define a lobbyist as anyone employed by a company that has a registered lobbyist on the payroll, but the Wisconsin Democrat's amendment was soundly rejected yesterday.

He argued the amendment would close a loophole allowing lobbyists to skirt the meals ban, but critics said the amendment was too broad.

Mr. Feingold balked at opponents and said if they had a problem with it, they could pay for their own meals. He ultimately voted against the final passage of the bill yesterday.

Sen. Barack Obama, Illinois Democrat, also opposed the bill, saying it "does little" to change the culture that allowed Abramoff to abuse the system.

"The Senate has missed a once-in-a-decade opportunity to clean up the way we do business in Washington," he said.

Other senators opposing the bill were John Kerry, Massachusetts Democrat, and Republicans Tom Coburn and James M. Inhofe of Oklahoma, Jim DeMint and Lindsey Graham of South Carolina and John McCain of Arizona.

Senate Approves Lobbying-Disclosure Legislation (WSJ)

By David Rogers

The Wall Street Journal, March 30, 2006

WASHINGTON -- The Senate approved legislation that mandates far greater disclosure of lobbying activities but preserves two favorite business-financed travel perks for lawmakers.

The action came as Speaker Dennis Hastert signaled that the House next week will take up a related measure to limit the flow of money to so-called 527 political groups, which sprang up in the last presidential election. Factions in both parties

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employed 527s to get around campaign-finance rules and spend as much as $420 million, largely for advertising and grassroots get-out-the-vote efforts in 2004.

The Senate lobbying bill, adopted 90-8, was greeted by Bronx cheers from public-interest groups after the recent scandals that have tarnished Congress. But the new disclosure requirements are significant and could have a greater impact than critics expect because of the abundance of data that would have to be filed into a central repository available on the Internet.

For the first time, disclosure is required of paid grass-roots lobbying campaigns that use mass mailings and phone banks to influence lawmakers. Senators would be prohibited from accepting meals or gifts, such as sporting-event tickets, from lobbyists. And members who leave the Senate to become lobbyists themselves would have to wait two years -- twice the current "cooling off" period -- before returning to lobby their former colleagues.

"This legislation upends the status quo," said Sen. Joseph Lieberman (D., Conn.).

But a coalition of liberal reform groups, such as Public Citizen and Democracy 21, said the bill failed to correct the abusive use of corporate jets and privately financed travel by lobbyists and lawmakers. And the conservative Taxpayers for Common Sense said senators "blew up" their chance to curb the earmarking of funds for special interests.

Eager to shut down debate, the Senate leadership had won a procedural motion late Tuesday that protected senators from having to vote on whether they should be required to pay more for flights on corporate aircraft. And in a final skirmish yesterday, the Senate voted 57-41 to kill an effort to broaden the definition of what constitutes an earmark under the bill.

As adopted, the bill defines an earmark as a provision that identifies a "nonfederal" entity to receive assistance, but critics argued that this effectively exempts attempts to steer money to military services to benefit favored defense contractors, for example.

Senate Appropriations Committee Chairman Thad Cochran (R., Miss.) said this constituted "nitpicking" and imposed too great a burden on his panel to have to identify every change within the administration's budget.

But Sen. John McCain (R., Ariz.) argued that military contracts have been one of the areas of greatest abuse -- as seen in the bribery case of former California Rep. Randall "Duke" Cunningham, a previous member of the House Appropriations defense subcommittee who was sentenced to prison this month after reaching a plea deal with prosecutors.

"Ripping off the taxpayers of tens, if not hundreds of millions of dollars," Mr. McCain said. "That's why this amendment is not nitpicking."

Senate Passes Lobbying Reform Bill, 90-8 (HILL)

By Jonathan Allen

The Hill, March 30, 2006

The Senate passed a lobbying-reform measure yesterday, clearing the first hurdle to enacting legislation aimed at responding to a spate of influence-peddling scandals.

The bill, which passed 90-8, would prohibit lawmakers from accepting gifts – including meals – from lobbyists, require greater disclosure of lobbying activities and allow senators to strike new earmarks from conference reports. The latter proposal would give rank-and-file lawmakers a powerful new weapon to combat the late insertion of new proposals and strengthen the Senate in its negotiations with the House.

“Today’s passage of lobbying reform is an important step forward in bringing more transparency and accountability to our government while strengthening America’s trust and confidence in our public officials,” Majority Leader Bill Frist (R-Tenn.) said.

Senate Approves Limits On High-Profile Lobbying (LAT)

By Mary Curtius

The Los Angeles Times, March 30, 2006

WASHINGTON — The Senate voted Wednesday to impose new rules to rein in the clout wielded by lobbyists on Capitol Hill, but critics charged the measure would fall short of significantly curbing the influence peddling.

The bill, which passed 90 to 8, aims to eliminate some of the more high-profile connections between lobbyists and lawmakers. It would end the common practice of lobbyists buying meals for senators or providing gifts — such as tickets to sporting events — that many lawmakers said fed the public perception that Congress was swayed by these favors.

"What we're saying here is that there's a sign that now is up in front of the Capitol," said Sen. Christopher J. Dodd (D-Conn.), one of the bill's co-authors. "It says: 'Not for Sale.' "

The measure also would for the first time enable senators to challenge funding of some special projects often tucked into bills at the behest of lobbyists. Still, many of these so-called earmarks that are attached each year to spending bills would remain exempt from challenge.

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Other changes would require lobbyists to more frequently report their dealings with lawmakers and their contributions to their campaigns, filing the information to a database searchable online by the public.

Also, former members of Congress and senior aides would have to wait two years instead of one before lobbying their onetime colleagues. And senators could no longer put a secret "hold" on legislation or nominations, a behind-the-scenes move that blocks action on such matters.

Senators who pushed for more sweeping changes said the measure would leave much of lobbyists' power intact. For instance, the bill contains no limits on lobbyists' ability to rely on their contacts and clients to generate large campaign contributions.

Sen. John McCain (R-Ariz.), who voted against the bill, said that although some lawmakers viewed the bill's passage as "a major feat," he considered its provisions "very, very weak."

McCain spoke after votes were blocked on amendments he offered, including one that would have required senators to pay charter rates when they traveled on corporate jets. The lawmakers usually pay much less.

Others complained that the bill would not ban lawmakers' travel paid for by private groups and would not create an independent office of public integrity to investigate senators or staffers accused of unethical conduct.

"What ethics bill?" Sen. Tom Coburn (R-Okla.) said of the measure, which he opposed.

McCain and Coburn attacked the bill for not giving senators broader power to question earmarks. For instance, challenges could only be lodged against projects added during House-Senate negotiations over a final spending measure. Many earmarks are put into bills in each chamber before those negotiations.

Still, supporters said the Senate's revised rules would put some distance between lobbyists and lawmakers and make it easier for the public to track their links.

"This is not popular stuff [in the bill], but it's the right thing to do," said Sen. Joe Lieberman (D-Conn.). "This legislation upends the status quo with regard to oversight of the … relationship between lobbyists and members of Congress."

California's senators, Democrats Barbara Boxer and Dianne Feinstein, were among those voting for the bill.

The Senate's measure also lays down a marker for the House, which is studying changes to its guidelines for dealing with lobbyists.

The two chambers do not have to adopt the same rules, but their changes must be included in a single bill that would require President Bush's signature to become law.

Backers of the Senate bill praised its passage as a step toward restoring Congress' battered reputation among many voters before the November elections.

Public opinion of the House and Senate has dropped in nationwide polls since scandals involving former Rep. Randy "Duke" Cunningham (R-Rancho Santa Fe) and lobbyist Jack Abramoff.

Late last year, Cunningham pleaded guilty to accepting bribes from defense contractors in return for steering their way federal projects worth millions of dollars. He resigned from office and this month was sentenced to more than eight years in prison.

Abramoff, who lavished food, drink and luxury trips on some lawmakers and their staff and steered hundreds of thousands of dollars in campaign donations to House members and senators, pleaded guilty in January to several corruption charges. He is awaiting sentencing in that case. In a separate case, he was sentenced Wednesday in Florida to about six years in prison on charges of wire fraud and conspiracy.

The coincidence did not go unnoticed as the Senate debated its lobbying measure.

"I think it is significant that this bill passed on the day that [Abramoff] received his first prison sentence," said Sen. Susan Collins (R-Maine). "It was the scandals involving Mr. Abramoff and former Rep. Cunningham that prompted us to take a harder look at practices that, while legal, eroded public confidence" in Congress.

Collins said she believed the Senate's action would begin to restore "the bonds of trust" between lawmakers and the public.

Several government watchdog groups, however, were among the bill's critics.

"I really think that if members of the Senate think they can pass a bill that is largely window dressing and not deal with the really tough issues and then go back to the voters and convince them they have done something, they have another think coming," said Chellie Pingree, president of the citizens' lobbying group Common Cause. "This bill lacks the critical things that would really change the atmosphere of corruption in Washington."

Pingree said that although the bill would improve disclosure requirements for lobbyists, "there's very little that breaks down this nexus between lobbyists as fundraisers and sources of campaign funds, which is much of the root of what goes on that creates the scandals."

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She said her group and other watchdog organizations feared the measures approved by the Senate might be further watered down in negotiations with the House.

"The tragedy is that we were counting on the Senate to be the leaders," Pingree said.

Senate Passes Lobbying Bill (WP)

By Jeffrey H. Birnbaum

The Washington Post, March 30, 2006

The Senate voted yesterday to require lobbyists to provide far more information about their dealings with lawmakers, responding to the Jack Abramoff political corruption scandal with a plan for more disclosure rather than tougher enforcement of ethics laws.

By a vote of 90 to 8, the Senate approved a bill that would also force the disclosure for the first time of indirect lobbying, such as grass-roots activities, and prevent registered lobbyists from paying for lawmakers' meals or giving them gifts such as sports tickets. Congressional leaders had promised far-ranging revisions of lobbying activities after Abramoff pleaded guilty in January to conspiring to bribe public officials. But the legislation that emerged yesterday is less sweeping than GOP leaders envisioned.

"This legislation contains very serious reform," said Sen. Joseph I. Lieberman (D-Conn.), one of the architects of the Senate bill. Sen. Susan Collins (R-Maine), who also wrote large portions of the measure, said the bill goes a long way toward restoring "the bonds of trust with our constituents [that have been] frayed."

However, spokesmen for government watchdog groups and several lawmakers who were active in pushing ethics rule changes expressed disappointment in the Senate's effort. "It's extremely weak," said Sen. John McCain (R-Ariz.), whose lobbying and ethics plan had been hailed by Senate Republican leaders in January as the model for future legislation. He voted against the bill yesterday.

On Tuesday, the Senate rejected a bipartisan plan to create an independent investigative office designed to help the Senate's ethics committee enforce lobbying and ethics laws. Sen. Barack Obama (D-Ill.), one of the authors of the Democrats' lobbying proposals, voted against the Senate bill in part because it did not contain the office of public integrity.

Senate and House leaders will have to reconcile differences before Congress can send a final bill to the president. The House's leading ethics proposal, offered by its Republican leaders, would also broaden disclosure requirements, though not for such grass-roots activities as instigating e-mails, letters and phone calls from voters back home. The House plan would bar neither meals nor gifts.

Abramoff, the former lobbyist who bribed public officials with expensive trips, skybox fundraisers, meals and campaign donations, was sentenced yesterday to nearly six years in prison on separate fraud charges. He is cooperating with federal prosecutors, who are widely expected to pursue indictments against lawmakers, staffers and lobbyists with the help of Abramoff's testimony.

House Speaker J. Dennis Hastert (R-Ill.) led the charge for ethics law revisions by recommending a ban on privately funded travel and steep limitations on meals and gifts. Other top lawmakers, including Sen. Rick Santorum (Pa.), pressed to curtail lawmakers' use of corporate jets among other lobbyist-provided perks.

But the momentum to pass lobbying legislation slowed as opposition to the most restrictive types of proposals grew among rank-and-file lawmakers. House Majority Leader John A. Boehner (R-Ohio) also argued in favor of increased disclosure requirements over adding new restrictions on lobbyists' interaction with lawmakers. Senior Republican aides said the House bill will probably not be ready for consideration by the full body until late April at the earliest.

Asked if the measure meets the sweeping pledges of change voiced by senior members of the House and Senate early in the year, McCain laughed. "The good news is there will be more indictments, and we will be revisiting this issue," he said.

The Senate largely avoided curtailing the behavior of lawmakers. It decided to prohibit lawmakers from accepting meals and gifts from registered lobbyists, but shelved a plan offered by Sen. Russell Feingold (D-Wis.) yesterday that would have applied that ban to companies and organizations that employ those lobbyists. The House measure would not bar meals or gifts from lobbyists or from anyone else.

Extra disclosures of many sorts are at the core of the Senate-passed bill. The measure would require lobbyists to file quarterly reports, rather than the current biannual ones, on their activities, as well as a new, annual disclosure that would detail their donations to federal candidates, officeholders and political parties. In addition, lobbyists would have to disclose all travel they arrange for lawmakers.

Lobbying reports would have to be filed electronically, including those filed by lobbyists for foreign entities, and would need to be accessible via the Internet, something that is not always possible today. In addition, the bill would mandate that senators get approval in advance from the Senate Select Committee on Ethics for any privately financed travel that they accept, but would

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not limit such travel otherwise. The trips and their major details would have to be disclosed rapidly, including the names of other passengers on private aircraft.

The Senate's bill would slow what has been called the revolving door between government and the K Street lobbying industry. The legislation would double to two years the time during which former lawmakers and former top executive branch officials would be prohibited from lobbying their ex-colleagues. It would also ban -- for a year after leaving their Capitol Hill jobs -- former senior congressional staffers from lobbying anyone in the chamber in which they had worked. Currently, staff members are prohibited from lobbying only their former offices during their one-year "cooling-off period."

The Senate legislation, like its companion in the House, would make it harder for lawmakers to slip into law narrowly targeted appropriations called earmarks.

Besides Obama and McCain, the other six senators voting against the measure were Democrats Russell Feingold (Wis.) and John F. Kerry (Mass.), and Republicans Tom Coburn and James M. Inhofe of Oklahoma, Jim DeMint and Lindsey O. Graham of South Carolina. Not voting were West Virginia Democrats Robert C. Byrd and John D. Rockefeller IV.

Miller Helped Free Land For A Business Partner (HILL)

By Susan Crabtree

The Hill, March 30, 2006

Rep. Gary Miller (R-Calif.) pushed for a provision in last year's transportation bill that allowed the city of Rialto, Calif., to shut down its airport.

By doing so, he paved the way for his business partner, Lewis Operating Corp., one of his top campaign contributors, to buy the land from the city and make plans to build Renaissance, a community consisting of 2,500 homes, parks and 80 acres of retail space on the former airport property and adjacent land.

Normally, the Federal Aviation Administration (FAA) has sole authority to close airports.

"This is the first time … an airport has been closed through the legislative process," said FAA spokesman Hank Price. "We follow Congress's direction."

Miller's relationship with Lewis Operating and its president of Southern California operations, Richard Lewis, dates back more than three decades, to Miller's years as a developer of planned communities. He founded G. Miller Development Co. in his early 20s, and he and Lewis were competitors, Miller said.

Miller, 57, went on to be elected to the Diamond Bar City Council, the mayor's office, the California Assembly and Congress, beating scandal-scarred Republican Rep. Jay Kim in 1998. Just months earlier, Kim and his wife had pleaded guilty to accepting and concealing $230,000 in illegal campaign contributions.

Miller said he prides himself on his efforts to disclose his campaign contributions fully. He said he sees nothing wrong with his work to close Rialto's airport, even though it freed land that his business partner wanted to develop.

"I've known Richard Lewis for 30 years," he said. "Richard's son and my daughter went to high school together. If knowing somebody is bad, I guess that's bad."

Miller denied that his actions created a conflict of interest.

"There was no quid pro quo," he said.

But Theis Finlev, a policy advocate for Common Cause, argues that members of Congress must go out of their way to avoid using their offices to benefit private business partners directly, especially if they also are major campaign contributors.

"Even if it's legal, it's horribly unseemly," Finlev said about Miller's work to shut down the airport. "It's not something that inspires confidence in the political process, and should not happen."

This election cycle, employees of Lewis Operating including Richard Lewis and several Lewis family members have donated a combined $8,100 to Miller's campaign, according to the Center for Responsive Politics, making the company his top contributor.

Employees of Lewis Operating and members of the Lewis family have donated $19,300 to Miller's campaign committee since 1998.

Lewis Operating is also a member of the National Association of Home Builders, Miller's No. 1 contributor since he was elected. The group has donated $44,000 to Miller's campaign committee since 1998.

ACROSS DISTRICT LINES

Rialto tried for years to close the airport, arguing that it was underused and losing money.

In August 2004, the City Council passed an amendment giving the city the exclusive right to negotiate with Lewis and its partner, Hillwood Development Corp., to purchase and develop the airport land if it should become available. The council approved the prospective sale eight months later.

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But finalizing that transaction would have to wait until the city could find a way to close the airport, and the transportation bill provided it last year.

The price tag for the 450 acres of airport land will likely be tens of millions of dollars, but the purchase is still in the appraisal stage, according to Rob Steel, Rialto's redevelopment director.

"We have entered into contracts of sale with Lewis-Hillwood Rialto," Steel confirmed.

When it is sold, it will be at fair market value, which the appraiser will determine, a requirement that Miller included in his version of the provision and was in the final bill.

Lewis and Hillwood, founded and chaired by Ross Perot Jr., formed Lewis-Hillwood Rialto LLC when they became interested in the project. There is no way to know how much money the two companies would make on the deal. Lewis Operating and Hillwood officials declined to comment for the story.

Rialto is not in Miller's district but in that of nearby Rep. Joe Baca (D-Calif.). Miller said Baca backed his efforts to shut down the airport. Baca did not respond to requests for comment.

Other development companies besides Lewis-Hillwood tried to offer bids for the development but were told by a Rialto City Council member that Hillwood's strong ties to Washington could help the city find a way to shut down the airport. The company was already working with the FAA on developing San Bernardino airport 8.5 miles to the east, and the city thought that relationship could help influence the FAA's decision.

According to minutes from Aug. 9, 2004, City Councilman Joseph Sampson reminded other members that "based upon knowledge of Hillwood Corp. they do have extremely close ties in Washington, which provides them with inroads on what a final outcome may be in regards to how they might treat the airport."

FAA OBJECTIONS

But the FAA did not support closing Rialto airport. Since 1984, the city has taken out $15 million in federal government loans to improve the airport. Traditionally, the FAA opposes closing an airport when it has invested in it until it earns a return on the investment.

The provision in the transportation bill requires Rialto to pay back the federal government 90 percent of any unpaid portion of the federal loans it had taken out.

In an interview, Miller said he is not responsible for the final airport language in the bill because Senate conferees struck his provision from the measure. Working with Rep. Jim Oberstar (Minn.), the ranking Democrat on the transportation panel, Appropriations Committee Chairman Jerry Lewis (R-Calif.) managed to insert his own language closing the airport into the final bill.

Rep. Lewis's provision relocates airport business and equipment to San Bernardino Airport, in his district.

John Scofield, a spokesman for Rep. Lewis, said there are many good reasons for closing Rialto airport, noting that both the city and the county want it closed.

"There are a lot of airports in the area, such as the San Bernardino National Airport and the Redlands airport, which are both better facilities," he said. "Because of the Santa Ana winds, the [Rialto airport] is only open half of the time anyway."

Rep. Lewis is not related to anyone at Lewis Operating Corp.

Miller, the only California Republican on the Transportation and Infrastructure Committee and a senior member of the Highways, Transit and Pipelines Subcommittee, said he helped push for the inclusion of Rep. Lewis's provision in the final version of the measure.

Employees of Lewis Operating and other members of the Lewis family also have donated $19,900 to Baca this election cycle, making the company his top contributor as well. Rep. Lewis has received $3,000 since 2000.

Before Lewis Operating joined with Hillwood on the Rialto project, Miller had not received any campaign contributions from Hillwood employees. But after Miller started working on language in the transportation bill, John Magness, senior vice president of Hillwood Investments, cut him a check for $500 dated May 12, 2005, according to Federal Election Commission records.

"I guess they were saying thank you. … I guess that's what that was," Miller said.

He said that the city of Rialto chose Lewis Operating, one of the largest real-estate developers in Southern California, for the airport job on its own.

He could not recall, however, when he discovered that Lewis Operating was seeking the airport property. Rialto contacted him about shutting down the airport because he had done business with the city years earlier before becoming a congressman, he said.

He was asked to help because Rialto's efforts to convince the FAA to shut down the airport had failed.

"The FAA doesn't want anything closed," Miller said. "I don't think the FAA has ever closed an airport. It's like pulling teeth to get them to close an airport."

He also said he does not see how he benefited from any of his business dealings with Lewis Operating Corp.

A CONTROVERSIAL PAST

Watchdog groups have criticized a number of land deals between Lewis Operating and Miller, as well as his role in helping secure other provisions in last year's $286.5 billion transportation transportation bill.

As first reported by the Los Angeles Newspaper Group, Miller helped secure $1.28 million in the bill for street improvements in front of a planned housing and retail center that he co-owned with Lewis Operating in his district.

Lewis-Diamond Bar LLC, a company formed to buy the land, is the developer. Miller owns $1 million-$5 million of the company. The other partner is Lewis Operating Corp.

The same year, Miller took out a promissory note from a subsidiary of Lewis Operating Corp., Lewis Investments, for $1 million to $5 million, according to his 2004 financial disclosure records.

The Los Angeles Newspaper Group also ran a critical story about a real-estate deal involving Miller, Lewis Operating and the Southern California city of Fontana.

In July 2005, Fontana's redevelopment agency spent $5 million to buy land from Miller without notifying the public, an apparent violation of state open-meeting laws.

Miller said that he was outraged about it and that he has since demanded that the city insert a written pledge in the sales contract to make public the sale of the last parcel he owns to the city .

Some six months earlier, Miller had bought the same land from Lewis Operating. He said he did so to avoid tax penalties on profit from a land sale to Monrovia, another Southern California city, two years before.

That profit is estimated at $10 million, according to Miller's 2003 financial disclosure record and knowledgeable sources.

He said he only made $50,000 on the sale to Fontana, barely enough to cover taxes and real-estate transaction fees.

"I needed to find property, and that property was available," he said.

NASA Denies Chief Made Formal DeLay Endorsement (HCHRON)

By SAMANTHA LEVINE

Houston Chronicle, March 30, 2006

Space agency's Griffin urged a Houston audience last week to keep lawmaker in office

WASHINGTON - Five days after NASA administrator Michael Griffin urged a Houston audience to keep U.S. Rep. Tom DeLay in office, a spokesman denied Wednesday that Griffin had made a formal campaign endorsement.

"The space program has had no better friend in its entire existence than Tom DeLay," Griffin said Friday of DeLay's legislative support of the agency. "He's still with us and we need to keep him there."

With DeLay present, Griffin spoke at the annual Space Center Rotary Club of Houston's nonprofit National Award for Space Achievement Foundation gala.

Griffin had no intention of soliciting votes for the 11-term lawmaker, NASA spokesman Dean Acosta said.

"He did not make an endorsement and will not get involved in any political campaigns," Acosta said. "If his words of thanks to Tom DeLay were misconstrued as an endorsement, then he regrets that."

'Terrific' relationshipAcosta pointed out that DeLay made a complimentary introduction speech before Griffin spoke.

"NASA is a scientific and technological agency and we work very closely with our congressional partners," Acosta said.

"Administrator Griffin and Congressman DeLay have a terrific working relationship," DeLay spokeswoman Shannon Flaherty said. "They are fighting for the same goals, and that's what his comments expressed."

Flaherty said DeLay did not interpret Griffin's statements as an endorsement.

DeLay, a Republican from Sugar Land, is seeking re-election against Democrat and former congressman Nick Lampson and Libertarian Bob Smither; former Republican congressman Steve Stockman has been seeking a place on the ballot as an independent.

Lampson represented the Johnson Space Center in the U.S. House but never had the clout DeLay had when the Republican was House majority leader. The space center now is in DeLay's district.

Under the Hatch Act, executive branch employees such as Griffin are permitted to express an opinion, campaign and make speeches for or against candidates in partisan elections — when they are off-duty.

Office will investigateThe black-tie awards dinner at which Griffin made his remarks was held after regular working hours, but Griffin was representing the space agency and giving an award to a NASA employee, astronaut Eileen Collins.

Griffin's travel to Houston from Washington, D.C., for the dinner was paid by NASA rather than the Rotary Club, said event organizer Floyd Bennett of the United Space Alliance.

The independent Office of Special Counsel, which administers the Hatch Act, will investigate the matter, spokesman Loren Smith said.

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Employees who violate the Hatch Act can be removed from office, according to the Office of Special Counsel, or suspended without pay.

Determining whether Griffin was acting in an official or after-hours capacity "really is a close call," said Corey Ditslear, a political scientist at the University of North Texas.

'A little egg on his vest'But any misstep by Griffin was relatively minor, said Stephen Hess, a professor of media and public affairs at George Washington University.

"Even in this context, I am not going to get too uptight about it," Hess said. "When (officials such as Griffin) make statements that can be interpreted as political statements, the government should not be underwriting it. You just caught the fellow with a little egg on his vest, looking untidy."

DeLay has sat on the NASA spending panel since February, after formally giving up his position as majority leader. He relinquished the post last fall after he was indicted in Travis County on money-laundering charges relating to the 2002 Texas House races.

Griffin began duties as the 11th administrator of NASA on April 14, 2005, with strong support from DeLay. The lawmaker accompanied Griffin on his first official visit to the space center in May.

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Democratic Plan To Beef Up U.S. Security Lacks Specifics (LAT)

By Ronald Brownstein

The Los Angeles Times, March 30, 2006

WASHINGTON — Sharpening their election-year message, leading Democrats on Wednesday released a plan that promised to strengthen America's security but offered few details about how they would achieve their sweeping goals.

On Iraq, the plan — echoing language recently approved by Congress — said Democrats would "ensure 2006 is a year of significant transition … with Iraqis assuming primary responsibility for securing and governing their country."

But it established no timetables, or targets, for reducing the U.S. military commitment there.

The Democrats also pledged to rebuild the military, "eliminate" terrorist leader Osama bin Laden, improve domestic security, free America from reliance on foreign oil by 2020 and pressure Iraq's feuding political factions to reach consensus on a national unity government.

The agenda "will take America in a new direction, one that is tough and smart," Senate Minority Leader Harry Reid (D-Nev.) said.

The plan, dubbed Real Security, is part of a Democratic effort to clarify the party's message for voters before the November midterm elections by releasing a series of policy statements. Democrats previously issued a lobbying reform plan.

By focusing on national security policies before detailing their ideas on traditional party priorities such as healthcare or education, the Democrats signaled their desire to neutralize an issue that had been President Bush's core political strength since the Sept. 11 terrorist attacks.

But the Democratic plan provoked a coordinated flurry of counterattacks from leading Republicans.

In statements and interviews, GOP officials charged that Democrats had belied their tough talk by challenging Bush on some national security issues, including his approval of a domestic surveillance program that operates without obtaining court warrants.

"Their behavior has been totally inconsistent with what they're now promising they're going to do," Vice President Dick Cheney said in a radio interview.

The Democratic plan was released at a rally attended by dozens of the party's most prominent figures. Amplifying an increasing Democratic campaign theme, a series of speakers accused Bush of mismanaging the nation's defense and foreign policies.

"I have never seen such rank incompetence as we are seeing from the Bush administration," said Madeleine Albright, secretary of state under President Clinton.

The Democratic blueprint was released as Bush continued a heightened effort to shore up public support for his Iraqi policy.

Speaking at a Washington gathering sponsored by the Freedom House, a nonpartisan group that promotes democracy, Bush said the sectarian violence in Iraq was not the result of the U.S. invasion, but "is the legacy of Saddam Hussein."

The former Iraqi dictator, Bush argued, "exacerbated sectarian divisions to keep himself in power" and created the animosities fueling the bloodshed between Shiite and Sunni Muslims.

Though Democrats were spirited in their denunciations of Bush's record on national security, they offered limited insights into the actual policies they would pursue if returned to power.

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The party document said Democrats would double the size of the military's special forces, pass legislation improving veterans' medical care and press to screen all cargo bound for the United States "in ships or airplanes at the point of origin."

On many other fronts, though, the Democratic plan emphasized aspiration over direction.

For instance, party leaders said they would make "the needed investments in equipment and manpower so that we can project power to protect America wherever and whenever necessary." But aides said the proposal did not commit Democrats to any specific increase in defense spending.

Along with its vow to eliminate Bin Laden, the plan said Democrats would "destroy terrorist networks like Al Qaeda, finish the job in Afghanistan and end the threat posed by the Taliban." But other than adding more special forces and improving America's intelligence capacity, the document offered no hints of what strategies the party might employ toward those ends.

Pelosi, Reid Push Security Agenda (WT)

By Brian Debose

The Washington Times, March 30, 2006

Democrats yesterday stood with representatives of firefighter, police and veterans groups in a rally in which party leaders outlined their national security agenda.

Congressional Democrats said their plan would help rebuild the military and National Guard, help fight terrorism, promote increased use of alternative fuels, and fully fund veterans benefits as well as training and equipment for first responders.

"After five years of Republican incompetence, Americans have had enough," said Senate Minority Leader Harry Reid, Nevada Democrat.

Americans deserve "real security," said Mr. Reid, charging that Republicans have been dangerously incompetent on many security issues, such as the Iraq war, hurricane response, port security, and diplomacy with Iran and North Korea.

At the Capitol Hill rally, House Minority Leader Nancy Pelosi, California Democrat, said: "Democrats stand together to ensure unparalleled military strength, to defeat terrorism and stop the spread of weapons of mass destruction, to implement the recommendations of the 9/11 commission, and we intend to do it on the first day that we take over the Congress of the United States."

Republicans, who had been tipped off about the event more than a week ago, countered throughout the day that the Democrats' proposals amounted to nothing more than plagiarism and empty rhetoric.

The Washington Times reported in its March 18 editions that Democratic leaders planned to attack President Bush's national security policies at a series of press events -- appearing with active-duty military personnel, veterans and emergency responders -- during the St. Patrick's Day recess, culminating in a major policy rollout when Congress returned.

Democrats, however, accused Republicans yesterday of politicizing events.

"For years, Karl Rove's playbook of distortion and distraction have been well-known, but I thought it was interesting today that the president decided to change the time of his [Iraq policy] speech to coincide with our event, and I think that shows their real fear of our agenda," said Jim Manley, a spokesman for Mr. Reid.

Madeleine K. Albright, who served as secretary of state in the Clinton administration, was among the speakers at the Democratic rally.

"I have never seen such rank incompetence as I have seen now from the Bush administration," she said.

Mrs. Albright referred to a recent White House gathering of former secretaries of state at which she said she told Mr. Bush, "Things were not going well in the Middle East, we were worried about Russian regression, there are four times the number of nuclear weapons with North Korea, and Iran knocking at the door, and no one is looking at or talking about Africa and Latin America."

Democrats are said by top aides to be united in both houses of Congress around their election-year security agenda, planning to push it daily and offering agenda items as amendments to budget and homeland security bills.

One of the first tests will be an amendment to increase funding for the National Guard, adding back $244 million to recoup the estimated 17,000 troop slots cut in the current budget and return the total number to 350,000.

Democrats also said their plan would reduce the nation's 60 percent dependence on foreign oil by 2020, by shifting federal funding toward alternative fuels such as bio-diesel, "clean coal" and other technologies.

If Democrats win back the majority, they said, they would expand health care for active-duty troops, military retirees and veterans.

Republicans yesterday were dismissive of Democrats' rhetoric.

"I'm surprised that after months of searching for an agenda, Democrats have finally rallied around the Republican plan for success in the war on terror," said first-term Sen. Jim DeMint, South Carolina Republican.

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A Clash Of Security Events (RC)

By Erin P. Billings And John Stanton

Roll Call, March 30, 2006

Democrats latest national security critique of the Bush administration was met with an unusually aggressive Republican response Wednesday, including a last-minute decision by President Bush to reschedule an Iraq policy speech so that it would begin just minutes before the planned Democratic rollout of their security agenda.

Democrats have been attempting to wrest the high ground on national security from Bush for most of the last year, making several unsuccessful gambits to focus the national debate on White House missteps in Iraq and on homeland security. But with the president's poll numbers sagging and public concern with homeland security heightened thanks to Hurricane Katrina and the scrapped Dubai Ports World deal, Democrats see a new window of political opportunity, Senate aides said. The difference from their previous failed efforts, Democrats believe, is that they have put together a policy of homeland security and military spending reforms that they can unify the party around.

"I don't know that we've had this kind of coordinated approach before," a Senate Democratic aide said, noting that Senate Minority Leader Harry Reid (D-Nev.) used three recent Caucus lunches to discuss Democrats' position on the issue and that he and House Minority Leader Nancy Pelosi (D-Calif.) have worked closely in developing their strategy.

The aide also said Democratic House Members and Senators are simply weary of being painted as weak and unpatriotic by Republicans, which has helped fuel efforts to strike a unifying theme. "I think they're tired of being accused of being weak and not having [strong] policies to protect the country," the aide said.

Congressional Democrats, along with national party officials and security experts, have been plotting the unveiling of the so called "Real Security" plan for months. It is the second plank in the party's rolling election-year agenda, designed to put on paper what Democrats would do if given the majority this November.

Although Bush had originally been scheduled to give his Iraq speech at 1:30 p.m. at a Capitol Hill hotel, it was announced Wednesday morning that the speech would start at 12:50 p.m. The timing change meant the speech would coincide with the 1 p.m. start time of the Democratic event at Union Station — just blocks from the hotel where Bush spoke.

Democrats interpreted the timing of Bush's speech as the clearest signal yet that they are putting the GOP on the defensive on an issue that has served as an electoral firewall for Republicans, and they argued it mirrored a favored 2004 campaign tactic of Bush adviser Karl Rove in which Bush would upstage Sen. John Kerry (D-Mass.) by holding an event in the same town either the same day as or just prior to a visit from Kerry.

At the event, Reid opened his speech with an acknowledgement of Bush's competing address on Iraq, saying "the president can give all the speeches he wants, but nothing will change the fact that his Iraq policy is wrong."

"Karl Rove's playbook of distortion and distraction is well known," a Senate Democratic leadership aide said Wednesday, arguing the move "demonstrates a concern they have about Democrats' united position on national security, and it shows they have real concern about where this debate is going."

Republicans rejected any conspiracy theory about the time change as a Democratic fantasy and insisted there is no concern within their party about their posture on national security. One GOP Senate aide said it was humorous that Democrats would actually think that Bush would rearrange his schedule to try to trump their event. "They are giving themselves way too much credit in the president's eyes," said a GOP Senate aide.

But at least one GOP aide, while dismissing out of hand any gains by Democrats on national security, acknowledged the time shift appeared to be a political move aimed at undercutting any shots Democrats would take on Bush.

Additionally, Republicans in the House and Senate wasted no time in launching an all-out assault on the plan. Individual Members, the GOP's campaign committees and the leadership teams in both chambers issued dozens of press releases and statements deriding the policy rollout. House Majority Leader John Boehner (R-Ohio) in a statement called the Union Station event a "media stunt" that would not "eclipse [Democrats'] record of obfuscation and neglect on national and border security," while the National Republican Senatorial Committee dismissed it as a "Keystone Dems" event.

Sen. Bob Menendez (D-N.J.) said Republicans "are overreacting to the fact that Democrats are striking a responsive chord with voters in showing that we are more aggressively, intellectually and successfully working to secure America."

Menendez said to back that up, the public doesn't need to look any further than the heat Democrats have put on the White House over its handling of Dubai Ports deal and the war in Iraq.

"The American people understand that — that's why [the Republicans] are overreacting," Menendez said.

But Republicans said Democrats shouldn't pat themselves on the back too quickly, noting that it is members of the minority who are seeking to censure President Bush for trying to keep the country safe while at the same time advocating a "cut and run" policy in Iraq.

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"What you are seeing from the Democrats and what they are saying now is inconsistent," said Sen. John Cornyn (R-Texas). "They have a credibility gap."

Democrats Offer National Security Agenda (KRT)

By Steven Thomma

Knight Ridder, March 29, 2006

WASHINGTON - Congressional Democrats unveiled a national security plan Wednesday that they hope will erase their most significant political vulnerability in a pivotal wartime election year - the belief that they're too weak to defend the country.

Their most dramatic promise: If they win control of Congress this fall, they'd vote on their first day in power to implement all the recommendations of the independent 9-11 commission. That would boost security at ports, airports, chemical and nuclear power plants, on mass transit systems and at the border, they said.

Their vaguest point: They lambasted Republicans for the Iraq war but offered no alternative beyond a promise of "responsible redeployment" of U.S. troops and a "significant" transition to full Iraqi sovereignty.

In a hint of the investigations they might launch if in power, the Democrats also promised to hold the Bush administration "accountable for its manipulated prewar intelligence, poor planning and contracting abuses" in Iraq.

One of their leading voices for pulling troops out of Iraq, Rep. John Murtha, D-Pa., attended the event, according to an aide, but wasn't visible on the platform, which was crowded with dozens of lawmakers, and didn't speak. Their most vocal critic of the war, Sen. Russ Feingold, D-Wis., wasn't in view either, and his office didn't respond to queries about whether he went.

The Democrats made their pitch as polls find they're closing the historic gap on the question of which party would better safeguard the country.

In a recent Gallup poll, 45 percent of adults said they trusted Republicans to defend them against terrorism, while 41 percent said they trusted Democrats. Four years ago, the margin for Republicans was 51 percent to 19 percent.

Much of the Democrats' gain could be attributed more to Republican problems - anger at the Iraq war and a proposal to turn over operations at some U.S. ports to a company controlled by the United Arab Emirates - than to Democratic stands.

But Democrats hoped to add to their side of the ledger with Wednesday's event. It was a campaign-style rally under a banner proclaiming, "Real Security," with congressional Democrats flanked by well-known Democratic voices on national security, including retired Army Gen. Wesley Clark and former Secretary of State Madeleine Albright.

Clark boasted that a U.S.-led war under Democratic President Bill Clinton saved more than a million Albanians from ethnic cleansing without the loss of a single American life. By contrast, he called the Iraq war "a strategic blunder." Albright accused the Bush administration of "rank incompetence."

Among the Democratic promises, many culled from earlier proposals:

-Screen 100 percent of the containers and cargo bound for the United States at their points of origin.

-Prevent outsourcing of critical work at ports, airports or mass transit to "foreign interests that put America at risk."

-Give more resources to police, firefighters and emergency medical technicians, who'd be the first to respond to terrorist attacks.

-Enact a new GI Bill of Rights to guarantee better pay, health care and other benefits for the military.

-"Eliminate" al-Qaida leader Osama bin Laden, destroy al-Qaida and "end the threat" of the Taliban in Afghanistan.

-Boost the National Guard and double the size of the military's Special Forces.

-Secure all the world's loose nuclear materials by 2010.

-Provide more armor and other protection to troops.

"We are uniting behind a national security agenda that is tough and smart, an agenda that will provide the real security President Bush has promised, but failed to deliver," said Senate Minority Leader Harry Reid, D-Nev.

In response, Vice President Dick Cheney told Fox News that the Democrats had no real plan to catch bin Laden and that their proposal for Iraq would amount to a retreat. He also said that their promise of a strong defense was contradicted by their past opposition to extending the Patriot Act.

"Their behavior has been totally inconsistent with what they're now promising they're going to do," Cheney said.

For more on the Democrats' security agenda: www.democrats.gov

Democrats Detail Security Policy (WP)

By Chris Cillizza And Dan Balz

The Washington Post, March 30, 2006

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Emboldened by President Bush's declining approval ratings, Democrats unveiled a national security platform yesterday for the midterm elections that stresses renewed focus on capturing Osama bin Laden, reducing the U.S. presence in Iraq and stepped up protection at home.

The new strategy, which comes after months of deliberations and several false starts, aims to neutralize the advantage Republicans have held on national security and terrorism issues, that Democrats acknowledge were critical in the GOP's midterm gains in 2002 and in Bush's reelection victory over Sen. John F. Kerry (D-Mass.) in 2004.

Flanked by former secretary of state Madeleine K. Albright and retired Army Gen. Wesley K. Clark, Senate Minority Leader Harry M. Reid and House Minority Leader Nancy Pelosi vowed that Democrats could do a better job of defending the country than the administration has done since the Sept. 11, 2001, attacks.

Declaring that the administration's "dangerous incompetence has made America less safe," Reid said, "We are uniting behind a national security agenda that is tough and smart, an agenda that will provide the real security President Bush has promised, but failed to deliver."

Republicans immediately attacked the Democratic plan, with Vice President Cheney arguing that Democrats' "behavior has been totally inconsistent with what they're now promising they're going to do."

Many of the items in the Democratic statement echo themes Kerry advanced in the 2004 presidential campaign, but party strategists believe that they are now in position to capitalize on public disenchantment with the war in Iraq and with declining confidence in Bush as a wartime leader.

Among the proposals in the "Real Security" plan: eliminate bin Laden and his al-Qaeda terrorist network, implement in full the recommendations of the Sept. 11 commission, and work to make 2006 a year of "significant transition" in Iraq.

On terrorism, the Democrats call for doubling the size of U.S. Special Forces and eliminating terrorist breeding grounds by "combating the economic, social and political conditions that allow extremism to thrive."

Democrats have been badly divided over Iraq. The new strategy urges Iraqis to assume responsibility for their own security, recommends "responsible redeployment" of U.S. forces without specifying a timetable and blames the administration for poor planning and manipulating prewar intelligence.

The statement contains language -- voiced by Pelosi, Reid and others yesterday -- that the Democrats' security agenda will be both "tough and smart" in contrast to the "dangerous incompetence" the Bush administration has shown -- language that has been tested by the Democrats in anticipation of the fall campaign.

Albright decried the Bush administration's "rank incompetence" on such issues as the Iraq war and the aftermath of Hurricane Katrina. Albright called for a security plan based on "facts not fantasy."

A series of national polls released in recent days have shown Democrats making up ground on Republicans when voters are asked which party they trust to better deal with issues of terrorism and homeland security.

A CNN/USA Today/Gallup poll showed Republicans with just a four percentage-point edge over Democrats on which party would deal better with terrorism, a serious slip from just last fall when Republicans held an 11-point bulge in the same survey.

Democrats have polled extensively on national security, testing various possible messages for the fall, and found that the more emphasis put on securing the homeland, the more voters respond. According to one poll taken for the Democratic National Committee, nearly three-quarters of those surveyed responded positively to such a message, rather than a message that emphasized taking the fight to the terrorists and staying the course in Iraq.

Democrats Offer National Security Strategy (AP)

By Liz Sidoti

The Associated Press, March 29, 2006

Democrats on Wednesday proposed a wide-ranging strategy for protecting Americans at home and abroad, an election-year effort aimed at changing public perception that Republicans are stronger on national security. Republicans, for their part, criticized the national security policy statement as a stunt.

"We are uniting behind a national security agenda that is tough and smart, an agenda that will provide the real security President Bush has promised, but failed to deliver," Senate Minority Leader Harry Reid, D-Nev., said.

His counterpart in the House, Rep. Nancy Pelosi (news, bio, voting record), D-Calif., said Democrats were providing a fresh strategy — "one that is strong and smart, which understands the challenges America faces in a post 9/11 world, and one that demonstrates that Democrats are the party of real national security."

They spoke at a news conference at Union Station, near the Capitol, in front of banners reading "Real Security." They were flanked by some of the Democratic Party's top authorities on national security, including retired Gen. Wesley Clark and former Secretary of State Madeleine Albright.

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In the strategy, Democrats vowed to provide U.S. agents with the resources to "eliminate" Osama bin Laden and ensure a "responsible redeployment of U.S. forces" from Iraq in 2006. They promised to rebuild the military, eliminate the United States' dependence on foreign oil by 2020 and implement the recommendations of the Sept. 11 commission. Those are many of the same proposals Democrats have offered before.

Republicans refused to let Democrats portray themselves as stronger than them on the GOP's signature issue.

"Their behavior has been totally inconsistent with what they're now promising to do," said Vice President Dick Cheney. Interviewed on Fox News' "Tony Snow Show," Cheney said he did not believe Democrats had a credible plan for tracking down bin Laden and that their plan to move U.S. forces out of Iraq this year "would be a strategic retreat."

"It makes no sense at all to turn Iraq over to the terrorists," Cheney said. "We can succeed in Iraq, we can complete the mission."

Indeed, the Democratic statement lacks specific details of a plan to capture bin Laden, the al-Qaida chief who has evaded U.S. forces in the more than four years since the Sept. 11, 2001, terrorist attacks. But Democrats suggest they will double the number of special forces and add more spies to increase the chances of finding al-Qaida's elusive leader.

Democrats also do not set a deadline for when all of the 132,000 American troops now in Iraq should be withdrawn.

They say: "We will ensure 2006 is a year of significant transition to full Iraqi sovereignty, with the Iraqis assuming primary responsibility for security and governing their country and with the responsible redeployment of U.S. forces."

The latest in a series of party policy statements for 2006, the Democrats' national security platform comes seven months before voters decide who will control the House and Senate.

Bush's job approval ratings are in the mid- to high-30s, and Democrats consistently have about a 10 percentage point lead over Republicans when people are asked who they want to see in control of Congress.

With the public skeptical of the Iraq war and Republicans and Democrats alike questioning Bush's war policies, Democrats aim to force Republicans to distance themselves from the president on Iraq and national security or rubber-stamp what Democrats contend is a failed policy.

Democratic strategists say their polling shows Democrats leading in all other areas — such as the economy, health care, education and retirement security — and having closed a gap in polls with Republicans on national security.

For months, House and Senate Democrats have tried to craft a comprehensive position on national security, but they have splintered, primarily over Iraq.

Republicans have sought to use that division to their own political advantage, claiming that Democrats simply attack the president and his fellow Republicans without presenting proposals of their own.

House GOP Leaders To Hear Suburban Agenda (RC)

By Ben Pershing

Roll Call, March 30, 2006

As House Republicans continue work on crafting a broad party-wide vision statement to guide them through the rest of this year and beyond, a smaller group of GOP lawmakers from across the political spectrum will meet with the leadership today to present their “suburban agenda.”

A coalition of close to 40 Republican Members have come together since the beginning of this year to form an informal suburban caucus, and roughly 20 of those lawmakers will sit down with Speaker Dennis Hastert (R-Ill.) and House Majority Leader John Boehner (R-Ohio) to present a list of legislative priorities in their suburban districts, many of which are among the most competitive in the country.

Illinois Rep. Mark Kirk (R-Ill.) and his fellow suburban lawmakers have been working on this project for several months, but they only now have whittled their proposals down to a specific set of legislative items that they believe will help align the House GOP with the desires of crucial suburban voters.

“At this point, we’re in a legislative policy mode,” Kirk said Wednesday. “We’re working on the subject areas the American people care about.”

In addition to Kirk, GOP Reps. Jon Porter (Nev.), Pete Sessions (Texas), Tom Price (Ga.) and Michael Fitzpatrick (Pa.) have all played prominent roles in the effort. Other contributors include Republican Reps. Tom Reynolds (N.Y.), Dave Reichert (Wash.), Mike Castle (Del.) and Jim Gerlach (Pa.).

Gerlach and Fitzpatrick are major Democratic targets this election cycle, and Reichert could become one.

Kirk said the response to their work so far from the leadership has been good. “We’ve done a lot of work with leadership staff. Now we’re working on specific Members and specific bills and beginning to talk about how to move them through the committee process,” he said.

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The list of proposals they will present to Hastert and Boehner today include a bill by Porter to strengthen background checks for teachers and a savings plan authored by Rep. Clay Shaw (R-Fla.) dubbed "401Kids" that would allow parents to save money for their children tax-free from birth. Other ideas include tort reform for the Superfund and expanding health care portability.

While those lawmakers craft their suburban agenda, Boehner is still busy cobbling together a broader "vision statement" for the House GOP.

Boehner already has released a floor calendar through the end of June and a set of four general themes — prosperity, security, health care and fiscal discipline — the party will use as guideposts for its agenda. But he said Tuesday that the leadership was still working on "the actual vision statement itself."

To that end, Boehner has been meeting with an informal "vision task force" of eight to 10 Republican lawmakers in hopes of reaching a common plan. The group is not toiling under a set time frame, and Boehner has not said when he expects the work to be completed.

For Sale, Foreshadowing? (RC)

By Mary Ann Akers

Roll Call, March 30, 2006

His office says not to read anything into it, but Rep. William Jefferson (D-La.), who is under federal investigation, has put his house on Capitol Hill up for sale.

His three-bedroom home in the 1300 block of F Street Northeast, has a price tag of $799,000. A source knowledgeable about the property told HOH he was under the impression the Congressman was leaving the area.

Asked whether the "for sale" sign meant Jefferson was planning to leave town, the source said, "Yes, I think that's the deal."

Jefferson aides insist he's going nowhere, despite an ongoing criminal probe that has ensnared one of his former aides, Brett Pfeffer, who has pleaded guilty to two felony charges, including aiding and abetting the solicitation of bribes.

Jefferson's attorney, Ronald Machen,

didn't return phone and e-mail messages, but Melanie Roussell, the Congressman's spokeswoman, said Jefferson's decision to sell his Washington, D.C., home has nothing to do with his legal standing and that he's not leaving Washington.

"I do not comment on the investigation. This has nothing to do with anything relating to that," she said, adding, "He is running for re-election."

Roussell explained that the housing market "has gone flat and is expected to decline" and that the Congressman's house has "seen a large appreciation," so now is the time to sell.

Jefferson is looking to buy "less expensive property," she said, reiterating that he fully intends to run for another term.

He isn't sure yet where he'll buy. "If anyone knows of any affordable properties, let us know," Roussell joked.

Mother Knows Best. Rep. Rob Simmons (R-Conn.) sure wishes he had listened to Mom's sage "chew your food!" advice. He nearly choked to death last week when he swallowed a too-big piece of steak at a fundraiser and wound up in the hospital, where doctors removed a 4-inch piece of meat from his throat.

Simmons was just about to address a luncheon gathering at the Mohegan Sun casino and resort in his district when he realized he was choking. He took a sip of water to force the meat down, but it didn't work. "The water filled up and covered my lungs ... I was suffocating," Simmons told HOH.

His training as a former Army intelligence officer and CIA ops agent paid off: he remained cool and — though he was choking — excused himself from the table, covered his mouth with a napkin and nonchalantly strolled to the kitchen.

He said he stood in the kitchen for about 10 minutes trying to dislodge the errant meat, then he heard the host telling the crowd that the Congressman had to leave. Of all things at that moment, Simmons felt guilty.

"I washed my face, tidied up, went back in ... gave a 10-minute speech to the group, posed for photos, then left," he said. He got through the speech by expectorating into a Kleenex "because I couldn't swallow," he said.

Being a man — an admittedly stubborn one — the Connecticut lawmaker insisted on driving himself (of course, just as anyone choking and unable to breathe would) to the hospital. The closest option was a convenience care facility, where he was put on an IV and medication to try to relax his esophagus. It didn't work.

After an hour, officials at the convenience care facility wanted to rush him to Lawrence & Memorial Hospital by ambulance. But Simmons refused. His wife, Heidi, who had met him at the convenience care center, drove him instead.

Once there, Simmons said he was rushed into the operating room and anesthetized for what would be an hour-long operation during which doctors "pulled out an approximately 4-inch-long piece of meat."

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Other than being a little shaken, Simmons is doing fine. He's taking medication to repair his esophagus, which was damaged from the coughing and gagging in his struggle with the beef.

"These days," Simmons says, "I'm cutting my meat very small."

Burns, Bush and the Bard. President Bush and Sen. Conrad Burns (R-Mont.) seem to have some unusual terms of endearment for each other. On Monday, Bush hosted a campaign fundraiser at the Madison Hotel in downtown D.C. for the Senator. In addition to allowing anyone who raised more than $10,000 for the event to pose with him for a picture, the president also had a few quips about Burns.

"I kind of like being on the same platform as Sen. Burns because he makes me sound like Shakespeare," Bush said.

This comment comes only a month after Burns called the president stubborn and said Bush has a skull of "solid granite" at the Hill County Republican Party's annual Lincoln Day dinner.

But Burns' communications specialist explained that he was showing Bush a little love with the comment.

"He says the same thing about his son," Burns' spokesman Matt Mackowiak said. "It's a little joke he likes to use."

Place Your Bets! Forget the bookies in Las Vegas. The important wagers on the NCAA Men's Basketball Tournament are being placed on Capitol Hill.

Rep. Tom Davis (R-Va.) has so much faith that the underdog George Mason University Patriots will win their semifinal matchup against the University of Florida on Saturday that he's putting up a basket full of Northern Virginia-produced M&Ms, Snickers bars and Twix candies. Apparently not one to shy away from a bet, Rep. Cliff Stearns (R-Fla.) is confident enough that his home district's Florida Gators will dominate that he's putting up a case of Gatorade (which was, of course, developed at UF).

And both Members managed to trash talk a little bit during a press event Wednesday.

"The Gators are a young team, and I think they have a great future next year," Davis said, sporting a snazzy George Mason baseball cap.

Davis called the Patriots the modern-day version of "Hoosiers," the small-town Indiana high school team who made it to the state finals in 1954 and was immortalized on film. It's no coincidence, Davis said, that this year's final four will be played in Indianapolis.

Stearns did not appear intimidated, pointing out that the Gators have a spectacular lineup this season and a record of winning as underdogs as well, including their recent victory against No. 1 seed Villanova.

Plus, Stearns said, while the Patriots will be filling up on their home state's unhealthy candy, the Gators will be powering up with a drink that has "integrity."

"What we are going to see here on Saturday is another win," Stearns said of the Gators.

Ga. Congresswoman In Scuffle With Police (AP-Y2)

By Laurie Kellman

AP2, March 29, 2006

Rep. Cynthia McKinney and a police officer scuffled Wednesday after the Georgia Democrat entered a House office building unrecognized and refused to stop when asked, according to U.S. Capitol Police.

McKinney, a sixth-term congresswoman who represents suburban Atlanta, struck the officer according to one account, a police official said, adding there were conflicting accounts. The officer, who was not authorized to speak publicly about the incident, spoke only on condition of anonymity.

No charges were filed, police said.

Officials in McKinney's office refused two requests for comment.

Capitol Police spokeswoman Sgt. Kimberly Schneider said only that senior officials have been made aware of the incident and are investigating.

Members of Congress do not have to walk through metal detectors as they enter buildings on the Capitol complex. They wear lapel pins identifying them as members.

McKinney routinely doesn't wear her pin and is recognized by many officers, the police official said, adding that she wasn't wearing it when she entered a House office building early Wednesday.

By one police account, she walked around a metal detector and an officer asked her several times to stop. When she did not, the officer tried to stop her, and she then struck the officer, according to that account.

McKinney was defeated in 2002 after she implied on a talk radio program that the Bush administration might have had advance notice of the Sept. 11, 2001, terrorist attacks. She won back the seat two years later with 64 percent of the vote.

Republicans circulated an e-mail noting that McKinney's party the same day announced an election-year "affirmation" of their commitment to shoring up the nation's security.

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"On a day when the Democrats unveil their national security agenda, it's probably not a good idea to allegedly strike a police officer," said Ron Bonjean, spokesman for House Speaker Dennis Hastert, R-Ill.

McKinney In Fracas With Officer (HILL)

By Josephine Hearn And Jonathan E. Kaplan

The Hill, March 30, 2006

A U.S. Capitol Police officer is considering filing assault charges against Rep. Cynthia McKinney (D-Ga.) following an altercation yesterday in which she allegedly hit him after he asked to see identification, according to a source familiar with the incident.

The incident occurred at approximately 8:50 yesterday morning at the New Jersey Avenue and C Street entrance to the Longworth Building. As McKinney was entering the building, the officer stopped her and asked for identification. McKinney allegedly hit him before identifying herself as a member of Congress and walking away, the source said.

McKinney's office would not comment on the incident yesterday afternoon.

Sgt. Kimberly Schneider, spokeswoman for the Capitol Police, was unable to confirm the details of the account, saying, "The matter has been brought to our attention and is currently under investigation."

Members of the House do not typically display their congressional ID cards around the Capitol complex, as staff do, but many wear the official lapel pin for the 109th Congress. It was not known whether McKinney was displaying the pin yesterday.

With or without the pin, many Congress members pass through security with merely a nod or hello to security officers. They are not required to pass through metal detectors.

Capitol Hill publication Hotline reported a witness's account on its blog. According to the blog, the witness recounted that the officer pursued McKinney after she failed to pass through the metal detector. As the officer took McKinney by the arm, she swung around and punched him in the chest while still holding on to her cell phone.

The incident is likely to have been caught on videotape, since all Capitol Hill entrances are monitored by cameras.

Republicans wasted no time pouncing on the events. National Republican Congressional Committee spokesman Carl Forti tied the altercation to Democrats' unveiling of their security agenda yesterday.

"Today's ironic one-two punch from national Democrats trying to look tough on security finds Cynthia McKinney attacking a member of the law-enforcement community," he said. "When we said Democrats were all talk and no action on security, we did not mean to provoke them to take matters into their own cell-phone-clutching hands."

The incident yesterday was uncannily reminiscent of a scene in a recent documentary about McKinney, a member of the Congressional Black Caucus. Filmmaker Ian Inaba followed her around Capitol Hill for "American Blackout," about African-American voting rights and McKinney's 2002 reelection bid.

In one scene, McKinney is walking into the House side of the Capitol with Inaba when a white Capitol Police officer stops her. McKinney informs him that she is a congresswoman, prompting an immediate apology.

She then told the filmmaker that she is often challenged when entering the Capitol.

The documentary debuted at the Sundance Film Festival in January.

First elected in 1992, McKinney, 51, has a history of lashing out at government security guards:

· In 1993, after she complained about being stopped by security guards, Capitol Police posted a photo of her on an office wall so that officers could remember who she was.

· In 1995, McKinney reportedly contacted the sergeant at arms after a white Capitol Police officer asked her to consent to a security check.

· In 1996 and 1998, she complained that White House security officials failed to recognize her and did not give her the same treatment as other members of Congress, at one time mistaking her 23-year-old white aide for the congresswoman.

"I am absolutely sick and tired of having to have my appearance at the White House validated by white people," she said at the time.

Those comments and others have earned McKinney a reputation as one of the most outspoken and controversial members of Congress.

Shortly after Sept. 11, McKinney apologized to a member of the Saudi royal family after New York's then-mayor, Rudy Giuliani, rejected the family's $10 million contribution to recovery efforts on the grounds that the Saudis had said the attacks had been provoked by U.S. support of Israel.

Later, McKinney argued that President Bush may have ignored warnings of the impending attacks to buoy defense stocks.

McKinney drew a challenger in her 2002 primary, African-American Judge Denise Majette. The race focused on Middle East issues, juxtaposing McKinney's sympathies with Arab causes with Majette's support from Jewish groups.

Majette won with a 16 percent margin, a rare and embarrassing defeat for an incumbent.

Majette later ran unsuccessfully for the Senate, and McKinney won back her old seat. When she returned to the House, Democratic Leader Nancy Pelosi (Calif.) broke with tradition and denied her the seniority her previous service would have allowed her in committee rankings.

McKinney Said To Strike Officer (RC)

By Elizabeth Brotherton

Roll Call, March 30, 2006

A senior Capitol Police official said charges were not likely to be filed against Rep. Cynthia McKinney (D-Ga.) after she allegedly struck a Capitol Police officer in the chest with her mobile phone Wednesday.

The altercation between the officer and McKinney took place when the officer asked her to go through the magnetometer at a security checkpoint.

Members are not required to pass through magnetometers, but, according to the police source, the officer did not recognize McKinney, who apparently was sporting a different hairstyle than she usually does.

Details of the event were still unclear at press time, but according to the source, the unidentified officer asked McKinney to go through the magnetometer at one of the House Office Buildings "a couple times," but she refused.

The officer then grabbed McKinney's arm and restrained her, which prompted her to yell: "Don't touch me." McKinney then hit the officer in the chest with her phone, the source said.

It was unclear if McKinney had on her Congressional lapel pin, which is one method that officers use to identify Members.

"She certainly can be charged over this, but I don't know it warrants that action," the source said.

Sources on both sides of the aisle confirmed that the officer involved had met with outgoing Capitol Police Chief Terrance Gainer and House Sergeant-at-Arms Bill Livingood afterwards to discuss the incident.

McKinney, who has been a lightning rod for controversy in her tenure on Capitol Hill, had no comment as Roll Call went to press Wednesday.

The Capitol Police remained officially mum about the incident.

"The matter has been brought to our attention and is currently under investigation," said Sgt. Kimberly Schneider, the agency's public information officer. "I don't have any specific information."

Rumors about the incident rapidly spread via e-mail across Capitol Hill Wednesday, as staffers on both the House and Senate side traded gossip about the incident.

Republicans had a field day.

The National Republican Congressional Committee pointed out that the incident occurred on a day when Democrats unveiled their agenda on national security.

"Today's ironic one-two punch from National Democrats trying to look tough on security finds Cynthia McKinney attacking a member of the law enforcement community," NRCC Director Carl Forti said in a statement. "When we said Democrats were all talk and no action on security, we did not mean to provoke them to take matters into their own cell phone-clutching hands."

Sean Spicer, communications director for the House Republican Conference, echoed Forti's sentiments.

"It is just ironic that on a day that they were trying to gather for a media stunt on the issue of security, one of their Members struck a Capitol police officer, who puts his life on the line every day to secure this building, Members and staff," Spicer said. "I don't care what day of the week it is, you don't ever treat a law enforcement officer with that type of treatment."

The senior police source said that while Wednesday's event was unfortunate, the issue had basically been settled.

"This is an incident that shouldn't have happened," the source said. "She shouldn't have behaved that way, and the officer was absolutely correct in his actions. But I don't think we need to spend much more time on it — I think she recognizes what she did was wrong."

The Reliable Source (WP)

By Amy Argetsinger And Roxanne Roberts

The Washington Post, March 30, 2006

Not being recognized is apparently something of an issue for Rep. Cynthia McKinney , as a Capitol Police officer discovered yesterday.

In 1998, the outspoken Georgia Democrat wrote a scathing letter to President Bill Clinton accusing White House guards of racism after they failed to recognize her when she arrived for an event. For years, the Hill newspaper reported in 2002, Capitol Police kept a photo of her posted in a basement office to warn security officers against committing any other such embarrassment.

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Maybe it's time to change the photo. The police department is investigating a bizarre scuffle yesterday morning between McKinney and an officer who tried to stop her at a congressional office building checkpoint after apparently failing to realize she was a member of Congress.

McKinney allegedly "stabbed" the officer with her cellphone when he grabbed her, said a police source who requested anonymity because the investigation had just begun; the officer, whom the source did not identify, is considering whether to file criminal charges. The source said the officer was not seriously injured.

In a statement issued last night, McKinney said she regretted the "unfortunate confrontation."

"I know that Capitol Hill Police are securing our safety, that of thousands of others, and I appreciate the work that they do. I deeply regret that the incident occurred," McKinney said.

How on earth did this all come to pass? Could it be the officer didn't recognize her after her recent makeover? The 51-year-old recently ditched her trademark braids for a softer, full-bodied do that started turning heads around her suburban Georgia district in January.

"I was urgently trying to get to an important meeting on time to fulfill my obligations to my constituents," McKinney said in the statement. "Unfortunately, the Police Officer did not recognize me as a Member of Congress and a confrontation ensued. I did not have on my Congressional pin but showed the Police Officer my Congressional ID."

The office of House Sergeant at Arms Bill Livingood , which oversees security, referred questions to the Capitol Police. Police spokeswoman Sgt. Kimberly Schneider would say only that "the matter has been brought to our attention, and it's currently under investigation."

Some Republicans, though, were more than happy to comment. Sean Spicer , a spokesman for the House GOP leadership, sent out a mass e-mail chortling over the irony of the incident happening on the same day the Democrats unveiled their national security agenda. "Not exactly a show of support for law enforcement," he wrote.My Team Can Kick Your Team's . . .

Once, political sports bets involved good stuff: bushels of lobsters, thick steaks, maybe a fine wine or two. Now, we're down to Gatorade and vending-machine candy.

With their teams in the NCAA Final Four, Rep. Tom Davis (R-Va.), who represents George Mason University's district, and Rep. Cliff Stearns, a Republican from University of Florida territory, wanted in on some action. Davis put up a basket of Mars candies -- Milky Way Minis, Snicker Minis Mix, Twix Minis, Peanut M&Ms, etc. -- because the Mars family is based in Northern Virginia. Stearns put up a case of the power drink because it was developed at the college.

Davis (born in North Dakota, grew up in Fairfax County) is headed to Indianapolis for Saturday's game; Stearns (born in Washington, graduated from Woodrow Wilson High School and George Washington University) will miss the semifinals but has tickets for Monday's championship game. As if.NYC on $35K a Week

Movie star Julia Roberts is taking a huge pay cut to be part of the the-ah-ter . The Oscar-winning actress made her Broadway debut Tuesday night in the family drama "Three Days of Rain" for a reported $35,000 a week instead of the $20 million she makes per movie. A lesser star could not have gotten away with her first-night blooper: Roberts broke character and cracked up when a plastic prop tomato accidentally bounced across the stage, according to wire reports.

This is the first big part for Roberts, 38, since giving birth to twins Phinnaeus and Hazel, now 16 months old . The preview audience at the Bernard B. Jacobs Theatre greeted her with huge applause; the critics weigh in when the play officially opens April 19.

"Obviously, Jack got off track in his business dealings, wrapped up in an extreme spirit of competition and disregard for 'the rules,' which may be the natural tendency of all real Jeffersonian liberals."

-- former Young Republicans chairman David Barron in one of 262 letters to U.S. District Judge Paul C. Huck asking for mercy in Jack Abramoff's sentencing yesterday.NYC on $35K a Week

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Senate GOP Fears Frist's Ambitions Split Party (WP)

By Charles Babington

The Washington Post, March 30, 2006

By pushing his way to the front of the volatile debate over immigration, Senate Majority Leader Bill Frist has reignited complaints that his presidential ambitions conflict with his leadership duties at times and put him at odds with his GOP caucus.

Frist (R-Tenn.) pointedly told the Judiciary Committee on March 16 that unless it produced a comprehensive bill by Monday, he would send his own proposal to the Senate floor. The committee worked overtime to comply, but Frist still arranged for his bill -- which places more emphasis on border security -- to draw several hours of debate before yielding to the committee measure as the vehicle for amendments and votes, which will start today.

Frist's tactics rankled some GOP colleagues who wanted more time to talk through the divisive questions of illegal immigrants, border fences, guest-worker options and other matters.

"We should have had a much more ambitious process of trying to build consensus and bringing people and different views together before we engaged in debate on the Senate floor," Sen. Olympia J. Snowe (R-Maine) said in an interview. "As majority leader you can't be single-minded. You've got to deal with a confluence of challenges and priorities, on behalf of the president, on behalf of the overall party and on behalf of the institution."

Frist's supporters say he balances his dual roles fairly and does not put his presidential ambitions ahead of his 55-member caucus's best interests. But some close observers in the Senate and elsewhere see a pattern in which he repeatedly veers right on contentious issues, which could boost his chances in a GOP presidential primary likely to include more centrist Republicans such as Sen. John McCain (Ariz.) and Massachusetts Gov. Mitt Romney.

The immigration issue "is one in which his mark is designed to appeal to the party base," said congressional scholar Ross Baker of Rutgers University. "His caucus is elsewhere. There are a number of Republicans who favor some kind of guest-worker program," which Frist's bill lacks.

Frist did not unduly rush the Judiciary Committee, said his spokesman Bob Stevenson, and the senator's emphasis on tightening borders is in line with many colleagues' wishes. Frist wants to "initiate the debate from a platform of consensus . . . and move from there," Stevenson said.

Others say immigration is far from the only area in which Frist, a heart-lung surgeon, has either stumbled or angered colleagues in his three years as majority leader. A year ago he told the Senate that brain-damaged Floridian Terri Schiavo was not in a "persistent vegetative state," a declaration that pleased right-to-life activists but did not comport with autopsy results. When a Dubai company's proposed control of U.S. port operations prompted controversy, Frist initially called for a 45-day study but soon broke with President Bush's support for the deal.

"So much of what he has done, including Schiavo, the ports deal and now this [immigration], are clearly aimed at the Republican primary," Baker said.

Frist's GOP colleagues agree that his presidential hopes make his leadership job much more complicated, but some say he does not always act in his own best interest.

"I think that he's learning -- as he goes about trying to pursue a White House bid and continue to manage the day-to-day operations of the Senate -- that it's a great challenge," Sen. John Thune (R-S.D.) said. "As the leader of the agenda, he probably has to take positions and advocate things that are very much contrary to what he would do if he were just purely a candidate for the White House. . . . It's a very delicate and difficult tightrope to walk."

Asked if the Schiavo episode -- in which Frist announced his conclusions after viewing a home video of the severely handicapped woman -- was an example of a high-wire slip, Thune said: "Well, sure. You look at that, and there's a full range of issues where trying to get 51 votes in the Senate -- or in some cases 60 votes in the Senate -- probably puts you at some odds with the national constituency of some sort. And I think this immigration reform issue is a good case in point. It is extremely challenging to try to craft a position that would be helpful in a Republican primary and then to deal with getting 51 votes for that position here."

Another Republican senator, who would speak only on background to avoid a clash with the leader, was more pointed. "The immigration issue is poorly handled. He's obviously playing primary politics."

Sen. Lindsey O. Graham (R-S.C.), who backs the immigration bill that emerged from the Judiciary Committee, said he would have preferred that the Senate launch the immigration debate discussing the committee's bill rather than Frist's more conservative plan. "I think his legislative fix is wrong," Graham said, because it does not address guest-worker issues.

But Sen. George Allen (R-Va.), a likely rival for the GOP presidential nomination, said Frist's maneuvering on immigration "doesn't bother me at all. I want to see action."

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Frist Says Job Bad Spot To Seek Presidency (AP-Y2)

By Nancy Zuckerbrod

AP2, March 29, 2006

Senate Majority Leader Bill Frist says his high-profile job is a "terrible, terrible, terrible, terrible" post for seeking the 2008 Republican presidential nomination.

Making it clear that a White House bid is all but certain, Frist said in an interview with The Associated Press that remaining in the Senate would make a presidential run impossible. Frist plans to step down when his second term ends this year.

"I know the perch not to even consider," he said. "That would be, for me, the United States Senate or being majority leader." Asked if trying to run a campaign from such a position would be difficult, he replied: "Terrible, terrible, terrible, terrible."

One of possibly a dozen Republicans interested in the GOP nomination, Frist said in the interview late Tuesday that once out of the Senate, "you'll see, as you do now, the real Bill Frist but unencumbered by having responsibilities of leading this body, which results in negotiated positions."

The last senator to succeed in his presidential bid was John F. Kennedy in 1960. Another Massachusetts senator, John Kerry, lost to President Bush in 2004, hampered in part by an extensive Senate voting record that opponents used against him.

In 1996, Senate Majority Leader Bob Dole of Kansas realized that trying to pursue the White House as the Republican nominee from the Senate's top job would be an obstacle. He resigned in June and lost to President Clinton five months later.

Frist, a heart and lung surgeon, was the White House's choice for majority leader after the undoing of Sen. Trent Lott (news, bio, voting record), R-Miss., whose favorable comments about Strom Thurmond's segregationist past cost him the leadership post in 2002.

Frist has made the customary trips of a presidential candidate, traveling to New Hampshire and Iowa. He further demonstrated his determination to be a contender earlier this month when he bused dozens of supporters to the Southern Republican Leadership Conference in Memphis and emerged as the winner of a straw poll of possible GOP candidates.

Frist still faces political and possibly legal obstacles.

He is under investigation for possible insider trading by federal authorities following his sale last year of stock in the hospital chain HCA Inc., which his family founded. Frist has said he did nothing wrong.

He acknowledged that he needs to improve his speaking skills, particularly in a campaign.

"I will have to really work hard on it," Frist said. "As a surgeon, I did my best work when people were sound asleep, cutting out their hearts, putting new hearts in. And now what I need to do, everybody says, is do your best work and not put people to sleep. That's what I'll work on."

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On the Net:

Frist's office: http://frist.senate.gov/

OTHER NEWS:

Nasdaq Ready To Rumble Ahead (USAT)

By Matt Krantz

USA Today, March 30, 2006

A major missing piece of the 2006 stock rally has finally fallen into place.

The Nasdaq composite has been strangely absent from the rally the past few weeks as the Dow Jones industrials and Standard & Poor's 500 set multiple 2006 highs.

But that changed Wednesday, when the tech-packed Nasdaq powered up 33.32 points, or 1.4%, to 2337.78 for its highest close in more than five years. Not only did the percentage gain Wednesday trounce the Dow's 0.5% gain and the Standard & Poor's 500's 0.7% rise, but it put the Nasdaq up 6% this year with two days left in the first quarter. In comparison, the S&P is only up 4.4% in 2006, and the Dow 4.6%.

Followers of tech are relieved the Nasdaq is finally reviving. “It's about time,” says Kevin Landis, portfolio manager at Firsthand Funds.

Tech stocks finally joining in the 2006 breakout show that investors have confidence about the economy and Corporate America's willingness to spend on upgrades and tech projects, says Christopher McHugh, portfolio manager at Turner Investment Partners. This recent tech rally, though, is selective and mostly involves:

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·Smaller companies. Look at the 20.6% decline of Intel, 1.6% gain of Dell and 3.3% gain in 2006 of Microsoft, and it's clear the big gains aren't coming from big companies. It's even more clear if you consider that the Nasdaq 100 index, which includes the 100 largest non-financial Nasdaq companies, is up just 3.7% this year, well below the Nasdaq's overall gain.

The reason? Small-cap outperformance, says Michelle Clayman, managing partner of New Amsterdam Partners. She points out the Russell 2000 index, which measures small-cap stocks, is up 13.5% this year, and Wednesday set a record. There was a big exception Wednesday, however, when Google's $17.78 gain to $394.98 helped push the Nasdaq above its 2006 high.

·Telecom. One of the notable recoveries has been among companies involved in telecommunications, especially those making semiconductors used in telecom gear, says Chuck Stutenroth, portfolio manager at ZAR Fund Group. PMC-Sierra, a maker of telecom chips, is up 61% this year, for instance.

Some of these victories might seem small consolation for investors who have been aboard for the ride since the Nasdaq peaked at 5048.62 on March 10, 2000.

"The jury is still out with people who have gotten hurt," McHugh says.

Clawing back to that peak is a tall order and would require the Nasdaq to gain 8% a year for 10 years. But Charlie Crane, strategist at Scotsman Capital, says the tech rally is on solid ground and can do it. Crane says he's willing to predict the Nasdaq will get back to its peak, "but give me a decade."

Investors Transcend Fed (WSJ)

By Scott Patterson

The Wall Street Journal, March 30, 2006

What Fed?

Stocks shrugged off Tuesday's interest-rate increase like yesterday's bad news, led by a powerful rally in the technology sector that lifted the Nasdaq Composite Index to a five year high.

Shares of Maytag surged 28% in the final minutes of trading Wednesday after the Justice Department approved Whirlpool's $1.79 billion acquisition of the home-appliance maker. Whirlpool's shares gained 1%.

Traders were scratching their heads over what sparked the rally, other than a bounce from yesterday's Federal Reserve-induced plunge. "Sometimes a rubber band gets stretched too far in one direction, and then it snaps back," said Barry Ritholtz, chief market strategist at Ritholtz Capital Partners.

"The market just feels like it has a bid under it," said Kevin Kruszenski, head of listed trading at KeyBanc Capital Markets. Larry Peruzzi, senior equity trader at Boston Company Asset Management, said he expects stocks to become increasingly volatile as the Fed nears the end of its rate-lifting campaign, and that wide two-day swings could become the norm. "Who knows, tomorrow this thing could reverse again," he said.

Skeptics said investors piling into stocks ignore bad news at their peril. Bond yields hitting multiyear highs and oil prices creeping near $70 a barrel will drag on stocks sooner or later, they said. "There's obviously a consequence of what the Fed is doing, and that's what people are missing," said Peter Boockvar, equity strategist at Miller Tabak. "The end result of [the rate increases] is a slower economy."

The Nasdaq, laden with tech stocks, added 33.32, or 1.45%, to 2337.78. A 4.7% jump by Google helped trigger the rally by tech, said Marc Pado, U.S. market strategist at Cantor Fitzgerald.

Semiconductor stocks led the charge. The Philadelphia Semiconductor Index gained 2.5%, helped by a near 6% increase by Xilinx. Small-cap stocks also surged. The Russell 2000, a gauge of small companies, rose 1.72%. The Standard & Poor's 500-stock index gained a more tame 9.66 to 1302.89.

The Dow Jones Industrial Average added 61.16 points to 11215.70, shaving away nearly two-thirds of the near-100-point swoon from Tuesday. A 2.6% slide by General Motors, which said late Tuesday that it would restate6 financial results for financing arm GM Acceptance Corp., weighed on the average. Caterpillar fell 1.6% after UBS downgraded the company to "neutral" from "buy." 3M gained 1.1% after Merrill Lynch boosted its rating on the stock to "buy" from "neutral" due to its exposure to growing overseas markets.

Analysts debated whether the rate increases will weigh on stocks down the road. Dick Green, president of Briefing.com, wrote in a morning note that the Fed intends to slow the economy, which means "slower earnings growth in the second half of the year than Wall Street currently expects."

Gail Dudack of Dudack Research Group, however, says investors shouldn't be overly fearful of tighter monetary policy. Higher rates "are not a problem for equities" she wrote in a Tuesday report. While earnings are likely to slow, she says, the valuations of stocks are "the best in 10 years" according to trailing and forward price-to-earnings ratios.

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Light, sweet crude oil rose 38 cents to $66.45 a barrel after the release of the Energy Information Agency's weekly petroleum inventory report. While crude stocks jumped by 2.03 million barrels, higher than the 950,000 barrel build expected, gasoline and distillate inventories fell more than expected.

Treasury bonds declined, sending the yield on the 10-year note above 4.8% to its highest level since June 2004. The dollar slipped against the euro and yen.

In major market action:

Stocks rose7. On the New York Stock Exchange, where 1.6 billion shares traded, 2,480 stocks rose and 880 fell. On the Nasdaq Stock Market, where 2.4 billion shares traded, 2,226 rose and 850 declined.

Bonds fell8. The benchmark 10-year Treasury shed 5/32 point, or $1.56 per $1,000 invested, to yield 4.808%. The 30-year bond fell 20/32 to yield 4.840%. Yields move inversely to prices.

The dollar declined.9 It traded at 117.83 yen, down slightly from 117.98 yen late Tuesday, while the euro rose to $1.2024 from $1.2009.

Lawsuit Is Filed Against Kodak (WSJ)

By David Armstrong

The Wall Street Journal, March 30, 2006

A former Eastman Kodak Co. manager says that the company altered millions of photographs stored by customers on the popular EasyShare Gallery Web site and that she was fired after threatening to bring her concerns about the plan to top management.

In a lawsuit filed in California superior court in Oakland, Maya Raber, the former director of engineering for EasyShare Gallery, said that Kodak planned to secretly compress the digital-photograph images stored by customers of the Web site, a process she says can irreversibly damage the images. The suit alleges that she and other employees warned of the potential damage the compression could cause, but higher-ups pushed the plan along.

Kodak, in a statement, said it would not comment on why Ms. Raber left the company in August because it was a personnel matter. Kodak said Ms. Raber's allegations about its photo service "are completely false."

"We have not compressed images that are stored in the Gallery without our customers' knowledge," the statement said. "We feel that Kodak has acted in a manner that is consistent with our corporate policies and ethics, and we will vigorously defend ourselves against all claims to the contrary."

Ms. Raber claims some of the photographic images that are uploaded on the EasyShare Web site are still being compressed and potentially damaged. She says customers are not told of the possible damage.

"I thought it was deceiving and illegal," Ms. Raber said in an interview. She said the idea to compress photo images was part of a cost-cutting plan that would allow the company to save money on photo-imaging storage costs. Ms. Raber claims Kodak used misleading advertising pitches to lure customers to the site.

She says compressed images can permanently lose sharpness and appear grainy when reproduced. An internal panel found the results to be unsatisfactory, Ms. Raber claims. Kodak declined to comment on any effects of compression on the photos.

The lawsuit says that employees who complained about the compression plans were told "this is not a democracy" and "objection to the project will be noticed."

Ms. Raber says after she threatened to submit a report of her concerns to top executives, she was terminated and told it was part of a "restructuring." Her lawsuit alleges she was wrongfully terminated and seeks unspecified monetary damages.

Minnesota May Be Tip Of Political Iceberg (WSJ)

By David Rogers

The Wall Street Journal, March 30, 2006

ROCHESTER, Minn. -- From the governor's mansion to Congress, everything's up for grabs in Minnesota this year, and if a political tidal wave is coming in November it will surely be felt here.

With the lakes still frozen white from winter, Republican and Democratic-Farmer-Labor Party candidates already have begun the spring ritual of nominating conventions in school auditoriums across the state. In three races in Republican House districts that Mr. Bush carried in 2004, Democrats hope for upsets given the president's faltering ratings.

To understand the currents ahead, forget about staid Scandinavians; remember this is the state that elected Jesse Ventura governor.

The Republican nightmare here in the First District is a burly, high-school teacher and coach who is running as a Democrat but evokes House Speaker Dennis Hastert as a younger man. The Democratic candidate in the Second District is a former

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Federal Bureau of Investigation agent with the maiden name of Cheney who is waging an antiwar campaign. Her Republican opponent, a Marine veteran, opined on radical Islam and attacks on the Easter Bunny while on the campaign trail recently at a Lutheran school whose sports teams are the "Crusaders."

As Minnesota suggests, the 2006 campaign is a power struggle but also a moment for Congress to renew itself after wearing thin its welcome with voters. For Democrats, who need to gain 15 seats to win the House, spring is the season for testing campaign pitches. For Republicans, who hold power, it is a time to take stock after dominating Congress for the past 12 years.

K.J. McDonald, a former Republican state legislator who now is mayor of Watertown in Carver County, recites a litany of party woes from "the ineptness of the Bush administration" to the national debt and the Iraq war. "We are due for a fall," he worries. "We're a disgrace."

Iraq hangs over the landscape: 2,600 Minnesota National Guard troops began deploying to the Mideast and the war last week; Republican Gov. Tim Pawlenty, up for re-election, made headlines with a trip to the region. Progress for America, a conservative political organization, in February chose Minnesota to test more than $1 million in television ads and mailings in support of the war. And in picking its candidates in May, the DFL must decide if it wants to press for troop withdrawals by a fixed date.

For the Senate seat being vacated by retiring Democratic Sen. Mark Dayton, the DFL leans heavily toward Amy Klobuchar, Hennepin County prosecutor and daughter of legendary Minneapolis newspaper columnist Jim Klobuchar who is out of retirement to stump for his daughter -- but sometimes has to be reminded to mention her name when he gets wound up.

"She's got moxie," says Barry Bowden, a farm insurance agent and Republican. Enough so that the Republican candidate, Rep. Mark Kennedy, is no longer the favorite in the Senate race.

But most revealing are the House races. In the First and Second districts, incumbent Republicans are challenged. In the Sixth, the seat is held by Mr. Kennedy, but the race has sparked party infighting as conservatives jockey to try to succeed him as he runs for the Senate.

In all three cases, Democrats will need a lot of luck and more money. "If you can't pay the band, you can't do the boogaloo," said Patty Wetterling, a child-rights advocate and Democratic candidate running in the Sixth.

Equally important is how the party will try to win back independent voters in largely suburban and rural areas.

At the spring caucuses, party activists pick delegates to nominating conventions in May. Primaries are held in September but both Republicans and the DFL make it difficult for any loser to challenge the candidate the party endorses.

Within the DFL, divisions over the war have surfaced. Ms. Wetterling, for example, proposed last fall that the troops be brought home by Thanksgiving 2006. But another Democrat seeking the Sixth District seat, Elwyn Tinklenberg, a Methodist minister and former member of Mr. Ventura's cabinet, warns that Democrats will fail if they move too far left. "If we provide them with only two options, far right, far left, they will still pick far right," he says. "For us to be able to win, we have to provide an alternative to the extremes."

In the Second District, Coleen Rowley, a former FBI agent who criticized the agency's performance before the 9/11 attacks, is outspoken in her opposition to the war. "I think most of the problems we are in right now are because people are playing politics instead of doing the right thing," she says.

But as Ms. Rowley's campaign has faltered, another Democrat, State Sen. Sharon Marko, jumped in recently to offer a more moderate approach -- and to put greater emphasis on traditional economic issues.

Here in the First District, Tim Walz, the high-school teacher and coach and ringer for Speaker Hastert, has the Democratic field to himself. A retired master sergeant in the Army National Guard, he served overseas during the early war in Afghanistan. When his old artillery battalion deployed to Iraq last week, Mr. Walz's emotions showed after traveling down to Mississippi to say goodbye.

"There were soldiers down there that I taught in school. They were my students in my classroom, I coached them," he said. "This is not something that is a political game or a political loss."

Mr. Walz's opponent, Rep. Gil Gutknecht, a former auctioneer, served 12 years in the Minnesota legislature before joining Congress in 1995. He emails progress reports on Iraq to constituents but prefers to talk up immigration, where he is taking a tougher line in response the influx of illegal immigrants working in agriculture-processing facilities in the district. "It's a hotter issue and it's more clear-cut," he says. Unlike Iraq, "people know which side they're on."

In the Second District, Republican Rep. John Kline is a former Marine helicopter pilot in Vietnam whose son now serves in Iraq. "We never thought the Viet Cong would leave the Ho Chi Minh trail and come here," he says. "This time we're engaged in a war where I believe absolutely they will come here."

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Yet, after compiling a near-perfect party unity rating in recent years, he now describes himself as a "conservative but independent" Republican and faults the White House for resisting pension-relief provisions important to bankrupt Northwest Airlines in his district. "They're wrong," he says of the administration.

Both Republican incumbents worry about voter concerns, even with Minnesota's low unemployment. "You think, 'What if I lost my job when I'm 55 or 56 or 57?'" Mr. Kline says.

Mr. Gutknecht asks: "Why is there still economic angst in the United States? The answer is the average working American hasn't had a real pay raise."

Buckeye GOP Circles The Drain (WSJ)

By John Kasich

The Wall Street Journal, March 30, 2006

COLUMBUS, OHIO – "There are no words to express the deep remorse that I feel over the embarrassment I have caused for my administration and the people of the state of Ohio." Thus, Gov. Bob Taft complied with a court order to apologize to the people of Ohio.

Were that the only instance of poor judgment by an Ohio Republican in recent memory, the state GOP would probably remain in relatively good shape leading up to the elections this November, despite growing indicators against the party nationally. Unfortunately, the governor's ethical lapses -- he pled guilty last August to four misdemeanors related to undisclosed gifts from lobbyists -- represent only a small fraction of an ever widening scandal that is drowning the Ohio Republican Party.

Over the past year and a half, the list of political operatives and government officials (both elected and appointed) implicated in corruption scandals has grown exponentially, and yet the message hasn't registered. In Buckeye politics, it's business as usual.

The biggest scam in town -- but by no means the only -- is the "pay for play" practices of office-holders at every level. Of course, not all public servants are guilty -- most are not. However, Ohio Republicans have held every statewide office since 1994, and the governorship and secretary of state since 1990. They currently have longstanding, lopsided majorities in both houses of the general assembly. The endemic culture of money-for-influence is a testament to the corrupting consequences that inevitably follow when one party holds power for too long.

Exhibit A in this mire is Toledo coin dealer and Republican fundraiser Tom Noe. His "coingate" scandal, as it has been inelegantly termed, demonstrated a total breakdown in ethics and was a direct result of one-party domination of the political process. Mr. Noe obtained several contracts totaling some $50 million to pursue investment opportunities for the Ohio Bureau of Workers Compensation, in this case rare coin speculation. With limited oversight of his operation, Mr. Noe allegedly began laundering campaign contributions to state and federal candidates (including President Bush). In February Mr. Noe was indicted on 53 felony counts and faces a mandatory 10-year prison term if convicted of corruption. At this point $10 million to $12 million remains unaccounted for.

Unfortunately, coingate isn't the only prominent Republican scandal. According to reports in Ohio newspapers, former Speaker of the House Larry Householder and his political fundraisers and consultants are currently under criminal investigation for various charges involving possible campaign and fundraising irregularities. An anonymous memo charging Mr. Householder and his top political aids with bribery, kickbacks and tax and mail fraud was sent to the U.S. Attorney's Office by Secretary of State Ken Blackwell. While Mr. Householder emphatically denies any wrongdoing, no one seems to know for sure when and if any actual charges will be filed.

Add to these scandals regnant political infighting and widespread distrust between the different ideological wings of the GOP. This year's election, in addition to a contentious re-election campaign for Sen. Mike DeWine, features a gubernatorial primary race in the wake of Mr. Taft. Mr. Blackwell is strongly supported by social conservatives and their allies within the fundamentalist Christian movement. He is pitted against Attorney General Jim Petro, supported by more moderate elements.

This widening division has spilled over into a nasty dispute between conservative, moderate and liberal clergy. In an attempt to counter the political activities of the religious right, 31 moderate and liberal religious leaders recently sent a strongly worded letter to the IRS accusing the Rev. Rod Parsley and the Rev. Russell Johnson of using their churches and other nonprofit ministries to advance partisan causes, including the candidacy of Ken Blackwell. Rev. Parsley, Rev. Johnson and their conservative supporters deny the charges. Mr. Blackwell for his part called the 31 ministers "bullies," saying "political and social and cultural forces are trying to run God out of the public square."

Yet the debate between the moderate and conservative wings of Ohio's Republican Party goes beyond Messrs. Petro and Blackwell. Some conservatives are angry at Sen. DeWine, and are threatening to withhold support, largely because he joined forces with the "gang of 14" to end the judicial filibuster spat last spring. Ironically, two of Mr. Bush's most conservative nominees to the federal bench, Priscilla Owens and Janice Rogers Brown, would not have been confirmed without this agreement, and

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arguably Justices John Roberts and Samuel Alito would have faced filibusters from Senate liberals opposed to their nominations. Nonetheless, his relationship with some conservatives has worsened.

With Gov. Taft's ratings running as low as 16% approval in one poll, and with charges of corruption and cronyism rampant throughout the party, Ohio Republicans face some pretty tough obstacles in this year's elections. Add to this broken campaign promises that resulted in the highest tax increase in Ohio history, an exodus of the state's young people to pursue opportunity elsewhere, the general trend against Republicans nationally, and the complete ineptness of Republican leaders to enunciate any kind of bold political initiatives -- and you have the makings of a Democrat sweep this November.

The biggest advantage going for Republicans, in purely electoral terms, is the ineptness of the Democrats. They have a long tradition of turning sure things into might-have-beens. This, however, is simply not enough. Democratic incompetence has led to Republican domination, which, with no effective opposition, has untethered the GOP from its first principles. In the absence of these, corruption has reigned. The political lens might be clouded and growing darker; but Ohio Republicans need to decide whether or not they want to stand for something.

Mr. Kasich is a former Ohio congressman and author of "Stand for Something: The Battle for America's Soul," forthcoming from Warner Books.

Baghdad On The Bosporus (WP)

By Dana Milbank

The Washington Post, March 30, 2006

Howard Kaloogian, vying for the Republican nomination in the race to succeed felonious former representative Randy "Duke" Cunningham (R-Calif.), just returned from a trip to Baghdad and posted on his Web site a photo showing a busy urban street scene, which he said proved that Baghdad is "much more calm and stable" than people think.

But something didn't look right to readers of the liberal Web site Daily Kos, who noted that women in the photo were wearing Western clothing, a couple was holding hands, and signs are in the Roman alphabet.

Soon after this discovery yesterday, the photo disappeared from the Kaloogian Web site and was replaced by a notice: "We originally posted a photograph not of Baghdad, Iraq but from Istanbul, Turkey, where our delegation traveled on the way home to the United States. We apologize for this mistake."

The photo was replaced by a long-distance shot of a Baghdad street empty of pedestrians. Late yesterday the whole display disappeared.

McCain Pursues Southern Primary Strategy For 2008 (HILL)

By Jonathan Allen

The Hill, March 30, 2006

Despite his iconic status as a maverick and sometimes centrist, some Southern lawmakers say Sen. John McCain (Ariz.) could compete for Dixie states in the 2008 Republican primary.

McCain, who is scheduled to headline a Lincoln Day dinner in Polk County, Fla., on April 8, has visited several Southern states in recent weeks and has been cultivating Southern political leaders.

This spring, McCain will give the commencement address at Liberty University, a school founded by evangelical Christian leader Jerry Falwell. He angered some religious conservatives by calling Falwell an “agent of intolerance” when he ran against George W. Bush for the 2000 Republican presidential nomination.

Falwell, who did not offer an endorsement, told the Lynchburg, Va., News & Advance that he and McCain have put their differences behind him but that McCain still has fences to mend.

“I think to any presidential candidate, the South is important,” said McCain, who despite pointing out that he has visited other regions of the country noted the prominence of the South Carolina and Alabama primaries.

“He’s fully aware that he has to carry some of the South to win the nomination,” said one Southern lawmaker who is considering backing McCain.

Most lawmakers and aides interviewed said it is too early to tell how McCain’s second presidential bid will play with Southern conservatives, but several said they could envision him appealing to their constituents because of his military background, his support for the president on the Iraq war or his crusade against earmarks.

“He has some credibility with every crowd because he’s all over the place,” said Rep. Jack Kingston (R-Ga.), who, like most Republican officials, has yet to choose sides in the 2008 primary. “It depends on who he’s squaring off against.”

Some lawmakers questioned whether McCain could overcome his reputation as an agitator and outsider to claim support from Republican primary voters.

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"I think they feel like he's too unpredictable," said border-state Rep. Anne Northup (R-Ky.). "I don't think it's that they don't like the individualism; it's that he seems to relish that."

McCain's efforts with Sen. Edward Kennedy (D-Mass.) and others to establish a guest-worker program as part of Senate immigration legislation could alienate Southern voters who view the proposal as amnesty for those who have broken the law.

"I don't think Southerners are going to appreciate his immigration bill," said Rep. Tom DeLay (R-Texas), the former House majority leader. DeLay declined to handicap McCain's chances in the South, saying he would need more time to analyze the race.

McCain already has at least a few ties to the South, where fellow Sens. Trent Lott (R-Miss.) and Lindsey Graham (R-S.C.) and influential Mississippi Gov. Haley Barbour (R) have said supportive things about him.

Such backing from political leaders could give McCain credibility in the South, where he must try to emphasize his ties to the Republican establishment to win, according to the Southern lawmaker

"Independence, in the South, is not a high virtue," the lawmaker said.

Southern conservatives could be more inclined to back McCain based on his chances in a general election if Democrats appear likely to nominate Sen. Hillary Rodham Clinton (D-N.Y.), some lawmakers said.

It remains to be seen whether McCain can execute a new Southern strategy, but Southerners have noted his presence.

"He's been down there working hard. He's got a lot of support," said Republican Jim DeMint, South Carolina's junior senator.

The two senators have collaborated on a campaign to cut federal spending, an issue that DeMint predicts will be front and center in the Republican primary. "I hear that more than anything else," DeMint said.

Sen. Johnny Isakson (R-Ga.) likened the primary fray to a three-phase relationship: a getting-to-know-you period, a courtship period and, finally, a marriage. He said that McCain can appeal to Republican primary voters in the South but that he is still in the first phase: introducing himself.

Like a prospective dater, McCain was coy yesterday, saying, "I haven't decided whether I'm going to run or not."

He had just wrapped up a one-on-one conversation with former White House chief of staff and Republican superlobbyist Ken Duberstein on a Capitol veranda.

Things Continue To Fall In Place For John McCain (RC)

By Stuart Rothenberg

Roll Call, March 30, 2006

It's still a long time until the Iowa caucuses formally kick off the 2008 race for the White House. But it's hard not to conclude that events are lining up perfectly for Sen. John McCain (R-Ariz.), should he decide to make another run.

A weakened President Bush and a damaged Republican Party are more likely than not to convince GOP activists around the country — including some conservatives and party regulars who ordinarily would not warm to McCain — that the Arizona Republican is the only man who can carry the party's banner in 2008.

The threat of a Sen. Hillary Rodham Clinton (D-N.Y.) presidency has always been McCain's ace in the hole. Even conservatives who worry about McCain's independent streak — including the Arizona Republican's support for campaign finance reform and his co-sponsorship (with Massachusetts Democratic Sen. Edward Kennedy, no less) of a guest worker program — might well find McCain preferable to a Clinton victory.

Even if Democrats bypass the New York Senator and turn to an allegedly "more electable" moderate such as former Virginia Gov. Mark Warner, many Republicans may come to believe that only McCain can keep the White House in GOP hands.

What nobody has yet commented on, however, is how the 2006 midterm elections now seem all but destined to boost McCain's presidential prospects.

Democrats are headed for significant gains in both chambers of Congress in November. Even if they fail to win control in at least one chamber, they are likely to be seen as the clear winners and Bush and his party as the clear losers on Election Day.

That result, no doubt, would produce a wave of stories about the GOP's troubles, with columnists, politicians (Democratic and Republican) and TV talking heads yammering on about the Republican Party's demise. There would be plenty of talk about infighting within the party, and there would be even more punditry about how the Republicans are in a sorry state just two years before the next presidential election.

The election results, in other words, are likely to increase panic among some Republicans, who will fear that the Democrats' success in running on a message of change during the midterm elections is an omen of things to come in '08.

This kind of reaction from Republicans and the media is likely to enhance McCain's attractiveness as a presidential candidate. The more gloom and doom surrounding his party, the better McCain looks. The more the GOP needs to

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counterpunch with its own message of change, reform and leadership, the more attractive McCain appears to Republicans, independents and even some Democrats.

Even Republican critics of the Arizona Senator agree that McCain has broad general election appeal, and his primary foes would have a harder time rallying their fellow Republicans against him if the only thing standing between Democratic control of the entire federal government is McCain.

Remember, the ranks of Senators up for re-election in 2008 include 21 Republicans and only 12 Democrats, giving Democrats an engraved invitation to win a majority in the Senate if they can put together sizable gains this November. You can bet that virtually all of those Republicans would like to have McCain running with them at the top of the Republican ticket.

McCain will be in much demand this year, as Republican incumbents look to inoculate themselves on issues such as ethics, government spending and even the war.

Ethics, government transparency and political corruption could well grow as issues over the next couple of years, especially if Democrats take the House in November and begin to use their powers to scrutinize the Bush administration and other Republicans. Again, McCain, known as an advocate of campaign finance reform, looks like the best antidote for the GOP.

Timing is everything in politics, and while McCain has been making himself more acceptable to Bush loyalists by standing with the president's general approach to Iraq and the war on terrorism, the administration's problems and the president's weakness also have been combining to enhance the Arizona Republican's appeal within his own party.

How far has McCain come to be accepted by religious conservatives in his party? He will be the graduation speaker at Jerry Falwell's Liberty University in May.

These are very good times for McCain, whose military background and reputation as a reformer and a straight shooter seem a perfect fit for the issues of the day and the Republican Party's current problems. And that's why he has emerged as the frontrunner for the Republican presidential nomination, overtaking my initial favorite, Virginia Sen. George Allen.

Stuart Rothenberg is editor of the Rothenberg Political Report.

Md. Approves Fund To Support Medical Stem Cell Research (WP)

By John Wagner

The Washington Post, March 30, 2006

Maryland will become one of four states that have agreed to fund stem cell research, following final passage yesterday of legislation in the House of Delegates and a pledge from Gov. Robert L. Ehrlich Jr. (R) to sign it, despite misgivings by most lawmakers in his party.

With Ehrlich's signature, the state will offer as much as $15 million in grants in the coming year to university and private-sector researchers seeking treatments for debilitating conditions through work on stem cells, including those derived from human embryos.

In the wake of a 2001 executive order by President Bush limiting federal support for embryonic research, debate over funding the controversial science has been pushed down to statehouses across the country.

"We're going to sign it," Ehrlich said of the bill that passed the House 90 to 48 and had already won approval in the Senate. "It furthers our reputation nationally and internationally. . . . It helps us retain our best and brightest here."

Much of the money, to be awarded by a state commission, is expected to flow to researchers at Johns Hopkins University and University of Maryland campuses, as well as to a few companies in Maryland's biotech sector conducting research on adult stem cells. The adult cells, while not considered as promising for research, are less controversial because collecting them does not require the destruction of an embryo.

Julie Coons, president of the Tech Council of Maryland, said she also sees potential for the legislation to foster start-up companies, as long as future governors and lawmakers continue to provide financial support.

"We have made a major step forward in helping the industry but also in sending a message . . . that we are a player in this field," Coons said.

In the wake of Bush's order, New Jersey was the first state to appropriate money for embryonic stem cell research. Californians then voted to spend $3 billion on the research over 10 years, though that money has been held up by lawsuits. And grant money will soon be available in Connecticut, where lawmakers created a research fund last year.

The issue has been one of the most emotional and most divisive taken up by the Maryland General Assembly this year, with opponents arguing that work on embryonic cells is tantamount to abortion. Supporters have spoken of the promise the research holds for such conditions as Parkinson's disease and juvenile diabetes.

Several advocates for the bill, some of them with those conditions, unfurled a banner in the House gallery that read, "Thank you for hope!" after the vote.

A tearful celebration ensued on the State House steps, where advocates were joined by sponsors of the legislation.

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"We've done the right thing for our state, not just for people here today but for others who are suffering," said Del. Samuel I. Rosenberg (D-Baltimore), author of a more expansive bill passed by the House earlier that mandated $25 million a year for embryonic stem cell research.

The bill that passed yesterday, which originated in the Senate, incorporated several compromises, including leaving the level of funding to future governors.

Opponents in the House offered less impassioned arguments yesterday than in previous debate, recognizing they had no realistic chance of stopping the bill.

House Minority Whip Anthony J. O'Donnell (R-Calvert) stressed that he and other opponents support adult stem cell research, which is closer to yielding therapies. It is work on embryonic cells that they oppose.

"Please don't misinterpret these votes," O'Donnell said. "They're a matter of conscience."

Only four of the chamber's 43 Republicans voted for the bill. In the Senate, only one of the 13 GOP members supported it.

Ehrlich, in an interview, said he was comfortable signing the bill despite the lack of support from his caucus, given his track record supporting stem cell research reaching back to his days in Congress.

"I have my views, and those views are part of my record, part of my belief system," he said.

Similar legislation died on the final day of the legislative session last year under the threat of a filibuster on the Senate floor. Ehrlich remained largely silent on the issue then.

At the outset of this session, the governor sought to craft a middle ground. He included $20 million in his budget proposal for stem cell research but insisted grants be available for work on adult stem cells, if scientists found it promising.

Lawmakers sponsoring the bill initially balked, arguing that federal funding is plentiful for work on adult stem cells. But the bill was heavily amended to make it palatable to the more socially conservative Senate.

"It's evolved into . . . what we envisioned," Ehrlich said.

His posture on the bill remained unclear until yesterday because he had said repeatedly that he did not believe legislation was necessary to fund the science. Ehrlich suggested that his budget proposal was sufficient, but lawmakers insisted on establishing guidelines in the law for awarding the grants.

Mental Health Coverage Affordable, Study Finds (WP)

By Christopher Lee

The Washington Post, March 30, 2006

A new study involving federal employees has found that providing better mental health coverage does not lead to an explosion in insurance costs, a potentially important development in an old national debate over what insurance plans should cover.

The study, published today in the New England Journal of Medicine, examined seven federal health plans in the years after 1999, when President Bill Clinton ordered companies in the Federal Employees Health Benefits Program to provide coverage for mental health and substance abuse that is comparable to that for other health conditions.

Researchers found that, contrary to the predictions of some policymakers and analysts, the use and cost of such services did not increase, compared with the experience of private health plans with less generous mental health benefits -- provided that new benefits were offered under managed-care plans. The changes did, however, mean lower out-of-pocket expenses for people who used the services under the federal plans.

"These results are important, because it means that it is affordable for all of us who have health insurance to have better protection in the event that we might need to use mental health or substance abuse services," said Howard H. Goldman, the lead researcher and professor of psychiatry at the University of Maryland School of Medicine.

The findings provide ammunition for advocates of mental health "parity" in the long-running battle in Congress and state legislatures over whether health insurance companies should be required to offer mental health coverage that is equivalent to the coverage they offer for physical diseases such as cancer or diabetes.

Such expanded coverage is ardently supported by mental health professionals and patients' groups, who say it would eliminate long-standing discrimination against people who are mentally ill. Just as passionately, leading business groups almost unanimously oppose such a requirement, saying it would increase insurance premiums and force some employers to scale back coverage for physical diseases or drop health benefits altogether.

In general, mental health and substance abuse coverage has come with higher out-of-pocket costs to patients and greater restrictions on office visits and days in the hospital.

Ralph Ibson, a vice president with the nonprofit National Mental Health Association, said the study shows that requiring mental health parity in employer-provided insurance plans is a good idea that will not break the bank.

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"This study, which is certainly enormous and robust, very decisively puts to rest some of the major myths that opponents have brought to this debate, the principal myth being that to enact and implement parity is to increase health-care costs," Ibson said.

Edwina Rogers, vice president for health policy at the ERISA Industry Committee, an association of major employers, said a single study does not settle the argument and that costs are still a concern.

"The data can be massaged on either side of this particular debate," Rogers said. "There is a big push in the mental health community to kind of force the government to say they have this right to sort of a steady stream of benefits, to mandate it. What they are asking for is just not appropriate."

Rogers said many large employers already offer generous mental health coverage.

Goldman and other researchers, working under contract to the federal government, looked at seven FEHB plans from 1999 to 2002, comparing them to similar plans in the private sector that did not offer enhanced mental health and substance abuse coverage. More than 300,000 people were continuously enrolled in each set of plans.

The research team found that the rates of spending on, and use of, mental health and substance abuse services rose in both groups over the study period, but no more so in the federal group than in the other one. At the same time, enrollees in five of the seven federal plans saw average reductions in out-of-pocket spending ranging from $14 to $87 a year. The plans were managed-care plans.

"Managed care has figured out how to direct care and prioritize things within budgets," said Richard G. Frank, a professor of health economics at Harvard Medical School. "What our results suggest is that if you are going to do parity and you are concerned about cost growth, then parity is a good idea if it's done along with managed care."

Playing The Odds To Boost Revenues, State Lotteries Wager On Slots (WSJ)

By William M. Bulkeley

The Wall Street Journal, March 30, 2006

LINCOLN, R.I. -- The giant signs on the old dog track show greyhounds and thoroughbreds. But the thousands of New Englanders crossing the wind-swept parking lots on a late winter afternoon are here for another way to gamble: slot machines.

Rhode Island isn't one of the 11 states that allow casino gambling. Its state lottery commission is one of a growing number to embrace slots -- one of the most popular and addictive forms of betting -- as a way to increase revenue.

Paul Musard, an 82-year-old retired engineer from nearby North Providence, says he and his wife come every two weeks. This day, they've both won. Other days, they lose their self-imposed daily limit of $40 each. "It's an enjoyment," Mr. Musard says. "A lot of people spend $150 going out to dinner. I'd rather spend $40 here."

State lotteries have always cast themselves as relatively benign alternatives to casinos, which many states have kept out for fear of fostering problem gambling. But some states have grown frustrated that they are losing revenue as locals travel to neighboring states or Indian reservations to gamble.

Now, with slot machines accounting for about 70% of revenue in America's casinos, even states such as New York, which has shunned commercial casinos, are moving to tap the slot market. They are teaming up with struggling horse and dog tracks, slot-machine makers and casino companies to create venues that are remarkably similar to commercial casinos. The allure to gamblers: no wait for nightly or weekly lottery drawings.

Currently, after debate and approval by state legislatures, state-sponsored slot machines are in use in nine states: Delaware, Iowa, Maine, New York, Oregon, Oklahoma, Rhode Island, South Dakota and West Virginia. Pennsylvania is preparing to add them, and others are debating such a move.

Most states won't allow old-style "one-armed bandits" with mechanical spinning reels. States prefer to call their machines "video lottery terminals," or VLTs. They resemble the electronic slot machines with push-buttons that have become common in casinos. They are made by the same companies, but are often modified slightly. They don't spit out coins for winners, instead printing receipts that must be redeemed with a cashier. Betting generally goes from one cent to $5, and prizes go up to $100,000 or more.

Rhode Island, which added its first slot machines at a run-down dog track in 1992, has been a pioneer in the move to slick, casino-like "racinos," which are slots-only facilities located at racetracks. Last year, the state lottery chose a company headed by South African gambling magnate Butch Kerzner to run Lincoln Park, which converted its shabby clubhouse into a racino. The state's slot machines now produce 80% of lottery revenues.

Later this year, the New York lottery expects Yonkers Raceway, just north of the Bronx, to open a racino with 3,000 slots. And casino giant MGM Mirage has been given authorization to open next year a huge state-sponsored slots facility at Aqueduct Racetrack in Queens -- the first casino-style gambling facility within New York City. MGM will operate the facility, and will get a percentage of the proceeds.

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Pennsylvania has authorized 14 sites to install 61,000 slot machines, which would make it second to Nevada in total slots. Maine, working with big casino operator Penn National Gaming Inc., recently opened a "Hollywood Slots" parlor on Main Street in downtown Bangor, the state's third-largest city. Late last year, Oklahoma introduced state-sponsored slots. Legislators in Massachusetts and Maryland are seriously considering slots operated by their lotteries, too.

Already, states have installed about 86,000 slot machines. By the end of 2007, under laws already passed, they expect to add 49,000 more, a gain of 57%. There are currently about 675,000 slots in private venues, including casinos and cruise ships.

New Concern

All this is sparking new concern among foes of gambling. Studies of compulsive gamblers suggest that slots are among the most addictive forms of gambling, and that proximity to a casino is a risk factor for turning casual players into compulsive gamblers.

Keith Whyte, executive director of the National Council on Problem Gambling, in Washington, D.C., says lotteries are displaying "a willful ignorance about the impact of problem gambling...because they're both the regulator and the operator." Slot-machine venues are more troublesome than lotteries, Mr. Whyte says, because they create "an enveloping environment. For someone who uses gambling as a way to escape their problems, it's a much more narcotic effect."

The nonprofit council says the boom in state slots is coming amid indications that problem gambling is rising. Its national help line received 227,000 calls in 2005, up 23.8% from 183,328 calls in 2004. A 1998 Harvard Medical School analysis of numerous studies concluded that 1.6% of adults in the U.S. and Canada had suffered from gambling addiction, and an additional 3.85% had experienced mild to moderate gambling problems.

Lotteries officials say they are aware of criticism that slot machines contribute to problem gambling, but that their legislative mandate is to raise revenue for their states. Some lotteries make contributions to gambling-treatment centers. "There are a small number who have a problem," says Gerald Aubin, executive director of Rhode Island's lottery department. "Without the lottery they'd have other [gambling] problems."

Julie Muto, a 48-year-old truck-stop cashier from Carlisle, Iowa, says she became addicted to playing slots in Iowa's riverboat casinos, then lost her house, her car, her truck and her teenage daughter, who moved in with relatives. She spent a year in jail for passing a bad check and 18 months in a residential gambling-treatment facility.

When she got out last year, she says, she avoided casinos. But in December, while gassing up her car, she recalls, she saw one of the "TouchPlay" machines the state lottery had placed in hundreds of convenience stores and restaurants beginning in 2003. It looked like her favorite casino slot. She says she drove to a loan office, got a $200 loan on her car, returned to the store and started playing.

Ms. Muto, who says she is recovering again, told her story to a task force appointed by the governor during a campaign earlier this year to eliminate the machines. On March 14, Iowa legislators passed a bill, since signed by Gov. Thomas Vilsack, requiring the removal of all the machines later this year.

The American Gaming Association, a trade group, says that a small percentage of people can't control their gambling, but disputes that gambling problems have increased in recent years.

Attractive Alternative

Some states regard boosting lottery revenues as an attractive alternative to raising taxes. Although some states have posted budget surpluses recently, the costs of Medicaid, retirement programs and education are rising fast in many states. "In the current environment, raising taxes is politically radioactive," so expanding lotteries is very popular, says Sujit Canagaretna, senior fiscal analyst for Washington-based Council of State Governments.

Rhode Island's lottery is expected to contribute $325.1 million to state revenues during the current fiscal year, or 10.6% of the projected total, and legislators expect lottery revenues to increase by 12% next year. In New York, in the fiscal year ended last June 30, the lottery brought in $2.06 billion, paying for 5% of education spending.

Yet lottery players appear to be growing bored with traditional numbers games. LaFleur's Magazine, a trade publication, says revenue from lottery games in which players choose numbers for daily or weekly drawings fell 8.3% to $9.44 billion last year. Revenue from lottery-operated slot machines rose 15% to $3.6 billion, the publication says. All told, U.S. lottery revenues, which also include popular instant scratch-ticket games, rose 6% last year to $46.9 billion.

Until recently, most states rejected slots and casino-style venues due to worries they would lead to problem gambling, crime and social problems. But slots and casinos were spreading anyway. Indian tribes opened 390 casinos since 1989, many in states such as Connecticut and California that otherwise forbid casino gambling. States such as Mississippi and Missouri permitted "riverboat" casinos that never leave the dock. States without casinos watched their citizens cross state lines. Mr. Aubin of Rhode Island's lottery department says the state has tried to make Lincoln Park more appealing for gamblers to prevent them from driving across the border into Connecticut to Foxwoods Resort Casino and Mohegan Sun Resort Casino, two popular Native American venues.

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During the 1990s, the two companies that dominate the business of operating lotteries as state contractors -- Gtech Holdings Corp., of West Greenwich, R.I., and New York's Scientific Games Corp. -- acquired their own slots technology and wooed slumping racetracks as allies in marketing to state regulators. Rhode Island was the first to adopt racetrack slots.

The declining popularity of racetrack betting has heightened the interest of track owners in hosting state-sponsored slot operations. At Yonkers Raceway, after attendance fell to a few hundred a night last year from 20,000 in the early 1970s, the track shut down. Under a plan authorized by the state legislature, Pittsburgh's Rooney family, owner of the track and the Pittsburgh Steelers football team, intends to install 3,000 slot machines and to reopen later this year with a refurbished and expanded facility.

Without the addition of slots, "it wasn't feasible to keep going," says Frank Drucker, a spokesman for the racetrack. The legislation authorizing the changes requires harness racing to resume, a measure intended to support the state's horse breeders.

Racinos like Rhode Island's Lincoln Park use some of the same management techniques as casino floors. The money plugged into each slot game is evaluated monthly, and unpopular games are replaced. In another echo of casinos, Lincoln Park expects to soon team up with Delaware and West Virginia racinos to link hundreds of machines in the three states to create jackpots that can run into the six figures.

The slots at Lincoln Park and at an old jai alai arena in Newport have boosted Rhode Island's lottery revenue to $1,370.95 per resident, the highest in the nation and far higher than the national average of $183.70, according to the North American Association of State and Provincial Lotteries. Rhode Island benefits from numerous visitors from Massachusetts.

This year, as part of a $125 million expansion, Lincoln Park will add 600 slots, a comedy club and several restaurants. One of the owners of the management company, Len Wolman, who until last year helped run the Mohegan Sun, says that when upgrades are finished next year, except for the lack of table games, customers will see no difference between Lincoln Park and a casino. (The state doesn't permit Lincoln Park to give away alcoholic beverages, a common practice in most casinos, because 18-year-olds are allowed by law to play the slots, but not to drink.)

Frank Termini, a construction worker from Uxbridge, Mass., says he started coming a year ago and has been visiting two or three times a week in recent months because the construction business is slow. "I think every state should have this," he says.

Some studies suggest that slots pose a bigger risk of problem gambling than traditional lottery games do. In a recent telephone survey of 2,800 Nova Scotia residents commissioned by the province and conducted by Focal Research Consultants Ltd. of Halifax, 3.6% of respondents said they had trouble controlling the time and money they spent on the province's video-lottery machines. These players accounted for 53% of revenue, Focal Research reported.

In a 2004 study of 180 people being treated for problem gambling, published in the International Journal of Mental Health, Rhode Island Hospital psychiatrist Robert Breen concluded that they become addicted to slot machines in about one year, compared to 3 1/2; years for card games and about five years for racetrack or sports betting. According to a 1996 Minnesota study of 944 gamblers in treatment, published in the Journal of Gambling Studies, 37% of gamblers in treatment programs related their problems to slot machines, while fewer than 1% related them to lottery play.

Easy access to casinos appears to lead more problem gamblers into trouble. A 2000 federal study said that problem gamblers are about twice as prevalent within 50 miles of a casino as farther away. Maureen Corbett, director of the Center for Problem Gambling in Albany, N.Y., says that she opened a new office in Saratoga, N.Y., because calls to the telephone help line in Albany increased 64% after a Saratoga harness-racing track added slots in 2004.

Lincoln Park posts messages on walls and slots urging players to gamble responsibly. The messages include phone numbers for gambling help lines. The New York racinos plan similar measures.

When History, Destiny Converged (WP)

By Sue Anne Pressley

The Washington Post, March 30, 2006

The shots came from the crowd outside the Washington Hilton that drizzly afternoon -- six shots that would show the nation once again how vulnerable to attack its presidents are.

President Ronald Reagan, then 70, a Washington newcomer in office two months, had paused to wave to the knot of people. At the sound of the shots, Secret Service agents shoved him into the presidential limousine and sped away, not realizing he had been hit. Three men lay wounded, one with blood dripping from his head, and the young assailant, whose mission would soon be revealed, was quickly restrained.

Twenty-five years ago today, the nation watched in shock as television brought home again and again the reality of the shooting. It was a moment chilling in its possibilities, reminding Americans another time in two decades that a national tragedy is only an assassin's bullet away. People saw once again that they live in an epicenter of power, where monumental shifts can occur in an instant.

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For some, it was a day that forced them to walk alongside history, to participate in the urgent events that unfolded. Some of them were with the president at his most unguarded moments. They saw his attempts to be strong and his sense of humor. They overheard the "Honey, I forgot to duck" quip he delivered when his wife, Nancy, arrived at the hospital. They revisit their memories of this historic episode from time to time. One of them, who suffered a severe head injury, has had to live with the imprint of that day.

Some say they will always be haunted by what could have happened.

"There's a couple of times where truth and training converge, where history and destiny converge," said Jerry Parr, a Secret Service agent working with Reagan that day. "I thought about that for a long time. It's that moment -- either you do it or you don't, either you save him or you don't."Shots Are Fired

When Jerry Parr was a kid, his father took him to see the movie "Code of the Secret Service" (1939). One of the lead characters, agent Brass Bancroft -- played by Ronald Reagan -- made such an impression on the young boy that he later decided to join the Secret Service. More than 40 years later, Parr would marvel that he had helped save this same man, then president of the United States.

By the time Reagan took office in 1981, Parr was special agent in charge of the presidential protection division, with about 120 agents under his supervision. That day, he was among agents helping guide Reagan to the presidential limousine parked outside the Hilton's side entrance on T Street NW. It was 2:25 p.m., and Reagan had just given a speech to union representatives inside. Suddenly, a young man stepped out from the crowd. Parr switched to "muscle memory," he said -- don't think, just respond -- when he heard the shots.

"It was like a rabbit running for a hole," he said. He and agent Ray Shattuck had one goal, to get Reagan safely inside the limousine.

The first shot hit presidential press secretary James S. Brady in the head. The second struck D.C. police officer Thomas Delahanty. Secret Service agent Timothy J. McCarthy, who opened the limo door, shielding Reagan with his body, took the next shot.

Parr "grabbed the president by the shoulder and started getting him down," he said. "Shattuck was behind me, and we were both giving him a tremendous heave into the car."

Parr jumped in after the president. "Let's move," he shouted to the driver, and, according to plan, the limousine headed south on Connecticut Avenue, toward the White House. Parr helped the president sit up, then began to examine him, running his hands under Reagan's jacket and through his hair. He did not find a wound.

As the limo slid under Dupont Circle, however, Reagan began to spit up blood, and Parr quickly directed the driver to the nearest emergency room, at George Washington University Hospital. The trip took three minutes. Reagan wanted to walk in by himself.

"He hitched up his pants. I offered him my hand, and he didn't want it," Parr said. The president took a few steps and collapsed; agents helped him to a trauma table.

These days, Parr, 75 and long retired, thinks a lot about purpose and destiny; he is co-pastor of Festival Church, an ecumenical church in Adams Morgan. In time, Parr would tell the president that he had set his destiny "by impressing me as a kid."

But that afternoon, Parr remembered, he watched the doctors work, his heart sinking.

"I thought, 'My God, we've lost another one,' " he said.News Begins to Unfold

Sarah Brady was home in Alexandria that afternoon, playing with her 2-year-old son, Scott. A chicken was cooking in the crockpot for supper. The past few months had been exciting for Brady and her husband, Jim Brady, the wisecracking press secretary to the new Republican president.

Jim Brady, then 40, a Chicago native and longtime Washington insider, had won his new job, despite, he would joke later, Nancy Reagan's edict that her husband's new spokesman be someone "young and handsome." Nicknamed "Bear," Brady was known for his outsize personality, his zest for life and his way with one-liners.

The television set was on in the Brady family room that afternoon, and a breaking news report said that someone had just shot at the president but that he was not hurt. Although she was alarmed, Sarah Brady had no idea how life had just been shattered. Further reports said her husband had died. Friends hurried over to take her to the hospital.

Arthur Kobrine, Jim Brady's surgeon, had shocking news for her. "I remember him standing there and saying: 'I'm going to go in. If I'm successful, I do know he'll never have any use of his left arm and very little use of his left leg, but he could very easily succumb to this operation,' " Sarah Brady said.

"There was nothing left for me. I mean, he laid it all out. And I said, 'We've got a little 2-year-old, you've got to keep him alive.' "

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She went to a small room to telephone relatives. The first lady walked in and embraced her. Brady still did not know the president was wounded.

"I said something to her, like, 'I am so, so scared.' And she was shaking, and she said, 'So am I.' " And I just knew, nobody had to tell me, I knew he had been shot, too."At the Hospital

The commotion caught security guard Frederick Bailey's attention as he stood near the emergency ramp at GWU Hospital -- a limo pulling in with a couple of men running alongside it.

"We didn't know at the time who was coming," said Bailey, now head of hospital security.

Secret Service agents burst into the emergency room, ordering families out. Police swarmed the area. Armed officers appeared on nearby rooftops. A media corral was set up across the street. "We weren't sure if it was a plot, and other people were involved," Bailey said. "The hospital went to code purple."

Joseph Giordano reported to the emergency room to find his patient lying on a gurney with "a very bad injury." A bullet had ricocheted off the armored presidential limousine and struck Reagan in the left armpit, stopping an inch from his heart and causing bleeding in his lung.

"I tell everybody, five or 10 more minutes may have made a difference," Giordano said. "You lose blood pressure slowly, then it's off the edge. He was almost there. If there had been much more of a delay, it would have been a different ending."

Reagan was stabilized, but the bleeding did not stop, so surgery was scheduled. Still, the president seemed determined to keep laughing.

"Please tell me you're Republicans," he joked to the doctors about to operate on him. And Giordano, whose liberal Democratic stance was well known, said he replied, "Mr. President, today we are all Republicans."

Giordano did not have time to think about his hand in history that day, not then. A couple of days later, he said, "it dawned on me, when my role was over, I said to myself, 'This better work out well.' "The Bradys Now

President Reagan would stay in the hospital 12 days. Delahanty and McCarthy recovered quickly. But for Jim Brady, the next year would bring him close to death at least three times, and his life would be spent adjusting to a brain injury that also left him partially paralyzed.

From his recliner in his sun-filled family room in Rehoboth Beach, Del., he can see the Atlantic Ocean. The Bradys moved permanently to Rehoboth seven years ago and say they do not miss Washington. The last time he visited was in June 2004, for the funeral of Reagan, a man they speak of warmly. For years, the Reagans telephoned Brady every year on his birthday.

The anniversary of the shooting brings a certain trepidation -- the Bradys know they will have to relive the television footage. They will be asked once more what they think of would-be assassin John W. Hinckley Jr., who was found not guilty by reason of insanity and has spent the past 25 years in a mental hospital. Recently, a federal judge granted Hinckley overnight visits with his parents, who live in Williamsburg -- where Sarah Brady attended the College of William and Mary. The Bradys, who have many friends there, visit Williamsburg often.

"We both believe strongly that he was mentally . . . " Sarah Brady began.

"He's several bubbles off plumb," her husband piped in from the recliner.

"He encroached on me personally," Sarah Brady said. "I feel like he changed our life drastically enough that he encroached on our life for 25 years. I mean, we've had to live with the aftermath of it. . . . And now, when you think he could be walking into one of our favorite haunts and we'd run into him, it's like he's sort of encroaching on us going to Williamsburg now."

But the Bradys don't talk much about destiny, and they are not bitter people. "That wouldn't be classy," Jim Brady often jokes.

Instead, the couple made the best of things. The Brady Handgun Violence Prevention Act, which they championed for a decade and President Bill Clinton signed into law in 1993, is one of their greatest accomplishments. For the first time, prospective buyers of handguns had a five-day waiting period and had to pass a criminal background check.

"It used to be the dog and pony show when we'd go around the country talking. I would do the straight stuff," Sarah Brady said, "and I never knew what he would come up with. I did notice if I didn't feed him dinner beforehand, he'd do better because he was madder at me. He says I never feed him. And he also says he doesn't get any sleep."

"He doesn't sleep!" Jim Brady repeated from the recliner. His wife ignored him. "I hate to tell you, but he doesn't get up till noon most days," she said dryly.

In their beachfront home, shared with two dogs and two cats, they are happy, they said. Next week, they are going to an autism ball at the local hospital. Their son, Scott, now 27 and a sound engineer, lives south of Charlottesville and visits often. They have lots of friends. Life didn't turn out the way they thought it would, but they made a whole different life.

"When life gives you lemons, you make lemonade," Jim Brady said. "I have several stands around here."

Security Council Message To Iran 'Unmistakable': Rice (AFP)

AFP, March 30, 2006

US Secretary of State Condoleezza Rice greeted as "unmistakeably clear" the UN Security Council's statement giving Iran 30 days to abandon its uranium enrichment activities.

"The adoption today by the UN Security Council of a Presidential Statement on Iran is an important diplomatic step," Rice said in a statement.

"It demonstrates that the international community is united in its concern over Iran's nuclear program," Rice said shortly before she was to depart for meetings in Europe on the Iran nuclear issue.

"Iran is more isolated now than ever. The Security Councils Presidential Statement sends an unmistakable message to Iran that its efforts to conceal its nuclear program and evade its international obligations are unacceptable."

Rice added that the international community expects Iran to comply with the International Atomic Energy Agency's call to suspend its uranium enrichment-related activities and to return to negotiations.

Earlier, the UN Security Council unanimously approved a non-binding statement giving Iran 30 days to halt uranium enrichment activities.

The full 15-member council backed a watered-down text worked out among the five veto-wielding permanent members that requested a report in 30 days from the IAEA director on Iranian compliance with the steps required by the IAEA board.

U.N. Security Council Softens Tone In Asking Iran To Halt Nuke Program (USAT)

By Barbara Slavin

USA Today, March 30, 2006

The United Nations Security Council on Wednesday urged Iran to suspend its nuclear program and said it would take up the issue again in 30 days.

It was the first time the U.N. body has condemned Iran's nuclear ambitions, a move that could ultimately lead to sanctions.

The statement, which took three weeks to craft, is weaker than the United States, Britain and France originally sought. Earlier drafts called for the council to meet again in 14 days and said Iran's activities were a potential “threat to international peace and security.” Under the U.N. charter, that language can justify economic sanctions or military strikes.

U.S. Ambassador John Bolton said Russia and China watered down the statement. “The message is clear nonetheless that Iran's nuclear weapons program is unacceptable,” Bolton said.

The council acted a day before Secretary of State Condoleezza Rice was to meet in Berlin with foreign ministers from the other four veto-holding members of the council — Russia, China, Britain and France — as well as Germany. The six officials are to discuss longer-range policy toward Iran, said State Department spokesman Sean McCormack.

In January, Iran resumed efforts to enrich uranium, a fuel that can be used for civilian power plants or bombs. Iran denies it intends to make weapons, but the International Atomic Energy Agency still has many questions about the program, much of which Iran hid for nearly two decades.

Iran has refused a Russian offer to produce nuclear fuel for a power plant the Russians are constructing near the Iranian port of Bushehr.

Russia fears tough measures against Iran more than it fears an Iran with nuclear weapons, says Toby Gati, an assistant secretary of State in the Clinton administration. “They are sure that what we've done in Iraq will make things worse and deadly afraid that we'll repeat the mistake in Iran,” she says.

“Any ideas involving the use of force or pressure in resolving the issue are counterproductive and cannot be supported,” Russian Foreign Minister Sergey Lavrov said in Moscow on Wednesday.

Russia also does not want to jeopardize commercial ties with Iran, including the $1 billion nuclear reactor it is completing at Bushehr and a plan to sell Iran $700 million in missiles, says Ariel Cohen, a Russia expert at the Heritage Foundation, a Washington think tank. Trade between the two countries is about $2 billion a year, the Russian Embassy in Washington says.

Mark Parris, a former U.S. diplomat and Russia specialist, says Russia is in a “no-lose situation” when it comes to Iran. Sanctions or military action would send the price of oil, currently about $60 a barrel, even higher, enriching a Russia that is already earning half a billion dollars a day from oil sales.

If Iran agrees to suspend its nuclear program, Russia will also benefit because it may win the contract to produce uranium fuel for the Bushehr facility and other nuclear power plants it wants to construct in Iran, he said.

Stop Enrichment, U.N. Tells Tehran (WT/AP)

By Nick Wadhams, Associated Press

The Washington Times, March 30, 2006

DOJ_NMG_0024253

NEW YORK -- The U.N. Security Council demanded yesterday that Iran suspend uranium enrichment, the first time the powerful body has directly urged Tehran to clear up suspicions that it is seeking nuclear weapons.

The 15-nation council unanimously approved a statement that will ask the U.N. nuclear watchdog, the International Atomic Energy Agency (IAEA), to report back in 30 days on Iran's compliance with demands to stop enriching uranium.

Diplomats portrayed the statement, which is not legally binding, as a first, modest step toward compelling Iran to make clear that its program is for peaceful purposes. The Security Council eventually could impose economic sanctions, though Russia and China say they oppose such tough measures.

The document was adopted by consensus and without a vote after a flurry of negotiations among the five veto-wielding council members. In the end, Britain, France and the United States made several concessions to China and Russia, Iran's allies, who wanted as mild a statement as possible.

Still, the Western countries said the statement expresses the international community's shared conviction that Iran must comply with the governing board of the IAEA and the nuclear Non-Proliferation Treaty.

Enrichment is a process that can produce either fuel for a nuclear reactor or the material for a nuclear warhead.

"The council is expressing its clear concern and is saying to Iran that it should comply with the wishes of the governing board," said France's U.N. ambassador, Jean-Marc de La Sabliere.

Members of the council wanted to reach a deal before today, when foreign ministers from the five veto-wielding council members and Germany meet in Berlin to discuss strategy on Iran.

Diplomats would not say exactly what will happen if Iran does not comply with the statement within 30 days, but suggested that would be discussed by the foreign ministers in Berlin.

U.S. Ambassador John R. Bolton said earlier yesterday that the statement "sends an unmistakable message to Iran that its efforts to deny the obvious fact of what it's doing are not going to be sufficient."

The council has struggled for three weeks to come up with a written rebuke that would urge Iran to comply with several demands from the board of the IAEA to clear up suspicions about its intentions. Tehran insists its nuclear program is for peaceful purposes.

The West thinks council action will help isolate Iran and put new pressure on it to clear up suspicions about its intentions. It has proposed an incremental approach, refusing to rule out sanctions.

U.S. officials have said the threat of military action also must remain on the table.

Security Council Calls On Iran To Halt Uranium Enrichment (KRT)

By Jonathan S. Landay

Knight Ridder, March 29, 2006

WASHINGTON - The United Nations Security Council on Wednesday called on Iran to stop enriching uranium and resolve concerns that it's developing nuclear weapons, but the statement wasn't legally binding, and it was watered down in response to demands from Russia and China.

The Security Council gave Iran 30 days to comply, but Javad Zarif, the Iranian ambassador to the United Nations, rejected the statement, saying the issue "is only about Iran's rights" and that his country "is allergic to pressure and intimidation."

The U.N. effort to curtail Iran's work on uranium enrichment, a process that produces low enriched uranium for civilian power plants and highly enriched uranium for nuclear weapons, came only after weeks of wrangling among the Security Council's five permanent members.

The fact that Russia, China, the United States, France and Britain had a difficult time hammering out a common position suggests that it may be hard for the Bush administration to win approval of U.N. sanctions if Iran ignores the council's demands. Russia and China, which have huge financial stakes in oil-rich Iran and veto power in the council, refused to accept any language in Wednesday's statement that could be interpreted as paving the way for sanctions.

The statement was adopted only after Secretary of State Condoleezza Rice telephoned Russian Foreign Minister Sergey Lavrov and Washington agreed to drop a sentence restating the Security Council's authority to impose sanctions, said a senior State Department official who requested anonymity because of the issue's sensitivity.

The statement set the stage for talks that Rice is to hold in Berlin on Thursday with her British, French, German, Chinese and Russian counterparts on what steps should be taken if Iran refuses to suspend its uranium enrichment work.

Iran denies that it's seeking nuclear weapons and insists that it has the right to peaceful enrichment as a signatory of the Non-Proliferation Treaty, the cornerstone of the global system designed to halt the spread of nuclear arms.

However, Tehran has admitted that it hid its program from the U.N.'s International Atomic Energy Agency for 18 years, and Iran has repeatedly failed to explain numerous aspects of the effort. They include deals for weapons-related know-how with an international smuggling ring and information indicating Iranian military involvement in the project.

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The 35-nation IAEA Board of Governors referred the matter to the Security Council in February after Iran ended a more than two-year suspension of uranium enrichment work.

In the statement, the 15-nation council said Iran should comply with the IAEA's demand for a "full and sustained" enrichment suspension and clear up all outstanding questions, saying those steps are "essential to build confidence in the exclusively peaceful purpose of its nuclear program."

"Iran is more isolated now than ever," Rice said in a statement. "The Security Council's Presidential Statement sends an unmistakable message to Iran that its efforts to conceal its nuclear program and evade its international obligations are unacceptable."

"The ball is in Iran's court," said France's U.N. envoy, Jean-Marc de la Sabliere.

U.S. and European officials stressed that they remained open to a resumption of European-led negotiations with Tehran on a settlement under which Iran would give up enrichment but could operate nuclear power plants.

U.S. officials have said that if Iran rejects the council's statement, the Bush administration will press to impose sanctions that would penalize regime members, but not ordinary Iranians.

Unlike the statement, a Security Council resolution would have the force of international law.

President Bush also has refused to exclude the possibility of military strikes on Iranian nuclear facilities. European governments oppose the use of force, as do Russia and China.

Warren P. Strobel of Knight Ridder Newspapers contributed to this report.

The U.N. statement is available at www.un.org/News/Press/docs/2006/sc8679.doc.htm

Security Council Pressures Tehran (WP)

By Colum Lynch

The Washington Post, March 30, 2006

UNITED NATIONS, March 29 -- The Security Council called on Iran Wednesday to suspend its uranium enrichment program within 30 days, ending three weeks of deadlock between Western powers and Russia and China over how to pressure Tehran to prove its nuclear efforts are not aimed at making weapons.

The 15-member council unanimously adopted a nonbinding statement on Iran after the United States and five other key countries finished difficult negotiations on its wording. The statement does not commit the United Nations to action against Iran and was written to avoid language that might clearly set the stage for sanctions or subsequent military moves -- the sort of direct pressure that Russia and China have declined to support.

But U.S. and other Western officials said the Security Council's action -- its first unified statement on Iran's nuclear program -- represents an important breakthrough and could set the stage for a tougher line later if Tehran refuses to meet the council's demands. Secretary of State Condoleezza Rice was set to meet Thursday in Berlin with foreign ministers of Russia, China, France, Britain and Germany to map out the next steps in confronting Iran over its nuclear program.

"Iran is more isolated now than ever," Rice said in a statement after the vote. "The Security Council's Presidential Statement sends an unmistakable message to Iran that its efforts to conceal its nuclear program and evade its international obligations are unacceptable."

Referring to the International Atomic Energy Agency, the United Nations' atomic watchdog, she continued: "The international community expects Iran to comply with the IAEA's call to suspend all enrichment-related activity and to return to negotiations."

Iran's U.N. ambassador, Javad Zarif, told reporters his government has not decided on a formal response, but said that Iran will never give up its right to produce nuclear fuel for a peaceful nuclear energy program.

"Iran will want to cooperate with the international community, but it does not accept pressure or intimidation," he said. "We have made it clear at the highest levels of government Iran does not want nuclear weapons, nor does it want to pursue development, stockpiling or acquisition of these inhumane weapons."

The council accord was struck just hours after Rice urged Russian Foreign Minister Sergei Lavrov during a telephone call to support a French and British draft statement urging Iran to suspend its uranium enrichment within 30 days or face increased, but unspecified, international pressure. The statement also calls on Iran to fully cooperate with the IAEA, which conducts inspections aimed at preventing the spread of atomic weapons.

U.S., British and French diplomats secured Russian and Chinese support by offering concessions that softened the tone of the statement, which was read by the council's rotating president, Cesar Mayoral of Argentina. They included extending the deadline for Iranian compliance from 14 to 30 days, and dropping language hinting that Iran's nuclear program constitutes a threat to international peace and security.

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The agreement on the statement masked persistent divisions among the Security Council five veto-wielding powers over the threat of sanctions or the military force to compel Iranian cooperation.

Lavrov said in Moscow that "any ideas involving the use of force or pressure in resolving the issue are counterproductive and cannot be supported."

China's U.N. ambassador, Wang Guangya, told reporters in New York that the council's statement underscores the importance of pursuing a diplomatic settlement and letting U.N. inspectors, not the Security Council, take the lead.

John R. Bolton, the U.S. ambassador to the United Nations, insisted that the Security Council, which is vested by the U.N. charter with responsibility for responding to threats to international peace and security, has the obligation to prevent Tehran from producing nuclear weapons. He expressed frustration that Moscow and Beijing had blocked language in the statement highlighting the council's obligation to react to such threats.

"What happened here today is that Russia and China declined to quote from the U.N. charter," said Bolton, waving a copy of the charter. "We accept that . . . because the message is clear, nonetheless, that Iran's nuclear weapons program is unacceptable."

Russia's U.N. ambassador, Andrei Denisov, conceded that there are "suspicions, very strong suspicions" that Iran is developing nuclear weapons, but he said there is still no hard evidence and that it is up to U.N. nuclear inspectors to decide.

The U.N. statement expressed concern that the IAEA has not provided assurances, after years of investigation into covert aspects of Tehran's nuclear program, that Iran is not secretly developing nuclear weapons. It calls on Iran to comply with the agency's demand to halt all of its uranium enrichment activities to "build confidence" that Iran's nuclear activities are for an "exclusively peaceful purpose." IAEA Director General Mohamed ElBaradei is to report on "the process of Iran's compliance" in 30 days.

Iran says it needs to enrich uranium to produce electricity for an energy-hungry society. The IAEA has accused Iran of engaging in a pattern of deception and concealment that has fueled international suspicions. It acknowledges that Iran has the right to nuclear energy and that it cannot prove Iran is pursuing a nuclear weapons program.

U.N. Council Urges Iran To Halt Atom Activity (NYT)

By Warren Hoge

The New York Times, March 30, 2006

UNITED NATIONS, March 29 — The Security Council urged Iran on Wednesday to suspend its uranium-enrichment activities and asked the director of the International Atomic Energy Agency to report back on Iran's compliance within 30 days.

The Council took its action in a presidential statement, a nonbinding declaration that needs unanimous support and usually achieves consensus among the 15 members with little resistance. But this one, on the highly charged issue of Iran's nuclear program, which the West maintains is geared toward producing weapons, resulted in three weeks of bruising negotiations that ended up producing a markedly weakened final version.

In a last-minute concession on Tuesday afternoon by the European authors of the final draft, the text eliminated language suggesting that any Iranian drive to produce nuclear weapons would be a "threat to international peace and security." China and Russia had argued that the term established a pretext for sanctions, which they both oppose.

"When you speak about a threat to international peace and security, you must have strong, clear and legally proved evidence," Andrei Denisov, the Russian ambassador, said before the Council acted.

The statement also dropped references to specific charges and demands for compliance from Tehran and lengthened the period for the report from the International Atomic Energy Agency, the Vienna-based United Nations nuclear watchdog, to 30 days from 14 days.

In another step necessary to gain Chinese and Russian support, the statement gave the nuclear agency continuing shared authority over the Iran issue that earlier drafts assigned wholly to the Security Council. Beijing and Moscow fear the Council's power to impose sanctions.

Western ambassadors conceded that the document had been watered down, but argued that it was still meaningful.

"There are some points not in the text that frankly we would have preferred to have seen in the text," said Emyr Jones Parry, the British ambassador. "Other colleagues said no, that would send a different message at this particular time."

Despite the text changes, he said, "no one doubts that the Security Council is competent for this issue, no one doubts that proliferation is a threat to international peace and security, and we all say the same thing: that we do not wish to see Iran develop nuclear weapons."

The statement avoids suggesting any consequences for noncooperation by Iran, but Jean-Marc de la Sablière, France's ambassador, said: "Iran has 30 days. We hope that Iran will comply. If Iran doesn't comply, then the Security Council will have to take its responsibilities."

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The most vocal critic of Iran's nuclear activity, John R. Bolton, the American ambassador, said, "This is an unambiguous signal to Iran that the Security Council, charged with the maintenance of international peace and security under the Charter, is now dealing with this issue."

He said the Council action would allow an Iran-themed meeting on Thursday in Berlin involving Secretary of State Condoleezza Rice and the foreign ministers of Britain, China, France, Germany and Russia to be "forward looking."

"We're finished with the presidential statement: that step is over," he said. "Now we look to the future and see if Iran varies the conduct from that it has been following for the past 18 years."

The European ambassadors said they would not prejudge Iran's response and urged Tehran to comply so that negotiations over its nuclear program could resume.

Mr. Bolton held out no such hope. "We are prepared to be back on the 31st day," he said, "given the Iranian record to date of consistently flouting the International Atomic Energy Agency, attempting to obstruct what they have done and continuing to pursue nuclear weapons."

In a news conference after the Security Council session, Iran's ambassador, Javad Zarif, said Tehran had historically placed little faith in the Security Council and doubted that its action would have any effect on Tehran.

"Pressure and threats do not work for Iran," he said. "Iran is a country that is allergic to pressure and threats and intimidation."

U.N. Security Council Drafts Statement On Iran (WSJ)

By Neil King Jr.

The Wall Street Journal, March 30, 2006

WASHINGTON -- The five permanent members of the United Nations Security Council broke a three-week impasse on Iran and agreed on a statement demanding that Tehran suspend all uranium enrichment.

Diplomats hailed the step as an important breakthrough, but it is unclear what impact the statement will have in Tehran, where the Iranian government insists it will proceed with its nuclear-development plans as a matter of sovereign right.

Concerns over the U.N. standoff with Iran have helped keep oil prices above $60 a barrel in recent weeks. Iran is the second-largest producer in the Organization of Petroleum Exporting Countries after Saudi Arabia. The U.S.'s Energy Information Administration yesterday reported that commercial stockpiles of gasoline declined by 5.4 million barrels last week to 216.2 million barrels. The May crude delivery contract on the New York Mercantile Exchange yesterday rose 38 cents a barrel to $66.45.

The U.N. statement, which isn't legally binding and falls short of a resolution, expresses "serious concerns" that Iran has failed to comply with a series of steps laid out by the International Atomic Energy Agency to assure that Tehran isn't pursing nuclear weapons. Iran insists its nuclear program is for peaceful purposes, but the statement notes "that the IAEA is unable to conclude that there are no undeclared nuclear materials or activities in Iran."

The statement asks IAEA chief Mohamed ElBaradei to report to the Security Council in 30 days on Iran's compliance.

The U.N. agreement "demonstrates that the international community is united in its concern over Iran's nuclear program," said U.S. Secretary of State Condoleezza Rice in a statement. "Iran is more isolated now than ever."

The five permanent members of the Security Council -- the U.S., France, Britain, China and Russia -- have been locked in negotiations since early this month to craft a joint position on Iran, even one that makes no mention of potential sanctions or other leverage. Each permanent member of the Security Council has powers of veto. Russia and China have staunchly resisted any diplomatic moves that might eventually pave the way to sanctions or military actions, as happened with Iraq. They have also pushed to assure that the IAEA be the main focus of diplomatic action instead of the Security Council.

In a clear nod to those concerns, the statement says that Iranian compliance with all IAEA requests, including the suspension of all nuclear-enrichment activities, "would contribute to a diplomatic, negotiated solution that guarantees Iran's nuclear program is of exclusively peaceful purposes."

Russian Foreign Minister Sergei Lavrov told reporters yesterday, before the U.N. agreement was reached, that "any ideas involving the use of force or pressure in resolving the [Iran] issue are counterproductive and cannot be supported."

A top British official this month privately floated the idea of offering Iran a new package of unspecified incentives, saying in a letter that that was the only way to get the Russians and Chinese "to accept significant sanctions [on Tehran] over the coming months." The Bush administration rejected the idea of enticing Iran into compliance with diplomatic sweeteners.

U.S. ambassador to the U.N. John Bolton told reporters the statement "sends an unmistakable message to Iran that its efforts to deny the obvious fact of what it is doing are not going to be sufficient."

The diplomatic path ahead, however, is sure to be rocky. If Iranian officials refuse to suspend enrichment and to make various technical moves required by the IAEA, and Mr. ElBaradei reports back that they remain noncompliant, the U.S., Britain and France are likely to try to push ahead on a resolution.

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But crafting a resolution that contains any threat of sanctions could take months, and will prove exceedingly difficult in the face of a potential veto threat from Russia or China.

Could Sanctions Stop Iran? (WP)

By Carne Ross

The Washington Post, March 30, 2006

Now that the U.N. Security Council has agreed on a statement demanding that Iran restrict its nuclear program, the United States and its allies are doubtless considering tougher measures, including sanctions, to force Iran's compliance. The experience of sanctions imposed on Iraq (and on other countries), which I helped engineer and maintain as a British diplomat at the Security Council, offers some lessons.

First, no sanctions regime is effective unless its objective is widely shared, especially by the neighbors of the targeted state. On Iraq, even though the United States and Britain managed, through strenuous diplomatic effort, to gain Security Council approval of sanctions, there was considerable evasion of the sanctions by Iraq's neighbors and others, for whom their economic welfare was more important that the goal of disarming Iraq. Even if China and Russia do not block any sanctions resolution on Iran, no resolution will be effective unless they and other states choose to enforce the sanctions.

Second, oil sanctions are a double-edged sword. In the latter years of the 12-year sanctions regime on Iraq, Saddam Hussein often threatened to stop Iraq's oil exports in order to deter the United States and Britain from imposing measures in the Security Council to thwart his sanctions-busting techniques. Then as now, the gap between global oil demand and supply was so small that even the threat of stopping Iraq's exports caused damaging spikes in global oil prices. Any attempt to block or limit Iran's oil exports would surely have similar effects.

Third, even the most aggressive sanctions regimes, such as comprehensive economic sanctions, tend not to achieve their desired effects. While they were in effect, sanctions on Iraq prevented it from rearming -- despite the claims of the U.S. and British governments before the 2003 invasion. But the sanctions did not force Iraq to comply fully with the United Nations' weapons inspectors. It finally took the threat of invasion for Iraq to cooperate with the inspectors in the months before the war.

Instead, comprehensive sanctions caused considerable human suffering in Iraq and, thanks to the control over food rationing that the oil-for-food program placed in the regime's hands, they arguably helped reinforce Hussein's rule. This mistake must not be repeated.

Fourth, any sanctions regime requires a long-term, patient and detailed effort to succeed. Sanctions on Slobodan Milosevic's Yugoslavia were effective partly because the United States and the European Union devoted considerable resources to targeting Milosevic's illegal financial holdings. Although there was lots of rhetoric, and American ships patrolled the Persian Gulf, sanctions enforcement on Iraq was sporadic, as the United States and its allies allowed Iraq's neighbors, particularly Jordan and Turkey, to import oil illegally. It's hard to believe that support for sanctions against Iran, even if they were imposed, would endure for very long.

Sanctions on Libya, imposed in 1992 after the bombing of Pan Am Flight 103 over Lockerbie, Scotland, were more effective in part because they were more limited. The U.N. ban on arms sales and air travel to Libya was seen as measured and commensurate pressure on Moammar Gaddafi to comply with the Security Council's demand that two Libyan agents accused of planning the bombing be handed over for trial. Even then, it took many years before Libya complied. Here there is a lesson that sanctions, when supported politically and patiently applied, can eventually work. Perhaps here there is scope for something that could work with Iran: a package of travel bans and financial measures targeting Iranian leaders. Targeted sanctions are, after the Iraq experience, now the fashion.

But there is one big reason why any U.S. effort to obtain sanctions against Iran is unlikely to be effective. All U.N. sanctions in the past have been imposed on governments that have done something seriously wrong -- such as invading other countries (Iraq) or brazenly hosting terrorist organizations (the Taliban). The claim that Iran might be developing a nuclear bomb hardly meets this standard, particularly because Pakistan and India got away with it (and with U.S. sympathy) and because U.S. intelligence assertions on weapons of mass destruction are, thanks to the Iraq experience, thoroughly disbelieved. Unless Iran is silly enough to do something such as testing a bomb (which is not very likely), there will probably not be sufficient international support for punitive measures.

All of these reasons suggest that sanctions, as a policy option, are far from straightforward. Without troublemaking from Iran (which perhaps the United States is hoping for), they are unlikely to be agreed to under the current circumstances, and even if they are, they will succeed only if they are very carefully designed, targeted and supported by long-term and diligent diplomacy to shore up support.

The writer is a former diplomat who served in Britain's delegation to the United Nations from 1998 to 2002. He is now director of Independent Diplomat, a nonprofit diplomatic advisory group.

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US Bans Meetings With Hamas (FT)

By Sharmila Devi

Financial Times, March 30, 2006

The US administration banned its officials on Wednesday night from meeting the Islamist group Hamas, as the new Palestinian government was sworn in and while Israel's centrist Kadima party opened talks to form a coalition after winning the largest number of seats in Knesset elections.

US officials in the region were instructed by e-mail on Wednesday to have no contacts with Palestinian ministries from 6pm last night.

Canada also announced last night it was suspending assistance to the Palestinian Authority because the new Hamas-led government refused to renounce violence and recognise Israel.

The US brands Hamas a terrorist organisation and bans all contact with the group. But the impact of that policy will become more severe with Hamas now in government.

Washington wants Hamas, which won by a landslide in Palestinian elections in January, to recognise Israel, renounce violence and abide by previously signed peace accords before it will consider a change in attitude.

The US policy will now affect not just Hamas min-isters but also independents and technocrats in the newly formed Palestinian government – though US officials will still be able to speak to Mahmoud Abbas, the Palestinian president.

However, Omar Abdel-Razeq, the new government's finance minister, said he believed that Europe would eventually encourage a rethink of the boycott.

He told the Financial Times: "We believe these positions will be reversed, hopefully by Europe in the beginning and later by the US once they realise that we are serious about the financial transparency and accountability they have been demanding from the Palestinian Authority."

The Palestinian Authority is facing chronic shortfalls in a budget that runs to about $160m (£92m) a month. The US, which has given $1.5bn over the past decade, will donate only to humanitarian agencies in future.

State Dept. Warns Envoys On Hamas Meetings (AP-Y2)

AP2, March 29, 2006

U.S. diplomats considering contacts with Palestinian officials should clarify beforehand whether they have links to Hamas, the State Department said Wednesday.

The warning came as the new Hamas-led government took power in the Palestinian territories. The United States regards Hamas as a terrorist organization, so contacts with Hamas members would be forbidden because of U.S. laws barring exchanges with such groups.

"We will not have contact with members of Hamas, no matter what title they may have," said State Department spokesman Sean McCormack.

McCormack said a notice was sent to U.S. diplomats outlining procedures they should take if questions arise about the affiliations of Palestinian officials.

As a condition of dealing with Hamas, the U.S. and its allies want it to agree to the recognition of Israel, renunciation of terrorism and acceptance of international commitments made by the Palestinian Authority.

Hamas Cabinet Is Sworn In, Widening Break With The Israelis (NYT)

By Greg Myre

The New York Times, March 30, 2006

RAMALLAH, West Bank, March 29 — The new Palestinian prime minister, Ismail Haniya, and his cabinet were sworn in Wednesday, formally putting the Islamic movement Hamas in charge of the Palestinian Authority and marking an almost total break in the government's contact with Israel.

The swearing-in of the Hamas-dominated cabinet, coming just a day after Israel's national elections, crystallized the great shifts in Israeli and Palestinian politics that have come in the past decade: from sweeping peace negotiations to years of fighting and now to declarations that neither side wants anything to do with the other.

Israel's acting prime minister, Ehud Olmert, and his Kadima Party, which came out ahead in the Israeli election, say they want to define Israel's borders over four years and are ready to do it unilaterally.

But Hamas refuses to recognize Israel and has shown no signs of meeting Israeli and international demands to disavow violence and accept previous agreements.

"My message to Israel is to put an end to the occupation, and then there will be no fighting," said Aziz Dweik, the new speaker of the Palestinian parliament and a Hamas member.

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He presided over a budget session on Wednesday that took place simultaneously, through video conference, in Ramallah and in Gaza City because Israeli travel restrictions prevent Hamas members from traveling between the territories.

Mark Regev, a spokesman for the Israeli Foreign Ministry, said: "With Hamas formally taking over the government structure of the Palestinian Authority, Israel and many in the international community cannot continue with business as usual. We will not talk to an unreformed Hamas, and we believe many countries think the same as we do."

The United States and the European Union regard Hamas as a terrorist group and refuse to deal with it. Immediately after the new government was sworn in, Canada suspended some assistance to the Palestinian Authority.

But American officials have maintained ties with Mahmoud Abbas, the Palestinian Authority president, who leads Fatah, the dominant political movement until its electoral defeat in January.

Still, Israel and the Palestinians cannot completely disentangle themselves. For example, Israel controls the electricity and much of the water supplied to the Palestinians. All food, medicine and other goods going in and out of Gaza must pass through an Israeli-controlled crossing.

Mr. Regev said the policy was to avoid contact with the Hamas government, while trying not to impose hardship on ordinary Palestinians.

But Palestinian officials argue that this distinction is impossible. The Palestinian Authority runs the schools and hospitals, and if Israel continues withholding monthly tax revenues of some $50 million that it collects on behalf of the Palestinians, these essential institutions could quickly collapse, the officials say.

"A hungry man is an angry man," said Mr. Dweik, the speaker. "We hope the world will not allow the Palestinian people to suffer, because this will only make people more radical."

The new Palestinian government faces the urgent problem of raising roughly $170 million each month that it says it needs just to pay government workers and keep the Palestinian Authority functioning.

The swearing-in ceremony on Wednesday, which was held after the parliamentary session, was also conducted by video conference.

Mr. Abbas, who is allowed to travel between the West Bank and Gaza, was in Gaza City. He stood before the 10 new ministers from Gaza as each took his oath with his right hand on the Koran. In Ramallah, the 14 ministers were sworn in before a large television screen beaming the image of Mr. Abbas.

Olmert's Border Plan Draws Fire

By The New York Times

KHARTOUM, Sudan, March 29 — At the end of a two-day Arab League summit meeting here, the leaders on Wednesday condemned Israel's acting prime minister, Ehud Olmert, for his threat to draw up Israel's borders unilaterally by 2010.

The leaders passed a resolution that rejected the plan as "advancing an insatiable expansionist intention," adding that any such action would prevent establishing an independent and sovereign Palestinian state.

Other concerns raised at the talks included the tense situation in Iraq, Iran's nuclear program and growing influence, and the victory of Hamas in the Palestinian election. Arab countries also pledged $150 million to support the African Union peacekeeping mission in Darfur in Sudan.

This year, only 12 of the 22 Arab heads of state attended.

Commentators for the Arab news media have reflected a general feeling of disappointment with the meeting. One, Dawood as-Shiryan, wrote in the pan-Arab newspaper Al Hayat: "Clearly, the Khartoum summit has earned its place as a model Arab summit. It ignored the important issues. It failed to play a mediatory role, let alone rise to the challenges."

Abbas Swears In Hamas Cabinet Ministers (AP)

By Sarah El Deeb

AP, March 30, 2006

Hamas formally took power Wednesday, with Palestinian President Mahmoud Abbas swearing in 24 Cabinet ministers, including 14 who served time in Israeli prisons.

Soon after the ceremony Canada announced it was suspending aid to the cash-strapped Palestinian Authority, and other nations were expected to follow suit.

State Department spokesman Sean McCormack said the United States is looking for ways to get humanitarian aid to the Palestinian people, but "we are not going to provide funds to a terrorist organization. And we are not going to provide U.S. funds to a Hamas-led government."

With Hamas now at the helm, the Palestinian government faces a crippling international economic boycott, and may run into immediate difficulties next week when March salaries are to be paid for some 140,000 government employees.

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The Palestinian Authority gets a large part of its approximately $1.9 billion annual budget from overseas sources. Without money from the Arab world, Europe and the United States, a Hamas-led government would be nearly broke.

The newly installed Palestinian Information Minister, Youssef Rizka, called the Canadian action "hasty" and said it "shows obvious bias."

"What we need from the Canadian government is that it ask the Israeli authorities to admit that they are occupying Palestinian land," he told The Associated Press.

Canadian Foreign Affairs Minister Peter MacKay said his government had no choice but to suspend assistance and decline any contact with the new Hamas Cabinet.

"The stated platform of this government has not addressed the concerns raised by Canada and others concerning nonviolence, the recognition of Israel and acceptance of previous agreements and obligations, including the roadmap for peace," MacKay said.

"As a result, Canada will have no contact with the members of the Hamas Cabinet and is suspending assistance to the Palestinian Authority."

However, Ottawa emphasized it would continue giving humanitarian aid to the Palestinian people through U.N. and nongovernment organizations.

Wednesday's swearing-in ceremony came just a day after Israel's election and drew clear lines of confrontation. Hamas says it will not soften its violent platform and Israel's victorious Kadima Party says if that is the case, Israel will set the borders of a Palestinian state itself, without negotiations, and keep large areas of the West Bank.

Arab leaders, wrapping up an annual summit in the Sudanese capital, Khartoum, rejected any Israeli move to unilaterally draw its borders with a West Bank withdrawal. In a final statement, they renewed a peace offer for Israel — a 2002 initiative that Israel has rejected, promising a peace with Arab states in return for a withdrawal from all occupied Arab lands.

Israeli officials said it is very unlikely acting Prime Minister Ehud Olmert will create a "Hamas bypass" and negotiate directly with the moderate Abbas as long as Hamas refuses to change. Abbas, leader of the defeated Fatah Party, was elected separately and wields considerable power.

Israel suspended tens of millions of dollars in monthly tax transfers to the Palestinian Authority after the Hamas victory, and Israeli Foreign Ministry spokesman Mark Regev said the Israeli Cabinet would decide on additional sanctions next week.

"With Hamas taking over now, you can't have business as usual," Regev said.

The Cabinet ministers took their oath in two ceremonies, held simultaneously in the West Bank and Gaza because Israel bans the travel of Hamas leaders between the two territories. The two locales were hooked up by video conference.

Abbas presided over the 10-minute ceremony in Gaza City, looking glum, then left without speaking.

The first to be sworn in was Prime Minister Ismail Haniyeh, who walked along a red carpet, then placed his hand on a copy of the Muslim holy book, the Quran, laid out on a low table. He pledged to be "loyal to the homeland and its sacred places."

Haniyeh later told a news conference his government would cooperate with Abbas. He reiterated Hamas won't negotiate with Israel under the current terms, but appeared to be softening his message. Haniyeh said if Abbas wants to go ahead with peace talks, "it's his prerogative and we have no problem with that."

Abbas then held a separate news conference and said the new government "knows what is required" of it, including dealing with Israel. Abbas reiterated that many differences remain between him and Hamas, and that both sides should try to bridge them.

In all, the new Cabinet has 24 ministers, including Haniyeh. Ten are from Gaza and 14 are from the West Bank. Nine have engineering degrees and the rest are university graduates in other fields. Nineteen are Hamas activists and five are independents. One is a woman and one a Coptic Christian.

Fourteen spent time in Israeli prisons, serving terms ranging from six months to six years, most for membership in Hamas or fundraising activities. Haniyeh was arrested by Israel in 1989, and served three years for allegedly heading a Hamas unit that hunted down suspected informers for Israel.

Hamas claims its military and political wings are separate, while Israel maintains Hamas politicians have had direct knowledge of the group's violent attacks that have killed hundreds of Israelis over the years.

The militants took office just a day after Olmert, head of the centrist Kadima Party, emerged as the victor in Israel's parliament election. It will probably take several weeks for Olmert to form a ruling coalition. He has said he would only invite parties that accept his West Bank plan.

Olmert has said he would take unilateral action if the Palestinians don't indicate a readiness for compromise in a reasonable period of time. Olmert wants to keep large West Bank settlement blocs, but dismantle several dozen smaller settlements with about 70,000 residents.

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Kadima Plans To Form Coalition Quickly After Election Win (WSJ)

By Bill Spindle

The Wall Street Journal, March 30, 2006

After its victory in Israeli elections, acting Prime Minister Ehud Olmert's Kadima Party said Wednesday it would quickly form a broad ruling coalition that will carry out its plan to pull out of much of the West Bank and draw Israel's borders by 2010.

Party officials said that despite a weaker-than-expected performance in Tuesday's election, Kadima has widespread support in parliament.

In an election with lower turnout than any other in Israeli history, Mr. Olmert's Kadima Party won 28 seats in the 120-seat Knesset, Israel's parliament. The Labor Party, headed by Amir Peretz, finished second with 20 seats. Likud, the conservative party led by Benjamin Netanyahu, won 11 seats.

Haim Ramon, a senior Kadima lawmaker, told Israel Radio that the party is confident it will get broad backing for its withdrawal plan in parliament. "I believe we will have more than 70 legislators who will support the disengagement plan," Mr. Ramon told Israel Radio, referring to the expected West Bank pullout.

Mr. Ramon was quoted as saying he expects Mr. Olmert to have a government in place after the Jewish holiday of Passover, which begins in mid-April.

For Kadima, a party formed by Prime Minister Ariel Sharon before he suffered a stroke in January, it was a remarkable debut. The party, which lured members from both the left-wing Labor Party and the right-wing Likud, reshaped Israel's political landscape during the election. Kadima didn't garner the 42 or so seats that some early polls showed its support might win.

That would have given Mr. Olmert, who will become prime minister, an extraordinarily strong hand. But Labor, which focused on Israel's economic problems and the poor, surged in the final weeks of the campaign, along with several other smaller parties. Israel Beitenu, a party led by a charismatic Russian immigrant, appeared to become the country's third-largest parliamentary bloc, winning about 14 seats with a platform that consisted largely of advocating moving Arabs out of Israel. Party chairman Avigdor Lieberman drew much of his support from the one million immigrants from the former Soviet Union who want a leader with a strong stand of security issues.

Likud, which has dominated Israeli politics recently under the leadership of Mr. Sharon, turned out to be the big loser in Kadima's successful opening run. It won 38 seats in Israel's last election in 2003 and controlled the government until recently.

Voters gave Mr. Olmert, who is Israel's acting prime minister, a green light on his plan for the Palestinian territories. Mr. Olmert offered to negotiate with Palestinians under certain circumstances over borders in his acceptance speech, but he has said Israel would move to establish Israel's borders within his four-year term even if no Palestinian negotiating partner emerges. That plan is controversial because it flies in the face of decades of Middle East peacemaking, which has envisioned mutually negotiated borders between Israeli and Palestinian states. Mr. Olmert has also made clear his plans include closing many West Bank Jewish settlements, though he has vowed to keep the biggest for Israel. Reacting to projections showing a Kadima Party victory, Hamas said it would resist the party's platform.

Mr. Olmert needs a coalition of more than 60 seats to move forward, and to achieve that he will have to cut deals with other parties. That could require softening his plan or putting more emphasis on some other areas of policy, such as bolstering the country's welfare programs as Mr. Peretz would like to do, in order to win over partners for his government.

The election's turnout was the lowest in Israeli history with 63.3% of Israelis voting, reflecting a growing disenchantment with the candidates. That compares to 67% in the 2003 election.

Israel's ceremonial president, Moshe Katsav, said Wednesday that he will start talking to party leaders next week about forming a coalition. Traditionally, the Israeli president gives the nod to the leader of the largest party to try to form a government.

"I assume there will be a stable government," Mr. Katsav told Army Radio.

Palestinian President Mahmoud Abbas said Wednesday that the results of the Israeli election would have little effect unless Mr. Olmert agrees to peace talks. "We want negotiations and not to dictate unilateral solutions," he said in Khartoum, Sudan, where he was attending an Arab Summit.

--The Associated Press contributed to this article.

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Olmert Considers Options After Slender Victory (FT)

By Harvey Morris

Financial Times, March 30, 2006

Ehud Olmert on Wednesday embarked on forming a broad coalition to implement his plan for separating Israel from the Palestinians after his new Kadima party won the largest number of seats in Tuesday's elections.

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With just 28 seats in the 120-member Knesset, Kadima's less-than-decisive victory meant tough bargaining ahead as Mr Olmert weighed his options for bringing left-wing and single-issue parties into a new ruling coalition.

Although the election was billed as a referendum on the acting prime minister's plan to fix Israel's borders – unilaterally if necessary – on the basis of future withdrawals from the West Bank, many voters opted for sectarian and special interest factions. Parties representing the ultra-Orthodox, Russian immigrants, Israel's Arab minority and even pensioners took around a third of Knesset seats.

In the first Israeli election that neither the traditional ruling Likud or Labour blocs was tipped to win, Amir Peretz's Labour party re-gained some of the status it lost with the collapse of the peace process it sponsored, ending up with 20 seats.

Likud, however, the battleground of last year's struggle over the decision of its then leader, Ariel Sharon, to disengage from the Gaza Strip, plummeted to fifth place with only 11 seats, down from the 38 it won in 2003 when Mr Sharon was prime minister.

The rightist Yisrael Beitenu and its predominantly Russian immigrant electorate fared better, taking 12 seats to place it fourth in the party rankings. Avigor Lieberman, its leader, fought an anti-crime campaign in which, despite his ultra-nationalist credentials, he hinted he would be open to an offer of a place in a Kadima-led coalition.

The National Union-National Religious bloc, defender of the right of Jewish settlers to remain in all parts of the West Bank, took nine seats, having apparently failed to garner many votes from rightwingers disenchanted with Likud.

Mr Olmert on Wednesday called a meeting of senior party officials to review the election results and set up a coalition negotiation team.

Kadima leaders acknowledged the difficulties of forming a working coalition with such a slender mandate for the party. “I think we can run a government with 28 seats. It will be difficult, but possible,” said Shimon Peres, the former Labour leader.

Haim Ramon, another Labour defector to Mr Olmert's party, nevertheless believed the government would be in place before next month's Jewish holiday of Passover.

He told Israel Radio that Kadima could implement its so-called “convergence” plan in the West Bank with support from 70-80 members of parliament. Labour was a possible central partner, he said, and “social issues will not be a hindrance in coalition negotiations”.

Labour was expected to emerge as Mr Olmert's key coalition partner, despite its reservations about a unilateral withdrawal from the West Bank. Mr Olmert has said Israel would prefer a negotiated settlement but was prepared to go it alone if necessary.

Other potential allies – including the new Pensioners party with seven seats and the ultra-Orthodox Shas, with 13 – are more agnostic about the Olmert plan and might demand government concessions to their constituencies as the price for supporting it.

Labour itself is likely to press for senior ministries to reflect its coalition role and was already eyeing the finance portfolio which it would use to push the party's social welfare agenda. Israeli stocks fell more than 2 per cent and the shekel weakened 0.5 per cent against the dollar as investors counting on a stronger Kadima showing contemplated possible higher government spending.

It could be a year before Kadima finalises its plan to determine Israel's final borders by pulling out of part of the West Bank, according to one of the party's winning candidates.

Otniel Schneller, an architect of the disengagement plan, was yesterday quoted as saying he had been working on the plan on Mr Olmert's behalf ahead of the election. “The wisdom of the plan is that there is no precise timetable but rather you flow with the plan and set a timetable as the plan develops,” he told Associated Press.

Under the plan, Israel would maintain and strengthen its hold on the main settler blocs that are home to the bulk of the 250,000 Israelis in the West Bank while evacuating smaller communities to the east of its separation barrier. Jerusalem, including most if not all of the annexed and predominantly Arab eastern sector, would remain part of Israel.

Ismail Haniya, incoming Hamas prime minister of the Palestinian Authority, said: “Such a plan definitely won't be accepted by the Palestinian people or the Palestinian government.”

Not With A Bang But A Pop (NYT)

By Steven Erlanger

The New York Times, March 30, 2006

JERUSALEM, March 29 — In an election that Israeli leaders hoped would produce "the big bang," creating a strong, stable centrist majority, Israeli voters delivered a small pop, unwilling to give too much power to an untested acting prime minister, Ehud Olmert.

Mr. Olmert should be able to govern the country, cobbling together a coalition that will support a further Israeli pullout from the West Bank. But it will be an expensive coalition for Mr. Olmert and the new Kadima Party, which will have to give up some important ministries.

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It is likely to be expensive for the Israeli taxpayer, too, because Mr. Olmert's main prospective partners are all committed to big increases in social benefits for the poor and the old.

There were surprises in this election, but no big winners. There was one obvious loser, though: Benjamin Netanyahu, the former prime minister, who led his Likud Party to a disastrous showing of 11 parliamentary seats out of 120.

Likud came in fifth, behind even Yisrael Beiteinu, the party of Mr. Netanyahu's former aide Avigdor Lieberman, who favors handing over Israel's Arab citizens to the Palestinian Authority in exchange for settlement land.

Mr. Netanyahu was being punished in part for his economic policies as finance minister. His battles to cut the power of unions, slash social benefits and cut taxes were praised by economists and helped restore growth to the economy, but they were a target for his political rivals, especially for the new Labor Party leader, the Moroccan-born trade union leader Amir Peretz. Mr. Peretz was one of the small winners of the election, because Labor kept 20 seats, close to Kadima's 28.

Already, Mr. Netanyahu's enemies in Likud are circling to overthrow him, but the party looks likely to be on the margins for some time, and it risks being swallowed up again by Kadima from the center and by Yisrael Beiteinu from the right.

"Take yourself back two years," Yair Lapid wrote in the daily Yediot Aharonot. "The Likud has 40 seats, and the sense is that the right is going to govern here for another 40 years. Then take a look at yesterday."

Most important, the right plus the religious parties will be unable to muster a 61-seat majority to block any West Bank withdrawal plan, while Kadima plus the left and the Arab parties, which won 10 seats, will control more than 61 seats.

Mr. Lieberman was another small winner, bringing his Russian-oriented party into fourth place, and could end up as a member of the governing coalition or as the opposition leader.

After Prime Minister Ariel Sharon's severe stroke, Mr. Lieberman understood that many Russian voters who loved Mr. Sharon wanted a strong, security-minded leader who would not be too nice to Arabs, and that Russians were angry at Mr. Netanyahu for slashing social services.

Some Israelis accuse Mr. Lieberman of being a racist; Ari Shavit of the newspaper Haaretz suggested that his rise was "an expression of a crisis in Israeli democracy."

It was a disorienting election, with Israelis turning away from the large, sophisticated parties that deal with a range of issues. Kadima, Labor and Likud together won only 59 seats — not even a majority. Kadima won substantially fewer seats than the 44 predicted at its birth under Mr. Sharon in November.

"This was a missed opportunity for Israel to stabilize the political system, which is what Sharon wanted to do," said Yossi Klein Halevi, a senior fellow at the Shalem Center, a Jerusalem research institute. "We needed a strong center party, and we haven't quite gotten one. The vote reinforces the sense that Olmert doesn't have the mandate Kadima claims he has for a withdrawal."

Still, analysts speculated that with Labor, the Pensioners Party — which won a surprising seven seats by seeking more benefits for the elderly — and the religious party Shas, Mr. Olmert and Kadima would have a stable majority of 68. Moreover, they said the leftist party Meretz and the Arab parties, controlling another 14 seats, would not vote against a withdrawal even if Shas defected.

Mr. Olmert may also attract the religious party United Torah Judaism, which is flexible on policy and controls another six seats.

But the two defining ideologies of Israeli politics for the last decade have been marginalized, Mr. Halevi pointed out. Only Likud remains committed to the idea of Greater Israel, comprising the full biblical land of Israel, while only the small, dovish Meretz remains committed to the kind of negotiations with the Palestinians that failed at Camp David under President Clinton.

In a way, Mr. Halevi said, "it's the marginalization of the left and right, of the idea of peace and of the settlements."

Yuval Steinitz of Likud, the chairman of Parliament's foreign affairs and defense committee, was bitter: "Apparently the right is stupid," he said. "The national camp did not protect and preserve its ruling party. The right will pay; the national camp will pay; the whole country will pay."

Stephen P. Cohen of the Israel Policy Forum noted the importance of domestic economic issues. "Because there's such a strong consensus that Israel's romance with the territories is over, people felt free to vote on domestic issues, which is healthy," he said.

The election was also strange for its displacement of old voting loyalties, said Shlomo Avineri, a political scientist at Hebrew University. With a split Likud, the new Kadima, Mr. Sharon's disappearance, the collapse of the centrist, secular Shinui Party, and Mr. Peretz instead of Shimon Peres as leader of the Labor Party, few Israelis felt that they could vote in traditional ways.

"It helps explain the wavering, the undecideds, the low turnout and the success of the Pensioners Party," Mr. Avineri said. The party, led by a former Israeli spymaster, Rafael Eitan, 79, did not make it into Parliament last time, but this year voting for it became modish among young voters alienated by other choices.

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It was also hard to create excitement and passion for the idea of a unilateral withdrawal from parts of the West Bank in the absence of serious negotiations with a Palestinian Authority able to make a deal for peace. "Even those who support unilateral withdrawal are depressed by it," Mr. Halevi said. "It's kind of an admission of failure."

Menachem Brinker, a professor of philosophy at Hebrew University and a man of the left, was pleased at the collapse of the right. "The right — those who still believe in the postcolonial era that you can rule 3.5 million Palestinians — has no future now," he said. "The great majority of Israeli Jews have absorbed the need for more withdrawals from the West Bank."

Olmert Seeks Coalition Partners (WT)

By Joshua Mitnick

The Washington Times, March 30, 2006

TEL AVIV -- Acting Prime Minister Ehud Olmert, winner of Tuesday's Israeli election, began informal negotiations yesterday with prospective coalition partners, several of which laid out demands for joining a government that is expected to be bottom heavy with smaller niche factions.

"The bang," read one newspaper headline, referring to the disintegration of the two-party system into a confusing array of 12 parliamentary factions with no dominant group. One commentator called the new legislature a "postmodern" parliament in which older ideologies of left and right have been discredited.

Mr. Olmert's centrist Kadima Party, which disappointed party members by managing only 28 of the 120 seats in the Knesset, is expected to shape its coalition around a partnership with the dovish Labor Party, which earned 20 seats.

Israel's Channel 2 television news suggested that Mr. Olmert would piece together a coalition of more than 70 members by adding a party of pensioners and two ultrareligious parties, including the third-place Shas Party. The results indicated that the prime minister probably could rely on 69 votes to support his plan to withdraw from much of the West Bank within four years, either through negotiation or unilateral withdrawal.

"I want to see a coalition that doesn't become sucked into a crisis midway, like we've seen" in the past, said Foreign Minister Tzipi Livni. "[We want] a coalition that supports a division into two states."

The negotiations began as a new Hamas-led Palestinian Cabinet was sworn in at ceremonies in Ramallah and Gaza City. Prime Minister Ismail Haniyeh said his government would give its blessing to Palestinian Authority President Mahmoud Abbas' pursuit of peace negotiations with Israel, even though the Islamic militants have ruled out talks in the past.

"If the Palestinian Authority chairman, as the serving president, wants to accelerate the negotiations, we won't oppose this," he said."If what President Abbas [presents after] negotiations serves our interests, we can also redefine our positions."

Palestinian negotiator Saeb Erekat said he hoped that Israel's new government would abandon unilateralism in favor of peace negotiations.

"The right is down and the right is up, the left is center and the center is left, and its all very confusing," said Mr. Erekat.

Unstable coalitions in Israel have prompted five general elections in less than 10 years, spurring widespread disillusionment and apathy.

Kadima, the first party other than Labor and Likud elected to run the government, had been expected to reel in close to 40 seats as recently as a few weeks ago. The lackluster performance puts Labor in a position to demand one of three top ministerial portfolios -- foreign, defense or finance.

"Suddenly the results will force Kadima to see us as almost equal partners," said Labor Knesset member Yuli Tamir. "We are going to be tough negotiators."

Israel's Olmert Hastens To Form Governing Coalition (LAT)

By Laura King

The Los Angeles Times, March 30, 2006

JERUSALEM — Urged by Israel's president to move swiftly, acting Prime Minister Ehud Olmert began working Wednesday to assemble a governing coalition in the wake of his centrist party's narrower-than-expected election victory.

The pressing nature of the task was underscored in Gaza City by the swearing-in of the new Palestinian government dominated by the Islamist group Hamas — a regional milestone that will greatly complicate any steps on the peace front.

Since its own election victory two months ago, Hamas has resisted calls to renounce its aim of destroying Israel. Now that its Cabinet is officially in place, that stance is likely to bring about a near-cessation of official Palestinian contacts with whatever Israeli government emerges and to imperil international aid to the Palestinian Authority.

Wednesday, in the latest international move to isolate Hamas, Canada announced that it was suspending assistance to the Palestinian Authority.

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With a glum-looking Palestinian Authority President Mahmoud Abbas looking on, members of the new Palestinian Cabinet each laid a hand on a Koran and took the oath of office.

The ceremony was linked by video teleconference between Gaza City and the West Bank town of Ramallah, because of travel restrictions placed by Israel on Hamas lawmakers and government ministers.

Israel's president, Moshe Katsav, said an array of potential threats had spurred him to put aside the waiting period for a formal announcement of election results, expected to be made next week. He called on the various political factions — some of them natural allies, some of them bitter foes — to start aligning themselves without delay.

"The new government does not have much time — there are weighty issues on the agenda," Katsav said. "All the parties … should pull together and start cooperating so that the government can form and run the country." Informal talks between the various political camps were already underway, Israeli media reported.

Tuesday's election results gave a clear victory to Israeli parties that are committed to ceding more territory to the Palestinians in the wake of last summer's Israeli pullout from the Gaza Strip.

Both Olmert's party, Kadima, and the second-place Labor Party say Israel will have to give up many of its West Bank settlements, though the two differ on whether the Jewish state should proceed unilaterally or on the basis of negotiations.

With Hamas now in power, however, any peace talks are highly unlikely. Still, Olmert signaled in his victory speech that he hoped to maintain contacts with the more pragmatic Abbas.

Israeli analysts and Olmert's allies said that although Kadima's mandate was smaller than he had hoped for — 28 seats in the 120-member Knesset — parties likely to ally with him would be able to fend off efforts by the right wing to block West Bank withdrawals.

"I believe we will have more than 70 legislators who will support the disengagement plan," senior Kadima lawmaker Haim Ramon told Israel Radio on Wednesday.

But the results will leave Olmert and Kadima vulnerable to the often-bruising vicissitudes of Israeli coalition politics.

"A leading party with less than 30 seats is much more dependent on partner parties," said analyst Yoram Peri of Tel Aviv University.

And some influential commentators pointed to the low voter turnout and Kadima's slippage in support in the weeks before the elections as signs that Olmert would have to proceed with caution.

"The voters accepted him and his plan, but did so with a decided lack of enthusiasm," prominent political analyst Nahum Barnea wrote in the Yediot Aharonot mass-circulation daily.

"He and his party are going to have to work hard to stabilize the government and to establish their public standing. They are in a test period — a little modesty wouldn't hurt them."

In Israel, the assembling of a governing coalition traditionally entails delicate negotiations coupled with bare-knuckled assertion of claims to the most powerful government ministries.

Labor, by virtue of picking up 20 Knesset seats, will be in a position to demand senior Cabinet positions such as the Ministry of Finance or Defense. Its strong showing also dictates that the social welfare issues championed by its leader, Amir Peretz, will have to be high on the new government's agenda.

Small but important players in the new government could include the Pensioners Party, which won a very respectable seven seats advocating the rights of the elderly — to the bemusement of many Israelis.

"Who would have thought the trendy, 'hot' party in this election would be an obscure bunch of senior citizens?" commentator Ofer Shelah wrote on Yediot Aharonot's website, YNET.

Olmert has said any coalition partners must support his plan to consolidate West Bank settlements and draw Israel's borders. Some parties scrambled to retrofit their views in order to reap the benefits of entering the government.

The constituents of Shas, an ultra-Orthodox party that placed third with 13 seats, have vehemently opposed pullbacks from Palestinian territory in the past. But as coalition discussions began, the party was touting a ruling by its spiritual leader, Rabbi Ovadia Yosef, that such withdrawals were in keeping with scriptural edicts that saving lives was the highest religious priority.

The vote was nothing short of a full-blown disaster for former Prime Minister Benjamin Netanyahu, whose Likud Party, once a political powerhouse, fell to fifth place.

Israeli media buzzed Wednesday with accounts of furious but anonymous senior party figures sharpening the political knives to force him from the party leadership.

Some saw poetic justice in the voter rebuke of Netanyahu, who had tirelessly harried Prime Minister Ariel Sharon before the Israeli leader was felled by a massive stroke.

"It was Ariel Sharon's last revenge," columnist Ben Caspit wrote in the Maariv daily. "He is lying between life and death, and now the Likud is in similar straits."

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Israeli Voters Turn To New Issues, Parties (CSM)

By Ilene R. Prusher

The Christian Science Monitor, March 30, 2006

JERUSALEM - Asked for their votes at a turning point in their history, Israelis were deeply divided. A slim majority chose parties keen to make dramatic steps toward solving the conflict with the Palestinians, be it through negotiations or unilateral moves to reshape Israel's borders.

But creating some unexpected power realignments that will reshape the country's political scene for years to come, nearly half of those who voted chose smaller, special-interest parties whose agendas were not primarily focused on the Israeli-Palestinian conflict.

"The results show that the elections were not about disengagement, because if you look at the support for the three major parties that purport to represent the general interest - Kadima, Labor, and Likud - they got only half the vote," say Ofer Shelach, a columnist for Yedioth Ahronoth.

Most of the other parties, while holding some views on the Israeli-Palestinian conflict, gleaned votes for other reasons, mostly on the basis of socio- economic, religious, or ethnic interests.

Israel's right, much of it opposed to concessions to Palestinian statehood aspirations, has experienced a stunning reversal of fortune. The once-mighty Likud party, led by Benjamin Netanyahu, won just 11 seats.

Israel Beitenu (Israel Is Our Home), a far more nationalist party with a base among Russian immigrants, leapt into the country's No. 4 spot, all but anointing its leader, Avigdor Lieberman, as the new frontman of the Israeli Right. Next is Shas party with just one more seat in the Knesset, Israel's parliament. It was the choice among many religious Israelis of Sephardic - or Middle Eastern - origin.

The numbers are expected to add up to a center-left coalition, a sort of collage dominated by the two biggest parties in the picture: Kadima, founded by Ariel Sharon, and the left-wing Labor Party, who brought Israel into the Oslo process with the Palestinians.

Frustrations over ongoing socioeconomic problems allowed for the surprise success of the "Pensioners' Party," which promises to advance the interest of retirees who face an uncertain future in a country still struggling for a balance between social-democratic ideals and market-driven reforms.

"This election was billed as a referendum on disengagement, but it really wasn't, and it's difficult to get a reading on what these results mean," says Mark Heller, a political scientist at Tel Aviv University. "We don't really know where Shas stands, where the Pensioners stand," on the question of making additional pullouts from the occupied West Bank.

Amid this splintering of power, the constant at the center is Acting Prime Minister Ehud Olmert. Mr. Olmert, who took over as Kadima party leader after Mr. Sharon's stroke in January, will now be premier despite having won less than a quarter of the vote.

Under him, the party had hoped to take close to 40 of the 120 seats, but must settle on 28. The smaller-than-expected number is viewed as a mark of the tepid support he has from the public, and an indication of the difficult job that lies ahead for him.

In a victory speech, Olmert made an appeal to the Palestinians that was statesmanlike in quality, and which seemed to run counter to some of the assumptions made about Kadima's do-it-yourself, unilateralist approach to the conflict.

"There is no substitute for a peace agreement. There is no more stable peace than one with a peace agreement," said Olmert, specifically citing the Bush administration's road map as a primary means to reaching an end to the conflict. He called on the Palestinians to be realistic, and like Israel, consider forfeiting land they cherish.

"For thousands of years, we have dreamed in our hearts of a Greater Israel, and such a country will always remain our dream in our hearts," Olmert said. "But out of a recognition of reality we are prepared to make compromises, we are prepared to turn our backs on these areas, and to painfully pull out our residents from settlements."

Olmert's speech seemed an apparent opening to talk with the Palestinian Authority (PA), even one led by Hamas. Israel, the US, and other Western allies have declined to deal with Hamas because they view it as a terrorist group, and because it does not recognize Israel's right to exist.

Many analysts here, however, say that the chances of a resumption of negotiations are extremely slim, making unilateral moves far more likely. But such major moves to pull unilaterally out of settlements beyond Israel's West Bank barrier are not expected to be made for at least a year, says Mr. Shelach, the columnist.

"Right now, Olmert is going to try to put the ball in the Palestinian court and see how things work out between [Palestinian President] Mahmoud Abbas and Hamas," he says. "Unless the security situation deteriorates, both sides of the conflict and the international community will wait it out."

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Part of the suspense in this election drama, he adds, is whether most Israelis actually voted on the questions of the conflict with the Palestinians. Probably half voted on internal questions - economic problems or narrower, special interests.

One common thread among the "other half," as it were, is a backlash against the economic cuts made by Mr. Netanyahu while he was finance minister under Sharon.

The Pension Party wants a better national retirement plan - support payments were cut by about 30 percent during Netanyahu's reforms. Shas will push for the restoration of a per-child support check from the state.

"The real complication is that it's difficult to get a common denominator on economic issues," says Mr. Heller.

Kadima Victory Is Disturbing For Some West Bank Settlers (USAT)

By Matthew Gutman And Jeffrey Stinson

USA Today, March 30, 2006

YITZHAR, West Bank — Yigal Amitay moved to this Jewish settlement to walk with God, he says.

However, Amitay's beloved Yitzhar community may be one of the settlements Israel's new governing political party and its leader, acting Prime Minister Ehud Olmert, have pledged to evacuate within four years.

Israeli voters endorsed Olmert's evacuation plans Tuesday when they gave Kadima and other political parties that favor a West Bank withdrawal enough seats in parliamentary elections to form a government.

Amitay, 40, lives in a hilltop home with his wife and nine children, part of a settlement of about 150 families. He says he'll fight to keep his home.

The West Bank is home to 250,000 Israeli settlers. Based on Kadima's plans, about 60,000-80,000 settlers would be evacuated from the West Bank, according to Yaacov Bar-Siman-Tov, a political scientist at Hebrew University of Jerusalem.

Bar-Siman-Tov describes a future West Bank withdrawal as “dramatic and possibly bloody.” Losing the West Bank and the biblical land of their forefathers is so daunting to settlers, he says, that they would probably put up a fight.

“A prime minister (Yitzhak Rabin in 1995) was assassinated because he dared raise the subject of withdrawals,” he says.

Last summer, Prime Minister Ariel Sharon ordered the withdrawal of troops and 9,500 settlers from Gaza. Thousands of people who supported the settlers, including Amitay, flooded Gaza's settlements to help residents there resist. Amitay calls the expulsion “ethnic cleansing.”

Settlers there clashed with soldiers and police, and more than 200 people were injured, but the evacuation was successful in removing settlers.

Israelis began settling the West Bank soon after Israel captured it in the 1967 Arab-Israeli war. What began as a series of tent outposts has become a network of developed villages and towns that dot the crests of West Bank hills.

The villages often attracted ideological Jews, such as Amitay, who believed that it was their God-given duty to settle land once walked by Abraham, Isaac and Jacob.

Sharon, who remains comatose after suffering a stroke on Jan. 4, was a key proponent of settlements in the 1980s, when he was Israel's agriculture minister. Sharon helped establish some of the West Bank settlements.

By the time Sharon created the Kadima Party in November, he had set out to undo what he once advocated.

Olmert, Sharon's protégé, is carrying out that policy. He has said he would evacuate far-flung settlements such as Yitzhar and relocate settler housing on the Israeli side of the 400-mile security barrier that Israel is building in the West Bank.

Olmert hasn't pinpointed which settlements he would dismantle. Nor has he set a timetable other than saying the withdrawal will be completed by the time his term as Israel's new prime minister ends in 2010.

The Palestinians have long considered the settlements the greatest obstacle to peace with the Israelis.

To Amitay, it makes little sense for the Israeli government to destroy what it had constructed. “Do you have the right to kill a child you brought into the world?” he says.

The Yitzhar settlement near Nablus is a cluster of cookie-cutter homes with red-tile roofs. They were built solely by Jews, Amitay says. No foreign workers or Palestinians are allowed in. Amitay's terrace has panoramic views of hillsides with olive groves in the valleys below.

Amitay argues passionately that Jewish settlers like him have a right to remain. “We pay taxes, we serve in the army, we are productive people,” he says.

Amitay says he knows that if Yitzhar is targeted for dismantlement and residents don't accept a buyout, the Israeli army could forcibly remove them and bring in bulldozers just as it did in Gaza.

“Like a lot of values, this is something people will die for,” he says.

Pensioners Now New Kids On The Bloc (WT)

By Abraham Rabinovich

DOJ_NMG_0024268

The Washington Times, March 30, 2006

JERUSALEM -- The biggest surprise of an Israeli election filled with surprises was the performance of the Pensioners' Party, a newly formed and unheralded political bloc that emerged with seven seats -- most going to men in their upper 70s.

No one was more shocked than the pensioners themselves, who find themselves confronting national questions they had not prepared for when they announced their one-issue campaign for increased pension rights two months ago.

"We haven't formulated a policy about issues like the pullback from the West Bank," said party leader Rafi Eitan, 79. The party will hold a caucus today to figure out what its policies actually are.

The outcome may determine whether the golden agers are invited to take part in a ruling coalition led by Kadima party leader Ehud Olmert, who yesterday began informal talks to find a parliamentary majority supporting his positions.

Mr. Olmert's key campaign promise was to withdraw from most of the West Bank and unilaterally set Israel's final borders if a Hamas-led Palestinian Authority fails to meet international demands that it recognize Israel. Kadima aides said yesterday they would take at least a year to finalize those plans.

Kadima, with 28 seats in the 120-seat Knesset, is expected to join forces with the Labor party, which finished second with 20 seats. Russian immigrant-led Yisrael Beitenu, with 12 seats, and Likud with 11 will likely go into opposition, meaning Mr. Olmert must find at least 13 more votes from among two religious parties, the leftist Meretz party, three Israeli Arab lists and the Pensioners.

If the aging parliamentarians get a Cabinet seat, it will likely go to Mr. Eitan, a former senior Mossad operative who played a major role in the 1960 capture in Buenos Aires of Adolf Eichmann, the Gestapo official in charge of the extermination of Europe's Jews. Most of the others on the party list are former union leaders, some of them quite vigorous.

The Pensioners' Party was among more than 30 groupings to field candidates, and was regarded with the same amusement as the Green Leaf Party -- which advocated the legalization of marijuana -- and other niche groups. Pollsters missed the rise of the Pensioners until the last week of the campaign, when they predicted that, incredible as it sounded, the party might actually get two seats.

Analysts think that the party profited from the confusion created by the redrawing of Israel's political map after Ariel Sharon abandoned the right-wing Likud and founded the centrist Kadima party, drawing in left-wing Labor stalwart Shimon Peres.

Uncertain where to deposit their votes, many chose to place them for safekeeping with the cheerful band of oldsters, even though no one knew what their politics are. A Tel Aviv man said that many of the young people exercising in his sports club said they would vote for the Pensioners.

"I think we radiate sincerity and credibility," said Mr. Eitan.

Some analysts saw the vote for the pensioners reflecting a sense of humor that cut across party lines.

Israel's Muddled Election (WSJ)

The Wall Street Journal, March 30, 2006

Israelis went to the polls Tuesday for the fifth time in 10 years, and what's remarkable is that they emerged more or less as they had entered: leaderless.

Ehud Olmert did get a mandate of sorts for the Kadima (Hebrew for "Forward") party he inherited from the now-comatose Ariel Sharon. Given that Kadima is not yet six months old and brings together an ideologically eclectic group of candidates, that's not a trivial achievement. But with only a 28-seat plurality in Israel's 120-seat parliament -- down from the 35 seats the party was polling a few weeks ago -- Mr. Olmert will have to form a government with some of Israel's 11 other parties.

The coalition Mr. Olmert is now predicted to form is principally with the Labor Party, led by the truculent union leader Amir Peretz, perhaps along with Israel's ultra-Orthodox parties. Labor would support Mr. Olmert's plans to dismantle settlements in the West Bank and draw Israel's self-declared final borders with the Palestinians.

But as a socialist of the old school, Mr. Peretz will insist on halting or rolling back some of the pro-market reforms instituted by former Finance Minister Benjamin Netanyahu. For a country that only recently emerged from four years of deep recession, the choice between a sensible security policy and a sensible economic one is unfortunate and bitter.

Alternatively, Mr. Olmert could tack right and join forces with his old allies in the Likud, now reduced to 11 seats under Mr. Netanyahu's leadership, and the ethnically Russian Yisrael Beitenu party. The markets would welcome Mr. Netanyahu's return to the Finance Ministry, and the Likud slate also includes such talents as former Soviet dissident Natan Sharansky. But Mr. Netanyahu has painted his party into a corner, both by his opposition to Israel's withdrawal last year from the Gaza Strip and his political opportunism. His attempt to blame a dying and helpless Mr. Sharon for Likud's drubbing this week was not a class act.

The larger task Mr. Olmert faces is asserting himself as a credible national leader. Most Israeli prime ministers have come to office with some large record of past accomplishments. Mr. Olmert has been a professional politician most of his life and his 10 years as Jerusalem mayor were notable for the city's decline. As Mr. Sharon's deputy, Mr. Olmert functioned mainly as a political

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canary, floating ideas that his boss didn't yet dare endorse publicly. One such is the re-division of Jerusalem into two cities, one Arab, one Israeli.

Now Mr. Olmert has a relatively narrow window of opportunity to show Israelis he has both vision and backbone. The vision is of an Israel that withdraws to borders that best suit its strategic and demographic interests. It remains to be seen, however, whether Mr. Olmert can carry out the withdrawals in a way that a majority of Israelis can accept and which does not signal weakness to the Palestinians, the way Ehud Barak's hasty withdrawal from southern Lebanon in 2000 did. Mr. Olmert will do even better if he can commit himself to an economic course not dictated by Israel's labor federation and the Pensioners' Party, which came out of nowhere to take seven seats.

Ultimately, this election demonstrated that, in the absence of Mr. Sharon's reassuring presence, Israelis remain uncertain about their future and skeptical of a new generation of untested leaders. That's still a step forward from the sense of despair Mr. Sharon faced when he came to power five years ago. Mr. Olmert has many doubters and a great deal to prove. He can benefit from the example of his predecessor, who showed what real leadership can do.

West Bank Withdrawal (NYT)

The New York Times, March 30, 2006

Tuesday's election in Israel was a minor breakthrough. Israeli voters rightfully slammed Likud, the right-wing party of former Prime Minister Benjamin Netanyahu, casting their lot instead with Kadima, the infant party created by Ariel Sharon, who remains comatose after a severe stroke.

Kadima can't be happy with its performance under the relatively lackluster Ehud Olmert, who is now likely to become prime minister, because it received only 28 parliamentary seats and will have to form an alliance with at least two parties. But by placing the more centrist Kadima, along with Labor, which received 20 seats, in the driver's seat, Israeli voters have endorsed the idea of withdrawing from the West Bank. We're not happy with Mr. Olmert's proposal of a unilateral withdrawal. But at this point, we're heartened by anything that leads to an Israeli withdrawal from land that the Palestinians must control if the area is ever going to evolve into two peaceful, co-existing states.

It may take weeks to sort out a coalition government, but the strong likelihood is that the next government will proceed with Mr. Olmert's pledge to set Israel's borders by 2010.

While the ultimate solution to the conflict can be only a negotiated one, as opposed to a unilateral drawing of final borders by Israel, a negotiated deal is not going to happen until Hamas repudiates terrorism and recognizes Israel's right to exist. Hamas has yet to earn itself a seat at the negotiating table. But in the meantime, Israel can start to rid itself of its self-created problem in the West Bank.

Immediately after the vote, Mr. Olmert made it clear that this remains his intent. He invited the Palestinian president, Mahmoud Abbas, to enter into negotiations on permanent borders, while clearly indicating that he would proceed alone if necessary. With Hamas now in control of the Palestinian legislature, the invitation seemed mainly symbolic.

Whatever borders Israel fixes are not likely to get international recognition, particularly if those borders leave Palestinians cut in half — in the West Bank and Gaza — and unable to get from one part of their country to another without going through Israel. But figuring out what the borders should look like is the least of the problems. After years of peace talks and road maps, the general lines are pretty clear, and they require a West Bank withdrawal. Israel's voters know that, too, as Tuesday's election results confirm.

A Decisive Election (WP)

The Washington Post, March 30, 2006

AN ELECTION cast as a historic referendum over whether to redraw the borders of Israel produced a curious reaction from voters Tuesday: the lowest turnout in history, coupled with a surge of support for small parties focused on domestic issues. That may mean Israelis are uninspired by the man who will now become their prime minister, Ehud Olmert, who stepped in after Ariel Sharon suffered a stroke in January. Or it may mean that many Israelis already assumed what the election results showed: that the debate over whether to give up most of the West Bank and its Jewish settlements is over.

Though Mr. Olmert's Kadima party won fewer parliamentary seats than it hoped for, up to two-thirds of the new Knesset will probably support a West Bank withdrawal. That doesn't mean it will happen in the next four years; this is still the Middle East. But the Israeli parties that favor holding on to all of the remaining occupied territories and settlements were devastated by the election. The Likud Party, which governed Israel for most of the past 30 years and pursued the cause of a "greater Israel" during most of that time, won only 11 of the 120 Knesset seats; even among right-wing parties, it took second place to one that favors a territorial separation of Israelis and Palestinians. Mr. Olmert should have little trouble forming a coalition, though he may have to agree to some big government spending on social programs and pensions.

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The pullout that Mr. Olmert favors, and that he boldly outlined before the election, won't take place anytime soon. First, the new government will have to complete the system of fences and walls it is building through the western edge of the West Bank and around Jerusalem; that may take a year. During that time, Mr. Olmert will probably hold to a stated policy that a negotiated settlement with the Palestinians, as envisioned by President Bush's "road map," is still possible. But negotiation would require either a radical change of position by the Hamas government that took office yesterday in the Palestinian Authority, or its early collapse under Israeli and international pressure. In the meantime, Israel will still exchange blows with Palestinian militants, who fired a Katyusha rocket this week from Gaza into Israel for the first time.

In the absence of Palestinian movement, Mr. Olmert then will seek the support of the Bush administration for a unilateral withdrawal. As the new prime minister sees it, this could involve the removal of some 70,000 Jewish settlers from the West Bank, but also the de facto annexation of other large settlements to Israel, along with 10 percent of the West Bank's land. Such a large Israeli withdrawal would be a major practical step toward a Middle East settlement. But the United States would be bound to ensure that the new border made possible the eventual creation of a viable Palestinian state and that it strengthened rather than weakened Palestinian alternatives to Hamas. Managing that diplomacy may well emerge as one of the greatest opportunities, and challenges, of President Bush's second term.

Sharon's Moment (LAT)

The Los Angeles Times, March 30, 2006

THE BIGGEST WINNER IN Tuesday's election in Israel will almost certainly never learn of his victory. Ariel Sharon lies comatose in a hospital in Jerusalem, unlikely ever to recover after suffering a massive stroke three months ago. But Kadima, the centrist party he founded after leaving the conservative Likud Party last year, won 28 of 120 seats in the Knesset, more than any other party — an endorsement, if not a resounding one, of Sharon's improbable legacy of moderation.

Kadima (it means "Forward") supports the unilateral withdrawal from some Israeli settlements in the West Bank. A clear majority of Israelis supports withdrawal from the settlements, yet Kadima faces obstacles on every front. To govern, the party's leader, Ehud Olmert, will have to form a coalition, probably with leaders of the liberal Labor Party and several smaller parties. It promises to be fractious. And the victory of the terrorist group Hamas in Palestinian elections in January will only make the peace process all the more difficult; Hamas remains dedicated to the destruction of the Jewish state.

Still, it's worth pausing to note what Sharon hath wrought. First is the simple fact that neither Labor nor Likud, but a new party created to reflect the center of Israeli politics, will now govern Israel. Voters had plainly tired of the long-standing Likud-Labor slugfest, and it took the willful former general nicknamed "the Bulldozer" to create a new dynamic. As happened in Gaza, Kadima is now determined to preside over the dismantling of some of the very West Bank settlements whose construction Sharon oversaw as agriculture minister in the 1970s.

Debate over Sharon's legacy will last at least as long as Sharon's life (he turned 78 last month). But this much is undeniable: Israel is closer now to peace than it was when he took office in 2001. The question, as ever, is how to inch still closer to that goal.

Olmert, Sharon's successor and the former mayor of Jerusalem, has promised to continue Sharon's policy of "disengagement," which he has renamed "convergence." By any name, it is an imperfect but welcome development. Ideally, the Palestinians would be partners in the process of Israeli withdrawal from Gaza and the West Bank. But Hamas has shown no interest in negotiating with Israel. President Bush, for his part, has invited Olmert to the White House, an invitation that rightly will not be extended to the new Palestinian prime minister. Now that the Palestinian government is officially controlled by Hamas, the U.S. will have only limited contact with it, though Washington has pledged to continue its aid to Palestinians through other means.

It is a sensible yet vaguely unsatisfying policy. Perhaps the best thing that can be said about it is that it is flexible enough to allow Bush to change as circumstances warrant — as Ariel Sharon did.

Bush Rejects Idea Of Boycotting Meeting In Russia (NYT)

By Elisabeth Bumiller

The New York Times, March 30, 2006

WASHINGTON, March 29 — President Bush said Wednesday that it would be a mistake for the United States to boycott the Group of 8 meeting in Russia this summer.

He also said he needed a personal relationship with President Vladimir V. Putin of Russia so he could walk into a room with him and have him "not throw me out."

Addressing members of Freedom House, a pro-democracy group, Mr. Bush said he was hopeful that Russia would move toward a more open society even though it has cracked down on democratic institutions.

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"I haven't given up on Russia," he said at the Hyatt Regency Capitol Hill. "I still think Russia understands that it's in her interest to be West, to work with the West, and to act in concert with the West. Nobody is saying to Russia, you must look like the United States of America.'"

Although he said, "I've heard some say, 'Don't go to the G-8,' " there have not been recent major objections to the American presence at the meeting, in July in St. Petersburg.

Last year, Senators John McCain of Arizona and Joseph I. Lieberman of Connecticut introduced legislation urging the president to suspend Russia's membership in the group of eight major industrialized nations until it ended its rollback of democratic reforms.

Mr. Bush, who spoke and took questions from the audience, was freer in his remarks than usual. He told the group, for example, that he had sought advice on how best to be effective with Mr. Putin.

"I remember meeting with human rights groups in Russia, and I asked them what strategy should I take as the president of the United States," Mr. Bush said. "Should I be in a position where I can engage the president in frank discussion, or should I publicly scold him, in which case he may turn a deaf ear?"

He continued, "And the universal consensus for them kind of played to my own instincts, which is that I think it's important for the United States to be in a position to be able to express our concerns."

He also said he found meetings like the Group of 8's useful because he could serve as a consensus builder and advocate for other democracies. "One of the things that I find is that nations oftentimes approach me at these different meetings we go to and say, hey, pass the message for me, will you?" he said. "We need you to pass a message, Mr. President."

The president also fielded a question about the American decision to cut off direct funds to the Palestinian Authority now that Hamas has taken control of the government. Washington has decided to redirect the money through the United Nations and independent relief groups.

The questioner, a Palestinian, asked why the United States was "punishing us and cutting funds for people who chose fair and free elections," and hurting "the refugees, the poor, the malnourished mothers and children?"

Mr. Bush said, "I think that aid should go to suffering Palestinians, but nor should it go to a government, however, which has expressed its desire to destroy its neighbor," Israel.

He added, "We support the election process, we support democracy, but that doesn't mean we have to support governments that get elected as a result of democracy."

US Delaying Russia's WTO Membership: Putin (FT)

By Neil Buckley And Frances Williams

Financial Times, March 30, 2006

Russian president Vladimir Putin on Wednesday accused the US of "artificially" holding back progress in talks on Russia's accession to the World Trade Organisation, adding to a chill in relations between the two countries.

Mr Putin made his comments during an annual meeting with Russian business leaders, otherwise largely devoted to domestic policy.

"Unfortunately we have received a list of questions from our American colleagues that require additional agreements that we thought had been settled long ago," the Russian president said, without specifying what areas the US demands covered. "The negotiation process is being artificially set back."

He added that Russia was still interested in WTO membership but "only on economically beneficial conditions".

The US rejected Mr Putin's claim. Robert Portman, US trade representative, said: "The remaining issues with Russia's accession...are not new problems and they are not dissimilar to those issues addressed by others who have acceded to the WTO."

President George W. Bush on Wednesday acknowledged pressure not to attend the G8 summit in Russia later this year, but said that would be a mistake. "I need to be in a position where I can sit down with him [Mr Putin] and be very frank about our concerns ... I haven't given up on Russia. I still think Russia understands that it's in her interest to be west, to work with the west, and to act in concert with the west."

Moscow had hoped to wrap up its 13-year-old talks on joining the WTO by the end of last year, then, after that deadline was missed, at least before it hosted the summit of the G8 summit in St Petersburg in July.

But Alexander Shokhin, head of the Russian Union of Entrepreneurs and Industrialists, a lobby group, said after the meeting with Mr Putin that the July deadline looked doubtful. He said Mr Putin's comments were "news both for members of the government and for business".

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Russia has become impatient over the past year or so as targets for WTO entry have slipped. Moscow now says it is aiming for the end of 2006 – but even this is threatened, not only by failure to wrap up bilateral market access talks with the US but by sluggish progress in multilateral negotiations dealing with Russia's compliance with WTO rules.

Agreement with Washington has been held up over US demands for Moscow to allow foreign banks to open direct branches, not just Russian subsidiary companies as now. Russia says its financial sector could not withstand the competition and that it has security concerns about foreign banks opening branches. The US has also said Russia must clamp down on video and software piracy and cut import duties on aircraft.

The recent WTO accord between Ukraine and the US has rubbed salt into the wound, raising the prospect that Ukraine may join the trade body before Russia.

Russia is the biggest economy not yet to be a member of the 149-nation WTO, but has struck all necessary bilateral deals with other members apart from the US, Australia and Colombia.

Abominable Gasman? (WSJ)

By Vijay V. Vaitheeswaran

The Wall Street Journal, March 30, 2006

Is there really an Abominable Gasman stomping around in the frozen wilds of Siberia? To judge by the hysteria surrounding Russian natural gas, you might think so. Energy ministers from the G7 countries clashed with Russia over "energy security" this month, and the topic is sure to be at the top of the agenda when G8 heads of state meet soon at their St. Petersburg summit.

At first blush, such concerns seem justified. Russia's political showdown with Ukraine in early January over natural gas tariffs temporarily affected gas supplies to Europe. That spooked Germany, and led to accusations of Russia playing pipeline politics. Then, in mid-March, Vladimir Putin announced that Russia will build a $10 billion gas pipeline from Siberia to China. That upset not only the EU but also gas-starved Japan and America. Both countries have been eager to secure access to new Russian gas (to be shipped not by pipeline but in frozen form, as liquefied natural gas). The Chinese deal also stoked fears that Mr. Putin intends to use his country's unrivalled gas endowment to forge a gas-supply cartel akin to the OPEC oil cartel.

So will Russia really bring the global economy to its knees by playing pipeline politics or by creating a "GOPEC"? Don't hold your breath. Saber-rattling aside, pipelines are a lousy tool for imposing an embargo. Because piped gas cannot easily be redirected to the world market, a supplier who embargoes his pipeline customer is in effect losing the money he would have made from that gas. That explains why Russia immediately backed down during the Ukraine standoff in January when Germany, its best customer, growled publicly. As a long history of failed energy embargoes proves, even the most unsavory regime needs money to feed its people.

The notion of a GOPEC is also far-fetched. Global gas reserves are far more abundant and better distributed than oil reserves, so cartel-minded regimes opposed to foreign investment will stagnate no matter how much gas they have. That is why hostile Venezuela has lost out to investor-friendly Trinidad on new gas investments, and why Qatar has become the Mecca of LNG while its gas-rich neighbors Iran and Saudi Arabia remain largely untapped. Besides, what power Saudi Arabia has over the oil market arises from its massive investment in spare capacity. Since the cost of building spare LNG capacity is far larger than for oil, nobody will.

If the G8 wants to do something useful about energy security, it should focus on market liberalization. Russia's pious vow to be a reliable supplier of gas would sound a lot more persuasive if Mr. Putin stopped harassing private investment in energy and opened up access to the country's gas pipeline network. The European Commission must crack down on member states obstructing energy liberalization (especially France and Spain, which have been backsliding recently). And only if America sweeps away over-bureaucratic processes for siting LNG terminals will the country be assured of growing supplies of this clean, plentiful fuel.

In sum, there is no Abominable Gasman. The recent ructions involving Russia arose because the global natural gas market is not yet as transparent or liquid as the global oil market. But there are harbingers of change. In early April, Gazprom is expected to announce which foreign firms will help develop its Shtokman project. This field, located under the Barents Sea, is so massive its gas could meet all Europe's needs for seven years -- though, thanks to flexible LNG technology, that gas could end up in America too.

In the current panic, the great danger is that politicians will turn back the tide of market liberalization. If instead they forge ahead, then the gas future need not be so bleak after all. As the Shtokman example suggests, the dynamic interplay of global markets and technological innovation could yet prove to be the ultimate anti-GOPEC.

Mr. Vaitheeswaran is a correspondent for the Economist and author of "Power to the People" (Farrar, Straus & Giroux, 2004).

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Taylor Caught, Sent To Sierra Leone (WT/AP)

By Clarence Roy-macauley, Associated Press

The Washington Times, March 30, 2006

FREETOWN, Sierra Leone -- Former Liberian President Charles Taylor, captured on the run in Nigeria with sacks full of cash, was flown to Sierra Leone yesterday to be tried on war-crimes charges.

A white United Nations helicopter carrying Mr. Taylor left neighboring Liberia and landed inside the compound of the U.N.-backed war-crimes tribunal that will try the former warlord, U.N. officials said. A second U.N. chopper also landed on the helipad in the capital, Freetown.

Mr. Taylor then was jailed.

Mr. Taylor was captured Tuesday night by security forces in the far northeastern border town of Gamboru, in Borno state, nearly 600 miles from the villa in southern Calabar from which he reportedly disappeared Monday night, Information Minister Frank Nweke said in a statement. He was trying to cross the border into Cameroon.

President Olusegun Obasanjo, who was visiting the White House yesterday, gave few details about Mr. Taylor's arrest except to say he was picked up in a car with his wife and taken to a regional state capital.

President Bush said he appreciated Nigeria's work in apprehending Mr. Taylor.

"The fact that Charles Taylor will be brought to justice in a court of law will help Liberia and is a sign of your deep desire for there to be peace in your neighborhood," Mr. Bush told Mr. Obasanjo in an Oval Office meeting.

A Nigerian police official said Mr. Taylor was in a vehicle with his son, an aide and a local guide when arrested. They also were carrying two 110-pound sacks filled with U.S. and European currency, Alhaji Mohammed Aminu Bello said.

Mr. Taylor and his son were taken into custody while the others were let go, Mr. Bello said.

Mr. Taylor then was flown on a plane bearing a Nigerian flag to Monrovia, Liberia, where hundreds of U.N. troops patrolled. Dozens of elite Irish troops in armored personnel carriers parked their vehicles on the airstrip.

There are 15,000 U.N. peacekeepers in Liberia.

Liberian President Ellen Johnson Sirleaf had said she did not want Mr. Taylor back because his presence could destabilize her fragile country as it takes its first steps toward rebuilding since she was installed in January.

In New York, U.N. Secretary-General Kofi Annan told reporters "it's a great relief that he's been recaptured."

"I think his capture and being put on trial does not only close a chapter, but it also sends a powerful message to the region that impunity will not be allowed to stand and would-be warlords will pay a price," Mr. Annan said.

Mr. Taylor disappeared just days after Nigeria, which had granted him asylum under a 2003 agreement that helped end Liberia's 14-year civil war, bowed to pressure to surrender Mr. Taylor to face justice before the tribunal.

All 22 Nigerian police officers responsible for guarding Mr. Taylor have been arrested, the Nigerian government said Tuesday.

The admission that Mr. Taylor had slipped away came an hour before Mr. Obasanjo left Nigeria to meet with Mr. Bush. The White House had suggested the meeting might be canceled if Nigeria's leader did not have some answers about Mr. Taylor's disappearance.

Mr. Obasanjo said the mood of the White House encounter had "changed drastically" as a result of Mr. Taylor's arrest.

"I feel vindicated," Mr. Obasanjo said as he rejected the notion that Nigerian authorities may have been complicit in Mr. Taylor's escape.

Nigeria announced last week it would hand Mr. Taylor over to the tribunal to be tried for reputed war crimes related to Sierra Leone's 1991-2001 civil war, but the government made no moves to arrest him before he disappeared.

Mr. Taylor, a one-time warlord and rebel leader, is charged with backing Sierra Leonean rebels, including child fighters, who terrorized victims by chopping off their arms, legs, ears and lips. He would be the first African leader to face trial for crimes against humanity.

While the Sierra Leonean tribunal's charges refer only to the war there, Mr. Taylor also has been accused of starting civil war in Liberia and of harboring al Qaeda suicide bombers who attacked the U.S. embassies in Kenya and Tanzania in 1998, killing more than 200 people.

Bush Sure Nigeria's Taylor Will Be Tried (AP-Y2)

By Deb Riechmann

AP2, March 29, 2006

President Bush said Wednesday he's confident that Charles Taylor, a former warlord charged with brutal crimes during Sierra Leone's civil war, will be tried in an international tribunal.

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"I think he is headed for where he belongs, which is trial," Bush said.

Taylor, the former president of Liberia who has been living in exile in neighboring Nigeria, disappeared just days after Nigeria bowed to pressure to surrender him to face charges at the international criminal tribunal in Sierra Leone.

News that he had slipped away came Tuesday, just an hour before Nigerian President Olesegun Obasanjo left Nigeria for his Wednesday meeting with Bush at the White House. On Tuesday night, Taylor was captured on the run with sacks full of U.S. and European currency.

"I do believe that he is headed for trial," Bush said. "We certainly will do our efforts in the diplomatic channels to see to it that that's the case."

A U.N. helicopter carrying Taylor landed inside the Sierra Leone tribunal compound shortly after noon Washington time.

All 22 of the Nigerian police officers who had been guarding Taylor have been arrested, but at the White House, Obasanjo rejected claims that Nigerian authorities may have been complicit in Taylor's escape.

"I do not agree, must disagree that we have been negligent in the way we handled the Charles Taylor issue," Obasanjo said.

Taylor is charged with backing Sierra Leone rebels, including child fighters, who terrorized victims by chopping off their arms, legs, ears and lips. He would be the first African leader to face trial for crimes against humanity.

"If we had been negligent, then Charles Taylor would have got away," Obasanjo said. "He would not have been arrested if there was negligence."

Bush said he appreciated the government of Nigeria's work to apprehend Taylor.

Bush recalled his meeting last week with Liberia's new President Ellen Johnson Sirleaf, who had asked Obasanjo to hand over Taylor. Sirleaf told Bush that her impoverished nation cannot move beyond its years of civil strife until Taylor, who continues to have operatives in Liberia, had his day in court.

"The fact that Charles Taylor will be brought to justice in a court of law will help Liberia and is a signal, Mr. President, of your deep desire for there to be peace in your neighborhood," Bush said after his meeting with Obasanjo.

The Sierra Leone tribunal has jurisdiction, but Bush said the United States is working to have Taylor tried at the International Criminal Court in The Hague, Netherlands — something that would require a U.N. Security Council resolution.

Secretary of State Condoleezza Rice "told me that she thought that might happen relatively quickly," Bush said.

Bush said he and Obasanjo also talked about an international effort to help end Sudan's 21-year civil war, which has left more than 180,000 people dead and 2 million displaced.

Bush has called for greater NATO involvement in Sudan's Darfur region, which the United Nations has described as the world's gravest humanitarian crisis. But he said the African Union must request that its mission in Darfur be converted to a U.N. mission. When that happens, NATO can move in with U.S. help.

"I made it very clear to (Obasanjo) that we are deeply concerned about the humiliation, the rape, the murder that is taking place among the — against the citizens of Darfur. He agreed," Bush said.

On other topics affecting U.S.-Africa relations, Bush asked Obasanjo about conditions in Nigeria's oil-rich southern delta. Obasanjo has been criticized for failing to control militants who have launched attacks on oil facilities in the area. Nigeria is the fifth-biggest source of U.S. oil imports.

"We are very grateful that the measures we are taking, which are essentially socio-economic measures to address some of the grievances, identified grievances (that) will resolve the issue of the Niger Delta," Obasanjo said.

The Nigerian leader said he also talked to Bush about West Africa's Gulf of Guinea, where an oil boom could outpace Persian Gulf exports to America in a decade. The United States is wary about the security of an increasingly strategic part of the world that some U.S. officials believe is vulnerable to piracy, political instability and terrorism.

Obasanjo said he told Bush about how he is working to establish a Gulf of Guinea commission to address any misunderstandings between Nigeria and other countries in the Gulf and how activity in the region can be monitored.

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On the Net:

CIA World Factbook on Liberia:

http://www.cia.gov/cia/publications/factbook/geos/li.html

Liberia's Taylor Found And Arrested (WP)

By Craig Timberg

The Washington Post, March 30, 2006

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MONROVIA, Liberia, March 29 -- On a rain-drenched tarmac, former Liberian president Charles Taylor was arrested by U.N. security officials Wednesday, read his rights, placed in manacles and then flown by helicopter to neighboring Sierra Leone to face charges of crimes against humanity.

So ended, for now anyway, the political career of one of the most-wanted men in the world, a charismatic warlord-turned-president-turned-fugitive who finished the day in the custody of a U.N.-backed tribunal that has indicted him on 11 counts of war crimes and crimes against humanity for his long reign of terror across this fragile region.

Among his alleged crimes are mass murder, rape and mutilation, including support for a brutal rebel group in Sierra Leone that cut off the limbs of its civilian victims. Taylor, 58, is also accused of destabilizing Liberia and several neighboring countries while amassing a personal fortune from illicit trade in diamonds, guns and timber.

Taylor, who served as president from 1997 until he resigned under pressure in August 2003, is the first former African head of state to face international criminal charges for alleged misdeeds while in office. After stepping down, he went into exile in the southeastern Nigerian tourist city of Calabar, but last week Nigerian authorities agreed to return him to Liberia at the request of the newly elected president, Ellen Johnson-Sirleaf.

"It's an important day for justice in the whole African region," said Ezekiel Pajibo of the Center for Democratic Empowerment, based in Monrovia. "It means that Liberia has begun the process of curbing the culture of impunity that has been existing in our country."

Liberians expressed relief, wonder and some unease at the dramatic turn of events for their former president. Only one day earlier, they had learned that Taylor had mysteriously disappeared from a government guest house in Nigeria where he had spent the past 2 1/2 years in exile. Many Liberians feared that he was on his way back to the country, where he stills commands some support.

Johnson-Sirleaf, who on March 5 requested Taylor's return from Liberia, made no immediate public comments but announced plans to address the country in a televised speech Thursday morning.

Taylor, who lived in the United States for years and served a stint in a Boston jail, returned to Liberia in 1989 to launch his rebel movement. Since then, he has exerted a hold on the imagination of Liberians, first by helping to topple the hated dictator Samuel K. Doe, then by winning election in a country he had terrorized for years.

To many Liberians, his return to power had loomed as a real possibility. As he left for exile, Taylor vowed: "God willing, I'll be back." They were words few Liberians have forgotten.

But it was not the return Taylor and his supporters had envisioned.

The office of Nigerian President Olusegun Obasanjo announced Tuesday that Taylor had disappeared the night before. Obasanjo ordered the arrest of the security detail that was guarding Taylor and created a commission of inquiry.

News of the disappearance provoked denunciations from the United States, the United Nations, international human rights groups and the special prosecutor in Sierra Leone. Alarm spread through Liberia as well, which has recently begun to show signs of recovering from decades of war and instability.

But an immigration official in Gamboru, in northeastern Nigeria, spotted Taylor in a jeep with diplomatic tags that was attempting to cross into Cameroon about 7:30 a.m., according to Nigerian authorities. Under orders from Obasanjo, who for years had resisted pressure to deliver Taylor to the war crimes court, Taylor was taken into custody and, courtesy of a sleek green-and-white government jet, flown to Monrovia, Liberia's seaside capital.

Reports of Taylor's capture reached Washington a few hours before Obasanjo was due to meet with President Bush at the White House, heading off what would have been an embarrassing encounter for both leaders. Rather than meeting with the man who had lost a war criminal, Bush was able to applaud Obasanjo for the arrest and focus on other issues.

"The fact that Charles Taylor will be brought to justice in a court of law will help Liberia and is a signal, Mr. President, of your deep desire for there to be peace in your neighborhood," Bush told Obasanjo in the Oval Office as cameras recorded the moment.

Obasanjo thanked him and then denied any mishandling of Taylor. "I do not agree, must disagree, that we have been negligent in the way we handled the Charles Taylor issue," he said. "If we had been negligent, then Charles Taylor would have got away."

U.S. officials were not sure what to make of the incident and the dramatic developments. Obasanjo arrived in Washington after 9 p.m. Tuesday amid reports that Taylor had escaped, and the Nigerian president and his delegation were promptly met at their hotel by State Department officials seeking information on what had happened. The national security adviser, Stephen J. Hadley, met separately at the White House with his Nigerian counterpart, Aliyu Mohammed.

Administration officials went to bed Tuesday night uncertain what would happen at the Oval Office meeting the next morning, but by the time they arrived at work, they had received reports that Taylor had been caught.

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"It's an open question as to what happened," said State Department spokesman Sean McCormack. "We will follow up with the Nigerian government on that issue, but as I said, the important fact is that he is in custody and he's going to face justice."

For Taylor's arrival at Roberts International Airport in Monrovia, dozens of Jordanian and Nepalese military police officers took up positions on the tarmac. White U.N. tanks were posted at every corner of the runway and two helicopters patrolled.

A half-hour before Taylor's plane landed, thick clouds rolled in. The temperature dropped. The wind picked up and churned the propellers of a waiting plane. Then rain poured down.

It had slowed only slightly when Taylor's plane landed about 4:30 p.m. The former president, dressed casually in a beige traditional robe and slacks, was somber as he was read his rights and placed under arrest, according to Liberian officials. In a matter of several minutes, he boarded a waiting U.N. helicopter a few steps away.

He was then flown to Freetown, the capital of Sierra Leone. About an hour after arriving there, Taylor was in the custody of the special court.

Many Liberians learned of Taylor's arrest by listening to live radio broadcasts. A surge of jubilation shot through the capital.

"I'm so grateful today to hear that Taylor has gone to Sierra Leone," Samuel Kanneh, 31, said in downtown Monrovia. "Liberia will be safe."

The joy was tinged with frustration that the United Nations, pushed mostly by Western powers, had brought Taylor to justice rather than Liberians themselves.

"He was my president," said Marcus Kelley, 27, a student. "He was loved by a lot of people."

Even Harris Banni, 29, an unemployed man who said his father was killed by Taylor-led rebels, expressed wounded pride at the manner of Taylor's arrest.

"I am a Liberian even though he killed my father," Banni said.

Liberian Seized To Stand Trial On War Crimes (NYT)

By Lydia Polgreen

The New York Times, March 30, 2006

FREETOWN, Sierra Leone, March 29 — Charles G. Taylor, the warlord who became Liberia's president, was captured Wednesday after a dramatic 24 hours in which he disappeared from the villa in Nigeria where he had lived in exile and then was recognized at a remote outpost as he tried to leave the country.

He was brought here to face war crimes charges for his role in a brutal decade-long civil war in Sierra Leone, one of a series of conflagrations that he set off, killing at least 300,000 people. He is the first African head of state to face such charges in an international court.

Mr. Taylor's arrival by helicopter under extraordinary security capped a saga that began nearly three years ago, when he fled his nation in the face of a rebel onslaught. He was captured Wednesday morning after a customs official recognized him as he tried to escape into Cameroon.

He arrived unshaven and dressed in a white tunic covered by a bullet-proof vest, tan pants and slip-on shoes. His appearance was in stark contrast to his dapper look in his last public appearance, in 2003, when he went into exile after a 14-year civil war that killed a quarter million of his countrymen, defiantly declaring, "God willing, I will be back."

He did return to Liberia, briefly, on Wednesday, but only to be handed over to United Nations troops who promptly flew him here, where he was read the indictment from a United Nations-backed court dealing with war crimes in Sierra Leone — 11 counts of crimes against humanity — then jailed.

Desmond de Silva, the prosecutor who will try the case, said Mr. Taylor's arrival "sends out the clear message that no matter how rich, powerful or feared people may be, the law is above them."

The trial is sure to resonate on a continent where dictators have ruled with ruthless impunity. From Idi Amin, the soldier whose murderous rule in Uganda gave way to comfortable exile in Saudi Arabia, to Haile Mengistu Mariam, whose 14-year Communist rule in Ethiopia brought political purges that killed more than a million people but who is now living quietly in Zimbabwe, African leaders who brutalize their citizens have faced few consequences.

"The current perpetrators of serious human rights crimes should be put on notice that international courts take the crimes they commit very, very seriously," said Corinne Dufka of Human Rights Watch.

Mr. Taylor's arrival here was a dramatic turn in the already complicated saga of the effort to bring him to justice after he ignited a series of civil wars in the 1990's that engulfed much of West Africa.

In the early 1980's, Mr. Taylor was a senior government procurement officer in Liberia. Charged in 1983 with embezzling nearly $1 million, he fled. He was arrested in Massachusetts in 1984, then escaped from jail in 1985. He resurfaced in Liberia in 1989 as a Libyan-trained warlord, leading a rebel force. He was elected president in 1997, in a vote overshadowed by fears of what might happen if he lost.

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A warrant for his arrest was issued in March 2003. But as part of an agreement to remove him from power and halt a bloodbath in Liberia, Nigeria offered him asylum and refused to hand him over to the court in Sierra Leone, where he was accused of fomenting a civil war.

Though under intense pressure by the United States to arrest him, President Olusegun Obasanjo of Nigeria had insisted he would hand over Mr. Taylor only to an elected Liberian government. Earlier this month, Ellen Johnson Sirleaf, Liberia's new president, herself facing pressure from the United States, made the request, and Mr. Obasanjo agreed.

But Nigeria insisted that it was Liberia's responsibility to go and arrest him, with Mr. Obasanjo's spokeswoman declaring that Mr. Taylor was "not a prisoner," which seemed almost to taunt Mr. Taylor into trying to escape from his lightly guarded compound in Calabar.

Late Monday night the Nigerian government said he had vanished. He was found more than 600 miles north, in an ash-colored Land Rover with a large quantity of dollars, in the company of a woman and a driver, Haz Iwendi, a spokesman for the National Police, said by telephone.

A customs official spotted Mr. Taylor, whose vehicle had diplomatic license plates, early Wednesday morning in the border town of Ngala, Mr. Iwendi said.

The escape was an acute embarrassment for Mr. Obasanjo, who arrived Tuesday in Washington for a visit to the White House to discuss security in the volatile Niger Delta, where attacks by militants on oil facilities and kidnappings have slashed output. Nigeria is the United States' fifth-largest supplier of oil.

Outraged American lawmakers called on President Bush to cancel his meeting with Mr. Obasanjo, with whom Mr. Bush has had a warm relationship, based in part on their shared Christian faith and bolstered by Mr. Obasanjo's role as a regional problem solver.

But internal problems have eroded the Nigerian's status. Militants in the Niger Delta, sectarian violence that killed more than 100 people last month and a political crisis stemming from plans to try to extend his rule to a third term have roiled Nigeria.

Mr. Bush met with him on Wednesday, and at a joint news conference, hailed the arrest of Mr. Taylor. "The fact that Charles Taylor will be brought to justice in a court of law will help Liberia," Mr. Bush said, "and is a signal, Mr. President, of your deep desire for there to be peace in your neighborhood."

Mr. Taylor was flown on a Nigerian government jet from Borno State, in northeastern Nigeria, where he was captured, to Monrovia, Liberia's capital. There he was handed over to Liberian officials, who promptly turned him over to United Nations peacekeepers, who arrested him. After a brief medical checkup, he boarded a helicopter for Sierra Leone.

The reaction to Mr. Taylor's arrival here was muted and fearful.

J. B. Jenkins-Johnson, a human rights lawyer in Freetown, worried that Mr. Taylor's arrival would cause unrest in a country still reeling from the long civil war. "Let them not bring that man here," Mr. Jenkins-Johnson said. "This man will bring us nothing but problems."

Indeed, many Sierra Leoneans wonder if the court's work will do much to help them improve their lives. "The Taylor case doesn't have a lot of resonance," said Olu Gordon, a political analyst and journalist in Freetown. "It is abstract, while the problems they face are concrete: what to feed their children, how to pay for school, and so on."

The loudest calls for Mr. Taylor's arrest came not from his victims but from the United States, which has backed the international court here financially and diplomatically.

Ms. Johnson Sirleaf, the Liberian leader, had been hesitant to act on Mr. Taylor, saying that the peace in Liberia was still fragile and that any action could stir up his allies, several of whom hold seats in Liberia's new legislature. Several of his commanders remain in Liberia, and news of Mr. Taylor's arrest caused immediate fears of a coup attempt.

But removing him from the scene could also help stabilize the region, said Mike McGovern, an analyst for the International Crisis Group, by demoralizing Mr. Taylor's supporters.

"The arrest closes an ugly chapter in Liberian history and gives people the confidence to look to the future," Mr. McGovern said in an interview in Monrovia. "A lot of people are still sitting on the fence. Once they have a clear idea of where Taylor is and what's likely to happen to him, they're likely to really turn their backs on that period and move forward."

In Liberia, human rights advocates exulted in the news. "This is a great day," said Jerome J. Verdier Sr., head of the country's Truth and Reconciliation Commission. "It's a fundamental triumph for the rule of law both in Liberia and the sub-region."

For Liberia's Expats, Relief And Jubilation (WP)

By Sudarsan Raghavan

The Washington Post, March 30, 2006

Kai Wleh, whose parents were murdered by soldiers of former Liberian president Charles Taylor, has waited 15 long years for justice. Yesterday, unlike any other day, he felt his quest could soon be over.

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Like many Liberians across the Washington region, Wleh awoke to a news report that Taylor had been captured while trying to flee Nigeria, where he was exiled. Unconvinced, Wleh jumped out of bed and called co-workers in Liberia to check whether the report was true.

"My prayer had been answered," said Wleh, 46, who fled Liberia in 1998 and lives in Silver Spring. "Taylor must face trial to bring closure to the atrocities he committed against all of us."

Liberians across the region heaved a sigh of relief yesterday morning as word spread of Taylor's capture and handover to a U.N.-backed war crimes tribunal in neighboring Sierra Leone. Many feared that his dramatic escape Monday from his villa in the Nigerian city of Calabar could trigger another bloody chapter of war and chaos in Liberia.

Hundreds of people phoned Radio Free Liberia, a local radio station that Wleh manages, and joined online chat rooms, refusing to believe that Taylor had finally been apprehended. Shock soon gave way to outright joy.

"This is a great day of celebration, a great day of relief, a great day of jubilation and a great day for freedom for Liberians," said the Rev. Joseph Samuel Reeves, 51, of Culpeper, Va., who said he fled Liberia after several attempts were made on his life.

An estimated 10,000 native Liberians live in the Washington region, many of them refugees who fled different periods of civil war in their West African homeland. Over the years, they have remained connected, wiring home millions of dollars to support poor relatives and to help finance Liberian political candidates.

Last year's historic post-civil war elections, held under the protection of 15,000 U.N. peacekeepers, promised a new era of peace and stability with the election of Harvard University-trained economist Ellen Johnson Sirleaf, Africa's first female elected president.

But many Liberians in the United States still worried about their homeland's future. Taylor has many supporters inside Liberia, and as long as he was in exile, Liberians feared he could return to launch another rebellion. So when the news broke about Taylor's escape, they worried for relatives at home who were putting their lives back together after more than two decades of conflict.

"Charles Taylor on the loose, that could mean insecurity in the region," said Caroline Barnard, a well-known singer in College Park, who fled Liberia in 1990. "That's what we were so afraid of."

Barnard said her mother, who like many older Liberians plans to return home soon, is relieved that Taylor was captured. For many Liberians, it's the most promising sign that their country has turned a corner on the road toward peace.

"The election was an historical landmark, but the capture of Charles Taylor paves the way for the building of peaceful coexistence," Wleh said. "As long as Taylor was in exile or alive, the possibility of peace in Liberia was on slippery ground. This solidifies Liberia's march towards democracy."

Ex-Liberian Leader Arrested In Nigeria, To Face U.N. Tribunal (USAT)

USA Today, March 30, 2006

Former Liberian president Charles Taylor was arrested Wednesday and flown to a United Nations tribunal prison in Sierra Leone to face 17 counts of war crimes. Nigerian President Olusegun Obasanjo said Taylor was arrested in a car as he tried to cross Nigeria's northern border into Cameroon. He was flown to the Liberian capital, Monrovia, and then to Sierra Leone. The charges stem from Taylor's alleged role in civil strife that killed tens of thousands in Sierra Leone from 1991 to 2002.

Taylor had disappeared Monday from his villa in southern Nigeria, where he had been living in exile since being forced from power under a peace deal in 2003 that ended Liberia's civil war. Obasanjo, who met Wednesday with President Bush at the White House, denied that Nigeria helped Taylor's attempted escape.

An Afghan man who could have been executed for converting from Islam to Christianity arrived in Italy and was granted asylum, Prime Minister Silvio Berlusconi said. Abdul Rahman, 41, was released Monday from a prison in Kabul after a court dismissed charges of apostasy — abandoning his faith — because of a lack of evidence and suspicions he might be mentally ill.

President Hamid Karzai was under international pressure to end the case. Afghanistan's new parliament sent a letter to the Interior Ministry demanding that Rahman be barred from leaving the country, but no vote was taken, parliamentary speaker Yunus Qanooni said. Muslim clerics condemned Rahman's release and threatened to incite violent protests; Zabul province's top cleric, Abdulrahman Jan, called it “a terrible thing and a major shame.”

Also, Taliban rebels attacked a coalition military base in southern Afghanistan, killing a U.S. soldier and a Canadian soldier but losing 32 of their own, British military spokesman Col. Chris Vernon said.

Vernon said the fighting was the deadliest in months. The Taliban has warned of a renewed offensive more than four years after U.S.-led forces ousted the hard-line regime.

An Indian court sentenced radiologist Anil Sabsani and an assistant to two years in prison for using ultrasound tests to determine the sex of fetuses. Sabsani is the first physician convicted of flouting a law designed to stop parents from aborting

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female fetuses. Sushma Saini, an information officer for the Haryana state government, said the sentence includes a $125 fine. Girls in India are often seen as burdens requiring huge dowries. The British medical journal Lancet reported that ultrasound sex-determination tests resulted in nearly 10 million female fetuses being aborted in India during the past two decades.

Fugitive Ex-Liberian President Is Captured At Nigerian Border (LAT)

By Robyn Dixon And Hans Nichols

The Los Angeles Times, March 30, 2006

FREETOWN, Sierra Leone — Looking unshaven and haggard, former Liberian President Charles Taylor was placed in a detention cell in Sierra Leone on Wednesday, after his early-morning arrest trying to flee Nigeria carrying large bags of cash.

He will be the first former African head of state to face international justice on war crimes charges, which include forced recruitment of child soldiers, as well as murder, rape, mutilation and sexual enslavement of civilians in a decade of civil war in Sierra Leone. More than 50,000 people were killed in the conflict, which ended in 2002.

Taylor's arrest is a further sign that the international community is catching up with the leaders of West Africa's bloodiest conflicts. Nine former leaders in the Sierra Leone conflict have been detained and await trial in that country. In addition, Thomas Lubanga, a former militia leader during the civil war in Zaire, now the Democratic Republic of Congo, is facing judgment in The Hague.

A United Nations helicopter carrying Taylor, escorted by two other helicopters, landed in the compound of the U.N. Special Court for Sierra Leone in Freetown at dusk.

Handcuffed and wearing a bulletproof vest over a white tunic, Taylor stepped out and was hustled into an SUV and driven about 100 yards to the door of the detention center.

As he emerged from the helicopter, about two dozen Sierra Leoneans on the roof of a nearby house cheered in apparent support of his arrest. Taylor gave no sign he had heard, nor did he answer a question shouted by a reporter.

Inside, away from reporters, a court official read him an amended 11-count indictment on war crimes for his role in the civil war in diamond-rich Sierra Leone, which neighbors Liberia. Taylor is due to appear in court in the coming days to enter his plea, but it will be months before he is granted a hearing.

The court's original 17-count indictment, in March 2003, was reduced by the court this month to 11 counts, prosecutor Desmond de Silva said.

"This will ensure a more focused trial," De Silva said in a statement. "The thrust and gravity of the former indictment is in no way diminished."

Analysts said Taylor's arrest was a boost for West African stability and would give Liberia the chance to break with its violent history.

President Bush welcomed Taylor's arrest in comments to journalists with Nigerian President Olusegun Obasanjo in Washington. "The fact that Charles Taylor will be brought to justice in a court of law will help Liberia and is a signal, Mr. President, of your deep desire for there to be peace in your neighborhood," he said.

Bush added later that he hoped the U.N. Security Council would pass a resolution to place Taylor under the jurisdiction of The Hague in the Netherlands.

Taylor, who wore no disguise, was arrested after 5 a.m. in a Land Rover carrying two large sacks of currency, including American dollars, at Nigeria's border with Cameroon, said Nigerian officials in the northeastern state of Borno.

Traveling in an entourage of several cars, Taylor passed through the Nigerian customs post but found the gate at the immigration post padlocked, according to reports from the scene. When immigration officials pounced, the other vehicles in the convoy fled, according to the reports.

Taylor's capture, a day after he had disappeared, saved Obasanjo intense embarrassment in his meeting with Bush on Wednesday.

Obasanjo said he felt vindicated by the arrest, adding that there was no negligence by Nigeria. "If we had been negligent then Charles Taylor would have got away," he said.

But some still raised questions about Nigeria's role.

This month, Liberia's recently elected president, Ellen Johnson-Sirleaf, requested Taylor's extradition from Nigeria, but Nigeria took no steps to detain him.

Mike McGovern, West Africa analyst for the International Crisis Group, said the near escape was "very peculiar."

"The fact he would be miraculously found in this way is also very peculiar."

After 14 years of civil war in Liberia, Taylor accepted exile in Nigeria in 2003 and left power, vowing that he would return, "God willing." He was accused by many of breaching the conditions of his exile by trying to interfere in Liberian affairs.

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In the Freetown detention center, Taylor joined nine other detainees, some former allies and some enemies: three former leaders of the Sierra Leone Civil Defense Forces, three members of a former military junta and three leaders of the rebel Revolutionary United Front.

Congress Wary Of Trade Deficit With China (CSM)

By Mark Trumbull

The Christian Science Monitor, March 30, 2006

Last year, Americans sold just $1 of goods to China for every $6 of goods flowing the other way. That imbalance is tipping the scales in Congress toward confronting China about its trade.

The growing trade gap - nearly $202 billion in 2005 - threatens the US economy, some lawmakers say. They want China to end what they call unfair trade policies and an artificially low yuan, its currency.

But others say the greater danger lies in provoking a trade war with China, which could hurt the two biggest drivers of the global economy.

Those stakes pose a delicate challenge for America: finding the right balance between assertiveness and patience.

"There's strong bipartisan concern that this growing trade deficit with China is a serious problem," says Robert Scott, an economist at the Economic Policy Institute, a liberal think tank in Washington.

So far this year, Congress and the Bush administration have leaned hard on China's leadership. One Senate bill introduced Tuesday by Charles Grassley (R) of Iowa and Max Baucus (D) of Montana outlines new consequences for trade violations and artificially low exchange rates. Sens. Lindsey Graham (R) of South Carolina and Charles Schumer (D) of New York, meanwhile, have delayed a vote on their proposal to impose a 27.5 percent tariff on Chinese imports if the yuan's value doesn't rise.

The next few weeks could reveal whether the path ahead involves confrontation or common ground. Chinese leader Hu Jintao meets with President Bush in April. And the US Treasury Department is preparing to issue an assessment of whether China is manipulating its currency.

The blend of pressure and patience with China is already a well-worn balancing act for US officials. That's because both the economics and politics of the issues are tricky.

Many US companies are developing profitable operations in China and don't want to antagonize the nation that offers superior growth prospects. Wal-Mart, for example, recently said it expects to hire 150,000 Chinese workers as it expands retail operations there during the next five years.

By some measures, China may already be the world's No. 2 economy. And forecasters estimate that it could surpass America as the world's biggest economy by about 2040.

Economists say the two nations stand to reap big rewards from their expanding ties. The low-cost goods imported from China represent a boost in the purchasing power of American consumers - a kind of "China dividend" for the US standard of living.

And trade is flowing the other way too, with US exports booming last year.

In effect, many economists say the greatest risk is not the trade deficit but the prospect that a rift over trade could result in a resurgence of protectionism.

"Personally, I can think of no faster path to a worldwide recession than for the twin engines of the global economy - the United States and China - to turn against one another," Caterpillar Inc. chairman Jim Owens said in a speech to manufacturers last week in Illinois.

The company's exports of machinery to China have grown 40 percent in the past few years, helping to support 5,000 US jobs. The company is also adding workers rapidly in China.

Although trade and economic prosperity have historically gone together, critics say the US has not done enough to defend US jobs against unfair trade practices - especially in China.

Counting the number of manufacturing jobs lost due to trade is notoriously difficult. Many economists contend that even if China cut export subsidies and boosted the yuan by 25 percent, the impact on US employment would not be dramatic. Americans might simply import more goods from other nations.

But the effect on US manufacturers might be greater. An analysis by the Economic Policy Institute concluded that since 1989, the rising trade deficit with China has displaced production that supported 1.5 million US jobs.

The Grassley-Baucus bill would address currency imbalances and trade violations through a system of "engagement." "We need to engage China and other nations firmly, but with an eye to economic opportunities as well as economic concerns," Senator Baucus said.

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Currency is a primary concern for the National Association of Manufacturers. With the yuan undervalued by some 20 to 40 percent, "it does confer a very significant artificial price advantage," says Frank Vargo, who specializes in trade issues at the association. "That's huge."

He hopes that the Bush administration will work with other nations to bring joint action against China to reform the exchange rate. "There really are no quick routes," says Mr. Vargo. "It's the one we prefer."

US Adds To Pressure On China Over Trade (FT)

By Richard Mcgregor And Christopher Swann

Financial Times, March 30, 2006

The US government on Wednesday stepped up efforts to press China into making big trade concessions before Hu Jintao, their president, visits Washington next month.

Amid a fresh salvo of criticism of Chinese recalcitrance, the Bush administration also gave its first indication that it would back a Senate bill that would require it to take a tougher line on China for not allowing its currency to appreciate.

Carlos Gutierrez, the US commerce secretary, warned in Beijing on Thursday that China would risk protectionist retaliation if it failed to open its market faster and that such measures could be “devastating” to the Chinese economy. “It is important for our colleagues in China to recognise that the voices in the US calling for protectionist policies are real,” Mr Gutierrez said ahead of trade negotiations scheduled for next month.

A few hours later in Washington, Timothy Adams, US undersecretary of the Treasury, told a Senate hearing that China had been “far too cautious” in moving to greater currency flexibility. “They continue to say all the right things...they need to walk the walk,” he said.

Washington is demanding action by Beijing on a range of fronts, including more stringent enforcement of intellectual property rights, the reduction of auto parts tariffs and action on subsidies of state companies and government procurement policies. Pressure also continues to mount for China to allow its currency to appreciate more rapidly.

The Senate has temporarily backed away from threats to put tariffs on Chinese imports in retaliation but is moving ahead with legislation that would threaten China with sanctions if the renminbi failed to appreciate.

Mr Adams indicated on Wednesday that the administration would endorse legislation introduced by Republican Charles Grassley and Democrat Max Baucus that would allow for some sanctions against countries deemed to have currency “misalignments” with the US. He called it “a novel approach” that “would help us”.

Mr Adams said, however, that the administration was not in favour of some of the more draconian proposals put forward by lawmakers. “There are several bills in Congress that would close our markets to Chinese goods if China does not move more on its exchange rate. We do not support those isolationist approaches.

“They would damage our economy and not achieve our shared goals.”

The US efforts are designed to press China into faster action by threatening consequences that the administration – and powerful US companies – would prefer not be carried out.

In spite of Mr Gutierrez’s warning, he struck a much milder tone than on previous trips to China. The importance of cheap Chinese goods to US consumers and the huge investments made by US companies in China make the imposition of any penalties by Washington on Beijing problematic.

China Is Told Of U.S. Impatience On Trade (NYT)

By David Lague

The New York Times, March 30, 2006

BEIJING, March 29 — The rise of protectionist sentiment in the United States over a $202 billion trade deficit with China could hurt the Chinese economy, Commerce Secretary Carlos Gutierrez said Wednesday.

Mr. Gutierrez said at a business forum here that protectionist measures could lead to a decline in Chinese exports to the United States, its biggest international customer.

That would hurt the United States, but be even more damaging for China, he said.

Mr. Gutierrez said China could help the Bush administration counter that threat with improved market access for United States products and stricter enforcement of intellectual property rights.

He acknowledged that Chinese tariffs had fallen since the country's entry into the World Trade Organization in 2001, but he said a wide array of barriers remained that restricted sales of products from companies in the United States and other foreign countries.

"It is important for our colleagues in China to realize that the voices in the U.S. calling for protectionist policies are very real," he said. Mr. Gutierrez was on the last day of a four-day visit to China.

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While Mr. Gutierrez was in Beijing for trade talks, one looming threat to its exports to the United States appeared to have eased. Senator Charles E. Schumer, Democrat of New York, and Senator Lindsey Graham, Republican of South Carolina, delayed plans for a bill that would have threatened steep tariffs on Chinese imports if Chinese leaders refused to let their currency, the yuan, rise in value against the dollar.

The senators said they had become more optimistic as a result of their trip to China last week when Chinese officials emphasized their willingness to let the yuan float more freely and to address other aspects of their country's growing trade deficit with the United States.

Senator Charles Grassley of Iowa and Senator Max Baucus of Montana, respectively the top Republican and Democrat on the Senate Finance Committee, are pushing a separate bill that would focus more attention on currency policies but would stop short of threatening tariffs on imported goods.

Mr. Gutierrez, in earlier talks with senior Chinese officials, including Prime Minister Wen Jiabao; the vice prime minister, Wu Yi; and the commerce minister, Bo Xilai, urged China to accelerate moves to open its markets.

In a statement posted on the Web site of the Commerce Ministry, Mr. Bo said "global economic trends," not Beijing, were to blame for the deficit.

He also said that United States consumers enjoyed the benefits of cheap high-quality goods from China.

The Bush administration is pushing China to make tangible progress on market access at the next meeting of the Joint Commission on Commerce and Trade, to be held in Washington on April 11.

The outcome of the talks could set the tone for President Hu Jintao's visit to the United States later in April, according to United States and Chinese officials.

Mr. Gutierrez did not publicly raise concerns about the value of the yuan, in keeping with a longstanding policy that only Treasury officials deal with currency issues.

US Targets Chinese Piracy Of US Goods (CSM)

By Robert Marquand

The Christian Science Monitor, March 30, 2006

BEIJING - Liu Tong is polite to a fault, speaks perfect English, majored in American studies, has loads of American friends he loves to phone - and duplicates Japanese and American high-tech goods for a living.

Mr. Liu buys unusual, specialized technology - a machine to make film subtitles is a recent project, for example. He disassembles the machine, duplicates the parts, and rebuilds a Chinese version. The process, called "reverse engineering," is the more serious side of a long-running feud between the US and China over intellectual property rights violations - one that includes mass production of pirated DVDs of movies, music, and software.

Now, as Chinese president Hu Jintao prepares to visit the US next month to discuss what Bush administration officials term "our $250 billion relationship," Washington seems to be backing away from a trade war over currency valuation that would slap an epic 27.5 percent tariff on Chinese exports.

Instead, US Commerce Secretary Carlos Gutierrez indicated here Wednesday that the White House will focus on a more diffuse and difficult problem: intellectual property rights (IPR).

"Not currency valuation ... but intellectual property rights violations are the main threat to US industry" argues Stephen Green, senior economist for the London-based Standard Charter Bank in Shanghai, China. "It is the taking of emerging technology, the sophisticated technology that resides in the products of large Western firms, that can do the most harm in the long term."

For nearly a decade, complaints about IPR violations have been a mantra by US trade officials coming to China. Little is done, apart from occasional bonfires of illegal DVDs by Chinese police.

But as the US trade deficit with China climbed to $202 billion last year, protectionist sentiment has built in Washington. Talk of a lack of access to Chinese markets, unfair and obscure business rules that penalize foreign companies, and the recent bill, introduced by Sens. Lindsey Graham (R) of South Carolina and Charles Schumer (D) of New York, which would impose a 27.5 percent tariff on Chinese imports - have seized Beijing's attention. Some 67 senators agreed to pass the bill, despite opposition by the White House. After high-level meetings last week with Vice-Premier Wu Yi and Commerce Minister Bo Xilai, Sens. Schumer and Graham agreed to delay the vote.

Secretary Gutierrez says that while China is the world's No. 2 buyer of personal computers, it ranks No. 25 in software purchasing - a result of widespread use of "pirated software" in China. In a talk to an American business audience, he noted that if China cut the use of pirated software to 80 percent from 90 percent of all software, the country would gain $6.5 billion in tax revenue.

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Just around the corner from where Gutierrez spoke, one major DVD shop had removed all current Hollywood movies from its shelves, leaving an odd assortment of Alfred Hitchcock, Charlie Chaplin, exercise videos, and Korean, Japanese, and Chinese films. But at the store counter, two huge folders of movie flyers were available - Capote, Crash, Pride and Prejudice. Buyers simply pulled the flyers, paid $1 each, and a young Chinese person left the store and returned with movies under his or her coat, already wrapped.

On Treasure Street, Ya Ba Lu, hundreds of vendors who front for factories outside Beijing tell reporters that they can have name-brand coats, shoes, and purses mass-produced for shipment to Moscow, Warsaw, Bangkok, and other destinations.

Economic relations between the US and China have arrived at something of a crucial juncture, US officials say. Gutierrez said that US firms have shifted from thinking of China as a "land of opportunity" to giving its business environment a more "mixed assessment." The secretary also adjusted his criticism of piracy practices and closed markets, shifting from a tone that Chinese see as one of self-interest to an argument that greater opening and fair trade was ultimately good for the Chinese.

IPR enforcement is highly problematic, requiring China to police deeply inside a corrupt system that sprawls over local provinces and cities.

The US isn't alone in showing greater worry over China's capability as a superb duplicator of innovative products. The European Union is preparing to file a WTO suit arguing that Chinese laws requiring European auto-parts makers to create joint ventures with Chinese firms will mainly allow Chinese firms to learn to duplicate European technology and then abandon the firms.

Beijing is showing signs that it understands the sentiment behind US protectionist feelings. Last week, five Chinese agencies held a rare joint press conference arguing that China has done, and will do, much more to police IPR violations. China has shut down more than a dozen factories making illegal DVDs in the past year. Moreover, in a development also praised by Gutierrez, China has shifted IPR violations from a civil to a criminal violation - though the fine print on this is unclear. That Vice Premier Wu is handling IPR violations inside the state structure is an affirmative fact, the commerce secretary said.

"They are closing down the DVD factories, but will they remain closed?" Gutierrez asked, adding that China may need to pay more attention to the concerns of "its No. 1 customer."

"In private business, the thought of my No. 1 customer preparing to change policy ... that would have a significant impact on my thinking," Gutierrez told reporters here.

U.S. Officials Urge China On Markets, Yuan (WSJ)

By Mei Fong

The Wall Street Journal, March 30, 2006

BEIJING -- U.S. Commerce Secretary Carlos Gutierrez warned of rising U.S. protectionist sentiments against China and told China it must do more to open up its markets.

In a speech to the U.S. business community in Beijing yesterday, Mr. Gutierrez warned of "a real protectionist sentiment" that was "creeping up" in America, in part due to the U.S.'s ballooning trade deficit with China.

Later in Washington, the Bush administration warned China that it must do more to allow its currency's value to be set by market forces.

U.S. Treasury Undersecretary Timothy Adams told a congressional committee that getting China to move toward a more-flexible exchange rate system remained his department's No. 1 priority and that the Chinese have failed to do enough since announcing last summer a small revaluation of the currency.

"To date, China's progress has been far too cautious," Mr. Adams said in testimony to the Senate Finance Committee. "China could easily move more rapidly towards greater flexibility. It should do so now."

The comments of Messrs. Gutierrez and Adams came after U.S. Sens. Charles Schumer, a New York Democrat, and Lindsey Graham, a Republican from South Carolina, announced Tuesday that they wouldn't force an immediate vote on a bill that would impose 27.5% tariffs on all imports from China in retaliation for the alleged advantage that Beijing's currency policies give to Chinese firms.

Discussions on China's yuan policy and the U.S.-China trade imbalance are expected to figure high on the agenda during President Hu Jintao's planned visit to Washington next month. U.S. critics say China has been slow to open its markets to outsiders and that it has kept the yuan artificially low, making its exports unfairly cheap. The U.S. deficit with China exceeded $200 billion last year by Washington's reckoning.

Mr. Gutierrez said "China still had a lot to do" to alleviate trade tensions, including improving enforcement of intellectual-property rights and removing barriers to entry, such as a requirement that foreign telecom firms invest $241 million before they are allowed to provide basic telecom services in China. He said that amount is "24 times more than normal" compared with most other countries.

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Chinese authorities say the country has been opening its markets in accordance with its World Trade Organization commitments, after it joined the international trade body in 2001. They also maintain that other factors, including profligate consumption in America and shifting global trade patterns, are to blame for the trade imbalance, not Beijing's yuan policy.

Chinese Commerce Minister Bo Xilai, in a meeting with Mr. Gutierrez on Tuesday, said China's low-cost imports brought "hundreds of billions of dollars" in benefits to American consumers, according to the ministry's Web site.

Still, protectionist sentiment appears to be mounting in the U.S. Congress, despite the decision to delay the Schumer-Graham bill. Currently, there are at least 15 bills and amendments pending in Congress that threaten new taxes or tighter restrictions on Chinese trade, including a bill proposed Tuesday by the two top-ranking senators on the Finance Committee, Republican Charles Grassley of Iowa and Democrat Max Baucus of Montana. Their bill would leave it up to the Treasury Department to decide if China deserved retaliation and would offer much milder sanctions than the Schumer-Graham bill.

In Washington yesterday, Mr. Adams, the Treasury undersecretary, said the proposed Schumer-Graham legislation would damage the U.S. economy without helping achieve a more-flexible Chinese foreign-exchange policy. The bills amount to isolationism that "would damage our economy and not achieve our shared goals," he said.

In his testimony to the Senate Finance Committee, Mr. Adams reiterated Treasury's opposition to such legislation, arguing constructive engagement with China toward a more flexible foreign-exchange regime is working, albeit not as swiftly as the U.S. would like.

"The obstacles are no longer technical; China could easily move more rapidly towards greater flexibility," he said. "It should do so now."

In Beijing, Mr. Gutierrez also said yesterday that if China cut the proportion of pirated software used in the country to 80% from 90%, it would generate $6.5 billion in tax revenue and create 2.6 million jobs for China.

Besides Mr. Bo, Mr. Gutierrez met this week with Premier Wen Jiabao, China's top economic official and the commissioner in charge of China's State Intellectual Property Office, which enforces patents and copyrights. He declined to give details of their talks but said earlier he would bring up market access, product piracy and complaints about China's exchange-rate controls.

Open-Door Policy (WSJ)

The Wall Street Journal, March 30, 2006

From the Beltway panic over the Dubai ports deal to Europe's bout of merger anxiety, ambitious politicians are baring their protectionist teeth. Now would seem a good time to recall how well their countries and others have done by flinging doors open to trade, capital, services and people.

The emergence of China and India as global giants in the making dates directly to their decisions to liberalize. The current U.S. expansion is powered in part by capital from abroad. The Asian Tigers grew off trade. The singular achievement of the European Union was to create the biggest zone on the planet for the free trade of goods, capital and people.

In the past four decades, open economies (mostly from Europe, East Asia, North America) have fared far better than closed ones (Africa, Latin America, parts of Eastern Europe). Economists Jeffrey Sachs and Andrew Warner found that from 1970-1989 average annual growth in open developed economies was 2.3%, compared with 0.7% in the closed. In developing countries, those numbers were 4.5% and 0.7%. That trend hasn't changed much as trade and foreign investment have powered global growth.

As befits the dismal science, not to mention the dismal profession of politics, this evidence hasn't settled the intellectual argument. So New York Senator Chuck Schumer and French Prime Minister Dominique de Villepin can make their case for "economic patriotism," to use the Frenchman's phrase, with a straight face.

But Europe is a good laboratory to test the link between market access and prosperity. Forget about old and new, south and north; the real EU divide is between open and less open economies. The former category include the "Anglo-Saxon" success stories of the past decade, Britain and Ireland. Starting with the Thatcher era, the U.K. put a "For Sale" sign out. A swath of British industry, including its car makers, is now in foreign hands. But -- Mr. de Villepin, take note -- the world didn't end. Britain focused its attention on services, turning London into a global financial center. Britain's rate of growth and employment is the envy of Europe.

The real star pupil is Ireland, which went from the bottom of the EU league tables in GDP per capita to the top in a generation by slashing taxes and barriers to investment. Of the OECD countries, Ireland has the highest share of foreign-controlled affiliates in terms of employment (nearly 50%) and turnover (78%). In Portugal, which puts up higher obstacles to foreign investment, it's 15% and 8%. Portugal is today the poorest country in Western Europe.

Less well-known is Austria. Having emerged from the Cold War with a state-dominated corporatist system, Austrian fortunes changed with the opening of the east and its own economy. Barriers to foreign direct investment went from above to

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below the OECD average. In 1998 Austria had the most legal barriers to investment; by 2003 Vienna had the least after New Zealand, another socialist backwater that liberalized its economy starting in the 1980s.

An open-door policy may be the only proven way that EU countries will be able to salvage their beloved "social model." Consider the Nordic states. Other Europeans envy their high economic growth and welfare spending but don't want to see what makes it possible. These countries have deregulated product and service markets and are open to foreign investment. Volvo and Saab aren't owned by "Swedes" anymore.

The human capital in those countries, often cited as one reason for their strong performance, didn't spare them the downturn of the 1990s. That's when Sweden, Denmark and Finland embraced market reforms to become the most dynamic economies in Europe. Call it "a second-generation Nordic Model," socialist mainly in the welfare sphere.

Foreign capital and free trade have also kept the more protectionist EU states afloat. No Western European country has more barriers to foreign investment than France, according to the OECD. (Britain has the least.) But investors have nonetheless moved into France. By one measure -- the stock of foreign direct investment as a share of GDP -- France (41.8%) is ahead of Britain (36%) and Germany (21.3%), according to Eric Chaney of Morgan Stanley. French multinationals are flourishing abroad. With the state eating up half of GDP, the private sector drives the little growth -- a paltry 1.4% last year -- that France has.

Imagine what a freer market for capital and services could do for France. But the government's nationalist turn of recent years is proving costly. Outside investment is dropping, amounting to half the level of 2003 in each of the past two years. French investors may in turn soon find themselves unwelcome in other countries. When the French political class vilified Indian-born steel baron Lakshmi Mittal and his hostile bid for Arcelor, the Indian finance minister warned that the French may not be so welcome in his booming economy.

Globalization is a two-way street. Nations can't take advantage of it abroad and try to protect themselves from it at home. Maybe in the halls of Congress, this message will eventually sink in. The world's prosperity depends on it.

Door Threatens To Slam On Open Skies (USAT)

By Marilyn Adams

USA Today, March 30, 2006

The rising tide of protectionism that killed the Dubai ports deal threatens to swamp another major transportation proposal: removal of 62-year-old limits on air service between Europe and the USA.

If European Union transport ministers approve the move at a meeting scheduled for June, any U.S. airline could fly to any of the European Union's 25 nations. Likewise, any European airline could fly from anywhere in Europe to anywhere in the USA.

Supporters of so-called Open Skies say it would allow airlines to step up competition for an estimated 17 million new passengers annually, making a trans-Atlantic market already valued at $22 billion a year even more lucrative. For travelers, Open Skies could mean more flights, more convenient routes and cheaper fares across the Atlantic.

But Open Skies has been controversial since negotiators for the U.S. departments of State and Transportation and other agencies began talking to the EU in 2003 about dropping arcane restrictions that limit air service between the continents.

In the USA, the Bush administration backs Open Skies because officials believe it would lower fares and benefit U.S. carriers. No. 2 United Airlines and No. 3 Delta Air Lines support it as a welcome step toward globalization of the industry. Just as adamantly, Houston-based Continental Airlines argues that the promised benefits are illusory. Open Skies has also drawn vehement opposition from labor groups that fear American jobs might be lost.

“Giving away another vital U.S. industry to foreign interests is one more example of globalization run amok,” says the AFL-CIO's Edward Wytkind.

Open Skies was no sure thing even before the political flare-up that killed the plan to turn over management of five major U.S. ports to Dubai Ports World, a company based in the United Arab Emirates. Now some of the same arguments used to thwart that deal are being used to attack Open Skies.

Opponents are aiming criticism not at Open Skies directly, but at a proposed change in rules that govern ownership of U.S. airlines. EU transport ministers aren't inclined to approve Open Skies unless the U.S. first relaxes restrictions on foreign control of U.S. airlines to better reflect foreign ownership rules for European airlines.

The House has approved a non-binding measure to delay the DOT proposal to relax foreign ownership rules. Separately, 163 House members have co-sponsored a bill to delay or veto the DOT rule change. The Senate has similar legislation pending. If enacted, Open Skies could be stalled indefinitely.

Tight restrictions on foreign control of U.S. airlines date back to the 1920s, when memories of World War I were still fresh. Even today, no U.S. airline is permitted to have foreign interests control more than 25% of its voting stock or more than one-third of its board of directors.

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In addition, foreign investors may not currently exert “actual control” over any aspect of a U.S. airline by, for example, having a majority of votes on a board committee or a company president who is American but beholden to them.

U.S. citizens must control an airline's safety, security, routes, fares — everything. To invite foreign investment and to pave the way for Open Skies, the DOT now proposes changing this rule so foreign investors could exert control over purely “commercial” decisions, such as fares and routes. Only U.S. citizens would make decisions on safety and security, the proposal says. Limits on stock ownership and board control wouldn't change. Loosening foreign-control restrictions is not formally linked to Open Skies, but EU officials say one follows the other.

Daniel Calleja, air transport director for the European Commission, said in an interview from Spain that Americans don't face the same restrictions on investments in European airlines. Companies in the EU want “the possibility to invest in the American (aviation) market.” In Europe, foreigners can own up to 49% of voting stock.

If the U.S. refuses to loosen its rule on airlines, “The EU ministers would have to re-examine the situation, and I think there would be no agreement,” Calleja said.

Reaction in the USA to the foreign-control proposal has been swift and severe. Changing the U.S. rule would open the door to investment not only from Europe but also from anywhere else. Critics have not forgotten that U.S. oil company Unocal was nearly sold last year to CNOOC of China before a U.S. political backlash prompted withdrawal of the Chinese offer.

U.S. labor leaders fear foreign investment could threaten airline jobs at a time when tens of thousands of airline workers already have been laid off amid heavy losses and bankruptcies. U.S. pilots on trans-Atlantic flights could be replaced with foreign pilots, or more U.S. jet maintenance could be farmed out to foreign companies. Reps. James Oberstar, D-Minn., and Frank LoBiondo, R-N.J., sponsors of the House bill to block the easing of ownership restrictions, are sounding alarms about homeland security and national defense. During war, the Pentagon pays U.S. airlines to transport troops in the airlines' jets. Critics of the rule change say foreign investors might resist allowing aircraft use in a war they oppose.

“Allowing the daily operations of our airlines to be controlled by competing — and potentially unfriendly — foreign interests could significantly undermine homeland security,” LoBiondo says.

Critics also say the DOT is trying to make an end run around Congress by changing the rule administratively. “If they straight up asked Congress to amend the law, it would fail,” says Duane Woerth, national president of the Air Line Pilots Association.

But DOT officials say they have the legal authority to revise the ownership rules and are prepared to defend their actions in court.

“I am a little surprised by the ferocity” of the criticism, says Jeff Shane, the DOT undersecretary for policy. He chafes at opponents' likening the Dubai ports deal to foreign investment in airlines.

“The two cases are dramatically different,” he says. In the foreign-investment proposal, “We have walled off security issues entirely” from foreign influence.

Restrictions on trans-Atlantic air service are almost as old as those on foreign investment. In the final years of World War II, the U.S., with the world's largest commercial fleet, wanted to fly anywhere.

But at a 1944 meeting in Chicago, the United Kingdom and other nations refused, citing their competitive disadvantage. The countries agreed instead on a system of individual agreements between nations regulating air service.

Although the U.S. has since negotiated individual Open Skies agreements with 15 European countries, the United Kingdom, Ireland, Spain, Greece and several Eastern European countries are not among them. They still restrict service to protect their own interests.

For example, only two U.S. airlines, American and United, have the legal right to take off and land at London's Heathrow Airport, the world's busiest international gateway. United, however, is not allowed to fly from Heathrow to all of its U.S. hub airports: Heathrow-Denver flights are prohibited.

Open Skies would end that.

“Those would be significant openings,” says Michael Whitaker, vice president of United, which supports the changes. “It would get government out of those decisions.”

It would also lift restrictions on European airlines, allowing them to fly between the USA and European cities outside their home countries for the first time.

“Instead of just Alitalia flying to the U.S. from Rome, you might see Air France, KLM or Lufthansa offering non-stop service to the U.S.” from there, says Washington, D.C., aviation consultant Mark Gerchick.

Delta Air Lines has come out publicly for Open Skies, but No. 1 American Airlines has been quiet, as have others. Continental, the only U.S. airline to come out publicly against Open Skies, has gone so far as to threaten litigation.

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Continental President Jeff Smisek calls it “ludicrous” to think an airline could wall off safety and security decisions from a major foreign investor. And he says Open Skies would not be all its supporters promise. U.S. carriers already operate so many trans-Atlantic flights that “the only thing they really need in Europe is access to Heathrow,” he says.

Open Skies would technically make it possible for any U.S. airline to fly to Heathrow, but the agreement would not automatically make it possible to land there. Heathrow is so congested that takeoff and landing times must be owned. Although slots there may be bought and sold, they are costly.

If Open Skies is signed, Continental, which now flies to London's Gatwick Airport, would be locked out of the more popular Heathrow until it could buy slots and gate facilities there. Getting enough slots might take years.

Meanwhile, London-based British Airways could launch Heathrow service to Continental's home base of Houston if it wished. British Airways already flies between Heathrow and Continental's hub airport of Newark, N.J., but Continental can't compete. “If a U.S. carrier can't actually serve Heathrow, Open Skies is a worthless piece of paper,” Smisek says.

Shane acknowledges Heathrow slots are costly and may not be readily available. But, he says, “Anyone who thinks we can live with the status quo should think long and hard.”

The next move is up to the Bush administration. The DOT is scheduled to issue its decision on foreign control next month. The EU's transport ministers are scheduled to meet on Open Skies in June, when they could ratify it. U.S. and EU leaders could sign Open Skies in August.

Meanwhile, criticism in the USA shows no sign of relenting. “Some of the rhetoric has been embarrassing, even xenophobic,” United's Whitaker says.

Protect Our Heritage (WSJ)

By Stuart E. Eizenstat And Michael C. Maibach

The Wall Street Journal, March 30, 2006

WASHINGTON -- There is a clear and present danger that Congress will use the recent Dubai Ports World controversy as a platform to fundamentally change the rules governing foreign investments in the U.S. -- and do so in ways that will scare away investments that are a lifeblood for a healthy economy.

We need to be clear-eyed about our vital national interests. Little direct foreign investment comes from the Middle East: 94% of foreign assets in America are owned by companies from the 25 industrialized, democratic OECD member countries, and 73% of all foreign investments in the U.S. are made by European companies. Our traditionally open investment climate has greatly benefited the American people. At a time when concerns are raised about the "outsourcing" of jobs abroad, foreign investment represents "in-sourcing," a vote of confidence by foreign firms and investors in the openness, flexibility and strength of the U.S. economy.

In-sourcing foreign companies employ more than five million Americans, some 5% of private industry employment. At a time when U.S. manufacturing employment is hemorrhaging, almost 35% of the jobs created by foreign firms in this country are in manufacturing. Foreign direct investment often saves a struggling American company, which might otherwise be shut down or moved abroad.

Foreign-owned U.S. operations account for 21% of our total exports and in 2004 plowed $45 billion in profits back into the American economy. Foreign-owned affiliates purchase 80% of their intermediate components from U.S. firms; they also spend $30 billion on R&D and over $100 billion on plant and equipment annually in the U.S. Moreover, we also need to keep the arteries of foreign investment open to fund our record current account trade deficit and compensate for our low savings rates; foreign capital flows keep long-term interest rates lower.

As Congress looks at changing the rules for foreign investment it should recognize that its actions will reverberate around the world. Today the European Union is facing its own foreign investment debate as France, Poland and Spain seek to check intra-European investments by their own EU fellow-members. Spurred by a takeover threat to the French yogurt industry from a U.S. company, Prime Minister Dominique de Villepin has restricted foreign investment in 11 "strategic" sectors. Those on the other side of the Atlantic will be watching to see what the U.S. government does if the DP World controversy spills over into new anti-investment policies. Russia, already suspicious of foreign investment, may take comfort from U.S. restrictions.

In 1988, at the height of American concerns over Japanese investments, Congress passed the Exon-Florio Amendment to the Defense Production Act, empowering the president to block proposed foreign acquisitions that threatened national security. The president assigned the 12-agency Committee on Foreign Investment in the U.S. (CFIUS) to review such transactions. Since then, over 1,600 investments have been reviewed, and while the overwhelming majority have been approved, several have been withdrawn, either because CFIUS told the foreign company that they would recommend the president reject the acquisition on national security grounds, or because of congressional opposition, like the DP World deal. Many others were approved only with

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strict security agreements. The CFIUS process works well and has found a path that addresses national security concerns while maintaining an open investment climate.

The DP World case has spawned eight congressional hearings and some 20 bills. Even without formal changes, the controversy will lead to greater scrutiny of foreign investment, with more "split" decisions between agencies, and thus more decisions landing on the president's desk, subjecting him to case-by-case lobbying.

One set of bills would give Congress a greater role in overseeing individual investments by unprecedented, intrusive reporting requirements of all filings with CFIUS, including reports which identify disagreements by agencies. This could politicize foreign investment decisions, encourage agencies to go on record in opposition to foreign investment deals, and potentially lead to leaks of propriety information. But confidentiality is central to acquisitions. Another legislative initiative would transfer congressional jurisdiction over CFIUS from the Banking Committee, which has traditionally balanced security concerns with a recognition of the importance of foreign investment, to the Homeland Security Committee, tilting the balance away from investment.

Most troubling are proposals to require a mandatory 45-day investigation -- now reserved for only the most controversial deals with genuine national security concerns -- for all foreign investments, even by purely private firms, in "critical infrastructure." This would include a dozen sectors, from agriculture to telecoms and banking. The effect would be to chill foreign investment in some 25% of the U.S. economy: It might even have required the European firm that acquired Ben & Jerry's to go through an additional 45-day review! This is a virtual duplication of the French decree, and could lead to mirror-image bills by other countries, restricting U.S. investment in their countries. Increasing the time for approval of many CFIUS filings would drastically curtail the willingness of American firms to go through an acquisition process with any foreign firm, even from our closest friends and allies. Time is money; the longer a deal takes to approve, the more it costs and the more variables can affect the underlying transaction. Together these bills would threaten America's proud heritage of openness to foreign investment.

In an age of terrorism, foreign investments in U.S. assets must be carefully scrutinized for national security concerns. The current CFIUS process already provides such protection. More effective oversight and communication between the administration and Congress can be done under current law. Members of Congress from both political parties should avoid fundamentally changing the rules of foreign investment in ways that would create a less inviting climate for such investment at the very time we need more of it. If they do not, this would be an excellent choice for President Bush's first veto, because America must remain open for business.

Mr. Eizenstat, a former trade official in the Carter and Clinton administrations, is the American chairman of the European American Business Council (EABC), a group of 55 U.S. and European companies with transatlantic investments. Mr. Maibach is the president and CEO of the EABC.

Foreign Investment Needs (WT)

By John Castellani, Thomas Donohue And Todd Malan

The Washington Times, March 30, 2006

Today, reacting to the public concern about the Dubai Ports World transaction, the Senate Banking Committee will begin a legislative process in which very important national issues will be the focus -- none more than national security. But Congress needs to be careful as it moves forward in this area: National security, our economy and the health of many American's investment portfolios are at stake.

As leading business associations representing multinational companies based here and abroad, we have a strong interest in making sure the public and elected officials view the Committee on Foreign Investment in the United States (CFIUS) process as an effective national security tool. Our member companies will either have to comply with any changes to U.S. foreign investment policy or live with other nations' reaction to them.

Members of Congress are introducing legislation to "fix" the CFIUS system that many say created the storm in the first place. Some legislation focuses on refinements to CFIUS, while other bills go beyond to ban non-U.S. firms from entire sectors of our economy.

The most draconian proposal would ban non-U.S. companies' ownership of U.S. assets not only in seaports, but in energy, telecommunications, financial services and other industries viewed as "critical infrastructure." The bill would force companies based in countries that are among our staunchest allies, such as Great Britain, to sell their U.S. operations within a five-year period, the equivalent of a fire sale.

Why is it a bad idea to restrict foreign direct investment in the United States, provided it does not endanger our national security interests? Let's start with jobs. Restricting foreign direct investment would put at risk the jobs of 5.3 million Americans employed by foreign companies in the United States.

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Next, let's look at the American investor's stock portfolio. Americans now hold more than $2.9 trillion in shares of foreign companies. For instance, cell phone maker Nokia may be based in Helsinki, but 40 percent of its shares are owned in America. The forced sale of U.S. assets by foreign-owned companies would hurt U.S. pensions, mutual funds and investors through falling stock prices and lower investment returns.

Foreign direct investment is also critical to the success of our capital markets, which provide the "seed corn" essential to the creation of new businesses and jobs, innovations and ideas. Our growing economy and robust capital markets attract more foreign investment than any other single country: more than $1.5 trillion. Shut off that spigot and our competitive edge and mighty economic engine will run dry.

And just think of how our trading partners would respond. While nearly 90 percent of U.S. company investments on an annual basis are made in this country, the fact is we invest more in their countries than they do in ours -- more than $2 trillion. Closing our markets would lead to retaliatory actions that would deeply harm the U.S. economy.

Clearly some changes are warranted. While we know the CFIUS process to be extremely rigorous, there is room for improvement. Congress was clearly unimpressed with the quality and depth of communication from the administration. To remedy this, there should be a focused process for dialogue between CFIUS and the committees of jurisdiction in Congress. Also, CFIUS should be especially alert in the case of wholly state-owned enterprises. One only has to look at Venezuelan President Hugo Chavez's political use of CITGO Petroleum to see the reasoning for the current law's heightened review of state-controlled enterprises.

However, a congressional "veto" over CFIUS decisions would inevitably lead to politically motivated interference in a national security process. This would depart from every other administrative procedure in law regarding specific commercial transactions. Congress does not have a procedure for second-guessing anti-trust reviews, anti-dumping decisions or patent and trademark awards. It should not start here.

Nor should Congress tinker with the law's flexible definition of national security or, worse, expand CFIUS' mission to include "economic security." One of the strengths of the current law is its flexibility to adjust with the times: The Internet was barely known in 1988 when the law was written, but CFIUS now reviews most cross-border telecom transactions because the Internet backbone is part of critical communications infrastructure. Including "economic security" in the definition of the law is protectionism masquerading as national security policy. This charade emulates the very worst of other nations' policies.

As Congress debates how to respond to the Dubai deal, it should keep the Hippocratic oath in mind: First, do no harm. America enjoys the world's strongest economy, the most open and transparent markets, and one of the highest standards of living in the world, thanks in no small measure to international investment. Let's not put those benefits at risk now.

John Castellani is president of the Business Roundtable. Thomas Donohue is president and CEO of the U.S. Chamber of Commerce. Todd Malan is president and CEO of the Organization for International Investment.

Belarus Plans To Charge Defeated Candidate Who Led Protest (NYT)

By C. J. Chivers

The New York Times, March 30, 2006

MOSCOW, March 29 — Prosecutors in Belarus said Wednesday that they would bring criminal charges against a defeated presidential candidate who led an antigovernment march last week, and that they were considering lesser charges against a second candidate who organized a rally.

The announcement, during which prosecutors also said the police had arrested more than 500 demonstrators last week, continued the crackdown on the opposition to President Aleksandr G. Lukashenko, who is often called Europe's last dictator.

It was also an unmistakable snub to the West. The United States and the European Union have demanded the release of the candidate, Aleksandr V. Kazulin, and of demonstrators arrested last week during peaceful protests against Mr. Lukashenko's re-election, which the opposition says was a fraud.

Mr. Kazulin, who was arrested Saturday as he led a march toward a detention center where opposition members were being held, faces charges of organizing group actions and hooliganism, Belarus's federal prosecutor said, according to the Belapan news agency. The first charge could carry a prison term of up to six years.

Mr. Kazulin received 2.2 percent of the officially tabulated vote on March 19.

In an interview Friday, he said an honest count would show he received roughly a third of the votes cast. The next day, he led a group of demonstrators who were attacked by an elite riot police unit, SOBR, which has been widely accused of human rights abuses.

His wife, Irina Kazulin, said the charges were retaliation for his daring to challenge Mr. Lukashenko's authoritarian rule. "It is personal revenge," she said by telephone. "It is purely a political case."

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Ms. Kazulin also said her husband had been kicked and beaten, and had a back injury that had not been examined by a doctor. The prosecutor said Mr. Kazulin had not filed a complaint. Neither claim could be independently verified.

Prosecutors also said they were considering charges against Aleksandr Milinkevich, who received 6.1 percent in the official vote count and who has called for peaceful acts of public assembly. The potential charge, disturbing public order, could carry a sentence of 15 days.

Mr. Milinkevich, in a telephone interview as he prepared for meetings in Poland, said that he expected to be jailed, and that the announcement on Wednesday was part of a mounting campaign against him. "At first, it is usually a P.R. action," he said. "It is only beginning."

He added that the government's pressure was counterproductive.

"I think they would very much like me to emigrate, fearing imprisonment, but I am not going to do that," he said. "The more repression they bring against the protesters and the organizers of protests, the more protests they will have. They are losing their supporters."

The United States warned Belarus's prosecutors not to proceed with charges.

In a telephone interview, David J. Kramer, the deputy assistant secretary of state for European and Eurasian affairs, said officials involved in these cases risked personal sanctions in the West.

The European Union is expected to discuss sanctions against Belarussian officials when foreign ministers of its 25 nations meet on April 10. The United States, which has its own process for applying sanctions, including bans on travel and asset freezes, has been adding names of Belarussian officials on an almost daily basis since last week, Mr. Kramer said.

Gas Deal Roils Ukraine And May Have Cut Leader's Vote (NYT)

By Steven Lee Myers And Andrew E. Kramer

The New York Times, March 30, 2006

KIEV, Ukraine, March 29 — The official residence of the managing director of a company now set to control Ukraine's supply of natural gas is a one-story, clapboard house in a tumbledown village bordering a defunct collective farm outside Moscow. A dirty rug covers the floor, a bare light bulb hangs from the ceiling and scraps of plywood plug gaps in the wall.

Olga P. Sakharova, 49, lives there with her mother and a German fox terrier called Lyusa and has never heard of the director, Oleg A. Palchikov, who operates a business worth $7 billion a year.

"What boss would want to live here?" Ms. Sakharova asked, surprised to learn that she occupied one of the few known addresses of any of the executives of the shadowy gas trading company involved in a deal between Ukraine and Russia that continues to roil politics here in Kiev, nearly 400 miles away.

The company, RosUkrEnergo, became a broker in a deal to resolve a New Year's confrontation between Russia and Ukraine over the price of natural gas — a deal that has prompted accusations of corruption and almost certainly contributed to President Viktor A. Yushchenko's poor showing in parliamentary elections last Sunday, when his party finished a distant third.

The mysteries surrounding the company — ranging from the identity of its owners and the circumstances of its selection, to even the places its executives live and work — reflect the post-Soviet combustion of politics and business that still afflicts Ukraine despite the significant progress that Mr. Yushchenko and his allies have made in making the country a freer, more democratic society.

Yulia V. Tymoshenko, Mr. Yushchenko's erstwhile ally in the mass protests that swept him to the presidency in 2004, campaigned fiercely against the deal, citing it as an example of the corruption and untrustworthiness of the leadership of Mr. Yushchenko's party, Our Ukraine.

With her party having won significantly more votes than Mr. Yushchenko's, according to nearly complete results announced Wednesday, she has now claimed the right to lead the coalition in Parliament representing the reformist, Western-leaning forces who took part in what came to be known as the Orange Revolution.

And she has promised that one of her first acts as prime minister, should she return to the post she held for the first eight months of Mr. Yushchenko's presidency, would be "by all means" to scuttle the deal and RosUkrEnergo's part in it.

"These are the standards preached by Kuchmaism," she said of the deal in an interview on Wednesday, referring to the scandal-tainted presidency of Ukraine's previous leader, Leonid D. Kuchma.

Ms. Tymoshenko's fierce opposition to the deal echoes her zeal in revisiting scandalous privatizations that took place during Mr. Kuchma's tenure, and could complicate efforts to reunite the coalition that swept Mr. Yushchenko to power.

Already, Mr. Yushchenko and his aides have met with his bitter rival, Viktor F. Yanukovich, whose party won the largest bloc of votes, 31 percent, raising speculation that he would seek a parliamentary alliance that would exclude Ms. Tymoshenko. Mr. Yushchenko's party announced Wednesday that it would not commit to any coalition until at least April 7.

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Reopening the deal could provoke a new conflict with Russia over the supply of natural gas, only months after the New Year's showdown, which resulted in a disruption of supplies across Europe, deeply rattling countries that rely heavily on Russian and Central Asian gas that passes through Ukraine's pipelines.

"Any agreement that is unstable is one that is undesirable from the point of view of Europe," said Thane Gustafson, a senior analyst at Cambridge Energy Research Associates.

The deal's critics say the instability comes from the murky nature of the arrangement, which granted substantial control over Ukraine's gas market to a little-known company with links to Russia's state energy monopoly, Gazprom, and unknown investors.

Even now, nearly three months after the deal was announced, the ownership and operations of RosUkrEnergo remain murky. Registered in Zug, Switzerland, it is owned half by Gazprom and half by Centragas, an umbrella corporation run by Austria's Raiffeisen bank for a group of investors whom the bank will not identify, despite pressure from American and European officials.

Officials in Russia and Ukraine have accused one another of having beneficiaries in the company and have provided contradictory accounts of who suggested that RosUkrEnergo be included in the first place.

"This is the Ukrainian part and you need to ask them," President Vladimir V. Putin of Russia told journalists earlier this month. Mr. Yushchenko, by his own accounting, knows no more. "I have personally turned several times to the Russian side to receive this information," he said at a news conference earlier this month. "Unfortunately, as of today, I do not have any information about the founders of this structure."

Executives of the company, some of whom also work for Gazprom itself, declined to discuss the matter in detail. Aleksandr I. Medvedev, the director of Gazprom's export arm, Gazexport, and one of eight members of the board of RosUkrEnergo, has denied knowing the unknown investors.

Konstantin A. Chuychinko, the head of Gazprom's legal department and a longtime associate of Mr. Putin, is a co-director of RosUkrEnergo with Mr. Palchikov. The head of Gazprom's banking subsidiary, Andrei I. Akimov, also sits on the board.

Little else is known about the company. There is an office of a company called RosUkrEnergo on Saksagansky Street here in Kiev, but it operates a series of gas stations, and according to a woman there, has no connection to the company with its name.

Wolfgang Putschek, a member of RosUkrEnergo's board representing Centragas, said in a telephone interview that the company had an office in Moscow, but he referred questions about it to a public relations agency in London, Merlin PR.

Michael Rummel, a spokesman for the agency, could not provide an address for any office, and said officials would not comment. At the same time, he defended the company's role. Only a company like RosUkrEnergo, he said, could handle the complicated transactions necessary to supply natural gas from Russia and Turkmenistan to Ukraine and onward to Romania and Hungary.

The vacuum of information has led to reports, so far unsubstantiated, that RosUkrEnergo's beneficiaries have links to Mr. Yushchenko's top advisers. Mr. Yushchenko himself was forced to deny any involvement by his brother, Petro, who has been involved in the gas-trading business.

Although much remains unclear, there is little doubt the deal has weakened Mr. Yushchenko politically, tarnishing his reputation as an uncorrupted reformer. Mychailo Wynnyckyj, a professor of sociology at the University of Kiev-Mohyla Academy, attributed the electoral failure of Mr. Yushchenko — and Ms. Tymoshenko's success — to the gas deal.

"Yushchenko came to power on the whole idea of transparency," he said. "And he was pushing a deal that obviously had some corrupt aspect to it."

Date For Compulsory ID Cards In Britain Put Back To 2010 (AFP-Y2)

AFP, March 29, 2006

The target date for compulsory ID cards in Britain was pushed back to January 2010 when the House of Lords accepted a compromise deal with Prime Minister Tony Blair's government.

By a vote of 287-60, the upper chamber of parliament agreed that Britons renewing or applying for a passport will not be obliged to take out an ID card as well in 2008, as originally proposed in the Identity Cards Bill.

Those people, however, will nevertheless have to have their personal details included on a National Identity Register -- something that Britain has never maintained before.

"The amendment preserves the integrity of the National Identity Register by ensuring that everyone who applies for or renews a passport or other designated document has their biometric information and other identity details placed on the register," said Home Office Minister Andy Burnham.

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"However, it also goes towards meeting the concerns of those who have argued that the card itself should not be compulsory at this stage, by allowing those who apply for or renew their passport before 1 January 2010 to 'opt-out' of being issued the ID card itself, even though their identity details will be entered onto the register."

Unlike its continental European neighbours, Britain has never had a mandatory ID card scheme other than in wartime, but the idea has gathered momentum since the deadly July 2005 suicide bombings in London.

Critics of the scheme have argued that it would be next to useless as a weapon in the war against international terrorism and that it infringes cherished civil liberties.

In a vote on May 14, the House of Commons handed Blair its approval for the principle of linking the issue of biometric ID cards to passport applications and renewals -- a political bone of contention with the Lords.

Silvio's World As Italy Votes, Golden Career Of Berlusconi Is At Crossroads (WSJ)

By Gabriel Kahn

The Wall Street Journal, March 30, 2006

ROME -- When Italy's prime minister, Silvio Berlusconi, addressed a joint meeting of the U.S. Congress earlier this month, he recounted how he was inspired by a boyhood visit to the graves of American soldiers who had died in the fight to liberate Italy from fascist oppression.

Minutes later, in an informal gathering with lawmakers, he hailed another American icon that guided him in his youth: Playboy. Mr. Berlusconi said he would rent out a copy, sent to him by an uncle, at 10-minute intervals to classmates at his Milan high school run by Salesian monks. "Of course," he said, "we were still good Catholics."

From his start with the monks, Mr. Berlusconi went on to one of the most glorious records of success of any man in Europe. Time and again he has broken into fields that in Italy had been the domain of an established elite -- from construction to television, sports to politics.

Along the way, he has amassed a fortune of close to $12 billion, almost twice that of Rupert Murdoch, mostly from his commercial television network, Mediaset SpA. He owns one of the most successful soccer teams in Europe, A.C. Milan, and he is the longest-serving prime minister in the history of the Italian republic. In his spare time, he has created a world-class collection of exotic flowers and cactuses, which he tends himself on his estate in Sardinia.

"It's not a superiority complex; it's an objective fact," he said once during a news conference aboard a cruise ship he rented for an election campaign. "No one is as valuable as Berlusconi."

Yet the man with the golden touch has proved a surprisingly leaden leader during his five years in power. Even on this sluggish continent, Italy is an underperformer. Growth last year was zero. Though nominally a free-market conservative, Mr. Berlusconi has done little to break monopolies, including those that keep Italians paying among the highest energy prices in Europe and impose steep fees for opening a business.

His detractors say adroit manipulation of his media empire explains his political success. "He has represented a giant step backward for democracy," says former Italian Prime Minister Romano Prodi, who is running against Mr. Berlusconi in national elections on April 9-10. Critics say Mr. Berlusconi's legislative achievements are few because he has spent so much energy pushing laws to help himself avoid criminal charges from bribery to false bookkeeping.

Mr. Berlusconi has said it is a "disgrace" for anyone to suggest that his government has passed laws to benefit him personally. He denies wrongdoing in the criminal cases against him. His office didn't respond to requests for an interview.

Now, a few months short of his 70th birthday -- though he looks much younger after a face-lift and two hair transplants -- Mr. Berlusconi faces an uphill re-election battle. Polls say his coalition trails Mr. Prodi's by five percentage points. Mr. Berlusconi has been stumping throughout the country insisting that the economy is booming. Surely, he says, a nation that has more cellphones than people must be called prosperous. He also cites laws that made it easier to hire workers and overhauled the bloated pension system.

But businessmen and shopkeepers, once his core constituency, have begun to tire of his ebullient promises. "Considering all he has been able to achieve in his life I had expected much more," says Lucia Lolli, who runs a small stationery store in Rome. "I'm profoundly disappointed."

Should he lose, it may be the last great act in one of the most fascinating political careers ever seen in the land of the Medicis and Mussolini. Yet Mr. Berlusconi has often succeeded against seemingly unbeatable odds. In both business and politics, he has understood the market better than his adversaries.

He has long ignored all boundaries, whether between business and politics, between the appropriate or inappropriate, or between personal and public. A pioneer of commercial television in Italy in the early 1980s, Mr. Berlusconi cultivated a close friendship with Socialist Prime Minister Bettino Craxi, whose government provided crucial support that allowed his television network to stay on the air. In 1994, when Italy's political order was collapsing under a bribery scandal, he used the money, men

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and means of his advertising company to create a new party, Forza Italia, or "Go Italy." Two months later, his coalition won parliamentary elections.

Even his personal schedule knows few bounds. He often sleeps four hours a night and schedules appointments for 1 a.m., associates say. Most Saturdays, he travels to his villa in Sardinia, where a personal musician is frequently on hand to play the guitar as Mr. Berlusconi sings songs of his own composition. On Sundays, he flies to Milan to watch his soccer team play. On Mondays, he's back in Rome in his rented apartment in a 17th-century palazzo.

One of Their Own

Despite his glamorous lifestyle, many Italians still perceive him as one of their own, a regular guy. He is prone to gaffes, tells bawdy jokes in public and suggests it's acceptable to cheat on one's taxes, or one's wife. When he was asked in a recent radio interview whether he is faithful to his second wife, Veronica, Mr. Berlusconi answered: "I've frequently been faithful." In a speech two years ago to Italy's tax police, he said people shouldn't "feel guilty" about evading tax rates that were too high. On the campaign trail this week, he sparked a minor diplomatic incident when, trying to make a joke about the left-wing opposition, he said Communists in China would boil babies for fertilizer.

"He's not a snob. He's on the same wavelength as the average Italian," says Fedele Confalonieri, Mr. Berlusconi's best friend from grade school, who is chairman of the Mediaset broadcaster and a confidant. "He's a bit of a braggart, though."

On a recent television show, Mr. Berlusconi said "only Napoleon has done more" than he has as prime minister. Two days later, as newspapers poked fun at his hubris, he corrected himself: "I'm the Jesus Christ of politics, a victim, patient. I put up with everything. I sacrifice myself for all."

Mr. Berlusconi dismisses the potential conflicts of interest that outrage his critics by noting that he has relinquished day-to-day control of his media empire to two of his children. The prime minister owns Mondadori SpA, Italy's largest book and magazine publisher. Mediaset is by far the dominant force in commercial television, controlling 63% of the advertising market. Mr. Berlusconi's brother, Paolo, controls one influential daily newspaper and his wife controls another.

Since entering politics, Mr. Berlusconi has accumulated a long list of criminal indictments, any one of which might have forced a lesser man into retirement. The charges have included bribing tax police and judges, false accounting and illegal donations to political parties. On some he was acquitted or the statute of limitations expired before a trial was completed. On others, he was initially convicted and even sentenced to prison, but the convictions were overturned on appeal.

Judges had to throw out charges against him alleging false accounting after Mr. Berlusconi's government pushed through a law decriminalizing the offense. Parliament also approved a law that granted the prime minister and other top state officials immunity from prosecution, even for crimes committed before taking office. The law was later deemed unconstitutional.

Mr. Berlusconi has boldly turned his weaknesses into advantages. He claims to be the victim of communist prosecutors and a left-wing media conspiracy. Many in Italy believe him. These themes are echoed frequently in some of his magazines and on some of the news shows on his television network.

On the campaign trail, he often stages show-stealing moments that turn the tables on his adversaries. Earlier this month, he arrived unexpectedly at the annual conference of Italy's powerful business lobby, strutted onto the stage and took the microphone to deliver a blistering attack on the nation's leading newspapers. "Don't believe the newspapers that speak of decline," he shouted, traversing the stage and pumping his fists. "Where is this crisis? It exists only on the left and in their newspapers."

He boasts of building a strong alliance with the U.S. during the war on terror, in contrast to France and Germany. The Italian military has been a key component of allied forces in Afghanistan and Iraq.

Winning Over Skeptics

Mr. Berlusconi's charisma often wins over skeptics. Before meetings, he studies up on the personal details of someone he's scheduled to meet. He is generous with friends and allies. Last Christmas, he gave digital cameras to the 72 male senators in his Forza Italia party and bracelets to the five female senators. The 166 Forza Italia members of the lower house received hand-held computers.

Emilio Fede, a former top anchor with state broadcaster RAI, joined one of Mr. Berlusconi's television stations in 1989 after a visit to the tycoon's 145-room estate in Arcore, just outside Milan. Mr. Berlusconi acquired the villa after its previous owner, a marquis, shot his wife and her lover before turning the gun on himself there in 1970.

Mr. Berlusconi gave Mr. Fede and his wife a tour and sang them a song from the piano. They traveled by helicopter to Milan's soccer stadium to watch Mr. Berlusconi's A.C. Milan beat A.S. Roma. Later, in his office, Mr. Berlusconi slipped Mr. Fede a piece of paper with a handwritten salary figure. Mr. Fede accepted and has been one of the prime minister's most loyal fans ever since, earning him the nickname "Fido" in the media. On his office wall are pictures of himself with Mr. Berlusconi. Mr. Fede points to one: "In this one, we're dressed alike."

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Mr. Berlusconi sums up his own life story in "Una Storia Italiana," a 129-page photo-filled booklet sent to every voter before the last elections in 2001. There, he describes himself as a typical Italian born to a family of modest means in Milan before World War II. But he says he had big dreams and the good fortune to have been born under a lucky star. The book includes his horoscope.

His talents emerged at an early age, he says. In high school, he would always finish his work first, then help his classmates -- for a fee, according to the book. He earned extra money during university by singing and playing guitar in bands and on cruise ships with Mr. Confalonieri, who accompanied him on piano. In 1961, during university, Mr. Berlusconi forged another lasting friendship. Though he usually sold copies of his lecture notes, he lent a copy free to fellow student Marcello Dell'Utri, who had come to Milan from Sicily, Mr. Dell'Utri recalls.

For many years, Mr. Dell'Utri served his friend as chief executive of Publitalia 80, the advertising arm of Mediaset, and later became a senator in the Forza Italia party. In December 2004 he was convicted of having contacts with elements of the Mafia. Prosecutors accused him of acting as a go-between in alleged dealings between Sicilian organized crime and Mr. Berlusconi's business empire. Mr. Dell'Utri has also been convicted of tax fraud stemming from his role as an executive in Mr. Berlusconi's companies. He has appealed the conviction on Mafia association and calls the accusations politically motivated.

In 2004, Mr. Berlusconi appointed Mr. Dell'Utri to the Council of Europe, an international body, based in Strasbourg, France, that promotes peace and democracy. The post gives Mr. Dell'Utri protection from arrest and from serving prison time.

Mr. Dell'Utri describes his friend as "a person who does not have limits." One day, 40 years ago, Mr. Berlusconi took Mr. Dell'Utri to a foggy field outside Milan. "I'm going to build a city here," he recalls Mr. Berlusconi saying. "You're crazy," answered Mr. Dell'Utri. That field became the site of Milano 2, a revolutionary housing project in Italy that replicated an American suburb. The Milanese middle class snapped up the apartments, which were built around a duck pond, restaurants and boutiques.

Shortly after the Milano 2 project, Mr. Berlusconi sensed that television could be his next big moneymaker. In the 1970s, Italian television was dominated by the stodgy state broadcaster, RAI, which didn't start broadcasting until the afternoon, kept tight limits on how many commercials aired and handpicked which companies could advertise. Mr. Berlusconi believed there was a fortune to be made if he could find a way break RAI's monopoly.

He devised a clever strategy to sidestep a law that blocked the creation of private national TV networks. He bought up local broadcast rights around the country, and then had all his local stations broadcast the same program at the same time. This allowed advertisers that had been shut out of RAI to reach a nationwide audience.

Mr. Berlusconi's programming was geared toward the masses, with soap operas for stay-at-home mothers and cartoons for children. But in 1984, judges in Turin and Rome, calling the national network illegal, ordered Mr. Berlusconi's network to broadcast only local content. Mr. Berlusconi responded by pulling all his programming off the air in those cities in protest.

'Revolt of the Smurfs'

That sparked what came to be called the "Revolt of the Smurfs," named after the cartoon show broadcast on his network. Many children complained to their parents when the station suddenly went dark. Angry families demanded that the broadcasts be resumed. Mr. Berlusconi appealed to the prime minister, Mr. Craxi. The leader, who would later serve as best man at Mr. Berlusconi's wedding to his second wife, signed a government decree that allowed the stations back on the air.

Mr. Berlusconi's network soon stole audience share from RAI, while dominating its nascent private competitors. One struggling rival private station, Rete 4, tried to gain an audience by spending heavily on the rights for the miniseries "Winds of War," starring Robert Mitchum. For much less money, Mr. Berlusconi's station aired "The Thorn Birds," a miniseries in which Richard Chamberlain plays a priest who frolics with a young woman. "The Thorn Birds" destroyed "Winds of War" in the ratings, almost driving Rete 4 out of business until Mr. Berlusconi bought it.

As a businessman, say associates, Mr. Berlusconi could obsess over the look of a new show, while paying little attention to the financial details of his business empire. "I could never get him to look at more than a page of figures," says Franco Tatò, who has served as chief executive of Fininvest, Mr. Berlusconi's holding company. "But he can follow the rollout of a new product in minute detail."

During the Gulf War in 1991, Mr. Berlusconi called up Mr. Fede, the anchorman, at 5 a.m. one day. He complained that the marker used on the previous evening's newscast to highlight newspaper headlines was the wrong color. "He told me, 'Don't use a yellow highlighter, use a green one,' " Mr. Fede says.

Though Mr. Berlusconi's television venture was popular with viewers, it ran up debt equivalent to more than $2.4 billion by 1993. The entire business empire was at risk, recalls Mr. Tatò. He says he tried to warn his boss about the risk of banks closing their credit lines, to no avail. "Having so much debt is a good thing. It means that the banks trust me," retorted Mr. Berlusconi, according to Mr. Tatò, adding, "Besides, I'm lucky."

Around the same time, Italy's political order was collapsing under a bribery scandal in which Mr. Berlusconi would later be implicated. Mr. Craxi became one of the chief targets and later fled to Tunisia to avoid prosecution. Mr. Berlusconi had relied

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heavily on Mr. Craxi's support to keep his television network running smoothly and feared repercussions if a left-wing coalition dominated by Italy's former communist party took power.

In late 1993 and early 1994, Mr. Berlusconi summoned top executives and editors from his television stations and print publications to his Milan estate to discuss strategy. His idea: create a new political party with himself at the helm. "It seemed absurd to us," says Federico Orlando, who was deputy editor of the Milan daily Il Giornale, which Mr. Berlusconi owned at the time. But Mr. Berlusconi's understanding of the market proved to be spot-on. "The voters were exactly as he understood them to be, not as we thought they were," Mr. Orlando says.

Mr. Berlusconi came up with the name Forza Italia, after the popular soccer chant, "Go Italy." He wrote the lyrics to the party anthem, say several colleagues. He also designed an intensive training course for prospective Forza Italia candidates, many of whom were sales executives in Publitalia. Known as "the kit," it included a necktie, videos and a manual with advice on politics and grooming.

Just as the bribery scandal had decimated Italy's traditional governing parties, Mr. Berlusconi set out to create a new movement that appealed to a consumer-savvy middle class. "It was as if all the products on the shelf that people had used for years suddenly disappeared," says Mr. Dell'Utri, his old friend. "He invented the political equivalent of the formula for Coca-Cola."

On Jan. 26, 1994, in an address from his Milan estate broadcast on his television stations, Mr. Berlusconi announced his candidacy, promising "a new Italian miracle." He was voted into office two months later.

Fading Fortune

His good fortune didn't last long. In November, while presiding over a conference on international crime in Naples, Mr. Berlusconi received his first formal notice from prosecutors that he was under criminal investigation for alleged corruption. One of the parties in his governing alliance jumped ship, and his government collapsed after only seven months in office.

Many assumed that Mr. Berlusconi, who had promised to bring a new, clean type of politics to scandal-tarred Italy, was finished. But they underestimated his resilience. "He's an incredible fighter. He's the only politician capable of completely reversing his fortunes with one grand coup de théâtre," says Stefano Folli, a political commentator for the business daily Il Sole/24 Ore.

Indictments against Mr. Berlusconi continued to roll in during the 1990s, but each time he would describe it as fresh evidence that he was the victim of a political witch hunt. His battle against prosecutors became a central plank of his campaign in 2001 parliamentary elections, along with lowering taxes and creating new jobs. He won convincingly and once again became prime minister.

To date, Mr. Berlusconi has been the target of more than 90 investigations and he has been indicted more than 10 times. This month, prosecutors asked that he be indicted for allegedly bribing a British lawyer, David Mills, to make favorable testimony in a case. Mr. Berlusconi said the timing of the prosecutors' request, on the eve of elections, was further proof that they were out to get him.

At his annual year-end news conference in December, Mr. Berlusconi summed up his last term. "I'm convinced that no one in the history of the republic has ever done what we did," he said, "and that no one could have done better."

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Williams, Jan

From: Williams, Jan

Sent: Thursday, March 30, 2006 11:46 AM

To: Williams, Jan; Horvath, Jane (ODAG); Garrett, Paul; Cushmac, Anne Marie; Davis, Michael; Fuentes, Maria; Balfe, Robert; Biskupic, Steven (USAWIE); Bogden, Daniel (USANV); Brooks, Susan; Brownlee, John (USAVAW); Buchanan, MaryBeth (USAPAW); Canary, Leura G. (USAALM); Charlton, Paul (USAAZ); Chiara, Margaret M. (USAMIW); Christie, Christopher (USANJ); Colantuono, Thomas P. (USANH); Connolly, Colm (USADE); Corrente, Robert (USARI); Cummins, Bud (USAARE); Dugas, David R. (USALAM); Fitzgerald, Patrick J. (USAILN); Garcia, H; Garcia, Michael J (SDNY); Graves, Todd (USAMOW); Greenlee, Jim (USAMSN); Heavican, Michael (USANE); Heffelfinger, Tom (USAMN); Huber, David L. (USAKYW); Iglesias, David C. (USANM); Immergut, Karin (USAOR); Jenkins, Anthony; Kubo, Ed (USAHI); Lam, Carol (USACAS); Lampton, Dunn (USAMSS); Larson, Charles (USAIAN); Letten, James (USALAE); 'Lockhart, Gregory'; Marino, Thomas (USAPAM); Martin, Alice (USAALN); Mauskopf, Roslynn; McDevitt, Jim A. (USAWAE); McKay, John (USAWAW); Mead, Matthew H. (USAWY); Meehan, Patrick (USAPAE); Melgren, Eric (USAKS); Mercer, Bill (USAMT); Miller, Gregory (USAFLN); Moss, Thomas (USAID); Murphy, Stephen J. (USAMIE); Nahmias, David (USAGAN); O'Connor, Kevin (USACT); 'O'Melia, Michael (USAAZ)'; Orwig, Matt (USATXE); Perez, Paul (USAFLM); Rapadas, Leonardo; Roper, Richard (USATXN); Rosenstein, Rod (USAMD); Ryan, Kevin (USACAN); Scott, McGregor (USACAE); Shappert, Gretchen (USANCW); Sperling, Sheldon J. (USAOKE); Suddaby, Glenn T. (USANYN); Sullivan, Michael (USAMA); Sutton, Johnny K. (USATXW); Vines, Jim (USATNM); Wagoner, Anna Mills S. (USANCM); Wainstein, Kenneth; Washington, Donald (USALAW); Whitaker, Matt (USAIAS); White, Greg (USAOHN); Whitney, Frank (USANCE); Wood, Lisa (USAGAS); Wood, Maxwell; Wrigley, Drew (USAND); Yang, Debra Wong
(USACAC); '/o=USDOJ/ou=CRT/cn=Recipients/cn=Mailboxes/cn=wsanchez'; Bradbury, Steve; Brand, Rachel; Clark, John (USMS); Clement, Paul D; Fisher, Alice; Flores, Robert; Gillis, John; Herraiz, Domingo S.; Keisler, Peter D (CIV); Kim, Wan (CRT); Leonhart, Michele M.; McCallum, Robert (SMO); McNulty, Paul J; Moschella, William; O'Connor, Eileen J. (AAG/TAX); Schofield, Regina; Spagnoli, Deborah A. (USPC); Tamargo, Mauricio J; Tandy, Karen P (DEA); Wooldridge, Sue Ellen (ENRD); '/o=USDOJ/ou=USAPAE/cn=Recipients/cn=Mailboxes/cn=SMalloy'; Agarwal, Asheesh (CIV); Akers, Eric J.; Ames, Andrew; Barnett, Thomas O.; Battle, Michael (USAEO); Beach, Andrew; Beck, Cherith (USAARE); 'Bianco, Joseph F.'; Blomquist, Kathleen M; Boardman, Michelle; Boote, John; Bottner, Andrea; Bounds, Ryan W (OLP); Bucholtz, Jeffrey (CIV); 'Burch, Victoria'; Chambers, Shane P; Clinger, James H; Cohen, Brian; Cohn, Jonathan (CIV); Comisac, Rena (CRT); Cook, Elisebeth C; Cook, Marita L. (USAWY); Cooperstein, Theodore M; Coppenger, Chesed L. (TAX); Costigan, Michael; Coughlin, Robert; Curtis, O. Benton; Daley, Cybele; 'David, Matt'; Dhillon, Uttam; Dummermuth, Matt (USAVAE); Eisenberg, John; Elwood, Courtney; Elwood, John; Flaherty, Connor; Freeman, Sharee (CRT); Friedrich, Matthew; 'Gambatesa, Donald (USMS)'; Garre, Gregory G; Glut, Martha (USANE); 'Gober, Chris'; 'Golden, Lois'; Goodling, Monica; Gorsuch, Neil M; 'Greg Harris'; Hagle, Timothy; 'Harris, Gregory'; Henke, Tracy (SMO); Hertling, Richard; 'Hofer, Patrick F. (TAX)'; Hoisington, Jana;

Holland, Eric W; Irving, John (ODAG); Jaffer, Jamil N; Jezierski, Crystal; Jordan, Theresa (USADE); Jungeblut, Neal P.; Katsas, Gregory (CIV); Keehner, Laura; Kessler, Elizabeth A; 'Korn, Jennifer'; Lesch, Jaclyn; Little, Kimani (CRT); Longlet, Benjamin; Lonick, Saundra; Luckinbill, Trent W.; Macklin, Kristi R; MacLean, Alex (CRT); Magnuson, Cynthia; Marshall, C. Kevin; Martinson, Wanda; Masoudi, Gerald; McArthur, Patrick; McDonald, Bruce; McFarland, Steven T (ODAG); McIntosh, Brent; McKee, Cindy (USAKS); McKeown, Matt (ENRD); McKnight, Cynthia M (CRT); McNally, Edward; McNeil, Tucker (OPA); Mercer, Bill (ODAG); Meron, Daniel (CIV); Metcalf, Mark H (CRT); Miranda, Matthew; Monheim, Thomas; Moore, Miriam (ODAG); Morrison, Richard T. (TAX); Murphy, Sean; 'Neumayr, Mary (ENRD)'; Nichols, Carl (CIV); Nichols, Grant W; Nowacki, John; OConnell, James; Otis, Lee L; Otis, William G.; Pagliocca, Theresa; Parsky, Laura; Peabody, Payson R. (TAX); Peed, Carl; Potter, Janet; Racicot, Tim (USAMT); Reyes, Luis (SMO); Roe, Price (OCIO); Roehrkasse, Brian; 'Roper, Matt M'; 'Rosenberg, Chuck'; Rowe, Kiri; Sampson, Kyle; Schlozman, Brad (CRT); Schmitt, Glenn; Schwartz, Arthur; Scolinos, Tasia; Seidel, Rebecca; Selim, George (CRS); Sellers, Kiahna (OAG); Smith, Kimberly A; Sours, Raquel; Strug, Kerri; Swenson, Lily F; Taylor, Bruce A.; Tenpas, Ronald J (ODAG); Todd, Gordon (SMO); Tomlinson, Linda (USANH); Turner, Donald J. (USAPAM); Tzitzon, Nicholas; Underhill, Deborah; Vargas, Omar (CRT); Voris, Natalie (USAEO); Warren, Julie; Woodruff, William; Lewis, Matthew; Nelson, Ryan (ENRD); Becker, Grace (CRT); Masugi, Ken (OPA); Boente, Dana J. (TAX); Nash, Stuart (ODAG); Oldham, Jeffrey L; Pacold, Martha M; Purpura, Michael M (ODAG); Rowan, Patrick (ODAG); Senger, Jeffrey M; Taylor, Jeffrey (OAG); Webb, Lauren; White, Clifford; Murray, Fred F. (TAX); Becker, Grace (CRT); Quinn, Cameron (CRT)

Subject: The Morning Update: 3/30/06

Attachments: tmp.htm

Importance: Low

The Morning Update

In Cancun, Mexico, President Bush will meet with both President Vicente Fox of Mexico and Prime Minister Stephen Harper of Canada. The leaders will discuss the Security and Prosperity Partnership (SPP), begun in March 2005 to strengthen North American security and competitiveness in the global economy. The leaders will also meet bilaterally.

From Today's Morning Headlines

President Bush Discusses Freedom's Progress In Iraq. "President Bush yesterday blamed sectarian violence in Iraq on Saddam Hussein and his legacy of oppression, but said freedom and democracy will win if all the opposing political factions can put aside their differences and form a government. ... 'Today, some Americans ask whether removing Saddam caused the divisions and instability we're now seeing. In fact, much of the animosity and violence we now see is the legacy of

instability we're now seeing. In fact, much of the animosity and violence we now see is the legacy of Saddam Hussein,' <http://www.washingtontimes.com/national/20060329-104958-7953r.htm> Mr. Bush said. Iraq, he added, is 'a nation that is physically and emotionally scarred by three decades of Saddam's tyranny, and these wounds will take time to heal.'" (Joseph Curl, "Bush Blames Saddam For Strife," The Washington Times, 3/30/06)

American Reporter Jill Carroll Has Been Released. "Kidnapped U.S. reporter Jill Carroll has been released after nearly three months in captivity, Iraq police and the leader of the Islamic Party said Thursday. <http://news.yahoo.com/s/ap/20060330/ap_on_re_mi_ea/iraq_carroll_release d&printer=1;_ylt=AsCbYv0AWZvTJZd9utws27QUewgF;_ylu=X3oDMTA3MXN1bHE0BHNlY wN0bWE> Her editor said she was in good condition. 'She was released this morning, she's talked to her father and she's fine,' said David Cook, Washington bureau chief of The Christian Science Monitor." (Mariam Fam, "Kidnapped U.S. Reporter Jill Carroll Freed," The Associated Press, 3/30/06)

Secretary Rice Says The United Nations Is Sending An Important Message To Iran. "Secretary of State Condoleezza Rice said a U.N. demand for curbs on Iran's nuclear work showed Tehran's isolation and said Thursday's big-power talks should also cover 'broader concerns' over its behavior. Speaking to reporters en route to Berlin, where the five permanent members of the U.N. Security Council and Germany will discuss what to do next about Iran, Rice said the U.N. statement agreed on Wednesday sent an important message to Tehran. 'The presidential statement is an international voice to the Iranians that they need to suspend their (uranium enrichment) activities, return to negotiations and that they continue to be isolated, <http://news.yahoo.com/s/nm/20060330/pl_nm/nuclear_iran_usa _dc;_ylt=Ao87 DK7qOhjRy.wN8c5fv6Gs0NUE;_ylu=X3oDMTA3OXIzMDMzBHNlYwM3MDM-> ' said Rice." (Sue Pleming, "Rice Says Iran Isolated On Nuclear Issue," The Associated Press, 3/30/06)

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President Discusses Democracy In Iraq With Freedom House <http://www.whitehouse.gov/news/releases/2006/03/20060329-6.html>

* Fact Sheet: Strategy For Victory: Freedom In Iraq <http://www.whitehouse.gov/news/releases/2006/03/20060329-5.html>
* In Focus: Renewal In Iraq <http://www.whitehouse.gov/infocus/iraq/>

President Bush Welcomes President Obasanjo Of Nigeria To The White House <http://www.whitehouse.gov/news/releases/2006/03/20060329.html>

* In Focus: Global Diplomacy <http://www.whitehouse.gov/infocus/globaldiplomacy/>

Interview Of The President By CTV <http://www.whitehouse.gov/news/releases/2006/03/20060329-1.html>

Interview Of The Vice President By Tony Snow <http://www.whitehouse.gov/news/releases/2006/03/20060329-2.html>

Cancer Control Month, 2006 <http://www.whitehouse.gov/news/releases/2006/03/20060329-3.html>

National Child Abuse Prevention Month, 2006 <http://www.whitehouse.gov/news/releases/2006/03/20060329-4.html>

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From: Miller, Charles S
Sent: Thursday, March 30, 2006 11:00 AM
To: Agarwal, Asheesh (CIV); Ames, Andrew; Baxter, Felix (CIV); Branda, Joyce (CIV); Brody, Stephen (CIV); Bucholtz, Jeffrey (CIV); Bukvics, Jennifer (CIV); Claterbos, Barbara (CIV); Cohen, David M. (CIV); Cohn, Jonathan (CIV); Davidson, Jeanne (CIV); Fargo, John (CIV); Fielding, Gabrielle (CIV); Figley, Paul (CIV); Flentje, August (CIV); Frost, Peter (CIV); Garren, Timothy (CIV); Glynn, J.Patrick (CIV); Gorsuch, Neil M; Hertz, Michael (CIV); Hollis, Robert (CIV); Hunt, Jody (CIV); Hussey, Thom (CIV); Jeweler, James (CIV); Katsas, Gregory (CIV); Keisler, Peter D (CIV); Kohn, Chris (CIV); Kopp, Robert (CIV); Letter, Douglas (CIV); Levine, Larry (EOIR); Lindemann, Michael (CIV); Magnuson, Cynthia; McCallum, Robert (SMO); Miller, Charles S; Nichols, Carl (CIV); Nowacki, John; Pyles, Phyllis (CIV); Reyes, Luis (SMO); Riley, Sharon (CIV); Rivera, Jennifer (CIV); Roehrkasse, Brian; Schiffer, Stuart (CIV); Scolinos, Tasia; Seidel, Rebecca; Senger, Jeffrey M; Spellberg, Dianne (CIV); Swenson, Lily F; Thirolf, Eugene; Wilson, Karen L; Zwick, Ken (CIV)
Subject: 3/30/06 Civil Division News

Appeal to block release of Abu Ghraib photos dropped: Pentagon

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Bill Would Speed Challenge to Surveillance

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Justice Department Subpoenas Reach Far Beyond Google

Boy was truly - now legally - a firefighter; He died "in the line of duty," a judge declared

Sri Lankan woman held in U.S. freed after 4 years

Woman describes legal fight for funds; Blackfeet Indian nation member sues the U.S. over trust money

Agence France-Presse

March 29, 2006

Appeal to block release of Abu Ghraib photos dropped: Pentagon

WASHINGTON, March 29, 2006 (AFP) - The US government has dropped an appeal of a court's order to release a set of 74 digital images and three videos that documented prisoner abuse at Iraq's Abu Ghraib prison, a Pentagon spokesman said Wednesday.

The American Civil Liberties Union (ACLU) had sued the government seeking the official release of Abu Ghraib images and videos collected by Sergeant Joseph Darby, many of which were recently posted by Salom.com, an Internet news site.

"The government's attempts to shield evidence of its own misconduct from public scrutiny ultimately proved to be futile," said Amrit Singh, an ACLU\l "l" attorney, said in a statement.

"These images speak volumes about the responsibility borne by high-ranking officials for the widespread abuse of detainees held in United States custody abroad," Singh said.

The release of graphic photos in 2004 showing US military guards abusing detainees at the Iraqi prison sparked a public

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relations disaster for the US government.

Under an agreement reached Tuesday with the ACLU\l "l", the Pentagon will authenticate the images already posted by Salom.com that were from the Darby collection, said Bryan Whitman, a Pentagon spokesman.

It also will release in redacted form any images that were not posted on Salom.com, but which were among the 74 Darby still images and three videos whose release was sought by the ACLU\l "l", Whitman said.

"The government ... dropped their appeal yesterday and stipulated that some of the photos on the website were from the Darby collection," Whitman said.

He said the US attorney's office in New York will send a letter to the ACLU\l "l" identifying those images posted on the Salom.com website that are from the Darby collection which were the subject of the ACLU's\l "l" Freedom of Information Act law suit\l "l".

"I expect the letter to be delivered soon," Whitman said.

He said he did not know when any additional photographs would be released.

The ACLU\l "l" said they were to be released within a week of the court's formal dismissal of the appeal.

The remaining photographs will be released after they have been redacted to protect the identity of US military servicemembers depicted in them, Whitman said.

The Pentagon spokesman said the government had opposed the release of the images on the grounds that "they could reasonably be expected to endanger the lives and physical safety of military personnel and civilians.

"Clearly a number of these images had made it to the public domain even before this particular online news organization put additional photographs up," he said.

"So there is a degree of exposure with some of these photographs -- I'm talking about these 74 -- and I would expect the position of the Department (of Defense) with respect to additional photographs would remain the same," he said.

END

Herald Sun (Australia)

March 30, 2006

Military trial hope for Hicks

Nick Papps

ACCUSED terrorist David Hicks may be closer to escaping a military trial after the US Supreme Court expressed concerns about their legality.

In a fiery hearing yesterday, one judge said that if President George W. Bush had the power to hold the trials, there was nothing to stop him from going to a US town and arresting any foreigner and denying him a trial in a US civil court.

Justice Stephen Breyer said: ``If the President can do this, well, then he can set up commissions to go to Toledo, and in Toledo pick up an alien and not have any trial at all except before that special commission."

Osama bin Laden's former driver, Salim Ahmed Hamdan, who is imprisoned in Guantanamo Bay with Hicks and has been charged with conspiracy, is appealing against the legality of the military commissions, arguing they breach the Geneva Convention.

If his appeal is upheld, it would mean none of the 490 suspected terrorists held at Guantanamo Bay could be tried before military commissions.

Their cases would likely be sent to civilian courts.

Yesterday, government\l "l" lawyers\l "l" argued that Mr Bush had the power to convene military commissions, which have been held in the past at times of war as war crimes tribunals.

But Justice Breyer questioned the argument by Solicitor-General Paul Clement.

``You want to try a war crime. You want to say this is a war crimes tribunal,'' Justice Breyer said.

``One, this is not a war -- at least not an ordinary war.

``Two, it's not a war crime, because that doesn't fall under international law.

``And three, it's not a war crime tribunal or commission, because (there is) no emergency.''

US government\l "l" lawyers\l "l" also argued that the recently passed Detainee Treatment Act, which severely restricts detainees' access to US courts, also prevented Hamdan from mounting a legal challenge to the commissions in the Supreme Court.

That argument was contested by several Supreme Court judges.

The Supreme Court is expected to make its ruling in June or July.

END

New York Times

March 30, 2006

Bill Would Speed Challenge to Surveillance

By THE NEW YORK TIMES

WASHINGTON, March 29 — Senator Charles E. Schumer, Democrat of New York, introduced a bill Wednesday that would put lawsuits challenging the National Security Agency's domestic surveillance program on a fast track to the Supreme Court.

With Congress and the Bush administration at odds over the legality of eavesdropping on Americans without court warrants, the legislation could produce a timely ruling by the court on the program's constitutionality, Mr. Schumer said.

"We have a system of checks and balances," he said, "and, in this case, when the stakes are so high, the Supreme Court should be the ultimate check."

The bill would permit lawsuits by scholars, journalists and others who assert that they have refrained from calls or e-mail messages to Iraq, Afghanistan and other countries because of "a reasonable fear" of N.S.A. eavesdropping.

Such suits would be heard by a panel of three federal judges, whose decision could be appealed immediately to the Supreme Court.

END

San Jose Mercury-News

Thu, Mar. 30, 2006

EBay patent dispute heard; SUPREME COURT WEIGHS AUCTION GIANT'S REQUEST TO LIMIT INJUNCTIONS

By Jim Puzzanghera
Mercury News Washington Bureau

WASHINGTON - The U.S. Supreme Court waded into the complex world of high-tech patents Wednesday, hearing oral arguments in a closely watched dispute between eBay and a small Virginia company over the ability to instantly purchase items online.

The court's ruling, expected later this year, could have major implications for Silicon Valley by clarifying rules in the exploding arena of patent lawsuits. Both sides in the case warned that U.S. competitiveness and innovation would be endangered if they lost.

EBay, backed by much of the tech industry, argued that courts should not be imposing near-automatic injunctions in cases that are increasingly brought by companies often described as ``patent trolls.'' Those companies have no intention of developing products, tech executives say, but simply try to use overly broad patents and the threat of a court injunction on an existing product to extract large monetary settlements.

``What we're asking the court to say is, `No, enough is enough,' '' eBay's attorney, Carter Phillips, told the justices. He argued that financial damages should be enough in many patent cases.

The Supreme Court will not rule on the patent dispute between the two companies, but whether an injunction is warranted. Still, it could be a landmark decision by setting new guidelines on injunctions in patent cases.

Seth Waxman, the attorney for MercExchange, a Great Falls, Va., company that successfully sued eBay for patent infringement, said injunctions are vital to prevent big companies from violating the rights of smaller ones. Some small inventors have countered the ``patent troll'' charge by branding large companies ``patent pirates'' that swipe inventions with little impunity.

``EBay stole the technology,'' Waxman said of eBay's ``Buy it Now'' feature on its online auction site. The threat of a near-automatic injunction is the only way of forcing companies to think twice about such actions, he said.

The justices gave little indication of how they might rule and appeared at times to be struggling to grasp the complexities of the dispute.

``What exactly is the invention here?'' Chief Justice John Roberts asked Waxman. ``It's not like an internal combustion engine. It's very vague.''

Waxman noted he was not a software developer and had reason to believe Roberts wasn't either. Roberts readily admitted that, but said MercExchange's invention of displaying pictures of products on a computer network and allowing people to buy the ones they want didn't sound so novel.

``I might have been have been able to do that,'' Roberts said.

But earlier in the hearing, Roberts appeared sympathetic to the small ``inventor in a garage'' who doesn't have the financial resources to develop and market his invention and can only make money by selling the rights to a ``patent speculator.''

Justice Antonin Scalia echoed that view, saying of patents: `We're talking about property.''

Making injunctions more difficult to receive would force patent-holders to license their inventions to bigger companies, a practice known as ``compulsory licensing'' that Congress rejected in passing the Patent Act of 1952, said Justice Ruth Bader Ginsburg. But eBay's attorney also noted that the law says that courts ``may'' impose injunctions when someone is found guilty of patent infringement, not that they ``must'' impose them.

Justice Stephen Breyer seemed sympathetic to eBay's argument. He questioned the fairness of a patent-holder who doesn't try to develop an invention and waits until it is ``embedded'' in some other company's product before filing suit. Such a move enhances the likelihood of a financial settlement because the company fears an injunction that will force its product off the market, Breyer said.

Breyer also questioned whether the federal government has issued too many vague patents in recent years. EBay and other tech companies have made that charge as the number of patent applications have nearly tripled since 1985 with the advent of the personal computer and Internet industries.

But Waxman said MercExchange did not have an overly broad patent and tried to market the idea of a fixed-price online marketplace that it created in 1994. He noted the company now actively sells high-tech products on its Web site, www.mercexchange.com.

``This is no patent troll,'' Waxman said. ``This is a real inventor. This is somebody who really did try to put it in place.''

END

Information Week
March, 29, 2006

Justice Department Subpoenas Reach Far Beyond Google

In its effort to uphold the 1998 Child Online Protection Act (COPA), the U.S. Department of Justice is leaving no stone unturned. Its widely reported issuance of subpoenas to Internet search companies AOL, MSN, Google, and Yahoo is just the tip of the iceberg: The government has demanded information from at least 34 Internet service providers, search companies, and security software firms.

Responding to a Freedom of Information Act request filed by InformationWeek, the Department of Justice disclosed that it has issued to subpoenas to a broad range of companies that includes AT&T, Comcast Cable, Cox Communications, EarthLink, LookSmart, SBC Communications (then separate from AT&T), Symantec, and Verizon.

Asked which companies objected to, or sought to limit, these subpoenas, Department of Justice spokesperson Charles Miller declined to comment because the litigation is ongoing. He also declined to comment on the utility of the information gathered by the government.

The documents presented to InformationWeek reveal that some companies did object to the government's demands. In an E-mail sent to the Department of Justice last July, Fernando Laguarda, an attorney representing Cablevision Systems Corp., characterized some of what the government was asking for as "overly broad, vague, ambitious, and unduly burdensome."

In a letter sent to the Department of Justice in August, Joseph Serino Jr., an attorney representing Verizon, voiced similar objections. However, he clearly states that his objections are routine and intended protect the company.

The one exceptional objection he cites has to do with the sensitivity of the information sought. Serino said Verizon Online is concerned that documents might be forwarded to people working for entities hostile to Verizon Online, or suing the company, including the Justice Department itself, and the American Civil Liberties Union.

Verizon did not respond to requests for comment.

The subpoenas were issued between June and September, 2005. Beyond AOL, MSN, Google, and Yahoo, the only other search engine subpoenaed was LookSmart.

It's likely, however, that the government's interest in LookSmart stems not from the company's search engine but from its ownership of Internet content filtering software company Net Nanny.

LookSmart declined to comment about the information it was asked for and the information it provided. EarthLink likewise declined to comment.

The bulk of the subpoenas were directed at Internet service providers and makers of content filtering software. The effectiveness of filtering technology is a critical issue in the COPA case. If the Department of Justice can prove that filters fail to shield minors from explicit material online, COPA may well be reinstated.

The full list of companies subpoenaed by the Department of Justice includes: 711Net (Mayberry USA), American Family Online, AOL, ATT, Authentium, Bell South, Cable Vision, Charter Communications, Comcast Cable Company, Computer Associates, ContentWatch, Cox Communications, EarthLink, Google, Internet4Families, LookSmart, McAfee, MSN, Qwest, RuleSpace, S4F (Advance Internet Management), SafeBrowse, SBC Communications, Secure Computing Corp., Security Software Systems, SoftForYou, Solid Oak Software, Surf Control, Symantec, Time Warner, Tucows (Mayberry USA), United Online, Verizon, and Yahoo.

The subpoenas directed at security software companies asked for a substantial amount of information: any and all documents that fall into 29 separate categories including the kinds of content filtering products or services offered, the number of customers using those products or services, how users configure their filters, how filters get updated, R&D spending on such products, the methodology used to generate blacklisted or filtered sites, and pretty much any data gathered that relates to the use of filters.

"What they are doing, from our perspective, is engaging in a massive fishing expedition, in an attempt to find some shred of evidence that they think can change a result they didn't like, which is that COPA violates the First Amendment," says Aden Fine, an attorney for the ACLU.

While the government's demands for information from Internet search engines have privacy implications for individuals, its interest in corporate information raises questions about the rights of businesses.

Stephen Ryan, a partner at Manatt Phelps & Phillips in Washington D.C., considers the scope of the government's discovery efforts unusual. "I'm not surprised that the Google piece looks like the tip of an iceberg," he says. "But it is sort of surprising that they're using their authority this broadly."

Ryan acknowledges that government subpoenas place undue burdens on companies every day, noting that there are probably scores of attorneys at large ISPs who do nothing but process subpoenas. He suggests that as information technology produces more information, that the government will want greater access to that data.

With regard to the financial impact of subpoenas, Ryan notes, "If you look at the Office of Regulatory Affairs at Office of Management and Budget, there's something called the Paperwork Reduction Act. And there's supposed to be an evaluation of the burden that a government law or regulation will make on the public. I'll bet there's never been a burden analysis of what they're doing."

Justice Department spokesman Miller said he would inquire about this but did not have an immediate answer.

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Dan Jude, however, did. Jude, president of filtering software company Security Software Systems, confirms that the subpoena his 12-person firm received was a burden. "It was a pain," he says. "I don't have exact figures but it took 40-plus hours to put stuff together."

Jude says the Department of Justice asked for proprietary information about his company's content filtering software. Despite assurances the information would remain confidential, he says he refused that particular demand, fearing that it might be revealed by a Freedom of Information Act request.

Jude contends the government's efforts to prop up COPA are misguided. "It's a waste of time," he says, noting that he testified before the COPA Commission about the prevalence of explicit material online in August, 2000. The problem, he says, is that U.S. legislation has no teeth because half of the Web servers with explicit content are located in other countries.

If COPA were to be reinstated, Jude suggests that the Department of Justice would have to turn ISPs into content police in order to deal with offshore offenders.

As someone who sells a technical solution, it's perhaps no surprise that Jude has faith in filtering. "The great thing about the technology is that it allows parents to make the determination of what they want their kids to be able to do and not to do," he says. "And isn't that what we're supposed to be doing in this country?"

END

Philadelphia Inquirer (PA)

March 30, 2006

Boy was truly - now legally - a firefighter; He died "in the line of duty," a judge declared.

By Jeff Price, Inquirer Staff Writer

"He was a firefighter!"

Christopher Kangas' mother can say that now and have it mean something - legally.

Until this week, the U.S. Justice Department had denied the 14-year-old junior firefighter that proud title, literally devaluing the life of the Brookhaven boy who was struck and killed four years ago by a car while riding his bicycle to answer a fire alarm.

Without the title, he was not eligible for federal death benefits, and, most important to his mother and his fellow firefighters, not eligible to have his name inscribed on the National Fallen Firefighters Memorial.

But Monday, after years of hearings and appeals, U.S. Court\l "I" of\l "I" Federal\l "I" Claims\l "I" Judge Marian Blank Horn said, in effect, he deserved to be treated better.

"Christopher Kangas died 'in the line of duty' and was a 'firefighter' authorized to be at a fire scene and perform duties as part of a team engaged in the 'suppression of fires' at the time of his death," she wrote in Washington.

Kangas' mother, Julie Amber-Messick, did not try to hide her joy.

"I'm in shock," she said yesterday, reading again the judge's decision. "I keep looking at that paragraph, that he was a firefighter, that he was a member of a team - we were right!

"Me and Chris, versus the United States," she laughed, trying to put it all in perspective. "That's funny."

The Justice Department had maintained that because Kangas, an eighth grader at Northley Middle School, was a junior firefighter, he was only a trainee and did not qualify as a public safety officer.

Justice has 60 days to file a challenge, but Amber-Messick said Brookhaven fire officials and her attorney, Frank W. Daly, of Media, were optimistic no appeal would be pursued.

Linda Eschbach, a paralegal with Daly's firm, concurred, saying Judge Horn's finding was strong.

Rep. Curt Weldon (R., Pa.), who has championed Kangas' cause from the beginning, immediately took steps to buttress

the outcome. Yesterday, Weldon said he was introducing a congressional resolution to "urge the Justice Department not to appeal."

Weldon has also introduced a bill "to expand the definition of a firefighter to include apprentices and trainees, regardless of age or duty limitations."

A call to the Justice Department was not returned.

"The future of America's fire service is in young people like Christopher Kangas," Weldon said in a statement, "and we cannot let them be forgotten."

Philip C. Stittleburg, chairman of the National Volunteer Fire Council, seconded Weldon: "When Christopher Kangas responded to a fire call and died tragically as a result, he was no different than any of the more than 100 firefighters who die each year risking their lives to protect lives and property of others."

And that is what particularly angered members of Brookhaven Fire Company No. 52 about the Justice Department's denial of the family's claim. The department's logic left the bitter impression that because Kangas, as a junior firefighter, could not go into burning buildings, his contribution and, therefore, his death were somehow worth something less.

"It's been such a long haul for us," said Brookhaven Fire Chief Rob Montella. "We're so excited.

"The ruling said he was part of a team in fighting fires, and that is so true."

The fire company wasted no time in putting up its own memorial. Just days after Kangas' death on May 4, 2002, firefighters mounted a 5-foot-wide, 8-foot-tall wooden case in the firehouse. On exhibit were pictures of Kangas in his gear at the station and in parades. His helmet and fire coat are there, as well as some youthful icons - the cans of Pepsi and packs of chewing gum he loved.

Now, the nation can honor Kangas, too.

If the Justice Department does not appeal, or if the ruling is upheld, Kangas' name will go up on the fallen firefighters monument in Emmitsburg, Md., and his family will qualify for a $250,000 benefit.

"Money is great," Amber-Messick said, "but it is not the point. The point is to let these dedicated kids know what they are doing is worthwhile and that they are just as important as they feel."

END

Monterey County Herald (CA)

March 30, 2006

Sri Lankan woman held in U.S. freed after 4 years

A Sri Lankan woman fleeing persecution in her native country has been released after spending more than four years in federal detention on allegations that she entered the country illegally.

Saluja Thangaraja, 26, was freed from the Otay Mesa detention center late Monday after the San Francisco-based 9th U.S. Circuit Court of Appeals ordered the release of a Sri Lankan man who spent more than four years in the same facility.

The court ordered the release of Ahilan Nadarajah on March 17, saying the government was violating federal law by holding him even though he wasn't criminally charged and couldn't be deported in the foreseeable future.

Nadarajah and Thangaraja both fled Sri Lanka, stopped at the U.S.-Mexico border in October 2001 and were charged with being in the United States without a valid visa. Both were granted political asylum, but the government refused to release them.

The Sri Lankan army suspected each of being a member of the Liberation Tigers of Tamil Eelam, a separatist group listed

as a terrorist organization by the U.S. State Department. The U.S. government alleged Nadarajah was a Tiger member, but did not make that claim against Thangaraja.

Nadarajah denied the U.S. allegation, and Thangaraja's attorneys said in a U.S. District Court filing last summer that the Sri Lankan government's allegations against her were false and typical of arbitrary army actions against the Tamil minority.

In August 2004, the 9th U.S. Circuit Court of Appeals concluded that Thangaraja's testimony about being abducted, beaten and tortured by government forces in Sri Lanka was credible and ruled that she couldn't be returned to the South Asian country because her life would be in jeopardy. In June 2005, an immigration\l "l" judge\l "l" granted asylum, but the government kept her in jail while it appealed her case, Thangaraja's attorney said.

"She did nothing wrong. She just came to this country seeking asylum from persecution," said Ranjana Natarajan, a lawyer with the American Civil Liberties Union of Southern California.

"Like the Nadarajah case, her release shows that the government cannot detain people for years without very good reason," she said.

Lauren Mack, a spokeswoman for U.S. Immigration and Customs Enforcement in San Diego, said the government was "still litigating" Nadarajah's case, adding that any legal decision on his case will impact Thangaraja.

Meanwhile, both were free and staying with members of the Sri Lankan community in the Los Angeles area, Natarajan said.

"She was pretty excited and obviously relieved that the whole order was over," the lawyer said.

END

Ventura County Star
March 30, 2006

Woman describes legal fight for funds; Blackfeet Indian nation member sues the U.S. over trust money

After Elouise Cobell filed the nation's largest class-action lawsuit in June 1996 in Washington, D.C., she fled to her hotel room and called a friend.

Knowing her suit, Cobell vs. Norton, claimed the U.S. government had mismanaged American Indian trust money for the past hundred years, Cobell conceded she felt scared.

"I said, 'I don't think I can do this.' And my friend said, 'If you don't do this, who will?' " Cobell said.

Speaking to an audience of about 300 people at Moorpark College on Wednesday, Cobell, a member of the Blackfeet Indian nation living in Montana, said from that moment on, she never looked back at her decision.

"People are getting very wealthy off of this system," said Cobell. "What's wrong with this picture?"

Cobell's speech was the first in the college's newly formed Distinguished Speaker Series.
Cobell's case began years ago when she tried to get an accounting from the Bureau of Indian Affairs, a division of the U.S. Department of Interior, on lease payments to be made to individual members of the Blackfeet tribe.

In 1887, the government passed the Dawse Act, which divided American Indian land into parcels that were then given to individual American Indians.

The parceled land was then held in trust by the DOI, which controlled the leases made to oil, mineral, timber and ranching companies using the land's resources for their businesses.
In turn, the DOI was to make payments to the landholders — the American Indians — for the use of the land.

"There was money paid and nobody knew where it was going. No one ever held the government accountable," she claims.

Cobell claims there has never been a government accounting given to the landholders on the leases. Also, she claims, payments made to the landowners, who represent some of the poorest people in the country, were spotty at best. Currently, the DOI oversees about 10 million acres of American Indian land.

After years of demanding information from the DOI, she filed the lawsuit on behalf of 500,000 American Indians.

"When it came to Indian money ¿ nobody would do anything," she said. "These people are poor. How would they be able to go out and seek individual justice? The U.S. government knew this."
Phone calls to the Bureau of Indian Affairs seeking comment for this story were not returned.

But in the past, Interior Department officials have defended their current management procedures.

In an audit report, former Interior Secretary Gale Norton wrote that there is "no evidence of fraud or widespread systemic error in the U.S. government's handling of the individual Indian monies accounts, and the few errors that have been found are generally small in monetary value."

To fight the government, Cobell has raised millions of dollars from private grant money to cover costs.

In return, Cobell said the courts have ruled in her favor on every point decided so far in the case.
Based on investigations made by a team of accountants reviewing government documents, Cobell estimates the government owes $176 billion to the landowners. She told the government she would settle for $27.5 billion. She also wants the land trusts to be out of the DOI's hands.

The case is still working its way through the U.S. Court of Appeals, and Congress is currently debating a settlement with Cobell.

After Cobell's speech at Moorpark College, students waited for an opportunity to speak with her.
Jerry Caplan, a philosophy teacher at Moorpark College who helped organize the event, said he was pleased to see the students' interested in Cobell's case.

"I hope the spark will continue," he said.

Engineering student Daniel Seidner said he would definitely write to his politicians in support of her case.

"Too many people let things go," he said. "This affects everyone here because it challenges the ideals of our country."

END

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USDOJ- Office of Public Affairs

From:	USDOJ- Office of Public Affairs
Sent:	Friday, March 31, 2006 9:08 AM
To:	USDOJ- Office of Public Affairs
Subject:	Attorney General's News Briefing for Friday, March 31, 2006
Attachments:	agnb060331.pdf; agnb060331.doc

THE ATTORNEY GENERAL'S *NEWS BRIEFING*

PREPARED FOR THE OFFICE OF PUBLIC AFFAIRS, U.S. DEPARTMENT OF JUSTICE

TO: THE ATTORNEY GENERAL AND SENIOR STAFF

DATE: FRIDAY, MARCH 31, 2006 7:45 AM EST

TODAY'S EDITION

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TERRORISM NEWS:

Moussaoui Trial Said To Contrast Nimble Al Qaeda With FBI "Lumbering Bureaucracy."

Under the headline "At Sept. 11 Trial, Tale Of Missteps And Management," The New York Times (3/31, Shane, Lewis, 1.19M) reports, "Three weeks of testimony and dozens of documents released in the sentencing of Zacarias Moussaoui have offered an eerie parallel view of two organizations, Al Qaeda and the Federal Bureau of Investigation, and how they pursued their missions before" 9/11. Khalid Sheikh Mohammed's trial statement revealed that "Al Qaeda…took its time in choosing targets," whereas, "at the F.B.I., a few agents pursued clues that would later prove tantalizingly close to the mark, but they could not draw attention from top counterterrorism officials." 9/11 commissioner Timothy Roemer said that "the picture of a large and lumbering bureaucracy trying to defend against a small and flexible enemy is striking." He added that "the court testimony…has reinforced his belief that 'Moussaoui was an Al Qaeda mistake and a missed opportunity for the F.B.I.'"

Jurors Ask Judge About WMD Definition, Conclude First Day Of Deliberations. The Washington Post (3/31, A9, Markon, Dwyer, 744K) reports Moussaoui trial jurors "completed their first full day of deliberations yesterday, with no indication of how they would resolve the question of whether" he "is eligible for execution." Jurors "paused only to ask the judge a brief question concerning the definition of weapons of mass destruction." US District Judge Leonie Brinkema told them "that the term meant using an airplane as a missile or bomb. And with that, jurors disappeared again into their deliberation room." The Los Angeles Times (3/31, Serrano, 958K) notes the use of WMD "charge is a component of one of the key allegations against" Moussaoui.

The AP (3/31, Sniffen) also reports on the jury deliberations and adds, "meanwhile, federal prosecutors in Philadelphia are investigating a government lawyer who nearly derailed Moussaoui's sentencing trial by what Brinkema ruled was improper coaching of witnesses and lying to defense attorneys. … Unlike Brinkema's finding of

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civil violations, a criminal inquiry will address" TSA lawyer Carla Martin's "motivation or intent."

Federal Prosecutor Probes TSA Attorney In Moussaoui Case. The AP (3/31, Barakat) reports, "Federal prosecutors in Philadelphia are investigating the conduct of a government lawyer who nearly derailed the death-penalty trial of confessed al-Qaida conspirator Zacarias Moussaoui by coaching witnesses on their testimony." The AP continues, "The criminal investigation of Carla J. Martin, a lawyer with the federal Transportation Security Administration, was revealed in recently unsealed transcripts of a closed March 21 hearing in the Moussaoui case." The ap adds, "U.S. District Judge Leonie Brinkema said in the hearing that she had been 'advised by the U.S. Attorney's Office that there may very well be a prosecution of her, at least they're looking at the possibility.' … Rob Spencer, the lead prosecutor in the Moussaoui case, responded that 'the matter has been referred to a prosecutor in the Eastern District of Pennsylvania, and I believe they are handling the matter.' … Prosecutors in Alexandria recused themselves from the investigation. … Moussaoui's defense lawyers have said Martin should face criminal charges for witness tampering."

WPost Concerned Moussaoui Confession Will Overshadow Truth Of His Involvement. In an editorial, the Washington Post (3/31, 744K) recounts Moussaoui's "boasting" confession at trial this week and notes, "The government and Mr. Moussaoui, at this point, are both pushing for his execution," though "their motives differ. The government is prosecuting his crime, while Mr. Moussaoui appears to be attempting to martyr himself. The danger is that in such a confluence of interests the truth falls by the wayside. That would be dangerous, in part because the government's theory under which Mr. Moussaoui is eligible for death is an expansive one that could open the door for executions of low-level conspirators in a range of criminal enterprises."

USA Today Says FBI Agent's Testimony Raises Questions About Readiness. USA Today (3/31, 2.31M) says in an editorial that the "most chilling testimony at the death penalty trial of Zacarias Moussaoui" came "from a government witness who attested in heart-rending detail to the stubborn resistance and monumental missteps that kept the FBI from capitalizing on Moussaoui's arrest four weeks before 9/11." FBI agent Harry Samit's testimony "raised questions about the nation's preparedness for the next terror attack."

UN Investigator Claims He Has "Proof" Of Secret US Prisons. The AP (3/31, Klapper) reports Manfred Nowak, the United Nations' "special investigator on torture said Thursday he was certain that there are secret U.S. prisons in Europe and he wants access to them." In an interview with the AP, Nowak said he "had proof that secret U.S. prisons continue to operate in Europe." Nowak said, "I am 100 percent sure. I have evidence." The AP adds Nowak "cited a U.S. refusal to provide details or records of interrogations later used in terrorism trials in Germany. He did not explain how that was proof of the ongoing existence of U.S. prisons in Europe, and he did not offer other examples."

Judge Criticizes Intelligence Agency Reorganization. The Washington Post (3/31, A17, Pincus, 744K) reports US Court of Appeals Judge Richard A. Posner "sharply criticized the restructuring of U.S. intelligence agencies last week, telling CIA lawyers that the overhaul has done nothing to rectify flaws exposed by al-Qaeda's Sept. 11, 2001, attacks and that the changes 'in the end . . . will amount to rather little.'" Posner said Congress' 2004 intelligence overhaul "was based on 'a deep misunderstanding of the limitations of national security intelligence'" that "came from a naive belief that intelligence agencies can somehow be made infallible." In Posner's analysis, "the director of national intelligence (DNI), created by Congress to be the president's top intelligence adviser, was given too much to do. DNI John D. Negroponte oversees the CIA and 15 other intelligence agencies, including those at the Pentagon. Negroponte's staff, which has grown to about 1,000, 'has become a new bureaucracy layered on top of the intelligence community,' Posner said."

Redmond Withdraws From Consideration For Counter-Spy Post. The Washington Times (3/31, Gertz, 90K) reports, "Former CIA spy hunter Paul Redmond, who helped catch notorious Moscow mole Aldrich Ames, has withdrawn from consideration to become the Bush administration's top counterspy." US intelligence officials said Redmond had "been selected to be national counterintelligence executive, but backed out after the FBI held up his formal appointment by conducting a lengthy background investigation, said officials speaking on the condition of anonymity."

House Panel Votes To Withhold Funds From DNI. The Los Angeles Times (3/31, Miller, 958K) reports the House Intelligence Committee "voted Thursday to withhold

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funding from the nation's intelligence director over concerns that his office, which was created to streamline operations in the nation's spy community, is instead becoming bloated and bureaucratic." Panel Republicans also "defeated a Democratic push to suspend hundreds of millions of dollars in spy agency funding until the Bush administration provided more information about a controversial domestic espionage program being conducted by the National Security Agency." The "move to withhold funding still must be approved by the full House as well as the Senate. But it reflects rising frustration among House lawmakers with" the DNI office. However, the Washington Post (3/31, 744K) reports the committee "rejected yesterday a proposal to withhold money from the National Security Agency if the White House did not reveal information about the cost of the agency's warrantless surveillance program." Only Rep. Heather A. Wilson (R-N.M.), "who heads a subcommittee that oversees the NSA, voted with the Democrats to support the measure to withhold one-fifth of the agency's budget."

Hayat Prosecutors Say No Evidence Supports Informant Claim About Al Qaeda. In a widely-distributed story headlined "Prosecutors Can't Prove Informant's Claims," the AP (3/31, Thompson) reports, "In a potential blow to their terrorism case against" Umer and Hamid Hayat, "federal prosecutors on Thursday said there is no evidence to support statements by their key witness," FBI informant Naseem Khan, "that a top aide to Osama bin Laden attended a Lodi mosque in the late 1990s. The surprise move was designed to dissuade the defense from calling witnesses who would challenge the story's credibility." Defense attorney Johnny Griffin III "told reporters outside court that the government's statement about Khan 'shows that he is a liar.'" The Sacramento Bee (3/31, Walsh, 301K) also reports on the prosecution stipulation that "the government has no information indicating that Ayman al-Zawahri was in Lodi…aside from the information supplied by Naseem Khan," and notes "Sacramento FBI Special Agent Rachel Pifer, who was Khan's 'handler' from November 2001 to September 2002, testified Thursday" that she concluded Hayat's report about al-Zawahri "was 'probably not true' before she 'opened Khan up as an informant' on Nov. 14, 2001. … Questioned by prosecutor David Deitch, Pifer said the FBI 'received a lot of reports of mistaken identity' in the wake of the bureau's release of a list of its 22 most wanted terrorists."

The Lodi News-Sentinel (3/31, Bohm) reports, "Hamid Hayat didn't know it at the time, but when a new Muslim convert helped him purchase and set up a computer, that man was actually an undercover FBI agent." Special Agent Terry Rankhorn, "spoke to Hamid Hayat about four times and testified…Thursday that he was 'very cordial' and also bragged about his relatives." When Hamid Hayat's lawyer Wazhma Mojaddidi asked Rankhorn whether he believed Hayat when he said that "his uncle was a highly placed politician in Pakistan who could get him rare cigars, among other things," Rankhorn said, "It seemed to be more boasting than actual fact."

Lodi Police, FBI Investigating Threat Letter Sent To Newspaper. The Lodi News-Sentinel (3/31) reports, "Lodi police and the FBI are looking into a letter sent to the News-Sentinel stating that it is among several targets of al-Qaida. … 'There is clearly a possibility this is a prank, but we have to take this seriously,' Capt. David Main said. A spokeswoman for the FBI, Special Agent Karen Ernst, said her agency is aware of the letter and is working with local police to track down its origin."

Smith Still Employed By State Department, Despite Detroit Terror Trial Charges. The AP (3/31) reports State Department security agent Harry Smith, accused of conspiring with Assistant US Attorney Richard Convertino and lying under oath in the Detroit terror trial, "remains employed by the department, an official said Thursday. … The official could not say what Smith's assignment is."

U.S. News and World Report (3/31) reports on the indictment of Convertino and Smith, noting they allegedly "conspired to mislead the jury about evidence during the 2003 trial of the case, United States v. Koubriti, in which three Middle Eastern men were accused of operating a 'sleeper cell' and convicted on a variety of terrorism and fraud charges. Theirs were the first and only jury convictions stemming from the FBI's investigation into the 9/11 terrorist attacks. But the federal judge handling the trial, Gerald Rosen, threw out the convictions after the Justice Department issued a scathing report accusing Convertino of withholding evidence that could have been beneficial to the defense."

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HOMELAND RESPONSE:

House Bill Would Drop Color-Coded Terror Alert System. The Washington Times (3/31, Hudson, 90K) reports a "bipartisan push on Capitol Hill to strip the hue from the government's color-coded terrorist alert system is gaining momentum." A bill under consideration in the House "eliminates the Department of Homeland Security's use of colors to change the threat level, and calls for more specific threat information to be shared with the private sector and local governments." The "current system, implemented by former Homeland Security chief Tom Ridge, has frustrated governors and local officials nationwide who say they are forced to spend millions responding to threat level rises without information as to whether it directly affects their region."

DHS IG Report Says $1 Billion Contract Has Done Little To Benefit TSA. The AP (3/31, Miller) reports on the release of a report by DHS Inspector General Richard Skinner yesterday, which found that Unisys, a company that received a $1 billion contract for airport security equipment from the TSA, had "performed so poorly" that the agency should put the project out for bid again. According to the report, "The original funding is almost exhausted but many airports still do not have basic information technology and a telecommunications infrastructure." The agency agreed to "put the contract out to bid again once the $1 billion is exhausted," adding that "it has strengthened its procurement oversight."

Senate, House Advance Bills To Improve Infrastructure Security. The Washington Times (3/31, Fagan, 90K) reports both the House and Senate yesterday advanced bills "that aim to improve the security of the nation's ports and other key infrastructure advanced in both the House and Senate yesterday." The Senate Banking, Housing and Urban Affairs Committee "approved 20-0 a bill that would reform the interagency panel charged with approving such foreign deals -- forcing more thorough investigations and congressional involvement." Meanwhile, a House Homeland Security subcommittee "approved by voice vote legislation that would boost funding for the nation's ports and improve port-security programs."

The New York Times/AP (3/31, Press) reports the congressional panels took action on the bills "to stem the furor over the attempted takeover of significant terminal operations at some large American ports by a company owned by the United Arab Emirates."

CQ (3/30, Starks) reports a House Homeland Security subcommittee "approved legislation Thursday that would authorize $821 million annually to defend the nation's seaports against terrorist attacks." The bill (HR 4954), "approved by voice vote by the Economic Security, Infrastructure Protection and Cybersecurity Subcommittee, is the first on port security to move since the DP World deal to take over management of facilities at six U.S. port collapsed."

Senate Bill Would Extend CFIUS Review Of Foreign Acquisitions. The Financial Times (3/31, Kirchgaessner) reports on the Senate Banking Committee bill, submitted by Chairman Richard Shelby, noting that "foreign takeovers of sensitive US assets could face a national security review of up to 120 days." The bill "aims to make reviews conducted by the Treasury-led interagency panel that investigations foreign acquisitions, or CFIUS, more onerous and will give Congress more oversight over the confidential vetting process." Lobbyists "expressed satisfaction that, despite the extended review period permitted in certain circumstances, the draft legislation was far weaker than proposals first put forward by Mr Shelby last week. That initial draft would have subjected nearly every foreign deal to an automatic 75-day investigation."

The Wall Street Journal (3/31, King, 2.11M) also reports on the Shelby bill, saying that "US business interests, with some Senate support, have fought back, arguing that lawmakers risk scaring off crucial investors and making life harder on U.S. companies overseas." Bowing to "business concerns, the committee adopted an amendment by Sen. Chuck Hagel (R., Neb.) to limit the range of cases that would require a full 45-day investigation on top of a preliminary 30-day review."

The Washington Post (3/31, D2, Blustein, 744K) reports Chairman Shelby "led a chorus of panel members who cited the ports case as evidence that CFIUS needs fixing. Noting that the heads of the agencies represented on the foreign investment committee, such as the secretaries of the Homeland Security, Defense and Treasury departments, didn't know about the deal until it made headlines, he said that 'demonstrates that the system is woefully short of transparency and has no recognizable requirements for accountability.'"

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DOJ Official Stresses Survivability Of Communications Systems. Federal Computer Week (3/31, Arnone) reports, "If Hurricane Katrina taught first responders anything, it's that communications systems must survive a natural disaster before they can be used to coordinate response efforts. … That's what officials from the Defense and Justice departments told Congress today as they explained some of the steps they are taking to improve information sharing before the 2006 hurricane season starts June 1. … 'The survivability of our systems is critical,' Vance Hitch, DOJ's chief information officer, told the House Government Reform Committee." FCW continues, "The federal government must work with industry to create self-powered communications technology that can operate without traditional infrastructure, said Linton Wells, principal deputy assistant secretary of Defense for networks and information integration. … 'The federal government must continue to expand its capability to rapidly deploy commercial off-the-shelf networks, making use of satellite links, wireless local-area networks, laptop computers and 'plug-and-play' equipment to bridge the gap created by a devastated civil infrastructure,' Wells said in a statement." FCW notes, "Common operating standards and equipment are the long-term solution to interoperable communications in disaster response, Hitch said. The Justice, Homeland Security and Treasury departments are making progress toward implementing such standards through the Integrated Wireless Network (IWN), he said."

Ground Zero Redevelopment Talks Break Down. The New York Times (3/31, Bagli, 1.19M) reports Gov. George E. Pataki's "last-ditch effort to strike a deal with the developer Larry A. Silverstein to speed up the rebuilding at ground zero crashed yesterday, when he was unable to convince New Jersey or City Hall officials that it made financial sense." Mayor Michael R. Bloomberg and "representatives of Gov. Jon S. Corzine of New Jersey vowed to work with Mr. Pataki to put together a new framework for rebuilding at the World Trade Center site, one that would be likely to diminish Mr. Silverstein's role."

The Wall Street Journal (3/31, Frangos, 2.11M) reports "talks are continuing nonetheless." Govs. Pataki and Corzine and Mayor Bloomberg "couldn't settle upon a position to take with real-estate developer Larry Silverstein, who owns the legal right to rebuild the office space there, several people involved in the negotiations say."

Emergency Calls From 9/11 Released. CBS and NBC last night both ran segments on the release of audio from 911 calls from people trapped in the World Trade Center on September 11, 2001. The CBS Evening News (3/30, story 5, 1:15, Mitchell, 7.66M) reported, "It is hard to imagine the horror of the people trapped in the World Trade Center after the September 11th attacks. Now, four and a half years later, New York City is releasing recordings of some of the 911 calls." CBS excerpted the 911 call made by 34-year-old Christopher Hanley.

NBC Nightly News (3/30, story 6, 2:15, Fratangelo, 9.87M) reported, "New York City officials notified 27 families of 911 recordings. They'll be released tomorrow but only with the voices of dispatchers. The voices of victims will be erased. Hanley's family released the entire recording to the 'New York Times.'"

Powell Says Areas Of New Orleans May Not Receive Required Levee Protection. The Washington Post (3/31, A1, Whoriskey, Hsu, 744K) reports in a front page article that Donald E. Powell, the Bush Administration's Gulf Coast rebuilding coordinator, said yesterday that parts of New Orleans "may be left without the protection of levees strong enough to meet requirements of the national flood insurance program" The Post reports Powell's announcement as "a shift for the administration," which "had pledged in the weeks after Hurricane Katrina to rebuild New Orleans 'higher and better.'" Gov. Kathleen Babineaux Blanco called the news an "outrage" that "is totally unacceptable." Earlier, the Army Corps of Engineers had announced "that the levee reconstruction project, most recently estimated at $3.5 billion, would now cost $9.5 billion if insurance-certified levees were extended throughout the region."

ABC World News Tonight (3/30, story 7, 1:30, Osunsami, 8.78M) reported, "Louisiana's Governor says she has no idea where the extra money will come from." Osunsami: "Homeowners, businesses trying to secure insurance and mortgages might be delayed until the additional money is found."

The New York Times (3/31, Schwartz, 1.19M) reports, "Powell said in a news briefing yesterday that the $2 billion that the Army Corps of Engineers is currently spending and the $1.4 billion in additional funds it has requested will make the system stronger and better than it has ever been. Asked if he would feel comfortable living in the area despite the

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government's inability to certify the levees, he responded, 'after the Corps completes its work, yes.'" The Times adds, "Although people can rebuild without the federal flood maps today, many homeowners may well decide that the risks of rebuilding are too great."

The Los Angeles Times (3/31, Vartabedian, 958K) reports the additional cost "could be a significant setback to rebuilding New Orleans." The Times adds, "The problem evolved in recent weeks when disparate federal agencies began grappling with complex rules and regulations that affect federal flood insurance, the technology of predicting hurricanes and certifications of levee safety standards. As a result, Powell found himself this week having to disclose to senior Bush administration officials and congressional leaders that what looked like a price tag of $3.5 billion to upgrade and repair levees in and around New Orleans had exploded almost threefold, to $9 billion."

Powell Says Full Recovery In New Orleans Could Take 25 Years. Meanwhile, in an interview with the AP (3/31, Jordan) yesterday, Powell said that New Orleans' full recovery "could take 25 years as homeowners, businesses and tourists are coaxed back." He added "that much of the city's rebirth will hinge on factors he said were 'out of our control,' including restoring housing, ensuring safety and encouraging robust investment by the private sector." NBC Nightly News (3/30, story 5, 0:40, Williams, 9.87M) reported, "The Bush Administration's point man for the Gulf Coast recovery effort told the Associated Press today that a full recovery in New Orleans could take as long as 25 years. Don Powell said much of the city's fate depends on factors outside the government's control. He also said it may cost another $6 billion or more to repair the levees just so they'll be strong enough to clear the way for widespread building there."

WAR NEWS:

US Journalist Freed After 82 Days Of Captivity. Jill Carroll, the freelance writer for the Christian Science Monitor who was kidnapped 82 days ago, was freed from captivity yesterday. US and Iraqi authorities did not disclose whether any concessions had been made to her captors. The Christian Science Monitor (3/31, Murphy, Peterson, 61K) reports that yesterday "Carroll's captors simply drove her to Amariyah, stopped the car, pointed her in the direction of the Iraqi Islamic Party (IPP) office at about 12:20 p.m. local time and then drove off." Carroll, who "was on assignment for the Monitor when she was kidnapped, gave a short interview to Baghdad TV, which is owned by the IIP, before being transported to the Green Zone by the US military." She "was told the interview was for internal party uses only, and didn't realize it would be broadcast. In that interview Carrroll said that for most of her ordeal she was kept in a darkened room which she later described as a 'cave.'" The Washington Post (3/31, A1, Knickmeyer, 744K) says "party leader Tariq al-Hashimi presented her with an embossed Koran in a plush box. The Koran was for the true followers of Islam, Hashimi said, and he mentioned the Iraqi people. Accepting it, Carroll said her suffering was nothing compared with theirs."

The story was the lead on each of the networks, which devoted a total of nearly 14 minutes to Carroll's release, and an additional three minutes to the problem of kidnapping in Iraq. ABC World News Tonight (3/30, lead story, 3:35, Vargas, 8.78M) reported, "President Bush may have summed it up best, when upon hearing the news, he said simply, 'Thank God.'" US and Iraqi authorities "will not say what, if anything, they may have done to lead to her release." ABC (Harris) added, "Despite this wrenching hostage video, despite her captors' repeated threats to kill her, and despite the fact that they did kill her translator, today Jill Carroll had nothing bad to say about the people who held her for 82 days."

The CBS Evening News (3/30, lead story, 3:30, Mitchell, 7.66M) reported, "For a change, the headline from Iraq is not about death but about someone who alive, well, and free." The US Ambassador to Iraq "says none of the kidnappers was captured and no ransom was paid by the US Embassy." CBS (Logan) added, "A senior Pentagon official told CBS News tonight that Jill has declined the use of military transport to get her out of Iraq, and she has also not agreed to be interrogated or debriefed by the US military here." In a separate segment, the CBS Evening News (3/30, story 2, 2:10, Bowers, 7.66M) reported, "Whatever the reason for Carroll's release, this is a day her family will forever celebrate."

NBC Nightly News (3/30, lead story, 2:35, Williams, 9.87M) reported, "For Jill Carroll, her family, and her friends, it's been an awful ordeal. And it ended with her safe release today. We'll begin here tonight." NBC (Hattori) added, "After appearing in videos as a hostage held at gunpoint, today Jill Carroll went on Baghdad TV as a free woman." In Boston, "the 'Christian Science Monitor's' editor insisted no ransom was paid." Richard Bergenheim, Editor, The Christian Science Monitor: "There is absolutely no negotiations that

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took place for her release." Hattori: "The US Ambassador to Iraq chose his words carefully." Zalmay Khalilzad, US Ambassador to Iraq: "No US person has made any arrangements with the kidnappers. By US person, I mean the United States mission."

The Los Angeles Times (3/31, Daragahi, 958K) says that "by Thursday evening, Carroll was inside the Green Zone, Baghdad's US-protected fortress-like administrative headquarters, getting unspecified medical attention while awaiting departure from the country." The New York Times (3/31, Semple, Filkins, 1.19M), Washington Post (3/31, A14, Finer, 744K), USA Today (3/31, 2.31M), Washington Times/AP (3/31, Fam) and Knight Ridder (3/31, Youssef, Awsy) run similar reports. In a Washington Post column, David Ignatius (3/31, A19, Ignatius) comments on Carrol's release, saying "Americans should be grateful that reporters such as Jill Carroll are risking their lives to chronicle this agonizing story -- and tell Americans not what they want to hear, but what they need to know."

Carroll's Employer, Family Used Careful Campaign To Seek Her Release. ABC World News Tonight (3/30, story 2, 2:05, Karl, 8.78M) reported Carroll's family and employer undertook a "carefully coordinated campaign" to seek her release "that began with days of the public learning that Jill Carroll had been taken hostage." The message "that Jill Carroll is a sympathetic person attuned to the plight of the Iraqi people -- was central to her release," and her "family and her newspaper editors were coached by FBI agents who specialize in the art of hostage rescue and helped craft the message. Hostage crisis experts believe constant, consistent appeals like this are directly heard by the hostage takers."

Seven Americans Remain In Captivity. ABC World News Tonight (3/30, story 3, :20, Vargas, 8.78M) reported, "Jill Carroll and her family have pointed out that there are many hostages whose fates remain unknown. One US soldier and six American civilians are held against their will. And for Iraqis, kidnapping is an epidemic. The Iraqi government estimates 5,000 Iraqis have been kidnapped since the war began. There's no on how many of them have been released."

USA Today (3/31, Bazar, 2.31M) runs a story on the missing soldier, Sgt. Keith "Matt" Maupin, and reports that shortly "after Maupin disappeared, his parents founded the Yellow Ribbon Support Center. Keith Maupin says he even left his job to spend more time there." The non-profit, which "operates out of a strip mall, is a bustling hub of patriotism. In the past two years, the center has shipped more than 4,500 packages to troops in Afghanistan and Iraq."

Kidnapping Is Major Problem For Iraqis. NBC Nightly News (3/30, story 2, 2:20, Williams, 9.87M) reported, "While a case like Jill Carroll's is very high-profile and gets a lot of attention, the fact is that in Iraq right now, the most vulnerable targets for kidnappers are Iraqis themselves. Kidnapping has become big business in Iraq and often the kidnappers are a different kind of criminal these days." NBC (Miklaszewski) added kidnapping is "lucrative for insurgents and criminals alike: Since the US invasion in 2003, 280 foreigners have been kidnapped, 46 killed, 151 freed, 83 unaccounted for. But a much larger number of Iraqi civilians are kidnapped, not for political reasons, but for ransoms as high as $100,000." USA Today (3/31, Memmott, Brook, 2.31M) runs a similar report, noting that "in Baghdad, four or five organized criminal gangs control the streets, prowling for anybody who looks non-Iraqi, says Steven Casteel, a senior vice president at the security firm Vance International." Kidnappers "want somebody who works for a company or government willing to pay for his or her release, he says." If gangs "can't get a ransom quickly, they sometimes 'sell' foreign hostages to terrorist groups. About 430 foreigners have been kidnapped in Iraq since April 2003, Colton said."

Sistani Ignores Bush Letter. The AP (3/31, Abdul-Zahra) reports, "A letter from President Bush to Iraq's supreme Shiite spiritual leader, Ayatollah Ali al-Sistani, was hand-delivered earlier this week but sits unread and untranslated in the top religious figure's office, a key al-Sistani aide told The Associated Press on Thursday." The aide, "who has never allowed use of his name in news reports, citing al-Sistani's refusal to make any public statements himself -- said the ayatollah had laid the letter aside and did not ask for a translation because of increasing 'unhappiness' over what senior Shiite leaders see as American meddling in Iraqi attempts to form their first, permanent post-invasion government." The aide "said the person who delivered the Bush letter…said it carried Bush's thanks to al-Sistani for calling for calm among his followers in preventing the outbreak of civil war after a Shiite shrine was bombed late last month."

Friedman Says War Has Entered "Dangerous New Phase." Thomas Friedman writes in the New York Times (3/31, 1.19M) that the war in Iraq has "entered a dangerous new phase. It is the phase of barbaric identity-card violence

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between Sunnis and Shiites. … Once this kind of venom gets unleashed — with members of each community literally beheading each other on the basis of their religious identities — it poisons everything." Friedman adds, "There is only one hope for halting this slide and that is the formation…of a national unity government in Iraq, with Shiites, Sunnis and Kurds sharing power, and the deployment on the streets…of massive numbers of troops and police, both Iraqi and American, to prevent more of these tribal killings."

McCain Says Things Are Getting Better In Iraq. Sen. John McCain said on CNN's The Situation Room (3/30) that "things are getting better" in Iraq, adding, "I think they are progressing. I think that the Iraqi military is improving. I think the Iraqi police training is improving, but much more slowly. … Our ambassador is doing a great job urging that. And the president is personally involved. But these Iraqi leaders have to understand they have to form a government because they had an election. And the people of Iraq have the right to do that. Long, hard, tough. Can we do it? Yes. Will we do it? I'm confident we will. But it's -- the risks of failure are immense."

War Veterans Form Group To Back Bush On Iraq. The Wall Street Journal (3/31, Harwood, 2.11M) reports in its "Washington Wire" column, "War vets organize to back Bush on Iraq. VetsforFreedom.org3, a nonprofit group of recently returned soldiers, cites a 'disconnect' between what soldiers and veterans think about the war and what's portrayed in the media."

Wisconsin Towns To Vote On Referendums Asking For US Pullout From Iraq. USA Today (3/31, Keen, 2.31M) reports, "People in 32 communities across Wisconsin…will vote on referendums calling for the 'orderly and rapid' withdrawal of US troops from Iraq." Evansville, WI "is the only place where residents also will vote on a separate referendum stating that US forces should remain until 'unquestioned victory is clearly won.'" USA Today adds, "The outcome won't carry any legal weight here or in Washington." But "if all the anti-war measures pass, politicians might not be able to ignore the results, says Kenneth Mayer, a political scientist at the University of Wisconsin-Madison."

Stephens Says Promoting Democracy Requires Patience. Columnist Phillip Stephens writes in the Financial Times (3/31) that there is a "spat raging in Washington between neo-conservatives past and present. Francis Fukuyama, once a celebrated cheerleader for the muscular interventionism that led the US into war with Iraq, has recanted. The invasion was a mistake. The US cannot remake the tyrannies of the world in its own democratic image. … Quiz the administration officials charged with striking these balances and they will tell you that there are never easy trade-offs. Promoting democracy, in the words of one senior official, was always going to be 'messy.'" Stephens concludes that "the frequent talk in this administration about legacy raises the suspicion that it has become a substitute for hard policy choices now. Wilsonian realism, liberal internationalism, call it what you will, requires consistency and patience. These are hard to find in a weakened presidency."

Documents Said To Reveal Saddam's Contact With Terrorists. The Washington Times (3/31, Gertz, Scarborough, 90K) reports in its "Inside the Ring" column, "The more documents that emerge from Saddam Hussein's reign of terror, the more evidence stacks up that his regime was in lockstep with international terrorists. Newly released papers seized after the March 2003 U.S.-led invasion reveal contacts made between Saddam's top aides and Osama bin Laden, particularly during the al Qaeda leader's stay in Sudan. … The documents show the fanatical Fedayeen operated bustling terror training camps for recruits from all over the Middle East."

Six Oil Workers Killed In Iraq As Insurgents Continue Attacks. The Washington Post (3/31, A14, Anderson, 744K) reports, "A bus ferrying oil workers to their job was forced to the side of a road in northern Iraq by masked gunmen, who ordered the workers to get off, accused them of being 'agents of the occupation' and then shot them, killing eight, police said." The workers "were all employees of one of Iraq's largest oil refineries, in Baiji, a town about 120 miles north of Baghdad." In the capital, meanwhile," one person was killed and 11 were injured in two roadside bombings; two were killed and seven injured in a car bombing; and five people were injured when a suicide car bomber detonated explosives near a police convoy."

Rahman Thanks Pope For Intervening On His Behalf. The AP (3/31, Sanminiatelli) reports, "An Afghan who faced the death penalty in his homeland for converting from Islam to Christianity said Thursday he was certain he would have been killed had he stayed there, and

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he thanked Pope Benedict XVI for intervening on his behalf. 'In Kabul, they would have killed me, I'm sure of it,' said Abdul Rahman, who was spirited out of Afghanistan to a secret location in Italy. 'If you are not a Muslim in an Islamic country like mine, they kill you. There are no doubts.'"

Woodruff Given Bloom Award For Reporting Excellence. ABC World News Tonight (3/30, story 11, 1:35, Vargas, 8.78M) reported, "Two months ago, Bob Woodruff was injured by a roadside bomb in Baghdad. Last night, at a dinner in Washington, DC, Bob was honored with the David Bloom award for excellence in reporting. The award is named after NBC correspondent David Bloom who died while covering the Iraq invasion three years ago. Bob and David were close friends as well as competitors and David's twin daughters, Christine and Nicole, aged 12, presented the award." Bob was "honored for his reporting from North Korea, Iran and from New Orleans. ABC News chief White House correspondent Martha Raddatz accepted the award and read a statement written by Bob."

Pentagon Developing Bombs To Destroy Underground Targets. The Pentagon is researching the development of weapons that can destroy deeply buried military targets. As part of that research, officials say they will detonate a 700 ton explosive in the Navada desert this June. The Washington Post (3/31, A9, Tyson, 744K) reports, "The test, code-named 'Divine Strake,' will occur on June 2 about 90 miles northwest of Las Vegas in a high desert valley bounded by mountains, according to Pentagon and Energy Department officials. … The test is aimed at determining how well a massive conventional bomb would perform against fortified underground targets -- such as military headquarters, biological or chemical weapons stockpiles, and long-range missiles -- that the Pentagon says are proliferating among potential adversaries around the world."

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On Western Swing, Gonzales Warns Youths About Online Thievery. The AP (3/31) reports, "U.S. Attorney General Alberto Gonzales brought a simple message to middle school students (in San Jose, CA) on Thursday: Don't steal. … 'I'm the top cop in the U.S. and I want you to know that if you illegally download a game or music or a video it's stealing, just as if you went into a store and stole blue jeans,' Gonzales told 7th and 8th graders at Windmill Springs School in the heart of California's Silicon Valley." The AP continues, "The lesson culminated an unusual four-day lesson on intellectual property and copyright infringement during which the nation's top law enforcement official became a classroom teacher. … Most children these days are exposed to Internet safety messages, both in television and in the classroom, but curriculum has only recently been developed about software piracy, copyright laws and intellectual property." The AP adds, "Entertainment software corporate leaders have repeatedly said the public simply doesn't understand that there are rules when it comes to usage of the Internet and computers. … But Windmill Springs students said Thursday that they got the message. … 'Most kids know it's wrong to download some movies or songs or copy games and CDs but they figure that if they can do it on a computer then they will,' said Andrew Lopez, 13. 'But not me. You can get a fine. You can go to jail.' … Gonzales said the consequences of intellectual property theft are just starting to be understood. … 'I'm not kidding myself that we have a lot of work to do, but that doesn't mean we shouldn't try,' he said."

Security Still Top Gonzales Concern. The Portland Oregonian (3/31) reports, "Attorney General Alberto Gonzales gave the Portland Business Alliance a quick review Thursday of the Bush administration's priorities, saying, 'Every day, I ask myself: Are we doing all that we can to prevent another attack? Are our neighborhoods safer? Are things safe in Portland?'" The Oregonian adds, "Making his first trip to Portland, Gonzales spoke to the city business group at a breakfast meeting, then he said he planned to "review the troops" in the U.S. attorney's office in Portland."

Gonzales Discusses Google Case. TheStreet.com (3/31, Wolverton) reports, "In town to talk with kids about respecting intellectual property, U.S. Attorney General Alberto Gonzalez found himself addressing questions about the government's respect for online privacy." TheStreet continues, "In the middle of a legal dispute with Google over access to search records, the government has come under criticism from consumer privacy advocates. Gonzalez sought to assure critics that the government was trying to strike a 'good faith' balance between privacy interests and protecting the public. … Even though a federal judge recently restricted the amount of data the government will potentially have access to in the Google case, Gonzalez appeared unabashed by the government's request. Indeed, in determining the balance between privacy protection and how

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much information the government will request from private information keepers, the Department of Justice, instead of setting its own limits, will take its lead from Congress and the courts, he said. … 'Sometimes the courts will agree, and sometimes they will disagree,' he said."

Dow Jones (3/31) reports, "Gonzales said he was pleased with a federal judge's decision in the Google Inc. case two weeks ago, but that it showed there are limits to the kind of information the government can get from Internet companies." Dow Jones continues, "During an appearance here at the Windmill Springs Middle School, Gonzales reiterated that the government had not sought personal information on people using Google's Internet search engine when it subpoenaed the company in August. … 'We're not interested in any kind of user information,' he said." Dow Jones adds, "Gonzales said the judge's decision recognized that the information the government sought was relevant to its defense of the embattled Child Online Protection Act. … 'We're happy with the judge's decision,' Gonzales said, but 'there are limits to what kind of information the government can get.' … Separately, Gonzales said he pressed Chinese officials on intellectual property protection when he was in that country several months ago."

Gonzales Says Islamic Case Files To Remain Sealed. The AP (3/30, Frazier) reports, "Evidence in a dismissed case against an Ashland (OR) branch of an Islamic charity will remain confidential, Attorney General Alberto Gonzales said Thursday." The AP continues, "Gonzales was in Portland to meet with the U.S. attorney's office in Oregon and to address a breakfast meeting of the Portland Business Alliance. … He said 'certain kinds of information can be and should be withheld.' … He declined further comment on the case, saying it is in litigation." The AP adds, "A federal lawsuit seeks to shut down electronic surveillance by the National Security Agency, claiming the government illegally wiretapped conversations between the director of the Islamic charity Al-Haramain and two of the charity's attorneys. … The charity had been indicted on tax charges related to money laundering in 2004, but the charges were dismissed." The AP notes, "Gonzales did not elaborate on the broader NSA wiretapping controversy beyond repeating President Bush's position that it is legal. … 'I can only talk about what the president has disclosed to the American public in December of last year,' he said. … 'We have been very, very forthcoming about his authorities,' he said. He said members of Congress continue to get briefings."

Gonzales Address Immigration Reform. KOIN-TV, CBS 6, Portland (3/31, Huston) reports, "It could be winter before Congress passes an immigration bill. That's because there is a growing split among Republicans over what to do about it. … One of President Bush's point men on the issue was in Portland Thursday morning. … U.S. Attorney General Alberto Gonzales certainly has been one of the president's must trusted advisors on the issue, but he stuck with what has been the White House script." KOIN-TV adds, "Speaking to a morning breakfast for the Portland Business Alliance, Gonzales praised the local U.S. Attorney's Office for a recent meth bust which was the largest in state history. He also pledged to continue to pursue sexual predators who use the Internet, corruption in government and gang violence. … After his speech, Gonzales restated his support for immigration reform, including a guest worker program. But he offered no opinion on the legal definition of amnesty for illegal immigrants. … 'The president says he will not support a program that provides amnesty to those who have broken the law and come into our country unlawfully. But as to how you define it, that's part of the ongoing debate within the Congress,' Gonzales said."

CORPORATE SCANDALS:

Judge Orders Former Broker In Enron Case Released On Bail. The New York Times (3/31, Creswell, Thomas) reports, "In a surprise move, the United States Court of Appeals for the Fifth Circuit in Houston late yesterday ordered that a former Merrill Lynch executive, William Fuhs, be immediately released on bail awaiting final decision on his appeal." The Times continues, "Mr. Fuhs was one of four former Merrill employees convicted in 2004 on fraud and conspiracy charges involving a 1999 sale by Enron of power generators mounted on barges in Nigeria. Prosecutors argued during the trial that the Merrill executives were guilty of conspiring to defraud investors in an effort to win future banking business from Enron. … The appellate court said the conditions of Mr. Fuhs's release will be established today in a hearing before a federal magistrate judge." The Times adds, "Last May, Judge Ewing Werlein Jr. of the United States District Court in Houston sentenced Mr. Fuhs to three years and one month in prison. In most white-collar criminal cases, the defendants are generally allowed to remain free on

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bail while their appeals are heard. But Mr. Fuhs and the other former Merrill executives who were convicted were ordered to prison immediately."

The Wall Street Journal (3/31, Emshwiller) reports that "the federal government has been dealt a possible setback" by the ruling. " a related case involving the 2004 conviction of four former executives of Merrill Lynch & Co." In the 2004 criminal trial, involving the four former Merrill officials and two former Enron officials, the government alleged that Enron had falsely reported income from a bogus sale to Merrill of some electricity-producing barges off the coast of Nigeria. Prosecutors argued that Enron had secretly promised Merrill that it would be quickly taken out of the deal at a profit, which meant a "true sale" never took place because the brokerage giant assumed no risk. The jury also convicted one Enron official and acquitted the other. … The four Merrill officials appealed their convictions and unsuccessfully sought to stay out of prison pending those appeals. All four are currently incarcerated. Only Mr. Fuhs recently reapplied for bail pending the appeal. Attorneys for the other three Merrill officials declined to comment or couldn't be reached." The Journal notes, "People familiar with the barge case say that even if Mr. Fuhs's conviction were overturned, it wouldn't necessarily mean the others would be, too."

Skilling's Attorney Seen As Potential Key For Lay Defense. The Washington Post (3/31, D1, Johnson) reports, "Daniel M. Petrocelli is no stranger to the national stage. But he's more at home representing entertainers such as Lisa Marie Presley and John Travolta than defending former corporate executives trying to stay out of prison." The Post continues, "The California attorney is acting as a criminal defense lawyer for the first time, on behalf of former Enron Corp. chief executive Jeffrey K. Skilling, accused of leading one of the most complicated white-collar conspiracies in history. … And as the defense prepares to begin its case Monday, Petrocelli has emerged as perhaps the most potent factor on behalf of both his client and former chairman Kenneth L. Lay. Both men face multiple fraud charges that could send them to prison for decades." The Post adds, "There are two teams of defense lawyers, but during the prosecution's case, Petrocelli dominated the cross-examination of the government's witnesses, in part because Lay's top lawyer had health problems. … Defense lawyers are engaging in careful choreography in a trial where their clients' interests sometimes converge and sometimes conflict. In the course of the nine-week-old trial, the defendants have displayed a few subtle disruptions in their alliance. But to the surprise of some legal experts, Skilling and Lay have stuck together for the most part, despite acute differences in their personal styles and in the evidence against them. … The critical question is whether they will point fingers at each other when they each take the witness stand in coming weeks. Of the approximately two dozen witnesses the defense expects to call, the defendants are far and away the most important. In a real sense, their lives are in their own hands."

New Method For Reporting Pension Obligations Could Cause Problems. The New York Times (3/31, Walsh) reports, "The board that writes accounting rules for American business is proposing a new method of reporting pension obligations that is likely to show that many companies have a lot more debt than was obvious before. … In some cases, particularly at old industrial companies like automakers, the newly disclosed obligations are likely to be so large that they will wipe out the net worth of the company." The Times continues, "The panel, the Financial Accounting Standards Board, said the new method, which it plans to issue today for public comment, would address a widespread complaint about the current pension accounting method: that it exposes shareholders and employees to billions of dollars in risks that they cannot easily see or evaluate. The new accounting rule would also apply to retirees' health plans and other benefits." The times adds, "The board is moving ahead with the proposed pension changes even as Congress remains bogged down on much broader revisions of the law that governs company pension plans. In fact, Representative John A. Boehner, Republican of Ohio and the new House majority leader, who has been a driving force behind pension changes in Congress, said yesterday that he saw little chance of a finished bill before a deadline for corporate pension contributions in mid-April."

Columnist Sees New Sympathy For Corporate Executives. In his column for the New York Times (3/31), Floyd Norris writes, "Suddenly there is a wave of sympathy for overregulated corporate executives. Not only are some going to jail, but the Securities and Exchange Commission is making them pay large fines. … The S.E.C. also wants to force more disclosure of executive compensation. The commission denies that the purpose is to hold down pay, but few bosses believe that." Norris continues, "To hear some people tell it, corporate officials are being

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victimized in ways that can only inspire sympathy. … The United States Chamber of Commerce is calling on the S.E.C. to stop penalizing companies for refusing to cooperate in investigations and to give companies a break if they can show that some lawyer or accountant blessed the activity the S.E.C. deems illegal." Norris adds, "Just four years ago, as WorldCom was collapsing, President Bush endorsed 'corporate responsibility' and signed the Sarbanes-Oxley act with vigor. One poll then found that about two-thirds of both Democrats and Republicans thought business leaders had low standards of honesty and ethics. Politicians and even journalists received better marks. … But now many people hope to push aside the Sarbanes-Oxley reforms. … An S.E.C. advisory committee thinks bosses of companies traded on the over-the-counter bulletin board should not be asked to say whether their internal controls are adequate."

CRIMINAL LAW:

Retired FBI Agent Indicted On Mob-Related Murder Charges. In a widely-distributed story, the AP (3/31, Hays) reports retired FBI Special Agent R. Lindley DeVecchio "was indicted on murder charges Thursday for allegedly taking bribes from a mobster to supply him with inside information that led to four underworld slayings in Brooklyn." He "was arrested in a case of 'confidential leaks, payoffs and death' dating back two decades, District Attorney Charles Hynes said. DeVecchio pleaded not guilty and was released on $1 million bail." The AP notes, "Colleagues of the FBI veteran were quick to defend him against the charges." The New York Times (3/31, Rashbaum, 1.19M) adds that when DeVecchio rose in court "to face charges that he had helped his prized Mafia informant commit four murders, the tension was clear. On one side of the gallery…were nearly four dozen mostly gray-haired men in dark-colored suits. Retired F.B.I. agents who had once been Mr. DeVecchio's colleagues, they were now his supporters." The Times notes DA's office chief investigator Michael Vecchione's "contention that the former agents would help Mr. DeVecchio flee prompted groans, angry grumbling and some laughter from retired agents in the gallery."

Newsday (3/31, DeStephano) reports, "Calling the case the most 'stunning example of official corruption I have ever seen,' …Hynes outlined at a news conference how DeVecchio allegedly provided Colombo crime family member Greg Scarpa with information about rivals and informants who were murdered between September 1984 and May 1992. 'Each of the informants and rivals exposed by DeVecchio posed an imminent threat to Scarpa, Scarpa's family and Scarpa's crew,' said Hynes." The New York Daily News (3/31, Katz, 729K) notes, "Sources told The Daily News yesterday that DeVecchio could face charges in as many as three other gangland murders, two of them on Long Island. The slayings are believed to be tied to a intra-clan conflict that decimated the Colombo family in the early 1990s, the source said. 'This is only one little piece in Brooklyn,' a source said. 'There are murders involved in Nassau County. There were murders in other areas.'"

Under the headline "'Mafia' G-Man's Job Power Trip," The New York Post (3/31, Weiss, 624K) reports, "He didn't just do it for the money. FBI hotshot Lindley DeVecchio was indicted yesterday on charges he traded secrets with a murderous Mafia chieftain for more than a decade -- a relationship he built primarily so he could burnish his own rising star within the Justice Department, investigators revealed." Vecchione said, "He received a weekly stipend, but there was also his desire to feather his own nest within the FBI to rise to greater prominence." The Post notes, DeVecchio's lawyer, Douglas Grover, blasted the DA's 'new evidence as old evidence - and it is false evidence.'" UPI (3/31) also briefly reports on DeVecchio's arraignment.

Alleged Mob Hitmen Also Charged. The New York Daily News (3/31, Sherman, 729K) reports, "One of the alleged hit men is a 39-year-old Las Vegas limousine dispatcher who is on antidepressants and suffers from high cholesterol. The other is a 41-year-old Florida charter fishing-boat captain." Craig Sobel and John Sinagra "were young men involved with Brooklyn Mafia capo Greg Scarpa and his sons in the drugs and murder business, prosecutors say. The two alleged hit men are embroiled in the case charging retired FBI agent Lindley DeVecchio with helping Scarpa murder mob rivals and informants." Sinagra was in the Brooklyn courtroom yesterday for his arraignment, but Sobel remains in Florida, fighting extradition.

Former Hockey Player Denied Transfer To Canadian Prison. The AP (3/31, Suhr) reports, "The U.S. government rejected the request by former NHL player Mike Danton to be transferred to his native Canada to serve a prison sentence for his foiled attempt to have his agent killed. … The move 'would not serve the ends of justice,' said the Justice Department." The AP continues, "The decision was

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made last week by the Justice Department's prisoner-transfer unit and revealed on Wednesday in federal court filings. It assures that Danton will for now remain inmate No. 10096-111 at a prison in Fort Dix, New Jersey. … A lawyer for the 25-year-old former St. Louis Blues player promised to continue appealing." The AP adds, "When Danton was sentenced in 2004 to 7 1/2 years after pleading guilty to murder conspiracy charges, prosecutors agreed not to oppose Danton's deportation to Canada, where he said he wanted to get behind-bars surgical treatment for a shoulder injury and therapy for what his sentencing request called his 'grave mental disorders.' … Danton sued the U.S. government last November, contending that he unfairly has not been transferred to Canada. He asked to be resentenced. … The Justice Department countered that Danton waived his right to appeal by pleading guilty in July 2004 to orchestrating a conspiracy to commit an interstate killing targeting his agent, David Frost. The government also has insisted no regulations require action on international transfers within a specified time, and that Danton's deal did not require a transfer, only that he be considered for one."

New Orleans FBI To Investigate Alleged Red Cross Katrina Relief Fraud. The CBS Evening News (3/30, story 4, 2:15, Mitchell, 7.66M) reported, "After Hurricane Katrina, Americans donated more than $2 billion to the Red Cross to help victims. But after reports that some of its volunteer workers stole relief money and supplies, the Red Cross investigated and today it passed on its findings to the FBI." CBS (Attkisson) added, "The Red Cross sent allegations of wrongdoing with food distribution and warehouses to the FBI. Red Cross leaders were also here on Capitol Hill meeting with Senator Charles Grassley in his ongoing investigation of the charity."

The New York Times (3/31, Nossiter, 1.19M) reports New Orleans FBI Special Agent in Charge Jim Bernazzani said yesterday that the bureau "will look into possible improprieties in the distribution of millions of dollars' worth of Red Cross relief supplies" in New Orleans after Hurricane Katrina. Interim Red Cross President John McGuire "pledged to prosecute any 'wrongdoers'" and "urged any volunteers 'who may have information' to come forward."

The Washington Post (3/31, A8, Salmon, 744K) reports the Red Cross is turning over its internal report on the allegations to the FBI, but Red Cross volunteers Jerome Nickerson and Michael Wolters, "who wrote a detailed report in December accusing New Orleans relief workers of operating a 'rogue' operation using donated goods and equipment, said yesterday that they have already reported their findings to the FBI. And they expressed bitterness that the charity has not contacted them."

Bloomberg (3/31, Zee) reports, "The American Red Cross was part of the Justice Department's Hurricane Katrina Fraud Task Force after the storm struck the U.S. Gulf Coast at the end of August. The charity said it is working with law enforcement groups to seek out and prosecute fraud, waste and abuse."

11th Circuit Mulls Federal Death Penalty Request. The AP (3/31, Yee) reports, "Lawyers for a man accused of killing a Florida deputy asked the 11th Circuit Court of Appeals Thursday to throw out the government's request for the death penalty, saying they were not given sufficient notice." The AP continues, "Jeffrey Lamken, an attorney for Kenneth Wilk, asked a three-judge panel to throw out the request because the government informed Wilk and his defense team it would seek the death penalty less than two months before Wilk's scheduled trial date last April. … 'An indictment was released six months before the trial date, yet the Justice Department did not sign off on the death penalty,' Lamken said." The AP adds, "Wilk, 43, is charged with killing Broward County sheriff's Deputy Todd Fatta, 33, by using a high-powered hunting rifle with a bullet that pierced the officer's protective vest when deputies raided Wilk's home in August 2004. A second deputy, Angelo Cedeno, was shot in the hand and lost a finger. … Federal law requires the government to inform defendants of its intent to seek the death penalty 'a reasonable time before trial.' In previous cases, the government has provided notice about 11 months before trial, Lamken said. … Assistant U.S. Attorney E.J. Yera told the panel the 58-day notice was sufficient. The government filed the request on Feb. 18, 2005. The trial had been set to open April 18, 2005. The trial is expected to be held after the panel issues its opinion."

Failed Engagement Split DeLay Aides, Fed Abramoff Scandal. The Wall Street Journal (3/31, A1, Mullins, 2.11M) reports in a front page story about the estrangement of Michael Scanlon and his former fiancé, Emily Miller, both former aides to Rep. Tom DeLay. Scanlon and Miller "were among a tight-knit group of aides who helped Mr. DeLay rise to the pinnacle of Capitol Hill in the

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1990s and cement his power as House majority leader. Some of those aides provided a link between their boss and Jack Abramoff, a Republican lobbyist." The "end of the engagement was part of that group's unraveling -- which has had significant consequences for official Washington. The aides have since turned on one another, feeding the ethics scandal surrounding Mr. Abramoff that now roils the capital." Prosecutors "came to Ms. Miller to help them build a case that drove her ex-fiancé to plead guilty, according to a person familiar with the situation."

The New York Times (3/31, 1.19M) runs a poem by Hart Seely that mocks the Abramoff lobbying scandals as the "Congress that Jack built." Seely writes, "This is the Jack/Jack Abramoff/Who bought the souls/Then sold them off."

Letters To Judge Sought Leniency For Abramoff. The Washington Post (3/31, A17, Kamen, 744K) reports in its "In the Loop" column on the "extraordinary outpouring of letters on behalf of disgraced lobbyist Jack Abramoff," which "must have played a part in persuading U.S. District Judge Paul C. Huck to give Abramoff the minimum possible sentence." The Post notes, "The sheer volume -- 262 letters were ginned up by Abramoff's lawyers -- was impressive. So was the range -- from family members to old friends to religious folks to a member of Congress (Rep. Dana Rohrabacher, R-Calif.). All asked for leniency for a great guy who lost his way."

Six Jefferson Aides Subpoenaed In Bribery Case. The AP (3/31) reports a US District Court "has issued grand jury subpoenas to six aides to Rep. William Jefferson, a Louisiana Democrat who has been implicated in a bribery case." In statements "read on the House floor Thursday, the aides notified House Speaker Dennis Hastert that they had been served with grand jury subpoenas for testimony issued by the U.S. District Court for the Eastern District of Virginia." The Washington Post (3/31, 744K) also runs the AP story.

Illinois Man Flees After Mistakenly Released From Federal Jail. CBS 2 Chicago (3/31) reports, "A North Side (Chicago) man was on the lam after a communication glitch caused him to be accidentally released from the downtown federal jail, authorities said Wednesday." CBS 2 continues, "U.S. marshals were searching for Amar Abu Siessi, 36, a Jordanian national, after they inadvertently let him out of the Metropolitan Correctional Center Monday. … U.S. District Judge Matthew F. Kennelly issued a warrant for the Siessi's arrest Wednesday when he did not show up to court." CBS 2 adds, "The U.S. Marshals Service mistakenly believed the court had released Siessi on bond. They released him without his bond discharge papers, a violation of protocol, according to Deputy U.S. Marshal Michael Prout. … 'At the time we had transmitted incorrect information that he was to be released on bond, when in fact he was to appear in court today for a bond hearing,' Prout said. … Siessi, a grocery store owner, had been held since March 7 when he was arrested by the U.S. Department of Agriculture on fraud charges, the second fraud case brought against him since December. He is accused of defrauding the Link card program, which provides taxpayer money to the poor so they can buy food."

US Attorney Snafu Blamed For Chicago Conman's Release From Prison. WBBM-TV Chicago (3/30, Zekman) reports, "A conman who pulled off elaborate scams while he was supposed to be monitored by federal agencies has done it again." Michael Anthony Nelson "is now pictured on an FBI 'wanted' poster. It includes mug shots of how he looked for his past scams, posing as a banker, lawyer, and business consultant, to pull off one con after another. It is a history that amazes even Chicago FBI Special Agent-In-Charge Robert Grant." Grant said, "He is a professional conman. He is very smooth. He is very articulate. He can con the socks off of you." WBBM notes, "Federal officials promised the Chicago victims" that, after he served his time for a Florida scam, "Nelson would be brought back to Chicago to face new charges." But he "was released from an Atlanta prison on Dec. 23 of last year…apparently because the U.S. Attorney's Office in Chicago did not get around to returning a bank fraud indictment against Nelson until about a week after his release."

US Charges Two In Pennsylvania Contract Killing. The Beaver County (PA) Times (3/31, Vidonic) reports, "More than two years ago, Beaver County District Attorney Dale Fouse made a promise to the family of Frank J. Helisek Jr. that his office would find out why the New Brighton man was gunned down in the doorway of his home. … Fouse fulfilled a good portion of that promise Wednesday with the announcement that federal murder charges - a first in Beaver County - had been handed down against two men, accusing them of a contract killing scheme wrapped into a large-scale

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cocaine ring that operated from 1999 to November." The Times continues, "Jelani Solomon, 27, of 1917 Fourth Ave., Beaver Falls, is accused of paying Claron Hanner, 28, formerly of Pittsburgh, to shoot Helisek on Feb. 19, 2004. One of Helisek's sons, Shawn Helisek, was scheduled to testify against Solomon in a drug trial that was to begin Feb. 20, 2004. Solomon instead pleaded guilty to cocaine possession and was sentenced to between 2½ and five years in state prison. .. . Solomon and Hanner could face the death penalty, U.S. Attorney Mary Beth Buchanan said Wednesday, as they are accused of using a gun to cause a death while trafficking in drugs." The Times adds, "Buchanan must make a recommendation to Attorney General Alberto Gonzales, who has the final say on whether prosecutors seek the death penalty. Buchanan would not say Wednesday what her recommendation will be, though Fouse said he supports death penalty prosecutions in this case."

Attorneys At Law Firm In Pellicano Probe May Depart. The Los Angeles Times (3/31, Philips, Christensen, Weinstein) reports, "Two top attorneys with a Century City law firm at the center of a federal racketeering investigation into alleged wrongdoing by Hollywood private eye Anthony Pellicano will soon leave to establish a new practice." The Times continues, "Dale F. Kinsella and Howard L. Weitzman are expected to take seven attorneys with them when they exit Greenberg, Glusker, Fields, Claman, Machtinger & Kinsella in mid-April, according to sources within the firm. … 'If we do, it is because we want to go back to practicing in a smaller environment,' Weitzman said in a statement, adding that the decision has nothing to do with the federal probe. 'As I've said publicly before, I do not believe any Greenberg Glusker lawyer has acted inappropriately, nor do I think anyone from the firm will be so charged.'" The Times adds, "Greenberg Glusker was thrust into the spotlight amid allegations that Pellicano and others committed wiretapping and other illegal acts while working on a number of cases, some of which involved the firm's clients. … A 110-count federal indictment last month accused Pellicano and six others of conspiring to blackmail and intimidate dozens of celebrities, business executives and others in what prosecutors have described as a conspiracy to gain tactical advantage in litigation. … So far, 13 people have been charged, including an entertainment lawyer, a record company executive, two former police officers and several telephone company employees. Four have admitted to charges stemming from hiring Pellicano or helping him conduct illegal investigations."

Convicted Sniper Muhammad To Defend Himself In Maryland Court. The Washington Times (3/31, Ward) reports, "Maryland's public defender said this afternoon that he will abandon the case of convicted sniper mastermind John Allen Muhammad, leaving him to defend his own case in Montgomery County without legal advice." The Times continues, "Muhammad, 45, relegated Paul B. DeWolfe, a lawyer with the state's Office of the Public Defender, to standby status yesterday, after a judge rejected Mr. DeWolfe's argument that Muhammad is insane and not mentally competent to present his own case. … 'We have a policy of not serving as standby counsel,' Mr. DeWolfe said. 'It's been a policy we will enforce in this case. We will not be standby counsel.'" The Times notes, "Muhammad, an Army veteran, asked Circuit Judge James L. Ryan earlier this week for permission to present his own defense because Mr. DeWolfe planned to enter a plea of not guilty by reason of insanity. … Muhammad maintains he is innocent and has portrayed himself as a victim of racism. … The trial is scheduled to begin May 1, with prosecutors seeking life in prison without parole in connection with the fatal shootings of six persons in Montgomery County over three weeks in October 2002."

Judge Delays Cuban Spying Trial Over Challenge Of FBI Surveillance Warrants. The AP (3/31) reports US District Judge K. Michael Moore yesterday postponed the trial of alleged Cuban agents Carlos Alvarez and Elsa Alvarez "until sometime in January 2007. One key reason for the delay is that defense attorneys are challenging whether the FBI lawfully obtained warrants under the Foreign Intelligence Surveillance Act to eavesdrop on the pair. Prosecutors said it will take months for federal officials to produce the information about those thousands of intercepts being sought by the Alvarez lawyers. The defense lawyers are also appealing a previous decision to keep the couple in detention prior to trial.

New York Court Rules Against Gabelli In Investor Suit. The New York Times (3/31, Sorkin) reports, "Mario J. Gabelli's first investor won a crucial ruling yesterday in a long-running, bitter legal battle over whether Mr. Gabelli bilked him and another backer out of more than

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$100 million." The Times continues "A judge in New York State Supreme Court in White Plains granted a summary judgment against Mr. Gabelli, the famed money manager. The judge, Linda S. Jamieson, determined that he unfairly prevented the two investors from selling their shares in his private company, Gabelli Group Capital Partners, the controlling shareholder of Gamco Investors, Mr. Gabelli's publicly traded mutual fund company." The Times adds, "Judge Jamieson also agreed to grant the two investors a trial to determine if Mr. Gabelli's company should be dissolved — refusing Mr. Gabelli's efforts to have the case thrown out — and said, 'There are allegations made against Mr. Gabelli that trouble this court.' … The decision, handed down late yesterday, comes as Mr. Gabelli is facing other, and potentially more serious, legal trouble. The Justice Department said this month that it would pursue civil fraud claims against Mr. Gabelli, contending that he orchestrated a scheme to deceive the Federal Communications Commission in its auctions of wireless spectrum licenses several years ago. … That case argues that he used friends and associates to create sham companies that bid for F.C.C. licenses at a discount under a program that favored minorities and small businesses."

California Woman Charged In University Of Washington ELF Arson. The Seattle Times (3/31, Green) reports Briana Waters of Berkeley, Calif., "has become the first person to face charges for the 2001 arson that destroyed the University of Washington Center for Urban Horticulture, the latest in a series of charges against suspected members of the Earth Liberation Front." She "was indicted by a federal grand jury and has been charged in U.S. District Court in Seattle with arson and using or carrying a destructive device during a crime of violence, according to the U.S. Attorney's Office in Seattle." The Times notes, "While the FBI has called ELF and the similar Animal Liberation Front (ALF) the nation's top domestic terror threat, the groups say they are careful not to hurt people." The Seattle Post-Intelligencer (3/31, Castro) adds, "If convicted…Waters faces a minimum sentence of 35 years. She was released after the brief hearing" yesterday "and will be electronically monitored." The AP (3/31) notes Waters "is the 14th person to be charged in Oregon and Washington with conspiracy to commit a series of ecoterrorist attacks in the West in recent years."

Computer Glitches Plague DC Criminal Court. The Legal Times (3/31, Broida) reports, "Criminal defense lawyers say a new computer system in Washington, D.C., Superior Court is wreaking havoc with their cases and in some instances violating their clients' rights." The Times continues, "The attorneys say that since the criminal division of the court moved to a paperless computer system at the beginning of the year, bad information has led to their clients being arrested after warrants have been dismissed, and in some cases the opposite is occurring: Defendants with bail violations are walking because warrants haven't been entered into the system. … In other cases, motions and paperwork are getting lost. And some lawyers say they can no longer trust what the court record is telling them." The Times adds, "The problems have mainly centered on proceedings in arraignment court and in preliminary hearings -- courtrooms with a high volume of cases that are heard in quick succession. In addition, a lag time in scanning documents has meant that some information isn't being entered in a timely fashion or, in some cases, at all. … The new case management system was part of a multiyear, $20 million project to upgrade the court's entire computer framework. The new system integrates 18 databases with the aim of giving court personnel, attorneys and the public easy access to complete, real-time information about cases. … In January all new criminal cases in the court were being housed entirely in the new system, eliminating the need for paper case jackets and allowing multiple users to access the file from any computer in the courthouse. The system is now considered to be the official court docket and official court jacket. … Court officials downplay the trouble. Judge Brook Hedge, chair of the court's technology and automation committee and co-chair of the committee that oversaw the implementation of the new system, says the problems are small glitches common with a startup."

Lawyers Question Constitutionality Of Espionage Act. US District Judge T.S. Ellis III, who is overseeing the prosecution of former AIPAC lobbyists Steven Rosen and Keith Weissman for receiving classified information, has given the government until today to respond to defense claims that the ACT is unconstitutionally vague and may violate the First Amendment. The Washington Post (3/31, A6, Pincus, 744K) reports that Ellis "directed a series of questions to Assistant U.S. Attorney Kevin DiGregory expressing concern that the government had not dealt with

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constitutional issues raised by the defense. … Ellis also said he had thought there would be well-established precedent he could follow, since the statute had been around for so long. But it has turned out that Rosen and Weissman are the first nongovernment employees to be indicted under the act for receiving classified information orally and not through documents or other tangible items."

Former Nevada County Commissioner Testifies Colleagues Took Bribes. The AP (3/31) reports that in the bribery trial of former Clark County Commissioners Dario Herrera and Mary Kincaid-Chauncey yesterday, former Commissioner Erin Kenny "testified…that she accepted money from a former striptease club owner and his lobbyist, and knew it was wrong." Kenny "told jurors that it was 'understood' that Herrera and Kincaid-Chauncey also were being paid off by" Michael Galardi. "She said Malone and Galardi often referred to the two colleagues as 'on board' or 'being taken care of.'" The AP adds, "In his cross examination, Herrera's defense attorney Jerry Bernstein tried to undermine Kenny's credibility," saying that she "had changed her story from when she was first interviewed by FBI agents. 'The FBI didn't seem happy with the answers she was giving, (agents) took a break, came back and the story was different,' he told KLAS-TV outside the courtroom."

Ryan Jury Recesses For Weekend. The Chicago Tribune (3/31, O'Connor, Bush, 643K) reports, "The revamped jury in former Gov. George Ryan's trial recessed deliberations for the week Thursday without reaching a verdict. … Deliberations are scheduled to resume Monday morning."

FBI Requests Houston City Councilwoman's Bank Records. KPRC-TV Houston (3/30) reports, "The Federal Bureau of Investigation asked for the bank records of Houston City Councilwoman Carol Alvarado as it entered the investigation into improper bonuses at City Hall," and "it's the first indication that the federal government is involved in the probe. The FBI request is for all of Alvarado's bank accounts, open or closed. … The FBI would not comment on the investigation. But Harris County District Attorney Chuck Rosenthal confirmed for KPRC that the federal request was made."

Top Aide Says Street's Style Is Problem, Not FBI Probe. The Philadelphia Inquirer (3/31, Gelbart, 423K) reports, "Forget FBI bugs, a corrupt city treasurer, crooked contracts. Mayor Street's problem is what it's always been -- John F. Street. Or so says George Burrell, the mayor's closest adviser. Burrell, who today toils out his last day at Street's side," said that "Street's true successes had not been obscured by the federal corruption probe. Rather, he said, the problem is Street's inability to shed his prickly image."

In Call To Defense Lawyers, Jailed Mob Boss Says "Mafia Cops" Innocent. The New York Times (3/31, Feuer, 1.19M) reports that at the trial of alleged "Mafia Cops" Louis Eppolito and Stephen Caracappa yesterday, "the day prosecutors planned to rest their case and at the very moment when it seemed the trial could not get any more complex, there came, in a 1 p.m. conference call from a maximum security federal prison in Florence, Colo., the voice of Anthony Casso, former underboss of the Luchese crime family." Defense lawyers "said he referred them to a letter he wrote this month to" US Attorneys office Mark Feldman, "in which he claimed responsibility for two murders and a kidnapping that the defendants have been charged." The Times notes, "Today, at roughly 10 a.m., the defense will announce its plan: to call, or not to call, Mr. Casso to the stand." Newsday (3/31, DeStefano) adds that Eppolito and Caracappa defense lawyers will move for a mistrial, in light of Casso's letter, in which he "claimed the defendants were being falsely accused of three of the homicides charged in the case: that of Edward Lino, James Hydell and Israel Greenwald. 'I, Anthony Casso, hereby confess to have personally participated, as part of a three-man team, that shot and killed Eddie Lino in Brooklyn's Gravesend section. Detective's Eppolito and Caracappa are falsely being accused of this crime,' said Casso in the letter." The New York Daily News (3/31, Marzulli, 729K) also reports on the Casso letter, under the headline "'Mob Cops' Innocent – Casso."

FBI Art Crime Team Has Leads On Stolen Rockwell Painting. The AP (3/31, Douglas) reports, "FBI officials said Thursday the agency's Art Crime Team…has several leads in the theft of Rockwell's 'Russian Schoolroom,' stolen in June 1973 from a suburban St. Louis exhibit and believed to be worth as much as $200,000 today. … It is believed the painting was advertised for sale in 1989 at a Rockwell exhibit in New York, but nobody made the connection until recently, officials said. 'The experts have

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said there are no other copies of this oil painting,' FBI Assistant Special Agent Steven Gomez said." The AP notes, "Earlier this month, the Art Crime Team recovered a Marion Greenwood painting valued at $99,000 that was stolen in 1968. Frank Brostrom, with the Regional Art Crime Team in St. Louis, said the Rockwell case should be solved in a similar manner. On Thursday, the FBI also returned a drawing by Susan Rothenberg to its rightful owner, the Webster University art department. Worth about $20,000, the piece was among more than 100 works of art stolen from a St. Louis art storage facility in 2002."

Pentagon IG Finds Convicted Official Broke Rules To Benefit Lockheed. A Pentagon IG report says former Air Force procurement official Darleen Cruyun, who was convicted of showing favoritism to Boeing Co. while negotiating for job, also manipulated Pentagon rules to benefit Lockheed Martin Corp. and another contractor. The Washington Post (3/31, D1, Babcock, 744K) reports, "The audits, part of an IG review of eight contracts that the Air Force requested last year after Druyun pleaded guilty, found that she helped Lockheed Martin on two airplane contracts between 1998 and 2001 while serving as a top civilian contracting official. … The inspector general focused its criticism on the Air Force, recommending that the service tighten its control of the contracting process."

Former Naval Intel Officer Convicted Of Kidnapping, Murder. Jay E. Lentz, a former naval intelligence officer, was found guilty yesterday by a federal jury in the kidnapping and death of his ex-wife. A front page story in the Washington Post (3/31, A1, Smith) reports that when the jury delivered its verdict, Lentz "screamed out, 'No, no! Reconsider!'" The charge "carries a mandatory sentence of life in prison without parole. Lentz is scheduled to be sentenced June 23. … Defense attorney Frank Salvato said Lentz, 46, who has spent five years in jail, will appeal the verdict."

New York Court Rules Judge Can Face Charges. The New York Law Journal (3/31, Caher) reports, "The Court of Appeals in Albany, N.Y., Thursday reinstated six felony counts against former New York Supreme Court Justice Gerald P. Garson with a precedential ruling that judges can face criminal prosecution for acts that started with a violation of the Rules of Judicial Conduct." The Journal continues, "Thursday's 6-1 opinion means the former judge accused of accepting bribes and kickbacks from a divorce lawyer is once again confronted with the full panoply of felony charges lodged against him following a sting operation initiated by Brooklyn District Attorney Charles J. Hynes' office. … Garson now faces trial on a total of seven felonies -- one count of receiving a bribe and six of receiving reward for official misconduct. All of the charges stem from an illicit attorney-judge relationship involving Garson and attorney Paul Siminovsky." The Journal adds, "Garson's attorney, Diarmuid White of Manhattan, had argued -- successfully, in the lower courts -- that the Rules of Judicial Conduct could not be used to criminally prosecute a judge. The preamble to the rules makes plain that they are not designed or intended to support a criminal prosecution, and the Court of Appeals accepted that proposition in People v. La Carrubba, 46 NY2d 658 (1979). But Thursday the court clarified La Carrubba, holding that while a violation of the rules alone cannot sustain a criminal prosecution, judges are not immune from indictment when an ethics violation escalates into criminality."

California Prisons Ordered To Pay Doctors. The Los Angeles Times (3/31, Warren) reports, "Managers of California's beleaguered prison system received a double dose of bad news today as a federal judge ordered them to pay tens of millions of dollars owed to doctors who treat inmates, and the state launched an audit of their agency." The Times continues, "Some of the doctors have not been paid in four years. Some of their contracts have lapsed. And some who deliver cardiology, radiology and a wide range of other services to prisoners are no longer responding when called." The Times adds, "U.S. District Judge Thelton Henderson, who recently put the state prisons' healthcare system in the hands of a federal receiver, ordered that outstanding doctor bills --- which total more than $58 million --- be paid within two months. … Henderson also had harsh words for corrections leaders, saying they have stuck 'heir collective heads in the sand'instead of resolving the contracting mess."

States Creating Crime Lab Oversight Commissions. USA Today (3/31, Willing) reports, "State legislators, troubled by reports of botched DNA tests and other mistakes by forensic analysts, have begun to establish oversight commissions to improve local crime labs and

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coroner's offices." USA continues, "Virginia and Texas, where a lab technician mistakenly implicated the wrong man in a rape case, passed laws last year that set up such commissions. Legislators in New Hampshire, Vermont and Minnesota are considering similar plans this spring." USA adds, "In Illinois, legislators are considering a plan that would require state and private labs to be accredited by a professional crime lab group. Oklahoma has had such a measure in place for three years. In Massachusetts, Gov. Mitt Romney, a Republican, revived the state's dormant oversight panel after a pair of eyes critical to a murder investigation were reported missing from a lab in 2002." USA notes, "Beginning today, the American Judicature Society, a non-partisan policy research group of judges, attorneys and academics, begins a three-day conference in Greensboro, N.C., to establish recommendations for crime lab practices. The conference's co-chairs include former U.S. attorney general Janet Reno and former federal judge and CIA and FBI director William Webster."

FBI Busts Canadian For International Fraud Scam Targeting Mosques. The AP (3/31, Mitchell) reports, "An international wire fraud scheme targeting Islamic institutions with a phony stranded-traveler plea, netting only small sums but hitting multiple victims over many years, has been disrupted by the arrest of its mastermind, the FBI says. Islamic advocates say Mohammed Mustafa Agbareia, who was arrested in Canada and pleaded guilty March 1 in Alabama to one count of conspiracy to commit wire fraud, may have scammed more than $1 million from mosques and Islamic groups over nearly two decades. He will be sentenced July 10 by U.S. District Judge Charles Butler in Mobile, where he is in the custody of federal marshals." The AP notes Mobile FBI Special Agent Craig Dahle "said it's unknown how much money the scheme collected. He said there could be victims worldwide."

Faith, Family Seen As Key To Curbing DC Gang Violence. The Washington Times (3/31, Doolittle) reports, "Faith and family must figure large in solving the region's growing gang violence problem, which also will require mentors who understand street culture, a panel of forum speakers and audience members said yesterday. … 'Regardless of the message, one of the things I've found is that the message must be modeled by the messenger,' said former Washington Redskins cornerback Darrell Green, who now operates several youth organizations. 'I believe the best defense is a great offense.'" The Times continues, "Mr. Green was one of several panelists who participated in the Citizens Forum Project on Gang Violence, held at the Arbor Ballroom in The Washington Times building in Northeast. … Other panelists included Robert Woodson, founder of the National Center for Neighborhood Enterprise; the Rev. Fred Shuttersworth, a civil rights leader; Luis Cardona, a former gang member who works with at-risk area youth; and Robert Goodwin, president of the Points of Light Foundation." The Times adds, "About 200 students and residents attended the forum, the fifth in a monthly series, said Brian Bauman, director of The Washington Times Corp.'s Citizens Forum Project. … The Times reported yesterday that D.C. officials say there are more than 270 girl gangs alone in the District. … In addition, the number of D.C. Superior Court cases involving female juveniles increased from 445 in 2003 to 571 in 2004. The number of girls brought before the court for violent offenses jumped from 225 in 2003 to 322 in 2004, a 43 percent increase."

States Move To Combat Predatory Lending. More than half of the states have moved to protect risky borrowers from predatory lenders, as Congress remains divided over legislation to combat the practice. According to the Wall Street Journal (3/31, Conkey, 2.11M), "At least 10 states -- including New York, West Virginia and New Mexico -- have adopted comprehensive laws in the past few years crafted to curtail tactics commonly used by unscrupulous lenders, including excessive penalties for paying off a loan early, inflated interest rates and frequent refinancing of a mortgage that does little to improve a buyer's finances but generates fees for lenders and brokers. Other states are taking it one issue at a time: Maryland has restricted prepayment penalties, for instance. And still others are considering proposals to subject lenders to greater liability if they are found to have duped home buyers."

NYTimes Praises Cities' Efforts To Help Law-Abiding Ex-Offenders. An editorial in the New York Times (3/31, 1.19M) says, "Locked out of the mainstream, ex-felons become burdens to their families, their communities and the nation as a whole. Three cities -- Boston, Chicago and San Francisco -- have taken groundbreaking steps aimed at de-emphasizing criminal histories for qualified applicants for city jobs, except in law enforcement, education

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and other sensitive areas where people with convictions are specifically barred by statute. … Taken together, the recent developments in Boston, Chicago and San Francisco symbolize a step forward in terms of fairness for law-abiding ex-offenders, who are often barred from entire occupations because of youthful mistakes and minor crimes committed in the distant past. It should be clear to all of us by now that confining those people to the ranks of the unemployed makes it more likely that they will commit new crimes, return to prison and become a permanent burden to society."

CIVIL LAW:

DOJ Seeks Files From Dozens Of Internet Service Providers, Tech Firms. The AP (3/31, Dale) reports, "The Justice Department is demanding internal files from dozens of Internet service providers and other technology firms as it seeks to defend a controversial Internet child protection law." The AP continues, "The subpoenas are similar to one given to Google Inc., which waged a partially successful battle over the government's request for millions of pieces of information about search engine requests and Web site domains." The AP adds, "InformationWeek magazine unearthed subpoenas that show the government also demanded information from at least 34 other companies, including Internet service providers such as Comcast Corp. and EarthLink Inc., security software firms and other technology companies. … The subpoenas, which the magazine obtained through Freedom of Information Act requests, show the Justice Department preparing for an October trial in Philadelphia over the 1996 Child Online Protection Act. It is not clear which companies are complying, and to what extent. … 'That money could be spent so much more wisely on giving software away to parents that are having these problems,' Dan Jude, president of Security Software Systems, said of the litigation costs. … The 12-person firm, which makes filtering software, spent more than 40 hours trying to comply with the subpoena, he said. The company refused to provide some information on proprietary grounds, fearing it could make its way into the court file."

CNET News (3/31) reports, "Google made headlines in January when it was disclosed that the search company had refused to hand over random search terms and Web address data that Yahoo, Microsoft and America Online had provided the government when asked. Google challenged the subpoena in court, arguing that it was overreaching. Earlier this month a judge ruled that Google didn't have to provide any search queries but did have to provide a much smaller number of Web sites in its index than the government had sought. … The government is seeking information on Web user behavior and filtering software and other tools in an effort to justify COPA, which faces a trial later this year. That law restricts the posting on commercial Web sites of sexually explicit material deemed 'harmful to minors,' unless it's made unavailable to the youngsters. The ACLU argues that Web sites cannot realistically comply with such requirements and that the law violates the right to freedom of speech mandated by the First Amendment."

The New York Times (3/31, Hansell) reports, "Both the Justice Department and the American Civil Liberties Union confirmed yesterday that they had requested and received information from Internet service providers and software makers in connection with an A.C.L.U. lawsuit challenging an anti-pornography law." The Times continues, "Earlier this year it was revealed that the Justice Department, which is defending the law, had subpoenaed information from four search engine companies about keyword requests by users. Google challenged its subpoena. This month a judge ordered the company to provide some information to the Justice Department but not information on individual searches, saying that had the potential to violate the privacy of users." The times adds, "Charles Miller, a spokesman for the Justice Department, said the agency had issued the subpoenas 'to see the effectiveness of Internet filters.' He said he was not able to say which of the companies had responded to the subpoenas and to what extent they had complied. … The A.C.L.U. also subpoenaed many of the same companies, said Aden J. Fine, a lawyer for the organization. 'We have asked for information that is relevant to the lawsuit, such as information to show that filters are effective,' he said. Mr. Fine declined to say how many companies were subpoenaed and what questions they were asked."

Republicans Taking Aim At 527 Groups. The New York Times (3/31, Hulse, Stolberg, 1.19M) reports that "to many Republicans, the liberal activist organization MoveOn.org is a political boogeyman that they hope to chase off with new restrictions on so-called 527 groups. But the pursuit may turn out to be fruitless." MoveOn.org has "already figured out what it thinks is a better, and less controversial, way to spend its millions. Its 527 — named for a section of the

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tax code — is being put on ice." Still, "two years after 527's burst onto the political scene, gaining notoriety by raising unlimited amounts from private donors, Congressional Republicans are moving to rein in the groups — just in time for the November midterm elections. Leading Democrats are threatening a fight." House GOP leaders intend "to bring a plan to impose new restrictions on 527 groups to the floor next week to spur action in the Senate, where Senator John McCain, Republican of Arizona, a champion of the campaign finance bill that bears his name, is offering similar legislation."

The AP (3/31, Abrams) reports the bill "to require groups known as 527s to register as political committees and abide by contribution limits is likely to meet resistance from Democrats, who in 2004 relied on 527s as a key source of financing." Minority Leader Nancy Pelosi said, "I will strongly oppose it."

Judge Rules FEC Failed To Rationalize Decision Not To Regulate 527 Groups. The AP (3/31, Locy) reports the Federal Election Commission "failed to give a good reason for refusing to rein in nonprofit political groups that spent huge sums in the 2004 presidential elections, a judge has ruled in a case brought by President Bush's campaign and lawmakers." In a 34-page opinion, US District Judge Emmet G. Sullivan "said the FEC failed to give 'a reasoned explanation' for its decision not to issues rules to require so-called '527' groups to register as federal political action committees and face the same strict fundraising, spending and disclosure rules PACs do." Sullivan "stopped short of saying the FEC had abused its discretion. Nor did he order it to develop rules to crack down on the groups' fundraising and spending." Rather, the judge "in his ruling Wednesday sent the issue back to the FEC and ordered the commission to 'articulate its reasoning,' or come up with a rule for the groups 'if necessary.'"

The Washington Post (3/31, A5, Edsall, 744K) reports Judge Sullivan "rejected requests by the Bush-Cheney campaign and by two advocates of campaign finance legislation to order the Federal Election Commission to impose tough regulations on "527" political committees that put more than $400 million into the 2004 elections. Instead, in a ruling issued late Wednesday evening, the judge gave the FEC a choice: Either explain in detail why regulations are not needed or begin proceedings to develop such rules."

CIVIL RIGHTS:

Alabama House, Senate Cannot Agree On Voting Bill. The AP (3/30) reports, "The Alabama Senate and House can't agree on how to make sure military serving overseas get to vote in the primary runoff election this summer. … But the U.S. Justice Department is pressuring both to find a solution. It is suing the state, claiming there is not enough time between the primary election June 6 and the runoff June 27 for military personnel overseas to get and return absentee ballots." The AP continues, "The Senate voted 20-5 Thursday for a bill that would delay primary runoff by three weeks from June 27 to July 18 to make sure the military have time to get and return absentee ballots for the runoff. … On March 16, the House voted 100-1 for a bill that would keep the runoff on June 27, but would allow soldiers overseas to use special ballots. The ballots, which would be delivered with the primary ballots, would allow soldiers to mark their runoff preferences in races with three or more candidates. … Now, either the Senate must agree with the House-passed bill, or the House must agree with the Senate-passed bill."

DOJ Officials Set Record Straight On Milwaukee Police Shooting Case. In a letter to the editor of the Milwaukee Journal Sentinel (3/30), Wan J. Kim, Assistant Attorney General for Civil Rights, and Steven M. Biskupic, U.S. Attorney for the Eastern District of Wisconsin, write, "A recent article and an editorial in your paper reported that the Civil Rights Division 'overruled' a decision by the U.S. attorney's office to prosecute an officer in the tragic fatal shooting of Justin Fields. … That is not true. Prosecutors from both of our offices, with more than a half-century of combined experience, carefully investigated and reviewed this matter and ultimately concluded that federal prosecution simply was not viable." Kim and Biskupic continue, "Their consensus is plain from the letter that closed this case, which stated that 'this (United States Attorney's) Office and the Criminal Section of the Civil Rights Division . . . have concluded that there is not a federally prosecutable criminal case here.'" Kim and Biskupic add, "Your editorial also erroneously claims that civil rights prosecutions have declined by 40%. To the contrary, the Justice Department has brought more criminal civil rights cases - and convicted 40% more law enforcement officials for misconduct - in the past

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five years than the preceding five." Kim and Biskupic conclude, "What happened to Justin Fields is indeed a tragedy and we express our deep sympathies to his family. They deserve to know that our decision not to prosecute was made after a thorough and searching analysis of our comprehensive investigation. … Neither the family nor the community are served by any suggestion that our decision was based on something other than the facts and the law."

Court Monitor Says Violations Persist At Mississippi Training Schools. The AP (3/31) reports, "A federal court monitor says violations continue at Oakley and Columbia juvenile training schools." The AP continues, "In a report covering Aug. 1 to Dec. 15, 2005, the monitor says most of the conditions of the agreement that ended a Department of Justice lawsuit against the state over conditions at the two training schools were not met. A report that covered May and June last year, also was critical of the state's progress." The AP adds, "The schools serve 550 youths combined - boys ages 10 to 17 at Oakley in Hinds County and girls 10 to 18 at Columbia. … The current report cites, among other things, student complaints about staff cursing them and using inconsistent disciplinary practices and continued fights between students. … Court monitor Joyce Burrell said she was aware that the aftermath of Hurricane Katrina has impacted the Mississippi Department of Human Services. … 'But the needs of this population and those rights that were determined to have been violated must be corrected as quickly as possible,' Burrell wrote in the report filed in U.S. District Court in Jackson. … State officials entered a four-year consent decree with the Justice Department last May."

Massachusetts High Court Rules Nonresident Gay Couples Can't Marry In State. CNN's The Situation Room (3/30, Blitzer) reported, "The Massachusetts high court ruled today same sex couples from other states cannot legally marry in the Bay State. A ruling by that same court three years ago made Massachusetts the first state to legalize gay marriage." Republican Governor Mitt Romney "ordered local officials to uphold a century-old state law barring non-residents from Massachusetts. Eight gay couples challenged the law accusing Romney of discriminating against same-sex couples but the state high court ruled in favor of the possible presidential contender." The New York Times (3/31, Belluck, Zezima, 1.19M) says "the decision by Mr. Romney…was backed by the state's attorney general, Thomas F. Reilly, a Democrat."

The Washington Post (3/31, A8, Powell, García, 744K) notes Romney "called the decision a victory for 'traditional marriage.' … 'We don't want Massachusetts to become the Las Vegas of same-sex marriage,' Romney told reporters. 'It's important that other states have the right to make their own determination of marriage and not follow the wrong course that our Supreme Judicial Court put us on.'"

The Washington Times (3/31, Wetzstein, 90K) reports, "To date, 44 states have laws or amendments that uphold traditional marriage and ban same-sex "marriage," said the Massachusetts Family Institute, which supports traditional marriage." This year, "voters in at least seven states -- Alabama, Idaho, South Carolina, South Dakota, Tennessee, Virginia and Wisconsin -- will have constitutional marriage amendments on their ballots."

Alabama Bill Would Pardon Segregation Law Breakers. The Alabama House yesterday unanimously passed a bill to pardon Rosa Parks and hundreds of others who were arrested for violating the state's segregation-era laws. The New York Times/AP (3/31), "The original bill was amended to say that the arrest records would not be expunged or sealed from public view, but would be turned over to the State Department of Archives and History. That way, backers said, the records will provide a permanent record of civil disobedience that, in many cases, helped lead to desegregation."

Schiavo's Family Creates Foundation To Combat Euthanasia. To mark the anniversary of her death, Terri Schiavo's family announced the creation of a foundation in her name to combat euthanasia. The Washington Times (3/31, Debose, 90K) reports, "The foundation's mission will be to eliminate the persistent vegetative state, the condition that doctors said Mrs. Schiavo was in, as a diagnosis for patients, said her brother Bobby Schindler. But the foundation, which also will have a separate lobbying organization, will seek to have feeding tubes classified as ordinary care for hospital patients and to make people aware of the need to have advance directives or living wills in case they cannot communicate their wishes late in life."

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Georgia Attorney Challenges Courtroom Pledge. The Fulton County (GA) Daily Report (3/31, Land) reports, "Attorney Donald A. Weissman won't have to stand for the Pledge of Allegiance when he goes to court in Gwinnett, Ga., today, but he's still concerned that others will feel compelled to declare their loyalty to the U.S. government in order to get a fair hearing from Magistrate Judge Mark A. Lewis." The Report continues, "Lewis, hearing civil cases for a Gwinnett Superior Court judge tied up with a criminal trial, begins each day in court by turning to face the U.S. flag and reciting the pledge. … Lewis said he started the practice after the Sept. 11, 2001, terrorist attacks." The Report adds, "Weissman recently complained about the practice in a letter to Lewis and the court administrator. … According to Gwinnett County Court Administrator Philip M. Boudewyns, Lewis said that he would forego the pledge when Weissman is present, but will continue the practice on other days. … Thursday, the judge responded officially, entering an order chiding Weissman for passing the complaint letter -- which had been marked 'confidential to be opened by recipient only' -- to the Daily Report. … Lewis also defended his actions by citing a 2003 Georgia Supreme Court decision that said a judge's request that jurors stand for the pledge 'shows no bias, either for the State, or for one who is charged by the State with a crime.'"

Blacks Steadily Closing "Digital Divide." In what the New York Times (3/31, Marriott, 1.19M) calls a "remarkable closing of the 'digital divide' that many experts had worried would be a crippling disadvantage in achieving success," African Americans are "steadily gaining access to and ease with the Internet." While civil rights leaders, educators and national policy makers "warned for years that the Internet was bypassing blacks and some Hispanics as whites and Asian-Americans were rapidly increasing their use of it," the "falling price of laptops, more computers in public schools and libraries and the newest generation of cellphones and hand-held devices that connect to the Internet have all contributed to closing the divide, Internet experts say."

ANTITRUST:

Indiana Firm Admits Role In Concrete Price-Fixing Scheme. The AP (3/31, Wilson) reports, "A second central Indiana company and its president have agreed to pay millions of dollars in fines after admitting they conspired to fix the price of ready-mix concrete paid by homeowners, building contractors and the government." The AP continues, "The U.S. Department of Justice announced the guilty plea by Builder's Concrete & Supply Co. Inc. of Fishers on Thursday. The company was charged in U.S. District Court in Indianapolis with violating the federal antitrust Sherman Act, which prohibits restraint of trade." The AP adds, "Government attorneys allege that Builder's President Gus B. 'Butch' Nuckols III hosted at least two price-fixing meetings of central Indiana concrete executives at a horse barn next to his house in Fishers, a northern suburb of Indianapolis. … 'Price fixing threatens our free market system and robs consumers of the benefit of competitive prices,' Thomas O. Barnett, assistant attorney general in charge of the Justice Department's Antitrust Division, said in a statement. 'We vigorously investigate and prosecute companies and individuals involved in these conspiracies.' … The company issued a statement Thursday saying it 'remains committed to its central Indiana employees, customers and local communities.' … Four former executives of another company, Irving Materials Inc. of Greenfield, were sentenced to prison for their role in the scheme in December, and IMI was fined $29.2 million, the largest fine ever in a domestic antitrust investigation. … The investigation is continuing, the Justice Department said."

DOJ Probing McClatchy Purchase Of Knight Ridder Newspapers. The San Francisco Chronicle (3/31, Said, Writer) reports, "Federal antitrust regulators have begun looking at McClatchy Co.'s $4.5 billion purchase of Knight Ridder, an investigation that is legally required for any transaction of that size. Regulators may also be looking at what the pending sale of the San Jose Mercury News and Contra Costa Times would mean for competition in the Bay Area." The Chronicle continues, "A U.S. Department of Justice spokeswoman confirmed that the department is looking at the deal, announced earlier this month, which would make McClatchy the nation's No. 2 newspaper company. 'We will review it carefully,' she said." The Chronicle adds, "McClatchy acquired Knight Ridder's 32 newspapers and promptly said it will sell 12 of them. Those papers include the San Jose Mercury News, Contra Costa Times and Monterey County Herald, which have a combined daily circulation of 495,000. … One potential buyer is MediaNews Group of Denver, which already owns nine Bay

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Area dailies with a combined circulation of just over 300,000." The Chronicle notes, "The director of a local media consumer watchdog group said he was interviewed by the Justice Department on Wednesday about the ramifications of MediaNews buying the Bay Area papers. … John McManus, director of GradetheNews.org, which is based at San Jose State University, said he had a 45-minute interview with a Justice Department attorney about his concerns if MediaNews bought the Mercury and Contra Costa Times."

The AP (3/31, Sherman) reports that the DOJ attorney "asked about the impact of a MediaNews buyout on advertisers, rather than on consumer prices or news quality. But he was willing to listen to concerns about concentration of ownership on the news product," according to McManus. "Justice Department spokeswoman Gina Talamona confirmed that antitrust lawyers are examining the proposed McClatchy-Knight Ridder deal, but she would not comment on specifics about the inquiry."

DOJ Questions EU Case Against Microsoft.

Dow Jones (3/31) reports, "The U.S. government says it has 'substantial concerns' about European regulators' antitrust case against Microsoft Corp., according to a person who has seen a letter sent to regulators." Dow Jones continues, "Relations between Brussels and the software giant have 'hit a new low,' the letter said. … The U.S. letter could re-ignite transatlantic tensions that peaked in 2001 when the European Commission, the regulatory arm of the European Union, notoriously blocked General Electric Co.'s planned merger with Honeywell International Inc.. Since then, Neelie Kroes has succeeded Mario Monti as the commission's top antitrust official." Dow Jones adds, "The letter is particularly delicate, since Kroes is seen as a more 'pro- American' commissioner than Monti, a U.S. diplomat said. The diplomat said ' Washington ordered (its) E.U. mission to send the letter,' noting that Microsoft has been pressuring U.S. officials and politicians to intervene on its behalf." Dow Jones notes, "The commission's antitrust spokesman, Jonathan Todd, said the regulator received the letter via email Monday and also met with a U.S. diplomat to discuss its contents. … The U.S. has questioned Brussels' treatment of Microsoft before. The March 2004 decision was described as 'unfortunate' by R. Hewitt Pate, then the head of the U.S. Justice Department's antitrust division."

Bloomberg (3/31, Rega) reports, "The U.S. said it wanted to ensure that the commission treated the company fairly, according to a copy of the two-paragraph letter seen by Bloomberg News. … The EU ruled in March 2004 that Microsoft illegally abused the dominance of its software, which runs on more than 90 percent of the world's personal computers, and fined it a record 497 million euros ($601 million). The regulator is threatening an additional 2 million euros in daily fines unless the company provides 'complete and accurate' information to competitors on how the Windows operating system communicates on networks. … In February, Microsoft demanded 'full access' to the case file, accusing the commission of violating its rights of defense. The commission refused to release letters between the regulator and two experts it hired to help on the case, arguing that the correspondence is 'internal.'"

The Wall Street Journal (3/31, Cohen) reports, "U.S. intervention, in an email to EU regulators and European capitals, comes at a delicate time. The case could reignite trans-Atlantic tensions that peaked in 2001 when the European Union notoriously blocked U.S.-based General Electric Co.'s planned merger with Honeywell International Inc. More recently, the U.S. and EU have worked to harmonize how they deal with business regulation, but Microsoft and the EU have been escalating their public battle. … Separately Wednesday, a U.S. district court in California quashed a Microsoft bid to move the fight into the U.S. legal system. The company asked the court to help it obtain documents related to its European antitrust case from U.S.-based rivals Oracle Corp. and Sun Microsystems Inc., which participated in the case. Microsoft had complained that European regulators weren't giving it enough information to prepare its challenge."

The New York Times (3/31, Meller) reports, "United States diplomats visited the offices of three European commissioners earlier this week. Jonathan Todd, the spokesman for the competition commissioner, Neelie Kroes, confirmed that her close aides met American diplomats this week and received the memo. He declined to comment on its content. … The diplomats also visited the offices of the internal market commissioner, Charlie McCreevy, and Gunter Verheugen, vice president of the commission, according to the person close to the commission." The Times notes, "A United States official denied that the American government was coming to Microsoft's aid in the antitrust dispute. 'Our interest is less that than wanting to see that everything is done properly,' said the official, who spoke on the condition of anonymity because of the tenuous nature of the matter."

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Whirlpool Attorneys Were Right About DOJ Review Focus. Dow Jones (3/31) reports, "Whirlpool Corp.'s antitrust attorneys had it pegged right all along. … They had predicted that the Justice Department wasn't going to decide the merits of a Whirlpool acquisition of Maytag Corp. on the basis of market share but rather on whether the bulked-up company, which already is the world's largest appliance maker, could change industry dynamics and raise prices, to the detriment of consumers." Dow Jones continues, "Indeed, in giving its stamp of approval to the $1.7 billion acquisition Wednesday the government's antitrust watchdogs focused on pricing power. … 'Market shares are not always likely to be the best predictor' of how his agency would rule, new antitrust unit chief Thomas Barnett said at a news conference Wednesday." Dow Jones adds, "Last July Mark C. Schechter, a onetime Justice Department official who now specializes in antitrust issues at the Washington law firm of Howrey Simon Arnold & White LLP, and was among those advancing Whirlpool's case, had told Dow Jones Newswires that the merger would pass DOJ muster. … He said the regulators would consider whether the acquisition could give Whirlpool enough power to profitably raise prices at least 5%, an outcome Schechter considered 'implausible.' … That analysis ran counter to what became a mini-groundswell of misplaced opinion, on Wall Street and in the financial press, on how the government would rule in what some saw as a barometer of the Bush administration's views on business competition."

Judge Sanctions Gateway For Missing Evidence In Patent Case. The Wall Street Journal (3/31, Lawton) reports, "A federal judge in Utah harshly reprimanded Gateway Inc. for destroying or losing evidence 'in bad faith' in a patent-infringement case brought by an inventor against the computer maker." The Journal continues, "The plaintiff, Phillip M. Adams, a former International Business Machines Corp. engineer, filed the suit in 2002 after talks fell through with Gateway in 2001 over licensing his patented technologies that address a defect in circuitry used to control floppy-disk drives. Mr. Adams asserts in the lawsuit that Gateway violated a nondisclosure agreement signed between the parties, and that the company infringed on his patents. He later added allegations that Gateway lost or destroyed documents needed to help prove his case, which is scheduled to go to trial Monday." The Journal adds, "U.S. District Judge Ted Stewart sided with Mr. Adams, in a ruling that was issued March 6 and unsealed March 22. He chastised Gateway for failing to disclose information that a magistrate judge had found central to the case. Although he found no 'direct' evidence about Gateway's intentions, he cited 'ample circumstantial evidence' that Gateway acted in bad faith.'"

Apple Defends iTunes Logo In London Court. The Wall Street Journal (3/31, Patrick) reports, "To the classical strains of Antonio Vivaldi's 'Gloria,' a lawyer for Apple Computer Inc. yesterday argued in a high-profile United Kingdom court case that the company's iTunes service simply distributes music and isn't in the music-production business." The Journal continues, "The classical soundtrack contrasted with the first day of the hearing Wednesday when a lawyer for Apple Corps, the Beatles record company, demonstrated his points with the 1970s disco hit 'Le Freak.' … Behind the courtroom demonstrations in England's High Court, however, is a serious legal case: The Beatles' company claims Apple Computer is in breach of a 15-year-old agreement designed to end years of fighting between the companies over use of the Apple name and logo." The Journal adds, "Apple Corps wants the Cupertino, Calif., computer company to stop using the Apple logo on the iTunes service and in advertisements for it. But Anthony Grabiner, the Apple Computer lawyer, said the company's iTunes music store was no more than a 'data-transmission service'" and that using the Apple logo on iTunes is to tell visitors that the iTunes software was created by Apple and has nothing to do with the music being sold. … The outcome of the case could affect Apple's thriving digital music business, which has helped transform the company into an electronics and entertainment powerhouse from a maker of personal computers. While selling music through iTunes isn't a huge money-maker for the company, it is an important companion business for Apple's iPod, the digital music player that accounted for $2.91 billion, or more than half of the company's $5.75 billion, in revenue in the holiday quarter."

NRC Has Yet To Approve FPL, Constellation Merger. In its coverage of the $11 billion merger between FPL Group Inc. and Constellation Energy Group of Baltimore, the Palm Beach Post (3/31, Swartz) reports that "an explosion" happened Thursday in the Maryland Legislature. "That state's lawmakers voted to create a special counsel that would review utility mergers, thus delaying the deal" and while

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the bid "by the Democratic-controlled General Assembly still has to be approved by Gov. Robert Ehrlich, a Republican who is up for reelection" Ehrlich "hasn't said whether he'd veto the bill." The Post notes that the headaches in Maryland seem to be driven by deregulation and adds that the merger has yet to be approved by "shareholders of both companies as well as state and federal regulators, including the Federal Regulatory Energy Commission and the Nuclear Regulatory Commission."

Colony Capital Makes Rival Bid For Aztar. The Wall Street Journal (3/31, Sanders) reports, "Colony Capital LLC offered about $1.5 billion for casino operator Aztar Corp. three weeks after Aztar entered an agreement to be acquired by rival casino operator Pinnacle Entertainment Inc. The move sets off a possible bidding war for the Phoenix company best known for its Tropicana properties in Las Vegas and Atlantic City." The Journal continues, "Colony will offer $41 a share and would seek to refinance the $723 million in debt that Aztar carries, the company said. On March 14, Pinnacle of Las Vegas offered $38 a share for Aztar, or about $1.45 billion, not including the debt. … Colony, a closely held real-estate firm, owns the Las Vegas and Atlantic City Hilton hotel-casinos. … Colony's unsolicited offer may be the first salvo in what could be a heated bidding war for a small casino company that has underperformed. Aztar's $1.52 billion in market value is significantly lower than industry rivals like MGM Mirage and Harrah's Entertainment Inc."

JP Morgan In Talks To Buy Bank Of New York Branches. The Wall Street Journal (3/31, Sidel, Riley) reports, "Many of the nation's financial institutions favor one of two strategies when it comes to retail branches: build it or buy it. … J.P. Morgan Chase & Co. is aggressively pursuing both." The Journal continues, "The nation's third-largest bank based on market value is in discussions to acquire about 300 branches from Bank of New York Co., according to people familiar with the matter. The deal would take the form of an asset swap in which J.P. Morgan would transfer a portion of its corporate-trust business to the bank that was founded by Alexander Hamilton in 1784." The Journal adds, "Representatives of both banks declined to comment on any possible deal, which was reported yesterday by CNBC. It wasn't immediately clear if any cash would change hands as part of a transaction. Wall Street analysts, who have long speculated that Bank of New York would jettison the bulk of its retail business, have estimated the branch network's value at about $4 billion. … People familiar with the situation said a transaction wasn't imminent, noting that the deal's structure is complex. Bank of New York is seeking the asset swap over an outright sale, these people said, because the retail business represents a hefty 15% of its total profits -- an amount that can't be easily replaced on the bottom line. Such a structure also would help Bank of New York avoid paying the higher taxes that usually accompany a big cash or stock deal."

ENVIRONMENT/INDIAN AFFAIRS:

DOJ To Enter Virginia Landfill Negotiation. The Suffolk (VA) News-Herald (3/29, Williams) reports, "The Southeastern Public Service Authority has asked the U.S. Justice Department to review a private landfill owner's proposal to put construction rubble and debris in SPSA's landfill." The News-Herald continues, "On March 13, days after a Suffolk Circuit Court judge dismissed his $20-million lawsuit against the public regional waste authority, landfill owner John C. Holland proposed an arrangement between his business and SPSA." The News-Herald adds, "Under the proposed contact, John C. Holland Enterprises Inc. would dispose of four to eight 20-ton trailers of construction debris every day at SPSA's landfill on U.S. 58. SPSA would be paid $630 n the same rate that the agency receives from Bay Transport, the other company that hauls for SPSA, based on Holland's proposal. … The authority's board of directors and legal counsel are concerned about potential state and federal anti-trust violations, said John S. Hadfield, SPSA's executive director. … On March 22, SPSA's board of directors indicated it would issue the Holland Enterprises a contract that would expire June 30, 2006, as soon as the proposed contract is approved by the U.S. Justice Department, according to a letter to Holland's lawyer Gary H. Baise. Receiving that approval is expected to take 30 to 60 days, said SPSA's lawyer Michael R. Katchmark."

Interior Department Officials Report Net Increase Of Wetlands. The New York Times (3/31, Barringer, 1.19M) reports that because the Interior Department's definition of a wetland includes golf course water hazards and other man-made ponds, "at a time of continued marsh depletion, pond inflation permitted Interior Secretary Gale A. Norton and Agriculture Secretary Mike

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Johanns to announce proudly on Thursday the first net increase in wetlands since the Fish and Wildlife Service started measuring them in 1954. Wetlands acreage, measured largely by aerial surveys, totaled 107.7 million acres at the end of 2004, up by 191,800 acres from 1998. The two cabinet secretaries hailed the apparent reversal in the long trend of wetland losses. … A net total of 523,500 acres of swamps and tidal marshes had been lost, but the Fish and Wildlife Service measured gains of 715,300 acres of shallow-water wetlands, or ponds. According to the report's author, Tom Dahl, those can be 20 to 30 feet deep."

Report: Meth Sweeping Through Indian Country. From Arizona's San Carlos Apache Indian Reservation, USA Today (3/31, Wagner) reports meth "is sweeping through Indian country, tearing families apart and leaving a trail of violence and tears. … Native American leaders nationwide — but especially in the West — report a meth-induced surge of domestic violence, juvenile sex and meth-addicted babies, while federal authorities say foreign drug cartels are targeting tribal lands as distribution beachheads. … At Wyoming's Wind River Reservation, 25 tribal members were arrested by Bureau of Indian Affairs and Drug Enforcement Administration agents last May in connection with a drug ring."

FBI/DEA/ATF/USMS:

Judge Clarifies Ruling Suggesting FBI Link To Oklahoma City Bombing. The AP (3/31, Foy) reports, "A federal judge on Thursday rewrote a sentence to clarify a ruling that had suggested Timothy McVeigh received help from paramilitary militias in the Oklahoma City bombing and that the government had an informant in the bombing conspiracy." The AP continues, "U.S. District Judge Dale Kimball had issued a decision that called those two claims 'fact.' Asked if he was endorsing the conspiracy theories, Kimball issued a new decision late Thursday to attribute both claims to a Salt Lake City lawyer." The AP adds, "The lawyer, Jesse Trentadue, is trying to expose FBI evidence he contends will show the bureau was tipped to McVeigh's plans but failed to stop the Oklahoma City bombing. FBI officials have repeatedly refused to address Trentadue's claims. … Trentadue is also trying to prove that his brother - a bank robber who died in federal custody after being picked up on a parole violation - was mistaken for an associate of McVeigh's in the frantic search for conspirators after the bombing, and was killed by federal agents during an interrogation gone awry." The AP notes, "In his original 23-page decision, released late Wednesday, Kimball singled out one FBI teletype already released to Trentadue, but in heavily edited form. … The judge, who has inspected the unedited version of the memo, first wrote: 'The plaintiff (Trentadue) points out the fact that this document indicates that there was an undercover operative in with Timothy McVeigh and members of the various militia groups who aided and supported McVeigh.' … The judge rewrote the sentence to eliminate the word 'fact' and substitute: 'The plaintiff claims that this document indicates that there was an undercover operative in with Timothy McVeigh and members of the various militia groups who aided and supported McVeigh.'"

DEA: Drug Ring Used Tombstones To Smuggle Cocaine. The AP (3/30, Barrett) reports, "Federal agents on Thursday said they had broken up a ring of drug smugglers who used tombstones featuring the Virgin Mary to move hundreds of pounds of cocaine into New York from Mexico. The Drug Enforcement Agency announced arrests of 12 people as part of the conspiracy. … 'Like grave robbers who have no respect for the dead, this drug organization used revered tombstones to smuggle millions of dollars worth of cocaine into New York City,' said John Gilbride, the special agent in charge of the New York DEA office." The drug bust received wide media coverage, with news outlets making more than 90 references to it. The AP story was published in newspapers and/or posted on the Web sites of ABC News, FOX News, CNN, Canada's CBC News, the San Diego Union Tribune, Tampa Tribune, Houston Chronicle, and the Knoxville Tennessee News Sentinel.

UPI (3/30) reports the DEA "said the investigation, called Operation Omni Presence, resulted in the arrests of 11 people and the seizure of more than 425 pounds of cocaine and $474,000 in cash."

WABC-TV, New York (3/30) reports on its Web site, "Eyewitness News has obtained photographs that show the lengths some drug organizations will go through to smuggle cocaine into the country, and more specifically New York. Sources tell us at least 10 suspects have been arrested in New York as part of an international drug ring that used tombstones with the image of the Virgin Mary on them to smuggle drugs."

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New York Daily News (3/31) reports, "The New York angle began to emerge last May when the NYPD, the DEA and Nassau County narcotics cops tailed a dealer running drugs between Houston, Washington Heights and Atlanta."

Two "Major" Drug Rings Broken Up, At Least 15 Arrested. The New York Times (3/31, Lambert) reports two major drug-trafficking rings that "smuggled huge amounts of cocaine from Mexico — some of it concealed in tombstones engraved with the image of the Virgin Mary — and shipped it to the East Coast were broken up yesterday in multiple raids by federal, state and local law enforcement agencies nationwide. … The tombstones were tracked from Mexico to a warehouse in Brooklyn, where investigators found broken pieces of those that had already been opened." The Times says according to the DEA, some intact tombstones remained, and officers found cocaine bricks inside of them. That raid "found 196 kilograms of cocaine with a retail value estimated at $8 million to $12 million." The Times adds that at least 15 people have been arrested.

State Police Announce Cocaine Bust. WCBS-TV, New York (3/30) reports on its Web site, "New York State Police announced a major bust of a multi-million dollar cocaine distribution network. … Police executed eight search warrants throughout Suffolk County that resulted in the seizures of 210 kilograms of powder cocaine with an approximate street value of $40 million. … The DEA Long Island District Office, Suffolk County Police Department, the Suffolk County District Attorney's Office and the Nassau County Police assisted the New York State Police."

Local TV Coverage. KTRK-TV , Houston (3/30, 6:00 p.m.) reported, "Ten people were arrested, and agents say those drugs were smuggled into the country by a trafficking organization."

KOAT-TV, Albuquerque-Santa Fe, New Mexico (3/30, 10:00 p.m.) reported, "Drug smugglers are apparently using the Virgin Mary to bring cocaine into the US. The Drug Enforcement Agency issued the pictures today. They show just how the drugs are hidden."

WBAY-TV, Green Bay-Appleton, Wisconsin (3/30, 10:00 p.m.) reported, "You might be surprised at the latest path illegal drugs are taking to get to the US. The DEA just released these pictures of a recent bust where hundreds of pounds of cocaine were found hidden inside statues of the Virgin Mary. Police say the method is similar to what was shown in an episode of the hit show 'Lost.' Officials confiscated nearly 500 thousand dollars and arrested 11 people in connection with the statues."

WXYZ-TV, Detroit (3/30, 11:00 p.m.) reported, "Tombstones of the Virgin Mary were used to smuggle cocaine into the US. In addition, they also smuggled cash, and ten people [were arrested].

Federal Agents Arrest Reputed Philly Drug Kingpin, Seven Others. The Philadelphia Daily News (3/31, Caparella, Gambacorta) reports, "A reputed drug kingpin who sells hip-hop clothing and music out of a South Street-area business has been arrested with seven others in four states in a major sting involving a 210-kilogram shipment of Mexican cocaine, $5 million in cash and 14 weapons. … The FBI, the DEA, the IRS, New York and Pennsylvania State Police, and Philadelphia police raided at least 15 locations in Pennsylvania, New York, New Jersey, Delaware and Maryland in the past two days in the ongoing federal drug investigation. At roughly 7:30 p.m. Wednesday, armed agents in flak jackets hit the Teagle Co….owned by Omar Teagle, 33, a reputed Philadelphia drug kingpin, according to authorities." The Daily News adds, "Yesterday, Teagle and two other suspects, George Rodgers and Donnell Ball, appeared briefly for a federal hearing that was postponed until today while Assistant U.S. Attorney Curtis Douglas prepared their criminal complaints."

MLB To Investigate Players' Steroid Use. The networks last night each reported on the baseball steroid investigation last night in a full segment. ABC World News Tonight (3/30, story 6, 2:25, Berman, 8.78M) reported, "With slugger Barry Bonds poised to break the game's most revered records, baseball vowed to determine once and for all if he broke the rules." The investigation, "led by former Senator George Mitchell, will focus on allegations published in the new book, 'Game of Shadows, that Balco Labs in California provided a slew of steroids for bonds and other Major Leaguers. But Mitchell promised to go beyond Bonds and follow whatever leads he may find into the game's steroid-laden past."

The CBS Evening News (3/30, story 7, 2:15, Mason, 7.66M) reported, "Selig said accusations in the new book, 'Game of Shadows,' that home run champion Barry Bonds used steroids as early as 1998 triggered the inquiry, and he tapped former Senator George Mitchell to lead it." Selig: "He has my permission to expand the investigation and to follow

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the evidence wherever it may lead." The "scandal has made the game's national sponsors squeamish. Bank of America and Home Depot have refused to support any celebration of Bonds' quest for the all-time home run record unless he's cleared of steroid use."

NBC Nightly News (3/30, story 4, 2:30, Taibbi, 9.87M) reported, "Even in spring training Barry Bonds has heard lots of boos. Fans sick of hearing about steroids reacting to this book just out about steroid-provider Balco and about Bonds' five years of alleged use of steroids and other performance enhancers to fuel his late-career power surge: Now, baseball's official investigation."

Mitchell Has Power To Expand Steroid Probe. USA Today (3/31, Bodley, 2.31M) reports that Selig "emphasized that Mitchell has the authority to expand the scope of the probe if necessary. … 'Should Sen. Mitchell uncover material suggesting that the scope of the investigation needs to be broader, he has my permission to expand it,' Selig said.'

Arab Drug Traffickers Selling Cocaine From South America. The White House Bulletin will report later today that Arab drug trafficking gangs are moving cocaine from South America to Europe and the Middle East, where some profits are ending up with radical groups such as Hamas and Hezbollah, according to the Drug Enforcement Administration. In response, DEA is zeroing in on the smugglers' base of operations in South America's notorious Tri-border area, a crime-ridden no-man's land where Argentina, Brazil and Paraguay meet. The lucrative drug trade could become "an unlimited source of cheap and easy revenue" for terrorist groups, DEA Chief of Operations Michael Braun warned Congress in testimony yesterday afternoon. A $6,000 kilo of Latin American cocaine, he noted, goes for $110,000 in Israel and $150,000 in Saudi Arabia. Key to the crackdown, officials say, will be going after the flow of money generated by the illicit trade.

Sentencing Expected For Three Charged In International Drug-Smuggling Investigation. The Vancouver Sun (3/30, Mulgrew) reports on the expected sentencing of three men charged for their involvement in a large, international cocaine smuggling ring. Their arrests in August 2001 "were part of the culmination of an incredibly complex, law-enforcement initiative that spanned the continent and targeted organized crime." The Sun continues, "The RCMP, the FBI, the U.S. Drug Enforcement Administration, border security forces and other law-enforcement agencies would ultimately begin surveillance and wiretaps on dozens and dozens of individuals. Soon, they would be chasing people involved in supplying most of the marijuana consumed in Atlantic Canada, other individuals involved in shipping hundreds of kilograms of pot at a time to the U.S. and, of course, another parcel of people involved in importing massive amounts of cocaine from Mexico through the U.S. and into Canada."

Trial Continues For Former Massachusetts Narcotics Investigator. The Malden (MA) Observer (3/31, Keough) reports Jurors in Boston's U.S. District Court "are working their way through a wealth of witnesses and audio evidence to determine whether former Malden drug detective David Jordan did his best to single-handedly prevent a drug deal, or if he participated in a staged raid and used the cover of his officer's uniform to steal cocaine." Jordan "is being charged with conspiring to sell cocaine, cocaine possession, using a gun in the commission of a drug offense, witness intimidation and giving false information to Drug Enforcement Administration agents."

New Orleans Man Held Until Trial. The AP (3/30) reports that Brian Expose, who was "arrested last week with a cache of drugs and weapons, then set free without bond by New Orleans judge, will remain in federal detention pending trial on drug-dealing charges. … Expose was arrested March 21st by New Orleans police and Drug Enforcement Administration agents, after an investigation and surveillance of his home produced evidence he was selling drugs."

Five In New Jersey Indicted On Weapons Charges. The Asbury Park (NJ) Press (3/29, Jones) reported, "Five Monmouth County residents, including a former corrections officer, were indicted Tuesday on charges of selling a dozen guns and a bullet-proof vest — and trying to sell a live hand grenade — to a government witness, authorities said." John Velba, William Schreiber, Cheryl Britton, Harold Smith and Kevin Benn each are "charged with one count of conspiracy and one count of engaging in the business of dealing in firearms without a federal license to do so. … FBI agents arrested all five people on Nov. 1, U.S. Attorney Christopher J. Christie said in a prepared statement Tuesday."

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Increasingly Popular Gun Shows Draw Supports, Critics. Knight Ridder (3/31, Thomas) reports that gun shows, "which gained popularity in the 1990s and now number in the thousands nationwide…are coming under increasing fire as critics claim they are contributing to the incidence of violent crime. … 'Gun shows are one of our main problems,' said Kansas City Mayor Pro Tem Alvin Brooks. 'These are the guns that end up on the streets of America.'" Knight Ridder continues, "Critics contend that the biggest problem is a legal loophole that allows criminals and others who are prohibited from buying a firearm to obtain guns from unlicensed sellers at guns shows. In most states, including Missouri and Kansas, no background checks are required to buy long guns - including assault rifles - from sellers who do not have a federal firearms license. … Gun-rights advocates maintain, however, that there is no 'gun show loophole.' … 'If anyone is involved in the trade of selling and buying firearms, they have to obtain a federal firearms license,' said Andrew Arulanandam, director of public affairs for the National Rifle Association. 'That is the law of the land today, so to say that there's a loophole is disingenuous.'" Knight Ridder notes, "Paul Marquardt, a spokesman for the federal Bureau of Alcohol, Tobacco, Firearms and Explosives in Kansas City, said the agency is more concerned about 'the people who illegally sell firearms to criminals' such as felons, illegal aliens or drug traffickers. … 'The ATF does not target gun shows, we target criminals who are trying to acquire firearms from any source whether it's in a back alley or anywhere else,' Marquardt said."

IMMIGRATION:

Bush Optimistic About Passage Of Immigration Reform Bill. In Cancun, Mexico today, President Bush met with Mexican President Vincente Fox and Canadian Prime Minister Stephen Hunter. As the AP (3/31, Pickler) reports, "the immigration debate is receiving a lot of attention at the summit." USA Today (3/31, Jackson, 2.31M) reports Bush "told Mexican counterpart Vicente Fox on Thursday he supports a temporary 'guest worker' program, but said the final decision belongs to Congress -- where many of Bush's fellow Republicans oppose the idea. 'I told (Fox) there is a legislative process that's going forward,' Bush said."

According to the New York Times (3/31, Thompson, Sanger, 1.19M), "in an effort to reassure Mexicans and to defuse an intense debate in the United States," Bush told Vicente Fox "that he supported proposals to legalize undocumented workers as long as they were not given any advantages over immigrants who entered the United States legally." In fact, says Fox News' Special Report (3/30, Cameron), Bush "said he was optimistic about a deal in Congress and went out of his way to say that a guest worker program is not the same as amnesty."

NBC was the only network to cover the summit, highlighting the immigration debate as an introduction to its report on the Senate debate. NBC Nightly News (3/30, story 3, 1:50, Gregory, 9.87M) reported, "They looked like good neighbors today, dressing down for a tour of Mexico's ancient Mayan ruins." Bush and Fox "were united calling for a process to put illegal immigrants on a path to legal status." President Bush: "We don't want people sneaking into our country who are going to do jobs Americans won't do. We want them coming in an orderly way." Gregory: "But in Congress today, the debate was still hot." Meanwhile, CNN's The Situation Room (3/30, Quijano) reported that Vicente Fox "acknowledged to reporters that the immigration issue was largely out of his and President Bush's hands, saying it was essentially up to the United States Congress." Despite Fox's comments, the AP (3/31, Pickler) says "both leaders were clearly trying to sway the debate," and Bush "gave Congress a long-distance push Thursday to open the United States to immigrant workers."

The Washington Times (3/31, Dinan, 90K) offers a different take on the story, under the headline "Fox Pledges More Border Control." The Times says Fox "yesterday promised President Bush that his country will do more to control the US-Mexico border and will strengthen its own southern border to reduce the number of aliens crossing into Mexico to reach the United States." The Times adds, "The emphasis on border security reflects the political climate in the United States on immigration, where the only point that nearly all voters agree on is that the borders leak and the U.S. government has failed to control them."

The Los Angeles Times (3/31, Gaouette, Gerstenzang, 958K) reports that "for Fox…the meeting brought the immigration debate full circle: He took office seeking to improve relations with the United States, particularly over immigration." But "that relationship was disrupted by the United States' attention to its campaign against terrorism after the Sept. 11 attacks, and then by differences between Fox and Bush over the Iraq war, which Fox opposed."

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The Washington Post (3/31, A13, Fletcher, 744K) focuses on the same issue, saying Bush came to the meeting is "hopes of repairing fissures that have developed in the relationship among the North American neighbors." The relationship "between the United States and both its neighbors has been characterized in recent years by creeping distrust over issues such as illegal immigration and the implementation of US trade policy."

Bush "Emerging Slowly" From "Touring Shell." Knight Ridder (3/31, Douglas), meanwhile, says Bush "traded in his business suit Thursday for a white tropical short-sleeve shirt and khaki slacks as he played tourist, something he rarely does on foreign trips." The President "was all smiles and business casual as he spent about an hour walking through the impressive ruins of Chichen-Itza, a Mayan archeological site about 127 miles west of Cancun." Bush "has earned a reputation for being an indifferent tourist at best on overseas trips, dashing through museums and exhibits or leaving social and cultural events early. He typically prefers to stick to business and not interrupt his routine. … The president seems to be emerging slowly from his touring shell. … On Thursday, Bush looked like a man having fun and in no hurry."

The Los Angeles Times (3/31, Gerstenzang, 958K) runs a similar story, in which it says "Given a choice, President Bush is not a tourist. When he visited St. Petersburg, Russia, in 2002, he completed his tour of the Hermitage museum in two hours, 16 minutes. … As president, he has been to Rome. He skipped the Colosseum. Berlin? He drove past the Brandenburg Gate without stopping. He did the Great Wall of China in a half-hour flat, then turned to a reporter and said, 'Let's go home.' And four weeks ago, he caused a diplomatic row by refusing entreaties while in India to visit the Taj Mahal." The Times adds, "All of which make his activities Thursday morning that much more remarkable."

GOP Deeply Divided As Senate Debates Immigration. As the Senate debate on immigration reform continued yesterday, the Wall Street Journal (3/31, Rogers, 2.11M) reports that "in deference to Majority Leader Bill Frist (R., Tenn.), debate had been confined" to narrow "border-security bill favored by conservatives and the House." But yesterday, Senate Judiciary Committee Chairman Arlen Specter "was allowed to bring out the broader Judiciary measure that will be the focus going forward." That bill includes guest worker and other provisions backed by the President. Democrats "believe they can deliver 42 votes for the bill, and Mr. McCain's office appeared confident that 18 Republicans can be found to bridge the difference and invoke cloture to cut off a filibuster." But Frist" said last night that 'cloture doesn't have the votes to pass now even if they had all 45 Democrats.'" The White House's "worst fear regarding the legislation is that it will collapse in the Senate, denying Mr. Bush the chance of getting the House to consider a more comprehensive approach to immigration."

The GOP split on immigration continued to dominate the coverage of the Senate debate. NBC Nightly News (3/30, story 3, 1:50, Gregory, 9.87M) reported, "Some Republicans are arguing that people don't want a guest worker program." Rep. Tom Tancredo, Colorado: "They want to secure the border and they want to go after the people who are hiring people here illegally." Gregory: "Others warn against isolationism." Sen. John McCain, Arizona: "But, by God, we have got to continue those traditions of freedom, democracy and hope for every person all over the Earth." Gregory: "Some Republicans fear this debate will hurt the party with Hispanics after President Bush successfully courted their votes."

Like NBC, many media outlets this morning highlight comments by Sens. Frist and McCain and GOP Rep. Tom Tancredo, a leading immigration. All three may run for president in 2008. Coverage of Tancredo's criticism of Bush (he said, for example, "I wish he'd think about the party, and of course, I also wish he'd think about the country") is particularly widespread. Tancredo is even profiled by the Washington Post (3/31, A1, Murray, Reid, 744K) in a front-page story this morning. Titled "Tuning In To Anger On Immigration," the piece recounts that "after Tancredo suggested in 2002 that President Bush's views on immigration amounted to a national security threat, White House political adviser Karl Rove told him, 'Don't ever darken the door of the White House' -- although Tancredo later was invited to the White House for a bill signing." Tancredo "has appeared more than 1,000 times on radio talk shows in recent years and has become a television news mainstay."

CNN's The Situation Room (3/20, Koppell) reported that the Senate is "shaping up into two camps." On one side, "you have the Majority Leader, Bill Frist, who's saying that essentially to lay out a path to citizenship, to the 11 to 12 million illegal immigrants in this country, is tantamount to amnesty. On the other side, you have many Republicans and

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Democrats who are saying if you don't lay out that path, if you don't offer them a way out, what do you do?" CNN added, "Over in the House today -- as you know, the House already passed its legislation -- very tough border enforcement, but nothing to do with what many people refer to as a guest worker program. One of the leading proponents of the House legislation is Tom Tancredo, Republican of Colorado, who stood before an enormous banner with an X going through the word 'amnesty.' He said that according to recent polls, Americans are not in favor of legalizing those illegal aliens."

The Wall Street Journal (3/31, Harwood, 2.11M), in its "Washington Wire" column, analyzes the immigration debate's impact on McCain and Frist's presidential prospects. McCain, says the Journal, "gains from improving odds for immigrant guest-worker program. House Speaker Hastert's openness to guest-worker compromise enhances Arizona senator's reputation for driving Hill action. Championing White House priorities, on immigration as well as Iraq, fuels his hopes for wooing Bush loyalists." Meanwhile, tough border-security talk by Senate Majority Leader Bill Frist, "McCain's 2008 rival, could produce inroads among conservative Christians; by 64%-29%, evangelical Protestants call immigrants a burden rather than a benefit in new Pew Hispanic Center poll."

The debate over whether the bill would represent "amnesty" also took center stage yesterday. Dana Milbank writes in his Washington Post column (3/31, A2), "the use of the word 'amnesty' -- more than 50 times on the Senate floor yesterday -- says much about the immigration debate. Proponents of the 'guest-worker' path toward legalization appear to have gained the upper hand; Specter seems to have the votes in the Senate, and House Speaker J. Dennis Hastert (R-Ill.) is rethinking his chamber's hostility to a guest-worker plan. Opponents, therefore, need to escalate the rhetoric and invoke the A-word." Democrats, "who favor the guest-worker plan, called in a polling firm, Lake Research Partners, to provide talking points to counter the amnesty charge. 'Lead with an enforcement message,' the firm advised, and propose 'reasonable solutions' that are also 'tough and fair.' Lake continued: 'Immigrants have to pay taxes...and be learning English.'"

McCain took to the airwaves last night to make the case the a guest worker plan is not "amnesty." Sen. John McCain was asked on CNN's The Situation Room (3/30) about Senate Majority Leader Bill Frist's criticism that his guest worker proposal is "amnesty" for immigrants in the US illegally. McCain said, "Let me just say that the definition of amnesty, as I read it in the dictionary, is forgiveness for crime, sin, et cetera. This is a tough, tough row to hoe for anyone who has violated our laws by coming to this country illegally. There's 11 or 12 million of them. We require them to pay back taxes, criminal background checks, $2,000 fine, work for six years before you're eligible for a green card. We're talking about 11 years or more in order to obtain citizenship. On the flip side of that is, they are here. They are here. And as George Will said, it would take 200,000 busses from San Diego to Alaska to transport them back. How would you possibly go about sending people back to the country that they came from? Our proposal is to make them earn citizenship, and through a very tough, rigorous procedure, which we don't believe is amnesty, nor by any definition of the word."

McCain said on Fox News' Hannity & Colmes (3/30), "Everybody knows that we have to fix the problem of our broken borders and that we have 11 million to 12 million people in this country who are here illegally. So I want to make one early comment. That is the President's comments in Cancun today I thought were very helpful. He said we need a viable guest worker program and make people go to the end of the line, but give them a chance to earn championship."

The AP (3/31, Fournier) says polls "show the issue has the potential to divide Democrats as well as Republicans. Many working-class Democrats resent what they consider to be a constant flow of cheap labor. The hard-line House bill was backed by 36 Democrats, including those considered most in danger of losing their seats in November." Still," the fear is most palpable among GOP leaders. Republican Party chairman Ken Mehlman said his party's challenge is to improve border security 'and do it in a way that is pro-immigrant.'" The AFP (3/31) says the debate sets Bush against "hard-line Republicans," while the Los Angeles Times (3/31, Gaouette, 958K) says it "pits the needs for post-9/11 border security against the economic and humanitarian concerns of the estimated 12 million illegal immigrants already in the country." Another Los Angeles Times story (3/31, Gaouette, Gerstenzang) says the "competing visions" in Congress, "reflect attitudes among Americans, according to a poll by the nonpartisan Pew Hispanic Center. Like lawmakers, Americans are increasingly concerned about illegal immigration, with 52% seeing such immigrants as a

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burden to the country. And, like lawmakers, Americans are divided on how to deal with the issue."

House Conservatives Criticize Bush, Warn Leaders Not To Compromise With Senate. Under the headline "Conservatives Stand Firm On Immigration," the New York Times (3/31, Hulse, Swarns, 1.19M) reports "conservative House Republicans bluntly warned their leaders Thursday against any immigration compromise that would allow temporary foreign workers and assailed a Senate proposal that would open the way for illegal immigrants to earn citizenship." The "sharp divisions among Republicans illustrated the difficulty Congress would have in reaching agreement, particularly with midterm elections looming."

The Washington Times (3/31, Hurt, 90K) reports Rep. J.D. Hayworth, Arizona Republican, said of voters, "They will remember in November," and "many of those who have stood with our Republican majority in the last decade are not only angry, many of them plan to be absent from the polls" this year when the entire House and one-third of the Senate is up for re-election." GOP Rep. Dana Rohrabacher of California "fired a warning shot specifically at Sen. John McCain. … 'Those elected officials who are insisting on a guest-worker program and diluting the efforts of border security and internal enforcement are telling the American people exactly whose side they are on,' Mr. Rohrabacher said. 'The American people now have that opportunity to make that determination, and they will. Senator McCain and others will find out about that, when they find their own career is short term.'" Rep. Tom Tancredo, who "leads the House immigration reform caucus, offered a simple explanation for why Mr. Bush is pushing a guest-worker program that voters don't want. 'He's not running for re-election,' Mr. Tancredo said yesterday. 'I wish that he would recognize the dangerous position he would place himself in and the rest of his agenda if the Republicans lose the House and Senate, which they could easily do on this issue. Although he's not running for re-election, I wish he would think about the party. And, of course, I wish he'd think about the country."

Rohrabacker Says "Prisoners," Not Illegals, Should Pick Up Crops. The AP (3/31, Espo) also reports House conservatives "criticized…Bush, accused the Senate of fouling the air, said prisoners rather than illegal farm workers should pick America's crops and denounced the use of Mexican flags by protesters Thursday in a vehement attack on legislation to liberalize US immigration laws." Rep. Dana Rohrabacher said, "I say let the prisoners pick the fruits."

Guest Worker Issue Also Divides Liberals, Organized Labor. The Washington Post (3/31, D1, Weisman, 744K) reports, "New economic research that pits native-born workers against low-skilled immigrants in a struggle for jobs and wages has fueled a rift between some of Washington's most liberal lawmakers and their allies in economics and labor, who fear that the Democratic Party is pushing an immigration policy that forsakes the party's working-class mainstay." The Post adds, "At issue is a guest-worker provision that would allow hundreds of thousands of foreign workers legal access to the U.S. labor market each year and the impact those new low-wage workers would have on stagnant wages. An unusual coalition of business groups, immigration advocates and labor unions with large immigrant memberships have come together to support the guest-worker program proposed by Sens. Edward M. Kennedy (D-Mass.) and John McCain (R-Ariz.)." Kennedy, "the Senate's liberal lion and an unflagging ally of organized labor, says the legislation he co-wrote would help all low-wage workers by applying minimum-wage laws and other workplace protections to immigrants and undocumented workers, who are often exploited." The AFL-CIO "and many economists strongly disagree."

Senate Votes To Launch Study On Illegals' Deaths. The Los Angeles Times (3/31, Gaouette, 958K) reports, "The Senate today approved an amendment to launch a study of how many illegal immigrants die trying to cross US borders, which Majority Leader Bill Frist (R-Tenn.) described as 'an immense humanitarian tragedy.'" The 94-0 vote "provided little hint of the tumultuous votes to come."

Few Temporary Visas Available For Skilled Immigrant Workers. NBC Nightly News (3/30, story 8, 2:20, Lewis, 9.87M) reported, "By law, only 65,000 people a year can get" temporary skilled workers visas, and "it's difficult for them to become permanent residents. The same is true for foreign students pursuing high-tech subjects at American universities. When they complete their education, many are forced to go home, taking their skills home with them." But "unions and other organizations representing high-tech workers oppose liberalizing the visa and green card regulations."

The Washington Post (3/31, D1, Kalita, 744K) runs a similar story under the headline "Most See Visa Program As Severely Flawed," and reports "opponents say the highly skilled foreign workers compete with and depress the wages of native-born Americans." Meanwhile, "supporters say

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foreign workers stimulate the economy, create more opportunities for their US counterparts and prevent jobs from being outsourced overseas. The problem, they say, is the cumbersome process: Immigrants often spend six years as guest workers and then wait for green card sponsorship and approval."

Protests Continue. The New York Times/AP (3/31) reports from Houston, "Dozens of students were arrested or cited on Thursday." The students who were arrested "were among thousands in Texas and elsewhere who left class this week to rally in support of immigrants." They "were arrested after 150 students left class and refused to get on buses to return, Lt. Robert Manzo of the Houston police said." The Washington Post (3/31, B1, Bahrampour, Stockwell, 744K) says "demonstrations among high schoolers and middle schoolers spread yesterday as 1,500 students in Northern Virginia and a smaller group in Maryland poured into the streets to protest proposed federal legislation that would crack down on illegal immigrants." The Post adds that protesters were "draped in flags of Latin American countries."

High School Principal Raises Mexican Flag On Campus Flagpole. The Washington Times (3/31, Richardson, 90K) reports, "A high-school principal who raised the Mexican flag on a campus flagpole as a show of support for Hispanic students was disciplined yesterday as the school district grappled with massive student walkouts." Robert Pambello, principal of John H. Reagan High School in Houston, "received 'appropriate disciplinary action,' said Terry Abbott, a spokesman for the Houston Independent School District, adding that no details would be released because it was a personnel matter."

Latino Immigrants Becoming Integral Part Of North Carolina's Economy. ABC World News Tonight (3/30, story 8, 3:00, Snow, 8.78M) reported, "Many of the jobs" taken by Latino immigrants in North Carolina "are off the books. By one estimate, employers and illegal immigrants are shortchanging the Federal Government by $35 billion in unpaid income taxes. According to one new study, each Latino resident is costing North Carolina taxpayers $102 a year. But the equation is complex." John Kasarda, Kenan Institute, University of North Carolina: "The economic output of this state is increasingly dependent upon Hispanics." Snow: "Farmers rely on the hard-working immigrants. … Without them, these small towns wouldn't survive."

More Commentary. The Wall Street Journal (3/31, 2.11M) editorializes that "the most important political outcome" of the immigration debate "may turn out to be the message that Republicans send about the kind of the party they are and hope to be." Republicans face a choice between "Ronald Reagan's view of America as a 'shining city on a hill'" and "the chauvinist conservatism usually associated with the European right. How Republicans conduct and conclude their immigration debate will show the country which kind of 'conservative' party they want to be."

In an editorial, the Los Angeles Times (3/31, 958K) argues that California's two senators, Barbara Boxer and Dianne Feinstein, "have not distinguished themselves in recent years on immigration issues, but this week it has been heartening to see them on the correct side of the momentous debate in the Senate. California is an iconic state of immigrants in this iconic nation of immigrants, and its representatives in Washington should be on the side of enlightened reform," referring to a "broad" guest-worker program.

In its "Opinionline," USA Today (3/31, 2.31M) surveys editorials from around the nation. The Parsons Sun from KS, in a signed editorial by Ann Charles says, "While a U.S. House-passed bill would make the presence of these laborers a felony and require fencing 700 miles of the border along Mexico, the reality of that would cause an earthquake in the US economy." The Middletown Journal from OJ, in an editorial: "The federal government's unwillingness to secure our borders and to stop the steady rush of people illegally coming into the United States threatens to overwhelm local communities' resources, services and employment opportunities. … It's time for Congress and the White House to do their jobs." Also, the Lufkin Daily News, in TX, editorialized: "It would be difficult to find even one American citizen who has not benefited in some way from the fruit of undocumented workers' labor. And with the exception of full-blooded Native Americans, every American is either descended from immigrants or is an immigrant himself."

Daniel Henninger, writes in the Wall Street Journal (3/31, 2.11M), "It's not a coincidence that the first push-back Immigration Act emerged in the Roaring Twenties, another period of abrupt social disruption and anxiety with heavy immigrant inflows from southern Europe. It may be too much to hope, but the purpose of political leadership in such times is to find a path toward our best lights rather than our darkest impulses. At the moment, Senator Frist of Tennessee isn't measuring up."

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Eugene Robinson writes in the Washington Post (3/31, A19, 744K), "It's frustrating. The three overlapping forces that have sent this country in so many wrong directions -- the conservative movement, the neoconservative movement and the Republican Party -- are warring among themselves, doing their best impression of crabs in a barrel, and sensible people can't even enjoy the spectacle. That's because it's hard to take pleasure in the havoc they've caused and the disarray they will someday leave behind."

In his New York Times column (3/31), Paul Krugman says he is "all in favor of…offering those already here a possible route to permanent residency and citizenship. Since we aren't going to deport more than 10 million people, we need to integrate those people into our society." But he is critical of "the plan to create a permanent guest-worker program."

TAX:

Judge Raises Questions About KPMG Tax-Shelter Prosecutions. The New York Times (3/31, Browning) reports, "A federal judge raised questions yesterday about the prosecution of 16 former KPMG employees over aggressive tax shelters, criticizing prosecutors for what he called murky definitions of fraud and evasion." The Times continues, "The judge, Lewis A. Kaplan of Federal District Court in Manhattan, said he was confused by what prosecutors said was a conspiracy by the defendants to make and sell aggressive shelters that allowed hundreds of wealthy investors to evade $2.5 billion in taxes from 1996 to 2002. … 'Was the fraud and evasion in the execution or the design' of the shelters, Judge Kaplan asked during a hearing held to consider defense motions to drop or alter some charges." The Times adds, "Judge Kaplan made no ruling yesterday; he is expected to issue orders on the motions in coming weeks."

The Wall Street Journal (3/31, Davies, Burns) reports, "Prosecutors contend the shelters were sham products designed, sold and implemented to improperly avoid paying taxes. The shelters were sold to about 600 wealthy individuals from 1996 to 2002 and generated about $2.5 billion in tax savings, prosecutors say. … Lawyers for the defendants argued that a separate settlement KPMG reached with prosecutors last year has hampered their clients' defense. The deferred-prosecution agreement required KPMG to admit to criminal wrongdoing and pay $456 million to avoid a criminal indictment that probably would have put the firm out of business. It makes it difficult to get current KPMG employees to testify freely about the case, say defense lawyers. … They also claim prosecutors pressured KPMG into not paying legal costs for those who were indicted. Assistant U.S. Attorney Justin Weddle said the government played no role in KPMG's decision."

Spitzer Rebuts WSJ On H&R Block Challenge. In a letter to the editor of the Wall Street Journal (3/31), New York Attorney General Eliot Spitzer writes, "In your March 24 editorial 'The Spitzer Savings Plan' you reported that I was upset at the H&R Block Co. … That much is true. … Compared with the array of frauds my office has uncovered -- including biased stock research, improper trading of mutual funds and bid-rigging in the insurance industry -- H&R Block's conduct was in certain ways particularly egregious. … That's because the company was preying on lower-income people, steering them into individual retirement accounts that were virtually guaranteed to lose money because of high fees and low interest rates. And H&R Block had the audacity to suggest that it was actually doing people a favor. Here are the facts to show why that claim is absurd:" Spitzer continues, "H&R Block told its tax preparation customers that its Express IRA 'paid great rates' and was a 'better way to save.' Some 500,000 people signed up. But instead of receiving 'great rates,' the Express IRA actually paid less than 1% interest at times. … Most importantly, and this is the core of our case, H&R Block failed to tell customers that the Express IRA had substantial fees …" Spitzer concludes, "No true champion of free enterprise, as the Journal purports to be, would defend the failure to properly disclose fees to customers. And no one truly interested in encouraging people to save would recommend H&R Block's Express IRA. After all, how does losing money encourage anyone to save? … Finally, contrary to your characterizations, this case could easily have been settled if the company had simply agreed to return the undisclosed fees. … And for the record, I always get upset when I see people being cheated."

GOP Believes It Can Save "Modest Tax Cut Victory." The Wall Street Journal (3/31, Harwood, 2.11M) reports in its "Washington Wire" column, "Republicans grow confident of salvaging modest tax-cut victory. Though hitting initial April tax-day target is unlikely, strategists at the White House and on Capitol Hill predict passage of temporary

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extension of the 15% rate on dividends and capital gains. … Other tax proposals seek election-year political points. Senate leader Frist plans May vote on abolishing estate tax, though Republicans lack the 60 votes needed to defeat potential Democratic filibuster."

CONGRESS-ADMINISTRATION:

Snow's Future At Treasury Uncertain. The AP (3/31, Aversa) reports the departure of Andrew Card as White House Chief of Staff "is renewing speculation about the fate of Treasury Secretary John Snow, the administration's lead economic salesman for three years." Asked about "a New York Times story which said that Joshua Bolten, Bush's incoming chief of staff, wanted to make changes to the economics team and wanted to replace Snow," White House spokesman Scott McClellan said, "The president appreciates the job his economic team is doing." McClellan "didn't rule out changes at the helm of Treasury, saying Bolten has the authority to recommend personnel changes throughout the Bush administration. But, McClellan added: 'Any speculation at this point is way premature.'" The Wall Street Journal (3/31, Harwood, 2.11M) also reports in its "Washington Wire" column about "rumors swirl of changes at Treasury following Bolten's elevation. … Dubai ports controversy hurts Deputy Secretary Kimmitt's chance of moving up if Snow departs. To replace Bolten at budget office, current deputy Joel Kaplan is seen as more politically savvy but less connected than colleague Clay Johnson, Bush's one-time classmate."

Neuharth Says Bush Should Dump Cheney, Name Rice As VP. Al Neuharth writes in USA Today (3/31, 2.31M) that the resignation of White House Chief of Staff Andrew Card started the Oval Office shakeup many have been calling for, but "for Bush to bounce back from plunging ratings, he must make more drastic White House reorganization. Two moves that might do the trick: Lobby to get Vice President Cheney named NFL commissioner, succeeding Paul Tagliabue who resigned last week. Then name Secretary of State Condoleezza Rice vice president." Neuharth says Cheney "is the real albatross for Bush. … If Bush wants a say in picking his successor, and most presidents do, replacing Cheney is a necessary first step. … Replacing Cheney with Rice would make her the front-runner for the 2008 Republican presidential nomination."

Frist Faces Undercurrent Of Criticism Over 2008 Ambition. The Los Angeles Times (3/31, Curtius, 958K) reports that as he "prepares to leave the Senate and position himself for a presidential bid," Majority Leader Bill Frist "faces mounting criticism that he has proved an ineffectual majority leader whose legislative agenda increasingly is dictated by his White House ambitions." The "complaints about the patrician Tennessean by fellow Republicans intensified this week, sparked by his decision to force a Senate debate on illegal immigration. Some GOP lawmakers say his move spotlighted a public squabble within the party over a hot-button issue in an election year." But the "grumbling about Frist and decisions he has made as majority leader were evident before the flap over immigration," reflecting the "growing discontent with his performance."

Censure Said To Have "Mixed Record" In Rebuking Presidents. The Senate Judiciary Committee meets today to consider Sen. Russell Feingold's resolution to censure President Bush for his National Security Agency domestic surveillance program. The Washington Post (3/31, A17, Goldfarb, 744K) reports, "Old newspaper clippings and historical writings show that censure has a mixed record as an effective means for Congress to express disapproval of presidents." One reason censure "has not had much legitimacy as a tool for rebuke is that it is expressed by a congressional resolution without the force of law, and 'you can express a resolution that apple pie and motherhood are good for American life,' says professor William W. Van Alstyne of the College of William & Mary law school. Yet it has kept on coming up."

Senate Judiciary Committee Clears Way For Courtroom Cameras. CQ Today (3/30, Carter) reports, "The Senate Judiciary Committee approved two bills Thursday that would pave the way for televising proceedings at all federal courts, including the Supreme Court." CQ continues, "The committee approved, 10-6, a measure (S 829) by Charles E. Grassley that would give both district and appellate court judges the option of allowing their proceedings to be televised. The bill includes a three-year sunset on the district court provision. … Jeff Sessions, R-Ala., offered an amendment to remove district courts from the bill, but it was rejected by a 7-9 vote." CQ adds, "Judiciary Chairman Arlen Specter, R-Pa., has long wanted to see Supreme Court proceedings televised. His bill (S 1768),

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which would require the court to permit television coverage of its public sessions, is cosponsored by several committee members of both parties. … The measure, approved 12-6, would require television cameras to be allowed in the high court unless a majority of the nine justices voted not to do so in a particular case for fear they would violate due process rights."

House Passes Education Bill. The New York Times (3/31, Schemo, 1.19M) reports, "The House voted largely along party lines on Thursday to approve the main measure governing colleges and universities, adding provisions to expand student grants based on need and pressing colleges to control tuition." But "the House rejected a Democratic proposal to halve the interest rate on student loans." The Times adds, "The $70 billion proposal, which would renew the law until 2012, sets the terms for loans and grants along with the limits for maximum aid. It was last renewed in 1998."

The Wall Street Journal (3/31, Hechinger, 2.11M) says "the College Access and Opportunity Act sparked complaints from Democrats and higher-education groups, though Republicans changed some measures at the last minute to mollify universities." The bill "passed the Republican-controlled House…221-199." It "reauthorizes the Higher Education Act, which governs billions of dollars of federal funding for colleges and universities. The Senate is expected to take up its own version of the reauthorization in coming months." The Washington Times (3/31, Bellantoni, 90K) headlines its story "House Passes Bill To Raise Pell Grant For Poor Students," and notes "there were 14 Democrats who sided with the chamber's majority to pass the measure," while "eighteen Republicans and one independent voted with the Democrats in protest."

FBI Check Said To Have Prompted Redmond Nomination Withdrawal. The Washington Times (3/31, Gertz, 90K) reports, "Former CIA spy hunter Paul Redmond, who helped catch notorious Moscow mole Aldrich Ames, has withdrawn from consideration to become the Bush administration's top counterspy." US intelligence officials said Redmond had "been selected to be national counterintelligence executive, but backed out after the FBI held up his formal appointment by conducting a lengthy background investigation, said officials speaking on the condition of anonymity." The Times notes, "Counterspy posts at the CIA and FBI also remain vacant or held by acting officials at a time when foreign spying continues to plague the administration. FBI Director Robert S. Mueller III told a congressional committee earlier this week that Chinese spying is a 'major threat' to the United States."

Boozman Among GOP Representatives At Informal Bush Chat. The Arkansas Democrat-Gazette (3/31) reports Arkansas' Rep. John Boozman "was one of a dozen Republican congressmen who participated Wednesday in what he described as an 'informal' meeting with President Bush." The group "talked in the White House living quarters. Boozman has been on several Air Force One flights, but he said this was his first meeting with the president 'in this kind of setting.'"

Boehner Confirms Pension Overhaul Bill Stalled. CQ (3/30, Crittenden) reports House Majority Leader John A. Boehner "made clear Thursday what lobbyists and staff members recently have suggested: Conferees will be unable to complete negotiations on a pension overhaul bill before Congress leaves town April 7 for a two-week recess." Boehner said, "I'd like to, but I'm not sure that's realistic. It's very, very difficult." CQ adds Boehner's comments "were the latest signal that lawmakers have made little progress reconciling differences on pension overhaul legislation (HR 2830) since the conference convened March 8."

New NASA Policy Permits NASA Scientists To Discuss Opinions Freely. NASA Administrator Michael Griffin unveiled new rules yesterday governing the release of information to the media and public. The New York Times (3/31, Leary, 1.19M) reports, "Two months after NASA's top climate scientist complained that political operatives in the agency's press office were trying to censor his views on global warming, Administrator Michael D. Griffin issued a new communications policy on Thursday that he called a 'commitment to openness.'" The policy "details the role of those who release information to the public directly or through the news media" and it "ensures that NASA scientists and engineers are free to discuss their work in public and state their opinions, Dr. Griffin said. When stating a personal opinion, he continued, they should make clear that they are speaking for themselves and not for the agency."

The Washington Post Weiss (3/31, A10, Weiss) reports that the release marks Griffin's "most detailed response yet to

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embarrassing allegations that NASA's public affairs office had sought to suppress the release of scientific information not consistent with the views of the Bush administration." The new policy "states that NASA scientists are free to talk to members of the media about their scientific findings and even express personal interpretations of those findings -- the heart of the controversy that has engulfed the agency since January. It also makes clear that scientists are not required to have a public affairs officer with them when they speak with members of the media, though Griffin emphasized yesterday in comments broadcast to NASA employees that he believes such behavior is unwise."

House Ethics Panel Proceeds On McDermott Case, No Others. CQ (3/30, Ferrechio) reports that after "15 months of near-inactivity, the House ethics committee met for six hours but managed to agree only on moving forward with one investigation: the one launched last year, targeting Democrat Jim McDermott of Washington." The 10-member panel, "could not come to agreement on a list of other potential cases awaiting scrutiny, including those related to an influence-peddling scandal under investigation by the Justice Department." Democratic Rep. Alan B. Mollohan, ranking member, "made his displeasure clear. 'The sole action that the committee agreed to take was to continue an investigation that was initiated in 2004, at the end of the last Congress. This result falls far short of the committee's obligations in the current circumstances,' he said in a written statement." CQ adds McDermott is "accused of violating House rules in December 1996, when he received and distributed to reporters an intercepted mobile telephone conversation between Speaker Newt Gingrich, R-Ga. (1979-99), and John A. Boehner of Ohio, who at the time was House Republican Conference chairman."

House Republicans, Democrats Trade Barbs On McKinney Incident. USA Today/AP (3/31, Kellman) reports House Republicans and Democrats "engaged in their own scuffle — but just a rhetorical one — Thursday, a day after Rep. Cynthia McKinney had a dustup with a Capitol Police officer." Minority Leader Nancy Pelosi "called the incident 'a mistake, an unfortunate lack of recognition of a member of Congress.' She said the police officer was not at fault." Ron Bonjean, spokesman for House Speaker Dennis Hastert, R-Ill., responded, "How many officers would have to be punched before it becomes a big deal?"

McKinney Admits Not Wearing ID Pin. The Washington Post (3/31, Argetsinger, Roberts, 744K) reports that in Rep. Cynthia McKinney's statement on the incident, McKinney "admitted that she was not wearing the pin that identifies her as a member of Congress entitled to bypass Hill security checks. Why not? John Judge, a McKinney staffer, said that "a number of the women [in Congress] don't wear the pin, and some men don't either. . . . They train [officers] to recognize the members. It's not just the pin.'"

Talks Between FAA, Union Collapse. The Washington Post (3/31, D4, Barr, 744K) reports in its "Federal Diary" column, "Contract talks between the Federal Aviation Administration and its second-largest union fell apart yesterday amid a set of unusual maneuvers. Shortly after noon, the leaders of the Professional Airways Systems Specialists announced they had agreed to the agency's contract terms and would send the agreement to union members -- but with full confidence that the rank and file would turn it down. Within hours, the FAA said it planned to file an unfair labor practice complaint against the union -- a step usually taken by unions, not the government." The Post adds, "If the FAA and its unions fail to reach agreements on contract extensions, the agency may declare an impasse, which sends such disputes to the Republican-controlled Congress for a 60-day review. If Congress takes no action -- more likely than not -- then the FAA's last, best offer can be imposed on the unions."

House Approves Site For Vietnam Veterans Visitors Center. In a 404 to 4 vote Tuesday, the House approved an underground visitor center near the Vietnam Veterans Memorial and at the foot of the Lincoln Memorial. The Washington Post (3/31, B1, Dvorak, 744K) reports that Rep. Richard W. Pombo, who sponsored the bill, "said he met with the chairman of the planning commission before he was convinced that legislation was the only answer to get site approval for the center, which was authorized by Congress in November 2003." The legislation now moves to the Senate.

Bush Told Bo Derek She And Bolten Together Were "A Perfect 15." The Washington Post (3/31, Argetsinger, Roberts, 744K) reports that back "during the heady days of the 2000 George W. Bush campaign, new White House Chief of Staff Josh Bolten was

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known as a cool, efficient policy director, and the go-to man when actress-turned-Republican-gadfly Bo Derek -- the woman who inspired the numerical system of hotness ratings -- needed a campaign escort." When Bolten "turned 46 that August, Dubya refused to believe his staffer had received a 'Happy Birthday' phone call from the star of '10' and many legendary Playboy features -- until he grabbed Bolten's cell phone and dialed the number from the last received call, according to a source who was there. When Derek answered, the future president said, 'Bo, let me just say that you and Josh together are a perfect 15.'"

WPost, NYTimes Criticize Lobbying Reform Bill. An editorial in the Washington Post (3/31, A18, 744K) notes that the leading advocates of lobbying reform in the Senate, including the parties' two designated point men on the issue, Sens. John McCain and Barack Obama all voted against it. The Post notes, "Much more could, and should, have been done." But, if "the Senate bill is disappointing," the House "is poised to do even worse. A proposal unveiled last month by the Republican leadership would do nothing to restrict gifts from lobbyists." The Post adds, "As the proposal moves forward -- the House Rules Committee held a hearing on it yesterday -- a critical issue will be whether and how many amendments will be permitted on the House floor to try to make it tougher. It would be the height of irony if an effort to improve the functioning of the democratic process were to take place under undemocratic conditions."

An editorial in the New York Times (3/31, 1.19M) also criticizes lawmakers' efforts at lobbying reform noting that "the Senate has voted for a halfhearted package of reforms that would come nowhere near curing the easy money, quid pro quo culture that now bedevils the Capitol." The Times adds, "For all its shortcomings, the Senate is a light-year ahead of the House. There, reform proposals have been parceled out to committees for indefinite marination as Republican leaders face rebellious members who want no part of real reform. The chances seem slim for two-house action that truly dents the clout of the booming lobbying industry."

OTHER NEWS:

Fed Researches Say Data Showing Low Jobless Rate Is Accurate. The Wall Street Journal (3/31, lp, 2.11M) reports, "US unemployment really is low and the jobless rate hasn't been artificially depressed by a failure of many discouraged workers to be counted as unemployed, Federal Reserve researchers say." Their findings, "presented at a conference organized by the Brookings Institution, suggest the Fed could see strong job growth as an inflationary risk in the coming year." The study also "argues that the economy's trend growth rate will slow noticeably in the coming decade as growth in the working-age population slows and a shrinking share of that population seeks work."

Corporate Profits, Inflation Rise. The Wall Street Journal (3/31, Whitehouse, 2.11M) reports, "Corporate America's share of the nation's income rebounded from the havoc of Hurricane Katrina to a level not seen in four decades, and the hurricane did a bit less damage to the U.S. economy than previously thought." The Commerce Department "said yesterday that corporate pretax profits in the fourth quarter of 2005 grew 14.4% from the previous quarter, the strongest rate since 1992. Pretax profits in the third quarter fell 4% as hurricane-related insurance payouts slammed financial results." Corporate profits "accounted for 11.6% of gross domestic product in the fourth quarter -- the biggest share of the nation's income companies have taken since 1966." USA Today (3/31, Kirchhoff, 2.31M) says "inflation also jumped as the nation grappled with the aftermath of Hurricane Katrina, the government said Thursday." A "special inflation measure based on actual spending patterns, closely watched by the Federal Reserve, rose faster than expected. Commerce's index of consumer inflation, excluding food and energy, was revised to a 2.4% annual rate in the fourth quarter of 2005, from an earlier 2.1% estimate."

Stock Markets Have Mixed Finish. NBC Nightly News (3/30, story 9, 0:10, Williams, 9.87M) reported, "On Wall Street today, the Dow was down 65 points [to close at 11,150.70]. The NASDAQ was just up over 3 points [to close at 2,340.82]." USA Today (3/31, 2.31M) says the Standard & Poor's 500 lost 2.64 points to 1300.25. The Wall Street Journal (3/31, Patterson, 2.11M), among other sources, also reports the stock numbers.

Cost Of Church Sex Abuse Claims Rises Despite Fewer New Allegations. The Washington Post (3/31, A3, Cooperman) reports, "The financial costs of the sex abuse scandal in the Roman Catholic Church rose dramatically in 2005, even as the number of new allegations fell, the U.S. Conference of Catholic Bishops said yesterday." The Post continues, "Releasing an annual report on their

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efforts to prevent abuse of minors by priests, the bishops said U.S. dioceses spent $399 million last year on legal settlements with sex abuse victims and $68 million on lawyers' fees, psychological counseling and related expenses -- about three times more than they paid in 2004." The Post adds, "The church's cumulative expenditures on sex abuse claims in the United States are approaching $1.5 billion. The tally of known victims has topped 12,500. The number of priests and deacons who have been credibly accused since 1950 is close to 5,000. … In releasing the blizzard of statistics, Catholic Church officials and their academic consultants put a generally positive gloss on the data, suggesting that the worst of the crisis is over. … Karen Terry, a researcher at the John Jay College of Criminal Justice in New York, said the vast majority of the abuse took place from the mid-1960s to the mid-1980s. There has been a sharp decline in the number of cases since the early 1990s, which an analysis indicates is not just a matter of a lag in reporting, she said."

The New York Times (3/31, Banerjee) reports, "The bishops also said that as a result of a provision they adopted in 2002 under a toughened policy, 94.5 percent of children in Catholic schools and Sunday school classes had been educated on keeping themselves safe from abuse, an increase from 51 percent the year before." The Times adds, "The survey said 87 percent of the new accusations involved abuse that occurred before 1990, some of it as early as 1950. Only nine accusations concerned abuse last year. … But victims' groups have argued that recent accounts of abuse and the church's resistance to extending the statute of limitations on it are renewing doubts about the bishops' commitment to solving the problem." The Times notes, "The president of the bishops' conference, William S. Skylstad of the Spokane Diocese, himself faces accusations of sexually abusing a girl in the early 1960's, which he denies. And earlier this year, after a priest in Chicago was arrested on charges of molesting boys, the archdiocese there came under fire when it was disclosed that the police had shared accusations of abuse with church officials as early as last August. The archdiocese did not remove the priest until January."

The Washington Times (3/31, Duin) reports, "The report, commissioned in 2002 by the USCCB's Charter for the Protection of Children and Young People, tracks what the country's 195 Catholic dioceses are doing to end a sex-abuse crisis that has involved 12,537 youths -- mostly boys and young men -- and 4,827 priests. … Accusations against Catholic priests decreased 28 percent last year, but the cost in millions of dollars to the nation's Catholic dioceses shot up 219 percent last year, the USCCB said. … Specifically, $139,582,157 was paid out in sex-abuse cases in 2004 -- for settlements, attorneys' fees, victim therapy and other costs. Last year, that amount rose to $445,686,548, including the $100 million that California's Diocese of Orange agreed to pay to 90 claimants in January and $120 million the Covington, Ky., diocese agreed to pay to more than 100 victims in June."

Insurers See Drug Benefit As Opening Door To Greater Presence In Medicare. The New York Times (3/31, Freudenheim, 1.19M) reports that for "many big insurers, the new Medicare program is shaping up as a great opportunity. And prescription drugs may be only a starting point." So far, "about 18 million Americans are participating in the new drug program, known as Medicare Part D. If things play out the way some big insurers hope, the drug program could prove to be a feeder system into a much greater private presence in Medicare — a longstanding goal of the Bush administration." Insurers "like Humana, which says it has signed up 1.7 million Medicare drug plan members, know that the real money is not in providing drug insurance. The rewards are much richer in other types of Medicare policies, including complete managed care plans called Medicare Advantage, which are operated by the private insurers but subsidized by Medicare."

Company Says It Has Cloned Champion Cutting Horses. A Texas company says it has cloned two champion cutting horses for $150,000 each and would create as many as 30 ore cloned horses over the next year. A front page story in the Washington Post (3/31, A1, Gillis, 744K) reports, "The plans by ViaGen Inc. of Austin represent by far the most ambitious effort yet to turn horse cloning into a paying business. There's little doubt that ViaGen, with one of the world's top cloning scientists in its stable, can pull off the necessary laboratory work, and not a single government rule or regulation stands in the way. But it remains to be seen how far the U.S. horse industry will go in embracing the technique that produced Dolly the sheep a decade ago and has since come to symbolize many people's fears about modern genetic science."

Webb Eulogizes Weinberger. In the Wall Street Journal (3/31, 2.11M), James Webb, a former Navy Secretary

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and a Democratic candidate for the US Senate from Virginia, eulogizes former Defense Secretary Caspar Weinberger, noting, "In this town of inflated egos and ruthless ambition, I have never met a more gracious man. And in a lifetime that, beginning with my father's military service, spans every secretary of defense, I can think of no one who has ever held that office with more competence, intellect and understanding of our country's place in the world." Webb adds, "It is painful for those who knew and respected Cap Weinberger to see his name, even in his obituaries, associated with the Iran-Contra affair, an endeavor that he himself had advised against. But his loyalties were astounding, even legendary among the Reagan inner circle."

NYTimes Criticizes "Piecemeal State-By-State Approach" To Stem Cell Research. An editorial in the New York Times (3/31, 1.19M) says that Maryland is about to become the fourth state to authorize the use of state funds for embryonic stem cell research, joining California, New Jersey and Connecticut "in recognizing that the federal government's abdication of support for embryonic stem cell research has effectively shifted the issue to the states." The Times adds, "This piecemeal state-by-state approach is an absurd way to conduct research that may have extraordinary importance if it pans out. Few residents of states that ban therapeutic cloning will refuse lifesaving therapies developed in other states. So it seems unfair to rely on a handful of states to fill the gaps left by the federal abdication."

WPost Urges Local Governments To Help Homeless. An editorial in the Washington Post (3/31, A18, 744K) says the growing number of homeless people in Washington "has strained the capacity of shelters and other social services. And while the problem of homelessness used to be mainly an urban one, concentrated in the District, now it is felt equally in the suburbs, where half of the region's homeless are thought to live. … It may be impossible to eliminate homelessness altogether, but minimizing it should not be beyond the means of such rich localities. Perhaps a third of the suburban homeless here have jobs. They are making a go of it, and they deserve a greater helping hand from local governments."

China, Russia Rebuff Rice's Suggestion On Iran Sanctions. The New York Times (3/31, Brinkley, 1.19M) reports, "Secretary of State Condoleezza Rice, meeting…with representatives of the other four permanent members of the United Nations Security Council, raised the idea of imposing unspecified sanctions on Iran, but she received a decidedly cool reaction from China and Russia," who "bluntly declared on Thursday that they had no interest in imposing sanctions of any sort or in taking any further action against Iran, though both countries did express concern about the nuclear program." The Financial Times (3/31) adds, "Moscow underlined its opposition to sanctions, and was backed by Mohamed ElBaradei, head of the UN nuclear watchdog," and "some diplomats said the event highlighted the continuing international divisions on how to move forward."

In contrast, the Wall Street Journal (3/31, 2.11M) emphasizes international solidarity on the Iran issue, leading that Rice "warned that 'the international community is united' in its dispute with Iran over its nuclear program," although it later admits "the comments hinted at the strains in the anti-Iran alliance." The Christian Science Monitor (3/31, LaFranchi, 61K) says "the brief Berlin meeting resulted not so much in a 'strategy'" but in "a reinforced show, after Wednesday's Security Council action, of international opposition to a nuclear-armed Iran."

The Washington Post (3/31, A16, Kessler, 744K) reports "senior diplomats from the five veto-wielding members of the UN Security Council and Germany warned Iran on Thursday to halt sensitive nuclear activities and return to the negotiating table," but "strains were apparent as Russia and China appeared to rule out sanctions or military action." Knight Ridder (3/31, Strobel) says "there was agreement" on the "general goal," but "there was no agreement apparent on tactics in the weeks ahead." The Washington Times (3/31, Kralev, 90K) headlines its story "Russian Official Contradicts West On Tehran,"

Iran Vows To Continue Uranium Enrichment Despite UN Demands. ABC World News Tonight (3/30, story 4, :20, Vargas, 8.78M) reported, "Defiance from Iran about its nuclear program. The country is vowing to go ahead with uranium enrichment a day after the UN Security Council demanded that Tehran stop immediately. An Iranian diplomat said the program is 'not reversible.'" The AP (3/31, Jahn) also reports that Ali Asghar Soltanieh, Tehran's chief representative to the International Atomic Energy Agency, "defiantly rejected a U.N. Security Council demand for a halt in uranium enrichment, saying Thursday that Tehran's

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activities are 'not reversible.'" His statements "cast a pall on a meeting of top officials of the five permanent Security Council members plus Germany."

ElBaradei Says Iran Not "An Imminent Threat." The Los Angeles Times (3/31, Fleishman, Rubin, 958K) reports, "UN Atomic Energy chief Mohammed ElBaradei urged the international community Thursday to steer away from threats of sanctions against Iran to prevent the dispute over the country's nuclear intentions from spiraling out of control." ElBaradei, speaking in Doha, "emphasized that Iran is not 'an imminent threat' and urged countries to 'lower the pitch' in their effort to stop Iran's nuclear work."

Earthquake Kills At Least 17 In Iran. The New York Times/AP (3/31) reports, "A strong earthquake followed by an even stronger aftershock jolted western Iran early Friday, killing at least 17 and injuring hundreds, state media reported."

Suicide Bomber Kills Three In Jerusalem. The New York Times (3/31, Myre, 1.19M) reports, "A Palestinian suicide bomber, possibly disguised as an observant Jew, blew himself up at a gas station in the West Bank on Thursday evening, turning a car into a fireball and killing three Israelis inside the vehicle, Israeli news reports said." Al Aksa Martyrs Brigades "claimed responsibility for the blast, which came hours after the newly installed Palestinian cabinet, led by Hamas, took up its duties in the Palestinian Authority government offices." The new Palestinian interior minister, Said Siam, "who is in charge of the police, announced that Palestinian militants would no longer be arrested by the Palestinian security forces."

Rice Says US Will Decide On Palestinian Aid Soon. The AP (3/31, Gearan) reports that Secretary Rice said "the United States should soon decide how it will give more aid to the Palestinians that would not be diverted to bankroll the Palestinian government led by the militant group Hamas." She added that "the level of future U.S. aid is one question mark, as is the problem of deciding what kinds of projects to fund through nongovernmental organizations or other means and 'what kinds of aid might in fact get diverted and so you want to avoid that.'" Palestinian Foreign Minister Mahmoud Zahar maintains that "the Palestinian Authority's new government would not cave to international pressure to change its ways and that it has no plans to negotiate with Israel."

Abrams, Welch Visit Tel Aviv While Rice Suggests US Might Support Unilateral Separation. The Financial Times (3/31, Morris) reports White House Advisor Eliot Abrams and Assistant Secretary David Welch "met Israeli leaders yesterday for the first time since Tuesday's election after Condoleezza Rice, US secretary of state, indicated Washington did not rule out support for unilateral measures in the West Bank by the next government. … However, she said the US would not yet lend its support to unilateral moves until it knew more about them."

Likud Reacts To Election Debacle. The Washington Times (3/31, Mitnick, 90K) reports, "Israel's right wing found itself searching for a leader and a program yesterday after the shock of Tuesday's elections, in which the long-dominant Likud Party was reduced to one of several minor parliamentary factions. Calls are being heard for former Prime Minister Benjamin Netanyahu to be replaced as leader of Likud amid charges that he has alienated moderate voters from the nation's most dominant party of the past 30 years." The Times adds, "Rising as a new champion of the right is Avigdor Lieberman, whose party of Russian immigrants, Yisrael Beiteinu, finished with 11 seats to Likud's 12 in the final results, which were announced yesterday."

Dionne Says Israeli Election Was Dominated By Domestic Concerns. E. J. Dionne Jr. writes in his column in the Washington Post (3/31, A19, 744K) that "The world expected Israel to have an election on national security, but the voters decided that it was about the economy, stupid," as "the big winners were a group of parties that ran against Israel's rising social inequality." The "domestic social concerns rose to the top of voters' minds precisely because the security situation is frozen," and "voters can cast aside their economic concerns for only so long, even in a nation facing an existential threat."

US, EU Jointly Haul China Before WTO. The Financial Times (3/31, Swann, Minder, Mackintosh) reports, "The US and the European Union on Thursday joined forces for the first time to challenge China before the World Trade Organisation, sweeping aside diplomatic niceties weeks before a visit of the Chinese president to Washington." The Times calls the car parts complaint "provocatively timed ahead of Hu Jintao's visit." USTR Rob Portman "indicated that diplomacy would not be allowed to stand in the way of defending American industry." The Wall Street Journal (3/31, Hitt, 2.11M) reports Portman "said the 'United States has

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raised this issue repeatedly,' but with no success. 'As a mature trading partner, China should be held accountable for its actions and be required to live up to its responsibilities,' said Mr. Portman." Portman "said he called China's ambassador to the U.S. on Wednesday and 'expressed my disappointment' that the complaints 'had not been resolved through dialogue.'"

The Washington Post (3/31, D5, Blustein, 744K) reports the move "comes amid pressure on the administration from members of Congress to take a tough stance on China's trade practices, especially as the trade deficit with China swelled to $201.6 billion last year, the biggest US gap ever with any country." The New York Times (3/31, Porter, 1.19M) notes "the complaint is only the second brought against China since it joined the trade organization in 2001; the United States filed a complaint in 2004 over China's tax treatment of domestic and imported semiconductors."

China Seeing Surge In Protectionist Sentiment. A front page story in the Wall Street Journal (3/31, Chen, 2.11M) reports that an economic uproar in China "has turned on foreigners, targeting the many outside investors that have piled into China and prospered -- even while fueling much of the country's growth. … The debate parallels the resurgence of protectionist sentiment in the U.S., which has been driven in part by concerns over China's clout." The "debate inside China is causing the government to rethink its approach. In banking, for instance, some economists and state officials argue that the government has sold foreign stakes in its major state-run commercial banks too cheaply. … The concentration of industries in foreign hands has become a common theme."

WSJournal Suggests "Vietnam-Like Compromise" For Vatican, China. An editorial in the Wall Street Journal (3/31, 2.11M) says that Vatican is working hard at restoring ties with China, but Beijing "insists that the Holy See drop its recognition of Taiwan in exchange for the right to minister to the mainland faithful. … This is an old game," but it is "particularly odious for China to play that card on spiritual matters." The Journal adds that the Vatican "would be well-advised to demand some serious concessions in return. … Both sides might do well to agree to a Vietnam-like compromise. In Vietnam the Holy See is recognized, but must consult with the Communist government before naming new clergy. While that offends Catholic purists, it's given Vietnam's Communist Party a better image; the Church, a new flock; and the people of Vietnam, a moral purpose the party can't provide."

US Military's Efforts To Help Pakistani Earthquake Victims Noted. The Christian Science Monitor (3/31, Montero, 61K) reports from Islamabad, Pakistan, "In the last six months, some 1,200 US military personnel and a fleet of 24 helicopters have delivered over 15,000 tons of humanitarian aid, in what has been called the largest disaster relief operation in US military history. The 'angels of mercy,' as US helicopters have been called, have delivered not only aid but much needed goodwill in Pakistan, softening an otherwise rocky relationship with the United States." The Monitor adds, "Polling in recent months has shown a marked improvement for the US image among the Pakistani public as a result of the American helping hand."

Lantos Expresses Concerns About Nuclear Deal With India. The AFP (3/31) reports, "India's alleged training of Iranian troops could dampen vital US Congress support for a bilateral landmark civilian nuclear deal, a ranking Democrat warned Thursday." Tom Lantos, "the top Democrat on the House of Representatives' powerful international relations committee scrutinizing the nuclear deal, expressed concern to visiting Indian Foreign Secretary Shyam Saran during talks here over New Delhi's training of the Iranian navy, the lawmaker's spokeswoman Lynne Weil told AFP."

Meanwhile, the AP (3/31, Klug) reports Saran said the "landmark civilian nuclear cooperation deal with the United States would not boost India's nuclear weapons arsenal said Thursday." In "often strong words," he "attacked the criticism that has surrounded a pact critics say would weaken efforts to stop the spread of nuclear weapons. He told an audience at the Heritage Foundation, a conservative think tank, that India's record on nuclear issues has long been one of restraint and responsibility."

The Los Angeles Times (3/31, Richter, 958K), under the headline "US-Indian Nuclear Deal No Shoo-In," says the proposed deal "is meeting with a chilly reception from lawmakers, who are predicting that instead of swift approval, the initiative faces revisions and delays, if not outright rejection." The White House "had hoped to win congressional approval by the end of May for the deal," but "the initiative has found few high-profile champions on Capitol Hill or elsewhere, while becoming a target for criticism from

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the right and left that it could further undermine international efforts to stem the spread of nuclear weapons."

India Moves To Prevent Sex-Determined Abortions. The Christian Science Monitor (3/31, Baldauf, 61K) reports that New Delhi doctor Anil Sabhani "faces two years in jail in the first-ever conviction under a 12-year old Indian law that forbids doctors from revealing the gender of a fetus to its parents. The law was aimed at preventing the all-too-common and growing practice of sex-determined abortions, which have left India with far more boys than girls. Women's rights activists welcomed the convictions, but added that it will take more than a few high- profile trials to change India's centuries-old cultural preference for boys." Girls "are often seen as a drain on family wealth, since the girl's family is required by centuries of tradition to provide a dowry to her husband's family when she marries."

Sierra Leone Court Asks Hague Tribunal To Try Taylor. The New York Times (3/31, Polgreen, Simons, 1.19M) reports the Sierra Leonean government "asked the International Criminal Court in the Netherlands to provide a venue for" indicted former Liberian president Charles Taylor. "Mr. Taylor has many loyalists in the region, so his presence is a potential threat to the fragile peace that exists here and in Liberia. Secret talks between the Special Court for Sierra Leone and the Dutch government about transferring Mr. Taylor to The Hague began several weeks ago." Such a transfer would require an UNSC resolution. The ICC, established in 2002, has no jurisdiction over the 1990s crimes for which Taylor, "one of Africa's most notorious warlords," is accused.

The Washington Post (3/31, A15, Timberg, 744K) reports Liberian President Ellen Johnson-Sirleaf "said Thursday that she supported a bid to move the war crimes trial to The Hague and that Taylor's dignity and rights must be guaranteed as the case advanced." The Christian Science Monitor (3/31, McLaughlin, 61K), among other sources, also reports on the Taylor trial in a story headlined "Era Of Impunity Wanes For African Leaders."

Venezuelan Candidate Opposes Election Boycott. The New York Times (3/31, Forero, 1.19M) reports that while most of Venezuela's "fragmented opposition" is boycotting the presidential election this year, Julio Borges "is running for office," working "against long odds to win over supporters of President Hugo Chávez." Borges "argues that boycotting elections only adds to [President Hugo] Chávez's power and has already made Venezuela in effect a one-party state. Proponents of a boycott say Mr. Chávez has undermined the institutions of democracy, so they seek to undercut his legitimacy by spoiling elections."

Trachoma Remains Endemic In Third World. The New York Times (3/31, Dugger, 1.19M) reports that trachoma, a disease which disappeared from the US and Europe as living standards improved, remains "endemic in much of Africa and parts of Latin America and Asia, its last, stubborn redoubts." Blinding damage from the disease "builds over decades of repeated infections that begin in babies. The infections are spread from person to person, or by hungry flies that feed from seeping eyes." The Times adds, "As prevalent as trachoma remains, the W.H.O. has made the blinding late stage of the disease a target for eradication within a generation because, in theory at least, everything needed to vanquish it is available. Controlling trachoma depends on relatively simple advances in hygiene, antibiotics and" an inexpensive eyelid operation, but "the extent of the disease far exceeds the money and medical workers available."

French Constitutional Court Affirms New Labor Law. France's Constitutional Council has upheld the constitutionality of a new labor law yesterday in what the New York Times (3/31, Smith, 1.19M) calls "a blow to opposition Socialists who had asked the council to strike it down but extending the crisis now facing the government." Meanwhile, French students "kept up pressure, blocking roads and railways, tying up traffic and halting train service in several cities. The country's influential union syndicates have promised another day of nationwide strikes and protest marches on Tuesday." The Times adds that the ruling "throws the onus for resolving the crisis on President Jacques Chirac, who alone has the power to send the law back to Parliament. But he is widely expected to back his embattled prime minister, Dominique de Villepin, who insists that the law be put into effect."

The Washington Post (3/31, A13, Moore, 744K) reports, "The 10-member Constitutional Council ruled that high youth unemployment rates justified the law, which would give workers under age 26 fewer job protections than older employees. The council also said 'different treatment' for young workers was justified because the law was enacted in

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the interest of improving job opportunities for them." The Post adds, "Chirac's office said the president would address the country on national television Friday night for the first time since students and labor unions launched demonstrations that often have ended in violence and confrontations with riot police in Paris and other cities across the country."

Author Says Public Supports Student Demonstrators. In an op-ed translated from the French by the New York Times (3/31, 1.19M), author Corinne Maier writes, "The point of the new labor law is to encourage businesses to hire young people without worrying they'll be stuck with them forever. … It's true that French society is hierarchical and rigid, and the disadvantages of employment "flexibility" (a word the French detest) have so far fallen mostly on the weakest: minority groups, women with few marketable skills and young people. … What will happen next? The young demonstrators and the major unions demand the withdrawal of the C.P.E.; surveys show that two-thirds of the public are in sympathy with them." Maier adds, "Mr. de Villepin is getting little support in his own camp as he stands firm. And Paris waits to see what springtime will bring next."

Mary Anastasia O'Grady writes in the Wall Street Journal (3/31, 2.11M) Afro-Cuban doctor Dariel Ferrer "sinned against the Revolution," when "noting the country's abysmal state of health care," he "established an independent health and human rights clinic." In Cuba, "his work scandalizes the state. It has rewarded him by shutting him out of the official medical community and refusing to allow him any form of gainful employment. … Dr. Ferrer is a victim of what human rights observers say is the one of the most brutal crackdowns in the island's history, one that has received little notice in the US."

At Least 44 Dead In Bahrain Ferry Accident.

ABC World News Tonight (3/30, story 5, :20, Vargas, 8.78M) reported, "The US Navy has joined a rescue mission after a passenger ferry capsized off the coast of Bahrain today. At least 44 passengers died. Dozens of survivors were pulled from the waters." The CBS Evening News (3/30, story 6, 0:20, Mitchell, 7.66M) and NBC Nightly News (3/30, story 7, 0:25, Williams, 9.87M) also reported the story.

NYTimes Says US Embassy Should Drop Fight Over Congestion Surcharge In London.

An editorial in the New York Times (3/31, 1.19M) says the American Embassy in London is refusing to pay a traffic congestion surcharge when its diplomats drive around the city. The Americans "say the fee is a tax, and add that the Vienna Convention protects diplomats from taxes abroad. … The British make a good case that the charge is not a tax, but a toll for the use of selected streets. Their diplomats, they note, regularly pay tolls on American roads and bridges." The times adds, "This is one war the United States government doesn't need to take on. It has a real one going on. And the British -- they're on our side."

THE BIG PICTURE:

Headlines From Today's Front Pages.

Los Angeles Times:

"Calm Is Urged In Iran Debate."
"Testing Darwin's Teachers."
"Frist's Senate Leadership Faulted As Self-Serving."
"'Good Day' In Iraq For Freed U.S. Journalist."
"Student Protests Echo The '60s, But With A High-Tech Buzz."
"This UCLA Team Is Full of Blue Grit."
"Park's Plan To Shoot Deer Has Critics Up In Arms."

USA Today:

"Broader Steroid Probe Possible."
"U.S. Journalist's Release Shrouded In Mystery."
"Indiana To Spring Forward As One."

New York Times:

"Reporter Freed In Iraq, 3 Months After Abduction."
"At Sept. 11 Trial, Tale Of Missteps And Management."
"Preventable Disease Blinds Poor In Third World."
"Blacks Turn To Internet Highway, And Digital Divide Starts To Close."
":-) !!!!)-: !!!!!!! (-: What's All This? Admission Angst."
"Long-Awaited Medical Study Questions The Power Of Prayer."

Washington Post:

"Levee Repair Costs Triple."
"'Like Falling Off A Cliff For 3 Months.'"
"Turning In To Anger On Immigration."
"Retrial Has A Dramatic Conclusion."
"New To The Stable: Two Champion Clones."
"With Its Success, GMU Faces A Balancing Act."

Washington Times:

"Fox Pledges More Border Control."

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"Non-State Gays Cannot 'Marry.'"
"Catholic Sex-Abuse Payouts Still Rising."
"U.S. Reporter Carroll Set Free In Baghdad."
"State Aims To Halt Utility Merger."
"GMU Fans Very Superstitious For Final Four Trip."

Detroit Free Press:
"Delphi Set To Target Plants."
"Affirmative Action Ban Up To Voters Now."
"'I Didn't Know What Would Happen To Me.'"

Atlanta Journal-Constitution:
"Assembly Meets Key Goals."
"Charlie Company Hangs Up The Keys."
"Steroid Inquiry Hits Ballfield."
"Chinese Culture Shifts Fans Fires Of Adultery."

Houston Chronicle:
"HISD Takes Tough Stand."
"Was It Training, Or Was It Hazing?"
"'I'm Going To Keep Trying Until I Make It.'"
"Kidnappers Free U.S. Journalist In Iraq."
"School Sees Outpouring Of Support In Loss."

Story Lineup From Last Night's Network News:
ABC: Carroll Released; Carroll-Family's Campaign; Iraq-US Hostages; Iran-Nuclear Program; Bahrain-Ferry Capsized; MLB-Steroid Investigation; New Orleans-Levee Reconstruction; North Carolina-Latino Immigrants; Sago Mine Survivor; NFL-No TD Celebrations; Woodruff Honored.
CBS: Carroll Released; Carroll-Family's Campaign; Sago Mine Survivor; FBI-Katrina Donations; 9/11-Emergency Calls; Bahrain-Ferry Capsized; MLB-Steroid Investigation; Reagan Shooting Anniversary; Apollo Chorus Line Dancers.
NBC: Carroll Released; Iraq-Kidnappings; Bush-Cancun; Baseball-Steroid Investigation; New Orleans-Levee Reconstruction; 9/11-Emergency Calls; Bahrain-Ferry Capsized; Immigration-Temporary Visas; Stock Markets; Reagan Shooting Anniversary; Food Industry-Meal Assembly.

Story Lineup From This Morning's Radio News Broadcasts:
ABC: Carroll Released; Iran-Earthquake; Bahrain-Ferry Capsized; Congress-Immigration Reform; TX-Wildfires.
CBS: Bush-Mexico; MLB-Steroid Investigation; Bahrain-Ferry Capsized; Iran-Earthquake; Pentagon-Body Armor; Toy Recall; Wall Street.
NPR: Midwest-Storms; Bahrain-Ferry Capsized; Mexico Summit; Oil Prices; MA-Gay Marriage Ruling; Carroll Released; US-China Auto Parts Dispute.

WASHINGTON'S SCHEDULE:

Today's Events In Washington.
White House:

PRESIDENT BUSH — Meets with President Fox and Prime Minister Martin on security and prosperity partnership, Fiesta Americana Condesa Cancun Hotel; meets with CEOs, Fiesta Americana Condesa Cancun Hotel; holds news availability with President Fox and Prime Minister Martin, Fiesta Americana Condesa Cancun Hotel; arrives at Bush ranch, Crawford, Texas.

VICE PRESIDENT CHENEY — No public schedule.

US Senate: FLOOR SCHEDULE _ 9:30 a.m. The Senate convenes.

9:30 a.m. JUDICIARY _ Full Committee. Hearing on calls to censure President Bush. Location: Room 226, Dirksen.

10 a.m. HOMELAND SECURITY AND GOVERNMENTAL AFFAIRS _ Full Committee. Hearing on pending nominations. Location: Room 342, Dirksen.

US House: 10 a.m. ENERGY AND COMMERCE _ Oversight and Investigations Subcommittee. Hearing on court cases involving silicosis. Attorneys Jamshyd Zedah, Forth Worth, Texas, and John Fabry, Houston. Location: Room 2123, Rayburn.

Other: INSTITUTIONAL INVESTORS _ The Council of Institutional Investors holds its spring meeting. Highlights: 12:30 p.m. Deputy Attorney General Paul McNulty. Location: L'Enfant Plaza Hotel, 480 L'Enfant Plaza, SW.

PEDIATRIC NURSES _ The National Association of Pediatric Nurse Practitioners holds its 27th annual conference. Highlights: 10:30 a.m. Sen. John Kerry, D-Mass., speaks about his KidsFirst Plan to provide health care coverage for the 11 million uninsured children in America. Location: Washington Marriott Wardman Park, 2660 Woodley Road NW.

TRANSAFRICA _ TransAfrica holds its annual foreign policy weekend conference. Highlights: 12 p.m. Luncheon honoring entertainer Harry Belafonte. Location: Blackburn Center, Howard University.

MOUSSAOUI _ 8:30 a.m. - 3 p.m. Jury deliberations continues in the case US v. Moussaoui. Location: US District Court, Alexandria, Va.

IMMIGRATION _ 10 a.m. The Manhattan Institute and the National Immigration Forum are jointly releasing a new

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poll that they say indicates American voters would prefer a program for future immigrant workers that leads to permanent residency and citizenship, as opposed to a strictly temporary ``guest-worker'' program that requires immigrants to leave. The first briefing, for reporters in the Washington, DC area, takes place at 10 a.m. in the Dirksen Senate Office Building (Room 628), There is no telephone link to this event). The second briefing, for reporters nationwide, takes place at 1:30 p.m. Eastern via telephonic conference call with a simultaneous computer link to a PowerPoint presentation on the poll findings. Notes: For telephone briefing, dial: 1-(800) 289-0508 and ask for the Immigration Polling Briefing. A simultaneous PowerPoint presentation will be available at: https://www.livemeeting.com/cc/vcc/join?idw1409633&roleattend&pwA140963.

PENTAGON-IRAQ BRIEFING _ 9 a.m. Army Maj. Gen. James Thurman, commander of the Multi-National Division-Baghdad, will brief live from Iraq to give an update on ongoing security operations in Iraq. Location: DOD Briefing Studio, Pentagon 2E579.

MULTILINGUAL BALLOTS _ 9:30 a.m. Rep. Steve King holds a media briefing on opposition to requirements that ballots be printed in languages other than English. Location: National Press Club.

BINGAMAN _ 10 a.m. Sen. Jeff Bingaman speaks at a media breakfast on energy policy and future legislation, sponsored by Energy Daily and BP America. Location: Suite 1003, 1325 G St. NW.

SCHIAVO _ 10 a.m. Christian groups set up a memorial to Terri Schiavo on the first anniversary of her death. Location: In front of the Supreme Court.

MCKINNEY-POLICE _ 11 a.m. Rep. Cynthia McKinney, D-Ga., and her lawyer hold a press conference regarding an incident involving McKinney and the U.S. Capitol Police. Location: Cannon Terrace.

ISRAELI ELECTIONS _ 12 p.m. The Israel Project holds a briefing with a telephone conference call with Yossi Olmert, brother of Acting Prime Minister Ehud Olmert, discussing the Israeli elections. Location: Suite 7600, 2020 K St. NW.

PORT SECURITY _ 12:30 p.m. Heritage Foundation holds a luncheon seminar on ``Ports, Protectionism and Protecting America from Bad Ideas,'' with Dan Mitchell of the foundation, Elliot Schwartz of the Committee for Economic Development, David Heyman of CSIS, Daniella Markheim of the foundation. Location: Room 2360, Rayburn.

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THE ATTORNEY GENERAL'S *NEWS BRIEFING*

PREPARED FOR THE OFFICE OF PUBLIC AFFAIRS, U.S. DEPARTMENT OF JUSTICE

TO: THE ATTORNEY GENERAL AND SENIOR STAFF

DATE: FRIDAY, MARCH 31, 2006 7:45 AM EST

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TERRORISM NEWS:

Moussaoui Trial Said To Contrast Nimble Al Qaeda With FBI "Lumbering Bureaucracy." Under the headline "At Sept. 11 Trial, Tale Of Missteps And Management," The New York Times (3/31, Shane, Lewis, 1.19M) reports, "Three weeks of testimony and dozens of documents released in the sentencing of Zacarias Moussaoui have offered an eerie parallel view of two organizations, Al Qaeda and the Federal Bureau of Investigation, and how they pursued their missions before" 9/11. Khalid Sheikh Mohammed's trial statement revealed that "Al Qaeda…took its time in choosing targets," whereas, "at the F.B.I., a few agents pursued clues that would later prove tantalizingly close to the mark, but they could not draw attention from top counterterrorism officials." 9/11 commissioner Timothy Roemer said that "the picture of a large and lumbering bureaucracy trying to defend against a small and flexible enemy is striking." He added that "the court testimony…has reinforced his belief that 'Moussaoui was an Al Qaeda mistake and a missed opportunity for the F.B.I.'"

Jurors Ask Judge About WMD Definition, Conclude First Day Of Deliberations. The Washington Post (3/31, A9, Markon, Dwyer, 744K) reports Moussaoui trial jurors "completed their first full day of deliberations yesterday, with no indication of how they would resolve the question of whether" he "is eligible for execution." Jurors "paused only to ask the judge a brief question concerning the definition of weapons of mass destruction." US District Judge Leonie Brinkema told them "that the term meant using an airplane as a missile or bomb. And with that, jurors disappeared again into their deliberation room." The Los Angeles Times (3/31, Serrano, 958K) notes the use of WMD "charge is a component of one of the key allegations against" Moussaoui.

The AP (3/31, Sniffen) also reports on the jury deliberations and adds, "meanwhile, federal prosecutors in Philadelphia are investigating a government lawyer who nearly derailed Moussaoui's sentencing trial by what Brinkema ruled was improper coaching of witnesses and lying to defense attorneys. … Unlike Brinkema's finding of civil violations, a criminal inquiry will address" TSA lawyer Carla Martin's "motivation or intent."

Federal Prosecutor Probes TSA Attorney In Moussaoui Case. The AP (3/31, Barakat) reports, "Federal prosecutors in Philadelphia are investigating the conduct of a government lawyer who nearly derailed the death-penalty trial of confessed al-Qaida conspirator Zacarias Moussaoui by coaching witnesses on their testimony." The AP continues, "The criminal investigation of Carla J. Martin, a lawyer with the federal Transportation Security Administration, was revealed in recently unsealed transcripts of a closed March 21 hearing in the Moussaoui case." The ap adds, "U.S. District Judge Leonie Brinkema said in the hearing that she had been 'advised by the U.S. Attorney's Office that there may very well be a prosecution of her, at least they're looking at the possibility.' … Rob Spencer, the lead prosecutor in the Moussaoui case, responded that 'the matter has been referred to a prosecutor in the Eastern District of Pennsylvania, and I believe they are handling the matter.' … Prosecutors in Alexandria recused themselves from the investigation. … Moussaoui's defense lawyers have said Martin should face criminal charges for witness tampering."

WPost Concerned Moussaoui Confession Will Overshadow Truth Of His Involvement. In an editorial, the Washington Post (3/31, 744K) recounts Moussaoui's "boasting" confession at trial this week and notes, "The government and Mr. Moussaoui, at this point, are both pushing for his execution," though "their motives differ. The government is prosecuting his crime, while Mr. Moussaoui appears to be attempting to martyr himself. The danger is that in such a confluence of interests the truth falls by the wayside. That would be dangerous, in part because the government's theory under which Mr. Moussaoui is eligible for death is an expansive one that could open the door for executions of low-level conspirators in a range of criminal enterprises."

USA Today Says FBI Agent's Testimony Raises Questions About Readiness. USA Today (3/31, 2.31M) says in an editorial that the "most chilling testimony at the death penalty trial of Zacarias Moussaoui" came "from a government witness who attested in heart-rending detail to the stubborn resistance and monumental missteps that kept the FBI from capitalizing on Moussaoui's arrest four weeks before 9/11." FBI agent Harry Samit's testimony "raised questions about the nation's preparedness for the next terror attack."

UN Investigator Claims He Has "Proof" Of Secret US Prisons. The AP (3/31, Klapper) reports Manfred Nowak, the United Nations' "special investigator on torture said Thursday he was certain that there are secret U.S. prisons in Europe and he wants access to them." In an interview with the AP, Nowak said he "had proof that secret U.S. prisons continue to operate in Europe." Nowak said, "I am 100 percent sure. I have evidence." The AP adds Nowak "cited a U.S. refusal to provide details or records of interrogations later used in terrorism trials in Germany. He did

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not explain how that was proof of the ongoing existence of U.S. prisons in Europe, and he did not offer other examples."

Judge Criticizes Intelligence Agency Reorganization. The Washington Post (3/31, A17, Pincus, 744K) reports US Court of Appeals Judge Richard A. Posner "sharply criticized the restructuring of U.S. intelligence agencies last week, telling CIA lawyers that the overhaul has done nothing to rectify flaws exposed by al-Qaeda's Sept. 11, 2001, attacks and that the changes 'in the end . . . will amount to rather little.'" Posner said Congress' 2004 intelligence overhaul "was based on 'a deep misunderstanding of the limitations of national security intelligence'" that "came from a naive belief that intelligence agencies can somehow be made infallible." In Posner's analysis, "the director of national intelligence (DNI), created by Congress to be the president's top intelligence adviser, was given too much to do. DNI John D. Negroponte oversees the CIA and 15 other intelligence agencies, including those at the Pentagon. Negroponte's staff, which has grown to about 1,000, 'has become a new bureaucracy layered on top of the intelligence community,' Posner said."

Redmond Withdraws From Consideration For Counter-Spy Post. The Washington Times (3/31, Gertz, 90K) reports, "Former CIA spy hunter Paul Redmond, who helped catch notorious Moscow mole Aldrich Ames, has withdrawn from consideration to become the Bush administration's top counterspy." US intelligence officials said Redmond had "been selected to be national counterintelligence executive, but backed out after the FBI held up his formal appointment by conducting a lengthy background investigation, said officials speaking on the condition of anonymity."

House Panel Votes To Withhold Funds From DNI. The Los Angeles Times (3/31, Miller, 958K) reports the House Intelligence Committee "voted Thursday to withhold funding from the nation's intelligence director over concerns that his office, which was created to streamline operations in the nation's spy community, is instead becoming bloated and bureaucratic." Panel Republicans also "defeated a Democratic push to suspend hundreds of millions of dollars in spy agency funding until the Bush administration provided more information about a controversial domestic espionage program being conducted by the National Security Agency." The "move to withhold funding still must be approved by the full House as well as the Senate. But it reflects rising frustration among House lawmakers with" the DNI office. However, the Washington Post (3/31, 744K) reports the committee "rejected yesterday a proposal to withhold money from the National Security Agency if the White House did not reveal information about the cost of the agency's warrantless surveillance program." Only Rep. Heather A. Wilson (R-N.M.), "who heads a subcommittee that oversees the NSA, voted with the Democrats to support the measure to withhold one-fifth of the agency's budget."

Hayat Prosecutors Say No Evidence Supports Informant Claim About Al Qaeda. In a widely-distributed story headlined "Prosecutors Can't Prove Informant's Claims," the AP (3/31, Thompson) reports, "In a potential blow to their terrorism case against" Umer and Hamid Hayat, "federal prosecutors on Thursday said there is no evidence to support statements by their key witness," FBI informant Naseem Khan, "that a top aide to Osama bin Laden attended a Lodi mosque in the late 1990s. The surprise move was designed to dissuade the defense from calling witnesses who would challenge the story's credibility." Defense attorney Johnny Griffin III "told reporters outside court that the government's statement about Khan 'shows that he is a liar.'" The Sacramento Bee (3/31, Walsh, 301K) also reports on the prosecution stipulation that "the government has no information indicating that Ayman al-Zawahri was in Lodi…aside from the information supplied by Naseem Khan," and notes "Sacramento FBI Special Agent Rachel Pifer, who was Khan's 'handler' from November 2001 to September 2002, testified Thursday" that she concluded Hayat's report about al-Zawahri "was 'probably not true' before she 'opened Khan up as an informant' on Nov. 14, 2001. … Questioned by prosecutor David Deitch, Pifer said the FBI 'received a lot of reports of mistaken identity' in the wake of the bureau's release of a list of its 22 most wanted terrorists."

The Lodi News-Sentinel (3/31, Bohm) reports, "Hamid Hayat didn't know it at the time, but when a new Muslim convert helped him purchase and set up a computer, that man was actually an undercover FBI agent." Special Agent Terry Rankhorn, "spoke to Hamid Hayat about four times and testified…Thursday that he was 'very cordial' and also bragged about his relatives." When Hamid Hayat's lawyer Wazhma Mojaddidi asked Rankhorn whether he believed Hayat when he said that "his uncle was a highly placed politician in Pakistan who could get him rare cigars, among other things," Rankhorn said, "It seemed to be more boasting than actual fact."

Lodi Police, FBI Investigating Threat Letter Sent To Newspaper. The Lodi News-Sentinel (3/31) reports, "Lodi police and the FBI are looking into a letter sent to the News-Sentinel stating that it is among several targets of al-Qaida. … 'There is clearly a possibility this is a prank, but we have to take this seriously,' Capt. David Main said. A spokeswoman for the FBI, Special Agent Karen Ernst, said her agency is aware of the letter and is working with local police to track down its origin."

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Smith Still Employed By State Department, Despite Detroit Terror Trial Charges. The AP (3/31) reports State Department security agent Harry Smith, accused of conspiring with Assistant US Attorney Richard Convertino and lying under oath in the Detroit terror trial, "remains employed by the department, an official said Thursday. … The official could not say what Smith's assignment is."

U.S. News and World Report (3/31) reports on the indictment of Convertino and Smith, noting they allegedly "conspired to mislead the jury about evidence during the 2003 trial of the case, United States v. Koubriti, in which three Middle Eastern men were accused of operating a 'sleeper cell' and convicted on a variety of terrorism and fraud charges. Theirs were the first and only jury convictions stemming from the FBI's investigation into the 9/11 terrorist attacks. But the federal judge handling the trial, Gerald Rosen, threw out the convictions after the Justice Department issued a scathing report accusing Convertino of withholding evidence that could have been beneficial to the defense."

HOMELAND RESPONSE:

House Bill Would Drop Color-Coded Terror Alert System. The Washington Times (3/31, Hudson, 90K) reports a "bipartisan push on Capitol Hill to strip the hue from the government's color-coded terrorist alert system is gaining momentum." A bill under consideration in the House "eliminates the Department of Homeland Security's use of colors to change the threat level, and calls for more specific threat information to be shared with the private sector and local governments." The "current system, implemented by former Homeland Security chief Tom Ridge, has frustrated governors and local officials nationwide who say they are forced to spend millions responding to threat level rises without information as to whether it directly affects their region."

DHS IG Report Says $1 Billion Contract Has Done Little To Benefit TSA. The AP (3/31, Miller) reports on the release of a report by DHS Inspector General Richard Skinner yesterday, which found that Unisys, a company that received a $1 billion contract for airport security equipment from the TSA, had "performed so poorly" that the agency should put the project out for bid again. According to the report, "The original funding is almost exhausted but many airports still do not have basic information technology and a telecommunications infrastructure." The agency agreed to "put the contract out to bid again once the $1 billion is exhausted," adding that "it has strengthened its procurement oversight."

Senate, House Advance Bills To Improve Infrastructure Security. The Washington Times (3/31, Fagan, 90K) reports both the House and Senate yesterday advanced bills "that aim to improve the security of the nation's ports and other key infrastructure advanced in both the House and Senate yesterday." The Senate Banking, Housing and Urban Affairs Committee "approved 20-0 a bill that would reform the interagency panel charged with approving such foreign deals -- forcing more thorough investigations and congressional involvement." Meanwhile, a House Homeland Security subcommittee "approved by voice vote legislation that would boost funding for the nation's ports and improve port-security programs."

The New York Times/AP (3/31, Press) reports the congressional panels took action on the bills "to stem the furor over the attempted takeover of significant terminal operations at some large American ports by a company owned by the United Arab Emirates."

CQ (3/30, Starks) reports a House Homeland Security subcommittee "approved legislation Thursday that would authorize $821 million annually to defend the nation's seaports against terrorist attacks." The bill (HR 4954), "approved by voice vote by the Economic Security, Infrastructure Protection and Cybersecurity Subcommittee, is the first on port security to move since the DP World deal to take over management of facilities at six U.S. port collapsed."

Senate Bill Would Extend CFIUS Review Of Foreign Acquisitions. The Financial Times (3/31, Kirchgaessner) reports on the Senate Banking Committee bill, submitted by Chairman Richard Shelby, noting that "foreign takeovers of sensitive US assets could face a national security review of up to 120 days." The bill "aims to make reviews conducted by the Treasury-led interagency panel that investigations foreign acquisitions, or CFIUS, more onerous and will give Congress more oversight over the confidential vetting process." Lobbyists "expressed satisfaction that, despite the extended review period permitted in certain circumstances, the draft legislation was far weaker than proposals first put forward by Mr Shelby last week. That initial draft would have subjected nearly every foreign deal to an automatic 75-day investigation."

The Wall Street Journal (3/31, King, 2.11M) also reports on the Shelby bill, saying that "US business interests, with some Senate support, have fought back, arguing that lawmakers risk scaring off crucial investors and making life harder on U.S. companies overseas." Bowing to "business concerns, the committee adopted an amendment by Sen. Chuck Hagel (R., Neb.) to limit the range of cases that would require a full 45-day investigation on top of a preliminary 30-day review."

The Washington Post (3/31, D2, Blustein, 744K) reports Chairman Shelby "led a chorus of panel members who cited

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the ports case as evidence that CFIUS needs fixing. Noting that the heads of the agencies represented on the foreign investment committee, such as the secretaries of the Homeland Security, Defense and Treasury departments, didn't know about the deal until it made headlines, he said that 'demonstrates that the system is woefully short of transparency and has no recognizable requirements for accountability.'"

DOJ Official Stresses Survivability Of Communications Systems. Federal Computer Week (3/31, Arnone) reports, "If Hurricane Katrina taught first responders anything, it's that communications systems must survive a natural disaster before they can be used to coordinate response efforts. … That's what officials from the Defense and Justice departments told Congress today as they explained some of the steps they are taking to improve information sharing before the 2006 hurricane season starts June 1. … 'The survivability of our systems is critical,' Vance Hitch, DOJ's chief information officer, told the House Government Reform Committee." FCW continues, "The federal government must work with industry to create self-powered communications technology that can operate without traditional infrastructure, said Linton Wells, principal deputy assistant secretary of Defense for networks and information integration. … 'The federal government must continue to expand its capability to rapidly deploy commercial off-the-shelf networks, making use of satellite links, wireless local-area networks, laptop computers and 'plug-and-play' equipment to bridge the gap created by a devastated civil infrastructure,' Wells said in a statement." FCW notes, "Common operating standards and equipment are the long-term solution to interoperable communications in disaster response, Hitch said. The Justice, Homeland Security and Treasury departments are making progress toward implementing such standards through the Integrated Wireless Network (IWN), he said."

Ground Zero Redevelopment Talks Break Down. The New York Times (3/31, Bagli, 1.19M) reports Gov. George E. Pataki's "last-ditch effort to strike a deal with the developer Larry A. Silverstein to speed up the rebuilding at ground zero crashed yesterday, when he was unable to convince New Jersey or City Hall officials that it made financial sense." Mayor Michael R. Bloomberg and "representatives of Gov. Jon S. Corzine of New Jersey vowed to work with Mr. Pataki to put together a new framework for rebuilding at the World Trade Center site, one that would be likely to diminish Mr. Silverstein's role."

The Wall Street Journal (3/31, Frangos, 2.11M) reports "talks are continuing nonetheless." Govs. Pataki and Corzine and Mayor Bloomberg "couldn't settle upon a position to take with real-estate developer Larry Silverstein, who owns the legal right to rebuild the office space there, several people involved in the negotiations say."

Emergency Calls From 9/11 Released. CBS and NBC last night both ran segments on the release of audio from 911 calls from people trapped in the World Trade Center on September 11, 2001. The CBS Evening News (3/30, story 5, 1:15, Mitchell, 7.66M) reported, "It is hard to imagine the horror of the people trapped in the World Trade Center after the September 11th attacks. Now, four and a half years later, New York City is releasing recordings of some of the 911 calls." CBS excerpted the 911 call made by 34-year-old Christopher Hanley.

NBC Nightly News (3/30, story 6, 2:15, Fratangelo, 9.87M) reported, "New York City officials notified 27 families of 911 recordings. They'll be released tomorrow but only with the voices of dispatchers. The voices of victims will be erased. Hanley's family released the entire recording to the 'New York Times.'"

Powell Says Areas Of New Orleans May Not Receive Required Levee Protection. The Washington Post (3/31, A1, Whoriskey, Hsu, 744K) reports in a front page article that Donald E. Powell, the Bush Administration's Gulf Coast rebuilding coordinator, said yesterday that parts of New Orleans "may be left without the protection of levees strong enough to meet requirements of the national flood insurance program" The Post reports Powell's announcement as "a shift for the administration," which "had pledged in the weeks after Hurricane Katrina to rebuild New Orleans 'higher and better.'" Gov. Kathleen Babineaux Blanco called the news an "outrage" that "is totally unacceptable." Earlier, the Army Corps of Engineers had announced "that the levee reconstruction project, most recently estimated at $3.5 billion, would now cost $9.5 billion if insurance-certified levees were extended throughout the region."

ABC World News Tonight (3/30, story 7, 1:30, Osunsami, 8.78M) reported, "Louisiana's Governor says she has no idea where the extra money will come from." Osunsami: "Homeowners, businesses trying to secure insurance and mortgages might be delayed until the additional money is found."

The New York Times (3/31, Schwartz, 1.19M) reports, "Powell said in a news briefing yesterday that the $2 billion that the Army Corps of Engineers is currently spending and the $1.4 billion in additional funds it has requested will make the system stronger and better than it has ever been. Asked if he would feel comfortable living in the area despite the government's inability to certify the levees, he responded, 'after the Corps completes its work, yes.'" The Times adds, "Although people can rebuild without the federal flood maps

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today, many homeowners may well decide that the risks of rebuilding are too great."

The Los Angeles Times (3/31, Vartabedian, 958K) reports the additional cost "could be a significant setback to rebuilding New Orleans." The Times adds, "The problem evolved in recent weeks when disparate federal agencies began grappling with complex rules and regulations that affect federal flood insurance, the technology of predicting hurricanes and certifications of levee safety standards. As a result, Powell found himself this week having to disclose to senior Bush administration officials and congressional leaders that what looked like a price tag of $3.5 billion to upgrade and repair levees in and around New Orleans had exploded almost threefold, to $9 billion."

Powell Says Full Recovery In New Orleans Could Take 25 Years. Meanwhile, in an interview with the AP (3/31, Jordan) yesterday, Powell said that New Orleans' full recovery "could take 25 years as homeowners, businesses and tourists are coaxed back." He added "that much of the city's rebirth will hinge on factors he said were 'out of our control,' including restoring housing, ensuring safety and encouraging robust investment by the private sector." NBC Nightly News (3/30, story 5, 0:40, Williams, 9.87M) reported, "The Bush Administration's point man for the Gulf Coast recovery effort told the Associated Press today that a full recovery in New Orleans could take as long as 25 years. Don Powell said much of the city's fate depends on factors outside the government's control. He also said it may cost another $6 billion or more to repair the levees just so they'll be strong enough to clear the way for widespread building there."

WAR NEWS:

US Journalist Freed After 82 Days Of Captivity.

Jill Carroll, the freelance writer for the Christian Science Monitor who was kidnapped 82 days ago, was freed from captivity yesterday. US and Iraqi authorities did not disclose whether any concessions had been made to her captors. The Christian Science Monitor (3/31, Murphy, Peterson, 61K) reports that yesterday "Carroll's captors simply drove her to Amariyah, stopped the car, pointed her in the direction of the Iraqi Islamic Party (IPP) office at about 12:20 p.m. local time and then drove off." Carroll, who "was on assignment for the Monitor when she was kidnapped, gave a short interview to Baghdad TV, which is owned by the IIP, before being transported to the Green Zone by the US military." She "was told the interview was for internal party uses only, and didn't realize it would be broadcast. In that interview Carrroll said that for most of her ordeal she was kept in a darkened room which she later described as a 'cave.'" The Washington Post (3/31, A1, Knickmeyer, 744K) says "party leader Tariq al-Hashimi presented her with an embossed Koran in a plush box. The Koran was for the true followers of Islam, Hashimi said, and he mentioned the Iraqi people. Accepting it, Carroll said her suffering was nothing compared with theirs."

The story was the lead on each of the networks, which devoted a total of nearly 14 minutes to Carroll's release, and an additional three minutes to the problem of kidnapping in Iraq. ABC World News Tonight (3/30, lead story, 3:35, Vargas, 8.78M) reported, "President Bush may have summed it up best, when upon hearing the news, he said simply, 'Thank God.'" US and Iraqi authorities "will not say what, if anything, they may have done to lead to her release." ABC (Harris) added, "Despite this wrenching hostage video, despite her captors' repeated threats to kill her, and despite the fact that they did kill her translator, today Jill Carroll had nothing bad to say about the people who held her for 82 days."

The CBS Evening News (3/30, lead story, 3:30, Mitchell, 7.66M) reported, "For a change, the headline from Iraq is not about death but about someone who alive, well, and free." The US Ambassador to Iraq "says none of the kidnappers was captured and no ransom was paid by the US Embassy." CBS (Logan) added, "A senior Pentagon official told CBS News tonight that Jill has declined the use of military transport to get her out of Iraq, and she has also not agreed to be interrogated or debriefed by the US military here." In a separate segment, the CBS Evening News (3/30, story 2, 2:10, Bowers, 7.66M) reported, "Whatever the reason for Carroll's release, this is a day her family will forever celebrate."

NBC Nightly News (3/30, lead story, 2:35, Williams, 9.87M) reported, "For Jill Carroll, her family, and her friends, it's been an awful ordeal. And it ended with her safe release today. We'll begin here tonight." NBC (Hattori) added, "After appearing in videos as a hostage held at gunpoint, today Jill Carroll went on Baghdad TV as a free woman." In Boston, "the 'Christian Science Monitor's' editor insisted no ransom was paid." Richard Bergenheim, Editor, The Christian Science Monitor: "There is absolutely no negotiations that took place for her release." Hattori: "The US Ambassador to Iraq chose his words carefully." Zalmay Khalilzad, US Ambassador to Iraq: "No US person has made any arrangements with the kidnappers. By US person, I mean the United States mission."

The Los Angeles Times (3/31, Daragahi, 958K) says that "by Thursday evening, Carroll was inside the Green Zone, Baghdad's US-protected fortress-like administrative headquarters, getting unspecified medical attention while awaiting departure from the country." The New York Times (3/31, Semple, Filkins, 1.19M), Washington Post (3/31, A14, Finer, 744K), USA Today (3/31, 2.31M), Washington Times/AP (3/31, Fam) and Knight Ridder (3/31, Youssef, Awsy) run similar reports. In a Washington Post column,

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David Ignatius (3/31, A19, Ignatius) comments on Carrol's release, saying "Americans should be grateful that reporters such as Jill Carroll are risking their lives to chronicle this agonizing story -- and tell Americans not what they want to hear, but what they need to know."

Carroll's Employer, Family Used Careful Campaign To Seek Her Release. ABC World News Tonight (3/30, story 2, 2:05, Karl, 8.78M) reported Carroll's family and employer undertook a "carefully coordinated campaign" to seek her release "that began with days of the public learning that Jill Carroll had been taken hostage." The message "that Jill Carroll is a sympathetic person attuned to the plight of the Iraqi people -- was central to her release," and her "family and her newspaper editors were coached by FBI agents who specialize in the art of hostage rescue and helped craft the message. Hostage crisis experts believe constant, consistent appeals like this are directly heard by the hostage takers."

Seven Americans Remain In Captivity. ABC World News Tonight (3/30, story 3, :20, Vargas, 8.78M) reported, "Jill Carroll and her family have pointed out that there are many hostages whose fates remain unknown. One US soldier and six American civilians are held against their will. And for Iraqis, kidnapping is an epidemic. The Iraqi government estimates 5,000 Iraqis have been kidnapped since the war began. There's no on how many of them have been released."

USA Today (3/31, Bazar, 2.31M) runs a story on the missing soldier, Sgt. Keith "Matt" Maupin, and reports that shortly "after Maupin disappeared, his parents founded the Yellow Ribbon Support Center. Keith Maupin says he even left his job to spend more time there." The non-profit, which "operates out of a strip mall, is a bustling hub of patriotism. In the past two years, the center has shipped more than 4,500 packages to troops in Afghanistan and Iraq."

Kidnapping Is Major Problem For Iraqis. NBC Nightly News (3/30, story 2, 2:20, Williams, 9.87M) reported, "While a case like Jill Carroll's is very high-profile and gets a lot of attention, the fact is that in Iraq right now, the most vulnerable targets for kidnappers are Iraqis themselves. Kidnapping has become big business in Iraq and often the kidnappers are a different kind of criminal these days." NBC (Miklaszewski) added kidnapping is "lucrative for insurgents and criminals alike: Since the US invasion in 2003, 280 foreigners have been kidnapped, 46 killed, 151 freed, 83 unaccounted for. But a much larger number of Iraqi civilians are kidnapped, not for political reasons, but for ransoms as high as $100,000." USA Today (3/31, Memmott, Brook, 2.31M) runs a similar report, noting that "in Baghdad, four or five organized criminal gangs control the streets, prowling for anybody who looks non-Iraqi, says Steven Casteel, a senior vice president at the security firm Vance International." Kidnappers "want somebody who works for a company or government willing to pay for his or her release, he says." If gangs "can't get a ransom quickly, they sometimes 'sell' foreign hostages to terrorist groups. About 430 foreigners have been kidnapped in Iraq since April 2003, Colton said."

Sistani Ignores Bush Letter. The AP (3/31, Abdul-Zahra) reports, "A letter from President Bush to Iraq's supreme Shiite spiritual leader, Ayatollah Ali al-Sistani, was hand-delivered earlier this week but sits unread and untranslated in the top religious figure's office, a key al-Sistani aide told The Associated Press on Thursday." The aide, "who has never allowed use of his name in news reports, citing al-Sistani's refusal to make any public statements himself -- said the ayatollah had laid the letter aside and did not ask for a translation because of increasing 'unhappiness' over what senior Shiite leaders see as American meddling in Iraqi attempts to form their first, permanent post-invasion government." The aide "said the person who delivered the Bush letter…said it carried Bush's thanks to al-Sistani for calling for calm among his followers in preventing the outbreak of civil war after a Shiite shrine was bombed late last month."

Friedman Says War Has Entered "Dangerous New Phase." Thomas Friedman writes in the New York Times (3/31, 1.19M) that the war in Iraq has "entered a dangerous new phase. It is the phase of barbaric identity-card violence between Sunnis and Shiites. … Once this kind of venom gets unleashed — with members of each community literally beheading each other on the basis of their religious identities — it poisons everything." Friedman adds, "There is only one hope for halting this slide and that is the formation…of a national unity government in Iraq, with Shiites, Sunnis and Kurds sharing power, and the deployment on the streets…of massive numbers of troops and police, both Iraqi and American, to prevent more of these tribal killings."

McCain Says Things Are Getting Better In Iraq. Sen. John McCain said on CNN's The Situation Room (3/30) that "things are getting better" in Iraq, adding, "I think they are progressing. I think that the Iraqi military is improving. I think the Iraqi police training is improving, but much more slowly. … Our ambassador is doing a great job urging that. And the president is personally involved. But these Iraqi leaders have to understand they have to form a government because they had an election. And the people of Iraq have the right to do that. Long, hard, tough. Can we do it? Yes. Will we do it? I'm confident we will. But it's -- the risks of failure are immense."

War Veterans Form Group To Back Bush On Iraq. The Wall Street Journal (3/31, Harwood, 2.11M) reports in its "Washington Wire" column, "War vets organize to back Bush on Iraq. VetsforFreedom.org3, a nonprofit group of recently returned soldiers, cites a 'disconnect' between what soldiers and veterans think about the war and what's portrayed in the media."

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Wisconsin Towns To Vote On Referendums Asking For US Pullout From Iraq. USA Today (3/31, Keen, 2.31M) reports, "People in 32 communities across Wisconsin…will vote on referendums calling for the 'orderly and rapid' withdrawal of US troops from Iraq." Evansville, WI "is the only place where residents also will vote on a separate referendum stating that US forces should remain until 'unquestioned victory is clearly won.'" USA Today adds, "The outcome won't carry any legal weight here or in Washington." But "if all the anti-war measures pass, politicians might not be able to ignore the results, says Kenneth Mayer, a political scientist at the University of Wisconsin-Madison."

Stephens Says Promoting Democracy Requires Patience. Columnist Phillip Stephens writes in the Financial Times (3/31) that there is a "spat raging in Washington between neo-conservatives past and present. Francis Fukuyama, once a celebrated cheerleader for the muscular interventionism that led the US into war with Iraq, has recanted. The invasion was a mistake. The US cannot remake the tyrannies of the world in its own democratic image. … Quiz the administration officials charged with striking these balances and they will tell you that there are never easy trade-offs. Promoting democracy, in the words of one senior official, was always going to be 'messy.'" Stephens concludes that "the frequent talk in this administration about legacy raises the suspicion that it has become a substitute for hard policy choices now. Wilsonian realism, liberal internationalism, call it what you will, requires consistency and patience. These are hard to find in a weakened presidency."

Documents Said To Reveal Saddam's Contact With Terrorists. The Washington Times (3/31, Gertz, Scarborough, 90K) reports in its "Inside the Ring" column, "The more documents that emerge from Saddam Hussein's reign of terror, the more evidence stacks up that his regime was in lockstep with international terrorists. Newly released papers seized after the March 2003 U.S.-led invasion reveal contacts made between Saddam's top aides and Osama bin Laden, particularly during the al Qaeda leader's stay in Sudan. … The documents show the fanatical Fedayeen operated bustling terror training camps for recruits from all over the Middle East."

Six Oil Workers Killed In Iraq As Insurgents Continue Attacks. The Washington Post (3/31, A14, Anderson, 744K) reports, "A bus ferrying oil workers to their job was forced to the side of a road in northern Iraq by masked gunmen, who ordered the workers to get off, accused them of being 'agents of the occupation' and then shot them, killing eight, police said." The workers "were all employees of one of Iraq's largest oil refineries, in Baiji, a town about 120 miles north of Baghdad." In the capital, meanwhile," one person was killed and 11 were injured in two roadside bombings; two were killed and seven injured in a car bombing; and five people were injured when a suicide car bomber detonated explosives near a police convoy."

Rahman Thanks Pope For Intervening On His Behalf. The AP (3/31, Sanminiatelli) reports, "An Afghan who faced the death penalty in his homeland for converting from Islam to Christianity said Thursday he was certain he would have been killed had he stayed there, and he thanked Pope Benedict XVI for intervening on his behalf. 'In Kabul, they would have killed me, I'm sure of it,' said Abdul Rahman, who was spirited out of Afghanistan to a secret location in Italy. 'If you are not a Muslim in an Islamic country like mine, they kill you. There are no doubts.'"

Woodruff Given Bloom Award For Reporting Excellence. ABC World News Tonight (3/30, story 11, 1:35, Vargas, 8.78M) reported, "Two months ago, Bob Woodruff was injured by a roadside bomb in Baghdad. Last night, at a dinner in Washington, DC, Bob was honored with the David Bloom award for excellence in reporting. The award is named after NBC correspondent David Bloom who died while covering the Iraq invasion three years ago. Bob and David were close friends as well as competitors and David's twin daughters, Christine and Nicole, aged 12, presented the award." Bob was "honored for his reporting from North Korea, Iran and from New Orleans. ABC News chief White House correspondent Martha Raddatz accepted the award and read a statement written by Bob."

Pentagon Developing Bombs To Destroy Underground Targets. The Pentagon is researching the development of weapons that can destroy deeply buried military targets. As part of that research, officials say they will detonate a 700 ton explosive in the Navada desert this June. The Washington Post (3/31, A9, Tyson, 744K) reports, "The test, code-named 'Divine Strake,' will occur on June 2 about 90 miles northwest of Las Vegas in a high desert valley bounded by mountains, according to Pentagon and Energy Department officials. … The test is aimed at determining how well a massive conventional bomb would perform against fortified underground targets -- such as military headquarters, biological or chemical weapons stockpiles, and long-range missiles -- that the Pentagon says are proliferating among potential adversaries around the world."

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On Western Swing, Gonzales Warns Youths About Online Thievery. The AP (3/31) reports, "U.S. Attorney General Alberto Gonzales brought a simple message to middle school students (in San Jose, CA) on Thursday: Don't steal. … 'I'm the top cop in the U.S. and I want you to know that if you illegally download a game or music or a video it's stealing, just as if you went into a store and stole blue jeans,' Gonzales told 7th and 8th graders at Windmill Springs School in the heart of California's Silicon Valley." The AP continues, "The lesson culminated an unusual four-day lesson on intellectual property and copyright infringement during which the nation's top law enforcement official became a classroom teacher. … Most children these days are exposed to Internet safety messages, both in television and in the classroom, but curriculum has only recently been developed about software piracy, copyright laws and intellectual property." The AP adds, "Entertainment software corporate leaders have repeatedly said the public simply doesn't understand that there are rules when it comes to usage of the Internet and computers. … But Windmill Springs students said Thursday that they got the message. … 'Most kids know it's wrong to download some movies or songs or copy games and CDs but they figure that if they can do it on a computer then they will,' said Andrew Lopez, 13. 'But not me. You can get a fine. You can go to jail.' … Gonzales said the consequences of intellectual property theft are just starting to be understood. … 'I'm not kidding myself that we have a lot of work to do, but that doesn't mean we shouldn't try,' he said."

Security Still Top Gonzales Concern. The Portland Oregonian (3/31) reports, "Attorney General Alberto Gonzales gave the Portland Business Alliance a quick review Thursday of the Bush administration's priorities, saying, 'Every day, I ask myself: Are we doing all that we can to prevent another attack? Are our neighborhoods safer? Are things safe in Portland?'" The Oregonian adds, "Making his first trip to Portland, Gonzales spoke to the city business group at a breakfast meeting, then he said he planned to "review the troops" in the U.S. attorney's office in Portland."

Gonzales Discusses Google Case. TheStreet.com (3/31, Wolverton) reports, "In town to talk with kids about respecting intellectual property, U.S. Attorney General Alberto Gonzalez found himself addressing questions about the government's respect for online privacy." TheStreet continues, "In the middle of a legal dispute with Google over access to search records, the government has come under criticism from consumer privacy advocates. Gonzalez sought to assure critics that the government was trying to strike a 'good faith' balance between privacy interests and protecting the public. … Even though a federal judge recently restricted the amount of data the government will potentially have access to in the Google case, Gonzalez appeared unabashed by the government's request. Indeed, in determining the balance between privacy protection and how much information the government will request from private information keepers, the Department of Justice, instead of setting its own limits, will take its lead from Congress and the courts, he said. … 'Sometimes the courts will agree, and sometimes they will disagree,' he said."

Dow Jones (3/31) reports, "Gonzales said he was pleased with a federal judge's decision in the Google Inc. case two weeks ago, but that it showed there are limits to the kind of information the government can get from Internet companies." Dow Jones continues, "During an appearance here at the Windmill Springs Middle School, Gonzales reiterated that the government had not sought personal information on people using Google's Internet search engine when it subpoenaed the company in August. … 'We're not interested in any kind of user information,' he said." Dow Jones adds, "Gonzales said the judge's decision recognized that the information the government sought was relevant to its defense of the embattled Child Online Protection Act. … 'We're happy with the judge's decision,' Gonzales said, but 'there are limits to what kind of information the government can get.' … Separately, Gonzales said he pressed Chinese officials on intellectual property protection when he was in that country several months ago."

Gonzales Says Islamic Case Files To Remain Sealed. The AP (3/30, Frazier) reports, "Evidence in a dismissed case against an Ashland (OR) branch of an Islamic charity will remain confidential, Attorney General Alberto Gonzales said Thursday." The AP continues, "Gonzales was in Portland to meet with the U.S. attorney's office in Oregon and to address a breakfast meeting of the Portland Business Alliance. … He said 'certain kinds of information can be and should be withheld.' … He declined further comment on the case, saying it is in litigation." The AP adds, "A federal lawsuit seeks to shut down electronic surveillance by the National Security Agency, claiming the government illegally wiretapped conversations between the director of the Islamic charity Al-Haramain and two of the charity's attorneys. … The charity had been indicted on tax charges related to money laundering in 2004, but the charges were dismissed." The AP notes, "Gonzales did not elaborate on the broader NSA wiretapping controversy beyond repeating President Bush's position that it is legal. … 'I can only talk about what the president has disclosed to the American public in December of last year,' he said. … 'We have been very, very forthcoming about his authorities,' he said. He said members of Congress continue to get briefings."

Gonzales Address Immigration Reform. KOIN-TV, CBS 6, Portland (3/31, Huston) reports, "It could be winter

before Congress passes an immigration bill. That's because there is a growing split among Republicans over what to do about it. … One of President Bush's point men on the issue was in Portland Thursday morning. … U.S. Attorney General Alberto Gonzales certainly has been one of the president's must trusted advisors on the issue, but he stuck with what has been the White House script." KOIN-TV adds, "Speaking to a morning breakfast for the Portland Business Alliance, Gonzales praised the local U.S. Attorney's Office for a recent meth bust which was the largest in state history. He also pledged to continue to pursue sexual predators who use the Internet, corruption in government and gang violence. … After his speech, Gonzales restated his support for immigration reform, including a guest worker program. But he offered no opinion on the legal definition of amnesty for illegal immigrants. … 'The president says he will not support a program that provides amnesty to those who have broken the law and come into our country unlawfully. But as to how you define it, that's part of the ongoing debate within the Congress,' Gonzales said."

CORPORATE SCANDALS:

Judge Orders Former Broker In Enron Case Released On Bail. The New York Times (3/31, Creswell, Thomas) reports, "In a surprise move, the United States Court of Appeals for the Fifth Circuit in Houston late yesterday ordered that a former Merrill Lynch executive, William Fuhs, be immediately released on bail awaiting final decision on his appeal." The Times continues, "Mr. Fuhs was one of four former Merrill employees convicted in 2004 on fraud and conspiracy charges involving a 1999 sale by Enron of power generators mounted on barges in Nigeria. Prosecutors argued during the trial that the Merrill executives were guilty of conspiring to defraud investors in an effort to win future banking business from Enron. … The appellate court said the conditions of Mr. Fuhs's release will be established today in a hearing before a federal magistrate judge." The Times adds, "Last May, Judge Ewing Werlein Jr. of the United States District Court in Houston sentenced Mr. Fuhs to three years and one month in prison. In most white-collar criminal cases, the defendants are generally allowed to remain free on bail while their appeals are heard. But Mr. Fuhs and the other former Merrill executives who were convicted were ordered to prison immediately."

The Wall Street Journal (3/31, Emshwiller) reports that "the federal government has been dealt a possible setback" by the ruling. " a related case involving the 2004 conviction of four former executives of Merrill Lynch & Co." In the 2004 criminal trial, involving the four former Merrill officials and two former Enron officials, the government alleged that Enron had falsely reported income from a bogus sale to Merrill of some electricity-producing barges off the coast of Nigeria. Prosecutors argued that Enron had secretly promised Merrill that it would be quickly taken out of the deal at a profit, which meant a "true sale" never took place because the brokerage giant assumed no risk. The jury also convicted one Enron official and acquitted the other. … The four Merrill officials appealed their convictions and unsuccessfully sought to stay out of prison pending those appeals. All four are currently incarcerated. Only Mr. Fuhs recently reapplied for bail pending the appeal. Attorneys for the other three Merrill officials declined to comment or couldn't be reached." The Journal notes, "People familiar with the barge case say that even if Mr. Fuhs's conviction were overturned, it wouldn't necessarily mean the others would be, too."

Skilling's Attorney Seen As Potential Key For Lay Defense. The Washington Post (3/31, D1, Johnson) reports, "Daniel M. Petrocelli is no stranger to the national stage. But he's more at home representing entertainers such as Lisa Marie Presley and John Travolta than defending former corporate executives trying to stay out of prison." The Post continues, "The California attorney is acting as a criminal defense lawyer for the first time, on behalf of former Enron Corp. chief executive Jeffrey K. Skilling, accused of leading one of the most complicated white-collar conspiracies in history. … And as the defense prepares to begin its case Monday, Petrocelli has emerged as perhaps the most potent factor on behalf of both his client and former chairman Kenneth L. Lay. Both men face multiple fraud charges that could send them to prison for decades." The Post adds, "There are two teams of defense lawyers, but during the prosecution's case, Petrocelli dominated the cross-examination of the government's witnesses, in part because Lay's top lawyer had health problems. … Defense lawyers are engaging in careful choreography in a trial where their clients' interests sometimes converge and sometimes conflict. In the course of the nine-week-old trial, the defendants have displayed a few subtle disruptions in their alliance. But to the surprise of some legal experts, Skilling and Lay have stuck together for the most part, despite acute differences in their personal styles and in the evidence against them. … The critical question is whether they will point fingers at each other when they each take the witness stand in coming weeks. Of the approximately two dozen witnesses the defense expects to call, the defendants are far and away the most important. In a real sense, their lives are in their own hands."

New Method For Reporting Pension Obligations Could Cause Problems. The New York Times (3/31, Walsh) reports, "The board that writes accounting rules for American business is proposing a new method of reporting pension obligations that is likely to show that many companies have a lot more debt than was obvious

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before. … In some cases, particularly at old industrial companies like automakers, the newly disclosed obligations are likely to be so large that they will wipe out the net worth of the company." The Times continues, "The panel, the Financial Accounting Standards Board, said the new method, which it plans to issue today for public comment, would address a widespread complaint about the current pension accounting method: that it exposes shareholders and employees to billions of dollars in risks that they cannot easily see or evaluate. The new accounting rule would also apply to retirees' health plans and other benefits." The times adds, "The board is moving ahead with the proposed pension changes even as Congress remains bogged down on much broader revisions of the law that governs company pension plans. In fact, Representative John A. Boehner, Republican of Ohio and the new House majority leader, who has been a driving force behind pension changes in Congress, said yesterday that he saw little chance of a finished bill before a deadline for corporate pension contributions in mid-April."

Columnist Sees New Sympathy For Corporate Executives. In his column for the New York Times (3/31), Floyd Norris writes, "Suddenly there is a wave of sympathy for overregulated corporate executives. Not only are some going to jail, but the Securities and Exchange Commission is making them pay large fines. … The S.E.C. also wants to force more disclosure of executive compensation. The commission denies that the purpose is to hold down pay, but few bosses believe that." Norris continues, "To hear some people tell it, corporate officials are being victimized in ways that can only inspire sympathy. … The United States Chamber of Commerce is calling on the S.E.C. to stop penalizing companies for refusing to cooperate in investigations and to give companies a break if they can show that some lawyer or accountant blessed the activity the S.E.C. deems illegal." Norris adds, "Just four years ago, as WorldCom was collapsing, President Bush endorsed 'corporate responsibility' and signed the Sarbanes-Oxley act with vigor. One poll then found that about two-thirds of both Democrats and Republicans thought business leaders had low standards of honesty and ethics. Politicians and even journalists received better marks. … But now many people hope to push aside the Sarbanes-Oxley reforms. … An S.E.C. advisory committee thinks bosses of companies traded on the over-the-counter bulletin board should not be asked to say whether their internal controls are adequate."

CRIMINAL LAW:

Retired FBI Agent Indicted On Mob-Related Murder Charges. In a widely-distributed story, the AP (3/31, Hays) reports retired FBI Special Agent R. Lindley DeVecchio "was indicted on murder charges Thursday for allegedly taking bribes from a mobster to supply him with inside information that led to four underworld slayings in Brooklyn." He "was arrested in a case of 'confidential leaks, payoffs and death' dating back two decades, District Attorney Charles Hynes said. DeVecchio pleaded not guilty and was released on $1 million bail." The AP notes, "Colleagues of the FBI veteran were quick to defend him against the charges." The New York Times (3/31, Rashbaum, 1.19M) adds that when DeVecchio rose in court "to face charges that he had helped his prized Mafia informant commit four murders, the tension was clear. On one side of the gallery…were nearly four dozen mostly gray-haired men in dark-colored suits. Retired F.B.I. agents who had once been Mr. DeVecchio's colleagues, they were now his supporters." The Times notes DA's office chief investigator Michael Vecchione's "contention that the former agents would help Mr. DeVecchio flee prompted groans, angry grumbling and some laughter from retired agents in the gallery."

Newsday (3/31, DeStephano) reports, "Calling the case the most 'stunning example of official corruption I have ever seen,' …Hynes outlined at a news conference how DeVecchio allegedly provided Colombo crime family member Greg Scarpa with information about rivals and informants who were murdered between September 1984 and May 1992. 'Each of the informants and rivals exposed by DeVecchio posed an imminent threat to Scarpa, Scarpa's family and Scarpa's crew,' said Hynes." The New York Daily News (3/31, Katz, 729K) notes, "Sources told The Daily News yesterday that DeVecchio could face charges in as many as three other gangland murders, two of them on Long Island. The slayings are believed to be tied to a intra-clan conflict that decimated the Colombo family in the early 1990s, the source said. 'This is only one little piece in Brooklyn,' a source said. 'There are murders involved in Nassau County. There were murders in other areas.'"

Under the headline "'Mafia' G-Man's Job Power Trip," The New York Post (3/31, Weiss, 624K) reports, "He didn't just do it for the money. FBI hotshot Lindley DeVecchio was indicted yesterday on charges he traded secrets with a murderous Mafia chieftain for more than a decade -- a relationship he built primarily so he could burnish his own rising star within the Justice Department, investigators revealed." Vecchione said, "He received a weekly stipend, but there was also his desire to feather his own nest within the FBI to rise to greater prominence." The Post notes, DeVecchio's lawyer, Douglas Grover, blasted the DA's 'new evidence as old evidence - and it is false evidence.'" UPI (3/31) also briefly reports on DeVecchio's arraignment.

Alleged Mob Hitmen Also Charged. The New York Daily News (3/31, Sherman, 729K) reports, "One of the alleged hit men is a 39-year-old Las Vegas limousine dispatcher who is on antidepressants and suffers from high

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cholesterol. The other is a 41-year-old Florida charter fishing-boat captain." Craig Sobel and John Sinagra "were young men involved with Brooklyn Mafia capo Greg Scarpa and his sons in the drugs and murder business, prosecutors say. The two alleged hit men are embroiled in the case charging retired FBI agent Lindley DeVecchio with helping Scarpa murder mob rivals and informants." Sinagra was in the Brooklyn courtroom yesterday for his arraignment, but Sobel remains in Florida, fighting extradition.

Former Hockey Player Denied Transfer To Canadian Prison. The AP (3/31, Suhr) reports, "The U.S. government rejected the request by former NHL player Mike Danton to be transferred to his native Canada to serve a prison sentence for his foiled attempt to have his agent killed. … The move 'would not serve the ends of justice,' said the Justice Department." The AP continues, "The decision was made last week by the Justice Department's prisoner-transfer unit and revealed on Wednesday in federal court filings. It assures that Danton will for now remain inmate No. 10096-111 at a prison in Fort Dix, New Jersey. … A lawyer for the 25-year-old former St. Louis Blues player promised to continue appealing." The AP adds, "When Danton was sentenced in 2004 to 7 1/2 years after pleading guilty to murder conspiracy charges, prosecutors agreed not to oppose Danton's deportation to Canada, where he said he wanted to get behind-bars surgical treatment for a shoulder injury and therapy for what his sentencing request called his 'grave mental disorders.' … Danton sued the U.S. government last November, contending that he unfairly has not been transferred to Canada. He asked to be resentenced. … The Justice Department countered that Danton waived his right to appeal by pleading guilty in July 2004 to orchestrating a conspiracy to commit an interstate killing targeting his agent, David Frost. The government also has insisted no regulations require action on international transfers within a specified time, and that Danton's deal did not require a transfer, only that he be considered for one."

New Orleans FBI To Investigate Alleged Red Cross Katrina Relief Fraud. The CBS Evening News (3/30, story 4, 2:15, Mitchell, 7.66M) reported, "After Hurricane Katrina, Americans donated more than $2 billion to the Red Cross to help victims. But after reports that some of its volunteer workers stole relief money and supplies, the Red Cross investigated and today it passed on its findings to the FBI." CBS (Attkisson) added, "The Red Cross sent allegations of wrongdoing with food distribution and warehouses to the FBI. Red Cross leaders were also here on Capitol Hill meeting with Senator Charles Grassley in his ongoing investigation of the charity."

The New York Times (3/31, Nossiter, 1.19M) reports New Orleans FBI Special Agent in Charge Jim Bernazzani said yesterday that the bureau "will look into possible improprieties in the distribution of millions of dollars' worth of Red Cross relief supplies" in New Orleans after Hurricane Katrina. Interim Red Cross President John McGuire "pledged to prosecute any 'wrongdoers'" and "urged any volunteers 'who may have information' to come forward."

The Washington Post (3/31, A8, Salmon, 744K) reports the Red Cross is turning over its internal report on the allegations to the FBI, but Red Cross volunteers Jerome Nickerson and Michael Wolters, "who wrote a detailed report in December accusing New Orleans relief workers of operating a 'rogue' operation using donated goods and equipment, said yesterday that they have already reported their findings to the FBI. And they expressed bitterness that the charity has not contacted them."

Bloomberg (3/31, Zee) reports, "The American Red Cross was part of the Justice Department's Hurricane Katrina Fraud Task Force after the storm struck the U.S. Gulf Coast at the end of August. The charity said it is working with law enforcement groups to seek out and prosecute fraud, waste and abuse."

11th Circuit Mulls Federal Death Penalty Request. The AP (3/31, Yee) reports, "Lawyers for a man accused of killing a Florida deputy asked the 11th Circuit Court of Appeals Thursday to throw out the government's request for the death penalty, saying they were not given sufficient notice." The AP continues, "Jeffrey Lamken, an attorney for Kenneth Wilk, asked a three-judge panel to throw out the request because the government informed Wilk and his defense team it would seek the death penalty less than two months before Wilk's scheduled trial date last April. … 'An indictment was released six months before the trial date, yet the Justice Department did not sign off on the death penalty,' Lamken said." The AP adds, "Wilk, 43, is charged with killing Broward County sheriff's Deputy Todd Fatta, 33, by using a high-powered hunting rifle with a bullet that pierced the officer's protective vest when deputies raided Wilk's home in August 2004. A second deputy, Angelo Cedeno, was shot in the hand and lost a finger. … Federal law requires the government to inform defendants of its intent to seek the death penalty 'a reasonable time before trial.' In previous cases, the government has provided notice about 11 months before trial, Lamken said. … Assistant U.S. Attorney E.J. Yera told the panel the 58-day notice was sufficient. The government filed the request on Feb. 18, 2005. The trial had been set to open April 18, 2005. The trial is expected to be held after the panel issues its opinion."

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Failed Engagement Split DeLay Aides, Fed Abramoff Scandal. The Wall Street Journal (3/31, A1, Mullins, 2.11M) reports in a front page story about the estrangement of Michael Scanlon and his former fiancé, Emily Miller, both former aides to Rep. Tom DeLay. Scanlon and Miller "were among a tight-knit group of aides who helped Mr. DeLay rise to the pinnacle of Capitol Hill in the 1990s and cement his power as House majority leader. Some of those aides provided a link between their boss and Jack Abramoff, a Republican lobbyist." The "end of the engagement was part of that group's unraveling -- which has had significant consequences for official Washington. The aides have since turned on one another, feeding the ethics scandal surrounding Mr. Abramoff that now roils the capital." Prosecutors "came to Ms. Miller to help them build a case that drove her ex-fiancé to plead guilty, according to a person familiar with the situation."

The New York Times (3/31, 1.19M) runs a poem by Hart Seely that mocks the Abramoff lobbying scandals as the "Congress that Jack built." Seely writes, "This is the Jack/Jack Abramoff/Who bought the souls/Then sold them off."

Letters To Judge Sought Leniency For Abramoff. The Washington Post (3/31, A17, Kamen, 744K) reports in its "In the Loop" column on the "extraordinary outpouring of letters on behalf of disgraced lobbyist Jack Abramoff," which "must have played a part in persuading U.S. District Judge Paul C. Huck to give Abramoff the minimum possible sentence." The Post notes, "The sheer volume -- 262 letters were ginned up by Abramoff's lawyers -- was impressive. So was the range -- from family members to old friends to religious folks to a member of Congress (Rep. Dana Rohrabacher, R-Calif.). All asked for leniency for a great guy who lost his way."

Six Jefferson Aides Subpoenaed In Bribery Case. The AP (3/31) reports a US District Court "has issued grand jury subpoenas to six aides to Rep. William Jefferson, a Louisiana Democrat who has been implicated in a bribery case." In statements "read on the House floor Thursday, the aides notified House Speaker Dennis Hastert that they had been served with grand jury subpoenas for testimony issued by the U.S. District Court for the Eastern District of Virginia." The Washington Post (3/31, 744K) also runs the AP story.

Illinois Man Flees After Mistakenly Released From Federal Jail. CBS 2 Chicago (3/31) reports, "A North Side (Chicago) man was on the lam after a communication glitch caused him to be accidentally released from the downtown federal jail, authorities said Wednesday." CBS 2 continues, "U.S. marshals were searching for Amar Abu Siessi, 36, a Jordanian national, after they inadvertently let him out of the Metropolitan Correctional Center Monday. … U.S. District Judge Matthew F. Kennelly issued a warrant for the Siessi's arrest Wednesday when he did not show up to court." CBS 2 adds, "The U.S. Marshals Service mistakenly believed the court had released Siessi on bond. They released him without his bond discharge papers, a violation of protocol, according to Deputy U.S. Marshal Michael Prout. … 'At the time we had transmitted incorrect information that he was to be released on bond, when in fact he was to appear in court today for a bond hearing,' Prout said. … Siessi, a grocery store owner, had been held since March 7 when he was arrested by the U.S. Department of Agriculture on fraud charges, the second fraud case brought against him since December. He is accused of defrauding the Link card program, which provides taxpayer money to the poor so they can buy food."

US Attorney Snafu Blamed For Chicago Conman's Release From Prison. WBBM-TV Chicago (3/30, Zekman) reports, "A conman who pulled off elaborate scams while he was supposed to be monitored by federal agencies has done it again." Michael Anthony Nelson "is now pictured on an FBI 'wanted' poster. It includes mug shots of how he looked for his past scams, posing as a banker, lawyer, and business consultant, to pull off one con after another. It is a history that amazes even Chicago FBI Special Agent-In-Charge Robert Grant." Grant said, "He is a professional conman. He is very smooth. He is very articulate. He can con the socks off of you." WBBM notes, "Federal officials promised the Chicago victims" that, after he served his time for a Florida scam, "Nelson would be brought back to Chicago to face new charges." But he "was released from an Atlanta prison on Dec. 23 of last year…apparently because the U.S. Attorney's Office in Chicago did not get around to returning a bank fraud indictment against Nelson until about a week after his release."

US Charges Two In Pennsylvania Contract Killing. The Beaver County (PA) Times (3/31, Vidonic) reports, "More than two years ago, Beaver County District Attorney Dale Fouse made a promise to the family of Frank J. Helisek Jr. that his office would find out why the New Brighton man was gunned down in the doorway of his home. … Fouse fulfilled a good portion of that promise Wednesday with the announcement that federal murder charges - a first in Beaver County - had been handed down against two men, accusing them of a contract killing scheme wrapped into a large-scale cocaine ring that operated from 1999 to November." The Times continues, "Jelani Solomon, 27, of 1917 Fourth Ave., Beaver Falls, is accused of paying Claron Hanner, 28, formerly of Pittsburgh, to shoot Helisek on Feb. 19, 2004. One of Helisek's sons, Shawn Helisek, was

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scheduled to testify against Solomon in a drug trial that was to begin Feb. 20, 2004. Solomon instead pleaded guilty to cocaine possession and was sentenced to between 2½ and five years in state prison. .. . Solomon and Hanner could face the death penalty, U.S. Attorney Mary Beth Buchanan said Wednesday, as they are accused of using a gun to cause a death while trafficking in drugs." The Times adds, "Buchanan must make a recommendation to Attorney General Alberto Gonzales, who has the final say on whether prosecutors seek the death penalty. Buchanan would not say Wednesday what her recommendation will be, though Fouse said he supports death penalty prosecutions in this case."

Attorneys At Law Firm In Pellicano Probe May Depart. The Los Angeles Times (3/31, Philips, Christensen, Weinstein) reports, "Two top attorneys with a Century City law firm at the center of a federal racketeering investigation into alleged wrongdoing by Hollywood private eye Anthony Pellicano will soon leave to establish a new practice." The Times continues, "Dale F. Kinsella and Howard L. Weitzman are expected to take seven attorneys with them when they exit Greenberg, Glusker, Fields, Claman, Machtinger & Kinsella in mid-April, according to sources within the firm. … 'If we do, it is because we want to go back to practicing in a smaller environment,' Weitzman said in a statement, adding that the decision has nothing to do with the federal probe. 'As I've said publicly before, I do not believe any Greenberg Glusker lawyer has acted inappropriately, nor do I think anyone from the firm will be so charged.'" The Times adds, "Greenberg Glusker was thrust into the spotlight amid allegations that Pellicano and others committed wiretapping and other illegal acts while working on a number of cases, some of which involved the firm's clients. … A 110-count federal indictment last month accused Pellicano and six others of conspiring to blackmail and intimidate dozens of celebrities, business executives and others in what prosecutors have described as a conspiracy to gain tactical advantage in litigation. … So far, 13 people have been charged, including an entertainment lawyer, a record company executive, two former police officers and several telephone company employees. Four have admitted to charges stemming from hiring Pellicano or helping him conduct illegal investigations."

Convicted Sniper Muhammad To Defend Himself In Maryland Court. The Washington Times (3/31, Ward) reports, "Maryland's public defender said this afternoon that he will abandon the case of convicted sniper mastermind John Allen Muhammad, leaving him to defend his own case in Montgomery County without legal advice." The Times continues, "Muhammad, 45, relegated Paul B. DeWolfe, a lawyer with the state's Office of the Public Defender, to standby status yesterday, after a judge rejected Mr. DeWolfe's argument that Muhammad is insane and not mentally competent to present his own case. … 'We have a policy of not serving as standby counsel,' Mr. DeWolfe said. 'It's been a policy we will enforce in this case. We will not be standby counsel.'" The Times notes, "Muhammad, an Army veteran, asked Circuit Judge James L. Ryan earlier this week for permission to present his own defense because Mr. DeWolfe planned to enter a plea of not guilty by reason of insanity. … Muhammad maintains he is innocent and has portrayed himself as a victim of racism. … The trial is scheduled to begin May 1, with prosecutors seeking life in prison without parole in connection with the fatal shootings of six persons in Montgomery County over three weeks in October 2002."

Judge Delays Cuban Spying Trial Over Challenge Of FBI Surveillance Warrants. The AP (3/31) reports US District Judge K. Michael Moore yesterday postponed the trial of alleged Cuban agents Carlos Alvarez and Elsa Alvarez "until sometime in January 2007. One key reason for the delay is that defense attorneys are challenging whether the FBI lawfully obtained warrants under the Foreign Intelligence Surveillance Act to eavesdrop on the pair. Prosecutors said it will take months for federal officials to produce the information about those thousands of intercepts being sought by the Alvarez lawyers. The defense lawyers are also appealing a previous decision to keep the couple in detention prior to trial.

New York Court Rules Against Gabelli In Investor Suit. The New York Times (3/31, Sorkin) reports, "Mario J. Gabelli's first investor won a crucial ruling yesterday in a long-running, bitter legal battle over whether Mr. Gabelli bilked him and another backer out of more than $100 million." The Times continues "A judge in New York State Supreme Court in White Plains granted a summary judgment against Mr. Gabelli, the famed money manager. The judge, Linda S. Jamieson, determined that he unfairly prevented the two investors from selling their shares in his private company, Gabelli Group Capital Partners, the controlling shareholder of Gamco Investors, Mr. Gabelli's publicly traded mutual fund company." The Times adds, "Judge Jamieson also agreed to grant the two investors a trial to determine if Mr. Gabelli's company should be dissolved — refusing Mr. Gabelli's efforts to have the case thrown out — and said, 'There are allegations made against Mr. Gabelli that trouble this court.' … The decision, handed down late yesterday, comes as Mr. Gabelli is facing other, and potentially more serious, legal trouble. The Justice Department said this month that it would pursue civil fraud claims against Mr. Gabelli, contending that he orchestrated a

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scheme to deceive the Federal Communications Commission in its auctions of wireless spectrum licenses several years ago. … That case argues that he used friends and associates to create sham companies that bid for F.C.C. licenses at a discount under a program that favored minorities and small businesses."

California Woman Charged In University Of Washington ELF Arson. The Seattle Times (3/31, Green) reports Briana Waters of Berkeley, Calif., "has become the first person to face charges for the 2001 arson that destroyed the University of Washington Center for Urban Horticulture, the latest in a series of charges against suspected members of the Earth Liberation Front." She "was indicted by a federal grand jury and has been charged in U.S. District Court in Seattle with arson and using or carrying a destructive device during a crime of violence, according to the U.S. Attorney's Office in Seattle." The Times notes, "While the FBI has called ELF and the similar Animal Liberation Front (ALF) the nation's top domestic terror threat, the groups say they are careful not to hurt people." The Seattle Post-Intelligencer (3/31, Castro) adds, "If convicted…Waters faces a minimum sentence of 35 years. She was released after the brief hearing" yesterday "and will be electronically monitored." The AP (3/31) notes Waters "is the 14th person to be charged in Oregon and Washington with conspiracy to commit a series of ecoterrorist attacks in the West in recent years."

Computer Glitches Plague DC Criminal Court. The Legal Times (3/31, Broida) reports, "Criminal defense lawyers say a new computer system in Washington, D.C., Superior Court is wreaking havoc with their cases and in some instances violating their clients' rights." The Times continues, "The attorneys say that since the criminal division of the court moved to a paperless computer system at the beginning of the year, bad information has led to their clients being arrested after warrants have been dismissed, and in some cases the opposite is occurring: Defendants with bail violations are walking because warrants haven't been entered into the system. … In other cases, motions and paperwork are getting lost. And some lawyers say they can no longer trust what the court record is telling them." The Times adds, "The problems have mainly centered on proceedings in arraignment court and in preliminary hearings -- courtrooms with a high volume of cases that are heard in quick succession. In addition, a lag time in scanning documents has meant that some information isn't being entered in a timely fashion or, in some cases, at all. … The new case management system was part of a multiyear, $20 million project to upgrade the court's entire computer framework. The new system integrates 18 databases with the aim of giving court personnel, attorneys and the public easy access to complete, real-time information about cases. … In January all new criminal cases in the court were being housed entirely in the new system, eliminating the need for paper case jackets and allowing multiple users to access the file from any computer in the courthouse. The system is now considered to be the official court docket and official court jacket. … Court officials downplay the trouble. Judge Brook Hedge, chair of the court's technology and automation committee and co-chair of the committee that oversaw the implementation of the new system, says the problems are small glitches common with a startup."

Lawyers Question Constitutionality Of Espionage Act. US District Judge T.S. Ellis III, who is overseeing the prosecution of former AIPAC lobbyists Steven Rosen and Keith Weissman for receiving classified information, has given the government until today to respond to defense claims that the ACT is unconstitutionally vague and may violate the First Amendment. The Washington Post (3/31, A6, Pincus, 744K) reports that Ellis "directed a series of questions to Assistant U.S. Attorney Kevin DiGregory expressing concern that the government had not dealt with constitutional issues raised by the defense. … Ellis also said he had thought there would be well-established precedent he could follow, since the statute had been around for so long. But it has turned out that Rosen and Weissman are the first nongovernment employees to be indicted under the act for receiving classified information orally and not through documents or other tangible items."

Former Nevada County Commissioner Testifies Colleagues Took Bribes. The AP (3/31) reports that in the bribery trial of former Clark County Commissioners Dario Herrera and Mary Kincaid-Chauncey yesterday, former Commissioner Erin Kenny "testified…that she accepted money from a former striptease club owner and his lobbyist, and knew it was wrong." Kenny "told jurors that it was 'understood' that Herrera and Kincaid-Chauncey also were being paid off by" Michael Galardi. "She said Malone and Galardi often referred to the two colleagues as 'on board' or 'being taken care of.'" The AP adds, "In his cross examination, Herrera's defense attorney Jerry Bernstein tried to undermine Kenny's credibility," saying that she "had changed her story from when she was first interviewed by FBI agents. 'The FBI didn't seem happy with the answers she was giving, (agents) took a break, came back and the story was different,' he told KLAS-TV outside the courtroom."

Ryan Jury Recesses For Weekend. The Chicago Tribune (3/31, O'Connor, Bush, 643K) reports, "The revamped jury in former Gov. George Ryan's trial recessed deliberations for the week Thursday without reaching a

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verdict. … Deliberations are scheduled to resume Monday morning."

FBI Requests Houston City Councilwoman's Bank Records. KPRC-TV Houston (3/30) reports, "The Federal Bureau of Investigation asked for the bank records of Houston City Councilwoman Carol Alvarado as it entered the investigation into improper bonuses at City Hall," and "it's the first indication that the federal government is involved in the probe. The FBI request is for all of Alvarado's bank accounts, open or closed. … The FBI would not comment on the investigation. But Harris County District Attorney Chuck Rosenthal confirmed for KPRC that the federal request was made."

Top Aide Says Street's Style Is Problem, Not FBI Probe. The Philadelphia Inquirer (3/31, Gelbart, 423K) reports, "Forget FBI bugs, a corrupt city treasurer, crooked contracts. Mayor Street's problem is what it's always been -- John F. Street. Or so says George Burrell, the mayor's closest adviser. Burrell, who today toils out his last day at Street's side," said that "Street's true successes had not been obscured by the federal corruption probe. Rather, he said, the problem is Street's inability to shed his prickly image."

In Call To Defense Lawyers, Jailed Mob Boss Says "Mafia Cops" Innocent. The New York Times (3/31, Feuer, 1.19M) reports that at the trial of alleged "Mafia Cops" Louis Eppolito and Stephen Caracappa yesterday, "the day prosecutors planned to rest their case and at the very moment when it seemed the trial could not get any more complex, there came, in a 1 p.m. conference call from a maximum security federal prison in Florence, Colo., the voice of Anthony Casso, former underboss of the Luchese crime family." Defense lawyers "said he referred them to a letter he wrote this month to" US Attorneys office Mark Feldman, "in which he claimed responsibility for two murders and a kidnapping that the defendants have been charged." The Times notes, "Today, at roughly 10 a.m., the defense will announce its plan: to call, or not to call, Mr. Casso to the stand." Newsday (3/31, DeStefano) adds that Eppolito and Caracappa defense lawyers will move for a mistrial, in light of Casso's letter, in which he "claimed the defendants were being falsely accused of three of the homicides charged in the case: that of Edward Lino, James Hydell and Israel Greenwald. 'I, Anthony Casso, hereby confess to have personally participated, as part of a three-man team, that shot and killed Eddie Lino in Brooklyn's Gravesend section. Detective's Eppolito and Caracappa are falsely being accused of this crime,' said Casso in the letter." The New York Daily News (3/31, Marzulli, 729K) also reports on the Casso letter, under the headline "'Mob Cops' Innocent – Casso."

FBI Art Crime Team Has Leads On Stolen Rockwell Painting. The AP (3/31, Douglas) reports, "FBI officials said Thursday the agency's Art Crime Team…has several leads in the theft of Rockwell's 'Russian Schoolroom,' stolen in June 1973 from a suburban St. Louis exhibit and believed to be worth as much as $200,000 today. … It is believed the painting was advertised for sale in 1989 at a Rockwell exhibit in New York, but nobody made the connection until recently, officials said. 'The experts have said there are no other copies of this oil painting,' FBI Assistant Special Agent Steven Gomez said." The AP notes, "Earlier this month, the Art Crime Team recovered a Marion Greenwood painting valued at $99,000 that was stolen in 1968. Frank Brostrom, with the Regional Art Crime Team in St. Louis, said the Rockwell case should be solved in a similar manner. On Thursday, the FBI also returned a drawing by Susan Rothenberg to its rightful owner, the Webster University art department. Worth about $20,000, the piece was among more than 100 works of art stolen from a St. Louis art storage facility in 2002."

Pentagon IG Finds Convicted Official Broke Rules To Benefit Lockheed. A Pentagon IG report says former Air Force procurement official Darleen Cruyun, who was convicted of showing favoritism to Boeing Co. while negotiating for job, also manipulated Pentagon rules to benefit Lockheed Martin Corp. and another contractor. The Washington Post (3/31, D1, Babcock, 744K) reports, "The audits, part of an IG review of eight contracts that the Air Force requested last year after Druyun pleaded guilty, found that she helped Lockheed Martin on two airplane contracts between 1998 and 2001 while serving as a top civilian contracting official. … The inspector general focused its criticism on the Air Force, recommending that the service tighten its control of the contracting process."

Former Naval Intel Officer Convicted Of Kidnapping, Murder. Jay E. Lentz, a former naval intelligence officer, was found guilty yesterday by a federal jury in the kidnapping and death of his ex-wife. A front page story in the Washington Post (3/31, A1, Smith) reports that when the jury delivered its verdict, Lentz "screamed out, 'No, no! Reconsider!'" The charge "carries a mandatory sentence of life in prison without parole. Lentz is scheduled to be sentenced June 23. … Defense attorney Frank Salvato said Lentz, 46, who has spent five years in jail, will appeal the verdict."

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New York Court Rules Judge Can Face Charges. The New York Law Journal (3/31, Caher) reports, "The Court of Appeals in Albany, N.Y., Thursday reinstated six felony counts against former New York Supreme Court Justice Gerald P. Garson with a precedential ruling that judges can face criminal prosecution for acts that started with a violation of the Rules of Judicial Conduct." The Journal continues, "Thursday's 6-1 opinion means the former judge accused of accepting bribes and kickbacks from a divorce lawyer is once again confronted with the full panoply of felony charges lodged against him following a sting operation initiated by Brooklyn District Attorney Charles J. Hynes' office. … Garson now faces trial on a total of seven felonies -- one count of receiving a bribe and six of receiving reward for official misconduct. All of the charges stem from an illicit attorney-judge relationship involving Garson and attorney Paul Siminovsky." The Journal adds, "Garson's attorney, Diarmuid White of Manhattan, had argued -- successfully, in the lower courts -- that the Rules of Judicial Conduct could not be used to criminally prosecute a judge. The preamble to the rules makes plain that they are not designed or intended to support a criminal prosecution, and the Court of Appeals accepted that proposition in People v. La Carrubba, 46 NY2d 658 (1979). But Thursday the court clarified La Carrubba, holding that while a violation of the rules alone cannot sustain a criminal prosecution, judges are not immune from indictment when an ethics violation escalates into criminality."

California Prisons Ordered To Pay Doctors. The Los Angeles Times (3/31, Warren) reports, "Managers of California's beleaguered prison system received a double dose of bad news today as a federal judge ordered them to pay tens of millions of dollars owed to doctors who treat inmates, and the state launched an audit of their agency." The Times continues, "Some of the doctors have not been paid in four years. Some of their contracts have lapsed. And some who deliver cardiology, radiology and a wide range of other services to prisoners are no longer responding when called." The Times adds, "U.S. District Judge Thelton Henderson, who recently put the state prisons' healthcare system in the hands of a federal receiver, ordered that outstanding doctor bills --- which total more than $58 million --- be paid within two months. … Henderson also had harsh words for corrections leaders, saying they have stuck 'heir collective heads in the sand'instead of resolving the contracting mess."

States Creating Crime Lab Oversight Commissions. USA Today (3/31, Willing) reports, "State legislators, troubled by reports of botched DNA tests and other mistakes by forensic analysts, have begun to establish oversight commissions to improve local crime labs and coroner's offices." USA continues, "Virginia and Texas, where a lab technician mistakenly implicated the wrong man in a rape case, passed laws last year that set up such commissions. Legislators in New Hampshire, Vermont and Minnesota are considering similar plans this spring." USA adds, "In Illinois, legislators are considering a plan that would require state and private labs to be accredited by a professional crime lab group. Oklahoma has had such a measure in place for three years. In Massachusetts, Gov. Mitt Romney, a Republican, revived the state's dormant oversight panel after a pair of eyes critical to a murder investigation were reported missing from a lab in 2002." USA notes, "Beginning today, the American Judicature Society, a non-partisan policy research group of judges, attorneys and academics, begins a three-day conference in Greensboro, N.C., to establish recommendations for crime lab practices. The conference's co-chairs include former U.S. attorney general Janet Reno and former federal judge and CIA and FBI director William Webster."

FBI Busts Canadian For International Fraud Scam Targeting Mosques. The AP (3/31, Mitchell) reports, "An international wire fraud scheme targeting Islamic institutions with a phony stranded-traveler plea, netting only small sums but hitting multiple victims over many years, has been disrupted by the arrest of its mastermind, the FBI says. Islamic advocates say Mohammed Mustafa Agbareia, who was arrested in Canada and pleaded guilty March 1 in Alabama to one count of conspiracy to commit wire fraud, may have scammed more than $1 million from mosques and Islamic groups over nearly two decades. He will be sentenced July 10 by U.S. District Judge Charles Butler in Mobile, where he is in the custody of federal marshals." The AP notes Mobile FBI Special Agent Craig Dahle "said it's unknown how much money the scheme collected. He said there could be victims worldwide."

Faith, Family Seen As Key To Curbing DC Gang Violence. The Washington Times (3/31, Doolittle) reports, "Faith and family must figure large in solving the region's growing gang violence problem, which also will require mentors who understand street culture, a panel of forum speakers and audience members said yesterday. … 'Regardless of the message, one of the things I've found is that the message must be modeled by the messenger,' said former Washington Redskins cornerback Darrell Green, who now operates several youth organizations. 'I believe the best defense is a great offense.'" The Times continues, "Mr. Green was one of several panelists who participated in the Citizens Forum Project on Gang Violence, held at the Arbor Ballroom in The Washington Times building in Northeast. … Other

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panelists included Robert Woodson, founder of the National Center for Neighborhood Enterprise; the Rev. Fred Shuttersworth, a civil rights leader; Luis Cardona, a former gang member who works with at-risk area youth; and Robert Goodwin, president of the Points of Light Foundation." The Times adds, "About 200 students and residents attended the forum, the fifth in a monthly series, said Brian Bauman, director of The Washington Times Corp.'s Citizens Forum Project. … The Times reported yesterday that D.C. officials say there are more than 270 girl gangs alone in the District. … In addition, the number of D.C. Superior Court cases involving female juveniles increased from 445 in 2003 to 571 in 2004. The number of girls brought before the court for violent offenses jumped from 225 in 2003 to 322 in 2004, a 43 percent increase."

States Move To Combat Predatory Lending. More than half of the states have moved to protect risky borrowers from predatory lenders, as Congress remains divided over legislation to combat the practice. According to the Wall Street Journal (3/31, Conkey, 2.11M), "At least 10 states -- including New York, West Virginia and New Mexico -- have adopted comprehensive laws in the past few years crafted to curtail tactics commonly used by unscrupulous lenders, including excessive penalties for paying off a loan early, inflated interest rates and frequent refinancing of a mortgage that does little to improve a buyer's finances but generates fees for lenders and brokers. Other states are taking it one issue at a time: Maryland has restricted prepayment penalties, for instance. And still others are considering proposals to subject lenders to greater liability if they are found to have duped home buyers."

NYTimes Praises Cities' Efforts To Help Law-Abiding Ex-Offenders. An editorial in the New York Times (3/31, 1.19M) says, "Locked out of the mainstream, ex-felons become burdens to their families, their communities and the nation as a whole. Three cities -- Boston, Chicago and San Francisco -- have taken groundbreaking steps aimed at de-emphasizing criminal histories for qualified applicants for city jobs, except in law enforcement, education and other sensitive areas where people with convictions are specifically barred by statute. … Taken together, the recent developments in Boston, Chicago and San Francisco symbolize a step forward in terms of fairness for law-abiding ex-offenders, who are often barred from entire occupations because of youthful mistakes and minor crimes committed in the distant past. It should be clear to all of us by now that confining those people to the ranks of the unemployed makes it more likely that they will commit new crimes, return to prison and become a permanent burden to society."

CIVIL LAW:

DOJ Seeks Files From Dozens Of Internet Service Providers, Tech Firms. The AP (3/31, Dale) reports, "The Justice Department is demanding internal files from dozens of Internet service providers and other technology firms as it seeks to defend a controversial Internet child protection law." The AP continues, "The subpoenas are similar to one given to Google Inc., which waged a partially successful battle over the government's request for millions of pieces of information about search engine requests and Web site domains." The AP adds, "InformationWeek magazine unearthed subpoenas that show the government also demanded information from at least 34 other companies, including Internet service providers such as Comcast Corp. and EarthLink Inc., security software firms and other technology companies. … The subpoenas, which the magazine obtained through Freedom of Information Act requests, show the Justice Department preparing for an October trial in Philadelphia over the 1996 Child Online Protection Act. It is not clear which companies are complying, and to what extent. … 'That money could be spent so much more wisely on giving software away to parents that are having these problems,' Dan Jude, president of Security Software Systems, said of the litigation costs. … The 12-person firm, which makes filtering software, spent more than 40 hours trying to comply with the subpoena, he said. The company refused to provide some information on proprietary grounds, fearing it could make its way into the court file."

CNET News (3/31) reports, "Google made headlines in January when it was disclosed that the search company had refused to hand over random search terms and Web address data that Yahoo, Microsoft and America Online had provided the government when asked. Google challenged the subpoena in court, arguing that it was overreaching. Earlier this month a judge ruled that Google didn't have to provide any search queries but did have to provide a much smaller number of Web sites in its index than the government had sought. … The government is seeking information on Web user behavior and filtering software and other tools in an effort to justify COPA, which faces a trial later this year. That law restricts the posting on commercial Web sites of sexually explicit material deemed 'harmful to minors,' unless it's made unavailable to the youngsters. The ACLU argues that Web sites cannot realistically comply with such requirements and that the law violates the right to freedom of speech mandated by the First Amendment."

The New York Times (3/31, Hansell) reports, "Both the Justice Department and the American Civil Liberties Union confirmed yesterday that they had requested and received information from Internet service providers and software

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makers in connection with an A.C.L.U. lawsuit challenging an anti-pornography law." The Times continues, "Earlier this year it was revealed that the Justice Department, which is defending the law, had subpoenaed information from four search engine companies about keyword requests by users. Google challenged its subpoena. This month a judge ordered the company to provide some information to the Justice Department but not information on individual searches, saying that had the potential to violate the privacy of users." The times adds, "Charles Miller, a spokesman for the Justice Department, said the agency had issued the subpoenas 'to see the effectiveness of Internet filters.' He said he was not able to say which of the companies had responded to the subpoenas and to what extent they had complied. … The A.C.L.U. also subpoenaed many of the same companies, said Aden J. Fine, a lawyer for the organization. 'We have asked for information that is relevant to the lawsuit, such as information to show that filters are effective,' he said. Mr. Fine declined to say how many companies were subpoenaed and what questions they were asked."

Republicans Taking Aim At 527 Groups. The New York Times (3/31, Hulse, Stolberg, 1.19M) reports that "to many Republicans, the liberal activist organization MoveOn.org is a political boogeyman that they hope to chase off with new restrictions on so-called 527 groups. But the pursuit may turn out to be fruitless." MoveOn.org has "already figured out what it thinks is a better, and less controversial, way to spend its millions. Its 527 — named for a section of the tax code — is being put on ice." Still, "two years after 527's burst onto the political scene, gaining notoriety by raising unlimited amounts from private donors, Congressional Republicans are moving to rein in the groups — just in time for the November midterm elections. Leading Democrats are threatening a fight." House GOP leaders intend "to bring a plan to impose new restrictions on 527 groups to the floor next week to spur action in the Senate, where Senator John McCain, Republican of Arizona, a champion of the campaign finance bill that bears his name, is offering similar legislation."

The AP (3/31, Abrams) reports the bill "to require groups known as 527s to register as political committees and abide by contribution limits is likely to meet resistance from Democrats, who in 2004 relied on 527s as a key source of financing." Minority Leader Nancy Pelosi said, "I will strongly oppose it."

Judge Rules FEC Failed To Rationalize Decision Not To Regulate 527 Groups. The AP (3/31, Locy) reports the Federal Election Commission "failed to give a good reason for refusing to rein in nonprofit political groups that spent huge sums in the 2004 presidential elections, a judge has ruled in a case brought by President Bush's campaign and lawmakers." In a 34-page opinion, US District Judge Emmet G. Sullivan "said the FEC failed to give 'a reasoned explanation' for its decision not to issues rules to require so-called '527' groups to register as federal political action committees and face the same strict fundraising, spending and disclosure rules PACs do." Sullivan "stopped short of saying the FEC had abused its discretion. Nor did he order it to develop rules to crack down on the groups' fundraising and spending." Rather, the judge "in his ruling Wednesday sent the issue back to the FEC and ordered the commission to 'articulate its reasoning,' or come up with a rule for the groups 'if necessary.'"

The Washington Post (3/31, A5, Edsall, 744K) reports Judge Sullivan "rejected requests by the Bush-Cheney campaign and by two advocates of campaign finance legislation to order the Federal Election Commission to impose tough regulations on "527" political committees that put more than $400 million into the 2004 elections. Instead, in a ruling issued late Wednesday evening, the judge gave the FEC a choice: Either explain in detail why regulations are not needed or begin proceedings to develop such rules."

CIVIL RIGHTS:

Alabama House, Senate Cannot Agree On Voting Bill. The AP (3/30) reports, "The Alabama Senate and House can't agree on how to make sure military serving overseas get to vote in the primary runoff election this summer. … But the U.S. Justice Department is pressuring both to find a solution. It is suing the state, claiming there is not enough time between the primary election June 6 and the runoff June 27 for military personnel overseas to get and return absentee ballots." The AP continues, "The Senate voted 20-5 Thursday for a bill that would delay primary runoff by three weeks from June 27 to July 18 to make sure the military have time to get and return absentee ballots for the runoff. … On March 16, the House voted 100-1 for a bill that would keep the runoff on June 27, but would allow soldiers overseas to use special ballots. The ballots, which would be delivered with the primary ballots, would allow soldiers to mark their runoff preferences in races with three or more candidates. … Now, either the Senate must agree with the House-passed bill, or the House must agree with the Senate-passed bill."

DOJ Officials Set Record Straight On Milwaukee Police Shooting Case. In a letter to the editor of the Milwaukee Journal Sentinel (3/30), Wan J. Kim, Assistant Attorney General for Civil Rights, and Steven M. Biskupic, U.S. Attorney for the Eastern District of Wisconsin, write, "A recent article and an editorial in your paper reported that the Civil Rights Division 'overruled' a decision by the U.S. attorney's office to prosecute an officer in the tragic fatal

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shooting of Justin Fields. … That is not true. Prosecutors from both of our offices, with more than a half-century of combined experience, carefully investigated and reviewed this matter and ultimately concluded that federal prosecution simply was not viable." Kim and Biskupic continue, "Their consensus is plain from the letter that closed this case, which stated that 'this (United States Attorney's) Office and the Criminal Section of the Civil Rights Division . . . have concluded that there is not a federally prosecutable criminal case here.'" Kim and Biskupic add, "Your editorial also erroneously claims that civil rights prosecutions have declined by 40%. To the contrary, the Justice Department has brought more criminal civil rights cases - and convicted 40% more law enforcement officials for misconduct - in the past five years than the preceding five." Kim and Biskupic conclude, "What happened to Justin Fields is indeed a tragedy and we express our deep sympathies to his family. They deserve to know that our decision not to prosecute was made after a thorough and searching analysis of our comprehensive investigation. … Neither the family nor the community are served by any suggestion that our decision was based on something other than the facts and the law."

Court Monitor Says Violations Persist At Mississippi Training Schools. The AP (3/31) reports, "A federal court monitor says violations continue at Oakley and Columbia juvenile training schools." The AP continues, "In a report covering Aug. 1 to Dec. 15, 2005, the monitor says most of the conditions of the agreement that ended a Department of Justice lawsuit against the state over conditions at the two training schools were not met. A report that covered May and June last year, also was critical of the state's progress." The AP adds, "The schools serve 550 youths combined - boys ages 10 to 17 at Oakley in Hinds County and girls 10 to 18 at Columbia. … The current report cites, among other things, student complaints about staff cursing them and using inconsistent disciplinary practices and continued fights between students. … Court monitor Joyce Burrell said she was aware that the aftermath of Hurricane Katrina has impacted the Mississippi Department of Human Services. … 'But the needs of this population and those rights that were determined to have been violated must be corrected as quickly as possible,' Burrell wrote in the report filed in U.S. District Court in Jackson. … State officials entered a four-year consent decree with the Justice Department last May."

Massachusetts High Court Rules Nonresident Gay Couples Can't Marry In State. CNN's The Situation Room (3/30, Blitzer) reported, "The Massachusetts high court ruled today same sex couples from other states cannot legally marry in the Bay State. A ruling by that same court three years ago made Massachusetts the first state to legalize gay marriage." Republican Governor Mitt Romney "ordered local officials to uphold a century-old state law barring non-residents from Massachusetts. Eight gay couples challenged the law accusing Romney of discriminating against same-sex couples but the state high court ruled in favor of the possible presidential contender." The New York Times (3/31, Belluck, Zezima, 1.19M) says "the decision by Mr. Romney…was backed by the state's attorney general, Thomas F. Reilly, a Democrat."

The Washington Post (3/31, A8, Powell, García, 744K) notes Romney "called the decision a victory for 'traditional marriage.' … 'We don't want Massachusetts to become the Las Vegas of same-sex marriage,' Romney told reporters. 'It's important that other states have the right to make their own determination of marriage and not follow the wrong course that our Supreme Judicial Court put us on.'"

The Washington Times (3/31, Wetzstein, 90K) reports, "To date, 44 states have laws or amendments that uphold traditional marriage and ban same-sex "marriage," said the Massachusetts Family Institute, which supports traditional marriage." This year, "voters in at least seven states -- Alabama, Idaho, South Carolina, South Dakota, Tennessee, Virginia and Wisconsin -- will have constitutional marriage amendments on their ballots."

Alabama Bill Would Pardon Segregation Law Breakers. The Alabama House yesterday unanimously passed a bill to pardon Rosa Parks and hundreds of others who were arrested for violating the state's segregation-era laws. The New York Times/AP (3/31), "The original bill was amended to say that the arrest records would not be expunged or sealed from public view, but would be turned over to the State Department of Archives and History. That way, backers said, the records will provide a permanent record of civil disobedience that, in many cases, helped lead to desegregation."

Schiavo's Family Creates Foundation To Combat Euthanasia. To mark the anniversary of her death, Terri Schiavo's family announced the creation of a foundation in her name to combat euthanasia. The Washington Times (3/31, Debose, 90K) reports, "The foundation's mission will be to eliminate the persistent vegetative state, the condition that doctors said Mrs. Schiavo was in, as a diagnosis for patients, said her brother Bobby Schindler. But the foundation, which also will have a separate lobbying organization, will seek to have feeding tubes classified as ordinary care for hospital patients and to make people aware of the need to have advance directives or living wills in case they cannot communicate their wishes late in life."

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Georgia Attorney Challenges Courtroom Pledge. The Fulton County (GA) Daily Report (3/31, Land) reports, "Attorney Donald A. Weissman won't have to stand for the Pledge of Allegiance when he goes to court in Gwinnett, Ga., today, but he's still concerned that others will feel compelled to declare their loyalty to the U.S. government in order to get a fair hearing from Magistrate Judge Mark A. Lewis." The Report continues, "Lewis, hearing civil cases for a Gwinnett Superior Court judge tied up with a criminal trial, begins each day in court by turning to face the U.S. flag and reciting the pledge. … Lewis said he started the practice after the Sept. 11, 2001, terrorist attacks." The Report adds, "Weissman recently complained about the practice in a letter to Lewis and the court administrator. … According to Gwinnett County Court Administrator Philip M. Boudewyns, Lewis said that he would forego the pledge when Weissman is present, but will continue the practice on other days. … Thursday, the judge responded officially, entering an order chiding Weissman for passing the complaint letter -- which had been marked 'confidential to be opened by recipient only' -- to the Daily Report. … Lewis also defended his actions by citing a 2003 Georgia Supreme Court decision that said a judge's request that jurors stand for the pledge 'shows no bias, either for the State, or for one who is charged by the State with a crime.'"

Blacks Steadily Closing "Digital Divide." In what the New York Times (3/31, Marriott, 1.19M) calls a "remarkable closing of the 'digital divide' that many experts had worried would be a crippling disadvantage in achieving success," African Americans are "steadily gaining access to and ease with the Internet." While civil rights leaders, educators and national policy makers "warned for years that the Internet was bypassing blacks and some Hispanics as whites and Asian-Americans were rapidly increasing their use of it," the "falling price of laptops, more computers in public schools and libraries and the newest generation of cellphones and hand-held devices that connect to the Internet have all contributed to closing the divide, Internet experts say."

ANTITRUST:

Indiana Firm Admits Role In Concrete Price-Fixing Scheme. The AP (3/31, Wilson) reports, "A second central Indiana company and its president have agreed to pay millions of dollars in fines after admitting they conspired to fix the price of ready-mix concrete paid by homeowners, building contractors and the government." The AP continues, "The U.S. Department of Justice announced the guilty plea by Builder's Concrete & Supply Co. Inc. of Fishers on Thursday. The company was charged in U.S. District Court in Indianapolis with violating the federal antitrust Sherman Act, which prohibits restraint of trade." The AP adds, "Government attorneys allege that Builder's President Gus B. 'Butch' Nuckols III hosted at least two price-fixing meetings of central Indiana concrete executives at a horse barn next to his house in Fishers, a northern suburb of Indianapolis. … 'Price fixing threatens our free market system and robs consumers of the benefit of competitive prices,' Thomas O. Barnett, assistant attorney general in charge of the Justice Department's Antitrust Division, said in a statement. 'We vigorously investigate and prosecute companies and individuals involved in these conspiracies.' … The company issued a statement Thursday saying it 'remains committed to its central Indiana employees, customers and local communities.' … Four former executives of another company, Irving Materials Inc. of Greenfield, were sentenced to prison for their role in the scheme in December, and IMI was fined $29.2 million, the largest fine ever in a domestic antitrust investigation. … The investigation is continuing, the Justice Department said."

DOJ Probing McClatchy Purchase Of Knight Ridder Newspapers. The San Francisco Chronicle (3/31, Said, Writer) reports, "Federal antitrust regulators have begun looking at McClatchy Co.'s $4.5 billion purchase of Knight Ridder, an investigation that is legally required for any transaction of that size. Regulators may also be looking at what the pending sale of the San Jose Mercury News and Contra Costa Times would mean for competition in the Bay Area." The Chronicle continues, "A U.S. Department of Justice spokeswoman confirmed that the department is looking at the deal, announced earlier this month, which would make McClatchy the nation's No. 2 newspaper company. 'We will review it carefully,' she said." The Chronicle adds, "McClatchy acquired Knight Ridder's 32 newspapers and promptly said it will sell 12 of them. Those papers include the San Jose Mercury News, Contra Costa Times and Monterey County Herald, which have a combined daily circulation of 495,000. … One potential buyer is MediaNews Group of Denver, which already owns nine Bay Area dailies with a combined circulation of just over 300,000." The Chronicle notes, "The director of a local media consumer watchdog group said he was interviewed by the Justice Department on Wednesday about the ramifications of MediaNews buying the Bay Area papers. … John McManus, director of GradetheNews.org, which is based at San Jose State University, said he had a 45-minute interview with a Justice Department attorney about his concerns if MediaNews bought the Mercury and Contra Costa Times."

The AP (3/31, Sherman) reports that the DOJ attorney "asked about the impact of a MediaNews buyout on

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advertisers, rather than on consumer prices or news quality. But he was willing to listen to concerns about concentration of ownership on the news product," according to McManus. "Justice Department spokeswoman Gina Talamona confirmed that antitrust lawyers are examining the proposed McClatchy-Knight Ridder deal, but she would not comment on specifics about the inquiry."

DOJ Questions EU Case Against Microsoft. Dow Jones (3/31) reports, "The U.S. government says it has 'substantial concerns' about European regulators' antitrust case against Microsoft Corp., according to a person who has seen a letter sent to regulators." Dow Jones continues, "Relations between Brussels and the software giant have 'hit a new low,' the letter said. … The U.S. letter could re-ignite transatlantic tensions that peaked in 2001 when the European Commission, the regulatory arm of the European Union, notoriously blocked General Electric Co.'s planned merger with Honeywell International Inc.. Since then, Neelie Kroes has succeeded Mario Monti as the commission's top antitrust official." Dow Jones adds, "The letter is particularly delicate, since Kroes is seen as a more 'pro- American' commissioner than Monti, a U.S. diplomat said. The diplomat said ' Washington ordered (its) E.U. mission to send the letter,' noting that Microsoft has been pressuring U.S. officials and politicians to intervene on its behalf." Dow Jones notes, "The commission's antitrust spokesman, Jonathan Todd, said the regulator received the letter via email Monday and also met with a U.S. diplomat to discuss its contents. … The U.S. has questioned Brussels' treatment of Microsoft before. The March 2004 decision was described as 'unfortunate' by R. Hewitt Pate, then the head of the U.S. Justice Department's antitrust division."

Bloomberg (3/31, Rega) reports, "The U.S. said it wanted to ensure that the commission treated the company fairly, according to a copy of the two-paragraph letter seen by Bloomberg News. … The EU ruled in March 2004 that Microsoft illegally abused the dominance of its software, which runs on more than 90 percent of the world's personal computers, and fined it a record 497 million euros ($601 million). The regulator is threatening an additional 2 million euros in daily fines unless the company provides 'complete and accurate' information to competitors on how the Windows operating system communicates on networks. … In February, Microsoft demanded 'full access' to the case file, accusing the commission of violating its rights of defense. The commission refused to release letters between the regulator and two experts it hired to help on the case, arguing that the correspondence is 'internal.'"

The Wall Street Journal (3/31, Cohen) reports, "U.S. intervention, in an email to EU regulators and European capitals, comes at a delicate time. The case could reignite trans-Atlantic tensions that peaked in 2001 when the European Union notoriously blocked U.S.-based General Electric Co.'s planned merger with Honeywell International Inc. More recently, the U.S. and EU have worked to harmonize how they deal with business regulation, but Microsoft and the EU have been escalating their public battle. … Separately Wednesday, a U.S. district court in California quashed a Microsoft bid to move the fight into the U.S. legal system. The company asked the court to help it obtain documents related to its European antitrust case from U.S.-based rivals Oracle Corp. and Sun Microsystems Inc., which participated in the case. Microsoft had complained that European regulators weren't giving it enough information to prepare its challenge."

The New York Times (3/31, Meller) reports, "United States diplomats visited the offices of three European commissioners earlier this week. Jonathan Todd, the spokesman for the competition commissioner, Neelie Kroes, confirmed that her close aides met American diplomats this week and received the memo. He declined to comment on its content. … The diplomats also visited the offices of the internal market commissioner, Charlie McCreevy, and Gunter Verheugen, vice president of the commission, according to the person close to the commission." The Times notes, "A United States official denied that the American government was coming to Microsoft's aid in the antitrust dispute. 'Our interest is less that than wanting to see that everything is done properly,' said the official, who spoke on the condition of anonymity because of the tenuous nature of the matter."

Whirlpool Attorneys Were Right About DOJ Review Focus. Dow Jones (3/31) reports, "Whirlpool Corp.'s antitrust attorneys had it pegged right all along. … They had predicted that the Justice Department wasn't going to decide the merits of a Whirlpool acquisition of Maytag Corp. on the basis of market share but rather on whether the bulked-up company, which already is the world's largest appliance maker, could change industry dynamics and raise prices, to the detriment of consumers." Dow Jones continues, "Indeed, in giving its stamp of approval to the $1.7 billion acquisition Wednesday the government's antitrust watchdogs focused on pricing power. … 'Market shares are not always likely to be the best predictor' of how his agency would rule, new antitrust unit chief Thomas Barnett said at a news conference Wednesday." Dow Jones adds, "Last July Mark C. Schechter, a onetime Justice Department official who now specializes in antitrust issues at the Washington law firm of Howrey Simon Arnold & White LLP, and was among those advancing Whirlpool's case, had told Dow Jones Newswires that the merger would pass DOJ muster. … He said the regulators would consider whether the acquisition could give Whirlpool enough power to profitably raise prices at least 5%, an outcome Schechter considered 'implausible.' … That

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analysis ran counter to what became a mini-groundswell of misplaced opinion, on Wall Street and in the financial press, on how the government would rule in what some saw as a barometer of the Bush administration's views on business competition."

Judge Sanctions Gateway For Missing Evidence In Patent Case. The Wall Street Journal (3/31, Lawton) reports, "A federal judge in Utah harshly reprimanded Gateway Inc. for destroying or losing evidence 'in bad faith' in a patent-infringement case brought by an inventor against the computer maker." The Journal continues, "The plaintiff, Phillip M. Adams, a former International Business Machines Corp. engineer, filed the suit in 2002 after talks fell through with Gateway in 2001 over licensing his patented technologies that address a defect in circuitry used to control floppy-disk drives. Mr. Adams asserts in the lawsuit that Gateway violated a nondisclosure agreement signed between the parties, and that the company infringed on his patents. He later added allegations that Gateway lost or destroyed documents needed to help prove his case, which is scheduled to go to trial Monday." The Journal adds, "U.S. District Judge Ted Stewart sided with Mr. Adams, in a ruling that was issued March 6 and unsealed March 22. He chastised Gateway for failing to disclose information that a magistrate judge had found central to the case. Although he found no 'direct' evidence about Gateway's intentions, he cited 'ample circumstantial evidence' that Gateway acted in bad faith.'"

Apple Defends iTunes Logo In London Court. The Wall Street Journal (3/31, Patrick) reports, "To the classical strains of Antonio Vivaldi's 'Gloria,' a lawyer for Apple Computer Inc. yesterday argued in a high-profile United Kingdom court case that the company's iTunes service simply distributes music and isn't in the music-production business." The Journal continues, "The classical soundtrack contrasted with the first day of the hearing Wednesday when a lawyer for Apple Corps, the Beatles record company, demonstrated his points with the 1970s disco hit 'Le Freak.' … Behind the courtroom demonstrations in England's High Court, however, is a serious legal case: The Beatles' company claims Apple Computer is in breach of a 15-year-old agreement designed to end years of fighting between the companies over use of the Apple name and logo." The Journal adds, "Apple Corps wants the Cupertino, Calif., computer company to stop using the Apple logo on the iTunes service and in advertisements for it. But Anthony Grabiner, the Apple Computer lawyer, said the company's iTunes music store was no more than a 'data-transmission service'" and that using the Apple logo on iTunes is to tell visitors that the iTunes software was created by Apple and has nothing to do with the music being sold. … The outcome of the case could affect Apple's thriving digital music business, which has helped transform the company into an electronics and entertainment powerhouse from a maker of personal computers. While selling music through iTunes isn't a huge money-maker for the company, it is an important companion business for Apple's iPod, the digital music player that accounted for $2.91 billion, or more than half of the company's $5.75 billion, in revenue in the holiday quarter."

NRC Has Yet To Approve FPL, Constellation Merger. In its coverage of the $11 billion merger between FPL Group Inc. and Constellation Energy Group of Baltimore, the Palm Beach Post (3/31, Swartz) reports that "an explosion" happened Thursday in the Maryland Legislature. "That state's lawmakers voted to create a special counsel that would review utility mergers, thus delaying the deal" and while the bid "by the Democratic-controlled General Assembly still has to be approved by Gov. Robert Ehrlich, a Republican who is up for reelection" Ehrlich "hasn't said whether he'd veto the bill." The Post notes that the headaches in Maryland seem to be driven by deregulation and adds that the merger has yet to be approved by "shareholders of both companies as well as state and federal regulators, including the Federal Regulatory Energy Commission and the Nuclear Regulatory Commission."

Colony Capital Makes Rival Bid For Aztar. The Wall Street Journal (3/31, Sanders) reports, "Colony Capital LLC offered about $1.5 billion for casino operator Aztar Corp. three weeks after Aztar entered an agreement to be acquired by rival casino operator Pinnacle Entertainment Inc. The move sets off a possible bidding war for the Phoenix company best known for its Tropicana properties in Las Vegas and Atlantic City." The Journal continues, "Colony will offer $41 a share and would seek to refinance the $723 million in debt that Aztar carries, the company said. On March 14, Pinnacle of Las Vegas offered $38 a share for Aztar, or about $1.45 billion, not including the debt. … Colony, a closely held real-estate firm, owns the Las Vegas and Atlantic City Hilton hotel-casinos. … Colony's unsolicited offer may be the first salvo in what could be a heated bidding war for a small casino company that has underperformed. Aztar's $1.52 billion in market value is significantly lower than industry rivals like MGM Mirage and Harrah's Entertainment Inc."

JP Morgan In Talks To Buy Bank Of New York Branches. The Wall Street Journal (3/31, Sidel, Riley) reports, "Many of the nation's financial institutions favor one of two strategies when it comes to retail branches: build it or buy it. … J.P. Morgan Chase & Co. is aggressively pursuing both." The Journal continues, "The nation's third-largest bank based on market value is in discussions to acquire about 300

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branches from Bank of New York Co., according to people familiar with the matter. The deal would take the form of an asset swap in which J.P. Morgan would transfer a portion of its corporate-trust business to the bank that was founded by Alexander Hamilton in 1784." The Journal adds, "Representatives of both banks declined to comment on any possible deal, which was reported yesterday by CNBC. It wasn't immediately clear if any cash would change hands as part of a transaction. Wall Street analysts, who have long speculated that Bank of New York would jettison the bulk of its retail business, have estimated the branch network's value at about $4 billion. … People familiar with the situation said a transaction wasn't imminent, noting that the deal's structure is complex. Bank of New York is seeking the asset swap over an outright sale, these people said, because the retail business represents a hefty 15% of its total profits -- an amount that can't be easily replaced on the bottom line. Such a structure also would help Bank of New York avoid paying the higher taxes that usually accompany a big cash or stock deal."

ENVIRONMENT/INDIAN AFFAIRS:

DOJ To Enter Virginia Landfill Negotiation. The Suffolk (VA) News-Herald (3/29, Williams) reports, "The Southeastern Public Service Authority has asked the U.S. Justice Department to review a private landfill owner's proposal to put construction rubble and debris in SPSA's landfill." The News-Herald continues, "On March 13, days after a Suffolk Circuit Court judge dismissed his $20-million lawsuit against the public regional waste authority, landfill owner John C. Holland proposed an arrangement between his business and SPSA." The News-Herald adds, "Under the proposed contact, John C. Holland Enterprises Inc. would dispose of four to eight 20-ton trailers of construction debris every day at SPSA's landfill on U.S. 58. SPSA would be paid $630 n the same rate that the agency receives from Bay Transport, the other company that hauls for SPSA, based on Holland's proposal. … The authority's board of directors and legal counsel are concerned about potential state and federal anti-trust violations, said John S. Hadfield, SPSA's executive director. … On March 22, SPSA's board of directors indicated it would issue the Holland Enterprises a contract that would expire June 30, 2006, as soon as the proposed contract is approved by the U.S. Justice Department, according to a letter to Holland's lawyer Gary H. Baise. Receiving that approval is expected to take 30 to 60 days, said SPSA's lawyer Michael R. Katchmark."

Interior Department Officials Report Net Increase Of Wetlands. The New York Times (3/31, Barringer, 1.19M) reports that because the Interior Department's definition of a wetland includes golf course water hazards and other man-made ponds, "at a time of continued marsh depletion, pond inflation permitted Interior Secretary Gale A. Norton and Agriculture Secretary Mike Johanns to announce proudly on Thursday the first net increase in wetlands since the Fish and Wildlife Service started measuring them in 1954. Wetlands acreage, measured largely by aerial surveys, totaled 107.7 million acres at the end of 2004, up by 191,800 acres from 1998. The two cabinet secretaries hailed the apparent reversal in the long trend of wetland losses. … A net total of 523,500 acres of swamps and tidal marshes had been lost, but the Fish and Wildlife Service measured gains of 715,300 acres of shallow-water wetlands, or ponds. According to the report's author, Tom Dahl, those can be 20 to 30 feet deep."

Report: Meth Sweeping Through Indian Country. From Arizona's San Carlos Apache Indian Reservation, USA Today (3/31, Wagner) reports meth "is sweeping through Indian country, tearing families apart and leaving a trail of violence and tears. … Native American leaders nationwide — but especially in the West — report a meth-induced surge of domestic violence, juvenile sex and meth-addicted babies, while federal authorities say foreign drug cartels are targeting tribal lands as distribution beachheads. … At Wyoming's Wind River Reservation, 25 tribal members were arrested by Bureau of Indian Affairs and Drug Enforcement Administration agents last May in connection with a drug ring."

FBI/DEA/ATF/USMS:

Judge Clarifies Ruling Suggesting FBI Link To Oklahoma City Bombing. The AP (3/31, Foy) reports, "A federal judge on Thursday rewrote a sentence to clarify a ruling that had suggested Timothy McVeigh received help from paramilitary militias in the Oklahoma City bombing and that the government had an informant in the bombing conspiracy." The AP continues, "U.S. District Judge Dale Kimball had issued a decision that called those two claims 'fact.' Asked if he was endorsing the conspiracy theories, Kimball issued a new decision late Thursday to attribute both claims to a Salt Lake City lawyer." The AP adds, "The lawyer, Jesse Trentadue, is trying to expose FBI evidence he contends will show the bureau was tipped to McVeigh's plans but failed to stop the Oklahoma City bombing. FBI officials have repeatedly refused to address Trentadue's claims. … Trentadue is also trying to prove that his brother - a bank robber who died in federal custody after being picked up on a parole violation - was mistaken for an associate of McVeigh's in the frantic search for conspirators after the bombing, and was killed by federal agents during an interrogation gone

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awry." The AP notes, "In his original 23-page decision, released late Wednesday, Kimball singled out one FBI teletype already released to Trentadue, but in heavily edited form. … The judge, who has inspected the unedited version of the memo, first wrote: 'The plaintiff (Trentadue) points out the fact that this document indicates that there was an undercover operative in with Timothy McVeigh and members of the various militia groups who aided and supported McVeigh.' … The judge rewrote the sentence to eliminate the word 'fact' and substitute: 'The plaintiff claims that this document indicates that there was an undercover operative in with Timothy McVeigh and members of the various militia groups who aided and supported McVeigh.'"

DEA: Drug Ring Used Tombstones To Smuggle Cocaine. The AP (3/30, Barrett) reports, "Federal agents on Thursday said they had broken up a ring of drug smugglers who used tombstones featuring the Virgin Mary to move hundreds of pounds of cocaine into New York from Mexico. The Drug Enforcement Agency announced arrests of 12 people as part of the conspiracy. … 'Like grave robbers who have no respect for the dead, this drug organization used revered tombstones to smuggle millions of dollars worth of cocaine into New York City,' said John Gilbride, the special agent in charge of the New York DEA office." The drug bust received wide media coverage, with news outlets making more than 90 references to it. The AP story was published in newspapers and/or posted on the Web sites of ABC News, FOX News, CNN, Canada's CBC News, the San Diego Union Tribune, Tampa Tribune, Houston Chronicle, and the Knoxville Tennessee News Sentinel.

UPI (3/30) reports the DEA "said the investigation, called Operation Omni Presence, resulted in the arrests of 11 people and the seizure of more than 425 pounds of cocaine and $474,000 in cash."

WABC-TV, New York (3/30) reports on its Web site, "Eyewitness News has obtained photographs that show the lengths some drug organizations will go through to smuggle cocaine into the country, and more specifically New York. Sources tell us at least 10 suspects have been arrested in New York as part of an international drug ring that used tombstones with the image of the Virgin Mary on them to smuggle drugs."

New York Daily News (3/31) reports, "The New York angle began to emerge last May when the NYPD, the DEA and Nassau County narcotics cops tailed a dealer running drugs between Houston, Washington Heights and Atlanta."

Two "Major" Drug Rings Broken Up, At Least 15 Arrested. The New York Times (3/31, Lambert) reports two major drug-trafficking rings that "smuggled huge amounts of cocaine from Mexico — some of it concealed in tombstones engraved with the image of the Virgin Mary — and shipped it to the East Coast were broken up yesterday in multiple raids by federal, state and local law enforcement agencies nationwide. … The tombstones were tracked from Mexico to a warehouse in Brooklyn, where investigators found broken pieces of those that had already been opened." The Times says according to the DEA, some intact tombstones remained, and officers found cocaine bricks inside of them. That raid "found 196 kilograms of cocaine with a retail value estimated at $8 million to $12 million." The Times adds that at least 15 people have been arrested.

State Police Announce Cocaine Bust. WCBS-TV, New York (3/30) reports on its Web site, "New York State Police announced a major bust of a multi-million dollar cocaine distribution network. … Police executed eight search warrants throughout Suffolk County that resulted in the seizures of 210 kilograms of powder cocaine with an approximate street value of $40 million. … The DEA Long Island District Office, Suffolk County Police Department, the Suffolk County District Attorney's Office and the Nassau County Police assisted the New York State Police."

Local TV Coverage. KTRK-TV , Houston (3/30, 6:00 p.m.) reported, "Ten people were arrested, and agents say those drugs were smuggled into the country by a trafficking organization."

KOAT-TV, Albuquerque-Santa Fe, New Mexico (3/30, 10:00 p.m.) reported, "Drug smugglers are apparently using the Virgin Mary to bring cocaine into the US. The Drug Enforcement Agency issued the pictures today. They show just how the drugs are hidden."

WBAY-TV, Green Bay-Appleton, Wisconsin (3/30, 10:00 p.m.) reported, "You might be surprised at the latest path illegal drugs are taking to get to the US. The DEA just released these pictures of a recent bust where hundreds of pounds of cocaine were found hidden inside statues of the Virgin Mary. Police say the method is similar to what was shown in an episode of the hit show 'Lost.' Officials confiscated nearly 500 thousand dollars and arrested 11 people in connection with the statues."

WXYZ-TV, Detroit (3/30, 11:00 p.m.) reported, "Tombstones of the Virgin Mary were used to smuggle cocaine into the US. In addition, they also smuggled cash, and ten people [were arrested].

Federal Agents Arrest Reputed Philly Drug Kingpin, Seven Others. The Philadelphia Daily News (3/31, Caparella, Gambacorta) reports, "A reputed drug kingpin who sells hip-hop clothing and music out of a South Street-area business has been arrested with seven others in four states in a major sting involving a 210-kilogram shipment of Mexican cocaine, $5 million in cash and 14 weapons. … The FBI, the DEA, the IRS, New York and Pennsylvania State Police, and Philadelphia police raided at least 15

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locations in Pennsylvania, New York, New Jersey, Delaware and Maryland in the past two days in the ongoing federal drug investigation. At roughly 7:30 p.m. Wednesday, armed agents in flak jackets hit the Teagle Co….owned by Omar Teagle, 33, a reputed Philadelphia drug kingpin, according to authorities." The Daily News adds, "Yesterday, Teagle and two other suspects, George Rodgers and Donnell Ball, appeared briefly for a federal hearing that was postponed until today while Assistant U.S. Attorney Curtis Douglas prepared their criminal complaints."

MLB To Investigate Players' Steroid Use. The networks last night each reported on the baseball steroid investigation last night in a full segment. ABC World News Tonight (3/30, story 6, 2:25, Berman, 8.78M) reported, "With slugger Barry Bonds poised to break the game's most revered records, baseball vowed to determine once and for all if he broke the rules." The investigation, "led by former Senator George Mitchell, will focus on allegations published in the new book, 'Game of Shadows, that Balco Labs in California provided a slew of steroids for bonds and other Major Leaguers. But Mitchell promised to go beyond Bonds and follow whatever leads he may find into the game's steroid-laden past."

The CBS Evening News (3/30, story 7, 2:15, Mason, 7.66M) reported, "Selig said accusations in the new book, 'Game of Shadows,' that home run champion Barry Bonds used steroids as early as 1998 triggered the inquiry, and he tapped former Senator George Mitchell to lead it." Selig: "He has my permission to expand the investigation and to follow the evidence wherever it may lead." The "scandal has made the game's national sponsors squeamish. Bank of America and Home Depot have refused to support any celebration of Bonds' quest for the all-time home run record unless he's cleared of steroid use."

NBC Nightly News (3/30, story 4, 2:30, Taibbi, 9.87M) reported, "Even in spring training Barry Bonds has heard lots of boos. Fans sick of hearing about steroids reacting to this book just out about steroid-provider Balco and about Bonds' five years of alleged use of steroids and other performance enhancers to fuel his late-career power surge: Now, baseball's official investigation."

Mitchell Has Power To Expand Steroid Probe. USA Today (3/31, Bodley, 2.31M) reports that Selig "emphasized that Mitchell has the authority to expand the scope of the probe if necessary. … 'Should Sen. Mitchell uncover material suggesting that the scope of the investigation needs to be broader, he has my permission to expand it,' Selig said.'

Arab Drug Traffickers Selling Cocaine From South America. The White House Bulletin will report later today that Arab drug trafficking gangs are moving cocaine from South America to Europe and the Middle East, where some profits are ending up with radical groups such as Hamas and Hezbollah, according to the Drug Enforcement Administration. In response, DEA is zeroing in on the smugglers' base of operations in South America's notorious Tri-border area, a crime-ridden no-man's land where Argentina, Brazil and Paraguay meet. The lucrative drug trade could become "an unlimited source of cheap and easy revenue" for terrorist groups, DEA Chief of Operations Michael Braun warned Congress in testimony yesterday afternoon. A $6,000 kilo of Latin American cocaine, he noted, goes for $110,000 in Israel and $150,000 in Saudi Arabia. Key to the crackdown, officials say, will be going after the flow of money generated by the illicit trade.

Sentencing Expected For Three Charged In International Drug-Smuggling Investigation. The Vancouver Sun (3/30, Mulgrew) reports on the expected sentencing of three men charged for their involvement in a large, international cocaine smuggling ring. Their arrests in August 2001 "were part of the culmination of an incredibly complex, law-enforcement initiative that spanned the continent and targeted organized crime." The Sun continues, "The RCMP, the FBI, the U.S. Drug Enforcement Administration, border security forces and other law-enforcement agencies would ultimately begin surveillance and wiretaps on dozens and dozens of individuals. Soon, they would be chasing people involved in supplying most of the marijuana consumed in Atlantic Canada, other individuals involved in shipping hundreds of kilograms of pot at a time to the U.S. and, of course, another parcel of people involved in importing massive amounts of cocaine from Mexico through the U.S. and into Canada."

Trial Continues For Former Massachusetts Narcotics Investigator. The Malden (MA) Observer (3/31, Keough) reports Jurors in Boston's U.S. District Court "are working their way through a wealth of witnesses and audio evidence to determine whether former Malden drug detective David Jordan did his best to single-handedly prevent a drug deal, or if he participated in a staged raid and used the cover of his officer's uniform to steal cocaine." Jordan "is being charged with conspiring to sell cocaine, cocaine possession, using a gun in the commission of a drug offense, witness intimidation and giving false information to Drug Enforcement Administration agents."

New Orleans Man Held Until Trial. The AP (3/30) reports that Brian Expose, who was "arrested last week with a cache of drugs and weapons, then set free without bond by New Orleans judge, will remain in federal detention pending trial on drug-dealing charges. … Expose was arrested March 21st by New Orleans police and Drug Enforcement

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Administration agents, after an investigation and surveillance of his home produced evidence he was selling drugs."

Five In New Jersey Indicted On Weapons Charges. The Asbury Park (NJ) Press (3/29, Jones) reported, "Five Monmouth County residents, including a former corrections officer, were indicted Tuesday on charges of selling a dozen guns and a bullet-proof vest — and trying to sell a live hand grenade — to a government witness, authorities said." John Velba, William Schreiber, Cheryl Britton, Harold Smith and Kevin Benn each are "charged with one count of conspiracy and one count of engaging in the business of dealing in firearms without a federal license to do so. … FBI agents arrested all five people on Nov. 1, U.S. Attorney Christopher J. Christie said in a prepared statement Tuesday."

Increasingly Popular Gun Shows Draw Supports, Critics. Knight Ridder (3/31, Thomas) reports that gun shows, "which gained popularity in the 1990s and now number in the thousands nationwide…are coming under increasing fire as critics claim they are contributing to the incidence of violent crime. … 'Gun shows are one of our main problems,' said Kansas City Mayor Pro Tem Alvin Brooks. 'These are the guns that end up on the streets of America.'" Knight Ridder continues, "Critics contend that the biggest problem is a legal loophole that allows criminals and others who are prohibited from buying a firearm to obtain guns from unlicensed sellers at guns shows. In most states, including Missouri and Kansas, no background checks are required to buy long guns - including assault rifles - from sellers who do not have a federal firearms license. … Gun-rights advocates maintain, however, that there is no 'gun show loophole.' … 'If anyone is involved in the trade of selling and buying firearms, they have to obtain a federal firearms license,' said Andrew Arulanandam, director of public affairs for the National Rifle Association. 'That is the law of the land today, so to say that there's a loophole is disingenuous.'" Knight Ridder notes, "Paul Marquardt, a spokesman for the federal Bureau of Alcohol, Tobacco, Firearms and Explosives in Kansas City, said the agency is more concerned about 'the people who illegally sell firearms to criminals' such as felons, illegal aliens or drug traffickers. … 'The ATF does not target gun shows, we target criminals who are trying to acquire firearms from any source whether it's in a back alley or anywhere else,' Marquardt said."

IMMIGRATION:

Bush Optimistic About Passage Of Immigration Reform Bill. In Cancun, Mexico today, President Bush met with Mexican President Vincente Fox and Canadian Prime Minister Stephen Hunter. As the AP (3/31, Pickler) reports, "the immigration debate is receiving a lot of attention at the summit." USA Today (3/31, Jackson, 2.31M) reports Bush "told Mexican counterpart Vicente Fox on Thursday he supports a temporary 'guest worker' program, but said the final decision belongs to Congress -- where many of Bush's fellow Republicans oppose the idea. 'I told (Fox) there is a legislative process that's going forward,' Bush said."

According to the New York Times (3/31, Thompson, Sanger, 1.19M), "in an effort to reassure Mexicans and to defuse an intense debate in the United States," Bush told Vicente Fox "that he supported proposals to legalize undocumented workers as long as they were not given any advantages over immigrants who entered the United States legally." In fact, says Fox News' Special Report (3/30, Cameron), Bush "said he was optimistic about a deal in Congress and went out of his way to say that a guest worker program is not the same as amnesty."

NBC was the only network to cover the summit, highlighting the immigration debate as an introduction to its report on the Senate debate. NBC Nightly News (3/30, story 3, 1:50, Gregory, 9.87M) reported, "They looked like good neighbors today, dressing down for a tour of Mexico's ancient Mayan ruins." Bush and Fox "were united calling for a process to put illegal immigrants on a path to legal status." President Bush: "We don't want people sneaking into our country who are going to do jobs Americans won't do. We want them coming in an orderly way." Gregory: "But in Congress today, the debate was still hot." Meanwhile, CNN's The Situation Room (3/30, Quijano) reported that Vicente Fox "acknowledged to reporters that the immigration issue was largely out of his and President Bush's hands, saying it was essentially up to the United States Congress." Despite Fox's comments, the AP (3/31, Pickler) says "both leaders were clearly trying to sway the debate," and Bush "gave Congress a long-distance push Thursday to open the United States to immigrant workers."

The Washington Times (3/31, Dinan, 90K) offers a different take on the story, under the headline "Fox Pledges More Border Control." The Times says Fox "yesterday promised President Bush that his country will do more to control the US-Mexico border and will strengthen its own southern border to reduce the number of aliens crossing into Mexico to reach the United States." The Times adds, "The emphasis on border security reflects the political climate in the United States on immigration, where the only point that nearly all voters agree on is that the borders leak and the U.S. government has failed to control them."

The Los Angeles Times (3/31, Gaouette, Gerstenzang, 958K) reports that "for Fox…the meeting brought the immigration debate full circle: He took office seeking to improve relations with the United States, particularly over

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immigration." But "that relationship was disrupted by the United States' attention to its campaign against terrorism after the Sept. 11 attacks, and then by differences between Fox and Bush over the Iraq war, which Fox opposed."

The Washington Post (3/31, A13, Fletcher, 744K) focuses on the same issue, saying Bush came to the meeting is "hopes of repairing fissures that have developed in the relationship among the North American neighbors." The relationship "between the United States and both its neighbors has been characterized in recent years by creeping distrust over issues such as illegal immigration and the implementation of US trade policy."

Bush "Emerging Slowly" From "Touring Shell." Knight Ridder (3/31, Douglas), meanwhile, says Bush "traded in his business suit Thursday for a white tropical short-sleeve shirt and khaki slacks as he played tourist, something he rarely does on foreign trips." The President "was all smiles and business casual as he spent about an hour walking through the impressive ruins of Chichen-Itza, a Mayan archeological site about 127 miles west of Cancun." Bush "has earned a reputation for being an indifferent tourist at best on overseas trips, dashing through museums and exhibits or leaving social and cultural events early. He typically prefers to stick to business and not interrupt his routine. … The president seems to be emerging slowly from his touring shell. … On Thursday, Bush looked like a man having fun and in no hurry."

The Los Angeles Times (3/31, Gerstenzang, 958K) runs a similar story, in which it says "Given a choice, President Bush is not a tourist. When he visited St. Petersburg, Russia, in 2002, he completed his tour of the Hermitage museum in two hours, 16 minutes. … As president, he has been to Rome. He skipped the Colosseum. Berlin? He drove past the Brandenburg Gate without stopping. He did the Great Wall of China in a half-hour flat, then turned to a reporter and said, 'Let's go home.' And four weeks ago, he caused a diplomatic row by refusing entreaties while in India to visit the Taj Mahal." The Times adds, "All of which make his activities Thursday morning that much more remarkable."

GOP Deeply Divided As Senate Debates Immigration. As the Senate debate on immigration reform continued yesterday, the Wall Street Journal (3/31, Rogers, 2.11M) reports that "in deference to Majority Leader Bill Frist (R., Tenn.), debate had been confined" to narrow "border-security bill favored by conservatives and the House." But yesterday, Senate Judiciary Committee Chairman Arlen Specter "was allowed to bring out the broader Judiciary measure that will be the focus going forward." That bill includes guest worker and other provisions backed by the President. Democrats "believe they can deliver 42 votes for the bill, and Mr. McCain's office appeared confident that 18 Republicans can be found to bridge the difference and invoke cloture to cut off a filibuster." But Frist" said last night that 'cloture doesn't have the votes to pass now even if they had all 45 Democrats.'" The White House's "worst fear regarding the legislation is that it will collapse in the Senate, denying Mr. Bush the chance of getting the House to consider a more comprehensive approach to immigration."

The GOP split on immigration continued to dominate the coverage of the Senate debate. NBC Nightly News (3/30, story 3, 1:50, Gregory, 9.87M) reported, "Some Republicans are arguing that people don't want a guest worker program." Rep. Tom Tancredo, Colorado: "They want to secure the border and they want to go after the people who are hiring people here illegally." Gregory: "Others warn against isolationism." Sen. John McCain, Arizona: "But, by God, we have got to continue those traditions of freedom, democracy and hope for every person all over the Earth." Gregory: "Some Republicans fear this debate will hurt the party with Hispanics after President Bush successfully courted their votes."

Like NBC, many media outlets this morning highlight comments by Sens. Frist and McCain and GOP Rep. Tom Tancredo, a leading immigration. All three may run for president in 2008. Coverage of Tancredo's criticism of Bush (he said, for example, "I wish he'd think about the party, and of course, I also wish he'd think about the country") is particularly widespread. Tancredo is even profiled by the Washington Post (3/31, A1, Murray, Reid, 744K) in a front-page story this morning. Titled "Tuning In To Anger On Immigration," the piece recounts that "after Tancredo suggested in 2002 that President Bush's views on immigration amounted to a national security threat, White House political adviser Karl Rove told him, 'Don't ever darken the door of the White House' -- although Tancredo later was invited to the White House for a bill signing." Tancredo "has appeared more than 1,000 times on radio talk shows in recent years and has become a television news mainstay."

CNN's The Situation Room (3/20, Koppell) reported that the Senate is "shaping up into two camps." On one side, "you have the Majority Leader, Bill Frist, who's saying that essentially to lay out a path to citizenship, to the 11 to 12 million illegal immigrants in this country, is tantamount to amnesty. On the other side, you have many Republicans and Democrats who are saying if you don't lay out that path, if you don't offer them a way out, what do you do?" CNN added, "Over in the House today -- as you know, the House already passed its legislation -- very tough border enforcement, but nothing to do with what many people refer to as a guest worker program. One of the leading proponents of the House legislation is Tom Tancredo, Republican of Colorado, who stood before an enormous banner with an X going through the word 'amnesty.' He said that according to

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recent polls, Americans are not in favor of legalizing those illegal aliens."

The Wall Street Journal (3/31, Harwood, 2.11M), in its "Washington Wire" column, analyzes the immigration debate's impact on McCain and Frist's presidential prospects. McCain, says the Journal, "gains from improving odds for immigrant guest-worker program. House Speaker Hastert's openness to guest-worker compromise enhances Arizona senator's reputation for driving Hill action. Championing White House priorities, on immigration as well as Iraq, fuels his hopes for wooing Bush loyalists." Meanwhile, tough border-security talk by Senate Majority Leader Bill Frist, "McCain's 2008 rival, could produce inroads among conservative Christians; by 64%-29%, evangelical Protestants call immigrants a burden rather than a benefit in new Pew Hispanic Center poll."

The debate over whether the bill would represent "amnesty" also took center stage yesterday. Dana Milbank writes in his Washington Post column (3/31, A2), "the use of the word 'amnesty' -- more than 50 times on the Senate floor yesterday -- says much about the immigration debate. Proponents of the 'guest-worker' path toward legalization appear to have gained the upper hand; Specter seems to have the votes in the Senate, and House Speaker J. Dennis Hastert (R-Ill.) is rethinking his chamber's hostility to a guest-worker plan. Opponents, therefore, need to escalate the rhetoric and invoke the A-word." Democrats, "who favor the guest-worker plan, called in a polling firm, Lake Research Partners, to provide talking points to counter the amnesty charge. 'Lead with an enforcement message,' the firm advised, and propose 'reasonable solutions' that are also 'tough and fair.' Lake continued: 'Immigrants have to pay taxes...and be learning English.'"

McCain took to the airwaves last night to make the case the a guest worker plan is not "amnesty." Sen. John McCain was asked on CNN's The Situation Room (3/30) about Senate Majority Leader Bill Frist's criticism that his guest worker proposal is "amnesty" for immigrants in the US illegally. McCain said, "Let me just say that the definition of amnesty, as I read it in the dictionary, is forgiveness for crime, sin, et cetera. This is a tough, tough row to hoe for anyone who has violated our laws by coming to this country illegally. There's 11 or 12 million of them. We require them to pay back taxes, criminal background checks, $2,000 fine, work for six years before you're eligible for a green card. We're talking about 11 years or more in order to obtain citizenship. On the flip side of that is, they are here. They are here. And as George Will said, it would take 200,000 busses from San Diego to Alaska to transport them back. How would you possibly go about sending people back to the country that they came from? Our proposal is to make them earn citizenship, and through a very tough, rigorous procedure, which we don't believe is amnesty, nor by any definition of the word."

McCain said on Fox News' Hannity & Colmes (3/30), "Everybody knows that we have to fix the problem of our broken borders and that we have 11 million to 12 million people in this country who are here illegally. So I want to make one early comment. That is the President's comments in Cancun today I thought were very helpful. He said we need a viable guest worker program and make people go to the end of the line, but give them a chance to earn championship."

The AP (3/31, Fournier) says polls "show the issue has the potential to divide Democrats as well as Republicans. Many working-class Democrats resent what they consider to be a constant flow of cheap labor. The hard-line House bill was backed by 36 Democrats, including those considered most in danger of losing their seats in November." Still," the fear is most palpable among GOP leaders. Republican Party chairman Ken Mehlman said his party's challenge is to improve border security 'and do it in a way that is pro-immigrant.'" The AFP (3/31) says the debate sets Bush against "hard-line Republicans," while the Los Angeles Times (3/31, Gaouette, 958K) says it "pits the needs for post-9/11 border security against the economic and humanitarian concerns of the estimated 12 million illegal immigrants already in the country." Another Los Angeles Times story (3/31, Gaouette, Gerstenzang) says the "competing visions" in Congress, "reflect attitudes among Americans, according to a poll by the nonpartisan Pew Hispanic Center. Like lawmakers, Americans are increasingly concerned about illegal immigration, with 52% seeing such immigrants as a burden to the country. And, like lawmakers, Americans are divided on how to deal with the issue."

House Conservatives Criticize Bush, Warn Leaders Not To Compromise With Senate. Under the headline "Conservatives Stand Firm On Immigration," the New York Times (3/31, Hulse, Swarns, 1.19M) reports "conservative House Republicans bluntly warned their leaders Thursday against any immigration compromise that would allow temporary foreign workers and assailed a Senate proposal that would open the way for illegal immigrants to earn citizenship." The "sharp divisions among Republicans illustrated the difficulty Congress would have in reaching agreement, particularly with midterm elections looming."

The Washington Times (3/31, Hurt, 90K) reports Rep. J.D. Hayworth, Arizona Republican, said of voters, "They will remember in November," and "many of those who have stood with our Republican majority in the last decade are not only angry, many of them plan to be absent from the polls" this year when the entire House and one-third of the Senate is up for re-election." GOP Rep. Dana Rohrabacher of California "fired a warning shot specifically at Sen. John McCain. … 'Those elected officials who are insisting on a guest-worker

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program and diluting the efforts of border security and internal enforcement are telling the American people exactly whose side they are on,' Mr. Rohrabacher said. 'The American people now have that opportunity to make that determination, and they will. Senator McCain and others will find out about that, when they find their own career is short term.'" Rep. Tom Tancredo, who "leads the House immigration reform caucus, offered a simple explanation for why Mr. Bush is pushing a guest-worker program that voters don't want. 'He's not running for re-election,' Mr. Tancredo said yesterday. 'I wish that he would recognize the dangerous position he would place himself in and the rest of his agenda if the Republicans lose the House and Senate, which they could easily do on this issue. Although he's not running for re-election, I wish he would think about the party. And, of course, I wish he'd think about the country."

Rohrabacker Says "Prisoners," Not Illegals, Should Pick Up Crops. The AP (3/31, Espo) also reports House conservatives "criticized…Bush, accused the Senate of fouling the air, said prisoners rather than illegal farm workers should pick America's crops and denounced the use of Mexican flags by protesters Thursday in a vehement attack on legislation to liberalize US immigration laws." Rep. Dana Rohrabacher said, "I say let the prisoners pick the fruits."

Guest Worker Issue Also Divides Liberals, Organized Labor. The Washington Post (3/31, D1, Weisman, 744K) reports, "New economic research that pits native-born workers against low-skilled immigrants in a struggle for jobs and wages has fueled a rift between some of Washington's most liberal lawmakers and their allies in economics and labor, who fear that the Democratic Party is pushing an immigration policy that forsakes the party's working-class mainstay." The Post adds, "At issue is a guest-worker provision that would allow hundreds of thousands of foreign workers legal access to the U.S. labor market each year and the impact those new low-wage workers would have on stagnant wages. An unusual coalition of business groups, immigration advocates and labor unions with large immigrant memberships have come together to support the guest-worker program proposed by Sens. Edward M. Kennedy (D-Mass.) and John McCain (R-Ariz.)." Kennedy, "the Senate's liberal lion and an unflagging ally of organized labor, says the legislation he co-wrote would help all low-wage workers by applying minimum-wage laws and other workplace protections to immigrants and undocumented workers, who are often exploited." The AFL-CIO "and many economists strongly disagree."

Senate Votes To Launch Study On Illegals' Deaths. The Los Angeles Times (3/31, Gaouette, 958K) reports, "The Senate today approved an amendment to launch a study of how many illegal immigrants die trying to cross US borders, which Majority Leader Bill Frist (R-Tenn.) described as 'an immense humanitarian tragedy.'" The 94-0 vote "provided little hint of the tumultuous votes to come."

Few Temporary Visas Available For Skilled Immigrant Workers. NBC Nightly News (3/30, story 8, 2:20, Lewis, 9.87M) reported, "By law, only 65,000 people a year can get" temporary skilled workers visas, and "it's difficult for them to become permanent residents. The same is true for foreign students pursuing high-tech subjects at American universities. When they complete their education, many are forced to go home, taking their skills home with them." But "unions and other organizations representing high-tech workers oppose liberalizing the visa and green card regulations."

The Washington Post (3/31, D1, Kalita, 744K) runs a similar story under the headline "Most See Visa Program As Severely Flawed," and reports "opponents say the highly skilled foreign workers compete with and depress the wages of native-born Americans." Meanwhile, "supporters say foreign workers stimulate the economy, create more opportunities for their US counterparts and prevent jobs from being outsourced overseas. The problem, they say, is the cumbersome process: Immigrants often spend six years as guest workers and then wait for green card sponsorship and approval."

Protests Continue. The New York Times/AP (3/31) reports from Houston, "Dozens of students were arrested or cited on Thursday." The students who were arrested "were among thousands in Texas and elsewhere who left class this week to rally in support of immigrants." They "were arrested after 150 students left class and refused to get on buses to return, Lt. Robert Manzo of the Houston police said." The Washington Post (3/31, B1, Bahrampour, Stockwell, 744K) says "demonstrations among high schoolers and middle schoolers spread yesterday as 1,500 students in Northern Virginia and a smaller group in Maryland poured into the streets to protest proposed federal legislation that would crack down on illegal immigrants." The Post adds that protesters were "draped in flags of Latin American countries."

High School Principal Raises Mexican Flag On Campus Flagpole. The Washington Times (3/31, Richardson, 90K) reports, "A high-school principal who raised the Mexican flag on a campus flagpole as a show of support for Hispanic students was disciplined yesterday as the school district grappled with massive student walkouts." Robert Pambello, principal of John H. Reagan High School in Houston, "received 'appropriate disciplinary action,' said Terry Abbott, a spokesman for the Houston Independent School District, adding that no details would be released because it was a personnel matter."

Latino Immigrants Becoming Integral Part Of North Carolina's Economy. ABC World News Tonight (3/30, story 8, 3:00, Snow, 8.78M) reported, "Many of the jobs" taken by Latino immigrants in North Carolina "are off the books. By

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one estimate, employers and illegal immigrants are shortchanging the Federal Government by $35 billion in unpaid income taxes. According to one new study, each Latino resident is costing North Carolina taxpayers $102 a year. But the equation is complex." John Kasarda, Kenan Institute, University of North Carolina: "The economic output of this state is increasingly dependent upon Hispanics." Snow: "Farmers rely on the hard-working immigrants. … Without them, these small towns wouldn't survive."

More Commentary. The Wall Street Journal (3/31, 2.11M) editorializes that "the most important political outcome" of the immigration debate "may turn out to be the message that Republicans send about the kind of the party they are and hope to be." Republicans face a choice between "Ronald Reagan's view of America as a 'shining city on a hill'" and "the chauvinist conservatism usually associated with the European right. How Republicans conduct and conclude their immigration debate will show the country which kind of 'conservative' party they want to be."

In an editorial, the Los Angeles Times (3/31, 958K) argues that California's two senators, Barbara Boxer and Dianne Feinstein, "have not distinguished themselves in recent years on immigration issues, but this week it has been heartening to see them on the correct side of the momentous debate in the Senate. California is an iconic state of immigrants in this iconic nation of immigrants, and its representatives in Washington should be on the side of enlightened reform," referring to a "broad" guest-worker program.

In its "Opinionline," USA Today (3/31, 2.31M) surveys editorials from around the nation. The Parsons Sun from KS, in a signed editorial by Ann Charles says, "While a U.S. House-passed bill would make the presence of these laborers a felony and require fencing 700 miles of the border along Mexico, the reality of that would cause an earthquake in the US economy." The Middletown Journal from OJ, in an editorial: "The federal government's unwillingness to secure our borders and to stop the steady rush of people illegally coming into the United States threatens to overwhelm local communities' resources, services and employment opportunities. … It's time for Congress and the White House to do their jobs." Also, the Lufkin Daily News, in TX, editorialized: "It would be difficult to find even one American citizen who has not benefited in some way from the fruit of undocumented workers' labor. And with the exception of full-blooded Native Americans, every American is either descended from immigrants or is an immigrant himself."

Daniel Henninger, writes in the Wall Street Journal (3/31, 2.11M), "It's not a coincidence that the first push-back Immigration Act emerged in the Roaring Twenties, another period of abrupt social disruption and anxiety with heavy immigrant inflows from southern Europe. It may be too much to hope, but the purpose of political leadership in such times is to find a path toward our best lights rather than our darkest impulses. At the moment, Senator Frist of Tennessee isn't measuring up."

Eugene Robinson writes in the Washington Post (3/31, A19, 744K), "It's frustrating. The three overlapping forces that have sent this country in so many wrong directions -- the conservative movement, the neoconservative movement and the Republican Party -- are warring among themselves, doing their best impression of crabs in a barrel, and sensible people can't even enjoy the spectacle. That's because it's hard to take pleasure in the havoc they've caused and the disarray they will someday leave behind."

In his New York Times column (3/31), Paul Krugman says he is "all in favor of…offering those already here a possible route to permanent residency and citizenship. Since we aren't going to deport more than 10 million people, we need to integrate those people into our society." But he is critical of "the plan to create a permanent guest-worker program."

TAX:

Judge Raises Questions About KPMG Tax-Shelter Prosecutions. The New York Times (3/31, Browning) reports, "A federal judge raised questions yesterday about the prosecution of 16 former KPMG employees over aggressive tax shelters, criticizing prosecutors for what he called murky definitions of fraud and evasion." The Times continues, "The judge, Lewis A. Kaplan of Federal District Court in Manhattan, said he was confused by what prosecutors said was a conspiracy by the defendants to make and sell aggressive shelters that allowed hundreds of wealthy investors to evade $2.5 billion in taxes from 1996 to 2002. … 'Was the fraud and evasion in the execution or the design' of the shelters, Judge Kaplan asked during a hearing held to consider defense motions to drop or alter some charges." The Times adds, "Judge Kaplan made no ruling yesterday; he is expected to issue orders on the motions in coming weeks."

The Wall Street Journal (3/31, Davies, Burns) reports, "Prosecutors contend the shelters were sham products designed, sold and implemented to improperly avoid paying taxes. The shelters were sold to about 600 wealthy individuals from 1996 to 2002 and generated about $2.5 billion in tax savings, prosecutors say. … Lawyers for the defendants argued that a separate settlement KPMG reached with prosecutors last year has hampered their clients' defense. The deferred-prosecution agreement required KPMG to admit to criminal wrongdoing and pay $456 million to avoid a criminal indictment that probably would have put the firm out of business. It makes it difficult to get current KPMG employees to testify freely about the case, say

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defense lawyers. … They also claim prosecutors pressured KPMG into not paying legal costs for those who were indicted. Assistant U.S. Attorney Justin Weddle said the government played no role in KPMG's decision."

Spitzer Rebuts WSJ On H&R Block Challenge. In a letter to the editor of the Wall Street Journal (3/31), New York Attorney General Eliot Spitzer writes, "In your March 24 editorial 'The Spitzer Savings Plan' you reported that I was upset at the H&R Block Co. … That much is true. … Compared with the array of frauds my office has uncovered -- including biased stock research, improper trading of mutual funds and bid-rigging in the insurance industry -- H&R Block's conduct was in certain ways particularly egregious. … That's because the company was preying on lower-income people, steering them into individual retirement accounts that were virtually guaranteed to lose money because of high fees and low interest rates. And H&R Block had the audacity to suggest that it was actually doing people a favor. Here are the facts to show why that claim is absurd:" Spitzer continues, "H&R Block told its tax preparation customers that its Express IRA 'paid great rates' and was a 'better way to save.' Some 500,000 people signed up. But instead of receiving 'great rates,' the Express IRA actually paid less than 1% interest at times. … Most importantly, and this is the core of our case, H&R Block failed to tell customers that the Express IRA had substantial fees …" Spitzer concludes, "No true champion of free enterprise, as the Journal purports to be, would defend the failure to properly disclose fees to customers. And no one truly interested in encouraging people to save would recommend H&R Block's Express IRA. After all, how does losing money encourage anyone to save? … Finally, contrary to your characterizations, this case could easily have been settled if the company had simply agreed to return the undisclosed fees. … And for the record, I always get upset when I see people being cheated."

GOP Believes It Can Save "Modest Tax Cut Victory." The Wall Street Journal (3/31, Harwood, 2.11M) reports in its "Washington Wire" column, "Republicans grow confident of salvaging modest tax-cut victory. Though hitting initial April tax-day target is unlikely, strategists at the White House and on Capitol Hill predict passage of temporary extension of the 15% rate on dividends and capital gains. … Other tax proposals seek election-year political points. Senate leader Frist plans May vote on abolishing estate tax, though Republicans lack the 60 votes needed to defeat potential Democratic filibuster."

CONGRESS-ADMINISTRATION:

Snow's Future At Treasury Uncertain. The AP (3/31, Aversa) reports the departure of Andrew Card as White House Chief of Staff "is renewing speculation about the fate of Treasury Secretary John Snow, the administration's lead economic salesman for three years." Asked about "a New York Times story which said that Joshua Bolten, Bush's incoming chief of staff, wanted to make changes to the economics team and wanted to replace Snow," White House spokesman Scott McClellan said, "The president appreciates the job his economic team is doing." McClellan "didn't rule out changes at the helm of Treasury, saying Bolten has the authority to recommend personnel changes throughout the Bush administration. But, McClellan added: 'Any speculation at this point is way premature.'" The Wall Street Journal (3/31, Harwood, 2.11M) also reports in its "Washington Wire" column about "rumors swirl of changes at Treasury following Bolten's elevation. … Dubai ports controversy hurts Deputy Secretary Kimmitt's chance of moving up if Snow departs. To replace Bolten at budget office, current deputy Joel Kaplan is seen as more politically savvy but less connected than colleague Clay Johnson, Bush's one-time classmate."

Neuharth Says Bush Should Dump Cheney, Name Rice As VP. Al Neuharth writes in USA Today (3/31, 2.31M) that the resignation of White House Chief of Staff Andrew Card started the Oval Office shakeup many have been calling for, but "for Bush to bounce back from plunging ratings, he must make more drastic White House reorganization. Two moves that might do the trick: Lobby to get Vice President Cheney named NFL commissioner, succeeding Paul Tagliabue who resigned last week. Then name Secretary of State Condoleezza Rice vice president." Neuharth says Cheney "is the real albatross for Bush. … If Bush wants a say in picking his successor, and most presidents do, replacing Cheney is a necessary first step. … Replacing Cheney with Rice would make her the front-runner for the 2008 Republican presidential nomination."

Frist Faces Undercurrent Of Criticism Over 2008 Ambition. The Los Angeles Times (3/31, Curtius, 958K) reports that as he "prepares to leave the Senate and position himself for a presidential bid," Majority Leader Bill Frist "faces mounting criticism that he has proved an ineffectual majority leader whose legislative agenda increasingly is dictated by his White House ambitions." The "complaints about the patrician Tennessean by fellow Republicans intensified this week, sparked by his decision to force a Senate debate on illegal immigration. Some GOP lawmakers say his move spotlighted a public squabble within the party over a hot-button issue in an election year." But the

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"grumbling about Frist and decisions he has made as majority leader were evident before the flap over immigration," reflecting the "growing discontent with his performance."

Censure Said To Have "Mixed Record" In Rebuking Presidents. The Senate Judiciary Committee meets today to consider Sen. Russell Feingold's resolution to censure President Bush for his National Security Agency domestic surveillance program. The Washington Post (3/31, A17, Goldfarb, 744K) reports, "Old newspaper clippings and historical writings show that censure has a mixed record as an effective means for Congress to express disapproval of presidents." One reason censure "has not had much legitimacy as a tool for rebuke is that it is expressed by a congressional resolution without the force of law, and 'you can express a resolution that apple pie and motherhood are good for American life,' says professor William W. Van Alstyne of the College of William & Mary law school. Yet it has kept on coming up."

Senate Judiciary Committee Clears Way For Courtroom Cameras. CQ Today (3/30, Carter) reports, "The Senate Judiciary Committee approved two bills Thursday that would pave the way for televising proceedings at all federal courts, including the Supreme Court." CQ continues, "The committee approved, 10-6, a measure (S 829) by Charles E. Grassley that would give both district and appellate court judges the option of allowing their proceedings to be televised. The bill includes a three-year sunset on the district court provision. … Jeff Sessions, R-Ala., offered an amendment to remove district courts from the bill, but it was rejected by a 7-9 vote." CQ adds, "Judiciary Chairman Arlen Specter, R-Pa., has long wanted to see Supreme Court proceedings televised. His bill (S 1768), which would require the court to permit television coverage of its public sessions, is cosponsored by several committee members of both parties. … The measure, approved 12-6, would require television cameras to be allowed in the high court unless a majority of the nine justices voted not to do so in a particular case for fear they would violate due process rights."

House Passes Education Bill. The New York Times (3/31, Schemo, 1.19M) reports, "The House voted largely along party lines on Thursday to approve the main measure governing colleges and universities, adding provisions to expand student grants based on need and pressing colleges to control tuition." But "the House rejected a Democratic proposal to halve the interest rate on student loans." The Times adds, "The $70 billion proposal, which would renew the law until 2012, sets the terms for loans and grants along with the limits for maximum aid. It was last renewed in 1998."

The Wall Street Journal (3/31, Hechinger, 2.11M) says "the College Access and Opportunity Act sparked complaints from Democrats and higher-education groups, though Republicans changed some measures at the last minute to mollify universities." The bill "passed the Republican-controlled House…221-199." It "reauthorizes the Higher Education Act, which governs billions of dollars of federal funding for colleges and universities. The Senate is expected to take up its own version of the reauthorization in coming months." The Washington Times (3/31, Bellantoni, 90K) headlines its story "House Passes Bill To Raise Pell Grant For Poor Students," and notes "there were 14 Democrats who sided with the chamber's majority to pass the measure," while "eighteen Republicans and one independent voted with the Democrats in protest."

FBI Check Said To Have Prompted Redmond Nomination Withdrawal. The Washington Times (3/31, Gertz, 90K) reports, "Former CIA spy hunter Paul Redmond, who helped catch notorious Moscow mole Aldrich Ames, has withdrawn from consideration to become the Bush administration's top counterspy." US intelligence officials said Redmond had "been selected to be national counterintelligence executive, but backed out after the FBI held up his formal appointment by conducting a lengthy background investigation, said officials speaking on the condition of anonymity." The Times notes, "Counterspy posts at the CIA and FBI also remain vacant or held by acting officials at a time when foreign spying continues to plague the administration. FBI Director Robert S. Mueller III told a congressional committee earlier this week that Chinese spying is a 'major threat' to the United States."

Boozman Among GOP Representatives At Informal Bush Chat. The Arkansas Democrat-Gazette (3/31) reports Arkansas' Rep. John Boozman "was one of a dozen Republican congressmen who participated Wednesday in what he described as an 'informal' meeting with President Bush." The group "talked in the White House living quarters. Boozman has been on several Air Force One flights, but he said this was his first meeting with the president 'in this kind of setting.'"

Boehner Confirms Pension Overhaul Bill Stalled. CQ (3/30, Crittenden) reports House Majority Leader John A. Boehner "made clear Thursday what lobbyists and staff members recently have suggested: Conferees will be unable to complete negotiations on a pension overhaul bill before Congress leaves town April 7 for a two-week recess." Boehner said, "I'd like to, but I'm not sure that's realistic. It's very, very difficult." CQ adds Boehner's comments "were the latest signal that lawmakers

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have made little progress reconciling differences on pension overhaul legislation (HR 2830) since the conference convened March 8."

New NASA Policy Permits NASA Scientists To Discuss Opinions Freely. NASA Administrator Michael Griffin unveiled new rules yesterday governing the release of information to the media and public. The New York Times (3/31, Leary, 1.19M) reports, "Two months after NASA's top climate scientist complained that political operatives in the agency's press office were trying to censor his views on global warming, Administrator Michael D. Griffin issued a new communications policy on Thursday that he called a 'commitment to openness.'" The policy "details the role of those who release information to the public directly or through the news media" and it "ensures that NASA scientists and engineers are free to discuss their work in public and state their opinions, Dr. Griffin said. When stating a personal opinion, he continued, they should make clear that they are speaking for themselves and not for the agency."

The Washington Post Weiss (3/31, A10, Weiss) reports that the release marks Griffin's "most detailed response yet to embarrassing allegations that NASA's public affairs office had sought to suppress the release of scientific information not consistent with the views of the Bush administration." The new policy "states that NASA scientists are free to talk to members of the media about their scientific findings and even express personal interpretations of those findings -- the heart of the controversy that has engulfed the agency since January. It also makes clear that scientists are not required to have a public affairs officer with them when they speak with members of the media, though Griffin emphasized yesterday in comments broadcast to NASA employees that he believes such behavior is unwise."

House Ethics Panel Proceeds On McDermott Case, No Others. CQ (3/30, Ferrechio) reports that after "15 months of near-inactivity, the House ethics committee met for six hours but managed to agree only on moving forward with one investigation: the one launched last year, targeting Democrat Jim McDermott of Washington." The 10-member panel, "could not come to agreement on a list of other potential cases awaiting scrutiny, including those related to an influence-peddling scandal under investigation by the Justice Department." Democratic Rep. Alan B. Mollohan, ranking member, "made his displeasure clear. 'The sole action that the committee agreed to take was to continue an investigation that was initiated in 2004, at the end of the last Congress. This result falls far short of the committee's obligations in the current circumstances,' he said in a written statement." CQ adds McDermott is "accused of violating House rules in December 1996, when he received and distributed to reporters an intercepted mobile telephone conversation between Speaker Newt Gingrich, R-Ga. (1979-99), and John A. Boehner of Ohio, who at the time was House Republican Conference chairman."

House Republicans, Democrats Trade Barbs On McKinney Incident. USA Today/AP (3/31, Kellman) reports House Republicans and Democrats "engaged in their own scuffle — but just a rhetorical one — Thursday, a day after Rep. Cynthia McKinney had a dustup with a Capitol Police officer." Minority Leader Nancy Pelosi "called the incident 'a mistake, an unfortunate lack of recognition of a member of Congress.' She said the police officer was not at fault." Ron Bonjean, spokesman for House Speaker Dennis Hastert, R-Ill., responded, "How many officers would have to be punched before it becomes a big deal?"

McKinney Admits Not Wearing ID Pin. The Washington Post (3/31, Argetsinger, Roberts, 744K) reports that in Rep. Cynthia McKinney's statement on the incident, McKinney "admitted that she was not wearing the pin that identifies her as a member of Congress entitled to bypass Hill security checks. Why not? John Judge, a McKinney staffer, said that "a number of the women [in Congress] don't wear the pin, and some men don't either. . . . They train [officers] to recognize the members. It's not just the pin.'"

Talks Between FAA, Union Collapse. The Washington Post (3/31, D4, Barr, 744K) reports in its "Federal Diary" column, "Contract talks between the Federal Aviation Administration and its second-largest union fell apart yesterday amid a set of unusual maneuvers. Shortly after noon, the leaders of the Professional Airways Systems Specialists announced they had agreed to the agency's contract terms and would send the agreement to union members -- but with full confidence that the rank and file would turn it down. Within hours, the FAA said it planned to file an unfair labor practice complaint against the union -- a step usually taken by unions, not the government." The Post adds, "If the FAA and its unions fail to reach agreements on contract extensions, the agency may declare an impasse, which sends such disputes to the Republican-controlled Congress for a 60-day review. If Congress takes no action -- more likely than not -- then the FAA's last, best offer can be imposed on the unions."

House Approves Site For Vietnam Veterans Visitors Center. In a 404 to 4 vote Tuesday, the House approved an underground visitor center near the Vietnam Veterans Memorial and at the foot of the Lincoln Memorial. The Washington Post (3/31, B1, Dvorak, 744K) reports that Rep. Richard W. Pombo, who sponsored the bill, "said he met with the chairman of the planning commission before he was convinced that legislation was the only answer to get site

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approval for the center, which was authorized by Congress in November 2003." The legislation now moves to the Senate.

Bush Told Bo Derek She And Bolten Together Were "A Perfect 15." The Washington Post (3/31, Argetsinger, Roberts, 744K) reports that back "during the heady days of the 2000 George W. Bush campaign, new White House Chief of Staff Josh Bolten was known as a cool, efficient policy director, and the go-to man when actress-turned-Republican-gadfly Bo Derek -- the woman who inspired the numerical system of hotness ratings -- needed a campaign escort." When Bolten "turned 46 that August, Dubya refused to believe his staffer had received a 'Happy Birthday' phone call from the star of '10' and many legendary Playboy features -- until he grabbed Bolten's cell phone and dialed the number from the last received call, according to a source who was there. When Derek answered, the future president said, 'Bo, let me just say that you and Josh together are a perfect 15.'"

WPost, NYTimes Criticize Lobbying Reform Bill. An editorial in the Washington Post (3/31, A18, 744K) notes that the leading advocates of lobbying reform in the Senate, including the parties' two designated point men on the issue, Sens. John McCain and Barack Obama all voted against it. The Post notes, "Much more could, and should, have been done." But, if "the Senate bill is disappointing," the House "is poised to do even worse. A proposal unveiled last month by the Republican leadership would do nothing to restrict gifts from lobbyists." The Post adds, "As the proposal moves forward -- the House Rules Committee held a hearing on it yesterday -- a critical issue will be whether and how many amendments will be permitted on the House floor to try to make it tougher. It would be the height of irony if an effort to improve the functioning of the democratic process were to take place under undemocratic conditions."

An editorial in the New York Times (3/31, 1.19M) also criticizes lawmakers' efforts at lobbying reform noting that "the Senate has voted for a halfhearted package of reforms that would come nowhere near curing the easy money, quid pro quo culture that now bedevils the Capitol." The Times adds, "For all its shortcomings, the Senate is a light-year ahead of the House. There, reform proposals have been parceled out to committees for indefinite marination as Republican leaders face rebellious members who want no part of real reform. The chances seem slim for two-house action that truly dents the clout of the booming lobbying industry."

OTHER NEWS:

Fed Researches Say Data Showing Low Jobless Rate Is Accurate. The Wall Street Journal (3/31, Ip, 2.11M) reports, "US unemployment really is low and the jobless rate hasn't been artificially depressed by a failure of many discouraged workers to be counted as unemployed, Federal Reserve researchers say." Their findings, "presented at a conference organized by the Brookings Institution, suggest the Fed could see strong job growth as an inflationary risk in the coming year." The study also "argues that the economy's trend growth rate will slow noticeably in the coming decade as growth in the working-age population slows and a shrinking share of that population seeks work."

Corporate Profits, Inflation Rise. The Wall Street Journal (3/31, Whitehouse, 2.11M) reports, "Corporate America's share of the nation's income rebounded from the havoc of Hurricane Katrina to a level not seen in four decades, and the hurricane did a bit less damage to the U.S. economy than previously thought." The Commerce Department "said yesterday that corporate pretax profits in the fourth quarter of 2005 grew 14.4% from the previous quarter, the strongest rate since 1992. Pretax profits in the third quarter fell 4% as hurricane-related insurance payouts slammed financial results." Corporate profits "accounted for 11.6% of gross domestic product in the fourth quarter -- the biggest share of the nation's income companies have taken since 1966." USA Today (3/31, Kirchhoff, 2.31M) says "inflation also jumped as the nation grappled with the aftermath of Hurricane Katrina, the government said Thursday." A "special inflation measure based on actual spending patterns, closely watched by the Federal Reserve, rose faster than expected. Commerce's index of consumer inflation, excluding food and energy, was revised to a 2.4% annual rate in the fourth quarter of 2005, from an earlier 2.1% estimate."

Stock Markets Have Mixed Finish. NBC Nightly News (3/30, story 9, 0:10, Williams, 9.87M) reported, "On Wall Street today, the Dow was down 65 points [to close at 11,150.70]. The NASDAQ was just up over 3 points [to close at 2,340.82]." USA Today (3/31, 2.31M) says the Standard & Poor's 500 lost 2.64 points to 1300.25. The Wall Street Journal (3/31, Patterson, 2.11M), among other sources, also reports the stock numbers.

Cost Of Church Sex Abuse Claims Rises Despite Fewer New Allegations. The Washington Post (3/31, A3, Cooperman) reports, "The financial costs of the sex abuse scandal in the Roman Catholic Church rose dramatically in 2005, even as the number of new allegations fell, the U.S. Conference of Catholic Bishops said yesterday."

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The Post continues, "Releasing an annual report on their efforts to prevent abuse of minors by priests, the bishops said U.S. dioceses spent $399 million last year on legal settlements with sex abuse victims and $68 million on lawyers' fees, psychological counseling and related expenses -- about three times more than they paid in 2004." The Post adds, "The church's cumulative expenditures on sex abuse claims in the United States are approaching $1.5 billion. The tally of known victims has topped 12,500. The number of priests and deacons who have been credibly accused since 1950 is close to 5,000. … In releasing the blizzard of statistics, Catholic Church officials and their academic consultants put a generally positive gloss on the data, suggesting that the worst of the crisis is over. … Karen Terry, a researcher at the John Jay College of Criminal Justice in New York, said the vast majority of the abuse took place from the mid-1960s to the mid-1980s. There has been a sharp decline in the number of cases since the early 1990s, which an analysis indicates is not just a matter of a lag in reporting, she said."

The New York Times (3/31, Banerjee) reports, "The bishops also said that as a result of a provision they adopted in 2002 under a toughened policy, 94.5 percent of children in Catholic schools and Sunday school classes had been educated on keeping themselves safe from abuse, an increase from 51 percent the year before." The Times adds, "The survey said 87 percent of the new accusations involved abuse that occurred before 1990, some of it as early as 1950. Only nine accusations concerned abuse last year. … But victims' groups have argued that recent accounts of abuse and the church's resistance to extending the statute of limitations on it are renewing doubts about the bishops' commitment to solving the problem." The Times notes, "The president of the bishops' conference, William S. Skylstad of the Spokane Diocese, himself faces accusations of sexually abusing a girl in the early 1960's, which he denies. And earlier this year, after a priest in Chicago was arrested on charges of molesting boys, the archdiocese there came under fire when it was disclosed that the police had shared accusations of abuse with church officials as early as last August. The archdiocese did not remove the priest until January."

The Washington Times (3/31, Duin) reports, "The report, commissioned in 2002 by the USCCB's Charter for the Protection of Children and Young People, tracks what the country's 195 Catholic dioceses are doing to end a sex-abuse crisis that has involved 12,537 youths -- mostly boys and young men -- and 4,827 priests. … Accusations against Catholic priests decreased 28 percent last year, but the cost in millions of dollars to the nation's Catholic dioceses shot up 219 percent last year, the USCCB said. … Specifically, $139,582,157 was paid out in sex-abuse cases in 2004 -- for settlements, attorneys' fees, victim therapy and other costs. Last year, that amount rose to $445,686,548, including the $100 million that California's Diocese of Orange agreed to pay to 90 claimants in January and $120 million the Covington, Ky., diocese agreed to pay to more than 100 victims in June."

Insurers See Drug Benefit As Opening Door To Greater Presence In Medicare. The New York Times (3/31, Freudenheim, 1.19M) reports that for "many big insurers, the new Medicare program is shaping up as a great opportunity. And prescription drugs may be only a starting point." So far, "about 18 million Americans are participating in the new drug program, known as Medicare Part D. If things play out the way some big insurers hope, the drug program could prove to be a feeder system into a much greater private presence in Medicare — a longstanding goal of the Bush administration." Insurers "like Humana, which says it has signed up 1.7 million Medicare drug plan members, know that the real money is not in providing drug insurance. The rewards are much richer in other types of Medicare policies, including complete managed care plans called Medicare Advantage, which are operated by the private insurers but subsidized by Medicare."

Company Says It Has Cloned Champion Cutting Horses. A Texas company says it has cloned two champion cutting horses for $150,000 each and would create as many as 30 ore cloned horses over the next year. A front page story in the Washington Post (3/31, A1, Gillis, 744K) reports, "The plans by ViaGen Inc. of Austin represent by far the most ambitious effort yet to turn horse cloning into a paying business. There's little doubt that ViaGen, with one of the world's top cloning scientists in its stable, can pull off the necessary laboratory work, and not a single government rule or regulation stands in the way. But it remains to be seen how far the U.S. horse industry will go in embracing the technique that produced Dolly the sheep a decade ago and has since come to symbolize many people's fears about modern genetic science."

Webb Eulogizes Weinberger. In the Wall Street Journal (3/31, 2.11M), James Webb, a former Navy Secretary and a Democratic candidate for the US Senate from Virginia, eulogizes former Defense Secretary Caspar Weinberger, noting, "In this town of inflated egos and ruthless ambition, I have never met a more gracious man. And in a lifetime that, beginning with my father's military service, spans every secretary of defense, I can think of no one who has ever held that office with more competence, intellect and understanding of our country's place in the world." Webb adds, "It is painful for those who knew and respected Cap Weinberger to see his name, even in his obituaries, associated with the Iran-Contra affair, an endeavor that he himself had advised

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against. But his loyalties were astounding, even legendary among the Reagan inner circle."

NYTimes Criticizes "Piecemeal State-By-State Approach" To Stem Cell Research. An editorial in the New York Times (3/31, 1.19M) says that Maryland is about to become the fourth state to authorize the use of state funds for embryonic stem cell research, joining California, New Jersey and Connecticut "in recognizing that the federal government's abdication of support for embryonic stem cell research has effectively shifted the issue to the states." The Times adds, "This piecemeal state-by-state approach is an absurd way to conduct research that may have extraordinary importance if it pans out. Few residents of states that ban therapeutic cloning will refuse lifesaving therapies developed in other states. So it seems unfair to rely on a handful of states to fill the gaps left by the federal abdication."

WPost Urges Local Governments To Help Homeless. An editorial in the Washington Post (3/31, A18, 744K) says the growing number of homeless people in Washington "has strained the capacity of shelters and other social services. And while the problem of homelessness used to be mainly an urban one, concentrated in the District, now it is felt equally in the suburbs, where half of the region's homeless are thought to live. … It may be impossible to eliminate homelessness altogether, but minimizing it should not be beyond the means of such rich localities. Perhaps a third of the suburban homeless here have jobs. They are making a go of it, and they deserve a greater helping hand from local governments."

China, Russia Rebuff Rice's Suggestion On Iran Sanctions. The New York Times (3/31, Brinkley, 1.19M) reports, "Secretary of State Condoleezza Rice, meeting…with representatives of the other four permanent members of the United Nations Security Council, raised the idea of imposing unspecified sanctions on Iran, but she received a decidedly cool reaction from China and Russia," who "bluntly declared on Thursday that they had no interest in imposing sanctions of any sort or in taking any further action against Iran, though both countries did express concern about the nuclear program." The Financial Times (3/31) adds, "Moscow underlined its opposition to sanctions, and was backed by Mohamed ElBaradei, head of the UN nuclear watchdog," and "some diplomats said the event highlighted the continuing international divisions on how to move forward."

In contrast, the Wall Street Journal (3/31, 2.11M) emphasizes international solidarity on the Iran issue, leading that Rice "warned that 'the international community is united' in its dispute with Iran over its nuclear program," although it later admits "the comments hinted at the strains in the anti-Iran alliance." The Christian Science Monitor (3/31, LaFranchi, 61K) says "the brief Berlin meeting resulted not so much in a 'strategy'" but in "a reinforced show, after Wednesday's Security Council action, of international opposition to a nuclear-armed Iran."

The Washington Post (3/31, A16, Kessler, 744K) reports "senior diplomats from the five veto-wielding members of the UN Security Council and Germany warned Iran on Thursday to halt sensitive nuclear activities and return to the negotiating table," but "strains were apparent as Russia and China appeared to rule out sanctions or military action." Knight Ridder (3/31, Strobel) says "there was agreement" on the "general goal," but "there was no agreement apparent on tactics in the weeks ahead." The Washington Times (3/31, Kralev, 90K) headlines its story "Russian Official Contradicts West On Tehran,"

Iran Vows To Continue Uranium Enrichment Despite UN Demands. ABC World News Tonight (3/30, story 4, :20, Vargas, 8.78M) reported, "Defiance from Iran about its nuclear program. The country is vowing to go ahead with uranium enrichment a day after the UN Security Council demanded that Tehran stop immediately. An Iranian diplomat said the program is 'not reversible.'" The AP (3/31, Jahn) also reports that Ali Asghar Soltanieh, Tehran's chief representative to the International Atomic Energy Agency, "defiantly rejected a U.N. Security Council demand for a halt in uranium enrichment, saying Thursday that Tehran's activities are 'not reversible.'" His statements "cast a pall on a meeting of top officials of the five permanent Security Council members plus Germany."

ElBaradei Says Iran Not "An Imminent Threat." The Los Angeles Times (3/31, Fleishman, Rubin, 958K) reports, "UN Atomic Energy chief Mohammed ElBaradei urged the international community Thursday to steer away from threats of sanctions against Iran to prevent the dispute over the country's nuclear intentions from spiraling out of control." ElBaradei, speaking in Doha, "emphasized that Iran is not 'an imminent threat' and urged countries to 'lower the pitch' in their effort to stop Iran's nuclear work."

Earthquake Kills At Least 17 In Iran. The New York Times/AP (3/31) reports, "A strong earthquake followed by an even stronger aftershock jolted western Iran early Friday, killing at least 17 and injuring hundreds, state media reported."

Suicide Bomber Kills Three In Jerusalem. The New York Times (3/31, Myre, 1.19M) reports, "A Palestinian suicide bomber, possibly disguised as an observant Jew, blew himself up at a gas station in the West Bank on Thursday evening, turning a car into a fireball and killing three Israelis inside the vehicle, Israeli news reports said." Al Aksa Martyrs Brigades "claimed responsibility for the blast, which

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came hours after the newly installed Palestinian cabinet, led by Hamas, took up its duties in the Palestinian Authority government offices." The new Palestinian interior minister, Said Siam, "who is in charge of the police, announced that Palestinian militants would no longer be arrested by the Palestinian security forces."

Rice Says US Will Decide On Palestinian Aid Soon. The AP (3/31, Gearan) reports that Secretary Rice said "the United States should soon decide how it will give more aid to the Palestinians that would not be diverted to bankroll the Palestinian government led by the militant group Hamas." She added that "the level of future U.S. aid is one question mark, as is the problem of deciding what kinds of projects to fund through nongovernmental organizations or other means and 'what kinds of aid might in fact get diverted and so you want to avoid that.'" Palestinian Foreign Minister Mahmoud Zahar maintains that "the Palestinian Authority's new government would not cave to international pressure to change its ways and that it has no plans to negotiate with Israel."

Abrams, Welch Visit Tel Aviv While Rice Suggests US Might Support Unilateral Separation. The Financial Times (3/31, Morris) reports White House Advisor Eliot Abrams and Assistant Secretary David Welch "met Israeli leaders yesterday for the first time since Tuesday's election after Condoleezza Rice, US secretary of state, indicated Washington did not rule out support for unilateral measures in the West Bank by the next government. … However, she said the US would not yet lend its support to unilateral moves until it knew more about them."

Likud Reacts To Election Debacle. The Washington Times (3/31, Mitnick, 90K) reports, "Israel's right wing found itself searching for a leader and a program yesterday after the shock of Tuesday's elections, in which the long-dominant Likud Party was reduced to one of several minor parliamentary factions. Calls are being heard for former Prime Minister Benjamin Netanyahu to be replaced as leader of Likud amid charges that he has alienated moderate voters from the nation's most dominant party of the past 30 years." The Times adds, "Rising as a new champion of the right is Avigdor Lieberman, whose party of Russian immigrants, Yisrael Beiteinu, finished with 11 seats to Likud's 12 in the final results, which were announced yesterday."

Dionne Says Israeli Election Was Dominated By Domestic Concerns. E. J. Dionne Jr. writes in his column in the Washington Post (3/31, A19, 744K) that "The world expected Israel to have an election on national security, but the voters decided that it was about the economy, stupid," as "the big winners were a group of parties that ran against Israel's rising social inequality." The "domestic social concerns rose to the top of voters' minds precisely because the security situation is frozen," and "voters can cast aside their economic concerns for only so long, even in a nation facing an existential threat."

US, EU Jointly Haul China Before WTO. The Financial Times (3/31, Swann, Minder, Mackintosh) reports, "The US and the European Union on Thursday joined forces for the first time to challenge China before the World Trade Organisation, sweeping aside diplomatic niceties weeks before a visit of the Chinese president to Washington." The Times calls the car parts complaint "provocatively timed ahead of Hu Jintao's visit." USTR Rob Portman "indicated that diplomacy would not be allowed to stand in the way of defending American industry." The Wall Street Journal (3/31, Hitt, 2.11M) reports Portman "said the 'United States has raised this issue repeatedly,' but with no success. 'As a mature trading partner, China should be held accountable for its actions and be required to live up to its responsibilities,' said Mr. Portman." Portman "said he called China's ambassador to the U.S. on Wednesday and 'expressed my disappointment' that the complaints 'had not been resolved through dialogue.'"

The Washington Post (3/31, D5, Blustein, 744K) reports the move "comes amid pressure on the administration from members of Congress to take a tough stance on China's trade practices, especially as the trade deficit with China swelled to $201.6 billion last year, the biggest US gap ever with any country." The New York Times (3/31, Porter, 1.19M) notes "the complaint is only the second brought against China since it joined the trade organization in 2001; the United States filed a complaint in 2004 over China's tax treatment of domestic and imported semiconductors."

China Seeing Surge In Protectionist Sentiment. A front page story in the Wall Street Journal (3/31, Chen, 2.11M) reports that an economic uproar in China "has turned on foreigners, targeting the many outside investors that have piled into China and prospered -- even while fueling much of the country's growth. … The debate parallels the resurgence of protectionist sentiment in the U.S., which has been driven in part by concerns over China's clout." The "debate inside China is causing the government to rethink its approach. In banking, for instance, some economists and state officials argue that the government has sold foreign stakes in its major state-run commercial banks too cheaply. … The concentration of industries in foreign hands has become a common theme."

WSJournal Suggests "Vietnam-Like Compromise" For Vatican, China. An editorial in the Wall Street Journal (3/31, 2.11M) says that Vatican is working hard at restoring ties with China, but Beijing "insists that the Holy See drop its recognition of Taiwan in exchange for the right to minister to the mainland faithful. … This is an old game," but it is "particularly odious for China to play that card on spiritual matters." The Journal adds that the Vatican "would be well-

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advised to demand some serious concessions in return. … Both sides might do well to agree to a Vietnam-like compromise. In Vietnam the Holy See is recognized, but must consult with the Communist government before naming new clergy. While that offends Catholic purists, it's given Vietnam's Communist Party a better image; the Church, a new flock; and the people of Vietnam, a moral purpose the party can't provide."

US Military's Efforts To Help Pakistani Earthquake Victims Noted. The Christian Science Monitor (3/31, Montero, 61K) reports from Islamabad, Pakistan, "In the last six months, some 1,200 US military personnel and a fleet of 24 helicopters have delivered over 15,000 tons of humanitarian aid, in what has been called the largest disaster relief operation in US military history. The 'angels of mercy,' as US helicopters have been called, have delivered not only aid but much needed goodwill in Pakistan, softening an otherwise rocky relationship with the United States." The Monitor adds, "Polling in recent months has shown a marked improvement for the US image among the Pakistani public as a result of the American helping hand."

Lantos Expresses Concerns About Nuclear Deal With India. The AFP (3/31) reports, "India's alleged training of Iranian troops could dampen vital US Congress support for a bilateral landmark civilian nuclear deal, a ranking Democrat warned Thursday." Tom Lantos, "the top Democrat on the House of Representatives' powerful international relations committee scrutinizing the nuclear deal, expressed concern to visiting Indian Foreign Secretary Shyam Saran during talks here over New Delhi's training of the Iranian navy, the lawmaker's spokeswoman Lynne Weil told AFP."

Meanwhile, the AP (3/31, Klug) reports Saran said the "landmark civilian nuclear cooperation deal with the United States would not boost India's nuclear weapons arsenal said Thursday." In "often strong words," he "attacked the criticism that has surrounded a pact critics say would weaken efforts to stop the spread of nuclear weapons. He told an audience at the Heritage Foundation, a conservative think tank, that India's record on nuclear issues has long been one of restraint and responsibility."

The Los Angeles Times (3/31, Richter, 958K), under the headline "US-Indian Nuclear Deal No Shoo-In," says the proposed deal "is meeting with a chilly reception from lawmakers, who are predicting that instead of swift approval, the initiative faces revisions and delays, if not outright rejection." The White House "had hoped to win congressional approval by the end of May for the deal," but "the initiative has found few high-profile champions on Capitol Hill or elsewhere, while becoming a target for criticism from the right and left that it could further undermine international efforts to stem the spread of nuclear weapons."

India Moves To Prevent Sex-Determined Abortions. The Christian Science Monitor (3/31, Baldauf, 61K) reports that New Delhi doctor Anil Sabhani "faces two years in jail in the first-ever conviction under a 12-year old Indian law that forbids doctors from revealing the gender of a fetus to its parents. The law was aimed at preventing the all-too-common and growing practice of sex-determined abortions, which have left India with far more boys than girls. Women's rights activists welcomed the convictions, but added that it will take more than a few high- profile trials to change India's centuries-old cultural preference for boys." Girls "are often seen as a drain on family wealth, since the girl's family is required by centuries of tradition to provide a dowry to her husband's family when she marries."

Sierra Leone Court Asks Hague Tribunal To Try Taylor. The New York Times (3/31, Polgreen, Simons, 1.19M) reports the Sierra Leonean government "asked the International Criminal Court in the Netherlands to provide a venue for" indicted former Liberian president Charles Taylor. "Mr. Taylor has many loyalists in the region, so his presence is a potential threat to the fragile peace that exists here and in Liberia. Secret talks between the Special Court for Sierra Leone and the Dutch government about transferring Mr. Taylor to The Hague began several weeks ago." Such a transfer would require an UNSC resolution. The ICC, established in 2002, has no jurisdiction over the 1990s crimes for which Taylor, "one of Africa's most notorious warlords," is accused.

The Washington Post (3/31, A15, Timberg, 744K) reports Liberian President Ellen Johnson-Sirleaf "said Thursday that she supported a bid to move the war crimes trial to The Hague and that Taylor's dignity and rights must be guaranteed as the case advanced." The Christian Science Monitor (3/31, McLaughlin, 61K), among other sources, also reports on the Taylor trial in a story headlined "Era Of Impunity Wanes For African Leaders."

Venezuelan Candidate Opposes Election Boycott. The New York Times (3/31, Forero, 1.19M) reports that while most of Venezuela's "fragmented opposition" is boycotting the presidential election this year, Julio Borges "is running for office," working "against long odds to win over supporters of President Hugo Chávez." Borges "argues that boycotting elections only adds to [President Hugo] Chávez's power and has already made Venezuela in effect a one-party state. Proponents of a boycott say Mr. Chávez has undermined the institutions of democracy, so they seek to undercut his legitimacy by spoiling elections."

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Trachoma Remains Endemic In Third World. The New York Times (3/31, Dugger, 1.19M) reports that trachoma, a disease which disappeared from the US and Europe as living standards improved, remains "endemic in much of Africa and parts of Latin America and Asia, its last, stubborn redoubts." Blinding damage from the disease "builds over decades of repeated infections that begin in babies. The infections are spread from person to person, or by hungry flies that feed from seeping eyes." The Times adds, "As prevalent as trachoma remains, the W.H.O. has made the blinding late stage of the disease a target for eradication within a generation because, in theory at least, everything needed to vanquish it is available. Controlling trachoma depends on relatively simple advances in hygiene, antibiotics and" an inexpensive eyelid operation, but "the extent of the disease far exceeds the money and medical workers available."

French Constitutional Court Affirms New Labor Law. France's Constitutional Council has upheld the constitutionality of a new labor law yesterday in what the New York Times (3/31, Smith, 1.19M) calls "a blow to opposition Socialists who had asked the council to strike it down but extending the crisis now facing the government." Meanwhile, French students "kept up pressure, blocking roads and railways, tying up traffic and halting train service in several cities. The country's influential union syndicates have promised another day of nationwide strikes and protest marches on Tuesday." The Times adds that the ruling "throws the onus for resolving the crisis on President Jacques Chirac, who alone has the power to send the law back to Parliament. But he is widely expected to back his embattled prime minister, Dominique de Villepin, who insists that the law be put into effect."

The Washington Post (3/31, A13, Moore, 744K) reports, "The 10-member Constitutional Council ruled that high youth unemployment rates justified the law, which would give workers under age 26 fewer job protections than older employees. The council also said 'different treatment' for young workers was justified because the law was enacted in the interest of improving job opportunities for them." The Post adds, "Chirac's office said the president would address the country on national television Friday night for the first time since students and labor unions launched demonstrations that often have ended in violence and confrontations with riot police in Paris and other cities across the country."

Author Says Public Supports Student Demonstrators. In an op-ed translated from the French by the New York Times (3/31, 1.19M), author Corinne Maier writes, "The point of the new labor law is to encourage businesses to hire young people without worrying they'll be stuck with them forever. … It's true that French society is hierarchical and rigid, and the disadvantages of employment "flexibility" (a word the French detest) have so far fallen mostly on the weakest: minority groups, women with few marketable skills and young people. … What will happen next? The young demonstrators and the major unions demand the withdrawal of the C.P.E.; surveys show that two-thirds of the public are in sympathy with them." Maier adds, "Mr. de Villepin is getting little support in his own camp as he stands firm. And Paris waits to see what springtime will bring next."

Mary Anastasia O'Grady writes in the Wall Street Journal (3/31, 2.11M) Afro-Cuban doctor Dariel Ferrer "sinned against the Revolution," when "noting the country's abysmal state of health care," he "established an independent health and human rights clinic." In Cuba, "his work scandalizes the state. It has rewarded him by shutting him out of the official medical community and refusing to allow him any form of gainful employment. … Dr. Ferrer is a victim of what human rights observers say is the one of the most brutal crackdowns in the island's history, one that has received little notice in the US."

At Least 44 Dead In Bahrain Ferry Accident. ABC World News Tonight (3/30, story 5, :20, Vargas, 8.78M) reported, "The US Navy has joined a rescue mission after a passenger ferry capsized off the coast of Bahrain today. At least 44 passengers died. Dozens of survivors were pulled from the waters." The CBS Evening News (3/30, story 6, 0:20, Mitchell, 7.66M) and NBC Nightly News (3/30, story 7, 0:25, Williams, 9.87M) also reported the story.

NYTimes Says US Embassy Should Drop Fight Over Congestion Surcharge In London. An editorial in the New York Times (3/31, 1.19M) says the American Embassy in London is refusing to pay a traffic congestion surcharge when its diplomats drive around the city. The Americans "say the fee is a tax, and add that the Vienna Convention protects diplomats from taxes abroad. … The British make a good case that the charge is not a tax, but a toll for the use of selected streets. Their diplomats, they note, regularly pay tolls on American roads and bridges." The times adds, "This is one war the United States government doesn't need to take on. It has a real one going on. And the British -- they're on our side."

THE BIG PICTURE:

Headlines From Today's Front Pages.

Los Angeles Times:
"Calm Is Urged In Iran Debate."
"Testing Darwin's Teachers."

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"Frist's Senate Leadership Faulted As Self-Serving."
"'Good Day' In Iraq For Freed U.S. Journalist."
"Student Protests Echo The '60s, But With A High-Tech Buzz."
"This UCLA Team Is Full of Blue Grit."
"Park's Plan To Shoot Deer Has Critics Up In Arms."

USA Today:
"Broader Steroid Probe Possible."
"U.S. Journalist's Release Shrouded In Mystery."
"Indiana To Spring Forward As One."

New York Times:
"Reporter Freed In Iraq, 3 Months After Abduction."
"At Sept. 11 Trial, Tale Of Missteps And Management."
"Preventable Disease Blinds Poor In Third World."
"Blacks Turn To Internet Highway, And Digital Divide Starts To Close."
":-) !!!!)-: !!!!!!! (-: What's All This? Admission Angst."
"Long-Awaited Medical Study Questions The Power Of Prayer."

Washington Post:
"Levee Repair Costs Triple."
"'Like Falling Off A Cliff For 3 Months.'"
"Turning In To Anger On Immigration."
"Retrial Has A Dramatic Conclusion."
"New To The Stable: Two Champion Clones."
"With Its Success, GMU Faces A Balancing Act."

Washington Times:
"Fox Pledges More Border Control."
"Non-State Gays Cannot 'Marry.'"
"Catholic Sex-Abuse Payouts Still Rising."
"U.S. Reporter Carroll Set Free In Baghdad."
"State Aims To Halt Utility Merger."
"GMU Fans Very Superstitious For Final Four Trip."

Detroit Free Press:
"Delphi Set To Target Plants."
"Affirmative Action Ban Up To Voters Now."
"'I Didn't Know What Would Happen To Me.'"

Atlanta Journal-Constitution:
"Assembly Meets Key Goals."
"Charlie Company Hangs Up The Keys."
"Steroid Inquiry Hits Ballfield."
"Chinese Culture Shifts Fans Fires Of Adultery."

Houston Chronicle:
"HISD Takes Tough Stand."
"Was It Training, Or Was It Hazing?"
"'I'm Going To Keep Trying Until I Make It.'"
"Kidnappers Free U.S. Journalist In Iraq."
"School Sees Outpouring Of Support In Loss."

Story Lineup From Last Night's Network News:
ABC: Carroll Released; Carroll-Family's Campaign; Iraq-US Hostages; Iran-Nuclear Program; Bahrain-Ferry Capsized; MLB-Steroid Investigation; New Orleans-Levee Reconstruction; North Carolina-Latino Immigrants; Sago Mine Survivor; NFL-No TD Celebrations; Woodruff Honored.
CBS: Carroll Released; Carroll-Family's Campaign; Sago Mine Survivor; FBI-Katrina Donations; 9/11-Emergency Calls; Bahrain-Ferry Capsized; MLB-Steroid Investigation; Reagan Shooting Anniversary; Apollo Chorus Line Dancers.
NBC: Carroll Released; Iraq-Kidnappings; Bush-Cancun; Baseball-Steroid Investigation; New Orleans-Levee Reconstruction; 9/11-Emergency Calls; Bahrain-Ferry Capsized; Immigration-Temporary Visas; Stock Markets; Reagan Shooting Anniversary; Food Industry-Meal Assembly.

Story Lineup From This Morning's Radio News Broadcasts:
ABC: Carroll Released; Iran-Earthquake; Bahrain-Ferry Capsized; Congress-Immigration Reform; TX-Wildfires.
CBS: Bush-Mexico; MLB-Steroid Investigation; Bahrain-Ferry Capsized; Iran-Earthquake; Pentagon-Body Armor; Toy Recall; Wall Street.
NPR: Midwest-Storms; Bahrain-Ferry Capsized; Mexico Summit; Oil Prices; MA-Gay Marriage Ruling; Carroll Released; US-China Auto Parts Dispute.

WASHINGTON'S SCHEDULE:

Today's Events In Washington.
White House:

PRESIDENT BUSH — Meets with President Fox and Prime Minister Martin on security and prosperity partnership, Fiesta Americana Condesa Cancun Hotel; meets with CEOs, Fiesta Americana Condesa Cancun Hotel; holds news availability with President Fox and Prime Minister Martin, Fiesta Americana Condesa Cancun Hotel; arrives at Bush ranch, Crawford, Texas.

VICE PRESIDENT CHENEY — No public schedule.

US Senate: FLOOR SCHEDULE _ 9:30 a.m. The Senate convenes.

9:30 a.m. JUDICIARY _ Full Committee. Hearing on calls to censure President Bush. Location: Room 226, Dirksen.

10 a.m. HOMELAND SECURITY AND GOVERNMENTAL AFFAIRS _ Full Committee. Hearing on pending nominations. Location: Room 342, Dirksen.

US House: 10 a.m. ENERGY AND COMMERCE _ Oversight and Investigations Subcommittee. Hearing on court cases involving silicosis. Attorneys Jamshyd Zedah, Forth

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Worth, Texas, and John Fabry, Houston. Location: Room 2123, Rayburn.

Other: INSTITUTIONAL INVESTORS _ The Council of Institutional Investors holds its spring meeting. Highlights: 12:30 p.m. Deputy Attorney General Paul McNulty. Location: L'Enfant Plaza Hotel, 480 L'Enfant Plaza, SW.

PEDIATRIC NURSES _ The National Association of Pediatric Nurse Practitioners holds its 27th annual conference. Highlights: 10:30 a.m. Sen. John Kerry, D-Mass., speaks about his KidsFirst Plan to provide health care coverage for the 11 million uninsured children in America. Location: Washington Marriott Wardman Park, 2660 Woodley Road NW.

TRANSAFRICA _ TransAfrica holds its annual foreign policy weekend conference. Highlights: 12 p.m. Luncheon honoring entertainer Harry Belafonte. Location: Blackburn Center, Howard University.

MOUSSAOUI _ 8:30 a.m. - 3 p.m. Jury deliberations continues in the case US v. Moussaoui. Location: US District Court, Alexandria, Va.

IMMIGRATION _ 10 a.m. The Manhattan Institute and the National Immigration Forum are jointly releasing a new poll that they say indicates American voters would prefer a program for future immigrant workers that leads to permanent residency and citizenship, as opposed to a strictly temporary ``guest-worker" program that requires immigrants to leave. The first briefing, for reporters in the Washington, DC area, takes place at 10 a.m. in the Dirksen Senate Office Building (Room 628), There is no telephone link to this event). The second briefing, for reporters nationwide, takes place at 1:30 p.m. Eastern via telephonic conference call with a simultaneous computer link to a PowerPoint presentation on the poll findings. Notes: For telephone briefing, dial: 1-(800) 289-0508 and ask for the Immigration Polling Briefing. A simultaneous PowerPoint presentation will be available at: https://www.livemeeting.com/cc/vcc/join?idw1409633&roleattend&pwA140963.

PENTAGON-IRAQ BRIEFING _ 9 a.m. Army Maj. Gen. James Thurman, commander of the Multi-National Division-Baghdad, will brief live from Iraq to give an update on ongoing security operations in Iraq. Location: DOD Briefing Studio, Pentagon 2E579.

MULTILINGUAL BALLOTS _ 9:30 a.m. Rep. Steve King holds a media briefing on opposition to requirements that ballots be printed in languages other than English. Location: National Press Club.

BINGAMAN _ 10 a.m. Sen. Jeff Bingaman speaks at a media breakfast on energy policy and future legislation, sponsored by Energy Daily and BP America. Location: Suite 1003, 1325 G St. NW.

SCHIAVO _ 10 a.m. Christian groups set up a memorial to Terri Schiavo on the first anniversary of her death. Location: In front of the Supreme Court.

MCKINNEY-POLICE _ 11 a.m. Rep. Cynthia McKinney, D-Ga., and her lawyer hold a press conference regarding an incident involving McKinney and the U.S. Capitol Police. Location: Cannon Terrace.

ISRAELI ELECTIONS _ 12 p.m. The Israel Project holds a briefing with a telephone conference call with Yossi Olmert, brother of Acting Prime Minister Ehud Olmert, discussing the Israeli elections. Location: Suite 7600, 2020 K St. NW.

PORT SECURITY _ 12:30 p.m. Heritage Foundation holds a luncheon seminar on ``Ports, Protectionism and Protecting America from Bad Ideas," with Dan Mitchell of the foundation, Elliot Schwartz of the Committee for Economic Development, David Heyman of CSIS, Daniella Markheim of the foundation. Location: Room 2360, Rayburn.

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DEPARTMENT OF JUSTICE *NEWS CLIPS*

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TO: THE ATTORNEY GENERAL AND SENIOR STAFF

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TERRORISM NEWS:

At Sept. 11 Trial, Tale Of Missteps And Management (NYT)

By Scott Shane And Neil A. Lewis

The New York Times, March 31, 2006

WASHINGTON, March 30 — Three weeks of testimony and dozens of documents released in the sentencing of Zacarias Moussaoui have offered an eerie parallel view of two organizations, Al Qaeda and the Federal Bureau of Investigation, and how they pursued their missions before the attacks of Sept. 11, 2001.

Al Qaeda, according to a newly revealed account from the chief plotter, Khalid Sheikh Mohammed, took its time in choosing targets — attack the White House or perhaps a nuclear plant in Pennsylvania? Organizers sized up and selected operatives, teaching them how to apply for a visa and how to cut a throat, a skill they practiced on sheep and camels. Despite the mistakes of careless subordinates and an erratic boss, Osama bin Laden, Mr. Mohammed tried to keep the plot on course.

Mr. Mohammed, a Pakistani-born, American-trained engineer, "thought simplicity was the key to success," says the summary of his interrogation by the Central Intelligence Agency. It is all the more chilling for the banal managerial skills it ascribes to the man who devised the simultaneous air attacks.

If Mr. Mohammed's guiding principle was simplicity, the United States government relied on sprawling bureaucracies at feuding agencies to look for myriad potential threats. The C.I.A. had lots of information on two hijackers, Nawaf al-Hazmi and Khalid al-Midhar, but the F.B.I. did not know the men had settled in San Diego, where Mr. Mohammed had instructed them to "spend time visiting museums and amusement parks" so they could masquerade as tourists.

At the F.B.I., a few agents pursued clues that would later prove tantalizingly close to the mark, but they could not draw attention from top counterterrorism officials. A Minnesota F.B.I. agent, Harry M. Samit, warned in a memorandum that Mr. Moussaoui was a dangerous Islamic extremist whose study of how to fly a Boeing 747-400 seemed to be part of a sinister plot.

"As the details of this plan are not yet fully known, it cannot be determined if Moussaoui has sufficient knowledge of the 747-400 to attempt to execute the seizure of such an aircraft," Mr. Samit wrote on Aug. 31, 2001. He had already urged Washington to act quickly, because it was not clear "how far advanced Moussaoui's plan is or how many unidentified co-conspirators exist."

But to high-level officials, the oddball Moroccan-born Frenchman in Minneapolis was only one of scores of possible terrorists who might be worth checking out. An F.B.I. official in Washington edited crucial details out of Mr. Samit's memorandums seeking a search warrant for Mr. Moussaoui's possessions, and said that pressing for it could hurt an agent's career, Mr. Samit testified.

The picture of a large and lumbering bureaucracy trying to defend against a small and flexible enemy is striking, said Timothy J. Roemer, a member of the national Sept. 11 commission.

"It's like the elephant fighting the snake," said Mr. Roemer, a former Democratic congressman from Indiana. "One of the impressions of Al Qaeda and Khalid Sheikh Mohammed is their ability to change course and put new people into their plan and dynamically respond to the challenges day to day."

The United States government, he said, "is almost the opposite."

"We're slow to change," he said, "slow to adjust, and we're building a huge bureaucracy."

The court testimony, Mr. Roemer said, has reinforced his belief that "Moussaoui was an Al Qaeda mistake and a missed opportunity for the F.B.I."

The jury at Mr. Moussaoui's sentencing trial in federal court in Alexandria, Va., began deliberating on Wednesday about whether he qualifies for the death penalty for not telling American officials of the approaching terrorist attacks. If jurors decide he does qualify, they will then have to make a second decision as to whether he should be executed.

The outlines of the events on both sides in the weeks leading to the Sept. 11 attacks are well known. But the voluminous evidence presented at the trial have added details and color to the public history of the plotters and how American counterterrorism officers failed to stop them.

There are snippets of highly classified National Security Agency cables and glimpses of the C.I.A. inspector general's report on the agency's performance before the attacks, which remains secret. There are numerous new F.B.I. e-mail messages and memorandums that fill in the details of agents' suspicions and why they were not heeded.

But the 58-page "Substitution for the Testimony of Khalid Sheikh Mohammed," a detailed account of what Mr. Mohammed has told investigators since his capture in Pakistan in 2003, and an attached two-page statement written by him, give the most direct view to date of the man who conceived and organized the attacks.

"I know that the materialistic Western mind cannot grasp the idea, and it is difficult for them to believe that the high officials in Al Qaeda do not know about operations carried out by its operatives, but this is how it works," Mr. Mohammed wrote in his statement to his interrogators. "We do not submit written reports to our higher ups. I conducted the September 11 operation by submitting only oral reports."

Mr. Mohammed comes across as a hands-on, midlevel manager who sometimes handled details, like perusing a San Diego telephone book he bought at a market in Karachi, Pakistan, for English-language schools and flight schools.

But he delegated what he could to others. He had Abu Turab al Jordani, a Qaeda veteran from Jordan, train the less sophisticated "muscle" hijackers, teaching them to use their knives on animals and how to storm a jetliner cabin. He allowed Mohammed Atta, appointed "emir" of the hijackers, to make final decisions on targets and on the date of the attack.

Mr. bin Laden repeatedly pressed Mr. Mohammed to move ahead with the hijacking plot, the document says. He pushed, for example, to strike on May 12, precisely seven months after the 2000 attack on the U.S.S. Cole. Ever the pragmatist, Mr. Mohammed put him off. In fact, Mr. Mohammed "noted that he disobeyed bin Laden on several occasions by taking operatives assigned to him by bin Laden and using them how he best saw fit."

One restriction on the plot was the small number of Qaeda devotees who had, or could get, visas to enter the United States. Mr. Mohammed used Mr. Midhar and Mr. Hazmi because they had visas — despite his doubts about their minimal English and lack of sophistication.

But he also considered Mr. Moussaoui less reliable because of time he had spent in the West. Mr. Mohammed "stated that Westerners have a different point of view because of their freedom," the summary says.

The sentencing trial made clear the frustration of the Minneapolis F.B.I. office in its repeated efforts to interest bureau headquarters in Mr. Moussaoui.

Gripping testimony came from Mr. Samit, who arrested Mr. Moussaoui on Aug. 16 and quickly became convinced that he was a terrorist who knew about an imminent hijacking plot. Mr. Samit said that he had sent about 70 warning messages about Mr. Moussaoui, but that they had produced no results.

The agent said he had been puzzled at the reluctance of Michael Maltbie, a supervisor with the Radical Fundamentalist Unit at bureau headquarters, to seek a search warrant for Mr. Moussaoui's belongings from a special intelligence court.

Mr. Samit seemed unable to satisfy Mr. Maltbie's demand that he provide a tangible link between Mr. Moussaoui and a foreign power, a requirement for a warrant from the Foreign Intelligence Surveillance Court. He thought he had sufficient evidence from two French intelligence reports showing Mr. Moussaoui had recruited someone to fight in Chechnya for an Islamist group allied with Mr. bin Laden.

But on Aug. 24, 2001, a frustrated Mr. Samit sent an e-mail message to Charles Frahm, a friend and, at the time, an F.B.I. liaison to the C.I.A., asking for information to help make his case. "We're trying to close the wiggle room for F.B.I. headquarters to claim there is no connection to a foreign power," he wrote.

Mr. Moussaoui's lawyers asserted that Mr. Maltbie had undermined the effort to obtain a search warrant by deleting some details from Mr. Samit's requests. Mr. Samit said Mr. Maltbie had told him he was reluctant to press for a warrant because doing so would be risky for his career and "he was not about to let that happen to him."

At the time, the bureau had become wary of applying to the intelligence court because a well-regarded supervisor had angered the court's chief judge in a previous case.

Days later, with the attacks in New York and Washington, the scale of the destruction astonished even Mr. Mohammed. According to the summary, he said he "had no idea that the damage of the first attack would be as catastrophic as it was."

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Moussaoui Jury Pauses For Query, Resumes (WP)

By Jerry Markon And Timothy Dwyer

The Washington Post, March 31, 2006

Jurors in the death penalty trial of Zacarias Moussaoui completed their first full day of deliberations yesterday, with no indication of how they would resolve the question of whether the convicted Sept. 11, 2001, conspirator is eligible for execution.

The 12-member panel paused only to ask the judge a brief question concerning the definition of weapons of mass destruction. Moussaoui is charged with conspiracy to use weapons of mass destruction, one of three counts that could bring him a death sentence.

U.S. District Judge Leonie M. Brinkema told jurors at a brief court session that the term meant using an airplane as a missile or bomb. And with that, jurors disappeared again into their deliberation room on the seventh floor of the federal courthouse in Alexandria before quitting for the day at 4:30 p.m.

Moussaoui, 37, pleaded guilty last year to conspiring with al-Qaeda in the Sept. 11 airplane hijackings that killed nearly 3,000 people. He is the only person convicted in a U.S. courtroom on charges stemming from the attacks on the World Trade Center and the Pentagon.

The jury is considering whether Moussaoui is eligible for the death penalty under federal law. If jurors unanimously decide that he is, they will reconvene for a second phase of the trial that will determine whether Moussaoui will be executed; if they decide that he is not eligible, Moussaoui will be sentenced to life in prison.

According to a verdict form released yesterday by the court, jurors will answer three main questions when they vote on whether to send the case forward to a second phase. They will assess whether prosecutors proved that Moussaoui intentionally lied to federal agents when he was arrested in August 2001, whether he lied "contemplating that the life of a person would be taken" and whether at least one victim died Sept. 11 because of the falsehoods.

Although Moussaoui was sitting in jail during the attacks, prosecutors argue that he should die because he lied to the FBI when he was arrested after his behavior aroused suspicion at a Minnesota flight school. Had Moussaoui confessed his knowledge of the plot, the government contends, the Sept. 11 strikes could have been stopped.

Moussaoui admitted to much of that argument when he testified this week, saying that he had misled federal agents to allow the plot to go forward -- and that he had intended to crash a hijacked plane into the White House on Sept. 11. His attorneys contend that Moussaoui was aggrandizing his role in the plot during his testimony. And even if he had lied to agents in August 2001, the defense contends, federal officials knew far more than Moussaoui did about al-Qaeda's plans yet still failed to stop the attacks.

'Weapons Of Mass Destruction' Defined For Moussaoui Jury (LAT)

By Richard A. Serrano

The Los Angeles Times, March 31, 2006

ALEXANDRIA, Va. — Jurors deliberating Thursday in the Zacarias Moussaoui sentencing trial asked for legal guidance on a capital murder charge that alleged he conspired to use "weapons of mass destruction."

The jury of 12 asked U.S. District Judge Leonie M. Brinkema for a legal definition of that phrase, and she told them that in this case it meant turning airplanes into "missiles, bombs or similar devices."

The charge is a component of one of the key allegations against the admitted Al Qaeda terrorist. Moussaoui, 37, was arrested three weeks before the Sept. 11, 2001, attacks on the World Trade Center and Pentagon. He testified Monday that his intended role in the conspiracy was to crash a fifth airplane, into the White House, that day..

The jury is to decide whether Moussaoui, who has pleaded guilty, is eligible for the death penalty because he lied to FBI agents after his arrest.

Prosecutors maintain that had he cooperated with authorities about the Sept. 11 plot, the government could have obtained enough information to stop the 19 hijackers.

The defense contends that the federal law enforcement apparatus at that time was so disjointed that officials never would have unraveled the plot even with Moussaoui's help.

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Thursday was the first full day of deliberations. Jurors did not reach a verdict and are to resume work today.

In another development, the court unsealed transcripts of a closed March 21 hearing between prosecutors and defense lawyers in which it was disclosed that the U.S. attorney's office in Philadelphia was investigating the conduct of government lawyer Carla J. Martin.

Martin, a senior attorney with the Transportation Security Administration, is accused of improperly tampering with Federal Aviation Administration witnesses whom prosecutors and defense lawyers had planned to call during the trial.

According to evidence and testimony against her, Martin sent the witnesses copies of court transcripts and coached them on their planned testimony, all in violation of a February order by Brinkema.

The judge was incensed, and severely restricted the amount of aviation testimony in the trial. As it turned out, prosecutors called just one federal aviation official.

"I'm advised by the U.S. attorney's office that there may very well be a prosecution of her; at least they're looking at the possibility," Brinkema said of Martin.

The judge had wanted Martin to take the stand and explain her conduct. But Brinkema said in the closed hearings that Martin's lawyer, Roscoe C. Howard Jr., was "not ready to recommend she testify yet."

Assistant U.S. Atty. Robert A. Spencer said the matter was referred to the Philadelphia office because of the conflict with the prosecutors trying Moussaoui.

Spencer's fellow prosecutor David J. Novak told the judge they had been "unhappy with Ms. Martin before this episode happened."

Martin has declined to comment.

Her lawyer initially said she was eager to tell her side of the story, but he has declined to discuss the matter since.

Deliberations Continue In Moussaoui Trial (AP)

By Michael J. Sniffen

AP, March 31, 2006

ALEXANDRIA, Va. - Jurors in the death-penalty trial of Zacarias Moussaoui headed into a third day of deliberations Friday to determine whether the confessed al-Qaida conspirator is eligible for the death penalty.

The jury has deliberated for more than seven hours since getting the case late Wednesday. On Thursday jurors asked about the definition of "weapon of mass destruction." One of the three convictions for which Moussaoui could be executed is conspiracy to use weapons of mass destruction.

The jurors were told that a plane used as a missile - the tactic employed on Sept. 11, 2001 - qualifies as a weapon of mass destruction.

Moussaoui is the only person in this country charged in connection with the Sept. 11 attacks. He pleaded guilty in April to conspiring with al-Qaida to hijack aircraft and other crimes. The sentencing trial will determine his punishment: death or life in prison.

The jury must find that Moussaoui was responsible for at least one death on Sept. 11 for him to be eligible for execution.

Moussaoui was in jail at the time of the attacks, but prosecutors argue federal agents would have been able to thwart or at least minimize the attacks if he had revealed his al-Qaida membership and his terror plans when he was arrested and interrogated by federal agents.

Also, court transcripts indicated federal prosecutors in Philadelphia have launched a criminal investigation of Transportation Security Administration lawyer Carla J. Martin. Moussaoui's death-penalty trial was nearly derailed after U.S. District Judge Leonie Brinkema found that Martin improperly coached multiple witnesses on their testimony and lied to defense lawyers.

Prosecutor Investigating TSA Lawyer (FINDLAW/AP)

By Matthew Barakat, Associated Press Writer

AP, March 31, 2006

(AP) - ALEXANDRIA, Va.-Federal prosecutors in Philadelphia are investigating the conduct of a government lawyer who nearly derailed the death-penalty trial of confessed al-Qaida conspirator Zacarias Moussaoui by coaching witnesses on their testimony.

The criminal investigation of Carla J. Martin, a lawyer with the federal Transportation Security Administration, was revealed in recently unsealed transcripts of a closed March 21 hearing in the Moussaoui case.

U.S. District Judge Leonie Brinkema said in the hearing that she had been "advised by the U.S. Attorney's Office that there may very well be a prosecution of her, at least they're looking at the possibility."

Rob Spencer, the lead prosecutor in the Moussaoui case, responded that "the matter has been referred to a prosecutor in the Eastern District of Pennsylvania, and I believe they are handling the matter."

Rich Manieri, a spokesman for the U.S. Attorney's office in Philadelphia, declined comment. Prosecutors in Alexandria recused themselves from the investigation.

Moussaoui's defense lawyers have said Martin should face criminal charges for witness tampering.

Martin's misconduct delayed the Moussaoui trial for a week and almost derailed it completely when it was revealed a week into the trial.

Martin coached seven aviation witnesses on their testimony, urging them to read transcripts of the trial's first day and warning them to be prepared for certain topics on cross-examination. All of this violated a judge's order barring witnesses from exposure to trial proceedings, for fear that they would shape their testimony based on what they had heard.

Martin was apparently concerned that prosecutors overstated the Federal Aviation Administration's ability to prevent the 9/11 attacks and wanted witnesses to be prepared for tough questions on cross-examination.

After Brinkema learned the extent of Martin's misconduct in a special evidentiary hearing, she barred the government from presenting any evidence about aviation security to the jury. She reconsidered after prosecutors said that would gut their case, and she allowed the government to present an aviation witness who was not tainted by Martin's misconduct.

Martin has refused to testify about her actions. Her lawyer, Roscoe Howard, has said she will explain herself to Brinkema at the appropriate time.

During the March 21 hearing, prosecutors said Martin had a minimal role in helping prepare the government's case, and said they actively sought to keep Martin out of the process for a variety of factors.

"First of all, there were personality issues," said prosecutor David Novak. More importantly, though, he said prosecutors found her to be a poor conduit to the TSA on issues like preparing sensitive documents for use at trial.

"Our view is that she wasn't hearing what our point was and it wasn't being conveyed to people who are," Novak said.

Mr. Moussaoui's Confession (WP)

The Washington Post, March 31, 2006

GIVE ZACARIAS Moussaoui credit: Years into his bizarre circus of a trial -- after all his deranged court filings and speeches, his pleas and retracted pleas, his attempts to act as his own lawyer and his denunciations of his long-suffering court-appointed lawyers -- he still knows how to grab a big moment and milk it. This week, he took the witness stand and confessed -- "boasted" might be a better word -- that he was, as the government alleged, a part of the Sept. 11 conspiracy and that he was meant to fly a fifth plane into the White House, along with convicted "shoe bomber" Richard Reid, as part of the coordinated attacks that took place that day.

Mr. Moussaoui's riveting testimony devastates his defense and acknowledges everything prosecutors need to prove and then some.

Not only did he lie to the FBI to protect the operation after his capture the month before the attacks -- the allegation to which he admitted last year. He also bought a radio to hear news of the operation's success. He knew that the World Trade Center was a target. He coldly described his delight at learning of the destruction and carnage. After such a display, what jury could fail to vote for the death penalty?

But there is reason to worry that Mr. Moussaoui's testimony is a bit more dramatic than the reality of his involvement. For one thing, it contradicts his own prior statements: He has claimed in the past not to have been involved in Sept. 11 but to have

been preparing for a separate attack on the White House. It also contradicts the statements of al-Qaeda bigwigs in U.S. custody, which -- in a bizarre twist -- the defense put before the jury in an effort to discredit its own client. Khalid Sheik Mohammed, for example, claimed that Mr. Moussaoui was sent here as part of a second wave of strikes. It even exceeds what the government itself has alleged.

The government and Mr. Moussaoui, at this point, are both pushing for his execution -- as vividly illustrated by his bizarre offer to testify for the prosecution. Their motives differ. The government is prosecuting his crime, while Mr. Moussaoui appears to be attempting to martyr himself. The danger is that in such a confluence of interests the truth falls by the wayside.

That would be dangerous, in part because the government's theory under which Mr. Moussaoui is eligible for death is an expansive one that could open the door for executions of low-level conspirators in a range of criminal enterprises. Mr. Moussaoui without question acted as an al-Qaeda operative who arrived in this country intending to do it great harm. Less clear is what role, if any, he played specifically in the events of Sept. 11. That he now wishes to claim a big one may imply honest pride in his work or simply a desire to die for his organization's greatest success -- a desire no jury ought to oblige. The unenviable task of the jurors, who now have the case, will be to sort true confession from idle boasting.

9/11 Trial Raises Concern (USAT)

USA Today, March 31, 2006

The most chilling testimony at the death penalty trial of Zacarias Moussaoui didn't come from the defendant, despite his surprise claim that he was to fly a fifth plane into the White House on 9/11.

It came from a government witness who attested in heart-rending detail to the stubborn resistance and monumental missteps that kept the FBI from capitalizing on Moussaoui's arrest four weeks before 9/11.

Many of the facts were known, but FBI agent Harry Samit's testimony gave them new detail and poignancy — and raised questions about the nation's preparedness for the next terror attack.

Moussaoui was arrested Aug. 16, 2001, in Minnesota, after Samit was tipped that an inexperienced student had paid cash to a local flight school to learn to fly jumbo jets. Moussaoui had spoken openly of hating America and of wanting to wage jihad, or holy war.

In the next weeks, Samit wrote memos that referred 70 times to Moussaoui and literally begged for permission to seek a warrant to search his belongings. His bosses rejected every request. There are many explanations for this, none satisfactory: The FBI's priority before 9/11 was catching and convicting traditional criminals, not stopping attacks. An antiquated system of paper case files kept crime fighters from sharing leads via computer. A legal "wall" built between intelligence and criminal investigators to prevent misuse of information restricted coordination. Incompetence and lethargy among superiors.

Could this scenario happen again?

Some holes have been plugged. The legal wall has been torn down. Surveillance has increased. New laws make it easier to seek a warrant in a case like Moussaoui's. Agencies share more.

But old gaps remain, and new ones have opened — at the FBI and in other anti-terrorism efforts as well. To identify problems, look no further than recent headlines:

• After five years, the FBI is still hampered by some of the same computer problems. And two of the bosses who obstructed Samit — Michael Maltbie and David Frasca — remain employed in other jobs at the FBI; the bureau won't say whether they've been disciplined.

• On Tuesday, the Council on Foreign Relations, a non-partisan think tank, reported that the United States hasn't mounted the high-priority effort needed against the most devastating threat it faces — nuclear terrorism. Stealing a nuclear device is tough, the author found, but not impossible.

• The same day, government officials testified that undercover investigators slipped through security at the Canadian and Mexican borders with enough radioactive material to make two small "dirty bombs." Border agents were fooled by counterfeit documents, according to the Government Accountability Office.

• On Wednesday, USA TODAY reported a brain drain at the Homeland Security Department, which has lost top leaders for its most crucial missions, including cyber security, technology and disaster response.

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The nation has determined foes — people like Moussaoui who are bent on killing Americans at any cost. Stopping them requires good intelligence, judgment and luck. Unless the government learns from the past and finds smarter ways to fight terrorism, it becomes its own enemy.

U.N. Expert Wants To See Purported Prisons (AP-Y2)

By Bradley S. Klapper

AP2, March 30, 2006

The United Nations' special investigator on torture said Thursday he was certain that there are secret U.S. prisons in Europe and he wants access to them.

Manfred Nowak said he had proof that secret U.S. prisons continue to operate in Europe.

"I am 100 percent sure. I have evidence," Nowak said in an interview with The Associated Press.

He cited a U.S. refusal to provide details or records of interrogations later used in terrorism trials in Germany. He did not explain how that was proof of the ongoing existence of U.S. prisons in Europe, and he did not offer other examples.

Allegations of clandestine U.S. detention centers in Europe have sparked separate investigations by the European Parliament and the Council of Europe, the continent's leading human rights watchdog.

"It is totally unacceptable, even in the fight against terrorism, that a highly democratic country such as the United States of America is keeping secret places of detention," said Nowak, an Austrian law professor who reports on torture allegations to U.N. rights bodies and the General Assembly.

U.S. officials in Geneva were not immediately available to comment.

The United States neither confirms nor denies the allegations of secret prisons, because it refuses to comment on intelligence matters. It has noted that the Council of Europe's report found no specific evidence to support claims of the existence of detention camps in Europe like the one in Guantanamo Bay, Cuba.

In a report released last month, Nowak and four other U.N. experts called on the U.S. government to close down Guantanamo Bay and "refrain from any practice amounting to torture or cruel, inhuman or degrading treatment."

The United States slammed the U.N. report, noting that the U.N. experts had declined an invitation to visit the camp because they would not be given full access to the detainees.

As with Guantanamo, Nowak said he would only visit the secret prisons if he was granted full access to prisoners. He noted that Beijing had allowed him to interview prisoners during a visit to China last year and that before that trip Washington pressured the Chinese to permit the interviews.

He said that he hoped Washington would reconsider its policy on terror suspects and allow him to investigate allegations of torture in detention centers outside the United States.

"How can I assess whether torture or ill-treatment is practiced in any prison in the world if the only people with whom I can talk are the prison guards and the doctors, but not the detainees?" he asked.

The United States is holding about 490 men at the military detention center; some have been there for more than four years. They are accused of links to Afghanistan's ousted Taliban regime or to al-Qaida, but only a handful have been charged.

Nowak also said that he would go to Chechnya this year because Russia had accepted his condition of direct access to prisoners. He declined to speculate on how widespread the use of torture by Russian security forces might be in the volatile southern province, and said he was still negotiating with Moscow on which detention centers to visit.

Intelligence Redo Is Harshly Judged (WP)

By Walter Pincus

The Washington Post, March 31, 2006

U.S. Court of Appeals Judge Richard A. Posner sharply criticized the restructuring of U.S. intelligence agencies last week, telling CIA lawyers that the overhaul has done nothing to rectify flaws exposed by al-Qaeda's Sept. 11, 2001, attacks and that the changes "in the end . . . will amount to rather little."

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Posner, who has written extensively on intelligence matters, questioned "the wisdom and consequences" of the intelligence overhaul passed by Congress in December 2004, which he said was based on "a deep misunderstanding of the limitations of national security intelligence."

That misunderstanding, Posner said, came from a naive belief that intelligence agencies can somehow be made infallible. "Failure in a democratic society," he said, "demands a response that promises, however improbably, to prevent future failures. [And] the preferred response is a reorganization, because it is at once dramatic and relatively cheap."

Posner made his remarks last Friday at an off-site conference of the CIA's office of general counsel, and a revised text was made available to The Washington Post.

CIA spokesman Paul Gimigliano said yesterday that the judge was invited because he is a well-known writer on intelligence issues and that "the CIA believes its officers should hear a range of informed opinion on issues affecting their work." Posner has a book being published next week, "Uncertain Shield: The U.S. Intelligence System in the Throes of Reform." His book "Preventing Surprise Attacks: Intelligence Reform in the Wake of 9/11" was published last spring.

In Posner's analysis, the director of national intelligence (DNI), created by Congress to be the president's top intelligence adviser, was given too much to do. DNI John D. Negroponte oversees the CIA and 15 other intelligence agencies, including those at the Pentagon. Negroponte's staff, which has grown to about 1,000, "has become a new bureaucracy layered on top of the intelligence community," Posner said.

In the process, he said, the DNI's office has absorbed "many of the responsibilities of the CIA and demoted the agency to little more than a spy service." He points out that Negroponte runs the National Counterterrorism Center, which used to be part of the CIA. The agency also prepared the President's Daily Brief, the most sensitive intelligence delivered to President Bush and his top national security team each morning, but that now is prepared by the DNI.

At the same time, the DNI has floundered in its task of coordinating the agencies within the intelligence community, according to Posner, in part because of "three distinct and largely incompatible intelligence cultures that are poorly balanced: military intelligence, civilian intelligence and criminal investigation intelligence."

The military culture, with its "up-and-out promotions system . . . discipline and strong mission orientation," views the CIA with "a degree of hostility and disdain, which the agency reciprocates," Posner said. In addition, CIA and Pentagon intelligence officers compete in strategic intelligence work, a situation aggravated by the fact that the military operates the spy satellite agencies, whose capabilities it often does not wish to share.

Meanwhile, the FBI culture, focused in the past on catching criminals, is having problems with intelligence gathering because, as Posner put it, "the aim is to prevent the crime, not punish the criminals." Counterterrorist intelligence, he said, requires "casting a very wide net, following up on clues, assembling bits of information, and often failing because there is as yet no crime."

Complicating these differences, he noted, was the "profound political imbalance" extant among the three intelligence cultures. The military "is immensely popular, immensely powerful politically" and "ambitious to expand its intelligence activities under the forceful leadership of Secretary [Donald H.] Rumsfeld and Under Secretary for Intelligence [Stephen A.] Cambone." Posner added that for "all these reasons" Pentagon intelligence is "out of the practical control of the DNI."

He said the FBI "is also immensely popular . . . and politically powerful . . . and stubbornly resistant to change." The CIA was left, Posner said, "in a situation of considerable vulnerability, as an unpopular agency and therefore a natural scapegoat" for intelligence failures of Sept. 11 and prewar Iraq.

Posner said that the DNI should have been given only a coordinating role in U.S. intelligence, and that the CIA director, now Porter J. Goss, should have remained the president's senior intelligence adviser. That approach would have eliminated the requirement that the DNI's office build its own bureaucracy of analysts, he said.

Ex-spy Hunter Drops Intelligence Post Bid (WT)

By Bill Gertz

The Washington Times, March 31, 2006

DOJ_NMG_0024423

Former CIA spy hunter Paul Redmond, who helped catch notorious Moscow mole Aldrich Ames, has withdrawn from consideration to become the Bush administration's top counterspy, U.S. intelligence officials say.

Mr. Redmond had been selected to be national counterintelligence executive, but backed out after the FBI held up his formal appointment by conducting a lengthy background investigation, said officials speaking on the condition of anonymity.

Carl Kropf, a spokesman for the Office of the Director of National Intelligence (DNI), declined to comment.

"The selection process for the national counterintelligence executive is under way," Mr. Kropf said. "Until a final selection is made, we decline to discuss the status of any individual currently under consideration for this important position."

Mr. Redmond could not be reached for comment. In addition to uncovering Ames in 1993, Mr. Redmond conducted the damage assessment into the case of FBI counterintelligence agent Robert Hanssen, who spied for Moscow for 16 years before his 2001 arrest.

The national counterintelligence post and the deputy position in what is called NCIX remain vacant following the resignations of Michelle Van Cleave in January and Ken deGraffenreid a month earlier.

The office was recently placed under DNI John D. Negroponte as part of intelligence reform efforts, setting off a dispute over the role of counterintelligence.

President Bush signed an executive order in March 2005 calling for aggressive, offensive counterintelligence activities against foreign spies.

However, intelligence officials under Mr. Negroponte, including DNI Mission Manager for Collection Mary Margaret Graham, are opposing the new policy and instead favor making counterintelligence a passive support function for U.S. spying.

Counterspy posts at the CIA and FBI also remain vacant or held by acting officials at a time when foreign spying continues to plague the administration.

FBI Director Robert S. Mueller III told a congressional committee earlier this week that Chinese spying is a "major threat" to the United States.

A Pentagon report on the Iraq war made public March 24 highlighted Russian spying against the U.S. military and its military facility in Doha, Qatar. The report said documents obtained in Iraq showed that Russian intelligence passed U.S. war plans and other operational military data to Saddam Hussein's forces before the war.

The disclosure so far has not led to an investigation.

Asked about the Russian spying, Defense Secretary Donald H. Rumsfeld told reporters Tuesday that he was not informed about it before its publication in the Iraq war report. "It certainly would be something that one would look into," he said.

A spokesman for the U.S. Central Command said yesterday that there were no immediate plans to conduct an investigation into the documents related to the compromise at Doha.

A Pentagon spokesman also had no immediate comment.

The muted response to the Russian spying report contrasts sharply with other statements by Mr. Rumsfeld and CIA Director Porter J. Goss. Both have denounced intelligence disclosures to the press as undermining U.S. national security.

Intelligence Office Has Swollen, House Panel Says (LAT)

By Greg Miller

The Los Angeles Times, March 31, 2006

WASHINGTON — The House Intelligence Committee voted Thursday to withhold funding from the nation's intelligence director over concerns that his office, which was created to streamline operations in the nation's spy community, is instead becoming bloated and bureaucratic.

At the same time, Republicans on the House panel defeated a Democratic push to suspend hundreds of millions of dollars in spy agency funding until the Bush administration provided more information about a controversial domestic espionage program being conducted by the National Security Agency.

The measures were considered as part of the 2007 intelligence authorization bill, which sets the spending priorities for the nation's spy agencies.

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The move to withhold funding still must be approved by the full House as well as the Senate. But it reflects rising frustration among House lawmakers with an office that was created less than two years ago to solve communication breakdowns and other problems that plagued the intelligence community leading up to the Sept. 11 terrorist attacks and the war in Iraq.

The bill would require the nation's intelligence director, John D. Negroponte, to present a detailed rationale for any additional increases to his staff or risk losing a portion of his budget. The measure was endorsed by Republicans and Democrats.

"We're concerned about some of the steps that are going on" at Negroponte's office, said Rep. Peter Hoekstra (R-Mich.), chairman of the House Intelligence Committee. Hoekstra said Negroponte needed to demonstrate that any further expansion would improve coordination among intelligence agencies, and would not amount to "putting in more lawyers and slowing down the process."

Rep. Jane Harman (DVenice), the ranking Democrat on the committee, cited similar concerns.

"We don't want more billets, more bureaucracy, more buildings," Harman said. "We want more leadership."

The action by the committee represents one of the most pointed public rebukes of Negroponte and the course he has set in assembling a staff to oversee the activities of the nation's 16 intelligence agencies.

A spokesman for Negroponte, Carl Kropf, said that the intelligence director's office had not yet seen the House bill. Kropf declined to respond to criticism that Negroponte's office was becoming bloated, except to say that "we are within the limits of the law that established" the director of national intelligence.

Since Negroponte was sworn in less than a year ago, his staff has grown to about 700 employees, according to U.S. intelligence officials. The legislation that created the position provided for a few hundred initial slots, but allowed for the director to add as many as 500 employees through transfers from other agencies.

The intelligence office has named many high-level officials to oversee such intelligence activities as collection and analysis across multiple agencies.

Beyond his own staff, Negroponte is also directly responsible for new centers that coordinate the nation's espionage efforts against terrorism and weapons proliferation.

House Intelligence Committee officials declined to say how much money would be withheld from the intelligence director's office, or exactly what Negroponte would need to include in a report to the panel to get the money released.

Hoekstra described the report the committee was seeking from Negroponte as an "architecture study" of the intelligence office. Other congressional officials said the report would need to justify any additional hires and to explain the functions of existing offices.

In other action, Republicans on the committee defeated a Democratic amendment that sought to force the Bush administration to reveal the budget for the controversial NSA espionage program.

The Democratic measure would have withheld 20% of the NSA's budget unless the White House agreed to disclose how much was being spent on the domestic eavesdropping program.

Democrats have complained that the White House is refusing to provide information on the program to all members of the intelligence committee. Hoekstra noted that 11 of the 21 members of the House panel were getting briefed on the NSA operation, but he said the committee was still engaged in a "tug of war" with the administration for greater access.

Panel Rejects Effort To Withhold Funds To NSA (WP)

The Washington Post, March 31, 2006

The House intelligence committee rejected yesterday a proposal to withhold money from the National Security Agency if the White House did not reveal information about the cost of the agency's warrantless surveillance program.

In a session closed to reporters, only Rep. Heather A. Wilson (R-N.M.), who heads a subcommittee that oversees the NSA, voted with the Democrats to support the measure to withhold one-fifth of the agency's budget.

The committee also rejected legislation that would force the Bush administration to carve out $3 million for a board created in late 2004 to protect Americans' civil liberties from government infringements. Democrats have complained for months

about what they consider to be Republican foot-dragging in establishing the civil liberties panel, formally known as the Privacy and Civil Liberties Oversight Board.

The measures would have been part of a bill that would set intelligence funding next year.

The White House has resisted fully briefing the House and Senate intelligence committees on the much-discussed NSA program that monitored -- without court warrants -- the international calls and e-mails of people in the United States when terrorism was suspected. In a continuing thaw between the White House and Congress, however, 11 of the House intelligence committee's 21 members were briefed this week on more details of the highly classified program.Higher Education Act Renewed by House

The House approved a bill yesterday aimed at making college decisions more clear and affordable for families. How much the measure would help remains in dispute.

Republicans renewed the Higher Education Act 221 to 199, in a near party-line vote. Most Democrats objected after failing with their version, which would have cut in half the interest rate on student loans this July.

The measure would order simplified steps for people seeking federal aid and would place pressure on colleges to refrain from steep tuition increases. It also would require schools to provide clear information about their costs to the Education Department, to be posted on its Web site as a tool for families.

But Democrats and Republicans could not agree on how the federal government should help people deal with rising tuition. Republican leaders said forcing colleges to be more accountable for costs will help families.TSA Errors, Unisys Bills Led to Cost Overruns

Mismanagement by the Transportation Security Administration and overcharging by its contractor, Unisys Corp., led to cost overruns on a $1 billion contract to build a computer network for the agency, a government report said.

In October, The Washington Post obtained copies of federal auditors' reports showing that, among other abuses, Unisys charged higher per-hour labor rates than were justified for lower-level employees.

Less than halfway through the seven-year contract, $834 million has been spent, according to the report from the Homeland Security Department inspector general's office, yet TSA facilities still lack the technology they need.

Prosecutors Say They Can't Substantiate Informant's Statements (AP)

By DON THOMPSON, The Associated Press

AP, March 30, 2006

SACRAMENTO (AP) — In a potential blow to their terrorism case against a father and son, federal prosecutors on Thursday said there is no evidence to support statements by their key witness that a top aide to Osama bin Laden attended a Lodi mosque in the late 1990s.

The surprise move was designed to dissuade the defense from calling witnesses who would challenge the story's credibility.

The witness, an FBI informant, told agents when they recruited him in 2001 that he had seen a high-ranking al-Qaida official and two other international terrorists when he lived in Lodi during the late 1990s.

Naseem Khan said he was "100 percent sure" he saw bin Laden's physician, Ayman al-Zawahiri, attending a local mosque three times a day.

In a statement read to jurors, prosecutors agreed they could not support the informant's claims, which have been criticized by defense attorneys and terrorism experts.

"The government has no information indicating that al-Zawahiri was in Lodi, Calif., in 1998 or 1999, aside from the information provided by Naseem Khan," prosecutors said in a joint statement with defense lawyers that was read to jurors by defense attorney Johnny Griffin III.

At the time, the three terror suspects were being sought in connection with the bombings of U.S. buildings in Africa and Saudi Arabia.

The admission by prosecutors raises more questions about the credibility of Khan, a 32-year-old convenience store clerk from Oregon who befriended the defendants and secretly recorded hundreds of hours of conversations with them.

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Griffin told reporters outside court that the government's statement about Khan "shows that he is a liar."

Umer Hayat and his 23-year-old son, Hamid, have been in federal custody since June, when they were arrested shortly after the younger Hayat returned from a two-year visit to Pakistan. It was there that prosecutors say Hamid Hayat attended an al-Qaida training camp.

He is charged with three counts of making false statements and with providing material support to terrorists by attending the camp. He faces up to 39 years in prison if convicted on all counts.

Umer Hayat, 48, faces 16 years in prison if convicted of two counts of making false statements to FBI agents. Both have pleaded not guilty.

FBI agents testified earlier this week that they discounted Khan's reported sighting of al-Zawahiri and the two other wanted terrorists, Abdelkarim Hussein Mohamed al-Nasser and Ahmed Mohammed Hamed Ali.

At the time Khan said he saw them in Lodi, Ali was suspected in the bombing of a U.S. embassy in Africa while al-Nasser was wanted in the bombing of a U.S. military housing complex in Saudi Arabia.

The FBI nevertheless hired Khan as an informant, giving him about $220,000 in pay and expenses since then. His mission was to infiltrate the Pakistani community in Lodi, an agricultural town about 35 miles south of Sacramento.

FBI agent Rachel Pifer testified that she believed Khan was merely mistaken when he told the story about the three terror suspects. In the months immediately after the 2001 terror attacks, many people came forward believing they had information about potential terrorists, she said.

"A lot of people had mistaken identity at that point in time," she said.

Other information Khan gathered turned out to be correct, Pifer said.

The statement read to jurors Thursday came on the second day of the presentation by the defense, which is attempting to undermine Khan's credibility.

One of the FBI agents the defense called to the stand worked undercover with Khan in Lodi. His testimony seemed to support an argument advanced by Hamid Hayat's attorney, Wazhma Mojaddidi.

She said her client was prone to fanciful storytelling and maintains that he never attended a terrorist training camp.

The agent, Terry Rankhorn, said he met Hamid Hayat three or four times in gatherings arranged by Khan, when both were posing as computer experts. Rankhorn said he thought Hayat was prone to exaggeration, such as the time Hayat said he was able to obtain an unusual brand of cigarettes because he had prominent relatives in Pakistan.

"His air appeared to me ... to be more boasting than actual substance," Rankhorn testified.

A computer expert, Rankhorn also said he found no incriminating files or documents on Hamid Hayat's computer.

Both Sides Agree No Evidence Of Al-Zawahri Sighting (SACBEE)

By Denny Walsh, Bee Staff Writer

The Sacramento Bee, March 31, 2006

The prosecution and defense agreed Thursday in a formal, written stipulation that there is no evidence to support the claims of an FBI informant that he saw one of the world's most wanted terrorists in Lodi in 1999.

Defense attorney Johnny Griffin III read the agreement to both juries sitting in the trials of Hamid Hayat and his father, Umer Hayat, on terrorism-related charges.

"The government has no information indicating that Ayman al-Zawahri was in Lodi, California, in 1998 or 1999, aside from the information supplied by Naseem Khan," the stipulation says.

Khan, 32, who has been the prosecution's star witness in the dual trials of the Hayats, startled the federal courtroom three weeks ago when he testified before the Hamid Hayat jury that he saw al-Zawahri coming and going at the Muslim mosque in Lodi in 1998 or 1999.

Through Khan's testimony, as well as the testimony of FBI agents, details of the informant's story have continued to emerge.

Al-Zawahri is Osama bin Laden's chief deputy and is under federal indictment in New York City in connection with the 1998 bombings of U.S. embassies in Tanzania and Kenya.

DOJ_NMG_0024427

Sacramento FBI Special Agent Rachel Pifer, who was Khan's "handler" from November 2001 to September 2002, testified Thursday that, after hearing Khan's story about al-Zawahri, she initiated an inquiry with the bureau's New York City office.

She said that office replied "it would be remote but not impossible" that al-Zawahri was in the United States at that time.

Pifer said she concluded the information was "probably not true" before she "opened Khan up as an informant" on Nov. 14, 2001.

Under questioning by Hamid Hayat's attorney, Wazhma Mojaddidi, the agent said she believes Khan simply made an honest mistake, and she continues to deem him "a credible and reliable source of information."

Questioned by prosecutor David Deitch, Pifer said the FBI "received a lot of reports of mistaken identity" in the wake of the bureau's release of a list of its 22 most wanted terrorists.

Khan told his al-Zawahri story during his first meeting with FBI agents on Oct. 17, 2001, exactly a week after the bureau went public with its list.

Al-Zawahri "is an Egyptian exile who is reputed to be the No. 2 man in and a co-founder of al-Qaida," according to the list.

Also at Khan's first meeting with agents, at his Bend, Ore., apartment, he said another man on the list, Ahmed Mohammed Hamed Ali, was with al-Zawahri in Lodi in 1999 during Ramadan, a time of fasting, worship and contemplation for Muslims. That information has also been discounted by terrorism experts and the FBI.

Ali, also an Egyptian under indictment in New York, "is facing five counts of participating in the broader terrorist conspiracy, including training Somali tribes opposed to U.S. troop presence," according to the list.

At a subsequent meeting with agents on Oct. 26, 2001, Khan added Abdelkarim Hussein Mohamed al-Nasser to his list of top terrorists he said he spotted in Lodi while living there in the late 1990s.

Al-Nasser has been indicted in the Eastern District of Virginia for the 1996 bombing of the Khobar Towers military housing complex in Dhahran, Saudi Arabia. Nineteen Americans were killed in the attack and hundreds more were wounded.

Much of the government's cases against the Hayats rests on secretly recorded conversations the pair had with Khan in 2003. Khan wore a concealed recording device in his role as an FBI operative. The bureau has paid him more than $217,000 in salary and expenses since he signed on as an informant.

Hamid Hayat, 23, is charged with supporting terrorism by undergoing training in Pakistan and returning to Lodi in May to await orders to wage violent jihad against enemies of Islam in the United States. He is also charged with initially lying to the FBI to conceal his training and intentions.

Umer Hayat, 48, is charged with initially lying to the FBI to cover for his son and to hide his own firsthand knowledge of terrorist training in Pakistan.

More information emerged Thursday about Khan getting permission from the FBI to tell his live-in girlfriend in Oregon that he was an informant for the bureau - a subject that was touched on earlier in the trial.

Sacramento FBI Special Agent Leticia Lucero testified that she told Khan in August to tell his girlfriend, after the Hayats had been arrested and charged, after Khan's confidentiality agreement with the bureau had expired and after a wave of national publicity about the charges.

"I wanted her to know before she got calls trying to find him," Lucero said.

FBI Agent Recalls Hamid Hayat 'boasting' And Bragging (LODINS)

By Layla Bohm, News-Sentinel Staff Writer

Lodi News-Sentinel, March 31, 2006

Government further acknowledges no proof that al-Qaida member was in Lodi

SACRAMENTO — Hamid Hayat didn't know it at the time, but when a new Muslim convert helped him purchase and set up a computer, that man was actually an undercover FBI agent.

The agent, Terry Rankhorn, had even gone through a religious conversion ceremony as part of his undercover assignment. Until Hayat and his father, Umer Hayat, were arrested last June, the agent had mingled for several years in Lodi's Muslim community, often alongside a paid informant.

Rankhorn, an eight-year FBI special agent who called himself "Tariq" when working undercover, spoke to Hamid Hayat about four times and testified at the 23-year-old's trial Thursday that he was "very cordial" and also bragged about his relatives.

One time, Rankhorn told a federal jury, Hamid Hayat said his uncle was a highly placed politician in Pakistan who could get him rare cigars, among other things.

"It seemed to be more boasting than actual fact," the agent testified when Hamid Hayat's attorney, Wazhma Mojaddidi, asked Rankhorn if he believed the Lodi man.

Hamid Hayat is charged with lying to the FBI about allegedly attending terror training camps in Pakistan, and his attorney has insisted that her client regularly bragged and lied, and that he ultimately told FBI agents what they wanted to hear. The young man, who was born in Stockton and spent half his life in Lodi and half in Pakistan, is also charged with providing material support to terrorists.

His father, a 48-year-old ice cream truck driver, is charged with lying to the FBI about his knowledge of the camps and his son's alleged involvement with them. Both are on trial in Sacramento, where two juries are hearing the case.

Defense attorneys spent parts of Wednesday and Thursday rebutting the government's case by questioning the motives of their star witness, the paid informant who worked alongside Rankhorn.

Naseem Khan, 32, was ultimately paid a salary of nearly $150,000 over the past four years, his FBI handler, Leticia Lucero, testified Thursday. But Khan's work ultimately cost more than $230,000 because the FBI also paid for his cars, airfare, meals and other expenses.

He was working at a convenience store in Oregon when FBI agents knocked on his door to investigate a money laundering scheme.

The Sacramento FBI office had been investigating the case since before 9/11, and their investigation took them to a Lodi apartment, Pifer testified Thursday. Agents were told that the man they sought had moved to Oregon, but after talking to Khan, they realized they had the wrong person, she said.

That day about five weeks after 9/11, Khan told agents he had seen Ayman al-Zawahiri — Osama bin Laden's right-hand man who is second on the FBI's list of most wanted terrorists — countless times in Lodi in 1998 and 1999. That claim was instantly questioned by Lodi residents and experts alike, and Pifer said the FBI had also doubted it.

Defense attorneys had planned to cast further doubt on Khan's claim, but on Thursday government prosecutors offered an agreement, which was then read to the jury: "The government has no information indicating that al-Zawahiri was in Lodi, California, in 1998 or 1999, aside from the information provided by Naseem Khan."

Asked if the apparently false information made agents doubt Khan's credibility, Pifer said it did not.

"A lot of people had mistaken identity at that time, so it's not outrageous that he thought he saw some of those people. In addition, a lot of his other reporting we were able to verify," she said. "When he would go out into the community, we didn't tell him what we were looking for, and we would corroborate that information."

Johnny Griffin, Umer Hayat's attorney, said outside court that Khan did likely speak the truth about some things, but that he probably made up other things in order to keep the interest of the FBI, which was focusing on terrorism.

"It all speaks to his motivation to curry favor with the FBI so he can get paychecks," Griffin said.

For instance, Griffen said, Khan recorded conversations with the Hayats and used the word "training" when they talked about madrassahs, or religious schools, "so he could later elaborate that he meant 'terrorist training camps.'"

Threatening Letter Investigated (LODINS)

By News-Sentinel Staff

Lodi News-Sentinel, March 31, 2006

Lodi police and the FBI are looking into a letter sent to the News-Sentinel stating that it is among several targets of al-Qaida.

The single-page letter was delivered this morning and was turned over to the Lodi police, who forwarded it to the FBI.

"There is clearly a possibility this is a prank, but we have to take this seriously," Capt. David Main said.

A spokeswoman for the FBI, Special Agent Karen Ernst, said her agency is aware of the letter and is working with local police to track down its origin. She declined further comment.

Indicted State Department Official Still Holds His Job (AP)

AP, March 30, 2006

DETROIT (AP) — A U.S. State Department security agent who has been charged with lying on the witness stand during a major terrorism trial remains employed by the department, an official said Thursday.

Harry Raymond Smith III continues to work for the State Department, a department official said. The official could not say what Smith's assignment is.

Smith, 49, was indicted Wednesday along with former Assistant U.S. Attorney Richard G. Convertino, 45, on charges of conspiracy, obstruction of justice and making false declarations in connection with the botched prosecution of four North African immigrants. Convertino, who resigned from the Department of Justice in May, was the lead prosecutor in the case, and Smith helped in the investigation and testified for the government at the trial.

Convertino denied the charges Wednesday. A lawyer for Smith described him as a dedicated public servant and said a vigorous defense is planned.

Two of the four defendants in the terrorism trial, Karim Koubriti and Abdel-Ilah Elmardoudi, were convicted in 2003 of conspiring to provide material support and resources to terrorists. The Bush administration hailed their convictions as a victory in the war on terror.

However, a federal judge overturned the verdicts at the Justice Department's request after prosecutors discovered that some documents that could have aided the defense during the trial were not turned over by the government as required.

Former Federal Terrorism Prosecutor Faces Charges (USNEWS)

U.S. News and World Report, March 31, 2006

The lead prosecutor in a Detroit terrorism trial that the government once heralded as a signal victory in the war on terrorism has been indicted on obstruction of justice and other charges related to the case.

The federal indictment says that former prosecutor Richard Convertino and a State Department security officer, Harry Smith, conspired to mislead the jury about evidence during the 2003 trial of the case, United States v. Koubriti, in which three Middle Eastern men were accused of operating a "sleeper cell" and convicted on a variety of terrorism and fraud charges. Theirs were the first and only jury convictions stemming from the FBI's investigation into the 9/11 terrorist attacks. But the federal judge handling the trial, Gerald Rosen, threw out the convictions after the Justice Department issued a scathing report accusing Convertino of withholding evidence that could have been beneficial to the defense.

Convertino, 45, and Smith, 49, were charged with conspiracy, obstruction of justice, and making false declarations in the case. Smith was a security officer at the American Embassy in Amman, Jordan. He helped in the Koubriti investigation and also testified as one of Convertino's witnesses at the trial.

As part of his prosecution, Convertino had alleged that the layout of an Amman hospital closely matched a sketch found in the three defendants' apartment and that the men had "cased" the hospital for a possible terrorist strike. But defense attorneys disputed that assertion and challenged Smith about the supposed absence of photographs that would show discrepancies between the sketch and the site.

In the case against Convertino and Smith, the government says they failed to disclose photographs of the Queen Alia Hospital to the defendants and lied that they could not obtain photographs of the hospital, even though Smith had not only taken his own photos but, not satisfied with the quality, had asked colleagues to shoot some more pictures for Convertino. The indictment charges that Convertino concealed the additional photographs during the trial.

The grand jury also charged Convertino with obstruction of justice in a second criminal case in the Eastern District of Michigan, described only as United States v. John Doe. In that case, prosecutors said Convertino allegedly gave false information to a judge during a sentencing hearing to obtain a sharply reduced sentence for a defendant. Convertino has described the charges that have been leveled against him as a smear campaign by the government.

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Convertino is suing his boss in Detroit as well as former Attorney General John Ashcroft and other Justice Department officials, accusing them of "gross mismanagement" of terrorism cases. His attorney, William Sullivan, said today that the indictment is "manifestly false" and another example of "government reprisal for his whistleblower lawsuit."

Sullivan said the Koubriti case was just another example of how Convertino had "dedicated himself to preserving the safety of his community." Matthew Leitman, Smith's attorney, said that his client is a "dedicated public servant" who has "risked his life to defend his country and its elected officials" and that he would be vindicated in court.

Throughout the Koubriti trial, defense attorneys complained that Convertino had engaged in prosecutorial misconduct. He denied it. But Rosen, angered by Convertino's failure to obey his strict orders on disclosure of evidence potentially beneficial to defendants, ordered Ashcroft to conduct a complete review of the case, which resulted in Rosen's throwing out the convictions of the three men.

HOMELAND RESPONSE:

Bill Seeks To End Color-coded Terror Alert (WT)

By Audrey Hudson

The Washington Times, March 31, 2006

A bipartisan push on Capitol Hill to strip the hue from the government's color-coded terrorist alert system is gaining momentum.

A package of legislation moving through the House eliminates the Department of Homeland Security's use of colors to change the threat level, and calls for more specific threat information to be shared with the private sector and local governments.

"The color code doesn't provide any information to people, what it does is foster a climate of anxiety without giving useful information to people," said Rep. Zoe Lofgren, California Democrat, who worked with Rep. Rob Simmons, Connecticut Republican, on the legislation.

"It's not a proper way to give a nationwide response to actual threats."

The current system, implemented by former Homeland Security chief Tom Ridge, has frustrated governors and local officials nationwide who say they are forced to spend millions responding to threat level rises without information as to whether it directly affects their region.

The House Homeland Security subcommittee on intelligence, information sharing and terrorism risk assessment, chaired by Mr. Simmons, yesterday approved the plan by voice vote. It now awaits action by the full committee.

"There are no plans to change the color-coded system at this time," said William Knocke, Homeland Security spokesman.

"The system itself has matured over time as the country's baseline of preparedness rises and our threat analyses improves."

The last time the alert level was raised was July 7-12 after the London subway bombings.

Mr. Ridge tweaked the system in 2004 when specific economic areas were thought to be terrorist targets in New York, New Jersey and in Washington, and limited the increase in security and spending to those specific cities.

The terrorist alert system was introduced in March 2002 in five color-coded stages; low (green) guarded (blue) elevated (yellow) high (orange) and severe alert (red).

The country has been on elevated level since the code was introduced and the terrorist threat has been raised five times to high nationwide.

The White House briefly went to severe alert when a private aircraft accidentally crossed over its restricted airspace in 2005. The country has never been on low or guarded alert.

The legislation also gives full authority to Homeland Security officials to issue an increase in threat levels. In the past, conflicting warnings were sometimes issued from the Justice Department then led by Attorney General John Ashcroft, which created confusion, the legislation notes.

Report: TSA Got Little For $1 Billion (AP-Y2)

By Leslie Miller

DOJ_NMG_0024431

AP2, March 31, 2006

A company awarded a $1 billion contract for airport security equipment performed so poorly that the Homeland Security Department's inspector general recommended that the project be put out for bid again.

The inspector general, Richard Skinner, found in a report released Thursday that Unisys received most of the $1 billion without providing the Transportation Security Administration much of the equipment "critical to airport security and communications."

"The original funding is almost exhausted but many airports still do not have basic information technology and a telecommunications infrastructure," the report said.

The federal officials who head airport security at hundreds of airports complained that Unisys supplied antiquated equipment and that their radios didn't always communicate with each other inside the same concourse — a crucial function during an emergency.

"We are not pleased with the level of services provided as the services are not state of the art and in fact are archaic," wrote one federal security director.

Another complained that some cell phones — "a hodgepodge of $20 Radio Shack sale rack phones" — were so old they actually have a mechanical bell that rings.

The inspector general did note that TSA had an enormous task to take over airport security from private contractors. The agency had inadequate funding and staffing to oversee the contract, the report said.

The inspector general recommended that TSA put the contract out to bid again once the $1 billion is exhausted.

TSA agreed to do so and said it has strengthened its procurement oversight.

"TSA has implemented several changes since the DHS OIG (Department of Homeland Security Office of Inspector General) opened this audit and continues to make significant improvements within the Office of Acquisition," agency chief Kip Hawley wrote in a memorandum.

The inspector general noted that TSA knew the contract could exceed $5 billion, but set a ceiling at $1 billion. The report said that when the inspector general asked TSA to explain the low ceiling, agency officials said it was based on "specific requirements." However, the inspector general said the officials "could not document which specific requirements."

The TSA, which was created shortly after the Sept. 11, 2001, terrorist attacks, needed information technology and telecommunications for what it anticipated would be 65,000 employees at headquarters, 429 airports, 21 field offices and a command center, the report said.

Unisys was to have provided dial-up connections, laptops, pagers and cell phones by Nov. 19, 2002. Six weeks later, the company was to have delivered high-speed connections, phones, encrypted radios and an electronic surveillance system. Eventually, Unisys was to provide command centers at airports, advanced wireless communications and interoperable radios.

The inspector general said that the company had only supplied the first phase by Sept. 30, 2004.

Blue Bell, Pa.-based Unisys did not immediately reply to a request for comment.

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On the Net:

Transportation Security Administration: http://www.tsa.gov

Port Security Measures Advance In Congress (WT)

By Amy Fagan

The Washington Times, March 31, 2006

Bills that aim to improve the security of the nation's ports and other key infrastructure advanced in both the House and Senate yesterday, weeks after public uproar scuttled a Dubai-owned company's bid to operate terminals at six U.S. ports.

The Senate Banking, Housing and Urban Affairs Committee yesterday approved 20-0 a bill that would reform the interagency panel charged with approving such foreign deals -- forcing more thorough investigations and congressional involvement.

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And a House Homeland Security subcommittee approved by voice vote legislation that would boost funding for the nation's ports and improve port-security programs.

Many lawmakers were caught off-guard by February press reports of the approval of the deal involving DP World, based in the United Arab Emirates. Lawmakers said the panel charged with approving such deals -- the Committee on Foreign Investment in the United States (CFIUS) -- should have notified them of the situation and should have given far greater weight to homeland security and terrorism concerns when making its decision.

"Congress and the American people require greater confidence in the process," said banking committee Chairman Sen. Richard C. Shelby, Alabama Republican.

"CFIUS did not move with the times," said Sen. Charles E. Schumer, New York Democrat, referring to enhanced security concerns in a post-September 11 world.

Part of the concern is that the CFIUS rarely conducts a 45-day investigation of such deals, opting instead for 30-day reviews, as it did with the Dubai deal.

Under Mr. Shelby's bipartisan bill, deals would go through the 30-day review to determine whether they merit a longer investigation, and any CFIUS member could request more time to decide. The 45-day investigation would be required if a deal involves a foreign-government-owned company and critical U.S. infrastructure, such as ports, that could affect national security.

The bill would place the defense secretary as co-chairman of CFIUS and would add the director of national intelligence as a panel member. It would require CFIUS to notify Congress of pending deals and to develop a system to rank each country according to its adherence to nuclear security standards and relationship with the United States.

Sen. Susan Collins, Maine Republican and chairman of the Homeland Security and Governmental Affairs Committee, has a competing bill that would scrap the CFIUS panel and reconstitute it under the Homeland Security Department.

Mr. Shelby said there isn't much support for that idea in the business community.

"Treasury's the proper place" for foreign business deal reviews, he said.

Meanwhile, a House Homeland Security subcommittee approved a bill -- sponsored by Rep. Dan Lungren, California Republican, and Rep. Jane Harman, California Democrat -- that would authorize a little more than $4 billion over five years to improve port security, install radiation portal monitors at U.S. seaports and develop a recovery plan in case of a transportation attack.

Panels Approve Bills About Ports Issues (NYT/AP)

By The Associated Press

The New York Times, March 31, 2006

WASHINGTON, March 30 (AP) — Two Congressional panels approved measures on Thursday in efforts to stem the furor over the attempted takeover of significant terminal operations at some large American ports by a company owned by the United Arab Emirates.

In the House, a Homeland Security subcommittee cleared legislation that aims to improve cargo inspections and strengthen security at ports. By voice vote, the subcommittee on economic security, infrastructure protection and cybersecurity sent the wide-ranging bill to the full committee, which is to vote on the measure in late April.

And the Senate Banking Committee voted 20 to 0 to approve a measure that would bring the federal panel that approved the DP World ports deal under tighter oversight by Congress.

The multiagency panel, called the Committee on Foreign Investment in the United States, would be required to investigate any proposed transaction that involved a foreign government or "critical infrastructure" of the country.

Senators said the bill, which was sent to the full Senate, strikes a balance between national security concerns and economic interests, with foreign investment in this country exceeding $530 billion in 2003-5.

Senate Panel Backs Tougher Takeover Review (FT)

By Stephanie Kirchgaessner

Financial Times, March 31, 2006

DOJ_NMG_0024433

Foreign takeovers of sensitive US assets could face a national security review of up to 120 days under legislation unanimously passed by the Senate banking committee on Thursday.

The bill drawn up by Senator Richard Shelby, chairman of the banking committee, aims to make reviews conducted by the Treasury-led interagency panel that investigations foreign acquisitions, or Cfius, more onerous and will give Congress more oversight over the confidential vetting process.

Passage of the bill, which now faces a vote in the Senate and has yet to be taken up by the House of Representatives, follows weeks of intense negotiations between lawmakers and a coordinated lobbying campaign by the business community.

"As critical as foreign investment is...our national security is paramount. Once it is bargained away, it may never be recovered,'' Mr Shelby said.

Lobbyists expressed satisfaction that, despite the extended review period permitted in certain circumstances, the draft legislation was far weaker than proposals first put forward by Mr Shelby last week. That initial draft would have subjected nearly every foreign deal to an automatic 75-day investigation.

Nevertheless, David Marchick, an attorney with Covington & Burling who handles Cfius cases, said the measures were "very tough". "It definitely toughens the Cfius process," he said.

The debate over how to balance security with an economy open to international investment follows the congressional backlash last month against the acquisition by a Dubai company of five US port terminals, a case that aggrieved lawmakers who said the deal had not been adequately vetted by the Bush administration.

Other deals, including Toshiba's takeover of Westinghouse and the likely merger between Alcatel and Lucent, will face Cfius reviews in coming months.

The business-friendly compromises agreed on Thursday by Mr Shelby followed negotiations with Republican Chuck Hagel and Democrat Christopher Dodd.

"They took off some of the rough edges. Every member understood the importance of foreign investment and jobs," said Larry Burton, executive director of the Business Roundtable, a lobby group,

The Roundtable remained concerned about "unprecedented" notification requirements in the bill, which it said could increase transactions becoming political, and reporting requirements that "would create opportunity" for information to be sent to Congress to be used for commercial purposes instead of national security purposes.

"The legislation...protects our national security in a responsible way that does not jeopardise our competitive position in the world," Mr Hagel said.

Under current law, Cfius reviews transactions that could impact national security for 30 days and conducts an additional 45-day investigation for any deal that raises concerns before it makes a recommendation to the president. The president then has 15 days to respond to the recommendation. In the past, most deals have been approved following a 30-day review.

Mr Shelby's bill would allow a secretary, or deputy or undersecretary, of a single Cfius agency to extend the investigation of a deal by a further 30 days if there was "credible evidence" that the foreign entity may take action to threaten national security. It requires Cfius to alert key lawmakers of its investigations - a process that was previously classified - and designates the department of defence as a vice-chair of the review panel.

Mr Shelby's bill would also force the White House to create a ranking of countries according to their relationship with the US to be considered in Cfius reviews. Lawmakers said the provision should be further debated before it is voted on by the whole Senate.

"Once you've labeled a country...it becomes a liability," said Mr Dodd. The provision was a "precarious way to go".

Don Evans, the former commerce secretary who is chief executive of the Financial Services Forum, an association that lobbies on behalf of the biggest banks in the world, praised the passage of the revised bill and said he would continue to work with members of Congress "to ensure that changes to foreign investment rules are considered carefully and thoughtfully".

Senate Advances Foreign-Investment Legislation (WSJ)

By Neil King Jr.

The Wall Street Journal, March 31, 2006

DOJ_NMG_0024434

WASHINGTON -- The Senate moved forward on legislation to increase government oversight of foreign investments in the U.S. after heavy lobbying by Wall Street and business groups resulted in changes that softened some of the bill's tougher provisions.

In the wake of the Dubai ports uproar and with an election eight months away, Republicans and Democrats are competing to advance measures that would increase executive-branch and congressional scrutiny over foreign mergers and acquisitions in the U.S. But U.S. business interests, with some Senate support, have fought back, arguing that lawmakers risk scaring off crucial investors and making life harder on U.S. companies overseas.

The Senate Banking Committee unanimously approved a bill to extend the existing review process in a wide array of cases and to broaden the definition of investments, calling for scrutiny to include all types of "critical infrastructure." Working off a bill sponsored by committee Chairman Richard Shelby (R., Ala.), the measure also would require the Treasury Department to notify Congress of proposed deals under review, thus opening up a process normally kept in secret.

The bill, which must now go to a full Senate vote, would stand as the most significant tightening of U.S. foreign-investment rules in almost 20 years. It seeks to alter the workings of the Committee on Foreign Investment in the U.S., the interagency panel that provoked a public outcry after it approved Dubai Ports World's bid to manage five U.S. ports.

In a speech yesterday, Treasury Secretary John Snow warned that foreign investment in the U.S. is "being put in jeopardy now by legislation that is well-intended." He said the administration also worried that signals from the U.S. could lead other countries to shut themselves off to foreign investment.

Bowing to business concerns, the committee adopted an amendment by Sen. Chuck Hagel (R., Neb.) to limit the range of cases that would require a full 45-day investigation on top of a preliminary 30-day review. The one group of companies that will face an automatic full investigation are foreign state-owned firms, though other deals that pose a national-security risk also will face the same scrutiny.

"Investments for us are about speed," said George Nolen, the chief executive of Siemens USA, who expressed relief that the amended bill wouldn't create new layers of bureaucracy for companies like its German-based parent, Siemens AG. "Sen. Shelby has put together a pretty good platform," he said.

The legislation drew scrutiny from major U.S. multinational companies and investment firms, as well as most of the major business groups. The groups expressed satisfaction but still had reservations at what emerged from the committee.

Deep worries remain, however, over the fact that the bill will require that Congress be notified of all impending reviews, a provision that could open the process to political squabbles and even pressures from business competitors. Whenever a foreign company seeks to acquire any company involved in critical infrastructure, the bill also would require notification of state officials and congressional representatives in the district where the U.S. company is based, which critics say will only intensify the political leverage.

In another disputed section, the revised legislation tweaked an earlier requirement that the administration rank all countries according to their relations with the U.S. and their support for weapons-control deals. Instead, the bill calls for the government to create a system "assessing and classifying" countries according to the same criteria. The list, which would be kept secret, would then be used to assess the risks involved in approving foreign acquisitions.

Under the Senate bill, the administration will have to report to Congress why it approved or rejected any transaction, but the bill wouldn't give lawmakers the power to veto a deal, as many critics feared.

The House isn't expected to introduce its own legislation until next month. But some Bush administration officials hope that they can support more-moderate revisions in the House to take the place of the Shelby bill.

Foreign-Investment Bill Advances (WP)

By Paul Blustein

The Washington Post, March 31, 2006

Seeking to apply lessons from the Dubai ports controversy, an influential Senate panel yesterday approved a bill that would tighten scrutiny of foreign takeovers while dropping several provisions that U.S. business leaders feared would dampen investment from abroad.

DOJ_NMG_0024435

The bill, approved 20 to 0 by the Senate Banking Committee, would revamp the process by which an interagency panel reviews foreign purchases of U.S. companies for possible national security problems. Criticism of the panel, the Committee on Foreign Investment in the United States, erupted last month following revelations that it had approved a takeover by Dubai Ports World, a United Arab Emirates-based company, of a firm that manages significant operations at six East Coast ports. The uproar in Congress forced Dubai Ports World to promise to sell the U.S. port operations.

Sen. Richard C. Shelby (R-Ala.), chairman of the Banking Committee, led a chorus of panel members who cited the ports case as evidence that CFIUS needs fixing. Noting that the heads of the agencies represented on the foreign investment committee, such as the secretaries of the Homeland Security, Defense and Treasury departments, didn't know about the deal until it made headlines, he said that "demonstrates that the system is woefully short of transparency and has no recognizable requirements for accountability."

The bill, which now goes to the full Senate, would make it easier for individual agencies on the committee to extend the time required to complete a review of a transaction.

It would also require special scrutiny of deals in which the acquiring company is owned by a foreign government, as Dubai Ports World is. In those cases, the deal would undergo a 45-day investigation followed by a presidential decision on whether to allow the purchase. That would apply to many if not all Chinese takeovers of U.S. companies, since the government in Beijing still has major stakes in big Chinese corporations.

Still, the Banking Committee's action came as a relief to business groups that worried the ports flap would prompt lawmakers to adopt much more dramatic measures that could make the U.S. investment climate less appealing to buyers from overseas. The House is planning to start work on its own bill in a few weeks.

"Great outcome," said Todd Malan, president of the Organization for International Investment, a group representing the U.S. subsidiaries of foreign multinational corporations. "There are still things that are going to be on our wish list" as the bill moves to the Senate floor, "but they just don't amount to things that are so significant that they would be barriers to foreign investment."

Gone from the bill, for example, is a provision that would have required a 45-day investigation for any foreign purchase of "critical infrastructure." Industry representatives complained that the term was too broad and would hamper too many deals.

Some lawmakers had argued that Congress should have veto power over CFIUS decisions, but that provision never got into the version of the bill presented yesterday by Shelby and Sen. Paul S. Sarbanes (D-Md.), the Banking Committee's ranking minority member. Giving Congress such a big say would politicize the process and make investors skittish, critics warned.

Instead, the bill requires the foreign investment committee to notify certain congressional leaders of deals it is reviewing before it approves them. Many experts in foreign investment think such a procedure might have averted the Dubai ports fiasco because top lawmakers would have had the chance to make sure their concerns were addressed in the review.

DOJ, DOD Stress Self-powered Communications (FCW)

By Michael Arnone

Federal Computer Week, March 31, 2006

If Hurricane Katrina taught first responders anything, it's that communications systems must survive a natural disaster before they can be used to coordinate response efforts.

That's what officials from the Defense and Justice departments told Congress today as they explained some of the steps they are taking to improve information sharing before the 2006 hurricane season starts June 1.

"The survivability of our systems is critical," Vance Hitch, DOJ's chief information officer, told the House Government Reform Committee.

The federal government must work with industry to create self-powered communications technology that can operate without traditional infrastructure, said Linton Wells, principal deputy assistant secretary of Defense for networks and information integration.

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"The federal government must continue to expand its capability to rapidly deploy commercial off-the-shelf networks, making use of satellite links, wireless local-area networks, laptop computers and 'plug-and-play' equipment to bridge the gap created by a devastated civil infrastructure," Wells said in a statement.

Common operating standards and equipment are the long-term solution to interoperable communications in disaster response, Hitch said. The Justice, Homeland Security and Treasury departments are making progress toward implementing such standards through the Integrated Wireless Network (IWN), he said.

A communications system for 80,000 federal law enforcement officers nationwide, IWN will improve the departments' ability to communicate with one another by having them use common standards and equipment, Hitch said.

The participating agencies have almost finished procurement for IWN and expect to award a contract soon, he said. The agencies plan to roll the program out over five years.

IP, which bridges formerly incompatible systems, is an advance in communications interoperability that can be used more quickly, Wells said.

Better coordination at the federal, state and local levels is also necessary to improve information sharing, said Peter Verga, principal deputy assistant secretary of Defense for homeland defense.

To prepare for the 2006 hurricane season, DOD has assigned a strategic planner to DHS and is reviewing other employees assigned to DHS to ensure the right people are in place, Verga said.

DOD is working with the National Geospatial Intelligence Agency to develop a system to acquire reconnaissance data of initial damage conditions, Verga said.

The department is helping other agencies revise the National Search and Rescue Plan, and working to provide state National Guard forces with more information about military deployments during disaster response, Verga said.

A main area that needs improvement is social networks among different first responder groups, Wells said. All first responders should train and exercise together to create trusted relationships across disciplines and form bonds that facilitate communication in crisis situations, he said.

Ground Zero Still In Limbo As Talks Fail (NYT)

By Charles V. Bagli

The New York Times, March 31, 2006

Gov. George E. Pataki's last-ditch effort to strike a deal with the developer Larry A. Silverstein to speed up the rebuilding at ground zero crashed yesterday, when he was unable to convince New Jersey or City Hall officials that it made financial sense.

Mayor Michael R. Bloomberg and representatives of Gov. Jon S. Corzine of New Jersey vowed to work with Mr. Pataki to put together a new framework for rebuilding at the World Trade Center site, one that would be likely to diminish Mr. Silverstein's role.

The seemingly irreparable breakdown, coming after months of negotiations and with construction expected to start within days, is clearly a personal and political disappointment for the governor.

Over the last three years, Mr. Pataki tied his legacy, his reputation and perhaps his presidential ambitions to construction of the Freedom Tower and the restoration of the city's skyline after the devastating attack on Sept. 11.

After a furious series of meetings this week, the Pataki administration and Mr. Silverstein were inching back toward an agreement much like one that had been on the table when talks reached a dramatic late-night impasse on March 14.

But Mr. Pataki's solution was coming under increasing fire in public from Mayor Bloomberg and Governor Corzine. They said it would have enriched the developer at public expense, while putting the project itself in jeopardy.

Mr. Pataki had hoped to present his proposal yesterday to the board of the Port Authority of New York and New Jersey, which owns the trade center site. His framework would have relieved Mr. Silverstein of financial responsibility for building the $2 billion Freedom Tower, the tallest, most symbolic and most troubled of the five towers planned for the 16-acre site. But the developer would have retained the right to build three towers on the most valuable parcels on Church Street.

At the end of a 90-minute meeting yesterday morning at the authority's Park Avenue office, it was clear to the Pataki administration that neither Mayor Bloomberg nor Governor Corzine, who shares control of the authority with Mr. Pataki, were willing to go along.

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So, the New York governor's office was forced to notify authority commissioners that ground zero was off the agenda.

"Governor Pataki is insisting on moving forward," said Charles A. Gargano, the state's chief economic development official and vice chairman of the Port Authority. "Our goal is to come to a framework agreement, to work out the structure to address many of these issues."

In public, officials from New York, New Jersey and City Hall were careful to avoid criticizing one another yesterday. Indeed, Mayor Bloomberg even said that Mr. Pataki had done a good job under difficult circumstances.

But state officials who were granted anonymity so that they could speak with fewer political constraints defended the deal they had nearly signed with Mr. Silverstein. They said that it would have ensured the completion of all the buildings at ground zero at a quicker pace, while imposing strict deadlines on the developer.

Further, they said, they had forced Mr. Silverstein to make concessions on his rent, the allocation of insurance proceeds and his share of infrastructure costs.

Among the public officials, tension was clearly just below the surface yesterday. Mr. Gargano said that the framework the state had erected for a deal was still on the table. Yet city officials and Anthony R. Coscia, the authority's chairman and a New Jersey appointee, suggested that it was time to start over on an arrangement that all sides could embrace.

If the turn of events was a blow to Mr. Pataki, it also hurt Mr. Silverstein, who leased the World Trade Center six weeks before it was destroyed. The developer has repeatedly vowed to start work on the Freedom Tower next month. But he may not want to start spending tens of millions of dollars without fully knowing what his role will be in the future when it comes to rebuilding the entire complex.

Yesterday, Mr. Silverstein said that he had negotiated in good faith with Governor Pataki, making significant progress on all the critical issues, including rent and the allocation of $2.9 billion in insurance proceeds. Mr. Silverstein, who has been alternately applauded and vilified for his role, rejected any suggestion that he was at fault and blamed government ineptitude.

"We now find that the process has apparently gotten bogged down inside the Port Authority, which is as frustrating to me as I'm sure it is to New Yorkers," Mr. Silverstein said in a statement. "We hope that the different leaders and branches of government will quickly come together so we can move past the uncertainty and get on with what is our paramount obligation — rebuilding the World Trade Center."

But Mr. Coscia put the onus on Mr. Silverstein and brushed aside talk of a rift with Governor Pataki. He said the city and both states would now work together on a unified proposal to offer Mr. Silverstein.

"The issues we find with the Silverstein proposal are equally of concern to New York, New Jersey, Governor Pataki and Mayor Bloomberg," Mr. Coscia said. "My expectation is that there is a growing unanimity of opinion among two governors and the mayor, and that is likely to enhance the chance of having an agreement."

The collapse of the talks is not the only trouble at ground zero. Work has begun on the Sept. 11 memorial, but that project is already over budget and fund-raising has been sluggish. There was a nasty public battle over a planned cultural center and continuing doubts about the economic viability of the Freedom Tower, which is widely considered to be too big, in the wrong place and nearly impossible to lease to corporate tenants, who view it as an obvious terrorist target.

Some downtown executives and community leaders are also worried that the continuing uncertainty at ground zero will undermine the fragile recovery in Lower Manhattan. Although the office vacancy rate downtown is relatively high, they are hoping that rising rents and a tight Midtown market will once again make Lower Manhattan an attractive alternative.

"The business community is eager for a resolution at ground zero so Lower Manhattan can continue it's momentum toward a full recovery," said Eric Deutsch, president of the Alliance for Downtown New York.

The latest crisis was prompted, in part, by the scheduled April groundbreaking for the Freedom Tower. Although Mr. Silverstein continues to insist that he has the money and the desire to do the job, state and city officials and authority executives have grown increasingly concerned that he could run out of money, default on his lease and walk away with tens of millions in profit after completing only two towers.

To be fair, Governor Pataki championed the skyscraper as a symbol of New York's resilience and insisted that it be built first, over Mr. Silverstein's objections. The developer and government officials subsequently reached agreements in 2003 and 2004 on what would be built and when.

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Last December, Mr. Coscia of the Port Authority suggested that Mr. Silverstein surrender a major part of the World Trade Center site as a way of addressing the financial problems.

Mayor Bloomberg, who had been largely focused on the redevelopment of the Far West Side in 2004 and 2005, became increasingly focused on Lower Manhattan, backing Mr. Coscia.

The developer refused, not wanting to relinquish what he said were the most valuable parcels.

The Pataki administration then began weeks of negotiations with Mr. Silverstein that left Mr. Coscia and Mayor Bloomberg without seats at the bargaining table. Even after the impasse on March 14, Silverstein executives complained that they were making concessions to Mr. Pataki's negotiators, while reading in the newspapers about new demands by City Hall or New Jersey.

Mr. Coscia said yesterday that two fundamentally different interests were in play.

"Silverstein Properties is pursuing their business interests to further the profitability of this effort," he said, "and we have a responsibility to protect the public's interest."

Trade Center Rebuilding Talks Again Hit Snag But Will Continue (WSJ)

By Alex Frangos

The Wall Street Journal, March 31, 2006

Talks to jump-start the long-delayed rebuilding of the World Trade Center became stymied again as the region's two governors and New York City's mayor failed to agree on a negotiating stance with the site's private developer, but talks are continuing nonetheless.

New York Gov. George E. Pataki and New Jersey Gov. Jon S. Corzine, who control Ground Zero's owner, the Port Authority of New York and New Jersey, and New York Mayor Michael R. Bloomberg couldn't settle upon a position to take with real-estate developer Larry Silverstein, who owns the legal right to rebuild the office space there, several people involved in the negotiations say.

The three men held discussions in recent days hoping to craft a plan in time for the Port Authority's board of commissioners to approve at their monthly meeting yesterday afternoon. That didn't happen.

But participants said talks would continue. "The parties involved here are probably closer than they've ever been before," said Port Authority Chairman Anthony R. Coscia, from New Jersey.

The talks signal a shift of focus away from Mr. Silverstein to the complex web of government involved in rebuilding. Mr. Silverstein and Port Authority negotiators had agreed upon the broad outlines of a deal on Tuesday. But those terms needed to be approved by the bistate agency's commissioners, who are appointed in equal number by the governors of New York and New Jersey. Mr. Bloomberg is involved because he controls $1.67 billion in tax-free bonds for the project.

According to one of the negotiators, the lack of a deal makes the start of the site's signature skyscraper, the Freedom Tower, "unclear." A groundbreaking was planned for April.

The three government entities disagree on how much of a rent reduction to give to Mr. Silverstein. Mr. Silverstein's lawyers and Port Authority staff agreed Tuesday that the developer would forgo the rights to rebuild two of the five office towers, including the signature Freedom Tower, and around $1 billion in insurance money. The Port Authority would reduce the value of rent Mr. Silverstein owes under his $3.2 billion, 99-year lease, by $300 million to $400 million in net-present-value terms, after accounting for the reduction in the amount of space Mr. Silverstein would develop.

A Port Authority official said one of the sticking points is assurances made by New York State that it could persuade the federal government to rent close to one million square feet of space in the Freedom Tower for $47.50 a square foot, a number that would reduce the Port Authority's risk in the $2.2 billion tower.

Levee Repair Costs Triple (WP)

By Peter Whoriskey, Spencer S. Hsu

The Washington Post, March 31, 2006

The Bush administration said yesterday that the cost of rebuilding New Orleans's levees to federal standards has nearly tripled to $10 billion and that there may not be enough money to fully protect the entire region.

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Donald E. Powell, the administration's rebuilding coordinator, said some areas may be left without the protection of levees strong enough to meet requirements of the national flood insurance program. Those areas probably would face enormous obstacles in attracting home buyers and investors willing to build there.

The news represents a shift for the administration; President Bush had pledged in the weeks after Hurricane Katrina to rebuild New Orleans "higher and better." Now, some areas may lose out as they compete for levee protection. Powell's announcement, in a conference call with reporters, prompted denunciations from state and local officials who said the federal government is reneging on promises to rebuild the entire region.

"This monumental miscalculation is an outrage," said Gov. Kathleen Babineaux Blanco (D). "This means that, just two months before hurricane season, the Corps of Engineers informs us they cannot ensure even the minimum safety of southeastern Louisiana. This is totally unacceptable."

The change followed a surprise announcement from the Army Corps of Engineers that the levee reconstruction project, most recently estimated at $3.5 billion, would now cost $9.5 billion if insurance-certified levees were extended throughout the region.

Powell had said in December when the administration announced a $3.1 billion levee plan that Bush's commitment to rebuild the Gulf Coast "would be satisfied as it relates to the safety and security of the people." In February, after Congress approved $2 billion for the project, Bush said an additional $1.5 billion would be needed. The Senate will consider the request next week.

Yesterday, Powell acknowledged that now "we are faced with some new and tough policy decisions."

The news shattered the fragile relationship between Washington officials and Louisiana leaders, who have assumed that the rebuilding effort would cover the entire New Orleans area.

State and local leaders said the U.S. government had broken a trust and appeared to backing away from commitments to rebuild. Louisiana officials also questioned why federal engineers are just now announcing that the task would cost $6 billion more.

"Every time we turn around, there's a new obstacle," said Rep. Charlie Melancon (D-La.). "The estimates were done for rebuilding the levees, and a number was given to the administration and to the Congress. Now all of a sudden they say they made a $6 billion mistake?"

Melancon said he wondered whether the changes reflected the comments made by officials such as House Speaker J. Dennis Hastert (R-Ill.) after the storm questioning the wisdom of rebuilding the low-lying city.

"I have been concerned since November that people here in Washington didn't really want to help. . . . I think the people are starting to see where the problems are," Melancon said.

Sen. David Vitter (R-La.) said the announcement confirmed his warnings since November that Washington is "stonewalling" and seeking "way too little money" for levee repairs.

The new cost estimates, just as hurricane season is approaching, are "enormously frustrating," he said.

A spokesperson for New Orleans Mayor C. Ray Nagin (D) said he had no comment.

In the conference call yesterday, Powell reiterated the promise that the levees will be at least as strong as they were designed to be before Hurricane Katrina hit on Aug. 29.

"If a hurricane such as Katrina hit the area, there would not be catastrophic flooding," he said. But, he said, there might be some "manageable" flooding.

Powell said that science, "not any bureaucracy, politics nor any member of the political branches," determined the cost revisions. Bush "is concerned with the well-being of the area's residents," he said, but "he wants to make sure we make the right rebuilding decisions, not just for the residents but for the American taxpayers."

Indicating that not all of the $6 billion will be forthcoming, Powell said he will be in discussions with state and local leaders about which portions of the region should be protected with insurance-certified levees, and also how much the state and local governments can pay.

"We're dialoguing with the state and local officials," he said, adding that if there is an agreement, maps clarifying where and how homeowners can rebuild could be released in 10 days. "We haven't decided what [amount] to ask for."

He played down the difference between the ordinary levees and those that meet the standards of the insurance program, saying the $6 billion in improvements is "an insurance issue, and not necessarily a safety issue."

Whether the levees meet the flood insurance standards is considered a key piece of the rebuilding puzzle, however.

In areas where the levees do not meet the standards, buildings may have to be constructed up to 20 to 35 feet above ground, a Powell aide acknowledged. Also, in a city where there is a desperate need for housing investors, areas with less-than-optimal levees could scare off flood-wary developers.

To help state and local officials choose which areas might be protected by insurance-certified levees, Powell broke the four-parish New Orleans region into 10 areas and listed the populations and cost of building such levees.

In the analysis, three Plaquemines Parish sections, southeast of the city, look ripe for cost-cutting. Less than 2 percent of the area's population lives there, but it would cost nearly $2.9 billion to build certified levees.

By contrast, protecting Algiers, where 13 percent of the region's population lives, would cost $129 million.

The reason the cost estimates have risen so dramatically is that the science of hurricanes and hurricane protection is evolving, Maj. Gen. Don T. Riley, director of civil works for the Army Corps of Engineers, said yesterday.

The loss of coastal wetlands protecting New Orleans from storms, as well as the lowering of the ground level in the area, have reduced the city's natural safeguards from flooding -- and altered assumptions.

Moreover, new storm data from the past 20 years suggest that powerful storms are more likely to hit New Orleans than previously believed. The previous levee design was meant for less powerful storms, but the recent surge of activity has changed ideas about what kinds of storms the city should be prepared for.

"As we learn, we will adjust our methodology and our estimates," Riley said. "To do it properly takes time."

Levee Plans Fall Short Of FEMA Standards (NYT)

By John Schwartz

The New York Times, March 31, 2006

New Orleans's levees do not meet the standards that the Federal Emergency Management Agency requires for its flood protection program, federal officials said yesterday — and they added that the problem would take as much as $6 billion to fix.

FEMA has long based its flood planning on whether an area is protected against a flood that might have a 1 percent chance of occurring in any year, also known as a 100-year flood. Without that certification, the agency's flood maps have to treat the entire levee system as if it were not there at all, which means that people hoping to build in the affected areas might have to rebuild their homes at elevations of 15 or even 30 feet above sea level in order to meet new federal building standards.

But since Hurricane Katrina devastated New Orleans, the agency has toughened its 100-year standard, based on new information about land subsidence and the increasing severity and frequency of hurricanes in the Gulf of Mexico. There is also new data about weak soils in the area and the failure of some of the city's floodwalls.

As a result, the levees that the Army Corps of Engineers is now building will not meet the new FEMA standard. Donald Powell, the federal coordinator for Gulf Coast rebuilding, said Thursday that the Corps now believes it cannot meet that standard without spending additional billions to upgrade the flood protection system still further.

Gov. Kathleen Babineaux Blanco of Louisiana expressed outrage over what she called a monumental miscalculation and said it was shocking to learn that $6 billion more might be needed for the hurricane protection system.

"This means that, just two months before hurricane season, the Corps of Engineers informs us they cannot ensure even the minimum safety of Southeastern Louisiana," Ms. Blanco said in a statement. "This is totally unacceptable."

But Mr. Powell said in a news briefing yesterday that the $2 billion that the Army Corps of Engineers is currently spending and the $1.4 billion in additional funds it has requested will make the system stronger and better than it has ever been. Asked if he would feel comfortable living in the area despite the government's inability to certify the levees, he responded, "after the Corps completes its work, yes."

Mr. Powell called the difference "a regulatory issue, not necessarily a safety issue." When the current work on the levees is complete, he said, there might be flooding from a storm like Hurricane Katrina, but the levee system would not fail catastrophically again.

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Although people can rebuild without the federal flood maps today, many homeowners may well decide that the risks of rebuilding are too great. The Louisiana Recovery Authority has said that its plan to provide grants to those who rebuild will favor those who meet FEMA requirements.

Mr. Powell said that to start the process of getting the new flood maps, the federal government only needs to state that it does intend to meet the certification standard — a process that it can undertake for the entire system at the full $6 billion, or pick and choose projects to cut costs.

The flood advisory documents, which will begin the process of creating final flood maps, could emerge within days, Mr. Powell said. It will take up to 18 months to complete the maps.

In the briefing, Mr. Powell said that rebuilding the city could take 25 years — a sentiment shared by many disaster recovery experts. He added, however, "It could be much shorter than that, depending on how they plan their future. I'm going to be doing everything I can to make this as short as possible."

Matt McBride, a member of the community group in Broadmoor, a New Orleans neighborhood that was inundated during Hurricane Katrina, said many city residents would be disappointed by the levee announcement. While many people in his neighborhood were committed to rebuilding, he said, "It's just one more headache on top of the hundreds that we're dealing with."

Officials Add $6 Billion To Price Tag Of Levees (LAT)

By Ralph Vartabedian

The Los Angeles Times, March 31, 2006

In what could be a significant setback to rebuilding New Orleans, federal officials said Thursday that it would cost an additional $6 billion to make the levee system strong enough that flood insurance could be issued in the area.

That amount would be in addition to the $3.5 billion already being spent to repair the levees damaged by Hurricane Katrina.

Without federally issued flood insurance, rebuilding could not proceed in many areas.

The new assessment was disclosed Thursday by Donald E. Powell, the federal coordinator for Gulf Coast rebuilding.

The problem evolved in recent weeks when disparate federal agencies began grappling with complex rules and regulations that affect federal flood insurance, the technology of predicting hurricanes and certifications of levee safety standards.

As a result, Powell found himself this week having to disclose to senior Bush administration officials and congressional leaders that what looked like a price tag of $3.5 billion to upgrade and repair levees in and around New Orleans had exploded almost threefold, to $9 billion.

"It is complicated, it is complex," Powell said in an interview.

The complication began as part of an effort by the Federal Emergency Management Agency to update 90,000 flood maps across the nation, which show where individuals and businesses can locate developments that would be unlikely to flood in 100 years and thereby qualify for the National Flood Insurance Program.

The flood maps that apply to New Orleans changed dramatically after Katrina, requiring a higher degree of protection from levees. Recent scientific research showed that the area had undergone a tremendous geologic subsidence, lowering the area's elevation. Climatic changes also might increase the risk of hurricanes.

As FEMA completed an early version of its flood maps, it went to the Army Corps of Engineers and asked it to certify that its levees would protect the city against the 100-year flood that FEMA had projected.

But in a surprise move, the corps said it could not certify that its levees would hold against a 100-year flood, and it refused to offer the certification.

If the corps cannot certify the levees under FEMA rules, then in terms of flood insurance it would be as if New Orleans had no levees at all, federal officials said. The corps estimated that it would cost as much as $6 billion to make upgrades that would allow for the certification.

Maj. Gen. Don T. Riley, the corps' chief for public works, said in an interview that certifications sought by FEMA would require "significantly higher" levees than the current 12- to 17-foot storm walls and earthen mounds that surround the city.

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Even if the corps built such a system, it would not protect against another Katrina, which Riley estimated was a 150-year storm. Moreover, the demand by Louisiana officials for levees that could protect against a Category 5 hurricane, the worst possible storm, would require an even larger-scale system that is the subject of a $20 million study, Riley said.

The immediate crisis of how to come up with $6 billion is under sharp debate.

One option would be to abandon certain sections of the region, such as Plaquemines and St. Bernard parishes or the Lower 9th Ward, which are driving a significant part of the costs. Central New Orleans would not require any significant additional spending, though the city's West Bank, its eastern flank and Jefferson Parish would require high spending to protect.

Under federal rules, local and state agencies must put up 35% of the cost of levee improvements. So far, the federal government has waived that requirement.

But as costs continue to mount, congressional leaders are becoming hesitant to do so.

Powell said in a news conference Thursday that he hoped rebuilding some sections of the city would take five years but that he could not rule out a reconstruction period of 25 years, noting Katrina was the greatest natural disaster in the nation's history.

New Orleans Recovery Could Take 25 Years (AP-Y2)

By Lara Jakes Jordan

AP2, March 30, 2006

A full recovery in New Orleans could take 25 years as homeowners, businesses and tourists are coaxed back to the city devastated by Hurricane Katrina, the Bush administration's Gulf Coast recovery coordinator said Thursday.

In an interview with The Associated Press, Don Powell said that much of the city's rebirth will hinge on factors he said were "out of our control," including restoring housing, ensuring safety and encouraging robust investment by the private sector.

"We kind of want it to happen overnight, or I do, but it's going to take some time," Powell said. "This could be five to 25 years for it all to fit into place."

Powell also said the Army Corps of Engineers now estimates it will cost an additional $5.9 billion to repair levees enough to fully protect and insure nearly 1.1 million residents of the greater New Orleans area.

That is in addition to the $3.5 billion the Bush administration has so far sought to bring the levees back to at least their pre-Katrina levels by June 1, the start of the 2006 hurricane season.

Powell said the Corps recently told him the administration must commit to spending as much as $5.9 billion more before it could fully certify the levees, as needed to issue flood maps that determine insurance rates and allow rebuilding to begin.

Powell said he does not know how many more federal dollars Washington will commit to the region, or whether some of the money will come from state and local governments. "We haven't decided what to ask for," Powell said.

But he said that decision and the release of new flood maps would likely happen in a "relatively short period of time — in a matter of days."

Over the next 60 days, Powell said, the Corps will be strengthening levees and building storm-proof pumping stations and flood gates to close certain parts of New Orleans' canals in the event of a major storm.

"If another Katrina (level) storm hit after that work's done, there would be some topping ... but the flooding would be all manageable," Powell said. "I think New Orleans is always subject to some kind of flooding, but it would not be catastrophic-type flooding."

In Baton Rouge, Louisiana Gov. Kathleen Blanco called the nearly tripling of the estimated cost of levee repairs "an outrage." She demanded that Congress come up with the money. She said the $3.5 billion investment so far has focused primarily on rebuilding the flood protection on the east bank of New Orleans.

Without the additional cash, Blanco said, the Lower Ninth Ward and St. Bernard and Plaquemines parishes likely wouldn't receive the levee repairs needed to give them the protection they had before Katrina.

"Obviously all sections will not be secure," she said.

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The White House so far has asked for $108 billion in Gulf Coast relief and recovery aid, all but $19 billion of which has been approved by Congress. The remainder is under consideration by lawmakers. The new levee costs are not included in that spending pot, Powell said.

In a conference call with reporters later, Army Corps of Engineers Maj. Gen. Don Riley said the new costs are the result of ongoing repairs and studies of the levees.

"As we learn, we will adjust our methodology and our estimate," Riley said. "To do it properly, it takes time. Our main interest is in getting this right for the people of New Orleans."

What the storm-ravaged region will look like in upcoming years is largely up to state and local officials, Powell said, though the U.S. Department of Housing and Urban Development will have authority to "tweak" some of the housing plans.

The four parishes that make up New Orleans and its immediate suburbs have been waiting for the Federal Emergency Management Agency to issue the flood maps for months.

WAR NEWS:

Jill Carroll: Finally Free (CSM)

By Dan Murphy And Scott Peterson

The Christian Science Monitor, March 31, 2006

CAIRO AND BAGHDAD - Katie Carroll went from a deep sleep to instantly awake when she saw the Iraq country code on her caller ID.

She grabbed the phone. It was 5:45 a.m and the ringing heralded the news about her twin sister, Jill, who had been held hostage in Iraq for nearly three months. "Katie, it's me," said the voice on the other end of the line. "I'm free."

It was Jill herself, safe after 82 days.

"Then she burst into tears and I did, too," says Katie.

Journalist Jill Carroll was freed in Baghdad Thursday ending a period of captivity marked by an enormous global outpouring of support and calls for her release.

"I'm just really grateful. The overwhelming emotion is gratitude. I am glad this day has arrived and thank whatever forces, divine and otherwise, that helped bring about this day," says Jill.

On Jan. 7, Monitor freelancer Carroll traveled to interview Sunni Arab politician Adnan al-Dulaimi in Baghdad's western Adil neighborhood. He was not in his office, and, after waiting some 20 minutes, Carroll and her Iraqi driver and interpreter left.

After traveling about 300 yards, they were attacked by gunmen. Carroll was seized, and her interpreter, Allan Eniwya, was killed.

Thursday, Carroll's captors simply drove her to Amariyah, stopped the car, pointed her in the direction of the Iraqi Islamic Party (IPP) office at about 12:20 p.m. local time and then drove off.

Carroll, who was on assignment for the Monitor when she was kidnapped, gave a short interview to Baghdad TV, which is owned by the IIP, before being transported to the Green Zone by the US military. She was told the interview was for internal party uses only, and didn't realize it would be broadcast. In that interview Carrroll said that for most of her ordeal she was kept in a darkened room which she later described as a "cave."

"I really don't know where I was. The room had a window but the glass you know, you can't see," she said, making a motion with her hand as if the window was blocked, "and you couldn't hear any sound, and so I would sit in the room."

"If I had to take a shower I walked, you know, two feet, to the next door to take a shower or go to the bathroom and come back." From time to time, she says, she had contact with Iraqi women and children in the house which she found comforting.

She was only allowed to watch television and read a newspaper once and had little information about what was going on in the world at large.

"I was treated well, but I don't know why I was kidnapped," Carroll told the TV station about her kidnappers. In videotaped statements her captors had implied they would kill her if Iraqi prisoners held by coalition forces weren't released. But Carroll said, "They never hit me. They never even threatened to hit me."

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Carroll says she asked an IIP official to call the Monitor's Baghdad hotel. He refused, and called the Washington Post's Baghdad office. Carroll is close personal friends with two of the Post's Iraqi staffers.

Her next call was to twin sister Katie. She then called her parents, Jim and Mary Beth.

The first thing she told me today was, 'I love you,'" says Mary Beth. "She said, 'Every single day I was in captivity, I cried over how worried you must be, and what a burden this must be for the family.' "

In fact, the day before release, Katie Carroll had appeared on the Arab TV station Al Arabiyah, where she had talked of the effect of the kidnapping on the family and pleaded for information that might lead to her sister's release.

"I was dreaming that this would be the way I'd find out - that she'd call me in the middle of the night like this," says Katie. "She sounded great. I just want to thank everyone who's prayed and given us support through this time, and we're obviously looking forward to some private time with Jill."

Monitor Editor Richard Bergenheim said Thursday: "This is an exciting day, we couldn't be happier. We are so pleased she'll be back with her family. The prayers of people all over the world have been answered."

President George Bush had said Carroll's release was a top priority for his administration, and her freedom was welcomed by Secretary of State Condoleezza Rice at a press conference in Berlin. Ms. Rice spoke of the "great delight and great relief of the United States, the people of the United States and, I'm sure, the people of the world at the release today of Jill Carroll."

Carroll's release followed half a dozen false leads in the effort to free her - people who contacted the Monitor or the Carroll family. Some demanded exorbitant ransoms, but never managed to produce a "proof of life." One scam artist, calling himself a repentant member of the kidnapper group and seeking a payoff, turned out to be a young Nigerian and was arrested in Germany. Other would-be players said they had contacts and could free her, but never delivered.

Her support among Iraqis appeared to be quite strong. Several Iraqi newspapers and television stations took up her cause. They reported her story, editorialized for her freedom, and donated public-service announcements designed by the Monitor's Baghdad correspondents that pleaded for Carroll's release.

Even the mother of a young Iraqi woman detained for months by the government without charges and finally released in late January was willing to speak publicly on Carroll's behalf. Politicians across the Iraqi political spectrum, especially leaders from the Sunni sect also spoke out emotionally on Carroll's behalf.

Across the Muslim world, voices not normally heard on behalf of an American, called for Jill's release: Hamas in the Palestinian territories, the Muslim Brotherhood in Cairo, and many others.

Hope rose with the release of the remaining three Christian Peacekeepers hostages last week. But it had been nearly two months since Carroll's last video was dated, and many experts were privately beginning to express discouragement about her status. It had been quiet too long, and without a single confirmed attempt to negotiate.

For the Monitor's "Team Jill" - an informal group of editors and writers who worked on her case, each assigned separate tasks - it was a difficult time.

Washington bureau chief David Cook every day passed a photo of Carroll taped to the door of the bureau's building. "You'd come in the door and see her picture and think, 'have I done everything I could today to help get her out?'" says Cook.

Monitor editor Bergenheim said no money had been exchanged for Carroll's release.

Following Carroll's arrival at the IIP office Thursday, the party's Secretary General Tariq al-Hashimi led a ceremony in which he handed the freed journalist gifts, and praised her release.

Mr. Hashimi is a rival for influence among Iraq's Sunni Arab minority of Adnan al-Dulaimi's, the politician Carroll had sought to interview on the morning of Jan. 7. Mr. Dulaimi has repeatedly denied involvement. Dulaimi has said that his political rivals - both Shiite and Sunni - were trying to hurt his political standing.

Leading IIP member Naser al-Ani said her appearance at their office, in a blue Islamic robe and wearing a light green headscarf identical to the one she wore in a Feb. 28 video issued by her captors, was completely unexpected. He said guards at the office "thought she was a party member - dressed Islamically like that, they thought she worked in [the Iraqi government's] Women's Affairs department."

Mr. Ani said she was dropped off near the office, in a Sunni stronghold in Western Baghdad. In a press conference, Hashimi said she bore a letter from her captors that she gave to the IIP guards.

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A measure of the extent to which she was cut off from the outside world was that she didn't know if her driver had escaped on Jan. 7 during the abduction. News of his safety was a great relief to Carroll, her father Jim Carroll said.

"She knew about Alan, but did not know about [the driver]," Mr. Carroll says. "She started to break down when we were talking about it, so I didn't pursue that too much."

Shortly before her release, her kidnappers also warned Carroll about talking to the US or going to the Green Zone, alleging to her that it was "infiltrated by the Mujahideen" and that she might be killed if she cooperated with the Americans, her family says.

When the US military arrived at the IIP offices to escort her to the Green Zone, she was at first reluctant to go. But in a brief phone call the Monitor's staff writer Scott Peterson in Baghdad, he persuaded her that was the best and safest course of action.

Kidnappers in Iraq have tried to scare former hostages like this in the past. When Italian journalist Guiliana Sgrena was released by her captors in February last year, they told her there was a CIA threat to kill her, and that she should rush to the airport rather than go to the Green Zone. As her car sped down the airport road, at the time one of the most dangerous stretches of Iraq, the US military opened fire on the car, killing Nicola Calipari, the Italian intelligence agent who helped secure her release.

Italy's Corriere della Sera newspaper said the kidnappers had phoned the US military with an anonymous tip and the cars description, warning that it was a car-bomb.

At the time of writing, Ms. Carroll is receiving medical attention in the Green Zone.

Fully in character to all those who know her, Jill has repeatedly expressed concern for Allan and his family, and all the friends and family who've been worrying about her through her ordeal - particularly her parents and her sister.

'Like Falling Off A Cliff For 3 Months' (WP)

By Ellen Knickmeyer

The Washington Post, March 31, 2006

BAGHDAD, March 30 -- Jill Carroll wondered from day to day whether she would grow old or die a hostage.

"It was like falling off a cliff for three months, waiting to hit the ground," the 28-year-old American reporter said Thursday after being released by her kidnappers.

A shuffle from car to street to the branch office of a Sunni Arab political party and then to its headquarters brought Carroll to freedom on a beautiful spring day in Baghdad.

When she walked into the Iraqi Islamic Party's branch, she was still wearing one of the head scarves and enveloping embroidered dresses given to her by her captors. The black gloves of a conservative Muslim woman, also given to her by her captors, hid her hands.

Shortly after Carroll's arrival, the head of the party telephoned The Washington Post's Baghdad bureau. Carroll, a freelance journalist who wrote for the Christian Science Monitor, said she wanted to see familiar faces and had had many friends on The Post's staff since the early days of the war. Devoted to mastering Arabic and Middle Eastern culture and to covering Iraq, she was particularly close to the paper's young Iraqi interpreters and reporters.

In the party leader's chair-lined offices, with Sunni politicians looking on, Carroll and her friends were reunited. They embraced and cried through her first conversations in English in more than 80 days.

Then, with a cellphone borrowed from one of the politicians, Carroll woke up her twin sister, father and mother in the United States, punching in their numbers one after another.

Katie, Dad, Mom. It's Jill. I'm fine. I'm free.

She borrowed another cellphone when the first one lost power. She begged her family's forgiveness.

Three months without exercise had made her face round. Her captors had treated her well, she said, and she never dared turn down their offers of meals or candy for fear of giving offense. I'm fat, she said.

She asked for news of the world. She was shocked to hear of the prayers on her behalf, of the media coverage, of the vigils and balloon releases at the foot of the Eiffel Tower.

Kidnapped Jan. 7, three weeks after Iraq's national elections, she was shocked as well to hear that Iraq had still not formed a new government.

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"You know that shelf?" she asked. She meant a mirror-backed knickknack cabinet in the entry of the Post house in Baghdad. For one reason or another, it had become a place to put photos of close friends killed over the nearly three years of war in Iraq.

The cabinet had three shelves. Two of the shelves already held a photo, both of them, coincidentally, of young women.

"I kept thinking about that shelf," Carroll said. "I didn't want to be that third shelf."

Post staffers had had the same thought. They removed the shelf and hid it the day after she was kidnapped.

One of Carroll's hardest days had been Wednesday, the day before her release, she said, when she broke down and cried hard, muffling the sound with her abaya in the room where she was being held. She prayed.

Coincidentally, her twin sister, Katie, appeared that same day on al-Arabiya television, saying it had been nearly two months since the last news or video of her sister. "I also hope that those with Jill have come to know her -- that they recognize what a wonderful person she is and realize that they can show the world that they are merciful to an innocent woman by returning her safely home to us," Katie Carroll said.

Hours later, Carroll's captors dropped her off in a Baghdad neighborhood, outside an office of the Iraqi Islamic Party. The politicians inside gave her juice, candy, water and tissues.

Composed, Carroll negotiated her way through the first of many politically laden conversations she would have Thursday, trying to stick to what she wanted and didn't want to say.

The party officials asked her to write out and sign a statement saying she had not been harmed in her brief time at their offices. They had her record a question-and-answer session on camera that they said was for their records. It showed up on television shortly afterward.

Party leader Tariq al-Hashimi presented her with an embossed Koran in a plush box. The Koran was for the true followers of Islam, Hashimi said, and he mentioned the Iraqi people. Accepting it, Carroll said her suffering was nothing compared with theirs.

'Good Day' In Iraq For Freed U.S. Journalist (LAT)

By Borzou Daragahi, Times Staff Writer

The Los Angeles Times, March 31, 2006

BAGHDAD — The quaking woman in the abaya had tears in her eyes and spoke English — the first sign to a startled receptionist that this visitor was different from the usual grieving widow or mother so common in this violent country.

When she finally managed to explain, in broken Arabic, that she was Jill Carroll, it was not sympathy but a rare outburst of joy she sparked.

The idealistic American freelance correspondent for the Christian Science Monitor, kidnapped by gunmen nearly three months ago, had been released unharmed Thursday, a splash of good news during one of post-invasion Iraq's bleakest stretches.

"I was treated very well," said Carroll, 28, smiling and seemingly in good health and spirits, in an interview broadcast on the television channel of the Iraqi Islamic Party, the country's main Sunni Arab political organization.

"They never hit me," she said, wearing a gray and beige head scarf and a light blue gown. "They never even threatened to hit me. I'm just happy to be free and want to be with my family."

Carroll's abduction and her disturbing videotaped messages, released by her abductors to Arabic-language satellite channels, had been emblematic of Iraq's continuing lawlessness and violence.

Carroll was held for 82 days by the little-known kidnappers, who demanded that Iraqi and U.S. officials free all female prisoners as a precondition for her release. In the last footage of her, aired Feb. 9 on a Kuwaiti station, Carroll urged negotiators to quickly meet the kidnappers' demands. The Monitor said Carroll's family and the paper pursued half a dozen false leads during the ordeal.

Kidnappings, sometimes for ransom and other times as acts of political terrorism, have become a daily hazard in Iraq. Thousands of Iraqis and hundreds of foreign civilians have been seized, their bodies occasionally showing up in sewage ditches days later.

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The perpetrators are shadowy groups suspected of having ties to official security organs as well as the Sunni Arab-led insurgency. This month, Tom Fox, an American activist kidnapped in November, was found dead in Baghdad. His three British and Canadian colleagues who were also abducted were later rescued by British-led forces.

Carroll said she was treated well by her captors, who killed her interpreter, Allan Enwiyah, 32, during the Jan. 7 abduction, which occurred as she left the office of a Sunni politician in Baghdad.

In the interview on the Iraqi Islamic Party's Baghdad TV channel, Carroll said she was given good food, kept in a room with a shower and was allowed to read a newspaper and watch television once, and did not know where in Iraq she was being held.

Her freedom came as a surprise, she said.

"They just came to me and said, 'We're going,' " she said on television. "They didn't tell me what was going on."

The kidnappers apparently drove Carroll to western Baghdad shortly after noon and dropped her off, pointing her to a branch office of the Iraqi Islamic Party in Amiriya, a volatile district known as a haven for insurgents.

They warned her not to talk with Americans or go to the Green Zone because it was infiltrated by insurgents, adding she might be killed if she cooperated with Americans, according to an account on the Monitor's website.

Wearing an all-covering traditional robe, Carroll walked up to the receptionist and handed over a note explaining who she was, party officials said.

Weeping and trembling, the Michigan native asked for help in broken Arabic.

"She looked to me as if she was happy but afraid at the same time," said one party official in Amiriya, who asked that his name not be published. "All that I understood from her was that she wanted to go to her family."

Party officials summoned a convoy of guards and armored vehicles to take her to the party's central Baghdad headquarters, where she calmed down, contacted her family and friends abroad and in Baghdad.

Carroll then took part in the Baghdad TV interview before she was handed over to U.S. forces.

Reporters for the Washington Post, for whom Carroll freelanced early in the war, showed up at the party office, where they wept and hugged. Carroll borrowed a cellphone from a Sunni politician, waking up her twin sister, Katie, her father and her mother, one after the other, the Post reported. "It's Jill," she said. "I'm fine, and I'm free."

According to the Post's account, Carroll received only sporadic news from the outside world during her captivity. She was shocked by the heavy news coverage of her kidnapping and the publicity surrounding her case, including the display of a poster of her from Rome's city hall.

She said she was surprised that Iraqi politicians elected to office three weeks before her capture had yet to form a government.

Carroll was told that the Baghdad TV interview she did was for internal party uses only and didn't know it would be broadcast, the Monitor reported. Iraqi Islamic Party officials could be seen handing gifts to a smiling Carroll in the television footage.

Mindful of her kidnappers' warnings, she agreed to go to the U.S.-protected Green Zone only after another Monitor reporter convinced her that it was the best option, the newspaper said.

She began to cry when the subject of her slain interpreter was raised, the Monitor said.

By Thursday evening, Carroll was inside the Green Zone, Baghdad's administrative headquarters, getting unspecified medical attention as she waited to leave the country.

"This is a good day," U.S. Ambassador Zalmay Khalilzad, who met with Carroll after her release, told reporters. "She is safe, she is free and she appears in good health and great spirits."

Carroll's abduction, by a group calling itself the Revenge Brigades, proved a lingering embarrassment for Sunni politicians negotiating with more powerful Shiite rivals for positions of power in the government talks.

In the U.S., family members and employers expressed relief at Carroll's release. Her father, Jim, told the Associated Press that he was "thrilled and relieved."

"Our hearts are full," said a statement by Carroll's family posted on the website of the Christian Science Monitor. "We are elated by Jill's safe release."

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Asked about the news while at a conference in Cancun, Mexico, President Bush told reporters, "I'm really grateful she was released and thank those who worked hard for her release, and we're glad she's alive."

Secretary of State Condoleezza Rice expressed "delight" at the news.

"This is something that people across the world have worked for and prayed for," she said during a visit to Berlin.

Meanwhile, Iraq's violence, often overlaid with sectarian tensions between the country's majority Shiite Muslims and minority Sunni Arabs, continued.

At a media briefing Thursday, U.S. Maj. Gen. Rick Lynch told reporters that the average number of Iraqi casualties in the weeks since Feb. 11 had risen to 75 dead and wounded a day, higher than at any point over the last two years.

The military reported the death of a U.S. soldier in Fallouja of injuries sustained in combat Tuesday.

Several midmorning explosions rattled the capital. A car bomb targeting the convoy of a police commando leader with the Shiite-led Interior Ministry injured five of his guards. Another car bomb in front of a restaurant in northeastern Baghdad left one person dead and nine injured.

Roadside bombs targeting Iraqi police convoys and U.S. forces killed at least one and injured nine. In Baghdad's Shiite Sadr City neighborhood, gunmen kidnapped four police officers from their car.

At least half a dozen mortar rounds struck different parts of the city, killing at least three civilians and injuring six.

Gunmen assassinated a well-known soccer player as he practiced. Manar Mudhafar Abdul Jabbar was a member of the Zawra club, among Iraq's most famous teams.

Salam Jabar, a member of the Islamic Dawa Party of Prime Minister Ibrahim Jafari, was assassinated in the Jamiya neighborhood in northern Baghdad.

Jabar was also a prominent businessman, and his killing may be linked to a series of attacks on Iraqi merchants and businesses.

Police said gunmen targeted at least three bakeries in troubled sections of Baghdad, killing at least five bakers and injuring at least three. Most of the victims were Shiites, police said.

Gunmen opened fire on a group of Iraqis lining up for their monthly food rations in Dora, injuring four civilians. The district of southern Baghdad is a target of frequent sectarian attacks.

Qais Abdul Kareem, a high-level Ministry of Industry official kidnapped Wednesday evening, was found dead in the middle-class Zayona district.

The body of Abdul Qader Hussein, a shopkeeper in the mixed Sunni-Shiite Sadiya neighborhood, was found with signs of torture.

The bodies of two unidentified men, both handcuffed and bearing signs of torture, were found in western Baghdad.

A roadside bomb in the city of Kirkuk, claimed by Iraq's Kurds, Arabs and Turkmen minority, killed one police officer and injured four.

Times staff writers John Johnson Jr. and Raheem Salman and special correspondent Asmaa Waguih contributed to this report.

Reporter Freed In Iraq, 3 Months After Abduction (NYT)

By Kirk Semple And Dexter Filkins

The New York Times, March 31, 2006

BAGHDAD, Iraq, March 30 — Jill Carroll, the American reporter kidnapped in Baghdad nearly three months ago, was freed Thursday, saying she had spent most of her time in a small room but had been well treated by her captors.

Ms. Carroll, 28, was dropped off in a Sunni neighborhood in western Baghdad at midday and walked into the nearby offices of the Iraqi Islamic Party, a Sunni political group, dressed in a light-green head scarf and gray dress. From there, she was taken to the Green Zone, the heavily fortified area in central Baghdad, where the American ambassador, Zalmay Khalilzad, said she was in "good health and good spirits."

"I was treated very well; it's important people know that," Ms. Carroll said in an interview with an Iraqi, conducted in the Sunni party's offices and shown on television later in the day. "They never threatened me in any way."

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"All I can say right now is I am very happy," said Ms. Carroll, who in an earlier video praised her captors and the insurgents fighting the Americans. "I am happy to be free and I want to be with my family."

Ms. Carroll, a freelance reporter, was kidnapped at gunpoint on Jan. 7 as she left the offices of a prominent Sunni politician. Her kidnappers had threatened to kill her. In videotapes released during her captivity, Ms. Carroll wept and pleaded for her freedom. In the interview shown Thursday, she said she was never told why she was being held. The kidnappers shot to death Ms. Carroll's Iraqi interpreter as the abduction unfolded. "They didn't tell me what was going on," she said.

The shadowy and little-known group that released Ms. Carroll said it had freed her because the American government had agreed to some of its conditions. The group, called the Revenge Brigade, had demanded that the United States release all Iraqi women from its prisons. In late January, the American command announced that it had freed five Iraqi female detainees, but said that the release had nothing to do with the kidnappers' demands.

In a news conference here, Mr. Khalilzad said no American officials in Iraq "entered into any arrangements with anyone" to secure Ms. Carroll's release. Four other Iraqi women were still being held in American detention centers, American officials said. Editors at The Christian Science Monitor, the newspaper that was employing Ms. Carroll at the time of her abduction, also said they had conducted no negotiations with her kidnappers.

Ms. Carroll, who grew up in Michigan and graduated from the University of Massachusetts, was part of a small corps of intrepid young freelance reporters in Baghdad. She had learned more Arabic than many and had cultivated a keen interest in Iraqi society.

In a videotape posted Thursday on the Internet, made before her release, Ms. Carroll denounced the American presence in Iraq and praised the insurgents fighting here. In the video, Ms. Carroll smiled, laughed once and gestured in a seemingly relaxed manner, saying she felt guilty about being released while so many Iraqis were still suffering.

Ms. Carroll, apparently knowing she would be released, denounced what she described as the "lies" told by the American government and predicted that the insurgents would defeat the Americans in Iraq. "I feel guilty. I also feel that it just shows that the mujahedeen are good people fighting an honorable fight, a good fight. While the Americans are here, the occupying forces, you know, treating the people in a very, very bad way. So I can't be happy totally for my freedom because there are people still suffering in prisons, in very difficult situations."

Ms. Carroll was seated in front of a white background, where she answered questions put to her in accented English by a man standing offscreen. The video was distributed by SITE, a Washington, D.C.-based group that tracks jihadist Web sites.

These kind words for her captors were a sharp contrast to her demeanor on the videotapes made shortly after her kidnapping, in which she appeared distraught, weeping and terrified. Ms. Carroll's seeming sympathy for her captors suggested either that she was pretending in hopes of gaining her release or that, after suffering weeks of extreme duress, she had fallen under the sway of her kidnappers.

The light-green head scarf that Ms. Carroll was wearing at the time of her release, and the head scarf she wore in most of the videos shown during her captivity, is the typical dress for Iraqi women. Ms. Carroll was wearing one at the time of her abduction, in large part to conceal her identity as an American reporter on Baghdad's chaotic streets.

Dr. Alan Manevitz, a psychiatrist and trauma expert at New York Presbyterian Hospital, said it would not be surprising if she suffered from a degree of Stockholm syndrome, a condition in which hostages become sympathetic to their captors. The name comes from a bank robbery in Sweden in 1973 in which hostages were held in a vault for six days.

"It's a form of brainwashing in a deprived state where victims emotionally bond with the captors in order to survive," Dr. Manevitz said. He stressed that he did not know Ms. Carroll and could speak about the syndrome only in general terms. "People can feel helpless and hopeless, and any small act of kindness — not killing her, giving her food, letting her have a shower — can lead to bonding with the captor." The captor, he said, becomes both tormentor and savior.

Ms. Carroll's whereabouts had been unknown since her abduction, carried out by armed men who cut off her car down the street from the offices of Adnan Dulaimi, the Sunni politician. Ms. Carroll, an accomplished swimmer, broke free of her kidnappers and was chased down the street, according to witnesses. Her interpreter, Allan Enwiyah, 32, was shot dead as he tried to make a call on his cellphone, while her driver managed to run away.

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Dozens of people are kidnapped on Baghdad's streets every day — most of them for ransom — and they are often sold while in captivity from one group to another. Though she made no mention of being traded from one group to another, it was unclear on Thursday whether Ms. Carroll had been released by the same men who had captured her. The motives of the group were unknown as well; some officials speculated that the kidnappers had originally grabbed Ms. Carroll in the hope of securing a ransom and began to demand the release of the Iraqi women after it seemed less probable to them that they would get money.

In the weeks after her kidnapping, Ms. Carroll's captors released three videotapes, which showed her in increasing distress. The kidnappers' deadline passed, and there was no further word of her. On Feb. 28, Iraq's interior minister told ABC News that Ms. Carroll was still alive, that he knew who had kidnapped her and that he believed she would be released soon.

In the United States, Ms. Carroll's family reacted joyously to word of her release, as did the editors of The Christian Science Monitor. "My cousin, Mary Beth Carroll — Jill's mother — and all of our family are delighted, thrilled and ecstatic that Jill has been released," Peter Alonzi said in a statement he read outside her home in Evanston, Ill. "My wish is that this joyous occasion will offer hope to all the mothers of Iraq whose children have been kidnapped. May they all be returned safely and swiftly to their mothers' arms.' "

Tariq al-Hashemi, the general secretary of the Iraqi Islamic Party, said at a news conference that Ms. Carroll walked into the office and handed officials a paper written in Arabic asking that the party help her.

Alaa Makki, another leader in the party, said Ms. Carroll seemed wary about talking about her captors.

"We asked her, 'Why did you come to the I.I.P.? Why did you choose the I.I.P.?' " he recalled. "She said, 'I really don't know.' "

He went on: "She said, 'I promised the kidnappers not to speak.' She was a little bit frightened. She was very careful. She didn't give much information."

In the interview shown on television on Thursday, Ms. Carroll said she had been almost entirely cut off from the outside world. She did not know where she had been held, and said her room had a window but that it was obscured. She was well fed and was permitted to take showers and go to the bathroom whenever she wanted. She was able to watch television and see a newspaper only once.

"I didn't really know what was going on in the outside world," she said.

Her release, she said, was as mysterious as her capture. "I don't know what happened," she said. "They just came to me and said, 'O.K., we're letting you go now.' "

Ms. Carroll is the only American woman to have been kidnapped in Iraq and, according to her family, was motivated by a desire to publicize the hardships facing the Iraqi people. Her story of pluck and empathy seemed to capture the public's imagination.

In addition, her plight struck close to home for many of the journalists here in Baghdad who covered it and for whom kidnapping has become one of the foremost threats.

Ms. Carroll traveled to the Middle East in 2002 with a dream of covering a war. In the American Journalism Review last year, she wrote that she moved to Jordan six months before the start of the war "to learn as much about the region as possible before the fighting began." She worked for a newspaper in Amman and took Arabic lessons.

Once in Baghdad, she began working for a number of publications, including The Christian Science Monitor. As conditions worsened for American and other Western reporters working in Iraq — and major news organizations began investing heavily in armed guards and armored cars — Ms. Carroll continued mostly on a shoestring budget. At the time of her kidnapping, she was traveling in an ordinary car, unprotected by guards.

By the time of her abduction, Ms. Carroll was a well-known face at the Hamra Hotel, the home of many Western reporters. She had grown close to Marla Ruzicka, an American aid worker, and when Ms. Ruzicka was killed in a suicide bombing in 2005, Ms. Carroll organized a memorial service for her at the Hamra.

In lighter moments, Ms. Carroll often got water polo matches going in the hotel's pool, where she usually emerged as the fiercest competitor.

Journalist Jill Carroll Freed By Her Captors In Baghdad (WP)

By Jonathan Finer

DOJ_NMG_0024451

The Washington Post, March 31, 2006

BAGHDAD, March 30 -- American journalist Jill Carroll, abducted at gunpoint in January, was released Thursday after nearly three months of intensive efforts to free her and public pleas on her behalf from a worldwide chorus of relatives, politicians and religious leaders.

"I was treated very well. That's important people know that," Carroll said in an interview broadcast on the TV station run by the Iraqi Islamic Party, a Sunni Arab organization. "They never said they would hit me, never threatened me in any way. I was just happy to be free, and I want be with my family."

Carroll, 28, a freelance writer who had been working for the Christian Science Monitor, was delivered Thursday morning to a party office in the west Baghdad neighborhood of Amiriyah. She had been kidnapped in Baghdad on Jan. 7 when gunmen ambushed her car, killing her Iraqi interpreter, Allan Enwiyah, 32. Her driver escaped unharmed.

A statement from Carroll's family, posted on the Monitor's Web site Thursday, said: "Our hearts are full. We are elated by Jill's safe release." It also offered prayers for those still held hostage in Iraq.

President Bush, whose spokesman had called Carroll's safe return an administration priority, said in Cancun, Mexico, "I'm really grateful she was released and thank those who worked hard for her release, and we're glad she's alive."

Carroll's release came one week after three members of the Chicago-based advocacy group Christian Peacemaker Teams, taken hostage in November, were rescued by American and British soldiers. Another group member who had been abducted with them, Tom Fox of Clear Brook, Va., was found shot to death March 9.

More than 425 foreigners, and several times that many Iraqis, have been taken hostage since the U.S.-led invasion in 2003, according to U.S. officials who track abductions. The number of Western journalists, contractors and aid workers kidnapped in Iraq has surged since late last year after a lull of several months.

Throughout Carroll's 82-day ordeal, her parents and twin sister, Katie, and supporters throughout the United States, Europe and the Middle East campaigned for her release by appearing on English- and Arabic-language television networks and placing advertisements in Iraqi and regional media.

The blitz, which included a large rally in the streets of Paris and a giant photo of her face hung on City Hall in Rome, stressed that Carroll, an Arabic speaker who had lived in the Middle East for more than three years, appreciated and admired Iraqi culture and had traveled to the war-torn country to report on the plight of its people.

In an article she wrote last year for the American Journalism Review, Carroll said she had moved to Jordan months before the U.S. invasion of Iraq "to learn as much about the region as possible before the fighting began."

In a late-morning interview with reporters in his yard in Chapel Hill, N.C., broadcast by CNN, Jim Carroll said he had spoken with his daughter at 6 a.m. and learned that she was in "good health" and "mentally strong."

"It was a fantastic conversation," he said. "It's been a long haul."

Just after noon Thursday, Tariq al-Hashimi, secretary general of the Iraqi Islamic Party, called The Washington Post's Baghdad bureau to say that Carroll had been released by "unknown people."

"I have sent armored cars to bring her to the [party] headquarters," he said. "She requested me to talk to you and inform you directly and will be here within half an hour. Will you come here? She is okay. She is safe. She is more or less scared. I told her to calm down and we would take care of her."

Upon her arrival at party headquarters about 1 p.m., party officials asked Carroll, clad in a gray-and-blue scarf and traditional robe, to sit for an interview that they said would be solely for their records.

The interview was broadcast about two hours later on Baghdad TV, the party's satellite station. Carroll said she did not know where she had been held captive nor why her kidnappers decided to release her.

"I don't know what happened," she said in the interview, which was rebroadcast around the world. "They just came to me and said, 'Okay, we're letting you go now.' "

She declined to describe her captivity in detail but said she had been fed well and had access to showers. She said that she rarely received news from the outside world and that the lack of freedom and the uncertainty were hard to bear.

"It was difficult, because I didn't -- I didn't know what would happen to me," she said.

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After leaving the party office, Carroll met with U.S. Ambassador Zalmay Khalilzad, who in a news conference Thursday afternoon thanked the Iraqi Islamic Party and all Iraqi politicians who had lobbied for her release. The United States did not make any agreement with Carroll's captors or pay any ransom, he said.

In a statement on its Web site, the Monitor said neither the paper nor Carroll's family had negotiated her release or paid a ransom.

"Furthermore, we have no information that would lead us to believe that any other party negotiated Jill's release or paid a ransom," the statement said.

David Cook, the Washington bureau chief for the Monitor, said he learned of Carroll's release when Jim Carroll called his cellphone at 6:10 a.m.

"Frankly, when I saw it, I thought, 'Oh, some reporter must be bothering Jim.' Because I'm the one who's supposed to chase the reporters away," Cook said later. "And then he told me what was happening, and it was wonderful. It was just stunning."

The identity of Carroll's captors was never fully clear. She appeared in three videos delivered to satellite television networks in the region. In one that aired in January, a little-known group calling itself the Vengeance Brigades threatened to kill Carroll within 72 hours unless all female prisoners held by U.S. forces in Iraq were released. Later that month, five female detainees were freed, a move U.S. military officials said was the result of a standard review of their cases.

Carroll was last seen Feb. 9, telling supporters in footage first broadcast on a Kuwaiti television station that time to win her release was running out. Her captors imposed a Feb. 26 deadline for their demands to be met.

In a final video released Thursday, Carroll was shown speaking positively about her captivity and the mujaheddin, Arabic for holy warriors, who she said were holding her.

From Iraq, A Happy Ending (USAT)

USA Today, March 31, 2006

Jill Carroll, an American reporter snatched in a bloody kidnapping on a Baghdad street and held hostage for three months, was released unharmed Thursday — a rare bit of good news from Iraq.

At a time when Bush administration officials are blaming the news media for the erosion of public support for U.S. involvement in Iraq, Carroll's story is a reminder of the extraordinary dangers facing reporters trying to get the story there.

Carroll, 28, is a freelance journalist on assignment for The Christian Science Monitor magazine and who also wrote for other news outlets, including USA TODAY. She was on her way to an appointment with an important Iraqi political figure Jan. 7 when her car was ambushed, her driver attacked and her translator killed.

Carroll didn't parachute unprepared into this complex and troubling story. To better relate to Iraqis, she learned Arabic and in public wore the traditional veiled dress favored by Iraqi women. She is known to colleagues and friends for her sympathy for the Iraqi people and determination to present a balanced picture of life in that troubled land.

But Iraq has become a killing field for journalists. At least 86 journalists and support staff, many of them Iraqis, have been killed there in the past three years; 69 journalists died in all of World War II. ABC News anchor Bob Woodruff is still recovering from serious injuries in a bomb blast while he was reporting there in January.

The deadly threats include kidnapping, a thriving industry in the chaos of the post-Saddam era. Hundreds of foreigners have been taken hostage and at least 55 executed by their captors since 2003.

The targets include not only journalists but also peace advocates, relief workers and others trying to help rebuild Iraq — all victims of the country's irrational killers. Carroll's ordeal is a measure of the cost of such commitment.

“All I ever wanted to be was a foreign correspondent,” Jill Carroll wrote from Baghdad last year in a magazine article that described the risks of working there. Readers of this and other publications have been served well by her courage.

U.S. Reporter Carroll Set Free In Baghdad (WT/AP)

By Mariam Fam, Associated Press

The Washington Times, March 31, 2006

BAGHDAD -- Wearing a green Islamic head scarf, American reporter Jill Carroll walked into an Iraqi political party office yesterday, set free nearly three months after being kidnapped in a bloody ambush that killed her translator.

"I was treated well, but I don't know why I was kidnapped," Miss Carroll said on Baghdad television only weeks after she appeared weeping in a video put out by kidnappers who had threatened to kill her.

Her family thanked "the generous people around the world who worked officially or unofficially" to gain her freedom. Her father, Jim, said he was asleep in his North Carolina home when the phone rang about 6 a.m.

"Hi, Dad. This is Jill. I'm released," the voice on the other end said, he told CNN.

No details were given about the circumstances surrounding her release. The U.S. ambassador said there was no ransom paid by the American Embassy, but his remarks left open the question of whether "arrangements" were made by others.

In Washington, a Pentagon spokesman said the U.S. military was not involved in Miss Carroll's release.

President Bush said, "I'm just really grateful she's released, and I want to thank those who worked hard to release her and we're glad she's alive."

Miss Carroll, 28, was kidnapped Jan. 7 in Baghdad's western Adil neighborhood while going to interview Sunni Arab politician Adnan al-Dulaimi for the Christian Science Monitor. Her translator was killed in the attack about 300 yards from Mr. al-Dulaimi's office.

The previously unknown Revenge Brigades took responsibility. The group threatened twice in videotapes to kill Miss Carroll.

"They never hit me. They never even threatened to hit me," she said yesterday, wearing a gray Arabic robe.

"I'm just happy to be free. I want to be with my family."

Miss Carroll said she was kept in a furnished room with a window and a shower, but she did not know where she was.

"I felt I was not free. It was difficult because I didn't know what would happen to me," she said.

She said she was allowed to watch TV once and read a newspaper once.

Asked about the circumstances of her release, she said, "I don't know what happened. They just came to me early this morning and said, 'OK, we are letting you go now.' "

Police Lt. Col. Falah al-Mohammedawi said Miss Carroll was released near an office of the Iraqi Islamic Party, the main Sunni political organization, in western Baghdad. The party released a statement that Miss Carroll walked in at 12:15 p.m. carrying a letter written in Arabic asking the party to help her.

Miss Carroll then was transferred to party headquarters, given gifts that included a Koran and was met by fellow journalists and American officials before leaving about 2:30 p.m., according to the statement.

U.S. Ambassador Zalmay Khalilzad met with Miss Carroll and said she was in good spirits and anxious to go home. The Italian news agency ANSA said Miss Carroll underwent a medical checkup at the American hospital in the Green Zone.

Mr. Khalilzad also said no kidnappers were "yet" in custody, and no one in the U.S. mission was involved in paying a ransom.

However, German authorities have arrested a man, the FBI said yesterday, who is accused of trying to extort $2 million from the Monitor newspaper by promising to win Miss Carroll's release.

"No U.S. person entered into any arrangements with anyone. By 'U.S. person' I mean the United States mission," Mr. Khalilzad said.

The Christian Science Monitor said it was not aware of any negotiations involving money for Miss Carroll's release.

"We're not shading. We're not hiding. We're just saying what we know. And to our knowledge, no one was paid by anyone," said David Cook, the Monitor's Washington bureau chief.

Miss Carroll's family said it would focus on helping her recover. Jim Carroll told the AP at his house in Chapel Hill, N.C., he was waiting to learn more about his daughter's plans before making travel arrangements.

In a statement issued by the Monitor, the family said, "Our hearts are full. ... We would like to thank all of the generous people around the world who worked officially or unofficially -- especially those who took personal risk -- to gain Jill's release."

During Miss Carroll's months in captivity, she had appeared in three videos broadcast on Arab television, pleading for her life.

Her captors had demanded the release of all female detainees in Iraq by Feb. 26 and said Miss Carroll would be killed if that did not happen. The date came and went with no word about her fate.

DOJ_NMG_0024454

American Journalist Jill Carroll Freed After Nearly 3 Months (KRT)

By Nancy A. Youssef And Shatha Al Awsy

Knight Ridder, March 30, 2006

BAGHDAD, Iraq - Jill Carroll's nearly three months of captivity ended around 12:20 p.m. Thursday when she walked into an Iraqi Islamic Party office in western Baghdad and handed the front-desk clerk a note asking for help.

The kidnapped American journalist, a freelancer for the Christian Science Monitor, had been snatched just a few miles away on Jan. 7 while leaving a Sunni politician's office. Her whereabouts had been unknown until a car dropped her off in front of the party's office, guards at the building said. She appeared healthy.

In an interview broadcast on Baghdad television, Carroll said she was treated well during her 82 days of captivity. Still wearing a hijab, which covered her hair, Carroll said she was fed well and allowed to go to the bathroom by herself. She emphasized that she was never threatened. She said she occasionally heard news, but she didn't know what led to her release, including whether a ransom had been paid.

"You would have to ask the mujahadeen (religious fighters) that," she said. "They came to me and said, `OK, we are letting you go now.'"

On the Christian Science Monitor Web site, Editor Richard Bergenheim said no ransom had been paid. In three tapes released to Iraqi media during her captivity, a group called the Vengeance Brigade said it was holding Carroll.

In the last tape, the kidnappers threatened to kill Carroll unless all female prisoners in Iraq were released by Feb. 26. U.S. officials freed five of the nine prisoners around that time, but they said that their release was unrelated to the demand. The deadline passed with no word of Carroll, but Minister of Interior Bayan Jabr said two days later that he believed she was alive.

Officials at the Ministry of Justice said five female detainees remain in Iraq.

Carroll's arrival at the Iraqi Islamic Party on Thursday initially caused confusion. The note, written in Arabic, said that she was a hostage and asked officials there to deliver her to her country, said employees at the Iraqi Islamic Party office.

However, the employees said Carroll looked like an Iraqi, perhaps an employee of the party's women's section. She was wearing an Islamic gown, and her hair was veiled. She also wore a khamar, a piece of cloth that covered most of her face. Only her red spectacles were visible.

The front-desk clerk went to the office manager and said a woman wanted to talk to him. "I'm too busy," the office manager, who wanted to be referred to only by the nickname Abu Hassan, replied. He got up only at the clerk's insistence.

After he read the note, Abu Hassan said, Carroll took off the khamar, revealing her face.

Workers at the office said they didn't know what to do next. No one spoke English, so Carroll tried to communicate in broken Arabic, telling the staff that she was a hostage. But Hassan said he was nervous, given the security situation, and feared that she could be untrustworthy. He called the party's general secretary, Tariq al-Hashimi, who spoke English, and asked him to talk to Carroll. Hashimi said he assured Carroll that she was safe and sent a convoy of cars and guards to pick her up and take her to party headquarters.

"She was very nervous. And she was very scared of everybody around her. She just wanted to go home," Hassan said.

On average, about 35 Iraqis are kidnapped every day. More than 400 foreigners have been snatched since April 2003. Carroll's kidnapping captured international attention as her newspaper colleagues, friends and family frequently appealed to her captors, telling them about her reverence for Iraqis and her commitment to telling their stories.

While at Hashimi's office, Carroll called her father. Jim Carroll, in an interview outside his North Carolina home, said he received the call around 6 a.m. (or 2 p.m. Baghdad time).

She said: "Hi, Dad. This is Jill. I'm released."

Al Awsy is a Knight Ridder Newspapers special correspondent.

Courage In Coverage (WP)

By David Ignatius

The Washington Post, March 31, 2006

DOJ_NMG_0024455

Yesterday's release of American journalist Jill Carroll makes this a good moment to celebrate the work that reporters are doing every day in Iraq. They are taking huge personal risks to bring back the news -- not "good news," as some supporters of the administration often seem to want, but the news.

Anyone taking potshots at the "mainstream media" should read the description of what it's like to cover Baghdad that appears in the April/May issue of the American Journalism Review. The story opens with a description of NPR's Deborah Amos, dressed in Arab clothes, anxiously scanning the street for bombers and kidnappers as she heads for an interview in the protected Green Zone. And that's an easy assignment.

Like most resident correspondents, National Public Radio reporters such as Amos live and work in the "Red Zone" -- meaning the real Iraq. These reporters are in daily contact, through their Iraqi staffs, with the nightmare the Iraqi people are experiencing. When their reporting contrasts with the more upbeat accounts coming out of the Green Zone, the reporters in the Red Zone generally have been right, for a simple reason: They are closer to the story.

Jeffrey Gettleman of the New York Times showed what you learn out in the Red Zone in stories Sunday about the spread of gruesome revenge killings: "By conservative counts, nearly 200 civilian men have been executed in the past two weeks and dumped on Baghdad's streets. Many have been hogtied. Some have had acid splashed on their faces. Others have been found without toes, fingers, eyes." Gettleman, who had been away from Iraq for more than a year, wrote that something fundamental had changed: The violence had "turned inward" into sectarian warfare.

A strong warning about the rise in sectarian violence came from my Post colleague Ellen Knickmeyer. She reported in February, after a revered Shiite mosque in Samarra was destroyed, that Shiite militiamen were brutally killing Sunnis. Her sources said Iraqi and international officials tallied more than a thousand bodies. Her reports were criticized by U.S. officials in the Green Zone, who said the number was far smaller. The dispute obscured the deeper truth that Knickmeyer was reporting: the sharp increase in brutal killings by Shiite death squads. Fortunately that point wasn't lost on U.S. Ambassador Zalmay Khalilzad, who has warned in recent days that America will not support an Iraqi government that doesn't crack down on the Shiite militias.

Western journalists in Baghdad depend increasingly on our Iraqi colleagues, who are some of the bravest reporters in the world. Several of the best Iraqi journalists have created their own blogs. In one, 24 Steps to Liberty, an Iraqi reporter described the living hell of Baghdad's al-Rabie Street on Sunday: "Driving in this street after six p.m. makes every thought of killing, kidnapping, insurgents, and everything bad . . . become present in your mind. That is what the Iraqis see every night."

Another brave Iraqi reporter, whose blog is Treasure of Baghdad, recounted this week a terrifying experience at his home when people opened fire nearby. "I first thought these were the 'men in black' breaking into the houses of my Sunni neighbors trying to kill them, then I thought these might be Sunni insurgent[s] trying to break into the houses of the few Shiite families that live in the same street." His father cocked his rifle to defend the family, but the gunmen went away.

American journalists report the successes of U.S. policy, and there have been some lately, at a level above the mean streets of Baghdad. Iraqi political leaders have been meeting to try to form a national unity government, and the Iraqi army is showing signs of becoming a better fighting force. But there are also some horrific stories: Time magazine published a disturbing account in its March 27 issue about how U.S. Marines are believed to have killed 15 Iraqi civilians in their homes in Haditha last November after a roadside bomb attack. This may prove a shocking tale when more details emerge about what happened, but it's a story that journalists must report.

Supporters of the Bush administration sometimes argue that journalists should report more good news. Certainly we need to tell the stories of the thousands of brave and decent Americans and Iraqis who are trying every day to make the country better. And if an Iraqi unity government can take hold and restore stability, there will be a stampede of reporters to cover this success. But a reporter's job is to tell the truth, even when it hurts. Americans should be grateful that reporters such as Jill Carroll are risking their lives to chronicle this agonizing story -- and tell Americans not what they want to hear, but what they need to know.

Parents Maintain Vigil For Lone Soldier Missing In Iraq (USAT)

By Emily Bazar

USA Today, March 31, 2006

DOJ_NMG_0024456

BATAVIA, Ohio — Carolyn Maupin speaks to her son only in her prayers. She implores him to stay strong. She begs him to keep faith.

And four times during the past two years, she says, she has heard him answer.

"He'll say, 'I'm OK, Mom. I'm OK,' " Maupin says of her son, Sgt. Keith "Matt" Maupin, who disappeared almost two years ago when his convoy was attacked in Iraq. "One time he said, 'I'll be home, Mom. I'll be home.' "

Maupin, 22, holds a unique and tragic place in the war in Iraq. He is the only American soldier who remains missing since the war began three years ago.

On April 9, Carolyn Maupin and Keith Maupin, Matt's father, will mark the second anniversary of his disappearance.

On the day he vanished — April 9, 2004 — Maupin escorted a convoy of fuel trucks headed for Baghdad's airport. Along the way, insurgents attacked. They lobbed grenades at the trucks, some of which burst into flames. Mortar shells exploded nearby. And Maupin disappeared.

A week later, the news station Al-Jazeera broadcast a video showing Maupin, looking healthy but dazed, seated in front of masked gunmen. Then in June 2004, a dark and grainy video surfaced. It showed a blindfolded man being shot in the head. An off-camera voice identified the victim as Matt Maupin.

No body was recovered, however, and military officials who analyzed the video said they could not verify that the man who had seemingly been executed was Maupin.

"There was no conclusive evidence to show it was Matt," says Shari Lawrence of the U.S. Army Human Resources Command.

As a result, the search for Maupin continues. "We've been following up on any potential leads," says Paul Boyce, a U.S. Army spokesman.

Boyce says soldiers are on standing orders to look for Maupin as part of their regular duties. Neither the military nor Maupin's family know where he is or who took him. But the Maupins believe, without question, that their son is alive and waiting to be rescued.

With the release Thursday of journalist Jill Carroll, Carolyn Maupin hopes her son might follow soon. "It gives me more hope that Matt's out there," she says.

For two years, Carolyn and Keith Maupin have dedicated their lives to Matt. Their primary mission: to make sure their son comes home, no matter how long it takes.

"We will not let Matt be forgotten," Carolyn says after replacing the wilting yellow ribbons in her front yard with crisp new ones. "I don't want him left behind. I don't want him left there."

Maupin, a fitness fanatic who was studying nutritional science at a local college, joined the Army Reserve for the tuition aid, his mom says. She protested, telling him the family would manage. "He said, 'Mom, I want to do more than just manage,' " she recalls.

Shortly after Maupin disappeared, his parents founded the Yellow Ribbon Support Center. Keith Maupin says he even left his job to spend more time there.

The non-profit, which operates out of a strip mall, is a bustling hub of patriotism. In the past two years, the center has shipped more than 4,500 packages to troops in Afghanistan and Iraq.

In each box, next to the Girl Scout cookies, beef jerky and packets of microwave popcorn, volunteers include a packet of pictures of Maupin. A sticker on the back of each picture asks for prayers.

Every Friday, a Pentagon official calls with an update. Though the calls buoy the Maupins, who are divorced, the mystery haunts them.

"I wonder if he hears the bombs of the soldiers and their rifles," says Carolyn Maupin, 58. She envisions her son in a room somewhere, his captors milling around him.

Keith Maupin's vision is similar. He sees his son in a shed with a cot.

For Keith, 55, falling asleep is sometimes difficult. He fondly recalls his bass fishing excursions with Matt. "He's my hero," he says of his son.

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Carolyn is prone to worry, and her eyes betray fatigue. She misses the silly moments she shared with her son, like laughing uproariously during reruns of The Golden Girls.

She carries his letters from Iraq in her purse. They are curling at the edges and flimsy from her touch.

"I wouldn't come here on a bet. This place sucks," he wrote in an e-mail from Kuwait on March 3, 2004, about a month before he disappeared. He inquired about his nephew, the dog and the cat, and asked his mom if she had washed his fire-engine red 1998 Mustang.

"I just wrote to let you know I'm still alive and that I can't wait to come back to America," the e-mail reads.

Carolyn and Keith Maupin can't wait for him to come back, either.

Carolyn's small ranch house is full of altars to her son, reminders of his service to the country and his disappearance. Plastic storage totes contain more than 10,000 letters from well-wishers.

Inside Matt's room, his Christmas presents from 2004 remain wrapped and waiting. At the foot of his bed sits a cardboard box his mother can't bring herself to open.

The Army sent the box after his disappearance. Carolyn knows it contains his glasses and other items that search dogs sniffed out in the days after the attack.

"It's too personal right now," she says. "I'll just save this for Matt when he gets home."

Carolyn has thought about going to Iraq and searching for her son herself. She says she may consider it more seriously if he remains missing when the rest of the troops come home.

If she goes, she says, she plans to climb to the top of the highest hill and scold her son in her strictest, most maternal tone.

"I want to yell 'Matthew Maupin, get yourself up here right now!' " she says with a smile. "He'll know my voice."

A Mix Of Motives In Kidnappings (USAT)

By Mark Memmott And Tom Vanden Brook

USA Today, March 31, 2006

In Iraq, kidnapping can be a powerful propaganda tool or a way to make money.

Sometimes, it's both.

"The great majority are commercial transactions," says Neil Livingstone, CEO of security consulting firm GlobalOptions and author of nine books on terrorism. That's the case in Iraq, he says, where most kidnappings are "Iraqi on Iraqi — some of them sectarian, some of them personal score-settling, most of them monetary."

In recent years, Livingstone notes, "we've seen the rise of Islamic zealots in the current Middle East conflict who kill to show their power and to intimidate."

They hope, Livingstone says, to say, "You're vulnerable, and you can't stop us." He cites as an example the al-Qaeda operatives who kidnapped and killed Wall Street Journal reporter Daniel Pearl in Pakistan in 2002.

Videos of hostages are powerful tools used to spread the kidnappers' messages and instill fear. They get replayed on news networks in both the Middle East and the West. They're among the reasons Defense Secretary Donald Rumsfeld and others in the Bush administration say the United States is at risk of losing the "propaganda war."

Jill Carroll, the American freelance journalist released Thursday, was shown in three videos made by her captors.

"(Osama) bin Laden and (his al-Qaeda aides) have media committees, and they sit down and they plan how they're going to manipulate the press," Rumsfeld said this week in a radio interview.

The Times of London last week called kidnapping "today's weapon of war" and urged the news media to report on kidnappings with more restraint.

Increasingly in Iraq, the two motives — kidnappings for profit and kidnappings for propaganda — are merging.

In Baghdad, four or five organized criminal gangs control the streets, prowling for anybody who looks non-Iraqi, says Steven Casteel, a senior vice president at the security firm Vance International. Kidnappers want somebody who works for a company or government willing to pay for his or her release, he says.

U.S. Embassy spokeswoman Elizabeth Colton told the Associated Press in Baghdad on Thursday that 10 to 20 Iraqis are taken hostage every day. Ransoms average $20,000 to $30,000, she said.

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But if gangs can't get a ransom quickly, they sometimes “sell” foreign hostages to terrorist groups. About 430 foreigners have been kidnapped in Iraq since April 2003, Colton said.

Carroll was held by a group that, in the videos, called itself the Revenge Brigades and made political demands. Even so, it's unclear whether she was released by the same group that abducted her — or was passed from one group to another for profit.

In its story today, The Christian Science Monitor says there were at least “a dozen false leads in the effort to free” Carroll, mainly efforts by scam artists who claimed to be holding her and demanded money for her release. One, the Monitor reports, “turned out to be a young Nigerian (who) was arrested in Germany.”

In Iraq, the biggest problem in negotiating a hostage release, Livingstone says, is “the charlatans.”

He says he grew hopeful about Carroll after a deadline set by her captors passed without her body being found. “That telegraphed they were not serious about wanting to kill her,” he says.

Shiite Ayatollah Ignores Letter From Bush (AP)

By Qassim Abdul-zahra

AP, March 30, 2006

A letter from President Bush to Iraq's supreme Shiite spiritual leader, Ayatollah Ali al-Sistani, was hand-delivered earlier this week but sits unread and untranslated in the top religious figure's office, a key al-Sistani aide told The Associated Press on Thursday.

The aide — who has never allowed use of his name in news reports, citing al-Sistani's refusal to make any public statements himself — said the ayatollah had laid the letter aside and did not ask for a translation because of increasing "unhappiness" over what senior Shiite leaders see as American meddling in Iraqi attempts to form their first, permanent post-invasion government.

The aide said the person who delivered the Bush letter — he would not identify the messenger by name or nationality — said it carried Bush's thanks to al-Sistani for calling for calm among his followers in preventing the outbreak of civil war after a Shiite shrine was bombed late last month.

The messenger also was said to have explained that the letter reinforced the American position that Prime Minister Ibrahim al-Jaafari should not be given a second term. Al-Sistani has not publicly taken sides in the dispute, but rather has called for Shiite unity.

The United States was known to object to al-Jaafari's second term but has never said so outright and in public.

But on Saturday, U.S. Ambassador Zalmay Khalilzad carried a similar letter from Bush to a meeting with Abdul-Aziz al-Hakim, leader of the largest Shiite political organization, the Supreme Council for the Islamic Revolution in Iraq.

The al-Sistani aide said Shiite displeasure with U.S. involvement was so deep that dignitaries in the holy city of Najaf refused to meet Khalilzad on Wednesday during ceremonies commemorating the death of the Prophet Muhammad. The Afghan-born Khalilzad is a Sunni Muslim.

Elizabeth Colton, the U.S. Embassy spokeswoman, said Khalilzad had not sought any meetings and simply flew over Najaf and the nearby holy city of Karbala to witness the big processions of Shiite faithful marking the day.

"The ambassador did a fly over to see people on the streets of Karabala and Najaf. The ambassador did not ask to see anyone and did not go into either city," Colton told AP.

The United States is believed to oppose al-Jaafari because of his close ties and strong backing from radical Shiite cleric Muqtada al-Sadr, who has a thousands-strong heavily armed militia that was responsible for much of the violence that hit the country after the Feb. 22 bombing of an important Shiite shrine in Samarra, north of Baghdad.

At a news conference Thursday, al-Jaafari said he had met with Khalilzad a day earlier and that the U.S. ambassador denied remarks attributed to him about the prime minister's candidacy for a new term.

"I don't care much about these matters. I look at the Iraqi people and the democratic mechanisms," al-Jaafari said.

Al-Sadr, who is staunchly anti-American, met with al-Sistani in Najaf on Thursday but emerged without making a statement.

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The stalemate over forming a new government for Iraq, in its sixth week after the certification of the vote in parliamentary elections Dec. 15, is focused on al-Jaafari's candidacy, opposed by minority Sunni and Kurdish politicians as well as many moderate Shiites.

He was nominated for a second and permanent four-year term by one vote and with al-Sadr's backing. The Iraqi constitution dictates that the largest parliamentary bloc is entitled to select the prime minister. The Shiite United Iraqi Alliance holds 135 seats in the 275-member legislature.

At least 27 more people died in violence, meanwhile, including a 4-year-old girl who was killed when a car bomb exploded near the Shiite Ali Basha mosque in Baghdad's eastern Kryaat neighborhood. Police Lt. Thaer Mahmoud said at least 10 other bystanders were injured.

In Beiji, 155 miles north of Baghdad, gunmen killed eight workers from the city power plant as they left work, police Lt. Mahanad Khalid said.

Gunmen in two cars arrived at the al-Amin bakery in Baghdad's dangerous southern neighborhood of Dora and killed three workers, police Lt. Maitham Abdul-Razzaq said.

The U.S. military reported two deaths. A soldier assigned to the 9th Naval Construction Regiment died Tuesday from wounds sustained in fighting in Anbar province. An airman assigned to the 447th Air Expeditionary Group was killed Thursday near Baghdad. A fellow airman was injured when a roadside bomb exploded as they worked to disarm it, the Central Command reported.

Iraq At The 11th Hour (NYT)

By Thomas L. Friedman

The New York Times, March 31, 2006

The fate of the entire U.S. enterprise in Iraq now hangs in the balance, as the war has entered a dangerous new phase. It is the phase of barbaric identity-card violence between Sunnis and Shiites. In the late 1970's, I covered a similar moment in Lebanon, and the one thing I learned was this: Once this kind of venom gets unleashed — with members of each community literally beheading each other on the basis of their religious identities — it poisons everything. You enter a realm that is beyond politics, a realm where fear and revenge dominate everyone's thinking — and that is where Iraq is heading.

Jeffrey Gettleman reported last Sunday in this paper about Mohannad al-Azawi, a quiet Sunni pet shop owner in Baghdad who was abducted from his store and found murdered the next morning. His skin was covered with purple welts, and his face and legs had drill holes in them. His brother Hassan, the story noted, "carries the autopsy photos with him, along with a pistol. 'I cannot live without vengeance,' he said."

Once embedded, this cycle of fear and revenge is almost impossible to break. People conclude that the only thing that can protect them is a militia from their own sect, not the police or the army. Then these militias, which come to life to protect the neighborhood, take on a life of their own. They develop protection rackets, feel the thrill of power and, as that happens, start to do all they can to prevent the government from restoring its authority. Finally, as the BBC noted in a recent report from Baghdad, some Iraqi politicians are now concluding that "they can gain more power and influence from building on sectarian loyalties than from appeals for national unity." When politicians decide they can get ahead by appealing more to fear than to hope, national reconciliation goes up in smoke.

A Baghdad blogger, the Mesopotamian, quoted by AndrewSullivan.com, gave a vivid description of his neighborhood: "The confusion and conflict between the Americans, the army and the Ministry of Interior is producing a situation where the citizens don't know anymore whether the security personnel in the street are friends, enemies, terrorists or simply criminals and thieves. Everybody is wearing the same uniforms. Whole sections of the city have virtually fallen to gangs and terrorists, and this is especially true for the 'Sunni'-dominated neighborhoods. People and businesses are being robbed and the employees kidnapped en masse in broad daylight and with complete ease as though security forces are nonexistent, although we see them everywhere.

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"I don't know anymore what can be done to rescue the situation. At least, those who are supposed to be in positions of responsibility should stop lying and painting a false picture. ... I regret sounding so pessimistic, but the alarm must be sounded. ... What is happening is Baghdad is something really awful."

Donald Rumsfeld's criminally negligent decision not to deploy enough troops in Iraq to begin with created this security vacuum. But the insecurity was compounded by the unique enemy that emerged to take advantage of that vacuum — Sunni Islamo-nihilists. These are a disparate collection of groups with one common agenda: America and its Iraqi allies must fail; they must not be allowed to build Iraq into a Western-style, democratizing society. When you are up against an enemy whose only goal is that you must fail, and which does not care about how much death and destruction it inflicts on its own people, let alone on others, it is extremely difficult to establish order.

The Iraqi Shiite community showed remarkable restraint in the face of the murderous provocations by these Islamo-nihilist gangs during the past three years. But that restraint is over. It's now clear that some Shiite militias are ready to match the Sunni nihilists, killing for killing. So the slide into a medieval barbarism has begun.

Do not believe any of the Bush team's happy talk. It doesn't matter if Iraq is quiet in the south and quiet in the north. If Baghdad, the heart of the country, is being ripped apart, then there is no Iraq — because there is no center.

There is only one hope for halting this slide and that is the formation — immediately — of a national unity government in Iraq, with Shiites, Sunnis and Kurds sharing power, and the deployment on the streets — immediately — of massive numbers of troops and police, both Iraqi and American, to prevent more of these tribal killings. If a national unity government is not formed soon, and if these identity-card murderers gain more momentum, any hope for building a decent Iraq will vanish.

It is five minutes to midnight.

Republicans Eye Modest Tax-Cut Victory (WSJ)

By John Harwood

The Wall Street Journal, March 31, 2006

REPUBLICANS GROW confident of salvaging modest tax-cut victory.

Though hitting initial April tax-day target is unlikely, strategists at the White House and on Capitol Hill predict passage of temporary extension of the 15% rate on dividends and capital gains. Shorter extension makes it possible to include alternative-minimum tax relief in five-year, $70 billion package.

Other tax proposals seek election-year political points. Senate leader Frist plans May vote on abolishing estate tax, though Republicans lack the 60 votes needed to defeat potential Democratic filibuster. Former Treasury Secretary O'Neill's remarks defending the tax strengthen Democratic argument.

Conservative activist Grover Norquist pushes repeal of 3% telephone excise tax, with floor vote "close to the election."

MCCAIN GAINS from improving odds for immigrant guest-worker program.

House Speaker Hastert's openness to guest-worker compromise enhances Arizona senator's reputation for driving Hill action. Championing White House priorities, on immigration as well as Iraq, fuels his hopes for wooing Bush loyalists.

Tough border-security talk by Frist, McCain's 2008 rival, could produce inroads among conservative Christians; by 64%-29%, evangelical Protestants call immigrants a burden rather than a benefit in new Pew Hispanic Center poll. But damage to party efforts to increase Hispanic support, warns former Rep. Vin Weber, could be "so great as to be fatal to any chance of a Republican majority."

DEMOCRATS HOPE adverse polls prompt more Republican retirements.

Republicans' 1994 landslide was fueled by 31 open seats that Democrats had held. So far, just 18 Republican-held seats have become open as summer candidate-filing deadlines approach.

Battleground-state polling by Zogby Interactive2 shows slight improvement in Democratic Senate prospects since January, with the share of undecided voters rising. A Republican campaign strategist notes that "We haven't fought back yet" with TV ads; House and Senate campaign committees tap Republican Chairman Mehlman for get-out-the-vote programs to emulate Bush's 2004 success in exurbs.

Cheney steps up fund-raising travels for candidates.

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OOPS: The IRS faults its own incorrect statistics for a watchdog group's report that audits are performed on less than one-tenth of one percent of taxpayers earning at least $1-million. In fact, says the tax-collection agency, around 5% of those 225,000 taxpayers' returns were audited in 2005.

JUMP-START? Drug makers and employers, frustrated by attacks on private-sector health proposals, form a new advocacy group including former Bush health secretary Thompson. They hope Health Care America will offset liberal Families USA. Administration insiders say Bush's proposed expansion of health-savings accounts can still pass if attached to another popular measure.

WAR VETS ORGANIZE to back Bush on Iraq. VetsforFreedom.org3, a nonprofit group of recently returned soldiers, cites a "disconnect" between what soldiers and veterans think about the war and what's portrayed in the media. "We've got good men dying and the politicians are using it for political grandstanding," says Wade Zirkle, a co-founder who served two deployments to Iraq.

CAMPAIGN TIME: French immunologist Michel Kazatchkine launches bid to head the multibillion-dollar Global Fund to Fight AIDS, Tuberculosis and Malaria. The French government AIDS coordinator plans a lobbying effort to reassure Bush administration that he intends to work hand-in-hand with U.S. AIDS programs. "There's no room for competition," he says.

RUMORS SWIRL of changes at Treasury following Bolten's elevation.

"This administration has no economic spokesman," grouses a top Republican strategist, who notes that voters complain about the economy despite its 3.5% growth clip. Yet Republicans acknowledge that Secretary Snow has been loyally on-message and doubt a replacement would get policy clout.

Dubai ports controversy hurts Deputy Secretary Kimmitt's chance of moving up if Snow departs. To replace Bolten at budget office, current deputy Joel Kaplan is seen as more politically savvy but less connected than colleague Clay Johnson, Bush's one-time classmate.

Bush waited until after 2002 midterm election to sack Snow's predecessor, O'Neill.

MINOR MEMOS: After Democratic leader plays down Rep. McKinney's "unfortunate incident" with Capitol cop, Speaker Hastert's spokesman asks, "How many officers would have to be punched before it becomes a big deal?" ... Errant marksman Cheney ranks second, behind Michael Jackson, on New York publicist Jeff Barge's "Most Foolish American" survey.

Wis. Communities Will Vote On Whether To Get Out Of Iraq (USAT)

By Judy Keen

USA Today, March 31, 2006

EVANSVILLE, Wis. — Cheryl Hurst doesn't hesitate when asked whether U.S. troops should be withdrawn from Iraq. “Bring them home,” the 47-year-old restaurant manager says. “They've been there long enough.”

Matthew Persons, 30, is just as emphatic. “Leave them there until the job is done,” says the Air Force veteran, who works for an aviation company. “Pulling out won't solve anything and will let the terrorists know that what they do works.”

On Tuesday, they can express their disparate opinions in a voting booth. People in 32 communities across Wisconsin, including Evansville, will vote on referendums calling for the “orderly and rapid” withdrawal of U.S. troops from Iraq. This town of 4,000 is the only place where residents also will vote on a separate referendum stating that U.S. forces should remain until “unquestioned victory is clearly won.”

The outcome won't carry any legal weight here or in Washington. But if all the anti-war measures pass, politicians might not be able to ignore the results, says Kenneth Mayer, a political scientist at the University of Wisconsin-Madison.

“If enough people are willing to say ‘enough,' and elected officials start thinking they need to be responsive, it will embolden opponents of the war, and … the administration will have to take that into account,” he says.

Anti-war resolutions have been adopted by more than 50 local governments across the USA and at more than 40 town meetings in Vermont. Wisconsin's capital, Madison, is the largest city that will vote Tuesday on the measure. Milwaukee will vote on it in November.

Here in Evansville, the competing measures pit neighbors against each other and have stirred passionate debate. No one from here has died in Iraq, but many residents have relatives who served there.

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The withdraw-now referendum originated with the state's Green Party and the Wisconsin Network for Peace and Justice. Fred Juergens, 67, a retired chemistry professor and chairman of the liberal group Citizens United of Union/Evansville, organized a drive to gather enough signatures to add it to local races on Tuesday's ballot.

"The people have to lead the leaders out of this war," says Juergens, a city alderman. "If we didn't think it would make a difference, we wouldn't bother doing it. We're not protesting just for the sake of whining."

When the City Council voted to put the anti-war referendum on the ballot, neighbors Tony Ryerson and Ron Gay wrote their own referendum saying troops should stay in Iraq and collected enough signatures to put it on the ballot, too. "We all complain a lot, but I thought it was about time I got involved," says Ryerson, 45, a public works employee.

Gay, 51, is pastor of Grace Independent Baptist Church and has served in the Marines. Some of his parishioners wish he would keep out of politics, he says, "but American citizenship is a responsibility, and sometimes you have to face burdens for the better good."

National polls show that many Americans have soured on the war. A March 10-12 USA TODAY/CNN/Gallup Poll found that 54% say U.S. troops should be withdrawn now or within a year, and 60% say the war wasn't worth it.

In Evansville, which voted for Democrat John Kerry in the 2004 presidential election, some people say they're torn. Joanne Dean, 60, isn't happy about the war and says President Bush "doesn't listen to the people." But she adds, "I don't support another Vietnam walk-away" that would leave the Iraqi people fending for themselves.

At a forum on both referendums Wednesday night, Gay and Ryerson made their case for keeping troops in Iraq, and two members of Veterans for Peace argued against the war. Withdrawal is "logical, practical and absolutely necessary" and should be followed with humanitarian aid, said David Giffey, a Vietnam War veteran from nearby Arena. "If we leave, (Iraq) belongs to the insurgency," Gay said. "Part of the cost of freedom is sometimes people have to risk their lives."

Special education teacher Robin Van Rooy, 41, listened attentively. "I'd like to see the troops come back now, but I guess I worry about the consequences," she says. She's dismayed by the growing number of U.S. dead in Iraq. However, she worries that withdrawal would leave Iraq "a big mess."

Heather Heinzer, 28, a mom who works from home selling custom photo albums, shares Van Rooy's concerns. "It's not a cut-and-dried issue," she said at the forum. "I could sit here and cry at the thought of all the things the people serving in Iraq are missing. But if we leave, where does that leave the Iraqi people?"

Nurse Barbara Buttchen, 56, isn't sure how she'll vote but says giving people a chance to have their say is important: "The president is supposed to listen to all of us."

Philip Stephens: Democracy Requires Patience (FT)

By Philip Stephens

Financial Times, March 31, 2006

There is an interesting and, for outsiders, rather amusing spat raging in Washington between neo-conservatives past and present. Francis Fukuyama, once a celebrated cheerleader for the muscular interventionism that led the US into war with Iraq, has recanted. The invasion was a mistake. The US cannot remake the tyrannies of the world in its own democratic image.

Such apostasy has greatly irritated those who believe that the mission to spread freedom and democracy around the world is George W. Bush's last chance for an enduring legacy. Power never flows faster than away from a second-term president. Mr Bush has exhausted his political capital earlier than most. This week the president looked on helplessly as Republicans in Congress fought themselves to a standstill about immigration.

Mr Fukuyama's rediscovery of himself as something called a Wilsonian realist has drawn a sharp response from erstwhile allies. Charles Krauthammer, a high priest of the neo-conservative faith, used his column in The Washington Post the other day to launch a scathing counter-attack. It was the latest of many.

Yet the neo-cons have been in broad retreat for some time. Many, particularly those once clustered around Dick Cheney, the vice-president, and Donald Rumsfeld, the defence secretary, have left the administration. Mr Rumsfeld himself is blamed by just about everybody in Washington for the incompetence that has led to the chaos in Iraq.

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So we might simply smile at this latest falling out among erstwhile friends and move on. Mr Fukuyama hardly has a hotline to the president. Nor is he well known for consistency. In the acerbic observation of a fellow academic, he has made an excellent living from changing his mind.

I thought that a little unkind. Mr Fukuyama's conversion to the efficacy of soft power as an instrument of foreign policy is to be applauded. "Wilsonian realism" sounds uncannily like the "liberal internationalism" that some in the European Union have been advocating for the past several decades.

What makes the schism among neo-cons interesting is that it parallels a serious political debate, inside and outside the administration, about whether the US can align a foreign policy constructed around values with the more pressing daily concerns of geopolitics. As the presidency stumbles, the so-called Bush doctrine is under increasing fire.

The president has not changed his mind. He is as firm as ever in his conviction that America must use its power for a moral purpose. The administration's latest National Security Strategy sets as the first pillar of US foreign policy "promoting freedom, justice and human dignity". In a conscious echo of the president's second inaugural address of January 2005, the new strategy sets out in some detail why the spread of democracy is the answer to terrorism. In deference to the growing unpopularity of the Iraq war, the paper does tone down military dimensions of the policy, embracing in its place "transformational diplomacy". But the objective remains.

If the debacle in Iraq has demonstrated the limits of US military power, Mr Bush's democracy agenda still attests to the power of ideas in politics. Democrats will concede that one of the reasons American foreign policy drifted during Bill Clinton's presidency is because the administration eschewed any binding philosophy. If nothing else, the neo-conservatives set the terms of a new debate.

In other circumstances, one would expect the party of Woodrow Wilson to support Mr Bush's ambitions, if not his means. One Clinton-era foreign policy adviser told me this week there was little in Mr Bush's second inaugural address with which he could disagree. But the Democrats have not forgiven themselves for supporting the Iraq war. Proselytising for democracy sounds too much these days like military adventurism.

In any event, the Democrats' loathing of the president transcends policy considerations. Recent political battles, not least over the proposed takeover of some US container terminals by Dubai Ports World, have seen the minority party retreat, quite shamelessly, into a foreign policy based on fortress America.

There are plenty of Republicans who are similarly inclined. The party's traditional realists in Congress have been joined by those who see self-interested nationalism as the best way to defend their seats in the coming mid-term elections.

Within the administration, meanwhile, officials are struggling to give policy substance to Mr Bush's foreign policy idealism. In the words of one senior figure the challenge is to "operationalise" the new security strategy. The signs are that they have not gone very far. Word has it that attempts by Mr Bush's National Security Council to set out what it implies for each of America's myriad global relationships have run into the sands of inter-agency dispute. Values are too often colliding with short-term interests.

The jolt to the strategy delivered by the victory of Hamas in the Palestinian elections is still evident. Mr Bush is said to be unrepentant about his insistence the elections should go ahead. Yet there is precious little evidence that the administration knows how to deal with the new political realities in the region.

The relationship with Russia poses a different set of problems. No one pretends that Vladimir Putin has done anything other than reverse Russia's always uncertain march towards democracy. But equally, Mr Bush needs Mr Putin's help to keep up the pressure on Iran over its nuclear programme. As for the drive to democratise the greater Middle East, where does the balance lie between freedom and oil?

Quiz the administration officials charged with striking these balances and they will tell you that there are never easy trade-offs. Promoting democracy, in the words of one senior official, was always going to be "messy". It is a generational project. If some had made the mistake of overestimating how much could be done in the short term, it would be equally foolish to underestimate what could be achieved over the long term. Maybe. But the frequent talk in this administration about legacy raises the suspicion that it has become a substitute for hard policy choices now. Wilsonian realism, liberal internationalism, call it what you will, requires consistency and patience. These are hard to find in a weakened presidency.

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Inside The Ring (WT)

By Bill Gertz And Rowan Scarborough

The Washington Times, March 31, 2006

Unrestricted warfare

Two of China's most notorious military strategists are coming to the United States, not as guests of the Pentagon, but under a State Department program.

Col. Qiao Liang and Col. Wang Xiangsui are authors of the 1999 book "Unrestricted Warfare," which advocates China's use all forms of warfare, including state-supported terrorism, to win future conflicts.

"From a military standpoint, then, the traditional terror war is characterized by the use of limited resources to fight an unlimited war," they wrote.

The colonels' visit, expected in the next few weeks, comes amid questions about the Pentagon's military exchange program with China led by Adm. William J. Fallon, head of the U.S. Pacific Command.

Pentagon officials tell us China's military for nearly a decade has failed to cooperate with the United States in its selection of military officers for exchanges.

Policy-oriented military leaders have been blocked from the exchange program and their identity within an officer corps, estimated to be as many as 300,000 officers, remains a secret.

Instead, the Chinese military only sends officers who either seek information on U.S. warfighting weaknesses, or older generals who soon retire and thus cannot influence the future of China's military.

In one case several years ago, a Chinese officer asked a U.S. Navy officer during a visit to identify the key weakness of a U.S. aircraft carrier, a major Chinese target in any U.S.-Chinese conflict over Taiwan.

The officer was naively told that the weakest point is under the hull, and that it also happens to be closest to where its ammunition is stored.

Within two years of the disclosure, U.S. intelligence agencies detected Chinese military purchases of Russian wake-homing torpedoes that target ships from the rear and explode underneath the hull.

"The whole exchange program has been a nightmare," said one official.

Chinese President Hu Jintao nonetheless persuaded President Bush during a recent meeting to expand military exchanges and the Pentagon is reluctantly following through.

The challenge for Adm. Fallon is to prevent China from spying on U.S. military secrets and to persuade Beijing to send influential younger officers to learn the full extent of U.S. military power with the goal of avoiding any future miscalculation.

The new Chinese general in charge of the exchanges is Maj. Gen. Zhang Qinsheng, who recently replaced Lt. Gen. Xiong Guangkai, the Chinese military intelligence chief who in the past chose all the Chinese military exchange visitors.

If Gen. Zhang is also named to replace Gen. Xiong as military intelligence chief, Pentagon officials tell us they expect more of the same from the exchanges.

Lion tale

It was one of those accusations against American soldiers that was readily believed by the press. Two Iraqis said in November they were thrown to the lions when being detained in 2003.

But there did not appear to be any corroboration for such a bizarre tale. Defense Secretary Donald H. Rumsfeld singled out the press' acceptance of the story as an example of the American media wanting to believe the worst in the U.S. military.

"We've arrived at a strange time in this country where the worst about America and our military seems to so quickly be taken as truth by the press and reported and spread around the world, often with little context and little scrutiny, let alone correction or accountability after the fact," Mr. Rumsfeld said in a speech last December.

"Recently there were claims by two Iraqis on a speaking tour that U.S. soldiers attacked them with lions. It was widely reported around the United States. It is still without substantiation. And yet that story was spread across the globe."

The Army pledged to investigate. Col. Joe Curtin, an Army spokesman at the Pentagon, tells us the probe came up empty.

"Army [criminal investigative division] reviewed the allegations concerning the lions and determined there was insufficient information upon which to initiate an investigation," Col. Curtin said.

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The late Uday Hussein, one of Saddam's sadistic sons, owned lions as pets. They were moved to a reopened Baghdad zoo in 2003.

Poppy season

Army Maj. Gen. Benjamin Freakley, the new top U.S. officer in Afghanistan, offered this picture of the heroin trade there:

"You have a confluence in Helmand of criminals and Taliban and poor farmers, and the poor farmers raise poppy because the Helmand River gives them a water source, the soil is good, and the climate is very good for growing poppy. And so they can produce a rather large amount of poppy with a very small investment of time and labor in their fields.

"That poppy then is produced by primarily narco-trafficking organizations that move it out of Helmand and into other parts of the country and then out of the country. And with the funding that they get, they then can provide money to primarily Taliban, not so much al Qaeda, in Helmand. They can provide funds to the Taliban to recruit fighters, to train fighters, to buy weapons and arms. And in many cases, some of the farmers are threatened by the Taliban to either continue to grow the poppy to generate the funds or face death."

Terror training

The more documents that emerge from Saddam Hussein's reign of terror, the more evidence stacks up that his regime was in lockstep with international terrorists.

Newly released papers seized after the March 2003 U.S.-led invasion reveal contacts made between Saddam's top aides and Osama bin Laden, particularly during the al Qaeda leader's stay in Sudan.

The huge collection also gave a history of the regime put out last week by U.S. Forces Command.

The command told of meticulously kept files by the Gestapolike Fedayeen Saddam, which the dictator put in place to prevent military coups and to enforce his rule through threats and killings.

The documents show the fanatical Fedayeen operated bustling terror training camps for recruits from all over the Middle East.

The book, titled, "The Iraqi Perspective Project," states:

"Beginning in 1994, the Fedayeen Saddam opened its own paramilitary training camps for volunteers, graduating more than 7,200 'good men racing full with courage and enthusiasm' in the first year. Beginning in 1998, these camps began hosting 'Arab volunteers from Egypt, Palestine, Jordan, the Gulf and Syria.' It is not clear from available evidence where all of these non-Iraqi volunteers who were 'sacrificing for the cause' went to ply their newfound skills.

"Before the summer of 2002, most volunteers went home upon the completion of training. But these training camps were humming with frenzied activity in the months immediately prior to the war. As late as January 2003, the volunteers participated in a special event called the 'Heroes Attack.'

"This training event was designed in part to prepare regional Fedayeen Saddam commands to 'obstruct the enemy from achieving his goal and to support keeping peace and stability in the province.' "

Overseen by Saddam's son, Uday, the Fedayeen trained foreign "heroes" and Iraqis in commando tactics, surveillance and explosives. The Iraqi Intelligence Service supplied the Fedayeen with silencers, training in explosives and booby-trapping cars, and timers.

"The only apparent use for all of this ... equipment was to conduct commando or terrorist operations," the Joint Forces history said.

Afghan Convert Thanks Pope For Intervening (AP-Y2)

By Maria Sanminiatelli

AP2, March 30, 2006

An Afghan who faced the death penalty in his homeland for converting from Islam to Christianity said Thursday he was certain he would have been killed had he stayed there, and he thanked Pope Benedict XVI for intervening on his behalf.

"In Kabul, they would have killed me, I'm sure of it," said Abdul Rahman, who was spirited out of Afghanistan to a secret location in Italy. "If you are not a Muslim in an Islamic country like mine, they kill you. There are no doubts."

He said his case was to serve as an example "to others who dared rebel."

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Rahman's comments, in a short interview to Italian journalists, came hours after Italy formally granted him asylum, citing religious persecution, the ministry said.

Video on Italian television evening news showed a few people gathered around a small table. It never showed Rahman's face and the Interior Ministry has said that Rahman was "under protection."

Premier Silvio Berlusconi said Rahman arrived in Italy before dawn Wednesday, hours before the conservative leader announced that the government would take him in.

His case has attracted wide attention in the West and led to calls by the U.S. and other governments for the Afghan government to protect the convert.

The pope had appealed to Afghan President Hamid Karzai, and the United Nations sought a country to take him in after Muslim clerics in Afghanistan threatened his life, saying his conversion was a "betrayal to Islam."

Benedict wrote to Karzai on March 22 that dropping the case "would bestow great honor upon the Afghan people and would raise a chorus of admiration in the international community."

Since his arrival in Italy, the Vatican has made no comment. There was no indication of any plan to arrange a meeting between Rahman and the pope.

"Thanks to the (Italian) government. And thanks to Pope Benedict XVI. The pontiff took an interest in my case, and thanks to him, the U.N. intervened," Rahman told reporters.

He was released from prison Monday after a court dismissed charges of apostasy against him for of a lack of evidence and suspicions he might be mentally ill.

Conversion is a crime under Afghanistan's Islamic law. Rahman, 41, was arrested last month after police discovered him with a Bible. He was brought to trial last week for converting 16 years ago while working as a medical aid worker for an international Christian group helping Afghan refugees in Pakistan.

Rahman also said he was worried for his family, still in Afghanistan.

"On the streets, you still have Taliban and they kill those who are not Muslims," Rahman said. "I'm a father. My children are still there."

Italy has close ties with Afghanistan, whose former king, Mohammed Zaher Shah, was allowed to live with his family in exile in Rome for 30 years. The former royals returned to Kabul after the fall of the Taliban regime.

Italian troops were sent into Afghanistan after the U.S.-led invasion of the country in 2001 to help with reconstruction and Italy still has 1,775 troops there.

Rahman's ordeal began as a custody battle for his two daughters, now 13 and 14. The girls lived with their grandparents, but Rahman sought custody when he returned to Afghanistan in 2002 after living in Germany for nine years. The matter was later taken to police, and during questioning, it emerged that Rahman was a Christian and was carrying a Bible. He was immediately arrested and charged.

Pentagon To Test A Huge Conventional Bomb (WP)

By Ann Scott Tyson

The Washington Post, March 31, 2006

A huge mushroom cloud of dust is expected to rise over Nevada's desert in June when the Pentagon plans to detonate a gigantic 700-ton explosive -- the biggest open-air chemical blast ever at the Nevada Test Site -- as part of the research into developing weapons that can destroy deeply buried military targets, officials said yesterday.

The test, code-named "Divine Strake," will occur on June 2 about 90 miles northwest of Las Vegas in a high desert valley bounded by mountains, according to Pentagon and Energy Department officials.

"This is the largest single explosive we could imagine doing," said James A. Tegnelia, director of the Pentagon's Defense Threat Reduction Agency, which is conducting the test.

The test is aimed at determining how well a massive conventional bomb would perform against fortified underground targets -- such as military headquarters, biological or chemical weapons stockpiles, and long-range missiles -- that the Pentagon says are proliferating among potential adversaries around the world.

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Tegnelia said there is a range of technical hurdles to overcome. He suggested that big conventional bombs are unlikely to solve the overall problem of buried threats. "It's a lot easier to dig your tunnel 50 feet deeper" than to develop weapons that can destroy it, he told a meeting of defense reporters.

Such a bomb would be a conventional alternative to a nuclear weapon proposed by the Bush administration, which has run into opposition on Capitol Hill. The Pentagon for several years has sought funding for research into the Robust Nuclear Earth Penetrator (RNEP) -- also known as the "bunker buster" -- after the administration's 2001 Nuclear Posture Review stated that no weapon in the U.S. arsenal could threaten a growing number of buried targets. Congress, however, has repeatedly refused to grant funding for a study on a nuclear bunker buster, instead directing money toward conventional alternatives.

The June test will detonate 700 tons of heavy ammonium nitrate-fuel oil emulsion -- creating a blast equivalent to 593 tons of TNT -- in a 36-foot-deep hole near a tunnel in the center of the Nevada Test Site, according to official reports. It aims to allow scientists to model the type of ground shock that will be created, and to weigh the effectiveness of such a weapon against its collateral impact.

"To my knowledge, this will be the largest open-air chemical explosion that we've conducted," said Darwin Morgan, spokesman for the Energy Department's test site. Larger blasts have been carried out at the White Sands Missile Range in New Mexico, including the nation's biggest open-air detonation, in 1985, a Pentagon spokeswoman said.

The blast is not likely to be felt or heard outside the 1,375-square-mile test site, and the cloud of dust is expected to dissipate quickly from view, Morgan said. "They don't think people will see it in the base camp on the south end of the test site," he said.

Officials took pains to differentiate between the June conventional experiment and past nuclear testing. "The U.S. has no plans to conduct a nuclear test. President Bush supports a continued moratorium on nuclear testing," said Irene Smith, a spokeswoman for the Defense Threat Reduction Agency (DTRA). The Pentagon agency is charged with countering threats to the United States from chemical, biological, radiological and nuclear weapons.

On a related topic, Tegnelia said the State Department and the Pentagon are developing a proposal for a $100 million effort to help Libya get rid of tons of mustard gas and some precursor chemicals being stored in the Libyan desert. "The Libyans requested some support" from the U.S. government, and a DTRA team has visited Libya to consider various options for eliminating the weapons, he said.

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Attorney General Warns Kids About Online Thievery (AP)

AP, March 31, 2006

SAN JOSE, Calif. (AP) - U.S. Attorney General Alberto Gonzales brought a simple message to middle school students on Thursday: Don't steal.

``I'm the top cop in the U.S. and I want you to know that if you illegally download a game or music or a video it's stealing, just as if you went into a store and stole blue jeans," Gonzales told 7th and 8th graders at Windmill Springs School in the heart of California's Silicon Valley.

The lesson culminated an unusual four-day lesson on intellectual property and copyright infringement during which the nation's top law enforcement official became a classroom teacher.

Most children these days are exposed to Internet safety messages, both in television and in the classroom, but curriculum has only recently been developed about software piracy, copyright laws and intellectual property.

Entertainment software corporate leaders have repeatedly said the public simply doesn't understand that there are rules when it comes to usage of the Internet and computers.

But Windmill Springs students said Thursday that they got the message.

``Most kids know it's wrong to download some movies or songs or copy games and CDs but they figure that if they can do it on a computer then they will," said Andrew Lopez, 13. ``But not me. You can get a fine. You can go to jail."

Gonzales said the consequences of intellectual property theft are just starting to be understood.

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``I'm not kidding myself that we have a lot of work to do, but that doesn't mean we shouldn't try," he said.

The Justice Department's Intellectual Property task force was established just two years ago. Since then the number of people prosecuted for intellectual property offenses has almost doubled as investigators have targeted hackers and counterfeiters.

With help from Ric Hirsch, a senior vice president for intellectual property for the Entertainment Software Association, students tackled some of the trickier questions surrounding these issues:

Is it legal to copy games just for your friends?

``No, it's not," said Hirsch.

Can someone get in trouble for buying a pirated game?

``You shouldn't do it, but you probably won't get in trouble," said Hirsch.

Why do computers even have CD burners on them?

``That's complicated," said Hirsch, ``but basically people want to copy their CDs."

``People think one song, one game, what difference does it make," said Hirsch. ``Unfortunately the nature of this industry is that you can bleed to death from thousands of papercuts."

Jon Dudas, director of the U.S. Patents and Trade Office, joined Gonzales at the school, telling students that while everyone understands why they shouldn't steal cars, understanding the law can be a bit more complicated when it comes to games, movies and music.

``If you steal your friend's car, they don't have a car anymore, but if you take a copy of a friend's video game they still have a copy," he said. ``You're not stealing the game, you're stealing ideas."

The school event was video taped by Court TV for an upcoming public affairs program on intellectual property theft.

U.S. Attorney General Assures Portlanders He's Up On Security (OREG)

The Oregonian

The Oregonian, March 31, 2006

Visit - Alberto Gonzales outlines administration priorities at a business alliance breakfast Attorney General Alberto Gonzales gave the Portland Business Alliance a quick review Thursday of the Bush administration's priorities, saying, "Every day, I ask m

Making his first trip to Portland, Gonzales spoke to the city business group at a breakfast meeting, then he said he planned to "review the troops" in the U.S. attorney's office in Portland.

On Wednesday, he visited the Yakama Indian reservation in Washington; he was scheduled to go on to Texas and California later.

At a brief news conference after the business breakfast, Gonzales said he would not comment on an Oregon lawsuit by an Islamic charity in Ashland that says it was a target of secret federal wiretapping and searches.

Public access to documents in the case has been prohibited, and Gonzales said that in cases such as the lawsuit, records "can be and should be withheld." Of Oregon's assisted-suicide law, which the Justice Department has fought and lost before the U.S. Supreme Court, Gonzales said: "That matter has been decided by the courts, and the courts have indicated what the law prevents." -- Anne Saker

Attorney General Asserts Internet Privacy 'Balance' (STREET)

By Troy Wolverton, TheStreet.com Senior Writer

TheStreet.com, March 31, 2006

SAN JOSE, Calif. -- In town to talk with kids about respecting intellectual property, U.S. Attorney General Alberto Gonzalez found himself addressing questions about the government's respect for online privacy.

In the middle of a legal dispute with Google (GOOG:Nasdaq - news - research - Cramer's Take) over access to search records, the government has come under criticism from consumer privacy advocates. Gonzalez sought to assure critics that the government was trying to strike a "good faith" balance between privacy interests and protecting the public.

Even though a federal judge recently restricted the amount of data the government will potentially have access to in the Google case, Gonzalez appeared unabashed by the government's request. Indeed, in determining the balance between privacy

protection and how much information the government will request from private information keepers, the Department of Justice, instead of setting its own limits, will take its lead from Congress and the courts, he said.

"Sometimes the courts will agree, and sometimes they will disagree," he said.

The issue of how much information private companies should hand over to the federal government has come up repeatedly in recent years. Following the 9/11 terrorist attacks, numerous airlines handed over passenger data to federal transportation officials seeking to determine patterns that might lead to finding potential hijackers.

More recently, the Department of Justice has sought data from Internet search engines last year in an effort to determine the prevalence of pornography on the Web. The effort was part of the government's move to defend the Child Online Protection Act, which bans access to material that could be "harmful to children."

While Google has resisted the justice department's request, other Internet search engines, such as those operated by Yahoo! (YHOO:Nasdaq - news - research - Cramer's Take), Microsoft (MSFT:Nasdaq - news - research - Cramer's Take) and Time Warner's (TWX:NYSE - news - research - Cramer's Take) America Online, complied with it.

And they're not alone: the DOJ has subpoenaed 34 other companies for related data, according to published reports.

US AG Gonzales Says Google Case Points To Govt's Limits (DOW)

Dow Jones, March 31, 2006

SAN JOSE -(Dow Jones)- U.S. Attorney General Alberto Gonzales said he was pleased with a federal judge's decision in the Google Inc. (GOOG) (GOOG) case two weeks ago, but that it showed there are limits to the kind of information the government can get from Internet companies.

During an appearance here at the Windmill Springs Middle School, Gonzales reiterated that the government had not sought personal information on people using Google's (GOOG) Internet search engine when it subpoenaed the company in August.

"We're not interested in any kind of user information," he said.

In the case, the Bush administration asked for 1 million Web addresses and a week's worth of search queries from the Silicon Valley company. Federal District Judge James Ware reduced that number to 50,000 addresses in his decision on March 17 but said the company would not be compelled to hand over a sample of users' search queries.

Gonzales said the judge's decision recognized that the information the government sought was relevant to its defense of the embattled Child Online Protection Act.

"We're happy with the judge's decision," Gonzales said, but "there are limits to what kind of information the government can get."

Separately, Gonzales said he pressed Chinese officials on intellectual property protection when he was in that country several months ago.

Chinese readers at the highest level of government recognize the need for greater protection, said Jon Dudas, undersecretary of Commerce for intellectual property. But "the results are not carried through yet," Dudas said.

In 2005, 70% of counterfeit goods seized at U.S. borders came from mainland China, Dudas said. That was up from 63% in 2004.

- Mark Boslet, Dow Jones Newswires, 650-496-1366

Gonzales Says Files In Islamic Case To Remain Sealed (AP)

By JOSEPH B. FRAZIER, The Associated Press

AP, March 30, 2006

PORTLAND, Ore. (AP) — Evidence in a dismissed case against an Ashland branch of an Islamic charity will remain confidential, Attorney General Alberto Gonzales said Thursday.

Gonzales was in Portland to meet with the U.S. attorney's office in Oregon and to address a breakfast meeting of the Portland Business Alliance.

He said "certain kinds of information can be and should be withheld."

He declined further comment on the case, saying it is in litigation.

A federal lawsuit seeks to shut down electronic surveillance by the National Security Agency, claiming the government illegally wiretapped conversations between the director of the Islamic charity Al-Haramain and two of the charity's attorneys.

The charity had been indicted on tax charges related to money laundering in 2004, but the charges were dismissed.

Lawyers for the charity opposed the dismissal, saying they wanted to know what evidence the government had.

One secret document in the lawsuit has been ordered held in a secure facility in Seattle at least for now.

U.S. District Judge Garr King decided that the document couldn't be held securely in a federal courthouse in Portland, and shouldn't be held at the local office of the FBI, which is a defendant in the case.

Gonzales did not elaborate on the broader NSA wiretapping controversy beyond repeating President Bush's position that it is legal.

"I can only talk about what the president has disclosed to the American public in December of last year," he said.

"We have been very, very forthcoming about his authorities," he said. He said members of Congress continue to get briefings.

On immigration reform, Gonzales said Congress should "keep in mind the president's broad principles."

He said Bush favors a guest worker program but opposes amnesty.

What constitutes amnesty, he said, is under discussion in Congress.

"The president says he will not support a program that provides amnesty to those who have broken the law," Gonzales said.

"We need to find a way to reach a solution here that takes into account the reality that we have 11 (million)-12 million people in this country who are providing service," he said.

But he said the policy also must stress that laws need to be followed.

U.S. Attorney General Speaks At Portland Breakfast (KOIN-TV)

By Lynn Huston, KOIN News 6

KOIN-TV, CBS 6, Portland, March 31, 2006

PORTLAND -- It could be winter before Congress passes an immigration bill. That's because there is a growing split among Republicans over what to do about it.

One of President Bush's point men on the issue was in Portland Thursday morning.

U.S. Attorney General Alberto Gonzales certainly has been one of the president's must trusted advisors on the issue, but he stuck with what has been the White House script.

Speaking to a morning breakfast for the Portland Business Alliance, Gonzales praised the local U.S. Attorney's Office for a recent meth bust which was the largest in state history. He also pledged to continue to pursue sexual predators who use the Internet, corruption in government and gang violence.

After his speech, Gonzales restated his support for immigration reform, including a guest worker program. But he offered no opinion on the legal definition of amnesty for illegal immigrants.

"The president says he will not support a program that provides amnesty to those who have broken the law and come into our country unlawfully. But as to how you define it, that's part of the ongoing debate within the Congress," Gonzales said.

Leaders of both parties seem to agree that it will probably be sometime after the November election before any final decision is made on immigration reform.

CORPORATE SCANDALS:

Judges Order Release On Bail For Ex-Broker In Enron Case (NYT)

By Julie Creswell And Landon Thomas Jr.

The New York Times, March 31, 2006

In a surprise move, the United States Court of Appeals for the Fifth Circuit in Houston late yesterday ordered that a former Merrill Lynch executive, William Fuhs, be immediately released on bail awaiting final decision on his appeal.

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Mr. Fuhs was one of four former Merrill employees convicted in 2004 on fraud and conspiracy charges involving a 1999 sale by Enron of power generators mounted on barges in Nigeria. Prosecutors argued during the trial that the Merrill executives were guilty of conspiring to defraud investors in an effort to win future banking business from Enron.

The appellate court said the conditions of Mr. Fuhs's release will be established today in a hearing before a federal magistrate judge.

Last May, Judge Ewing Werlein Jr. of the United States District Court in Houston sentenced Mr. Fuhs to three years and one month in prison. In most white-collar criminal cases, the defendants are generally allowed to remain free on bail while their appeals are heard. But Mr. Fuhs and the other former Merrill executives who were convicted were ordered to prison immediately.

Mr. Fuhs was sent to a federal transfer facility in Oklahoma City, where maximum security prisoners are housed for temporary periods. The facility is nearly 700 miles away from Denver, where his wife and two small children live.

Mr. Fuhs's lawyers had argued that the distance violated federal prison policies and was harsher than what was received by the other defendants, all of whom were sent to prisons closer to their families. His lawyers had also argued that the Oklahoma facility had a much higher security level than was required for someone with the "custody classification level" of Mr. Fuhs.

Lawyers for Mr. Fuhs and the other Merrill defendants recently presented oral arguments on their appeals. Lawyers for Mr. Fuhs subsequently filed a motion to have their client released on bail. Calls to Mr. Fuhs's lawyers were not returned last night.

The decision to release Mr. Fuhs on bail, awaiting the outcome of his appeal, could be a recognition of the specific factors that related to Mr. Fuhs's incarceration, said Lawrence Robbins, the lawyer for Daniel H. Bayly, Merrill's former investment banking chief and one of the four convicted in the case.

But Tom Kirkendall, a Houston lawyer who has closely followed the Enron case and has represented clients in other Enron-related cases, interpreted the move as a sign that the appeals court may have been persuaded by the arguments presented to them.

"This is a strong signal that he has a winner on appeal," Mr. Kirkendall said.

Prosecutors contend that Mr. Fuhs and the other Merrill executives conspired with Enron in December 1999 in the purchase of three Nigerian power barges. The government alleged that there was an unspoken deal cut between Mr. Bayly and Andrew S. Fastow, Enron's former chief financial officer, that Enron would buy back the barges from Merrill after six months.

That made the deal, according to prosecutors, a scheme to bolster earnings and hide debt for Enron, rather than a legal transaction.

"We are hopeful that the decision to grant bail for Mr. Fuhs reflects the court's judgment that the claim we made for Mr. Bayly has merit," Mr. Robbins said. Mr. Bayly is serving 30 months at a prison in Virginia.

Possible Snag In An Enron Case (WSJ)

By John R. Emshwiller

The Wall Street Journal, March 31, 2006

In the middle of its capstone criminal trial of former Enron Corp. top executives, the federal government has been dealt a possible setback in a related case involving the 2004 conviction of four former executives of Merrill Lynch & Co.

A federal appeals court yesterday ordered that bail be given to former Merrill executive William Fuhs, pending its ruling on the appeal of his conviction in the "Nigerian Barge" case. David Spears, one of Mr. Fuhs's attorneys, said he took the ruling as a hopeful sign that the court, which recently heard oral arguments in the case, will overturn the conviction.

In the 2004 criminal trial, involving the four former Merrill officials and two former Enron officials, the government alleged that Enron had falsely reported income from a bogus sale to Merrill of some electricity-producing barges off the coast of Nigeria. Prosecutors argued that Enron had secretly promised Merrill that it would be quickly taken out of the deal at a profit, which meant a "true sale" never took place because the brokerage giant assumed no risk. The jury also convicted one Enron official and acquitted the other.

The four Merrill officials appealed their convictions and unsuccessfully sought to stay out of prison pending those appeals. All four are currently incarcerated. Only Mr. Fuhs recently reapplied for bail pending the appeal. Attorneys for the other three Merrill officials declined to comment or couldn't be reached.

A Justice Department spokeswoman declined to comment.

People familiar with the barge case say that even if Mr. Fuhs's conviction were overturned, it wouldn't necessarily mean the others would be, too.

The government's biggest Enron case is currently unfolding in a Houston federal court, where the company's former chairman, Kenneth Lay, and former president, Jeffrey Skilling, face conspiracy and fraud charges. Prosecutors rested their case earlier this week, and the trial is scheduled to resume Monday with the defense beginning its presentation.

Skilling Lawyer Could Be Key For Lay, Too (WP)

By Carrie Johnson

The Washington Post, March 31, 2006

HOUSTON, March 30 -- Daniel M. Petrocelli is no stranger to the national stage. But he's more at home representing entertainers such as Lisa Marie Presley and John Travolta than defending former corporate executives trying to stay out of prison.

The California attorney is acting as a criminal defense lawyer for the first time, on behalf of former Enron Corp. chief executive Jeffrey K. Skilling, accused of leading one of the most complicated white-collar conspiracies in history.

And as the defense prepares to begin its case Monday, Petrocelli has emerged as perhaps the most potent factor on behalf of both his client and former chairman Kenneth L. Lay. Both men face multiple fraud charges that could send them to prison for decades.

There are two teams of defense lawyers, but during the prosecution's case, Petrocelli dominated the cross-examination of the government's witnesses, in part because Lay's top lawyer had health problems.

Defense lawyers are engaging in careful choreography in a trial where their clients' interests sometimes converge and sometimes conflict. In the course of the nine-week-old trial, the defendants have displayed a few subtle disruptions in their alliance. But to the surprise of some legal experts, Skilling and Lay have stuck together for the most part, despite acute differences in their personal styles and in the evidence against them.

The critical question is whether they will point fingers at each other when they each take the witness stand in coming weeks. Of the approximately two dozen witnesses the defense expects to call, the defendants are far and away the most important. In a real sense, their lives are in their own hands.

The 52-year-old Skilling, who led day-to-day operations at Enron for years, will testify as soon as the week of April 10. Lay, 63, will take the stand shortly thereafter, defense lawyers said. In between, their defense teams will call lesser-known Enron employees to support their arguments that Enron was not a "house of cards" but rather a "shining star," as Petrocelli argued in opening statements.

"We're looking forward to getting on the stand and getting our case out there, get the positive case out," Lay told reporters earlier this week. His lawyer, Michael W. Ramsey, predicted Thursday that Lay will be his own star witness in a performance that "will win the case for us."

Skilling has remained silent, on the advice of his lawyers. They said they would do nothing to alter the demeanor of their client, who is known for his bluntness, in advance of his turn on the witness stand.

On cross-examination, prosecutors are likely to press both men about their knowledge of Enron's financial troubles in August 2001, as Skilling departed and handed the reins to Lay. Skilling probably also will face questions about inconsistencies in more than 2,000 pages of sworn testimony he gave to the Securities and Exchange Commission and to Congress, including the reasons he sold a half-million shares of Enron stock that September.

The defendants say they are operating at a disadvantage because important potential witnesses, including former retail unit leader Lou Pai, former treasurer Jeffrey McMahon, onetime vice chairman Lawrence "Greg" Whalley and former trading chief John Lavorato, have signaled they will invoke their Fifth Amendment right against self-incrimination rather than testify.

That leaves defense lawyers relying on documents and on such figures as Joannie Williamson, a former subordinate in the investor relations unit who went on to work for Lay. Williamson, who is scheduled to be the defense's first witness Monday, is likely to tell jurors that she heard her friend Mark E. Koenig say he did nothing wrong at the company but pleaded guilty anyway under government pressure.

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That appears to contradict testimony by former investor relations head Koenig and supports a key defense argument: that company insiders did not believe they were breaking the law at the time, only coming to view their activity in that light under pressure from federal investigations. The conspiracy counts against Lay and Skilling are based on the notion that they were in league with 16 other Enron executives who have acknowledged that what they did was wrong. So defense lawyers are attacking the credibility of those pleas.

Each defendant will be allowed to call up to five character witnesses, a limit U.S. District Judge Simeon T. Lake III said is designed to avoid jurors listening to the "whole panoply of Houston society." Lay had hoped to call the owner of the Houston Astros baseball team, a pioneering heart surgeon, a former Commerce Department secretary and several religious leaders. Expert witnesses also will testify on the defendants' behalf. In part because he is backed by a vast team of partners, associates, paralegals and researchers from his 1,000-lawyer firm, O'Melveny & Myers LLP, and more than $23 million in fees from his client, Petrocelli and his team have taken the lead for the defense.

Ramsey, the lead lawyer for Lay, has somewhat fewer resources at his disposal, relying on a team composed of Dallas securities lawyer Bruce W. Collins, prominent Houston appeals court specialist George "Mac" Secrest and former local prosecutor Chip B. Lewis. In his four-decade career, Ramsey, a folksy litigator who bonds with local juries, has pulled out a series of victories, including a 2003 acquittal of real estate heir Robert Durst. Durst was accused of killing his neighbor, dismembering the body and throwing it into the Gulf of Mexico.

On Lay's behalf, Ramsey has pursued a bold, all-or-nothing strategy, arguing that Lay should not be held criminally responsible for the failure of his business nor the optimistic statements he made in an effort to save it. In essence, the defense suggests that focusing on the positive to calm employees and the markets is common practice, even a duty, of corporate leaders. "Do you want a Chicken Little at the helm of a company like Enron, every time it rains a little bit, saying, 'Oh, my God. The sky is falling?' " Ramsey asked in opening statements. "You want somebody with a steady hand on the helm, with guts enough to stay steady in the midst of a storm."

Ramsey revealed Tuesday that he had had heart problems since at least the third week of the trial and that he had a stent put in one of his arteries last week. He had questioned fewer than a half-dozen of the 22 government witnesses before the surgery.

As a result, the bonds between the Skilling and Lay defense teams grew stronger, as Petrocelli handled the heavy lifting, including most of last week's cross-examination of former treasurer Ben F. Glisan Jr., even though Glisan provided more testimony about Lay than Skilling.

Petrocelli acknowledged the point, noting that he was asking about a key internal meeting more than two weeks after Skilling resigned and Lay took over. The defense lawyer said he hoped he was not encroaching on his co-counsel's turf. But the Lay team didn't object. "That's okay," Lay mouthed to his daughter, Elizabeth Vittor, a lawyer who is part of his defense team and who typically sits between Lay and Skilling at the defense table.

Perhaps most important, Petrocelli has won the confidence of Lake, who told the defense lawyer last month that "you're making a pretty good showing for yourself" in his first attempt at criminal defense.

Until the eight-woman, four-man jury renders its verdict, it is difficult to know how jurors are evaluating the lawyers. Petrocelli's personal style is more Century City than Old West, despite the black alligator cowboy boots he has taken to wearing. In an episode known as "cologne-gate" among trial participants, a female juror took the unusual step of sending a note to the judge last month saying she was overwhelmed by the lawyer's cologne. During a court break, Petrocelli washed off the cologne and has not worn it since.

Outside the courthouse Tuesday, after prosecutors rested their case, Petrocelli jokingly hinted at his desire to return to his roots. "Five or six weeks from now, hopefully we can get through with this, Mr. Skilling can get on with the rest of his life, and I can take off these cowboy boots," he said.

Shocks Seen In New Math For Pensions (NYT)

By Mary Williams Walsh

The New York Times, March 31, 2006

The board that writes accounting rules for American business is proposing a new method of reporting pension obligations that is likely to show that many companies have a lot more debt than was obvious before.

In some cases, particularly at old industrial companies like automakers, the newly disclosed obligations are likely to be so large that they will wipe out the net worth of the company.

The panel, the Financial Accounting Standards Board, said the new method, which it plans to issue today for public comment, would address a widespread complaint about the current pension accounting method: that it exposes shareholders and employees to billions of dollars in risks that they cannot easily see or evaluate. The new accounting rule would also apply to retirees' health plans and other benefits.

A member of the accounting board, George Batavick, said, "We took on this project because the current accounting standards just don't provide complete information about these obligations."

The board is moving ahead with the proposed pension changes even as Congress remains bogged down on much broader revisions of the law that governs company pension plans. In fact, Representative John A. Boehner, Republican of Ohio and the new House majority leader, who has been a driving force behind pension changes in Congress, said yesterday that he saw little chance of a finished bill before a deadline for corporate pension contributions in mid-April.

Congress is trying to tighten the rules that govern how much money companies are to set aside in advance to pay for benefits. The accounting board is working with a different set of rules that govern what companies tell investors about their retirement plans.

The new method proposed by the accounting board would require companies to take certain pension values they now report deep in the footnotes of their financial statements and move the information onto their balance sheets — where all their assets and liabilities are reflected. The pension values that now appear on corporate balance sheets are almost universally derided as of little use in understanding the status of a company's retirement plan.

Mr. Batavick of the accounting board said the new rule would also require companies to measure their pension funds' values on the same date they measure all their other corporate obligations. Companies now have delays as long as three months between the time they calculate their pension values and when they measure everything else. That can yield misleading results as market fluctuations change the values.

"Old industrial, old economy companies with heavily unionized work forces" would be affected most sharply by the new rule, said Janet Pegg, an accounting analyst with Bear, Stearns. A recent report by Ms. Pegg and other Bear, Stearns analysts found that the companies with the biggest balance-sheet changes were likely to include General Motors, Ford, Verizon, BellSouth and General Electric.

Using information in the footnotes of Ford's 2005 financial statements, Ms. Pegg said that if the new rule were already in effect, Ford's balance sheet would reflect about $20 billion more in obligations than it now does. The full recognition of health care promised to Ford's retirees accounts for most of the difference. Ford now reports a net worth of $14 billion. That would be wiped out under the new rule. Ford officials said they had not evaluated the effect of the new accounting rule and therefore could not comment.

Applying the same method to General Motors' balance sheet suggests that if the accounting rule had been in effect at the end of 2005, there would be a swing of about $37 billion. At the end of 2005, the company reported a net worth of $14.6 billion. A G.M. spokesman declined to comment, noting that the new accounting rule had not yet been issued.

Many complaints about the way obligations are now reported revolve around the practice of spreading pension figures over many years. Calculating pensions involves making many assumptions about the future, and at the end of every year there are differences between the assumptions and what actually happened. Actuaries keep track of these differences in a running balance, and incorporate them into pension calculations slowly.

That practice means that many companies' pension disclosures do not yet show the full impact of the bear market of 2000-3, because they are easing the losses onto their books a little at a time. The new accounting rule will force them to bring the pension values up to date immediately, and use the adjusted numbers on their balance sheets.

Not all companies would be adversely affected by the new rule. A small number might even see improvement in their balance sheets. One appears to be Berkshire Hathaway. Even though its pension fund has a shortfall of $501 million, adjusting

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the numbers on its balance sheet means reducing an even larger shortfall of $528 million that the company recognized at the end of 2005.

Berkshire Hathaway's pension plan differs from that of many other companies because it is invested in assets that tend to be less volatile. Its assumptions about investment returns are also lower, and it will not have to make a big adjustment for earlier-year losses when the accounting rule takes effect. Berkshire also looks less indebted than other companies because it does not have retiree medical plans.

Mr. Batavick said he did not know what kind of public comments to expect, but hoped to have a final standard completed by the third quarter of the year. Companies would then be expected to use it for their 2006 annual reports. The rule will also apply to nonprofit institutions like universities and museums, as well as privately held companies.

The rule would not have any effect on corporate profits, only on the balance sheets. The accounting board plans to make additional pension accounting changes after this one takes effect. Those are expected to affect the bottom line and could easily be more contentious.

Pity The Boss, Treated Worse Than Terrorists (NYT)

By Floyd Norris

The New York Times, March 31, 2006

PITY the oppressed boss.

Suddenly there is a wave of sympathy for overregulated corporate executives. Not only are some going to jail, but the Securities and Exchange Commission is making them pay large fines.

The S.E.C. also wants to force more disclosure of executive compensation. The commission denies that the purpose is to hold down pay, but few bosses believe that.

To hear some people tell it, corporate officials are being victimized in ways that can only inspire sympathy.

The United States Chamber of Commerce is calling on the S.E.C. to stop penalizing companies for refusing to cooperate in investigations and to give companies a break if they can show that some lawyer or accountant blessed the activity the S.E.C. deems illegal.

A new book by John Hasnas, a Georgetown professor who teaches ethics to business students, is called "Trapped: When Acting Ethically Is Against the Law," and concludes we would be better off if there were no criminal enforcement of laws requiring businesses to be honest.

The book, published by the Cato Institute, features the following endorsement by Mark R. Levin, a radio talk show host: "Did you know that in many ways the terrorists detained at Guantánamo Bay have more rights than corporate C.E.O.'s and their employees?"

The book is not as ridiculous as the blurb. Mr. Hasnas does a good job of explaining the current state of criminal law for corporations, which have no Fifth Amendment right against self-incrimination, as well as Justice Department policies that offer leniency only to companies that cooperate by turning in employees.

KPMG, the accounting firm, escaped prosecution only by admitting wrongdoing and cutting off defense funds for its former partners accused of wrongdoing. "We pressure the company to be part of the prosecution team," said Mr. Hasnas, thus violating the company's ethical responsibilities to employees who may be innocent.

He conceded that his remedy — halting criminal prosecutions — might go too far. But he said he wanted to be provocative.

As for that blurb by Mr. Levin, Mr. Hasnas said it was solicited by Cato, and was not his business. Does he agree? "It is not just an exaggeration," he said. "It is clearly wrong."

Just four years ago, as WorldCom was collapsing, President Bush endorsed "corporate responsibility" and signed the Sarbanes-Oxley act with vigor. One poll then found that about two-thirds of both Democrats and Republicans thought business leaders had low standards of honesty and ethics. Politicians and even journalists received better marks.

But now many people hope to push aside the Sarbanes-Oxley reforms.

An S.E.C. advisory committee thinks bosses of companies traded on the over-the-counter bulletin board should not be asked to say whether their internal controls are adequate.

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LAWYERS including Kenneth W. Starr — of Whitewater fame — are pushing a suit to declare unconstitutional the law's way of regulating accountants.

And some hope the S.E.C. itself, under Christopher Cox, will rein in the enforcement division. They were encouraged when Mr. Cox publicly chastised the enforcement director, Linda C. Thomsen, for subpoenaing journalists without commission approval. It is not that they like journalists, it is just that they would love to see the commissioners voting on every subpoena, offering opportunities to delay and derail investigations.

Next year, when both named authors of the Sarbanes-Oxley act will be out of Congress, there is likely to be a legislative push. It will be called an effort to reduce the cost of compliance with Sarbanes-Oxley, but don't be surprised if the real goal is to make life easier for those who would bend or break the rules.

CRIMINAL LAW:

Ex-FBI Agent Indicted In Mob Killings (AP)

By TOM HAYS

AP, March 30, 2006

NEW YORK (AP) — A retired FBI agent was indicted on murder charges Thursday for allegedly taking bribes from a mobster to supply him with inside information that led to four underworld slayings in Brooklyn.

R. Lindley DeVecchio, 65, was arrested in a case of "confidential leaks, payoffs and death" dating back two decades, District Attorney Charles Hynes said.

DeVecchio pleaded not guilty and was released on $1 million bail. He did not speak at his arraignment. One of the two alleged mob hitmen behind the slayings was jailed without bail. The other was in Florida, awaiting extradition.

Colleagues of the FBI veteran were quick to defend him against the charges.

"We all know Lin, and we all know he's not capable of doing these kinds of things," James Kossler, a former supervisor with the FBI's New York office, said Wednesday. "It's so sad it could happen to a guy like this."

Hynes said the charges stemmed from the unusually close relationship between DeVecchio — then head of the FBI's Colombo crime family squad — and Gregory Scarpa Sr., a government informant and Colombo captain nicknamed "The Grim Reaper."

The pair met each week during the 1980s and '90s and discussed a bloody civil war within the Colombo family. In exchange for bribes, DeVecchio "counseled Scarpa to protect himself by eliminating imminent threats," Hynes said.

In 1984, DeVecchio allegedly warned Scarpa that the girlfriend of a high-ranking Colombo figure was cooperating with federal authorities. As a result, authorities say, she was shot and killed in a Brooklyn social club — a pattern prosecutors said was repeated in three slayings of Scarpa rivals, the last one in 1992.

Scarpa gave DeVecchio weekly payments and also enhanced the agent's reputation within the FBI by helping him solve important cases, Hynes said.

DeVecchio surrendered Wednesday night at the Brooklyn district attorney's office. He had no comment as he entered.

Kossler, former FBI Assistant Director James Kallstrom, ex-agent Joe Pistone, known for infiltrating the mob as Donnie Brasco, and other supporters in law enforcement have begun raising money for DeVecchio's defense on a Web site.

The site notes that the agent was cleared in previous investigations, and it attributes the renewed allegations to convicted mobsters eager to lie in exchange for leniency.

DeVecchio retired in 1996. Scarpa died in prison in 1994.

Retired F.B.I. Agent Is Accused Of Role In Killings (NYT)

By William K. Rashbaum

The New York Times, March 31, 2006

When R. Lindley DeVecchio, a 65-year-old retired F.B.I. supervisor, stood up in a courtroom in Brooklyn yesterday to face charges that he had helped his prized Mafia informant commit four murders, the tension was clear.

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On one side of the gallery, filling roughly two-thirds of the blond wood benches, were nearly four dozen mostly gray-haired men in dark-colored suits. Retired F.B.I. agents who had once been Mr. DeVecchio's colleagues, they were now his supporters. Most sat stiffly upright and spoke little.

In front of them, at the prosecution table in the well of the courtroom, sat two somber senior prosecutors from the office of the Brooklyn district attorney, Charles J. Hynes. Mr. Hynes, after a 13-month investigation, had hours earlier announced the indictment of Mr. DeVecchio on charges that he had helped his informant commit four mob murders in the 1980's and early 1990's, accepting weekly payoffs totaling more than $66,000.

Also in the gallery were several more prosecutors and investigators who had worked on the case.

After Mr. DeVecchio's lawyer entered a plea of not guilty on his behalf, one of the prosecutors, Michael F. Vecchione, who is the chief of the district attorney's investigations division, outlined the charges in the case. Mr. Hynes had said the investigation had "uncovered a troubling path of confidential leaks, payoffs and death," and he called the case "the most stunning example of official corruption that I have ever seen."

Mr. Vecchione, in arguing against bail for Mr. DeVecchio, went through each of the murders, detailing for State Supreme Court Justice Gustin L. Reichbach what he said was Mr. DeVecchio's direct role and his reasons for "instructing" his informant, Gregory Scarpa Sr., to commit the killings.

In most of the cases, including the slaying of another mobster's former girlfriend, Mary Bari, the prosecutor said, it was because the victims had begun talking to the authorities and posed a threat to Mr. Scarpa or his relatives. Mr. Scarpa, who contracted AIDS from a transfusion and died in prison in 1994, was a captain in the Colombo crime family.

But it was Mr. Vecchione's argument that former F.B.I. agents had sought to intimidate witnesses on Mr. DeVecchio's behalf, and his contention that a network of former agents who had once worked overseas made him a flight risk, that transformed the hard-fought argument into a pitched battle with the defense.

The contention that the former agents would help Mr. DeVecchio flee prompted groans, angry grumbling and some laughter from retired agents in the gallery.

And Mr. DeVecchio's lawyer, Douglas E. Grover, belittled Mr. Vecchione, contending that his office was unaccustomed to making organized crime cases, a charge Mr. Vecchione sharply disputed.

Mr. DeVecchio is charged with four counts of second-degree murder for acting in concert in the killings and could face a sentence of up to 25 years to life.

Wearing a gray checked button-down shirt with the collar open and dark slacks, Mr. DeVecchio did not speak during the hourlong hearing and sat impassively. Mr. Grover called him an honest lawman who had played a key role in the bureau's battle against organized crime.

Ultimately, Justice Reichbach released Mr. DeVecchio on $1 million bail, co-signed by 5 of the 45 former agents who Mr. Grover said were willing to step forward. The judge ordered that Mr. DeVecchio surrender his passport and that his movements in and out of his home in Sarasota, Fla., be monitored with an electronic bracelet.

One of two other defendants, John Sinagra, 38, an accused mob figure charged in one of the killings, pleaded not guilty and was held without bail pending a hearing on Monday. Another defendant, Craig Sobel, 39, was being held in Florida pending extradition.

After the bitter argument over Mr. DeVecchio's bail, the spectacular charges against him still resonated in the courtroom, though some of the accusations first surfaced more than a decade ago, when fellow agents told their superiors of their suspicions that he was funneling secret information to Mr. Scarpa.

Internal investigations into those allegations by the F.B.I.'s Office of Professional Responsibility and prosecutors with the Department of Justice — inquiries that several former federal officials have criticized as deficient — failed to uncover enough evidence to charge Mr. DeVecchio with a crime or even to discipline him.

Mr. Hynes said his investigation began in February 2005 after a member of the House Judiciary Committee, William Delahunt, Democrat of Massachusetts, brought allegations involving Mr. DeVecchio to his attention. Mr. Delahunt was investigating allegations against F.B.I. agents involved in organized crime cases.

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In the new case, one law enforcement official said the key witness was Linda Schiro, Mr. Scarpa's companion of many years. She knew details about the relationship between the gangster and the lawman because Mr. Scarpa had confided in her, and she was present for telephone calls and meetings between the men in which they discussed their crimes, the official said.

Mr. Grover cited her at the arraignment and dismissed her testimony, saying that during the earlier inquiries she had said she knew nothing about the murders. He quoted her as saying then, "I stay out of the kitchen," a reference to the room in Mr. Scarpa's Brooklyn home where Mr. DeVecchio and his informant had their weekly meetings.

But another law enforcement official said that Ms. Schiro has reported that during the earlier investigation she felt intimidated by other F.B.I. agents who were associated with Mr. DeVecchio. Both law enforcement officials were given anonymity because the investigation is continuing. Mr. Grover also said at the arraignment that transcripts of testimony by several Colombo family turncoats in trials during the 1990's contradicted the theories about Mr. DeVecchio's role in the murders.

The killings detailed by Mr. Vecchione began in 1984, with the slaying of Ms. Bari, 31, the former girlfriend of a fugitive mob figure. She was shot to death by Mr. Scarpa and others in his Brooklyn social club after Mr. DeVecchio warned him that she was talking to the authorities and might reveal the whereabouts of her former boyfriend, Mr. Vecchione said.

In 1987, prosecutors said, Mr. DeVecchio provided information that led to the killing of a Colombo soldier, Joseph DeDomenico. The agent told Mr. Scarpa that Mr. DeDomenico was using drugs, committing crimes without sharing the proceeds with Mr. Scarpa and flirting with born-again Christianity, all of them lapses that Mr. DeVecchio said made him a threat, the prosecutor said.

Two years later, a group of teenagers — including Mr. Scarpa's son Joseph — were joyriding on Halloween when one of them shot and killed 17-year-old Dominick Masseria after a fight that started over thrown eggs, according to the indictment.

Mr. Masseria had no ties to organized crime, and prosecutors concede that Mr. DeVecchio had no role in his death. But when Patrick Porco, 18, one of the youngsters in the car, was interviewed by the police about the killing in 1990, Mr. DeVecchio warned Mr. Scarpa that Mr. Porco posed a threat to Joseph, the prosecutor said. So Mr. Porco, too, was killed. Mr. Sinagra was charged yesterday with that crime.

The last killing, on May 22, 1992, was part of the bloody Colombo war of that era. Mr. Vecchione said Mr. DeVecchio, using information he gleaned from his agents' surveillance of a Scarpa rival, Lorenzo Lampasi, told Mr. Scarpa that Mr. Lampasi would get out of his car before dawn each morning to lock a gate when he left his home, leaving him vulnerable to attack.

Before the hearing yesterday, Chris Mattiace, 58, who worked with Mr. DeVecchio for 25 years and was one of the retired agents who later crowded into the courtroom, said: "We don't believe it. We believe in him. We believe that the charges are frivolous."

But members of Mr. Masseria's family, who attended the district attorney's news conference, took a different view. Even though Mr. DeVecchio was not charged in the young man's killing, they suggested that suspicions that the retired supervisor had a role in the Porco killing had kept the truth from coming to light. "If we can't trust the F.B.I., who can we trust," said Dorothy Garuccio, a sister of Mr. Masseria.

Ex-FBI Agent Suspected Of NY Mob Ties Indicted On Murder Charges (NSDY)

By Anthony M. Destefano, Newsday Staff Writer

Long Island Newsday, March 31, 2006

NEW YORK -- Ex-FBI agent Roy Lindley DeVecchio, once a major force in the agency's fight against the mob, was indicted by a Brooklyn grand jury Thursday on charges he engineered four gangland killings involving the Colombo crime family.

After spending a night in custody, DeVecchio, 65, was freed late Thursday afternoon on $1 million bail by Brooklyn Supreme Court Justice Gustin Reichbach after he entered a plea of not guilty to second degree murder charges.

Calling the case the most "stunning example of official corruption I have ever seen," Brooklyn District Attorney Charles Hynes outlined at a news conference how DeVecchio allegedly provided Colombo crime family member Greg Scarpa with information about rivals and informants who were murdered between September 1984 and May 1992.

"Each of the informants and rivals exposed by DeVecchio posed an imminent threat to Scarpa, Scarpa's family and Scarpa's crew," said Hynes.

Among the four people killed were Mary Bari, 31, girlfriend of Colombo crime family consiglieri Alphonse Persico, the brother of then-crime family boss Carmine Persico, said Hynes. Bari was killed after DeVecchio told Scarpa that "the beautiful woman" was speaking to federal officials about the location of Alphonse, who was on the lam, said Hynes.

According to Hynes, DeVecchio told Scarpa that Bari should "be taken care of." She was shot and killed on Sept. 25, 1984.

Another slaying, that of Dominick Masseria, 17, who was gunned down by Scarpa's teenage son Joseph and two others because of a Halloween night egg-throwing incident, sparked another killing that the indictment tied to DeVecchio, said Hynes.

One of the suspected slayers of Masseria, Dominick Porco, was fingered by DeVecchio as talking to police about the Masseria slaying. Investigators say Porco was shot dead in May 1990 by mob associate John Sinagra, who was also charged and has pleaded not guilty.

Earlier, defense attorney Douglas Grover said the prosecution was resurrecting stale allegations that had been discredited in earlier federal probes.

"The district attorney of Kings County doesn't know what they are getting into when they get into these organized crime cases," said Grover.

As DeVecchio was arraigned Thursday, more than 40 retired FBI agents filled the courtroom as a show of support for their old colleague. When executive assistant district attorney Michael Vecchione suggested the network of former agents could help DeVecchio flee, a loud collective groan went up in the courtroom.

Reichbach was concerned about the possibility that DeVecchio, who lives in Florida, might flee but was convinced by Grover to grant the ex-agent $1 million bail, secured by $100,000 cash from DeVecchio's brother. Five former FBI agents also signed on the bond, as did DeVecchio, who embraced his old colleagues after he made bail.

G-man Denies Errands For Mob (NYDN)

By Nancie L. Katz, Daily News Staff Writer

New York Daily News, March 31, 2006

An ex-FBI agent pleaded not guilty yesterday to charges he helped a Mafia informer carry out four murders - even as sources said he could soon be linked to more mob slayings.

Brooklyn District Attorney Charles Hynes called the case of retired G-man Lindley DeVecchio "the most stunning example of official corruption I have ever seen."

"Four people were murdered with the help of a federal law enforcement agent who was charged with keeping them safe," Hynes said after the indictment against DeVecchio was unsealed in Brooklyn Supreme Court. "The allegations are pretty shocking."

DeVecchio, 65, pleaded not guilty at his arraignment, where prosecutor Michael Vecchione argued he should be jailed without bail.

But a judge released him on $1 million bond after DeVecchio agreed to submit to electronic monitoring.

DeVecchio is accused of giving the late Colombo crime family capo Greg Scarpa the inside dope the mobster needed to rub out his enemies.

If a jury finds him guilty, DeVecchio, who spent 33 years with FBI, could easily spend the rest of his days behind bars.

Hynes said his investigation was ongoing, including allegations that the DeVecchio took "weekly payoffs" from Scarpa - the agent's prize Mafia informant from 1980 to 1992, when he led an elite FBI-NYPD squad that specialized in the mob.

In exchange, Hynes said, DeVecchio provided Scarpa with "detailed confidential information about law enforcement ... and [about] criminal rivals."

The murder victims were identified as Mafia moll Mary Bari, 31, shot dead in 1984; Colombo family cohort Joseph DeDomenico, killed in 1987; 18-year-old Patrick Porco, an suspected informant killed in 1990, and businessman Lorenzo (Larry) Lampesi, 66, a mob associate gunned down in May 1992.

"Each rival presented a threat to Scarpa, to Scarpa's family and Scarpa's crew," Hynes said.

Sources told The Daily News yesterday that DeVecchio could face charges in as many as three other gangland murders, two of them on Long Island.

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The slayings are believed to be tied to a intra-clan conflict that decimated the Colombo family in the early 1990s, the source said.

"This is only one little piece in Brooklyn," a source said. "There are murders involved in Nassau County. There were murders in other areas."

In one case, a convicted felon has confessed to two slayings for which three other men may have been wrongly convicted, the source said.

The indictment announced yesterday caps years of investigations, including a 1996 Justice Department probe that found "insufficient evidence" to charge DeVecchio.

Hynes also announced the arrests of two Colombo family associates in the slayings of Porco and Dominick Masseria, who was gunned down in 1989. John Sinagra, 38, was charged with killing Masseria, and Porco's killer was identified as Craig Sobel, 41.

In a courtroom packed with former FBI agents who gathered to support DeVecchio, defense lawyer Douglas Grover called the charges "nonsense." He said his client was an honest investigator who played a key role in the war on organized crime.

DeVecchio "was and always will be a man of the law," he added.

Retired FBI agent Chris Mattiace, who worked with DeVecchio for 25 years, said: "We believe in him. We believe the charges are frivolous."

In an exclusive interview with The News as he flew from his Florida home to New York Wednesday, DeVecchio said the charges were a mystery to him.

"Maybe you can tell me what it's all about," he told a reporter.

Dead guys & a gal

MARY BARI, 31

Drop-dead gorgeous lover of a top Colombo crime family mobster was shot and killed by Greg Scarpa and pals at a Brooklyn social club on Sept. 25, 1984, after FBI agent Lindley DeVecchio allegedly told Scarpa she was a paid FBI informant.

JOSEPH (JOE BREWSTER) DeDOMENICO, 45

Colombo wiseguy was shot dead on Sept. 17, 1987, by Scarpa-led hit team after DeVecchio convinced Scarpa he was a threat because he had been using drugs, committing secret burglaries and not sharing the booty - and dating a born-again Christian.

PATRICK PORCO, 18

Pal of Scarpa's son Joseph was shot dead by John Sinagra in May 1990 after DeVecchio allegedly told the elder Scarpa the teen was telling cops about his son's involvement in the 1989 murder of Dominick Masseria, 17.

LORENZO (Larry) LAMPESI, 66

Associate of rival Colombo family faction whom Scarpa wanted dead. He was shot nine times on May 22, 1992, on the driveway of his Brooklyn home after DeVecchio provided Scarpa with his whereabouts based on FBI surveillance information.

'MAFIA' G-MAN'S JOB POWER TRIP (NYPOST)

By Murray Weiss, Criminal Justice Editor And Alex Ginsberg

The New York Post, March 31, 2006

PROBERS BARE 'MOB MOLE' MOTIVE

HE DIDN'T just do it for the money. FBI hotshot Lindley DeVecchio was indicted yesterday on charges he traded secrets with a murderous Mafia chieftain for more than a decade - a relationship he built primarily so he could burnish his own rising star within the Justice Department, investigators revealed.

That was the portrait Brooklyn prosecutors painted when unveiling sensational charges that DeVecchio, 65, was a double agent for the mob.

He is accused of participating in four gangland murders and selling inside information to protect their brutal empire. Sources say that every week, DeVecchio visited the Brooklyn home of Gregory Scarpa Sr., the Colombo family's ruthless acting boss who was also a celebrated FBI informant.

DeVecchio allegedly was given an envelope stuffed with cash - sometimes with his own agents sitting in the house in another room.

He is suspected of receiving hundreds of thousands of dollars - and keeping another $66,598 in FBI informant funds that was earmarked to pay Scarpa.

"He received a weekly stipend," Michael Vecchione, the head of Brooklyn District Attorney Joe Hynes' investigations bureau, said at DeVecchio's arraignment yesterday in Brooklyn Supreme Court.

"But there was also his desire to feather his own nest within the FBI to rise to greater prominence."

DeVecchio "was dealing with one of the premier informants in the history of the FBI," one source said, referring to Scarpa's incredible role working with the bureau to solve two 1960s civil-rights murder mysteries, including the 1964 murder of three civil-rights activists in Mississippi.

Hynes, at a press conference claiming that DeVecchio would receive a treasure trove of mob secrets if Scarpa filled the Colombos' No. 2 spot, said, "There was the expectation on the part of DeVecchio that maybe, someday, Scarpa might become [the permanent] underboss." And along the way, DeVecchio became so enamored of the mob that he went from a mild-mannered "country bumpkin" to a flashy, double-breasted-suit-wearing G-man who adopted the swagger and patter of the hoods he was supposed to police, Hynes said.

DeVecchio, who retired in 1996 and lives in Sarasota, Fla., appeared tanned but tired as he stood before Judge Gustin Reichbach, in the same black slacks and light buttoned shirt and black shoes he wore the night before when he flew to the Big Apple and surrendered to authorities.

The courtroom seats were packed with DeVecchio's supporters and former FBI colleagues, who could be heard voicing their annoyance as prosecutors laid out the allegations that he succumbed to the venal temptations of hoodlums such as Scarpa.

DeVecchio's lawyer, Douglas Grover, blasted the DA's "new evidence as old evidence - and it is false evidence."

He was referring to a previous FBI internal probe a decade ago, when corruption allegations first surfaced against DeVecchio.

He entered a "not guilty" plea to the charges, which Reichbach described as "shocking."

The judge denied the prosecutors' request that DeVecchio be remanded to prison, and instead granted an extraordinary bail package of $100,000.

The bail will be guaranteed by five former FBI colleagues of DeVecchio's, who will ultimately be responsible for $1 million if he flees.

The judge also ordered DeVecchio to wear a monitoring device before releasing him.

DeVecchio was then trailed by reporters who chased him into a nearby parking garage seeking comment, which he did not provide.

Hynes said DeVecchio was directly involved in four killings:

* The brutal 1984 slaying of Mary Bari - ex-girlfriend of Colombo power Alphonse "Allie Boy" Persico - who they feared was ratting them out.

* The 1990 execution of Patrick Porco, 18, who was suspected of carrying out another homicide along with Scarpa's stepson.

* The 1992 hit on Lorenzo Lampasi, a Scarpa rival.

* The 1987 slaying of Joseph DeDomenico, who DeVecchio said was keeping money from Scarpa.

Sources said that one Friday night, DeDomenico, who was also known as Joe Brewster, led a gang of robbers who specialized in breaking into banks. The robbers were able to remain inside for the weekend.

They positioned one member as a lookout and used another merely to run out for food to sustain the rest of the mob.

The gang wielded sophisticated tools and blowtorches to free from their wall moorings an entire unit of safe-deposit boxes.

Once the bank of boxes toppled on the floor, effectively exposing the rear of every receptacle, they easily scooped out the riches of cash, jewels and other valuables from inside.

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They found the World Series ring belonging to Yankees Hall of Fame pitcher Whitey Ford - and Scarpa had it returned to legendary hurler, the sources said.

The DA's seven-month probe produced 30 witnesses on both sides of the law, including FBI agents suspicious of DeVecchio who testified before the grand jury.

"The probe uncovered a troubling past of confidential leaks payoff and death, and has also led to the solving of several cold-case homicides," Hynes said.

The DA questioned how DeVecchio was able to get FBI funds to pay Scarpa without going through traditional channels that required the signatures of federal higher-ups.

He said his probe was continuing.

In addition to the charges leveled against DeVecchio, authorities believe he tipped off Scarpa back in 1987 that his mobster son, Gregory Jr., was about to be indicted by the feds on narcotics charges.

The inside info enabled the younger Scarpa to flee before the case was unsealed.

Scarpa Jr. remained on the lam for more than a year - apparently thanks to constant tips from DeVecchio - before finally being grabbed with his wife and child in a New Jersey motel by agents from the Drug Enforcement Administration, and not the FBI.

During the elder Scarpa's reign, he always appeared to be protected from law enforcement, serving only 30 days in jail for 10 arrests, including playing a key role in the theft of $4 million in stocks and bonds.

He was finally convicted of racketeering in 1994 - two years before he died of AIDS he contracted during emergency surgery for a bleeding ulcer.

Retired FBI Agent Charged With Ties To Mob (UPI)

United Press International, March 31, 2006

NEW YORK, March 30 (UPI) -- A retired FBI agent was charged Thursday in New York with feeding information to an organized crime boss that was used to kill four people.

R. Lindley DeVecchio was expected to be released on $1 million bail after his arraignment, The New York Times reported, combining $100,000 in cash with guarantees from five retired agents. About 45 of DeVecchio's former colleagues packed a courtroom in Brooklyn to support him.

Brooklyn District Attorney Charles Hynes said DeVecchio developed a close relationship with Gregory Scarpa Sr., a captain in the Colombo crime family. Scarpa died in 1994 in prison.

"This is the most stunning example of official corruption I have ever seen," Hynes said.

Hynes said his investigation began with information from a Massachusetts congressman who has been investigating FBI involvement with organized crime.

DeVecchio's supporters say he has already been exonerated by a Justice Department investigation.

2 Hit Man Suspects Reeled In (NYDN)

By WILLIAM SHERMAN, DAILY NEWS STAFF WRITER

New York Daily News, March 31, 2006

One of the alleged hit men is a 39-year-old Las Vegas limousine dispatcher who is on antidepressants and suffers from high cholesterol.

The other is a 41-year-old Florida charter fishing-boat captain with a Web site called reelfishy.com - a site that ultimately led to his capture.

"His first job is to love me, his second job is to kill people and any time you wanna die, just call me," a friend once screamed out in a bar, referring to fishing-boat captain Craig Sobel, according to a police report.

More than 16 years ago, Sobel and John Sinagra were young men involved with Brooklyn Mafia capo Greg Scarpa and his sons in the drugs and murder business, prosecutors say.

The two alleged hit men are embroiled in the case charging retired FBI agent Lindley DeVecchio with helping Scarpa murder mob rivals and informants.

Now Sobel and Sinagra are joined again in two seemingly senseless but inextricably related murder cases.

At 11:30 p.m. Halloween night 1989, Sobel allegedly killed Dominick Masseria, 18, with a shotgun in a driveby shooting, according to an indictment unsealed yesterday.

The gunshot - fired from a white limousine - was in retaliation for a minor fight two hours earlier between two groups of teenage boys throwing eggs at each other on a Bensonhurst street, prosecutors said.

Limo passenger Patrick Porco, 18, was picked up by detectives.

"I told him if he didn't talk, he'd be killed," Detective Al Lombardo recalled yesterday at the Brooklyn District Attorney's office.

"Porco started to cry, but he didn't talk," said Lombardo. "I told him again, 'You'll be killed,' but he never did [talk]."

Lombardo was right.

A few weeks later, Porco was shot five times in the head - allegedly by Sinagra, according to his indictment, also unsealed yesterday.

Sinagra was allegedly acting on orders from Greg Scarpa, who was told by DeVecchio that Porco was talking to the cops and would turn in Scarpa's son Joey, who was along for the limo ride, prosecutors say.

Sinagra, short and pudgy, was silent at his arraignment yesterday.

"He [Sinagra] was the ultimate wanna-be [Mafioso] who never could be," said Noel Downey, chief of the Brooklyn district attorney's Rackets Division, who is running the DeVecchio case. "The only way he [Sinagra] could be associated with Greg Scarpa was to kill for him."

Sinagra is half-Greek and could never become a made member of the Mafia.

But he did his best - he even married Scarpa's niece, according to investigators. The marriage broke up, he moved to Las Vegas and got a job with a limousine company.

"He's on Zoloft [antidepressant] and takes medication for high cholesterol," said his lawyer Joseph Giaramita, as his client was denied bail yesterday in Brooklyn Criminal Court.

Sobel was not in the courtroom. He was in a Hudson, Fla., jail cell, fighting extradition to New York.

He might never have been caught if not for his Web site. "I had his name, that's all, and Googled him and came up with the site," said Downey.

In the courtroom yesterday, there were eight people more anxious than anyone else to get a look at Sobel.

They were Dominick Masseria's family: his mother, three sisters, two nieces and two brothers-in-law.

"You know, they shot him right in front of Our Lady of Guadalupe Church [in Bensonhurst], that's where he went to grammar school," his ailing mother, Rose Marie Masseria, said yesterday.

"Dominick was never in any trouble, never in any drug gangs," said Joan Pistola, Dominick's sister. "He was working in a lumberyard on the corner where we lived."

He had just taken the NYPD test.

"After he died, we got a notice that he was accepted. He would have been a police officer, that's what he wanted," said Janet Tamborra, another sister of Dominick's.

"There won't be real closure until Sobel is sentenced - sentenced to the maximum," said Dorothy Garuccio, the third of Dominick's sisters.

Ex-Blues Player Denied Transfer To Canadian Prison (AP)

By JIM SUHR

AP, March 31, 2006

Danton Serving Time in New Jersey Following Foiled Plan to Have Agent Killed

EAST ST. LOUIS, Ill. (March 30) - The U.S. government rejected the request by former NHL player Mike Danton to be transferred to his native Canada to serve a prison sentence for his foiled attempt to have his agent killed.

The move "would not serve the ends of justice," said the Justice Department.

The decision was made last week by the Justice Department's prisoner-transfer unit and revealed on Wednesday in federal court filings. It assures that Danton will for now remain inmate No. 10096-111 at a prison in Fort Dix, New Jersey.

A lawyer for the 25-year-old former St. Louis Blues player promised to continue appealing.

When Danton was sentenced in 2004 to 7 1/2 years after pleading guilty to murder conspiracy charges, prosecutors agreed not to oppose Danton's deportation to Canada, where he said he wanted to get behind-bars surgical treatment for a shoulder injury and therapy for what his sentencing request called his "grave mental disorders."

Danton sued the U.S. government last November, contending that he unfairly has not been transferred to Canada. He asked to be resentenced.

The Justice Department countered that Danton waived his right to appeal by pleading guilty in July 2004 to orchestrating a conspiracy to commit an interstate killing targeting his agent, David Frost. The government also has insisted no regulations require action on international transfers within a specified time, and that Danton's deal did not require a transfer, only that he be considered for one.

In a letter dated March 24 to the Correctional Service of Canada, Paula Wolff - chief of the Justice Department's international prisoner-transfer unit - said the transfer bid was scuttled because it "would not serve the ends of justice and because of the seriousness of the offense."

Wolff wrote that Danton could reapply for transfer in two years, with that application "more likely to be approved in the future if the prisoner has maintained the best possible prison record and has attempted to address those reasons for denial over which the prisoner has some control." Wolff did not elaborate.

In September 2004, a federal jury acquitted American Katie Wolfmeyer, 19, of charges she took part in the plot.

F.B.I. To Investigate Red Cross Over Accusations Of Wrongdoing (NYT)

By Adam Nossiter

The New York Times, March 31, 2006

NEW ORLEANS, March 30 — The F.B.I. office here will look into possible improprieties in the distribution of millions of dollars' worth of Red Cross relief supplies, the bureau's New Orleans chief said Thursday.

The Red Cross has already dismissed three volunteers in connection with the accusations, which center on charges that supplies were improperly diverted, felons were hired in the relief effort, and the organization's rules were not followed.

"We are going to launch a probe to surface the facts," said Jim Bernazzani, the special agent in charge in New Orleans for the Federal Bureau of Investigation. Mr. Bernazzani said the case would be investigated by the Katrina Fraud Task Force, a consolidated group of local, state and federal law enforcement agencies charged with looking into abuses in the continuing relief effort.

In a statement, John F. McGuire, the interim president and chief executive of the Red Cross, pledged to prosecute any "wrongdoers."

Accusations of wrongdoing were made by other Red Cross volunteers disturbed by what appeared to be misuse of agency supplies. Mr. McGuire, in his statement, urged any volunteers "who may have information" to come forward. He said that about $2 million in emergency financial assistance that was fraudulently obtained or mistakenly distributed had already been returned to the Red Cross.

Several Red Cross workers who first raised the issue of possible wrongdoing in the New Orleans operation said they were not only initially ignored, but also barred from further relief work. One accusation is that many more meals were ordered for a particular New Orleans neighborhood, Bywater, than were actually needed.

Results Of Internal Katrina Probe Going To FBI, Red Cross Says (WP)

By Jacqueline L. Salmon

The Washington Post, March 31, 2006

The American Red Cross, plagued by continuing controversy over its Hurricane Katrina relief effort, said yesterday that it is turning over to federal law enforcement officials results of its investigation into possible wrongdoing at a food and warehouse operation in New Orleans.

It also thanked volunteers who brought the matter to their attention.

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"We've conducted a broad investigation, and we have seen enough to be able to turn it over to the FBI," said Jack McGuire, interim chief executive for the charity, which last week ousted three New Orleans volunteers after allegations surfaced that food and supplies for storm victims had been diverted.

But two Red Cross volunteers, who wrote a detailed report in December accusing New Orleans relief workers of operating a "rogue" operation using donated goods and equipment, said yesterday that they have already reported their findings to the FBI. And they expressed bitterness that the charity has not contacted them.

"I have not heard one word from the Red Cross -- not one word," said Jerome Nickerson, a Baltimore lawyer who, with partner Michael Wolters, looked into the operation at the request of the Red Cross last year before, they say, the charity forced them to stop. "This is nonsense."

McGuire declined to comment on Nickerson's and Wolters's claims but said that weeks ago the charity began a probe, whose results the FBI will get.

McGuire declined to say what that probe uncovered, but Nickerson said he and Wolters had found "rogue warehouses" in New Orleans filled with Red Cross supplies that they believed were being sold and that a Red Cross kitchen in New Orleans was ordering meals that clearly were not needed.

"I don't want to bash the Red Cross, because they do good for the people, but they need to change their practices and policies," said Wolters, a Wisconsin security guard. When he and Nickerson tried to investigate the New Orleans operation, he said, "the resistance from management and other workers there was just unbelievable."

The embattled charity has spent much of the last six months defending how it used $2.1 billion in donations it received for victims of hurricanes Katrina, Rita and Wilma.

Hurricane evacuees have complained that the charity's response was slow and chaotic. Minority groups are angry at the charity over its perceived poor treatment of blacks and Hispanics in shelters. Its management is in turmoil after the sudden departure of its chief executive in December. The Senate Finance Committee and the Louisiana attorney general are investigating. And Congress is considering overhauling the Red Cross's 105-year-old charter.

Red Cross Says FBI Will Handle The Probe Of Fraud Allegations (BLOOM)

By Samantha Zee

Bloomberg, March 31, 2006

March 30 (Bloomberg) -- The American Red Cross said today the FBI will look into allegations of fraud stemming from the charity's work in the New Orleans area following Hurricane Katrina.

The Red Cross, the largest U.S. disaster-relief group, is investigating allegations that millions of dollars in supplies were diverted improperly during Hurricane Katrina relief efforts. The Federal Bureau of Investigation in New Orleans has agreed to take charge of all allegations of fraud and wrongdoing, the charity said.

``The Red Cross takes these allegations very seriously and is committed to being the best stewards of the donated dollar," Jack McGuire, interim Red Cross president and chief executive officer, said in a statement distributed by PR Newswire.

The American Red Cross was part of the Justice Department's Hurricane Katrina Fraud Task Force after the storm struck the U.S. Gulf Coast at the end of August. The charity said it is working with law enforcement groups to seek out and prosecute fraud, waste and abuse.

American Red Cross spokeswomen Devorah Goldburg and Carrie Martin didn't immediately return calls seeking comment.

Appeals Court Judges Mull Federal Death Penalty Request (AP)

By Daniel Yee

AP, March 31, 2006

ATLANTA - Lawyers for a man accused of killing a Florida deputy asked the 11th Circuit Court of Appeals Thursday to throw out the government's request for the death penalty, saying they were not given sufficient notice.

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Jeffrey Lamken, an attorney for Kenneth Wilk, asked a three-judge panel to throw out the request because the government informed Wilk and his defense team it would seek the death penalty less than two months before Wilk's scheduled trial date last April.

"An indictment was released six months before the trial date, yet the Justice Department did not sign off on the death penalty," Lamken said.

Wilk, 43, is charged with killing Broward County sheriff's Deputy Todd Fatta, 33, by using a high-powered hunting rifle with a bullet that pierced the officer's protective vest when deputies raided Wilk's home in August 2004. A second deputy, Angelo Cedeno, was shot in the hand and lost a finger.

Federal law requires the government to inform defendants of its intent to seek the death penalty "a reasonable time before trial." In previous cases, the government has provided notice about 11 months before trial, Lamken said.

Assistant U.S. Attorney E.J. Yera told the panel the 58-day notice was sufficient. The government filed the request on Feb. 18, 2005. The trial had been set to open April 18, 2005. The trial is expected to be held after the panel issues its opinion.

Federal death penalty cases are not common. There are 43 federal inmates now on death row, but more than 3,300 nonfederal inmates were on death row in the 50 states as of January, according to the Washington-based Death Penalty Information Center.

Currently the government has 65 death penalty cases pending or in trial, said Kevin McNally of the Federal Death Penalty Resource Council in Frankfort, Ky.

U.S. Attorney General Alberto Gonzales had to sign off on federal prosecutors' request for the death penalty in the Wilk case. Prosecutors previously listed 11 factors warranting Wilk's execution, including premeditation and his risk for causing future danger. The government has filed for the death penalty 10 times in Florida cases, has not won a death verdict from a jury.

A unanimous jury is required for a federal death verdict; a majority vote is sufficient in Florida's state death penalty cases. Wilk could face a murder charge in state court regardless of what happens in the federal case.

The anti-pornography task force of federal and local officers who raided Wilk's home didn't know of a Fort Lauderdale police computer notice warning officers "to use extreme caution" when approaching the house because of previous threats to officers and a ready-made SWAT raid plan.

Wilk once listed "hunting cops" as a hobby on an Internet profile, and city police had noted seeing rifles and handguns in the house. His partner, Kelly Ray Jones, already was jailed on pornography charges.

The government currently is seeking the death penalty against confessed al-Qaida conspirator Zacarias Moussaoui. A jury in Alexandria, Va., resumed deliberations Thursday in his case and must decide if Moussaoui is a terrorist responsible for the deaths of Americans on Sept. 11, 2001.

End Of The Affair Behind Unraveling Of DeLay's Team, A Jilted Fiancée (WSJ)

By Brody Mullins

The Wall Street Journal, March 31, 2006

WASHINGTON -- The engagement of Emily Miller and Michael Scanlon was supposed to mark the coming out of a new Washington power couple.

The two had met on Capitol Hill, where they worked as press secretaries to Rep. Tom DeLay, the feared Texas Republican. They got engaged in September 2001 on the beach in Santa Monica, Calif., and planned an August 2002 wedding. As the date approached, Mr. Scanlon bought a $4.7 million oceanside mansion and guest house, formerly part of the DuPont estate, in Rehoboth Beach, Del. He furnished it down to the monogrammed towels and presented it to his bride-to-be.

Then, with the wedding a few months away, he called off the engagement and started dating a 24-year-old waitress.

Mr. Scanlon and Ms. Miller, now both 35 years old, were among a tight-knit group of aides who helped Mr. DeLay rise to the pinnacle of Capitol Hill in the 1990s and cement his power as House majority leader. Some of those aides provided a link between their boss and Jack Abramoff, a Republican lobbyist.

The end of the engagement was part of that group's unraveling -- which has had significant consequences for official Washington. The aides have since turned on one another, feeding the ethics scandal surrounding Mr. Abramoff that now roils the

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capital. Mr. Abramoff has admitted he directed Native American clients to pay huge sums to Mr. Scanlon's public-relations firm. Mr. Scanlon secretly gave Mr. Abramoff half of his profits.

Prosecutors came to Ms. Miller to help them build a case that drove her ex-fiancé to plead guilty, according to a person familiar with the situation. Mr. Scanlon's testimony in turn helped force Mr. Abramoff into a guilty plea. Another former DeLay aide, Tony Rudy, has been cited by prosecutors in the investigation. Now Washington is wondering whether prosecutors will use testimony from Messrs. Scanlon and Rudy to go after Mr. DeLay, who has resigned as majority leader.

While Mr. Abramoff has become well-known as a symbol of the excesses of Washington influence-peddling, the story of the DeLay aides and their role in the scandal is less-known. People who have spoken to Ms. Miller say that after her breakup she began questioning how Mr. Scanlon could afford a lavish lifestyle while working summers as a beach lifeguard and doing seemingly little work at his public-relations firm. She talked about the beach house he had presented to her, the private jet he flew around in and the $17,000-a-month apartment he rented at the Ritz-Carlton in Washington. Prosecutors would later ask the same questions, and discover Mr. Abramoff's deals with the Indian tribes.

Ms. Miller, who hasn't been accused of wrongdoing, declined to comment through her attorney, Dan French, who said the "details of Ms. Miller's past personal life are not relevant to the criminal actions of Mr. Scanlon and Mr. Abramoff." Mr. Abramoff was sentenced this week in Florida to five years and 10 months in prison over fraud in a casino deal, but his ultimate prison term won't be known until he is sentenced in the corruption scandal in Washington.

The story of the star-crossed Capitol Hill romance -- and its repercussions in national politics -- begins in 1997, when Mr. Scanlon arrived in Rep. DeLay's office as press secretary. There he worked closely with Mr. Rudy. Both press aides were veterans of Republican politics and eager sportsmen. Mr. Scanlon, a native of suburban Washington, could run five miles in under 30 minutes, while Mr. Rudy, of Brooklyn, N.Y., played in an amateur ice-hockey league.

The two shared a pit-bull political style and pushed Mr. DeLay to lead the charge in 1998 for the impeachment of President Clinton. "This whole thing about not kicking someone when they are down is B.S.," Mr. Scanlon once wrote to Mr. Rudy in an email published in "The Breach," a book by Peter Baker about the impeachment. "Not only do you kick him -- you kick him until he passes out -- then beat him over the head with a baseball bat -- then roll him up in an old rug -- and throw him off a cliff into the pound surf below!!!!!"

The two staffers often lent a hand to Mr. Abramoff, according to court documents and former colleagues. The lobbyist helped Mr. DeLay raise millions of dollars. Mr. Abramoff frequently treated Mr. DeLay to dinner at his sushi restaurant on Capitol Hill and took the congressman on trips overseas. Mr. Abramoff spoiled Mr. DeLay's aides, too, taking them on trips to casinos and golf courses owned by his clients, according to travel disclosure forms.

The aides returned the favor. In the fall of 1998, Mr. Abramoff wanted to help a Republican, Joe Ada, get elected as governor in Guam, even though he was trailing incumbent Gov. Carl Gutierrez badly in the polls.

Just after lunch on Oct. 26, 1998, Mr. Abramoff emailed Mr. Rudy: "We want to know if there is anyway to get Tom to call for an investigation of the misuse of federal funds on Guam by this governor," he wrote in a message reviewed by The Wall Street Journal. Mr. Abramoff said he would draft a statement for Mr. DeLay and suggested that if Mr. Rudy could "issue a press release and letter requesting an Inspector General (I guess from Interior?) to investigate these matters, it should have a major impact on the election next week."

Within a few hours, Messrs. Rudy and Scanlon released a statement from Mr. DeLay and a letter to the Department of the Interior's inspector general calling for a federal investigation into the Democratic governor. "The allegations and materials I reviewed point to serious corruption" by the governor, Mr. DeLay said in the letter.

Despite their efforts, Mr. Ada lost the race, and the department didn't conduct an investigation. After leaving office, Mr. Gutierrez was tried on corruption charges but acquitted on all counts. Mr. DeLay's spokeswoman said he declined to comment. Mr. Rudy's lawyer didn't return phone calls.

In late 1998, Mr. Rudy was promoted to deputy chief of staff and Mr. Scanlon was elevated to communications director, reporting to Mr. Rudy. To fill the void in the press office, Mr. Scanlon soon hired Ms. Miller, a Georgetown University graduate who had worked as an ABC News associate producer and as a press secretary for Rep. Rick Lazio, a New York Republican.

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Ms. Miller shared the pugnacious style of her new colleagues. She was once quoted in a Washington Post profile of Mr. DeLay yelling at a reporter: "You lied!... You betrayed him! You twisted his words!... We don't know you. You don't exist... You are dead to us."

Ms. Miller and Mr. Scanlon soon became close friends. Mr. Scanlon, married at the time, would sometimes bring his newborn son into the office, and Ms. Miller enjoyed watching over him, according to DeLay staffers.

By the end of 1999, Mr. Scanlon's marriage was falling apart, and he moved out of the one-story bungalow he shared with his wife. He left the DeLay office for a private-sector job in public relations. In March 2000, Mr. Abramoff hired Mr. Scanlon to work with him in the Washington, D.C., lobbying office of Seattle-based law firm Preston Gates Ellis LLP.

Mr. Abramoff frequently sought Mr. Rudy's help to influence legislation on behalf of his clients. In exchange, Mr. Abramoff offered the DeLay aide meals, expensive trips and cash, according to Mr. Abramoff and prosecutors. In June 2000, Mr. Abramoff took Mr. Rudy to watch Tiger Woods win the U.S. Open golf championship at Pebble Beach.

Shortly afterward, Mr. Rudy helped arrange for Mr. DeLay to send a U.S. flag that had flown above the Capitol to the owner of the SunCruz Casinos gambling fleet, which Mr. Abramoff wanted to buy. When the SunCruz owners agreed to sell to Mr. Abramoff for $147.5 million, the lobbyist listed Mr. Rudy as a reference on his $60 million loan application. Mr. Abramoff later pleaded guilty to faking a wire transfer to get financing for the deal, which led to his sentencing in Florida this week.

In March 2001, Mr. Abramoff and Mr. Scanlon joined Greenberg Traurig, a Miami-based law firm looking to build a lobbying practice in Washington. One of Mr. Abramoff's first hires there was Mr. Rudy. The two former DeLay press secretaries, once allies, became fierce rivals.

Mr. Rudy bad-mouthed Mr. Scanlon among colleagues, according to other Greenberg Traurig lobbyists. Mr. Scanlon fought back by leaking unfavorable tidbits about Mr. Rudy to the press. Mr. Scanlon was now dating Ms. Miller, who had been promoted to Mr. DeLay's communications director.

Using Ms. Miller as his eyes and ears in the DeLay office, Mr. Scanlon, according to DeLay staffers and journalists, told reporters that Mr. Rudy often visited Mr. DeLay's office in 2001, a possible violation of lobbying rules. Former congressional aides must wait a year before lobbying their former colleagues. Mr. Scanlon also told reporters that when Mr. Rudy worked as a House aide, Mr. Rudy urged House Republicans to steer political work to his wife's firm.

When Mr. DeLay heard about the squabbling among his former aides, he was "livid" and threatened to get Mr. Scanlon booted from his lobbying job, according to a March 29, 2001, email from Mr. Rudy to Mr. Abramoff. Mr. Abramoff got Mr. Scanlon to stop the leaks, and no stories came out at the time about Mr. Scanlon's allegations.

Around this time, Mr. Abramoff's bet that SunCruz revenue would allow him to pay back the $60 million loan wasn't panning out. In June 2001, SunCruz filed for bankruptcy, and Mr. Abramoff's lender demanded payment. To resolve the matter, Mr. Abramoff needed to come up with millions of dollars. He hatched a plan to bilk his clients.

Most of Mr. Abramoff's Native American clients operated gambling casinos and wanted to block rival tribes from invading their turf. The tribes also worried that the federal government would tax their casino revenues. Mr. Abramoff told his tribal clients to hire Mr. Scanlon, who had set up his own public-relations firm and would soon leave the lobbying practice. Mr. Scanlon then secretly routed half of his net profits back to Mr. Abramoff. While Mr. Scanlon's actions didn't violate any laws, Mr. Abramoff admitted that he defrauded his clients by receiving kickbacks and not telling them.

As the friendship between Messrs. Abramoff and Scanlon deepened, they teased each other about their regular racquetball matches. "You better start pulling some real opponents or I am going to beat your ass to a pulp next time we get out there!" Mr. Scanlon told Mr. Abramoff in one trash-talking email. Mr. Scanlon was "afraid of a real man!" Mr. Abramoff answered in an email sprinkled with obscenities.

Mr. Scanlon reveled in his newfound wealth. In September 2001, he bought two houses in Washington for a total of $1.2 million, according to court papers. In November 2001, he bought a $1.6 million beach house in Rehoboth Beach and completely renovated it. A few months later, in March, he paid $4.7 million in cash for a place for him and Ms. Miller to live. The beachfront mansion had a weight room, sauna and a three-bedroom guest house. Mr. Scanlon mounted lights on the deck so he could hold parties on the beach at night, according to his surfing friends. He also bought vacation homes on the Caribbean island of St. Barts, including one villa he rented out for $50,000 a week.

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In September 2001, Mr. Scanlon, now divorced from his wife, proposed to Ms. Miller before dinner at The Ivy, a Los Angeles restaurant popular with celebrities. The couple planned a wedding at the beach for the following summer. In January 2002 Ms. Miller quit her job as Mr. DeLay's spokeswoman to prepare for the Aug. 10 wedding. The couple sent a save-the-date card to guests that read: "The Celebration Begins."

The celebration never came. Mr. Scanlon broke off the engagement that spring and began dating a 24-year-old waitress at a Rehoboth Beach seafood restaurant.

Mr. Scanlon returned to his summer lifeguard job at Rehoboth Beach, occasionally visiting Washington and staying at his Ritz-Carlton apartment. In November 2002, Mr. Scanlon quietly married his new girlfriend.

Ms. Miller was devastated, according to friends. She spent hours at the gym. Two weeks after her planned wedding date, she started a blog with beauty and diet tips for women.

Three weeks after Mr. Scanlon got married, Ms. Miller was a bridesmaid at the Houston wedding of another former DeLay aide. Ms. Miller confessed to friends at the reception that she had helped Mr. Scanlon spread negative stories about Mr. Rudy, according to people who attended. When she saw Mr. DeLay and his wife, Ms. Miller tearfully apologized and said she had been used as a pawn in Mr. Scanlon's fight with Mr. Rudy, to whom she also expressed remorse.

Mr. DeLay accepted Ms. Miller's apology, according to wedding guests, and embraced her, saying: "We are all a part of the DeLay family." A DeLay spokeswoman, Shannon Flaherty, said Mr. DeLay couldn't recall his exact words.

After flying back to Washington, Ms. Miller called Mr. Scanlon's ex-wife, Carrie Anne Liipfert. People familiar with Ms. Miller's thinking say she missed spending time with Mr. Scanlon's son. She also sought the comfort of another woman hurt by Mr. Scanlon. Over the next few months, the two spoke frequently and became friends.

Ms. Miller told Ms. Liipfert about the millions of dollars Mr. Scanlon was making and about the properties he had purchased, according to people who know both women.

When Mr. Scanlon and Ms. Liipfert, who declined to comment, separated three years earlier, Mr. Scanlon was making $155,000 as Mr. DeLay's communications director and had $39,000 in debt, including $19,400 on his credit cards, according to court records. His child-support payment was set at $1,680 a month.

Now he had millions of dollars in beach houses and flew around in a private jet. In February 2003, Mr. Scanlon's ex-wife filed a motion in a suburban Washington court to increase the child-support payments. Mr. Scanlon's "financial circumstances...have improved dramatically," Ms. Liipfert told the court, according to records. "It is believed he earns millions of dollars per year now."

Mr. Scanlon fought his ex-wife's request and refused to tell the court how much he made. He said his ex-wife "has been in direct contact with third parties concerning his finances and business enterprises, apparently seeking to embarrass" him, according to court records.

In April, Ms. Liipfert asked the court to subpoena former yoga instructor Brian Mann, a move that suggested she had knowledge about her ex-husband's work with Mr. Abramoff. Federal investigators later discovered Mr. Mann was the director of a fake think tank that Messrs. Abramoff and Scanlon used to collect fees from clients.

At the end of the summer of 2003, Mr. Scanlon reached an out-of-court settlement with his ex-wife. Under the settlement, the two aren't permitted to discuss the terms.

Just as Mr. Scanlon was being pressed by his ex-wife for more money, Mr. Abramoff was starting to show the stress of being pinched by his lenders.

"Mike!!! I need the money TODAY! I AM BOUNCING CHECKS!!!" he emailed Mr. Scanlon on Feb. 19, 2003, as the latter vacationed in St. Barts, according to an email released by Senate investigators. After Mr. Scanlon promised to send a kickback check, Mr. Abramoff wrote: "Sorry I got nuts, but it's a little crazy for me right now. I am not kidding that I was literally on the verge of collapse. I hate all the s--t I'm into."

On Feb. 22, 2004, the Washington Post in a front-page article reported that Messrs. Abramoff and Scanlon charged four Indian tribes $45 million for lobbying and public-relations work over three years. The sum rivaled the lobbying fees of the biggest U.S. corporations.

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Mr. Abramoff's world quickly caved in. The next week, he was fired from his lobbying job. On Capitol Hill, Sen. John McCain opened a Senate probe into his business.

The Justice Department, already investigating Mr. Abramoff's SunCruz deal in Florida, expanded its investigation to include his work in Washington with Mr. Scanlon and the Indian tribes. Federal prosecutors soon found out that Mr. Abramoff and Mr. Scanlon received more than $80 million from the tribes.

Mr. Scanlon at first seemed unfazed. In the months after the story broke, he bought a pair of $2 million beach houses and returned to his lifeguard job. In July 2005, he sold the beach house he bought for Ms. Miller for a $1 million profit, according to court records.

But pressure was mounting on him. Justice Department prosecutors secretly approached Ms. Miller to help build a case against her ex-fiancé, says a person familiar with the case. Last November, Mr. Scanlon pleaded guilty to bribery charges. He agreed to go to jail for as long as five years and pay back nearly $20 million to the tribes. Mr. Scanlon also implicated Mr. Abramoff.

Six weeks later, Mr. Abramoff pleaded guilty to corruption and bribery charges and agreed to pay the tribes $26 million. Depending on his sentence in Washington, he may spend a decade behind bars. In his plea agreement, Mr. Abramoff said he sought to bribe Mr. Rudy "to perform a series of official acts" by offering him golf trips, meals and a $50,000 payment to his wife.

Days later, Mr. DeLay announced he wouldn't seek another term in the Republican leadership in the House. He faces a re-election fight this fall. Mr. Rudy quit his lobbying job.

Until the summer of 2005, Ms. Miller worked as a spokeswoman at the State Department. In May 2004, she earned a bit of fame when she cut off a live interview on NBC's "Meet the Press" with then-Secretary of State Colin Powell. Ms. Miller hasn't held a steady job since leaving the State Department. She blames talk about her involvement with the investigation.

Friends say Ms. Miller still has Mr. Scanlon's four-carat engagement ring.

Jack's House (NYT)

By Hart Seely

The New York Times, March 31, 2006

These are the men
That fleeced the tribes
That paid the money
That made the bribes
That purchased the Congress that
Jack built.
This is the Duke
That sailed the yacht
That raised the eyebrows
And got him caught,
Who helped Mitch Wade,
Who bought Duke's land
And kicked in 700 grand;
Which raised Duke's taxes,
And gave Duke pain;
So Wade paid the tab
On Duke's capital gain.
Bigger than Abscam:
Randy "Duke" Cunningham!
Top gun in the Congress that
Jack built.

This is Bob Ney,
Who knew the fine print
That could pass a casino
And rev up its mint,
Who spawned the e-mail
Where Jack foretold:
"Just met with Ney.
"We're [expletive] gold!"
And Ney in 2000,
A moment quite checkered
Ripped magnate Gus Boulis
In the Congress'nal Record.
His tirade was meant
To frighten the fellow,
Who cops say was shot
By Big Tony Moscatiello,
Who got a small fortune
From Jack's pal in D.C.,
A guy Ney said was known
For his "honesty."
Their pal was indicted
And then copped a plea
Guilty of fraud
And conspiracy.
For creating the vibes
That condoned the bribes
That corrupted the Congress that
Jack built.
This is DeLay,
Who built the machine
That redrew the districts
And raised the green,
That decided the races
That claimed the new seats,
That made the new friends
That owned luxury suites,
That held big galas
That brought the donations
That helped him to greet
The great Coushatta Nation!
With 800 members
And fund-stream support
From the famous Coushatta Casino Resort!
Which paid several million
For Jack to abort
A rival tribe's parlor

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In nearby Shreveport,
Which prompted the letter
That outlined their claims
That went to Gale Norton,
Co-signed by these names:
Tom DeLay, Eric Cantor,
Roy Blunt, the chief whip,
Speaker Dennis Hastert.
That's the House leadership!
That played the game
And wears the shame
That hangs over the Congress that
Jack built.
This is the Jack,
Jack Abramoff,
Who bought the souls,
Then sold them off,
Who shook the hands
And financed the houses
And feted the staffs,
And hired the spouses,
And fleeced the tribes
And spread the bribes
That ransomed the Congress that
Jack built.

For Jack's A Jolly Good Fellow! (WP)

By Al Kamen

The Washington Post, March 31, 2006

The extraordinary outpouring of letters on behalf of disgraced lobbyist Jack Abramoff must have played a part in persuading U.S. District Judge Paul C. Huck to give Abramoff the minimum possible sentence Wednesday for fraud and conspiracy in buying casino boats in Florida.

The sheer volume -- 262 letters were ginned up by Abramoff's lawyers -- was impressive. So was the range -- from family members to old friends to religious folks to a member of Congress (Rep. Dana Rohrabacher, R-Calif.).

All asked for leniency for a great guy who lost his way. They focused on Abramoff's good deeds -- local physician Gene Colice 's letter talked about neighbor Abramoff "trying to find a lost hamster on a Friday night" -- to his contributions to Jewish charities and religious institutions.

Some of the letters at first glance seem risky, raising the possibility of backfire. For example, there were two from the Northern Mariana Islands, Abramoff clients who were battling congressional efforts to impose federal control.

Northern Mariana Gov. Benigno R. Fitial wrote that Abramoff lobbied for the U.S. territory "during one of the darkest periods in our short history as a largely self-governing" commonwealth, a time when unions and other misguided do-gooders were demanding federal control of immigration -- which fuels the territory's growing sex trade -- and application of minimum-wage and other worker protections to the clothing factories there. Critics say the factories, which produce "Made in USA" goods, are little more than sweatshops.

Another letter came from Willie Tan , who introduced himself as someone "engaged in various international business enterprises," including "apparel manufacturing."

A letter from well-known Washington attorney Nathan Lewin risked reminding Huck that Abramoff opened a kosher deli in downtown D.C. "at great personal sacrifice." Would have been less "sacrifice" if the failed operation had served better food. The real danger was that Huck might have dined there and had one of those potato knishes apparently microwaved so much that the potato filling was liquefied. If so, Huck would have been thinking summary execution, not leniency.

And there was a warm letter from Rabbi Daniel Lapin , urging leniency and noting Abramoff was not your "average criminal." Problem is, Lapin's letter might have reminded Huck that Abramoff contributed money to Lapin's group, Toward Tradition, to pay the salary of the wife of a top aide to then-House Majority Leader Tom DeLay (R-Tex.).

Even worse, Lapin's letter might have reminded Huck of the hilarious September 2000 e-mail exchange, funnier than anything even the morally and ethically bankrupt protagonists in "The Producers" might have concocted:

"I hate to ask you for your help with something so silly," Abramoff wrote, "but I've been nominated for membership in the Cosmos Club, which is a very distinguished club in Washington, DC, comprised of Nobel Prize winners, etc. Problem for me is that most prospective members have received awards and I have received none.

"I was wondering," Abramoff continued, " if you thought it possible that I could put that I have received an award from Toward Tradition with a sufficiently academic title, perhaps something like Scholar of Talmudic Studies?

"Indeed, it would be even better if it were possible that I received these in years past, if you know what I mean," Abramoff wrote. Ah, yes, a backdated, phony award.

No problem. "I just need to know what needs to be produced," Lapin responded. "Letters? Plaques?" Lapin now says he was joking, but one news report said Abramoff did get awards from Toward Tradition.

Well, the risks must have paid off. Huck went as low as legally possible on the sentence, five years and 10 months.

Unclear if Abramoff got his Cosmos membership.Gone With the Gym?

There is some chatter that Reps. Martin O. Sabo (D-Minn.) and Michael G. Oxley (R-Ohio), who are retiring next year, have resigned from the House gym. Talk was these moves might have been in protest of new House rules that prohibit former members-turned-lobbyists from going there.

Our colleague Jeffrey Birnbaum placed three phone calls to each office, calls that produced no confirmation or denial from either member's staff. That non-response is a violation of the venerable Loop Three-Call Rule, thus permitting us to write about this unconfirmed, undenied rumor. (No doubt we'll be writing about this for Monday's column.)And One More . . .

Monday's column should have included Navy pilot Michael Scott Speicher , who was shot down over Iraq on the first day of the 1991 Persian Gulf War, as still listed as "missing-captured." A U.S. intelligence team in Iraq last year found no clues to his fate.

Court Subpoenas Aides Of La. Congressman (AP-Y2)

AP2, March 30, 2006

A U.S. District Court has issued grand jury subpoenas to six aides to Rep. William Jefferson (news, bio, voting record), a Louisiana Democrat who has been implicated in a bribery case.

In statements read on the House floor Thursday, the aides notified House Speaker Dennis Hastert that they had been served with grand jury subpoenas for testimony issued by the U.S. District Court for the Eastern District of Virginia.

The court, located in Alexandria, Va., is set to hand down a sentence to a former aide to Jefferson, Brett Pfeffer, who last January pleaded guilty to aiding and abetting bribery of a public official and conspiracy.

Pfeffer, 37, who faces up to 20 years in prison, said a congressman demanded bribes in exchange for his assistance in brokering two African telecommunications deals. Court documents make clear that Jefferson is the accused congressman without specifically naming him.

Jefferson, who has not been charged with a crime, has denied the allegation, saying he has never demanded or accepted anything to perform a service for which he was elected.

Jefferson represents parts of New Orleans that were hardest hit by Hurricane Katrina.

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The six staff members — a district manager, a legislative assistant and four congressional aides — said in their statements that they had consulted with the Office of General Counsel and determined that compliance with the subpoena "is consistent with the precedents and privileges of the House."

Six Hill Aides Subpoenaed In Jefferson Investigation (WP/AP)

By Associated Press

The Washington Post, March 31, 2006

A U.S. District Court has issued grand jury subpoenas to six aides to Rep. William J. Jefferson (D-La.) who has been implicated in a bribery case.

In statements read on the House floor yesterday, the aides notified House Speaker J. Dennis Hastert (R-Ill.) that they had been served with subpoenas for testimony issued by the U.S. District Court for the Eastern District of Virginia.

The court, located in Alexandria, Va., is set to hand down a sentence to Brett Pfeffer, a former aide to Jefferson. Pfeffer pleaded guilty in January to aiding and abetting bribery of a public official and conspiracy. He faces as much as 20 years in prison.

Pfeffer, 37, said a congressman demanded bribes in exchange for his assistance in brokering two African telecommunications deals. Court documents make clear that Jefferson is the accused congressman without naming him.

Jefferson has not been charged with a crime and has denied the allegation, saying he has never demanded or accepted anything to perform a service for which he was elected.

The six staff members -- a district manager, a legislative assistant and four congressional aides -- said in their statements that they had consulted with the Office of General Counsel and determined that compliance with the subpoena "is consistent with the precedents and privileges of the House."

Man Mistakenly Released From Federal Jail Flees (CBS2CHI)

CBS 2 Chicago, March 31, 2006

(STNG) CHICAGO A North Side man was on the lam after a communication glitch caused him to be accidentally released from the downtown federal jail, authorities said Wednesday.

U.S. marshals were searching for Amar Abu Siessi, 36, a Jordanian national, after they inadvertently let him out of the Metropolitan Correctional Center Monday.

U.S. District Judge Matthew F. Kennelly issued a warrant for the Siessi's arrest Wednesday when he did not show up to court.

The U.S. Marshals Service mistakenly believed the court had released Siessi on bond. They released him without his bond discharge papers, a violation of protocol, according to Deputy U.S. Marshal Michael Prout.

"At the time we had transmitted incorrect information that he was to be released on bond, when in fact he was to appear in court today for a bond hearing," Prout said.

Siessi, a grocery store owner, had been held since March 7 when he was arrested by the U.S. Department of Agriculture on fraud charges, the second fraud case brought against him since December. He is accused of defrauding the Link card program, which provides taxpayer money to the poor so they can buy food.

Siessi's lawyer, Joe DiNatale, said his client went home to his wife after the Monday night release. She said she last saw him at 1 p.m. Tuesday.

Out Of Prison, Conman Is Back To His Game (CBS2CHI)

CBS 2 Chicago, March 31, 2006

(CBS) CHICAGO A conman who pulled off elaborate scams while he was supposed to be monitored by federal agencies has done it again.

Michael Anthony Nelson's Chicago swindle was exposed last year by the CBS 2 Investigators, and it has now resulted in a new fraud indictment.

But as CBS 2's Pam Zekman reports, the feds missed a chance to keep him in jail, and now he is running a new scam.

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Nelson is now pictured on an FBI "wanted" poster. It includes mug shots of how he looked for his past scams, posing as a banker, lawyer, and business consultant, to pull off one con after another.

It is a history that amazes even Chicago FBI Special Agent-In-Charge Robert Grant.

"He's a conman," Grant said. "He is a professional conman. He is very smooth. He is very articulate. He can con the socks off of you."

As we disclosed last year, Nelson opened a business consulting company called the Cano Company in the River North neighborhood, while on probation for a Florida swindle.

He called himself Dr. Anthony Zamora. He faked degrees, City Hall clout, and corporate connections to cheat his employees, a bank, small business operators, and church parishioners out of hundreds of thousands of dollars.

"You know to be hoodwinked or taken advantage of like this," said Pastor George Henderson of the Greater Garfield Park Church. "It's just almost, you know, devastating."

After our report, Nelson was returned to prison in Atlanta to finish the 13 months remaining on his sentence in a Florida swindle.

Federal officials promised the Chicago victims and CBS 2 that after he finished his time, Nelson would be brought back to Chicago to face new charges.

"I was told he would never walkout of jail," said Rene Sotelo, a former employee of the Cano Company, "and look what happened. He walked out."

Nelson was released from an Atlanta prison on Dec. 23 of last year.

The reason was apparently because the U.S. Attorney's Office in Chicago did not get around to returning a bank fraud indictment against Nelson until about a week after his release.

Sotelo said he was concerned that if Nelson was let out of prison, "he was going to do it again."

He apparently was. On another Web site, Nelson has created a faith gathering prison ministry.

This time, Nelson is posing as Messianic Rabbi Micael Jacob Zipuren, and he is soliciting contributions from inmates in exchange for supposedly providing them with all kinds of assistance.

"He's going to take the money and run," Sotelo said.

If you see Nelson, the FBI wants you to call their local office.

"Right now we are attempting to apprehend him wherever he may be," Nelson said.

To contact the Chicago office of the Federal Bureau of Investigation, call (312) 431-1333.

A spokesman for the U.S. Attorney's office declined to comment about the delayed indictment in the case.

Feds Charge Two With Contract Killing (BEAVCT)

By Bill Vidonic, Times Staff

Beaver County (PA) Times, March 31, 2006

BEAVER - More than two years ago, Beaver County District Attorney Dale Fouse made a promise to the family of Frank J. Helisek Jr. that his office would find out why the New Brighton man was gunned down in the doorway of his home.

Fouse fulfilled a good portion of that promise Wednesday with the announcement that federal murder charges - a first in Beaver County - had been handed down against two men, accusing them of a contract killing scheme wrapped into a large-scale cocaine ring that operated from 1999 to November.

Jelani Solomon, 27, of 1917 Fourth Ave., Beaver Falls, is accused of paying Claron Hanner, 28, formerly of Pittsburgh, to shoot Helisek on Feb. 19, 2004. One of Helisek's sons, Shawn Helisek, was scheduled to testify against Solomon in a drug trial that was to begin Feb. 20, 2004. Solomon instead pleaded guilty to cocaine possession and was sentenced to between 2½ and five years in state prison.

Solomon and Hanner could face the death penalty, U.S. Attorney Mary Beth Buchanan said Wednesday, as they are accused of using a gun to cause a death while trafficking in drugs.

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Buchanan must make a recommendation to Attorney General Alberto Gonzales, who has the final say on whether prosecutors seek the death penalty. Buchanan would not say Wednesday what her recommendation will be, though Fouse said he supports death penalty prosecutions in this case.

Hanner had been awaiting trial in Beaver County on a homicide charge in the Helisek shooting, with prosecutors seeking the death penalty. Fouse said the local charge will be withdrawn in deference to the federal charges. Solomon was not charged in Beaver County in Helisek's killing.

"Hopefully, this is a long-term effort to (curtail) drug activity in Beaver County," Fouse said. "This is an important step toward the commitment to the Helisek family and the people of Beaver County."

Also indicted by a federal grand jury was Solomon's mother, Wanda Solomon, 46, of 180 Crestview Village, Ambridge, who Buchanan said has helped keep her son's drug sales going even while he has been in prison. Buchanan said Jelani Solomon also kept directing drug sales from his prison cell.

Fouse and Buchanan revealed Wednesday that a network of local, state and federal agents have been working quietly in Beaver County over the last couple of years to investigate not only the Helisek killing but also a drug ring reportedly led by Jelani Solomon.

In an offensive dubbed "Operation Enough is Enough," Jim Harper, of the federal Drug Enforcement Agency, said 44 people have been indicted on various drug charges linked to the alleged drug ring. The operation, which included county detectives, local police, state police and federal agencies, also has seized 14 vehicles along with the cocaine, Harper said.

Buchanan said the indictments have been going on since 2003, and some defendants have already pleaded guilty to related charges, while others are awaiting trial.

Buchanan said the Solomons and Hanner, from 1999 to November 2005, conspired to distribute at least 5 kilograms of cocaine in the area.

Buchanan said the case is marked not only by the number of individuals reportedly involved, but also by "the ruthlessness of (Jelani Solomon and Hanner) in killing the father of a witness." She would not say how much Solomon is accused of paying Hanner to shoot Helisek.

Fouse said that in the initial days after Helisek's killing, it was apparent to the family and investigators that there was much more behind the killing.

In December 2004, local investigators met with the U.S. attorney's office, seeking additional help, and Fouse said that he had "never seen an investigation as comprehensive and as intensive as this investigation has been."

Harper said federal investigators are "not leaving," and will continue their work within the county.

Jelani Solomon and Hanner are now in federal custody, Buchanan said, and their arraignments are scheduled in the next few weeks. Wanda Solomon was arrested and in federal custody Wednesday.

While Jelani Solomon and Hanner could face the death penalty or life in prison, Wanda Solomon could face life in prison, but Buchanan said she was not directly involved in Helisek's shooting. All three also face millions of dollars in fines.

Attorneys At Law Firm In Pellicano Case May Leave (LAT)

By Chuck Philips, Kim Christensen And Henry Weinstein, Times Staff Writers

The Los Angeles Times, March 31, 2006

Two top attorneys with a Century City law firm at the center of a federal racketeering investigation into alleged wrongdoing by Hollywood private eye Anthony Pellicano will soon leave to establish a new practice.

Dale F. Kinsella and Howard L. Weitzman are expected to take seven attorneys with them when they exit Greenberg, Glusker, Fields, Claman, Machtinger & Kinsella in mid-April, according to sources within the firm.

Greenberg Glusker declined to comment Thursday. Weitzman would say only that he, Kinsella and the others are considering the move.

"If we do, it is because we want to go back to practicing in a smaller environment," Weitzman said in a statement, adding that the decision has nothing to do with the federal probe. "As I've said publicly before, I do not believe any Greenberg Glusker lawyer has acted inappropriately, nor do I think anyone from the firm will be so charged."

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Greenberg Glusker was thrust into the spotlight amid allegations that Pellicano and others committed wiretapping and other illegal acts while working on a number of cases, some of which involved the firm's clients.

A 110-count federal indictment last month accused Pellicano and six others of conspiring to blackmail and intimidate dozens of celebrities, business executives and others in what prosecutors have described as a conspiracy to gain tactical advantage in litigation.

So far, 13 people have been charged, including an entertainment lawyer, a record company executive, two former police officers and several telephone company employees. Four have admitted to charges stemming from hiring Pellicano or helping him conduct illegal investigations.

Federal agents have been particularly interested in Pellicano's association with prominent Greenberg attorney Bert Fields, who hired the private detective numerous times over the past two decades, including in a legal dispute involving comedian Garry Shandling and Paramount Pictures Chairman Brad Grey. Fields has publicly acknowledged that he is a subject of the investigation.

Last month, Fields' attorney agreed to extend the deadline for prosecutors to decide whether to file charges against the 76-year-old Fields, one of the most successful lawyers in Hollywood.

One purported victim in the Pellicano case was also linked to one of Kinsella's clients, the late financier Leonard Green, whom Kinsella represented in a bitter divorce. Pellicano's indictment alleges that Green's wife, Jude, was among those whose personal information was accessed illegally.

Brian Sun, the attorney representing Greenberg Glusker, has said that neither the firm nor any of its attorneys engaged in any illegal activity.

Kinsella joined Greenberg Glusker as a name partner when 12 lawyers moved to the firm in 2000 from Kinsella Boesch Fujikawa & Towle. At the time, Greenberg Glusker hailed the arrival of Kinsella and the others as a defining moment for the firm.

"We are now the entertainment juggernaut in California, if not the country," the firm said at the time.

A 1974 graduate of UCLA Law School, Kinsella has represented athletes, celebrities and movie studios.

His clients have included Rob Lowe, whom he represented in 1989 when the actor was videotaped in a hotel room with a teenage girl and a woman. A lawsuit filed by the girl's mother was settled out of court and no criminal charges were filed.

Kinsella's other high-profile clients have included boxer Mike Tyson; actors George Wendt and John Ratzenberger of "Cheers" and entertainment icon Dick Clark.

Actor James Woods sought Kinsella's counsel when he sued actress Sean Young for $2 million, accusing her of sending photos or other "graphic representations" of "deceased persons, dead animals, gore, mutilation and other images" to the actor and his then-fiancee. The lawsuit was settled in 1989.

In May 2005, Kinsella brought in Weitzman, a veteran Hollywood attorney who gained prominence in the 1980s with his successful defense of automaker John DeLorean against fraud and drug charges, the case credited with launching Pellicano's career in Los Angeles.

Weitzman's other high-profile clients have included Marlon Brando and Earvin "Magic" Johnson. In the early 1990s, Weitzman teamed for a time with Fields to defend pop star Michael Jackson against child molestation allegations.

Sniper Muhammad To Defend Himself (WT)

By Jon Ward

The Washington Times, March 31, 2006

Maryland's public defender said this afternoon that he will abandon the case of convicted sniper mastermind John Allen Muhammad, leaving him to defend his own case in Montgomery County without legal advice.

Muhammad, 45, relegated Paul B. DeWolfe, a lawyer with the state's Office of the Public Defender, to standby status yesterday, after a judge rejected Mr. DeWolfe's argument that Muhammad is insane and not mentally competent to present his own case.

"We have a policy of not serving as standby counsel," Mr. DeWolfe said. "It's been a policy we will enforce in this case. We will not be standby counsel."

Muhammad, an Army veteran, asked Circuit Judge James L. Ryan earlier this week for permission to present his own defense because Mr. DeWolfe planned to enter a plea of not guilty by reason of insanity.

"It's an insult to everything I've ever done in my life," said an animated Muhammad. "If I'm incompetent now, I've been incompetent since the day I was born."

Muhammad maintains he is innocent and has portrayed himself as a victim of racism.

The trial is scheduled to begin May 1, with prosecutors seeking life in prison without parole in connection with the fatal shootings of six persons in Montgomery County over three weeks in October 2002.

A procedural hearing is set for tomorrow.

In 2003, a jury in southeastern Virginia found Muhammad guilty of shooting, with an accomplice, 13 random persons in the region during the fall of 2002, killing 10. He was sentenced to death.

The jury found Muhammad's accomplice, Lee Boyd Malvo, now 21, guilty of helping carry out the shootings, which authorities think included at least nine additional shootings across the country.

Muhammad is believed to have been hunting down his ex-wife, Mildred, who has custody of their three children.

Trial Of 2 FIU Academics On Cuba Spy Charges Delayed Until 2007 (AP)

AP, March 31, 2006

MIAMI -- Trial of two Cuban-American academics accused of acting as agents of Fidel Castro's government will be delayed until early 2007, in part because of a legal fight over secret recorded conversations involving the married couple.

The trial of Carlos Alvarez, 61, and Elsa Alvarez, 55, had been set to begin in May. But U.S. District Judge K. Michael Moore said at a status hearing Thursday that he would postpone the trial until sometime in January 2007.

One key reason for the delay is that defense attorneys are challenging whether the FBI lawfully obtained warrants under the Foreign Intelligence Surveillance Act to eavesdrop on the pair. Prosecutors said it will take months for federal officials to produce the information about those thousands of intercepts being sought by the Alvarez lawyers.

The defense lawyers are also appealing a previous decision to keep the couple in detention prior to trial. Moore said he was concerned that the lengthy trial delay could keep them jailed ``for longer than they would otherwise serve if they were ever convicted." No date has been set for Moore to hear that appeal.

The Alvarezes, both longtime employees at Florida International University, have pleaded not guilty to charges of failing to register as required as agents of a foreign government. Prosecutors have said they spied for Castro for years on Miami's Cuban-American exile community.

Court Rules Against Gabelli (NYT)

By Andrew Ross Sorkin

The New York Times, March 31, 2006

Mario J. Gabelli's first investor won a crucial ruling yesterday in a long-running, bitter legal battle over whether Mr. Gabelli bilked him and another backer out of more than $100 million.

A judge in New York State Supreme Court in White Plains granted a summary judgment against Mr. Gabelli, the famed money manager. The judge, Linda S. Jamieson, determined that he unfairly prevented the two investors from selling their shares in his private company, Gabelli Group Capital Partners, the controlling shareholder of Gamco Investors, Mr. Gabelli's publicly traded mutual fund company.

Judge Jamieson also agreed to grant the two investors a trial to determine if Mr. Gabelli's company should be dissolved — refusing Mr. Gabelli's efforts to have the case thrown out — and said, "There are allegations made against Mr. Gabelli that trouble this court."

The decision, handed down late yesterday, comes as Mr. Gabelli is facing other, and potentially more serious, legal trouble. The Justice Department said this month that it would pursue civil fraud claims against Mr. Gabelli, contending that he orchestrated a scheme to deceive the Federal Communications Commission in its auctions of wireless spectrum licenses several years ago.

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That case argues that he used friends and associates to create sham companies that bid for F.C.C. licenses at a discount under a program that favored minorities and small businesses.

In the lawsuit brought by the two investors, Frederick J. Mancheski and David M. Perlmutter, they argue that Mr. Gabelli and his firm's directors "are guilty of looting the assets of the company, breaching their fiduciary duties to its shareholders and oppressing its minority shareholders."

Yesterday's decision was a victory for the two investors because the judge ruled in their favor without requiring a trial. Mr. Mancheski, a longtime associate and friend of Mr. Gabelli, was his very first investor, in 1976.

The ruling will allow the two investors to sell their shares in the company on the open market. Their shares, bought for about $75,000 in the late 1970's, are now worth more than $30 million and possibly $100 million, depending on how the value is calculated. Mr. Gabelli had contended that the two men's stock was restricted and could be sold only to the company at book value, which the two men have suggested is an artificially depressed price.

Mr. Mancheski and Mr. Perlmutter also argued that Mr. Gabelli had deprived them of millions of dollars by siphoning money to himself and his family. (In 2002, Mr. Gabelli took $87 million in cash when Gamco's net income was $53.3 million.)

That contention will be heard at trial, but Judge Jamieson said in her ruling that "the transactions with Mr. Gabelli's children and ex-wife, while involving relatively paltry sums, raise great concern, particularly because they involved such relatively small sums of money."

"Unless some form of legitimate business explanation is provided, it would certainly support an argument that Mr. Gabelli was and is using this corporation as if it was his alone and without regard to true and proper governance," she wrote.

A spokesman for Mr. Gabelli, Montieth Illingworth, said: "While we disagree strongly with the claims made by the plaintiff in this matter, and will welcome a hearing on the outstanding issues, we support their desire to achieve liquidity and have offered our assistance, including working with an investment banker to help them seek a suitable buyer."

Mr. Gabelli may also have some reason to believe he will win the next round. At points in her decision, Judge Jamieson suggested some reasons she could side with him.

"Just because some action may benefit Mr. Gabelli and disadvantage Mr. Mancheski and Mr. Perlmutter, such action does not per se rise to the level of breach of fiduciary duty," she wrote. "Stripping the allegations to their essence, it appears that Mr. Mancheski and Mr. Perlmutter are arguing that because of their holdings in Mr. Gabelli's company, they also must benefit in any related activity in which he embarks."

The case should not affect the Gabelli company, Gamco Investors, formerly Gabelli Asset Management, which has huge stakes in some of the world's largest media companies, like Time Warner and Viacom. Gamco Investors was spun off from Gabelli Group Capital Partners in 1999.

Berkeley Woman Indicted In UW Horticulture Center Arson (SEATIMES)

By Sara Jean Green, Seattle Times staff reporter

The Seattle Times, March 31, 2006

A 30-year-old California woman has become the first person to face charges for the 2001 arson that destroyed the University of Washington Center for Urban Horticulture, the latest in a series of charges against suspected members of the Earth Liberation Front.

Briana Waters of Berkeley, Calif., was indicted by a federal grand jury and has been charged in U.S. District Court in Seattle with arson and using or carrying a destructive device during a crime of violence, according to the U.S. Attorney's Office in Seattle.

Waters could face a minimum 35-year sentence if convicted. Her arraignment was set for today.

Federal prosecutors in Eugene, Ore., have already charged 13 other people in connection with a series of arsons across the West. A 14th defendant, William C. Rodgers, 40, of Prescott, Ariz., committed suicide in an Arizona jail in December after he was indicted by a Seattle federal grand jury.

On May 21, 2001, fire ripped through the UW's Center for Urban Horticulture, a research center and resource for gardeners that cost $7 million to rebuild. The Earth Liberation Front (ELF), claimed the center was targeted for its reasearch into fast-growing poplar trees.

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Members of ELF and the Animal Liberation Front (ALF) claimed responsibility for numerous arsons in Washington, Oregon and other states, including U.S. Forest Service buildings, a Bureau of Land Management horse corral, a meat company, a lumber company and a Vail, Colo., ski resort.

While the FBI has called ELF and the similar Animal Liberation Front (ALF) the nation's top domestic terror threat, the groups say they are careful not to hurt people.

Berkeley Woman Charged In Connection With UW Arson (SEAPI)

By HECTOR CASTRO, P-I REPORTER

Seattle Post-Intelligencer, March 31, 2006

Not guilty plea entered

A 30-year-old California woman pleaded not guilty at her arraignment today on charges of arson in connection with the May 2001 fire that destroyed the University of Washington Center for Horticulture building.

If convicted, Briana Waters faces a minimum sentence of 35 years. She was released after the brief hearing this afternoon, and will be electronically monitored.

She is the first person charged in Western Washington in connection with the UW fire. The investigation into the fire is continuing.

The Earth Liberation Front took credit for the blaze. The ELF had targeted the basement office in Merrill Hall of Toby Bradshaw, an associate professor of forest resources. Bradshaw's genetic research focused on showing how poplars grow. Businesses have used poplars to make paper.

The group claimed Bradshaw was "the driving force in G.E. (genetically engineered) tree research," and a person who "continues to unleash mutant genes into the environment that is certain to cause irreversible harm to forest ecosystems."

Woman Indicted In Arson That Destroyed UW Horticulture Center (AP)

ASSOCIATED PRESS

AP, March 31, 2006

SEATTLE – A federal grand jury has indicted a Berkeley, Calif., woman in an arson that destroyed a horticulture center at the University of Washington five years ago.

Briana Waters, 30, is the 14th person to be charged in Oregon and Washington with conspiracy to commit a series of ecoterrorist attacks in the West in recent years.

In a two-count indictment returned March 15, Waters was charged with arson and using or carrying a destructive device during a violent crime.

If convicted, she would face at least 35 years in prison.

“This is just one step as we attempt to bring to justice those responsible for the UW Urban Horticulture fire,” John McKay, U.S. attorney for the western district of Washington, said in a statement.

Waters was to appear for arraignment Thursday afternoon in U.S. District Court in Seattle.

The UW fire, one of the Northwest's most notorious acts of ecoterrorism, was set early on May 21, 2001. The same day, about 110 miles away in Clatskanie, Ore., fire ripped through buildings and vehicles at the Jefferson Poplar Farm, causing more than $1 million in damage.

The Earth Liberation Front, a shadowy collection of environmental activists, claimed responsibility for both fires, which caused no injuries.

The horticulture center, which was rebuilt at a cost of several million dollars, had done work on fast-growing hybrid poplars in hopes of limiting the amount of natural forests that timber companies log.

ELF said in a statement five days after the fire that the poplars pose “an ecological nightmare” for the diversity of native forests.

A federal grand jury in Eugene, Ore., has charged 13 other people in arson attacks: Stanislas Gregory Meyerhoff, 28; Daniel Gerard McGowan, 31; Kevin M. Tubbs, 37; Sarah Kendall Harvey, 29; Chelsea Dawn Gerlach, 28; Nathan Fraser Block, 25;

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Joyanna L. Zacher, 28; Joseph Dibee, 38; Jonathan Mark Christopher Paul, 40; Rebecca Rubin, 32; Suzanne Savoie, 28; and Darren Todd Thurston, 34.

William C. Rodgers, 40, of Prescott, Ariz., was indicted in Seattle in connection with the case, but committed suicide Dec. 22 while being held in the Coconino County Jail in Prescott.

Computer Woes Plague Court (LAW)

By Bethany Broida, Legal Times

Legal Times, March 31, 2006

Glitches lead to false arrests, erroneous releases

Criminal defense lawyers say a new computer system in Washington, D.C., Superior Court is wreaking havoc with their cases and in some instances violating their clients' rights.

The attorneys say that since the criminal division of the court moved to a paperless computer system at the beginning of the year, bad information has led to their clients being arrested after warrants have been dismissed, and in some cases the opposite is occurring: Defendants with bail violations are walking because warrants haven't been entered into the system.

In other cases, motions and paperwork are getting lost. And some lawyers say they can no longer trust what the court record is telling them.

The problems have mainly centered on proceedings in arraignment court and in preliminary hearings -- courtrooms with a high volume of cases that are heard in quick succession. In addition, a lag time in scanning documents has meant that some information isn't being entered in a timely fashion or, in some cases, at all.

"The entire system is just abysmal," says defense lawyer Bernie Grimm. "I used to be able to trust the accuracy ... I have no confidence my clients' entries are correct."

Defense lawyer Nancy Allen says a prostitution case against one of her clients disappeared from the court's computer system.

In January, Allen says, her client failed to show up for a court hearing, and the judge issued a bench warrant. But for nearly two months the D.C. Metropolitan Police Department wasn't looking for the woman because, as far as the computer system was concerned, Allen's client didn't exist. Until last week, Allen says, she couldn't find a case number or a record of the warrant.

If she hadn't tried to get paid for her work on the case through the Criminal Justice Act, no one might ever have known that her client simply slipped through the cracks. "I know I'm not the only one who has had this happen," Allen says.

The new case management system was part of a multiyear, $20 million project to upgrade the court's entire computer framework. The new system integrates 18 databases with the aim of giving court personnel, attorneys and the public easy access to complete, real-time information about cases.

In January all new criminal cases in the court were being housed entirely in the new system, eliminating the need for paper case jackets and allowing multiple users to access the file from any computer in the courthouse. The system is now considered to be the official court docket and official court jacket.

Court officials downplay the trouble. Judge Brook Hedge, chair of the court's technology and automation committee and co-chair of the committee that oversaw the implementation of the new system, says the problems are small glitches common with a startup.

She says errors involving warrants and arraignment notices have largely been resolved and that to her knowledge the warrant mix-ups happened to fewer than 10 individuals.

"People think that with the computer system everything is going to be perfect and work perfectly, and sometimes it doesn't," Hedge says. Still, she says the court is considering returning paper records to case jackets.

G. Bradley Weinsheimer, the chief of the Superior Court division in the U.S. Attorney's Office in Washington, says his office worked with the court for 18 months preparing for the new system, and though there are some kinks, his office is dealing with them. "I don't think that it has caused any significant problems. It is more of a culture change than anything else."

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Weinsheimer admits there were problems with logging bail violations, but he says those were limited to the first day the system became active and only a handful of defendants weren't charged for violating court orders. "The things we are dealing with now are the things that were not anticipated," he says, such as confusion over correct hearing dates.

A 'PERFECT STORM'

Hedge says the court had been looking to upgrade its case management system for years, but the problem had always been finding money to pay for it. With the passage of the Family Court Act in 2001, the money was finally available.

Implementation of the new system began in 2003 in the Family Court. The domestic violence unit followed a few months later. Paternity and child support cases, as well as probate and tax matters, went paperless in August 2004. Last year the system expanded to include small-claims court, landlord tenant court and civil actions.

One of the reasons the criminal division was last, Hedge says, was because of the complexities involved with coordinating a variety of government agencies. To prepare, court officials began meeting with the agencies in 2004, in order to give them enough time to get their own systems ready as well.

Despite intense planning, the rollout for the criminal division was anything but smooth. One week after the system went up, Hedge says "the perfect storm" hit. The server went down, and the mother board broke. In addition, a transformer blew in Judiciary Square, causing the court to lose power. For four days the division went back to using the manual system.

"There is always slowness in the beginning," says Hedge, adding that the problems were compounded by the events that followed the launch.

Regardless of the cause, arraignment notices were not sent out, bench warrants were not entered or cleared from the system and, in some cases, judges didn't know what a defendant was charged with.

"It was just leaving things up in the air," says Betty Ballester, president of the Superior Court Trial Lawyers Association. "No judge wants to put people in jail that should not be there, but they are looking at records that are not accurate. So what can they do?"

The court shut down its computer system over the three-day Martin Luther King Jr. holiday weekend in January in order to install the new system, but that meant there were immediately about 3,000 documents from over the weekend that had to be scanned into the computers plus more than 3,000 data entries to input in the first days of the new system.

In total, Hedge estimates that in the beginning about 4,000 to 5,000 documents needed to be scanned, but she says that backlog did not last long. The arraignment court was caught up the following week, she says, and though the case management division took a little longer, she insists everything is now scanned in and up-to-date.

Some attorneys, however, say the number was closer to 30,000 documents and insist the problems still remain.

"The court says they are working on it, but it has now been two months and things aren't getting better," Ballester says.

One CJA attorney, who asked not to be identified, says that in two separate cases his clients were arrested on bench warrants after their cases had been dismissed. In both cases the proper notations were never entered into the computer, he says, and police believed his clients were in violation.

Attorney Steven Polin had a similar situation with a client. In his case his client was picked up on a bench warrant that stemmed from a marijuana possession charge. After a court appearance in January, he was released and arrested again on the same warrant the following week. Polin says the police refused to let his client go because the warrant was still showing in their system. It took 15 phone calls, he says, to persuade a clerk in the court's warrant office to remove it from the court's system. But D.C. police still refused to release Polin's client. Finally, it was a phone call to the emergency judge, he says, that got his client freed.

Hedge, who happened to be the judge who helped Polin, initially said in an interview that the problem in Polin's case lay with the D.C. police department's computer system. Later in the week, court officials called back to say that it was inaccurate information in the court system that led to errors in the police department's system.

Hedge says that as far as she knows, only a handful of people were picked up on erroneous warrants. Nevertheless, she adds, "Even one is a big deal."

Defense attorneys say the problem is compounded by the fact that there is no paper trail to catch mistakes. "It creates a paperless system," Polin says. "If you need to look something up in the jacket, it is not there."

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Hedge says that while it is true that papers are not filed in the jackets after they are scanned in, they don't simply disappear. Each division, she says, has a quality assurance team that double-checks the record, and then the documents are stored in the criminal division.

"The paper is not thrown away. It is still there," she says, "but they were trying to go to a paperless system, and they were trying to get people used to that."

Hedge says many of the problems faced since the new computer system was implemented could have occurred just as easily beforehand, pointing to issues with bench warrants as one example.

"You will always have errors," she says, "because humans are part of the process."

First Amendment Issues Raised About Espionage Act (WP)

By Walter Pincus

The Washington Post, March 31, 2006

The federal judge overseeing prosecution of two former lobbyists charged with receiving and transmitting national defense information under the 1917 Espionage Act has given the government until today to respond to defense claims that the statute is unconstitutionally vague and overbroad and may violate the First Amendment.

U.S. District Judge T.S. Ellis III ordered the government to provide the additional support for the charges filed last August against Steven J. Rosen and Keith Weissman, former lobbyists for the American Israel Public Affairs Committee (AIPAC). The two were accused of receiving classified information during conversations with government officials, one of whom, then-Pentagon employee Lawrence A. Franklin, warned Weissman that the information he was giving was highly classified.

At a hearing last Friday on the defendants' motion to dismiss the indictments, Ellis directed a series of questions to Assistant U.S. Attorney Kevin DiGregory expressing concern that the government had not dealt with constitutional issues raised by the defense.

"I didn't find your response in writing to match up with the fairly extensive attack by the defendants . . . so I am going to have further briefing," Ellis said. Last January, at the hearing where he sentenced Franklin to 12 years for passing classified information to the two lobbyists, Ellis called attention to the imprecise nature of the almost 90-year-old statute that restricts disclosure of "national defense information" that could harm U.S. interests or help enemies.

Ellis also said he had thought there would be well-established precedent he could follow, since the statute had been around for so long. But it has turned out that Rosen and Weissman are the first nongovernment employees to be indicted under the act for receiving classified information orally and not through documents or other tangible items.

"I think we are a bit in new, uncharted waters and that's why I'm going to consider this matter extremely carefully," Ellis told DiGregory and attorneys Abbe Lowell and John Nassikas, who represent Rosen and Weissman.

The case is drawing the attention of First Amendment attorneys because both Ellis and prosecutors have noted that the two lobbyists -- in receiving and disseminating the information -- are doing what journalists, academics and experts at think tanks do every day.

Floyd Abrams, a New York attorney who has represented the New York Times in a variety of high-profile cases, said in an interview this week that the AIPAC case "is the single most dangerous case for free speech and free press." Steven Aftergood, director of the Federation of American Scientists' Project on Government Secrecy, wrote on his Web site this week: "Anything other than a dismissal of the charges would mark a dramatic shift in national security law and a significant reduction in First Amendment protections."

Attorneys for the AIPAC lobbyists argue that First Amendment protections bear on the case because their clients were exercising their free speech rights.

DiGregory argued that oral disclosure of defense information was not protected speech because someone could be telling the contents of a classified document.

To read the statute that narrowly "would do great damage to our ability to protect national security," DiGregory said.

Ellis said the government must respond to the defense argument that the statute, which does not define "national defense information," is so vague "that men of common intelligence necessarily must guess at its meaning and differ as to its application."

The judge also told prosecutors to deal with another defense argument: that the statute does not provide "fair warning," since this is the first time it has been applied to civilians. Due process "bars courts from applying a novel construction of a criminal statute to conduct that neither the statute nor any prior judicial decision has fairly disclosed to be within its scope," Ellis said.

DiGregory conceded that every case up to now cited by the government has involved either government employees or the passing of classified papers.

Ellis also raised the question of what would happen if people to whom Rosen passed the defense information relayed it to someone else. "Would it [the criminal liability] continue to apply ad infinitum?" he asked. DiGregory replied, "That's a difficult question to answer in the abstract."

Former Clark County Commissioner Testifies To Taking Bribes (AP)

ASSOCIATED PRESS

AP, March 31, 2006

LAS VEGAS (AP) - A former county commissioner testified in federal court Thursday that she accepted money from a former striptease club owner and his lobbyist, and knew it was wrong.

Erin Kenny, called to the stand in the public corruption trial of former Clark County Commissioners Dario Herrera and Mary Kincaid-Chauncey, told jurors she avoided thinking about what it meant to take money from club owner Michael Galardi and a former commission colleague, Lance Malone.

"It's just not how I was raised," Kenny said. Not thinking about it "made it easier not to deal with it rather than confront it."

The former state assemblywoman who once ran for Nevada lieutenant governor has pleaded guilty to federal bribery charges. She testified for the prosecution as part of her plea agreement.

Kenny told jurors that it was "understood" that Herrera and Kincaid-Chauncey also were being paid off by Galardi. She said Malone and Galardi often referred to the two colleagues as "on board" or "being taken care of."

Herrera, 32, and Kincaid-Chauncey, 67, have pleaded not guilty in U.S. District Court in Las Vegas to federal charges of conspiracy, wire fraud and extortion under color of official right. Prosecutors say they took cash, comps and, in Herrera's case, oral sex, in return for votes favorable to Galardi's businesses.

Each could face 45 years in prison if convicted.

Kenny said a case of vertigo had affected her memory and she could only recall accepting a few bribes from Galardi and Malone, who is scheduled to stand trial on corruption charges in August. The first, she said, was a $5,000 cash payment received at her home in 1999 or 2000 while recovering from an illness. She said Malone told her "he wanted to help anyway he could."

Another $5,000 was deposited under a trash bin at her campaign office by Malone, who later called to tell Kenny "not to throw the trash out," she testified.

Kenny said Galardi once offered to pay her $100,000 to skip the bar exam and attend a commission meeting in which Galardi had business pending. Kenny refused, took the test and failed.

Kenny also testified she received $3,000 per month from Triple 5 development company following a controversial vote in which she supported building a Spring Valley casino.

She also said that she received $200,000 from Don Davidson through his son, Larry Davidson, in connection with the controversial rezoning of property to allow a CVS pharmacy to be built adjacent to a neighborhood.

In his cross examination, Herrera's defense attorney Jerry Bernstein tried to undermine Kenny's credibility. Bernstein said Kenny had changed her story from when she was first interviewed by FBI agents.

"The FBI didn't seem happy with the answers she was giving, (agents) took a break, came back and the story was different," he told KLAS-TV outside the courtroom.

Revamped Ryan Jury Recesses Without Verdict (CHIT)

By Matt O'connor And Rudolph Bush, Tribune Staff Reporters

Chicago Tribune, March 31, 2006

The revamped jury in former Gov. George Ryan's trial recessed deliberations for the week Thursday without reaching a verdict.

The six-man, six-woman jury has deliberated for two days since U.S. District Judge Rebecca Pallmeyer rejected a mistrial and decided to proceed with the trial after replacing two jurors with alternates.

The changes came after the Tribune last week uncovered that two jurors had apparently concealed their arrest records during jury selection in September.

The original jury had deliberated eight days amid signs of personal rancor before the judge suspended deliberations.

The new jury was instructed to restart deliberations from scratch, and Pallmeyer ordered the jury room "cleansed" of notes and charts left over from the initial deliberations.

On Thursday, Pallmeyer called the lawyers in the case to her courtroom to craft a response to a jury note seeking clarification about the technicalities of count 18, a charge alleging that Ryan impeded the Internal Revenue Service.

Ryan and co-defendant Lawrence Warner, a lobbyist, are charged in a 22-count indictment with engaging in a corrupt conspiracy to use Ryan's elected offices to enrich themselves by steering state contracts and leases to Warner and other close friends.

Earlier, the jury had requested in writing four of the same five transcripts of witnesses' testimony that the original jury had sought.

The testimony concerned license-plate sticker and computer contracts that Ryan as secretary of state allegedly steered to Warner in return for gifts and favors.

Deliberations are scheduled to resume Monday morning. The jury isn't deliberating on Fridays.

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FBI Requests Alvarado's Bank Records (KPRC-TV)

KPRC-TV, March 31, 2006

Alvarado Not Target Of Criminal Investigation

HOUSTON -- The Federal Bureau of Investigation asked for the bank records of Houston City Councilwoman Carol Alvarado as it entered the investigation into improper bonuses at City Hall, KPRC Local 2 reported Thursday.

It's the first indication that the federal government is involved in the probe.

The FBI request is for all of Alvarado's bank accounts, open or closed. It went out Wednesday to major banks across the country through what's known as the loss avoidance alert system, which is an electronic network connecting banks with law enforcement.

The FBI would not comment on the investigation. But Harris County District Attorney Chuck Rosenthal confirmed for KPRC that the federal request was made.

Alvarado oversaw the mayor pro tem's office where four employees were recently fired.

The Office of Inspector General found Rosie Hernandez, Christopher Mays, Florence Watkins and Teresa Orta received unauthorized bonuses worth more than $140,000 in 2005.

Rosenthal said Alvarado is not the target of a criminal investigation.

Her attorney, Rusty Hardin, told KPRC that the FBI's involvement was expected because Alvarado is a public official.

Her spokesman, Joe Householder, said her account numbers have now been forwarded to the district attorney's office.

"So they can get a hold of it as quickly as they can," Householder said. "That actually happened this afternoon. We had reached out to them earlier and said, 'If you want this material, you can have it.' And, just as an extra step, we e-mailed those numbers to them."

Hardin said he contacted the FBI several weeks ago offering to make Alvarado's or any records available. He said he has not yet heard from the agency. Hardin said this is a natural progression in the investigation and not an indication that Alvarado has done anything wrong.

The Civil Service Commission will hold appeal hearings of the four fired employees on April 4.

Street's Image Blurs His Legacy, Insider Says (PHI)

By Marcia Gelbart

The Philadelphia Inquirer, March 31, 2006

Forget FBI bugs, a corrupt city treasurer, crooked contracts. Mayor Street's problem is what it's always been - John F. Street.

Or so says George Burrell, the mayor's closest adviser.

Burrell, who today toils out his last day at Street's side, offered a surprising assessment of the boss he has spent the last six years serving.

Burrell, a former private-sector lawyer, an ex-city councilman, and a failed 1991 mayoral candidate, said Street's true successes had not been obscured by the federal corruption probe. Rather, he said, the problem is Street's inability to shed his prickly image.

"The environment is so defined by John Street's personality and people's reaction to it that it has made it difficult," Burrell said. With fingerprints on most every major contract in the probe, Burrell, Street's secretary of external affairs, has made several grand jury visits but is leaving unscathed.

"So many people remember John Street when he was in City Council in the 1980s with his red suits on, and he was loud, and he was bombastic, and he fought" - a fistfight - "with [then-Councilman] Fran Rafferty," Burrell said.

"He did a lot of stuff that was colorful and caused a lot of people to remember him in a negative way."

The unconquered hurdle, he said, is that "some people have not allowed him to put that behind him."

Burrell, now 58, launched his political career as a deputy mayor in Bill Green's administration in 1980, the year Street began serving on Council.

"Nobody better than me has witnessed the maturation of John Street in government," said Burrell, a onetime adversary who was the only senior official with an office in the mayor's second-floor suite.

The mayor has transformed himself from "an outsider, a radical, and an agitator into an insider who can negotiate with the Bill Rouses of the world," he said, referring to Willard G. Rouse 3d, the prominent developer who died in 2003.

But Burrell knows that Street's affable and humorous side is overshadowed by actions assessed as harsh, vindictive, and often just strange.

For instance, "sometimes, communication became tedious because he needed four or five minutes of wardrobe discussion or dogs," Councilman Jim Kenney said two weeks ago. Kenney, a vocal Street critic, made his comments before lunching with the mayor at the Palm, an effort to repair their long-broken relationship.

"It's a disservice to himself and to people that they don't know the side of him that is warm and compassionate," said U.S. Rep. Bob Brady (D., Pa.), the city Democratic Party chairman, who has known him for more than 20 years. "What people see is not what you get."

The result is personality more often driving debate than pure public policy.

"Since he basically believes he is smarter than any person he is in a conversation with, it makes it difficult to have a real relationship," Councilman Michael A. Nutter said. "At some point, many individuals just get tired of it." He is among them.

Burrell conceded that because of those difficulties, "maybe things take longer [to pass on Council] than they otherwise would." He mentioned the anti-blight neighborhood program that was one of Street's biggest initiatives and getting funding for the two new stadiums.

Burrell also pointed to the mayor's strained ties with business leaders in what has become an annual struggle over efforts to cut taxes, relations that he called "strident," and a belief that he has been unfairly covered by the media.

"People are unwilling to tout his successes the way they were willing to tout [Mayor Ed] Rendell's successes," Burrell said. "Now, it's how everything is happening, improving, in spite of the mayor."

Burrell accepts some blame. He ticked off what he sees as Street's major accomplishments - the anti-blight initiative, removal of 250,000 abandoned cars, a program to reduce homelessness copied by other cities, development of the Navy Yard and along the north Delaware River - and acknowledged that not all of it had stuck.

Early on, Burrell made a decision to stay out of the headlines to avoid speculation that he was trying to resurrect his political career. Looking back, he said, "I may have increased my own profile to be a voice of the administration."

It's difficult to say how such a move would have countered the personality issue - or the federal probe, first publicized Oct. 7, 2003, and still going on.

"It affected individuals more than it affected the overall mood of the administration," Burrell said of the probe. Amid a flurry of subpoenas and national news headlines, work continued, he said. The mayor did not lose focus or go into a tirade about it.

But life was uncomfortable. Investigators tapped phones and unearthed mounds of paperwork and e-mail. "When people start being under the impression, warranted or not, that somebody is looking at their behavior... to determine whether they crossed the line, it's pretty hard to go through that on a day-to-day basis without it intruding into your thought process," Burrell said.

For months there were rumors that Burrell himself would topple Street's administration, as the man who admittedly saw to it that the mayor's supporters were rewarded with city work.

But with no control over the investigation, "I got up every day and came to work... . The only difference now is I take medicine for my blood pressure and wear glasses. Is it the probe or just age? I don't know."

Burrell, whom Street said he intends to continue leaning on "as part of my network," will be succeeded by deputy managing director Loree Jones. He will decide over the next month what to do next.

Describing a long road trip south he is about to take, to visit with old college friends and then his son in Florida, he said, "Now I'm going to go figure out what God has in store for me for the rest of my life."

The Mayor Through His Aide's Eyes

Outgoing senior aide George Burrell on Mayor Street and his administration:

"It is a tribute to John Street that he and I coexisted; two men with big egos and large ambitions have been able to figure out a way to coexist and communicate effectively with one another."

•

"I think most of the people in the cabinet were dealing with the [federal corruption] issue more from the perspective of integrity and reputation, and whether something was going to attach itself to this administration that they would have to carry for a very long time."

•

"The quality of life in the city of Philadelphia has improved over the last six years. Some of that is a direct result of the policies and programs that this administration has supported. Some of it is building upon the successes that Ed Rendell had in his eight years as mayor of the city... . In my view, in a historical sense people will look at the Rendell-Street era in much the same way they looked at the Clark-Dilworth era."

A Phone Call From Prison Roils Trial Of Ex-Detectives (NYT)

By ALAN FEUER

The New York Times, March 31, 2006

A disembodied voice from Colorado threw the trial of two retired detectives into temporary turmoil yesterday, as the jailed gangster who had once accused them of murder turned about and, their lawyers said, pronounced them innocent of some of the charges.

On the day prosecutors planned to rest their case and at the very moment when it seemed the trial could not get any more complex, there came, in a 1 p.m. conference call from a maximum security federal prison in Florence, Colo., the voice of Anthony Casso, former underboss of the Luchese crime family.

After 12 years in prison, nearly 8 of them in Florence, Mr. Casso was calling the defense to exonerate the two defendants, Louis Eppolito and Stephen Caracappa, even though he was the one who first accused them, back in 1994, of killing for the mob. In the private call, defense lawyers said he referred them to a letter he wrote this month to Mark Feldman, chief of the organized crime section for the United States attorney's office in Brooklyn, a letter in which he claimed responsibility for two murders and a kidnapping that the defendants have been charged with in this case. The prosecution told the defense of the existence but not the specific contents of the letter earlier this week.

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Nonetheless, it was a neatly timed and uncorroborated turnabout by Mr. Casso, who has been the trial's silent man, spoken of repeatedly, but never heard from until now.

His letter, dated March 4, 2006, begins this way: "I, Anthony Casso, hereby confess to have personally participated, as part of a three-man team, that shot and killed Eddie Lino in Brooklyn's Gravesend section. Detectives Eppolito and Caracappa are falsely being accused of this crime."

It goes on to say the former lawmen never supplied him with "confidential information," as the government has claimed, and never kidnapped a Staten Island man named James Hydell, as the indictment states. The letter, offering no evidence to bolster his account, also claims that the two detectives never murdered Israel Greenwald, a Long Island jeweler whose body was found in a shallow grave with a ShopRite grocery bag on his head.

In a move that indicates how confounding the federal trial has been, Mr. Casso attributed that last crime to Burton Kaplan, his former partner in crime, who has since become a government witness in the case. Mr. Casso concludes his letter by reminding Mr. Feldman of his three and a half years of "phenomenal, substantial assistance" before signing himself, "Respectfully yours, Mr. Anthony Casso Sr."

After Mr. Casso was arrested more than a decade ago, he started working with the government, and so agreeably at first that prosecutors tried to use his help in building a case against Mr. Eppolito and Mr. Caracappa.

The prosecutors' effort fell apart when Mr. Casso was caught in a plot to kill a judge and a federal prosecutor, destroying his usefulness as a government witness.

For the next 12 years or so, prosecutors chipped away at Mr. Kaplan to get him to cooperate, and last year they won his help. In the first week of the trial, acting as a substitute for Mr. Casso, Mr. Kaplan told the jury that he had served as "the safety spot," or liaison, between his former mob associate and the two retired detectives, who are accused of eight murders.

Confusing matters further, it was revealed yesterday that Mr. Casso had written two letters to the government, and that the first one, dated July 10, 2005, appealed to the authorities to reach "a truce" and "to unite." Months later, he asked the government to cap his prison term at 20 years, but was rejected. It was only then that he wrote the second letter, officials said.

All this sent the defense team scrambling about and muttering of mistrials as everyone tried to figure out what Mr. Casso might be up to. Did he really want "to unite" with the government again? Did he feel scorned and then strike back with the second letter? Did he just miss the limelight of a federal trial?

Today, at roughly 10 a.m., the defense will announce its plan: to call, or not to call, Mr. Casso to the stand.

'Mafia Cops' Defense To Ask For Mistrial (NSDY)

By Anthony M. Destefano, Newsday Staff Writer

Long Island Newsday, March 31, 2006

Defense attorneys in the "Mafia Cops" case will ask for a mistrial after letters surfaced Thursday from a mob boss who claimed that the ex-NYPD detectives were being falsely accused of some murders.

The letters were from imprisoned former acting Luchese crime boss Anthony "Gaspipe" Casso, who prosecutors contend was the alleged paymaster of ex-cops Louis Eppolito and Stephen Caracappa. The retired detectives are on trial in Brooklyn federal court, facing charges that they were involved in eight murders for the mob and leaked confidential information to Casso.

In a letter dated March 4 sent by Casso to the Brooklyn U.S. attorney's office, Casso claimed the defendants were being falsely accused of three of the homicides charged in the case: that of Edward Lino, James Hydell and Israel Greenwald.

"I, Anthony Casso, hereby confess to have personally participated, as part of a three-man team, that shot and killed Eddie Lino in Brooklyn's Gravesend section. Detective's Eppolito and Caracappa are falsely being accused of this crime," said Casso in the letter address to the organized crime section of the prosecution's office.

Defense attorneys are set to ask Judge Jack Weinstein for a mistrial or to have Casso produced as a witness.

Casso admitted in his letter that the Luchese family had for decades received confidential information from law enforcement officials, including the FBI. But he said that "Det's Eppolito and Caracappa have never supplied confidential information to the Lucheses."

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In 1994 Casso turned government witness. But because of questions about his credibility, law enforcement officials decided never to use him in a criminal trial. Various published accounts stated prosecutors believed Casso was a liar who wouldn't be credible on the witness stand.

Thursday, defense attorneys Bettina Schein and Rae Koshetz held a telephone conference call to interview the imprisoned Casso. Prosecutors have asked Weinstein to keep a transcript of that interview sealed. Weinstein is expected to rule on that Friday.

Prosecutors also disclosed another letter dated July 10, 2005, from Casso to Brooklyn U.S. Attorney Roslynn Mauskopf stating that he had been forced by his FBI handlers to give misleading information over the years to prosecutors. He also stated in that letter that Eppolito and Caracappa weren't involved in the murder of Bruno Facciola, a Gambino crime family soldier suspected of being an informant.

It wasn't clear why prosecutors didn't disclose the letters before the trial, which began March 13. Prosecutor Robert Henoch couldn't be reached for comment Thursday.

'Mob Cops' Innocent - Casso (NYDN)

By John Marzulli, Daily News Staff Writer

New York Daily News, March 31, 2006

Former Mob boss Anthony (Gaspipe) Casso, who ratted out the reputed Mafia cops in 1994, is now claiming they're innocent of murder charges - setting the stage for a possible mistrial.

In a phone call to defense lawyers from jail, Casso yesterday cleared ex-NYPD Detectives Louis Eppolito and Stephen Caracappa of wrongdoing - and contends he had a federal agent on the Luchese crime family payroll.

"Mr. Casso gives a completely exculpatory account of what happened," lawyer Edward Hayes said in Brooklyn Federal Court, out of the presence of jurors, following the one-hour phone call.

Casso, 65, also told the lawyers that he had written letters to the Brooklyn U.S. Attorney's office in July 2005 and March 2006 on the eve of the trial that were never disclosed to the defense.

Federal Judge Jack Weinstein ordered prosecutors to hand over the letters and adjourned the trial yesterday before the government could rest its case.

The defense is expected to seek a mistrial today.

"Eppolito and Caracappa have never supplied confidential information to the Luchese's," Casso wrote in a March 4 letter addressed to Mark Feldman, chief of the U.S. Attorney's organized crime section.

He jotted "sworn statement" on top of the lined paper.

Casso insists he was part of a hit team that gunned down Gambino crime cap Edward Lino in 1990 - not the Mafia cops.

He also claims he could "honestly prove" Eppolito and Caracappa had nothing to do with the kidnapping of James Hydell in 1986.

Casso and the government's chief witness, Burton Kaplan, "cooked up a scheme to frame these cops," Hayes charged.

Casso's stint as a turncoat was a brief one before breaching his cooperation agreement. He is now serving a life term at Florence ADX in Colorado, the nation's toughest penitentiary, for his involvement in 36 murders.

Law enforcement sources dismissed Casso's latest claims, suggesting he is hellbent on undermining the trial because his bid last year for a "truce" with the feds was rejected. Casso was told to get lost after he offered to disclose the location of Hydell's missing corpse in exchange for a new sentence capped at 20 years, sources said.

If Casso's exoneration of the Mafia cops is a turnabout for him, the defense lawyers' embrace of his claims is a far cry from how they felt about him earlier.

"Casso's mother and the whole world got a bad deal when Casso was born, and it's been downhill ever since," Hayes told the Daily News last April.

That was after Casso told "60 Minutes" that Eppolito and Caracappa "wanted to kill for me."

Hayes and defense lawyer Bruce Cutler have repeatedly embraced a witness' description of Casso as a "homicidal maniac."

FBI Reopens Cold Case Of Stolen Rockwell Painting (AP)

By Jeff Douglas

AP, March 31, 2006

ST. LOUIS - A Norman Rockwell painting that was stolen more than 30 years ago was sold in 1988, and federal officials now are trying to find out who bought it.

FBI officials said Thursday the agency's Art Crime Team, created in 2004, has several leads in the theft of Rockwell's "Russian Schoolroom," stolen in June 1973 from a suburban St. Louis exhibit and believed to be worth as much as $200,000 today.

"What's weird is we didn't know it was stolen," said Linda Pero, curator of the Norman Rockwell Museum in Stockbridge, Mass. "I was really surprised when the FBI called me."

Pero's museum passed up a chance to bid on the painting in 1988 when it was sold for $70,400 at an auction in New Orleans.

It is believed the painting was advertised for sale in 1989 at a Rockwell exhibit in New York, but nobody made the connection until recently, officials said.

"The experts have said there are no other copies of this oil painting," FBI Assistant Special Agent Steven Gomez said.

Earlier this month, the Art Crime Team recovered a Marion Greenwood painting valued at $99,000 that was stolen in 1968. Frank Brostrom, with the Regional Art Crime Team in St. Louis, said the Rockwell case should be solved in a similar manner.

On Thursday, the FBI also returned a drawing by Susan Rothenberg to its rightful owner, the Webster University art department. Worth about $20,000, the piece was among more than 100 works of art stolen from a St. Louis art storage facility in 2002.

Two St. Louis-area men, Donald R. Rasch and Biron Valier, are in prison after pleading guilty last year to conspiring to steal and resell about $4 million in art from the storage facility.

Brostrom said most of the art stolen in that case has been recovered, but works by Salvador Dali and Pablo Picasso still were missing.

"Russian Schoolroom," commissioned by Look magazine in 1967, depicts Russian schoolchildren at their desks looking at a statue of Vladimir Lenin. The communist leader appears to be the teacher at the front of the class.

"It's very typical of one of his journalistic illustrations, much like the work he did on the Peace Corps," Pero said.

A St. Louis Globe-Democrat news article from June 26, 1973, said the thieves smashed a glass door of the museum and took only the oil painting. Priced at $20,000, it was easily the most valuable item in the Rockwell exhibit.

"That painting is known all over the country. There's no possible way that they can unload that painting," Marjorie Pond, the director for the art gallery, told the Globe-Democrat after the break-in.

But that assessment turned out to be wrong.

Pero said an insurance company could be to blame for not reporting the theft properly or investigating it. She also said there should be a record of who bought the painting in New Orleans.

Rockwell died in 1978, and that same year more of his paintings were stolen from the Elayne Gallery outside Minneapolis.

Those were recovered in 2001 at an art dealer's farmhouse in Brazil, according to FBI records. Three of the paintings, worth up to $1 million, were returned to the owner.

Bonnie Lindberg, who ran the Elayne Gallery with her mother, said no one was ever charged in the crime.

Now an art appraiser, Lindberg said she's never seen "Russian Schoolroom," but today it could be worth up to three times what it sold for in 1988, possibly $200,000.

"If it were a memorable image you would recognize it," Lindberg said. "Otherwise, these sales can go under the radar."

Much of Rockwell's fame resulted from his magazine cover illustrations for the Saturday Evening Post.

ON THE NET

FBI Art Crime Team: http://www.fbi.gov/hq/cid/arttheft/arttheft.htm

Norman Rockwell Museum: http://www.nrm.org

DOJ_NMG_0024511

Favors Found In Air Force Contracts (WP)

By Charles R. Babcock

The Washington Post, March 31, 2006

Former Air Force procurement official Darleen A. Druyun, convicted last year for showing favoritism to Boeing Co. while negotiating for a job, also manipulated Pentagon rules to benefit Lockheed Martin Corp. and another defense contractor, according to recent inspector general reports.

The audits, part of an IG review of eight contracts that the Air Force requested last year after Druyun pleaded guilty, found that she helped Lockheed Martin on two airplane contracts between 1998 and 2001 while serving as a top civilian contracting official.

In the case of a $561 million contract to modernize the giant C-5 cargo jet, Druyun in 1998 took authority to choose the contractor, then revised the selection ratings to favor Lockheed, one report said. In 2001, Druyun changed a contract involving F-16 flight simulators so that Lockheed could collect an extra $41.6 million in return for a benefits package from the company that was of minimal value, the IG found.

The inspector general focused its criticism on the Air Force, recommending that the service tighten its control of the contracting process.

As with Boeing, Druyun, after deciding to retire from the Air Force, negotiated a job offer with Lockheed in 2002. However, in the Boeing case, the job discussions came as she was still helping the company with a multibillion-dollar tanker contract. The instances of favoritism for Lockheed preceded the job discussions. In addition, Druyun had recused herself from reviewing any Lockheed contracts because of the job talks, according to court documents.

Lockheed spokesman Thomas Jurkowsky said the company "believes that its proposals for the two contracts offered the best value for the Air Force."

An official at the U.S. attorney's office in Alexandria said there have been no new criminal referrals from the Department of Defense involving Druyun.

A third report found that Druyun "influenced" $47.2 million in vehicle overhaul requirements on a cargo loader by selecting the manufacturer, Systems & Electronics Inc. of St. Louis, to be the sole source of repair.

A spokesman for the company did not respond to a request for comment.

Auditors recommended that the Air Force "sever" that portion of the contract and consider joining with the Marine Corps for a cheaper agreement.

The IG reports were posted on the agency's Web site over the past few weeks.

Four of the other contracts under review belonged to Boeing, the company at the center of the scandal that led to prison terms for Druyun and Boeing's former chief financial officer, Michael M. Sears. Druyun admitted to trying to help Boeing on the tanker contract while discussing a $250,000 job she later accepted. Boeing also hired her daughter and son-in-law.

One other contract report has been completed but not yet made public.

In the case of the C-5 plane contract, government auditors said they could not validate whether the award to Lockheed was justified because the Air Force did not adequately document the technical and cost data used. Druyun changed ratings in three areas without providing justification and cited a competitor's weakness in one area, though Lockheed shared the same weakness, the report said.

On the flight simulator, the report blamed the Air Force for accepting Lockheed's claims that it had spent $73.3 million to develop the simulators, noting that a review found $24.6 million of those costs could not be verified.

Douglas Karas, a spokesman for the Air Force, said the service's request for the IG review was an indication of its "commitment to an open and transparent acquisition process."

Retrial Has A Dramatic Conclusion (WP)

By Leef Smith

The Washington Post, March 31, 2006

DOJ_NMG_0024512

As a federal jury yesterday found Jay E. Lentz guilty in the kidnapping and death of his ex-wife, the former naval intelligence officer screamed out, "No, no! Reconsider!" ending a tortuous, years-long melodrama that has involved tainted evidence, charges of prosecutorial misconduct and the defendant's owned taped remark that he was hiring a hit man to kill witnesses.

After listening to nearly 50 witnesses, a jury in U.S. District Court in Alexandria took four days to reach a verdict, finding Lentz guilty of interstate kidnapping resulting in the 1996 death of Doris Lentz, 32. Her body has not been found.

The charge carries a mandatory sentence of life in prison without parole. Lentz is scheduled to be sentenced June 23.

"Jay Lentz will spend the rest of his life where he belongs -- in prison, for the kidnapping and brutal murder of his ex-wife, Doris Lentz," U.S. Attorney Chuck Rosenberg said in a statement.

Defense attorney Frank Salvato said Lentz, 46, who has spent five years in jail, will appeal the verdict.

"Mr. Lentz intends to fight on, and we'll do everything we can to try to win an appeal and eventually gain his freedom," Salvato said.

Several times during the two-week trial, Lentz was silenced for brief outbursts, but they were nothing compared with yesterday's. According to courtroom observers, Lentz began to yell at the jurors as the verdict was read, pleading with them to reconsider.

U.S. District Judge T.S. Ellis III warned Lentz that if he could not be quiet, he would be removed from the courtroom. Lentz pointed at the judge's bench and screamed: "What difference does it make? You're in on it, too!"

"It's a great relief," said Doris Lentz's mother, Bernice "Gene" Butt, who attended the beginning of Lentz's retrial but found it too painful to stay. "It's been almost 10 years. I just hope it's finally over."

There has been no shortage of plot twists and suspenseful moments in the case of U.S. v. Jay E. Lentz.

Yesterday's conviction was actually his second. In July 2003, a federal jury found Lentz guilty of the same crime.

But that verdict was thrown out by U.S. District Judge Gerald Bruce Lee, who said prosecutors had failed to prove that a kidnapping, as defined by federal law, had taken place.

Then three jurors came forward and said they had viewed two of Doris Lentz's day planners, which had mysteriously and inappropriately shown up in the jury room. The planners contained material that included Doris Lentz's notes about threatening phone calls Jay Lentz allegedly had made to her.

The case then took an even more extraordinary turn: Lee accused the lead prosecutor at the time, Assistant U.S. Attorney Steven D. Mellin, of deliberately planting the day planners in the jury room. The battle reached the U.S. Court of Appeals for the 4th Circuit in Richmond, which in September 2004 threw out Lee's finding about Mellin, saying the judge made "a rather broad leap" without evidence.

Although the appeals court later reinstated the conviction, a new trial was ordered for Lentz because the jurors had seen the disputed materials. Lee was taken off the case by the appellate court. Mellin was not on the trial team for the retrial.

Among the most damning evidence presented against Lentz during the retrial was a taped jailhouse phone conversation between the defendant and Salvato, in which Lentz said a "hit guy" was on his way to the jail because he needed witnesses to disappear.

At the time Lentz made the comment, Salvato warned that such a statement would destroy him at his retrial.

The jury apparently agreed with the prosecution's assertion that Lentz lured his ex-wife from her Arlington County home in April 1996 to his house in Fort Washington under the pretense that she would be picking up their daughter, Julia, then 4.

Although her body has not been recovered, her car, the passenger seat spattered with blood, was found in the District. Prosecutors presented forensic evidence suggesting that a small drop of Lentz's blood was found on the upholstery.

Prosecutors repeatedly told the jury that Doris Lentz had feared for her safety, moving into a secure building to keep her ex-husband at bay. Several witnesses testified that Doris told them about threatening statements her ex-husband had made, such as "O.J. can happen again" and "I could kill you, and there would be no body."

"It was a premeditated crime," Assistant U.S. Attorney Erik Barnett told the jury in a closing statement last week: "It was a heinous crime. It was done by someone who was driven by hate and greed and a desire to keep Doris from getting money in their divorce litigation. He was striving for a goal."

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On the last day of testimony, the daughter, Julia Lentz, now 14, took the stand briefly on her father's behalf, telling the jury that she remembers her father being emotionally distraught after her mother vanished and that she views him as "very nonviolent."

"It is very sad that a daughter is without her mother and now her father," Barnett told the jury, alluding to Julia during his closing statement. "But the decisions about Julia's future are not yours. They were made 10 years ago by someone else in this courtroom."

N.Y. High Court Revives Felony Counts Rooted In Judge's Misconduct (LAW)

By John Caher, New York Law Journal

New York Law Journal, March 31, 2006

The Court of Appeals in Albany, N.Y., Thursday reinstated six felony counts against former New York Supreme Court Justice Gerald P. Garson with a precedential ruling that judges can face criminal prosecution for acts that started with a violation of the Rules of Judicial Conduct.

Thursday's 6-1 opinion means the former judge accused of accepting bribes and kickbacks from a divorce lawyer is once again confronted with the full panoply of felony charges lodged against him following a sting operation initiated by Brooklyn District Attorney Charles J. Hynes' office.

Garson now faces trial on a total of seven felonies -- one count of receiving a bribe and six of receiving reward for official misconduct. All of the charges stem from an illicit attorney-judge relationship involving Garson and attorney Paul Siminovsky.

Garson's attorney, Diarmuid White of Manhattan, had argued -- successfully, in the lower courts -- that the Rules of Judicial Conduct could not be used to criminally prosecute a judge. The preamble to the rules makes plain that they are not designed or intended to support a criminal prosecution, and the Court of Appeals accepted that proposition in People v. La Carrubba, 46 NY2d 658 (1979). But Thursday the court clarified La Carrubba, holding that while a violation of the rules alone cannot sustain a criminal prosecution, judges are not immune from indictment when an ethics violation escalates into criminality.

In the Garson case, the court said, the judge not only violated the ethics code by partaking in ex parte communications and by improperly lending the prestige of his office but went a step further and took payment for his misconduct. That step, six of the seven judges agreed, transported Garson's case from the sole jurisdiction of a disciplinary agency to the criminal purview of Hynes' office.

"Had the judge as a public servant violated ethical duties alone -- without accepting a benefit for the violation -- and had the action not otherwise been prohibited by the Penal Law, the public servant would be subject to discipline in a proceeding brought by the Commission on Judicial Conduct," Judge Carmen Beauchamp Ciparick wrote for the majority.

The key legal holding Thursday -- that the prosecution may rely on the Rules of Judicial Conduct to establish an element of a crime -- was punctuated by a finding that La Carrubba is not controlling in People v. Garson, 28.

The Garson case is rooted in a three-year relationship between a judge assigned to a matrimonial part in Brooklyn and a matrimonial lawyer.

The prosecution alleges that Siminovsky gave Garson money and gifts in exchange for ex parte advice on pending cases, client referrals and favorable treatment. It also is alleged that the judge demanded a referral fee for his wife, now Civil Court Judge Robin Garson, who had apparently sent a client to Siminovsky. Siminovsky, according to proof before the grand jury, contributed to then-candidate Robin Garson's campaign and also gave her husband $1,000.

Many of the charges stem from a divorce case involving Avraham Levi, who allegedly was steered to Garson by Siminovsky. While the Levi case was pending before Garson, the Brooklyn district attorney began a video and audio surveillance of the judge's robing room.

Garson was heard telling Siminovsky that Levi would prevail, even though he did not deserve to, and instructing the lawyer on how to proceed.

Siminovsky was arrested shortly thereafter and agreed to assist the prosecution. The lawyer, wearing a recording device but unaware the video surveillance was continuing, brought Garson a box of expensive cigars on March 4, 2003, and the two men further discussed the Levi case, according to court records.

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On La Carrubba grounds, Justice Steven W. Fisher, now of the Appellate Division, 2nd Department, dismissed six felony counts of receiving reward for official conduct and two misdemeanor counts of official misconduct. That left only one felony of third-degree bribe receiving and misdemeanors of official misconduct and receiving unlawful gratuities. The 2nd Department affirmed, also on La Carrubba.

Thursday, the Court of Appeals, after Chief Judge Judith S. Kaye granted leave to the prosecution, reinstated the six felonies.

PERVERSE RESULT

At oral argument on Feb. 7, Brooklyn Assistant District Attorneys Leonard Joblove and Seth M. Lieberman stressed what they said was an illogical consequence that would result from an affirmance. They noted that, under Fisher's decision and the 2nd Department opinion, a judge who takes a bribe while properly attending to his duties -- for instance, while conducting a proper conference with all parties present -- would face criminal sanctions. But a judge who took a bribe while violating the Rules of Judicial Conduct -- for instance, while conducting an improper, ex parte conference -- would be immune. That argument seemingly struck a chord with the court.

"We see no justification for such a perverse result -- not in the plain language of the statute, not in the legislative history, and not in our precedents," Ciparick wrote. "Thus we conclude that the People may rely on the Rules Governing Judicial Conduct to prove the element of a judge's 'duty as a public servant' within the meaning" of the Penal Law.

Ciparick said that since the rules are designed to ensure "the integrity of the judiciary and the resultant confidence and impartiality," then "any other construction runs afoul of these goals."

She continued, "To hold otherwise, as urged by the dissent, would lead to the incongruous result of insulating judges from criminal liability ... because they have a formal body of rules governing their conduct while subjecting other public servants ... to criminal liability for similar conduct."

WAS DEFENDANT ON NOTICE?

In lone dissent, Judge George Bundy Smith argued that neither the New York Constitution nor the Rules of Judicial Conduct nor the Penal Law "authorize a prosecutor to charge a judge with crimes by alleging violations of the Rules of Judicial Conduct." Bundy Smith said he could find no cases and no statutes giving any authority to hold a judge criminally liable for failing to abide by the ethics rules.

"There is no question that the prosecutor has amassed a great deal of damning evidence against the defendant," he wrote. "However, what is at issue is whether or not Rules of Judicial Conduct can be used as a predicate for a criminal prosecution ... There is not a single case that supports the majority's assertion that defendant was on notice that the Rules of Judicial Conduct would serve as the basis for a criminal prosecution."

Bundy Smith suggested the majority decision raises more questions than it answers. For instance, he pondered whether a judge who advises a friend or relative to retain a particular lawyer or recommends a particular law school runs the risk of criminal sanction. But the majority said that fear is unfounded.

"We do not imply that a judge, acting in a purely private, unofficial capacity, may not refer a friend or acquaintance to a lawyer when the judge expects no benefit for doing so," Ciparick wrote in response to the dissent. "But the grand jury could have concluded that that is not what happened here."

CREDIBILITY STILL AT ISSUE

Hynes told a press conference Thursday that the ruling "makes it crystal clear that this kind of conduct is not going to be acceptable," according to his spokesman.

"The law binds everyone equally, the judges no less than those who are judged," Hynes said.

White, Garson's lawyer, said that while Thursday's decision adds a slew of felony charges for his client to defend, the factual assertions underlying those felonies would have been admissible anyway when the trial begins June 15.

"In the big picture, it doesn't change things much," White said. "The credibility of the witnesses will be the issue."

The defense attorney also questioned the wisdom of the court's ruling and the impact it may have on judicial-prosecutorial relations, particularly in the smaller communities.

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"Judges could feel under some pressure that they are being scrutinized by the district attorney, and I don't think that is a good idea," White said. "That is why I think an independent judicial commission should be the body investigating judges, not the district attorneys."

Siminovsky, who was disbarred, has pleaded guilty to a misdemeanor of giving unlawful gratuities to a judge and awaits sentencing.

State Prisons Ordered To Pay Millions Owed To Doctors (LAT)

By Jenifer Warren

The Los Angeles Times, March 31, 2006

SACRAMENTO — Managers of California's beleaguered prison system received a double dose of bad news today as a federal judge ordered them to pay tens of millions of dollars owed to doctors who treat inmates, and the state launched an audit of their agency.

Some of the doctors have not been paid in four years. Some of their contracts have lapsed. And some who deliver cardiology, radiology and a wide range of other services to prisoners are no longer responding when called.

U.S. District Judge Thelton Henderson, who recently put the state prisons' healthcare system in the hands of a federal receiver, ordered that outstanding doctor bills --- which total more than $58 million --- be paid within two months.

Henderson also had harsh words for corrections leaders, saying they have stuck "their collective heads in the sand" instead of resolving the contracting mess.

"Predictably," he added, "this stunning example of the state's bureaucratic inaction … is now culminating in a crisis."

Lax healthcare in California prisons is blamed for an average of 64 preventable deaths a year. In naming a federal receiver to take over this year, Henderson determined that corrections officials were incapable of solving the problem alone.

Meanwhile, state Controller Steve Westly said his office will audit the department to determine why prison healthcare is so poor, despite a doubling of funding since 2000.

"The taxpayers have nothing to show for the billions spent on prison healthcare. Instead, we've seen the first federal takeover of a state agency in California history," said, Westly, who is also a candidate for governor.

Dr. John Henry, a general surgeon in San Luis Obispo County, hasn't been paid since September. Henry said treating inmates at Avenal State Prison makes up about 40% of his caseload.

Until recently, he was performing about 20 surgeries a month on prisoners. But then the anesthesiologists at the local hospital stopped providing service to inmates because of nonpayment by the state. Now, Henry performs only emergencies, such as appendectomies, and even those "reluctantly."

"I won't tell you how much I'm owed, but it's a lot," Henry said. "Nobody wants to stop providing care, but this is ridiculous. We can't keep working for free."

Errors Prompt States To Watch Over Crime Labs (USAT)

By Richard Willing

USA Today, March 31, 2006

State legislators, troubled by reports of botched DNA tests and other mistakes by forensic analysts, have begun to establish oversight commissions to improve local crime labs and coroner's offices.

Virginia and Texas, where a lab technician mistakenly implicated the wrong man in a rape case, passed laws last year that set up such commissions. Legislators in New Hampshire, Vermont and Minnesota are considering similar plans this spring.

In Illinois, legislators are considering a plan that would require state and private labs to be accredited by a professional crime lab group. Oklahoma has had such a measure in place for three years. In Massachusetts, Gov. Mitt Romney, a Republican, revived the state's dormant oversight panel after a pair of eyes critical to a murder investigation were reported missing from a lab in 2002.

Beginning today, the American Judicature Society, a non-partisan policy research group of judges, attorneys and academics, begins a three-day conference in Greensboro, N.C., to establish recommendations for crime lab practices. The

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conference's co-chairs include former U.S. attorney general Janet Reno and former federal judge and CIA and FBI director William Webster.

Forensic science "is justice's best friend, but it has to not only be used right but done right," says Texas state Sen. Juan "Chuy" Hinojosa, a Democrat who co-sponsored the bill that created Texas' commission. "There needs to be a way to hold the labs accountable."

In Houston, the DNA unit of the city's police lab was closed in 2002 after a local television station, KHOU, reported several problems.

The problems included missing files, contaminated and poorly stored evidence and DNA test results that had been misinterpreted to wrongly match a suspect to a rape he had not committed.

The man, Josiah Sutton, was convicted and served 4½ years in prison. He was released after independent DNA testing revealed the lab error.

The laws and proposed laws differ from state to state. Generally, they require a crime lab's testing procedures and accuracy rates to be approved by an outside body, and they create a system for punishing misconduct.

In New York state, which established the first forensic science commission in 1995, commissioners have moved beyond checking lab standards to setting policies for collecting DNA.

Last December, the panel voted to allow about 40,000 DNA profiles to be taken from criminal parolees and probationers or as a condition of plea bargains. The profiles were added to a state database of known offenders, which is linked to a national DNA database run by the FBI.

Defense lawyers generally have favored setting up forensic science commissions.

In a statement last year, the New York City-based Innocence Project said the Texas commission would improve both the "quality" of Texas' justice system and "Texans' faith in that system."

FBI: International Scam Targeting Islamic Mosques Broken (AP)

By GARRY MITCHELL, The Associated Press

AP, March 30, 2006

MOBILE, Ala. (AP) — An international wire fraud scheme targeting Islamic institutions with a phony stranded-traveler plea, netting only small sums but hitting multiple victims over many years, has been disrupted by the arrest of its mastermind, the FBI says.

Islamic advocates say Mohammed Mustafa Agbareia, who was arrested in Canada and pleaded guilty March 1 in Alabama to one count of conspiracy to commit wire fraud, may have scammed more than $1 million from mosques and Islamic groups over nearly two decades.

He will be sentenced July 10 by U.S. District Judge Charles Butler in Mobile, where he is in the custody of federal marshals.

Agbareia is accused of claiming to be with a Saudi development bank investing in local Islamic society projects. Eventually he would contact Islamic leaders asking for money, saying he was stranded at an airport in Canada or another distant location and needed money wired.

Agbareia manipulated the Islamic tenet of lending aid to a stranded traveler, the FBI says.

He would always ask for $1,000 to $1,500 — amounts small enough to "pass under the radar" of local authorities, said Ibrahim Hooper, a spokesman for the Council on American-Islamic Relations (CAIR) in Washington, D.C.

"This guy was really unique," Hooper said in an interview Wednesday.

Agbareia, whose guilty plea was first reported by the Mobile Register, faces a possible 5-year prison sentence, a $250,000 fine and 3 years of federal supervision after his prison release. But penalties could vary because a religious institution was a victim and the court's sentencing guidelines are only advisory in this case, according to the plea agreement.

The scheme dates to the 1990s and had at least 45 victims in the United States before being halted. It involved over 10,000 solicitations for money, according to the FBI.

Agbareia was indicted in Mobile and Vermont on the fraud charges about a year ago. A second man, Zouhair Youssei Hissy, also was indicted in Mobile for an alleged role in the scheme and awaits extradition to the United States from Canada.

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Agbareia, 40, was arrested in Canada pending his unrelated deportation to Israel. Records show he's from Nazareth in Israel.

The FBI probe of Agbareia began in Vermont where two victims were defrauded, an FBI spokesman said in a March 22 statement about the case. Another complaint came in Alabama in 2004 from the Islamic Society of Mobile Mosque.

Collecting victims' phone numbers on the Internet, Islamic institutions or mosques were contacted by Agbareia and Hissy, who claimed to represent the Saudi Arabia-based Islamic Development Bank (IDB).

Agbareia usually kept 60-80 percent of the money, with Hissy getting the remainder, the FBI said.

In Mobile, FBI spokesman Special Agent Craig Dahle said it's unknown how much money the scheme collected. He said there could be victims worldwide.

In the plea agreement, Agbareia, represented by the public defender's office, agreed to forfeit any proceeds of his criminal activity and cooperate with the government's investigation under threat of additional charges.

Faith, Family Tied To Disuading Gangs (WT)

By Amy Doolittle

The Washington Times, March 31, 2006

Faith and family must figure large in solving the region's growing gang violence problem, which also will require mentors who understand street culture, a panel of forum speakers and audience members said yesterday.

"Regardless of the message, one of the things I've found is that the message must be modeled by the messenger," said former Washington Redskins cornerback Darrell Green, who now operates several youth organizations. "I believe the best defense is a great offense."

Mr. Green was one of several panelists who participated in the Citizens Forum Project on Gang Violence, held at the Arbor Ballroom in The Washington Times building in Northeast.

Other panelists included Robert Woodson, founder of the National Center for Neighborhood Enterprise; the Rev. Fred Shuttersworth, a civil rights leader; Luis Cardona, a former gang member who works with at-risk area youth; and Robert Goodwin, president of the Points of Light Foundation.

About 200 students and residents attended the forum, the fifth in a monthly series, said Brian Bauman, director of The Washington Times Corp.'s Citizens Forum Project.

"One of the things that we've got to understand and [bring] into realization is that a gang member is not going to come to the door and say, 'Hey guys, could you save my life?' " said Juan Pacheco, a former gang member who works with gangs to bring peace.

"The probability of that happening is zero-point-zero. So we as individuals have to reach out to them," said Mr. Pacheco, 28. "We're tired of violence. We're tired of our brothers and sisters dying, man, and we need you, and you need us."

The Times reported yesterday that D.C. officials say there are more than 270 girl gangs alone in the District.

In addition, the number of D.C. Superior Court cases involving female juveniles increased from 445 in 2003 to 571 in 2004. The number of girls brought before the court for violent offenses jumped from 225 in 2003 to 322 in 2004, a 43 percent increase.

T'Chaka Sapp, commissioner for Advisory Neighborhood Commission 8A, asked the all-male panel how the subject of female gangs should be addressed.

"The thing that I see today is a totally different dynamic," Mr. Sapp said. "It's the females now that are off the chain, and we need to come up with other methods. I see all men here. We need some females to deal with the female problems on the streets. It's the girl gangs that are tearing up D.C."

The panelists said good role models for girls and boys are critical in fighting gang violence.

"It all shows the need for us to work with our young woman so they don't feed off the attention they get when they act like gladiators protecting their honor," Mr. Cardona said.

Mr. Green agreed but emphasized the role of the traditional family.

"Somewhere you've got to teach a man how to love his wife and how to be a man, and someone's got to teach the woman how to be a woman," he said. "Even if you haven't got a family, someone's got to lead."

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Mr. Pacheco, who said he is from Falls Church but declined to identify which gang he belonged to, said bringing gang members together to discuss why peace and community are important is also a critical step in ending the violence.

"You've got to hold high expectations of these gang members," he said. "We've got to remind them that we are family and that we are brothers and sisters. We are brothers and sisters, so why are we killing each other off?"

States Shelter Risky Borrowers (WSJ)

By Christopher Conkey

The Wall Street Journal, March 31, 2006

With Congress divided over federal legislation to combat predatory mortgage lending -- the practice of persuading borrowers into taking on fee-laden loans they often can't afford -- more than half the states have passed laws designed to protect riskier-than-average borrowers, and others are contemplating action to curb abuse.

At least 10 states -- including New York, West Virginia and New Mexico -- have adopted comprehensive laws in the past few years crafted to curtail tactics commonly used by unscrupulous lenders, including excessive penalties for paying off a loan early, inflated interest rates and frequent refinancing of a mortgage that does little to improve a buyer's finances but generates fees for lenders and brokers. Other states are taking it one issue at a time: Maryland has restricted prepayment penalties, for instance. And still others are considering proposals to subject lenders to greater liability if they are found to have duped home buyers.

The latest flashpoint is Ohio, which has the nation's highest mortgage-foreclosure rate. State legislators there are weighing measures that would allow the state attorney general to prosecute dubious lending practices and would establish a new legal duty for lenders and middlemen to look out for consumer's best interests, similar to the duty stock brokers have. The Ohio House of Representatives passed a bill this week, but the Senate, which passed its own version earlier this year, rejected it. The chambers must reconcile the measures before they become law. Mortgage-industry lobbyists are resisting.

In recent years, an expanding array of unconventional mortgages has made it possible for "subprime" borrowers -- those with spotty credit histories and lower credit scores -- to purchase or refinance homes. The Mortgage Bankers Association says more than 13% of outstanding mortgages are subprime, up from 2% seven years ago. Subprime borrowers pay higher interest rates on mortgages to compensate lenders for the added risk. Prime borrowers today typically face a 6.35% rate on a 30-year, fixed-rate mortgage. The Center for Responsible Lending, an advocacy group affiliated with a Durham, N.C., community-development lender called the Center for Community Self-Help, estimates a subprime borrower with a slightly worse-than-average credit score would pay more than 7%, and one with a sharply lower score would pay upward of 10%.

Industry officials say innovative mortgage products have helped millions of low-income Americans buy homes for the first time. They warn that an onerous mix of state rules is driving up costs and limiting mortgage availability, and they are pushing strongly for federal legislation that would pre-empt the rising number of state laws. "There's been this trend since 1999 for states and localities to implement their own laws," says Steve O'Connor, a lobbyist with the Mortgage Bankers Association. "It's effectively balkanized the national mortgage-finance system. It adds costs and risks to operations that are passed onto consumers."

Mr. O'Connor points to Montgomery County, Md., just outside Washington, where a local law aimed at holding brokers and lenders liable for racial discrimination prompted 50 lenders to leave the market, reducing availability and driving up costs. A judge recently issued a temporary injunction blocking the law, and Mr. O'Connor notes that some lenders since have returned to the market.

Consumer advocates counter that deceptive subprime lenders defraud homeowners out of billions of dollars each year by targeting potential buyers with little ability to understand -- let along repay -- complex loans. They cite a Center for Responsible Lending study that suggests credit availability and pricing haven't been adversely affected in areas where stringent restrictions have been enacted.

North Carolina sparked the current trend of state laws in 1999 with a statute that limits a variety of fees and financing methods common to subprime loans. "It's clear from studies that our predatory-lending law is protecting consumers, while at the same time loans are still widely available," said Roy Cooper, the state's attorney general.

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In the U.S. House of Representatives, Rep. Spencer Bachus, an Alabama Republican who heads a financial-services subcommittee, is holding talks with a pair of North Carolina Democrats in an effort to model a federal standard based on their state law. In recent years, Congress has been in a stalemate over the question of whether to pre-empt state laws with a federal standard.

Speaking to a gathering of mortgage brokers in Washington this week, Rep. Barney Frank of Massachusetts, senior Democrat on the House Financial Services Committee, said he supports a uniform standard. "But," he added, "I don't want that to be a way of lowering consumer protection." Mr. Frank said he expects the bipartisan talks to reach agreement soon.

Meanwhile, state attorneys general have been feuding with federal regulators over whether they can enforce state lending laws against nationally chartered banks, which are regulated by the Treasury's Office of the Comptroller of the Currency. The Comptroller has said states can't use their laws against those banks, and last year won an injunction halting a probe by New York Attorney General Eliot Spitzer into the lending practices of national banks in that state.

This week Mr. Spitzer appealed to the Second Circuit U.S. Court of Appeals in New York. Spitzer spokeswoman Christine Pritchard said the OCC's "anticonsumer agenda seeks to drastically alter the balance of federal-state powers and would leave New York powerless to protect its residents from unscrupulous practices." An OCC spokesman declined to comment.

Earlier this year, the attorneys general of 49 states reached a $325 million settlement with Ameriquest Mortgage Co. over a variety of abusive-lending charges. The states charged Ameriquest, the largest subprime lender at the time, with a litany of transgressions. Among them: influencing and accepting inflated appraisals, hiding fees and encouraging applicants to give inaccurate employment or income information to obtain loans. Ameriquest denied wrongdoing.

The Ameriquest payment was the second-largest consumer-protection settlement in history. The largest was a $484 million settlement in 2002 between states and Household International Inc. over alleged lending abuses. Household, like Ameriquest, denied wrongdoing, but agreed to change some of its lending practices. Household was acquired by HSBC Holdings PLC in 2003.

Cities That Lead The Way (NYT)

The New York Times, March 31, 2006

Crippled by soaring corrections costs, states and municipalities are re-examining policies that drive ex-offenders right back to prison by barring them from employment. Locked out of the mainstream, ex-felons become burdens to their families, their communities and the nation as a whole. Three cities — Boston, Chicago and San Francisco — have taken groundbreaking steps aimed at de-emphasizing criminal histories for qualified applicants for city jobs, except in law enforcement, education and other sensitive areas where people with convictions are specifically barred by statute.

The Boston plan, which becomes effective this summer, deserves to be widely emulated. It covers not just city employees but also the companies that do business with the city. Those companies, which employ hundreds of thousands of workers, will be required to make their employment policies consistent with those put forth by the city.

Under the new policy, the city will not conduct a criminal record review at all, except in special circumstances or when it is required by law. Even then, the search will come near the end of the process, after the applicant has proved to be qualified and is about to be hired. If the city then changes its mind about the job offer, the applicant is entitled to a full explanation and a chance to rebut the criminal records reports, which sometimes contain errors.

Taken together, the recent developments in Boston, Chicago and San Francisco symbolize a step forward in terms of fairness for law-abiding ex-offenders, who are often barred from entire occupations because of youthful mistakes and minor crimes committed in the distant past. It should be clear to all of us by now that confining those people to the ranks of the unemployed makes it more likely that they will commit new crimes, return to prison and become a permanent burden to society.

CIVIL LAW:

U.S. Demands Files From ISPs, Tech Firms (AP)

By MARYCLAIRE DALE

DOJ_NMG_0024520

AP, March 31, 2006

PHILADELPHIA - The Justice Department is demanding internal files from dozens of Internet service providers and other technology firms as it seeks to defend a controversial Internet child protection law.

The subpoenas are similar to one given to Google Inc., which waged a partially successful battle over the government's request for millions of pieces of information about search engine requests and Web site domains.

InformationWeek magazine unearthed subpoenas that show the government also demanded information from at least 34 other companies, including Internet service providers such as Comcast Corp. and EarthLink Inc., security software firms and other technology companies.

The subpoenas, which the magazine obtained through Freedom of Information Act requests, show the Justice Department preparing for an October trial in Philadelphia over the 1996 Child Online Protection Act. It is not clear which companies are complying, and to what extent.

"That money could be spent so much more wisely on giving software away to parents that are having these problems," Dan Jude, president of Security Software Systems, said of the litigation costs.

The 12-person firm, which makes filtering software, spent more than 40 hours trying to comply with the subpoena, he said. The company refused to provide some information on proprietary grounds, fearing it could make its way into the court file.

"If that information gets out in the public, we've just lost our competitive edge," Jude said Thursday. The subpoena also sought information the company does not keep, such as customer satisfaction, he said.

Department of Justice spokesman Charles Miller did not immediately return a message Thursday afternoon.

The subpoenas also went to companies including AT&T Inc., Cox Communications Inc., Verizon Communications Inc. and Symantec Corp.

The U.S. Supreme Court has twice said the law _ which would criminalize Internet material deemed "harmful to children" as defined by "contemporary community standards" _ is likely to violate First Amendment protections and granted preliminary injunctions.

Critics say that definition is so broad it would stifle free speech, and also note that pornographers and others could simply base their operations offshore, beyond the reach of U.S. authorities.

Online publishers who are challenging the law argue that filters are a less restrictive way to protect children. The publishers, which include sexual health sites, a gay newspaper and the online magazine Salon.com, are represented by the American Civil Liberties Union.

"Our overarching concern over what the government is doing (with the subpoenas) stems from the 'why,' _ what is it they're actually trying to accomplish?" said David McGuire, a spokesman for the Center for Democracy and Technology in Washington. "It doesn't seem reasonable."

U.S. Sought Data From More Than Search Engines (CNET)

CNET News, March 31, 2006

The Justice Department demanded information from at least 34 Internet service providers, search companies and security software companies as part of its probe related to the Child Online Protection Act (COPA), according to an article in InformationWeek on Thursday.

Some companies, including Cablevision Systems and Verizon, objected to the government demands, the article says. Other subpoena recipients included AT&T, Comcast Cable, Cox Communications, EarthLink, Symantec and United Online, according to InformationWeek, which filed a Freedom of Information Act request to get the information.

Google made headlines in January when it was disclosed that the search company had refused to hand over random search terms and Web address data that Yahoo, Microsoft and America Online had provided the government when asked. Google challenged the subpoena in court, arguing that it was overreaching. Earlier this month a judge ruled that Google didn't have to provide any search queries but did have to provide a much smaller number of Web sites in its index than the government had sought.

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The government is seeking information on Web user behavior and filtering software and other tools in an effort to justify COPA, which faces a trial later this year. That law restricts the posting on commercial Web sites of sexually explicit material deemed "harmful to minors," unless it's made unavailable to the youngsters. The ACLU argues that Web sites cannot realistically comply with such requirements and that the law violates the right to freedom of speech mandated by the First Amendment.

More Subpoenas In Suit Over Obscenity Law (NYT)

By Saul Hansell

The New York Times, March 31, 2006

Both the Justice Department and the American Civil Liberties Union confirmed yesterday that they had requested and received information from Internet service providers and software makers in connection with an A.C.L.U. lawsuit challenging an anti-pornography law.

Earlier this year it was revealed that the Justice Department, which is defending the law, had subpoenaed information from four search engine companies about keyword requests by users. Google challenged its subpoena. This month a judge ordered the company to provide some information to the Justice Department but not information on individual searches, saying that had the potential to violate the privacy of users.

Last summer, the Justice Department also issued subpoenas to at least 34 Internet service providers and security software companies, according to information the department provided after a Freedom of Information Act request by InformationWeek magazine. The companies subpoenaed included America Online, Comcast, Verizon, EarthLink and Symantec.

The department is defending the Child Online Protection Act, which makes it a crime to post "material that is harmful to minors." Two years ago, the Supreme Court prevented enforcement of the law and ordered a lower court to consider whether filtering software designed to block inappropriate content was a better way to achieve the law's aims. The case goes to trial in October.

Charles Miller, a spokesman for the Justice Department, said the agency had issued the subpoenas "to see the effectiveness of Internet filters." He said he was not able to say which of the companies had responded to the subpoenas and to what extent they had complied.

The A.C.L.U. also subpoenaed many of the same companies, said Aden J. Fine, a lawyer for the organization. "We have asked for information that is relevant to the lawsuit, such as information to show that filters are effective," he said. Mr. Fine declined to say how many companies were subpoenaed and what questions they were asked.

While the A.C.L.U. had objected to subpoenas of individual search data as an invasion of users' privacy, Mr. Fine said it did not see similar concerns for requests for data from the Internet and software providers.

The Justice Department subpoenas did not, in fact, ask for information that could be attributed to any individual user. Rather, it asked for detailed quantitative and technical descriptions of the Internet filters that were offered to customers, how they worked and how many people used them. The department also asked for market research information on how many people wanted filters and how satisfied they were.

According to Mr. Fine, the Internet and software companies largely complied with both sets of subpoenas. According to a letter provided to InformationWeek, Verizon initially raised objections and requested clarifications on issues mainly related to Justice Department requests for contracts and other trade secrets.

David Fish, a spokesman for Verizon, said that the company provided the information after reaching an agreement with the Justice Department on who would have access to it.

G.O.P. Is Taking Aim At Advocacy Groups (NYT)

By Carl Hulse And Sheryl Gay Stolberg

The New York Times, March 31, 2006

WASHINGTON, March 30 — To many Republicans, the liberal activist organization MoveOn.org is a political boogeyman that they hope to chase off with new restrictions on so-called 527 groups.

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But the pursuit may turn out to be fruitless. Like other major groups planning to inject themselves aggressively into the midterm elections through advertisements, voter drives and issue fights, MoveOn.org has already figured out what it thinks is a better, and less controversial, way to spend its millions. Its 527 — named for a section of the tax code — is being put on ice.

"Our 527 is dormant," said Eli Pariser, executive director of MoveOn.org. He said his group would predominantly operate as a conventional political action committee, allowing it to more freely mix explicit political support and issue advocacy in a way that Mr. Pariser described as "squeaky clean."

MoveOn.org might be moving on from its 527, but Congress is not. Two years after 527's burst onto the political scene, gaining notoriety by raising unlimited amounts from private donors, Congressional Republicans are moving to rein in the groups — just in time for the November midterm elections. Leading Democrats are threatening a fight.

In the House, the Republican leadership intends to bring a plan to impose new restrictions on 527 groups to the floor next week to spur action in the Senate, where Senator John McCain, Republican of Arizona, a champion of the campaign finance bill that bears his name, is offering similar legislation.

"I think this leaves a gaping loophole in the McCain-Feingold campaign finance bill," the House majority leader, Representative John A. Boehner, Republican of Ohio, told reporters on Thursday, referring to a bill co-sponsored by Senator Russell D. Feingold, Democrat of Wisconsin. "I think it needs to be fixed."

But Mr. Boehner's Democratic counterpart, Representative Nancy Pelosi of California, denounced the effort, saying that Republicans could draw unlimited money from wealthy corporations and trade associations that used their own nonprofit arms to wage issue campaigns.

Both Mr. McCain and the House leaders want to limit annual donations to 527 groups and force them to abide by the more stringent rules governing political committees if they are active in federal races.

A federal district judge in Washington this week also called for action, ruling that the Federal Election Commission had "failed to present a reasoned explanation" for not requiring 527 groups to register as political committees. The judge, Emmet G. Sullivan, ordered the commission either to articulate its reasoning for evaluating 527 complaints on a case-by-case basis, or to "promulgate a rule, if necessary."

But even if the campaign to stamp out 527 groups succeeds, it may not greatly impede third-party involvement in political campaigns, which is flourishing as advocacy groups adapt and discover ever more creative ways to pour their contributions into the political process.

Independent organizations are already working on behalf of candidates in both parties, rallying support behind issues, canvassing for voters and preparing for big-money efforts, with many steering clear of the 527 approach. And some of the deep-pocketed 527 groups that were active in 2004 are so far on the sidelines.

"Unless and until they actually manage to repeal the First Amendment itself, we are going to find a way to give voice to the tens of thousands of people who share our views and want to have a voice in the political process," said Pat Toomey, president of the Club for Growth, an antitax group that has been sued by the election commission over the conduct of its 527 in a 2004 Senate race.

The 527 groups drew intense scrutiny after Swift Boat Veterans for Truth ran its campaign attacking the war record of the Democratic presidential nominee, Senator John Kerry of Massachusetts. But while Swift Boats drew the spotlight, the liberal philanthropist George Soros nearly single-handedly redefined the scope of campaign finance by contributing millions to progressive groups like MoveOn.

So while candidates of both parties suffered at the hands of 527 committees, the drive to limit them is being pushed largely by Republicans who fear that Democratic advantages among the groups could swamp some of their candidates.

"It is the Loch Ness monster in 527 form, rising out of the mist to eat them," scoffed Robert Bauer, an election law specialist opposed to the proposed restrictions on 527 committees.

After 2004, the Federal Election Commission scrutinized some 527 groups and sued Club for Growth. The result, said Kenneth A. Gross, a campaign finance lawyer, was that "527's have been demonized to some extent," prompting many outside advocacy groups to rely on another provision of the tax code, 501c(4), which governs nonprofit groups.

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Business and trade associations typically operate under a similar provision, 501c(6). As a bonus, the 501c groups are not required to disclose their donors, as 527 groups are.

Tony Massaro, executive vice president for political affairs at the League of Conservation Voters, said his group relied on its 501c(4) status because it could push directly for the election of specific candidates right up to Election Day, since the group takes no union or corporate money. Were it a 527, the advertisements would have to skirt that issue and strike a fuzzier theme of urging voters to contact candidates about their positions on divisive issues — a gimmick that Mr. Massaro said comported with the law but left the public cold.

"Voters get frustrated by that game," said Mr. Massaro, who said his organization would spend $3 million to $5 million and was already working on behalf of Democratic Senate candidates in Florida, Pennsylvania and Washington.

Brad Woodhouse, a spokesman for Americans United, a 501c(4) group, said that category allowed his organization to work closely with like-minded Democrats in shaping its advocacy program, including its current push for changes in Medicare's new prescription drug program. Such contact that would be prohibited for a 527.

Representative Mike Pence, an Indiana Republican who is an opponent of restraining 527 committees, likened the current atmosphere to whack-a-mole, the carnival game where the player hits a mole with a hammer, only to have another pop up. He is backing legislation that would raise limits on contributions to political parties — an idea that opponents say would gut previous reforms.

"We hit political parties and 527's pop up," Mr. Pence said. "We're going to whack them and 501c's are going to pop up."

Despite the current dip in 527 activity, some new ones are being established, including one opposing Senator Rick Santorum, a conservative Republican in a tough re-election race in Pennsylvania. Veteran Democratic operatives just established a new group called Fresh Start for America, which is expected to engage in Senate races this year.

As lawmakers prepare for a potential fight, Mr. Pariser of MoveOn.org said there could be one unexpected consequence. He suggested the effort to clamp down on 527 groups could enhance the influence of his organization because it would have the financial means to mount aggressive campaigns while potential competing groups would be handcuffed.

"We will be better positioned to do political ads," he said. "I presume that was not their intent."

House May Limit Nonprofit Campaign Funds (AP-Y2)

By Jim Abrams

AP2, March 30, 2006

The House next week will take up a bill to constrict the money-raising ability of nonprofit political groups that emerged as a substantial force in the 2004 presidential election.

The bill to require groups known as 527s to register as political committees and abide by contribution limits is likely to meet resistance from Democrats, who in 2004 relied on 527s as a key source of financing.

"I will strongly oppose it," House Democratic leader Nancy Pelosi said Thursday.

The decision by GOP leaders to bring up the 527 bill separately could make it easier for the House and Senate to reach a compromise on lobbying and ethics legislation working its way through Congress.

The Senate on Wednesday led the response to recent lobbying scandals by passing legislation that would ban lobbyists from giving gifts and meals to lawmakers and require lobbyists to disclose more about their contacts with legislators. Lawmakers would have to get approval before taking privately funded trips and file reports when they travel on private corporate jets.

Senators from both parties warned against complicating the lobbying bill by combining it with controversial campaign finance issues, including that of 527s, but House GOP leaders have backed making that part of their package.

House Rules Committee Chairman David Dreier, R-Calif., said that could still happen. "We're still trying to determine how at the end of the day we will put this together."

On Wednesday a U.S. District judge ruled, in a case brought by President Bush's campaign and lawmakers, that the Federal Election Commission had failed to give a reasoned explanation for its decision not to issue rules requiring 527s — named after the section of the tax code that covers them — to register as federal political action committees. That would subject them to the same fundraising, spending and disclosure rules as PACs must follow.

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The judge did not say that the FEC had abused its discretion, and he did not order it to develop rules for their fundraising and spending. However, he told the commission to "articulate its reasoning" or write a rule for the groups "if necessary."

The House bill is expected to be based on legislation offered by Reps. Christopher Shays, R-Conn., and Marty Meehan, D-Mass., partners in sponsoring the 2002 campaign finance act that banned national party committees and federal candidates from raising unlimited corporate and union donations.

Shays, who disagreed with most of his Republican colleagues in backing the 2002 act, criticized Pelosi and other Democrats who oppose his 527 bill. "There's no defense for saying you are for campaign finance reform and then not voting to close a loophole, except blatant partisan politics."

The Shays-Meehan bill would limit to $5,000 per year what an individual can give to a federal political committee to influence federal elections. The ceiling is $25,000 for nonfederal funds to pay for voter mobilization and public communication activities.

House Majority Leader John Boehner, R-Ohio, at a news conference Thursday, said nonprofit group spending had become "a gaping loophole" in the law. "To have all of this unregulated campaign cash going to these organizations and allowing them to engage in campaign activities without any disclosure is wrong," he said.

The nonpartisan Political Money Line, a campaign finance tracking service, found that in the 2004 election groups supporting Sen. John Kerry or opposing President Bush raised $266 million, including multimillion-dollar donations from wealthy businessmen such as George Soros. Anti-Kerry, pro-Bush groups, most prominently the Swift Boat Veterans for Truth that questioned Kerry's Vietnam war record, raised $144 million.

Pelosi said it was "the height of hypocrisy" that the Republicans were trying to limit 527s but were not restricting trade associations and other business groups exempt from some rules applying to political committees.

"If they are going to do it, just do it across the board," she said.

Judge Says FEC Failed To Curb Soft Money (AP-Y2)

By Toni Locy

AP2, March 30, 2006

The Federal Election Commission failed to give a good reason for refusing to rein in nonprofit political groups that spent huge sums in the 2004 presidential elections, a judge has ruled in a case brought by President Bush's campaign and lawmakers.

In a 34-page opinion, U.S. District Judge Emmet G. Sullivan said the FEC failed to give "a reasoned explanation" for its decision not to issues rules to require so-called "527" groups to register as federal political action committees and face the same strict fundraising, spending and disclosure rules PACs do.

But Sullivan stopped short of saying the FEC had abused its discretion. Nor did he order it to develop rules to crack down on the groups' fundraising and spending.

Instead, the judge in his ruling Wednesday sent the issue back to the FEC and ordered the commission to "articulate its reasoning," or come up with a rule for the groups "if necessary."

The nonprofit groups — nicknamed 527s after the section of the U.S. Tax Code that covers them — emerged as key players in the 2004 presidential election after a new law banned national party committees and federal candidates from raising unlimited, corporate and union donations known as soft money. PACs were already banned from taking soft money.

The 527 groups stepped into the void. Democrats in particular, worried that their party would lag behind the GOP in fundraising, quickly moved to set up soft money groups.

Fueled by multimillion-dollar donations from wealthy businessmen such as George Soros, pro-Democratic groups collected almost twice as much money as their Republican rivals, keeping Democratic nominee John Kerry's viewpoints on the airwaves while he rebuilt his finances after the expensive Democratic primary race. They also helped build pro-Democratic get-out-the-vote efforts.

Groups supporting Kerry or opposing Bush raised $266 million in the 2003-04 election cycle, while those opposing Kerry or backing Bush collected $144 million, a review by the nonpartisan Political Money Line campaign finance tracking service found.

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The Bush campaign and lawmakers who sponsored the new campaign finance law pressed the FEC to crack down on partisan 527s while the presidential race was under way, arguing the groups were violating a broad ban on the use of soft money in federal elections.

But a majority of FEC members declined to adopt new regulations, contending the commission lacked authority to do so and that it was up to Congress and Bush to approve legislation doing so if they felt there was a need.

The FEC decision prompted the Bush campaign and lawmakers to sue the commission to try to force it to restrict the groups and led Republican activists to start pouring millions into new pro-Bush groups. They included Swift Boat Veterans for Truth, which made headlines in summer 2004 by alleging Kerry exaggerated his decorated Vietnam War service record.

Sullivan said he was "troubled" because the FEC ignored testimony from 31 politicians and more than 100,000 comments from people involved in the political process. The judge said the FEC's handling of the matter "does not reflect reasoned decision-making."

"We are very pleased with Judge Sullivan's opinion," said Fred Wertheimer, president of the Democracy 21 campaign finance watchdog group and an attorney for the two lawmakers who sued, Reps. Christopher Shays, R-Conn., and Martin Meehan, D-Mass.

Sullivan criticized the FEC's decision to handle complaints about the groups on a case-by-case basis, saying the commission's track record "appears to have been a total failure."

The judge noted FEC cases can languish for years and that penalties, "if they come at all, come long after the money has been spent and the election decided."

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On the Net:

U.S. District Court: http://www.dcd.uscourts.gov

FEC Ordered To Rethink '527' Rules (WP)

By Thomas B. Edsall

The Washington Post, March 31, 2006

U.S. District Judge Emmet G. Sullivan has rejected requests by the Bush-Cheney campaign and by two advocates of campaign finance legislation to order the Federal Election Commission to impose tough regulations on "527" political committees that put more than $400 million into the 2004 elections.

Instead, in a ruling issued late Wednesday evening, the judge gave the FEC a choice: Either explain in detail why regulations are not needed or begin proceedings to develop such rules.

In the 2003-04 election cycle, 527 committees active in federal elections raised $424 million, according to the Campaign Finance Institute. Pro-Democratic groups spent $314.4 million and pro-Republican groups spent $84.1 million.

The judge warned that if the FEC continues to treat 527 committee complaints on a case-by-case basis instead of issuing encompassing rules, it will have to explain how the interests of complainants will be protected under time-consuming processes that often do not produce any action until the election is over.

"Cases arising from the 2004 campaign have languished on the Commission's enforcement docket for as long as 23 months, with no end in sight, even as the 2006 election campaign has begun," Sullivan wrote. "The FEC can take years to complete an administrative action, and penalties, if they come at all, come long after the money has been spent and the election decided."

Two of the plaintiffs, Reps. Christopher Shays (R-Conn.) and Martin T. Meehan (D-Mass.), the House sponsors of the 2002 McCain-Feingold campaign finance law, interpreted Sullivan's order as a victory.

"Judge Sullivan supported our belief that the FEC's failure to bring 527s under campaign finance law was a dereliction of its duty by rejecting the FEC's justification for refusing to issue regulations. This was a crucial step in bringing fairness to our campaign finance laws," Shays said.

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Sullivan's decision means the FEC must once again tackle the tough issue of the independent political committees, which were used in 2003-04 to get around legislation banning the use of large donations from unions, corporations and rich people -- also known as "soft money."

In May 2004, the FEC rejected regulation of 527s by a 4 to 2 vote. Three members have since been replaced -- Scott Thomas, who voted for regulation, and Bradley Smith and Danny L. McDonald, who voted against it.

It is not clear how the new commissioners are likely to vote.

Commission Chairman Michael E. Toner, who supported regulation, said the commission will take up the issue soon.

CIVIL RIGHTS:

Alabama House, Senate Can't Agree On Military Voting (AP)

AP, March 30, 2006

MONTGOMERY, Ala. (AP) — The Alabama Senate and House can't agree on how to make sure military serving overseas get to vote in the primary runoff election this summer.

But the U.S. Justice Department is pressuring both to find a solution. It is suing the state, claiming there is not enough time between the primary election June 6 and the runoff June 27 for military personnel overseas to get and return absentee ballots.

The Senate voted 20-5 Thursday for a bill that would delay primary runoff by three weeks from June 27 to July 18 to make sure the military have time to get and return absentee ballots for the runoff.

On March 16, the House voted 100-1 for a bill that would keep the runoff on June 27, but would allow soldiers overseas to use special ballots. The ballots, which would be delivered with the primary ballots, would allow soldiers to mark their runoff preferences in races with three or more candidates.

Now, either the Senate must agree with the House-passed bill, or the House must agree with the Senate-passed bill.

The sponsor of the House bill, Rep. Lesley Vance, D-Phenix City, said moving the runoff may be the easiest way to resolve the issue, and he would try to get the House to pass the Senate version.

"We've got to think about those people fighting for our freedom and make sure their votes are counted," said Vance, whose east Alabama district is just across the state line from Fort Benning, Ga.

The Senate's bill, sponsored by Sen. Wendell Mitchell, D-Luverne, is supported by Attorney General Troy King and Secretary of State Nancy Worley.

Letter to the Editor: FIELDS SHOOTING (MJS)

Milwaukee Journal Sentinel, March 30, 2006

Federal decision was made jointly

A recent article and an editorial in your paper reported that the Civil Rights Division "overruled" a decision by the U.S. attorney's office to prosecute an officer in the tragic fatal shooting of Justin Fields.

Advertisement

That is not true. Prosecutors from both of our offices, with more than a half-century of combined experience, carefully investigated and reviewed this matter and ultimately concluded that federal prosecution simply was not viable.

Their consensus is plain from the letter that closed this case, which stated that "this (United States Attorney's) Office and the Criminal Section of the Civil Rights Division . . . have concluded that there is not a federally prosecutable criminal case here."

Your editorial also erroneously claims that civil rights prosecutions have declined by 40%. To the contrary, the Justice Department has brought more criminal civil rights cases - and convicted 40% more law enforcement officials for misconduct - in the past five years than the preceding five.

Recent years saw our offices bring several civil rights cases in the Eastern District of Wisconsin, and we will continue to work together to vigorously enforce the federal civil rights laws.

What happened to Justin Fields is indeed a tragedy and we express our deep sympathies to his family. They deserve to know that our decision not to prosecute was made after a thorough and searching analysis of our comprehensive investigation.

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Neither the family nor the community are served by any suggestion that our decision was based on something other than the facts and the law.

Wan J. Kim
Assistant attorney general
Civil Rights Division
U.S. Department of Justice
Washington, D.C.
Steven M. Biskupic
U.S. attorney
Eastern District of Wisconsin
Milwaukee

Violations Persist At Miss. Training Schools, Court Monitor Says (AP)

AP, March 31, 2006

JACKSON, Miss. - A federal court monitor says violations continue at Oakley and Columbia juvenile training schools.

In a report covering Aug. 1 to Dec. 15, 2005, the monitor says most of the conditions of the agreement that ended a Department of Justice lawsuit against the state over conditions at the two training schools were not met. A report that covered May and June last year, also was critical of the state's progress.

The schools serve 550 youths combined - boys ages 10 to 17 at Oakley in Hinds County and girls 10 to 18 at Columbia.

The current report cites, among other things, student complaints about staff cursing them and using inconsistent disciplinary practices and continued fights between students.

Court monitor Joyce Burrell said she was aware that the aftermath of Hurricane Katrina has impacted the Mississippi Department of Human Services.

"But the needs of this population and those rights that were determined to have been violated must be corrected as quickly as possible," Burrell wrote in the report filed in U.S. District Court in Jackson.

State officials entered a four-year consent decree with the Justice Department last May.

MDHS Executive Director Don Taylor said in a statement that Oakley and Columbia continue to be a high priority.

"We have made significant progress in all areas," Taylor said.

House Juvenile Justice Committee Chairman George Flaggs Jr., D-Vicksburg, said Wednesday that he's trying to be understanding and patient of the challenges the state faces with the two training schools.

"But it is hard for me to realize or conclude that it would not be in the best interest for the governor to step in and remove Oakley and Columbia from under the direction or supervision of the Department of Human Services.

"The department is too big, the problems are too many for one director to focus on at the same time and keep up the day-to-day operations," Flaggs said.

In addition to being sued over the conditions at the training schools, MDHS also is being sued over the foster care system.

The federal class-action lawsuit filed by the New York-based Children's Rights is scheduled for trial Aug. 7.

Massachusetts Court Limits Gay Unions (NYT)

By Pam Belluck And Katie Zezima

The New York Times, March 31, 2006

BOSTON, March 30 — Massachusetts's highest court, which legalized same-sex marriage here two and a half years ago, ruled Thursday that gay couples who live in states where such marriages are prohibited cannot marry in Massachusetts.

But the ruling left open the possibility that gay couples from states like New York and Rhode Island that do not explicitly ban same-sex marriage might be able to marry in Massachusetts.

The justices sent the cases of three of eight plaintiff couples, one from New York and two from Rhode Island, back to Superior Court to decide "whether same-sex marriage is prohibited in those states."

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But couples from the vast majority of states cannot marry here because those states have either laws or constitutional amendments that bar same-sex marriage. The National Gay and Lesbian Task Force said the only other jurisdictions that do not specifically prohibit same-sex marriage are New Jersey, New Mexico and the District of Columbia.

The ruling, supported by six of the court's seven justices, upheld a 1913 law that says that no out-of-state resident can marry in Massachusetts if the marriage would be void in the person's home state, unless the person intends to live in Massachusetts.

"The laws of this commonwealth have not endowed nonresidents with an unfettered right to marry," Justice Francis X. Spina wrote in one of two concurring opinions, adding, "Massachusetts can reasonably believe that nonresident same-sex couples primarily are coming to this commonwealth to marry because they want to evade the marriage laws of their home states" and "Massachusetts should not be encouraging such evasion."

Chief Justice Margaret H. Marshall, who wrote the Supreme Judicial Court's November 2003 decision making same-sex marriage legal, wrote in the other concurring opinion, "It is rational for the legislature to take steps to ensure that marriages performed here will hold up elsewhere, and that they will not be ignored by other states."

Only one justice, Roderick L. Ireland, dissented, writing that "the commonwealth's resurrection of a moribund statute to deny nonresident same-sex couples access to marriage is not only troubling" but "also is fundamentally unfair."

The lawsuit began after same-sex marriage became legal in Massachusetts in May 2004 and Gov. Mitt Romney, an opponent of it, invoked the 1913 statute, which had been originally adopted in part to block interracial marriages. Mr. Romney refused to record out-of-state marriages, saying, "Massachusetts should not become the Las Vegas of same-sex marriage."

The decision by Mr. Romney, a Republican, was backed by the state's attorney general, Thomas F. Reilly, a Democrat.

Eight couples from Connecticut, Maine, New Hampshire, New York, Rhode Island and Vermont sued, along with 12 Massachusetts cities and towns, claiming that the 1913 statute was discriminatory and had been invalidated by the legalization of same-sex marriage here.

On Thursday, the clerk of one of those towns, Margaret Drury of Cambridge, said, "We really feel like we are being forced to discriminate against out-of-state couples."

According to the State Department of Public Health, 7,341 same-sex couples married in Massachusetts from May 17, 2004, to Dec. 31, 2005, but the state does not keep track of how many were from out of state.

Mark Pearsall, 38, of Lebanon, Conn., who married his partner, Paul Trubey, 42, in Massachusetts in 2004 after Mr. Pearsall's mother, dying of cancer, gave them her engagement and wedding rings, said the ruling was "very disappointing for us."

"But ultimately we consider ourselves married," Mr. Pearsall said.

Although their marriage is invalid and they could have a civil union in Connecticut, Mr. Trubey said that would feel "like the back of the bus."

Amy Zimmerman, 33, who lives in New York City with Tanya Wexler, 35, and their four children, said she was "hopeful that the door seems to have been left open" for her marriage in May 2004 to be made official if the Superior Court decides that New York State does not bar same-sex marriage.

An appeals court in New York is scheduled to hear arguments in May in a lawsuit challenging state officials' interpretation that same-sex marriage is illegal in the state.

Governor Romney, in an interview Thursday, said, "This is an important victory for traditional marriage and for the right of each state to be sovereign as it defines marriage. It's very important to contain a bad initial decision on same-sex marriage by this court and not impose it on the other 49 states."

Peter Sprig, vice president for policy at the Family Research Council, called the ruling "gratifying" and said conservative groups would continue to push for a federal constitutional amendment against same-sex marriage and for similar amendments in states that do not already have them. Such an amendment will come before the Massachusetts legislature in May.

Advocates for same-sex marriage said they were disappointed by the Massachusetts ruling.

"I had very high hopes about this decision," said Matt Foreman, executive director of the National Gay and Lesbian Task Force.

Michele E. Granda, a lawyer for Gay and Lesbian Advocates and Defenders, which represented the plaintiffs, said that while her side had the option of asking the United States Supreme Court to hear an appeal, it was much more likely that her

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group would focus on the New York and Rhode Island cases, and would press the Massachusetts legislature to repeal the 1913 law.

A bill to repeal the law passed the State Senate overwhelmingly in 2004 but was not taken up in the House of Representatives, which at the time was led by a speaker who opposed same-sex marriage. It was recently reintroduced.

"This is a ridiculous, confusing and badly formed law," Ms. Granda said. "We live in a mobile society, and where someone lives today may have no meaning for them when they go on vacation next month or relocate a year from now."

Mass. Court Sets Limit On Same-Sex Marriage Law (WP)

By Michael Powell And Michelle García

The Washington Post, March 31, 2006

Massachusetts's highest court ruled yesterday that most gay couples from other states cannot get married there, the first decision to affirm a legal limit on the landmark same-sex marriage law in the Bay State.

The Supreme Judicial Court knocked down a legal challenge to a 1913 state law that forbids a non-Massachusetts couple from getting married there if their marriage would not be recognized by their home state.

"The laws of this commonwealth have not endowed nonresidents with an unfettered right to marry," the court wrote. "The fact that this court concluded that there was no rational basis . . . for denying Massachusetts same-sex couples the right to enter into civil marriages does not now compel a conclusion that nonresident same-sex couples . . . have an identical right."

The court ruled in 2003 that it would be unconstitutional under state law to prevent gay couples who live in Massachusetts from marrying. More than 6,000 gay couples have since married there.

Massachusetts Gov. Mitt Romney, who is considering a bid for the Republican presidential nomination and often mentions his opposition to same-sex marriage, called the decision a victory for "traditional marriage." He had ordered local officials to enforce the 1913 law after the state's highest court issued its same-sex marriage ruling.

"We don't want Massachusetts to become the Las Vegas of same-sex marriage," Romney told reporters. "It's important that other states have the right to make their own determination of marriage and not follow the wrong course that our Supreme Judicial Court put us on."

Gay rights activists expressed relief that the legal bedrock of the court's original decision remained intact -- namely, that Massachusetts gay couples have an unfettered right to marriage. And they pointed to national polls that report a growing number of Americans -- though not quite a majority -- support same-sex marriage. Those who say that they are strongly opposed have dropped from 42 percent to 28 percent in the past two years, according to the Pew Research Center.

The Washington state Supreme Court is expected to rule soon on the constitutionality of a state law prohibiting same-sex marriage. Two lower courts have struck down the law. Unlike Massachusetts, Washington has no law prohibiting nonresidents from getting married there if their own state prohibits it.

But activists acknowledged that yesterday's ruling in Massachusetts on the 1913 law casts a shadow. "It's unfortunate that the Massachusetts courts did not strike down this barrier that discriminates against gay marriage," said Evan Wolfson of Freedom to Marry.

The court ruling was a split one, and several justices offered passionate dissents. They stated that Romney is relying upon the "resurrection of a moribund statute" in a way that is "fundamentally unfair." Marriage, wrote one justice, "is a basic human right."

The ruling left behind several ambiguities, not least what happens to the marriages of those from states such as New York and Rhode Island. Both states have no explicit ban on same-sex marriage, and New York Attorney General Eliot Spitzer has issued an opinion, now being challenged in state court, that New York should honor same-sex marriages performed elsewhere.

Nor is it entirely clear what becomes of the marriages of those who managed to slip under the legal deadline in those first days after the 2003 same-sex marriage ruling.

Christopher McCary and John Sullivan of Anniston, Ala., are among those whose marriage certificate is now in doubt. They hopped on a plane to Provincetown, Mass., on May 16, 2004. The couple wanted legal protections and the right to adopt a child.

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They got married, said McCary, 45, "because society celebrates it and the expectations that go with marriage -- that you are expected to be faithful and be there for each other in old age."

But they knew that their license would be rendered meaningless the minute they returned home. Alabama law prohibits same-sex marriage.

The social benediction came anyway. Back home, friends and family congratulated them. McCary recalled that even "the redneck down at the gym said, 'Congratulations. Good for y'all.' "

Non-state Gays Cannot 'Marry' (WT)

By Cheryl Wetzstein

The Washington Times, March 31, 2006

The Massachusetts Supreme Judicial Court yesterday upheld a 1913 state law that blocks out-of-state homosexual couples from legally "marrying" there.

"[T]he laws of this Commonwealth have not endowed nonresidents with an unfettered right to marry," Justice Francis X. Spina wrote for the 6-1 majority.

The high court's ruling continues current policy, which says out-of-state couples cannot marry in Massachusetts unless their marriage is permissible in their home state.

Because Massachusetts is the only U.S. state to allow same-sex "marriage," the 1913 law effectively bans nonresident homosexual couples from "marrying" there.

However, the high court suggested that New York and Rhode Island might allow same-sex "marriage," and directed plaintiffs from those two states to seek lower court hearings to determine whether same-sex "marriage" is prohibited there.

Most of the eight out-of-state homosexual plaintiff couples live in states where same-sex"marriage" is clearly prohibited, the court noted in its ruling.

Massachusetts Gov. Mitt Romney, a Republican, praised yesterday's ruling, saying: "We don't want Massachusetts to become the Las Vegas of same-sex marriage.

"It's important that other states have the right to make their own determination of marriage and not follow the wrong course that our Supreme Judicial Court put us on," Mr. Romney said.

Plaintiff Mark Pearsall of Connecticut called the ruling "illogical," and his lawyers at the Gay & Lesbian Advocates & Defenders said it was "disappointing."

The decision "is a speed bump on the long road to fairness," said Joe Solmonese, president of the Human Rights Campaign, which promotes homosexual rights.

Massachusetts became the first U.S. state to legalize same-sex "marriage" with the 2003 Goodridge decision. When the first homosexual ceremonies were held in May 2004, Massachusetts officials invoked the 1913 law to block applications of out-of-state homosexual couples.

In June 2004, eight out-of-state homosexual couples and a group of town clerks filed lawsuits to overturn the 1913 law.

But yesterday, the court ruled that the law, which was written to prevent out-of-state couples from evading local marriage laws, was constitutional.

It also agreed that application of the 1913 law "has inevitably fallen disproportionately on nonresident same-sex couples."

However, the Goodridge decision does not mean that "nonresident same-sex couples, who have no intention of living in Massachusetts, have an identical right to secure a marriage license that they could not otherwise obtain in their home states," the court said.

Massachusetts "has a significant interest in not meddling in matters in which another state, the one where a couple actually resides, has a paramount interest," it added.

Justice Roderick L. Ireland, the sole dissenter, said his colleagues failed to keep marriage gender-neutral. Yesterday's decision helps "reconstruct the edifice of discrimination we dismantled in Goodridge," he warned.

To date, 44 states have laws or amendments that uphold traditional marriage and ban same-sex "marriage," said the Massachusetts Family Institute, which supports traditional marriage.

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This year, voters in at least seven states -- Alabama, Idaho, South Carolina, South Dakota, Tennessee, Virginia and Wisconsin -- will have constitutional marriage amendments on their ballots.

Meanwhile, lawsuits seeking same-sex "marriage" rights are under way in California, Connecticut, Iowa, Maryland, New Jersey, New York and Washington.

The Washington Supreme Court decision is expected at any time. Washington does not have restrictive marriage laws, and if that court rules in favor of same-sex "marriage," homosexual couples from across the nation can readily marry there.

Bid For Rosa Parks Pardon (NYT/AP)

By The Associated Press

The New York Times, March 31, 2006

MONTGOMERY, Ala., March 30 — The Alabama House unanimously passed a bill on Thursday that would pardon Rosa Parks and hundreds of other people arrested for violating the state's segregation-era laws.

The original bill was amended to say that the arrest records would not be expunged or sealed from public view, but would be turned over to the State Department of Archives and History. That way, backers said, the records will provide a permanent record of civil disobedience that, in many cases, helped lead to desegregation.

Some critics of the original legislation had argued that pardons might cause history to forget courageous acts like Mrs. Parks's refusal to give up her seat on a Montgomery city bus to a white man.

The bill now goes to the Senate for debate.

Schiavo Family Marks Her Death Anniversary (WT)

By Brian Debose

The Washington Times, March 31, 2006

Family members of the late Terri Schindler Schiavo commemorated the anniversary of her death, which is today, and announced the creation of a foundation in her name to combat euthanasia.

The foundation's mission will be to eliminate the persistent vegetative state, the condition that doctors said Mrs. Schiavo was in, as a diagnosis for patients, said her brother Bobby Schindler.

But the foundation, which also will have a separate lobbying organization, will seek to have feeding tubes classified as ordinary care for hospital patients and to make people aware of the need to have advance directives or living wills in case they cannot communicate their wishes late in life.

"We lost in our battle to save Terri, but we believe it is incumbent upon us to save the lives of others from this culture of euthanasia and choosing death instead of life," said her mother.

Mrs. Schiavo's parents, Robert and Mary, her brother and sister Suzanne Schindler-Vitadamo yesterday spoke of their work in the past year to build support for the foundation and the book they have authored on Mrs. Schiavo's life: "A Life that Matters: The Legacy of Terri Schiavo -- a Lesson for Us All," the proceeds from which will be donated to the foundation.

Mrs. Schiavo died of starvation and dehydration March 31, 2005, after living 15 years in what doctors call a persistent vegetative state, unable to feed herself or communicate with others. She slipped into a coma in 1990 and never recovered her higher mental functions.

Her husband, Michael Schiavo, who won a legal fight with her family to have her feeding tube removed, said his wife had told him that she would not have wanted to be kept alive in that way.

Members of Congress, the Catholic Church and President Bush all spoke on behalf of saving Mrs. Schiavo's life as the family battled the decision in court, and Congress returned from Easter recess to pass bills to stop the euthanasia.

Sen. Sam Brownback, Kansas Republican, was the only member of Congress to stand with the family yesterday, and he pledged to continue the fight to protect life.

"Terri's plight highlighted the core question about the protection of human life: Does the dignity with which we treat individuals depend on their physical and mental status as human beings," Mr. Brownback asked.

"Once we go down the path of valuing some lives more than others, of saying that people with disabilities don't have the same dignity and right to life as others, there are few means not justified by the sinister end of a disability-free society."

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The National Pro-Life Action Center bought 600 copies of the family's book at a cost of $10,000 as a donation and plans to distribute them to every member of Congress, top White House officials and all Supreme Court justices. The foundation is based in St. Petersburg, Fla., and the family has been on a speaking tour to talk about the Schiavo case and euthanasia.

Ga. Solo Challenges Courtroom Pledge (LAW)

By Greg Land, Fulton County Daily Report

Fulton County (GA) Daily Report, March 31, 2006

Attorney Donald A. Weissman won't have to stand for the Pledge of Allegiance when he goes to court in Gwinnett, Ga., today, but he's still concerned that others will feel compelled to declare their loyalty to the U.S. government in order to get a fair hearing from Magistrate Judge Mark A. Lewis.

Lewis, hearing civil cases for a Gwinnett Superior Court judge tied up with a criminal trial, begins each day in court by turning to face the U.S. flag and reciting the pledge.

Lewis said he started the practice after the Sept. 11, 2001, terrorist attacks.

Weissman recently complained about the practice in a letter to Lewis and the court administrator.

According to Gwinnett County Court Administrator Philip M. Boudewyns, Lewis said that he would forego the pledge when Weissman is present, but will continue the practice on other days.

Thursday, the judge responded officially, entering an order chiding Weissman for passing the complaint letter -- which had been marked "confidential to be opened by recipient only" -- to the Daily Report.

Lewis also defended his actions by citing a 2003 Georgia Supreme Court decision that said a judge's request that jurors stand for the pledge "shows no bias, either for the State, or for one who is charged by the State with a crime."

In that case, Robles v. State, 277 Ga. 415, Justice P. Harris Hines, writing for the 5-2 majority, said there was nothing wrong with asking jurors to pledge to a flag that stands for "liberty and justice for all."

In his order, Lewis wrote that participation in the pledge by others in the courtroom "is not mandatory, requested, or required."

Because he stands with his back to the audience, wrote the judge, he has no way of knowing who joins in; those who particulate do so "spontaneously," he said. Claytor v. Kosteski, 05-A-08735-1, (Gwin. Sup. Ct., March 30, 2006).

"That doesn't change anything," said Weissman, a solo practitioner. The practice "still gives the improper appearance of partiality" by "creating an atmosphere that's inherently coercive and intimidating."

Weissman's concerns are rooted in a January appearance before Lewis. Weissman, who was representing a client in a civil contempt proceeding, said he was surprised when Lewis opened court by requesting that everyone remain standing for the Pledge of Allegiance.

"I found it professionally inconsistent with what I thought should go on within the courtroom," said Weissman. "I've been practicing law [for] 43 years in Georgia, and I've never seen a declaration of loyalty required in any court."

Weissman said nothing that day, but he sent a letter March 17 to Lewis requesting that he halt the practice.

"It is offensive to me as a citizen of the United States and it is objectionable to me as an attorney sworn to uphold the laws and constitutions of the United States and Georgia and as an officer of the Court," wrote Weissman, "that you apparently consider your Judicial forum to be an American Court, rather than a Court for all persons situated in America."

Noting Gwinnett's large population of immigrants and noncitizens, Weissman decried the pledge recital as pressure upon court attendees "to either declare their personal loyalty to this nation ... or suffer the risk that they may be treated differently."

He also wrote that such a practice may place Lewis in violation of Georgia's Canons of Judicial Conduct, particularly those barring actions that "appear to address matters which distinguish between litigants based on national origin or citizenship."

Clarke County Superior Court Judge Steven C. Jones, chairman of the Judicial Qualifications Commission, said he was unaware of any similar complaints in his nine years on the bench.

In his letter and in an interview, Weissman was careful to point out that he had no reason to think Lewis exercised any bias.

"But the requirement of a declaration of loyalty seems to divide the courtroom into two parts," he said. "They have to choose whether they will stand with the judge or not."

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In his order, Lewis mentioned that a reporter for the Daily Report had called him several times for comment, and stated that he would not respond because he did not want to have ex parte communications with anyone about the case Weissman is arguing, a routine civil contempt proceeding.

Gwinnett County Superior Court Chief Judge K. Dawson Jackson said through an assistant that he would have no comment on the matter.

Boudewyns, the Gwinnett court administrator, said he was not aware of other Gwinnett judges who recite the pledge in their courtrooms.

Lewis' order said that, far from being negatively influenced by the Weissman's letter, he "applauds Mr. Weissman for challenging a practice that he finds questionable and personally offensive."

Weissman expressed puzzlement when questioned about the new order.

He said he made the letter public because he had received no response.

"There's nothing that precludes me from disclosing my own letter," he noted.

The ex parte claims, he said, are out of place because "the rules of ex parte communications are very specific. They refer to communications concerning the matter before the court. My letter had no bearing on the case before him. ... It related to how he conducts his court."

As to the Robles citation, "I don't think that applies," he said. "Robles was a defendant who was not an American" challenging a conviction, he said.

"The decision did not address a judge requesting the whole court to pledge to the flag. ... It seems to me that when a judge brings his personal view of patriotism into the courtroom, everyone may feel compelled to join in the exercise."

"He wants to commemorate Sept. 11? That's fine," said Weissman. "But what's that got to do with a declaration of loyalty? There was no attack on the courthouse in Gwinnett County. And it certainly does not follow, in my mind, that every person who appears there should be compelled to declare their loyalty."

Blacks Turn To Internet Highway, And Digital Divide Starts To Close (NYT)

By Michel Marriott

The New York Times, March 31, 2006

African-Americans are steadily gaining access to and ease with the Internet, signaling a remarkable closing of the "digital divide" that many experts had worried would be a crippling disadvantage in achieving success.

Civil rights leaders, educators and national policy makers warned for years that the Internet was bypassing blacks and some Hispanics as whites and Asian-Americans were rapidly increasing their use of it.

But the falling price of laptops, more computers in public schools and libraries and the newest generation of cellphones and hand-held devices that connect to the Internet have all contributed to closing the divide, Internet experts say.

Another powerful influence in attracting blacks and other minorities to the Internet has been the explosive evolution of the Internet itself, once mostly a tool used by researchers, which has become a cultural crossroad of work, play and social interaction.

Studies and mounting anecdotal evidence now suggest that blacks, even some of those at the lower end of the economic scale, are making significant gains. As a result, organizations that serve African-Americans, as well as companies seeking their business, are increasingly turning to the Internet to reach out to them.

"What digital divide?" Magic Johnson, the basketball legend, asked rhetorically in an interview about his new Internet campaign deal with the Ford Motor Company's Lincoln Mercury division to use the Internet to promote cars to black prospective buyers.

The sharpest growth in Internet access and use is among young people. But blacks and other members of minorities of various ages are also merging onto the digital information highway as never before.

According to a Pew national survey of people 18 and older, completed in February, 74 percent of whites go online, 61 percent of African-Americans do and 80 percent of English-speaking Hispanic-Americans report using the Internet. The survey

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did not look at non-English-speaking Hispanics, who some experts believe are not gaining access to the Internet in large numbers.

In a similar Pew survey in 1998, just 42 percent of white American adults said they used the Internet while only 23 percent of African-American adults did so. Forty percent of English-speaking Hispanic-Americans said they used the Internet.

Despite the dissolving gap, some groups like the Intel Computer Clubhouse Network, which introduces digital technologies to young people, say the digital divide is still vast in more subtle ways. Instant messaging and downloading music is one thing, said Marlon Orozco, program manager at the network's Boston clubhouse, but he would like to see black and Hispanic teenagers use the Internet in more challenging ways, like building virtual communities or promoting their businesses.

Vicky Rideout, vice president of the Henry J. Kaiser Family Foundation, which has studied Internet use by race, ethnicity and age, cautioned that a new dimension of the digital divide might be opening because groups that were newer to the Internet tended to use less-advanced hardware and had slower connection speeds.

"The type and meaningful quality of access is, in some ways, a more challenging divide that remains," Ms. Rideout said. "This has an impact on things like homework."

In addition, Internet access solely at institutions can put students at a disadvantage. Schools and other institutions seldom operate round the clock, seven days a week, which is especially an issue for students, said Andy Carvin, coordinator for the Digital Divide Network, an international group that seeks to close the gap.

But not everyone agrees that minorities tend toward less-advanced use of the Internet. Pippa Norris, a lecturer on comparative politics at Harvard who has written extensively about the digital divide, said members of minorities had been shown to use the Internet to search for jobs and to connect to a wide variety of educational opportunities.

"The simple assumption that the Internet is a luxury is being disputed by this group," Ms. Norris said.

The divide was considered so dire a decade ago that scholars, philanthropists and even President Bill Clinton in his 1996 State of the Union address fretted over just what the gap would mean in lost educational and employment opportunities for young people who were not wired.

In an effort to help erase the divide, the federal government has provided low-cost connections for schools, libraries, hospitals and health clinics, allocated money to expand in-home access to computers and the Internet for low-income families and given tax incentives to companies donating computer and technical training and for sponsoring community learning centers.

As a result of such efforts, "most kids, almost all kids, have a place in which they can go online and have gone online," said Ms. Rideout of the Kaiser foundation.

Jason Jordan of Boston is one of the young people closing the divide. Jason, 17, who is black, is getting a used computer from an older brother. He said he had wanted a computer for years, since "I heard about a lot that I was missing."

Jason said he had access to the Internet at school, where he is pursuing a general equivalency diploma, but looked forward to having his own computer and Web access at his home in the Dorchester section of Boston. "I can work in my own place and don't have to worry about the time I'm online," he said.

Like Jason, almost 9 out of 10 of the 21 million Americans ages 12 to 17 use the Internet, according to a report issued in July by the Pew Internet and American Life Project. Of them, 87 percent of white teenagers say they use the Internet, while 77 percent of black teenagers and 89 percent of Hispanic teenagers say they have access to it, the report said.

The gap in access among young Americans is less pronounced than among their parents' generation, said Susannah Fox, associate director of the Pew project. "Age continues to be a strong predictor for Internet use," Ms. Fox said.

While, overall Internet use among blacks still significantly trails use among whites, the shrinking divide is most vividly reflected in the online experience of people like Billy and Barbara Johnson. Less than two years ago, the Johnsons, who are black, plugged into the Internet in their upscale suburban home near Atlanta for the first time. Mrs. Johnson, a 52-year-old mother of four and homemaker, said she felt she had little choice because her school-age children needed to use the Internet for research.

And then there is e-mail. "No one really wants to take the time anymore to pick up the phone and keep in touch," lamented Mrs. Johnson, who said that so much of the communications with her children's school was done through e-mail correspondence. "I felt like I was pretty much forced into it."

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Even so, Mrs. Johnson said her husband, an assistant coach for the Atlanta Falcons, still chided her when she neglected to check her e-mail at least every day.

Ms. Norris and other experts on Internet use see progress on the horizon. They note that the declining cost of laptop and other computers, and efforts, like those in Philadelphia, to provide low-cost wireless Internet access, are likely to increase online access for groups that have been slow to connect.

Philanthropic efforts have also helped to give more people Internet access. For example, the Bill and Melinda Gates Foundation has awarded $250 million since 1997 for American public libraries to create Internet access for the public. Martha Choe, the foundation's director of global libraries, said some 47,000 computers had been bought for 11,000 libraries. Today, Ms. Choe said, most libraries in the United States have public Internet access.

Education levels remain a major indicator of who is among the 137 million Americans using the Internet and who is not, said Ms. Fox.

There is also a strong correlation, experts say, between household income and Internet access.

With so many more members of minorities online, some Web sites are trying to capitalize on their new access. For example, the New York/New Jersey region of the State of the African American Male, a national initiative to improve conditions for black men, is encouraging men to use digital equipment to "empower themselves" to better their lives. The site, which includes studies, public policy reports and other information about issues related to black men, promotes using digital cameras, mobile phones and iPods, but mainly computers, to organize through the Internet, said Walter Fields, vice president for government relations for the Community Service Society, an antipoverty organization, and a coordinator of the black-male initiative. Users are encouraged to submit articles, write blogs and upload pertinent photographs and video clips.

"What we're doing is playing against the popular notion of a digital divide," Mr. Fields said. "I always felt that it was a misnomer."

ANTITRUST:

Builder's Concrete Admits Role In Price-fixing Scheme (AP)

By Charles Wilson

AP, March 31, 2006

INDIANAPOLIS - A second central Indiana company and its president have agreed to pay millions of dollars in fines after admitting they conspired to fix the price of ready-mix concrete paid by homeowners, building contractors and the government.

The U.S. Department of Justice announced the guilty plea by Builder's Concrete & Supply Co. Inc. of Fishers on Thursday. The company was charged in U.S. District Court in Indianapolis with violating the federal antitrust Sherman Act, which prohibits restraint of trade.

Government attorneys allege that Builder's President Gus B. "Butch" Nuckols III hosted at least two price-fixing meetings of central Indiana concrete executives at a horse barn next to his house in Fishers, a northern suburb of Indianapolis.

"Price fixing threatens our free market system and robs consumers of the benefit of competitive prices," Thomas O. Barnett, assistant attorney general in charge of the Justice Department's Antitrust Division, said in a statement. "We vigorously investigate and prosecute companies and individuals involved in these conspiracies."

The company issued a statement Thursday saying it "remains committed to its central Indiana employees, customers and local communities." Family owned Builder's Concrete has 136 employees, 77 trucks and five plants in central Indiana.

Four former executives of another company, Irving Materials Inc. of Greenfield, were sentenced to prison for their role in the scheme in December, and IMI was fined $29.2 million, the largest fine ever in a domestic antitrust investigation.

Shelbyville-based Shelby Gravel Inc. also has acknowledged its role in the scheme in court documents filed last month but is seeking leniency and could be spared criminal charges.

Builder's Concrete agreed to pay $1.5 million to $11.5 million in fines, the Justice Department said. Nuckols agreed to pay a $50,000 fine and serve time in jail. Government lawyers are recommending a 21-month sentence, which must be approved by a judge.

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The agreement must be reviewed by a federal judge.

The investigation is continuing, the Justice Department said.

From July 2000 to May 2004, the companies involved conspired to set the prices charged homeowners, building contractors and the government for ready-mix concrete in the Indianapolis metropolitan area, according to court documents.

The government alleges that Nuckols and other conspirators agreed on prices and discounts for ready-mixed concrete and the timing of price increases. The government also alleges that Nuckols made phone calls and met with other individuals to assure their compliance in the scheme.

Ready-mixed concrete is made on demand and often delivered to work sites by mixer trucks. Purchasers include do-it-yourselfers, home and commercial builders, schools and the government. The material is used in projects including sidewalks, patios, driveways, bridges and roads.

Feds Look Into Purchase Of Knight Ridder Papers Local Consumer Watchdog Interviewed About Mercury News, CC Times (SFC)

By Carolyn Said, Chronicle Staff Writer

San Francisco Chronicle, March 31, 2006

Federal antitrust regulators have begun looking at McClatchy Co.'s $4.5 billion purchase of Knight Ridder, an investigation that is legally required for any transaction of that size. Regulators may also be looking at what the pending sale of the San Jose Mercury News and Contra Costa Times would mean for competition in the Bay Area.

A U.S. Department of Justice spokeswoman confirmed that the department is looking at the deal, announced earlier this month, which would make McClatchy the nation's No. 2 newspaper company. "We will review it carefully," she said.

McClatchy acquired Knight Ridder's 32 newspapers and promptly said it will sell 12 of them. Those papers include the San Jose Mercury News, Contra Costa Times and Monterey County Herald, which have a combined daily circulation of 495,000.

One potential buyer is MediaNews Group of Denver, which already owns nine Bay Area dailies with a combined circulation of just over 300,000.

The director of a local media consumer watchdog group said he was interviewed by the Justice Department on Wednesday about the ramifications of MediaNews buying the Bay Area papers.

John McManus, director of GradetheNews.org, which is based at San Jose State University, said he had a 45-minute interview with a Justice Department attorney about his concerns if MediaNews bought the Mercury and Contra Costa Times.

McManus said he worries that MediaNews ownership would adversely affect the quality of local journalism. "My first concern is that there would be fewer and less skilled reporters covering the news in the Bay Area and Sacramento," he said. "ANG (Alameda Newspaper Group, a MediaNews arm that publishes the Oakland Tribune and five other local papers) tends to pay reporters poorly."

Additionally, he fears there would be less competition among newspapers on stories, lower ethical standards under MediaNews, and fewer Bay Area editorial voices taking positions on elections and other issues.

Jody Lodovic, president of MediaNews, declined to comment on whether the company is bidding for the Mercury and other Knight Ridder papers. Lodovic said he thinks McManus' comments show a lack of knowledge of the media marketplace.

"Competition is not defined by newspapers (alone) anymore," he said. "The world is different, there's plenty of competition in the marketplace. There are plenty of weeklies, other dailies, the Internet, other media all over the place."

The Justice Department spokeswoman said she doesn't know whether the department is investigating the pending sale of the 12 Knight Ridder newspapers.

Under the Hart-Scott-Rodino Act of 1976, any investor buying a stake valued at more than $15 million or 15 percent of a particular security must file notification with the federal government, beginning a 30-day review period.

Regarding Justice Department inquiries into a possible MediaNews purchase of Bay Area newspapers, Lodovic said, "I don't see why anybody's been reviewing the situation when there hasn't been any deal done."

Antitrust Regulators Examining Proposed Purchase Of Knight Ridder (AP)

DOJ_NMG_0024537

By Mark Sherman

AP, March 31, 2006

WASHINGTON - Antitrust regulators are reviewing the McClatchy Co.'s proposed $4.5 billion takeover of Knight Ridder Inc., including its plan to sell 12 newspapers it is acquiring.

While the decision to investigate the proposed deal's effect on competition and prices is fairly routine given its size, the government also apparently is interested in who might buy the Knight Ridder papers McClatchy plans to sell.

Among the 12, the St. Paul Pioneer Press is being sold to address potential antitrust concerns. It competes directly with McClatchy's Star Tribune in Minneapolis.

Meanwhile, a journalism lecturer at San Jose State University said he received a call this week from a Justice Department lawyer inquiring about the effect on advertisers if MediaNews Group Inc. were to buy the San Francisco Bay area's San Jose Mercury News and Contra Costa Times from McClatchy. MediaNews already owns several papers in the area and is widely believed to be interested in those two.

The Washington-based lawyer "asked about the impact of a MediaNews buyout on advertisers, rather than on consumer prices or news quality. But he was willing to listen to concerns about concentration of ownership on the news product," John McManus wrote on the GradetheNews Web site. McManus directs the group, which evaluates Bay area media outlets.

Justice Department spokeswoman Gina Talamona confirmed that antitrust lawyers are examining the proposed McClatchy-Knight Ridder deal, but she would not comment on specifics about the inquiry.

McClatchy hasn't set a timetable for completing the auction, but it wants to dispose of the 12 papers at the same time that it completes its acquisition of Knight Ridder, based in San Jose, in June or July.

Sacramento, Calif.-based McClatchy is retaining 20 other papers included in the Knight Ridder deal.

2nd UPDATE: US Government Questions EU Case Against Microsoft (DOW)

Dow Jones, March 31, 2006

BRUSSELS -(Dow Jones)- The U.S. government says it has "substantial concerns" about European regulators' antitrust case against Microsoft Corp. (MSFT) (MSFT), according to a person who has seen a letter sent to regulators.

Relations between Brussels and the software giant have "hit a new low," the letter said.

The U.S. letter could re-ignite transatlantic tensions that peaked in 2001 when the European Commission, the regulatory arm of the European Union, notoriously blocked General Electric Co.'s (GE) (GE) planned merger with Honeywell International Inc. (HON) (HON). Since then, Neelie Kroes has succeeded Mario Monti as the commission's top antitrust official.

The letter is particularly delicate, since Kroes is seen as a more "pro- American" commissioner than Monti, a U.S. diplomat said. The diplomat said " Washington ordered (its) E.U. mission to send the letter," noting that Microsoft (MSFT)has been pressuring U.S. officials and politicians to intervene on its behalf.

The commission's antitrust spokesman, Jonathan Todd, said the regulator received the letter via email Monday and also met with a U.S. diplomat to discuss its contents.

Microsoft (MSFT) and the commission currently are grappling in a closed door hearing in Brussels. The commission claims Microsoft (MSFT) hasn't complied with its March 2004 antitrust ruling. In that decision, the regulator fined Microsoft EUR497 million and ordered it to change some of its business practices.

Microsoft (MSFT) has accused the commission of collaborating with rival companies and withholding key evidence that could be used in its defense. Microsoft's (MSFT)allegations of a lack of "transparency and fairness ... if accurate, are of substantial concern to the U.S.," the letter said, according to the person who has seen it.

The U.S. mission to the E.U. is led by C. Boyden Gray, a former White House lawyer who lobbied for Microsoft (MSFT) during its U.S. antitrust battle.

The U.S. has questioned Brussels' treatment of Microsoft (MSFT) before. The March 2004 decision was described as "unfortunate" by R. Hewitt Pate, then the head of the U.S. Justice Department's antitrust division.

Microsoft's (MSFT) spokesman, Tom Brookes, also declined to comment.

-By Adam Cohen, Dow Jones Newswires; +322 741 1486; adam.cohen@dowjones.com

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Microsoft Gets U.S. Government Backing In EU Antitrust Dispute (BLOOM)

By Matthew Newman John Rega

Bloomberg, March 31, 2006

March 30 (Bloomberg) -- Microsoft Corp., the world's largest software maker, is getting U.S. government support for its complaint that European Union antitrust regulators have denied access to evidence needed for the company's defense.

Microsoft's complaint raises ``substantial concerns," U.S. diplomats in Brussels said in a memo sent to the European Commission this week. The U.S.'s EU mission is led by C. Boyden Gray, a former White House counsel who lobbied on behalf of Microsoft during its battle with the U.S. Justice Department.

Relations between Microsoft and the EU have ``hit a new low," the memo said. The U.S. said it wanted to ensure that the commission treated the company fairly, according to a copy of the two-paragraph letter seen by Bloomberg News.

The EU ruled in March 2004 that Microsoft illegally abused the dominance of its software, which runs on more than 90 percent of the world's personal computers, and fined it a record 497 million euros ($601 million). The regulator is threatening an additional 2 million euros in daily fines unless the company provides ``complete and accurate" information to competitors on how the Windows operating system communicates on networks.

In February, Microsoft demanded ``full access" to the case file, accusing the commission of violating its rights of defense. The commission refused to release letters between the regulator and two experts it hired to help on the case, arguing that the correspondence is ``internal."

Tom Brookes, a spokesman for Redmond, Washington-based Microsoft, had no comment. Jonathan Todd, a commission spokesman, also declined to comment.

The company has accused the commission of collaborating with its competitors to influence an independent trustee that is monitoring Microsoft's compliance with the 2004 antitrust ruling. The software maker said the commission encouraged ``secret contact" between four competitors and trustee Neil Barrett.

The commission said Barrett is obliged to ``proactively make contact with third parties."

Microsoft in September asked companies to intervene in its antitrust case, arguing that a court ruling against it would lead to a loss of control of ``valuable trade secrets."

Microsoft Gets U.S. Help In EU Antitrust Fight (WSJ)

By Adam Cohen

The Wall Street Journal, March 31, 2006

BRUSSELS – As Microsoft Corp. and the European Commission squared off in a hearing over possible new antitrust fines on the software giant, the U.S. government weighed in on the company's behalf to say it has "substantial concern" about Europe's case.

U.S. intervention, in an email to EU regulators and European capitals, comes at a delicate time. The case could reignite trans-Atlantic tensions that peaked in 2001 when the European Union notoriously blocked U.S.-based General Electric Co.'s planned merger with Honeywell International Inc. More recently, the U.S. and EU have worked to harmonize how they deal with business regulation, but Microsoft and the EU have been escalating their public battle.

An email earlier this week from the U.S. mission to the EU, now headed by former White House counsel C. Boyden Gray, notes that relations between Brussels and the software giant have "hit a new low" and refers to Microsoft's complaints that EU proceedings aren't fair or transparent because regulators are withholding from the company key evidence that could be used in its challenge of their orders.

The allegations, "if accurate, are of substantial concern to the U.S.," the email said, according to a person who has seen it. EU officials met with a U.S. diplomat to discuss it this week, the person said, as Microsoft and the commission prepared for their showdown over EU contentions that the company is flouting its orders to help rivals make products that mesh with its ubiquitous Windows operating system.

Separately Wednesday, a U.S. district court in California quashed a Microsoft bid to move the fight into the U.S. legal system. The company asked the court to help it obtain documents related to its European antitrust case from U.S.-based rivals

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Oracle Corp. and Sun Microsystems Inc., which participated in the case. Microsoft had complained that European regulators weren't giving it enough information to prepare its challenge.

A U.S. diplomat said the email was ordered in Washington, where Microsoft has been pressuring the government to intervene on its behalf. Its disclosure comes as Neelie Kroes, the chief EU antitrust regulator who has been working to realign EU enforcement with that of the U.S., is visiting Washington officials.

The U.S. has questioned Brussels's treatment of Microsoft before. The EU's original March 2004 decision, ordering Microsoft to make changes and fining it €497 million ($598 million), was described as "unfortunate" by R. Hewitt Pate, then head of the U.S. Justice Department's antitrust division.

The commission's antitrust spokesman, Jonathan Todd, declined to comment on the matter. Microsoft's spokesman Tom Brookes also declined to comment.

In the hearing Thursday, an independent computer expert -- who has labeled Microsoft's efforts to comply with European antitrust orders "useless" -- detailed his findings before a hearing room packed with the company's supporters and opponents. Then Microsoft tried to tear down his arguments and avoid €100 million or more in new fines.

Neither side expects the showdown, requested by Microsoft, to change European regulators' plans to proceed with the penalties. They would come on top of the fines ordered in 2004, when regulators found Microsoft was unfairly leveraging its dominant Windows system to crowd out competition in other areas.

Cecilio Madero, the commission official leading the Microsoft case, Thursday accused the company of using the hearing "purely for media." In recent weeks, the company has accused the computer expert, Neil Barrett, of colluding with Microsoft's rivals to harm the company, though the EU chose him to advise them from a list of experts Microsoft provided. Partly because of Mr. Barrett's conclusions, Microsoft faces the added fines, which can rise until the commission is satisfied that Microsoft has complied with its orders.

The two-day hearing, which concludes Friday with testimony from Microsoft rivals and supporters, is designed to give Microsoft a chance to fight off the fine and finding of noncompliance. A commission official leads the meeting, and the commission will take some weeks to decide whether to start the fines. Microsoft, decrying the commission's closed-door proceedings, asked the commission to open the hearing to the public but was turned down.

In the hearing, Mr. Barrett went through a detailed presentation of his efforts to use Microsoft's instructions for rivals on how to mesh with its programs, according to people attending. Microsoft also argued it has done more than enough to comply with EU orders and is willing to make further concessions.

U.S. Asks European Union To Be Fair In Microsoft Case (NYT)

By Paul Meller

The New York Times, March 31, 2006

BRUSSELS, March 30 — The United States government has intervened in Microsoft's antitrust dispute with the European Commission, urging it and the 25 national governments in the European Union to be fair to the company, American diplomats and European officials said on Thursday.

Microsoft has complained frequently in recent months that it has been denied the right to a fair defense in the continuing antitrust case with the European Commission. It has also accused the commission of collaborating with its rivals in the software industry and denying it access to what it contends are vital documents it needs to prepare its defense.

A memo written by unidentified government officials in Washington stated that Microsoft's complaints raise "substantial concerns" about the way Microsoft is being treated, according to a person close to the commission who spoke on the condition of anonymity because he was not authorized to discuss the memo. The memo was distributed this week through embassies in Europe and through the United States mission to the European Union in Brussels.

United States diplomats visited the offices of three European commissioners earlier this week. Jonathan Todd, the spokesman for the competition commissioner, Neelie Kroes, confirmed that her close aides met American diplomats this week and received the memo. He declined to comment on its content.

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The diplomats also visited the offices of the internal market commissioner, Charlie McCreevy, and Gunter Verheugen, vice president of the commission, according to the person close to the commission.

A United States official denied that the American government was coming to Microsoft's aid in the antitrust dispute. "Our interest is less that than wanting to see that everything is done properly," said the official, who spoke on the condition of anonymity because of the tenuous nature of the matter.

Microsoft's spokesman in Brussels, Tom Brookes, said on Thursday that he was unaware of the memo.

The United States government's action came as Microsoft's top lawyers arrived in Brussels to make a final attempt to persuade regulators not to impose daily fines of up to 2 million euros, or $2.4 million. The commission has accused Microsoft of failing to comply with an antitrust ruling in March 2004 that found the company abused its market dominance. In addition to fining the company 497 million euros, the commission ordered Microsoft to disclose technical documentation that rival makers of server software need to develop programs that work properly with the Windows operating system.

The regulator argued that by withholding this information, Microsoft was giving an unfair advantage to its own software programs, which function seamlessly with computers that run Windows. Microsoft contends it has satisfied the requirements of the order.

"We are in compliance," Brad Smith, Microsoft's top lawyer, told journalists at the end of the first of two days of closed hearings with the commission and with rival software manufacturers. "We are committed to doing everything in our power to find a solution to this impasse."

Microsoft made most of the presentations during the first day, according to a person in the room who spoke on the condition of anonymity because parties in the dispute are supposed to refrain from commenting. "Microsoft appeared to be urging the European regulators to come back to the negotiating table," this person said. "Their lawyers mentioned the success of the settlement with the Department of Justice at least 15 times during their presentations today."

Whirlpool Attys Guessed Right On Antitrust Review Focus (DOW)

Dow Jones, March 31, 2006

DES MOINES, Iowa -(Dow Jones)- Whirlpool Corp.'s (WHR) (WHR) antitrust attorneys had it pegged right all along.

They had predicted that the Justice Department wasn't going to decide the merits of a Whirlpool acquisition of Maytag Corp. (MYG) (MYG) on the basis of market share but rather on whether the bulked-up company, which already is the world's largest appliance maker, could change industry dynamics and raise prices, to the detriment of consumers.

Indeed, in giving its stamp of approval to the $1.7 billion acquisition Wednesday the government's antitrust watchdogs focused on pricing power.

"Market shares are not always likely to be the best predictor" of how his agency would rule, new antitrust unit chief Thomas Barnett said at a news conference Wednesday.

Last July Mark C. Schechter, a onetime Justice Department official who now specializes in antitrust issues at the Washington law firm of Howrey Simon Arnold & White LLP, and was among those advancing Whirlpool's case, had told Dow Jones Newswires that the merger would pass DOJ muster.

He said the regulators would consider whether the acquisition could give Whirlpool enough power to profitably raise prices at least 5%, an outcome Schechter considered "implausible."

That analysis ran counter to what became a mini-groundswell of misplaced opinion, on Wall Street and in the financial press, on how the government would rule in what some saw as a barometer of the Bush administration's views on business competition.

Some skeptics had asserted that the overwhelming market share a Whirlpool- Maytag combo would hold in the home-laundry business would almost surely bring a thumbs-down from Justice's antitrust staff, and would require some concessions to get eventual approval.

In an interview Thursday, Schechter speculated that such thinking may well have been encouraged by Whirlpool competitors, who had "made a significant effort to spin the deal as posing a problem" on the basis of market share.

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Schechter said he believed the agency's antitrust staff viewed the matter of dominant share versus pricing power "as a close question." But after a "very comprehensive investigation" it agreed with the company that high market shares are not an accurate indicator of market impact.

In its ruling the department said that the "combination of strong rival suppliers with the ability to expand sales significantly...indicates that this transaction is not likely to harm consumer welfare."

Addressing that point at his news conference, Assistant Attorney General Barnett noted that South Korean manufacturers LG Electronics and Samsung Electronics, as well as other foreign competitors, could increase their imports into the U.S. should it become financially advantageous.

Whirlpool's and Maytag's (MYG) attorneys presented millions of pages of documents, including numerous depositions, and held what Schechter said were a "huge number of meetings" all the way up the line at the department's antitrust division, including two with Barnett and his staff.

Schechter said he didn't regard the decision either as a "great victory" or as an indicator of a shift in how the department would view future acquisitions for their competitive consequences.

The government has had mixed luck with recent merger litigation, losing challenges involving purchases by Oracle Corp. (ORCL) (ORCL) and Arch Coal Inc. (ACI) (ACI).

On whether Justice was worried about the risks of a Whirlpool trial, Barnett would only say that the agency carefully weighs how solid a case is before suing.

"We recognize that we bear the burden of proof when we go to trial," he said. Barnett wouldn't comment on whether antitrust division staffers had recommended such a challenge.

Shares of Whirlpool were trading recently at $93.08, down $2.87, or 3%, after gaining 7% on Wednesday. Those of Maytag (MYG) were trading at $21.51, down 30 cents, or 1.4% - but still above Whirlpool's $21 offering price. Maytag (MYG) shares gained 28% Wednesday.

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- and Mark H. Anderson, Dow Jones Newswires; 202-862-9254; mark.anderson@dowjones.com

Judge Sanctions Gateway For Destroying Evidence (WSJ)

By Christopher Lawton

The Wall Street Journal, March 31, 2006

A federal judge in Utah harshly reprimanded Gateway Inc. for destroying or losing evidence "in bad faith" in a patent-infringement case brought by an inventor against the computer maker.

The plaintiff, Phillip M. Adams, a former International Business Machines Corp. engineer, filed the suit in 2002 after talks fell through with Gateway in 2001 over licensing his patented technologies that address a defect in circuitry used to control floppy-disk drives. Mr. Adams asserts in the lawsuit that Gateway violated a nondisclosure agreement signed between the parties, and that the company infringed on his patents. He later added allegations that Gateway lost or destroyed documents needed to help prove his case, which is scheduled to go to trial Monday.

U.S. District Judge Ted Stewart sided with Mr. Adams, in a ruling that was issued March 6 and unsealed March 22. He chastised Gateway for failing to disclose information that a magistrate judge had found central to the case. Although he found no "direct" evidence about Gateway's intentions, he cited "ample circumstantial evidence" that Gateway acted in bad faith.

The ruling cites a missing email from a supplier to a Gateway employee that contained Mr. Adams's software for detecting the defect.

"Based upon the entire record, this court concludes that the explanation is that it was destroyed in bad faith by Gateway," the judge wrote in a memorandum. He added that "the court finds that it is clear that for years Gateway did everything it could to avoid producing complete copies of all the relevant emails."

Judge Stewart stopped short of granting Mr. Adams's request to decide the entire case in his favor because of Gateway's actions. But he sanctioned the company, ordering it to pay Mr. Adams's attorney fees incurred in connection with the litigation over the alleged document destruction.

Gateway, which leveled its own allegations that Mr. Adams destroyed documents, admitted to errors in handling the evidence, but insisted that it didn't intentionally conceal information. The company said that upon learning of the problems, it acted promptly to comply with orders for document discovery in the case.

"Gateway continues to dispute the characterization of this discovery battle, and we will continue to defend ourselves vigorously in this case. Plaintiffs have chosen to focus all of their energy on creating discovery disputes, and we're pleased to finally have the court consider the merits of this case," John Spelich, a spokesman for Gateway, said in a prepared statement.

A partner with Howard Phillips & Andersen, the Salt Lake City firm that filed the lawsuit on Mr. Adams's behalf, declined to comment. Mr. Adams said the case has "been a long torturous trip," adding, "I am so looking forward to my day in court."

Patent battles have been dogging many high-technology companies lately. Research In Motion Ltd. of Waterloo, Ontario, recently agreed to pay $612.5 million in a settlement with Virginia-based patent holding company NTP Inc. Barring a settlement, RIM was threatened with an injunction that could have shut down its BlackBerry email devices.

The stakes aren't quite as high in this case. Mr. Adams is seeking $150 million in damages, plus attorneys' costs from Gateway. He has said that he received about $30 million from Hewlett-Packard Co. and other companies that have licensed the patents at issue in the case.

Allegations of document destruction in patent cases have also become relatively common. Rambus Inc., a Silicon Valley maker of technology used in memory chips, has faced charges that it improperly shredded a large volume of documents associated with patent cases it has filed against companies that include Hynix Semiconductor Inc. A federal judge in San Jose, Calif., recently ruled that Rambus had done nothing improper.

Apple Computer Lawyer Defends ITunes Logo (WSJ)

By Aaron O. Patrick

The Wall Street Journal, March 31, 2006

LONDON -- To the classical strains of Antonio Vivaldi's "Gloria," a lawyer for Apple Computer Inc. yesterday argued in a high-profile United Kingdom court case that the company's iTunes service simply distributes music and isn't in the music-production business.

The classical soundtrack contrasted with the first day of the hearing Wednesday when a lawyer for Apple Corps, the Beatles record company, demonstrated his points with the 1970s disco hit "Le Freak."

COURT PAPERS

Read the trademark agreement1 signed in 1991 by Apple Computer and Apple Corps explaining how they would share the Apple logo and name. Also, see the related settlement2 in which Apple Computer agreed to pay $24.6 million. (Provided by FindLaw.com3.)

Behind the courtroom demonstrations in England's High Court, however, is a serious legal case: The Beatles' company claims Apple Computer is in breach of a 15-year-old agreement designed to end years of fighting between the companies over use of the Apple name and logo.

Apple Corps wants the Cupertino, Calif., computer company to stop using the Apple logo on the iTunes service and in advertisements for it. But Anthony Grabiner, the Apple Computer lawyer, said the company's iTunes music store was no more than a "data-transmission service" and that using the Apple logo on iTunes is to tell visitors that the iTunes software was created by Apple and has nothing to do with the music being sold.

The outcome of the case could affect Apple's thriving digital music business, which has helped transform the company into an electronics and entertainment powerhouse from a maker of personal computers. While selling music through iTunes isn't a huge money-maker for the company, it is an important companion business for Apple's iPod, the digital music player that accounted for $2.91 billion, or more than half of the company's $5.75 billion, in revenue in the holiday quarter.

Under the 1991 agreement, the Beatles' company has the exclusive right to use the Apple name and logo for creating music regardless of whether it is in "tangible or intangible" form. Apple Computer is specifically blocked from publishing music CDs under the Apple logo, for example, but is allowed to sell computers and software used to play or broadcast music. The agreement says Apple Computer can "deliver" music as long as it isn't in physical form.

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The outcome of the case is likely to hinge on whether Apple Computer is found to be merely distributing music or is verging on acting as a music company in its own right.

Apple Computer's lawyer acknowledged that iTunes sells music and compilations from some artists, including U2 and Stevie Wonder, that can't be bought elsewhere. Lord Grabiner said the quantity -- 50 tracks out of a library of 3.6 million songs -- was so small that it was irrelevant.

After downloading part of "Gloria," sung by the choir of Cambridge University's King's College, he used iTunes to obtain information about the recording, including the copyright holder: EMI Group PLC. EMI also publishes the Beatles' songs.

"It is obvious that Apple Computer is not the source of the content," Lord Grabiner told the court. "A person could not conceivably imagine that the content was owned by Apple Computer or the Apple logo was an indication of the origin," he said.

Apple Corps wants the court to order Apple Computer to remove its Apple logo from the iTunes program. If successful, it could seek another hearing to assess damages. Apple Corps is owned by Paul McCartney, Ringo Starr, Yoko Ono, and the estate of George Harrison.

The case is scheduled to end next week.

FPL's Merger With Constellation Encounters Delay In Maryland (Palm Beach Post)

By Kristi E. Swartz

Palm Beach Post (FL), March 31, 2006

TALLAHASSEE — There's been a slow gas leak in the $11 billion merger between FPL Group Inc. and Constellation Energy Group of Baltimore.

On Thursday, the leak turned into an explosion in the Maryland Legislature.

That state's lawmakers voted to create a special counsel that would review utility mergers, thus delaying the deal between Juno Beach-based FPL Group and Constellation Energy.

The move by the Democratic-controlled General Assembly still has to be approved by Gov. Robert Ehrlich, a Republican who is up for reelection. Ehrlich hasn't said whether he'd veto the bill.

FPL and Constellation announced Dec. 20 they were merging to form a $28 billion energy powerhouse called Constellation Energy. The deal would put a Fortune 100 firm in Palm Beach County and create the nation's third-largest energy company.

The merger would mean little change at first for the 4.3 million residential and business customers of Florida Power Light Co., FPL's utility subsidiary. The point of the union is to create "the premier competitive energy business," FPL Group Chief Executive Lew Hay said at the time.

That can be done in the unregulated arena, where electricity is sold on the open market. But it's deregulation that's causing the headaches in Maryland.

Constellation's utility unit, Baltimore Gas Electric Co., recently told its 1 million customers to expect a 72 percent rate hike starting this summer. The increase is a result of the expiration of rate caps put in place by the General Assembly in 1999, when the state electricity market was deregulated.

Constellation's proposed merger with FPL has next to nothing to do with the rate hikes, but Maryland lawmakers hope that the threat of stalling the merger will encourage Constellation to sweeten an offer to phase in the higher rates.

FPL referred questions Thursday to Constellation.

"Obviously the pieces of legislation that are moving through the legislature are certainly troublesome from a business perspective," Constellation spokesman Rob Gould said.

Maryland lawmakers also are considering bills to throw out members of the utility-regulating Public Service Commission and force Constellation to hand over $528 million in rate relief.

The FPL-Constellation deal must be approved by shareholders of both companies as well as state and federal regulators, including the Federal Regulatory Energy Commission and the Nuclear Regulatory Commission.

The Florida Public Service Commission will vote Monday on whether to intervene in the FERC case. State law doesn't give Florida's Public Service Commission authority over utility mergers, unlike in Maryland.

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Aztar Receives Rival $1.5 Billion Bid (WSJ)

By Peter Sanders

The Wall Street Journal, March 31, 2006

Colony Capital LLC offered about $1.5 billion for casino operator Aztar Corp. three weeks after Aztar entered an agreement to be acquired by rival casino operator Pinnacle Entertainment Inc. The move sets off a possible bidding war for the Phoenix company best known for its Tropicana properties in Las Vegas and Atlantic City.

Colony will offer $41 a share and would seek to refinance the $723 million in debt that Aztar carries, the company said. On March 14, Pinnacle of Las Vegas offered $38 a share for Aztar, or about $1.45 billion, not including the debt.

Colony, a closely held real-estate firm, owns the Las Vegas and Atlantic City Hilton hotel-casinos. The Los Angeles company declined to elaborate on the proposed offer, which was made in a letter to Aztar's board yesterday.

Shares of Aztar hit a 52-week high after reports of Colony's offer surfaced. In 4 p.m. composite trading on the New York Stock Exchange, Aztar's stock was up $3.37, or 8.6%, to $42.42. Pinnacle added 23 cents to $29.23 on the NYSE.

A spokeswoman for Pinnacle said, "We have a signed merger agreement" with Aztar, but declined to comment further. A spokesman for Aztar declined to comment.

Colony's unsolicited offer may be the first salvo in what could be a heated bidding war for a small casino company that has underperformed. Aztar's $1.52 billion in market value is significantly lower than industry rivals like MGM Mirage and Harrah's Entertainment Inc.

Aztar reported net income of $55.9 million on $915.4 million in revenue last year.

More than half of Aztar's income last year came from its refurbished and expanded Tropicana property in Atlantic City. Aztar's crown jewel in Las Vegas isn't the faded hotel and casino sitting on the city's famed Strip, but the 34-acres of prime land it sits on.

For years, Aztar has discussed redeveloping the land, which is close to the Las Vegas airport and across the street from major MGM Mirage properties. The company never disclosed any firm plans and Pinnacle Chief Executive Dan Lee said earlier this month that his casino company would possibly develop a multibillion-dollar resort property at the site.

Although based in Las Vegas, Pinnacle has never operated a casino there. Pinnacle primarily owns casinos in smaller regional markets like Louisiana, Missouri and Reno, Nev. Pinnacle began in 1938 as the Hollywood Park Turf Club, a racetrack in Los Angeles. Pinnacle reported net income of $6.2 million on revenue of $725.9 million last year, down 33% from 2004.

The maneuvering indicates that despite its casino assets, some see Aztar as a real-estate play in a Las Vegas market that has seen land values soar. Some observers said Colony could be aiming for a breakup of Aztar's assets, which include casinos in Missouri and Indiana. Colony has gambling licenses in Nevada and New Jersey.

Colony, controlled by Thomas J. Barrack Jr., last year through an affiliate bought four casinos owned by Harrah's and Caesars Entertainment Inc. for about $1.24 billion.

Less than two weeks ago, Colony was part of a consortium that agreed to purchase hotel-and-casino operator Kerzner International Ltd. for a proposed $3 billion in cash and take the company private. In January Colony teamed with Kingdom Hotels International to acquire Canadian Fairmont Hotels & Resorts Inc. for about $3.3 billion.

Rival's Branches Whet Appetites At J.P. Morgan (WSJ)

By Robin Sidel And Clint Riley

The Wall Street Journal, March 31, 2006

Many of the nation's financial institutions favor one of two strategies when it comes to retail branches: build it or buy it.

J.P. Morgan Chase & Co. is aggressively pursuing both.

The nation's third-largest bank based on market value is in discussions to acquire about 300 branches from Bank of New York Co., according to people familiar with the matter. The deal would take the form of an asset swap in which J.P. Morgan would transfer a portion of its corporate-trust business to the bank that was founded by Alexander Hamilton in 1784.

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Representatives of both banks declined to comment on any possible deal, which was reported yesterday by CNBC. It wasn't immediately clear if any cash would change hands as part of a transaction. Wall Street analysts, who have long speculated that Bank of New York would jettison the bulk of its retail business, have estimated the branch network's value at about $4 billion.

People familiar with the situation said a transaction wasn't imminent, noting that the deal's structure is complex. Bank of New York is seeking the asset swap over an outright sale, these people said, because the retail business represents a hefty 15% of its total profits -- an amount that can't be easily replaced on the bottom line. Such a structure also would help Bank of New York avoid paying the higher taxes that usually accompany a big cash or stock deal.

Wall Street's reaction to the potential deal was mixed. Shares of Bank of New York were up $1.50, or 4.4%, at $35.92, while J.P. Morgan was down 15 cents at $41.53 in New York Stock Exchange composite trading at 4 p.m.

J.P. Morgan is overhauling its retail-banking business after years of neglect. Financial institutions have realized that consumers still covet neighborhood branches even if they do some of their banking online. That was a major reason why J.P. Morgan bought Bank One Corp. -- which had a large Midwest retail presence -- for $58 billion in 2004.

Like J.P. Morgan's New York retail presence, the Bank of New York branches are viewed as needing substantial investment in technology and aesthetics. "If you're trying to fix up one branch network, fixing up two might not be that much bigger of a deal," says Jeff Harte, an analyst at Sandler O'Neill & Partners in Chicago. Mr. Harte has a "buy" recommendation on J.P. Morgan, but doesn't rate Bank of New York's shares. Sandler has business relationships with both banks.

The deal would be the first under the reign of James Dimon, who took over as chief executive of J.P. Morgan in January. Although investors have expressed concern that Mr. Dimon would seek another large acquisition before the Bank One deal was fully integrated, an asset-swap would likely be far more palatable for shareholders because it wouldn't dilute earnings and would fit in with the bank's existing footprint.

The potential acquisition would further solidify J.P. Morgan's already-dominant position in the New York area, one of the nation's most competitive and lucrative regions. J.P. Morgan had a leading 23.77% market share last year in the New York-New Jersey-Pennsylvania market, according to the Federal Deposit Insurance Corp. The next largest presence in the region comes from Citigroup Inc., which has a market share of 16.47%. Bank of New York ranks fifth with a market share of 4.81%.

On a branch basis, J.P. Morgan has 470 branches in New York, New Jersey, and Connecticut, including 224 in New York City. Bank of New York, meanwhile, has 342 retail-bank branches in the tri-state region; 241 of those are in the state of New York.

Despite its leading position, J.P. Morgan is facing heated competition for regional deposits from big rivals such as Citigroup and Bank of America Corp. And other banks, including Wachovia Corp. and Commerce Bancorp, have been expanding aggressively in the area. Some banking-industry analysts consider the potential acquisition by J.P. Morgan as not only an aggressive expansion play, but as a defensive strategy to prevent the branches from falling into the hands of a rival.

Since it bought Bank One, J.P. Morgan has been aggressively overhauling its 2,600-branch network and breaking ground on new locations in key Northeast and Midwest markets. The bank opened 135 new branches in 2005 and intends to open another 150 this year.

The acquisition of Bank of New York's branches would accelerate that expansion significantly at a time when other large banks are opting to build branches because retail networks are too expensive to buy right now. Citigroup, for example, plans to open 100 branches this year in the U.S., and has indicated that it will likely pursue only small branch acquisitions in the near-term. Earlier this month, Capital One Financial Corp. announced plans to buy New York-based North Fork Bancorp as it seeks to expand beyond credit cards into banking.

Speculation about the future of Bank of New York's retail business intensified this month when the company for the first time broke out additional financial details about the business in a securities filing. Last year, the bank's retail operations generated pretax income of $355 million, an amount that has held relatively steady over the past two years. At the same time, the bank's securities-trading and processing business has steadily increased, providing a growing share of the company's profits before taxes. Last year, it represented 77%, or $1.8 billion, of the company's profits, up from 74% two years ago.

In November, Bank of New York removed a large cloud when it settled a long-running Russian money-laundering case and a separate fraud case in which a branch manager in Long Island falsified escrow accounts for a health-care supply company.

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The bank avoided criminal prosecution by agreeing to pay $38 million in penalties and implement sweeping internal anti-money-laundering reforms.

As part of the pact, the bank agreed to hire an independent examiner for three years to monitor its compliance and report its findings to the Justice Department, Federal Reserve Bank of New York and state banking officials. The monitor hasn't been chosen yet.

ENVIRONMENT/INDIAN AFFAIRS:

Feds To Enter Landfill Negotiation (SUFFNH)

By Allison T. Williams

Suffolk (VA) News-Herald, March 29, 2006

The Southeastern Public Service Authority has asked the U.S. Justice Department to review a private landfill owner's proposal to put construction rubble and debris in SPSA's landfill.

On March 13, days after a Suffolk Circuit Court judge dismissed his $20-million lawsuit against the public regional waste authority, landfill owner John C. Holland proposed an arrangement between his business and SPSA.

Under the proposed contact, John C. Holland Enterprises Inc. would dispose of four to eight 20-ton trailers of construction debris every day at SPSA's landfill on U.S. 58. SPSA would be paid $630 n the same rate that the agency receives from Bay Transport, the other company that hauls for SPSA, based on Holland's proposal.

The authority's board of directors and legal counsel are concerned about potential state and federal anti-trust violations, said John S. Hadfield, SPSA's executive director.

On March 22, SPSA's board of directors indicated it would issue the Holland Enterprises a contract that would expire June 30, 2006, as soon as the proposed contract is approved by the U.S. Justice Department, according to a letter to Holland's lawyer Gary H. Baise. Receiving that approval is expected to take 30 to 60 days, said SPSA's lawyer Michael R. Katchmark.

Holland, in his initial letter to SPSA, indicated that he wanted to have a deal finalized by March 20, in time for an April 1 startup, and that he wanted a one-year contract.

Baise called SPSA's decision to involve the justice department unnecessary.

"This is no sweetheart deal," Baise said. "This is the price offered to the public. … and we are willing to accept that price. This is nothing but a ploy to delay working with Mr. Holland.

"(Mr. Holland and I) don't take nonsense lightly. We may see them in court again over this."

Holland agreed.

"The board … made it available to everybody and all of a sudden, I'm not one of everybody," he said.

Taking construction rubble and debris is a good business move for his company, Holland said. By putting the debris in SPSA's landfill, he conserves room in his own operation and saves on the amount of money he is required to put into an perpetual-reserve fund.

Baise said SPSA and Holland Enterprises will also be facing off on the $20-million lawsuit that was dismissed earlier this month in Suffolk Circuit Court, adding he recently filed a notice of appeal with the Virginia Supreme Court.

Fewer Marshes + More Man-made Ponds = Increased Wetlands (NYT)

By Felicity Barringer

The New York Times, March 31, 2006

WASHINGTON, March 30 — In the bog of the federal regulatory code, a wetland is defined as a marshy area of saturated soils and plants whose roots spend part of their lives immersed in water. In the Interior Department's periodic national surveys, a wetland is defined, more or less, as wet.

Traditional tidal, coastal and upland marshes count, but so do golf course water hazards and other man-made ponds whose surface is less than 20 acres.

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And so, even at a time of continued marsh depletion, pond inflation permitted Interior Secretary Gale A. Norton and Agriculture Secretary Mike Johanns to announce proudly on Thursday the first net increase in wetlands since the Fish and Wildlife Service started measuring them in 1954. Wetlands acreage, measured largely by aerial surveys, totaled 107.7 million acres at the end of 2004, up by 191,800 acres from 1998.

The two cabinet secretaries hailed the apparent reversal in the long trend of wetland losses. "I'm pleased to complete my term as secretary of interior by announcing some good news, said Ms. Norton, who will step down from her job Friday.

A net total of 523,500 acres of swamps and tidal marshes had been lost, but the Fish and Wildlife Service measured gains of 715,300 acres of shallow-water wetlands, or ponds. According to the report's author, Tom Dahl, those can be 20 to 30 feet deep.

Almost two years ago, President Bush, under attack by environmental groups for loosening controls on development in wetlands, announced that one of his goals was to increase net wetland acreage.

For decades in the early and mid-20th century, draining and filling of wetlands by developers was widely accepted. But, as scientists and public officials recognized the importance of wetlands as nurseries for waterfowl, filters of pollution and barriers against storms, Congress passed protective laws.

One multimillion-dollar project redirected parts of the Kissimmee River in central Florida out of the narrow 30-foot-deep channel constructed by the Army Corps of Engineers and allowed it once again to dampen the surrounding landscape. Another successful wetlands-restoration project in southwestern Indiana is undoing the work farmers did decades ago to drain their land.

These projects helped hold down the net loss of marshland in Thursday's report. But the net gain noted in the report was fueled by an increase in pond acreage, which includes things like ornamental ponds in new developments and mine reclamation ponds.

For instance, the mining of sand and clay for the construction of two major highways in South Carolina, Routes 22 and 31, left the Myrtle Beach area dotted with large, deep ponds that qualify as wetlands in the Interior Department's survey but do not provide the wildlife habitat or perform the filtering functions of tidal marshes or cypress swamps.

"For Route 22, there was nine million cubic yards of fill material needed," said Boyd Holt, a regional hydrogeologist for the South Carolina Department of Health and Environmental Control. "There were probably 30 or 40 ponds as a result of that activity since 1998."

At Thursday's news conference, federal officials said that the report measures the quantity — not the quality — of wetlands. Julie Sibbing, the leading wetlands expert at the National Wildlife Federation, called the mining-site ponds "wet deserts."

"The most stunning thing about this report," she said, "is that we're losing diverse natural wetlands in this country and the administration tells us it's O.K. because we've increased the number of ponds."

The report, which covers 1998 to 2004, does not include the loss of 64,000 acres of coastal wetlands from Hurricanes Katrina and Rita.

Meth Lays Siege To Indian Country (USAT)

By Dennis Wagner, Usa Today

USA Today, March 31, 2006

SAN CARLOS APACHE INDIAN RESERVATION, Ariz. — Something haunts the Dudley house atop a ruddy clay mesa in Apache country.

It is the memory of a young man, David Justin Jackson Dudley, beaten to death at a January 2005 methamphetamine and booze party on the reservation.

The entryway is a photographic shrine to the 20-year-old, who wanted to be an X-ray technician.

"We just kind of made it David's wall," explains the young man's father, Dennis Dudley. "We light candles every time we come home."

Mary Jane Dudley sits in the living room, surrounded by half-finished Apache baskets. For months after David died, she could not weave. Now, she performs the ancient craft to lose herself in memories. "From the time I wake up to the time I go to bed is when I think about him," she says. "I haven't stopped crying."

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Police reports and court records say David Dudley was punched, kicked and bashed with a bottle. His killers dragged him into a wash and left him naked to die.

Dennis Dudley blames meth. He walks outside to a front-yard ramada. Beneath the roof, a large mound of dirt is covered with silk flowers.

"I didn't know where to put him, so we buried him out here," Dudley whispers. "We put this here to remind the community there has to be something done against drugs. If David had died in a car crash, maybe we could get over it. But with him dying this way, it's so hard."

Like an evil spirit, meth is sweeping through Indian country, tearing families apart and leaving a trail of violence and tears.

The highly addictive stimulant produces euphoria, increased alertness and increased physical activity when snorted, swallowed, injected or smoked. The drug can be manufactured using ingredients purchased in local stores. Over-the-counter cold medicines containing ephedrine or pseudoephedrine and other materials are "cooked" to make meth.

Native American leaders nationwide — but especially in the West — report a meth-induced surge of domestic violence, juvenile sex and meth-addicted babies, while federal authorities say foreign drug cartels are targeting tribal lands as distribution beachheads.

Just this month, a Native American-oriented website, Indianz.com, reported that meth was "the single biggest issue discussed among tribal leaders" during a February meeting of the National Congress of American Indians.

From the Lummi Nation in Washington to the Cherokee in North Carolina, "glass" has become public enemy No. 1 for many tribal leaders.

"Just about everything possible is being done to attack this problem," said Eric Pritchett, police chief on the Cherokee reservation, who recently put 30 officers through a drug interdiction training program.

'Indian country is under attack'

At a February hearing of the Senate Indian Affairs Committee, Kathy Kitcheyan, chairwoman of the San Carlos Apache community where David Dudley lived and died, put it this way: "Status quo is a life six years shorter than any other American group, being 318% more likely to die from diabetes and 670% more likely to die from alcoholism.

"It's 63 babies born in my tribe last year addicted to methamphetamine, and this is just one tribe. Nationally, Indian country is under attack from crystal meth."

The Indian Affairs Committee will return to the topic of meth April 5 when Chairman John McCain, R-Ariz., convenes a hearing on the issue.

The meth wildfire flared onto indigenous enclaves so fast and recently that little comprehensive data are available. But anecdotes abound:

• In North Carolina last year, the Cherokees launched a multipronged attack on meth by regulating sales of ephedrine drug products, starting a hotline for people to report drug dealers, developing a new treatment program and conducting anti-drug rallies.

• New Mexico's Ohkay Owingeh tribe, also known as San Juan Pueblo, is reviving the practice of banishment to remove meth dealers' tribal membership, as has Washington's Lummi Nation.

• Arizona's Apaches, like many other tribes, have launched public education blitzes and passed statutes to criminalize meth, which was not even listed as an illegal drug under arcane tribal codes.

• Navajo Nation police arrested an 81-year-old grandmother, her 63-year-old daughter and 39-year-old granddaughter Tuesday on suspicion of dealing meth in the tribal community of Dilkon, Ariz.

• At the Gila River Indian Community near Phoenix, counselors oversee "talking circles" where addicts pass an eagle feather around during therapy.

• At Wyoming's Wind River Reservation, 25 tribal members were arrested by Bureau of Indian Affairs and Drug Enforcement Administration agents last May in connection with a drug ring that Jeffrey Sweetin, special agent in charge of the DEA's Denver office, said did 100 deals a day out of a single home.

Sweetin says Shoshone and Arapaho youth are prey on a reservation afflicted by isolation, ennui and limited enforcement.

A generation 'vanishing'

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"We had an organization headed by Mexican drug traffickers who specifically targeted the Wind River reservation," Sweetin says. "Young kids get free dope, and after a few times they'll grow into a user population. ... There's an entire generation of Native Americans vanishing."

Social Services director Terry Ross of the San Carlos Apache community says meth abuse is part of larger pathology: Unemployment is 82%, public assistance funds are dwindling and there is no residential treatment program.

Because of meth's low price and enduring high, some tribal leaders say it has surpassed alcohol as the drug of choice among teens. And that worries Ross. "I don't think we even know what we're dealing with," Ross says. "What will meth bring to us in 10 years?"

Wagner reports daily for The Arizona Republic in Phoenix

FBI/DEA/ATF/USMS:

Judge Backs Lawyer In FBI-Okla. City Link (AP)

By Paul Foy

AP, March 31, 2006

SALT LAKE CITY - A federal judge on Thursday rewrote a sentence to clarify a ruling that had suggested Timothy McVeigh received help from paramilitary militias in the Oklahoma City bombing and that the government had an informant in the bombing conspiracy.

U.S. District Judge Dale Kimball had issued a decision that called those two claims "fact." Asked if he was endorsing the conspiracy theories, Kimball issued a new decision late Thursday to attribute both claims to a Salt Lake City lawyer.

The lawyer, Jesse Trentadue, is trying to expose FBI evidence he contends will show the bureau was tipped to McVeigh's plans but failed to stop the Oklahoma City bombing. FBI officials have repeatedly refused to address Trentadue's claims.

Trentadue is also trying to prove that his brother - a bank robber who died in federal custody after being picked up on a parole violation - was mistaken for an associate of McVeigh's in the frantic search for conspirators after the bombing, and was killed by federal agents during an interrogation gone awry.

In his original 23-page decision, released late Wednesday, Kimball singled out one FBI teletype already released to Trentadue, but in heavily edited form.

The judge, who has inspected the unedited version of the memo, first wrote: "The plaintiff (Trentadue) points out the fact that this document indicates that there was an undercover operative in with Timothy McVeigh and members of the various militia groups who aided and supported McVeigh."

The judge rewrote the sentence to eliminate the word "fact" and substitute: "The plaintiff claims that this document indicates that there was an undercover operative in with Timothy McVeigh and members of the various militia groups who aided and supported McVeigh."

Kimball's decision orders the FBI to redouble a search for investigative files that could reveal what agents knew about McVeigh before the 1995 Oklahoma City bombing, but he said the bureau could black out some information about informants.

McVeigh was executed in 2001 for the bombing that gutted a federal office building and killed 168.

The judge said he found it "troubling" that the FBI's efforts to locate documents required by his earlier rulings have not turned up more memos, including ones the FBI's own files suggested existed at one time.

"While the FBI's failure to discover documents is not necessarily an indication of bad faith, it is puzzling that so many documents could be referenced but not produced," the judge wrote.

The FBI is supposed to turn over any new documents it finds to Trentadue by June 2.

Trentadue has obtained some FBI teletypes on his own and others under a Freedom of Information request, and he sued to force more disclosures.

Kimball ruled in Trentadue's favor early on and ordered the release of some heavily edited teletypes, but the FBI vigorously fought any additional releases. At a November hearing the Justice Department asked Kimball to reconsider his earlier rulings and stop the disclosures.

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Kimball ruled the FBI did not have to produce teletypes that would reveal confidential informants among a white supremacist group in Oklahoma. But he ordered the FBI to renew a search for other documents.

"My assumption is the FBI will comply with the order," said Carlie Christensen, an assistant U.S. attorney who represented the FBI in court hearings here. "On balance, we're quite pleased with the ruling."

FBI officials declined comment.

Trentadue's battle for FBI records is primarily motivated by his brother's bloody death. The U.S. Bureau of Prisons has said Kenneth Trentadue, 44, was found hanging by a bedsheet after gouging his neck with the crimped edge of a plastic toothpaste tube.

Jesse Trentadue contends his brother was killed by federal agents during a vicious fight inside a one-man cell of a high-security wing at the Federal Transfer Center in Oklahoma City, only weeks after McVeigh's indictment.

In his decision, Kimball said Jesse Trentadue had "unearthed significant evidence of foul play" in his brother's death.

Cocaine Found In Virgin Mary Tombstones (AP)

By DEVLIN BARRETT

AP, March 30, 2006

WASHINGTON, March 30, 2006 — Federal agents on Thursday said they had broken up a ring of drug smugglers who used tombstones featuring the Virgin Mary to move hundreds of pounds of cocaine into New York from Mexico.

The Drug Enforcement Agency announced arrests of 12 people as part of the conspiracy.

Four of those arrests came Thursday, one in Houston and three after an early morning raid on a warehouse in New York's Brooklyn borough.

At the warehouse, agents found bricks of cocaine packed inside tombstones, some decorated with figures of the Virgin Mary, the DEA said.

"Like grave robbers who have no respect for the dead, this drug organization used revered tombstones to smuggle millions of dollars worth of cocaine into New York City," said John Gilbride, the special agent in charge of the New York DEA office.

At the Brooklyn warehouse, agents found eight tombstones, five of which were packed with 20 to 25 kilograms each of cocaine. They also found remnants of smashed tombstones.

DEA: Virgin Mary Statues Used By Smugglers (UPI)

United Press International, March 30, 2006

NEW YORK, (UPI) -- The U.S. Drug Enforcement Agency says it has broken up a cocaine-trafficking operation that smuggled drugs into New York in religious statues.

The DEA said the investigation, called Operation Omni Presence, resulted in the arrests of 11 people and the seizure of more than 425 pounds of cocaine and $474,000 in cash.

The agency said an organization based in Mexico hid bricks of cocaine in statues of the Virgin Mary and used other "ingenious methods" to get drugs into the United States. The DEA said the investigation eliminated all levels of the operation from "wholesale distributors to retail dealers."

DEA Special Agent in Charge John P. Gilbride, in a release, said, "Like grave robbers who have no respect for the dead, this drug organization used revered tombstones to smuggle millions of dollars worth of cocaine into New York City. DEA identified this international organization with its cocaine distribution reach from Mexico to the streets of New York and put it out of business."

Gilbride said DEA worked with the Nassau County Police Department, the New York City Police Department and the New York U.S. attorney's office.

Feds: Drug Smugglers Used Virgin Mary Tombstones To Hide Cocaine (WABC)

WABC-TV, March 30, 2006

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(New York-WABC) - An Eyewitness News Exclusive: Federal agents are today giving the details of an unusual, international drug take down. And you won't believe what the suspects were using to smuggle in the goods. Eyewitness News reporter Jeff Pegues joins us now with the story.

Eyewitness News has obtained photographs that show the lengths some drug organizations will go through to smuggle cocaine into the country, and more specifically New York. Sources tell us at least 10 suspects have been arrested in New York as part of an international drug ring that used tombstones with the image of the Virgin Mary on them to smuggle drugs.

Sources say federal agents discovered the cocaine, hundreds of kilograms of it, packed away in those tombstones.

Eyewitness News has learned they were smuggled into the country by a cocaine trafficking organization based out of Monterey, Mexico. Sources say they used all sorts of methods to smuggle the cocaine across the U.S. border, through several states and all the way up the east coast.

Ten people in New York were arrested in the case and authorities seized 194 kilograms of cocaine and large amounts of cash.

We are told it is just the tip of the iceberg. Sources say there are many more arrests across the country.

There is a lot more to the two year police investigation. We'll have the latest on that coming up tonight on Eyewitness News at 5:00 p.m.

Tomb Raiders (NYDN)

By Alison Gendar, Daily News Staff Writer

New York Daily News, March 31, 2006

Shameless Mexican drug dealers smuggled tons of cocaine into the country stashed inside tombstones - and even inside a statue of the Virgin Mary, authorities said yesterday.

"Like graverobbers - who have no respect for the dead - this drug organization used revered tombstones to smuggle millions of dollars worth of cocaine into New York City," said John Gilbride, special agent in charge of the Drug Enforcement Administration's New York office.

The sacrilegious Mexican traffickers were nailed after an 18-month cross-country investigation, officials said.

The New York angle began to emerge last May when the NYPD, the DEA and Nassau County narcotics cops tailed a dealer running drugs between Houston, Washington Heights and Atlanta.

That lead eventually brought cops and feds to a Brooklyn warehouse stacked with drug-filled tombstones.

The tombstones had traveled from Mexico through Laredo, Tex., and up to New York - borne by unsuspecting FedEx deliverers.

Operation Omni Presence led to 11 indictments issued by the U.S. attorney's office in Manhattan, officials said yesterday.

The tombstones are just the latest way international drug traffickers sneak their wares into the country.

Colombian dope dealers were busted in February for the cruel scam of slicing open Labrador puppies to stash packets of liquid heroin inside their bodies, then stitching them back up.

Raids Broke Up 2 Cocaine Rings Of Wide Range, Authorities Say (NYT)

By Bruce Lambert

The New York Times, March 31, 2006

Two major drug-trafficking rings that smuggled huge amounts of cocaine from Mexico — some of it concealed in tombstones engraved with the image of the Virgin Mary — and shipped it to the East Coast were broken up yesterday in multiple raids by federal, state and local law enforcement agencies nationwide, the authorities said.

Police agencies said it was coincidental that two similar but unconnected investigations — both involving cocaine, Mexico and New York — culminated in simultaneous raids early yesterday morning. One case began with a tip on Long Island and led to Mexico; the other traced another network of traffickers based on Long Island, law enforcement officials said.

At least 15 people have been arrested, including a correction officer and a former teacher on Long Island, and millions of dollars in drugs and cash seized, as well as firearms, vehicles and residences.

Investigators said they found more than $4 million on Long Island, stashed in secret compartments in a football game table, a 55-gallon aquarium and the back of a sports car. They predicted that they would find more when they opened seven safe deposit boxes held in the names of the suspects.

The tombstones were tracked from Mexico to a warehouse in Brooklyn, where investigators found broken pieces of those that had already been opened. But some intact tombstones remained, and officers chipped away to find the cocaine bricks inside. That raid found 196 kilograms of cocaine with a retail value estimated at $8 million to $12 million, according to the federal Drug Enforcement Administration.

In the other case, the New York State Police commander on Long Island, Maj. Walter Heesch, said his officers found 210 kilograms of cocaine. He estimated its worth at $40 million.

Further arrests and seizures are expected in both cases, the authorities said.

In the tombstone case, officials described a large cocaine distribution system based in Monterrey, Mexico, that used ingenious methods to smuggle and transport thousands of kilos of cocaine across the United States. In a news release, the drug administration said it was able to "dismantle all levels of criminal activity, from the Mexican source of supply to the wholesale distributors and retail dealers in our local communities."

That investigation, which began about 18 months ago, originated with a tip from the Nassau County police on Long Island and later involved other law enforcement agencies as far flung as Florida, North Carolina and Texas. A dozen arrests have been made so far, 11 in New York and 1 in Houston. Some arrests and seizures were made earlier but not announced until the raids yesterday. The suspects have been indicted on charges including money laundering, drug possession and conspiracy.

The cocaine that ended up on Long Island also originated in Mexico, and was shipped to Los Angeles and east to Pennsylvania, New Jersey and New York, the authorities said.

Suffolk Bust Nets $45M In Cocaine, Cash & Guns (WCBS)

WCBS-TV, March 30, 2006

(CBS) SUFFOLK COUNTY New York State Police announced a major bust of a multi-million dollar cocaine distribution network.

Their 3-month investigation into a high level narcotics trafficking network ended this morning with the arrests of Norman Goode, 38, of Holtsville, a Corrections Officer with the Suffolk County Sheriffs Dept.; Daniel Green, 39, of North Babylon, a school teacher and coach for the girls varsity basketball team in the North Babylon School District; and Billy Green, 43, of Wheatley Heights.

Police also want to speak with Roland Alburg, 36, of Holtsville in connection with this investigation.

Police executed eight search warrants throughout Suffolk County that resulted in the seizures of 210 kilograms of powder cocaine with an approximate street value of $40 million; approximately $5 million in cash; six handguns; three semi-automatic assault rifles; 3 ounces of crack cocaine; 1 lb. of marijuana; 10 vehicles and eight residences.

In December 2005, a New York State Police investigation in the Capital Region led State Police Narcotics Investigators on Long Island to an unknown individual who had only been identified as a Suffolk County resident believed to be a cocaine supplier.

Troop L Narcotics Enforcement Unit (NEU) members were requested to help identify the Long Island supplier who had just made a delivery of multiple kilograms of cocaine to several different targets in the Troy, NY, area, and was en route back to Long Island. At that time, the supplier was identified as Goode.

The DEA Long Island District Office, Suffolk County Police Department, the Suffolk County District Attorney's Office and the Nassau County Police assisted the New York State Police.

The investigation revealed that the subjects involved were attempting to negotiate the delivery of a significant quantity of cocaine from Mexico to the Philadelphia area, via Los Angeles, ultimately destined to the Suffolk County area.

COKE, CASH & BIG COLLAR (PHI)

By Kitty Caparella & David Gambacorta

The Philadelphia Inquirer, March 31, 2006

AREPUTED DRUG kingpin who sells hip-hop clothing and music out of a South Street-area business has been arrested with seven others in four states in a major sting involving a 210-kilogram shipment of Mexican cocaine, $5 million in cash and 14 weapons.

The cocaine, headed for streets along the Eastern seaboard, was worth about $5 million wholesale and $40 million on the street, according to authorities.

The FBI, the DEA, the IRS, New York and Pennsylvania State Police, and Philadelphia police raided at least 15 locations in Pennsylvania, New York, New Jersey, Delaware and Maryland in the past two days in the ongoing federal drug investigation.

At roughly 7:30 p.m. Wednesday, armed agents in flak jackets hit the Teagle Co., on 3rd Street near South, owned by Omar Teagle, 33, a reputed Philadelphia drug kingpin, according to authorities.

Agents carried several boxes of documents and other materials from the company, which also houses Teagle and Turner Entertainment, Versatile Clothing and Versatile Music.

Teagle, a West Philadelphia native now living in Townsend, Del., is listed as president or an officer of each company, except for Versatile Music, according to corporate state records.

Teagle's attorney, David S. Nenner, said no drugs or guns had been found at Teagle's home or business.

Yesterday, Teagle and two other suspects, George Rodgers and Donnell Ball, appeared briefly for a federal hearing that was postponed until today while Assistant U.S. Attorney Curtis Douglas prepared their criminal complaints.

Teagle's mother and wife showed up for the hearing as did friends, including Jay Erving, son of 76ers legend Julius Erving. The younger Erving is an associate of Teagle's, according to sources close to the investigation.

"I have nothing to say," said Jay Erving, in a blue sweat suit, while talking on a cell phone.

Rodgers was arrested at his home, on Colorado Street near Carpenter, where sources said agents had seized 500 grams of crack cocaine, five guns and furniture that allegedly had secret compartments for stashing large amounts of cocaine.

Ball, 35, a fugitive since 2002, was arrested at his residence on Broad Street near Ridge Avenue. He is wanted by Camden County after jumping bail on a cocaine case and by the Pennsylvania Board of Probation and Parole for alleged violations in 2002.

Meanwhile in New Jersey, Ramon Alburg, an alleged member of the ring, was arrested at his home in Franklin Park, N.J., near New Brunswick. The Somerset, N.J., home of his brother Raoul, who allegedly transported the cocaine shipment, was raided by agents who said they had seized 155 kilograms of cocaine and $500,000. Raoul Alburg was later arrested in Crofton, Md.

New York authorities are looking for the Alburgs' brother, Roland, 36, of Holtsville, N.Y., who allegedly picked up 50 kilograms of cocaine in New Jersey and took it to New York.

New York State Police arrested Norman Cooke, 38, a Suffolk County corrections officer, after he allegedly delivered multiple kilos in the Troy, N.Y., area. Also arrested were Daniel Green, 39, of Babylon, N.Y., who teaches school and coaches girls basketball, and Billy Green, 43, of Wheatley Heights, N.Y.

New York authorities also seized six handguns and three semiautomatic rifles, three ounces of crack, a pound of marijuana, 10 vehicles and eight residences.

Federal hearings were scheduled for today in Philadelphia, Newark, N.J., and New York to charge the suspects formally with conspiracy to distribute cocaine.

According to an affidavit by FBI agent Brian C. Turner, Teagle was brokering shipments of cocaine and promised Ball some 75 kilograms from a shipment due after Christmas.

Ball told a confidential informant that he was unhappy with the way Teagle was "dictating" how much cocaine he would get, the affidavit stated.

In a meeting in New Jersey, Teagle asked Ramon Alburg for money, and Ramon told Teagle to go to his brother Raoul's house and get "eight," which meant $80,000, according to the affidavit.

Teagle told an informant that he wasn't worried about the price of the cocaine, he just wanted to get additional kilograms to the East Coast and was concerned about taking it back from California, the affidavit said.

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When one transportation plan failed, Teagle and others came up with another to haul the cocaine back from California, according to the affidavit.

On March 22, the affidavit said, Raoul Alburg and two others, including an informant, began driving last Sunday to Los Angeles in a vehicle with a trailer attached. Inside the trailer was a black couch containing cocaine and two other pieces of furniture with hidden compartments.

The affidavit said Teagle had monitored the trio via phone calls - intercepted by authorities - as they traveled across the country.

On Tuesday, the trailer was dropped off at Ramon's home in Franklin Park, N.J., and Raoul Alburg called his brother to warn him that his Somerset, N.J., house was under surveillance, according to the affidavit.

Yesterday, Teagle's South Street neighbors described him as a disc jockey, clothing manufacturer and father who took his son and daughter, both under 10, shopping for clothes.

An employee at a nearby Reebok store said Teagle was known for DJing at clubs and promoting music.

"He comes in here at the start of every season and shops for his kids," said Raluca Anca, manager of Unica For Women & Kids, on South Street near 3rd.

Eddie Roman, manager of Dr. Denim, Inc., said last summer he purchased men's clothing from Teagle's company.

"His stuff sold well," Roman said. "The last time we spoke was probably the end of last summer. I think [the company] stopped production then."

Last night, the Teagle Co. headquarters was closed. Behind royal-blue double doors, on 3rd Street near South, was a lobby with a thick glass entrance that lists Versatile Clothing Co. on one door and Versatile Music on the other. Inside were tables and desks with scattered books and papers.

Broader Steroid Probe Possible (USAT)

By Hal Bodley

USA Today, March 31, 2006

Barry Bonds begins his quest for home run immortality under a cloud Monday after Major League Baseball's decision to investigate the steroid lab linked to him and other prominent major leaguers.

Commissioner Bud Selig announced Thursday that former Senate majority leader George Mitchell will head an independent investigation into alleged steroid use by Bonds and other players associated with the Bay Area Laboratory Co-Operative (BALCO). Selig, however, emphasized that Mitchell has the authority to expand the scope of the probe if necessary.

“Nothing is more important to me than the integrity of the game of baseball,” said Selig, pressured to launch an investigation after the publication Game of Shadows, a book written by two San Francisco Chronicle reporters that details alleged steroid use by Bonds and others.

The book cites affidavits filed by government investigators, evidence seized from BALCO and memos detailing statements of BALCO founder Victor Conte and Bonds' trainer, Greg Anderson.

Bonds, who at 708 is six home runs shy of Babe Ruth for second on the all-time list, has denied knowingly using steroids. He refused to discuss the investigation before Thursday's exhibition game in San Francisco. “I said no, no, no,” when asked for comment by reporters. “I'm going to jump off the Empire State Building — flat on my face.”

Donald Fehr, executive director of the Major League Players Association, said he is waiting for more information.

“I don't know anything except for what was made publicly available,” Fehr said. “I don't know anything of how the details will process. We'll be getting information in due course and go from there. We have an obligation to our membership and will make sure there's due process all of the way through.”

The last time baseball undertook an investigation of this magnitude was in 1989, when John Dowd examined illegal gambling by Pete Rose, which led to the all-time hits leader being banned from the game.

“They can say what they want, but there's no way they would launch an investigation unless Barry Bonds was not about to break Babe Ruth's record,” Minnesota Twins outfielder Torii Hunter said.

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Selig said the investigation will be limited to events since September 2002, when baseball and its union agreed to ban performance-enhancing drugs. He added all results of the probe will be made public.

"Should Sen. Mitchell uncover material suggesting that the scope of the investigation needs to be broader, he has my permission to expand it," Selig said.

The New York Yankees' Gary Sheffield and Jason Giambi are among the other players who have been linked to BALCO, whose founder, Conte, was released from prison Thursday after serving four months as a result of pleading guilty to steroid distribution.

"I'm not worried about it," said Giambi, who in December 2003 told a grand jury investigating BALCO he took steroids, according to the Chronicle. "I did the things that I needed to do. I just want to go forward."

Said Sheffield, who has denied knowingly using steroids, "I've said all I want to say about it."

Three Cocaine Smugglers To Learn Their Fate Today (VSU)

By Ian Mulgrew

Vancouver Sun, March 30, 2006

Four years ago, they were busted along with a score of others across B.C. and in Washington state.

Today three middle-aged men from the Fraser Valley and the Interior will rise before B.C. Supreme Court Judge Anne MacKenzie for sentencing as a result of their involvement in a large, international cocaine smuggling ring.

Their arrests in August 2001 were part of the culmination of an incredibly complex, law-enforcement initiative that spanned the continent and targeted organized crime.

The goal of a host of U.S. and Canadian law-enforcement agencies acting in concert was to disrupt a handful of independent, lucrative drug-trafficking organizations and the laundering of their substantial illicit profits.

At the time of the coordinated international raids, police confiscated large quantities of illicit substances, guns, money and property -- 250 kilograms of dried marijuana, 24,000 pot plants, 35 kilograms of cocaine, hashish, airplanes, vehicles, boats, furniture and recreational equipment.

The list is long.

Among the score of people charged on both sides of the border were David Oliynyk, then of Langley and 50 at the time; Joseph Lepage, 43, of Kelowna, and Lloyd Ferris, 54, of Abbotsford.

Their sentencing, set for today and tomorrow in New Westminster, is the penultimate chapter in the lengthy legal saga that followed those startling arrests and staggering seizures.

Concurrently in New Westminster, B.C. Supreme Court Justice Selwyn Romilly is hearing the trial of six men charged with conspiracy to export marijuana.

Their fate should be the final scene of what has proven to be a remarkable tale about, and a unique window on, the underground economy of illicit drugs.

Elaborate web spun

All of these individuals were caught in the elaborate web spun by the RCMP and its U.S. allies in a multi-faceted, joint, cross-border investigation called Operation Exacto-Two.

That case was really a thicket of investigations with a common root, Operation Exacto, set up to solve the contract killing in the summer of 1996 of a Lower Mainland marijuana grower and the disappearance of his live-in partner.

During the investigation of that murder, police focused on a man named Stephen Cox (who was later charged, tried and acquitted of the slaying) and his close associate Gerard Morin, a 43-year-old with convictions as a weapons dealer.

Both were considered by detectives to be active in a sprawling criminal organization police dubbed "the company" and both were friendly with a host of recognizable crooks and Hells Angels.

The Angels say they are being defamed and have no connection to any of this criminal activity.

Nevertheless, as police followed these two goombahs, they opened files on the people they met and learned of a tremendous amount of daily drug trafficking.

EAVESDROPPED ON DOZENS

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The RCMP, the FBI, the U.S. Drug Enforcement Administration, border security forces and other law-enforcement agencies would ultimately begin surveillance and wiretaps on dozens and dozens of individuals.

Soon, they would be chasing people involved in supplying most of the marijuana consumed in Atlantic Canada, other individuals involved in shipping hundreds of kilograms of pot at a time to the U.S. and, of course, another parcel of people involved in importing massive amounts of cocaine from Mexico through the U.S. and into Canada.

What was frustrating for investigators is, instead of finding one giant Mob-like criminal organization, the Mounties and the Americans discovered the illicit drug trade was so large it had spawned numerous independent groups, all thriving in their own niche markets.

There were independent growers selling to independent brokers in Canada who were dealing with independent brokers in the U.S. -- each of whom had his own little network.

Each was a separate business and the relationship between any two or more of the groups was happenstance, dependent upon need and personal relationships.

Occasionally there were people from each group that knew others in another group -- and the groups where that was the case appeared to often assist each other in times of need. Supply and demand ruled.

The degree of culpability and the involvement in the criminal underworld of each of those arrested four years ago has varied widely.

The sentences that will be handed down in this particular case are likely to be among the heaviest.

Oliynyk was no stranger to law enforcement on both sides of the border.

In December 1989, as treasurer of the White Rock chapter of the Hells Angels, he was arrested trying to buy more than 13.5 kilograms of cocaine from U.S. undercover agents.

The Angels say Oliynyk resigned from the club after he was released from prison.

But his long association with Morin -- dating back to the mid-1990s and the original murder of the pot grower -- set off bells for detectives.

The RCMP in their applications for warrants in these inter-connected cases placed considerable stress on this tie, according to the evidence, because Oliynyk had been previously identified as having a "hard-on" -- which apparently meant hatred -- for the dead man.

After fighting for four years and forcing the legal system to prepare for and go to the expense of setting up a bilingual trial, Oliynyk and his co-accused threw in the towel last November after losing a series of legal challenges that included motions to prevent a mountain of surveillance and wiretap evidence from being admitted at trial

They were pronounced guilty Nov. 9 by Justice MacKenzie and sentencing was put over until today.

By comparison, some of those netted in Operation Exacto-Two were neophytes and veritable innocents in the nether world of guns, gangs and big-profit, organized crime.

Some of the potheads rounded up in these raids, for example, seem quite out of place amid some of the others involved.

I have some empathy with their plea they are misportrayed as organized hoodlums when they were agriculturalists growing what some consider a harmless herb.

Some of their customers, however, proved to be very heavy -- people known to have an affinity for automatic weapons and handguns loaded with illegal ammunition capable of piercing police body armour.

Let's not forget, everyone involved knew or should have known that in this subterranean world, those who were ripped off or those who were unable to collect what they were owed, were precluded from going to the police and courts.

Instead, as the investigation revealed, they turned to people who arrived with shotguns and left with a debtor's head.

Everyone was well aware of the risks -- especially the three men who are up for sentencing today -- and the potential profits.

Taxpayers, though, need to consider the results and the reasons for this raft of prosecutions.

I think the crime involved in these expensive and resource-draining proceedings is a direct result of the current criminal drug laws.

DRUG LAWS SPAWN CROOKS

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I believe none of these smuggling groups would have a reason to exist if marijuana and cocaine were regulated and controlled in a different manner, stripping them of their value as illicit substances.

That's one of the reasons I think it's time to change our laws -- to staunch the flow of huge profits into the pockets of organized crime and to put an end to this black market, with its attendant violence.

Putting in jail the individuals pinched in Operation Exacto-Two may disrupt or end their criminal careers, but it did little to reduce the flood of marijuana into the U.S. or cocaine into Canada.

The line-up of individuals ready to take their place in such a lucrative business is long, long, long.

Imprisoning Al Capone did nothing to stem the organized crime associated with bootlegging, the concomitant violence or the corrosive social fallout of alcohol Prohibition.

The distribution gangs and the smugglers in Canada that made millions off the U.S. appetite for booze were only eliminated by the end of prohibition.

The way we will get rid of the criminal organizations profiting from the American chemical thirst and the attendant violence, in my view, is by similarly ending the drug prohibition.

Former Malden Cop's Federal Trial Continues (MAO)

By Matthew Keough

Malden (MA) Observer, March 31, 2006

Jurors in Boston's U.S. District Court are working their way through a wealth of witnesses and audio evidence to determine whether former Malden drug detective David Jordan did his best to single-handedly prevent a drug deal, or if he participated in a staged raid and used the cover of his officer's uniform to steal cocaine.

Jordan, 45, is being charged with conspiring to sell cocaine, cocaine possession, using a gun in the commission of a drug offense, witness intimidation and giving false information to Drug Enforcement Administration agents.

Jordan, a third-generation Malden police officer, was the department's lead narcotics investigator on Dec. 24, 2003 when court documents say Jordan conspired alongside Anthony Bucci, 43, and Francis Muolo, 39, to steal 3 kilograms of cocaine valued at more than $80,000 from a scheduled drug deal.

Bucci is also on trial alongside Jordan.

For the past two weeks jurors have been heard witness testimony, and will soon be faced with two of Jordan's alleged cohorts, Carlos Ruiz and Jon Minotti, who have already pledged to testify against Jordan in exchange for reduced sentences.

It is alleged that Minotti, who was Jordan's police informant at the time, arranged for drug supplier Carlos Ruiz to bring 3 kilograms of cocaine to a meeting at a Malden Medical Center parking lot where Bucci was to purchase the drugs.

The government alleges that Jordan agreed, for a $30,000 kickback, to interrupt the drug deal that was scheduled to go down between Ruiz and Bucci. It is alleged that as the drug deal was about to take place Jordan stopped both men at gunpoint while Minotti escaped through the woods with the cocaine to Muolo's waiting car.

Records show that Jordan ran Ruiz's name through department records before he let the two men go due to a lack of evidence.

For much of last week, lawyers played excerpts from taped phone conversations between Jordan and Drug Enforcement Agent Jean Drouin, who had been trailing Minotti at the time of the drug deal. Drouin testified that he immediately became suspicious of Jordan's role and began taping conversations shortly after the incident.

In one of the tapes, Jordan, whom the government alleges was trying to corrupt a DEA investigation, can be heard saying to Drouin "I hope I didn't f--- up anything you guys were doing."

But Tom Dreschler, Jordan's attorney, maintains the officer was merely trying to take down a drug deal when he became the pawn in a set-up by his own informant.

If convicted, Jordan faces a mandatory minimum of 5 years' imprisonment and a maximum of 40 years' imprisonment on both the conspiracy to distribute 3 kilograms of cocaine count and the distribution of three kilograms of cocaine count. Jordan could also serve 5 years to life for carrying a firearm during and in relation to a drug trafficking crime as well as a maximum

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sentence of 10 years in prison on the witness tampering charge and 5 years in prison on each of the three false statement charges.

Muolo has pleaded guilty to charges of conspiracy to distribute three kilograms of cocaine.

Jordan, along with Bucci and Muolo, was arrested on May 20, 2004. Jordan has been free pending his trial since June 22 of that year. Jordan is related to Police Commissioner Anthony Spadafora by marriage.

Rearrested Suspect Held Without Bond (AP)

AP, March 30, 2006

NEW ORLEANS Brian Expose, who was arrested last week with a cache of drugs and weapons, then set free without bond by New Orleans judge, will remain in federal detention pending trial on drug-dealing charges.At a detention hearing, federal prosecutors urged Magistrate Judge Louis Moore Junior to lift any bond options for Expose, saying he is a flight risk and poses a danger to the community. Moore agreed, ordering Expose's immediate detention at the conclusion of the hearing.In making his ruling, U-S Attorney Jim Letten said Moore cited Expose's prior conviction for possession of cocaine, his arrest history and his failure to appear for prior state court proceedings.Expose was arrested March 21st by New Orleans police and Drug Enforcement Administration agents, after an investigation and surveillance of his home produced evidence he was selling drugs. The investigation yielded investigators 189-thousand dollars in cash, six ounces of cocaine and an assortment of high-powered assault rifles, ammunition and multiple handguns.Within hours of Expose's arrest, state Judge Charles Elloie released him on a controversial recognizance bond, igniting a week-long firestorm over the judge's decision.In an attempt to get Expose back behind bars, federal authorities stepped in and charged him with conspiracy to sell crack cocaine. He was arrested again Friday.

Five Sold Weapons, Indictment Charges (APP)

By JANEEN JONES, STAFF WRITER

Asbury Park (NJ) Press, March 31, 2006

County residents tried to sell grenade, officials say

Five Monmouth County residents, including a former corrections officer, were indicted Tuesday on charges of selling a dozen guns and a bullet-proof vest — and trying to sell a live hand grenade — to a government witness, authorities said.

Facing federal weapons charges are John Velba, 47, William Schreiber, 28, and Cheryl Britton, 29, all of Marlboro; Harold Smith, 23, of Wall; and Kevin Benn, 48, of Howell, a former New Jersey corrections officer at East Jersey State Prison.

Each is charged with one count of conspiracy and one count of engaging in the business of dealing in firearms without a federal license to do so. Velba, the lead defendant, is also charged with being a convicted felon in possession of a weapon.

FBI agents arrested all five people on Nov. 1, U.S. Attorney Christopher J. Christie said in a prepared statement Tuesday.

"On that day, Britton and Schreiber were allegedly trying to complete the pre-arranged sale to the cooperating witness of six of the weapons at Shurguard Storage public storage lockers in Marlboro, where the co-conspirators allegedly kept some of the guns," Christie said.

Velba and Schreiber are being held without bail pending the outcome of their cases. Benn is free on a $250,000 bond by real estate. Smith and Britton are each free on $100,000 bonds, Christie said.

Velba allegedly initiated the sales of the weapons in late May 2005, when he asked the cooperating witness if he would be interested in purchasing weapons, according to two original criminal complaints.

Over the next several months, Velba and his co-conspirators sold 12 weapons, including assault-style weapons, shotguns and handguns, for about $10,000 to the cooperating witness, according to the indictment and complaints.

The final sale was to occur on Nov. 1, 2005, either at the storage place or the defendants' homes.

The hand grenade was planned to be part of the final sale but was not produced at that time, Christie said. The grenade was subsequently recovered and safely detonated by FBI agents.

On June 28, 2005, Smith allegedly sold the witness two Colt handguns, a Stevens 20-gauge shotgun and the bulletproof vest for $1,400, Christie said. On July 14, 2005, Velba and Smith allegedly sold the witness a Remington 12-gauge shotgun, a Marlin .22-caliber rifle and a bolt-action rifle for $1,200.

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Gun Shows Caught In Heated Crossfire (KRT)

By Judy L. Thomas

Knight Ridder, March 31, 2006

KANSAS CITY, Mo. - AK-47s. SKS sniper rifles. Armor-piercing bullets. Machine gun displays.

It's just another weekend at a Kansas City gun show, where there is so much firepower at your fingertips that even some gun enthusiasts shake their heads in wonder.

But the shows - which gained popularity in the 1990s and now number in the thousands nationwide - are coming under increasing fire as critics claim they are contributing to the incidence of violent crime.

"Gun shows are one of our main problems," said Kansas City Mayor Pro Tem Alvin Brooks. "These are the guns that end up on the streets of America."

Brooks recalled several teens who were shot last year in retaliation for robbing a drug dealer at gunpoint.

"One got killed, one lost a leg, and one was paralyzed," Brooks said. "This one fellow who I talked to (at the hospital) said they had bought those guns at gun shows. He said all you have to do is be 18 years old, and sometimes they don't ask you anything if you've got cash."

Critics contend that the biggest problem is a legal loophole that allows criminals and others who are prohibited from buying a firearm to obtain guns from unlicensed sellers at guns shows. In most states, including Missouri and Kansas, no background checks are required to buy long guns - including assault rifles - from sellers who do not have a federal firearms license.

Gun-rights advocates maintain, however, that there is no "gun show loophole."

"If anyone is involved in the trade of selling and buying firearms, they have to obtain a federal firearms license," said Andrew Arulanandam, director of public affairs for the National Rifle Association. "That is the law of the land today, so to say that there's a loophole is disingenuous."

While Arulanandam acknowledged that unlicensed sellers do not have to conduct background checks, he said they were in the "distinct minority."

Local law enforcement authorities insist gun shows remain a major concern.

"I think the average person would be in awe at what's all legal now," said Maj. Anthony Ell, commander of the Kansas City Police Department's violent crimes division. "Individuals who may not be able to get them legally through proper licensed dealers, that gun show loophole allows them to bypass all of that and get guns."

But Paul Marquardt, a spokesman for the federal Bureau of Alcohol, Tobacco, Firearms and Explosives in Kansas City, said the agency is more concerned about "the people who illegally sell firearms to criminals" such as felons, illegal aliens or drug traffickers.

"The ATF does not target gun shows, we target criminals who are trying to acquire firearms from any source whether it's in a back alley or anywhere else," Marquardt said.

Gun sellers interviewed by The Kansas City Star said that despite the presence of law enforcement authorities, illegal sales and gun thefts occur at area shows. A reporter observed one questionable firearm transaction at a recent show. And a vendor said someone had stolen handguns from him and another vendor.

What's more, the leader of a white supremacist gang of bank robbers told The Star that he and his partners found that gun shows in Missouri and Kansas were a quick way to buy and dump weapons used in their crimes.

"It was incredibly easy," said Peter Langan, who in the 1990s was the head of the Aryan Republican Army, a group that prosecutors say was responsible for 22 bank robberies in the Midwest. "Gun shows, just for the sheer volume and selection, you just couldn't beat 'em," Langan said in a telephone interview from prison, where he is serving a life sentence.

One of Langan's convicted associates, Kevin McCarthy, told the FBI after he was arrested that he had used one of those guns in a 1994 bank heist in Missouri. "McCarthy utilized a 9mm Ruger Pistol, Model PT-89," an FBI special agent wrote in an investigative summary obtained by The Star. "McCarthy had previously purchased this pistol at a gun show in Kansas City, Mo."

Brooks said the teen wounded in last year's shootout told him that his friends often would go to shows to buy and resell guns. They preferred lethal-looking weapons similar to the TEC-DC9 with a 30-round clip that police took off a young man at the St. Patrick's Day parade.

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"The AR-15, the TEC-9 and the AK-47 are what they're getting," Brooks said.

When Congress passed the Brady Bill in 1993, it put in place what some consider a double standard for the purchase of guns. Licensed dealers have to conduct background checks on buyers while unlicensed sellers - private individuals and collectors - do not.

Critics say that means criminals and others who are prohibited from buying a firearm can skirt the law and get guns from unlicensed sellers at gun shows.

For years, gun-safety advocates have called for federal legislation to close what they contend is a gun show loophole. But the gun lobby has argued that would shut down gun shows, and the legislation has stalled.

Eighteen states, however, have passed laws that either require background checks before the purchase of any firearms at gun shows or require buyers to first obtain a permit. Missouri, for example, requires a permit for all handgun purchases, although long guns and assault rifles do not require one.

But the remaining states - including Kansas - still allow buyers to purchase firearms from unlicensed sellers at gun shows without obtaining a permit or undergoing a criminal background check.

Gun-rights advocates contend that most people who sell guns at gun shows are licensed dealers, not private sellers, so it is not that big a problem.

"There are only a few people who buy tables to dispose of private collections," said Kevin Jamison, a Gladstone lawyer and member of the Western Missouri Shooters Alliance. "That's been rare, and it's getting more and more unusual."

But the ATF estimates that up to one-fourth of the gun sellers at shows are unlicensed. And authorities argue that criminals and illegal gun traffickers are wise to that, although they're also getting firearms from licensed dealers.

Last month, an ATF official testified before a congressional subcommittee that more than 400 firearms purchased at gun shows in the Richmond, Va., area between 2002 and 2005 were later used in crimes. Checks of 302 people who had purchased guns from licensed dealers at those shows in a 15-month period revealed that 47 had provided false addresses.

An earlier report on illegal weapons by the ATF found that gun shows were the second-leading source of illegal firearms recovered in gun-trafficking investigations. In some cases, known or suspected terrorists bought guns at shows.

A known member of Hezbollah, for example, was convicted in 2001 in a federal court in Michigan for trying to smuggle guns into Lebanon. An undercover agent saw the man buy a weapon at a gun show without a background check.

Gun-rights advocates insist the shows are not a major source of weapons used in crimes. The NRA cites a 2001 Bureau of Justice Statistics report that said fewer than 1 percent of guns used in crimes came from gun shows.

"The biggest source of crime firearms is the black market," Arulanandam said. "Law enforcement always refers to criminals looking for a clean gun. What they're referring to is they want to find a firearm that's not traceable. And every time you go through a retail outlet or any FFL (federal firearms licensed dealer), you have a long paper trail."

Each year, more than 5,000 gun shows are held nationwide, according to the ATF. The National Association of Arms Shows says that an average of 2,500 to 3,000 people attend a typical show, purchasing between 100,000 and 300,000 guns annually.

"On any given weekend, there's a gun show going on someplace," Jamison said. "In the greater Kansas City area, there's probably one to two gun shows in any given month."

At a March 12 gun show at the 3 Trails Expo Center next to Bannister Mall, tables were teeming with handguns, assault rifles, knives and war memorabilia.

Several vendors were selling books and pamphlets such as "How to Make Disposable Silencers" and "Homemade Grenade Launchers." A few publications described how to convert semiautomatic weapons into machine guns - which is illegal under federal law.

But overall, the show appeared to be taking steps to assure the safe handling of weapons, and there was visible security.

Signs at the entrance warned, "No Loaded Guns Inside." Two off-duty Jackson County sheriff's deputies checked guns brought into the building. Other deputies strolled the aisles of the show, which organizer Waylon Pearson of R.K. Shows in Manchester, Iowa, said drew 4,000 people.

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Lee Morlang's table included a Rock River AR-15 assault rifle for $850. Morlang said he was selling his private collection and therefore did not need a license. He estimated that 10 to 12 other vendors were unlicensed sellers who were not required to conduct background checks.

Morlang said he did not need any background check to tell him who should and should not be buying a gun. "I can read people like a book," he said. "If we get a bad person in here, we get rid of 'em."

Others at the show keep an eye out as well, he said. "There was a guard here yesterday, he saw two guys here that had been in prison. The minute they saw him, they hit the door."

But apparently that does not prevent all crime at the shows. Morlang said someone recently stole a .44-caliber handgun from him as he was loading weapons after a show. The same thing happened to another vendor, he said.

As he spoke, Morlang watched two men near his booth. One handed the other a wad of cash, who then gave the man a handgun - a possible violation of the law which requires handgun purchasers to first obtain a permit.

"See right there?" Morlang asked. "There's a transaction going on right in front of us of an unregistered gun." He shook his head, adding, "it's that kind of stuff that gives these shows a bad name."

Dean Parr, owner of Dean's Gun Shop in St. Joseph, Mo., said he and other licensed dealers have to abide by the same laws at gun shows as they do at their stores.

"If they buy a gun off an individual at a gun show, they don't have to do the paperwork," Parr conceded. "But they could do the same thing at a truck stop or somewhere else, too."

Parr, however, doubted that many criminals were getting guns at the shows.

"If they are, it's a very small percentage," he said. "But if there was anything they could do to monitor these shows better, it would be to have someone out in the parking lot to keep people from buying and selling guns out there."

The Jan. 15 gun show at the KCI Expo Center, sponsored by the Missouri Valley Arms Collectors Association, also enjoyed a huge turnout and appeared to be well run. Although that show offered fewer handguns than the March show, there were plenty of assault weapons.

The ATF had two representatives available to answer questions and several off-duty Kansas City police officers walked the aisles. Nearby, one vendor was selling what was purported to be armor-piercing ammunition, also known as "cop killer" bullets.

Even some gun show attendees seemed surprised at the array of weaponry.

"I don't see how that can be legal," one man remarked to a friend as he pointed toward a Bushmaster assault rifle - the kind of weapon used in the 2002 sniper spree that left 10 people dead in Washington, D.C., Maryland and Virginia.

Under current law, it is legal.

Eighteen months ago, Congress did not reauthorize the part of the Brady Law that banned the manufacture and sale of 19 kinds of military-style assault weapons. Now that the weapons are back on the market, authorities say they are trying to get tougher on weapons violations.

In fact, the U.S. attorney's office in Kansas City is among the top in the nation for the number of federal gun law prosecutions.

But gun-safety advocates point out those prosecutions, which they applaud, are mostly for felons possessing firearms or committing a felony with one - not for violators who buy and sell firearms illegally.

In 2003, only 532 of the more than 126,000 people nationwide who lied on a background check were prosecuted, according to a study by the Americans for Gun Safety Foundation. And just 234 cases were filed for possessing or selling stolen firearms, even though 40,000 stolen guns were recovered and returned to their owners.

Still, some gun-rights advocates complain that federal law enforcement agencies are too aggressive. Last month, they convinced a congressional subcommittee to hold hearings on the way the ATF investigated gun shows in Richmond, Va.

Gun show organizers charged that the ATF and local law enforcement scared off potential customers and racially profiled buyers. A top ATF official acknowledged that agents made some mistakes but denied any profiling and defended their tactics.

The ATF's Michael Bouchard told lawmakers that the agency polices only about 100 of the 5,000 gun shows annually. He said the agency focused on the Richmond-area shows after discovering that hundreds of firearms purchased at the shows in a three-year period were used in crimes.

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During the investigation, Bouchard said agents witnessed a "straw purchase" - where a buyer allowed to own a gun turns around and sells it to someone who is not - that led them to a street gang whose leader was involved in a murder committed with an AK-47.

Authorities said that weapon also was acquired through a straw purchase at another gun show.

IMMIGRATION:

Bush, Harper Fox Discuss Trade Issues (AP)

By Nedra Pickler

AP, March 30, 2006

President Bush and the leaders of Canada and Mexico worked to iron out disagreements over trade and border security Thursday and to keep a North American economic edge against competition from rising powers like China.

The three leaders, dressed casually in open-collared shirts, strolled together among the ancient Mayan ruins at Chichen Itza before sitting down for more intense one-on-one meetings at a beachfront resort hotel. Mexican President Vicente Fox planned a lavish dinner for his guests.

The trilateral meeting was expected to be Fox's last since he is set to leave office this year because of term limits. Bush lauded Fox for stabilizing the Mexican economy and improving the net worth of his people.

"That's important for the American economy as well," Bush said. "The more net worth there is in Mexico, the more likely it is the Mexican may be wanting to buy a U.S. product. And vice versa, by the way."

Bush and Fox suggested one item at the top of their agenda is now out of their hands. The U.S. Senate is debating changes to U.S. immigration laws that could affect an estimated 6 million Mexicans living illegally in the United States.

"I told the president there is a legislative process that's going forward," Bush told reporters at the end of their private meeting. "And it may look cumbersome to some, but that's how our democracy works."

Bush added, "I'm optimistic that we can get a bill done."

He is pushing for a guest worker program that would let foreigners stay temporarily in low-paying jobs, which Fox says is a good first step toward some form of legal status for all illegal Mexicans.

"The matter is in the Congress of the United States and that is where the decision will be made," Fox said. "It is no longer between President Bush and President Fox."

After spending the morning sightseeing, Bush had a few hours off before the formal meetings began and he used part of the time to work up a sweat in his hotel's gym.

There was tight security alongside the fun-loving atmosphere generated by college students who have flocked to Cancun for spring break. Gunboats patrolled the turquoise waters off Bush's spa resort, and fencing kept out all but hotel guests. "I'd like to make sure you work more than you play," Bush joked to reporters.

The immigration debate is receiving a lot of attention at the summit, where the official focus is a year-old pact designed to make borders more secure without hampering business and traffic. Signed a year ago near Bush's ranch in Texas, the Security and Prosperity Partnership aims to better protect the three countries from outside attack and ensure their global competitiveness with China and other trade powerhouses.

Bush told Canadian Television earlier this week that he worries people in all three countries could have a "protectionist tendency" that would make it more difficult for them to reap the benefits of mutual collaboration. "Frankly, it will make it a lot harder for future Americans and Canadians and Mexicans to compete with the Chinese, for example," he said.

Even though China has a rapidly growing economy, Canada and Mexico remain the top two trading partners of the United States. All three leaders are under pressure to resolve problems related to the enormous flow of goods and people between their countries. The economic concerns have replaced the diplomatic differences that defined the relationship in Bush's first term.

Both Canada and Mexico refused to support the war against Iraq, and that disagreement strained historically close ties.

This week's summit marked a new phase in Bush's ever-changing relationship with the nations. It was his first official visit with conservative Canadian Prime Minister Stephen Harper since Harper took office two months ago after promising to improve

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relations with the U.S. And it reflected the closing stages of his relationship with Fox, who will leave office this year after building a personal bond with the American president that extends back to Bush's time as governor of Texas. A more liberal candidate is leading in the campaign to replace Fox.

Topping Harper's agenda is a long stalemate over U.S. tariffs on Canadian softwood lumber imports. Bush said in a pre-trip interview that resolving the dispute will require "very quiet consultations."

Harper also wanted to address Washington's intention to require passports or other forms of secure identification to enter the United States by 2008. Business groups fear the proposal will severely impede tourism and commerce between the world's largest trading bloc, which conducts some $1.5 billion in business daily.

Bush Says 'guest Worker' Proposal Up To Congress (USAT)

By David Jackson

USA Today, March 31, 2006

CANCUN, Mexico — President Bush told Mexican counterpart Vicente Fox on Thursday he supports a temporary "guest worker" program, but said the final decision belongs to Congress — where many of Bush's fellow Republicans oppose the idea.

"I told (Fox) there is a legislative process that's going forward," Bush said.

Conservatives in Washington criticized a guest-worker program as tantamount to amnesty for illegal immigrants.

"I don't think he's concerned about alienating voters — he's not running for re-election," Rep. Tom Tancredo, R-Colo., said of Bush. Tancredo said Republicans could lose Congress over the immigration issue. "I wish he'd think about the party, and of course, I also wish he'd think about the country."

Bush said he is seeking a "comprehensive" immigration package that includes border security. Fox, echoing Bush, said border security is a "shared" responsibility. He said Mexico would address issues such as its own economic development and the smuggling of immigrants into the USA.

The two presidents and Canadian Prime Minister Stephen Harper were at this resort on the Gulf of Mexico for a two-day summit.

Their meetings took place as a rift widened between Bush and many of his fellow conservative Republicans over the immigration issue. Referring to a Senate bill that tracks Bush's position on guest workers, Rep. Dana Rohrabacher, R-Calif., said Americans should be able to "smell the foul odor that's coming out of the U.S. Senate." Asked whether the same odor was emanating from the president, he said, "I have no comment."

It's not the first time Bush has been at odds with much of his own party over immigration.

Going back to his days as Texas governor, Bush has resisted calls to seal the border. Bush argued that people will cross the Rio Grande from Mexico to provide for their families, and he has often praised immigrants' contributions.

"We are a nation of law, but that doesn't preclude us from being a welcoming nation," Bush said before his visit to Cancun.

The lines are hardening in Congress. A bill from the GOP-run House stresses tough enforcement of laws against illegal immigration, with no expansion of provisions allowing Mexicans and others to enter the USA as temporary guest workers, which Bush favors.

The Senate Judiciary Committee included guest-worker provisions and the possibility of citizenship for illegal immigrants in a bill it passed this week by a 12-6 vote — thanks to Democrats. The six opponents were all Republicans.

Those who have followed Bush's career attribute his immigration views to two factors: his Texas roots and the growth of the Hispanic voter population.

"He hasn't been at odds with a lot of Texans on immigration," says Rich Galen, a Republican political strategist who has worked in Texas.

Bruce Buchanan, a presidential expert at the University of Texas, says immigrants there "have a reputation as hard workers who are good for the economy." He says Bush and his close political adviser Karl Rove have cited the growing Hispanic vote as essential to the future of the Republican Party.

"It's hard to weigh the two" factors, Buchanan says, "but they've both played into the calculation."

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Bush first ran for governor in 1994, the same year California conservatives helped pass Proposition 187 to deny social services to illegal immigrants. The courts blocked the proposition, but Hispanic voters shifted decidedly to Democrats. That did not go unnoticed in Texas.

Bush "saw what happened," Galen says.

Dan Stein, president of the Federation for American Immigration Reform (FAIR), accuses business leaders — and Bush — of favoring illegal immigration because it keeps wages low. He says the president is "oblivious" to the concerns of ordinary Americans. "He has by every standard encouraged massive illegal immigration," Stein says.

Republican pollster Ed Goeas, however, says his research shows that while Americans of all ideologies want to better protect the border, they are more sympathetic to immigrants willing to work for their families. Critics such as Stein "are very vocal," Goeas says, "but they are not very representative of the conservatives across the board."

Bush said in Washington this week that "a mother or a father who's worried about putting food on the table" is willing to take risks for their family. "I used to tell this to people down there in Texas," Bush said. "Family values don't stop at the Rio Grande River."

Bush Reassures Mexico Leader Of His Backing For Immigrants (NYT)

By Ginger Thompson And David E. Sanger

The New York Times, March 31, 2006

CANCÚN, Mexico, March 30 — President Bush, in an effort to reassure Mexicans and to defuse an intense debate in the United States, told President Vicente Fox of Mexico on Thursday that he supported proposals to legalize undocumented workers as long as they were not given any advantages over immigrants who entered the United States legally.

"I explained to the president my vision of the citizenship issue," Mr. Bush said, as Mr. Fox sat next to him during their summit meeting here. "If they want to become a citizen, they can get in line, but not the head of the line."

In another comment aimed at critics within his Republican Party, Mr. Bush also talked about his support for guest-worker programs as part of an effort to open safe, legal and orderly channels for migrant workers into the United States. Opponents of the plans say they amount to opening floodgates to hundreds of thousands of workers who will cross the border from Mexico each year.

Mr. Bush said he told had Mr. Fox that he was committed to signing a "comprehensive immigration bill."

"And by 'comprehensive,' I mean not only a bill that has border security in it," Mr. Bush said, "but a bill that has a worker permit program in it. That's an important part of having a border that works.

"We don't want people sneaking into our country that are going to do jobs Americans won't do. We want them coming in in an orderly way, which will take pressure off of both our borders."

Changes in immigration law have been more fiercely debated in Congress since Monday, when the Senate Judiciary Committee approved a bill that would provide legal status to an estimated 11 million illegal immigrants and allow 400,000 foreigners a year to enter the United States as guest workers. The proposals have bitterly divided the Republican Party between those who see immigrant labor as a pillar of the American economy, and those who view it as a burden, even a threat.

The issue has dominated talks between Mr. Bush and Mr. Fox for most of their presidencies. Though the content of Thursday's talks was no different, the ambitions of the two leaders — with Mr. Bush burdened by the lowest approval ratings of his presidency, and Mr. Fox deep into his final term — was sharply diminished.

Five years ago, a newly elected Mr. Fox, buoyed by his standing as the man who peacefully ended seven decades of authoritarian rule, stood on the White House lawn and challenged the United States to work with his government on proposals that would open the border to a freer flow of workers from Mexico.

On Thursday, speaking to reporters, Mr. Fox acknowledged that the fate of immigration law was out of his and President Bush's hands.

"It is not here, in these meetings, where a migration agreement is made," he said. "It is now an issue for the Congress of the United States, and there, they will make the decision. It is no longer between President Bush and President Fox."

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Mr. Fox addressed American critics who have accused Mexico of encouraging its people to migrate illegally. Mexico's economy depends heavily on the estimated $16 billion that the migrants send home annually.

Mr. Fox said that if Congress reorganized immigration, "Mexico assumes its responsibilities to work with passion, with commitment, diligently, to develop opportunities for our people."

Earlier in the day, Mr. Bush visited the 1,500-year-old Mayan ruins at Chichén Itzá, a rare moment of tourism for a president who usually has little patience for sightseeing. White House officials added the stop as a show of respect for Mexico's heritage.

Back in Cancún, Mr. Bush's motorcade sped past the ruined carcasses of hotels wiped out last year in Hurricane Wilma. He stayed at a small, luxurious resort protected by Navy vessels that bobbed offshore.

Mr. Bush also met separately with Prime Minister Stephen Harper of Canada to discuss a long-running dispute over American imports of softwood lumber, which has grown more bitter as industries on both sides of the border have sought rulings in different international settings, starting in the Clinton administration.

Mr. Bush said of Mr. Harper, "I appreciate his steely resolve to get something done." But he gave no indication of any change in American policy.

Bush Pushes Congress To OK Immigrants (AP-Y2)

By Nedra Pickler

AP2, March 31, 2006

With Mexican President Vicente Fox at his side, President Bush gave Congress a long-distance push Thursday to open the United States to immigrant workers who have been sneaking across the borders to fill low-paying jobs.

"We don't want people sneaking into our country that are going to do jobs that Americans won't do," Bush said at the end of a private meeting with Fox, where the issue was on top of the agenda. "We want them coming in in an orderly way, which will take pressure off both our borders."

The meeting between the Mexican and U.S. leaders came on the first day of a two-day North American summit that also includes Canadian Prime Minister Stephen Harper. Harper, meeting with Bush for the first time since taking office two months ago with the promise of building stronger ties with Washington, said the two countries are moving past their "tension" over Iraq.

Still, he took a combative stance on their long-standing dispute over U.S. tariffs on Canadian softwood lumber, saying Canada would "pursue all its legal options" if he and Bush can't work out an agreement.

But it was the immigration debate, which has dominated the U.S. Senate this week, that took center stage in talks conducted in a beachfront resort surrounded by bikini-clad spring breakers. A new immigration law could affect as many as 6 million Mexicans living illegally in the United States — about half of all those who are estimated to have sneaked in from other countries seeking new opportunities they can't find at home.

Bush is pushing for a guest worker program that would let foreigners in low-paying jobs stay temporarily, which Fox says is a good first step toward some form of legal status for all Mexican illegal immigrants.

The issue has united the two leaders, whose friendship dates back to Bush's time as Texas governor but was strained over Fox's objections to the war in Iraq. But immigration has divided Bush's Republican party, with business interests who want cheap labor battling conservatives who want a get-tough policy against illegal immigrants.

Fox suggested the issue is largely out of their hands now.

"The matter is in the Congress of the United States and that is where the decision will be made," Fox said. "It is no longer between President Bush and President Fox."

But both leaders were clearly trying to sway the debate.

"I told the president there is a legislative process that's going forward," Bush said. "And that it may look cumbersome to some, but that's how our democracy works."

Bush added, "I'm optimistic that we can get a bill done."

The summit included plenty of time to be neighborly. The three leaders dressed casually in open-collared shirts and strolled together among the ancient Mayan ruins at Chichen Itza before sitting down for more intense one-on-one meetings. Fox laid on a lavish dinner for his guests.

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After spending the morning sightseeing, Bush had a few hours off before the formal meetings began. He used part of the time to work up a sweat in his hotel's gym.

There was tight security despite the fun-loving atmosphere generated by college students who have flocked to Cancun for spring break. Gunboats patrolled the turquoise waters off Bush's spa resort, and fencing kept out all but hotel guests. "I'd like to make sure you work more than you play," Bush joked to reporters.

The trilateral meeting was expected to be Fox's last, since he is set to leave office this year because of term limits. Bush lauded Fox for stabilizing the Mexican economy and improving the net worth of his people.

"That's important for the American economy as well," Bush said. "The more net worth there is in Mexico, the more likely it is the Mexican may be wanting to buy a U.S. product. And vice versa, by the way."

In his meeting with Harper, Bush sought to make the newly elected leader look good at home, making it a point to stress how hard the Canadian leader had pressed him on the softwood lumber issue. Harper "made an emphatic case," Bush said.

"I appreciate his steely resolve to get something done," the president said. "I appreciate your pushing."

But Bush didn't give Harper much of substance, saying only that "my intent is to negotiate in good faith and a timely fashion to resolve this issue."

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On the Net:

U.S. Trade Representative: http://www.ustr.gov

White House: http://www.whitehouse.gov

Fox Pledges More Border Control (WT)

By Stephen Dinan

The Washington Times, March 31, 2006

CANCUN, Mexico -- Mexican President Vicente Fox yesterday promised President Bush that his country will do more to control the U.S.-Mexico border and will strengthen its own southern border to reduce the number of aliens crossing into Mexico to reach the United States.

"It is a shared, shared responsibility," Mr. Fox said at the end of a meeting with Mr. Bush at this Mexican resort town.

The two leaders, along with new Canadian Prime Minister Stephen Harper, have gathered to talk about security and economic cooperation, and Mr. Bush thanked Mr. Fox for "such a strong statement."

"The president understands and I understand we have an obligation to secure our borders," Mr. Bush said.

The emphasis on border security reflects the political climate in the United States on immigration, where the only point that nearly all voters agree on is that the borders leak and the U.S. government has failed to control them.

For his part, Mr. Bush assured Mr. Fox that he remains committed to pushing Congress to produce an immigration bill that includes a guest-worker program for current illegal aliens and future foreign workers.

"I'm optimistic we can get a bill done," he said.

Mr. Bush is trying to sell his guest-worker plan to skeptical Republicans, particularly in the House, who say the government must prove that it can enforce the borders before talking about a new foreign-worker program.

Mr. Bush also told Mr. Fox that he doesn't favor letting illegal aliens jump to the front of the line to get citizenship. He said if the current line is too long, Congress should increase the number of green cards issued each year.

An estimated 6 million Mexicans now live illegally in the United States, making up more than half the illegal-alien population, and are the biggest segment of new illegal entries every year, according to the Pew Hispanic Center.

Mr. Fox said he wants to create more opportunities in Mexico so that Mexicans stay in the country, echoing his foreign minister's comment Tuesday that officials want to make sure future foreign workers return to Mexico, rather than stay in the United States.

"Mexico should assume its responsibility and take concrete actions to develop a series of programs in health, employment and housing in Mexico in order to guarantee that temporary workers return to the country," Minister Luis Ernesto Derbez was reported as saying.

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"Mexican politicians have an obligation to create conditions so that we no longer have to export labor," Mr. Derbez said.

But just this week Mr. Fox told a Canadian newspaper that he wants Canada to expand its guest-worker program to allow for more Mexican workers.

After spending all of 2004 and most last year mainly calling for a guest-worker program, Mr. Bush late last year coupled that with a call for better border security. But Mr. Bush has yet to offer a comprehensive proposal in the way that he offered a guest-worker plan in January 2004.

Mr. Bush said Mr. Fox shared with him Mexico's strategies for how to control the border, though neither man said what they were and it is too early to know what sort of changes Mexico will make or what kinds of resources it will bring to the border.

Mr. Fox, through an interpreter, did say that Mexican authorities have stopped more than 120 alien smugglers in their recent efforts to gain control of the border.

A week after asking that Mexico play a role in shaping the United States' immigration policy, Mr. Fox also said that issue is out of his hands.

"The matter is in the Congress of the United States, and that is where the decision will be made," Mr. Fox said hours before meeting Mr. Bush for bilateral talks in Cancun. "It is no longer between President Bush and President Fox."

That represents an about-face after the Mexican government paid for advertisements to run in major U.S. and Mexico City newspapers last week that said if there is a guest-worker program, Mexico "should participate in its design, management, supervision and evaluation."

Early in the day, the three leaders visited the archaeological site of Chichen Itza, a Mayan and Toltec city near Cancun, which some scholars say was the scene of human sacrifices.

All three men were dressed casually, with Mr. Bush even walking the site with his white short-sleeved shirt untucked.

The two days of meetings are being conducted under tight security, and even when the leaders got to the pyramid that stands roughly in the center of the complex, they looked up to see their security forces perched at the top with weapons and binoculars.

Though Mr. Bush already had met Mr. Harper, when he was opposition leader in the Canadian Parliament, yesterday was their first meeting since Mr. Harper became prime minister after January's elections. Mr. Harper rode in Mr. Bush's motorcade and flew with him on Marine One to Chichen Itza, and then they met for bilateral talks in the afternoon.

Bush Hopeful On Immigration Bill, But Senate Remains Torn (LAT)

By Nicole Gaouette And James Gerstenzang

The Los Angeles Times, March 31, 2006

WASHINGTON — President Bush said Thursday that he was confident the Senate would approve an overhaul of immigration laws, but lawmakers plodded through a second day of debate with the significant distance between two opposing camps seemingly as wide as ever.

Bush's comments came after he held a long-scheduled meeting with Mexican President Vicente Fox in the Yucatan Peninsula resort of Cancun. At the end of a one-hour conference, Bush spoke optimistically about the legislation's prospects, assuring Fox that he was "committed to having a comprehensive immigration bill on my desk."

In Washington, senators worked behind the scenes to sway each other. At one point, they displayed rare unanimity on immigration law, voting 94 to 0 to approve a study on deaths of undocumented immigrants at the border.

The vote, on an amendment from Senate Majority Leader Bill Frist (R-Tenn.), was the first of a series that would push the Senate in the next week to consider a guest-worker program and plans that would give permanent legal status to the estimated 12 million illegal immigrants now here.

In a heated demonstration of the GOP's rifts over immigration, conservative House members held a news conference to denounce any lawmaker who supported citizenship for undocumented immigrants. Legislation approved by the Senate Judiciary Committee would create a path for illegal immigrants to gain permanent legal status or citizenship. Critics say that would provide amnesty to those who had broken U.S. law.

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"Anybody that votes for an amnesty bill deserves to be branded with a scarlet letter A," said Rep. Steve King (R-Iowa), referring to the Senate Judiciary Committee legislation, which also would toughen enforcement of immigration laws and create two programs allowing additional foreigners to enter the country as temporary workers.

That legislation is one of two major proposals before the Senate. The other is a bill offered by Frist that concentrates only on border security and enforcement of immigration laws.

The competing visions reflect attitudes among Americans, according to a poll by the nonpartisan Pew Hispanic Center. Like lawmakers, Americans are increasingly concerned about illegal immigration, with 52% seeing such immigrants as a burden to the country. And, like lawmakers, Americans are divided on how to deal with the issue.

Thirty-two percent believe illegal immigrants should be able to stay permanently, the poll found. Another 32% think they should be able to temporarily stay as guest workers before being required to return to their home countries. And 27% believe undocumented immigrants should be sent home.

In a display of bipartisanship, 10 senators held a news conference to affirm their support for the Judiciary Committee bill. The senators, declaring that momentum was on their side, painted the choice between their bill and Frist's enforcement-only legislation as a turning point for the country.

"This legislation is a defining moment in the history of the United States," said Sen. John McCain (R-Ariz.), who asked whether the country would continue its tradition of welcoming newcomers or would shut its doors. "Of course [immigration] has to be legal, but, by God, we have to continue that tradition."

Sen. Arlen Specter (R-Pa.), chairman of the Judiciary Committee, complained that a campaign was afoot to smear his committee's bill by saying it offered amnesty. He vowed to "take the Senate leader head on" over Frist's use of the word.

Sen. Patrick J. Leahy (D-Vt.) added: "This is a very, very important piece of legislation. I resent it when it's called amnesty."

While the Senate was debating, Bush was meeting in Mexico with Fox.

"We don't want people sneaking into our country that are going to do jobs Americans won't do," the president said, in support of his call for a guest-worker plan.

"We want them coming in, in an orderly way, which will take pressure off of both our borders."

At the same time, Bush told Fox that those in the U.S. illegally should not be given preference over people abroad who applied for citizenship.

For Fox, who is completing a six-year term and is not allowed to seek reelection, the meeting brought the immigration debate full circle: He took office seeking to improve relations with the United States, particularly over immigration. But that relationship was disrupted by the United States' attention to its campaign against terrorism after the Sept. 11 attacks, and then by differences between Fox and Bush over the Iraq war, which Fox opposed.

Fox, offering the sort of support Bush has sought on immigration, said Mexico understood that immigration "is a shared responsibility."

Bush Seeks To Ease Distrust In North American Talks (WP)

By Michael A. Fletcher

The Washington Post, March 31, 2006

CANCUN, Mexico, March 30 -- President Bush began two days of meetings Thursday with Mexican President Vicente Fox and Canadian Prime Minister Stephen Harper in hopes of repairing fissures that have developed in the relationship among the North American neighbors.

Although the three nations entered into a formal security and prosperity partnership last year that was intended to strengthen their ties, the relationship between the United States and both its neighbors has been characterized in recent years by creeping distrust over issues such as illegal immigration and the implementation of U.S. trade policy.

Mexico has a huge stake in the ongoing debate in the United States over revamping immigration policy, being the home country of two-thirds of the estimated 11 million undocumented workers in the United States Tens of thousands more Mexicans attempt to cross the border each month.

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After a meeting with Fox on Thursday, Bush told reporters he had reiterated his desire to sign a comprehensive immigration bill that strengthens border security and enforcement. Bush said that the United States has an "obligation" to secure its borders, and he thanked Fox for acknowledging Mexico's "shared responsibility" in that effort.

Bush also repeated his call for an increase in the number of green cards, which would allow more immigrants to be granted permanent residency in the United States. And he once again called for creation of a guest worker program that would create a legal channel for thousands of low-skilled workers to come into the United States.

"We don't want people sneaking into our country who are going to do jobs Americans don't want," Bush said. "We want them coming in an orderly way."

Analysts say many Mexicans have been put off by what they perceive as an increasingly hostile view in the United States toward illegal immigration, including a bill passed by the House of Representatives in December that would step up enforcement in part by building a wall along more than a third of the 2,000-mile U.S.-Mexican border.

The Senate is debating a more moderate immigration measure that includes a guest worker program like the one long advocated by Bush.

Canadian attitudes toward the United States, meanwhile, have been soured by the invasion of Iraq and a general perception that Bush has pursued an arrogant, go-it-alone foreign policy. For some, that has been symbolized by the long-running dispute over heavy U.S. tariffs on softwood lumber imports from Canada.

Former prime minister Paul Martin suspended talks last year on the $4.5 billion in duties the United States has placed on the lumber, saying the levy violated the spirit of the North American Free Trade Agreement.

Harper has said he is looking for ways to make progress on the issue. Bush added that he was "always optimistic" that the dispute could be resolved.

Canadians also have objected to a U.S. plan to require special identification cards for people who regularly cross the borders with Canada and Mexico, saying it would hinder tourist and commercial traffic. Harper said the proposal presents a "pretty significant challenge."

Bush, however, has said the cards would expedite the flow of commerce between the two nations and facilitate travel while helping to secure the U.S. borders.

"The idea is to make sure that tourists and trade move freely and terrorists don't," Bush said in an interview earlier this week with Canada's CTV.

The series of disputes has helped turn public opinion in Mexico and Canada decidedly against the United States.

A Pew Research Center poll found that two-thirds of Mexicans and three-quarters of Canadians surveyed held a favorable view of the United States in 2000. By 2005, just 36 percent of Mexicans and 43 percent of Canadians who responded had a favorable view of the United States, according to an Ekos poll.

There is a "general sense on the part of both of our neighbors that America's focus was exclusively terrorism and we were prepared to do everything else unilaterally," Robert Pastor, director of the Center for North American Studies at American University, said in a telephone interview.

Compounding that sense in Mexico has been the uneven impact NAFTA has had there, Pastor said.

Rather than resulting in a surfeit of good jobs that slowed the flow of illegal immigration, the enactment of NAFTA has coincided with a sharp increase in the number of undocumented workers living in the United States. And while many jobs have been created in Mexico, others have migrated to countries where low-skilled labor is even less expensive.

"NAFTA succeeded, but only for that part of Mexico that was connected to the United States," Pastor said. He said major investments were needed in roads and other infrastructure, particularly in southern Mexico, before the benefits of free trade were felt throughout the country.

Meanwhile, the income and wealth disparities between the United States and Mexico have widened, not closed. Experts say this gap lies at the root of the illegal immigration problem.

"Trade is not the only locomotive that pulls the train," said Andres Rozental, president of the Mexican Council on Foreign Relations.

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Bush, Fox and Harper started their day with a tour of the Chichen Itza Mayan ruins, which are about 127 miles west of here. The three leaders, dressed casually, climbed a few of the narrow steps of El Castillo, a steep 75-foot-tall pyramid.

Bush Takes Time Out To Make Like A Tourist (KRT)

By William Douglas

Knight Ridder, March 30, 2006

CANCUN, Mexico - President Bush traded in his business suit Thursday for a white tropical short-sleeve shirt and khaki slacks as he played tourist, something he rarely does on foreign trips.

The president was all smiles and business casual as he spent about an hour walking through the impressive ruins of Chichen-Itza, a Mayan archeological site about 127 miles west of Cancun, where he's meeting with Mexican President Vicente Fox and Canadian Prime Minister Stephen Harper. The ruins date back to the sixth century.

"I want to thank you for letting us begin our important meetings at this very historical site," Bush said after his tour. "I want to thank those who have worked hard to make sure this important part of our history is accessible and is available for people to understand the past, so we can better understand the future."

Bush has earned a reputation for being an indifferent tourist at best on overseas trips, dashing through museums and exhibits or leaving social and cultural events early. He typically prefers to stick to business and not interrupt his routine.

White House officials say Bush's aversion to touring reflects security concerns and the tricky logistics of moving a presidential entourage around. Bush's critics say his reluctance to get out and about reflects a lack of intellectual curiosity and hurts America's image abroad.

The president seems to be emerging slowly from his touring shell. During last month's trip to India and Pakistan, he played cricket in Pakistan, but passed on a tour of India's Taj Mahal, which disappointed Indian officials.

On Thursday, Bush looked like a man having fun and in no hurry. He listened intently as Federica Sodi, the site's lead archeologist, explained the significance of the ruins. They strolled past El Castillo, a 75-foot pyramid with 91 steps on each of its four sides - and stopped to listen to a band perform Jarana, a local song and dance. Bush smiled and swayed slightly.

The leaders then proceeded to a site called the ball court, a 545-foot-long athletic field lined with a stone wall, where a soccer-like game called tlachtli was played in ancient times.

From there, the leaders went back to the pyramid and walked up two or three of the 91 steps. They finished the tour at the Temple of Big Tables, a structure that contains original murals painted by Mayans for their gods, a tour guide said.

Bush Plays Tourist On Mission To Mexico (LAT)

By James Gerstenzang

The Los Angeles Times, March 31, 2006

CANCUN, Mexico — Given a choice, President Bush is not a tourist.

When he visited St. Petersburg, Russia, in 2002, he completed his tour of the Hermitage museum in two hours, 16 minutes. That was enough time to have a look at the artwork and have lunch with Russian President Vladimir I. Putin. There are 3 million pieces in the collection. He didn't see them all.

As president, he has been to Rome. He skipped the Colosseum.

Berlin? He drove past the Brandenburg Gate without stopping.

He did the Great Wall of China in a half-hour flat, then turned to a reporter and said, "Let's go home." And four weeks ago, he caused a diplomatic row by refusing entreaties while in India to visit the Taj Mahal.

All of which make his activities Thursday morning that much more remarkable. He made a one-hour flight aboard Marine One from Cancun to Chichen Itza to visit the Mayan and Toltec ruin that is among the world's greatest archaeological sites.

The once-sacred city, a UNESCO World Heritage Site, was first populated about 1,500 years ago, abandoned, resettled, and again abandoned about 700 years ago.

Wearing a white tropical shirt, khakis and rough-soled hiking shoes, Bush walked along El Castillo, the pyramid that is the site's most prominent feature, accompanied by his host, Mexican President Vicente Fox, and Canadian Prime Minister Stephen Harper.

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Sounding more the formal diplomat than the casual tourist, Bush said to Fox: "I want to thank you for letting us begin our very important meetings at this very significant historical site." The three leaders are meeting here in a North American summit, and Fox has used the visit to send out a message that this resort on the Yucatan Peninsula, battered by Hurricane Wilma last year, is open for business. Bringing the foreign leaders to the remains of an ancient civilization sent another message: Mexico offers more for a tourist than just beaches.

Perhaps it was because he is in his sixth year in office -- or, more likely, because he really had little choice but to yield to protocol and the wishes of his host -- but Bush cooperated with Fox's mission.

Together, the three climbed about five of the pyramid's steep steps.

Security forces, armed and equipped with binoculars, stood atop the structure, some 360 steps above them.

After adhering during his first five years in office to a schedule that had him speeding through meetings and meals and then heading to his next stop, or home, the two hours at Chichen Itza put Bush somewhere in the ranks of presidential tourists.

To be sure, he has made some concessions to local culture over the years -- in Botswana, for example, he made a quick drive through an animal park in 2003. And presidents rarely spend much time at tourist attractions while on diplomatic travels. But they do manage some sightseeing, often at the encouragement of their hosts.

Ronald Reagan, in China in 1984, detoured hundreds of miles to the city of Xian to see its terra cotta warriors, an archaeological treasure. Four years later, he strolled Red Square in Moscow with Mikhail S. Gorbachev.

Bill Clinton took a full day off on a trip to Turkey to tour the remains of the ancient civilization at Ephesus.

That has not been Bush's style.

Still, on Thursday, he squeezed in a favored pursuit.

Between the tour of Chichen Itza and the first of his diplomatic meetings, he worked up a sweat in the hotel gym.

Senate Tackles Immigration As Bill's Backers Seek Support (WSJ)

By David Rogers

The Wall Street Journal, March 31, 2006

WASHINGTON -- The Senate plunged into debate on landmark immigration legislation even as supporters worked to consolidate the 60 votes needed to cut off any filibuster and win passage next week.

The opening day showed more passion than progress with major amendments postponed until Monday. House conservatives lashed out at the proceedings, saying the White House was jeopardizing Republican lawmakers by moving forward on such a sensitive issue this election year. But after a meeting with Mexican President Vicente Fox, President Bush said he was "optimistic we can get a bill done."

"We have a prodigious path ahead of us," warned Senate Judiciary Committee Chairman Arlen Specter (R., Pa.).

Sen. John McCain (R., Ariz.) said the debate was a "defining moment" in American history.

"Are we going to continue a rich tradition of welcoming new blood and new vitality, or are we going to adopt an isolationist, protectionist attitude and policies that are a betrayal of the very fundamentals of this great nation?" Mr. McCain said. "By God, we have to continue those traditions of freedom and democracy and hope."

As reported by the Senate Judiciary Committee on Monday, the measure would create new guest-worker programs and legalize the status of an estimated 11 million undocumented workers who are already in the U.S.

In deference to Majority Leader Bill Frist (R., Tenn.), debate had been confined to a much-narrower border-security bill favored by conservatives and the House. But at noon yesterday, Mr. Specter was allowed to bring out the broader Judiciary measure that will be the focus going forward.

Democrats believe they can deliver 42 votes for the bill, and Mr. McCain's office appeared confident that 18 Republicans can be found to bridge the difference and invoke cloture to cut off a filibuster. But Mr. Frist said last night that "cloture doesn't have the votes to pass now even if they had all 45 Democrats."

The White House's worst fear regarding the legislation is that it will collapse in the Senate, denying Mr. Bush the chance of getting the House to consider a more comprehensive approach to immigration.

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Senators are finding it hard to find middle ground on the question of whether undocumented workers, already in the U.S., should be allowed to both legalize their status and eventually apply for citizenship.

"I won't accept a repetition of the mistake of 1986," said Sen. John Cornyn (R., Texas), speaking of an amnesty offered then by the Reagan administration and Congress in similar circumstances.

Mr. Specter angrily dismissed the "smear of amnesty," and said any illegal who comes forward now would be subject to fines, back taxes and an 11-year waiting period before becoming a citizen.

"I, right now, would not support the bill if it stays exactly the way it is," Mr. Frist said. He warned against pushing too fast for a vote on cloture before Republicans had had a chance to express themselves.

"Everybody struggles with it. I struggle with it," he said, and in addressing the millions of workers in the U.S., he urged proponents to look for a compromise short of an outright path to citizenship.

"You could design a separate class, not a track which is what they have now, which allows people to continue to work," he said. "There's no way you can take 11 million people and send them back either right now or three to four years from now. But you could design a system that doesn't give you a leg up at all to citizenship."

"Immigrants don't come to America to change America," said Sen. Mel Martinez (R., Fla.), who fled Cuba as a child. "Immigrants come to be changed by America."

Tuning In To Anger On Immigration (WP)

By Shailagh Murray And T.r. Reid

The Washington Post, March 31, 2006

The first time Rep. Tom Tancredo got really angry about immigration, the year was 1975, and he was a junior high school social studies teacher in Denver. The state had recently passed the nation's first bilingual education law, and Hispanic kids were taken from his class to study in Spanish.

That idea made zero sense to Tancredo, the grandson of Italian immigrants. He believed that newcomers should be assimilated into the country, as they had been for generations. The image of America as a beacon for people from all over the world uniting under one flag and one language was threatened, he contended, if the country started adapting to immigrants, instead of the other way around.

A year later, Tancredo launched a political career animated by his obsession to stem the tide of immigration from Mexico and Central America that he feared would change the character and security of the country. Today, the four-term Republican House member stands at the center of a national debate over how best to deal with the nearly 12 million illegal immigrants in the United States. Tancredo helped the House pass a bill in December that would impose criminal sanctions on illegal immigrants and those who employ them and that would erect a wall along 700 miles of the U.S.-Mexican border to keep others out.

That legislation has triggered massive protests throughout the country and prompted a Senate committee this week to pass an alternative measure with a guest-worker program that would help many illegal immigrants eventually win permanent residency or even U.S. citizenship.

Tancredo, 60, has so effectively tapped into the anger of millions of Americans who favor a crackdown on illegal immigrants and tougher measures at the border that the back-bench Republican is considering making a bid for president in two years. But in Washington, he is viewed warily by Democrats, the White House and even some of his Republican colleagues as a loose cannon or even a zealot.

After Tancredo suggested in 2002 that President Bush's views on immigration amounted to a national security threat, White House political adviser Karl Rove told him, "Don't ever darken the door of the White House" -- although Tancredo later was invited to the White House for a bill signing.

Democrats have criticized him for stoking anti-immigration sentiment, although some see his tactics as helping them by driving Hispanic American voters in Florida, California and other states away from the Republican Party. "I'm all for more and more nuts in their party speaking up," said Rep. Rahm Emanuel (D-Ill.), who chairs the House Democrats' congressional campaign committee. "I want more of those guys."

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Tancredo shrugs off the criticism. "It's not a secret that I have burned a lot of bridges here," he said in an interview this week. "My ability to get anything done around here is based around my ability to make this into a national issue. My megaphone is pointed at the ear of America."

A ubiquitous presence on the airwaves, Tancredo has appeared more than 1,000 times on radio talk shows in recent years and has become a television news mainstay. He has traveled widely around the country, including the early presidential caucus and primary states of Iowa and New Hampshire. His office averaged 4,566 pieces of mail per month during the first quarter of this year. When Tancredo was scheduled as a guest on ABC's "This Week" last Sunday, he received 300 "good luck" e-mail messages before his appearance and 700 "good job" e-mails after the show.

The relentless media exposure, along with polls indicating that many Americans support a border crackdown and the deportation of illegal immigrants, has given Tancredo considerable influence over the immigration legislation now unfolding in Congress. "He's a force because he represents what a lot of people think," said Steven Camarota of the Center for Immigration Studies, which favors less immigration. "He's only a gadfly in Washington."

For many frustrated, scared and angry suburbanites and small-town residents, Tancredo is a hero, one of the very few Washington politicians who take their fears seriously. They believe undocumented, mostly Hispanic workers are taking jobs that ought to go to citizens, flooding schools and boosting the crime rate, and that the country's open borders pose a security threat.

"My parents were immigrants," says Mark Solinsky, an independent voter from the sprawling Denver suburb of Highlands Ranch, a part of Tancredo's suburban Colorado district. "Came from Poland. In the '20s. But I think now, this new wave of immigration poses a problem. We've got to have tougher laws. And, you know, that's what Tancredo always talks about. So I would say, yeah, he's right on that. We need some leadership on that."

Republican Ed Clousing, of Littleton, a suburb at the foot of the Rockies, said: "I am so mad at our government. And I know Tom Tancredo is mad, too. Because there's nobody up there trying to protect what's right about our country."

Tancredo's congressional district includes suburb after suburb, an expanse of new homes, schools, shopping malls and golf courses spreading across the high plains south and west of Denver. The district is about 88 percent white, and the residents are prosperous, with a median income ($74,000) almost twice the national average. The share of Hispanic residents, 6 percent, is the lowest of any Colorado district.

Tancredo, a self-described religious right Republican, grew up on the north side of Denver, taught in junior high school, and was elected to the state House in 1976 at the age of 30. He was part of a group called "the crazies," who advocated the elimination of the sales tax on food and utilities, and was a critic of public education.

But immigration has always been his chief preoccupation, and he made a name for himself after winning election to Congress. Tancredo strongly opposes any programs to accommodate illegal workers already living in the country and, after the Sept. 11, 2001, terrorist attacks, he supported the most stringent possible border enforcements.

Tancredo helped to shape a House bill, approved in December, that would impose stiff penalties on employers who hire illegal workers and would require businesses to eventually run the names of every employee through a national database to confirm their legality. The bill would end the "catch and release" policy for immigrants other than Mexicans who are caught sneaking into the country. Five double-layer border fences would be built in California and Arizona, stretching 698 miles at a total cost of more than $2.2 billion.

The House proposal has sparked huge protests in Phoenix, Detroit, Los Angeles and elsewhere. The Senate is now debating legislation that would take a more permissive and forgiving approach, by creating a guest-worker program and issuing more visas for professionals.

Tancredo is particularly riled at the business community, which he says has become "addicted to cheap labor." Employers are a driving force behind the guest-worker program and other Senate provisions that amount to "nearly universal amnesty" for the 12 million people currently living in the United States illegally, Tancredo says. He routinely chides Bush, Sen. John McCain (R-Ariz.) and other GOP colleagues for bowing to corporate pressure, despite the potential social problems and security threats.

Polls indicate that about 60 percent of Americans oppose guest-worker programs and three-quarters of Americans believe the government is doing too little to secure the nation's borders.

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Democrats acknowledge concerns about the issue, but it is Republicans who are in the most difficult spot. One lawmaker trying to juggle law-and-order voters with business pressures is Sen. Jon Kyl (R-Ariz.), who is fighting for reelection in November. His state is the birthplace of the Minutemen, a citizens' border patrol founded after Sept. 11. It was also the site of one of the biggest rallies against the House bill, held last week in Phoenix.

To keep the heat on Kyl, Tancredo issued a news release titled "Tancredo to Kyl: Just Say No to Amnesty," urging the senator to vote against the guest-worker proposal in committee, which Kyl did. But the Arizona Republican refused to comment about Tancredo's influence over the immigration debate. "I don't want to talk about it," he grumbled while dashing for an elevator.

The Great Senate Immigr'A'tion Debate (WP)

By Dana Milbank

The Washington Post, March 31, 2006

It was all fire and brimstone as House Republicans gathered yesterday in the Capitol basement to denounce their Senate counterparts for proposing to legalize illegal immigrants.

Rep. Steve King (R-Iowa), behind a pulpit adorned with a "Just Say No to Amnesty" sign, thundered: "Anybody that votes for an amnesty bill deserves to be branded with a scarlet letter, 'A' for amnesty, and they need to pay for it at the ballot box in November."

Stand down, Hester Prynne. Adultery is so 17th-century.

At the precise moment the House GOP was turning all puritanical, Sen. Arlen Specter (R-Pa.), author of the Senate legislation, was in the television studio announcing that he would not wear the "A" for amnesty. "There is an effort far and wide to try to degrade the committee bill by the smear of amnesty, and it simply is not amnesty," he said -- repeating his denial four times in a minute.

The world's greatest deliberative body is at it again. The Senate has begun a momentous debate about securing the nation's borders, and what to do about the millions of illegal immigrants already here. So far, however, the lawmakers have not advanced much beyond a linguistic debate about the meaning of the A-word.

"I believe we have a bill which is not justifiably categorized as amnesty," Specter announced.

Majority Leader Bill Frist (R-Tenn.) countered that the Senate bill is "what most Americans will see as amnesty."

"It is not amnesty," Specter rebutted. "This word 'amnesty' is a code word. It is a code word to try to smear good-faith legislation."

Sen. Mel Martinez (R-Fla.), the chamber's lone immigrant, said the "loudest voices" should not "make a definition of what amnesty is and what amnesty should be."

The loud-voiced Sen. Jeff Sessions (R-Ala.) was unmoved. "In every sense of what people mean by amnesty, it's amnesty," he said. "If it's not amnesty, it's the same thing as amnesty. That's just what it is." The Alabama lexicographer brandished the scarlet letter a half-dozen times more. "By any standard definition of the word 'amnesty,' this bill has it," Sessions maintained. "I know that's a loaded word, and I don't want to be playing around demagogically with the word 'amnesty.' "

One man's amnesty, of course, is another man's "earned citizenship," as Sen. Patty Murray (D-Wash.) put it yesterday. The legislation, for the record, would pardon immigrants' illegal entry if they pay a fine and back taxes, go through a background investigation and learn English.

But the use of the word "amnesty" -- more than 50 times on the Senate floor yesterday -- says much about the immigration debate. Proponents of the "guest-worker" path toward legalization appear to have gained the upper hand; Specter seems to have the votes in the Senate, and House Speaker J. Dennis Hastert (R-Ill.) is rethinking his chamber's hostility to a guest-worker plan. Opponents, therefore, need to escalate the rhetoric and invoke the A-word.

Democrats, who favor the guest-worker plan, called in a polling firm, Lake Research Partners, to provide talking points to counter the amnesty charge. "Lead with an enforcement message," the firm advised, and propose "reasonable solutions" that are also "tough and fair." Lake continued: "Immigrants have to pay taxes . . . and be learning English."

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Senate Minority Leader Harry M. Reid (D-Nev.) hit all the points: "We need tough and smart enforcement at the border and throughout the country. We need realistic immigration laws that bring immigrants out of the shadows, paying taxes, learning English and contributing to our communities."

Other senators sampled their own buzzwords to counter the dreaded amnesty allegation: "We are a nation of immigrants" and "Bring people out of the shadows."

But these soft and gauzy slogans were no match for the anti-amnesty crowd of House Republicans, who stood in front of a banner with the word AMNESTY in 18-inch letters and a slash through it.

"It would be like a dinner bell" to immigrants, pronounced Bob Beauprez (R-Colo.). "If you are here illegally and want to fly the Mexican flag, go to Mexico," proposed Virgil H. Goode Jr. (R-Va.). "I say let the prisoners pick the fruits," said Dana Rohrabacher (R-Calif.), adding, "I would hope that the American people are smart enough to smell the foul odor that's coming out of the United States Senate." Asked if President Bush, who supports a guest-worker plan, has a similar stench, Rohrabacher replied: "No comment."

But King topped them all, asserting that a "ruling class" of Americans have "made enough money by hiring cheap illegal labor that they think they also have some kind of a right to cheap servants to manicure their nails and their lawn."

Over in the Senate, the linguistic dispute continued to rage. "Tantamount to an amnesty program," judged David Vitter (R-La.). "It is not amnesty," said Dianne Feinstein (D-Calif.). "Some people might perceive that what is granted is an amnesty," posited John Cornyn (R-Tex.). "This does not sound like amnesty to me," chimed in Blanche Lincoln (D-Ark.).

Only Sen. Judd Gregg (R-N.H.) retained his composure. "I think that's a straw dog, to be very honest with you, this argument of amnesty," he observed. "The debate is misfocused in some ways when the word 'amnesty' becomes the hot button, nomenclature versus the more substantive question."

Another remark like that, and Gregg will be wearing the scarlet letter.

Political Parties Pressured On Immigration (AP-Y2)

By Ron Fournier

AP2, March 30, 2006

Arizona's leaders are in a tizzy over immigration, pressured by political crosswinds that reflect the growing national debate over how to control U.S. borders.

Republicans are bashing Republicans. The Democratic governor is in cahoots with a GOP senator. Both parties fear voter backlash.

Bordering Mexico, Arizona may be the perfect spot to show the state of policy and politics of U.S. immigration.

In a word, it's a mess.

"You'll find every view in Arizona," jokes Rep. Jeff Flake (news, bio, voting record), a conservative Republican from Mesa.

In the House, he has backed the approach of the state's most notable politician, GOP Sen. John McCain (news, bio, voting record), who wants to give illegal immigrants a clear path to citizenship through work.

McCain's position puts him on the side of President Bush and the U.S. Chamber of Commerce — and many prominent Democrats, including Arizona Gov. Janet Napolitano and liberal icon Sen. Edward Kennedy (news, bio, voting record) of Massachusetts.

Arizona's junior senator, Republican Jon Kyl, also wants to help the estimated 11 million illegal immigrants remain in the United States legally, but his approach would make it harder for them. He wants illegal immigrants to return to their native countries before returning as so-called guest workers.

Then there is another conservative Arizona lawmaker, Rep. J.D. Hayworth (news, bio, voting record), who has written a book that proposes building a fence along the U.S.-Mexico border, using armed forces to help patrol the region and denying citizenship to the U.S.-born children of illegal immigrants.

There is unanimity on one point in Arizona: illegal immigration is a major problem.

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The state is the largest gateway for illegal immigrants, accounting for 54 percent of the 1.1 million apprehensions nationwide during the 2004 fiscal year. It is home to an estimated 500,000 illegal immigrants out of the state's population of about 6 million, a costly drag on health care, education and law enforcement budgets.

"Arizona has been devastated by this issue," McCain said.

Long considered a federal problem, limited to a few "gateway states" such as California and Arizona, illegal immigration is now a front-burner issue across the country.

Illegal immigrants are moving to states like North Carolina, Iowa, Ohio and Georgia as they seek jobs and establish communities. North Carolina alone had 390,000 illegal immigrants in 2004, nearly 16 times its number in 1990, according to a Pew Hispanic Center analysis.

Last year, Napolitano and Democratic Gov. Bill Richardson of New Mexico declared immigration emergencies in their border counties. Napolitano recently signed an order to expand the National Guard's presence at Arizona's porous border.

At a news conference this week, Napolitano praised McCain's bill while calling Kyl's approach "a fictional system." She chastised the GOP-led House for passing a bill that focuses solely on border reinforcement rather than also dealing with illegal immigrants already working in the U.S.

"The House bill is a terrible bill for Arizona," she said.

The backbiting didn't stop there.

Hayworth accused fellow Republicans of carrying water for business interests who want the cheap labor provided by guest-worker provisions.

"It's the ultimate corporate welfare scam," he said on the "Imus in the Morning" television and radio program.

Flake, a guest-worker supporter, objected when Hayworth's plan was called conservative. "I don't think it's conservative to ignore the problem," he told The Associated Press. "If you don't have a plan to deal with those here illegally now, that's a huge part of the problem."

The political stakes are huge. Hispanics are the fastest-growing group of voters, and President Bush has helped double the GOP's share of the Hispanic vote since 2000.

McCain said those gains are at risk. "This issue has galvanized the Hispanic population in Arizona," he said, pointing to protests this week in Arizona and several other states against the crackdown on illegal immigration.

"First, this is a warning to my party that we have to be sensitive about this issue," McCain told The AP. "Secondly, the Hispanic community risks a backlash if it become unruly or too many Hispanic flags — and not enough American flags — are at these protests."

"These are sensitive times."

Sensitive, indeed, for McCain and other candidates lining up for 2008 presidential bids. They include Senate Majority Leader Bill Frist, who staked out a position to the right of McCain, and Democratic Sen. Hillary Rodham Clinton, who accused House Republicans of passing a bill that would criminalize "even Jesus himself."

Polls show the issue has the potential to divide Democrats as well as Republicans. Many working-class Democrats resent what they consider to be a constant flow of cheap labor. The hard-line House bill was backed by 36 Democrats, including those considered most in danger of losing their seats in November.

Still, the fear is most palpable among GOP leaders. Republican Party chairman Ken Mehlman said his party's challenge is to improve border security "and do it in a way that is pro-immigrant."

"Franklin Roosevelt built a durable Democratic coalition because large groups of American Catholics, Jews and ethnics" who otherwise shared Republicans values "were convinced that the Republican Party did not like them," Mehlman said. "So we have to be careful."

These being sensitive times, Mehlman was speaking on the telephone from Phoenix, where he was meeting with Hispanics.

Divided US Senate Debates Immigration Reform (AFP-Y2)

AFP, March 30, 2006

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A fractured US Senate opened debate on reforms to immigration laws, which have sparked demonstrations across the country.

The debate, likely to carry on for days, will consider whether to create a foreign guest worker program, how best to seal the lengthy southern border with Mexico, and what to do with the estimated 11.5 million undocumented workers in the United States.

"The level of illegal immigration is unacceptable," said Democrat Ken Salazar from the western state of Colorado. "Our immigration laws are not working, we have broken borders and we must fix the problem."

Salazar emphasized that after the September 11, 2001 attacks it was "critical that we get control of our borders" as a "matter of national security" -- a view widely repeated by his colleagues in the past months.

Immigration reform plans has especially split President George W. Bush's majority Republican Party, which controls the House of Representatives and the Senate.

Bush presented a reform plan that increases the number of Border Patrol agents and allows some undocumented workers to register for legal status -- and ultimately, if they qualify, for US citizenship.

But hard-line Republicans in the House of Representatives in December approved a bill making unapproved US entry a crime, and included plans to build a wall along parts of the border.

The proposal touched off mass protests in US cities. More than 500,000 people demonstrated in Los Angeles last Saturday and there were new smaller protests there by school students on Thursday.

The Senate is seeking a possible compromise that would reinforce border security but also allow work visas and eventual residency for some migrants.

The House and the Senate must agree on any new immigration rules, and the measure then has to be signed by the president to become law.

Complicating factors include the November mid-terms elections, in which opposition Democrats hope to win back seats. And with several legislators hoping to run for president in 2008, there has been broad popular demands for increased border security.

The senators are trying to reach a decision before a two-week recess starts on April 7.

"It'll be a daunting task to finish this bill on that schedule," said Republican Senator Arlen Specter. "But we've undertaken daunting tasks before and succeeded -- but it can be done only if we have cooperation from the members."

Many analysts say the debate goes to the heart of what it means to be an American in a country that has long prided itself on being a nation of immigrants.

Salazar himself reminded his colleagues that "virtually every person in America has a story to tell about its immigrants roots."

Senate Calls For Study Into Immigrant Deaths (LAT)

By Nicole Gaouette

The Los Angeles Times, March 31, 2006

WASHINGTON — The Senate today approved an amendment to launch a study of how many illegal immigrants die trying to cross U.S. borders, which Majority Leader Bill Frist (R-Tenn.) described as "an immense humanitarian tragedy."

The 94-0 vote — the first of several votes the Senate is expected to take this afternoon as it continues debating immigration reform — provided little hint of the tumultuous votes to come.

In an emotional debate that pits the needs for post-9/11 border security against the economic and humanitarian concerns of the estimated 12 million illegal immigrants already in the country, senators often got personal.

"I know emotions are running high," said Sen. Dianne Feinstein (D-Calif.). Dismissing calls to make criminals of illegal immigrants, Feinstein said, "How do you find 12 million people?"

Describing three illegal immigrants who have made contributions to the country, Feinstein added, "This is their home. They are a vital and necessary part of the American workforce."

In the hours and days to come, legislators were expected to debate a dual approach to immigration.

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One, offered by Frist, would crack down on illegal immigration by increasing the number of Border Patrol agents and updating their technological detection devises.

The bill would also require the detention of all illegal immigrants, and make it unlawful to hire one.

Sen. Dick Durbin (D-Ill.) on Wednesday called the Frist approach "un-American."

The competing legislation, a Senate Judiciary Committee bill offered by its chairman, Sen. Arlen Specter (R-Pa.), would provide some Border Patrol protections — adding 12,000 agents in the next five years, to double the force, and make building a tunnel under the U.S. border a crime.

It would also allow most illegal immigrants now in the country to apply for a six-year guest worker card. Those not in the country could petition for a green card if sponsored by an employer. Guest workers would have to wait five years to apply for U.S. citizenship, and would become eligible after 11 years.

In addition, the bill would provide so-called blue cards for illegal immigrants who are agricultural workers, and remove penalties against humanitarian workers and clergymen who help illegal immigrants.

The Judiciary Committee bill won support of all eight committee Democrats and three Republicans: Mike DeWine of Ohio, Lindsey Graham of South Carolina and Sam Brownback of Kansas. Conservative columnists Robert Novak and David Brooks editorialized today about the importance of immigration to America's economy and history.

In the House, which passed a border enforcement bill in December, Speaker J. Dennis Hastert (R-Ill.) said he remains open to compromise.

"Our first priority is to protect the border," he said. "And we also know there is a need in some sectors of the economy for a guest worker program."

Like many following the debate, Hastert said he is eager to "see what the Senate comes forward with."

Conservatives Stand Firm On Immigration (NYT)

By Carl Hulse And Rachel L. Swarns

The New York Times, March 31, 2006

WASHINGTON, March 30 — Conservative House Republicans bluntly warned their leaders Thursday against any immigration compromise that would allow temporary foreign workers and assailed a Senate proposal that would open the way for illegal immigrants to earn citizenship.

"My fear is that if we continue down this path that the Senate has established, that we will have created the biggest magnet ever," said Representative Bob Beauprez, a Colorado Republican. "It would be like a dinner bell, 'Come one, come all.' "

But the bipartisan authors of a Senate plan that would combine new border protections with a temporary worker program and a process for illegal immigrants to qualify for residency and eventually citizenship said they thought they were gaining support as the Senate moved deeper into its immigration fight.

Senator John McCain, the Arizona Republican who helped write the plan approved Monday by the Senate Judiciary Committee, called the debate a defining moment in the nation's history.

"Are we going to continue our rich tradition of hundreds of years of welcoming new blood and new vitality to our nation?" Mr. McCain asked. "Or are we going to adopt a protectionist, isolationist attitude and policies that are in betrayal of the very fundamentals of this great nation of ours, a beacon of hope and liberty and freedom throughout the world?"

Supporters of Mr. McCain's plan said that President Bush's comments in recent days have suggested he was moving toward their position. Under Mr. McCain's proposal, illegal immigrants would be granted permanent residency and the opportunity to apply for citizenship only after foreigners who have followed the rules by applying for residency from their countries have been processed.

In a speech on Thursday in Cancún, Mexico, where President Bush was meeting with President Vicente Fox, Mr. Bush said, "If they want to become a citizen, they can get in line, but not the head of the line."

The sharp divisions among Republicans illustrated the difficulty Congress would have in reaching agreement, particularly with midterm elections looming. Lawmakers and Senate officials said the climactic votes would come next week as senators

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considered amendments and a choice between the Judiciary Committee plan and a proposal by Senator Bill Frist, the majority leader, that focuses on tougher law enforcement.

As the debate rages in Washington, the Pew Research Center for the People and the Press and the Pew Hispanic Center released a national survey indicating that ordinary Americans are also deeply divided over how to handle the 11 million illegal immigrants thought to be living in the United States.

The poll, conducted between Feb. 8 and March 7, found that 53 percent of the 2,000 people surveyed believed that illegal immigrants should be required to return home, while 40 percent said they should be granted some legal status that allows them to stay in the United States.

Forty-nine percent said that increasing penalties for employers who hire illegal immigrants would be most effective in reducing illegal immigration. One-third preferred increasing the number of border patrol agents while 9 percent favored the construction of fences along the Mexican border.

And while 65 percent said that immigrants mostly take jobs that Americans do not want, the survey found that a growing number of people believe immigrants are a burden, taking jobs and housing and creating strains on health care.

House conservatives emphasized such concerns at a news conference on Thursday. Worried that their party's leadership was weakening in its opposition to plans that would allow illegal workers to remain in the United States, more than a dozen House members staged a "Say No to Amnesty" event after Speaker J. Dennis Hastert suggested on Wednesday that the House might consider a temporary worker program.

Representative Dana Rohrabacher, Republican of California, dismissed arguments made by President Bush and business leaders who say the United States needs a pool of foreign workers. He said businesses should be more creative in their efforts to find help and suggested that employers turn to the prison population to fill jobs in agriculture and elsewhere.

"Let the prisoners pick the fruits," Mr. Rohrabacher said. "We can do it without bringing in millions of foreigners."

With the Senate considering a worker and citizenship plan starkly at odds with the House approach, Representative Tom Tancredo, Republican of Colorado and a leading advocate of tough immigration laws, said House conservatives wanted to make clear their resistance to any worker program. "Push is coming to shove," Mr. Tancredo said.

Despite the outcry from the right, Representative John A. Boehner, the majority leader, said the House would await a bill from the Senate before making firm decisions. "To stand here today and guess at what it might look like and how we might deal with an issue is a lot of speculation that we don't need to engage in," Mr. Boehner said.

While backers of the bipartisan measure said they were making inroads, opponents of the citizenship proposal said they were not so sure. "The more people find out what is in it, I think there will be more unease," said Senator Jeff Sessions, Republican of Alabama. Like other critics of the legislation, Mr. Sessions said it could be characterized as amnesty for illegal immigrants.

Authors of the measure bristled at that label. Senator Arlen Specter, Republican of Pennsylvania and chairman of the Judiciary Committee, described it as a smear intended to build resistance to the legislation.

"It is not amnesty because the undocumented aliens will have to pay a fine," he said. "They will have to pay back taxes. They will undergo a thorough background investigation. They will have to learn English. They will have to work for six years. And they will have to earn the status of staying in the country and the status of moving toward citizenship."

Hill Conservatives Warn Bush Of Amnesty Anger (WT)

By Charles Hurt

The Washington Times, March 31, 2006

House conservatives yesterday issued a dire warning to President Bush and Republican leadership that they will pay a devastating political price if they proceed with a guest-worker program or anything resembling amnesty for illegal aliens before securing the borders and enforcing existing immigration laws.

"They will remember in November," Rep. J.D. Hayworth, Arizona Republican, said of voters nationwide. "And many of those who have stood with our Republican majority in the last decade are not only angry, many of them plan to be absent from the polls" this year when the entire House and one-third of the Senate is up for re-election.

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Mr. Hayworth and more than a dozen other House Republicans pointed to polls that show overwhelming support for their strict-enforcement stance and advised Mr. Bush and GOP leaders in both chambers to "listen to the common sense of the American people."

One Republican, Rep. Dana Rohrabacher of California, fired a warning shot specifically at Sen. John McCain. The Arizona Republican widely expected to be a 2008 presidential hopeful at that moment was holding a press conference across the Capitol with, among others, Sen. Edward M. Kennedy, Massachusetts Democrat.

"Those elected officials who are insisting on a guest-worker program and diluting the efforts of border security and internal enforcement are telling the American people exactly whose side they are on," Mr. Rohrabacher said. "The American people now have that opportunity to make that determination, and they will. Senator McCain and others will find out about that, when they find their own career is short term."

Those sentiments were only buttressed, the lawmakers said, by the images in recent days across the country of thousands marching in opposition to tough immigration reform.

"I say if you are here illegally and want to fly the Mexican flag, go to Mexico and wave the American flag," said Rep. Virgil H. Goode Jr., Virginia Republican.

Senate action yesterday was confined to a single unanimous vote to study fatalities among foreigners sneaking across the desert into the United States. But Senate Judiciary Committee Chairman Arlen Specter, Pennsylvania Republican, officially introduced his committee's 471-page proposal that would fine illegal aliens but allow them to remain in the U.S. while applying for citizenship.

Although conservatives in both chambers excoriated the Specter plan as "amnesty," other Republicans said momentum was shifting toward what they called a "comprehensive" border security bill that includes a guest-worker program that provides illegal aliens with a path to citizenship.

"Among the Republican conference, I see a shift toward a comprehensive view to solve this problem," said Sen. Lindsey Graham, South Carolina Republican, who is among four Republicans who voted for Mr. Specter's proposal in committee. "From a Republican point of view, we need to be wise in the way we deal with this politically."

Mr. Graham attended yesterday's McCain-Kennedy press conference, along with Sen. Joe Lieberman, Connecticut Democrat.

"Our reforms need to reflect the realities," Mr. McCain said. "We need guest workers in this country. There are some jobs Americans are simply unwilling to do."

And House leaders again appeared willing to discuss the broader plan.

"When we get to the conference, we'll talk about it," said Majority Leader John A. Boehner of Ohio.

On Wednesday, House Speaker J. Dennis Hastert told reporters that a guest-worker program is needed.

"Our first priority is to protect the borders," he said. "We also know there is a need in some sectors of this economy for a guest-worker program."

But Mr. Rohrabacher called the guest-worker proposal "the foul odor that's coming out of the United States Senate."

There is no need for such a program, he said.

"We do not need more people from foreign countries coming in taking the jobs of Americans and bidding down our wages. We can do those jobs, even in the fields," Mr. Rohrabacher said.

Anyone who supports such a proposal, said Rep. Steve King of Iowa, should be "branded with a scarlet letter A," for "amnesty."

As for who might be willing to take up the hard labor many illegal aliens now perform on U.S. farms, Mr. Rohrabacher had a suggestion.

"The millions of young men who are prisoners around our country can pick the fruits and vegetables," he said. "I say let the prisoners pick the fruits."

Mr. Rohrabacher offered a terse "no comment" when asked whether his "foul odor" comment also applied to Mr. Bush, who first proposed a guest-worker plan more than two years ago. Mr. Rohrabacher later added: "The American people can take a deep breath and determine for themselves what smells and what doesn't and where it's coming from."

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According to a poll by the Pew Research Center and Pew Hispanic Center released yesterday, 52 percent of Americans view immigrants as a burden because they take jobs and housing -- up from 38 percent in 2000 -- compared with 41 percent, who believe they strengthen the country. The poll also found 53 percent of Americans support sending illegals home, while 40 percent said they should be put on some sort of path toward citizenship.

Rep. Tom Tancredo, the Colorado Republican who leads the House immigration reform caucus, offered a simple explanation for why Mr. Bush is pushing a guest-worker program that voters don't want.

"He's not running for re-election," Mr. Tancredo said yesterday. "I wish that he would recognize the dangerous position he would place himself in and the rest of his agenda if the Republicans lose the House and Senate, which they could easily do on this issue.

"Although he's not running for re-election, I wish he would think about the party. And, of course, I wish he'd think about the country."

House Conservatives Blast Immigration Bill (AP-Y2)

By David Espo

AP2, March 30, 2006

House conservatives criticized President Bush, accused the Senate of fouling the air, said prisoners rather than illegal farm workers should pick America's crops and denounced the use of Mexican flags by protesters Thursday in a vehement attack on legislation to liberalize U.S. immigration laws.

"I say let the prisoners pick the fruits," said Rep. Dana Rohrabacher (news, bio, voting record) of California, one of more than a dozen Republicans who took turns condemning a Senate bill that offers an estimated 11 million illegal immigrants an opportunity for citizenship.

"Anybody that votes for an amnesty bill deserves to be branded with a scarlet letter A," said Rep. Steve King (news, bio, voting record) of Iowa, referring to a guest worker provision in the Senate measure.

Their news conference took place across the Capitol from the Senate, where supporters and critics of the legislation seemed determined to heed admonitions from both Bush and Senate Majority Leader Bill Frist to conduct a dignified, civilized debate.

The House has passed legislation to tighten border security, while the Senate approach also includes provisions to regulate the flow of temporary workers into the country and control the legal fate of millions of illegal immigrants already here. Bush has broadly endorsed the Senate approach, saying he wants a comprehensive bill.

It was the second day in a row that congressional Republicans aired their differences on an issue that directly affects the fastest growing segment of the electorate. Under Bush's leadership, the Republicans have made dramatic inroads among Hispanic voters, and party strategists fret that the immigration debate could jeopardize their gains.

On Wednesday, leading GOP senators disagreed whether the legislation amounted to amnesty.

There was no such debate at the news conference in the House, where not a word was spoken in defense of the Senate bill and even Bush was not spared criticism.

"I don't think he's concerned about alienating voters, he's not running for re-election," said Rep. Tom Tancredo of Colorado. He said Republicans could lose the House and Senate over the immigration issue, and he said of the president: "I wish he'd think about the party and of course I also wish he'd think about the country."

Referring to a wave of demonstrations in recent weeks, Rep. Virgil Goode (news, bio, voting record) of Virginia said, "I say if you are here illegally and want to fly the Mexican flag, go to Mexico and wave the American flag."

King analyzed the issue in class terms.

"The elite class in America is becoming a ruling class and they've made enough money by hiring cheap illegal labor that they think they also have some kind of a right to cheap servants to manicure their nails and their lawn, for example.

"So this ruling class, this new ruling class of America, is expanding a servant class in America at the expense of the middle class of America, the blue collar of America that used to be able to punch a time clock, buy a modest house and raise their families. ... Those young people are cut out of this process."

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Rep. J.D. Hayworth (news, bio, voting record) of Arizona and others said Republicans would pay a price in the midterm elections if they vote for anything like the Senate legislation. "Many of those who have stood for the Republican Party for the last decade are not only angry. They will be absent in November," he said.

Rohrabacher said Americans should be able to "smell the foul odor that's coming out of the U.S. Senate."

Asked a few moments later whether the same odor was emanating from the president, he said, "I have no comment."

Rohrabacher, King and others stood at a podium decorated with a bumper sticker reading "Say No to Amnesty," as the Senate slogged through a second suspenseless day of debate.

The only vote of the day came on a proposal by Frist for a study of the number and causes of deaths at the U.S.-Mexico border. It passed 94-0.

The more difficult choices lie ahead next week, when critics of the bill are expected to try to strip out the guest worker provision and roll back the provisions relating to 11 million illegal immigrants already here.

Sen. Arlen Specter (news, bio, voting record), R-Pa., the chairman of the Judiciary Committee, has said repeatedly he hopes to find a compromise that is more broadly acceptable than the legislation that cleared his committee over the objections of six Republicans.

"There's a movement afoot to find consensus," said Sen. Lindsey Graham (news, bio, voting record), R-S.C., who voted for the bill that cleared committee.

He said the president's statements "have been hugely helpful."

Immigration Divides Allies (WP)

By Jonathan Weisman

The Washington Post, March 31, 2006

New economic research that pits native-born workers against low-skilled immigrants in a struggle for jobs and wages has fueled a rift between some of Washington's most liberal lawmakers and their allies in economics and labor, who fear that the Democratic Party is pushing an immigration policy that forsakes the party's working-class mainstay.

The quarrel comes as the Senate debates a proposal to bring millions of immigrants into the legal workforce. A growing body of economic research contends that the recent surge of foreign workers has depressed wages for low-skilled workers, especially for high school dropouts, and has even begun displacing native-born workers. That benefits employers, higher-income consumers and the economy at large, but it may exacerbate the problems of the working class.

"What immigration really does is redistribute wealth away from workers toward employers," said George J. Borjas, an economist at Harvard University's John F. Kennedy School of Government.

As with so many economic quandaries, other researchers have come to virtually the opposite conclusion. Those economists maintain that an expanding economy, spurred in part by plentiful low-wage labor, has created more jobs on the bottom of the income chain, absorbing the new immigrants with little or no impact on wages.

But the work of Borjas and other economists is becoming a wedge in the Democratic Party. Citing Borjas's work, Sen. Byron L. Dorgan (D-N.D.) denounced the Senate immigration bill yesterday, saying: "This is clearly a corporate strategy to keep wages low. It clearly will replace the jobs of American workers."

At issue is a guest-worker provision that would allow hundreds of thousands of foreign workers legal access to the U.S. labor market each year and the impact those new low-wage workers would have on stagnant wages. An unusual coalition of business groups, immigration advocates and labor unions with large immigrant memberships have come together to support the guest-worker program proposed by Sens. Edward M. Kennedy (D-Mass.) and John McCain (R-Ariz.).

Kennedy, the Senate's liberal lion and an unflagging ally of organized labor, says the legislation he co-wrote would help all low-wage workers by applying minimum-wage laws and other workplace protections to immigrants and undocumented workers, who are often exploited.

The AFL-CIO and many economists strongly disagree.

Guest-worker programs "cast workers into a perennial second-class status and unfairly put their fates into their employers' hands, creating a situation ripe for exploitation," AFL-CIO President John J. Sweeney said this week. "They encourage employers

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to turn good jobs into temporary jobs at reduced wages and diminished working conditions and contribute to the growing class of workers laboring in poverty."

Over the past decade, economists such as Borjas have examined the impact of a surge of illegal immigration on wages and the economy at large. Most agree that the influx has had a small but positive impact on the national economy, holding down consumer prices, improving the productivity of the workforce and increasing demand for goods and services.

Upper-middle-class consumers can dine at restaurants, stay at hotels, and have their cars hand-washed and their house windows cleaned for far less than they would without illegal immigration. An abundant supply of low-wage workers may have spurred more investment in labor-intensive businesses. Giovanni Peri, an economist at the University of California at Davis, estimates that immigration in the 1990s actually boosted the average wage of native workers by 1.1 percent.

"The fact is the economies of Texas, Illinois, California, New York, and half the country would collapse if tomorrow we could click our fingers and have every undocumented worker out of the country," said Steven M. Ladik, an immigration lawyer with Jenkens & Gilchrist in Dallas. "Construction, hospitality, the medical industry, manufacturing -- all these key segments of our economy are dependent upon these people."

But some of those macroeconomic gains have come at the expense of low-wage workers, especially the 10 percent of the labor force that dropped out of high school. In recent years, competition from low-skilled immigrant workers has reduced the wages of high school dropouts by as much as 8 percent, Borjas said. For a worker earning $20,000 a year, such a drop can be substantial.

Looking at annual earnings, the percentage losses are in the double digits, said Andrew Sum, director of Northeastern University's Center for Labor Market Studies, because jobs that once provided year-round employment are increasingly becoming temporary.

A Northeastern University study found that nearly 86 percent of all newly employed workers hired from 2000 to 2005 were immigrants. For men, the statistics were more stark. In that time, the labor market for men rose by 2.66 million while 2.77 million foreign-born men found work. In other words, Sum said, immigrants have begun replacing native-born male workers.

"Young guys are being displaced by immigrants," he said. "Some of my good liberal friends take issue, but if you're a young worker under 25, poorly educated, probably African American, the higher the share of new immigrants in your community, the worse your employment prospects are becoming."

Critics say competition for low-wage jobs would only increase under the legislation approved by the Senate Judiciary Committee this week, which would not only allow undocumented workers to find lawful jobs but would also offer 400,000 temporary work visas annually to foreign workers.

"What they're doing is increasing the pool of people eligible to compete for the very limited resources that are available for people at the bottom," said Carol M. Swain, a political scientist and law professor at Vanderbilt University. "The obligation of the nation should be for the people who have been here for decades."

Not all economists see it that way. David Card, an economist at the University of California at Berkeley, said the recent surge of low-wage immigration has had virtually no impact on wages. That may be because the presence of abundant, low-skilled workers has allowed companies to expand to absorb them. Higher profits at a restaurant allows an owner to open another one. Ethan G. Lewis, an economist at the Federal Reserve Bank of Philadelphia, suggested that companies are forsaking adoption of new technologies in favor of old-fashioned labor -- a trend that would help absorb low-skilled immigrants but could hurt innovation and high-wage work in the long run.

Most See Visa Program As Severely Flawed (WP)

By S. Mitra Kalita

The Washington Post, March 31, 2006

Somewhere in the debate over immigration and the future of illegal workers, another, less-publicized fight is being waged over those who toil in air-conditioned offices, earn up to six-figure salaries and spend their days programming and punching code.

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They are foreign workers who arrive on H-1B visas, mostly young men from India and China tapped for skilled jobs such as software engineers and systems analysts. Unlike seasonal guest workers who stay for about 10 months, H-1B workers stay as long as six years. By then, they must obtain a green card or go back home.

Yesterday, the House Judiciary Committee heard testimony for and against expanding the H-1B program. This week, the Senate Judiciary Committee approved legislation that would increase the H-1B cap to 115,000 from 65,000 and allow some foreign students to bypass the program altogether and immediately get sponsored for green cards, which allow immigrants to be permanent residents, free to live and work in the United States.

But underlying the arguments is a belief, even among the workers themselves, that the current H-1B program is severely flawed.

Opponents say the highly skilled foreign workers compete with and depress the wages of native-born Americans.

Supporters say foreign workers stimulate the economy, create more opportunities for their U.S. counterparts and prevent jobs from being outsourced overseas. The problem, they say, is the cumbersome process: Immigrants often spend six years as guest workers and then wait for green card sponsorship and approval.

At the House committee hearing yesterday, Stuart Anderson, executive director of the National Foundation for American Policy, a nonprofit research group, spoke in favor of raising the cap. Still, he said in an interview, the H-1B visa is far from ideal. "What you want to have is a system where people can get hired directly on green cards in 30 to 60 days," he said.

Economists seem divided on whether highly skilled immigrants depress wages for U.S. workers. In 2003, a study for the Federal Reserve Bank of Atlanta found no effect on salaries, with an average income for both H-1B and American computer programmers of $55,000.

Still, the study by Madeline Zavodny, now an economics professor at Agnes Scott College in Decatur, Ga., concluded "that unemployment was higher as a result of these H-1B workers."

In a working paper released this week, Harvard University economist George J. Borjas studied the wages of foreigners and native-born Americans with doctorates, concluding that the foreigners lowered the wages of competing workers by 3 to 4 percent. He said he suspected that his conclusion also measured the effects of H-1B visas.

"If there is a demand for engineers and no foreigners to take those jobs, salaries would shoot through the roof and make that very attractive for Americans," Borjas said.

The Institute of Electrical and Electronics Engineers-USA says H-1B salaries are lower. "Those who are here on H-1B visas are being worked as indentured servants. They are being paid $13,000 less in the engineering and science worlds," said Ralph W. Wyndrum Jr., president of the advocacy group for technical professionals, which favors green-card-based immigration, but only for exceptional candidates.

Wyndrum said the current system allows foreign skilled workers to "take jobs away from equally good American engineers and scientists." He based his statements about salary disparities on a December report by John Miano, a software engineer, who favors tighter immigration controls. Miano spoke at the House hearing and cited figures from the Occupational Employment Statistics program that show U.S. computer programmers earn an average $65,000 a year, compared with $52,000 for H-1B programmers.

"Is it really a guest-worker program since most people want to stay here? Miano said in an interview. "There is direct displacement of American workers."

Those who recruit and hire retort that a global economy mandates finding the best employees in the world, not just the United States. And because green-card caps are allocated equally among countries (India and China are backlogged, for example), the H-1B becomes the easiest way to hire foreigners.

It is not always easy. Last year, Razorsight Corp., a technology company with offices in Fairfax and Bangalore, India, tried to sponsor more H-1B visas -- but they already were exhausted for the year. Currently, the company has 12 H-1B workers on a U.S. staff of 100, earning $80,000 to $120,000 a year.

Charlie Thomas, Razorsight's chief executive, said the cap should be based on market demand. "It's absolutely essential for us to have access to a global talent," he said. "If your product isn't the best it can be with the best cost structure and development, then someone else will do it. And that someone else may not be a U.S.-based company."

Because H-1B holders can switch employers to sponsor their visas, some workers said they demand salary increases along the way. But once a company sponsors their green cards, workers say they don't expect to be promoted or given a raise.

Now some H-1B holders are watching to see how Congress treats the millions of immigrants who crossed the borders through stealthier means.

Sameer Chandra, 30, who lives in Fairfax and works as a systems analyst on an H-1B visa, said he is concerned that Congress might make it easier for immigrants who entered the U.S. illegally to get a green card than people like him. "What is the point of staying here legally?" he said.

His Houston-based company has sponsored his green card, and Chandra said he hopes it is processed quickly. If it is not, he said, he will return to India. "There's a lot of opportunities there in my country."

Houston Students Protest (NYT/AP)

By The Associated Press

The New York Times, March 31, 2006

HOUSTON, March 30 (AP) — Dozens of students were arrested or cited on Thursday and a principal was disciplined for flying a Mexican flag in front of the school as protests continued in Texas over immigration legislation in Congress.

A spokesman for the school district would not say how the principal, Robert Pambello, would be disciplined. Mr. Pambello is the principal at Reagan High School, where 88 percent of the students are Hispanic.

The students who were arrested were among thousands in Texas and elsewhere who left class this week to rally in support of immigrants.

They were arrested after 150 students left class and refused to get on buses to return, Lt. Robert Manzo of the Houston police said. The police arrested 26 students there, and 5 ran away and were later found in a parking lot. All were charged with violating the curfew ordinance, and one, a 19-year-old, was arrested for hindering traffic, Lieutenant Manzo said.

The Houston school district police issued curfew violation citations to 67 other students.

Student Protests Grow, Spread To Md. (WP)

By Tara Bahrampour And Jamie Stockwell

The Washington Post, March 31, 2006

Demonstrations among high schoolers and middle schoolers spread yesterday as 1,500 students in Northern Virginia and a smaller group in Maryland poured into the streets to protest proposed federal legislation that would crack down on illegal immigrants.

Draped in flags of Latin American countries and ignoring threats from some school administrators, students from Arlington County, Fairfax County and Falls Church left school -- or skipped going altogether -- to converge at Ballston Metro and march to Courthouse Plaza in Arlington.

Although several District and Maryland schools have significant Latino populations, students in these areas have been slower to protest. Yesterday, however, about 300 students at Albert Einstein High School in Kensington staged a brief walkout.

It was the third time this week that large numbers of Northern Virginia students have joined nationwide protests against proposed legislation that would make being an illegal immigrant a felony and make it a crime to assist them.

Yesterday's walkouts elicited a variety of responses from school officials, from nods of support from principals and teachers to threats of suspension from district officials.

Many students said they worried their parents could be deported after years -- or decades -- of working and paying taxes in the United States.

"We're fighting for our parents and their rights 'cause they fight for us," said Jessica Montufar, 17, a junior at Washington-Lee High School in Arlington, "GUATEMALA" written on her arm in black marker.

Montufar, whose parents emigrated from Guatemala 20 years ago, said as a U.S. citizen it was her responsibility to speak out for them. "Our parents, if they would be out here protesting, they have a fear that they could be sent back," she said.

At Courthouse Plaza, students held placards that denounced House Resolution 4437 and shouted, "America was built by immigrants!" and "We are not criminals!"

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Kellie Mylko, 15, a sophomore at Washington-Lee, said she helped organize the effort to show that students "have a voice."

"We are the next major bloc of voters," she said. "They need to know what we think."

As with protests earlier this week, students learned of the action by word of mouth, fliers, text messages, and the Web site MySpace.com.

Apparently worried that schools would bar students from leaving, one flier's author warned students not to enter school buildings. However, school officials in Arlington, Fairfax and Falls Church said students were not locked in or prevented from leaving. In fact, Bob Snee, principal of George Mason High School in Falls Church, said some parents had called to approve their children's departures, making their absences excused. Prince William and Fairfax counties have similar policies.

In Arlington, absences for protests are considered unexcused, regardless of parental permission. Arlington schools spokeswoman Linda Erdos said one unexcused absence on an otherwise good record would not hurt a student, but chronic absences would lower grades and could lead to in-school suspensions. Erdos said 600 to 700 Arlington students, including 60 middle schoolers, joined yesterday's march.

Some Fairfax students said they had heard students with unexcused absences could face suspension or, for organizers, expulsion. Fairfax schools spokesman Paul Regnier said it was too early to know what the punishments would be.

In Prince William County, school officials said that, effective Wednesday, students with unexcused absences due to protests would be suspended until a meeting could be arranged with their parents to decide on a punishment.

But Arlington students said many faculty members were supportive. "On Tuesday [when a similar march took place] one of our vice principals said that he was really proud of us," said Elizabeth Raftery, 18, a senior at Wakefield High School.

And at Montgomery County's Einstein, one student reported that many teachers left their classrooms and clapped to show support.

In a letter to parents yesterday, Arlington School Superintendent Robert G. Smith said that "demonstrations regarding civic issues represent a longstanding tradition in our democratic society," but encouraged students to protest outside school hours. Protests were planned today by students from other Northern Virginia schools.

In Arlington, more than 100 police officers from Arlington, the Pentagon, Fairfax County and the state watched over the march, said Arlington police spokesman Matt Martin, adding that the hour-long protest was peaceful. Afterward, students were ferried back to their schools in buses sent by their districts.

Linda Slape, 14, a freshman at Wakefield and an organizer, said she was not worried about missing class.

"This is more important, because this is now and school is for the next four years," she said. "We want to do something that makes a difference today."

Principal Raises Mexican Flag, Faces Discipline (WT)

By Valerie Richardson

The Washington Times, March 31, 2006

HOUSTON -- A high-school principal who raised the Mexican flag on a campus flagpole as a show of support for Hispanic students was disciplined yesterday as the school district grappled with massive student walkouts.

Robert Pambello, principal of John H. Reagan High School in Houston, received "appropriate disciplinary action," said Terry Abbott, a spokesman for the Houston Independent School District, adding that no details would be released because it was a personnel matter.

Mr. Abbott said the principal was attempting to avert a walkout sparked by the debate over immigration reform in Congress by agreeing to raise the distinctive red, green and white flag Wednesday in exchange for students' staying in class.

"He was working with students at the school to try to avoid a walkout situation by raising the Mexican flag underneath the American and Texas flags," Mr. Abbott said. "They didn't walk out, but it was the wrong thing to do."

Mr. Abbott, who described the principal as "a good educator with a good record," said Mr. Pambello lowered the flag immediately after receiving word from the school district.

"As soon as word reached us, we called and told him to take it down, and he did," the spokesman said.

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The flying of the Mexican flag came during a week of protests and walkouts nationwide among Hispanic students and other critics of legislation that would erect barriers at the U.S. border with Mexico to prevent illegal entry.

In Houston yesterday, Superintendent Abelardo Saavedra urged students to stay in school after 1,400 left classes over a three-day period, and suggested that they stage rallies before or after classes instead. Police arrested 26 student protesters yesterday for curfew violations.

Those who continue to walk out will be "severely disciplined," Mr. Abbott said. The district has 208,000 students, 58 percent of whom are Hispanic.

Flying the Mexican flag has become a flash point, particularly in border states, among those who feel overwhelmed by the number of foreigners illegally entering the United States. In Houston, the flag-flying episode fueled a backlash on local talk radio among callers who saw the move as an attack on U.S. sovereignty.

"I don't like having any foreign flag shoved in my face while someone tries to bully me into doing something," KTRH-AM talk-show host Chris Baker said.

Raul Ramos, a history professor at the University of Houston, called the furor "overblown," saying that displaying the Mexican flag alongside the U.S. flag historically has been regarded as a symbol of partnership.

"Flying the flag is a ceremonial practice. In this case, the Mexican flag has nothing to do with citizenship or politics; it has to do with ethnic pride," Mr. Ramos said.

Even so, he said he received a half-dozen critical e-mails after similar comments on the flag incident appeared recently in the Houston Chronicle.

"I've got one that says, 'You should be fired and sent back to Mexico,' " said Mr. Ramos, who was born in the United States.

Immigration And The GOP (WSJ)

The Wall Street Journal, March 31, 2006

As Congress battles over immigration, the consequences are likely to be far greater than the details of border walls or green cards. The most important political outcome may turn out to be the message that Republicans send about the kind of the party they are and hope to be.

To wit, do Republicans want to continue in the Reagan tradition of American optimism and faith in assimilation that sends a message of inclusiveness to all races? Or will they take another one of their historical detours into a cramped, exclusionary policy that tells millions of new immigrants, and especially Hispanics, that they belong somewhere else?

Admittedly that paints with a broad brush, but politics is often about broad symbolism, and this is roughly the Republican choice presented by President Bush's approach on the one hand, and that of Tom Tancredo and his platoon of talk-show hosts and Tory columnists on the other.

Let us quickly say that not every American concerned about immigration is part of the latter group. The breadth of new immigration, legal and illegal, in recent years has literally changed the face of America. Our own view is that this has been mostly for the better -- in revitalized inner cities, a younger workforce to fuel a dynamic economy, and in general helping America avoid the senescent future of other industrial nations.

But there have also been costs, and parts of America have borne more than have others. The border states in particular have experienced more crime and social disruption, as well as the cost to local taxpayers of "free" health care and education for illegal immigrants. To the extent they work and pay rent, illegals do pay for those government services. But we don't dismiss lightly the anxiety that many Americans feel at this rapid pace of demographic change. Well meaning politicians, such as Arizona Senator Jon Kyl, who feel obliged to respond to that anxiety in this election year are not part of the nativist brigades.

The issue is the form and message that response takes. For Republicans in the House especially, the approach has been to send the most punitive message possible to both illegals and anyone who assists or hires them, no matter how innocently. They're backed by a small but vocal band of "conservative" media who denounce any rational idea for legalizing the 11 million illegals already in the U.S. as "amnesty."

Never mind that even under the most liberal proposals now in Congress, current illegals would have to pay a fine, learn English, and wait upward of a decade to qualify for citizenship. And no matter that these pseudo-conservatives have no alternative

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policy, other than to arrest and deport millions in a way that would cause far more social and economic disruption than we have now.

Such a punitive policy would alienate business owners and religious conservatives among the GOP base. But because the policy is aimed largely at Hispanic immigrants, it will also rightly be seen as a specific ethnic rebuke. Millions of Hispanics -- both illegals and those who have been here for decades -- will get the message that the Republican Party doesn't want them. Those Republicans who shout "no amnesty" and want to make illegally crossing the Rio Grande a felony are well on their way to creating a generation or more of new Democratic voters.

This is a mistake Republicans have made too many times before. In the 1920s, their anti-immigration bills alienated Catholic newcomers from Europe, who weren't open to GOP appeals in any numbers until the Reagan years. In postwar Hawaii, Republicans made the same mistake with Asians and Pacific islanders, turning that state safely Democratic. And most recently, in 1994 in California, they rode Pete Wilson's Proposition 187 to a short-term re-election victory but at the cost of polarizing Hispanic voters and making themselves the minority party in our largest state.

First as Texas Governor and then in the White House, Mr. Bush has wisely tried to change this anti-immigration image of the GOP. Among Hispanics in particular, he has made enormous progress. Bob Dole won 21% of the Hispanic vote in 1996, Mr. Bush improved that to 35% in 2000 and again to 44% in 2004. Given that the Hispanic share of the electorate has climbed to 8% in 2004 from 2% 20 years ago, and is likely to climb to 12% by 2020, Republicans who ignore Hispanic voters are guaranteeing themselves future political defeats.

Yes, some pundits insist, often in their own immigrant accents, that every naturalized Hispanic is a future Democratic voter. But Hispanics have never been the political monolith that African-Americans are. Cubans have voted Republican since they started migrating in the Castro era, and millions of other Hispanics have shown they are as open to GOP appeals as any other ethnic group as they rise in income and homeownership. But conservative ideas on taxes, crime and foreign policy will never get a future hearing if Republicans now send a message that they are only a party of Anglos, or only of those Hispanics who've been here since the days of the Alamo. * * *

The immediate danger is that Republicans will ignore their longer-term interests by passing a punitive, and poll-driven, anti-immigration bill this election year. Any bill that merely harasses immigrants and employers, and stacks more cops on the border, may win cheers in the right-wing blogosphere. However, it will do nothing to address the economic incentives that will continue to exist for poor migrants to come to America to feed their families. And it will make permanent enemies of millions of Hispanics, without doing anything to draw illegals out of the shadows and help them assimilate into the mainstream of American culture and citizenship.

This is not Ronald Reagan's view of America as a "shining city on a hill." It is the chauvinist conservatism usually associated with the European right. How Republicans conduct and conclude their immigration debate will show the country which kind of "conservative" party they want to be.

California's Enlightened Duo (LAT)

The Los Angeles Times, March 31, 2006

CALIFORNIA'S TWO SENATORS HAVE not distinguished themselves in recent years on immigration issues, but this week it has been heartening to see them on the correct side of the momentous debate in the Senate. California is an iconic state of immigrants in this iconic nation of immigrants, and its representatives in Washington should be on the side of enlightened reform.

Within the last few weeks, Democrats Barbara Boxer and Dianne Feinstein have gone from skeptical to supportive on comprehensive reform. In late February, when the Senate began to confront in earnest the issue of a guest-worker program for current and future immigrants, Boxer and Feinstein weren't biting. Feinstein only would support an agricultural guest-worker program, despite having rejected a somewhat similar initiative in April 2005.

But this week, both senators came out swinging in favor of a broader guest-worker program. Feinstein has been especially inspiring. Two of her amendments won approval in the Judiciary Committee: the agricultural guest-worker program and a measure to criminalize building border tunnels.

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And in an eloquent speech on the floor of the Senate on Thursday, she pointed out that the chamber's compromise bill (in contrast with the measure passed by the House) is a security-enhancing bill that also addresses "the very real needs of our economy." Feinstein drew on her experience studying the agricultural industry — she has met with farm owners and farmworkers. She talked about asking each of California's 58 county welfare departments to post job openings in agriculture in a push to attract U.S. workers, only to find that not one person responded to the advertisements.

Feinstein went on to praise the much-demonized undocumented workers at the center of the debate. Speaking of one family, the Plascencias, she said: "This family has worked hard to achieve the financial security their children now enjoy. This includes a home they purchased three years ago in San Bruno. They own their car. They have medical insurance. And they have paid their taxes. It is very clear to me, and I think to a majority of Americans, that this family has embraced the American dream, and their continued presence in our country would do much to enhance the values we hold dear."

Feinstein acknowledged the importance of the moment: "We have an opportunity to chart a new destiny for a lot of people." And she and Boxer have an opportunity to chart a new legacy for themselves — as senators who were on the right side of history.

Immigration Reform: Benefits Vs. Liabilities (USAT)

USA Today, March 31, 2006

What people are saying about the immigrant issue:

Parsons (Kan.) Sun, in a signed editorial by Ann Charles: "There is more than enough discussion going on right now about illegal immigrants and congressional proposals to stop them, punish them and export them. Unfortunately, much of that discussion is based on gut feelings rather than rational thinking. ... While a U.S. House-passed bill would make the presence of these laborers a felony and require fencing 700 miles of the border along Mexico, the reality of that would cause an earthquake in the U.S. economy. This isn't to say that illegal workers should be ignored, but one only has to listen to the voices at booming construction sites to know that housing complexes are being built by them. They are also the ones who make hotel beds, change towels, provide landscaping and yard services and vacuum Corporate America. ... Knock out 8 million of those jobs with the passage of a poorly thought out piece of feel-good, American chest-beating legislation, and the immediate consequences to the economy would be devastating."

Middletown (Ohio) Journal, in an editorial: "The federal government's unwillingness to secure our borders and to stop the steady rush of people illegally coming into the United States threatens to overwhelm local communities' resources, services and employment opportunities. The numbers of illegal immigrants are so great that nearly every state in the Union has been affected. ... It's time for Congress and the White House to do their jobs."

Desert Dispatch, Barstow, Calif., in an editorial: "A realistic approach to immigration is necessary. On one hand, it's simply ludicrous to think there's any way we would be able to round up millions of illegal immigrants and remove them from the country in the first place, and parts of our economy would stop functioning even if we could. On the other hand, it's absolutely irrational to ignore the security problems the nation faces by having millions of people in the country essentially outside 'the system,' undocumented and unknown individuals. While some worry about crimes caused by illegal immigrants, it's also worth noting that their undocumented status also makes it harder for them to get help when they're the victims. A guest-worker program is probably the smartest, most rational way of splitting the difference. Those immigrants committed to contributing to our nation's economy will be rewarded. Those who are a drain on our nation will not."

Jay Bookman, deputy editorial page editor of The Atlanta Journal-Constitution, in a column: "The modern era of runaway, all-but-unregulated illegal immigration has a birthday — May 13, 1998. ... On that date, about 45 federal immigration officials launched a raid on the Vidalia onion fields of southeast Georgia, where thousands of workers — 70% to 90% of them illegal — had been brought to pick the crop. But instead of being lauded for enforcing the law, the Immigration and Naturalization Service came under blistering attack from Georgia's congressional delegation. ... INS officials were forced to halt the raid and take the extraordinary step of granting 'temporary amnesty' to the illegal workers it had arrested so they could go back to picking onions. ... From that point forward, the INS abandoned any serious effort to enforce federal law. ... The issue of workplace enforcement is all but ignored. In truth, U.S. officials have no real interest in trying to halt the influx of illegal immigrants to this country."

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The Lufkin (Texas) Daily News, in an editorial: "It would be difficult to find even one American citizen who has not benefited in some way from the fruit of undocumented workers' labor. And with the exception of full-blooded Native Americans, every American is either descended from immigrants or is an immigrant himself. ... We don't want to do without cheap labor and low prices. We aren't willing to take low-paying, menial jobs. ... We've got to find a workable solution to this problem. 'Send them back' isn't it. Let's all just admit that, and move on."

Bastiat Knows What Frist Doesn't About Immigration (WSJ)

By Daniel Henninger

The Wall Street Journal, March 31, 2006

It was in 1924 that the men of the U.S. Congress for the first time in the nation's history explicitly inserted the word "Immigration" in the title of a national law. Until then immigration laws were more precise in their purpose -- as in the Chinese Exclusion Act of 1882. It may be considered progress of a sort that any immigration law likely to emerge from this Congress will not be titled the Mexican Exclusion Act of 2006.

Instead, the debate over the illegal presence of Mexicans and others with Hispanic surnames is said to be over "respect for the law." President Bush affirmed this in a recent radio address: "America is a nation of immigrants, and we're also a nation of laws."

"Respect for the law" is part of the American bedrock. As Alexis de Tocqueville rightly said, each voter indirectly contributes to the making of our laws, and "however irksome an enactment may be, the citizen of the United States complies with it . . . because it originates in his own authority." That is the high-road argument against the illegal Mexicans.

Another 19th-century Frenchman close to the hearts of American conservatives is Frederic Bastiat, who had a further thought: "The surest way to have the laws respected is to make them respectable." Is our immigration law "respectable"? Need you ask?

America is a nation of laws by now so numerous that it provides jobs for more lawyers per capita than any nation on earth. They serve as legal lifeguards, saving mostly honest citizens from the legal system's capricious undertow. Medical malpractice and asbestos are two areas of law for which "respect" is about zero. A law's existence requires compliance, but not respect.

Some of the anti-Mexican sentiment likely reflects an embarrassed awareness of our degraded laws, and so it has chosen to draw a line in the legal sand over immigration. That won't change the fact that U.S. immigration law is a disrespectable morass.

Swaths of American business openly ridicule the immigration law regulating so-called H-1B temporary visas for highly skilled non-citizen engineers and computer scientists. This controversial boom-and-bust employment morass exists because there is no rational system to give permanent, green-card status to these non-citizen workers and their families. Insisting on "respect" for a law that is doing damage to the nation's economy is cutting off one's nose to spite one's face. That is a bad habit.

The immigration law asking for respect is simply a system of legislated quotas, not much more than a numbers game. The people who play this game -- anyone seeking entry to the U.S. for a spouse, sibling, child or worker -- make monthly visits to the State Department's Web-based Visa Bulletin. Have a look; it actually resembles a bingo card.

Across the top of the grid are the major immigration source countries -- China, India, Mexico, the Philippines and a column for others. Down the left side are family-preference categories, such as 2A, spouses and children, who consist of "77% of the overall second preference limitation, of which 75% are exempt from the per-country limit." Each box, based on a numerical quota, lists the original application year of people nearing acceptance to enter. Filipino brothers and sisters who are now reaching the front of the line applied in 1983. The process has its own word for backlog: "retrogression." We should not be surprised or affronted that so many newcomers who've arrived via this bloodless, hostile bureaucracy then disappear into ethnic enclaves. * * *

What exactly is driving anti-immigration sentiment? Breaking the law? Securing our borders? Terrorism? Medicaid outlays? Assimilation? Distaste for Spanish-speaking Mesoamericans? Talk radio? Of all the forces that now shape politics in the U.S, only one has primacy: the polls. The Wall Street Journal/NBC poll and others have concluded that most people oppose a path to permanent legal status of illegal immigrants already here. But why?

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If you're John McCain, Bill Frist and maybe even Arizona Rep. J.D. Hayworth, who is most closely associated with the notion of building a Great Wall of Mexico, you're going to try to guess what's on voters' minds. Plumbing the mind of a congressman is beyond my ken, but the ideas of presidential candidates matter. The Frist plan, released on St. Patrick's Day, reflects these polls and presumably the GOP base. It would hammer employers of illegal immigrants with high fines and even jail time, and it offers no guest-worker provision, The McCain plan, essentially that which emerged this week from the Senate Judiciary Committee, breeds 14,000 new Border Patrol chasers but also requires the federal government to get into the guest-worker business, as it did from 1942 to 1964 with the bracero program, which rationalized worker flows.

No matter what the polls say, I think Mr. Frist's reading of the public mind is wrong, and Mr. McCain has it about right. Those polls produce about as much understanding of beliefs about immigration as did the analysis of the "moral values" vote after the 2004 election. In fact, I think the two phenomena are related.

Most Americans understand their heritage and do not want now to be "anti-immigrant." They don't want to be party to an 11-million-person round-up and deportation. What they want is a politics that takes seriously their anxieties, anxieties that involve not just immigrants but general unease about the direction of a turbulent, constantly changing U.S. culture, as in that 2004 presidential vote. So amid all that, along comes a major social movement -- 11 million "undocumented" workers. Assimilation? Heck, people who've lived here all their lives don't feel assimilated into their own culture anymore.

It's not a coincidence that the first push-back Immigration Act emerged in the Roaring Twenties, another period of abrupt social disruption and anxiety with heavy immigrant inflows from southern Europe. It may be too much to hope, but the purpose of political leadership in such times is to find a path toward our best lights rather than our darkest impulses. At the moment, Senator Frist of Tennessee isn't measuring up.

A Meltdown We Can't Even Enjoy (WP)

By Eugene Robinson

The Washington Post, March 31, 2006

It's frustrating. The three overlapping forces that have sent this country in so many wrong directions -- the conservative movement, the neoconservative movement and the Republican Party -- are warring among themselves, doing their best impression of crabs in a barrel, and sensible people can't even enjoy the spectacle. That's because it's hard to take pleasure in the havoc they've caused and the disarray they will someday leave behind.

Factions within the conservative movement have been engaged in escalating skirmishes over what, exactly, the label "conservative" should mean. This week the fight is over illegal immigration. The nativists and xenophobes want mass deportation and a Berlin Wall looming over the Rio Grande. The cultural determinists lose their studied, academic poise the moment they hear brown-skinned people speaking Spanish or see them waving a Mexican flag. Watch your blood pressure, people, because Cinco de Mayo is just a few weeks away.

The social conservatives seem to be hopelessly conflicted about immigration. They have a kind of immune-system reaction against this unchecked inflow of aliens who look suspiciously like carriers of alien values. But, as some conservative commentators have noted, the immigrants flooding across the border are more likely to have traditional, family-and-church values than many native-born Americans. Does . . . not . . . compute.

Meanwhile, the small-government, tight-money conservatives have finally reached the point of utter disgust about another issue -- the fact that George W. Bush and a conservative Congress have presided over a massive expansion of government and an explosion of debt. For this group, having to point to Bill Clinton as a model of fiscal probity redefines the word "galling."

The neoconservative civil war is simpler to map, because it's all about Iraq. After a long period of denial, even the most fervent and evangelical of the neocons are now forced to admit that this whole Iraq thing hasn't quite worked out the way they expected. Those who advocate staying the course can read the polls. They see that bringing out their dictionaries, pointing to the definition of "civil war" and splitting hairs isn't doing much to stanch the flow of public opinion.

When one of the neocon movement's stalwarts, Francis Fukuyama, declared himself a turncoat recently in a new book -- he questions not only the war but the whole premise of neoconservatism as a real-world philosophy -- his erstwhile compatriots

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reacted with the shrill bitterness of a rejected lover. It's the kind of intellectual food fight that's almost always fun to watch, except that it's about Iraq, and there's nothing funny about Iraq.

The conflict within the Republican Party is about two primal urges, fear and ambition. Suddenly there is the chance -- not the probability but the possibility -- that the Republicans will lose control of the House or the Senate this fall. At the same time, presidential hopefuls with an eye on 2008 are jockeying for position. That combination of circumstances is turning problems into crises, and crisis management is not the ideal way to run a country.

That's what is happening with immigration. Majority Leader Bill Frist has the Senate in a lather, as if all 12 million illegal immigrants in the country suddenly arrived last Thursday. I'm sure that has nothing to do with the fact that he'd like to run for president.

It would all be entertaining if the stakes weren't so high. Iraqis and Americans are dying; the treasury is bleeding; real people, not statistics, are at the center of the immigration debate. Iran is intent on joining the nuclear club. Hallowed American traditions of privacy, fairness and due process are being flouted, and thus diminished. As the powers-that-be self-destruct, the powers-that-would-be -- Democratic leaders and all Americans who've seen enough of this movie -- need to put together an alternative program that will begin to undo some of the damage the conservative-neocon-GOP nexus has wrought.

To this point, I think the Democratic Party has done just what it needed to do, which was basically to sit back and watch the other side wear itself down. When one party is in charge of the White House and both sides of Capitol Hill, there's not much the other party can do anyway. Refusing to draw up articles of impeachment or sign on to Russ Feingold's censure resolution may reflect cold political calculation, but it also acknowledges plain reality: Not gonna happen.

Democrats have behaved with remarkable discipline, which shows how much they believe they need to win this fall and in 2008. What they haven't yet done is communicate a compelling vision of where they will take the country when they are given the reins. Dry position papers, drafted by committee, aren't enough. Make us see a better future.

The Road To Dubai (NYT)

By Paul Krugman

The New York Times, March 31, 2006

For now, at least, the immigration issue is mainly hurting the Republican Party, which is divided between those who want to expel immigrants and those who want to exploit them. The only thing the two factions seem to have in common is mean-spiritedness.

But immigration remains a difficult issue for liberals. Let me say a bit more about the subject of my last column, the uncomfortable economics of immigration, then turn to what really worries me: the political implications of a large nonvoting work force.

About the economics: the crucial divide isn't between legal and illegal immigration; it's between high-skilled and low-skilled immigrants. High-skilled immigrants — say, software engineers from South Asia — are, by any criterion I can think of, good for America. But the effects of low-skilled immigration are mixed at best.

True, there are large benefits for the low-skilled migrants, who may find even a minimum-wage U.S. job a big step up. Immigration also raises the total income of native-born Americans, although reasonable estimates suggest that these gains amount to no more than a fraction of 1 percent.

But low-skilled immigration depresses the wages of less-skilled native-born Americans. And immigrants increase the demand for public services, including health care and education. Estimates indicate that low-skilled immigrants don't pay enough in taxes to cover the cost of providing these services.

All of these effects, except for the gains for the immigrants themselves, are fairly small. Some of my friends say that's the point I should stress: immigration is a wonderful thing for the immigrants, and claims that immigrants are undermining American workers and taxpayers are hugely overblown — end of story.

But it's important to be intellectually honest, even when it hurts. Moreover, what really worries me isn't the narrow economics — it's the political economy, the effects of having a disenfranchised labor force.

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Imagine, for a moment, a future in which America becomes like Kuwait or Dubai, a country where a large fraction of the work force consists of illegal immigrants or foreigners on temporary visas — and neither group has the right to vote. Surely this would be a betrayal of our democratic ideals, of government of the people, by the people. Moreover, a political system in which many workers don't count is likely to ignore workers' interests: it's likely to have a weak social safety net and to spend too little on services like health care and education.

This isn't idle speculation. Countries with high immigration tend, other things equal, to have less generous welfare states than those with low immigration. U.S. cities with ethnically diverse populations — often the result of immigration — tend to have worse public services than those with more homogeneous populations.

Of course, America isn't Dubai. But we're moving in that direction. As of 2002, according to the Urban Institute, 14 percent of U.S. workers, and 20 percent of low-wage workers, were immigrants. Only a third of these immigrant workers were naturalized citizens. So we already have a large disenfranchised work force, and it's growing rapidly. The goal of immigration reform should be to reverse that trend.

So what do I think of the Senate Judiciary Committee's proposal, which is derived from a plan sponsored by John McCain and Ted Kennedy? I'm all in favor of one provision: offering those already here a possible route to permanent residency and citizenship. Since we aren't going to deport more than 10 million people, we need to integrate those people into our society.

But I'm puzzled by the plan to create a permanent guest-worker program, one that would admit 400,000 more workers a year (and you know that business interests would immediately start lobbying for an increase in that number). Isn't institutionalizing a disenfranchised work force a big step away from democracy?

For a hard-line economic conservative like Mr. McCain, the advantages to employers of a cheap work force may be more important than the violation of democratic principles. But why would someone like Mr. Kennedy go along? Is the point to help potential immigrants, or is it to buy support from business interests?

Either way, it's a dangerous route to go down. America's political system is already a lot less democratic in practice than it is on paper, and creating a permanent nonvoting working class would make things worse. The road to Dubai may be paved with good intentions.

TAX:

Judge Questions Clarity Of Prosecution's Tax-Shelter Case (NYT)

By Lynnley Browning

The New York Times, March 31, 2006

A federal judge raised questions yesterday about the prosecution of 16 former KPMG employees over aggressive tax shelters, criticizing prosecutors for what he called murky definitions of fraud and evasion.

The judge, Lewis A. Kaplan of Federal District Court in Manhattan, said he was confused by what prosecutors said was a conspiracy by the defendants to make and sell aggressive shelters that allowed hundreds of wealthy investors to evade $2.5 billion in taxes from 1996 to 2002.

"Was the fraud and evasion in the execution or the design" of the shelters, Judge Kaplan asked during a hearing held to consider defense motions to drop or alter some charges.

Judge Kaplan made no ruling yesterday; he is expected to issue orders on the motions in coming weeks.

The case — with 16 former employees of the accounting firm KPMG, an outside lawyer and an investment adviser as defendants — is unusually large and dauntingly complex. The defendants are scheduled to stand trial in September. Their lawyers say their clients acted lawfully and appropriately.

Yesterday, Judge Kaplan asked prosecutors if they would consider dropping some of the 39 counts of tax evasion and limiting the evidence to be introduced during the trial, "in the interest of getting this thing tried in a single human life span."

Prosecutors say the defendants made, sold and in some cases used for themselves certain tax shelters that they knew would not pass muster with the Internal Revenue Service. They are also charged with cheating on their own and others' tax returns and with lying to government investigators. Not all defendants face the same charges.

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One of the original defendants, David Rivkin, a former partner in KPMG's office in San Diego, pleaded guilty last week and agreed to cooperate with prosecutors against the remaining defendants.

Judge Kaplan also questioned aspects of an influential Justice Department memorandum that lays out guidelines on prosecutions of corporations. That document, known as the Thompson memorandum, drafted in 2003 by a deputy attorney general, Larry Thompson, advises prosecutors to grant more lenient treatment to firms facing indictment if they forgo paying the legal fees of potentially culpable employees.

"Frankly, I'm very bothered by it," the judge said, saying the document "puts the government's thumb on the scales" and raises questions about the Sixth Amendment constitutional right to legal representation.

KPMG narrowly avoided indictment and instead reached a $456 million deferred-prosecution agreement in August, in the process admitting criminal wrongdoing and agreeing to cooperate with investigators. But around the same time, KPMG, aware that some of its employees were about to be indicted, ended its longstanding practice of advancing legal fees of as much as $400,000 an employee.

"I find it shameful that the fees haven't been advanced," Judge Kaplan said. "The reality is that you are depriving people of counsel, or at least interfering or impairing."

Some lawyers for the defendants argued yesterday that their clients would go bankrupt financing their defense. One of the defendants, David Greenberg, a former senior tax partner at KPMG, has been unable to come up with the $25 million in bail needed to get out of jail, and appeared at the hearing in prison garb.

In court papers and oral arguments, prosecutors have repeatedly described the complex shelters as consisting of sham and fraudulent transactions, like phantom loans and investments, that generated artificial losses. Investors then cited these to claim tax losses against legitimate income. Lawyers for the defendants argue that they had thought the shelters were legitimate.

To Judge Kaplan's question of whether fraud and evasion occurred in the design or in the carrying out of the shelters, Justin Weddle, an assistant United States attorney, answered, "Both."

No court has ruled the shelters illegal, but the I.R.S. has never considered them valid for deductions.

Nonetheless, Steven Bauer, a lawyer who represents John Larson, a former KPMG partner who is one of the 18 defendants, said prosecutors had withheld important information detailing, among other things, debate inside the I.R.S. over whether the shelters were legitimate.

Judge Kaplan ordered the prosecution to turn over any withheld information.

Lawyers Argue KPMG Motions (WSJ)

By Paul Davies And Judith Burns

The Wall Street Journal, March 31, 2006

Federal prosecutors and lawyers for 18 defendants facing criminal charges over the sale of questionable tax shelters by KPMG LLP packed a Manhattan courtroom yesterday to argue over motions expected to impact the shape and scope of the case -- and whether it will go forward.

The defendants want the charges dropped, arguing they believed the tax shelters were legal. Prosecutors contend the shelters were sham products designed, sold and implemented to improperly avoid paying taxes. The shelters were sold to about 600 wealthy individuals from 1996 to 2002 and generated about $2.5 billion in tax savings, prosecutors say.

Lawyers for the defendants argued that a separate settlement KPMG reached with prosecutors last year has hampered their clients' defense. The deferred-prosecution agreement required KPMG to admit to criminal wrongdoing and pay $456 million to avoid a criminal indictment that probably would have put the firm out of business. It makes it difficult to get current KPMG employees to testify freely about the case, say defense lawyers.

They also claim prosecutors pressured KPMG into not paying legal costs for those who were indicted. Assistant U.S. Attorney Justin Weddle said the government played no role in KPMG's decision.

But U.S. District Judge Lewis Kaplan said he was "bothered" by the government's influence on KPMG's decision. "I think it's shameful and may be worse than that," Judge Kaplan said.

Separately, three former KPMG auditors settled with the Securities and Exchange Commission over the 2002 audit of Tenet Healthcare Corp. No fines were imposed.

How H&R Block Took Advantage Of Clients (WSJ)

The Wall Street Journal, March 31, 2006

In your March 24 editorial "The Spitzer Savings Plan" you reported that I was upset at the H&R Block Co.

That much is true.

Compared with the array of frauds my office has uncovered -- including biased stock research, improper trading of mutual funds and bid-rigging in the insurance industry -- H&R Block's conduct was in certain ways particularly egregious.

That's because the company was preying on lower-income people, steering them into individual retirement accounts that were virtually guaranteed to lose money because of high fees and low interest rates. And H&R Block had the audacity to suggest that it was actually doing people a favor. Here are the facts to show why that claim is absurd:

H&R Block told its tax preparation customers that its Express IRA "paid great rates" and was a "better way to save." Some 500,000 people signed up. But instead of receiving "great rates," the Express IRA actually paid less than 1% interest at times.

Most importantly, and this is the core of our case, H&R Block failed to tell customers that the Express IRA had substantial fees: a $15 account opening fee; a tax computing fee of up to $20; a $10 account maintenance fee; a $15 re-contribution fee; and a $75 withdrawal fee (later reduced to $25). Customers had no idea that when added together, the fees would exceed the interest paid for 85% of people who opened accounts.

Internal documents show that H&R Block's own tax preparers were appalled by this product and refused to recommend it because "clients won't be happy seeing their investments decreasing."

And the company's own CEO is on record acknowledging that his employees objected to the product because it would just "nickel and dime" their customers, but management went on touting this product without disclosing all the fees.

No true champion of free enterprise, as the Journal purports to be, would defend the failure to properly disclose fees to customers. And no one truly interested in encouraging people to save would recommend H&R Block's Express IRA. After all, how does losing money encourage anyone to save?

Finally, contrary to your characterizations, this case could easily have been settled if the company had simply agreed to return the undisclosed fees.

And for the record, I always get upset when I see people being cheated.

Eliot Spitzer
Attorney General
State of New York
Albany, N.Y.

CONGRESS-ADMINISTRATION:

Some Speculate On Snow's Treasury Future (AP-Y2)

By Jeannine Aversa

AP2, March 30, 2006

The changing of the guard involving President Bush's chief of staff is renewing speculation about the fate of Treasury Secretary John Snow, the administration's lead economic salesman for three years.

"The president appreciates the job his economic team is doing," White House press secretary Scott McClellan told reporters Thursday, when asked about a New York Times story which said that Joshua Bolten, Bush's incoming chief of staff, wanted to make changes to the economics team and wanted to replace Snow. The Times cited unidentified sources for its story.

McClellan didn't rule out changes at the helm of Treasury, saying Bolten has the authority to recommend personnel changes throughout the Bush administration. But, McClellan added: "Any speculation at this point is way premature."

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Bush announced on Tuesday that Bolten, the White House's budget director, would succeed longtime chief of staff Andy Card in mid April.

Snow, 66, took the top Treasury job after the president fired his first Treasury secretary, Paul O'Neill, whose blunt-speaking ways came to irk the White House as well as some Republican and Democratic lawmakers in Congress.

Amid the fresh speculation Thursday that his job could be in jeopardy, Snow said only: "I don't think it's helpful to make a comment on rumors from nameless sources."

A holder of a Ph.D in economics as well as a law degree, Snow had been chief of railroad giant CSX Corp. before taking over Treasury.

He arrived when the U.S. economy was still struggling to get back to full throttle after the 2001 recession and the nation's job market remained in fragile condition. During his tenure, the economy grew stronger and eventually the job market did, too.

Snow has traveled around the country and participated in TV and radio interviews promoting the president's economic policies — including advocacy for a series of tax cuts and for Congress to make them permanent, tax simplification and overhauling Social Security — which stalled out in Congress as Republicans and Democrats balked.

The Treasury secretary also plays an important role in international financial matters. Treasury spokesman Tony Fratto noted that Snow is gearing up for the meeting of the world's richest nations in Washington in late April.

The Treasury secretary also has an extensive travel schedule planned, Fratto said.

Shakeup's Follow-up: Cheney To The NFL? (USAT)

By Al Neuharth

USA Today, March 31, 2006

The Oval Office shakeup that President Bush's critics — and some of his close friends — have been calling for started this week with the "resignation" of chief of staff Andy Card. But for Bush to bounce back from plunging ratings, he must make more drastic White House reorganization. Two moves that might do the trick:

• Lobby to get Vice President Cheney named NFL commissioner, succeeding Paul Tagliabue who resigned last week.

• Then name Secretary of State Condoleezza Rice vice president.

Go ahead, laugh. It may seem funny. But stranger things have happened in politics.

Cheney is the real albatross for Bush. Not only has he pushed the president to most of his bad decisions, but he flaunts them.

The Veep has said repeatedly he will not run for president in 2008. But at 65, he's too young to just shoot quail or other hunters or live quietly in his home state of Wyoming.

Many in demanding but low-paying public service jobs have eyed high salaries and fun in sports. Bush has called Major League Baseball commissioner an ideal job. Rice repeatedly has said her "dream job" was NFL commissioner, although she made the talk show circuit last weekend to pointedly disavow any such ambitions now.

Cheney, who demonstrated as Halliburton's boss that he likes money, makes only $212,000 a year as Veep. Tagliabue earned $8 million annually at the NFL.

If Bush wants a say in picking his successor, and most presidents do, replacing Cheney is a necessary first step. Finding other work for him now makes more sense than faking more serious heart problems to dump him later.

Replacing Cheney with Rice would make her the front-runner for the 2008 Republican presidential nomination.

Frist Isn't Leaving Behind A Lot Of Fans (LAT)

By Mary Curtius

The Los Angeles Times, March 31, 2006

WASHINGTON -- As he prepares to leave the Senate and position himself for a presidential bid, Bill Frist faces mounting criticism that he has proved an ineffectual majority leader whose legislative agenda increasingly is dictated by his White House ambitions.

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Complaints about the patrician Tennessean by fellow Republicans intensified this week, sparked by his decision to force a Senate debate on illegal immigration. Some GOP lawmakers say his move spotlighted a public squabble within the party over a hot-button issue in an election year.

"We should have had a much more ambitious process of trying to build consensus and bringing people and different views together before we engaged in debate on the Senate floor," Sen. Olympia Snowe, R-Maine, told reporters.

But grumbling about Frist and decisions he has made as majority leader were evident before the flap over immigration.

"People have noticed that the (Senate) agenda is driven, at least in part, by issues that he wants to have on the floor, to have accomplishments on," one senior GOP Senate aide said.

He and several other aides interviewed for this story were willing to discuss Frist only on the condition of anonymity, because they and their bosses still must work with him. But their comments reflected the growing discontent with his performance.

"I don't think that he's made much of an impression outside Washington as a strong leader," said David Keene, chairman of the American Conservative Union, a leading advocacy group among Republicans.

Frist declined to respond to the criticisms, but his aides vigorously disputed them. They also argued that he had compiled an impressive list of legislative accomplishments that he would add to before November's elections.

Frist had pledged to serve only two terms when he first campaigned for his Senate seat in 1994. He stood by that promise even after his surprise ascension to the majority leader's job in December 2002.

In the months he has left in the post, Frist must pick his way through a political minefield of legislation in a fiercely partisan atmosphere that makes it hard to achieve results. A dispute over his motives in the immigration debate illustrates the difficulties confronting him.

His decision to introduce a bill restricted largely to cracking down on illegal immigration was widely seen on Capitol Hill as a bid to bolster his credentials with the GOP faction that stoutly opposes any steps toward legalizing the status of undocumented immigrants.

"I don't believe that Senator Frist really seriously wants us to consider immigration reform," said Democratic Whip Dick Durbin of Illinois. "He's more intent on checking a box off of issues that came to the Senate floor this year than action. You can't discount his presidential ambition -- it clearly is part of his political calculus at this point."

Frist said he acted because he was determined to make progress on the issue. "I've got to keep the system moving," he recently told reporters.

But he may have been outmaneuvered by Senate Judiciary Chairman Arlen Specter, R-Penn., and a bipartisan group of senators pushing a measure that, along with beefing up border security, would allow millions of illegal immigrants to apply for citizenship.

After the immigration debate, Frist is expected to turn to other measures that play well with the Republican base, such as proposed constitutional amendments to ban flag burning and define marriage as between a man and a woman. Both amendments have failed to win the two-thirds majority needed to clear the chamber in the past.

He has promised to push for a permanent repeal of the estate tax, which already has been reduced substantively during the Bush administration. Democrats may use a filibuster to block a permanent repeal.

More mundane bills -- such as the spending measures that keep the government running -- may receive relatively little debate.

"Nobody is under the illusion that we will have substantial floor time for appropriations bills this year," a different senior Republican Senate aide said. "Appropriations bills are not sexy; they do not get a lot of positive headlines for the majority leader."

Frist's focus on proposals that might not advance could lend credence to critics' assessment that he has failed to effectively use his power to enact legislative priorities for the GOP.

"I don't think he'll go down as one of the greats," Sen. Trent Lott, R-Miss., whom Frist replaced as majority leader, recently told a Galveston, Texas, newspaper.

Lott refused to elaborate.

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"I think the No. 1 trait of a successful leader is the ability to make the trains run on time," said Keith Ashdown of Taxpayers for Common Sense, a government watchdog group. "(Frist) has had a lot of legislative trains run into each other."

Some Republicans worry that Frist has not delivered the legislative fruits that could help energize GOP voters -- many of whom are demoralized by the Iraq war and the steep federal budget deficit.

"This is almost April ... and what has the Senate gotten done?" a third senior GOP Senate aide said.

The aide noted that the Senate, under Frist's direction, spent much of the last few months rewriting lobbying rules and trying -- and so far failing -- to create a compensation fund for victims of asbestos exposure. Neither effort translates into accomplishments lawmakers can easily boast about in their districts, the third aide said.

"The first quarter is over, and we ain't scored no points."

Many conservatives fault Frist for failing to do more to stem federal spending as the budget deficit has soared.

"I think it is very important that he reconnect the Republicans on Capitol Hill with frustrated economic conservatives all across the country," said Pat Toomey, a former GOP House member from Pennsylvania who heads the conservative Club for Growth.

Frist's staff members say such criticisms are unfair.

"You can only judge him by his accomplishments, not the arbitrary yardsticks thrown around here in the run-up to the presidential campaign," said Eric Ueland, Frist's chief of staff.

Ueland ticked off Frist's successes: the appointment of two conservative Supreme Court justices and a half-dozen other federal judges whom Democrats had threatened to filibuster; an overhaul of the intelligence community; passage of the Medicare prescription-drug bill; a revision of bankruptcy laws.

His allies point out that increasing political polarization already had altered the Senate by the time Frist became its leader.

They also agree that Frist differs in style from most congressional leaders.

"He is a different creature" than the Senate is used to, said Amy Call, Frist's communications director. "He pushes the system, tests the system, finds solutions and brings them forward."

Whether those traits have served him well as majority leader is part of the disagreement over his record.

Frist -- a heart- and lung-transplant doctor whose Web site identifies him as: "Majority Leader Bill Frist, M.D." -- had cultivated an "outsider" identify at the start of his Senate career. He had never been a committee chairman when the White House backed him to replace Lott.

At the time, Frist's medical credentials and his relative lack of legislative experience were billed as pluses; he was a "fresh face" who seemed above the usual political fray.

But many colleagues clearly chafed at what they saw as his failure to abide by the Senate's traditions and rituals.

Thomas Mann, a political scientist at the Brookings Institution think tank who specializes in Congress, said Frist was "probably unique" as majority leader "in his lack of interest in the institution itself and lack of identity with, commitment to and understanding of it."

A Rebuke Rarely Exercised (WP)

By Zachary A. Goldfarb

The Washington Post, March 31, 2006

When the nation was still young and the Constitution only 11 years old, Congress tried for the first time to censure a president.

The British Royal Navy was alleging that a seaman in custody in South Carolina was a fugitive. Without an investigation, President John Adams instructed a judge to turn the man, who said he was an American, over to the British.

This infuriated some in the House. Adams's opponents there sought in the spring of 1800 to adopt a resolution declaring his action "a dangerous interference of the Executive with Judicial Decisions."

But Adams had powerful defenders, including Rep. John Marshall, who later set many of the nation's founding constitutional principles as chief justice of the United States. Rep. William Craik argued that the House had neither "the power to

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censure or to approbate the conduct of the Executive," according to the Annals of Congress, but only to impeach him. The debate lasted two weeks, and in the end a vote to censure failed by nearly 2 to 1.

The question of censure is once again before Congress. This morning, the Senate Judiciary Committee meets to discuss a resolution introduced by Sen. Russell Feingold (D-Wis.) that would rebuke President Bush for his secret surveillance program. Old newspaper clippings and historical writings show that censure has a mixed record as an effective means for Congress to express disapproval of presidents.

Thirty-four years after the Adams episode, in March of the second year of the second term of President Andrew Jackson, the Senate rebuked the president in what remains the most famous case of censure.

In the campaign of 1832, Jackson and his opponent, Whig Party leader Sen. Henry Clay, had debated vigorously the merits of the Second Bank of the United States -- whose recharter Jackson had vetoed. After the president was reelected, the Whigs, who held a Senate majority over Jackson's Democrats, demanded a document he had read to his Cabinet regarding the bank.

When the president refused, according to Senate historians, the Senate voted 26 to 20 to declare the president "in derogation" of the Constitution. Jackson responded with a lengthy protest.

That was not the end of the story.

Three years later, Democrats regained the Senate majority and sought to repeal the censure. They called for the 1834 Senate journal to be brought forward, and the "secretary took up his pen, drew black lines around the censure text, and wrote 'Expunged,' " Senate historians have noted. "The chamber erupted in Democratic jubilation. . . . Dressed in the deep black of a mourner, Henry Clay lamented: 'The Senate is no longer a place for any decent man.' "

One reason censure has not had much legitimacy as a tool for rebuke is that it is expressed by a congressional resolution without the force of law, and "you can express a resolution that apple pie and motherhood are good for American life," says professor William W. Van Alstyne of the College of William & Mary law school. Yet it has kept on coming up.

In the 1860s, the House adopted a resolution censuring President James Buchanan for letting politics influence government contracts. The Senate, after Buchanan left office, debated whether to censure him for not stopping the Southern states from seceding from the Union, according to a report by the Congressional Research Service.

In the spring of 1951, Republicans were enraged that President Harry S. Truman had fired Gen. Douglas MacArthur as commander of the United Nations forces in Korea. A senator with White House ambitions, Richard M. Nixon (R-Calif.), suggested censuring the president. The call failed to gain support.

Censure has been proposed in more recent history by the president's supporters as an alternative to impeachment. During the Watergate scandal, House Minority Leader John J. Rhodes (R-Ariz.) signed on to a petition to consider censuring President Nixon, and a resolution was introduced, but the debate moved to impeachment.

During the Monica S. Lewinsky scandal eight years ago, censure as an alternative to impeachment was floated seriously in Congress. President Bill Clinton's supporters hoped that a compromise would avert removal from office and pay off politically because polls showed most Americans preferred censure.

A phrase coined during the debate, "censure-plus," would have involved a rebuke and a financial penalty. But ultimately House Republicans approved two articles of impeachment.

In the Senate in late 1998 and early 1999, censure seemed to have more support from Republicans, but Democrats were beginning to sense that the Senate would not vote to impeach. "We are now navigating in previously uncharted waters," Sen. Robert C. Byrd (D-W.Va.) said at the time. Ultimately, the Senate voted not to convict Clinton -- and that was it.

For George Washington University constitutional law professor Jonathan Turley, the Clinton episode, as well as the pending Feingold proposal, are characteristic of what censure is -- and is not.

"The Constitution places an obligation upon Congress to impeach a president who has committed a high crime or misdemeanor," he said. "We're often left with these ambiguous actions. Even if a censure vote passed, the president would simply blame it on politics."

House Passes Education Bill On Party Lines (NYT)

By Diana Jean Schemo

DOJ_NMG_0024600

The New York Times, March 31, 2006

WASHINGTON, March 30 —The House voted largely along party lines on Thursday to approve the main measure governing colleges and universities, adding provisions to expand student grants based on need and pressing colleges to control tuition. But the House rejected a Democratic proposal to halve the interest rate on student loans.

The $70 billion proposal, which would renew the law until 2012, sets the terms for loans and grants along with the limits for maximum aid. It was last renewed in 1998.

The floor debate showcased partisan differences over how to approach an era when increases in tuition routinely outpace inflation and the ability of many Americans to pay for college. Republicans, who are particularly striving to control a soaring budget deficit by avoiding new spending, said the bill would make college more affordable.

Democrats wanted to cut interest rates on student loans and enlarge Pell Grants, which had been frozen for several years.

The average undergraduate now leaves college carrying nearly $18,000 in debt.

In its final form, approved 221 to 199, the measure would simplify the financial aid application and make Pell Grants, the major grant that helps low- and middle-income students, available for summer study. The bill would also raise the spending cap on Pell Grants to $6,000, up from $5,800. The increase would be largely symbolic, however, as the maximum grant Congress appropriates has been frozen for four years at $4,050.

The bill would require colleges and universities that raise tuition at more than twice the rate of inflation for three years in a row to explain the increases. But lawmakers abandoned a provision that would have set off audits by the Education Department in the event of increases.

The bill would set the interest rate for subsidized loans at 6.8 percent, regardless of whether commercial rates rise or fall. Republicans defeated an amendment introduced by Representative George Miller of California, the ranking Democrat on the Education and Workforce Committee, to halve the interest rate on student loans over the next year.

In the floor debate over the last two days, the bill lost some of its most controversial proposals, programs that would have created a strong federal role in monitoring tuition increases and in reviewing the role of race in admissions decisions.

House Endorses Fuller Disclosure On College Costs (WSJ)

By John Hechinger

The Wall Street Journal, March 31, 2006

The House of Representatives passed a bill that mandates increased disclosure of college-pricing data and drops an antifraud measure that had curbed the growth of for-profit colleges, which are challenging traditional schools.

The College Access and Opportunity Act sparked complaints from Democrats and higher-education groups, though Republicans changed some measures at the last minute to mollify universities. The bill passed the Republican-controlled House largely on party lines, 221-199. The bill reauthorizes the Higher Education Act, which governs billions of dollars of federal funding for colleges and universities. The Senate is expected to take up its own version of the reauthorization in coming months.

One provision of the act would require public disclosure of data -- and an explanation -- from colleges that increase tuition by more than twice the rate of inflation over a three-year period.

Howard McKeon, the California Republican who chairs the House education committee, said in a statement that the measure adds "more sunlight" to the discussion about higher-education costs.

In response to criticism from colleges, Republicans agreed to drop a measure requiring colleges with big tuition increases to submit to the Department of Education a plan to hold down costs. Colleges argued that the requirement amounted to price control.

Another provision in the bill would ease a requirement that schools receive no more than 90% of their revenue from federal financial aid. The provision gives schools that exceed the 90% limit more time to return to compliance while making it easier for schools to meet compliance rules.

The 90% limit aimed to prevent the kind of fraud that occurred in the 1980s and 1990s, when some trade schools signed up unqualified low-income students in order to collect federal aid.

For-profit schools are most likely to bump against the 90% limit because they lack other funding sources.

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In response to complaints from traditional colleges, Republicans dropped a provision that would have put for-profit schools on more-equal academic standing with established schools.

Originally, the bill would have barred schools from turning down credits solely based on a school's source of accreditation -- a common reason why traditional colleges reject coursework from students who attended for-profits. Under the bill that passed, schools can turn down the credits but must make public their credit-transfer policies.

House Passes Bill To Raise Pell Grant For Poor Students (WT)

By Christina Bellantoni

The Washington Times, March 31, 2006

The House yesterday passed a bill that Republicans say will benefit all college students while Democrats say it does not go far enough to help students and their families afford higher education.

Representatives approved the measure on a 221-199 vote almost entirely along party lines. There were 14 Democrats who sided with the chamber's majority to pass the measure, called the College Access and Opportunity Act. Eighteen Republicans and one independent voted with the Democrats in protest.

The bill increases the Pell Grant program for poor students from $5,800 to $6,000 and simplifies the process for seeking financial aid. It also requires schools to report their tuition costs to the Department of Education so the figures can be posted on a Web site for students and parents to review when choosing colleges.

The measure authorizes more funding for educational programs serving minorities and requires schools make public their policies regarding transfer of credits. It also puts pressure on schools to keep tuition increases to a reasonable level.

Republicans applauded the passage of the bill, which renewed the Higher Education Act governing schools that receive federal money. It was last updated in 1998.

House Majority Leader John A. Boehner, Ohio Republican who authored the bill, accused Democrats of "playing politics with the education of American children."

Rep. Howard P. "Buck" McKeon, who took over for Mr. Boehner as chairman of the House Education and the Workforce Committee earlier this year, agreed. He said Democrats were intimately involved in the bill's crafting over the last three years and were supportive of it until recently.

"Education should not be a partisan issue," said Mr. Mc-Keon, California Republican.

Democrats, led by California Rep. George Miller, the ranking minority party member on the education committee, fought unsuccessfully for an amendment that would cut the interest rate on student loans from 6.8 percent to 3.4 percent, among other changes. It was defeated 220-200.

Mr. Miller said the $200 increase in the main bill was "interesting rhetoric," but said the Republicans have not included funds in the budget for the increase.

"It doesn't have any money for these low-income students to help cover the cost of their education," he said.

Mr. Miller criticized the $12.5 billion cut to financial aid programs that House Republicans approved earlier this year, comments echoed by his colleagues.

"I want our children and grandchildren to be able to pay for college," said Rep. Raul M. Grijalva, Arizona Democrat.

Republicans balked at Democrats' claims, and reminded lawmakers that education received cuts when the minority party was in power.

"Don't believe the hype," said Rep. Ric Keller, Florida Republican. "Not one student will receive less financial aid."

Boozman Joins In Chat With Bush (ADG)

Arkansas Democrat-Gazette, March 31, 2006

WASHINGTON — Arkansas' Rep. John Boozman was one of a dozen Republican congressmen who participated Wednesday in what he described as an "informal" meeting with President Bush.

The group talked in the White House living quarters. Boozman has been on several Air Force One flights, but he said this was his first meeting with the president "in this kind of setting."

In addition to discussing Iraq and immigration, the president asked members of the group what was on their minds.

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"He wanted to know what was going on in our districts," Boozman said.

Boozman said he used the opportunity to discuss high energy costs, which he said hit rural constituents especially hard. Bush, Boozman said, reiterated his pledge to end America's "addiction" to foreign oil, and pushed participants to craft incentives for biodiesel and ethanol production.

Over the past week, Bush has initiated intimate "off the record" meetings with news reporters.

"He's isolated somewhat," Boozman said. "The way he overcomes that is by reaching out to people."

Boozman would not identify the other congressmen at the meeting.

Bush told his guests that the U.S. was gaining ground in the war in Iraq, according to Boozman. "He told us we will leave, but we will not surrender in Iraq," Boozman said. "He reassured us."

Bush also assured them that he was against amnesty for illegal immigrants, Boozman said.

A White House spokesman declined to comment on the meeting.

New NASA Policy Backs Free Discussion By Scientists (NYT)

By Warren E. Leary

The New York Times, March 31, 2006

WASHINGTON, March 30 — Two months after NASA's top climate scientist complained that political operatives in the agency's press office were trying to censor his views on global warming, Administrator Michael D. Griffin issued a new communications policy on Thursday that he called a "commitment to openness."

The policy, which details the role of those who release information to the public directly or through the news media, ensures that NASA scientists and engineers are free to discuss their work in public and state their opinions, Dr. Griffin said. When stating a personal opinion, he continued, they should make clear that they are speaking for themselves and not for the agency.

In a presentation to employees, and later during a telephone news conference, Dr. Griffin and Shana Dale, the deputy administrator, said the policy replaced a code, last updated in 1991, that was "not clear enough or articulate enough."

The agency came under fire when James E. Hansen, director of the Goddard Institute for Space Studies, a NASA office, told The New York Times in late January that the Bush administration had tried to stop him from speaking out after he gave a lecture in December calling for prompt reductions in emissions of greenhouse gases linked to global warming.

Dr. Hansen and several other employees of the agency said administration appointees in the public affairs office had demanded to review his lectures and publications in advance. In addition, he said, senior agency officials sought the right to stand in for him in interviews with reporters.

Other scientists also expressed concern when political appointees altered news releases and Internet presentations against their wishes.

After a barrage of complaints from lawmakers and scientific organizations, Dr. Griffin appointed a 12-member group of senior NASA scientists and public affairs officials to draft a new public communications policy.

In an interview on Thursday, Dr. Hansen said that the revised policy was "definitely better" than before and that his latest dealings with NASA public affairs had been much improved.

"I'm very optimistic," he said. "Things have changed dramatically since this became a public issue. This has been a healthy exercise, and hopefully similar things will happen at other agencies that have had similar problems."

Dr. Griffin said political appointees would continue to work at NASA, as is customary under any administration, but would not unduly influence the new openness policy. Dean Acosta, a spokesman, said there were five political appointees among the agency's 300-member public affairs staff, and about 18 in all positions throughout NASA.

In the news conference, Dr. Griffin also addressed recent criticism suggesting that at a Rotary Club gala in Texas last week, he endorsed Representative Tom DeLay for re-election. Mr. DeLay, who gave up his post as House majority leader in September after being indicted in a campaign finance case, represents a district that includes the Johnson Space Center in Houston.

The NASA chief has said that although he is entitled to issue political endorsements under certain circumstances, he will not. On Thursday he said he had not endorsed Mr. DeLay at the gathering but rather, in response to a gracious introduction from

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the congressman, had praised his support for the space program. While confirming his words, quoted in The Houston Chronicle, Dr. Griffin added that they were not as precise as they should have been and had been "grossly misinterpreted."

"The space program," Dr. Griffin said at the gala, "has had no better friend in its entire existence than Tom DeLay. He's still with us, and we need to keep him there."

Dr. Griffin said Thursday that he had meant keeping Mr. DeLay's support for the space program.

"I regret the inartful choice of words," he said. "I'm not endorsing anybody. I don't intend to."

NASA Sets New Rules On Media (WP)

By Rick Weiss

The Washington Post, March 31, 2006

NASA Administrator Michael D. Griffin unveiled new rules yesterday that govern the release of agency information to news media and the public, his most detailed response yet to embarrassing allegations that NASA's public affairs office had sought to suppress the release of scientific information not consistent with the views of the Bush administration.

The new eight-page policy, written by an internal team of scientists, lawyers, public affairs specialists and managers, states that NASA scientists are free to talk to members of the media about their scientific findings and even express personal interpretations of those findings -- the heart of the controversy that has engulfed the agency since January.

It also makes clear that scientists are not required to have a public affairs officer with them when they speak with members of the media, though Griffin emphasized yesterday in comments broadcast to NASA employees that he believes such behavior is unwise.

"If you're not a media professional, then to go into an interview without a media professional is courting trouble," he said. "But you can do as you like."

Griffin had promised the revamped policy in February, after NASA employees complained publicly that information had been manipulated in ways that suited the Bush administration.

In some instances, employees said, scientists who had generated data on global climate change that did not jibe with administration policies had been muzzled or closely monitored by public affairs officials. In another instance, a public affairs employee appointed by the White House sought to weaken agency references to the Big Bang, the scientific and distinctly non-biblical explanation for the birth of the universe.

That employee has since left the agency amid questions about the accuracy of his résumé.

House Science Committee Chairman Sherwood L. Boehlert (R-N.Y.) praised the new policy, which he said "puts a premium on open communication." NASA's approach, he said in a statement, "should become a model for the entire federal government."

The first of five principles in the new policy statement declares that NASA "is committed to a culture of openness" and assures the public that agency information "will be accurate and unfiltered."

The policy calls for appropriate editing of news releases and other public documents to ensure clarity. "However," the policy states, "such editing shall not change scientific or technical data, or the meaning of programmatic content."

It calls upon all NASA employees to coordinate with public affairs officials before releasing information "that has the potential to generate significant media, or public interest or inquiry." Employees are also encouraged "to the maximal extent practicable" to have a public affairs officer present at media interviews "to attest to the content of the interview, support the interviewee, and provide post-interview follow-up with the media as necessary."

But that advice, Griffin said during his 45-minute broadcast to all of NASA's far-flung facilities, "is not an absolute requirement." He also stressed that when speaking to the public, employees should clearly distinguish between agency findings and personal interpretations.

Griffin faced tough questions from employees after his presentation. One asked whether the remaining 20 or so political appointees on the NASA payroll were having their backgrounds and résumés checked.

Griffin said no such review was underway, adding that "I personally make no distinction" between political appointees and the agency's 17,000-plus career employees.

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NASA has five political appointees among about 300 personnel in its public affairs offices, an agency official later said.

Another employee asked about comments Griffin made at a recent celebratory event, in which the administrator thanked former House majority leader Tom DeLay (R-Tex.) for his long-standing support of NASA. "He's still with us and we need to keep him there," Griffin said at the event -- a comment some interpreted as an inappropriate reelection endorsement.

Griffin explained yesterday that he meant "we need to keep him as a friend" and apologized for his "inartful choice of words."

In a conversation with reporters later, Griffin expressed optimism that the space shuttle will fly in July. If that flight goes well, he said, he plans to schedule a flight to repair the Hubble Space Telescope in late 2007 or early 2008.

He also confirmed rumors that a workshop scheduled for this summer to discuss exploration of the moon and beyond will include officials from the increasingly ambitious Chinese space program.

GOP, Dems Spar Over McKinney Incident (USAT/AP)

By Laurie Kellman, The Associated Press

USA Today, March 31, 2006

WASHINGTON — House Republicans and Democrats engaged in their own scuffle — but just a rhetorical one — Thursday, a day after Rep. Cynthia McKinney had a dustup with a Capitol Police officer.

The incident occurred after an officer did not recognize the Georgia Democrat as she was entering a House office building and asked her to stop. According to one account, McKinney struck the officer.

Capitol Police could ask the U.S. Attorney's Office to file charges against McKinney, who represents Atlanta suburbs. No decision had been announced as of Thursday.

Democratic leader Nancy Pelosi called the incident “a mistake, an unfortunate lack of recognition of a member of Congress.”

She said the police officer was not at fault.

“I would not make a big deal of this,” said Pelosi, D-Calif.

Ron Bonjean, spokesman for House Speaker Dennis Hastert, R-Ill., responded, “How many officers would have to be punched before it becomes a big deal?”

McKinney's office said she was planning to hold a news conference this morning.

Late Wednesday night, she issued a statement saying she regretted the confrontation.

The Capitol Police face a difficult task: trying to protect 535 members of Congress and the vast Capitol complex in an atmosphere thick with politics and privilege.

The safety of its members became a sensitive issue in 1998 after a gunman killed two officers outside Republican whip Tom DeLay's office.

The Reliable Source (WP)

By Amy Argetsinger and Roxanne Roberts

The Washington Post, March 31, 2006

More Ado About the Do

After hours of silence, it was nearly midnight Wednesday before Rep. Cynthia McKinney put out a statement about her scuffle with a Capitol Police officer that day. The Georgia Democrat said she regretted the "unfortunate confrontation" that occurred when the officer did not recognize her at a checkpoint and she allegedly jabbed him with her cellphone.

But McKinney, who recently swapped her braids for a shorter do, also admitted that she was not wearing the pin that identifies her as a member of Congress entitled to bypass Hill security checks. Why not? John Judge , a McKinney staffer, said that "a number of the women [in Congress] don't wear the pin, and some men don't either. . . . They train [officers] to recognize the members. It's not just the pin."

A similar sentiment was expressed in what Atlanta station WSB-TV described as McKinney's "original" statement, which she decided against releasing. "It is . . . a shame that while I conduct the country's business, I have to stop and call the police to tell them that I've changed my hairstyle so that I'm not harassed at work."

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McKinney also released a snippet from a documentary in which she is seen being greeted with a warm hug by a black officer -- then stopped by a white officer asking for ID. "That's just the typical kind of treatment that I receive," McKinney said on the video. "Some things never change -- that's what Tupac said."

Josh Bolten, the Man With the Numbers -- Like 10

Back during the heady days of the 2000 George W. Bush campaign, new White House Chief of Staff Josh Bolten was known as a cool, efficient policy director, and the go-to man when actress-turned-Republican-gadfly Bo Derek -- the woman who inspired the numerical system of hotness ratings -- needed a campaign escort.

When Bolten turned 46 that August, Dubya refused to believe his staffer had received a "Happy Birthday" phone call from the star of "10" and many legendary Playboy features -- until he grabbed Bolten's cell phone and dialed the number from the last received call, according to a source who was there. When Derek answered, the future president said, "Bo, let me just say that you and Josh together are a perfect 15."

FAA Files Complaint After Union Talks Break Down (WP)

By Stephen Barr

The Washington Post, March 31, 2006

Contract talks between the Federal Aviation Administration and its second-largest union fell apart yesterday amid a set of unusual maneuvers.

Shortly after noon, the leaders of the Professional Airways Systems Specialists announced they had agreed to the agency's contract terms and would send the agreement to union members -- but with full confidence that the rank and file would turn it down.

Within hours, the FAA said it planned to file an unfair labor practice complaint against the union -- a step usually taken by unions, not the government.

The breakdown in talks came after the FAA and the union held their second negotiating session out of six agreed to in ground rules for the talks. The rules called for the negotiations to end by July 21.

The union, known as PASS, represents more than 11,000 FAA and Defense Department employees who install, maintain and certify air traffic control equipment, inspect and oversee commercial and general aviation industries, and help develop flight procedures. The contract talks were focused on about 7,000 air traffic technical employees, the union said.

The FAA has taken a tough stance in contract talks over the last year, seeking changes in pay, leave and work rules. It is engaged in especially contentious bargaining with the National Air Traffic Controllers Union, and both sides recently agreed to mediation to extend those talks.

If the FAA and its unions fail to reach agreements on contract extensions, the agency may declare an impasse, which sends such disputes to the Republican-controlled Congress for a 60-day review. If Congress takes no action -- more likely than not -- then the FAA's last, best offer can be imposed on the unions.

The FAA also is one of only a few government agencies that can negotiate with unions over compensation, and it hopes to use contract talks to reduce labor costs and fold union employees into pay-for-performance systems.

Mike Derby , general counsel for PASS, said the FAA's initial proposal would have denied a pay increase to the union members for seven years. "How could that be characterized as fair and efficient?" he said.

In a statement yesterday, Tom Brantley , president of PASS, said the union had accepted the FAA contract proposal after concluding that the agency was not negotiating in good faith. "I am confident that PASS members will vote down the contract offer, which will send PASS and the FAA back to the bargaining table. Hopefully, the FAA will learn a lesson," Brantley said.

A union spokeswoman said a ratification vote would probably take about 90 days. A rejection would then lead to a new round of negotiations, she said.

Greg Martin , the FAA spokesman, said the agency will file a complaint with the Federal Labor Relations Authority that charges PASS with failing to bargain in good faith.

He said he could not discuss specifics of the contract talks but noted that at least 40 contract provisions had not been discussed at the bargaining table. "What we have here is a clear delay tactic," Martin said.

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He added, "Unfortunately, PASS has resorted to stunts. . . . By engaging in this stunt, they are creating a crisis where none exists."

Derby said the FAA's decision to file a complaint "sounds like a stunt to me."Retirements

Laura B. Antle , human resources officer at the Justice Department's Office of the Inspector General, will retire April 1 after 32 years of federal service.

Romana Danysh , a historian at the U.S. Army Center of Military History, will retire April 2 after more than 41 years of federal service, all of them at the Center of Military History.

Nancy Leonard , a public health adviser for the Food and Drug Administration, retires today after 41 years of federal service . She serves as the FDA breast implant specialist and public affairs liaison to field and district offices and is a steward and a vice president in the National Treasury Employees Union.Talk Shows

Randy E. Dobbs , chief executive of USIS, which conducts background investigations on federal employees, will be the guest on "Fedtalk" at 11 a.m. today on federalnewsradio.com and WFED radio (1050 AM).

Matthew Miszewski , chief information officer for the state of Wisconsin, will be the guest on "The IBM Business of Government Hour" at 9 a.m. Saturday on WJFK radio (106.7 FM).

Vietnam Vets Visitor Center A Step Closer (WP)

By Petula Dvorak

The Washington Post, March 31, 2006

For most groups, it takes years and years of reports, presentations, studies, meetings and approvals before a slice of precious federal land is turned over for a memorial in the nation's capital.

But for Jan C. Scruggs, it may be a matter of months.

With a 404 to 4 vote in the House on Tuesday night, Scruggs, president and founder of the Vietnam Veteran's Memorial Fund, is on the way to getting Congress, rather than a long-standing group of commissions that has a rigorous selection process, to approve a sprawling, underground visitor center near the Vietnam Veterans Memorial and at the foot of the Lincoln Memorial. The legislation is now before the Senate.

"I felt compelled to take this unusual action in direct response to what I believe is the unreasonable bureaucracy choreographed by the National Capital Planning Commission," said Rep. Richard W. Pombo (R-Calif.), while arguing on behalf of the bill Tuesday.

Pombo, who sponsored the bill, said he met with the chairman of the planning commission before he was convinced that legislation was the only answer to get site approval for the center, which was authorized by Congress in November 2003.

But the planning commission has had the site proposal for only a few months -- since September -- and asked for Scruggs's group to submit a federally mandated environmental report for a preferred site and one other location. That submission would be used for another review of the proposal, said Marcel C. Acosta, deputy executive director of the planning commission.

Congress approved the creation of an underground center in 2003 as an addition to the Wall. The veterans group spent almost two years on its own analysis, which detailed several sites and recommended a triangle of land in Northwest Washington between Henry Bacon Drive, 23rd Street and Constitution Avenue NW.

The analysis was not presented to the planning commission until last fall, Acosta said.

Ordinarily, the commission has time to review the report, and the public has an opportunity to weigh in on the project's site. Just two years ago, a small group of neighbors on Capitol Hill used this process to prevent a memorial to victims of communism from being erected on a grassy, pocket park. The creators of a planned memorial to the Rev. Martin Luther King Jr. said they appreciated the 18-month review process that whittled down 12 potential sites to the final selection in December of a spot along the Tidal Basin.

"The way this bill is written . . . it eliminates the federal review process and public input" and goes against the National Environmental Policy Act and the National Historic Preservation Act, Acosta said.

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The bill also sets a precedent for future memorials and monuments," said Rep. Earl Blumenauer (D-Ore.), who spoke against the bill Tuesday night.

"It just broke my heart. I don't know how something like this gets jammed through," Blumenauer said.

"The message this sends is: 'Don't spend the time on good design when you have a project like this. Just hire a lobbyist. Spend the money on PR,' " he added.

The center's design calls for an 8,000-square-foot underground space, which may include a movie theater, a three-dimensional battle scene, mementos left at the memorial and a wall where pictures of slain soldiers will be projected on their birthdays.

The understated nature of the Wall has long troubled some veterans who believe it fails to give adequate context for the war and the rich detail of lives lost. The new center is designed to help educate a generation of visitors younger than the 24-year-old wall itself, Scruggs said.

"We appreciate the support of the U.S. Congress in this important effort to teach America's youth at the Wall," Scruggs said.

But some members of the commission staff believe that the lessons don't have to take place at the foot of the Lincoln Memorial. Some opposed the site that the House approved this week and asked Scruggs to look at other locations, including a grassy rise north of the Wall in Constitution Gardens, another site near the National Park Service's stable on the other side of the Reflecting Pool and one between the Interior Department's south building and Constitution Avenue NW.

The legislation authorizing the visitor center said it will be "at or near the Wall." Scruggs, determined to make sure the center will be comfortably close to the Wall, hired an urban anthropologist from Howard University to generate an 11-page analysis of the phrase "at or near" to make his point.

Flubbing Lobbying Reform (WP)

The Washington Post, March 31, 2006

HERE'S A SIMPLE way to judge the lobbying reform bill just approved by the Senate: The leading advocates of reform, including the parties' two designated point men on the issue, Sens. John McCain (R-Ariz.) and Barack Obama (D-Ill.), all voted against it. Their objection to the measure, which passed the Senate 90 to 8 on Wednesday, isn't about what's in it but what's missing.

The measure improves the existing system. It would stop lobbyists from paying -- at least directly -- for meals and gifts for lawmakers. It would make it easier to identify which lawmakers sought government funding for earmarked pet projects, and easier to knock those earmarks (along with other provisions inserted at the last minute) out of House-Senate conference reports. Lawmakers would have to provide more detailed disclosure of the privately financed trips they take; under a little-noticed amendment, lobbyists couldn't arrange trips or go on them. Lobbyists would have to include on their reports the campaign contributions they make to lawmakers, the fundraisers they host and the donations they steer to lawmakers' charities. The bill would double -- from one year to two -- the waiting period for lawmakers who become lobbyists to buttonhole their former colleagues. All this is good -- as far as it goes.

But the measure doesn't include any new enforcement mechanism: an important proposal for a new Office of Public Integrity, an independent, nonpartisan entity empowered to conduct investigations and make recommendations to the House and Senate ethics committees, failed on the Senate floor, as it had in committee. It doesn't clamp down on lawmakers' ability to accept cut-rate jet travel from companies with interests before them. In fact, it doesn't put any new restrictions on the kinds of privately underwritten trips that lawmakers can accept.

It doesn't prohibit lobbyists and those they represent from footing the bill for lavish parties, at political conventions or elsewhere, honoring lawmakers. We could go on, but you get the point: Much more could, and should, have been done.

If the Senate bill is disappointing, though, the House is poised to do even worse. A proposal unveiled last month by the Republican leadership would do nothing to restrict gifts from lobbyists. It would merely impose a temporary moratorium on privately funded travel while the ethics committee studies what to do -- or, more cynically, while members wait for the storm over Jack Abramoff to blow over. It suffers from the same shortcomings as the Senate measure in terms of enforcement and corporate jets.

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As the proposal moves forward -- the House Rules Committee held a hearing on it yesterday -- a critical issue will be whether and how many amendments will be permitted on the House floor to try to make it tougher. It would be the height of irony if an effort to improve the functioning of the democratic process were to take place under undemocratic conditions.

Lobby Reform Lite (NYT)

The New York Times, March 31, 2006

With the ghost of Jack Abramoff, the recently sentenced rogue lobbyist, wafting above the debate, the Senate has voted for a halfhearted package of reforms that would come nowhere near curing the easy money, quid pro quo culture that now bedevils the Capitol.

Facing voters' flagging confidence, the Senate chose to emphasize greater disclosure by lobbyists while rejecting such vital reforms as the creation of an independent office to investigate ethics abuses. The instinct to protect privileged clubbiness carried the day, most glaringly when the Senate spiked any idea of ending lawmakers' shameless use of the executive jets so eagerly offered by corporate officials bent on insider access.

Constituents who are grateful to see even the slightest sign of reform will be happy that the senators have voted to extend to two years the mandatory waiting time before a former lawmaker can strike it rich as a lobbyist. The current wait is one year. The bill also takes the first steps toward uncovering the stealthy world of grass-roots lobbying investments in lawmakers' home districts.

The Senate bill would make it harder — but by no means impossible — for members to quietly "earmark" pork projects in the budget at the behest of lobbyists. But even such an obvious reform as banning meals and gifts from lobbyists came equipped with a gaping loophole so the corporate employers of lobbyists could still pick up those checks.

The unfinished ethics agenda begins with the most critical issue of all: an end to the pervasive role of lobbyists as campaign finance brokers and money bundlers for incumbent politicians. It's reached the point where the people's representatives blatantly designate lobbyists to head their fund-raising teams. This moneyed back-scratching is the seedbed for scandal, but neither house shows any appetite to confront it.

Also ignored was a ban on lawmakers' junketeering at the expense of special-interest check writers. The Senate chose instead to require prior approval of private trips by its spineless ethics committee, a step that would hardly mitigate the cheesiness. Taxpayers, not corporate sponsors, should pay for global fact-finding.

For all its shortcomings, the Senate is a light-year ahead of the House. There, reform proposals have been parceled out to committees for indefinite marination as Republican leaders face rebellious members who want no part of real reform. The chances seem slim for two-house action that truly dents the clout of the booming lobbying industry.

OTHER NEWS:

Fed Analysts Say Low Jobless Rate Doesn't Mask Labor Market Woes (WSJ)

By Greg Ip

The Wall Street Journal, March 31, 2006

WASHINGTON -- U.S. unemployment really is low and the jobless rate hasn't been artificially depressed by a failure of many discouraged workers to be counted as unemployed, Federal Reserve researchers say.

Their findings, presented at a conference organized by the Brookings Institution, suggest the Fed could see strong job growth as an inflationary risk in the coming year. The study also argues that the economy's trend growth rate will slow noticeably in the coming decade as growth in the working-age population slows and a shrinking share of that population seeks work.

The study wades into a controversy over the failure of more people to seek work since the recession ended in 2001. The "participation rate" -- the proportion of working-age people working or looking for work -- peaked at 67.3% in 2000, fell to 65.8% in March 2005, and has since recovered to 66.1%, below where it stood for most of the 1990s.

Some economists argue the low participation rate means many people aren't seeking work because they believe no desirable work is available and aren't counted as unemployed. The economists believe the unemployment rate -- which at 4.8%

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in February was low enough to qualify as "full employment" in many conventional views -- may mask underlying labor-market weakness. A staff study by the Federal Reserve Bank of Boston a year ago argued the unemployment rate, then about 5.4%, might understate the actual degree of unemployment by one to three percentage points.

The latest Fed report disagrees.

"The low level of the participation rate is not artificially masking the extent of unemployment," said the study by Fed staff economists Stephanie Aaronson, Bruce Fallick, Andrew Figura, Jonathan Pingle and William Wascher. It doesn't necessarily represent the views of Fed policy makers. "The unemployment rate is providing a reasonably accurate picture of the state of the labor market."

It is common for the participation rate to rise during expansions as previously discouraged workers start looking for work in response to the increased availability of jobs and for it to decline during recessions as job openings dry up. That is the main reason the participation rate rose in the late 1990s then fell in 2001, the study says. Its continued fall in 2002 and 2003 was due to both economic weakness and emerging structural factors, while its failure to rise much since is mostly from structural factors, the study says.

Corporate Pretax Profits Jump 14.4% (WSJ)

By Mark Whitehouse

The Wall Street Journal, March 31, 2006

Corporate America's share of the nation's income rebounded from the havoc of Hurricane Katrina to a level not seen in four decades, and the hurricane did a bit less damage to the U.S. economy than previously thought.

The Commerce Department said yesterday that corporate pretax profits in the fourth quarter of 2005 grew 14.4% from the previous quarter, the strongest rate since 1992. Pretax profits in the third quarter fell 4% as hurricane-related insurance payouts slammed financial results.

Corporate profits accounted for 11.6% of gross domestic product in the fourth quarter -- the biggest share of the nation's income companies have taken since 1966. They have been able to do so, say economists, by sharing less with their workers.

"It highlights the increased power of corporate America versus labor," says Paul Kasriel, chief economist at Northern Trust Corp. in Chicago. "That is a reflection of the global competition that labor now faces in America."

Economists say profit growth is likely to ebb this year as U.S. unemployment falls and workers regain some bargaining power. In the meantime, companies might reinvest some of their gains, giving the economy added momentum.

"Corporations are sitting on a mountain of cash, so as long as the economy is growing they will start spending some of that cash," says Nariman Behravesh, chief economist at Global Insight, an economic consultancy in Waltham, Mass.

The Commerce Department also reported that real gross domestic product -- the value of the nation's output of goods and services, adjusted for inflation -- grew at a seasonally adjusted, annualized rate of 1.7% in the fourth quarter. The figure was revised up from an earlier estimate of 1.6% but remains the lowest rate recorded since early 2003. For the full year, GDP grew 3.5%.

The small, upward revision in fourth-quarter GDP reflects the fact that companies restocked inventories faster than expected in Katrina's wake. Now, many forecasters believe the economy is experiencing a posthurricane boost as strong demand for consumer and business products has elevated business activity, prompting companies to step up hiring.

"The first quarter is going to be very firm," says Jan Hatzius, chief U.S. economist at Goldman Sachs Group Inc. in New York, who estimates that GDP in the first quarter, which ends today, grew at a 4.5% annual rate.

The consensus estimate of economists polled by WSJ.com1 is that GDP grew at an annual rate of 4.6% in the first quarter, but the growth rate will slow to 3.3% in the second quarter and could be around 2.9% by the end of the year.

The factors that crimped growth in the fourth quarter were largely temporary. Katrina and an unusually cold December took a toll on hiring and consumer spending. Defense spending dropped because of the late signing of an appropriations bill, and special short-term auto discounts prompted people to buy cars earlier in the year.

Now, the picture for jobs and spending looks a lot better. The Labor Department yesterday reported a drop in the number of people filing for unemployment benefits to 302,000 in the week ended March 25, down 10,000 from the previous week.

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Companies added an estimated 243,000 jobs in February, bringing the 12-month total to 2.1 million. And despite slow auto sales, total retail sales in February were up 6.7% from February 2005.

Economy Gets Good News And Bad News (USAT)

By Sue Kirchhoff

USA Today, March 31, 2006

WASHINGTON — U.S. corporate profits surged at the fastest pace in four years during the final months of 2005, but inflation also jumped as the nation grappled with the aftermath of Hurricane Katrina, the government said Thursday.

Businesses enjoyed a 13.8% increase in after-tax profits in the fourth quarter of 2005, a sharp rebound from the 4.3% decline in the previous quarter, the Commerce Department said. The pace of growth was the fastest since an 18.1% rise in late 2001.

In addition, a special inflation measure based on actual spending patterns, closely watched by the Federal Reserve, rose faster than expected. Commerce's index of consumer inflation, excluding food and energy, was revised to a 2.4% annual rate in the fourth quarter of 2005, from an earlier 2.1% estimate. That was far higher than the 1.4% rate of the previous quarter.

Nariman Behravesh, chief economist at Global Insight, called the report a case of good news, bad news. On the plus side, corporations are flush with cash and likely to use some of that money for capital spending. On the downside, higher inflation could be a danger sign for the Federal Reserve as it debates whether to continue raising interest rates.

Most Fed officials prefer a core inflation range of about 1% to 2%. To keep inflation in line, the Fed has been gradually raising its target for short-term rates since mid-2004 when they stood at 1%. The Fed Tuesday pushed rates to 4.75%, saying more increases were possible.

"If inflation continues to creep up, the Fed may have to hike rates more," Behravesh said. "There is a growing risk that the (Fed) may have to push rates up to 5.25% or even 5.5%."

In its report, Commerce said overall economic growth was a bit higher than previously reported in the fourth quarter of 2005. Gross domestic product, the broadest measure of the nation's goods and services, grew at a 1.7% annual pace in the fourth quarter, up from a previous 1.6% forecast.

Growth was lackluster compared with the 4.1% pace in the third quarter. Economists say, however, that the economy recovered from Katrina and Hurricane Rita in strong fashion. Global Insight pegs first-quarter growth at a 4% to 4.5% rate; others say it could be higher. Economists generally expect the economy to cool later in the year as the housing market pulls back.

In a note to clients, Moody's Economy.com noted that after-tax profits as a share of GDP surged to a record high in the fourth quarter. That could help tamp down inflationary pressures, because businesses will have more latitude to absorb higher production costs. But the firm expects profits to decline ahead as wages accelerate due to a tighter labor market. It also expects economic growth to slow to a 3% pace later this year.

Markets Mixed On Inflation Outlook (USAT/BLOOM)

By Bloomberg News

USA Today, March 31, 2006

Stocks fell Thursday as the inflation outlook worsened, renewing concern the Federal Reserve will keep raising interest rates.

The Dow Jones industrial average sank 65 points to 11,150.70, and the Standard & Poor's 500 lost 2.64 points to 1300.25. The Nasdaq, though, bucked the downdraft and gained 3.04 points to 2340.82.

Companies most sensitive to changes in borrowing costs, including banks and utilities, declined after the government said an inflation gauge watched by the Fed rose more than first reported. (Story, 6B.) The revision sent the yield on 10-year Treasury notes to the highest in 22 months. Oil prices reached a two-month high, also weighing on stocks.

"If people sense that there's inflation pressure, then they worry that the Fed isn't done," says Kevin Bannon, chief investment officer at Bank of New York Co. "The market cares because the Fed cares."

The losses were limited as an increase in a Nokia forecast for mobile-phone sales buoyed technology shares. The Nasdaq composite index set a five-year high for a second consecutive day.

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Rising oil prices added to inflation concerns. Crude for May delivery jumped 70 cents to $67.15 a barrel in New York, the highest close since Jan. 31, amid declining U.S. gasoline inventories and as the United Nations Security Council asked Iran to curb its nuclear program. The yield on the benchmark 10-year Treasury note increased to 4.86% from 4.81% on Wednesday.

"We're struggling with a couple headwinds: interest rates, the Fed hiking and also oil prices," says Henry "Chip" Dickson, chief U.S. strategist at Lehman Bros. "We need oil prices to stabilize, and we need the Fed to stop."

General Motors, the world's largest automaker, fell $1.09 to $21.06 for the worst performance in the Dow. GM, raising cash after $10.6 billion in losses last year, said it's in talks to sell shares of Japan's Isuzu Motors.

•Nokia jumped $1.06 to $21.28. The company expects growth in the global handset market of 15% on demand in China and India, up from its previous estimate of at least 10%.

•ATI Technologies, the No. 2 maker of computer-graphics chips, rallied $1.32 to $17.05. The company said fiscal second-quarter profit, excluding some costs, was 17 cents a share on revenue of $672 million. Analysts, on average, expected 13 cents on sales of $643.8 million, Thomson Financial says.

Stocks Decline On Rate Worries (WSJ)

By Scott Patterson

The Wall Street Journal, March 31, 2006

Investors thinking they had heard the all-clear signal were ambushed Thursday by a sudden jump in interest rates.

Wednesday, stocks rallied as Wall Street shrugged off the Federal Reserve's latest rate increase. But a selloff on the bond market drove stocks lower as the yield on the 10-year Treasury note leapt past 4.8% to its highest level since June 2004.

Tony Crescenzi, chief bond-market strategist at Miller Tabak, said several factors were behind the bond selling. Chief among them: a revised increase in a key inflation measure closely watched by the Federal Reserve.

In its final reading on fourth-quarter gross domestic product1 growth in the U.S., which showed the economy grew by 1.7% in the final three months of 2005, the government's price index for personal consumption, excluding food and energy, rose 2.4 %, up from the previously estimated 2.1%. The Fed prefers the measure to remain at or below 2%, said Mr. Crescenzi in a note. "The data are raising concerns about the Fed," the analyst wrote.

The Dow Jones Industrial Average fell 65 points to 11150.70, weighed down by a 4.9% loss by General Motors. The Standard & Poor's 500-stock index fell 2.64 to 1300.25 and the Nasdaq Composite Index added 3.04 to 2340.82.

Crude-oil futures gained 70 cents to $67.15 a barrel on the New York Mercantile Exchange. The April contract for Comex gold surged $13.40 to $586.70 a troy ounce, hitting its highest level since January 1981.

Investors are growing increasingly jittery about higher interest rates, concerned that they will result in a slowing economy. Higher rates make it tougher for businesses to expand and more difficult for consumers to spend on credit. They also make bonds more attractive. A risk-free yield of 4.75% could be tempting to investors growing increasingly wary of stocks, said Owen Fitzpatrick, managing director at Deutsche Bank Private Wealth Management.

"Money could start to float over into the bond market," he said. "Now it becomes more of a legitimate investment choice" to stocks, which will need to offer a higher rate of return to reward investors for the risk they take that stock prices could fall.

Not everyone is unnerved by the move higher by interest rates. James Paulsen, chief investment strategist at Wells Capital Management, points out that markets and interest rates world-wide have been rising in unison in 2006. And since yields remain relatively low on a historical basis, the economy should still be able to chug along in 2006, and earnings will continue to grow at a solid pace. "I'm not convinced [higher rates are] going to mean the run for stocks" is over, he said.

As the Fed move recedes into investors' rearview mirror, first-quarter earnings reports are increasingly coming into focus. Analysts surveyed by Thomson Financial expect companies in the S&P 500 to post earnings growth of 11.3% in the first quarter, which would be the 10th consecutive quarter of double-digit growth. Thomson expects earnings to grow 12.4% in 2006.

Investors also weighed a wave of news on the merger-and-acquisition front Thursday. Nasdaq Stock Market decided to pull7 its $4.2 billion offer for the London Stock Exchange. Bank of New York jumped more than 4% on reports that J.P. Morgan Chase is close to a deal to buy as many as 300 of its retail branches for up to $4 billion. Shares of Maytag, which surged 28 % in

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the final minutes of trading Wednesday on news that8 the Justice Department approved Whirlpool's $1.79 billion acquisition of the home-appliance maker, slid 1.9% Thursday.

Shares of Nokia jumped 5.2% after the world's biggest mobile phone maker said it expects industrywide growth of 15% or more in 2006, up from previous expectations for growth of 10%. Shares of rival Motorola rose nearly 1%.

In major market action:

Stocks were mixed9. On the New York Stock Exchange, where 1.6 billion shares traded, 1,421 stocks rose and 1,877 fell. On the Nasdaq Stock Market, where 2.2 billion shares traded, 1,518 rose and 1,514 declined.

Bonds declined10. The benchmark 10-year Treasury shed 12/32 point, or $3.75 per $1,000 invested, to yield 4.857%. The 30-year bond fell 27/32 to yield 4.895%. Yields move inversely to prices.

The dollar declined.11 It traded at 117.34 yen, down from 117.83 yen late Wednesday, while the euro rose to $1.2155 from $1.2024.

Church Sex Abuse Costs Rise Despite Drop In New Allegations (WP)

By Alan Cooperman

The Washington Post, March 31, 2006

The financial costs of the sex abuse scandal in the Roman Catholic Church rose dramatically in 2005, even as the number of new allegations fell, the U.S. Conference of Catholic Bishops said yesterday.

Releasing an annual report on their efforts to prevent abuse of minors by priests, the bishops said U.S. dioceses spent $399 million last year on legal settlements with sex abuse victims and $68 million on lawyers' fees, psychological counseling and related expenses -- about three times more than they paid in 2004.

The church's cumulative expenditures on sex abuse claims in the United States are approaching $1.5 billion. The tally of known victims has topped 12,500. The number of priests and deacons who have been credibly accused since 1950 is close to 5,000.

In releasing the blizzard of statistics, Catholic Church officials and their academic consultants put a generally positive gloss on the data, suggesting that the worst of the crisis is over.

Karen Terry, a researcher at the John Jay College of Criminal Justice in New York, said the vast majority of the abuse took place from the mid-1960s to the mid-1980s. There has been a sharp decline in the number of cases since the early 1990s, which an analysis indicates is not just a matter of a lag in reporting, she said.

"We know that sexual abuse is underreported and that more people will come forward," she said. "But the decrease in sexual abuse cases is real." She added that the decline mirrors the general societal decrease in crime, substance abuse and sex abuse in the 1990s.

Teresa M. Kettelkamp, a former Illinois state police officer who heads the bishops' Office of Child and Youth Protection, said "it is important to acknowledge how much has been done" to remove abusers from the priesthood, including 57 priests who were suspended in 2005.

She said U.S. dioceses have conducted background checks on 1.6 million adults who work with minors and have provided "safe environment" training to 5.7 million children, 95 percent of all those entrusted to the care of the church.

Bishop William S. Skylstad, president of the bishops' conference, said he has both "a sense of progress" and "a great sense of the continuing impact of the sexual abuse crisis" because his own diocese of Spokane, Wash., is in bankruptcy and he was recently accused of molesting a teenage girl in the 1960s. He has denied the allegation.

The bishops' conference said U.S. dioceses received 783 credible allegations of abuse against 532 clergy members in 2005. There were 1,092 allegations against 756 priests in 2004.

Of the new allegations, nine -- or less than 1 percent -- stemmed from incidents that took place in 2005 and were reported by people still younger than 18. Nearly 87 percent of the remaining 774 new allegations involved abuse that occurred before the 1990s. Of the 532 priests accused in 2005, nearly two-thirds had been identified in prior allegations, and 418 were deceased or out of ministry, church officials said.

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William Gavin, a former FBI official whose Boston-based consulting firm has been hired by the bishops to conduct annual sex abuse "audits" of U.S. dioceses, said 169 of the 191 Catholic dioceses examined in 2005 were "fully in compliance" with the sex abuse policy the bishops adopted in Dallas in 2002.

Those in compliance included the archdioceses of Washington and Baltimore, and the dioceses of Richmond and Arlington.

Barbara Blaine, president of the Survivors Network of those Abused by Priests, said the report "once again proves that bishops can't be trusted to monitor themselves."

She noted that the auditors found the Archdiocese of Chicago to be fully in compliance with the charter in 2004 and 2005. Yet in recent months, two previously accused priests were found working in active ministry in Chicago.

Patricia O. Ewers, chairman of the National Review Board, a panel of lay Catholics appointed by the bishops as a watchdog over the church's handling of sex abuse, also said that "recent events in Chicago make it clear that the church has not done enough."

Bishops Report Decline In Abuse Accusations (NYT)

By Neela Banerjee

The New York Times, March 31, 2006

WASHINGTON, March 30 — A total of 783 new accusations of priests' sexual abuse were received by the nation's Roman Catholic bishops last year, with about 13 percent of the cases dating from 1990 or later, the bishops reported Thursday.

In issuing its third annual audit intended to assess efforts to prevent such abuse, the United States Conference of Catholic Bishops emphasized that accusations had declined from the 1,092 reported in 2004.

The bishops also said that as a result of a provision they adopted in 2002 under a toughened policy, 94.5 percent of children in Catholic schools and Sunday school classes had been educated on keeping themselves safe from abuse, an increase from 51 percent the year before.

The survey said 87 percent of the new accusations involved abuse that occurred before 1990, some of it as early as 1950. Only nine accusations concerned abuse last year.

But victims' groups have argued that recent accounts of abuse and the church's resistance to extending the statute of limitations on it are renewing doubts about the bishops' commitment to solving the problem.

The president of the bishops' conference, William S. Skylstad of the Spokane Diocese, himself faces accusations of sexually abusing a girl in the early 1960's, which he denies. And earlier this year, after a priest in Chicago was arrested on charges of molesting boys, the archdiocese there came under fire when it was disclosed that the police had shared accusations of abuse with church officials as early as last August. The archdiocese did not remove the priest until January.

Patricia O. Ewers, chairwoman of the National Review Board, a lay group established by the bishops to monitor the church's response to the sexual abuse crisis, said Thursday that given the scandal in Chicago, it was "clear that the church has not done enough."

Speaking here at a news conference where the bishops' findings were announced, Dr. Ewers noted that the audit process, which is largely a matter of self-reporting by diocesan staff, did not examine the effectiveness of anti-abuse procedures adopted by the bishops, only if those procedures are in place.

In fact, the new audit found the Archdiocese of Chicago to be in compliance with the church's policy on abuse, noted Agustin Perez, one of the independent investigators hired by the archdiocese in the wake of the recent scandal.

While the bishops' report was debated, the office of the New Hampshire attorney general issued its own audit of the Manchester Diocese on Thursday. It cited a "general level of ineffectiveness in enforcing compliance" with an agreement between the diocese and the state to protect children from abuse.

The Rev. Edward J. Arsenault, a representative of Bishop John B. McCormack of the Manchester Diocese, which takes in all of New Hampshire, said in a statement that work remained to be done, but pointed out that no minors were harmed during the period audited by the state, 2002-5.

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Nonetheless, the attorney general, Kelly A. Ayotte, told the bishop in a letter dated Monday that failure to address problems in sexual abuse procedures before the state's next audit "may result in court action for contempt and other legal remedies."

Catholic Sex-abuse Payouts Still Rising (WT)

By Julia Duin

The Washington Times, March 31, 2006

Sex-abuse accusations against the nation's priests were down last year, but the flood of millions of dollars in payouts more than tripled and shows no signs of stopping, the United States' Roman Catholic bishops said yesterday.

"It is disheartening to us bishops, as it must be to all Catholics, to find that there are still some allegations of abuse by clerics against today's children and young people," Bishop William S. Skylstad, president of the U.S. Conference of Catholic Bishops (USCCB), said during the release of the conference's annual report on sex-abuse statistics.

The report, commissioned in 2002 by the USCCB's Charter for the Protection of Children and Young People, tracks what the country's 195 Catholic dioceses are doing to end a sex-abuse crisis that has involved 12,537 youths -- mostly boys and young men -- and 4,827 priests.

The bishop cited himself as a sign of the scandal's durability, adding that he is the target of a sex-abuse charge filed Dec. 27 by a woman who has accused him of abusing her in the early 1960s. He has denied the charge.

He said his own Diocese of Spokane, Wash., is bankrupt because of lawsuits. Bishop Skylstad insisted, though, that he is still happy with the USCCB's "progress."

But "I do so without being either naive or in denial about the power of this crisis to affect the ongoing life of the church and the lives of victims of abuse who suffer from its consequences for many years after its actual occurrence," he said.

Accusations against Catholic priests decreased 28 percent last year, but the cost in millions of dollars to the nation's Catholic dioceses shot up 219 percent last year, the USCCB said.

Specifically, $139,582,157 was paid out in sex-abuse cases in 2004 -- for settlements, attorneys' fees, victim therapy and other costs. Last year, that amount rose to $445,686,548, including the $100 million that California's Diocese of Orange agreed to pay to 90 claimants in January and $120 million the Covington, Ky., diocese agreed to pay to more than 100 victims in June.

According to the Catholic News Service, the U.S. church to date has paid $1.3 billion in settlements.

A USCCB report shows 783 credible accusations of child sex abuse reported last year, down from 1,092 in 2004. Of the 783 charges, nine occurred last year, the USCCB said, and the others occurred mostly in the 1960s and 1970s.

Despite the charter and all the safeguards it imposed, the USCCB said cases still fall through the cracks. On March 20, the Archdiocese of Chicago admitted that it had allowed the Rev. Daniel McCormack to remain in ministry for months after he had been accused of pedophilia. Three boys have accused the priest of molesting them from 2001 to 2005.

The problem, said Bill Gavin, head of the Boston-based Gavin Group, which conducts annual "audits" on Catholic dioceses, is that his investigators are not allowed to research personnel files.

"The people in the Archdiocese of Chicago didn't deliver to the cardinal the candor he needed," Mr. Gavin said. "I expect the auditors didn't get it, either."

Moreover, about 104 dioceses that have been found fully compliant two years in a row with the charter were allowed to fill out a questionnaire last year in lieu of an on-site visit by investigators.

The sex of the abuse victims reported last year was the same as was reported for the years 1950 through 2002 -- 19 percent were girls and 81 percent were boys. Almost half (49 percent) of the victims were between the ages of 10 and 14, 23 percent were ages 15 to 17 and 14 percent were younger than 10. The ages were not specified for 14 percent of the victims.

A supplemental report, issued by the John Jay College of Criminal Justice in New York, said there were no warning signs for the typical abuser, who is a priest in his late 30s who has been ordained 11 years. Diocesan priests tended to be abusers twice as much as priests from religious orders.

"The red flags aren't there," said Karen Terry, the report's principal investigator. Except for a small group of serial abusers who began abusing children around the time of their ordinations, "there are no identifiable psychological problems."

A Benefit For Insurers (NYT)

By Milt Freudenheim

The New York Times, March 31, 2006

Critics who say the private insurance industry got too big a role in the new Medicare prescription drug program may not know the half of it.

For patients, the program's rollout has had mixed reviews, with many happy customers but more than a few tales of woe. But for many big insurers, the new Medicare program is shaping up as a great opportunity. And prescription drugs may be only a starting point.

So far, about 18 million Americans are participating in the new drug program, known as Medicare Part D. If things play out the way some big insurers hope, the drug program could prove to be a feeder system into a much greater private presence in Medicare — a longstanding goal of the Bush administration.

Insurers like Humana, which says it has signed up 1.7 million Medicare drug plan members, know that the real money is not in providing drug insurance. The rewards are much richer in other types of Medicare policies, including complete managed care plans called Medicare Advantage, which are operated by the private insurers but subsidized by Medicare. Michael B. McCallister, Humana's chief executive, refers to the new Medicare Part D drug program as part of a broader "Medicare opportunity" for his company.

"There's going to be a lot of people that are going to have Part D cards that are going to become interested in a Medicare Advantage plan," said Mr. McCallister, who has been unusually candid about the springboard strategy.

In January and February, which were the first months of the Part D drug program, Humana was also able to add more than 140,000 new Medicare Advantage customers to its rolls.

One of them was Frank Stallings, 78, a retired college professor in Highland Heights, Ky., who recently switched from a Part D plan to a Humana Medicare Advantage plan.

"So far, Part D has worked O.K.," he said. "I felt like I needed something else to help me out with other things not covered by Medicare."

Unlike his Part D drug plan, which carried a monthly premium of $26, there is no premium for his full-coverage Medicare Advantage plan — although his drug co-payments are a bit higher, and there will be co-payments for some other medical services.

Other big insurers like Wellpoint and the UnitedHealth Group — the Part D leader so far, with 4.5 million enrollees — are also recruiting members for Medicare Advantage, as well as customers for Medigap, another type of Medicare-related policy. Medigap is a supplemental policy that helps with the remainder of medical expenses not fully covered by conventional Medicare.

While the stand-alone Part D drug plans are expected to give insurers a small profit, the margins are likely to be thin — 1 percent to 3 percent before taxes, Humana estimates. That is partly because Humana is offering low premiums and co-payments to attract customers. And the federal subsidy for each customer in a stand-alone Medicare drug plan is only about $75 a month.

But for providing a full Medicare Advantage health policy to a patient, the government pays the insurer $900 to $2,000 a month beyond whatever premium, if any, the patient pays. With that revenue, come bigger profit margins — 3 percent to 5 percent, according to James H. Bloem, Humana's chief financial officer.

For UnitedHealth, the Part D drug business by itself would not be particularly lucrative, adding only 5 to 7 cents to earnings a share, according to Jason Nogueira, an analyst who tracks health care companies for the investment firm T. Rowe Price. That would be no more than 2 cents on the sales dollar for UnitedHealth, which had $45 billion in 2005 revenue and expects profit of $2.90 a share this year.

So the real financial opportunities lie in upgrading Part D enrollees to other Medicare-linked policies. In essence, the high federal subsidies for Medicare Advantage policies are the government's reward to insurers for taking people out of traditional, federally supervised Medicare and into the commercial world of managed care. In fact, Medicare now pays private insurers 15 percent more, on average, to take a patient than it spends in a traditional government program for each patient.

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Critics of Medicare's approach, including a number of senior Democrats in Congress, have asked the Congressional Budget Office to examine the issue. The budget office estimated that Medicare could save more than $40 billion over the next 10 years if subsidies to insurers were scaled back to the levels the program now pays directly to doctors and hospitals.

Representative Pete Stark of California, the senior Democrat on the Ways and Means Committee, said in an interview that insurance agents "are out trying to promote seniors into Medicare Advantage plans, and switch them out of plans they are in."

The Medicare law that created the Part D program, Mr. Stark said, "was written by insurance company lobbyists with the help of pharmaceutical company lobbyists."

In a telephone interview, Michael O. Leavitt, the secretary of health and human services, defended the administration's market-based approach to Medicare, saying that market forces were pushing prices lower and that any kinks in Part D would be worked out.

"The market will become simplified because consumers want that," Mr. Leavitt said.

As long as the incentive of federal subsidies stays at current levels, insurers have every reason to pursue them, especially as the industry struggles with slowing growth in its traditional core business of managing employer-sponsored health benefits.

Charles Boorady, a health care securities analyst at Citigroup, said that by expanding Medicare-subsidized offerings, the insurance industry had a potential revenue opportunity of more than $450 billion a year "or enough to almost double the revenue of the managed care industry."

Even before the new drug plan went into effect in January, some insurers had significant numbers of Medicare Advantage customers. Humana, for example, had 558,000. UnitedHealth had 1.1 million in Medicare Advantage; it also had an additional 2.5 million AARP customers with Medigap cards, and most of them have added the Part D coverage that UnitedHealth is offering through AARP.

By the end of February, Humana had already raised its total of Medicare Advantage members to 700,000 and had set a goal of 900,000 to 1.1 million by Dec. 31. The company expects to add more in 2007. New figures released by Medicare last week indicate that 6.3 million of the 18 million people enrolled in Plan D voluntarily signed up for the drug program; in all, 43 million people are eligible for it. An additional 5.7 million in the program are people who were subscribers to Medicare Advantage health plans that did not cover prescription drugs but they added the coverage.

The government's real gift to the insurers was 6.4 million low-income people on Medicaid or other public-assistance programs who were automatically assigned to Part D or Medicare Advantage plans. They were allocated among insurers ready to meet Part D rules, with most going to those that had Medicare Advantage plans throughout the United States.

Under this allocation, the government gave UnitedHealth 1.2 million Medicaid assignees; the next biggest were Humana and Wellpoint, which each got about 600,000.

Those insurers can be sure of collecting 100 percent of the premium from the government for the lowest-income enrollees, and they are paid on a sliding scale if the enrollees are eligible for other state assistance.

Not everyone, though, sees a huge opportunity in the industry using the Medicare drug program as a springboard into fuller lines of coverage.

Ed Kroll, an analyst at the investment research firm SG Cowen, notes that in the past, prescription drug coverage was a major reason people signed up for a Medicare Advantage managed care plan. Now, with Part D, people can have their drugs paid for without joining a broader plan, he said, and can simply let plain old Medicare benefits cover their other health needs.

Aetna, the third-largest insurer, after Wellpoint and United, has not made a big push into Part D. The company has only 375,000 Part D drug plan enrollees so far. Aetna — like Cigna, the No. 4 insurer — is more concerned with commercial customers and is "not strategically focused on Medicare or Medicaid," Mr. Boorady of Citigroup said.

Even for companies like Humana, which do have that focus, the big challenge will be overcoming the bad publicity the Part D program has tended to receive in the early going. And for those who do agree to trade up, insurers will not be able to take their loyalty for granted.

Florence Bryan 65, a retired grocery worker in Winchester, Va., met a Humana saleswoman in a Wal-Mart store late last year; she was promoting Part D and Medicare Advantage. "I went on her recommendations," said Ms. Bryan, who joined a Humana Medicare Advantage plan in January. Now, she has her "first glitch." Her Humana plan covers only half her monthly

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requirement of 60 Prevacid pills, which she for stomach problems. "The Humana representative said the doctor should call an 800 number to get an authorization," she said. "But the doctor's office said the insurance company needs to fill out a form and send it to the doctor." When contacted, a Humana spokesman said the company intended "to resolve this issue for Mrs. Bryan as soon as possible."

New To The Stable: Two Champion Clones (WP)

By Justin Gillis

The Washington Post, March 31, 2006

A Texas company said yesterday that it had cloned two champion cutting horses for $150,000 apiece, had established multiple clone pregnancies and would create as many as 30 more cloned horses over the next year, signaling the arrival of a commercial horse-cloning industry in the United States.

The plans by ViaGen Inc. of Austin represent by far the most ambitious effort yet to turn horse cloning into a paying business. There's little doubt that ViaGen, with one of the world's top cloning scientists in its stable, can pull off the necessary laboratory work, and not a single government rule or regulation stands in the way.

But it remains to be seen how far the U.S. horse industry will go in embracing the technique that produced Dolly the sheep a decade ago and has since come to symbolize many people's fears about modern genetic science. While cloning is being welcomed by those who ride and breed cutting horses, a sport with blue-collar origins on the ranches of the American West, the people guarding the purity of elite horse racing in the United States have decided to prohibit clones.

"Would it be fun to watch Muhammad Ali box Muhammad Ali? Would it be fun to watch 10 Michael Jordans out on the basketball floor?" said Dan Rosenberg, president of Three Chimneys Farm, one of the leading farms in Kentucky breeding Thoroughbred racehorses. "What we do is part business and part fun, and it's part science and part art. If it becomes pure business and pure science, I don't want to play anymore."

It's clear that a lot of people in the horse industry agree with him. The American Quarter Horse Association, which safeguards that breed by issuing papers on the animals, has prohibited registration of any clone.

So has the Jockey Club, the association that registers the Thoroughbreds, such as Secretariat and Seattle Slew, that race for the Triple Crown and other premier events. In fact, the Jockey Club has prohibited not just cloning but any form of artificial reproduction. In the racing world, owners and breeders are clinging tenaciously to the idea that creation of a baby horse, a foal, ought to involve a stallion having sex with a mare.

But a different attitude seems to be taking hold in the most democratic of the equine disciplines, cutting, which grew out of the twice-yearly cattle roundups in the West that would bring together thousands of beef cows. To separate one rancher's animals from another's, cowboys needed compact, athletic horses with good instincts for pulling a cow out and blocking its attempt to rejoin the herd. The ranch hands would take any cutting horse, purebred or not, that could do the job.

Still, it probably didn't occur to those cowboys of old to try cutting cattle with a cloned horse.

It hadn't occurred to Lindy Burch, either, until recently. The Weatherford, Tex., woman is one of the nation's most accomplished riders and breeders of cutting horses, and owner of a valuable cutting champion called Bet Yer Blue Boons, a mare with health problems that have limited her ability to reproduce.

Burch was shocked when some fellows she knew called up and told her about a company with plans to clone horses. "I thought, 'Gosh, I have to try it,' " she said. "There's a lot of really nice horses, but the great ones are few and far between."

Now two mares are pregnant with Bet's clones. They're among 15 clones established in ViaGen's laboratories that are coming to term in surrogate mares on a farm in Oklahoma. Two clones already have been born. The first, born Feb. 19, is a clone of Royal Blue Boon, an aging champion whose offspring -- Bet Yer Blue Boons is one -- have earned millions in prize money on the cutting-horse circuit. That makes her, in the view of Quarter Horse News, "the greatest producing mare in the history of the sport."

They are not the first cloned horses born in the United States, nor even the first created for money. Since the world's first horse clone was born in Italy in 2003, a handful have been created by academic laboratories in this country.

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But ViaGen, with financial backing from Arizona billionaire John Sperling and rights to the important patents in the field, is by far the best-financed company offering cloning services. Its laboratory is run by Irina Polejaeva, a leader of the scientific team that produced the world's first pig clones six years ago.

The company's main goal is to turn cloning into a routine tool of production agriculture, creating elite breeding stock for the cattle and hog industries. But a policy that would allow cloned animals or their offspring into the American food supply is stalled at the Food and Drug Administration, with consumer groups warning of a potential backlash.

So while the government figures out what to do about food, ViaGen has decided to go after a smaller market that needs no federal blessing -- horse cloning. At $150,000 for the first copy of a horse and $90,000 for the second copy, "it is a significant business opportunity," said Mark Walton, president of ViaGen.

Many of the associations that oversee various horse breeds are expected to follow the lead of the Jockey Club and the American Quarter Horse Association in prohibiting clones. That's likely to reduce the value of cloned animals, since neither they nor their offspring could ever be registered as purebred.

But Studbook Zangersheide, a small European association that controls a breed of jumping horses, has decided to register clones. And there's a lot of muttering in the horse world that anti-clone rules may be subject to legal attack as unfair restraints of trade. Nobody has sued yet.

The Humane Society of the United States yesterday condemned ViaGen's move, noting that several scientific panels have said cloning raises serious concerns about animal welfare. In some species, notably cattle, clones have died in the womb or just after birth with dire health problems, though not enough data are available yet to know if that will be true in horses.

"We applaud the Thoroughbred industry and other segments of the horse industry that are shunning this practice," said Wayne Pacelle, chief executive of the Humane Society, in Washington. "The cloning advocates and practitioners are thinking of horses as a commodity. Those on my side of the fence think of horses as individual creatures who deserve respect and humane treatment."

Caspar Willard Weinberger (WSJ)

By James Webb

The Wall Street Journal, March 31, 2006

ARLINGTON, Va. -- From the window of my office I can see the flag pole on the main hilltop of historic Fort Myer, where high-ranking officers, including the Army's Chief of Staff, have resided for more than a century. The flag is at half-mast, as it always is when great tragedies occur or when noteworthy Americans have died.

I have written from this office for many years, and the half-masted flag at Fort Myers has become a frequent sight. But this afternoon as I watch the flag flutter in a gentle wind, I am overcome with a sense of nostalgia and regret that surprises me.

"Cap" Weinberger would have liked that, I find myself thinking. But it also would have embarrassed him just a bit. If he had lived to see this tribute, Cap would surely have made some self-deprecating joke -- and then deflected the whole subject onto another deserving individual. Something like, "Well, if you outlive enough of your adversaries the remainder will forget the arguments and lower a flag for you." * * *

For nearly four years during the Reagan administration I had the privilege of working for, and with, Caspar Willard Weinberger, first as an assistant secretary of defense and then as secretary of the Navy. As part of his inner staff that met daily with him, I once calculated that I had walked more than a thousand miles of Pentagon office corridors between my office and his. And in the years after he left the Pentagon, I counted myself among the lucky former subordinates who were able to grab him for lunch every now and then, or correspond on this issue or that, or even, as it turned out, to give him advice on his ever-aspiring writing career.

In this town of inflated egos and ruthless ambition, I have never met a more gracious man. And in a lifetime that, beginning with my father's military service, spans every secretary of defense, I can think of no one who has ever held that office with more competence, intellect and understanding of our country's place in the world.

Memories surround me: of Cap holding court among his inner staff day after day, receiving the morning briefings from his key subordinates, questioning their reports, giving guidance across a broad spectrum of issues with humor and incisive intellect.

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This was a man -- rare in government circles -- who was not afraid of strong personalities, who encouraged debate, who brought out the creative energies of people with a wide array of backgrounds and policy interests. Unlike so many government leaders who do not want to hear bad news, or who wish only to direct their subordinates from the top, Cap wanted to know, and the country was better off for it.

When Cap Weinberger took office as secretary of defense in 1981 our military was in a truly worrisome state. Its people were burnt out. Our ships, aircraft and weapons systems were depleted, on the verge of obsolescence. Our nation was demoralized by the aftermath of the Vietnam War and the humiliation of the failed attempt to rescue hostages in Iran, and worried sick about the Soviet takeover of Afghanistan. Nearly seven brutally demanding years later, he left behind a modernized, properly deployed military force filled with quality people. He had implemented a strategy that soon thereafter brought an end to the Soviet Union's expansionist regime. And he had put into place a doctrine regarding the use of force that, perhaps unfairly, became more associated in the public's eye with the views of his disciple Colin Powell than of his own.

It is painful for those who knew and respected Cap Weinberger to see his name, even in his obituaries, associated with the Iran-Contra affair, an endeavor that he himself had advised against. But his loyalties were astounding, even legendary among the Reagan inner circle. In the end they defined even his darker moments.

But Cap accepted that, just as he accepted the inevitability that others might shine brighter in the limelight that he himself made possible. One of his favorite quotes in those later years, when he would find the time to meet for lunch, was one he attributed to Ronald Reagan: "You can get a lot done in this town if you don't care who takes credit for it."

Mr. Webb, a former Marine, was secretary of the navy in the Reagan administration. He is now an author, and a Democratic candidate for the U.S. Senate from Virginia.

The States Confront Stem Cells (NYT)

The New York Times, March 31, 2006

Maryland will become the fourth state to authorize the use of state funds to support embryonic stem cell research, now that the governor, a Republican, has pledged to sign a bill approved this week by the legislature, which is controlled by Democrats. Maryland will thus join California, New Jersey and Connecticut in recognizing that the federal government's abdication of support for embryonic stem cell research has effectively shifted the issue to the states.

President Bush has authorized federal funds for research on only a limited number of embryonic stem cell lines, and Congress has been too hamstrung by fights between research advocates and social conservatives to expand support beyond that. No federal money can be used for therapeutic cloning, the most promising area of research. Privately financed research is an option, but the government makes that difficult at sites where other scientists work with federally financed equipment.

Individual states have been chiming in with their own policies, which range from a farsighted determination to finance the restricted research with state money to truly awful decisions to treat scientists as criminals if they dare to do therapeutic cloning. South Dakota bans all research on embryonic stem cells, and a few other states ban therapeutic cloning. Several states, however, authorize state funds for both embryonic stem cell research and therapeutic cloning. California's $3 billion 10-year program, currently stalled by a court challenge, dwarfs New Jersey's and Connecticut's programs. Maryland's small program will use only embryos that would otherwise be discarded by fertility clinics, not embryos generated for therapeutic cloning.

At first many states seemed headed toward restrictive policies, but then the academic and business communities threw their weight behind research that they believe could ultimately lead to new therapies and possibly new companies to exploit the findings. In some places, the result is a mishmash of conflicting approaches. In Wisconsin, where scientists have been pioneers in the development of embryonic stem cell lines, Gov. Jim Doyle, a Democrat, vetoed a bill — passed late last year by the Legislature, which is dominated by Republicans — that would have made therapeutic cloning a criminal offense punishable by up to 10 years in jail. He has instead embarked on a drive to recruit stem cell companies for Wisconsin, with a goal of capturing 10 percent of the stem cell industry by 2015.

This piecemeal state-by-state approach is an absurd way to conduct research that may have extraordinary importance if it pans out. Few residents of states that ban therapeutic cloning will refuse lifesaving therapies developed in other states. So it seems unfair to rely on a handful of states to fill the gaps left by the federal abdication. There is growing sentiment in Congress

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that the range of stem cell research eligible for federal funds needs to be expanded. We agree, and urge that therapeutic cloning be included in that expansion.

Help The Homeless (WP)

The Washington Post, March 31, 2006

THE MILD WINTER was a blessing for the Washington area's homeless population, which is estimated at more than 15,000. Nonetheless, the growing number of homeless people has strained the capacity of shelters and other social services. And while the problem of homelessness used to be mainly an urban one, concentrated in the District, now it is felt equally in the suburbs, where half of the region's homeless are thought to live.

This year Montgomery County had to open a third temporary trailer to handle the overflow from its permanent shelters; in addition, the county has lodged some 40 homeless families in motels because the shelters had no remaining beds. In Fairfax, a canvass by the county in January found nearly 2,100 homeless people, up 6.5 percent over a similar survey's count a year earlier. At various points in the winter, 60 to 90 homeless families in Fairfax were on the waiting list for beds in county shelters; some families waited up to four months for a spot. And in many instances, a spot in a shelter means only a place to sleep at night -- but neither refuge from the elements nor a hot meal during the day.

Together, Fairfax and Montgomery, neighboring jurisdictions separated by the Potomac, represent one of the largest concentrations of suburban prosperity in the nation. That they are home to 3,000 to 4,000 homeless people is a symptom of a societal failure; more particularly, it reflects the exorbitant price of housing in each county, where a one-bedroom rental apartment averages $1,000 or more a month. Some 2 million people live in Fairfax and Montgomery, but county officials are struggling to retain the relatively small stock of affordable housing in the face of powerful market pressures. As Bob Wyatt, director of the Lamb Center, which runs shelters for the homeless in Fairfax, told The Post's Bill Turque: "Where there is great wealth, there is also insidious, hidden poverty."

In Montgomery, County Council members Steven A. Silverman and George L. Leventhal, both Democrats, have proposed modest measures to increase the available public money for rent subsidies and medical care for homeless people in shelters. That's a positive gesture, but, as Mr. Silverman notes, it's just a first step. It may be impossible to eliminate homelessness altogether, but minimizing it should not be beyond the means of such rich localities. Perhaps a third of the suburban homeless here have jobs. They are making a go of it, and they deserve a greater helping hand from local governments.

Rice Floats The Idea Of U.N. Sanctions On Iran, But China And Russia Reject It (NYT)

By Joel Brinkley

The New York Times, March 31, 2006

BERLIN, March 30 — Secretary of State Condoleezza Rice, meeting here on Thursday with representatives of the other four permanent members of the United Nations Security Council, raised the idea of imposing unspecified sanctions on Iran, but she received a decidedly cool reaction from China and Russia.

Her proposal came a day after the Security Council approved a statement criticizing the Iranian nuclear program that was a result of heavy compromise. Previously, she had said that sanctions were a possibility but that it was premature to discuss them.

Her proposal was described to reporters in a briefing aboard her plane by a senior State Department official, and she did not comment directly on her proposal during a news conference after the three-and-a-half-hour meeting here on Thursday.

But Dai Bingguo, China's vice minister of foreign affairs, rejected the idea of sanctions and offered a thinly veiled criticism of the war in Iraq when he said: "The Chinese side feels there has already been enough turmoil in the Middle East. We don't need any more turmoil."

The Security Council approved the statement on Wednesday after three weeks of debate. Ms. Rice and her aides praised it on Thursday, even though it was far weaker than the one the United States had originally proposed. It calls on the International Atomic Energy Agency, the nuclear monitoring arm of the United Nations, to report within 30 days on Iran's progress toward curtailing its nuclear development work. The report then goes to the Security Council, giving it an opportunity to respond.

After months of diplomacy, the United States persuaded a majority of the agency's board to report Iran to the Security Council last month.

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Ms. Rice noted on Thursday that Russia had wanted to remove the language from the Security Council statement calling for a referral to the Security Council, which would have effectively returned the case to the atomic energy agency. Russia backed down from its demand, under American pressure.

As it is, Russia and China bluntly declared on Thursday that they had no interest in imposing sanctions of any sort or in taking any further action against Iran, though both countries did express concern about the nuclear program. Russian and Chinese officials said they wanted to refer the issue back to the atomic energy agency.

"Russia believes that the sole solution for this problem will be based on the work of the I.A.E.A.," said the Russian foreign minister, Sergey V. Lavrov.

American officials say Iran is unlikely to budge from its confrontational position unless it is offered "in addition to carrots some sticks," the senior official traveling with Ms. Rice said Thursday evening. "Iran needs to know there will be consequences if it continues to hold out."

But the same opposition that forced the United States to accept a weaker Security Council statement than it had wanted seems likely to make it difficult to impose sanctions or other actions against Iran to persuade it to back down.

Iran's foreign minister, Manouchehr Mottaki, speaking at a disarmament conference in Geneva on Thursday, described the Security Council action as "political maneuvering by some Western countries" and "an abuse of international mechanisms."

On her way here Wednesday night, Ms. Rice said the meeting was being held to begin discussions of "the next steps" to be taken against Iran, now that the Security Council statement had been approved. Later, after Russia's and China's public rebukes of the idea of taking further action, the senior administration official, briefing reporters, offered a different goal for the meeting, saying it had been an effort to keep together the coalition of nations opposed to Iran's nuclear program.

The official, who briefed reporters traveling with Ms. Rice under the ground rule that he not be identified by name, said several nations, presumably European countries, had supported the notion of unspecified sanctions after Ms. Rice proposed the idea. He would not name the nations.

Ms. Rice alluded to the sort of sanctions the United States would be likely to propose when, speaking to reporters on her way here, she said the United States and its allies would look at "how a strong message can be sent to the Iranian regime that it's the regime that is isolated, not the Iranian people."

The senior official said Ms. Rice was referring to the idea of imposing travel bans on senior Iranian officials and freezing their foreign bank accounts, as the United States and Europe say they intend to do with regard to Belarus.

Foreign Ministers Push For United Stance On Iran (WSJ)

The Wall Street Journal, March 31, 2006

BERLIN -- U.S. Secretary of State Condoleezza Rice on Thursday warned that "the international community is united" in its dispute with Iran over its nuclear program, while German Foreign Minister Frank-Walter Steinmeier said the U.S., Russia, China and Europe remained intent on a diplomatic solution.

The remarks followed a meeting in Berlin among diplomats from the five veto-wielding members of the U.N. Security Council plus Germany over ways to press Iran to stop making enriched uranium, which can be used for weapons. Iran says its program is peaceful.

Ms. Rice said the meeting sends "a very strong signal to Iran that the international community is united." It follows an agreement Wednesday to give Iran 30 days to comply or see the matter taken up by the U.N. Security Council. (See related story.1)

But the comments hinted at the strains in the anti-Iran alliance, with the Chinese saying that "only peaceful means" must be used to push Iran, while the U.S. and Britain used tougher rhetoric.

"The onus is on Iran to show the international community that its program is entirely for civil purposes and for no other," said British Foreign Minister Jack Straw. "We have shown very great patience with Iran. They in turn have miscalculated.

"They thought the international community would be divided on this issue but in fact they have become more and more united," he said.

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Russian Foreign Minister Sergey Lavrov stressed a peaceful solution and appeared to emphasize the role of the International Atomic Energy Agency ahead of the Security Council. "It is quite clear that all of us have very legitimate concerns in the international community with regard to Iran but we wish to reach a peaceful solution," he said.

"Russia believes the sole solution will be based on the work of the IAEA and we will also be demanding full cooperation of Iran with the IAEA. Only then will it be possible for Iran to make peaceful use of the technology."

On Wednesday, the five permanent Security Council members broke a three-week impasse on Iran and agreed on a statement demanding that Tehran suspend all uranium enrichment.

Diplomats hailed the step as an important breakthrough, but it is unclear what impact the statement will have in Tehran, where the Iranian government insists it will proceed with its nuclear-development plans as a matter of sovereign right.

Concerns over the U.N. standoff with Iran have helped keep oil prices above $60 a barrel in recent weeks. Iran is the second-largest producer in the Organization of Petroleum Exporting Countries after Saudi Arabia. The U.S.'s Energy Information Administration Tuesday reported that commercial stockpiles of gasoline declined by 5.4 million barrels last week to 216.2 million barrels.

The U.N. statement, which isn't legally binding and falls short of a resolution, expresses "serious concerns" that Iran has failed to comply with a series of steps laid out by the International Atomic Energy Agency to assure that Tehran isn't pursing nuclear weapons. Iran insists its nuclear program is for peaceful purposes, but the statement notes "that the IAEA is unable to conclude that there are no undeclared nuclear materials or activities in Iran."

The statement asks IAEA chief Mohamed ElBaradei to report to the Security Council in 30 days on Iran's compliance.

The U.N. agreement "demonstrates that the international community is united in its concern over Iran's nuclear program," said U.S. Secretary of State Condoleezza Rice in a statement. "Iran is more isolated now than ever."

The five permanent members of the Security Council – the U.S., France, Britain, China and Russia – have been locked in negotiations since early this month to craft a joint position on Iran, even one that makes no mention of potential sanctions or other leverage. Each permanent member of the Security Council has powers of veto. Russia and China have staunchly resisted any diplomatic moves that might eventually pave the way to sanctions or military actions, as happened with Iraq. They have also pushed to assure that the IAEA be the main focus of diplomatic action instead of the Security Council.

In a clear nod to those concerns, the statement says that Iranian compliance with all IAEA requests, including the suspension of all nuclear-enrichment activities, "would contribute to a diplomatic, negotiated solution that guarantees Iran's nuclear program is of exclusively peaceful purposes."

Security Council Turns Up Pressure Against Iran (CSM)

By Howard LaFranchi

The Christian Science Monitor, March 31, 2006

WASHINGTON - The United Nations Security Council has given Iran 30 days to offer proof of its commitment not to develop nuclear weapons. With that step under their belt, the United States and Europe in particular now want to avoid seeing Tehran use that month as a cover for advancing further down a road of no return to the bomb.

That desire drove what Western officials called a "strategy session" in Berlin Thursday, where foreign ministers including Secretary of State Condoleezza Rice considered the question of how best to keep up international pressure on Iran.

The brief Berlin meeting resulted not so much in a "strategy" but in a reinforced show, after Wednesday's Security Council action, of international opposition to a nuclear-armed Iran.

The "EU 3" of the European Union - Britain, France, and Germany - plus the US, China, and Russia attended the session.

Europeans describe the month-long window before Iran is taken up again by the Security Council as an "opportunity" for Tehran to reverse course on uranium enrichment - a key step in the fuel cycle necessary for building a nuclear weapon - and return to international talks on its program.

But the US, dubious of Iran's intentions, plans to use the month to begin focusing international attention on Iran's role as what Washington considers the world's No. 1 state sponsor of international terrorism, diplomatic sources say.

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The ministers would like to see Iran return to negotiations with the EU 3, which - before their collapse last August - were aimed at verifying that any Iranian nuclear program is for energy development only.

But the European powers in particular feel stung by Iran's pattern of using negotiations as cover for continuing clandestine nuclear development.

Iran is showing no signs of bending to the increased international pressure, rejecting the Security Council's call to freeze Iran's uranium enrichment program.

"It is impossible to go back to suspension," Tehran's representative to the International Atomic Energy Agency (IAEA), Ali Asghar Saltanieh, told the Associated Press Thursday.

The Security Council on Wednesday ended three weeks of often deadlocked talks by approving a statement that asks the IAEA to report to the council within 30 days on Iran's compliance with demands that it suspend uranium enrichment.

The nonbinding statement is considerably weaker than the Europeans, backed by the US, had originally sought: It no longer calls Iran's program "a threat to international peace and security," wording that Russia and China feared would set the stage for eventual sanctions or other forceful action. In addition, the US had wanted to restrict Tehran's margin of maneuverability by demanding the IAEA report to the council within two weeks.

Still, US officials emphasize, the statement demonstrates unified international opposition to Iran's nuclear ambitions. "The international community is united," Secretary Rice said after the Berlin meeting.

The US also maintains that the action on a statement effectively keeps the Iran dossier open in the Security Council, where it wants it.

"We're prepared to be back here on the 31st day, given the Iranian record to date of consistently flouting the IAEA [and] attempting to obscure what they've done," said US Ambassador to the UN John Bolton after the statement's approval.

Speaking to reporters after the Berlin meeting, German Foreign Minister Frank-Walter Steinmeier characterized the month-long window before Iran returns to the Security Council as a time of decision for Tehran. Insisting that Germany and the five permanent members of the Security Council still want a "diplomatic solution" to the dispute, he said Iran has a month to "make a choice between isolation ... or [to] seize the offer to resume negotiations."

Still, the Bush administration, which has recently labeled Iran the biggest single threat to American security, appears intent on raising the Iranian regime's profile as a purveyor of international terrorism.

"They are stepping up their accusations of Tehran as a state sponsor of international terrorism, and they have given us notice that that is what they will be doing," says one Western diplomat in Washington, who spoke condition of anonymity after private meetings with American national security officials.

But as Russian and Chinese resistance to the US position demonstrates, the US is starting on Iran from a position clouded by its prewar accusations against Iraq.

"They have a credibility problem after Iraq and things like the claims of weapons of mass destruction," says the diplomat, "so they have that burden to overcome."

Iran Warned, But Russia, China Dissent On Action (WP)

By Glenn Kessler

The Washington Post, March 31, 2006

BERLIN, March 30 -- Senior diplomats from the five veto-wielding members of the U.N. Security Council and Germany warned Iran on Thursday to halt sensitive nuclear activities and return to the negotiating table, but strains were apparent as Russia and China appeared to rule out sanctions or military action.

One day after the Security Council approved a watered-down statement that gave Iran 30 days to end its uranium enrichment program, Secretary of State Condoleezza Rice and her counterparts met here for 3 1/2 hours to consider ways to persuade Iran to restrain its nuclear ambitions. "This is a strong signal to Iran that negotiation, not confrontation, should be their course," Rice said.

In Vienna, Iran's chief representative to the International Atomic Energy Agency, Ali Asghar Soltanieh, told the Associated Press that it was "impossible to go back to suspension" and that "this enrichment matter is not reversible."

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Rice told reporters traveling with her to Berlin that the meeting would be used to "look ahead to what next steps we might wish to take." She suggested the range of options could include "strong messages," such as travel bans, which would affect the Iranian leadership personally, or measures to thwart Iran's ability to acquire materials needed for a civilian nuclear program.

A senior U.S. official in Rice's entourage said after the meeting that participants had demonstrated "substantial support" for considering the option of "moving toward sanctions." But in public comments afterward, Russian and Chinese officials expressed opposition to sanctions, on grounds they could lead to escalation and confrontation.

"In principle, Russia doesn't believe that sanctions could achieve the purposes of settlement of various issues," Foreign Minister Sergei Lavrov said.

"There has already been enough turmoil in the Middle East," said Dai Bingguo, China's vice foreign minister, in a reference to the U.S. invasion of Iraq. "We do not want to see new turmoil being introduced to the region."

The Bush administration has pushed hard to bring the dispute over Iran's nuclear programs to the Security Council. But the resistance by both Russia and China to tougher action underscores the limits of that approach. Officials from both countries said the issue should be handled by the IAEA, the Vienna-based U.N. nuclear watchdog.

Britain, France and Germany, leading an effort for the European Union, began negotiations with Iran three years ago to try to reach a solution, but the talks failed last year. Russia has also sought a compromise with Iran, but with little success.

It took three weeks of talks among Security Council members to reach agreement on the wording of Wednesday's statement. Russia successfully resisted language that would have called Iran's nuclear activities a threat to peace and security. Iran has said repeatedly that its nuclear program is for civilian energy only.

Lavrov noted that the IAEA has not ruled out a military dimension to Iran's program but neither has it concluded that Iran plans to build weapons with the nuclear fuel it hopes to produce.

"Before we call any situation a threat, we need facts, especially in a region like the Middle East, where so many things are happening," Lavrov said. ". . . So far, they have not been provided."

During the meeting, Rice and European officials sought to give the matter urgency by referring to reports that Iran has had unexpected success in assembling 164 centrifuges into a system known as a cascade, for uranium enrichment. That would be too small to produce enough fuel for a bomb, but Iran previously had worked with just 20 centrifuges. It appears to have completed the project about two months earlier than IAEA technical experts in Vienna had expected.

British Foreign Secretary Jack Straw said no country was trying to deny Iran the ability to produce electricity through nuclear power. "We have shown very great patience with Iran. They in turn have miscalculated" by misleading the IAEA about their program for 18 years, Straw said. "They thought the international community would be divided on this issue, but truthfully, it has become more and more united."

Before the meeting, Rice met with German Chancellor Angela Merkel for an hour. After the gathering, she departed for Paris for talks with French President Jacques Chirac.

Russia, China Oppose Iran Sanctions (KRT)

By Warren P. Strobel

Knight Ridder, March 30, 2006

BERLIN - Russia and China said Thursday that they oppose sanctions and other punitive measures against Iran, spoiling U.S. and European hopes for a display of international unity on efforts to stop Tehran's suspected nuclear weapons program.

Meeting here with Secretary of State Condoleezza Rice, top diplomats from Britain, China, France, Germany and Russia called on Iran to heed a U.N. Security Council statement issued Wednesday demanding that Iran abandon its efforts to enrich uranium that could be used in nuclear arms.

But if there was agreement on that general goal, there was no agreement apparent on tactics in the weeks ahead.

Both Rice and British Foreign Minister Jack Straw raised the possibility of sanctions during the three-and-a-half-hour meeting.

But Russian Foreign Minister Sergei Lavrov said afterwards that Russia saw little value in sanctions. "In principle, Russia doesn't believe that sanctions could achieve the purposes of settlement of various issues," he said.

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Lavrov also seemed to question the evidence that Iran is trying to develop nuclear weapons under cover of a civilian atomic energy program. "Before we call any situation a threat, we need facts, especially in a region like the Middle East, where so many things are happening," he said.

Chinese Vice Foreign Minister Dai Bingguo called for "time, persistence and wisdom."

"The Chinese side feels that there has already been enough turmoil in the Middle East. We do not want to see new turmoil being introduced to the region," Dai said, using unusually blunt language for a Chinese diplomat.

The Russian and Chinese statements appeared to reflect suspicions, fueled by the U.S. invasion of Iraq, that the Bush administration is trying to lay the groundwork for military strikes against nuclear sites in Iran.

During three weeks of negotiations over this week's statement by the president of the Security Council, Russia successfully fought to remove language saying Iran's nuclear work is a threat to global security.

In Moscow's view, such language could serve as a trigger for sanctions, or even the use of force, under the U.N. Charter. Russia wants the issue dealt with by the International Atomic Energy Agency, not the Security Council.

Rice, briefing reporters on her flight to Berlin, denied this was Washington's intent.

At a press conference, Rice said the meeting "does send a very strong signal to Iran that the international community is united and expects Iran to adhere to (its) just demands."

The Security Council statement calls on Iran to cooperate with IAEA inspectors and cease activities related to uranium enrichment and reprocessing. The IAEA, which monitors compliance with the Nuclear Non-Proliferation Treaty, is to report on Iranian compliance in 30 days.

Iran so far has rejected the demands.

A senior State Department official who briefed reporters only under the condition of anonymity said that if Iran remains intransigent, the "next logical step" would be a U.N. Security Council resolution, which carries more weight than this week's presidential statement.

"The stick would be sanctions, some type of sanctions attached to that," the official said.

Such a resolution could be adopted in May, according to a memo by a senior British diplomat, John Sawers. But to win agreement from Russia and China, he wrote, Europe would have to offer rewards to Iran if it disavows nuclear weapons.

Russian Official Contradicts West On Tehran (WT)

By Nicholas Kralev

The Washington Times, March 31, 2006

BERLIN -- Russia's top diplomat embarrassed his Western partners yesterday, even as U.S. officials said they had deliberately toned down their remarks about Russia in recent weeks while seeking Moscow's support for U.N. Security Council action on Iran.

Moments after the Western powers insisted to reporters that they were on the same page with Russia and China regarding the Iranian nuclear threat, Russian Foreign Minister Sergey Lavrov contradicted them, saying he saw no evidence that Iran's program had a military component or that it posed a threat.

"Before we call any situation a threat, we need facts, especially in a region like the Middle East, where so many things are happening," Mr. Lavrov said after a meeting with his counterparts from the United States, Britain, France, Germany and China.

"We prefer very strongly to base our specific actions on specific facts, and in this particular case the facts could be provided by the [International Atomic Energy Agency]," he said. "So far, they have not been provided."

U.S. officials, who along with their European allies say Iran is pursuing nuclear weapons under the cover of a civilian program, chose not to react publicly to Mr. Lavrov's comments.

But privately, they expressed frustration and even surprise, saying the minister had been much more agreeable during their private talks.

It was the latest in a series of irritants between the United States and Russia, which complained loudly this week that Washington had thrown up new obstacles to Moscow's entry into the World Trade Organization. Late last week, a U.S. report

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revealed that Russian diplomats had provided sensitive military information to Saddam Hussein during the U.S. invasion of Iraq in 2003.

U.S. officials, who angered Russia earlier this year by questioning its fitness to serve as chairman of the Group of Eight summit this year, have refrained from strong criticism of the help to Saddam.

"It's more important now to have Russia and China" as part of a coalition on Iran than to antagonize them, a senior State Department official said.

"I've been trying not to talk about Russia lately," said another senior official who has been sharply critical of Moscow's energy policies and anti-democratic practices in the past several months.

The Western ministers were not much happier with what they heard at yesterday's press conference from China's vice foreign minister, Dai Bingguo, who attended the meeting instead of his boss.

"The Chinese side feels that there has already been enough turmoil in the Middle East," he said. "We do not want to see new turmoil being introduced to the region, because that would not serve the interests of any party and would only be very detrimental to the interests of the people in Middle East."

Even so, Secretary of State Condoleezza Rice and her European colleagues said the Security Council is united against Iran, citing a council statement issued in New York late Wednesday that demanded that Tehran stop uranium enrichment and return to negotiations within 30 days.

The statement's initial draft had much tougher language but was watered down at the insistence of Moscow and Beijing.

A senior U.S. official traveling with Miss Rice said sanctions against Iran were discussed formally for the first time in yesterday's meeting, which resulted in a split between the West and the Russia-China duo.

"Russia doesn't believe that sanctions could achieve the purposes of settlement of various issues," Mr. Lavrov said.

Even the IAEA director-general, Mohamed ElBaradei, said yesterday that sanctions are a bad idea.

"We need to lower the pitch," he said. "My message to Iran: The international community is getting impatient, and you need to respond by arming me with information."

Iran Envoy Rejects Security Council Demand (AP-Y2)

By George Jahn

AP2, March 30, 2006

A top Iranian envoy defiantly rejected a U.N. Security Council demand for a halt in uranium enrichment, saying Thursday that Tehran's activities are "not reversible," despite new calls to reconsider from the United States, its key European allies, Russia and China.

Ali Asghar Soltanieh, Tehran's chief representative to the International Atomic Energy Agency, the U.N. nuclear watchdog, said "it is impossible to go back to suspension.

"This enrichment matter is not reversible," he said in a telephone call from Vienna, Austria.

Iran's defiance cast a pall on a meeting of top officials of the five permanent Security Council members plus Germany meant to demonstrate consensus on confronting Tehran over its nuclear program. After two hours of talks that were twice as long as planned, Secretary of State Condoleezza Rice said the six nations were "united."

But Russia and China suggested otherwise, expressing opposition to strong council action against Tehran after the meeting in comments that reflected the continuing fault-line dividing East and West on Iran.

Russian Foreign Minister Sergey Lavrov specifically challenged U.S. assertions that Iran was trying to make nuclear arms, saying no proof existed of such claims.

While symbolizing unity after weeks of tenuous negotiations led to Wednesday's watered-down Security Council statement, a European official who was briefed on the closed talks told The Associated Press that the meeting did not bridge differences that left Russia and China at odds with the United States, France and Britain.

Russia and China remained opposed to the next step called for by Washington, Paris and London — a strong resolution that is legally binding and, at least in theory, is enforceable by military means, according to the official, who spoke on condition of anonymity because he was not authorized to talk about the closed meeting.

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That stance left the Western powers at the Berlin talks unwilling to consider any specific suggestions on a "parallel track" favored by Russia to Security Council action — multilateral negotiations with Iran, including some or all permanent council members and Germany, the official said.

But a U.S. official told the AP that if talks with Iran on Iraq were fruitful, they could be expanded to touch on the nuclear issue.

The Bush administration and Iran have publicly emphasized those talks would focus on Iraq. But the official, who spoke on condition of anonymity because he was not authorized to talk to the media, said that "if some understanding emerges from those discussions, then the one side or the other might say, 'Let's have some follow-up.'"

The meeting of the foreign ministers, along with a senior Chinese official and Javier Solana, the top EU foreign policy official, came a day after the Security Council agreed on a statement calling on Iran to reimpose its enrichment freeze and cooperate with an IAEA inquiry.

It asked IAEA head Mohamed ElBaradei to report in 30 days on whether those requests were made. But the statement was stripped of tougher language backed by the West in deference to Russia and China.

Iran has used the weeks of wrangling within the council to make progress on its enrichment program — which can be used both to generate fuel or make the core of nuclear weapons. Diplomats familiar with the IAEA investigation say it is close to introducing uranium gas into 164 centrifuges — a test facility that nonetheless would give Iran valuable expertise as it works to develop a full-scale enrichment program.

Warning Iran that the international community is united, both Rice and British Foreign Secretary Jack Straw hinted at escalating Security Council action should Iran disregard the demand that it reimpose a freeze on its uranium enrichment program.

German Foreign Minister Frank-Walter Steinmeier held out hope that Tehran might reconsider, despite the Vienna envoy's statement. "We hope that the declaration by the Iranian ambassador is not the last word offered on this," he said.

Steinmeier said the 30-day time limit gives Iran time to "make a choice between isolation ... or a return to the negotiating table."

"We all very much hope that Iran will seize the offer to resume negotiations and we use this opportunity to once again call on Iran to suspend all enrichment activities and to open up once again the path leading to negotiations," he said.

In Geneva, Iranian Foreign Minister Manoucher Mottaki avoided specifics on the enrichment issue, but appeared to rule out any hope of a negotiated resolution.

"Three years of negotiations have just added to our mistrust," he told the 65-nation Conference on Disarmament, alluding to failed talks with France, Britain and Germany focusing on trying to persuade Tehran to give up enrichment out of fears it would be misused to make nuclear arms. He said there is "no prospect of final agreement."

Seizing on the unity theme touched on by Rice and others, Straw said the Iranians "have miscalculated" in hoping to divide the international community. Instead, he said, "they have become more and more united."

French Foreign Minister Philippe Douste-Blazy said all present agreed the council could "use its political" power to enforce demands on Iran.

Still, comments by Lavrov, and Dai Bingguo, a deputy Chinese foreign minister, revealed that opposition by Moscow and Beijing persists to robust Security Council action, as sought by Washington, Paris and London.

"Russia on principle doesn't think sanctions can achieve a settlement" that would lead Iran to compromise on enrichment and other demands backed by the Security Council, Lavrov said.

"Before we call any situation a threat, we need facts ... (and) so far they have not been provided," he said, arguing that there is no evidence that Iran is hiding a nuclear weapons program — as asserted by Washington.

Lavrov's call for moderation was echoed by Dai, who called for a "peaceful solution" and added there was "too much turmoil" in the region.

"This issue is among the most difficult and complicated in today's world, it requires time, persistence and wisdom, and it can only be resolved through peaceful means," he said.

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ElBaradei Asks For Restraint In Response To Iran (LAT)

By Jeffrey Fleishman and Alissa J. Rubin

The Los Angeles Times, March 31, 2006

BERLIN -- U.N. Atomic Energy chief Mohammed ElBaradei urged the international community Thursday to steer away from threats of sanctions against Iran to prevent the dispute over the country's nuclear intentions from spiraling out of control.

Meanwhile, ministers of major powers meeting here similarly struck a more conciliatory tone than in recent weeks following agreement on Wednesday by the U.N. Security Council to give Iran another 30 days to respond to requests from the U.N.'s atomic energy organization that it halt uranium enrichment research.

ElBaradei, speaking in Doha, emphasized that Iran is not "an imminent threat" and urged countries to "lower the pitch" in their effort to stop Iran's nuclear work.

In recent weeks the United States and members of the European Union have made increasingly confrontational statements about what they claim is Iran's intent to perfect technology to enrich uranium with the goal of eventually manufacturing a nuclear weapon.

"There is no military solution to this situation," said ElBaradei, Nobel Prize-winning director-general of the U.N.'s International Atomic Energy Agency. "It's inconceivable. The only durable solution is a negotiated solution."

Russia, China and several countries in the Middle East have voiced concern that the U.S. and EU are pursuing similar tactics with Iran as with Iraq a few years ago, creating a sense of crisis that makes it easier to make the case for military action.

On Thursday, comments by Secretary of State Condoleezza Rice and her counterparts from China, Russia, France, Germany and Britain made clear that despite the Security Council's unity, deep ideological differences remain among the major powers over what the next steps should be. ElBaradei's comments seemed timed to influence them during the crucial month-long period.

Britain, France and the U.S. have said they would be willing to level sanctions on Iran or ultimately use military force if Iran continues to move forward in its effort to perfect uranium enrichment. Russia and China oppose any punitive actions at this point, a position they reiterated at Thursday's meeting, because they fear it would make Iran more confrontational and could lead to further turmoil in the Middle East.

The statement approved by the Security Council essentially buys the United Nations 30 days to figure out what to do if Iran remains defiant. Once the monthlong period ends, ElBaradei is required to issue another report on whether Iran has complied with IAEA requests which include: halting uranium enrichment research, answering questions about its nuclear program and ratifying IAEA regulations allowing U.N. nuclear inspectors more access to Iranian nuclear facilities and to plants where parts are manufactured for its nuclear industry.

Iran insists its nuclear program is purely for peaceful purposes such as civilian energy generation. Uranium enriched to low levels can be used to generate electricity but enriched more intensively it can be used to make nuclear weapons.

On Thursday, Rice took a somewhat more moderate tone toward Iran than in other recent statements.

"This isn't the time to try and come to a conclusion about what the next step is," said Rice, speaking to reporters on the plane on her way to the meeting. "It's an opening discussion about those next steps. ... A lot is going to depend on the Iranian reaction and I would not at this point carve in stone anybody's decisions about what the next steps might be."

German foreign minister Frank-Walter Steinmeier also held out a hand to Iran. "We all very much hope that Iran will seize the opportunity offered to him to resume negotiations. . .If Iran were to enter upon the path of cooperation, then it can rely on us entering those negotiations in a constructive spirit," he said.

Iran's initial response to the Security Council statement was unbending. Iran's ambassador to the IAEA, Aliasghar Soltaniyeh, said Thursday: "We will not, definitely, suspend enrichment."

Iran, under the nuclear non-proliferation treaty, has the right to enrich uranium for peaceful purposes. However, Iran's intentions have come under international scrutiny because it hid its nuclear program for 18 years, in violation of the treaty of which it had long been a signatory. Although Iran is now largely in compliance with the treaty's requirements, the U.N. nuclear inspectors say there are still key questions that Iran needs to answer about its program.

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Iran compounded international distrust when it ended nearly two years of negotiations with the European Union over a deal to halt its nuclear work altogether. Then, in January, Iran resumed work on a pilot uranium enrichment facility that it had suspended during the talks with the EU. It has begun enriching tiny quantities of uranium to test its centrifuges.

The IAEA, in its most recent report on Iran, said it could not rule out that Iran had secret nuclear facilities or materials. The vague language underscores the chief problem for policymakers dealing with Iran: key aspects of its program remain opaque.

ElBaradei, in his comments Thursday, pushed the international community to act only on concrete information. He warned against a repeat of the 2003 experience with Iraq when IAEA inspectors did not find nuclear weapons, but were ignored by the United States, which proceeded to use unsubstantiated intelligence to make the case for war. Since then, the IAEA has been proved right that Saddam Hussein did not possess any nuclear capability.

Russia and China, the two permanent Security Council members who are more closely allied to Iran, want the IAEA, not the Security Council, to take the lead. That would diminish the likelihood of a rapid Security Council showdown with threats of sanctions and international humiliation.

Strong Earthquake In Iran Kills At Least 17 (NYT/AP)

By The Associated Press

The New York Times, March 31, 2006

TEHRAN, Iran (AP) -- A strong earthquake followed by an even stronger aftershock jolted western Iran early Friday, killing at least 17 and injuring hundreds, state media reported.

The quake had a preliminary magnitude of 5.0 and was centered near Boroujerd and Doroud, two industrial cities in western Iran, the official Islamic Republic News Agency reported.

Hours later, it was followed shortly before dawn by two weaker aftershocks and a third tremor with a magnitude of 6.0, IRNA reported.

Provincial official Ali Barani said the quake flattened several villages. Rescue teams have been sent to the region, 210 miles southwest of Tehran, Barani told IRNA

Seventeen bodies have been pulled out of destroyed houses in Silakhor, a region north of Doroud, state-run radio said, reporting 300 injured. The injured were taken to hospitals in Boroujerd and Doroud.

Doroud governor Nasrollah Rashno told IRNA that the quake has damaged buildings and toppled telephone lines.

People in Doroud ran into the streets in panic when the first quake hit shortly after midnight. Many spent the remainder of the night outside.

"We are afraid to get back home. I spent the night with my family and guests in open space last night," Doroud resident Mahmoud Chaharmiri told The Associated Press by telephone.

Chaharmiri said there were no scenes of destruction in Doroud such as those seen in the past in the wake of similar quakes around Iran.

In February 2005, a 6.4-magnitude quake in southern Iran killed 612 people and injured more than 1,400.

A magnitude 6.6 quake flattened the historic southeastern city of Bam in the same region in December 2003, killing 26,000 people.

Iran is located on seismic fault lines and is prone to earthquakes. On average, it experiences at least one slight earthquake every day.

Bomber Kills 3 Israelis As Hamas Takes Power (NYT)

By Greg Myre

The New York Times, March 31, 2006

JERUSALEM, March 30 — A Palestinian suicide bomber, possibly disguised as an observant Jew, blew himself up at a gas station in the West Bank on Thursday evening, turning a car into a fireball and killing three Israelis inside the vehicle, Israeli news reports said.

Al Aksa Martyrs Brigades claimed responsibility for the blast, which came hours after the newly installed Palestinian cabinet, led by Hamas, took up its duties in the Palestinian Authority government offices.

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The new Palestinian interior minister, Said Siam, who is in charge of the police, announced that Palestinian militants would no longer be arrested by the Palestinian security forces.

The bomber apparently used his disguise to approach an Israeli car and ask for a ride, Israeli Army radio reported. He then detonated his explosive next to or inside the vehicle, which was stopped at a gas station outside the entrance to the Jewish settlement of Kedumim, in the northern West Bank, according to the media reports.

Several hours after the blast, the Israeli military confirmed that at least three people had been killed, but said that their identities had not been established. The military said a number of details were sketchy and an investigation was still under way.

Thursday's attack was the first deadly bombing since Dec. 29, when an Islamic Jihad suicide bomber killed an Israeli soldier and two Palestinians at a military checkpoint in the West Bank.

Most Palestinian suicide bombings over the past five years have been inside Israeli cities. But in response to the bombings, Israel has imposed a web of travel restrictions that have made it much more difficult for Palestinian bombers to enter Israel and reach the cities.

Al Aksa Martyrs Brigades identified the bomber as Mahmoud Masharka, 24. The group has carried out many attacks against Israel in recent years. It is linked to the Fatah movement, which dominated Palestinian politics for decades until it was defeated by Hamas, the militant Islamic movement, in parliamentary elections in January.

There has been speculation by political analysts that Al Aksa Martyrs Brigades may try to step up its attacks to show that the group, and by extension Fatah, is still a force to be reckoned with.

Hamas has carried out the largest number of suicide bombings over the past five years, but has largely observed an informal truce for more than a year and has not carried out a suicide bombing or other major attack against Israel during this time.

However, Hamas says it will not lay down its weapons or force other Palestinian factions to do so. Hours before the bombing, Mr. Siam, the interior minister, said his officers would not arrest militants, as had occasionally happened in the past.

"We will not put our sons in prison for political membership or resisting occupation, because occupation is the reason for the problem," Mr. Siam said at his office in Gaza City.

He did, however, suggest that the government might try to persuade the armed factions not to attack. "We will reach an understanding" with the militants, he said. "Resistance is a legitimate right, but how should one resist?"

The Palestinian prime minister, Ismail Haniya, and the rest of his cabinet, which is dominated by Hamas, were sworn in Wednesday and began working at government ministries on Thursday.

In a related development, the so-called quartet of international peace mediators — the United States, the European Union, the United Nations and Russia — issued a statement saying that assistance to the Palestinian Authority is likely to suffer because Hamas has not been willing to recognize Israel, renounce violence and accept previous agreements.

Rice: Palestinian Aid Decision Coming Soon (AP-Y2)

By Anne Gearan

AP2, March 30, 2006

The United States should soon decide how it will give more aid to the Palestinians that would not be diverted to bankroll the Palestinian government led by the militant group Hamas, Secretary of State Condoleezza Rice said.

The top U.S. diplomat spoke as her newly installed Hamas counterpart accused Washington of crimes against the Muslim world.

Rice, in Europe for talks on Iran's nuclear program, said Thursday that there is international resolve that Tehran must answer suspicions that it wants to build nuclear weapons.

"The international community is united and expects Iran to adhere to the just demands of the international community that its nuclear activities be demonstrably for civilian purposes," Rice said Thursday after meeting with counterparts from the other permanent, veto-holding members of the U.N. Security Council and Germany.

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A day after the new Hamas-led Palestinian government was sworn into office, the United States, the European Union, Russia and the United Nations issued a statement warning Hamas that it must recognize Israel and seek peace talks if it wants to be guaranteed continued aid.

"The Quartet concurred that there inevitably will be an effect on direct assistance to that government and its ministries" if those conditions are not met, the four mediators for Middle East peace said.

"The principle is very clear," Rice told reporters Wednesday evening while flying to Europe. "We're not going to ... provide funding to a Hamas-led government, but we are going to look at what we can do to increase humanitarian assistance to the Palestinian people and what mechanisms we can use to do that, to make certain that the money is not indeed supporting the Hamas-led government."

Palestinian Foreign Minister Mahmoud Zahar, sworn in Wednesday, said the Palestinian Authority's new government would not cave to international pressure to change its ways and that it has no plans to negotiate with Israel.

"America is committing big crimes against the Arab and Islamic countries," Zahar told The Associated Press. The decision to cut off aid to a Hamas government "will intensify the gap between the American people, American interests and the Middle East in general."

Since Hamas' parliamentary election victory on Jan. 25, the West has been threatening to cut nearly $1 billion in annual aid to the Palestinian Authority, about half its annual budget.

The United States has nearly completed a wide review of its aid programs for the Palestinians, a review begun after the surprise Hamas victory.

"It is drawing to a close and I would expect to look at some decisions pretty soon," Rice said.

She said the level of future U.S. aid is one question mark, as is the problem of deciding what kinds of projects to fund through nongovernmental organizations or other means and "what kinds of aid might in fact get diverted and so you want to avoid that."

The United States and the European Union list Hamas as a terrorist organization. The United States has said it will have no dealings with Hamas and has already moved to cut off the relatively small amount of aid it had sent directly to the Palestinian government under the previous leadership of the secular Fatah Party.

On confronting Iran, envoys from its allies Russia and China were blunt in saying they want no harsh consequences for Tehran. The U.S. and some other allies want the option of pursuing economic sanctions or other punishments should Iran fail to comply with U.N. Security Council demands issued Wednesday.

"It can only be resolved through peaceful means. The Chinese side feels that there has already been enough turmoil in the Middle East," said Chinese Vice Foreign Minister Dai Bingguo. "We do not want to see new turmoil being introduced to the region."

Russian Foreign Minister Sergey Lavrov said flatly that Russia opposes sanctions on principle.

Those statements amounted to indirect indictments of the tougher U.S. and European approach, and call into question whether the U.N. Security Council will be able to put muscle behind its rhetoric on Iran.

Meanwhile, Rice, who was spending the next few days in England, had been invited by her British counterpart, Jack Straw, to attend Friday prayers at Masjide Al Hidayah mosque in Blackburn. However, that was canceled after mosque officials said anti-war protesters presented a security threat.

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On the Net:

State Department: http://www.state.gov

US May Support Unilateral Israel Line (FT)

By Harvey Morris

Financial Times, March 31, 2006

US envoys met Israeli leaders yesterday for the first time since Tuesday's election after Condoleezza Rice, US secretary of state, indicated Washington did not rule out support for unilateral measures in the West Bank by the next government.

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The visit by Elliot Abrams, the White House's Middle East adviser, and David Welch, assistant secretary of state, was scheduled before Tuesday's vote that handed the largest number of parliamentary seats to Ehud Olmert's Kadima party.

They were scheduled to meet Mr Olmert after talks with Tzipi Livni, foreign minister, and Shaul Mofaz, defence minister, on the future of the international "road map" peace plan and the implications of a new Hamas-led government in the Palestinian Authority.

The US sponsored the road map, which envisaged bilateral negotiations leading to the creation of a Palestinian state. During his election campaign, however, Mr Olmert said Israel would unilaterally withdraw to borders of its own choosing if negotiations proved impossible.

Ms Rice, speaking to reporters on a flight to Germany, said: "I wouldn't on the face of it just say absolutely we don't think there's any value in what the Israelis are talking about."

She noted that the US had supported last year's unilateral decision by Israel to withdraw from the Gaza Strip, which was ultimately carried out in co-ordination with the PA.

However, she said the US would not yet lend its support to unilateral moves until it knew more about them.

Washington on Wednesday instructed its officials not to have any contacts with the members of the new Hamas-led government, whether or not they belonged to the Islamic party. Ms Rice nevertheless reinforced the message that the ban did not extend to Mahmoud Abbas, the PA's Fatah president.

The international quartet of which the US is a member, along with the European Union, United Nations and Russia, noted in a statement in Brussels yesterday that Hamas had failed to heed its demand that it recognise Israel, renounce violence and commit itself to past peace agreements.

"There inevitably will be an effect on direct assistance to that government and its ministries," the statement said.

With just 29 seats in the Knesset, Mr Olmert needs the support of at least 33 parliamentarians from other parties in order to form a majority coalition.

Likud Tries To Regroup After Election Losses (WT)

By Joshua Mitnick

The Washington Times, March 31, 2006

TEL AVIV -- Israel's right wing found itself searching for a leader and a program yesterday after the shock of Tuesday's elections, in which the long-dominant Likud Party was reduced to one of several minor parliamentary factions.

Calls are being heard for former Prime Minister Benjamin Netanyahu to be replaced as leader of Likud amid charges that he has alienated moderate voters from the nation's most dominant party of the past 30 years.

Rising as a new champion of the right is Avigdor Lieberman, whose party of Russian immigrants, Yisrael Beiteinu, finished with 11 seats to Likud's 12 in the final results, which were announced yesterday.

The centrist Kadima party of Prime Minister Ehud Olmert finished with 29 seats, one more than previously reported.

Although Mr. Olmert will cast the elections as a mandate for his plan to settle Israel's final borders within four years, the larger story for many is the fragmentation of the right triggered by Prime Minister Ariel Sharon's decision to unilaterally withdraw from the Gaza Strip and later to leave Likud.

"After Sharon's resignation, the Likud found itself as an extremist right-wing party on two levels -- on the diplomatic level and on the socioeconomic level," said Danny Naveh, one of the few returning Likud legislators, in an interview with Israel Radio.

For the first time in its history, Likud has lost its claim of being the natural home for the Israeli right, which is splintered among Likud, Yisrael Beiteinu and an alliance of smaller settler-dominated parties that took nine seats.

The relative parity has prompted some to call for the three nationalist parties to join forces in a bloc that would control 32 of the 120 seats in the Knesset.

"I hope they will be wise enough to unite, but I don't see it happening," said Shaul Goldstein, a member of the Jewish settler council in the West Bank.

Mr. Goldstein said he thought Mr. Lieberman should become the right's new leader, arguing that Likud represents the "soft right" while the settler alliance isn't connected with the broader Israeli public.

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"Each of the right-wing parties is an ideological world unto itself," said Yossi Klein Halevi, a senior fellow at the Shalem Center, a Jerusalem research institute. "It is an illusion today to talk about the Israeli right as one entity."

Mr. Halevi said that both Likud and Mr. Lieberman would support withdrawing from the West Bank under certain circumstances -- something that traditionally would have been unimaginable for a right-wing Israeli party.

"There's only one truly right-wing party left in Israel, and that's the National Union-National Religious Party coalition," he said. The setter party, he added, "electorally isn't worth very much."

Mr. Netanyahu worked during the campaign to win back moderately conservative voters from the Kadima party, opening himself to criticism from the settler alliance, which ran under the slogan "A new right is on the rise." The settlers charged that Likud and Mr. Netanyahu had not done enough to prevent the withdrawal last year from the Gaza Strip.

Israel's Surprise Issue (WP)

By E. J. Dionne Jr.

The Washington Post, March 31, 2006

The world expected Israel to have an election on national security, but the voters decided that it was about the economy, stupid.

Tuesday's vote was supposed to be the "big bang" in which the Kadima party, led by Ehud Olmert, the acting prime minister, won a mandate for a new political center built around a unilateral evacuation from large parts of the West Bank.

Kadima -- the word means "forward" in Hebrew -- won a plurality, 29 seats in the 120-member parliament, and Olmert is expected to lead the new government. But the energy in the election was around social and economic issues, and the big winners were a group of parties that ran against Israel's rising social inequality.

The biggest surprise was the sudden emergence of a Pensioners Party that called for higher social benefits for the elderly. Led by Rafi Eitan, who helped in the capture of Nazi war criminal Adolf Eichmann in 1960, the Pensioners went from zero to seven seats.

The Labor Party, which had far more to say about economic justice than security, won 20 seats. And Shas, an ultra-orthodox religious grouping that ran on restoring some of Israel's old social benefits, won 12. Labor Party leader Amir Peretz sees these 39 seats as a "social bloc" determined to deal with rising poverty and inequality in Israel.

Stanley Greenberg, an American pollster who worked for the Labor Party, noted that outsiders might find it strange that economics trumped security as a voting issue even after Hamas, the party that has strong terrorist ties and rejects the existence of Israel, won the recent Palestinian elections.

"It would be like having al-Qaeda winning the election in Mexico and then having an American election on prescription drugs," Greenberg said in a phone interview from Tel Aviv yesterday.

The power of economics reflected the strength of the backlash against the privatization and deregulation policies pushed by Binyamin Netanyahu, the leader of the right-wing Likud Party who was finance minister earlier in the decade. A Likud loss was inevitable after Prime Minister Ariel Sharon split off from the party to form Kadima once Likud rejected his West Bank pullout plan. Olmert took over Kadima's leadership after Sharon was incapacitated by a stroke.

But Likud's collapse to 12 seats and a fourth-place tie with Shas, Greenberg said, was a sign that reaction against Netanyahu's free-market economic policies "was so strong that Netanyahu couldn't get an audience" on security issues. At one point in the campaign, the former finance minister apologized for the social pain his approach -- widely hailed by free-market economists outside Israel -- had inflicted.

Writing yesterday in Haaretz, journalist Ruth Sinai pointed to rising poverty rates to argue that the election was "above all a victory for the civic, social welfare agenda" and "a clear expression of public disgust for the economic policy championed by the Likud." Greenberg noted that for the first time, "poverty was a word that gained currency in the mainstream political debate."

Paradoxically, domestic social concerns rose to the top of voters' minds precisely because the security situation is frozen. Most Israelis do not see how negotiations are possible with Hamas. The death of grand dreams -- either of a "Greater Israel" that included the West Bank or of a permanent negotiated peace with the Palestinians -- allowed many Israelis to look homeward and seek greater social justice within their own society.

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"All politics is local, and this was as much a local election about local concerns as it was a big election about national security concerns," said Douglas Schoen, an American pollster who conducted surveys in Israel. Schoen argues that Olmert, who ran behind expectations, could have won more seats if he had focused more on voters' economic concerns.

Underscoring the local nature of the election, the strong showing of Eitan's Pensioners Party can be attributed in part to the fact that Peretz is the first Sephardic (i.e., non-European) Jew to lead Labor. Eitan's party appears to have picked up votes from pro-Labor European Jews not quite ready to vote for a Sephardic leader. But Peretz's ability to cut into the lower-income segment of the Sephardic vote, once a stronghold for Likud, could mean that more class-oriented politics is in Israel's future.

Voters can cast aside their economic concerns for only so long, even in a nation facing an existential threat. In the one election in a long time in which Israeli voters had a chance to protest economic inequalities, they seized the opportunity.

EU And US In WTO Challenge To China (FT)

By Christopher Swann, Raphael Minder And James Mackintosh

Financial Times, March 31, 2006

The US and the European Union on Thursday joined forces for the first time to challenge China before the World Trade Organisation, sweeping aside diplomatic niceties weeks before a visit of the Chinese president to Washington.

The complaint, accusing China of maintaining illegal trade barriers against imported car parts, is provocatively timed ahead of Hu Jintao's visit.

Rob Portman, US trade representative, indicated that diplomacy would not be allowed to stand in the way of defending American industry. "The timing of these exercises ought not to be dictated by political concerns," he said. "We do not think this is something aggressive but appropriate...The issue has become ripe."

The US has negotiated with China over its curbs for more than a year. Mr Portman said it had given China every opportunity to agree a deal, including 11th hour talks with the Chinese ambassador on the eve of yesterday's announcement.

Both Brussels and Washington said they hoped a solution could still be reached before the WTO began formal settlement proceedings. Thursday's move opens the way for 60 days of consultations with China to see whether the dispute can be resolved. If not, the two plaintiffs will probably ask for the creation of a WTO panel to rule on the issue.

Peter Mandelson, the EU's trade commissioner, said: "It remains my strong preference and intention to seek an amicable solution to this issue."

China has only faced one previous WTO case - brought by the US - over semiconductors. The US administration has been under growing pressure from Congress to take a tougher line. Thursday's action was the latest signal that Washington intends to become more aggressive in using the WTO and other trade tools to open China's market for US exports. The US exported $645m worth of car parts to China last year in a market estimated at $19.1bn.

Max Baucus, a Democratic senator who has introduced legislation to crack down on alleged trade violations by China, welcomed the move Thursday but warned: "We are in a dangerous place in our relationship with China, partly because China does not always play by the rules."

The case aims at regulations intended to encourage Chinese carmakers to use domestic rather than imported car parts. The US and EU claim China is imposing unfair "local content'' rules through a complex tariff system that raises the import tariffs from 10 per cent to 25 per cent if foreign parts make up more than a certain proportion of a car.

The EU has also previously challenged "local content'' rules applied by India, Canada and Indonesia. China, however, has defended this system as a way of preventing carmakers from importing whole cars as spare parts to avoid the higher tariffs on fully constructed vehicles.

U.S., EU File Case At WTO Challenging China's Auto-Parts Tariffs (WSJ)

By Greg Hitt

The Wall Street Journal, March 31, 2006

WASHINGTON -- The Bush administration launched legal action aimed at opening China's rapidly growing market to foreign-made auto parts, raising trade friction with Beijing a few weeks before Chinese President Hu Jintao is due to visit the U.S.

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Joined by the 25-nation European Union, the U.S. filed a case yesterday at the World Trade Organization in Geneva, lodging complaints over the high import tariffs that China levies on foreign-made car parts. The U.S. contends the tariffs are designed to discourage auto manufacturers in China from using imported parts and are at odds with market-access commitments made by China when the nation was accepted into the WTO in 2001.

In some cases, U.S. officials complain, China assesses tariffs as high as 28% on foreign-made auto parts, under a system that requires vehicle manufacturers in China to report the value and country of origin for component parts. For vehicles with low amounts of imported components, tariffs of only 10% to 14% are applied.

The filing of the case ends months of informal consultations between the U.S. and China on the dispute and marks a new turn in a sometimes rocky economic relationship. U.S. Trade Representative Rob Portman said the "United States has raised this issue repeatedly," but with no success. "As a mature trading partner, China should be held accountable for its actions and be required to live up to its responsibilities," said Mr. Portman.

Mr. Portman said he called China's ambassador to the U.S. on Wednesday and "expressed my disappointment" that the complaints "had not been resolved through dialogue."

A spokesman at the Chinese embassy in Washington had no comment. Chinese officials have long argued that their rules comply with WTO agreements and are designed only to prevent car makers from circumventing their laws by importing whole cars as spare parts to avoid the higher rate that applies to whole cars.

U.S. officials say American companies have only a small slice of China's estimated $19 billion market for auto parts. In 2005, U.S. exports of auto parts to China totaled only $539.82 million, according to the U.S. International Trade Commission. Worldwide, U.S. exports of auto parts totaled $43.38 billion in 2005, the bulk of that going to Canada and Mexico, where the auto industry has built close ties.

Under WTO rules, yesterday's action starts the clock on a 60-day period in which the parties are supposed to convene formal talks to resolve the dispute. If the consultations fail, the case would then move into a second phase in which the U.S. and EU would have the right to pursue action that could ultimately result in penalties -- special tariffs -- being imposed on China.

The filing of the case reflects the get-tough attitude now prevailing in the Bush administration and on Capitol Hill. The U.S. brought its first WTO case against China in 2004, a dispute over the tax treatment of semiconductors that was eventually resolved through negotiations. American readiness to pursue confrontation, rather than extended dialogue, has picked up significantly since then.

Late last year, the administration began using WTO rules to pressure China to better combat piracy of U.S. intellectual property. And earlier this year, the U.S. forced China to back away from special duties that had been imposed on U.S. boxmakers, amid threats of taking the issue to the WTO.

Outside of the WTO, the U.S. last year negotiated a three-year pact with China that sharply limited shipments of Chinese-made apparel into the country. Administration trade officials are considering bringing a case challenging China's export subsidies.

The administration's hardened trade posture reflects pressure brought by U.S. manufacturers and critics on Capitol Hill, who contend last year's $202 billion U.S. trade deficit with China shows that Beijing doesn't play fair in the global trading system.

Among other things, critics complain Beijing keeps the value of the country's currency artificially low, giving Chinese companies an edge over competitors in the world marketplace. The currency issue remains a major sticking point ahead of Mr. Hu's mid-April visit to Washington.

U.S. Takes Parts Fight With China To WTO (WP)

By Paul Blustein

The Washington Post, March 31, 2006

The United States filed a complaint against China at the World Trade Organization yesterday in a dispute about auto parts, the latest sign of trade strains between Washington and Beijing.

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The case is only the second brought against China since its entry into the WTO in 2001. The Bush administration filed the other complaint as well, in a spat involving a tax on computer chips. The European Union joined the United States in yesterday's complaint.

"As a mature trading partner, China should be held accountable for its actions and be required to live up to its responsibilities," Rob Portman, the U.S. trade representative, said in a statement.

The move comes amid pressure on the administration from members of Congress to take a tough stance on China's trade practices, especially as the trade deficit with China swelled to $201.6 billion last year, the biggest U.S. gap ever with any country. Beijing's alleged transgressions include allowing rampant piracy of movies and music and keeping the value of the Chinese yuan at an artificially low level, which critics say gives Chinese manufacturers an unfair competitive advantage.

These conflicts are sure to be a source of tension in coming weeks. China's president, Hu Jintao, is scheduled to visit Washington in mid-April, and that trip will be preceded by a meeting April 11 between top-level trade negotiators for both sides.

Portman and his aides have been complaining for some time about China's treatment of imported auto parts. The United States exported $645 million of auto parts to China last year, but the fast-growing Chinese auto parts market is worth about $19 billion, according to Commerce Department estimates. U.S. parts makers could gain considerably greater sales if Beijing did not discriminate against foreign-made parts in favor of Chinese-made parts, U.S. negotiators assert.

The U.S. grievance concerns regulations that are designed to boost the local content of vehicles produced in China -- something that China promised not to do when it entered the WTO, according to Portman. The regulations effectively impose a 28 percent tax on imported auto parts, a rate equal to the duty on imported vehicles, if the finished vehicle fails to meet local content requirements. In the U.S. and E.U. view, that violates another Chinese pledge, to lower its tariffs on auto parts well below tariffs on vehicles. China's standard tariff on auto parts is between 10 and 14 percent.

Portman said he hoped that bringing the case would lead to "speedy resolution of this issue," a sentiment echoed by his European counterpart, Peter Mandelson, who said, "It remains my strong preference and intention to seek an amicable solution."

The case involving computer chips was settled to Washington's satisfaction before it was submitted to a panel of WTO judges. In another case, U.S. officials threatened to bring a WTO case against anti-dumping duties that Beijing imposed on a U.S. paper product, and the Chinese repealed the duties before a complaint was filed.

Under WTO rules, the two sides in a case must try for 60 days to negotiate a solution before bringing the matter before a tribunal, where a resolution can take months. If a tribunal rules that China is violating its WTO commitments, it must either cease the offending conduct or face the prospect of penalties against its exports.

Congressional Democrats, who have regularly accused the administration of failing to enforce trade rules aggressively, gave grudging approval to yesterday's announcement. "I am pleased USTR has filed this case and I trust it will be the first of many in coming months," said Rep. Benjamin L. Cardin (D-Md.), ranking minority member on the House Ways and Means Committee subcommittee on trade.

U.S. And Europe Say Tariff By China Is Discriminatory (NYT)

By Eduardo Porter

The New York Times, March 31, 2006

WASHINGTON, March 30 — The heat on China is not letting up. In a rare coordinated move, the United States and the European Union filed a complaint on Thursday with the World Trade Organization, accusing China of imposing discriminatory tariffs on foreign suppliers of auto parts.

The action came 10 days before the beginning of a round of high-level trade talks between the United States and China, and less than three weeks before a visit to Washington by President Hu Jintao of China.

Coming amid heightened concern over China's large and growing trade surpluses, the complaint was seen as part of a broader attempt to address the growing criticism resonating in Washington and Brussels against China's trade policies.

"We're seeing a closer scrutiny of problems and more diligence in using unfair trade laws to counter perceived problems with trade with China," said Jeffrey J. Schott, a senior fellow at the Institute for International Economics here.

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The complaint is only the second brought against China since it joined the trade organization in 2001; the United States filed a complaint in 2004 over China's tax treatment of domestic and imported semiconductors.

Now, according to a statement by the European Commission, China is requiring that when imported parts make up more than 60 percent of the final value of a locally assembled car, the parts will be charged the tariff that applies to whole vehicles, which is much higher. This would force carmakers in China to find local sources for more parts.

Over the last few years, American and European manufacturers have flocked to China, where the car market is already one of the biggest in the world and still growing while other markets have stagnated. Many big parts suppliers have followed the manufacturers there.

Still, American auto parts makers export relatively little to China. According to the office of the United States trade representative, Rob Portman, auto parts exports to China grew by about 6 percent last year, to $645 million — a small part of the overall market, which was $19 billion in 2004. They make up only a tiny slice of American manufactured exports to China, which grew more than 20 percent last year, to $32.5 billion.

While the American auto parts industry supported the complaint, it hardly seemed exultant. "It's important to have the rules right," said Brian Duggan, director of trade and commercial policy at the Motor and Equipment Manufacturers Association. "China is a hugely important current and future market. We want them to proceed with the case."

Indeed, the complaint seemed to have a much bigger symbolic impact beyond the world of auto parts. "This is a wonderful thing," said Franklin J. Vargo, vice president for international economic affairs at the National Association of Manufacturers. "It is the first thing the administration has done to show it really means it when it says we have a new trade policy with China."

The action played well on Capitol Hill, where some Democrats and Republicans have ratcheted up attacks against China and its policy of keeping its currency, the yuan, tightly linked to the dollar. That peg, they argue, gives Chinese products an unfair edge over American rivals and contributes to America's $202 billion bilateral trade deficit.

"I support this action by Ambassador Portman and commend his leadership on securing our rights under our trade agreements," Senator Charles E. Grassley, Republican of Iowa, said in a statement. Two days ago, Mr. Grassley introduced a bill that would require the government to focus more attention on China's currency policies.

Senator Charles E. Schumer, Democrat of New York, who on Tuesday decided to pull back from submitting a bill that would impose steep tariffs on imports from China if the yuan was not allowed to rise, said: "The relationship, in an ironic way, is getting better. Instead of glossing over the problems each side is addressing them directly. In the past things were just swept under the rug."

Consultations are the first phase in a W.T.O. dispute. If no settlement is reached in 60 days, the issue can be referred to a dispute settlement panel.

This will not be the last time the United States complains against China at the W.T.O. It has other potentially bigger complaints. In February, Mr. Portman said that if the Chinese did not take additional steps to protect intellectual property rights, "We are prepared to pursue legal options."

The United States won the 2004 semiconductor case when China agreed to end the preferential tax treatment for domestic manufacturers. If the W.T.O. comes to be perceived as the adequate forum to deal with China's perceived unfair trade practices, disputes might become less heated and more routine.

"The fact that the United States trade representative is doing what the Congress has told him to do helps release some of the steam from the pressure cooker," said Mr. Schott, of the Institute of International Economics.

Amid Tension With U.S., China Faces Protectionist Surge At Home (WSJ)

By Kathy Chen

The Wall Street Journal, March 31, 2006

BEIJING -- When Chinese President Hu Jintao visits the U.S. in mid-April, he is sure to field tough questions about Beijing's trade and economic policies amid a wave of rising protectionism. But he also is grappling with a similar backlash at home.

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Amid one of the longest and fastest growth streaks of any modern economy, China is wrestling with concerns from a rising wealth gap to corruption to environmental damage. But the latest uproar has turned on foreigners, targeting the many outside investors that have piled into China and prospered -- even while fueling much of the country's growth.

"Since last year, foreign companies have been fiercely buying up Chinese companies, including some core companies," said Li Shuguang, a vice dean at the Chinese University of Politics and Law in Beijing. "Foreign capital is so strong, a lot of Chinese companies have just collapsed."

The debate parallels the resurgence of protectionist sentiment in the U.S., which has been driven in part by concerns over China's clout. Last year, China's state-owned Cnooc Corp. abandoned a bid for U.S.-based Unocal Corp. amid a political outcry. More recently, U.S. policy makers have complained that China is refusing to allow its currency, the yuan, to appreciate quickly enough, fueling a flood of cheap Chinese exports and aggravating a trade imbalance.

The U.S. reported a 2005 trade deficit with China of $201.62 billion, up more than 20% from 2004. China, which counts trade differently, says it was much narrower. Yesterday, the U.S. and European Union filed a trade case at the World Trade Organization to protest China's import tariffs on foreign-made car parts.

Meanwhile, the debate inside China is causing the government to rethink its approach. In banking, for instance, some economists and state officials argue that the government has sold foreign stakes in its major state-run commercial banks too cheaply. Some negotiations, including an effort led by Citigroup Inc. to take an 85% stake in Guangdong Development Bank, have dragged on for months as regulators fret over the potential fallout of further inroads by foreigners.

Also drawing scrutiny is a $375 million bid by Carlyle Group, a prominent U.S.-based private-equity firm, for an 85% stake in state-run Xugong Group Construction Machinery Co., a big player in China's construction-machinery sector. "People are asking more questions [about the transaction] to ensure there are sufficient measures to protect the interests of local players and protect national brands, which is understandable," said a person close to the deal.

In another case, Hangzhou Advance Gearbox Group Co., a maker of marine jet-propulsion systems that claims 80% of the Chinese and Southeast Asian markets, has said it halted talks with Germany's ZF Group late last year over worries about its motivations. ZF Group, a competitor of Hangzhou Advance, had been in talks for three years for a 70% stake in the Chinese state-owned company.

"We understand that what these foreign companies actually covet is the Chinese market we now occupy," said Xu Jiangang, head of Hangzhou Advance's general affairs office.

Recently, the controversy has spilled into public view. This month, representatives of the Chinese People's Political Consultative Conference, a national representative body with limited powers, seized on a rumored deal involving Caterpillar Inc. to complain about foreign domination in some sectors and the disappearance of Chinese brands.

Caterpillar refused to comment on that transaction, but a spokesman rejected China's broader concerns, adding that a move by either the U.S. or China to "turn inward...is not a good thing." Among a range of possible deals, Caterpillar has been in talks to strengthen ties to Shanghai Diesel Engine Co.

The concentration of industries in foreign hands has become a common theme. An oft-quoted 2004 report from the State Administration of Industry and Commerce, for instance, notes that Coca-Cola Co. dominates China's domestic soft-drink market and Eastman Kodak Co. holds a 50% share of the film sector.

Meeting with newspaper editors earlier this month, Ma Kai, head of the China's most powerful economic agency, the National Development and Reform Commission, pointedly noted that only 23 U.S. businesses were operating in China in 1980, with combined investment of $120 million. As of last year, he said, there were 49,000, with combined investment of $51 billion. "We should first make clear that the U.S. has benefited from this growth," he said.

Few expect a significant rollback of China's 27-year drive toward a market-driven system. The country has weathered fundamental questioning of the role of economic reforms before, in the 1980s and again in the early 1990s.

But China's latest reform crisis could weaken Mr. Hu's ability -- and his appetite -- to tackle issues of U.S. concern during his visit. He plans to meet with President Bush, and likely will bring some offerings, possibly including a government contract for Microsoft Corp. software. But he is unlikely to deliver much of what Washington wants, such as allowing the yuan to appreciate more sharply.

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In some ways, the 63-year-old Mr. Hu faces a more complex situation than his predecessors, as China becomes more like the U.S., with greater tolerance of dissenting views and organized interest groups. Resistance to some market-oriented changes is mostly driven by special interests such as disenfranchised farmers, private businessmen and ministries trying to hold on to their powers. At the national legislature's March meeting, lobbying by interest groups picked up markedly.

Among more than 1,000 bills proposed by delegates were several aimed at restricting foreign access to domestic markets. Wang Tian, a delegate from the southern province of Hunan who heads his own chain store, submitted a "service-trade safeguard bill," which would protect Chinese companies in the retail, financial and services sectors.

"Almost all supermarkets over 10,000 square meters in coastal provinces are dominated by Carrefour, Wal-Mart and Metro, and many remaining [Chinese-owned] ones are in talks with foreign retailers," Mr. Wang said, referring to the French, U.S. and German retail chains, respectively.

Meanwhile, the State-Owned Assets Supervision and Administration Commission, which oversees the country's key state-run companies, and other agencies are working on guidelines to govern mergers and acquisitions of Chinese firms with well-known brands or significant market share. The National Development and Reform Commission says a target for regulation will be foreigners.

"Foreign investment has played an active role in tapping idle state assets, optimizing industrial structure and promoting technological progress, but it has also caused serious problems like over-concentrated market share in some sectors," the commission's spokesman said in a written response to questions.

During the country's last crisis over the economy, in the early 1990s, the leading critics of market changes were other high-ranking officials who believed capitalism was wrong for China. The late Deng Xiaoping, then the paramount leader, stamped out opposition in 1992 on a sweeping tour of southern China, where the free market was thriving.

Like Mr. Deng, Mr. Hu and Premier Wen Jiabao have asked China to support reforms. At a news conference after the legislature's March meeting, Mr. Wen made a rare televised appeal. "We must consistently and unwaveringly press ahead on the road of reform," he said. "To backpedal offers no way out."

At the same time, there are some signs of government indecision. Last year, when securities regulators proposed freezing foreign applications to set up joint-venture securities companies, the State Council, or cabinet, solicited the opinions of other agencies. But when the agencies disagreed, it failed to make a ruling, effectively allowing securities regulators to implement the freeze last December, according to one former official.

In some cases, lobbyists are using the media to win attention from China's government. Lu Yansun, a former deputy minister of the now-defunct Ministry of Machine-Building Industry, was enraged to read a short newspaper article on the fate of state-run Xibei Bearing Co.'s profitable train bearings business. Xibei used to have a 25% share of China's train bearings market and its own "NXZ" brand, but it effectively disappeared from the sector after that business was sold to German bearings manufacturer INA-Holding Schaeffler KG in 2003.

Mr. Lu suggested that China Industry News, a paper affiliated with the semi-official China Machinery Industry Federation, investigate. The result was a series charging that foreign investors -- including Caterpillar and the U.S. agriculture and forestry-equipment maker Deere & Co. -- have taken over key companies in the capital-goods sector, only to wipe out their brands and seize market share.

Mr. Lu and He Guangyuan, a former machinery industry minister, also wrote a letter to the State Council. Mr. Lu said several top leaders responded that a "set of administration rules...should be established."

In February, the council unveiled a number of policies to support the sector, including a rule that domestically made equipment should account for 60% of total equipment purchases for key projects funded by central and local governments. Vice Premier Zeng Peiyan this month said the cabinet will issue a set of preferential policies to rejuvenate the sector, reflecting "national will," according to the official Xinhua News Agency.

Benedict's Chinese Flock (WSJ)

The Wall Street Journal, March 31, 2006

DOJ_NMG_0024640

It may not be Easter yet, but the Vatican is working hard on an earthly resurrection of its own: the restoration of ties with China. But there is a catch. Beijing insists that the Holy See drop its recognition of Taiwan in exchange for the right to minister to the mainland faithful.

Many a pontiff has dreamt of giving China's Roman Catholics greater contact with Rome. Pope Paul VI took the quietly-quietly approach, choosing not to denounce communism in his Vatican II encyclical. His was the last visit to "China" by a pontiff -- a three-hour Hong Kong stopover in 1970. Well-traveled Pope John Paul II never got that far, as Beijing denied him a visit.

China's violent repression of religion and its forced-abortion policies don't sit easily with the Roman Catholic faith. But this week, Pope Benedict XVI declared that he "will come" to China. The Vatican's foreign minister, Archbishop Giovanni Lajolo, added that "the time is ripe" for reconciliation. Hong Kong's newly crowned cardinal, Joseph Zen, suggested yesterday that the Vatican sever its official relationship with Taiwan. "There are a lot more people to be taken care of in China," he said.

China agrees, with the usual strings attached. Beijing insisted yesterday that the Holy See sever diplomatic ties with Taiwan and agree not to intervene in China's domestic matters, including the appointment of clergy.

This is an old game. Witness China's success in blocking Taipei's applications to the U.N. and World Health Organization. But it's particularly odious for China to play that card on spiritual matters. And it shows how frightened Beijing's Communists are of relinquishing their perceived control of the people's hearts and souls -- even if affections were lost long ago.

The Vatican is the only European government that still holds an official diplomatic relationship with Taiwan. It will be tempting for Pope Benedict to trade recognition for access to China's 12 million Catholics. The moral aspects of such a bargain are not as clear-cut as they might seem at first, particularly if a relationship with Beijing might enable the Vatican to swing more weight in defending religious and civil rights on the mainland.

Nonetheless, the Vatican would be well-advised to demand some serious concessions in return. China boasts an "official" Catholic Church of around five million, whose priests pledge fealty to the Communist Party as a condition of serving their congregations. The unofficial "underground" church that is repressed and recognizes the pope is likely much larger.

Both sides might do well to agree to a Vietnam-like compromise. In Vietnam the Holy See is recognized, but must consult with the Communist government before naming new clergy. While that offends Catholic purists, it's given Vietnam's Communist Party a better image; the Church, a new flock; and the people of Vietnam, a moral purpose the party can't provide.

It's important not to forget how brutal Beijing has been to people who dare to promote religious freedom. One recent victim is Hao Wu, a 34-year-old Chinese filmmaker making a movie about underground Christian congregations. He was arrested in February without explanation and hasn't been heard from since. Since we're on the subject of religion, he might take comfort from the Book of Matthew: "Blessed are they which are persecuted for righteousness' sake: for theirs is the kingdom of heaven."

US Military Ends Quake Aid (CSM)

By David Montero

The Christian Science Monitor, March 31, 2006

ISLAMABAD, PAKISTAN - The next chapter of Abdul Qaduz's earthquake recovery began rather silently, without fuss or fanfare. Within moments his family pulled down their tent, where five had huddled at night for months, and promptly put it in the back of a truck, along with chairs and mattresses, cooking pots, and electrical wires. The aging father says he will repitch his tent on a patch of ground when he returns home. Only its outline remained pressed in the dirt, surrounded by cans of vegetable oil marked "USA" in large letters.

Thousands of families like those of Mr. Qaduz are expected to return to their native villages by Friday, inaugurating the next phase of the earthquake rehabilitation. Also heading home are US military personnel involved in helping those families get back on their feet. Friday marks the official end of the US humanitarian operation that began within 48 hours of the earthquake.

In the last six months, some 1,200 US military personnel and a fleet of 24 helicopters have delivered over 15,000 tons of humanitarian aid, in what has been called the largest disaster relief operation in US military history.

The "angels of mercy," as US helicopters have been called, have delivered not only aid but much needed goodwill in Pakistan, softening an otherwise rocky relationship with the United States. Polling in recent months has shown a marked improvement for the US image among the Pakistani public as a result of the American helping hand.

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Mr. Qaduz and other survivors say the generosity from the US soldiers and relief workers will never be forgotten. "They have helped us a lot. It should be written in history," he says, his brothers nodding their heads in agreement.

But some analysts caution that the US must sustain its commitment to reconstruction if larger criticisms against its foreign policies are to be minimized.

"While on the one side, the relations between the US and Pakistan should improve, on the other hand much more has to be done to continue the goodwill built through earthquake relief," says Lt. Gen. Kamal Matinuddin (ret.), a political analyst in Islamabad. "Otherwise it will wither away."

The government's March 31 deadline is timed partly to the passing of winter into spring. As warming temperatures clear snow from the highland communities devastated by the October quake, thousands of tents that once crowded the lower hills and open plains have been rolled up. Hundreds of families are making the trek back home, some happy to be returning, others worried that they will not find the medical and relief services they have come to rely on for so many bitter months.

The US military presence helped make those services possible. At an official farewell ceremony Thursday at an airport outside Islamabad, there were words of thanks and bittersweet goodbyes from both sides.

"It is very hard to say goodbye to our friends in Pakistan," said a visibly moved Rear Adm. Michael LeFever, commander of the US Disaster Assistance Center in Pakistan. "But we are excited about the reconstruction and rehabilitation under way by the USAID and the Pakistani government."

Admiral LeFever and US Ambassador to Pakistan Ryan Crocker underscored the enduring US commitment to helping rebuild. "The effort goes forward. This is a transitional period, not a culmination period," Ambassador Crocker said, backdropped by a Chinook helicopter. "We are deeply involved with the Pakistani government."

The extent of that involvement includes more than $500 million for reconstruction, in addition to $1.5 billion in assistance for education, health-care, governance, and economic growth.

The need for such assistance is especially clear in the remains of relief camps, where doubt hangs heavily over those returning home. Qaduz, from the village of Nuri, is one of those reluctant to leave Balakot, his makeshift home now for several months. "Our property is destroyed, but we are compelled by the government to return to our village," he says. "We're not happy because there is no system there. There are no road links, no schools, no health facilities."

Intermingled with the hints of frustration and doubt, there is also an abiding sense of gratitude for the US help. Such was the opinion of Mustak Aman, busy taking down his own tent in Balakot. "We feel a lot of care for the Americans because they helped us more than the other countries," he says.

It is a newfound sense of understanding shared on both sides. US Marine Malcolm Chaney, from Atlanta, wasn't sure what to expect in Pakistan, but he says he'll leave with a better appreciation for its people. "One day we sat down with some Pakistan officials and their imam," he says. "We had a discussion about our religions, and the imam basically said what I was thinking - that basically we're all the same."

Some analysts say the earthquake helps to underscore how much more work needs to be done to mend relations. "[The rescue operation] has had a positive outcome, not only among the governments, but among the people. But there are other negative fallouts that clouded the impact of this relationship," says Lt. Gen. Talat Masood (ret.), referring to such incidents as the CIA missile strike in Bajaur Agency that killed 13 civilians.

Others agree, saying the quake relief cannot completely mitigate the anger many Pakistanis feel toward the US because of its wars in Iraq and Afghanistan. "That is a separate issue and people will continue to criticize America," says General Matinuddin. But he says that a deep and long-term US role in reconstruction is still critical. "It will minimize the feeling against America. At least the government will have a handle to tell the public, 'Look, America is doing this, this, and this.' "

India's Training Of Iranian Military Could Dampen Nuclear Deal: US Lawmaker (AFP-Y2)

AFP, March 30, 2006

India's alleged training of Iranian troops could dampen vital US Congress support for a bilateral landmark civilian nuclear deal, a ranking Democrat warned Thursday.

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Tom Lantos, the top Democrat on the House of Representatives' powerful international relations committee scrutinizing the nuclear deal, expressed concern to visiting Indian Foreign Secretary Shyam Saran during talks here over New Delhi's training of the Iranian navy, the lawmaker's spokeswoman Lynne Weil told AFP.

"Congressman Lantos pointed out that episodes of conflict in relations between US and India, such as India's early wavering in its commitment to refer Iran to the UN Security Council and more recent concerns raised about Iranian troops receiving training from India will only undermine Congressional support for the deal," she said.

Reacting to the concerns, the Indian government said two Iranian naval ships with about 200 personnel were on a six-day "informal" visit to the southern Indian naval base in Kochi in March while on an annual sea training sortie in the Arabian Sea.

The port call was essentially "diplomatic-goodwill" and not part of any training package, said Venu Rajamony, spokesman for the Indian embassy in Washington.

He said the Iranian ships "interacted" with the Indian Navy as part of the visit, adding that activities included courtesy calls on Indian naval officers, navigational simulation and recreational activities such as yachting.

Washington is trying to rein in Iran's uranium enrichment activities amid suspicion that Tehran could be pursuing covert development of nuclear weapons.

On Wednesday, the UN Security Council in New York unanimously voted to give Iran 30 days to fall into line with long-running calls to abandon uranium enrichment.

India is treading a tightrope as it tries to firm up a civilian nuclear deal with the United States and maintain its traditionally strong ties with neighbour Iran.

In February, India voted with 26 other nations to refer Iran to the UN Security Council amid charges by communists within the ruling Indian coalition that New Delhi's foreign policy was being dictated by Washington.

Lantos and Saran on Thursday discussed the US-Indian nuclear agreement in the larger context of bilateral relations "which they agreed are blossoming in many respects," Weil said.

But Lantos noted that "at a time when gestures from allies are significant -- not symbolic gestures alone but substantive gestures -- the Indian government should look for opportunities to make gestures that underscore the strength of the bilateral friendship," she said.

The India-US nuclear deal gives energy-starved India access to long-denied civilian nuclear technology in return for placing a majority of its nuclear reactors under international inspection.

For it to be effective, the US Congress has to amend the US Atomic Energy Act, which currently prohibits nuclear sales to countries that are not signatories of the Proliferation Treaty (NPT).

India has refused to sign the NPT and has developed nuclear weapons on its own.

Indian Official Defends Deal With U.S. (AP-Y2)

By Foster Klug

AP2, March 30, 2006

A landmark civilian nuclear cooperation deal with the United States would not boost India's nuclear weapons arsenal, India's foreign secretary said Thursday.

In often strong words, Foreign Secretary Shyam Saran attacked the criticism that has surrounded a pact critics say would weaken efforts to stop the spread of nuclear weapons. He told an audience at the Heritage Foundation, a conservative think tank, that India's record on nuclear issues has long been one of restraint and responsibility.

"India cannot be a partner and a target at the same time," Saran said.

"There is no reason," he said, "why it should be expected that merely because we have an agreement on civilian nuclear cooperation, that suddenly the floodgates will be opened by India for a larger and larger nuclear weapons arsenal."

Saran's trip comes as officials from both countries try to persuade a skeptical Congress to embrace an accord announced during President Bush's trip to India earlier this month.

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Congress is considering a bill that would exempt India from U.S. laws that restrict trade with countries that have not submitted to full nuclear inspections. New Delhi has refused to sign the international Nuclear Non-Proliferation Treaty and accept its inspection regime.

Bush is hoping to push the measure through a Republican-controlled Congress in an election year when lawmakers have rebelled against him on several issues, including the recently abandoned deal to have an Arab company based in Dubai run terminals at some U.S. ports.

Saran, who was also meeting with U.S. lawmakers, linked the nuclear pact with India's future as a powerful nation on the world stage. India is eager for sources of energy to fuel a booming economy.

If India is expected to play a greater role in fighting weapons proliferation and terrorism, Saran said, "then it is only reasonable that the energy requirements of a country with such strong credentials is recognized."

Supporters say the nuclear pact would bring India into the nonproliferation mainstream by increasing international inspections of some of its nuclear sites.

U.S.-Indian Nuclear Deal No Shoo-In (LAT)

By Paul Richter

The Los Angeles Times, March 31, 2006

WASHINGTON — The Bush administration's proposed nuclear deal with India is meeting with a chilly reception from lawmakers, who are predicting that instead of swift approval, the initiative faces revisions and delays, if not outright rejection.

The White House had hoped to win congressional approval by the end of May for the deal, which would open the way for cooperation on India's civil nuclear program, and is also designed to begin a new strategic relationship between the United States and a populous, economically vibrant democracy.

But the initiative has found few high-profile champions on Capitol Hill or elsewhere, while becoming a target for criticism from the right and left that it could further undermine international efforts to stem the spread of nuclear weapons.

Since the deal was announced March 2, key lawmakers such as Sen. Richard G. Lugar (R-Ind.), chairman of the Senate Foreign Relations Committee, and Rep. Henry J. Hyde (R-Ill.), chairman of the House International Relations Committee, have remained carefully neutral.

Meanwhile, Rep. Duncan Hunter (R-El Cajon), chairman of the House Armed Services Committee, said this month that the president "is trying to ride a nuclear tiger…. I'm skeptical."

Former Sen. Sam Nunn (D-Ga.), a respected voice on security issues, also has voiced concerns and urged lawmakers to remain skeptical.

"It may be going too far to say there's panic within the administration, but I think there's deep concern that it hasn't been received nearly as well as hoped," said a Republican House staff member, who spoke on condition of anonymity because of the political sensitivity. "They're trying to create the impression of momentum. Frankly, I don't think it's there."

The legislation before Congress would lift rules barring the U.S. government from providing nuclear technology to countries such as India that have declined to sign the Nuclear Nonproliferation Treaty. In return for such help, India would agree to allow international inspections of its civilian reactors, though its military weapons program would remain unmonitored.

President Bush contends that by selling nuclear reactors to India, the program would ease competition for oil, help the environment and provide important new U.S. commercial ties. Administration officials also want to foster a better relationship with India because they believe it can be a strategic counterweight to China.

To provide India with nuclear knowledge, the United States must also win approval from a group of nations, known as the Nuclear Suppliers Group, that controls the international nuclear trade. But in a meeting last weekend, the India proposal drew questions from representatives of many of the countries, and the administration failed to win permission to put the deal on the agenda for the group's May meeting, as it had hoped to do.

Administration officials, who have been intensively lobbying Congress this month, have said that attempts to add conditions to the agreement could destroy a carefully crafted deal. R. Nicholas Burns, undersecretary of State for political affairs, said in an

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appearance this week before the Council on Foreign Relations that the administration could accept conditions that would improve the deal "as long as they don't require us to go back and break the agreement, reopen negotiations."

But legislators say they're likely to add conditions anyway. Indian Foreign Secretary Shyam Saran, in Washington this week to meet with lawmakers, seemed to accept that some changes were likely. In a speech to the Heritage Foundation, a conservative think tank, Saran said New Delhi could accept revisions as long as they did not upset the "delicate balance" of the proposal.

Although it is not yet clear what kind of amendments Congress might seek, it could demand assurances that India would vigorously enforce its export controls on nuclear technology, or press to require New Delhi to put any new fast-breeder reactors, which produce material for bombs, under international monitoring. Congress also might try to insist that India halt production of nuclear materials, as the United States and other leading atomic powers have done.

But India, which is building a nuclear arsenal in part as protection against China, has signaled that an attempt to impose such limits "would be a deal breaker," said the Republican staff member.

If Congress doesn't act before the summer recess, the administration could face a tougher challenge because of the difficulty of pushing through such a controversial agreement just before a midterm congressional election. Then the deal, which aides consider one of the most important accomplishments of the Bush presidency, could be put on hold until next year.

One State Department official, speaking on condition of anonymity in keeping with agency rules, insisted that the administration was finding support for the deal on Capitol Hill and from countries such as Britain, Russia, France and Australia.

"But we realize we have some questions to address," he said.

Indians Crack Down On Gender Abortions (CSM)

By Scott Baldauf

The Christian Science Monitor, March 31, 2006

NEW DELHI - In October 2001, when Dr. Anil Sabhani told a pregnant patient that she had a "female fetus and it would be taken care of," he wasn't talking about prenatal nutrition or health checks. He was talking about abortion.

With his conviction on Tuesday, Dr. Sabhani now faces two years in jail in the first-ever conviction under a 12-year old Indian law that forbids doctors from revealing the gender of a fetus to its parents. The law was aimed at preventing the all-too-common and growing practice of sex-determined abortions, which have left India with far more boys than girls.

Women's rights activists welcomed the convictions, but added that it will take more than a few high-profile trials to change India's centuries-old cultural preference for boys.

"This is 5,000 years of culture we're fighting against, but in the past decade, because of this [ultrasound] technique, and these unethical practices by medical professionals, the situation for girl children has gotten much worse," says Varsha Deshpande, an attorney for the Dalit Mahila Vikas Mandal, a Maharashtra-based advocacy group for underprivileged women. A question of culture

Ms. Deshpande's group has also conducted sting operations at ultrasound clinics in the prosperous farm belt of central Maharashtra, and has helped to file 16 criminal cases against doctors accused of sex-determination. "Culture is a difficult thing to change, it can take generations, but if we control this technique, these machines, then it will send a signal to these doctors that this will not be tolerated."

All told, there are dozens of cases pending in state courts around the country, but even activists agree that they are fighting an uphill battle. Economic pressures and cultural traditions encourage families to have boys, mostly to keep land and property in the family. Girls are often seen as a drain on family wealth, since the girl's family is required by centuries of tradition to provide a dowry to her husband's family when she marries.

Today, the illegal practice of sex-determination has brought girl-to-boy ratios to their lowest levels in recorded history, raising significant social problems for the future.

"If you find a government and a district medical officer and police officials who are all serious about the law, then you can make a difference," says Sabu George, a researcher for the Center for Women's Development Studies in New Delhi. "But that is very rare."

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The conviction of Saghani follows a controversial study, published in early January in the British medical journal, The Lancet. The study claimed that up to 5 million girls were aborted since the practice of sex-determination was banned in 1994.

Ultrasound equipment is found in every district of the country, but in the areas where ultrasound clinics are in highest concentration, particularly wealthy farming districts in Punjab, Haryana, Gujarat, and in the capital city of New Delhi, the ratios of girls to boys are at their lowest. The ban notwithstanding, the number of girls per thousand boys aged 0 to 6 in the state of Punjab has dropped from 875 in 1991 down to 793 in 2001, according to 2001 Census figures. In Haryana, there were 879 girls for every thousand boys in 1991 and 820 in 2001. Pregnant women turned crimefighters

The conviction in Haryana sprung from a frustrated doctor called Rekha Mishra, who teamed up with activists to conduct a sting operation on doctors in nearby ultrasound clinics.

Pregnant women were sent into the clinics, with audio and sometimes video equipment, to record their conversations with clinic doctors. In 12 cases, doctors, including Dr. Sabhani, offered to abort female fetuses. In Haryana, 11 of those criminal cases are still pending.

"It was very difficult to get pregnant ladies persuaded to do this, and you are not conducting a case against just one person, you are getting psychological pressure, your own family is saying, 'Nobody else is doing this. Why are you doing it?'" says Dr. Mishra, a private doctor from Faridabad, south of New Delhi. "But if I get support from the authorities, and a letter authorizing me to do this, we can do this all over the country."

"We can't eliminate this practice," she adds. "But we can at least stop it to some extent."

Activists like Deshpande and George call the practice "genocide," and India's medical community has promised to do what it can to prevent the practice. But Vinay Agarwal, president of the Indian Medical Association, says that lasting change can only come through broad-based community education.

"The medical profession is doing all it can though we have to address this as a social evil," Dr. Agarwal, president of the Indian Medical Association, told the BBC. "People should be proud to have a girl child."

Sierra Leone Asks To Move Liberian's Trial (NYT)

By Lydia Polgreen And Marlise Simons

The New York Times, March 31, 2006

FREETOWN, Sierra Leone, March 30 — The government of Sierra Leone asked the International Criminal Court in the Netherlands to provide a venue for the trial of Charles G. Taylor, the former president of Liberia who was arrested Wednesday on longstanding war crimes charges, officials in the Netherlands said.

Mr. Taylor has many loyalists in the region, so his presence is a potential threat to the fragile peace that exists here and in Liberia. Secret talks between the Special Court for Sierra Leone and the Dutch government about transferring Mr. Taylor to The Hague began several weeks ago.

But on Wednesday, after Mr. Taylor's arrest, the Dutch government received a formal request from the special court for permission to hold the trial on Dutch soil, said Dirk-Jan Vermeij, a spokesman for the Dutch Foreign Ministry. He said the request involved the use of a courtroom at the newly created International Criminal Court and space in a Dutch jail. A Dutch diplomat said the United Nations Security Council would have to pass a resolution to create a trial chamber in The Hague that would serve as an extension of the Sierra Leone court and use that court's rules.

Other conditions are under discussion between the court and the Dutch government, including a guarantee that at the end of the trial Mr. Taylor will leave the Netherlands. "The court is asking only for physical facilities, the use of a courtroom and a cell," Mr. Vermeij said.

If the plan goes ahead, Mr. Taylor will probably be held at a Dutch high-security prison complex in The Hague where the International Criminal Court has leased 12 cells but is using only one.

The plan to move the trial of Mr. Taylor, one of Africa's most notorious warlords, to Europe underscored the deep ambivalence that many people here have toward the United Nations-backed court set up here to try defendants accused of atrocities in Sierra Leone's brutal civil war.

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"The ordinary man sees this court as something from the outside that has little meaning to his life," said Charlie Hughes, director of the Forum for Democratic Initiatives, a nonprofit organization in Freetown. "Most people see the court as an expensive waste that won't really change the country in terms of poverty and other serious problems."

Indeed, Mr. Taylor may have been the most wanted fugitive in Africa, but for the moment no one on the continent seems keen on holding him. Ever since Liberia asked Nigeria to turn him over for prosecution by the special court this month, a fierce and sometimes desperate diplomatic battle has been waged over what precisely should be done with him. And with Thursday's announcement by Dutch officials, it appeared that Mr. Taylor's three-year odyssey had not yet ended.

It began in March 2003, when Mr. Taylor was still president of Liberia, with an indictment on charges that he backed and traded diamonds with Sierra Leone's ruthless rebel movement, whose signature tactic was the hacking off of civilians' arms and legs. But when he went into exile in Nigeria later that year, Nigeria promised not to turn him over to the court unless an elected Liberian government requested it.

When Liberia's new president, Ellen Johnson Sirleaf, asked for Mr. Taylor to be turned over this month, she made it clear that she did not want him on Liberian soil, declaring that there were no charges pending against him there. Nigerian officials repeatedly insisted that Mr. Taylor was not a prisoner in their country and that it was Liberia's responsibility to collect him. Sierra Leone, where Mr. Taylor was under indictment, quietly stood by and waited, hardly clamoring to get the man who caused so much misery here.

Solomon Berewa, Sierra Leone's vice president, said in an interview here that it would be better to hold the trial somewhere else to spare the nation a long revisiting of the horrors of the decade-long war, which killed 50,000 people, left thousands without arms or legs and displaced much of the population.

"We don't want to be reminded of those atrocities every day," Mr. Berewa said. "We want to put it behind us and move forward."

The International Criminal Court, which is independent from the United Nations, would have no mandate to try Mr. Taylor because its jurisdiction began on July 1, 2002, while Mr. Taylor's charges date from the 1990's. The court, which is building new headquarters, at present has one courtroom available. The trial of the first suspect in its custody, Thomas Lubanga, a former Congolese warlord, is not expected to begin until later this year.

Mr. Vermeij, the Dutch government spokesman, said that the court in Sierra Leone had asked for Mr. Taylor's transfer to The Hague, citing security concerns. "There is a fear that a trial in Sierra Leone could lead to instability and pose a threat to peace," he said.

Liberian President Backs Bid To Move Taylor Trial To Hague (WP)

By Craig Timberg

The Washington Post, March 31, 2006

MONROVIA, Liberia, March 30 -- President Ellen Johnson-Sirleaf said Thursday that she supported a bid to move the war crimes trial of former Liberian president Charles Taylor from neighboring Sierra Leone to The Hague and that Taylor's dignity and rights must be guaranteed as the case advanced.

"In any proceedings, the United Nations must allow Mr. Taylor to maintain his dignity and a vigorous self-defense that is consistent with the principle that a person is innocent until proven guilty," Johnson-Sirleaf said in a televised address, her first to the country since Taylor was arrested Wednesday.

The U.N.-backed special court in Sierra Leone, where Taylor faces an 11-count indictment for his role in that country's civil war, requested that the trial be conducted on the premises of the International Criminal Court in the Netherlands. The Sierra Leone court would retain jurisdiction over the case.

The court's president, Justice A. Raja N. Fernando, cited concerns about stability in the region in the request.

The British government is preparing a U.N. Security Council draft resolution that would formally authorize the court in Sierra Leone to try Taylor in The Hague. Britain is waiting for a "green light" from the Dutch government before presenting the draft to the 15-nation council, according to a council diplomat.

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The special court has the authority to conduct trials outside Sierra Leone, but the Dutch government has requested that the Security Council explicitly approve the transfer. It is also seeking to persuade another country to grant Taylor asylum should he ultimately be acquitted.

Taylor's first court appearance in Sierra Leone is expected next week. He is accused of mass murder, rape and mutilation, including support for a rebel movement in Sierra Leone that killed thousands and frequently amputated the limbs of its victims. Taylor, 58, is also accused of destabilizing Liberia and several neighboring countries while amassing a fortune from illicit trade in diamonds, guns and timber.

Taylor had dominated Liberian politics since 1989, when he launched a rebel movement. More than a decade of fighting left 200,000 people dead and the country in ruins. He was elected president in 1997, but resigned under international pressure in 2003 and began an exile in Nigeria.

Taylor disappeared Tuesday from a guarded government compound in southeastern Nigeria, days after President Olusegun Obasanjo announced that he would hand him over to the Liberian government. Taylor was captured Wednesday at a border post near Cameroon.

That day, Nigerian officials flew him to Monrovia, where he was arrested by U.N. forces. He was then transferred by helicopter to Freetown, the capital of Sierra Leone, and jailed.

Many Liberians expressed relief Thursday that Taylor had finally been arrested.

"I feel very good," said Wilson Doe, 34, a former soldier in Taylor's militia, who was working on a road project in Monrovia. "He's not a good man."

The sentiment was evident in the newspaper coverage here. The Informer ran a grainy image of Taylor on its front page and declared: "Taylor Falls Finally."

Liberians unable to afford the 35-cent newspaper could, for half the price, buy photocopied pictures of Taylor appearing dour in a bulletproof vest and handcuffs shortly after his arrest at Roberts International Airport in the capital.

Yet many Liberians said they were troubled by Taylor's arrest by international officials. Never before has a former African head of state been forced to face justice before an international tribunal. After decades of colonialism followed by decades more of Cold War proxy struggles, deep wariness persists in Africa about the intentions of outside powers.

In an interview in her office, Johnson-Sirleaf, who set Taylor's arrest in motion by requesting his extradition from Nigeria, said the case set "a sad precedent of arresting an African head of state."

But she added: "Liberian people feel much safer, and we can now move forward with what we need to do."

Era Of Impunity Wanes For African Leaders (CSM)

By Abraham Mclaughlin

The Christian Science Monitor, March 31, 2006

JOHANNESBURG, SOUTH AFRICA - It could be the beginning of the end for Africa's long era of impunity, during which awful deeds committed by presidents, dictators, and warlords have gone largely unpunished.

The highest-profile evidence: This week's arrest of notorious ex-Liberian-president Charles Taylor on war-crimes charges, which follows the recent booking of former Congolese warlord Thomas Lubanga at the International Criminal Court in The Hague.

Meanwhile, former Zambian President Frederick Chiluba is on trial for corruption, and upheaval in Kenya over graft allegations has led three cabinet ministers to resign.

In fact, the Zambian and Kenyan cases may be more important in the long run, experts say, because they're home-grown examples of holding leaders accountable for misdeeds. By contrast, the arrests of Messrs Taylor and Lubanga came in large part because of Western pressure. Ultimately, observers say, the extent to which the toppling of impunity is done by Africans - not because of American or other outside arm-twisting - may determine how thoroughly impunity falls.

Either way, however, "The arrest of Taylor is really good news for Africa. It sends an important signal that impunity might be a thing of the past," says Peter Kagwanja of the International Crisis Group here. Furthermore, it's evidence that even if "you're

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protected by [continental] heavyweights like Nigeria or South Africa" - as Taylor and Zimbabwe's President Robert Mugabe have been - "you may not be protected" any more.

Taylor was arrested in Nigeria this week and is expected to appear as early as Friday before the UN-backed Special Court for Sierra Leone in that country's capital, Freetown on charges of committing crimes against humanity. He's the first African head of state to be put on trial for such crimes. The trial, which will probably not start for several months, is expected to actually take place in The Hague. The venue change is apparently due to regional security concerns.

"One of the problems of trying Charles Taylor is that there has been insecurity in the region for quite some time, and he has been at the epicenter," says the court's chief prosecutor, Desmond de Silva. "There is a lot of anxiety in neighboring countries that his trial in Freetown might produce some sort of regional instability."

Taylor's arrival in Sierra Leone came a few days after the March 20 appearance of Mr. Lubanga at the ICC, where he's expected to be charged with war crimes. He's the first person to come before the ICC.

In Zambia, meanwhile, Mr. Chiluba is on trial for stealing about $500,000 during his 1991-2002 presidency. And, in Kenya, a series of graft scandals has left President Mwai Kibaki weakened, and may lead to an investigation of the vice president. The central bank governor has been asked to step down, pending a corruption probe.

Yet one Kenyan politician with possible links to corruption, former President Daniel arap Moi, isn't likely to be prosecuted, says Kagwanja, because, in the African view, "the war against impunity should not be war against stability." Taking down a powerful man like Mr. Moi could create instability.

Likewise, left to their own devices - and given Taylor's still-considerable influence throughout West Africa - African leaders probably would have asked newly elected Liberian President Ellen Johnson-Sirleaf "to cool her heels and stabilize herself before dealing with the question of Taylor," says Kagwanja. This would have given Nigerian President Olesegun Obasanjo time to "get his house in order" about possible plans to change the constitution so he can run for a third term - plans that may be affected by his actions on Taylor. It would have been at least a year, Kagwanja says, before African leaders dealt with Taylor.

Instead, amid strong US pressure, Mrs. Johnson-Sirleaf announced at the UN headquarters in New York on March 17 that she was requesting that Mr. Obasanjo send Taylor to Sierra Leone to face trial. When Obasanjo demurred, saying Africa's leaders needed to be consulted, even more US pressure was applied. When Taylor escaped from Nigerian custody on Tuesday, there were hints President Bush might cancel his Oval Office meeting with Obasanjo on Wednesday. Suddenly, Taylor was found, arrested - and promptly shipped to Sierra Leone.

While effective, such outside pressure can be risky, experts warn. First, it implicitly binds the US to helping keep the peace in Liberia, should the trial of the still-popular Taylor spark unrest there. Also, if Taylor's trial is seen as biased - or a product of US pressure - it "has the potential of turning Taylor into a hero or a martyr," says Kagwanja, "and that doesn't augur well for Liberia."

Taylor still has many backers in Liberia, including the country's third-most-powerful official, Speaker of Parliament Edwin Snowe, who is Taylor's ex-son-in-law.

Johnson-Sirleaf addressed this Thursday, saying anyone "who would try to use these circumstances as an excuse for insurrection to undermine the stability of the nation" would be "dealt with harshly, without mercy."

Still, another sign of declining impunity is the fact that African leaders didn't overtly criticize Obasanjo for handing over Taylor, says Ayesha Kajee of the South African Institute for International Affairs here. In an effort to boost Africa's image in the west - and respond to grass-roots rumblings - African leaders have been moving away from impunity, she says. "There's a recognition that this is an increasingly globalized issue - the issue of justice on the basis of human rights."

Rifts Plague Anti-Chávez Venezuelans (NYT)

By Juan Forero

The New York Times, March 31, 2006

QUÍBOR, Venezuela — Julio Borges is an unusual politician among Venezuela's fragmented opposition. He is running for office.

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While much of the rest of the opposition is intent on boycotting the presidential election this year, Mr. Borges was busy here on a recent twoday campaign swing, shaking hands, kissing cheeks and trying against long odds to win over supporters of President Hugo Chávez.

"We spent seven years trying to get Chávez out of Miraflores," Mr. Borges said, referring to the presidential palace. "What we have to do is get Chávez out of people's hearts."

He is the first to admit that it is a lonely task. Mr. Chávez remains hugely popular, with a 55 percent approval rating in opinion polls, for having funneled billions of dollars in oil revenue to the poor. Perhaps more important, he has put his stamp on nearly every aspect of life, and every institution of real power.

Mr. Borges argues that boycotting elections only adds to Mr. Chávez's power and has already made Venezuela in effect a one-party state. Proponents of a boycott say Mr. Chávez has undermined the institutions of democracy, so they seek to undercut his legitimacy by spoiling elections.

They charge that the president stacked the Supreme Court and the five-member National Electoral Council, has registered fraudulent voters and keeps tabs on how Venezuelans vote — all accusations that the government denies.

Many supporters of a boycott are in the segment of the opposition that failed to oust Mr. Chávez with a coup attempt and a two-month oil strike in 2002, and a recall referendum in 2004. Last December they organized a five-party boycott of the elections for the National Assembly, losing all representation in the government.

Some opposition leaders called that boycott a success because 75 percent of the voters abstained, showing their unhappiness with the electoral system Mr. Chávez had established.

"It's a diabolical system," said Antonio Ledezma, a leader in National Resistance, a group of opposition leaders that favors a boycott this year. "We win by resisting, to not be under the thumb of a government that wants to dominate us."

While international monitors have called past elections here fair, they have also noted deep public distrust of electoral officials and called for an overhaul of the Electoral Council, which oversees the elections.

A newspaper editor, Teodoro Petkoff, and the governor of the state of Zulia, Manuel Rosales, are considered possible presidential candidates, but Mr. Borges is the only one who has declared his candidacy so far. He says his biggest obstacle is uniting a disillusioned opposition, whose fractures have been among Mr. Chávez's biggest advantages.

"The most difficult challenge is to get past the noise of our own opposition," said Mr. Borges, 36, a lawyer from Caracas. "The opposition does not have the luxury to just give up on politics. Here, some people say: 'Let's not do anything. Let's hope for a miracle.' I don't believe in that."

As in the rest of Venezuela, people in this state, Lara, are solidly behind Mr. Chávez and at best indifferent to Mr. Borges's small First Justice Party, whose members are mostly young professionals from wealthy districts of Caracas. Potential voters were polite but distant.

When one unabashed supporter, Carmen Martínez, embraced Mr. Borges — whispering, "May God and First Justice be our hope" — it was a bright spot in an otherwise difficult campaign swing.

Mr. Borges does not sugarcoat the obvious: his campaign is far behind, underfinanced and spread thin. His one advantage may be that most Venezuelans — 84 percent, according to a recent survey by Greenberg Quinlan Rosner, a Washington polling firm — support taking part in the election, even if they question the impartiality of the electoral authorities.

His first big battle was with his own party, which went against him and voted to sit out last year's legislative elections. But he also faces an image problem. Many Venezuelans see his party as close to the Bush administration, elitist and out of touch with Mr. Chávez's base in the country's ramshackle barrios.

"They're seen as the yuppie party, and the challenge is how do you reach the poorest people," said a senior American diplomat in Caracas, who spoke on condition of anonymity because of embassy rules.

"It's not enough being the anti-Chávez," another American diplomat said. "You have to offer a plan and an alternative."

To do that, Mr. Borges and his aides say they are going to go after the president where he is vulnerable. While Mr. Chávez appears to be obsessed with the United States, Mr. Borges said surveys for his campaign showed that Venezuelans were much more concerned about unemployment and rampant crime.

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"Before voting for the Chavistas, I'll vote for Borges," Johanna Padilla, 29, said after meeting Mr. Borges as he went from house to house here. "All we have here is crime. There's no work. If you get a job, it's for three months and you're out."

On his campaign swing, wearing jeans and a blue pullover shirt, Mr. Borges handed out fliers titled "The President's Gifts," about Venezuelan aid to other countries.

"We want to show we're more nationalistic, more patriotic, more worried about Venezuela than Chávez," he said. "He's more involved in trying to become the president of Latin America. This is good for us."

For now the message is a hard sell. Mr. Chávez's largess to the poor, after all, has won him a solid following that is not about to switch to an unknown like Mr. Borges.

"I adore the man and thank God he's in power," Elizabeth Jiménez, 37, said of the president. "The opposition — each day they lose more standing. They criticize everything, everything that's for the people. But when they were in power they never did anything."

Preventable Disease Blinds Poor In Third World (NYT)

By Celia W. Dugger

The New York Times, March 31, 2006

ALEMBER, Ethiopia — Mare Alehegn lay back nervously on the metal operating table, her heart visibly pounding beneath her sackcloth dress, and clenched her fists as the paramedic sliced into her eyelid. Repeated infections had scarred the undersides of her eyelids, causing them to contract and forcing her lashes in on her eyes. For years, each blink felt like thorns raking her eyeballs. She had plucked the hairs with crude tweezers, but the stubble grew back sharper still.

The scratching, for Mrs. Alehegn, 42, and millions worldwide, gradually clouds the eyeball, dimming vision and, if left untreated, eventually leads to a life shrouded in darkness. This is late-stage trachoma, a neglected disease of neglected people, and a preventable one, but for a lack of the modest resources that could defeat it.

This operation, which promised to lift the lashes off Mrs. Alehegn's lacerated eyes, is a 15-minute procedure so simple that a health worker with a few weeks of training can do it. The materials cost about $10.

The operation, performed last year, would not only deliver Mrs. Alehegn from disabling pain and stop the damage to her corneas, but it also would hold out hope of a new life for her daughter, Enatnesh, who waited vigilantly outside the operating room door at the free surgery camp here.

Mrs. Alehegn's husband left her years ago when the disease rendered her unable to do a wife's work. At 6, Enatnesh was forced to choose between a father who could support her, or a lifetime of hard labor to help a mother who had no one else to turn to.

"I chose my mother," said the frail, pigtailed slip of a girl, so ill fed that she looked closer to 10 than her current age, 16. "If I hadn't gone with her, she would have died. No one was there to even give her a glass of water."

Their tale is common among trachoma sufferers. Trachoma's blinding damage builds over decades of repeated infections that begin in babies. The infections are spread from person to person, or by hungry flies that feed from seeping eyes.

In large part because women look after the children, and children are the most heavily infected, women are three times more likely to get the blinding, late stage of the disease.

For many women, the pain and eventual blindness ensure a life of deepening destitution and dependency. They become a burden on daughters and granddaughters, making trachoma a generational scourge among women and girls who are often already the most vulnerable of the poor.

Trachoma disappeared from the United States and Europe as living standards improved, but remains endemic in much of Africa and parts of Latin America and Asia, its last, stubborn redoubts. The World Health Organization estimates that 70 million people are infected with it. Five million suffer from its late stages. And two million are blind because of it.

A million people like Mrs. Alehegn need the eyelid surgery in Ethiopia alone. Yet last year only 60,000 got it, all paid for by nonprofit groups like the Carter Center, Orbis and Christian Blind Mission International.

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As prevalent as trachoma remains, the W.H.O. has made the blinding late stage of the disease a target for eradication within a generation because, in theory at least, everything needed to vanquish it is available. Controlling trachoma depends on relatively simple advances in hygiene, antibiotics and the inexpensive operation that was performed on Mrs. Alehegn.

But the extent of the disease far exceeds the money and medical workers available. In poor countries like this one, faced with epidemics of AIDS, malaria and tuberculosis, a disease like trachoma, which disables and blinds, has difficulty competing with those big killers.

Dr. Abebe Eshetu, a health official here in Ethiopia's Amhara region, described the resources available for trachoma as "a cup of water in the ocean."

Nowhere is the need greater than across this harsh rural landscape.

As dawn broke one day last year, hundreds of people desperate for relief streamed into an eyelid surgery camp run by the government and paid for by the Carter Center. Some of the oldest had walked days on feet twisted by arthritis to get here.

The throng spread across the scrubby land around a small health clinic. They wrapped shawls around their heads to shield themselves from sun and dust, made all the more agonizing by their affliction. Their cheeks were etched with the salty tracks of tears.

'Hair in the Eye'

Typical of those was Mrs. Alehegn, led stumbling and barefoot through stony fields by Enatnesh, who worriedly shielded her mother under a faded black umbrella.

As they waited their turn, Mrs. Alehegn explained that her troubles began more than 15 years ago when she developed "hair in the eye," as trachoma is known here. The pain made it impossible for her to cook over smoky dung fires, hike to distant wells for water or work in dusty fields, the essential duties of a wife.

Gradually the affliction soured her relationship with her husband, Asmare Demissie, who divorced her a decade ago, so he could marry a healthy woman.

"When I stopped getting up in the morning to do the housecleaning, when I stopped helping with the farm work, we started fighting," Mrs. Alehegn said.

The operation she had come for is still exceedingly rare in Ethiopia. Only 76 ophthalmologists practice in this vast nation of 70 million people. Most work in the capital, Addis Ababa, not in the rural areas where trachoma reigns.

Because of the extreme doctor shortage, nonprofit groups have paid for the training of ordinary government health workers over two to four weeks to do the eyelid surgery. The Carter Center, which favors a month of training, estimates the cost at $600 per worker, plus $800 for two surgical instrument kits for each of them.

Those trained make an incision that runs the length of the eyelid's underside, through the cartilagelike plate, then lift the side of the lid fringed with the eyelashes outward. Then they stitch the two sides back together. The patient is given a local anesthetic.

The operation cannot undo the damage already done to corneas, which makes the abraded eyes vulnerable to infections. But it can stop further injury. And because the disease often takes decades to render its victims blind, the operation can save a woman's sight and halt disabling pain.

For Mrs. Alehegn, the surgery was her second. Her plight is typical, for trachoma is both a disease of poverty and a disease that causes poverty.

After separating from her husband, she, Enatnesh and another daughter, Adelogne, then just 4, moved to a small, poor piece of land belonging to Mrs. Alehegn's family. About a year later, Mrs. Alehegn scraped together enough money for her first eyelid surgery. But as she aged, the underside of her eyelids — scarred by past trachoma infections — continued to shrink, turning her lashes inward again.

In recent years, her poverty was so dire she could not afford to have the surgery again. Her only income was the dollar or so a week that Enatnesh collected when she went to market to sell the cotton fabric her mother wove. They were so poor they could not afford even 15 cents for soap.

"If I get my health back, it means everything," Mrs. Alehegn said. "I'll be able to work and support my family."

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The others who journeyed to the camp told many such stories of hardship. In a land where early death is commonplace, some of those with the disease see their wounded eyes, ceaselessly leaking tears, as a kind of stigmata of sorrow.

Banchiayehu Gonete, an elderly widow, said three of her eight children had died young. The bitterest loss was of her eldest daughter, carried off by malaria at 40 with a baby still inside her. It was this daughter who had plucked her in-turned lashes, cooked for her and kept her company.

"God killed my children," said Mrs. Gonete, old and wrinkled, but unsure of her age. "I feel this pain as part of my mourning."

Nearby, Tsehainesh Beryihun, 10, sat with her grandmother, Yamrot Mekonen. Trachoma ended the girl's childhood years ago.

When her parents divorced, her mother gave Tsehainesh, then just a baby, to her paternal grandmother. As the old woman's sight failed, Tsehainesh became her servant. Since she was 7, she has fetched water, cooked, cleaned, collected dung and wood for the fire and swept the dirt floors, her grandmother said.

The girl sees her half brothers and sisters, the children of her father's second marriage, happily dashing to school, while she lives apart, her days filled with the grinding work of tending to a sickly, demanding old woman.

Her grandmother explained that the girl owes her. "I've supported her this far," Mrs. Mekonen said impassively, "so now it's her turn to support me."

Tsehainesh wept bitterly as her grandmother spoke, refusing to utter a word.

Ending Disability and Dependency

To break this cycle of debilitation and dependency, the goal is not eradication of the eye infections themselves, which most agree is neither practical nor necessary, but rather to reduce their frequency and intensity, a more achievable goal. This would avoid development of the devastating late stage of trachoma, called trichiasis, that makes surgery the sufferers' only salvation.

Toward that end, the World Health Organization has approved a strategy known as SAFE, an acronym that stands for surgery, antibiotics, face washing and environmental change, notably improved access to latrines and water.

Already, some researchers say, the growing use of antibiotics around the world to treat infections, even those unrelated to trachoma, has probably contributed to trachoma's decline. That is true even in very poor countries where there is no organized effort to tackle the disease, like Nepal and Malawi, they say.

The use of Zithromax, an antibiotic manufactured by Pfizer, has proved a breakthrough. The most common alternative is a cheap, messy antibiotic ointment that has to be applied twice daily to the eyes for six weeks. Zithromax, in contrast, can be taken in a single dose — making compliance easier and distribution to millions simpler.

By 2008, Pfizer, the world's largest drug maker, will have donated 145 million doses for trachoma control. Its contribution is administered by the International Trachoma Initiative, a nonprofit group. The drug has been provided in 11 of the 55 countries where trachoma remains a problem.

But globally, the World Health Organization estimates that at least 350 million people need the antibiotics once a year for three years to bring infection rates under control.

That equals more than a billion doses of azithromycin, the generic name for Zithromax. Trachoma is so rampant here in Ethiopia that an estimated 60 million people, or 86 percent of the country's population, need the drug.

Pfizer has not officially announced any additional donations, but Dr. Joseph M. Feczko, a Pfizer vice president, says the company will provide whatever is needed. "There's no cap or limit on this," he said. "We're in it for the long haul."

But even free drugs cost money to distribute. No global estimates are available for carrying out the SAFE strategy for trachoma control, but the Ethiopian government, beset by competing social problems, would have to come up with $30 million to reach even half the people who need the antibiotic, and $20 million more for public education on basic hygiene.

For now, the aim here is a more modest effort at localized control, but even that will not be easy.

An Ancient Scourge

Chlamydia trachomatis, the microorganism that causes trachoma, has been a source of misery for millennia, thriving in poor, crowded and unsanitary conditions. In ancient Egypt, in-turned eyelashes were plucked, then treated with a mixture of frankincense, lizard dung and donkey blood. In Victorian England, infected children were isolated in separate schools.

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At the turn of the century, doctors at Ellis Island used a buttonhook to examine the undersides of immigrants' eyelids. Those with signs of trachoma were often shipped back to their home countries.

Swarming Musca sorbens flies play an ignominious role in spreading the disease. They crave eye discharge and pick up chlamydia as they burrow greedily, maddeningly into infected eyes.

"They cluster shoulder to shoulder around an infected eye," said Paul Emerson, the entomologist who did pioneering work on the role of the flies in spreading trachoma and who now runs the Carter Center's trachoma control program.

So inescapable, so persistent are they here in the Amhara region that children learn not to bother shooing them away. Even at the surgery camp, flies buzzed through the chicken wire that covered the windows of cramped operating rooms, harassing trachoma victims at the moment they sought relief.

Once the eggs of a female fly are ripe, she lays them in her preferred breeding medium, human feces, plentiful because most people here go to the bathroom outdoors.

But the flies cannot breed in simple, inexpensive pit latrines, Mr. Emerson said. He said he does not yet know why, but he thinks that a competing species that does thrive in latrines may eat the Musca sorbens maggots.

Ethiopia is now making a national effort to get people to build latrines, training thousands of village health workers to spread the word. It is also teaching children the importance of face washing in school.

But soap and water are scarce, too. Women often walk hours a day to wells to carry home precious pots of water balanced on their heads. And soap is a luxury for the poorest of the poor.

For those like Mrs. Alehegn, with late stage trachoma, surgery will continue to be necessary.

When her operation was complete, the health worker who performed it, Mola Dessie, pressed white cotton pads on Mrs. Alehegn's eyes to soak up the blood and applied antibiotic ointment to prevent infection. Then he covered her eyes with bandages.

Enatnesh wrapped her mother's head in a dingy cloth and slipped her stick-thin arm around her mother's waist to lead her away.

Mrs. Alehegn, who is illiterate, says she hopes that once she heals she will be able to weave more cloth, earn more money and do the domestic chores, leaving Enatnesh freer to pursue an education. "I don't want her to live my life," she said.

Despite her dependence on her daughter, Mrs. Alehegn has allowed the girl to go to school. Enatnesh, though having fallen behind, is a diligent fifth grader at age 16, who proudly said she is ranked 5th out of 74 students in her class. She dreams of being a doctor.

Two days after her mother's surgery, Enatnesh led the way to her father's sturdily built hut a couple of hours walk away. There, as his second wife swept the compound and Enatnesh's 9-year-old half-brother sat in the shade, Mr. Demissie, 58, offered a regretful explanation for his decision to divorce his first wife.

He, too, had developed "hair in the eye," he said. And like his wife, he, too, had been forced to stop working. If they had not separated, he reckoned, they would both have died. Finally, Mr. Demissie decided to save himself.

His sick wife would never find anyone else to marry, he realized. But for him, a new, hardworking wife would provide a second chance. And after his marriage, he got the surgery to prevent his own blindness.

"If we had not been sick," he said sadly, "we would have raised our children together."

As he spoke, Enatnesh listened sorrowfully, her hand cupped over her mouth, her head bent low.

French Law Is Affirmed As Protests Snarl Traffic (NYT)

By Craig S. Smith

The New York Times, March 31, 2006

PARIS, March 30 — France's Constitutional Council upheld the constitutionality of a fiercely contested new labor law on Thursday, dealing a blow to opposition Socialists who had asked the council to strike it down but extending the crisis now facing the government.

Students kept up pressure, blocking roads and railways, tying up traffic and halting train service in several cities. The country's influential union syndicates have promised another day of nationwide strikes and protest marches on Tuesday.

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The council's ruling throws the onus for resolving the crisis on President Jacques Chirac, who alone has the power to send the law back to Parliament. But he is widely expected to back his embattled prime minister, Dominique de Villepin, who insists that the law be put into effect. Élysée Palace said the president would address the nation late Friday.

The Constitutional Council's unqualified decision deprived Mr. Chirac of any face-saving cover under which he might send the law back to Parliament for further deliberations without looking as though he was bowing to the will of protesters.

Many members of Mr. Chirac's Union for a Popular Movement suggested Thursday that he would put the law into effect while fattening other social benefits in a bid to placate the students and unions.

The government used that strategy to extricate itself from the unrest that roiled France in May 1968.

The so-called Grenelle agreements of that year, named for the Paris street where the Ministry of Social Affairs is situated, raised the minimum wage by 35 percent, raised public sector salaries by 7 percent and cut the work week to an average of 40 hours from 43, among other things.

But some experts said the government, already trying to trim costly social benefits that it can ill afford, would have trouble coming up with offerings rich enough to satisfy the students and the unions.

"The difference between May 1968 and now is that the state doesn't have any money," said Sylvie Goulard, a professor of political science at the Institute of Political Studies here. Many members of Mr. Chirac's party have urged him to use special constitutional powers to delay imposing the law pending negotiations, to avoid inciting more anger among protesters. Both the students and unions have refused to engage in a dialogue until the law is withdrawn.

But Mr. Chirac has so far supported Mr. de Villepin, who has vowed to increase employment by making France's rigid labor laws more flexible. But his latest effort to introduce a new kind of labor contract — adding to the 18 already on the books — has backfired.

The new contract would give employers the right to fire new employees 25 and under without the cumbersome and costly procedures now required. The students and the unions regard that as an erosion of worker rights rather than as a useful incentive to employers.

Mr. de Villepin's approval rating has dropped seven percentage points this month alone to 29 percent, the lowest since he took office in May.

French students, meanwhile, are reveling in their newfound power. They blocked roads and railways in various parts of the country, angered by the Ministry of Education's order to reopen all high schools closed by the recent protests.

The ministry said 556 high schools out of France's 4,330 and 58 of its 84 universities had been disrupted.

At the Gare de Lyon here, hundreds of students swarmed onto the tracks, halting afternoon trains.

Top French Tribunal Upholds Jobs Law (WP)

By Molly Moore

The Washington Post, March 31, 2006

PARIS, March 30 -- France's constitutional court Thursday upheld a controversial jobs law that has provoked the largest street protests in decades, putting new pressure on President Jacques Chirac to resolve the crisis that threatens to destabilize his government.

The 10-member Constitutional Council ruled that high youth unemployment rates justified the law, which would give workers under age 26 fewer job protections than older employees. The council also said "different treatment" for young workers was justified because the law was enacted in the interest of improving job opportunities for them.

Chirac's office said the president would address the country on national television Friday night for the first time since students and labor unions launched demonstrations that often have ended in violence and confrontations with riot police in Paris and other cities across the country.

Members of Chirac's government declined to comment on Thursday's ruling, deferring to Chirac's address Friday. But union leaders and members of parliament plied the French evening news programs with demands that the government back down on the law and warnings of worsening protests and violence.

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"You can be both legally right and politically wrong," Jean-Christophe Cambadelis, a Socialist Party member of parliament, said on the French television network, LCI. The Socialists had appealed the law to the constitutional court.

"It is the responsibility of the head of state to hear the growing exasperation of the country," said Bruno Julliard, head of the national student union, which has been at the forefront of the protests. "The president has the opportunity to put an end to a very damaging crisis. If he enacts the law rapidly, it will both be a sign of disdain and an irresponsible attitude."

The Constitutional Council's decision cannot be appealed.

Chirac now faces a difficult political decision that threatens the future of his prime minister, Dominique de Villepin, the author of the law and the man widely considered Chirac's preferred successor.

The law allowing employers to fire workers under age 26 at any time during their first two years of employment will become effective in nine days unless Chirac asks the parliament to reconsider it. Under the French constitution, Chirac cannot return the law to the legislative body without Villepin's permission. Villepin has said he will not abort the law but would consider negotiations over some provisions after it goes into effect. Unions have demanded that negotiations take place before the law is enacted.

In its opinion upholding the law, which was approved by parliament this month, the Constitutional Council noted that young employees who are fired after they've been on the job for four months have the right to appeal their dismissal to a labor court judge.

"Any employee getting sacked for what he thinks are no good reasons can dispute the decision," said Dominique Chagnollaud, a professor of constitutional law at the University of Paris II. "If this person is fired because of the color of his skin or because he's gay, the law against discrimination in the workplace still applies."

Unions have called another national strike and more protests for Tuesday, a week after an estimated 2.7 million people marched in the streets of Paris and other cities -- the largest French demonstration in decades -- demanding that the government retract the law. Striking workers also created major transportation delays, shut down schools and other government services and closed the Eiffel Tower.

In new protest tactics, small groups of students in cities throughout the country disrupted train services by blocking tracks and created miles of traffic jams by barricading main highways and city streets. In Marseilles, protesters set a coach car of a regional train ablaze, halting train service for two hours. About 50 demonstrators blocked Paris's ring road -- the equivalent of the Capital Beltway -- snarling traffic. Hundreds of students caused miles of traffic backups in the southern city of Aix-en-Provence, where they blocked intersections, and several hundred students played "cat and mouse" with police in the city of Lille, racing though the streets barricading intersections.

French Twist (NYT)

By Corinne Maier

The New York Times, March 31, 2006

Paris

IN Paris, the atmosphere has been morose for weeks: The winter's riots in the poor suburbs have been succeeded by a springtime student revolt. Now it's the middle class's turn to express its discontent — over a government plan to make it easier for businesses to fire young workers. This season, though, the protests aren't in far-off housing projects, but right under our eyes.

The Sorbonne, symbolic center of the intelligentsia, has been sealed off by the police. With the demonstrations and the strikes, it's been difficult to get around town; on Tuesday, when a million people marched, life seemed at a standstill — no newspapers, no trains — except for the violence that has flared up around the protests. In the cafes, people evoke, without much conviction, the famed student revolts of May 1968: the young then wanted to change society, while today they want simply to be part of it.

The student revolt began last month with three letters of anodyne appearance, C.P.E., an abbreviation for "contrat première embauche," or first job contract. Prime Minister Dominque de Villepin pushed a law through Parliament that establishes this contract, which covers those younger than 26 employed by businesses with more than 20 workers. It allows the firing of a young worker for any reason; French law otherwise severely limits businesses' ability to let a worker go. The C.P.E. is the little brother of the C.N.E., created last year, which covers smaller businesses.

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The C.P.E., the C.N.E., their labor cousins R.M.I. and R.T.T. — the French love three-letter abbreviations. Perhaps it's because in France, traditionally a Catholic country, lots of things go in three, like the three colors of the flag and "liberté, égalité, fraternité."

The men in power are three too: the first being Jacques Chirac, president since 1995, a weakened man nobody expects anything of anymore. He is seconded by Mr. de Villepin and Interior Minister Nicolas Sarkozy, rivals who dream of taking Mr. Chirac's place in the 2007 presidential election. This year will be decisive for them, which is probably why Mr. de Villepin has chosen to showcase his firmness.

The point of the new labor law is to encourage businesses to hire young people without worrying they'll be stuck with them forever. Youth unemployment has been one of France's biggest problems for 30 years. A quarter of those under 25 are jobless; that figure surpasses 40 percent in the troubled suburbs. It's an enormous failure: young people have never been better prepared or educated than today, yet France offers them hardly any future apart from temporary jobs and unpaid internships.

Why do young people refuse this new program? First, they say, a law just for them implies unequal treatment, and the French, since 1789, have always dreamed of equality. Next, they complain, previous generations didn't have to suffer, so why should they? It's true that French society is hierarchical and rigid, and the disadvantages of employment "flexibility" (a word the French detest) have so far fallen mostly on the weakest: minority groups, women with few marketable skills and young people.

No one in France wants to be "flexible"; stable jobs are the best paid and the most prestigious. It's telling that the students at the elite grandes écoles have been slow in joining the protests: promised a better future than the graduates of the less illustrious universities, they figure that flexibility doesn't concern them.

What will happen next? The young demonstrators and the major unions demand the withdrawal of the C.P.E.; surveys show that two-thirds of the public are in sympathy with them. The students even won the unexpected support of the actress Sharon Stone, who was in Paris for the opening of "Basic Instinct 2." Ms. Stone declared herself against the law, saying that "people have the right to know why they've been hired or fired."

Meanwhile, the Constitutional Council yesterday rebuffed a request to throw out the law as unconstitutional. Still, Mr. de Villepin is getting little support in his own camp as he stands firm. And Paris waits to see what springtime will bring next.

A Cuban Doctor Pays A High Price For Truth (WSJ)

By Mary Anastasia O'Grady

The Wall Street Journal, March 31, 2006

In the early morning hours of Nov. 29, uniformed Cuban police raided the Havana home of medical doctor Dariel "Darsi" Ferrer.

"In front of my sick wife and my four-year-old son, they confiscated a laptop, a printer, various bottles of medicine and all the papers they could find," Dr. Ferrer reported on the Web site Cartadecuba.com. Nearly four hours later the marauders marched off with the doctor's property, leaving him with a citation to appear at the police station the next day.

Dr. Ferrer had sinned against the Revolution: He is an Afro-Cuban medical professional who, noting the country's abysmal state of health care, established an independent health and human rights clinic. "We have dedicated ourselves to offering free medical attention to those in need and visiting extremely poor communities where scarcities strike marginalized Cubans daily, to offer health services, give medicine, clothing and toys and to share the suffering of those beings," Dr. Ferrer reported.

The 36-year-old doctor's selfless dedication to others would win praise from any government genuinely concerned about the welfare of citizens. But in Cuba, his work scandalizes the state. It has rewarded him by shutting him out of the official medical community and refusing to allow him any form of gainful employment. Along with his wife and son, he has been regularly harassed and terrorized by the government's infamous "repudiation squads," organized mob violence unleashed against non-conformers. The Nov. 29 visit was the first time the regime sent uniformed agents to his home to allege a crime.

Dr. Ferrer is a victim of what human rights observers say is the one of the most brutal crackdowns in the island's history, one that has received little notice in the U.S. "Why now?" one might ask. Perhaps it is in preparation for the day when, as Cubans like to say, a "biological solution" will end Castro's reign. Perhaps it is because Cubans have grown bolder in recent years, increasingly expressing dissent openly.

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Certainly, there is more civil disobedience, ranging from silent, prayerful marches by women whose loved ones are political prisoners to public statements from medical professionals like Dr. Ferrer. Pilfering from the state has reportedly increased too.

French jurist Christine Chanet, the U.N. Human Rights Commission's "expert" on Cuba, acknowledged the wave of repression this month. Though Cuban officials have refused her access, she noted that her sources report that "in 2005 more people were arrested and given disproportionate sentences for expressing dissident political opinions." Since she is French and a UNHRC bureaucrat, however, Ms. Chanet blamed the brutality on the U.S. By supporting Cuban democrats, she explained, the U.S. "provide[s] the Cuban authorities with an opportunity to tighten repression against them."

That's the kind of international "help" that long-suffering Cubans have had to get used to, leaving them with the feeling that they are but pawns in the petty, jealous U.N. game of challenging U.S. hegemony. But while the French bureaucrat is busy scoring points in the salons of Geneva, Dr. Ferrer is struggling to stay alive. His is a particularly brave struggle.

Like hundreds of José Six-Packs who have joined Cuban resistance movements, Dr. Ferrer's lack of celebrity is a real disadvantage. International recognition can provide some protection to a dissident. But up to now he has been a faceless soul behind the Tropical Iron Curtain, with a family to care for and living on practically nothing. Fidel already knows he has nothing to fear from the likes of Ms. Chanet, so the cost of crushing Dr. Ferrer is very low.

Dr. Ferrer's race also works against him. Independent thinking is heresy for any Cuban but Afro-Cubans are taught to be especially grateful for -- and obedient to -- the Revolution. They are supposed to signal to the world that though they may appear poor, malnourished and oppressed, they are actually living contentedly on Master Fidel's plantation. Dr. Ferrer hasn't been playing the game.

Another reason to silence the doctor is his honest, professional assessment of Cuba's deteriorating medical system. What Dr. Ferrer and the doctors working with him at the clinic have observed and publicly denounced is the polar opposite of the health-care paradise that Fidel's illusionists have worked years to promote. The collapse of this last "justification" for totalitarian government -- something that shamefully even former Secretary of State Colin Powell once praised Castro for -- makes Fidel's 50 years of failure impossible to deny.

This makes Dr. Ferrer's work exceedingly dangerous but despite the persecution, he works tirelessly for the sick, the poor and the imprisoned. The clinic writes "respectful letters" to high-ranking government officials, raising concerns about public health issues and proposing solutions. In a July 2005 document called "Health Authorities and the Complicity of Silence," Dr. Ferrer complained of the deaths of dozens of children in recent months owing to increased cases of transmittable diseases. He expressed concern that meningitis, dengue fever, hepatitis and leprosy could become epidemics. Clinic workers pay special attention to HIV/AIDS patients, particularly shut-ins, and advocate for the medical needs of political prisoners and for victims of medical negligence.

With thousands of medical professionals on assignment overseas to advance Castro's do-gooder image with Ms. Chanet and her ilk, Cubans are hurting. But so what? As former Brigadier Gen. Rafael Del Pino, who defected in 1987, observed in his 1990 book "Proa a La Libertad," ("Toward Freedom"), Fidel has another agenda. He "was of the idea that any person whose health is returned or who receives education will at least never be his enemy, even if that does not turn them into an ally," the general wrote, referring to the rationale behind sending doctors and teachers to Nicaragua in the 1980s. This strategy continues today. Only now Dr. Ferrer has made it clear that Cubans themselves don't enjoy the same "good will." For that he is being intolerably abused by the regime.

An American Revolt In London (NYT)

The New York Times, March 31, 2006

It's not exactly a tea party yet, but the Americans are again revolting against the British over taxation. At issue is the American embassy's refusal since last July to pay a traffic congestion surcharge when its diplomats drive around downtown London, where the embassy is situated. The Americans say the fee is a tax, and add that the Vienna Convention protects diplomats from taxes abroad.

First, let us say that whatever the validity of the argument, it's reassuring anytime an American official working for the Bush administration invokes an international agreement. But we don't buy the idea that diplomats are immune to the surcharge.

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London adopted congestion pricing to reduce gridlock on its busiest streets and encourage the use of public transit. By those measures, it's been a success, and something that similarly afflicted cities in the United States, starting with New York, should want to consider. The fee, about $14, is supposed to support mass transportation. The British make a good case that the charge is not a tax, but a toll for the use of selected streets. Their diplomats, they note, regularly pay tolls on American roads and bridges.

A couple of years back, Mayor Michael Bloomberg threatened to tow away the cars of United Nations diplomats who had stacks of unpaid parking tickets in New York. The London mayor, Ken Livingstone, needs to work on editing what comes out of his mouth (this week he called the American ambassador a "chiseling little crook" and he is currently appealing a suspension from his duties for comparing a Jewish journalist to a guard at a concentration camp). He poked further fun at the ambassador for his previous job, which — unfortunately, in light of the debate — was owning a large car dealership. Nonetheless, Mr. Livingstone is certainly within his rights to demand payment, which may now amount to hundreds of thousands of dollars, including fines. He also wants money from the German Embassy and other missions that are withholding payment.

This is one war the United States government doesn't need to take on. It has a real one going on. And the British — they're on our side.

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DEPARTMENT OF JUSTICE *NEWS CLIPS*

PREPARED FOR THE OFFICE OF PUBLIC AFFAIRS, US DEPARTMENT OF JUSTICE

TO: THE ATTORNEY GENERAL AND SENIOR STAFF

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TERRORISM NEWS:

At Sept. 11 Trial, Tale Of Missteps And Management (NYT)

By Scott Shane And Neil A. Lewis

The New York Times, March 31, 2006

WASHINGTON, March 30 — Three weeks of testimony and dozens of documents released in the sentencing of Zacarias Moussaoui have offered an eerie parallel view of two organizations, Al Qaeda and the Federal Bureau of Investigation, and how they pursued their missions before the attacks of Sept. 11, 2001.

Al Qaeda, according to a newly revealed account from the chief plotter, Khalid Sheikh Mohammed, took its time in choosing targets — attack the White House or perhaps a nuclear plant in Pennsylvania? Organizers sized up and selected operatives, teaching them how to apply for a visa and how to cut a throat, a skill they practiced on sheep and camels. Despite the mistakes of careless subordinates and an erratic boss, Osama bin Laden, Mr. Mohammed tried to keep the plot on course.

Mr. Mohammed, a Pakistani-born, American-trained engineer, "thought simplicity was the key to success," says the summary of his interrogation by the Central Intelligence Agency. It is all the more chilling for the banal managerial skills it ascribes to the man who devised the simultaneous air attacks.

If Mr. Mohammed's guiding principle was simplicity, the United States government relied on sprawling bureaucracies at feuding agencies to look for myriad potential threats. The C.I.A. had lots of information on two hijackers, Nawaf al-Hazmi and Khalid al-Midhar, but the F.B.I. did not know the men had settled in San Diego, where Mr. Mohammed had instructed them to "spend time visiting museums and amusement parks" so they could masquerade as tourists.

At the F.B.I., a few agents pursued clues that would later prove tantalizingly close to the mark, but they could not draw attention from top counterterrorism officials. A Minnesota F.B.I. agent, Harry M. Samit, warned in a memorandum that Mr. Moussaoui was a dangerous Islamic extremist whose study of how to fly a Boeing 747-400 seemed to be part of a sinister plot.

"As the details of this plan are not yet fully known, it cannot be determined if Moussaoui has sufficient knowledge of the 747-400 to attempt to execute the seizure of such an aircraft," Mr. Samit wrote on Aug. 31, 2001. He had already urged Washington to act quickly, because it was not clear "how far advanced Moussaoui's plan is or how many unidentified co-conspirators exist."

But to high-level officials, the oddball Moroccan-born Frenchman in Minneapolis was only one of scores of possible terrorists who might be worth checking out. An F.B.I. official in Washington edited crucial details out of Mr. Samit's memorandums seeking a search warrant for Mr. Moussaoui's possessions, and said that pressing for it could hurt an agent's career, Mr. Samit testified.

The picture of a large and lumbering bureaucracy trying to defend against a small and flexible enemy is striking, said Timothy J. Roemer, a member of the national Sept. 11 commission.

"It's like the elephant fighting the snake," said Mr. Roemer, a former Democratic congressman from Indiana. "One of the impressions of Al Qaeda and Khalid Sheikh Mohammed is their ability to change course and put new people into their plan and dynamically respond to the challenges day to day."

The United States government, he said, "is almost the opposite."

"We're slow to change," he said, "slow to adjust, and we're building a huge bureaucracy."

The court testimony, Mr. Roemer said, has reinforced his belief that "Moussaoui was an Al Qaeda mistake and a missed opportunity for the F.B.I."

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The jury at Mr. Moussaoui's sentencing trial in federal court in Alexandria, Va., began deliberating on Wednesday about whether he qualifies for the death penalty for not telling American officials of the approaching terrorist attacks. If jurors decide he does qualify, they will then have to make a second decision as to whether he should be executed.

The outlines of the events on both sides in the weeks leading to the Sept. 11 attacks are well known. But the voluminous evidence presented at the trial have added details and color to the public history of the plotters and how American counterterrorism officers failed to stop them.

There are snippets of highly classified National Security Agency cables and glimpses of the C.I.A. inspector general's report on the agency's performance before the attacks, which remains secret. There are numerous new F.B.I. e-mail messages and memorandums that fill in the details of agents' suspicions and why they were not heeded.

But the 58-page "Substitution for the Testimony of Khalid Sheikh Mohammed," a detailed account of what Mr. Mohammed has told investigators since his capture in Pakistan in 2003, and an attached two-page statement written by him, give the most direct view to date of the man who conceived and organized the attacks.

"I know that the materialistic Western mind cannot grasp the idea, and it is difficult for them to believe that the high officials in Al Qaeda do not know about operations carried out by its operatives, but this is how it works," Mr. Mohammed wrote in his statement to his interrogators. "We do not submit written reports to our higher ups. I conducted the September 11 operation by submitting only oral reports."

Mr. Mohammed comes across as a hands-on, midlevel manager who sometimes handled details, like perusing a San Diego telephone book he bought at a market in Karachi, Pakistan, for English-language schools and flight schools.

But he delegated what he could to others. He had Abu Turab al Jordani, a Qaeda veteran from Jordan, train the less sophisticated "muscle" hijackers, teaching them to use their knives on animals and how to storm a jetliner cabin. He allowed Mohammed Atta, appointed "emir" of the hijackers, to make final decisions on targets and on the date of the attack.

Mr. bin Laden repeatedly pressed Mr. Mohammed to move ahead with the hijacking plot, the document says. He pushed, for example, to strike on May 12, precisely seven months after the 2000 attack on the U.S.S. Cole. Ever the pragmatist, Mr. Mohammed put him off. In fact, Mr. Mohammed "noted that he disobeyed bin Laden on several occasions by taking operatives assigned to him by bin Laden and using them how he best saw fit."

One restriction on the plot was the small number of Qaeda devotees who had, or could get, visas to enter the United States. Mr. Mohammed used Mr. Midhar and Mr. Hazmi because they had visas — despite his doubts about their minimal English and lack of sophistication.

But he also considered Mr. Moussaoui less reliable because of time he had spent in the West. Mr. Mohammed "stated that Westerners have a different point of view because of their freedom," the summary says.

The sentencing trial made clear the frustration of the Minneapolis F.B.I. office in its repeated efforts to interest bureau headquarters in Mr. Moussaoui.

Gripping testimony came from Mr. Samit, who arrested Mr. Moussaoui on Aug. 16 and quickly became convinced that he was a terrorist who knew about an imminent hijacking plot. Mr. Samit said that he had sent about 70 warning messages about Mr. Moussaoui, but that they had produced no results.

The agent said he had been puzzled at the reluctance of Michael Maltbie, a supervisor with the Radical Fundamentalist Unit at bureau headquarters, to seek a search warrant for Mr. Moussaoui's belongings from a special intelligence court.

Mr. Samit seemed unable to satisfy Mr. Maltbie's demand that he provide a tangible link between Mr. Moussaoui and a foreign power, a requirement for a warrant from the Foreign Intelligence Surveillance Court. He thought he had sufficient evidence from two French intelligence reports showing Mr. Moussaoui had recruited someone to fight in Chechnya for an Islamist group allied with Mr. bin Laden.

But on Aug. 24, 2001, a frustrated Mr. Samit sent an e-mail message to Charles Frahm, a friend and, at the time, an F.B.I. liaison to the C.I.A., asking for information to help make his case. "We're trying to close the wiggle room for F.B.I. headquarters to claim there is no connection to a foreign power," he wrote.

Mr. Moussaoui's lawyers asserted that Mr. Maltbie had undermined the effort to obtain a search warrant by deleting some details from Mr. Samit's requests. Mr. Samit said Mr. Maltbie had told him he was reluctant to press for a warrant because doing so would be risky for his career and "he was not about to let that happen to him."

At the time, the bureau had become wary of applying to the intelligence court because a well-regarded supervisor had angered the court's chief judge in a previous case.

Days later, with the attacks in New York and Washington, the scale of the destruction astonished even Mr. Mohammed. According to the summary, he said he "had no idea that the damage of the first attack would be as catastrophic as it was."

Moussaoui Jury Pauses For Query, Resumes (WP)

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By Jerry Markon And Timothy Dwyer
The Washington Post, March 31, 2006

Jurors in the death penalty trial of Zacarias Moussaoui completed their first full day of deliberations yesterday, with no indication of how they would resolve the question of whether the convicted Sept. 11, 2001, conspirator is eligible for execution.

The 12-member panel paused only to ask the judge a brief question concerning the definition of weapons of mass destruction. Moussaoui is charged with conspiracy to use weapons of mass destruction, one of three counts that could bring him a death sentence.

U.S. District Judge Leonie M. Brinkema told jurors at a brief court session that the term meant using an airplane as a missile or bomb. And with that, jurors disappeared again into their deliberation room on the seventh floor of the federal courthouse in Alexandria before quitting for the day at 4:30 p.m.

Moussaoui, 37, pleaded guilty last year to conspiring with al-Qaeda in the Sept. 11 airplane hijackings that killed nearly 3,000 people. He is the only person convicted in a U.S. courtroom on charges stemming from the attacks on the World Trade Center and the Pentagon.

The jury is considering whether Moussaoui is eligible for the death penalty under federal law. If jurors unanimously decide that he is, they will reconvene for a second phase of the trial that will determine whether Moussaoui will be executed; if they decide that he is not eligible, Moussaoui will be sentenced to life in prison.

According to a verdict form released yesterday by the court, jurors will answer three main questions when they vote on whether to send the case forward to a second phase. They will assess whether prosecutors proved that Moussaoui intentionally lied to federal agents when he was arrested in August 2001, whether he lied "contemplating that the life of a person would be taken" and whether at least one victim died Sept. 11 because of the falsehoods.

Although Moussaoui was sitting in jail during the attacks, prosecutors argue that he should die because he lied to the FBI when he was arrested after his behavior aroused suspicion at a Minnesota flight school. Had Moussaoui confessed his knowledge of the plot, the government contends, the Sept. 11 strikes could have been stopped.

Moussaoui admitted to much of that argument when he testified this week, saying that he had misled federal agents to allow the plot to go forward -- and that he had intended to crash a hijacked plane into the White House on Sept. 11. His attorneys contend that Moussaoui was aggrandizing his role in the plot during his testimony. And even if he had lied to agents in August 2001, the defense contends, federal officials knew far more than Moussaoui did about al-Qaeda's plans yet still failed to stop the attacks.

'Weapons Of Mass Destruction' Defined For Moussaoui Jury (LAT)

By Richard A. Serrano
The Los Angeles Times, March 31, 2006

ALEXANDRIA, Va. — Jurors deliberating Thursday in the Zacarias Moussaoui sentencing trial asked for legal guidance on a capital murder charge that alleged he conspired to use "weapons of mass destruction."

The jury of 12 asked U.S. District Judge Leonie M. Brinkema for a legal definition of that phrase, and she told them that in this case it meant turning airplanes into "missiles, bombs or similar devices."

The charge is a component of one of the key allegations against the admitted Al Qaeda terrorist. Moussaoui, 37, was arrested three weeks before the Sept. 11, 2001, attacks on the World Trade Center and Pentagon. He testified Monday that his intended role in the conspiracy was to crash a fifth airplane, into the White House, that day..

The jury is to decide whether Moussaoui, who has pleaded guilty, is eligible for the death penalty because he lied to FBI agents after his arrest.

Prosecutors maintain that had he cooperated with authorities about the Sept. 11 plot, the government could have obtained enough information to stop the 19 hijackers.

The defense contends that the federal law enforcement apparatus at that time was so disjointed that officials never would have unraveled the plot even with Moussaoui's help.

Thursday was the first full day of deliberations. Jurors did not reach a verdict and are to resume work today.

In another development, the court unsealed transcripts of a closed March 21 hearing between prosecutors and defense lawyers in which it was disclosed that the U.S. attorney's office in Philadelphia was investigating the conduct of government lawyer Carla J. Martin.

Martin, a senior attorney with the Transportation Security Administration, is accused of improperly tampering with Federal Aviation Administration witnesses whom prosecutors and defense lawyers had planned to call during the trial.

According to evidence and testimony against her, Martin sent the witnesses copies of court transcripts and coached them on their planned testimony, all in violation of a February order by Brinkema.

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The judge was incensed, and severely restricted the amount of aviation testimony in the trial. As it turned out, prosecutors called just one federal aviation official.

"I'm advised by the U.S. attorney's office that there may very well be a prosecution of her; at least they're looking at the possibility," Brinkema said of Martin.

The judge had wanted Martin to take the stand and explain her conduct. But Brinkema said in the closed hearings that Martin's lawyer, Roscoe C. Howard Jr., was "not ready to recommend she testify yet."

Assistant U.S. Atty. Robert A. Spencer said the matter was referred to the Philadelphia office because of the conflict with the prosecutors trying Moussaoui.

Spencer's fellow prosecutor David J. Novak told the judge they had been "unhappy with Ms. Martin before this episode happened."

Martin has declined to comment.

Her lawyer initially said she was eager to tell her side of the story, but he has declined to discuss the matter since.

Deliberations Continue In Moussaoui Trial (AP)

By Michael J. Sniffen

AP, March 31, 2006

ALEXANDRIA, Va. - Jurors in the death-penalty trial of Zacarias Moussaoui headed into a third day of deliberations Friday to determine whether the confessed al-Qaida conspirator is eligible for the death penalty.

The jury has deliberated for more than seven hours since getting the case late Wednesday. On Thursday jurors asked about the definition of "weapon of mass destruction." One of the three convictions for which Moussaoui could be executed is conspiracy to use weapons of mass destruction.

The jurors were told that a plane used as a missile - the tactic employed on Sept. 11, 2001 - qualifies as a weapon of mass destruction.

Moussaoui is the only person in this country charged in connection with the Sept. 11 attacks. He pleaded guilty in April to conspiring with al-Qaida to hijack aircraft and other crimes. The sentencing trial will determine his punishment: death or life in prison.

The jury must find that Moussaoui was responsible for at least one death on Sept. 11 for him to be eligible for execution.

Moussaoui was in jail at the time of the attacks, but prosecutors argue federal agents would have been able to thwart or at least minimize the attacks if he had revealed his al-Qaida membership and his terror plans when he was arrested and interrogated by federal agents.

Also, court transcripts indicated federal prosecutors in Philadelphia have launched a criminal investigation of Transportation Security Administration lawyer Carla J. Martin. Moussaoui's death-penalty trial was nearly derailed after U.S. District Judge Leonie Brinkema found that Martin improperly coached multiple witnesses on their testimony and lied to defense lawyers.

Prosecutor Investigating TSA Lawyer (FINDLAW/AP)

By Matthew Barakat, Associated Press Writer

AP, March 31, 2006

(AP) - ALEXANDRIA, Va.-Federal prosecutors in Philadelphia are investigating the conduct of a government lawyer who nearly derailed the death-penalty trial of confessed al-Qaida conspirator Zacarias Moussaoui by coaching witnesses on their testimony.

The criminal investigation of Carla J. Martin, a lawyer with the federal Transportation Security Administration, was revealed in recently unsealed transcripts of a closed March 21 hearing in the Moussaoui case.

U.S. District Judge Leonie Brinkema said in the hearing that she had been "advised by the U.S. Attorney's Office that there may very well be a prosecution of her, at least they're looking at the possibility."

Rob Spencer, the lead prosecutor in the Moussaoui case, responded that "the matter has been referred to a prosecutor in the Eastern District of Pennsylvania, and I believe they are handling the matter."

Rich Manieri, a spokesman for the U.S. Attorney's office in Philadelphia, declined comment. Prosecutors in Alexandria recused themselves from the investigation.

Moussaoui's defense lawyers have said Martin should face criminal charges for witness tampering.

Martin's misconduct delayed the Moussaoui trial for a week and almost derailed it completely when it was revealed a week into the trial.

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Martin coached seven aviation witnesses on their testimony, urging them to read transcripts of the trial's first day and warning them to be prepared for certain topics on cross-examination. All of this violated a judge's order barring witnesses from exposure to trial proceedings, for fear that they would shape their testimony based on what they had heard.

Martin was apparently concerned that prosecutors overstated the Federal Aviation Administration's ability to prevent the 9/11 attacks and wanted witnesses to be prepared for tough questions on cross-examination.

After Brinkema learned the extent of Martin's misconduct in a special evidentiary hearing, she barred the government from presenting any evidence about aviation security to the jury. She reconsidered after prosecutors said that would gut their case, and she allowed the government to present an aviation witness who was not tainted by Martin's misconduct.

Martin has refused to testify about her actions. Her lawyer, Roscoe Howard, has said she will explain herself to Brinkema at the appropriate time.

During the March 21 hearing, prosecutors said Martin had a minimal role in helping prepare the government's case, and said they actively sought to keep Martin out of the process for a variety of factors.

"First of all, there were personality issues," said prosecutor David Novak. More importantly, though, he said prosecutors found her to be a poor conduit to the TSA on issues like preparing sensitive documents for use at trial.

"Our view is that she wasn't hearing what our point was and it wasn't being conveyed to people who are," Novak said.

Mr. Moussaoui's Confession (WP)

The Washington Post, March 31, 2006

GIVE ZACARIAS Moussaoui credit: Years into his bizarre circus of a trial -- after all his deranged court filings and speeches, his pleas and retracted pleas, his attempts to act as his own lawyer and his denunciations of his long-suffering court-appointed lawyers -- he still knows how to grab a big moment and milk it. This week, he took the witness stand and confessed -- "boasted" might be a better word -- that he was, as the government alleged, a part of the Sept. 11 conspiracy and that he was meant to fly a fifth plane into the White House, along with convicted "shoe bomber" Richard Reid, as part of the coordinated attacks that took place that day.

Mr. Moussaoui's riveting testimony devastates his defense and acknowledges everything prosecutors need to prove and then some.

Not only did he lie to the FBI to protect the operation after his capture the month before the attacks -- the allegation to which he admitted last year. He also bought a radio to hear news of the operation's success. He knew that the World Trade Center was a target. He coldly described his delight at learning of the destruction and carnage. After such a display, what jury could fail to vote for the death penalty?

But there is reason to worry that Mr. Moussaoui's testimony is a bit more dramatic than the reality of his involvement. For one thing, it contradicts his own prior statements: He has claimed in the past not to have been involved in Sept. 11 but to have been preparing for a separate attack on the White House. It also contradicts the statements of al-Qaeda bigwigs in U.S. custody, which -- in a bizarre twist -- the defense put before the jury in an effort to discredit its own client. Khalid Sheik Mohammed, for example, claimed that Mr. Moussaoui was sent here as part of a second wave of strikes. It even exceeds what the government itself has alleged.

The government and Mr. Moussaoui, at this point, are both pushing for his execution -- as vividly illustrated by his bizarre offer to testify for the prosecution. Their motives differ. The government is prosecuting his crime, while Mr. Moussaoui appears to be attempting to martyr himself. The danger is that in such a confluence of interests the truth falls by the wayside.

That would be dangerous, in part because the government's theory under which Mr. Moussaoui is eligible for death is an expansive one that could open the door for executions of low-level conspirators in a range of criminal enterprises. Mr. Moussaoui without question acted as an al-Qaeda operative who arrived in this country intending to do it great harm. Less clear is what role, if any, he played specifically in the events of Sept. 11. That he now wishes to claim a big one may imply honest pride in his work or simply a desire to die for his organization's greatest success -- a desire no jury ought to oblige. The unenviable task of the jurors, who now have the case, will be to sort true confession from idle boasting.

9/11 Trial Raises Concern (USAT)

USA Today, March 31, 2006

The most chilling testimony at the death penalty trial of Zacarias Moussaoui didn't come from the defendant, despite his surprise claim that he was to fly a fifth plane into the White House on 9/11.

It came from a government witness who attested in heart-rending detail to the stubborn resistance and monumental missteps that kept the FBI from capitalizing on Moussaoui's arrest four weeks before 9/11.

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Many of the facts were known, but FBI agent Harry Samit's testimony gave them new detail and poignancy — and raised questions about the nation's preparedness for the next terror attack.

Moussaoui was arrested Aug. 16, 2001, in Minnesota, after Samit was tipped that an inexperienced student had paid cash to a local flight school to learn to fly jumbo jets. Moussaoui had spoken openly of hating America and of wanting to wage jihad, or holy war.

In the next weeks, Samit wrote memos that referred 70 times to Moussaoui and literally begged for permission to seek a warrant to search his belongings. His bosses rejected every request. There are many explanations for this, none satisfactory: The FBI's priority before 9/11 was catching and convicting traditional criminals, not stopping attacks. An antiquated system of paper case files kept crime fighters from sharing leads via computer. A legal "wall" built between intelligence and criminal investigators to prevent misuse of information restricted coordination. Incompetence and lethargy among superiors.

Could this scenario happen again?

Some holes have been plugged. The legal wall has been torn down. Surveillance has increased. New laws make it easier to seek a warrant in a case like Moussaoui's. Agencies share more.

But old gaps remain, and new ones have opened — at the FBI and in other anti-terrorism efforts as well. To identify problems, look no further than recent headlines:

· After five years, the FBI is still hampered by some of the same computer problems. And two of the bosses who obstructed Samit — Michael Maltbie and David Frasca — remain employed in other jobs at the FBI; the bureau won't say whether they've been disciplined.

· On Tuesday, the Council on Foreign Relations, a non-partisan think tank, reported that the United States hasn't mounted the high-priority effort needed against the most devastating threat it faces — nuclear terrorism. Stealing a nuclear device is tough, the author found, but not impossible.

· The same day, government officials testified that undercover investigators slipped through security at the Canadian and Mexican borders with enough radioactive material to make two small "dirty bombs." Border agents were fooled by counterfeit documents, according to the Government Accountability Office.

· On Wednesday, USA TODAY reported a brain drain at the Homeland Security Department, which has lost top leaders for its most crucial missions, including cyber security, technology and disaster response.

The nation has determined foes — people like Moussaoui who are bent on killing Americans at any cost. Stopping them requires good intelligence, judgment and luck. Unless the government learns from the past and finds smarter ways to fight terrorism, it becomes its own enemy.

U.N. Expert Wants To See Purported Prisons (AP-Y2)

By Bradley S. Klapper

AP2, March 30, 2006

The United Nations' special investigator on torture said Thursday he was certain that there are secret U.S. prisons in Europe and he wants access to them.

Manfred Nowak said he had proof that secret U.S. prisons continue to operate in Europe.

"I am 100 percent sure. I have evidence," Nowak said in an interview with The Associated Press.

He cited a U.S. refusal to provide details or records of interrogations later used in terrorism trials in Germany. He did not explain how that was proof of the ongoing existence of U.S. prisons in Europe, and he did not offer other examples.

Allegations of clandestine U.S. detention centers in Europe have sparked separate investigations by the European Parliament and the Council of Europe, the continent's leading human rights watchdog.

"It is totally unacceptable, even in the fight against terrorism, that a highly democratic country such as the United States of America is keeping secret places of detention," said Nowak, an Austrian law professor who reports on torture allegations to U.N. rights bodies and the General Assembly.

U.S. officials in Geneva were not immediately available to comment.

The United States neither confirms nor denies the allegations of secret prisons, because it refuses to comment on intelligence matters. It has noted that the Council of Europe's report found no specific evidence to support claims of the existence of detention camps in Europe like the one in Guantanamo Bay, Cuba.

In a report released last month, Nowak and four other U.N. experts called on the U.S. government to close down Guantanamo Bay and "refrain from any practice amounting to torture or cruel, inhuman or degrading treatment."

The United States slammed the U.N. report, noting that the U.N. experts had declined an invitation to visit the camp because they would not be given full access to the detainees.

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As with Guantanamo, Nowak said he would only visit the secret prisons if he was granted full access to prisoners. He noted that Beijing had allowed him to interview prisoners during a visit to China last year and that before that trip Washington pressured the Chinese to permit the interviews.

He said that he hoped Washington would reconsider its policy on terror suspects and allow him to investigate allegations of torture in detention centers outside the United States.

"How can I assess whether torture or ill-treatment is practiced in any prison in the world if the only people with whom I can talk are the prison guards and the doctors, but not the detainees?" he asked.

The United States is holding about 490 men at the military detention center; some have been there for more than four years. They are accused of links to Afghanistan's ousted Taliban regime or to al-Qaida, but only a handful have been charged.

Nowak also said that he would go to Chechnya this year because Russia had accepted his condition of direct access to prisoners. He declined to speculate on how widespread the use of torture by Russian security forces might be in the volatile southern province, and said he was still negotiating with Moscow on which detention centers to visit.

Intelligence Redo Is Harshly Judged (WP)

By Walter Pincus

The Washington Post, March 31, 2006

U.S. Court of Appeals Judge Richard A. Posner sharply criticized the restructuring of U.S. intelligence agencies last week, telling CIA lawyers that the overhaul has done nothing to rectify flaws exposed by al-Qaeda's Sept. 11, 2001, attacks and that the changes "in the end . . . will amount to rather little."

Posner, who has written extensively on intelligence matters, questioned "the wisdom and consequences" of the intelligence overhaul passed by Congress in December 2004, which he said was based on "a deep misunderstanding of the limitations of national security intelligence."

That misunderstanding, Posner said, came from a naive belief that intelligence agencies can somehow be made infallible. "Failure in a democratic society," he said, "demands a response that promises, however improbably, to prevent future failures. [And] the preferred response is a reorganization, because it is at once dramatic and relatively cheap."

Posner made his remarks last Friday at an off-site conference of the CIA's office of general counsel, and a revised text was made available to The Washington Post.

CIA spokesman Paul Gimigliano said yesterday that the judge was invited because he is a well-known writer on intelligence issues and that "the CIA believes its officers should hear a range of informed opinion on issues affecting their work." Posner has a book being published next week, "Uncertain Shield: The U.S. Intelligence System in the Throes of Reform." His book "Preventing Surprise Attacks: Intelligence Reform in the Wake of 9/11" was published last spring.

In Posner's analysis, the director of national intelligence (DNI), created by Congress to be the president's top intelligence adviser, was given too much to do. DNI John D. Negroponte oversees the CIA and 15 other intelligence agencies, including those at the Pentagon. Negroponte's staff, which has grown to about 1,000, "has become a new bureaucracy layered on top of the intelligence community," Posner said.

In the process, he said, the DNI's office has absorbed "many of the responsibilities of the CIA and demoted the agency to little more than a spy service." He points out that Negroponte runs the National Counterterrorism Center, which used to be part of the CIA. The agency also prepared the President's Daily Brief, the most sensitive intelligence delivered to President Bush and his top national security team each morning, but that now is prepared by the DNI.

At the same time, the DNI has floundered in its task of coordinating the agencies within the intelligence community, according to Posner, in part because of "three distinct and largely incompatible intelligence cultures that are poorly balanced: military intelligence, civilian intelligence and criminal investigation intelligence."

The military culture, with its "up-and-out promotions system . . . discipline and strong mission orientation," views the CIA with "a degree of hostility and disdain, which the agency reciprocates," Posner said. In addition, CIA and Pentagon intelligence officers compete in strategic intelligence work, a situation aggravated by the fact that the military operates the spy satellite agencies, whose capabilities it often does not wish to share.

Meanwhile, the FBI culture, focused in the past on catching criminals, is having problems with intelligence gathering because, as Posner put it, "the aim is to prevent the crime, not punish the criminals." Counterterrorist intelligence, he said, requires "casting a very wide net, following up on clues, assembling bits of information, and often failing because there is as yet no crime."

Complicating these differences, he noted, was the "profound political imbalance" extant among the three intelligence cultures. The military "is immensely popular, immensely powerful politically" and "ambitious to expand its intelligence activities

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under the forceful leadership of Secretary [Donald H.] Rumsfeld and Under Secretary for Intelligence [Stephen A.] Cambone." Posner added that for "all these reasons" Pentagon intelligence is "out of the practical control of the DNI."

He said the FBI "is also immensely popular . . . and politically powerful . . . and stubbornly resistant to change." The CIA was left, Posner said, "in a situation of considerable vulnerability, as an unpopular agency and therefore a natural scapegoat" for intelligence failures of Sept. 11 and prewar Iraq.

Posner said that the DNI should have been given only a coordinating role in U.S. intelligence, and that the CIA director, now Porter J. Goss, should have remained the president's senior intelligence adviser. That approach would have eliminated the requirement that the DNI's office build its own bureaucracy of analysts, he said.

Ex-spy Hunter Drops Intelligence Post Bid (WT)

By Bill Gertz

The Washington Times, March 31, 2006

Former CIA spy hunter Paul Redmond, who helped catch notorious Moscow mole Aldrich Ames, has withdrawn from consideration to become the Bush administration's top counterspy, U.S. intelligence officials say.

Mr. Redmond had been selected to be national counterintelligence executive, but backed out after the FBI held up his formal appointment by conducting a lengthy background investigation, said officials speaking on the condition of anonymity.

Carl Kropf, a spokesman for the Office of the Director of National Intelligence (DNI), declined to comment.

"The selection process for the national counterintelligence executive is under way," Mr. Kropf said. "Until a final selection is made, we decline to discuss the status of any individual currently under consideration for this important position."

Mr. Redmond could not be reached for comment. In addition to uncovering Ames in 1993, Mr. Redmond conducted the damage assessment into the case of FBI counterintelligence agent Robert Hanssen, who spied for Moscow for 16 years before his 2001 arrest.

The national counterintelligence post and the deputy position in what is called NCIX remain vacant following the resignations of Michelle Van Cleave in January and Ken deGraffenreid a month earlier.

The office was recently placed under DNI John D. Negroponte as part of intelligence reform efforts, setting off a dispute over the role of counterintelligence.

President Bush signed an executive order in March 2005 calling for aggressive, offensive counterintelligence activities against foreign spies.

However, intelligence officials under Mr. Negroponte, including DNI Mission Manager for Collection Mary Margaret Graham, are opposing the new policy and instead favor making counterintelligence a passive support function for U.S. spying.

Counterspy posts at the CIA and FBI also remain vacant or held by acting officials at a time when foreign spying continues to plague the administration.

FBI Director Robert S. Mueller III told a congressional committee earlier this week that Chinese spying is a "major threat" to the United States.

A Pentagon report on the Iraq war made public March 24 highlighted Russian spying against the U.S. military and its military facility in Doha, Qatar. The report said documents obtained in Iraq showed that Russian intelligence passed U.S. war plans and other operational military data to Saddam Hussein's forces before the war.

The disclosure so far has not led to an investigation.

Asked about the Russian spying, Defense Secretary Donald H. Rumsfeld told reporters Tuesday that he was not informed about it before its publication in the Iraq war report. "It certainly would be something that one would look into," he said.

A spokesman for the U.S. Central Command said yesterday that there were no immediate plans to conduct an investigation into the documents related to the compromise at Doha.

A Pentagon spokesman also had no immediate comment.

The muted response to the Russian spying report contrasts sharply with other statements by Mr. Rumsfeld and CIA Director Porter J. Goss. Both have denounced intelligence disclosures to the press as undermining U.S. national security.

Intelligence Office Has Swollen, House Panel Says (LAT)

By Greg Miller

The Los Angeles Times, March 31, 2006

WASHINGTON — The House Intelligence Committee voted Thursday to withhold funding from the nation's intelligence director over concerns that his office, which was created to streamline operations in the nation's spy community, is instead becoming bloated and bureaucratic.

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At the same time, Republicans on the House panel defeated a Democratic push to suspend hundreds of millions of dollars in spy agency funding until the Bush administration provided more information about a controversial domestic espionage program being conducted by the National Security Agency.

The measures were considered as part of the 2007 intelligence authorization bill, which sets the spending priorities for the nation's spy agencies.

The move to withhold funding still must be approved by the full House as well as the Senate. But it reflects rising frustration among House lawmakers with an office that was created less than two years ago to solve communication breakdowns and other problems that plagued the intelligence community leading up to the Sept. 11 terrorist attacks and the war in Iraq.

The bill would require the nation's intelligence director, John D. Negroponte, to present a detailed rationale for any additional increases to his staff or risk losing a portion of his budget. The measure was endorsed by Republicans and Democrats.

"We're concerned about some of the steps that are going on" at Negroponte's office, said Rep. Peter Hoekstra (R-Mich.), chairman of the House Intelligence Committee. Hoekstra said Negroponte needed to demonstrate that any further expansion would improve coordination among intelligence agencies, and would not amount to "putting in more lawyers and slowing down the process."

Rep. Jane Harman (DVenice), the ranking Democrat on the committee, cited similar concerns.

"We don't want more billets, more bureaucracy, more buildings," Harman said. "We want more leadership."

The action by the committee represents one of the most pointed public rebukes of Negroponte and the course he has set in assembling a staff to oversee the activities of the nation's 16 intelligence agencies.

A spokesman for Negroponte, Carl Kropf, said that the intelligence director's office had not yet seen the House bill. Kropf declined to respond to criticism that Negroponte's office was becoming bloated, except to say that "we are within the limits of the law that established" the director of national intelligence.

Since Negroponte was sworn in less than a year ago, his staff has grown to about 700 employees, according to U.S. intelligence officials. The legislation that created the position provided for a few hundred initial slots, but allowed for the director to add as many as 500 employees through transfers from other agencies.

The intelligence office has named many high-level officials to oversee such intelligence activities as collection and analysis across multiple agencies.

Beyond his own staff, Negroponte is also directly responsible for new centers that coordinate the nation's espionage efforts against terrorism and weapons proliferation.

House Intelligence Committee officials declined to say how much money would be withheld from the intelligence director's office, or exactly what Negroponte would need to include in a report to the panel to get the money released.

Hoekstra described the report the committee was seeking from Negroponte as an "architecture study" of the intelligence office. Other congressional officials said the report would need to justify any additional hires and to explain the functions of existing offices.

In other action, Republicans on the committee defeated a Democratic amendment that sought to force the Bush administration to reveal the budget for the controversial NSA espionage program.

The Democratic measure would have withheld 20% of the NSA's budget unless the White House agreed to disclose how much was being spent on the domestic eavesdropping program.

Democrats have complained that the White House is refusing to provide information on the program to all members of the intelligence committee. Hoekstra noted that 11 of the 21 members of the House panel were getting briefed on the NSA operation, but he said the committee was still engaged in a "tug of war" with the administration for greater access.

Panel Rejects Effort To Withhold Funds To NSA (WP)

The Washington Post, March 31, 2006

The House intelligence committee rejected yesterday a proposal to withhold money from the National Security Agency if the White House did not reveal information about the cost of the agency's warrantless surveillance program.

In a session closed to reporters, only Rep. Heather A. Wilson (R-N.M.), who heads a subcommittee that oversees the NSA, voted with the Democrats to support the measure to withhold one-fifth of the agency's budget.

The committee also rejected legislation that would force the Bush administration to carve out $3 million for a board created in late 2004 to protect Americans' civil liberties from government infringements. Democrats have complained for months about what they consider to be Republican foot-dragging in establishing the civil liberties panel, formally known as the Privacy and Civil Liberties Oversight Board.

The measures would have been part of a bill that would set intelligence funding next year.

The White House has resisted fully briefing the House and Senate intelligence committees on the much-discussed NSA program that monitored -- without court warrants -- the international calls and e-mails of people in the United States when terrorism was suspected. In a continuing thaw between the White House and Congress, however, 11 of the House intelligence committee's 21 members were briefed this week on more details of the highly classified program.Higher Education Act Renewed by House

The House approved a bill yesterday aimed at making college decisions more clear and affordable for families. How much the measure would help remains in dispute.

Republicans renewed the Higher Education Act 221 to 199, in a near party-line vote. Most Democrats objected after failing with their version, which would have cut in half the interest rate on student loans this July.

The measure would order simplified steps for people seeking federal aid and would place pressure on colleges to refrain from steep tuition increases. It also would require schools to provide clear information about their costs to the Education Department, to be posted on its Web site as a tool for families.

But Democrats and Republicans could not agree on how the federal government should help people deal with rising tuition. Republican leaders said forcing colleges to be more accountable for costs will help families.TSA Errors, Unisys Bills Led to Cost Overruns

Mismanagement by the Transportation Security Administration and overcharging by its contractor, Unisys Corp., led to cost overruns on a $1 billion contract to build a computer network for the agency, a government report said.

In October, The Washington Post obtained copies of federal auditors' reports showing that, among other abuses, Unisys charged higher per-hour labor rates than were justified for lower-level employees.

Less than halfway through the seven-year contract, $834 million has been spent, according to the report from the Homeland Security Department inspector general's office, yet TSA facilities still lack the technology they need.

Prosecutors Say They Can't Substantiate Informant's Statements (AP)

By DON THOMPSON, The Associated Press

AP, March 30, 2006

SACRAMENTO (AP) — In a potential blow to their terrorism case against a father and son, federal prosecutors on Thursday said there is no evidence to support statements by their key witness that a top aide to Osama bin Laden attended a Lodi mosque in the late 1990s.

The surprise move was designed to dissuade the defense from calling witnesses who would challenge the story's credibility.

The witness, an FBI informant, told agents when they recruited him in 2001 that he had seen a high-ranking al-Qaida official and two other international terrorists when he lived in Lodi during the late 1990s.

Naseem Khan said he was "100 percent sure" he saw bin Laden's physician, Ayman al-Zawahiri, attending a local mosque three times a day.

In a statement read to jurors, prosecutors agreed they could not support the informant's claims, which have been criticized by defense attorneys and terrorism experts.

"The government has no information indicating that al-Zawahiri was in Lodi, Calif., in 1998 or 1999, aside from the information provided by Naseem Khan," prosecutors said in a joint statement with defense lawyers that was read to jurors by defense attorney Johnny Griffin III.

At the time, the three terror suspects were being sought in connection with the bombings of U.S. buildings in Africa and Saudi Arabia.

The admission by prosecutors raises more questions about the credibility of Khan, a 32-year-old convenience store clerk from Oregon who befriended the defendants and secretly recorded hundreds of hours of conversations with them.

Griffin told reporters outside court that the government's statement about Khan "shows that he is a liar."

Umer Hayat and his 23-year-old son, Hamid, have been in federal custody since June, when they were arrested shortly after the younger Hayat returned from a two-year visit to Pakistan. It was there that prosecutors say Hamid Hayat attended an al-Qaida training camp.

He is charged with three counts of making false statements and with providing material support to terrorists by attending the camp. He faces up to 39 years in prison if convicted on all counts.

Umer Hayat, 48, faces 16 years in prison if convicted of two counts of making false statements to FBI agents. Both have pleaded not guilty.

FBI agents testified earlier this week that they discounted Khan's reported sighting of al-Zawahiri and the two other wanted terrorists, Abdelkarim Hussein Mohamed al-Nasser and Ahmed Mohammed Hamed Ali.

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At the time Khan said he saw them in Lodi, Ali was suspected in the bombing of a U.S. embassy in Africa while al-Nasser was wanted in the bombing of a U.S. military housing complex in Saudi Arabia.

The FBI nevertheless hired Khan as an informant, giving him about $220,000 in pay and expenses since then. His mission was to infiltrate the Pakistani community in Lodi, an agricultural town about 35 miles south of Sacramento.

FBI agent Rachel Pifer testified that she believed Khan was merely mistaken when he told the story about the three terror suspects. In the months immediately after the 2001 terror attacks, many people came forward believing they had information about potential terrorists, she said.

"A lot of people had mistaken identity at that point in time," she said.

Other information Khan gathered turned out to be correct, Pifer said.

The statement read to jurors Thursday came on the second day of the presentation by the defense, which is attempting to undermine Khan's credibility.

One of the FBI agents the defense called to the stand worked undercover with Khan in Lodi. His testimony seemed to support an argument advanced by Hamid Hayat's attorney, Wazhma Mojaddidi.

She said her client was prone to fanciful storytelling and maintains that he never attended a terrorist training camp.

The agent, Terry Rankhorn, said he met Hamid Hayat three or four times in gatherings arranged by Khan, when both were posing as computer experts. Rankhorn said he thought Hayat was prone to exaggeration, such as the time Hayat said he was able to obtain an unusual brand of cigarettes because he had prominent relatives in Pakistan.

"His air appeared to me ... to be more boasting than actual substance," Rankhorn testified.

A computer expert, Rankhorn also said he found no incriminating files or documents on Hamid Hayat's computer.

Both Sides Agree No Evidence Of Al-Zawahri Sighting (SACBEE)

By Denny Walsh, Bee Staff Writer

The Sacramento Bee, March 31, 2006

The prosecution and defense agreed Thursday in a formal, written stipulation that there is no evidence to support the claims of an FBI informant that he saw one of the world's most wanted terrorists in Lodi in 1999.

Defense attorney Johnny Griffin III read the agreement to both juries sitting in the trials of Hamid Hayat and his father, Umer Hayat, on terrorism-related charges.

"The government has no information indicating that Ayman al-Zawahri was in Lodi, California, in 1998 or 1999, aside from the information supplied by Naseem Khan," the stipulation says.

Khan, 32, who has been the prosecution's star witness in the dual trials of the Hayats, startled the federal courtroom three weeks ago when he testified before the Hamid Hayat jury that he saw al-Zawahri coming and going at the Muslim mosque in Lodi in 1998 or 1999.

Through Khan's testimony, as well as the testimony of FBI agents, details of the informant's story have continued to emerge.

Al-Zawahri is Osama bin Laden's chief deputy and is under federal indictment in New York City in connection with the 1998 bombings of U.S. embassies in Tanzania and Kenya.

Sacramento FBI Special Agent Rachel Pifer, who was Khan's "handler" from November 2001 to September 2002, testified Thursday that, after hearing Khan's story about al-Zawahri, she initiated an inquiry with the bureau's New York City office.

She said that office replied "it would be remote but not impossible" that al-Zawahri was in the United States at that time.

Pifer said she concluded the information was "probably not true" before she "opened Khan up as an informant" on Nov. 14, 2001.

Under questioning by Hamid Hayat's attorney, Wazhma Mojaddidi, the agent said she believes Khan simply made an honest mistake, and she continues to deem him "a credible and reliable source of information."

Questioned by prosecutor David Deitch, Pifer said the FBI "received a lot of reports of mistaken identity" in the wake of the bureau's release of a list of its 22 most wanted terrorists.

Khan told his al-Zawahri story during his first meeting with FBI agents on Oct. 17, 2001, exactly a week after the bureau went public with its list.

Al-Zawahri "is an Egyptian exile who is reputed to be the No. 2 man in and a co-founder of al-Qaida," according to the list.

Also at Khan's first meeting with agents, at his Bend, Ore., apartment, he said another man on the list, Ahmed Mohammed Hamed Ali, was with al-Zawahri in Lodi in 1999 during Ramadan, a time of fasting, worship and contemplation for Muslims. That information has also been discounted by terrorism experts and the FBI.

Ali, also an Egyptian under indictment in New York, "is facing five counts of participating in the broader terrorist conspiracy, including training Somali tribes opposed to U.S. troop presence," according to the list.

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At a subsequent meeting with agents on Oct. 26, 2001, Khan added Abdelkarim Hussein Mohamed al-Nasser to his list of top terrorists he said he spotted in Lodi while living there in the late 1990s.

Al-Nasser has been indicted in the Eastern District of Virginia for the 1996 bombing of the Khobar Towers military housing complex in Dhahran, Saudi Arabia. Nineteen Americans were killed in the attack and hundreds more were wounded.

Much of the government's cases against the Hayats rests on secretly recorded conversations the pair had with Khan in 2003. Khan wore a concealed recording device in his role as an FBI operative. The bureau has paid him more than $217,000 in salary and expenses since he signed on as an informant.

Hamid Hayat, 23, is charged with supporting terrorism by undergoing training in Pakistan and returning to Lodi in May to await orders to wage violent jihad against enemies of Islam in the United States. He is also charged with initially lying to the FBI to conceal his training and intentions.

Umer Hayat, 48, is charged with initially lying to the FBI to cover for his son and to hide his own firsthand knowledge of terrorist training in Pakistan.

More information emerged Thursday about Khan getting permission from the FBI to tell his live-in girlfriend in Oregon that he was an informant for the bureau - a subject that was touched on earlier in the trial.

Sacramento FBI Special Agent Leticia Lucero testified that she told Khan in August to tell his girlfriend, after the Hayats had been arrested and charged, after Khan's confidentiality agreement with the bureau had expired and after a wave of national publicity about the charges.

"I wanted her to know before she got calls trying to find him," Lucero said.

FBI Agent Recalls Hamid Hayat 'boasting' And Bragging (LODINS)

By Layla Bohm, News-Sentinel Staff Writer

Lodi News-Sentinel, March 31, 2006

Government further acknowledges no proof that al-Qaida member was in Lodi

SACRAMENTO — Hamid Hayat didn't know it at the time, but when a new Muslim convert helped him purchase and set up a computer, that man was actually an undercover FBI agent.

The agent, Terry Rankhorn, had even gone through a religious conversion ceremony as part of his undercover assignment. Until Hayat and his father, Umer Hayat, were arrested last June, the agent had mingled for several years in Lodi's Muslim community, often alongside a paid informant.

Rankhorn, an eight-year FBI special agent who called himself "Tariq" when working undercover, spoke to Hamid Hayat about four times and testified at the 23-year-old's trial Thursday that he was "very cordial" and also bragged about his relatives.

One time, Rankhorn told a federal jury, Hamid Hayat said his uncle was a highly placed politician in Pakistan who could get him rare cigars, among other things.

"It seemed to be more boasting than actual fact," the agent testified when Hamid Hayat's attorney, Wazhma Mojaddidi, asked Rankhorn if he believed the Lodi man.

Hamid Hayat is charged with lying to the FBI about allegedly attending terror training camps in Pakistan, and his attorney has insisted that her client regularly bragged and lied, and that he ultimately told FBI agents what they wanted to hear. The young man, who was born in Stockton and spent half his life in Lodi and half in Pakistan, is also charged with providing material support to terrorists.

His father, a 48-year-old ice cream truck driver, is charged with lying to the FBI about his knowledge of the camps and his son's alleged involvement with them. Both are on trial in Sacramento, where two juries are hearing the case.

Defense attorneys spent parts of Wednesday and Thursday rebutting the government's case by questioning the motives of their star witness, the paid informant who worked alongside Rankhorn.

Naseem Khan, 32, was ultimately paid a salary of nearly $150,000 over the past four years, his FBI handler, Leticia Lucero, testified Thursday. But Khan's work ultimately cost more than $230,000 because the FBI also paid for his cars, airfare, meals and other expenses.

He was working at a convenience store in Oregon when FBI agents knocked on his door to investigate a money laundering scheme.

The Sacramento FBI office had been investigating the case since before 9/11, and their investigation took them to a Lodi apartment, Pifer testified Thursday. Agents were told that the man they sought had moved to Oregon, but after talking to Khan, they realized they had the wrong person, she said.

That day about five weeks after 9/11, Khan told agents he had seen Ayman al-Zawahiri — Osama bin Laden's right-hand man who is second on the FBI's list of most wanted terrorists — countless times in Lodi in 1998 and 1999. That claim was instantly questioned by Lodi residents and experts alike, and Pifer said the FBI had also doubted it.

Defense attorneys had planned to cast further doubt on Khan's claim, but on Thursday government prosecutors offered an agreement, which was then read to the jury: "The government has no information indicating that al-Zawahiri was in Lodi, California, in 1998 or 1999, aside from the information provided by Naseem Khan."

Asked if the apparently false information made agents doubt Khan's credibility, Pifer said it did not.

"A lot of people had mistaken identity at that time, so it's not outrageous that he thought he saw some of those people. In addition, a lot of his other reporting we were able to verify," she said. "When he would go out into the community, we didn't tell him what we were looking for, and we would corroborate that information."

Johnny Griffin, Umer Hayat's attorney, said outside court that Khan did likely speak the truth about some things, but that he probably made up other things in order to keep the interest of the FBI, which was focusing on terrorism.

"It all speaks to his motivation to curry favor with the FBI so he can get paychecks," Griffin said.

For instance, Griffen said, Khan recorded conversations with the Hayats and used the word "training" when they talked about madrassahs, or religious schools, "so he could later elaborate that he meant 'terrorist training camps.'"

Threatening Letter Investigated (LODINS)

By News-Sentinel Staff

Lodi News-Sentinel, March 31, 2006

Lodi police and the FBI are looking into a letter sent to the News-Sentinel stating that it is among several targets of al-Qaida.

The single-page letter was delivered this morning and was turned over to the Lodi police, who forwarded it to the FBI.

"There is clearly a possibility this is a prank, but we have to take this seriously," Capt. David Main said.

A spokeswoman for the FBI, Special Agent Karen Ernst, said her agency is aware of the letter and is working with local police to track down its origin. She declined further comment.

Indicted State Department Official Still Holds His Job (AP)

AP, March 30, 2006

DETROIT (AP) — A U.S. State Department security agent who has been charged with lying on the witness stand during a major terrorism trial remains employed by the department, an official said Thursday.

Harry Raymond Smith III continues to work for the State Department, a department official said. The official could not say what Smith's assignment is.

Smith, 49, was indicted Wednesday along with former Assistant U.S. Attorney Richard G. Convertino, 45, on charges of conspiracy, obstruction of justice and making false declarations in connection with the botched prosecution of four North African immigrants. Convertino, who resigned from the Department of Justice in May, was the lead prosecutor in the case, and Smith helped in the investigation and testified for the government at the trial.

Convertino denied the charges Wednesday. A lawyer for Smith described him as a dedicated public servant and said a vigorous defense is planned.

Two of the four defendants in the terrorism trial, Karim Koubriti and Abdel-Ilah Elmardoudi, were convicted in 2003 of conspiring to provide material support and resources to terrorists. The Bush administration hailed their convictions as a victory in the war on terror.

However, a federal judge overturned the verdicts at the Justice Department's request after prosecutors discovered that some documents that could have aided the defense during the trial were not turned over by the government as required.

Former Federal Terrorism Prosecutor Faces Charges (USNEWS)

U.S. News and World Report, March 31, 2006

The lead prosecutor in a Detroit terrorism trial that the government once heralded as a signal victory in the war on terrorism has been indicted on obstruction of justice and other charges related to the case.

The federal indictment says that former prosecutor Richard Convertino and a State Department security officer, Harry Smith, conspired to mislead the jury about evidence during the 2003 trial of the case, United States v. Koubriti, in which three Middle Eastern men were accused of operating a "sleeper cell" and convicted on a variety of terrorism and fraud charges. Theirs were the first and only jury convictions stemming from the FBI's investigation into the 9/11 terrorist attacks. But the federal judge handling the trial, Gerald Rosen, threw out the convictions after the Justice Department issued a scathing report accusing Convertino of withholding evidence that could have been beneficial to the defense.

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Convertino, 45, and Smith, 49, were charged with conspiracy, obstruction of justice, and making false declarations in the case. Smith was a security officer at the American Embassy in Amman, Jordan. He helped in the Koubriti investigation and also testified as one of Convertino's witnesses at the trial.

As part of his prosecution, Convertino had alleged that the layout of an Amman hospital closely matched a sketch found in the three defendants' apartment and that the men had "cased" the hospital for a possible terrorist strike. But defense attorneys disputed that assertion and challenged Smith about the supposed absence of photographs that would show discrepancies between the sketch and the site.

In the case against Convertino and Smith, the government says they failed to disclose photographs of the Queen Alia Hospital to the defendants and lied that they could not obtain photographs of the hospital, even though Smith had not only taken his own photos but, not satisfied with the quality, had asked colleagues to shoot some more pictures for Convertino. The indictment charges that Convertino concealed the additional photographs during the trial.

The grand jury also charged Convertino with obstruction of justice in a second criminal case in the Eastern District of Michigan, described only as United States v. John Doe. In that case, prosecutors said Convertino allegedly gave false information to a judge during a sentencing hearing to obtain a sharply reduced sentence for a defendant. Convertino has described the charges that have been leveled against him as a smear campaign by the government.

Convertino is suing his boss in Detroit as well as former Attorney General John Ashcroft and other Justice Department officials, accusing them of "gross mismanagement" of terrorism cases. His attorney, William Sullivan, said today that the indictment is "manifestly false" and another example of "government reprisal for his whistleblower lawsuit."

Sullivan said the Koubriti case was just another example of how Convertino had "dedicated himself to preserving the safety of his community." Matthew Leitman, Smith's attorney, said that his client is a "dedicated public servant" who has "risked his life to defend his country and its elected officials" and that he would be vindicated in court.

Throughout the Koubriti trial, defense attorneys complained that Convertino had engaged in prosecutorial misconduct. He denied it. But Rosen, angered by Convertino's failure to obey his strict orders on disclosure of evidence potentially beneficial to defendants, ordered Ashcroft to conduct a complete review of the case, which resulted in Rosen's throwing out the convictions of the three men.

HOMELAND RESPONSE:

Bill Seeks To End Color-coded Terror Alert (WT)

By Audrey Hudson

The Washington Times, March 31, 2006

A bipartisan push on Capitol Hill to strip the hue from the government's color-coded terrorist alert system is gaining momentum.

A package of legislation moving through the House eliminates the Department of Homeland Security's use of colors to change the threat level, and calls for more specific threat information to be shared with the private sector and local governments.

"The color code doesn't provide any information to people, what it does is foster a climate of anxiety without giving useful information to people," said Rep. Zoe Lofgren, California Democrat, who worked with Rep. Rob Simmons, Connecticut Republican, on the legislation.

"It's not a proper way to give a nationwide response to actual threats."

The current system, implemented by former Homeland Security chief Tom Ridge, has frustrated governors and local officials nationwide who say they are forced to spend millions responding to threat level rises without information as to whether it directly affects their region.

The House Homeland Security subcommittee on intelligence, information sharing and terrorism risk assessment, chaired by Mr. Simmons, yesterday approved the plan by voice vote. It now awaits action by the full committee.

"There are no plans to change the color-coded system at this time," said William Knocke, Homeland Security spokesman.

"The system itself has matured over time as the country's baseline of preparedness rises and our threat analyses improves."

The last time the alert level was raised was July 7-12 after the London subway bombings.

Mr. Ridge tweaked the system in 2004 when specific economic areas were thought to be terrorist targets in New York, New Jersey and in Washington, and limited the increase in security and spending to those specific cities.

The terrorist alert system was introduced in March 2002 in five color-coded stages; low (green) guarded (blue) elevated (yellow) high (orange) and severe alert (red).

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The country has been on elevated level since the code was introduced and the terrorist threat has been raised five times to high nationwide.

The White House briefly went to severe alert when a private aircraft accidentally crossed over its restricted airspace in 2005. The country has never been on low or guarded alert.

The legislation also gives full authority to Homeland Security officials to issue an increase in threat levels. In the past, conflicting warnings were sometimes issued from the Justice Department then led by Attorney General John Ashcroft, which created confusion, the legislation notes.

Report: TSA Got Little For $1 Billion (AP-Y2)

By Leslie Miller

AP2, March 31, 2006

A company awarded a $1 billion contract for airport security equipment performed so poorly that the Homeland Security Department's inspector general recommended that the project be put out for bid again.

The inspector general, Richard Skinner, found in a report released Thursday that Unisys received most of the $1 billion without providing the Transportation Security Administration much of the equipment "critical to airport security and communications."

"The original funding is almost exhausted but many airports still do not have basic information technology and a telecommunications infrastructure," the report said.

The federal officials who head airport security at hundreds of airports complained that Unisys supplied antiquated equipment and that their radios didn't always communicate with each other inside the same concourse — a crucial function during an emergency.

"We are not pleased with the level of services provided as the services are not state of the art and in fact are archaic," wrote one federal security director.

Another complained that some cell phones — "a hodgepodge of $20 Radio Shack sale rack phones" — were so old they actually have a mechanical bell that rings.

The inspector general did note that TSA had an enormous task to take over airport security from private contractors. The agency had inadequate funding and staffing to oversee the contract, the report said.

The inspector general recommended that TSA put the contract out to bid again once the $1 billion is exhausted.

TSA agreed to do so and said it has strengthened its procurement oversight.

"TSA has implemented several changes since the DHS OIG (Department of Homeland Security Office of Inspector General) opened this audit and continues to make significant improvements within the Office of Acquisition," agency chief Kip Hawley wrote in a memorandum.

The inspector general noted that TSA knew the contract could exceed $5 billion, but set a ceiling at $1 billion. The report said that when the inspector general asked TSA to explain the low ceiling, agency officials said it was based on "specific requirements." However, the inspector general said the officials "could not document which specific requirements."

The TSA, which was created shortly after the Sept. 11, 2001, terrorist attacks, needed information technology and telecommunications for what it anticipated would be 65,000 employees at headquarters, 429 airports, 21 field offices and a command center, the report said.

Unisys was to have provided dial-up connections, laptops, pagers and cell phones by Nov. 19, 2002. Six weeks later, the company was to have delivered high-speed connections, phones, encrypted radios and an electronic surveillance system. Eventually, Unisys was to provide command centers at airports, advanced wireless communications and interoperable radios.

The inspector general said that the company had only supplied the first phase by Sept. 30, 2004.

Blue Bell, Pa.-based Unisys did not immediately reply to a request for comment.

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On the Net:

Transportation Security Administration: http://www.tsa.gov

Port Security Measures Advance In Congress (WT)

By Amy Fagan

The Washington Times, March 31, 2006

Bills that aim to improve the security of the nation's ports and other key infrastructure advanced in both the House and Senate yesterday, weeks after public uproar scuttled a Dubai-owned company's bid to operate terminals at six U.S. ports.

DOJ_NMG_0024677

The Senate Banking, Housing and Urban Affairs Committee yesterday approved 20-0 a bill that would reform the interagency panel charged with approving such foreign deals -- forcing more thorough investigations and congressional involvement.

And a House Homeland Security subcommittee approved by voice vote legislation that would boost funding for the nation's ports and improve port-security programs.

Many lawmakers were caught off-guard by February press reports of the approval of the deal involving DP World, based in the United Arab Emirates. Lawmakers said the panel charged with approving such deals -- the Committee on Foreign Investment in the United States (CFIUS) -- should have notified them of the situation and should have given far greater weight to homeland security and terrorism concerns when making its decision.

"Congress and the American people require greater confidence in the process," said banking committee Chairman Sen. Richard C. Shelby, Alabama Republican.

"CFIUS did not move with the times," said Sen. Charles E. Schumer, New York Democrat, referring to enhanced security concerns in a post-September 11 world.

Part of the concern is that the CFIUS rarely conducts a 45-day investigation of such deals, opting instead for 30-day reviews, as it did with the Dubai deal.

Under Mr. Shelby's bipartisan bill, deals would go through the 30-day review to determine whether they merit a longer investigation, and any CFIUS member could request more time to decide. The 45-day investigation would be required if a deal involves a foreign-government-owned company and critical U.S. infrastructure, such as ports, that could affect national security.

The bill would place the defense secretary as co-chairman of CFIUS and would add the director of national intelligence as a panel member. It would require CFIUS to notify Congress of pending deals and to develop a system to rank each country according to its adherence to nuclear security standards and relationship with the United States.

Sen. Susan Collins, Maine Republican and chairman of the Homeland Security and Governmental Affairs Committee, has a competing bill that would scrap the CFIUS panel and reconstitute it under the Homeland Security Department.

Mr. Shelby said there isn't much support for that idea in the business community.

"Treasury's the proper place" for foreign business deal reviews, he said.

Meanwhile, a House Homeland Security subcommittee approved a bill -- sponsored by Rep. Dan Lungren, California Republican, and Rep. Jane Harman, California Democrat -- that would authorize a little more than $4 billion over five years to improve port security, install radiation portal monitors at U.S. seaports and develop a recovery plan in case of a transportation attack.

Panels Approve Bills About Ports Issues (NYT/AP)

By The Associated Press

The New York Times, March 31, 2006

WASHINGTON, March 30 (AP) — Two Congressional panels approved measures on Thursday in efforts to stem the furor over the attempted takeover of significant terminal operations at some large American ports by a company owned by the United Arab Emirates.

In the House, a Homeland Security subcommittee cleared legislation that aims to improve cargo inspections and strengthen security at ports. By voice vote, the subcommittee on economic security, infrastructure protection and cybersecurity sent the wide-ranging bill to the full committee, which is to vote on the measure in late April.

And the Senate Banking Committee voted 20 to 0 to approve a measure that would bring the federal panel that approved the DP World ports deal under tighter oversight by Congress.

The multiagency panel, called the Committee on Foreign Investment in the United States, would be required to investigate any proposed transaction that involved a foreign government or "critical infrastructure" of the country.

Senators said the bill, which was sent to the full Senate, strikes a balance between national security concerns and economic interests, with foreign investment in this country exceeding $530 billion in 2003-5.

Senate Panel Backs Tougher Takeover Review (FT)

By Stephanie Kirchgaessner

Financial Times, March 31, 2006

Foreign takeovers of sensitive US assets could face a national security review of up to 120 days under legislation unanimously passed by the Senate banking committee on Thursday.

DOJ_NMG_0024678

The bill drawn up by Senator Richard Shelby, chairman of the banking committee, aims to make reviews conducted by the Treasury-led interagency panel that investigations foreign acquisitions, or Cfius, more onerous and will give Congress more oversight over the confidential vetting process.

Passage of the bill, which now faces a vote in the Senate and has yet to be taken up by the House of Representatives, follows weeks of intense negotiations between lawmakers and a coordinated lobbying campaign by the business community.

"As critical as foreign investment is...our national security is paramount. Once it is bargained away, it may never be recovered,'' Mr Shelby said.

Lobbyists expressed satisfaction that, despite the extended review period permitted in certain circumstances, the draft legislation was far weaker than proposals first put forward by Mr Shelby last week. That initial draft would have subjected nearly every foreign deal to an automatic 75-day investigation.

Nevertheless, David Marchick, an attorney with Covington & Burling who handles Cfius cases, said the measures were "very tough". "It definitely toughens the Cfius process," he said.

The debate over how to balance security with an economy open to international investment follows the congressional backlash last month against the acquisition by a Dubai company of five US port terminals, a case that aggrieved lawmakers who said the deal had not been adequately vetted by the Bush administration.

Other deals, including Toshiba's takeover of Westinghouse and the likely merger between Alcatel and Lucent, will face Cfius reviews in coming months.

The business-friendly compromises agreed on Thursday by Mr Shelby followed negotiations with Republican Chuck Hagel and Democrat Christopher Dodd.

"They took off some of the rough edges. Every member understood the importance of foreign investment and jobs," said Larry Burton, executive director of the Business Roundtable, a lobby group,

The Roundtable remained concerned about "unprecedented" notification requirements in the bill, which it said could increase transactions becoming political, and reporting requirements that "would create opportunity" for information to be sent to Congress to be used for commercial purposes instead of national security purposes.

"The legislation...protects our national security in a responsible way that does not jeopardise our competitive position in the world," Mr Hagel said.

Under current law, Cfius reviews transactions that could impact national security for 30 days and conducts an additional 45-day investigation for any deal that raises concerns before it makes a recommendation to the president. The president then has 15 days to respond to the recommendation. In the past, most deals have been approved following a 30-day review.

Mr Shelby's bill would allow a secretary, or deputy or undersecretary, of a single Cfius agency to extend the investigation of a deal by a further 30 days if there was "credible evidence" that the foreign entity may take action to threaten national security. It requires Cfius to alert key lawmakers of its investigations - a process that was previously classified - and designates the department of defence as a vice-chair of the review panel.

Mr Shelby's bill would also force the White House to create a ranking of countries according to their relationship with the US to be considered in Cfius reviews. Lawmakers said the provision should be further debated before it is voted on by the whole Senate.

"Once you've labeled a country...it becomes a liability," said Mr Dodd. The provision was a "precarious way to go".

Don Evans, the former commerce secretary who is chief executive of the Financial Services Forum, an association that lobbies on behalf of the biggest banks in the world, praised the passage of the revised bill and said he would continue to work with members of Congress "to ensure that changes to foreign investment rules are considered carefully and thoughtfully".

Senate Advances Foreign-Investment Legislation (WSJ)

By Neil King Jr.

The Wall Street Journal, March 31, 2006

WASHINGTON -- The Senate moved forward on legislation to increase government oversight of foreign investments in the U.S. after heavy lobbying by Wall Street and business groups resulted in changes that softened some of the bill's tougher provisions.

In the wake of the Dubai ports uproar and with an election eight months away, Republicans and Democrats are competing to advance measures that would increase executive-branch and congressional scrutiny over foreign mergers and acquisitions in the U.S. But U.S. business interests, with some Senate support, have fought back, arguing that lawmakers risk scaring off crucial investors and making life harder on U.S. companies overseas.

The Senate Banking Committee unanimously approved a bill to extend the existing review process in a wide array of cases and to broaden the definition of investments, calling for scrutiny to include all types of "critical infrastructure." Working off a bill

sponsored by committee Chairman Richard Shelby (R., Ala.), the measure also would require the Treasury Department to notify Congress of proposed deals under review, thus opening up a process normally kept in secret.

The bill, which must now go to a full Senate vote, would stand as the most significant tightening of U.S. foreign-investment rules in almost 20 years. It seeks to alter the workings of the Committee on Foreign Investment in the U.S., the interagency panel that provoked a public outcry after it approved Dubai Ports World's bid to manage five U.S. ports.

In a speech yesterday, Treasury Secretary John Snow warned that foreign investment in the U.S. is "being put in jeopardy now by legislation that is well-intended." He said the administration also worried that signals from the U.S. could lead other countries to shut themselves off to foreign investment.

Bowing to business concerns, the committee adopted an amendment by Sen. Chuck Hagel (R., Neb.) to limit the range of cases that would require a full 45-day investigation on top of a preliminary 30-day review. The one group of companies that will face an automatic full investigation are foreign state-owned firms, though other deals that pose a national-security risk also will face the same scrutiny.

"Investments for us are about speed," said George Nolen, the chief executive of Siemens USA, who expressed relief that the amended bill wouldn't create new layers of bureaucracy for companies like its German-based parent, Siemens AG. "Sen. Shelby has put together a pretty good platform," he said.

The legislation drew scrutiny from major U.S. multinational companies and investment firms, as well as most of the major business groups. The groups expressed satisfaction but still had reservations at what emerged from the committee.

Deep worries remain, however, over the fact that the bill will require that Congress be notified of all impending reviews, a provision that could open the process to political squabbles and even pressures from business competitors. Whenever a foreign company seeks to acquire any company involved in critical infrastructure, the bill also would require notification of state officials and congressional representatives in the district where the U.S. company is based, which critics say will only intensify the political leverage.

In another disputed section, the revised legislation tweaked an earlier requirement that the administration rank all countries according to their relations with the U.S. and their support for weapons-control deals. Instead, the bill calls for the government to create a system "assessing and classifying" countries according to the same criteria. The list, which would be kept secret, would then be used to assess the risks involved in approving foreign acquisitions.

Under the Senate bill, the administration will have to report to Congress why it approved or rejected any transaction, but the bill wouldn't give lawmakers the power to veto a deal, as many critics feared.

The House isn't expected to introduce its own legislation until next month. But some Bush administration officials hope that they can support more-moderate revisions in the House to take the place of the Shelby bill.

Foreign-Investment Bill Advances (WP)

By Paul Blustein

The Washington Post, March 31, 2006

Seeking to apply lessons from the Dubai ports controversy, an influential Senate panel yesterday approved a bill that would tighten scrutiny of foreign takeovers while dropping several provisions that U.S. business leaders feared would dampen investment from abroad.

The bill, approved 20 to 0 by the Senate Banking Committee, would revamp the process by which an interagency panel reviews foreign purchases of U.S. companies for possible national security problems. Criticism of the panel, the Committee on Foreign Investment in the United States, erupted last month following revelations that it had approved a takeover by Dubai Ports World, a United Arab Emirates-based company, of a firm that manages significant operations at six East Coast ports. The uproar in Congress forced Dubai Ports World to promise to sell the U.S. port operations.

Sen. Richard C. Shelby (R-Ala.), chairman of the Banking Committee, led a chorus of panel members who cited the ports case as evidence that CFIUS needs fixing. Noting that the heads of the agencies represented on the foreign investment committee, such as the secretaries of the Homeland Security, Defense and Treasury departments, didn't know about the deal until it made headlines, he said that "demonstrates that the system is woefully short of transparency and has no recognizable requirements for accountability."

The bill, which now goes to the full Senate, would make it easier for individual agencies on the committee to extend the time required to complete a review of a transaction.

It would also require special scrutiny of deals in which the acquiring company is owned by a foreign government, as Dubai Ports World is. In those cases, the deal would undergo a 45-day investigation followed by a presidential decision on whether to allow the purchase. That would apply to many if not all Chinese takeovers of U.S. companies, since the government in Beijing still has major stakes in big Chinese corporations.

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Still, the Banking Committee's action came as a relief to business groups that worried the ports flap would prompt lawmakers to adopt much more dramatic measures that could make the U.S. investment climate less appealing to buyers from overseas. The House is planning to start work on its own bill in a few weeks.

"Great outcome," said Todd Malan, president of the Organization for International Investment, a group representing the U.S. subsidiaries of foreign multinational corporations. "There are still things that are going to be on our wish list" as the bill moves to the Senate floor, "but they just don't amount to things that are so significant that they would be barriers to foreign investment."

Gone from the bill, for example, is a provision that would have required a 45-day investigation for any foreign purchase of "critical infrastructure." Industry representatives complained that the term was too broad and would hamper too many deals.

Some lawmakers had argued that Congress should have veto power over CFIUS decisions, but that provision never got into the version of the bill presented yesterday by Shelby and Sen. Paul S. Sarbanes (D-Md.), the Banking Committee's ranking minority member. Giving Congress such a big say would politicize the process and make investors skittish, critics warned.

Instead, the bill requires the foreign investment committee to notify certain congressional leaders of deals it is reviewing before it approves them. Many experts in foreign investment think such a procedure might have averted the Dubai ports fiasco because top lawmakers would have had the chance to make sure their concerns were addressed in the review.

DOJ, DOD Stress Self-powered Communications (FCW)

By Michael Arnone

Federal Computer Week, March 31, 2006

If Hurricane Katrina taught first responders anything, it's that communications systems must survive a natural disaster before they can be used to coordinate response efforts.

That's what officials from the Defense and Justice departments told Congress today as they explained some of the steps they are taking to improve information sharing before the 2006 hurricane season starts June 1.

"The survivability of our systems is critical," Vance Hitch, DOJ's chief information officer, told the House Government Reform Committee.

The federal government must work with industry to create self-powered communications technology that can operate without traditional infrastructure, said Linton Wells, principal deputy assistant secretary of Defense for networks and information integration.

"The federal government must continue to expand its capability to rapidly deploy commercial off-the-shelf networks, making use of satellite links, wireless local-area networks, laptop computers and 'plug-and-play' equipment to bridge the gap created by a devastated civil infrastructure," Wells said in a statement.

Common operating standards and equipment are the long-term solution to interoperable communications in disaster response, Hitch said. The Justice, Homeland Security and Treasury departments are making progress toward implementing such standards through the Integrated Wireless Network (IWN), he said.

A communications system for 80,000 federal law enforcement officers nationwide, IWN will improve the departments' ability to communicate with one another by having them use common standards and equipment, Hitch said.

The participating agencies have almost finished procurement for IWN and expect to award a contract soon, he said. The agencies plan to roll the program out over five years.

IP, which bridges formerly incompatible systems, is an advance in communications interoperability that can be used more quickly, Wells said.

Better coordination at the federal, state and local levels is also necessary to improve information sharing, said Peter Verga, principal deputy assistant secretary of Defense for homeland defense.

To prepare for the 2006 hurricane season, DOD has assigned a strategic planner to DHS and is reviewing other employees assigned to DHS to ensure the right people are in place, Verga said.

DOD is working with the National Geospatial Intelligence Agency to develop a system to acquire reconnaissance data of initial damage conditions, Verga said.

The department is helping other agencies revise the National Search and Rescue Plan, and working to provide state National Guard forces with more information about military deployments during disaster response, Verga said.

A main area that needs improvement is social networks among different first responder groups, Wells said. All first responders should train and exercise together to create trusted relationships across disciplines and form bonds that facilitate communication in crisis situations, he said.

Ground Zero Still In Limbo As Talks Fail (NYT)

DOJ_NMG_0024681

By Charles V. Bagli

The New York Times, March 31, 2006

Gov. George E. Pataki's last-ditch effort to strike a deal with the developer Larry A. Silverstein to speed up the rebuilding at ground zero crashed yesterday, when he was unable to convince New Jersey or City Hall officials that it made financial sense.

Mayor Michael R. Bloomberg and representatives of Gov. Jon S. Corzine of New Jersey vowed to work with Mr. Pataki to put together a new framework for rebuilding at the World Trade Center site, one that would be likely to diminish Mr. Silverstein's role.

The seemingly irreparable breakdown, coming after months of negotiations and with construction expected to start within days, is clearly a personal and political disappointment for the governor.

Over the last three years, Mr. Pataki tied his legacy, his reputation and perhaps his presidential ambitions to construction of the Freedom Tower and the restoration of the city's skyline after the devastating attack on Sept. 11.

After a furious series of meetings this week, the Pataki administration and Mr. Silverstein were inching back toward an agreement much like one that had been on the table when talks reached a dramatic late-night impasse on March 14.

But Mr. Pataki's solution was coming under increasing fire in public from Mayor Bloomberg and Governor Corzine. They said it would have enriched the developer at public expense, while putting the project itself in jeopardy.

Mr. Pataki had hoped to present his proposal yesterday to the board of the Port Authority of New York and New Jersey, which owns the trade center site. His framework would have relieved Mr. Silverstein of financial responsibility for building the $2 billion Freedom Tower, the tallest, most symbolic and most troubled of the five towers planned for the 16-acre site. But the developer would have retained the right to build three towers on the most valuable parcels on Church Street.

At the end of a 90-minute meeting yesterday morning at the authority's Park Avenue office, it was clear to the Pataki administration that neither Mayor Bloomberg nor Governor Corzine, who shares control of the authority with Mr. Pataki, were willing to go along.

So, the New York governor's office was forced to notify authority commissioners that ground zero was off the agenda.

"Governor Pataki is insisting on moving forward," said Charles A. Gargano, the state's chief economic development official and vice chairman of the Port Authority. "Our goal is to come to a framework agreement, to work out the structure to address many of these issues."

In public, officials from New York, New Jersey and City Hall were careful to avoid criticizing one another yesterday. Indeed, Mayor Bloomberg even said that Mr. Pataki had done a good job under difficult circumstances.

But state officials who were granted anonymity so that they could speak with fewer political constraints defended the deal they had nearly signed with Mr. Silverstein. They said that it would have ensured the completion of all the buildings at ground zero at a quicker pace, while imposing strict deadlines on the developer.

Further, they said, they had forced Mr. Silverstein to make concessions on his rent, the allocation of insurance proceeds and his share of infrastructure costs.

Among the public officials, tension was clearly just below the surface yesterday. Mr. Gargano said that the framework the state had erected for a deal was still on the table. Yet city officials and Anthony R. Coscia, the authority's chairman and a New Jersey appointee, suggested that it was time to start over on an arrangement that all sides could embrace.

If the turn of events was a blow to Mr. Pataki, it also hurt Mr. Silverstein, who leased the World Trade Center six weeks before it was destroyed. The developer has repeatedly vowed to start work on the Freedom Tower next month. But he may not want to start spending tens of millions of dollars without fully knowing what his role will be in the future when it comes to rebuilding the entire complex.

Yesterday, Mr. Silverstein said that he had negotiated in good faith with Governor Pataki, making significant progress on all the critical issues, including rent and the allocation of $2.9 billion in insurance proceeds. Mr. Silverstein, who has been alternately applauded and vilified for his role, rejected any suggestion that he was at fault and blamed government ineptitude.

"We now find that the process has apparently gotten bogged down inside the Port Authority, which is as frustrating to me as I'm sure it is to New Yorkers," Mr. Silverstein said in a statement. "We hope that the different leaders and branches of government will quickly come together so we can move past the uncertainty and get on with what is our paramount obligation — rebuilding the World Trade Center."

But Mr. Coscia put the onus on Mr. Silverstein and brushed aside talk of a rift with Governor Pataki. He said the city and both states would now work together on a unified proposal to offer Mr. Silverstein.

"The issues we find with the Silverstein proposal are equally of concern to New York, New Jersey, Governor Pataki and Mayor Bloomberg," Mr. Coscia said. "My expectation is that there is a growing unanimity of opinion among two governors and the mayor, and that is likely to enhance the chance of having an agreement."

The collapse of the talks is not the only trouble at ground zero. Work has begun on the Sept. 11 memorial, but that project is already over budget and fund-raising has been sluggish. There was a nasty public battle over a planned cultural center and continuing doubts about the economic viability of the Freedom Tower, which is widely considered to be too big, in the wrong place and nearly impossible to lease to corporate tenants, who view it as an obvious terrorist target.

Some downtown executives and community leaders are also worried that the continuing uncertainty at ground zero will undermine the fragile recovery in Lower Manhattan. Although the office vacancy rate downtown is relatively high, they are hoping that rising rents and a tight Midtown market will once again make Lower Manhattan an attractive alternative.

"The business community is eager for a resolution at ground zero so Lower Manhattan can continue it's momentum toward a full recovery," said Eric Deutsch, president of the Alliance for Downtown New York.

The latest crisis was prompted, in part, by the scheduled April groundbreaking for the Freedom Tower. Although Mr. Silverstein continues to insist that he has the money and the desire to do the job, state and city officials and authority executives have grown increasingly concerned that he could run out of money, default on his lease and walk away with tens of millions in profit after completing only two towers.

To be fair, Governor Pataki championed the skyscraper as a symbol of New York's resilience and insisted that it be built first, over Mr. Silverstein's objections. The developer and government officials subsequently reached agreements in 2003 and 2004 on what would be built and when.

Last December, Mr. Coscia of the Port Authority suggested that Mr. Silverstein surrender a major part of the World Trade Center site as a way of addressing the financial problems.

Mayor Bloomberg, who had been largely focused on the redevelopment of the Far West Side in 2004 and 2005, became increasingly focused on Lower Manhattan, backing Mr. Coscia.

The developer refused, not wanting to relinquish what he said were the most valuable parcels.

The Pataki administration then began weeks of negotiations with Mr. Silverstein that left Mr. Coscia and Mayor Bloomberg without seats at the bargaining table. Even after the impasse on March 14, Silverstein executives complained that they were making concessions to Mr. Pataki's negotiators, while reading in the newspapers about new demands by City Hall or New Jersey.

Mr. Coscia said yesterday that two fundamentally different interests were in play.

"Silverstein Properties is pursuing their business interests to further the profitability of this effort," he said, "and we have a responsibility to protect the public's interest."

Trade Center Rebuilding Talks Again Hit Snag But Will Continue (WSJ)

By Alex Frangos

The Wall Street Journal, March 31, 2006

Talks to jump-start the long-delayed rebuilding of the World Trade Center became stymied again as the region's two governors and New York City's mayor failed to agree on a negotiating stance with the site's private developer, but talks are continuing nonetheless.

New York Gov. George E. Pataki and New Jersey Gov. Jon S. Corzine, who control Ground Zero's owner, the Port Authority of New York and New Jersey, and New York Mayor Michael R. Bloomberg couldn't settle upon a position to take with real-estate developer Larry Silverstein, who owns the legal right to rebuild the office space there, several people involved in the negotiations say.

The three men held discussions in recent days hoping to craft a plan in time for the Port Authority's board of commissioners to approve at their monthly meeting yesterday afternoon. That didn't happen.

But participants said talks would continue. "The parties involved here are probably closer than they've ever been before," said Port Authority Chairman Anthony R. Coscia, from New Jersey.

The talks signal a shift of focus away from Mr. Silverstein to the complex web of government involved in rebuilding. Mr. Silverstein and Port Authority negotiators had agreed upon the broad outlines of a deal on Tuesday. But those terms needed to be approved by the bistate agency's commissioners, who are appointed in equal number by the governors of New York and New Jersey. Mr. Bloomberg is involved because he controls $1.67 billion in tax-free bonds for the project.

According to one of the negotiators, the lack of a deal makes the start of the site's signature skyscraper, the Freedom Tower, "unclear." A groundbreaking was planned for April.

The three government entities disagree on how much of a rent reduction to give to Mr. Silverstein. Mr. Silverstein's lawyers and Port Authority staff agreed Tuesday that the developer would forgo the rights to rebuild two of the five office towers, including the signature Freedom Tower, and around $1 billion in insurance money. The Port Authority would reduce the value of rent Mr.

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Silverstein owes under his $3.2 billion, 99-year lease, by $300 million to $400 million in net-present-value terms, after accounting for the reduction in the amount of space Mr. Silverstein would develop.

A Port Authority official said one of the sticking points is assurances made by New York State that it could persuade the federal government to rent close to one million square feet of space in the Freedom Tower for $47.50 a square foot, a number that would reduce the Port Authority's risk in the $2.2 billion tower.

Levee Repair Costs Triple (WP)

By Peter Whoriskey, Spencer S. Hsu

The Washington Post, March 31, 2006

The Bush administration said yesterday that the cost of rebuilding New Orleans's levees to federal standards has nearly tripled to $10 billion and that there may not be enough money to fully protect the entire region.

Donald E. Powell, the administration's rebuilding coordinator, said some areas may be left without the protection of levees strong enough to meet requirements of the national flood insurance program. Those areas probably would face enormous obstacles in attracting home buyers and investors willing to build there.

The news represents a shift for the administration; President Bush had pledged in the weeks after Hurricane Katrina to rebuild New Orleans "higher and better." Now, some areas may lose out as they compete for levee protection. Powell's announcement, in a conference call with reporters, prompted denunciations from state and local officials who said the federal government is reneging on promises to rebuild the entire region.

"This monumental miscalculation is an outrage," said Gov. Kathleen Babineaux Blanco (D). "This means that, just two months before hurricane season, the Corps of Engineers informs us they cannot ensure even the minimum safety of southeastern Louisiana. This is totally unacceptable."

The change followed a surprise announcement from the Army Corps of Engineers that the levee reconstruction project, most recently estimated at $3.5 billion, would now cost $9.5 billion if insurance-certified levees were extended throughout the region.

Powell had said in December when the administration announced a $3.1 billion levee plan that Bush's commitment to rebuild the Gulf Coast "would be satisfied as it relates to the safety and security of the people." In February, after Congress approved $2 billion for the project, Bush said an additional $1.5 billion would be needed. The Senate will consider the request next week.

Yesterday, Powell acknowledged that now "we are faced with some new and tough policy decisions."

The news shattered the fragile relationship between Washington officials and Louisiana leaders, who have assumed that the rebuilding effort would cover the entire New Orleans area.

State and local leaders said the U.S. government had broken a trust and appeared to backing away from commitments to rebuild. Louisiana officials also questioned why federal engineers are just now announcing that the task would cost $6 billion more.

"Every time we turn around, there's a new obstacle," said Rep. Charlie Melancon (D-La.). "The estimates were done for rebuilding the levees, and a number was given to the administration and to the Congress. Now all of a sudden they say they made a $6 billion mistake?"

Melancon said he wondered whether the changes reflected the comments made by officials such as House Speaker J. Dennis Hastert (R-Ill.) after the storm questioning the wisdom of rebuilding the low-lying city.

"I have been concerned since November that people here in Washington didn't really want to help. . . . I think the people are starting to see where the problems are," Melancon said.

Sen. David Vitter (R-La.) said the announcement confirmed his warnings since November that Washington is "stonewalling" and seeking "way too little money" for levee repairs.

The new cost estimates, just as hurricane season is approaching, are "enormously frustrating," he said.

A spokesperson for New Orleans Mayor C. Ray Nagin (D) said he had no comment.

In the conference call yesterday, Powell reiterated the promise that the levees will be at least as strong as they were designed to be before Hurricane Katrina hit on Aug. 29.

"If a hurricane such as Katrina hit the area, there would not be catastrophic flooding," he said. But, he said, there might be some "manageable" flooding.

Powell said that science, "not any bureaucracy, politics nor any member of the political branches," determined the cost revisions. Bush "is concerned with the well-being of the area's residents," he said, but "he wants to make sure we make the right rebuilding decisions, not just for the residents but for the American taxpayers."

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Indicating that not all of the $6 billion will be forthcoming, Powell said he will be in discussions with state and local leaders about which portions of the region should be protected with insurance-certified levees, and also how much the state and local governments can pay.

"We're dialoguing with the state and local officials," he said, adding that if there is an agreement, maps clarifying where and how homeowners can rebuild could be released in 10 days. "We haven't decided what [amount] to ask for."

He played down the difference between the ordinary levees and those that meet the standards of the insurance program, saying the $6 billion in improvements is "an insurance issue, and not necessarily a safety issue."

Whether the levees meet the flood insurance standards is considered a key piece of the rebuilding puzzle, however.

In areas where the levees do not meet the standards, buildings may have to be constructed up to 20 to 35 feet above ground, a Powell aide acknowledged. Also, in a city where there is a desperate need for housing investors, areas with less-than-optimal levees could scare off flood-wary developers.

To help state and local officials choose which areas might be protected by insurance-certified levees, Powell broke the four-parish New Orleans region into 10 areas and listed the populations and cost of building such levees.

In the analysis, three Plaquemines Parish sections, southeast of the city, look ripe for cost-cutting. Less than 2 percent of the area's population lives there, but it would cost nearly $2.9 billion to build certified levees.

By contrast, protecting Algiers, where 13 percent of the region's population lives, would cost $129 million.

The reason the cost estimates have risen so dramatically is that the science of hurricanes and hurricane protection is evolving, Maj. Gen. Don T. Riley, director of civil works for the Army Corps of Engineers, said yesterday.

The loss of coastal wetlands protecting New Orleans from storms, as well as the lowering of the ground level in the area, have reduced the city's natural safeguards from flooding -- and altered assumptions.

Moreover, new storm data from the past 20 years suggest that powerful storms are more likely to hit New Orleans than previously believed. The previous levee design was meant for less powerful storms, but the recent surge of activity has changed ideas about what kinds of storms the city should be prepared for.

"As we learn, we will adjust our methodology and our estimates," Riley said. "To do it properly takes time."

Levee Plans Fall Short Of FEMA Standards (NYT)

By John Schwartz

The New York Times, March 31, 2006

New Orleans's levees do not meet the standards that the Federal Emergency Management Agency requires for its flood protection program, federal officials said yesterday — and they added that the problem would take as much as $6 billion to fix.

FEMA has long based its flood planning on whether an area is protected against a flood that might have a 1 percent chance of occurring in any year, also known as a 100-year flood. Without that certification, the agency's flood maps have to treat the entire levee system as if it were not there at all, which means that people hoping to build in the affected areas might have to rebuild their homes at elevations of 15 or even 30 feet above sea level in order to meet new federal building standards.

But since Hurricane Katrina devastated New Orleans, the agency has toughened its 100-year standard, based on new information about land subsidence and the increasing severity and frequency of hurricanes in the Gulf of Mexico. There is also new data about weak soils in the area and the failure of some of the city's floodwalls.

As a result, the levees that the Army Corps of Engineers is now building will not meet the new FEMA standard. Donald Powell, the federal coordinator for Gulf Coast rebuilding, said Thursday that the Corps now believes it cannot meet that standard without spending additional billions to upgrade the flood protection system still further.

Gov. Kathleen Babineaux Blanco of Louisiana expressed outrage over what she called a monumental miscalculation and said it was shocking to learn that $6 billion more might be needed for the hurricane protection system.

"This means that, just two months before hurricane season, the Corps of Engineers informs us they cannot ensure even the minimum safety of Southeastern Louisiana," Ms. Blanco said in a statement. "This is totally unacceptable."

But Mr. Powell said in a news briefing yesterday that the $2 billion that the Army Corps of Engineers is currently spending and the $1.4 billion in additional funds it has requested will make the system stronger and better than it has ever been. Asked if he would feel comfortable living in the area despite the government's inability to certify the levees, he responded, "after the Corps completes its work, yes."

Mr. Powell called the difference "a regulatory issue, not necessarily a safety issue." When the current work on the levees is complete, he said, there might be flooding from a storm like Hurricane Katrina, but the levee system would not fail catastrophically again.

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Although people can rebuild without the federal flood maps today, many homeowners may well decide that the risks of rebuilding are too great. The Louisiana Recovery Authority has said that its plan to provide grants to those who rebuild will favor those who meet FEMA requirements.

Mr. Powell said that to start the process of getting the new flood maps, the federal government only needs to state that it does intend to meet the certification standard — a process that it can undertake for the entire system at the full $6 billion, or pick and choose projects to cut costs.

The flood advisory documents, which will begin the process of creating final flood maps, could emerge within days, Mr. Powell said. It will take up to 18 months to complete the maps.

In the briefing, Mr. Powell said that rebuilding the city could take 25 years — a sentiment shared by many disaster recovery experts. He added, however, "It could be much shorter than that, depending on how they plan their future. I'm going to be doing everything I can to make this as short as possible."

Matt McBride, a member of the community group in Broadmoor, a New Orleans neighborhood that was inundated during Hurricane Katrina, said many city residents would be disappointed by the levee announcement. While many people in his neighborhood were committed to rebuilding, he said, "It's just one more headache on top of the hundreds that we're dealing with."

Officials Add $6 Billion To Price Tag Of Levees (LAT)

By Ralph Vartabedian

The Los Angeles Times, March 31, 2006

In what could be a significant setback to rebuilding New Orleans, federal officials said Thursday that it would cost an additional $6 billion to make the levee system strong enough that flood insurance could be issued in the area.

That amount would be in addition to the $3.5 billion already being spent to repair the levees damaged by Hurricane Katrina.

Without federally issued flood insurance, rebuilding could not proceed in many areas.

The new assessment was disclosed Thursday by Donald E. Powell, the federal coordinator for Gulf Coast rebuilding.

The problem evolved in recent weeks when disparate federal agencies began grappling with complex rules and regulations that affect federal flood insurance, the technology of predicting hurricanes and certifications of levee safety standards.

As a result, Powell found himself this week having to disclose to senior Bush administration officials and congressional leaders that what looked like a price tag of $3.5 billion to upgrade and repair levees in and around New Orleans had exploded almost threefold, to $9 billion.

"It is complicated, it is complex," Powell said in an interview.

The complication began as part of an effort by the Federal Emergency Management Agency to update 90,000 flood maps across the nation, which show where individuals and businesses can locate developments that would be unlikely to flood in 100 years and thereby qualify for the National Flood Insurance Program.

The flood maps that apply to New Orleans changed dramatically after Katrina, requiring a higher degree of protection from levees. Recent scientific research showed that the area had undergone a tremendous geologic subsidence, lowering the area's elevation. Climatic changes also might increase the risk of hurricanes.

As FEMA completed an early version of its flood maps, it went to the Army Corps of Engineers and asked it to certify that its levees would protect the city against the 100-year flood that FEMA had projected.

But in a surprise move, the corps said it could not certify that its levees would hold against a 100-year flood, and it refused to offer the certification.

If the corps cannot certify the levees under FEMA rules, then in terms of flood insurance it would be as if New Orleans had no levees at all, federal officials said. The corps estimated that it would cost as much as $6 billion to make upgrades that would allow for the certification.

Maj. Gen. Don T. Riley, the corps' chief for public works, said in an interview that certifications sought by FEMA would require "significantly higher" levees than the current 12- to 17-foot storm walls and earthen mounds that surround the city.

Even if the corps built such a system, it would not protect against another Katrina, which Riley estimated was a 150-year storm. Moreover, the demand by Louisiana officials for levees that could protect against a Category 5 hurricane, the worst possible storm, would require an even larger-scale system that is the subject of a $20 million study, Riley said.

The immediate crisis of how to come up with $6 billion is under sharp debate.

One option would be to abandon certain sections of the region, such as Plaquemines and St. Bernard parishes or the Lower 9th Ward, which are driving a significant part of the costs. Central New Orleans would not require any significant additional spending, though the city's West Bank, its eastern flank and Jefferson Parish would require high spending to protect.

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Under federal rules, local and state agencies must put up 35% of the cost of levee improvements. So far, the federal government has waived that requirement.

But as costs continue to mount, congressional leaders are becoming hesitant to do so.

Powell said in a news conference Thursday that he hoped rebuilding some sections of the city would take five years but that he could not rule out a reconstruction period of 25 years, noting Katrina was the greatest natural disaster in the nation's history.

New Orleans Recovery Could Take 25 Years (AP-Y2)

By Lara Jakes Jordan

AP2, March 30, 2006

A full recovery in New Orleans could take 25 years as homeowners, businesses and tourists are coaxed back to the city devastated by Hurricane Katrina, the Bush administration's Gulf Coast recovery coordinator said Thursday.

In an interview with The Associated Press, Don Powell said that much of the city's rebirth will hinge on factors he said were "out of our control," including restoring housing, ensuring safety and encouraging robust investment by the private sector.

"We kind of want it to happen overnight, or I do, but it's going to take some time," Powell said. "This could be five to 25 years for it all to fit into place."

Powell also said the Army Corps of Engineers now estimates it will cost an additional $5.9 billion to repair levees enough to fully protect and insure nearly 1.1 million residents of the greater New Orleans area.

That is in addition to the $3.5 billion the Bush administration has so far sought to bring the levees back to at least their pre-Katrina levels by June 1, the start of the 2006 hurricane season.

Powell said the Corps recently told him the administration must commit to spending as much as $5.9 billion more before it could fully certify the levees, as needed to issue flood maps that determine insurance rates and allow rebuilding to begin.

Powell said he does not know how many more federal dollars Washington will commit to the region, or whether some of the money will come from state and local governments. "We haven't decided what to ask for," Powell said.

But he said that decision and the release of new flood maps would likely happen in a "relatively short period of time — in a matter of days."

Over the next 60 days, Powell said, the Corps will be strengthening levees and building storm-proof pumping stations and flood gates to close certain parts of New Orleans' canals in the event of a major storm.

"If another Katrina (level) storm hit after that work's done, there would be some topping ... but the flooding would be all manageable," Powell said. "I think New Orleans is always subject to some kind of flooding, but it would not be catastrophic-type flooding."

In Baton Rouge, Louisiana Gov. Kathleen Blanco called the nearly tripling of the estimated cost of levee repairs "an outrage." She demanded that Congress come up with the money. She said the $3.5 billion investment so far has focused primarily on rebuilding the flood protection on the east bank of New Orleans.

Without the additional cash, Blanco said, the Lower Ninth Ward and St. Bernard and Plaquemines parishes likely wouldn't receive the levee repairs needed to give them the protection they had before Katrina.

"Obviously all sections will not be secure," she said.

The White House so far has asked for $108 billion in Gulf Coast relief and recovery aid, all but $19 billion of which has been approved by Congress. The remainder is under consideration by lawmakers. The new levee costs are not included in that spending pot, Powell said.

In a conference call with reporters later, Army Corps of Engineers Maj. Gen. Don Riley said the new costs are the result of ongoing repairs and studies of the levees.

"As we learn, we will adjust our methodology and our estimate," Riley said. "To do it properly, it takes time. Our main interest is in getting this right for the people of New Orleans."

What the storm-ravaged region will look like in upcoming years is largely up to state and local officials, Powell said, though the U.S. Department of Housing and Urban Development will have authority to "tweak" some of the housing plans.

The four parishes that make up New Orleans and its immediate suburbs have been waiting for the Federal Emergency Management Agency to issue the flood maps for months.

WAR NEWS:

Jill Carroll: Finally Free (CSM)

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By Dan Murphy And Scott Peterson

The Christian Science Monitor, March 31, 2006

CAIRO AND BAGHDAD - Katie Carroll went from a deep sleep to instantly awake when she saw the Iraq country code on her caller ID.

She grabbed the phone. It was 5:45 a.m and the ringing heralded the news about her twin sister, Jill, who had been held hostage in Iraq for nearly three months. "Katie, it's me," said the voice on the other end of the line. "I'm free."

It was Jill herself, safe after 82 days.

"Then she burst into tears and I did, too," says Katie.

Journalist Jill Carroll was freed in Baghdad Thursday ending a period of captivity marked by an enormous global outpouring of support and calls for her release.

"I'm just really grateful. The overwhelming emotion is gratitude. I am glad this day has arrived and thank whatever forces, divine and otherwise, that helped bring about this day," says Jill.

On Jan. 7, Monitor freelancer Carroll traveled to interview Sunni Arab politician Adnan al-Dulaimi in Baghdad's western Adil neighborhood. He was not in his office, and, after waiting some 20 minutes, Carroll and her Iraqi driver and interpreter left.

After traveling about 300 yards, they were attacked by gunmen. Carroll was seized, and her interpreter, Allan Eniwya, was killed.

Thursday, Carroll's captors simply drove her to Amariyah, stopped the car, pointed her in the direction of the Iraqi Islamic Party (IPP) office at about 12:20 p.m. local time and then drove off.

Carroll, who was on assignment for the Monitor when she was kidnapped, gave a short interview to Baghdad TV, which is owned by the IIP, before being transported to the Green Zone by the US military. She was told the interview was for internal party uses only, and didn't realize it would be broadcast. In that interview Carrroll said that for most of her ordeal she was kept in a darkened room which she later described as a "cave."

"I really don't know where I was. The room had a window but the glass you know, you can't see," she said, making a motion with her hand as if the window was blocked, "and you couldn't hear any sound, and so I would sit in the room."

"If I had to take a shower I walked, you know, two feet, to the next door to take a shower or go to the bathroom and come back." From time to time, she says, she had contact with Iraqi women and children in the house which she found comforting.

She was only allowed to watch television and read a newspaper once and had little information about what was going on in the world at large.

"I was treated well, but I don't know why I was kidnapped," Carroll told the TV station about her kidnappers. In videotaped statements her captors had implied they would kill her if Iraqi prisoners held by coalition forces weren't released. But Carroll said, "They never hit me. They never even threatened to hit me."

Carroll says she asked an IIP official to call the Monitor's Baghdad hotel. He refused, and called the Washington Post's Baghdad office. Carroll is close personal friends with two of the Post's Iraqi staffers.

Her next call was to twin sister Katie. She then called her parents, Jim and Mary Beth.

The first thing she told me today was, 'I love you,'" says Mary Beth. "She said, 'Every single day I was in captivity, I cried over how worried you must be, and what a burden this must be for the family.' "

In fact, the day before release, Katie Carroll had appeared on the Arab TV station Al Arabiyah, where she had talked of the effect of the kidnapping on the family and pleaded for information that might lead to her sister's release.

"I was dreaming that this would be the way I'd find out - that she'd call me in the middle of the night like this," says Katie. "She sounded great. I just want to thank everyone who's prayed and given us support through this time, and we're obviously looking forward to some private time with Jill."

Monitor Editor Richard Bergenheim said Thursday: "This is an exciting day, we couldn't be happier. We are so pleased she'll be back with her family. The prayers of people all over the world have been answered."

President George Bush had said Carroll's release was a top priority for his administration, and her freedom was welcomed by Secretary of State Condoleezza Rice at a press conference in Berlin. Ms. Rice spoke of the "great delight and great relief of the United States, the people of the United States and, I'm sure, the people of the world at the release today of Jill Carroll."

Carroll's release followed half a dozen false leads in the effort to free her - people who contacted the Monitor or the Carroll family. Some demanded exorbitant ransoms, but never managed to produce a "proof of life." One scam artist, calling himself a repentant member of the kidnapper group and seeking a payoff, turned out to be a young Nigerian and was arrested in Germany. Other would-be players said they had contacts and could free her, but never delivered.

Her support among Iraqis appeared to be quite strong. Several Iraqi newspapers and television stations took up her cause. They reported her story, editorialized for her freedom, and donated public-service announcements designed by the Monitor's Baghdad correspondents that pleaded for Carroll's release.

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Even the mother of a young Iraqi woman detained for months by the government without charges and finally released in late January was willing to speak publicly on Carroll's behalf. Politicians across the Iraqi political spectrum, especially leaders from the Sunni sect also spoke out emotionally on Carroll's behalf.

Across the Muslim world, voices not normally heard on behalf of an American, called for Jill's release: Hamas in the Palestinian territories, the Muslim Brotherhood in Cairo, and many others.

Hope rose with the release of the remaining three Christian Peacekeepers hostages last week. But it had been nearly two months since Carroll's last video was dated, and many experts were privately beginning to express discouragement about her status. It had been quiet too long, and without a single confirmed attempt to negotiate.

For the Monitor's "Team Jill" - an informal group of editors and writers who worked on her case, each assigned separate tasks - it was a difficult time.

Washington bureau chief David Cook every day passed a photo of Carroll taped to the door of the bureau's building. "You'd come in the door and see her picture and think, 'have I done everything I could today to help get her out?'" says Cook.

Monitor editor Bergenheim said no money had been exchanged for Carroll's release.

Following Carroll's arrival at the IIP office Thursday, the party's Secretary General Tariq al-Hashimi led a ceremony in which he handed the freed journalist gifts, and praised her release.

Mr. Hashimi is a rival for influence among Iraq's Sunni Arab minority of Adnan al-Dulaimi's, the politician Carroll had sought to interview on the morning of Jan. 7. Mr. Dulaimi has repeatedly denied involvement. Dulaimi has said that his political rivals - both Shiite and Sunni - were trying to hurt his political standing.

Leading IIP member Naser al-Ani said her appearance at their office, in a blue Islamic robe and wearing a light green headscarf identical to the one she wore in a Feb. 28 video issued by her captors, was completely unexpected. He said guards at the office "thought she was a party member - dressed Islamically like that, they thought she worked in [the Iraqi government's] Women's Affairs department."

Mr. Ani said she was dropped off near the office, in a Sunni stronghold in Western Baghdad. In a press conference, Hashimi said she bore a letter from her captors that she gave to the IIP guards.

A measure of the extent to which she was cut off from the outside world was that she didn't know if her driver had escaped on Jan. 7 during the abduction. News of his safety was a great relief to Carroll, her father Jim Carroll said.

"She knew about Alan, but did not know about [the driver]," Mr. Carroll says. "She started to break down when we were talking about it, so I didn't pursue that too much."

Shortly before her release, her kidnappers also warned Carroll about talking to the US or going to the Green Zone, alleging to her that it was "infiltrated by the Mujahideen" and that she might be killed if she cooperated with the Americans, her family says.

When the US military arrived at the IIP offices to escort her to the Green Zone, she was at first reluctant to go. But in a brief phone call the Monitor's staff writer Scott Peterson in Baghdad, he persuaded her that was the best and safest course of action.

Kidnappers in Iraq have tried to scare former hostages like this in the past. When Italian journalist Guiliana Sgrena was released by her captors in February last year, they told her there was a CIA threat to kill her, and that she should rush to the airport rather than go to the Green Zone. As her car sped down the airport road, at the time one of the most dangerous stretches of Iraq, the US military opened fire on the car, killing Nicola Calipari, the Italian intelligence agent who helped secure her release.

Italy's Corriere della Sera newspaper said the kidnappers had phoned the US military with an anonymous tip and the cars description, warning that it was a car-bomb.

At the time of writing, Ms. Carroll is receiving medical attention in the Green Zone.

Fully in character to all those who know her, Jill has repeatedly expressed concern for Allan and his family, and all the friends and family who've been worrying about her through her ordeal - particularly her parents and her sister.

'Like Falling Off A Cliff For 3 Months' (WP)

By Ellen Knickmeyer

The Washington Post, March 31, 2006

BAGHDAD, March 30 -- Jill Carroll wondered from day to day whether she would grow old or die a hostage.

"It was like falling off a cliff for three months, waiting to hit the ground," the 28-year-old American reporter said Thursday after being released by her kidnappers.

A shuffle from car to street to the branch office of a Sunni Arab political party and then to its headquarters brought Carroll to freedom on a beautiful spring day in Baghdad.

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When she walked into the Iraqi Islamic Party's branch, she was still wearing one of the head scarves and enveloping embroidered dresses given to her by her captors. The black gloves of a conservative Muslim woman, also given to her by her captors, hid her hands.

Shortly after Carroll's arrival, the head of the party telephoned The Washington Post's Baghdad bureau. Carroll, a freelance journalist who wrote for the Christian Science Monitor, said she wanted to see familiar faces and had had many friends on The Post's staff since the early days of the war. Devoted to mastering Arabic and Middle Eastern culture and to covering Iraq, she was particularly close to the paper's young Iraqi interpreters and reporters.

In the party leader's chair-lined offices, with Sunni politicians looking on, Carroll and her friends were reunited. They embraced and cried through her first conversations in English in more than 80 days.

Then, with a cellphone borrowed from one of the politicians, Carroll woke up her twin sister, father and mother in the United States, punching in their numbers one after another.

Katie, Dad, Mom. It's Jill. I'm fine. I'm free.

She borrowed another cellphone when the first one lost power. She begged her family's forgiveness.

Three months without exercise had made her face round. Her captors had treated her well, she said, and she never dared turn down their offers of meals or candy for fear of giving offense. I'm fat, she said.

She asked for news of the world. She was shocked to hear of the prayers on her behalf, of the media coverage, of the vigils and balloon releases at the foot of the Eiffel Tower.

Kidnapped Jan. 7, three weeks after Iraq's national elections, she was shocked as well to hear that Iraq had still not formed a new government.

"You know that shelf?" she asked. She meant a mirror-backed knickknack cabinet in the entry of the Post house in Baghdad. For one reason or another, it had become a place to put photos of close friends killed over the nearly three years of war in Iraq.

The cabinet had three shelves. Two of the shelves already held a photo, both of them, coincidentally, of young women.

"I kept thinking about that shelf," Carroll said. "I didn't want to be that third shelf."

Post staffers had had the same thought. They removed the shelf and hid it the day after she was kidnapped.

One of Carroll's hardest days had been Wednesday, the day before her release, she said, when she broke down and cried hard, muffling the sound with her abaya in the room where she was being held. She prayed.

Coincidentally, her twin sister, Katie, appeared that same day on al-Arabiya television, saying it had been nearly two months since the last news or video of her sister. "I also hope that those with Jill have come to know her -- that they recognize what a wonderful person she is and realize that they can show the world that they are merciful to an innocent woman by returning her safely home to us," Katie Carroll said.

Hours later, Carroll's captors dropped her off in a Baghdad neighborhood, outside an office of the Iraqi Islamic Party. The politicians inside gave her juice, candy, water and tissues.

Composed, Carroll negotiated her way through the first of many politically laden conversations she would have Thursday, trying to stick to what she wanted and didn't want to say.

The party officials asked her to write out and sign a statement saying she had not been harmed in her brief time at their offices. They had her record a question-and-answer session on camera that they said was for their records. It showed up on television shortly afterward.

Party leader Tariq al-Hashimi presented her with an embossed Koran in a plush box. The Koran was for the true followers of Islam, Hashimi said, and he mentioned the Iraqi people. Accepting it, Carroll said her suffering was nothing compared with theirs.

'Good Day' In Iraq For Freed U.S. Journalist (LAT)

By Borzou Daragahi, Times Staff Writer

The Los Angeles Times, March 31, 2006

BAGHDAD — The quaking woman in the abaya had tears in her eyes and spoke English — the first sign to a startled receptionist that this visitor was different from the usual grieving widow or mother so common in this violent country.

When she finally managed to explain, in broken Arabic, that she was Jill Carroll, it was not sympathy but a rare outburst of joy she sparked.

The idealistic American freelance correspondent for the Christian Science Monitor, kidnapped by gunmen nearly three months ago, had been released unharmed Thursday, a splash of good news during one of post-invasion Iraq's bleakest stretches.

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"I was treated very well," said Carroll, 28, smiling and seemingly in good health and spirits, in an interview broadcast on the television channel of the Iraqi Islamic Party, the country's main Sunni Arab political organization.

"They never hit me," she said, wearing a gray and beige head scarf and a light blue gown. "They never even threatened to hit me. I'm just happy to be free and want to be with my family."

Carroll's abduction and her disturbing videotaped messages, released by her abductors to Arabic-language satellite channels, had been emblematic of Iraq's continuing lawlessness and violence.

Carroll was held for 82 days by the little-known kidnappers, who demanded that Iraqi and U.S. officials free all female prisoners as a precondition for her release. In the last footage of her, aired Feb. 9 on a Kuwaiti station, Carroll urged negotiators to quickly meet the kidnappers' demands. The Monitor said Carroll's family and the paper pursued half a dozen false leads during the ordeal.

Kidnappings, sometimes for ransom and other times as acts of political terrorism, have become a daily hazard in Iraq. Thousands of Iraqis and hundreds of foreign civilians have been seized, their bodies occasionally showing up in sewage ditches days later.

The perpetrators are shadowy groups suspected of having ties to official security organs as well as the Sunni Arab-led insurgency. This month, Tom Fox, an American activist kidnapped in November, was found dead in Baghdad. His three British and Canadian colleagues who were also abducted were later rescued by British-led forces.

Carroll said she was treated well by her captors, who killed her interpreter, Allan Enwiyah, 32, during the Jan. 7 abduction, which occurred as she left the office of a Sunni politician in Baghdad.

In the interview on the Iraqi Islamic Party's Baghdad TV channel, Carroll said she was given good food, kept in a room with a shower and was allowed to read a newspaper and watch television once, and did not know where in Iraq she was being held.

Her freedom came as a surprise, she said.

"They just came to me and said, 'We're going,' " she said on television. "They didn't tell me what was going on."

The kidnappers apparently drove Carroll to western Baghdad shortly after noon and dropped her off, pointing her to a branch office of the Iraqi Islamic Party in Amiriya, a volatile district known as a haven for insurgents.

They warned her not to talk with Americans or go to the Green Zone because it was infiltrated by insurgents, adding she might be killed if she cooperated with Americans, according to an account on the Monitor's website.

Wearing an all-covering traditional robe, Carroll walked up to the receptionist and handed over a note explaining who she was, party officials said.

Weeping and trembling, the Michigan native asked for help in broken Arabic.

"She looked to me as if she was happy but afraid at the same time," said one party official in Amiriya, who asked that his name not be published. "All that I understood from her was that she wanted to go to her family."

Party officials summoned a convoy of guards and armored vehicles to take her to the party's central Baghdad headquarters, where she calmed down, contacted her family and friends abroad and in Baghdad.

Carroll then took part in the Baghdad TV interview before she was handed over to U.S. forces.

Reporters for the Washington Post, for whom Carroll freelanced early in the war, showed up at the party office, where they wept and hugged. Carroll borrowed a cellphone from a Sunni politician, waking up her twin sister, Katie, her father and her mother, one after the other, the Post reported. "It's Jill," she said. "I'm fine, and I'm free."

According to the Post's account, Carroll received only sporadic news from the outside world during her captivity. She was shocked by the heavy news coverage of her kidnapping and the publicity surrounding her case, including the display of a poster of her from Rome's city hall.

She said she was surprised that Iraqi politicians elected to office three weeks before her capture had yet to form a government.

Carroll was told that the Baghdad TV interview she did was for internal party uses only and didn't know it would be broadcast, the Monitor reported. Iraqi Islamic Party officials could be seen handing gifts to a smiling Carroll in the television footage.

Mindful of her kidnappers' warnings, she agreed to go to the U.S.-protected Green Zone only after another Monitor reporter convinced her that it was the best option, the newspaper said.

She began to cry when the subject of her slain interpreter was raised, the Monitor said.

By Thursday evening, Carroll was inside the Green Zone, Baghdad's administrative headquarters, getting unspecified medical attention as she waited to leave the country.

"This is a good day," U.S. Ambassador Zalmay Khalilzad, who met with Carroll after her release, told reporters. "She is safe, she is free and she appears in good health and great spirits."

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Carroll's abduction, by a group calling itself the Revenge Brigades, proved a lingering embarrassment for Sunni politicians negotiating with more powerful Shiite rivals for positions of power in the government talks.

In the U.S., family members and employers expressed relief at Carroll's release. Her father, Jim, told the Associated Press that he was "thrilled and relieved."

"Our hearts are full," said a statement by Carroll's family posted on the website of the Christian Science Monitor. "We are elated by Jill's safe release."

Asked about the news while at a conference in Cancun, Mexico, President Bush told reporters, "I'm really grateful she was released and thank those who worked hard for her release, and we're glad she's alive."

Secretary of State Condoleezza Rice expressed "delight" at the news.

"This is something that people across the world have worked for and prayed for," she said during a visit to Berlin.

Meanwhile, Iraq's violence, often overlaid with sectarian tensions between the country's majority Shiite Muslims and minority Sunni Arabs, continued.

At a media briefing Thursday, U.S. Maj. Gen. Rick Lynch told reporters that the average number of Iraqi casualties in the weeks since Feb. 11 had risen to 75 dead and wounded a day, higher than at any point over the last two years.

The military reported the death of a U.S. soldier in Fallouja of injuries sustained in combat Tuesday.

Several midmorning explosions rattled the capital. A car bomb targeting the convoy of a police commando leader with the Shiite-led Interior Ministry injured five of his guards. Another car bomb in front of a restaurant in northeastern Baghdad left one person dead and nine injured.

Roadside bombs targeting Iraqi police convoys and U.S. forces killed at least one and injured nine. In Baghdad's Shiite Sadr City neighborhood, gunmen kidnapped four police officers from their car.

At least half a dozen mortar rounds struck different parts of the city, killing at least three civilians and injuring six.

Gunmen assassinated a well-known soccer player as he practiced. Manar Mudhafar Abdul Jabbar was a member of the Zawra club, among Iraq's most famous teams.

Salam Jabar, a member of the Islamic Dawa Party of Prime Minister Ibrahim Jafari, was assassinated in the Jamiya neighborhood in northern Baghdad.

Jabar was also a prominent businessman, and his killing may be linked to a series of attacks on Iraqi merchants and businesses.

Police said gunmen targeted at least three bakeries in troubled sections of Baghdad, killing at least five bakers and injuring at least three. Most of the victims were Shiites, police said.

Gunmen opened fire on a group of Iraqis lining up for their monthly food rations in Dora, injuring four civilians. The district of southern Baghdad is a target of frequent sectarian attacks.

Qais Abdul Kareem, a high-level Ministry of Industry official kidnapped Wednesday evening, was found dead in the middle-class Zayona district.

The body of Abdul Qader Hussein, a shopkeeper in the mixed Sunni-Shiite Sadiya neighborhood, was found with signs of torture.

The bodies of two unidentified men, both handcuffed and bearing signs of torture, were found in western Baghdad.

A roadside bomb in the city of Kirkuk, claimed by Iraq's Kurds, Arabs and Turkmen minority, killed one police officer and injured four.

Times staff writers John Johnson Jr. and Raheem Salman and special correspondent Asmaa Waguih contributed to this report.

Reporter Freed In Iraq, 3 Months After Abduction (NYT)

By Kirk Semple And Dexter Filkins

The New York Times, March 31, 2006

BAGHDAD, Iraq, March 30 — Jill Carroll, the American reporter kidnapped in Baghdad nearly three months ago, was freed Thursday, saying she had spent most of her time in a small room but had been well treated by her captors.

Ms. Carroll, 28, was dropped off in a Sunni neighborhood in western Baghdad at midday and walked into the nearby offices of the Iraqi Islamic Party, a Sunni political group, dressed in a light-green head scarf and gray dress. From there, she was taken to the Green Zone, the heavily fortified area in central Baghdad, where the American ambassador, Zalmay Khalilzad, said she was in "good health and good spirits."

"I was treated very well; it's important people know that," Ms. Carroll said in an interview with an Iraqi, conducted in the Sunni party's offices and shown on television later in the day. "They never threatened me in any way."

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"All I can say right now is I am very happy," said Ms. Carroll, who in an earlier video praised her captors and the insurgents fighting the Americans. "I am happy to be free and I want to be with my family."

Ms. Carroll, a freelance reporter, was kidnapped at gunpoint on Jan. 7 as she left the offices of a prominent Sunni politician. Her kidnappers had threatened to kill her. In videotapes released during her captivity, Ms. Carroll wept and pleaded for her freedom. In the interview shown Thursday, she said she was never told why she was being held. The kidnappers shot to death Ms. Carroll's Iraqi interpreter as the abduction unfolded. "They didn't tell me what was going on," she said.

The shadowy and little-known group that released Ms. Carroll said it had freed her because the American government had agreed to some of its conditions. The group, called the Revenge Brigade, had demanded that the United States release all Iraqi women from its prisons. In late January, the American command announced that it had freed five Iraqi female detainees, but said that the release had nothing to do with the kidnappers' demands.

In a news conference here, Mr. Khalilzad said no American officials in Iraq "entered into any arrangements with anyone" to secure Ms. Carroll's release. Four other Iraqi women were still being held in American detention centers, American officials said. Editors at The Christian Science Monitor, the newspaper that was employing Ms. Carroll at the time of her abduction, also said they had conducted no negotiations with her kidnappers.

Ms. Carroll, who grew up in Michigan and graduated from the University of Massachusetts, was part of a small corps of intrepid young freelance reporters in Baghdad. She had learned more Arabic than many and had cultivated a keen interest in Iraqi society.

In a videotape posted Thursday on the Internet, made before her release, Ms. Carroll denounced the American presence in Iraq and praised the insurgents fighting here. In the video, Ms. Carroll smiled, laughed once and gestured in a seemingly relaxed manner, saying she felt guilty about being released while so many Iraqis were still suffering.

Ms. Carroll, apparently knowing she would be released, denounced what she described as the "lies" told by the American government and predicted that the insurgents would defeat the Americans in Iraq. "I feel guilty. I also feel that it just shows that the mujahedeen are good people fighting an honorable fight, a good fight. While the Americans are here, the occupying forces, you know, treating the people in a very, very bad way. So I can't be happy totally for my freedom because there are people still suffering in prisons, in very difficult situations."

Ms. Carroll was seated in front of a white background, where she answered questions put to her in accented English by a man standing offscreen. The video was distributed by SITE, a Washington, D.C.-based group that tracks jihadist Web sites.

These kind words for her captors were a sharp contrast to her demeanor on the videotapes made shortly after her kidnapping, in which she appeared distraught, weeping and terrified. Ms. Carroll's seeming sympathy for her captors suggested either that she was pretending in hopes of gaining her release or that, after suffering weeks of extreme duress, she had fallen under the sway of her kidnappers.

The light-green head scarf that Ms. Carroll was wearing at the time of her release, and the head scarf she wore in most of the videos shown during her captivity, is the typical dress for Iraqi women. Ms. Carroll was wearing one at the time of her abduction, in large part to conceal her identity as an American reporter on Baghdad's chaotic streets.

Dr. Alan Manevitz, a psychiatrist and trauma expert at New York Presbyterian Hospital, said it would not be surprising if she suffered from a degree of Stockholm syndrome, a condition in which hostages become sympathetic to their captors. The name comes from a bank robbery in Sweden in 1973 in which hostages were held in a vault for six days.

"It's a form of brainwashing in a deprived state where victims emotionally bond with the captors in order to survive," Dr. Manevitz said. He stressed that he did not know Ms. Carroll and could speak about the syndrome only in general terms. "People can feel helpless and hopeless, and any small act of kindness — not killing her, giving her food, letting her have a shower — can lead to bonding with the captor." The captor, he said, becomes both tormentor and savior.

Ms. Carroll's whereabouts had been unknown since her abduction, carried out by armed men who cut off her car down the street from the offices of Adnan Dulaimi, the Sunni politician. Ms. Carroll, an accomplished swimmer, broke free of her kidnappers and was chased down the street, according to witnesses. Her interpreter, Allan Enwiyah, 32, was shot dead as he tried to make a call on his cellphone, while her driver managed to run away.

Dozens of people are kidnapped on Baghdad's streets every day — most of them for ransom — and they are often sold while in captivity from one group to another. Though she made no mention of being traded from one group to another, it was unclear on Thursday whether Ms. Carroll had been released by the same men who had captured her. The motives of the group were unknown as well; some officials speculated that the kidnappers had originally grabbed Ms. Carroll in the hope of securing a ransom and began to demand the release of the Iraqi women after it seemed less probable to them that they would get money.

In the weeks after her kidnapping, Ms. Carroll's captors released three videotapes, which showed her in increasing distress. The kidnappers' deadline passed, and there was no further word of her. On Feb. 28, Iraq's interior minister told ABC News that Ms. Carroll was still alive, that he knew who had kidnapped her and that he believed she would be released soon.

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In the United States, Ms. Carroll's family reacted joyously to word of her release, as did the editors of The Christian Science Monitor. "My cousin, Mary Beth Carroll — Jill's mother — and all of our family are delighted, thrilled and ecstatic that Jill has been released," Peter Alonzi said in a statement he read outside her home in Evanston, Ill. "My wish is that this joyous occasion will offer hope to all the mothers of Iraq whose children have been kidnapped. May they all be returned safely and swiftly to their mothers' arms.' "

Tariq al-Hashemi, the general secretary of the Iraqi Islamic Party, said at a news conference that Ms. Carroll walked into the office and handed officials a paper written in Arabic asking that the party help her.

Alaa Makki, another leader in the party, said Ms. Carroll seemed wary about talking about her captors.

"We asked her, 'Why did you come to the I.I.P.? Why did you choose the I.I.P.?' " he recalled. "She said, 'I really don't know.' "

He went on: "She said, 'I promised the kidnappers not to speak.' She was a little bit frightened. She was very careful. She didn't give much information."

In the interview shown on television on Thursday, Ms. Carroll said she had been almost entirely cut off from the outside world. She did not know where she had been held, and said her room had a window but that it was obscured. She was well fed and was permitted to take showers and go to the bathroom whenever she wanted. She was able to watch television and see a newspaper only once.

"I didn't really know what was going on in the outside world," she said.

Her release, she said, was as mysterious as her capture. "I don't know what happened," she said. "They just came to me and said, 'O.K., we're letting you go now.' "

Ms. Carroll is the only American woman to have been kidnapped in Iraq and, according to her family, was motivated by a desire to publicize the hardships facing the Iraqi people. Her story of pluck and empathy seemed to capture the public's imagination.

In addition, her plight struck close to home for many of the journalists here in Baghdad who covered it and for whom kidnapping has become one of the foremost threats.

Ms. Carroll traveled to the Middle East in 2002 with a dream of covering a war. In the American Journalism Review last year, she wrote that she moved to Jordan six months before the start of the war "to learn as much about the region as possible before the fighting began." She worked for a newspaper in Amman and took Arabic lessons.

Once in Baghdad, she began working for a number of publications, including The Christian Science Monitor. As conditions worsened for American and other Western reporters working in Iraq — and major news organizations began investing heavily in armed guards and armored cars — Ms. Carroll continued mostly on a shoestring budget. At the time of her kidnapping, she was traveling in an ordinary car, unprotected by guards.

By the time of her abduction, Ms. Carroll was a well-known face at the Hamra Hotel, the home of many Western reporters. She had grown close to Marla Ruzicka, an American aid worker, and when Ms. Ruzicka was killed in a suicide bombing in 2005, Ms. Carroll organized a memorial service for her at the Hamra.

In lighter moments, Ms. Carroll often got water polo matches going in the hotel's pool, where she usually emerged as the fiercest competitor.

Journalist Jill Carroll Freed By Her Captors In Baghdad (WP)

By Jonathan Finer

The Washington Post, March 31, 2006

BAGHDAD, March 30 -- American journalist Jill Carroll, abducted at gunpoint in January, was released Thursday after nearly three months of intensive efforts to free her and public pleas on her behalf from a worldwide chorus of relatives, politicians and religious leaders.

"I was treated very well. That's important people know that," Carroll said in an interview broadcast on the TV station run by the Iraqi Islamic Party, a Sunni Arab organization. "They never said they would hit me, never threatened me in any way. I was just happy to be free, and I want be with my family."

Carroll, 28, a freelance writer who had been working for the Christian Science Monitor, was delivered Thursday morning to a party office in the west Baghdad neighborhood of Amiriyah. She had been kidnapped in Baghdad on Jan. 7 when gunmen ambushed her car, killing her Iraqi interpreter, Allan Enwiyah, 32. Her driver escaped unharmed.

A statement from Carroll's family, posted on the Monitor's Web site Thursday, said: "Our hearts are full. We are elated by Jill's safe release." It also offered prayers for those still held hostage in Iraq.

President Bush, whose spokesman had called Carroll's safe return an administration priority, said in Cancun, Mexico, "I'm really grateful she was released and thank those who worked hard for her release, and we're glad she's alive."

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Carroll's release came one week after three members of the Chicago-based advocacy group Christian Peacemaker Teams, taken hostage in November, were rescued by American and British soldiers. Another group member who had been abducted with them, Tom Fox of Clear Brook, Va., was found shot to death March 9.

More than 425 foreigners, and several times that many Iraqis, have been taken hostage since the U.S.-led invasion in 2003, according to U.S. officials who track abductions. The number of Western journalists, contractors and aid workers kidnapped in Iraq has surged since late last year after a lull of several months.

Throughout Carroll's 82-day ordeal, her parents and twin sister, Katie, and supporters throughout the United States, Europe and the Middle East campaigned for her release by appearing on English- and Arabic-language television networks and placing advertisements in Iraqi and regional media.

The blitz, which included a large rally in the streets of Paris and a giant photo of her face hung on City Hall in Rome, stressed that Carroll, an Arabic speaker who had lived in the Middle East for more than three years, appreciated and admired Iraqi culture and had traveled to the war-torn country to report on the plight of its people.

In an article she wrote last year for the American Journalism Review, Carroll said she had moved to Jordan months before the U.S. invasion of Iraq "to learn as much about the region as possible before the fighting began."

In a late-morning interview with reporters in his yard in Chapel Hill, N.C., broadcast by CNN, Jim Carroll said he had spoken with his daughter at 6 a.m. and learned that she was in "good health" and "mentally strong."

"It was a fantastic conversation," he said. "It's been a long haul."

Just after noon Thursday, Tariq al-Hashimi, secretary general of the Iraqi Islamic Party, called The Washington Post's Baghdad bureau to say that Carroll had been released by "unknown people."

"I have sent armored cars to bring her to the [party] headquarters," he said. "She requested me to talk to you and inform you directly and will be here within half an hour. Will you come here? She is okay. She is safe. She is more or less scared. I told her to calm down and we would take care of her."

Upon her arrival at party headquarters about 1 p.m., party officials asked Carroll, clad in a gray-and-blue scarf and traditional robe, to sit for an interview that they said would be solely for their records.

The interview was broadcast about two hours later on Baghdad TV, the party's satellite station. Carroll said she did not know where she had been held captive nor why her kidnappers decided to release her.

"I don't know what happened," she said in the interview, which was rebroadcast around the world. "They just came to me and said, 'Okay, we're letting you go now.' "

She declined to describe her captivity in detail but said she had been fed well and had access to showers. She said that she rarely received news from the outside world and that the lack of freedom and the uncertainty were hard to bear.

"It was difficult, because I didn't -- I didn't know what would happen to me," she said.

After leaving the party office, Carroll met with U.S. Ambassador Zalmay Khalilzad, who in a news conference Thursday afternoon thanked the Iraqi Islamic Party and all Iraqi politicians who had lobbied for her release. The United States did not make any agreement with Carroll's captors or pay any ransom, he said.

In a statement on its Web site, the Monitor said neither the paper nor Carroll's family had negotiated her release or paid a ransom.

"Furthermore, we have no information that would lead us to believe that any other party negotiated Jill's release or paid a ransom," the statement said.

David Cook, the Washington bureau chief for the Monitor, said he learned of Carroll's release when Jim Carroll called his cellphone at 6:10 a.m.

"Frankly, when I saw it, I thought, 'Oh, some reporter must be bothering Jim.' Because I'm the one who's supposed to chase the reporters away," Cook said later. "And then he told me what was happening, and it was wonderful. It was just stunning."

The identity of Carroll's captors was never fully clear. She appeared in three videos delivered to satellite television networks in the region. In one that aired in January, a little-known group calling itself the Vengeance Brigades threatened to kill Carroll within 72 hours unless all female prisoners held by U.S. forces in Iraq were released. Later that month, five female detainees were freed, a move U.S. military officials said was the result of a standard review of their cases.

Carroll was last seen Feb. 9, telling supporters in footage first broadcast on a Kuwaiti television station that time to win her release was running out. Her captors imposed a Feb. 26 deadline for their demands to be met.

In a final video released Thursday, Carroll was shown speaking positively about her captivity and the mujaheddin, Arabic for holy warriors, who she said were holding her.

From Iraq, A Happy Ending (USAT)

DOJ_NMG_0024695

USA Today, March 31, 2006

Jill Carroll, an American reporter snatched in a bloody kidnapping on a Baghdad street and held hostage for three months, was released unharmed Thursday — a rare bit of good news from Iraq.

At a time when Bush administration officials are blaming the news media for the erosion of public support for U.S. involvement in Iraq, Carroll's story is a reminder of the extraordinary dangers facing reporters trying to get the story there.

Carroll, 28, is a freelance journalist on assignment for The Christian Science Monitor magazine and who also wrote for other news outlets, including USA TODAY. She was on her way to an appointment with an important Iraqi political figure Jan. 7 when her car was ambushed, her driver attacked and her translator killed.

Carroll didn't parachute unprepared into this complex and troubling story. To better relate to Iraqis, she learned Arabic and in public wore the traditional veiled dress favored by Iraqi women. She is known to colleagues and friends for her sympathy for the Iraqi people and determination to present a balanced picture of life in that troubled land.

But Iraq has become a killing field for journalists. At least 86 journalists and support staff, many of them Iraqis, have been killed there in the past three years; 69 journalists died in all of World War II. ABC News anchor Bob Woodruff is still recovering from serious injuries in a bomb blast while he was reporting there in January.

The deadly threats include kidnapping, a thriving industry in the chaos of the post-Saddam era. Hundreds of foreigners have been taken hostage and at least 55 executed by their captors since 2003.

The targets include not only journalists but also peace advocates, relief workers and others trying to help rebuild Iraq — all victims of the country's irrational killers. Carroll's ordeal is a measure of the cost of such commitment.

“All I ever wanted to be was a foreign correspondent,” Jill Carroll wrote from Baghdad last year in a magazine article that described the risks of working there. Readers of this and other publications have been served well by her courage.

U.S. Reporter Carroll Set Free In Baghdad (WT/AP)

By Mariam Fam, Associated Press

The Washington Times, March 31, 2006

BAGHDAD -- Wearing a green Islamic head scarf, American reporter Jill Carroll walked into an Iraqi political party office yesterday, set free nearly three months after being kidnapped in a bloody ambush that killed her translator.

"I was treated well, but I don't know why I was kidnapped," Miss Carroll said on Baghdad television only weeks after she appeared weeping in a video put out by kidnappers who had threatened to kill her.

Her family thanked "the generous people around the world who worked officially or unofficially" to gain her freedom. Her father, Jim, said he was asleep in his North Carolina home when the phone rang about 6 a.m.

"Hi, Dad. This is Jill. I'm released," the voice on the other end said, he told CNN.

No details were given about the circumstances surrounding her release. The U.S. ambassador said there was no ransom paid by the American Embassy, but his remarks left open the question of whether "arrangements" were made by others.

In Washington, a Pentagon spokesman said the U.S. military was not involved in Miss Carroll's release.

President Bush said, "I'm just really grateful she's released, and I want to thank those who worked hard to release her and we're glad she's alive."

Miss Carroll, 28, was kidnapped Jan. 7 in Baghdad's western Adil neighborhood while going to interview Sunni Arab politician Adnan al-Dulaimi for the Christian Science Monitor. Her translator was killed in the attack about 300 yards from Mr. al-Dulaimi's office.

The previously unknown Revenge Brigades took responsibility. The group threatened twice in videotapes to kill Miss Carroll.

"They never hit me. They never even threatened to hit me," she said yesterday, wearing a gray Arabic robe.

"I'm just happy to be free. I want to be with my family."

Miss Carroll said she was kept in a furnished room with a window and a shower, but she did not know where she was.

"I felt I was not free. It was difficult because I didn't know what would happen to me," she said.

She said she was allowed to watch TV once and read a newspaper once.

Asked about the circumstances of her release, she said, "I don't know what happened. They just came to me early this morning and said, 'OK, we are letting you go now.' "

Police Lt. Col. Falah al-Mohammedawi said Miss Carroll was released near an office of the Iraqi Islamic Party, the main Sunni political organization, in western Baghdad. The party released a statement that Miss Carroll walked in at 12:15 p.m. carrying a letter written in Arabic asking the party to help her.

Miss Carroll then was transferred to party headquarters, given gifts that included a Koran and was met by fellow journalists and American officials before leaving about 2:30 p.m., according to the statement.

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U.S. Ambassador Zalmay Khalilzad met with Miss Carroll and said she was in good spirits and anxious to go home. The Italian news agency ANSA said Miss Carroll underwent a medical checkup at the American hospital in the Green Zone.

Mr. Khalilzad also said no kidnappers were "yet" in custody, and no one in the U.S. mission was involved in paying a ransom.

However, German authorities have arrested a man, the FBI said yesterday, who is accused of trying to extort $2 million from the Monitor newspaper by promising to win Miss Carroll's release.

"No U.S. person entered into any arrangements with anyone. By 'U.S. person' I mean the United States mission," Mr. Khalilzad said.

The Christian Science Monitor said it was not aware of any negotiations involving money for Miss Carroll's release.

"We're not shading. We're not hiding. We're just saying what we know. And to our knowledge, no one was paid by anyone," said David Cook, the Monitor's Washington bureau chief.

Miss Carroll's family said it would focus on helping her recover. Jim Carroll told the AP at his house in Chapel Hill, N.C., he was waiting to learn more about his daughter's plans before making travel arrangements.

In a statement issued by the Monitor, the family said, "Our hearts are full. ... We would like to thank all of the generous people around the world who worked officially or unofficially -- especially those who took personal risk -- to gain Jill's release."

During Miss Carroll's months in captivity, she had appeared in three videos broadcast on Arab television, pleading for her life.

Her captors had demanded the release of all female detainees in Iraq by Feb. 26 and said Miss Carroll would be killed if that did not happen. The date came and went with no word about her fate.

American Journalist Jill Carroll Freed After Nearly 3 Months (KRT)

By Nancy A. Youssef And Shatha Al Awsy

Knight Ridder, March 30, 2006

BAGHDAD, Iraq - Jill Carroll's nearly three months of captivity ended around 12:20 p.m. Thursday when she walked into an Iraqi Islamic Party office in western Baghdad and handed the front-desk clerk a note asking for help.

The kidnapped American journalist, a freelancer for the Christian Science Monitor, had been snatched just a few miles away on Jan. 7 while leaving a Sunni politician's office. Her whereabouts had been unknown until a car dropped her off in front of the party's office, guards at the building said. She appeared healthy.

In an interview broadcast on Baghdad television, Carroll said she was treated well during her 82 days of captivity. Still wearing a hijab, which covered her hair, Carroll said she was fed well and allowed to go to the bathroom by herself. She emphasized that she was never threatened. She said she occasionally heard news, but she didn't know what led to her release, including whether a ransom had been paid.

"You would have to ask the mujahadeen (religious fighters) that," she said. "They came to me and said, `OK, we are letting you go now.'"

On the Christian Science Monitor Web site, Editor Richard Bergenheim said no ransom had been paid. In three tapes released to Iraqi media during her captivity, a group called the Vengeance Brigade said it was holding Carroll.

In the last tape, the kidnappers threatened to kill Carroll unless all female prisoners in Iraq were released by Feb. 26. U.S. officials freed five of the nine prisoners around that time, but they said that their release was unrelated to the demand. The deadline passed with no word of Carroll, but Minister of Interior Bayan Jabr said two days later that he believed she was alive.

Officials at the Ministry of Justice said five female detainees remain in Iraq.

Carroll's arrival at the Iraqi Islamic Party on Thursday initially caused confusion. The note, written in Arabic, said that she was a hostage and asked officials there to deliver her to her country, said employees at the Iraqi Islamic Party office.

However, the employees said Carroll looked like an Iraqi, perhaps an employee of the party's women's section. She was wearing an Islamic gown, and her hair was veiled. She also wore a khamar, a piece of cloth that covered most of her face. Only her red spectacles were visible.

The front-desk clerk went to the office manager and said a woman wanted to talk to him. "I'm too busy," the office manager, who wanted to be referred to only by the nickname Abu Hassan, replied. He got up only at the clerk's insistence.

After he read the note, Abu Hassan said, Carroll took off the khamar, revealing her face.

Workers at the office said they didn't know what to do next. No one spoke English, so Carroll tried to communicate in broken Arabic, telling the staff that she was a hostage. But Hassan said he was nervous, given the security situation, and feared that she could be untrustworthy. He called the party's general secretary, Tariq al-Hashimi, who spoke English, and asked him to talk to Carroll. Hashimi said he assured Carroll that she was safe and sent a convoy of cars and guards to pick her up and take her to party headquarters.

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"She was very nervous. And she was very scared of everybody around her. She just wanted to go home," Hassan said.

On average, about 35 Iraqis are kidnapped every day. More than 400 foreigners have been snatched since April 2003. Carroll's kidnapping captured international attention as her newspaper colleagues, friends and family frequently appealed to her captors, telling them about her reverence for Iraqis and her commitment to telling their stories.

While at Hashimi's office, Carroll called her father. Jim Carroll, in an interview outside his North Carolina home, said he received the call around 6 a.m. (or 2 p.m. Baghdad time).

She said: "Hi, Dad. This is Jill. I'm released."

Al Awsy is a Knight Ridder Newspapers special correspondent.

Courage In Coverage (WP)

By David Ignatius

The Washington Post, March 31, 2006

Yesterday's release of American journalist Jill Carroll makes this a good moment to celebrate the work that reporters are doing every day in Iraq. They are taking huge personal risks to bring back the news -- not "good news," as some supporters of the administration often seem to want, but the news.

Anyone taking potshots at the "mainstream media" should read the description of what it's like to cover Baghdad that appears in the April/May issue of the American Journalism Review. The story opens with a description of NPR's Deborah Amos, dressed in Arab clothes, anxiously scanning the street for bombers and kidnappers as she heads for an interview in the protected Green Zone. And that's an easy assignment.

Like most resident correspondents, National Public Radio reporters such as Amos live and work in the "Red Zone" -- meaning the real Iraq. These reporters are in daily contact, through their Iraqi staffs, with the nightmare the Iraqi people are experiencing. When their reporting contrasts with the more upbeat accounts coming out of the Green Zone, the reporters in the Red Zone generally have been right, for a simple reason: They are closer to the story.

Jeffrey Gettleman of the New York Times showed what you learn out in the Red Zone in stories Sunday about the spread of gruesome revenge killings: "By conservative counts, nearly 200 civilian men have been executed in the past two weeks and dumped on Baghdad's streets. Many have been hogtied. Some have had acid splashed on their faces. Others have been found without toes, fingers, eyes." Gettleman, who had been away from Iraq for more than a year, wrote that something fundamental had changed: The violence had "turned inward" into sectarian warfare.

A strong warning about the rise in sectarian violence came from my Post colleague Ellen Knickmeyer. She reported in February, after a revered Shiite mosque in Samarra was destroyed, that Shiite militiamen were brutally killing Sunnis. Her sources said Iraqi and international officials tallied more than a thousand bodies. Her reports were criticized by U.S. officials in the Green Zone, who said the number was far smaller. The dispute obscured the deeper truth that Knickmeyer was reporting: the sharp increase in brutal killings by Shiite death squads. Fortunately that point wasn't lost on U.S. Ambassador Zalmay Khalilzad, who has warned in recent days that America will not support an Iraqi government that doesn't crack down on the Shiite militias.

Western journalists in Baghdad depend increasingly on our Iraqi colleagues, who are some of the bravest reporters in the world. Several of the best Iraqi journalists have created their own blogs. In one, 24 Steps to Liberty, an Iraqi reporter described the living hell of Baghdad's al-Rabie Street on Sunday: "Driving in this street after six p.m. makes every thought of killing, kidnapping, insurgents, and everything bad . . . become present in your mind. That is what the Iraqis see every night."

Another brave Iraqi reporter, whose blog is Treasure of Baghdad, recounted this week a terrifying experience at his home when people opened fire nearby. "I first thought these were the 'men in black' breaking into the houses of my Sunni neighbors trying to kill them, then I thought these might be Sunni insurgent[s] trying to break into the houses of the few Shiite families that live in the same street." His father cocked his rifle to defend the family, but the gunmen went away.

American journalists report the successes of U.S. policy, and there have been some lately, at a level above the mean streets of Baghdad. Iraqi political leaders have been meeting to try to form a national unity government, and the Iraqi army is showing signs of becoming a better fighting force. But there are also some horrific stories: Time magazine published a disturbing account in its March 27 issue about how U.S. Marines are believed to have killed 15 Iraqi civilians in their homes in Haditha last November after a roadside bomb attack. This may prove a shocking tale when more details emerge about what happened, but it's a story that journalists must report.

Supporters of the Bush administration sometimes argue that journalists should report more good news. Certainly we need to tell the stories of the thousands of brave and decent Americans and Iraqis who are trying every day to make the country better. And if an Iraqi unity government can take hold and restore stability, there will be a stampede of reporters to cover this success. But a reporter's job is to tell the truth, even when it hurts. Americans should be grateful that reporters such as Jill Carroll

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are risking their lives to chronicle this agonizing story -- and tell Americans not what they want to hear, but what they need to know.

Parents Maintain Vigil For Lone Soldier Missing In Iraq (USAT)

By Emily Bazar

USA Today, March 31, 2006

BATAVIA, Ohio — Carolyn Maupin speaks to her son only in her prayers. She implores him to stay strong. She begs him to keep faith.

And four times during the past two years, she says, she has heard him answer.

"He'll say, 'I'm OK, Mom. I'm OK,' " Maupin says of her son, Sgt. Keith "Matt" Maupin, who disappeared almost two years ago when his convoy was attacked in Iraq. "One time he said, 'I'll be home, Mom. I'll be home.' "

Maupin, 22, holds a unique and tragic place in the war in Iraq. He is the only American soldier who remains missing since the war began three years ago.

On April 9, Carolyn Maupin and Keith Maupin, Matt's father, will mark the second anniversary of his disappearance.

On the day he vanished — April 9, 2004 — Maupin escorted a convoy of fuel trucks headed for Baghdad's airport. Along the way, insurgents attacked. They lobbed grenades at the trucks, some of which burst into flames. Mortar shells exploded nearby. And Maupin disappeared.

A week later, the news station Al-Jazeera broadcast a video showing Maupin, looking healthy but dazed, seated in front of masked gunmen. Then in June 2004, a dark and grainy video surfaced. It showed a blindfolded man being shot in the head. An off-camera voice identified the victim as Matt Maupin.

No body was recovered, however, and military officials who analyzed the video said they could not verify that the man who had seemingly been executed was Maupin.

"There was no conclusive evidence to show it was Matt," says Shari Lawrence of the U.S. Army Human Resources Command.

As a result, the search for Maupin continues. "We've been following up on any potential leads," says Paul Boyce, a U.S. Army spokesman.

Boyce says soldiers are on standing orders to look for Maupin as part of their regular duties. Neither the military nor Maupin's family know where he is or who took him. But the Maupins believe, without question, that their son is alive and waiting to be rescued.

With the release Thursday of journalist Jill Carroll, Carolyn Maupin hopes her son might follow soon. "It gives me more hope that Matt's out there," she says.

For two years, Carolyn and Keith Maupin have dedicated their lives to Matt. Their primary mission: to make sure their son comes home, no matter how long it takes.

"We will not let Matt be forgotten," Carolyn says after replacing the wilting yellow ribbons in her front yard with crisp new ones. "I don't want him left behind. I don't want him left there."

Maupin, a fitness fanatic who was studying nutritional science at a local college, joined the Army Reserve for the tuition aid, his mom says. She protested, telling him the family would manage. "He said, 'Mom, I want to do more than just manage,' " she recalls.

Shortly after Maupin disappeared, his parents founded the Yellow Ribbon Support Center. Keith Maupin says he even left his job to spend more time there.

The non-profit, which operates out of a strip mall, is a bustling hub of patriotism. In the past two years, the center has shipped more than 4,500 packages to troops in Afghanistan and Iraq.

In each box, next to the Girl Scout cookies, beef jerky and packets of microwave popcorn, volunteers include a packet of pictures of Maupin. A sticker on the back of each picture asks for prayers.

Every Friday, a Pentagon official calls with an update. Though the calls buoy the Maupins, who are divorced, the mystery haunts them.

"I wonder if he hears the bombs of the soldiers and their rifles," says Carolyn Maupin, 58. She envisions her son in a room somewhere, his captors milling around him.

Keith Maupin's vision is similar. He sees his son in a shed with a cot.

For Keith, 55, falling asleep is sometimes difficult. He fondly recalls his bass fishing excursions with Matt. "He's my hero," he says of his son.

Carolyn is prone to worry, and her eyes betray fatigue. She misses the silly moments she shared with her son, like laughing uproariously during reruns of The Golden Girls.

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She carries his letters from Iraq in her purse. They are curling at the edges and flimsy from her touch.

"I wouldn't come here on a bet. This place sucks," he wrote in an e-mail from Kuwait on March 3, 2004, about a month before he disappeared. He inquired about his nephew, the dog and the cat, and asked his mom if she had washed his fire-engine red 1998 Mustang.

"I just wrote to let you know I'm still alive and that I can't wait to come back to America," the e-mail reads.

Carolyn and Keith Maupin can't wait for him to come back, either.

Carolyn's small ranch house is full of altars to her son, reminders of his service to the country and his disappearance. Plastic storage totes contain more than 10,000 letters from well-wishers.

Inside Matt's room, his Christmas presents from 2004 remain wrapped and waiting. At the foot of his bed sits a cardboard box his mother can't bring herself to open.

The Army sent the box after his disappearance. Carolyn knows it contains his glasses and other items that search dogs sniffed out in the days after the attack.

"It's too personal right now," she says. "I'll just save this for Matt when he gets home."

Carolyn has thought about going to Iraq and searching for her son herself. She says she may consider it more seriously if he remains missing when the rest of the troops come home.

If she goes, she says, she plans to climb to the top of the highest hill and scold her son in her strictest, most maternal tone.

"I want to yell 'Matthew Maupin, get yourself up here right now!' " she says with a smile. "He'll know my voice."

A Mix Of Motives In Kidnappings (USAT)

By Mark Memmott And Tom Vanden Brook

USA Today, March 31, 2006

In Iraq, kidnapping can be a powerful propaganda tool or a way to make money.

Sometimes, it's both.

"The great majority are commercial transactions," says Neil Livingstone, CEO of security consulting firm GlobalOptions and author of nine books on terrorism. That's the case in Iraq, he says, where most kidnappings are "Iraqi on Iraqi — some of them sectarian, some of them personal score-settling, most of them monetary."

In recent years, Livingstone notes, "we've seen the rise of Islamic zealots in the current Middle East conflict who kill to show their power and to intimidate."

They hope, Livingstone says, to say, "You're vulnerable, and you can't stop us." He cites as an example the al-Qaeda operatives who kidnapped and killed Wall Street Journal reporter Daniel Pearl in Pakistan in 2002.

Videos of hostages are powerful tools used to spread the kidnappers' messages and instill fear. They get replayed on news networks in both the Middle East and the West. They're among the reasons Defense Secretary Donald Rumsfeld and others in the Bush administration say the United States is at risk of losing the "propaganda war."

Jill Carroll, the American freelance journalist released Thursday, was shown in three videos made by her captors.

"(Osama) bin Laden and (his al-Qaeda aides) have media committees, and they sit down and they plan how they're going to manipulate the press," Rumsfeld said this week in a radio interview.

The Times of London last week called kidnapping "today's weapon of war" and urged the news media to report on kidnappings with more restraint.

Increasingly in Iraq, the two motives — kidnappings for profit and kidnappings for propaganda — are merging.

In Baghdad, four or five organized criminal gangs control the streets, prowling for anybody who looks non-Iraqi, says Steven Casteel, a senior vice president at the security firm Vance International. Kidnappers want somebody who works for a company or government willing to pay for his or her release, he says.

U.S. Embassy spokeswoman Elizabeth Colton told the Associated Press in Baghdad on Thursday that 10 to 20 Iraqis are taken hostage every day. Ransoms average $20,000 to $30,000, she said.

But if gangs can't get a ransom quickly, they sometimes "sell" foreign hostages to terrorist groups. About 430 foreigners have been kidnapped in Iraq since April 2003, Colton said.

Carroll was held by a group that, in the videos, called itself the Revenge Brigades and made political demands. Even so, it's unclear whether she was released by the same group that abducted her — or was passed from one group to another for profit.

In its story today, The Christian Science Monitor says there were at least "a dozen false leads in the effort to free" Carroll, mainly efforts by scam artists who claimed to be holding her and demanded money for her release. One, the Monitor reports, "turned out to be a young Nigerian (who) was arrested in Germany."

In Iraq, the biggest problem in negotiating a hostage release, Livingstone says, is "the charlatans."

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He says he grew hopeful about Carroll after a deadline set by her captors passed without her body being found. “That telegraphed they were not serious about wanting to kill her,” he says.

Shiite Ayatollah Ignores Letter From Bush (AP)

By Qassim Abdul-zahra

AP, March 30, 2006

A letter from President Bush to Iraq's supreme Shiite spiritual leader, Ayatollah Ali al-Sistani, was hand-delivered earlier this week but sits unread and untranslated in the top religious figure's office, a key al-Sistani aide told The Associated Press on Thursday.

The aide — who has never allowed use of his name in news reports, citing al-Sistani's refusal to make any public statements himself — said the ayatollah had laid the letter aside and did not ask for a translation because of increasing "unhappiness" over what senior Shiite leaders see as American meddling in Iraqi attempts to form their first, permanent post-invasion government.

The aide said the person who delivered the Bush letter — he would not identify the messenger by name or nationality — said it carried Bush's thanks to al-Sistani for calling for calm among his followers in preventing the outbreak of civil war after a Shiite shrine was bombed late last month.

The messenger also was said to have explained that the letter reinforced the American position that Prime Minister Ibrahim al-Jaafari should not be given a second term. Al-Sistani has not publicly taken sides in the dispute, but rather has called for Shiite unity.

The United States was known to object to al-Jaafari's second term but has never said so outright and in public.

But on Saturday, U.S. Ambassador Zalmay Khalilzad carried a similar letter from Bush to a meeting with Abdul-Aziz al-Hakim, leader of the largest Shiite political organization, the Supreme Council for the Islamic Revolution in Iraq.

The al-Sistani aide said Shiite displeasure with U.S. involvement was so deep that dignitaries in the holy city of Najaf refused to meet Khalilzad on Wednesday during ceremonies commemorating the death of the Prophet Muhammad. The Afghan-born Khalilzad is a Sunni Muslim.

Elizabeth Colton, the U.S. Embassy spokeswoman, said Khalilzad had not sought any meetings and simply flew over Najaf and the nearby holy city of Karbala to witness the big processions of Shiite faithful marking the day.

"The ambassador did a fly over to see people on the streets of Karabala and Najaf. The ambassador did not ask to see anyone and did not go into either city," Colton told AP.

The United States is believed to oppose al-Jaafari because of his close ties and strong backing from radical Shiite cleric Muqtada al-Sadr, who has a thousands-strong heavily armed militia that was responsible for much of the violence that hit the country after the Feb. 22 bombing of an important Shiite shrine in Samarra, north of Baghdad.

At a news conference Thursday, al-Jaafari said he had met with Khalilzad a day earlier and that the U.S. ambassador denied remarks attributed to him about the prime minister's candidacy for a new term.

"I don't care much about these matters. I look at the Iraqi people and the democratic mechanisms," al-Jaafari said.

Al-Sadr, who is staunchly anti-American, met with al-Sistani in Najaf on Thursday but emerged without making a statement.

The stalemate over forming a new government for Iraq, in its sixth week after the certification of the vote in parliamentary elections Dec. 15, is focused on al-Jaafari's candidacy, opposed by minority Sunni and Kurdish politicians as well as many moderate Shiites.

He was nominated for a second and permanent four-year term by one vote and with al-Sadr's backing. The Iraqi constitution dictates that the largest parliamentary bloc is entitled to select the prime minister. The Shiite United Iraqi Alliance holds 135 seats in the 275-member legislature.

At least 27 more people died in violence, meanwhile, including a 4-year-old girl who was killed when a car bomb exploded near the Shiite Ali Basha mosque in Baghdad's eastern Kryaat neighborhood. Police Lt. Thaer Mahmoud said at least 10 other bystanders were injured.

In Beiji, 155 miles north of Baghdad, gunmen killed eight workers from the city power plant as they left work, police Lt. Mahanad Khalid said.

Gunmen in two cars arrived at the al-Amin bakery in Baghdad's dangerous southern neighborhood of Dora and killed three workers, police Lt. Maitham Abdul-Razzaq said.

The U.S. military reported two deaths. A soldier assigned to the 9th Naval Construction Regiment died Tuesday from wounds sustained in fighting in Anbar province. An airman assigned to the 447th Air Expeditionary Group was killed Thursday near Baghdad. A fellow airman was injured when a roadside bomb exploded as they worked to disarm it, the Central Command reported.

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Iraq At The 11th Hour (NYT)

By Thomas L. Friedman

The New York Times, March 31, 2006

The fate of the entire U.S. enterprise in Iraq now hangs in the balance, as the war has entered a dangerous new phase. It is the phase of barbaric identity-card violence between Sunnis and Shiites. In the late 1970's, I covered a similar moment in Lebanon, and the one thing I learned was this: Once this kind of venom gets unleashed — with members of each community literally beheading each other on the basis of their religious identities — it poisons everything. You enter a realm that is beyond politics, a realm where fear and revenge dominate everyone's thinking — and that is where Iraq is heading.

Jeffrey Gettleman reported last Sunday in this paper about Mohannad al-Azawi, a quiet Sunni pet shop owner in Baghdad who was abducted from his store and found murdered the next morning. His skin was covered with purple welts, and his face and legs had drill holes in them. His brother Hassan, the story noted, "carries the autopsy photos with him, along with a pistol. 'I cannot live without vengeance,' he said."

Once embedded, this cycle of fear and revenge is almost impossible to break. People conclude that the only thing that can protect them is a militia from their own sect, not the police or the army. Then these militias, which come to life to protect the neighborhood, take on a life of their own. They develop protection rackets, feel the thrill of power and, as that happens, start to do all they can to prevent the government from restoring its authority. Finally, as the BBC noted in a recent report from Baghdad, some Iraqi politicians are now concluding that "they can gain more power and influence from building on sectarian loyalties than from appeals for national unity." When politicians decide they can get ahead by appealing more to fear than to hope, national reconciliation goes up in smoke.

A Baghdad blogger, the Mesopotamian, quoted by AndrewSullivan.com, gave a vivid description of his neighborhood: "The confusion and conflict between the Americans, the army and the Ministry of Interior is producing a situation where the citizens don't know anymore whether the security personnel in the street are friends, enemies, terrorists or simply criminals and thieves. Everybody is wearing the same uniforms. Whole sections of the city have virtually fallen to gangs and terrorists, and this is especially true for the 'Sunni'-dominated neighborhoods. People and businesses are being robbed and the employees kidnapped en masse in broad daylight and with complete ease as though security forces are nonexistent, although we see them everywhere.

"I don't know anymore what can be done to rescue the situation. At least, those who are supposed to be in positions of responsibility should stop lying and painting a false picture. ... I regret sounding so pessimistic, but the alarm must be sounded. ... What is happening is Baghdad is something really awful."

Donald Rumsfeld's criminally negligent decision not to deploy enough troops in Iraq to begin with created this security vacuum. But the insecurity was compounded by the unique enemy that emerged to take advantage of that vacuum — Sunni Islamo-nihilists. These are a disparate collection of groups with one common agenda: America and its Iraqi allies must fail; they must not be allowed to build Iraq into a Western-style, democratizing society. When you are up against an enemy whose only goal is that you must fail, and which does not care about how much death and destruction it inflicts on its own people, let alone on others, it is extremely difficult to establish order.

The Iraqi Shiite community showed remarkable restraint in the face of the murderous provocations by these Islamo-nihilist gangs during the past three years. But that restraint is over. It's now clear that some Shiite militias are ready to match the Sunni nihilists, killing for killing. So the slide into a medieval barbarism has begun.

Do not believe any of the Bush team's happy talk. It doesn't matter if Iraq is quiet in the south and quiet in the north. If Baghdad, the heart of the country, is being ripped apart, then there is no Iraq — because there is no center.

There is only one hope for halting this slide and that is the formation — immediately — of a national unity government in Iraq, with Shiites, Sunnis and Kurds sharing power, and the deployment on the streets — immediately — of massive numbers of troops and police, both Iraqi and American, to prevent more of these tribal killings. If a national unity government is not formed soon, and if these identity-card murderers gain more momentum, any hope for building a decent Iraq will vanish.

It is five minutes to midnight.

Republicans Eye Modest Tax-Cut Victory (WSJ)

By John Harwood

The Wall Street Journal, March 31, 2006

REPUBLICANS GROW confident of salvaging modest tax-cut victory.

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Though hitting initial April tax-day target is unlikely, strategists at the White House and on Capitol Hill predict passage of temporary extension of the 15% rate on dividends and capital gains. Shorter extension makes it possible to include alternative-minimum tax relief in five-year, $70 billion package.

Other tax proposals seek election-year political points. Senate leader Frist plans May vote on abolishing estate tax, though Republicans lack the 60 votes needed to defeat potential Democratic filibuster. Former Treasury Secretary O'Neill's remarks defending the tax strengthen Democratic argument.

Conservative activist Grover Norquist pushes repeal of 3% telephone excise tax, with floor vote "close to the election."

MCCAIN GAINS from improving odds for immigrant guest-worker program.

House Speaker Hastert's openness to guest-worker compromise enhances Arizona senator's reputation for driving Hill action. Championing White House priorities, on immigration as well as Iraq, fuels his hopes for wooing Bush loyalists.

Tough border-security talk by Frist, McCain's 2008 rival, could produce inroads among conservative Christians; by 64%-29%, evangelical Protestants call immigrants a burden rather than a benefit in new Pew Hispanic Center poll. But damage to party efforts to increase Hispanic support, warns former Rep. Vin Weber, could be "so great as to be fatal to any chance of a Republican majority."

DEMOCRATS HOPE adverse polls prompt more Republican retirements.

Republicans' 1994 landslide was fueled by 31 open seats that Democrats had held. So far, just 18 Republican-held seats have become open as summer candidate-filing deadlines approach.

Battleground-state polling by Zogby Interactive2 shows slight improvement in Democratic Senate prospects since January, with the share of undecided voters rising. A Republican campaign strategist notes that "We haven't fought back yet" with TV ads; House and Senate campaign committees tap Republican Chairman Mehlman for get-out-the-vote programs to emulate Bush's 2004 success in exurbs.

Cheney steps up fund-raising travels for candidates.

OOPS: The IRS faults its own incorrect statistics for a watchdog group's report that audits are performed on less than one-tenth of one percent of taxpayers earning at least $1-million. In fact, says the tax-collection agency, around 5% of those 225,000 taxpayers' returns were audited in 2005.

JUMP-START? Drug makers and employers, frustrated by attacks on private-sector health proposals, form a new advocacy group including former Bush health secretary Thompson. They hope Health Care America will offset liberal Families USA. Administration insiders say Bush's proposed expansion of health-savings accounts can still pass if attached to another popular measure.

WAR VETS ORGANIZE to back Bush on Iraq. VetsforFreedom.org3, a nonprofit group of recently returned soldiers, cites a "disconnect" between what soldiers and veterans think about the war and what's portrayed in the media. "We've got good men dying and the politicians are using it for political grandstanding," says Wade Zirkle, a co-founder who served two deployments to Iraq.

CAMPAIGN TIME: French immunologist Michel Kazatchkine launches bid to head the multibillion-dollar Global Fund to Fight AIDS, Tuberculosis and Malaria. The French government AIDS coordinator plans a lobbying effort to reassure Bush administration that he intends to work hand-in-hand with U.S. AIDS programs. "There's no room for competition," he says.

RUMORS SWIRL of changes at Treasury following Bolten's elevation.

"This administration has no economic spokesman," grouses a top Republican strategist, who notes that voters complain about the economy despite its 3.5% growth clip. Yet Republicans acknowledge that Secretary Snow has been loyally on-message and doubt a replacement would get policy clout.

Dubai ports controversy hurts Deputy Secretary Kimmitt's chance of moving up if Snow departs. To replace Bolten at budget office, current deputy Joel Kaplan is seen as more politically savvy but less connected than colleague Clay Johnson, Bush's one-time classmate.

Bush waited until after 2002 midterm election to sack Snow's predecessor, O'Neill.

MINOR MEMOS: After Democratic leader plays down Rep. McKinney's "unfortunate incident" with Capitol cop, Speaker Hastert's spokesman asks, "How many officers would have to be punched before it becomes a big deal?" ... Errant marksman Cheney ranks second, behind Michael Jackson, on New York publicist Jeff Barge's "Most Foolish American" survey.

Wis. Communities Will Vote On Whether To Get Out Of Iraq (USAT)

By Judy Keen

USA Today, March 31, 2006

EVANSVILLE, Wis. — Cheryl Hurst doesn't hesitate when asked whether U.S. troops should be withdrawn from Iraq. “Bring them home,” the 47-year-old restaurant manager says. “They've been there long enough.”

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Matthew Persons, 30, is just as emphatic. “Leave them there until the job is done,” says the Air Force veteran, who works for an aviation company. “Pulling out won't solve anything and will let the terrorists know that what they do works.”

On Tuesday, they can express their disparate opinions in a voting booth. People in 32 communities across Wisconsin, including Evansville, will vote on referendums calling for the “orderly and rapid” withdrawal of U.S. troops from Iraq. This town of 4,000 is the only place where residents also will vote on a separate referendum stating that U.S. forces should remain until “unquestioned victory is clearly won.”

The outcome won't carry any legal weight here or in Washington. But if all the anti-war measures pass, politicians might not be able to ignore the results, says Kenneth Mayer, a political scientist at the University of Wisconsin-Madison.

“If enough people are willing to say ‘enough,' and elected officials start thinking they need to be responsive, it will embolden opponents of the war, and … the administration will have to take that into account,” he says.

Anti-war resolutions have been adopted by more than 50 local governments across the USA and at more than 40 town meetings in Vermont. Wisconsin's capital, Madison, is the largest city that will vote Tuesday on the measure. Milwaukee will vote on it in November.

Here in Evansville, the competing measures pit neighbors against each other and have stirred passionate debate. No one from here has died in Iraq, but many residents have relatives who served there.

The withdraw-now referendum originated with the state's Green Party and the Wisconsin Network for Peace and Justice. Fred Juergens, 67, a retired chemistry professor and chairman of the liberal group Citizens United of Union/Evansville, organized a drive to gather enough signatures to add it to local races on Tuesday's ballot.

“The people have to lead the leaders out of this war,” says Juergens, a city alderman. “If we didn't think it would make a difference, we wouldn't bother doing it. We're not protesting just for the sake of whining.”

When the City Council voted to put the anti-war referendum on the ballot, neighbors Tony Ryerson and Ron Gay wrote their own referendum saying troops should stay in Iraq and collected enough signatures to put it on the ballot, too. “We all complain a lot, but I thought it was about time I got involved,” says Ryerson, 45, a public works employee.

Gay, 51, is pastor of Grace Independent Baptist Church and has served in the Marines. Some of his parishioners wish he would keep out of politics, he says, “but American citizenship is a responsibility, and sometimes you have to face burdens for the better good.”

National polls show that many Americans have soured on the war. A March 10-12 USA TODAY/CNN/Gallup Poll found that 54% say U.S. troops should be withdrawn now or within a year, and 60% say the war wasn't worth it.

In Evansville, which voted for Democrat John Kerry in the 2004 presidential election, some people say they're torn. Joanne Dean, 60, isn't happy about the war and says President Bush “doesn't listen to the people.” But she adds, “I don't support another Vietnam walk-away” that would leave the Iraqi people fending for themselves.

At a forum on both referendums Wednesday night, Gay and Ryerson made their case for keeping troops in Iraq, and two members of Veterans for Peace argued against the war. Withdrawal is “logical, practical and absolutely necessary” and should be followed with humanitarian aid, said David Giffey, a Vietnam War veteran from nearby Arena. “If we leave, (Iraq) belongs to the insurgency,” Gay said. “Part of the cost of freedom is sometimes people have to risk their lives.”

Special education teacher Robin Van Rooy, 41, listened attentively. “I'd like to see the troops come back now, but I guess I worry about the consequences,” she says. She's dismayed by the growing number of U.S. dead in Iraq. However, she worries that withdrawal would leave Iraq “a big mess.”

Heather Heinzer, 28, a mom who works from home selling custom photo albums, shares Van Rooy's concerns. “It's not a cut-and-dried issue,” she said at the forum. “I could sit here and cry at the thought of all the things the people serving in Iraq are missing. But if we leave, where does that leave the Iraqi people?”

Nurse Barbara Buttchen, 56, isn't sure how she'll vote but says giving people a chance to have their say is important: “The president is supposed to listen to all of us.”

Philip Stephens: Democracy Requires Patience (FT)

By Philip Stephens

Financial Times, March 31, 2006

There is an interesting and, for outsiders, rather amusing spat raging in Washington between neo-conservatives past and present. Francis Fukuyama, once a celebrated cheerleader for the muscular interventionism that led the US into war with Iraq, has recanted. The invasion was a mistake. The US cannot remake the tyrannies of the world in its own democratic image.

Such apostasy has greatly irritated those who believe that the mission to spread freedom and democracy around the world is George W. Bush’s last chance for an enduring legacy. Power never flows faster than away from a second-term president. Mr

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Bush has exhausted his political capital earlier than most. This week the president looked on helplessly as Republicans in Congress fought themselves to a standstill about immigration.

Mr Fukuyama's rediscovery of himself as something called a Wilsonian realist has drawn a sharp response from erstwhile allies. Charles Krauthammer, a high priest of the neo-conservative faith, used his column in The Washington Post the other day to launch a scathing counter-attack. It was the latest of many.

Yet the neo-cons have been in broad retreat for some time. Many, particularly those once clustered around Dick Cheney, the vice-president, and Donald Rumsfeld, the defence secretary, have left the administration. Mr Rumsfeld himself is blamed by just about everybody in Washington for the incompetence that has led to the chaos in Iraq.

So we might simply smile at this latest falling out among erstwhile friends and move on. Mr Fukuyama hardly has a hotline to the president. Nor is he well known for consistency. In the acerbic observation of a fellow academic, he has made an excellent living from changing his mind.

I thought that a little unkind. Mr Fukuyama's conversion to the efficacy of soft power as an instrument of foreign policy is to be applauded. "Wilsonian realism" sounds uncannily like the "liberal internationalism" that some in the European Union have been advocating for the past several decades.

What makes the schism among neo-cons interesting is that it parallels a serious political debate, inside and outside the administration, about whether the US can align a foreign policy constructed around values with the more pressing daily concerns of geopolitics. As the presidency stumbles, the so-called Bush doctrine is under increasing fire.

The president has not changed his mind. He is as firm as ever in his conviction that America must use its power for a moral purpose. The administration's latest National Security Strategy sets as the first pillar of US foreign policy "promoting freedom, justice and human dignity". In a conscious echo of the president's second inaugural address of January 2005, the new strategy sets out in some detail why the spread of democracy is the answer to terrorism. In deference to the growing unpopularity of the Iraq war, the paper does tone down military dimensions of the policy, embracing in its place "transformational diplomacy". But the objective remains.

If the debacle in Iraq has demonstrated the limits of US military power, Mr Bush's democracy agenda still attests to the power of ideas in politics. Democrats will concede that one of the reasons American foreign policy drifted during Bill Clinton's presidency is because the administration eschewed any binding philosophy. If nothing else, the neo-conservatives set the terms of a new debate.

In other circumstances, one would expect the party of Woodrow Wilson to support Mr Bush's ambitions, if not his means. One Clinton-era foreign policy adviser told me this week there was little in Mr Bush's second inaugural address with which he could disagree. But the Democrats have not forgiven themselves for supporting the Iraq war. Proselytising for democracy sounds too much these days like military adventurism.

In any event, the Democrats' loathing of the president transcends policy considerations. Recent political battles, not least over the proposed takeover of some US container terminals by Dubai Ports World, have seen the minority party retreat, quite shamelessly, into a foreign policy based on fortress America.

There are plenty of Republicans who are similarly inclined. The party's traditional realists in Congress have been joined by those who see self-interested nationalism as the best way to defend their seats in the coming mid-term elections.

Within the administration, meanwhile, officials are struggling to give policy substance to Mr Bush's foreign policy idealism. In the words of one senior figure the challenge is to "operationalise" the new security strategy. The signs are that they have not gone very far. Word has it that attempts by Mr Bush's National Security Council to set out what it implies for each of America's myriad global relationships have run into the sands of inter-agency dispute. Values are too often colliding with short-term interests.

The jolt to the strategy delivered by the victory of Hamas in the Palestinian elections is still evident. Mr Bush is said to be unrepentant about his insistence the elections should go ahead. Yet there is precious little evidence that the administration knows how to deal with the new political realities in the region.

The relationship with Russia poses a different set of problems. No one pretends that Vladimir Putin has done anything other than reverse Russia's always uncertain march towards democracy. But equally, Mr Bush needs Mr Putin's help to keep up the pressure on Iran over its nuclear programme. As for the drive to democratise the greater Middle East, where does the balance lie between freedom and oil?

Quiz the administration officials charged with striking these balances and they will tell you that there are never easy trade-offs. Promoting democracy, in the words of one senior official, was always going to be "messy". It is a generational project. If some had made the mistake of overestimating how much could be done in the short term, it would be equally foolish to underestimate what could be achieved over the long term. Maybe. But the frequent talk in this administration about legacy raises

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the suspicion that it has become a substitute for hard policy choices now. Wilsonian realism, liberal internationalism, call it what you will, requires consistency and patience. These are hard to find in a weakened presidency.

Inside The Ring (WT)

By Bill Gertz And Rowan Scarborough

The Washington Times, March 31, 2006

Unrestricted warfare

Two of China's most notorious military strategists are coming to the United States, not as guests of the Pentagon, but under a State Department program.

Col. Qiao Liang and Col. Wang Xiangsui are authors of the 1999 book "Unrestricted Warfare," which advocates China's use all forms of warfare, including state-supported terrorism, to win future conflicts.

"From a military standpoint, then, the traditional terror war is characterized by the use of limited resources to fight an unlimited war," they wrote.

The colonels' visit, expected in the next few weeks, comes amid questions about the Pentagon's military exchange program with China led by Adm. William J. Fallon, head of the U.S. Pacific Command.

Pentagon officials tell us China's military for nearly a decade has failed to cooperate with the United States in its selection of military officers for exchanges.

Policy-oriented military leaders have been blocked from the exchange program and their identity within an officer corps, estimated to be as many as 300,000 officers, remains a secret.

Instead, the Chinese military only sends officers who either seek information on U.S. warfighting weaknesses, or older generals who soon retire and thus cannot influence the future of China's military.

In one case several years ago, a Chinese officer asked a U.S. Navy officer during a visit to identify the key weakness of a U.S. aircraft carrier, a major Chinese target in any U.S.-Chinese conflict over Taiwan.

The officer was naively told that the weakest point is under the hull, and that it also happens to be closest to where its ammunition is stored.

Within two years of the disclosure, U.S. intelligence agencies detected Chinese military purchases of Russian wake-homing torpedoes that target ships from the rear and explode underneath the hull.

"The whole exchange program has been a nightmare," said one official.

Chinese President Hu Jintao nonetheless persuaded President Bush during a recent meeting to expand military exchanges and the Pentagon is reluctantly following through.

The challenge for Adm. Fallon is to prevent China from spying on U.S. military secrets and to persuade Beijing to send influential younger officers to learn the full extent of U.S. military power with the goal of avoiding any future miscalculation.

The new Chinese general in charge of the exchanges is Maj. Gen. Zhang Qinsheng, who recently replaced Lt. Gen. Xiong Guangkai, the Chinese military intelligence chief who in the past chose all the Chinese military exchange visitors.

If Gen. Zhang is also named to replace Gen. Xiong as military intelligence chief, Pentagon officials tell us they expect more of the same from the exchanges.

Lion tale

It was one of those accusations against American soldiers that was readily believed by the press. Two Iraqis said in November they were thrown to the lions when being detained in 2003.

But there did not appear to be any corroboration for such a bizarre tale. Defense Secretary Donald H. Rumsfeld singled out the press' acceptance of the story as an example of the American media wanting to believe the worst in the U.S. military.

"We've arrived at a strange time in this country where the worst about America and our military seems to so quickly be taken as truth by the press and reported and spread around the world, often with little context and little scrutiny, let alone correction or accountability after the fact," Mr. Rumsfeld said in a speech last December.

"Recently there were claims by two Iraqis on a speaking tour that U.S. soldiers attacked them with lions. It was widely reported around the United States. It is still without substantiation. And yet that story was spread across the globe."

The Army pledged to investigate. Col. Joe Curtin, an Army spokesman at the Pentagon, tells us the probe came up empty.

"Army [criminal investigative division] reviewed the allegations concerning the lions and determined there was insufficient information upon which to initiate an investigation," Col. Curtin said.

The late Uday Hussein, one of Saddam's sadistic sons, owned lions as pets. They were moved to a reopened Baghdad zoo in 2003.

Poppy season

Army Maj. Gen. Benjamin Freakley, the new top U.S. officer in Afghanistan, offered this picture of the heroin trade there:

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"You have a confluence in Helmand of criminals and Taliban and poor farmers, and the poor farmers raise poppy because the Helmand River gives them a water source, the soil is good, and the climate is very good for growing poppy. And so they can produce a rather large amount of poppy with a very small investment of time and labor in their fields.

"That poppy then is produced by primarily narco-trafficking organizations that move it out of Helmand and into other parts of the country and then out of the country. And with the funding that they get, they then can provide money to primarily Taliban, not so much al Qaeda, in Helmand. They can provide funds to the Taliban to recruit fighters, to train fighters, to buy weapons and arms. And in many cases, some of the farmers are threatened by the Taliban to either continue to grow the poppy to generate the funds or face death."

Terror training

The more documents that emerge from Saddam Hussein's reign of terror, the more evidence stacks up that his regime was in lockstep with international terrorists.

Newly released papers seized after the March 2003 U.S.-led invasion reveal contacts made between Saddam's top aides and Osama bin Laden, particularly during the al Qaeda leader's stay in Sudan.

The huge collection also gave a history of the regime put out last week by U.S. Forces Command.

The command told of meticulously kept files by the Gestapolike Fedayeen Saddam, which the dictator put in place to prevent military coups and to enforce his rule through threats and killings.

The documents show the fanatical Fedayeen operated bustling terror training camps for recruits from all over the Middle East.

The book, titled, "The Iraqi Perspective Project," states:

"Beginning in 1994, the Fedayeen Saddam opened its own paramilitary training camps for volunteers, graduating more than 7,200 'good men racing full with courage and enthusiasm' in the first year. Beginning in 1998, these camps began hosting 'Arab volunteers from Egypt, Palestine, Jordan, the Gulf and Syria.' It is not clear from available evidence where all of these non-Iraqi volunteers who were 'sacrificing for the cause' went to ply their newfound skills.

"Before the summer of 2002, most volunteers went home upon the completion of training. But these training camps were humming with frenzied activity in the months immediately prior to the war. As late as January 2003, the volunteers participated in a special event called the 'Heroes Attack.'

"This training event was designed in part to prepare regional Fedayeen Saddam commands to 'obstruct the enemy from achieving his goal and to support keeping peace and stability in the province.' "

Overseen by Saddam's son, Uday, the Fedayeen trained foreign "heroes" and Iraqis in commando tactics, surveillance and explosives. The Iraqi Intelligence Service supplied the Fedayeen with silencers, training in explosives and booby-trapping cars, and timers.

"The only apparent use for all of this ... equipment was to conduct commando or terrorist operations," the Joint Forces history said.

Afghan Convert Thanks Pope For Intervening (AP-Y2)

By Maria Sanminiatelli

AP2, March 30, 2006

An Afghan who faced the death penalty in his homeland for converting from Islam to Christianity said Thursday he was certain he would have been killed had he stayed there, and he thanked Pope Benedict XVI for intervening on his behalf.

"In Kabul, they would have killed me, I'm sure of it," said Abdul Rahman, who was spirited out of Afghanistan to a secret location in Italy. "If you are not a Muslim in an Islamic country like mine, they kill you. There are no doubts."

He said his case was to serve as an example "to others who dared rebel."

Rahman's comments, in a short interview to Italian journalists, came hours after Italy formally granted him asylum, citing religious persecution, the ministry said.

Video on Italian television evening news showed a few people gathered around a small table. It never showed Rahman's face and the Interior Ministry has said that Rahman was "under protection."

Premier Silvio Berlusconi said Rahman arrived in Italy before dawn Wednesday, hours before the conservative leader announced that the government would take him in.

His case has attracted wide attention in the West and led to calls by the U.S. and other governments for the Afghan government to protect the convert.

The pope had appealed to Afghan President Hamid Karzai, and the United Nations sought a country to take him in after Muslim clerics in Afghanistan threatened his life, saying his conversion was a "betrayal to Islam."

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Benedict wrote to Karzai on March 22 that dropping the case "would bestow great honor upon the Afghan people and would raise a chorus of admiration in the international community."

Since his arrival in Italy, the Vatican has made no comment. There was no indication of any plan to arrange a meeting between Rahman and the pope.

"Thanks to the (Italian) government. And thanks to Pope Benedict XVI. The pontiff took an interest in my case, and thanks to him, the U.N. intervened," Rahman told reporters.

He was released from prison Monday after a court dismissed charges of apostasy against him for of a lack of evidence and suspicions he might be mentally ill.

Conversion is a crime under Afghanistan's Islamic law. Rahman, 41, was arrested last month after police discovered him with a Bible. He was brought to trial last week for converting 16 years ago while working as a medical aid worker for an international Christian group helping Afghan refugees in Pakistan.

Rahman also said he was worried for his family, still in Afghanistan.

"On the streets, you still have Taliban and they kill those who are not Muslims," Rahman said. "I'm a father. My children are still there."

Italy has close ties with Afghanistan, whose former king, Mohammed Zaher Shah, was allowed to live with his family in exile in Rome for 30 years. The former royals returned to Kabul after the fall of the Taliban regime.

Italian troops were sent into Afghanistan after the U.S.-led invasion of the country in 2001 to help with reconstruction and Italy still has 1,775 troops there.

Rahman's ordeal began as a custody battle for his two daughters, now 13 and 14. The girls lived with their grandparents, but Rahman sought custody when he returned to Afghanistan in 2002 after living in Germany for nine years. The matter was later taken to police, and during questioning, it emerged that Rahman was a Christian and was carrying a Bible. He was immediately arrested and charged.

Pentagon To Test A Huge Conventional Bomb (WP)

By Ann Scott Tyson

The Washington Post, March 31, 2006

A huge mushroom cloud of dust is expected to rise over Nevada's desert in June when the Pentagon plans to detonate a gigantic 700-ton explosive -- the biggest open-air chemical blast ever at the Nevada Test Site -- as part of the research into developing weapons that can destroy deeply buried military targets, officials said yesterday.

The test, code-named "Divine Strake," will occur on June 2 about 90 miles northwest of Las Vegas in a high desert valley bounded by mountains, according to Pentagon and Energy Department officials.

"This is the largest single explosive we could imagine doing," said James A. Tegnelia, director of the Pentagon's Defense Threat Reduction Agency, which is conducting the test.

The test is aimed at determining how well a massive conventional bomb would perform against fortified underground targets -- such as military headquarters, biological or chemical weapons stockpiles, and long-range missiles -- that the Pentagon says are proliferating among potential adversaries around the world.

Tegnelia said there is a range of technical hurdles to overcome. He suggested that big conventional bombs are unlikely to solve the overall problem of buried threats. "It's a lot easier to dig your tunnel 50 feet deeper" than to develop weapons that can destroy it, he told a meeting of defense reporters.

Such a bomb would be a conventional alternative to a nuclear weapon proposed by the Bush administration, which has run into opposition on Capitol Hill. The Pentagon for several years has sought funding for research into the Robust Nuclear Earth Penetrator (RNEP) -- also known as the "bunker buster" -- after the administration's 2001 Nuclear Posture Review stated that no weapon in the U.S. arsenal could threaten a growing number of buried targets. Congress, however, has repeatedly refused to grant funding for a study on a nuclear bunker buster, instead directing money toward conventional alternatives.

The June test will detonate 700 tons of heavy ammonium nitrate-fuel oil emulsion -- creating a blast equivalent to 593 tons of TNT -- in a 36-foot-deep hole near a tunnel in the center of the Nevada Test Site, according to official reports. It aims to allow scientists to model the type of ground shock that will be created, and to weigh the effectiveness of such a weapon against its collateral impact.

"To my knowledge, this will be the largest open-air chemical explosion that we've conducted," said Darwin Morgan, spokesman for the Energy Department's test site. Larger blasts have been carried out at the White Sands Missile Range in New Mexico, including the nation's biggest open-air detonation, in 1985, a Pentagon spokeswoman said.

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The blast is not likely to be felt or heard outside the 1,375-square-mile test site, and the cloud of dust is expected to dissipate quickly from view, Morgan said. "They don't think people will see it in the base camp on the south end of the test site," he said.

Officials took pains to differentiate between the June conventional experiment and past nuclear testing. "The U.S. has no plans to conduct a nuclear test. President Bush supports a continued moratorium on nuclear testing," said Irene Smith, a spokeswoman for the Defense Threat Reduction Agency (DTRA). The Pentagon agency is charged with countering threats to the United States from chemical, biological, radiological and nuclear weapons.

On a related topic, Tegnelia said the State Department and the Pentagon are developing a proposal for a $100 million effort to help Libya get rid of tons of mustard gas and some precursor chemicals being stored in the Libyan desert. "The Libyans requested some support" from the U.S. government, and a DTRA team has visited Libya to consider various options for eliminating the weapons, he said.

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Attorney General Warns Kids About Online Thievery (AP)

AP, March 31, 2006

SAN JOSE, Calif. (AP) - U.S. Attorney General Alberto Gonzales brought a simple message to middle school students on Thursday: Don't steal.

``I'm the top cop in the U.S. and I want you to know that if you illegally download a game or music or a video it's stealing, just as if you went into a store and stole blue jeans," Gonzales told 7th and 8th graders at Windmill Springs School in the heart of California's Silicon Valley.

The lesson culminated an unusual four-day lesson on intellectual property and copyright infringement during which the nation's top law enforcement official became a classroom teacher.

Most children these days are exposed to Internet safety messages, both in television and in the classroom, but curriculum has only recently been developed about software piracy, copyright laws and intellectual property.

Entertainment software corporate leaders have repeatedly said the public simply doesn't understand that there are rules when it comes to usage of the Internet and computers.

But Windmill Springs students said Thursday that they got the message.

``Most kids know it's wrong to download some movies or songs or copy games and CDs but they figure that if they can do it on a computer then they will," said Andrew Lopez, 13. ``But not me. You can get a fine. You can go to jail."

Gonzales said the consequences of intellectual property theft are just starting to be understood.

``I'm not kidding myself that we have a lot of work to do, but that doesn't mean we shouldn't try," he said.

The Justice Department's Intellectual Property task force was established just two years ago. Since then the number of people prosecuted for intellectual property offenses has almost doubled as investigators have targeted hackers and counterfeiters.

With help from Ric Hirsch, a senior vice president for intellectual property for the Entertainment Software Association, students tackled some of the trickier questions surrounding these issues:

Is it legal to copy games just for your friends?

``No, it's not," said Hirsch.

Can someone get in trouble for buying a pirated game?

``You shouldn't do it, but you probably won't get in trouble," said Hirsch.

Why do computers even have CD burners on them?

``That's complicated," said Hirsch, ``but basically people want to copy their CDs."

``People think one song, one game, what difference does it make," said Hirsch. ``Unfortunately the nature of this industry is that you can bleed to death from thousands of papercuts."

Jon Dudas, director of the U.S. Patents and Trade Office, joined Gonzales at the school, telling students that while everyone understands why they shouldn't steal cars, understanding the law can be a bit more complicated when it comes to games, movies and music.

``If you steal your friend's car, they don't have a car anymore, but if you take a copy of a friend's video game they still have a copy," he said. ``You're not stealing the game, you're stealing ideas."

The school event was video taped by Court TV for an upcoming public affairs program on intellectual property theft.

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U.S. Attorney General Assures Portlanders He's Up On Security (OREG)

The Oregonian

The Oregonian, March 31, 2006

Visit - Alberto Gonzales outlines administration priorities at a business alliance breakfast Attorney General Alberto Gonzales gave the Portland Business Alliance a quick review Thursday of the Bush administration's priorities, saying, "Every day, I ask m

Making his first trip to Portland, Gonzales spoke to the city business group at a breakfast meeting, then he said he planned to "review the troops" in the U.S. attorney's office in Portland.

On Wednesday, he visited the Yakama Indian reservation in Washington; he was scheduled to go on to Texas and California later.

At a brief news conference after the business breakfast, Gonzales said he would not comment on an Oregon lawsuit by an Islamic charity in Ashland that says it was a target of secret federal wiretapping and searches.

Public access to documents in the case has been prohibited, and Gonzales said that in cases such as the lawsuit, records "can be and should be withheld." Of Oregon's assisted-suicide law, which the Justice Department has fought and lost before the U.S. Supreme Court, Gonzales said: "That matter has been decided by the courts, and the courts have indicated what the law prevents." -- Anne Saker

Attorney General Asserts Internet Privacy 'Balance' (STREET)

By Troy Wolverton, TheStreet.com Senior Writer

TheStreet.com, March 31, 2006

SAN JOSE, Calif. -- In town to talk with kids about respecting intellectual property, U.S. Attorney General Alberto Gonzalez found himself addressing questions about the government's respect for online privacy.

In the middle of a legal dispute with Google (GOOG:Nasdaq - news - research - Cramer's Take) over access to search records, the government has come under criticism from consumer privacy advocates. Gonzalez sought to assure critics that the government was trying to strike a "good faith" balance between privacy interests and protecting the public.

Even though a federal judge recently restricted the amount of data the government will potentially have access to in the Google case, Gonzalez appeared unabashed by the government's request. Indeed, in determining the balance between privacy protection and how much information the government will request from private information keepers, the Department of Justice, instead of setting its own limits, will take its lead from Congress and the courts, he said.

"Sometimes the courts will agree, and sometimes they will disagree," he said.

The issue of how much information private companies should hand over to the federal government has come up repeatedly in recent years. Following the 9/11 terrorist attacks, numerous airlines handed over passenger data to federal transportation officials seeking to determine patterns that might lead to finding potential hijackers.

More recently, the Department of Justice has sought data from Internet search engines last year in an effort to determine the prevalence of pornography on the Web. The effort was part of the government's move to defend the Child Online Protection Act, which bans access to material that could be "harmful to children."

While Google has resisted the justice department's request, other Internet search engines, such as those operated by Yahoo! (YHOO:Nasdaq - news - research - Cramer's Take), Microsoft (MSFT:Nasdaq - news - research - Cramer's Take) and Time Warner's (TWX:NYSE - news - research - Cramer's Take) America Online, complied with it.

And they're not alone: the DOJ has subpoenaed 34 other companies for related data, according to published reports.

US AG Gonzales Says Google Case Points To Govt's Limits (DOW)

Dow Jones, March 31, 2006

SAN JOSE -(Dow Jones)- U.S. Attorney General Alberto Gonzales said he was pleased with a federal judge's decision in the Google Inc. (GOOG) (GOOG) case two weeks ago, but that it showed there are limits to the kind of information the government can get from Internet companies.

During an appearance here at the Windmill Springs Middle School, Gonzales reiterated that the government had not sought personal information on people using Google's (GOOG) Internet search engine when it subpoenaed the company in August.

"We're not interested in any kind of user information," he said.

In the case, the Bush administration asked for 1 million Web addresses and a week's worth of search queries from the Silicon Valley company. Federal District Judge James Ware reduced that number to 50,000 addresses in his decision on March 17 but said the company would not be compelled to hand over a sample of users' search queries.

Gonzales said the judge's decision recognized that the information the government sought was relevant to its defense of the embattled Child Online Protection Act.

"We're happy with the judge's decision," Gonzales said, but "there are limits to what kind of information the government can get."

Separately, Gonzales said he pressed Chinese officials on intellectual property protection when he was in that country several months ago.

Chinese readers at the highest level of government recognize the need for greater protection, said Jon Dudas, undersecretary of Commerce for intellectual property. But "the results are not carried through yet," Dudas said.

In 2005, 70% of counterfeit goods seized at U.S. borders came from mainland China, Dudas said. That was up from 63% in 2004.

- Mark Boslet, Dow Jones Newswires, 650-496-1366

Gonzales Says Files In Islamic Case To Remain Sealed (AP)

By JOSEPH B. FRAZIER, The Associated Press

AP, March 30, 2006

PORTLAND, Ore. (AP) — Evidence in a dismissed case against an Ashland branch of an Islamic charity will remain confidential, Attorney General Alberto Gonzales said Thursday.

Gonzales was in Portland to meet with the U.S. attorney's office in Oregon and to address a breakfast meeting of the Portland Business Alliance.

He said "certain kinds of information can be and should be withheld."

He declined further comment on the case, saying it is in litigation.

A federal lawsuit seeks to shut down electronic surveillance by the National Security Agency, claiming the government illegally wiretapped conversations between the director of the Islamic charity Al-Haramain and two of the charity's attorneys.

The charity had been indicted on tax charges related to money laundering in 2004, but the charges were dismissed.

Lawyers for the charity opposed the dismissal, saying they wanted to know what evidence the government had.

One secret document in the lawsuit has been ordered held in a secure facility in Seattle at least for now.

U.S. District Judge Garr King decided that the document couldn't be held securely in a federal courthouse in Portland, and shouldn't be held at the local office of the FBI, which is a defendant in the case.

Gonzales did not elaborate on the broader NSA wiretapping controversy beyond repeating President Bush's position that it is legal.

"I can only talk about what the president has disclosed to the American public in December of last year," he said.

"We have been very, very forthcoming about his authorities," he said. He said members of Congress continue to get briefings.

On immigration reform, Gonzales said Congress should "keep in mind the president's broad principles."

He said Bush favors a guest worker program but opposes amnesty.

What constitutes amnesty, he said, is under discussion in Congress.

"The president says he will not support a program that provides amnesty to those who have broken the law," Gonzales said.

"We need to find a way to reach a solution here that takes into account the reality that we have 11 (million)-12 million people in this country who are providing service," he said.

But he said the policy also must stress that laws need to be followed.

U.S. Attorney General Speaks At Portland Breakfast (KOIN-TV)

By Lynn Huston, KOIN News 6

KOIN-TV, CBS 6, Portland, March 31, 2006

PORTLAND -- It could be winter before Congress passes an immigration bill. That's because there is a growing split among Republicans over what to do about it.

One of President Bush's point men on the issue was in Portland Thursday morning.

U.S. Attorney General Alberto Gonzales certainly has been one of the president's must trusted advisors on the issue, but he stuck with what has been the White House script.

Speaking to a morning breakfast for the Portland Business Alliance, Gonzales praised the local U.S. Attorney's Office for a recent meth bust which was the largest in state history. He also pledged to continue to pursue sexual predators who use the Internet, corruption in government and gang violence.

After his speech, Gonzales restated his support for immigration reform, including a guest worker program. But he offered no opinion on the legal definition of amnesty for illegal immigrants.

"The president says he will not support a program that provides amnesty to those who have broken the law and come into our country unlawfully. But as to how you define it, that's part of the ongoing debate within the Congress," Gonzales said.

Leaders of both parties seem to agree that it will probably be sometime after the November election before any final decision is made on immigration reform.

CORPORATE SCANDALS:

Judges Order Release On Bail For Ex-Broker In Enron Case (NYT)

By Julie Creswell And Landon Thomas Jr.

The New York Times, March 31, 2006

In a surprise move, the United States Court of Appeals for the Fifth Circuit in Houston late yesterday ordered that a former Merrill Lynch executive, William Fuhs, be immediately released on bail awaiting final decision on his appeal.

Mr. Fuhs was one of four former Merrill employees convicted in 2004 on fraud and conspiracy charges involving a 1999 sale by Enron of power generators mounted on barges in Nigeria. Prosecutors argued during the trial that the Merrill executives were guilty of conspiring to defraud investors in an effort to win future banking business from Enron.

The appellate court said the conditions of Mr. Fuhs's release will be established today in a hearing before a federal magistrate judge.

Last May, Judge Ewing Werlein Jr. of the United States District Court in Houston sentenced Mr. Fuhs to three years and one month in prison. In most white-collar criminal cases, the defendants are generally allowed to remain free on bail while their appeals are heard. But Mr. Fuhs and the other former Merrill executives who were convicted were ordered to prison immediately.

Mr. Fuhs was sent to a federal transfer facility in Oklahoma City, where maximum security prisoners are housed for temporary periods. The facility is nearly 700 miles away from Denver, where his wife and two small children live.

Mr. Fuhs's lawyers had argued that the distance violated federal prison policies and was harsher than what was received by the other defendants, all of whom were sent to prisons closer to their families. His lawyers had also argued that the Oklahoma facility had a much higher security level than was required for someone with the "custody classification level" of Mr. Fuhs.

Lawyers for Mr. Fuhs and the other Merrill defendants recently presented oral arguments on their appeals. Lawyers for Mr. Fuhs subsequently filed a motion to have their client released on bail. Calls to Mr. Fuhs's lawyers were not returned last night.

The decision to release Mr. Fuhs on bail, awaiting the outcome of his appeal, could be a recognition of the specific factors that related to Mr. Fuhs's incarceration, said Lawrence Robbins, the lawyer for Daniel H. Bayly, Merrill's former investment banking chief and one of the four convicted in the case.

But Tom Kirkendall, a Houston lawyer who has closely followed the Enron case and has represented clients in other Enron-related cases, interpreted the move as a sign that the appeals court may have been persuaded by the arguments presented to them.

"This is a strong signal that he has a winner on appeal," Mr. Kirkendall said.

Prosecutors contend that Mr. Fuhs and the other Merrill executives conspired with Enron in December 1999 in the purchase of three Nigerian power barges. The government alleged that there was an unspoken deal cut between Mr. Bayly and Andrew S. Fastow, Enron's former chief financial officer, that Enron would buy back the barges from Merrill after six months.

That made the deal, according to prosecutors, a scheme to bolster earnings and hide debt for Enron, rather than a legal transaction.

"We are hopeful that the decision to grant bail for Mr. Fuhs reflects the court's judgment that the claim we made for Mr. Bayly has merit," Mr. Robbins said. Mr. Bayly is serving 30 months at a prison in Virginia.

Possible Snag In An Enron Case (WSJ)

By John R. Emshwiller

The Wall Street Journal, March 31, 2006

In the middle of its capstone criminal trial of former Enron Corp. top executives, the federal government has been dealt a possible setback in a related case involving the 2004 conviction of four former executives of Merrill Lynch & Co.

A federal appeals court yesterday ordered that bail be given to former Merrill executive William Fuhs, pending its ruling on the appeal of his conviction in the "Nigerian Barge" case. David Spears, one of Mr. Fuhs's attorneys, said he took the ruling as a hopeful sign that the court, which recently heard oral arguments in the case, will overturn the conviction.

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In the 2004 criminal trial, involving the four former Merrill officials and two former Enron officials, the government alleged that Enron had falsely reported income from a bogus sale to Merrill of some electricity-producing barges off the coast of Nigeria. Prosecutors argued that Enron had secretly promised Merrill that it would be quickly taken out of the deal at a profit, which meant a "true sale" never took place because the brokerage giant assumed no risk. The jury also convicted one Enron official and acquitted the other.

The four Merrill officials appealed their convictions and unsuccessfully sought to stay out of prison pending those appeals. All four are currently incarcerated. Only Mr. Fuhs recently reapplied for bail pending the appeal. Attorneys for the other three Merrill officials declined to comment or couldn't be reached.

A Justice Department spokeswoman declined to comment.

People familiar with the barge case say that even if Mr. Fuhs's conviction were overturned, it wouldn't necessarily mean the others would be, too.

The government's biggest Enron case is currently unfolding in a Houston federal court, where the company's former chairman, Kenneth Lay, and former president, Jeffrey Skilling, face conspiracy and fraud charges. Prosecutors rested their case earlier this week, and the trial is scheduled to resume Monday with the defense beginning its presentation.

Skilling Lawyer Could Be Key For Lay, Too (WP)

By Carrie Johnson

The Washington Post, March 31, 2006

HOUSTON, March 30 -- Daniel M. Petrocelli is no stranger to the national stage. But he's more at home representing entertainers such as Lisa Marie Presley and John Travolta than defending former corporate executives trying to stay out of prison.

The California attorney is acting as a criminal defense lawyer for the first time, on behalf of former Enron Corp. chief executive Jeffrey K. Skilling, accused of leading one of the most complicated white-collar conspiracies in history.

And as the defense prepares to begin its case Monday, Petrocelli has emerged as perhaps the most potent factor on behalf of both his client and former chairman Kenneth L. Lay. Both men face multiple fraud charges that could send them to prison for decades.

There are two teams of defense lawyers, but during the prosecution's case, Petrocelli dominated the cross-examination of the government's witnesses, in part because Lay's top lawyer had health problems.

Defense lawyers are engaging in careful choreography in a trial where their clients' interests sometimes converge and sometimes conflict. In the course of the nine-week-old trial, the defendants have displayed a few subtle disruptions in their alliance. But to the surprise of some legal experts, Skilling and Lay have stuck together for the most part, despite acute differences in their personal styles and in the evidence against them.

The critical question is whether they will point fingers at each other when they each take the witness stand in coming weeks. Of the approximately two dozen witnesses the defense expects to call, the defendants are far and away the most important. In a real sense, their lives are in their own hands.

The 52-year-old Skilling, who led day-to-day operations at Enron for years, will testify as soon as the week of April 10. Lay, 63, will take the stand shortly thereafter, defense lawyers said. In between, their defense teams will call lesser-known Enron employees to support their arguments that Enron was not a "house of cards" but rather a "shining star," as Petrocelli argued in opening statements.

"We're looking forward to getting on the stand and getting our case out there, get the positive case out," Lay told reporters earlier this week. His lawyer, Michael W. Ramsey, predicted Thursday that Lay will be his own star witness in a performance that "will win the case for us."

Skilling has remained silent, on the advice of his lawyers. They said they would do nothing to alter the demeanor of their client, who is known for his bluntness, in advance of his turn on the witness stand.

On cross-examination, prosecutors are likely to press both men about their knowledge of Enron's financial troubles in August 2001, as Skilling departed and handed the reins to Lay. Skilling probably also will face questions about inconsistencies in more than 2,000 pages of sworn testimony he gave to the Securities and Exchange Commission and to Congress, including the reasons he sold a half-million shares of Enron stock that September.

The defendants say they are operating at a disadvantage because important potential witnesses, including former retail unit leader Lou Pai, former treasurer Jeffrey McMahon, onetime vice chairman Lawrence "Greg" Whalley and former trading chief John Lavorato, have signaled they will invoke their Fifth Amendment right against self-incrimination rather than testify.

That leaves defense lawyers relying on documents and on such figures as Joannie Williamson, a former subordinate in the investor relations unit who went on to work for Lay. Williamson, who is scheduled to be the defense's first witness Monday, is

likely to tell jurors that she heard her friend Mark E. Koenig say he did nothing wrong at the company but pleaded guilty anyway under government pressure.

That appears to contradict testimony by former investor relations head Koenig and supports a key defense argument: that company insiders did not believe they were breaking the law at the time, only coming to view their activity in that light under pressure from federal investigations. The conspiracy counts against Lay and Skilling are based on the notion that they were in league with 16 other Enron executives who have acknowledged that what they did was wrong. So defense lawyers are attacking the credibility of those pleas.

Each defendant will be allowed to call up to five character witnesses, a limit U.S. District Judge Simeon T. Lake III said is designed to avoid jurors listening to the "whole panoply of Houston society." Lay had hoped to call the owner of the Houston Astros baseball team, a pioneering heart surgeon, a former Commerce Department secretary and several religious leaders. Expert witnesses also will testify on the defendants' behalf. In part because he is backed by a vast team of partners, associates, paralegals and researchers from his 1,000-lawyer firm, O'Melveny & Myers LLP, and more than $23 million in fees from his client, Petrocelli and his team have taken the lead for the defense.

Ramsey, the lead lawyer for Lay, has somewhat fewer resources at his disposal, relying on a team composed of Dallas securities lawyer Bruce W. Collins, prominent Houston appeals court specialist George "Mac" Secrest and former local prosecutor Chip B. Lewis. In his four-decade career, Ramsey, a folksy litigator who bonds with local juries, has pulled out a series of victories, including a 2003 acquittal of real estate heir Robert Durst. Durst was accused of killing his neighbor, dismembering the body and throwing it into the Gulf of Mexico.

On Lay's behalf, Ramsey has pursued a bold, all-or-nothing strategy, arguing that Lay should not be held criminally responsible for the failure of his business nor the optimistic statements he made in an effort to save it. In essence, the defense suggests that focusing on the positive to calm employees and the markets is common practice, even a duty, of corporate leaders. "Do you want a Chicken Little at the helm of a company like Enron, every time it rains a little bit, saying, 'Oh, my God. The sky is falling?' " Ramsey asked in opening statements. "You want somebody with a steady hand on the helm, with guts enough to stay steady in the midst of a storm."

Ramsey revealed Tuesday that he had had heart problems since at least the third week of the trial and that he had a stent put in one of his arteries last week. He had questioned fewer than a half-dozen of the 22 government witnesses before the surgery.

As a result, the bonds between the Skilling and Lay defense teams grew stronger, as Petrocelli handled the heavy lifting, including most of last week's cross-examination of former treasurer Ben F. Glisan Jr., even though Glisan provided more testimony about Lay than Skilling.

Petrocelli acknowledged the point, noting that he was asking about a key internal meeting more than two weeks after Skilling resigned and Lay took over. The defense lawyer said he hoped he was not encroaching on his co-counsel's turf. But the Lay team didn't object. "That's okay," Lay mouthed to his daughter, Elizabeth Vittor, a lawyer who is part of his defense team and who typically sits between Lay and Skilling at the defense table.

Perhaps most important, Petrocelli has won the confidence of Lake, who told the defense lawyer last month that "you're making a pretty good showing for yourself" in his first attempt at criminal defense.

Until the eight-woman, four-man jury renders its verdict, it is difficult to know how jurors are evaluating the lawyers. Petrocelli's personal style is more Century City than Old West, despite the black alligator cowboy boots he has taken to wearing. In an episode known as "cologne-gate" among trial participants, a female juror took the unusual step of sending a note to the judge last month saying she was overwhelmed by the lawyer's cologne. During a court break, Petrocelli washed off the cologne and has not worn it since.

Outside the courthouse Tuesday, after prosecutors rested their case, Petrocelli jokingly hinted at his desire to return to his roots. "Five or six weeks from now, hopefully we can get through with this, Mr. Skilling can get on with the rest of his life, and I can take off these cowboy boots," he said.

Shocks Seen In New Math For Pensions (NYT)

By Mary Williams Walsh

The New York Times, March 31, 2006

The board that writes accounting rules for American business is proposing a new method of reporting pension obligations that is likely to show that many companies have a lot more debt than was obvious before.

In some cases, particularly at old industrial companies like automakers, the newly disclosed obligations are likely to be so large that they will wipe out the net worth of the company.

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The panel, the Financial Accounting Standards Board, said the new method, which it plans to issue today for public comment, would address a widespread complaint about the current pension accounting method: that it exposes shareholders and employees to billions of dollars in risks that they cannot easily see or evaluate. The new accounting rule would also apply to retirees' health plans and other benefits.

A member of the accounting board, George Batavick, said, "We took on this project because the current accounting standards just don't provide complete information about these obligations."

The board is moving ahead with the proposed pension changes even as Congress remains bogged down on much broader revisions of the law that governs company pension plans. In fact, Representative John A. Boehner, Republican of Ohio and the new House majority leader, who has been a driving force behind pension changes in Congress, said yesterday that he saw little chance of a finished bill before a deadline for corporate pension contributions in mid-April.

Congress is trying to tighten the rules that govern how much money companies are to set aside in advance to pay for benefits. The accounting board is working with a different set of rules that govern what companies tell investors about their retirement plans.

The new method proposed by the accounting board would require companies to take certain pension values they now report deep in the footnotes of their financial statements and move the information onto their balance sheets — where all their assets and liabilities are reflected. The pension values that now appear on corporate balance sheets are almost universally derided as of little use in understanding the status of a company's retirement plan.

Mr. Batavick of the accounting board said the new rule would also require companies to measure their pension funds' values on the same date they measure all their other corporate obligations. Companies now have delays as long as three months between the time they calculate their pension values and when they measure everything else. That can yield misleading results as market fluctuations change the values.

"Old industrial, old economy companies with heavily unionized work forces" would be affected most sharply by the new rule, said Janet Pegg, an accounting analyst with Bear, Stearns. A recent report by Ms. Pegg and other Bear, Stearns analysts found that the companies with the biggest balance-sheet changes were likely to include General Motors, Ford, Verizon, BellSouth and General Electric.

Using information in the footnotes of Ford's 2005 financial statements, Ms. Pegg said that if the new rule were already in effect, Ford's balance sheet would reflect about $20 billion more in obligations than it now does. The full recognition of health care promised to Ford's retirees accounts for most of the difference. Ford now reports a net worth of $14 billion. That would be wiped out under the new rule. Ford officials said they had not evaluated the effect of the new accounting rule and therefore could not comment.

Applying the same method to General Motors' balance sheet suggests that if the accounting rule had been in effect at the end of 2005, there would be a swing of about $37 billion. At the end of 2005, the company reported a net worth of $14.6 billion. A G.M. spokesman declined to comment, noting that the new accounting rule had not yet been issued.

Many complaints about the way obligations are now reported revolve around the practice of spreading pension figures over many years. Calculating pensions involves making many assumptions about the future, and at the end of every year there are differences between the assumptions and what actually happened. Actuaries keep track of these differences in a running balance, and incorporate them into pension calculations slowly.

That practice means that many companies' pension disclosures do not yet show the full impact of the bear market of 2000-3, because they are easing the losses onto their books a little at a time. The new accounting rule will force them to bring the pension values up to date immediately, and use the adjusted numbers on their balance sheets.

Not all companies would be adversely affected by the new rule. A small number might even see improvement in their balance sheets. One appears to be Berkshire Hathaway. Even though its pension fund has a shortfall of $501 million, adjusting the numbers on its balance sheet means reducing an even larger shortfall of $528 million that the company recognized at the end of 2005.

Berkshire Hathaway's pension plan differs from that of many other companies because it is invested in assets that tend to be less volatile. Its assumptions about investment returns are also lower, and it will not have to make a big adjustment for earlier-year losses when the accounting rule takes effect. Berkshire also looks less indebted than other companies because it does not have retiree medical plans.

Mr. Batavick said he did not know what kind of public comments to expect, but hoped to have a final standard completed by the third quarter of the year. Companies would then be expected to use it for their 2006 annual reports. The rule will also apply to nonprofit institutions like universities and museums, as well as privately held companies.

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The rule would not have any effect on corporate profits, only on the balance sheets. The accounting board plans to make additional pension accounting changes after this one takes effect. Those are expected to affect the bottom line and could easily be more contentious.

Pity The Boss, Treated Worse Than Terrorists (NYT)

By Floyd Norris
The New York Times, March 31, 2006

PITY the oppressed boss.

Suddenly there is a wave of sympathy for overregulated corporate executives. Not only are some going to jail, but the Securities and Exchange Commission is making them pay large fines.

The S.E.C. also wants to force more disclosure of executive compensation. The commission denies that the purpose is to hold down pay, but few bosses believe that.

To hear some people tell it, corporate officials are being victimized in ways that can only inspire sympathy.

The United States Chamber of Commerce is calling on the S.E.C. to stop penalizing companies for refusing to cooperate in investigations and to give companies a break if they can show that some lawyer or accountant blessed the activity the S.E.C. deems illegal.

A new book by John Hasnas, a Georgetown professor who teaches ethics to business students, is called "Trapped: When Acting Ethically Is Against the Law," and concludes we would be better off if there were no criminal enforcement of laws requiring businesses to be honest.

The book, published by the Cato Institute, features the following endorsement by Mark R. Levin, a radio talk show host: "Did you know that in many ways the terrorists detained at Guantánamo Bay have more rights than corporate C.E.O.'s and their employees?"

The book is not as ridiculous as the blurb. Mr. Hasnas does a good job of explaining the current state of criminal law for corporations, which have no Fifth Amendment right against self-incrimination, as well as Justice Department policies that offer leniency only to companies that cooperate by turning in employees.

KPMG, the accounting firm, escaped prosecution only by admitting wrongdoing and cutting off defense funds for its former partners accused of wrongdoing. "We pressure the company to be part of the prosecution team," said Mr. Hasnas, thus violating the company's ethical responsibilities to employees who may be innocent.

He conceded that his remedy — halting criminal prosecutions — might go too far. But he said he wanted to be provocative.

As for that blurb by Mr. Levin, Mr. Hasnas said it was solicited by Cato, and was not his business. Does he agree? "It is not just an exaggeration," he said. "It is clearly wrong."

Just four years ago, as WorldCom was collapsing, President Bush endorsed "corporate responsibility" and signed the Sarbanes-Oxley act with vigor. One poll then found that about two-thirds of both Democrats and Republicans thought business leaders had low standards of honesty and ethics. Politicians and even journalists received better marks.

But now many people hope to push aside the Sarbanes-Oxley reforms.

An S.E.C. advisory committee thinks bosses of companies traded on the over-the-counter bulletin board should not be asked to say whether their internal controls are adequate.

LAWYERS including Kenneth W. Starr — of Whitewater fame — are pushing a suit to declare unconstitutional the law's way of regulating accountants.

And some hope the S.E.C. itself, under Christopher Cox, will rein in the enforcement division. They were encouraged when Mr. Cox publicly chastised the enforcement director, Linda C. Thomsen, for subpoenaing journalists without commission approval. It is not that they like journalists, it is just that they would love to see the commissioners voting on every subpoena, offering opportunities to delay and derail investigations.

Next year, when both named authors of the Sarbanes-Oxley act will be out of Congress, there is likely to be a legislative push. It will be called an effort to reduce the cost of compliance with Sarbanes-Oxley, but don't be surprised if the real goal is to make life easier for those who would bend or break the rules.

CRIMINAL LAW:

Ex-FBI Agent Indicted In Mob Killings (AP)

By TOM HAYS
AP, March 30, 2006

DOJ_NMG_0024716

NEW YORK (AP) — A retired FBI agent was indicted on murder charges Thursday for allegedly taking bribes from a mobster to supply him with inside information that led to four underworld slayings in Brooklyn.

R. Lindley DeVecchio, 65, was arrested in a case of "confidential leaks, payoffs and death" dating back two decades, District Attorney Charles Hynes said.

DeVecchio pleaded not guilty and was released on $1 million bail. He did not speak at his arraignment. One of the two alleged mob hitmen behind the slayings was jailed without bail. The other was in Florida, awaiting extradition.

Colleagues of the FBI veteran were quick to defend him against the charges.

"We all know Lin, and we all know he's not capable of doing these kinds of things," James Kossler, a former supervisor with the FBI's New York office, said Wednesday. "It's so sad it could happen to a guy like this."

Hynes said the charges stemmed from the unusually close relationship between DeVecchio — then head of the FBI's Colombo crime family squad — and Gregory Scarpa Sr., a government informant and Colombo captain nicknamed "The Grim Reaper."

The pair met each week during the 1980s and '90s and discussed a bloody civil war within the Colombo family. In exchange for bribes, DeVecchio "counseled Scarpa to protect himself by eliminating imminent threats," Hynes said.

In 1984, DeVecchio allegedly warned Scarpa that the girlfriend of a high-ranking Colombo figure was cooperating with federal authorities. As a result, authorities say, she was shot and killed in a Brooklyn social club — a pattern prosecutors said was repeated in three slayings of Scarpa rivals, the last one in 1992.

Scarpa gave DeVecchio weekly payments and also enhanced the agent's reputation within the FBI by helping him solve important cases, Hynes said.

DeVecchio surrendered Wednesday night at the Brooklyn district attorney's office. He had no comment as he entered.

Kossler, former FBI Assistant Director James Kallstrom, ex-agent Joe Pistone, known for infiltrating the mob as Donnie Brasco, and other supporters in law enforcement have begun raising money for DeVecchio's defense on a Web site.

The site notes that the agent was cleared in previous investigations, and it attributes the renewed allegations to convicted mobsters eager to lie in exchange for leniency.

DeVecchio retired in 1996. Scarpa died in prison in 1994.

Retired F.B.I. Agent Is Accused Of Role In Killings (NYT)

By William K. Rashbaum

The New York Times, March 31, 2006

When R. Lindley DeVecchio, a 65-year-old retired F.B.I. supervisor, stood up in a courtroom in Brooklyn yesterday to face charges that he had helped his prized Mafia informant commit four murders, the tension was clear.

On one side of the gallery, filling roughly two-thirds of the blond wood benches, were nearly four dozen mostly gray-haired men in dark-colored suits. Retired F.B.I. agents who had once been Mr. DeVecchio's colleagues, they were now his supporters. Most sat stiffly upright and spoke little.

In front of them, at the prosecution table in the well of the courtroom, sat two somber senior prosecutors from the office of the Brooklyn district attorney, Charles J. Hynes. Mr. Hynes, after a 13-month investigation, had hours earlier announced the indictment of Mr. DeVecchio on charges that he had helped his informant commit four mob murders in the 1980's and early 1990's, accepting weekly payoffs totaling more than $66,000.

Also in the gallery were several more prosecutors and investigators who had worked on the case.

After Mr. DeVecchio's lawyer entered a plea of not guilty on his behalf, one of the prosecutors, Michael F. Vecchione, who is the chief of the district attorney's investigations division, outlined the charges in the case. Mr. Hynes had said the investigation had "uncovered a troubling path of confidential leaks, payoffs and death," and he called the case "the most stunning example of official corruption that I have ever seen."

Mr. Vecchione, in arguing against bail for Mr. DeVecchio, went through each of the murders, detailing for State Supreme Court Justice Gustin L. Reichbach what he said was Mr. DeVecchio's direct role and his reasons for "instructing" his informant, Gregory Scarpa Sr., to commit the killings.

In most of the cases, including the slaying of another mobster's former girlfriend, Mary Bari, the prosecutor said, it was because the victims had begun talking to the authorities and posed a threat to Mr. Scarpa or his relatives. Mr. Scarpa, who contracted AIDS from a transfusion and died in prison in 1994, was a captain in the Colombo crime family.

But it was Mr. Vecchione's argument that former F.B.I. agents had sought to intimidate witnesses on Mr. DeVecchio's behalf, and his contention that a network of former agents who had once worked overseas made him a flight risk, that transformed the hard-fought argument into a pitched battle with the defense.

The contention that the former agents would help Mr. DeVecchio flee prompted groans, angry grumbling and some laughter from retired agents in the gallery.

And Mr. DeVecchio's lawyer, Douglas E. Grover, belittled Mr. Vecchione, contending that his office was unaccustomed to making organized crime cases, a charge Mr. Vecchione sharply disputed.

Mr. DeVecchio is charged with four counts of second-degree murder for acting in concert in the killings and could face a sentence of up to 25 years to life.

Wearing a gray checked button-down shirt with the collar open and dark slacks, Mr. DeVecchio did not speak during the hourlong hearing and sat impassively. Mr. Grover called him an honest lawman who had played a key role in the bureau's battle against organized crime.

Ultimately, Justice Reichbach released Mr. DeVecchio on $1 million bail, co-signed by 5 of the 45 former agents who Mr. Grover said were willing to step forward. The judge ordered that Mr. DeVecchio surrender his passport and that his movements in and out of his home in Sarasota, Fla., be monitored with an electronic bracelet.

One of two other defendants, John Sinagra, 38, an accused mob figure charged in one of the killings, pleaded not guilty and was held without bail pending a hearing on Monday. Another defendant, Craig Sobel, 39, was being held in Florida pending extradition.

After the bitter argument over Mr. DeVecchio's bail, the spectacular charges against him still resonated in the courtroom, though some of the accusations first surfaced more than a decade ago, when fellow agents told their superiors of their suspicions that he was funneling secret information to Mr. Scarpa.

Internal investigations into those allegations by the F.B.I.'s Office of Professional Responsibility and prosecutors with the Department of Justice — inquiries that several former federal officials have criticized as deficient — failed to uncover enough evidence to charge Mr. DeVecchio with a crime or even to discipline him.

Mr. Hynes said his investigation began in February 2005 after a member of the House Judiciary Committee, William Delahunt, Democrat of Massachusetts, brought allegations involving Mr. DeVecchio to his attention. Mr. Delahunt was investigating allegations against F.B.I. agents involved in organized crime cases.

In the new case, one law enforcement official said the key witness was Linda Schiro, Mr. Scarpa's companion of many years. She knew details about the relationship between the gangster and the lawman because Mr. Scarpa had confided in her, and she was present for telephone calls and meetings between the men in which they discussed their crimes, the official said.

Mr. Grover cited her at the arraignment and dismissed her testimony, saying that during the earlier inquiries she had said she knew nothing about the murders. He quoted her as saying then, "I stay out of the kitchen," a reference to the room in Mr. Scarpa's Brooklyn home where Mr. DeVecchio and his informant had their weekly meetings.

But another law enforcement official said that Ms. Schiro has reported that during the earlier investigation she felt intimidated by other F.B.I. agents who were associated with Mr. DeVecchio. Both law enforcement officials were given anonymity because the investigation is continuing. Mr. Grover also said at the arraignment that transcripts of testimony by several Colombo family turncoats in trials during the 1990's contradicted the theories about Mr. DeVecchio's role in the murders.

The killings detailed by Mr. Vecchione began in 1984, with the slaying of Ms. Bari, 31, the former girlfriend of a fugitive mob figure. She was shot to death by Mr. Scarpa and others in his Brooklyn social club after Mr. DeVecchio warned him that she was talking to the authorities and might reveal the whereabouts of her former boyfriend, Mr. Vecchione said.

In 1987, prosecutors said, Mr. DeVecchio provided information that led to the killing of a Colombo soldier, Joseph DeDomenico. The agent told Mr. Scarpa that Mr. DeDomenico was using drugs, committing crimes without sharing the proceeds with Mr. Scarpa and flirting with born-again Christianity, all of them lapses that Mr. DeVecchio said made him a threat, the prosecutor said.

Two years later, a group of teenagers — including Mr. Scarpa's son Joseph — were joyriding on Halloween when one of them shot and killed 17-year-old Dominick Masseria after a fight that started over thrown eggs, according to the indictment.

Mr. Masseria had no ties to organized crime, and prosecutors concede that Mr. DeVecchio had no role in his death. But when Patrick Porco, 18, one of the youngsters in the car, was interviewed by the police about the killing in 1990, Mr. DeVecchio warned Mr. Scarpa that Mr. Porco posed a threat to Joseph, the prosecutor said. So Mr. Porco, too, was killed. Mr. Sinagra was charged yesterday with that crime.

The last killing, on May 22, 1992, was part of the bloody Colombo war of that era. Mr. Vecchione said Mr. DeVecchio, using information he gleaned from his agents' surveillance of a Scarpa rival, Lorenzo Lampasi, told Mr. Scarpa that Mr. Lampasi would get out of his car before dawn each morning to lock a gate when he left his home, leaving him vulnerable to attack.

Before the hearing yesterday, Chris Mattiace, 58, who worked with Mr. DeVecchio for 25 years and was one of the retired agents who later crowded into the courtroom, said: "We don't believe it. We believe in him. We believe that the charges are frivolous."

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But members of Mr. Masseria's family, who attended the district attorney's news conference, took a different view. Even though Mr. DeVecchio was not charged in the young man's killing, they suggested that suspicions that the retired supervisor had a role in the Porco killing had kept the truth from coming to light. "If we can't trust the F.B.I., who can we trust," said Dorothy Garuccio, a sister of Mr. Masseria.

Ex-FBI Agent Suspected Of NY Mob Ties Indicted On Murder Charges (NSDY)

By Anthony M. Destefano, Newsday Staff Writer

Long Island Newsday, March 31, 2006

NEW YORK -- Ex-FBI agent Roy Lindley DeVecchio, once a major force in the agency's fight against the mob, was indicted by a Brooklyn grand jury Thursday on charges he engineered four gangland killings involving the Colombo crime family.

After spending a night in custody, DeVecchio, 65, was freed late Thursday afternoon on $1 million bail by Brooklyn Supreme Court Justice Gustin Reichbach after he entered a plea of not guilty to second degree murder charges.

Calling the case the most "stunning example of official corruption I have ever seen," Brooklyn District Attorney Charles Hynes outlined at a news conference how DeVecchio allegedly provided Colombo crime family member Greg Scarpa with information about rivals and informants who were murdered between September 1984 and May 1992.

"Each of the informants and rivals exposed by DeVecchio posed an imminent threat to Scarpa, Scarpa's family and Scarpa's crew," said Hynes.

Among the four people killed were Mary Bari, 31, girlfriend of Colombo crime family consiglieri Alphonse Persico, the brother of then-crime family boss Carmine Persico, said Hynes. Bari was killed after DeVecchio told Scarpa that "the beautiful woman" was speaking to federal officials about the location of Alphonse, who was on the lam, said Hynes.

According to Hynes, DeVecchio told Scarpa that Bari should "be taken care of." She was shot and killed on Sept. 25, 1984.

Another slaying, that of Dominick Masseria, 17, who was gunned down by Scarpa's teenage son Joseph and two others because of a Halloween night egg-throwing incident, sparked another killing that the indictment tied to DeVecchio, said Hynes.

One of the suspected slayers of Masseria, Dominick Porco, was fingered by DeVecchio as talking to police about the Masseria slaying. Investigators say Porco was shot dead in May 1990 by mob associate John Sinagra, who was also charged and has pleaded not guilty.

Earlier, defense attorney Douglas Grover said the prosecution was resurrecting stale allegations that had been discredited in earlier federal probes.

"The district attorney of Kings County doesn't know what they are getting into when they get into these organized crime cases," said Grover.

As DeVecchio was arraigned Thursday, more than 40 retired FBI agents filled the courtroom as a show of support for their old colleague. When executive assistant district attorney Michael Vecchione suggested the network of former agents could help DeVecchio flee, a loud collective groan went up in the courtroom.

Reichbach was concerned about the possibility that DeVecchio, who lives in Florida, might flee but was convinced by Grover to grant the ex-agent $1 million bail, secured by $100,000 cash from DeVecchio's brother. Five former FBI agents also signed on the bond, as did DeVecchio, who embraced his old colleagues after he made bail.

G-man Denies Errands For Mob (NYDN)

By Nancie L. Katz, Daily News Staff Writer

New York Daily News, March 31, 2006

An ex-FBI agent pleaded not guilty yesterday to charges he helped a Mafia informer carry out four murders - even as sources said he could soon be linked to more mob slayings.

Brooklyn District Attorney Charles Hynes called the case of retired G-man Lindley DeVecchio "the most stunning example of official corruption I have ever seen."

"Four people were murdered with the help of a federal law enforcement agent who was charged with keeping them safe," Hynes said after the indictment against DeVecchio was unsealed in Brooklyn Supreme Court. "The allegations are pretty shocking."

DeVecchio, 65, pleaded not guilty at his arraignment, where prosecutor Michael Vecchione argued he should be jailed without bail.

But a judge released him on $1 million bond after DeVecchio agreed to submit to electronic monitoring.

DeVecchio is accused of giving the late Colombo crime family capo Greg Scarpa the inside dope the mobster needed to rub out his enemies.

If a jury finds him guilty, DeVecchio, who spent 33 years with FBI, could easily spend the rest of his days behind bars.

Hynes said his investigation was ongoing, including allegations that the DeVecchio took "weekly payoffs" from Scarpa - the agent's prize Mafia informant from 1980 to 1992, when he led an elite FBI-NYPD squad that specialized in the mob.

In exchange, Hynes said, DeVecchio provided Scarpa with "detailed confidential information about law enforcement ... and [about] criminal rivals."

The murder victims were identified as Mafia moll Mary Bari, 31, shot dead in 1984; Colombo family cohort Joseph DeDomenico, killed in 1987; 18-year-old Patrick Porco, an suspected informant killed in 1990, and businessman Lorenzo (Larry) Lampesi, 66, a mob associate gunned down in May 1992.

"Each rival presented a threat to Scarpa, to Scarpa's family and Scarpa's crew," Hynes said.

Sources told The Daily News yesterday that DeVecchio could face charges in as many as three other gangland murders, two of them on Long Island.

The slayings are believed to be tied to a intra-clan conflict that decimated the Colombo family in the early 1990s, the source said.

"This is only one little piece in Brooklyn," a source said. "There are murders involved in Nassau County. There were murders in other areas."

In one case, a convicted felon has confessed to two slayings for which three other men may have been wrongly convicted, the source said.

The indictment announced yesterday caps years of investigations, including a 1996 Justice Department probe that found "insufficient evidence" to charge DeVecchio.

Hynes also announced the arrests of two Colombo family associates in the slayings of Porco and Dominick Masseria, who was gunned down in 1989. John Sinagra, 38, was charged with killing Masseria, and Porco's killer was identified as Craig Sobel, 41.

In a courtroom packed with former FBI agents who gathered to support DeVecchio, defense lawyer Douglas Grover called the charges "nonsense." He said his client was an honest investigator who played a key role in the war on organized crime.

DeVecchio "was and always will be a man of the law," he added.

Retired FBI agent Chris Mattiace, who worked with DeVecchio for 25 years, said: "We believe in him. We believe the charges are frivolous."

In an exclusive interview with The News as he flew from his Florida home to New York Wednesday, DeVecchio said the charges were a mystery to him.

"Maybe you can tell me what it's all about," he told a reporter.

Dead guys & a gal

MARY BARI, 31

Drop-dead gorgeous lover of a top Colombo crime family mobster was shot and killed by Greg Scarpa and pals at a Brooklyn social club on Sept. 25, 1984, after FBI agent Lindley DeVecchio allegedly told Scarpa she was a paid FBI informant.

JOSEPH (JOE BREWSTER) DeDOMENICO, 45

Colombo wiseguy was shot dead on Sept. 17, 1987, by Scarpa-led hit team after DeVecchio convinced Scarpa he was a threat because he had been using drugs, committing secret burglaries and not sharing the booty - and dating a born-again Christian.

PATRICK PORCO, 18

Pal of Scarpa's son Joseph was shot dead by John Sinagra in May 1990 after DeVecchio allegedly told the elder Scarpa the teen was telling cops about his son's involvement in the 1989 murder of Dominick Masseria, 17.

LORENZO (Larry) LAMPESI, 66

Associate of rival Colombo family faction whom Scarpa wanted dead. He was shot nine times on May 22, 1992, on the driveway of his Brooklyn home after DeVecchio provided Scarpa with his whereabouts based on FBI surveillance information.

'MAFIA' G-MAN'S JOB POWER TRIP (NYPOST)

By Murray Weiss, Criminal Justice Editor And Alex Ginsberg

The New York Post, March 31, 2006

PROBERS BARE 'MOB MOLE' MOTIVE

HE DIDN'T just do it for the money. FBI hotshot Lindley DeVecchio was indicted yesterday on charges he traded secrets with a murderous Mafia chieftain for more than a decade - a relationship he built primarily so he could burnish his own rising star within the Justice Department, investigators revealed.

That was the portrait Brooklyn prosecutors painted when un veiling sensational charges that DeVecchio, 65, was a double agent for the mob.

He is accused of participat ing in four gangland murders and selling inside information to protect their brutal empire. Sources say that every week, DeVecchio visited the Brook lyn home of Gregory Scarpa Sr., the Colombo family's ruth less acting boss who was also a celebrated FBI informant.

DeVecchio allegedly was given an envelope stuffed with cash - sometimes with his own agents sitting in the house in another room.

He is suspected of receiving hundreds of thousands of dollars - and keeping another $66,598 in FBI informant funds that was earmarked to pay Scarpa.

"He received a weekly stipend," Michael Vecchione, the head of Brooklyn District Attorney Joe Hynes' investigations bureau, said at DeVecchio's arraignment yesterday in Brooklyn Supreme Court.

"But there was also his desire to feather his own nest within the FBI to rise to greater prominence."

DeVecchio "was dealing with one of the premier informants in the history of the FBI," one source said, referring to Scarpa's incredible role working with the bureau to solve two 1960s civil-rights murder mysteries, including the 1964 murder of three civil-rights activists in Mississippi.

Hynes, at a press conference claiming that DeVecchio would receive a treasure trove of mob secrets if Scarpa filled the Colombos' No. 2 spot, said, "There was the expectation on the part of DeVecchio that maybe, someday, Scarpa might become [the permanent] underboss." And along the way, DeVecchio became so enamored of the mob that he went from a mild-mannered "country bumpkin" to a flashy, double-breasted-suit-wearing G-man who adopted the swagger and patter of the hoods he was supposed to police, Hynes said.

DeVecchio, who retired in 1996 and lives in Sarasota, Fla., appeared tanned but tired as he stood before Judge Gustin Reichbach, in the same black slacks and light buttoned shirt and black shoes he wore the night before when he flew to the Big Apple and surrendered to authorities.

The courtroom seats were packed with DeVecchio's supporters and former FBI colleagues, who could be heard voicing their annoyance as prosecutors laid out the allegations that he succumbed to the venal temptations of hoodlums such as Scarpa.

DeVecchio's lawyer, Douglas Grover, blasted the DA's "new evidence as old evidence - and it is false evidence."

He was referring to a previous FBI internal probe a decade ago, when corruption allegations first surfaced against DeVecchio.

He entered a "not guilty" plea to the charges, which Reichbach described as "shocking."

The judge denied the prosecutors' request that DeVecchio be remanded to prison, and instead granted an extraordinary bail package of $100,000.

The bail will be guaranteed by five former FBI colleagues of DeVecchio's, who will ultimately be responsible for $1 million if he flees.

The judge also ordered DeVecchio to wear a monitoring device before releasing him.

DeVecchio was then trailed by reporters who chased him into a nearby parking garage seeking comment, which he did not provide.

Hynes said DeVecchio was directly involved in four killings:

* The brutal 1984 slaying of Mary Bari - ex-girlfriend of Colombo power Alphonse "Allie Boy" Persico - who they feared was ratting them out.

* The 1990 execution of Patrick Porco, 18, who was suspected of carrying out another homicide along with Scarpa's stepson.

* The 1992 hit on Lorenzo Lampasi, a Scarpa rival.

* The 1987 slaying of Joseph DeDomenico, who DeVecchio said was keeping money from Scarpa.

Sources said that one Friday night, DeDomenico, who was also known as Joe Brewster, led a gang of robbers who specialized in breaking into banks. The robbers were able to remain inside for the weekend.

They positioned one member as a lookout and used another merely to run out for food to sustain the rest of the mob.

The gang wielded sophisticated tools and blowtorches to free from their wall moorings an entire unit of safe-deposit boxes.

Once the bank of boxes toppled on the floor, effectively exposing the rear of every receptacle, they easily scooped out the riches of cash, jewels and other valuables from inside.

They found the World Series ring belonging to Yankees Hall of Fame pitcher Whitey Ford - and Scarpa had it returned to legendary hurler, the sources said.

The DA's seven-month probe produced 30 witnesses on both sides of the law, including FBI agents suspicious of DeVecchio who testified before the grand jury.

"The probe uncovered a troubling past of confidential leaks payoff and death, and has also led to the solving of several cold-case homicides," Hynes said.

The DA questioned how DeVecchio was able to get FBI funds to pay Scarpa without going through traditional channels that required the signatures of federal higher-ups.

He said his probe was continuing.

In addition to the charges leveled against DeVecchio, authorities believe he tipped off Scarpa back in 1987 that his mobster son, Gregory Jr., was about to be indicted by the feds on narcotics charges.

The inside info enabled the younger Scarpa to flee before the case was unsealed.

Scarpa Jr. remained on the lam for more than a year - apparently thanks to constant tips from DeVecchio - before finally being grabbed with his wife and child in a New Jersey motel by agents from the Drug Enforcement Administration, and not the FBI.

During the elder Scarpa's reign, he always appeared to be protected from law enforcement, serving only 30 days in jail for 10 arrests, including playing a key role in the theft of $4 million in stocks and bonds.

He was finally convicted of racketeering in 1994 - two years before he died of AIDS he contracted during emergency surgery for a bleeding ulcer.

Retired FBI Agent Charged With Ties To Mob (UPI)

United Press International, March 31, 2006

NEW YORK, March 30 (UPI) -- A retired FBI agent was charged Thursday in New York with feeding information to an organized crime boss that was used to kill four people.

R. Lindley DeVecchio was expected to be released on $1 million bail after his arraignment, The New York Times reported, combining $100,000 in cash with guarantees from five retired agents. About 45 of DeVecchio's former colleagues packed a courtroom in Brooklyn to support him.

Brooklyn District Attorney Charles Hynes said DeVecchio developed a close relationship with Gregory Scarpa Sr., a captain in the Colombo crime family. Scarpa died in 1994 in prison.

"This is the most stunning example of official corruption I have ever seen," Hynes said.

Hynes said his investigation began with information from a Massachusetts congressman who has been investigating FBI involvement with organized crime.

DeVecchio's supporters say he has already been exonerated by a Justice Department investigation.

2 Hit Man Suspects Reeled In (NYDN)

By WILLIAM SHERMAN, DAILY NEWS STAFF WRITER

New York Daily News, March 31, 2006

One of the alleged hit men is a 39-year-old Las Vegas limousine dispatcher who is on antidepressants and suffers from high cholesterol.

The other is a 41-year-old Florida charter fishing-boat captain with a Web site called reelfishy.com - a site that ultimately led to his capture.

"His first job is to love me, his second job is to kill people and any time you wanna die, just call me," a friend once screamed out in a bar, referring to fishing-boat captain Craig Sobel, according to a police report.

More than 16 years ago, Sobel and John Sinagra were young men involved with Brooklyn Mafia capo Greg Scarpa and his sons in the drugs and murder business, prosecutors say.

The two alleged hit men are embroiled in the case charging retired FBI agent Lindley DeVecchio with helping Scarpa murder mob rivals and informants.

Now Sobel and Sinagra are joined again in two seemingly senseless but inextricably related murder cases.

At 11:30 p.m. Halloween night 1989, Sobel allegedly killed Dominick Masseria, 18, with a shotgun in a driveby shooting, according to an indictment unsealed yesterday.

The gunshot - fired from a white limousine - was in retaliation for a minor fight two hours earlier between two groups of teenage boys throwing eggs at each other on a Bensonhurst street, prosecutors said.

Limo passenger Patrick Porco, 18, was picked up by detectives.

"I told him if he didn't talk, he'd be killed," Detective Al Lombardo recalled yesterday at the Brooklyn District Attorney's office.

"Porco started to cry, but he didn't talk," said Lombardo. "I told him again, 'You'll be killed,' but he never did [talk]."

Lombardo was right.

A few weeks later, Porco was shot five times in the head - allegedly by Sinagra, according to his indictment, also unsealed yesterday.

Sinagra was allegedly acting on orders from Greg Scarpa, who was told by DeVecchio that Porco was talking to the cops and would turn in Scarpa's son Joey, who was along for the limo ride, prosecutors say.

Sinagra, short and pudgy, was silent at his arraignment yesterday.

"He [Sinagra] was the ultimate wanna-be [Mafioso] who never could be," said Noel Downey, chief of the Brooklyn district attorney's Rackets Division, who is running the DeVecchio case. "The only way he [Sinagra] could be associated with Greg Scarpa was to kill for him."

Sinagra is half-Greek and could never become a made member of the Mafia.

But he did his best - he even married Scarpa's niece, according to investigators. The marriage broke up, he moved to Las Vegas and got a job with a limousine company.

"He's on Zoloft [antidepressant] and takes medication for high cholesterol," said his lawyer Joseph Giaramita, as his client was denied bail yesterday in Brooklyn Criminal Court.

Sobel was not in the courtroom. He was in a Hudson, Fla., jail cell, fighting extradition to New York.

He might never have been caught if not for his Web site. "I had his name, that's all, and Googled him and came up with the site," said Downey.

In the courtroom yesterday, there were eight people more anxious than anyone else to get a look at Sobel.

They were Dominick Masseria's family: his mother, three sisters, two nieces and two brothers-in-law.

"You know, they shot him right in front of Our Lady of Guadalupe Church [in Bensonhurst], that's where he went to grammar school," his ailing mother, Rose Marie Masseria, said yesterday.

"Dominick was never in any trouble, never in any drug gangs," said Joan Pistola, Dominick's sister. "He was working in a lumberyard on the corner where we lived."

He had just taken the NYPD test.

"After he died, we got a notice that he was accepted. He would have been a police officer, that's what he wanted," said Janet Tamborra, another sister of Dominick's.

"There won't be real closure until Sobel is sentenced - sentenced to the maximum," said Dorothy Garuccio, the third of Dominick's sisters.

Ex-Blues Player Denied Transfer To Canadian Prison (AP)

By JIM SUHR

AP, March 31, 2006

Danton Serving Time in New Jersey Following Foiled Plan to Have Agent Killed

EAST ST. LOUIS, Ill. (March 30) - The U.S. government rejected the request by former NHL player Mike Danton to be transferred to his native Canada to serve a prison sentence for his foiled attempt to have his agent killed.

The move "would not serve the ends of justice," said the Justice Department.

The decision was made last week by the Justice Department's prisoner-transfer unit and revealed on Wednesday in federal court filings. It assures that Danton will for now remain inmate No. 10096-111 at a prison in Fort Dix, New Jersey.

A lawyer for the 25-year-old former St. Louis Blues player promised to continue appealing.

When Danton was sentenced in 2004 to 7 1/2 years after pleading guilty to murder conspiracy charges, prosecutors agreed not to oppose Danton's deportation to Canada, where he said he wanted to get behind-bars surgical treatment for a shoulder injury and therapy for what his sentencing request called his "grave mental disorders."

Danton sued the U.S. government last November, contending that he unfairly has not been transferred to Canada. He asked to be resentenced.

The Justice Department countered that Danton waived his right to appeal by pleading guilty in July 2004 to orchestrating a conspiracy to commit an interstate killing targeting his agent, David Frost. The government also has insisted no regulations require action on international transfers within a specified time, and that Danton's deal did not require a transfer, only that he be considered for one.

In a letter dated March 24 to the Correctional Service of Canada, Paula Wolff - chief of the Justice Department's international prisoner-transfer unit - said the transfer bid was scuttled because it "would not serve the ends of justice and because of the seriousness of the offense."

Wolff wrote that Danton could reapply for transfer in two years, with that application "more likely to be approved in the future if the prisoner has maintained the best possible prison record and has attempted to address those reasons for denial over which the prisoner has some control." Wolff did not elaborate.

In September 2004, a federal jury acquitted American Katie Wolfmeyer, 19, of charges she took part in the plot.

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F.B.I. To Investigate Red Cross Over Accusations Of Wrongdoing (NYT)

By Adam Nossiter

The New York Times, March 31, 2006

NEW ORLEANS, March 30 — The F.B.I. office here will look into possible improprieties in the distribution of millions of dollars' worth of Red Cross relief supplies, the bureau's New Orleans chief said Thursday.

The Red Cross has already dismissed three volunteers in connection with the accusations, which center on charges that supplies were improperly diverted, felons were hired in the relief effort, and the organization's rules were not followed.

"We are going to launch a probe to surface the facts," said Jim Bernazzani, the special agent in charge in New Orleans for the Federal Bureau of Investigation. Mr. Bernazzani said the case would be investigated by the Katrina Fraud Task Force, a consolidated group of local, state and federal law enforcement agencies charged with looking into abuses in the continuing relief effort.

In a statement, John F. McGuire, the interim president and chief executive of the Red Cross, pledged to prosecute any "wrongdoers."

Accusations of wrongdoing were made by other Red Cross volunteers disturbed by what appeared to be misuse of agency supplies. Mr. McGuire, in his statement, urged any volunteers "who may have information" to come forward. He said that about $2 million in emergency financial assistance that was fraudulently obtained or mistakenly distributed had already been returned to the Red Cross.

Several Red Cross workers who first raised the issue of possible wrongdoing in the New Orleans operation said they were not only initially ignored, but also barred from further relief work. One accusation is that many more meals were ordered for a particular New Orleans neighborhood, Bywater, than were actually needed.

Results Of Internal Katrina Probe Going To FBI, Red Cross Says (WP)

By Jacqueline L. Salmon

The Washington Post, March 31, 2006

The American Red Cross, plagued by continuing controversy over its Hurricane Katrina relief effort, said yesterday that it is turning over to federal law enforcement officials results of its investigation into possible wrongdoing at a food and warehouse operation in New Orleans.

It also thanked volunteers who brought the matter to their attention.

"We've conducted a broad investigation, and we have seen enough to be able to turn it over to the FBI," said Jack McGuire, interim chief executive for the charity, which last week ousted three New Orleans volunteers after allegations surfaced that food and supplies for storm victims had been diverted.

But two Red Cross volunteers, who wrote a detailed report in December accusing New Orleans relief workers of operating a "rogue" operation using donated goods and equipment, said yesterday that they have already reported their findings to the FBI. And they expressed bitterness that the charity has not contacted them.

"I have not heard one word from the Red Cross -- not one word," said Jerome Nickerson, a Baltimore lawyer who, with partner Michael Wolters, looked into the operation at the request of the Red Cross last year before, they say, the charity forced them to stop. "This is nonsense."

McGuire declined to comment on Nickerson's and Wolters's claims but said that weeks ago the charity began a probe, whose results the FBI will get.

McGuire declined to say what that probe uncovered, but Nickerson said he and Wolters had found "rogue warehouses" in New Orleans filled with Red Cross supplies that they believed were being sold and that a Red Cross kitchen in New Orleans was ordering meals that clearly were not needed.

"I don't want to bash the Red Cross, because they do good for the people, but they need to change their practices and policies," said Wolters, a Wisconsin security guard. When he and Nickerson tried to investigate the New Orleans operation, he said, "the resistance from management and other workers there was just unbelievable."

The embattled charity has spent much of the last six months defending how it used $2.1 billion in donations it received for victims of hurricanes Katrina, Rita and Wilma.

Hurricane evacuees have complained that the charity's response was slow and chaotic. Minority groups are angry at the charity over its perceived poor treatment of blacks and Hispanics in shelters. Its management is in turmoil after the sudden departure of its chief executive in December. The Senate Finance Committee and the Louisiana attorney general are investigating. And Congress is considering overhauling the Red Cross's 105-year-old charter.

Red Cross Says FBI Will Handle The Probe Of Fraud Allegations (BLOOM)

DOJ_NMG_0024724

By Samantha Zee
Bloomberg, March 31, 2006

March 30 (Bloomberg) -- The American Red Cross said today the FBI will look into allegations of fraud stemming from the charity's work in the New Orleans area following Hurricane Katrina.

The Red Cross, the largest U.S. disaster-relief group, is investigating allegations that millions of dollars in supplies were diverted improperly during Hurricane Katrina relief efforts. The Federal Bureau of Investigation in New Orleans has agreed to take charge of all allegations of fraud and wrongdoing, the charity said.

``The Red Cross takes these allegations very seriously and is committed to being the best stewards of the donated dollar,'' Jack McGuire, interim Red Cross president and chief executive officer, said in a statement distributed by PR Newswire.

The American Red Cross was part of the Justice Department's Hurricane Katrina Fraud Task Force after the storm struck the U.S. Gulf Coast at the end of August. The charity said it is working with law enforcement groups to seek out and prosecute fraud, waste and abuse.

American Red Cross spokeswomen Devorah Goldburg and Carrie Martin didn't immediately return calls seeking comment.

Appeals Court Judges Mull Federal Death Penalty Request (AP)

By Daniel Yee
AP, March 31, 2006

ATLANTA - Lawyers for a man accused of killing a Florida deputy asked the 11th Circuit Court of Appeals Thursday to throw out the government's request for the death penalty, saying they were not given sufficient notice.

Jeffrey Lamken, an attorney for Kenneth Wilk, asked a three-judge panel to throw out the request because the government informed Wilk and his defense team it would seek the death penalty less than two months before Wilk's scheduled trial date last April.

"An indictment was released six months before the trial date, yet the Justice Department did not sign off on the death penalty," Lamken said.

Wilk, 43, is charged with killing Broward County sheriff's Deputy Todd Fatta, 33, by using a high-powered hunting rifle with a bullet that pierced the officer's protective vest when deputies raided Wilk's home in August 2004. A second deputy, Angelo Cedeno, was shot in the hand and lost a finger.

Federal law requires the government to inform defendants of its intent to seek the death penalty "a reasonable time before trial." In previous cases, the government has provided notice about 11 months before trial, Lamken said.

Assistant U.S. Attorney E.J. Yera told the panel the 58-day notice was sufficient. The government filed the request on Feb. 18, 2005. The trial had been set to open April 18, 2005. The trial is expected to be held after the panel issues its opinion.

Federal death penalty cases are not common. There are 43 federal inmates now on death row, but more than 3,300 nonfederal inmates were on death row in the 50 states as of January, according to the Washington-based Death Penalty Information Center.

Currently the government has 65 death penalty cases pending or in trial, said Kevin McNally of the Federal Death Penalty Resource Council in Frankfort, Ky.

U.S. Attorney General Alberto Gonzales had to sign off on federal prosecutors' request for the death penalty in the Wilk case. Prosecutors previously listed 11 factors warranting Wilk's execution, including premeditation and his risk for causing future danger. The government has filed for the death penalty 10 times in Florida cases, has not won a death verdict from a jury.

A unanimous jury is required for a federal death verdict; a majority vote is sufficient in Florida's state death penalty cases. Wilk could face a murder charge in state court regardless of what happens in the federal case.

The anti-pornography task force of federal and local officers who raided Wilk's home didn't know of a Fort Lauderdale police computer notice warning officers "to use extreme caution" when approaching the house because of previous threats to officers and a ready-made SWAT raid plan.

Wilk once listed "hunting cops" as a hobby on an Internet profile, and city police had noted seeing rifles and handguns in the house. His partner, Kelly Ray Jones, already was jailed on pornography charges.

The government currently is seeking the death penalty against confessed al-Qaida conspirator Zacarias Moussaoui. A jury in Alexandria, Va., resumed deliberations Thursday in his case and must decide if Moussaoui is a terrorist responsible for the deaths of Americans on Sept. 11, 2001.

End Of The Affair Behind Unraveling Of DeLay's Team, A Jilted Fiancée (WSJ)

By Brody Mullins
The Wall Street Journal, March 31, 2006

DOJ_NMG_0024725

WASHINGTON -- The engagement of Emily Miller and Michael Scanlon was supposed to mark the coming out of a new Washington power couple.

The two had met on Capitol Hill, where they worked as press secretaries to Rep. Tom DeLay, the feared Texas Republican. They got engaged in September 2001 on the beach in Santa Monica, Calif., and planned an August 2002 wedding. As the date approached, Mr. Scanlon bought a $4.7 million oceanside mansion and guest house, formerly part of the DuPont estate, in Rehoboth Beach, Del. He furnished it down to the monogrammed towels and presented it to his bride-to-be.

Then, with the wedding a few months away, he called off the engagement and started dating a 24-year-old waitress.

Mr. Scanlon and Ms. Miller, now both 35 years old, were among a tight-knit group of aides who helped Mr. DeLay rise to the pinnacle of Capitol Hill in the 1990s and cement his power as House majority leader. Some of those aides provided a link between their boss and Jack Abramoff, a Republican lobbyist.

The end of the engagement was part of that group's unraveling -- which has had significant consequences for official Washington. The aides have since turned on one another, feeding the ethics scandal surrounding Mr. Abramoff that now roils the capital. Mr. Abramoff has admitted he directed Native American clients to pay huge sums to Mr. Scanlon's public-relations firm. Mr. Scanlon secretly gave Mr. Abramoff half of his profits.

Prosecutors came to Ms. Miller to help them build a case that drove her ex-fiancé to plead guilty, according to a person familiar with the situation. Mr. Scanlon's testimony in turn helped force Mr. Abramoff into a guilty plea. Another former DeLay aide, Tony Rudy, has been cited by prosecutors in the investigation. Now Washington is wondering whether prosecutors will use testimony from Messrs. Scanlon and Rudy to go after Mr. DeLay, who has resigned as majority leader.

While Mr. Abramoff has become well-known as a symbol of the excesses of Washington influence-peddling, the story of the DeLay aides and their role in the scandal is less-known. People who have spoken to Ms. Miller say that after her breakup she began questioning how Mr. Scanlon could afford a lavish lifestyle while working summers as a beach lifeguard and doing seemingly little work at his public-relations firm. She talked about the beach house he had presented to her, the private jet he flew around in and the $17,000-a-month apartment he rented at the Ritz-Carlton in Washington. Prosecutors would later ask the same questions, and discover Mr. Abramoff's deals with the Indian tribes.

Ms. Miller, who hasn't been accused of wrongdoing, declined to comment through her attorney, Dan French, who said the "details of Ms. Miller's past personal life are not relevant to the criminal actions of Mr. Scanlon and Mr. Abramoff." Mr. Abramoff was sentenced this week in Florida to five years and 10 months in prison over fraud in a casino deal, but his ultimate prison term won't be known until he is sentenced in the corruption scandal in Washington.

The story of the star-crossed Capitol Hill romance -- and its repercussions in national politics -- begins in 1997, when Mr. Scanlon arrived in Rep. DeLay's office as press secretary. There he worked closely with Mr. Rudy. Both press aides were veterans of Republican politics and eager sportsmen. Mr. Scanlon, a native of suburban Washington, could run five miles in under 30 minutes, while Mr. Rudy, of Brooklyn, N.Y., played in an amateur ice-hockey league.

The two shared a pit-bull political style and pushed Mr. DeLay to lead the charge in 1998 for the impeachment of President Clinton. "This whole thing about not kicking someone when they are down is B.S.," Mr. Scanlon once wrote to Mr. Rudy in an email published in "The Breach," a book by Peter Baker about the impeachment. "Not only do you kick him -- you kick him until he passes out -- then beat him over the head with a baseball bat -- then roll him up in an old rug -- and throw him off a cliff into the pound surf below!!!!!"

The two staffers often lent a hand to Mr. Abramoff, according to court documents and former colleagues. The lobbyist helped Mr. DeLay raise millions of dollars. Mr. Abramoff frequently treated Mr. DeLay to dinner at his sushi restaurant on Capitol Hill and took the congressman on trips overseas. Mr. Abramoff spoiled Mr. DeLay's aides, too, taking them on trips to casinos and golf courses owned by his clients, according to travel disclosure forms.

The aides returned the favor. In the fall of 1998, Mr. Abramoff wanted to help a Republican, Joe Ada, get elected as governor in Guam, even though he was trailing incumbent Gov. Carl Gutierrez badly in the polls.

Just after lunch on Oct. 26, 1998, Mr. Abramoff emailed Mr. Rudy: "We want to know if there is anyway to get Tom to call for an investigation of the misuse of federal funds on Guam by this governor," he wrote in a message reviewed by The Wall Street Journal. Mr. Abramoff said he would draft a statement for Mr. DeLay and suggested that if Mr. Rudy could "issue a press release and letter requesting an Inspector General (I guess from Interior?) to investigate these matters, it should have a major impact on the election next week."

Within a few hours, Messrs. Rudy and Scanlon released a statement from Mr. DeLay and a letter to the Department of the Interior's inspector general calling for a federal investigation into the Democratic governor. "The allegations and materials I reviewed point to serious corruption" by the governor, Mr. DeLay said in the letter.

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Despite their efforts, Mr. Ada lost the race, and the department didn't conduct an investigation. After leaving office, Mr. Gutierrez was tried on corruption charges but acquitted on all counts. Mr. DeLay's spokeswoman said he declined to comment. Mr. Rudy's lawyer didn't return phone calls.

In late 1998, Mr. Rudy was promoted to deputy chief of staff and Mr. Scanlon was elevated to communications director, reporting to Mr. Rudy. To fill the void in the press office, Mr. Scanlon soon hired Ms. Miller, a Georgetown University graduate who had worked as an ABC News associate producer and as a press secretary for Rep. Rick Lazio, a New York Republican.

Ms. Miller shared the pugnacious style of her new colleagues. She was once quoted in a Washington Post profile of Mr. DeLay yelling at a reporter: "You lied!... You betrayed him! You twisted his words!... We don't know you. You don't exist... You are dead to us."

Ms. Miller and Mr. Scanlon soon became close friends. Mr. Scanlon, married at the time, would sometimes bring his newborn son into the office, and Ms. Miller enjoyed watching over him, according to DeLay staffers.

By the end of 1999, Mr. Scanlon's marriage was falling apart, and he moved out of the one-story bungalow he shared with his wife. He left the DeLay office for a private-sector job in public relations. In March 2000, Mr. Abramoff hired Mr. Scanlon to work with him in the Washington, D.C., lobbying office of Seattle-based law firm Preston Gates Ellis LLP.

Mr. Abramoff frequently sought Mr. Rudy's help to influence legislation on behalf of his clients. In exchange, Mr. Abramoff offered the DeLay aide meals, expensive trips and cash, according to Mr. Abramoff and prosecutors. In June 2000, Mr. Abramoff took Mr. Rudy to watch Tiger Woods win the U.S. Open golf championship at Pebble Beach.

Shortly afterward, Mr. Rudy helped arrange for Mr. DeLay to send a U.S. flag that had flown above the Capitol to the owner of the SunCruz Casinos gambling fleet, which Mr. Abramoff wanted to buy. When the SunCruz owners agreed to sell to Mr. Abramoff for $147.5 million, the lobbyist listed Mr. Rudy as a reference on his $60 million loan application. Mr. Abramoff later pleaded guilty to faking a wire transfer to get financing for the deal, which led to his sentencing in Florida this week.

In March 2001, Mr. Abramoff and Mr. Scanlon joined Greenberg Traurig, a Miami-based law firm looking to build a lobbying practice in Washington. One of Mr. Abramoff's first hires there was Mr. Rudy. The two former DeLay press secretaries, once allies, became fierce rivals.

Mr. Rudy bad-mouthed Mr. Scanlon among colleagues, according to other Greenberg Traurig lobbyists. Mr. Scanlon fought back by leaking unfavorable tidbits about Mr. Rudy to the press. Mr. Scanlon was now dating Ms. Miller, who had been promoted to Mr. DeLay's communications director.

Using Ms. Miller as his eyes and ears in the DeLay office, Mr. Scanlon, according to DeLay staffers and journalists, told reporters that Mr. Rudy often visited Mr. DeLay's office in 2001, a possible violation of lobbying rules. Former congressional aides must wait a year before lobbying their former colleagues. Mr. Scanlon also told reporters that when Mr. Rudy worked as a House aide, Mr. Rudy urged House Republicans to steer political work to his wife's firm.

When Mr. DeLay heard about the squabbling among his former aides, he was "livid" and threatened to get Mr. Scanlon booted from his lobbying job, according to a March 29, 2001, email from Mr. Rudy to Mr. Abramoff. Mr. Abramoff got Mr. Scanlon to stop the leaks, and no stories came out at the time about Mr. Scanlon's allegations.

Around this time, Mr. Abramoff's bet that SunCruz revenue would allow him to pay back the $60 million loan wasn't panning out. In June 2001, SunCruz filed for bankruptcy, and Mr. Abramoff's lender demanded payment. To resolve the matter, Mr. Abramoff needed to come up with millions of dollars. He hatched a plan to bilk his clients.

Most of Mr. Abramoff's Native American clients operated gambling casinos and wanted to block rival tribes from invading their turf. The tribes also worried that the federal government would tax their casino revenues. Mr. Abramoff told his tribal clients to hire Mr. Scanlon, who had set up his own public-relations firm and would soon leave the lobbying practice. Mr. Scanlon then secretly routed half of his net profits back to Mr. Abramoff. While Mr. Scanlon's actions didn't violate any laws, Mr. Abramoff admitted that he defrauded his clients by receiving kickbacks and not telling them.

As the friendship between Messrs. Abramoff and Scanlon deepened, they teased each other about their regular racquetball matches. "You better start pulling some real opponents or I am going to beat your ass to a pulp next time we get out there!" Mr. Scanlon told Mr. Abramoff in one trash-talking email. Mr. Scanlon was "afraid of a real man!" Mr. Abramoff answered in an email sprinkled with obscenities.

Mr. Scanlon reveled in his newfound wealth. In September 2001, he bought two houses in Washington for a total of $1.2 million, according to court papers. In November 2001, he bought a $1.6 million beach house in Rehoboth Beach and completely renovated it. A few months later, in March, he paid $4.7 million in cash for a place for him and Ms. Miller to live. The beachfront mansion had a weight room, sauna and a three-bedroom guest house. Mr. Scanlon mounted lights on the deck so he could hold parties on the beach at night, according to his surfing friends. He also bought vacation homes on the Caribbean island of St. Barts, including one villa he rented out for $50,000 a week.

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In September 2001, Mr. Scanlon, now divorced from his wife, proposed to Ms. Miller before dinner at The Ivy, a Los Angeles restaurant popular with celebrities. The couple planned a wedding at the beach for the following summer. In January 2002 Ms. Miller quit her job as Mr. DeLay's spokeswoman to prepare for the Aug. 10 wedding. The couple sent a save-the-date card to guests that read: "The Celebration Begins."

The celebration never came. Mr. Scanlon broke off the engagement that spring and began dating a 24-year-old waitress at a Rehoboth Beach seafood restaurant.

Mr. Scanlon returned to his summer lifeguard job at Rehoboth Beach, occasionally visiting Washington and staying at his Ritz-Carlton apartment. In November 2002, Mr. Scanlon quietly married his new girlfriend.

Ms. Miller was devastated, according to friends. She spent hours at the gym. Two weeks after her planned wedding date, she started a blog with beauty and diet tips for women.

Three weeks after Mr. Scanlon got married, Ms. Miller was a bridesmaid at the Houston wedding of another former DeLay aide. Ms. Miller confessed to friends at the reception that she had helped Mr. Scanlon spread negative stories about Mr. Rudy, according to people who attended. When she saw Mr. DeLay and his wife, Ms. Miller tearfully apologized and said she had been used as a pawn in Mr. Scanlon's fight with Mr. Rudy, to whom she also expressed remorse.

Mr. DeLay accepted Ms. Miller's apology, according to wedding guests, and embraced her, saying: "We are all a part of the DeLay family." A DeLay spokeswoman, Shannon Flaherty, said Mr. DeLay couldn't recall his exact words.

After flying back to Washington, Ms. Miller called Mr. Scanlon's ex-wife, Carrie Anne Liipfert. People familiar with Ms. Miller's thinking say she missed spending time with Mr. Scanlon's son. She also sought the comfort of another woman hurt by Mr. Scanlon. Over the next few months, the two spoke frequently and became friends.

Ms. Miller told Ms. Liipfert about the millions of dollars Mr. Scanlon was making and about the properties he had purchased, according to people who know both women.

When Mr. Scanlon and Ms. Liipfert, who declined to comment, separated three years earlier, Mr. Scanlon was making $155,000 as Mr. DeLay's communications director and had $39,000 in debt, including $19,400 on his credit cards, according to court records. His child-support payment was set at $1,680 a month.

Now he had millions of dollars in beach houses and flew around in a private jet. In February 2003, Mr. Scanlon's ex-wife filed a motion in a suburban Washington court to increase the child-support payments. Mr. Scanlon's "financial circumstances...have improved dramatically," Ms. Liipfert told the court, according to records. "It is believed he earns millions of dollars per year now."

Mr. Scanlon fought his ex-wife's request and refused to tell the court how much he made. He said his ex-wife "has been in direct contact with third parties concerning his finances and business enterprises, apparently seeking to embarrass" him, according to court records.

In April, Ms. Liipfert asked the court to subpoena former yoga instructor Brian Mann, a move that suggested she had knowledge about her ex-husband's work with Mr. Abramoff. Federal investigators later discovered Mr. Mann was the director of a fake think tank that Messrs. Abramoff and Scanlon used to collect fees from clients.

At the end of the summer of 2003, Mr. Scanlon reached an out-of-court settlement with his ex-wife. Under the settlement, the two aren't permitted to discuss the terms.

Just as Mr. Scanlon was being pressed by his ex-wife for more money, Mr. Abramoff was starting to show the stress of being pinched by his lenders.

"Mike!!! I need the money TODAY! I AM BOUNCING CHECKS!!!" he emailed Mr. Scanlon on Feb. 19, 2003, as the latter vacationed in St. Barts, according to an email released by Senate investigators. After Mr. Scanlon promised to send a kickback check, Mr. Abramoff wrote: "Sorry I got nuts, but it's a little crazy for me right now. I am not kidding that I was literally on the verge of collapse. I hate all the s--t I'm into."

On Feb. 22, 2004, the Washington Post in a front-page article reported that Messrs. Abramoff and Scanlon charged four Indian tribes $45 million for lobbying and public-relations work over three years. The sum rivaled the lobbying fees of the biggest U.S. corporations.

Mr. Abramoff's world quickly caved in. The next week, he was fired from his lobbying job. On Capitol Hill, Sen. John McCain opened a Senate probe into his business.

The Justice Department, already investigating Mr. Abramoff's SunCruz deal in Florida, expanded its investigation to include his work in Washington with Mr. Scanlon and the Indian tribes. Federal prosecutors soon found out that Mr. Abramoff and Mr. Scanlon received more than $80 million from the tribes.

Mr. Scanlon at first seemed unfazed. In the months after the story broke, he bought a pair of $2 million beach houses and returned to his lifeguard job. In July 2005, he sold the beach house he bought for Ms. Miller for a $1 million profit, according to court records.

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But pressure was mounting on him. Justice Department prosecutors secretly approached Ms. Miller to help build a case against her ex-fiancé, says a person familiar with the case. Last November, Mr. Scanlon pleaded guilty to bribery charges. He agreed to go to jail for as long as five years and pay back nearly $20 million to the tribes. Mr. Scanlon also implicated Mr. Abramoff.

Six weeks later, Mr. Abramoff pleaded guilty to corruption and bribery charges and agreed to pay the tribes $26 million. Depending on his sentence in Washington, he may spend a decade behind bars. In his plea agreement, Mr. Abramoff said he sought to bribe Mr. Rudy "to perform a series of official acts" by offering him golf trips, meals and a $50,000 payment to his wife.

Days later, Mr. DeLay announced he wouldn't seek another term in the Republican leadership in the House. He faces a re-election fight this fall. Mr. Rudy quit his lobbying job.

Until the summer of 2005, Ms. Miller worked as a spokeswoman at the State Department. In May 2004, she earned a bit of fame when she cut off a live interview on NBC's "Meet the Press" with then-Secretary of State Colin Powell. Ms. Miller hasn't held a steady job since leaving the State Department. She blames talk about her involvement with the investigation.

Friends say Ms. Miller still has Mr. Scanlon's four-carat engagement ring.

Jack's House (NYT)

By Hart Seely
The New York Times, March 31, 2006
These are the men
That fleeced the tribes
That paid the money
That made the bribes
That purchased the Congress that
Jack built.
This is the Duke
That sailed the yacht
That raised the eyebrows
And got him caught,
Who helped Mitch Wade,
Who bought Duke's land
And kicked in 700 grand;
Which raised Duke's taxes,
And gave Duke pain;
So Wade paid the tab
On Duke's capital gain.
Bigger than Abscam:
Randy "Duke" Cunningham!
Top gun in the Congress that
Jack built.
This is Bob Ney,
Who knew the fine print
That could pass a casino
And rev up its mint,
Who spawned the e-mail
Where Jack foretold:
"Just met with Ney.
"We're [expletive] gold!"
And Ney in 2000,
A moment quite checkered
Ripped magnate Gus Boulis
In the Congress'nal Record.
His tirade was meant
To frighten the fellow,
Who cops say was shot

By Big Tony Moscatiello,
Who got a small fortune
From Jack's pal in D.C.,
A guy Ney said was known
For his "honesty."
Their pal was indicted
And then copped a plea
Guilty of fraud
And conspiracy.
For creating the vibes
That condoned the bribes
That corrupted the Congress that
Jack built.
This is DeLay,
Who built the machine
That redrew the districts
And raised the green,
That decided the races
That claimed the new seats,
That made the new friends
That owned luxury suites,
That held big galas
That brought the donations
That helped him to greet
The great Coushatta Nation!
With 800 members
And fund-stream support
From the famous Coushatta Casino Resort!
Which paid several million
For Jack to abort
A rival tribe's parlor
In nearby Shreveport,
Which prompted the letter
That outlined their claims
That went to Gale Norton,
Co-signed by these names:
Tom DeLay, Eric Cantor,
Roy Blunt, the chief whip,
Speaker Dennis Hastert.
That's the House leadership!
That played the game
And wears the shame
That hangs over the Congress that
Jack built.
This is the Jack,
Jack Abramoff,
Who bought the souls,
Then sold them off,
Who shook the hands
And financed the houses
And feted the staffs,
And hired the spouses,
And fleeced the tribes

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And spread the bribes
That ransomed the Congress that
Jack built.

For Jack's A Jolly Good Fellow! (WP)

By Al Kamen
The Washington Post, March 31, 2006

The extraordinary outpouring of letters on behalf of disgraced lobbyist Jack Abramoff must have played a part in persuading U.S. District Judge Paul C. Huck to give Abramoff the minimum possible sentence Wednesday for fraud and conspiracy in buying casino boats in Florida.

The sheer volume -- 262 letters were ginned up by Abramoff's lawyers -- was impressive. So was the range -- from family members to old friends to religious folks to a member of Congress (Rep. Dana Rohrabacher, R-Calif.).

All asked for leniency for a great guy who lost his way. They focused on Abramoff's good deeds -- local physician Gene Colice 's letter talked about neighbor Abramoff "trying to find a lost hamster on a Friday night" -- to his contributions to Jewish charities and religious institutions.

Some of the letters at first glance seem risky, raising the possibility of backfire. For example, there were two from the Northern Mariana Islands, Abramoff clients who were battling congressional efforts to impose federal control.

Northern Mariana Gov. Benigno R. Fitial wrote that Abramoff lobbied for the U.S. territory "during one of the darkest periods in our short history as a largely self-governing" commonwealth, a time when unions and other misguided do-gooders were demanding federal control of immigration -- which fuels the territory's growing sex trade -- and application of minimum-wage and other worker protections to the clothing factories there. Critics say the factories, which produce "Made in USA" goods, are little more than sweatshops.

Another letter came from Willie Tan , who introduced himself as someone "engaged in various international business enterprises," including "apparel manufacturing."

A letter from well-known Washington attorney Nathan Lewin risked reminding Huck that Abramoff opened a kosher deli in downtown D.C. "at great personal sacrifice." Would have been less "sacrifice" if the failed operation had served better food. The real danger was that Huck might have dined there and had one of those potato knishes apparently microwaved so much that the potato filling was liquefied. If so, Huck would have been thinking summary execution, not leniency.

And there was a warm letter from Rabbi Daniel Lapin , urging leniency and noting Abramoff was not your "average criminal." Problem is, Lapin's letter might have reminded Huck that Abramoff contributed money to Lapin's group, Toward Tradition, to pay the salary of the wife of a top aide to then-House Majority Leader Tom DeLay (R-Tex.).

Even worse, Lapin's letter might have reminded Huck of the hilarious September 2000 e-mail exchange, funnier than anything even the morally and ethically bankrupt protagonists in "The Producers" might have concocted:

"I hate to ask you for your help with something so silly," Abramoff wrote, "but I've been nominated for membership in the Cosmos Club, which is a very distinguished club in Washington, DC, comprised of Nobel Prize winners, etc. Problem for me is that most prospective members have received awards and I have received none.

"I was wondering," Abramoff continued, " if you thought it possible that I could put that I have received an award from Toward Tradition with a sufficiently academic title, perhaps something like Scholar of Talmudic Studies?

"Indeed, it would be even better if it were possible that I received these in years past, if you know what I mean," Abramoff wrote. Ah, yes, a backdated, phony award.

No problem. "I just need to know what needs to be produced," Lapin responded. "Letters? Plaques?" Lapin now says he was joking, but one news report said Abramoff did get awards from Toward Tradition.

Well, the risks must have paid off. Huck went as low as legally possible on the sentence, five years and 10 months.

Unclear if Abramoff got his Cosmos membership.Gone With the Gym?

There is some chatter that Reps. Martin O. Sabo (D-Minn.) and Michael G. Oxley (R-Ohio), who are retiring next year, have resigned from the House gym. Talk was these moves might have been in protest of new House rules that prohibit former members-turned-lobbyists from going there.

Our colleague Jeffrey Birnbaum placed three phone calls to each office, calls that produced no confirmation or denial from either member's staff. That non-response is a violation of the venerable Loop Three-Call Rule, thus permitting us to write about this unconfirmed, undenied rumor. (No doubt we'll be writing about this for Monday's column.)And One More . . .

Monday's column should have included Navy pilot Michael Scott Speicher , who was shot down over Iraq on the first day of the 1991 Persian Gulf War, as still listed as "missing-captured." A U.S. intelligence team in Iraq last year found no clues to his fate.

Court Subpoenas Aides Of La. Congressman (AP-Y2)

AP2, March 30, 2006

A U.S. District Court has issued grand jury subpoenas to six aides to Rep. William Jefferson (news, bio, voting record), a Louisiana Democrat who has been implicated in a bribery case.

In statements read on the House floor Thursday, the aides notified House Speaker Dennis Hastert that they had been served with grand jury subpoenas for testimony issued by the U.S. District Court for the Eastern District of Virginia.

The court, located in Alexandria, Va., is set to hand down a sentence to a former aide to Jefferson, Brett Pfeffer, who last January pleaded guilty to aiding and abetting bribery of a public official and conspiracy.

Pfeffer, 37, who faces up to 20 years in prison, said a congressman demanded bribes in exchange for his assistance in brokering two African telecommunications deals. Court documents make clear that Jefferson is the accused congressman without specifically naming him.

Jefferson, who has not been charged with a crime, has denied the allegation, saying he has never demanded or accepted anything to perform a service for which he was elected.

Jefferson represents parts of New Orleans that were hardest hit by Hurricane Katrina.

The six staff members — a district manager, a legislative assistant and four congressional aides — said in their statements that they had consulted with the Office of General Counsel and determined that compliance with the subpoena "is consistent with the precedents and privileges of the House."

Six Hill Aides Subpoenaed In Jefferson Investigation (WP/AP)

By Associated Press

The Washington Post, March 31, 2006

A U.S. District Court has issued grand jury subpoenas to six aides to Rep. William J. Jefferson (D-La.) who has been implicated in a bribery case.

In statements read on the House floor yesterday, the aides notified House Speaker J. Dennis Hastert (R-Ill.) that they had been served with subpoenas for testimony issued by the U.S. District Court for the Eastern District of Virginia.

The court, located in Alexandria, Va., is set to hand down a sentence to Brett Pfeffer, a former aide to Jefferson. Pfeffer pleaded guilty in January to aiding and abetting bribery of a public official and conspiracy. He faces as much as 20 years in prison.

Pfeffer, 37, said a congressman demanded bribes in exchange for his assistance in brokering two African telecommunications deals. Court documents make clear that Jefferson is the accused congressman without naming him.

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Man Mistakenly Released From Federal Jail Flees (CBS2CHI)

CBS 2 Chicago, March 31, 2006

(STNG) CHICAGO A North Side man was on the lam after a communication glitch caused him to be accidentally released from the downtown federal jail, authorities said Wednesday.

U.S. marshals were searching for Amar Abu Siessi, 36, a Jordanian national, after they inadvertently let him out of the Metropolitan Correctional Center Monday.

U.S. District Judge Matthew F. Kennelly issued a warrant for the Siessi's arrest Wednesday when he did not show up to court.

The U.S. Marshals Service mistakenly believed the court had released Siessi on bond. They released him without his bond discharge papers, a violation of protocol, according to Deputy U.S. Marshal Michael Prout.

"At the time we had transmitted incorrect information that he was to be released on bond, when in fact he was to appear in court today for a bond hearing," Prout said.

Siessi, a grocery store owner, had been held since March 7 when he was arrested by the U.S. Department of Agriculture on fraud charges, the second fraud case brought against him since December. He is accused of defrauding the Link card program, which provides taxpayer money to the poor so they can buy food.

Siessi's lawyer, Joe DiNatale, said his client went home to his wife after the Monday night release. She said she last saw him at 1 p.m. Tuesday.

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Out Of Prison, Conman Is Back To His Game (CBS2CHI)

CBS 2 Chicago, March 31, 2006

(CBS) CHICAGO A conman who pulled off elaborate scams while he was supposed to be monitored by federal agencies has done it again.

Michael Anthony Nelson's Chicago swindle was exposed last year by the CBS 2 Investigators, and it has now resulted in a new fraud indictment.

But as CBS 2's Pam Zekman reports, the feds missed a chance to keep him in jail, and now he is running a new scam.

Nelson is now pictured on an FBI "wanted" poster. It includes mug shots of how he looked for his past scams, posing as a banker, lawyer, and business consultant, to pull off one con after another.

It is a history that amazes even Chicago FBI Special Agent-In-Charge Robert Grant.

"He's a conman," Grant said. "He is a professional conman. He is very smooth. He is very articulate. He can con the socks off of you."

As we disclosed last year, Nelson opened a business consulting company called the Cano Company in the River North neighborhood, while on probation for a Florida swindle.

He called himself Dr. Anthony Zamora. He faked degrees, City Hall clout, and corporate connections to cheat his employees, a bank, small business operators, and church parishioners out of hundreds of thousands of dollars.

"You know to be hoodwinked or taken advantage of like this," said Pastor George Henderson of the Greater Garfield Park Church. "It's just almost, you know, devastating."

After our report, Nelson was returned to prison in Atlanta to finish the 13 months remaining on his sentence in a Florida swindle.

Federal officials promised the Chicago victims and CBS 2 that after he finished his time, Nelson would be brought back to Chicago to face new charges.

"I was told he would never walkout of jail," said Rene Sotelo, a former employee of the Cano Company, "and look what happened. He walked out."

Nelson was released from an Atlanta prison on Dec. 23 of last year.

The reason was apparently because the U.S. Attorney's Office in Chicago did not get around to returning a bank fraud indictment against Nelson until about a week after his release.

Sotelo said he was concerned that if Nelson was let out of prison, "he was going to do it again."

He apparently was. On another Web site, Nelson has created a faith gathering prison ministry.

This time, Nelson is posing as Messianic Rabbi Micael Jacob Zipuren, and he is soliciting contributions from inmates in exchange for supposedly providing them with all kinds of assistance.

"He's going to take the money and run," Sotelo said.

If you see Nelson, the FBI wants you to call their local office.

"Right now we are attempting to apprehend him wherever he may be," Nelson said.

To contact the Chicago office of the Federal Bureau of Investigation, call (312) 431-1333.

A spokesman for the U.S. Attorney's office declined to comment about the delayed indictment in the case.

Feds Charge Two With Contract Killing (BEAVCT)

By Bill Vidonic, Times Staff

Beaver County (PA) Times, March 31, 2006

BEAVER - More than two years ago, Beaver County District Attorney Dale Fouse made a promise to the family of Frank J. Helisek Jr. that his office would find out why the New Brighton man was gunned down in the doorway of his home.

Fouse fulfilled a good portion of that promise Wednesday with the announcement that federal murder charges - a first in Beaver County - had been handed down against two men, accusing them of a contract killing scheme wrapped into a large-scale cocaine ring that operated from 1999 to November.

Jelani Solomon, 27, of 1917 Fourth Ave., Beaver Falls, is accused of paying Claron Hanner, 28, formerly of Pittsburgh, to shoot Helisek on Feb. 19, 2004. One of Helisek's sons, Shawn Helisek, was scheduled to testify against Solomon in a drug trial that was to begin Feb. 20, 2004. Solomon instead pleaded guilty to cocaine possession and was sentenced to between 2½ and five years in state prison.

Solomon and Hanner could face the death penalty, U.S. Attorney Mary Beth Buchanan said Wednesday, as they are accused of using a gun to cause a death while trafficking in drugs.

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Buchanan must make a recommendation to Attorney General Alberto Gonzales, who has the final say on whether prosecutors seek the death penalty. Buchanan would not say Wednesday what her recommendation will be, though Fouse said he supports death penalty prosecutions in this case.

Hanner had been awaiting trial in Beaver County on a homicide charge in the Helisek shooting, with prosecutors seeking the death penalty. Fouse said the local charge will be withdrawn in deference to the federal charges. Solomon was not charged in Beaver County in Helisek's killing.

"Hopefully, this is a long-term effort to (curtail) drug activity in Beaver County," Fouse said. "This is an important step toward the commitment to the Helisek family and the people of Beaver County."

Also indicted by a federal grand jury was Solomon's mother, Wanda Solomon, 46, of 180 Crestview Village, Ambridge, who Buchanan said has helped keep her son's drug sales going even while he has been in prison. Buchanan said Jelani Solomon also kept directing drug sales from his prison cell.

Fouse and Buchanan revealed Wednesday that a network of local, state and federal agents have been working quietly in Beaver County over the last couple of years to investigate not only the Helisek killing but also a drug ring reportedly led by Jelani Solomon.

In an offensive dubbed "Operation Enough is Enough," Jim Harper, of the federal Drug Enforcement Agency, said 44 people have been indicted on various drug charges linked to the alleged drug ring. The operation, which included county detectives, local police, state police and federal agencies, also has seized 14 vehicles along with the cocaine, Harper said.

Buchanan said the indictments have been going on since 2003, and some defendants have already pleaded guilty to related charges, while others are awaiting trial.

Buchanan said the Solomons and Hanner, from 1999 to November 2005, conspired to distribute at least 5 kilograms of cocaine in the area.

Buchanan said the case is marked not only by the number of individuals reportedly involved, but also by "the ruthlessness of (Jelani Solomon and Hanner) in killing the father of a witness." She would not say how much Solomon is accused of paying Hanner to shoot Helisek.

Fouse said that in the initial days after Helisek's killing, it was apparent to the family and investigators that there was much more behind the killing.

In December 2004, local investigators met with the U.S. attorney's office, seeking additional help, and Fouse said that he had "never seen an investigation as comprehensive and as intensive as this investigation has been."

Harper said federal investigators are "not leaving," and will continue their work within the county.

Jelani Solomon and Hanner are now in federal custody, Buchanan said, and their arraignments are scheduled in the next few weeks. Wanda Solomon was arrested and in federal custody Wednesday.

While Jelani Solomon and Hanner could face the death penalty or life in prison, Wanda Solomon could face life in prison, but Buchanan said she was not directly involved in Helisek's shooting. All three also face millions of dollars in fines.

Attorneys At Law Firm In Pellicano Case May Leave (LAT)

By Chuck Philips, Kim Christensen And Henry Weinstein, Times Staff Writers

The Los Angeles Times, March 31, 2006

Two top attorneys with a Century City law firm at the center of a federal racketeering investigation into alleged wrongdoing by Hollywood private eye Anthony Pellicano will soon leave to establish a new practice.

Dale F. Kinsella and Howard L. Weitzman are expected to take seven attorneys with them when they exit Greenberg, Glusker, Fields, Claman, Machtinger & Kinsella in mid-April, according to sources within the firm.

Greenberg Glusker declined to comment Thursday. Weitzman would say only that he, Kinsella and the others are considering the move.

"If we do, it is because we want to go back to practicing in a smaller environment," Weitzman said in a statement, adding that the decision has nothing to do with the federal probe. "As I've said publicly before, I do not believe any Greenberg Glusker lawyer has acted inappropriately, nor do I think anyone from the firm will be so charged."

Greenberg Glusker was thrust into the spotlight amid allegations that Pellicano and others committed wiretapping and other illegal acts while working on a number of cases, some of which involved the firm's clients.

A 110-count federal indictment last month accused Pellicano and six others of conspiring to blackmail and intimidate dozens of celebrities, business executives and others in what prosecutors have described as a conspiracy to gain tactical advantage in litigation.

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So far, 13 people have been charged, including an entertainment lawyer, a record company executive, two former police officers and several telephone company employees. Four have admitted to charges stemming from hiring Pellicano or helping him conduct illegal investigations.

Federal agents have been particularly interested in Pellicano's association with prominent Greenberg attorney Bert Fields, who hired the private detective numerous times over the past two decades, including in a legal dispute involving comedian Garry Shandling and Paramount Pictures Chairman Brad Grey. Fields has publicly acknowledged that he is a subject of the investigation.

Last month, Fields' attorney agreed to extend the deadline for prosecutors to decide whether to file charges against the 76-year-old Fields, one of the most successful lawyers in Hollywood.

One purported victim in the Pellicano case was also linked to one of Kinsella's clients, the late financier Leonard Green, whom Kinsella represented in a bitter divorce. Pellicano's indictment alleges that Green's wife, Jude, was among those whose personal information was accessed illegally.

Brian Sun, the attorney representing Greenberg Glusker, has said that neither the firm nor any of its attorneys engaged in any illegal activity.

Kinsella joined Greenberg Glusker as a name partner when 12 lawyers moved to the firm in 2000 from Kinsella Boesch Fujikawa & Towle. At the time, Greenberg Glusker hailed the arrival of Kinsella and the others as a defining moment for the firm.

"We are now the entertainment juggernaut in California, if not the country," the firm said at the time.

A 1974 graduate of UCLA Law School, Kinsella has represented athletes, celebrities and movie studios.

His clients have included Rob Lowe, whom he represented in 1989 when the actor was videotaped in a hotel room with a teenage girl and a woman. A lawsuit filed by the girl's mother was settled out of court and no criminal charges were filed.

Kinsella's other high-profile clients have included boxer Mike Tyson; actors George Wendt and John Ratzenberger of "Cheers" and entertainment icon Dick Clark.

Actor James Woods sought Kinsella's counsel when he sued actress Sean Young for $2 million, accusing her of sending photos or other "graphic representations" of "deceased persons, dead animals, gore, mutilation and other images" to the actor and his then-fiancee. The lawsuit was settled in 1989.

In May 2005, Kinsella brought in Weitzman, a veteran Hollywood attorney who gained prominence in the 1980s with his successful defense of automaker John DeLorean against fraud and drug charges, the case credited with launching Pellicano's career in Los Angeles.

Weitzman's other high-profile clients have included Marlon Brando and Earvin "Magic" Johnson. In the early 1990s, Weitzman teamed for a time with Fields to defend pop star Michael Jackson against child molestation allegations.

Sniper Muhammad To Defend Himself (WT)

By Jon Ward

The Washington Times, March 31, 2006

Maryland's public defender said this afternoon that he will abandon the case of convicted sniper mastermind John Allen Muhammad, leaving him to defend his own case in Montgomery County without legal advice.

Muhammad, 45, relegated Paul B. DeWolfe, a lawyer with the state's Office of the Public Defender, to standby status yesterday, after a judge rejected Mr. DeWolfe's argument that Muhammad is insane and not mentally competent to present his own case.

"We have a policy of not serving as standby counsel," Mr. DeWolfe said. "It's been a policy we will enforce in this case. We will not be standby counsel."

Muhammad, an Army veteran, asked Circuit Judge James L. Ryan earlier this week for permission to present his own defense because Mr. DeWolfe planned to enter a plea of not guilty by reason of insanity.

"It's an insult to everything I've ever done in my life," said an animated Muhammad. "If I'm incompetent now, I've been incompetent since the day I was born."

Muhammad maintains he is innocent and has portrayed himself as a victim of racism.

The trial is scheduled to begin May 1, with prosecutors seeking life in prison without parole in connection with the fatal shootings of six persons in Montgomery County over three weeks in October 2002.

A procedural hearing is set for tomorrow.

In 2003, a jury in southeastern Virginia found Muhammad guilty of shooting, with an accomplice, 13 random persons in the region during the fall of 2002, killing 10. He was sentenced to death.

The jury found Muhammad's accomplice, Lee Boyd Malvo, now 21, guilty of helping carry out the shootings, which authorities think included at least nine additional shootings across the country.

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Muhammad is believed to have been hunting down his ex-wife, Mildred, who has custody of their three children.

Trial Of 2 FIU Academics On Cuba Spy Charges Delayed Until 2007 (AP)

AP, March 31, 2006

MIAMI -- Trial of two Cuban-American academics accused of acting as agents of Fidel Castro's government will be delayed until early 2007, in part because of a legal fight over secret recorded conversations involving the married couple.

The trial of Carlos Alvarez, 61, and Elsa Alvarez, 55, had been set to begin in May. But U.S. District Judge K. Michael Moore said at a status hearing Thursday that he would postpone the trial until sometime in January 2007.

One key reason for the delay is that defense attorneys are challenging whether the FBI lawfully obtained warrants under the Foreign Intelligence Surveillance Act to eavesdrop on the pair. Prosecutors said it will take months for federal officials to produce the information about those thousands of intercepts being sought by the Alvarez lawyers.

The defense lawyers are also appealing a previous decision to keep the couple in detention prior to trial. Moore said he was concerned that the lengthy trial delay could keep them jailed ``for longer than they would otherwise serve if they were ever convicted.'' No date has been set for Moore to hear that appeal.

The Alvarezes, both longtime employees at Florida International University, have pleaded not guilty to charges of failing to register as required as agents of a foreign government. Prosecutors have said they spied for Castro for years on Miami's Cuban-American exile community.

Court Rules Against Gabelli (NYT)

By Andrew Ross Sorkin

The New York Times, March 31, 2006

Mario J. Gabelli's first investor won a crucial ruling yesterday in a long-running, bitter legal battle over whether Mr. Gabelli bilked him and another backer out of more than $100 million.

A judge in New York State Supreme Court in White Plains granted a summary judgment against Mr. Gabelli, the famed money manager. The judge, Linda S. Jamieson, determined that he unfairly prevented the two investors from selling their shares in his private company, Gabelli Group Capital Partners, the controlling shareholder of Gamco Investors, Mr. Gabelli's publicly traded mutual fund company.

Judge Jamieson also agreed to grant the two investors a trial to determine if Mr. Gabelli's company should be dissolved — refusing Mr. Gabelli's efforts to have the case thrown out — and said, "There are allegations made against Mr. Gabelli that trouble this court."

The decision, handed down late yesterday, comes as Mr. Gabelli is facing other, and potentially more serious, legal trouble. The Justice Department said this month that it would pursue civil fraud claims against Mr. Gabelli, contending that he orchestrated a scheme to deceive the Federal Communications Commission in its auctions of wireless spectrum licenses several years ago.

That case argues that he used friends and associates to create sham companies that bid for F.C.C. licenses at a discount under a program that favored minorities and small businesses.

In the lawsuit brought by the two investors, Frederick J. Mancheski and David M. Perlmutter, they argue that Mr. Gabelli and his firm's directors "are guilty of looting the assets of the company, breaching their fiduciary duties to its shareholders and oppressing its minority shareholders."

Yesterday's decision was a victory for the two investors because the judge ruled in their favor without requiring a trial. Mr. Mancheski, a longtime associate and friend of Mr. Gabelli, was his very first investor, in 1976.

The ruling will allow the two investors to sell their shares in the company on the open market. Their shares, bought for about $75,000 in the late 1970's, are now worth more than $30 million and possibly $100 million, depending on how the value is calculated. Mr. Gabelli had contended that the two men's stock was restricted and could be sold only to the company at book value, which the two men have suggested is an artificially depressed price.

Mr. Mancheski and Mr. Perlmutter also argued that Mr. Gabelli had deprived them of millions of dollars by siphoning money to himself and his family. (In 2002, Mr. Gabelli took $87 million in cash when Gamco's net income was $53.3 million.)

That contention will be heard at trial, but Judge Jamieson said in her ruling that "the transactions with Mr. Gabelli's children and ex-wife, while involving relatively paltry sums, raise great concern, particularly because they involved such relatively small sums of money."

"Unless some form of legitimate business explanation is provided, it would certainly support an argument that Mr. Gabelli was and is using this corporation as if it was his alone and without regard to true and proper governance," she wrote.

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A spokesman for Mr. Gabelli, Montieth Illingworth, said: "While we disagree strongly with the claims made by the plaintiff in this matter, and will welcome a hearing on the outstanding issues, we support their desire to achieve liquidity and have offered our assistance, including working with an investment banker to help them seek a suitable buyer."

Mr. Gabelli may also have some reason to believe he will win the next round. At points in her decision, Judge Jamieson suggested some reasons she could side with him.

"Just because some action may benefit Mr. Gabelli and disadvantage Mr. Mancheski and Mr. Perlmutter, such action does not per se rise to the level of breach of fiduciary duty," she wrote. "Stripping the allegations to their essence, it appears that Mr. Mancheski and Mr. Perlmutter are arguing that because of their holdings in Mr. Gabelli's company, they also must benefit in any related activity in which he embarks."

The case should not affect the Gabelli company, Gamco Investors, formerly Gabelli Asset Management, which has huge stakes in some of the world's largest media companies, like Time Warner and Viacom. Gamco Investors was spun off from Gabelli Group Capital Partners in 1999.

Berkeley Woman Indicted In UW Horticulture Center Arson (SEATIMES)

By Sara Jean Green, Seattle Times staff reporter

The Seattle Times, March 31, 2006

A 30-year-old California woman has become the first person to face charges for the 2001 arson that destroyed the University of Washington Center for Urban Horticulture, the latest in a series of charges against suspected members of the Earth Liberation Front.

Briana Waters of Berkeley, Calif., was indicted by a federal grand jury and has been charged in U.S. District Court in Seattle with arson and using or carrying a destructive device during a crime of violence, according to the U.S. Attorney's Office in Seattle.

Waters could face a minimum 35-year sentence if convicted. Her arraignment was set for today.

Federal prosecutors in Eugene, Ore., have already charged 13 other people in connection with a series of arsons across the West. A 14th defendant, William C. Rodgers, 40, of Prescott, Ariz., committed suicide in an Arizona jail in December after he was indicted by a Seattle federal grand jury.

On May 21, 2001, fire ripped through the UW's Center for Urban Horticulture, a research center and resource for gardeners that cost $7 million to rebuild. The Earth Liberation Front (ELF), claimed the center was targeted for its reasearch into fast-growing poplar trees.

Members of ELF and the Animal Liberation Front (ALF) claimed responsibility for numerous arsons in Washington, Oregon and other states, including U.S. Forest Service buildings, a Bureau of Land Management horse corral, a meat company, a lumber company and a Vail, Colo., ski resort.

While the FBI has called ELF and the similar Animal Liberation Front (ALF) the nation's top domestic terror threat, the groups say they are careful not to hurt people.

Berkeley Woman Charged In Connection With UW Arson (SEAPI)

By HECTOR CASTRO, P-I REPORTER

Seattle Post-Intelligencer, March 31, 2006

Not guilty plea entered

A 30-year-old California woman pleaded not guilty at her arraignment today on charges of arson in connection with the May 2001 fire that destroyed the University of Washington Center for Horticulture building.

If convicted, Briana Waters faces a minimum sentence of 35 years. She was released after the brief hearing this afternoon, and will be electronically monitored.

She is the first person charged in Western Washington in connection with the UW fire. The investigation into the fire is continuing.

The Earth Liberation Front took credit for the blaze. The ELF had targeted the basement office in Merrill Hall of Toby Bradshaw, an associate professor of forest resources. Bradshaw's genetic research focused on showing how poplars grow. Businesses have used poplars to make paper.

The group claimed Bradshaw was "the driving force in G.E. (genetically engineered) tree research," and a person who "continues to unleash mutant genes into the environment that is certain to cause irreversible harm to forest ecosystems."

Woman Indicted In Arson That Destroyed UW Horticulture Center (AP)

ASSOCIATED PRESS

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AP, March 31, 2006

SEATTLE – A federal grand jury has indicted a Berkeley, Calif., woman in an arson that destroyed a horticulture center at the University of Washington five years ago.

Briana Waters, 30, is the 14th person to be charged in Oregon and Washington with conspiracy to commit a series of ecoterrorist attacks in the West in recent years.

In a two-count indictment returned March 15, Waters was charged with arson and using or carrying a destructive device during a violent crime.

If convicted, she would face at least 35 years in prison.

"This is just one step as we attempt to bring to justice those responsible for the UW Urban Horticulture fire," John McKay, U.S. attorney for the western district of Washington, said in a statement.

Waters was to appear for arraignment Thursday afternoon in U.S. District Court in Seattle.

The UW fire, one of the Northwest's most notorious acts of ecoterrorism, was set early on May 21, 2001. The same day, about 110 miles away in Clatskanie, Ore., fire ripped through buildings and vehicles at the Jefferson Poplar Farm, causing more than $1 million in damage.

The Earth Liberation Front, a shadowy collection of environmental activists, claimed responsibility for both fires, which caused no injuries.

The horticulture center, which was rebuilt at a cost of several million dollars, had done work on fast-growing hybrid poplars in hopes of limiting the amount of natural forests that timber companies log.

ELF said in a statement five days after the fire that the poplars pose "an ecological nightmare" for the diversity of native forests.

A federal grand jury in Eugene, Ore., has charged 13 other people in arson attacks: Stanislas Gregory Meyerhoff, 28; Daniel Gerard McGowan, 31; Kevin M. Tubbs, 37; Sarah Kendall Harvey, 29; Chelsea Dawn Gerlach, 28; Nathan Fraser Block, 25; Joyanna L. Zacher, 28; Joseph Dibee, 38; Jonathan Mark Christopher Paul, 40; Rebecca Rubin, 32; Suzanne Savoie, 28; and Darren Todd Thurston, 34.

William C. Rodgers, 40, of Prescott, Ariz., was indicted in Seattle in connection with the case, but committed suicide Dec. 22 while being held in the Coconino County Jail in Prescott.

Computer Woes Plague Court (LAW)

By Bethany Broida, Legal Times

Legal Times, March 31, 2006

Glitches lead to false arrests, erroneous releases

Criminal defense lawyers say a new computer system in Washington, D.C., Superior Court is wreaking havoc with their cases and in some instances violating their clients' rights.

The attorneys say that since the criminal division of the court moved to a paperless computer system at the beginning of the year, bad information has led to their clients being arrested after warrants have been dismissed, and in some cases the opposite is occurring: Defendants with bail violations are walking because warrants haven't been entered into the system.

In other cases, motions and paperwork are getting lost. And some lawyers say they can no longer trust what the court record is telling them.

The problems have mainly centered on proceedings in arraignment court and in preliminary hearings -- courtrooms with a high volume of cases that are heard in quick succession. In addition, a lag time in scanning documents has meant that some information isn't being entered in a timely fashion or, in some cases, at all.

"The entire system is just abysmal," says defense lawyer Bernie Grimm. "I used to be able to trust the accuracy ... I have no confidence my clients' entries are correct."

Defense lawyer Nancy Allen says a prostitution case against one of her clients disappeared from the court's computer system.

In January, Allen says, her client failed to show up for a court hearing, and the judge issued a bench warrant. But for nearly two months the D.C. Metropolitan Police Department wasn't looking for the woman because, as far as the computer system was concerned, Allen's client didn't exist. Until last week, Allen says, she couldn't find a case number or a record of the warrant.

If she hadn't tried to get paid for her work on the case through the Criminal Justice Act, no one might ever have known that her client simply slipped through the cracks. "I know I'm not the only one who has had this happen," Allen says.

The new case management system was part of a multiyear, $20 million project to upgrade the court's entire computer framework. The new system integrates 18 databases with the aim of giving court personnel, attorneys and the public easy access to complete, real-time information about cases.

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In January all new criminal cases in the court were being housed entirely in the new system, eliminating the need for paper case jackets and allowing multiple users to access the file from any computer in the courthouse. The system is now considered to be the official court docket and official court jacket.

Court officials downplay the trouble. Judge Brook Hedge, chair of the court's technology and automation committee and co-chair of the committee that oversaw the implementation of the new system, says the problems are small glitches common with a startup.

She says errors involving warrants and arraignment notices have largely been resolved and that to her knowledge the warrant mix-ups happened to fewer than 10 individuals.

"People think that with the computer system everything is going to be perfect and work perfectly, and sometimes it doesn't," Hedge says. Still, she says the court is considering returning paper records to case jackets.

G. Bradley Weinsheimer, the chief of the Superior Court division in the U.S. Attorney's Office in Washington, says his office worked with the court for 18 months preparing for the new system, and though there are some kinks, his office is dealing with them. "I don't think that it has caused any significant problems. It is more of a culture change than anything else."

Weinsheimer admits there were problems with logging bail violations, but he says those were limited to the first day the system became active and only a handful of defendants weren't charged for violating court orders. "The things we are dealing with now are the things that were not anticipated," he says, such as confusion over correct hearing dates.

A 'PERFECT STORM'

Hedge says the court had been looking to upgrade its case management system for years, but the problem had always been finding money to pay for it. With the passage of the Family Court Act in 2001, the money was finally available.

Implementation of the new system began in 2003 in the Family Court. The domestic violence unit followed a few months later. Paternity and child support cases, as well as probate and tax matters, went paperless in August 2004. Last year the system expanded to include small-claims court, landlord tenant court and civil actions.

One of the reasons the criminal division was last, Hedge says, was because of the complexities involved with coordinating a variety of government agencies. To prepare, court officials began meeting with the agencies in 2004, in order to give them enough time to get their own systems ready as well.

Despite intense planning, the rollout for the criminal division was anything but smooth. One week after the system went up, Hedge says "the perfect storm" hit. The server went down, and the mother board broke. In addition, a transformer blew in Judiciary Square, causing the court to lose power. For four days the division went back to using the manual system.

"There is always slowness in the beginning," says Hedge, adding that the problems were compounded by the events that followed the launch.

Regardless of the cause, arraignment notices were not sent out, bench warrants were not entered or cleared from the system and, in some cases, judges didn't know what a defendant was charged with.

"It was just leaving things up in the air," says Betty Ballester, president of the Superior Court Trial Lawyers Association. "No judge wants to put people in jail that should not be there, but they are looking at records that are not accurate. So what can they do?"

The court shut down its computer system over the three-day Martin Luther King Jr. holiday weekend in January in order to install the new system, but that meant there were immediately about 3,000 documents from over the weekend that had to be scanned into the computers plus more than 3,000 data entries to input in the first days of the new system.

In total, Hedge estimates that in the beginning about 4,000 to 5,000 documents needed to be scanned, but she says that backlog did not last long. The arraignment court was caught up the following week, she says, and though the case management division took a little longer, she insists everything is now scanned in and up-to-date.

Some attorneys, however, say the number was closer to 30,000 documents and insist the problems still remain.

"The court says they are working on it, but it has now been two months and things aren't getting better," Ballester says.

One CJA attorney, who asked not to be identified, says that in two separate cases his clients were arrested on bench warrants after their cases had been dismissed. In both cases the proper notations were never entered into the computer, he says, and police believed his clients were in violation.

Attorney Steven Polin had a similar situation with a client. In his case his client was picked up on a bench warrant that stemmed from a marijuana possession charge. After a court appearance in January, he was released and arrested again on the same warrant the following week. Polin says the police refused to let his client go because the warrant was still showing in their system. It took 15 phone calls, he says, to persuade a clerk in the court's warrant office to remove it from the court's system. But D.C. police still refused to release Polin's client. Finally, it was a phone call to the emergency judge, he says, that got his client freed.

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Hedge, who happened to be the judge who helped Polin, initially said in an interview that the problem in Polin's case lay with the D.C. police department's computer system. Later in the week, court officials called back to say that it was inaccurate information in the court system that led to errors in the police department's system.

Hedge says that as far as she knows, only a handful of people were picked up on erroneous warrants. Nevertheless, she adds, "Even one is a big deal."

Defense attorneys say the problem is compounded by the fact that there is no paper trail to catch mistakes. "It creates a paperless system," Polin says. "If you need to look something up in the jacket, it is not there."

Hedge says that while it is true that papers are not filed in the jackets after they are scanned in, they don't simply disappear. Each division, she says, has a quality assurance team that double-checks the record, and then the documents are stored in the criminal division.

"The paper is not thrown away. It is still there," she says, "but they were trying to go to a paperless system, and they were trying to get people used to that."

Hedge says many of the problems faced since the new computer system was implemented could have occurred just as easily beforehand, pointing to issues with bench warrants as one example.

"You will always have errors," she says, "because humans are part of the process."

First Amendment Issues Raised About Espionage Act (WP)

By Walter Pincus

The Washington Post, March 31, 2006

The federal judge overseeing prosecution of two former lobbyists charged with receiving and transmitting national defense information under the 1917 Espionage Act has given the government until today to respond to defense claims that the statute is unconstitutionally vague and overbroad and may violate the First Amendment.

U.S. District Judge T.S. Ellis III ordered the government to provide the additional support for the charges filed last August against Steven J. Rosen and Keith Weissman, former lobbyists for the American Israel Public Affairs Committee (AIPAC). The two were accused of receiving classified information during conversations with government officials, one of whom, then-Pentagon employee Lawrence A. Franklin, warned Weissman that the information he was giving was highly classified.

At a hearing last Friday on the defendants' motion to dismiss the indictments, Ellis directed a series of questions to Assistant U.S. Attorney Kevin DiGregory expressing concern that the government had not dealt with constitutional issues raised by the defense.

"I didn't find your response in writing to match up with the fairly extensive attack by the defendants . . . so I am going to have further briefing," Ellis said. Last January, at the hearing where he sentenced Franklin to 12 years for passing classified information to the two lobbyists, Ellis called attention to the imprecise nature of the almost 90-year-old statute that restricts disclosure of "national defense information" that could harm U.S. interests or help enemies.

Ellis also said he had thought there would be well-established precedent he could follow, since the statute had been around for so long. But it has turned out that Rosen and Weissman are the first nongovernment employees to be indicted under the act for receiving classified information orally and not through documents or other tangible items.

"I think we are a bit in new, uncharted waters and that's why I'm going to consider this matter extremely carefully," Ellis told DiGregory and attorneys Abbe Lowell and John Nassikas, who represent Rosen and Weissman.

The case is drawing the attention of First Amendment attorneys because both Ellis and prosecutors have noted that the two lobbyists -- in receiving and disseminating the information -- are doing what journalists, academics and experts at think tanks do every day.

Floyd Abrams, a New York attorney who has represented the New York Times in a variety of high-profile cases, said in an interview this week that the AIPAC case "is the single most dangerous case for free speech and free press." Steven Aftergood, director of the Federation of American Scientists' Project on Government Secrecy, wrote on his Web site this week: "Anything other than a dismissal of the charges would mark a dramatic shift in national security law and a significant reduction in First Amendment protections."

Attorneys for the AIPAC lobbyists argue that First Amendment protections bear on the case because their clients were exercising their free speech rights.

DiGregory argued that oral disclosure of defense information was not protected speech because someone could be telling the contents of a classified document.

To read the statute that narrowly "would do great damage to our ability to protect national security," DiGregory said.

Ellis said the government must respond to the defense argument that the statute, which does not define "national defense information," is so vague "that men of common intelligence necessarily must guess at its meaning and differ as to its application."

The judge also told prosecutors to deal with another defense argument: that the statute does not provide "fair warning," since this is the first time it has been applied to civilians. Due process "bars courts from applying a novel construction of a criminal statute to conduct that neither the statute nor any prior judicial decision has fairly disclosed to be within its scope," Ellis said.

DiGregory conceded that every case up to now cited by the government has involved either government employees or the passing of classified papers.

Ellis also raised the question of what would happen if people to whom Rosen passed the defense information relayed it to someone else. "Would it [the criminal liability] continue to apply ad infinitum?" he asked. DiGregory replied, "That's a difficult question to answer in the abstract."

Former Clark County Commissioner Testifies To Taking Bribes (AP)

ASSOCIATED PRESS

AP, March 31, 2006

LAS VEGAS (AP) - A former county commissioner testified in federal court Thursday that she accepted money from a former striptease club owner and his lobbyist, and knew it was wrong.

Erin Kenny, called to the stand in the public corruption trial of former Clark County Commissioners Dario Herrera and Mary Kincaid-Chauncey, told jurors she avoided thinking about what it meant to take money from club owner Michael Galardi and a former commission colleague, Lance Malone.

"It's just not how I was raised," Kenny said. Not thinking about it "made it easier not to deal with it rather than confront it."

The former state assemblywoman who once ran for Nevada lieutenant governor has pleaded guilty to federal bribery charges. She testified for the prosecution as part of her plea agreement.

Kenny told jurors that it was "understood" that Herrera and Kincaid-Chauncey also were being paid off by Galardi. She said Malone and Galardi often referred to the two colleagues as "on board" or "being taken care of."

Herrera, 32, and Kincaid-Chauncey, 67, have pleaded not guilty in U.S. District Court in Las Vegas to federal charges of conspiracy, wire fraud and extortion under color of official right. Prosecutors say they took cash, comps and, in Herrera's case, oral sex, in return for votes favorable to Galardi's businesses.

Each could face 45 years in prison if convicted.

Kenny said a case of vertigo had affected her memory and she could only recall accepting a few bribes from Galardi and Malone, who is scheduled to stand trial on corruption charges in August. The first, she said, was a $5,000 cash payment received at her home in 1999 or 2000 while recovering from an illness. She said Malone told her "he wanted to help anyway he could."

Another $5,000 was deposited under a trash bin at her campaign office by Malone, who later called to tell Kenny "not to throw the trash out," she testified.

Kenny said Galardi once offered to pay her $100,000 to skip the bar exam and attend a commission meeting in which Galardi had business pending. Kenny refused, took the test and failed.

Kenny also testified she received $3,000 per month from Triple 5 development company following a controversial vote in which she supported building a Spring Valley casino.

She also said that she received $200,000 from Don Davidson through his son, Larry Davidson, in connection with the controversial rezoning of property to allow a CVS pharmacy to be built adjacent to a neighborhood.

In his cross examination, Herrera's defense attorney Jerry Bernstein tried to undermine Kenny's credibility. Bernstein said Kenny had changed her story from when she was first interviewed by FBI agents.

"The FBI didn't seem happy with the answers she was giving, (agents) took a break, came back and the story was different," he told KLAS-TV outside the courtroom.

Revamped Ryan Jury Recesses Without Verdict (CHIT)

By Matt O'connor And Rudolph Bush, Tribune Staff Reporters

Chicago Tribune, March 31, 2006

The revamped jury in former Gov. George Ryan's trial recessed deliberations for the week Thursday without reaching a verdict.

The six-man, six-woman jury has deliberated for two days since U.S. District Judge Rebecca Pallmeyer rejected a mistrial and decided to proceed with the trial after replacing two jurors with alternates.

The changes came after the Tribune last week uncovered that two jurors had apparently concealed their arrest records during jury selection in September.

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The original jury had deliberated eight days amid signs of personal rancor before the judge suspended deliberations.

The new jury was instructed to restart deliberations from scratch, and Pallmeyer ordered the jury room "cleansed" of notes and charts left over from the initial deliberations.

On Thursday, Pallmeyer called the lawyers in the case to her courtroom to craft a response to a jury note seeking clarification about the technicalities of count 18, a charge alleging that Ryan impeded the Internal Revenue Service.

Ryan and co-defendant Lawrence Warner, a lobbyist, are charged in a 22-count indictment with engaging in a corrupt conspiracy to use Ryan's elected offices to enrich themselves by steering state contracts and leases to Warner and other close friends.

Earlier, the jury had requested in writing four of the same five transcripts of witnesses' testimony that the original jury had sought.

The testimony concerned license-plate sticker and computer contracts that Ryan as secretary of state allegedly steered to Warner in return for gifts and favors.

Deliberations are scheduled to resume Monday morning. The jury isn't deliberating on Fridays.

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FBI Requests Alvarado's Bank Records (KPRC-TV)

KPRC-TV, March 31, 2006

Alvarado Not Target Of Criminal Investigation

HOUSTON -- The Federal Bureau of Investigation asked for the bank records of Houston City Councilwoman Carol Alvarado as it entered the investigation into improper bonuses at City Hall, KPRC Local 2 reported Thursday.

It's the first indication that the federal government is involved in the probe.

The FBI request is for all of Alvarado's bank accounts, open or closed. It went out Wednesday to major banks across the country through what's known as the loss avoidance alert system, which is an electronic network connecting banks with law enforcement.

The FBI would not comment on the investigation. But Harris County District Attorney Chuck Rosenthal confirmed for KPRC that the federal request was made.

Alvarado oversaw the mayor pro tem's office where four employees were recently fired.

The Office of Inspector General found Rosie Hernandez, Christopher Mays, Florence Watkins and Teresa Orta received unauthorized bonuses worth more than $140,000 in 2005.

Rosenthal said Alvarado is not the target of a criminal investigation.

Her attorney, Rusty Hardin, told KPRC that the FBI's involvement was expected because Alvarado is a public official.

Her spokesman, Joe Householder, said her account numbers have now been forwarded to the district attorney's office.

"So they can get a hold of it as quickly as they can," Householder said. "That actually happened this afternoon. We had reached out to them earlier and said, 'If you want this material, you can have it.' And, just as an extra step, we e-mailed those numbers to them."

Hardin said he contacted the FBI several weeks ago offering to make Alvarado's or any records available. He said he has not yet heard from the agency. Hardin said this is a natural progression in the investigation and not an indication that Alvarado has done anything wrong.

The Civil Service Commission will hold appeal hearings of the four fired employees on April 4.

Street's Image Blurs His Legacy, Insider Says (PHI)

By Marcia Gelbart

The Philadelphia Inquirer, March 31, 2006

Forget FBI bugs, a corrupt city treasurer, crooked contracts. Mayor Street's problem is what it's always been - John F. Street.

Or so says George Burrell, the mayor's closest adviser.

Burrell, who today toils out his last day at Street's side, offered a surprising assessment of the boss he has spent the last six years serving.

Burrell, a former private-sector lawyer, an ex-city councilman, and a failed 1991 mayoral candidate, said Street's true successes had not been obscured by the federal corruption probe. Rather, he said, the problem is Street's inability to shed his prickly image.

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"The environment is so defined by John Street's personality and people's reaction to it that it has made it difficult," Burrell said. With fingerprints on most every major contract in the probe, Burrell, Street's secretary of external affairs, has made several grand jury visits but is leaving unscathed.

"So many people remember John Street when he was in City Council in the 1980s with his red suits on, and he was loud, and he was bombastic, and he fought" - a fistfight - "with [then-Councilman] Fran Rafferty," Burrell said.

"He did a lot of stuff that was colorful and caused a lot of people to remember him in a negative way."

The unconquered hurdle, he said, is that "some people have not allowed him to put that behind him."

Burrell, now 58, launched his political career as a deputy mayor in Bill Green's administration in 1980, the year Street began serving on Council.

"Nobody better than me has witnessed the maturation of John Street in government," said Burrell, a onetime adversary who was the only senior official with an office in the mayor's second-floor suite.

The mayor has transformed himself from "an outsider, a radical, and an agitator into an insider who can negotiate with the Bill Rouses of the world," he said, referring to Willard G. Rouse 3d, the prominent developer who died in 2003.

But Burrell knows that Street's affable and humorous side is overshadowed by actions assessed as harsh, vindictive, and often just strange.

For instance, "sometimes, communication became tedious because he needed four or five minutes of wardrobe discussion or dogs," Councilman Jim Kenney said two weeks ago. Kenney, a vocal Street critic, made his comments before lunching with the mayor at the Palm, an effort to repair their long-broken relationship.

"It's a disservice to himself and to people that they don't know the side of him that is warm and compassionate," said U.S. Rep. Bob Brady (D., Pa.), the city Democratic Party chairman, who has known him for more than 20 years. "What people see is not what you get."

The result is personality more often driving debate than pure public policy.

"Since he basically believes he is smarter than any person he is in a conversation with, it makes it difficult to have a real relationship," Councilman Michael A. Nutter said. "At some point, many individuals just get tired of it." He is among them.

Burrell conceded that because of those difficulties, "maybe things take longer [to pass on Council] than they otherwise would." He mentioned the anti-blight neighborhood program that was one of Street's biggest initiatives and getting funding for the two new stadiums.

Burrell also pointed to the mayor's strained ties with business leaders in what has become an annual struggle over efforts to cut taxes, relations that he called "strident," and a belief that he has been unfairly covered by the media.

"People are unwilling to tout his successes the way they were willing to tout [Mayor Ed] Rendell's successes," Burrell said. "Now, it's how everything is happening, improving, in spite of the mayor."

Burrell accepts some blame. He ticked off what he sees as Street's major accomplishments - the anti-blight initiative, removal of 250,000 abandoned cars, a program to reduce homelessness copied by other cities, development of the Navy Yard and along the north Delaware River - and acknowledged that not all of it had stuck.

Early on, Burrell made a decision to stay out of the headlines to avoid speculation that he was trying to resurrect his political career. Looking back, he said, "I may have increased my own profile to be a voice of the administration."

It's difficult to say how such a move would have countered the personality issue - or the federal probe, first publicized Oct. 7, 2003, and still going on.

"It affected individuals more than it affected the overall mood of the administration," Burrell said of the probe. Amid a flurry of subpoenas and national news headlines, work continued, he said. The mayor did not lose focus or go into a tirade about it.

But life was uncomfortable. Investigators tapped phones and unearthed mounds of paperwork and e-mail. "When people start being under the impression, warranted or not, that somebody is looking at their behavior... to determine whether they crossed the line, it's pretty hard to go through that on a day-to-day basis without it intruding into your thought process," Burrell said.

For months there were rumors that Burrell himself would topple Street's administration, as the man who admittedly saw to it that the mayor's supporters were rewarded with city work.

But with no control over the investigation, "I got up every day and came to work... . The only difference now is I take medicine for my blood pressure and wear glasses. Is it the probe or just age? I don't know."

Burrell, whom Street said he intends to continue leaning on "as part of my network," will be succeeded by deputy managing director Loree Jones. He will decide over the next month what to do next.

Describing a long road trip south he is about to take, to visit with old college friends and then his son in Florida, he said, "Now I'm going to go figure out what God has in store for me for the rest of my life."

The Mayor Through His Aide's Eyes

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Outgoing senior aide George Burrell on Mayor Street and his administration:

"It is a tribute to John Street that he and I coexisted; two men with big egos and large ambitions have been able to figure out a way to coexist and communicate effectively with one another."

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"I think most of the people in the cabinet were dealing with the [federal corruption] issue more from the perspective of integrity and reputation, and whether something was going to attach itself to this administration that they would have to carry for a very long time."

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"The quality of life in the city of Philadelphia has improved over the last six years. Some of that is a direct result of the policies and programs that this administration has supported. Some of it is building upon the successes that Ed Rendell had in his eight years as mayor of the city... . In my view, in a historical sense people will look at the Rendell-Street era in much the same way they looked at the Clark-Dilworth era."

A Phone Call From Prison Roils Trial Of Ex-Detectives (NYT)

By ALAN FEUER

The New York Times, March 31, 2006

A disembodied voice from Colorado threw the trial of two retired detectives into temporary turmoil yesterday, as the jailed gangster who had once accused them of murder turned about and, their lawyers said, pronounced them innocent of some of the charges.

On the day prosecutors planned to rest their case and at the very moment when it seemed the trial could not get any more complex, there came, in a 1 p.m. conference call from a maximum security federal prison in Florence, Colo., the voice of Anthony Casso, former underboss of the Luchese crime family.

After 12 years in prison, nearly 8 of them in Florence, Mr. Casso was calling the defense to exonerate the two defendants, Louis Eppolito and Stephen Caracappa, even though he was the one who first accused them, back in 1994, of killing for the mob. In the private call, defense lawyers said he referred them to a letter he wrote this month to Mark Feldman, chief of the organized crime section for the United States attorney's office in Brooklyn, a letter in which he claimed responsibility for two murders and a kidnapping that the defendants have been charged with in this case. The prosecution told the defense of the existence but not the specific contents of the letter earlier this week.

Nonetheless, it was a neatly timed and uncorroborated turnabout by Mr. Casso, who has been the trial's silent man, spoken of repeatedly, but never heard from until now.

His letter, dated March 4, 2006, begins this way: "I, Anthony Casso, hereby confess to have personally participated, as part of a three-man team, that shot and killed Eddie Lino in Brooklyn's Gravesend section. Detectives Eppolito and Caracappa are falsely being accused of this crime."

It goes on to say the former lawmen never supplied him with "confidential information," as the government has claimed, and never kidnapped a Staten Island man named James Hydell, as the indictment states. The letter, offering no evidence to bolster his account, also claims that the two detectives never murdered Israel Greenwald, a Long Island jeweler whose body was found in a shallow grave with a ShopRite grocery bag on his head.

In a move that indicates how confounding the federal trial has been, Mr. Casso attributed that last crime to Burton Kaplan, his former partner in crime, who has since become a government witness in the case. Mr. Casso concludes his letter by reminding Mr. Feldman of his three and a half years of "phenomenal, substantial assistance" before signing himself, "Respectfully yours, Mr. Anthony Casso Sr."

After Mr. Casso was arrested more than a decade ago, he started working with the government, and so agreeably at first that prosecutors tried to use his help in building a case against Mr. Eppolito and Mr. Caracappa.

The prosecutors' effort fell apart when Mr. Casso was caught in a plot to kill a judge and a federal prosecutor, destroying his usefulness as a government witness.

For the next 12 years or so, prosecutors chipped away at Mr. Kaplan to get him to cooperate, and last year they won his help. In the first week of the trial, acting as a substitute for Mr. Casso, Mr. Kaplan told the jury that he had served as "the safety spot," or liaison, between his former mob associate and the two retired detectives, who are accused of eight murders.

Confusing matters further, it was revealed yesterday that Mr. Casso had written two letters to the government, and that the first one, dated July 10, 2005, appealed to the authorities to reach "a truce" and "to unite." Months later, he asked the government to cap his prison term at 20 years, but was rejected. It was only then that he wrote the second letter, officials said.

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All this sent the defense team scrambling about and muttering of mistrials as everyone tried to figure out what Mr. Casso might be up to. Did he really want "to unite" with the government again? Did he feel scorned and then strike back with the second letter? Did he just miss the limelight of a federal trial?

Today, at roughly 10 a.m., the defense will announce its plan: to call, or not to call, Mr. Casso to the stand.

'Mafia Cops' Defense To Ask For Mistrial (NSDY)

By Anthony M. Destefano, Newsday Staff Writer

Long Island Newsday, March 31, 2006

Defense attorneys in the "Mafia Cops" case will ask for a mistrial after letters surfaced Thursday from a mob boss who claimed that the ex-NYPD detectives were being falsely accused of some murders.

The letters were from imprisoned former acting Luchese crime boss Anthony "Gaspipe" Casso, who prosecutors contend was the alleged paymaster of ex-cops Louis Eppolito and Stephen Caracappa. The retired detectives are on trial in Brooklyn federal court, facing charges that they were involved in eight murders for the mob and leaked confidential information to Casso.

In a letter dated March 4 sent by Casso to the Brooklyn U.S. attorney's office, Casso claimed the defendants were being falsely accused of three of the homicides charged in the case: that of Edward Lino, James Hydell and Israel Greenwald.

"I, Anthony Casso, hereby confess to have personally participated, as part of a three-man team, that shot and killed Eddie Lino in Brooklyn's Gravesend section. Detective's Eppolito and Caracappa are falsely being accused of this crime," said Casso in the letter address to the organized crime section of the prosecution's office.

Defense attorneys are set to ask Judge Jack Weinstein for a mistrial or to have Casso produced as a witness.

Casso admitted in his letter that the Luchese family had for decades received confidential information from law enforcement officials, including the FBI. But he said that "Det's Eppolito and Caracappa have never supplied confidential information to the Lucheses."

In 1994 Casso turned government witness. But because of questions about his credibility, law enforcement officials decided never to use him in a criminal trial. Various published accounts stated prosecutors believed Casso was a liar who wouldn't be credible on the witness stand.

Thursday, defense attorneys Bettina Schein and Rae Koshetz held a telephone conference call to interview the imprisoned Casso. Prosecutors have asked Weinstein to keep a transcript of that interview sealed. Weinstein is expected to rule on that Friday.

Prosecutors also disclosed another letter dated July 10, 2005, from Casso to Brooklyn U.S. Attorney Roslynn Mauskopf stating that he had been forced by his FBI handlers to give misleading information over the years to prosecutors. He also stated in that letter that Eppolito and Caracappa weren't involved in the murder of Bruno Facciola, a Gambino crime family soldier suspected of being an informant.

It wasn't clear why prosecutors didn't disclose the letters before the trial, which began March 13. Prosecutor Robert Henoch couldn't be reached for comment Thursday.

'Mob Cops' Innocent - Casso (NYDN)

By John Marzulli, Daily News Staff Writer

New York Daily News, March 31, 2006

Former Mob boss Anthony (Gaspipe) Casso, who ratted out the reputed Mafia cops in 1994, is now claiming they're innocent of murder charges - setting the stage for a possible mistrial.

In a phone call to defense lawyers from jail, Casso yesterday cleared ex-NYPD Detectives Louis Eppolito and Stephen Caracappa of wrongdoing - and contends he had a federal agent on the Luchese crime family payroll.

"Mr. Casso gives a completely exculpatory account of what happened," lawyer Edward Hayes said in Brooklyn Federal Court, out of the presence of jurors, following the one-hour phone call.

Casso, 65, also told the lawyers that he had written letters to the Brooklyn U.S. Attorney's office in July 2005 and March 2006 on the eve of the trial that were never disclosed to the defense.

Federal Judge Jack Weinstein ordered prosecutors to hand over the letters and adjourned the trial yesterday before the government could rest its case.

The defense is expected to seek a mistrial today.

"Eppolito and Caracappa have never supplied confidential information to the Luchese's," Casso wrote in a March 4 letter addressed to Mark Feldman, chief of the U.S. Attorney's organized crime section.

He jotted "sworn statement" on top of the lined paper.

Casso insists he was part of a hit team that gunned down Gambino crime cap Edward Lino in 1990 - not the Mafia cops.

He also claims he could "honestly prove" Eppolito and Caracappa had nothing to do with the kidnapping of James Hydell in 1986.

Casso and the government's chief witness, Burton Kaplan, "cooked up a scheme to frame these cops," Hayes charged.

Casso's stint as a turncoat was a brief one before breaching his cooperation agreement. He is now serving a life term at Florence ADX in Colorado, the nation's toughest penitentiary, for his involvement in 36 murders.

Law enforcement sources dismissed Casso's latest claims, suggesting he is hellbent on undermining the trial because his bid last year for a "truce" with the feds was rejected. Casso was told to get lost after he offered to disclose the location of Hydell's missing corpse in exchange for a new sentence capped at 20 years, sources said.

If Casso's exoneration of the Mafia cops is a turnabout for him, the defense lawyers' embrace of his claims is a far cry from how they felt about him earlier.

"Casso's mother and the whole world got a bad deal when Casso was born, and it's been downhill ever since," Hayes told the Daily News last April.

That was after Casso told "60 Minutes" that Eppolito and Caracappa "wanted to kill for me."

Hayes and defense lawyer Bruce Cutler have repeatedly embraced a witness' description of Casso as a "homicidal maniac."

FBI Reopens Cold Case Of Stolen Rockwell Painting (AP)

By Jeff Douglas

AP, March 31, 2006

ST. LOUIS - A Norman Rockwell painting that was stolen more than 30 years ago was sold in 1988, and federal officials now are trying to find out who bought it.

FBI officials said Thursday the agency's Art Crime Team, created in 2004, has several leads in the theft of Rockwell's "Russian Schoolroom," stolen in June 1973 from a suburban St. Louis exhibit and believed to be worth as much as $200,000 today.

"What's weird is we didn't know it was stolen," said Linda Pero, curator of the Norman Rockwell Museum in Stockbridge, Mass. "I was really surprised when the FBI called me."

Pero's museum passed up a chance to bid on the painting in 1988 when it was sold for $70,400 at an auction in New Orleans.

It is believed the painting was advertised for sale in 1989 at a Rockwell exhibit in New York, but nobody made the connection until recently, officials said.

"The experts have said there are no other copies of this oil painting," FBI Assistant Special Agent Steven Gomez said.

Earlier this month, the Art Crime Team recovered a Marion Greenwood painting valued at $99,000 that was stolen in 1968. Frank Brostrom, with the Regional Art Crime Team in St. Louis, said the Rockwell case should be solved in a similar manner.

On Thursday, the FBI also returned a drawing by Susan Rothenberg to its rightful owner, the Webster University art department. Worth about $20,000, the piece was among more than 100 works of art stolen from a St. Louis art storage facility in 2002.

Two St. Louis-area men, Donald R. Rasch and Biron Valier, are in prison after pleading guilty last year to conspiring to steal and resell about $4 million in art from the storage facility.

Brostrom said most of the art stolen in that case has been recovered, but works by Salvador Dali and Pablo Picasso still were missing.

"Russian Schoolroom," commissioned by Look magazine in 1967, depicts Russian schoolchildren at their desks looking at a statue of Vladimir Lenin. The communist leader appears to be the teacher at the front of the class.

"It's very typical of one of his journalistic illustrations, much like the work he did on the Peace Corps," Pero said.

A St. Louis Globe-Democrat news article from June 26, 1973, said the thieves smashed a glass door of the museum and took only the oil painting. Priced at $20,000, it was easily the most valuable item in the Rockwell exhibit.

"That painting is known all over the country. There's no possible way that they can unload that painting," Marjorie Pond, the director for the art gallery, told the Globe-Democrat after the break-in.

But that assessment turned out to be wrong.

Pero said an insurance company could be to blame for not reporting the theft properly or investigating it. She also said there should be a record of who bought the painting in New Orleans.

Rockwell died in 1978, and that same year more of his paintings were stolen from the Elayne Gallery outside Minneapolis.

Those were recovered in 2001 at an art dealer's farmhouse in Brazil, according to FBI records. Three of the paintings, worth up to $1 million, were returned to the owner.

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Bonnie Lindberg, who ran the Elayne Gallery with her mother, said no one was ever charged in the crime.

Now an art appraiser, Lindberg said she's never seen "Russian Schoolroom," but today it could be worth up to three times what it sold for in 1988, possibly $200,000.

"If it were a memorable image you would recognize it," Lindberg said. "Otherwise, these sales can go under the radar."

Much of Rockwell's fame resulted from his magazine cover illustrations for the Saturday Evening Post.

ON THE NET

FBI Art Crime Team: http://www.fbi.gov/hq/cid/arttheft/arttheft.htm

Norman Rockwell Museum: http://www.nrm.org

Favors Found In Air Force Contracts (WP)

By Charles R. Babcock

The Washington Post, March 31, 2006

Former Air Force procurement official Darleen A. Druyun, convicted last year for showing favoritism to Boeing Co. while negotiating for a job, also manipulated Pentagon rules to benefit Lockheed Martin Corp. and another defense contractor, according to recent inspector general reports.

The audits, part of an IG review of eight contracts that the Air Force requested last year after Druyun pleaded guilty, found that she helped Lockheed Martin on two airplane contracts between 1998 and 2001 while serving as a top civilian contracting official.

In the case of a $561 million contract to modernize the giant C-5 cargo jet, Druyun in 1998 took authority to choose the contractor, then revised the selection ratings to favor Lockheed, one report said. In 2001, Druyun changed a contract involving F-16 flight simulators so that Lockheed could collect an extra $41.6 million in return for a benefits package from the company that was of minimal value, the IG found.

The inspector general focused its criticism on the Air Force, recommending that the service tighten its control of the contracting process.

As with Boeing, Druyun, after deciding to retire from the Air Force, negotiated a job offer with Lockheed in 2002. However, in the Boeing case, the job discussions came as she was still helping the company with a multibillion-dollar tanker contract. The instances of favoritism for Lockheed preceded the job discussions. In addition, Druyun had recused herself from reviewing any Lockheed contracts because of the job talks, according to court documents.

Lockheed spokesman Thomas Jurkowsky said the company "believes that its proposals for the two contracts offered the best value for the Air Force."

An official at the U.S. attorney's office in Alexandria said there have been no new criminal referrals from the Department of Defense involving Druyun.

A third report found that Druyun "influenced" $47.2 million in vehicle overhaul requirements on a cargo loader by selecting the manufacturer, Systems & Electronics Inc. of St. Louis, to be the sole source of repair.

A spokesman for the company did not respond to a request for comment.

Auditors recommended that the Air Force "sever" that portion of the contract and consider joining with the Marine Corps for a cheaper agreement.

The IG reports were posted on the agency's Web site over the past few weeks.

Four of the other contracts under review belonged to Boeing, the company at the center of the scandal that led to prison terms for Druyun and Boeing's former chief financial officer, Michael M. Sears. Druyun admitted to trying to help Boeing on the tanker contract while discussing a $250,000 job she later accepted. Boeing also hired her daughter and son-in-law.

One other contract report has been completed but not yet made public.

In the case of the C-5 plane contract, government auditors said they could not validate whether the award to Lockheed was justified because the Air Force did not adequately document the technical and cost data used. Druyun changed ratings in three areas without providing justification and cited a competitor's weakness in one area, though Lockheed shared the same weakness, the report said.

On the flight simulator, the report blamed the Air Force for accepting Lockheed's claims that it had spent $73.3 million to develop the simulators, noting that a review found $24.6 million of those costs could not be verified.

Douglas Karas, a spokesman for the Air Force, said the service's request for the IG review was an indication of its "commitment to an open and transparent acquisition process."

Retrial Has A Dramatic Conclusion (WP)

By Leef Smith

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The Washington Post, March 31, 2006

As a federal jury yesterday found Jay E. Lentz guilty in the kidnapping and death of his ex-wife, the former naval intelligence officer screamed out, "No, no! Reconsider!" ending a tortuous, years-long melodrama that has involved tainted evidence, charges of prosecutorial misconduct and the defendant's owned taped remark that he was hiring a hit man to kill witnesses.

After listening to nearly 50 witnesses, a jury in U.S. District Court in Alexandria took four days to reach a verdict, finding Lentz guilty of interstate kidnapping resulting in the 1996 death of Doris Lentz, 32. Her body has not been found.

The charge carries a mandatory sentence of life in prison without parole. Lentz is scheduled to be sentenced June 23.

"Jay Lentz will spend the rest of his life where he belongs -- in prison, for the kidnapping and brutal murder of his ex-wife, Doris Lentz," U.S. Attorney Chuck Rosenberg said in a statement.

Defense attorney Frank Salvato said Lentz, 46, who has spent five years in jail, will appeal the verdict.

"Mr. Lentz intends to fight on, and we'll do everything we can to try to win an appeal and eventually gain his freedom," Salvato said.

Several times during the two-week trial, Lentz was silenced for brief outbursts, but they were nothing compared with yesterday's. According to courtroom observers, Lentz began to yell at the jurors as the verdict was read, pleading with them to reconsider.

U.S. District Judge T.S. Ellis III warned Lentz that if he could not be quiet, he would be removed from the courtroom. Lentz pointed at the judge's bench and screamed: "What difference does it make? You're in on it, too!"

"It's a great relief," said Doris Lentz's mother, Bernice "Gene" Butt, who attended the beginning of Lentz's retrial but found it too painful to stay. "It's been almost 10 years. I just hope it's finally over."

There has been no shortage of plot twists and suspenseful moments in the case of U.S. v. Jay E. Lentz .

Yesterday's conviction was actually his second. In July 2003, a federal jury found Lentz guilty of the same crime.

But that verdict was thrown out by U.S. District Judge Gerald Bruce Lee, who said prosecutors had failed to prove that a kidnapping, as defined by federal law, had taken place.

Then three jurors came forward and said they had viewed two of Doris Lentz's day planners, which had mysteriously and inappropriately shown up in the jury room. The planners contained material that included Doris Lentz's notes about threatening phone calls Jay Lentz allegedly had made to her.

The case then took an even more extraordinary turn: Lee accused the lead prosecutor at the time, Assistant U.S. Attorney Steven D. Mellin, of deliberately planting the day planners in the jury room. The battle reached the U.S. Court of Appeals for the 4th Circuit in Richmond, which in September 2004 threw out Lee's finding about Mellin, saying the judge made "a rather broad leap" without evidence.

Although the appeals court later reinstated the conviction, a new trial was ordered for Lentz because the jurors had seen the disputed materials. Lee was taken off the case by the appellate court. Mellin was not on the trial team for the retrial.

Among the most damning evidence presented against Lentz during the retrial was a taped jailhouse phone conversation between the defendant and Salvato, in which Lentz said a "hit guy" was on his way to the jail because he needed witnesses to disappear.

At the time Lentz made the comment, Salvato warned that such a statement would destroy him at his retrial.

The jury apparently agreed with the prosecution's assertion that Lentz lured his ex-wife from her Arlington County home in April 1996 to his house in Fort Washington under the pretense that she would be picking up their daughter, Julia, then 4.

Although her body has not been recovered, her car, the passenger seat spattered with blood, was found in the District. Prosecutors presented forensic evidence suggesting that a small drop of Lentz's blood was found on the upholstery.

Prosecutors repeatedly told the jury that Doris Lentz had feared for her safety, moving into a secure building to keep her ex-husband at bay. Several witnesses testified that Doris told them about threatening statements her ex-husband had made, such as "O.J. can happen again" and "I could kill you, and there would be no body."

"It was a premeditated crime," Assistant U.S. Attorney Erik Barnett told the jury in a closing statement last week: "It was a heinous crime. It was done by someone who was driven by hate and greed and a desire to keep Doris from getting money in their divorce litigation. He was striving for a goal."

On the last day of testimony, the daughter, Julia Lentz, now 14, took the stand briefly on her father's behalf, telling the jury that she remembers her father being emotionally distraught after her mother vanished and that she views him as "very nonviolent."

"It is very sad that a daughter is without her mother and now her father," Barnett told the jury, alluding to Julia during his closing statement. "But the decisions about Julia's future are not yours. They were made 10 years ago by someone else in this courtroom."

N.Y. High Court Revives Felony Counts Rooted In Judge's Misconduct (LAW)

By John Caher, New York Law Journal

New York Law Journal, March 31, 2006

The Court of Appeals in Albany, N.Y., Thursday reinstated six felony counts against former New York Supreme Court Justice Gerald P. Garson with a precedential ruling that judges can face criminal prosecution for acts that started with a violation of the Rules of Judicial Conduct.

Thursday's 6-1 opinion means the former judge accused of accepting bribes and kickbacks from a divorce lawyer is once again confronted with the full panoply of felony charges lodged against him following a sting operation initiated by Brooklyn District Attorney Charles J. Hynes' office.

Garson now faces trial on a total of seven felonies -- one count of receiving a bribe and six of receiving reward for official misconduct. All of the charges stem from an illicit attorney-judge relationship involving Garson and attorney Paul Siminovsky.

Garson's attorney, Diarmuid White of Manhattan, had argued -- successfully, in the lower courts -- that the Rules of Judicial Conduct could not be used to criminally prosecute a judge. The preamble to the rules makes plain that they are not designed or intended to support a criminal prosecution, and the Court of Appeals accepted that proposition in People v. La Carrubba, 46 NY2d 658 (1979). But Thursday the court clarified La Carrubba, holding that while a violation of the rules alone cannot sustain a criminal prosecution, judges are not immune from indictment when an ethics violation escalates into criminality.

In the Garson case, the court said, the judge not only violated the ethics code by partaking in ex parte communications and by improperly lending the prestige of his office but went a step further and took payment for his misconduct. That step, six of the seven judges agreed, transported Garson's case from the sole jurisdiction of a disciplinary agency to the criminal purview of Hynes' office.

"Had the judge as a public servant violated ethical duties alone -- without accepting a benefit for the violation -- and had the action not otherwise been prohibited by the Penal Law, the public servant would be subject to discipline in a proceeding brought by the Commission on Judicial Conduct," Judge Carmen Beauchamp Ciparick wrote for the majority.

The key legal holding Thursday -- that the prosecution may rely on the Rules of Judicial Conduct to establish an element of a crime -- was punctuated by a finding that La Carrubba is not controlling in People v. Garson, 28.

The Garson case is rooted in a three-year relationship between a judge assigned to a matrimonial part in Brooklyn and a matrimonial lawyer.

The prosecution alleges that Siminovsky gave Garson money and gifts in exchange for ex parte advice on pending cases, client referrals and favorable treatment. It also is alleged that the judge demanded a referral fee for his wife, now Civil Court Judge Robin Garson, who had apparently sent a client to Siminovsky. Siminovsky, according to proof before the grand jury, contributed to then-candidate Robin Garson's campaign and also gave her husband $1,000.

Many of the charges stem from a divorce case involving Avraham Levi, who allegedly was steered to Garson by Siminovsky. While the Levi case was pending before Garson, the Brooklyn district attorney began a video and audio surveillance of the judge's robing room.

Garson was heard telling Siminovsky that Levi would prevail, even though he did not deserve to, and instructing the lawyer on how to proceed.

Siminovsky was arrested shortly thereafter and agreed to assist the prosecution. The lawyer, wearing a recording device but unaware the video surveillance was continuing, brought Garson a box of expensive cigars on March 4, 2003, and the two men further discussed the Levi case, according to court records.

On La Carrubba grounds, Justice Steven W. Fisher, now of the Appellate Division, 2nd Department, dismissed six felony counts of receiving reward for official conduct and two misdemeanor counts of official misconduct. That left only one felony of third-degree bribe receiving and misdemeanors of official misconduct and receiving unlawful gratuities. The 2nd Department affirmed, also on La Carrubba.

Thursday, the Court of Appeals, after Chief Judge Judith S. Kaye granted leave to the prosecution, reinstated the six felonies.

PERVERSE RESULT

At oral argument on Feb. 7, Brooklyn Assistant District Attorneys Leonard Joblove and Seth M. Lieberman stressed what they said was an illogical consequence that would result from an affirmance. They noted that, under Fisher's decision and the 2nd Department opinion, a judge who takes a bribe while properly attending to his duties -- for instance, while conducting a proper conference with all parties present -- would face criminal sanctions. But a judge who took a bribe while violating the Rules of Judicial Conduct -- for instance, while conducting an improper, ex parte conference -- would be immune. That argument seemingly struck a chord with the court.

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"We see no justification for such a perverse result -- not in the plain language of the statute, not in the legislative history, and not in our precedents," Ciparick wrote. "Thus we conclude that the People may rely on the Rules Governing Judicial Conduct to prove the element of a judge's 'duty as a public servant' within the meaning" of the Penal Law.

Ciparick said that since the rules are designed to ensure "the integrity of the judiciary and the resultant confidence and impartiality," then "any other construction runs afoul of these goals."

She continued, "To hold otherwise, as urged by the dissent, would lead to the incongruous result of insulating judges from criminal liability ... because they have a formal body of rules governing their conduct while subjecting other public servants ... to criminal liability for similar conduct."

WAS DEFENDANT ON NOTICE?

In lone dissent, Judge George Bundy Smith argued that neither the New York Constitution nor the Rules of Judicial Conduct nor the Penal Law "authorize a prosecutor to charge a judge with crimes by alleging violations of the Rules of Judicial Conduct." Bundy Smith said he could find no cases and no statutes giving any authority to hold a judge criminally liable for failing to abide by the ethics rules.

"There is no question that the prosecutor has amassed a great deal of damning evidence against the defendant," he wrote. "However, what is at issue is whether or not Rules of Judicial Conduct can be used as a predicate for a criminal prosecution ... There is not a single case that supports the majority's assertion that defendant was on notice that the Rules of Judicial Conduct would serve as the basis for a criminal prosecution."

Bundy Smith suggested the majority decision raises more questions than it answers. For instance, he pondered whether a judge who advises a friend or relative to retain a particular lawyer or recommends a particular law school runs the risk of criminal sanction. But the majority said that fear is unfounded.

"We do not imply that a judge, acting in a purely private, unofficial capacity, may not refer a friend or acquaintance to a lawyer when the judge expects no benefit for doing so," Ciparick wrote in response to the dissent. "But the grand jury could have concluded that that is not what happened here."

CREDIBILITY STILL AT ISSUE

Hynes told a press conference Thursday that the ruling "makes it crystal clear that this kind of conduct is not going to be acceptable," according to his spokesman.

"The law binds everyone equally, the judges no less than those who are judged," Hynes said.

White, Garson's lawyer, said that while Thursday's decision adds a slew of felony charges for his client to defend, the factual assertions underlying those felonies would have been admissible anyway when the trial begins June 15.

"In the big picture, it doesn't change things much," White said. "The credibility of the witnesses will be the issue."

The defense attorney also questioned the wisdom of the court's ruling and the impact it may have on judicial-prosecutorial relations, particularly in the smaller communities.

"Judges could feel under some pressure that they are being scrutinized by the district attorney, and I don't think that is a good idea," White said. "That is why I think an independent judicial commission should be the body investigating judges, not the district attorneys."

Siminovsky, who was disbarred, has pleaded guilty to a misdemeanor of giving unlawful gratuities to a judge and awaits sentencing.

State Prisons Ordered To Pay Millions Owed To Doctors (LAT)

By Jenifer Warren

The Los Angeles Times, March 31, 2006

SACRAMENTO — Managers of California's beleaguered prison system received a double dose of bad news today as a federal judge ordered them to pay tens of millions of dollars owed to doctors who treat inmates, and the state launched an audit of their agency.

Some of the doctors have not been paid in four years. Some of their contracts have lapsed. And some who deliver cardiology, radiology and a wide range of other services to prisoners are no longer responding when called.

U.S. District Judge Thelton Henderson, who recently put the state prisons' healthcare system in the hands of a federal receiver, ordered that outstanding doctor bills --- which total more than $58 million --- be paid within two months.

Henderson also had harsh words for corrections leaders, saying they have stuck "their collective heads in the sand" instead of resolving the contracting mess.

"Predictably," he added, "this stunning example of the state's bureaucratic inaction … is now culminating in a crisis."

Lax healthcare in California prisons is blamed for an average of 64 preventable deaths a year. In naming a federal receiver to take over this year, Henderson determined that corrections officials were incapable of solving the problem alone.

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Meanwhile, state Controller Steve Westly said his office will audit the department to determine why prison healthcare is so poor, despite a doubling of funding since 2000.

"The taxpayers have nothing to show for the billions spent on prison healthcare. Instead, we've seen the first federal takeover of a state agency in California history," said, Westly, who is also a candidate for governor.

Dr. John Henry, a general surgeon in San Luis Obispo County, hasn't been paid since September. Henry said treating inmates at Avenal State Prison makes up about 40% of his caseload.

Until recently, he was performing about 20 surgeries a month on prisoners. But then the anesthesiologists at the local hospital stopped providing service to inmates because of nonpayment by the state. Now, Henry performs only emergencies, such as appendectomies, and even those "reluctantly."

"I won't tell you how much I'm owed, but it's a lot," Henry said. "Nobody wants to stop providing care, but this is ridiculous. We can't keep working for free."

Errors Prompt States To Watch Over Crime Labs (USAT)

By Richard Willing

USA Today, March 31, 2006

State legislators, troubled by reports of botched DNA tests and other mistakes by forensic analysts, have begun to establish oversight commissions to improve local crime labs and coroner's offices.

Virginia and Texas, where a lab technician mistakenly implicated the wrong man in a rape case, passed laws last year that set up such commissions. Legislators in New Hampshire, Vermont and Minnesota are considering similar plans this spring.

In Illinois, legislators are considering a plan that would require state and private labs to be accredited by a professional crime lab group. Oklahoma has had such a measure in place for three years. In Massachusetts, Gov. Mitt Romney, a Republican, revived the state's dormant oversight panel after a pair of eyes critical to a murder investigation were reported missing from a lab in 2002.

Beginning today, the American Judicature Society, a non-partisan policy research group of judges, attorneys and academics, begins a three-day conference in Greensboro, N.C., to establish recommendations for crime lab practices. The conference's co-chairs include former U.S. attorney general Janet Reno and former federal judge and CIA and FBI director William Webster.

Forensic science “is justice's best friend, but it has to not only be used right but done right,” says Texas state Sen. Juan “Chuy” Hinojosa, a Democrat who co-sponsored the bill that created Texas' commission. “There needs to be a way to hold the labs accountable.”

In Houston, the DNA unit of the city's police lab was closed in 2002 after a local television station, KHOU, reported several problems.

The problems included missing files, contaminated and poorly stored evidence and DNA test results that had been misinterpreted to wrongly match a suspect to a rape he had not committed.

The man, Josiah Sutton, was convicted and served 4½ years in prison. He was released after independent DNA testing revealed the lab error.

The laws and proposed laws differ from state to state. Generally, they require a crime lab's testing procedures and accuracy rates to be approved by an outside body, and they create a system for punishing misconduct.

In New York state, which established the first forensic science commission in 1995, commissioners have moved beyond checking lab standards to setting policies for collecting DNA.

Last December, the panel voted to allow about 40,000 DNA profiles to be taken from criminal parolees and probationers or as a condition of plea bargains. The profiles were added to a state database of known offenders, which is linked to a national DNA database run by the FBI.

Defense lawyers generally have favored setting up forensic science commissions.

In a statement last year, the New York City-based Innocence Project said the Texas commission would improve both the “quality” of Texas' justice system and “Texans' faith in that system.”

FBI: International Scam Targeting Islamic Mosques Broken (AP)

By GARRY MITCHELL, The Associated Press

AP, March 30, 2006

MOBILE, Ala. (AP) — An international wire fraud scheme targeting Islamic institutions with a phony stranded-traveler plea, netting only small sums but hitting multiple victims over many years, has been disrupted by the arrest of its mastermind, the FBI says.

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Islamic advocates say Mohammed Mustafa Agbareia, who was arrested in Canada and pleaded guilty March 1 in Alabama to one count of conspiracy to commit wire fraud, may have scammed more than $1 million from mosques and Islamic groups over nearly two decades.

He will be sentenced July 10 by U.S. District Judge Charles Butler in Mobile, where he is in the custody of federal marshals.

Agbareia is accused of claiming to be with a Saudi development bank investing in local Islamic society projects. Eventually he would contact Islamic leaders asking for money, saying he was stranded at an airport in Canada or another distant location and needed money wired.

Agbareia manipulated the Islamic tenet of lending aid to a stranded traveler, the FBI says.

He would always ask for $1,000 to $1,500 — amounts small enough to "pass under the radar" of local authorities, said Ibrahim Hooper, a spokesman for the Council on American-Islamic Relations (CAIR) in Washington, D.C.

"This guy was really unique," Hooper said in an interview Wednesday.

Agbareia, whose guilty plea was first reported by the Mobile Register, faces a possible 5-year prison sentence, a $250,000 fine and 3 years of federal supervision after his prison release. But penalties could vary because a religious institution was a victim and the court's sentencing guidelines are only advisory in this case, according to the plea agreement.

The scheme dates to the 1990s and had at least 45 victims in the United States before being halted. It involved over 10,000 solicitations for money, according to the FBI.

Agbareia was indicted in Mobile and Vermont on the fraud charges about a year ago. A second man, Zouhair Youssei Hissy, also was indicted in Mobile for an alleged role in the scheme and awaits extradition to the United States from Canada.

Agbareia, 40, was arrested in Canada pending his unrelated deportation to Israel. Records show he's from Nazareth in Israel.

The FBI probe of Agbareia began in Vermont where two victims were defrauded, an FBI spokesman said in a March 22 statement about the case. Another complaint came in Alabama in 2004 from the Islamic Society of Mobile Mosque.

Collecting victims' phone numbers on the Internet, Islamic institutions or mosques were contacted by Agbareia and Hissy, who claimed to represent the Saudi Arabia-based Islamic Development Bank (IDB).

Agbareia usually kept 60-80 percent of the money, with Hissy getting the remainder, the FBI said.

In Mobile, FBI spokesman Special Agent Craig Dahle said it's unknown how much money the scheme collected. He said there could be victims worldwide.

In the plea agreement, Agbareia, represented by the public defender's office, agreed to forfeit any proceeds of his criminal activity and cooperate with the government's investigation under threat of additional charges.

Faith, Family Tied To Disuading Gangs (WT)

By Amy Doolittle

The Washington Times, March 31, 2006

Faith and family must figure large in solving the region's growing gang violence problem, which also will require mentors who understand street culture, a panel of forum speakers and audience members said yesterday.

"Regardless of the message, one of the things I've found is that the message must be modeled by the messenger," said former Washington Redskins cornerback Darrell Green, who now operates several youth organizations. "I believe the best defense is a great offense."

Mr. Green was one of several panelists who participated in the Citizens Forum Project on Gang Violence, held at the Arbor Ballroom in The Washington Times building in Northeast.

Other panelists included Robert Woodson, founder of the National Center for Neighborhood Enterprise; the Rev. Fred Shuttersworth, a civil rights leader; Luis Cardona, a former gang member who works with at-risk area youth; and Robert Goodwin, president of the Points of Light Foundation.

About 200 students and residents attended the forum, the fifth in a monthly series, said Brian Bauman, director of The Washington Times Corp.'s Citizens Forum Project.

"One of the things that we've got to understand and [bring] into realization is that a gang member is not going to come to the door and say, 'Hey guys, could you save my life?' " said Juan Pacheco, a former gang member who works with gangs to bring peace.

"The probability of that happening is zero-point-zero. So we as individuals have to reach out to them," said Mr. Pacheco, 28. "We're tired of violence. We're tired of our brothers and sisters dying, man, and we need you, and you need us."

The Times reported yesterday that D.C. officials say there are more than 270 girl gangs alone in the District.

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In addition, the number of D.C. Superior Court cases involving female juveniles increased from 445 in 2003 to 571 in 2004. The number of girls brought before the court for violent offenses jumped from 225 in 2003 to 322 in 2004, a 43 percent increase.

T'Chaka Sapp, commissioner for Advisory Neighborhood Commission 8A, asked the all-male panel how the subject of female gangs should be addressed.

"The thing that I see today is a totally different dynamic," Mr. Sapp said. "It's the females now that are off the chain, and we need to come up with other methods. I see all men here. We need some females to deal with the female problems on the streets. It's the girl gangs that are tearing up D.C."

The panelists said good role models for girls and boys are critical in fighting gang violence.

"It all shows the need for us to work with our young woman so they don't feed off the attention they get when they act like gladiators protecting their honor," Mr. Cardona said.

Mr. Green agreed but emphasized the role of the traditional family.

"Somewhere you've got to teach a man how to love his wife and how to be a man, and someone's got to teach the woman how to be a woman," he said. "Even if you haven't got a family, someone's got to lead."

Mr. Pacheco, who said he is from Falls Church but declined to identify which gang he belonged to, said bringing gang members together to discuss why peace and community are important is also a critical step in ending the violence.

"You've got to hold high expectations of these gang members," he said. "We've got to remind them that we are family and that we are brothers and sisters. We are brothers and sisters, so why are we killing each other off?"

States Shelter Risky Borrowers (WSJ)

By Christopher Conkey

The Wall Street Journal, March 31, 2006

With Congress divided over federal legislation to combat predatory mortgage lending -- the practice of persuading borrowers into taking on fee-laden loans they often can't afford -- more than half the states have passed laws designed to protect riskier-than-average borrowers, and others are contemplating action to curb abuse.

At least 10 states -- including New York, West Virginia and New Mexico -- have adopted comprehensive laws in the past few years crafted to curtail tactics commonly used by unscrupulous lenders, including excessive penalties for paying off a loan early, inflated interest rates and frequent refinancing of a mortgage that does little to improve a buyer's finances but generates fees for lenders and brokers. Other states are taking it one issue at a time: Maryland has restricted prepayment penalties, for instance. And still others are considering proposals to subject lenders to greater liability if they are found to have duped home buyers.

The latest flashpoint is Ohio, which has the nation's highest mortgage-foreclosure rate. State legislators there are weighing measures that would allow the state attorney general to prosecute dubious lending practices and would establish a new legal duty for lenders and middlemen to look out for consumer's best interests, similar to the duty stock brokers have. The Ohio House of Representatives passed a bill this week, but the Senate, which passed its own version earlier this year, rejected it. The chambers must reconcile the measures before they become law. Mortgage-industry lobbyists are resisting.

In recent years, an expanding array of unconventional mortgages has made it possible for "subprime" borrowers -- those with spotty credit histories and lower credit scores -- to purchase or refinance homes. The Mortgage Bankers Association says more than 13% of outstanding mortgages are subprime, up from 2% seven years ago. Subprime borrowers pay higher interest rates on mortgages to compensate lenders for the added risk. Prime borrowers today typically face a 6.35% rate on a 30-year, fixed-rate mortgage. The Center for Responsible Lending, an advocacy group affiliated with a Durham, N.C., community-development lender called the Center for Community Self-Help, estimates a subprime borrower with a slightly worse-than-average credit score would pay more than 7%, and one with a sharply lower score would pay upward of 10%.

Industry officials say innovative mortgage products have helped millions of low-income Americans buy homes for the first time. They warn that an onerous mix of state rules is driving up costs and limiting mortgage availability, and they are pushing strongly for federal legislation that would pre-empt the rising number of state laws. "There's been this trend since 1999 for states and localities to implement their own laws," says Steve O'Connor, a lobbyist with the Mortgage Bankers Association. "It's effectively balkanized the national mortgage-finance system. It adds costs and risks to operations that are passed onto consumers."

Mr. O'Connor points to Montgomery County, Md., just outside Washington, where a local law aimed at holding brokers and lenders liable for racial discrimination prompted 50 lenders to leave the market, reducing availability and driving up costs. A judge recently issued a temporary injunction blocking the law, and Mr. O'Connor notes that some lenders since have returned to the market.

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Consumer advocates counter that deceptive subprime lenders defraud homeowners out of billions of dollars each year by targeting potential buyers with little ability to understand -- let along repay -- complex loans. They cite a Center for Responsible Lending study that suggests credit availability and pricing haven't been adversely affected in areas where stringent restrictions have been enacted.

North Carolina sparked the current trend of state laws in 1999 with a statute that limits a variety of fees and financing methods common to subprime loans. "It's clear from studies that our predatory-lending law is protecting consumers, while at the same time loans are still widely available," said Roy Cooper, the state's attorney general.

In the U.S. House of Representatives, Rep. Spencer Bachus, an Alabama Republican who heads a financial-services subcommittee, is holding talks with a pair of North Carolina Democrats in an effort to model a federal standard based on their state law. In recent years, Congress has been in a stalemate over the question of whether to pre-empt state laws with a federal standard.

Speaking to a gathering of mortgage brokers in Washington this week, Rep. Barney Frank of Massachusetts, senior Democrat on the House Financial Services Committee, said he supports a uniform standard. "But," he added, "I don't want that to be a way of lowering consumer protection." Mr. Frank said he expects the bipartisan talks to reach agreement soon.

Meanwhile, state attorneys general have been feuding with federal regulators over whether they can enforce state lending laws against nationally chartered banks, which are regulated by the Treasury's Office of the Comptroller of the Currency. The Comptroller has said states can't use their laws against those banks, and last year won an injunction halting a probe by New York Attorney General Eliot Spitzer into the lending practices of national banks in that state.

This week Mr. Spitzer appealed to the Second Circuit U.S. Court of Appeals in New York. Spitzer spokeswoman Christine Pritchard said the OCC's "anticonsumer agenda seeks to drastically alter the balance of federal-state powers and would leave New York powerless to protect its residents from unscrupulous practices." An OCC spokesman declined to comment.

Earlier this year, the attorneys general of 49 states reached a $325 million settlement with Ameriquest Mortgage Co. over a variety of abusive-lending charges. The states charged Ameriquest, the largest subprime lender at the time, with a litany of transgressions. Among them: influencing and accepting inflated appraisals, hiding fees and encouraging applicants to give inaccurate employment or income information to obtain loans. Ameriquest denied wrongdoing.

The Ameriquest payment was the second-largest consumer-protection settlement in history. The largest was a $484 million settlement in 2002 between states and Household International Inc. over alleged lending abuses. Household, like Ameriquest, denied wrongdoing, but agreed to change some of its lending practices. Household was acquired by HSBC Holdings PLC in 2003.

Cities That Lead The Way (NYT)

The New York Times, March 31, 2006

Crippled by soaring corrections costs, states and municipalities are re-examining policies that drive ex-offenders right back to prison by barring them from employment. Locked out of the mainstream, ex-felons become burdens to their families, their communities and the nation as a whole. Three cities — Boston, Chicago and San Francisco — have taken groundbreaking steps aimed at de-emphasizing criminal histories for qualified applicants for city jobs, except in law enforcement, education and other sensitive areas where people with convictions are specifically barred by statute.

The Boston plan, which becomes effective this summer, deserves to be widely emulated. It covers not just city employees but also the companies that do business with the city. Those companies, which employ hundreds of thousands of workers, will be required to make their employment policies consistent with those put forth by the city.

Under the new policy, the city will not conduct a criminal record review at all, except in special circumstances or when it is required by law. Even then, the search will come near the end of the process, after the applicant has proved to be qualified and is about to be hired. If the city then changes its mind about the job offer, the applicant is entitled to a full explanation and a chance to rebut the criminal records reports, which sometimes contain errors.

Taken together, the recent developments in Boston, Chicago and San Francisco symbolize a step forward in terms of fairness for law-abiding ex-offenders, who are often barred from entire occupations because of youthful mistakes and minor crimes committed in the distant past. It should be clear to all of us by now that confining those people to the ranks of the unemployed makes it more likely that they will commit new crimes, return to prison and become a permanent burden to society.

CIVIL LAW:

U.S. Demands Files From ISPs, Tech Firms (AP)

DOJ_NMG_0024754

By MARYCLAIRE DALE
AP, March 31, 2006

PHILADELPHIA - The Justice Department is demanding internal files from dozens of Internet service providers and other technology firms as it seeks to defend a controversial Internet child protection law.

The subpoenas are similar to one given to Google Inc., which waged a partially successful battle over the government's request for millions of pieces of information about search engine requests and Web site domains.

InformationWeek magazine unearthed subpoenas that show the government also demanded information from at least 34 other companies, including Internet service providers such as Comcast Corp. and EarthLink Inc., security software firms and other technology companies.

The subpoenas, which the magazine obtained through Freedom of Information Act requests, show the Justice Department preparing for an October trial in Philadelphia over the 1996 Child Online Protection Act. It is not clear which companies are complying, and to what extent.

"That money could be spent so much more wisely on giving software away to parents that are having these problems," Dan Jude, president of Security Software Systems, said of the litigation costs.

The 12-person firm, which makes filtering software, spent more than 40 hours trying to comply with the subpoena, he said. The company refused to provide some information on proprietary grounds, fearing it could make its way into the court file.

"If that information gets out in the public, we've just lost our competitive edge," Jude said Thursday. The subpoena also sought information the company does not keep, such as customer satisfaction, he said.

Department of Justice spokesman Charles Miller did not immediately return a message Thursday afternoon.

The subpoenas also went to companies including AT&T Inc., Cox Communications Inc., Verizon Communications Inc. and Symantec Corp.

The U.S. Supreme Court has twice said the law _ which would criminalize Internet material deemed "harmful to children" as defined by "contemporary community standards" _ is likely to violate First Amendment protections and granted preliminary injunctions.

Critics say that definition is so broad it would stifle free speech, and also note that pornographers and others could simply base their operations offshore, beyond the reach of U.S. authorities.

Online publishers who are challenging the law argue that filters are a less restrictive way to protect children. The publishers, which include sexual health sites, a gay newspaper and the online magazine Salon.com, are represented by the American Civil Liberties Union.

"Our overarching concern over what the government is doing (with the subpoenas) stems from the 'why,' _ what is it they're actually trying to accomplish?" said David McGuire, a spokesman for the Center for Democracy and Technology in Washington. "It doesn't seem reasonable."

U.S. Sought Data From More Than Search Engines (CNET)

CNET News, March 31, 2006

The Justice Department demanded information from at least 34 Internet service providers, search companies and security software companies as part of its probe related to the Child Online Protection Act (COPA), according to an article in InformationWeek on Thursday.

Some companies, including Cablevision Systems and Verizon, objected to the government demands, the article says. Other subpoena recipients included AT&T, Comcast Cable, Cox Communications, EarthLink, Symantec and United Online, according to InformationWeek, which filed a Freedom of Information Act request to get the information.

Google made headlines in January when it was disclosed that the search company had refused to hand over random search terms and Web address data that Yahoo, Microsoft and America Online had provided the government when asked. Google challenged the subpoena in court, arguing that it was overreaching. Earlier this month a judge ruled that Google didn't have to provide any search queries but did have to provide a much smaller number of Web sites in its index than the government had sought.

The government is seeking information on Web user behavior and filtering software and other tools in an effort to justify COPA, which faces a trial later this year. That law restricts the posting on commercial Web sites of sexually explicit material deemed "harmful to minors," unless it's made unavailable to the youngsters. The ACLU argues that Web sites cannot realistically comply with such requirements and that the law violates the right to freedom of speech mandated by the First Amendment.

More Subpoenas In Suit Over Obscenity Law (NYT)

By Saul Hansell

DOJ_NMG_0024755

The New York Times, March 31, 2006

Both the Justice Department and the American Civil Liberties Union confirmed yesterday that they had requested and received information from Internet service providers and software makers in connection with an A.C.L.U. lawsuit challenging an anti-pornography law.

Earlier this year it was revealed that the Justice Department, which is defending the law, had subpoenaed information from four search engine companies about keyword requests by users. Google challenged its subpoena. This month a judge ordered the company to provide some information to the Justice Department but not information on individual searches, saying that had the potential to violate the privacy of users.

Last summer, the Justice Department also issued subpoenas to at least 34 Internet service providers and security software companies, according to information the department provided after a Freedom of Information Act request by InformationWeek magazine. The companies subpoenaed included America Online, Comcast, Verizon, EarthLink and Symantec.

The department is defending the Child Online Protection Act, which makes it a crime to post "material that is harmful to minors." Two years ago, the Supreme Court prevented enforcement of the law and ordered a lower court to consider whether filtering software designed to block inappropriate content was a better way to achieve the law's aims. The case goes to trial in October.

Charles Miller, a spokesman for the Justice Department, said the agency had issued the subpoenas "to see the effectiveness of Internet filters." He said he was not able to say which of the companies had responded to the subpoenas and to what extent they had complied.

The A.C.L.U. also subpoenaed many of the same companies, said Aden J. Fine, a lawyer for the organization. "We have asked for information that is relevant to the lawsuit, such as information to show that filters are effective," he said. Mr. Fine declined to say how many companies were subpoenaed and what questions they were asked.

While the A.C.L.U. had objected to subpoenas of individual search data as an invasion of users' privacy, Mr. Fine said it did not see similar concerns for requests for data from the Internet and software providers.

The Justice Department subpoenas did not, in fact, ask for information that could be attributed to any individual user. Rather, it asked for detailed quantitative and technical descriptions of the Internet filters that were offered to customers, how they worked and how many people used them. The department also asked for market research information on how many people wanted filters and how satisfied they were.

According to Mr. Fine, the Internet and software companies largely complied with both sets of subpoenas. According to a letter provided to InformationWeek, Verizon initially raised objections and requested clarifications on issues mainly related to Justice Department requests for contracts and other trade secrets.

David Fish, a spokesman for Verizon, said that the company provided the information after reaching an agreement with the Justice Department on who would have access to it.

G.O.P. Is Taking Aim At Advocacy Groups (NYT)

By Carl Hulse And Sheryl Gay Stolberg

The New York Times, March 31, 2006

WASHINGTON, March 30 — To many Republicans, the liberal activist organization MoveOn.org is a political boogeyman that they hope to chase off with new restrictions on so-called 527 groups.

But the pursuit may turn out to be fruitless. Like other major groups planning to inject themselves aggressively into the midterm elections through advertisements, voter drives and issue fights, MoveOn.org has already figured out what it thinks is a better, and less controversial, way to spend its millions. Its 527 — named for a section of the tax code — is being put on ice.

"Our 527 is dormant," said Eli Pariser, executive director of MoveOn.org. He said his group would predominantly operate as a conventional political action committee, allowing it to more freely mix explicit political support and issue advocacy in a way that Mr. Pariser described as "squeaky clean."

MoveOn.org might be moving on from its 527, but Congress is not. Two years after 527's burst onto the political scene, gaining notoriety by raising unlimited amounts from private donors, Congressional Republicans are moving to rein in the groups — just in time for the November midterm elections. Leading Democrats are threatening a fight.

In the House, the Republican leadership intends to bring a plan to impose new restrictions on 527 groups to the floor next week to spur action in the Senate, where Senator John McCain, Republican of Arizona, a champion of the campaign finance bill that bears his name, is offering similar legislation.

"I think this leaves a gaping loophole in the McCain-Feingold campaign finance bill," the House majority leader, Representative John A. Boehner, Republican of Ohio, told reporters on Thursday, referring to a bill co-sponsored by Senator Russell D. Feingold, Democrat of Wisconsin. "I think it needs to be fixed."

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But Mr. Boehner's Democratic counterpart, Representative Nancy Pelosi of California, denounced the effort, saying that Republicans could draw unlimited money from wealthy corporations and trade associations that used their own nonprofit arms to wage issue campaigns.

Both Mr. McCain and the House leaders want to limit annual donations to 527 groups and force them to abide by the more stringent rules governing political committees if they are active in federal races.

A federal district judge in Washington this week also called for action, ruling that the Federal Election Commission had "failed to present a reasoned explanation" for not requiring 527 groups to register as political committees. The judge, Emmet G. Sullivan, ordered the commission either to articulate its reasoning for evaluating 527 complaints on a case-by-case basis, or to "promulgate a rule, if necessary."

But even if the campaign to stamp out 527 groups succeeds, it may not greatly impede third-party involvement in political campaigns, which is flourishing as advocacy groups adapt and discover ever more creative ways to pour their contributions into the political process.

Independent organizations are already working on behalf of candidates in both parties, rallying support behind issues, canvassing for voters and preparing for big-money efforts, with many steering clear of the 527 approach. And some of the deep-pocketed 527 groups that were active in 2004 are so far on the sidelines.

"Unless and until they actually manage to repeal the First Amendment itself, we are going to find a way to give voice to the tens of thousands of people who share our views and want to have a voice in the political process," said Pat Toomey, president of the Club for Growth, an antitax group that has been sued by the election commission over the conduct of its 527 in a 2004 Senate race.

The 527 groups drew intense scrutiny after Swift Boat Veterans for Truth ran its campaign attacking the war record of the Democratic presidential nominee, Senator John Kerry of Massachusetts. But while Swift Boats drew the spotlight, the liberal philanthropist George Soros nearly single-handedly redefined the scope of campaign finance by contributing millions to progressive groups like MoveOn.

So while candidates of both parties suffered at the hands of 527 committees, the drive to limit them is being pushed largely by Republicans who fear that Democratic advantages among the groups could swamp some of their candidates.

"It is the Loch Ness monster in 527 form, rising out of the mist to eat them," scoffed Robert Bauer, an election law specialist opposed to the proposed restrictions on 527 committees.

After 2004, the Federal Election Commission scrutinized some 527 groups and sued Club for Growth. The result, said Kenneth A. Gross, a campaign finance lawyer, was that "527's have been demonized to some extent," prompting many outside advocacy groups to rely on another provision of the tax code, 501c(4), which governs nonprofit groups.

Business and trade associations typically operate under a similar provision, 501c(6). As a bonus, the 501c groups are not required to disclose their donors, as 527 groups are.

Tony Massaro, executive vice president for political affairs at the League of Conservation Voters, said his group relied on its 501c(4) status because it could push directly for the election of specific candidates right up to Election Day, since the group takes no union or corporate money. Were it a 527, the advertisements would have to skirt that issue and strike a fuzzier theme of urging voters to contact candidates about their positions on divisive issues — a gimmick that Mr. Massaro said comported with the law but left the public cold.

"Voters get frustrated by that game," said Mr. Massaro, who said his organization would spend $3 million to $5 million and was already working on behalf of Democratic Senate candidates in Florida, Pennsylvania and Washington.

Brad Woodhouse, a spokesman for Americans United, a 501c(4) group, said that category allowed his organization to work closely with like-minded Democrats in shaping its advocacy program, including its current push for changes in Medicare's new prescription drug program. Such contact that would be prohibited for a 527.

Representative Mike Pence, an Indiana Republican who is an opponent of restraining 527 committees, likened the current atmosphere to whack-a-mole, the carnival game where the player hits a mole with a hammer, only to have another pop up. He is backing legislation that would raise limits on contributions to political parties — an idea that opponents say would gut previous reforms.

"We hit political parties and 527's pop up," Mr. Pence said. "We're going to whack them and 501c's are going to pop up."

Despite the current dip in 527 activity, some new ones are being established, including one opposing Senator Rick Santorum, a conservative Republican in a tough re-election race in Pennsylvania. Veteran Democratic operatives just established a new group called Fresh Start for America, which is expected to engage in Senate races this year.

As lawmakers prepare for a potential fight, Mr. Pariser of MoveOn.org said there could be one unexpected consequence. He suggested the effort to clamp down on 527 groups could enhance the influence of his organization because it would have the financial means to mount aggressive campaigns while potential competing groups would be handcuffed.

"We will be better positioned to do political ads," he said. "I presume that was not their intent."

House May Limit Nonprofit Campaign Funds (AP-Y2)

By Jim Abrams

AP2, March 30, 2006

The House next week will take up a bill to constrict the money-raising ability of nonprofit political groups that emerged as a substantial force in the 2004 presidential election.

The bill to require groups known as 527s to register as political committees and abide by contribution limits is likely to meet resistance from Democrats, who in 2004 relied on 527s as a key source of financing.

"I will strongly oppose it," House Democratic leader Nancy Pelosi said Thursday.

The decision by GOP leaders to bring up the 527 bill separately could make it easier for the House and Senate to reach a compromise on lobbying and ethics legislation working its way through Congress.

The Senate on Wednesday led the response to recent lobbying scandals by passing legislation that would ban lobbyists from giving gifts and meals to lawmakers and require lobbyists to disclose more about their contacts with legislators. Lawmakers would have to get approval before taking privately funded trips and file reports when they travel on private corporate jets.

Senators from both parties warned against complicating the lobbying bill by combining it with controversial campaign finance issues, including that of 527s, but House GOP leaders have backed making that part of their package.

House Rules Committee Chairman David Dreier, R-Calif., said that could still happen. "We're still trying to determine how at the end of the day we will put this together."

On Wednesday a U.S. District judge ruled, in a case brought by President Bush's campaign and lawmakers, that the Federal Election Commission had failed to give a reasoned explanation for its decision not to issue rules requiring 527s — named after the section of the tax code that covers them — to register as federal political action committees. That would subject them to the same fundraising, spending and disclosure rules as PACs must follow.

The judge did not say that the FEC had abused its discretion, and he did not order it to develop rules for their fundraising and spending. However, he told the commission to "articulate its reasoning" or write a rule for the groups "if necessary."

The House bill is expected to be based on legislation offered by Reps. Christopher Shays, R-Conn., and Marty Meehan, D-Mass., partners in sponsoring the 2002 campaign finance act that banned national party committees and federal candidates from raising unlimited corporate and union donations.

Shays, who disagreed with most of his Republican colleagues in backing the 2002 act, criticized Pelosi and other Democrats who oppose his 527 bill. "There's no defense for saying you are for campaign finance reform and then not voting to close a loophole, except blatant partisan politics."

The Shays-Meehan bill would limit to $5,000 per year what an individual can give to a federal political committee to influence federal elections. The ceiling is $25,000 for nonfederal funds to pay for voter mobilization and public communication activities.

House Majority Leader John Boehner, R-Ohio, at a news conference Thursday, said nonprofit group spending had become "a gaping loophole" in the law. "To have all of this unregulated campaign cash going to these organizations and allowing them to engage in campaign activities without any disclosure is wrong," he said.

The nonpartisan Political Money Line, a campaign finance tracking service, found that in the 2004 election groups supporting Sen. John Kerry or opposing President Bush raised $266 million, including multimillion-dollar donations from wealthy businessmen such as George Soros. Anti-Kerry, pro-Bush groups, most prominently the Swift Boat Veterans for Truth that questioned Kerry's Vietnam war record, raised $144 million.

Pelosi said it was "the height of hypocrisy" that the Republicans were trying to limit 527s but were not restricting trade associations and other business groups exempt from some rules applying to political committees.

"If they are going to do it, just do it across the board," she said.

Judge Says FEC Failed To Curb Soft Money (AP-Y2)

By Toni Locy

AP2, March 30, 2006

The Federal Election Commission failed to give a good reason for refusing to rein in nonprofit political groups that spent huge sums in the 2004 presidential elections, a judge has ruled in a case brought by President Bush's campaign and lawmakers.

In a 34-page opinion, U.S. District Judge Emmet G. Sullivan said the FEC failed to give "a reasoned explanation" for its decision not to issues rules to require so-called "527" groups to register as federal political action committees and face the same strict fundraising, spending and disclosure rules PACs do.

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But Sullivan stopped short of saying the FEC had abused its discretion. Nor did he order it to develop rules to crack down on the groups' fundraising and spending.

Instead, the judge in his ruling Wednesday sent the issue back to the FEC and ordered the commission to "articulate its reasoning," or come up with a rule for the groups "if necessary."

The nonprofit groups — nicknamed 527s after the section of the U.S. Tax Code that covers them — emerged as key players in the 2004 presidential election after a new law banned national party committees and federal candidates from raising unlimited, corporate and union donations known as soft money. PACs were already banned from taking soft money.

The 527 groups stepped into the void. Democrats in particular, worried that their party would lag behind the GOP in fundraising, quickly moved to set up soft money groups.

Fueled by multimillion-dollar donations from wealthy businessmen such as George Soros, pro-Democratic groups collected almost twice as much money as their Republican rivals, keeping Democratic nominee John Kerry's viewpoints on the airwaves while he rebuilt his finances after the expensive Democratic primary race. They also helped build pro-Democratic get-out-the-vote efforts.

Groups supporting Kerry or opposing Bush raised $266 million in the 2003-04 election cycle, while those opposing Kerry or backing Bush collected $144 million, a review by the nonpartisan Political Money Line campaign finance tracking service found.

The Bush campaign and lawmakers who sponsored the new campaign finance law pressed the FEC to crack down on partisan 527s while the presidential race was under way, arguing the groups were violating a broad ban on the use of soft money in federal elections.

But a majority of FEC members declined to adopt new regulations, contending the commission lacked authority to do so and that it was up to Congress and Bush to approve legislation doing so if they felt there was a need.

The FEC decision prompted the Bush campaign and lawmakers to sue the commission to try to force it to restrict the groups and led Republican activists to start pouring millions into new pro-Bush groups. They included Swift Boat Veterans for Truth, which made headlines in summer 2004 by alleging Kerry exaggerated his decorated Vietnam War service record.

Sullivan said he was "troubled" because the FEC ignored testimony from 31 politicians and more than 100,000 comments from people involved in the political process. The judge said the FEC's handling of the matter "does not reflect reasoned decision-making."

"We are very pleased with Judge Sullivan's opinion," said Fred Wertheimer, president of the Democracy 21 campaign finance watchdog group and an attorney for the two lawmakers who sued, Reps. Christopher Shays, R-Conn., and Martin Meehan, D-Mass.

Sullivan criticized the FEC's decision to handle complaints about the groups on a case-by-case basis, saying the commission's track record "appears to have been a total failure."

The judge noted FEC cases can languish for years and that penalties, "if they come at all, come long after the money has been spent and the election decided."

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On the Net:

U.S. District Court: http://www.dcd.uscourts.gov

FEC Ordered To Rethink '527' Rules (WP)

By Thomas B. Edsall

The Washington Post, March 31, 2006

U.S. District Judge Emmet G. Sullivan has rejected requests by the Bush-Cheney campaign and by two advocates of campaign finance legislation to order the Federal Election Commission to impose tough regulations on "527" political committees that put more than $400 million into the 2004 elections.

Instead, in a ruling issued late Wednesday evening, the judge gave the FEC a choice: Either explain in detail why regulations are not needed or begin proceedings to develop such rules.

In the 2003-04 election cycle, 527 committees active in federal elections raised $424 million, according to the Campaign Finance Institute. Pro-Democratic groups spent $314.4 million and pro-Republican groups spent $84.1 million.

The judge warned that if the FEC continues to treat 527 committee complaints on a case-by-case basis instead of issuing encompassing rules, it will have to explain how the interests of complainants will be protected under time-consuming processes that often do not produce any action until the election is over.

"Cases arising from the 2004 campaign have languished on the Commission's enforcement docket for as long as 23 months, with no end in sight, even as the 2006 election campaign has begun," Sullivan wrote. "The FEC can take years to

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complete an administrative action, and penalties, if they come at all, come long after the money has been spent and the election decided."

Two of the plaintiffs, Reps. Christopher Shays (R-Conn.) and Martin T. Meehan (D-Mass.), the House sponsors of the 2002 McCain-Feingold campaign finance law, interpreted Sullivan's order as a victory.

"Judge Sullivan supported our belief that the FEC's failure to bring 527s under campaign finance law was a dereliction of its duty by rejecting the FEC's justification for refusing to issue regulations. This was a crucial step in bringing fairness to our campaign finance laws," Shays said.

Sullivan's decision means the FEC must once again tackle the tough issue of the independent political committees, which were used in 2003-04 to get around legislation banning the use of large donations from unions, corporations and rich people -- also known as "soft money."

In May 2004, the FEC rejected regulation of 527s by a 4 to 2 vote. Three members have since been replaced -- Scott Thomas, who voted for regulation, and Bradley Smith and Danny L. McDonald, who voted against it.

It is not clear how the new commissioners are likely to vote.

Commission Chairman Michael E. Toner, who supported regulation, said the commission will take up the issue soon.

CIVIL RIGHTS:

Alabama House, Senate Can't Agree On Military Voting (AP)

AP, March 30, 2006

MONTGOMERY, Ala. (AP) — The Alabama Senate and House can't agree on how to make sure military serving overseas get to vote in the primary runoff election this summer.

But the U.S. Justice Department is pressuring both to find a solution. It is suing the state, claiming there is not enough time between the primary election June 6 and the runoff June 27 for military personnel overseas to get and return absentee ballots.

The Senate voted 20-5 Thursday for a bill that would delay primary runoff by three weeks from June 27 to July 18 to make sure the military have time to get and return absentee ballots for the runoff.

On March 16, the House voted 100-1 for a bill that would keep the runoff on June 27, but would allow soldiers overseas to use special ballots. The ballots, which would be delivered with the primary ballots, would allow soldiers to mark their runoff preferences in races with three or more candidates.

Now, either the Senate must agree with the House-passed bill, or the House must agree with the Senate-passed bill.

The sponsor of the House bill, Rep. Lesley Vance, D-Phenix City, said moving the runoff may be the easiest way to resolve the issue, and he would try to get the House to pass the Senate version.

"We've got to think about those people fighting for our freedom and make sure their votes are counted," said Vance, whose east Alabama district is just across the state line from Fort Benning, Ga.

The Senate's bill, sponsored by Sen. Wendell Mitchell, D-Luverne, is supported by Attorney General Troy King and Secretary of State Nancy Worley.

Letter to the Editor: FIELDS SHOOTING (MJS)

Milwaukee Journal Sentinel, March 30, 2006

Federal decision was made jointly

A recent article and an editorial in your paper reported that the Civil Rights Division "overruled" a decision by the U.S. attorney's office to prosecute an officer in the tragic fatal shooting of Justin Fields.

Advertisement

That is not true. Prosecutors from both of our offices, with more than a half-century of combined experience, carefully investigated and reviewed this matter and ultimately concluded that federal prosecution simply was not viable.

Their consensus is plain from the letter that closed this case, which stated that "this (United States Attorney's) Office and the Criminal Section of the Civil Rights Division . . . have concluded that there is not a federally prosecutable criminal case here."

Your editorial also erroneously claims that civil rights prosecutions have declined by 40%. To the contrary, the Justice Department has brought more criminal civil rights cases - and convicted 40% more law enforcement officials for misconduct - in the past five years than the preceding five.

Recent years saw our offices bring several civil rights cases in the Eastern District of Wisconsin, and we will continue to work together to vigorously enforce the federal civil rights laws.

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What happened to Justin Fields is indeed a tragedy and we express our deep sympathies to his family. They deserve to know that our decision not to prosecute was made after a thorough and searching analysis of our comprehensive investigation.

Neither the family nor the community are served by any suggestion that our decision was based on something other than the facts and the law.

Wan J. Kim
Assistant attorney general
Civil Rights Division
U.S. Department of Justice
Washington, D.C.
Steven M. Biskupic
U.S. attorney
Eastern District of Wisconsin
Milwaukee

Violations Persist At Miss. Training Schools, Court Monitor Says (AP)

AP, March 31, 2006

JACKSON, Miss. - A federal court monitor says violations continue at Oakley and Columbia juvenile training schools.

In a report covering Aug. 1 to Dec. 15, 2005, the monitor says most of the conditions of the agreement that ended a Department of Justice lawsuit against the state over conditions at the two training schools were not met. A report that covered May and June last year, also was critical of the state's progress.

The schools serve 550 youths combined - boys ages 10 to 17 at Oakley in Hinds County and girls 10 to 18 at Columbia.

The current report cites, among other things, student complaints about staff cursing them and using inconsistent disciplinary practices and continued fights between students.

Court monitor Joyce Burrell said she was aware that the aftermath of Hurricane Katrina has impacted the Mississippi Department of Human Services.

"But the needs of this population and those rights that were determined to have been violated must be corrected as quickly as possible," Burrell wrote in the report filed in U.S. District Court in Jackson.

State officials entered a four-year consent decree with the Justice Department last May.

MDHS Executive Director Don Taylor said in a statement that Oakley and Columbia continue to be a high priority.

"We have made significant progress in all areas," Taylor said.

House Juvenile Justice Committee Chairman George Flaggs Jr., D-Vicksburg, said Wednesday that he's trying to be understanding and patient of the challenges the state faces with the two training schools.

"But it is hard for me to realize or conclude that it would not be in the best interest for the governor to step in and remove Oakley and Columbia from under the direction or supervision of the Department of Human Services.

"The department is too big, the problems are too many for one director to focus on at the same time and keep up the day-to-day operations," Flaggs said.

In addition to being sued over the conditions at the training schools, MDHS also is being sued over the foster care system.

The federal class-action lawsuit filed by the New York-based Children's Rights is scheduled for trial Aug. 7.

Massachusetts Court Limits Gay Unions (NYT)

By Pam Belluck And Katie Zezima

The New York Times, March 31, 2006

BOSTON, March 30 — Massachusetts's highest court, which legalized same-sex marriage here two and a half years ago, ruled Thursday that gay couples who live in states where such marriages are prohibited cannot marry in Massachusetts.

But the ruling left open the possibility that gay couples from states like New York and Rhode Island that do not explicitly ban same-sex marriage might be able to marry in Massachusetts.

The justices sent the cases of three of eight plaintiff couples, one from New York and two from Rhode Island, back to Superior Court to decide "whether same-sex marriage is prohibited in those states."

But couples from the vast majority of states cannot marry here because those states have either laws or constitutional amendments that bar same-sex marriage. The National Gay and Lesbian Task Force said the only other jurisdictions that do not specifically prohibit same-sex marriage are New Jersey, New Mexico and the District of Columbia.

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The ruling, supported by six of the court's seven justices, upheld a 1913 law that says that no out-of-state resident can marry in Massachusetts if the marriage would be void in the person's home state, unless the person intends to live in Massachusetts.

"The laws of this commonwealth have not endowed nonresidents with an unfettered right to marry," Justice Francis X. Spina wrote in one of two concurring opinions, adding, "Massachusetts can reasonably believe that nonresident same-sex couples primarily are coming to this commonwealth to marry because they want to evade the marriage laws of their home states" and "Massachusetts should not be encouraging such evasion."

Chief Justice Margaret H. Marshall, who wrote the Supreme Judicial Court's November 2003 decision making same-sex marriage legal, wrote in the other concurring opinion, "It is rational for the legislature to take steps to ensure that marriages performed here will hold up elsewhere, and that they will not be ignored by other states."

Only one justice, Roderick L. Ireland, dissented, writing that "the commonwealth's resurrection of a moribund statute to deny nonresident same-sex couples access to marriage is not only troubling" but "also is fundamentally unfair."

The lawsuit began after same-sex marriage became legal in Massachusetts in May 2004 and Gov. Mitt Romney, an opponent of it, invoked the 1913 statute, which had been originally adopted in part to block interracial marriages. Mr. Romney refused to record out-of-state marriages, saying, "Massachusetts should not become the Las Vegas of same-sex marriage."

The decision by Mr. Romney, a Republican, was backed by the state's attorney general, Thomas F. Reilly, a Democrat.

Eight couples from Connecticut, Maine, New Hampshire, New York, Rhode Island and Vermont sued, along with 12 Massachusetts cities and towns, claiming that the 1913 statute was discriminatory and had been invalidated by the legalization of same-sex marriage here.

On Thursday, the clerk of one of those towns, Margaret Drury of Cambridge, said, "We really feel like we are being forced to discriminate against out-of-state couples."

According to the State Department of Public Health, 7,341 same-sex couples married in Massachusetts from May 17, 2004, to Dec. 31, 2005, but the state does not keep track of how many were from out of state.

Mark Pearsall, 38, of Lebanon, Conn., who married his partner, Paul Trubey, 42, in Massachusetts in 2004 after Mr. Pearsall's mother, dying of cancer, gave them her engagement and wedding rings, said the ruling was "very disappointing for us."

"But ultimately we consider ourselves married," Mr. Pearsall said.

Although their marriage is invalid and they could have a civil union in Connecticut, Mr. Trubey said that would feel "like the back of the bus."

Amy Zimmerman, 33, who lives in New York City with Tanya Wexler, 35, and their four children, said she was "hopeful that the door seems to have been left open" for her marriage in May 2004 to be made official if the Superior Court decides that New York State does not bar same-sex marriage.

An appeals court in New York is scheduled to hear arguments in May in a lawsuit challenging state officials' interpretation that same-sex marriage is illegal in the state.

Governor Romney, in an interview Thursday, said, "This is an important victory for traditional marriage and for the right of each state to be sovereign as it defines marriage. It's very important to contain a bad initial decision on same-sex marriage by this court and not impose it on the other 49 states."

Peter Sprig, vice president for policy at the Family Research Council, called the ruling "gratifying" and said conservative groups would continue to push for a federal constitutional amendment against same-sex marriage and for similar amendments in states that do not already have them. Such an amendment will come before the Massachusetts legislature in May.

Advocates for same-sex marriage said they were disappointed by the Massachusetts ruling.

"I had very high hopes about this decision," said Matt Foreman, executive director of the National Gay and Lesbian Task Force.

Michele E. Granda, a lawyer for Gay and Lesbian Advocates and Defenders, which represented the plaintiffs, said that while her side had the option of asking the United States Supreme Court to hear an appeal, it was much more likely that her group would focus on the New York and Rhode Island cases, and would press the Massachusetts legislature to repeal the 1913 law.

A bill to repeal the law passed the State Senate overwhelmingly in 2004 but was not taken up in the House of Representatives, which at the time was led by a speaker who opposed same-sex marriage. It was recently reintroduced.

"This is a ridiculous, confusing and badly formed law," Ms. Granda said. "We live in a mobile society, and where someone lives today may have no meaning for them when they go on vacation next month or relocate a year from now."

Mass. Court Sets Limit On Same-Sex Marriage Law (WP)

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By Michael Powell And Michelle García
The Washington Post, March 31, 2006

Massachusetts's highest court ruled yesterday that most gay couples from other states cannot get married there, the first decision to affirm a legal limit on the landmark same-sex marriage law in the Bay State.

The Supreme Judicial Court knocked down a legal challenge to a 1913 state law that forbids a non-Massachusetts couple from getting married there if their marriage would not be recognized by their home state.

"The laws of this commonwealth have not endowed nonresidents with an unfettered right to marry," the court wrote. "The fact that this court concluded that there was no rational basis . . . for denying Massachusetts same-sex couples the right to enter into civil marriages does not now compel a conclusion that nonresident same-sex couples . . . have an identical right."

The court ruled in 2003 that it would be unconstitutional under state law to prevent gay couples who live in Massachusetts from marrying. More than 6,000 gay couples have since married there.

Massachusetts Gov. Mitt Romney, who is considering a bid for the Republican presidential nomination and often mentions his opposition to same-sex marriage, called the decision a victory for "traditional marriage." He had ordered local officials to enforce the 1913 law after the state's highest court issued its same-sex marriage ruling.

"We don't want Massachusetts to become the Las Vegas of same-sex marriage," Romney told reporters. "It's important that other states have the right to make their own determination of marriage and not follow the wrong course that our Supreme Judicial Court put us on."

Gay rights activists expressed relief that the legal bedrock of the court's original decision remained intact -- namely, that Massachusetts gay couples have an unfettered right to marriage. And they pointed to national polls that report a growing number of Americans -- though not quite a majority -- support same-sex marriage. Those who say that they are strongly opposed have dropped from 42 percent to 28 percent in the past two years, according to the Pew Research Center.

The Washington state Supreme Court is expected to rule soon on the constitutionality of a state law prohibiting same-sex marriage. Two lower courts have struck down the law. Unlike Massachusetts, Washington has no law prohibiting nonresidents from getting married there if their own state prohibits it.

But activists acknowledged that yesterday's ruling in Massachusetts on the 1913 law casts a shadow. "It's unfortunate that the Massachusetts courts did not strike down this barrier that discriminates against gay marriage," said Evan Wolfson of Freedom to Marry.

The court ruling was a split one, and several justices offered passionate dissents. They stated that Romney is relying upon the "resurrection of a moribund statute" in a way that is "fundamentally unfair." Marriage, wrote one justice, "is a basic human right."

The ruling left behind several ambiguities, not least what happens to the marriages of those from states such as New York and Rhode Island. Both states have no explicit ban on same-sex marriage, and New York Attorney General Eliot Spitzer has issued an opinion, now being challenged in state court, that New York should honor same-sex marriages performed elsewhere.

Nor is it entirely clear what becomes of the marriages of those who managed to slip under the legal deadline in those first days after the 2003 same-sex marriage ruling.

Christopher McCary and John Sullivan of Anniston, Ala., are among those whose marriage certificate is now in doubt. They hopped on a plane to Provincetown, Mass., on May 16, 2004. The couple wanted legal protections and the right to adopt a child. They got married, said McCary, 45, "because society celebrates it and the expectations that go with marriage -- that you are expected to be faithful and be there for each other in old age."

But they knew that their license would be rendered meaningless the minute they returned home. Alabama law prohibits same-sex marriage.

The social benediction came anyway. Back home, friends and family congratulated them. McCary recalled that even "the redneck down at the gym said, 'Congratulations. Good for y'all.' "

Non-state Gays Cannot 'Marry' (WT)

By Cheryl Wetzstein
The Washington Times, March 31, 2006

The Massachusetts Supreme Judicial Court yesterday upheld a 1913 state law that blocks out-of-state homosexual couples from legally "marrying" there.

"[T]he laws of this Commonwealth have not endowed nonresidents with an unfettered right to marry," Justice Francis X. Spina wrote for the 6-1 majority.

The high court's ruling continues current policy, which says out-of-state couples cannot marry in Massachusetts unless their marriage is permissible in their home state.

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Because Massachusetts is the only U.S. state to allow same-sex "marriage," the 1913 law effectively bans nonresident homosexual couples from "marrying" there.

However, the high court suggested that New York and Rhode Island might allow same-sex "marriage," and directed plaintiffs from those two states to seek lower court hearings to determine whether same-sex "marriage" is prohibited there.

Most of the eight out-of-state homosexual plaintiff couples live in states where same-sex"marriage" is clearly prohibited, the court noted in its ruling.

Massachusetts Gov. Mitt Romney, a Republican, praised yesterday's ruling, saying: "We don't want Massachusetts to become the Las Vegas of same-sex marriage.

"It's important that other states have the right to make their own determination of marriage and not follow the wrong course that our Supreme Judicial Court put us on," Mr. Romney said.

Plaintiff Mark Pearsall of Connecticut called the ruling "illogical," and his lawyers at the Gay & Lesbian Advocates & Defenders said it was "disappointing."

The decision "is a speed bump on the long road to fairness," said Joe Solmonese, president of the Human Rights Campaign, which promotes homosexual rights.

Massachusetts became the first U.S. state to legalize same-sex "marriage" with the 2003 Goodridge decision. When the first homosexual ceremonies were held in May 2004, Massachusetts officials invoked the 1913 law to block applications of out-of-state homosexual couples.

In June 2004, eight out-of-state homosexual couples and a group of town clerks filed lawsuits to overturn the 1913 law.

But yesterday, the court ruled that the law, which was written to prevent out-of-state couples from evading local marriage laws, was constitutional.

It also agreed that application of the 1913 law "has inevitably fallen disproportionately on nonresident same-sex couples."

However, the Goodridge decision does not mean that "nonresident same-sex couples, who have no intention of living in Massachusetts, have an identical right to secure a marriage license that they could not otherwise obtain in their home states," the court said.

Massachusetts "has a significant interest in not meddling in matters in which another state, the one where a couple actually resides, has a paramount interest," it added.

Justice Roderick L. Ireland, the sole dissenter, said his colleagues failed to keep marriage gender-neutral. Yesterday's decision helps "reconstruct the edifice of discrimination we dismantled in Goodridge," he warned.

To date, 44 states have laws or amendments that uphold traditional marriage and ban same-sex "marriage," said the Massachusetts Family Institute, which supports traditional marriage.

This year, voters in at least seven states -- Alabama, Idaho, South Carolina, South Dakota, Tennessee, Virginia and Wisconsin -- will have constitutional marriage amendments on their ballots.

Meanwhile, lawsuits seeking same-sex "marriage" rights are under way in California, Connecticut, Iowa, Maryland, New Jersey, New York and Washington.

The Washington Supreme Court decision is expected at any time. Washington does not have restrictive marriage laws, and if that court rules in favor of same-sex "marriage," homosexual couples from across the nation can readily marry there.

Bid For Rosa Parks Pardon (NYT/AP)

By The Associated Press

The New York Times, March 31, 2006

MONTGOMERY, Ala., March 30 — The Alabama House unanimously passed a bill on Thursday that would pardon Rosa Parks and hundreds of other people arrested for violating the state's segregation-era laws.

The original bill was amended to say that the arrest records would not be expunged or sealed from public view, but would be turned over to the State Department of Archives and History. That way, backers said, the records will provide a permanent record of civil disobedience that, in many cases, helped lead to desegregation.

Some critics of the original legislation had argued that pardons might cause history to forget courageous acts like Mrs. Parks's refusal to give up her seat on a Montgomery city bus to a white man.

The bill now goes to the Senate for debate.

Schiavo Family Marks Her Death Anniversary (WT)

By Brian Debose

The Washington Times, March 31, 2006

DOJ_NMG_0024764

Family members of the late Terri Schindler Schiavo commemorated the anniversary of her death, which is today, and announced the creation of a foundation in her name to combat euthanasia.

The foundation's mission will be to eliminate the persistent vegetative state, the condition that doctors said Mrs. Schiavo was in, as a diagnosis for patients, said her brother Bobby Schindler.

But the foundation, which also will have a separate lobbying organization, will seek to have feeding tubes classified as ordinary care for hospital patients and to make people aware of the need to have advance directives or living wills in case they cannot communicate their wishes late in life.

"We lost in our battle to save Terri, but we believe it is incumbent upon us to save the lives of others from this culture of euthanasia and choosing death instead of life," said her mother.

Mrs. Schiavo's parents, Robert and Mary, her brother and sister Suzanne Schindler-Vitadamo yesterday spoke of their work in the past year to build support for the foundation and the book they have authored on Mrs. Schiavo's life: "A Life that Matters: The Legacy of Terri Schiavo -- a Lesson for Us All," the proceeds from which will be donated to the foundation.

Mrs. Schiavo died of starvation and dehydration March 31, 2005, after living 15 years in what doctors call a persistent vegetative state, unable to feed herself or communicate with others. She slipped into a coma in 1990 and never recovered her higher mental functions.

Her husband, Michael Schiavo, who won a legal fight with her family to have her feeding tube removed, said his wife had told him that she would not have wanted to be kept alive in that way.

Members of Congress, the Catholic Church and President Bush all spoke on behalf of saving Mrs. Schiavo's life as the family battled the decision in court, and Congress returned from Easter recess to pass bills to stop the euthanasia.

Sen. Sam Brownback, Kansas Republican, was the only member of Congress to stand with the family yesterday, and he pledged to continue the fight to protect life.

"Terri's plight highlighted the core question about the protection of human life: Does the dignity with which we treat individuals depend on their physical and mental status as human beings," Mr. Brownback asked.

"Once we go down the path of valuing some lives more than others, of saying that people with disabilities don't have the same dignity and right to life as others, there are few means not justified by the sinister end of a disability-free society."

The National Pro-Life Action Center bought 600 copies of the family's book at a cost of $10,000 as a donation and plans to distribute them to every member of Congress, top White House officials and all Supreme Court justices. The foundation is based in St. Petersburg, Fla., and the family has been on a speaking tour to talk about the Schiavo case and euthanasia.

Ga. Solo Challenges Courtroom Pledge (LAW)

By Greg Land, Fulton County Daily Report

Fulton County (GA) Daily Report, March 31, 2006

Attorney Donald A. Weissman won't have to stand for the Pledge of Allegiance when he goes to court in Gwinnett, Ga., today, but he's still concerned that others will feel compelled to declare their loyalty to the U.S. government in order to get a fair hearing from Magistrate Judge Mark A. Lewis.

Lewis, hearing civil cases for a Gwinnett Superior Court judge tied up with a criminal trial, begins each day in court by turning to face the U.S. flag and reciting the pledge.

Lewis said he started the practice after the Sept. 11, 2001, terrorist attacks.

Weissman recently complained about the practice in a letter to Lewis and the court administrator.

According to Gwinnett County Court Administrator Philip M. Boudewyns, Lewis said that he would forego the pledge when Weissman is present, but will continue the practice on other days.

Thursday, the judge responded officially, entering an order chiding Weissman for passing the complaint letter -- which had been marked "confidential to be opened by recipient only" -- to the Daily Report.

Lewis also defended his actions by citing a 2003 Georgia Supreme Court decision that said a judge's request that jurors stand for the pledge "shows no bias, either for the State, or for one who is charged by the State with a crime."

In that case, Robles v. State, 277 Ga. 415, Justice P. Harris Hines, writing for the 5-2 majority, said there was nothing wrong with asking jurors to pledge to a flag that stands for "liberty and justice for all."

In his order, Lewis wrote that participation in the pledge by others in the courtroom "is not mandatory, requested, or required."

Because he stands with his back to the audience, wrote the judge, he has no way of knowing who joins in; those who particulate do so "spontaneously," he said. Claytor v. Kosteski, 05-A-08735-1, (Gwin. Sup. Ct., March 30, 2006).

"That doesn't change anything," said Weissman, a solo practitioner. The practice "still gives the improper appearance of partiality" by "creating an atmosphere that's inherently coercive and intimidating."

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Weissman's concerns are rooted in a January appearance before Lewis. Weissman, who was representing a client in a civil contempt proceeding, said he was surprised when Lewis opened court by requesting that everyone remain standing for the Pledge of Allegiance.

"I found it professionally inconsistent with what I thought should go on within the courtroom," said Weissman. "I've been practicing law [for] 43 years in Georgia, and I've never seen a declaration of loyalty required in any court."

Weissman said nothing that day, but he sent a letter March 17 to Lewis requesting that he halt the practice.

"It is offensive to me as a citizen of the United States and it is objectionable to me as an attorney sworn to uphold the laws and constitutions of the United States and Georgia and as an officer of the Court," wrote Weissman, "that you apparently consider your Judicial forum to be an American Court, rather than a Court for all persons situated in America."

Noting Gwinnett's large population of immigrants and noncitizens, Weissman decried the pledge recital as pressure upon court attendees "to either declare their personal loyalty to this nation ... or suffer the risk that they may be treated differently."

He also wrote that such a practice may place Lewis in violation of Georgia's Canons of Judicial Conduct, particularly those barring actions that "appear to address matters which distinguish between litigants based on national origin or citizenship."

Clarke County Superior Court Judge Steven C. Jones, chairman of the Judicial Qualifications Commission, said he was unaware of any similar complaints in his nine years on the bench.

In his letter and in an interview, Weissman was careful to point out that he had no reason to think Lewis exercised any bias.

"But the requirement of a declaration of loyalty seems to divide the courtroom into two parts," he said. "They have to choose whether they will stand with the judge or not."

In his order, Lewis mentioned that a reporter for the Daily Report had called him several times for comment, and stated that he would not respond because he did not want to have ex parte communications with anyone about the case Weissman is arguing, a routine civil contempt proceeding.

Gwinnett County Superior Court Chief Judge K. Dawson Jackson said through an assistant that he would have no comment on the matter.

Boudewyns, the Gwinnett court administrator, said he was not aware of other Gwinnett judges who recite the pledge in their courtrooms.

Lewis' order said that, far from being negatively influenced by the Weissman's letter, he "applauds Mr. Weissman for challenging a practice that he finds questionable and personally offensive."

Weissman expressed puzzlement when questioned about the new order.

He said he made the letter public because he had received no response.

"There's nothing that precludes me from disclosing my own letter," he noted.

The ex parte claims, he said, are out of place because "the rules of ex parte communications are very specific. They refer to communications concerning the matter before the court. My letter had no bearing on the case before him. ... It related to how he conducts his court."

As to the Robles citation, "I don't think that applies," he said. "Robles was a defendant who was not an American" challenging a conviction, he said.

"The decision did not address a judge requesting the whole court to pledge to the flag. ... It seems to me that when a judge brings his personal view of patriotism into the courtroom, everyone may feel compelled to join in the exercise."

"He wants to commemorate Sept. 11? That's fine," said Weissman. "But what's that got to do with a declaration of loyalty? There was no attack on the courthouse in Gwinnett County. And it certainly does not follow, in my mind, that every person who appears there should be compelled to declare their loyalty."

Blacks Turn To Internet Highway, And Digital Divide Starts To Close (NYT)

By Michel Marriott

The New York Times, March 31, 2006

African-Americans are steadily gaining access to and ease with the Internet, signaling a remarkable closing of the "digital divide" that many experts had worried would be a crippling disadvantage in achieving success.

Civil rights leaders, educators and national policy makers warned for years that the Internet was bypassing blacks and some Hispanics as whites and Asian-Americans were rapidly increasing their use of it.

But the falling price of laptops, more computers in public schools and libraries and the newest generation of cellphones and hand-held devices that connect to the Internet have all contributed to closing the divide, Internet experts say.

Another powerful influence in attracting blacks and other minorities to the Internet has been the explosive evolution of the Internet itself, once mostly a tool used by researchers, which has become a cultural crossroad of work, play and social interaction.

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Studies and mounting anecdotal evidence now suggest that blacks, even some of those at the lower end of the economic scale, are making significant gains. As a result, organizations that serve African-Americans, as well as companies seeking their business, are increasingly turning to the Internet to reach out to them.

"What digital divide?" Magic Johnson, the basketball legend, asked rhetorically in an interview about his new Internet campaign deal with the Ford Motor Company's Lincoln Mercury division to use the Internet to promote cars to black prospective buyers.

The sharpest growth in Internet access and use is among young people. But blacks and other members of minorities of various ages are also merging onto the digital information highway as never before.

According to a Pew national survey of people 18 and older, completed in February, 74 percent of whites go online, 61 percent of African-Americans do and 80 percent of English-speaking Hispanic-Americans report using the Internet. The survey did not look at non-English-speaking Hispanics, who some experts believe are not gaining access to the Internet in large numbers.

In a similar Pew survey in 1998, just 42 percent of white American adults said they used the Internet while only 23 percent of African-American adults did so. Forty percent of English-speaking Hispanic-Americans said they used the Internet.

Despite the dissolving gap, some groups like the Intel Computer Clubhouse Network, which introduces digital technologies to young people, say the digital divide is still vast in more subtle ways. Instant messaging and downloading music is one thing, said Marlon Orozco, program manager at the network's Boston clubhouse, but he would like to see black and Hispanic teenagers use the Internet in more challenging ways, like building virtual communities or promoting their businesses.

Vicky Rideout, vice president of the Henry J. Kaiser Family Foundation, which has studied Internet use by race, ethnicity and age, cautioned that a new dimension of the digital divide might be opening because groups that were newer to the Internet tended to use less-advanced hardware and had slower connection speeds.

"The type and meaningful quality of access is, in some ways, a more challenging divide that remains," Ms. Rideout said. "This has an impact on things like homework."

In addition, Internet access solely at institutions can put students at a disadvantage. Schools and other institutions seldom operate round the clock, seven days a week, which is especially an issue for students, said Andy Carvin, coordinator for the Digital Divide Network, an international group that seeks to close the gap.

But not everyone agrees that minorities tend toward less-advanced use of the Internet. Pippa Norris, a lecturer on comparative politics at Harvard who has written extensively about the digital divide, said members of minorities had been shown to use the Internet to search for jobs and to connect to a wide variety of educational opportunities.

"The simple assumption that the Internet is a luxury is being disputed by this group," Ms. Norris said.

The divide was considered so dire a decade ago that scholars, philanthropists and even President Bill Clinton in his 1996 State of the Union address fretted over just what the gap would mean in lost educational and employment opportunities for young people who were not wired.

In an effort to help erase the divide, the federal government has provided low-cost connections for schools, libraries, hospitals and health clinics, allocated money to expand in-home access to computers and the Internet for low-income families and given tax incentives to companies donating computer and technical training and for sponsoring community learning centers.

As a result of such efforts, "most kids, almost all kids, have a place in which they can go online and have gone online," said Ms. Rideout of the Kaiser foundation.

Jason Jordan of Boston is one of the young people closing the divide. Jason, 17, who is black, is getting a used computer from an older brother. He said he had wanted a computer for years, since "I heard about a lot that I was missing."

Jason said he had access to the Internet at school, where he is pursuing a general equivalency diploma, but looked forward to having his own computer and Web access at his home in the Dorchester section of Boston. "I can work in my own place and don't have to worry about the time I'm online," he said.

Like Jason, almost 9 out of 10 of the 21 million Americans ages 12 to 17 use the Internet, according to a report issued in July by the Pew Internet and American Life Project. Of them, 87 percent of white teenagers say they use the Internet, while 77 percent of black teenagers and 89 percent of Hispanic teenagers say they have access to it, the report said.

The gap in access among young Americans is less pronounced than among their parents' generation, said Susannah Fox, associate director of the Pew project. "Age continues to be a strong predictor for Internet use," Ms. Fox said.

While, overall Internet use among blacks still significantly trails use among whites, the shrinking divide is most vividly reflected in the online experience of people like Billy and Barbara Johnson. Less than two years ago, the Johnsons, who are black, plugged into the Internet in their upscale suburban home near Atlanta for the first time. Mrs. Johnson, a 52-year-old mother of four and homemaker, said she felt she had little choice because her school-age children needed to use the Internet for research.

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And then there is e-mail. "No one really wants to take the time anymore to pick up the phone and keep in touch," lamented Mrs. Johnson, who said that so much of the communications with her children's school was done through e-mail correspondence. "I felt like I was pretty much forced into it."

Even so, Mrs. Johnson said her husband, an assistant coach for the Atlanta Falcons, still chided her when she neglected to check her e-mail at least every day.

Ms. Norris and other experts on Internet use see progress on the horizon. They note that the declining cost of laptop and other computers, and efforts, like those in Philadelphia, to provide low-cost wireless Internet access, are likely to increase online access for groups that have been slow to connect.

Philanthropic efforts have also helped to give more people Internet access. For example, the Bill and Melinda Gates Foundation has awarded $250 million since 1997 for American public libraries to create Internet access for the public. Martha Choe, the foundation's director of global libraries, said some 47,000 computers had been bought for 11,000 libraries. Today, Ms. Choe said, most libraries in the United States have public Internet access.

Education levels remain a major indicator of who is among the 137 million Americans using the Internet and who is not, said Ms. Fox.

There is also a strong correlation, experts say, between household income and Internet access.

With so many more members of minorities online, some Web sites are trying to capitalize on their new access. For example, the New York/New Jersey region of the State of the African American Male, a national initiative to improve conditions for black men, is encouraging men to use digital equipment to "empower themselves" to better their lives. The site, which includes studies, public policy reports and other information about issues related to black men, promotes using digital cameras, mobile phones and iPods, but mainly computers, to organize through the Internet, said Walter Fields, vice president for government relations for the Community Service Society, an antipoverty organization, and a coordinator of the black-male initiative. Users are encouraged to submit articles, write blogs and upload pertinent photographs and video clips.

"What we're doing is playing against the popular notion of a digital divide," Mr. Fields said. "I always felt that it was a misnomer."

ANTITRUST:

Builder's Concrete Admits Role In Price-fixing Scheme (AP)

By Charles Wilson

AP, March 31, 2006

INDIANAPOLIS - A second central Indiana company and its president have agreed to pay millions of dollars in fines after admitting they conspired to fix the price of ready-mix concrete paid by homeowners, building contractors and the government.

The U.S. Department of Justice announced the guilty plea by Builder's Concrete & Supply Co. Inc. of Fishers on Thursday. The company was charged in U.S. District Court in Indianapolis with violating the federal antitrust Sherman Act, which prohibits restraint of trade.

Government attorneys allege that Builder's President Gus B. "Butch" Nuckols III hosted at least two price-fixing meetings of central Indiana concrete executives at a horse barn next to his house in Fishers, a northern suburb of Indianapolis.

"Price fixing threatens our free market system and robs consumers of the benefit of competitive prices," Thomas O. Barnett, assistant attorney general in charge of the Justice Department's Antitrust Division, said in a statement. "We vigorously investigate and prosecute companies and individuals involved in these conspiracies."

The company issued a statement Thursday saying it "remains committed to its central Indiana employees, customers and local communities." Family owned Builder's Concrete has 136 employees, 77 trucks and five plants in central Indiana.

Four former executives of another company, Irving Materials Inc. of Greenfield, were sentenced to prison for their role in the scheme in December, and IMI was fined $29.2 million, the largest fine ever in a domestic antitrust investigation.

Shelbyville-based Shelby Gravel Inc. also has acknowledged its role in the scheme in court documents filed last month but is seeking leniency and could be spared criminal charges.

Builder's Concrete agreed to pay $1.5 million to $11.5 million in fines, the Justice Department said. Nuckols agreed to pay a $50,000 fine and serve time in jail. Government lawyers are recommending a 21-month sentence, which must be approved by a judge.

The agreement must be reviewed by a federal judge.

The investigation is continuing, the Justice Department said.

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From July 2000 to May 2004, the companies involved conspired to set the prices charged homeowners, building contractors and the government for ready-mix concrete in the Indianapolis metropolitan area, according to court documents.

The government alleges that Nuckols and other conspirators agreed on prices and discounts for ready-mixed concrete and the timing of price increases. The government also alleges that Nuckols made phone calls and met with other individuals to assure their compliance in the scheme.

Ready-mixed concrete is made on demand and often delivered to work sites by mixer trucks. Purchasers include do-it-yourselfers, home and commercial builders, schools and the government. The material is used in projects including sidewalks, patios, driveways, bridges and roads.

Feds Look Into Purchase Of Knight Ridder Papers Local Consumer Watchdog Interviewed About Mercury News, CC Times (SFC)

By Carolyn Said, Chronicle Staff Writer

San Francisco Chronicle, March 31, 2006

Federal antitrust regulators have begun looking at McClatchy Co.'s $4.5 billion purchase of Knight Ridder, an investigation that is legally required for any transaction of that size. Regulators may also be looking at what the pending sale of the San Jose Mercury News and Contra Costa Times would mean for competition in the Bay Area.

A U.S. Department of Justice spokeswoman confirmed that the department is looking at the deal, announced earlier this month, which would make McClatchy the nation's No. 2 newspaper company. "We will review it carefully," she said.

McClatchy acquired Knight Ridder's 32 newspapers and promptly said it will sell 12 of them. Those papers include the San Jose Mercury News, Contra Costa Times and Monterey County Herald, which have a combined daily circulation of 495,000.

One potential buyer is MediaNews Group of Denver, which already owns nine Bay Area dailies with a combined circulation of just over 300,000.

The director of a local media consumer watchdog group said he was interviewed by the Justice Department on Wednesday about the ramifications of MediaNews buying the Bay Area papers.

John McManus, director of GradetheNews.org, which is based at San Jose State University, said he had a 45-minute interview with a Justice Department attorney about his concerns if MediaNews bought the Mercury and Contra Costa Times.

McManus said he worries that MediaNews ownership would adversely affect the quality of local journalism. "My first concern is that there would be fewer and less skilled reporters covering the news in the Bay Area and Sacramento," he said. "ANG (Alameda Newspaper Group, a MediaNews arm that publishes the Oakland Tribune and five other local papers) tends to pay reporters poorly."

Additionally, he fears there would be less competition among newspapers on stories, lower ethical standards under MediaNews, and fewer Bay Area editorial voices taking positions on elections and other issues.

Jody Lodovic, president of MediaNews, declined to comment on whether the company is bidding for the Mercury and other Knight Ridder papers. Lodovic said he thinks McManus' comments show a lack of knowledge of the media marketplace.

"Competition is not defined by newspapers (alone) anymore," he said. "The world is different, there's plenty of competition in the marketplace. There are plenty of weeklies, other dailies, the Internet, other media all over the place."

The Justice Department spokeswoman said she doesn't know whether the department is investigating the pending sale of the 12 Knight Ridder newspapers.

Under the Hart-Scott-Rodino Act of 1976, any investor buying a stake valued at more than $15 million or 15 percent of a particular security must file notification with the federal government, beginning a 30-day review period.

Regarding Justice Department inquiries into a possible MediaNews purchase of Bay Area newspapers, Lodovic said, "I don't see why anybody's been reviewing the situation when there hasn't been any deal done."

Antitrust Regulators Examining Proposed Purchase Of Knight Ridder (AP)

By Mark Sherman

AP, March 31, 2006

WASHINGTON - Antitrust regulators are reviewing the McClatchy Co.'s proposed $4.5 billion takeover of Knight Ridder Inc., including its plan to sell 12 newspapers it is acquiring.

While the decision to investigate the proposed deal's effect on competition and prices is fairly routine given its size, the government also apparently is interested in who might buy the Knight Ridder papers McClatchy plans to sell.

Among the 12, the St. Paul Pioneer Press is being sold to address potential antitrust concerns. It competes directly with McClatchy's Star Tribune in Minneapolis.

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Meanwhile, a journalism lecturer at San Jose State University said he received a call this week from a Justice Department lawyer inquiring about the effect on advertisers if MediaNews Group Inc. were to buy the San Francisco Bay area's San Jose Mercury News and Contra Costa Times from McClatchy. MediaNews already owns several papers in the area and is widely believed to be interested in those two.

The Washington-based lawyer "asked about the impact of a MediaNews buyout on advertisers, rather than on consumer prices or news quality. But he was willing to listen to concerns about concentration of ownership on the news product," John McManus wrote on the GradetheNews Web site. McManus directs the group, which evaluates Bay area media outlets.

Justice Department spokeswoman Gina Talamona confirmed that antitrust lawyers are examining the proposed McClatchy-Knight Ridder deal, but she would not comment on specifics about the inquiry.

McClatchy hasn't set a timetable for completing the auction, but it wants to dispose of the 12 papers at the same time that it completes its acquisition of Knight Ridder, based in San Jose, in June or July.

Sacramento, Calif.-based McClatchy is retaining 20 other papers included in the Knight Ridder deal.

2nd UPDATE: US Government Questions EU Case Against Microsoft (DOW)

Dow Jones, March 31, 2006

BRUSSELS -(Dow Jones)- The U.S. government says it has "substantial concerns" about European regulators' antitrust case against Microsoft Corp. (MSFT) (MSFT), according to a person who has seen a letter sent to regulators.

Relations between Brussels and the software giant have "hit a new low," the letter said.

The U.S. letter could re-ignite transatlantic tensions that peaked in 2001 when the European Commission, the regulatory arm of the European Union, notoriously blocked General Electric Co.'s (GE) (GE) planned merger with Honeywell International Inc. (HON) (HON). Since then, Neelie Kroes has succeeded Mario Monti as the commission's top antitrust official.

The letter is particularly delicate, since Kroes is seen as a more "pro- American" commissioner than Monti, a U.S. diplomat said. The diplomat said " Washington ordered (its) E.U. mission to send the letter," noting that Microsoft (MSFT)has been pressuring U.S. officials and politicians to intervene on its behalf.

The commission's antitrust spokesman, Jonathan Todd, said the regulator received the letter via email Monday and also met with a U.S. diplomat to discuss its contents.

Microsoft (MSFT) and the commission currently are grappling in a closed door hearing in Brussels. The commission claims Microsoft (MSFT) hasn't complied with its March 2004 antitrust ruling. In that decision, the regulator fined Microsoft EUR497 million and ordered it to change some of its business practices.

Microsoft (MSFT) has accused the commission of collaborating with rival companies and withholding key evidence that could be used in its defense. Microsoft's (MSFT)allegations of a lack of "transparency and fairness ... if accurate, are of substantial concern to the U.S.," the letter said, according to the person who has seen it.

The U.S. mission to the E.U. is led by C. Boyden Gray, a former White House lawyer who lobbied for Microsoft (MSFT) during its U.S. antitrust battle.

The U.S. has questioned Brussels' treatment of Microsoft (MSFT) before. The March 2004 decision was described as "unfortunate" by R. Hewitt Pate, then the head of the U.S. Justice Department's antitrust division.

Microsoft's (MSFT) spokesman, Tom Brookes, also declined to comment.

-By Adam Cohen, Dow Jones Newswires; +322 741 1486; adam.cohen@dowjones.com

Microsoft Gets U.S. Government Backing In EU Antitrust Dispute (BLOOM)

By Matthew Newman John Rega

Bloomberg, March 31, 2006

March 30 (Bloomberg) -- Microsoft Corp., the world's largest software maker, is getting U.S. government support for its complaint that European Union antitrust regulators have denied access to evidence needed for the company's defense.

Microsoft's complaint raises ``substantial concerns," U.S. diplomats in Brussels said in a memo sent to the European Commission this week. The U.S.'s EU mission is led by C. Boyden Gray, a former White House counsel who lobbied on behalf of Microsoft during its battle with the U.S. Justice Department.

Relations between Microsoft and the EU have ``hit a new low," the memo said. The U.S. said it wanted to ensure that the commission treated the company fairly, according to a copy of the two-paragraph letter seen by Bloomberg News.

The EU ruled in March 2004 that Microsoft illegally abused the dominance of its software, which runs on more than 90 percent of the world's personal computers, and fined it a record 497 million euros ($601 million). The regulator is threatening an additional 2 million euros in daily fines unless the company provides ``complete and accurate" information to competitors on how the Windows operating system communicates on networks.

In February, Microsoft demanded ``full access'' to the case file, accusing the commission of violating its rights of defense. The commission refused to release letters between the regulator and two experts it hired to help on the case, arguing that the correspondence is ``internal.''

Tom Brookes, a spokesman for Redmond, Washington-based Microsoft, had no comment. Jonathan Todd, a commission spokesman, also declined to comment.

The company has accused the commission of collaborating with its competitors to influence an independent trustee that is monitoring Microsoft's compliance with the 2004 antitrust ruling. The software maker said the commission encouraged ``secret contact'' between four competitors and trustee Neil Barrett.

The commission said Barrett is obliged to ``proactively make contact with third parties.''

Microsoft in September asked companies to intervene in its antitrust case, arguing that a court ruling against it would lead to a loss of control of ``valuable trade secrets.''

Microsoft Gets U.S. Help In EU Antitrust Fight (WSJ)

By Adam Cohen

The Wall Street Journal, March 31, 2006

BRUSSELS – As Microsoft Corp. and the European Commission squared off in a hearing over possible new antitrust fines on the software giant, the U.S. government weighed in on the company's behalf to say it has "substantial concern" about Europe's case.

U.S. intervention, in an email to EU regulators and European capitals, comes at a delicate time. The case could reignite trans-Atlantic tensions that peaked in 2001 when the European Union notoriously blocked U.S.-based General Electric Co.'s planned merger with Honeywell International Inc. More recently, the U.S. and EU have worked to harmonize how they deal with business regulation, but Microsoft and the EU have been escalating their public battle.

An email earlier this week from the U.S. mission to the EU, now headed by former White House counsel C. Boyden Gray, notes that relations between Brussels and the software giant have "hit a new low" and refers to Microsoft's complaints that EU proceedings aren't fair or transparent because regulators are withholding from the company key evidence that could be used in its challenge of their orders.

The allegations, "if accurate, are of substantial concern to the U.S.," the email said, according to a person who has seen it. EU officials met with a U.S. diplomat to discuss it this week, the person said, as Microsoft and the commission prepared for their showdown over EU contentions that the company is flouting its orders to help rivals make products that mesh with its ubiquitous Windows operating system.

Separately Wednesday, a U.S. district court in California quashed a Microsoft bid to move the fight into the U.S. legal system. The company asked the court to help it obtain documents related to its European antitrust case from U.S.-based rivals Oracle Corp. and Sun Microsystems Inc., which participated in the case. Microsoft had complained that European regulators weren't giving it enough information to prepare its challenge.

A U.S. diplomat said the email was ordered in Washington, where Microsoft has been pressuring the government to intervene on its behalf. Its disclosure comes as Neelie Kroes, the chief EU antitrust regulator who has been working to realign EU enforcement with that of the U.S., is visiting Washington officials.

The U.S. has questioned Brussels's treatment of Microsoft before. The EU's original March 2004 decision, ordering Microsoft to make changes and fining it €497 million ($598 million), was described as "unfortunate" by R. Hewitt Pate, then head of the U.S. Justice Department's antitrust division.

The commission's antitrust spokesman, Jonathan Todd, declined to comment on the matter. Microsoft's spokesman Tom Brookes also declined to comment.

In the hearing Thursday, an independent computer expert -- who has labeled Microsoft's efforts to comply with European antitrust orders "useless" -- detailed his findings before a hearing room packed with the company's supporters and opponents. Then Microsoft tried to tear down his arguments and avoid €100 million or more in new fines.

Neither side expects the showdown, requested by Microsoft, to change European regulators' plans to proceed with the penalties. They would come on top of the fines ordered in 2004, when regulators found Microsoft was unfairly leveraging its dominant Windows system to crowd out competition in other areas.

Cecilio Madero, the commission official leading the Microsoft case, Thursday accused the company of using the hearing "purely for media." In recent weeks, the company has accused the computer expert, Neil Barrett, of colluding with Microsoft's rivals to harm the company, though the EU chose him to advise them from a list of experts Microsoft provided. Partly because of Mr. Barrett's conclusions, Microsoft faces the added fines, which can rise until the commission is satisfied that Microsoft has complied with its orders.

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The two-day hearing, which concludes Friday with testimony from Microsoft rivals and supporters, is designed to give Microsoft a chance to fight off the fine and finding of noncompliance. A commission official leads the meeting, and the commission will take some weeks to decide whether to start the fines. Microsoft, decrying the commission's closed-door proceedings, asked the commission to open the hearing to the public but was turned down.

In the hearing, Mr. Barrett went through a detailed presentation of his efforts to use Microsoft's instructions for rivals on how to mesh with its programs, according to people attending. Microsoft also argued it has done more than enough to comply with EU orders and is willing to make further concessions.

U.S. Asks European Union To Be Fair In Microsoft Case (NYT)

By Paul Meller

The New York Times, March 31, 2006

BRUSSELS, March 30 — The United States government has intervened in Microsoft's antitrust dispute with the European Commission, urging it and the 25 national governments in the European Union to be fair to the company, American diplomats and European officials said on Thursday.

Microsoft has complained frequently in recent months that it has been denied the right to a fair defense in the continuing antitrust case with the European Commission. It has also accused the commission of collaborating with its rivals in the software industry and denying it access to what it contends are vital documents it needs to prepare its defense.

A memo written by unidentified government officials in Washington stated that Microsoft's complaints raise "substantial concerns" about the way Microsoft is being treated, according to a person close to the commission who spoke on the condition of anonymity because he was not authorized to discuss the memo. The memo was distributed this week through embassies in Europe and through the United States mission to the European Union in Brussels.

United States diplomats visited the offices of three European commissioners earlier this week. Jonathan Todd, the spokesman for the competition commissioner, Neelie Kroes, confirmed that her close aides met American diplomats this week and received the memo. He declined to comment on its content.

The diplomats also visited the offices of the internal market commissioner, Charlie McCreevy, and Gunter Verheugen, vice president of the commission, according to the person close to the commission.

A United States official denied that the American government was coming to Microsoft's aid in the antitrust dispute. "Our interest is less that than wanting to see that everything is done properly," said the official, who spoke on the condition of anonymity because of the tenuous nature of the matter.

Microsoft's spokesman in Brussels, Tom Brookes, said on Thursday that he was unaware of the memo.

The United States government's action came as Microsoft's top lawyers arrived in Brussels to make a final attempt to persuade regulators not to impose daily fines of up to 2 million euros, or $2.4 million. The commission has accused Microsoft of failing to comply with an antitrust ruling in March 2004 that found the company abused its market dominance. In addition to fining the company 497 million euros, the commission ordered Microsoft to disclose technical documentation that rival makers of server software need to develop programs that work properly with the Windows operating system.

The regulator argued that by withholding this information, Microsoft was giving an unfair advantage to its own software programs, which function seamlessly with computers that run Windows. Microsoft contends it has satisfied the requirements of the order.

"We are in compliance," Brad Smith, Microsoft's top lawyer, told journalists at the end of the first of two days of closed hearings with the commission and with rival software manufacturers. "We are committed to doing everything in our power to find a solution to this impasse."

Microsoft made most of the presentations during the first day, according to a person in the room who spoke on the condition of anonymity because parties in the dispute are supposed to refrain from commenting. "Microsoft appeared to be urging the European regulators to come back to the negotiating table," this person said. "Their lawyers mentioned the success of the settlement with the Department of Justice at least 15 times during their presentations today."

Whirlpool Attys Guessed Right On Antitrust Review Focus (DOW)

Dow Jones, March 31, 2006

DES MOINES, Iowa -(Dow Jones)- Whirlpool Corp.'s (WHR) (WHR) antitrust attorneys had it pegged right all along.

They had predicted that the Justice Department wasn't going to decide the merits of a Whirlpool acquisition of Maytag Corp. (MYG) (MYG) on the basis of market share but rather on whether the bulked-up company, which already is the world's largest appliance maker, could change industry dynamics and raise prices, to the detriment of consumers.

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Indeed, in giving its stamp of approval to the $1.7 billion acquisition Wednesday the government's antitrust watchdogs focused on pricing power.

"Market shares are not always likely to be the best predictor" of how his agency would rule, new antitrust unit chief Thomas Barnett said at a news conference Wednesday.

Last July Mark C. Schechter, a onetime Justice Department official who now specializes in antitrust issues at the Washington law firm of Howrey Simon Arnold & White LLP, and was among those advancing Whirlpool's case, had told Dow Jones Newswires that the merger would pass DOJ muster.

He said the regulators would consider whether the acquisition could give Whirlpool enough power to profitably raise prices at least 5%, an outcome Schechter considered "implausible."

That analysis ran counter to what became a mini-groundswell of misplaced opinion, on Wall Street and in the financial press, on how the government would rule in what some saw as a barometer of the Bush administration's views on business competition.

Some skeptics had asserted that the overwhelming market share a Whirlpool- Maytag combo would hold in the home-laundry business would almost surely bring a thumbs-down from Justice's antitrust staff, and would require some concessions to get eventual approval.

In an interview Thursday, Schechter speculated that such thinking may well have been encouraged by Whirlpool competitors, who had "made a significant effort to spin the deal as posing a problem" on the basis of market share.

Schechter said he believed the agency's antitrust staff viewed the matter of dominant share versus pricing power "as a close question." But after a "very comprehensive investigation" it agreed with the company that high market shares are not an accurate indicator of market impact.

In its ruling the department said that the "combination of strong rival suppliers with the ability to expand sales significantly...indicates that this transaction is not likely to harm consumer welfare."

Addressing that point at his news conference, Assistant Attorney General Barnett noted that South Korean manufacturers LG Electronics and Samsung Electronics, as well as other foreign competitors, could increase their imports into the U.S. should it become financially advantageous.

Whirlpool's and Maytag's (MYG) attorneys presented millions of pages of documents, including numerous depositions, and held what Schechter said were a "huge number of meetings" all the way up the line at the department's antitrust division, including two with Barnett and his staff.

Schechter said he didn't regard the decision either as a "great victory" or as an indicator of a shift in how the department would view future acquisitions for their competitive consequences.

The government has had mixed luck with recent merger litigation, losing challenges involving purchases by Oracle Corp. (ORCL) (ORCL) and Arch Coal Inc. (ACI) (ACI).

On whether Justice was worried about the risks of a Whirlpool trial, Barnett would only say that the agency carefully weighs how solid a case is before suing.

"We recognize that we bear the burden of proof when we go to trial," he said. Barnett wouldn't comment on whether antitrust division staffers had recommended such a challenge.

Shares of Whirlpool were trading recently at $93.08, down $2.87, or 3%, after gaining 7% on Wednesday. Those of Maytag (MYG) were trading at $21.51, down 30 cents, or 1.4% - but still above Whirlpool's $21 offering price. Maytag (MYG) shares gained 28% Wednesday.

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- and Mark H. Anderson, Dow Jones Newswires; 202-862-9254; mark.anderson@ dowjones.com

Judge Sanctions Gateway For Destroying Evidence (WSJ)

By Christopher Lawton

The Wall Street Journal, March 31, 2006

A federal judge in Utah harshly reprimanded Gateway Inc. for destroying or losing evidence "in bad faith" in a patent-infringement case brought by an inventor against the computer maker.

The plaintiff, Phillip M. Adams, a former International Business Machines Corp. engineer, filed the suit in 2002 after talks fell through with Gateway in 2001 over licensing his patented technologies that address a defect in circuitry used to control floppy-disk drives. Mr. Adams asserts in the lawsuit that Gateway violated a nondisclosure agreement signed between the parties, and that the company infringed on his patents. He later added allegations that Gateway lost or destroyed documents needed to help prove his case, which is scheduled to go to trial Monday.

U.S. District Judge Ted Stewart sided with Mr. Adams, in a ruling that was issued March 6 and unsealed March 22. He chastised Gateway for failing to disclose information that a magistrate judge had found central to the case. Although he found no "direct" evidence about Gateway's intentions, he cited "ample circumstantial evidence" that Gateway acted in bad faith.

The ruling cites a missing email from a supplier to a Gateway employee that contained Mr. Adams's software for detecting the defect.

"Based upon the entire record, this court concludes that the explanation is that it was destroyed in bad faith by Gateway," the judge wrote in a memorandum. He added that "the court finds that it is clear that for years Gateway did everything it could to avoid producing complete copies of all the relevant emails."

Judge Stewart stopped short of granting Mr. Adams's request to decide the entire case in his favor because of Gateway's actions. But he sanctioned the company, ordering it to pay Mr. Adams's attorney fees incurred in connection with the litigation over the alleged document destruction.

Gateway, which leveled its own allegations that Mr. Adams destroyed documents, admitted to errors in handling the evidence, but insisted that it didn't intentionally conceal information. The company said that upon learning of the problems, it acted promptly to comply with orders for document discovery in the case.

"Gateway continues to dispute the characterization of this discovery battle, and we will continue to defend ourselves vigorously in this case. Plaintiffs have chosen to focus all of their energy on creating discovery disputes, and we're pleased to finally have the court consider the merits of this case," John Spelich, a spokesman for Gateway, said in a prepared statement.

A partner with Howard Phillips & Andersen, the Salt Lake City firm that filed the lawsuit on Mr. Adams's behalf, declined to comment. Mr. Adams said the case has "been a long torturous trip," adding, "I am so looking forward to my day in court."

Patent battles have been dogging many high-technology companies lately. Research In Motion Ltd. of Waterloo, Ontario, recently agreed to pay $612.5 million in a settlement with Virginia-based patent holding company NTP Inc. Barring a settlement, RIM was threatened with an injunction that could have shut down its BlackBerry email devices.

The stakes aren't quite as high in this case. Mr. Adams is seeking $150 million in damages, plus attorneys' costs from Gateway. He has said that he received about $30 million from Hewlett-Packard Co. and other companies that have licensed the patents at issue in the case.

Allegations of document destruction in patent cases have also become relatively common. Rambus Inc., a Silicon Valley maker of technology used in memory chips, has faced charges that it improperly shredded a large volume of documents associated with patent cases it has filed against companies that include Hynix Semiconductor Inc. A federal judge in San Jose, Calif., recently ruled that Rambus had done nothing improper.

Apple Computer Lawyer Defends ITunes Logo (WSJ)

By Aaron O. Patrick

The Wall Street Journal, March 31, 2006

LONDON -- To the classical strains of Antonio Vivaldi's "Gloria," a lawyer for Apple Computer Inc. yesterday argued in a high-profile United Kingdom court case that the company's iTunes service simply distributes music and isn't in the music-production business.

The classical soundtrack contrasted with the first day of the hearing Wednesday when a lawyer for Apple Corps, the Beatles record company, demonstrated his points with the 1970s disco hit "Le Freak."

COURT PAPERS

Read the trademark agreement1 signed in 1991 by Apple Computer and Apple Corps explaining how they would share the Apple logo and name. Also, see the related settlement2 in which Apple Computer agreed to pay $24.6 million. (Provided by FindLaw.com3.)

Behind the courtroom demonstrations in England's High Court, however, is a serious legal case: The Beatles' company claims Apple Computer is in breach of a 15-year-old agreement designed to end years of fighting between the companies over use of the Apple name and logo.

Apple Corps wants the Cupertino, Calif., computer company to stop using the Apple logo on the iTunes service and in advertisements for it. But Anthony Grabiner, the Apple Computer lawyer, said the company's iTunes music store was no more than a "data-transmission service" and that using the Apple logo on iTunes is to tell visitors that the iTunes software was created by Apple and has nothing to do with the music being sold.

The outcome of the case could affect Apple's thriving digital music business, which has helped transform the company into an electronics and entertainment powerhouse from a maker of personal computers. While selling music through iTunes isn't a huge money-maker for the company, it is an important companion business for Apple's iPod, the digital music player that accounted for $2.91 billion, or more than half of the company's $5.75 billion, in revenue in the holiday quarter.

DOJ_NMG_0024774

Under the 1991 agreement, the Beatles' company has the exclusive right to use the Apple name and logo for creating music regardless of whether it is in "tangible or intangible" form. Apple Computer is specifically blocked from publishing music CDs under the Apple logo, for example, but is allowed to sell computers and software used to play or broadcast music. The agreement says Apple Computer can "deliver" music as long as it isn't in physical form.

The outcome of the case is likely to hinge on whether Apple Computer is found to be merely distributing music or is verging on acting as a music company in its own right.

Apple Computer's lawyer acknowledged that iTunes sells music and compilations from some artists, including U2 and Stevie Wonder, that can't be bought elsewhere. Lord Grabiner said the quantity -- 50 tracks out of a library of 3.6 million songs -- was so small that it was irrelevant.

After downloading part of "Gloria," sung by the choir of Cambridge University's King's College, he used iTunes to obtain information about the recording, including the copyright holder: EMI Group PLC. EMI also publishes the Beatles' songs.

"It is obvious that Apple Computer is not the source of the content," Lord Grabiner told the court. "A person could not conceivably imagine that the content was owned by Apple Computer or the Apple logo was an indication of the origin," he said.

Apple Corps wants the court to order Apple Computer to remove its Apple logo from the iTunes program. If successful, it could seek another hearing to assess damages. Apple Corps is owned by Paul McCartney, Ringo Starr, Yoko Ono, and the estate of George Harrison.

The case is scheduled to end next week.

FPL's Merger With Constellation Encounters Delay In Maryland (Palm Beach Post)

By Kristi E. Swartz

Palm Beach Post (FL), March 31, 2006

TALLAHASSEE — There's been a slow gas leak in the $11 billion merger between FPL Group Inc. and Constellation Energy Group of Baltimore.

On Thursday, the leak turned into an explosion in the Maryland Legislature.

That state's lawmakers voted to create a special counsel that would review utility mergers, thus delaying the deal between Juno Beach-based FPL Group and Constellation Energy.

The move by the Democratic-controlled General Assembly still has to be approved by Gov. Robert Ehrlich, a Republican who is up for reelection. Ehrlich hasn't said whether he'd veto the bill.

FPL and Constellation announced Dec. 20 they were merging to form a $28 billion energy powerhouse called Constellation Energy. The deal would put a Fortune 100 firm in Palm Beach County and create the nation's third-largest energy company.

The merger would mean little change at first for the 4.3 million residential and business customers of Florida Power Light Co., FPL's utility subsidiary. The point of the union is to create "the premier competitive energy business," FPL Group Chief Executive Lew Hay said at the time.

That can be done in the unregulated arena, where electricity is sold on the open market. But it's deregulation that's causing the headaches in Maryland.

Constellation's utility unit, Baltimore Gas Electric Co., recently told its 1 million customers to expect a 72 percent rate hike starting this summer. The increase is a result of the expiration of rate caps put in place by the General Assembly in 1999, when the state electricity market was deregulated.

Constellation's proposed merger with FPL has next to nothing to do with the rate hikes, but Maryland lawmakers hope that the threat of stalling the merger will encourage Constellation to sweeten an offer to phase in the higher rates.

FPL referred questions Thursday to Constellation.

"Obviously the pieces of legislation that are moving through the legislature are certainly troublesome from a business perspective," Constellation spokesman Rob Gould said.

Maryland lawmakers also are considering bills to throw out members of the utility-regulating Public Service Commission and force Constellation to hand over $528 million in rate relief.

The FPL-Constellation deal must be approved by shareholders of both companies as well as state and federal regulators, including the Federal Regulatory Energy Commission and the Nuclear Regulatory Commission.

The Florida Public Service Commission will vote Monday on whether to intervene in the FERC case. State law doesn't give Florida's Public Service Commission authority over utility mergers, unlike in Maryland.

Aztar Receives Rival $1.5 Billion Bid (WSJ)

By Peter Sanders

The Wall Street Journal, March 31, 2006

DOJ_NMG_0024775

Colony Capital LLC offered about $1.5 billion for casino operator Aztar Corp. three weeks after Aztar entered an agreement to be acquired by rival casino operator Pinnacle Entertainment Inc. The move sets off a possible bidding war for the Phoenix company best known for its Tropicana properties in Las Vegas and Atlantic City.

Colony will offer $41 a share and would seek to refinance the $723 million in debt that Aztar carries, the company said. On March 14, Pinnacle of Las Vegas offered $38 a share for Aztar, or about $1.45 billion, not including the debt.

Colony, a closely held real-estate firm, owns the Las Vegas and Atlantic City Hilton hotel-casinos. The Los Angeles company declined to elaborate on the proposed offer, which was made in a letter to Aztar's board yesterday.

Shares of Aztar hit a 52-week high after reports of Colony's offer surfaced. In 4 p.m. composite trading on the New York Stock Exchange, Aztar's stock was up $3.37, or 8.6%, to $42.42. Pinnacle added 23 cents to $29.23 on the NYSE.

A spokeswoman for Pinnacle said, "We have a signed merger agreement" with Aztar, but declined to comment further. A spokesman for Aztar declined to comment.

Colony's unsolicited offer may be the first salvo in what could be a heated bidding war for a small casino company that has underperformed. Aztar's $1.52 billion in market value is significantly lower than industry rivals like MGM Mirage and Harrah's Entertainment Inc.

Aztar reported net income of $55.9 million on $915.4 million in revenue last year.

More than half of Aztar's income last year came from its refurbished and expanded Tropicana property in Atlantic City. Aztar's crown jewel in Las Vegas isn't the faded hotel and casino sitting on the city's famed Strip, but the 34-acres of prime land it sits on.

For years, Aztar has discussed redeveloping the land, which is close to the Las Vegas airport and across the street from major MGM Mirage properties. The company never disclosed any firm plans and Pinnacle Chief Executive Dan Lee said earlier this month that his casino company would possibly develop a multibillion-dollar resort property at the site.

Although based in Las Vegas, Pinnacle has never operated a casino there. Pinnacle primarily owns casinos in smaller regional markets like Louisiana, Missouri and Reno, Nev. Pinnacle began in 1938 as the Hollywood Park Turf Club, a racetrack in Los Angeles. Pinnacle reported net income of $6.2 million on revenue of $725.9 million last year, down 33% from 2004.

The maneuvering indicates that despite its casino assets, some see Aztar as a real-estate play in a Las Vegas market that has seen land values soar. Some observers said Colony could be aiming for a breakup of Aztar's assets, which include casinos in Missouri and Indiana. Colony has gambling licenses in Nevada and New Jersey.

Colony, controlled by Thomas J. Barrack Jr., last year through an affiliate bought four casinos owned by Harrah's and Caesars Entertainment Inc. for about $1.24 billion.

Less than two weeks ago, Colony was part of a consortium that agreed to purchase hotel-and-casino operator Kerzner International Ltd. for a proposed $3 billion in cash and take the company private. In January Colony teamed with Kingdom Hotels International to acquire Canadian Fairmont Hotels & Resorts Inc. for about $3.3 billion.

Rival's Branches Whet Appetites At J.P. Morgan (WSJ)

By Robin Sidel And Clint Riley

The Wall Street Journal, March 31, 2006

Many of the nation's financial institutions favor one of two strategies when it comes to retail branches: build it or buy it.

J.P. Morgan Chase & Co. is aggressively pursuing both.

The nation's third-largest bank based on market value is in discussions to acquire about 300 branches from Bank of New York Co., according to people familiar with the matter. The deal would take the form of an asset swap in which J.P. Morgan would transfer a portion of its corporate-trust business to the bank that was founded by Alexander Hamilton in 1784.

Representatives of both banks declined to comment on any possible deal, which was reported yesterday by CNBC. It wasn't immediately clear if any cash would change hands as part of a transaction. Wall Street analysts, who have long speculated that Bank of New York would jettison the bulk of its retail business, have estimated the branch network's value at about $4 billion.

People familiar with the situation said a transaction wasn't imminent, noting that the deal's structure is complex. Bank of New York is seeking the asset swap over an outright sale, these people said, because the retail business represents a hefty 15% of its total profits -- an amount that can't be easily replaced on the bottom line. Such a structure also would help Bank of New York avoid paying the higher taxes that usually accompany a big cash or stock deal.

Wall Street's reaction to the potential deal was mixed. Shares of Bank of New York were up $1.50, or 4.4%, at $35.92, while J.P. Morgan was down 15 cents at $41.53 in New York Stock Exchange composite trading at 4 p.m.

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J.P. Morgan is overhauling its retail-banking business after years of neglect. Financial institutions have realized that consumers still covet neighborhood branches even if they do some of their banking online. That was a major reason why J.P. Morgan bought Bank One Corp. -- which had a large Midwest retail presence -- for $58 billion in 2004.

Like J.P. Morgan's New York retail presence, the Bank of New York branches are viewed as needing substantial investment in technology and aesthetics. "If you're trying to fix up one branch network, fixing up two might not be that much bigger of a deal," says Jeff Harte, an analyst at Sandler O'Neill & Partners in Chicago. Mr. Harte has a "buy" recommendation on J.P. Morgan, but doesn't rate Bank of New York's shares. Sandler has business relationships with both banks.

The deal would be the first under the reign of James Dimon, who took over as chief executive of J.P. Morgan in January. Although investors have expressed concern that Mr. Dimon would seek another large acquisition before the Bank One deal was fully integrated, an asset-swap would likely be far more palatable for shareholders because it wouldn't dilute earnings and would fit in with the bank's existing footprint.

The potential acquisition would further solidify J.P. Morgan's already-dominant position in the New York area, one of the nation's most competitive and lucrative regions. J.P. Morgan had a leading 23.77% market share last year in the New York-New Jersey-Pennsylvania market, according to the Federal Deposit Insurance Corp. The next largest presence in the region comes from Citigroup Inc., which has a market share of 16.47%. Bank of New York ranks fifth with a market share of 4.81%.

On a branch basis, J.P. Morgan has 470 branches in New York, New Jersey, and Connecticut, including 224 in New York City. Bank of New York, meanwhile, has 342 retail-bank branches in the tri-state region; 241 of those are in the state of New York.

Despite its leading position, J.P. Morgan is facing heated competition for regional deposits from big rivals such as Citigroup and Bank of America Corp. And other banks, including Wachovia Corp. and Commerce Bancorp, have been expanding aggressively in the area. Some banking-industry analysts consider the potential acquisition by J.P. Morgan as not only an aggressive expansion play, but as a defensive strategy to prevent the branches from falling into the hands of a rival.

Since it bought Bank One, J.P. Morgan has been aggressively overhauling its 2,600-branch network and breaking ground on new locations in key Northeast and Midwest markets. The bank opened 135 new branches in 2005 and intends to open another 150 this year.

The acquisition of Bank of New York's branches would accelerate that expansion significantly at a time when other large banks are opting to build branches because retail networks are too expensive to buy right now. Citigroup, for example, plans to open 100 branches this year in the U.S., and has indicated that it will likely pursue only small branch acquisitions in the near-term. Earlier this month, Capital One Financial Corp. announced plans to buy New York-based North Fork Bancorp as it seeks to expand beyond credit cards into banking.

Speculation about the future of Bank of New York's retail business intensified this month when the company for the first time broke out additional financial details about the business in a securities filing. Last year, the bank's retail operations generated pretax income of $355 million, an amount that has held relatively steady over the past two years. At the same time, the bank's securities-trading and processing business has steadily increased, providing a growing share of the company's profits before taxes. Last year, it represented 77%, or $1.8 billion, of the company's profits, up from 74% two years ago.

In November, Bank of New York removed a large cloud when it settled a long-running Russian money-laundering case and a separate fraud case in which a branch manager in Long Island falsified escrow accounts for a health-care supply company. The bank avoided criminal prosecution by agreeing to pay $38 million in penalties and implement sweeping internal anti-money-laundering reforms.

As part of the pact, the bank agreed to hire an independent examiner for three years to monitor its compliance and report its findings to the Justice Department, Federal Reserve Bank of New York and state banking officials. The monitor hasn't been chosen yet.

ENVIRONMENT/INDIAN AFFAIRS:

Feds To Enter Landfill Negotiation (SUFFNH)

By Allison T. Williams

Suffolk (VA) News-Herald, March 29, 2006

The Southeastern Public Service Authority has asked the U.S. Justice Department to review a private landfill owner's proposal to put construction rubble and debris in SPSA's landfill.

On March 13, days after a Suffolk Circuit Court judge dismissed his $20-million lawsuit against the public regional waste authority, landfill owner John C. Holland proposed an arrangement between his business and SPSA.

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Under the proposed contact, John C. Holland Enterprises Inc. would dispose of four to eight 20-ton trailers of construction debris every day at SPSA's landfill on U.S. 58. SPSA would be paid $630 n the same rate that the agency receives from Bay Transport, the other company that hauls for SPSA, based on Holland's proposal.

The authority's board of directors and legal counsel are concerned about potential state and federal anti-trust violations, said John S. Hadfield, SPSA's executive director.

On March 22, SPSA's board of directors indicated it would issue the Holland Enterprises a contract that would expire June 30, 2006, as soon as the proposed contract is approved by the U.S. Justice Department, according to a letter to Holland's lawyer Gary H. Baise. Receiving that approval is expected to take 30 to 60 days, said SPSA's lawyer Michael R. Katchmark.

Holland, in his initial letter to SPSA, indicated that he wanted to have a deal finalized by March 20, in time for an April 1 startup, and that he wanted a one-year contract.

Baise called SPSA's decision to involve the justice department unnecessary.

"This is no sweetheart deal," Baise said. "This is the price offered to the public. … and we are willing to accept that price. This is nothing but a ploy to delay working with Mr. Holland.

"(Mr. Holland and I) don't take nonsense lightly. We may see them in court again over this."

Holland agreed.

"The board … made it available to everybody and all of a sudden, I'm not one of everybody," he said.

Taking construction rubble and debris is a good business move for his company, Holland said. By putting the debris in SPSA's landfill, he conserves room in his own operation and saves on the amount of money he is required to put into an perpetual-reserve fund.

Baise said SPSA and Holland Enterprises will also be facing off on the $20-million lawsuit that was dismissed earlier this month in Suffolk Circuit Court, adding he recently filed a notice of appeal with the Virginia Supreme Court.

Fewer Marshes + More Man-made Ponds = Increased Wetlands (NYT)

By Felicity Barringer

The New York Times, March 31, 2006

WASHINGTON, March 30 — In the bog of the federal regulatory code, a wetland is defined as a marshy area of saturated soils and plants whose roots spend part of their lives immersed in water. In the Interior Department's periodic national surveys, a wetland is defined, more or less, as wet.

Traditional tidal, coastal and upland marshes count, but so do golf course water hazards and other man-made ponds whose surface is less than 20 acres.

And so, even at a time of continued marsh depletion, pond inflation permitted Interior Secretary Gale A. Norton and Agriculture Secretary Mike Johanns to announce proudly on Thursday the first net increase in wetlands since the Fish and Wildlife Service started measuring them in 1954. Wetlands acreage, measured largely by aerial surveys, totaled 107.7 million acres at the end of 2004, up by 191,800 acres from 1998.

The two cabinet secretaries hailed the apparent reversal in the long trend of wetland losses. "I'm pleased to complete my term as secretary of interior by announcing some good news, said Ms. Norton, who will step down from her job Friday.

A net total of 523,500 acres of swamps and tidal marshes had been lost, but the Fish and Wildlife Service measured gains of 715,300 acres of shallow-water wetlands, or ponds. According to the report's author, Tom Dahl, those can be 20 to 30 feet deep.

Almost two years ago, President Bush, under attack by environmental groups for loosening controls on development in wetlands, announced that one of his goals was to increase net wetland acreage.

For decades in the early and mid-20th century, draining and filling of wetlands by developers was widely accepted. But, as scientists and public officials recognized the importance of wetlands as nurseries for waterfowl, filters of pollution and barriers against storms, Congress passed protective laws.

One multimillion-dollar project redirected parts of the Kissimmee River in central Florida out of the narrow 30-foot-deep channel constructed by the Army Corps of Engineers and allowed it once again to dampen the surrounding landscape. Another successful wetlands-restoration project in southwestern Indiana is undoing the work farmers did decades ago to drain their land.

These projects helped hold down the net loss of marshland in Thursday's report. But the net gain noted in the report was fueled by an increase in pond acreage, which includes things like ornamental ponds in new developments and mine reclamation ponds.

For instance, the mining of sand and clay for the construction of two major highways in South Carolina, Routes 22 and 31, left the Myrtle Beach area dotted with large, deep ponds that qualify as wetlands in the Interior Department's survey but do not provide the wildlife habitat or perform the filtering functions of tidal marshes or cypress swamps.

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"For Route 22, there was nine million cubic yards of fill material needed," said Boyd Holt, a regional hydrogeologist for the South Carolina Department of Health and Environmental Control. "There were probably 30 or 40 ponds as a result of that activity since 1998."

At Thursday's news conference, federal officials said that the report measures the quantity — not the quality — of wetlands. Julie Sibbing, the leading wetlands expert at the National Wildlife Federation, called the mining-site ponds "wet deserts."

"The most stunning thing about this report," she said, "is that we're losing diverse natural wetlands in this country and the administration tells us it's O.K. because we've increased the number of ponds."

The report, which covers 1998 to 2004, does not include the loss of 64,000 acres of coastal wetlands from Hurricanes Katrina and Rita.

Meth Lays Siege To Indian Country (USAT)

By Dennis Wagner, Usa Today

USA Today, March 31, 2006

SAN CARLOS APACHE INDIAN RESERVATION, Ariz. — Something haunts the Dudley house atop a ruddy clay mesa in Apache country.

It is the memory of a young man, David Justin Jackson Dudley, beaten to death at a January 2005 methamphetamine and booze party on the reservation.

The entryway is a photographic shrine to the 20-year-old, who wanted to be an X-ray technician.

"We just kind of made it David's wall," explains the young man's father, Dennis Dudley. "We light candles every time we come home."

Mary Jane Dudley sits in the living room, surrounded by half-finished Apache baskets. For months after David died, she could not weave. Now, she performs the ancient craft to lose herself in memories. "From the time I wake up to the time I go to bed is when I think about him," she says. "I haven't stopped crying."

Police reports and court records say David Dudley was punched, kicked and bashed with a bottle. His killers dragged him into a wash and left him naked to die.

Dennis Dudley blames meth. He walks outside to a front-yard ramada. Beneath the roof, a large mound of dirt is covered with silk flowers.

"I didn't know where to put him, so we buried him out here," Dudley whispers. "We put this here to remind the community there has to be something done against drugs. If David had died in a car crash, maybe we could get over it. But with him dying this way, it's so hard."

Like an evil spirit, meth is sweeping through Indian country, tearing families apart and leaving a trail of violence and tears.

The highly addictive stimulant produces euphoria, increased alertness and increased physical activity when snorted, swallowed, injected or smoked. The drug can be manufactured using ingredients purchased in local stores. Over-the-counter cold medicines containing ephedrine or pseudoephedrine and other materials are "cooked" to make meth.

Native American leaders nationwide — but especially in the West — report a meth-induced surge of domestic violence, juvenile sex and meth-addicted babies, while federal authorities say foreign drug cartels are targeting tribal lands as distribution beachheads.

Just this month, a Native American-oriented website, Indianz.com, reported that meth was "the single biggest issue discussed among tribal leaders" during a February meeting of the National Congress of American Indians.

From the Lummi Nation in Washington to the Cherokee in North Carolina, "glass" has become public enemy No. 1 for many tribal leaders.

"Just about everything possible is being done to attack this problem," said Eric Pritchett, police chief on the Cherokee reservation, who recently put 30 officers through a drug interdiction training program.

'Indian country is under attack'

At a February hearing of the Senate Indian Affairs Committee, Kathy Kitcheyan, chairwoman of the San Carlos Apache community where David Dudley lived and died, put it this way: "Status quo is a life six years shorter than any other American group, being 318% more likely to die from diabetes and 670% more likely to die from alcoholism.

"It's 63 babies born in my tribe last year addicted to methamphetamine, and this is just one tribe. Nationally, Indian country is under attack from crystal meth."

The Indian Affairs Committee will return to the topic of meth April 5 when Chairman John McCain, R-Ariz., convenes a hearing on the issue.

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The meth wildfire flared onto indigenous enclaves so fast and recently that little comprehensive data are available. But anecdotes abound:

· In North Carolina last year, the Cherokees launched a multipronged attack on meth by regulating sales of ephedrine drug products, starting a hotline for people to report drug dealers, developing a new treatment program and conducting anti-drug rallies.

· New Mexico's Ohkay Owingeh tribe, also known as San Juan Pueblo, is reviving the practice of banishment to remove meth dealers' tribal membership, as has Washington's Lummi Nation.

· Arizona's Apaches, like many other tribes, have launched public education blitzes and passed statutes to criminalize meth, which was not even listed as an illegal drug under arcane tribal codes.

· Navajo Nation police arrested an 81-year-old grandmother, her 63-year-old daughter and 39-year-old granddaughter Tuesday on suspicion of dealing meth in the tribal community of Dilkon, Ariz.

· At the Gila River Indian Community near Phoenix, counselors oversee "talking circles" where addicts pass an eagle feather around during therapy.

· At Wyoming's Wind River Reservation, 25 tribal members were arrested by Bureau of Indian Affairs and Drug Enforcement Administration agents last May in connection with a drug ring that Jeffrey Sweetin, special agent in charge of the DEA's Denver office, said did 100 deals a day out of a single home.

Sweetin says Shoshone and Arapaho youth are prey on a reservation afflicted by isolation, ennui and limited enforcement.

A generation 'vanishing'

"We had an organization headed by Mexican drug traffickers who specifically targeted the Wind River reservation," Sweetin says. "Young kids get free dope, and after a few times they'll grow into a user population. ... There's an entire generation of Native Americans vanishing."

Social Services director Terry Ross of the San Carlos Apache community says meth abuse is part of larger pathology: Unemployment is 82%, public assistance funds are dwindling and there is no residential treatment program.

Because of meth's low price and enduring high, some tribal leaders say it has surpassed alcohol as the drug of choice among teens. And that worries Ross. "I don't think we even know what we're dealing with," Ross says. "What will meth bring to us in 10 years?"

Wagner reports daily for The Arizona Republic in Phoenix

FBI/DEA/ATF/USMS:

Judge Backs Lawyer In FBI-Okla. City Link (AP)

By Paul Foy

AP, March 31, 2006

SALT LAKE CITY - A federal judge on Thursday rewrote a sentence to clarify a ruling that had suggested Timothy McVeigh received help from paramilitary militias in the Oklahoma City bombing and that the government had an informant in the bombing conspiracy.

U.S. District Judge Dale Kimball had issued a decision that called those two claims "fact." Asked if he was endorsing the conspiracy theories, Kimball issued a new decision late Thursday to attribute both claims to a Salt Lake City lawyer.

The lawyer, Jesse Trentadue, is trying to expose FBI evidence he contends will show the bureau was tipped to McVeigh's plans but failed to stop the Oklahoma City bombing. FBI officials have repeatedly refused to address Trentadue's claims.

Trentadue is also trying to prove that his brother - a bank robber who died in federal custody after being picked up on a parole violation - was mistaken for an associate of McVeigh's in the frantic search for conspirators after the bombing, and was killed by federal agents during an interrogation gone awry.

In his original 23-page decision, released late Wednesday, Kimball singled out one FBI teletype already released to Trentadue, but in heavily edited form.

The judge, who has inspected the unedited version of the memo, first wrote: "The plaintiff (Trentadue) points out the fact that this document indicates that there was an undercover operative in with Timothy McVeigh and members of the various militia groups who aided and supported McVeigh."

The judge rewrote the sentence to eliminate the word "fact" and substitute: "The plaintiff claims that this document indicates that there was an undercover operative in with Timothy McVeigh and members of the various militia groups who aided and supported McVeigh."

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Kimball's decision orders the FBI to redouble a search for investigative files that could reveal what agents knew about McVeigh before the 1995 Oklahoma City bombing, but he said the bureau could black out some information about informants.

McVeigh was executed in 2001 for the bombing that gutted a federal office building and killed 168.

The judge said he found it "troubling" that the FBI's efforts to locate documents required by his earlier rulings have not turned up more memos, including ones the FBI's own files suggested existed at one time.

"While the FBI's failure to discover documents is not necessarily an indication of bad faith, it is puzzling that so many documents could be referenced but not produced," the judge wrote.

The FBI is supposed to turn over any new documents it finds to Trentadue by June 2.

Trentadue has obtained some FBI teletypes on his own and others under a Freedom of Information request, and he sued to force more disclosures.

Kimball ruled in Trentadue's favor early on and ordered the release of some heavily edited teletypes, but the FBI vigorously fought any additional releases. At a November hearing the Justice Department asked Kimball to reconsider his earlier rulings and stop the disclosures.

Kimball ruled the FBI did not have to produce teletypes that would reveal confidential informants among a white supremacist group in Oklahoma. But he ordered the FBI to renew a search for other documents.

"My assumption is the FBI will comply with the order," said Carlie Christensen, an assistant U.S. attorney who represented the FBI in court hearings here. "On balance, we're quite pleased with the ruling."

FBI officials declined comment.

Trentadue's battle for FBI records is primarily motivated by his brother's bloody death. The U.S. Bureau of Prisons has said Kenneth Trentadue, 44, was found hanging by a bedsheet after gouging his neck with the crimped edge of a plastic toothpaste tube.

Jesse Trentadue contends his brother was killed by federal agents during a vicious fight inside a one-man cell of a high-security wing at the Federal Transfer Center in Oklahoma City, only weeks after McVeigh's indictment.

In his decision, Kimball said Jesse Trentadue had "unearthed significant evidence of foul play" in his brother's death.

Cocaine Found In Virgin Mary Tombstones (AP)

By DEVLIN BARRETT

AP, March 30, 2006

WASHINGTON, March 30, 2006 — Federal agents on Thursday said they had broken up a ring of drug smugglers who used tombstones featuring the Virgin Mary to move hundreds of pounds of cocaine into New York from Mexico.

The Drug Enforcement Agency announced arrests of 12 people as part of the conspiracy.

Four of those arrests came Thursday, one in Houston and three after an early morning raid on a warehouse in New York's Brooklyn borough.

At the warehouse, agents found bricks of cocaine packed inside tombstones, some decorated with figures of the Virgin Mary, the DEA said.

"Like grave robbers who have no respect for the dead, this drug organization used revered tombstones to smuggle millions of dollars worth of cocaine into New York City," said John Gilbride, the special agent in charge of the New York DEA office.

At the Brooklyn warehouse, agents found eight tombstones, five of which were packed with 20 to 25 kilograms each of cocaine. They also found remnants of smashed tombstones.

DEA: Virgin Mary Statues Used By Smugglers (UPI)

United Press International, March 30, 2006

NEW YORK, (UPI) -- The U.S. Drug Enforcement Agency says it has broken up a cocaine-trafficking operation that smuggled drugs into New York in religious statues.

The DEA said the investigation, called Operation Omni Presence, resulted in the arrests of 11 people and the seizure of more than 425 pounds of cocaine and $474,000 in cash.

The agency said an organization based in Mexico hid bricks of cocaine in statues of the Virgin Mary and used other "ingenious methods" to get drugs into the United States. The DEA said the investigation eliminated all levels of the operation from "wholesale distributors to retail dealers."

DEA Special Agent in Charge John P. Gilbride, in a release, said, "Like grave robbers who have no respect for the dead, this drug organization used revered tombstones to smuggle millions of dollars worth of cocaine into New York City. DEA identified this international organization with its cocaine distribution reach from Mexico to the streets of New York and put it out of business."

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Gilbride said DEA worked with the Nassau County Police Department, the New York City Police Department and the New York U.S. attorney's office.

Feds: Drug Smugglers Used Virgin Mary Tombstones To Hide Cocaine (WABC)

WABC-TV, March 30, 2006

(New York-WABC) - An Eyewitness News Exclusive: Federal agents are today giving the details of an unusual, international drug take down. And you won't believe what the suspects were using to smuggle in the goods. Eyewitness News reporter Jeff Pegues joins us now with the story.

Eyewitness News has obtained photographs that show the lengths some drug organizations will go through to smuggle cocaine into the country, and more specifically New York. Sources tell us at least 10 suspects have been arrested in New York as part of an international drug ring that used tombstones with the image of the Virgin Mary on them to smuggle drugs.

Sources say federal agents discovered the cocaine, hundreds of kilograms of it, packed away in those tombstones.

Eyewitness News has learned they were smuggled into the country by a cocaine trafficking organization based out of Monterey, Mexico. Sources say they used all sorts of methods to smuggle the cocaine across the U.S. border, through several states and all the way up the east coast.

Ten people in New York were arrested in the case and authorities seized 194 kilograms of cocaine and large amounts of cash.

We are told it is just the tip of the iceberg. Sources say there are many more arrests across the country.

There is a lot more to the two year police investigation. We'll have the latest on that coming up tonight on Eyewitness News at 5:00 p.m.

Tomb Raiders (NYDN)

By Alison Gendar, Daily News Staff Writer

New York Daily News, March 31, 2006

Shameless Mexican drug dealers smuggled tons of cocaine into the country stashed inside tombstones - and even inside a statue of the Virgin Mary, authorities said yesterday.

"Like graverobbers - who have no respect for the dead - this drug organization used revered tombstones to smuggle millions of dollars worth of cocaine into New York City," said John Gilbride, special agent in charge of the Drug Enforcement Administration's New York office.

The sacrilegious Mexican traffickers were nailed after an 18-month cross-country investigation, officials said.

The New York angle began to emerge last May when the NYPD, the DEA and Nassau County narcotics cops tailed a dealer running drugs between Houston, Washington Heights and Atlanta.

That lead eventually brought cops and feds to a Brooklyn warehouse stacked with drug-filled tombstones.

The tombstones had traveled from Mexico through Laredo, Tex., and up to New York - borne by unsuspecting FedEx deliverers.

Operation Omni Presence led to 11 indictments issued by the U.S. attorney's office in Manhattan, officials said yesterday.

The tombstones are just the latest way international drug traffickers sneak their wares into the country.

Colombian dope dealers were busted in February for the cruel scam of slicing open Labrador puppies to stash packets of liquid heroin inside their bodies, then stitching them back up.

Raids Broke Up 2 Cocaine Rings Of Wide Range, Authorities Say (NYT)

By Bruce Lambert

The New York Times, March 31, 2006

Two major drug-trafficking rings that smuggled huge amounts of cocaine from Mexico — some of it concealed in tombstones engraved with the image of the Virgin Mary — and shipped it to the East Coast were broken up yesterday in multiple raids by federal, state and local law enforcement agencies nationwide, the authorities said.

Police agencies said it was coincidental that two similar but unconnected investigations — both involving cocaine, Mexico and New York — culminated in simultaneous raids early yesterday morning. One case began with a tip on Long Island and led to Mexico; the other traced another network of traffickers based on Long Island, law enforcement officials said.

At least 15 people have been arrested, including a correction officer and a former teacher on Long Island, and millions of dollars in drugs and cash seized, as well as firearms, vehicles and residences.

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Investigators said they found more than $4 million on Long Island, stashed in secret compartments in a football game table, a 55-gallon aquarium and the back of a sports car. They predicted that they would find more when they opened seven safe deposit boxes held in the names of the suspects.

The tombstones were tracked from Mexico to a warehouse in Brooklyn, where investigators found broken pieces of those that had already been opened. But some intact tombstones remained, and officers chipped away to find the cocaine bricks inside. That raid found 196 kilograms of cocaine with a retail value estimated at $8 million to $12 million, according to the federal Drug Enforcement Administration.

In the other case, the New York State Police commander on Long Island, Maj. Walter Heesch, said his officers found 210 kilograms of cocaine. He estimated its worth at $40 million.

Further arrests and seizures are expected in both cases, the authorities said.

In the tombstone case, officials described a large cocaine distribution system based in Monterrey, Mexico, that used ingenious methods to smuggle and transport thousands of kilos of cocaine across the United States. In a news release, the drug administration said it was able to "dismantle all levels of criminal activity, from the Mexican source of supply to the wholesale distributors and retail dealers in our local communities."

That investigation, which began about 18 months ago, originated with a tip from the Nassau County police on Long Island and later involved other law enforcement agencies as far flung as Florida, North Carolina and Texas. A dozen arrests have been made so far, 11 in New York and 1 in Houston. Some arrests and seizures were made earlier but not announced until the raids yesterday. The suspects have been indicted on charges including money laundering, drug possession and conspiracy.

The cocaine that ended up on Long Island also originated in Mexico, and was shipped to Los Angeles and east to Pennsylvania, New Jersey and New York, the authorities said.

Suffolk Bust Nets $45M In Cocaine, Cash & Guns (WCBS)

WCBS-TV, March 30, 2006

(CBS) SUFFOLK COUNTY New York State Police announced a major bust of a multi-million dollar cocaine distribution network.

Their 3-month investigation into a high level narcotics trafficking network ended this morning with the arrests of Norman Goode, 38, of Holtsville, a Corrections Officer with the Suffolk County Sheriffs Dept.; Daniel Green, 39, of North Babylon, a school teacher and coach for the girls varsity basketball team in the North Babylon School District; and Billy Green, 43, of Wheatley Heights.

Police also want to speak with Roland Alburg, 36, of Holtsville in connection with this investigation.

Police executed eight search warrants throughout Suffolk County that resulted in the seizures of 210 kilograms of powder cocaine with an approximate street value of $40 million; approximately $5 million in cash; six handguns; three semi-automatic assault rifles; 3 ounces of crack cocaine; 1 lb. of marijuana; 10 vehicles and eight residences.

In December 2005, a New York State Police investigation in the Capital Region led State Police Narcotics Investigators on Long Island to an unknown individual who had only been identified as a Suffolk County resident believed to be a cocaine supplier.

Troop L Narcotics Enforcement Unit (NEU) members were requested to help identify the Long Island supplier who had just made a delivery of multiple kilograms of cocaine to several different targets in the Troy, NY, area, and was en route back to Long Island. At that time, the supplier was identified as Goode.

The DEA Long Island District Office, Suffolk County Police Department, the Suffolk County District Attorney's Office and the Nassau County Police assisted the New York State Police.

The investigation revealed that the subjects involved were attempting to negotiate the delivery of a significant quantity of cocaine from Mexico to the Philadelphia area, via Los Angeles, ultimately destined to the Suffolk County area.

COKE, CASH & BIG COLLAR (PHI)

By Kitty Caparella & David Gambacorta

The Philadelphia Inquirer, March 31, 2006

AREPUTED DRUG kingpin who sells hip-hop clothing and music out of a South Street-area business has been arrested with seven others in four states in a major sting involving a 210-kilogram shipment of Mexican cocaine, $5 million in cash and 14 weapons.

The cocaine, headed for streets along the Eastern seaboard, was worth about $5 million wholesale and $40 million on the street, according to authorities.

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The FBI, the DEA, the IRS, New York and Pennsylvania State Police, and Philadelphia police raided at least 15 locations in Pennsylvania, New York, New Jersey, Delaware and Maryland in the past two days in the ongoing federal drug investigation.

At roughly 7:30 p.m. Wednesday, armed agents in flak jackets hit the Teagle Co., on 3rd Street near South, owned by Omar Teagle, 33, a reputed Philadelphia drug kingpin, according to authorities.

Agents carried several boxes of documents and other materials from the company, which also houses Teagle and Turner Entertainment, Versatile Clothing and Versatile Music.

Teagle, a West Philadelphia native now living in Townsend, Del., is listed as president or an officer of each company, except for Versatile Music, according to corporate state records.

Teagle's attorney, David S. Nenner, said no drugs or guns had been found at Teagle's home or business.

Yesterday, Teagle and two other suspects, George Rodgers and Donnell Ball, appeared briefly for a federal hearing that was postponed until today while Assistant U.S. Attorney Curtis Douglas prepared their criminal complaints.

Teagle's mother and wife showed up for the hearing as did friends, including Jay Erving, son of 76ers legend Julius Erving. The younger Erving is an associate of Teagle's, according to sources close to the investigation.

"I have nothing to say," said Jay Erving, in a blue sweat suit, while talking on a cell phone.

Rodgers was arrested at his home, on Colorado Street near Carpenter, where sources said agents had seized 500 grams of crack cocaine, five guns and furniture that allegedly had secret compartments for stashing large amounts of cocaine.

Ball, 35, a fugitive since 2002, was arrested at his residence on Broad Street near Ridge Avenue. He is wanted by Camden County after jumping bail on a cocaine case and by the Pennsylvania Board of Probation and Parole for alleged violations in 2002.

Meanwhile in New Jersey, Ramon Alburg, an alleged member of the ring, was arrested at his home in Franklin Park, N.J., near New Brunswick. The Somerset, N.J., home of his brother Raoul, who allegedly transported the cocaine shipment, was raided by agents who said they had seized 155 kilograms of cocaine and $500,000. Raoul Alburg was later arrested in Crofton, Md.

New York authorities are looking for the Alburgs' brother, Roland, 36, of Holtsville, N.Y., who allegedly picked up 50 kilograms of cocaine in New Jersey and took it to New York.

New York State Police arrested Norman Cooke, 38, a Suffolk County corrections officer, after he allegedly delivered multiple kilos in the Troy, N.Y., area. Also arrested were Daniel Green, 39, of Babylon, N.Y., who teaches school and coaches girls basketball, and Billy Green, 43, of Wheatley Heights, N.Y.

New York authorities also seized six handguns and three semiautomatic rifles, three ounces of crack, a pound of marijuana, 10 vehicles and eight residences.

Federal hearings were scheduled for today in Philadelphia, Newark, N.J., and New York to charge the suspects formally with conspiracy to distribute cocaine.

According to an affidavit by FBI agent Brian C. Turner, Teagle was brokering shipments of cocaine and promised Ball some 75 kilograms from a shipment due after Christmas.

Ball told a confidential informant that he was unhappy with the way Teagle was "dictating" how much cocaine he would get, the affidavit stated.

In a meeting in New Jersey, Teagle asked Ramon Alburg for money, and Ramon told Teagle to go to his brother Raoul's house and get "eight," which meant $80,000, according to the affidavit.

Teagle told an informant that he wasn't worried about the price of the cocaine, he just wanted to get additional kilograms to the East Coast and was concerned about taking it back from California, the affidavit said.

When one transportation plan failed, Teagle and others came up with another to haul the cocaine back from California, according to the affidavit.

On March 22, the affidavit said, Raoul Alburg and two others, including an informant, began driving last Sunday to Los Angeles in a vehicle with a trailer attached. Inside the trailer was a black couch containing cocaine and two other pieces of furniture with hidden compartments.

The affidavit said Teagle had monitored the trio via phone calls - intercepted by authorities - as they traveled across the country.

On Tuesday, the trailer was dropped off at Ramon's home in Franklin Park, N.J., and Raoul Alburg called his brother to warn him that his Somerset, N.J., house was under surveillance, according to the affidavit.

Yesterday, Teagle's South Street neighbors described him as a disc jockey, clothing manufacturer and father who took his son and daughter, both under 10, shopping for clothes.

An employee at a nearby Reebok store said Teagle was known for DJing at clubs and promoting music.

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"He comes in here at the start of every season and shops for his kids," said Raluca Anca, manager of Unica For Women & Kids, on South Street near 3rd.

Eddie Roman, manager of Dr. Denim, Inc., said last summer he purchased men's clothing from Teagle's company.

"His stuff sold well," Roman said. "The last time we spoke was probably the end of last summer. I think [the company] stopped production then."

Last night, the Teagle Co. headquarters was closed. Behind royal-blue double doors, on 3rd Street near South, was a lobby with a thick glass entrance that lists Versatile Clothing Co. on one door and Versatile Music on the other. Inside were tables and desks with scattered books and papers.

Broader Steroid Probe Possible (USAT)

By Hal Bodley

USA Today, March 31, 2006

Barry Bonds begins his quest for home run immortality under a cloud Monday after Major League Baseball's decision to investigate the steroid lab linked to him and other prominent major leaguers.

Commissioner Bud Selig announced Thursday that former Senate majority leader George Mitchell will head an independent investigation into alleged steroid use by Bonds and other players associated with the Bay Area Laboratory Co-Operative (BALCO). Selig, however, emphasized that Mitchell has the authority to expand the scope of the probe if necessary.

“Nothing is more important to me than the integrity of the game of baseball,” said Selig, pressured to launch an investigation after the publication Game of Shadows, a book written by two San Francisco Chronicle reporters that details alleged steroid use by Bonds and others.

The book cites affidavits filed by government investigators, evidence seized from BALCO and memos detailing statements of BALCO founder Victor Conte and Bonds' trainer, Greg Anderson.

Bonds, who at 708 is six home runs shy of Babe Ruth for second on the all-time list, has denied knowingly using steroids. He refused to discuss the investigation before Thursday's exhibition game in San Francisco. “I said no, no, no,” when asked for comment by reporters. “I'm going to jump off the Empire State Building — flat on my face.”

Donald Fehr, executive director of the Major League Players Association, said he is waiting for more information.

“I don't know anything except for what was made publicly available,” Fehr said. “I don't know anything of how the details will process. We'll be getting information in due course and go from there. We have an obligation to our membership and will make sure there's due process all of the way through.”

The last time baseball undertook an investigation of this magnitude was in 1989, when John Dowd examined illegal gambling by Pete Rose, which led to the all-time hits leader being banned from the game.

“They can say what they want, but there's no way they would launch an investigation unless Barry Bonds was not about to break Babe Ruth's record,” Minnesota Twins outfielder Torii Hunter said.

Selig said the investigation will be limited to events since September 2002, when baseball and its union agreed to ban performance-enhancing drugs. He added all results of the probe will be made public.

“Should Sen. Mitchell uncover material suggesting that the scope of the investigation needs to be broader, he has my permission to expand it,” Selig said.

The New York Yankees' Gary Sheffield and Jason Giambi are among the other players who have been linked to BALCO, whose founder, Conte, was released from prison Thursday after serving four months as a result of pleading guilty to steroid distribution.

“I'm not worried about it,” said Giambi, who in December 2003 told a grand jury investigating BALCO he took steroids, according to the Chronicle. “I did the things that I needed to do. I just want to go forward.”

Said Sheffield, who has denied knowingly using steroids, “I've said all I want to say about it.”

Three Cocaine Smugglers To Learn Their Fate Today (VSU)

By Ian Mulgrew

Vancouver Sun, March 30, 2006

Four years ago, they were busted along with a score of others across B.C. and in Washington state.

Today three middle-aged men from the Fraser Valley and the Interior will rise before B.C. Supreme Court Judge Anne MacKenzie for sentencing as a result of their involvement in a large, international cocaine smuggling ring.

Their arrests in August 2001 were part of the culmination of an incredibly complex, law-enforcement initiative that spanned the continent and targeted organized crime.

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The goal of a host of U.S. and Canadian law-enforcement agencies acting in concert was to disrupt a handful of independent, lucrative drug-trafficking organizations and the laundering of their substantial illicit profits.

At the time of the coordinated international raids, police confiscated large quantities of illicit substances, guns, money and property -- 250 kilograms of dried marijuana, 24,000 pot plants, 35 kilograms of cocaine, hashish, airplanes, vehicles, boats, furniture and recreational equipment.

The list is long.

Among the score of people charged on both sides of the border were David Oliynyk, then of Langley and 50 at the time; Joseph Lepage, 43, of Kelowna, and Lloyd Ferris, 54, of Abbotsford.

Their sentencing, set for today and tomorrow in New Westminster, is the penultimate chapter in the lengthy legal saga that followed those startling arrests and staggering seizures.

Concurrently in New Westminster, B.C. Supreme Court Justice Selwyn Romilly is hearing the trial of six men charged with conspiracy to export marijuana.

Their fate should be the final scene of what has proven to be a remarkable tale about, and a unique window on, the underground economy of illicit drugs.

Elaborate web spun

All of these individuals were caught in the elaborate web spun by the RCMP and its U.S. allies in a multi-faceted, joint, cross-border investigation called Operation Exacto-Two.

That case was really a thicket of investigations with a common root, Operation Exacto, set up to solve the contract killing in the summer of 1996 of a Lower Mainland marijuana grower and the disappearance of his live-in partner.

During the investigation of that murder, police focused on a man named Stephen Cox (who was later charged, tried and acquitted of the slaying) and his close associate Gerard Morin, a 43-year-old with convictions as a weapons dealer.

Both were considered by detectives to be active in a sprawling criminal organization police dubbed "the company" and both were friendly with a host of recognizable crooks and Hells Angels.

The Angels say they are being defamed and have no connection to any of this criminal activity.

Nevertheless, as police followed these two goombahs, they opened files on the people they met and learned of a tremendous amount of daily drug trafficking.

EAVESDROPPED ON DOZENS

The RCMP, the FBI, the U.S. Drug Enforcement Administration, border security forces and other law-enforcement agencies would ultimately begin surveillance and wiretaps on dozens and dozens of individuals.

Soon, they would be chasing people involved in supplying most of the marijuana consumed in Atlantic Canada, other individuals involved in shipping hundreds of kilograms of pot at a time to the U.S. and, of course, another parcel of people involved in importing massive amounts of cocaine from Mexico through the U.S. and into Canada.

What was frustrating for investigators is, instead of finding one giant Mob-like criminal organization, the Mounties and the Americans discovered the illicit drug trade was so large it had spawned numerous independent groups, all thriving in their own niche markets.

There were independent growers selling to independent brokers in Canada who were dealing with independent brokers in the U.S. -- each of whom had his own little network.

Each was a separate business and the relationship between any two or more of the groups was happenstance, dependent upon need and personal relationships.

Occasionally there were people from each group that knew others in another group -- and the groups where that was the case appeared to often assist each other in times of need. Supply and demand ruled.

The degree of culpability and the involvement in the criminal underworld of each of those arrested four years ago has varied widely.

The sentences that will be handed down in this particular case are likely to be among the heaviest.

Oliynyk was no stranger to law enforcement on both sides of the border.

In December 1989, as treasurer of the White Rock chapter of the Hells Angels, he was arrested trying to buy more than 13.5 kilograms of cocaine from U.S. undercover agents.

The Angels say Oliynyk resigned from the club after he was released from prison.

But his long association with Morin -- dating back to the mid-1990s and the original murder of the pot grower -- set off bells for detectives.

The RCMP in their applications for warrants in these inter-connected cases placed considerable stress on this tie, according to the evidence, because Oliynyk had been previously identified as having a "hard-on" -- which apparently meant hatred -- for the dead man.

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After fighting for four years and forcing the legal system to prepare for and go to the expense of setting up a bilingual trial, Oliynyk and his co-accused threw in the towel last November after losing a series of legal challenges that included motions to prevent a mountain of surveillance and wiretap evidence from being admitted at trial

They were pronounced guilty Nov. 9 by Justice MacKenzie and sentencing was put over until today.

By comparison, some of those netted in Operation Exacto-Two were neophytes and veritable innocents in the nether world of guns, gangs and big-profit, organized crime.

Some of the potheads rounded up in these raids, for example, seem quite out of place amid some of the others involved.

I have some empathy with their plea they are misportrayed as organized hoodlums when they were agriculturalists growing what some consider a harmless herb.

Some of their customers, however, proved to be very heavy -- people known to have an affinity for automatic weapons and handguns loaded with illegal ammunition capable of piercing police body armour.

Let's not forget, everyone involved knew or should have known that in this subterranean world, those who were ripped off or those who were unable to collect what they were owed, were precluded from going to the police and courts.

Instead, as the investigation revealed, they turned to people who arrived with shotguns and left with a debtor's head.

Everyone was well aware of the risks -- especially the three men who are up for sentencing today -- and the potential profits.

Taxpayers, though, need to consider the results and the reasons for this raft of prosecutions.

I think the crime involved in these expensive and resource-draining proceedings is a direct result of the current criminal drug laws.

DRUG LAWS SPAWN CROOKS

I believe none of these smuggling groups would have a reason to exist if marijuana and cocaine were regulated and controlled in a different manner, stripping them of their value as illicit substances.

That's one of the reasons I think it's time to change our laws -- to staunch the flow of huge profits into the pockets of organized crime and to put an end to this black market, with its attendant violence.

Putting in jail the individuals pinched in Operation Exacto-Two may disrupt or end their criminal careers, but it did little to reduce the flood of marijuana into the U.S. or cocaine into Canada.

The line-up of individuals ready to take their place in such a lucrative business is long, long, long.

Imprisoning Al Capone did nothing to stem the organized crime associated with bootlegging, the concomitant violence or the corrosive social fallout of alcohol Prohibition.

The distribution gangs and the smugglers in Canada that made millions off the U.S. appetite for booze were only eliminated by the end of prohibition.

The way we will get rid of the criminal organizations profiting from the American chemical thirst and the attendant violence, in my view, is by similarly ending the drug prohibition.

Former Malden Cop's Federal Trial Continues (MAO)

By Matthew Keough

Malden (MA) Observer, March 31, 2006

Jurors in Boston's U.S. District Court are working their way through a wealth of witnesses and audio evidence to determine whether former Malden drug detective David Jordan did his best to single-handedly prevent a drug deal, or if he participated in a staged raid and used the cover of his officer's uniform to steal cocaine.

Jordan, 45, is being charged with conspiring to sell cocaine, cocaine possession, using a gun in the commission of a drug offense, witness intimidation and giving false information to Drug Enforcement Administration agents.

Jordan, a third-generation Malden police officer, was the department's lead narcotics investigator on Dec. 24, 2003 when court documents say Jordan conspired alongside Anthony Bucci, 43, and Francis Muolo, 39, to steal 3 kilograms of cocaine valued at more than $80,000 from a scheduled drug deal.

Bucci is also on trial alongside Jordan.

For the past two weeks jurors have been heard witness testimony, and will soon be faced with two of Jordan's alleged cohorts, Carlos Ruiz and Jon Minotti, who have already pledged to testify against Jordan in exchange for reduced sentences.

It is alleged that Minotti, who was Jordan's police informant at the time, arranged for drug supplier Carlos Ruiz to bring 3 kilograms of cocaine to a meeting at a Malden Medical Center parking lot where Bucci was to purchase the drugs.

The government alleges that Jordan agreed, for a $30,000 kickback, to interrupt the drug deal that was scheduled to go down between Ruiz and Bucci. It is alleged that as the drug deal was about to take place Jordan stopped both men at gunpoint while Minotti escaped through the woods with the cocaine to Muolo's waiting car.

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Records show that Jordan ran Ruiz's name through department records before he let the two men go due to a lack of evidence.

For much of last week, lawyers played excerpts from taped phone conversations between Jordan and Drug Enforcement Agent Jean Drouin, who had been trailing Minotti at the time of the drug deal. Drouin testified that he immediately became suspicious of Jordan's role and began taping conversations shortly after the incident.

In one of the tapes, Jordan, whom the government alleges was trying to corrupt a DEA investigation, can be heard saying to Drouin "I hope I didn't f--- up anything you guys were doing."

But Tom Dreschler, Jordan's attorney, maintains the officer was merely trying to take down a drug deal when he became the pawn in a set-up by his own informant.

If convicted, Jordan faces a mandatory minimum of 5 years' imprisonment and a maximum of 40 years' imprisonment on both the conspiracy to distribute 3 kilograms of cocaine count and the distribution of three kilograms of cocaine count. Jordan could also serve 5 years to life for carrying a firearm during and in relation to a drug trafficking crime as well as a maximum sentence of 10 years in prison on the witness tampering charge and 5 years in prison on each of the three false statement charges.

Muolo has pleaded guilty to charges of conspiracy to distribute three kilograms of cocaine.

Jordan, along with Bucci and Muolo, was arrested on May 20, 2004. Jordan has been free pending his trial since June 22 of that year. Jordan is related to Police Commissioner Anthony Spadafora by marriage.

Rearrested Suspect Held Without Bond (AP)

AP, March 30, 2006

NEW ORLEANS Brian Expose, who was arrested last week with a cache of drugs and weapons, then set free without bond by New Orleans judge, will remain in federal detention pending trial on drug-dealing charges.At a detention hearing, federal prosecutors urged Magistrate Judge Louis Moore Junior to lift any bond options for Expose, saying he is a flight risk and poses a danger to the community. Moore agreed, ordering Expose's immediate detention at the conclusion of the hearing.In making his ruling, U-S Attorney Jim Letten said Moore cited Expose's prior conviction for possession of cocaine, his arrest history and his failure to appear for prior state court proceedings.Expose was arrested March 21st by New Orleans police and Drug Enforcement Administration agents, after an investigation and surveillance of his home produced evidence he was selling drugs. The investigation yielded investigators 189-thousand dollars in cash, six ounces of cocaine and an assortment of high-powered assault rifles, ammunition and multiple handguns.Within hours of Expose's arrest, state Judge Charles Elloie released him on a controversial recognizance bond, igniting a week-long firestorm over the judge's decision.In an attempt to get Expose back behind bars, federal authorities stepped in and charged him with conspiracy to sell crack cocaine. He was arrested again Friday.

Five Sold Weapons, Indictment Charges (APP)

By JANEEN JONES, STAFF WRITER

Asbury Park (NJ) Press, March 31, 2006

County residents tried to sell grenade, officials say

Five Monmouth County residents, including a former corrections officer, were indicted Tuesday on charges of selling a dozen guns and a bullet-proof vest — and trying to sell a live hand grenade — to a government witness, authorities said.

Facing federal weapons charges are John Velba, 47, William Schreiber, 28, and Cheryl Britton, 29, all of Marlboro; Harold Smith, 23, of Wall; and Kevin Benn, 48, of Howell, a former New Jersey corrections officer at East Jersey State Prison.

Each is charged with one count of conspiracy and one count of engaging in the business of dealing in firearms without a federal license to do so. Velba, the lead defendant, is also charged with being a convicted felon in possession of a weapon.

FBI agents arrested all five people on Nov. 1, U.S. Attorney Christopher J. Christie said in a prepared statement Tuesday.

"On that day, Britton and Schreiber were allegedly trying to complete the pre-arranged sale to the cooperating witness of six of the weapons at Shurguard Storage public storage lockers in Marlboro, where the co-conspirators allegedly kept some of the guns," Christie said.

Velba and Schreiber are being held without bail pending the outcome of their cases. Benn is free on a $250,000 bond by real estate. Smith and Britton are each free on $100,000 bonds, Christie said.

Velba allegedly initiated the sales of the weapons in late May 2005, when he asked the cooperating witness if he would be interested in purchasing weapons, according to two original criminal complaints.

Over the next several months, Velba and his co-conspirators sold 12 weapons, including assault-style weapons, shotguns and handguns, for about $10,000 to the cooperating witness, according to the indictment and complaints.

The final sale was to occur on Nov. 1, 2005, either at the storage place or the defendants' homes.

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The hand grenade was planned to be part of the final sale but was not produced at that time, Christie said. The grenade was subsequently recovered and safely detonated by FBI agents.

On June 28, 2005, Smith allegedly sold the witness two Colt handguns, a Stevens 20-gauge shotgun and the bulletproof vest for $1,400, Christie said. On July 14, 2005, Velba and Smith allegedly sold the witness a Remington 12-gauge shotgun, a Marlin .22-caliber rifle and a bolt-action rifle for $1,200.

Gun Shows Caught In Heated Crossfire (KRT)

By Judy L. Thomas

Knight Ridder, March 31, 2006

KANSAS CITY, Mo. - AK-47s. SKS sniper rifles. Armor-piercing bullets. Machine gun displays.

It's just another weekend at a Kansas City gun show, where there is so much firepower at your fingertips that even some gun enthusiasts shake their heads in wonder.

But the shows - which gained popularity in the 1990s and now number in the thousands nationwide - are coming under increasing fire as critics claim they are contributing to the incidence of violent crime.

"Gun shows are one of our main problems," said Kansas City Mayor Pro Tem Alvin Brooks. "These are the guns that end up on the streets of America."

Brooks recalled several teens who were shot last year in retaliation for robbing a drug dealer at gunpoint.

"One got killed, one lost a leg, and one was paralyzed," Brooks said. "This one fellow who I talked to (at the hospital) said they had bought those guns at gun shows. He said all you have to do is be 18 years old, and sometimes they don't ask you anything if you've got cash."

Critics contend that the biggest problem is a legal loophole that allows criminals and others who are prohibited from buying a firearm to obtain guns from unlicensed sellers at guns shows. In most states, including Missouri and Kansas, no background checks are required to buy long guns - including assault rifles - from sellers who do not have a federal firearms license.

Gun-rights advocates maintain, however, that there is no "gun show loophole."

"If anyone is involved in the trade of selling and buying firearms, they have to obtain a federal firearms license," said Andrew Arulanandam, director of public affairs for the National Rifle Association. "That is the law of the land today, so to say that there's a loophole is disingenuous."

While Arulanandam acknowledged that unlicensed sellers do not have to conduct background checks, he said they were in the "distinct minority."

Local law enforcement authorities insist gun shows remain a major concern.

"I think the average person would be in awe at what's all legal now," said Maj. Anthony Ell, commander of the Kansas City Police Department's violent crimes division. "Individuals who may not be able to get them legally through proper licensed dealers, that gun show loophole allows them to bypass all of that and get guns."

But Paul Marquardt, a spokesman for the federal Bureau of Alcohol, Tobacco, Firearms and Explosives in Kansas City, said the agency is more concerned about "the people who illegally sell firearms to criminals" such as felons, illegal aliens or drug traffickers.

"The ATF does not target gun shows, we target criminals who are trying to acquire firearms from any source whether it's in a back alley or anywhere else," Marquardt said.

Gun sellers interviewed by The Kansas City Star said that despite the presence of law enforcement authorities, illegal sales and gun thefts occur at area shows. A reporter observed one questionable firearm transaction at a recent show. And a vendor said someone had stolen handguns from him and another vendor.

What's more, the leader of a white supremacist gang of bank robbers told The Star that he and his partners found that gun shows in Missouri and Kansas were a quick way to buy and dump weapons used in their crimes.

"It was incredibly easy," said Peter Langan, who in the 1990s was the head of the Aryan Republican Army, a group that prosecutors say was responsible for 22 bank robberies in the Midwest. "Gun shows, just for the sheer volume and selection, you just couldn't beat 'em," Langan said in a telephone interview from prison, where he is serving a life sentence.

One of Langan's convicted associates, Kevin McCarthy, told the FBI after he was arrested that he had used one of those guns in a 1994 bank heist in Missouri. "McCarthy utilized a 9mm Ruger Pistol, Model PT-89," an FBI special agent wrote in an investigative summary obtained by The Star. "McCarthy had previously purchased this pistol at a gun show in Kansas City, Mo."

Brooks said the teen wounded in last year's shootout told him that his friends often would go to shows to buy and resell guns. They preferred lethal-looking weapons similar to the TEC-DC9 with a 30-round clip that police took off a young man at the St. Patrick's Day parade.

"The AR-15, the TEC-9 and the AK-47 are what they're getting," Brooks said.

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When Congress passed the Brady Bill in 1993, it put in place what some consider a double standard for the purchase of guns. Licensed dealers have to conduct background checks on buyers while unlicensed sellers - private individuals and collectors - do not.

Critics say that means criminals and others who are prohibited from buying a firearm can skirt the law and get guns from unlicensed sellers at gun shows.

For years, gun-safety advocates have called for federal legislation to close what they contend is a gun show loophole. But the gun lobby has argued that would shut down gun shows, and the legislation has stalled.

Eighteen states, however, have passed laws that either require background checks before the purchase of any firearms at gun shows or require buyers to first obtain a permit. Missouri, for example, requires a permit for all handgun purchases, although long guns and assault rifles do not require one.

But the remaining states - including Kansas - still allow buyers to purchase firearms from unlicensed sellers at gun shows without obtaining a permit or undergoing a criminal background check.

Gun-rights advocates contend that most people who sell guns at gun shows are licensed dealers, not private sellers, so it is not that big a problem.

"There are only a few people who buy tables to dispose of private collections," said Kevin Jamison, a Gladstone lawyer and member of the Western Missouri Shooters Alliance. "That's been rare, and it's getting more and more unusual."

But the ATF estimates that up to one-fourth of the gun sellers at shows are unlicensed. And authorities argue that criminals and illegal gun traffickers are wise to that, although they're also getting firearms from licensed dealers.

Last month, an ATF official testified before a congressional subcommittee that more than 400 firearms purchased at gun shows in the Richmond, Va., area between 2002 and 2005 were later used in crimes. Checks of 302 people who had purchased guns from licensed dealers at those shows in a 15-month period revealed that 47 had provided false addresses.

An earlier report on illegal weapons by the ATF found that gun shows were the second-leading source of illegal firearms recovered in gun-trafficking investigations. In some cases, known or suspected terrorists bought guns at shows.

A known member of Hezbollah, for example, was convicted in 2001 in a federal court in Michigan for trying to smuggle guns into Lebanon. An undercover agent saw the man buy a weapon at a gun show without a background check.

Gun-rights advocates insist the shows are not a major source of weapons used in crimes. The NRA cites a 2001 Bureau of Justice Statistics report that said fewer than 1 percent of guns used in crimes came from gun shows.

"The biggest source of crime firearms is the black market," Arulanandam said. "Law enforcement always refers to criminals looking for a clean gun. What they're referring to is they want to find a firearm that's not traceable. And every time you go through a retail outlet or any FFL (federal firearms licensed dealer), you have a long paper trail."

Each year, more than 5,000 gun shows are held nationwide, according to the ATF. The National Association of Arms Shows says that an average of 2,500 to 3,000 people attend a typical show, purchasing between 100,000 and 300,000 guns annually.

"On any given weekend, there's a gun show going on someplace," Jamison said. "In the greater Kansas City area, there's probably one to two gun shows in any given month."

At a March 12 gun show at the 3 Trails Expo Center next to Bannister Mall, tables were teeming with handguns, assault rifles, knives and war memorabilia.

Several vendors were selling books and pamphlets such as "How to Make Disposable Silencers" and "Homemade Grenade Launchers." A few publications described how to convert semiautomatic weapons into machine guns - which is illegal under federal law.

But overall, the show appeared to be taking steps to assure the safe handling of weapons, and there was visible security.

Signs at the entrance warned, "No Loaded Guns Inside." Two off-duty Jackson County sheriff's deputies checked guns brought into the building. Other deputies strolled the aisles of the show, which organizer Waylon Pearson of R.K. Shows in Manchester, Iowa, said drew 4,000 people.

Lee Morlang's table included a Rock River AR-15 assault rifle for $850. Morlang said he was selling his private collection and therefore did not need a license. He estimated that 10 to 12 other vendors were unlicensed sellers who were not required to conduct background checks.

Morlang said he did not need any background check to tell him who should and should not be buying a gun. "I can read people like a book," he said. "If we get a bad person in here, we get rid of 'em."

Others at the show keep an eye out as well, he said. "There was a guard here yesterday, he saw two guys here that had been in prison. The minute they saw him, they hit the door."

But apparently that does not prevent all crime at the shows. Morlang said someone recently stole a .44-caliber handgun from him as he was loading weapons after a show. The same thing happened to another vendor, he said.

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As he spoke, Morlang watched two men near his booth. One handed the other a wad of cash, who then gave the man a handgun - a possible violation of the law which requires handgun purchasers to first obtain a permit.

"See right there?" Morlang asked. "There's a transaction going on right in front of us of an unregistered gun." He shook his head, adding, "it's that kind of stuff that gives these shows a bad name."

Dean Parr, owner of Dean's Gun Shop in St. Joseph, Mo., said he and other licensed dealers have to abide by the same laws at gun shows as they do at their stores.

"If they buy a gun off an individual at a gun show, they don't have to do the paperwork," Parr conceded. "But they could do the same thing at a truck stop or somewhere else, too."

Parr, however, doubted that many criminals were getting guns at the shows.

"If they are, it's a very small percentage," he said. "But if there was anything they could do to monitor these shows better, it would be to have someone out in the parking lot to keep people from buying and selling guns out there."

The Jan. 15 gun show at the KCI Expo Center, sponsored by the Missouri Valley Arms Collectors Association, also enjoyed a huge turnout and appeared to be well run. Although that show offered fewer handguns than the March show, there were plenty of assault weapons.

The ATF had two representatives available to answer questions and several off-duty Kansas City police officers walked the aisles. Nearby, one vendor was selling what was purported to be armor-piercing ammunition, also known as "cop killer" bullets.

Even some gun show attendees seemed surprised at the array of weaponry.

"I don't see how that can be legal," one man remarked to a friend as he pointed toward a Bushmaster assault rifle - the kind of weapon used in the 2002 sniper spree that left 10 people dead in Washington, D.C., Maryland and Virginia.

Under current law, it is legal.

Eighteen months ago, Congress did not reauthorize the part of the Brady Law that banned the manufacture and sale of 19 kinds of military-style assault weapons. Now that the weapons are back on the market, authorities say they are trying to get tougher on weapons violations.

In fact, the U.S. attorney's office in Kansas City is among the top in the nation for the number of federal gun law prosecutions.

But gun-safety advocates point out those prosecutions, which they applaud, are mostly for felons possessing firearms or committing a felony with one - not for violators who buy and sell firearms illegally.

In 2003, only 532 of the more than 126,000 people nationwide who lied on a background check were prosecuted, according to a study by the Americans for Gun Safety Foundation. And just 234 cases were filed for possessing or selling stolen firearms, even though 40,000 stolen guns were recovered and returned to their owners.

Still, some gun-rights advocates complain that federal law enforcement agencies are too aggressive. Last month, they convinced a congressional subcommittee to hold hearings on the way the ATF investigated gun shows in Richmond, Va.

Gun show organizers charged that the ATF and local law enforcement scared off potential customers and racially profiled buyers. A top ATF official acknowledged that agents made some mistakes but denied any profiling and defended their tactics.

The ATF's Michael Bouchard told lawmakers that the agency polices only about 100 of the 5,000 gun shows annually. He said the agency focused on the Richmond-area shows after discovering that hundreds of firearms purchased at the shows in a three-year period were used in crimes.

During the investigation, Bouchard said agents witnessed a "straw purchase" - where a buyer allowed to own a gun turns around and sells it to someone who is not - that led them to a street gang whose leader was involved in a murder committed with an AK-47.

Authorities said that weapon also was acquired through a straw purchase at another gun show.

IMMIGRATION:

Bush, Harper Fox Discuss Trade Issues (AP)

By Nedra Pickler

AP, March 30, 2006

President Bush and the leaders of Canada and Mexico worked to iron out disagreements over trade and border security Thursday and to keep a North American economic edge against competition from rising powers like China.

The three leaders, dressed casually in open-collared shirts, strolled together among the ancient Mayan ruins at Chichen Itza before sitting down for more intense one-on-one meetings at a beachfront resort hotel. Mexican President Vicente Fox planned a lavish dinner for his guests.

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The trilateral meeting was expected to be Fox's last since he is set to leave office this year because of term limits. Bush lauded Fox for stabilizing the Mexican economy and improving the net worth of his people.

"That's important for the American economy as well," Bush said. "The more net worth there is in Mexico, the more likely it is the Mexican may be wanting to buy a U.S. product. And vice versa, by the way."

Bush and Fox suggested one item at the top of their agenda is now out of their hands. The U.S. Senate is debating changes to U.S. immigration laws that could affect an estimated 6 million Mexicans living illegally in the United States.

"I told the president there is a legislative process that's going forward," Bush told reporters at the end of their private meeting. "And it may look cumbersome to some, but that's how our democracy works."

Bush added, "I'm optimistic that we can get a bill done."

He is pushing for a guest worker program that would let foreigners stay temporarily in low-paying jobs, which Fox says is a good first step toward some form of legal status for all illegal Mexicans.

"The matter is in the Congress of the United States and that is where the decision will be made," Fox said. "It is no longer between President Bush and President Fox."

After spending the morning sightseeing, Bush had a few hours off before the formal meetings began and he used part of the time to work up a sweat in his hotel's gym.

There was tight security alongside the fun-loving atmosphere generated by college students who have flocked to Cancun for spring break. Gunboats patrolled the turquoise waters off Bush's spa resort, and fencing kept out all but hotel guests. "I'd like to make sure you work more than you play," Bush joked to reporters.

The immigration debate is receiving a lot of attention at the summit, where the official focus is a year-old pact designed to make borders more secure without hampering business and traffic. Signed a year ago near Bush's ranch in Texas, the Security and Prosperity Partnership aims to better protect the three countries from outside attack and ensure their global competitiveness with China and other trade powerhouses.

Bush told Canadian Television earlier this week that he worries people in all three countries could have a "protectionist tendency" that would make it more difficult for them to reap the benefits of mutual collaboration. "Frankly, it will make it a lot harder for future Americans and Canadians and Mexicans to compete with the Chinese, for example," he said.

Even though China has a rapidly growing economy, Canada and Mexico remain the top two trading partners of the United States. All three leaders are under pressure to resolve problems related to the enormous flow of goods and people between their countries. The economic concerns have replaced the diplomatic differences that defined the relationship in Bush's first term.

Both Canada and Mexico refused to support the war against Iraq, and that disagreement strained historically close ties.

This week's summit marked a new phase in Bush's ever-changing relationship with the nations. It was his first official visit with conservative Canadian Prime Minister Stephen Harper since Harper took office two months ago after promising to improve relations with the U.S. And it reflected the closing stages of his relationship with Fox, who will leave office this year after building a personal bond with the American president that extends back to Bush's time as governor of Texas. A more liberal candidate is leading in the campaign to replace Fox.

Topping Harper's agenda is a long stalemate over U.S. tariffs on Canadian softwood lumber imports. Bush said in a pre-trip interview that resolving the dispute will require "very quiet consultations."

Harper also wanted to address Washington's intention to require passports or other forms of secure identification to enter the United States by 2008. Business groups fear the proposal will severely impede tourism and commerce between the world's largest trading bloc, which conducts some $1.5 billion in business daily.

Bush Says 'guest Worker' Proposal Up To Congress (USAT)

By David Jackson

USA Today, March 31, 2006

CANCUN, Mexico — President Bush told Mexican counterpart Vicente Fox on Thursday he supports a temporary "guest worker" program, but said the final decision belongs to Congress — where many of Bush's fellow Republicans oppose the idea.

"I told (Fox) there is a legislative process that's going forward," Bush said.

Conservatives in Washington criticized a guest-worker program as tantamount to amnesty for illegal immigrants.

"I don't think he's concerned about alienating voters — he's not running for re-election," Rep. Tom Tancredo, R-Colo., said of Bush. Tancredo said Republicans could lose Congress over the immigration issue. "I wish he'd think about the party, and of course, I also wish he'd think about the country."

Bush said he is seeking a "comprehensive" immigration package that includes border security. Fox, echoing Bush, said border security is a "shared" responsibility. He said Mexico would address issues such as its own economic development and the smuggling of immigrants into the USA.

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The two presidents and Canadian Prime Minister Stephen Harper were at this resort on the Gulf of Mexico for a two-day summit.

Their meetings took place as a rift widened between Bush and many of his fellow conservative Republicans over the immigration issue. Referring to a Senate bill that tracks Bush's position on guest workers, Rep. Dana Rohrabacher, R-Calif., said Americans should be able to "smell the foul odor that's coming out of the U.S. Senate." Asked whether the same odor was emanating from the president, he said, "I have no comment."

It's not the first time Bush has been at odds with much of his own party over immigration.

Going back to his days as Texas governor, Bush has resisted calls to seal the border. Bush argued that people will cross the Rio Grande from Mexico to provide for their families, and he has often praised immigrants' contributions.

"We are a nation of law, but that doesn't preclude us from being a welcoming nation," Bush said before his visit to Cancun.

The lines are hardening in Congress. A bill from the GOP-run House stresses tough enforcement of laws against illegal immigration, with no expansion of provisions allowing Mexicans and others to enter the USA as temporary guest workers, which Bush favors.

The Senate Judiciary Committee included guest-worker provisions and the possibility of citizenship for illegal immigrants in a bill it passed this week by a 12-6 vote — thanks to Democrats. The six opponents were all Republicans.

Those who have followed Bush's career attribute his immigration views to two factors: his Texas roots and the growth of the Hispanic voter population.

"He hasn't been at odds with a lot of Texans on immigration," says Rich Galen, a Republican political strategist who has worked in Texas.

Bruce Buchanan, a presidential expert at the University of Texas, says immigrants there "have a reputation as hard workers who are good for the economy." He says Bush and his close political adviser Karl Rove have cited the growing Hispanic vote as essential to the future of the Republican Party.

"It's hard to weigh the two" factors, Buchanan says, "but they've both played into the calculation."

Bush first ran for governor in 1994, the same year California conservatives helped pass Proposition 187 to deny social services to illegal immigrants. The courts blocked the proposition, but Hispanic voters shifted decidedly to Democrats. That did not go unnoticed in Texas.

Bush "saw what happened," Galen says.

Dan Stein, president of the Federation for American Immigration Reform (FAIR), accuses business leaders — and Bush — of favoring illegal immigration because it keeps wages low. He says the president is "oblivious" to the concerns of ordinary Americans. "He has by every standard encouraged massive illegal immigration," Stein says.

Republican pollster Ed Goeas, however, says his research shows that while Americans of all ideologies want to better protect the border, they are more sympathetic to immigrants willing to work for their families. Critics such as Stein "are very vocal," Goeas says, "but they are not very representative of the conservatives across the board."

Bush said in Washington this week that "a mother or a father who's worried about putting food on the table" is willing to take risks for their family. "I used to tell this to people down there in Texas," Bush said. "Family values don't stop at the Rio Grande River."

Bush Reassures Mexico Leader Of His Backing For Immigrants (NYT)

By Ginger Thompson And David E. Sanger

The New York Times, March 31, 2006

CANCÚN, Mexico, March 30 — President Bush, in an effort to reassure Mexicans and to defuse an intense debate in the United States, told President Vicente Fox of Mexico on Thursday that he supported proposals to legalize undocumented workers as long as they were not given any advantages over immigrants who entered the United States legally.

"I explained to the president my vision of the citizenship issue," Mr. Bush said, as Mr. Fox sat next to him during their summit meeting here. "If they want to become a citizen, they can get in line, but not the head of the line."

In another comment aimed at critics within his Republican Party, Mr. Bush also talked about his support for guest-worker programs as part of an effort to open safe, legal and orderly channels for migrant workers into the United States. Opponents of the plans say they amount to opening floodgates to hundreds of thousands of workers who will cross the border from Mexico each year.

Mr. Bush said he told had Mr. Fox that he was committed to signing a "comprehensive immigration bill."

"And by 'comprehensive,' I mean not only a bill that has border security in it," Mr. Bush said, "but a bill that has a worker permit program in it. That's an important part of having a border that works.

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"We don't want people sneaking into our country that are going to do jobs Americans won't do. We want them coming in in an orderly way, which will take pressure off of both our borders."

Changes in immigration law have been more fiercely debated in Congress since Monday, when the Senate Judiciary Committee approved a bill that would provide legal status to an estimated 11 million illegal immigrants and allow 400,000 foreigners a year to enter the United States as guest workers. The proposals have bitterly divided the Republican Party between those who see immigrant labor as a pillar of the American economy, and those who view it as a burden, even a threat.

The issue has dominated talks between Mr. Bush and Mr. Fox for most of their presidencies. Though the content of Thursday's talks was no different, the ambitions of the two leaders — with Mr. Bush burdened by the lowest approval ratings of his presidency, and Mr. Fox deep into his final term— was sharply diminished.

Five years ago, a newly elected Mr. Fox, buoyed by his standing as the man who peacefully ended seven decades of authoritarian rule, stood on the White House lawn and challenged the United States to work with his government on proposals that would open the border to a freer flow of workers from Mexico.

On Thursday, speaking to reporters, Mr. Fox acknowledged that the fate of immigration law was out of his and President Bush's hands.

"It is not here, in these meetings, where a migration agreement is made," he said. "It is now an issue for the Congress of the United States, and there, they will make the decision. It is no longer between President Bush and President Fox."

Mr. Fox addressed American critics who have accused Mexico of encouraging its people to migrate illegally. Mexico's economy depends heavily on the estimated $16 billion that the migrants send home annually.

Mr. Fox said that if Congress reorganized immigration, "Mexico assumes its responsibilities to work with passion, with commitment, diligently, to develop opportunities for our people."

Earlier in the day, Mr. Bush visited the 1,500-year-old Mayan ruins at Chichén Itzá, a rare moment of tourism for a president who usually has little patience for sightseeing. White House officials added the stop as a show of respect for Mexico's heritage.

Back in Cancún, Mr. Bush's motorcade sped past the ruined carcasses of hotels wiped out last year in Hurricane Wilma. He stayed at a small, luxurious resort protected by Navy vessels that bobbed offshore.

Mr. Bush also met separately with Prime Minister Stephen Harper of Canada to discuss a long-running dispute over American imports of softwood lumber, which has grown more bitter as industries on both sides of the border have sought rulings in different international settings, starting in the Clinton administration.

Mr. Bush said of Mr. Harper, "I appreciate his steely resolve to get something done." But he gave no indication of any change in American policy.

Bush Pushes Congress To OK Immigrants (AP-Y2)

By Nedra Pickler

AP2, March 31, 2006

With Mexican President Vicente Fox at his side, President Bush gave Congress a long-distance push Thursday to open the United States to immigrant workers who have been sneaking across the borders to fill low-paying jobs.

"We don't want people sneaking into our country that are going to do jobs that Americans won't do," Bush said at the end of a private meeting with Fox, where the issue was on top of the agenda. "We want them coming in in an orderly way, which will take pressure off both our borders."

The meeting between the Mexican and U.S. leaders came on the first day of a two-day North American summit that also includes Canadian Prime Minister Stephen Harper. Harper, meeting with Bush for the first time since taking office two months ago with the promise of building stronger ties with Washington, said the two countries are moving past their "tension" over Iraq.

Still, he took a combative stance on their long-standing dispute over U.S. tariffs on Canadian softwood lumber, saying Canada would "pursue all its legal options" if he and Bush can't work out an agreement.

But it was the immigration debate, which has dominated the U.S. Senate this week, that took center stage in talks conducted in a beachfront resort surrounded by bikini-clad spring breakers. A new immigration law could affect as many as 6 million Mexicans living illegally in the United States — about half of all those who are estimated to have sneaked in from other countries seeking new opportunities they can't find at home.

Bush is pushing for a guest worker program that would let foreigners in low-paying jobs stay temporarily, which Fox says is a good first step toward some form of legal status for all Mexican illegal immigrants.

The issue has united the two leaders, whose friendship dates back to Bush's time as Texas governor but was strained over Fox's objections to the war in Iraq. But immigration has divided Bush's Republican party, with business interests who want cheap labor battling conservatives who want a get-tough policy against illegal immigrants.

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Fox suggested the issue is largely out of their hands now.

"The matter is in the Congress of the United States and that is where the decision will be made," Fox said. "It is no longer between President Bush and President Fox."

But both leaders were clearly trying to sway the debate.

"I told the president there is a legislative process that's going forward," Bush said. "And that it may look cumbersome to some, but that's how our democracy works."

Bush added, "I'm optimistic that we can get a bill done."

The summit included plenty of time to be neighborly. The three leaders dressed casually in open-collared shirts and strolled together among the ancient Mayan ruins at Chichen Itza before sitting down for more intense one-on-one meetings. Fox laid on a lavish dinner for his guests.

After spending the morning sightseeing, Bush had a few hours off before the formal meetings began. He used part of the time to work up a sweat in his hotel's gym.

There was tight security despite the fun-loving atmosphere generated by college students who have flocked to Cancun for spring break. Gunboats patrolled the turquoise waters off Bush's spa resort, and fencing kept out all but hotel guests. "I'd like to make sure you work more than you play," Bush joked to reporters.

The trilateral meeting was expected to be Fox's last, since he is set to leave office this year because of term limits. Bush lauded Fox for stabilizing the Mexican economy and improving the net worth of his people.

"That's important for the American economy as well," Bush said. "The more net worth there is in Mexico, the more likely it is the Mexican may be wanting to buy a U.S. product. And vice versa, by the way."

In his meeting with Harper, Bush sought to make the newly elected leader look good at home, making it a point to stress how hard the Canadian leader had pressed him on the softwood lumber issue. Harper "made an emphatic case," Bush said.

"I appreciate his steely resolve to get something done," the president said. "I appreciate your pushing."

But Bush didn't give Harper much of substance, saying only that "my intent is to negotiate in good faith and a timely fashion to resolve this issue."

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On the Net:

U.S. Trade Representative: http://www.ustr.gov

White House: http://www.whitehouse.gov

Fox Pledges More Border Control (WT)

By Stephen Dinan

The Washington Times, March 31, 2006

CANCUN, Mexico -- Mexican President Vicente Fox yesterday promised President Bush that his country will do more to control the U.S.-Mexico border and will strengthen its own southern border to reduce the number of aliens crossing into Mexico to reach the United States.

"It is a shared, shared responsibility," Mr. Fox said at the end of a meeting with Mr. Bush at this Mexican resort town.

The two leaders, along with new Canadian Prime Minister Stephen Harper, have gathered to talk about security and economic cooperation, and Mr. Bush thanked Mr. Fox for "such a strong statement."

"The president understands and I understand we have an obligation to secure our borders," Mr. Bush said.

The emphasis on border security reflects the political climate in the United States on immigration, where the only point that nearly all voters agree on is that the borders leak and the U.S. government has failed to control them.

For his part, Mr. Bush assured Mr. Fox that he remains committed to pushing Congress to produce an immigration bill that includes a guest-worker program for current illegal aliens and future foreign workers.

"I'm optimistic we can get a bill done," he said.

Mr. Bush is trying to sell his guest-worker plan to skeptical Republicans, particularly in the House, who say the government must prove that it can enforce the borders before talking about a new foreign-worker program.

Mr. Bush also told Mr. Fox that he doesn't favor letting illegal aliens jump to the front of the line to get citizenship. He said if the current line is too long, Congress should increase the number of green cards issued each year.

An estimated 6 million Mexicans now live illegally in the United States, making up more than half the illegal-alien population, and are the biggest segment of new illegal entries every year, according to the Pew Hispanic Center.

Mr. Fox said he wants to create more opportunities in Mexico so that Mexicans stay in the country, echoing his foreign minister's comment Tuesday that officials want to make sure future foreign workers return to Mexico, rather than stay in the United States.

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"Mexico should assume its responsibility and take concrete actions to develop a series of programs in health, employment and housing in Mexico in order to guarantee that temporary workers return to the country," Minister Luis Ernesto Derbez was reported as saying.

"Mexican politicians have an obligation to create conditions so that we no longer have to export labor," Mr. Derbez said.

But just this week Mr. Fox told a Canadian newspaper that he wants Canada to expand its guest-worker program to allow for more Mexican workers.

After spending all of 2004 and most last year mainly calling for a guest-worker program, Mr. Bush late last year coupled that with a call for better border security. But Mr. Bush has yet to offer a comprehensive proposal in the way that he offered a guest-worker plan in January 2004.

Mr. Bush said Mr. Fox shared with him Mexico's strategies for how to control the border, though neither man said what they were and it is too early to know what sort of changes Mexico will make or what kinds of resources it will bring to the border.

Mr. Fox, through an interpreter, did say that Mexican authorities have stopped more than 120 alien smugglers in their recent efforts to gain control of the border.

A week after asking that Mexico play a role in shaping the United States' immigration policy, Mr. Fox also said that issue is out of his hands.

"The matter is in the Congress of the United States, and that is where the decision will be made," Mr. Fox said hours before meeting Mr. Bush for bilateral talks in Cancun. "It is no longer between President Bush and President Fox."

That represents an about-face after the Mexican government paid for advertisements to run in major U.S. and Mexico City newspapers last week that said if there is a guest-worker program, Mexico "should participate in its design, management, supervision and evaluation."

Early in the day, the three leaders visited the archaeological site of Chichen Itza, a Mayan and Toltec city near Cancun, which some scholars say was the scene of human sacrifices.

All three men were dressed casually, with Mr. Bush even walking the site with his white short-sleeved shirt untucked.

The two days of meetings are being conducted under tight security, and even when the leaders got to the pyramid that stands roughly in the center of the complex, they looked up to see their security forces perched at the top with weapons and binoculars.

Though Mr. Bush already had met Mr. Harper, when he was opposition leader in the Canadian Parliament, yesterday was their first meeting since Mr. Harper became prime minister after January's elections. Mr. Harper rode in Mr. Bush's motorcade and flew with him on Marine One to Chichen Itza, and then they met for bilateral talks in the afternoon.

Bush Hopeful On Immigration Bill, But Senate Remains Torn (LAT)

By Nicole Gaouette And James Gerstenzang

The Los Angeles Times, March 31, 2006

WASHINGTON — President Bush said Thursday that he was confident the Senate would approve an overhaul of immigration laws, but lawmakers plodded through a second day of debate with the significant distance between two opposing camps seemingly as wide as ever.

Bush's comments came after he held a long-scheduled meeting with Mexican President Vicente Fox in the Yucatan Peninsula resort of Cancun. At the end of a one-hour conference, Bush spoke optimistically about the legislation's prospects, assuring Fox that he was "committed to having a comprehensive immigration bill on my desk."

In Washington, senators worked behind the scenes to sway each other. At one point, they displayed rare unanimity on immigration law, voting 94 to 0 to approve a study on deaths of undocumented immigrants at the border.

The vote, on an amendment from Senate Majority Leader Bill Frist (R-Tenn.), was the first of a series that would push the Senate in the next week to consider a guest-worker program and plans that would give permanent legal status to the estimated 12 million illegal immigrants now here.

In a heated demonstration of the GOP's rifts over immigration, conservative House members held a news conference to denounce any lawmaker who supported citizenship for undocumented immigrants. Legislation approved by the Senate Judiciary Committee would create a path for illegal immigrants to gain permanent legal status or citizenship. Critics say that would provide amnesty to those who had broken U.S. law.

"Anybody that votes for an amnesty bill deserves to be branded with a scarlet letter A," said Rep. Steve King (R-Iowa), referring to the Senate Judiciary Committee legislation, which also would toughen enforcement of immigration laws and create two programs allowing additional foreigners to enter the country as temporary workers.

That legislation is one of two major proposals before the Senate. The other is a bill offered by Frist that concentrates only on border security and enforcement of immigration laws.

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The competing visions reflect attitudes among Americans, according to a poll by the nonpartisan Pew Hispanic Center. Like lawmakers, Americans are increasingly concerned about illegal immigration, with 52% seeing such immigrants as a burden to the country. And, like lawmakers, Americans are divided on how to deal with the issue.

Thirty-two percent believe illegal immigrants should be able to stay permanently, the poll found. Another 32% think they should be able to temporarily stay as guest workers before being required to return to their home countries. And 27% believe undocumented immigrants should be sent home.

In a display of bipartisanship, 10 senators held a news conference to affirm their support for the Judiciary Committee bill. The senators, declaring that momentum was on their side, painted the choice between their bill and Frist's enforcement-only legislation as a turning point for the country.

"This legislation is a defining moment in the history of the United States," said Sen. John McCain (R-Ariz.), who asked whether the country would continue its tradition of welcoming newcomers or would shut its doors. "Of course [immigration] has to be legal, but, by God, we have to continue that tradition."

Sen. Arlen Specter (R-Pa.), chairman of the Judiciary Committee, complained that a campaign was afoot to smear his committee's bill by saying it offered amnesty. He vowed to "take the Senate leader head on" over Frist's use of the word.

Sen. Patrick J. Leahy (D-Vt.) added: "This is a very, very important piece of legislation. I resent it when it's called amnesty."

While the Senate was debating, Bush was meeting in Mexico with Fox.

"We don't want people sneaking into our country that are going to do jobs Americans won't do," the president said, in support of his call for a guest-worker plan.

"We want them coming in, in an orderly way, which will take pressure off of both our borders."

At the same time, Bush told Fox that those in the U.S. illegally should not be given preference over people abroad who applied for citizenship.

For Fox, who is completing a six-year term and is not allowed to seek reelection, the meeting brought the immigration debate full circle: He took office seeking to improve relations with the United States, particularly over immigration. But that relationship was disrupted by the United States' attention to its campaign against terrorism after the Sept. 11 attacks, and then by differences between Fox and Bush over the Iraq war, which Fox opposed.

Fox, offering the sort of support Bush has sought on immigration, said Mexico understood that immigration "is a shared responsibility."

Bush Seeks To Ease Distrust In North American Talks (WP)

By Michael A. Fletcher

The Washington Post, March 31, 2006

CANCUN, Mexico, March 30 -- President Bush began two days of meetings Thursday with Mexican President Vicente Fox and Canadian Prime Minister Stephen Harper in hopes of repairing fissures that have developed in the relationship among the North American neighbors.

Although the three nations entered into a formal security and prosperity partnership last year that was intended to strengthen their ties, the relationship between the United States and both its neighbors has been characterized in recent years by creeping distrust over issues such as illegal immigration and the implementation of U.S. trade policy.

Mexico has a huge stake in the ongoing debate in the United States over revamping immigration policy, being the home country of two-thirds of the estimated 11 million undocumented workers in the United States Tens of thousands more Mexicans attempt to cross the border each month.

After a meeting with Fox on Thursday, Bush told reporters he had reiterated his desire to sign a comprehensive immigration bill that strengthens border security and enforcement. Bush said that the United States has an "obligation" to secure its borders, and he thanked Fox for acknowledging Mexico's "shared responsibility" in that effort.

Bush also repeated his call for an increase in the number of green cards, which would allow more immigrants to be granted permanent residency in the United States. And he once again called for creation of a guest worker program that would create a legal channel for thousands of low-skilled workers to come into the United States.

"We don't want people sneaking into our country who are going to do jobs Americans don't want," Bush said. "We want them coming in an orderly way."

Analysts say many Mexicans have been put off by what they perceive as an increasingly hostile view in the United States toward illegal immigration, including a bill passed by the House of Representatives in December that would step up enforcement in part by building a wall along more than a third of the 2,000-mile U.S.-Mexican border.

The Senate is debating a more moderate immigration measure that includes a guest worker program like the one long advocated by Bush.

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Canadian attitudes toward the United States, meanwhile, have been soured by the invasion of Iraq and a general perception that Bush has pursued an arrogant, go-it-alone foreign policy. For some, that has been symbolized by the long-running dispute over heavy U.S. tariffs on softwood lumber imports from Canada.

Former prime minister Paul Martin suspended talks last year on the $4.5 billion in duties the United States has placed on the lumber, saying the levy violated the spirit of the North American Free Trade Agreement.

Harper has said he is looking for ways to make progress on the issue. Bush added that he was "always optimistic" that the dispute could be resolved.

Canadians also have objected to a U.S. plan to require special identification cards for people who regularly cross the borders with Canada and Mexico, saying it would hinder tourist and commercial traffic. Harper said the proposal presents a "pretty significant challenge."

Bush, however, has said the cards would expedite the flow of commerce between the two nations and facilitate travel while helping to secure the U.S. borders.

"The idea is to make sure that tourists and trade move freely and terrorists don't," Bush said in an interview earlier this week with Canada's CTV.

The series of disputes has helped turn public opinion in Mexico and Canada decidedly against the United States.

A Pew Research Center poll found that two-thirds of Mexicans and three-quarters of Canadians surveyed held a favorable view of the United States in 2000. By 2005, just 36 percent of Mexicans and 43 percent of Canadians who responded had a favorable view of the United States, according to an Ekos poll.

There is a "general sense on the part of both of our neighbors that America's focus was exclusively terrorism and we were prepared to do everything else unilaterally," Robert Pastor, director of the Center for North American Studies at American University, said in a telephone interview.

Compounding that sense in Mexico has been the uneven impact NAFTA has had there, Pastor said.

Rather than resulting in a surfeit of good jobs that slowed the flow of illegal immigration, the enactment of NAFTA has coincided with a sharp increase in the number of undocumented workers living in the United States. And while many jobs have been created in Mexico, others have migrated to countries where low-skilled labor is even less expensive.

"NAFTA succeeded, but only for that part of Mexico that was connected to the United States," Pastor said. He said major investments were needed in roads and other infrastructure, particularly in southern Mexico, before the benefits of free trade were felt throughout the country.

Meanwhile, the income and wealth disparities between the United States and Mexico have widened, not closed. Experts say this gap lies at the root of the illegal immigration problem.

"Trade is not the only locomotive that pulls the train," said Andres Rozental, president of the Mexican Council on Foreign Relations.

Bush, Fox and Harper started their day with a tour of the Chichen Itza Mayan ruins, which are about 127 miles west of here. The three leaders, dressed casually, climbed a few of the narrow steps of El Castillo, a steep 75-foot-tall pyramid.

Bush Takes Time Out To Make Like A Tourist (KRT)

By William Douglas

Knight Ridder, March 30, 2006

CANCUN, Mexico - President Bush traded in his business suit Thursday for a white tropical short-sleeve shirt and khaki slacks as he played tourist, something he rarely does on foreign trips.

The president was all smiles and business casual as he spent about an hour walking through the impressive ruins of Chichen-Itza, a Mayan archeological site about 127 miles west of Cancun, where he's meeting with Mexican President Vicente Fox and Canadian Prime Minister Stephen Harper. The ruins date back to the sixth century.

"I want to thank you for letting us begin our important meetings at this very historical site," Bush said after his tour. "I want to thank those who have worked hard to make sure this important part of our history is accessible and is available for people to understand the past, so we can better understand the future."

Bush has earned a reputation for being an indifferent tourist at best on overseas trips, dashing through museums and exhibits or leaving social and cultural events early. He typically prefers to stick to business and not interrupt his routine.

White House officials say Bush's aversion to touring reflects security concerns and the tricky logistics of moving a presidential entourage around. Bush's critics say his reluctance to get out and about reflects a lack of intellectual curiosity and hurts America's image abroad.

The president seems to be emerging slowly from his touring shell. During last month's trip to India and Pakistan, he played cricket in Pakistan, but passed on a tour of India's Taj Mahal, which disappointed Indian officials.

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On Thursday, Bush looked like a man having fun and in no hurry. He listened intently as Federica Sodi, the site's lead archeologist, explained the significance of the ruins. They strolled past El Castillo, a 75-foot pyramid with 91 steps on each of its four sides - and stopped to listen to a band perform Jarana, a local song and dance. Bush smiled and swayed slightly.

The leaders then proceeded to a site called the ball court, a 545-foot-long athletic field lined with a stone wall, where a soccer-like game called tlachtli was played in ancient times.

From there, the leaders went back to the pyramid and walked up two or three of the 91 steps. They finished the tour at the Temple of Big Tables, a structure that contains original murals painted by Mayans for their gods, a tour guide said.

Bush Plays Tourist On Mission To Mexico (LAT)

By James Gerstenzang

The Los Angeles Times, March 31, 2006

CANCUN, Mexico — Given a choice, President Bush is not a tourist.

When he visited St. Petersburg, Russia, in 2002, he completed his tour of the Hermitage museum in two hours, 16 minutes. That was enough time to have a look at the artwork and have lunch with Russian President Vladimir I. Putin. There are 3 million pieces in the collection. He didn't see them all.

As president, he has been to Rome. He skipped the Colosseum.

Berlin? He drove past the Brandenburg Gate without stopping.

He did the Great Wall of China in a half-hour flat, then turned to a reporter and said, "Let's go home." And four weeks ago, he caused a diplomatic row by refusing entreaties while in India to visit the Taj Mahal.

All of which make his activities Thursday morning that much more remarkable. He made a one-hour flight aboard Marine One from Cancun to Chichen Itza to visit the Mayan and Toltec ruin that is among the world's greatest archaeological sites.

The once-sacred city, a UNESCO World Heritage Site, was first populated about 1,500 years ago, abandoned, resettled, and again abandoned about 700 years ago.

Wearing a white tropical shirt, khakis and rough-soled hiking shoes, Bush walked along El Castillo, the pyramid that is the site's most prominent feature, accompanied by his host, Mexican President Vicente Fox, and Canadian Prime Minister Stephen Harper.

Sounding more the formal diplomat than the casual tourist, Bush said to Fox: "I want to thank you for letting us begin our very important meetings at this very significant historical site." The three leaders are meeting here in a North American summit, and Fox has used the visit to send out a message that this resort on the Yucatan Peninsula, battered by Hurricane Wilma last year, is open for business. Bringing the foreign leaders to the remains of an ancient civilization sent another message: Mexico offers more for a tourist than just beaches.

Perhaps it was because he is in his sixth year in office -- or, more likely, because he really had little choice but to yield to protocol and the wishes of his host -- but Bush cooperated with Fox's mission.

Together, the three climbed about five of the pyramid's steep steps.

Security forces, armed and equipped with binoculars, stood atop the structure, some 360 steps above them.

After adhering during his first five years in office to a schedule that had him speeding through meetings and meals and then heading to his next stop, or home, the two hours at Chichen Itza put Bush somewhere in the ranks of presidential tourists.

To be sure, he has made some concessions to local culture over the years -- in Botswana, for example, he made a quick drive through an animal park in 2003. And presidents rarely spend much time at tourist attractions while on diplomatic travels. But they do manage some sightseeing, often at the encouragement of their hosts.

Ronald Reagan, in China in 1984, detoured hundreds of miles to the city of Xian to see its terra cotta warriors, an archaeological treasure. Four years later, he strolled Red Square in Moscow with Mikhail S. Gorbachev.

Bill Clinton took a full day off on a trip to Turkey to tour the remains of the ancient civilization at Ephesus.

That has not been Bush's style.

Still, on Thursday, he squeezed in a favored pursuit.

Between the tour of Chichen Itza and the first of his diplomatic meetings, he worked up a sweat in the hotel gym.

Senate Tackles Immigration As Bill's Backers Seek Support (WSJ)

By David Rogers

The Wall Street Journal, March 31, 2006

WASHINGTON -- The Senate plunged into debate on landmark immigration legislation even as supporters worked to consolidate the 60 votes needed to cut off any filibuster and win passage next week.

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The opening day showed more passion than progress with major amendments postponed until Monday. House conservatives lashed out at the proceedings, saying the White House was jeopardizing Republican lawmakers by moving forward on such a sensitive issue this election year. But after a meeting with Mexican President Vicente Fox, President Bush said he was "optimistic we can get a bill done."

"We have a prodigious path ahead of us," warned Senate Judiciary Committee Chairman Arlen Specter (R., Pa.).

Sen. John McCain (R., Ariz.) said the debate was a "defining moment" in American history.

"Are we going to continue a rich tradition of welcoming new blood and new vitality, or are we going to adopt an isolationist, protectionist attitude and policies that are a betrayal of the very fundamentals of this great nation?" Mr. McCain said. "By God, we have to continue those traditions of freedom and democracy and hope."

As reported by the Senate Judiciary Committee on Monday, the measure would create new guest-worker programs and legalize the status of an estimated 11 million undocumented workers who are already in the U.S.

In deference to Majority Leader Bill Frist (R., Tenn.), debate had been confined to a much-narrower border-security bill favored by conservatives and the House. But at noon yesterday, Mr. Specter was allowed to bring out the broader Judiciary measure that will be the focus going forward.

Democrats believe they can deliver 42 votes for the bill, and Mr. McCain's office appeared confident that 18 Republicans can be found to bridge the difference and invoke cloture to cut off a filibuster. But Mr. Frist said last night that "cloture doesn't have the votes to pass now even if they had all 45 Democrats."

The White House's worst fear regarding the legislation is that it will collapse in the Senate, denying Mr. Bush the chance of getting the House to consider a more comprehensive approach to immigration.

Senators are finding it hard to find middle ground on the question of whether undocumented workers, already in the U.S., should be allowed to both legalize their status and eventually apply for citizenship.

"I won't accept a repetition of the mistake of 1986," said Sen. John Cornyn (R., Texas), speaking of an amnesty offered then by the Reagan administration and Congress in similar circumstances.

Mr. Specter angrily dismissed the "smear of amnesty," and said any illegal who comes forward now would be subject to fines, back taxes and an 11-year waiting period before becoming a citizen.

"I, right now, would not support the bill if it stays exactly the way it is," Mr. Frist said. He warned against pushing too fast for a vote on cloture before Republicans had had a chance to express themselves.

"Everybody struggles with it. I struggle with it," he said, and in addressing the millions of workers in the U.S., he urged proponents to look for a compromise short of an outright path to citizenship.

"You could design a separate class, not a track which is what they have now, which allows people to continue to work," he said. "There's no way you can take 11 million people and send them back either right now or three to four years from now. But you could design a system that doesn't give you a leg up at all to citizenship."

"Immigrants don't come to America to change America," said Sen. Mel Martinez (R., Fla.), who fled Cuba as a child. "Immigrants come to be changed by America."

Tuning In To Anger On Immigration (WP)

By Shailagh Murray And T.r. Reid

The Washington Post, March 31, 2006

The first time Rep. Tom Tancredo got really angry about immigration, the year was 1975, and he was a junior high school social studies teacher in Denver. The state had recently passed the nation's first bilingual education law, and Hispanic kids were taken from his class to study in Spanish.

That idea made zero sense to Tancredo, the grandson of Italian immigrants. He believed that newcomers should be assimilated into the country, as they had been for generations. The image of America as a beacon for people from all over the world uniting under one flag and one language was threatened, he contended, if the country started adapting to immigrants, instead of the other way around.

A year later, Tancredo launched a political career animated by his obsession to stem the tide of immigration from Mexico and Central America that he feared would change the character and security of the country. Today, the four-term Republican House member stands at the center of a national debate over how best to deal with the nearly 12 million illegal immigrants in the United States. Tancredo helped the House pass a bill in December that would impose criminal sanctions on illegal immigrants and those who employ them and that would erect a wall along 700 miles of the U.S.-Mexican border to keep others out.

That legislation has triggered massive protests throughout the country and prompted a Senate committee this week to pass an alternative measure with a guest-worker program that would help many illegal immigrants eventually win permanent residency or even U.S. citizenship.

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Tancredo, 60, has so effectively tapped into the anger of millions of Americans who favor a crackdown on illegal immigrants and tougher measures at the border that the back-bench Republican is considering making a bid for president in two years. But in Washington, he is viewed warily by Democrats, the White House and even some of his Republican colleagues as a loose cannon or even a zealot.

After Tancredo suggested in 2002 that President Bush's views on immigration amounted to a national security threat, White House political adviser Karl Rove told him, "Don't ever darken the door of the White House" -- although Tancredo later was invited to the White House for a bill signing.

Democrats have criticized him for stoking anti-immigration sentiment, although some see his tactics as helping them by driving Hispanic American voters in Florida, California and other states away from the Republican Party. "I'm all for more and more nuts in their party speaking up," said Rep. Rahm Emanuel (D-Ill.), who chairs the House Democrats' congressional campaign committee. "I want more of those guys."

Tancredo shrugs off the criticism. "It's not a secret that I have burned a lot of bridges here," he said in an interview this week. "My ability to get anything done around here is based around my ability to make this into a national issue. My megaphone is pointed at the ear of America."

A ubiquitous presence on the airwaves, Tancredo has appeared more than 1,000 times on radio talk shows in recent years and has become a television news mainstay. He has traveled widely around the country, including the early presidential caucus and primary states of Iowa and New Hampshire. His office averaged 4,566 pieces of mail per month during the first quarter of this year. When Tancredo was scheduled as a guest on ABC's "This Week" last Sunday, he received 300 "good luck" e-mail messages before his appearance and 700 "good job" e-mails after the show.

The relentless media exposure, along with polls indicating that many Americans support a border crackdown and the deportation of illegal immigrants, has given Tancredo considerable influence over the immigration legislation now unfolding in Congress. "He's a force because he represents what a lot of people think," said Steven Camarota of the Center for Immigration Studies, which favors less immigration. "He's only a gadfly in Washington."

For many frustrated, scared and angry suburbanites and small-town residents, Tancredo is a hero, one of the very few Washington politicians who take their fears seriously. They believe undocumented, mostly Hispanic workers are taking jobs that ought to go to citizens, flooding schools and boosting the crime rate, and that the country's open borders pose a security threat.

"My parents were immigrants," says Mark Solinsky, an independent voter from the sprawling Denver suburb of Highlands Ranch, a part of Tancredo's suburban Colorado district. "Came from Poland. In the '20s. But I think now, this new wave of immigration poses a problem. We've got to have tougher laws. And, you know, that's what Tancredo always talks about. So I would say, yeah, he's right on that. We need some leadership on that."

Republican Ed Clousing, of Littleton, a suburb at the foot of the Rockies, said: "I am so mad at our government. And I know Tom Tancredo is mad, too. Because there's nobody up there trying to protect what's right about our country."

Tancredo's congressional district includes suburb after suburb, an expanse of new homes, schools, shopping malls and golf courses spreading across the high plains south and west of Denver. The district is about 88 percent white, and the residents are prosperous, with a median income ($74,000) almost twice the national average. The share of Hispanic residents, 6 percent, is the lowest of any Colorado district.

Tancredo, a self-described religious right Republican, grew up on the north side of Denver, taught in junior high school, and was elected to the state House in 1976 at the age of 30. He was part of a group called "the crazies," who advocated the elimination of the sales tax on food and utilities, and was a critic of public education.

But immigration has always been his chief preoccupation, and he made a name for himself after winning election to Congress. Tancredo strongly opposes any programs to accommodate illegal workers already living in the country and, after the Sept. 11, 2001, terrorist attacks, he supported the most stringent possible border enforcements.

Tancredo helped to shape a House bill, approved in December, that would impose stiff penalties on employers who hire illegal workers and would require businesses to eventually run the names of every employee through a national database to confirm their legality. The bill would end the "catch and release" policy for immigrants other than Mexicans who are caught sneaking into the country. Five double-layer border fences would be built in California and Arizona, stretching 698 miles at a total cost of more than $2.2 billion.

The House proposal has sparked huge protests in Phoenix, Detroit, Los Angeles and elsewhere. The Senate is now debating legislation that would take a more permissive and forgiving approach, by creating a guest-worker program and issuing more visas for professionals.

Tancredo is particularly riled at the business community, which he says has become "addicted to cheap labor." Employers are a driving force behind the guest-worker program and other Senate provisions that amount to "nearly universal amnesty" for

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the 12 million people currently living in the United States illegally, Tancredo says. He routinely chides Bush, Sen. John McCain (R-Ariz.) and other GOP colleagues for bowing to corporate pressure, despite the potential social problems and security threats.

Polls indicate that about 60 percent of Americans oppose guest-worker programs and three-quarters of Americans believe the government is doing too little to secure the nation's borders.

Democrats acknowledge concerns about the issue, but it is Republicans who are in the most difficult spot. One lawmaker trying to juggle law-and-order voters with business pressures is Sen. Jon Kyl (R-Ariz.), who is fighting for reelection in November. His state is the birthplace of the Minutemen, a citizens' border patrol founded after Sept. 11. It was also the site of one of the biggest rallies against the House bill, held last week in Phoenix.

To keep the heat on Kyl, Tancredo issued a news release titled "Tancredo to Kyl: Just Say No to Amnesty," urging the senator to vote against the guest-worker proposal in committee, which Kyl did. But the Arizona Republican refused to comment about Tancredo's influence over the immigration debate. "I don't want to talk about it," he grumbled while dashing for an elevator.

The Great Senate Immigr'A'tion Debate (WP)

By Dana Milbank

The Washington Post, March 31, 2006

It was all fire and brimstone as House Republicans gathered yesterday in the Capitol basement to denounce their Senate counterparts for proposing to legalize illegal immigrants.

Rep. Steve King (R-Iowa), behind a pulpit adorned with a "Just Say No to Amnesty" sign, thundered: "Anybody that votes for an amnesty bill deserves to be branded with a scarlet letter, 'A' for amnesty, and they need to pay for it at the ballot box in November."

Stand down, Hester Prynne. Adultery is so 17th-century.

At the precise moment the House GOP was turning all puritanical, Sen. Arlen Specter (R-Pa.), author of the Senate legislation, was in the television studio announcing that he would not wear the "A" for amnesty. "There is an effort far and wide to try to degrade the committee bill by the smear of amnesty, and it simply is not amnesty," he said -- repeating his denial four times in a minute.

The world's greatest deliberative body is at it again. The Senate has begun a momentous debate about securing the nation's borders, and what to do about the millions of illegal immigrants already here. So far, however, the lawmakers have not advanced much beyond a linguistic debate about the meaning of the A-word.

"I believe we have a bill which is not justifiably categorized as amnesty," Specter announced.

Majority Leader Bill Frist (R-Tenn.) countered that the Senate bill is "what most Americans will see as amnesty."

"It is not amnesty," Specter rebutted. "This word 'amnesty' is a code word. It is a code word to try to smear good-faith legislation."

Sen. Mel Martinez (R-Fla.), the chamber's lone immigrant, said the "loudest voices" should not "make a definition of what amnesty is and what amnesty should be."

The loud-voiced Sen. Jeff Sessions (R-Ala.) was unmoved. "In every sense of what people mean by amnesty, it's amnesty," he said. "If it's not amnesty, it's the same thing as amnesty. That's just what it is." The Alabama lexicographer brandished the scarlet letter a half-dozen times more. "By any standard definition of the word 'amnesty,' this bill has it," Sessions maintained. "I know that's a loaded word, and I don't want to be playing around demagogically with the word 'amnesty.' "

One man's amnesty, of course, is another man's "earned citizenship," as Sen. Patty Murray (D-Wash.) put it yesterday. The legislation, for the record, would pardon immigrants' illegal entry if they pay a fine and back taxes, go through a background investigation and learn English.

But the use of the word "amnesty" -- more than 50 times on the Senate floor yesterday -- says much about the immigration debate. Proponents of the "guest-worker" path toward legalization appear to have gained the upper hand; Specter seems to have the votes in the Senate, and House Speaker J. Dennis Hastert (R-Ill.) is rethinking his chamber's hostility to a guest-worker plan. Opponents, therefore, need to escalate the rhetoric and invoke the A-word.

Democrats, who favor the guest-worker plan, called in a polling firm, Lake Research Partners, to provide talking points to counter the amnesty charge. "Lead with an enforcement message," the firm advised, and propose "reasonable solutions" that are also "tough and fair." Lake continued: "Immigrants have to pay taxes . . . and be learning English."

Senate Minority Leader Harry M. Reid (D-Nev.) hit all the points: "We need tough and smart enforcement at the border and throughout the country. We need realistic immigration laws that bring immigrants out of the shadows, paying taxes, learning English and contributing to our communities."

Other senators sampled their own buzzwords to counter the dreaded amnesty allegation: "We are a nation of immigrants" and "Bring people out of the shadows."

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But these soft and gauzy slogans were no match for the anti-amnesty crowd of House Republicans, who stood in front of a banner with the word AMNESTY in 18-inch letters and a slash through it.

"It would be like a dinner bell" to immigrants, pronounced Bob Beauprez (R-Colo.). "If you are here illegally and want to fly the Mexican flag, go to Mexico," proposed Virgil H. Goode Jr. (R-Va.). "I say let the prisoners pick the fruits," said Dana Rohrabacher (R-Calif.), adding, "I would hope that the American people are smart enough to smell the foul odor that's coming out of the United States Senate." Asked if President Bush, who supports a guest-worker plan, has a similar stench, Rohrabacher replied: "No comment."

But King topped them all, asserting that a "ruling class" of Americans have "made enough money by hiring cheap illegal labor that they think they also have some kind of a right to cheap servants to manicure their nails and their lawn."

Over in the Senate, the linguistic dispute continued to rage. "Tantamount to an amnesty program," judged David Vitter (R-La.). "It is not amnesty," said Dianne Feinstein (D-Calif.). "Some people might perceive that what is granted is an amnesty," posited John Cornyn (R-Tex.). "This does not sound like amnesty to me," chimed in Blanche Lincoln (D-Ark.).

Only Sen. Judd Gregg (R-N.H.) retained his composure. "I think that's a straw dog, to be very honest with you, this argument of amnesty," he observed. "The debate is misfocused in some ways when the word 'amnesty' becomes the hot button, nomenclature versus the more substantive question."

Another remark like that, and Gregg will be wearing the scarlet letter.

Political Parties Pressured On Immigration (AP-Y2)

By Ron Fournier

AP2, March 30, 2006

Arizona's leaders are in a tizzy over immigration, pressured by political crosswinds that reflect the growing national debate over how to control U.S. borders.

Republicans are bashing Republicans. The Democratic governor is in cahoots with a GOP senator. Both parties fear voter backlash.

Bordering Mexico, Arizona may be the perfect spot to show the state of policy and politics of U.S. immigration.

In a word, it's a mess.

"You'll find every view in Arizona," jokes Rep. Jeff Flake (news, bio, voting record), a conservative Republican from Mesa.

In the House, he has backed the approach of the state's most notable politician, GOP Sen. John McCain (news, bio, voting record), who wants to give illegal immigrants a clear path to citizenship through work.

McCain's position puts him on the side of President Bush and the U.S. Chamber of Commerce — and many prominent Democrats, including Arizona Gov. Janet Napolitano and liberal icon Sen. Edward Kennedy (news, bio, voting record) of Massachusetts.

Arizona's junior senator, Republican Jon Kyl, also wants to help the estimated 11 million illegal immigrants remain in the United States legally, but his approach would make it harder for them. He wants illegal immigrants to return to their native countries before returning as so-called guest workers.

Then there is another conservative Arizona lawmaker, Rep. J.D. Hayworth (news, bio, voting record), who has written a book that proposes building a fence along the U.S.-Mexico border, using armed forces to help patrol the region and denying citizenship to the U.S.-born children of illegal immigrants.

There is unanimity on one point in Arizona: illegal immigration is a major problem.

The state is the largest gateway for illegal immigrants, accounting for 54 percent of the 1.1 million apprehensions nationwide during the 2004 fiscal year. It is home to an estimated 500,000 illegal immigrants out of the state's population of about 6 million, a costly drag on health care, education and law enforcement budgets.

"Arizona has been devastated by this issue," McCain said.

Long considered a federal problem, limited to a few "gateway states" such as California and Arizona, illegal immigration is now a front-burner issue across the country.

Illegal immigrants are moving to states like North Carolina, Iowa, Ohio and Georgia as they seek jobs and establish communities. North Carolina alone had 390,000 illegal immigrants in 2004, nearly 16 times its number in 1990, according to a Pew Hispanic Center analysis.

Last year, Napolitano and Democratic Gov. Bill Richardson of New Mexico declared immigration emergencies in their border counties. Napolitano recently signed an order to expand the National Guard's presence at Arizona's porous border.

At a news conference this week, Napolitano praised McCain's bill while calling Kyl's approach "a fictional system." She chastised the GOP-led House for passing a bill that focuses solely on border reinforcement rather than also dealing with illegal immigrants already working in the U.S.

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"The House bill is a terrible bill for Arizona," she said.

The backbiting didn't stop there.

Hayworth accused fellow Republicans of carrying water for business interests who want the cheap labor provided by guest-worker provisions.

"It's the ultimate corporate welfare scam," he said on the "Imus in the Morning" television and radio program.

Flake, a guest-worker supporter, objected when Hayworth's plan was called conservative. "I don't think it's conservative to ignore the problem," he told The Associated Press. "If you don't have a plan to deal with those here illegally now, that's a huge part of the problem."

The political stakes are huge. Hispanics are the fastest-growing group of voters, and President Bush has helped double the GOP's share of the Hispanic vote since 2000.

McCain said those gains are at risk. "This issue has galvanized the Hispanic population in Arizona," he said, pointing to protests this week in Arizona and several other states against the crackdown on illegal immigration.

"First, this is a warning to my party that we have to be sensitive about this issue," McCain told The AP. "Secondly, the Hispanic community risks a backlash if it become unruly or too many Hispanic flags — and not enough American flags — are at these protests."

"These are sensitive times."

Sensitive, indeed, for McCain and other candidates lining up for 2008 presidential bids. They include Senate Majority Leader Bill Frist, who staked out a position to the right of McCain, and Democratic Sen. Hillary Rodham Clinton, who accused House Republicans of passing a bill that would criminalize "even Jesus himself."

Polls show the issue has the potential to divide Democrats as well as Republicans. Many working-class Democrats resent what they consider to be a constant flow of cheap labor. The hard-line House bill was backed by 36 Democrats, including those considered most in danger of losing their seats in November.

Still, the fear is most palpable among GOP leaders. Republican Party chairman Ken Mehlman said his party's challenge is to improve border security "and do it in a way that is pro-immigrant."

"Franklin Roosevelt built a durable Democratic coalition because large groups of American Catholics, Jews and ethnics" who otherwise shared Republicans values "were convinced that the Republican Party did not like them," Mehlman said. "So we have to be careful."

These being sensitive times, Mehlman was speaking on the telephone from Phoenix, where he was meeting with Hispanics.

Divided US Senate Debates Immigration Reform (AFP-Y2)

AFP, March 30, 2006

A fractured US Senate opened debate on reforms to immigration laws, which have sparked demonstrations across the country.

The debate, likely to carry on for days, will consider whether to create a foreign guest worker program, how best to seal the lengthy southern border with Mexico, and what to do with the estimated 11.5 million undocumented workers in the United States.

"The level of illegal immigration is unacceptable," said Democrat Ken Salazar from the western state of Colorado. "Our immigration laws are not working, we have broken borders and we must fix the problem."

Salazar emphasized that after the September 11, 2001 attacks it was "critical that we get control of our borders" as a "matter of national security" -- a view widely repeated by his colleagues in the past months.

Immigration reform plans has especially split President George W. Bush's majority Republican Party, which controls the House of Representatives and the Senate.

Bush presented a reform plan that increases the number of Border Patrol agents and allows some undocumented workers to register for legal status -- and ultimately, if they qualify, for US citizenship.

But hard-line Republicans in the House of Representatives in December approved a bill making unapproved US entry a crime, and included plans to build a wall along parts of the border.

The proposal touched off mass protests in US cities. More than 500,000 people demonstrated in Los Angeles last Saturday and there were new smaller protests there by school students on Thursday.

The Senate is seeking a possible compromise that would reinforce border security but also allow work visas and eventual residency for some migrants.

The House and the Senate must agree on any new immigration rules, and the measure then has to be signed by the president to become law.

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Complicating factors include the November mid-terms elections, in which opposition Democrats hope to win back seats. And with several legislators hoping to run for president in 2008, there has been broad popular demands for increased border security.

The senators are trying to reach a decision before a two-week recess starts on April 7.

"It'll be a daunting task to finish this bill on that schedule," said Republican Senator Arlen Specter. "But we've undertaken daunting tasks before and succeeded -- but it can be done only if we have cooperation from the members."

Many analysts say the debate goes to the heart of what it means to be an American in a country that has long prided itself on being a nation of immigrants.

Salazar himself reminded his colleagues that "virtually every person in America has a story to tell about its immigrants roots."

Senate Calls For Study Into Immigrant Deaths (LAT)

By Nicole Gaouette

The Los Angeles Times, March 31, 2006

WASHINGTON — The Senate today approved an amendment to launch a study of how many illegal immigrants die trying to cross U.S. borders, which Majority Leader Bill Frist (R-Tenn.) described as "an immense humanitarian tragedy."

The 94-0 vote — the first of several votes the Senate is expected to take this afternoon as it continues debating immigration reform — provided little hint of the tumultuous votes to come.

In an emotional debate that pits the needs for post-9/11 border security against the economic and humanitarian concerns of the estimated 12 million illegal immigrants already in the country, senators often got personal.

"I know emotions are running high," said Sen. Dianne Feinstein (D-Calif.). Dismissing calls to make criminals of illegal immigrants, Feinstein said, "How do you find 12 million people?"

Describing three illegal immigrants who have made contributions to the country, Feinstein added, "This is their home. They are a vital and necessary part of the American workforce."

In the hours and days to come, legislators were expected to debate a dual approach to immigration.

One, offered by Frist, would crack down on illegal immigration by increasing the number of Border Patrol agents and updating their technological detection devises.

The bill would also require the detention of all illegal immigrants, and make it unlawful to hire one.

Sen. Dick Durbin (D-Ill.) on Wednesday called the Frist approach "un-American."

The competing legislation, a Senate Judiciary Committee bill offered by its chairman, Sen. Arlen Specter (R-Pa.), would provide some Border Patrol protections — adding 12,000 agents in the next five years, to double the force, and make building a tunnel under the U.S. border a crime.

It would also allow most illegal immigrants now in the country to apply for a six-year guest worker card. Those not in the country could petition for a green card if sponsored by an employer. Guest workers would have to wait five years to apply for U.S. citizenship, and would become eligible after 11 years.

In addition, the bill would provide so-called blue cards for illegal immigrants who are agricultural workers, and remove penalties against humanitarian workers and clergymen who help illegal immigrants.

The Judiciary Committee bill won support of all eight committee Democrats and three Republicans: Mike DeWine of Ohio, Lindsey Graham of South Carolina and Sam Brownback of Kansas. Conservative columnists Robert Novak and David Brooks editorialized today about the importance of immigration to America's economy and history.

In the House, which passed a border enforcement bill in December, Speaker J. Dennis Hastert (R-Ill.) said he remains open to compromise.

"Our first priority is to protect the border," he said. "And we also know there is a need in some sectors of the economy for a guest worker program."

Like many following the debate, Hastert said he is eager to "see what the Senate comes forward with."

Conservatives Stand Firm On Immigration (NYT)

By Carl Hulse And Rachel L. Swarns

The New York Times, March 31, 2006

WASHINGTON, March 30 — Conservative House Republicans bluntly warned their leaders Thursday against any immigration compromise that would allow temporary foreign workers and assailed a Senate proposal that would open the way for illegal immigrants to earn citizenship.

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"My fear is that if we continue down this path that the Senate has established, that we will have created the biggest magnet ever," said Representative Bob Beauprez, a Colorado Republican. "It would be like a dinner bell, 'Come one, come all.' "

But the bipartisan authors of a Senate plan that would combine new border protections with a temporary worker program and a process for illegal immigrants to qualify for residency and eventually citizenship said they thought they were gaining support as the Senate moved deeper into its immigration fight.

Senator John McCain, the Arizona Republican who helped write the plan approved Monday by the Senate Judiciary Committee, called the debate a defining moment in the nation's history.

"Are we going to continue our rich tradition of hundreds of years of welcoming new blood and new vitality to our nation?" Mr. McCain asked. "Or are we going to adopt a protectionist, isolationist attitude and policies that are in betrayal of the very fundamentals of this great nation of ours, a beacon of hope and liberty and freedom throughout the world?"

Supporters of Mr. McCain's plan said that President Bush's comments in recent days have suggested he was moving toward their position. Under Mr. McCain's proposal, illegal immigrants would be granted permanent residency and the opportunity to apply for citizenship only after foreigners who have followed the rules by applying for residency from their countries have been processed.

In a speech on Thursday in Cancún, Mexico, where President Bush was meeting with President Vicente Fox, Mr. Bush said, "If they want to become a citizen, they can get in line, but not the head of the line."

The sharp divisions among Republicans illustrated the difficulty Congress would have in reaching agreement, particularly with midterm elections looming. Lawmakers and Senate officials said the climactic votes would come next week as senators considered amendments and a choice between the Judiciary Committee plan and a proposal by Senator Bill Frist, the majority leader, that focuses on tougher law enforcement.

As the debate rages in Washington, the Pew Research Center for the People and the Press and the Pew Hispanic Center released a national survey indicating that ordinary Americans are also deeply divided over how to handle the 11 million illegal immigrants thought to be living in the United States.

The poll, conducted between Feb. 8 and March 7, found that 53 percent of the 2,000 people surveyed believed that illegal immigrants should be required to return home, while 40 percent said they should be granted some legal status that allows them to stay in the United States.

Forty-nine percent said that increasing penalties for employers who hire illegal immigrants would be most effective in reducing illegal immigration. One-third preferred increasing the number of border patrol agents while 9 percent favored the construction of fences along the Mexican border.

And while 65 percent said that immigrants mostly take jobs that Americans do not want, the survey found that a growing number of people believe immigrants are a burden, taking jobs and housing and creating strains on health care.

House conservatives emphasized such concerns at a news conference on Thursday. Worried that their party's leadership was weakening in its opposition to plans that would allow illegal workers to remain in the United States, more than a dozen House members staged a "Say No to Amnesty" event after Speaker J. Dennis Hastert suggested on Wednesday that the House might consider a temporary worker program.

Representative Dana Rohrabacher, Republican of California, dismissed arguments made by President Bush and business leaders who say the United States needs a pool of foreign workers. He said businesses should be more creative in their efforts to find help and suggested that employers turn to the prison population to fill jobs in agriculture and elsewhere.

"Let the prisoners pick the fruits," Mr. Rohrabacher said. "We can do it without bringing in millions of foreigners."

With the Senate considering a worker and citizenship plan starkly at odds with the House approach, Representative Tom Tancredo, Republican of Colorado and a leading advocate of tough immigration laws, said House conservatives wanted to make clear their resistance to any worker program. "Push is coming to shove," Mr. Tancredo said.

Despite the outcry from the right, Representative John A. Boehner, the majority leader, said the House would await a bill from the Senate before making firm decisions. "To stand here today and guess at what it might look like and how we might deal with an issue is a lot of speculation that we don't need to engage in," Mr. Boehner said.

While backers of the bipartisan measure said they were making inroads, opponents of the citizenship proposal said they were not so sure. "The more people find out what is in it, I think there will be more unease," said Senator Jeff Sessions, Republican of Alabama. Like other critics of the legislation, Mr. Sessions said it could be characterized as amnesty for illegal immigrants.

Authors of the measure bristled at that label. Senator Arlen Specter, Republican of Pennsylvania and chairman of the Judiciary Committee, described it as a smear intended to build resistance to the legislation.

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"It is not amnesty because the undocumented aliens will have to pay a fine," he said. "They will have to pay back taxes. They will undergo a thorough background investigation. They will have to learn English. They will have to work for six years. And they will have to earn the status of staying in the country and the status of moving toward citizenship."

Hill Conservatives Warn Bush Of Amnesty Anger (WT)

By Charles Hurt

The Washington Times, March 31, 2006

House conservatives yesterday issued a dire warning to President Bush and Republican leadership that they will pay a devastating political price if they proceed with a guest-worker program or anything resembling amnesty for illegal aliens before securing the borders and enforcing existing immigration laws.

"They will remember in November," Rep. J.D. Hayworth, Arizona Republican, said of voters nationwide. "And many of those who have stood with our Republican majority in the last decade are not only angry, many of them plan to be absent from the polls" this year when the entire House and one-third of the Senate is up for re-election.

Mr. Hayworth and more than a dozen other House Republicans pointed to polls that show overwhelming support for their strict-enforcement stance and advised Mr. Bush and GOP leaders in both chambers to "listen to the common sense of the American people."

One Republican, Rep. Dana Rohrabacher of California, fired a warning shot specifically at Sen. John McCain. The Arizona Republican widely expected to be a 2008 presidential hopeful at that moment was holding a press conference across the Capitol with, among others, Sen. Edward M. Kennedy, Massachusetts Democrat.

"Those elected officials who are insisting on a guest-worker program and diluting the efforts of border security and internal enforcement are telling the American people exactly whose side they are on," Mr. Rohrabacher said. "The American people now have that opportunity to make that determination, and they will. Senator McCain and others will find out about that, when they find their own career is short term."

Those sentiments were only buttressed, the lawmakers said, by the images in recent days across the country of thousands marching in opposition to tough immigration reform.

"I say if you are here illegally and want to fly the Mexican flag, go to Mexico and wave the American flag," said Rep. Virgil H. Goode Jr., Virginia Republican.

Senate action yesterday was confined to a single unanimous vote to study fatalities among foreigners sneaking across the desert into the United States. But Senate Judiciary Committee Chairman Arlen Specter, Pennsylvania Republican, officially introduced his committee's 471-page proposal that would fine illegal aliens but allow them to remain in the U.S. while applying for citizenship.

Although conservatives in both chambers excoriated the Specter plan as "amnesty," other Republicans said momentum was shifting toward what they called a "comprehensive" border security bill that includes a guest-worker program that provides illegal aliens with a path to citizenship.

"Among the Republican conference, I see a shift toward a comprehensive view to solve this problem," said Sen. Lindsey Graham, South Carolina Republican, who is among four Republicans who voted for Mr. Specter's proposal in committee. "From a Republican point of view, we need to be wise in the way we deal with this politically."

Mr. Graham attended yesterday's McCain-Kennedy press conference, along with Sen. Joe Lieberman, Connecticut Democrat.

"Our reforms need to reflect the realities," Mr. McCain said. "We need guest workers in this country. There are some jobs Americans are simply unwilling to do."

And House leaders again appeared willing to discuss the broader plan.

"When we get to the conference, we'll talk about it," said Majority Leader John A. Boehner of Ohio.

On Wednesday, House Speaker J. Dennis Hastert told reporters that a guest-worker program is needed.

"Our first priority is to protect the borders," he said. "We also know there is a need in some sectors of this economy for a guest-worker program."

But Mr. Rohrabacher called the guest-worker proposal "the foul odor that's coming out of the United States Senate."

There is no need for such a program, he said.

"We do not need more people from foreign countries coming in taking the jobs of Americans and bidding down our wages. We can do those jobs, even in the fields," Mr. Rohrabacher said.

Anyone who supports such a proposal, said Rep. Steve King of Iowa, should be "branded with a scarlet letter A," for "amnesty."

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As for who might be willing to take up the hard labor many illegal aliens now perform on U.S. farms, Mr. Rohrabacher had a suggestion.

"The millions of young men who are prisoners around our country can pick the fruits and vegetables," he said. "I say let the prisoners pick the fruits."

Mr. Rohrabacher offered a terse "no comment" when asked whether his "foul odor" comment also applied to Mr. Bush, who first proposed a guest-worker plan more than two years ago. Mr. Rohrabacher later added: "The American people can take a deep breath and determine for themselves what smells and what doesn't and where it's coming from."

According to a poll by the Pew Research Center and Pew Hispanic Center released yesterday, 52 percent of Americans view immigrants as a burden because they take jobs and housing -- up from 38 percent in 2000 -- compared with 41 percent, who believe they strengthen the country. The poll also found 53 percent of Americans support sending illegals home, while 40 percent said they should be put on some sort of path toward citizenship.

Rep. Tom Tancredo, the Colorado Republican who leads the House immigration reform caucus, offered a simple explanation for why Mr. Bush is pushing a guest-worker program that voters don't want.

"He's not running for re-election," Mr. Tancredo said yesterday. "I wish that he would recognize the dangerous position he would place himself in and the rest of his agenda if the Republicans lose the House and Senate, which they could easily do on this issue.

"Although he's not running for re-election, I wish he would think about the party. And, of course, I wish he'd think about the country."

House Conservatives Blast Immigration Bill (AP-Y2)

By David Espo

AP2, March 30, 2006

House conservatives criticized President Bush, accused the Senate of fouling the air, said prisoners rather than illegal farm workers should pick America's crops and denounced the use of Mexican flags by protesters Thursday in a vehement attack on legislation to liberalize U.S. immigration laws.

"I say let the prisoners pick the fruits," said Rep. Dana Rohrabacher (news, bio, voting record) of California, one of more than a dozen Republicans who took turns condemning a Senate bill that offers an estimated 11 million illegal immigrants an opportunity for citizenship.

"Anybody that votes for an amnesty bill deserves to be branded with a scarlet letter A," said Rep. Steve King (news, bio, voting record) of Iowa, referring to a guest worker provision in the Senate measure.

Their news conference took place across the Capitol from the Senate, where supporters and critics of the legislation seemed determined to heed admonitions from both Bush and Senate Majority Leader Bill Frist to conduct a dignified, civilized debate.

The House has passed legislation to tighten border security, while the Senate approach also includes provisions to regulate the flow of temporary workers into the country and control the legal fate of millions of illegal immigrants already here. Bush has broadly endorsed the Senate approach, saying he wants a comprehensive bill.

It was the second day in a row that congressional Republicans aired their differences on an issue that directly affects the fastest growing segment of the electorate. Under Bush's leadership, the Republicans have made dramatic inroads among Hispanic voters, and party strategists fret that the immigration debate could jeopardize their gains.

On Wednesday, leading GOP senators disagreed whether the legislation amounted to amnesty.

There was no such debate at the news conference in the House, where not a word was spoken in defense of the Senate bill and even Bush was not spared criticism.

"I don't think he's concerned about alienating voters, he's not running for re-election," said Rep. Tom Tancredo of Colorado. He said Republicans could lose the House and Senate over the immigration issue, and he said of the president: "I wish he'd think about the party and of course I also wish he'd think about the country."

Referring to a wave of demonstrations in recent weeks, Rep. Virgil Goode (news, bio, voting record) of Virginia said, "I say if you are here illegally and want to fly the Mexican flag, go to Mexico and wave the American flag."

King analyzed the issue in class terms.

"The elite class in America is becoming a ruling class and they've made enough money by hiring cheap illegal labor that they think they also have some kind of a right to cheap servants to manicure their nails and their lawn, for example.

"So this ruling class, this new ruling class of America, is expanding a servant class in America at the expense of the middle class of America, the blue collar of America that used to be able to punch a time clock, buy a modest house and raise their families. ... Those young people are cut out of this process."

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Rep. J.D. Hayworth (news, bio, voting record) of Arizona and others said Republicans would pay a price in the midterm elections if they vote for anything like the Senate legislation. "Many of those who have stood for the Republican Party for the last decade are not only angry. They will be absent in November," he said.

Rohrabacher said Americans should be able to "smell the foul odor that's coming out of the U.S. Senate."

Asked a few moments later whether the same odor was emanating from the president, he said, "I have no comment."

Rohrabacher, King and others stood at a podium decorated with a bumper sticker reading "Say No to Amnesty," as the Senate slogged through a second suspenseless day of debate.

The only vote of the day came on a proposal by Frist for a study of the number and causes of deaths at the U.S.-Mexico border. It passed 94-0.

The more difficult choices lie ahead next week, when critics of the bill are expected to try to strip out the guest worker provision and roll back the provisions relating to 11 million illegal immigrants already here.

Sen. Arlen Specter (news, bio, voting record), R-Pa., the chairman of the Judiciary Committee, has said repeatedly he hopes to find a compromise that is more broadly acceptable than the legislation that cleared his committee over the objections of six Republicans.

"There's a movement afoot to find consensus," said Sen. Lindsey Graham (news, bio, voting record), R-S.C., who voted for the bill that cleared committee.

He said the president's statements "have been hugely helpful."

Immigration Divides Allies (WP)

By Jonathan Weisman

The Washington Post, March 31, 2006

New economic research that pits native-born workers against low-skilled immigrants in a struggle for jobs and wages has fueled a rift between some of Washington's most liberal lawmakers and their allies in economics and labor, who fear that the Democratic Party is pushing an immigration policy that forsakes the party's working-class mainstay.

The quarrel comes as the Senate debates a proposal to bring millions of immigrants into the legal workforce. A growing body of economic research contends that the recent surge of foreign workers has depressed wages for low-skilled workers, especially for high school dropouts, and has even begun displacing native-born workers. That benefits employers, higher-income consumers and the economy at large, but it may exacerbate the problems of the working class.

"What immigration really does is redistribute wealth away from workers toward employers," said George J. Borjas, an economist at Harvard University's John F. Kennedy School of Government.

As with so many economic quandaries, other researchers have come to virtually the opposite conclusion. Those economists maintain that an expanding economy, spurred in part by plentiful low-wage labor, has created more jobs on the bottom of the income chain, absorbing the new immigrants with little or no impact on wages.

But the work of Borjas and other economists is becoming a wedge in the Democratic Party. Citing Borjas's work, Sen. Byron L. Dorgan (D-N.D.) denounced the Senate immigration bill yesterday, saying: "This is clearly a corporate strategy to keep wages low. It clearly will replace the jobs of American workers."

At issue is a guest-worker provision that would allow hundreds of thousands of foreign workers legal access to the U.S. labor market each year and the impact those new low-wage workers would have on stagnant wages. An unusual coalition of business groups, immigration advocates and labor unions with large immigrant memberships have come together to support the guest-worker program proposed by Sens. Edward M. Kennedy (D-Mass.) and John McCain (R-Ariz.).

Kennedy, the Senate's liberal lion and an unflagging ally of organized labor, says the legislation he co-wrote would help all low-wage workers by applying minimum-wage laws and other workplace protections to immigrants and undocumented workers, who are often exploited.

The AFL-CIO and many economists strongly disagree.

Guest-worker programs "cast workers into a perennial second-class status and unfairly put their fates into their employers' hands, creating a situation ripe for exploitation," AFL-CIO President John J. Sweeney said this week. "They encourage employers to turn good jobs into temporary jobs at reduced wages and diminished working conditions and contribute to the growing class of workers laboring in poverty."

Over the past decade, economists such as Borjas have examined the impact of a surge of illegal immigration on wages and the economy at large. Most agree that the influx has had a small but positive impact on the national economy, holding down consumer prices, improving the productivity of the workforce and increasing demand for goods and services.

Upper-middle-class consumers can dine at restaurants, stay at hotels, and have their cars hand-washed and their house windows cleaned for far less than they would without illegal immigration. An abundant supply of low-wage workers may have

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spurred more investment in labor-intensive businesses. Giovanni Peri, an economist at the University of California at Davis, estimates that immigration in the 1990s actually boosted the average wage of native workers by 1.1 percent.

"The fact is the economies of Texas, Illinois, California, New York, and half the country would collapse if tomorrow we could click our fingers and have every undocumented worker out of the country," said Steven M. Ladik, an immigration lawyer with Jenkens & Gilchrist in Dallas. "Construction, hospitality, the medical industry, manufacturing -- all these key segments of our economy are dependent upon these people."

But some of those macroeconomic gains have come at the expense of low-wage workers, especially the 10 percent of the labor force that dropped out of high school. In recent years, competition from low-skilled immigrant workers has reduced the wages of high school dropouts by as much as 8 percent, Borjas said. For a worker earning $20,000 a year, such a drop can be substantial.

Looking at annual earnings, the percentage losses are in the double digits, said Andrew Sum, director of Northeastern University's Center for Labor Market Studies, because jobs that once provided year-round employment are increasingly becoming temporary.

A Northeastern University study found that nearly 86 percent of all newly employed workers hired from 2000 to 2005 were immigrants. For men, the statistics were more stark. In that time, the labor market for men rose by 2.66 million while 2.77 million foreign-born men found work. In other words, Sum said, immigrants have begun replacing native-born male workers.

"Young guys are being displaced by immigrants," he said. "Some of my good liberal friends take issue, but if you're a young worker under 25, poorly educated, probably African American, the higher the share of new immigrants in your community, the worse your employment prospects are becoming."

Critics say competition for low-wage jobs would only increase under the legislation approved by the Senate Judiciary Committee this week, which would not only allow undocumented workers to find lawful jobs but would also offer 400,000 temporary work visas annually to foreign workers.

"What they're doing is increasing the pool of people eligible to compete for the very limited resources that are available for people at the bottom," said Carol M. Swain, a political scientist and law professor at Vanderbilt University. "The obligation of the nation should be for the people who have been here for decades."

Not all economists see it that way. David Card, an economist at the University of California at Berkeley, said the recent surge of low-wage immigration has had virtually no impact on wages. That may be because the presence of abundant, low-skilled workers has allowed companies to expand to absorb them. Higher profits at a restaurant allows an owner to open another one. Ethan G. Lewis, an economist at the Federal Reserve Bank of Philadelphia, suggested that companies are forsaking adoption of new technologies in favor of old-fashioned labor -- a trend that would help absorb low-skilled immigrants but could hurt innovation and high-wage work in the long run.

Most See Visa Program As Severely Flawed (WP)

By S. Mitra Kalita

The Washington Post, March 31, 2006

Somewhere in the debate over immigration and the future of illegal workers, another, less-publicized fight is being waged over those who toil in air-conditioned offices, earn up to six-figure salaries and spend their days programming and punching code.

They are foreign workers who arrive on H-1B visas, mostly young men from India and China tapped for skilled jobs such as software engineers and systems analysts. Unlike seasonal guest workers who stay for about 10 months, H-1B workers stay as long as six years. By then, they must obtain a green card or go back home.

Yesterday, the House Judiciary Committee heard testimony for and against expanding the H-1B program. This week, the Senate Judiciary Committee approved legislation that would increase the H-1B cap to 115,000 from 65,000 and allow some foreign students to bypass the program altogether and immediately get sponsored for green cards, which allow immigrants to be permanent residents, free to live and work in the United States.

But underlying the arguments is a belief, even among the workers themselves, that the current H-1B program is severely flawed.

Opponents say the highly skilled foreign workers compete with and depress the wages of native-born Americans.

Supporters say foreign workers stimulate the economy, create more opportunities for their U.S. counterparts and prevent jobs from being outsourced overseas. The problem, they say, is the cumbersome process: Immigrants often spend six years as guest workers and then wait for green card sponsorship and approval.

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At the House committee hearing yesterday, Stuart Anderson, executive director of the National Foundation for American Policy, a nonprofit research group, spoke in favor of raising the cap. Still, he said in an interview, the H-1B visa is far from ideal. "What you want to have is a system where people can get hired directly on green cards in 30 to 60 days," he said.

Economists seem divided on whether highly skilled immigrants depress wages for U.S. workers. In 2003, a study for the Federal Reserve Bank of Atlanta found no effect on salaries, with an average income for both H-1B and American computer programmers of $55,000.

Still, the study by Madeline Zavodny, now an economics professor at Agnes Scott College in Decatur, Ga., concluded "that unemployment was higher as a result of these H-1B workers."

In a working paper released this week, Harvard University economist George J. Borjas studied the wages of foreigners and native-born Americans with doctorates, concluding that the foreigners lowered the wages of competing workers by 3 to 4 percent. He said he suspected that his conclusion also measured the effects of H-1B visas.

"If there is a demand for engineers and no foreigners to take those jobs, salaries would shoot through the roof and make that very attractive for Americans," Borjas said.

The Institute of Electrical and Electronics Engineers-USA says H-1B salaries are lower. "Those who are here on H-1B visas are being worked as indentured servants. They are being paid $13,000 less in the engineering and science worlds," said Ralph W. Wyndrum Jr., president of the advocacy group for technical professionals, which favors green-card-based immigration, but only for exceptional candidates.

Wyndrum said the current system allows foreign skilled workers to "take jobs away from equally good American engineers and scientists." He based his statements about salary disparities on a December report by John Miano, a software engineer, who favors tighter immigration controls. Miano spoke at the House hearing and cited figures from the Occupational Employment Statistics program that show U.S. computer programmers earn an average $65,000 a year, compared with $52,000 for H-1B programmers.

"Is it really a guest-worker program since most people want to stay here? Miano said in an interview. "There is direct displacement of American workers."

Those who recruit and hire retort that a global economy mandates finding the best employees in the world, not just the United States. And because green-card caps are allocated equally among countries (India and China are backlogged, for example), the H-1B becomes the easiest way to hire foreigners.

It is not always easy. Last year, Razorsight Corp., a technology company with offices in Fairfax and Bangalore, India, tried to sponsor more H-1B visas -- but they already were exhausted for the year. Currently, the company has 12 H-1B workers on a U.S. staff of 100, earning $80,000 to $120,000 a year.

Charlie Thomas, Razorsight's chief executive, said the cap should be based on market demand. "It's absolutely essential for us to have access to a global talent," he said. "If your product isn't the best it can be with the best cost structure and development, then someone else will do it. And that someone else may not be a U.S.-based company."

Because H-1B holders can switch employers to sponsor their visas, some workers said they demand salary increases along the way. But once a company sponsors their green cards, workers say they don't expect to be promoted or given a raise.

Now some H-1B holders are watching to see how Congress treats the millions of immigrants who crossed the borders through stealthier means.

Sameer Chandra, 30, who lives in Fairfax and works as a systems analyst on an H-1B visa, said he is concerned that Congress might make it easier for immigrants who entered the U.S. illegally to get a green card than people like him. "What is the point of staying here legally?" he said.

His Houston-based company has sponsored his green card, and Chandra said he hopes it is processed quickly. If it is not, he said, he will return to India. "There's a lot of opportunities there in my country."

Houston Students Protest (NYT/AP)

By The Associated Press

The New York Times, March 31, 2006

HOUSTON, March 30 (AP) — Dozens of students were arrested or cited on Thursday and a principal was disciplined for flying a Mexican flag in front of the school as protests continued in Texas over immigration legislation in Congress.

A spokesman for the school district would not say how the principal, Robert Pambello, would be disciplined. Mr. Pambello is the principal at Reagan High School, where 88 percent of the students are Hispanic.

The students who were arrested were among thousands in Texas and elsewhere who left class this week to rally in support of immigrants.

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They were arrested after 150 students left class and refused to get on buses to return, Lt. Robert Manzo of the Houston police said. The police arrested 26 students there, and 5 ran away and were later found in a parking lot. All were charged with violating the curfew ordinance, and one, a 19-year-old, was arrested for hindering traffic, Lieutenant Manzo said.

The Houston school district police issued curfew violation citations to 67 other students.

Student Protests Grow, Spread To Md. (WP)

By Tara Bahrampour And Jamie Stockwell

The Washington Post, March 31, 2006

Demonstrations among high schoolers and middle schoolers spread yesterday as 1,500 students in Northern Virginia and a smaller group in Maryland poured into the streets to protest proposed federal legislation that would crack down on illegal immigrants.

Draped in flags of Latin American countries and ignoring threats from some school administrators, students from Arlington County, Fairfax County and Falls Church left school -- or skipped going altogether -- to converge at Ballston Metro and march to Courthouse Plaza in Arlington.

Although several District and Maryland schools have significant Latino populations, students in these areas have been slower to protest. Yesterday, however, about 300 students at Albert Einstein High School in Kensington staged a brief walkout.

It was the third time this week that large numbers of Northern Virginia students have joined nationwide protests against proposed legislation that would make being an illegal immigrant a felony and make it a crime to assist them.

Yesterday's walkouts elicited a variety of responses from school officials, from nods of support from principals and teachers to threats of suspension from district officials.

Many students said they worried their parents could be deported after years -- or decades -- of working and paying taxes in the United States.

"We're fighting for our parents and their rights 'cause they fight for us," said Jessica Montufar, 17, a junior at Washington-Lee High School in Arlington, "GUATEMALA" written on her arm in black marker.

Montufar, whose parents emigrated from Guatemala 20 years ago, said as a U.S. citizen it was her responsibility to speak out for them. "Our parents, if they would be out here protesting, they have a fear that they could be sent back," she said.

At Courthouse Plaza, students held placards that denounced House Resolution 4437 and shouted, "America was built by immigrants!" and "We are not criminals!"

Kellie Mylko, 15, a sophomore at Washington-Lee, said she helped organize the effort to show that students "have a voice."

"We are the next major bloc of voters," she said. "They need to know what we think."

As with protests earlier this week, students learned of the action by word of mouth, fliers, text messages, and the Web site MySpace.com.

Apparently worried that schools would bar students from leaving, one flier's author warned students not to enter school buildings. However, school officials in Arlington, Fairfax and Falls Church said students were not locked in or prevented from leaving. In fact, Bob Snee, principal of George Mason High School in Falls Church, said some parents had called to approve their children's departures, making their absences excused. Prince William and Fairfax counties have similar policies.

In Arlington, absences for protests are considered unexcused, regardless of parental permission. Arlington schools spokeswoman Linda Erdos said one unexcused absence on an otherwise good record would not hurt a student, but chronic absences would lower grades and could lead to in-school suspensions. Erdos said 600 to 700 Arlington students, including 60 middle schoolers, joined yesterday's march.

Some Fairfax students said they had heard students with unexcused absences could face suspension or, for organizers, expulsion. Fairfax schools spokesman Paul Regnier said it was too early to know what the punishments would be.

In Prince William County, school officials said that, effective Wednesday, students with unexcused absences due to protests would be suspended until a meeting could be arranged with their parents to decide on a punishment.

But Arlington students said many faculty members were supportive. "On Tuesday [when a similar march took place] one of our vice principals said that he was really proud of us," said Elizabeth Raftery, 18, a senior at Wakefield High School.

And at Montgomery County's Einstein, one student reported that many teachers left their classrooms and clapped to show support.

In a letter to parents yesterday, Arlington School Superintendent Robert G. Smith said that "demonstrations regarding civic issues represent a longstanding tradition in our democratic society," but encouraged students to protest outside school hours. Protests were planned today by students from other Northern Virginia schools.

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In Arlington, more than 100 police officers from Arlington, the Pentagon, Fairfax County and the state watched over the march, said Arlington police spokesman Matt Martin, adding that the hour-long protest was peaceful. Afterward, students were ferried back to their schools in buses sent by their districts.

Linda Slape, 14, a freshman at Wakefield and an organizer, said she was not worried about missing class.

"This is more important, because this is now and school is for the next four years," she said. "We want to do something that makes a difference today."

Principal Raises Mexican Flag, Faces Discipline (WT)

By Valerie Richardson

The Washington Times, March 31, 2006

HOUSTON -- A high-school principal who raised the Mexican flag on a campus flagpole as a show of support for Hispanic students was disciplined yesterday as the school district grappled with massive student walkouts.

Robert Pambello, principal of John H. Reagan High School in Houston, received "appropriate disciplinary action," said Terry Abbott, a spokesman for the Houston Independent School District, adding that no details would be released because it was a personnel matter.

Mr. Abbott said the principal was attempting to avert a walkout sparked by the debate over immigration reform in Congress by agreeing to raise the distinctive red, green and white flag Wednesday in exchange for students' staying in class.

"He was working with students at the school to try to avoid a walkout situation by raising the Mexican flag underneath the American and Texas flags," Mr. Abbott said. "They didn't walk out, but it was the wrong thing to do."

Mr. Abbott, who described the principal as "a good educator with a good record," said Mr. Pambello lowered the flag immediately after receiving word from the school district.

"As soon as word reached us, we called and told him to take it down, and he did," the spokesman said.

The flying of the Mexican flag came during a week of protests and walkouts nationwide among Hispanic students and other critics of legislation that would erect barriers at the U.S. border with Mexico to prevent illegal entry.

In Houston yesterday, Superintendent Abelardo Saavedra urged students to stay in school after 1,400 left classes over a three-day period, and suggested that they stage rallies before or after classes instead. Police arrested 26 student protesters yesterday for curfew violations.

Those who continue to walk out will be "severely disciplined," Mr. Abbott said. The district has 208,000 students, 58 percent of whom are Hispanic.

Flying the Mexican flag has become a flash point, particularly in border states, among those who feel overwhelmed by the number of foreigners illegally entering the United States. In Houston, the flag-flying episode fueled a backlash on local talk radio among callers who saw the move as an attack on U.S. sovereignty.

"I don't like having any foreign flag shoved in my face while someone tries to bully me into doing something," KTRH-AM talk-show host Chris Baker said.

Raul Ramos, a history professor at the University of Houston, called the furor "overblown," saying that displaying the Mexican flag alongside the U.S. flag historically has been regarded as a symbol of partnership.

"Flying the flag is a ceremonial practice. In this case, the Mexican flag has nothing to do with citizenship or politics; it has to do with ethnic pride," Mr. Ramos said.

Even so, he said he received a half-dozen critical e-mails after similar comments on the flag incident appeared recently in the Houston Chronicle.

"I've got one that says, 'You should be fired and sent back to Mexico,' " said Mr. Ramos, who was born in the United States.

Immigration And The GOP (WSJ)

The Wall Street Journal, March 31, 2006

As Congress battles over immigration, the consequences are likely to be far greater than the details of border walls or green cards. The most important political outcome may turn out to be the message that Republicans send about the kind of the party they are and hope to be.

To wit, do Republicans want to continue in the Reagan tradition of American optimism and faith in assimilation that sends a message of inclusiveness to all races? Or will they take another one of their historical detours into a cramped, exclusionary policy that tells millions of new immigrants, and especially Hispanics, that they belong somewhere else?

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Admittedly that paints with a broad brush, but politics is often about broad symbolism, and this is roughly the Republican choice presented by President Bush's approach on the one hand, and that of Tom Tancredo and his platoon of talk-show hosts and Tory columnists on the other.

Let us quickly say that not every American concerned about immigration is part of the latter group. The breadth of new immigration, legal and illegal, in recent years has literally changed the face of America. Our own view is that this has been mostly for the better -- in revitalized inner cities, a younger workforce to fuel a dynamic economy, and in general helping America avoid the senescent future of other industrial nations.

But there have also been costs, and parts of America have borne more than have others. The border states in particular have experienced more crime and social disruption, as well as the cost to local taxpayers of "free" health care and education for illegal immigrants. To the extent they work and pay rent, illegals do pay for those government services. But we don't dismiss lightly the anxiety that many Americans feel at this rapid pace of demographic change. Well meaning politicians, such as Arizona Senator Jon Kyl, who feel obliged to respond to that anxiety in this election year are not part of the nativist brigades.

The issue is the form and message that response takes. For Republicans in the House especially, the approach has been to send the most punitive message possible to both illegals and anyone who assists or hires them, no matter how innocently. They're backed by a small but vocal band of "conservative" media who denounce any rational idea for legalizing the 11 million illegals already in the U.S. as "amnesty."

Never mind that even under the most liberal proposals now in Congress, current illegals would have to pay a fine, learn English, and wait upward of a decade to qualify for citizenship. And no matter that these pseudo-conservatives have no alternative policy, other than to arrest and deport millions in a way that would cause far more social and economic disruption than we have now.

Such a punitive policy would alienate business owners and religious conservatives among the GOP base. But because the policy is aimed largely at Hispanic immigrants, it will also rightly be seen as a specific ethnic rebuke. Millions of Hispanics -- both illegals and those who have been here for decades -- will get the message that the Republican Party doesn't want them. Those Republicans who shout "no amnesty" and want to make illegally crossing the Rio Grande a felony are well on their way to creating a generation or more of new Democratic voters.

This is a mistake Republicans have made too many times before. In the 1920s, their anti-immigration bills alienated Catholic newcomers from Europe, who weren't open to GOP appeals in any numbers until the Reagan years. In postwar Hawaii, Republicans made the same mistake with Asians and Pacific islanders, turning that state safely Democratic. And most recently, in 1994 in California, they rode Pete Wilson's Proposition 187 to a short-term re-election victory but at the cost of polarizing Hispanic voters and making themselves the minority party in our largest state.

First as Texas Governor and then in the White House, Mr. Bush has wisely tried to change this anti-immigration image of the GOP. Among Hispanics in particular, he has made enormous progress. Bob Dole won 21% of the Hispanic vote in 1996, Mr. Bush improved that to 35% in 2000 and again to 44% in 2004. Given that the Hispanic share of the electorate has climbed to 8% in 2004 from 2% 20 years ago, and is likely to climb to 12% by 2020, Republicans who ignore Hispanic voters are guaranteeing themselves future political defeats.

Yes, some pundits insist, often in their own immigrant accents, that every naturalized Hispanic is a future Democratic voter. But Hispanics have never been the political monolith that African-Americans are. Cubans have voted Republican since they started migrating in the Castro era, and millions of other Hispanics have shown they are as open to GOP appeals as any other ethnic group as they rise in income and homeownership. But conservative ideas on taxes, crime and foreign policy will never get a future hearing if Republicans now send a message that they are only a party of Anglos, or only of those Hispanics who've been here since the days of the Alamo. * * *

The immediate danger is that Republicans will ignore their longer-term interests by passing a punitive, and poll-driven, anti-immigration bill this election year. Any bill that merely harasses immigrants and employers, and stacks more cops on the border, may win cheers in the right-wing blogosphere. However, it will do nothing to address the economic incentives that will continue to exist for poor migrants to come to America to feed their families. And it will make permanent enemies of millions of Hispanics, without doing anything to draw illegals out of the shadows and help them assimilate into the mainstream of American culture and citizenship.

This is not Ronald Reagan's view of America as a "shining city on a hill." It is the chauvinist conservatism usually associated with the European right. How Republicans conduct and conclude their immigration debate will show the country which kind of "conservative" party they want to be.

California's Enlightened Duo (LAT)

The Los Angeles Times, March 31, 2006

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CALIFORNIA'S TWO SENATORS HAVE not distinguished themselves in recent years on immigration issues, but this week it has been heartening to see them on the correct side of the momentous debate in the Senate. California is an iconic state of immigrants in this iconic nation of immigrants, and its representatives in Washington should be on the side of enlightened reform.

Within the last few weeks, Democrats Barbara Boxer and Dianne Feinstein have gone from skeptical to supportive on comprehensive reform. In late February, when the Senate began to confront in earnest the issue of a guest-worker program for current and future immigrants, Boxer and Feinstein weren't biting. Feinstein only would support an agricultural guest-worker program, despite having rejected a somewhat similar initiative in April 2005.

But this week, both senators came out swinging in favor of a broader guest-worker program. Feinstein has been especially inspiring. Two of her amendments won approval in the Judiciary Committee: the agricultural guest-worker program and a measure to criminalize building border tunnels.

And in an eloquent speech on the floor of the Senate on Thursday, she pointed out that the chamber's compromise bill (in contrast with the measure passed by the House) is a security-enhancing bill that also addresses "the very real needs of our economy." Feinstein drew on her experience studying the agricultural industry — she has met with farm owners and farmworkers. She talked about asking each of California's 58 county welfare departments to post job openings in agriculture in a push to attract U.S. workers, only to find that not one person responded to the advertisements.

Feinstein went on to praise the much-demonized undocumented workers at the center of the debate. Speaking of one family, the Plascencias, she said: "This family has worked hard to achieve the financial security their children now enjoy. This includes a home they purchased three years ago in San Bruno. They own their car. They have medical insurance. And they have paid their taxes. It is very clear to me, and I think to a majority of Americans, that this family has embraced the American dream, and their continued presence in our country would do much to enhance the values we hold dear."

Feinstein acknowledged the importance of the moment: "We have an opportunity to chart a new destiny for a lot of people." And she and Boxer have an opportunity to chart a new legacy for themselves — as senators who were on the right side of history.

Immigration Reform: Benefits Vs. Liabilities (USAT)

USA Today, March 31, 2006

What people are saying about the immigrant issue:

Parsons (Kan.) Sun, in a signed editorial by Ann Charles: "There is more than enough discussion going on right now about illegal immigrants and congressional proposals to stop them, punish them and export them. Unfortunately, much of that discussion is based on gut feelings rather than rational thinking. ... While a U.S. House-passed bill would make the presence of these laborers a felony and require fencing 700 miles of the border along Mexico, the reality of that would cause an earthquake in the U.S. economy. This isn't to say that illegal workers should be ignored, but one only has to listen to the voices at booming construction sites to know that housing complexes are being built by them. They are also the ones who make hotel beds, change towels, provide landscaping and yard services and vacuum Corporate America. ... Knock out 8 million of those jobs with the passage of a poorly thought out piece of feel-good, American chest-beating legislation, and the immediate consequences to the economy would be devastating."

Middletown (Ohio) Journal, in an editorial: "The federal government's unwillingness to secure our borders and to stop the steady rush of people illegally coming into the United States threatens to overwhelm local communities' resources, services and employment opportunities. The numbers of illegal immigrants are so great that nearly every state in the Union has been affected. ... It's time for Congress and the White House to do their jobs."

Desert Dispatch, Barstow, Calif., in an editorial: "A realistic approach to immigration is necessary. On one hand, it's simply ludicrous to think there's any way we would be able to round up millions of illegal immigrants and remove them from the country in the first place, and parts of our economy would stop functioning even if we could. On the other hand, it's absolutely irrational to ignore the security problems the nation faces by having millions of people in the country essentially outside 'the system,' undocumented and unknown individuals. While some worry about crimes caused by illegal immigrants, it's also worth noting that their undocumented status also makes it harder for them to get help when they're the victims. A guest-worker program is probably the smartest, most rational way of splitting the difference. Those immigrants committed to contributing to our nation's economy will be rewarded. Those who are a drain on our nation will not."

Jay Bookman, deputy editorial page editor of The Atlanta Journal-Constitution, in a column: "The modern era of runaway, all-but-unregulated illegal immigration has a birthday — May 13, 1998. ... On that date, about 45 federal immigration officials launched a raid on the Vidalia onion fields of southeast Georgia, where thousands of workers — 70% to 90% of them illegal — had been brought to pick the crop. But instead of being lauded for enforcing the law, the Immigration and Naturalization Service

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came under blistering attack from Georgia's congressional delegation. ... INS officials were forced to halt the raid and take the extraordinary step of granting 'temporary amnesty' to the illegal workers it had arrested so they could go back to picking onions. ... From that point forward, the INS abandoned any serious effort to enforce federal law. ... The issue of workplace enforcement is all but ignored. In truth, U.S. officials have no real interest in trying to halt the influx of illegal immigrants to this country."

The Lufkin (Texas) Daily News, in an editorial: "It would be difficult to find even one American citizen who has not benefited in some way from the fruit of undocumented workers' labor. And with the exception of full-blooded Native Americans, every American is either descended from immigrants or is an immigrant himself. ... We don't want to do without cheap labor and low prices. We aren't willing to take low-paying, menial jobs. ... We've got to find a workable solution to this problem. 'Send them back' isn't it. Let's all just admit that, and move on."

Bastiat Knows What Frist Doesn't About Immigration (WSJ)

By Daniel Henninger

The Wall Street Journal, March 31, 2006

It was in 1924 that the men of the U.S. Congress for the first time in the nation's history explicitly inserted the word "Immigration" in the title of a national law. Until then immigration laws were more precise in their purpose -- as in the Chinese Exclusion Act of 1882. It may be considered progress of a sort that any immigration law likely to emerge from this Congress will not be titled the Mexican Exclusion Act of 2006.

Instead, the debate over the illegal presence of Mexicans and others with Hispanic surnames is said to be over "respect for the law." President Bush affirmed this in a recent radio address: "America is a nation of immigrants, and we're also a nation of laws."

"Respect for the law" is part of the American bedrock. As Alexis de Tocqueville rightly said, each voter indirectly contributes to the making of our laws, and "however irksome an enactment may be, the citizen of the United States complies with it . . . because it originates in his own authority." That is the high-road argument against the illegal Mexicans.

Another 19th-century Frenchman close to the hearts of American conservatives is Frederic Bastiat, who had a further thought: "The surest way to have the laws respected is to make them respectable." Is our immigration law "respectable"? Need you ask?

America is a nation of laws by now so numerous that it provides jobs for more lawyers per capita than any nation on earth. They serve as legal lifeguards, saving mostly honest citizens from the legal system's capricious undertow. Medical malpractice and asbestos are two areas of law for which "respect" is about zero. A law's existence requires compliance, but not respect.

Some of the anti-Mexican sentiment likely reflects an embarrassed awareness of our degraded laws, and so it has chosen to draw a line in the legal sand over immigration. That won't change the fact that U.S. immigration law is a disrespectable morass.

Swaths of American business openly ridicule the immigration law regulating so-called H-1B temporary visas for highly skilled non-citizen engineers and computer scientists. This controversial boom-and-bust employment morass exists because there is no rational system to give permanent, green-card status to these non-citizen workers and their families. Insisting on "respect" for a law that is doing damage to the nation's economy is cutting off one's nose to spite one's face. That is a bad habit.

The immigration law asking for respect is simply a system of legislated quotas, not much more than a numbers game. The people who play this game -- anyone seeking entry to the U.S. for a spouse, sibling, child or worker -- make monthly visits to the State Department's Web-based Visa Bulletin. Have a look; it actually resembles a bingo card.

Across the top of the grid are the major immigration source countries -- China, India, Mexico, the Philippines and a column for others. Down the left side are family-preference categories, such as 2A, spouses and children, who consist of "77% of the overall second preference limitation, of which 75% are exempt from the per-country limit." Each box, based on a numerical quota, lists the original application year of people nearing acceptance to enter. Filipino brothers and sisters who are now reaching the front of the line applied in 1983. The process has its own word for backlog: "retrogression." We should not be surprised or affronted that so many newcomers who've arrived via this bloodless, hostile bureaucracy then disappear into ethnic enclaves. * * *

What exactly is driving anti-immigration sentiment? Breaking the law? Securing our borders? Terrorism? Medicaid outlays? Assimilation? Distaste for Spanish-speaking Mesoamericans? Talk radio? Of all the forces that now shape politics in the U.S, only one has primacy: the polls. The Wall Street Journal/NBC poll and others have concluded that most people oppose a path to permanent legal status of illegal immigrants already here. But why?

If you're John McCain, Bill Frist and maybe even Arizona Rep. J.D. Hayworth, who is most closely associated with the notion of building a Great Wall of Mexico, you're going to try to guess what's on voters' minds. Plumbing the mind of a congressman is beyond my ken, but the ideas of presidential candidates matter. The Frist plan, released on St. Patrick's Day,

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reflects these polls and presumably the GOP base. It would hammer employers of illegal immigrants with high fines and even jail time, and it offers no guest-worker provision, The McCain plan, essentially that which emerged this week from the Senate Judiciary Committee, breeds 14,000 new Border Patrol chasers but also requires the federal government to get into the guest-worker business, as it did from 1942 to 1964 with the bracero program, which rationalized worker flows.

No matter what the polls say, I think Mr. Frist's reading of the public mind is wrong, and Mr. McCain has it about right. Those polls produce about as much understanding of beliefs about immigration as did the analysis of the "moral values" vote after the 2004 election. In fact, I think the two phenomena are related.

Most Americans understand their heritage and do not want now to be "anti-immigrant." They don't want to be party to an 11-million-person round-up and deportation. What they want is a politics that takes seriously their anxieties, anxieties that involve not just immigrants but general unease about the direction of a turbulent, constantly changing U.S. culture, as in that 2004 presidential vote. So amid all that, along comes a major social movement -- 11 million "undocumented" workers. Assimilation? Heck, people who've lived here all their lives don't feel assimilated into their own culture anymore.

It's not a coincidence that the first push-back Immigration Act emerged in the Roaring Twenties, another period of abrupt social disruption and anxiety with heavy immigrant inflows from southern Europe. It may be too much to hope, but the purpose of political leadership in such times is to find a path toward our best lights rather than our darkest impulses. At the moment, Senator Frist of Tennessee isn't measuring up.

A Meltdown We Can't Even Enjoy (WP)

By Eugene Robinson

The Washington Post, March 31, 2006

It's frustrating. The three overlapping forces that have sent this country in so many wrong directions -- the conservative movement, the neoconservative movement and the Republican Party -- are warring among themselves, doing their best impression of crabs in a barrel, and sensible people can't even enjoy the spectacle. That's because it's hard to take pleasure in the havoc they've caused and the disarray they will someday leave behind.

Factions within the conservative movement have been engaged in escalating skirmishes over what, exactly, the label "conservative" should mean. This week the fight is over illegal immigration. The nativists and xenophobes want mass deportation and a Berlin Wall looming over the Rio Grande. The cultural determinists lose their studied, academic poise the moment they hear brown-skinned people speaking Spanish or see them waving a Mexican flag. Watch your blood pressure, people, because Cinco de Mayo is just a few weeks away.

The social conservatives seem to be hopelessly conflicted about immigration. They have a kind of immune-system reaction against this unchecked inflow of aliens who look suspiciously like carriers of alien values. But, as some conservative commentators have noted, the immigrants flooding across the border are more likely to have traditional, family-and-church values than many native-born Americans. Does . . . not . . . compute.

Meanwhile, the small-government, tight-money conservatives have finally reached the point of utter disgust about another issue -- the fact that George W. Bush and a conservative Congress have presided over a massive expansion of government and an explosion of debt. For this group, having to point to Bill Clinton as a model of fiscal probity redefines the word "galling."

The neoconservative civil war is simpler to map, because it's all about Iraq. After a long period of denial, even the most fervent and evangelical of the neocons are now forced to admit that this whole Iraq thing hasn't quite worked out the way they expected. Those who advocate staying the course can read the polls. They see that bringing out their dictionaries, pointing to the definition of "civil war" and splitting hairs isn't doing much to stanch the flow of public opinion.

When one of the neocon movement's stalwarts, Francis Fukuyama, declared himself a turncoat recently in a new book -- he questions not only the war but the whole premise of neoconservatism as a real-world philosophy -- his erstwhile compatriots reacted with the shrill bitterness of a rejected lover. It's the kind of intellectual food fight that's almost always fun to watch, except that it's about Iraq, and there's nothing funny about Iraq.

The conflict within the Republican Party is about two primal urges, fear and ambition. Suddenly there is the chance -- not the probability but the possibility -- that the Republicans will lose control of the House or the Senate this fall. At the same time, presidential hopefuls with an eye on 2008 are jockeying for position. That combination of circumstances is turning problems into crises, and crisis management is not the ideal way to run a country.

That's what is happening with immigration. Majority Leader Bill Frist has the Senate in a lather, as if all 12 million illegal immigrants in the country suddenly arrived last Thursday. I'm sure that has nothing to do with the fact that he'd like to run for president.

It would all be entertaining if the stakes weren't so high. Iraqis and Americans are dying; the treasury is bleeding; real people, not statistics, are at the center of the immigration debate. Iran is intent on joining the nuclear club. Hallowed American

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traditions of privacy, fairness and due process are being flouted, and thus diminished. As the powers-that-be self-destruct, the powers-that-would-be -- Democratic leaders and all Americans who've seen enough of this movie -- need to put together an alternative program that will begin to undo some of the damage the conservative-neocon-GOP nexus has wrought.

To this point, I think the Democratic Party has done just what it needed to do, which was basically to sit back and watch the other side wear itself down. When one party is in charge of the White House and both sides of Capitol Hill, there's not much the other party can do anyway. Refusing to draw up articles of impeachment or sign on to Russ Feingold's censure resolution may reflect cold political calculation, but it also acknowledges plain reality: Not gonna happen.

Democrats have behaved with remarkable discipline, which shows how much they believe they need to win this fall and in 2008. What they haven't yet done is communicate a compelling vision of where they will take the country when they are given the reins. Dry position papers, drafted by committee, aren't enough. Make us see a better future.

The Road To Dubai (NYT)

By Paul Krugman

The New York Times, March 31, 2006

For now, at least, the immigration issue is mainly hurting the Republican Party, which is divided between those who want to expel immigrants and those who want to exploit them. The only thing the two factions seem to have in common is mean-spiritedness.

But immigration remains a difficult issue for liberals. Let me say a bit more about the subject of my last column, the uncomfortable economics of immigration, then turn to what really worries me: the political implications of a large nonvoting work force.

About the economics: the crucial divide isn't between legal and illegal immigration; it's between high-skilled and low-skilled immigrants. High-skilled immigrants — say, software engineers from South Asia — are, by any criterion I can think of, good for America. But the effects of low-skilled immigration are mixed at best.

True, there are large benefits for the low-skilled migrants, who may find even a minimum-wage U.S. job a big step up. Immigration also raises the total income of native-born Americans, although reasonable estimates suggest that these gains amount to no more than a fraction of 1 percent.

But low-skilled immigration depresses the wages of less-skilled native-born Americans. And immigrants increase the demand for public services, including health care and education. Estimates indicate that low-skilled immigrants don't pay enough in taxes to cover the cost of providing these services.

All of these effects, except for the gains for the immigrants themselves, are fairly small. Some of my friends say that's the point I should stress: immigration is a wonderful thing for the immigrants, and claims that immigrants are undermining American workers and taxpayers are hugely overblown — end of story.

But it's important to be intellectually honest, even when it hurts. Moreover, what really worries me isn't the narrow economics — it's the political economy, the effects of having a disenfranchised labor force.

Imagine, for a moment, a future in which America becomes like Kuwait or Dubai, a country where a large fraction of the work force consists of illegal immigrants or foreigners on temporary visas — and neither group has the right to vote. Surely this would be a betrayal of our democratic ideals, of government of the people, by the people. Moreover, a political system in which many workers don't count is likely to ignore workers' interests: it's likely to have a weak social safety net and to spend too little on services like health care and education.

This isn't idle speculation. Countries with high immigration tend, other things equal, to have less generous welfare states than those with low immigration. U.S. cities with ethnically diverse populations — often the result of immigration — tend to have worse public services than those with more homogeneous populations.

Of course, America isn't Dubai. But we're moving in that direction. As of 2002, according to the Urban Institute, 14 percent of U.S. workers, and 20 percent of low-wage workers, were immigrants. Only a third of these immigrant workers were naturalized citizens. So we already have a large disenfranchised work force, and it's growing rapidly. The goal of immigration reform should be to reverse that trend.

So what do I think of the Senate Judiciary Committee's proposal, which is derived from a plan sponsored by John McCain and Ted Kennedy? I'm all in favor of one provision: offering those already here a possible route to permanent residency and citizenship. Since we aren't going to deport more than 10 million people, we need to integrate those people into our society.

But I'm puzzled by the plan to create a permanent guest-worker program, one that would admit 400,000 more workers a year (and you know that business interests would immediately start lobbying for an increase in that number). Isn't institutionalizing a disenfranchised work force a big step away from democracy?

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For a hard-line economic conservative like Mr. McCain, the advantages to employers of a cheap work force may be more important than the violation of democratic principles. But why would someone like Mr. Kennedy go along? Is the point to help potential immigrants, or is it to buy support from business interests?

Either way, it's a dangerous route to go down. America's political system is already a lot less democratic in practice than it is on paper, and creating a permanent nonvoting working class would make things worse. The road to Dubai may be paved with good intentions.

TAX:

Judge Questions Clarity Of Prosecution's Tax-Shelter Case (NYT)

By Lynnley Browning

The New York Times, March 31, 2006

A federal judge raised questions yesterday about the prosecution of 16 former KPMG employees over aggressive tax shelters, criticizing prosecutors for what he called murky definitions of fraud and evasion.

The judge, Lewis A. Kaplan of Federal District Court in Manhattan, said he was confused by what prosecutors said was a conspiracy by the defendants to make and sell aggressive shelters that allowed hundreds of wealthy investors to evade $2.5 billion in taxes from 1996 to 2002.

"Was the fraud and evasion in the execution or the design" of the shelters, Judge Kaplan asked during a hearing held to consider defense motions to drop or alter some charges.

Judge Kaplan made no ruling yesterday; he is expected to issue orders on the motions in coming weeks.

The case — with 16 former employees of the accounting firm KPMG, an outside lawyer and an investment adviser as defendants — is unusually large and dauntingly complex. The defendants are scheduled to stand trial in September. Their lawyers say their clients acted lawfully and appropriately.

Yesterday, Judge Kaplan asked prosecutors if they would consider dropping some of the 39 counts of tax evasion and limiting the evidence to be introduced during the trial, "in the interest of getting this thing tried in a single human life span."

Prosecutors say the defendants made, sold and in some cases used for themselves certain tax shelters that they knew would not pass muster with the Internal Revenue Service. They are also charged with cheating on their own and others' tax returns and with lying to government investigators. Not all defendants face the same charges.

One of the original defendants, David Rivkin, a former partner in KPMG's office in San Diego, pleaded guilty last week and agreed to cooperate with prosecutors against the remaining defendants.

Judge Kaplan also questioned aspects of an influential Justice Department memorandum that lays out guidelines on prosecutions of corporations. That document, known as the Thompson memorandum, drafted in 2003 by a deputy attorney general, Larry Thompson, advises prosecutors to grant more lenient treatment to firms facing indictment if they forgo paying the legal fees of potentially culpable employees.

"Frankly, I'm very bothered by it," the judge said, saying the document "puts the government's thumb on the scales" and raises questions about the Sixth Amendment constitutional right to legal representation.

KPMG narrowly avoided indictment and instead reached a $456 million deferred-prosecution agreement in August, in the process admitting criminal wrongdoing and agreeing to cooperate with investigators. But around the same time, KPMG, aware that some of its employees were about to be indicted, ended its longstanding practice of advancing legal fees of as much as $400,000 an employee.

"I find it shameful that the fees haven't been advanced," Judge Kaplan said. "The reality is that you are depriving people of counsel, or at least interfering or impairing."

Some lawyers for the defendants argued yesterday that their clients would go bankrupt financing their defense. One of the defendants, David Greenberg, a former senior tax partner at KPMG, has been unable to come up with the $25 million in bail needed to get out of jail, and appeared at the hearing in prison garb.

In court papers and oral arguments, prosecutors have repeatedly described the complex shelters as consisting of sham and fraudulent transactions, like phantom loans and investments, that generated artificial losses. Investors then cited these to claim tax losses against legitimate income. Lawyers for the defendants argue that they had thought the shelters were legitimate.

To Judge Kaplan's question of whether fraud and evasion occurred in the design or in the carrying out of the shelters, Justin Weddle, an assistant United States attorney, answered, "Both."

No court has ruled the shelters illegal, but the I.R.S. has never considered them valid for deductions.

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Nonetheless, Steven Bauer, a lawyer who represents John Larson, a former KPMG partner who is one of the 18 defendants, said prosecutors had withheld important information detailing, among other things, debate inside the I.R.S. over whether the shelters were legitimate.

Judge Kaplan ordered the prosecution to turn over any withheld information.

Lawyers Argue KPMG Motions (WSJ)

By Paul Davies And Judith Burns

The Wall Street Journal, March 31, 2006

Federal prosecutors and lawyers for 18 defendants facing criminal charges over the sale of questionable tax shelters by KPMG LLP packed a Manhattan courtroom yesterday to argue over motions expected to impact the shape and scope of the case -- and whether it will go forward.

The defendants want the charges dropped, arguing they believed the tax shelters were legal. Prosecutors contend the shelters were sham products designed, sold and implemented to improperly avoid paying taxes. The shelters were sold to about 600 wealthy individuals from 1996 to 2002 and generated about $2.5 billion in tax savings, prosecutors say.

Lawyers for the defendants argued that a separate settlement KPMG reached with prosecutors last year has hampered their clients' defense. The deferred-prosecution agreement required KPMG to admit to criminal wrongdoing and pay $456 million to avoid a criminal indictment that probably would have put the firm out of business. It makes it difficult to get current KPMG employees to testify freely about the case, say defense lawyers.

They also claim prosecutors pressured KPMG into not paying legal costs for those who were indicted. Assistant U.S. Attorney Justin Weddle said the government played no role in KPMG's decision.

But U.S. District Judge Lewis Kaplan said he was "bothered" by the government's influence on KPMG's decision. "I think it's shameful and may be worse than that," Judge Kaplan said.

Separately, three former KPMG auditors settled with the Securities and Exchange Commission over the 2002 audit of Tenet Healthcare Corp. No fines were imposed.

How H&R Block Took Advantage Of Clients (WSJ)

The Wall Street Journal, March 31, 2006

In your March 24 editorial "The Spitzer Savings Plan" you reported that I was upset at the H&R Block Co.

That much is true.

Compared with the array of frauds my office has uncovered -- including biased stock research, improper trading of mutual funds and bid-rigging in the insurance industry -- H&R Block's conduct was in certain ways particularly egregious.

That's because the company was preying on lower-income people, steering them into individual retirement accounts that were virtually guaranteed to lose money because of high fees and low interest rates. And H&R Block had the audacity to suggest that it was actually doing people a favor. Here are the facts to show why that claim is absurd:

H&R Block told its tax preparation customers that its Express IRA "paid great rates" and was a "better way to save." Some 500,000 people signed up. But instead of receiving "great rates," the Express IRA actually paid less than 1% interest at times.

Most importantly, and this is the core of our case, H&R Block failed to tell customers that the Express IRA had substantial fees: a $15 account opening fee; a tax computing fee of up to $20; a $10 account maintenance fee; a $15 re-contribution fee; and a $75 withdrawal fee (later reduced to $25). Customers had no idea that when added together, the fees would exceed the interest paid for 85% of people who opened accounts.

Internal documents show that H&R Block's own tax preparers were appalled by this product and refused to recommend it because "clients won't be happy seeing their investments decreasing."

And the company's own CEO is on record acknowledging that his employees objected to the product because it would just "nickel and dime" their customers, but management went on touting this product without disclosing all the fees.

No true champion of free enterprise, as the Journal purports to be, would defend the failure to properly disclose fees to customers. And no one truly interested in encouraging people to save would recommend H&R Block's Express IRA. After all, how does losing money encourage anyone to save?

Finally, contrary to your characterizations, this case could easily have been settled if the company had simply agreed to return the undisclosed fees.

And for the record, I always get upset when I see people being cheated.

Eliot Spitzer

Attorney General

State of New York

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Albany, N.Y.

CONGRESS-ADMINISTRATION:

Some Speculate On Snow's Treasury Future (AP-Y2)

By Jeannine Aversa

AP2, March 30, 2006

The changing of the guard involving President Bush's chief of staff is renewing speculation about the fate of Treasury Secretary John Snow, the administration's lead economic salesman for three years.

"The president appreciates the job his economic team is doing," White House press secretary Scott McClellan told reporters Thursday, when asked about a New York Times story which said that Joshua Bolten, Bush's incoming chief of staff, wanted to make changes to the economics team and wanted to replace Snow. The Times cited unidentified sources for its story.

McClellan didn't rule out changes at the helm of Treasury, saying Bolten has the authority to recommend personnel changes throughout the Bush administration. But, McClellan added: "Any speculation at this point is way premature."

Bush announced on Tuesday that Bolten, the White House's budget director, would succeed longtime chief of staff Andy Card in mid April.

Snow, 66, took the top Treasury job after the president fired his first Treasury secretary, Paul O'Neill, whose blunt-speaking ways came to irk the White House as well as some Republican and Democratic lawmakers in Congress.

Amid the fresh speculation Thursday that his job could be in jeopardy, Snow said only: "I don't think it's helpful to make a comment on rumors from nameless sources."

A holder of a Ph.D in economics as well as a law degree, Snow had been chief of railroad giant CSX Corp. before taking over Treasury.

He arrived when the U.S. economy was still struggling to get back to full throttle after the 2001 recession and the nation's job market remained in fragile condition. During his tenure, the economy grew stronger and eventually the job market did, too.

Snow has traveled around the country and participated in TV and radio interviews promoting the president's economic policies — including advocacy for a series of tax cuts and for Congress to make them permanent, tax simplification and overhauling Social Security — which stalled out in Congress as Republicans and Democrats balked.

The Treasury secretary also plays an important role in international financial matters. Treasury spokesman Tony Fratto noted that Snow is gearing up for the meeting of the world's richest nations in Washington in late April.

The Treasury secretary also has an extensive travel schedule planned, Fratto said.

Shakeup's Follow-up: Cheney To The NFL? (USAT)

By Al Neuharth

USA Today, March 31, 2006

The Oval Office shakeup that President Bush's critics — and some of his close friends — have been calling for started this week with the "resignation" of chief of staff Andy Card. But for Bush to bounce back from plunging ratings, he must make more drastic White House reorganization. Two moves that might do the trick:

· Lobby to get Vice President Cheney named NFL commissioner, succeeding Paul Tagliabue who resigned last week.

· Then name Secretary of State Condoleezza Rice vice president.

Go ahead, laugh. It may seem funny. But stranger things have happened in politics.

Cheney is the real albatross for Bush. Not only has he pushed the president to most of his bad decisions, but he flaunts them.

The Veep has said repeatedly he will not run for president in 2008. But at 65, he's too young to just shoot quail or other hunters or live quietly in his home state of Wyoming.

Many in demanding but low-paying public service jobs have eyed high salaries and fun in sports. Bush has called Major League Baseball commissioner an ideal job. Rice repeatedly has said her "dream job" was NFL commissioner, although she made the talk show circuit last weekend to pointedly disavow any such ambitions now.

Cheney, who demonstrated as Halliburton's boss that he likes money, makes only $212,000 a year as Veep. Tagliabue earned $8 million annually at the NFL.

If Bush wants a say in picking his successor, and most presidents do, replacing Cheney is a necessary first step. Finding other work for him now makes more sense than faking more serious heart problems to dump him later.

Replacing Cheney with Rice would make her the front-runner for the 2008 Republican presidential nomination.

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Frist Isn't Leaving Behind A Lot Of Fans (LAT)

By Mary Curtius

The Los Angeles Times, March 31, 2006

WASHINGTON -- As he prepares to leave the Senate and position himself for a presidential bid, Bill Frist faces mounting criticism that he has proved an ineffectual majority leader whose legislative agenda increasingly is dictated by his White House ambitions.

Complaints about the patrician Tennessean by fellow Republicans intensified this week, sparked by his decision to force a Senate debate on illegal immigration. Some GOP lawmakers say his move spotlighted a public squabble within the party over a hot-button issue in an election year.

"We should have had a much more ambitious process of trying to build consensus and bringing people and different views together before we engaged in debate on the Senate floor," Sen. Olympia Snowe, R-Maine, told reporters.

But grumbling about Frist and decisions he has made as majority leader were evident before the flap over immigration.

"People have noticed that the (Senate) agenda is driven, at least in part, by issues that he wants to have on the floor, to have accomplishments on," one senior GOP Senate aide said.

He and several other aides interviewed for this story were willing to discuss Frist only on the condition of anonymity, because they and their bosses still must work with him. But their comments reflected the growing discontent with his performance.

"I don't think that he's made much of an impression outside Washington as a strong leader," said David Keene, chairman of the American Conservative Union, a leading advocacy group among Republicans.

Frist declined to respond to the criticisms, but his aides vigorously disputed them. They also argued that he had compiled an impressive list of legislative accomplishments that he would add to before November's elections.

Frist had pledged to serve only two terms when he first campaigned for his Senate seat in 1994. He stood by that promise even after his surprise ascension to the majority leader's job in December 2002.

In the months he has left in the post, Frist must pick his way through a political minefield of legislation in a fiercely partisan atmosphere that makes it hard to achieve results. A dispute over his motives in the immigration debate illustrates the difficulties confronting him.

His decision to introduce a bill restricted largely to cracking down on illegal immigration was widely seen on Capitol Hill as a bid to bolster his credentials with the GOP faction that stoutly opposes any steps toward legalizing the status of undocumented immigrants.

"I don't believe that Senator Frist really seriously wants us to consider immigration reform," said Democratic Whip Dick Durbin of Illinois. "He's more intent on checking a box off of issues that came to the Senate floor this year than action. You can't discount his presidential ambition -- it clearly is part of his political calculus at this point."

Frist said he acted because he was determined to make progress on the issue. "I've got to keep the system moving," he recently told reporters.

But he may have been outmaneuvered by Senate Judiciary Chairman Arlen Specter, R-Penn., and a bipartisan group of senators pushing a measure that, along with beefing up border security, would allow millions of illegal immigrants to apply for citizenship.

After the immigration debate, Frist is expected to turn to other measures that play well with the Republican base, such as proposed constitutional amendments to ban flag burning and define marriage as between a man and a woman. Both amendments have failed to win the two-thirds majority needed to clear the chamber in the past.

He has promised to push for a permanent repeal of the estate tax, which already has been reduced substantively during the Bush administration. Democrats may use a filibuster to block a permanent repeal.

More mundane bills -- such as the spending measures that keep the government running -- may receive relatively little debate.

"Nobody is under the illusion that we will have substantial floor time for appropriations bills this year," a different senior Republican Senate aide said. "Appropriations bills are not sexy; they do not get a lot of positive headlines for the majority leader."

Frist's focus on proposals that might not advance could lend credence to critics' assessment that he has failed to effectively use his power to enact legislative priorities for the GOP.

"I don't think he'll go down as one of the greats," Sen. Trent Lott, R-Miss., whom Frist replaced as majority leader, recently told a Galveston, Texas, newspaper.

Lott refused to elaborate.

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"I think the No. 1 trait of a successful leader is the ability to make the trains run on time," said Keith Ashdown of Taxpayers for Common Sense, a government watchdog group. "(Frist) has had a lot of legislative trains run into each other."

Some Republicans worry that Frist has not delivered the legislative fruits that could help energize GOP voters -- many of whom are demoralized by the Iraq war and the steep federal budget deficit.

"This is almost April ... and what has the Senate gotten done?" a third senior GOP Senate aide said.

The aide noted that the Senate, under Frist's direction, spent much of the last few months rewriting lobbying rules and trying -- and so far failing -- to create a compensation fund for victims of asbestos exposure. Neither effort translates into accomplishments lawmakers can easily boast about in their districts, the third aide said.

"The first quarter is over, and we ain't scored no points."

Many conservatives fault Frist for failing to do more to stem federal spending as the budget deficit has soared.

"I think it is very important that he reconnect the Republicans on Capitol Hill with frustrated economic conservatives all across the country," said Pat Toomey, a former GOP House member from Pennsylvania who heads the conservative Club for Growth.

Frist's staff members say such criticisms are unfair.

"You can only judge him by his accomplishments, not the arbitrary yardsticks thrown around here in the run-up to the presidential campaign," said Eric Ueland, Frist's chief of staff.

Ueland ticked off Frist's successes: the appointment of two conservative Supreme Court justices and a half-dozen other federal judges whom Democrats had threatened to filibuster; an overhaul of the intelligence community; passage of the Medicare prescription-drug bill; a revision of bankruptcy laws.

His allies point out that increasing political polarization already had altered the Senate by the time Frist became its leader.

They also agree that Frist differs in style from most congressional leaders.

"He is a different creature" than the Senate is used to, said Amy Call, Frist's communications director. "He pushes the system, tests the system, finds solutions and brings them forward."

Whether those traits have served him well as majority leader is part of the disagreement over his record.

Frist -- a heart- and lung-transplant doctor whose Web site identifies him as: "Majority Leader Bill Frist, M.D." -- had cultivated an "outsider" identify at the start of his Senate career. He had never been a committee chairman when the White House backed him to replace Lott.

At the time, Frist's medical credentials and his relative lack of legislative experience were billed as pluses; he was a "fresh face" who seemed above the usual political fray.

But many colleagues clearly chafed at what they saw as his failure to abide by the Senate's traditions and rituals.

Thomas Mann, a political scientist at the Brookings Institution think tank who specializes in Congress, said Frist was "probably unique" as majority leader "in his lack of interest in the institution itself and lack of identity with, commitment to and understanding of it."

A Rebuke Rarely Exercised (WP)

By Zachary A. Goldfarb

The Washington Post, March 31, 2006

When the nation was still young and the Constitution only 11 years old, Congress tried for the first time to censure a president.

The British Royal Navy was alleging that a seaman in custody in South Carolina was a fugitive. Without an investigation, President John Adams instructed a judge to turn the man, who said he was an American, over to the British.

This infuriated some in the House. Adams's opponents there sought in the spring of 1800 to adopt a resolution declaring his action "a dangerous interference of the Executive with Judicial Decisions."

But Adams had powerful defenders, including Rep. John Marshall, who later set many of the nation's founding constitutional principles as chief justice of the United States. Rep. William Craik argued that the House had neither "the power to censure or to approbate the conduct of the Executive," according to the Annals of Congress, but only to impeach him. The debate lasted two weeks, and in the end a vote to censure failed by nearly 2 to 1.

The question of censure is once again before Congress. This morning, the Senate Judiciary Committee meets to discuss a resolution introduced by Sen. Russell Feingold (D-Wis.) that would rebuke President Bush for his secret surveillance program. Old newspaper clippings and historical writings show that censure has a mixed record as an effective means for Congress to express disapproval of presidents.

Thirty-four years after the Adams episode, in March of the second year of the second term of President Andrew Jackson, the Senate rebuked the president in what remains the most famous case of censure.

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In the campaign of 1832, Jackson and his opponent, Whig Party leader Sen. Henry Clay, had debated vigorously the merits of the Second Bank of the United States -- whose recharter Jackson had vetoed. After the president was reelected, the Whigs, who held a Senate majority over Jackson's Democrats, demanded a document he had read to his Cabinet regarding the bank.

When the president refused, according to Senate historians, the Senate voted 26 to 20 to declare the president "in derogation" of the Constitution. Jackson responded with a lengthy protest.

That was not the end of the story.

Three years later, Democrats regained the Senate majority and sought to repeal the censure. They called for the 1834 Senate journal to be brought forward, and the "secretary took up his pen, drew black lines around the censure text, and wrote 'Expunged,' " Senate historians have noted. "The chamber erupted in Democratic jubilation. . . . Dressed in the deep black of a mourner, Henry Clay lamented: 'The Senate is no longer a place for any decent man.' "

One reason censure has not had much legitimacy as a tool for rebuke is that it is expressed by a congressional resolution without the force of law, and "you can express a resolution that apple pie and motherhood are good for American life," says professor William W. Van Alstyne of the College of William & Mary law school. Yet it has kept on coming up.

In the 1860s, the House adopted a resolution censuring President James Buchanan for letting politics influence government contracts. The Senate, after Buchanan left office, debated whether to censure him for not stopping the Southern states from seceding from the Union, according to a report by the Congressional Research Service.

In the spring of 1951, Republicans were enraged that President Harry S. Truman had fired Gen. Douglas MacArthur as commander of the United Nations forces in Korea. A senator with White House ambitions, Richard M. Nixon (R-Calif.), suggested censuring the president. The call failed to gain support.

Censure has been proposed in more recent history by the president's supporters as an alternative to impeachment. During the Watergate scandal, House Minority Leader John J. Rhodes (R-Ariz.) signed on to a petition to consider censuring President Nixon, and a resolution was introduced, but the debate moved to impeachment.

During the Monica S. Lewinsky scandal eight years ago, censure as an alternative to impeachment was floated seriously in Congress. President Bill Clinton's supporters hoped that a compromise would avert removal from office and pay off politically because polls showed most Americans preferred censure.

A phrase coined during the debate, "censure-plus," would have involved a rebuke and a financial penalty. But ultimately House Republicans approved two articles of impeachment.

In the Senate in late 1998 and early 1999, censure seemed to have more support from Republicans, but Democrats were beginning to sense that the Senate would not vote to impeach. "We are now navigating in previously uncharted waters," Sen. Robert C. Byrd (D-W.Va.) said at the time. Ultimately, the Senate voted not to convict Clinton -- and that was it.

For George Washington University constitutional law professor Jonathan Turley, the Clinton episode, as well as the pending Feingold proposal, are characteristic of what censure is -- and is not.

"The Constitution places an obligation upon Congress to impeach a president who has committed a high crime or misdemeanor," he said. "We're often left with these ambiguous actions. Even if a censure vote passed, the president would simply blame it on politics."

House Passes Education Bill On Party Lines (NYT)

By Diana Jean Schemo

The New York Times, March 31, 2006

WASHINGTON, March 30 —The House voted largely along party lines on Thursday to approve the main measure governing colleges and universities, adding provisions to expand student grants based on need and pressing colleges to control tuition. But the House rejected a Democratic proposal to halve the interest rate on student loans.

The $70 billion proposal, which would renew the law until 2012, sets the terms for loans and grants along with the limits for maximum aid. It was last renewed in 1998.

The floor debate showcased partisan differences over how to approach an era when increases in tuition routinely outpace inflation and the ability of many Americans to pay for college. Republicans, who are particularly striving to control a soaring budget deficit by avoiding new spending, said the bill would make college more affordable.

Democrats wanted to cut interest rates on student loans and enlarge Pell Grants, which had been frozen for several years.

The average undergraduate now leaves college carrying nearly $18,000 in debt.

In its final form, approved 221 to 199, the measure would simplify the financial aid application and make Pell Grants, the major grant that helps low- and middle-income students, available for summer study. The bill would also raise the spending cap

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on Pell Grants to $6,000, up from $5,800. The increase would be largely symbolic, however, as the maximum grant Congress appropriates has been frozen for four years at $4,050.

The bill would require colleges and universities that raise tuition at more than twice the rate of inflation for three years in a row to explain the increases. But lawmakers abandoned a provision that would have set off audits by the Education Department in the event of increases.

The bill would set the interest rate for subsidized loans at 6.8 percent, regardless of whether commercial rates rise or fall. Republicans defeated an amendment introduced by Representative George Miller of California, the ranking Democrat on the Education and Workforce Committee, to halve the interest rate on student loans over the next year.

In the floor debate over the last two days, the bill lost some of its most controversial proposals, programs that would have created a strong federal role in monitoring tuition increases and in reviewing the role of race in admissions decisions.

House Endorses Fuller Disclosure On College Costs (WSJ)

By John Hechinger

The Wall Street Journal, March 31, 2006

The House of Representatives passed a bill that mandates increased disclosure of college-pricing data and drops an antifraud measure that had curbed the growth of for-profit colleges, which are challenging traditional schools.

The College Access and Opportunity Act sparked complaints from Democrats and higher-education groups, though Republicans changed some measures at the last minute to mollify universities. The bill passed the Republican-controlled House largely on party lines, 221-199. The bill reauthorizes the Higher Education Act, which governs billions of dollars of federal funding for colleges and universities. The Senate is expected to take up its own version of the reauthorization in coming months.

One provision of the act would require public disclosure of data -- and an explanation -- from colleges that increase tuition by more than twice the rate of inflation over a three-year period.

Howard McKeon, the California Republican who chairs the House education committee, said in a statement that the measure adds "more sunlight" to the discussion about higher-education costs.

In response to criticism from colleges, Republicans agreed to drop a measure requiring colleges with big tuition increases to submit to the Department of Education a plan to hold down costs. Colleges argued that the requirement amounted to price control.

Another provision in the bill would ease a requirement that schools receive no more than 90% of their revenue from federal financial aid. The provision gives schools that exceed the 90% limit more time to return to compliance while making it easier for schools to meet compliance rules.

The 90% limit aimed to prevent the kind of fraud that occurred in the 1980s and 1990s, when some trade schools signed up unqualified low-income students in order to collect federal aid.

For-profit schools are most likely to bump against the 90% limit because they lack other funding sources.

In response to complaints from traditional colleges, Republicans dropped a provision that would have put for-profit schools on more-equal academic standing with established schools.

Originally, the bill would have barred schools from turning down credits solely based on a school's source of accreditation -- a common reason why traditional colleges reject coursework from students who attended for-profits. Under the bill that passed, schools can turn down the credits but must make public their credit-transfer policies.

House Passes Bill To Raise Pell Grant For Poor Students (WT)

By Christina Bellantoni

The Washington Times, March 31, 2006

The House yesterday passed a bill that Republicans say will benefit all college students while Democrats say it does not go far enough to help students and their families afford higher education.

Representatives approved the measure on a 221-199 vote almost entirely along party lines. There were 14 Democrats who sided with the chamber's majority to pass the measure, called the College Access and Opportunity Act. Eighteen Republicans and one independent voted with the Democrats in protest.

The bill increases the Pell Grant program for poor students from $5,800 to $6,000 and simplifies the process for seeking financial aid. It also requires schools to report their tuition costs to the Department of Education so the figures can be posted on a Web site for students and parents to review when choosing colleges.

The measure authorizes more funding for educational programs serving minorities and requires schools make public their policies regarding transfer of credits. It also puts pressure on schools to keep tuition increases to a reasonable level.

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Republicans applauded the passage of the bill, which renewed the Higher Education Act governing schools that receive federal money. It was last updated in 1998.

House Majority Leader John A. Boehner, Ohio Republican who authored the bill, accused Democrats of "playing politics with the education of American children."

Rep. Howard P. "Buck" McKeon, who took over for Mr. Boehner as chairman of the House Education and the Workforce Committee earlier this year, agreed. He said Democrats were intimately involved in the bill's crafting over the last three years and were supportive of it until recently.

"Education should not be a partisan issue," said Mr. Mc-Keon, California Republican.

Democrats, led by California Rep. George Miller, the ranking minority party member on the education committee, fought unsuccessfully for an amendment that would cut the interest rate on student loans from 6.8 percent to 3.4 percent, among other changes. It was defeated 220-200.

Mr. Miller said the $200 increase in the main bill was "interesting rhetoric," but said the Republicans have not included funds in the budget for the increase.

"It doesn't have any money for these low-income students to help cover the cost of their education," he said.

Mr. Miller criticized the $12.5 billion cut to financial aid programs that House Republicans approved earlier this year, comments echoed by his colleagues.

"I want our children and grandchildren to be able to pay for college," said Rep. Raul M. Grijalva, Arizona Democrat.

Republicans balked at Democrats' claims, and reminded lawmakers that education received cuts when the minority party was in power.

"Don't believe the hype," said Rep. Ric Keller, Florida Republican. "Not one student will receive less financial aid."

Boozman Joins In Chat With Bush (ADG)

Arkansas Democrat-Gazette, March 31, 2006

WASHINGTON — Arkansas' Rep. John Boozman was one of a dozen Republican congressmen who participated Wednesday in what he described as an "informal" meeting with President Bush.

The group talked in the White House living quarters. Boozman has been on several Air Force One flights, but he said this was his first meeting with the president "in this kind of setting."

In addition to discussing Iraq and immigration, the president asked members of the group what was on their minds.

"He wanted to know what was going on in our districts," Boozman said.

Boozman said he used the opportunity to discuss high energy costs, which he said hit rural constituents especially hard. Bush, Boozman said, reiterated his pledge to end America's "addiction" to foreign oil, and pushed participants to craft incentives for biodiesel and ethanol production.

Over the past week, Bush has initiated intimate "off the record" meetings with news reporters.

"He's isolated somewhat," Boozman said. "The way he overcomes that is by reaching out to people."

Boozman would not identify the other congressmen at the meeting.

Bush told his guests that the U.S. was gaining ground in the war in Iraq, according to Boozman. "He told us we will leave, but we will not surrender in Iraq," Boozman said. "He reassured us."

Bush also assured them that he was against amnesty for illegal immigrants, Boozman said.

A White House spokesman declined to comment on the meeting.

New NASA Policy Backs Free Discussion By Scientists (NYT)

By Warren E. Leary

The New York Times, March 31, 2006

WASHINGTON, March 30 — Two months after NASA's top climate scientist complained that political operatives in the agency's press office were trying to censor his views on global warming, Administrator Michael D. Griffin issued a new communications policy on Thursday that he called a "commitment to openness."

The policy, which details the role of those who release information to the public directly or through the news media, ensures that NASA scientists and engineers are free to discuss their work in public and state their opinions, Dr. Griffin said. When stating a personal opinion, he continued, they should make clear that they are speaking for themselves and not for the agency.

In a presentation to employees, and later during a telephone news conference, Dr. Griffin and Shana Dale, the deputy administrator, said the policy replaced a code, last updated in 1991, that was "not clear enough or articulate enough."

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The agency came under fire when James E. Hansen, director of the Goddard Institute for Space Studies, a NASA office, told The New York Times in late January that the Bush administration had tried to stop him from speaking out after he gave a lecture in December calling for prompt reductions in emissions of greenhouse gases linked to global warming.

Dr. Hansen and several other employees of the agency said administration appointees in the public affairs office had demanded to review his lectures and publications in advance. In addition, he said, senior agency officials sought the right to stand in for him in interviews with reporters.

Other scientists also expressed concern when political appointees altered news releases and Internet presentations against their wishes.

After a barrage of complaints from lawmakers and scientific organizations, Dr. Griffin appointed a 12-member group of senior NASA scientists and public affairs officials to draft a new public communications policy.

In an interview on Thursday, Dr. Hansen said that the revised policy was "definitely better" than before and that his latest dealings with NASA public affairs had been much improved.

"I'm very optimistic," he said. "Things have changed dramatically since this became a public issue. This has been a healthy exercise, and hopefully similar things will happen at other agencies that have had similar problems."

Dr. Griffin said political appointees would continue to work at NASA, as is customary under any administration, but would not unduly influence the new openness policy. Dean Acosta, a spokesman, said there were five political appointees among the agency's 300-member public affairs staff, and about 18 in all positions throughout NASA.

In the news conference, Dr. Griffin also addressed recent criticism suggesting that at a Rotary Club gala in Texas last week, he endorsed Representative Tom DeLay for re-election. Mr. DeLay, who gave up his post as House majority leader in September after being indicted in a campaign finance case, represents a district that includes the Johnson Space Center in Houston.

The NASA chief has said that although he is entitled to issue political endorsements under certain circumstances, he will not. On Thursday he said he had not endorsed Mr. DeLay at the gathering but rather, in response to a gracious introduction from the congressman, had praised his support for the space program. While confirming his words, quoted in The Houston Chronicle, Dr. Griffin added that they were not as precise as they should have been and had been "grossly misinterpreted."

"The space program," Dr. Griffin said at the gala, "has had no better friend in its entire existence than Tom DeLay. He's still with us, and we need to keep him there."

Dr. Griffin said Thursday that he had meant keeping Mr. DeLay's support for the space program.

"I regret the inartful choice of words," he said. "I'm not endorsing anybody. I don't intend to."

NASA Sets New Rules On Media (WP)

By Rick Weiss

The Washington Post, March 31, 2006

NASA Administrator Michael D. Griffin unveiled new rules yesterday that govern the release of agency information to news media and the public, his most detailed response yet to embarrassing allegations that NASA's public affairs office had sought to suppress the release of scientific information not consistent with the views of the Bush administration.

The new eight-page policy, written by an internal team of scientists, lawyers, public affairs specialists and managers, states that NASA scientists are free to talk to members of the media about their scientific findings and even express personal interpretations of those findings -- the heart of the controversy that has engulfed the agency since January.

It also makes clear that scientists are not required to have a public affairs officer with them when they speak with members of the media, though Griffin emphasized yesterday in comments broadcast to NASA employees that he believes such behavior is unwise.

"If you're not a media professional, then to go into an interview without a media professional is courting trouble," he said. "But you can do as you like."

Griffin had promised the revamped policy in February, after NASA employees complained publicly that information had been manipulated in ways that suited the Bush administration.

In some instances, employees said, scientists who had generated data on global climate change that did not jibe with administration policies had been muzzled or closely monitored by public affairs officials. In another instance, a public affairs employee appointed by the White House sought to weaken agency references to the Big Bang, the scientific and distinctly non-biblical explanation for the birth of the universe.

That employee has since left the agency amid questions about the accuracy of his résumé.

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House Science Committee Chairman Sherwood L. Boehlert (R-N.Y.) praised the new policy, which he said "puts a premium on open communication." NASA's approach, he said in a statement, "should become a model for the entire federal government."

The first of five principles in the new policy statement declares that NASA "is committed to a culture of openness" and assures the public that agency information "will be accurate and unfiltered."

The policy calls for appropriate editing of news releases and other public documents to ensure clarity. "However," the policy states, "such editing shall not change scientific or technical data, or the meaning of programmatic content."

It calls upon all NASA employees to coordinate with public affairs officials before releasing information "that has the potential to generate significant media, or public interest or inquiry." Employees are also encouraged "to the maximal extent practicable" to have a public affairs officer present at media interviews "to attest to the content of the interview, support the interviewee, and provide post-interview follow-up with the media as necessary."

But that advice, Griffin said during his 45-minute broadcast to all of NASA's far-flung facilities, "is not an absolute requirement." He also stressed that when speaking to the public, employees should clearly distinguish between agency findings and personal interpretations.

Griffin faced tough questions from employees after his presentation. One asked whether the remaining 20 or so political appointees on the NASA payroll were having their backgrounds and résumés checked.

Griffin said no such review was underway, adding that "I personally make no distinction" between political appointees and the agency's 17,000-plus career employees.

NASA has five political appointees among about 300 personnel in its public affairs offices, an agency official later said.

Another employee asked about comments Griffin made at a recent celebratory event, in which the administrator thanked former House majority leader Tom DeLay (R-Tex.) for his long-standing support of NASA. "He's still with us and we need to keep him there," Griffin said at the event -- a comment some interpreted as an inappropriate reelection endorsement.

Griffin explained yesterday that he meant "we need to keep him as a friend" and apologized for his "inartful choice of words."

In a conversation with reporters later, Griffin expressed optimism that the space shuttle will fly in July. If that flight goes well, he said, he plans to schedule a flight to repair the Hubble Space Telescope in late 2007 or early 2008.

He also confirmed rumors that a workshop scheduled for this summer to discuss exploration of the moon and beyond will include officials from the increasingly ambitious Chinese space program.

GOP, Dems Spar Over McKinney Incident (USAT/AP)

By Laurie Kellman, The Associated Press

USA Today, March 31, 2006

WASHINGTON — House Republicans and Democrats engaged in their own scuffle — but just a rhetorical one — Thursday, a day after Rep. Cynthia McKinney had a dustup with a Capitol Police officer.

The incident occurred after an officer did not recognize the Georgia Democrat as she was entering a House office building and asked her to stop. According to one account, McKinney struck the officer.

Capitol Police could ask the U.S. Attorney's Office to file charges against McKinney, who represents Atlanta suburbs. No decision had been announced as of Thursday.

Democratic leader Nancy Pelosi called the incident “a mistake, an unfortunate lack of recognition of a member of Congress.”

She said the police officer was not at fault.

“I would not make a big deal of this,” said Pelosi, D-Calif.

Ron Bonjean, spokesman for House Speaker Dennis Hastert, R-Ill., responded, “How many officers would have to be punched before it becomes a big deal?”

McKinney's office said she was planning to hold a news conference this morning.

Late Wednesday night, she issued a statement saying she regretted the confrontation.

The Capitol Police face a difficult task: trying to protect 535 members of Congress and the vast Capitol complex in an atmosphere thick with politics and privilege.

The safety of its members became a sensitive issue in 1998 after a gunman killed two officers outside Republican whip Tom DeLay's office.

The Reliable Source (WP)

By Amy Argetsinger and Roxanne Roberts

DOJ_NMG_0024828

The Washington Post, March 31, 2006

More Ado About the Do

After hours of silence, it was nearly midnight Wednesday before Rep. Cynthia McKinney put out a statement about her scuffle with a Capitol Police officer that day. The Georgia Democrat said she regretted the "unfortunate confrontation" that occurred when the officer did not recognize her at a checkpoint and she allegedly jabbed him with her cellphone.

But McKinney, who recently swapped her braids for a shorter do, also admitted that she was not wearing the pin that identifies her as a member of Congress entitled to bypass Hill security checks. Why not? John Judge , a McKinney staffer, said that "a number of the women [in Congress] don't wear the pin, and some men don't either. . . . They train [officers] to recognize the members. It's not just the pin."

A similar sentiment was expressed in what Atlanta station WSB-TV described as McKinney's "original" statement, which she decided against releasing. "It is . . . a shame that while I conduct the country's business, I have to stop and call the police to tell them that I've changed my hairstyle so that I'm not harassed at work."

McKinney also released a snippet from a documentary in which she is seen being greeted with a warm hug by a black officer -- then stopped by a white officer asking for ID. "That's just the typical kind of treatment that I receive," McKinney said on the video. "Some things never change -- that's what Tupac said."

Josh Bolten, the Man With the Numbers -- Like 10

Back during the heady days of the 2000 George W. Bush campaign, new White House Chief of Staff Josh Bolten was known as a cool, efficient policy director, and the go-to man when actress-turned-Republican-gadfly Bo Derek -- the woman who inspired the numerical system of hotness ratings -- needed a campaign escort.

When Bolten turned 46 that August, Dubya refused to believe his staffer had received a "Happy Birthday" phone call from the star of "10" and many legendary Playboy features -- until he grabbed Bolten's cell phone and dialed the number from the last received call, according to a source who was there. When Derek answered, the future president said, "Bo, let me just say that you and Josh together are a perfect 15."

FAA Files Complaint After Union Talks Break Down (WP)

By Stephen Barr

The Washington Post, March 31, 2006

Contract talks between the Federal Aviation Administration and its second-largest union fell apart yesterday amid a set of unusual maneuvers.

Shortly after noon, the leaders of the Professional Airways Systems Specialists announced they had agreed to the agency's contract terms and would send the agreement to union members -- but with full confidence that the rank and file would turn it down.

Within hours, the FAA said it planned to file an unfair labor practice complaint against the union -- a step usually taken by unions, not the government.

The breakdown in talks came after the FAA and the union held their second negotiating session out of six agreed to in ground rules for the talks. The rules called for the negotiations to end by July 21.

The union, known as PASS, represents more than 11,000 FAA and Defense Department employees who install, maintain and certify air traffic control equipment, inspect and oversee commercial and general aviation industries, and help develop flight procedures. The contract talks were focused on about 7,000 air traffic technical employees, the union said.

The FAA has taken a tough stance in contract talks over the last year, seeking changes in pay, leave and work rules. It is engaged in especially contentious bargaining with the National Air Traffic Controllers Union, and both sides recently agreed to mediation to extend those talks.

If the FAA and its unions fail to reach agreements on contract extensions, the agency may declare an impasse, which sends such disputes to the Republican-controlled Congress for a 60-day review. If Congress takes no action -- more likely than not -- then the FAA's last, best offer can be imposed on the unions.

The FAA also is one of only a few government agencies that can negotiate with unions over compensation, and it hopes to use contract talks to reduce labor costs and fold union employees into pay-for-performance systems.

Mike Derby , general counsel for PASS, said the FAA's initial proposal would have denied a pay increase to the union members for seven years. "How could that be characterized as fair and efficient?" he said.

In a statement yesterday, Tom Brantley , president of PASS, said the union had accepted the FAA contract proposal after concluding that the agency was not negotiating in good faith. "I am confident that PASS members will vote down the contract offer, which will send PASS and the FAA back to the bargaining table. Hopefully, the FAA will learn a lesson," Brantley said.

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A union spokeswoman said a ratification vote would probably take about 90 days. A rejection would then lead to a new round of negotiations, she said.

Greg Martin , the FAA spokesman, said the agency will file a complaint with the Federal Labor Relations Authority that charges PASS with failing to bargain in good faith.

He said he could not discuss specifics of the contract talks but noted that at least 40 contract provisions had not been discussed at the bargaining table. "What we have here is a clear delay tactic," Martin said.

He added, "Unfortunately, PASS has resorted to stunts. . . . By engaging in this stunt, they are creating a crisis where none exists."

Derby said the FAA's decision to file a complaint "sounds like a stunt to me."Retirements

Laura B. Antle , human resources officer at the Justice Department's Office of the Inspector General, will retire April 1 after 32 years of federal service.

Romana Danysh , a historian at the U.S. Army Center of Military History, will retire April 2 after more than 41 years of federal service, all of them at the Center of Military History.

Nancy Leonard , a public health adviser for the Food and Drug Administration, retires today after 41 years of federal service. She serves as the FDA breast implant specialist and public affairs liaison to field and district offices and is a steward and a vice president in the National Treasury Employees Union.Talk Shows

Randy E. Dobbs , chief executive of USIS, which conducts background investigations on federal employees, will be the guest on "Fedtalk" at 11 a.m. today on federalnewsradio.com and WFED radio (1050 AM).

Matthew Miszewski , chief information officer for the state of Wisconsin, will be the guest on "The IBM Business of Government Hour" at 9 a.m. Saturday on WJFK radio (106.7 FM).

Vietnam Vets Visitor Center A Step Closer (WP)

By Petula Dvorak

The Washington Post, March 31, 2006

For most groups, it takes years and years of reports, presentations, studies, meetings and approvals before a slice of precious federal land is turned over for a memorial in the nation's capital.

But for Jan C. Scruggs, it may be a matter of months.

With a 404 to 4 vote in the House on Tuesday night, Scruggs, president and founder of the Vietnam Veteran's Memorial Fund, is on the way to getting Congress, rather than a long-standing group of commissions that has a rigorous selection process, to approve a sprawling, underground visitor center near the Vietnam Veterans Memorial and at the foot of the Lincoln Memorial. The legislation is now before the Senate.

"I felt compelled to take this unusual action in direct response to what I believe is the unreasonable bureaucracy choreographed by the National Capital Planning Commission," said Rep. Richard W. Pombo (R-Calif.), while arguing on behalf of the bill Tuesday.

Pombo, who sponsored the bill, said he met with the chairman of the planning commission before he was convinced that legislation was the only answer to get site approval for the center, which was authorized by Congress in November 2003.

But the planning commission has had the site proposal for only a few months -- since September -- and asked for Scruggs's group to submit a federally mandated environmental report for a preferred site and one other location. That submission would be used for another review of the proposal, said Marcel C. Acosta, deputy executive director of the planning commission.

Congress approved the creation of an underground center in 2003 as an addition to the Wall. The veterans group spent almost two years on its own analysis, which detailed several sites and recommended a triangle of land in Northwest Washington between Henry Bacon Drive, 23rd Street and Constitution Avenue NW.

The analysis was not presented to the planning commission until last fall, Acosta said.

Ordinarily, the commission has time to review the report, and the public has an opportunity to weigh in on the project's site. Just two years ago, a small group of neighbors on Capitol Hill used this process to prevent a memorial to victims of communism from being erected on a grassy, pocket park. The creators of a planned memorial to the Rev. Martin Luther King Jr. said they appreciated the 18-month review process that whittled down 12 potential sites to the final selection in December of a spot along the Tidal Basin.

"The way this bill is written . . . it eliminates the federal review process and public input" and goes against the National Environmental Policy Act and the National Historic Preservation Act, Acosta said.

The bill also sets a precedent for future memorials and monuments," said Rep. Earl Blumenauer (D-Ore.), who spoke against the bill Tuesday night.

"It just broke my heart. I don't know how something like this gets jammed through," Blumenauer said.

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"The message this sends is: 'Don't spend the time on good design when you have a project like this. Just hire a lobbyist. Spend the money on PR,' " he added.

The center's design calls for an 8,000-square-foot underground space, which may include a movie theater, a three-dimensional battle scene, mementos left at the memorial and a wall where pictures of slain soldiers will be projected on their birthdays.

The understated nature of the Wall has long troubled some veterans who believe it fails to give adequate context for the war and the rich detail of lives lost. The new center is designed to help educate a generation of visitors younger than the 24-year-old wall itself, Scruggs said.

"We appreciate the support of the U.S. Congress in this important effort to teach America's youth at the Wall," Scruggs said.

But some members of the commission staff believe that the lessons don't have to take place at the foot of the Lincoln Memorial. Some opposed the site that the House approved this week and asked Scruggs to look at other locations, including a grassy rise north of the Wall in Constitution Gardens, another site near the National Park Service's stable on the other side of the Reflecting Pool and one between the Interior Department's south building and Constitution Avenue NW.

The legislation authorizing the visitor center said it will be "at or near the Wall." Scruggs, determined to make sure the center will be comfortably close to the Wall, hired an urban anthropologist from Howard University to generate an 11-page analysis of the phrase "at or near" to make his point.

Flubbing Lobbying Reform (WP)

The Washington Post, March 31, 2006

HERE'S A SIMPLE way to judge the lobbying reform bill just approved by the Senate: The leading advocates of reform, including the parties' two designated point men on the issue, Sens. John McCain (R-Ariz.) and Barack Obama (D-Ill.), all voted against it. Their objection to the measure, which passed the Senate 90 to 8 on Wednesday, isn't about what's in it but what's missing.

The measure improves the existing system. It would stop lobbyists from paying -- at least directly -- for meals and gifts for lawmakers. It would make it easier to identify which lawmakers sought government funding for earmarked pet projects, and easier to knock those earmarks (along with other provisions inserted at the last minute) out of House-Senate conference reports. Lawmakers would have to provide more detailed disclosure of the privately financed trips they take; under a little-noticed amendment, lobbyists couldn't arrange trips or go on them. Lobbyists would have to include on their reports the campaign contributions they make to lawmakers, the fundraisers they host and the donations they steer to lawmakers' charities. The bill would double -- from one year to two -- the waiting period for lawmakers who become lobbyists to buttonhole their former colleagues. All this is good -- as far as it goes.

But the measure doesn't include any new enforcement mechanism: an important proposal for a new Office of Public Integrity, an independent, nonpartisan entity empowered to conduct investigations and make recommendations to the House and Senate ethics committees, failed on the Senate floor, as it had in committee. It doesn't clamp down on lawmakers' ability to accept cut-rate jet travel from companies with interests before them. In fact, it doesn't put any new restrictions on the kinds of privately underwritten trips that lawmakers can accept.

It doesn't prohibit lobbyists and those they represent from footing the bill for lavish parties, at political conventions or elsewhere, honoring lawmakers. We could go on, but you get the point: Much more could, and should, have been done.

If the Senate bill is disappointing, though, the House is poised to do even worse. A proposal unveiled last month by the Republican leadership would do nothing to restrict gifts from lobbyists. It would merely impose a temporary moratorium on privately funded travel while the ethics committee studies what to do -- or, more cynically, while members wait for the storm over Jack Abramoff to blow over. It suffers from the same shortcomings as the Senate measure in terms of enforcement and corporate jets.

As the proposal moves forward -- the House Rules Committee held a hearing on it yesterday -- a critical issue will be whether and how many amendments will be permitted on the House floor to try to make it tougher. It would be the height of irony if an effort to improve the functioning of the democratic process were to take place under undemocratic conditions.

Lobby Reform Lite (NYT)

The New York Times, March 31, 2006

With the ghost of Jack Abramoff, the recently sentenced rogue lobbyist, wafting above the debate, the Senate has voted for a halfhearted package of reforms that would come nowhere near curing the easy money, quid pro quo culture that now bedevils the Capitol.

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Facing voters' flagging confidence, the Senate chose to emphasize greater disclosure by lobbyists while rejecting such vital reforms as the creation of an independent office to investigate ethics abuses. The instinct to protect privileged clubbiness carried the day, most glaringly when the Senate spiked any idea of ending lawmakers' shameless use of the executive jets so eagerly offered by corporate officials bent on insider access.

Constituents who are grateful to see even the slightest sign of reform will be happy that the senators have voted to extend to two years the mandatory waiting time before a former lawmaker can strike it rich as a lobbyist. The current wait is one year. The bill also takes the first steps toward uncovering the stealthy world of grass-roots lobbying investments in lawmakers' home districts.

The Senate bill would make it harder — but by no means impossible — for members to quietly "earmark" pork projects in the budget at the behest of lobbyists. But even such an obvious reform as banning meals and gifts from lobbyists came equipped with a gaping loophole so the corporate employers of lobbyists could still pick up those checks.

The unfinished ethics agenda begins with the most critical issue of all: an end to the pervasive role of lobbyists as campaign finance brokers and money bundlers for incumbent politicians. It's reached the point where the people's representatives blatantly designate lobbyists to head their fund-raising teams. This moneyed back-scratching is the seedbed for scandal, but neither house shows any appetite to confront it.

Also ignored was a ban on lawmakers' junketeering at the expense of special-interest check writers. The Senate chose instead to require prior approval of private trips by its spineless ethics committee, a step that would hardly mitigate the cheesiness. Taxpayers, not corporate sponsors, should pay for global fact-finding.

For all its shortcomings, the Senate is a light-year ahead of the House. There, reform proposals have been parceled out to committees for indefinite marination as Republican leaders face rebellious members who want no part of real reform. The chances seem slim for two-house action that truly dents the clout of the booming lobbying industry.

OTHER NEWS:

Fed Analysts Say Low Jobless Rate Doesn't Mask Labor Market Woes (WSJ)

By Greg Ip

The Wall Street Journal, March 31, 2006

WASHINGTON -- U.S. unemployment really is low and the jobless rate hasn't been artificially depressed by a failure of many discouraged workers to be counted as unemployed, Federal Reserve researchers say.

Their findings, presented at a conference organized by the Brookings Institution, suggest the Fed could see strong job growth as an inflationary risk in the coming year. The study also argues that the economy's trend growth rate will slow noticeably in the coming decade as growth in the working-age population slows and a shrinking share of that population seeks work.

The study wades into a controversy over the failure of more people to seek work since the recession ended in 2001. The "participation rate" -- the proportion of working-age people working or looking for work -- peaked at 67.3% in 2000, fell to 65.8% in March 2005, and has since recovered to 66.1%, below where it stood for most of the 1990s.

Some economists argue the low participation rate means many people aren't seeking work because they believe no desirable work is available and aren't counted as unemployed. The economists believe the unemployment rate -- which at 4.8% in February was low enough to qualify as "full employment" in many conventional views -- may mask underlying labor-market weakness. A staff study by the Federal Reserve Bank of Boston a year ago argued the unemployment rate, then about 5.4%, might understate the actual degree of unemployment by one to three percentage points.

The latest Fed report disagrees.

"The low level of the participation rate is not artificially masking the extent of unemployment," said the study by Fed staff economists Stephanie Aaronson, Bruce Fallick, Andrew Figura, Jonathan Pingle and William Wascher. It doesn't necessarily represent the views of Fed policy makers. "The unemployment rate is providing a reasonably accurate picture of the state of the labor market."

It is common for the participation rate to rise during expansions as previously discouraged workers start looking for work in response to the increased availability of jobs and for it to decline during recessions as job openings dry up. That is the main reason the participation rate rose in the late 1990s then fell in 2001, the study says. Its continued fall in 2002 and 2003 was due to both economic weakness and emerging structural factors, while its failure to rise much since is mostly from structural factors, the study says.

Corporate Pretax Profits Jump 14.4% (WSJ)

DOJ_NMG_0024832

By Mark Whitehouse

The Wall Street Journal, March 31, 2006

Corporate America's share of the nation's income rebounded from the havoc of Hurricane Katrina to a level not seen in four decades, and the hurricane did a bit less damage to the U.S. economy than previously thought.

The Commerce Department said yesterday that corporate pretax profits in the fourth quarter of 2005 grew 14.4% from the previous quarter, the strongest rate since 1992. Pretax profits in the third quarter fell 4% as hurricane-related insurance payouts slammed financial results.

Corporate profits accounted for 11.6% of gross domestic product in the fourth quarter -- the biggest share of the nation's income companies have taken since 1966. They have been able to do so, say economists, by sharing less with their workers.

"It highlights the increased power of corporate America versus labor," says Paul Kasriel, chief economist at Northern Trust Corp. in Chicago. "That is a reflection of the global competition that labor now faces in America."

Economists say profit growth is likely to ebb this year as U.S. unemployment falls and workers regain some bargaining power. In the meantime, companies might reinvest some of their gains, giving the economy added momentum.

"Corporations are sitting on a mountain of cash, so as long as the economy is growing they will start spending some of that cash," says Nariman Behravesh, chief economist at Global Insight, an economic consultancy in Waltham, Mass.

The Commerce Department also reported that real gross domestic product -- the value of the nation's output of goods and services, adjusted for inflation -- grew at a seasonally adjusted, annualized rate of 1.7% in the fourth quarter. The figure was revised up from an earlier estimate of 1.6% but remains the lowest rate recorded since early 2003. For the full year, GDP grew 3.5%.

The small, upward revision in fourth-quarter GDP reflects the fact that companies restocked inventories faster than expected in Katrina's wake. Now, many forecasters believe the economy is experiencing a posthurricane boost as strong demand for consumer and business products has elevated business activity, prompting companies to step up hiring.

"The first quarter is going to be very firm," says Jan Hatzius, chief U.S. economist at Goldman Sachs Group Inc. in New York, who estimates that GDP in the first quarter, which ends today, grew at a 4.5% annual rate.

The consensus estimate of economists polled by WSJ.com1 is that GDP grew at an annual rate of 4.6% in the first quarter, but the growth rate will slow to 3.3% in the second quarter and could be around 2.9% by the end of the year.

The factors that crimped growth in the fourth quarter were largely temporary. Katrina and an unusually cold December took a toll on hiring and consumer spending. Defense spending dropped because of the late signing of an appropriations bill, and special short-term auto discounts prompted people to buy cars earlier in the year.

Now, the picture for jobs and spending looks a lot better. The Labor Department yesterday reported a drop in the number of people filing for unemployment benefits to 302,000 in the week ended March 25, down 10,000 from the previous week. Companies added an estimated 243,000 jobs in February, bringing the 12-month total to 2.1 million. And despite slow auto sales, total retail sales in February were up 6.7% from February 2005.

Economy Gets Good News And Bad News (USAT)

By Sue Kirchhoff

USA Today, March 31, 2006

WASHINGTON — U.S. corporate profits surged at the fastest pace in four years during the final months of 2005, but inflation also jumped as the nation grappled with the aftermath of Hurricane Katrina, the government said Thursday.

Businesses enjoyed a 13.8% increase in after-tax profits in the fourth quarter of 2005, a sharp rebound from the 4.3% decline in the previous quarter, the Commerce Department said. The pace of growth was the fastest since an 18.1% rise in late 2001.

In addition, a special inflation measure based on actual spending patterns, closely watched by the Federal Reserve, rose faster than expected. Commerce's index of consumer inflation, excluding food and energy, was revised to a 2.4% annual rate in the fourth quarter of 2005, from an earlier 2.1% estimate. That was far higher than the 1.4% rate of the previous quarter.

Nariman Behravesh, chief economist at Global Insight, called the report a case of good news, bad news. On the plus side, corporations are flush with cash and likely to use some of that money for capital spending. On the downside, higher inflation could be a danger sign for the Federal Reserve as it debates whether to continue raising interest rates.

Most Fed officials prefer a core inflation range of about 1% to 2%. To keep inflation in line, the Fed has been gradually raising its target for short-term rates since mid-2004 when they stood at 1%. The Fed Tuesday pushed rates to 4.75%, saying more increases were possible.

“If inflation continues to creep up, the Fed may have to hike rates more,” Behravesh said. “There is a growing risk that the (Fed) may have to push rates up to 5.25% or even 5.5%.”

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In its report, Commerce said overall economic growth was a bit higher than previously reported in the fourth quarter of 2005. Gross domestic product, the broadest measure of the nation's goods and services, grew at a 1.7% annual pace in the fourth quarter, up from a previous 1.6% forecast.

Growth was lackluster compared with the 4.1% pace in the third quarter. Economists say, however, that the economy recovered from Katrina and Hurricane Rita in strong fashion. Global Insight pegs first-quarter growth at a 4% to 4.5% rate; others say it could be higher. Economists generally expect the economy to cool later in the year as the housing market pulls back.

In a note to clients, Moody's Economy.com noted that after-tax profits as a share of GDP surged to a record high in the fourth quarter. That could help tamp down inflationary pressures, because businesses will have more latitude to absorb higher production costs. But the firm expects profits to decline ahead as wages accelerate due to a tighter labor market. It also expects economic growth to slow to a 3% pace later this year.

Markets Mixed On Inflation Outlook (USAT/BLOOM)

By Bloomberg News

USA Today, March 31, 2006

Stocks fell Thursday as the inflation outlook worsened, renewing concern the Federal Reserve will keep raising interest rates.

The Dow Jones industrial average sank 65 points to 11,150.70, and the Standard & Poor's 500 lost 2.64 points to 1300.25. The Nasdaq, though, bucked the downdraft and gained 3.04 points to 2340.82.

Companies most sensitive to changes in borrowing costs, including banks and utilities, declined after the government said an inflation gauge watched by the Fed rose more than first reported. (Story, 6B.) The revision sent the yield on 10-year Treasury notes to the highest in 22 months. Oil prices reached a two-month high, also weighing on stocks.

“If people sense that there's inflation pressure, then they worry that the Fed isn't done,” says Kevin Bannon, chief investment officer at Bank of New York Co. “The market cares because the Fed cares.”

The losses were limited as an increase in a Nokia forecast for mobile-phone sales buoyed technology shares. The Nasdaq composite index set a five-year high for a second consecutive day.

Rising oil prices added to inflation concerns. Crude for May delivery jumped 70 cents to $67.15 a barrel in New York, the highest close since Jan. 31, amid declining U.S. gasoline inventories and as the United Nations Security Council asked Iran to curb its nuclear program. The yield on the benchmark 10-year Treasury note increased to 4.86% from 4.81% on Wednesday.

“We're struggling with a couple headwinds: interest rates, the Fed hiking and also oil prices,” says Henry “Chip” Dickson, chief U.S. strategist at Lehman Bros. “We need oil prices to stabilize, and we need the Fed to stop.”

General Motors, the world's largest automaker, fell $1.09 to $21.06 for the worst performance in the Dow. GM, raising cash after $10.6 billion in losses last year, said it's in talks to sell shares of Japan's Isuzu Motors.

·Nokia jumped $1.06 to $21.28. The company expects growth in the global handset market of 15% on demand in China and India, up from its previous estimate of at least 10%.

·ATI Technologies, the No. 2 maker of computer-graphics chips, rallied $1.32 to $17.05. The company said fiscal second-quarter profit, excluding some costs, was 17 cents a share on revenue of $672 million. Analysts, on average, expected 13 cents on sales of $643.8 million, Thomson Financial says.

Stocks Decline On Rate Worries (WSJ)

By Scott Patterson

The Wall Street Journal, March 31, 2006

Investors thinking they had heard the all-clear signal were ambushed Thursday by a sudden jump in interest rates.

Wednesday, stocks rallied as Wall Street shrugged off the Federal Reserve's latest rate increase. But a selloff on the bond market drove stocks lower as the yield on the 10-year Treasury note leapt past 4.8% to its highest level since June 2004.

Tony Crescenzi, chief bond-market strategist at Miller Tabak, said several factors were behind the bond selling. Chief among them: a revised increase in a key inflation measure closely watched by the Federal Reserve.

In its final reading on fourth-quarter gross domestic product1 growth in the U.S., which showed the economy grew by 1.7% in the final three months of 2005, the government's price index for personal consumption, excluding food and energy, rose 2.4%, up from the previously estimated 2.1%. The Fed prefers the measure to remain at or below 2%, said Mr. Crescenzi in a note. "The data are raising concerns about the Fed," the analyst wrote.

The Dow Jones Industrial Average fell 65 points to 11150.70, weighed down by a 4.9% loss by General Motors. The Standard & Poor's 500-stock index fell 2.64 to 1300.25 and the Nasdaq Composite Index added 3.04 to 2340.82.

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Crude-oil futures gained 70 cents to $67.15 a barrel on the New York Mercantile Exchange. The April contract for Comex gold surged $13.40 to $586.70 a troy ounce, hitting its highest level since January 1981.

Investors are growing increasingly jittery about higher interest rates, concerned that they will result in a slowing economy. Higher rates make it tougher for businesses to expand and more difficult for consumers to spend on credit. They also make bonds more attractive. A risk-free yield of 4.75% could be tempting to investors growing increasingly wary of stocks, said Owen Fitzpatrick, managing director at Deutsche Bank Private Wealth Management.

"Money could start to float over into the bond market," he said. "Now it becomes more of a legitimate investment choice" to stocks, which will need to offer a higher rate of return to reward investors for the risk they take that stock prices could fall.

Not everyone is unnerved by the move higher by interest rates. James Paulsen, chief investment strategist at Wells Capital Management, points out that markets and interest rates world-wide have been rising in unison in 2006. And since yields remain relatively low on a historical basis, the economy should still be able to chug along in 2006, and earnings will continue to grow at a solid pace. "I'm not convinced [higher rates are] going to mean the run for stocks" is over, he said.

As the Fed move recedes into investors' rearview mirror, first-quarter earnings reports are increasingly coming into focus. Analysts surveyed by Thomson Financial expect companies in the S&P 500 to post earnings growth of 11.3% in the first quarter, which would be the 10th consecutive quarter of double-digit growth. Thomson expects earnings to grow 12.4% in 2006.

Investors also weighed a wave of news on the merger-and-acquisition front Thursday. Nasdaq Stock Market decided to pull7 its $4.2 billion offer for the London Stock Exchange. Bank of New York jumped more than 4% on reports that J.P. Morgan Chase is close to a deal to buy as many as 300 of its retail branches for up to $4 billion. Shares of Maytag, which surged 28% in the final minutes of trading Wednesday on news that8 the Justice Department approved Whirlpool's $1.79 billion acquisition of the home-appliance maker, slid 1.9% Thursday.

Shares of Nokia jumped 5.2% after the world's biggest mobile phone maker said it expects industrywide growth of 15% or more in 2006, up from previous expectations for growth of 10%. Shares of rival Motorola rose nearly 1%.

In major market action:

Stocks were mixed9. On the New York Stock Exchange, where 1.6 billion shares traded, 1,421 stocks rose and 1,877 fell. On the Nasdaq Stock Market, where 2.2 billion shares traded, 1,518 rose and 1,514 declined.

Bonds declined10. The benchmark 10-year Treasury shed 12/32 point, or $3.75 per $1,000 invested, to yield 4.857%. The 30-year bond fell 27/32 to yield 4.895%. Yields move inversely to prices.

The dollar declined.11 It traded at 117.34 yen, down from 117.83 yen late Wednesday, while the euro rose to $1.2155 from $1.2024.

Church Sex Abuse Costs Rise Despite Drop In New Allegations (WP)

By Alan Cooperman

The Washington Post, March 31, 2006

The financial costs of the sex abuse scandal in the Roman Catholic Church rose dramatically in 2005, even as the number of new allegations fell, the U.S. Conference of Catholic Bishops said yesterday.

Releasing an annual report on their efforts to prevent abuse of minors by priests, the bishops said U.S. dioceses spent $399 million last year on legal settlements with sex abuse victims and $68 million on lawyers' fees, psychological counseling and related expenses -- about three times more than they paid in 2004.

The church's cumulative expenditures on sex abuse claims in the United States are approaching $1.5 billion. The tally of known victims has topped 12,500. The number of priests and deacons who have been credibly accused since 1950 is close to 5,000.

In releasing the blizzard of statistics, Catholic Church officials and their academic consultants put a generally positive gloss on the data, suggesting that the worst of the crisis is over.

Karen Terry, a researcher at the John Jay College of Criminal Justice in New York, said the vast majority of the abuse took place from the mid-1960s to the mid-1980s. There has been a sharp decline in the number of cases since the early 1990s, which an analysis indicates is not just a matter of a lag in reporting, she said.

"We know that sexual abuse is underreported and that more people will come forward," she said. "But the decrease in sexual abuse cases is real." She added that the decline mirrors the general societal decrease in crime, substance abuse and sex abuse in the 1990s.

Teresa M. Kettelkamp, a former Illinois state police officer who heads the bishops' Office of Child and Youth Protection, said "it is important to acknowledge how much has been done" to remove abusers from the priesthood, including 57 priests who were suspended in 2005.

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She said U.S. dioceses have conducted background checks on 1.6 million adults who work with minors and have provided "safe environment" training to 5.7 million children, 95 percent of all those entrusted to the care of the church.

Bishop William S. Skylstad, president of the bishops' conference, said he has both "a sense of progress" and "a great sense of the continuing impact of the sexual abuse crisis" because his own diocese of Spokane, Wash., is in bankruptcy and he was recently accused of molesting a teenage girl in the 1960s. He has denied the allegation.

The bishops' conference said U.S. dioceses received 783 credible allegations of abuse against 532 clergy members in 2005. There were 1,092 allegations against 756 priests in 2004.

Of the new allegations, nine -- or less than 1 percent -- stemmed from incidents that took place in 2005 and were reported by people still younger than 18. Nearly 87 percent of the remaining 774 new allegations involved abuse that occurred before the 1990s. Of the 532 priests accused in 2005, nearly two-thirds had been identified in prior allegations, and 418 were deceased or out of ministry, church officials said.

William Gavin, a former FBI official whose Boston-based consulting firm has been hired by the bishops to conduct annual sex abuse "audits" of U.S. dioceses, said 169 of the 191 Catholic dioceses examined in 2005 were "fully in compliance" with the sex abuse policy the bishops adopted in Dallas in 2002.

Those in compliance included the archdioceses of Washington and Baltimore, and the dioceses of Richmond and Arlington.

Barbara Blaine, president of the Survivors Network of those Abused by Priests, said the report "once again proves that bishops can't be trusted to monitor themselves."

She noted that the auditors found the Archdiocese of Chicago to be fully in compliance with the charter in 2004 and 2005. Yet in recent months, two previously accused priests were found working in active ministry in Chicago.

Patricia O. Ewers, chairman of the National Review Board, a panel of lay Catholics appointed by the bishops as a watchdog over the church's handling of sex abuse, also said that "recent events in Chicago make it clear that the church has not done enough."

Bishops Report Decline In Abuse Accusations (NYT)

By Neela Banerjee

The New York Times, March 31, 2006

WASHINGTON, March 30 — A total of 783 new accusations of priests' sexual abuse were received by the nation's Roman Catholic bishops last year, with about 13 percent of the cases dating from 1990 or later, the bishops reported Thursday.

In issuing its third annual audit intended to assess efforts to prevent such abuse, the United States Conference of Catholic Bishops emphasized that accusations had declined from the 1,092 reported in 2004.

The bishops also said that as a result of a provision they adopted in 2002 under a toughened policy, 94.5 percent of children in Catholic schools and Sunday school classes had been educated on keeping themselves safe from abuse, an increase from 51 percent the year before.

The survey said 87 percent of the new accusations involved abuse that occurred before 1990, some of it as early as 1950. Only nine accusations concerned abuse last year.

But victims' groups have argued that recent accounts of abuse and the church's resistance to extending the statute of limitations on it are renewing doubts about the bishops' commitment to solving the problem.

The president of the bishops' conference, William S. Skylstad of the Spokane Diocese, himself faces accusations of sexually abusing a girl in the early 1960's, which he denies. And earlier this year, after a priest in Chicago was arrested on charges of molesting boys, the archdiocese there came under fire when it was disclosed that the police had shared accusations of abuse with church officials as early as last August. The archdiocese did not remove the priest until January.

Patricia O. Ewers, chairwoman of the National Review Board, a lay group established by the bishops to monitor the church's response to the sexual abuse crisis, said Thursday that given the scandal in Chicago, it was "clear that the church has not done enough."

Speaking here at a news conference where the bishops' findings were announced, Dr. Ewers noted that the audit process, which is largely a matter of self-reporting by diocesan staff, did not examine the effectiveness of anti-abuse procedures adopted by the bishops, only if those procedures are in place.

In fact, the new audit found the Archdiocese of Chicago to be in compliance with the church's policy on abuse, noted Agustin Perez, one of the independent investigators hired by the archdiocese in the wake of the recent scandal.

While the bishops' report was debated, the office of the New Hampshire attorney general issued its own audit of the Manchester Diocese on Thursday. It cited a "general level of ineffectiveness in enforcing compliance" with an agreement between the diocese and the state to protect children from abuse.

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The Rev. Edward J. Arsenault, a representative of Bishop John B. McCormack of the Manchester Diocese, which takes in all of New Hampshire, said in a statement that work remained to be done, but pointed out that no minors were harmed during the period audited by the state, 2002-5.

Nonetheless, the attorney general, Kelly A. Ayotte, told the bishop in a letter dated Monday that failure to address problems in sexual abuse procedures before the state's next audit "may result in court action for contempt and other legal remedies."

Catholic Sex-abuse Payouts Still Rising (WT)

By Julia Duin

The Washington Times, March 31, 2006

Sex-abuse accusations against the nation's priests were down last year, but the flood of millions of dollars in payouts more than tripled and shows no signs of stopping, the United States' Roman Catholic bishops said yesterday.

"It is disheartening to us bishops, as it must be to all Catholics, to find that there are still some allegations of abuse by clerics against today's children and young people," Bishop William S. Skylstad, president of the U.S. Conference of Catholic Bishops (USCCB), said during the release of the conference's annual report on sex-abuse statistics.

The report, commissioned in 2002 by the USCCB's Charter for the Protection of Children and Young People, tracks what the country's 195 Catholic dioceses are doing to end a sex-abuse crisis that has involved 12,537 youths -- mostly boys and young men -- and 4,827 priests.

The bishop cited himself as a sign of the scandal's durability, adding that he is the target of a sex-abuse charge filed Dec. 27 by a woman who has accused him of abusing her in the early 1960s. He has denied the charge.

He said his own Diocese of Spokane, Wash., is bankrupt because of lawsuits. Bishop Skylstad insisted, though, that he is still happy with the USCCB's "progress."

But "I do so without being either naive or in denial about the power of this crisis to affect the ongoing life of the church and the lives of victims of abuse who suffer from its consequences for many years after its actual occurrence," he said.

Accusations against Catholic priests decreased 28 percent last year, but the cost in millions of dollars to the nation's Catholic dioceses shot up 219 percent last year, the USCCB said.

Specifically, $139,582,157 was paid out in sex-abuse cases in 2004 -- for settlements, attorneys' fees, victim therapy and other costs. Last year, that amount rose to $445,686,548, including the $100 million that California's Diocese of Orange agreed to pay to 90 claimants in January and $120 million the Covington, Ky., diocese agreed to pay to more than 100 victims in June.

According to the Catholic News Service, the U.S. church to date has paid $1.3 billion in settlements.

A USCCB report shows 783 credible accusations of child sex abuse reported last year, down from 1,092 in 2004. Of the 783 charges, nine occurred last year, the USCCB said, and the others occurred mostly in the 1960s and 1970s.

Despite the charter and all the safeguards it imposed, the USCCB said cases still fall through the cracks. On March 20, the Archdiocese of Chicago admitted that it had allowed the Rev. Daniel McCormack to remain in ministry for months after he had been accused of pedophilia. Three boys have accused the priest of molesting them from 2001 to 2005.

The problem, said Bill Gavin, head of the Boston-based Gavin Group, which conducts annual "audits" on Catholic dioceses, is that his investigators are not allowed to research personnel files.

"The people in the Archdiocese of Chicago didn't deliver to the cardinal the candor he needed," Mr. Gavin said. "I expect the auditors didn't get it, either."

Moreover, about 104 dioceses that have been found fully compliant two years in a row with the charter were allowed to fill out a questionnaire last year in lieu of an on-site visit by investigators.

The sex of the abuse victims reported last year was the same as was reported for the years 1950 through 2002 -- 19 percent were girls and 81 percent were boys. Almost half (49 percent) of the victims were between the ages of 10 and 14, 23 percent were ages 15 to 17 and 14 percent were younger than 10. The ages were not specified for 14 percent of the victims.

A supplemental report, issued by the John Jay College of Criminal Justice in New York, said there were no warning signs for the typical abuser, who is a priest in his late 30s who has been ordained 11 years. Diocesan priests tended to be abusers twice as much as priests from religious orders.

"The red flags aren't there," said Karen Terry, the report's principal investigator. Except for a small group of serial abusers who began abusing children around the time of their ordinations, "there are no identifiable psychological problems."

A Benefit For Insurers (NYT)

By Milt Freudenheim

The New York Times, March 31, 2006

DOJ_NMG_0024837

Critics who say the private insurance industry got too big a role in the new Medicare prescription drug program may not know the half of it.

For patients, the program's rollout has had mixed reviews, with many happy customers but more than a few tales of woe. But for many big insurers, the new Medicare program is shaping up as a great opportunity. And prescription drugs may be only a starting point.

So far, about 18 million Americans are participating in the new drug program, known as Medicare Part D. If things play out the way some big insurers hope, the drug program could prove to be a feeder system into a much greater private presence in Medicare — a longstanding goal of the Bush administration.

Insurers like Humana, which says it has signed up 1.7 million Medicare drug plan members, know that the real money is not in providing drug insurance. The rewards are much richer in other types of Medicare policies, including complete managed care plans called Medicare Advantage, which are operated by the private insurers but subsidized by Medicare. Michael B. McCallister, Humana's chief executive, refers to the new Medicare Part D drug program as part of a broader "Medicare opportunity" for his company.

"There's going to be a lot of people that are going to have Part D cards that are going to become interested in a Medicare Advantage plan," said Mr. McCallister, who has been unusually candid about the springboard strategy.

In January and February, which were the first months of the Part D drug program, Humana was also able to add more than 140,000 new Medicare Advantage customers to its rolls.

One of them was Frank Stallings, 78, a retired college professor in Highland Heights, Ky., who recently switched from a Part D plan to a Humana Medicare Advantage plan.

"So far, Part D has worked O.K.," he said. "I felt like I needed something else to help me out with other things not covered by Medicare."

Unlike his Part D drug plan, which carried a monthly premium of $26, there is no premium for his full-coverage Medicare Advantage plan — although his drug co-payments are a bit higher, and there will be co-payments for some other medical services.

Other big insurers like Wellpoint and the UnitedHealth Group — the Part D leader so far, with 4.5 million enrollees — are also recruiting members for Medicare Advantage, as well as customers for Medigap, another type of Medicare-related policy. Medigap is a supplemental policy that helps with the remainder of medical expenses not fully covered by conventional Medicare.

While the stand-alone Part D drug plans are expected to give insurers a small profit, the margins are likely to be thin — 1 percent to 3 percent before taxes, Humana estimates. That is partly because Humana is offering low premiums and co-payments to attract customers. And the federal subsidy for each customer in a stand-alone Medicare drug plan is only about $75 a month.

But for providing a full Medicare Advantage health policy to a patient, the government pays the insurer $900 to $2,000 a month beyond whatever premium, if any, the patient pays. With that revenue, come bigger profit margins — 3 percent to 5 percent, according to James H. Bloem, Humana's chief financial officer.

For UnitedHealth, the Part D drug business by itself would not be particularly lucrative, adding only 5 to 7 cents to earnings a share, according to Jason Nogueira, an analyst who tracks health care companies for the investment firm T. Rowe Price. That would be no more than 2 cents on the sales dollar for UnitedHealth, which had $45 billion in 2005 revenue and expects profit of $2.90 a share this year.

So the real financial opportunities lie in upgrading Part D enrollees to other Medicare-linked policies. In essence, the high federal subsidies for Medicare Advantage policies are the government's reward to insurers for taking people out of traditional, federally supervised Medicare and into the commercial world of managed care. In fact, Medicare now pays private insurers 15 percent more, on average, to take a patient than it spends in a traditional government program for each patient.

Critics of Medicare's approach, including a number of senior Democrats in Congress, have asked the Congressional Budget Office to examine the issue. The budget office estimated that Medicare could save more than $40 billion over the next 10 years if subsidies to insurers were scaled back to the levels the program now pays directly to doctors and hospitals.

Representative Pete Stark of California, the senior Democrat on the Ways and Means Committee, said in an interview that insurance agents "are out trying to promote seniors into Medicare Advantage plans, and switch them out of plans they are in."

The Medicare law that created the Part D program, Mr. Stark said, "was written by insurance company lobbyists with the help of pharmaceutical company lobbyists."

In a telephone interview, Michael O. Leavitt, the secretary of health and human services, defended the administration's market-based approach to Medicare, saying that market forces were pushing prices lower and that any kinks in Part D would be worked out.

"The market will become simplified because consumers want that," Mr. Leavitt said.

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As long as the incentive of federal subsidies stays at current levels, insurers have every reason to pursue them, especially as the industry struggles with slowing growth in its traditional core business of managing employer-sponsored health benefits.

Charles Boorady, a health care securities analyst at Citigroup, said that by expanding Medicare-subsidized offerings, the insurance industry had a potential revenue opportunity of more than $450 billion a year "or enough to almost double the revenue of the managed care industry."

Even before the new drug plan went into effect in January, some insurers had significant numbers of Medicare Advantage customers. Humana, for example, had 558,000. UnitedHealth had 1.1 million in Medicare Advantage; it also had an additional 2.5 million AARP customers with Medigap cards, and most of them have added the Part D coverage that UnitedHealth is offering through AARP.

By the end of February, Humana had already raised its total of Medicare Advantage members to 700,000 and had set a goal of 900,000 to 1.1 million by Dec. 31. The company expects to add more in 2007. New figures released by Medicare last week indicate that 6.3 million of the 18 million people enrolled in Plan D voluntarily signed up for the drug program; in all, 43 million people are eligible for it. An additional 5.7 million in the program are people who were subscribers to Medicare Advantage health plans that did not cover prescription drugs but they added the coverage.

The government's real gift to the insurers was 6.4 million low-income people on Medicaid or other public-assistance programs who were automatically assigned to Part D or Medicare Advantage plans. They were allocated among insurers ready to meet Part D rules, with most going to those that had Medicare Advantage plans throughout the United States.

Under this allocation, the government gave UnitedHealth 1.2 million Medicaid assignees; the next biggest were Humana and Wellpoint, which each got about 600,000.

Those insurers can be sure of collecting 100 percent of the premium from the government for the lowest-income enrollees, and they are paid on a sliding scale if the enrollees are eligible for other state assistance.

Not everyone, though, sees a huge opportunity in the industry using the Medicare drug program as a springboard into fuller lines of coverage.

Ed Kroll, an analyst at the investment research firm SG Cowen, notes that in the past, prescription drug coverage was a major reason people signed up for a Medicare Advantage managed care plan. Now, with Part D, people can have their drugs paid for without joining a broader plan, he said, and can simply let plain old Medicare benefits cover their other health needs.

Aetna, the third-largest insurer, after Wellpoint and United, has not made a big push into Part D. The company has only 375,000 Part D drug plan enrollees so far. Aetna — like Cigna, the No. 4 insurer — is more concerned with commercial customers and is "not strategically focused on Medicare or Medicaid," Mr. Boorady of Citigroup said.

Even for companies like Humana, which do have that focus, the big challenge will be overcoming the bad publicity the Part D program has tended to receive in the early going. And for those who do agree to trade up, insurers will not be able to take their loyalty for granted.

Florence Bryan 65, a retired grocery worker in Winchester, Va., met a Humana saleswoman in a Wal-Mart store late last year; she was promoting Part D and Medicare Advantage. "I went on her recommendations," said Ms. Bryan, who joined a Humana Medicare Advantage plan in January. Now, she has her "first glitch." Her Humana plan covers only half her monthly requirement of 60 Prevacid pills, which she for stomach problems. "The Humana representative said the doctor should call an 800 number to get an authorization," she said. "But the doctor's office said the insurance company needs to fill out a form and send it to the doctor." When contacted, a Humana spokesman said the company intended "to resolve this issue for Mrs. Bryan as soon as possible."

New To The Stable: Two Champion Clones (WP)

By Justin Gillis

The Washington Post, March 31, 2006

A Texas company said yesterday that it had cloned two champion cutting horses for $150,000 apiece, had established multiple clone pregnancies and would create as many as 30 more cloned horses over the next year, signaling the arrival of a commercial horse-cloning industry in the United States.

The plans by ViaGen Inc. of Austin represent by far the most ambitious effort yet to turn horse cloning into a paying business. There's little doubt that ViaGen, with one of the world's top cloning scientists in its stable, can pull off the necessary laboratory work, and not a single government rule or regulation stands in the way.

But it remains to be seen how far the U.S. horse industry will go in embracing the technique that produced Dolly the sheep a decade ago and has since come to symbolize many people's fears about modern genetic science. While cloning is being welcomed by those who ride and breed cutting horses, a sport with blue-collar origins on the ranches of the American West, the people guarding the purity of elite horse racing in the United States have decided to prohibit clones.

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"Would it be fun to watch Muhammad Ali box Muhammad Ali? Would it be fun to watch 10 Michael Jordans out on the basketball floor?" said Dan Rosenberg, president of Three Chimneys Farm, one of the leading farms in Kentucky breeding Thoroughbred racehorses. "What we do is part business and part fun, and it's part science and part art. If it becomes pure business and pure science, I don't want to play anymore."

It's clear that a lot of people in the horse industry agree with him. The American Quarter Horse Association, which safeguards that breed by issuing papers on the animals, has prohibited registration of any clone.

So has the Jockey Club, the association that registers the Thoroughbreds, such as Secretariat and Seattle Slew, that race for the Triple Crown and other premier events. In fact, the Jockey Club has prohibited not just cloning but any form of artificial reproduction. In the racing world, owners and breeders are clinging tenaciously to the idea that creation of a baby horse, a foal, ought to involve a stallion having sex with a mare.

But a different attitude seems to be taking hold in the most democratic of the equine disciplines, cutting, which grew out of the twice-yearly cattle roundups in the West that would bring together thousands of beef cows. To separate one rancher's animals from another's, cowboys needed compact, athletic horses with good instincts for pulling a cow out and blocking its attempt to rejoin the herd. The ranch hands would take any cutting horse, purebred or not, that could do the job.

Still, it probably didn't occur to those cowboys of old to try cutting cattle with a cloned horse.

It hadn't occurred to Lindy Burch, either, until recently. The Weatherford, Tex., woman is one of the nation's most accomplished riders and breeders of cutting horses, and owner of a valuable cutting champion called Bet Yer Blue Boons, a mare with health problems that have limited her ability to reproduce.

Burch was shocked when some fellows she knew called up and told her about a company with plans to clone horses. "I thought, 'Gosh, I have to try it,' " she said. "There's a lot of really nice horses, but the great ones are few and far between."

Now two mares are pregnant with Bet's clones. They're among 15 clones established in ViaGen's laboratories that are coming to term in surrogate mares on a farm in Oklahoma. Two clones already have been born. The first, born Feb. 19, is a clone of Royal Blue Boon, an aging champion whose offspring -- Bet Yer Blue Boons is one -- have earned millions in prize money on the cutting-horse circuit. That makes her, in the view of Quarter Horse News, "the greatest producing mare in the history of the sport."

They are not the first cloned horses born in the United States, nor even the first created for money. Since the world's first horse clone was born in Italy in 2003, a handful have been created by academic laboratories in this country.

But ViaGen, with financial backing from Arizona billionaire John Sperling and rights to the important patents in the field, is by far the best-financed company offering cloning services. Its laboratory is run by Irina Polejaeva, a leader of the scientific team that produced the world's first pig clones six years ago.

The company's main goal is to turn cloning into a routine tool of production agriculture, creating elite breeding stock for the cattle and hog industries. But a policy that would allow cloned animals or their offspring into the American food supply is stalled at the Food and Drug Administration, with consumer groups warning of a potential backlash.

So while the government figures out what to do about food, ViaGen has decided to go after a smaller market that needs no federal blessing -- horse cloning. At $150,000 for the first copy of a horse and $90,000 for the second copy, "it is a significant business opportunity," said Mark Walton, president of ViaGen.

Many of the associations that oversee various horse breeds are expected to follow the lead of the Jockey Club and the American Quarter Horse Association in prohibiting clones. That's likely to reduce the value of cloned animals, since neither they nor their offspring could ever be registered as purebred.

But Studbook Zangersheide, a small European association that controls a breed of jumping horses, has decided to register clones. And there's a lot of muttering in the horse world that anti-clone rules may be subject to legal attack as unfair restraints of trade. Nobody has sued yet.

The Humane Society of the United States yesterday condemned ViaGen's move, noting that several scientific panels have said cloning raises serious concerns about animal welfare. In some species, notably cattle, clones have died in the womb or just after birth with dire health problems, though not enough data are available yet to know if that will be true in horses.

"We applaud the Thoroughbred industry and other segments of the horse industry that are shunning this practice," said Wayne Pacelle, chief executive of the Humane Society, in Washington. "The cloning advocates and practitioners are thinking of horses as a commodity. Those on my side of the fence think of horses as individual creatures who deserve respect and humane treatment."

Caspar Willard Weinberger (WSJ)

By James Webb

The Wall Street Journal, March 31, 2006

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ARLINGTON, Va. -- From the window of my office I can see the flag pole on the main hilltop of historic Fort Myer, where high-ranking officers, including the Army's Chief of Staff, have resided for more than a century. The flag is at half-mast, as it always is when great tragedies occur or when noteworthy Americans have died.

I have written from this office for many years, and the half-masted flag at Fort Myers has become a frequent sight. But this afternoon as I watch the flag flutter in a gentle wind, I am overcome with a sense of nostalgia and regret that surprises me.

"Cap" Weinberger would have liked that, I find myself thinking. But it also would have embarrassed him just a bit. If he had lived to see this tribute, Cap would surely have made some self-deprecating joke -- and then deflected the whole subject onto another deserving individual. Something like, "Well, if you outlive enough of your adversaries the remainder will forget the arguments and lower a flag for you." * * *

For nearly four years during the Reagan administration I had the privilege of working for, and with, Caspar Willard Weinberger, first as an assistant secretary of defense and then as secretary of the Navy. As part of his inner staff that met daily with him, I once calculated that I had walked more than a thousand miles of Pentagon office corridors between my office and his. And in the years after he left the Pentagon, I counted myself among the lucky former subordinates who were able to grab him for lunch every now and then, or correspond on this issue or that, or even, as it turned out, to give him advice on his ever-aspiring writing career.

In this town of inflated egos and ruthless ambition, I have never met a more gracious man. And in a lifetime that, beginning with my father's military service, spans every secretary of defense, I can think of no one who has ever held that office with more competence, intellect and understanding of our country's place in the world.

Memories surround me: of Cap holding court among his inner staff day after day, receiving the morning briefings from his key subordinates, questioning their reports, giving guidance across a broad spectrum of issues with humor and incisive intellect. This was a man -- rare in government circles -- who was not afraid of strong personalities, who encouraged debate, who brought out the creative energies of people with a wide array of backgrounds and policy interests. Unlike so many government leaders who do not want to hear bad news, or who wish only to direct their subordinates from the top, Cap wanted to know, and the country was better off for it.

When Cap Weinberger took office as secretary of defense in 1981 our military was in a truly worrisome state. Its people were burnt out. Our ships, aircraft and weapons systems were depleted, on the verge of obsolescence. Our nation was demoralized by the aftermath of the Vietnam War and the humiliation of the failed attempt to rescue hostages in Iran, and worried sick about the Soviet takeover of Afghanistan. Nearly seven brutally demanding years later, he left behind a modernized, properly deployed military force filled with quality people. He had implemented a strategy that soon thereafter brought an end to the Soviet Union's expansionist regime. And he had put into place a doctrine regarding the use of force that, perhaps unfairly, became more associated in the public's eye with the views of his disciple Colin Powell than of his own.

It is painful for those who knew and respected Cap Weinberger to see his name, even in his obituaries, associated with the Iran-Contra affair, an endeavor that he himself had advised against. But his loyalties were astounding, even legendary among the Reagan inner circle. In the end they defined even his darker moments.

But Cap accepted that, just as he accepted the inevitability that others might shine brighter in the limelight that he himself made possible. One of his favorite quotes in those later years, when he would find the time to meet for lunch, was one he attributed to Ronald Reagan: "You can get a lot done in this town if you don't care who takes credit for it."

Mr. Webb, a former Marine, was secretary of the navy in the Reagan administration. He is now an author, and a Democratic candidate for the U.S. Senate from Virginia.

The States Confront Stem Cells (NYT)

The New York Times, March 31, 2006

Maryland will become the fourth state to authorize the use of state funds to support embryonic stem cell research, now that the governor, a Republican, has pledged to sign a bill approved this week by the legislature, which is controlled by Democrats. Maryland will thus join California, New Jersey and Connecticut in recognizing that the federal government's abdication of support for embryonic stem cell research has effectively shifted the issue to the states.

President Bush has authorized federal funds for research on only a limited number of embryonic stem cell lines, and Congress has been too hamstrung by fights between research advocates and social conservatives to expand support beyond that. No federal money can be used for therapeutic cloning, the most promising area of research. Privately financed research is an option, but the government makes that difficult at sites where other scientists work with federally financed equipment.

Individual states have been chiming in with their own policies, which range from a farsighted determination to finance the restricted research with state money to truly awful decisions to treat scientists as criminals if they dare to do therapeutic cloning. South Dakota bans all research on embryonic stem cells, and a few other states ban therapeutic cloning. Several states,

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however, authorize state funds for both embryonic stem cell research and therapeutic cloning. California's $3 billion 10-year program, currently stalled by a court challenge, dwarfs New Jersey's and Connecticut's programs. Maryland's small program will use only embryos that would otherwise be discarded by fertility clinics, not embryos generated for therapeutic cloning.

At first many states seemed headed toward restrictive policies, but then the academic and business communities threw their weight behind research that they believe could ultimately lead to new therapies and possibly new companies to exploit the findings. In some places, the result is a mishmash of conflicting approaches. In Wisconsin, where scientists have been pioneers in the development of embryonic stem cell lines, Gov. Jim Doyle, a Democrat, vetoed a bill — passed late last year by the Legislature, which is dominated by Republicans — that would have made therapeutic cloning a criminal offense punishable by up to 10 years in jail. He has instead embarked on a drive to recruit stem cell companies for Wisconsin, with a goal of capturing 10 percent of the stem cell industry by 2015.

This piecemeal state-by-state approach is an absurd way to conduct research that may have extraordinary importance if it pans out. Few residents of states that ban therapeutic cloning will refuse lifesaving therapies developed in other states. So it seems unfair to rely on a handful of states to fill the gaps left by the federal abdication. There is growing sentiment in Congress that the range of stem cell research eligible for federal funds needs to be expanded. We agree, and urge that therapeutic cloning be included in that expansion.

Help The Homeless (WP)

The Washington Post, March 31, 2006

THE MILD WINTER was a blessing for the Washington area's homeless population, which is estimated at more than 15,000. Nonetheless, the growing number of homeless people has strained the capacity of shelters and other social services. And while the problem of homelessness used to be mainly an urban one, concentrated in the District, now it is felt equally in the suburbs, where half of the region's homeless are thought to live.

This year Montgomery County had to open a third temporary trailer to handle the overflow from its permanent shelters; in addition, the county has lodged some 40 homeless families in motels because the shelters had no remaining beds. In Fairfax, a canvass by the county in January found nearly 2,100 homeless people, up 6.5 percent over a similar survey's count a year earlier. At various points in the winter, 60 to 90 homeless families in Fairfax were on the waiting list for beds in county shelters; some families waited up to four months for a spot. And in many instances, a spot in a shelter means only a place to sleep at night -- but neither refuge from the elements nor a hot meal during the day.

Together, Fairfax and Montgomery, neighboring jurisdictions separated by the Potomac, represent one of the largest concentrations of suburban prosperity in the nation. That they are home to 3,000 to 4,000 homeless people is a symptom of a societal failure; more particularly, it reflects the exorbitant price of housing in each county, where a one-bedroom rental apartment averages $1,000 or more a month. Some 2 million people live in Fairfax and Montgomery, but county officials are struggling to retain the relatively small stock of affordable housing in the face of powerful market pressures. As Bob Wyatt, director of the Lamb Center, which runs shelters for the homeless in Fairfax, told The Post's Bill Turque: "Where there is great wealth, there is also insidious, hidden poverty."

In Montgomery, County Council members Steven A. Silverman and George L. Leventhal, both Democrats, have proposed modest measures to increase the available public money for rent subsidies and medical care for homeless people in shelters. That's a positive gesture, but, as Mr. Silverman notes, it's just a first step. It may be impossible to eliminate homelessness altogether, but minimizing it should not be beyond the means of such rich localities. Perhaps a third of the suburban homeless here have jobs. They are making a go of it, and they deserve a greater helping hand from local governments.

Rice Floats The Idea Of U.N. Sanctions On Iran, But China And Russia Reject It (NYT)

By Joel Brinkley

The New York Times, March 31, 2006

BERLIN, March 30 — Secretary of State Condoleezza Rice, meeting here on Thursday with representatives of the other four permanent members of the United Nations Security Council, raised the idea of imposing unspecified sanctions on Iran, but she received a decidedly cool reaction from China and Russia.

Her proposal came a day after the Security Council approved a statement criticizing the Iranian nuclear program that was a result of heavy compromise. Previously, she had said that sanctions were a possibility but that it was premature to discuss them.

Her proposal was described to reporters in a briefing aboard her plane by a senior State Department official, and she did not comment directly on her proposal during a news conference after the three-and-a-half-hour meeting here on Thursday.

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But Dai Bingguo, China's vice minister of foreign affairs, rejected the idea of sanctions and offered a thinly veiled criticism of the war in Iraq when he said: "The Chinese side feels there has already been enough turmoil in the Middle East. We don't need any more turmoil."

The Security Council approved the statement on Wednesday after three weeks of debate. Ms. Rice and her aides praised it on Thursday, even though it was far weaker than the one the United States had originally proposed. It calls on the International Atomic Energy Agency, the nuclear monitoring arm of the United Nations, to report within 30 days on Iran's progress toward curtailing its nuclear development work. The report then goes to the Security Council, giving it an opportunity to respond.

After months of diplomacy, the United States persuaded a majority of the agency's board to report Iran to the Security Council last month.

Ms. Rice noted on Thursday that Russia had wanted to remove the language from the Security Council statement calling for a referral to the Security Council, which would have effectively returned the case to the atomic energy agency. Russia backed down from its demand, under American pressure.

As it is, Russia and China bluntly declared on Thursday that they had no interest in imposing sanctions of any sort or in taking any further action against Iran, though both countries did express concern about the nuclear program. Russian and Chinese officials said they wanted to refer the issue back to the atomic energy agency.

"Russia believes that the sole solution for this problem will be based on the work of the I.A.E.A.," said the Russian foreign minister, Sergey V. Lavrov.

American officials say Iran is unlikely to budge from its confrontational position unless it is offered "in addition to carrots some sticks," the senior official traveling with Ms. Rice said Thursday evening. "Iran needs to know there will be consequences if it continues to hold out."

But the same opposition that forced the United States to accept a weaker Security Council statement than it had wanted seems likely to make it difficult to impose sanctions or other actions against Iran to persuade it to back down.

Iran's foreign minister, Manouchehr Mottaki, speaking at a disarmament conference in Geneva on Thursday, described the Security Council action as "political maneuvering by some Western countries" and "an abuse of international mechanisms."

On her way here Wednesday night, Ms. Rice said the meeting was being held to begin discussions of "the next steps" to be taken against Iran, now that the Security Council statement had been approved. Later, after Russia's and China's public rebukes of the idea of taking further action, the senior administration official, briefing reporters, offered a different goal for the meeting, saying it had been an effort to keep together the coalition of nations opposed to Iran's nuclear program.

The official, who briefed reporters traveling with Ms. Rice under the ground rule that he not be identified by name, said several nations, presumably European countries, had supported the notion of unspecified sanctions after Ms. Rice proposed the idea. He would not name the nations.

Ms. Rice alluded to the sort of sanctions the United States would be likely to propose when, speaking to reporters on her way here, she said the United States and its allies would look at "how a strong message can be sent to the Iranian regime that it's the regime that is isolated, not the Iranian people."

The senior official said Ms. Rice was referring to the idea of imposing travel bans on senior Iranian officials and freezing their foreign bank accounts, as the United States and Europe say they intend to do with regard to Belarus.

Foreign Ministers Push For United Stance On Iran (WSJ)

The Wall Street Journal, March 31, 2006

BERLIN -- U.S. Secretary of State Condoleezza Rice on Thursday warned that "the international community is united" in its dispute with Iran over its nuclear program, while German Foreign Minister Frank-Walter Steinmeier said the U.S., Russia, China and Europe remained intent on a diplomatic solution.

The remarks followed a meeting in Berlin among diplomats from the five veto-wielding members of the U.N. Security Council plus Germany over ways to press Iran to stop making enriched uranium, which can be used for weapons. Iran says its program is peaceful.

Ms. Rice said the meeting sends "a very strong signal to Iran that the international community is united." It follows an agreement Wednesday to give Iran 30 days to comply or see the matter taken up by the U.N. Security Council. (See related story.1)

But the comments hinted at the strains in the anti-Iran alliance, with the Chinese saying that "only peaceful means" must be used to push Iran, while the U.S. and Britain used tougher rhetoric.

"The onus is on Iran to show the international community that its program is entirely for civil purposes and for no other," said British Foreign Minister Jack Straw. "We have shown very great patience with Iran. They in turn have miscalculated.

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"They thought the international community would be divided on this issue but in fact they have become more and more united," he said.

Russian Foreign Minister Sergey Lavrov stressed a peaceful solution and appeared to emphasize the role of the International Atomic Energy Agency ahead of the Security Council. "It is quite clear that all of us have very legitimate concerns in the international community with regard to Iran but we wish to reach a peaceful solution," he said.

"Russia believes the sole solution will be based on the work of the IAEA and we will also be demanding full cooperation of Iran with the IAEA. Only then will it be possible for Iran to make peaceful use of the technology."

On Wednesday, the five permanent Security Council members broke a three-week impasse on Iran and agreed on a statement demanding that Tehran suspend all uranium enrichment.

Diplomats hailed the step as an important breakthrough, but it is unclear what impact the statement will have in Tehran, where the Iranian government insists it will proceed with its nuclear-development plans as a matter of sovereign right.

Concerns over the U.N. standoff with Iran have helped keep oil prices above $60 a barrel in recent weeks. Iran is the second-largest producer in the Organization of Petroleum Exporting Countries after Saudi Arabia. The U.S.'s Energy Information Administration Tuesday reported that commercial stockpiles of gasoline declined by 5.4 million barrels last week to 216.2 million barrels.

The U.N. statement, which isn't legally binding and falls short of a resolution, expresses "serious concerns" that Iran has failed to comply with a series of steps laid out by the International Atomic Energy Agency to assure that Tehran isn't pursing nuclear weapons. Iran insists its nuclear program is for peaceful purposes, but the statement notes "that the IAEA is unable to conclude that there are no undeclared nuclear materials or activities in Iran."

The statement asks IAEA chief Mohamed ElBaradei to report to the Security Council in 30 days on Iran's compliance.

The U.N. agreement "demonstrates that the international community is united in its concern over Iran's nuclear program," said U.S. Secretary of State Condoleezza Rice in a statement. "Iran is more isolated now than ever."

The five permanent members of the Security Council – the U.S., France, Britain, China and Russia – have been locked in negotiations since early this month to craft a joint position on Iran, even one that makes no mention of potential sanctions or other leverage. Each permanent member of the Security Council has powers of veto. Russia and China have staunchly resisted any diplomatic moves that might eventually pave the way to sanctions or military actions, as happened with Iraq. They have also pushed to assure that the IAEA be the main focus of diplomatic action instead of the Security Council.

In a clear nod to those concerns, the statement says that Iranian compliance with all IAEA requests, including the suspension of all nuclear-enrichment activities, "would contribute to a diplomatic, negotiated solution that guarantees Iran's nuclear program is of exclusively peaceful purposes."

Security Council Turns Up Pressure Against Iran (CSM)

By Howard LaFranchi

The Christian Science Monitor, March 31, 2006

WASHINGTON - The United Nations Security Council has given Iran 30 days to offer proof of its commitment not to develop nuclear weapons. With that step under their belt, the United States and Europe in particular now want to avoid seeing Tehran use that month as a cover for advancing further down a road of no return to the bomb.

That desire drove what Western officials called a "strategy session" in Berlin Thursday, where foreign ministers including Secretary of State Condoleezza Rice considered the question of how best to keep up international pressure on Iran.

The brief Berlin meeting resulted not so much in a "strategy" but in a reinforced show, after Wednesday's Security Council action, of international opposition to a nuclear-armed Iran.

The "EU 3" of the European Union - Britain, France, and Germany - plus the US, China, and Russia attended the session.

Europeans describe the month-long window before Iran is taken up again by the Security Council as an "opportunity" for Tehran to reverse course on uranium enrichment - a key step in the fuel cycle necessary for building a nuclear weapon - and return to international talks on its program.

But the US, dubious of Iran's intentions, plans to use the month to begin focusing international attention on Iran's role as what Washington considers the world's No. 1 state sponsor of international terrorism, diplomatic sources say.

The ministers would like to see Iran return to negotiations with the EU 3, which - before their collapse last August - were aimed at verifying that any Iranian nuclear program is for energy development only.

But the European powers in particular feel stung by Iran's pattern of using negotiations as cover for continuing clandestine nuclear development.

Iran is showing no signs of bending to the increased international pressure, rejecting the Security Council's call to freeze Iran's uranium enrichment program.

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"It is impossible to go back to suspension," Tehran's representative to the International Atomic Energy Agency (IAEA), Ali Asghar Saltanieh, told the Associated Press Thursday.

The Security Council on Wednesday ended three weeks of often deadlocked talks by approving a statement that asks the IAEA to report to the council within 30 days on Iran's compliance with demands that it suspend uranium enrichment.

The nonbinding statement is considerably weaker than the Europeans, backed by the US, had originally sought: It no longer calls Iran's program "a threat to international peace and security," wording that Russia and China feared would set the stage for eventual sanctions or other forceful action. In addition, the US had wanted to restrict Tehran's margin of maneuverability by demanding the IAEA report to the council within two weeks.

Still, US officials emphasize, the statement demonstrates unified international opposition to Iran's nuclear ambitions. "The international community is united," Secretary Rice said after the Berlin meeting.

The US also maintains that the action on a statement effectively keeps the Iran dossier open in the Security Council, where it wants it.

"We're prepared to be back here on the 31st day, given the Iranian record to date of consistently flouting the IAEA [and] attempting to obscure what they've done," said US Ambassador to the UN John Bolton after the statement's approval.

Speaking to reporters after the Berlin meeting, German Foreign Minister Frank-Walter Steinmeier characterized the month-long window before Iran returns to the Security Council as a time of decision for Tehran. Insisting that Germany and the five permanent members of the Security Council still want a "diplomatic solution" to the dispute, he said Iran has a month to "make a choice between isolation ... or [to] seize the offer to resume negotiations."

Still, the Bush administration, which has recently labeled Iran the biggest single threat to American security, appears intent on raising the Iranian regime's profile as a purveyor of international terrorism.

"They are stepping up their accusations of Tehran as a state sponsor of international terrorism, and they have given us notice that that is what they will be doing," says one Western diplomat in Washington, who spoke condition of anonymity after private meetings with American national security officials.

But as Russian and Chinese resistance to the US position demonstrates, the US is starting on Iran from a position clouded by its prewar accusations against Iraq.

"They have a credibility problem after Iraq and things like the claims of weapons of mass destruction," says the diplomat, "so they have that burden to overcome."

Iran Warned, But Russia, China Dissent On Action (WP)

By Glenn Kessler

The Washington Post, March 31, 2006

BERLIN, March 30 -- Senior diplomats from the five veto-wielding members of the U.N. Security Council and Germany warned Iran on Thursday to halt sensitive nuclear activities and return to the negotiating table, but strains were apparent as Russia and China appeared to rule out sanctions or military action.

One day after the Security Council approved a watered-down statement that gave Iran 30 days to end its uranium enrichment program, Secretary of State Condoleezza Rice and her counterparts met here for 3 1/2 hours to consider ways to persuade Iran to restrain its nuclear ambitions. "This is a strong signal to Iran that negotiation, not confrontation, should be their course," Rice said.

In Vienna, Iran's chief representative to the International Atomic Energy Agency, Ali Asghar Soltanieh, told the Associated Press that it was "impossible to go back to suspension" and that "this enrichment matter is not reversible."

Rice told reporters traveling with her to Berlin that the meeting would be used to "look ahead to what next steps we might wish to take." She suggested the range of options could include "strong messages," such as travel bans, which would affect the Iranian leadership personally, or measures to thwart Iran's ability to acquire materials needed for a civilian nuclear program.

A senior U.S. official in Rice's entourage said after the meeting that participants had demonstrated "substantial support" for considering the option of "moving toward sanctions." But in public comments afterward, Russian and Chinese officials expressed opposition to sanctions, on grounds they could lead to escalation and confrontation.

"In principle, Russia doesn't believe that sanctions could achieve the purposes of settlement of various issues," Foreign Minister Sergei Lavrov said.

"There has already been enough turmoil in the Middle East," said Dai Bingguo, China's vice foreign minister, in a reference to the U.S. invasion of Iraq. "We do not want to see new turmoil being introduced to the region."

The Bush administration has pushed hard to bring the dispute over Iran's nuclear programs to the Security Council. But the resistance by both Russia and China to tougher action underscores the limits of that approach. Officials from both countries said the issue should be handled by the IAEA, the Vienna-based U.N. nuclear watchdog.

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Britain, France and Germany, leading an effort for the European Union, began negotiations with Iran three years ago to try to reach a solution, but the talks failed last year. Russia has also sought a compromise with Iran, but with little success.

It took three weeks of talks among Security Council members to reach agreement on the wording of Wednesday's statement. Russia successfully resisted language that would have called Iran's nuclear activities a threat to peace and security. Iran has said repeatedly that its nuclear program is for civilian energy only.

Lavrov noted that the IAEA has not ruled out a military dimension to Iran's program but neither has it concluded that Iran plans to build weapons with the nuclear fuel it hopes to produce.

"Before we call any situation a threat, we need facts, especially in a region like the Middle East, where so many things are happening," Lavrov said. ". . . So far, they have not been provided."

During the meeting, Rice and European officials sought to give the matter urgency by referring to reports that Iran has had unexpected success in assembling 164 centrifuges into a system known as a cascade, for uranium enrichment. That would be too small to produce enough fuel for a bomb, but Iran previously had worked with just 20 centrifuges. It appears to have completed the project about two months earlier than IAEA technical experts in Vienna had expected.

British Foreign Secretary Jack Straw said no country was trying to deny Iran the ability to produce electricity through nuclear power. "We have shown very great patience with Iran. They in turn have miscalculated" by misleading the IAEA about their program for 18 years, Straw said. "They thought the international community would be divided on this issue, but truthfully, it has become more and more united."

Before the meeting, Rice met with German Chancellor Angela Merkel for an hour. After the gathering, she departed for Paris for talks with French President Jacques Chirac.

Russia, China Oppose Iran Sanctions (KRT)

By Warren P. Strobel

Knight Ridder, March 30, 2006

BERLIN - Russia and China said Thursday that they oppose sanctions and other punitive measures against Iran, spoiling U.S. and European hopes for a display of international unity on efforts to stop Tehran's suspected nuclear weapons program.

Meeting here with Secretary of State Condoleezza Rice, top diplomats from Britain, China, France, Germany and Russia called on Iran to heed a U.N. Security Council statement issued Wednesday demanding that Iran abandon its efforts to enrich uranium that could be used in nuclear arms.

But if there was agreement on that general goal, there was no agreement apparent on tactics in the weeks ahead.

Both Rice and British Foreign Minister Jack Straw raised the possibility of sanctions during the three-and-a-half-hour meeting.

But Russian Foreign Minister Sergei Lavrov said afterwards that Russia saw little value in sanctions. "In principle, Russia doesn't believe that sanctions could achieve the purposes of settlement of various issues," he said.

Lavrov also seemed to question the evidence that Iran is trying to develop nuclear weapons under cover of a civilian atomic energy program. "Before we call any situation a threat, we need facts, especially in a region like the Middle East, where so many things are happening," he said.

Chinese Vice Foreign Minister Dai Bingguo called for "time, persistence and wisdom."

"The Chinese side feels that there has already been enough turmoil in the Middle East. We do not want to see new turmoil being introduced to the region," Dai said, using unusually blunt language for a Chinese diplomat.

The Russian and Chinese statements appeared to reflect suspicions, fueled by the U.S. invasion of Iraq, that the Bush administration is trying to lay the groundwork for military strikes against nuclear sites in Iran.

During three weeks of negotiations over this week's statement by the president of the Security Council, Russia successfully fought to remove language saying Iran's nuclear work is a threat to global security.

In Moscow's view, such language could serve as a trigger for sanctions, or even the use of force, under the U.N. Charter. Russia wants the issue dealt with by the International Atomic Energy Agency, not the Security Council.

Rice, briefing reporters on her flight to Berlin, denied this was Washington's intent.

At a press conference, Rice said the meeting "does send a very strong signal to Iran that the international community is united and expects Iran to adhere to (its) just demands."

The Security Council statement calls on Iran to cooperate with IAEA inspectors and cease activities related to uranium enrichment and reprocessing. The IAEA, which monitors compliance with the Nuclear Non-Proliferation Treaty, is to report on Iranian compliance in 30 days.

Iran so far has rejected the demands.

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A senior State Department official who briefed reporters only under the condition of anonymity said that if Iran remains intransigent, the "next logical step" would be a U.N. Security Council resolution, which carries more weight than this week's presidential statement.

"The stick would be sanctions, some type of sanctions attached to that," the official said.

Such a resolution could be adopted in May, according to a memo by a senior British diplomat, John Sawers. But to win agreement from Russia and China, he wrote, Europe would have to offer rewards to Iran if it disavows nuclear weapons.

Russian Official Contradicts West On Tehran (WT)

By Nicholas Kralev

The Washington Times, March 31, 2006

BERLIN -- Russia's top diplomat embarrassed his Western partners yesterday, even as U.S. officials said they had deliberately toned down their remarks about Russia in recent weeks while seeking Moscow's support for U.N. Security Council action on Iran.

Moments after the Western powers insisted to reporters that they were on the same page with Russia and China regarding the Iranian nuclear threat, Russian Foreign Minister Sergey Lavrov contradicted them, saying he saw no evidence that Iran's program had a military component or that it posed a threat.

"Before we call any situation a threat, we need facts, especially in a region like the Middle East, where so many things are happening," Mr. Lavrov said after a meeting with his counterparts from the United States, Britain, France, Germany and China.

"We prefer very strongly to base our specific actions on specific facts, and in this particular case the facts could be provided by the [International Atomic Energy Agency]," he said. "So far, they have not been provided."

U.S. officials, who along with their European allies say Iran is pursuing nuclear weapons under the cover of a civilian program, chose not to react publicly to Mr. Lavrov's comments.

But privately, they expressed frustration and even surprise, saying the minister had been much more agreeable during their private talks.

It was the latest in a series of irritants between the United States and Russia, which complained loudly this week that Washington had thrown up new obstacles to Moscow's entry into the World Trade Organization. Late last week, a U.S. report revealed that Russian diplomats had provided sensitive military information to Saddam Hussein during the U.S. invasion of Iraq in 2003.

U.S. officials, who angered Russia earlier this year by questioning its fitness to serve as chairman of the Group of Eight summit this year, have refrained from strong criticism of the help to Saddam.

"It's more important now to have Russia and China" as part of a coalition on Iran than to antagonize them, a senior State Department official said.

"I've been trying not to talk about Russia lately," said another senior official who has been sharply critical of Moscow's energy policies and anti-democratic practices in the past several months.

The Western ministers were not much happier with what they heard at yesterday's press conference from China's vice foreign minister, Dai Bingguo, who attended the meeting instead of his boss.

"The Chinese side feels that there has already been enough turmoil in the Middle East," he said. "We do not want to see new turmoil being introduced to the region, because that would not serve the interests of any party and would only be very detrimental to the interests of the people in Middle East."

Even so, Secretary of State Condoleezza Rice and her European colleagues said the Security Council is united against Iran, citing a council statement issued in New York late Wednesday that demanded that Tehran stop uranium enrichment and return to negotiations within 30 days.

The statement's initial draft had much tougher language but was watered down at the insistence of Moscow and Beijing.

A senior U.S. official traveling with Miss Rice said sanctions against Iran were discussed formally for the first time in yesterday's meeting, which resulted in a split between the West and the Russia-China duo.

"Russia doesn't believe that sanctions could achieve the purposes of settlement of various issues," Mr. Lavrov said.

Even the IAEA director-general, Mohamed ElBaradei, said yesterday that sanctions are a bad idea.

"We need to lower the pitch," he said. "My message to Iran: The international community is getting impatient, and you need to respond by arming me with information."

Iran Envoy Rejects Security Council Demand (AP-Y2)

By George Jahn

AP2, March 30, 2006

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A top Iranian envoy defiantly rejected a U.N. Security Council demand for a halt in uranium enrichment, saying Thursday that Tehran's activities are "not reversible," despite new calls to reconsider from the United States, its key European allies, Russia and China.

Ali Asghar Soltanieh, Tehran's chief representative to the International Atomic Energy Agency, the U.N. nuclear watchdog, said "it is impossible to go back to suspension.

"This enrichment matter is not reversible," he said in a telephone call from Vienna, Austria.

Iran's defiance cast a pall on a meeting of top officials of the five permanent Security Council members plus Germany meant to demonstrate consensus on confronting Tehran over its nuclear program. After two hours of talks that were twice as long as planned, Secretary of State Condoleezza Rice said the six nations were "united."

But Russia and China suggested otherwise, expressing opposition to strong council action against Tehran after the meeting in comments that reflected the continuing fault-line dividing East and West on Iran.

Russian Foreign Minister Sergey Lavrov specifically challenged U.S. assertions that Iran was trying to make nuclear arms, saying no proof existed of such claims.

While symbolizing unity after weeks of tenuous negotiations led to Wednesday's watered-down Security Council statement, a European official who was briefed on the closed talks told The Associated Press that the meeting did not bridge differences that left Russia and China at odds with the United States, France and Britain.

Russia and China remained opposed to the next step called for by Washington, Paris and London — a strong resolution that is legally binding and, at least in theory, is enforceable by military means, according to the official, who spoke on condition of anonymity because he was not authorized to talk about the closed meeting.

That stance left the Western powers at the Berlin talks unwilling to consider any specific suggestions on a "parallel track" favored by Russia to Security Council action — multilateral negotiations with Iran, including some or all permanent council members and Germany, the official said.

But a U.S. official told the AP that if talks with Iran on Iraq were fruitful, they could be expanded to touch on the nuclear issue.

The Bush administration and Iran have publicly emphasized those talks would focus on Iraq. But the official, who spoke on condition of anonymity because he was not authorized to talk to the media, said that "if some understanding emerges from those discussions, then the one side or the other might say, 'Let's have some follow-up.'"

The meeting of the foreign ministers, along with a senior Chinese official and Javier Solana, the top EU foreign policy official, came a day after the Security Council agreed on a statement calling on Iran to reimpose its enrichment freeze and cooperate with an IAEA inquiry.

It asked IAEA head Mohamed ElBaradei to report in 30 days on whether those requests were made. But the statement was stripped of tougher language backed by the West in deference to Russia and China.

Iran has used the weeks of wrangling within the council to make progress on its enrichment program — which can be used both to generate fuel or make the core of nuclear weapons. Diplomats familiar with the IAEA investigation say it is close to introducing uranium gas into 164 centrifuges — a test facility that nonetheless would give Iran valuable expertise as it works to develop a full-scale enrichment program.

Warning Iran that the international community is united, both Rice and British Foreign Secretary Jack Straw hinted at escalating Security Council action should Iran disregard the demand that it reimpose a freeze on its uranium enrichment program.

German Foreign Minister Frank-Walter Steinmeier held out hope that Tehran might reconsider, despite the Vienna envoy's statement. "We hope that the declaration by the Iranian ambassador is not the last word offered on this," he said.

Steinmeier said the 30-day time limit gives Iran time to "make a choice between isolation ... or a return to the negotiating table."

"We all very much hope that Iran will seize the offer to resume negotiations and we use this opportunity to once again call on Iran to suspend all enrichment activities and to open up once again the path leading to negotiations," he said.

In Geneva, Iranian Foreign Minister Manoucher Mottaki avoided specifics on the enrichment issue, but appeared to rule out any hope of a negotiated resolution.

"Three years of negotiations have just added to our mistrust," he told the 65-nation Conference on Disarmament, alluding to failed talks with France, Britain and Germany focusing on trying to persuade Tehran to give up enrichment out of fears it would be misused to make nuclear arms. He said there is "no prospect of final agreement."

Seizing on the unity theme touched on by Rice and others, Straw said the Iranians "have miscalculated" in hoping to divide the international community. Instead, he said, "they have become more and more united."

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French Foreign Minister Philippe Douste-Blazy said all present agreed the council could "use its political" power to enforce demands on Iran.

Still, comments by Lavrov, and Dai Bingguo, a deputy Chinese foreign minister, revealed that opposition by Moscow and Beijing persists to robust Security Council action, as sought by Washington, Paris and London.

"Russia on principle doesn't think sanctions can achieve a settlement" that would lead Iran to compromise on enrichment and other demands backed by the Security Council, Lavrov said.

"Before we call any situation a threat, we need facts ... (and) so far they have not been provided," he said, arguing that there is no evidence that Iran is hiding a nuclear weapons program — as asserted by Washington.

Lavrov's call for moderation was echoed by Dai, who called for a "peaceful solution" and added there was "too much turmoil" in the region.

"This issue is among the most difficult and complicated in today's world, it requires time, persistence and wisdom, and it can only be resolved through peaceful means," he said.

ElBaradei Asks For Restraint In Response To Iran (LAT)

By Jeffrey Fleishman and Alissa J. Rubin

The Los Angeles Times, March 31, 2006

BERLIN -- U.N. Atomic Energy chief Mohammed ElBaradei urged the international community Thursday to steer away from threats of sanctions against Iran to prevent the dispute over the country's nuclear intentions from spiraling out of control.

Meanwhile, ministers of major powers meeting here similarly struck a more conciliatory tone than in recent weeks following agreement on Wednesday by the U.N. Security Council to give Iran another 30 days to respond to requests from the U.N.'s atomic energy organization that it halt uranium enrichment research.

ElBaradei, speaking in Doha, emphasized that Iran is not "an imminent threat" and urged countries to "lower the pitch" in their effort to stop Iran's nuclear work.

In recent weeks the United States and members of the European Union have made increasingly confrontational statements about what they claim is Iran's intent to perfect technology to enrich uranium with the goal of eventually manufacturing a nuclear weapon.

"There is no military solution to this situation," said ElBaradei, Nobel Prize-winning director-general of the U.N.'s International Atomic Energy Agency. "It's inconceivable. The only durable solution is a negotiated solution."

Russia, China and several countries in the Middle East have voiced concern that the U.S. and EU are pursuing similar tactics with Iran as with Iraq a few years ago, creating a sense of crisis that makes it easier to make the case for military action.

On Thursday, comments by Secretary of State Condoleezza Rice and her counterparts from China, Russia, France, Germany and Britain made clear that despite the Security Council's unity, deep ideological differences remain among the major powers over what the next steps should be. ElBaradei's comments seemed timed to influence them during the crucial month-long period.

Britain, France and the U.S. have said they would be willing to level sanctions on Iran or ultimately use military force if Iran continues to move forward in its effort to perfect uranium enrichment. Russia and China oppose any punitive actions at this point, a position they reiterated at Thursday's meeting, because they fear it would make Iran more confrontational and could lead to further turmoil in the Middle East.

The statement approved by the Security Council essentially buys the United Nations 30 days to figure out what to do if Iran remains defiant. Once the monthlong period ends, ElBaradei is required to issue another report on whether Iran has complied with IAEA requests which include: halting uranium enrichment research, answering questions about its nuclear program and ratifying IAEA regulations allowing U.N. nuclear inspectors more access to Iranian nuclear facilities and to plants where parts are manufactured for its nuclear industry.

Iran insists its nuclear program is purely for peaceful purposes such as civilian energy generation. Uranium enriched to low levels can be used to generate electricity but enriched more intensively it can be used to make nuclear weapons.

On Thursday, Rice took a somewhat more moderate tone toward Iran than in other recent statements.

"This isn't the time to try and come to a conclusion about what the next step is," said Rice, speaking to reporters on the plane on her way to the meeting. "It's an opening discussion about those next steps. ... A lot is going to depend on the Iranian reaction and I would not at this point carve in stone anybody's decisions about what the next steps might be."

German foreign minister Frank-Walter Steinmeier also held out a hand to Iran. "We all very much hope that Iran will seize the opportunity offered to him to resume negotiations. . .If Iran were to enter upon the path of cooperation, then it can rely on us entering those negotiations in a constructive spirit," he said.

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Iran's initial response to the Security Council statement was unbending. Iran's ambassador to the IAEA, Aliasghar Soltaniyeh, said Thursday: "We will not, definitely, suspend enrichment."

Iran, under the nuclear non-proliferation treaty, has the right to enrich uranium for peaceful purposes. However, Iran's intentions have come under international scrutiny because it hid its nuclear program for 18 years, in violation of the treaty of which it had long been a signatory. Although Iran is now largely in compliance with the treaty's requirements, the U.N. nuclear inspectors say there are still key questions that Iran needs to answer about its program.

Iran compounded international distrust when it ended nearly two years of negotiations with the European Union over a deal to halt its nuclear work altogether. Then, in January, Iran resumed work on a pilot uranium enrichment facility that it had suspended during the talks with the EU. It has begun enriching tiny quantities of uranium to test its centrifuges.

The IAEA, in its most recent report on Iran, said it could not rule out that Iran had secret nuclear facilities or materials. The vague language underscores the chief problem for policymakers dealing with Iran: key aspects of its program remain opaque.

ElBaradei, in his comments Thursday, pushed the international community to act only on concrete information. He warned against a repeat of the 2003 experience with Iraq when IAEA inspectors did not find nuclear weapons, but were ignored by the United States, which proceeded to use unsubstantiated intelligence to make the case for war. Since then, the IAEA has been proved right that Saddam Hussein did not possess any nuclear capability.

Russia and China, the two permanent Security Council members who are more closely allied to Iran, want the IAEA, not the Security Council, to take the lead. That would diminish the likelihood of a rapid Security Council showdown with threats of sanctions and international humiliation.

Strong Earthquake In Iran Kills At Least 17 (NYT/AP)

By The Associated Press

The New York Times, March 31, 2006

TEHRAN, Iran (AP) -- A strong earthquake followed by an even stronger aftershock jolted western Iran early Friday, killing at least 17 and injuring hundreds, state media reported.

The quake had a preliminary magnitude of 5.0 and was centered near Boroujerd and Doroud, two industrial cities in western Iran, the official Islamic Republic News Agency reported.

Hours later, it was followed shortly before dawn by two weaker aftershocks and a third tremor with a magnitude of 6.0, IRNA reported.

Provincial official Ali Barani said the quake flattened several villages. Rescue teams have been sent to the region, 210 miles southwest of Tehran, Barani told IRNA

Seventeen bodies have been pulled out of destroyed houses in Silakhor, a region north of Doroud, state-run radio said, reporting 300 injured. The injured were taken to hospitals in Boroujerd and Doroud.

Doroud governor Nasrollah Rashno told IRNA that the quake has damaged buildings and toppled telephone lines.

People in Doroud ran into the streets in panic when the first quake hit shortly after midnight. Many spent the remainder of the night outside.

"We are afraid to get back home. I spent the night with my family and guests in open space last night," Doroud resident Mahmoud Chaharmiri told The Associated Press by telephone.

Chaharmiri said there were no scenes of destruction in Doroud such as those seen in the past in the wake of similar quakes around Iran.

In February 2005, a 6.4-magnitude quake in southern Iran killed 612 people and injured more than 1,400.

A magnitude 6.6 quake flattened the historic southeastern city of Bam in the same region in December 2003, killing 26,000 people.

Iran is located on seismic fault lines and is prone to earthquakes. On average, it experiences at least one slight earthquake every day.

Bomber Kills 3 Israelis As Hamas Takes Power (NYT)

By Greg Myre

The New York Times, March 31, 2006

JERUSALEM, March 30 — A Palestinian suicide bomber, possibly disguised as an observant Jew, blew himself up at a gas station in the West Bank on Thursday evening, turning a car into a fireball and killing three Israelis inside the vehicle, Israeli news reports said.

Al Aksa Martyrs Brigades claimed responsibility for the blast, which came hours after the newly installed Palestinian cabinet, led by Hamas, took up its duties in the Palestinian Authority government offices.

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The new Palestinian interior minister, Said Siam, who is in charge of the police, announced that Palestinian militants would no longer be arrested by the Palestinian security forces.

The bomber apparently used his disguise to approach an Israeli car and ask for a ride, Israeli Army radio reported. He then detonated his explosive next to or inside the vehicle, which was stopped at a gas station outside the entrance to the Jewish settlement of Kedumim, in the northern West Bank, according to the media reports.

Several hours after the blast, the Israeli military confirmed that at least three people had been killed, but said that their identities had not been established. The military said a number of details were sketchy and an investigation was still under way.

Thursday's attack was the first deadly bombing since Dec. 29, when an Islamic Jihad suicide bomber killed an Israeli soldier and two Palestinians at a military checkpoint in the West Bank.

Most Palestinian suicide bombings over the past five years have been inside Israeli cities. But in response to the bombings, Israel has imposed a web of travel restrictions that have made it much more difficult for Palestinian bombers to enter Israel and reach the cities.

Al Aksa Martyrs Brigades identified the bomber as Mahmoud Masharka, 24. The group has carried out many attacks against Israel in recent years. It is linked to the Fatah movement, which dominated Palestinian politics for decades until it was defeated by Hamas, the militant Islamic movement, in parliamentary elections in January.

There has been speculation by political analysts that Al Aksa Martyrs Brigades may try to step up its attacks to show that the group, and by extension Fatah, is still a force to be reckoned with.

Hamas has carried out the largest number of suicide bombings over the past five years, but has largely observed an informal truce for more than a year and has not carried out a suicide bombing or other major attack against Israel during this time.

However, Hamas says it will not lay down its weapons or force other Palestinian factions to do so. Hours before the bombing, Mr. Siam, the interior minister, said his officers would not arrest militants, as had occasionally happened in the past.

"We will not put our sons in prison for political membership or resisting occupation, because occupation is the reason for the problem," Mr. Siam said at his office in Gaza City.

He did, however, suggest that the government might try to persuade the armed factions not to attack. "We will reach an understanding" with the militants, he said. "Resistance is a legitimate right, but how should one resist?"

The Palestinian prime minister, Ismail Haniya, and the rest of his cabinet, which is dominated by Hamas, were sworn in Wednesday and began working at government ministries on Thursday.

In a related development, the so-called quartet of international peace mediators — the United States, the European Union, the United Nations and Russia — issued a statement saying that assistance to the Palestinian Authority is likely to suffer because Hamas has not been willing to recognize Israel, renounce violence and accept previous agreements.

Rice: Palestinian Aid Decision Coming Soon (AP-Y2)

By Anne Gearan

AP2, March 30, 2006

The United States should soon decide how it will give more aid to the Palestinians that would not be diverted to bankroll the Palestinian government led by the militant group Hamas, Secretary of State Condoleezza Rice said.

The top U.S. diplomat spoke as her newly installed Hamas counterpart accused Washington of crimes against the Muslim world.

Rice, in Europe for talks on Iran's nuclear program, said Thursday that there is international resolve that Tehran must answer suspicions that it wants to build nuclear weapons.

"The international community is united and expects Iran to adhere to the just demands of the international community that its nuclear activities be demonstrably for civilian purposes," Rice said Thursday after meeting with counterparts from the other permanent, veto-holding members of the U.N. Security Council and Germany.

A day after the new Hamas-led Palestinian government was sworn into office, the United States, the European Union, Russia and the United Nations issued a statement warning Hamas that it must recognize Israel and seek peace talks if it wants to be guaranteed continued aid.

"The Quartet concurred that there inevitably will be an effect on direct assistance to that government and its ministries" if those conditions are not met, the four mediators for Middle East peace said.

"The principle is very clear," Rice told reporters Wednesday evening while flying to Europe. "We're not going to ... provide funding to a Hamas-led government, but we are going to look at what we can do to increase humanitarian assistance to the Palestinian people and what mechanisms we can use to do that, to make certain that the money is not indeed supporting the Hamas-led government."

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Palestinian Foreign Minister Mahmoud Zahar, sworn in Wednesday, said the Palestinian Authority's new government would not cave to international pressure to change its ways and that it has no plans to negotiate with Israel.

"America is committing big crimes against the Arab and Islamic countries," Zahar told The Associated Press. The decision to cut off aid to a Hamas government "will intensify the gap between the American people, American interests and the Middle East in general."

Since Hamas' parliamentary election victory on Jan. 25, the West has been threatening to cut nearly $1 billion in annual aid to the Palestinian Authority, about half its annual budget.

The United States has nearly completed a wide review of its aid programs for the Palestinians, a review begun after the surprise Hamas victory.

"It is drawing to a close and I would expect to look at some decisions pretty soon," Rice said.

She said the level of future U.S. aid is one question mark, as is the problem of deciding what kinds of projects to fund through nongovernmental organizations or other means and "what kinds of aid might in fact get diverted and so you want to avoid that."

The United States and the European Union list Hamas as a terrorist organization. The United States has said it will have no dealings with Hamas and has already moved to cut off the relatively small amount of aid it had sent directly to the Palestinian government under the previous leadership of the secular Fatah Party.

On confronting Iran, envoys from its allies Russia and China were blunt in saying they want no harsh consequences for Tehran. The U.S. and some other allies want the option of pursuing economic sanctions or other punishments should Iran fail to comply with U.N. Security Council demands issued Wednesday.

"It can only be resolved through peaceful means. The Chinese side feels that there has already been enough turmoil in the Middle East," said Chinese Vice Foreign Minister Dai Bingguo. "We do not want to see new turmoil being introduced to the region."

Russian Foreign Minister Sergey Lavrov said flatly that Russia opposes sanctions on principle.

Those statements amounted to indirect indictments of the tougher U.S. and European approach, and call into question whether the U.N. Security Council will be able to put muscle behind its rhetoric on Iran.

Meanwhile, Rice, who was spending the next few days in England, had been invited by her British counterpart, Jack Straw, to attend Friday prayers at Masjide Al Hidayah mosque in Blackburn. However, that was canceled after mosque officials said anti-war protesters presented a security threat.

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On the Net:

State Department: http://www.state.gov

US May Support Unilateral Israel Line (FT)

By Harvey Morris

Financial Times, March 31, 2006

US envoys met Israeli leaders yesterday for the first time since Tuesday's election after Condoleezza Rice, US secretary of state, indicated Washington did not rule out support for unilateral measures in the West Bank by the next government.

The visit by Elliot Abrams, the White House's Middle East adviser, and David Welch, assistant secretary of state, was scheduled before Tuesday's vote that handed the largest number of parliamentary seats to Ehud Olmert's Kadima party.

They were scheduled to meet Mr Olmert after talks with Tzipi Livni, foreign minister, and Shaul Mofaz, defence minister, on the future of the international "road map" peace plan and the implications of a new Hamas-led government in the Palestinian Authority.

The US sponsored the road map, which envisaged bilateral negotiations leading to the creation of a Palestinian state. During his election campaign, however, Mr Olmert said Israel would unilaterally withdraw to borders of its own choosing if negotiations proved impossible.

Ms Rice, speaking to reporters on a flight to Germany, said: "I wouldn't on the face of it just say absolutely we don't think there's any value in what the Israelis are talking about."

She noted that the US had supported last year's unilateral decision by Israel to withdraw from the Gaza Strip, which was ultimately carried out in co-ordination with the PA.

However, she said the US would not yet lend its support to unilateral moves until it knew more about them.

Washington on Wednesday instructed its officials not to have any contacts with the members of the new Hamas-led government, whether or not they belonged to the Islamic party. Ms Rice nevertheless reinforced the message that the ban did not extend to Mahmoud Abbas, the PA's Fatah president.

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The international quartet of which the US is a member, along with the European Union, United Nations and Russia, noted in a statement in Brussels yesterday that Hamas had failed to heed its demand that it recognise Israel, renounce violence and commit itself to past peace agreements.

"There inevitably will be an effect on direct assistance to that government and its ministries," the statement said.

With just 29 seats in the Knesset, Mr Olmert needs the support of at least 33 parliamentarians from other parties in order to form a majority coalition.

Likud Tries To Regroup After Election Losses (WT)

By Joshua Mitnick

The Washington Times, March 31, 2006

TEL AVIV -- Israel's right wing found itself searching for a leader and a program yesterday after the shock of Tuesday's elections, in which the long-dominant Likud Party was reduced to one of several minor parliamentary factions.

Calls are being heard for former Prime Minister Benjamin Netanyahu to be replaced as leader of Likud amid charges that he has alienated moderate voters from the nation's most dominant party of the past 30 years.

Rising as a new champion of the right is Avigdor Lieberman, whose party of Russian immigrants, Yisrael Beiteinu, finished with 11 seats to Likud's 12 in the final results, which were announced yesterday.

The centrist Kadima party of Prime Minister Ehud Olmert finished with 29 seats, one more than previously reported.

Although Mr. Olmert will cast the elections as a mandate for his plan to settle Israel's final borders within four years, the larger story for many is the fragmentation of the right triggered by Prime Minister Ariel Sharon's decision to unilaterally withdraw from the Gaza Strip and later to leave Likud.

"After Sharon's resignation, the Likud found itself as an extremist right-wing party on two levels -- on the diplomatic level and on the socioeconomic level," said Danny Naveh, one of the few returning Likud legislators, in an interview with Israel Radio.

For the first time in its history, Likud has lost its claim of being the natural home for the Israeli right, which is splintered among Likud, Yisrael Beiteinu and an alliance of smaller settler-dominated parties that took nine seats.

The relative parity has prompted some to call for the three nationalist parties to join forces in a bloc that would control 32 of the 120 seats in the Knesset.

"I hope they will be wise enough to unite, but I don't see it happening," said Shaul Goldstein, a member of the Jewish settler council in the West Bank.

Mr. Goldstein said he thought Mr. Lieberman should become the right's new leader, arguing that Likud represents the "soft right" while the settler alliance isn't connected with the broader Israeli public.

"Each of the right-wing parties is an ideological world unto itself," said Yossi Klein Halevi, a senior fellow at the Shalem Center, a Jerusalem research institute. "It is an illusion today to talk about the Israeli right as one entity."

Mr. Halevi said that both Likud and Mr. Lieberman would support withdrawing from the West Bank under certain circumstances -- something that traditionally would have been unimaginable for a right-wing Israeli party.

"There's only one truly right-wing party left in Israel, and that's the National Union-National Religious Party coalition," he said. The setter party, he added, "electorally isn't worth very much."

Mr. Netanyahu worked during the campaign to win back moderately conservative voters from the Kadima party, opening himself to criticism from the settler alliance, which ran under the slogan "A new right is on the rise." The settlers charged that Likud and Mr. Netanyahu had not done enough to prevent the withdrawal last year from the Gaza Strip.

Israel's Surprise Issue (WP)

By E. J. Dionne Jr.

The Washington Post, March 31, 2006

The world expected Israel to have an election on national security, but the voters decided that it was about the economy, stupid.

Tuesday's vote was supposed to be the "big bang" in which the Kadima party, led by Ehud Olmert, the acting prime minister, won a mandate for a new political center built around a unilateral evacuation from large parts of the West Bank.

Kadima -- the word means "forward" in Hebrew -- won a plurality, 29 seats in the 120-member parliament, and Olmert is expected to lead the new government. But the energy in the election was around social and economic issues, and the big winners were a group of parties that ran against Israel's rising social inequality.

The biggest surprise was the sudden emergence of a Pensioners Party that called for higher social benefits for the elderly. Led by Rafi Eitan, who helped in the capture of Nazi war criminal Adolf Eichmann in 1960, the Pensioners went from zero to seven seats.

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The Labor Party, which had far more to say about economic justice than security, won 20 seats. And Shas, an ultra-orthodox religious grouping that ran on restoring some of Israel's old social benefits, won 12. Labor Party leader Amir Peretz sees these 39 seats as a "social bloc" determined to deal with rising poverty and inequality in Israel.

Stanley Greenberg, an American pollster who worked for the Labor Party, noted that outsiders might find it strange that economics trumped security as a voting issue even after Hamas, the party that has strong terrorist ties and rejects the existence of Israel, won the recent Palestinian elections.

"It would be like having al-Qaeda winning the election in Mexico and then having an American election on prescription drugs," Greenberg said in a phone interview from Tel Aviv yesterday.

The power of economics reflected the strength of the backlash against the privatization and deregulation policies pushed by Binyamin Netanyahu, the leader of the right-wing Likud Party who was finance minister earlier in the decade. A Likud loss was inevitable after Prime Minister Ariel Sharon split off from the party to form Kadima once Likud rejected his West Bank pullout plan. Olmert took over Kadima's leadership after Sharon was incapacitated by a stroke.

But Likud's collapse to 12 seats and a fourth-place tie with Shas, Greenberg said, was a sign that reaction against Netanyahu's free-market economic policies "was so strong that Netanyahu couldn't get an audience" on security issues. At one point in the campaign, the former finance minister apologized for the social pain his approach -- widely hailed by free-market economists outside Israel -- had inflicted.

Writing yesterday in Haaretz, journalist Ruth Sinai pointed to rising poverty rates to argue that the election was "above all a victory for the civic, social welfare agenda" and "a clear expression of public disgust for the economic policy championed by the Likud." Greenberg noted that for the first time, "poverty was a word that gained currency in the mainstream political debate."

Paradoxically, domestic social concerns rose to the top of voters' minds precisely because the security situation is frozen. Most Israelis do not see how negotiations are possible with Hamas. The death of grand dreams -- either of a "Greater Israel" that included the West Bank or of a permanent negotiated peace with the Palestinians -- allowed many Israelis to look homeward and seek greater social justice within their own society.

"All politics is local, and this was as much a local election about local concerns as it was a big election about national security concerns," said Douglas Schoen, an American pollster who conducted surveys in Israel. Schoen argues that Olmert, who ran behind expectations, could have won more seats if he had focused more on voters' economic concerns.

Underscoring the local nature of the election, the strong showing of Eitan's Pensioners Party can be attributed in part to the fact that Peretz is the first Sephardic (i.e., non-European) Jew to lead Labor. Eitan's party appears to have picked up votes from pro-Labor European Jews not quite ready to vote for a Sephardic leader. But Peretz's ability to cut into the lower-income segment of the Sephardic vote, once a stronghold for Likud, could mean that more class-oriented politics is in Israel's future.

Voters can cast aside their economic concerns for only so long, even in a nation facing an existential threat. In the one election in a long time in which Israeli voters had a chance to protest economic inequalities, they seized the opportunity.

EU And US In WTO Challenge To China (FT)

By Christopher Swann, Raphael Minder And James Mackintosh

Financial Times, March 31, 2006

The US and the European Union on Thursday joined forces for the first time to challenge China before the World Trade Organisation, sweeping aside diplomatic niceties weeks before a visit of the Chinese president to Washington.

The complaint, accusing China of maintaining illegal trade barriers against imported car parts, is provocatively timed ahead of Hu Jintao's visit.

Rob Portman, US trade representative, indicated that diplomacy would not be allowed to stand in the way of defending American industry. "The timing of these exercises ought not to be dictated by political concerns," he said. "We do not think this is something aggressive but appropriate...The issue has become ripe."

The US has negotiated with China over its curbs for more than a year. Mr Portman said it had given China every opportunity to agree a deal, including 11th hour talks with the Chinese ambassador on the eve of yesterday's announcement.

Both Brussels and Washington said they hoped a solution could still be reached before the WTO began formal settlement proceedings. Thursday's move opens the way for 60 days of consultations with China to see whether the dispute can be resolved. If not, the two plaintiffs will probably ask for the creation of a WTO panel to rule on the issue.

Peter Mandelson, the EU's trade commissioner, said: "It remains my strong preference and intention to seek an amicable solution to this issue."

China has only faced one previous WTO case - brought by the US - over semiconductors. The US administration has been under growing pressure from Congress to take a tougher line. Thursday's action was the latest signal that Washington intends to

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become more aggressive in using the WTO and other trade tools to open China's market for US exports. The US exported $645m worth of car parts to China last year in a market estimated at $19.1bn.

Max Baucus, a Democratic senator who has introduced legislation to crack down on alleged trade violations by China, welcomed the move Thursday but warned: "We are in a dangerous place in our relationship with China, partly because China does not always play by the rules."

The case aims at regulations intended to encourage Chinese carmakers to use domestic rather than imported car parts. The US and EU claim China is imposing unfair "local content'' rules through a complex tariff system that raises the import tariffs from 10 per cent to 25 per cent if foreign parts make up more than a certain proportion of a car.

The EU has also previously challenged "local content'' rules applied by India, Canada and Indonesia. China, however, has defended this system as a way of preventing carmakers from importing whole cars as spare parts to avoid the higher tariffs on fully constructed vehicles.

U.S., EU File Case At WTO Challenging China's Auto-Parts Tariffs (WSJ)

By Greg Hitt

The Wall Street Journal, March 31, 2006

WASHINGTON -- The Bush administration launched legal action aimed at opening China's rapidly growing market to foreign-made auto parts, raising trade friction with Beijing a few weeks before Chinese President Hu Jintao is due to visit the U.S.

Joined by the 25-nation European Union, the U.S. filed a case yesterday at the World Trade Organization in Geneva, lodging complaints over the high import tariffs that China levies on foreign-made car parts. The U.S. contends the tariffs are designed to discourage auto manufacturers in China from using imported parts and are at odds with market-access commitments made by China when the nation was accepted into the WTO in 2001.

In some cases, U.S. officials complain, China assesses tariffs as high as 28% on foreign-made auto parts, under a system that requires vehicle manufacturers in China to report the value and country of origin for component parts. For vehicles with low amounts of imported components, tariffs of only 10% to 14% are applied.

The filing of the case ends months of informal consultations between the U.S. and China on the dispute and marks a new turn in a sometimes rocky economic relationship. U.S. Trade Representative Rob Portman said the "United States has raised this issue repeatedly," but with no success. "As a mature trading partner, China should be held accountable for its actions and be required to live up to its responsibilities," said Mr. Portman.

Mr. Portman said he called China's ambassador to the U.S. on Wednesday and "expressed my disappointment" that the complaints "had not been resolved through dialogue."

A spokesman at the Chinese embassy in Washington had no comment. Chinese officials have long argued that their rules comply with WTO agreements and are designed only to prevent car makers from circumventing their laws by importing whole cars as spare parts to avoid the higher rate that applies to whole cars.

U.S. officials say American companies have only a small slice of China's estimated $19 billion market for auto parts. In 2005, U.S. exports of auto parts to China totaled only $539.82 million, according to the U.S. International Trade Commission. Worldwide, U.S. exports of auto parts totaled $43.38 billion in 2005, the bulk of that going to Canada and Mexico, where the auto industry has built close ties.

Under WTO rules, yesterday's action starts the clock on a 60-day period in which the parties are supposed to convene formal talks to resolve the dispute. If the consultations fail, the case would then move into a second phase in which the U.S. and EU would have the right to pursue action that could ultimately result in penalties -- special tariffs -- being imposed on China.

The filing of the case reflects the get-tough attitude now prevailing in the Bush administration and on Capitol Hill. The U.S. brought its first WTO case against China in 2004, a dispute over the tax treatment of semiconductors that was eventually resolved through negotiations. American readiness to pursue confrontation, rather than extended dialogue, has picked up significantly since then.

Late last year, the administration began using WTO rules to pressure China to better combat piracy of U.S. intellectual property. And earlier this year, the U.S. forced China to back away from special duties that had been imposed on U.S. boxmakers, amid threats of taking the issue to the WTO.

Outside of the WTO, the U.S. last year negotiated a three-year pact with China that sharply limited shipments of Chinese-made apparel into the country. Administration trade officials are considering bringing a case challenging China's export subsidies.

The administration's hardened trade posture reflects pressure brought by U.S. manufacturers and critics on Capitol Hill, who contend last year's $202 billion U.S. trade deficit with China shows that Beijing doesn't play fair in the global trading system.

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Among other things, critics complain Beijing keeps the value of the country's currency artificially low, giving Chinese companies an edge over competitors in the world marketplace. The currency issue remains a major sticking point ahead of Mr. Hu's mid-April visit to Washington.

U.S. Takes Parts Fight With China To WTO (WP)

By Paul Blustein

The Washington Post, March 31, 2006

The United States filed a complaint against China at the World Trade Organization yesterday in a dispute about auto parts, the latest sign of trade strains between Washington and Beijing.

The case is only the second brought against China since its entry into the WTO in 2001. The Bush administration filed the other complaint as well, in a spat involving a tax on computer chips. The European Union joined the United States in yesterday's complaint.

"As a mature trading partner, China should be held accountable for its actions and be required to live up to its responsibilities," Rob Portman, the U.S. trade representative, said in a statement.

The move comes amid pressure on the administration from members of Congress to take a tough stance on China's trade practices, especially as the trade deficit with China swelled to $201.6 billion last year, the biggest U.S. gap ever with any country. Beijing's alleged transgressions include allowing rampant piracy of movies and music and keeping the value of the Chinese yuan at an artificially low level, which critics say gives Chinese manufacturers an unfair competitive advantage.

These conflicts are sure to be a source of tension in coming weeks. China's president, Hu Jintao, is scheduled to visit Washington in mid-April, and that trip will be preceded by a meeting April 11 between top-level trade negotiators for both sides.

Portman and his aides have been complaining for some time about China's treatment of imported auto parts. The United States exported $645 million of auto parts to China last year, but the fast-growing Chinese auto parts market is worth about $19 billion, according to Commerce Department estimates. U.S. parts makers could gain considerably greater sales if Beijing did not discriminate against foreign-made parts in favor of Chinese-made parts, U.S. negotiators assert.

The U.S. grievance concerns regulations that are designed to boost the local content of vehicles produced in China -- something that China promised not to do when it entered the WTO, according to Portman. The regulations effectively impose a 28 percent tax on imported auto parts, a rate equal to the duty on imported vehicles, if the finished vehicle fails to meet local content requirements. In the U.S. and E.U. view, that violates another Chinese pledge, to lower its tariffs on auto parts well below tariffs on vehicles. China's standard tariff on auto parts is between 10 and 14 percent.

Portman said he hoped that bringing the case would lead to "speedy resolution of this issue," a sentiment echoed by his European counterpart, Peter Mandelson, who said, "It remains my strong preference and intention to seek an amicable solution."

The case involving computer chips was settled to Washington's satisfaction before it was submitted to a panel of WTO judges. In another case, U.S. officials threatened to bring a WTO case against anti-dumping duties that Beijing imposed on a U.S. paper product, and the Chinese repealed the duties before a complaint was filed.

Under WTO rules, the two sides in a case must try for 60 days to negotiate a solution before bringing the matter before a tribunal, where a resolution can take months. If a tribunal rules that China is violating its WTO commitments, it must either cease the offending conduct or face the prospect of penalties against its exports.

Congressional Democrats, who have regularly accused the administration of failing to enforce trade rules aggressively, gave grudging approval to yesterday's announcement. "I am pleased USTR has filed this case and I trust it will be the first of many in coming months," said Rep. Benjamin L. Cardin (D-Md.), ranking minority member on the House Ways and Means Committee subcommittee on trade.

U.S. And Europe Say Tariff By China Is Discriminatory (NYT)

By Eduardo Porter

The New York Times, March 31, 2006

WASHINGTON, March 30 — The heat on China is not letting up. In a rare coordinated move, the United States and the European Union filed a complaint on Thursday with the World Trade Organization, accusing China of imposing discriminatory tariffs on foreign suppliers of auto parts.

The action came 10 days before the beginning of a round of high-level trade talks between the United States and China, and less than three weeks before a visit to Washington by President Hu Jintao of China.

Coming amid heightened concern over China's large and growing trade surpluses, the complaint was seen as part of a broader attempt to address the growing criticism resonating in Washington and Brussels against China's trade policies.

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"We're seeing a closer scrutiny of problems and more diligence in using unfair trade laws to counter perceived problems with trade with China," said Jeffrey J. Schott, a senior fellow at the Institute for International Economics here.

The complaint is only the second brought against China since it joined the trade organization in 2001; the United States filed a complaint in 2004 over China's tax treatment of domestic and imported semiconductors.

Now, according to a statement by the European Commission, China is requiring that when imported parts make up more than 60 percent of the final value of a locally assembled car, the parts will be charged the tariff that applies to whole vehicles, which is much higher. This would force carmakers in China to find local sources for more parts.

Over the last few years, American and European manufacturers have flocked to China, where the car market is already one of the biggest in the world and still growing while other markets have stagnated. Many big parts suppliers have followed the manufacturers there.

Still, American auto parts makers export relatively little to China. According to the office of the United States trade representative, Rob Portman, auto parts exports to China grew by about 6 percent last year, to $645 million — a small part of the overall market, which was $19 billion in 2004. They make up only a tiny slice of American manufactured exports to China, which grew more than 20 percent last year, to $32.5 billion.

While the American auto parts industry supported the complaint, it hardly seemed exultant. "It's important to have the rules right," said Brian Duggan, director of trade and commercial policy at the Motor and Equipment Manufacturers Association. "China is a hugely important current and future market. We want them to proceed with the case."

Indeed, the complaint seemed to have a much bigger symbolic impact beyond the world of auto parts. "This is a wonderful thing," said Franklin J. Vargo, vice president for international economic affairs at the National Association of Manufacturers. "It is the first thing the administration has done to show it really means it when it says we have a new trade policy with China."

The action played well on Capitol Hill, where some Democrats and Republicans have ratcheted up attacks against China and its policy of keeping its currency, the yuan, tightly linked to the dollar. That peg, they argue, gives Chinese products an unfair edge over American rivals and contributes to America's $202 billion bilateral trade deficit.

"I support this action by Ambassador Portman and commend his leadership on securing our rights under our trade agreements," Senator Charles E. Grassley, Republican of Iowa, said in a statement. Two days ago, Mr. Grassley introduced a bill that would require the government to focus more attention on China's currency policies.

Senator Charles E. Schumer, Democrat of New York, who on Tuesday decided to pull back from submitting a bill that would impose steep tariffs on imports from China if the yuan was not allowed to rise, said: "The relationship, in an ironic way, is getting better. Instead of glossing over the problems each side is addressing them directly. In the past things were just swept under the rug."

Consultations are the first phase in a W.T.O. dispute. If no settlement is reached in 60 days, the issue can be referred to a dispute settlement panel.

This will not be the last time the United States complains against China at the W.T.O. It has other potentially bigger complaints. In February, Mr. Portman said that if the Chinese did not take additional steps to protect intellectual property rights, "We are prepared to pursue legal options."

The United States won the 2004 semiconductor case when China agreed to end the preferential tax treatment for domestic manufacturers. If the W.T.O. comes to be perceived as the adequate forum to deal with China's perceived unfair trade practices, disputes might become less heated and more routine.

"The fact that the United States trade representative is doing what the Congress has told him to do helps release some of the steam from the pressure cooker," said Mr. Schott, of the Institute of International Economics.

Amid Tension With U.S., China Faces Protectionist Surge At Home (WSJ)

By Kathy Chen

The Wall Street Journal, March 31, 2006

BEIJING -- When Chinese President Hu Jintao visits the U.S. in mid-April, he is sure to field tough questions about Beijing's trade and economic policies amid a wave of rising protectionism. But he also is grappling with a similar backlash at home.

Amid one of the longest and fastest growth streaks of any modern economy, China is wrestling with concerns from a rising wealth gap to corruption to environmental damage. But the latest uproar has turned on foreigners, targeting the many outside investors that have piled into China and prospered -- even while fueling much of the country's growth.

"Since last year, foreign companies have been fiercely buying up Chinese companies, including some core companies," said Li Shuguang, a vice dean at the Chinese University of Politics and Law in Beijing. "Foreign capital is so strong, a lot of Chinese companies have just collapsed."

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The debate parallels the resurgence of protectionist sentiment in the U.S., which has been driven in part by concerns over China's clout. Last year, China's state-owned Cnooc Corp. abandoned a bid for U.S.-based Unocal Corp. amid a political outcry. More recently, U.S. policy makers have complained that China is refusing to allow its currency, the yuan, to appreciate quickly enough, fueling a flood of cheap Chinese exports and aggravating a trade imbalance.

The U.S. reported a 2005 trade deficit with China of $201.62 billion, up more than 20% from 2004. China, which counts trade differently, says it was much narrower. Yesterday, the U.S. and European Union filed a trade case at the World Trade Organization to protest China's import tariffs on foreign-made car parts.

Meanwhile, the debate inside China is causing the government to rethink its approach. In banking, for instance, some economists and state officials argue that the government has sold foreign stakes in its major state-run commercial banks too cheaply. Some negotiations, including an effort led by Citigroup Inc. to take an 85% stake in Guangdong Development Bank, have dragged on for months as regulators fret over the potential fallout of further inroads by foreigners.

Also drawing scrutiny is a $375 million bid by Carlyle Group, a prominent U.S.-based private-equity firm, for an 85% stake in state-run Xugong Group Construction Machinery Co., a big player in China's construction-machinery sector. "People are asking more questions [about the transaction] to ensure there are sufficient measures to protect the interests of local players and protect national brands, which is understandable," said a person close to the deal.

In another case, Hangzhou Advance Gearbox Group Co., a maker of marine jet-propulsion systems that claims 80% of the Chinese and Southeast Asian markets, has said it halted talks with Germany's ZF Group late last year over worries about its motivations. ZF Group, a competitor of Hangzhou Advance, had been in talks for three years for a 70% stake in the Chinese state-owned company.

"We understand that what these foreign companies actually covet is the Chinese market we now occupy," said Xu Jiangang, head of Hangzhou Advance's general affairs office.

Recently, the controversy has spilled into public view. This month, representatives of the Chinese People's Political Consultative Conference, a national representative body with limited powers, seized on a rumored deal involving Caterpillar Inc. to complain about foreign domination in some sectors and the disappearance of Chinese brands.

Caterpillar refused to comment on that transaction, but a spokesman rejected China's broader concerns, adding that a move by either the U.S. or China to "turn inward...is not a good thing." Among a range of possible deals, Caterpillar has been in talks to strengthen ties to Shanghai Diesel Engine Co.

The concentration of industries in foreign hands has become a common theme. An oft-quoted 2004 report from the State Administration of Industry and Commerce, for instance, notes that Coca-Cola Co. dominates China's domestic soft-drink market and Eastman Kodak Co. holds a 50% share of the film sector.

Meeting with newspaper editors earlier this month, Ma Kai, head of the China's most powerful economic agency, the National Development and Reform Commission, pointedly noted that only 23 U.S. businesses were operating in China in 1980, with combined investment of $120 million. As of last year, he said, there were 49,000, with combined investment of $51 billion. "We should first make clear that the U.S. has benefited from this growth," he said.

Few expect a significant rollback of China's 27-year drive toward a market-driven system. The country has weathered fundamental questioning of the role of economic reforms before, in the 1980s and again in the early 1990s.

But China's latest reform crisis could weaken Mr. Hu's ability -- and his appetite -- to tackle issues of U.S. concern during his visit. He plans to meet with President Bush, and likely will bring some offerings, possibly including a government contract for Microsoft Corp. software. But he is unlikely to deliver much of what Washington wants, such as allowing the yuan to appreciate more sharply.

In some ways, the 63-year-old Mr. Hu faces a more complex situation than his predecessors, as China becomes more like the U.S., with greater tolerance of dissenting views and organized interest groups. Resistance to some market-oriented changes is mostly driven by special interests such as disenfranchised farmers, private businessmen and ministries trying to hold on to their powers. At the national legislature's March meeting, lobbying by interest groups picked up markedly.

Among more than 1,000 bills proposed by delegates were several aimed at restricting foreign access to domestic markets. Wang Tian, a delegate from the southern province of Hunan who heads his own chain store, submitted a "service-trade safeguard bill," which would protect Chinese companies in the retail, financial and services sectors.

"Almost all supermarkets over 10,000 square meters in coastal provinces are dominated by Carrefour, Wal-Mart and Metro, and many remaining [Chinese-owned] ones are in talks with foreign retailers," Mr. Wang said, referring to the French, U.S. and German retail chains, respectively.

Meanwhile, the State-Owned Assets Supervision and Administration Commission, which oversees the country's key state-run companies, and other agencies are working on guidelines to govern mergers and acquisitions of Chinese firms with well-

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known brands or significant market share. The National Development and Reform Commission says a target for regulation will be foreigners.

"Foreign investment has played an active role in tapping idle state assets, optimizing industrial structure and promoting technological progress, but it has also caused serious problems like over-concentrated market share in some sectors," the commission's spokesman said in a written response to questions.

During the country's last crisis over the economy, in the early 1990s, the leading critics of market changes were other high-ranking officials who believed capitalism was wrong for China. The late Deng Xiaoping, then the paramount leader, stamped out opposition in 1992 on a sweeping tour of southern China, where the free market was thriving.

Like Mr. Deng, Mr. Hu and Premier Wen Jiabao have asked China to support reforms. At a news conference after the legislature's March meeting, Mr. Wen made a rare televised appeal. "We must consistently and unwaveringly press ahead on the road of reform," he said. "To backpedal offers no way out."

At the same time, there are some signs of government indecision. Last year, when securities regulators proposed freezing foreign applications to set up joint-venture securities companies, the State Council, or cabinet, solicited the opinions of other agencies. But when the agencies disagreed, it failed to make a ruling, effectively allowing securities regulators to implement the freeze last December, according to one former official.

In some cases, lobbyists are using the media to win attention from China's government. Lu Yansun, a former deputy minister of the now-defunct Ministry of Machine-Building Industry, was enraged to read a short newspaper article on the fate of state-run Xibei Bearing Co.'s profitable train bearings business. Xibei used to have a 25% share of China's train bearings market and its own "NXZ" brand, but it effectively disappeared from the sector after that business was sold to German bearings manufacturer INA-Holding Schaeffler KG in 2003.

Mr. Lu suggested that China Industry News, a paper affiliated with the semi-official China Machinery Industry Federation, investigate. The result was a series charging that foreign investors -- including Caterpillar and the U.S. agriculture and forestry-equipment maker Deere & Co. -- have taken over key companies in the capital-goods sector, only to wipe out their brands and seize market share.

Mr. Lu and He Guangyuan, a former machinery industry minister, also wrote a letter to the State Council. Mr. Lu said several top leaders responded that a "set of administration rules...should be established."

In February, the council unveiled a number of policies to support the sector, including a rule that domestically made equipment should account for 60% of total equipment purchases for key projects funded by central and local governments. Vice Premier Zeng Peiyan this month said the cabinet will issue a set of preferential policies to rejuvenate the sector, reflecting "national will," according to the official Xinhua News Agency.

Benedict's Chinese Flock (WSJ)

The Wall Street Journal, March 31, 2006

It may not be Easter yet, but the Vatican is working hard on an earthly resurrection of its own: the restoration of ties with China. But there is a catch. Beijing insists that the Holy See drop its recognition of Taiwan in exchange for the right to minister to the mainland faithful.

Many a pontiff has dreamt of giving China's Roman Catholics greater contact with Rome. Pope Paul VI took the quietly-quietly approach, choosing not to denounce communism in his Vatican II encyclical. His was the last visit to "China" by a pontiff -- a three-hour Hong Kong stopover in 1970. Well-traveled Pope John Paul II never got that far, as Beijing denied him a visit.

China's violent repression of religion and its forced-abortion policies don't sit easily with the Roman Catholic faith. But this week, Pope Benedict XVI declared that he "will come" to China. The Vatican's foreign minister, Archbishop Giovanni Lajolo, added that "the time is ripe" for reconciliation. Hong Kong's newly crowned cardinal, Joseph Zen, suggested yesterday that the Vatican sever its official relationship with Taiwan. "There are a lot more people to be taken care of in China," he said.

China agrees, with the usual strings attached. Beijing insisted yesterday that the Holy See sever diplomatic ties with Taiwan and agree not to intervene in China's domestic matters, including the appointment of clergy.

This is an old game. Witness China's success in blocking Taipei's applications to the U.N. and World Health Organization. But it's particularly odious for China to play that card on spiritual matters. And it shows how frightened Beijing's Communists are of relinquishing their perceived control of the people's hearts and souls -- even if affections were lost long ago.

The Vatican is the only European government that still holds an official diplomatic relationship with Taiwan. It will be tempting for Pope Benedict to trade recognition for access to China's 12 million Catholics. The moral aspects of such a bargain are not as clear-cut as they might seem at first, particularly if a relationship with Beijing might enable the Vatican to swing more weight in defending religious and civil rights on the mainland.

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Nonetheless, the Vatican would be well-advised to demand some serious concessions in return. China boasts an "official" Catholic Church of around five million, whose priests pledge fealty to the Communist Party as a condition of serving their congregations. The unofficial "underground" church that is repressed and recognizes the pope is likely much larger.

Both sides might do well to agree to a Vietnam-like compromise. In Vietnam the Holy See is recognized, but must consult with the Communist government before naming new clergy. While that offends Catholic purists, it's given Vietnam's Communist Party a better image; the Church, a new flock; and the people of Vietnam, a moral purpose the party can't provide.

It's important not to forget how brutal Beijing has been to people who dare to promote religious freedom. One recent victim is Hao Wu, a 34-year-old Chinese filmmaker making a movie about underground Christian congregations. He was arrested in February without explanation and hasn't been heard from since. Since we're on the subject of religion, he might take comfort from the Book of Matthew: "Blessed are they which are persecuted for righteousness' sake: for theirs is the kingdom of heaven."

US Military Ends Quake Aid (CSM)

By David Montero

The Christian Science Monitor, March 31, 2006

ISLAMABAD, PAKISTAN - The next chapter of Abdul Qaduz's earthquake recovery began rather silently, without fuss or fanfare. Within moments his family pulled down their tent, where five had huddled at night for months, and promptly put it in the back of a truck, along with chairs and mattresses, cooking pots, and electrical wires. The aging father says he will repitch his tent on a patch of ground when he returns home. Only its outline remained pressed in the dirt, surrounded by cans of vegetable oil marked "USA" in large letters.

Thousands of families like those of Mr. Qaduz are expected to return to their native villages by Friday, inaugurating the next phase of the earthquake rehabilitation. Also heading home are US military personnel involved in helping those families get back on their feet. Friday marks the official end of the US humanitarian operation that began within 48 hours of the earthquake.

In the last six months, some 1,200 US military personnel and a fleet of 24 helicopters have delivered over 15,000 tons of humanitarian aid, in what has been called the largest disaster relief operation in US military history.

The "angels of mercy," as US helicopters have been called, have delivered not only aid but much needed goodwill in Pakistan, softening an otherwise rocky relationship with the United States. Polling in recent months has shown a marked improvement for the US image among the Pakistani public as a result of the American helping hand.

Mr. Qaduz and other survivors say the generosity from the US soldiers and relief workers will never be forgotten. "They have helped us a lot. It should be written in history," he says, his brothers nodding their heads in agreement.

But some analysts caution that the US must sustain its commitment to reconstruction if larger criticisms against its foreign policies are to be minimized.

"While on the one side, the relations between the US and Pakistan should improve, on the other hand much more has to be done to continue the goodwill built through earthquake relief," says Lt. Gen. Kamal Matinuddin (ret.), a political analyst in Islamabad. "Otherwise it will wither away."

The government's March 31 deadline is timed partly to the passing of winter into spring. As warming temperatures clear snow from the highland communities devastated by the October quake, thousands of tents that once crowded the lower hills and open plains have been rolled up. Hundreds of families are making the trek back home, some happy to be returning, others worried that they will not find the medical and relief services they have come to rely on for so many bitter months.

The US military presence helped make those services possible. At an official farewell ceremony Thursday at an airport outside Islamabad, there were words of thanks and bittersweet goodbyes from both sides.

"It is very hard to say goodbye to our friends in Pakistan," said a visibly moved Rear Adm. Michael LeFever, commander of the US Disaster Assistance Center in Pakistan. "But we are excited about the reconstruction and rehabilitation under way by the USAID and the Pakistani government."

Admiral LeFever and US Ambassador to Pakistan Ryan Crocker underscored the enduring US commitment to helping rebuild. "The effort goes forward. This is a transitional period, not a culmination period," Ambassador Crocker said, backdropped by a Chinook helicopter. "We are deeply involved with the Pakistani government."

The extent of that involvement includes more than $500 million for reconstruction, in addition to $1.5 billion in assistance for education, health-care, governance, and economic growth.

The need for such assistance is especially clear in the remains of relief camps, where doubt hangs heavily over those returning home. Qaduz, from the village of Nuri, is one of those reluctant to leave Balakot, his makeshift home now for several months. "Our property is destroyed, but we are compelled by the government to return to our village," he says. "We're not happy because there is no system there. There are no road links, no schools, no health facilities."

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Intermingled with the hints of frustration and doubt, there is also an abiding sense of gratitude for the US help. Such was the opinion of Mustak Aman, busy taking down his own tent in Balakot. "We feel a lot of care for the Americans because they helped us more than the other countries," he says.

It is a newfound sense of understanding shared on both sides. US Marine Malcolm Chaney, from Atlanta, wasn't sure what to expect in Pakistan, but he says he'll leave with a better appreciation for its people. "One day we sat down with some Pakistan officials and their imam," he says. "We had a discussion about our religions, and the imam basically said what I was thinking - that basically we're all the same."

Some analysts say the earthquake helps to underscore how much more work needs to be done to mend relations. "[The rescue operation] has had a positive outcome, not only among the governments, but among the people. But there are other negative fallouts that clouded the impact of this relationship," says Lt. Gen. Talat Masood (ret.), referring to such incidents as the CIA missile strike in Bajaur Agency that killed 13 civilians.

Others agree, saying the quake relief cannot completely mitigate the anger many Pakistanis feel toward the US because of its wars in Iraq and Afghanistan. "That is a separate issue and people will continue to criticize America," says General Matinuddin. But he says that a deep and long-term US role in reconstruction is still critical. "It will minimize the feeling against America. At least the government will have a handle to tell the public, 'Look, America is doing this, this, and this.' "

India's Training Of Iranian Military Could Dampen Nuclear Deal: US Lawmaker (AFP-Y2)

AFP, March 30, 2006

India's alleged training of Iranian troops could dampen vital US Congress support for a bilateral landmark civilian nuclear deal, a ranking Democrat warned Thursday.

Tom Lantos, the top Democrat on the House of Representatives' powerful international relations committee scrutinizing the nuclear deal, expressed concern to visiting Indian Foreign Secretary Shyam Saran during talks here over New Delhi's training of the Iranian navy, the lawmaker's spokeswoman Lynne Weil told AFP.

"Congressman Lantos pointed out that episodes of conflict in relations between US and India, such as India's early wavering in its commitment to refer Iran to the UN Security Council and more recent concerns raised about Iranian troops receiving training from India will only undermine Congressional support for the deal," she said.

Reacting to the concerns, the Indian government said two Iranian naval ships with about 200 personnel were on a six-day "informal" visit to the southern Indian naval base in Kochi in March while on an annual sea training sortie in the Arabian Sea.

The port call was essentially "diplomatic-goodwill" and not part of any training package, said Venu Rajamony, spokesman for the Indian embassy in Washington.

He said the Iranian ships "interacted" with the Indian Navy as part of the visit, adding that activities included courtesy calls on Indian naval officers, navigational simulation and recreational activities such as yachting.

Washington is trying to rein in Iran's uranium enrichment activities amid suspicion that Tehran could be pursuing covert development of nuclear weapons.

On Wednesday, the UN Security Council in New York unanimously voted to give Iran 30 days to fall into line with long-running calls to abandon uranium enrichment.

India is treading a tightrope as it tries to firm up a civilian nuclear deal with the United States and maintain its traditionally strong ties with neighbour Iran.

In February, India voted with 26 other nations to refer Iran to the UN Security Council amid charges by communists within the ruling Indian coalition that New Delhi's foreign policy was being dictated by Washington.

Lantos and Saran on Thursday discussed the US-Indian nuclear agreement in the larger context of bilateral relations "which they agreed are blossoming in many respects," Weil said.

But Lantos noted that "at a time when gestures from allies are significant -- not symbolic gestures alone but substantive gestures -- the Indian government should look for opportunities to make gestures that underscore the strength of the bilateral friendship," she said.

The India-US nuclear deal gives energy-starved India access to long-denied civilian nuclear technology in return for placing a majority of its nuclear reactors under international inspection.

For it to be effective, the US Congress has to amend the US Atomic Energy Act, which currently prohibits nuclear sales to countries that are not signatories of the Proliferation Treaty (NPT).

India has refused to sign the NPT and has developed nuclear weapons on its own.

Indian Official Defends Deal With U.S. (AP-Y2)

By Foster Klug

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AP2, March 30, 2006

A landmark civilian nuclear cooperation deal with the United States would not boost India's nuclear weapons arsenal, India's foreign secretary said Thursday.

In often strong words, Foreign Secretary Shyam Saran attacked the criticism that has surrounded a pact critics say would weaken efforts to stop the spread of nuclear weapons. He told an audience at the Heritage Foundation, a conservative think tank, that India's record on nuclear issues has long been one of restraint and responsibility.

"India cannot be a partner and a target at the same time," Saran said.

"There is no reason," he said, "why it should be expected that merely because we have an agreement on civilian nuclear cooperation, that suddenly the floodgates will be opened by India for a larger and larger nuclear weapons arsenal."

Saran's trip comes as officials from both countries try to persuade a skeptical Congress to embrace an accord announced during President Bush's trip to India earlier this month.

Congress is considering a bill that would exempt India from U.S. laws that restrict trade with countries that have not submitted to full nuclear inspections. New Delhi has refused to sign the international Nuclear Non-Proliferation Treaty and accept its inspection regime.

Bush is hoping to push the measure through a Republican-controlled Congress in an election year when lawmakers have rebelled against him on several issues, including the recently abandoned deal to have an Arab company based in Dubai run terminals at some U.S. ports.

Saran, who was also meeting with U.S. lawmakers, linked the nuclear pact with India's future as a powerful nation on the world stage. India is eager for sources of energy to fuel a booming economy.

If India is expected to play a greater role in fighting weapons proliferation and terrorism, Saran said, "then it is only reasonable that the energy requirements of a country with such strong credentials is recognized."

Supporters say the nuclear pact would bring India into the nonproliferation mainstream by increasing international inspections of some of its nuclear sites.

U.S.-Indian Nuclear Deal No Shoo-In (LAT)

By Paul Richter

The Los Angeles Times, March 31, 2006

WASHINGTON — The Bush administration's proposed nuclear deal with India is meeting with a chilly reception from lawmakers, who are predicting that instead of swift approval, the initiative faces revisions and delays, if not outright rejection.

The White House had hoped to win congressional approval by the end of May for the deal, which would open the way for cooperation on India's civil nuclear program, and is also designed to begin a new strategic relationship between the United States and a populous, economically vibrant democracy.

But the initiative has found few high-profile champions on Capitol Hill or elsewhere, while becoming a target for criticism from the right and left that it could further undermine international efforts to stem the spread of nuclear weapons.

Since the deal was announced March 2, key lawmakers such as Sen. Richard G. Lugar (R-Ind.), chairman of the Senate Foreign Relations Committee, and Rep. Henry J. Hyde (R-Ill.), chairman of the House International Relations Committee, have remained carefully neutral.

Meanwhile, Rep. Duncan Hunter (R-El Cajon), chairman of the House Armed Services Committee, said this month that the president "is trying to ride a nuclear tiger…. I'm skeptical."

Former Sen. Sam Nunn (D-Ga.), a respected voice on security issues, also has voiced concerns and urged lawmakers to remain skeptical.

"It may be going too far to say there's panic within the administration, but I think there's deep concern that it hasn't been received nearly as well as hoped," said a Republican House staff member, who spoke on condition of anonymity because of the political sensitivity. "They're trying to create the impression of momentum. Frankly, I don't think it's there."

The legislation before Congress would lift rules barring the U.S. government from providing nuclear technology to countries such as India that have declined to sign the Nuclear Nonproliferation Treaty. In return for such help, India would agree to allow international inspections of its civilian reactors, though its military weapons program would remain unmonitored.

President Bush contends that by selling nuclear reactors to India, the program would ease competition for oil, help the environment and provide important new U.S. commercial ties. Administration officials also want to foster a better relationship with India because they believe it can be a strategic counterweight to China.

To provide India with nuclear knowledge, the United States must also win approval from a group of nations, known as the Nuclear Suppliers Group, that controls the international nuclear trade. But in a meeting last weekend, the India proposal drew

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questions from representatives of many of the countries, and the administration failed to win permission to put the deal on the agenda for the group's May meeting, as it had hoped to do.

Administration officials, who have been intensively lobbying Congress this month, have said that attempts to add conditions to the agreement could destroy a carefully crafted deal. R. Nicholas Burns, undersecretary of State for political affairs, said in an appearance this week before the Council on Foreign Relations that the administration could accept conditions that would improve the deal "as long as they don't require us to go back and break the agreement, reopen negotiations."

But legislators say they're likely to add conditions anyway. Indian Foreign Secretary Shyam Saran, in Washington this week to meet with lawmakers, seemed to accept that some changes were likely. In a speech to the Heritage Foundation, a conservative think tank, Saran said New Delhi could accept revisions as long as they did not upset the "delicate balance" of the proposal.

Although it is not yet clear what kind of amendments Congress might seek, it could demand assurances that India would vigorously enforce its export controls on nuclear technology, or press to require New Delhi to put any new fast-breeder reactors, which produce material for bombs, under international monitoring. Congress also might try to insist that India halt production of nuclear materials, as the United States and other leading atomic powers have done.

But India, which is building a nuclear arsenal in part as protection against China, has signaled that an attempt to impose such limits "would be a deal breaker," said the Republican staff member.

If Congress doesn't act before the summer recess, the administration could face a tougher challenge because of the difficulty of pushing through such a controversial agreement just before a midterm congressional election. Then the deal, which aides consider one of the most important accomplishments of the Bush presidency, could be put on hold until next year.

One State Department official, speaking on condition of anonymity in keeping with agency rules, insisted that the administration was finding support for the deal on Capitol Hill and from countries such as Britain, Russia, France and Australia.

"But we realize we have some questions to address," he said.

Indians Crack Down On Gender Abortions (CSM)

By Scott Baldauf

The Christian Science Monitor, March 31, 2006

NEW DELHI - In October 2001, when Dr. Anil Sabhani told a pregnant patient that she had a "female fetus and it would be taken care of," he wasn't talking about prenatal nutrition or health checks. He was talking about abortion.

With his conviction on Tuesday, Dr. Sabhani now faces two years in jail in the first-ever conviction under a 12-year old Indian law that forbids doctors from revealing the gender of a fetus to its parents. The law was aimed at preventing the all-too-common and growing practice of sex-determined abortions, which have left India with far more boys than girls.

Women's rights activists welcomed the convictions, but added that it will take more than a few high- profile trials to change India's centuries-old cultural preference for boys.

"This is 5,000 years of culture we're fighting against, but in the past decade, because of this [ultrasound] technique, and these unethical practices by medical professionals, the situation for girl children has gotten much worse," says Varsha Deshpande, an attorney for the Dalit Mahila Vikas Mandal, a Maharashtra-based advocacy group for underprivileged women. A question of culture

Ms. Deshpande's group has also conducted sting operations at ultrasound clinics in the prosperous farm belt of central Maharashtra, and has helped to file 16 criminal cases against doctors accused of sex-determination. "Culture is a difficult thing to change, it can take generations, but if we control this technique, these machines, then it will send a signal to these doctors that this will not be tolerated."

All told, there are dozens of cases pending in state courts around the country, but even activists agree that they are fighting an uphill battle. Economic pressures and cultural traditions encourage families to have boys, mostly to keep land and property in the family. Girls are often seen as a drain on family wealth, since the girl's family is required by centuries of tradition to provide a dowry to her husband's family when she marries.

Today, the illegal practice of sex-determination has brought girl-to-boy ratios to their lowest levels in recorded history, raising significant social problems for the future.

"If you find a government and a district medical officer and police officials who are all serious about the law, then you can make a difference," says Sabu George, a researcher for the Center for Women's Development Studies in New Delhi. "But that is very rare."

The conviction of Saghani follows a controversial study, published in early January in the British medical journal, The Lancet. The study claimed that up to 5 million girls were aborted since the practice of sex-determination was banned in 1994.

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Ultrasound equipment is found in every district of the country, but in the areas where ultrasound clinics are in highest concentration, particularly wealthy farming districts in Punjab, Haryana, Gujarat, and in the capital city of New Delhi, the ratios of girls to boys are at their lowest. The ban notwithstanding, the number of girls per thousand boys aged 0 to 6 in the state of Punjab has dropped from 875 in 1991 down to 793 in 2001, according to 2001 Census figures. In Haryana, there were 879 girls for every thousand boys in 1991 and 820 in 2001. Pregnant women turned crimefighters

The conviction in Haryana sprung from a frustrated doctor called Rekha Mishra, who teamed up with activists to conduct a sting operation on doctors in nearby ultrasound clinics.

Pregnant women were sent into the clinics, with audio and sometimes video equipment, to record their conversations with clinic doctors. In 12 cases, doctors, including Dr. Sabhani, offered to abort female fetuses. In Haryana, 11 of those criminal cases are still pending.

"It was very difficult to get pregnant ladies persuaded to do this, and you are not conducting a case against just one person, you are getting psychological pressure, your own family is saying, 'Nobody else is doing this. Why are you doing it?'" says Dr. Mishra, a private doctor from Faridabad, south of New Delhi. "But if I get support from the authorities, and a letter authorizing me to do this, we can do this all over the country."

"We can't eliminate this practice," she adds. "But we can at least stop it to some extent."

Activists like Deshpande and George call the practice "genocide," and India's medical community has promised to do what it can to prevent the practice. But Vinay Agarwal, president of the Indian Medical Association, says that lasting change can only come through broad-based community education.

"The medical profession is doing all it can though we have to address this as a social evil," Dr. Agarwal, president of the Indian Medical Association, told the BBC. "People should be proud to have a girl child."

Sierra Leone Asks To Move Liberian's Trial (NYT)

By Lydia Polgreen And Marlise Simons

The New York Times, March 31, 2006

FREETOWN, Sierra Leone, March 30 — The government of Sierra Leone asked the International Criminal Court in the Netherlands to provide a venue for the trial of Charles G. Taylor, the former president of Liberia who was arrested Wednesday on longstanding war crimes charges, officials in the Netherlands said.

Mr. Taylor has many loyalists in the region, so his presence is a potential threat to the fragile peace that exists here and in Liberia. Secret talks between the Special Court for Sierra Leone and the Dutch government about transferring Mr. Taylor to The Hague began several weeks ago.

But on Wednesday, after Mr. Taylor's arrest, the Dutch government received a formal request from the special court for permission to hold the trial on Dutch soil, said Dirk-Jan Vermeij, a spokesman for the Dutch Foreign Ministry. He said the request involved the use of a courtroom at the newly created International Criminal Court and space in a Dutch jail. A Dutch diplomat said the United Nations Security Council would have to pass a resolution to create a trial chamber in The Hague that would serve as an extension of the Sierra Leone court and use that court's rules.

Other conditions are under discussion between the court and the Dutch government, including a guarantee that at the end of the trial Mr. Taylor will leave the Netherlands. "The court is asking only for physical facilities, the use of a courtroom and a cell," Mr. Vermeij said.

If the plan goes ahead, Mr. Taylor will probably be held at a Dutch high-security prison complex in The Hague where the International Criminal Court has leased 12 cells but is using only one.

The plan to move the trial of Mr. Taylor, one of Africa's most notorious warlords, to Europe underscored the deep ambivalence that many people here have toward the United Nations-backed court set up here to try defendants accused of atrocities in Sierra Leone's brutal civil war.

"The ordinary man sees this court as something from the outside that has little meaning to his life," said Charlie Hughes, director of the Forum for Democratic Initiatives, a nonprofit organization in Freetown. "Most people see the court as an expensive waste that won't really change the country in terms of poverty and other serious problems."

Indeed, Mr. Taylor may have been the most wanted fugitive in Africa, but for the moment no one on the continent seems keen on holding him. Ever since Liberia asked Nigeria to turn him over for prosecution by the special court this month, a fierce and sometimes desperate diplomatic battle has been waged over what precisely should be done with him. And with Thursday's announcement by Dutch officials, it appeared that Mr. Taylor's three-year odyssey had not yet ended.

It began in March 2003, when Mr. Taylor was still president of Liberia, with an indictment on charges that he backed and traded diamonds with Sierra Leone's ruthless rebel movement, whose signature tactic was the hacking off of civilians' arms and

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legs. But when he went into exile in Nigeria later that year, Nigeria promised not to turn him over to the court unless an elected Liberian government requested it.

When Liberia's new president, Ellen Johnson Sirleaf, asked for Mr. Taylor to be turned over this month, she made it clear that she did not want him on Liberian soil, declaring that there were no charges pending against him there. Nigerian officials repeatedly insisted that Mr. Taylor was not a prisoner in their country and that it was Liberia's responsibility to collect him. Sierra Leone, where Mr. Taylor was under indictment, quietly stood by and waited, hardly clamoring to get the man who caused so much misery here.

Solomon Berewa, Sierra Leone's vice president, said in an interview here that it would be better to hold the trial somewhere else to spare the nation a long revisiting of the horrors of the decade-long war, which killed 50,000 people, left thousands without arms or legs and displaced much of the population.

"We don't want to be reminded of those atrocities every day," Mr. Berewa said. "We want to put it behind us and move forward."

The International Criminal Court, which is independent from the United Nations, would have no mandate to try Mr. Taylor because its jurisdiction began on July 1, 2002, while Mr. Taylor's charges date from the 1990's. The court, which is building new headquarters, at present has one courtroom available. The trial of the first suspect in its custody, Thomas Lubanga, a former Congolese warlord, is not expected to begin until later this year.

Mr. Vermeij, the Dutch government spokesman, said that the court in Sierra Leone had asked for Mr. Taylor's transfer to The Hague, citing security concerns. "There is a fear that a trial in Sierra Leone could lead to instability and pose a threat to peace," he said.

Liberian President Backs Bid To Move Taylor Trial To Hague (WP)

By Craig Timberg

The Washington Post, March 31, 2006

MONROVIA, Liberia, March 30 -- President Ellen Johnson-Sirleaf said Thursday that she supported a bid to move the war crimes trial of former Liberian president Charles Taylor from neighboring Sierra Leone to The Hague and that Taylor's dignity and rights must be guaranteed as the case advanced.

"In any proceedings, the United Nations must allow Mr. Taylor to maintain his dignity and a vigorous self-defense that is consistent with the principle that a person is innocent until proven guilty," Johnson-Sirleaf said in a televised address, her first to the country since Taylor was arrested Wednesday.

The U.N.-backed special court in Sierra Leone, where Taylor faces an 11-count indictment for his role in that country's civil war, requested that the trial be conducted on the premises of the International Criminal Court in the Netherlands. The Sierra Leone court would retain jurisdiction over the case.

The court's president, Justice A. Raja N. Fernando, cited concerns about stability in the region in the request.

The British government is preparing a U.N. Security Council draft resolution that would formally authorize the court in Sierra Leone to try Taylor in The Hague. Britain is waiting for a "green light" from the Dutch government before presenting the draft to the 15-nation council, according to a council diplomat.

The special court has the authority to conduct trials outside Sierra Leone, but the Dutch government has requested that the Security Council explicitly approve the transfer. It is also seeking to persuade another country to grant Taylor asylum should he ultimately be acquitted.

Taylor's first court appearance in Sierra Leone is expected next week. He is accused of mass murder, rape and mutilation, including support for a rebel movement in Sierra Leone that killed thousands and frequently amputated the limbs of its victims. Taylor, 58, is also accused of destabilizing Liberia and several neighboring countries while amassing a fortune from illicit trade in diamonds, guns and timber.

Taylor had dominated Liberian politics since 1989, when he launched a rebel movement. More than a decade of fighting left 200,000 people dead and the country in ruins. He was elected president in 1997, but resigned under international pressure in 2003 and began an exile in Nigeria.

Taylor disappeared Tuesday from a guarded government compound in southeastern Nigeria, days after President Olusegun Obasanjo announced that he would hand him over to the Liberian government. Taylor was captured Wednesday at a border post near Cameroon.

That day, Nigerian officials flew him to Monrovia, where he was arrested by U.N. forces. He was then transferred by helicopter to Freetown, the capital of Sierra Leone, and jailed.

Many Liberians expressed relief Thursday that Taylor had finally been arrested.

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"I feel very good," said Wilson Doe, 34, a former soldier in Taylor's militia, who was working on a road project in Monrovia. "He's not a good man."

The sentiment was evident in the newspaper coverage here. The Informer ran a grainy image of Taylor on its front page and declared: "Taylor Falls Finally."

Liberians unable to afford the 35-cent newspaper could, for half the price, buy photocopied pictures of Taylor appearing dour in a bulletproof vest and handcuffs shortly after his arrest at Roberts International Airport in the capital.

Yet many Liberians said they were troubled by Taylor's arrest by international officials. Never before has a former African head of state been forced to face justice before an international tribunal. After decades of colonialism followed by decades more of Cold War proxy struggles, deep wariness persists in Africa about the intentions of outside powers.

In an interview in her office, Johnson-Sirleaf, who set Taylor's arrest in motion by requesting his extradition from Nigeria, said the case set "a sad precedent of arresting an African head of state."

But she added: "Liberian people feel much safer, and we can now move forward with what we need to do."

Era Of Impunity Wanes For African Leaders (CSM)

By Abraham Mclaughlin

The Christian Science Monitor, March 31, 2006

JOHANNESBURG, SOUTH AFRICA - It could be the beginning of the end for Africa's long era of impunity, during which awful deeds committed by presidents, dictators, and warlords have gone largely unpunished.

The highest-profile evidence: This week's arrest of notorious ex-Liberian-president Charles Taylor on war-crimes charges, which follows the recent booking of former Congolese warlord Thomas Lubanga at the International Criminal Court in The Hague.

Meanwhile, former Zambian President Frederick Chiluba is on trial for corruption, and upheaval in Kenya over graft allegations has led three cabinet ministers to resign.

In fact, the Zambian and Kenyan cases may be more important in the long run, experts say, because they're home-grown examples of holding leaders accountable for misdeeds. By contrast, the arrests of Messrs Taylor and Lubanga came in large part because of Western pressure. Ultimately, observers say, the extent to which the toppling of impunity is done by Africans - not because of American or other outside arm-twisting - may determine how thoroughly impunity falls.

Either way, however, "The arrest of Taylor is really good news for Africa. It sends an important signal that impunity might be a thing of the past," says Peter Kagwanja of the International Crisis Group here. Furthermore, it's evidence that even if "you're protected by [continental] heavyweights like Nigeria or South Africa" - as Taylor and Zimbabwe's President Robert Mugabe have been - "you may not be protected" any more.

Taylor was arrested in Nigeria this week and is expected to appear as early as Friday before the UN-backed Special Court for Sierra Leone in that country's capital, Freetown on charges of committing crimes against humanity. He's the first African head of state to be put on trial for such crimes. The trial, which will probably not start for several months, is expected to actually take place in The Hague. The venue change is apparently due to regional security concerns.

"One of the problems of trying Charles Taylor is that there has been insecurity in the region for quite some time, and he has been at the epicenter," says the court's chief prosecutor, Desmond de Silva. "There is a lot of anxiety in neighboring countries that his trial in Freetown might produce some sort of regional instability."

Taylor's arrival in Sierra Leone came a few days after the March 20 appearance of Mr. Lubanga at the ICC, where he's expected to be charged with war crimes. He's the first person to come before the ICC.

In Zambia, meanwhile, Mr. Chiluba is on trial for stealing about $500,000 during his 1991-2002 presidency. And, in Kenya, a series of graft scandals has left President Mwai Kibaki weakened, and may lead to an investigation of the vice president. The central bank governor has been asked to step down, pending a corruption probe.

Yet one Kenyan politician with possible links to corruption, former President Daniel arap Moi, isn't likely to be prosecuted, says Kagwanja, because, in the African view, "the war against impunity should not be war against stability." Taking down a powerful man like Mr. Moi could create instability.

Likewise, left to their own devices - and given Taylor's still-considerable influence throughout West Africa - African leaders probably would have asked newly elected Liberian President Ellen Johnson-Sirleaf "to cool her heels and stabilize herself before dealing with the question of Taylor," says Kagwanja. This would have given Nigerian President Olesegun Obasanjo time to "get his house in order" about possible plans to change the constitution so he can run for a third term - plans that may be affected by his actions on Taylor. It would have been at least a year, Kagwanja says, before African leaders dealt with Taylor.

Instead, amid strong US pressure, Mrs. Johnson-Sirleaf announced at the UN headquarters in New York on March 17 that she was requesting that Mr. Obasanjo send Taylor to Sierra Leone to face trial. When Obasanjo demurred, saying Africa's

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leaders needed to be consulted, even more US pressure was applied. When Taylor escaped from Nigerian custody on Tuesday, there were hints President Bush might cancel his Oval Office meeting with Obasanjo on Wednesday. Suddenly, Taylor was found, arrested - and promptly shipped to Sierra Leone.

While effective, such outside pressure can be risky, experts warn. First, it implicitly binds the US to helping keep the peace in Liberia, should the trial of the still-popular Taylor spark unrest there. Also, if Taylor's trial is seen as biased - or a product of US pressure - it "has the potential of turning Taylor into a hero or a martyr," says Kagwanja, "and that doesn't augur well for Liberia."

Taylor still has many backers in Liberia, including the country's third-most-powerful official, Speaker of Parliament Edwin Snowe, who is Taylor's ex-son-in-law.

Johnson-Sirleaf addressed this Thursday, saying anyone "who would try to use these circumstances as an excuse for insurrection to undermine the stability of the nation" would be "dealt with harshly, without mercy."

Still, another sign of declining impunity is the fact that African leaders didn't overtly criticize Obasanjo for handing over Taylor, says Ayesha Kajee of the South African Institute for International Affairs here. In an effort to boost Africa's image in the west - and respond to grass-roots rumblings - African leaders have been moving away from impunity, she says. "There's a recognition that this is an increasingly globalized issue - the issue of justice on the basis of human rights."

Rifts Plague Anti-Chávez Venezuelans (NYT)

By Juan Forero

The New York Times, March 31, 2006

QUÍBOR, Venezuela — Julio Borges is an unusual politician among Venezuela's fragmented opposition. He is running for office.

While much of the rest of the opposition is intent on boycotting the presidential election this year, Mr. Borges was busy here on a recent twoday campaign swing, shaking hands, kissing cheeks and trying against long odds to win over supporters of President Hugo Chávez.

"We spent seven years trying to get Chávez out of Miraflores," Mr. Borges said, referring to the presidential palace. "What we have to do is get Chávez out of people's hearts."

He is the first to admit that it is a lonely task. Mr. Chávez remains hugely popular, with a 55 percent approval rating in opinion polls, for having funneled billions of dollars in oil revenue to the poor. Perhaps more important, he has put his stamp on nearly every aspect of life, and every institution of real power.

Mr. Borges argues that boycotting elections only adds to Mr. Chávez's power and has already made Venezuela in effect a one-party state. Proponents of a boycott say Mr. Chávez has undermined the institutions of democracy, so they seek to undercut his legitimacy by spoiling elections.

They charge that the president stacked the Supreme Court and the five-member National Electoral Council, has registered fraudulent voters and keeps tabs on how Venezuelans vote — all accusations that the government denies.

Many supporters of a boycott are in the segment of the opposition that failed to oust Mr. Chávez with a coup attempt and a two-month oil strike in 2002, and a recall referendum in 2004. Last December they organized a five-party boycott of the elections for the National Assembly, losing all representation in the government.

Some opposition leaders called that boycott a success because 75 percent of the voters abstained, showing their unhappiness with the electoral system Mr. Chávez had established.

"It's a diabolical system," said Antonio Ledezma, a leader in National Resistance, a group of opposition leaders that favors a boycott this year. "We win by resisting, to not be under the thumb of a government that wants to dominate us."

While international monitors have called past elections here fair, they have also noted deep public distrust of electoral officials and called for an overhaul of the Electoral Council, which oversees the elections.

A newspaper editor, Teodoro Petkoff, and the governor of the state of Zulia, Manuel Rosales, are considered possible presidential candidates, but Mr. Borges is the only one who has declared his candidacy so far. He says his biggest obstacle is uniting a disillusioned opposition, whose fractures have been among Mr. Chávez's biggest advantages.

"The most difficult challenge is to get past the noise of our own opposition," said Mr. Borges, 36, a lawyer from Caracas. "The opposition does not have the luxury to just give up on politics. Here, some people say: 'Let's not do anything. Let's hope for a miracle.' I don't believe in that."

As in the rest of Venezuela, people in this state, Lara, are solidly behind Mr. Chávez and at best indifferent to Mr. Borges's small First Justice Party, whose members are mostly young professionals from wealthy districts of Caracas. Potential voters were polite but distant.

When one unabashed supporter, Carmen Martínez, embraced Mr. Borges — whispering, "May God and First Justice be our hope" — it was a bright spot in an otherwise difficult campaign swing.

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Mr. Borges does not sugarcoat the obvious: his campaign is far behind, underfinanced and spread thin. His one advantage may be that most Venezuelans — 84 percent, according to a recent survey by Greenberg Quinlan Rosner, a Washington polling firm — support taking part in the election, even if they question the impartiality of the electoral authorities.

His first big battle was with his own party, which went against him and voted to sit out last year's legislative elections. But he also faces an image problem. Many Venezuelans see his party as close to the Bush administration, elitist and out of touch with Mr. Chávez's base in the country's ramshackle barrios.

"They're seen as the yuppie party, and the challenge is how do you reach the poorest people," said a senior American diplomat in Caracas, who spoke on condition of anonymity because of embassy rules.

"It's not enough being the anti-Chávez," another American diplomat said. "You have to offer a plan and an alternative."

To do that, Mr. Borges and his aides say they are going to go after the president where he is vulnerable. While Mr. Chávez appears to be obsessed with the United States, Mr. Borges said surveys for his campaign showed that Venezuelans were much more concerned about unemployment and rampant crime.

"Before voting for the Chavistas, I'll vote for Borges," Johanna Padilla, 29, said after meeting Mr. Borges as he went from house to house here. "All we have here is crime. There's no work. If you get a job, it's for three months and you're out."

On his campaign swing, wearing jeans and a blue pullover shirt, Mr. Borges handed out fliers titled "The President's Gifts," about Venezuelan aid to other countries.

"We want to show we're more nationalistic, more patriotic, more worried about Venezuela than Chávez," he said. "He's more involved in trying to become the president of Latin America. This is good for us."

For now the message is a hard sell. Mr. Chávez's largess to the poor, after all, has won him a solid following that is not about to switch to an unknown like Mr. Borges.

"I adore the man and thank God he's in power," Elizabeth Jiménez, 37, said of the president. "The opposition — each day they lose more standing. They criticize everything, everything that's for the people. But when they were in power they never did anything."

Preventable Disease Blinds Poor In Third World (NYT)

By Celia W. Dugger

The New York Times, March 31, 2006

ALEMBER, Ethiopia — Mare Alehegn lay back nervously on the metal operating table, her heart visibly pounding beneath her sackcloth dress, and clenched her fists as the paramedic sliced into her eyelid. Repeated infections had scarred the undersides of her eyelids, causing them to contract and forcing her lashes in on her eyes. For years, each blink felt like thorns raking her eyeballs. She had plucked the hairs with crude tweezers, but the stubble grew back sharper still.

The scratching, for Mrs. Alehegn, 42, and millions worldwide, gradually clouds the eyeball, dimming vision and, if left untreated, eventually leads to a life shrouded in darkness. This is late-stage trachoma, a neglected disease of neglected people, and a preventable one, but for a lack of the modest resources that could defeat it.

This operation, which promised to lift the lashes off Mrs. Alehegn's lacerated eyes, is a 15-minute procedure so simple that a health worker with a few weeks of training can do it. The materials cost about $10.

The operation, performed last year, would not only deliver Mrs. Alehegn from disabling pain and stop the damage to her corneas, but it also would hold out hope of a new life for her daughter, Enatnesh, who waited vigilantly outside the operating room door at the free surgery camp here.

Mrs. Alehegn's husband left her years ago when the disease rendered her unable to do a wife's work. At 6, Enatnesh was forced to choose between a father who could support her, or a lifetime of hard labor to help a mother who had no one else to turn to.

"I chose my mother," said the frail, pigtailed slip of a girl, so ill fed that she looked closer to 10 than her current age, 16. "If I hadn't gone with her, she would have died. No one was there to even give her a glass of water."

Their tale is common among trachoma sufferers. Trachoma's blinding damage builds over decades of repeated infections that begin in babies. The infections are spread from person to person, or by hungry flies that feed from seeping eyes.

In large part because women look after the children, and children are the most heavily infected, women are three times more likely to get the blinding, late stage of the disease.

For many women, the pain and eventual blindness ensure a life of deepening destitution and dependency. They become a burden on daughters and granddaughters, making trachoma a generational scourge among women and girls who are often already the most vulnerable of the poor.

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Trachoma disappeared from the United States and Europe as living standards improved, but remains endemic in much of Africa and parts of Latin America and Asia, its last, stubborn redoubts. The World Health Organization estimates that 70 million people are infected with it. Five million suffer from its late stages. And two million are blind because of it.

A million people like Mrs. Alehegn need the eyelid surgery in Ethiopia alone. Yet last year only 60,000 got it, all paid for by nonprofit groups like the Carter Center, Orbis and Christian Blind Mission International.

As prevalent as trachoma remains, the W.H.O. has made the blinding late stage of the disease a target for eradication within a generation because, in theory at least, everything needed to vanquish it is available. Controlling trachoma depends on relatively simple advances in hygiene, antibiotics and the inexpensive operation that was performed on Mrs. Alehegn.

But the extent of the disease far exceeds the money and medical workers available. In poor countries like this one, faced with epidemics of AIDS, malaria and tuberculosis, a disease like trachoma, which disables and blinds, has difficulty competing with those big killers.

Dr. Abebe Eshetu, a health official here in Ethiopia's Amhara region, described the resources available for trachoma as "a cup of water in the ocean."

Nowhere is the need greater than across this harsh rural landscape.

As dawn broke one day last year, hundreds of people desperate for relief streamed into an eyelid surgery camp run by the government and paid for by the Carter Center. Some of the oldest had walked days on feet twisted by arthritis to get here.

The throng spread across the scrubby land around a small health clinic. They wrapped shawls around their heads to shield themselves from sun and dust, made all the more agonizing by their affliction. Their cheeks were etched with the salty tracks of tears.

'Hair in the Eye'

Typical of those was Mrs. Alehegn, led stumbling and barefoot through stony fields by Enatnesh, who worriedly shielded her mother under a faded black umbrella.

As they waited their turn, Mrs. Alehegn explained that her troubles began more than 15 years ago when she developed "hair in the eye," as trachoma is known here. The pain made it impossible for her to cook over smoky dung fires, hike to distant wells for water or work in dusty fields, the essential duties of a wife.

Gradually the affliction soured her relationship with her husband, Asmare Demissie, who divorced her a decade ago, so he could marry a healthy woman.

"When I stopped getting up in the morning to do the housecleaning, when I stopped helping with the farm work, we started fighting," Mrs. Alehegn said.

The operation she had come for is still exceedingly rare in Ethiopia. Only 76 ophthalmologists practice in this vast nation of 70 million people. Most work in the capital, Addis Ababa, not in the rural areas where trachoma reigns.

Because of the extreme doctor shortage, nonprofit groups have paid for the training of ordinary government health workers over two to four weeks to do the eyelid surgery. The Carter Center, which favors a month of training, estimates the cost at $600 per worker, plus $800 for two surgical instrument kits for each of them.

Those trained make an incision that runs the length of the eyelid's underside, through the cartilagelike plate, then lift the side of the lid fringed with the eyelashes outward. Then they stitch the two sides back together. The patient is given a local anesthetic.

The operation cannot undo the damage already done to corneas, which makes the abraded eyes vulnerable to infections. But it can stop further injury. And because the disease often takes decades to render its victims blind, the operation can save a woman's sight and halt disabling pain.

For Mrs. Alehegn, the surgery was her second. Her plight is typical, for trachoma is both a disease of poverty and a disease that causes poverty.

After separating from her husband, she, Enatnesh and another daughter, Adelogne, then just 4, moved to a small, poor piece of land belonging to Mrs. Alehegn's family. About a year later, Mrs. Alehegn scraped together enough money for her first eyelid surgery. But as she aged, the underside of her eyelids — scarred by past trachoma infections — continued to shrink, turning her lashes inward again.

In recent years, her poverty was so dire she could not afford to have the surgery again. Her only income was the dollar or so a week that Enatnesh collected when she went to market to sell the cotton fabric her mother wove. They were so poor they could not afford even 15 cents for soap.

"If I get my health back, it means everything," Mrs. Alehegn said. "I'll be able to work and support my family."

The others who journeyed to the camp told many such stories of hardship. In a land where early death is commonplace, some of those with the disease see their wounded eyes, ceaselessly leaking tears, as a kind of stigmata of sorrow.

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Banchiayehu Gonete, an elderly widow, said three of her eight children had died young. The bitterest loss was of her eldest daughter, carried off by malaria at 40 with a baby still inside her. It was this daughter who had plucked her in-turned lashes, cooked for her and kept her company.

"God killed my children," said Mrs. Gonete, old and wrinkled, but unsure of her age. "I feel this pain as part of my mourning."

Nearby, Tsehainesh Beryihun, 10, sat with her grandmother, Yamrot Mekonen. Trachoma ended the girl's childhood years ago.

When her parents divorced, her mother gave Tsehainesh, then just a baby, to her paternal grandmother. As the old woman's sight failed, Tsehainesh became her servant. Since she was 7, she has fetched water, cooked, cleaned, collected dung and wood for the fire and swept the dirt floors, her grandmother said.

The girl sees her half brothers and sisters, the children of her father's second marriage, happily dashing to school, while she lives apart, her days filled with the grinding work of tending to a sickly, demanding old woman.

Her grandmother explained that the girl owes her. "I've supported her this far," Mrs. Mekonen said impassively, "so now it's her turn to support me."

Tsehainesh wept bitterly as her grandmother spoke, refusing to utter a word.

Ending Disability and Dependency

To break this cycle of debilitation and dependency, the goal is not eradication of the eye infections themselves, which most agree is neither practical nor necessary, but rather to reduce their frequency and intensity, a more achievable goal. This would avoid development of the devastating late stage of trachoma, called trichiasis, that makes surgery the sufferers' only salvation.

Toward that end, the World Health Organization has approved a strategy known as SAFE, an acronym that stands for surgery, antibiotics, face washing and environmental change, notably improved access to latrines and water.

Already, some researchers say, the growing use of antibiotics around the world to treat infections, even those unrelated to trachoma, has probably contributed to trachoma's decline. That is true even in very poor countries where there is no organized effort to tackle the disease, like Nepal and Malawi, they say.

The use of Zithromax, an antibiotic manufactured by Pfizer, has proved a breakthrough. The most common alternative is a cheap, messy antibiotic ointment that has to be applied twice daily to the eyes for six weeks. Zithromax, in contrast, can be taken in a single dose — making compliance easier and distribution to millions simpler.

By 2008, Pfizer, the world's largest drug maker, will have donated 145 million doses for trachoma control. Its contribution is administered by the International Trachoma Initiative, a nonprofit group. The drug has been provided in 11 of the 55 countries where trachoma remains a problem.

But globally, the World Health Organization estimates that at least 350 million people need the antibiotics once a year for three years to bring infection rates under control.

That equals more than a billion doses of azithromycin, the generic name for Zithromax. Trachoma is so rampant here in Ethiopia that an estimated 60 million people, or 86 percent of the country's population, need the drug.

Pfizer has not officially announced any additional donations, but Dr. Joseph M. Feczko, a Pfizer vice president, says the company will provide whatever is needed. "There's no cap or limit on this," he said. "We're in it for the long haul."

But even free drugs cost money to distribute. No global estimates are available for carrying out the SAFE strategy for trachoma control, but the Ethiopian government, beset by competing social problems, would have to come up with $30 million to reach even half the people who need the antibiotic, and $20 million more for public education on basic hygiene.

For now, the aim here is a more modest effort at localized control, but even that will not be easy.

An Ancient Scourge

Chlamydia trachomatis, the microorganism that causes trachoma, has been a source of misery for millennia, thriving in poor, crowded and unsanitary conditions. In ancient Egypt, in-turned eyelashes were plucked, then treated with a mixture of frankincense, lizard dung and donkey blood. In Victorian England, infected children were isolated in separate schools.

At the turn of the century, doctors at Ellis Island used a buttonhook to examine the undersides of immigrants' eyelids. Those with signs of trachoma were often shipped back to their home countries.

Swarming Musca sorbens flies play an ignominious role in spreading the disease. They crave eye discharge and pick up chlamydia as they burrow greedily, maddeningly into infected eyes.

"They cluster shoulder to shoulder around an infected eye," said Paul Emerson, the entomologist who did pioneering work on the role of the flies in spreading trachoma and who now runs the Carter Center's trachoma control program.

So inescapable, so persistent are they here in the Amhara region that children learn not to bother shooing them away. Even at the surgery camp, flies buzzed through the chicken wire that covered the windows of cramped operating rooms, harassing trachoma victims at the moment they sought relief.

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Once the eggs of a female fly are ripe, she lays them in her preferred breeding medium, human feces, plentiful because most people here go to the bathroom outdoors.

But the flies cannot breed in simple, inexpensive pit latrines, Mr. Emerson said. He said he does not yet know why, but he thinks that a competing species that does thrive in latrines may eat the Musca sorbens maggots.

Ethiopia is now making a national effort to get people to build latrines, training thousands of village health workers to spread the word. It is also teaching children the importance of face washing in school.

But soap and water are scarce, too. Women often walk hours a day to wells to carry home precious pots of water balanced on their heads. And soap is a luxury for the poorest of the poor.

For those like Mrs. Alehegn, with late stage trachoma, surgery will continue to be necessary.

When her operation was complete, the health worker who performed it, Mola Dessie, pressed white cotton pads on Mrs. Alehegn's eyes to soak up the blood and applied antibiotic ointment to prevent infection. Then he covered her eyes with bandages.

Enatnesh wrapped her mother's head in a dingy cloth and slipped her stick-thin arm around her mother's waist to lead her away.

Mrs. Alehegn, who is illiterate, says she hopes that once she heals she will be able to weave more cloth, earn more money and do the domestic chores, leaving Enatnesh freer to pursue an education. "I don't want her to live my life," she said.

Despite her dependence on her daughter, Mrs. Alehegn has allowed the girl to go to school. Enatnesh, though having fallen behind, is a diligent fifth grader at age 16, who proudly said she is ranked 5th out of 74 students in her class. She dreams of being a doctor.

Two days after her mother's surgery, Enatnesh led the way to her father's sturdily built hut a couple of hours walk away. There, as his second wife swept the compound and Enatnesh's 9-year-old half-brother sat in the shade, Mr. Demissie, 58, offered a regretful explanation for his decision to divorce his first wife.

He, too, had developed "hair in the eye," he said. And like his wife, he, too, had been forced to stop working. If they had not separated, he reckoned, they would both have died. Finally, Mr. Demissie decided to save himself.

His sick wife would never find anyone else to marry, he realized. But for him, a new, hardworking wife would provide a second chance. And after his marriage, he got the surgery to prevent his own blindness.

"If we had not been sick," he said sadly, "we would have raised our children together."

As he spoke, Enatnesh listened sorrowfully, her hand cupped over her mouth, her head bent low.

French Law Is Affirmed As Protests Snarl Traffic (NYT)

By Craig S. Smith

The New York Times, March 31, 2006

PARIS, March 30 — France's Constitutional Council upheld the constitutionality of a fiercely contested new labor law on Thursday, dealing a blow to opposition Socialists who had asked the council to strike it down but extending the crisis now facing the government.

Students kept up pressure, blocking roads and railways, tying up traffic and halting train service in several cities. The country's influential union syndicates have promised another day of nationwide strikes and protest marches on Tuesday.

The council's ruling throws the onus for resolving the crisis on President Jacques Chirac, who alone has the power to send the law back to Parliament. But he is widely expected to back his embattled prime minister, Dominique de Villepin, who insists that the law be put into effect. Élysée Palace said the president would address the nation late Friday.

The Constitutional Council's unqualified decision deprived Mr. Chirac of any face-saving cover under which he might send the law back to Parliament for further deliberations without looking as though he was bowing to the will of protesters.

Many members of Mr. Chirac's Union for a Popular Movement suggested Thursday that he would put the law into effect while fattening other social benefits in a bid to placate the students and unions.

The government used that strategy to extricate itself from the unrest that roiled France in May 1968.

The so-called Grenelle agreements of that year, named for the Paris street where the Ministry of Social Affairs is situated, raised the minimum wage by 35 percent, raised public sector salaries by 7 percent and cut the work week to an average of 40 hours from 43, among other things.

But some experts said the government, already trying to trim costly social benefits that it can ill afford, would have trouble coming up with offerings rich enough to satisfy the students and the unions.

"The difference between May 1968 and now is that the state doesn't have any money," said Sylvie Goulard, a professor of political science at the Institute of Political Studies here. Many members of Mr. Chirac's party have urged him to use special

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constitutional powers to delay imposing the law pending negotiations, to avoid inciting more anger among protesters. Both the students and unions have refused to engage in a dialogue until the law is withdrawn.

But Mr. Chirac has so far supported Mr. de Villepin, who has vowed to increase employment by making France's rigid labor laws more flexible. But his latest effort to introduce a new kind of labor contract — adding to the 18 already on the books — has backfired.

The new contract would give employers the right to fire new employees 25 and under without the cumbersome and costly procedures now required. The students and the unions regard that as an erosion of worker rights rather than as a useful incentive to employers.

Mr. de Villepin's approval rating has dropped seven percentage points this month alone to 29 percent, the lowest since he took office in May.

French students, meanwhile, are reveling in their newfound power. They blocked roads and railways in various parts of the country, angered by the Ministry of Education's order to reopen all high schools closed by the recent protests.

The ministry said 556 high schools out of France's 4,330 and 58 of its 84 universities had been disrupted.

At the Gare de Lyon here, hundreds of students swarmed onto the tracks, halting afternoon trains.

Top French Tribunal Upholds Jobs Law (WP)

By Molly Moore

The Washington Post, March 31, 2006

PARIS, March 30 -- France's constitutional court Thursday upheld a controversial jobs law that has provoked the largest street protests in decades, putting new pressure on President Jacques Chirac to resolve the crisis that threatens to destabilize his government.

The 10-member Constitutional Council ruled that high youth unemployment rates justified the law, which would give workers under age 26 fewer job protections than older employees. The council also said "different treatment" for young workers was justified because the law was enacted in the interest of improving job opportunities for them.

Chirac's office said the president would address the country on national television Friday night for the first time since students and labor unions launched demonstrations that often have ended in violence and confrontations with riot police in Paris and other cities across the country.

Members of Chirac's government declined to comment on Thursday's ruling, deferring to Chirac's address Friday. But union leaders and members of parliament plied the French evening news programs with demands that the government back down on the law and warnings of worsening protests and violence.

"You can be both legally right and politically wrong," Jean-Christophe Cambadelis, a Socialist Party member of parliament, said on the French television network, LCI. The Socialists had appealed the law to the constitutional court.

"It is the responsibility of the head of state to hear the growing exasperation of the country," said Bruno Julliard, head of the national student union, which has been at the forefront of the protests. "The president has the opportunity to put an end to a very damaging crisis. If he enacts the law rapidly, it will both be a sign of disdain and an irresponsible attitude."

The Constitutional Council's decision cannot be appealed.

Chirac now faces a difficult political decision that threatens the future of his prime minister, Dominique de Villepin, the author of the law and the man widely considered Chirac's preferred successor.

The law allowing employers to fire workers under age 26 at any time during their first two years of employment will become effective in nine days unless Chirac asks the parliament to reconsider it. Under the French constitution, Chirac cannot return the law to the legislative body without Villepin's permission. Villepin has said he will not abort the law but would consider negotiations over some provisions after it goes into effect. Unions have demanded that negotiations take place before the law is enacted.

In its opinion upholding the law, which was approved by parliament this month, the Constitutional Council noted that young employees who are fired after they've been on the job for four months have the right to appeal their dismissal to a labor court judge.

"Any employee getting sacked for what he thinks are no good reasons can dispute the decision," said Dominique Chagnollaud, a professor of constitutional law at the University of Paris II. "If this person is fired because of the color of his skin or because he's gay, the law against discrimination in the workplace still applies."

Unions have called another national strike and more protests for Tuesday, a week after an estimated 2.7 million people marched in the streets of Paris and other cities -- the largest French demonstration in decades -- demanding that the government retract the law. Striking workers also created major transportation delays, shut down schools and other government services and closed the Eiffel Tower.

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In new protest tactics, small groups of students in cities throughout the country disrupted train services by blocking tracks and created miles of traffic jams by barricading main highways and city streets. In Marseilles, protesters set a coach car of a regional train ablaze, halting train service for two hours. About 50 demonstrators blocked Paris's ring road -- the equivalent of the Capital Beltway -- snarling traffic. Hundreds of students caused miles of traffic backups in the southern city of Aix-en-Provence, where they blocked intersections, and several hundred students played "cat and mouse" with police in the city of Lille, racing though the streets barricading intersections.

French Twist (NYT)

By Corinne Maier

The New York Times, March 31, 2006

Paris

IN Paris, the atmosphere has been morose for weeks: The winter's riots in the poor suburbs have been succeeded by a springtime student revolt. Now it's the middle class's turn to express its discontent — over a government plan to make it easier for businesses to fire young workers. This season, though, the protests aren't in far-off housing projects, but right under our eyes.

The Sorbonne, symbolic center of the intelligentsia, has been sealed off by the police. With the demonstrations and the strikes, it's been difficult to get around town; on Tuesday, when a million people marched, life seemed at a standstill — no newspapers, no trains — except for the violence that has flared up around the protests. In the cafes, people evoke, without much conviction, the famed student revolts of May 1968: the young then wanted to change society, while today they want simply to be part of it.

The student revolt began last month with three letters of anodyne appearance, C.P.E., an abbreviation for "contrat première embauche," or first job contract. Prime Minister Dominque de Villepin pushed a law through Parliament that establishes this contract, which covers those younger than 26 employed by businesses with more than 20 workers. It allows the firing of a young worker for any reason; French law otherwise severely limits businesses' ability to let a worker go. The C.P.E. is the little brother of the C.N.E., created last year, which covers smaller businesses.

The C.P.E., the C.N.E., their labor cousins R.M.I. and R.T.T. — the French love three-letter abbreviations. Perhaps it's because in France, traditionally a Catholic country, lots of things go in three, like the three colors of the flag and "liberté, égalité, fraternité."

The men in power are three too: the first being Jacques Chirac, president since 1995, a weakened man nobody expects anything of anymore. He is seconded by Mr. de Villepin and Interior Minister Nicolas Sarkozy, rivals who dream of taking Mr. Chirac's place in the 2007 presidential election. This year will be decisive for them, which is probably why Mr. de Villepin has chosen to showcase his firmness.

The point of the new labor law is to encourage businesses to hire young people without worrying they'll be stuck with them forever. Youth unemployment has been one of France's biggest problems for 30 years. A quarter of those under 25 are jobless; that figure surpasses 40 percent in the troubled suburbs. It's an enormous failure: young people have never been better prepared or educated than today, yet France offers them hardly any future apart from temporary jobs and unpaid internships.

Why do young people refuse this new program? First, they say, a law just for them implies unequal treatment, and the French, since 1789, have always dreamed of equality. Next, they complain, previous generations didn't have to suffer, so why should they? It's true that French society is hierarchical and rigid, and the disadvantages of employment "flexibility" (a word the French detest) have so far fallen mostly on the weakest: minority groups, women with few marketable skills and young people.

No one in France wants to be "flexible"; stable jobs are the best paid and the most prestigious. It's telling that the students at the elite grandes écoles have been slow in joining the protests: promised a better future than the graduates of the less illustrious universities, they figure that flexibility doesn't concern them.

What will happen next? The young demonstrators and the major unions demand the withdrawal of the C.P.E.; surveys show that two-thirds of the public are in sympathy with them. The students even won the unexpected support of the actress Sharon Stone, who was in Paris for the opening of "Basic Instinct 2." Ms. Stone declared herself against the law, saying that "people have the right to know why they've been hired or fired."

Meanwhile, the Constitutional Council yesterday rebuffed a request to throw out the law as unconstitutional. Still, Mr. de Villepin is getting little support in his own camp as he stands firm. And Paris waits to see what springtime will bring next.

A Cuban Doctor Pays A High Price For Truth (WSJ)

By Mary Anastasia O'Grady

The Wall Street Journal, March 31, 2006

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In the early morning hours of Nov. 29, uniformed Cuban police raided the Havana home of medical doctor Dariel "Darsi" Ferrer.

"In front of my sick wife and my four-year-old son, they confiscated a laptop, a printer, various bottles of medicine and all the papers they could find," Dr. Ferrer reported on the Web site Cartadecuba.com. Nearly four hours later the marauders marched off with the doctor's property, leaving him with a citation to appear at the police station the next day.

Dr. Ferrer had sinned against the Revolution: He is an Afro-Cuban medical professional who, noting the country's abysmal state of health care, established an independent health and human rights clinic. "We have dedicated ourselves to offering free medical attention to those in need and visiting extremely poor communities where scarcities strike marginalized Cubans daily, to offer health services, give medicine, clothing and toys and to share the suffering of those beings," Dr. Ferrer reported.

The 36-year-old doctor's selfless dedication to others would win praise from any government genuinely concerned about the welfare of citizens. But in Cuba, his work scandalizes the state. It has rewarded him by shutting him out of the official medical community and refusing to allow him any form of gainful employment. Along with his wife and son, he has been regularly harassed and terrorized by the government's infamous "repudiation squads," organized mob violence unleashed against non-conformers. The Nov. 29 visit was the first time the regime sent uniformed agents to his home to allege a crime.

Dr. Ferrer is a victim of what human rights observers say is the one of the most brutal crackdowns in the island's history, one that has received little notice in the U.S. "Why now?" one might ask. Perhaps it is in preparation for the day when, as Cubans like to say, a "biological solution" will end Castro's reign. Perhaps it is because Cubans have grown bolder in recent years, increasingly expressing dissent openly.

Certainly, there is more civil disobedience, ranging from silent, prayerful marches by women whose loved ones are political prisoners to public statements from medical professionals like Dr. Ferrer. Pilfering from the state has reportedly increased too.

French jurist Christine Chanet, the U.N. Human Rights Commission's "expert" on Cuba, acknowledged the wave of repression this month. Though Cuban officials have refused her access, she noted that her sources report that "in 2005 more people were arrested and given disproportionate sentences for expressing dissident political opinions." Since she is French and a UNHRC bureaucrat, however, Ms. Chanet blamed the brutality on the U.S. By supporting Cuban democrats, she explained, the U.S. "provide[s] the Cuban authorities with an opportunity to tighten repression against them."

That's the kind of international "help" that long-suffering Cubans have had to get used to, leaving them with the feeling that they are but pawns in the petty, jealous U.N. game of challenging U.S. hegemony. But while the French bureaucrat is busy scoring points in the salons of Geneva, Dr. Ferrer is struggling to stay alive. His is a particularly brave struggle.

Like hundreds of José Six-Packs who have joined Cuban resistance movements, Dr. Ferrer's lack of celebrity is a real disadvantage. International recognition can provide some protection to a dissident. But up to now he has been a faceless soul behind the Tropical Iron Curtain, with a family to care for and living on practically nothing. Fidel already knows he has nothing to fear from the likes of Ms. Chanet, so the cost of crushing Dr. Ferrer is very low.

Dr. Ferrer's race also works against him. Independent thinking is heresy for any Cuban but Afro-Cubans are taught to be especially grateful for -- and obedient to -- the Revolution. They are supposed to signal to the world that though they may appear poor, malnourished and oppressed, they are actually living contentedly on Master Fidel's plantation. Dr. Ferrer hasn't been playing the game.

Another reason to silence the doctor is his honest, professional assessment of Cuba's deteriorating medical system. What Dr. Ferrer and the doctors working with him at the clinic have observed and publicly denounced is the polar opposite of the health-care paradise that Fidel's illusionists have worked years to promote. The collapse of this last "justification" for totalitarian government -- something that shamefully even former Secretary of State Colin Powell once praised Castro for -- makes Fidel's 50 years of failure impossible to deny.

This makes Dr. Ferrer's work exceedingly dangerous but despite the persecution, he works tirelessly for the sick, the poor and the imprisoned. The clinic writes "respectful letters" to high-ranking government officials, raising concerns about public health issues and proposing solutions. In a July 2005 document called "Health Authorities and the Complicity of Silence," Dr. Ferrer complained of the deaths of dozens of children in recent months owing to increased cases of transmittable diseases. He expressed concern that meningitis, dengue fever, hepatitis and leprosy could become epidemics. Clinic workers pay special attention to HIV/AIDS patients, particularly shut-ins, and advocate for the medical needs of political prisoners and for victims of medical negligence.

With thousands of medical professionals on assignment overseas to advance Castro's do-gooder image with Ms. Chanet and her ilk, Cubans are hurting. But so what? As former Brigadier Gen. Rafael Del Pino, who defected in 1987, observed in his 1990 book "Proa a La Libertad," ("Toward Freedom"), Fidel has another agenda. He "was of the idea that any person whose health is returned or who receives education will at least never be his enemy, even if that does not turn them into an ally," the general wrote, referring to the rationale behind sending doctors and teachers to Nicaragua in the 1980s. This strategy continues

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today. Only now Dr. Ferrer has made it clear that Cubans themselves don't enjoy the same "good will." For that he is being intolerably abused by the regime.

An American Revolt In London (NYT)

The New York Times, March 31, 2006

It's not exactly a tea party yet, but the Americans are again revolting against the British over taxation. At issue is the American embassy's refusal since last July to pay a traffic congestion surcharge when its diplomats drive around downtown London, where the embassy is situated. The Americans say the fee is a tax, and add that the Vienna Convention protects diplomats from taxes abroad.

First, let us say that whatever the validity of the argument, it's reassuring anytime an American official working for the Bush administration invokes an international agreement. But we don't buy the idea that diplomats are immune to the surcharge.

London adopted congestion pricing to reduce gridlock on its busiest streets and encourage the use of public transit. By those measures, it's been a success, and something that similarly afflicted cities in the United States, starting with New York, should want to consider. The fee, about $14, is supposed to support mass transportation. The British make a good case that the charge is not a tax, but a toll for the use of selected streets. Their diplomats, they note, regularly pay tolls on American roads and bridges.

A couple of years back, Mayor Michael Bloomberg threatened to tow away the cars of United Nations diplomats who had stacks of unpaid parking tickets in New York. The London mayor, Ken Livingstone, needs to work on editing what comes out of his mouth (this week he called the American ambassador a "chiseling little crook" and he is currently appealing a suspension from his duties for comparing a Jewish journalist to a guard at a concentration camp). He poked further fun at the ambassador for his previous job, which — unfortunately, in light of the debate — was owning a large car dealership. Nonetheless, Mr. Livingstone is certainly within his rights to demand payment, which may now amount to hundreds of thousands of dollars, including fines. He also wants money from the German Embassy and other missions that are withholding payment.

This is one war the United States government doesn't need to take on. It has a real one going on. And the British — they're on our side.

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Williams, Jan

From: Williams, Jan

Sent: Friday, March 31, 2006 10:00 AM

To: Williams, Jan; Horvath, Jane (ODAG); Garrett, Paul; Cushmac, Anne Marie; Davis, Michael; Fuentes, Maria; Balfe, Robert; Biskupic, Steven (USAWIE); Bogden, Daniel (USANV); Brooks, Susan; Brownlee, John (USAVAW); Buchanan, MaryBeth (USAPAW); Canary, Leura G. (USAALM); Charlton, Paul (USAAZ); Chiara, Margaret M. (USAMIW); Christie, Christopher (USANJ); Colantuono, Thomas P. (USANH); Connolly, Colm (USADE); Corrente, Robert (USARI); Cummins, Bud (USAARE); Dugas, David R. (USALAM); Fitzgerald, Patrick J. (USAILN); Garcia, H; Garcia, Michael J (SDNY); Graves, Todd (USAMOW); Greenlee, Jim (USAMSN); Heavican, Michael (USANE); 'Heffelfinger, Tom (USAMN)'; Huber, David L. (USAKYW); Iglesias, David C. (USANM); Immergut, Karin (USAOR); Jenkins, Anthony; Kubo, Ed (USAHI); Lam, Carol (USACAS); Lampton, Dunn (USAMSS); Larson, Charles (USAIAN); Letten, James (USALAE); 'Lockhart, Gregory'; Marino, Thomas (USAPAM); Martin, Alice (USAALN); Mauskopf, Roslynn; McDevitt, Jim A. (USAWAE); McKay, John (USAWAW); Mead, Matthew H. (USAWY); Meehan, Patrick (USAPAE); Melgren, Eric (USAKS); Mercer, Bill (USAMT); Miller, Gregory (USAFLN); Moss, Thomas (USAID); Murphy, Stephen J. (USAMIE); Nahmias, David (USAGAN); O'Connor, Kevin (USACT); 'O'Melia, Michael (USAAZ)'; Orwig, Matt (USATXE); Perez, Paul (USAFLM); Rapadas, Leonardo; Roper, Richard (USATXN); Rosenstein, Rod (USAMD); Ryan, Kevin (USACAN); Scott, McGregor (USACAE); Shappert, Gretchen (USANCW); Sperling, Sheldon J. (USAOKE); Suddaby, Glenn T. (USANYN); Sullivan, Michael (USAMA); Sutton, Johnny K. (USATXW); Vines, Jim (USATNM); Wagoner, Anna Mills S. (USANCM); Wainstein, Kenneth; Washington, Donald (USALAW); Whitaker, Matt (USAIAS); White, Greg (USAOHN); Whitney, Frank (USANCE); Wood, Lisa (USAGAS); Wood, Maxwell; Wrigley, Drew (USAND); Yang, Debra Wong
(USACAC); '/o=USDOJ/ou=CRT/cn=Recipients/cn=Mailboxes/cn=wsanchez'; Bradbury, Steve; Brand, Rachel; Clark, John (USMS); Clement, Paul D; Fisher, Alice; Flores, Robert; Gillis, John; Herraiz, Domingo S.; Keisler, Peter D (CIV); Kim, Wan (CRT); Leonhart, Michele M.; McCallum, Robert (SMO); McNulty, Paul J; Moschella, William; O'Connor, Eileen J. (AAG/TAX); Schofield, Regina; Spagnoli, Deborah A. (USPC); Tamargo, Mauricio J; Tandy, Karen P (DEA); Wooldridge, Sue Ellen (ENRD); '/o=USDOJ/ou=USAPAE/cn=Recipients/cn=Mailboxes/cn=SMalloy'; Agarwal, Asheesh (CIV); Akers, Eric J.; Ames, Andrew; Barnett, Thomas O.; Battle, Michael (USAEO); Beach, Andrew; Beck, Cherith (USAARE); 'Bianco, Joseph F.'; Blomquist, Kathleen M; Boardman, Michelle; Boote, John; Bottner, Andrea; Bounds, Ryan W (OLP); Bucholtz, Jeffrey (CIV); 'Burch, Victoria'; Chambers, Shane P; Clinger, James H; Cohen, Brian; Cohn, Jonathan (CIV); Comisac, Rena (CRT); Cook, Elisebeth C; Cook, Marita L. (USAWY); Cooperstein, Theodore M; Coppenger, Chesed L. (TAX); Costigan, Michael; Coughlin, Robert; Curtis, O. Benton; Daley, Cybele; 'David, Matt'; Dhillon, Uttam; Dummermuth, Matt (USAVAE); Eisenberg, John; Elwood, Courtney; Elwood, John; Flaherty, Connor; Freeman, Sharee (CRT); Friedrich, Matthew; 'Gambatesa, Donald (USMS)'; Garre, Gregory G; Glut, Martha (USANE); 'Gober, Chris'; 'Golden, Lois'; Goodling, Monica; Gorsuch, Neil M; 'Greg Harris'; Hagle, Timothy; 'Harris, Gregory'; Henke, Tracy (SMO); Hertling, Richard; 'Hofer, Patrick F. (TAX)'; Hoisington, Jana;

Holland, Eric W; Irving, John (ODAG); Jaffer, Jamil N; Jezierski, Crystal; Jordan, Theresa (USADE); Jungeblut, Neal P.; Katsas, Gregory (CIV); Keehner, Laura; Kessler, Elizabeth A; 'Korn, Jennifer'; Lesch, Jaclyn; Little, Kimani (CRT); Longlet, Benjamin; Lonick, Saundra; Luckinbill, Trent W.; Macklin, Kristi R; MacLean, Alex (CRT); Magnuson, Cynthia; Marshall, C. Kevin; Martinson, Wanda; Masoudi, Gerald; McArthur, Patrick; McDonald, Bruce; McFarland, Steven T (ODAG); McIntosh, Brent; McKee, Cindy (USAKS); McKeown, Matt (ENRD); McKnight, Cynthia M (CRT); McNally, Edward; McNeil, Tucker (OPA); Mercer, Bill (ODAG); Meron, Daniel (CIV); Metcalf, Mark H (CRT); Miranda, Matthew; Monheim, Thomas; Moore, Miriam (ODAG); Morrison, Richard T. (TAX); Murphy, Sean; 'Neumayr, Mary (ENRD)'; Nichols, Carl (CIV); Nichols, Grant W; Nowacki, John; OConnell, James; Otis, Lee L; Otis, William G.; Pagliocca, Theresa; Parsky, Laura; Peabody, Payson R. (TAX); Peed, Carl; Potter, Janet; Racicot, Tim (USAMT); Reyes, Luis (SMO); Roe, Price (OCIO); Roehrkasse, Brian; 'Roper, Matt M'; 'Rosenberg, Chuck'; Rowe, Kiri; Sampson, Kyle; Schlozman, Brad (CRT); Schmitt, Glenn; Schwartz, Arthur; Scolinos, Tasia; Seidel, Rebecca; Selim, George (CRS); Sellers, Kiahna (OAG); Smith, Kimberly A; Sours, Raquel; Strug, Kerri; Swenson, Lily F; Taylor, Bruce A.; Tenpas, Ronald J (ODAG); Todd, Gordon (SMO); Tomlinson, Linda (USANH); Turner, Donald J. (USAPAM); Tzitzon, Nicholas; Underhill, Deborah; Vargas, Omar (CRT); Voris, Natalie (USAEO); Warren, Julie; Woodruff, William; Lewis, Matthew; Nelson, Ryan (ENRD); Becker, Grace (CRT); Masugi, Ken (OPA); Boente, Dana J. (TAX); Nash, Stuart (ODAG); Oldham, Jeffrey L; Pacold, Martha M; Purpura, Michael M (ODAG); Rowan, Patrick (ODAG); Senger, Jeffrey M; Taylor, Jeffrey (OAG); Webb, Lauren; White, Clifford; Murray, Fred F. (TAX); Becker, Grace (CRT); Quinn, Cameron (CRT)

Subject: The Morning Update: 3/31/06

Attachments: tmp.htm

Importance: Low

The Morning Update

In Cancun, Mexico, President Bush will meet with both Mexican President Vicente Fox and Canadian Prime Minister Stephen Harper. The leaders will discuss the Security and Prosperity Partnership (SPP), begun in March 2005 to strengthen North American security and competitiveness in the global economy.

From Today's Morning Headlines

President Bush Meets With The Leaders Of Mexico And Canada. "President Bush and the leaders of Canada and Mexico worked to iron out disagreements over trade and border security Thursday and to keep a North American economic edge against competition from rising powers like China. ... The immigration debate is receiving a lot of attention at the summit, where the official focus is a year-old pact designed to make borders more secure without hampering business and traffic. Signed a year ago

pact designed to make borders more secure without hampering business and trade. Signed a year ago near Bush's ranch in Texas, the Security and Prosperity Partnership aims to better protect the three countries from outside attack and ensure their global competitiveness with China and other trade powerhouses.
<http://news.yahoo.com/s/ap/20060330/ap_on_re_la_am_ca/bush_canada_mexico&printer=1;_ylt=Apc9Qzuy_8kVs37ouWGyKKW9IxIF;_ylu=X3oDMTA3MXN1bHE0BHNlYwN0bWE> " (Nedra Pickler, "Bush, Harper Fox Discuss Trade Issues," The Associated Press, 3/30/06)

GDP Growth Revised Upward. "The Commerce Department also reported that real gross domestic product - the value of the nation's output of goods and services, adjusted for inflation - grew at a seasonally adjusted, annualized rate of 1.7% in the fourth quarter. ... For the full year, GDP grew 3.5%. The small, upward revision in fourth-quarter GDP reflects the fact that companies restocked inventories faster than expected in Katrina's wake. Now, many forecasters believe the economy is experiencing a posthurricane boost as strong demand for consumer and business products has elevated business activity, prompting companies to step up hiring.
<http://online.wsj.com/article/SB114372461711212244.html?mod=home_whats_news_us> " (Mark Whitehouse, "Corporate Pretax Profits Jump 14.4%," The Wall Street Journal, 3/31/06)

Secretary Snow Addresses The Importance Of Foreign Investment In The U.S. Economy. "U.S. Treasury Secretary John Snow on Thursday warned against legislation that could restrict investment in the United States that was prompted by an uproar over the approval of a foreign company to operate U.S. ports. 'Sustaining foreign investment in the United States is critical to America's position in the forefront of the global economy.
<http://today.reuters.com/news/newsArticle.aspx?type=businessNews&storyID=2006-03-30T185759Z_01_N30327022_RTRUKOC_0_US-ECONOMY-SNOW-INVESTMENT.xml&archived=False> We need foreign investment in the United States, but it's being put in jeopardy now by legislation that is well-intended,' Snow said in a speech to the Edison Electric Institute. ... He said he it was possible to improve the CFIUS process to enhance security while still welcoming foreign investment." (David Lawder, "Snow Warns On Restricting Investment In U.S.," Reuters, 3/30/06)

In Los Angeles, Secretary Leavitt Discusses Avian Influenza Preparedness. "The event at the Westin Bonaventure in downtown Los Angeles was the latest stop on Health and Human Services Secretary Mike Leavitt's nationwide circuit of meetings about avian influenza preparedness. It included federal, state and county health authorities.
Although Leavitt called Los Angeles 'a good example of the preparation that has been made for a pandemic,' <http://www.latimes.com/news/local/la-me-flu31mar31,1,967964.story?coll=la-headlines-california> he emphasized that leaders in all fields - including healthcare, schools and businesses - need to do more." (Jia-Rui Chong, "State Gets Checkup On Bird Flu," Los Angeles Times, 3/31/06)

Back From Iraq, Sen. John McCain (R-AZ) Highlights The Progress Being Made. SEN. MCCAIN: "I think things are getting better. I think they are progressing. I think that the Iraqi military is improving. I think

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Yesterday From The White House

President Bush Meets With President Fox In Cancun, Mexico <http://www.whitehouse.gov/news/releases/2006/03/20060330-7.html>

* In Focus: Global Diplomacy <http://www.whitehouse.gov/infocus/globaldiplomacy/>

President Bush Meets With President Fox And Prime Minister Harper <http://www.whitehouse.gov/news/releases/2006/03/20060330-2.html>

President Bush And Prime Minister Harper Of Canada Deliver Remarks In Mexico <http://www.whitehouse.gov/news/releases/2006/03/20060330-8.html>

President's Remarks On The Release Of Jill Carroll <http://www.whitehouse.gov/news/releases/2006/03/20060330-1.html>

Statement On China's Treatment Of Kim Chun-Hee <http://www.whitehouse.gov/news/releases/2006/03/20060330-3.html>

Ask The White House - Robert Ford, Counselor For Political Affairs For The United States Embassy Baghdad, Discusses The Formation Of A New Iraqi Government And Their Efforts Toward A Lasting Democracy <http://www.whitehouse.gov/ask/20060330.html>

Press Briefing By Dan Fisk, Senior Director For Western Hemisphere Affairs, NSC <http://www.whitehouse.gov/news/releases/2006/03/20060330-9.html>

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The Morning Update

In Cancun, Mexico, President Bush will meet with both Mexican President Vicente Fox and Canadian Prime Minister Stephen Harper. The leaders will discuss the Security and Prosperity Partnership (SPP), begun in March 2005 to strengthen North American security and competitiveness in the global economy.

From Today's Morning Headlines

President Bush Meets With The Leaders Of Mexico And Canada. "President Bush and the leaders of Canada and Mexico worked to iron out disagreements over trade and border security Thursday and to keep a North American economic edge against competition from rising powers like China. ... The immigration debate is receiving a lot of attention at the summit, where the official focus is a year-old pact designed to make borders more secure without hampering business and traffic. Signed a year ago near Bush's ranch in Texas, the Security and Prosperity Partnership aims to better protect the three countries from outside attack and ensure their global competitiveness with China and other trade powerhouses." (Nedra Pickler, "Bush, Harper Fox Discuss Trade Issues," *The Associated Press*, 3/30/06)

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Miller, Charles S

From: Miller, Charles S
Sent: Friday, March 31, 2006 12:02 PM
To: Agarwal, Asheesh (CIV); Ames, Andrew; Baxter, Felix (CIV); Branda, Joyce (CIV); Brody, Stephen (CIV); Bucholtz, Jeffrey (CIV); Bukvics, Jennifer (CIV); Claterbos, Barbara (CIV); Cohen, David M. (CIV); Cohn, Jonathan (CIV); Davidson, Jeanne (CIV); Fargo, John (CIV); Fielding, Gabrielle (CIV); Figley, Paul (CIV); Flentje, August (CIV); Frost, Peter (CIV); Garren, Timothy (CIV); Glynn, J.Patrick (CIV); Gorsuch, Neil M; Hertz, Michael (CIV); Hollis, Robert (CIV); Hunt, Jody (CIV); Hussey, Thom (CIV); Jeweler, James (CIV); Katsas, Gregory (CIV); Keisler, Peter D (CIV); Kohn, Chris (CIV); Kopp, Robert (CIV); Letter, Douglas (CIV); Levine, Larry (EOIR); Lindemann, Michael (CIV); Magnuson, Cynthia; McCallum, Robert (SMO); Miller, Charles S; Nichols, Carl (CIV); Nowacki, John; Pyles, Phyllis (CIV); Reyes, Luis (SMO); Riley, Sharon (CIV); Rivera, Jennifer (CIV); Roehrkasse, Brian; Schiffer, Stuart (CIV); Scolinos, Tasia; Seidel, Rebecca; Senger, Jeffrey M; Spellberg, Dianne (CIV); Swenson, Lily F; Thirolf, Eugene; Wilson, Karen L; Zwick, Ken (CIV)
Subject: 3/31/06 Civil Division News

Justice subpoenas ISPs, filter makers in online protection case

Meatpacker sues government over testing for mad cow A Kansas meatpacker sued the government last week for refusing to let the company test for mad cow

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U.S. Army Reinstates EGL

Judge orders FBI to redouble search for documents in Oklahoma bombing (Trentadue)

Five people arrested in $20 million Medicare fraud scheme

Nations come together to change trust reform act

AP
3/31/06

Justice subpoenas ISPs, filter makers in online protection case

MARYCLAIRE DALE
Associated Press

PHILADELPHIA - The Justice Department is demanding internal files from dozens of Internet service providers and other technology firms as it seeks to defend a controversial Internet child protection law.

The subpoenas are similar to one given to Google Inc., which waged a partly successful battle over the government's request for millions of pieces of information about search engine requests and Web site domains.

InformationWeek magazine unearthed subpoenas that show the government also demanded information from at least 34 other companies, including Internet service providers such as Comcast Corp. and Earthlink, security software firms and other technology companies.

The subpoenas, which the magazine obtained through Freedom of Information Act requests, show the Justice Department preparing for an October trial in Philadelphia over the 1996 Child Online Protection Act. It is not clear which companies are complying, and to what extent.

"That money could be spent so much more wisely on giving software away to parents that are having these problems," Dan Jude, president of Security Software Systems, said of the litigation costs.

The 12-person firm, which makes filtering software, spent more than 40 hours trying to comply with the subpoena, he said. The company refused to provide some information on proprietary grounds, fearing it could make its way into the court file.

"If that information gets out in the public, we've just lost our competitive edge," Jude said Thursday. The subpoena also sought information the company does not keep, such as customer satisfaction, he said.

Department of Justice spokesman Charles Miller did not immediately return a message Thursday afternoon.

The subpoenas also went out to companies including AT&T, Cox Communications, Verizon and Symantec.

The U.S. Supreme Court has twice said the law - which would criminalize Internet material deemed "harmful to children" as defined by "contemporary community standards" - is likely to violate First Amendment protections and granted preliminary injunctions.

Critics say that definition is so broad it would stifle free speech, and also note that pornographers and others could simply base their operations offshore, beyond the reach of U.S. authorities.

Online publishers who are challenging the law argue that filters are a less restrictive way to protect children. The publishers, which include sexual health sites, a gay newspaper and the online magazine Salon.com, are represented by the American Civil Liberties Union.

"Our overarching concern over what the government is doing (with the subpoenas) stems from the 'why,' - what is it they're actually trying to accomplish?" said David McGuire, a spokesman for the Center for Democracy and Technology in Washington. "It doesn't seem reasonable."

END

Aberdeen American News (SD)

March 31, 2006

Meatpacker sues government over testing for mad cow A Kansas meatpacker sued the government last week for refusing to let the company test for mad cow ...

A Kansas meatpacker sued the government last week for refusing to let the company test for mad cow disease in every animal it slaughters.

Creekstone Farms Premium Beef says it has Japanese customers who want comprehensive testing. The Agriculture Department threatened criminal prosecution if Creekstone did the tests, according to the

company's lawsuit filed in U.S. District Court in Washington.

"We're not in any way saying that U.S. beef isn't safe; we believe it's the safest beef supply in the world, but that's not the issue," chief executive John Stewart said at a news conference.

"We're talking about consumers, and consumers want the product tested," Stewart said.

Testing for mad cow disease in the United States is controlled by the department, which tests about 1 percent of the 35 million cattle, or about 350,000, that are slaughtered each year. The department is planning to reduce that level of testing.

Stewart said he was surprised at the plan to scale back testing. "Given the concerns internationally, I'm not so sure that's the right thing to do."

Private companies certified by the department make screening tests used to detect mad cow disease. The department says it has sole authority over the sale and use of the tests.

Department officials say they oppose 100 percent testing because it does not ensure food safety. The disease is difficult to detect in younger animals, which are the source of most beef.

Larger meatpackers worry that insistence from Japanese buyers would force them to do testing and that a suspect result might scare consumers away from eating beef.

It would cost about $20 per animal to do the tests, adding about 10 cents per pound to the cost of meat, according to Stewart.

Japan tests nearly all its cattle for mad cow disease. While individual companies there may want more testing in the U.S., Japan's government is not asking the U.S. to do the same.

For now, Japan has halted American beef shipments because inspectors in January found cuts of U.S. veal containing backbone, which is banned in Japan even though it's eaten in the U.S.

Japan had only recently lifted a ban on American beef imposed after the first U.S. case of mad cow disease in 2003. Until then, Japan was the top foreign buyer of American beef, accounting for around $1.4 billion in sales in 2003.

Creekstone cut production and laid off about 150 employees at its Arkansas City, Kan., plant because of the ban.

Stewart said Creekstone's customers understand the limitations of the tests. He added that he expects Japan to reopen its market regardless of whether Creekstone is allowed to test its cattle.

The medical name for mad cow disease, a brain-wasting ailment, is bovine spongiform encephalopathy, or BSE. In Humans, eating meat products contaminated with BSE is linked to more than 150 deaths worldwide, mostly in Britain, from a deadly human nerve disorder, variant Creutzfeldt-Jakob Disease.

There have been three cases of mad cow disease in the U.S. The first, in December 2003 in Washington state, was in a cow that had been imported from Canada. The second, last June, was in a Texas-born cow. The third was confirmed last week in an Alabama cow.

Japan has had two dozen cases of BSE.

END

Bloomberg

3/31/06

Armor Holdings Says U.S. Considers Civil Claims Over Zylon

By Michael Nol

(Bloomberg) -- Armor Holdings Inc., the sole provider of armor for Humvees used by the U.S. Army in Iraq, said

the U.S. Justice Department is considering civil claims against the company over Zylon, a material used in body armor vests.

Armor said in a regulatory filing today that it reached an agreement with the Justice Department to stop the statute of

limitations on the issue for 194 days ``with regard to possible civil claims the United States could assert'' against the

company.

The agreement is similar to one reached earlier this month by Hexcel Corp., which makes fabric from Zylon. A Justice

Department agency found in August that Zylon degrades with exposure to moisture and light. Armor in August said it would

stop making vests with Zylon, and in October, the Jacksonville, Florida-based company said it recorded an expense of 33 cents a

share for the cost of replacing deficient protective vests.

Armor said in a Securities and Exchange Commission filing in October that it received a subpoena from the U.S. General

Services Administration for information about Zylon.

Shares of Armor rose 3 cents to $58.65 yesterday in New York Stock Exchange composite trading.

END

TRAFFIC WORLD

April 3, 2006

U.S. Army Reinstates EGL

JOHN D. BOYD

The U.S. government restored forwarder EGL Eagle Global Logistics to its list of approved contractors,

ending a suspension that briefly dropped EGL from consideration for new contracts and threatened a

long-established part of its business.

The suspension by the U.S. Army Feb. 27 - followed shortly by other government agencies through mid-March - stemmed from 2003-05 overcharges on Iraq-bound military shipments and a Feb. 16 guilty plea for fraud in the case by a former EGL manager. But EGL and the Army signed a compliance agreement March 24 that for the first time sets a time frame for EGL to pay the government $4 million in overcharge refunds and penalties, plus requiring other actions by the company.

On that same day, U.S. officials quickly removed EGL's name from several government Web sites that had listed its suspension. Then on March 27 - a month after the Army first suspended EGL's eligibility - the Army's Surface Deployment and Distribution Command officially notified shipping offices that "Eagle Global Logistics has been removed from the excluded parties list and placed back on SDDC's approved carrier list." EGL also reported the news to investors through a filing with the Securities and Exchange Commission. It was not clear if or to what extent the brief suspension affected EGL's business.

After the Army's initial suspension notice, other government agencies picked it up over the next two weeks with varying effective dates. By March 20, company and Army officials were discussing an agreement to settle the issues. Meanwhile, earlier contracts involving EGL were still moving forward. And EGL General Counsel Dana Carabin said in the days before the compliance agreement was signed, Army officials even contacted some EGL customers to let them know the suspension could soon be lifted.

The events began when EGL in 2003 was handling military cargo shipments for the U.S. war in Iraq as a subcontractor to Halliburton subsidiary Kellogg Brown & Root. EGL had offices in nearby Dubai. From there, it was arranging air shipments into Baghdad by a Middle Eastern air charter firm. According to the compliance agreement, EGL's regional activities were headed by Christopher Cahill, who was in Dubai as its vice president for the Middle East and India from Oct. 1, 2002 until April 8, 2005.

Based on what was later uncovered by the Defense Department's inspector general, financial audits and a criminal investigation, the agreement said from about Nov. 22, 2003, through April 4 of last year, "Cahill devised a scheme to defraud the United States." After his guilty plea, Cahill faces a maximum penalty of 10 years in prison or a $5 million fine, or both. The document EGL signed with the Army said he began tacking onto EGL's billings to KBR a war risk surcharge that the air carrier was not charging, of 50 cents

per kilogram. "This surcharge was instituted exclusively by Mr. Cahill," it said. Flights using that carrier - not named in the document - continued until July 2004, the agreement said, and generated billings of nearly $13.3 million. Of that, the war risk fees reached $1.14 million.

KBR in turn passed along the billings and was repaid by the government. Citing information Cahill agreed to in his guilty plea, the compliance document also said around July 2004 he took steps to document that the charges came from the air carrier, and the charter company supplied a letter saying it would no longer assess the war risk surcharge. In March 2005, the narrative continued, "Cahill directed an EGL employee to create fraudulent invoices purporting to document the war risk surcharges billed to EGL," and he transmitted those to EGL's billing office at its Houston headquarters.

EGL said it fired two employees over the matter after an audit. In the March 24 document, the Army said "it understands that EGL fully intends to settle the civil matters relating to the war risk surcharges" with the Justice\l "l" Department\l "l". EGL earlier said it had a tentative agreement with the U.S\l "l". attorney's\l "l" office under which EGL would pay the fees, and the government's attorney would not seek either contract suspension or criminal charges for EGL. Carabin said EGL had been in discussions with government officials on how to make the payments.

So when the Army published its suspension notice after Cahill's guilty plea, the news caught the company by surprise. Carabin said she did not learn of it until March 7. The new accord gives EGL 60 days to settle the repayments, and puts EGL under an extensive "contractor responsibility program" that includes employee training plus requiring EGL to set up a hotline its workers can use to report suspected improper conduct.

Finally, to cover the Army's administrative costs, the agreement calls for EGL to pay it $10,000 within 10 days.

Forwarder eligible for new military contracts, agrees on time frame to repay $4 million in overcharges

END

AP

March 31, 2006

Judge orders FBI to redouble search for documents in Oklahoma bombing

By PAUL FOY

Associated Press Writer

SALT LAKE CITY_A federal judge on Thursday rewrote a sentence to clarify a ruling that had suggested Timothy McVeigh received help from paramilitary militias in the Oklahoma City bombing and that the government had an informant in the bombing conspiracy.

U.S. District Judge Dale Kimball had issued a decision that called those two claims a "fact." Asked he if was endorsing the conspiracy theories, Kimball issued a new decision late Thursday to clearly attribute both claims to a lawyer who is trying to prove his brother was mistaken for an associate of McVeigh's in the frantic search for conspirators after the bombing.

In his original 23-page decision, released late Wednesday, Kimball singled out one FBI teletype already released to Salt Lake City insurance lawyer Jesse Trentadue, but in heavily edited form.

The judge, who has inspected the unedited version of the memo, first wrote: "The plaintiff (Trentadue) points out the fact that this document indicates that there was an undercover operative in with Timothy McVeigh and members of the various militia groups who aided and supported McVeigh."

The judge rewrote the sentence to eliminate the word "fact" and substitute: "The plaintiff claims that this document indicates that there was an undercover operative in with Timothy McVeigh and members of the various militia groups who aided and supported McVeigh."

Kimball's decision orders the FBI to redouble a search for investigative files that could reveal what agents knew about McVeigh before the 1995 Oklahoma City bombing, but he said the bureau could black out some information about informants.

McVeigh was executed in 2001 for the bombing that gutted a federal office building and killed 168.

The judge said he found it "troubling" that the FBI's efforts to locate documents required by his earlier rulings have not turned up more memos, including ones the FBI's own files suggested existed at one time.

"While the FBI's failure to discover documents is not necessarily an indication of bad faith, it is puzzling that so many documents could be referenced but not produced," the judge wrote.

The FBI is supposed to turn over any new documents it finds to Trentadue by June 2.

Trentadue has obtained some FBI teletypes on his own and others under a Freedom of Information request, and he sued to force more disclosures.

Trentadue is trying to prove his brother _ a bank robber who died in federal custody after being picked up on a parole violation _ was killed by federal agents during an interrogation gone awry.

Kimball ruled in Trentadue's favor early on and ordered the release of some heavily edited teletypes, but the FBI vigorously fought release of more and clean versions of documents. At a November hearing the Justice\l "I" Department\l "I" asked Kimball to reconsider his earlier rulings and stop the disclosures.

Kimball ruled the FBI did not have to produce clean versions of teletypes that would reveal confidential informants among a white supremacist group in Oklahoma. But he ordered the FBI to renew a search for other documents.

"My assumption is the FBI will comply with the order," said Carlie Christensen, an assistant U.S\l "l". attorney\l "l" who represented the FBI in court hearings here. "On balance, we're quite pleased with the ruling."

FBI officials declined comment.

"I'm sorry," Joel Miller, an assistant general counsel for the bureau, said Thursday. "We're still in litigation until the final order." Miller said Kimball's decision is subject to appeal.

The ruling was in part a setback for Trentadue, who is trying to expose FBI evidence he contends will show the bureau was tipped to McVeigh's plans but failed to stop the Oklahoma City bombing. But Trentadue claimed victory in another part of the judge's ruling ordering the FBI to keep searching for other documents.

Kimball ordered the bureau to look for more memos detailing surveillance by the Southern Poverty Law Center of a white supremacist compound where _ it later turned out _ McVeigh sought help before the bombing.

"They're going to be as nervous as a cat in a round room," said Trentadue, whose antipathy for federal agents was underscored by an epithet-laced e-mail he fired off Thursday to "Soon to be former" FBI Director Robert S. Mueller.

"You may think the FBI dodged a bullet with Judge Kimball's ruling," Trentadue wrote. "But in my opinion the bureau received a mortal wound." Trentadue accused the FBI of knowing about McVeigh's plans but bungling an investigation, then mistaking his brother for an Aryan Republican Army bank robber.

In his ruling, Kimball ordered the Federal Bureau of Investigation to use the search term "Morris Dees" to cull documents from its computer system. Dees is founder of the Southern Poverty Law Center, and the FBI has yet to produce any investigative files attributing information to him.

Kimball also ordered the FBI to produce any documents containing the initials of the Southern Poverty Law Center. The FBI previously searched for documents containing the word "poverty" but not "SPLC."

Trentadue's battle for FBI records is primarily motivated by his brother's bloody death. The U.S. Bureau of Prisons has said Kenneth Trentadue, 44, was found hanging by a bedsheet after gouging his neck with the crimped edge of a plastic toothpaste tube.

Jesse Trentadue contends his brother was killed by federal agents during a vicious fight inside a one-man cell of a high-security wing at the Federal Transfer Center in Oklahoma City, only weeks after McVeigh's indictment.

In his decision, Kimball said Jesse Trentadue had "unearthed significant evidence of foul play" in his brother's death.

The FBI teletype at issue in Kimball's decision suggested the Southern Poverty Law Center had an informant at an eastern Oklahoma white supremacist compound just before McVeigh's bombing.

But Richard Cohen, president and chief executive of the Southern Poverty Law Center, has told the AP that the FBI got that wrong.

"They made a mistake putting our source at the compound," said Cohen, who said the center had supplied the FBI with secondhand information about Elohim City dealings after the Oklahoma City bombing.

Trentadue said he hopes his efforts will force a congressional hearing into the FBI's investigation of the bombing and his brother's death "because they're linked."

END

AP
3/31/06

Five people arrested in $20 million Medicare fraud scheme

LOS ANGELES - Five people were arrested Tuesday on charges they bilked more than $20 million in Medicare payments for tests that were unnecessary or never performed.

Federal prosecutors said Konstantin Grigoryan, 56, of Altadena oversaw the fraud scheme from 1997 to 2005. He and four others are accused of recruiting Medicare beneficiaries and taking them to a dozen doctor's offices and medical laboratories in Los Angeles, prosecutors said.

The offices then submitted bogus claims for diagnostic tests, ultrasound exams and other services, according to a criminal complaint unsealed Tuesday. The Medicare beneficiaries were paid for the use of their Medicare numbers, and the fraud ring fabricated test results to fool Medicare auditors.

The complaint also alleged that most of the money that Medicare paid out for the fraudulent claims between 2000 and 2005 was deposited into bank accounts for fake management and consulting companies.

Grigoryan, his wife Mayya and their son-in-law Eduard Gershelis were charged with conspiracy, health care fraud, Medicare kickbacks, money laundering and making false statements.
Mayya Grigoryan's brother-in-law Aleksandr Treynker and a fifth defendant, Haroutyun Gulderyan, also face similar charges.

All five made their initial court appearances Tuesday afternoon. The Grigoryans and Gershelis were ordered held without bond. Treynker was ordered released on $150,000 bond. Gulderyan's bond hearing was postponed to Thursday.

Attorneys for Konstantin Grigoryan and Gulderyan had no immediate comment on the charges. Lawyers for their co-defendants could not be reached.

A call to assistant U.S. attorney Bruce Searby, who is prosecuting the case, was not immediately returned.

END

Indian Country Today
March 31, 2006

Nations come together to change trust reform act

FORT YATES, N.D. - Tribes from different regions came together in a historic meeting to find common ground in order to provide input on the proposed Indian Trust Reform Act.

Tribal leaders from the Northwest, South, East and the Plains gathered to collectively make changes in the proposed act, Senate Bill 1439, as introduced by Sen. John McCain, R-Ariz.

The portion of the act that deals with the settlement of the 10-year-old Cobell v. Norton case was not

under discussion by the group, as many of the tribes do not have a stake in the Individual Indian Money accounts. Most all tribes, however, have been impacted by the litigation.

"In the East, we don't have a lot of IIM accountholders. Our problem is that for the last 10 years, while this litigation is going on, tribes in the East have suffered because resources and all attention is focused on this litigation," said Keller George, president of the United South and Eastern Tribes.

"It seems like every tribe is affected: $3 million has been taken out of accounts of programs [to pay plaintiffs' attorney fees] that affect us. We think it could be done differently. If you ever tried to communicate with the [BIA and heard responses such as] 'Can't do by Internet,' 'Have priorities,' 'Not gotten to by the right people' - these are issues for us," George said.

Because of the litigation, federal District Court Judge Royce Lamberth ordered the BIA computers shut down due to lack of security.

"I don't know what the final figure is; it's not my place. Ideally, it should be negotiated between the claimants and the federal government. The feds and claimants have not come together. Nobody in Indian country is benefiting at this time," George said.

The Affiliated Tribes of Northwest Indians and USET brought changes the two groups have made in the trust reform act. The Plains-area tribal leaders were asked to add their input. The three groups represent some 83 tribes.

"Cobell has to be put on table and dealt with and be over with. We are being held hostage," said Ernie Stensgar, chairman of the ATNI.

"I take my hat off to Eloise [Cobell, lead plaintiff in Cobell v. Norton] for doing the lawsuit, but using Cobell to take program dollars to pay attorneys is wrong.

The reform act is a working document, or "work in progress," and the tribes have the ability and right to add their input.

"The big thing here is that the BIA gets restructured and the BIA head becomes a deputy secretary, and we have something to say about it," said Lyle Marshall, chairman of the Hoopa Valley Tribe of northern California.

"The office of special trustee has no statutory authority, yet gets hundreds of millions [of dollars] to do whatever it wants ... that's why this is an important piece of legislation," he said.

The reform act, as written by McCain, did not include any oversight of trust reform, but an entire section dealing with oversight by an inspector general has been added by the tribal leaders.

Randy Scott, adviser to the Northwest tribes, said language on establishing standards was in the original bill, then removed at McCain's request. "We need to continue to push it."

With oversight, a definition or standard must be established to determine what is, in fact, a violation of trust responsibility.

"When they [the BIA] are reviewing our programs, we will be hit with a higher standard than they will apply to themselves. At some point, since they are our trustee, there has to be a standard. My thought [is] that we try to make [them] apply it to themselves," said Steven Emery, attorney for the Standing Rock Sioux Tribe.

The reform act would set up a commission, comprised of seven members and a task force that would serve as an adviser to the department on trust reform issues. Many tribal officials said that this task force is more important than the commission. The commission will review trust asset management laws that will

be in effect at the time the commission is formed.

"This is not a new discussion; we had it in the task force," George said, referring to a task force that was set up two years ago and abandoned before it completed the mission, according to tribal leaders.

"The department was unwilling to come up with standards. The standards were set at that time to approve at the last session. The department wanted an undersecretary, but without any oversight. We need the language in that section."

The commission will terminate two years after its first meeting, and tribal leaders request that a report be issued after 18 months of work. At the time the commission is terminated, the task force will begin with 60 days, according to changes tribal officials want to see in the act.

Tribal officials added language to the act concerning the makeup of the task force. It shall consist of 12 members representing federally recognized tribes on a regional basis and will be selected by the secretary of the Interior Department.

The legislation is important to all tribes because it reforms the BIA and will make the assistant secretary a deputy secretary. But to get the bill to honestly reflect the needs and desires of Indian country, tribes must come together, Marshall said.

The Plains tribes, or larger land-based tribes with the bulk of IIM accounts, see Title I, or the Cobell settlement portion of the bill, as the most important part. What the USET and ATNI groups heard was another strong position on the act. The two coastal groups were concerned mostly with the remainder of the bill.

"The bill is bigger than just the settlement. Titles II through VI deal with all aspects of trust management, individual and tribal. We didn't look at that from the perspective of the individual," said Danny Jordon, Hoopa Valley.

Hoopa Valley is a small reservation with some fractionated land. The tribe is buying back some of the land and is consolidating the land. According to the regulations and the act, a tribal member will have to pay for any land on the reservation at fair market value.

"Why would we want to do that? Why would we want to pass the cost on to them?" Marshall said. He added that Hoopa Valley allows tribal members to purchase land at lower rates, which "probably is not in compliance with the law."

Interior has commented only on the Cobell settlement portion of the bill, but in general the mood is that it supports the bill in principle. On March 28, at a hearing before the Senate Committee on Indian Affairs, the department made comments.

"I look at this as the beginning. One of the things that will drive this legislation is settlement of Cobell," Frazier said.

END

Chambers, Shane P

From: Chambers, Shane P
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Subject: AG Briefing Schedule
Attachments: B-7 Graham Ammendments-GUANTANAMO.doc
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GUANTANAMO / DETAINEE TREATMENT ACT

Issue: How does Section 1005 of the Detainee Treatment Act affect the litigation arising out of the detention of enemy combatants at Guantanamo Bay? What is the status of the habeas cases?

Talking Points:

- The United States is currently detaining approximately 500 enemy combatants at Guantanamo Bay. These detainees have been determined to be enemy combatants through multiple levels of military review.

- The Guantanamo detainees are not protected by the Geneva Conventions due to their affiliation with either al Qaeda or the Taliban. Even so, the President has directed that the detainees be treated "humanely and, to the extent appropriate and consistent with military necessity, in a manner consistent with the principles of Geneva."

- Each detainee is given an opportunity to challenge his designation as an enemy combatant before a Combatant Status Review Tribunal (CSRT). The United States also conducts annual reviews to assess the current threat posed by each detainee and to determine whether each detainee should remain in custody, be transferred to another country, or be released. As a result of these procedures, the United States has transferred or released more than 265 detainees.

Background

- Under the U.S. Constitution, the congressional Authorization for Use of Military Force, the customary law of war, and the Supreme Court's ruling in *Hamdi v. Rumsfeld*, the United States may detain enemy combatants for the duration of hostilities.

- The Guantanamo detainees are not protected by the Constitution, which does not protect aliens outside the United States. *See, e.g.*, *United States v. Verdugo-Urquidez*, 494 U.S. 259 (1990); *Johnson v. Eisentrager*, 339 U.S. 763 (1950). Even so, the Combatant Status Review Tribunals (CSRTs) afford detainees procedural protections. In *Hamdi*, the Supreme Court indicated that those procedures would adequately protect the constitutional rights of United States citizens detained as enemy combatants.

- On December 30, 2005, the President signed into law the Detainee Treatment Act of 2005. The Act amends the habeas corpus statute to state that "no court, justice, or judge shall have jurisdiction to hear or consider" any habeas claim filed by an alien detainee held by the Department of Defense at Guantanamo. This portion of the Act is effective immediately. The Act therefore requires dismissal of all habeas corpus actions filed by detainees at Guantanamo.

- The Act also grants the D.C. Circuit "exclusive" jurisdiction to review the validity of any final determination of a CSRT and any final decision of a military commission. Congress expressly made this provision applicable to pending cases. The D.C. Circuit may review whether the combatant's status determination comports with the CSRT proceedings, and whether such standards and procedures comport with U.S. law and the Constitution, to the extent it is applicable.

- Based on this new Act, the United States has asked the D.C. Circuit to order dismissal of the habeas corpus actions that are currently on appeal. The United States has also asked that the court exercise its "exclusive" jurisdiction over these matters to the extent they may be converted into petitions for review under the Act. The court will hold oral argument to address these issues on March 22, 2006.

- The report of the United Nations Special Rapporteurs calling for the closure of Guantanamo is flawed and unbalanced. It rests on erroneous legal analysis that ignores the ongoing armed conflict involving the United States and al Qaeda and its supporters. It also contains factual errors based upon unfounded allegations by former detainees and detainees' lawyers. The report's authors did not visit Guantanamo or observe the operations directly, despite an invitation to visit.

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- There is no question that the Detainee Treatment Act, including the McCain Amendment's prohibition against cruel, inhuman, and degrading treatment, applies fully to detainees held at Guantanamo. Anyone found to have violated the McCain Amendment can and will be held accountable for such conduct. The full range of penalties under the Uniform code of Military Justice and other sources of law apply.

- Through the Detainee Treatment Act, Congress withdrew district court jurisdiction over lawsuits brought by Guantanamo detainees challenging aspects of their detention.

- Consistent with the DTA, however, detainees at Guantanamo may receive hearings to determine whether they are properly detained as enemy combatants (CSRT), as well as annual administrative review board (ARB) hearings to determine whether they should be released even though they are enemy combatants (akin to a parole hearing). Any detainee charged with serious war crimes receives a trial by Military Commission, akin to those used by the allies in World War II.

- The DTA also expressly affords enemy combatant detainees at Guantanamo with the opportunity to challenge in the civilian U.S. Court of Appeals for the D.C. Circuit: (1) the decision of the CSRT that the detainee is an enemy combatant, and (2) any conviction of the detainee of a war crime by a Military Commission. Detainees may also seek to challenge the D.C. Circuit disposition of their appeals in the U.S. Supreme Court.

- We are aware of no nation in any prior conflict that has afforded procedural protections as extensive as these.

- Over 267 detainees have already been transferred out of Guantanamo Bay; only approximately 500 remain. Despite assurances from those released, the Department of Defense reports that at least 12 have returned to the fight and been either recaptured or killed on the battlefield.

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Reviewer: Asheesh Agarwal, 353-7957
JMD Owner: Harold Chun
Phone: 616-1907

Chambers, Shane P

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Thanks for the heads up. As far as we know, Neil will attend. He is checking his email messages periodically though, so he should be able to let us know if Gordon or I need to stand in. Thanks again.

From: Chambers, Shane P
Sent: Friday, March 31, 2006 2:31 PM
To: Swenson, Lily F; Todd, Gordon (SMO)
Cc: Gorsuch, Neil M
Subject: FW: AG Briefing Schedule
Importance: High

Hello,
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Thanks.

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Sent: Friday, March 31, 2006 2:28 PM
To: Gorsuch, Neil M
Subject: AG Briefing Schedule
Importance: High

Hello Neil,
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Monday April 3, 9:30am - 11:30am
- Graham Amendments and Related Lawsuits (GITMO)

Please find attached the latest versions (that we have) of the briefing papers. Thank you.

<< File: B-7 Graham Ammendments-GUANTANAMO.doc >>

Shane P. Chambers
Office of Legislative Affairs
U.S. Department of Justice
Washington, D.C. 20530
(phone) 202.616.5637
(fax) 202.305.2643

Gorsuch, Neil M

From: Gorsuch, Neil M
Sent: Friday, March 31, 2006 4:33 PM
To: Swenson, Lily F; Chambers, Shane P; Todd, Gordon (SMO)
Subject: Re: AG Briefing Schedule

Monday is fine as well. My apologies.

-----Original Message-----
From: Swenson, Lily F
To: Gorsuch, Neil M; Chambers, Shane P; Todd, Gordon (SMO)
Sent: Fri Mar 31 15:21:15 2006
Subject: RE: AG Briefing Schedule

No...it's Monday for briefing the AG. (The AG's hearing is Weds).

-----Original Message-----
From: Gorsuch, Neil M
Sent: Friday, March 31, 2006 3:21 PM
To: Chambers, Shane P; Swenson, Lily F; Todd, Gordon (SMO)
Subject: Re: AG Briefing Schedule

Next weds is no problem at all. Aloma please cld you put this on my calendar?

-----Original Message-----
From: Chambers, Shane P
To: Swenson, Lily F; Todd, Gordon (SMO)
CC: Gorsuch, Neil M
Sent: Fri Mar 31 14:33:40 2006
Subject: RE: AG Briefing Schedule

Great! Thanks so much.

Shane

From: Swenson, Lily F
Sent: Friday, March 31, 2006 2:33 PM
To: Chambers, Shane P; Todd, Gordon (SMO)
Cc: Gorsuch, Neil M
Subject: RE: AG Briefing Schedule

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(fax) 202.305.2643

Williams, Jan

From: Williams, Jan
Sent: Friday, March 31, 2006 6:03 PM
To: Williams, Jan; Horvath, Jane (ODAG); Garrett, Paul; Cushmac, Anne Marie; Davis, Michael; Fuentes, Maria; Balfe, Robert; Bradbury, Steve; Brand, Rachel; Clark, John (USMS); Clement, Paul D; Fisher, Alice; Flores, Robert; Gillis, John; Herraiz, Domingo S.; Keisler, Peter D (CIV); Kim, Wan (CRT); Leonhart, Michele M.; McCallum, Robert (SMO); McNulty, Paul J; Moschella, William; O'Connor, Eileen J. (AAG/TAX); Schofield, Regina; Spagnoli, Deborah A. (USPC); Tamargo, Mauricio J; Tandy, Karen P (DEA); Wooldridge, Sue Ellen (ENRD); '/o=USDOJ/ou=USAPAE/cn=Recipients/cn=Mailboxes/cn=SMalloy'; Agarwal, Asheesh (CIV); Akers, Eric J.; Ames, Andrew; Barnett, Thomas O.; Battle, Michael (USAEO); Beach, Andrew; Beck, Cherith (USAARE); 'Bianco, Joseph F.'; Blomquist, Kathleen M; Boardman, Michelle; Boote, John; Bottner, Andrea; Bounds, Ryan W (OLP); Bucholtz, Jeffrey (CIV); 'Burch, Victoria'; Chambers, Shane P; Clinger, James H; Cohen, Brian; Cohn, Jonathan (CIV); Comisac, Rena (CRT); Cook, Elisebeth C; Cook, Marita L. (USAWY); Cooperstein, Theodore M; Coppenger, Chesed L. (TAX); Costigan, Michael; Coughlin, Robert; Curtis, O. Benton; Daley, Cybele; 'David, Matt'; Dhillon, Uttam; Dummermuth, Matt (USAVAE); Eisenberg, John; Elwood, Courtney; Elwood, John; Flaherty, Connor; Freeman, Sharee (CRT); Friedrich, Matthew; 'Gambatesa, Donald (USMS)'; Garre, Gregory G; Glut, Martha (USANE); 'Gober, Chris'; 'Golden, Lois'; Goodling, Monica; Gorsuch, Neil M; 'Greg Harris'; Hagle, Timothy; 'Harris, Gregory'; Henke, Tracy (SMO); Hertling, Richard; 'Hofer, Patrick F. (TAX)'; Hoisington, Jana; Holland, Eric W; Irving, John (ODAG); Jaffer, Jamil N; Jezierski, Crystal; Jordan, Theresa (USADE); Jungeblut, Neal P.; Katsas, Gregory (CIV); Keehner, Laura; Kessler, Elizabeth A; 'Korn, Jennifer'; Lesch, Jaclyn; Little, Kimani (CRT); Longlet, Benjamin; Lonick, Saundra; Luckinbill, Trent W.; Macklin, Kristi R; MacLean, Alex (CRT); Magnuson, Cynthia; Marshall, C. Kevin; Martinson, Wanda; Masoudi, Gerald; McArthur, Patrick; McDonald, Bruce; McFarland, Steven T (ODAG); McIntosh, Brent; McKee, Cindy (USAKS); McKeown, Matt (ENRD); McKnight, Cynthia M (CRT); McNally, Edward; McNeil, Tucker (OPA); Mercer, Bill (ODAG); Meron, Daniel (CIV); Metcalf, Mark H (CRT); Miranda, Matthew; Monheim, Thomas; Moore, Miriam (ODAG); Morrison, Richard T. (TAX); Murphy, Sean; 'Neumayr, Mary (ENRD)'; Nichols, Carl (CIV); Nichols, Grant W; Nowacki, John; OConnell, James; Otis, Lee L; Otis, William G.; Pagliocca, Theresa; Parsky, Laura; Peabody, Payson R. (TAX); Peed, Carl; Potter, Janet; Racicot, Tim (USAMT); Reyes, Luis (SMO); Roe, Price (OCIO); Roehrkasse, Brian; 'Roper, Matt M'; 'Rosenberg, Chuck'; Rowe, Kiri; Sampson, Kyle; Schlozman, Brad (CRT); Schmitt, Glenn; Schwartz, Arthur; Scolinos, Tasia; Seidel, Rebecca; Selim, George (CRS); Sellers, Kiahna (OAG); Smith, Kimberly A; Sours, Raquel; Strug, Kerri; Swenson, Lily F; Taylor, Bruce A.; Tenpas, Ronald J (ODAG); Todd, Gordon (SMO); Tomlinson, Linda (USANH); Turner, Donald J. (USAPAM); Tzitzon, Nicholas; Underhill, Deborah; Vargas, Omar (CRT); Voris,

Natalie (USAEO); Warren, Julie; Woodruff, William; Lewis, Matthew; Nelson, Ryan (ENRD); Becker, Grace (CRT); Masugi, Ken (OPA); Boente, Dana J. (TAX); Nash, Stuart (ODAG); Oldham, Jeffrey L; Pacold, Martha M; Purpura, Michael M (ODAG); Rowan, Patrick (ODAG); Senger, Jeffrey M; Taylor, Jeffrey (OAG); Webb, Lauren; White, Clifford; Murray, Fred F. (TAX); Becker, Grace (CRT); Quinn, Cameron (CRT)

Subject: Annual White House Spring Garden Tours

A few of you have asked questions today about garden tours, so I thought I would forward you all the details of the WH garden tours going on this weekend that are open to the public. DOJ doesn't have tickets to distribute, but here is the info on how to get them. I hear it is unlikely that they would run out:

The Annual White House Spring Garden Tours will be held on Saturday, April 1 from 10 a.m. - 4 p.m. and Sunday, April 2 from 12 p.m. - 4 p.m.

The event is open to the public; however, a ticket is required for all attendees, including small children. The National Park Service will distribute free, timed tickets at the Ellipse Visitor Pavilion located at 15th and E Streets on both tour days beginning at 8:00 a.m. Tickets will be distributed -- one ticket per person -- on a first-come basis.

Please note the following are prohibited on the White House Grounds:

Food and beverages of any kind

Duffel bags/Suitcases/Backpacks

Animals (except guide dogs)

Aerosols of any kind

Knives of any size

Mace

Smoking

Real or simulated weapons/Ammunition

Fireworks/Firecrackers

The U.S. Secret Service reserves the right to prohibit any other personal items. Strollers, wheelchairs and cameras are permitted.

In case of inclement weather, the Garden Tours will be cancelled. Please call the 24-hour information line (202) 456-7041 for event status.

Block, Jonathan

From:	Block, Jonathan
Sent:	Monday, April 03, 2006 9:03 AM
To:	Block, Jonathan
Subject:	Sunday Show Transcripts 04/02/06
Attachments:	SUNDAY SHOW TRANSCRIPTS 4.2.doc

Attached, please find the Sunday morning talk show transcripts from April 2, 2006.

SUNDAY SHOW TRANSCRIPTS
4/2/06

NBC – MEET THE PRESS

RUSSERT: But first, he has just returned from his third visit to Iraq. With us, Senator John McCain. Welcome back.

MCCAIN: Thanks, Tim.

RUSSERT: Senator, also in Iraq this morning, the Secretary of State Condoleezza Rice. There she is meeting with the Iraqi prime minister. Do you believe that Mr. Jaafari is the man to lead Iraq?

MCCAIN: I don't know if he is or not. I think that's a decision that should be made by the Iraqis themselves. Do I think that ALLEN: was better from my personal view and perhaps others? Yeah. But the urgency here, Tim, is the formation of a government.

And I and my colleagues who visited both with me and before me tried to impress that on the Iraqi officials that it's been three months since they've had an election, more than three months. They need to form this government. The Iraqi people deserve it. And I think we're making progress in a lot of areas which I think we could discuss. But the fact that they haven't formed a government is a great impediment to real progress in Iraq. There's no doubt about it.

RUSSERT: Are we in danger of losing?

MCCAIN: I think that if -- first of all, I believe that they'll form this government. I think they saw the abyss when the Golden Mosque was blown up and sectarian violence began. I think they will form it up. But obviously if they don't, if there's not a government in Iraq, we're in serious difficulty. But I think they've been impressed, including by Condi's visit, that we need a government and we need it soon.

RUSSERT: Are the Shiite and Sunni militias more organized, stronger than the Iraqi national army?

MCCAIN: I don't believe so. I think one of the major areas where we've got problems with them is more in the police than in the army. And there is more control over the police in some areas by Sunni than Shia. And it's complex. But I believe that the Iraqi army is showing significant progress. They are able to take over responsibilities in parts of Iraq that are now relatively calm.

Have we got a long way to go? Yes. Is it hard? Yes. Tough? Difficult? Yes. But we are seeing results in that there is a reduction of American casualties. That's the good news. The bad news is the Iraqi casualties are going up. But in order to maintain American support, you're going to have to see continued decline in American casualties.

RUSSERT: Senator, there has been so much discussion about misjudgments made. I want to go back to September of 2002, when you voted to authorize the president to go to war. The comment you made, quote, I am certain that this military engagement in Iraq will not be very difficult. You were wrong.

MCCAIN: Well, it wasn't initially, as we all know. And I went over there shortly after the main part of the initial victory was over and talked to many people, and came back and said vociferously and often that we needed more troops there. And that was the view of literally everyone I talked to. And serious mistakes were made right after the initial military victory, including raising the expectations of the American people.

Those mistakes were made. I complained about them vociferously. Others have joined me in that assessment. But we're there now, Tim, and I'll be glad to admit any mistake you want to. And I'll be glad to talk about WMD. I'll be glad to talk about intelligence failure. We are there. We cannot fail. If we fail, the consequences in the Middle East and to us eventually are profound. The benefits of success are significant.

RUSSERT: Would it be helpful if the president said to the American people, I was wrong about weapons of mass destruction, and yes, we have not been greeted as liberators as we thought, and yes, the insurgency was more organized and more robust, and yes, we were wrong about the secular violence between Shiites and Sunnis, but we're all in this together? Would that be helpful?

MCCAIN: I think the president has been doing that. He's acknowledged many of the mistakes in the last several months, a series of speeches that he's given. He has acknowledged several mistakes that have been made. Maybe he could do a little more, but I think he has been laying out fairly eloquently the challenge that we face in Iraq and the consequences of it. But again...

RUSSERT: Secretary Rice said there were strategic mistakes. There were some fundamental misjudgments.

MCCAIN: Yes. In not the initial phase, but certainly as to what would be required to make sure that we kept any insurgency under control and allowed them to make a transition to a democratic form of government, which they have never known before. But could I just -- I'm not excusing any of those mistakes. Mistakes are made in every war. General MacArthur assured President Truman that the Chinese would not invade across the Yalu in the beginning of World War II.

The key is to fix those mistakes. We're beginning to fix a number of those mistakes that were made. And it's long, and it's hard, and it's tough.

RUSSERT: Tom Friedman said it was criminally negligent by the secretary of defense not to have more troops. Do you agree?

MCCAIN: I wouldn't use that language, but I do believe that it was a very, very serious strategic mistake when we didn't have enough troops over there to maintain control of a large country. I would remind you that the first couple of three, four months after the initial military victory, things were relatively quiet. We didn't protect the oil pipeline -- refineries and lines enough.

But Iraqis now view themselves as Iraqis first, Shia, Sunni and Kurd second. There is a desire on part of the Iraqi people to have a democratic government. That's why they had such a good voter turnout. There are signs of progress. There is economic improvement. But I do want to repeat, American people should realize what's at stake here. And I think overall the American people, and my friends on the other side of the aisle, recognize that we have to succeed.

RUSSERT: It could tip into total chaos.

MCCAIN: Well, I think it could, but I don't think it will. I don't think it will. I think we are muddling through, as Mr. Churchill used to say.

RUSSERT: But the fact is, if the United States Senate knew today what the facts are, no WMD, the costs of the war, the burdens of the war, the Senate wouldn't vote for the war.

MCCAIN: I don't know if they would or not, but I know that Saddam Hussein had acquired and used weapons of mass destruction, that every indication of his desires, his ambitions and his efforts were to acquire weapons of mass destruction and use them again. We had an oil for food scandal in the billions of dollars. The sanctions were not working. They were breaking down. So...

RUSSERT: But he was not an imminent threat.

MCCAIN: I wouldn't say that he was, because we know now or we're pretty sure that he had no weapons of mass destruction, but did he pose a threat? Absolutely, in my view.

RUSSERT: In what way?

MCCAIN: He had attempted to and used weapons of mass destruction in the past. He had invaded Kuwait and occupied Kuwait. He had killed thousands of people with weapons of mass destruction, and there's no doubt in anybody's mind that he was trying to acquire and would eventually use them again.

RUSSERT: But not nearly as far along in his programs as had been suggested?

MCCAIN: That's right. It was a colossal intelligence failure. But I want to point out, that intelligence failure was shared by the British, the French, the Germans, the Israelis. Every intelligence agency in the world believed he had weapons of mass destruction.

RUSSERT: In November of 2005, you talked about support for the war from the American people. And you said, quote, If we can't retain the support of the American people, we will have lost the war as soundly as if our forces were defeated on the battlefield.

Here's our latest NBC-Wall Street Journal poll. Is the war in Iraq worth it? Thirty-nine percent say yes. Fifty-one percent, a majority, say not worth it. Have the American people now turned against the war?

MCCAIN: I think the American people are very nervous. They're disappointed in our lack of progress, and that's why we've got to show progress. I think that when you ask the American people whether we should pull out immediately, most of them say no. Most of them say no because they realize the consequences of failure. So it's the job of people like me and others, who may be respected in this area, to point out the benefits of success and the consequences of failure. So when you hear of 2,300 and some young Americans who have given their lives, of course Americans say that, quote, it wasn't worth it.

You talk to those young men and women who are doing the fighting over there, and they'll tell you, they think they're fighting in a noble cause, and I believe they are.

RUSSERT: The Christian Science Monitor reporter Jill Carroll has been released. Here's pictures of her arriving in Germany carrying the orange and blue bag. She made some tapes, which have now been released where she's critical of the United States, critical of the war. She's saying that she was in captivity and did those under duress.

You were someone who was imprisoned in Vietnam. What should the American people be thinking when they're watching those tapes?

MCCAIN: I think they should be thinking that this was a young woman who found herself in a terrible, terrible position, and we are glad she's home. We understand when you're held captive in that kind of situation that you do things under duress, and god bless her and we're glad she's home.

RUSSERT: And not listen or take those seriously?

MCCAIN: I would not take them seriously. I would not, any more than we took seriously other tapes and things that were done in other prison situations, including the Vietnam war.

RUSSERT: We now have information that the Russians took our battle plans for Iraq and gave them to Saddam Hussein. In light of that, should the president of the United States go to the G-8 economic summit in Russia in July?

MCCAIN: I have felt that we should not include Russia in the G- 8, but the president -- I shouldn't dictate that to the president or...

RUSSERT: But you would boycott?

MCCAIN: I would probably do that, yes. Because -- not just because of the plans to Iraq, the repression of his own people, the recent elections in Belarus that he has been supporting the most Stalinist dictator in Europe, interference in Ukraine, the repression of a free press and the autocracy -- the restoration of the Russian empire and very seriously the failure so far to really cooperate with us in addressing the threat of Iranian acquisition of nuclear weapons, development of nuclear weapons.
So I have been very disappointed in President Putin. I think that we've got to respond in some way and the glimmerings of democracy are very faint in Russia today, and so, I would be very harsh.

RUSSERT: The president said he looked into his soul and found him to be very honest and very straightforward. Is the president wrong?

MCCAIN: I think that the president is realizing more and more that Putin is...

RUSSERT: Not honest and not straightforward?

MCCAIN: If not -- if not honest, certainly an autocrat who is seeking the consolidation of power with his old buddies from the KGB.

I think the president's very concerned and has expressed those concerns about behavior on the part of the Russian government. Look, we all say things that are stupid. I'm going to probably see several more this morning, so...

RUSSERT: So that wasn't your word, stupid, of the president to say...

MCCAIN: No, I don't mean it's stupid. I mean we say things...

RUSSERT: But he called Putin honest and straightforward.

MCCAIN: Look, the president wanted to develop a good working relationship with Russia and with Putin. And I'm sure that the president has re-evaluated his position in light of Putin's recent actions.

At the time, I think he was -- remember, it was early in his presidency. The president was trying to develop a good relationship with Putin.

And again, I don't mean stupid. I'll say it's stupid as far as I'm concerned, but all of us make statements that sometimes are not correct in hindsight...

RUSSERT: How about a misjudgment?

MCCAIN: At the time it probably was not a good predictor of what Putin would do.

RUSSERT: Let me turn to Iran. You said this to The Financial Times, Everyone knows we're not going to have two wars at once. I do not think using force against suspected Iranian nuclear facilities would be successful. There's no guarantee we would get all those facilities. If you have a strike and leave them with nuclear capability, you have got a hell of a challenge on your hands.

MCCAIN: I also said that there's only one thing worse than using the option of military action, and that is the Iranians acquiring nuclear weapons. And we must, as the president has very correctly stated, not remove the military option from the table. We cannot remove that option.

Now, we are going and using every possible avenue short of that. Going to -- the president is handling this exactly right.

We're going to the United Nations Security Council with our European allies. We are seeking sanctions. The action of China and Russia in relation to this issue, I believe, is a critical aspect of our relations with both countries. We must have sanctions against Iran.

Would it be a difficult military option? Sure, it would be a difficult military option. But you cannot remove it from the table.

RUSSERT: But The Washington Post said it would unleash Iranian agents already here in the United States and bring on terrorist attacks here and worldwide.

MCCAIN: The president of Iran went to the United Nations and announced his dedication to the extinction of the state of Israel.

They are in clear violation of the NPT of which they were signatories to. This is one of the most dangerous challenges we've faced since the end of the cold war.

And put yourself in the position of the government of the state of Israel, a near neighbor who has announced their desire to put you into extinction, and they have the capability to do so.

This is a very serious challenge. And for us to say under no circumstances will we use the military option would be the height of foolishness, in my view.

And again, I want to applaud the president's handling of this issue: keeping our European allies with us.

RUSSERT: So we could have two wars at once?

MCCAIN: I think we could have Armageddon, but I think that if we handle this right and our European allies stand with us and the Russians and the Chinese stand with us, sanctions might do the job.

And I am confident that this administration will exhaust every effort before contemplating seriously a military option.

RUSSERT: Let me turn homeward, immigration, a subject that you're deeply involved in. You've co-sponsored a bill with Senator Kennedy that would toughen the borders and also would allow the 11 million illegal immigrants who are here to be on a path to citizenship by paying back taxes, learning English, paying a fine.

Senator George Allen, someone who may run for president as well, said this, The immigration bill that's coming out of the Judiciary Committee rewards illegal behavior. And I think it you reward illegal behavior, you'll get more illegal behavior.

MCCAIN: Well, the proposal that we have is clearly a very, very tough road to earn citizenship.

And most Americans, when you explain to them it requires learn English, back taxes, pay a $2,000 fine, six years working before eligibility before obtaining a green card and then as much as five years before obtaining citizenship, they favor that, particularly when you ask -- when you say what do you do?

How can you send 11 million people back to the country they came from? You've got three options: the status quo, which everybody agrees is unacceptable, let them earn citizenship, and I mean earn it, or third of all, round them up and send them back. So those are your, really your three options.

And I think that it's very important that we handle this issue with sensitivity and humanity. Those thousands of young people, half a million young people you saw demonstrating in Los Angeles, were as passionate as they are because they don't want their parents sent back.

Some people have been here 50 and 60 and 70 years, Tim. And 97 percent of them are working.

But our first priority is to fix our borders. Is to fix our borders...

RUSSERT: There's going to be -- there's going to be a big vote in the Senate. You need at least 18 Republican senators joined with you. Straight talk, has the president shown the necessary leadership on this issue for you to win your battle?

MCCAIN: First of all, I don't know if we have the vote. Second of all, I've been very pleased with the president's comments in Mexico and about this issue.

He has said earn citizenship. He has come out in favor of a guest worker program. He has highlighted the urgency of this issue to America.

Eleven million people living in the shadows in this nation?

Would I like to see him lead more? Sure, but I applaud his leadership, and I applaud the work that he's done, and nobody knows more about this issue in Washington than President Bush, having been governor of the state of Texas.

RUSSERT: It's been interesting for political observers to watch the relationship between you and George W. Bush.

In 2000, you said the campaign that he ran against you was not honorable. In 2004, this was the scene stop after stop on the campaign trail, hugs and yes, kisses all around: McCain and Bush, buddy-buddy. Which led Jim Pinkerton, a columnist who worked for former President Bush to observe this, Blunt truth never lasts long. John McCain, for example, has become a born-again Bushophile, and that was the end of him as an honest, independent voice.

And that has been a whole series of commentary this last couple weeks. E.J. Dionne in The Washington Post has this, A Maverick No More. The Washington Times, conservative paper, Senator John McCain, who has consistently opposed President Bush's tax cuts, recently voted to extend some of them, a move conservatives say is a political flip-flop intended to further his White House ambitions.

When Mr. Bush's $1.35 trillion tax-cut...came up for a final vote in May 2001, McCain was one of two Republicans to say no. 'I cannot in good conscience support a tax cut in which so many of the benefits go to the most fortunate among us at the expense of middle- class Americans who need tax relief,' he said at the time.

Now, record deficits and John McCain says, I'm for the Bush tax cut.

MCCAIN: Well, first of all, I've got to go back to your initial statement. I didn't say that President Bush ran a dishonorable campaign. I said that things were done that were wrong. I don't believe they were done by President Bush.

I met with then-Governor Bush three months after I dropped out of the race. And we met and I supported and campaigned for him in the year 2000, not 2004, 2000.

And I supported him in his foreign and other policy matters as president of the United States and I'm proud to do so. I disagreed with him on several issues. I still do.

But in 2004, I believe that the transcendent issue of that campaign was who was best equipped to fight the war on terror. And that's why I was glad...

RUSSERT: In March of 2000...

MCCAIN: So I did not change my position in support of President Bush.

(CROSSTALK)

RUSSERT: ... I asked you if you believed that George Bush ran an honorable campaign and you said, I cannot say that.

MCCAIN: Quote, ran an honorable campaign? I put those things behind me. I don't look back in anger. I don't think the American people expect me to look back in anger.

Things are said and done in political campaigns which are pretty tough. And campaigns are tough in America. And they should be. But my support for him was announced three months after the primary was over in the year 2000.

RUSSERT: But you're now voting for the tax cut that you had not voted for.

You came out and said we should teach intelligent design in classes as well as evolution.

Jerry Falwell -- Jerry Falwell -- you're now giving the commencement address at Liberty University in May. This is what you said about Jerry Falwell in February of 2000. Let's watch.

(BEGIN VIDEO CLIP)

MCCAIN: Neither party should be defined by pandering to the outer reaches of American politics and the agents of intolerance, whether they with Louis Farrakhan or Al Sharpton on the left or Pat Robertson or Jerry Falwell on the right.

(END VIDEO CLIP)

RUSSERT: Agents of intolerance. And you were asked about that speech and you said this, I must not and will not retract anything that I said in that speech at Virginia Beach. It was carefully crafted. It was carefully thought out.

Based on that, do you believe that Jerry Falwell is still an agent of intolerance?

MCCAIN: I would like to first respond to several comments that you made as a predicate.

First of all, on the tax cuts. I do not believe in tax increases. Now, it was a gimmick that was -- that the tax cuts were temporary and then had to be made permanent.

The tax cuts are now there and voting to revoke them, not to extend them, would have meant a tax increase. I've never voted for a tax increase in my life.

RUSSERT: Well, that's important. But...

MCCAIN: May I finish saying what I'm saying?

RUSSERT: But let me just, for the record, it would have gone back to tax rates that you had supported.

MCCAIN: Yes, but the economy had adjusted. The tax cuts were there. And that's the way it was designed. It would have been tantamount to a tax increase. And that's -- and I've never voted for a tax increase in my life, with the exception of...

RUSSERT: So there's no politics?

MCCAIN: I do things because I think they're right. And obviously, people are free to judge however they want to.

As regards to Reverend Falwell, which is the major thrust of your comments, I met with Reverend Falwell. He came to see me in Washington. We agreed to disagree on certain issues and we agreed to move forward.

I believe that speaking at Liberty University is no different from speaking at the New College or Ohio State University, all of which I am speaking.

I speak at a lot of colleges and universities. I'm pleased to have the opportunity to do so, to talk to young Americans and talk to them about the obligations and the privileges of freedom.

RUSSERT: But, Senator, when you were on here in 2000, I asked you about Jerry Falwell, and this is what you said.

(BEGIN VIDEO CLIP)

MCCAIN: Governor Bush swung far to the Right and sought out the base support of Pat Robertson and Jerry Falwell. Those aren't the ideas that I think are good for the Republican party.

(END VIDEO CLIP)

RUSSERT: Do you think that Jerry Falwell's ideas are now good for the Republican party?

MCCAIN: I believe that the, quote, Christian Right has a major role to play in the Republican party. One reason is because they're so active and their followers are. And I believe they have a right to be a part of our party.

I don't have to agree with everything they stand for, nor do I have to agree with everything that's on the liberal side of the Republican party. If we have to agree on every issue, we're not a Republican party.

I believe in open and honest debate. Was I unhappy in the year 2000 that I lost the primary and there were some attacks on me that I thought was unfair? Of course. Should I get over it? Can I serve the people of Arizona best by looking back in anger or moving forward?

RUSSERT: But do you believe that Jerry Falwell is still an agent of intolerance?

MCCAIN: No, I don't. I think that Jerry Falwell can explain to you his views on this program when you have him on.

RUSSERT: After September 22, let me show you what Reverend Falwell had to say: What we saw 1/8on September 11 3/8, as terrible as it is, could be minuscule if, in fact, God continues to lift the curtain and allow the enemies of America to give us probably what we deserve...I really believe that the pagans, and the abortionists and the feminists, and the gays and the lesbians who are actively trying to make that an alternative lifestyle...I point the finger in their face and say, 'You helped this happen.'

Are you embracing that?

MCCAIN: I am speaking at the graduation of his university. I'm not embracing all of the tenets that are expressed at the New College in New York City nor other liberal universities and institutions that I have spoken at.

For example, I don't agree with the Ivy League colleges barring military recruiters from their campuses, but I still speak there.

RUSSERT: Are you concerned that people are going to say, I see, John McCain tried straight talk express, maverick. It didn't work in 2000.

So now in 2008, he's going to become a conventional, typical politician, reaching out to people that he called agents of intolerance, voting for tax cuts he opposed to make himself more appealing to the hard-core Republican base?

MCCAIN; I think most people will judge my record exactly for what is it, where I take positions that I stand for and I believe in, whether it be climate change, whether it be torture or whether it be a number of other issues with which I am -- immigration -- I don't think that my position on immigration is exactly pleasing to the far Right base.

I will continue to take positions that I believe in and I stand for. And I recognize that a lot of my credibility is based on that. And I think most Americans will judge me by my entire record.

RUSSERT: When do you make a decision whether or not to run for president?

MCCAIN: Next year.

RUSSERT: '07?

MCCAIN: '07.

RUSSERT: Early?

MCCAIN: I haven't exactly ascertained that. My focus and efforts are the 2006 elections, which are going to be very tough for Republicans. And we all know that.

And I spent yesterday and I'm spending a lot of time going around and campaigning for Republicans. And that's the focus of my efforts between now and this November.

RUSSERT: Reverend Falwell said that you had expressed a willingness to support a federal marriage amendment which would define a union between a man and a woman. Is that true?

MCCAIN: Reverend Falwell was asked again about that and he clarified it.

My position has always been that I will vote against a constitutional amendment which will come before the Senate on this issue because I think the states should decide. That's the essence of federalism. In my state of Arizona, we have a ballot initiative on this issue, which I am supporting. But if the courts, if through the court process, they say that that's not constitutional, then I would support a constitutional amendment.

RUSSERT: Before you go, last week you talked about people raising your temper as an issue. I read an interview you gave to Fortune Magazine: You lose battles in politics. I do get good and angry. Really angry! By God, I'm not going to let them beat me again. I don't like to lose.

MCCAIN: I was laughing when I said that. And I was joking. I spend every day saying to myself, stay calm. Stay cool. Be passionate. But neither get angry nor personal.

And those are two important lessons that I've learned over the years. I spent a lot of time burning bridges early in my political life. Now I work to try to build bridges.

RUSSERT: And we'll be watching. Senator John McCain, thanks for joining us and sharing your views.

MCCAIN: I haven't had so much fun since my last interrogation.

(LAUGHTER)

RUSSERT: Coming next, the former commander of U.S. Central Command who warned against going into Iraq, General Tony Zinni, is here with his new book, The Battle for Peace, right here on Meet the Press.

RUSSERT: Former Centcom commander, retired General Tony Zinni and his new book, Battle for Peace, after this station break.

(COMMERCIAL BREAK)

RUSSERT: And we are back. General Zinni, welcome to Meet the Press.

ZINNI: Thank you, Tim.

RUSSERT: And we're going to talk about your book, The Battle for Peace.

Let me bring you back to 1998, and this is what General Tony Zinni had to say, I think a weakened, fragmented, chaotic Iraq, which could happen if this isn't done carefully, is more dangerous in the long run than a contained Saddam is now. I don't think these questions have been thought through or answered.

Is that what we have now?

ZINNI: I think so. I think we are paying the price for the lack of credible planning or the lack of a plan for throwing away 10 years' worth of planning, in effect.

If we're underestimating the situation we're going to get into, for not adhering to the advice that was being given to us by others, and I think getting distracted from Afghanistan and the war on terrorism that we were committed to when we took on this adventure.

RUSSERT: If you were the president of the United States right now, what would you do about Iraq?

ZINNI: Well, unfortunately, Iraq is -- we can't let it fall apart. It is part of a whole myriad of issues that we have regarding stability in the Middle East. We're committed to it now. We have to see this through.

I think we have to get this government to form some sort of unity representative government. We keep pressuring them to do this. They keep avoiding the pressure, which I don't understand.

We have to obviously make a decision on the militias. They seem to be part of the problem that we're not addressing.

We're trying to develop a military and a police force that can handle this problem, and I think one of the elements that's missing in this is building up the intelligence capability. You know, the number of insurgents, so-called insurgents, although it's a mixed bag of problems that we face, could be dealt with if the people turned against them. If, like, General Casey said a week or so ago, 99.9 percent of the people are opposed to the violence and the perpetrators of this violence.

Well, all those people have to do is call up on the phone and tell you where the insurgents are, tell you in the two to four provinces that everybody said this is concentrated in, where the issues are, where the problems are, where the people that are doing this are.

And you wouldn't need much more than you have right now in the security forces of the Iraqis to be able to handle it. We're not fighting the Waffen SS here. We're fighting a bunch of rag tag people with AK-47's and IED's and RPG's. They can be policed up if the people turn against them.

We haven't won the hearts and minds yet.

RUSSERT: So they're being enabled by the population?

ZINNI: They need amongst the population -- this is classic insurgency. They need either fear, apathy or support, sympathy. If they get a combination of those three, and right now they have a combination. If there's a viable government, there's an opportunity for jobs, if there's a program that shows hope for the future for their children, they're going to turn against these people. We haven't given them that in three years.

RUSSERT: Is Iraq more dangerous now than it was with Saddam?

ZINNI: Well, it can be. I mean, this is like comparing heart disease with cancer. You may cure one. Neither one is good.

Probably the good news in all this is the potential for Iraq to come out of this better off is there, where there was no hope under Saddam.

But the problem is that we've wasted three years here. They may go in the worst case through a period that looks something like Lebanon did in the 1980's, and it may take them a while, five, 10 years of this kind of violence and destructive behavior, sectarian violence that they perpetrate on each other for them to get out of this.

And I think we lost ground when we had an opportunity in the beginning to freeze the situation and gain control, and we let all these snakes come out.

RUSSERT: In your book, and I'll quote from it, The Battle for Peace, it says, quote, Our current war in Iraq may be turning into a repetition of Vietnam. The military out there goes from operation to operation; our leaders in Washington assure us we are powering ahead from success to success; yet our young 19 or 20-year-old soldiers are now asking hard questions, 'I can win any battle. But am I winning this war?'

I've heard these questions before in Vietnam. The answer there was, 'No.'

My answer for Iraq is, 'I don't know.' Nobody can tell our soldiers if they're winning or not. But the parallels are disturbing.

Explain.

ZINNI: Well, you can see almost every day on T.V, a young lieutenant colonel, colonel, a young sergeant that's out there trying to make a difference, that tells you that in this village, in this province, my unit is connecting to the people. We're trying hard.

The frustration is they leave, and the next unit in may not repeat it. They're successful, but there is no national program that takes hold.

All their efforts out there at the local level, the successes that they're trying to achieve on the scene, aren't solidified into some national movement forward.

The remarkable similarities to Vietnam is I saw in places in Vietnam where we were making a difference in the villages, where we had programs that innovative commanders were exercising, where there were troops that were dedicated to changing the life of the Vietnamese.

Meanwhile, back in Saigon, we had the revolving generals -- coup after coup -- while we sat there and watched. And this wasn't the kind of government that the people felt they could risk their lives for.

What I'm saying is don't mistake the efforts of the troops on the ground. We just saw Colonel McMasters, Tal Afar. We know General Petraeus, General Mattis, others that have made a difference on the ground.

But that's like putting your foot in a bucket of water. You pull it out and no one is going to know you were there, unless there is a national program, a belief in that government in Baghdad, a hope for the future, a belief that staying together as a united Iraq is better for these people in the long run.

That has to come from a strategic plan, from a set of policies emerging out of Washington and Baghdad. It isn't going to be built from the bottom up, from the Anbar Provinces and Ramadis, and the Mosuls out there.

RUSSERT: Do you believe the American media is distorting the news from Iraq or presenting an accurate picture?

ZINNI: Well, I think the American media is being made a scapegoat for what's going on out there.

At last count I think something like 80 journalists have been killed in Iraq. It's hard to get outside the green zone and not risk your life or risk kidnapping at a minimum to get the story.

And it's hard to blame the media for no good stories when the security situation is such that they can't even go out and get the good stories without risking their lives.

And you have to remember that it's hard to dwell on the good things when the bad things are so overwhelmingly traumatic and catastrophic.

So I think that's an unfair blame that's put on the media. I think that there probably are good things at the lower level, but are they balanced out by the bad things that are happening? All the good things happening out there will mean nothing if this unity government doesn't come together.

RUSSERT: I want to bring you back to a book you co-wrote with Tom Clancy called Battle Ready. And you wrote this, In the lead-up to the Iraq war and its later conduct, I saw, at a minimum, true dereliction, negligence, and irresponsibility; at worst, lying, incompetence, and corruption.

That's very serious.

ZINNI: Yes.

RUSSERT: Where did you see that, at what level?

ZINNI: Well, first of all, I saw it in the way the intelligence was being portrayed. I knew the intelligence. I saw it right up to the day of the war.

I was asked at a Senate Foreign Relations Committee hearing a month before the war if I thought the threat was imminent. I didn't.

Many of the people that I know that were involved in the intelligence side of this or in the military felt the same way.

I saw the -- what this town is known for, spin, cherry-picking facts, using metaphors to evoke certain emotional responses or shading the context.

We know the mushroom clouds and the other things that were all described that the media has covered well.

I saw on the ground a sort of walking away from 10 years' worth of planning. Ever since the end of the first Gulf War, there's been planning by serious officers and planners and others and policies put in place. Ten years' worth of planning were thrown away. Troop levels dismissed out of hand, General Shinseki basically insulted for speaking the truth and giving an honest opinion, the lack of cohesive approach to how we deal with the aftermath, the political, economic, social reconstruction of a nation, which is no small task, a belief in these exiles that anyone in the region, anyone that had any knowledge would tell you were not credible on the ground and on and on and on, decisions to disband the army that were not in the initial plans.

I mean there's a series of disastrous mistakes. We just heard the secretary of state say these were tactical mistakes. These were not tactical mistakes. These were strategic mistakes, mistakes of policies made back here. Don't blame the troops. They're the one that perform the tactics on the ground. They've been magnificent. If anything saves us, it will be them.

RUSSERT: Should someone resign?

ZINNI: Absolutely.

RUSSERT: Who?

ZINNI: Secretary of defense to begin with.

RUSSERT: Anyone else?

ZINNI: Well, I think that we -- those that have been responsible for the planning, for overriding all the efforts that were made in planning before that, that those that stood by and allowed this to happen, that didn't speak out, and there were appropriate ways within the system you can speak out, at Congressional hearings and otherwise. I think they have to be held accountable.

The point is those that are in power now that have been part of this are finding that their time is spent defending the past. And if they have to defend the past, they're unable to make the kinds of changes, adjustments, admit to mistakes and move on.

And that's where we are now, trying to rewrite history, defend the past, ridiculous statements that well, wait 20 years and history will tell you how this turns out.

Well, I don't think anybody wants 20 years to continue like it is now.

RUSSERT: Should the president say to the country, I was wrong about weapons of mass destruction, wrong about troop levels, wrong about the costs of the war, wrong about the level of insurgency, but we need to put all that behind us and come together as a nation because this is too important to lose?

ZINNI: I think the president of the United States ought to certainly say that there were mistakes made at each of those levels. In some cases these were presented to him. May not be necessarily the case that he was wrong. He was given bad information.

Every president in history has held people accountable and moved on. Look at President Lincoln and the conduct of the war. He went through every general till he found Grant.

Senator McCain mentioned Douglas MacArthur. Well, when he screwed up, the president relieved him.

You have to make tough choices. Integrity and getting on with the mission and doing it right is more important than loyalty. Both are great traits, but integrity, honesty and performance and competence have to outweigh, in this business, loyalty.

RUSSERT: I want to bring you back to August 26, 2002, the Veterans of Foreign Wars had a convention, a meeting. Vice President Cheney was the guest speaker. You were honored, as you can see the medal around your neck. This is what the vice president said on that day.

(BEGIN VIDEO CLIP)

RICHARD B. CHENEY, VICE PRESIDENT OF THE UNITED STATES: Simply stated, there is no doubt that Saddam Hussein now has weapons of mass destruction. There is no doubt that he is amassing them to use against our friends, against our allies and against us.

(END VIDEO CLIP)

RUSSERT: After that event, The Washington Post captured your thinking in a conversation with you, Cheney's certitude bewildered retired Gen. Tony Zinni, 'In my time at Centcom, I watched the intelligence, and never - not once - did it say, 'He has WMD."

Though retired for nearly two years, Zinni says, he remained current on the intelligence through his consulting with the CIA and the military. 'I did consulting work for the agency, right up to the beginning of the war. I never saw anything. I'd say to analysts, 'Where's the threat?' Their response, he recalls was, 'Silence.'

Zinni's concern deepened as Cheney pressed on. Zinni's conclusion as he slowly walked off stage was that the Bush administration was determined to go to war. A moment later, he had another equally chilling thought: 'These guys don't understand what they're getting into.'

Why did you think that on that day?

ZINNI: Well, first of all, prior to that I heard the president say, because these rumors of debates and people pushing for this entry into Iraq, that the president said Well, look, I'm going to listen to the debate and then I'll look at the intelligence.

First of all, I thought that was a little backwards, but I said well, the president hasn't made up his mind to this point. And when he looks at the intelligence, takes an honest look at it, when he hears the debate, he'll realize that this isn't something that should be done now, and it should -- and if you're going to do it, you would do it in a way to try to restart the United Nations process, go back to what President Bush 41 had done.

But what I heard on that stage today -- or that day was not the case of restarting that process in any serious way. I heard the case being built to go to war right away.

And what bothered me, I had been hearing about some of the assumptions on the planning, dismissal of the previous plans, and I was hearing a depiction of the intelligence that didn't fit what I knew.

There was no solid proof that I ever saw that Saddam had WMD.

Now, I'd be the first to say we had to assume he had WMD leftover that wasn't accounted for, artillery rounds, chemical rounds, a scud missile or two.

But these things over time degrade. These things did not present operationally, strategic level threats at best.

Plus, we were watching a Saddam with an army that had caved in. It was nothing like the Gulf War army. It was a shell of its former self. We knew we could go through it quickly. We had stripped away his air defenses. He was at our mercy. We had air superiority before we even -- or actually air supremacy before we would even start an operation.

So to say this threat was imminent or grave and gathering seemed like a great exaggeration to me.

RUSSERT: The president, the secretary of state all said he was not contained, he was not in a box, that he was a mad man.

ZINNI: Well, I think that is an insult to the troops who, for 10 years, ran the containment. Those brave pilots that flew the no-fly zones, the sailors that enforced the maritime intercept operations, our soldiers and Marines that were on the ground out there, that responded to every crisis, our support for the efforts of the inspectors that were in there.

We had less troops on a day-to-day basis out there than go to work at the Pentagon every day doing this. And these were not assigned troops to Centcom. These were troops that rotated in and out. We had allies out there that helped foot the bill for this, $300 million to $500 million supporting us with bases, supporting us with overflight, supporting us with assistance in kind, joining us in places like Somalia and the Balkans when we required coalition troops.

I thought the containment worked remarkably well, and it was a tribute to our troops and how they handled it.

RUSSERT: The overall thesis in your book, The Battle for Peace, you write it this way, The 'Battle for Peace' is not a battle in the classical sense -- a battle that follows the sudden crisis blow that triggers a military conflict. The battle is the constant struggle to develop and build the measures, programs, systems, and institutions that will prevent

crisis. The battle is the constant struggle to shape and manage the harmful elements in the environment that generate instabilities.

The 'Battle for Peace' is the battle to achieve a stable world.

The president's dream is democracy around the world and in the Middle East. What happens to countries like Iran, countries like Egypt, Saudi Arabia or in the Palestine area when Hamas is elected.

RUSSERT: Does democracy necessarily bring about a desired result from America's security interest?

ZINNI: Well, first of all, you have to understand how you instill democracy. It isn't an election. An election doesn't equal democracy.

Think about it. We need an educated electorate. We need political parties that are transparent, that people understand their platforms, that compete in a fair process.

We have to have a governmental system that people are voting into and they have to understand that. And then you can have elections. We've sort of reversed the process.

Look what's happened in Iraq. We've had three elections now and we don't have a government yet that can stand up. There aren't people that I think really understood what they voted for.

I saw a scene in Basra, one of the elections where a woman ran in so excited about voting. And then she asked the poll tender, who do I vote for?

And he told her -- he couldn't tell her, but he had to read a list to her of 169 parties. She was confused. When he hit number seven that said the Islamic party of something or other, she said, that's the one.

I mean, is that democracy? Are they voting how they're told at Friday prayers? Are they voting for sectarian leaders that dominate their lives? Do they truly understand what it's all about?

And it's not just democracy. It's economic development. It's social reform. This takes time; it takes an investment from the stable part of the world and the unstable part of the world to establish these.

BLITZER: General Tony Zinni, we thank you for joining us.

ZINNI: Thank you, Tim.

BLITZER: Thank you for Battle for Peace. And we'll be watching.

ZINNI: Thank you, Tim.

RUSSERT: We'll be right back.

(COMMERCIAL BREAK)

RUSSERT: Don't forget you can now watch the entire hour of Meet the Press whenever and wherever you want. Our Meet the Press Web cast, posted each Sunday at 1:00 p.m. Eastern on our Web site, mtp.msnbc.com.

That's all for today. We'll be back next week. If it's Sunday, it's Meet the Press.

ABC – THIS WEEK

STEPHANOPOULOS: Good morning, everyone. The blessing of the week: journalist Jill Carroll released in Baghdad after three months in captivity. She'll be back in Boston today.

But the big story in Washington remained immigration. Showdown votes in the Senate are expected this week, and our first guest is a key player in the debate, Senator Barack Obama of Illinois. Welcome back to This Week, Senator.

OBAMA: Great to talk to you, George.

STEPHANOPOULOS: We know that this issue divides Republicans; it divides the country. It is also beginning to divide Democrats, particularly the provision of the bill that calls for a guest worker, allows 400,000 guest workers into the country.

The head of the AFL-CIO says that's going to harm all workers. Your colleague, Senator Byron Dorgan calls it a corporate strategy to keep wages low.

What do you say to your fellow Democrats?

OBAMA: Well, I think there are three components to this bill and all three are critical. The first is border security, and this bill -- I think we haven't talked enough about the enforcement provisions that are in the bill that came out of the Judiciary Committee. Improving border security, tightening employer sanctions, all those provisions I think are absolutely critical.

The second provision is providing a pathway to citizenship. We've got 11 million to 12 million undocumented workers in the country. We want to regularize their lives, bring them out into the open, make sure that employers are not exploiting them. And that's something I think that is good for all Americans.

The third component is this guest worker program. And I think that that within the Democratic caucus probably generates the most controversy. The numbers that are allowed under the program are about 400,000. That number may be too high. I think it's important, and I'm preparing amendments to make sure that if we have a guest worker program, that it is targeted at those industries like agriculture where it really is difficult to find American workers.

In some cases and in some particular cities there may be worker shortages where this is justified. In others there may not be.

STEPHANOPOULOS: And will you require employers to pay at or above the average wage to make sure that this is not a program that depresses wages?

OBAMA: That would be a provision that I would support. I think a lot of Democrats would support it.

I think the broader story here is that the American people have a pretty good common sense approach to immigration. I think they recognize that we're a nation of immigrants. I think they want to continue that legacy.

What I think they're concerned about is that if there is no legal process whereby immigrants are coming here, and you have these horrendous heartbreaking stories of people coming across the border, many of them putting themselves at risk where they're living in the shadows and potentially being abused by employers, that's something that I think concerns them.

They're willing to provide a pathway to citizenship, earned citizenship that takes 11 years and requires at least 10 criteria. They're willing to go along as long as they feel the borders are actually secured and people aren't being exploited.

STEPHANOPOULOS: But a lot of people are going to get hurt. A Harvard economist, George Borjas, has shown that low income workers, especially high school dropouts, lose about 8 percent of their income because of immigrants, and there is particular concern that this is going to really hurt the African-American community.

I saw Professor Ron Walters of University of Maryland as quoted in The New York Times this morning saying that this is causing great angst among African-American leadership. It's not just a black problem, he says, but we are the most acutely affected. The fact is it's hurting us.

OBAMA: Well, look, I don't think there's any doubt that low- skill workers of every race are having problems right now because of globalization.

There may be some modest impact on employment rates or wages at the very bottom of the skills levels as a consequence of undocumented workers in particular areas. Part of

that is because an undocumented worker has no legal status, and so they're vulnerable to being exploited and wages are further depressed.

The more that we can get those folks subject to existing rules, minimum wage laws, making sure that worker safety laws are overseen and so forth, then the costs of hiring undocumented workers actually increases, and that will potentially have a salutary impact on all workers.

But here's one thing that I want to make sure, that we're not using this debate to further divide African-American workers who are struggling, and Latino or Polish or Ukrainian workers who are struggling. They're all struggling.

STEPHANOPOULOS: But isn't that what's going to happen?

OBAMA: Well, no, look, if anybody thinks that the problem of unemployment among African-American youth in inner city Baltimore or Los Angeles or Chicago is somehow caused by illegal immigration, then I don't think they're looking at the larger trends. The fact of the matter is that we have got a whole host of issues within the African- American community that have to be dealt with, and employers do need to systemically reach out to these groups -- something that's not being done -- but the reason they're not is not because of undocumented workers.

STEPHANOPOULOS: You've mentioned a couple of times this pathway to what you called earned citizenship. As you know, the opponents of that call it amnesty. And one of the proposals that's going to be talked about this week is suggesting that anyone who is here will first have to go home before they can be put on that pathway, whether they're illegals here or part of the guest worker program. Can you go along with that?

OBAMA: I cannot, George, because nobody who makes these proposals has explained to me a realistic mechanism whereby we're going to ship 11 to 12 million people out of the country. People who are neighbors, people who have children in the schools all across the country, people who are workers in vital industries -- the notion that somehow these 12 million people are going to get on a bus and go back across the border just isn't realistic, and I think that what we have to acknowledge is that these are people who came to this country for the same reason that most of our parents, grandparents, great grandparents came to this country, in search for a better life. They didn't follow the rules for legal immigration, but these are not people who have done us harm, or are lawbreakers, or came here for nefarious reasons. They came here in search of a better life.

We need to figure out how can we create a system of serious border enforcement, how can we make sure that employers are not taking advantage of the porous borders that we have. So I think that employer sanctions that are serious and serious verification systems that can't be ignored the way they are right now is absolutely critical, and then we have to say to the 11 million to 12 million people who are already here and are working alongside us and living alongside us, let's make sure that you are not a permanent underclass, that rather you're part of the broader American community.

STEPHANOPOULOS: Senate's going to pass a bill this week?

OBAMA: I think that it is going to be close. I think we have a majority for a bill along the lines that came out of the Judiciary Committee. What I'm not yet certain of is whether we have a 60-vote majority. It is possible that opponents of the legislation mount a filibuster.

STEPHANOPOULOS: Let me turn to Iraq. Secretary of State Rice landed in Baghdad this morning with British Foreign Secretary Jack Straw, trying to push the different Iraqi factions into an agreement on a government. Basically, it looks like the United States is trying to push the current prime minister, Ibrahim al-Jaafari, out. Several of your Democratic colleagues have said, if the Iraqis don't create a government within the next four or five weeks, then the U.S. has to reassess its whole position.
Should Secretary Rice be telling the Iraqis, if you can't get it together, you cannot count on U.S. military support? We're going to have to reassess?

OBAMA: Absolutely. Look, I traveled there in January, and my assessment coming back was there is no military solution to this problem. There's only a political solution to this problem. The Shias, the Kurds, the Sunnis, they have to make a decision that they want to live together. We cannot enforce unity in Iraq through military means. We can be a useful partner to them as they are rebuilding their country.

STEPHANOPOULOS: But are you willing to say...

OBAMA: But so far...

STEPHANOPOULOS: ... that we should pull out if they don't get their act together?

OBAMA: I think that we should condition our continued presence there on them -- their willingness to work together in a non-sectarian fashion, and that means some very concrete things. It means, for example, that the security apparatus can't be controlled by sectarians. We can't have a Ministry of the Interior, that controls the police, that is using that as an extension of the militias and rounding up Sunnis and being involved in executions or kidnappings. That is not something we can be party to, and we just can't be successful.

It is not fair for us to put our brave young men and women who have been doing an outstanding job in Iraq, put them in a position where they are caught up in the middle of a civil war. We can't prevent a civil war militarily if there's not a willingness on the part of the leadership there to get their act together.

STEPHANOPOULOS: Senator Obama, thank you very much.

OBAMA: Thank you, George.

STEPHANOPOULOS: Republican George Allen and the roundtable are next. And later, George Will, one on one with Jimmy Rollins.

(BEGIN VIDEO CLIP)

WILL: Some people think baseball's hardest record to break, Joe DiMaggio's 56-game hitting streak. Going to break it?

ROLLINS: Oh, definitely. That's how I feel. That's the only way I can go about it.

(END VIDEO CLIP)

(COMMERCIAL BREAK)

STEPHANOPOULOS: And we are back with Virginia Senator George Allen. Welcome back to This Week, sir.

ALLEN: Good to be with you this morning, George.

STEPHANOPOULOS: You heard Senator Barack Obama there describe a path towards what he calls earned citizenship. Is that amnesty to you?

ALLEN: It's rewarding illegal behavior. We're a nation that has welcomed immigrants throughout our history. They have settled, they have built this country. But we're also a nation of laws.

I think it's vitally important that we first and foremost recognize there's a consensus in America that we need to secure our borders, and that's one thing that I hope...

STEPHANOPOULOS: Well, he's for that. And he said they're going to pay back taxes. They're going to pay fines. That's not a reward, is it?

ALLEN: Well, it allows those who are in here illegally then to get in line to become a citizen. If we have a reward of illegal behavior, all one will get is more illegal behavior. There are many people who have come into this country legally.

They have come in, some work in this country, because this is the land of opportunity. Others have come into this country wanting to become a citizen. My view of the situation is, is that we have neglected, as a government, that first responsibility, and that's to secure the border with more detention facilities rather than the catch-and-release approach.

We need unmanned aerial vehicle, sensors, patrol agents, and all of those -- virtual fences, actual fences...

STEPHANOPOULOS: Are you for the wall? Are you for the House wall, 700 miles?

ALLEN: Well, I think you can have an actual fence in some places. In other places, virtual fences.

STEPHANOPOULOS: But not the 700-mile wall.

ALLEN: Well, I'm not going to get into whether you need 612 miles versus 110 miles, but key areas need to have, I think, an actual fence. But there's other areas where you can use sensors, unmanned aerial vehicles, and we do need more border patrol personnel so that they can go to those areas to round them up.

And of course, the detention centers right now, very few who are actually caught actually go to the detention centers. They're released on their own recognizance, and of course, they never show up again.

STEPHANOPOULOS: So, is it a bottom line for you that anyone here illegally now is going to go home first before they can be put back on a path towards citizenship?

ALLEN: I'm not sure we have a consensus on that yet.

STEPHANOPOULOS: But I'm asking about you, what about you?

ALLEN: All right, here's what I want us to do. I want us to secure our borders. Then it may be several years down the road or months down the road we can get a consensus on how you handle a good temporary worker system. It may be built upon the H2B seasonal worker approach...

STEPHANOPOULOS: Let me just stop you right there because it sounds like you've just made a little bit of news.

You're saying now basically you want to do what the House of Representatives has done: pass an enforcement and security bill now, no guest worker provision, no pass toward citizenship for illegals here, and then maybe revisit that many years down the road. But you're saying now enforcement and security only?

ALLEN: The one thing we have a consensus on in this country right now is that the United States government has been neglecting its responsibility to secure the border.

In the event that this had been passed several years ago, I think we'd be much further along on what to do in devising a good temporary worker program.

Insofar as the issues and how different amendments will be presented in the upcoming week, I do agree mostly with the Cornyn-Kyl approach, which over a period of time if somebody wants to become a legal citizen they're going to have to return to their home country, and it may be over the next three, four, five years, but then they're going to have to enter legally...

STEPHANOPOULOS: But didn't you just say...

ALLEN: ... Otherwise, George, think of what's going to happen. Look at history: 20 years ago amnesty was given. Here we are 20 some odd years later, there's estimates of anything from 5 million to 15 million in here illegally.

Is this country long-term going to have to go through this exercise every year -- every 20 years with a quandary over, O.K., what do we do with all those who've come in illegally because the message that is sent is that illegal behavior ultimately will be rewarded.
STEPHANOPOULOS: Excuse me, I just want to get a yes or no here because I think you're saying it, but you're not quite willing to say yes or no. You're saying right now pass border security enforcement only this year, push off the guest worker and other proposals for subsequent years. That means you're taking on the president. He says he wants comprehensive reform now.

ALLEN: Well, unless the comprehensive reform and any of this so- called temporary worker, guest worker, unless that does not reward illegal behavior, I don't think we ought to be passing anything that rewards illegal behavior or amnesty.

Is that different than the president's position? Apparently so, but I'm going to stick to the principle: first and foremost we need to secure our borders. We are a country of immigrants, but we're also a country of laws, and we do need to enforce the rule of law.

STEPHANOPOULOS: Let me ask you about the Cornyn-Kyl approach you just mentioned, sending either guest workers or illegals back home before they can be put on a path...

ALLEN: You don't actually send them back. They're going to have to go back...

STEPHANOPOULOS: They go back.

ALLEN: ... This whole approach that gosh, you're going to round up 10 million people and send them back, that's not the approach. The approach is that if they want to stay in this country legally they're going to have to go back to their home country.

STEPHANOPOULOS: As you know, a lot of your colleagues think, one, rounding them up is impractical but also they're not going to go back on their own.

Here's what Senator McCain had to say about it.

(BEGIN VIDEO CLIP)

U.S. SENATOR JOHN MCCAIN (R-AZ): You've got to tell me how you do that. George Will said Sunday you have to line up 200,000 buses from San Diego to Alaska. Someone's going to have to explain to us how you do that. It's not possible. And of course what's the cost involved?

(END VIDEO CLIP)

STEPHANOPOULOS: So what's the answer to Senator McCain?

ALLEN: The answer to Senator McCain is you enforce the rule of law in this country. And it's not that we're going to be rounding up. I said that before you showed his piece, and that's the argument of those who are in favor of amnesty or rewarding illegal...

STEPHANOPOULOS: But people aren't going to go back on their own. ALLEN: Well, in the event that you have a workable temporary worker system, say the seasonal worker approach, it's H2B, and employers can hire those from another country where they can't find Americans to fill those job. If you have a good legal guest worker system or temporary worker system, employers will choose that approach.

Ultimately, of course, the main point is enforce the law. Right now it is illegal to hire those who are illegally. And if there is a good way, a workable, efficient, practical way of hiring legal workers in this country, employers will do that.

STEPHANOPOULOS: As you know, the president...

ALLEN: And then those who are here illegally, by the way, will see that they can't find work in this country and they're going to have to leave.

STEPHANOPOULOS: I was just going to say the president and his allies are worried that your party is going to be cast as the anti- immigrant party. And I was talking to a top Republican strategist close to the president this week who says that the enforcement-only approach, for example, is perhaps good short-term politics for some of you in the midterms, but in the long-run is going to alienate the Republican Party from the fastest voter group in America -- fastest growing voter group in America: Hispanics.

Are you worried about that?

ALLEN: I think it's very important that we're respectful in the midst of our discussions of all these issues. You call it enforcement only. I look at it and characterize it as securing our borders.

A country that cannot secure its own borders and control its own borders cannot control its own destiny. Immigration policy in this country ought to be considered and thoughtful and determine how many more people can we allow in every year so -- to be absorbed and assimilated into our society.

And I think this is something that has been, throughout the history of this country, very important.

My mother, as you said in the outset, came to this country after World War II from Tunisia. And your parents, undoubtedly, or grandparents came...

STEPHANOPOULOS: My dad came from Greece.

ALLEN: ... from Greece. And came in legally. And it's also a message that we send, whether it's to our children or to people all around the world that if you do something illegal, you should not be rewarded for it.

STEPHANOPOULOS: If I listen to you and Senator Obama, I put the two interviews together, I say it sure looks like the Senate's not going to pass a bill this week. Do you agree?

ALLEN: That's hard to say. They may have enough votes for the approach that Senator McCain and Senator Specter and Senator Kennedy are in favor of. Obviously, I'm for securing our borders, and I will support...

STEPHANOPOULOS: Would you filibuster that kind of an approach?

ALLEN: I don't like the concept of filibustering. I think this needs to addressed. I am glad the Senate is finally taking up this issue. How it results, I can't predict right now.

But I do want to make sure that we do have opportunities to put in amendments that, for example, Senator Cornyn or Senator Kyl or others that I've co-sponsored, for example, saying that if somebody is a felon in this country that they should not be afforded all these benefits that Senator McCain and Senator Kennedy are proposing in this whether you want to call it amnesty or rewarding illegal behavior.

We'll have a vote on that, and there'll be other amendments that I think can improve this measure, and I think everyone ought to have a fair shot at it.

STEPHANOPOULOS: You're looking at a run for the White House. I know you haven't made a final decision yet. You're also up for re- election this year in November, and you've drawn an interesting opponent. President Reagan's former Navy secretary, James Webb, a former Republican. He has switched over to the Democratic Party, mostly on the issue of Iraq, but he also had this to say to his local affiliate recently.

He said: 'The Republican Party of George W. Bush is not the Republican Party of Ronald Reagan. I think it has moved toward the extreme on social issues. I think it has made a lot of mileage out of that in terms of attempting to keep a voter base.
Bush's spending has put the nation in debt and betrayed conservative economic principles,' Webb said, 'and foreign policy under Bush is something Reagan would have forsaken.'

He's referring specifically there to Iraq. Are you worried that he's going to turn your re-election into a referendum on Iraq?

ALLEN: Well, Mr. Webb or Mr. Miller -- there's actually two Democrats running, and I don't know who will qualify for it, but regardless, Mr. Webb obviously doesn't like President Bush very much. And I'm one who very much loves Ronald Reagan. He's the one who motivated me to get involved in organized politics back in 1976.

I think President Bush has provided strong leadership for this country. When we were hit on 9/11, I think he rallied the country. I also think that he's taking the war to the terrorists, rather than sitting back and waiting to be hit. Our economy is actually doing very well.

STEPHANOPOULOS: So you're willing to run on Iraq.

ALLEN: I'm running on my issues and ideas. I think that we have three key missions that we need to unify this country behind. Number one is securing our freedom. Part of that is the perseverance and resolve to win the war on terror.

Secondly, we need to make sure this is the land of opportunity for all people. Make it the world capital of innovation, with more competitive tax and regulatory policies. And third, we need to preserve our values, and that means judges who do not legislate from the bench.

Insofar as Iraq, Iraq's part of that battlefield in the war on terror. You might also look back to Ronald Reagan and how he changed the dynamics of the Cold War, one of appeasement and co-existence to the advancement of freedom. And there are hundreds of millions of people from the Baltics to the Black Sea that were once behind the Iron Curtain that are now tasting that sweet nectar of liberty. They're allies. They're friends. And we need to try to advance freedom where practical and also bring other countries into the coalition.

STEPHANOPOULOS: You got your Ronald Reagan speech in there. Senator Allen, thanks very much.

ALLEN: Great to you with you, George.

STEPHANOPOULOS: The roundtable is next with George Will, Robert Reich and Martha Raddatz. Later, the Sunday Funnies.

(BEGIN VIDEO CLIP) CONAN O'BRIEN, HOST, LATE NIGHT WITH CONAN O'BRIEN : President Bush told the Iraqi people to -- this is a quote -- get governing. Then the president introduced his new speechwriter, Larry the Cable Guy.

STEPHANOPOULOS: Our Voice this week, Jimmy Rollins. After a white-hot 2005...

(BEGIN VIDEO CLIP)

ANNOUNCER: ...36-game hitting streak.

(END VIDEO CLIP)

STEPHANOPOULOS: ... the Phillies shortstop is closing in on the longest streak in baseball: Joe DiMaggio's 56 straight games with a hit. Rollins gets his next chance at bat tomorrow, opening day at Citizen's Bank Park in Philadelphia, where George Will found him unfazed by the pressure.

(BEGIN VIDEOTAPE)

WILL: You've hit in 36 games. You're heading for 56, DiMaggio's record. Do you ever have a feeling, look around, say, what is a little guy like me from Oakland, California doing chasing this?

ROLLINS: I never really thought of it that way. You know, I just want to come to the ballpark, truthfully, every day and do something to help the team win.

WILL: You've been telling your brother for years you can break DiMaggio's record. Where'd you get that confidence?

ROLLINS: Ooh. That's something I think I was born with, or should I say was ingrained in me as a young boy, just a little shorty.

My mother, she never let us -- or my father for that reason -- they never let us settle for second best. The word almost wasn't accepted in my house. It was like if it was almost, well, why didn't you do it? What kept you back?

WILL: You're trying to set a very important record at a difficult moment in baseball history, when a lot of fans think a lot of records are tainted.

Baseball, now, has the toughest steroid penalties of any professional sport. Are you confident the steroid era is over?

ROLLINS: Oh, yes. I'm very confident. If you're still doing steroids at this moment, you're running a real good risk that you'll not be playing baseball again. And I think that's the best threat that you can have is saying that, if you get caught cheating, you're going to get kicked out the game.

And as you understand, this is our livelihood. This is how we make money. This is how we feed our families. Without baseball, a lot of us would be up in the air, not knowing what to do. And I'm definitely one of them.

And just with that strict policy, three strikes and you're out, that's (inaudible).

WILL: I guess one of the advantages of being 175 pounds is no one thinks you're on steroids.

ROLLINS: Right. Right.

WILL: Or if you did, you weren't getting your money's worth.

ROLLINS: No, I definitely wasn't.

WILL: Do you ever look around baseball nowadays and say where have the African-American ball players gone?

Let me give you some numbers. In 1975, 27 percent of all major league players were African-American's. In 1979, the Pirates win the World Series with a team that's 40 percent African-American. As recently as the 95 All-Star game, all six starting outfielders were African-American.

Fast forward to 2005, the Detroit All-Star game, 64 roster slots, five African-Americans. How do you explain this?

ROLLINS: I think personally a lot of it is baseball fields in inner cities aren't worth playing on. You go out there, the grass is three feet tall. No one's come to drag the field or even tried to break up the cement that the dirt has become.

And plus, you need equipment. You know, in basketball, you get a basketball and you can go find a hoop. Football, same thing, you go get a football and just find a field or even a parking lot.

But baseball, you need bats, you need gloves, you need cleats, you need a ball. And then you actually need a big place to play. And those places especially with development are being taken away.

WILL: About 25 percent of all the people on big league rosters this spring are from outside North America. Fifty percent of all those in baseball, from rookie ball up, are from outside North America. It's a good thing for the game, isn't it?

ROLLINS: It's definitely good thing to see baseball expanding. But nevertheless, you still want to keep it an American game. And in my eyes, you just can't go out there and say, well, we have all of these players that have been great.

For example, in Japan or in Korea, or in the Dominican league or the Venezuelan league and forget about what's going on at home because kids will get discouraged. It's like, well, they're not drafting us. They're going out trying to find talent everywhere else.

WILL: Bases loaded, bottom of the ninth, tie game, three and two count on Jimmy Rollins. Pitcher throws a ball right off the plate, it's your last at bat. You walk in the winning run and you don't break the record, which would you do?

ROLLINS: I'd walk in the winning run, but I'd probably try to foul it off if it was that close. If it was that close, I'd really try to foul it off, but if it's a pitch that I know I can't get to, hopefully the empire sees it the same way I do.

WILL: Well, Jimmy Rollins, the baseball world will be watching on opening day and for as long after that as you keep going.

ROLLINS: Yes.

ROLLINS: Get to 57.

ROLLINS: Thank you very much. I'm definitely going to try.

WILL: Nice to see you.

(END VIDEOTAPE)

STEPHANOPOULOS: George Will rooting for Jimmy Rollins. For more baseball talk click on our Voices Plus feature at thisweek.abcnews.com. And now, The Sunday Funnies.

(BEGIN VIDEO CLIP)

LENO: And according to Time magazine, global warming is 33 percent worse than we thought. You know what that means? Al Gore is 1/3 more annoying than we thought.

(LAUGHTER)

(END VIDEO CLIP)

(BEGIN VIDEO CLIP)

STEWART: So burning cars -- violent clashes with police. That's how the French protest a new law. Well here in the States new legislation is also sparking protests. Congress is considering a tough new anti-immigration bill. The crowd sentiment was perhaps best expressed by this man.

(UNKNOWN): We've been part of this country for years, and we should remain part of the country. We are not foreigners.

STEWART: Sir, no offense but your attempts to assimilate...

(LAUGHTER)

STEWART: ... a little ham-handed.

(END VIDEO CLIP)

(BEGIN VIDEO CLIP)

COLBERT: I knew this was a problem, but I had no idea the scope of it until I watched the Sunday shows. Look at what Arlen Specter said at 10:03 on Sunday morning.

U.S. SENATOR ARLEN SPECTER (R-PA): We have approximately 11 million undocumented aliens here.

COLBERT: Now look at what Ted Kennedy said at 10:33.

U.S. SENATOR EDWARD KENNEDY (D-MA): There are 12 million individuals that are here in the United States.

COLBERT: One million illegals snuck into this country in a half an hour.

(LAUGHTER)

(END VIDEO CLIP)

STEPHANOPOULOS: Well, at least he's watching.

That's it for today, but tune in next Sunday, when my guest will be new House Majority Leader John Boehner. Thanks for sharing part of your Sunday with us. We'll see you next week.

FOX – NEWS SUNDAY

WALLACE: I'm Chris Wallace. Secretary of State Rice, on a surprise trip to Iraq, pressures officials to form a government, next on Fox News Sunday. A call to censure a wartime president over the terrorist surveillance program. We'll talk with the man behind that move, Democratic Senator Russ Feingold, in a Sunday exclusive.

The immigration debate divides the nation and splits the GOP. Can Congress work out a compromise? We'll find out from a key senator, Republican Lindsey Graham.

A top White House insider is replaced. But has anything really changed in the Bush administration? We'll tackle that with our Sunday regulars, Brit Hume, Mara Liasson, Bill Kristol, and Juan Williams. And our Power Player of the Week. It's his job to think like the enemy. All right now on Fox News Sunday.

And good morning again from Fox News in Washington. We trust you remembered to set your clock ahead one hour for daylight saving time, or you wouldn't be watching us now. Let's start with a quick check of the latest headlines.

Secretary of State Rice and Britain's Foreign Secretary Jack Straw flew to Baghdad Sunday to push Iraqi leaders to form a new government. The two diplomats bluntly told Iraq's interim officials the almost four-month long negotiations need to be wrapped up soon. Freed hostage Jill Carroll now on her way home to the U.S. said she made anti-American comments only because she was threatened. In a statement issued Saturday, Carroll said her captors were criminals who kidnap and murder civilians.

And in Poland and Rome, ceremonies and Masses and being held to honor Pope John Paul II, who died one year ago today.

We turn now to Democratic Senator Russ Feingold, who has introduced a resolution to censure President Bush for allegedly breaking the law with his NSA warrantless wiretap program. Senator Feingold joins us from his home state of Wisconsin, and Senator, welcome to Fox News Sunday.

FEINGOLD: Good morning. It's good to be on the show, Chris.

WALLACE: Senator, in a hearing this week, you said that the president's wiretap program is, and I quote, one of the greatest attempts to dismantle our system of government in history. And you called John Dean as a witness, who said that this is worse than Watergate. Senator, do you really believe there is any comparison?
FEINGOLD: Actually, I do think this is worse. Not in terms of personal misconduct. Our greatest priority in this country is fighting the terrorist elements that attacked us on 9/11. But when the president breaks the law and doesn't admit that he's broken the law, and then advances theories about being able to override the law on torture, and having a preemptive doctrine of war, what he's trying to do is change the nature of our government.

He's trying to turn our presidency into an imperial presidency. So this is one of the greatest challenges in our history, to Congress to stand up and make sure we still have the rule of law and checks and balances. That's actually why it's more significant than the very serious events that occurred at Watergate.

WALLACE: Well, Senator, let me explore that comparison with you if I can. Did President Nixon brief members of Congress more than a dozen times before and during Watergate?

FEINGOLD: Certainly not, and that's not the point. In fact, President Bush broke the law when he did not brief the entire Intelligence Committee...

WALLACE: But wait, wait, wait. That's not -- but Senator, I mean the fact is, President Bush briefed the congressional leaders, both House and Senate, Republican and Democrat, also the leaders of the Intelligence Committee, Republican and Democrat, both House and Senate, more than a dozen times before and during this NSA wiretap program. Isn't that a big difference?

FEINGOLD: Chris, Chris, where I come from here in Wisconsin, if you break the law and you go tell people you're breaking the law, that doesn't make it OK. If you're breaking the law, you're breaking the law. In this case, the president does not have a legal leg to stand on.

And we have this problem of one-party rule in our system of government right now, where the Republicans in the House and the Senate are not standing up like some Republicans did during Watergate and saying, look, we need to stand together and say that the president needs to return to the law. We all support wiretapping terrorists. But the what the president is doing here is a frightful assault on our system of government, and he has to be called on it.

I could have proposed something more severe. A censure resolution is, in my view, a modest way to acknowledge the illegality and cause the president to return to the law.

WALLACE: Let me explore that Watergate comparison a little bit more. Has President Bush created an enemies list? Has he used the federal government to punish his political opponents? Has he authorized break-ins of his political enemies?

FEINGOLD: Well, again, Chris, this is not a criticism of the president as some sort of criminal law, day-to-day problem, like President Nixon had. This is really a much bigger deal. As George Will has said, this was the very reason for the revolution that we had in this country, is that we did not want a monarchical president. So I think these days, we look at the Nixon impeachment and the Clinton impeachment, we forget what the real reason for high crimes and misdemeanors was, to make sure that the president doesn't cause himself to be involved in personal misconduct, but that he doesn't try to achieve a power that is like King George III. So this is actually, even though in terms of the president's personal conduct not as serious, much more dangerous to our system of government, to our republic, and frankly, Chris, it weakens us in the fight against terrorism, to have a president who's thumbing his nose at the laws of this country. It isn't good for us.

WALLACE: Senator, I want to go back to the briefing of congressional leaders, because, as I say, he did brief congressional leaders of both parties more than a dozen times. It has been reported that when he set up the program, before he had actually started it, that the White House suggested perhaps there should be some legal changes made to the program, and the congressional leaders said no, because if so, the program will be late (ph). In that sense, aren't the congressional leaders complicit in the lawbreaking?

FEINGOLD: Well, of course they're limited in terms of what they can say about it, because of the rules in terms of the members of the gang of eight of the Intelligence Committee people. And I want to remind you that the president broke the statute from 1947 by not fully informing the entire Intelligence Committees. So he didn't even achieve the legal basis there. That's not the main point, but to somehow suggest that the president of the United States gets off the hook because he briefed a few members who couldn't talk about it is to miss the point.

The point is that the president is making bogus arguments about somehow when we authorized the Afghanistan invasion, we agreed to this. You know, that's -- that's been laughed at in the halls of Congress. It's a very sad moment when the president can't admit, look -- he can say he did it with good faith, he can say he was trying to do the right thing, but he has to admit he went too far here, and he can do what he needs to do under the Foreign Intelligence Surveillance Act. We all support that, we just need him to return to the idea of the law and not really create a very divisive situation in our country that weakens us in the fight against terrorism internationally.

WALLACE: Senator, let's talk about what's at the basis of all this, which is the NSA warrantless wiretap program that the president authorized. Have you been briefed on the program?

FEINGOLD: I have been briefed to some degree, but certainly not completely. I am on the Senate Intelligence Committee, and we got somewhat more information than other senators get, but then the full briefing is only being given to a sub-portion of the Intelligence Committee, and that's one of the reasons I decided it was time for the censure resolution, because it became clear that there was not going to be the kind of investigation that had to happen to find out exactly what this program is all about.

WALLACE: Do you know how the NSA decides whom to wiretap? Do you have any evidence that the civil liberties of any innocent Americans have been violated?

FEINGOLD: I know some things about it, but I'm not able to talk about it. What I can tell you is this: Is that I am absolutely convinced, after five hearings, three in the Judiciary Committee, two in the Intelligence Committee, that there is no legal basis for this. I may not know all the details, but it's clear from everything we've heard that you can't sort of create a new law or a new statute or a new constitutional provision.

The president has admitted publicly that he did this outside of the Foreign Intelligence Surveillance Act. They have basically been laughed out of the room when they say that the Afghanistan invasion resolution allows this. And all we have left is this idea that somehow the president has inherent power to make up whatever laws he wants. And you know what? That would be the opposite of our system of government.

So we know what we need to know to know that this conduct is illegal, but there's much more to be known about the program, and I think at least all members of the Intelligence Committee, and hopefully more members of Congress, would be carefully briefed on this, because how are we supposed to insert legislation that the president might want here or senators might want if we don't know what this program precisely is.

WALLACE: Well, let me ask you about that, Senator, because almost two dozen members of Congress have been briefed in detail about the program, members of the House and Senate Intelligence Committee. None of them, after those detailed briefings, have criticized the program in public, and I want to put up the comments of two

Democrats who have been briefed. Senator Dianne Feinstein said: I think it's a very impressive program. Congresswoman Jane Harman, the top Democrat on House Intelligence, said:
I believe the program is essential to U.S. national security.

Senator, it seems that the people who are criticizing this program are the ones who know the least about it.

FEINGOLD: Of course it's essential to national security. All we have to do is bring it within the Foreign Intelligence Surveillance Act, and I know that Congresswoman Harman has said specifically that she does not believe we need to change the law in this area, but it can be done within the Foreign Intelligence Surveillance Act. So the very member of Congress that you cited has said we all think this program is important, but it can be done within the law. That's the point. The White House keeps acting as if we don't want them to be able to do this. Of course we do; we just need a court check and balance. That's what the Foreign Intelligence Surveillance Act is all about, to make sure that the White House doesn't run amuck, or somebody doing this doesn't abuse the law.

So there is no dispute about whether we should have it. And those very senators, including Senator Levin himself, have certainly not said publicly that it's essential that we go outside of the law to do this. I've heard none of them say this, and none of them will say that.

WALLACE: But none of them have talked about censure. So if you change the law, why not just change the law? Why do you have to call for censuring a president during the middle of wartime?

FEINGOLD: Well, how -- are we going to have a system, Chris, where whenever the president wants to make up his own law, he goes ahead and does it, and we say, gee, Mr. President, you broke the law, that's too bad. Let's make a law to make what you're doing legal. What kind of a government is that? What kind of a system is that? And what kind of a message to our kids? If you don't like the law, just make up whatever you want to do and keep going. Frankly, it's outrageous. And if there isn't some accountability, apart from the need to possibly look at legislation, if there isn't some statement that the president can't just make up his own laws, what have we come to? Who are we? It's an outrage, and every member of Congress and every American should say to the president, Mr. President, we respect your commitment in the fight against terrorism, but you've got to return to the law. You've got to return to the way we do things in this system.

WALLACE: Senator, you talk about other members of Congress. Let me ask you about other Democrats, who you have accused of cowering before the president. In fact, when you held this hearing at the Senate Judiciary Committee on Friday -- and let's put up some pictures, if we can here. Among the Democrats who didn't show up for your hearing, Ted Kennedy, Joe Biden, Dianne Feinstein, Chuck Schumer, Dick Durbin.

Democratic Senator Mark Dayton said about you recently, It's an overreaching step by someone who is grandstanding and running for president at the expense of his own party and his own country.

Senator, are all of those other Democrats cowering?

FEINGOLD: Look, you know, this was one of the best attended hearings I've ever seen on a Friday. You know as well as I do, Chris, that senators take off after there are no more votes in the House, and we had seven or eight senators at this hearing. I think you're forgetting to mention that Senator Patrick Leahy came and said that he is inclined to support censure. So support for this is growing.

WALLACE: ... Kennedy, Durbin, Feinstein, Biden, all of them.

(CROSSTALK)

FEINGOLD: Well, Chris, you know very well that people often don't show up for hearings even during the week, and a lot of them took off because the votes were over. Senator Specter knew exactly what he was doing when he scheduled on a Friday.

But here's the main point. Chris, you know very well that I was the only senator to vote, the only Democratic senator to vote to hear the evidence in the Clinton impeachment trial. That I was the only -- the first Democratic senator to call for a special counsel when it came to campaign finance violations of President Clinton.

I am one of the least partisan members of the United States Senate by all accounts. I call them as I see them. And if this were a Democratic president, I think you know and everybody else knows I'd be doing the very same thing. This has nothing to do with political ambition. Believe it or not, it's because I believe in my heart that this is a threat to our system of government, and I will say that on a Bible.

WALLACE: And now that you've had your hearing, are you going to give up this idea of censure, or are you going to push for a vote?

FEINGOLD: Well, of course I want a vote. The president has broken the law. The president has misled the American people in advance, and has thumbed his nose at the law afterward. I'm not talking about impeachment, although this may be an impeachable offense.

I'm talking about some accountability. We should have accountability, and if we don't get it right away in this Republican Congress, maybe we can pass a censure resolution in a Democratic Congress, which would be a little more balanced and be better for our country.

We have a terrible problem that we have a Republican president and two houses of Congress run by the Republicans, who are intimidated by this White House, even to the point of not standing up for the right of Congress...

WALLACE: But Senator, and we're running out of time... (CROSSTALK)

WALLACE: ... you make that sound like it's a coup. I mean, that's the result of the election. Elections have implications.

FEINGOLD: Well, there's nothing wrong with it from the point of view it was inappropriate. It's just that maybe the country wants to turn this here to a little more balanced government, where you have at least one house of Congress saying, Mr. President, you can't just make up the law.

You can't just create whatever laws you want. We have to go through the system of government we've always had. You know, the Bill of Rights and the Constitution were not repealed on 9/11, and we all are unified in fighting the terrorists. But we're not going to give the terrorists the victory of destroying our own system of government in order to satisfy a White House that has very grandiose views of the extent of their powers.

WALLACE: Senator Feingold, I want to thank you so much for joining us today. Please come back, sir.

FEINGOLD: I enjoyed it. Thank you.

WALLACE: Up next, the battle over immigration. Can Republicans resolve their differences and pass some type of reform? We'll ask Senator Lindsey Graham right after this break.

WALLACE: Joining us now to talk about immigration, Iraq and more, Republican Senator Lindsey Graham, who comes to us from his home state of South Carolina. Senator, welcome back to Fox News Sunday.

GRAHAM: Thank you for having me yet again.

WALLACE: Let's start with Senator Feingold's censure motion. You have expressed doubts about the legal basis for the president's NSA wiretap program. Senator Feingold says that if Congress doesn't stand up for itself, you become complicit in the lawbreaking.

GRAHAM: Well, I think to censure the program is to kill the program, and I don't want to kill it because I think it's going to help make us safe. The goal of the program is to find out what the enemy is up to, a foreign enemy intent on killing Americans, get as much information so we can strike them before they strike us.

I disagree with two theories being pushed by the president that would say you don't need a warrant. But it's a robust debate, it's an honest debate. And to bring up the ghost of

Watergate and compare Watergate to this is just absurd. Watergate was about Richard Nixon's White House trying to abuse and punish domestic critics, people who were against the president, domestic enemies. This program is trying to find out what a foreign enemy, designed to kill Americans, is up to, and we can have a healthy debate about when you need a warrant and when you don't. But if Congress starts censuring presidents every time they have a legal difference with the president, you only weaken the president. This is a very bad idea. Russ Feingold is a very good man. The reason nobody is jumping on board is because it's just an overreaction to a real and honest debate.

WALLACE: Well, what about the argument that Feingold makes that listen, this fellow broke the law, the president broke the law, and Congress has to stand up against it?

GRAHAM: I think this is one of the most unsettled areas of the law in America. When does the power of the president begin and end in a time of war? Could the Congress have passed a statute telling Truman you've got to rehire MacArthur? Could we tell the president send over the target list over before you bomb anybody? I think these kinds of questions are very subject to legal debate. The courts have had two or three different views of it. The FISA court was first created in 1978. In 2002, the court of appeals, the FISA court itself said the inherent authority of the president in a time of war may make FISA moot.

So these are honest, open questions. Censure is a political stunt that's going to take us on the wrong road, divide America. And that's why nobody is jumping on board. It will weaken the presidency. And to bring up the ghost of Watergate here is really absurd.

WALLACE: Let's turn if we can, Senator, to immigration. You support the Senate Judiciary Committee bill, which would create a path to citizenship for the 11 million immigrants who are now there. It may take them 11 years to do it. They may have to pay several fines. But in the sense that they eventually benefit from breaking the law, doesn't this amount to amnesty?

GRAHAM: Well, in my opinion, amnesty is the current program. The current system is a complete failure. I don't know of anybody being prosecuted for hiring illegal aliens in an effective manner. I don't know of anybody being sent back in large numbers in an effective manner. So if you want amnesty, do nothing.

The judiciary bill is a comprehensive approach. And I believe there is a shift in politics going on in the Senate and the Republican Party away from a border security-only bill to a comprehensive approach being advocated by the president.

That approach has two facets to it. Secure the borders. Don't talk about it, but do it. Have a legal system that would punish employers for illegally hiring people, and change our legal system so it would work and not be a joke. And third, to honestly deal with the 11 million people who are already in the country who are working and adding value.

We're not going to put 11 million people in jail. We don't have the jails to do that. But we're not going to send them back. Look how hard it was to get Houston evacuated when people wanted to leave. So the Senate bill, which the president is moving towards, says not amnesty, but how about a pardon, a probationary sentence. What we'll do is we'll allow you to come out of the shadows from an illegal status to a legal work status, and you'll be on probation for 11 years.

And here's what you'll have to do. You'll have to pay a fine for your violation of the law. And you'll have to continually work. And if you don't, you get deported. You'll have to take a proficiency exam in English, and if you fail it, you can get deported.

If you commit a crime during that 11-year period, you get deported. To me, the solution is recognizing the behavior's illegal, but given an appropriate punishment and an appropriate pathway forward, and if after 11 years you've fulfilled this probationary period to avoid deportation, not only should you not be deported, you should be welcomed as a functioning value-added product to America. WALLACE: Now, Senate Majority Leader Frist says that even if all 45 Democrats vote for your bill, the bill that you're supporting, that you're not going to be able to get the 15 Republicans to break a filibuster of the comprehensive package. A couple of questions here. Do you think the Senate will pass an immigration bill, and if so, what kind?

GRAHAM: I think it will be a comprehensive bill similar to what the president's been advocating. I think it would be political suicide for our party to filibuster a comprehensive solution to a real problem facing America. It would be political suicide to ignore there's 11 million people, illegally undocumented, who are trying to work and add value to our country.

If we adopt the approach of going to a Hispanic soldier in Iraq and a Hispanic Marine in Iraq and telling them the Republican Party's position is that we're going to make your grandparents felons and deport them, we will lose power as a party. If we're going to charitable organizations, religious institutions who are providing assistance to abused women and children, and say if you help somebody who's undocumented, we're going to make you a felon, we will lose our majority.

That's not the way to go. The president has said that's not the way to go. We need a comprehensive solution that allows people to earn their citizenship by going through gates over an 11-year period of time showing they're good citizens and they've worked their way out of this problem.

WALLACE: You say you think it would be political suicide. In fact, do you think that you have 15 Republican votes to break a filibuster?

GRAHAM: I feel very good that the idea of a comprehensive approach, solving the problem now because it only gets worse later, is going to prevail. The president has provided great leadership. I urge the president to continue to talk about this problem in a

comprehensive fashion, in a fashion where not only are we going to have the respect for the rule of law, but we're going to have a just outcome.

The president has done a wonderful job putting a good, kind, firm face on this problem for our party. This is a defining moment for the Republican Party. If our answer to the fastest growing demographic in this country is that we want to make felons of your grandparents and we want to put people in jail who are helping your neighbors and people related to you, then we're going to suffer mightily. Let's don't filibuster; let's solve the problem in a comprehensive way -- firm, fair pathway to citizenship.

WALLACE: Senator, finally, I want to talk to you about Iraq. Last June, you were talking at a Senate hearing with Defense Secretary Rumsfeld about public opinion in your home state of South Carolina towards the war.

GRAHAM: Yes.

WALLACE: Let's watch.

(BEGIN VIDEO CLIP)

GRAHAM: And I'm here to tell you, sir, in the most patriotic state I can imagine, people are beginning to question. And I don't think it's a blip on the radar screen.

(END VIDEO CLIP)

WALLACE: Senator, it's almost nine months later, 598 Americans have been killed over in Iraq since then. How do people in your home state of South Carolina feel about the war now?

GRAHAM: I think people understand that we're better off without Saddam Hussein. But I'll be honest with you, there is an erosion here at home of support for the idea we can't leave until the Iraqis have had a chance to put up their functioning -- to stand up a functioning democracy. You lose the war by losing public support here at home. You win the war by getting moderate forces in the Mideast to come together to put a democracy in place where they can live together. Right now, we're at a tipping point. The way that we can lose the war in Iraq is to have the institutions like the army and the police force fail. If the police force is seen by Iraqis in general as rewarding one side over the other, supporting the Shias and not the Sunnis, then we're going to fail.

The test of Iraq, to me, is will an army unit made up of Sunnis in a Shia area protect the Shias? Will a police force in a Sunni area take care of a Shia family? If the answer is yes, we can still win. If the institutions fail in Iraq, no political solution is ever going to prevail. The Iraqi people have got to want to take care of each other and put these differences aside, and I hope the American people will give them the opportunity to do so.

WALLACE: Secretary Rice, as I mentioned, Senator, has made a surprise trip to Iraq today. There's growing frustration with the failure of Iraqi politicians to come together and create a national government. It's been more than three and a half months since the elections there, and U.S. officials have reportedly been telling the Iraqi politicians that they would like the interim prime minister, Ibrahim al-Jaafari, to step down, because they see him as a force for division, not a force for coming together. How tough should the U.S. get with Jaafari and the Iraqi politicians to get their act together?

GRAHAM: I think they should be really tough with the Iraqi politicians to act on the mandate they've been given by their people. But we need to understand, it took us 11 years to write our Constitution. And democracy is hard. But we need to push the political forces in Iraq to come together with a coalition government.

But I am not so worried about that. Here's what I think we need to watch as a nation. Are the institutions of government developing in the proper way in Iraq? Do we have a national army, or do we have a regional army? Do we have a police force that would enforce the law fairly for everybody, regardless of ethnic or religious differences? If you can get those two institutions right, the politicians will take care of themselves. No political compromise will work unless the institutions, the law courts, the police force and the army buy into protecting everybody fairly. To me, that is the goal, is to get these institutions built up in a way that they can sustain themselves, and that's going to take time.

WALLACE: Senator Graham, we're going to have to leave it there. We want to thank you for joining us again, and always a pleasure to have you with us.

GRAHAM: Thank you, my friend.

WALLACE: Coming up, Andy Card steps down as White House chief of staff; Josh Bolten steps up. A panel of Sunday regulars will tell us what it all means for the Bush presidency. Back in a moment.

(COMMERCIAL BREAK)

(BEGIN VIDEO CLIP)

ANDY CARD, FORMER WHITE HOUSE CHIEF OF STAFF: I'm grateful for the White House staff that has served you so well and helped me do a better job. But it is a different season, and Josh Bolten is the right person for that season.

(END VIDEO CLIP)

WALLACE: That was outgoing White House chief of staff, Andy Card, setting the scene for what many in Washington think will be a shakeup in the Bush administration. And it's panel time now for Brit Hume, Washington managing editor of FOX News, and FOX

News contributors Mara Liasson of National Public Radio, Bill Kristol of the Weekly Standard, and Juan Williams, also from National Public Radio.

Well, I'm glad to see that all of us got the memo about daylight savings time, or at least four of the five of us did, Mara.

LIASSON: I'm on here.

(CROSSTALK)

WALLACE: A little rushed, a little panicked, but you got here.

Anyway, Andy Card out, after more than five years as White House chief of staff. Josh Bolten in, and is apparently planning more changes in the Bush administration. How important for the fortunes of the Bush presidency?

HUME: Well, the departure of Andy Card by itself is almost entirely unimportant. That's the most grueling of all of those senior jobs -- they're all grueling; that's the most grueling. He'd been in there at the crack of dawn every day, and there into the late hours every night. He was clearly somebody who was in danger of burnout, if he wasn't burned out. So his departure by itself means very little.

Now, if Josh Bolten comes in and there's going to be a major house cleaning, to include not only senior White House jobs but also members of the cabinet, that would mean a major shakeup, and that could be the kind of thing that would change the atmosphere in Washington, give the administration a sense of a new start, if that's what it wants.

I don't anticipate that, frankly. I think Andy Card's departure will be -- there will be -- they have some vacancies in the White House staff. Josh Bolten will clearly fill some of those.

WALLACE: How about to replace himself...

HUME: Exactly. And of course, that's a post that requires Senate approval, but in terms of the White House staff jobs, there are a number of those that need to be filled; he'll fill those. Whether this extends to a real shakeup I think remains to be seen, but I doubt it.

LIASSON: Yes, I think, you know, there are two kinds of shakeups in Washington. One, the kind that Brit described, which is so comprehensive and so dramatic that it actually captures the attention of the press and we cover all these confirmation hearings, and it does kind of change the atmosphere in and of itself.

Then there's the other kind, which I suspect we're about to witness, which is some players are changed, and maybe the White House starts making fewer stumbles, fewer missteps, and that could be helpful. I don't know if it undoes the damage that's already been done, but maybe its relations with Congress can be improved if you put different people in

charge of that aspect. Maybe you can repair some of your relationships with the base of the Republican Party, and that could help the president going forward. But that's a much more modest thing.

WALLACE: Bill, I'm curious about Andy Card's reference, and we heard it at the beginning of this segment, to a different season, a new season. Is there a new season in the Bush White House, the Bush presidency?

KRISTOL: Yes, it's baseball season.

(CROSSTALK)

KRISTOL: It's good to have a new chief of staff with every (inaudible) cycle.

No, look, I mean, Andy Card I think served the president the way the president wanted to be served, but it was certainly time for a change.

I think there will be bigger changes than people think. I think we'll have senior, major cabinet changes at some point. I think Treasury quite soon; John Snow will leave. Someone like Phil Gramm might come in, who I think would be a much more forceful voice to defend Bush's economic policies. The most mind-boggling statistic about the Bush presidency is that we have had, what, 4 percent growth basically in the last four years, and about two-thirds of Americans think Bush has done a bad job on the economy. That can be partly fixed by a treasury secretary who can make the case for Bush's economic policies. I think we'll see a new press spokesman. It will help a bit.

So I think this could be a little bit of a bigger shakeup than most people think.

WILLIAMS: Well, I think there's pressure on Snow, but I disagree with the premise there. I don't -- I don't think it's as if the American people don't know the economic statistics, which are very good. I think the reality of their lives in terms of what they have to pay, how many jobs they have to work in order to put a kid through college and the like, it just makes for a disconnect there, and I don't know that a treasury secretary is going to make all that big a difference.

I think the real difference here, if there is to be a difference, is in policy.

And the policy, obviously, that's driving the president's poll numbers down is Iraq. So you've got to have a change in Iraq, and you've got to have a change in terms of even domestic policy, just the idea that the president is paying attention to domestic issues in this country. Immigration is part of that story.

But when it comes to Iraq, I'm just struck by this New York Times editorial this morning, The End Game in Iraq, in which it said that Iraq is becoming a country that Americans should be ashamed to support, let alone occupy. And they talk about the problems the administration is having with the Iraqi Prime Minister Jaafari.

I mean, Rice is over there pretty much saying to them, we've got to get this guy out, that we're three years after Saddam Hussein. It was great to get rid of Saddam Hussein, but we still don't have a functional government after elections, after an attempt to write a con -- we just don't have it.

And that's, you know, with that said, (inaudible) the American people are going to be stuck there. American forces are going to be stuck there, and the American people are going to continue to feel that this president doesn't have an exit strategy.

WALLACE: I don't want to get into an argument about Iraq in this segment, but Juan raises a good question, which is, are the problems the Bush administration faces now questions of personnel, problems of execution, or are they problems with basic policy?

HUME: I think they're problems of circumstance. Look, there's no problem that this president has that wouldn't be solved by a striking improvement in the situation, as Juan suggests, in Iraq. The formation of a coalition government there that could function, continued improvement in the armed forces there, both the police and the army, will unquestionably change the atmosphere on Iraq and beginning of some American troops coming home.

No sense of hasty retreat or anything of that kind. That probably will change the atmosphere enough. The problem the president has at home isn't just -- that's the core of it. It has caused a level of skittishness on Capitol Hill among Republicans that is depressing to watch because election year behavior by parties in power afraid of the voters is never a pretty sight. And we're not witnessing a very pretty situation up there. And the White House staff is getting some of the blame for that, but it was going to be like this in the sixth year, in all probability, if there was any trouble at all. And it is.

WALLACE: But don't you think, Mara, that whether it's Katrina or Harriet Miers or Dubai Ports World, that there was a growing sense of, you know, to use the Democratic word, you can use whatever you want, but incompetence.

LIASSON: Incompetence. Yeah. I think the execution is what -- look, I agree. The Iraq war, which is the one, the most important thing the president is going be judged by, presently and by history. But I think there were a lot of problems with execution. That's what you hear Republicans kind of wringing their hands about. All those things that you just listed were problems of execution. They either didn't consult Congress or couldn't explain their policies properly.

But Iraq still is the big overriding concern. And I think the problems that America is facing there are not just the simple problems of the U.S. military versus some terrorists. These are problems about forming a government, sectarian violence. The solutions to those are really up to the Iraqis, and there's not that much that the U.S. government can do now, now that it's created the situation, to steer it in the direction it wants.

WALLACE: With the time we have left in this session with the panel, I want to switch to another subject, Bill. I'm curious what you all think about this debate over censure and the comparison this week to Watergate. And Bill, I remember -- I forget whether it was last week or the week before -- you were saying how clever you thought Russ Feingold was in making this case, playing this card. Do you still feel that way?

KRISTOL: Yeah, absolutely. There was a poll, national poll of all voters, what do you think about censuring the president for his national security eavesdropping program? Thirty-eight percent approve, 45 percent disapprove. That's amazingly high number. Feingold's already got 38 percent. He's making the case. He says its illegal.

And Lindsey Graham comes on and says it's very complicated. This is really an overreach by Feingold. Among Democrats, Feingold is supported 5 to 1. It's helped his presidential ambitions. And it's one of these things where if he keeps making the argument that it's illegal, and the Republican response is, oh, well, we, we're a little uncertain, but this is a little harsh, who's going to win that argument?

If the Republicans believe that the president has done the right thing, which I believe, they should introduce a resolution commending the president for eavesdropping on terrorists and force the Democrats to (inaudible). But the Republicans are in fetal position. The Bush administration's in fetal position.

And Feingold makes the case (inaudible) to you under tough questioning, then of course Feingold's going to win that debate. (CROSSTALK)

WILLIAMS: It's good for Feingold personally is what you're saying. I don't think it's good necessarily for the Democratic Party as the Democratic Party fights this image of being weak in its ability to battle terrorists and to protect the country.

And I think that's why you see those people that Chris politely put up on the screen who didn't show up, you know, Ted Kennedy, Dick Durbin and the like. They weren't there. And their worry is that the Democratic Party gets damaged and it's going into '06, and that the Democratic Party loses its ability to challenge the administration on major issues, like are we going to intervene in Iran, which is the next big ticket on the item.

KRISTOL: Feingold has better political judgment than Ted Kennedy.

HUME: Well, he may have better political judgment in terms of what's going to appeal to a broad cross-section of a Democratic Party which is, as a whole, unserious about national security. As to whether he has better political judgment about what appeals to the country as a whole, I doubt. I think the Feingold position and the Feingold attitude toward this is politically very dangerous for Democrats.

Juan is correct. It tends to underscore the notion that Democrats, really when it gets down to it, are very persnickety about what America does in the world, but not much concern about America's enemies.

WALLACE: Time out, panel. We need to take a break here. But coming up, are some Republican House members saving the country from illegal immigrants or jeopardizing their party's chance for success in November? Our panel takes on the fight over immigration when we come back.

U.S. REP. PETER KING (R-NY): Anybody that votes for an amnesty bill, deserves to be branded with a scarlet letter A for amnesty.

U.S. SENATOR ARLEN SPECTER (R-PA): There's an effort far and wide to try to degrade the committee bill by the smear of amnesty. And is simply is not -- is not amnesty.

(END VIDEO CLIP)

WALLACE: That was just part of a sharp debate among Republicans this week over immigration reform. And with that now, Brit, Mara, Bill and Juan.

Several interesting developments this week in the immigration debate. The Senate Judiciary Committee's comprehensive bill seemed to gain at the expense of Senator Frist's enforcement only bill, and perhaps more interestingly and more importantly, the Republican speaker of the House, Dennis Hastert, opened the door to a compromise on guest workers.

Mara, when is immigration reform (inaudible)?

LIASSON: Well, I think it is -- I think the middle position, whatever you want to call it, the position supported by the president that combines border security with guest worker program and some kind of path to legalization did gain some steam this week. You do have this quite outspoken group of House Republicans -- you heard one of them -- who are quite adamant that they would vote for nothing that they consider to be amnesty. They consider any guest worker program to be amnesty, and earned legalization.

I think the Republican Party is sending two different messages: One an inclusive one from the president, and another one that's not inclusive, that some Republicans worry could cost the Republicans Party all those gains that it made with Hispanics in the last election.

Now, actually, to answer the question you posed before the segment, I don't think it's going to hurt them so much in '06. I think this is a longer-term problem. (inaudible) in 2006, it's all a couple of a dozen hard-fought House and Senate races that are in individual districts, and I think members understand which message is going to work best for them this time. Now, when you have a national election, you could get the kind of backlash against Republicans that you saw Pete Wilson suffer from with Prop 187 in California. But I think for now, the Republicans think that by sending out two messages, they can kind of thread the needle in November.

HUME: Especially, Chris, because reasonable Americans are probably having a difficult time finding anybody to root for in this debate. On the one hand, you have, you know, tens of thousands of people demonstrating, waving foreign flags, on behalf of illegal immigration and against the idea that America should enforce its own laws. What a repellent spectacle.

On the other hand, you have the behavior of some of these House Republicans, like the one you just showed on the screen, Congressman King, speaking of the guest worker program as if it were amnesty, and acting as if anybody from south of the border is unwelcome here.

First of all, the bill is not amnesty. Amnesty means turn yourself in, all is forgiven. Under these proposals, you might turn yourself in, but all would most certainly not be forgiven. You'd have to pay a fine, you'd have to recognize the illegality of what you've done. You'd be on probation and in danger of deportation for many years, and you'd be at the back of the line for citizenship, although you could get there. That's not amnesty.

So, on both sides of this debate, you have this problem. Mara suggests, and I think she may be right, that some kind of reasonable center may be emerging here, which would benefit the president. Probably would benefit the Republican Party, and as so happens, have the support of a lot of Democrats. It just might win.

WALLACE: Bill, I want to ask you about -- we got a lot of mail from viewers this last week who said we were too cavalier about this question of enforcing the borders. And, frankly, they pointed to some of your comments in particular about the legitimate need to enforce our borders and to punish those people who broke the law. How do you respond to that?

KRISTOL: I'm a liberal on immigration. I mean, I think the Bush approach is right. I think the Senate Judiciary Committee approach is right. If Congressman King thinks that it's a good idea to go around talking about branding people with the letter A for amnesty, if you (inaudible) see how, to use Brit's word, repellent that is of an image, you know, for, it's unbelievable. And the Republican Party will go down the tubes if it takes that position.

I disagree with Mara that it's threading the needle. Bush needs to step up and repudiate those House Republicans and their rhetoric, and make much more of a public case for his comprehensive immigration reform bill. Look, I'm not cavalier about illegal immigrants. I know that we need to have a serious debate about it. What damage have they done that's so great in 20 years? The anti-immigration forces said 20 years ago, there was an amnesty, which there sort of was, the Simpson- Mazzoli bill, which was pushed by the anti-immigration people, that Ronald Reagan signed.

What's happened that's so terrible in the last 20 years? Is the crime rate up in the United States in the last 20 years? Is unemployment up in the United States in the last 20 years?

(CROSSTALK)

KRISTOL: And they've been contributing to the U.S. economy and not damaging U.S. society. There have been marches with Mexican flags, which conservative talk radio is up in arms about. I mean, are these people serious? Are these people -- what, are they going to be traitors to the U.S.? An awful lot of Mexican Americans, an awful lot of sons and daughters of illegal immigrants are fighting in the U.S. Army.

(CROSSTALK) KRISTOL: I am pro-immigration, and I am even soft on illegal immigration.

WALLACE: Well, let me ask you about this, Juan, because I read the e-mails that we get, and people say, particularly in places like Arizona or California, where there is a flood of them, that, you know, we end up having to pay for them. They go to the public schools. They end up, you know, getting welfare or Medicare, Medicaid, things like that. There is a price to illegal immigrants, people who aren't citizens in this country coming over the border in large numbers.

WILLIAMS: There is a price, and there's also a benefit, which is to say they benefit the U.S. economy greatly. Now, to your point, Chris, it does put a disproportionate burden on communities where they have a strong influx of immigrants, such as Arizona and some of the border communities, Texas, into California. They have to pay more in terms of hospital costs, the schools, as you pointed out.

But you know, you reach the point where your plan -- you're not catering to fears about illegal immigration, but so much pandering to this fear and encouraging this fear. There is an anchorman on an opposing network -- I'll be polite and not mention him -- who is just way, I mean, he has gone bananas, and driving up his numbers.

And what's he talking about? Illegal immigrants bringing leprosy into the country. At that point, you think, you know what, this is not a logical debate. This is not about substance. This is not about trying to understand the impact of low-income, low-wage workers on other low-wage workers who are already in America, who do you need to protect.

No, this is about pandering to the right-wing base in such a way as to drive up either ratings or election numbers in '06.

WALLACE: We've got 30 seconds, Brit. Is it about pandering?

HUME: On the other hand, the position Bill has taken with a smile on his face that he is soft on illegal immigration, I think is a position that really won't fly and shouldn't fly. You simply can't make a case for immigration reform based on the idea that breaking American laws is OK and ought to be forgiven.

It ought not be forgiven, which is why a combination of enforcement, serious enforcement effort coupled with a guest worker program might be a way to make this work.

WALLACE: Thank you, panel. That's it for today. See you next week. Time now for some mail.

First, about the panel's heated discussion last week about immigration.

Donald Rumsky (ph) from Texas writes: Illegal immigration is a big deal. It is another form of terrorism. It is economic terrorism, and our legislators are dead wrong if they think the silent voting majority of this country is indifferent to it.

But Wade (ph) from New Mexico sees it differently: I think it should be up to the community if they want people from Mexico or not. If they contribute to the community, then let them stay.

And Maureen Bowen (ph) from Georgia had this to say about our interview with the secretary of state: Condi Rice is magnificent. Although she states she is not running for president, we need someone of her caliber. So Condi for president! Sign me up.

Be sure to let us know your thoughts by emailing us at fnsfoxnews.com.

Up next, our Power Player of the Week.

(COMMERCIAL BREAK)

WALLACE: If you're a fan of the show 24, as I am, you like to think there are federal agents working around the clock to get the bad guys before they attack us. Well, we found a real-life Jack Bauer. He would hate that description. But he is the Power Player of the Week.

(BEGIN VIDEOTAPE)

MUDD: Our adversary thinks of this war in terms of sometimes decades of even centuries.

WALLACE: Philip Mudd is the number-two man at the FBI's National Security branch, a unit set up last year with more than 10,000 people to handle the bureau's national security-related operations.

MUDD: My job, I think, is to understand the adversary and think like the enemy. To look at the United States through their lens. What do they want to do? How are they evolving? What do they see as success? How do they want to attack us?

WALLACE: Mudd took us inside the super-secret Strategic Information Operations Center, or SIOC, the command center for a major criminal or a terrorist event.

If there were a real crisis happening right now, what would be going on in this room?

MUDD: You'd be gathering around the people who have pieces of that puzzle, people who are responsible for the operations in the field, making sure all those pieces work together, same place, same time, real time, and talking right across the screens here.

WALLACE: But if they end up in SIOC, in a sense, it's already too late. Mudd's job is to anticipate and uncover threats before they happen.

What is the state of al Qaeda today? Mudd argues it's been badly damaged since 9/11, losing much of its leadership. But he says its message of hate continues to spread.

MUDD: There are emerging groups and in some cases emerging individuals who believe and act as al Qaeda wants them to believe and act. The people who did Madrid, the people who attacked London, the people who want to attack us in the United States are not always al Qaeda members. Often, they are simply people who got the message from al Qaeda and are trying to act themselves.

WALLACE: In that sense, harder to put your hands on it?

MUDD: Absolutely.

WALLACE: Is intelligence a science or an art?

MUDD: I personally view it as more of an art. Where is Iran going to be in two years? There's a science to collecting that kind of information, technically, through human sources, but there's an art of saying what's important?

WALLACE: Philip Mudd graduated in 1984 with a degree in Victorian novels. His father told him the CIA was hiring, so Mudd drove to agency headquarters.

MUDD: The security officer at the front gate looked at me like I had just dropped in from the moon, and I said, well, I saw an ad, so I drove up.

WALLACE: What's followed is 22 years at the CIA and the National Security Council and now the FBI, as the top officer handling Iraq, Iran and other hot spots.

Did 9/11 change your life?

MUDD: I was evacuated on September 11th from a building next to the White House. Personal experience, wondering what happened to those children who now have to grow up without parents because an adversary decided that the killing of innocents was

acceptable. I don't know how you go through that kind of experience and not emerge changed. I don't know.

WALLACE: Do the memories of 9/11 still drive you in this job?

MUDD: Absolutely. I would say virtually every day.

(END VIDEOTAPE)

WALLACE: Mudd says one of those jobs is to make sure there's no longer the infamous wall that existed for years between intelligence gathering and law enforcement, and he's happy to report that wall has come tumbling down.

And that's it for today. Have a great week, and we'll see you next Fox News Sunday.

CBS – FACE THE NATION

SCHIEFFER: Good morning again.

Joining us from Chicago this morning, where he'll be in place to see the world champions Chicago White Sox open the baseball season tonight, Senator Dick Durbin.

With us here in the studio, Congressman James Sensenbrenner.

And we're here to talk about the thing that Congress has been talking all week and will be talking about all next week. And there's plenty of talk around the country about the very same thing. And that is immigration. What are we going to do about it? Two men with very different points of view.

Congressmen Sensenbrenner, let me talk to you first. The bill that you have passed and that has now passed in the House really focuses on tightening the borders, on cracking down on illegal immigrants.

Among other things, this bill calls for building a 700-mile fence. Now, I've done a little calculating and 700 miles is from just down the street where we are, the Washington monument; if you go from there to the Sears Tower in Chicago, that comes out to 700 miles.

That's a pretty good-sized fence. How much would it cost to build a fence like that?

SENSENBRENNER: The estimate is about $2 billion.

However, the first thing we have to do to fix our broken system is to stop illegal immigration because if we don't stop illegal immigration by securing the border and cracking down on those employers who do hire a lot of illegal immigrants, there just will

be more illegal immigrants coming across the border and flooding our schools and causing a collapse in our health care system.

Once we stop illegal immigration, then I think we should talk about what to do about the 11 million illegal immigrants that are already here.

SCHIEFFER: But let me go back to this fence. What kind of a fence would it be? I mean, this has got to be more than a couple of cowboys with some post hole diggers and a pick-up loaded with cedar posts.

SENSENBRENNER: Absolutely. There will be a physical barrier built where it's appropriate. But in other places there can be a virtual fence which includes high-tech electronic devices, drone planes and stuff like that.

I would point out, in the 38 miles south of San Diego where there is a fence that has been built, since the fence was completed, there has been not been one illegal immigrant that has jumped over the fence and entered the United States illegally.

SCHIEFFER: How many went around it?

SENSENBRENNER: Well, quite a few went around it because we've been having over half million illegal immigrants entering the country this year.

And what they do is they really distort the job market because it's always cheaper to hire an illegal immigrant than hire a citizen or a legal immigrant who has got authorization to work here.

SCHIEFFER: Would the fence be brick? Would it be a cyclone fence? What kind of a fence would it be?

SENSENBRENNER: Whatever is appropriate could be built as a physical barrier.

And the reason we've got this problem is the Mexican government has not helped at all in the problem of illegal migration.

If they had helped, we wouldn't need these types of barriers, but I think they're kind of on the other side.

SCHIEFFER: All right. Well, let me go to Senator Durbin.

Do you think a fence like that would work? And how would you envision such a fence, Senator?

DURBIN: Well, it's hard for me to envision a fence that you couldn't go over, under or around. I think we need some fences in strategic places.

Every bill that's being considered, every immigration bill calls for more secure borders. We know the borders are out of control, as Congressman Sensenbrenner has said. And under the last five years of the Bush administration, they have just broken down completely.

And so we have got to really work together on a bipartisan basis to strengthen the number of people there, maybe coming up with something smarter than a 700-mile fence that uses the best technology, more investigators and more enforcement of the laws when it comes to employment in the United States to make sure that that demand side, the lure of coming to the United States, is diminished.

SCHIEFFER: Well now, one of the things that you're in favor of, as I take it, is some sort of a guest worker program where the people that come into the United States would be allowed to stay here legally and work.

Isn't, as Congressman Sensenbrenner I'm sure is going to say, isn't that putting an enormous load on our facilities, our public institutions, hospitals, schools, so on and so on?

DURBIN: Bob, I'm sitting here in the city of Chicago. I just went across the street for a cup of coffee. I can tell you that many of the people who are working in that restaurant are people who are undocumented. The people who are undocumented are a major part of America's economy. Twenty-nine percent of our agricultural work force in Senator -- pardon me, Congressman Sensenbrenner's state.

I'm sure he's aware of many who are working in industries like printing, for example, or meat packing. They've become an integral part of our economy, an important part. And what I believe we need to do is to really stop the illegal flow and create a legal flow of immigration. People whom we can identify, we'll know their names, where they live, where they work. That'll make us a more secure nation.

SCHIEFFER: What are you going to do with the ones that are already here? I mean, would you -- wouldn't you think it would reward people who came here illegally if you gave them all these things that you're talking about?

DURBIN: Deportation is unrealistic. To think that we could remove -- charge with a crime and remove 11 or 12 million people is unrealistic. And the concept of amnesty has been rejected by everyone, Democrats and Republicans alike. It shouldn't be something automatic where these folks go to the front of the line with a free pass. But what we've come up with on a bipartisan basis in the Senate is a sensible means to create a legal path in the United States for those who are currently undocumented.

And it won't be easy. It will take 11 years. People will have to demonstrate that they're working hard and they're paying taxes, that they have no criminal record. They're learning English. Some will be able to meet these requirements. Some will not. But it's

the only way to bring people out of the shadows and have a system consistent with American values.

SCHIEFFER: Congressman.

SENSENBRENNER: The problem with what the Senate is talking about is at the end of 11 years, it is an amnesty because it gives the benefits of American citizenship to those who have been underground, illegally entered the United States, have been working illegally, and if they pay a $2,000 fine and end up doing all of the other things that Senator Durbin is talking about, they become citizens.

Now American citizenship should not be for sale. And what the Senate bill does is it says if they pay those $2,000 fines, they can end up being a citizen. I think American citizenship is priceless, and it ought to be done the legal way just like my ancestors did, and I'm certain the senator's and your ancestors, Bob, did.

SCHIEFFER: Well, let me ask you about one point that the senator raised. And that would be this: He says that, you know, it's going to help. That people need this. That this is the right thing to do. Is it really amnesty when you let people work like this to earn citizenship? It seems to me that's sort of one of the things that this country is all about.

SENSENBRENNER: Well, it what this country is all about. But most people have done it the legal way. And it's required an awful lot of patience and cutting through bureaucratic red tape. Now, I am told that somebody who is a U.S. citizen whose brother is in the Philippines has to wait 22 years in order to come to the United States legally under a visa.

Now, somebody else in the Philippines can hop to the head of the line by entering the United States illegally, and they would be a U.S. citizen 11 years ahead of the person who is trying to do it right. We should not have illegal immigrants jump to the head of the line.

And if we open the door to illegal immigration, we end up closing the door to legal immigration. And if we're a country of laws, we can be a country of laws and immigration at the same time. But that requires enforcing the law and not giving a benefit to people who have broken it.

SCHIEFFER: Well, Senator?

DURBIN: I can just tell you that the Senate bill expressly says no one can jump ahead of the line. There's no amnesty. There's nothing automatic about this. And we understand that the current system is a mess.

And I hear some of the folks supporting the house bill saying, well, we've just got to stand and honor this current immigration system. They should be in my office and listen to the people who are calling in who have been trapped by this system.

Bob, yesterday I went to Cristo Rey High School here in Chicago. And there were 25 kids up on stage. They're high school students. Many of them the best in their class who want to go to college. Some of them are already in college. One is pursuing a masters in neurobiology. And our immigration law says to these young people who came here at an early age through no choice of their own, we don't want you in this country. You're a criminal.

Under the House bill, we're going to call you not our future, but we're going to call you a felon. You should leave immediately. And a young man studying for a master's in neurobiology I think is an asset to the future of the United States.

Telling them they have to leave, they're illegal doesn't make us a stronger or a better nation.

SCHIEFFER: But that is not the person who is coming across the Mexican border. These are people who have no education, that are working at the lowest level.

Let me just ask you about this. Paul Krugman of the New York Times, a very liberal writer, who is pro-immigration says that even with all of that, and he favors immigration, what bothers him is you're bringing a large, non-voting work force, which he says is sort of the way it is in places like Dubai.

Do you worry that we might be becoming another Dubai?

DURBIN: If you're asking me, I can tell you that I'm concerned about Krugman's article. I've read it closely.

But the guest worker program that we're promoting is one that puts a cap on the number who can come in under this legal program.

Secondly, the people who hire them have to establish that there are no Americans who would fill this job. And finally they have to be paid a prevailing wage.

So it isn't as if we're creating a working underclass. What we're trying to do is to meet some real employment needs in this country.

It is likely that many of the people watching this program have their children watched in day care by undocumented workers, and their mothers and fathers cared for in nursing homes by these same people.

They're an important part of the economy doing jobs that many people don't want to do in the United States.

SCHIEFFER: Mr. Chairman?

SENSENBRENNER: First, it is always cheaper to hire an illegal immigrant than a citizen or a legal immigrant. The market will work, and as long as we have more illegal immigrants coming across the border and illegal immigrants here, they're the ones that are going to these types of low-paid jobs. And they depress the wages of people who don't have a high school diploma and who are going into entry- level jobs such as Senator Durbin has described. Again, we've got to do things one at a time. The first thing we have to do is to secure the border and turn off the job magnet for people who are hiring illegal immigrants.

If we don't do that, we can have all of the guest worker or amnesty programs that we want to have and nobody will sign up to hire these people because they'll cost more than hiring the illegal immigrants.

SCHIEFFER: Well, Mr. Sensenbrenner, what do you do with the people that are already here? As we saw after Hurricane Katrina and before Hurricane Katrina, we had a devil of a time getting several thousand people out of New Orleans. In fact we didn't get some of them out.

How are you going to get, what 11 million people who are here illegally, out of this country? I mean, just how do you do that?

SENSENBRENNER: Well, Bob, nobody is seriously proposing that because that will require a massive infiltration of law enforcement officials and will disrupt the economy.

The fact is is that we tried an amnesty program and employer sanctions program 20 years ago. And it didn't work because employer sanctions were never enforced, and as a result only a third of those who were eligible for the amnesty signed up for it because they were afraid of losing their jobs.

When you talk about a guest worker program at the same time as firming up the border, history may repeat itself because if we don't firm up the border, the guest worker program is going to actually encourage more people to enter the country illegally.

SCHIEFFER: But I thought you said that we have to address this, we have to tighten the borders and all that. Obviously you're not going to build a 700-mile fence in a matter of months.

SENSENBRENNER: No we're not, but the House-passed bill, which has been condemned across the country set up a program of verifying the accuracy of Social Security numbers in a way similar to a way a merchant verifies the accuracy of a credit card. It will be a computerized system.

And if an employer finds that the person has got a hot Social Security card, if they hire them they're going to have the boom dropped on them and they should.

SCHIEFFER: All right. Well, let me ask both of you, what is going to happen? I know the next week both of you say is going to be crucial here. Will the Senate pass a version of this bill, Senator Durbin? Will it have a guest worker provision in it, do you believe?

DURBIN: Well, we have a good bipartisan support for an approach like this.

But let me tell you there's a chasm between the House and the Senate. Chairman Sensenbrenner has carefully avoided mentioning that his bill creates an aggravated felony, a felony charge against these 11 or 12 million undocumented, as well as the people helping them. So that a person who is a nurse or a volunteer or a person of faith providing humanitarian assistance to anyone who is an undocumented person can be charged with a felony under Chairman Sensenbrenner's bill. That is not going to be easy to resolve...

SCHIEFFER: O.K., so you don't think that the bill is going to pass the Senate. Is that your answer here, Senator Durbin?

DURBIN: I think it's conceivable it will pass, and I hope it does. But what I'm suggesting is the House approach is unacceptable.

SENSENBRENNER: Bob, let me say that I offered an amendment to reduce the felony to a misdemeanor...

SCHIEFFER: But it is in the bill.

SENSENBRENNER: ... and the Democrats in the House of Representatives voted it down.

DURBIN: We're in the minority.

SCHIEFFER: OK, well, let me just ask you, Mr. Sensenbrenner, do you think that there's a way to get this passed? Or are we just going to go through this year with no bill?

SENSENBRENNER: Well, I hope we don't, because no bill will end up being the worst of all possible worlds. What the Senate has to do is pass a bill and then send a bill to conference this week. And that way, we can set up a Senate-House conference committee and attempt to work out an agreement that will get the support of both Houses. This will be tough, and it's the toughest thing that I've done in 37 years in elective public office. But it is an important priority for our national security and our economic well-being.

SCHIEFFER: I have to end it there. I take it from both of you this is still -- a lot to be done before this gets done. Thank you both. We'll be back in a moment with our roundtable with David Brooks.

(COMMERCIAL BREAK)

SCHIEFFER: And joining us now, David Brooks, columnist for The New York Times, and I would say a proud conservative would be one way to describe you.

David, what do you make of this what we just heard here? You heard the Democratic side and one part of the Republican side, but Republicans are split on this because the president wants a guest worker program. House Republicans like Mr. Sensenbrenner don't. Where does this go from here?

BROOKS: Well, I think what you've seen in the Senate is a pretty good debate. I was up in the Senate all week. You had senators actually legislating and compromising.

I thought it was a very sensible debate. I think they have got, you know, this two-pronged approach. Toughen the borders, but give the people here some avenue to responsibly earn their way to citizenship. And that seems pretty balanced.

You go over to the House, and there's just a lot of anger there. And my concern is that those people who are incredibly angry see any form of compromise as some sort of compromise on their patriotism.

And so what I see coming out is a bill in the House, no willingness to compromise because of the anger. A bill coming out of the Senate, no willingness to compromise coming out of the House. We will be in a year where we are today, which is a mess.

SCHIEFFER: So you do not believe that by the election, that we will have any kind of an immigration bill?

BROOKS: No, I really don't. In the House, it's really hard to -- Mr. Sensenbrenner is a very responsible, intelligent man. But you've got a lot of people on his side of the debate which are -- which are just enraged, unwilling to talk reasonably.

I was up at a press conference this week where a House Republican said, you know, we've got to have some people to pick lettuce in this country. So we're not going to have immigrants, let's make the prisoners do it.

You want to hit the guy on the head with a baseball bat. We're going to take a largely minority population, forced labor, picking lettuce and cotton. Is this ringing any bells here? You're just -- you're not dealing with people who are willing to compromise, and that's why I don't think anything is going to happen.

SCHIEFFER: Is this going to hurt the Republicans?

BROOKS: There's a danger of that. There's a danger. Because a lot of Republicans are legitimately angry at the way there's no law and order. But if you look at the people who are Republicans, who are against -- who are for the tough immigration, they come largely from very Republican areas. If you look at the Republicans who are running nationally, whether it was Ronald Reagan 20 years ago, George W. Bush today, John McCain today,

you look at the senators who are running in swing states -- DeWine in Ohio -- these people are moderates. So it's the hard-core people are from all Republican districts who aren't looking at the broader American populace. It's a very complicated political issue.

If you take people in a focus group and say, what do you think about immigration, the first 15 minutes of that focus group is rage.

People are upset. They're sneaking across the borders. They're in our schools; they're in our hospitals. They're upset. So that's 15 minutes.

You get beyond 15 minutes and you start saying, what are you going to do? Are we going to send them home? No. We're not going to do that. Are we going to build a fence? Obviously, we're not going to do that.

Once you get people thinking practically about this, then you've got a lot of moderation and compromise. And I think there is a sweet spot there, if we could reach it politically.

I'm just pessimistic we're going to reach that spot.

SCHIEFFER: Well, do you think the Republicans are in danger at this point of losing control of the House?

You have some other issues out there, too, not the least of which is a very unpopular war, as we're now seeing.

BROOKS: Right. There's really a torpor in the administration. They're not doing anything right now.

I think it's now likely that they will lose the House. And I think House Republicans -- privately, most do admit that. For a year they were saying, well, we've got it so sewed up with redistricting. We'll lose, but we won't lose the whole House.

I'd say, about two weeks ago, the conventional wisdom shifted and people said, we're in such trouble, we are going to lose the House.

Personally, I think it would be good for the Republican party because it would make them a little more responsive. It would be good for the Democratic party; they'd be a little more responsible.

But I think now it's likely they will lose the House. If the Democrats can't win now, when are they ever going to win?

SCHIEFFER: The president has announced he has a new chief of staff. Do you see a larger shake-up in the White House staff there? And what is this indicative of, do you think?

BROOKS: Well, I think it's indicative of a few things: first, terrible relations with Capitol Hill, which they're finally upset by.

The president was a little frustrated with Andy Card in that he wasn't getting news in time. There would be information about Katrina and other things that would go up to Andy Card, but it wouldn't reach the president's desk.

They all like Andy Card, a lovable guy. But there was a little frustration there. Josh Bolten is someone -- you know, if you divide the White House staff into automatons and people with whom it's possible to have a normal conversation, Josh Bolton is one of those people who can have a normal conversation.

He can talk to members of Congress. He's already called, I think, 30 of them to, sort of, have normal conversations, so they're not just lecturing down to people, which has been a problem.

SCHIEFFER: All right. Well, David Brooks, thank you very much.

I'll be back with a final word in just a minute.

(COMMERCIAL BREAK)

SCHIEFFER: And finally today: When was it -- a couple of years ago that the president said this was the century we should go to Mars?

I'd forgotten all about it, but as I got back from vacation last night and was going through last week's papers, there it was, the story that said, for the first time in 30 years, our scientists are hard at work planning a flight to the moon, not just a quick trip but to build an outpost where humans can live as they prepare for that trip to Mars.

Now, that gave me some pause. We can't figure out how to get those thousands of trailers standing empty in Arkansas down to New Orleans down to house the people who lost their homes during Katrina, but we're designing housing for the moon?

We can't seem to make those levies that broke the last time strong enough to withstand the next really bad hurricane, but, according to that story in The Washington Post, our scientists are now deep into studies on the effect of moon dust on the humans who will draw that lunar duty?

It's more than a matter of priorities, it seems to me. When you think back on how the government bungled the original response to Katrina, or the wrong intelligence that took us to Iraq, and even that crazy deal, safe or not, that had all of us unaware an Arab company was about to take control of our key ports, you have to ask, has the federal bureaucracy grown so big and so cumbersome that no one really knows what it's doing at any particular point in time?

That leads me to the harder question: If we really had to go to the moon, could we still find a way to get there?

That's it for us. We'll see you next week, right here on Face the Nation.

CNN – LATE EDITION

WOLF BLITZER, HOST: It's 11:00 a.m. in Washington, 8:00 a.m. in Los Angeles, 10:00 a.m. in Mexico City, 7:00 p.m. in Baghdad. Wherever you're watching from around the world, thanks very much for joining us for "Late Edition."

We'll get to our guests in just a moment. First, though, let's get a quick check of what's in the news right now.

(NEWSBREAK)

BLITZER: Thanks very much, Sophia.

We begin in Iraq where the U.S. secretary of state, Condoleezza Rice, and her British counterpart, the foreign secretary, Jack Straw, made a surprise visit today.

Our senior international correspondent, Nic Robertson, is following the story. He's joining us live from Baghdad. Nic?

NIC ROBERTSON, CNN SR. INTERNATIONAL CORRESPONDENT: Wolf, it's been a round of meetings with top politicians here. They met first with Jalal Talabani, the president of Iraq. The meeting there, congratulating him on all his efforts to get a new government formed in Iraq.

They said, and they stressed, both Jack Straw and Condoleezza Rice stressed that a new Iraqi leader must be somebody who can bring all Iraqis into the fold.

They went on to meetings then with the current prime minister, Ibrahim al-Jaafari. Now, Mr. Jaafari is widely viewed as the principal stumbling block in forming that new government. His United Iraqi Alliance, the big Shia coalition, has nominated him. There are objections from Sunni politicians, from secular politicians and from the Kurds. They didn't directly tell him that he needs to step down. Diplomacy doesn't allow for that. But the message was there that Iraqis -- Iraq's politicians need now to form a new government very quickly for the sake of their people and for the sake of stopping the violence here, Wolf.

BLITZER: Nic, there have been a bunch of incidents, more incidents today in Iraq even as these desperate efforts to form a new government of national unity continue with direct intervention now of the British and U.S. foreign ministers in effect.

What happened with that U.S. Military helicopter that apparently went down?

ROBERTSON: An Apache Longbow helicopter operating south of Baghdad about 5:30 in the evening yesterday, about 15 miles south of Baghdad. It went down in combat operations, we're told. At the moment the two pilots are missing. It's not clear exactly what has happened to them, but they were shot down in combat operations. And the investigation, the search for them and to find out exactly what happened, is still ongoing, Wolf.

BLITZER: Nic Robertson reporting for us in Baghdad. Nic, thanks very much.

And as we now know, the American journalist, Jill Carroll, is about to land back in the United States. Her plane scheduled to land soon in Boston, having survived a three-month hostage ordeal in Iraq.

But the deadly insurgency, the sectarian violence, continues. There's still no new Iraqi government. Just a short while ago I spoke with Iraq's foreign minister, Hoshyar Zebari, in Baghdad.

(BEGIN VIDEOTAPE)

BLITZER: Foreign Minister, thank you very much for joining us. Welcome back to "Late Edition."

You had two surprise visitors today, at least surprise to the rest of the world, maybe not to you, the Foreign Secretary Jack Straw, the Secretary of State Condoleezza Rice.

What was their basic message to the government of Iraq?

HOSHYAR ZEBARI, IRAQI FOREIGN MINISTER: Thank you, Wolf.

In fact, I've just come from meeting out two guests in Baghdad: Dr. Rice and Mr. Straw, Secretary Straw. And the message they are bringing is of two parts. One, there is a sense of urgency to form this new Iraqi national unity government. And second is, there is a sense of impatience back in Washington and London about the delay in the formation of this government. And they were urging us and all the other Iraqi leaders to accelerate efforts to form this government.

BLITZER: What about Ibrahim al-Jaafari? Is he the man that you have confidence in, who should be the next prime minister of Iraq?

ZEBARI: Well, this is one of the challenges, actually, to form this new government. There are a number of parliamentary blocs who raised questions about him leading the next full-term government for four years.

And all the main parliamentary blocs have written to the United Iraqi Alliance, the Shia bloc, to reconsider his nomination. But still, there is a deadlock on this, and the only way to break that stalemate, in my view, is to go to the parliament, to convene the House of Representatives of 275 persons, and then to resolve this issue, whether it would be him or somebody else, or to nominate some other people from the United Iraqi Alliance. I think this is how the thinking is about resolving this issue of the nomination of the prime minister.

BLITZER: Even one of the Shiite leaders yesterday, Qasim Dawood, said, "I call on Jaafari to take a courageous step and set a fine example by stepping down. We have stood behind him for 50 days, and today we have reached the conclusion that there should be a prime minister for all Iraqis, not just one group."

Is that the Kurdish position as well? You're a leading Kurdish political figure.

ZEBARI: Well, the Kurdish Alliance also has written to the Shia bloc, or the United Iraqi Alliance bloc, to reconsider the nomination of Dr. Jaafari, and to give more than one option, or one candidate. What Mr. Qasim Dawood said, actually, he's a member of the alliance, he's a new joiner, and that was his personal -- his view, actually, about Jaafari's nomination.

But I think this issue, Wolf, to be honest and frank, is not an easy one. Up to now, the Shia, or the United Iraqi Alliance still support Jaafari as their main candidate, and they haven't changed views and opinion on him, and they believe that if Jaafari goes, they go. That's why it's not an easy issue, this.

We tried over the last few weeks to resolve this issue amicably, by consensus, but it seems that the issue will not be resolved, and it will go to the parliament to be settled there.

BLITZER: This is what Ibrahim al-Jaafari was quoted in "The New York Times" as saying on Friday. He said: "There's concern among the Iraqi people that the democratic process is being threatened. The source of this is that some American figures have made statements that interfere with the results of the democratic process."

There seems to be growing unease, at least among some of the Iraqi Shiite leaders, as far as the U.S. ambassador, Zalmay Khalilzad in Baghdad, is concerned.

Do you see him as a source of a solution to this crisis or a source of the problem?

ZEBARI: Well, the U.S. ambassador, Dr. Khalilzad, has played a very important, prominent role since his appointment here, and we've been working very closely with him. And really, he's admired, he's respected by all the communities.

But because of the sensitivity of this situation, you will hear some criticism from this side or the other side. I think the main criticism is -- from the Shia bloc has been really, you should not be too upfront.

The United States has a great deal of influence to exercise on all the political leaders. There are different ways to use that.

But I think he still enjoys the respect and the -- of all the Iraqi leaders, including Shia leaders from the United Iraqi Alliance. And I think Iraq is blessed to have such an ambassador with such political skills, to help all the parties to reach consensus.

BLITZER: One quote that stuck out from Ambassador Khalilzad recently -- he said this. He said: "More Iraqis in Baghdad are dying if you look at the recent period of two, three weeks from the militia attacks than from the terrorist car bombings."

These militias seem to be out of control right now in terms of the revenge, the killings that are going on. How bad is the situation?

ZEBARI: Well, I don't want to underestimate the seriousness or the gravity of the situation, but really, it's not a situation close or near to sectarian war, an all-out sectarian war, or civil war, as some of the commentators have indicated.

The country is not dragging into a civil war, or even a sectarian war. There are violence, but this violence is localized in certain areas. It's not nationwide.

Secondly, the political will of the Iraqi leaders had not been shaken. They stood against that scenario. The presence of the multinational force on the ground also serves as a deterrent against the breakout of an all-out sectarian war, as well as we have a political process.

We are making some modest achievements, but everybody is on track; everybody is talking; everybody is compromising.

The main problem is one of time. We are losing a great deal of time. And unless this government is formed to be up and running definitely, I believe, seriously, that there would be more killing and more Iraqi blood shed in vain.

BLITZER: Foreign Minister, it was kind of you to spend some time with us here on "Late Edition" during this hectic schedule you have. Thanks very much.

ZEBARI: My pleasure. My pleasure.

BLITZER: And just ahead, the immigration battle here in the United States.

We're going to go live to Mexico, talk with that country's president, Vicente Fox. This is an exclusive interview that you will see only here on CNN.

Then we'll get the view on this heated debate from two key U.S. senators, Chuck Hagel and Evan Bayh. They're standing by live.

Plus, the nuclear standoff with Iran. Will that country's government reconsider its position? My exclusive interview with the top Iranian nuclear official. Stay with us.

BLITZER: Welcome back. This week's summit in Mexico on illegal immigration ended with promises of greater cooperation from all parties. But the issue remains a volatile one, especially here in the United States.

Joining us now from Mexico with his perspective is the country's president, Vicente Fox.

Mr. President, welcome back to "Late Edition." Thanks very much for joining us.

Help us understand what, if anything, was accomplished in Cancun on this very sensitive subject of illegal immigration into the United States.

PRES. VICENTE FOX, MEXICO: Wolf, how are you? Good to be in your program.

This meeting in Cancun was extraordinary. It held a lot of accomplishments; to begin with, to get the friendship and the personal relationship stronger, especially with the visit of the prime minister from Canada, Stephen, because at Chichen Itza and the meetings gave us the opportunity to really exchange about different subjects.

On the subject of migration, a bilateral subject among United States and Mexico, we had the opportunity to review where is the issue right now, where is the debate.

And it's clear that the issue is on U.S. Congress, so the ball now is there. And we fully respect the sovereignty of the U.S. Congress. And I know they will take the most appropriate decision for both, for the betterment of the United States and for Mexico.

We understand the issue of migration as a responsibility that we share, both countries, but we have to deal with it until we can have a flow of migrants or the situation of migration in United States handled with an orderly manner, with a legal manner, secure manner.

And we are here to cooperate and do our part of the job and exercise our clear responsibilities that we have on the issue, which is building up opportunities for our people in Mexico.

That is what we want at the very end. And we're trying hard. We're working on this, bringing in new jobs, granting new opportunities to people in their communities. So this is the situation right now.

BLITZER: Listen to what the president said because he clearly wants your government to do a lot more to stop some of the migrants from coming into the United States. Listen to this.

(BEGIN VIDEO CLIP)

GEORGE W. BUSH, PRESIDENT OF THE UNITED STATES: Border security is not just one country's prerogative. It's the prerogative and duty of both countries. And we spent time talking about how to work together to continue to strengthen that cooperation necessary to do our duty.

(END VIDEO CLIP)

(CROSSTALK)

BLITZER: The president, Mr. President, the president of the United States -- he wants you to take more aggressive steps to stop the illegal immigration into the United States.

Are you planning on taking any steps along your northern border with the United States to do that?

FOX: Absolutely, yes. Number one, by creating opportunities in Mexico. Right now, on the border there's 100,000 spaces available for jobs on the Mexican side. So we work hard on the opportunities.

Number two, we work hard on the enforcement of the law and the security on the border. We work very closely together, associated with the Homeland Security Department in the States, with Mr. Chertoff.

We work on an everyday basis to make that border secure, to make sure that we comply with human rights respect, and we're doing the same actions and programs on the southern border. Because today, we have a strong migration coming from Central America into Mexico illegally, and then trying to move up to the United States.

Now, for instance, last year we withheld 240,000 Central Americans, and we sent them back to their communities, to their nations. So we're working on all aspects. First, our obligation is to grant opportunities to our people in Mexico. Number two is to do our part of the responsibility in complying with the law and yes, trying to retain our people here in Mexico.

BLITZER: The legislation that passed the House of Representatives, and now different legislation is being considered in the U.S. Senate. The House version would make the illegal immigration a felony, would require employers to verify workers' status.

It would place serious fines for hiring illegal immigrants. It would build a 700-mile fence along part of the U.S.-Mexican border. It would not allow any guest worker program. The

president of the United States wants a guest worker program. What do you think of this 700- mile fence that so many members of the U.S. House of Representatives and some in the Senate would like to build?

FOX: Wolf, the specifics are hard to meet at this point of time. But let me tell you that I fully agree that it has to be a comprehensive resolution that, first of all, has to do with security, has to do with a border that really is sufficient but also has to do with the jobs that these people is doing in United States.

They are being hired by somebody. U.S. economy needs this energy, needs this working force. At the same time, we know that we have to do the part of our responsibility that has to do with building up opportunities in Mexico. Now, how we manage the border, it has to be number one with security. And migration should be under the rules of a legal situation, has to be with order the flow of migrants and has to be secure, respecting their human rights.

And if we reach that situation, that desired situation, then there's no need for walls or there's no need for other actions now.

We are not just going to sit down here in Mexico and say, oh, very good, we have now the opportunity to send people there. No way. We understand our responsibility. And our responsibility is to work...

BLITZER: Unfortunately, it looks like we just lost our transmission from Mexico. We're going to try to repair that and get back to the president of Mexico, Vicente Fox, in a moment. The satellite just went down. We'll take a quick break.

Much more of my conversation with the president of Mexico, Vicente Fox, right after this. Stay with us.

BLITZER: Welcome back to "Late Edition." I'm Wolf Blitzer in Washington. We're joined once again, live, by the president of Mexico, Vicente Fox.

Mr. President, did you know there's serious criticism that elements of your government have actually encouraged illegal immigration from Mexico into the southern part of the United States for whatever economic or social reasons?

What do you say to those critics?

FOX: I deny that. That's not true. We work hard on the opposite, in trying to build up opportunities here in Mexico.

As a matter of fact, our people don't want to be there as long as they have opportunities here. And so basically, that had...

BLITZER: Well, that's unfortunate. We just had another satellite collapse there. We apologize to the President of Mexico, Vicente Fox. We'll try to regroup. We'll try to fix that.

In the meantime we'll take another break.

We'll stand by and speak with two U.S. senators, Republican Chuck Hagel, Democrat Evan Bayh. They're standing by. We'll get to them right after this short break.

(BEGIN VIDEO CLIP)

BUSH: I expect the debate to bring dignity to America.

(END VIDEO CLIP)

BLITZER: Welcome back. President Bush at this week's summit in Cancun, Mexico, talking about the hot-button issue of immigration reform.

Welcome back to "Late Edition."

Here to talk about that and more two guests, Republican Senator Chuck Hagel of Nebraska. He's a member of the Senate Select Intelligence Committee as well as the Foreign Relations Committee.

And Democratic Senator Evan Bayh of Indiana. He also serves on the Intelligence Committee as well as the Armed Services Committee.

Senators, welcome back to "Late Edition."

We're going to speak hopefully with President Vicente Fox. We'll bring him into this conversation as soon as we get that technical problem resolved.

But let's talk a little bit about this whole immigration battle.

Do you agree with the president, Senator Hagel, that there must be a guest worker program that would put these illegal immigrants right now on a track over many years toward citizenship?

SEN. CHUCK HAGEL (R), NEBRASKA: Yes, I do agree with the president. I think immigration reform is just as President Fox and President Bush have said, is more than just border security. That's an element, of course.

But we have today 11 million, 12 million illegal immigrants in this country. That's not in our interest national security wise, economically, socially.

And I think any type of immigration reform we pass must include some pathway to a legal status.

Now, different ways to do that. And there are other dynamics here too. We've got visa issues and -- so I would hope and expect that the United States Senate is going to have a legitimate debate on this. I hope that we can pass a bill that in fact addresses these issues. So I think the president's right.

BLITZER: So you totally disagree with those in the Republican party, the so-called base, the conservative base -- Tom Tancredo, and the chairman of the Judiciary Committee, James Sensenbrenner, and others -- who say that this guest worker program is nothing more than amnesty and rewarding those who jumped ahead of the line and didn't play by the rules?

HAGEL: No, I was the first to introduce comprehensive immigration reform legislation, bipartisan three years ago with Tom Daschle.

I know amnesty when I see it. And amnesty was what Jimmy Carter gave those who fled this country and decided not to fight in Vietnam. That's amnesty: unconditional, come back, all is forgiven. That's amnesty.

The bill that I have, the bills that have been introduced, what came out of the Judiciary Committee, that's not amnesty. This is criteria that they have to comply with.

And the other question I would ask back to that group: how are you going to address this? You realistically think that you are going to get 12 million illegal immigrants to come out of the shadows? Many have been here over five years, now well into the fabric of communities, paying taxes, raising families, going to church on Sunday.

And you think they're going to load up on a bus and go home? Come on. Let's get real with this.

They don't have an answer. And we've got to understand what our options are in the interests of our country.

So yes, I do disagree with them because I don't think they're enhancing the debate. I don't think they're providing any solutions. And we're looking here at solutions.

BLITZER: I suspect, Senator Bayh, you pretty much agree with Senator Hagel on all of this, but correct me if I'm wrong.

SEN. EVAN BAYH (D), INDIANA: No, I do agree, Wolf. I think we'd be a lot better off if we had more Chuck Hagels and Dick Lugars involved in this debate.

We've got to be both honest and practical with the American people. And it is true that we have a security problem along our border. It is not right for our country to have

hundreds of thousands of undocumented people coming and going. We've got to do more to secure those borders.

BLITZER: Should there be a wall, a fence, a 700-mile fence, as the House passed?

BAYH: Well, I said both true and practical, Wolf. I don't know (inaudible) a wall's going to work. So we have to do things to secure the border, to stem that flow but in a more practical way.

And dealing with the guest worker issue, I think Chuck is exactly right. We've got about 12 million people. That's close to double the population of my state: every man, woman, and child.

We couldn't track these people down and expel them from the country if we wanted to.

So we have to find a way, without rewarding violating the law, to bring them out of the shadows, impose fines, criminal background checks, paying back taxes, learning English, those kinds of things. Make them go to the back of the line.

But then have some kind of regular status here because the truth is that's in our national security interest, too.

BLITZER: Let's switch gears and talk about Iraq. The secretary of state, Condoleezza Rice, made a surprise visit there today with Jack Straw, the British foreign secretary. Clearly, they're trying to get a government of national unity in place.

The sense is that Ibrahim al-Jaafari, the man selected by the Shiite majority, is not the guy to do it. How forceful should the U.S. be, the Bush administration specifically, Senator Hagel, in trying to get this new government of national unity in Iraq off the ground?

HAGEL: Well, there's no question that the future of Iraq will be decided by the Iraqi people. This election took place almost four months ago, and we still do not have a government. Yes, we would want to see -- hope to see, and I think it really is dependent on whether the Iraqis can form a national unity government.

But to your question, we have limited influence. You can't have it both ways. We have been in fact the de facto government of Iraq the last three years. We've put into position all those who have essentially governed the Iraqis. We took great pride four months ago as the president and others have said the Iraqis have had a free, fair election, a constitutionally based election, they have elected 275 members of a national assembly, they will choose their own prime minister and their cabinet.

And so we have to accept the end product of that. If in fact we really believe in democracy.

So to go in now and to try to forge a different outcome from where the 275 members are is going to be difficult. There's a backlash we're seeing right now in Iraq for that.

And we cannot be seen as again trying to insert a puppet government or however way that's perceived. Just the fact that we had to have the secretary of state and British foreign minister make essentially an emergency visit to Baghdad tells us an awful lot.

BLITZER: How concerned are you, Senator Bayh, and you're privy to the most sensitive information, that this country is on the verge of a civil war?

BAYH: Well, I'm very concerned, Wolf. One or two more atrocities like the bombing of that mosque, and we could have something like a civil war there. And it's very violent as it is today.

We have to put the pressure on them not to choose who we want as their leader but to get their own political act together, to form a unity government where the Shia will not just seek to have payback against the Sunnis.

The Sunnis will reconcile themselves to the future, not attempt to go back to the past, and the Kurds will realize they can have some autonomy but not a quasi-independent state. If they get their act together, Wolf, we can help them. If they don't, if they're not willing to make the tough compromises to live in one country together, no matter what we do, this is not going to work out and a civil war may be likely.

So picking their prime minister? No. But telling them, look, the time for decision making is now? Yes, that's absolutely what we should do.

BLITZER: We've re-established contact with the President of Mexico, Vicente Fox. I want to bring him in.

Mr. President, once again, our apologies for some of those satellite problems that have occurred. Two senators, prominent Senators Evan Bayh and Chuck Hagel, are here in our Washington studios with us. We're talking about Iraq. I want to get back to immigration in a moment. But any regrets that you have that you didn't support President Bush when he asked for your support on the war in Iraq three years ago?

FOX: I think they are completely two different subjects that have different considerations. What we have on our agenda today is several bilateral issues, specifically and most importantly the migration issue, which we're working out together. We have worked hard for five years, listening, getting the facts, understanding the problem and coming up with proposals or solutions.

And basically, there are two that are key. One --

BLITZER: Unfortunately, there he goes again. We apologize to the President of Mexico, Vicente Fox. We're going to try to fix that and bring him back on "Late Edition" on another occasion.

But once again, we're sorry for those technical problems.

BAYH: Let him know it happens to us too, Wolf.

BLITZER: It's nothing anti-Mexican. I can assure our viewers. These things happen in live television.

Let's continue this conversation about Iraq. Senator Hagel, you said, and correct me if I'm wrong, you think the country's in worse shape now than it was three years ago. I'm paraphrasing. But what did you mean by that?

HAGEL: Well, I think if you look at the measurement of progress and where we are today in Iraq versus three years ago, whether it's oil production, whether it's corruption, whether it's government, whether it's just the basic needs of the people, more illegality, illegal acts, murders, criminality, when you look at the scope of where we are as you measure progress in any country, I think it is worse off, Iraq, today than it was three years ago.

And I would add to that, the region. I've always believed that you can't deal with Iraq in an isolated test tube. It is part of a regional dynamic. Is the Middle East more stable...
BLITZER: So what I hear you saying -- let me interrupt for a moment. What I hear you saying is it was a huge mistake to go in and get rid of Saddam Hussein, the U.S. should have just left him there, tried to contain him, continue that status quo, with hindsight you believe it was a mistake?

HAGEL: Well, you know what I've said about this over the last three years, and I've questioned it every step of the way.

History will decide whether it was a mistake or not.

But the fact is where we are today I think the Middle East is more unstable, more complicated, more dangerous than it was three years ago.

Now, historians will figure out whether we made a mistake or not.

But certainly every tactical, every strategic decision right from the beginning was a mistake in my opinion. Try to invade a country the size of Iraq with 130,000 troops and occupy it? That was insane. The chief of staff of the army, General Shinseki, said it was. He said it would take hundreds of thousands of troops. Secretary Rumsfeld and others said, well, that was just fantasy.

So, yes, I think we are in worse shape today than we were three years ago.

BLITZER: Senator Bayh, you agree?

BAYH: We're nowhere near where we need to be, Wolf, that's for sure. And the level of incompetence that has characterized this venture has been tragic and breathtaking.

As Chuck mentioned, never enough troops, no plan for the aftermath, complete de-Baathification, that policy was described to me in Baghdad this last January by one of the administration's top people there as, quote, "insane."

So this whole thing has been just a tragedy from the beginning in terms of the incompetence...

BLITZER: So what do you do at this point?

BAYH: Two things. Number one, one of our to be generals told me in our last visit, there's no military answer to this; there can only be a political answer to this. So keep the pressure on the Iraqis to reach the tough decisions they have to make to make a political go of it. Then there may be some possibility for extricating ourselves in a reasonable way.

If they don't make those tough decisions, then this is never going to work out, and we should leave sooner rather than later.

The final thing, though, is then security. Benchmarks for progress, a timeline for reaching those benchmarks, accountability for making them. One final point, Wolf, it's not helpful when the president says, "Well, this is going to be for my successor to decide. We're there for at least three more years."

That's not the way you keep the pressure on the Iraqis to make the hard decisions they have to make...

BLITZER: He said future presidents would have to decide on the extent of the U.S. deployment in Iraq.

HAGEL: Wolf, if I could add one thing to Evan's list of things we have to do. We must recognize this in a regional security way. We must bring in the countries of that region in some established regional security format, concept, because this is a regional issue.

And the only way you do that is you've got to buy them in over there. And to let Iraq flap around out there, as has been the case the last three years, is going to produce a very unstable and dangerous world.

And that has to be done. To regionalize this in some security mechanism, whether it's a regional NATO or whatever it is, as soon as this government is formed that has to happen, it seems to me.

BLITZER: Senator Bayh, listen to what Secretary Rice said on Friday and then her subsequent clarification on Saturday.

(BEGIN VIDEO CLIP)

CONDOLEEZZA RICE, SECRETARY OF STATE: I know we've made tactical errors, thousands of them, I'm sure. This could have gone that way or that could have gone that way. But when you look back in history, what will be judged is did you make the right strategic decisions.

(END VIDEO CLIP)

(BEGIN VIDEO CLIP)

RICE: I meant it figuratively, not literally. All right? Let me be very clear about that. I wasn't sitting around counting. I also said a little later on that I've done this a thousand times. That probably was also figurative.

(END VIDEO CLIP)

BLITZER: When she said that the U.S. has made thousands of tactical errors looking back, she didn't mean it literally. But she is acknowledging that there were a lot of mistakes that were made.

BAYH: It sounds, Wolf, like they were for candor before they decided to be against candor. I mean, finally -- and I think the American people will understand that mistakes have been made.

What they don't understand is the inability to learn from those mistakes, to do better, to move on and get to the place where we need to be. So I think it was -- I think she should have stuck with her first admission, which was look, mistakes have been made. Now we need to learn from them and go on and bring this to a better conclusion.

BLITZER: Senator Hagel, you served in Vietnam. You're a combat veteran. A lot of parents of troops, men and women, are serving in Iraq right now. When they look at the current situation, should these young men and women be in harm's way, as they clearly are, it's a very dangerous situation, knowing what you know right now? Or should the U.S. simply declare a victory, if you will, and get out?

HAGEL: Well, our brave young men and women who have put their lives on the line for this country are there because they're committed to a cause greater than their own self-interest. And the cohesion of that commitment to our country, to our policy, must stay strong.

And yes, the human dynamic of this as parents look at their children, is that worth it? Is my son or daughter's life worth what's going on over there?

Again, I think we can't in these particular times get bogged down with that one question because this is a large concept of a policy. We're trying to deal with not only terrorism, proliferation of weapons of mass destruction, our national security, but the fact is we do overlook and we did overlook at the beginning that human dynamic. Somebody has to fight these wars. Somebody dies in these wars and is maimed. And somehow we tend to disconnect that from the policy.

BLITZER: Because -- I ask you these questions because both of you have widely been considered potential presidential candidates.

And I'm going to take a break, but I want to ask both of you before we do, if you were president, could you look an American parent in the eye and say I want to send your son or daughter over to Iraq right now because this is critical to the American national security?

HAGEL: Well, I would never say that because I never believed it when we went in. I said before we went in that we are in a situation in Iraq that Iraq does not present an imminent danger to the United States of America.

Now, we can't have thousands of presidents and secretaries of state and other senior officials. We have one president. We have one Congress. And they make the policy for this country.

But no, I would not have said that because I didn't believe it. I would never send a troop anywhere in the world unless I believed, and the president I'm sure believed and still does, his policy is the right policy.

And I'm not questioning the -- or impugning his motives. But I don't agree.

BLITZER: You want to just quickly respond?

BAYH: Two things, Wolf. I think it is right when we stand for freedom, it is right when we stand for democracy, and it is right when we stand against dictators like Saddam.

Knowing what we know today, we wouldn't have made the same decisions that we've made. We would have tried to displace him using other means.

But we are where we are, and it is in the national security interests of the United States of America to try and keep this from devolving into a civil war that will destabilize the region and come back to hurt us.

If the Iraqis get their act together, we have a chance to prevent that. If they don't, then we should leave much sooner rather than later because there is nothing we can do for them if they are not willing or capable of doing for themselves.

BLITZER: All right, Senators, stand by.

We'll take a quick break.

Much more of our conversation with Senators Hagel and Bayh right after this.

BLITZER: Welcome back to "Late Edition." We're talking with Nebraska Republican Senator Chuck Hagel -- he's a member of the Senate Intelligence and Foreign Relations Committees -- and Indiana Democratic Senator Evan Bayh. He's also a member of the Intelligence Committee as well as the Armed Services Committee.

There was a front page headline, Senator Hagel, in the Washington Post that said this, "Attacking Iran May Trigger Terrorism: U.S. Experts Wary of Military Action Over Nuclear Program."

Should the U.S., assuming diplomacy fails, try to militarily take out the Iranian nuclear facilities?

HAGEL: Well, first of all, I think we have to recognize that this Iranian issue does represent a real threat to the United States.

BLITZER: Unlike Iraq, you mean.

HAGEL: Unlike Iraq. This is a real legitimate issue.

And I think, before we charge off in going off to another war -- we're in two of them now, in Afghanistan and Iraq -- we'd better think through this one carefully and clearly. I think it's going to require an engagement directly with the Iranians.

BLITZER: You mean direct conversation?

HAGEL: I think the United States, not just on Iraq, but an entire package of interests -- I don't know how you conduct diplomacy; I don't know how you deal with these great complicated, dangerous issues of our time unless you talk to people.

We really do not have good intelligence on what's going on there. That story in the Washington Post, I think, is quite accurate.

BLITZER: The story, Senator Bayh, was that if the U.S. were to take military action, the Iranians would respond through Hezbollah or Islamic Jihad with worldwide terror attacks against Americans.

BAYH: Wolf, they probably would. They would probably also try and disrupt our petroleum supply from the Persian Gulf. So there are all sorts of practical and adverse consequences to using military force.

But the consequences of a nuclear armed Iran, the foremost sponsor of terrorism in the world, are just, if not more grave.

So what we need to do today, Wolf, is very much like John Kennedy did with Cuba when there was an attempt to put nuclear weapons there: seek to make Iran a pariah state with an economic, financial, political embargo of that country, summoning all the other nations that have the capability of doing that to let them know that there are adverse consequences to continuing to pursue this nuclear path.

That, really, at this juncture is our best hope of avoiding two unacceptable alternatives, a nuclear powered Iran or using military force against them, which has very difficult consequences.

BLITZER: We only have a little time left, but very quickly, if you could give me your quick response. Senator Feingold's motion to censure the president because of the warrantless domestic surveillance; do you think that's a good idea?

BAYH: Look, I understand the frustration and the anger at the direction this country has taken the last five years. Those are emotions that I share as well.

But we owe it to this country to do more than just vent our frustrations or to engage in symbolic actions. We have to change our course.

That means rewriting the FISA statute and ultimately winning November's elections so that we can have more checks and balances. I just don't see how that helps us get to either of those outcomes.

BLITZER: What do you think?

HAGEL: I'm opposed to it. I don't think it's a wise course of action.

I disagree with the president on his interpretation of FISA and his authority to wiretap without warrants. But the best way to handle that is the way we're doing it now.

I was one of the four Republicans who rewrote that bill, introduced that bill. That's the way to do it. I don't think the president lied to America. I don't happen to agree with his interpretation. But I think his interests were right and his motives were clear.

So to say we ought to censure him because we disagree with him -- I don't think that's the correct way to approach it.

BLITZER: Do you want to be president of the United States?

HAGEL: Well, I'll make a decision on my political future after the election this year.

We need a lot of good people like Senator Bayh and others in this business. And I think we do have a lot of great people who are going to come forward for the 2008 election. America needs them, both Democrats and Republicans.

BLITZER: What's your answer? Do you want to be president of the United States?

BAYH: I want to help lead this country in a better direction, Wolf. We need that. What capacity that will mean, I haven't decided yet. I hope it won't harm our friendship if I don't announce that on your show here today.

BLITZER: It won't harm our friendship. Thanks to both of you. Appreciate it very much.

HAGEL: Thanks, Wolf.

BLITZER: And there's much more ahead on "late Edition," including the Senate Majority Leader Bill Frist. We'll ask him about his proposal to address the uproar over illegal immigration. "Late Edition" continues, right at the top of the hour.

BLITZER: This is "Late Edition," the last word in Sunday talk.

(BEGIN VIDEO CLIP)

BUSH: We are a nation of laws, and, therefore, must enforce our laws. And that includes enforcing the laws of people coming into our country illegally.

(END VIDEO CLIP)

BLITZER: From the immigration battle to the war in Iraq, President Bush goes on the offensive, but is the U.S. public buying his message and how worried are Republicans in Congress about slumping poll numbers?

We'll ask Senate Majority Leader Bill Frist.

(BEGIN VIDEO CLIP)

RICE: It is not the international community that is isolating Iran. It is the Iranian regime that is isolating Iran.

(END VIDEO CLIP)

BLITZER: Iran gets a new warning about its nuclear program. Will the country defy the world? Iran's representative to the International Atomic Energy Agency, Ali Asghar Soltanieh, speaks out in an exclusive interview.

Welcome back. We'll speak with the Senate Majority Leader Bill Frist in just a moment.

First, though, let's get a quick check of what's in the news right now.

(NEWSBREAK)

BLITZER: Thanks very much, Sophia.

In Iraq a bit of diplomatic muscle today, the U.S. Secretary of State Condoleezza Rice and her British counterpart, the Foreign Secretary Jack Straw, made a surprise visit to Baghdad.

Our senior international correspondent, Nic Robertson, is in the Iraqi capital. He's joining us now with the latest details. Nic?

ROBERTSON: Well, Wolf, they met with a lot of politicians here today. But the first one they met with, the president of Iraq, Jalal Talabani, thanking him for his efforts in trying to form a new Iraqi government for holding meetings. And they stressed to him the importance that whoever leads the new Iraqi government needs to be someone who can bring Iraqis into the fold.

They then met with Ibrahim al-Jaafari, the current prime minister in Iraq, the man who is widely seen here as a stumbling block to forming that new government. He wants to be the next prime minister of Iraq.

Sunni politicians, secular politicians, Kurdish politicians all oppose his nomination by the dominant, large Shia political bloc.

The discussions there very diplomatic, but the message coming across loud and clear to Iraqi politicians from both Jack Straw and Condoleezza Rice, that the Iraqis need to form that new government quickly. The reason they need to do it quickly is because the vacuum is allowing the insurgency, is allowing the sectarian violence to really get a hold here in Iraq, Wolf.

BLITZER: Nic Robertson on the scene for us in Baghdad. Thank you very much.

Back here in the United States, Iraq certainly a high issue as is the immigration reform debate. And it's drawing some unusual battle lines with members of the president's own party opposing key parts of his proposal for reform.

Joining us now to talk about immigration, Iraq, lots of other issues, the Senate Majority Leader Bill Frist of Tennessee.

Senator, thanks very much for joining us.

SEN. BILL FRIST (R-TN), MAJORITY LEADER: Wolf, nice to be with you today.

BLITZER: Let's talk about Iraq, first and foremost. This is an issue that hovers over this presidency over these past three years. It will define, I think most experts agree, the Bush presidency.

How concerned are you right now that this whole adventure in Iraq may turn out to be a waste, if you will, or it may turn out to be nothing that really justified the enormous cost in lives and treasure?

FRIST: Well, I'm not concerned about the justification because I believe that we were justified initially, we're justified today with the war on terror being a war that it is incumbent upon us to address aggressively. That's what we're doing in Iraq, Afghanistan, indeed around the world.

I do think it's going to be a critical week this week. The president has laid out a very clear plan for Iraq in a political sense, in an economic sense and in a security sense. We've made security progress, we've made political progress last year with the three free elections with a turnout greater than here in the United States.

Economically growth there is around 3 1/2 percent to 4 percent, projected to be 9 percent.

The focus this week will be on that civil society, government, political end of things that we have to have a government that is broadly supported in Iraq. Right now the focus will be on al-Jaafari and the prime minister over the next week. And I'm sure that's what the secretary is talking about today.

BLITZER: She and the British foreign secretary clearly trying to get the Iraqis, shake them up, if you will, and try to get them to form this government of national unity.

Let me read to from you the editorial in today's New York Times, one paragraph: "Iraq is becoming a country that America should be ashamed to support, let alone occupy. The nation as a whole is sliding closer to open civil war. In its capital, thugs kidnap and torture innocent civilians with impunity, then murder them for their religious beliefs. The rights of women are evaporating. The head of the government is the ally of a radical anti-American cleric who leads a powerful private militia that is behind much of the sectarian terror."

The editorial goes on to say, "Unfortunately after three years of policy blunders in Iraq, Washington may no longer have the political or military capital to prevail."

That's about as gloomy as I've read as far as an assessment of the current situation in Iraq is concerned.

FRIST: It is a gloomy and it is pessimistic, and I just disagree with it wholeheartedly.

If you look on the security front, the tremendous progress that has been made with now 100 Iraqi battalions, have stood up. The fact that we have over 225,000 security forces that weren't there, Iraqi security forces. The fact that there is economic growth and the Iraqi people, as we have all seen as we traveled around Iraq on our repeated trips, are industrious people who do want to focus on their family's lives, their small businesses and grow that economic development.

And now politically the tremendous progress that has been made in the elections I just talked about last year.

BLITZER: But these murders -- the dozens of bodies turning up, tortured. It really does not necessarily bode well, the sectarian violence that we see.

FRIST: And I'm as concerned about the sectarian violence, the regional violence that we've seen...

BLITZER: Do you see any effort on the part of the Iraqi political leadership, whether Shia, Kurd or Sunni, to rein in these militias that are running out there independent of the Iraqi international military?

FRIST: You know, Wolf, I think that's exactly why it is so important. I'm sure that's why Secretary Rice is there in part today, why our United States senators who go there and come back will reflect the importance of putting pressure on the Iraqi government today, which has been duly elected, to come together to formulate specifically behind the prime minister and with a cabinet in the next several weeks. If so, I'm confident coupled with the security and standing up the Iraqi forces and the economic growth, which will be allowed with that security, that if we can just finish this last component with a government that's representative, that is open, that is transparent, broadly representative and broadly supported, that we will see the success that we all had a goal to achieve and we can achieve.

BLITZER: It seems like a lot of American officials, from the president on down, have lost confidence in Ibrahim al-Jaafari in part because his alliance with Muqtada al Sadr, this anti-American cleric leader. Have you lost confidence in this man?

FRIST: It's up to Iraqi people. And it's one thing that we shouldn't come in and dictate. But our force, our power, our authority should be to say, you need to decide as the Iraqi people.

The government should be broadly representative, it should take into account the Kurds, the Sunnis as well as the Shiite, but it is up to you to choose the person. Let's get on with it, let's get on with it, let's give that structure, and if so we can achieve that goal of a nation under law operating under the rule of law, a good neighbor and a people that is respective of the human rights in that country.

BLITZER: We just heard your Republican colleague from Nebraska, Senator Hagel, say that unlike Iraq, where he doesn't think the U.S. really had national security interests in going in to begin with, he sees a real national security interest in dealing with Iran right now and its potential nuclear capability. There was a very disturbing story in The Washington Post today saying if the U.S. were to take military action to deal with Iran's nuclear facilities, Iran would respond with terror attacks against Americans all over the world using Hezbollah, Islamic Jihad and other groups.

How concerned are you as the Senate leader on this -- as a result of this suggestion in the Washington Post?

FRIST: Yes, well, a couple things. First of all, I respectfully disagree with Chuck in that I think, whether it was Afghanistan or Iraq or now focusing our attention on Iran, it is absolutely important, critical, that wherever there is a threat to security of a region that is important to us here at home that we need to address those issues.

I do agree that Iran is a huge threat to the United States today. I think we need to address it in a diplomatic way, using political sanctions, using diplomatic sanctions, using economic sanctions if necessary and also keeping on the table the military option. And it is a threat that we need to address and I believe we are addressing.

BLITZER: Does Iran have that capability to launch such a worldwide terror assault against Americans?

FRIST: Well, it's why I go back and say the region is important. The war on terror isn't against one person, against one state but it is against an entity that can appear anywhere in the world.

And that's why, when you hear us in the United States arguing to have a strong Patriot Act here, to have a strong terrorist surveillance program here, which applies anywhere in the world so that we have those tools wherever it arises to fight and fight aggressively.

BLITZER: Let's talk about immigration reform. You've been outspoken in recent days and weeks on this issue.

Listen to what the president said this week. Listen to this.

(BEGIN VIDEO CLIP)

BUSH: My judgment is you cannot enforce the border without having a temporary guest worker program. The two go hand in hand.

There are people doing jobs Americans will not do. Many people who have come into our country are helping our economy grow. It's just a fact of life.

(END VIDEO CLIP)

BLITZER: The president says any immigration reform legislation must include a guest worker program. You disagree.

FRIST: No. Let me tell you right where we are, what my beliefs are. First of all, we are a rich nation of immigrants. And we know that; we need to show respect to that in terms of our culture, in terms of our economic growth.

Secondly and equally as importantly, we're a nation of laws and that law must be upheld.

I don't think we should give amnesty where the law has been broken. But the only way to address an immigration system which is flat out broken -- our entire immigration system, and we see it today -- is to have this three-legged stool addressed.

Number one, border security -- we've got to have that border tight, strongly enforced. That second leg of the stool has got to be the interior enforcement, employer enforcement.

And third has to be a guest worker program in the sense of a temporary worker program here that looks to the future, people coming here to work legally, and, secondly, addresses the real challenge out there and that's the 12 million illegal immigrants who are here today.

BLITZER: Well, should those 12 million or 11 million, 10 million, whatever that number is, should they be able to stay in the United States and apply for guest worker status, enabling them to get documents, stay as legal workers in the United States and eventually, as the Senate Judiciary Committee recommended, let them apply for citizenship?

FRIST: Wolf, that will be the fundamental question over the next six days on the floor of the Senate.

BLITZER: You support that?

FRIST: And let me tell you right where it is and I'll answer your question specifically. I am opposed to amnesty. Now, that word is thrown around here all the time.

BLITZER: Everybody says they're opposed to it. So the question is guest workers...

FRIST: Let me tell you what my definition of amnesty is. Amnesty is where you give somebody who has broken the law, entered this country illegally, a leg up in applying for citizenship in this country.

You put them ahead of three million people who are outside our borders today who legally are waiting for citizenship today. And to me that is amnesty. And I'm opposed to that.

I don't think that we should legislate a track that gives a privileged status to people who have broken the law.

BLITZER: So you disagree with Senator Specter, the chairman of the Judiciary Committee?

FRIST: I do because that bill, the way it is written at the floor -- again we need a strong temporary worker program that addresses the twelve million people -- but that bill specifically gives a privileged path to citizenship for people who have broken the law.

BLITZER: Listen to Senator Specter. I want to play this sound bite from him. Listen to this.

(BEGIN VIDEO CLIP)

U.S. SENATOR ARLEN SPECTER (R-PA): It is not amnesty because the undocumented aliens will have to pay a fine. They will have to pay back taxes. They will undergo a thorough background investigation. They will have to learn English. They will have to work for six years. And they will have to earn the status of staying in the country and the status of moving toward citizenship.

(END VIDEO CLIP)

BLITZER: What's wrong with that?

FRIST: Well, I think that list is good, but that's just common sense. It's what we expect of everybody in this town, everybody in America today.

So it still goes back to the fact that people came to this country illegally and that, if you give them a privileged path to a Green Card into citizenship that is ahead of the three million people who are waiting today outside of our borders in a legal way, that is amnesty.

Now, what I think will happen is that we'll address border security. Right now, a sovereign nation has as its first responsibility to a secure border. Everybody agrees.

We will have the interior enforcement, the work site enforcement. We need to give our employers the tools they need to enforce the laws that we put on the book.

And then thirdly, with this temporary worker, the 12 million workers who are out there -- and the debate has matured. We don't have to give them amnesty, but a period of time here.

And we're going to have to compromise and recognize that that 12 million people is not a monolithic group. It's not a uniform group. Some have been here ten years; they're assimilated to our society and they may have a road to a green card.

But some of those 12 million people here -- in fact, 40 percent -- have been here for less than five years, need to be dealt in a different fashion.

BLITZER: So you would kick them out?

FRIST: Well, I think we'll have to work with that. That will be the debate on the floor. If somebody is here and they're a felon or multiple misdemeanors or somebody who is not working, someone who has been here for a year, somebody who has intentions other than staying here, yes, I think they'd have to go back home.

Right now, if we give them -- amnesty is not the answer. Right now, to have them all go back home is literally impossible today.

So it is incumbent upon us in the Senate to compromise in a way that is fair, that is equitable, that recognizes this 12 million is not one monolithic uniform group.

BLITZER: So do you believe -- and you're the leader of the Republicans in Senate -- do you believe there will be legislation, work done in the Senate and then a compromise worked out with the House, that will allow immigration reform to go forward, a piece of legislation the president will be able to sign into law?

FRIST: Wolf, I do. And it will be comprehensive in the sense that it will address each of the components I mentioned, strong border security, interior enforcement...

How long will that take? When do you think that will happen?

Well, I believe that the United States Senate, and I laid this out in October, that we would address comprehensive reform starting with strong border security up front, that we would finish it over this two-week period.

So I hope, by Friday, that we will have a bill on the floor that is comprehensive that addresses the issues we've been talking about.

BLITZER: And then you'll try to work out in the joint House/Senate Conference Committee because the House version is dramatically different than the Senate version.

FRIST: It is. And I'm very hopeful -- and one of the reasons I've driven it as leader, this whole issue is because there are three million people every year coming across our borders illegally, three million.

We don't know who they are; we don't know what their intentions are. And it's growing. That problem is growing at a rate of 25 percent a year. So yes, it is incumbent. We absolutely must address it.

And the only way to effectively address it is looking at all three of those legs of the stool. Anything short of that is simply not going to work. We saw that in 1996.

BLITZER: Time Magazine columnist Joe Klein has a very devastating piece about you that's in the new issue -- just came out.

Let me read a paragraph from there: "Frist will leave the Senate at the end of the year and start his presidential campaign. Quote, 'He'll disappear,' said a Republican consultant. 'He's not built for heavy weather. He's just not an instinctive politician. And when you're a light candidate, every maneuver seems naked and tactical. With Frist, it's been college Republican sort of stuff.'"

Those are tough words. I don't know who this unnamed Republican consultant is -- clearly someone who doesn't like you.

(LAUGHTER)

FRIST: No, no. Listen, I think all the political pundit are going to be trying to frame everything that's done over the next eight months in 2008 -- the framework.

I came here as a citizen legislator, 20 years in the healing profession of medicine, 12 years as a United States senator.

My commitment and my focus is on governing, trying to move this country to a stronger, more prosperous, a healthier nation.

And that's where I'm going to stay focused. And that's why we take on the tough issues like immigration, a real problem out there that America cares about, that Washington in many ways says, let's don't focus on it at all; let's move on.

But that's why, as a leader, I'm bringing it to the floor to address it. It will make us safer; it will make us healthier; it will make us more secure.

BLITZER: You want to run for president?

FRIST: I don't know. I'll decide when I get back home to Nashville, to live in the home that I grew up in in 2007. My focus, 100 percent, right now, is on help leading this country and this Senate in a way that makes us more prosperous and healthier and safer.

BLITZER: What's the status of that stock investigation, your company, your family company. Where does that stand right now? Because it seems to be a shadow that's following you.

FRIST: Well, I don't know. It's an inquiry that I participated in and given all the information itself. I'm very confident of the outcome. I acted properly at every step along the way.

BLITZER: And where does it stand? Has anyone from the SEC or any federal investigators asked you to do things you don't want to do?

FRIST: No.

Not at all. And you know, all the information has been provided. I acted properly every step along the way. So I'm confident in the outcome.

That's why I think that all the focus us on the sort of issues that are important to this country, securing America's borders, making this country safer and making a healthier and a more productive country.

And that's where my focus is and that's where the focus should be.

BLITZER: Senator Frist, it was kind of you to come into our studio. Thanks for joining us on "Late Edition."

FRIST: Great to be with you, Wolf.

BLITZER: Thank you very much, the Senate Majority Leader Bill Frist.

And coming up next:

(BEGIN VIDEO CLIP)

ALI ASGHAR SOLTANIEH, IRAN'S AMBASSADOR TO THE IAEA: The Iranian nation will be threatened and any harm will come to the Iranian nation, then we will defend it to the last moment.

(END VIDEO CLIP)

BLITZER: Iran defiant over its nuclear program. My exclusive interview with the country's representative to the International Atomic Energy Agency, Ali Asghar Soltanieh. That's coming up.

And in case you missed it, our highlights of the other Sunday morning talk shows here in the United States. "Late Edition" continues right after this.

BLITZER: There's still time for to you weigh in on our web question of the week: Should illegal immigrants have a right to apply for U.S. citizenship? You can cast your vote, go to cnn.com/lateedition.

Straight ahead, Iran tests a new ballistic missile. Is the move threatening world security? We'll hear directly from a top Iranian nuclear official.

You're watching "Late Edition," the last word in Sunday talk.

BLITZER: You're looking at a live picture of this Lufthansa aircraft that has just landed at Boston's Logan Airport. Jill Carroll, the American hostage has spent three months in captivity in Iraq, is on that plane. She's going to be walking off that plane momentarily to freedom, to meet her loved ones here in the United States.

It's been a long ordeal for Jill Carroll. We'll watch this story for you to see if Jill Carroll makes any statement. But this is the Lufthansa flight from Frankfurt that has brought Jill Carroll back to the United States, home, after being held hostage for three months.

Welcome back to "Late Edition." I'm Wolf Blitzer in Washington. Now to the tensions between the Iranian government and the Bush administration over Iran's nuclear program. So far both sides are refusing to back down.

I spoke with Iran's ambassador to the International Atomic Energy Agency, Ali Asghar Soltanieh, about his government's nuclear intentions.

(BEGIN VIDEOTAPE)

BLITZER: Mr. Ambassador, welcome to "Late Edition." Thanks very much for joining us.

Even as we speak, there are reports now that Iran has test-fired a new ballistic missile that has stealth capabilities to avoid radar and can hit multiple targets. Can you confirm those reports?

SOLTANIEH: Yes, it was confirmed by one of the military officials in Tehran.

BLITZER: How worried should the world be that you've developed this capability?

SOLTANIEH: The world should not worry because any country has its own self-defense, conventional military activities.

BLITZER: Can these new missiles carry a nuclear warhead?

SOLTANIEH: No, that is not right.

BLITZER: When you say that, that means the missiles are not theoretically capable of carrying a nuclear warhead? Is that what you're saying?

SOLTANIEH: Well, I said no, to the best of my knowledge, that is not the case. But of course I'm not in position to do it because this is not my field and responsibility.

I was assuming that we are going to talk about the latest development regarding the nuclear activities and the IAEA matters. That is what I'm responsible for.

BLITZER: Well, that's what we're about to talk about, but I wanted to ask you about that news involving this missile.

The United Nations Security Council has now issued a unanimously- approved statement urging Iran to stop enriching uranium, and saying the clock is ticking, you have 30 days to comply. Will your government comply with that Security Council request?

SOLTANIEH: Well, this is the first reaction, I can say is that we express our regret for such a hasty decision because the wisest decision was no action.

The best action of United Nations Security Council is no action, merely just to take note of the documents which have been sent to United Nations Security Council and let the IAEA to do its own job because the IAEA is the only pertinent technical international organization to do its responsibility. The more U.N. -- United Nations Security Council is engaged and involved, the situation will be further deteriorated. And we have to prevent confrontation.

BLITZER: So does that mean you won't comply with that request from the Security Council? Is that your response?

SOLTANIEH: If the request is to continue our cooperation with the IAEA, the response is affirmative.

If the question and expectation is not to withdraw from NPT, we are not going to withdraw from the NPT, and we are going to continue our obligation under the NPT safeguard. Since last resolution of the board of governors, the inspectors have continued their activities in Iran.

And for you information also, next week there will be another group visiting Iran and enrichment facilities. Therefore, that which will be in direction of our obligation under the NPT safeguard, that will be affirmative, and we will have to continue our cooperation with the IAEA, and we will do so.

But if it is beyond our legal obligation, and if your expectation, which could not be applied, and it is forcing Iran to take measures beyond its legal obligation and discriminative approach, that will not be acceptable, of course.

BLITZER: I want you to listen, Mr. Ambassador, to what the vice president of the United States, Dick Cheney, said on March 7th. Listen to this:

(BEGIN AUDIO CLIP)

DICK CHENEY, VICE PRESIDENT OF THE UNITED STATES: The United States is keeping all options on the table in addressing the irresponsible conduct of the regime.

(APPLAUSE)

And we join other nations in sending that regime a clear message: We will not allow Iran to have a nuclear weapon.

(END AUDIO CLIP)

BLITZER: That's a very forceful statement from the vice president, Dick Cheney. What's your response to that threat?

SOLTANIEH: The response is, first of all, Iranian great nation cannot bow to, and will not bow to, any threat or intimidation. Second point is, the notion of nuclear weapon is a wrong notion. We are in nuclear activities, we continue to be. It is more than 40 years that we are in this field and we will continue, and we will not stop our activities, in the nuclear activities.

But at the same time, I want also through you, to pass this message to the American nation that it is enough that the present administration are threatening different countries with military aggression, and thousands of American young people have been killed in Iraq and other parts of the world.

Enough is enough. Let's work for peace, rather than confrontation.

BLITZER: Here's what the president said the other day, as well. Listen to President Bush:

(BEGIN AUDIO CLIP)

BUSH: The Iranian president has stated his desire to destroy our ally, Israel. So when you start listening to what he has said, their desire to develop a nuclear weapon, then you begin to see an issue of grave national security concern.

(END AUDIO CLIP)

BLITZER: When the president of the United States says, "This is an issue of grave national security concern," the vice president makes that direct threat -- you must be worried, given the U.S. behavior, given the U.S. support for what has been described as "preemptive strikes" against potential threats.

SOLTANIEH: Well, I have to draw your kind attention to the fact that there have been a selective, usually, reflection of the statement and position of my country.

The supreme leader of the Islamic Republic of Iran has announced, more than two years, and few cases, the Western media have reflected to public of the world, that if the divine religions -- followers of the divine religions, Jews, Christians and Muslims, in that area follow a referendum, democratic referendum, and are one (ph) with homeless Palestinians, Iranian government and Iranian people would respect their decision.

Therefore, these are fabricated news that they are threatening and using this as an excuse for the military aggression or the aggressive policy.

I just want to say that, regarding the nuclear installation, this is of course a serious concern from my country, and of course we have tabled these continued threats by United States in the United Nations.

And I want to draw the kind attention of your viewers to the fact that, in the IAEA in 1990, the resolution has been passed which indicates and says it will, any military activities against nuclear installations, constitute violation of United Nations charter, the statute of the IAEA international law and will immediately call for the United Nations Security Council to act immediately afterward.

Therefore, this will be violation of all international laws, and it is better, rather than using the language of threat, to talk about the peaceful settlement of all issues, including the nuclear issue.

We have always invited our European friends and others to come to the negotiating table, rather than pushing the issue to the confrontation and battlefield.

BLITZER: Your colleague, though, at the IAEA, Javad Vaeedi, said on March 8 -- and let me read to you what he said.

He said, "The United States may have the power to cause harm and pain, but it is also susceptible to harm and pain. So if the United States wishes to choose that path, let the ball roll." That sounds like a direct threat from your government.

SOLTANIEH: Well, I have to ask you to read it again, and then you will notice that this was a matter of a policy of defense, as any nation has. It means that if Iranian nation will be threatened and any harm will come to the Iranian nation, then we will defend it to the last moment. And therefore we will not tolerate any threat or any aggression.

That happened during the eight-year war of imposed war by Saddam, which was fully supported by United States and Europeans and killing over 100,000 of Iranian innocent people with chemical weapons and shameful silence of United Nations Security Council, as well as the Western countries, that they were witnessing this disastrous situation and yet continued supporting Saddam. And they were keeping silent.

(END VIDEOTAPE)

BLITZER: Still ahead, more of my interview with Ali Asghar Soltanieh. I'll ask the Iranian ambassador to the International Atomic Energy Agency about allegations that Iran is playing a direct role in the violence engulfing its next-door neighbor, Iraq.

Also coming up, we'll have a quick check of what's in the news right now, including the former hostage, Jill Carroll. She's now back in the United States.

This is a live picture you're seeing from Logan Airport in Boston. This Lufthansa airliner brought Jill Carroll, the 28-year-old American journalist, back to the United States.

Much more of our coverage right after this.

BLITZER: Welcome back to "Late Edition." I'm Wolf Blitzer in Washington.

I spoke with Iran's representative to the IAEA, Ali Ashgar Soltanieh, about his country's nuclear program and more. Here's part two about that exclusive interview.

(BEGIN VIDEOTAPE)

BLITZER: The president of the United States is also accusing Iran of helping the insurgents by providing sophisticated technology to improve their improvised explosive devices, which have killed so many U.S. and coalition forces, as well as Iranian troops.

Listen to what the president said:

(BEGIN VIDEO CLIP)

BUSH: Tehran has been responsible for at least some of the increasing lethality of the anti-coalition attacks, by providing Shia militia with the capabilities to build improvised explosive devices in Iraq. Coalition forces have seized IEDs and components that were clearly produced in Iran.

(END VIDEO CLIP)

BLITZER: Is that true?

SOLTANIEH: With due respect, I requested you to confine your question and this issue that we have to discuss within the IAEA matters and nuclear issue because this is my own responsibility.

But, however, I have to draw your kind attention, and your viewers, to the fact that Iran has made tremendous effort, cooperating in order to have a stability in the region, particularly in Iraq, and we have received admiration from the whole world.

It is a pity United States will not and is not listening to the whole world how much Iran has contributed for the peace in this region.

This is a regretful assessment. It happened also in the case of Afghanistan -- despite of all cooperation that Iran made for a stabilizing democratic government in Afghanistan and combating the Taliban regime, after that, Iran was called a member of "axis of evil."

This immature, unjust announcement deteriorated the situation, and I'm sure the international community will condemn this kind of aggressive statement and reiterated statement by United States administration.

They have to correct and reconsider that this kind of language and methodology is not acceptable. And being in the civilized world, I think that this is a pity that the administration is not correcting their approach.

BLITZER: I have to wrap this up, but I want to get your response to this issue of Israel because it's become such a prominent issue in this whole discussion over nuclear plans that Iran may or may not have. This is what the president of Iran, Mahmoud Ahmadinejad, said on October 26 at that World Without Zionism conference.

He said, "Israel must be wiped off the map of the world, and god willing, with the force of god behind it, we shall soon experience a world without the United States and Zionists."

You understand why people in the West, especially here in the United States, are so concerned about your program, your nuclear program, given those kinds of direct threats against Israel, which happens to be a strong ally of the United States. SOLTANIEH: I want to very briefly remind you that the policy of Islamic Republic of Iran and according to spirit and letter of our constitution is against any sort of school of thought or regime such as apartheid, Zionism, racism, and this is a matter of principle.

Therefore, what you are talking about as apartheid was disappeared and it could not be accepted by civilized world, this Zionism and aggression of racism is also condemned.

That is the message, and I'm sure that we are -- this message is shared with all the international community and peace-loving people of the whole world.

And as regarding nuclear activities, I have to say that we are determined to continue our full cooperation with IAEA for peaceful activities. We are well prepared to remove any ambiguities of our nuclear activities to prove that it will be exclusively for peaceful purposes. And we spare no effort to invite other countries, European and Western countries, Russia and China, to come to the negotiating table and to find a solution.

Therefore, I advise that United Nations Security Council will not do any action, and leave this issue to the IAEA, and let this nuclear dossier of Iran, which has been taken as a hostage by American unilateral policy, to come back to the multilateral atmosphere and environment, and to be settled on.

And I assure the whole world that Iran is for peaceful activities and will try to continue it, and we spare no effort to assure that these activities will be peaceful and will not threaten any country, and we want peace in the Middle East and the whole world.

BLITZER: Does your support for the removal of Zionism mean you want to see Israel destroyed?

SOLTANIEH: I have already explained to you and reflected to you the policy echoed by our supreme leader.

It means that if in that region, the divine religion followers of the Jews, Christians and Muslims, that all three are very respectful -- and we have Jews in Iran, which are peacefully living and they are represented in our parliament, they are fully respected -- if they come with the Palestinians, homeless Palestinians, to come and through following the democratic process will decide on a government and live in peace as they were living a thousand years of coexistence of these divine religions, Iran will support because we are looking for and we support peaceful settlement of the whole issue and peaceful coexistence of these divine religions in the Middle East. Let's hope for the peace.

BLITZER: But should there be a state of Israel?

SOLTANIEH: I think I've already answered to you. If Israel is a synonym and will give the indication of Zionism mentality, no.

But if you are going to conclude that we have said the people there have to be removed or we they have to be massacred or so, this is fabricated, unfortunate selective approach to what the mentality and policy of Islamic Republic of Iran is. I have to correct, and I did so.

BLITZER: Mr. Ambassador, thank you for spending some time with us, giving Iran's position to our viewers in the United States and around the world. Thanks very much for joining us on "Late Edition."

SOLTANIEH: I wish you all the best, and hope for the peace in the region, strategic region, of the Middle East, and in the whole world. Thank you very much.

(END VIDEOTAPE)

BLITZER: And coming up next, in case you missed it, "Late Edition's" Sunday morning talk show roundup.

We'll be right back.

BLITZER: And now, in case you missed it, let's check some of the highlights from the other Sunday morning talk shows here in the United States.

On CBS's "Face the Nation," the Republican chairman of the House Judiciary Committee, James Sensenbrenner, said enforcement has to be the top priority for immigration reform.

(BEGIN VIDEO CLIP)

REP. JAMES SENSENBRENNER (R-WI), JUDICIARY COMMITTEE CHAIRMAN: The first thing we have to do to fix our broken system is to stop illegal immigration because if we don't stop illegal immigration by securing the border and cracking down on those employers that do hire a lot of illegal immigrants, there just will be more illegal immigrants coming across the border and flooding our schools and causing a collapse in our health care system.

(END VIDEO CLIP)

BLITZER: But on ABC's "This Week," Democratic Senator Barack Obama had a very different view.

(BEGIN VIDEO CLIP)

U.S. SEN. BARACK OBAMA (D) ILLINOIS: The notion that somehow these 12 million people are going to get on a bus and go back across the border just isn't realistic. And I think that what we have to acknowledge is that these are people who came to this country for the same reason that most of our parents, grandparents, great-grandparents came to this country, in search of a better life.

(END VIDEO CLIP)

BLITZER: On NBC's "Meet the Press," the former head of the U.S. military's Central Command, retired U.S. Marine Corps General Anthony Zinni, offered a tough assessment of the current situation in Iraq.

(BEGIN VIDEO CLIP)

GEN. ANTHONY ZINNI (RET.): This is classic insurgency. They need either fear, apathy or support, sympathy.

If they get a combination of those three -- and right now they have a combination -- if there's a viable government, there's an opportunity for jobs, if there's a program that shows hope for the future for their children, they're going to turn against these people. We haven't given them that in three years.

(END VIDEO CLIP)

BLITZER: Highlights from the other Sunday morning talk shows here on "Late Edition," the last word in Sunday talk.

Up next, the results of our Web question of the week, "Should illegal immigrants have the right to apply for U.S. citizenship?" We'll be right back.

BLITZER: Our "Late Edition" Web question of the week asked this, "Should illegal immigrants have the right to apply for U.S. citizenship?"

Here's how you voted. Check this out: 45 percent of you said yes; 55 percent said no. Remember, though, this is not a scientific poll.

And that's your "Late Edition" for Sunday, April 2. Please be sure to join us again next Sunday and every Sunday at 11:00 a.m. Eastern for the last word in Sunday talk.

I'm also in "The Situation Room" Monday through Friday, 4:00 to 6:00 p.m. Eastern, as well as 7:00 to 8:00 p.m. Eastern. Until tomorrow, thanks very much for watching. I'm Wolf Blitzer in Washington. For our North American viewers, "On the Story" is next.

Burton, Faith

From: Burton, Faith
Sent: Monday, April 03, 2006 2:07 PM
To: McAtamney, James A; Metzger, C. Michael; Vargas, Omar; Blomquist, Kathleen M; Augustine, Donald P.; Talamona, Gina; Smith, Edward (USMS); Lee, Jeanarta C (JMD)
Cc: Snelson, William (USMS); Wojtowicz, John (USMS); Braynon, Keith (USMS); Allen, Michael (JMD); Allen, Michael (JMD); Bouchard, Michael R.; Bradbury, Steve; Carter, Judy (USPC); Conley, Joyce; Ferber, Alan L; Gillis, John; Gorsuch, Neil M; Hagy, David; Hart, Rosemary; Jezierski, Crystal; McIntosh, Brent; McManamon, Michael J; Mercer, Bill (ODAG); Palma, Josephine; Roderick, Art Jr. (USMS); Rubin, Jim (ENRD); Rybicki, James E; Schmitz, Fran (CTS); Schofield, Regina; Scolinos, Tasia; Snelson, William (USMS); Taylor, Jeffrey (OAG); Trono, Robert (USMS); Tzitzon, Nicholas; Vanyur, John; Vasaio, Tony; Wulf, David M.
Subject: RE: Katrina Planning -- URGENT

I'm the POC for OLA. Faith

From: McAtamney, James A
Sent: Monday, April 03, 2006 1:06 PM
To: Metzger, C. Michael; Vargas, Omar; Blomquist, Kathleen M; Augustine, Donald P.; Talamona, Gina; Smith, Edward (USMS); Lee, Jeanarta C (JMD)
Cc: Snelson, William (USMS); Wojtowicz, John (USMS); Braynon, Keith (USMS); Allen, Michael (JMD); Allen, Michael (JMD); Bouchard, Michael R.; Bradbury, Steve; Burton, Faith; Carter, Judy (USPC); Conley, Joyce; Ferber, Alan L; Gillis, John; Gorsuch, Neil M; Hagy, David; Hart, Rosemary; Jezierski, Crystal; McIntosh, Brent; McManamon, Michael J; Mercer, Bill (ODAG); Palma, Josephine; Roderick, Art Jr. (USMS); Rubin, Jim (ENRD); Rybicki, James E; Schmitz, Fran (CTS); Schofield, Regina; Scolinos, Tasia; Snelson, William (USMS); Taylor, Jeffrey (OAG); Trono, Robert (USMS); Tzitzon, Nicholas; Vanyur, John; Vasaio, Tony; Wulf, David M.
Subject: Katrina Planning -- URGENT
Importance: High

To those on the "to" list --

I'm advised by your components that you're the designated reps for implementation planning.

To most of you on the "cc" list --

I haven't received any indication who your POC is. Please assign responsibility immediately and, provide me that info. In so doing, please copy all addressees above to avoid my having to do a near-simultaneous electronic English-to-English translation.

Thanks,

Mac
James A. McAtamney
Senior Counsel for National Security Affairs
Office of the Deputy Attorney General

Department of Justice
950 Constitution Ave., NW
Washington, DC 20530
Phone: (202) 514-6907
Fax:: (202) 307-0097
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Secure e-mail:
SIPRNet: james.mcatamney@usdoj.sgov.gov
JWICS: jmcatamney@doj.ic.gov

Gorsuch, Neil M

From: Gorsuch, Neil M
Sent: Monday, April 3, 2006 2:19 PM
To: Swenson, Lily F; Todd, Gordon (SMO); Senger, Jeffrey M
Subject: OASG Assignments.doc
Attachments: OASG Assignments.doc

Gordon rightly pointed out that our assigment list needed some updating! Attached is a draft for your review - please don't hesitate to let me know where I've erred (I'm sure there are many). Thanks!

Lily Fu Swenson

ATR
CIV (except Commercial & Cobell)
OIP
Executive Office of US Trustees

Gordon Todd

COPS
CRS
CRT
OJP (except Statistics)
OVC
OVW
TAX

Jeff Senger

ENRD
Office of Dispute Resolution
Foreign Claims Settlement Comm'n
Cobell
Commercial Branch, CIV
Statistics Project

Senger, Jeffrey M

From: Senger, Jeffrey M
Sent: Monday, April 03, 2006 4:39 PM
To: Gorsuch, Neil M; Swenson, Lily F; Todd, Gordon (SMO)
Subject: RE: OASG Assignments.doc

The following should be added to my list: legislative/interagency clearance, weekly and quarterly reporting, tobacco-related litigation. Also, I have the Office of Consumer Litigation in the Civil Division (not the Commercial branch).

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Swenson, Lily F

From: Swenson, Lily F
Sent: Monday, April 3, 2006 4:54 PM
To: Senger, Jeffrey M; Gorsuch, Neil M; Todd, Gordon (SMO)
Subject: RE: OASG Assignments.doc

I've been handling commercial but I thought maybe Jeff wanted it. Whatever, it's all good with me.

From: Senger, Jeffrey M
Sent: Monday, April 03, 2006 4:39 PM
To: Gorsuch, Neil M; Swenson, Lily F; Todd, Gordon (SMO)
Subject: RE: OASG Assignments.doc

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Todd, Gordon (SMO)

From: Todd, Gordon (SMO)
Sent: Monday, April 03, 2006 5:47 PM
To: Gorsuch, Neil M
Subject: RE: OASG Assignments.doc
Attachments: OASG Portfolios.doc

I do have BJS. Jeff just has the tort reform stats project. Here's the updated doc. I can send upwards, but it might be more appropriate going from you to Mike & Kyle or Monica.

I notice Jeff does interagency & testimony clearance. I've asked him before to bring to my attention anything significant falling under one of my components but he never has. I don't want to cause waves unnecessarily but I don't think that's an unreasonable request. In fact, I think it's essential to us doing a good job. Thoughts?

From: Gorsuch, Neil M
Sent: Monday, April 03, 2006 2:19 PM
To: Swenson, Lily F; Todd, Gordon (SMO); Senger, Jeffrey M
Subject: OASG Assignments.doc

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<< File: OASG Assignments.doc >>

Office of the Associate Attorney General
Portfolios - 4/1/2006

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Office of Dispute Resolution
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CIV (Consumer Lit., Cobell and Tobacco)
Legislative/Interagency Clearance
Weekly & Monthly Reports

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From: Gorsuch, Neil M
Sent: Monday, April 03, 2006 7:37 PM
To: McAtamney, James A; Metzger, C. Michael; Vargas, Omar; Blomquist, Kathleen M; Augustine, Donald P.; Talamona, Gina; Smith, Edward (USMS); Lee, Jeanarta C (JMD); Todd, Gordon (SMO)
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Subject: RE: Katrina Planning -- URGENT

Gordon Todd handles the OJP docket for this office and so is our logical candidate.

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Importance: High

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I haven't received any indication who your POC is. Please assign responsibility immediately and, provide me that info. In so doing, please copy all addressees above to avoid my having to do a near-simultaneous electronic English-to-English translation.

Thanks,

Mac
James A. McAtamney
Senior Counsel for National Security Affairs
Office of the Deputy Attorney General

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JWICS: jmcatamney@doj.ic.gov

USDOJ- Office of Public Affairs

From:	USDOJ- Office of Public Affairs
Sent:	Tuesday, April 04, 2006 8:20 AM
To:	USDOJ- Office of Public Affairs
Subject:	Attorney General's News Briefing for Tuesday, April 04, 2006
Attachments:	agnb060404.pdf; agnb060404.doc

THE ATTORNEY GENERAL'S NEWS BRIEFING

PREPARED FOR THE OFFICE OF PUBLIC AFFAIRS, U.S. DEPARTMENT OF JUSTICE

TO: THE ATTORNEY GENERAL AND SENIOR STAFF

DATE: TUESDAY, APRIL 4, 2006 7:45 AM EDT

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DOJ_NMG_0025032

TERRORISM NEWS:

Jurors Find Moussaoui Eligible For Death Penalty. Jurors yesterday found Zacaria Moussaoui eligible for the death penalty. The story received extensive coverage on network news broadcasts and cable news last night and in newspapers today. It was the lead on ABC and CBS, and was second in NBC's story lineup.

ABC World News Tonight (4/3, lead story, 3:30, Vargas, 8.78M) reported, "Those who suffered the most in the attacks, the victims and their families, will now confront Moussaoui in court, and make their case that he deserves to die." ABC (Thomas) added, "Family members of the 9/11 victims were overjoyed." In the "next phase of the trial, the prosecution will show the photographs of all the nearly 3,000 victims. 45 members of their family will testify about what that day did to their lives."

The CBS Evening News (4/3, lead story, 2:50, Schieffer, 7.66M) noted Moussaoui's "court-appointed lawyers had urged him not to testify, but he insisted. He insulted the jurors, he disavowed the lawyers and he cursed America." CBS (Stewart) added, "Moussaoui apparently couldn't have cared less" about yesterday's decision. "When the jury left, he yelled, 'You'll never get my blood. God curse you all.' It was a total victory for the government." NBC Nightly News (4/3, story 2, 2:35, Williams, 9.87M) also reported that the decision "is a big victory…for the federal government…in a case that almost got derailed." NBC (P. Williams) added that former federal prosecutor Andrew McBride "says today's verdict makes it more likely Moussaoui will ultimately be sentenced to die."

USA Today (4/4, 4A, Johnson, 2.31M) adds, "The jury's decision elated several 9/11 victims' relatives. Abraham Scott, whose wife, Janice Marie, was killed in the Pentagon when it was hit by a hijacked American Airlines jet, likened Moussaoui to a dog with rabies.' Rosemary Dillard, whose husband, Eddie, was on the jet that hit the Pentagon, pumped her fist as she left the courthouse. … 'This man has no soul; he has no conscience.'" However, The CBS Evening News (4/3, story 2, 2:30, Roberts, 7.66M) reported Al and Maureen Santora, parents of a 9/11 victim, "have been going to a courthouse in New York City to watch the Zacarias Moussaoui trial on closed circuit television." Yesterday's decision "brought no satisfying answers for the Santoras." The trial, "they say, exposed the failure of the government's intelligence network.

The Washington Post (4/4, A1, Markon, Dwyer, 744K) notes that "legal specialists said the emotional nature of the coming evidence is a major advantage for the government. They said prosecutors have survived their most difficult hurdle." DOJ spokeswoman Tasia Scolinos "said prosecutors 'are pleased with the jury's ruling in this important case. Our efforts on behalf of the victims of 9/11 will continue as we pursue the next phase of this trial.'"

The New York Times (4/4, Lewis, 1.19M) reports that "the second phase of the complicated federal death penalty law is more mathematical. The jury will be asked first to consider whether the aggravating factors of his crime outweighed any mitigating factors." Although "Moussaoui's lawyers have suggested in court papers that they may introduce testimony from a psychologist showing that Mr. Moussaoui suffers mental impairment as a result of anti-Muslim bigotry he faced growing up in France," that testimony "may well be outweighed by the deaths of Sept. 11."

The Los Angeles Times (4/4, Serrano, 958K) recalls that during the trial, prosecutors "urged the jury to concentrate on what they said was their proof that Moussaoui's lies to FBI agents in Minnesota cost the government the chance to locate the Sept. 11 plotters and stop the hijackings." But Moussaoui lawyer Edward MacMahon "argued…that Moussaoui was never groomed for a Sept. 11 role," and that "the FBI and CIA were not cooperating with each other enough in the summer of 2001 to find the hijackers, even with Moussaoui's help."

Bloomberg (4/4, Arthur) reports, "The jury deliberated for about 17 hours over four days. In the second part of the sentencing trial, which will begin April 6, the jury will consider factors weighing for and against capital punishment to decide whether to sentence Moussaoui to death. A verdict of death must be unanimous. … 'We are pleased with the jury's ruling in this important case,' said Justice Department spokeswoman Tasia Scolinos. 'Our efforts on behalf of the victims of 9/11 will continue as we pursue the next phase of this trial.'"

AFP (4/4) reports, "The US government, which saw its failure to stop the attacks exposed in a catalogue of bungles, missteps and mistakes highlighted by defense lawyers, was left to savour a legal victory in the war on terror. … The jury

DOJ_NMG_0025033

decision means they accepted the government's theory that Moussaoui's lies 'with lethal intent' in jail, after his arrest in August 2001, directly resulted in the deaths of at least one person on September 11. … Had he told about his knowledge of the plot, authorities would have been able to unroll a massive prevention operation, and would have stood a chance of stopping the attacks, the government claimed."

Scripps Howard (4/4, Gordon) reports, "After the 10-minute hearing adjourned, the bearded would-be terrorist shouted 'You'll never get my blood! God curse you all!' as he left the courtroom. … Yet experts said Moussaoui, who pleaded guilty to six conspiracy counts a year ago, may have sunk himself. He gave prosecutors another big helping hand in the first phase of the sentencing trial. He insisted on testifying over his lawyers' objections and then further incriminated himself by admitting that he was part of the Sept. 11 operation, that he planned to fly a fifth plane into the White House and that he lied upon his arrest so the suicide hijackings could go forward."

The Washington Times (4/4, Seper, 90K) and AP (4/4, Barakat) also report on the jury's decision.

Supreme Court Declines To Hear Padilla Appeal. Fox News' Special Report (4/3, Hume) reported, "The Supreme Court today declined to take the case of terror suspect Jose Padilla, who sued to challenge the legality of his prior detention as an enemy combatant. However, the separate case involving criminal charges involving Padilla will still go forward in Miami." USA Today (4/4, Biskupic, 2.31M) reports the justices "voted 6-3 to spurn" Padilla's appeal.

The Washington Post (4/4, A6, Lane, 744K) says the "potential showdown between the Supreme Court and the Bush administration over the president's war powers was averted yesterday when the court declined to hear" the case. The court "granted the administration's request not to review the case…because the administration last November met Padilla's demand to be indicted in a civilian court and transferred from a Navy brig to a civilian jail." The decision "is a victory for the administration because it leaves intact an appeals court ruling that upheld the president's authority to detain Padilla as an 'enemy combatant.'" But "the win was possible only because the administration had already made its tactical retreat in the face of negative public reaction and uncertain prospects at the high court, legal analysts said." The Christian Science Monitor (4/4, Richey, 61K) makes a similar case in a story headlined "Bush Team Wins On Power To Detain, For Now," and the Washington Times (4/4, Taylor, 90K) says the court's move was equivalent to "sidestepping" the issue. Donna R. Newman, a defense attorney for Padilla, "said the high court's rejection of the case was not a complete loss. She said the court 'put the government on a very short leash.'"

The New York Times (4/4, Greenhouse, 1.19M) notes Padilla "fell one vote short on Monday of persuading the Supreme Court to take his case. Four votes are necessary for the court to take a case, and Mr. Padilla's appeal received only three." The outcome "was not the unalloyed victory for the Bush administration that it might have appeared to be." Three justices who voted not to hear the case, Justices Anthony M. Kennedy and John Paul Stevens, along with Chief Justice John G. Roberts Jr., "filed an unusual opinion explaining their position. They noted that Mr. Padilla, who is now out of military custody and awaiting trial in federal district court in Miami on terrorism-related charges, was entitled to a criminal defendant's full range of protections, including the right to a speedy trial." The Times adds, "Most significant, the three justices warned the administration that the federal courts, including the Supreme Court, stood ready to intervene 'were the government to seek to change the status or conditions of Padilla's custody.'"

The AP (4/3, Holland) reports, "The former Chicago gang member and convert to Islam was held in a military prison as an alleged enemy combatant for three and a half years, part of that time without access to lawyers. … His supporters wanted the Supreme Court to use his case to declare that Americans cannot be arrested on U.S. soil and held incommunicado. … Justices appeared poised to do that last fall, but with Padilla's appeal pending the government abruptly changed its strategy. Prosecutors brought criminal charges in Florida, and now Padilla has what his lawyers sought all along, traditional legal rights as part of the federal court system." The AP notes, "The Justice Department said it was pleased by the outcome of Padilla's appeal. … 'Fighting the war on terrorism requires the use of numerous tools and tactics which have been viewed as lawful by the courts, and we are pleased that Mr. Padilla's case will be pursued through the criminal justice system,' Justice spokesman Brian Roehrkasse said."

The Legal Times (4/3, Mauro) reports, "In an unusual statement explaining the Court's denial of review, Justice Anthony Kennedy said 'strong prudential considerations' argued against the Court taking up the case. If the Court did

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review Padilla's case, Kennedy said, its ruling on the enemy-combatant issue would not affect his current custody status. Given that the government has detained Padilla for nearly four years, Kennedy said 'it must be acknowledged' that he has a 'continuing concern' that he could be reclassified as an enemy combatant. … If that happens, Kennedy said, Padilla could challenge the detention again in several ways, including a habeas petition to the Supreme Court. Kennedy put the government on notice that the courts would be open for further appeals if Padilla's status changes again, 'to ensure that the offices and purposes of the writ of habeas corpus are not compromised.'"

CNN.com (4/3, Mears) reports, "In a brief dissent, Justice Ruth Bader Ginsburg said, 'Nothing the government has yet done purports to retract the assertion of executive power Padilla protests.' Justices David Souter and Stephen Breyer also would have accepted the case for review."

Voice of America (4/4, Malone) reports, "The administration has said it had the power to detain Padilla since his arrest in 2002 as part of its overall legal strategy in fighting the war on terror. … 'We are dealing with a new kind of threat, a new kind of enemy and that has required new thinking and new strategies by the administration,' Attorney General Alberto Gonzales said."

More Commentary. The New York Times (4/4, 1.19M) editorializes, "The Supreme Court ducked its duty yesterday," but "fortunately…did not hand a total victory to the administration. Justice Kennedy made it clear that the case raises 'fundamental issues respecting the separation of powers,' and strongly signaled that the court would be ready to step in quickly if the government returned Mr. Padilla to military custody, or his basic rights were denied in his civilian trial. We trust Justice Kennedy and his colleagues to stay true to that pledge."

The Washington Post (4/4, A22, 744K) editorializes that the ruling "seems initially to be a victory for the Bush administration and its aggressive legal approach to the war on terrorism. Beneath the surface, however, the court's action is less an endorsement of the administration's approach than face-saving permission for the government's backing down."

Pentagon Releases Guatanamo Detainee Names. The Washington Post (4/4, A6, 744K) reports, "The Pentagon yesterday released the names and nationalities of a group of detainees at the military prison at Guantanamo Bay, Cuba, the second batch of documents made public by the Defense Department in the past 30 days after four years of resistance." The Post adds, "The combined 7,600 pages represent the most complete list of detainee names, ages and nationalities to date. Yesterday's documents were published voluntarily, Pentagon spokesman Bryan Whitman said." The Defense Department "still holds about 490 people at Guantanamo Bay, the vast majority without charges."

Hayat Case Seen As Example Of DOJ Overreach On Terror Allegations. The Philadelphia Inquirer (4/4, Maykuth, 423K) reports, "The FBI's discovery last summer of an alleged al-Qaeda cell among the Pakistani immigrants in" Lodi "sent a shiver through California's heartland." But now, "the much-ballyhooed case appears enfeebled. Some experts say it fits a pattern of the government overstating the importance of post-9/11 terrorism cases." Lodi City Councilman John Beckman said, "Our confidence in the FBI has been severely shaken. When we look at the totality of the case, a lot of folks here are wondering, Is that all the FBI has?" The Inquirer adds, "Experts say the Lodi case is not unusual. While the Justice Department alleges that 401 people have been charged in 'terrorism-related offenses' since Sept. 11, and 212 have been convicted, analysts say only a handful were proven hard-core terrorists. … But others say it is impossible to measure the deterrent effect of the government's aggressive action against suspects for what appear to be petty offenses such as immigration violations."

Pakistani Man Sentenced To Five Years In Prison For Stinger Missile Plot. The AP (4/4) reports, "A federal judge sentenced a Pakistani man Monday to nearly five years in prison for his admitted role in a drugs-for-weapons plot to sell Stinger anti-aircraft missiles to the Taliban and al-Qaida." Muhamed Abid Afridi "pleaded guilty in March 2004 to one count of conspiracy to provide material support to terrorists and one count of conspiracy to distribute heroin and hashish." Afridi and codefendants Syed Mustajab Shah and Ilyas Ali – who have pleaded to the charges and still face sentencing – were arrested in 2002 "by police in Hong Kong who received a tip from the FBI. The three were secretly videotaped in meetings days earlier with undercover FBI agents at a Hong Kong hotel."

9/11 Detainee Testifies About Alleged Use Of Dogs At New Jersey Jail. In a widely-distributed story, the AP (4/4, Duff-Brown) reports, "A Canadian detained

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in the U.S. with hundreds of Arab or Muslim men after" 9/11 "testified Monday that he was jailed in New Jersey in harsh conditions and terrorized by snarling dogs before being cleared of terrorist links." Akil Sachveda "is one of seven Arab or Muslim men named in the class-action federal lawsuit…against senior U.S. officials, including FBI Director Robert Mueller and former Attorney General John Ashcroft." However, "The Passaic County Sheriff's Department, which runs the jail, said the lawsuit was unjustified and that dogs are only used to sniff out contraband or maintain security." The Canadian Press (4/4) notes Center for Constitutional Rights lawyer Shane Kadidal said, "There's similarities to the systematic abuse at Guantanamo Bay and Abu Ghraib."

PATRIOT ACT:

Patriot Act Used In Baby Formula Criminal Case. In a lengthy, front-page story, The Wall Street Journal (4/4, McKinnon, 2.11M) reports under the headline "How Patriot Act Helped Convict Man In Baby-Food Ring" about the use of FISA warrants in the investigation and prosecution of Arizona grocery wholesaler Samih Jammal, who was convicted of operating a baby formula theft ring. The Journal notes that Jammal, a "U.S. citizen born in Lebanon, was never charged with any offense related to terrorism. … His case sits on the fine line between the government's responsibility to go all-out to prevent terrorism and its duty to protect the constitutional rights of American citizens accused of crimes. It's a line that has blurred considerably since 9/11 and the 2001 passage of the Patriot Act." Jammal "is appealing, contending that FISA evidence used against him was illegally obtained and crippled his defense. … 'It's baby formula of mass destruction here,' he said at one pretrial hearing."

HOMELAND RESPONSE:

IG Report Says FBI-Coast Guard Dispute Impedes Maritime Terror Attack Response. In a widely-distributed story, the AP (4/4, Sherman) reports an analysis by Justice Department Inspector General Glenn Fine released yesterday finds that "squabbling between the Coast Guard and the FBI could lead to confused and potentially disastrous responses to terrorism incidents at sea." The AP notes, "The bickering came to a head in last year's weeklong anti-terrorism drill, TOPOFF 3," when "the FBI wanted to limit the assault to its elite Hostage Rescue Team," but "the Coast Guard ultimately changed the scenario to circumvent the FBI's role as the lead agency, Fine said. A plan released in October that was intended to address the problem does not sufficiently clarify the agencies' roles, Fine said."

The New York Times (4/4, Lipton, 1.19M) notes that the Fine report declares, "The F.B.I. and the Coast Guard both want the ability to respond to terrorist threats in the maritime area. Unless such differences over roles and authorities are resolved, the response to a maritime incident could be confused and potentially disastrous." FBI Special Agent Richard Kolko said, "There is no room for failure. We will resolve this." However, an unnamed "Homeland Security official" said that "the new report might sharpen the disagreement. 'It was written to bolster the F.B.I. argument that they should remain in charge,' the official said."

The Washington Times (4/4, Seper, 90K) reports Fine found that "the FBI has failed to rank U.S. seaports based on the likelihood of terrorist attacks, nor does it always use that basis when assigning agents who specialize in maritime security." Fine "said one FBI field office with six significant seaports in its territory has one maritime liaison agent, while another FBI field office with no strategic ports has five maritime liaison agents. … 'In addition, we found that the FBI database used to collect information on terrorist threats and suspicious incidents at seaports cannot be easily searched to identify trends in maritime-related suspicious activities or threats,' he said. The report, however, praised the FBI's decision to name maritime liaison agents in most of the bureau's 56 field offices to coordinate seaport security with other federal agencies."

Justice Department IG Says US Ports "Largely At Risk." The Washington Times (4/4, Seper, 90K) reports Justice Department IG Glenn A. Fine released a report yesterday, which found that "seaports remain largely at risk" following 9/11. Fine said the FBI failed "to conduct a threat assessment" for US seaports, hampering its "ability to make informed decisions about resource allocation." He "also said the FBI and the U.S. Coast Guard have not resolved issues regarding their overlapping responsibilities, jurisdictions and capabilities to handle a maritime terrorism incident."

GAO Says NRC Weakened Security Regulations After Consulting With Industry.

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The New York Times (4/4, Wald, 1.19M) reports a GAO report to be released today says that the Nuclear Regulatory Commission "weakened security regulations it had proposed for reactors" after it consulted with the industry. The report says it "created the appearance that the changes were made based on what the industry considered reasonable and feasible to defend against rather than an assessment of the terrorist threat itself," but "stopped short of saying that the commission had made changes 'based solely on industry views.'" Rep. Christopher Shays, who requested the study, said the "findings paint a decidedly mixed picture of nuclear power security today."

In an article that also cites the GAO report, the Christian Science Monitor (4/4, Marks, 61K) reports that the nation's 103 nuclear power plants "are little safer from air attack" than they were before 9/11, according to critics. "And squabbling has set in over what the security standards should be." While some experts say "the current criteria do not require nuclear plants to be protected against a threat equal to the one posed by the 9/11 hijackers," industry "officials counter that nuclear power plants are already the nation's best-protected critical infrastructure." Meanwhile, they are "relying on the Transportation Security Administration" to protect against an aerial attack.

International Student Admissions Rebounding From Post-9/11 Decline. The Des Moines Register (4/3, Livermore, 166K) reported, "More international students are likely to apply to attend graduate school in Iowa and nationwide this year, following a two-year, post-Sept. 11 slump, according to new data from four-year universities." University of Iowa international student office director Scott King "said the shift occurred after university presidents lobbied the federal government to make it easier for foreign students to study in the United States." Iowa State University President Gregory Geoffroy "was among the 15 university presidents who joined the National Security Higher Education Advisory Board, which the FBI said was meant to 'foster cooperation and understanding' between the agency and higher education." Geoffroy said in an interview that the importance of international student admissions "was a major topic we talked about there." He added, "Any time leaders in federal government hear university presidents, particularly with the passion they talk about this issue, it probably has impact collectively when you put it together."

DHS Official's Testimony On DC Preparedness Criticized. In its "Verbatim" column, the Washington Post's Eric M. Weiss (4/4, A21) writes that the written testimony of DHS' director for national capital region coordination, Thomas J. Lockwood, "last week stands out for its abstruseness." Prepared for "a Senate panel annoyed that there is still no comprehensive strategic plan to protect the region," Lockwood's testimony said emergency response partners "plan to invest in maturing…45 initiatives, focusing on the development of performance measures and timelines to ensure the effective implementation of these initiatives." Weiss continues, "Oh, so is that why, five years after Sept. 11, 2001, Prince George's County emergency officials still do not have radios compatible with the rest of the region? Perhaps it will take more time to mature that initiative."

FBI Interviewing Workers, Contractors At Florida Nuclear Plant. The South Florida Sun-Sentinel (4/4, Gardiner, 249K) reports, "FBI agents are interviewing workers and contractors at the Turkey Point power plant this week to figure out who drilled a small hole in a pipe that's part of the cooling system of a nuclear reactor." Florida Power & Light spokeswoman Rachel Scott "said there was no reason for anyone to be working on the drilled pipe. Workers were, however, making repairs in the general area, including jobs like affixing sheet metal that would have required drilling, she said." The Sun-Sentinel adds FBI Special Agent Michael D. Leverock "said it doesn't appear that an outsider breached the power plant's security and gained access inside."

Minnesota Domestic Terror Plot Foiled. The St. Paul Pioneer-Press (4/4, Egerstrom, Hawley) reports, "Authorities have foiled a 'domestic terrorism' plan, recovering a cache of weapons and bomb-making equipment, the Rice County Sheriff's Office said today. … Rice County public officials and buildings were the presumed targets." The Pioneer-Press continues, "The multi-unit South Central Drug Investigation Unit said Allen Weatherford, 44, was arrested Friday on charges of attempted first-degree arson, possession of explosive devices and for being a felon in possession of firearms. … His brother, Mark Weatherford, was already in jail for failing to make a court appearance." The Pioneer-Press adds, "Investigating officers reported finding more than 50 firearms, including a 50-caliber machine gun, in the brothers' rural farm home. They also

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found propane tanks with a mixture of fuel oil and fertilizer along with detonation devices. … The investigation began last November when authorities in Goodhue County stopped a car and discovered weapons and drugs. That led to a search warrant being issued for a rural Rice County farmstead where Allan Weatherford lived, according to Meredith Erickson, senior assistant county attorney for Rice County. … The Rice County Sheriff's Office said the investigation included the South Central Drug Investigation Unit, the FBI, ATF, Goodhue County and Dodge County sheriff's offices, and Bloomington, Faribault and Northfield police departments."

Cohen Says Hole At Ground Zero Is Bush's Legacy. Richard Cohen writes in the Washington Post (4/4, 744K) that President Bush's legacy "is likely to be where I was Sunday: the immense gash in Lower Manhattan known as Ground Zero. More than 4 1/2 years after the Sept. 11 terrorist attacks, the hole has yet to be filled. … The failure to capture or kill bin Laden is the failure of Bush and his Pentagon team of incompetents -- Defense Secretary Donald Rumsfeld and the former commander of the Afghan and Iraq wars, Tommy Franks. One is still in office, the other is getting rich on the lecture circuit, and neither offers much of an explanation for why the mass killer of Americans still has not been caught." Cohen says the hole in lower Manhattan is, "by dint of failure, George Bush's presidential library. His proper legacy is a void."

FEMA's Post-Katrina Report Said To Highlight Old Problems. The AP (4/4, Jordan) reports, "An internal FEMA report that calls for urgent reform after Hurricane Katrina outlines old failures the disaster response agency was warned about five months before the storm struck." The Feb. 13 report says the agency "suffered from confusing leadership roles, outdated or inadequate response plans and inexperienced or under-trained staff during Katrina. It also details problems in tracking supplies to disaster sites." FEMA acting director R. David Paulison said that "all post-Katrina reports" are "helpful in rebuilding FEMA," but "acknowledged the government is often slow to revamp itself, comparing the recommendations made after Hurricane Andrew in 1992 to Katrina more than a decade later."

Wolffe Says Brown Replacement Elusive Because Administration Has "Abolished FEMA." On MSNBC's Countdown (4/3, Olbermann), Newsweek's Richard Wolffe was asked about FEMA's inability to find a permanent replacement for former director Michael Brown. Wolffe said, "They've been trying for a long time. Essentially, and the administration won't say this, but they've abolished FEMA. They want people to go through Chertoff, and anyone who's worth their salt doesn't want do that. They want to maintain the good jobs they have in their home states and they don't want to just become middle-management in the bureaucracy." Olbemann: "Well, that Homeland-FEMA dyad worked so well last Fall."

Race Seen As Dominant Issue In New Orleans Mayoral Primary. The New York Times (4/4, Nossiter, 1.19M) reports that race has taken the place of reconstruction as the "dominant motif" in New Orleans' April 22 mayoral primary. "This year, the three major candidates or their supporters have aligned themselves along racial lines, with each camp hoping it has singled out the correct, and as yet unknown, demographic." Meanwhile, "Tough discussions about whether some neighborhoods should not be rebuilt or whether the city should issue far fewer building permits have been largely absent. Even contemplating such notions publicly is considered a political kiss of death."

Red Cross To Overhaul Financial Operations After Katrina Debacle. NBC Nightly News (4/3, story 8, 0:20, Williams, 9.87M) reported, "The American Red Cross today said it will overhaul the way it handles future disasters after criticism from its post-Katrina performance. They will funnel money to other charities when it needs to and crack down internally on waste and abuse."

Future Of New Orleans Neighborhoods Said To Depend On "Bargain Seekers." The Washington Post (4/4, A3, Whoriskey, 744K) reports, "The future of New Orleans's flood-ravaged neighborhoods may depend" on "bargain seekers to invest and renovate." Though "some blocks" are dotted with "For Sale" and "For Sale by Owner" signs, "most houses offer no clues at all to the owners' plans for the vacant properties. Still, for those with faith in the city's future and a willingness to live in largely abandoned, low-lying neighborhoods, the areas are not without appeal. They are bargains."

Indonesian Tsunami Survivors Volunteering Along Gulf Coast. The Christian Science Monitor (4/4, Axtman, 61K) reports on "eight Indonesian tsunami survivors and aid workers who, having witnessed international relief firsthand, are now reciprocating with some of their own" along the Gulf

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Coast. They "have found common ground with those they aid." Novianus Patanduka said that seeing what happened during Katrina "really affected our hearts," but added that one "can't compare the suffering of Katrina with the suffering of the tsunami. Here, even the poorest people still have cars beside their [government- provided] trailers. When you go out into the most devastated parts of Indonesia, all the people have is their own physical strength.'"

Undocumented Workers Said To Play Vital Role In Rebuilding New Orleans. Under the headline "Migrants Find a Gold Rush in New Orleans," the Los Angeles Times (4/4, Quinones, 958K) reports that as the floodwaters receded from New Orleans following Hurricane Katrina, "Word…spread throughout the Latino immigrant diaspora in America that the city had plenty of work, construction wages had doubled to $16 an hour and no one was asking for papers." John Logan, a Brown University demographer, says "there must be 10,000 to 20,000 immigrant workers in the region by now, and the number is going to grow." The Times adds, "As the Senate debates new immigration laws and marchers demonstrate across the country, these immigrants offer another reminder of the country's reliance on undocumented labor from Latin America."

WAR NEWS:

Rice, Straw Press Iraqis To Form Government. Secretary of State Condoleezza Rice and British Foreign Secretary Jack Straw made an unannounced visit to Baghdad over the weekend to urge squabbling Iraqi politicians to form a government of national unity. NBC Nightly News (4/3, story 5, 2:30, Mitchell, 9.87M) reported, "The message was blunt, the meetings tense. They made it clear, interim leader Ibrahim al-Jafari must be replaced by a strong prime minister to control the militias who've been killing civilians." For the "first time, Rice spent the night in Iraq, even as a mortar hit nearby. Critics say more than tough talk is needed to avoid all out civil war." Tonight, "it appears that Rice's message may have gotten through. Iraq's major Shiite party may back a stronger leader."

ABC World News Tonight (4/3, story 5, :10, Vargas, 8.78M) reported, "In Baghdad, today, Secretary of State Condoleezza Rice and British Foreign Secretary Jack Straw ended a surprise visit by pressing Iraqi leaders to stop bickers and agree on a new government."

The AP (4/4, Gearan) reports, "The US and Britain expect Iraq to quickly restrain militias and unify around a stable government," Secretary Rice "and her British counterpart said Monday in a visit meant to resonate both in Iraq and at home. Rice and British Foreign Secretary Jack Straw met with nearly all of Iraq's squabbling factions over two days of unusually hard-edged diplomacy. Rice stayed overnight to make the point that security is improving despite relentless violence that has eroded public support in the US for a war now in its fourth year." The Secretary is quoted saying, "First and foremost, the purpose of this trip is to encourage and to urge the Iraqis to do what the Iraqis must do because the Iraqi people deserve it. But yes, the American people, the British people...need to know that everything is being done to keep progress moving." Rice and Straw "repeated a strong message that the next government has to curb the power of sectarian militias, which are blamed for much of the current wave of reprisal killings among Shiites and Sunnis."

The Los Angeles Times (4/4, Daragahi, 958K) reports that Rice and Straw "attempted to placate the fears of the country's Shiite Muslim majority in anticipation of the likely ouster of interim Prime Minister Ibrahim Jafari. … But the soothing words came amid a concerted effort on the part of the U.S. and Britain as well as Iraq's Sunni Arabs, Kurds and a growing chorus of Jafari's erstwhile Shiite allies to convince the leader to step aside."

The Washington Times (4/4, Kralev, 90K) reports that Rice and Straw "made clear in private, as well as in public, that Prime Minister Ibrahim al-Jaafari should step aside to clear the way for another Shi'ite candidate who would be more acceptable to the Sunnis and Kurds."

In Diplomatic Travels, Rice And Straw "Rub Off On Each Other." In a profile piece titled "On The Road With Condi and Jack," the Washington Post (4/4, A19, Kessler, 744K) writes, "Combining hard-nosed foreign initiatives with tourism and local politicking, the diplomatic duo has bounced across Europe and the Middle East, personifying the 'special relationship' between their countries. … They are a bit of an odd couple: an elegantly dressed African American woman who grew up in the segregated South and a plain blue-suit-and-tie Englishman who carries a red wooden box as a briefcase. … Aides say they genuinely like each other and -- unlike many high-powered figures -- don't seem to get on each other's nerves. Straw is the only foreign minister Rice will regularly pick up the phone and call, rather than having

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the State Department operations center arrange the conversation." The Post goes on to say that Rice believes "that time spent overseas helps build personal relationships that can pay off later in diplomacy. Although the British and the Americans are close allies on many matters, they have policy disputes" including Gitmo and global warming. The Post also reports that "by the end of trip, the two would sometimes finish each other's sentences and even had begun to rub off on each other."

WPost Says Administration Must Keep Pushing For Political Accord In Iraq. An editorial in the Washington Post (4/4, A22, 744K) says the Bush Administration has been "curiously passive" about the "evident inability of Iraqi leaders" to forge a political accord, noting, "At last, Secretary of State Condoleezza Rice appeared in the Green Zone on Sunday, five months after her previous visit, and teamed with British Foreign Secretary Jack Straw to drive home the message that, as she put it, 'if this vacuum of power continues' violence will spiral beyond all control." The Post adds that the Bush Administration "has no choice but to keep pressing for a political accord. The question remains whether other outside influence can be brought to bear. … In other crises the United States has used 'contact groups' of interested powers to apply pressure. In Iraq's circumstances such remedies are more difficult. Still, they ought to be tried."

More Commentary. In a his column today in the Washington Post (4/4, A23, 744K), Eugene Robinson writes, "Condoleezza Rice made a surprise trip to Baghdad over the weekend to advance the Fairy Tale Doctrine, pressuring Prime Minister Ibrahim al-Jafari to stop all the maneuvering and go ahead and form a government, preferably one that doesn't make it a crime to be Sunni Muslim. You see, if only the Iraqis can put together a government, everything will be just fine. Okay, she didn't quite say that all would be sweetness and light. But by jetting to Baghdad without telling anybody in advance, taking along British Foreign Secretary Jack Straw and freezing al-Jafari with her most intimidating Ice Queen faux-smile, she clearly reinforced the administration's view that cobbling together a new government is the next magic bullet that is going to rescue the Iraq adventure from an utter debacle."

DeWayne Wickham writes in USA Today (4/4, 2.31M) that as "pressure mounts on the president to explain why U.S. forces remain in Iraq as that fractured country slips deeper into civil war, Bush increasingly offers up the need to democratize the world as his raison d'être for hanging on in Iraq. In other words, Iraq is the Khyber Pass of the president's defense of America. It's the passageway through which he wants us to believe freedom must flow to the rest of the world." Wickham adds, "Democracy is no magic potion for the bad behavior of people who have little tolerance for it. That's a very painful reality that President Bush must someday face."

Wehner Says War Critics Have Offered No Alternative To Bush "Freedom Agenda." Peter Wehner, deputy assistant to the President and director of the White House's Office of Strategic Initiatives, writes in the Wall Street Journal (4/4, 2.11M), "A small group of current and former conservatives…have become harsh critics of the Iraq war," suggesting "that it is a failure and the president's effort to promote liberty in the Middle East is dead." Critics of the Iraq war "have offered no serious strategic alternative to the president's freedom agenda, which is anchored in the belief that democracy and liberal institutions are the best antidote to the pathologies plaguing the Middle East." Wehner adds, "In Iraq, we are witnessing advancements and some heartening achievements. … The process of democratic reform has begun, and now would be precisely the wrong time to lose our nerve and turn our back on the freedom agenda. It would be a geopolitical disaster and a moral calamity -- and President Bush, like President Reagan before him, will persist in his efforts to shape a more hopeful world."

Zarqawi Reportedly Replaced As Head Of Al Qaeda In Iraq. A leading Islamist says al Qaeda militant Abu Musab Zarqawi has been replaced as head of al Qaeda in Iraq in order to put an Iraqi figure at head of the group's struggle. The Washington Times (4/4, Sands, 90K) reports, "But terrorism specialists were divided on whether the move represented a demotion for the figure most closely identified with a wave of suicide bombings and beheadings or a move by Zarqawi to focus his efforts on a larger regional war." The Times adds, "Reports that Zarqawi had been shunted aside are 'nothing we can verify,' Lt. Col. Barry Johnson told reporters in Baghdad yesterday."

US Troops In Iraq Try To Bring Iraqi Forces Up To Speed. The Christian Science Monitor (4/4, Levinson, 61K) reports that US military efforts to train Iraqi police and military have had "mixed" results. According to the Monitor, "the Brookings Institution reports [of] a total 241,700 Iraqi enlistees, only 54,000 of those troops are considered

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capable of operating independently from Coalition units. The remaining soldiers must fight alongside coalition forces." The article notes that "even the smallest US transfers of authority have had discouraging results."

Iraqi Civilians Attempt To Provide Own Security. With Iraqis being targeted at an "unprecedented rate," USA Today (4/4, Frank, 2.31M) reports that civilians, wary of "the ability of police to and soldiers to protection," are "attempting to provide their own security, relying on neighbors and family or hiring armed guards. … Convinced that Iraqi police and soldiers can do little to protect them, residents are arming and organizing, often in elaborate ways, to provide their own safety."

Thirteen US Troops Killed In Iraq Over Weekend. ABC World News Tonight (4/3, story 4, :15, Vargas, 8.78M) reported, "Five Marines were killed and three others went missing after their truck rolled over in a flash flood. At least eight other US service members have been killed since Saturday."

The CBS Evening News (4/3, story 4, 0:20, Schieffer, 7.66M) reported, "April is off to a costly start for US forces in Iraq. The military reports at least 13 Americans now killed this weekend, most of them yesterday in Anbar Province, which is west of Baghdad. Three Marines and a Navy sailor were killed in combat." NBC Nightly News (4/3, story 4, 0:10, Williams, 9.87M) reported the "US death toll has been heavy over the past two days."

The New York Times (4/4, Semple, 1.19M) reports, "Three marines and one sailor were killed on Sunday in the rebel assault, the military reported, offering no further information. It was the largest number of American deaths in a single attack in more than a month. In another part of Anbar on Sunday, a flash flood toppled a seven-ton truck, killing five marines riding inside it and wounding one, the military said. Two marines and one Navy corpsman in the truck were missing, officials said."

The Washington Post (4/4, A19, Finer, Fekeiki, 744K) reports, "The deaths came two days after a month in which there were 32 U.S. military fatalities, the lowest monthly figure since early 2004. At least 13 Americans have been killed already in April."

Wounded Soldiers Feel "Sense Of Unease" Upon Return To US. The Los Angeles Times (4/4, Zucchino, 958K) reports. "When the wounded come home from Iraq, nothing is as it once was. They look different, of course -- pocked with shrapnel scars and surgical incisions, sore and tentative, and carrying the memory of that moment, just before the blast or bullet, when they were still whole. … Aggressive and driven in Iraq, the wounded become dependent and distracted back home. Hometowns and living rooms feel different. Friends have moved away. Children have grown. Iraq was terrifying and dangerous, but it became fulfilling and familiar. The wounded are relieved to be back with their families. Though thankful to be alive, they're burdened by a sense of unease."

CSMonitor Editor Thanks FBI, Military For Work To Free Carroll. The New York Times (4/4, Zezima, 1.19M) reports that former hostage Jill Carroll visited the Christian Science Monitor newsroom. Monitor Editor Richard Bergenheim thanked the US embassy in Baghdad for working "with a passion" to free Carroll. The Times reports that he also "thanked the FBI…and the military." An anonymous official "said the American hostage working group in Baghdad assisted with Ms. Carroll's case." NBC Nightly News (4/3, story 6, 2:15, Engel, 9.87M) reported that she has "been given a staff job at the Monitor, and according to representatives from the paper, she already has several book offers." However, the CBS Evening News (4/3, story 3, 0:40, Schieffer, 7.66M) reports that Carroll "has no immediate plans to discuss her ordeal in public."

New Documents Slow Australian Oil-For-Food Probe. The New York Times (4/4, Bonner, 1.19M) reports that Australia's wheat-exporting giant AWB supplied "over six volumes of documents" to lawyers investigating whether it "paid $200 million in kickbacks to Saddam Hussein under the United Nations oil-for-food program." Hearings are now 13 weeks old. Emerging intelligence papers show "that as far back as 1998, Australian intelligence agencies had been told that [a Jordanian company receiving payments from AWB] was a front for the Iraqi government and was being used to violate United Nations sanctions against Baghdad."

Skeptics Question Fugitive Kurdish Writer's Plight. The New York Times (4/4, Worth, 1.19M) reports that a controversial Kurdish author "says he has been receiving death threats by phone since January, when his new book on sex and Islam touched off angry street

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demonstrations in several Kurdish cities in Iraq." However, others accuse Mariwan Halabjayi of being a "publicity hound." The Times says that "Islamist political leaders deny that they ever threatened him and say they see him as a publicity-hungry clown, not a dangerous blasphemer. Even some secular figures say Mr. Halabjayi's book…may have been a ploy to get political asylum in Europe."

Allen Advocates Boykin For Special Operations Command. The AP (4/4, Sidoti) reports that Sen. George Allen wants "Lt. Gen. William G. (Jerry) Boykin, currently the Pentagon's deputy undersecretary for intelligence," to replace the retiring head of the US Special Operations Command. Sen. John Warner, chairman of the Senate Armed Services Committee, stated, "This officer would not be among those whom I would recommend for this position." Gen. Boykin aroused controversy in 2003 with "speeches at evangelical Christian churches in which he painted the war on terror as a Christian fight against Satan and suggested that Muslims worship idols."

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Card, Gonzales, Other Top Bush Aides Spotted At DC Restaurant. The New York Daily News (4/4, Grove, 729K) reports in its "Lowdown" column, "Note to former White House Chief of Staff Andy Card: Next time you and your high-powered pals want to have a private dinner at a D.C. restaurant — as you did Saturday night with Attorney General Alberto Gonzalez, FBI Director Robert Mueller and former FEMA chief Joe Albaugh and your wives at the Mexican eatery Lauriol Plaza — make sure the dark-suited Secret Service guys at the next table at least order guacamole and chips. Then again, they probably won't be there next time."

DOJ Privacy Officer To Launch Panel. Government Executive (4/4, Pulliam) reports, "The Justice Department's recently arrived chief privacy officer said in an interview Monday she plans to launch an internal privacy and civil liberties board in two weeks." GE continues, "The board will be made up of director or deputy director-level officials and will address the broad range of privacy issues that confront the department, said Jane Horvath, who assumed her job as the department's first chief privacy and civil liberties officer on Feb. 21. … Horvath told Government Executive that her 'first and primary responsibility is to ensure that the department ensures the civil liberties of the American people.' … She said she is working out her relationship with the department's Inspector General's Office to determine what types of privacy complaints she will receive, adding that she anticipates she'll handle broad, issue-related problems rather than complaints from individuals. … Horvath also plans to address Justice's use of commercial data for finding terrorists and standards for and oversight of mass data collection." GE adds, "Her official duties include reviewing and overseeing the department's privacy operations, developing Justice's privacy policies and ensuring the compliance of privacy impact assessments, known as PIAs. Horvath also serves on the department's Data Integrity Board and its document committee."

CORPORATE SCANDALS:

Enron Defense Begins To Present Case. The Washington Post (4/4, D1, Johnson) reports, "Lawyers for former Enron Corp. executives Kenneth L. Lay and Jeffrey K. Skilling began presenting their defense against fraud charges Monday without the lead lawyer for Lay, who was preparing for a second round of surgery to alleviate a heart condition." The Post continues, "Kicking off the 10th week of the trial, the defense teams jointly called witnesses designed to advance their argument that no fraud took place at the Houston energy company. One of the case's most anticipated witnesses, Skilling, could begin to testify as early as Thursday, lawyers said." The Post adds, "In perhaps the most powerful testimony of the day, former executive assistant Joannie Williamson said she believed that her friend, then-investor relations chief Mark E. Koenig, had pleaded guilty to spare his family and reduce his prison sentence. Under questioning by defense lawyer Chip B. Lewis, Williamson recounted that Koenig called her in August 2004, hours after his plea to aiding and abetting securities fraud. … 'He said, "I'm not guilty, but in order for this to work, everyone needs to believe that,"' Williamson testified. … Defense lawyers contend that many of the 16 former Enron employees who pleaded guilty did so under pressure from law enforcement authorities and under fear of the onerous federal sentencing guidelines." The Post notes, "On cross-examination, Assistant U.S. Attorney Kathryn H. Ruemmler stressed Williamson's close and ongoing relationship with both defendants. Lay, for instance, offered to

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pay the witness's legal fees, and Skilling socializes with her and others once a week, the prosecutor said."

The Wall Street Journal (4/4, McWilliams) reports, "The defense in the trial of two former top Enron Corp. executives struggled on its first day, as a defense witness backed down from earlier claims and a lead defense attorney was hospitalized for the second time in two weeks." The Journal continues, "It was a modest start to the defense's case that there was no wrongdoing at the energy company, apart from thefts by a few subordinates, and underscored the central role of testimony by the two former top executives in their defense. Former Enron President Jeffrey Skilling may testify as early as tomorrow, much earlier than had been expected." The Journal notes, "In an unexpected twist on the proceedings, Mr. Lay's 65-year-old lead attorney, Michael Ramsey, is scheduled to undergo surgery today that could remove him from the defense team. Doctors at Houston's Methodist Hospital are to evaluate a stent that was installed slightly more than a week ago. … Despite the procedure, Mr. Ramsey returned quickly to court. Now, however, there 'appears to be some difficulty with the stent,' a spokeswoman for Mr. Lay said in a statement yesterday. … Mr. Ramsey's health situation is a setback for Mr. Lay. Mr. Ramsey has long been one of the best-known criminal defense attorneys in Texas, bringing a down-home but aggressive demeanor to the courtroom that has helped him win difficult cases -- including the acquittal of a man who had been charged with murdering and dismembering a man."

The Houston Chronicle (4/4, Flood) reports, "Williamson testified that she thinks her friend Koenig succumbed to pressure, though she acknowledged on cross-examination by prosecutor Kathryn Ruemmler that Koenig never said he was pressured. … This testimony follows a main defense theme — that many witnesses who testified against Skilling and Lay were coerced by the government into pleading guilty and are just saying what prosecutors wanted to hear. … Lay and Skilling argue there was no conspiracy. They say Enron was in good shape, but the lack of confidence engendered by revelations about thieving by ex-CFO Andrew Fastow and his cohorts caused a 'run on the bank.'"

Former Westar Executives Sentenced. The Washington Post (4/4, D1, Masters) reports, "The former chief executive of Westar Energy Inc. was sentenced yesterday to 18 years in prison for his role in a corporate looting case known in some circles as 'the Enron of Kansas.'" The Post continues, "David C. Wittig, 50, and the utility's onetime top dealmaker Douglas T. Lake, 55, were convicted in September of conspiracy, wire fraud, money laundering and circumventing internal controls at the Topeka, Kan., utility. … U.S. District Judge Julie Robinson sentenced Lake to 15 years and ordered each man to pay $5 million in fines plus restitution. The two have already been ordered to forfeit more than $53 million to Westar." The Post adds, "Wittig's sentence is one of the longest handed down in a major white-collar fraud case and reflects the government's increasingly harsh reaction to corporate malfeasance. … Former WorldCom Inc. chief executive Bernard J. Ebbers received 25 years for his role in that telecommunications firm's massive accounting fraud, but most other fallen corporate titans have received less. … Under the federal sentencing guidelines, each man had faced as much as life in prison, but their lawyers argued that such a punishment would be unduly harsh."

The Wall Street Journal (4/4, Smith) reports, "The charges stemmed from a series of transactions initiated by Mr. Wittig and Mr. Lake, 55, shortly after Mr. Wittig joined Westar in 1995. Among the specific allegations were improper use of the company's aircraft and arranging for increases to his own compensation without normal board knowledge or approval. … Mr. Wittig assumed Westar's helm in 1998 to help the Topeka, Kan., utility develop a growth strategy that would enable it to take advantage of deregulation of the electric industry. But prosecutors later said, and a federal jury agreed, that Mr. Wittig and Mr. Lake instead found ways to abuse their positions of trust to pad their own wallets through schemes that circumvented the normal board approval process."

Refco Shareholders Consolidate Suits. The Wall Street Journal (4/4, Mollenkamp, McDonald, McKay) reports, "A consolidated lawsuit filed by Refco Inc. shareholders and bondholders claims the commodity-brokerage firm used 10 transactions totaling more than $5 billion -- far more extensive than previously thought -- to keep hundreds of millions of dollars of losses off its books." The Journal continues, "The lawsuit, a roll-up of more than a dozen shareholder actions previously brought, was filed yesterday in federal court in New York. It alleges Refco executives were so intent on launching Refco's initial public offering of stock last August that they ignored complaints

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about lax executive oversight. The suit also alleges negligence on the part of the collapsed company's auditor and investment bankers." The Journal adds, "As previously reported, when Refco in October revealed former Chief Executive Phillip R. Bennett had hidden about $430 million in bad debts, customers rushed to get their money back, ultimately forcing the firm to seek bankruptcy protection. … The shareholder suit seeks class-action status. When the earlier suits were filed, U.S. District Judge Gerard E. Lynch consolidated them into one and appointed lead counsel to file one complaint."

HealthSouth Pays Out Hefty Legal Fees. The Fulton County Daily Report (4/4, Peters) reports, "HealthSouth Corp. has helped lots of lawyers become more prosperous in recent years. … The Birmingham, Ala., company expects eventually to pay a total of about $147 million in legal fees for litigation expenses incurred since 2003, according to the company's annual report, which was filed last Wednesday." The Report continues, "In March 2003, federal prosecutors launched a fraud case against the company and its founder and former CEO, Richard M. Scrushy. Since then, HealthSouth has paid to defend itself in that criminal case, as well as civil cases filed in federal and state courts by the company's shareholders, bondholders, auditors and employees. … Some Atlanta law firms got in on the action, including Alston & Bird; Parker, Hudson, Rainer & Dobbs; and the Atlanta office of Jones Day." The Report adds, "HealthSouth's legal bills are comparable to other U.S. corporations that have found themselves in trouble with federal regulators in recent years, said Ron Peppe, a vice president at the Washington-based Association of Corporate Counsel. … HealthSouth already has paid some of the $147 million total, Peppe said. It has put the rest in reserve, with the expectation that it will eventually need to pay the full amount. The final total could end up being less, but $147 million is probably a good estimate, he said."

CRIMINAL LAW:

Capitol Police Seek Arrest Warrant For McKinney. CNN's The Situation Room (4/3, Blitzer) reported, "CNN has confirmed from Federal law enforcement officials that Capitol Police are asking Federal prosecutors to issue an arrest warrant for Democratic Congresswoman Cynthia McKinney of Georgia. They filed a complaint stemming from an incident last week between the Georgia Democrat and a Capitol police officer as she tried to enter a House office building without a lapel pin that identifies her as a member of the United States Congress." The AP (4/4, Kellman) reports "a spokesman for U.S. Attorney Kenneth L. Wainstein said he was reviewing the merits of the case. 'We are working with Capitol Hill police to fully understand and appreciate the incident,' principal assistant US Attorney Channing Phillips told The Associated Press in a telephone interview."

The Washington Post (4/4, A4, Wilber, 744K) reports McKinney "expressed regret for the incident but has not apologized. She has said she expects to be exonerated once the case is fully reviewed. At a news conference last week, she said the officer touched her inappropriately. Her lawyers said McKinney, who is black, was the victim of racial profiling." Last night McKinney appeared on CNN's The Situation Room (4/3), where she said, "The bottom line on this is that it doesn't matter if you're in the United States Capitol or the Georgia Capitol, the issue is racial profiling." Asked if the allegation that she struck a Capitol Police officer are true, McKinney said that "if you would look, you would find that even inside the Capitol Hill Police Department there are problems inside with the treatment of -- or the respect for diversity, let me say."

The Atlanta Journal-Constitution (4/4, Kemper, Reid, 430K) says "a security video shows McKinney entering the building and moving around the metal detector and X-ray machine." However, it does not show her encounter with the police officer, according to officials familiar with it." But Fox News' Special Report (4/3, Wilson) reported "Capitol Hill law enforcement officials with knowledge of the investigation say they have built, quote, a very solid case against McKinney. A highly placed source tells Fox News numerous witnesses gave sworn statements that they saw McKinney aggressively punch the officer's badge with her cell phone after the officer asked her to stop at a House office building security check point and produce identification. Officials were close to dismissing the matter after McKinney initially offered regret for the incident but reconsidered late Friday after she held a press conference with high profile activist Danny Glover and Harry Belafonte."

The Hill (4/4, Hearn) says the "bizarre scuffle" between McKinney "and an unnamed US Capitol Police officer is winning the spirited congresswoman few new friends in her caucus. In fact, some Democrats are trying to distance

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themselves from her." McKinney "has been aggressively publicizing the incident, calling press conferences on each of the past two business days and even attracting a mention on the front page of The New York Times, something that the dozens of House and Senate Democrats combined couldn't match when they unveiled their homeland-security plan last week." Now, "with McKinney facing a possible arrest warrant, the media frenzy is set only to escalate. … All of the attention has some Democrats concerned that McKinney is drawing the limelight away from their policy goals and Republicans' ethical missteps to focus on a momentary, disputed encounter in a Capitol Hill hallway."

USA Today (4/4, 2.31M) and Roll Call (4/4, McArdle), among other sources, run similar accounts this morning. The New York Times (4/4, Kirkpatrick, 1.19M) reports McKinney "has raised the issue of racial bias in the past. In her first term in Congress in 1993, she publicly complained about a confrontation with an elevator operator who she said initially assumed she could not be a member of Congress because of her appearance and race. (Ms. McKinney acknowledges that her attire is unusual, especially her gold cowboy boots and running shoes.)" In her 1996 campaign for reelection, she "called her opponents 'a rag-tag group of neo-Confederates.' She has also said she complained to President Bill Clinton of 'disparate treatment' at two White House events during his administration because of her race."

McKinney Used Taxpayer Funds To Fly Singer To Georgia. Roll Call (4/4, Akers) reports in its "Heard on the Hill" column, "Rep. Cynthia McKinney (D-Ga.) has admitted to breaking government rules by using taxpayer money to fly singer Isaac Hayes to Georgia to help dedicate a new office, according to a report Monday afternoon by Channel 2 Action News in Atlanta. McKinney's office, according to the report, says it will reimburse the Congressional fund for the cost of Hayes' flight and hotel room."

Director Charged In Pellicano Probe. The Los Angeles Times (4/4, Krikorian) reports, "Top Hollywood movie director John McTiernan has been charged with lying to FBI investigators about his relationship with a private detective charged with illegal wiretapping, officials announced today." The Times continues, "McTiernan directed Arnold Schwarzenegger in the 1987 movie "Predator," which was nominated for an Academy Award for special effects. McTiernan is by far the most prominent entertainment figure to be criminally charged in the ongoing investigation into the tactics used by Anthony Pellicano, the private detective employed by many Hollywood figures before he was convicted of possessing an explosive device. He is now awaiting trial on illegal wiretapping charges. … McTiernan, 55, also directed 'Die Hard,' 'The Last Action Hero,' 'The Hunt for Red October,' and 'Rollerball.' McTiernan's alleged crime occurred on Feb. 13 during an interview with FBI agents, according to the charges filed by federal prosecutors in Los Angeles. … 'McTiernan claimed that he had no knowledge of any wiretapping conducted by Anthony Pellicano and had never discussed wiretapping with Anthony Pellicano, when in fact, as defendant McTiernan knew, he had hired and paid Anthony Pellicano to conduct a wiretap,' according to the charges."

The Wall Street Journal (4/4, Marr) reports, "Mr. McTiernan is charged with making a false, fictitious and fraudulent material statement. The accusation of lying in an FBI interview could rattle nerves in Hollywood, where numerous lawyers and executives have been questioned by the FBI or appeared before a federal grand jury in regards to the investigation of Mr. Pellicano. … The investigation into Mr. Pellicano kicked off in 2002 when the FBI raided his Sunset Boulevard offices and found explosives and grenades, which led to a 30-month prison sentence. … The FBI also confiscated numerous computer files that provided a web of leads in their investigation into Mr. Pellicano's tactics as Hollywood's top private detective, according to court documents."

Viacom Chiefs Back Grey As Pellicano Probe Widens. The Los Angeles Times (4/4, Eller, Hofmeister) reports, "Viacom Inc.'s top brass gave Brad Grey, chief executive of Paramount Motion Picture Group, a vote of confidence Monday despite the unwanted attention the studio is getting from his links to indicted private investigator Anthony Pellicano." The times continues, "In their first interview on the subject, Viacom Chairman Sumner Redstone and CEO Tom Freston said Grey's ties to Pellicano were fully examined by the company before he joined the studio more than a year ago. They said they remained comfortable with their decision to tap the former talent manager to turn around the lagging studio. … Freston, who personally selected Grey for the job, said that before he was hired, Grey was 'totally upfront' about his involvement with Pellicano. Grey's attorney, Bertram Fields, had hired the investigator to work on two high-profile lawsuits brought against Grey by his former client Garry Shandling and 'Scary Movie' executive producer Bo Zenga.

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… Grey informed his prospective bosses that he had testified twice before the grand jury as a witness in the Pellicano matter and had been questioned by the FBI. … In addition, Freston said, Viacom did its homework, largely through conversations between Viacom General Counsel Michael Fricklas and Grey's personal attorney, Ron Olson."

Jury Hears Closing Arguments In "Mafia Cops" Trial. The AP (4/4) reports, "Two ex-police detectives betrayed their badges by becoming hired guns for the Mafia, a prosecutor said Monday during closing arguments at their federal racketeering trial." The AP continues, "Louis Eppolito and Stephen Caracappa 'led double lives,' helping unleash a wave of violence that left eight people dead, prosecutor Daniel Wenner told the jury. … 'They gathered and sold information to the mob. They kidnapped for the mob. They murdered for the mob,' Wenner said. … The prosecutor described the case as 'the bloodiest, most violent betrayal of the badge this city has ever seen.'" The AP notes, "Caracappa's lawyer, Edward Hayes, countered by accusing the government of using the testimony of a convicted drug dealer, a gangster and an embezzler to frame an honest crime fighter. … The witnesses 'have conned people their whole lives,' he said." The AP adds, "Authorities allege Eppolito, 57, and Caracappa, 64, were involved in eight slayings between 1986 and 1990 while on the payroll both of the New York Police Department and Luchese crime family underboss Anthony 'Gaspipe' Casso."

Newsday (4/4, DeStefano) reports, "Tacitly acknowledging a five-year statute of limitations issue that could still derail the government's case, Wenner argued that the criminal conspiracy…continued almost up to the time both defendants were arrested in March 2005. Proof of that, he said, was in the fact that Eppolito and Caracappa lived across the street from each other in Las Vegas," so that "Caracappa could keep an eye on Eppolito and make sure he didn't weaken and expose their crimes, Wenner argued. He also said a drug deal they allegedly took part in during late 2004 put the case within the statute of limitations." Caracappa co-counsel Rae Koshetz "stressed the limitation period in her closing statement, saying the government tried to dress up a stale case by pulling in evidence of a small drug deal for Ecstasy that had no relationship to the conspiracy." The New York Daily News (4/4, Smith, 729K) adds that "star witness" Burton Kaplan "was billed as the man who could put the so-called Mafia Cops away for life," and Wenner said yesterday that he "lived up to his billing." The Eppolito and Caracappa lawyers "contend that Kaplan made up the whole crazy conspiracy to get out of prison before he dies of old age. But Wenner argued that Kaplan…couldn't have made up all the damning details." The New York Post (4/4, Haberman, 624K) also reports on the closing arguments under the headline "'Blood Traitors To NYPD Badge.'"

California Men Plead Guilty To Operating Massive Music, Software Piracy Ring. The San Francisco Chronicle (4/4, Estrella) reports Ye Teng Wen and Hao He of Union City, Calif., "pleaded guilty on Monday to producing 200,000 pirated copies of music and software compact discs, according to the U.S. Department of Justice. … Many of the items contained counterfeit FBI anti-piracy seals and silk-screened artwork that made them appear legitimate, according to the U.S. Attorney for Northern California." The Chronicle notes, "In October, the FBI raided 13 locations in California and Texas and seized 494,000 pirated CDs, DVDs and software in the country's largest manufacturing piracy seizure to date, according to the Recording Industry Association of America." The San Jose Mercury News (4/4, Ackerman, 268K) adds that Wen and He were arrested "as part of an undercover operation code-named 'Remaster.' … Speaking at a press conference Monday afternoon, officials said the manufacturing operation…may have produced as many as 12 million pirated CDs. They called it the largest manufacturing operation of its kind uncovered in the United States."

The AP (4/4) reports, "Wen and He admitted to mass producing nearly 200,000 pirated music and software CDs, many of which contained counterfeit anti-piracy seals from the FBI and silk screened artwork to make the merchandise appear legitimate, the U.S. Attorney said. The pirated works mainly involved Latin music artists and Symantec Corp.'s Norton anti-virus software." Bay City News Wires (4/3) also notes that "they pleaded guilty to counterfeiting the FBI's own anti-piracy seal on the counterfeit music discs."

Former Nevada Commissioner, Exotic Dancers Testify About Alleged Bribes. KLAS-TV Las Vegas (4/3, Allen) reports, "Seven witnesses were called to the stand Monday in the political corruption case against former Clark County Commissioners Dario Herrera and Mary Kincaid-Chauncey. Each told the jury the two had connections to strip club owner Mike Galardi." Former

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Commissioner Erin Kenny "told the jury Herrera was arrogant and she believed he was taking Galardi bribes. … But later, Kenny admitted while she believed both were taking bribes, she has no proof they did. Next, the prosecution called two former dancers from Galardi's strip club who testified they received money from Galardi and his associates. One received $400 to give Herrera an hour's worth of lap dances. The other received $400 to perform a sex act on Herrera."

Judge Orders Release Of FBI Surveillance Transcripts. KLAS-TV Las Vegas (4/3, Allen) also reports, "In response to a request from several media outlets, Judge Larry Hicks ordered transcripts of FBI wiretaps be released to the media. The actual audio recordings may not be released; federal prosecutors say developing a system to copy the wiretaps would interfere with their trial preparation."

Judge Rejects Plea Agreement In Philadelphia Ticket-Fixing Probe. The Philadelphia Daily News (4/4, Hinkelman) reports US District Judge Norma L. Shapiro "refused to accept the guilty plea yesterday of a former city hearing officer accused of fixing Philadelphia parking tickets in exchange for $200 in cash and $169 worth of concert tickets to see Prince." Molden David Faison was charged "with one count of attempted Hobbs Act extortion," but Shapiro "said she was not convinced that Faison was guilty of the charge." The person from whom Faison allegedly took the bribe "was identified in court yesterday as John Florio, who later became an FBI informant in the investigation of Faison. … Assistant U.S. Attorney Judy Smith said the FBI audio tapes 'clearly' would show that Faison believed Florio was 'acting as an agent' on behalf of the plumbing company when he gave Faison the concert tickets even though it was part of an FBI sting. But Shapiro wasn't convinced."

Mariano Surrenders City-Owned Vehicle. The Philadelphia Inquirer (4/4, Schaffer, 423K) reports, "Rick Mariano won't be able to drive to prison in his city-owned car. The Philadelphia city councilman…has turned in" his official vehicle. "Mariano's chief of staff, Jay McCalla, said the decision was part of the councilman's move to keep a lower profile following his fraud, bribery, and money laundering convictions." McCalla said, "This is just another step along the line which began when he relinquished his leadership positions." But he "said that line would not include Mariano's early resignation from his $102,000-per-year post."

Connecticut Mob Boss Sentenced To Seven Years In Prison. The AP (4/4, Apuzzo) reports US District Judge Janet Bond Arterton in New Haven, Conn., yesterday sentenced Gambino underboss Anthony Megale "to 86 months in prison. Megale admitted that from 2002 to 2004 he and others extorted $2,000 monthly payments from a Stamford strip club owner. He was caught on FBI recordings setting up the payments and predicting dire consequences if the club owner could not pay." The AP notes, "Megale was among 11 people arrested on charges stemming from an investigation in which an undercover FBI agent infiltrated the mob for three years, authorities said. Faced with a trial that would allow hours of secretly recorded FBI tapes into evidence, one defendant after another pleaded guilty."

Mexican Police Arrest Alleged New Mexico Cop Killer. The Albuquerque Tribune (4/4, Shepard) reports Mexican federal police yesterday arrested Michael Paul Astorga, wanted in New Mexico for the murders of sheriff's deputy James McGrane and Candido Ray Martinez. "More than 10 law enforcement agencies and more than 250 agents poured into the East Mountains, searching homes, woods and vehicles. … The manhunt drummed up more than 1,000 tips." On Saturday, "the reward for information leading to Astorga's capture was hiked to from $50,000 to $130,000," and he "was placed on the FBI's top 10 'Most Wanted' list." FBI Albuquerque SAC Tom McClenaghan "said his team will look into who, if anybody, deserves reward money." The AP (4/4, Mygatt) also notes Astorga "was placed on the FBI's list of Top 10 most-wanted fugitives." Bernalillo County Sheriff Darren White said, "Currently, we have a team of detectives in El Paso waiting to work with FBI agents who are also in that area to work on the extradition of Astorga." He added, "This was a true team effort."

Virginia Executives Sentenced To Prison, Fines For Contract Fraud. WVEC-TV Norfolk (3/31) reported, "Officials with two Hampton Roads companies were sentenced and fined for defrauding the government to get set-aside contracts for minority-owned companies. The presidents of ACS Environmental, Inc. of Chesapeake and Air Power Enterprises, Inc. of Portsmouth pleaded guilty last June to buying false training certificates for their employees working in the asbestos, lead abatement, and hazardous waste industries." WVEC adds, "James Schaubach, president of ACS and vice president of Air Power, was

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sentenced to 21 months in prison, to be followed by 3 years of supervised release and fined $1.5 million. … Nicanor Lotuaco, president of Air Power, was sentenced on Jan. 26, 2006 to five months in jail, followed by five months home detention and three years supervised release, and fined $1 million."

Teenage Girl Charged In Shooting Of Baltimore Officer. The Baltimore Sun (4/4, Jones) reports, "A 17-year-old girl suspected of masterminding an attempted robbery-turned-shooting of a Baltimore police officer was arrested Monday and charged with helping another man set up the ambush in the Westport neighborhood, according to city prosecutors and a police source." The Sun continues, "Brittany Johnson was charged as an adult with attempted murder, armed robbery and several handgun violations, court documents say. She went before a District Court commissioner and was ordered held without bail pending a formal bail hearing that could happen Tuesday, said Margaret T. Burns, a spokeswoman for the city state's attorney's office." The Sun adds, "Johnson, of the 2400 block of Ridgely St., is accused of luring the undercover vice detective, Dante N. Hemingway, to a public housing community during his lunch break by posing as a friend of the officer, according to a high-ranking police official with knowledge of the investigation. Police are investigating a connection between the officer, Johnson and the female friend; the source said the two women share a cellular phone. … Police said they do not suspect the acquaintance was part of the attempted robbery on Thursday that ended in an afternoon shootout that left Hemingway in critical condition with bullet wounds to his neck, chest and stomach."

CIVIL LAW:

Sikorsky Sues DOD To Keep Records Sealed. Cox News Service (4/3, Carr) reports, "One of the nation's largest defense contractors is suing the Pentagon to prevent the release of Black Hawk helicopter production inspection records, saying they would reveal confidential information to its competitors. … But the Bush administration disagrees with Sikorsky Aircraft Corp., whose helicopters are heavily used by the military in Iraq, Afghanistan and missions throughout the world." Cox continues, "The administration, better known for keeping government information secret, is asking a federal judge in Washington to release the records to Alan M. Cohn, a reporter for a television station based in New Haven. … Cohn is investigating whether mechanical failures have caused Black Hawk helicopters to crash in Iraq. His quest for information began in 2003 after several Sikorsky employees told him they were worried that defective parts had caused a series of deadly crashes in Iraq that year. … Cohn believes the records would shed light on whether the Defense Department had raised concerns with Sikorsky about the quality of the helicopter's machinery." Cox notes, "The records in question — called Corrective Action Requests — are a way for the Defense Department to inform a contractor that it is not complying with the Pentagon's safety and performance standards, said Dick Finnegan, associate general counsel of the Defense Contract Management Agency. … On March 2, 2004, Cohn filed a request under the Freedom of Information Act (FOIA) to obtain all inspection reports related to the Black Hawk dating back to 2003 and for Sikorsky's responses to the reports. The Defense Contract Management Agency denied Cohn's request two months later."

Philip Morris Makes Payment To States As RJR Balks. The AP (4/4, Stoughton) reports, "Philip Morris USA apparently has decided against playing hardball with the states over a hefty settlement payment due in April, but Reynolds American Inc.'s RJR is hanging tough." The AP continues, "On Friday, Philip Morris, the nation's largest cigarette maker, made its $3.4 billion payment, even though it believes that sum eventually should be reduced to reflect market losses it suffered due to its participation in the 1998 Master Settlement Agreement. … RJR, based in Winston-Salem, N.C., also made its payment Friday but decided not to pay the full amount, company spokesman David Howard said. Howard declined to provide details about the company's payment." The AP adds, "Philip Morris, RJR and Loews Corp.'s Lorillard have sought to cut $1.2 billion from the $6.5 billion due April 17. The companies say a provision in the settlement allows them to reduce payments to the 46 states if they collectively lose market share to so-called 'nonparticipating manufacturers' -- or players operating outside the pact. … But the big tobacco companies also must prove that the states did not adequately enforce statutes requiring the outsiders to place funds in escrow accounts in case of future state litigation."

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FEC Ruling On Internet Activity Called "Classic Compromise." E.J. Dionne writes in the Washington Post (4/4, A23, 744K), "Last month the Federal Election Commission issued a rule regulating political activity on the Internet. … The decision could be looked at as a classic political compromise: Campaign reformers got something they wanted (the Web would not be allowed to become the loophole that ate all campaign finance regulations), while bloggers got something they wanted (freedom to inform, opine, fulminate and enrage, i.e., to speak their minds). But the decision was better than your usual split-the-difference Washington sausage-making because it acknowledged that two serious principles are at stake and because it sought to make sure that regulations would be applied uniformly across media outlets." Dionne adds that Congress "should resist any bill that would overturn the FEC's shrewd ruling and let money slosh around freely on the Internet."

CIVIL RIGHTS:

DOJ Lawsuit Alleges Discrimination Against Mississippi White Voters. USA Today (4/4, Nichols, 2.31M) reports, "Lean, lanky and a fast-talking blur of perpetual motion, Noxubee County Democratic Chairman Ike Brown has roamed the political landscape of eastern Mississippi for 25 years with one clear aim: electing Democrats who are really Democrats. Brown has no time for moderate white Democrats who might get elected but who would then support Republican policies. 'To hell with 'em,' Brown says of people he calls 'Dixiecrats.'" Brown's lawyer, Wilbur Colom, "says he is simply 'a tough politician.' But the US Justice Department says Brown's take-no-prisoners brand of politics has crossed the line into discrimination against white voters and candidates." The Justice Department "has launched a landmark lawsuit against Brown -- the first time the federal government has used the 1965 Voting Rights Act to allege racial discrimination against whites. … Some legal analysts say the suit marks a striking change of focus by the Bush administration on voting rights cases, which until now have centered on discrimination against blacks and other minorities." Brown, "who the Justice Department points out served 21 months in prison in the mid-1990s on charges of income tax fraud, says his efforts to elect blacks are no different than the hardball political tactics white politicos have used in Mississippi for generations."

DOJ Reaches Settlement With Virginia Beach Over Police Entrance Exam. The AP (4/4) reports that Virginia Beach, VA, officials "have reached a settlement with the U.S. Department of Justice over allegations that the math exam given to police recruits discriminates against blacks and Hispanics. … The agreement filed Monday in U.S. District Court in Norfolk said the city will change how the exam is scored." The AP continues, "The new standards require applicants to score at least 70 percent on the reading and grammar test, and score an average of at least 60 percent on all three parts of the exam, said Mark Stiles, the city's deputy attorney. … Previously, applicants had to score at least 70 percent on the math section of the National Police Officer Selection Test used to screen and select entry-level officers. Although the test is given by police departments nationally, each department can determine what it takes to pass. .. The city also will allow 124 applicants who failed the math test between 2002 and 2005 to resume participation in the hiring process. Those applicants would have passed under the new standards."

American-Statesman Urges DOJ Probe Of Austin Police Beating. The Austin American-Statesman (4/4) editorializes, "Now that a jury has weighed in, the U.S. Department of Justice should investigate whether three Austin police officers violated the civil rights of Ramon Hernandez." The A-S continues, "Last week, it took less than two hours for an all-white jury of six people to acquit officers William Bradley Heilman, 31, and Christopher Gray, 28, for beating and using their stun guns on Hernandez while he was handcuffed and facedown on the ground. Rookie officer Joel Follmer, 37, also faces criminal misdemeanor charges for official oppression in a separate case that is pending. … The jury's verdict left many people scratching their heads. Like the infamous Rodney King case, the officers had been captured on video punching, kicking and standing on Hernandez's neck. The jury sided with Heilman of Pflugerville, and Gray of Georgetown, who said their actions amounted to self-defense because they were in a life-or-death struggle with Hernandez. The officers asserted that it was necessary to use that kind of force to bring Hernandez under control. Each officer outweighed Hernandez by 70 pounds." The A-S adds, "Just as

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it was in the King case, it's hard to reconcile the jury's verdict in the Hernandez case with what is on the video. It's difficult to look at the video and think the officers' conduct was warranted. The six-member jury decided that the officers broke no laws. That is not the same as saying they did nothing wrong. Even so, many people — some of them officers — will interpret the verdict as meaning that the officers acted properly. That would be tragic. … The 1991 King case divided the Los Angeles community and unleashed a hostility against police that remains today. We believe that swift intervention by the Department of Justice would help avert a similar negative backlash in Austin."

DOJ Checks Michigan Court For ADA Compliance. The Macomb (MI) Daily (4/3, Hotts) reports, "A federal prosecutor toured Eastpointe (MI)'s district court last month as part of an investigation of alleged violations of the Americans with Disabilities Act, city and federal officials said." The Daily continues, "An assistant U.S. Attorney was joined by several city and court officials as she inspected the 38th District Court building on Nine Mile, west of Gratiot, on March 14. It wasn't clear whether she was compiling information for a report or merely examining the facilities. … A prosecutor with the Justice Department in Detroit confirmed the tour took place but would not comment further." The Daily adds, "City Manager Wayne O'Neal said he left the inspection feeling the prosecutor had not found any major violations. … 'The only comment she made was something to the effect that the building was constructed under the same federal guidelines that are in place today,' O'Neal said. 'I'd be surprised if we're found to be out of compliance. We know there are some minor issues that need to be addressed and we're certainly working on those.' … A complaint was filed with the Justice Department last year by Judge Norene Redmond alleging there are compliance problems with handicapped parking and ramps to a secured entrance of the court. The complaint further states there are non-compliance issues with the court's interior, including public lavatories and holding cells, which are not accessible by people using wheelchairs."

ACLU: "Operation Meth Merchant" Targeted South Asian Store Owners In Georgia. The AP (4/3, Bluestein) reports the ACLU contends in a motion to be filed this week that prosecutors and police "zeroed in on stores owned by South Asians while ignoring white-owned stores in a sweeping drug sting. The motion, which will be filed Wednesday, says authorities selectively targeted South Asians during an 18-month investigation that aimed to curb the sale of household products used to manufacture methamphetamines." The group "hopes the filing will prompt a judge to toss out the case against dozens of South Asian merchants indicted last year in Operation Meth Merchant. Beginning in early 2004, 15 undercover agents were sent to small grocery stores, tobacco shops and delis in six remote northwest Georgia counties."

Recommendations Offered To Curb Anti-Semitism On College Campuses. The US Commission on Civil Rights yesterday approved recommendations aimed at ensuring Jewish college students are protected from anti-Semitic harassment. USA Today (4/4, 2.31M) reports that the recommendations come in response to allegations that "an anti-Israel bias is rampant on college campuses." The commission "also urged university leaders to 'set a moral example by denouncing anti-Semitic and other hate speech,' and to ensure that Middle East studies departments protect the rights of all students. It recommended Monday that the Department of Education 'vigorously' enforce the federal law that bars discrimination based on 'race, color or national origin,' and that Congress clarify that 'national origin' can refer to Jewish heritage."

Professor Says Fear Of "Anti-Semitism" Label Stops All Scrutiny Of US-Israel Partnership. Mark Mazpower, a professor of history at Columbia University, writes in the Financial Times (4/4), "In their article, published last month in the London Review of Books, John Mearsheimer and Stephen Walt, two highly respected scholars, argued that it is the lobby's success rather than any special convergence of national interests that explains the extent of American support for Israel. What is striking is less the substance of their argument than the outraged reaction: to all intents and purposes, discussing the US-Israel special relationship still remains taboo in the US media mainstream. … If fear of being tarred as an anti-semite – and there is no more toxic charge in American politics – blocks the way, what anti-semitism actually implies in today's America is increasingly unclear." Mazpower adds, "There is no reason why the partnership between the US and Israel should not be susceptible to the same kind of cost-benefit analysis as any other area of policy. After all, no special relationship lasts forever: ask the Brits."

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Yale Wins Anti-Political Correctness Award. Yale University has been awarded the Collegiate Network's annual award to highlight the negative influence of political correctness, for enrolling a former Taliban official with a fourth grade education. The Washington Times (4/4, Pfeiffer, 90K) reports that the group said, "Yale pursued [Sayed Rahmatullah] Hashemi's admission in the name of that sacred cow, diversity, which now appears to extend not only to people of various sexes, creeds, races, ethnicities, sexual preferences and practices, but also to enemy combatants who make war upon the United States."

ANTITRUST:

Alcatel, Lucent Seek CFIUS Support For Proposed Merger. The Wall Street Journal (4/4, Hitt, Silver) reports, "Alcatel SA and Lucent Technologies Inc. appear to be taking care to avoid a political backlash against their proposed merger given the heightened scrutiny of foreign investment in the U.S." The Journal continues, "The combined companies plan to create an independent U.S.-based subsidiary to handle government research projects that are of 'sensitive nature,' the firms said. Under the arrangement, all classified projects done for the U.S. government will be pulled together into a subsidiary that will be part of Lucent's Bell Labs, the company's elite research institution." The Journal adds, "The subsidiary will be overseen by a separate board made up of three U.S. citizens: former Defense Secretary William Perry; former Central Intelligence Agency Director James Woolsey; and Kenneth Minihan, past director of the National Security Agency, which is responsible for monitoring electronic communications for possible security threats. … The arrangement grew from informal consultations between the two firms and the Committee on Foreign Investment in the United States, or CFIUS, a panel made up of several federal agencies that reviews possible national-security implications of foreign investments. Those conversations began well before the merger was made public, as the two firms, which hail from opposite sides of the Atlantic, worked to anticipate potential concerns, government and business officials said."

GM Sells Financing Arm Stake For $7.4 Billion. The Financial Times (4/4, MacKintosh, Beales, Simon) reports, "General Motors agreed to sell a controlling stake in its finance arm to an investment consortium led by Cerberus Capital on Monday for $7.4bn, securing the troubled carmaker a cash inflow of $14bn over the next three years." The Times continues, "GM secured the sale of 51 per cent of GM Acceptance Corp to Cerberus, Aozora, a Japanese bank owned by Cerberus, and Citigroup's private equity arm. … However, GM admitted it had sold the stake at a loss because its own financial problems meant it could not give GMAC the funding it needed to expand. The payment is equal to half the 'tangible' book value, excluding goodwill on GMAC's balance sheet. GM will take a non-cash charge of $1.1bn-$1.3bn to cover the loss. … 'We felt economically all things considered this was a better transaction for us than alternatives including keeping the business,' said Fritz Henderson, chief financial officer." The Times notes, "In addition to the $7.4bn sale price, the transaction will result in a $2.7bn payment from GMAC to the carmaker as tax assets are released. GM will retain car lease and retail loans with a net book value of $4bn, which it expects to realise over the next three years. … The surrender of GMAC control ends a fire-sale of GM's non-essential assets over the past year that includes most or all of its stakes in Fiat Auto, GMAC's commercial mortgage unit, and Japan's Fuji Heavy Industries and Suzuki. Talks are also under way about the sale of GM's 7.9 per cent stake in Isuzu, the Japanese truckmaker."

USA Today (4/4, Healey) reports, "The deal, to close in the fourth quarter, gives the money-losing automaker $7.4 billion from buyers at closing and $2.7 billion from GMAC because of a favorable change in its tax status. The rest, mainly from GMAC vehicle leases, is paid within three years. … The cash is useful if there's a strike or other cash-burning crisis. But it halves GM's share of GMAC profits at a time when GM is losing money — $10.6 billion last year."

The Washington Post (4/4, D1, Freeman) reports, "As part of the deal, the automaker said GM and GMAC will enter into a number of 10-year agreements under which GMAC will continue to support GM's automotive operations, GM said. The automaker has worked hand-in-hand with GMAC over the years when it has needed to act aggressively to discount cars and trucks to clear inventories. … Financial analysts say they don't expect the nature of that collaboration to change. GM has tried to pull back from that strategy but has had trouble making it work." The Post notes, "Last month, GM announced a sweeping buyout plan designed to clear its employment ranks of 30,000 high-wage union positions. In the past six months, GM has come up with plans to hold down ballooning costs for health care, trimmed retirement

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and pension benefits, and begun laying off engineers and other white-collar workers. GM also halved its stockholder dividend and cut pay for executives, including Wagoner's salary."

The Wall Street Journal (4/4, Berman, Langley) reports, "The deal carries lots of risks for the buyers, primarily the fate of GM itself. Cerberus could be pushed into a corner should the auto maker enter bankruptcy reorganization or suffer continuing market-share losses. Another risk is the residential-mortgage market, in which GMAC is a big player. It's vulnerable to a possible housing downturn. … Cerberus also could make substantial profit, thanks to the differing values of GMAC's components. The price to be paid is roughly equivalent to GMAC's tangible book value, a finance term meaning the price a thing might fetch if liquidated. But some parts, such as the residential-mortgage division, are worth perhaps 1.5 times tangible book value, according to people briefed on the deal. Should GM recover enough to buy back the auto-finance division, Cerberus would have bought the other GMAC operations for a substantial discount." The Journal notes, "Few deals better capture the dramatic changes sweeping through the financial markets than this one, putting a little-known private investment fund in partnership with an auto maker once seen as a bellwether of the entire American economy."

Novartis Raises Bid For Chiron. The Wall Street Journal (4/4, Hamilton) reports, "Novartis AG boosted its cash offer for the shares of Chiron Corp. it doesn't already own, quashing a shareholder insurrection and effectively sealing its acquisition of the biotechnology pioneer." The Journal continues, "The Swiss drug giant, which owns 44% of Chiron, said it will offer shareholders $48 a share in cash, a $3 increase from a previously raised bid. That values the transaction at $5.4 billion, up from $5.1 billion. … The sweetened offer appears to have ended a shareholder revolt over the bid, which several investors considered a lowball offer for a company just recovering from problems in its vaccine business. Chiron's shares dropped precipitously in late 2004 after it pulled its influenza vaccine Fluvirin from the U.S. following alleged contamination at a production facility. Some investors and analysts argued that Chiron shares were just starting to recover when Novartis offered $40 a share for the company in September 2005. The next month, Novartis increased the bid to $45."

Continental AG To Purchase Motorola Automotive Unit. The Wall Street Journal (4/4, Rauwald) reports, "German auto-parts supplier and tire maker Continental AG said it has signed an agreement to acquire the automotive-electronics business of Motorola Inc. for $1 billion, boosting its presence in the American market." The Journal continues, "Continental said the deal would be completed in the first half and is subject to approval by antitrust authorities." The Journal adds, "Car manufacturers are using increasingly advanced electronics systems. The Motorola operation, which supplies auto makers such as General Motors Corp., Ford Motor Co., DaimlerChrysler AG and BMW AG, focuses on the development and supply of telematics, products that enable communication from the car to external networks. For Motorola, with total sales of $36.8 billion last year, the automotive-electronics unit was a small part of its overall business. … For Continental, the deal marks part of a drive to expand through acquisitions. The German company reiterated earlier this month that it has about €4 billion, or nearly $5 billion, available for acquisitions. In the past it has signaled an interest in acquiring parts of U.S. auto-part suppliers Delphi Corp. and Dana Corp., which are operating under Chapter 11 protection."

Maytag Chairman To Step Down. Dow Jones (4/4) reports, "Ralph F. Hake, who as Maytag Corp.'s chairman and chief executive presided over the appliance maker's sale to industry leader Whirlpool Corp., announced his pending resignation Monday. … 'I will not be staying with the company - by choice - as Whirlpool already has the leadership required,' Hake said during a teleconference with Whirlpool and Maytag employees." Dow Jones continues, "Whirlpool completed its acquisition of Maytag late Friday, capping a week in which the Justice Department said it wouldn't oppose the takeover. … Hake, 56 years old as of Maytag's latest proxy statement, was recruited in 2001 by a board anxious to rejuvenate the nation's No. 3 appliance maker. … But during his tenure earnings declined, then turned into losses, eventually leading to an auction of the Newton, Iowa, company. In fiscal 2005, it reported a loss of $81.9 million on sales of $4.9 billion." Dow Jones notes, "Separately, Whirlpool said Monday its North American president, David L. Swift, would hold a news conference in Newton Tuesday. He also is expected to meet with Iowa and civic leaders about Whirlpool's intentions for Maytag's plants and employees. … A spokesman for the Benton Harbor,

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Mich., company, Steve Duthie, said Whirlpool plans to 'move ahead with integration (of the two companies) as quickly as possible. Within 60 days we should have a reasonable idea of the direction we're taking.' … During the Justice Department's antitrust division review of the pending acquisition, executives from the two companies were prohibited from discussing Maytag's future as part of Whirlpool, Duthie said."

Approval Of Boeing-Lockheed Rocket Deal Expected This Month. Dow Jones (4/3) reports, "Boeing Co. and Lockheed Martin Corp. should finally win regulator approval to merge their rocket launch business this month, analysts said Monday." Dow Jones continues, "The two companies want to form the United Launch Alliance to save on back- office costs and end a messy legal battle. But the Federal Trade Commission hasn't said whether or when it will endorse the deal. Pentagon officials have been unofficially supportive. … Now the two companies are in the final stretch, said analysts who have been watching the transaction. 'They're expecting that the government will publicly disclose its approval of the transaction, with conditions, this month,' said Lexington Institute defense analyst Loren Thompson, who provides consulting services to Lockheed Martin and other contractors." Dow Jones adds, "Conditions on the deal will probably affect the joint venture's impact on the broader defense agency. Northrop Grumman Corp., which competes with Boeing and Lockheed to build government satellites, has expressed concerns about the deal, as have other companies that hope to enter the rocket launch business someday. Boeing and Lockheed Martin currently split Pentagon rocket launch contracts."

EU To Charge Countries Over Energy Reform Delays. Dow Jones (4/3) reports, "European Union regulators will Tuesday escalate efforts to cut the bloc's energy prices, charging several countries for not following energy laws agreed in 2003." Dow Jones continues, "The charges will range from failing to break up electricity and natural gas monopolies to keeping insufficient emergency oil stocks, the European Commission's energy spokesman Ferran Tarradellas said. … He declined to name the countries that will be charged, but said the regulator investigated over 100 cases where it suspected countries weren't following E.U. rules. … 'Our main problem is that it is impossible to see if our energy (regulation) is working, because many of the (laws) haven't been implemented or have not been implemented correctly,' Tarradellas said." Dow Jones adds, "Brussels regulators have been struggling to change the E.U.'s energy market, long controlled by state-owned monopolies that fix prices and force customers into long-term contracts. … Tuesday's move is unlikely to spur immediate changes, as the Commission must send countries a series of sternly worded letters before asking E.U. courts to enforce compliance. Still, the Commission has been making steady progress against recalcitrant countries. Last July, the regulator charged 11 countries for failing to include the E.U.'s 2003 policies in their national laws. At the moment, only Spain and Luxembourg still haven't complied with the Commission's demands, Tarradellas said."

Key Washingtonians Lobbying To Boost Patent Protections. In a Bulletin exclusive, US News & World Reports reports, "A 'Dream Team' of sorts has been formed to help the American Innovators Alliance, composed of Microsoft, Micron, Oracle, Apple and Intel, on key patent issues and to work on the 'eBay v. MercExchange' case before the Supreme Court. The team includes former Whitewater prosecutor Ken Starr; former Solicitor General Ted Olson; Mark Corallo, former Justice spokesman; Noam Neusner, former OMB spokesman and Bush speechwriter; and Makan Delrahim, an antitrust deputy assistant attorney general. The lobbying and communications effort they are heading is focused on pushing legislative initiatives that reform the patent system and protect high-tech innovators. Olson and Corallo have teamed before, to help the recording industry's fight against piracy."

ENVIRONMENT:

EPA Regional Offices Opposed To Emissions Rule. The Washington Post (4/4, A4, Eilperin, 744K) reports, "A proposal to revise how the Environmental Protection Agency regulates airborne toxic emissions from industrial plants has sparked an outcry from the agency's regional offices, with a majority suggesting that the change would be 'detrimental to the environment.'" The proposed rule, "whose wording was disclosed yesterday by the advocacy group Natural Resources Defense Council (NRDC), would change the emissions standards for oil refineries, hazardous waste incinerators, chemical plants, steel mills and other plants that discharge thousands of

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pounds of airborne toxins such as arsenic, mercury and lead." The Post adds, "An internal EPA memo summarizing the position of eight of the agency's 10 regional offices, dated Dec. 13, contended the change could conceivably result in an increase in toxic emissions. Seven of the offices agreed that the proposal would allow polluters to 'virtually avoid regulation and greatly complicate any enforcement.'"

The New York Times (4/4, Janofsky, 1.19M) says "officials in 9 of the agency's 10 regional offices raised their concerns in an internal memorandum to EPA officials." The memorandum, "written by Michael S. Bandrowski, chief of the air office in San Francisco, said he and his colleagues had 'varying degrees of concern' about the proposal, which he characterized as a 'drastic change in interpretation' of existing regulations under the Clean Air Act."

California Bill Would Cut Emissions Of Greenhouse Gases. The New York Times (4/4, Holusha, 1.19M) reports, "California may become the first state to impose limits on the emissions of all greenhouse gases, under legislation introduced yesterday in the State Assembly." The bill "requires that emissions of carbon dioxide and other gases linked to global warming be reduced by 145 million tons, or 25 percent less than the current forecast, by 2020. That would bring the emissions back to the 1990 level."

NYTimes Criticizes Fuel Efficiency Standards, Says They Challenge California Bill. The New York Times (4/4, 1.19M) editorializes on the Bush Administration's "new standards for SUV's and other light trucks," which it calls "a baby step toward President Bush's goal of reducing America's dependency on foreign oil." The Times adds, "Buried deep in the rules is one other disappointment: a reassertion of the administration's view that only the federal government has the authority to set fuel efficiency standards and that any state program that has the effect of changing these standards is illegal. This is a direct challenge to a recent California law requiring automakers to cut greenhouse gas emissions from new cars by 30 percent by 2016." The Administration "has missed another opportunity to address the twin problems of oil dependence and warming.

Obama Hits Bush "Stubborn Refusal" To Address Climate Change. At the Associated Press' annual luncheon yesterday, Sen. Barrack Obama said yesterday that Democrats should stress energy independence, education improvement and science investment in the 2008 presidential race. The AP (4/4, Espo) reports, "Obama, a first-term Democrat, also said he doubts Congress will pass immigration legislation this year, but he added that if the Senate can clear a bill, 'it lays the groundwork' for 2007." Obama also "accused President Bush of a 'stubborn refusal' to attack the causes of climate change, and said tougher fuel standards, stricter curbs on oil imports and more investment in cleaner energy are essential to avert global catastrophe."

FBI/DEA/ATF/USMS:

Two Air Marshals Plead Guilty To Cocaine Smuggling. The AP (4/4) reports, "Two U.S. air marshals pleaded guilty Monday to accepting money to smuggle cocaine on a flight to Las Vegas and agreed to cooperate with prosecutors." The AP continues, "The marshals admitted they accepted $15,000 to use their positions as air marshals to bypass airport security and smuggle 15 pounds of cocaine." The AP adds, "Shawn Ray Nguyen's attorney, Kent Schaffer, said his client pleaded guilty because 'he felt that the best way to ... demonstrate his repentance about his conduct was to take a guilty plea as early as possible.' … George Parnham, an attorney for Burlie Sholar III, said the plea was the best alternative. 'We want to save ourselves as much of his future as we can,' he said." The AP notes, "Homeland Security spokesman David Adams said that Sholar and Nguyen remained on indefinite suspension without pay. … According to the criminal complaint, Nguyen, 32, smuggled two envelopes containing drug money and fraudulent government documents past airport security in December. … Nguyen then discussed with the informant smuggling large loads of cocaine and bringing in others to help, according to the complaint. … Authorities had said Nguyen recruited Sholar, 38, for the plan."

The Houston Chronicle (4/4) reports Assistant U.S. Attorney Mark McIntyre "said the investigation was continuing, but cautioned against the expectation of more arrests. … The possibility of wrongdoing by other air marshals was evident in February when a third air marshal admitted during a dramatic courtroom confrontation to sharing a room with Sholar so he could bill the government for a second hotel room."

Missouri Woman Sentenced For Meth Conspiracy. The Carthage (MO) Press (4/3) reports a Carthage woman was sentenced in federal court Monday for

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her role in a conspiracy to "distribute between five and 15 kilograms of methamphetamine in southwest Missouri. The conviction is the result of Operation Ice Storm, a long-term investigation into the illegal distribution of large quantities of methamphetamine in southwest Missouri. Ricki J. Gomez…was sentenced by U.S. District Judge Ortrie D. Smith…to four years and nine months in federal prison without parole." The Carthage Press notes that the DEA took part in the investigation.

Illinois Man Gets 20-Year Sentence For Dealing Crack. The Southern (4/3) reports a 22-year-old Carbondale man "has been sentenced to 20 years in prison on federal charges of dealing crack cocaine and unlawful possession of a firearm. Brandon McDade previously pleaded guilty to conspiracy to distribute crack. … The conspiracy was investigated by the Southern Illinois Enforcement Group, Jackson and Perry County sheriffs' offices, Carbondale and Pinckneyville police departments, DEA and ATF."

Maryland, DC Seen As "Magnets" For Meth Dealers. The Washington Post (4/4, B5, Paley) reports Maryland and the District "are among the few jurisdictions in the country that have no restrictions on the sale of pseudoephedrine… making them magnets for meth dealers desperate to get the drug. At least 41 states place controls on the drug. … A federal law that takes effect Friday will make it illegal to purchase more than 3.6 grams, or about 120 pills, of the drug in one day, but law enforcement groups said they will continue to lobby for passage of state laws so local officials have their own tools to combat meth. … After Virginia required last fall that pseudoephedrine-based cold medications be placed behind the counter, drug dealers began crossing into Maryland and the District to buy the drug, according to Scott Burns."

Louisiana Jailer Faces Drug Distribution Charges. The Natchez (MS) Democrat (4/4) reports U.S. District Judge James Kirk "found probable cause Monday in Alexandria to proceed with prosecution of Concordia Parish Sheriff's Office jailer Dave Spurs. Spurs, of Ferriday, was arrested Thursday on three counts of distribution of crack cocaine. … The bust, part of an ongoing investigation between the DEA and the Louisiana State Police, netted three others."

California County Supervisor Seeks To Ban Marijuana-Flavored Candy. The Enterprise-Record (4/3) reports Alameda County Supervisor Nate Miley "wants to protect your kids from Chronic and Hydro and Sticky Icky Buds. All three are part of a line of marijuana- and hemp-flavored candy that Miley wants banned. The Board of Supervisors is set to discuss a ban on the sale of such products."

Lawyer Says Marijuana-Flavored Candy Undermines Drug Laws. In the Atlanta Journal-Constitution (4/4), Washington lawyer Michael C. Barnes writes, "Kudos to Georgia state senators who voted in favor of a bill to prevent the sale of marijuana-flavored candy. Members of the Agriculture and Consumer Affairs Committee realized that the availability of hemp candy on store shelves is harmful to our children and undermines Georgia's anti-drug laws."

Canada's Prime Minister Scraps Legislation Decriminalizing Marijuana. The New York Times (4/4, Krauss) reports Prime Minister Stephen Harper "announced Monday that he was scrapping draft legislation to decriminalize possession of small amounts of marijuana, a measure that had been strongly criticized by the Bush administration. … Harper announced the move during a speech to the Canadian Professional Police Association in which he pledged to toughen sentences for drug and gun crimes, tighten parole rules, strengthen controls on child pornography and expand the national databank of DNA samples for convicted criminals."

Canada's CTV (4/4) reports on its Web site that a lawyer "fears stepped-up prosecution of medical marijuana users now that the Conservative government has signaled it won't pass a Liberal law decriminalizing the possession of small quantities of pot."

US Seeks To Shut Down California Gun Dealer. The San Francisco Chronicle (4/3, Lee) reports, "The federal government wants to shut down one of Northern California's largest firearms dealers because the San Leandro business, which has a history of run-ins with firearms regulators, cannot account for nearly 2,000 guns." The Chronicle continues, "The decision by the Bureau of Alcohol, Tobacco, Firearms and Explosives to revoke Trader Sports' federal license to sell firearms on June 1 follows an audit that revealed owner Tony Cucchiara cannot document the weapons' whereabouts, the agency said in documents filed in

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U.S. District Court in San Francisco. … Cucchiara blames the problem on clerical errors made by store employees who duplicated entries or transposed digits when completing required records noting the acquisition or sale of a weapon, his attorney, Malcolm Segal of Sacramento, said today. … Segal said ATF inspectors 'were instructed to go in and search all the way and find these hypertechnical violations.'" The Chronicle adds, "The government doesn't buy Cucchiara's explanation, saying in court papers that his store willfully violated the law after repeatedly being told what it needed to do. … Cucchiara, who has been selling guns since 1958, plans to appeal the planned revocation at a May 25 hearing in federal court."

IMMIGRATION:

Senators Seek Compromise On Immigration Bill. Republican senators met in Majority Leader Bill Frist's office to hammer out an acceptable compromise on the immigration bill with the hopes of finalizing a measure by Friday. However, the goal of reaching a filibuster-proof deal appeared unlikely, with vote counts showing a possible compromises receiving fewer than 60 votes in favor. The Los Angeles Times (4/4, Reynolds, Gaouette, 958K) reports, "Facing a self-imposed Friday deadline for reaching agreement on the thorny issue of immigration, GOP senators worked Monday toward a possible compromise that would permit some illegal immigrants to remain in the country and apply for citizenship but would deny that opportunity to others." Frist "launched what participants said would be a series of closed-door negotiations to bridge a divide between Republicans who favored providing a path to citizenship for illegal immigrants and those who opposed it." Senators said "the Republican negotiations would continue today, and they expressed determination to pass a bill before the two-week Easter recess, which is scheduled to begin when the Senate adjourns Friday." A number of Republicans "who oppose options that would legalize illegal immigrants already in the country went to the White House on Monday for a meeting with Deputy Chief of Staff Karl Rove."

The AP (4/4, Gamboa) reports the lawmakers "considered allowing illegal immigrants who have been in the country more than five years or have other connections to the United States to remain legally and eventually seek citizenship." Sen. Arlen Specter said, "We're looking at the roots concept, and that is if they have been here more than five years. That is a reasonable line as to people who have roots who ought to be treated differently. And if they have been here less then five years, they do not have roots to the same extent and can be treated differently, and that is what we're looking at." The Wall Street Journal (4/4, A4, Rogers, 2.11M) reports Republican leaders "bluntly warned Judiciary Committee Chairman Arlen Specter (R., Pa.) that his bill will get no more than 58 votes to cut off debate. And Mr. Specter said later, 'We're going to add some more hurdles to move farther away from the concept of amnesty.'" The leadership "was promoting ideas put forward" by Sen. Chuck Hagel "that would treat those illegal immigrants -- who have entered the U.S. in the past five years -- more as guest workers, without a clear path to citizenship."

The Washington Times (4/4, Hurt, 90K) reports another proposed compromise "floating around would allow only those who have overstayed their visas to apply directly for citizenship. Anyone who had sneaked across the border would be required to return. But neither of the proposals would satisfy Senate conservatives."

CQ (4/3,Sandler) reports Frist was "racing to find middle ground before the end of the week on a complex overhaul of immigration policy that has divided his party." Frist plans to "hold a meeting of the Republican Senate caucus early Tuesday morning to share some of the proposed ideas." Frist said, "There are probably four different approaches [being discussed]. I'm going to be working with each of the groups to see what we can take to the floor." CQ adds that earlier in the day, "Frist, John Cornyn, R-Texas, and Jon Kyl, R-Ariz., met with Bush adviser Karl Rove at the White House. Frist then met with Cornyn and others, who favor a proposal that would require illegal immigrants to leave the country before being eligible for a temporary worker program that would not lead to citizenship."

The Washington Post (4/4, A9, Weisman, 744K) reports the talks, "led by Sens. Chuck Hagel (R-Neb.) and Mel Martinez (R-Fla.), are aimed at finding a formula that would persuade a majority of Republicans to support an immigration bill now backed largely by Democrats." Majority Leader Frist "plans to push for a final vote on immigration legislation this week, but it is not clear whether any measure can muster the 60 votes needed to break a filibuster."

Frist, Cornyn, Kyle Met With Rove And Card To Discuss Strategy. CNN's The Situation Room (4/3, Bash) reported that the GOP Senate leadership "is trying to figure out how to make sure that the deep divisions within their party

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over immigration doesn't end up in total deadlock when it comes to legislation on immigration and to that end we understand that the Senate Majority Leader Bill Frist went to the White House this afternoon with a couple other Republican senators. Senator John Cornyn of Texas and also Senator Jon Kyle of Arizona. … They met with Karl Rove, the President's Deputy Chief of Staff and the White House liaison to Congress Candy Wolfe. Now sources familiar with that discussion say it was essentially a strategy session. What they are trying to figure out is how to make sure the divisions especially when it comes to a so-called guest worker program don't just end everything right here in the Senate."

Senate Conservatives Seen As Likely To Buck Leadership. Roll Call (4/4, Stanton, Yachnin) reports House conservatives "are threatening to derail a budget measure that's far too expensive for their taste unless leadership cooperates on a series of reform measures, while Senate conservatives may derail efforts to pass an immigration bill this week, pushing the thorny issue further into an already tight election cycle." The "likelihood of a House revolt over the budget is unclear, but the chances for a showdown in the Senate are considered higher." Majority Leader Bill Frist "could have his hands full preventing a dispute between conservative and moderate Republicans over a guest worker proposal that could scuttle his plan of finishing the bill this week." While Frist "has said he does not support a Judiciary Committee-passed version of the proposal, he hasn't entirely thrown his lot in with conservatives, either. Instead, he is looking to find a middle ground."

14% See Illegal Immigration As Most Important Election Issue This Year. CNN's The Situation Room (4/3, Blitzer) reported, "In a new CNN poll conducted by Opinion Research Corporation, 14 percent say illegal immigration will be the single most important issue affecting their vote this year, 43 percent call it very important, 31 percent call it somewhat important. Just nine percent say it's not important." CNN added that 47 percent favor proposals "to build fences along the Mexican border with the United States and toughen criminal penalties for illegal immigrants and those who hire or help them." Meanwhile 24 percent "say they are very sympathetic" to illegal immigrants, 46 percent "say they are somewhat sympathetic. On the other hand 12 percent are somewhat unsympathetic, 14 percent in this new CNN poll say they are very unsympathetic."

Senators' Personal Backgrounds Play Important Role In Debate. The New York Times (4/4, Swarns, 1.19M) reports Sen. Pete Domenici recounted on the Senate floor how his mother, an illegal Italian immigrant, was detained during World War II. His "powerful account reflects a broader reality that has gone almost unnoticed as Republicans feud over whether to legalize the nation's illegal immigrants. Among the most passionate Republican voices in this debate are lawmakers with strong immigrant ties, who have woven the strands of family history into an outlook that has helped shape their legislative positions. The close connection has convinced some lawmakers of the importance of providing citizenship to illegal immigrants, while others say it should be granted more sparingly." Sen. Arlen Specter "said his parents came to the United States from Russia in the early 1900's," while Sen. Jon Kyl "said he grew up listening to the stories of his grandparents, who arrived from the Netherlands sometime before 1910." Sen. Mel Martinez "fled Cuba for Florida in 1962, when he was 15, and lived in orphanages and with foster families until he was reunited with his family four years later."

Undocumented Immigrants' Plans To Come Forward Depend On Nature Of Final Bill. The Christian Science Monitor (4/4, Paulson, 61K) reports though "many immigrants prefer the Senate's more open-armed bill, it can't yet answer their most urgent question: Who'd get to stay and who'd be sent home?" How senators "would resolve" complicated cases for immigrants who don't fall into neat categories "may be what determines whether most undocumented immigrants living and working in the US step forward to be counted - a major goal of the legislation - or remain in the shadows." Senators are "debating what waivers to include" for those "who have previous immigration violations."

Immigrant Rights Organizers Call For National Boycott. The Washington Times (4/4, Seper, 90K) reports immigration rights organizers "today will call for a nationwide boycott of work, school and shopping on May 1 to protest congressional efforts to clamp down on illegal aliens as part of pending immigration-reform legislation." The "Great American Boycott of 2006" is "only one in a series of large-scale events the protesters hope will sway lawmakers to put millions of illegal aliens on track toward permanent residency and U.S. citizenship." Boycott organizers "think the Senate Judiciary Committee, under the pressure of massive protests last week, adopted a series of reforms in sharp contrast to the House-approved bill."

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Protest Organizers Encourage Followers To Not Use Latin American Flags. The Washington Times (4/4, Summers, 90K) reports the "organizers of an upcoming pro-immigration rally on Capitol Hill and in at least 10 other cities are encouraging protesters to leave their Latin American flags at home." Mexican, Salvadoran and Guatemalan "flags and slogans at pro-immigration rallies across the country have sparked controversy between Americans who say the flags represent immigrants' and illegal aliens' disdain for U.S. laws and pro-immigration advocates who say the flags represent ethnic pride."

ACLU Seeks Apology From Principal Over Pro-Latino Slogan T-Shirts. The Washington Times/AP (4/4, Sampson) reports the American Civil Liberties Union "asked a Northern Virginia elementary school principal to apologize to two students for keeping them out of class because they wore T-shirts bearing the slogans 'Latinos Forever' and '100% Latinos.'" The state ACLU "also wants the principal to clear the incident from the boys' records and to assure that the Woodbridge school won't violate students' free-speech rights by issuing a statement indicating that such clothing will be allowed henceforth."

Talk Radio Host Sees Border Security As Key Issue. In a Washington Times op-ed (4/4), talk radio host Rick Amato says, "America's borders are a mess and are urgently in need of a policy which is not only coherent, but also equips those entrusted to protect our borders with the proper tools and manpower needed to do so. While illegal immigration may be on everyone's mind now, border protection will be the hot-button issue heading into the 2006 congressional campaign." It "should come as a surprise to no one that the Mexican government cannot be relied upon to secure the problem on its side of the border."

Enhanced Border Enforcement Said To Prevent Return Migration. In a New York Times op-ed (4/4), Prof. Douglas S. Massey of Princeton says, "The rate of undocumented migration" from Mexico "adjusted for population growth, to the United States has not increased in 20 years. That is, from 1980 to 2004 the annual likelihood that a Mexican will make his first illegal trip to the United States has remained at about 1 in 100. What has changed are the locations and visibility of border crossings. And that shift, more than anything, has given the public undue fears about waves of Mexican workers trying to flood into America." In addition, the US is "now locked into a perverse cycle whereby additional border enforcement further decreases the rate of return migration, which accelerates undocumented population growth, which brings calls for harsher enforcement."

Nebraska Said To Demonstrate Immigration's "Scrambled Politics." In her Washington Post column (4/4, A23), Ruth Marcus says Nebraska "illustrates the new geographic reality of illegal immigration: They're not just in Texas (or California or Florida) anymore. In recent years the most rapid growth in the population of undocumented migrants (as well as legal immigrants) has taken place in states that previously had only a handful of foreign-born residents." Nebraska "underscores the scrambled politics of immigration: Where a politician will come down on the issue isn't necessarily predictable based on party affiliation or geography." Republican Sen. Chuck Hagel "is a leader in backing comprehensive immigration reform. The state's Democratic senator, Ben Nelson -- up for reelection this year -- has been taking an enforcement-comes-first line; he touts a 'get-tough border security bill' that features a fence extending from the Pacific to the Gulf of Mexico."

Zakaria Says European Approach To Immigration Breeds Radicalism. In his Washington Post column (4/4, A23), Newsweek International editor Fareed Zakaria says, "Many Americans have become enamored of the European approach to immigration -- perhaps without realizing it. Guest workers, penalties, sanctions and deportation are all a part of Europe's mode of dealing with immigrants. The results of this approach have been on display recently in France, where rioting migrant youths again burned cars last week. Across Europe one sees disaffected, alienated immigrants, ripe for radicalism. The immigrant communities deserve their fair share of blame for this, but there's a cycle at work. European societies exclude the immigrants, who become alienated and reject their societies." Compared with "every other country in the world, America does immigration superbly. Do we really want to junk that for the French approach?"

Dobbs' Opposition To Illegal Immigration Satirized. In his New York Times column (4/4), John Tierney satirizes CNN anchor Lou Dobb's crusade against illegal immigration with a mock newscast: "First, more bad news from Washington. Despite my personal trip to Cancún for last week's summit meeting, President Bush remains hostage to foreign interests. My soaring ratings apparently mean nothing to the White House or the Senate Republicans working on an amnesty plan for the illegal immigrants now carrying Mexican flags through our streets."

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TAX:

Bidder Protests Could Delay Tax Collection Outsourcing. Government Executive (4/4, Mandel) reports, "Protests filed by unsuccessful bidders may cause delays in an Internal Revenue Service initiative to hire private sector companies to help collect tax debt." GE continues, "Livermore, Calif.-based Diversified Collection Services and Houston, Texas-based GC Services have filed protests with the Government Accountability Office over the IRS' process for selecting three collection companies to carry out the first phase of the initiative." GE adds, "The protests were filed on March 17 and March 20, according to GAO Senior Attorney Edward Goldstein, shortly after the March 9 announcement of the contract award. IRS spokesman John Lipold said it is not yet clear whether the protests will affect the timeline for work on the contract. … The contents of the DCS protest were not public, but Maria Perrin, senior vice president of business development with the firm, said the protest was aimed at understanding the criteria used in the selection process. 'Once we get more information, it will become either "OK, we understand the procedure we went through," or "no, we don't agree," ' she said. … One of two protests filed by GC Services focused on the history of Austin, Texas-based Linebarger Goggan Blair & Sampson, one of the firms awarded a contract. A former partner with that firm, Juan Pena, pleaded guilty in September 2004 to federal charges of conspiracy and bank fraud in connection with a bribery case. … Pena was one of four defendants involved in paying bribes to two San Antonio city councilmen in return for a contract to collect fines and fees for the city, according to a Justice Department statement announcing Pena's plea."

USA Today Urges Tighter Rules On Taxpayer Privacy. USA Today (4/4) editorializes, "It's April 4: Do you know where your tax return is? … If you used a commercial tax preparer, your data could be at a lot of places other than the IRS — a bank, a mortgage company or some other business that wants to sell you something." USA continues, "While many taxpayers assume their returns are private, IRS rules adopted in 1974 allow the tax preparers to share information from returns with affiliates, or sell it to third parties, with the taxpayers' permission. Millions of taxpayers sign away privacy each year when their returns are prepared. … Companies can then try to sell them everything from retirement accounts to controversial loans, often at rates that would make a loan shark blush." USA adds, "Now, the IRS wants to change the rules, and at a hearing today in Washington, the agency is bound to get an earful. Consumer advocates have criticized the IRS for what they see as plans to loosen the rules. Major tax preparers have blasted the agency for adding what they regard as needless confusion. … H&R Block, the nation's largest preparer of individual tax returns, argues that disclosing information to affiliates allows it to offer 'customized products based on an integrated view' of the customer's finances. Perhaps. But if taxpayers want a product, they can go to a bank or mortgage company and share whatever tax information they wish. … At the least, taxpayers deserve explicit consent forms explaining what information they're giving up and warning of the possible dangers. Better yet, if Congress has any interest in protecting its constituents rather than its campaign contributors, it might want to require that preparers stick to doing taxes, instead of turning tax time into a bazaar for selling other financial products."

USA Today (4/4) notes that "H&R Block declined to provide an opposing view to this editorial. Jackson Hewitt Tax Service did not return calls seeking an opposing view." USA includes excerpts from written comments that H&R Block and Jackson Hewitt have filed with the IRS.

Congressional Report Highlights Tax Preparation Firms' Frequent Mistakes. ABC World News Tonight (4/3, story 8, 2:10, Vargas, 8.78M) reported, "Congressional investigators will release an unnerving report. An estimated 60% of all tax returns are completed by professional preparers. But according to an investigation, you might do at least as well figuring out your own taxes." ABC (Wiener) added, "The investigators encountered a shocking lack of knowledge about very basic tax issues -- bad advice that could get taxpayers in major trouble with the IRS." Legislation "pending in Congress would require new preparers to take an entry test. Then, take brushup courses." Sen. Charles Grassley: "If it isn't done right, it's the taxpayer that's left holding the bag, to pay a penalty, a fine. And in some egregious cases, maybe even go to jail."

NBC Nightly News (4/3, story 7, 2:45, Thompson, 9.87M) reported an NBC hidden camera investigation found tax preparation firms were willing to encourage cheating on tax returns to increase refunds. NBC added, "So why would

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any tax preparer encourage cheating to get you that big refund?" Sen. Max Baucus, Montana: "There is a tendency for a lot of preparers to line their pockets, frankly, by charging hidden additional fees." Thompson: "A federal study to be released Tuesday by the Government Accountability Office found exactly what we did — tax preparers at major chains in one city encouraging cheating. Half the time, they did not report side income or they claimed an ineligible child."

WSJournal Criticizes Perry's Proposed Tax On Business Receipts. An editorial in the Wall Street Journal (4/4, 2.11M), "The National Taxpayers Union reports that Texas is one of at least 20 states…where homeowners are rebelling against soaring assessments that in some cases are taxing people out of their homes. … Texas is the epicenter of this backlash, because property tax bills in some localities have doubled in seven years, according to the taxpayer group Americans for Prosperity." Gov. Rick Perry "embraced a tax plan that cuts the property tax by one-third in many localities and eliminates the state's hated business franchise tax, which is a disguised business income tax on capital-intensive industries." But Perry would pay for the cuts with a 1% business tax on gross receipts. Perry says his goal is to make Texas "the top performing economy in the nation." Cutting "the stampeding cost of property taxes will help accomplish that goal. But raising taxes on the very businesses that he's trying to attract surely won't."

CONGRESS-ADMINISTRATION:

More White House Staff Changes Expected. CNN's The Situation Room (4/3, Malveaux) reported that President Bush "is looking for heavy hitters since Josh Bolten will be taking over as chief of staff." Sources say Bolten is "looking at three areas, one White House communications, legislative affairs and of course Treasury. White House communications a lot of discussions over strategy as well as the message from the podium, that of course would impact most greatly White House press secretary Scott McClellan. Whether or not he would be taking on a different role and perhaps someone in his place…. Other sources I talked to say that they feel his job is very much secure. He's very close to the president. And that this is a speculation. Of course, legislative affairs, they are looking for an elder statesman type of person to fill that role to reach out to Republicans in Congress, some of the numbers -- or the names rather on the short list including former Representative Bill Paxon (ph) of New York as well as former Senator Phil Gramm and then finally when it comes to the Treasury Secretary, of course, the White House again as recently as today expressing a great deal of confidence in Treasury Secretary John Snow at the same time sources inside and outside the administration saying that the President is looking for what they call an alternative replacement. As recently as a couple of weeks ago extending that offer to the CEO of Time Warner, Dick Parsons who sources say turned it down."

DeLay Won't Run For Reelection, Will Resign From House Seat. Rep. Tom DeLay will not run for reelection in November. Instead, the congressman is expected to resign from the House within the next few months. DeLay, who will make an official announcement today, granted an interview to Galveston County Daily News (4/4, Aulds), in which he said "his decision was best for his district and based on troubling internal polling numbers." Internal polls "showed him beating Democrat Nick Lampson in the general election but in a race that would be too close for comfort, DeLay said." DeLay's exit, says the Daily News, "robs Democrats of a handy target for national attacks on the Republican Party and may take the national spin off the race." DeLay told the paper, "I would assume, being the realist I am that Mr. Lampson is going to have a hard time keeping this a national race."

DeLay also spoke to Time, which runs the interview on its website (4/3, Allen). DeLay said, "I'm a realist. I've been around awhile. I can evaluate political situations. And it was obvious to me that the 22nd District needed an election that discussed issues. It was obvious to me that this election had become a referendum on me. … I just felt like I didn't want to risk the seat and that I can do more on the outside of the House than I can on the inside right now." DeLay also said, "I've been fighting this strategy of personal destruction for going on 10 years. I'm not whining. The Democrats even publicly announced that they were going to destroy my reputation and an effort to do that."

The story is receiving extensive coverage in major Texas and national papers. The Dallas Morning News (4/4, Gillman) calls DeLay's decision "unexpected," and says it was taken with "his power diminished and his legal troubles mounting." DeLay, adds the Morning News, "will quit Congress by mid-June." The decision "shocked Texas Republicans." The Morning News says "the final straw was

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apparently the plea deal entered Friday by a former deputy chief of staff, Tony Rudy, the third confidant to turn government witness in an ongoing federal corruption inquiry centered on super-lobbyist Jack Abramoff. Legal experts have speculated that these former aides and allies could provide damaging evidence against the congressman, though Mr. DeLay has vigorously denied any wrongdoing." The Houston Chronicle (4/4, Mason, Hedges, 581K) also reports on "the shocking move," adding "the embattled congressman…was expected to withdraw from the race, step down from Congress and be gone by May."

USA Today (4/4, Stone, Drinkard, 2.31M) reports DeLay "plans to change his legal residency to Virginia, where he has long had a home, to allow GOP leaders back in his Texas district to replace his name on the ballot, Forti said." His decision "concludes a dramatic fall from the heights of power."

The Los Angeles Times (4/4, Simon, Hook, Curtius, 958K) says "DeLay's decision stunned Capitol Hill." Stuart Roy, a former DeLay aide, "said he thought his former boss was deterred by the prospect of a tough fight and -- even if he were reelected -- life in Congress without a major leadership position. 'As much as he is ideologically driven and cause-oriented, he's also very much a pragmatist when it comes to the art of the possible,' Roy said." The Times also says DeLay's "efforts to consolidate Republican power and build a lasting political majority were the root of his downfall." Meanwhile, the New York Times (4/4, Hulse, 1.19M) says "one Congressional official with knowledge of Mr. DeLay's plans" who "did not want to be identified" told the Post, "He just decided that the numbers and the whole political climate were against him and that it was time to step aside." The Washington Times (4/4, Hurt, 90K) and Wall Street Journal (4/4, Mullins, 2.11M) run similar reports.

The Washington Post (4/4, A1, Weisman, Cillizza, 744K) reports DeLay "said he informed President Bush of his decision yesterday afternoon." The Washington Post (4/4, A7, Smith, 744K) runs a second story titled "Federal Probe Has Edged Closer to Texan," reporting that the resignation "comes amid a federal criminal investigation that already has reached into his inner circle of longtime advisers."

The AP (4/4, Sidoti) notes House Majority Leader John Boehner "called his predecessor 'one of the most effective and gifted leaders the Republican Party has ever known.' 'He has served our nation with integrity and honor, and I'm honored to call him my colleague and friend,' Boehner said."

Thirteen House Republicans Returning Rudy Contributions. The Hill (4/4, Schor) reports, "Thirteen House Republicans already have returned or plan to return contributions they took from lobbyist Tony Rudy, who pleaded guilty to conspiracy last week and joins former cohort Jack Abramoff as a possible witness in the government's expanding corruption probe of lawmakers and their aides." Of the "34 House Republicans whose campaigns or PACs received money from Rudy since 2001, the offices of six members told The Hill they do not plan to return the contributions or donate them to charity." Rudy "pleaded guilty Friday to one count of conspiracy, agreeing to cooperate with the Justice Department's investigation into a widespread bribery and fraud scheme spearheaded by disgraced GOP lobbyist Abramoff." Rudy "spread his contributions among a wide swath of the GOP conference, giving $48,500 since 2001 to four members of leadership, two committee chairmen and then-Majority Leader Tom DeLay (R-Texas), Rudy's boss from 1995 to 2000."

WSJournal Says Republicans Have "Sense Of Entitlement." An editorial in the Wall Street Journal (4/4, 2.11M) says, "Clearly a sense of entitlement set in among some Republicans, who forgot why they were elected and began to believe that power was its own reward. … The Abramoff story still has a long way to run this election year, and one way or another the Members themselves will not emerge unscathed. If Republicans lose their House majority because GOP voters stay home in disgust, Team DeLay will be one of the reasons."

Abramoff Sought Contract With Sudan. Two eyewitnesses say Jack Abramoff sought to sell his services to Sudan to help the embattled nation improve is reputation in the US. The Los Angeles Times (4/4, Hamburger, Silverstein, 958K) reports, "Khidir Haroun Ahmed, Sudan's ambassador to the United States, said in an interview that Abramoff proposed a multimillion-dollar lobbying contract in late 2001 but that the proposal was 'never seriously considered' by the Sudanese. He declined to elaborate. … A spokesman for Abramoff, Andrew Blum, confirmed that a conversation took place between Abramoff and the ambassador but said Abramoff never sought a contract and rejected working for the Sudanese because of that country's human rights record."

"New, Edgier" Lott Said To Be "Merciless" When It Comes To Bush, Frist. USA Today (4/4, Lawrence, 2.31M) this morning runs a very positive profile of

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GOP Sen. Trent Lott, who "lost his job as Senate majority leader and then he lost his Gulf Coast house to Hurricane Katrina. The one-two punch didn't knock him out. Instead, it has unleashed his tongue. Long known for his passion for order…the Mississippi senator has traded iron discipline and party loyalty for a more freewheeling take on life and fellow Republicans." Lott "says in an interview that he's always been inclined to say what he thinks -- but he also allows, 'I do have a certain amount of independence and freedom now that I didn't have when I was leader.'" USA Today refers to a "new, edgier Lott," who is "merciless when it comes to President Bush and Senate Majority Leader Bill Frist, R-Tenn., the men Lott says forced him out as leader in 2002." Scott Reed, "a GOP strategist who ran the presidential campaign of another Republican Senate majority leader, Bob Dole, says Lott's 'style of leadership has been missed. He gave the party direction." Phil Singer of the Democratic Senatorial Campaign Committee retorted, "Only Bill Frist could make Republicans yearn for the days of Trent Lott."

House Vote On 527s Could Be Very Close. Roll Call (4/4, Newmyer, Bresnahan) reports, "House Republican leaders are bracing for a close vote on their push to rein in the free-spending nonprofit groups known as 527s, even as the details of the legislation the House plans to vote on Wednesday remain in flux." In "what might otherwise be a party-line vote," some members of the conservative Republican Study Committee "are raising concerns about the measure, complaining it doesn't go far enough to simultaneously roll back other campaign finance restrictions. If enough RSC members buck their leadership when the measure comes to a vote on the House floor Wednesday, they could sink the 527 bill."

GOP Unity Strained Again Over Budget Plan. The Washington Post (4/4, A21, Weisman, Murray, 744K) reports, "It has been just over three months since moderate Republicans squared off with House Republican leaders over the federal budget, but this week, with those wounds still fresh, they will be at it again. If they can round up the votes, House leaders will bring a $2.8 trillion budget blueprint to the floor, probably on Thursday." Republicans "hope to tout the measure as a testament to the party's commitment to fiscal discipline, at least on one corner of the federal budget -- non-security discretionary spending." But "to accommodate a 7 percent increase in military spending and a 3.6 percent boost to homeland security programs, domestic programs would have to be squeezed. Moderate Republicans are again balking. … At least half a dozen moderate Republicans have declared their opposition to the budget, as written, and with Democrats united in opposition, GOP leaders cannot afford many more defections." But "conservatives are just as resolute that Republicans hold the line on spending, lest the GOP's base voters abandon a party that has overseen the most dramatic fiscal shift from surpluses to deficits in the nation's history."

Democrats Evoke "Do Nothing Congress" Nickname. Congress plans to meet fewer days this year than in 1948, when President Harry Truman dubbed the body the "Do Nothing Congress." The Washington Times (4/4, Bellantoni, 90K) reports, "The average number of days lawmakers spend in session has dwindled over the decades, but legislators are on track to be in Washington fewer than 130 days in 2006. … Democrats, including House Minority Leader Nancy Pelosi of California, are evoking the nickname as they try to win back control." The Times adds, "Sean Spicer, spokesman for the House Republican Conference, said the number of days members spend in Washington is not a good indicator of the quality of work. … Rep. Thelma Drake, Virginia Republican, argued that this Congress has been more effective than previous ones, pointing to recent bills changing bankruptcy, energy and immigration policy."

Bush, Senate At Impasse Over Social Security, Medicare Trustees. The New York Times (4/4, Pear, 1.19M) reports, "President Bush and the Senate are at an impasse over the appointment of trustees for Social Security and Medicare, crippling the panel that supervises the two programs. This, in turn, has delayed the annual reports on the financial condition of the programs, which together account for more than one-third of all federal spending. Under federal law, the reports are supposed to be sent to Congress by April 1." The Times adds, "Since 2000, Social Security and Medicare have had two public trustees: John L. Palmer, former dean of the Maxwell School at Syracuse University, and Thomas R. Saving, an economist at Texas A&M." Their terms "have expired, and Mr. Bush has renominated them, but the Senate has taken no action. Senate leaders of both parties say they want to follow the precedent of having the public trustees serve no more than one term." But "the White House said Monday that the Senate should approve the president's nominees. … In the absence

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of public trustees, the administration has delayed sending the 2006 reports to Congress."

Firms Try To Save Conflict Of Interest Changes In Pension Bill. Financial services companies want to preserve a provision in a pension bill to repeal some conflict of interest rules, making it easier for all street firms to sell financial products to pension funds. The Wall Street Journal (4/4, Schroeder, 2.11M) reports, "The provision, pushed by the Securities Industries Association and Fidelity Investments, is in the House version of the pension bill, but is opposed by Senate Finance Chairman Charles Grassley, a member of the House-Senate conference committee. … The section of the pension bill dealing with conflicts of interest is one of several stumbling blocks to a compromise. While the Bush administration hasn't taken a formal position on the provision, the Labor Department has been advising conferees on the need to narrow the change, according to committee staff."

Survey Finds Americans Confident, Naive About Retirement Prospects. New research indicates that Americans remain confident about their retirement prospects, but the Wall Street Journal (4/4, Greene, 2.11M) reports that they may be "dangerously naïve" about the subject. The Retirement Confidence Survey, which is scheduled for release today by the Employee Benefit Research Institute notes that while 40% of working couples are covered by traditional pension plans, 61% of surveyed workers "expect to get income from such a plan in retirement." The Journal adds, "The responses in the survey, conducted annually for the past 16 years, reflect few worries about the spreading curtailment of pension plans. Twenty-four percent of the survey's participants said that they are very confident that they will have enough money to live comfortably in retirement -- virtually the same number as last year -- and 44% of those surveyed said they are somewhat confident about their financial prospects in later life, an increase of four percentage points from last year."

51 Federal Agencies Have Offered Cash Buyouts Since 2002. The Washington Post (4/4, D4, Barr, 744K) reports in its "Federal Diary" column, "Since November 2002, 51 federal agencies -- about half of the executive branch -- have offered cash buyouts and early retirements to reshape their workforces, according to a recently released report from congressional auditors. The findings confirm what many federal employees have suspected -- that buyout offers have been increasing in recent years. The report by the Government Accountability Office counted at least 22,600 employees who left the government after accepting a buyout, early-out or combined package during fiscal years 2003 through 2005."

Stem Cell Research Spreads Despite Federal Funding Limits. Stem cell research in the US is gaining steam despite President Bush's decision over four years ago to limit public funding for studies of embryonic stem cells. The Wall Street Journal (4/4, Regaldo, 2.11M) reports that according to the NIH, "the federal government's spending on such research hit a high of more than $37 million last year, according to the National Institutes of Health. … Last year, NIH grants and contracts supported about 154 research projects involving the administration-approved stem cells."

Bush Throws First Pitch On Opening Day In Cincinnati. All three networks last night reported on President Bush throwing the first pitch for the Reds' opening game against the Cubs. ABC World News Tonight (4/3, story 11, :20, Vargas, 8.78M) reported Bush "drew a standing ovation," adding "Bush continues a tradition that began in 1910, with President William Howard Taft." The CBS Evening News (4/3, story 9, 0:15, Schieffer, 7.66M) reported, "Taking the mound in Cincinnati was Number 43, right-hander George W. Bush, called up from Washington to throw out the first pitch as the Reds played the Cubs. The President described his toss as kind of a slow ball, but it did have a nice arc to it." NBC Nightly News (4/3, story 10, 0:30, Williams, 9.87M) said, "Marking the occasion today, former Texas Rangers owner and current President of the United States, George W. Bush. He was accompanied to the mound at Cincinnati's opener against the Cubs by two Iraq war veterans, and the father of a fallen veteran in the war in Afghanistan."

The Los Angeles Times (4/4, Gerstenzang, 958K) reports that "Bush, whose political world of late has been as chilly as Cincinnati's 50-degree opening day temperature, landed his pitch in the vicinity of home plate, despite a stiff breeze. It was just wide enough to be considered a brushback on a right-handed hitter."

The New York Times (4/4, Times, 1.19M) reports, "Even President Bush's most ardent supporters concede he has been having a hard time getting many pitches over the

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plate in recent months. He came closer on Monday." The Reds' new chief executive, Bob Castellini, "was one of the investors with whom Mr. Bush bought the Texas Rangers in 1989."

The Washington Times (4/4, Dinan, 90K) says Bush became "the first sitting president to throw the opening pitch in the home of the first professional baseball club." The Washington Post (4/4, A21, Frommer, 744K) reports the White House "has not said whether Bush will do the honors at the Nationals' home opener next Tuesday."

Book Challenges Allegation First Lady Used Drugs. The Washington Times (4/4, McCaslin, 90K) reports in its "Inside the Beltway" column that in his new book "Laura Bush: An Intimate Portrait of the First Lady," author Ronald Kessler takes on kitty Kelley's "claims about past drug use by first lady Laura Bush. In her book, Mrs. Kelley claimed Mrs. Bush was 'known in her college days [at Southern Methodist University] as a go-to girl for dime bags of marijuana.' The charge provoked uproarious laughter among Mrs. Bush's friends from SMU, according to Mr. Kessler's book, which is the first biography of the first lady to be written with White House cooperation. 'If she was the go-to, I missed that,' Mr. Kessler quotes Pamela Nelson, Mrs. Bush's Theta Kappa Alpha sorority sister at SMU. 'I was there. She was the go-to for a lot of things that were uplifting.'"

OTHER NEWS:

Manufacturing Activity Declined In March. The Wall Street Journal (4/4, Conkey, 2.11M) reports, "A closely watched reading of the manufacturing sector weakened in March, but still points to solid economic growth in the months ahead." The Institute for Supply Management "said its index of manufacturing activity dropped to 55.2 in March from 56.7 in February, pushed lower by a decline in new orders and employment. Nevertheless, readings over 50 indicate expansion, so the data suggest that the nation's factories in March enjoyed a 34th consecutive month of growth. At 55.2, the ISM index for March was only slightly lower than the 55.4 monthly average over the past year."

Rise In Long-Term Interest Rates Could Slow Economy. The Wall Street Journal (4/4, A1, Whitehouse, 2.11M) reports, "After stubbornly resisting nearly two years of prodding by the Federal Reserve, long-term interest rates are on the rise, a trend that could eventually slow the nation's expansion. Yesterday, the yield on the 10-year US. Treasury note -- the foundation for long-term interest rates -- rose as high as 4.905%, matching a two-year peak set in May 2004. Some analysts believe the yield is on a run that will take it above 5%." The upturn, "spurred by deepening economic growth in the US and abroad, is pushing up the cost of a widening range of consumer and business loans -- including 30-year mortgages and corporate bonds -- from extraordinarily low levels."

Gasoline Prices Rise To $2.59 For Regular Unleaded. ABC World News Tonight (4/3, story 10, :20, Vargas, 8.78M) reported, "The Energy Department reports that the price of gasoline shot up nine cents to $2.59 for regular unleaded. That's the highest price since late October, when one-third of the nation's oil-refining capacity was offline because of Hurricanes Katrina and Rita." The Washington Post (4/4, A1, Mufson, 744K) says that "with political tensions propping up crude oil prices and oil demand running strong in the United States and rising in China, gasoline prices could remain at these levels for the foreseeable future."

Electric Bills Not Expected To Rise Much This Summer. USA Today (4/4, Hagenbaugh, 2.31M) reports, "Finally, some good news for consumers about energy prices. With electricity costs expected to be up only slightly this summer from last, air conditioning bills likely will not be a shock to the wallet this year, according to data from the Energy Department." The nationwide average retail electricity price "is expected to be up 3% during June, July and August from the same time in 2005. That's about in line with inflation and follows a 4.3% gain last summer, according to the Energy Information Administration, the statistical arm of the Energy Department."

Stocks Mixed Yesterday. USA Today/AP (4/4, Wang) reports that yesterday "the Dow gained 35.62 points, or 0.3%, to 11,144.94, after ending the first quarter Friday with a 3.7% gain. Broader stock indicators were mixed. The S&P 500 rose 2.98 points, or 0.2%, to 1297.81. The Nasdaq dropped 3.05 points, or 0.1%, to 2336.74." The Wall Street Journal (4/4, Patterson, 2.11M), among other newspapers, also reports the stock numbers.

Some In Hollywood Critical Of Hillary Clinton. The Los Angeles Times (4/4, Daunt, 958K) reports, "Depending on whom you talk to in Hollywood these days, Hillary Clinton is either too conservative, too polarizing, too

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famous, too stiff or -- keep this to yourself! -- too sexy. And those are just the opinions of the celebrities who vote Democrat. (Don't even ask what the few Republicans had to say.)" The Times adds, "Once the darling of the industry's liberal set, Clinton has come under attack from some as she starts to line up support for what many feel will be a run for the presidential nomination." The "chatter started quietly last year, when the Hollywood political crowd began speculating that Clinton could be a 2008 contender. … For months, few were willing to say anything negative on the record, for fear of offending Clinton and her husband," but "Hollywood is a fickle place; behind-the-scenes feuding and gossiping are just part of the game."

Clinton Challenger To Launch Fundraising Drive. The New York Times (4/4, Healy, 1.19M) reports, "John Spencer, the former Yonkers mayor running against Senator Hillary Rodham Clinton, is planning a 30-state fund-raising drive to try to rally the national Republican Party to defeat her re-election bid this year, and has already secured support from some prominent conservatives." Even though Spencer "is still competing for the Republican Party's nomination against another candidate, Kathleen Troia McFarland, a former spokeswoman in the Reagan Pentagon, some conservatives have signaled early support for him." They "include Senator George Allen, a Virginia Republican who is seen as a possible presidential candidate, and Representative Tom Feeney, a Florida Republican who is chairman of the House Conservatives Fund, a political action committee, according to aides to all three men."

Bill Clinton To Help DNC Effort To Boost State Parties. The Washington Times (4/4, Pfeiffer, 90K) reports, "Former President Bill Clinton has signed on to help Democratic National Committee Chairman Howard Dean's drive to revitalize state Democratic parties across the country." Clinton "will begin the effort next week, by hosting an April 10 fundraiser for the DNC." The Times adds, "The former president reportedly had doubts about Mr. Dean's plan, but was convinced of the project's value and agreed to lend his assistance after a February meeting with the DNC chairman."

Frist Team Reaches Out To Washington "Chattering Class." The Hill (4/4, Bolton) reports, "Allies of Senate Majority Leader Bill Frist (R-Tenn.) are waging a quiet campaign to rehabilitate his image among opinion makers to ensure that members of D.C.'s 'chattering class' who mold the national conventional wisdom do not dismiss his presidential prospects." Frist" had breakfast with a small group of political handicappers last week and recently sat down with The New York Times to discuss his 2008 hopes. And his staff last month sent an e-mail to supporters asking them to rank Frist first and Sen. George Allen (R-Va.) last in a survey gauging support for the top Republican presidential hopefuls, according to a copy obtained by The Hill." The Hill adds, "On Friday, too, his senior staff met with a handful of conservative leaders to assuage their concerns about the slow progress of President Bush's judicial nominees through the Senate -- a process that has reached a near standstill since the confirmation of Samuel Alito to the Supreme Court, according to familiar sources."

Allen's 2006 Challenger Is Friend Of McCain. The Hill (4/4, Allen) reports, "Sens. George Allen (Va.) and John McCain (Ariz.) could square off for the 2008 Republican presidential nomination -- if an old McCain friend doesn't get to Allen first." Former Navy Secretary James Webb, "one of McCain's 'oldest friends,' is vying for the Democratic nomination to take on Allen in his reelection bid this November. Although Webb must first get past lobbyist Harris Miller in the Democratic primary, political analysts say his candidacy could end up hampering Allen's presidential aspirations and bolstering McCain's. … Despite the longtime friendship between McCain and Webb, a former Republican, the Arizona senator said he is backing Allen. Even so, in an interview outside the Senate chamber last week, McCain called Webb 'a war hero' and 'a great patriot.'"

MoveOn Criticizes NBC For Refusing To Run Its Ads. The Hill (4/4, Young) reports, "Two NBC-owned television stations have refused to carry advertisements sponsored by MoveOn.org's PAC that accuse four incumbent Republicans of selling out to energy interests." WVIT-TV in Hartford, CT, and WCMH-TV in Columbus, OH, "will not air the ads, which target Republican Reps. Nancy Johnson (Conn.), Deborah Pryce (Ohio), Chris Chocola (Ind.) and Thelma Drake (Va.). NBC Universal, a unit of General Electric, owns both affiliates." MoveOn PAC said, "We expected Republicans to respond, but we didn't expect two local NBC stations owned by GE to refuse to run our ad. … This smells of NBC pursuing its own political agenda at the expense of free speech and balance." NBC Universal, WVIT

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and WCMH "did not respond to requests for comment by press time yesterday."

O'Connor To Join Board Of Rockefeller Foundation. Retired Supreme Court Justice Sandra Day O'Connor will join the board of the Rockefeller foundation in June. The New York Times (4/4, 1.19M) reports, "Justice O'Connor will become one of 15 members of the board, which includes Raymond W. Smith, chairman of both Rothschild North America and Arlington Capital Partners, whose appointment was also announced. … In a statement, Justice O'Connor said the foundation was 'constructively involved in providing creative and insightful aid to vulnerable groups around the globe.'"

Deal May Be Close For Couric To Anchor CBS Evening News. The New York Times (4/4, Carter, 1.19M) reports, "CBS's long courtship of Katie Couric has moved close to a conclusion. A deal to recruit her away from NBC's 'Today' show and into the nightly anchor chair at CBS News may be completed as early as this week, people close to the negotiations said yesterday." The Washington Post (4/4, A1, Kurtz, 744K) says "NBC executives expect Katie Couric to leave the 'Today' show and accept an offer from CBS to become the first woman to anchor an evening newscast on her own, with an announcement of her departure likely as early as this week." The Wall Street Journal (4/4, 2.11M) runs a similar report.

USAF Cargo Plane Crashes, Nobody Killed. The New York Times (4/4, Wald, 1.19M) reports that the crash of a USAF C-5B Galaxy "near a runway at Dover Air Force Base in Delaware early this morning" caused several injuries among the 17 personnel aboard but no deaths. ABC World News Tonight (4/3, story 3, :20, Vargas, 8.78M) reported the C-5 "was trying to make an emergency landing when it hit the ground." An Air Force spokeswoman said "she did not know what the emergency was, or what cargo was on board." The plane had been bound for "the Naval Air Station in Rota, Spain, and then Kuwait." NBC Nightly News (4/3, story 3, 0:40, Williams, 9.87M) called the C-5 "one of the safest aircraft in the US Air Force."

Speech Patterns Seen As Key Influence In Presidential Vote. In his Washington Post column (4/4, A2), Richard Morin says, "What really may have decided the last presidential election" is that President Bush and Vice President Cheney "sounded more presidential than their Democratic counterparts. Sen. John F. Kerry (Mass.) seemed the most depressed or suicidal. And Kerry's running mate, Sen. John Edwards (N.C.), sounded the most like a 'girly man.'" Researchers at the University of Texas at Austin "collected transcripts of 271 televised interviews, news conferences, town hall meetings and candidate debates conducted in 2004. The speech samples -- more than 400,000 words in all -- were run through a computer text-analysis program."

Blix Says Iran Years Away From Nuclear Weapon. The AP (4/3) reported former IAEA head and UN weapons inspector Hans Blix "said Monday that Iran is at least five years away from developing a nuclear bomb, leaving time to peacefully negotiate a settlement. Blix…said he doubted the US would resort to invading Iran" and "said there is still time for dialogue over Iran's nuclear enrichment program, which Tehran insists is for peaceful purposes but the West fears is part of a secret nuclear weapons program."

In an analysis of Tehran's torpedo test over the weekend, the AFP (4/3) said Iran was "flexing its military muscle" and had warned "the West not to 'play with fire' at a time of mounting tensions over its nuclear program." The test "coincides with a critical phase in the dispute over its nuclear ambitions, which the United States alleges is cover for a weapons program. Tehran denies the charges and officials said the success of the war games showed that the Islamic republic would never back down in the atomic standoff."

Iran Tests New High-Speed Torpedoes. CNN's The Situation Room (4/3, Ensor) reported that Iran has tested "two new types of high-speed torpedoes, capable, Iran said, of going over 200 miles an hour underwater to hit a submarine at any depth and to break a surface warship in two. Tests came as part of a large Iranian naval exercise in the Gulf dubbed 'The Great Prophet.' Pentagon spokesman Bryan Whitman in a statement said, 'It is not surprising that they have tested this weapon.' He said, 'The Iranians have been known to boast and exaggerate their statements about greater technical and tactical capabilities.'"

The Washington Times (4/4, Gertz, 90K) reports, "Iran tested an older Scud missile variant last week and often exaggerates its military developments, the Pentagon said yesterday in response to Tehran's reported testing of new advanced weaponry. 'We know that the Iranians are always trying to improve their weapons systems by both foreign and

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indigenous measures,' Pentagon spokesman Bryan Whitman said." He added that "the Iranians have been known to boast and exaggerate their statements about greater technical and tactical capabilities."

Missile Test Sparks Jump In Oil Futures. The Financial Times (4/4, Hoyos, Smyth) reports, "Crude oil prices jumped to their highest level since Hurricane Katrina on Monday amid uncertainty about Nigerian supplies and as Iran announced it had tested new weapons during war games in the Strait of Hormuz." Tehran's "declaration that it had test-fired a missile and a newly developed torpedo in the strait, the world's main oil shipping route, propelled Brent crude oil futures nearly $2 higher to $67.93 a barrel, before prices settled 93 cents higher at $66.84."

Launching Of Iranian Satellite Worries Government Analysts, Experts. The New York Times (4/4, Broad, Sanger, 1.19M) reports that "with last year's launching" of a satellite "and another planned in the next few weeks, Tehran has become the newest member of the international space club. The question now asked in Washington and other capitals is whether Iran's efforts are simply part of its drive to expand its technical prowess or an attempt to add another building block to its nuclear program. In that sense, it is the newest piece of the Iranian atomic puzzle." The Times adds, "To some government analysts and other experts in the West, Iran's space debut is potentially worrisome."

Iranian Bootleggers To Face 74 Lashes, Fine, Up To Year In Prison. The New York Times (4/4, Fathi, 1.19M) reports, "For more than 27 years, Iran's Islamic leaders have waged an uphill battle to cleanse the country of bootleg liquor. Since the 1979 revolution, the government has banned alcoholic drinks and frequently flogged those who drank them. The small community of Christians and Jews was exempted, but could not sell alcohol to Muslims." The Times adds, "In the latest effort to curb the widespread consumption and distribution of alcohol, the new conservative Parliament recently increased the punishment for selling or drinking it. Offenders still get 74 lashes, but now also receive a hefty fine and from three months to a year in prison, twice the maximum sentence than under the old law."

Rice's Wednesday Hill Testimony On India Nuclear Deal Previewed. The AP (4/3, Schweid) reported, "In a preview of the line" Secretary Rice "will take over two days of House and Senate testimony, [Spokesman Adam Ereli] acknowledged the deal had generated concern on Capitol Hill. Rice and other top administration officials, who have been buttonholing members of Congress for weeks, hope to build consensus for the agreement, Ereli said." The AP noted support for the deal will be complicated by two recent Iranian ship visits to Indian ports. The AP said Ereli "rejected the notion that the administration cut the deal with India to help build up the world's largest democracy as a counterweight to a rising China." Undersecretary Burns is quoted saying, "India can be trusted."

Venezuela Takes Control Of Oil Fields Operated By Foreign Companies. The Financial Times (4/4, Webb-Vidal) reports, "Venezuela has taken control of two oilfields operated by Eni and Total, the Italian and French energy companies, cranking up tensions with multinationals operating in the world's fifth-largest oil exporter." Rafael Ramírez, energy minister, "said on Monday the government had taken over the operations at the weekend because the two companies had failed to meet an April 1 deadline to comply with new legislation." The Wall Street Journal (4/4, Bahree, 2.11M) says "Venezuela stepped up its battle to extract more-favorable terms from big international oil companies." The two companies "said they had failed to reach an agreement with the government to cede majority ownership in the two fields -- called Jusepin and Dacion -- to Petróleos de Venezuela SA, or PdVSA, the state-owned oil company, by a deadline at the end of last month."

Chavez Said To Use Oil Revenues To Buy Influence. The New York Times (4/4, Forero, 1.19M) reports, "President Hugo Chávez is spending billions of dollars of his country's oil windfall on pet projects abroad, aimed at setting up his leftist government as a political counterpoint to the conservative Bush administration in the region." Chavez's "new spending has given more power to a leader who has been provocatively building a bulwark against what he has called American imperialistic aims in Latin America." The Times says Chavez "is more than an irritant. He is fast rising as the next Fidel Castro, a hero to the masses who is intent on opposing every move the United States makes, but with an important advantage" – oil revenue.

The AP (4/3, Toothaker) reported, "Chavez accused the United States of being behind an effort to make it appear that Venezuela has territorial designs on some countries in the region," including the Netherlands Antilles. He "has previously suggested the Dutch islands off Venezuela's coast

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could be used as a launching pad for a U.S. invasion. … Chavez insists his government is democratic and accuses Washington of conspiring against him. He says the United States was behind a short-lived 2002 coup."

UN Human Rights Envoy Protests His Exclusion From Sudan. The New York Times (4/4, Lacey, 1.19M) The government of Sudan today blocked a planned visit by the United Nations' top humanitarian official to the western Darfur region, prompting the official, Jan Egeland, to accuse Khartoum of attempting to hide the dire conditions there." The Sudanese Foreign Ministry said they delayed the visit to deconflict it with the birthday of the Prophet Mohammed. An official also said "it would not have been safe for Mr. Egeland, a Norwegian, to visit the country given the recent controversy over cartoons of the Prophet Muhammad published in a Danish newspaper." The Times says "relations between the Sudanese and the United Nations are particularly sensitive now because of the world body's plans later this year to take over the running of the African Union peacekeeping mission currently under way in Darfur." Although Egeland "has stopped short of calling the conflict a genocide, as the Bush administration has done, [he] has laid much of the blame for the suffering there at the feet of government officials."

Taylor Enters Not Guilty Plea. The New York Times (4/4, Nichols, Polgreen, 1.19M) reports, "In his first appearance before a special international tribunal, Charles G. Taylor, the former Liberian president, pleaded not guilty to 11 counts of war crimes, but not before refusing to recognize the court's jurisdiction and accusing it of attempting to meddle in the region's affairs.'" The AP (4/4, Faul) adds, "The former Liberian president initially said he could not plead on the charges, which stem from his alleged role in Sierra Leone's civil war, because he did not recognize the court. ... But after Justice Richard Lussick insisted, Taylor said calmly: 'Most definitely, your honor, I did not and could not have committed those acts against the sister republic of Sierra Leone.'"

Russia Hopes To Weaken Western Influence In Former Soviet States. The Christian Science Monitor (4/4, Weir, 61K) reports that "Russia is mulling its options" in the post-Soviet neighborhood. Russia is heartened by the pro-Russian party's victory in Ukrainian parliamentary elections but fears the Ukrainian "insistence that it will apply for NATO membership as early as 2008." The Kremlin increasingly sees violent repression of protests, such as in Azerbaijan, Kazakhstan, and Belarus as "an acceptable alternative to more Ukraine-style pro-democracy shifts."

Melloan Urges Harder Line With Putin. George Melloan writes in the Wall Street Journal (4/4, Melloan, 2.11M) that President Bush needs to admit that "Vladimir Putin is a hopeless case for any help in promoting world peace and freedom." Russian behavior in Iran and Iraq suggests that Putin "has never quite acknowledged that the Cold War is over."

EU Resents Polish Push For Strong US Ties. The Washington Times (4/4, Borowiec, 90K) reports that the conservative new Polish government has annoyed the EU "with an assertive anti-Russian, pro-American foreign policy" that undermines EU efforts at unanimity. Polish officials believe "the United States is much better able than the European Union to offer military security to Poland and other former Warsaw Pact members."

US-China Trade To Take Center Stage. The USA Today (4/4, 2.31M) reports that several "politically charged events" in April will make US-Chinese trade discussion central. They include "the April 20 summit [of Bush and Hu], a high-level meeting of the countries' Joint Commission on Commerce and Trade and the expected release of a U.S. Treasury Department report that could for the first time accuse China of manipulating its currency." However, China specialist Nicholas Lardy says that "Bush lacks leverage to compel action," given American indebtedness to China.

Berlusconi And Prodi Clash In Debate. The New York Times (4/4, 1.19M) reports that the Italian rivals "traded insults and statistics" in their second televised debate. They discussed numerous issues, "but the economy was the topic the two repeatedly discussed." Incumbent Berlusconi is "trailing in the polls by at least three percentage points."

Thai PM Hails Vote. The New York Times (4/4, Fuller, 1.19M) reports that Thai Prime Minister Thaksin Shinawatra "claimed victory on Monday in national elections, which were boycotted by opposition groups." In a concession to the opposition, he "offered to set up an independent committee to judge his fitness to rule." The Times reports that "data from the Election Commission indicated that about 10 million

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voters checked the 'abstain' box on their ballots, a record number that opposition groups said showed the depth of disaffection."

London Mayor Demands US Ambassador Pay Traffic Congestion Charge. The Los Angeles Times (4/4, McWalters, 958K) reports that London Mayor Ken Livingstone "has people on both sides of the Atlantic tut-tutting over his latest accusation: that the U.S. ambassador, whom the mayor called a 'car salesman,' is behaving like a 'chiseling little crook' by refusing to pay traffic charges." Livingstone demanded over the weekend that Ambassador Robert H. Tuttle and other U.S. Embassy commuters "pay the $14 charge to enter central London by car." The fee is known as a "congestion charge." British officials say the embassy staff members owe about $250,000 in fines for refusing to pay the fee." US officials in London "say they consider the fee a tax, from which they are exempt under the 1961 Vienna Convention on Diplomatic Relations. … The US Embassy would not comment on Livingstone's complaint."

Pakistan Criticized For Seeking To Silence Women's Advocate. In his New York Times column (4/4), Nicholas Kristof profiles Pakistani women's advocate Mukhtar Mai, who "has become an international celebrity. Her autobiography is the No. 3 best seller in France and is coming out this fall in the U.S., movies are being made about her, and she has been praised by dignitaries like Laura Bush and the French foreign minister." But "best of all, her campaign is really working: more women seem to be prosecuting rapes and acid attacks, and there's some evidence that such violence is dropping. But partly because of her success, there's a good chance that Mukhtar will be murdered." President Pervez Musharraf "seems to feel that Mukhtar is casting a spotlight on Pakistan's dark side, so he is leading an effort to bully her into silence."

Schroder Criticized For Gazprom Deal, Gag Order. The New York Times (4/4, 1.19M) says in an editorial that a Hamburg court "confirmed a gag order yesterday that reins in a German politician's criticism of the former chancellor, Gerhard Schröder, for taking a lucrative job as head of a Russian-led gas pipeline project." Guido Westerwelle, leader of the Free Democrats, "is no longer permitted to say" that Schröder "cut a deal on the project with the Russian gas giant Gazprom while he was chancellor and then went to work for Gazprom immediately on leaving office. Now it emerges that Mr. Schröder's government guaranteed financing of more than a billion dollars for the pipeline. Mr. Schröder insists that he knew nothing about that." Like "many other politicians who can't wait to cash in on their public service, Mr. Schröder seems not to understand — or pretends he doesn't — that 'wrong' is not the same as 'illegal.'"

Treasury Department Praised For Branding Hezbollah TV Station. The Wall Street Journal (4/4, 2.11M) says in an editorial that "between 10 and 15 million Arabic speakers in Europe, North Africa and the Middle East tune into Al-Manar (the Beacon), the television channel produced in Beirut by the terrorist group Hezbollah. The station's purpose, an Al-Manar official told researcher Avi Jorisch of the Washington Institute for Near East Policy, is to 'help people on the way to committing what you call in the West a suicide mission.'" That's why "it's good news that last month the Treasury Department named Al-Manar as a Specially Designated Global Terrorist entity. The designation prohibits financial transactions with Al-Manar and its parent company, the Lebanese Media Group, and enables the government to level penalties against U.S. financial institutions (or foreign institutions that transact business in the U.S.) doing business with them."

THE BIG PICTURE:

Headlines From Today's Front Pages.

Los Angeles Times:

"DeLay Quits His Drive For Re-Election."
"Bruins Are Gator Bait."
"The Right Sound For The Scene."
"Terrorist A Step Closer To Death."
"Lab-Grown Bladders Successful In Humans."
"New Battle On The Home Front."
"Pellicano Inquiry Expands To Snare Director Of 'Predator.'"

USA Today:

"DeLay To Drop Out Of Race, House."
"Medicine Goes Mobile: The House Call Returns."

New York Times:

"DeLay Is Quitting Race And House, Reports Assert."
"Justices Decline Terrorism Case Of A US Citizen."
"Jurors Permit Death Penalty For Moussaoui."

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"An Immigration Debate Framed By Family Ties."
"Chavez Uses Aid To Win Support In The Americas."
"With Yoga, Comedy And Parties, Synagogues Entice Newcomers."

Washington Post:
"DeLay To Resign From Congress."
"Moussaoui Found Eligible For Death."
"Gas Prices Up Sharply Ahead Of Peak Season."
"CBS Prepares To Land A New Anchor."
"First Bladders Grown In Lab Transplanted."
"On IM, Keeping Tabs And Keeping Up Appearances."

Washington Times:
"Death OK'd For Moussaoui"
"Boycott Set To Support Illegals."
"Nats Fall To Mets In Season Opener."
"DeLay To Quit Campaign, Step Down From Congress."
"Obesity is A Growing Road Hazard For Children."
"Phone Menus Press Callers' Hot Buttons."

Detroit Free Press:
"GM Shows Its Faith In Wagoner."
"$2.65? Gas Is A Bargain For Now."
"Cancer Program On Shaky Grounds."
"State To Get Language Grant."

Atlanta Journal-Constitution:
"9/11 Plotter Eligible For Death."
"Theater Trailer For 'United 93 A Painful Jolt For Some Viewers."
"Embattled DeLay Says He'll Leave Congress."
"'My Fellow Italians' – Turner Kin's Hat In Faraway Ring."

Houston Chronicle:
"Embattled DeLay Will Quit The Race."
"Many Show Interest In Seat."
"Astros Bask With Big Assist From The Fans."
"Jury Finds Moussaoui Eligible For Execution."
"Defense Witness Testifies Perjury Was Committed."

Story Lineup From Last Night's Network News:
ABC: Moussaoui Verdict; Midwest Tornadoes; Cargo Plane Crash; Iraq-US KIAs; Rice-Iraq; Carroll Homecoming; Tornado Season; Tax Preparer Mistakes; Airline Quality; Gas Prices; Bush-First Pitch; Regenerative Medicine.
CBS: Moussaoui Verdict; 9/11 Victim-Parents; Carroll Homecoming; Iraq-US KIAs; Midwest Tornadoes; Cargo Plane Crash; Standardized Testing- Scoring Pressures; Los Angeles-Klimt Painting; Bush-First Pitch; NCAA-Wheelchair Basketball Championship.
NBC: Midwest Tornadoes; Moussaoui Verdict; Cargo Plane Crash; Iraq-US KIAs; Rice-Iraq; Carroll Homecoming; Tax Preparer Cheating; Red Cross Reform; Airline Quality; Bush-First Pitch; Undersized Car Seats.

Story Lineup From This Morning's Radio News Broadcasts:
ABC: DeLay Resignation; Moussaoui Sentencing; NCAA Men's Championship; TN-Tornadoes.
CBS: DeLay Resignation; Moussaoui Sentencing; TN-Tornadoes; NCAA Men's Championship; Bonds-Steroid Use; Wall Street.
NPR: DeLay Resignation; TN-Tornadoes; Belarus-Lukashenko Swearing In; Foreign Stock Markets; Sudan-Aid Efforts; Moussaoui Sentencing; NCAA Men's Championship; Wall Street.

WASHINGTON'S SCHEDULE:

Today's Events In Washington.
White House:

PRESIDENT BUSH — Participates in a meeting on health care initiatives, Roosevelt Room; attends Republican National Committee Finance luncheon, Closed press. Evermay, 1623 28th St. NW.

VICE PRESIDENT CHENEY — No public schedule.

LAURA BUSH — Meets with youth at a Helping America's Youth event, St. Charles, Mo.; speaks at a Jim Talent for Senate luncheon, St. Louis.

US Senate: 10 a.m. ARMED SERVICES _ Strategic Forces Subcommittee. Hearing on FY07 budget for the missile defense programs. Defense Undersecretary Eric S. Edelman; Gen. James E. Cartwright, commander, U.S. Strategic Command; Lt. Gen. Henry A. Obering III, director, Missile Defense Agency; David W. Duma, acting director, Operational Test and Evaluation, DoD. Location: Room 138, Dirksen.

10 a.m. BANKING, HOUSING AND URBAN AFFAIRS _ Full Committee. Hearing on money laundering and terrorist financing threats. Undersecretary of the Treasury Stuart Levy; Undersecretary of State E. Anthony Wayne; James Burris, Jr., FBI; Kevin Delli-Colli, DHS. Location: Room 538, Dirksen.

10 a.m. COMMERCE, SCIENCE AND TRANSPORTATION _ Full Committee. Hearing on aviation security. Assistant DHS Secretary Edmund Hawley; Cathleen

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Berrick, GAO; Gregory Principato, Airports Council International-North America. Location: Room 562, Dirksen.

10 a.m. FINANCE _ Full Committee. Hearing on the costs of tax preparations for taxpayers. Michael Brostek, Director, Strategic Issues Team, GAO; Paul R. Desaulniers, Special Agent, GAO; Christine A. Hodakievic, Special Agent, GAO; Bert DuMars, Director, Electronic Tax Administration, IRS; Nina E. Olson, National Taxpayer Advocate, Taxpayer Advocate Service; Robert A. Weinberger, Member, Free File Alliance, LLC; Francis X. Degen, EA, President, National Association of Enrolled Agents; Harley Duncan, Executive Director, Federation of Tax Administrators. Location: Room 215, Dirksen.

10 a.m. FOREIGN RELATIONS _ Internatioknal Operations and Terrorism Subcommittee. Closed briefing on counterterrorism priorities. Location: Room S-407, Capitol.

2 p.m. APPROPRIATIONS _ Fu7ll Committee. Markup of FY06 supplemental appropriations for hurricane relief and operations in Iraq and Afghanistan. Location: Room 106, Dirksen.

2:30 p.m. ARMED SERVICES _ Personnel Subcommittee. Hearing on the FY07 budget for health benefits for military personnel. Air Force Vice Chief of Staff Gen. John Corley; Undersecretary of Defense David Chu; Army Vice Chief of Staff Gen. Richard Cody. Location: Room 222, Russell.

2:30 p.m. SELECT INTELLIGENCE _ Full Committee. Closed hearing on intelligence issues. Members only. Location: Room 219, Hart.

3 p.m. BANKING, HOUSING AND URBAN AFFAIRS _ Housing and Transportation Subcommittee. Hearing on the reform of the FHA's Title I Manufacturered Housing Loan Programs. Assistant HUD Secretary Brian Montgomery; Michael Frenz, Ginnie Mae; Kevin Clayton, Clayton Homes. Location: Room 538, Dirksen.

3:30 p.m. ARMED SERVICES _ Seapower Subcommittee. Hearing on FY07 budget for the U.S. Transportation Command. Gen. Norton Schwartz, commander of the command, and Gen. Duncan McNabb, commander, Air Mobility Command. Location: Room 222, Russell.

US House: FLOOR SCHEDULE _ 12:30 p.m. Meets for morning hour and at 2 p.m. for legislative business. Highlights: Suspensions (6 bills): 1) H.J.Res. 81 - Providing for the appointment of Phillip Frost as a citizen regent of the Board of Regents of the Smithsonian Institution; 2) H.J.Res. 82 - Providing for the reappointment of Alan G. Spoon as a citizen regent of the Board of Regents of the Smithsonian Institution; 3) H.Con.Res. 355 - Recognizing the benefits and importance of school-based music education, and for other purposes; 4) H.Res. 703 - Recognizing the 20th anniversary of the Chernobyl nuclear disaster and supporting continued efforts to control radiation and mitigate the adverse health consequences related to the Chernobyl nuclear power plant; 5) H.Res. 744 - Expressing support for the Good Friday Agreement of 1998 as the blueprint for lasting peace in Northern Ireland and support for continued police reform in Northern Ireland as a critical element in the peace process; 6) H.Res. 692 - Commending the people of the Republic of the Marshall Islands for the contributions and sacrifices they made to the United States nuclear testing program in the Marshall Islands, solemnly acknowledging the first detonation of a hydrogen bomb by the United States on March 1, 1954, on the Bikini Atoll in the Marshall Islands, and remembering that 60 years ago the United States began its nuclear testing program in the Marshall Islands.

9 a.m. ARMED SERVICES _ Projection Forces Subcommittee. Hearing on the U.S. shipbuilding industry. Acting Undersecretary of Defense Gary Powell; Deputy Assistant Navy Secretary Allison Stiller; Vice Adm. Paul E. Sullivan, commander, Naval Sea Systems Command; Rear Adm. Charles S. Hamilton II, Naval Sea Systems Command; Rick Self, National Shipbuilding Research Program; Cynthia L. Brown, American Shipbuilding Association; Mark L. Montroll, National Defense University. Location: Room 2212, Rayburn.

10 a.m. APPROPRIATIONS _ Transportation, Treasury, HUD, the Judiciary and the District of Columbia Subcommittee. Hearing on FY07 appropriations for the Supreme Court. Justices Anthony Kennedy and Clarence Thomas. Location: Room 2358, Rayburn.

10 a.m. ENERGY AND COMMERCE _ Oversight and Investigations Subcommittee. Hearing on sexual predators and the Internet. Sharon Cooper, University of North Carolina; Justin Berry, Bakersfield, Calif.; Ken Gourlay, Royal Oak, Mich.; Ernie Allen, executive director, National Center for Missing and Exploited Children, Alexandria, Va.; Parry Aftab, executive director, Wired Safety, Irvington-on-Hudson, N.Y.; Shannon Sullivan, teen angel, Wired Safety, Irvington-on-Hudson, N.Y.; Teri Schoeder, president and program director, I Safe America, Carlsbad, Calif.; Moni Sallam, mentor, Safe America, Carlsbad, Calif. Location: Room 2123, Rayburn.

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10 a.m. GOVERNMENT REFORM _ Full Committee. Hearing on visa processing delays. Deputy Assistant Secretary of State Tony Edson; Jess T. Ford, GAO; Yo-Yo Ma, artistic director, The Silk Road Project Inc.; Sandra L. Gibson, president and CEO, Association of Performing Arts Presenters; Dennis J. Slater, president, Association of Equipment Manufacturers; Kevin Schofield, general manger, Strategy and Communications, Microsoft Research; Elizabeth C. Dickson,Ingersoll-Rand Co. Location: Room 2154, Rayburn.

10 a.m. JUDICIARY _ Concsitution Subcommittee. Hearing on lobbying reform. Location: Room 2141, Rayburn.

12 p.m. JUDICIARY _ Commercial and Administrative Law Subcommittee. and Constitution Subcommittee. Joint hearing on government acquisition of personal information bought through information resellers. Linda D. Koontz, GAO; Maureen Cooney, acting chief privacy officer, Homeland Security Department; Peter Swire, Moritz College of Law, Ohio State University; Stuart Pratt, president and CEO, Consumer Data Industry Association. Location: Room 2141, Rayburn.

1:30 p.m. APPROPRIATIONS _ Military Quality of Life and Veterans Affairs, and Related Agencies Subcommittee. Hearing on defense health programs. Location: Room H-143, Capitol.

2 p.m. APPROPRIATIONS _ Science, State, Justice, Commerce and Related Agencies Subcommittee. Hearing on FY07 appropriations for the Office of Science and Technology Policy. Location: Room H-309, Capitol.

2 p.m. ARMED SERVICES _ Tactical Air and Land Forces Subcommittee. Hearing on combat systems and protection initiatives. Paul L. Francis, GAO; Janet St. Laurent, GAO; Mike Gilmore, CBO; Assistant Army Secretary Claude M. Bolton; Army Deputy Chiefs of Staff Lt. Gen. David F. Melcher and Lt. Gen. James J. Lovelace; Lt. Gen. James N. Mattis, commanding general, Marine Corps Combat Development Command. Location: Room 2118, Rayburn.

2 p.m. GOVERNMENT REFORM _ Federal Workforce and Agency Organization Subcommittee. Hearing on federal workforce issues regarding airport security. Location: Room 2203, Rayburn.

2 p.m. GOVERNMENT REFORM _ National Security, Emerging Threats and International Relations Subcommittee. Hearing on NRC facility standards since 9/11. Jim Wells, GAO; Nils Diaz, chairman, Nuclear Regulatory Commission; Connecticut Attorney General Richard Blumenthal; Danielle Brian, executive director, Project of Government Oversight; Marvin Fetel, vice president and chief nuclear officer, Nuclear Energy Institute; Chris Crane, president and chief nuclear officer, Exxon Generation Co. LLC. Location: Room 2247, Rayburn.

2 p.m. TRANSPORTATION AND INFRASTRUCTURE _ Highways, Transit and Pipelines Subcommittee. Hearing on reliability of Highway Trust Fund revenue estimates. Location: Room 2167, Rayburn.

2:30 p.m. APPROPRIATIONS _ Foreign Operations, Export Financing and Related Programs Subcommittee. Hearing on FY07 budget for the State Department. Secretary Rice. Location: Room 2359, Rayburn.

3:30 p.m. RULES _ Full Committee. Meeting to set rules for floor debate. Location: Room H-313, Capitol.

4 p.m. ARMED SERVICES _ Full Committee. Hearing on agency cooperation in the war on terrorism. Joint Chiefs of Staff Vice Chairman Adm. Edmund Giambastiani; Amb. Henry Crumpton; Vice Adm. John Scott Redd, National Counterterrorism Center. Location: Room 2118, Rayburn.

5 p.m. ENERGY AND COMMERCE _ Telecommunications and the Internet Subcommittee. Markup. of miscellaneous business. Location: Room 2123, Rayburn.

Other: GERMAN FOREIGN MINISTER FRANK-WALTER STEINMEIER _ Highlights: Schedule includes discussions with senators, a noon news conference and dinner with Secretary of State Rice. Details have not been announced.

PAKISTANI INTERIOR MINISTER AFTAB AHMAD KAHAN SHERPAO _ Highlights: 10 a.m. Meets with Undersecretary of State Nicholas Burns. 11:30 a.m. Meets with Attorney General Gonzales. 1:30 p.m. Meets with Deputy National Securit6y Adeviser J.D. Crouch. White House. 2:45 p.m. Meets with Amb. at Large John Miller. 3:45 p.m. Meerts with Deputy DEA Administrator Michele Leonhart. 5 p.m. Meets with Rep. Ed Royce. Room 2202, Rayburn. 6 p.m. Meets with Undersecretary of Defense Eric Edelman, Pentagon.

BUILDING AND CONSTRUCTION _ The Building and Construction Trades Department, AFL-CIO, holds its 2006 Legislative Conference. Highlights: 9 a.m. - 11:30 a.m. Reps. Robert Simmons, R-Conn.; Steny Hoyer, D-Md.; Stephanie Tubbs Jones, D-Ohio; and Linda Sanchez, D-Calif. John Sweeney, president, AFL-CIO; and Sen. john McCain, R-Ariz. Location: Washington Hilton and Towers, 1919 Connecticut Ave. NW.

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HISPANIC BUSINESSES _ The United States Hispanic Chamber of Commerce (USHCC) holds its 16th Annual Legislative Conference Immigration reform, telecommunications reform, and advancing federal procurement opportunities are among the key issues that will receive top billing at this years legislative conference. Highlights: 9 a.m. - 12 p.m. Immigration Summit. Sen. Sam Brownback, R-Kansas; Representatives Jim Kolbe and Luis Gutierrez, and Mexican Ambassador Carlos de Icaza will participate. 9:30 a.m. Sen. John McCain, R-Ariz., Sen. Sam Brownback, R-Kan., and Sen. John Cornyn, R-Texas. 1 p.m. White House brefing with keynote address by Attorney General Alberto Gonzales. 5:15 p.m. Political party briefing with Reps. Joe Baca, Lincoln Diaz-Balart, Luis Fortuno, others. Reagan Trade Center. Location: Ronald Reagan Building and International Trade Center, 1300 Pennsylvania Ave. NW.

CHINA-INDUSTRIAL SUBSIDIES _ 9 a.m. - 5 p.m. The US-China Economic and Security Review Commission holds a public hearing to assess China's compliance with its World Trade Organization accession on subsidies, examine what constitutes China's subsidy regime, evaluate the level of transparency of China's economic planning process, and identify how China's industrial subsidies negatively or positively affect U.S. companies, investors or workers. Location: Room 2325, Rayburn House Office Building.

CLIMATE-GREENHOUSE GASES _ 9:30 a.m. - 12 p.m. The Senate Energy & Natural Resources Committees hosts a group of panelists comprised of government, business, and environmental organizations for a bipartisan discussion on climate and how Congress might go about creating a mandatory trading program to control US greenhouse gas emissions. Location: Room G-50, Dirksen Senate Office Building.

JOHANNS _ 8 a.m. Agriculture Secretary Johanns speaks at the Government Performance Summit. Location: Wyndham City Center Hotel, 1143 New Hampshire Ave. NW.

IMMIGRATION SURVEY _ 9 a.m. Pew Hispanic Center Directort Roberto Suro and Pew Research Center Presidenty Andrew Kohut hold a briefing on a new survey on immigration. Location: St. Regis Hotel, 16th and K Sts. NW.

IMMIGRATION-CIVIC ACTION _ 9:30 a.m. Organizers of the March 25 immigration march and rally in Los Angeles hold a news conference to announce their next national action. Location: National Press Club.

MEHLMAN-DENTAL ASSOCIATION _ 10:30 a.m. Republican National Chairman Ken Mehlman addresses the American Dental Association. Location: J.W. Marriott Hotel, Grand Ballroom, 1331 Pennsylvania Ave. NW.

FINANCIAL LITERACY _ 11 a.m. Treasury Secretary Snow and US Treasurer Anna Cabral, others, launch the National Strategy for Financial Literacy. Location: Room 4121, main Treasury.

WEINBERGER FUNERAL _ 11 a.m. Funeral for Caspar Weinberger. Location: Section 30, Arlington National Cemetery.

SMITH-HUMAN RIGHTS _ 11 a.m. - 12 p.m. Rep. Chris Smith, R-N.J., addresses students at American University's Washington College of Law on how to implement a bipartisan approach to human rights. Location: Room 600 of the law school, 4801 Massachusetts Ave. NW.

BOEHNER _ 11:30 a.m. House Majority Leader Rep. John Boehner holds a pen and pad only briefing. Location: Room H-107, Capitol.

CHAMBLISS _ 11:30 a.m. Sen. Saxby Chambliss holds a telephone briefing on immigration reform. Notes: Callin number: 888-396-9929; passcode: Chambliss.

IMMIGRATION REFORM _ 11:30 a.m. Sens. Joe Lieberman, D-Conn., Edward Kennedy, D-Mass., others, hold a press conference on comprehensive immigration reform and the need for improved border security. Location: Senate Radio/TV Gallery.

TERRORISM _ 11:30 a.m. The Center for Strategic and International Studies holds a panel discussion on the transatlantic dialogue on terrorism, with Daniel Benjamin, Marc Sageman, Karin von Hippel and Julianne Smith, all of CSIS. Location: B-1 conference level, 1800 K St. NW.

HEALTH CARE SAVINGS _ 12 p.m. Bob Litan, a scholar at both the Kauffman Foundation and the Brookings Institution. holds a briefing to present findings from a recent report on how accelerated broadband deployment in the United States could deliver hundreds of billions of dollars to the U.S. economy. Location: Room 2322, Rayburn House Office Building.

HOYER _ 12 p.m. House Democratic Whip Rep. Steny Hoyer holds a pen and pad only briefing. Location: Room H-306, Capitol.

INTELLIGENCE SUPPORT-MILITARY _ 12 p.m. The Council on Foreign Relations holds a meeting on ``Intelligence Support to the Military." Speakers include Rep. Jane Harman, D-Calif.; and John McLaughlin, senior fellow,

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Merrill Center for Srategic Studies, SAIS; former acting director of the CIA. Location: Council on Foreign Relations, 1779 Massachusetts Ave. NW.

SENATE-LOUISIANA _ 12:15 p.m. Senate Louisiana delegation and state political leaders will join in urging the Senate to include funding for hurricane protection levees and Louisiana housing in the Supplemental Appropriations bill. Location: Senate Swamp.

DEMOCRATS _ 12:30 p.m. The Democratic Policy Committee holds a closed meeting. Location: Room S-211, Capitol. Notes: Gallery escort leaves at 11:30 a.m. from the Ohio Clock Corridor.

REPUBLICANS _ 12:30 p.m. The Senate Republican Policy Committee holds a closed meeting. Location: Room S-207, Capitol. Notes: Gallery escort leaves at 11:30 a.m. from the Ohio Clock Corridor.

WHISTLEBLOWERS _ 12:30 p.m. Presentation of the annual Ridenhour Awards to recognize whistleblowers. Location: National Press Club.

US-INDONESIA _ 1:40 p.m. Joint news conference with USTR Rob Portman and Indonesian Trade Minister Mari Pangestu. Location: USTR, 600 17th St. NW.

FAIR HOUSING _ 2 p.m. HUD Secretary Jackson, others, kick off Fair Housing Month. Location: HUD cafeteria, 451 7th St. SW.

DEMOCRATS-SECURITY _ 2:15 p.m. House Democratic Leader Nancy Pelosi, Congresswoman Hilda L. Solis, Chair of the Democratic Women's Working Group, and Congresswoman Ellen Tauscher, Member of the House Armed Services Committee, will join first responders at a press conference tomorrow to discuss ``Real Security: A Democratic Plan to Secure America and Restore Our Image in the World." Location: Room HC-9, Capitol.

GOP LEADERSHIP _ 3:45 p.m. House Speaker Dennis Hastert joins House Republican Leaders to discuss Border Security, Budget Reform, and 527 Reform. Location: Room H-230 (balcony area), Capitol.

GOP-ENVIRONMENT _ 4:30 p.m. Senator Chaffee and Congressman Boehlert hold an event with Republicans for Environmental Protection. Location: Russell Park.

JOURNALISTS HONORED _ 6 p.m. Georgetown University honors journalists Anne Garrels of NPR, George Packer of The New Yorker, Christiane Amanpour of CNN and Doonesbury creator Garry Trudeau. After the presentation, Amanpour and others will hold a panel discussion on Iraq. Location: Bunn Center auditorium, Georgetown University.

WHITE HOUSE PRESS _ 8 p.m. - 9 p.m. American University's School of Communication will hosts a panel discussion titled, ``The White House Press Corps: Then and Now." Panelists include: Alexis Simendinger, White House correspondent, National Journal; Helen Thomas, Hearst News Service reporter and dean of the White House Corps; Kenneth T. Walsh, Chief White House correspondent, U.S. News & World Report; and Mark McDonald, program director, WAMU 88.5 FM and AU School of Communication broadcast journalist in residence. Location: Mary Graydon Center, University Club, 4400 Massachusetts Ave. NW.

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THE ATTORNEY GENERAL'S *NEWS BRIEFING*

PREPARED FOR THE OFFICE OF PUBLIC AFFAIRS, U.S. DEPARTMENT OF JUSTICE

TO: THE ATTORNEY GENERAL AND SENIOR STAFF

DATE: TUESDAY, APRIL 4, 2006 7:45 AM EDT

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TERRORISM NEWS:

Jurors Find Moussaoui Eligible For Death Penalty. Jurors yesterday found Zacaria Moussaoui eligible for the death penalty. The story received extensive coverage on network news broadcasts and cable news last night and in newspapers today. It was the lead on ABC and CBS, and was second in NBC's story lineup.

ABC World News Tonight (4/3, lead story, 3:30, Vargas, 8.78M) reported, "Those who suffered the most in the attacks, the victims and their families, will now confront Moussaoui in court, and make their case that he deserves to die." ABC (Thomas) added, "Family members of the 9/11 victims were overjoyed." In the "next phase of the trial, the prosecution will show the photographs of all the nearly 3,000 victims. 45 members of their family will testify about what that day did to their lives."

The CBS Evening News (4/3, lead story, 2:50, Schieffer, 7.66M) noted Moussaoui's "court-appointed lawyers had urged him not to testify, but he insisted. He insulted the jurors, he disavowed the lawyers and he cursed America." CBS (Stewart) added, "Moussaoui apparently couldn't have cared less" about yesterday's decision. "When the jury left, he yelled, 'You'll never get my blood. God curse you all.' It was a total victory for the government." NBC Nightly News (4/3, story 2, 2:35, Williams, 9.87M) also reported that the decision "is a big victory…for the federal government…in a case that almost got derailed." NBC (P. Williams) added that former federal prosecutor Andrew McBride "says today's verdict makes it more likely Moussaoui will ultimately be sentenced to die."

USA Today (4/4, 4A, Johnson, 2.31M) adds, "The jury's decision elated several 9/11 victims' relatives. Abraham Scott, whose wife, Janice Marie, was killed in the Pentagon when it was hit by a hijacked American Airlines jet, likened Moussaoui to a dog with rabies.' Rosemary Dillard, whose husband, Eddie, was on the jet that hit the Pentagon, pumped her fist as she left the courthouse. … 'This man has no soul; he has no conscience.'" However, The CBS Evening News (4/3, story 2, 2:30, Roberts, 7.66M) reported Al and Maureen Santora, parents of a 9/11 victim, "have been going to a courthouse in New York City to watch the Zacarias Moussaoui trial on closed circuit television." Yesterday's decision "brought no satisfying answers for the Santoras." The trial, "they say, exposed the failure of the government's intelligence network.

The Washington Post (4/4, A1, Markon, Dwyer, 744K) notes that "legal specialists said the emotional nature of the coming evidence is a major advantage for the government. They said prosecutors have survived their most difficult hurdle." DOJ spokeswoman Tasia Scolinos "said prosecutors 'are pleased with the jury's ruling in this important case. Our efforts on behalf of the victims of 9/11 will continue as we pursue the next phase of this trial.'"

The New York Times (4/4, Lewis, 1.19M) reports that "the second phase of the complicated federal death penalty law is more mathematical. The jury will be asked first to consider whether the aggravating factors of his crime outweighed any mitigating factors." Although "Moussaoui's lawyers have suggested in court papers that they may introduce testimony from a psychologist showing that Mr. Moussaoui suffers mental impairment as a result of anti-Muslim bigotry he faced growing up in France," that testimony "may well be outweighed by the deaths of Sept. 11."

The Los Angeles Times (4/4, Serrano, 958K) recalls that during the trial, prosecutors "urged the jury to concentrate on what they said was their proof that Moussaoui's lies to FBI agents in Minnesota cost the government the chance to locate the Sept. 11 plotters and stop the hijackings." But Moussaoui lawyer Edward MacMahon "argued…that Moussaoui was never groomed for a Sept. 11 role," and that "the FBI and CIA were not cooperating with each other enough in the summer of 2001 to find the hijackers, even with Moussaoui's help."

Bloomberg (4/4, Arthur) reports, "The jury deliberated for about 17 hours over four days. In the second part of the sentencing trial, which will begin April 6, the jury will consider factors weighing for and against capital punishment to decide whether to sentence Moussaoui to death. A verdict of death must be unanimous. … 'We are pleased with the jury's ruling in this important case,' said Justice Department spokeswoman Tasia Scolinos. 'Our efforts on behalf of the victims of 9/11 will continue as we pursue the next phase of this trial.'"

AFP (4/4) reports, "The US government, which saw its failure to stop the attacks exposed in a catalogue of bungles, missteps and mistakes highlighted by defense lawyers, was left to savour a legal victory in the war on terror. … The jury decision means they accepted the government's theory that Moussaoui's lies 'with lethal intent' in jail, after his arrest in August 2001, directly resulted in the deaths of at least one person on September 11. … Had he told about his knowledge of the plot, authorities would have been able to unroll a massive prevention operation, and would have stood a chance of stopping the attacks, the government claimed."

Scripps Howard (4/4, Gordon) reports, "After the 10-minute hearing adjourned, the bearded would-be terrorist shouted 'You'll never get my blood! God curse you all!' as he left the courtroom. … Yet experts said Moussaoui, who pleaded guilty to six conspiracy counts a year ago, may have

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sunk himself. He gave prosecutors another big helping hand in the first phase of the sentencing trial. He insisted on testifying over his lawyers' objections and then further incriminated himself by admitting that he was part of the Sept. 11 operation, that he planned to fly a fifth plane into the White House and that he lied upon his arrest so the suicide hijackings could go forward."

The Washington Times (4/4, Seper, 90K) and AP (4/4, Barakat) also report on the jury's decision.

Supreme Court Declines To Hear Padilla Appeal. Fox News' Special Report (4/3, Hume) reported, "The Supreme Court today declined to take the case of terror suspect Jose Padilla, who sued to challenge the legality of his prior detention as an enemy combatant. However, the separate case involving criminal charges involving Padilla will still go forward in Miami." USA Today (4/4, Biskupic, 2.31M) reports the justices "voted 6-3 to spurn" Padilla's appeal.

The Washington Post (4/4, A6, Lane, 744K) says the "potential showdown between the Supreme Court and the Bush administration over the president's war powers was averted yesterday when the court declined to hear" the case. The court "granted the administration's request not to review the case…because the administration last November met Padilla's demand to be indicted in a civilian court and transferred from a Navy brig to a civilian jail." The decision "is a victory for the administration because it leaves intact an appeals court ruling that upheld the president's authority to detain Padilla as an 'enemy combatant.'" But "the win was possible only because the administration had already made its tactical retreat in the face of negative public reaction and uncertain prospects at the high court, legal analysts said." The Christian Science Monitor (4/4, Richey, 61K) makes a similar case in a story headlined "Bush Team Wins On Power To Detain, For Now," and the Washington Times (4/4, Taylor, 90K) says the court's move was equivalent to "sidestepping" the issue. Donna R. Newman, a defense attorney for Padilla, "said the high court's rejection of the case was not a complete loss. She said the court 'put the government on a very short leash.'"

The New York Times (4/4, Greenhouse, 1.19M) notes Padilla "fell one vote short on Monday of persuading the Supreme Court to take his case. Four votes are necessary for the court to take a case, and Mr. Padilla's appeal received only three." The outcome "was not the unalloyed victory for the Bush administration that it might have appeared to be." Three justices who voted not to hear the case, Justices Anthony M. Kennedy and John Paul Stevens, along with Chief Justice John G. Roberts Jr., "filed an unusual opinion explaining their position. They noted that Mr. Padilla, who is now out of military custody and awaiting trial in federal district court in Miami on terrorism-related charges, was entitled to a criminal defendant's full range of protections, including the right to a speedy trial." The Times adds, "Most significant, the three justices warned the administration that the federal courts, including the Supreme Court, stood ready to intervene 'were the government to seek to change the status or conditions of Padilla's custody.'"

The AP (4/3, Holland) reports, "The former Chicago gang member and convert to Islam was held in a military prison as an alleged enemy combatant for three and a half years, part of that time without access to lawyers. … His supporters wanted the Supreme Court to use his case to declare that Americans cannot be arrested on U.S. soil and held incommunicado. … Justices appeared poised to do that last fall, but with Padilla's appeal pending the government abruptly changed its strategy. Prosecutors brought criminal charges in Florida, and now Padilla has what his lawyers sought all along, traditional legal rights as part of the federal court system." The AP notes, "The Justice Department said it was pleased by the outcome of Padilla's appeal. … 'Fighting the war on terrorism requires the use of numerous tools and tactics which have been viewed as lawful by the courts, and we are pleased that Mr. Padilla's case will be pursued through the criminal justice system,' Justice spokesman Brian Roehrkasse said."

The Legal Times (4/3, Mauro) reports, "In an unusual statement explaining the Court's denial of review, Justice Anthony Kennedy said 'strong prudential considerations' argued against the Court taking up the case. If the Court did review Padilla's case, Kennedy said, its ruling on the enemy-combatant issue would not affect his current custody status. Given that the government has detained Padilla for nearly four years, Kennedy said 'it must be acknowledged' that he has a 'continuing concern' that he could be reclassified as an enemy combatant. … If that happens, Kennedy said, Padilla could challenge the detention again in several ways, including a habeas petition to the Supreme Court. Kennedy put the government on notice that the courts would be open for further appeals if Padilla's status changes again, 'to ensure that the offices and purposes of the writ of habeas corpus are not compromised.'"

CNN.com (4/3, Mears) reports, "In a brief dissent, Justice Ruth Bader Ginsburg said, 'Nothing the government has yet done purports to retract the assertion of executive power Padilla protests.' Justices David Souter and Stephen Breyer also would have accepted the case for review."

Voice of America (4/4, Malone) reports, "The administration has said it had the power to detain Padilla since his arrest in 2002 as part of its overall legal strategy in fighting the war on terror. … 'We are dealing with a new kind of threat, a new kind of enemy and that has required new thinking and new strategies by the administration,' Attorney General Alberto Gonzales said."

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More Commentary. The New York Times (4/4, 1.19M) editorializes, "The Supreme Court ducked its duty yesterday," but "fortunately…did not hand a total victory to the administration. Justice Kennedy made it clear that the case raises 'fundamental issues respecting the separation of powers,' and strongly signaled that the court would be ready to step in quickly if the government returned Mr. Padilla to military custody, or his basic rights were denied in his civilian trial. We trust Justice Kennedy and his colleagues to stay true to that pledge."

The Washington Post (4/4, A22, 744K) editorializes that the ruling "seems initially to be a victory for the Bush administration and its aggressive legal approach to the war on terrorism. Beneath the surface, however, the court's action is less an endorsement of the administration's approach than face-saving permission for the government's backing down."

Pentagon Releases Guatanamo Detainee Names. The Washington Post (4/4, A6, 744K) reports, "The Pentagon yesterday released the names and nationalities of a group of detainees at the military prison at Guantanamo Bay, Cuba, the second batch of documents made public by the Defense Department in the past 30 days after four years of resistance." The Post adds, "The combined 7,600 pages represent the most complete list of detainee names, ages and nationalities to date. Yesterday's documents were published voluntarily, Pentagon spokesman Bryan Whitman said." The Defense Department "still holds about 490 people at Guantanamo Bay, the vast majority without charges."

Hayat Case Seen As Example Of DOJ Overreach On Terror Allegations. The Philadelphia Inquirer (4/4, Maykuth, 423K) reports, "The FBI's discovery last summer of an alleged al-Qaeda cell among the Pakistani immigrants in" Lodi "sent a shiver through California's heartland." But now, "the much-ballyhooed case appears enfeebled. Some experts say it fits a pattern of the government overstating the importance of post-9/11 terrorism cases." Lodi City Councilman John Beckman said, "Our confidence in the FBI has been severely shaken. When we look at the totality of the case, a lot of folks here are wondering, Is that all the FBI has?" The Inquirer adds, "Experts say the Lodi case is not unusual. While the Justice Department alleges that 401 people have been charged in 'terrorism-related offenses' since Sept. 11, and 212 have been convicted, analysts say only a handful were proven hard-core terrorists. … But others say it is impossible to measure the deterrent effect of the government's aggressive action against suspects for what appear to be petty offenses such as immigration violations."

Pakistani Man Sentenced To Five Years In Prison For Stinger Missile Plot. The AP (4/4) reports, "A federal judge sentenced a Pakistani man Monday to nearly five years in prison for his admitted role in a drugs-for-weapons plot to sell Stinger anti-aircraft missiles to the Taliban and al-Qaida." Muhamed Abid Afridi "pleaded guilty in March 2004 to one count of conspiracy to provide material support to terrorists and one count of conspiracy to distribute heroin and hashish." Afridi and codefendants Syed Mustajab Shah and Ilyas Ali – who have pleaded to the charges and still face sentencing – were arrested in 2002 "by police in Hong Kong who received a tip from the FBI. The three were secretly videotaped in meetings days earlier with undercover FBI agents at a Hong Kong hotel."

9/11 Detainee Testifies About Alleged Use Of Dogs At New Jersey Jail. In a widely-distributed story, the AP (4/4, Duff-Brown) reports, "A Canadian detained in the U.S. with hundreds of Arab or Muslim men after" 9/11 "testified Monday that he was jailed in New Jersey in harsh conditions and terrorized by snarling dogs before being cleared of terrorist links." Akil Sachveda "is one of seven Arab or Muslim men named in the class-action federal lawsuit…against senior U.S. officials, including FBI Director Robert Mueller and former Attorney General John Ashcroft." However, "The Passaic County Sheriff's Department, which runs the jail, said the lawsuit was unjustified and that dogs are only used to sniff out contraband or maintain security." The Canadian Press (4/4) notes Center for Constitutional Rights lawyer Shane Kadidal said, "There's similarities to the systematic abuse at Guantanamo Bay and Abu Ghraib."

PATRIOT ACT:

Patriot Act Used In Baby Formula Criminal Case. In a lengthy, front-page story, The Wall Street Journal (4/4, McKinnon, 2.11M) reports under the headline "How Patriot Act Helped Convict Man In Baby-Food Ring" about the use of FISA warrants in the investigation and prosecution of Arizona grocery wholesaler Samih Jammal, who was convicted of operating a baby formula theft ring. The Journal notes that Jammal, a "U.S. citizen born in Lebanon, was never charged with any offense related to terrorism. … His case sits on the fine line between the government's responsibility to go all-out to prevent terrorism and its duty to protect the constitutional rights of American citizens accused of crimes. It's a line that has blurred considerably since 9/11 and the 2001 passage of the Patriot Act." Jammal "is appealing, contending that FISA evidence used against him was illegally obtained and crippled his

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defense. … 'It's baby formula of mass destruction here,' he said at one pretrial hearing."

HOMELAND RESPONSE:

IG Report Says FBI-Coast Guard Dispute Impedes Maritime Terror Attack Response. In a widely-distributed story, the AP (4/4, Sherman) reports an analysis by Justice Department Inspector General Glenn Fine released yesterday finds that "squabbling between the Coast Guard and the FBI could lead to confused and potentially disastrous responses to terrorism incidents at sea." The AP notes, "The bickering came to a head in last year's weeklong anti-terrorism drill, TOPOFF 3," when "the FBI wanted to limit the assault to its elite Hostage Rescue Team," but "the Coast Guard ultimately changed the scenario to circumvent the FBI's role as the lead agency, Fine said. A plan released in October that was intended to address the problem does not sufficiently clarify the agencies' roles, Fine said."

The New York Times (4/4, Lipton, 1.19M) notes that the Fine report declares, "The F.B.I. and the Coast Guard both want the ability to respond to terrorist threats in the maritime area. Unless such differences over roles and authorities are resolved, the response to a maritime incident could be confused and potentially disastrous." FBI Special Agent Richard Kolko said, "There is no room for failure. We will resolve this." However, an unnamed "Homeland Security official" said that "the new report might sharpen the disagreement. 'It was written to bolster the F.B.I. argument that they should remain in charge,' the official said."

The Washington Times (4/4, Seper, 90K) reports Fine found that "the FBI has failed to rank U.S. seaports based on the likelihood of terrorist attacks, nor does it always use that basis when assigning agents who specialize in maritime security." Fine "said one FBI field office with six significant seaports in its territory has one maritime liaison agent, while another FBI field office with no strategic ports has five maritime liaison agents. … 'In addition, we found that the FBI database used to collect information on terrorist threats and suspicious incidents at seaports cannot be easily searched to identify trends in maritime-related suspicious activities or threats,' he said. The report, however, praised the FBI's decision to name maritime liaison agents in most of the bureau's 56 field offices to coordinate seaport security with other federal agencies."

Justice Department IG Says US Ports "Largely At Risk." The Washington Times (4/4, Seper, 90K) reports Justice Department IG Glenn A. Fine released a report yesterday, which found that "seaports remain largely at risk" following 9/11. Fine said the FBI failed "to conduct a threat assessment" for US seaports, hampering its "ability to make informed decisions about resource allocation." He "also said the FBI and the U.S. Coast Guard have not resolved issues regarding their overlapping responsibilities, jurisdictions and capabilities to handle a maritime terrorism incident."

GAO Says NRC Weakened Security Regulations After Consulting With Industry. The New York Times (4/4, Wald, 1.19M) reports a GAO report to be released today says that the Nuclear Regulatory Commission "weakened security regulations it had proposed for reactors" after it consulted with the industry. The report says it "created the appearance that the changes were made based on what the industry considered reasonable and feasible to defend against rather than an assessment of the terrorist threat itself," but "stopped short of saying that the commission had made changes 'based solely on industry views.'" Rep. Christopher Shays, who requested the study, said the "findings paint a decidedly mixed picture of nuclear power security today."

In an article that also cites the GAO report, the Christian Science Monitor (4/4, Marks, 61K) reports that the nation's 103 nuclear power plants "are little safer from air attack" than they were before 9/11, according to critics. "And squabbling has set in over what the security standards should be." While some experts say "the current criteria do not require nuclear plants to be protected against a threat equal to the one posed by the 9/11 hijackers," industry "officials counter that nuclear power plants are already the nation's best-protected critical infrastructure." Meanwhile, they are "relying on the Transportation Security Administration" to protect against an aerial attack.

International Student Admissions Rebounding From Post-9/11 Decline. The Des Moines Register (4/3, Livermore, 166K) reported, "More international students are likely to apply to attend graduate school in Iowa and nationwide this year, following a two-year, post-Sept. 11 slump, according to new data from four-year universities." University of Iowa international student office director Scott King "said the shift occurred after university presidents lobbied the federal government to make it easier for foreign students to study in the United States." Iowa State University President Gregory Geoffroy "was among the 15 university presidents who joined the National Security Higher Education Advisory Board, which the FBI said was meant to 'foster cooperation and understanding' between the agency and higher education." Geoffroy said in an interview that the importance of international student admissions "was a major topic we talked about there." He added, "Any time leaders in federal government hear university presidents, particularly with the passion they talk about this issue, it probably has impact collectively when you put it together."

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DHS Official's Testimony On DC Preparedness Criticized. In its "Verbatim" column, the Washington Post's Eric M. Weiss (4/4, A21) writes that the written testimony of DHS' director for national capital region coordination, Thomas J. Lockwood, "last week stands out for its abstruseness." Prepared for "a Senate panel annoyed that there is still no comprehensive strategic plan to protect the region," Lockwood's testimony said emergency response partners "plan to invest in maturing…45 initiatives, focusing on the development of performance measures and timelines to ensure the effective implementation of these initiatives." Weiss continues, "Oh, so is that why, five years after Sept. 11, 2001, Prince George's County emergency officials still do not have radios compatible with the rest of the region? Perhaps it will take more time to mature that initiative."

FBI Interviewing Workers, Contractors At Florida Nuclear Plant. The South Florida Sun-Sentinel (4/4, Gardiner, 249K) reports, "FBI agents are interviewing workers and contractors at the Turkey Point power plant this week to figure out who drilled a small hole in a pipe that's part of the cooling system of a nuclear reactor." Florida Power & Light spokeswoman Rachel Scott "said there was no reason for anyone to be working on the drilled pipe. Workers were, however, making repairs in the general area, including jobs like affixing sheet metal that would have required drilling, she said." The Sun-Sentinel adds FBI Special Agent Michael D. Leverock "said it doesn't appear that an outsider breached the power plant's security and gained access inside."

Minnesota Domestic Terror Plot Foiled. The St. Paul Pioneer-Press (4/4, Egerstrom, Hawley) reports, "Authorities have foiled a 'domestic terrorism' plan, recovering a cache of weapons and bomb-making equipment, the Rice County Sheriff's Office said today. … Rice County public officials and buildings were the presumed targets." The Pioneer-Press continues, "The multi-unit South Central Drug Investigation Unit said Allen Weatherford, 44, was arrested Friday on charges of attempted first-degree arson, possession of explosive devices and for being a felon in possession of firearms. … His brother, Mark Weatherford, was already in jail for failing to make a court appearance." The Pioneer-Press adds, "Investigating officers reported finding more than 50 firearms, including a 50-caliber machine gun, in the brothers' rural farm home. They also found propane tanks with a mixture of fuel oil and fertilizer along with detonation devices. … The investigation began last November when authorities in Goodhue County stopped a car and discovered weapons and drugs. That led to a search warrant being issued for a rural Rice County farmstead where Allan Weatherford lived, according to Meredith Erickson, senior assistant county attorney for Rice County. … The Rice County Sheriff's Office said the investigation included the South Central Drug Investigation Unit, the FBI, ATF, Goodhue County and Dodge County sheriff's offices, and Bloomington, Faribault and Northfield police departments."

Cohen Says Hole At Ground Zero Is Bush's Legacy. Richard Cohen writes in the Washington Post (4/4, 744K) that President Bush's legacy "is likely to be where I was Sunday: the immense gash in Lower Manhattan known as Ground Zero. More than 4 1/2 years after the Sept. 11 terrorist attacks, the hole has yet to be filled. … The failure to capture or kill bin Laden is the failure of Bush and his Pentagon team of incompetents -- Defense Secretary Donald Rumsfeld and the former commander of the Afghan and Iraq wars, Tommy Franks. One is still in office, the other is getting rich on the lecture circuit, and neither offers much of an explanation for why the mass killer of Americans still has not been caught." Cohen says the hole in lower Manhattan is, "by dint of failure, George Bush's presidential library. His proper legacy is a void."

FEMA's Post-Katrina Report Said To Highlight Old Problems. The AP (4/4, Jordan) reports, "An internal FEMA report that calls for urgent reform after Hurricane Katrina outlines old failures the disaster response agency was warned about five months before the storm struck." The Feb. 13 report says the agency "suffered from confusing leadership roles, outdated or inadequate response plans and inexperienced or under-trained staff during Katrina. It also details problems in tracking supplies to disaster sites." FEMA acting director R. David Paulison said that "all post-Katrina reports" are "helpful in rebuilding FEMA," but "acknowledged the government is often slow to revamp itself, comparing the recommendations made after Hurricane Andrew in 1992 to Katrina more than a decade later."

Wolffe Says Brown Replacement Elusive Because Administration Has "Abolished FEMA." On MSNBC's Countdown (4/3, Olbermann), Newsweek's Richard Wolffe was asked about FEMA's inability to find a permanent replacement for former director Michael Brown. Wolffe said, "They've been trying for a long time. Essentially, and the administration won't say this, but they've abolished FEMA. They want people to go through Chertoff, and anyone who's worth their salt doesn't want do that. They want to maintain the good jobs they have in their home states and they don't want to just become middle-management in the bureaucracy." Olbemann: "Well, that Homeland-FEMA dyad worked so well last Fall."

Race Seen As Dominant Issue In New Orleans Mayoral Primary. The New York Times (4/4, Nossiter, 1.19M) reports that race has taken the place of reconstruction

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as the "dominant motif" in New Orleans' April 22 mayoral primary. "This year, the three major candidates or their supporters have aligned themselves along racial lines, with each camp hoping it has singled out the correct, and as yet unknown, demographic." Meanwhile, "Tough discussions about whether some neighborhoods should not be rebuilt or whether the city should issue far fewer building permits have been largely absent. Even contemplating such notions publicly is considered a political kiss of death."

Red Cross To Overhaul Financial Operations After Katrina Debacle. NBC Nightly News (4/3, story 8, 0:20, Williams, 9.87M) reported, "The American Red Cross today said it will overhaul the way it handles future disasters after criticism from its post-Katrina performance. They will funnel money to other charities when it needs to and crack down internally on waste and abuse."

Future Of New Orleans Neighborhoods Said To Depend On "Bargain Seekers." The Washington Post (4/4, A3, Whoriskey, 744K) reports, "The future of New Orleans's flood-ravaged neighborhoods may depend" on "bargain seekers to invest and renovate." Though "some blocks" are dotted with "For Sale" and "For Sale by Owner" signs, "most houses offer no clues at all to the owners' plans for the vacant properties. Still, for those with faith in the city's future and a willingness to live in largely abandoned, low-lying neighborhoods, the areas are not without appeal. They are bargains."

Indonesian Tsunami Survivors Volunteering Along Gulf Coast. The Christian Science Monitor (4/4, Axtman, 61K) reports on "eight Indonesian tsunami survivors and aid workers who, having witnessed international relief firsthand, are now reciprocating with some of their own" along the Gulf Coast. They "have found common ground with those they aid." Novianus Patanduka said that seeing what happened during Katrina "really affected our hearts," but added that one "can't compare the suffering of Katrina with the suffering of the tsunami. Here, even the poorest people still have cars beside their [government- provided] trailers. When you go out into the most devastated parts of Indonesia, all the people have is their own physical strength.'"

Undocumented Workers Said To Play Vital Role In Rebuilding New Orleans. Under the headline "Migrants Find a Gold Rush in New Orleans," the Los Angeles Times (4/4, Quinones, 958K) reports that as the floodwaters receded from New Orleans following Hurricane Katrina, "Word…spread throughout the Latino immigrant diaspora in America that the city had plenty of work, construction wages had doubled to $16 an hour and no one was asking for papers." John Logan, a Brown University demographer, says "there must be 10,000 to 20,000 immigrant workers in the region by now, and the number is going to grow." The Times adds, "As the Senate debates new immigration laws and marchers demonstrate across the country, these immigrants offer another reminder of the country's reliance on undocumented labor from Latin America."

WAR NEWS:

Rice, Straw Press Iraqis To Form Government.

Secretary of State Condoleezza Rice and British Foreign Secretary Jack Straw made an unannounced visit to Baghdad over the weekend to urge squabbling Iraqi politicians to form a government of national unity. NBC Nightly News (4/3, story 5, 2:30, Mitchell, 9.87M) reported, "The message was blunt, the meetings tense. They made it clear, interim leader Ibrahim al-Jafari must be replaced by a strong prime minister to control the militias who've been killing civilians." For the "first time, Rice spent the night in Iraq, even as a mortar hit nearby. Critics say more than tough talk is needed to avoid all out civil war." Tonight, "it appears that Rice's message may have gotten through. Iraq's major Shiite party may back a stronger leader."

ABC World News Tonight (4/3, story 5, :10, Vargas, 8.78M) reported, "In Baghdad, today, Secretary of State Condoleezza Rice and British Foreign Secretary Jack Straw ended a surprise visit by pressing Iraqi leaders to stop bickers and agree on a new government."

The AP (4/4, Gearan) reports, "The US and Britain expect Iraq to quickly restrain militias and unify around a stable government," Secretary Rice "and her British counterpart said Monday in a visit meant to resonate both in Iraq and at home. Rice and British Foreign Secretary Jack Straw met with nearly all of Iraq's squabbling factions over two days of unusually hard-edged diplomacy. Rice stayed overnight to make the point that security is improving despite relentless violence that has eroded public support in the US for a war now in its fourth year." The Secretary is quoted saying, "First and foremost, the purpose of this trip is to encourage and to urge the Iraqis to do what the Iraqis must do because the Iraqi people deserve it. But yes, the American people, the British people...need to know that everything is being done to keep progress moving." Rice and Straw "repeated a strong message that the next government has to curb the power of sectarian militias, which are blamed for much of the current wave of reprisal killings among Shiites and Sunnis."

The Los Angeles Times (4/4, Daragahi, 958K) reports that Rice and Straw "attempted to placate the fears of the country's Shiite Muslim majority in anticipation of the likely ouster of interim Prime Minister Ibrahim Jafari. … But the soothing words came amid a concerted effort on the part of the U.S. and Britain as well as Iraq's Sunni Arabs, Kurds and a growing chorus of Jafari's erstwhile Shiite allies to convince the leader to step aside."

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The Washington Times (4/4, Kralev, 90K) reports that Rice and Straw "made clear in private, as well as in public, that Prime Minister Ibrahim al-Jaafari should step aside to clear the way for another Shi'ite candidate who would be more acceptable to the Sunnis and Kurds."

In Diplomatic Travels, Rice And Straw "Rub Off On Each Other." In a profile piece titled "On The Road With Condi and Jack," the Washington Post (4/4, A19, Kessler, 744K) writes, "Combining hard-nosed foreign initiatives with tourism and local politicking, the diplomatic duo has bounced across Europe and the Middle East, personifying the 'special relationship' between their countries. … They are a bit of an odd couple: an elegantly dressed African American woman who grew up in the segregated South and a plain blue-suit-and-tie Englishman who carries a red wooden box as a briefcase. … Aides say they genuinely like each other and -- unlike many high-powered figures -- don't seem to get on each other's nerves. Straw is the only foreign minister Rice will regularly pick up the phone and call, rather than having the State Department operations center arrange the conversation." The Post goes on to say that Rice believes "that time spent overseas helps build personal relationships that can pay off later in diplomacy. Although the British and the Americans are close allies on many matters, they have policy disputes" including Gitmo and global warming. The Post also reports that "by the end of trip, the two would sometimes finish each other's sentences and even had begun to rub off on each other."

WPost Says Administration Must Keep Pushing For Political Accord In Iraq. An editorial in the Washington Post (4/4, A22, 744K) says the Bush Administration has been "curiously passive" about the "evident inability of Iraqi leaders" to forge a political accord, noting, "At last, Secretary of State Condoleezza Rice appeared in the Green Zone on Sunday, five months after her previous visit, and teamed with British Foreign Secretary Jack Straw to drive home the message that, as she put it, 'if this vacuum of power continues' violence will spiral beyond all control." The Post adds that the Bush Administration "has no choice but to keep pressing for a political accord. The question remains whether other outside influence can be brought to bear. … In other crises the United States has used 'contact groups' of interested powers to apply pressure. In Iraq's circumstances such remedies are more difficult. Still, they ought to be tried."

More Commentary. In a his column today in the Washington Post (4/4, A23, 744K), Eugene Robinson writes, "Condoleezza Rice made a surprise trip to Baghdad over the weekend to advance the Fairy Tale Doctrine, pressuring Prime Minister Ibrahim al-Jafari to stop all the maneuvering and go ahead and form a government, preferably one that doesn't make it a crime to be Sunni Muslim. You see, if only the Iraqis can put together a government, everything will be just fine. Okay, she didn't quite say that all would be sweetness and light. But by jetting to Baghdad without telling anybody in advance, taking along British Foreign Secretary Jack Straw and freezing al-Jafari with her most intimidating Ice Queen faux-smile, she clearly reinforced the administration's view that cobbling together a new government is the next magic bullet that is going to rescue the Iraq adventure from an utter debacle."

DeWayne Wickham writes in USA Today (4/4, 2.31M) that as "pressure mounts on the president to explain why U.S. forces remain in Iraq as that fractured country slips deeper into civil war, Bush increasingly offers up the need to democratize the world as his raison d'être for hanging on in Iraq. In other words, Iraq is the Khyber Pass of the president's defense of America. It's the passageway through which he wants us to believe freedom must flow to the rest of the world." Wickham adds, "Democracy is no magic potion for the bad behavior of people who have little tolerance for it. That's a very painful reality that President Bush must someday face."

Wehner Says War Critics Have Offered No Alternative To Bush "Freedom Agenda." Peter Wehner, deputy assistant to the President and director of the White House's Office of Strategic Initiatives, writes in the Wall Street Journal (4/4, 2.11M), "A small group of current and former conservatives…have become harsh critics of the Iraq war," suggesting "that it is a failure and the president's effort to promote liberty in the Middle East is dead." Critics of the Iraq war "have offered no serious strategic alternative to the president's freedom agenda, which is anchored in the belief that democracy and liberal institutions are the best antidote to the pathologies plaguing the Middle East." Wehner adds, "In Iraq, we are witnessing advancements and some heartening achievements. … The process of democratic reform has begun, and now would be precisely the wrong time to lose our nerve and turn our back on the freedom agenda. It would be a geopolitical disaster and a moral calamity -- and President Bush, like President Reagan before him, will persist in his efforts to shape a more hopeful world."

Zarqawi Reportedly Replaced As Head Of Al Qaeda In Iraq. A leading Islamist says al Qaeda militant Abu Musab Zarqawi has been replaced as head of al Qaeda in Iraq in order to put an Iraqi figure at head of the group's struggle. The Washington Times (4/4, Sands, 90K) reports, "But terrorism specialists were divided on whether the move represented a demotion for the figure most closely identified with a wave of suicide bombings and beheadings or a move by Zarqawi to focus his efforts on a larger regional war." The Times adds, "Reports that Zarqawi had been shunted aside are 'nothing we can verify,' Lt. Col. Barry Johnson told reporters in Baghdad yesterday."

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US Troops In Iraq Try To Bring Iraqi Forces Up To Speed. The Christian Science Monitor (4/4, Levinson, 61K) reports that US military efforts to train Iraqi police and military have had "mixed" results. According to the Monitor, "the Brookings Institution reports [of] a total 241,700 Iraqi enlistees, only 54,000 of those troops are considered capable of operating independently from Coalition units. The remaining soldiers must fight alongside coalition forces." The article notes that "even the smallest US transfers of authority have had discouraging results."

Iraqi Civilians Attempt To Provide Own Security. With Iraqis being targeted at an "unprecedented rate," USA Today (4/4, Frank, 2.31M) reports that civilians, wary of "the ability of police to and soldiers to protection," are "attempting to provide their own security, relying on neighbors and family or hiring armed guards. … Convinced that Iraqi police and soldiers can do little to protect them, residents are arming and organizing, often in elaborate ways, to provide their own safety."

Thirteen US Troops Killed In Iraq Over Weekend. ABC World News Tonight (4/3, story 4, :15, Vargas, 8.78M) reported, "Five Marines were killed and three others went missing after their truck rolled over in a flash flood. At least eight other US service members have been killed since Saturday."

The CBS Evening News (4/3, story 4, 0:20, Schieffer, 7.66M) reported, "April is off to a costly start for US forces in Iraq. The military reports at least 13 Americans now killed this weekend, most of them yesterday in Anbar Province, which is west of Baghdad. Three Marines and a Navy sailor were killed in combat." NBC Nightly News (4/3, story 4, 0:10, Williams, 9.87M) reported the "US death toll has been heavy over the past two days."

The New York Times (4/4, Semple, 1.19M) reports, "Three marines and one sailor were killed on Sunday in the rebel assault, the military reported, offering no further information. It was the largest number of American deaths in a single attack in more than a month. In another part of Anbar on Sunday, a flash flood toppled a seven-ton truck, killing five marines riding inside it and wounding one, the military said. Two marines and one Navy corpsman in the truck were missing, officials said."

The Washington Post (4/4, A19, Finer, Fekeiki, 744K) reports, "The deaths came two days after a month in which there were 32 U.S. military fatalities, the lowest monthly figure since early 2004. At least 13 Americans have been killed already in April."

Wounded Soldiers Feel "Sense Of Unease" Upon Return To US. The Los Angeles Times (4/4, Zucchino, 958K) reports. "When the wounded come home from Iraq, nothing is as it once was. They look different, of course -- pocked with shrapnel scars and surgical incisions, sore and tentative, and carrying the memory of that moment, just before the blast or bullet, when they were still whole. … Aggressive and driven in Iraq, the wounded become dependent and distracted back home. Hometowns and living rooms feel different. Friends have moved away. Children have grown. Iraq was terrifying and dangerous, but it became fulfilling and familiar. The wounded are relieved to be back with their families. Though thankful to be alive, they're burdened by a sense of unease."

CSMonitor Editor Thanks FBI, Military For Work To Free Carroll. The New York Times (4/4, Zezima, 1.19M) reports that former hostage Jill Carroll visited the Christian Science Monitor newsroom. Monitor Editor Richard Bergenheim thanked the US embassy in Baghdad for working "with a passion" to free Carroll. The Times reports that he also "thanked the FBI…and the military." An anonymous official "said the American hostage working group in Baghdad assisted with Ms. Carroll's case." NBC Nightly News (4/3, story 6, 2:15, Engel, 9.87M) reported that she has "been given a staff job at the Monitor, and according to representatives from the paper, she already has several book offers." However, the CBS Evening News (4/3, story 3, 0:40, Schieffer, 7.66M) reports that Carroll "has no immediate plans to discuss her ordeal in public."

New Documents Slow Australian Oil-For-Food Probe. The New York Times (4/4, Bonner, 1.19M) reports that Australia's wheat-exporting giant AWB supplied "over six volumes of documents" to lawyers investigating whether it "paid $200 million in kickbacks to Saddam Hussein under the United Nations oil-for-food program." Hearings are now 13 weeks old. Emerging intelligence papers show "that as far back as 1998, Australian intelligence agencies had been told that [a Jordanian company receiving payments from AWB] was a front for the Iraqi government and was being used to violate United Nations sanctions against Baghdad."

Skeptics Question Fugitive Kurdish Writer's Plight. The New York Times (4/4, Worth, 1.19M) reports that a controversial Kurdish author "says he has been receiving death threats by phone since January, when his new book on sex and Islam touched off angry street demonstrations in several Kurdish cities in Iraq." However, others accuse Mariwan Halabjayi of being a "publicity hound." The Times says that "Islamist political leaders deny that they ever threatened him and say they see him as a publicity-hungry clown, not a dangerous blasphemer. Even some secular figures say Mr. Halabjayi's book…may have been a ploy to get political asylum in Europe."

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Allen Advocates Boykin For Special Operations Command. The AP (4/4, Sidoti) reports that Sen. George Allen wants "Lt. Gen. William G. (Jerry) Boykin, currently the Pentagon's deputy undersecretary for intelligence," to replace the retiring head of the US Special Operations Command. Sen. John Warner, chairman of the Senate Armed Services Committee, stated, "This officer would not be among those whom I would recommend for this position." Gen. Boykin aroused controversy in 2003 with "speeches at evangelical Christian churches in which he painted the war on terror as a Christian fight against Satan and suggested that Muslims worship idols."

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Card, Gonzales, Other Top Bush Aides Spotted At DC Restaurant. The New York Daily News (4/4, Grove, 729K) reports in its "Lowdown" column, "Note to former White House Chief of Staff Andy Card: Next time you and your high-powered pals want to have a private dinner at a D.C. restaurant — as you did Saturday night with Attorney General Alberto Gonzalez, FBI Director Robert Mueller and former FEMA chief Joe Albaugh and your wives at the Mexican eatery Lauriol Plaza — make sure the dark-suited Secret Service guys at the next table at least order guacamole and chips. Then again, they probably won't be there next time."

DOJ Privacy Officer To Launch Panel. Government Executive (4/4, Pulliam) reports, "The Justice Department's recently arrived chief privacy officer said in an interview Monday she plans to launch an internal privacy and civil liberties board in two weeks." GE continues, "The board will be made up of director or deputy director-level officials and will address the broad range of privacy issues that confront the department, said Jane Horvath, who assumed her job as the department's first chief privacy and civil liberties officer on Feb. 21. … Horvath told Government Executive that her 'first and primary responsibility is to ensure that the department ensures the civil liberties of the American people.' … She said she is working out her relationship with the department's Inspector General's Office to determine what types of privacy complaints she will receive, adding that she anticipates she'll handle broad, issue-related problems rather than complaints from individuals. … Horvath also plans to address Justice's use of commercial data for finding terrorists and standards for and oversight of mass data collection." GE adds, "Her official duties include reviewing and overseeing the department's privacy operations, developing Justice's privacy policies and ensuring the compliance of privacy impact assessments, known as PIAs. Horvath also serves on the department's Data Integrity Board and its document committee."

CORPORATE SCANDALS:

Enron Defense Begins To Present Case. The Washington Post (4/4, D1, Johnson) reports, "Lawyers for former Enron Corp. executives Kenneth L. Lay and Jeffrey K. Skilling began presenting their defense against fraud charges Monday without the lead lawyer for Lay, who was preparing for a second round of surgery to alleviate a heart condition." The Post continues, "Kicking off the 10th week of the trial, the defense teams jointly called witnesses designed to advance their argument that no fraud took place at the Houston energy company. One of the case's most anticipated witnesses, Skilling, could begin to testify as early as Thursday, lawyers said." The Post adds, "In perhaps the most powerful testimony of the day, former executive assistant Joannie Williamson said she believed that her friend, then-investor relations chief Mark E. Koenig, had pleaded guilty to spare his family and reduce his prison sentence. Under questioning by defense lawyer Chip B. Lewis, Williamson recounted that Koenig called her in August 2004, hours after his plea to aiding and abetting securities fraud. … 'He said, "I'm not guilty, but in order for this to work, everyone needs to believe that,"' Williamson testified. … Defense lawyers contend that many of the 16 former Enron employees who pleaded guilty did so under pressure from law enforcement authorities and under fear of the onerous federal sentencing guidelines." The Post notes, "On cross-examination, Assistant U.S. Attorney Kathryn H. Ruemmler stressed Williamson's close and ongoing relationship with both defendants. Lay, for instance, offered to pay the witness's legal fees, and Skilling socializes with her and others once a week, the prosecutor said."

The Wall Street Journal (4/4, McWilliams) reports, "The defense in the trial of two former top Enron Corp. executives struggled on its first day, as a defense witness backed down from earlier claims and a lead defense attorney was hospitalized for the second time in two weeks." The Journal continues, "It was a modest start to the defense's case that there was no wrongdoing at the energy company, apart from thefts by a few subordinates, and underscored the central role of testimony by the two former top executives in their defense. Former Enron President Jeffrey Skilling may testify as early as tomorrow, much earlier than had been expected." The Journal notes, "In an unexpected twist on the proceedings, Mr. Lay's 65-year-old lead attorney, Michael Ramsey, is scheduled to undergo surgery today that could remove him from the defense team. Doctors at Houston's Methodist Hospital are to evaluate a stent that was installed slightly more than a week ago. … Despite the procedure, Mr. Ramsey returned quickly to court. Now, however, there

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'appears to be some difficulty with the stent,' a spokeswoman for Mr. Lay said in a statement yesterday. … Mr. Ramsey's health situation is a setback for Mr. Lay. Mr. Ramsey has long been one of the best-known criminal defense attorneys in Texas, bringing a down-home but aggressive demeanor to the courtroom that has helped him win difficult cases -- including the acquittal of a man who had been charged with murdering and dismembering a man."

The Houston Chronicle (4/4, Flood) reports, "Williamson testified that she thinks her friend Koenig succumbed to pressure, though she acknowledged on cross-examination by prosecutor Kathryn Ruemmler that Koenig never said he was pressured. … This testimony follows a main defense theme — that many witnesses who testified against Skilling and Lay were coerced by the government into pleading guilty and are just saying what prosecutors wanted to hear. … Lay and Skilling argue there was no conspiracy. They say Enron was in good shape, but the lack of confidence engendered by revelations about thieving by ex-CFO Andrew Fastow and his cohorts caused a 'run on the bank.'"

Former Westar Executives Sentenced. The Washington Post (4/4, D1, Masters) reports, "The former chief executive of Westar Energy Inc. was sentenced yesterday to 18 years in prison for his role in a corporate looting case known in some circles as 'the Enron of Kansas.'" The Post continues, "David C. Wittig, 50, and the utility's onetime top dealmaker Douglas T. Lake, 55, were convicted in September of conspiracy, wire fraud, money laundering and circumventing internal controls at the Topeka, Kan., utility. … U.S. District Judge Julie Robinson sentenced Lake to 15 years and ordered each man to pay $5 million in fines plus restitution. The two have already been ordered to forfeit more than $53 million to Westar." The Post adds, "Wittig's sentence is one of the longest handed down in a major white-collar fraud case and reflects the government's increasingly harsh reaction to corporate malfeasance. … Former WorldCom Inc. chief executive Bernard J. Ebbers received 25 years for his role in that telecommunications firm's massive accounting fraud, but most other fallen corporate titans have received less. … Under the federal sentencing guidelines, each man had faced as much as life in prison, but their lawyers argued that such a punishment would be unduly harsh."

The Wall Street Journal (4/4, Smith) reports, "The charges stemmed from a series of transactions initiated by Mr. Wittig and Mr. Lake, 55, shortly after Mr. Wittig joined Westar in 1995. Among the specific allegations were improper use of the company's aircraft and arranging for increases to his own compensation without normal board knowledge or approval. … Mr. Wittig assumed Westar's helm in 1998 to help the Topeka, Kan., utility develop a growth strategy that would enable it to take advantage of deregulation of the electric industry. But prosecutors later said, and a federal jury agreed, that Mr. Wittig and Mr. Lake instead found ways to abuse their positions of trust to pad their own wallets through schemes that circumvented the normal board approval process."

Refco Shareholders Consolidate Suits. The Wall Street Journal (4/4, Mollenkamp, McDonald, McKay) reports, "A consolidated lawsuit filed by Refco Inc. shareholders and bondholders claims the commodity-brokerage firm used 10 transactions totaling more than $5 billion -- far more extensive than previously thought -- to keep hundreds of millions of dollars of losses off its books." The Journal continues, "The lawsuit, a roll-up of more than a dozen shareholder actions previously brought, was filed yesterday in federal court in New York. It alleges Refco executives were so intent on launching Refco's initial public offering of stock last August that they ignored complaints about lax executive oversight. The suit also alleges negligence on the part of the collapsed company's auditor and investment bankers." The Journal adds, "As previously reported, when Refco in October revealed former Chief Executive Phillip R. Bennett had hidden about $430 million in bad debts, customers rushed to get their money back, ultimately forcing the firm to seek bankruptcy protection. … The shareholder suit seeks class-action status. When the earlier suits were filed, U.S. District Judge Gerard E. Lynch consolidated them into one and appointed lead counsel to file one complaint."

HealthSouth Pays Out Hefty Legal Fees. The Fulton County Daily Report (4/4, Peters) reports, "HealthSouth Corp. has helped lots of lawyers become more prosperous in recent years. … The Birmingham, Ala., company expects eventually to pay a total of about $147 million in legal fees for litigation expenses incurred since 2003, according to the company's annual report, which was filed last Wednesday." The Report continues, "In March 2003, federal prosecutors launched a fraud case against the company and its founder and former CEO, Richard M. Scrushy. Since then, HealthSouth has paid to defend itself in that criminal case, as well as civil cases filed in federal and state courts by the company's shareholders, bondholders, auditors and employees. … Some Atlanta law firms got in on the action, including Alston & Bird; Parker, Hudson, Rainer & Dobbs; and the Atlanta office of Jones Day." The Report adds, "HealthSouth's legal bills are comparable to other U.S. corporations that have found themselves in trouble with federal regulators in recent years, said Ron Peppe, a vice president at the Washington-based Association of Corporate Counsel. … HealthSouth already has paid some of the $147 million total, Peppe said. It has put the rest in reserve, with the expectation that it will eventually need to pay the full

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amount. The final total could end up being less, but $147 million is probably a good estimate, he said."

CRIMINAL LAW:

Capitol Police Seek Arrest Warrant For McKinney. CNN's The Situation Room (4/3, Blitzer) reported, "CNN has confirmed from Federal law enforcement officials that Capitol Police are asking Federal prosecutors to issue an arrest warrant for Democratic Congresswoman Cynthia McKinney of Georgia. They filed a complaint stemming from an incident last week between the Georgia Democrat and a Capitol police officer as she tried to enter a House office building without a lapel pin that identifies her as a member of the United States Congress." The AP (4/4, Kellman) reports "a spokesman for U.S. Attorney Kenneth L. Wainstein said he was reviewing the merits of the case. 'We are working with Capitol Hill police to fully understand and appreciate the incident,' principal assistant US Attorney Channing Phillips told The Associated Press in a telephone interview."

The Washington Post (4/4, A4, Wilber, 744K) reports McKinney "expressed regret for the incident but has not apologized. She has said she expects to be exonerated once the case is fully reviewed. At a news conference last week, she said the officer touched her inappropriately. Her lawyers said McKinney, who is black, was the victim of racial profiling." Last night McKinney appeared on CNN's The Situation Room (4/3), where she said, "The bottom line on this is that it doesn't matter if you're in the United States Capitol or the Georgia Capitol, the issue is racial profiling." Asked if the allegation that she struck a Capitol Police officer are true, McKinney said that "if you would look, you would find that even inside the Capitol Hill Police Department there are problems inside with the treatment of -- or the respect for diversity, let me say."

The Atlanta Journal-Constitution (4/4, Kemper, Reid, 430K) says "a security video shows McKinney entering the building and moving around the metal detector and X-ray machine." However, it does not show her encounter with the police officer, according to officials familiar with it." But Fox News' Special Report (4/3, Wilson) reported "Capitol Hill law enforcement officials with knowledge of the investigation say they have built, quote, a very solid case against McKinney. A highly placed source tells Fox News numerous witnesses gave sworn statements that they saw McKinney aggressively punch the officer's badge with her cell phone after the officer asked her to stop at a House office building security check point and produce identification. Officials were close to dismissing the matter after McKinney initially offered regret for the incident but reconsidered late Friday after she held a press conference with high profile activist Danny Glover and Harry Belafonte."

The Hill (4/4, Hearn) says the "bizarre scuffle" between McKinney "and an unnamed US Capitol Police officer is winning the spirited congresswoman few new friends in her caucus. In fact, some Democrats are trying to distance themselves from her." McKinney "has been aggressively publicizing the incident, calling press conferences on each of the past two business days and even attracting a mention on the front page of The New York Times, something that the dozens of House and Senate Democrats combined couldn't match when they unveiled their homeland-security plan last week." Now, "with McKinney facing a possible arrest warrant, the media frenzy is set only to escalate. … All of the attention has some Democrats concerned that McKinney is drawing the limelight away from their policy goals and Republicans' ethical missteps to focus on a momentary, disputed encounter in a Capitol Hill hallway."

USA Today (4/4, 2.31M) and Roll Call (4/4, McArdle), among other sources, run similar accounts this morning. The New York Times (4/4, Kirkpatrick, 1.19M) reports McKinney "has raised the issue of racial bias in the past. In her first term in Congress in 1993, she publicly complained about a confrontation with an elevator operator who she said initially assumed she could not be a member of Congress because of her appearance and race. (Ms. McKinney acknowledges that her attire is unusual, especially her gold cowboy boots and running shoes.)" In her 1996 campaign for reelection, she "called her opponents 'a rag-tag group of neo-Confederates.' She has also said she complained to President Bill Clinton of 'disparate treatment' at two White House events during his administration because of her race."

McKinney Used Taxpayer Funds To Fly Singer To Georgia. Roll Call (4/4, Akers) reports in its "Heard on the Hill" column, "Rep. Cynthia McKinney (D-Ga.) has admitted to breaking government rules by using taxpayer money to fly singer Isaac Hayes to Georgia to help dedicate a new office, according to a report Monday afternoon by Channel 2 Action News in Atlanta. McKinney's office, according to the report, says it will reimburse the Congressional fund for the cost of Hayes' flight and hotel room."

Director Charged In Pellicano Probe. The Los Angeles Times (4/4, Krikorian) reports, "Top Hollywood movie director John McTiernan has been charged with lying to FBI investigators about his relationship with a private detective charged with illegal wiretapping, officials announced today." The Times continues, "McTiernan directed Arnold Schwarzenegger in the 1987 movie "Predator," which was nominated for an Academy Award for special effects. McTiernan is by far the most prominent entertainment figure to be criminally charged in the ongoing investigation into the tactics used by Anthony Pellicano, the private detective

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employed by many Hollywood figures before he was convicted of possessing an explosive device. He is now awaiting trial on illegal wiretapping charges. … McTiernan, 55, also directed 'Die Hard,' 'The Last Action Hero,' 'The Hunt for Red October,' and 'Rollerball.' McTiernan's alleged crime occurred on Feb. 13 during an interview with FBI agents, according to the charges filed by federal prosecutors in Los Angeles. … 'McTiernan claimed that he had no knowledge of any wiretapping conducted by Anthony Pellicano and had never discussed wiretapping with Anthony Pellicano, when in fact, as defendant McTiernan knew, he had hired and paid Anthony Pellicano to conduct a wiretap,' according to the charges."

The Wall Street Journal (4/4, Marr) reports, "Mr. McTiernan is charged with making a false, fictitious and fraudulent material statement. The accusation of lying in an FBI interview could rattle nerves in Hollywood, where numerous lawyers and executives have been questioned by the FBI or appeared before a federal grand jury in regards to the investigation of Mr. Pellicano. … The investigation into Mr. Pellicano kicked off in 2002 when the FBI raided his Sunset Boulevard offices and found explosives and grenades, which led to a 30-month prison sentence. … The FBI also confiscated numerous computer files that provided a web of leads in their investigation into Mr. Pellicano's tactics as Hollywood's top private detective, according to court documents."

Viacom Chiefs Back Grey As Pellicano Probe Widens. The Los Angeles Times (4/4, Eller, Hofmeister) reports, "Viacom Inc.'s top brass gave Brad Grey, chief executive of Paramount Motion Picture Group, a vote of confidence Monday despite the unwanted attention the studio is getting from his links to indicted private investigator Anthony Pellicano." The times continues, "In their first interview on the subject, Viacom Chairman Sumner Redstone and CEO Tom Freston said Grey's ties to Pellicano were fully examined by the company before he joined the studio more than a year ago. They said they remained comfortable with their decision to tap the former talent manager to turn around the lagging studio. … Freston, who personally selected Grey for the job, said that before he was hired, Grey was 'totally upfront' about his involvement with Pellicano. Grey's attorney, Bertram Fields, had hired the investigator to work on two high-profile lawsuits brought against Grey by his former client Garry Shandling and 'Scary Movie' executive producer Bo Zenga. … Grey informed his prospective bosses that he had testified twice before the grand jury as a witness in the Pellicano matter and had been questioned by the FBI. … In addition, Freston said, Viacom did its homework, largely through conversations between Viacom General Counsel Michael Fricklas and Grey's personal attorney, Ron Olson."

Jury Hears Closing Arguments In "Mafia Cops" Trial. The AP (4/4) reports, "Two ex-police detectives betrayed their badges by becoming hired guns for the Mafia, a prosecutor said Monday during closing arguments at their federal racketeering trial." The AP continues, "Louis Eppolito and Stephen Caracappa 'led double lives,' helping unleash a wave of violence that left eight people dead, prosecutor Daniel Wenner told the jury. … 'They gathered and sold information to the mob. They kidnapped for the mob. They murdered for the mob,' Wenner said. … The prosecutor described the case as 'the bloodiest, most violent betrayal of the badge this city has ever seen.'" The AP notes, "Caracappa's lawyer, Edward Hayes, countered by accusing the government of using the testimony of a convicted drug dealer, a gangster and an embezzler to frame an honest crime fighter. … The witnesses 'have conned people their whole lives,' he said." The AP adds, "Authorities allege Eppolito, 57, and Caracappa, 64, were involved in eight slayings between 1986 and 1990 while on the payroll both of the New York Police Department and Luchese crime family underboss Anthony 'Gaspipe' Casso."

Newsday (4/4, DeStefano) reports, "Tacitly acknowledging a five-year statute of limitations issue that could still derail the government's case, Wenner argued that the criminal conspiracy…continued almost up to the time both defendants were arrested in March 2005. Proof of that, he said, was in the fact that Eppolito and Caracappa lived across the street from each other in Las Vegas," so that "Caracappa could keep an eye on Eppolito and make sure he didn't weaken and expose their crimes, Wenner argued. He also said a drug deal they allegedly took part in during late 2004 put the case within the statute of limitations." Caracappa co-counsel Rae Koshetz "stressed the limitation period in her closing statement, saying the government tried to dress up a stale case by pulling in evidence of a small drug deal for Ecstasy that had no relationship to the conspiracy." The New York Daily News (4/4, Smith, 729K) adds that "star witness" Burton Kaplan "was billed as the man who could put the so-called Mafia Cops away for life," and Wenner said yesterday that he "lived up to his billing." The Eppolito and Caracappa lawyers "contend that Kaplan made up the whole crazy conspiracy to get out of prison before he dies of old age. But Wenner argued that Kaplan…couldn't have made up all the damning details." The New York Post (4/4, Haberman, 624K) also reports on the closing arguments under the headline "'Blood Traitors To NYPD Badge.'"

California Men Plead Guilty To Operating Massive Music, Software Piracy Ring. The San Francisco Chronicle (4/4, Estrella) reports Ye Teng Wen and Hao He of Union City, Calif., "pleaded guilty on Monday to producing 200,000 pirated copies of music and software

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compact discs, according to the U.S. Department of Justice. … Many of the items contained counterfeit FBI anti-piracy seals and silk-screened artwork that made them appear legitimate, according to the U.S. Attorney for Northern California." The Chronicle notes, "In October, the FBI raided 13 locations in California and Texas and seized 494,000 pirated CDs, DVDs and software in the country's largest manufacturing piracy seizure to date, according to the Recording Industry Association of America." The San Jose Mercury News (4/4, Ackerman, 268K) adds that Wen and He were arrested "as part of an undercover operation code-named 'Remaster.' … Speaking at a press conference Monday afternoon, officials said the manufacturing operation…may have produced as many as 12 million pirated CDs. They called it the largest manufacturing operation of its kind uncovered in the United States."

The AP (4/4) reports, "Wen and He admitted to mass producing nearly 200,000 pirated music and software CDs, many of which contained counterfeit anti-piracy seals from the FBI and silk screened artwork to make the merchandise appear legitimate, the U.S. Attorney said. The pirated works mainly involved Latin music artists and Symantec Corp.'s Norton anti-virus software." Bay City News Wires (4/3) also notes that "they pleaded guilty to counterfeiting the FBI's own anti-piracy seal on the counterfeit music discs."

Former Nevada Commissioner, Exotic Dancers Testify About Alleged Bribes. KLAS-TV Las Vegas (4/3, Allen) reports, "Seven witnesses were called to the stand Monday in the political corruption case against former Clark County Commissioners Dario Herrera and Mary Kincaid-Chauncey. Each told the jury the two had connections to strip club owner Mike Galardi." Former Commissioner Erin Kenny "told the jury Herrera was arrogant and she believed he was taking Galardi bribes. … But later, Kenny admitted while she believed both were taking bribes, she has no proof they did. Next, the prosecution called two former dancers from Galardi's strip club who testified they received money from Galardi and his associates. One received $400 to give Herrera an hour's worth of lap dances. The other received $400 to perform a sex act on Herrera."

Judge Orders Release Of FBI Surveillance Transcripts. KLAS-TV Las Vegas (4/3, Allen) also reports, "In response to a request from several media outlets, Judge Larry Hicks ordered transcripts of FBI wiretaps be released to the media. The actual audio recordings may not be released; federal prosecutors say developing a system to copy the wiretaps would interfere with their trial preparation."

Judge Rejects Plea Agreement In Philadelphia Ticket-Fixing Probe. The Philadelphia Daily News (4/4, Hinkelman) reports US District Judge Norma L. Shapiro "refused to accept the guilty plea yesterday of a former city hearing officer accused of fixing Philadelphia parking tickets in exchange for $200 in cash and $169 worth of concert tickets to see Prince." Molden David Faison was charged "with one count of attempted Hobbs Act extortion," but Shapiro "said she was not convinced that Faison was guilty of the charge." The person from whom Faison allegedly took the bribe "was identified in court yesterday as John Florio, who later became an FBI informant in the investigation of Faison. … Assistant U.S. Attorney Judy Smith said the FBI audio tapes 'clearly' would show that Faison believed Florio was 'acting as an agent' on behalf of the plumbing company when he gave Faison the concert tickets even though it was part of an FBI sting. But Shapiro wasn't convinced."

Mariano Surrenders City-Owned Vehicle. The Philadelphia Inquirer (4/4, Schaffer, 423K) reports, "Rick Mariano won't be able to drive to prison in his city-owned car. The Philadelphia city councilman…has turned in" his official vehicle. "Mariano's chief of staff, Jay McCalla, said the decision was part of the councilman's move to keep a lower profile following his fraud, bribery, and money laundering convictions." McCalla said, "This is just another step along the line which began when he relinquished his leadership positions." But he "said that line would not include Mariano's early resignation from his $102,000-per-year post."

Connecticut Mob Boss Sentenced To Seven Years In Prison. The AP (4/4, Apuzzo) reports US District Judge Janet Bond Arterton in New Haven, Conn., yesterday sentenced Gambino underboss Anthony Megale "to 86 months in prison. Megale admitted that from 2002 to 2004 he and others extorted $2,000 monthly payments from a Stamford strip club owner. He was caught on FBI recordings setting up the payments and predicting dire consequences if the club owner could not pay." The AP notes, "Megale was among 11 people arrested on charges stemming from an investigation in which an undercover FBI agent infiltrated the mob for three years, authorities said. Faced with a trial that would allow hours of secretly recorded FBI tapes into evidence, one defendant after another pleaded guilty."

Mexican Police Arrest Alleged New Mexico Cop Killer. The Albuquerque Tribune (4/4, Shepard) reports Mexican federal police yesterday arrested Michael Paul Astorga, wanted in New Mexico for the murders of sheriff's deputy James McGrane and Candido Ray Martinez. "More than 10 law enforcement agencies and more than 250 agents poured into the East Mountains, searching homes, woods and vehicles. … The manhunt drummed up more than 1,000 tips." On Saturday, "the reward for information leading to Astorga's capture was hiked to from $50,000 to $130,000,"

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and he "was placed on the FBI's top 10 'Most Wanted' list." FBI Albuquerque SAC Tom McClenaghan "said his team will look into who, if anybody, deserves reward money." The AP (4/4, Mygatt) also notes Astorga "was placed on the FBI's list of Top 10 most-wanted fugitives." Bernalillo County Sheriff Darren White said, "Currently, we have a team of detectives in El Paso waiting to work with FBI agents who are also in that area to work on the extradition of Astorga." He added, "This was a true team effort."

Virginia Executives Sentenced To Prison, Fines For Contract Fraud. WVEC-TV Norfolk (3/31) reported, "Officials with two Hampton Roads companies were sentenced and fined for defrauding the government to get set-aside contracts for minority-owned companies. The presidents of ACS Environmental, Inc. of Chesapeake and Air Power Enterprises, Inc. of Portsmouth pleaded guilty last June to buying false training certificates for their employees working in the asbestos, lead abatement, and hazardous waste industries." WVEC adds, "James Schaubach, president of ACS and vice president of Air Power, was sentenced to 21 months in prison, to be followed by 3 years of supervised release and fined $1.5 million. … Nicanor Lotuaco, president of Air Power, was sentenced on Jan. 26, 2006 to five months in jail, followed by five months home detention and three years supervised release, and fined $1 million."

Teenage Girl Charged In Shooting Of Baltimore Officer. The Baltimore Sun (4/4, Jones) reports, "A 17-year-old girl suspected of masterminding an attempted robbery-turned-shooting of a Baltimore police officer was arrested Monday and charged with helping another man set up the ambush in the Westport neighborhood, according to city prosecutors and a police source." The Sun continues, "Brittany Johnson was charged as an adult with attempted murder, armed robbery and several handgun violations, court documents say. She went before a District Court commissioner and was ordered held without bail pending a formal bail hearing that could happen Tuesday, said Margaret T. Burns, a spokeswoman for the city state's attorney's office." The Sun adds, "Johnson, of the 2400 block of Ridgely St., is accused of luring the undercover vice detective, Dante N. Hemingway, to a public housing community during his lunch break by posing as a friend of the officer, according to a high-ranking police official with knowledge of the investigation. Police are investigating a connection between the officer, Johnson and the female friend; the source said the two women share a cellular phone. … Police said they do not suspect the acquaintance was part of the attempted robbery on Thursday that ended in an afternoon shootout that left Hemingway in critical condition with bullet wounds to his neck, chest and stomach."

CIVIL LAW:

Sikorsky Sues DOD To Keep Records Sealed. Cox News Service (4/3, Carr) reports, "One of the nation's largest defense contractors is suing the Pentagon to prevent the release of Black Hawk helicopter production inspection records, saying they would reveal confidential information to its competitors. … But the Bush administration disagrees with Sikorsky Aircraft Corp., whose helicopters are heavily used by the military in Iraq, Afghanistan and missions throughout the world." Cox continues, "The administration, better known for keeping government information secret, is asking a federal judge in Washington to release the records to Alan M. Cohn, a reporter for a television station based in New Haven. … Cohn is investigating whether mechanical failures have caused Black Hawk helicopters to crash in Iraq. His quest for information began in 2003 after several Sikorsky employees told him they were worried that defective parts had caused a series of deadly crashes in Iraq that year. … Cohn believes the records would shed light on whether the Defense Department had raised concerns with Sikorsky about the quality of the helicopter's machinery." Cox notes, "The records in question — called Corrective Action Requests — are a way for the Defense Department to inform a contractor that it is not complying with the Pentagon's safety and performance standards, said Dick Finnegan, associate general counsel of the Defense Contract Management Agency. … On March 2, 2004, Cohn filed a request under the Freedom of Information Act (FOIA) to obtain all inspection reports related to the Black Hawk dating back to 2003 and for Sikorsky's responses to the reports. The Defense Contract Management Agency denied Cohn's request two months later."

Philip Morris Makes Payment To States As RJR Balks. The AP (4/4, Stoughton) reports, "Philip Morris USA apparently has decided against playing hardball with the states over a hefty settlement payment due in April, but Reynolds American Inc.'s RJR is hanging tough." The AP continues, "On Friday, Philip Morris, the nation's largest cigarette maker, made its $3.4 billion payment, even though it believes that sum eventually should be reduced to reflect market losses it suffered due to its participation in the 1998 Master Settlement Agreement. … RJR, based in Winston-Salem, N.C., also made its payment Friday but decided not to pay the full amount, company spokesman David Howard said. Howard declined to provide details about the company's payment." The AP adds, "Philip Morris, RJR and Loews Corp.'s Lorillard have sought to cut $1.2 billion from the $6.5

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billion due April 17. The companies say a provision in the settlement allows them to reduce payments to the 46 states if they collectively lose market share to so-called 'nonparticipating manufacturers' -- or players operating outside the pact. … But the big tobacco companies also must prove that the states did not adequately enforce statutes requiring the outsiders to place funds in escrow accounts in case of future state litigation."

FEC Ruling On Internet Activity Called "Classic Compromise." E.J. Dionne writes in the Washington Post (4/4, A23, 744K), "Last month the Federal Election Commission issued a rule regulating political activity on the Internet. … The decision could be looked at as a classic political compromise: Campaign reformers got something they wanted (the Web would not be allowed to become the loophole that ate all campaign finance regulations), while bloggers got something they wanted (freedom to inform, opine, fulminate and enrage, i.e., to speak their minds). But the decision was better than your usual split-the-difference Washington sausage-making because it acknowledged that two serious principles are at stake and because it sought to make sure that regulations would be applied uniformly across media outlets." Dionne adds that Congress "should resist any bill that would overturn the FEC's shrewd ruling and let money slosh around freely on the Internet."

CIVIL RIGHTS:

DOJ Lawsuit Alleges Discrimination Against Mississippi White Voters. USA Today (4/4, Nichols, 2.31M) reports, "Lean, lanky and a fast-talking blur of perpetual motion, Noxubee County Democratic Chairman Ike Brown has roamed the political landscape of eastern Mississippi for 25 years with one clear aim: electing Democrats who are really Democrats. Brown has no time for moderate white Democrats who might get elected but who would then support Republican policies. 'To hell with 'em,' Brown says of people he calls 'Dixiecrats.'" Brown's lawyer, Wilbur Colom, "says he is simply 'a tough politician.' But the US Justice Department says Brown's take-no-prisoners brand of politics has crossed the line into discrimination against white voters and candidates." The Justice Department "has launched a landmark lawsuit against Brown -- the first time the federal government has used the 1965 Voting Rights Act to allege racial discrimination against whites. … Some legal analysts say the suit marks a striking change of focus by the Bush administration on voting rights cases, which until now have centered on discrimination against blacks and other minorities." Brown, "who the Justice Department points out served 21 months in prison in the mid-1990s on charges of income tax fraud, says his efforts to elect blacks are no different than the hardball political tactics white politicos have used in Mississippi for generations."

DOJ Reaches Settlement With Virginia Beach Over Police Entrance Exam. The AP (4/4) reports that Virginia Beach, VA, officials "have reached a settlement with the U.S. Department of Justice over allegations that the math exam given to police recruits discriminates against blacks and Hispanics. … The agreement filed Monday in U.S. District Court in Norfolk said the city will change how the exam is scored." The AP continues, "The new standards require applicants to score at least 70 percent on the reading and grammar test, and score an average of at least 60 percent on all three parts of the exam, said Mark Stiles, the city's deputy attorney. … Previously, applicants had to score at least 70 percent on the math section of the National Police Officer Selection Test used to screen and select entry-level officers. Although the test is given by police departments nationally, each department can determine what it takes to pass. .. The city also will allow 124 applicants who failed the math test between 2002 and 2005 to resume participation in the hiring process. Those applicants would have passed under the new standards."

American-Statesman Urges DOJ Probe Of Austin Police Beating. The Austin American-Statesman (4/4) editorializes, "Now that a jury has weighed in, the U.S. Department of Justice should investigate whether three Austin police officers violated the civil rights of Ramon Hernandez." The A-S continues, "Last week, it took less than two hours for an all-white jury of six people to acquit officers William Bradley Heilman, 31, and Christopher Gray, 28, for beating and using their stun guns on Hernandez while he was handcuffed and facedown on the ground. Rookie officer Joel Follmer, 37, also faces criminal misdemeanor charges for official oppression in a separate case that is pending. … The jury's verdict left many people scratching their heads. Like the infamous Rodney King case, the officers had been captured on video punching, kicking and standing on Hernandez's neck. The jury sided with Heilman of Pflugerville, and Gray of Georgetown, who said their actions amounted to self-defense because they were in a life-or-death struggle with Hernandez. The officers asserted that it was necessary to use that kind of force to bring Hernandez under control. Each officer outweighed Hernandez by 70 pounds." The A-S adds, "Just as it was in the King case, it's hard to reconcile the jury's verdict in the Hernandez case with what is on the video. It's difficult to look at the video and think the officers' conduct was warranted. The six-member jury decided that the officers broke no laws. That is not the same as saying they did nothing wrong. Even so, many people — some of them officers — will interpret the verdict as meaning that the

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officers acted properly. That would be tragic. … The 1991 King case divided the Los Angeles community and unleashed a hostility against police that remains today. We believe that swift intervention by the Department of Justice would help avert a similar negative backlash in Austin."

DOJ Checks Michigan Court For ADA Compliance. The Macomb (MI) Daily (4/3, Hotts) reports, "A federal prosecutor toured Eastpointe (MI)'s district court last month as part of an investigation of alleged violations of the Americans with Disabilities Act, city and federal officials said." The Daily continues, "An assistant U.S. Attorney was joined by several city and court officials as she inspected the 38th District Court building on Nine Mile, west of Gratiot, on March 14. It wasn't clear whether she was compiling information for a report or merely examining the facilities. … A prosecutor with the Justice Department in Detroit confirmed the tour took place but would not comment further." The Daily adds, "City Manager Wayne O'Neal said he left the inspection feeling the prosecutor had not found any major violations. … 'The only comment she made was something to the effect that the building was constructed under the same federal guidelines that are in place today,' O'Neal said. 'I'd be surprised if we're found to be out of compliance. We know there are some minor issues that need to be addressed and we're certainly working on those.' … A complaint was filed with the Justice Department last year by Judge Norene Redmond alleging there are compliance problems with handicapped parking and ramps to a secured entrance of the court. The complaint further states there are non-compliance issues with the court's interior, including public lavatories and holding cells, which are not accessible by people using wheelchairs."

ACLU: "Operation Meth Merchant" Targeted South Asian Store Owners In Georgia. The AP (4/3, Bluestein) reports the ACLU contends in a motion to be filed this week that prosecutors and police "zeroed in on stores owned by South Asians while ignoring white-owned stores in a sweeping drug sting. The motion, which will be filed Wednesday, says authorities selectively targeted South Asians during an 18-month investigation that aimed to curb the sale of household products used to manufacture methamphetamines." The group "hopes the filing will prompt a judge to toss out the case against dozens of South Asian merchants indicted last year in Operation Meth Merchant. Beginning in early 2004, 15 undercover agents were sent to small grocery stores, tobacco shops and delis in six remote northwest Georgia counties."

Recommendations Offered To Curb Anti-Semitism On College Campuses. The US Commission on Civil Rights yesterday approved recommendations aimed at ensuring Jewish college students are protected from anti-Semitic harassment. USA Today (4/4, 2.31M) reports that the recommendations come in response to allegations that "an anti-Israel bias is rampant on college campuses." The commission "also urged university leaders to 'set a moral example by denouncing anti-Semitic and other hate speech,' and to ensure that Middle East studies departments protect the rights of all students. It recommended Monday that the Department of Education 'vigorously' enforce the federal law that bars discrimination based on 'race, color or national origin,' and that Congress clarify that 'national origin' can refer to Jewish heritage."

Professor Says Fear Of "Anti-Semitism" Label Stops All Scrutiny Of US-Israel Partnership. Mark Mazpower, a professor of history at Columbia University, writes in the Financial Times (4/4), "In their article, published last month in the London Review of Books, John Mearsheimer and Stephen Walt, two highly respected scholars, argued that it is the lobby's success rather than any special convergence of national interests that explains the extent of American support for Israel. What is striking is less the substance of their argument than the outraged reaction: to all intents and purposes, discussing the US-Israel special relationship still remains taboo in the US media mainstream. … If fear of being tarred as an anti-semite – and there is no more toxic charge in American politics – blocks the way, what anti-semitism actually implies in today's America is increasingly unclear." Mazpower adds, "There is no reason why the partnership between the US and Israel should not be susceptible to the same kind of cost-benefit analysis as any other area of policy. After all, no special relationship lasts forever: ask the Brits."

Yale Wins Anti-Political Correctness Award. Yale University has been awarded the Collegiate Network's annual award to highlight the negative influence of political correctness, for enrolling a former Taliban official with a fourth grade education. The Washington Times (4/4, Pfeiffer, 90K) reports that the group said, "Yale pursued [Sayed Rahmatullah] Hashemi's admission in the name of that sacred cow, diversity, which now appears to extend not only to people of various sexes, creeds, races, ethnicities, sexual preferences and practices, but also to enemy combatants who make war upon the United States."

ANTITRUST:

Alcatel, Lucent Seek CFIUS Support For Proposed Merger. The Wall Street Journal (4/4, Hitt, Silver) reports, "Alcatel SA and Lucent Technologies Inc. appear to be taking care to avoid a political backlash against

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their proposed merger given the heightened scrutiny of foreign investment in the U.S." The Journal continues, "The combined companies plan to create an independent U.S.-based subsidiary to handle government research projects that are of 'sensitive nature,' the firms said. Under the arrangement, all classified projects done for the U.S. government will be pulled together into a subsidiary that will be part of Lucent's Bell Labs, the company's elite research institution." The Journal adds, "The subsidiary will be overseen by a separate board made up of three U.S. citizens: former Defense Secretary William Perry; former Central Intelligence Agency Director James Woolsey; and Kenneth Minihan, past director of the National Security Agency, which is responsible for monitoring electronic communications for possible security threats. … The arrangement grew from informal consultations between the two firms and the Committee on Foreign Investment in the United States, or CFIUS, a panel made up of several federal agencies that reviews possible national-security implications of foreign investments. Those conversations began well before the merger was made public, as the two firms, which hail from opposite sides of the Atlantic, worked to anticipate potential concerns, government and business officials said."

GM Sells Financing Arm Stake For $7.4 Billion. The Financial Times (4/4, MacKintosh, Beales, Simon) reports, "General Motors agreed to sell a controlling stake in its finance arm to an investment consortium led by Cerberus Capital on Monday for $7.4bn, securing the troubled carmaker a cash inflow of $14bn over the next three years." The Times continues, "GM secured the sale of 51 per cent of GM Acceptance Corp to Cerberus, Aozora, a Japanese bank owned by Cerberus, and Citigroup's private equity arm. … However, GM admitted it had sold the stake at a loss because its own financial problems meant it could not give GMAC the funding it needed to expand. The payment is equal to half the 'tangible' book value, excluding goodwill on GMAC's balance sheet. GM will take a non-cash charge of $1.1bn-$1.3bn to cover the loss. … 'We felt economically all things considered this was a better transaction for us than alternatives including keeping the business,' said Fritz Henderson, chief financial officer." The Times notes, "In addition to the $7.4bn sale price, the transaction will result in a $2.7bn payment from GMAC to the carmaker as tax assets are released. GM will retain car lease and retail loans with a net book value of $4bn, which it expects to realise over the next three years. … The surrender of GMAC control ends a fire-sale of GM's non-essential assets over the past year that includes most or all of its stakes in Fiat Auto, GMAC's commercial mortgage unit, and Japan's Fuji Heavy Industries and Suzuki. Talks are also under way about the sale of GM's 7.9 per cent stake in Isuzu, the Japanese truckmaker."

USA Today (4/4, Healey) reports, "The deal, to close in the fourth quarter, gives the money-losing automaker $7.4 billion from buyers at closing and $2.7 billion from GMAC because of a favorable change in its tax status. The rest, mainly from GMAC vehicle leases, is paid within three years. … The cash is useful if there's a strike or other cash-burning crisis. But it halves GM's share of GMAC profits at a time when GM is losing money — $10.6 billion last year."

The Washington Post (4/4, D1, Freeman) reports, "As part of the deal, the automaker said GM and GMAC will enter into a number of 10-year agreements under which GMAC will continue to support GM's automotive operations, GM said. The automaker has worked hand-in-hand with GMAC over the years when it has needed to act aggressively to discount cars and trucks to clear inventories. … Financial analysts say they don't expect the nature of that collaboration to change. GM has tried to pull back from that strategy but has had trouble making it work." The Post notes, "Last month, GM announced a sweeping buyout plan designed to clear its employment ranks of 30,000 high-wage union positions. In the past six months, GM has come up with plans to hold down ballooning costs for health care, trimmed retirement and pension benefits, and begun laying off engineers and other white-collar workers. GM also halved its stockholder dividend and cut pay for executives, including Wagoner's salary."

The Wall Street Journal (4/4, Berman, Langley) reports, "The deal carries lots of risks for the buyers, primarily the fate of GM itself. Cerberus could be pushed into a corner should the auto maker enter bankruptcy reorganization or suffer continuing market-share losses. Another risk is the residential-mortgage market, in which GMAC is a big player. It's vulnerable to a possible housing downturn. … Cerberus also could make substantial profit, thanks to the differing values of GMAC's components. The price to be paid is roughly equivalent to GMAC's tangible book value, a finance term meaning the price a thing might fetch if liquidated. But some parts, such as the residential-mortgage division, are worth perhaps 1.5 times tangible book value, according to people briefed on the deal. Should GM recover enough to buy back the auto-finance division, Cerberus would have bought the other GMAC operations for a substantial discount." The Journal notes, "Few deals better capture the dramatic changes sweeping through the financial markets than this one, putting a little-known private investment fund in partnership with an auto maker once seen as a bellwether of the entire American economy."

Novartis Raises Bid For Chiron. The Wall Street Journal (4/4, Hamilton) reports, "Novartis AG boosted its cash offer for the shares of Chiron Corp. it doesn't already own, quashing a shareholder insurrection and effectively sealing its acquisition of the biotechnology pioneer." The Journal

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continues, "The Swiss drug giant, which owns 44% of Chiron, said it will offer shareholders $48 a share in cash, a $3 increase from a previously raised bid. That values the transaction at $5.4 billion, up from $5.1 billion. … The sweetened offer appears to have ended a shareholder revolt over the bid, which several investors considered a lowball offer for a company just recovering from problems in its vaccine business. Chiron's shares dropped precipitously in late 2004 after it pulled its influenza vaccine Fluvirin from the U.S. following alleged contamination at a production facility. Some investors and analysts argued that Chiron shares were just starting to recover when Novartis offered $40 a share for the company in September 2005. The next month, Novartis increased the bid to $45."

Continental AG To Purchase Motorola Automotive Unit. The Wall Street Journal (4/4, Rauwald) reports, "German auto-parts supplier and tire maker Continental AG said it has signed an agreement to acquire the automotive-electronics business of Motorola Inc. for $1 billion, boosting its presence in the American market." The Journal continues, "Continental said the deal would be completed in the first half and is subject to approval by antitrust authorities." The Journal adds, "Car manufacturers are using increasingly advanced electronics systems. The Motorola operation, which supplies auto makers such as General Motors Corp., Ford Motor Co., DaimlerChrysler AG and BMW AG, focuses on the development and supply of telematics, products that enable communication from the car to external networks. For Motorola, with total sales of $36.8 billion last year, the automotive-electronics unit was a small part of its overall business. … For Continental, the deal marks part of a drive to expand through acquisitions. The German company reiterated earlier this month that it has about €4 billion, or nearly $5 billion, available for acquisitions. In the past it has signaled an interest in acquiring parts of U.S. auto-part suppliers Delphi Corp. and Dana Corp., which are operating under Chapter 11 protection."

Maytag Chairman To Step Down. Dow Jones (4/4) reports, "Ralph F. Hake, who as Maytag Corp.'s chairman and chief executive presided over the appliance maker's sale to industry leader Whirlpool Corp., announced his pending resignation Monday. … 'I will not be staying with the company - by choice - as Whirlpool already has the leadership required,' Hake said during a teleconference with Whirlpool and Maytag employees." Dow Jones continues, "Whirlpool completed its acquisition of Maytag late Friday, capping a week in which the Justice Department said it wouldn't oppose the takeover. … Hake, 56 years old as of Maytag's latest proxy statement, was recruited in 2001 by a board anxious to rejuvenate the nation's No. 3 appliance maker. … But during his tenure earnings declined, then turned into losses, eventually leading to an auction of the Newton, Iowa, company. In fiscal 2005, it reported a loss of $81.9 million on sales of $4.9 billion." Dow Jones notes, "Separately, Whirlpool said Monday its North American president, David L. Swift, would hold a news conference in Newton Tuesday. He also is expected to meet with Iowa and civic leaders about Whirlpool's intentions for Maytag's plants and employees. … A spokesman for the Benton Harbor, Mich., company, Steve Duthie, said Whirlpool plans to 'move ahead with integration (of the two companies) as quickly as possible. Within 60 days we should have a reasonable idea of the direction we're taking.' … During the Justice Department's antitrust division review of the pending acquisition, executives from the two companies were prohibited from discussing Maytag's future as part of Whirlpool, Duthie said."

Approval Of Boeing-Lockheed Rocket Deal Expected This Month. Dow Jones (4/3) reports, "Boeing Co. and Lockheed Martin Corp. should finally win regulator approval to merge their rocket launch business this month, analysts said Monday." Dow Jones continues, "The two companies want to form the United Launch Alliance to save on back- office costs and end a messy legal battle. But the Federal Trade Commission hasn't said whether or when it will endorse the deal. Pentagon officials have been unofficially supportive. … Now the two companies are in the final stretch, said analysts who have been watching the transaction. 'They're expecting that the government will publicly disclose its approval of the transaction, with conditions, this month,' said Lexington Institute defense analyst Loren Thompson, who provides consulting services to Lockheed Martin and other contractors." Dow Jones adds, "Conditions on the deal will probably affect the joint venture's impact on the broader defense agency. Northrop Grumman Corp., which competes with Boeing and Lockheed to build government satellites, has expressed concerns about the deal, as have other companies that hope to enter the rocket launch business someday. Boeing and Lockheed Martin currently split Pentagon rocket launch contracts."

EU To Charge Countries Over Energy Reform Delays. Dow Jones (4/3) reports, "European Union regulators will Tuesday escalate efforts to cut the bloc's energy prices, charging several countries for not following energy laws agreed in 2003." Dow Jones continues, "The charges will range from failing to break up electricity and natural gas monopolies to keeping insufficient emergency oil stocks, the European Commission's energy spokesman Ferran Tarradellas said. … He declined to name the countries that will be charged, but said the regulator investigated over 100 cases where it suspected countries

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weren't following E.U. rules. … 'Our main problem is that it is impossible to see if our energy (regulation) is working, because many of the (laws) haven't been implemented or have not been implemented correctly,' Tarradellas said." Dow Jones adds, "Brussels regulators have been struggling to change the E.U.'s energy market, long controlled by state-owned monopolies that fix prices and force customers into long-term contracts. … Tuesday's move is unlikely to spur immediate changes, as the Commission must send countries a series of sternly worded letters before asking E.U. courts to enforce compliance. Still, the Commission has been making steady progress against recalcitrant countries. Last July, the regulator charged 11 countries for failing to include the E.U.'s 2003 policies in their national laws. At the moment, only Spain and Luxembourg still haven't complied with the Commission's demands, Tarradellas said."

Key Washingtonians Lobbying To Boost Patent Protections. In a Bulletin exclusive, US News & World Reports reports, "A 'Dream Team' of sorts has been formed to help the American Innovators Alliance, composed of Microsoft, Micron, Oracle, Apple and Intel, on key patent issues and to work on the 'eBay v. MercExchange' case before the Supreme Court. The team includes former Whitewater prosecutor Ken Starr; former Solicitor General Ted Olson; Mark Corallo, former Justice spokesman; Noam Neusner, former OMB spokesman and Bush speechwriter; and Makan Delrahim, an antitrust deputy assistant attorney general. The lobbying and communications effort they are heading is focused on pushing legislative initiatives that reform the patent system and protect high-tech innovators. Olson and Corallo have teamed before, to help the recording industry's fight against piracy."

ENVIRONMENT:

EPA Regional Offices Opposed To Emissions Rule. The Washington Post (4/4, A4, Eilperin, 744K) reports, "A proposal to revise how the Environmental Protection Agency regulates airborne toxic emissions from industrial plants has sparked an outcry from the agency's regional offices, with a majority suggesting that the change would be 'detrimental to the environment.'" The proposed rule, "whose wording was disclosed yesterday by the advocacy group Natural Resources Defense Council (NRDC), would change the emissions standards for oil refineries, hazardous waste incinerators, chemical plants, steel mills and other plants that discharge thousands of pounds of airborne toxins such as arsenic, mercury and lead." The Post adds, "An internal EPA memo summarizing the position of eight of the agency's 10 regional offices, dated Dec. 13, contended the change could conceivably result in an increase in toxic emissions. Seven of the offices agreed that the proposal would allow polluters to 'virtually avoid regulation and greatly complicate any enforcement.'"

The New York Times (4/4, Janofsky, 1.19M) says "officials in 9 of the agency's 10 regional offices raised their concerns in an internal memorandum to EPA officials." The memorandum, "written by Michael S. Bandrowski, chief of the air office in San Francisco, said he and his colleagues had 'varying degrees of concern' about the proposal, which he characterized as a 'drastic change in interpretation' of existing regulations under the Clean Air Act."

California Bill Would Cut Emissions Of Greenhouse Gases. The New York Times (4/4, Holusha, 1.19M) reports, "California may become the first state to impose limits on the emissions of all greenhouse gases, under legislation introduced yesterday in the State Assembly." The bill "requires that emissions of carbon dioxide and other gases linked to global warming be reduced by 145 million tons, or 25 percent less than the current forecast, by 2020. That would bring the emissions back to the 1990 level."

NYTimes Criticizes Fuel Efficiency Standards, Says They Challenge California Bill. The New York Times (4/4, 1.19M) editorializes on the Bush Administration's "new standards for SUV's and other light trucks," which it calls "a baby step toward President Bush's goal of reducing America's dependency on foreign oil." The Times adds, "Buried deep in the rules is one other disappointment: a reassertion of the administration's view that only the federal government has the authority to set fuel efficiency standards and that any state program that has the effect of changing these standards is illegal. This is a direct challenge to a recent California law requiring automakers to cut greenhouse gas emissions from new cars by 30 percent by 2016." The Administration "has missed another opportunity to address the twin problems of oil dependence and warming.

Obama Hits Bush "Stubborn Refusal" To Address Climate Change. At the Associated Press' annual luncheon yesterday, Sen. Barrack Obama said yesterday that Democrats should stress energy independence, education improvement and science investment in the 2008 presidential race. The AP (4/4, Espo) reports, "Obama, a first-term Democrat, also said he doubts Congress will pass immigration legislation this year, but he added that if the Senate can clear a bill, 'it lays the groundwork' for 2007." Obama also "accused President Bush of a 'stubborn refusal' to attack the causes of climate change, and said tougher fuel standards, stricter curbs on oil imports and more investment in cleaner energy are essential to avert global catastrophe."

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FBI/DEA/ATF/USMS:

Two Air Marshals Plead Guilty To Cocaine Smuggling. The AP (4/4) reports, "Two U.S. air marshals pleaded guilty Monday to accepting money to smuggle cocaine on a flight to Las Vegas and agreed to cooperate with prosecutors." The AP continues, "The marshals admitted they accepted $15,000 to use their positions as air marshals to bypass airport security and smuggle 15 pounds of cocaine." The AP adds, "Shawn Ray Nguyen's attorney, Kent Schaffer, said his client pleaded guilty because 'he felt that the best way to ... demonstrate his repentance about his conduct was to take a guilty plea as early as possible.' … George Parnham, an attorney for Burlie Sholar III, said the plea was the best alternative. 'We want to save ourselves as much of his future as we can,' he said." The AP notes, "Homeland Security spokesman David Adams said that Sholar and Nguyen remained on indefinite suspension without pay. … According to the criminal complaint, Nguyen, 32, smuggled two envelopes containing drug money and fraudulent government documents past airport security in December. … Nguyen then discussed with the informant smuggling large loads of cocaine and bringing in others to help, according to the complaint. … Authorities had said Nguyen recruited Sholar, 38, for the plan."

The Houston Chronicle (4/4) reports Assistant U.S. Attorney Mark McIntyre "said the investigation was continuing, but cautioned against the expectation of more arrests. … The possibility of wrongdoing by other air marshals was evident in February when a third air marshal admitted during a dramatic courtroom confrontation to sharing a room with Sholar so he could bill the government for a second hotel room."

Missouri Woman Sentenced For Meth Conspiracy. The Carthage (MO) Press (4/3) reports a Carthage woman was sentenced in federal court Monday for her role in a conspiracy to "distribute between five and 15 kilograms of methamphetamine in southwest Missouri. The conviction is the result of Operation Ice Storm, a long-term investigation into the illegal distribution of large quantities of methamphetamine in southwest Missouri. Ricki J. Gomez…was sentenced by U.S. District Judge Ortrie D. Smith…to four years and nine months in federal prison without parole." The Carthage Press notes that the DEA took part in the investigation.

Illinois Man Gets 20-Year Sentence For Dealing Crack. The Southern (4/3) reports a 22-year-old Carbondale man "has been sentenced to 20 years in prison on federal charges of dealing crack cocaine and unlawful possession of a firearm. Brandon McDade previously pleaded guilty to conspiracy to distribute crack. … The conspiracy was investigated by the Southern Illinois Enforcement Group, Jackson and Perry County sheriffs' offices, Carbondale and Pinckneyville police departments, DEA and ATF."

Maryland, DC Seen As "Magnets" For Meth Dealers. The Washington Post (4/4, B5, Paley) reports Maryland and the District "are among the few jurisdictions in the country that have no restrictions on the sale of pseudoephedrine… making them magnets for meth dealers desperate to get the drug. At least 41 states place controls on the drug. … A federal law that takes effect Friday will make it illegal to purchase more than 3.6 grams, or about 120 pills, of the drug in one day, but law enforcement groups said they will continue to lobby for passage of state laws so local officials have their own tools to combat meth. … After Virginia required last fall that pseudoephedrine-based cold medications be placed behind the counter, drug dealers began crossing into Maryland and the District to buy the drug, according to Scott Burns."

Louisiana Jailer Faces Drug Distribution Charges. The Natchez (MS) Democrat (4/4) reports U.S. District Judge James Kirk "found probable cause Monday in Alexandria to proceed with prosecution of Concordia Parish Sheriff's Office jailer Dave Spurs. Spurs, of Ferriday, was arrested Thursday on three counts of distribution of crack cocaine. … The bust, part of an ongoing investigation between the DEA and the Louisiana State Police, netted three others."

California County Supervisor Seeks To Ban Marijuana-Flavored Candy. The Enterprise-Record (4/3) reports Alameda County Supervisor Nate Miley "wants to protect your kids from Chronic and Hydro and Sticky Icky Buds. All three are part of a line of marijuana- and hemp-flavored candy that Miley wants banned. The Board of Supervisors is set to discuss a ban on the sale of such products."

Lawyer Says Marijuana-Flavored Candy Undermines Drug Laws. In the Atlanta Journal-Constitution (4/4), Washington lawyer Michael C. Barnes writes, "Kudos to Georgia state senators who voted in favor of a bill to prevent the sale of marijuana-flavored candy. Members of the Agriculture and Consumer Affairs Committee realized that the availability of hemp candy on store shelves is harmful to our children and undermines Georgia's anti-drug laws."

Canada's Prime Minister Scraps Legislation Decriminalizing Marijuana. The New York Times

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(4/4, Krauss) reports Prime Minister Stephen Harper "announced Monday that he was scrapping draft legislation to decriminalize possession of small amounts of marijuana, a measure that had been strongly criticized by the Bush administration. … Harper announced the move during a speech to the Canadian Professional Police Association in which he pledged to toughen sentences for drug and gun crimes, tighten parole rules, strengthen controls on child pornography and expand the national databank of DNA samples for convicted criminals."

Canada's CTV (4/4) reports on its Web site that a lawyer "fears stepped-up prosecution of medical marijuana users now that the Conservative government has signaled it won't pass a Liberal law decriminalizing the possession of small quantities of pot."

US Seeks To Shut Down California Gun Dealer. The San Francisco Chronicle (4/3, Lee) reports, "The federal government wants to shut down one of Northern California's largest firearms dealers because the San Leandro business, which has a history of run-ins with firearms regulators, cannot account for nearly 2,000 guns." The Chronicle continues, "The decision by the Bureau of Alcohol, Tobacco, Firearms and Explosives to revoke Trader Sports' federal license to sell firearms on June 1 follows an audit that revealed owner Tony Cucchiara cannot document the weapons' whereabouts, the agency said in documents filed in U.S. District Court in San Francisco. … Cucchiara blames the problem on clerical errors made by store employees who duplicated entries or transposed digits when completing required records noting the acquisition or sale of a weapon, his attorney, Malcolm Segal of Sacramento, said today. … Segal said ATF inspectors 'were instructed to go in and search all the way and find these hypertechnical violations.'" The Chronicle adds, "The government doesn't buy Cucchiara's explanation, saying in court papers that his store willfully violated the law after repeatedly being told what it needed to do. … Cucchiara, who has been selling guns since 1958, plans to appeal the planned revocation at a May 25 hearing in federal court."

IMMIGRATION:

Senators Seek Compromise On Immigration Bill. Republican senators met in Majority Leader Bill Frist's office to hammer out an acceptable compromise on the immigration bill with the hopes of finalizing a measure by Friday. However, the goal of reaching a filibuster-proof deal appeared unlikely, with vote counts showing a possible compromises receiving fewer than 60 votes in favor. The Los Angeles Times (4/4, Reynolds, Gaouette, 958K) reports, "Facing a self-imposed Friday deadline for reaching agreement on the thorny issue of immigration, GOP senators worked Monday toward a possible compromise that would permit some illegal immigrants to remain in the country and apply for citizenship but would deny that opportunity to others." Frist "launched what participants said would be a series of closed-door negotiations to bridge a divide between Republicans who favored providing a path to citizenship for illegal immigrants and those who opposed it." Senators said "the Republican negotiations would continue today, and they expressed determination to pass a bill before the two-week Easter recess, which is scheduled to begin when the Senate adjourns Friday." A number of Republicans "who oppose options that would legalize illegal immigrants already in the country went to the White House on Monday for a meeting with Deputy Chief of Staff Karl Rove."

The AP (4/4, Gamboa) reports the lawmakers "considered allowing illegal immigrants who have been in the country more than five years or have other connections to the United States to remain legally and eventually seek citizenship." Sen. Arlen Specter said, "We're looking at the roots concept, and that is if they have been here more than five years. That is a reasonable line as to people who have roots who ought to be treated differently. And if they have been here less then five years, they do not have roots to the same extent and can be treated differently, and that is what we're looking at." The Wall Street Journal (4/4, A4, Rogers, 2.11M) reports Republican leaders "bluntly warned Judiciary Committee Chairman Arlen Specter (R., Pa.) that his bill will get no more than 58 votes to cut off debate. And Mr. Specter said later, 'We're going to add some more hurdles to move farther away from the concept of amnesty.'" The leadership "was promoting ideas put forward" by Sen. Chuck Hagel "that would treat those illegal immigrants -- who have entered the U.S. in the past five years -- more as guest workers, without a clear path to citizenship."

The Washington Times (4/4, Hurt, 90K) reports another proposed compromise "floating around would allow only those who have overstayed their visas to apply directly for citizenship. Anyone who had sneaked across the border would be required to return. But neither of the proposals would satisfy Senate conservatives."

CQ (4/3,Sandler) reports Frist was "racing to find middle ground before the end of the week on a complex overhaul of immigration policy that has divided his party." Frist plans to "hold a meeting of the Republican Senate caucus early Tuesday morning to share some of the proposed ideas." Frist said, "There are probably four different approaches [being discussed]. I'm going to be working with each of the groups to see what we can take to the floor." CQ adds that earlier in the day, "Frist, John Cornyn, R-Texas, and Jon Kyl, R-Ariz., met with Bush adviser Karl Rove at the White House. Frist then met with Cornyn and others, who favor a proposal that would require illegal immigrants to leave the country

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before being eligible for a temporary worker program that would not lead to citizenship."

The Washington Post (4/4, A9, Weisman, 744K) reports the talks, "led by Sens. Chuck Hagel (R-Neb.) and Mel Martinez (R-Fla.), are aimed at finding a formula that would persuade a majority of Republicans to support an immigration bill now backed largely by Democrats." Majority Leader Frist "plans to push for a final vote on immigration legislation this week, but it is not clear whether any measure can muster the 60 votes needed to break a filibuster."

Frist, Cornyn, Kyle Met With Rove And Card To Discuss Strategy. CNN's The Situation Room (4/3, Bash) reported that the GOP Senate leadership "is trying to figure out how to make sure that the deep divisions within their party over immigration doesn't end up in total deadlock when it comes to legislation on immigration and to that end we understand that the Senate Majority Leader Bill Frist went to the White House this afternoon with a couple other Republican senators. Senator John Cornyn of Texas and also Senator Jon Kyle of Arizona. … They met with Karl Rove, the President's Deputy Chief of Staff and the White House liaison to Congress Candy Wolfe. Now sources familiar with that discussion say it was essentially a strategy session. What they are trying to figure out is how to make sure the divisions especially when it comes to a so-called guest worker program don't just end everything right here in the Senate."

Senate Conservatives Seen As Likely To Buck Leadership. Roll Call (4/4, Stanton, Yachnin) reports House conservatives "are threatening to derail a budget measure that's far too expensive for their taste unless leadership cooperates on a series of reform measures, while Senate conservatives may derail efforts to pass an immigration bill this week, pushing the thorny issue further into an already tight election cycle." The "likelihood of a House revolt over the budget is unclear, but the chances for a showdown in the Senate are considered higher." Majority Leader Bill Frist "could have his hands full preventing a dispute between conservative and moderate Republicans over a guest worker proposal that could scuttle his plan of finishing the bill this week." While Frist "has said he does not support a Judiciary Committee-passed version of the proposal, he hasn't entirely thrown his lot in with conservatives, either. Instead, he is looking to find a middle ground."

14% See Illegal Immigration As Most Important Election Issue This Year. CNN's The Situation Room (4/3, Blitzer) reported, "In a new CNN poll conducted by Opinion Research Corporation, 14 percent say illegal immigration will be the single most important issue affecting their vote this year, 43 percent call it very important, 31 percent call it somewhat important. Just nine percent say it's not important." CNN added that 47 percent favor proposals "to build fences along the Mexican border with the United States and toughen criminal penalties for illegal immigrants and those who hire or help them." Meanwhile 24 percent "say they are very sympathetic" to illegal immigrants, 46 percent "say they are somewhat sympathetic. On the other hand 12 percent are somewhat unsympathetic, 14 percent in this new CNN poll say they are very unsympathetic."

Senators' Personal Backgrounds Play Important Role In Debate. The New York Times (4/4, Swarns, 1.19M) reports Sen. Pete Domenici recounted on the Senate floor how his mother, an illegal Italian immigrant, was detained during World War II. His "powerful account reflects a broader reality that has gone almost unnoticed as Republicans feud over whether to legalize the nation's illegal immigrants. Among the most passionate Republican voices in this debate are lawmakers with strong immigrant ties, who have woven the strands of family history into an outlook that has helped shape their legislative positions. The close connection has convinced some lawmakers of the importance of providing citizenship to illegal immigrants, while others say it should be granted more sparingly." Sen. Arlen Specter "said his parents came to the United States from Russia in the early 1900's," while Sen. Jon Kyl "said he grew up listening to the stories of his grandparents, who arrived from the Netherlands sometime before 1910." Sen. Mel Martinez "fled Cuba for Florida in 1962, when he was 15, and lived in orphanages and with foster families until he was reunited with his family four years later."

Undocumented Immigrants' Plans To Come Forward Depend On Nature Of Final Bill. The Christian Science Monitor (4/4, Paulson, 61K) reports though "many immigrants prefer the Senate's more open-armed bill, it can't yet answer their most urgent question: Who'd get to stay and who'd be sent home?" How senators "would resolve" complicated cases for immigrants who don't fall into neat categories "may be what determines whether most undocumented immigrants living and working in the US step forward to be counted - a major goal of the legislation - or remain in the shadows." Senators are "debating what waivers to include" for those "who have previous immigration violations."

Immigrant Rights Organizers Call For National Boycott. The Washington Times (4/4, Seper, 90K) reports immigration rights organizers "today will call for a nationwide boycott of work, school and shopping on May 1 to protest congressional efforts to clamp down on illegal aliens as part of pending immigration-reform legislation." The "Great American Boycott of 2006" is "only one in a series of large-scale events the protesters hope will sway lawmakers to put millions of illegal aliens on track toward permanent residency and U.S. citizenship." Boycott organizers "think the Senate Judiciary Committee, under the pressure of massive protests last week, adopted a series of reforms in sharp contrast to the House-approved bill."

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Protest Organizers Encourage Followers To Not Use Latin American Flags. The Washington Times (4/4, Summers, 90K) reports the "organizers of an upcoming pro-immigration rally on Capitol Hill and in at least 10 other cities are encouraging protesters to leave their Latin American flags at home." Mexican, Salvadoran and Guatemalan "flags and slogans at pro-immigration rallies across the country have sparked controversy between Americans who say the flags represent immigrants' and illegal aliens' disdain for U.S. laws and pro-immigration advocates who say the flags represent ethnic pride."

ACLU Seeks Apology From Principal Over Pro-Latino Slogan T-Shirts. The Washington Times/AP (4/4, Sampson) reports the American Civil Liberties Union "asked a Northern Virginia elementary school principal to apologize to two students for keeping them out of class because they wore T-shirts bearing the slogans 'Latinos Forever' and '100% Latinos.'" The state ACLU "also wants the principal to clear the incident from the boys' records and to assure that the Woodbridge school won't violate students' free-speech rights by issuing a statement indicating that such clothing will be allowed henceforth."

Talk Radio Host Sees Border Security As Key Issue. In a Washington Times op-ed (4/4), talk radio host Rick Amato says, "America's borders are a mess and are urgently in need of a policy which is not only coherent, but also equips those entrusted to protect our borders with the proper tools and manpower needed to do so. While illegal immigration may be on everyone's mind now, border protection will be the hot-button issue heading into the 2006 congressional campaign." It "should come as a surprise to no one that the Mexican government cannot be relied upon to secure the problem on its side of the border."

Enhanced Border Enforcement Said To Prevent Return Migration. In a New York Times op-ed (4/4), Prof. Douglas S. Massey of Princeton says, "The rate of undocumented migration" from Mexico "adjusted for population growth, to the United States has not increased in 20 years. That is, from 1980 to 2004 the annual likelihood that a Mexican will make his first illegal trip to the United States has remained at about 1 in 100. What has changed are the locations and visibility of border crossings. And that shift, more than anything, has given the public undue fears about waves of Mexican workers trying to flood into America." In addition, the US is "now locked into a perverse cycle whereby additional border enforcement further decreases the rate of return migration, which accelerates undocumented population growth, which brings calls for harsher enforcement."

Nebraska Said To Demonstrate Immigration's "Scrambled Politics." In her Washington Post column (4/4, A23), Ruth Marcus says Nebraska "illustrates the new geographic reality of illegal immigration: They're not just in Texas (or California or Florida) anymore. In recent years the most rapid growth in the population of undocumented migrants (as well as legal immigrants) has taken place in states that previously had only a handful of foreign-born residents." Nebraska "underscores the scrambled politics of immigration: Where a politician will come down on the issue isn't necessarily predictable based on party affiliation or geography." Republican Sen. Chuck Hagel "is a leader in backing comprehensive immigration reform. The state's Democratic senator, Ben Nelson -- up for reelection this year -- has been taking an enforcement-comes-first line; he touts a 'get-tough border security bill' that features a fence extending from the Pacific to the Gulf of Mexico."

Zakaria Says European Approach To Immigration Breeds Radicalism. In his Washington Post column (4/4, A23), Newsweek International editor Fareed Zakaria says, "Many Americans have become enamored of the European approach to immigration -- perhaps without realizing it. Guest workers, penalties, sanctions and deportation are all a part of Europe's mode of dealing with immigrants. The results of this approach have been on display recently in France, where rioting migrant youths again burned cars last week. Across Europe one sees disaffected, alienated immigrants, ripe for radicalism. The immigrant communities deserve their fair share of blame for this, but there's a cycle at work. European societies exclude the immigrants, who become alienated and reject their societies." Compared with "every other country in the world, America does immigration superbly. Do we really want to junk that for the French approach?"

Dobbs' Opposition To Illegal Immigration Satirized. In his New York Times column (4/4), John Tierney satirizes CNN anchor Lou Dobb's crusade against illegal immigration with a mock newscast: "First, more bad news from Washington. Despite my personal trip to Cancún for last week's summit meeting, President Bush remains hostage to foreign interests. My soaring ratings apparently mean nothing to the White House or the Senate Republicans working on an amnesty plan for the illegal immigrants now carrying Mexican flags through our streets."

TAX:

Bidder Protests Could Delay Tax Collection Outsourcing. Government Executive (4/4, Mandel) reports, "Protests filed by unsuccessful bidders may cause delays in an Internal Revenue Service initiative to hire private sector companies to help collect tax debt." GE continues, "Livermore, Calif.-based Diversified Collection Services and Houston, Texas-based GC Services have filed protests with the Government Accountability Office over the IRS' process for selecting three collection companies to carry out the first phase of the initiative." GE adds, "The protests were filed on

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March 17 and March 20, according to GAO Senior Attorney Edward Goldstein, shortly after the March 9 announcement of the contract award. IRS spokesman John Lipold said it is not yet clear whether the protests will affect the timeline for work on the contract. … The contents of the DCS protest were not public, but Maria Perrin, senior vice president of business development with the firm, said the protest was aimed at understanding the criteria used in the selection process. 'Once we get more information, it will become either "OK, we understand the procedure we went through," or "no, we don't agree," ' she said. … One of two protests filed by GC Services focused on the history of Austin, Texas-based Linebarger Goggan Blair & Sampson, one of the firms awarded a contract. A former partner with that firm, Juan Pena, pleaded guilty in September 2004 to federal charges of conspiracy and bank fraud in connection with a bribery case. … Pena was one of four defendants involved in paying bribes to two San Antonio city councilmen in return for a contract to collect fines and fees for the city, according to a Justice Department statement announcing Pena's plea."

USA Today Urges Tighter Rules On Taxpayer Privacy. USA Today (4/4) editorializes, "It's April 4: Do you know where your tax return is? … If you used a commercial tax preparer, your data could be at a lot of places other than the IRS — a bank, a mortgage company or some other business that wants to sell you something." USA continues, "While many taxpayers assume their returns are private, IRS rules adopted in 1974 allow the tax preparers to share information from returns with affiliates, or sell it to third parties, with the taxpayers' permission. Millions of taxpayers sign away privacy each year when their returns are prepared. … Companies can then try to sell them everything from retirement accounts to controversial loans, often at rates that would make a loan shark blush." USA adds, "Now, the IRS wants to change the rules, and at a hearing today in Washington, the agency is bound to get an earful. Consumer advocates have criticized the IRS for what they see as plans to loosen the rules. Major tax preparers have blasted the agency for adding what they regard as needless confusion. … H&R Block, the nation's largest preparer of individual tax returns, argues that disclosing information to affiliates allows it to offer 'customized products based on an integrated view' of the customer's finances. Perhaps. But if taxpayers want a product, they can go to a bank or mortgage company and share whatever tax information they wish. … At the least, taxpayers deserve explicit consent forms explaining what information they're giving up and warning of the possible dangers. Better yet, if Congress has any interest in protecting its constituents rather than its campaign contributors, it might want to require that preparers stick to doing taxes, instead of turning tax time into a bazaar for selling other financial products."

USA Today (4/4) notes that "H&R Block declined to provide an opposing view to this editorial. Jackson Hewitt Tax Service did not return calls seeking an opposing view." USA includes excerpts from written comments that H&R Block and Jackson Hewitt have filed with the IRS.

Congressional Report Highlights Tax Preparation Firms' Frequent Mistakes. ABC World News Tonight (4/3, story 8, 2:10, Vargas, 8.78M) reported, "Congressional investigators will release an unnerving report. An estimated 60% of all tax returns are completed by professional preparers. But according to an investigation, you might do at least as well figuring out your own taxes." ABC (Wiener) added, "The investigators encountered a shocking lack of knowledge about very basic tax issues -- bad advice that could get taxpayers in major trouble with the IRS." Legislation "pending in Congress would require new preparers to take an entry test. Then, take brushup courses." Sen. Charles Grassley: "If it isn't done right, it's the taxpayer that's left holding the bag, to pay a penalty, a fine. And in some egregious cases, maybe even go to jail."

NBC Nightly News (4/3, story 7, 2:45, Thompson, 9.87M) reported an NBC hidden camera investigation found tax preparation firms were willing to encourage cheating on tax returns to increase refunds. NBC added, "So why would any tax preparer encourage cheating to get you that big refund?" Sen. Max Baucus, Montana: "There is a tendency for a lot of preparers to line their pockets, frankly, by charging hidden additional fees." Thompson: "A federal study to be released Tuesday by the Government Accountability Office found exactly what we did — tax preparers at major chains in one city encouraging cheating. Half the time, they did not report side income or they claimed an ineligible child."

WSJournal Criticizes Perry's Proposed Tax On Business Receipts. An editorial in the Wall Street Journal (4/4, 2.11M), "The National Taxpayers Union reports that Texas is one of at least 20 states…where homeowners are rebelling against soaring assessments that in some cases are taxing people out of their homes. … Texas is the epicenter of this backlash, because property tax bills in some localities have doubled in seven years, according to the taxpayer group Americans for Prosperity." Gov. Rick Perry "embraced a tax plan that cuts the property tax by one-third in many localities and eliminates the state's hated business franchise tax, which is a disguised business income tax on capital-intensive industries." But Perry would pay for the cuts with a 1% business tax on gross receipts. Perry says his goal is to make Texas "the top performing economy in the nation."

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Cutting "the stampeding cost of property taxes will help accomplish that goal. But raising taxes on the very businesses that he's trying to attract surely won't."

CONGRESS-ADMINISTRATION:

More White House Staff Changes Expected. CNN's The Situation Room (4/3, Malveaux) reported that President Bush "is looking for heavy hitters since Josh Bolten will be taking over as chief of staff." Sources say Bolten is "looking at three areas, one White House communications, legislative affairs and of course Treasury. White House communications a lot of discussions over strategy as well as the message from the podium, that of course would impact most greatly White House press secretary Scott McClellan. Whether or not he would be taking on a different role and perhaps someone in his place…. Other sources I talked to say that they feel his job is very much secure. He's very close to the president. And that this is a speculation. Of course, legislative affairs, they are looking for an elder statesman type of person to fill that role to reach out to Republicans in Congress, some of the numbers -- or the names rather on the short list including former Representative Bill Paxon (ph) of New York as well as former Senator Phil Gramm and then finally when it comes to the Treasury Secretary, of course, the White House again as recently as today expressing a great deal of confidence in Treasury Secretary John Snow at the same time sources inside and outside the administration saying that the President is looking for what they call an alternative replacement. As recently as a couple of weeks ago extending that offer to the CEO of Time Warner, Dick Parsons who sources say turned it down."

DeLay Won't Run For Reelection, Will Resign From House Seat. Rep. Tom DeLay will not run for reelection in November. Instead, the congressman is expected to resign from the House within the next few months. DeLay, who will make an official announcement today, granted an interview to Galveston County Daily News (4/4, Aulds), in which he said "his decision was best for his district and based on troubling internal polling numbers." Internal polls "showed him beating Democrat Nick Lampson in the general election but in a race that would be too close for comfort, DeLay said." DeLay's exit, says the Daily News, "robs Democrats of a handy target for national attacks on the Republican Party and may take the national spin off the race." DeLay told the paper, "I would assume, being the realist I am that Mr. Lampson is going to have a hard time keeping this a national race."

DeLay also spoke to Time, which runs the interview on its website (4/3, Allen). DeLay said, "I'm a realist. I've been around awhile. I can evaluate political situations. And it was obvious to me that the 22nd District needed an election that discussed issues. It was obvious to me that this election had become a referendum on me. … I just felt like I didn't want to risk the seat and that I can do more on the outside of the House than I can on the inside right now." DeLay also said, "I've been fighting this strategy of personal destruction for going on 10 years. I'm not whining. The Democrats even publicly announced that they were going to destroy my reputation and an effort to do that."

The story is receiving extensive coverage in major Texas and national papers. The Dallas Morning News (4/4, Gillman) calls DeLay's decision "unexpected," and says it was taken with "his power diminished and his legal troubles mounting." DeLay, adds the Morning News, "will quit Congress by mid-June." The decision "shocked Texas Republicans." The Morning News says "the final straw was apparently the plea deal entered Friday by a former deputy chief of staff, Tony Rudy, the third confidant to turn government witness in an ongoing federal corruption inquiry centered on super-lobbyist Jack Abramoff. Legal experts have speculated that these former aides and allies could provide damaging evidence against the congressman, though Mr. DeLay has vigorously denied any wrongdoing." The Houston Chronicle (4/4, Mason, Hedges, 581K) also reports on "the shocking move," adding "the embattled congressman…was expected to withdraw from the race, step down from Congress and be gone by May."

USA Today (4/4, Stone, Drinkard, 2.31M) reports DeLay "plans to change his legal residency to Virginia, where he has long had a home, to allow GOP leaders back in his Texas district to replace his name on the ballot, Forti said." His decision "concludes a dramatic fall from the heights of power."

The Los Angeles Times (4/4, Simon, Hook, Curtius, 958K) says "DeLay's decision stunned Capitol Hill." Stuart Roy, a former DeLay aide, "said he thought his former boss was deterred by the prospect of a tough fight and -- even if he were reelected -- life in Congress without a major leadership position. 'As much as he is ideologically driven and cause-oriented, he's also very much a pragmatist when it comes to the art of the possible,' Roy said." The Times also says DeLay's "efforts to consolidate Republican power and build a lasting political majority were the root of his downfall." Meanwhile, the New York Times (4/4, Hulse, 1.19M) says "one Congressional official with knowledge of Mr. DeLay's plans" who "did not want to be identified" told the Post, "He just decided that the numbers and the whole political climate were against him and that it was time to step aside." The Washington Times (4/4, Hurt, 90K) and Wall Street Journal (4/4, Mullins, 2.11M) run similar reports.

The Washington Post (4/4, A1, Weisman, Cillizza, 744K) reports DeLay "said he informed President Bush of his decision yesterday afternoon." The Washington Post (4/4,

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A7, Smith, 744K) runs a second story titled "Federal Probe Has Edged Closer to Texan," reporting that the resignation "comes amid a federal criminal investigation that already has reached into his inner circle of longtime advisers."

The AP (4/4, Sidoti) notes House Majority Leader John Boehner "called his predecessor 'one of the most effective and gifted leaders the Republican Party has ever known.' 'He has served our nation with integrity and honor, and I'm honored to call him my colleague and friend,' Boehner said."

Thirteen House Republicans Returning Rudy Contributions. The Hill (4/4, Schor) reports, "Thirteen House Republicans already have returned or plan to return contributions they took from lobbyist Tony Rudy, who pleaded guilty to conspiracy last week and joins former cohort Jack Abramoff as a possible witness in the government's expanding corruption probe of lawmakers and their aides." Of the "34 House Republicans whose campaigns or PACs received money from Rudy since 2001, the offices of six members told The Hill they do not plan to return the contributions or donate them to charity." Rudy "pleaded guilty Friday to one count of conspiracy, agreeing to cooperate with the Justice Department's investigation into a widespread bribery and fraud scheme spearheaded by disgraced GOP lobbyist Abramoff." Rudy "spread his contributions among a wide swath of the GOP conference, giving $48,500 since 2001 to four members of leadership, two committee chairmen and then-Majority Leader Tom DeLay (R-Texas), Rudy's boss from 1995 to 2000."

WSJournal Says Republicans Have "Sense Of Entitlement." An editorial in the Wall Street Journal (4/4, 2.11M) says, "Clearly a sense of entitlement set in among some Republicans, who forgot why they were elected and began to believe that power was its own reward. … The Abramoff story still has a long way to run this election year, and one way or another the Members themselves will not emerge unscathed. If Republicans lose their House majority because GOP voters stay home in disgust, Team DeLay will be one of the reasons."

Abramoff Sought Contract With Sudan. Two eyewitnesses say Jack Abramoff sought to sell his services to Sudan to help the embattled nation improve is reputation in the US. The Los Angeles Times (4/4, Hamburger, Silverstein, 958K) reports, "Khidir Haroun Ahmed, Sudan's ambassador to the United States, said in an interview that Abramoff proposed a multimillion-dollar lobbying contract in late 2001 but that the proposal was 'never seriously considered' by the Sudanese. He declined to elaborate. … A spokesman for Abramoff, Andrew Blum, confirmed that a conversation took place between Abramoff and the ambassador but said Abramoff never sought a contract and rejected working for the Sudanese because of that country's human rights record."

"New, Edgier" Lott Said To Be "Merciless" When It Comes To Bush, Frist. USA Today (4/4, Lawrence, 2.31M) this morning runs a very positive profile of GOP Sen. Trent Lott, who "lost his job as Senate majority leader and then he lost his Gulf Coast house to Hurricane Katrina. The one-two punch didn't knock him out. Instead, it has unleashed his tongue. Long known for his passion for order…the Mississippi senator has traded iron discipline and party loyalty for a more freewheeling take on life and fellow Republicans." Lott "says in an interview that he's always been inclined to say what he thinks -- but he also allows, 'I do have a certain amount of independence and freedom now that I didn't have when I was leader.'" USA Today refers to a "new, edgier Lott," who is "merciless when it comes to President Bush and Senate Majority Leader Bill Frist, R-Tenn., the men Lott says forced him out as leader in 2002." Scott Reed, "a GOP strategist who ran the presidential campaign of another Republican Senate majority leader, Bob Dole, says Lott's 'style of leadership has been missed. He gave the party direction." Phil Singer of the Democratic Senatorial Campaign Committee retorted, "Only Bill Frist could make Republicans yearn for the days of Trent Lott."

House Vote On 527s Could Be Very Close. Roll Call (4/4, Newmyer, Bresnahan) reports, "House Republican leaders are bracing for a close vote on their push to rein in the free-spending nonprofit groups known as 527s, even as the details of the legislation the House plans to vote on Wednesday remain in flux." In "what might otherwise be a party-line vote," some members of the conservative Republican Study Committee "are raising concerns about the measure, complaining it doesn't go far enough to simultaneously roll back other campaign finance restrictions. If enough RSC members buck their leadership when the measure comes to a vote on the House floor Wednesday, they could sink the 527 bill."

GOP Unity Strained Again Over Budget Plan. The Washington Post (4/4, A21, Weisman, Murray, 744K) reports, "It has been just over three months since moderate Republicans squared off with House Republican leaders over the federal budget, but this week, with those wounds still fresh, they will be at it again. If they can round up the votes, House leaders will bring a $2.8 trillion budget blueprint to the floor, probably on Thursday." Republicans "hope to tout the measure as a testament to the party's commitment to fiscal discipline, at least on one corner of the federal budget -- non-security discretionary spending." But "to accommodate a 7 percent increase in military spending and a 3.6 percent boost to homeland security programs, domestic programs would

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have to be squeezed. Moderate Republicans are again balking. … At least half a dozen moderate Republicans have declared their opposition to the budget, as written, and with Democrats united in opposition, GOP leaders cannot afford many more defections." But "conservatives are just as resolute that Republicans hold the line on spending, lest the GOP's base voters abandon a party that has overseen the most dramatic fiscal shift from surpluses to deficits in the nation's history."

Democrats Evoke "Do Nothing Congress" Nickname. Congress plans to meet fewer days this year than in 1948, when President Harry Truman dubbed the body the "Do Nothing Congress." The Washington Times (4/4, Bellantoni, 90K) reports, "The average number of days lawmakers spend in session has dwindled over the decades, but legislators are on track to be in Washington fewer than 130 days in 2006. … Democrats, including House Minority Leader Nancy Pelosi of California, are evoking the nickname as they try to win back control." The Times adds, "Sean Spicer, spokesman for the House Republican Conference, said the number of days members spend in Washington is not a good indicator of the quality of work. … Rep. Thelma Drake, Virginia Republican, argued that this Congress has been more effective than previous ones, pointing to recent bills changing bankruptcy, energy and immigration policy."

Bush, Senate At Impasse Over Social Security, Medicare Trustees. The New York Times (4/4, Pear, 1.19M) reports, "President Bush and the Senate are at an impasse over the appointment of trustees for Social Security and Medicare, crippling the panel that supervises the two programs. This, in turn, has delayed the annual reports on the financial condition of the programs, which together account for more than one-third of all federal spending. Under federal law, the reports are supposed to be sent to Congress by April 1." The Times adds, "Since 2000, Social Security and Medicare have had two public trustees: John L. Palmer, former dean of the Maxwell School at Syracuse University, and Thomas R. Saving, an economist at Texas A&M." Their terms "have expired, and Mr. Bush has renominated them, but the Senate has taken no action. Senate leaders of both parties say they want to follow the precedent of having the public trustees serve no more than one term." But "the White House said Monday that the Senate should approve the president's nominees. … In the absence of public trustees, the administration has delayed sending the 2006 reports to Congress."

Firms Try To Save Conflict Of Interest Changes In Pension Bill. Financial services companies want to preserve a provision in a pension bill to repeal some conflict of interest rules, making it easier for all street firms to sell financial products to pension funds. The Wall Street Journal (4/4, Schroeder, 2.11M) reports, "The provision, pushed by the Securities Industries Association and Fidelity Investments, is in the House version of the pension bill, but is opposed by Senate Finance Chairman Charles Grassley, a member of the House-Senate conference committee. … The section of the pension bill dealing with conflicts of interest is one of several stumbling blocks to a compromise. While the Bush administration hasn't taken a formal position on the provision, the Labor Department has been advising conferees on the need to narrow the change, according to committee staff."

Survey Finds Americans Confident, Naive About Retirement Prospects. New research indicates that Americans remain confident about their retirement prospects, but the Wall Street Journal (4/4, Greene, 2.11M) reports that they may be "dangerously naïve" about the subject. The Retirement Confidence Survey, which is scheduled for release today by the Employee Benefit Research Institute notes that while 40% of working couples are covered by traditional pension plans, 61% of surveyed workers "expect to get income from such a plan in retirement." The Journal adds, "The responses in the survey, conducted annually for the past 16 years, reflect few worries about the spreading curtailment of pension plans. Twenty-four percent of the survey's participants said that they are very confident that they will have enough money to live comfortably in retirement -- virtually the same number as last year -- and 44% of those surveyed said they are somewhat confident about their financial prospects in later life, an increase of four percentage points from last year."

51 Federal Agencies Have Offered Cash Buyouts Since 2002. The Washington Post (4/4, D4, Barr, 744K) reports in its "Federal Diary" column, "Since November 2002, 51 federal agencies -- about half of the executive branch -- have offered cash buyouts and early retirements to reshape their workforces, according to a recently released report from congressional auditors. The findings confirm what many federal employees have suspected -- that buyout offers have been increasing in recent years. The report by the Government Accountability Office counted at least 22,600 employees who left the government after accepting a buyout, early-out or combined package during fiscal years 2003 through 2005."

Stem Cell Research Spreads Despite Federal Funding Limits. Stem cell research in the US is gaining steam despite President Bush's decision over four years ago to limit public funding for studies of embryonic stem cells. The Wall Street Journal (4/4, Regaldo, 2.11M) reports that

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according to the NIH, "the federal government's spending on such research hit a high of more than $37 million last year, according to the National Institutes of Health. … Last year, NIH grants and contracts supported about 154 research projects involving the administration-approved stem cells."

Bush Throws First Pitch On Opening Day In Cincinnati. All three networks last night reported on President Bush throwing the first pitch for the Reds' opening game against the Cubs. ABC World News Tonight (4/3, story 11, :20, Vargas, 8.78M) reported Bush "drew a standing ovation," adding "Bush continues a tradition that began in 1910, with President William Howard Taft." The CBS Evening News (4/3, story 9, 0:15, Schieffer, 7.66M) reported, "Taking the mound in Cincinnati was Number 43, right-hander George W. Bush, called up from Washington to throw out the first pitch as the Reds played the Cubs. The President described his toss as kind of a slow ball, but it did have a nice arc to it." NBC Nightly News (4/3, story 10, 0:30, Williams, 9.87M) said, "Marking the occasion today, former Texas Rangers owner and current President of the United States, George W. Bush. He was accompanied to the mound at Cincinnati's opener against the Cubs by two Iraq war veterans, and the father of a fallen veteran in the war in Afghanistan."

The Los Angeles Times (4/4, Gerstenzang, 958K) reports that "Bush, whose political world of late has been as chilly as Cincinnati's 50-degree opening day temperature, landed his pitch in the vicinity of home plate, despite a stiff breeze. It was just wide enough to be considered a brushback on a right-handed hitter."

The New York Times (4/4, Times, 1.19M) reports, "Even President Bush's most ardent supporters concede he has been having a hard time getting many pitches over the plate in recent months. He came closer on Monday." The Reds' new chief executive, Bob Castellini, "was one of the investors with whom Mr. Bush bought the Texas Rangers in 1989."

The Washington Times (4/4, Dinan, 90K) says Bush became "the first sitting president to throw the opening pitch in the home of the first professional baseball club." The Washington Post (4/4, A21, Frommer, 744K) reports the White House "has not said whether Bush will do the honors at the Nationals' home opener next Tuesday."

Book Challenges Allegation First Lady Used Drugs. The Washington Times (4/4, McCaslin, 90K) reports in its "Inside the Beltway" column that in his new book "Laura Bush: An Intimate Portrait of the First Lady," author Ronald Kessler takes on kitty Kelley's "claims about past drug use by first lady Laura Bush. In her book, Mrs. Kelley claimed Mrs. Bush was 'known in her college days [at Southern Methodist University] as a go-to girl for dime bags of marijuana.' The charge provoked uproarious laughter among Mrs. Bush's friends from SMU, according to Mr. Kessler's book, which is the first biography of the first lady to be written with White House cooperation. 'If she was the go-to, I missed that,' Mr. Kessler quotes Pamela Nelson, Mrs. Bush's Theta Kappa Alpha sorority sister at SMU. 'I was there. She was the go-to for a lot of things that were uplifting.'"

OTHER NEWS:

Manufacturing Activity Declined In March. The Wall Street Journal (4/4, Conkey, 2.11M) reports, "A closely watched reading of the manufacturing sector weakened in March, but still points to solid economic growth in the months ahead." The Institute for Supply Management "said its index of manufacturing activity dropped to 55.2 in March from 56.7 in February, pushed lower by a decline in new orders and employment. Nevertheless, readings over 50 indicate expansion, so the data suggest that the nation's factories in March enjoyed a 34th consecutive month of growth. At 55.2, the ISM index for March was only slightly lower than the 55.4 monthly average over the past year."

Rise In Long-Term Interest Rates Could Slow Economy. The Wall Street Journal (4/4, A1, Whitehouse, 2.11M) reports, "After stubbornly resisting nearly two years of prodding by the Federal Reserve, long-term interest rates are on the rise, a trend that could eventually slow the nation's expansion. Yesterday, the yield on the 10-year US. Treasury note -- the foundation for long-term interest rates -- rose as high as 4.905%, matching a two-year peak set in May 2004. Some analysts believe the yield is on a run that will take it above 5%." The upturn, "spurred by deepening economic growth in the US and abroad, is pushing up the cost of a widening range of consumer and business loans -- including 30-year mortgages and corporate bonds -- from extraordinarily low levels."

Gasoline Prices Rise To $2.59 For Regular Unleaded. ABC World News Tonight (4/3, story 10, :20, Vargas, 8.78M) reported, "The Energy Department reports that the price of gasoline shot up nine cents to $2.59 for regular unleaded. That's the highest price since late October, when one-third of the nation's oil-refining capacity was offline because of Hurricanes Katrina and Rita." The Washington Post (4/4, A1, Mufson, 744K) says that "with political tensions propping up crude oil prices and oil demand running strong in the United States and rising in China, gasoline prices could remain at these levels for the foreseeable future."

Electric Bills Not Expected To Rise Much This Summer. USA Today (4/4, Hagenbaugh, 2.31M) reports, "Finally, some good news for consumers about energy prices. With electricity costs expected to be up only slightly this

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summer from last, air conditioning bills likely will not be a shock to the wallet this year, according to data from the Energy Department." The nationwide average retail electricity price "is expected to be up 3% during June, July and August from the same time in 2005. That's about in line with inflation and follows a 4.3% gain last summer, according to the Energy Information Administration, the statistical arm of the Energy Department."

Stocks Mixed Yesterday. USA Today/AP (4/4, Wang) reports that yesterday "the Dow gained 35.62 points, or 0.3%, to 11,144.94, after ending the first quarter Friday with a 3.7% gain. Broader stock indicators were mixed. The S&P 500 rose 2.98 points, or 0.2%, to 1297.81. The Nasdaq dropped 3.05 points, or 0.1%, to 2336.74." The Wall Street Journal (4/4, Patterson, 2.11M), among other newspapers, also reports the stock numbers.

Some In Hollywood Critical Of Hillary Clinton. The Los Angeles Times (4/4, Daunt, 958K) reports, "Depending on whom you talk to in Hollywood these days, Hillary Clinton is either too conservative, too polarizing, too famous, too stiff or -- keep this to yourself! -- too sexy. And those are just the opinions of the celebrities who vote Democrat. (Don't even ask what the few Republicans had to say.)" The Times adds, "Once the darling of the industry's liberal set, Clinton has come under attack from some as she starts to line up support for what many feel will be a run for the presidential nomination." The "chatter started quietly last year, when the Hollywood political crowd began speculating that Clinton could be a 2008 contender. … For months, few were willing to say anything negative on the record, for fear of offending Clinton and her husband," but "Hollywood is a fickle place; behind-the-scenes feuding and gossiping are just part of the game."

Clinton Challenger To Launch Fundraising Drive. The New York Times (4/4, Healy, 1.19M) reports, "John Spencer, the former Yonkers mayor running against Senator Hillary Rodham Clinton, is planning a 30-state fund-raising drive to try to rally the national Republican Party to defeat her re-election bid this year, and has already secured support from some prominent conservatives." Even though Spencer "is still competing for the Republican Party's nomination against another candidate, Kathleen Troia McFarland, a former spokeswoman in the Reagan Pentagon, some conservatives have signaled early support for him." They "include Senator George Allen, a Virginia Republican who is seen as a possible presidential candidate, and Representative Tom Feeney, a Florida Republican who is chairman of the House Conservatives Fund, a political action committee, according to aides to all three men."

Bill Clinton To Help DNC Effort To Boost State Parties. The Washington Times (4/4, Pfeiffer, 90K) reports, "Former President Bill Clinton has signed on to help Democratic National Committee Chairman Howard Dean's drive to revitalize state Democratic parties across the country." Clinton "will begin the effort next week, by hosting an April 10 fundraiser for the DNC." The Times adds, "The former president reportedly had doubts about Mr. Dean's plan, but was convinced of the project's value and agreed to lend his assistance after a February meeting with the DNC chairman."

Frist Team Reaches Out To Washington "Chattering Class." The Hill (4/4, Bolton) reports, "Allies of Senate Majority Leader Bill Frist (R-Tenn.) are waging a quiet campaign to rehabilitate his image among opinion makers to ensure that members of D.C.'s 'chattering class' who mold the national conventional wisdom do not dismiss his presidential prospects." Frist" had breakfast with a small group of political handicappers last week and recently sat down with The New York Times to discuss his 2008 hopes. And his staff last month sent an e-mail to supporters asking them to rank Frist first and Sen. George Allen (R-Va.) last in a survey gauging support for the top Republican presidential hopefuls, according to a copy obtained by The Hill." The Hill adds, "On Friday, too, his senior staff met with a handful of conservative leaders to assuage their concerns about the slow progress of President Bush's judicial nominees through the Senate -- a process that has reached a near standstill since the confirmation of Samuel Alito to the Supreme Court, according to familiar sources."

Allen's 2006 Challenger Is Friend Of McCain. The Hill (4/4, Allen) reports, "Sens. George Allen (Va.) and John McCain (Ariz.) could square off for the 2008 Republican presidential nomination -- if an old McCain friend doesn't get to Allen first." Former Navy Secretary James Webb, "one of McCain's 'oldest friends,' is vying for the Democratic nomination to take on Allen in his reelection bid this November. Although Webb must first get past lobbyist Harris Miller in the Democratic primary, political analysts say his candidacy could end up hampering Allen's presidential aspirations and bolstering McCain's. … Despite the longtime friendship between McCain and Webb, a former Republican, the Arizona senator said he is backing Allen. Even so, in an interview outside the Senate chamber last week, McCain called Webb 'a war hero' and 'a great patriot.'"

MoveOn Criticizes NBC For Refusing To Run Its Ads. The Hill (4/4, Young) reports, "Two NBC-owned television stations have refused to carry advertisements sponsored by MoveOn.org's PAC that accuse four incumbent Republicans of selling out to energy interests." WVIT-TV in Hartford, CT, and WCMH-TV in Columbus, OH, "will not air the ads, which target Republican Reps. Nancy Johnson

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(Conn.), Deborah Pryce (Ohio), Chris Chocola (Ind.) and Thelma Drake (Va.). NBC Universal, a unit of General Electric, owns both affiliates." MoveOn PAC said, "We expected Republicans to respond, but we didn't expect two local NBC stations owned by GE to refuse to run our ad. … This smells of NBC pursuing its own political agenda at the expense of free speech and balance." NBC Universal, WVIT and WCMH "did not respond to requests for comment by press time yesterday."

O'Connor To Join Board Of Rockefeller Foundation. Retired Supreme Court Justice Sandra Day O'Connor will join the board of the Rockefeller foundation in June. The New York Times (4/4, 1.19M) reports, "Justice O'Connor will become one of 15 members of the board, which includes Raymond W. Smith, chairman of both Rothschild North America and Arlington Capital Partners, whose appointment was also announced. … In a statement, Justice O'Connor said the foundation was 'constructively involved in providing creative and insightful aid to vulnerable groups around the globe.'"

Deal May Be Close For Couric To Anchor CBS Evening News. The New York Times (4/4, Carter, 1.19M) reports, "CBS's long courtship of Katie Couric has moved close to a conclusion. A deal to recruit her away from NBC's 'Today' show and into the nightly anchor chair at CBS News may be completed as early as this week, people close to the negotiations said yesterday." The Washington Post (4/4, A1, Kurtz, 744K) says "NBC executives expect Katie Couric to leave the 'Today' show and accept an offer from CBS to become the first woman to anchor an evening newscast on her own, with an announcement of her departure likely as early as this week." The Wall Street Journal (4/4, 2.11M) runs a similar report.

USAF Cargo Plane Crashes, Nobody Killed. The New York Times (4/4, Wald, 1.19M) reports that the crash of a USAF C-5B Galaxy "near a runway at Dover Air Force Base in Delaware early this morning" caused several injuries among the 17 personnel aboard but no deaths. ABC World News Tonight (4/3, story 3, :20, Vargas, 8.78M) reported the C-5 "was trying to make an emergency landing when it hit the ground." An Air Force spokeswoman said "she did not know what the emergency was, or what cargo was on board." The plane had been bound for "the Naval Air Station in Rota, Spain, and then Kuwait." NBC Nightly News (4/3, story 3, 0:40, Williams, 9.87M) called the C-5 "one of the safest aircraft in the US Air Force."

Speech Patterns Seen As Key Influence In Presidential Vote. In his Washington Post column (4/4, A2), Richard Morin says, "What really may have decided the last presidential election" is that President Bush and Vice President Cheney "sounded more presidential than their Democratic counterparts. Sen. John F. Kerry (Mass.) seemed the most depressed or suicidal. And Kerry's running mate, Sen. John Edwards (N.C.), sounded the most like a 'girly man.'" Researchers at the University of Texas at Austin "collected transcripts of 271 televised interviews, news conferences, town hall meetings and candidate debates conducted in 2004. The speech samples -- more than 400,000 words in all -- were run through a computer text-analysis program."

Blix Says Iran Years Away From Nuclear Weapon. The AP (4/3) reported former IAEA head and UN weapons inspector Hans Blix "said Monday that Iran is at least five years away from developing a nuclear bomb, leaving time to peacefully negotiate a settlement. Blix…said he doubted the US would resort to invading Iran" and "said there is still time for dialogue over Iran's nuclear enrichment program, which Tehran insists is for peaceful purposes but the West fears is part of a secret nuclear weapons program."

In an analysis of Tehran's torpedo test over the weekend, the AFP (4/3) said Iran was "flexing its military muscle" and had warned "the West not to 'play with fire' at a time of mounting tensions over its nuclear program." The test "coincides with a critical phase in the dispute over its nuclear ambitions, which the United States alleges is cover for a weapons program. Tehran denies the charges and officials said the success of the war games showed that the Islamic republic would never back down in the atomic standoff."

Iran Tests New High-Speed Torpedoes. CNN's The Situation Room (4/3, Ensor) reported that Iran has tested "two new types of high-speed torpedoes, capable, Iran said, of going over 200 miles an hour underwater to hit a submarine at any depth and to break a surface warship in two. Tests came as part of a large Iranian naval exercise in the Gulf dubbed 'The Great Prophet.' Pentagon spokesman Bryan Whitman in a statement said, 'It is not surprising that they have tested this weapon.' He said, 'The Iranians have been known to boast and exaggerate their statements about greater technical and tactical capabilities.'"

The Washington Times (4/4, Gertz, 90K) reports, "Iran tested an older Scud missile variant last week and often exaggerates its military developments, the Pentagon said yesterday in response to Tehran's reported testing of new advanced weaponry. 'We know that the Iranians are always trying to improve their weapons systems by both foreign and indigenous measures,' Pentagon spokesman Bryan Whitman said." He added that "the Iranians have been known to boast and exaggerate their statements about greater technical and tactical capabilities."

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Missile Test Sparks Jump In Oil Futures. The Financial Times (4/4, Hoyos, Smyth) reports, "Crude oil prices jumped to their highest level since Hurricane Katrina on Monday amid uncertainty about Nigerian supplies and as Iran announced it had tested new weapons during war games in the Strait of Hormuz." Tehran's "declaration that it had test-fired a missile and a newly developed torpedo in the strait, the world's main oil shipping route, propelled Brent crude oil futures nearly $2 higher to $67.93 a barrel, before prices settled 93 cents higher at $66.84."

Launching Of Iranian Satellite Worries Government Analysts, Experts. The New York Times (4/4, Broad, Sanger, 1.19M) reports that "with last year's launching" of a satellite "and another planned in the next few weeks, Tehran has become the newest member of the international space club. The question now asked in Washington and other capitals is whether Iran's efforts are simply part of its drive to expand its technical prowess or an attempt to add another building block to its nuclear program. In that sense, it is the newest piece of the Iranian atomic puzzle." The Times adds, "To some government analysts and other experts in the West, Iran's space debut is potentially worrisome."

Iranian Bootleggers To Face 74 Lashes, Fine, Up To Year In Prison. The New York Times (4/4, Fathi, 1.19M) reports, "For more than 27 years, Iran's Islamic leaders have waged an uphill battle to cleanse the country of bootleg liquor. Since the 1979 revolution, the government has banned alcoholic drinks and frequently flogged those who drank them. The small community of Christians and Jews was exempted, but could not sell alcohol to Muslims." The Times adds, "In the latest effort to curb the widespread consumption and distribution of alcohol, the new conservative Parliament recently increased the punishment for selling or drinking it. Offenders still get 74 lashes, but now also receive a hefty fine and from three months to a year in prison, twice the maximum sentence than under the old law."

Rice's Wednesday Hill Testimony On India Nuclear Deal Previewed. The AP (4/3, Schweid) reported, "In a preview of the line" Secretary Rice "will take over two days of House and Senate testimony, [Spokesman Adam Ereli] acknowledged the deal had generated concern on Capitol Hill. Rice and other top administration officials, who have been buttonholing members of Congress for weeks, hope to build consensus for the agreement, Ereli said." The AP noted support for the deal will be complicated by two recent Iranian ship visits to Indian ports. The AP said Ereli "rejected the notion that the administration cut the deal with India to help build up the world's largest democracy as a counterweight to a rising China." Undersecretary Burns is quoted saying, "India can be trusted."

Venezuela Takes Control Of Oil Fields Operated By Foreign Companies. The Financial Times (4/4, Webb-Vidal) reports, "Venezuela has taken control of two oilfields operated by Eni and Total, the Italian and French energy companies, cranking up tensions with multinationals operating in the world's fifth-largest oil exporter." Rafael Ramírez, energy minister, "said on Monday the government had taken over the operations at the weekend because the two companies had failed to meet an April 1 deadline to comply with new legislation." The Wall Street Journal (4/4, Bahree, 2.11M) says "Venezuela stepped up its battle to extract more-favorable terms from big international oil companies." The two companies "said they had failed to reach an agreement with the government to cede majority ownership in the two fields -- called Jusepin and Dacion -- to Petróleos de Venezuela SA, or PdVSA, the state-owned oil company, by a deadline at the end of last month."

Chavez Said To Use Oil Revenues To Buy Influence. The New York Times (4/4, Forero, 1.19M) reports, "President Hugo Chávez is spending billions of dollars of his country's oil windfall on pet projects abroad, aimed at setting up his leftist government as a political counterpoint to the conservative Bush administration in the region." Chavez's "new spending has given more power to a leader who has been provocatively building a bulwark against what he has called American imperialistic aims in Latin America." The Times says Chavez "is more than an irritant. He is fast rising as the next Fidel Castro, a hero to the masses who is intent on opposing every move the United States makes, but with an important advantage" – oil revenue.

The AP (4/3, Toothaker) reported, "Chavez accused the United States of being behind an effort to make it appear that Venezuela has territorial designs on some countries in the region," including the Netherlands Antilles. He "has previously suggested the Dutch islands off Venezuela's coast could be used as a launching pad for a U.S. invasion. … Chavez insists his government is democratic and accuses Washington of conspiring against him. He says the United States was behind a short-lived 2002 coup."

UN Human Rights Envoy Protests His Exclusion From Sudan. The New York Times (4/4, Lacey, 1.19M) The government of Sudan today blocked a planned visit by the United Nations' top humanitarian official to the western Darfur region, prompting the official, Jan Egeland, to accuse Khartoum of attempting to hide the dire conditions there." The Sudanese Foreign Ministry said they delayed the visit to deconflict it with the birthday of the Prophet Mohammed. An official also said "it would not have been safe for Mr. Egeland, a Norwegian, to visit the country given the recent controversy over cartoons of the Prophet

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Muhammad published in a Danish newspaper." The Times says "relations between the Sudanese and the United Nations are particularly sensitive now because of the world body's plans later this year to take over the running of the African Union peacekeeping mission currently under way in Darfur." Although Egeland "has stopped short of calling the conflict a genocide, as the Bush administration has done, [he] has laid much of the blame for the suffering there at the feet of government officials."

Taylor Enters Not Guilty Plea. The New York Times (4/4, Nichols, Polgreen, 1.19M) reports, "In his first appearance before a special international tribunal, Charles G. Taylor, the former Liberian president, pleaded not guilty to 11 counts of war crimes, but not before refusing to recognize the court's jurisdiction and accusing it of attempting to meddle in the region's affairs.'" The AP (4/4, Faul) adds, "The former Liberian president initially said he could not plead on the charges, which stem from his alleged role in Sierra Leone's civil war, because he did not recognize the court. ... But after Justice Richard Lussick insisted, Taylor said calmly: 'Most definitely, your honor, I did not and could not have committed those acts against the sister republic of Sierra Leone.'"

Russia Hopes To Weaken Western Influence In Former Soviet States. The Christian Science Monitor (4/4, Weir, 61K) reports that "Russia is mulling its options" in the post-Soviet neighborhood. Russia is heartened by the pro-Russian party's victory in Ukrainian parliamentary elections but fears the Ukrainian "insistence that it will apply for NATO membership as early as 2008." The Kremlin increasingly sees violent repression of protests, such as in Azerbaijan, Kazakhstan, and Belarus as "an acceptable alternative to more Ukraine-style pro-democracy shifts."

Melloan Urges Harder Line With Putin. George Melloan writes in the Wall Street Journal (4/4, Melloan, 2.11M) that President Bush needs to admit that "Vladimir Putin is a hopeless case for any help in promoting world peace and freedom." Russian behavior in Iran and Iraq suggests that Putin "has never quite acknowledged that the Cold War is over."

EU Resents Polish Push For Strong US Ties. The Washington Times (4/4, Borowiec, 90K) reports that the conservative new Polish government has annoyed the EU "with an assertive anti-Russian, pro-American foreign policy" that undermines EU efforts at unanimity. Polish officials believe "the United States is much better able than the European Union to offer military security to Poland and other former Warsaw Pact members."

US-China Trade To Take Center Stage. The USA Today (4/4, 2.31M) reports that several "politically charged events" in April will make US-Chinese trade discussion central. They include "the April 20 summit [of Bush and Hu], a high-level meeting of the countries' Joint Commission on Commerce and Trade and the expected release of a U.S. Treasury Department report that could for the first time accuse China of manipulating its currency." However, China specialist Nicholas Lardy says that "Bush lacks leverage to compel action," given American indebtedness to China.

Berlusconi And Prodi Clash In Debate. The New York Times (4/4, 1.19M) reports that the Italian rivals "traded insults and statistics" in their second televised debate. They discussed numerous issues, "but the economy was the topic the two repeatedly discussed." Incumbent Berlusconi is "trailing in the polls by at least three percentage points."

Thai PM Hails Vote. The New York Times (4/4, Fuller, 1.19M) reports that Thai Prime Minister Thaksin Shinawatra "claimed victory on Monday in national elections, which were boycotted by opposition groups." In a concession to the opposition, he "offered to set up an independent committee to judge his fitness to rule." The Times reports that "data from the Election Commission indicated that about 10 million voters checked the 'abstain' box on their ballots, a record number that opposition groups said showed the depth of disaffection."

London Mayor Demands US Ambassador Pay Traffic Congestion Charge. The Los Angeles Times (4/4, McWalters, 958K) reports that London Mayor Ken Livingstone "has people on both sides of the Atlantic tut-tutting over his latest accusation: that the U.S. ambassador, whom the mayor called a 'car salesman,' is behaving like a 'chiseling little crook' by refusing to pay traffic charges." Livingstone demanded over the weekend that Ambassador Robert H. Tuttle and other U.S. Embassy commuters "pay the $14 charge to enter central London by car." The fee is known as a "congestion charge." British officials say the embassy staff members owe about $250,000 in fines for refusing to pay the fee." US officials in London "say they consider the fee a tax, from which they are exempt under the 1961 Vienna Convention on Diplomatic Relations. … The US Embassy would not comment on Livingstone's complaint."

Pakistan Criticized For Seeking To Silence Women's Advocate. In his New York Times column (4/4), Nicholas Kristof profiles Pakistani women's advocate Mukhtar Mai, who "has become an international celebrity. Her autobiography is the No. 3 best seller in France and is coming out this fall in the U.S., movies are being made about her, and she has been praised by dignitaries like Laura Bush and the French foreign minister." But "best of all, her campaign is really working: more women seem to be

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prosecuting rapes and acid attacks, and there's some evidence that such violence is dropping. But partly because of her success, there's a good chance that Mukhtar will be murdered." President Pervez Musharraf "seems to feel that Mukhtar is casting a spotlight on Pakistan's dark side, so he is leading an effort to bully her into silence."

Schroder Criticized For Gazprom Deal, Gag Order. The New York Times (4/4, 1.19M) says in an editorial that a Hamburg court "confirmed a gag order yesterday that reins in a German politician's criticism of the former chancellor, Gerhard Schröder, for taking a lucrative job as head of a Russian-led gas pipeline project." Guido Westerwelle, leader of the Free Democrats, "is no longer permitted to say" that Schröder "cut a deal on the project with the Russian gas giant Gazprom while he was chancellor and then went to work for Gazprom immediately on leaving office. Now it emerges that Mr. Schröder's government guaranteed financing of more than a billion dollars for the pipeline. Mr. Schröder insists that he knew nothing about that." Like "many other politicians who can't wait to cash in on their public service, Mr. Schröder seems not to understand — or pretends he doesn't — that 'wrong' is not the same as 'illegal.'"

Treasury Department Praised For Branding Hezbollah TV Station. The Wall Street Journal (4/4, 2.11M) says in an editorial that "between 10 and 15 million Arabic speakers in Europe, North Africa and the Middle East tune into Al-Manar (the Beacon), the television channel produced in Beirut by the terrorist group Hezbollah. The station's purpose, an Al-Manar official told researcher Avi Jorisch of the Washington Institute for Near East Policy, is to 'help people on the way to committing what you call in the West a suicide mission.'" That's why "it's good news that last month the Treasury Department named Al-Manar as a Specially Designated Global Terrorist entity. The designation prohibits financial transactions with Al-Manar and its parent company, the Lebanese Media Group, and enables the government to level penalties against U.S. financial institutions (or foreign institutions that transact business in the U.S.) doing business with them."

THE BIG PICTURE:

Headlines From Today's Front Pages.

Los Angeles Times:
"DeLay Quits His Drive For Re-Election."
"Bruins Are Gator Bait."
"The Right Sound For The Scene."
"Terrorist A Step Closer To Death."
"Lab-Grown Bladders Successful In Humans."
"New Battle On The Home Front."
"Pellicano Inquiry Expands To Snare Director Of 'Predator.'"

USA Today:
"DeLay To Drop Out Of Race, House."
"Medicine Goes Mobile: The House Call Returns."

New York Times:
"DeLay Is Quitting Race And House, Reports Assert."
"Justices Decline Terrorism Case Of A US Citizen."
"Jurors Permit Death Penalty For Moussaoui."
"An Immigration Debate Framed By Family Ties."
"Chavez Uses Aid To Win Support In The Americas."
"With Yoga, Comedy And Parties, Synagogues Entice Newcomers."

Washington Post:
"DeLay To Resign From Congress."
"Moussaoui Found Eligible For Death."
"Gas Prices Up Sharply Ahead Of Peak Season."
"CBS Prepares To Land A New Anchor."
"First Bladders Grown In Lab Transplanted."
"On IM, Keeping Tabs And Keeping Up Appearances."

Washington Times:
"Death OK'd For Moussaoui"
"Boycott Set To Support Illegals."
"Nats Fall To Mets In Season Opener."
"DeLay To Quit Campaign, Step Down From Congress."
"Obesity is A Growing Road Hazard For Children."
"Phone Menus Press Callers' Hot Buttons."

Detroit Free Press:
"GM Shows Its Faith In Wagoner."
"$2.65? Gas Is A Bargain For Now."
"Cancer Program On Shaky Grounds."
"State To Get Language Grant."

Atlanta Journal-Constitution:
"9/11 Plotter Eligible For Death."
"Theater Trailer For 'United 93 A Painful Jolt For Some Viewers."
"Embattled DeLay Says He'll Leave Congress."
"'My Fellow Italians' – Turner Kin's Hat In Faraway Ring."

Houston Chronicle:
"Embattled DeLay Will Quit The Race."
"Many Show Interest In Seat."
"Astros Bask With Big Assist From The Fans."
"Jury Finds Moussaoui Eligible For Execution."
"Defense Witness Testifies Perjury Was Committed."

Story Lineup From Last Night's Network News:
ABC: Moussaoui Verdict; Midwest Tornadoes; Cargo Plane Crash; Iraq-US KIAs; Rice-Iraq; Carroll Homecoming;

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Tornado Season; Tax Preparer Mistakes; Airline Quality; Gas Prices; Bush-First Pitch; Regenerative Medicine.
CBS: Moussaoui Verdict; 9/11 Victim-Parents; Carroll Homecoming; Iraq-US KIAs; Midwest Tornadoes; Cargo Plane Crash; Standardized Testing- Scoring Pressures; Los Angeles-Klimt Painting; Bush-First Pitch; NCAA-Wheelchair Basketball Championship.
NBC: Midwest Tornadoes; Moussaoui Verdict; Cargo Plane Crash; Iraq-US KIAs; Rice-Iraq; Carroll Homecoming; Tax Preparer Cheating; Red Cross Reform; Airline Quality; Bush-First Pitch; Undersized Car Seats.

Story Lineup From This Morning's Radio News Broadcasts:
ABC: DeLay Resignation; Moussaoui Sentencing; NCAA Men's Championship; TN-Tornadoes.
CBS: DeLay Resignation; Moussaoui Sentencing; TN-Tornadoes; NCAA Men's Championship; Bonds-Steroid Use; Wall Street.
NPR: DeLay Resignation; TN-Tornadoes; Belarus-Lukashenko Swearing In; Foreign Stock Markets; Sudan-Aid Efforts; Moussaoui Sentencing; NCAA Men's Championship; Wall Street.

WASHINGTON'S SCHEDULE:

Today's Events In Washington.
White House:

PRESIDENT BUSH — Participates in a meeting on health care initiatives, Roosevelt Room; attends Republican National Committee Finance luncheon, Closed press. Evermay, 1623 28th St. NW.

VICE PRESIDENT CHENEY — No public schedule.

LAURA BUSH — Meets with youth at a Helping America's Youth event, St. Charles, Mo.; speaks at a Jim Talent for Senate luncheon, St. Louis.

US Senate: 10 a.m. ARMED SERVICES _ Strategic Forces Subcommittee. Hearing on FY07 budget for the missile defense programs. Defense Undersecretary Eric S. Edelman; Gen. James E. Cartwright, commander, U.S. Strategic Command; Lt. Gen. Henry A. Obering III, director, Missile Defense Agency; David W. Duma, acting director, Operational Test and Evaluation, DoD. Location: Room 138, Dirksen.

10 a.m. BANKING, HOUSING AND URBAN AFFAIRS _ Full Committee. Hearing on money laundering and terrorist financing threats. Undersecretary of the Treasury Stuart Levy; Undersecretary of State E. Anthony Wayne; James Burris, Jr., FBI; Kevin Delli-Colli, DHS. Location: Room 538, Dirksen.

10 a.m. COMMERCE, SCIENCE AND TRANSPORTATION _ Full Committee. Hearing on aviation security. Assistant DHS Secretary Edmund Hawley; Cathleen Berrick, GAO; Gregory Principato, Airports Council International-North America. Location: Room 562, Dirksen.

10 a.m. FINANCE _ Full Committee. Hearing on the costs of tax preparations for taxpayers. Michael Brostek, Director, Strategic Issues Team, GAO; Paul R. Desaulniers, Special Agent, GAO; Christine A. Hodakievic, Special Agent, GAO; Bert DuMars, Director, Electronic Tax Administration, IRS; Nina E. Olson, National Taxpayer Advocate, Taxpayer Advocate Service; Robert A. Weinberger, Member, Free File Alliance, LLC; Francis X. Degen, EA, President, National Association of Enrolled Agents; Harley Duncan, Executive Director, Federation of Tax Administrators. Location: Room 215, Dirksen.

10 a.m. FOREIGN RELATIONS _ Internatioknal Operations and Terrorism Subcommittee. Closed briefing on counterterrorism priorities. Location: Room S-407, Capitol.

2 p.m. APPROPRIATIONS _ Fu7ll Committee. Markup of FY06 supplemental appropriations for hurricane relief and operations in Iraq and Afghanistan. Location: Room 106, Dirksen.

2:30 p.m. ARMED SERVICES _ Personnel Subcommittee. Hearing on the FY07 budget for health benefits for military personnel. Air Force Vice Chief of Staff Gen. John Corley; Undersecretary of Defense David Chu; Army Vice Chief of Staff Gen. Richard Cody. Location: Room 222, Russell.

2:30 p.m. SELECT INTELLIGENCE _ Full Committee. Closed hearing on intelligence issues. Members only. Location: Room 219, Hart.

3 p.m. BANKING, HOUSING AND URBAN AFFAIRS _ Housing and Transportation Subcommittee. Hearing on the reform of the FHA's Title I Manufacturered Housing Loan Programs. Assistant HUD Secretary Brian Montgomery; Michael Frenz, Ginnie Mae; Kevin Clayton, Clayton Homes. Location: Room 538, Dirksen.

3:30 p.m. ARMED SERVICES _ Seapower Subcommittee. Hearing on FY07 budget for the U.S. Transportation Command. Gen. Norton Schwartz, commander of the command, and Gen. Duncan McNabb, commander, Air Mobility Command. Location: Room 222, Russell.

US House: FLOOR SCHEDULE _ 12:30 p.m. Meets for morning hour and at 2 p.m. for legislative business. Highlights: Suspensions (6 bills): 1) H.J.Res. 81 - Providing for the appointment of Phillip Frost as a citizen regent of the Board of Regents of the Smithsonian Institution; 2) H.J.Res. 82 - Providing for the reappointment of Alan G. Spoon as a citizen regent of the Board of Regents of the Smithsonian Institution; 3) H.Con.Res. 355 - Recognizing the benefits and importance of school-based music education, and for other purposes; 4) H.Res. 703 - Recognizing the 20th anniversary

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of the Chernobyl nuclear disaster and supporting continued efforts to control radiation and mitigate the adverse health consequences related to the Chernobyl nuclear power plant; 5) H.Res. 744 - Expressing support for the Good Friday Agreement of 1998 as the blueprint for lasting peace in Northern Ireland and support for continued police reform in Northern Ireland as a critical element in the peace process; 6) H.Res. 692 - Commending the people of the Republic of the Marshall Islands for the contributions and sacrifices they made to the United States nuclear testing program in the Marshall Islands, solemnly acknowledging the first detonation of a hydrogen bomb by the United States on March 1, 1954, on the Bikini Atoll in the Marshall Islands, and remembering that 60 years ago the United States began its nuclear testing program in the Marshall Islands.

9 a.m. ARMED SERVICES _ Projection Forces Subcommittee. Hearing on the U.S. shipbuilding industry. Acting Undersecretary of Defense Gary Powell; Deputy Assistant Navy Secretary Allison Stiller; Vice Adm. Paul E. Sullivan, commander, Naval Sea Systems Command; Rear Adm. Charles S. Hamilton II, Naval Sea Systems Command; Rick Self, National Shipbuilding Research Program; Cynthia L. Brown, American Shipbuilding Association; Mark L. Montroll, National Defense University. Location: Room 2212, Rayburn.

10 a.m. APPROPRIATIONS _ Transportation, Treasury, HUD, the Judiciary and the District of Columbia Subcommittee. Hearing on FY07 appropriations for the Supreme Court. Justices Anthony Kennedy and Clarence Thomas. Location: Room 2358, Rayburn.

10 a.m. ENERGY AND COMMERCE _ Oversight and Investigations Subcommittee. Hearing on sexual predators and the Internet. Sharon Cooper, University of North Carolina; Justin Berry, Bakersfield, Calif.; Ken Gourlay, Royal Oak, Mich.; Ernie Allen, executive director, National Center for Missing and Exploited Children, Alexandria, Va.; Parry Aftab, executive director, Wired Safety, Irvington-on-Hudson, N.Y.; Shannon Sullivan, teen angel, Wired Safety, Irvington-on-Hudson, N.Y.; Teri Schoeder, president and program director, I Safe America, Carlsbad, Calif.; Moni Sallam, mentor, Safe America, Carlsbad, Calif. Location: Room 2123, Rayburn.

10 a.m. GOVERNMENT REFORM _ Full Committee. Hearing on visa processing delays. Deputy Assistant Secretary of State Tony Edson; Jess T. Ford, GAO; Yo-Yo Ma, artistic director, The Silk Road Project Inc.; Sandra L. Gibson, president and CEO, Association of Performing Arts Presenters; Dennis J. Slater, president, Association of Equipment Manufacturers; Kevin Schofield, general manger, Strategy and Communications, Microsoft Research; Elizabeth C. Dickson,Ingersoll-Rand Co. Location: Room 2154, Rayburn.

10 a.m. JUDICIARY _ Concsitution Subcommittee. Hearing on lobbying reform. Location: Room 2141, Rayburn.

12 p.m. JUDICIARY _ Commercial and Administrative Law Subcommittee. and Constitution Subcommittee. Joint hearing on government acquisition of personal information bought through information resellers. Linda D. Koontz, GAO; Maureen Cooney, acting chief privacy officer, Homeland Security Department; Peter Swire, Moritz College of Law, Ohio State University; Stuart Pratt, president and CEO, Consumer Data Industry Association. Location: Room 2141, Rayburn.

1:30 p.m. APPROPRIATIONS _ Military Quality of Life and Veterans Affairs, and Related Agencies Subcommittee. Hearing on defense health programs. Location: Room H-143, Capitol.

2 p.m. APPROPRIATIONS _ Science, State, Justice, Commerce and Related Agencies Subcommittee. Hearing on FY07 appropriations for the Office of Science and Technology Policy. Location: Room H-309, Capitol.

2 p.m. ARMED SERVICES _ Tactical Air and Land Forces Subcommittee. Hearing on combat systems and protection initiatives. Paul L. Francis, GAO; Janet St. Laurent, GAO; Mike Gilmore, CBO; Assistant Army Secretary Claude M. Bolton; Army Deputy Chiefs of Staff Lt. Gen. David F. Melcher and Lt. Gen. James J. Lovelace; Lt. Gen. James N. Mattis, commanding general, Marine Corps Combat Development Command. Location: Room 2118, Rayburn.

2 p.m. GOVERNMENT REFORM _ Federal Workforce and Agency Organization Subcommittee. Hearing on federal workforce issues regarding airport security. Location: Room 2203, Rayburn.

2 p.m. GOVERNMENT REFORM _ National Security, Emerging Threats and International Relations Subcommittee. Hearing on NRC facility standards since 9/11. Jim Wells, GAO; Nils Diaz, chairman, Nuclear Regulatory Commission; Connecticut Attorney General Richard Blumenthal; Danielle Brian, executive director, Project of Government Oversight; Marvin Fetel, vice president and chief nuclear officer, Nuclear Energy Institute; Chris Crane, president and chief nuclear officer, Exxon Generation Co. LLC. Location: Room 2247, Rayburn.

2 p.m. TRANSPORTATION AND INFRASTRUCTURE _ Highways, Transit and Pipelines Subcommittee. Hearing on reliability of Highway Trust Fund revenue estimates. Location: Room 2167, Rayburn.

2:30 p.m. APPROPRIATIONS _ Foreign Operations, Export Financing and Related Programs Subcommittee. Hearing on FY07 budget for the State Department. Secretary Rice. Location: Room 2359, Rayburn.

3:30 p.m. RULES _ Full Committee. Meeting to set rules for floor debate. Location: Room H-313, Capitol.

4 p.m. ARMED SERVICES _ Full Committee. Hearing on agency cooperation in the war on terrorism. Joint Chiefs of

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Staff Vice Chairman Adm. Edmund Giambastiani; Amb. Henry Crumpton; Vice Adm. John Scott Redd, National Counterterrorism Center. Location: Room 2118, Rayburn.

5 p.m. ENERGY AND COMMERCE _ Telecommunications and the Internet Subcommittee. Markup. of miscellaneous business. Location: Room 2123, Rayburn.

Other: GERMAN FOREIGN MINISTER FRANK-WALTER STEINMEIER _ Highlights: Schedule includes discussions with senators, a noon news conference and dinner with Secretary of State Rice. Details have not been announced.

PAKISTANI INTERIOR MINISTER AFTAB AHMAD KAHAN SHERPAO _ Highlights: 10 a.m. Meets with Undersecretary of State Nicholas Burns. 11:30 a.m. Meets with Attorney General Gonzales. 1:30 p.m. Meets with Deputy National Securit6y Adeviser J.D. Crouch. White House. 2:45 p.m. Meets with Amb. at Large John Miller. 3:45 p.m. Meerts with Deputy DEA Administrator Michele Leonhart. 5 p.m. Meets with Rep. Ed Royce. Room 2202, Rayburn. 6 p.m. Meets with Undersecretary of Defense Eric Edelman, Pentagon.

BUILDING AND CONSTRUCTION _ The Building and Construction Trades Department, AFL-CIO, holds its 2006 Legislative Conference. Highlights: 9 a.m. - 11:30 a.m. Reps. Robert Simmons, R-Conn.; Steny Hoyer, D-Md.; Stephanie Tubbs Jones, D-Ohio; and Linda Sanchez, D-Calif. John Sweeney, president, AFL-CIO; and Sen. john McCain, R-Ariz. Location: Washington Hilton and Towers, 1919 Connecticut Ave. NW.

HISPANIC BUSINESSES _ The United States Hispanic Chamber of Commerce (USHCC) holds its 16th Annual Legislative Conference Immigration reform, telecommunications reform, and advancing federal procurement opportunities are among the key issues that will receive top billing at this years legislative conference. Highlights: 9 a.m. - 12 p.m. Immigration Summit. Sen. Sam Brownback, R-Kansas; Representatives Jim Kolbe and Luis Gutierrez, and Mexican Ambassador Carlos de Icaza will participate. 9:30 a.m. Sen. John McCain, R-Ariz., Sen. Sam Brownback, R-Kan., and Sen. John Cornyn, R-Texas. 1 p.m. White House brefing with keynote address by Attorney General Alberto Gonzales. 5:15 p.m. Political party briefing with Reps. Joe Baca, Lincoln Diaz-Balart, Luis Fortuno, others. Reagan Trade Center. Location: Ronald Reagan Building and International Trade Center, 1300 Pennsylvania Ave. NW.

CHINA-INDUSTRIAL SUBSIDIES _ 9 a.m. - 5 p.m. The US-China Economic and Security Review Commission holds a public hearing to assess China's compliance with its World Trade Organization accession on subsidies, examine what constitutes China's subsidy regime, evaluate the level of transparency of China's economic planning process, and identify how China's industrial subsidies negatively or positively affect U.S. companies, investors or workers. Location: Room 2325, Rayburn House Office Building.

CLIMATE-GREENHOUSE GASES _ 9:30 a.m. - 12 p.m. The Senate Energy & Natural Resources Committees hosts a group of panelists comprised of government, business, and environmental organizations for a bipartisan discussion on climate and how Congress might go about creating a mandatory trading program to control US greenhouse gas emissions. Location: Room G-50, Dirksen Senate Office Building.

JOHANNS _ 8 a.m. Agriculture Secretary Johanns speaks at the Government Performance Summit. Location: Wyndham City Center Hotel, 1143 New Hampshire Ave. NW.

IMMIGRATION SURVEY _ 9 a.m. Pew Hispanic Center Directort Roberto Suro and Pew Research Center Presidenty Andrew Kohut hold a briefing on a new survey on immigration. Location: St. Regis Hotel, 16th and K Sts. NW.

IMMIGRATION-CIVIC ACTION _ 9:30 a.m. Organizers of the March 25 immigration march and rally in Los Angeles hold a news conference to announce their next national action. Location: National Press Club.

MEHLMAN-DENTAL ASSOCIATION _ 10:30 a.m. Republican National Chairman Ken Mehlman addresses the American Dental Association. Location: J.W. Marriott Hotel, Grand Ballroom, 1331 Pennsylvania Ave. NW.

FINANCIAL LITERACY _ 11 a.m. Treasury Secretary Snow and US Treasurer Anna Cabral, others, launch the National Strategy for Financial Literacy. Location: Room 4121, main Treasury.

WEINBERGER FUNERAL _ 11 a.m. Funeral for Caspar Weinberger. Location: Section 30, Arlington National Cemetery.

SMITH-HUMAN RIGHTS _ 11 a.m. - 12 p.m. Rep. Chris Smith, R-N.J., addresses students at American University's Washington College of Law on how to implement a bipartisan approach to human rights. Location: Room 600 of the law school, 4801 Massachusetts Ave. NW.

BOEHNER _ 11:30 a.m. House Majority Leader Rep. John Boehner holds a pen and pad only briefing. Location: Room H-107, Capitol.

CHAMBLISS _ 11:30 a.m. Sen. Saxby Chambliss holds a telephone briefing on immigration reform. Notes: Callin number: 888-396-9929; passcode: Chambliss.

IMMIGRATION REFORM _ 11:30 a.m. Sens. Joe Lieberman, D-Conn., Edward Kennedy, D-Mass., others, hold a press conference on comprehensive immigration reform and the need for improved border security. Location: Senate Radio/TV Gallery.

TERRORISM _ 11:30 a.m. The Center for Strategic and International Studies holds a panel discussion on the transatlantic dialogue on terrorism, with Daniel Benjamin, Marc Sageman, Karin von Hippel and Julianne Smith, all of CSIS. Location: B-1 conference level, 1800 K St. NW.

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HEALTH CARE SAVINGS _ 12 p.m. Bob Litan, a scholar at both the Kauffman Foundation and the Brookings Institution. holds a briefing to present findings from a recent report on how accelerated broadband deployment in the United States could deliver hundreds of billions of dollars to the U.S. economy. Location: Room 2322, Rayburn House Office Building.

HOYER _ 12 p.m. House Democratic Whip Rep. Steny Hoyer holds a pen and pad only briefing. Location: Room H-306, Capitol.

INTELLIGENCE SUPPORT-MILITARY _ 12 p.m. The Council on Foreign Relations holds a meeting on ``Intelligence Support to the Military." Speakers include Rep. Jane Harman, D-Calif.; and John McLaughlin, senior fellow, Merrill Center for Srategic Studies, SAIS; former acting director of the CIA. Location: Council on Foreign Relations, 1779 Massachusetts Ave. NW.

SENATE-LOUISIANA _ 12:15 p.m. Senate Louisiana delegation and state political leaders will join in urging the Senate to include funding for hurricane protection levees and Louisiana housing in the Supplemental Appropriations bill. Location: Senate Swamp.

DEMOCRATS _ 12:30 p.m. The Democratic Policy Committee holds a closed meeting. Location: Room S-211, Capitol. Notes: Gallery escort leaves at 11:30 a.m. from the Ohio Clock Corridor.

REPUBLICANS _ 12:30 p.m. The Senate Republican Policy Committee holds a closed meeting. Location: Room S-207, Capitol. Notes: Gallery escort leaves at 11:30 a.m. from the Ohio Clock Corridor.

WHISTLEBLOWERS _ 12:30 p.m. Presentation of the annual Ridenhour Awards to recognize whistleblowers. Location: National Press Club.

US-INDONESIA _ 1:40 p.m. Joint news conference with USTR Rob Portman and Indonesian Trade Minister Mari Pangestu. Location: USTR, 600 17th St. NW.

FAIR HOUSING _ 2 p.m. HUD Secretary Jackson, others, kick off Fair Housing Month. Location: HUD cafeteria, 451 7th St. SW.

DEMOCRATS-SECURITY _ 2:15 p.m. House Democratic Leader Nancy Pelosi, Congresswoman Hilda L. Solis, Chair of the Democratic Women's Working Group, and Congresswoman Ellen Tauscher, Member of the House Armed Services Committee, will join first responders at a press conference tomorrow to discuss ``Real Security: A Democratic Plan to Secure America and Restore Our Image in the World." Location: Room HC-9, Capitol.

GOP LEADERSHIP _ 3:45 p.m. House Speaker Dennis Hastert joins House Republican Leaders to discuss Border Security, Budget Reform, and 527 Reform. Location: Room H-230 (balcony area), Capitol.

GOP-ENVIRONMENT _ 4:30 p.m. Senator Chaffee and Congressman Boehlert hold an event with Republicans for Environmental Protection. Location: Russell Park.

JOURNALISTS HONORED _ 6 p.m. Georgetown University honors journalists Anne Garrels of NPR, George Packer of The New Yorker, Christiane Amanpour of CNN and Doonesbury creator Garry Trudeau. After the presentation, Amanpour and others will hold a panel discussion on Iraq. Location: Bunn Center auditorium, Georgetown University.

WHITE HOUSE PRESS _ 8 p.m. - 9 p.m. American University's School of Communication will hosts a panel discussion titled, ``The White House Press Corps: Then and Now." Panelists include: Alexis Simendinger, White House correspondent, National Journal; Helen Thomas, Hearst News Service reporter and dean of the White House Corps; Kenneth T. Walsh, Chief White House correspondent, U.S. News & World Report; and Mark McDonald, program director, WAMU 88.5 FM and AU School of Communication broadcast journalist in residence. Location: Mary Graydon Center, University Club, 4400 Massachusetts Ave. NW.

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Johansen, Janine (CIV)

From: Johansen, Janine (CIV)

Sent: Tuesday, April 04, 2006 9:21 AM

To: Baroukh, Nader (DHS); Kelliher, Brian (DHS); Levy, Andrew (DHS); Rosenberg, Ron; Wiggins, Mike (DHS); Calvert, Chris (CIV); Christian, Forrest (CIV); Clement, Paul D; Eisenberg, John; Garvey, Vincent (CIV); Gilligan, Jim (CIV); Gorsuch, Neil M; Henry, Terry (CIV); Hunt, Jody (CIV); Johansen, Janine (CIV); Katerberg, Robert (CIV); Katsas, Gregory (CIV); Keisler, Peter D (CIV); Kline, David (CIV); Lawrence, Craig (USADC); Letter, Douglas (CIV); Loeb, Robert (CIV); Marcus, Jonathan L; Marshall, C. Kevin; Miller, Eric (CIV); Monheim, Thomas; Nichols, Carl (CIV); Noronha, Preeya (CIV); Okun, Robert; Patterson, Nicholas (CIV); Perez, Marc (CIV); Riley, Sharon (CIV); Rowan, Patrick (ODAG); Salmons, David B; Schwartz, James (CIV); Swingle, Sharon (CIV); Warden, Andrew (CIV); White, Ned (CIV); Becker, Grace Chung; Blazewick, CDR Robert; Bond, Kent; Boomer, MAJ Jane E.; Cdr. Crisfield; Das, Himamauli; Delicante, Tony; Haley, Lt. Lauren; Leff, Capt Oren; Lowery, LTC Kermit; McGarrah, RADM James; McPalmer, CDR Theresa; Mehrer, Bert W.; Miller, Charles S; Price, Capt. Eric C.; Rodriguez-Feo, LCDR Armando; Roehrkasse, Brian; Scolinos, Tasia; Smith, Cynthia; Steinbeck, Maj. Carl; Taylor, TSgt Barbara; Wiegmann, Brad; Wolf, Lt. Ian P.; Dolan, JoAnn; Ferry, Jonathan; Haines, Avril; Martinez, John; Matt Lavine; McNally, Richard; Padmanabhan, Vijay; Barnes, Maj. Kevin; beaverd@dodgc.osd.mil; Brasure, Ian; Couch, LtCol V. Stuart; Davis, Col. Morris D.; French, Christina; galvin, R; Heckerk@dodgc.osd.mil; Hyams, Ross; Jimenez, Frank; loftusk@dodgc.osd.mil; Parke, LTC Stephen; Pearson, Randy; Shawn Gray; Stroble, Kelvin M.; taittj@dodgc.osd.mil; Vitale, LTC Dale T.; wildermp@dodgc.osd.mil

Subject: GTMO Filings

Attachments: Alsaaei Motion for Exedited Entry of PO - Prop Order.pdf; Alsaaei Motion for Exedited Entry of PO.pdf; Al Darby Motion for Expedited Entry of PO - Prop Order.pdf; Al Darby Motion for Expedited Entry of PO.pdf; Khan Motion for Entry of Protective Order - Prop Order.pdf; Khan Motion for Entry of Protective Order.pdf; Khan Motion for Entry of Protective Order - Memorandum.pdf; Order staying J Huvelle cases 3-31-06.pdf; Awad Pets Motion for Entry of PO REPLY.pdf; Said opp - request for expedited ruling.pdf

Please see attached filings in the following GTMO cases:

1) Alsaaei -- Motion for Expedited Entry of Protective Order (no exhibits attached) (3/31/06)

2) Al Darby -- Motion for Expedited Entry of Protective Order (no exhibits attached) (3/31/06)

3) Khan (05-1491) -- Motion for Entry of Protective Order (3/31/06) (no exhibits attached)

4) Doe (05-1458); Mamet (05-1602); Nakheelan; Al Khatemi; Thabid -- Order staying J. Huvelle's cases (3/31/06)

5) Awad -- Pets Reply to Motion for Entry of PO

6) Said -- Resp. Opp to request for Expedited ruling (4/3/06)

Thanks,

Janine Johansen

IN THE UNITED STATES DISTRICT COURT
FOR THE DISTRICT OF COLUMBIA

AHMED AL DARBY, *et al.,* *Petitioners,*	)	
v.	)	Civil Action No. 05-CV-2371 (RCL)
GEORGE W. BUSH, President of the United States, *et al.,* *Respondents.*	)	

[PROPOSED] ORDER

Petitioners' Motion for Expedited Entry of the Protective Order is hereby GRANTED. The following orders entered the *In re Guantanamo Detainee Cases* shall be fully applicable in this case as if entered herein: (1) Amended Protective Order and Procedures for Counsel Access to Detainees at the United States Naval Base in Guantánamo Bay, Cuba, issued November 8, 2004 (344 F. Supp. 2d 174 (D.D.C. 2004)); (2) Order Addressing Designation Procedures for "Protected Information," issued November 10, 2004; and (3) Order Supplementing and Amending Filing Procedures Contained in November 8, 2004 Amended Protective Order, issued December 13, 2004.

SO ORDERED this ___ day of _____, 2006.

_____
ROYCE C. LAMBERTH
United States District Judge

IN THE UNITED STATES DISTRICT COURT
FOR THE DISTRICT OF COLUMBIA

AHMED AL DARBY, *et al.,* *Petitioners,*	)	
v.	)	Civil Action No. 05-CV-2371 (RCL)
GEORGE W. BUSH, President of the United States, *et al.,* *Respondents.*	)	

MOTION FOR EXPEDITED ENTRY OF THE PROTECTIVE ORDER

Petitioner Ahmed al Darby, acting on his own behalf and through his Next Friend, Petitioner Mohammed Mohammed Hassen (collectively, "Petitioners"), and through his undersigned counsel, respectfully requests that the Court immediately enter the Amended Protective Orders first entered by Judge Green in the *In re Guantanamo Detainee Cases* and since entered in related *habeas* proceedings before this Court (the "Protective Order"). *See*, *e.g.*, *Attash v. Bush*, No. 05-1592 (RCL) (D.D.C. Sep. 1, 2005).[1] As the Court is aware, the Protective Order includes the following orders entered in the *In re Guantanamo Detainee Cases*:

1. The Amended Protective Order and Procedures for Counsel Access to Detainees at the United States Naval Base in Guantánamo Bay, Cuba, first issued by Judge Green on November 8, 2004 (344 F. Supp. 2d 174) (D.D.C. 2004)) (attached as Ex. A);

2. The Order Addressing Designation Procedures for "Protected Information," first issued on November 10, 2004 (attached as Ex. B); and

[1] This Motion is made without prejudice to Petitioners' right to seek modification of any particular terms in the Protective Order in the future.

3. The Order Supplementing and Amending Filing Procedures Contained in November 8, 2004 Amended Protective Order, first issued on December 13, 2004 (attached as Ex. C).

Upon information and belief, Petitioner al Darby has been held for over four years, virtually *incommunicado*, by the United States at Guantánamo Bay Naval Station ("Guantánamo"). Petitioners initiated the instant proceeding by filing a Petition for Writ of *Habeas Corpus* on December 12, 2005. As set forth in that application, Petitioners allege that the imprisonment of Petitioner al Darby at Guantánamo is unlawful and violates his fundamental rights to due process as protected by the United States Constitution, as well as the Alien Tort Claims Act, the Third and Fourth Geneva Conventions, United States military law, and customary international law. *See* Petition (dkt. no. 1).

Additionally, undersigned counsel recently learned that, upon information and belief, Petitioner al Darby is now a key witness in the court martial of Army Pfc. Damien M. Corsetti, involving charges of detainee abuse at the U.S. military base in Bagram, Afghanistan. *See* Alicia A. Caldwell, *Soldier Pleads Not Guilty in Detainee Harm*, Wash. Post., Mar. 28, 2006 (attached as Ex. D). Upon information and belief, Petitioner al Darby has accused Army Pfc. Corsetti of hitting detainees and "threatening to sexually assault them." *Id.* Trial is scheduled to begin on May 30, 2006 at Fort Bliss, Texas. *Id.* Thus the need for Petitioner al Darby to confer with counsel, which was clear and immediate, is now especially acute.[2]

Petitioners seek to avail themselves of the jurisdiction of this Court as confirmed in *Rasul v Bush*, 542 U.S. 466 (2004). Until the Protective Order is entered, however, the Government will not allow privileged communications between undersigned counsel and Petitioner al Darby

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[2] As a threshold matter, entry of the Protective Order will also enable undersigned counsel to confirm that Petitioner al Darby is in fact the individual named as the witness in Army Pfc. Corsetti's court martial.

and will not allow undersigned counsel to meet with Petitioner al Darby at Guantánamo. *See In re Guantanamo Detainee Cases*, 344 F. Supp. 2d 174, 184 (D.D.C. 2004) ("[t]o have access to the detainee, counsel must agree to comply fully with these procedures [the Protective Order] and must sign and affirmation acknowledging his/her agreement to comply with them."). Counsel for Respondents refuses to consent to entry of the Protective Order, "in light of the statutory withdrawal of the Court's jurisdiction in the Detainee Treatment Act of 2005, as well as the failure to establish proper next friend standing in this action." *See* email from Preeya Noronha to Veronica Vela (Jan. 23, 2006) (attached as Ex. E). The courts of this District have recognized that neither ground for Respondents' opposition has any merit.

The Detainee Treatment Act of 2005, Pub. L. No. 109-148, tit. X, 119 Stat. 2680 (2005) (hereinafter "DTA"), is irrelevant to this motion. Addressing this same issue, Magistrate Judge Kay held that the "question of when, and under what circumstances the existing Protective Order permits [Petitioner] to meet with his lawyer has no bearing on the question of which Court has jurisdiction to review the merits of Petitioner's challenge to his detention." *Adem v. Bush,* No. 05-723 (RWR) (AK), Mem. Op. at 22 (D.D.C. Mar. 21, 2006) (dkt no. 36). Moreover, while entry of the Protective Order will not impact the ultimate disposition of Petitioners' substantive claims or prejudice Respondents in any way, forcing Petitioners to await the higher courts' determination of the applicability of the DTA[3] will delay by several months any contact between Petitioner al Darby and his counsel, "render[ing] his right to counsel meaningless." *See Id.* at 22 n.25.

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[3] On March 28, 2006, the Supreme Court of the United States heard oral argument on, *inter alia*, the applicability of the DTA to currently pending Guantánamo detainee habeas petitions. The applicability of the DTA to currently pending Guantánamo detainee habeas petitions was also argued before the Court of Appeals for the District of Columbia on March 22, 2006.

Several judges of this Court have entered the Protective Order since the enactment of the DTA. *See, e.g.*, *Thabid v. Bush*, No. 05-2398 (ESH), Min. Order (D.D.C. Mar. 21, 2006); *Razakah v. Bush*, No. 05-2370 (EGS), Min. Order (D.D.C. Mar. 17, 2006); *Wahab v. Bush*, No. 05-886 (EGS), Min. Order (D.D.C. Mar. 17, 2006). Furthermore, Respondents have not relied upon the DTA to seek revocation of the Protective Order in the dozens of Guantánamo detainee cases in which judges of this Court have already entered the Protective Order. In those cases, the attorneys continue to communicate with and visit their clients at Guantánamo. Respondents' opposition to entry of the Protective Order here is without merit and plainly arbitrary.

Second, Respondents' challenge to the Next Friend standing of Petitioner Hassen is both unripe for review and misguided, since Petitioner al Darby and undersigned counsel must be able to meet in order for undersigned counsel to obtain proof of its authority to represent Petitioner al Darby. In fact, the Protective Order specifically allows counsel two visits with Petitioner al Darby *before* "[c]ounsel shall provide evidence of his or her authority to represent the detainee…." *In re Guantanamo Detainee Cases*, 344 F. Supp. 2d at 185. Magistrate Judge Kay, addressing the identical question of whether Respondents could challenge the validity of counsel's authorization prior to allowing counsel the two visits with their client as proscribed in the Protective Order, conducted a thorough analysis of the language of the Protective Order and held that a challenge to Next Friend standing is unripe for judicial review until after counsel has had its two visits with the client. *See Adem v. Bush* at 23-25.

Entry of the Protective Order will ensure that undersigned counsel can meet and communicate with Petitioner al Darby with the appropriate assurances of confidentiality and privilege. Accordingly, Petitioners respectfully request that the Protective Order be entered in the instant case forthwith.

WHEREFORE, for the foregoing reasons and for any other reason that may become known to the Court, the motion should be granted.

Dated: March 31, 2006

Respectfully Submitted,

SIMPSON THACHER & BARTLETT LLP

/s/ Paul C. Curnin

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IN THE UNITED STATES DISTRICT COURT
FOR THE DISTRICT OF COLUMBIA

ABDULLAH ALI SALEH GERAB ALSAAEI, *et al.,*	)	
Petitioners,	)	
v.	)	Civil Action No. 05-CV-2369 (RWR)
GEORGE W. BUSH, President of the United States, *et al.,*	)	
Respondents.	)	

[PROPOSED] ORDER

Petitioners' Motion for Expedited Entry of the Protective Order is hereby GRANTED. The following orders entered the *In re Guantanamo Detainee Cases* shall be fully applicable in this case as if entered herein: (1) Amended Protective Order and Procedures for Counsel Access to Detainees at the United States Naval Base in Guantánamo Bay, Cuba, issued November 8, 2004 (344 F. Supp. 2d 174 (D.D.C. 2004)); (2) Order Addressing Designation Procedures for "Protected Information," issued November 10, 2004; and (3) Order Supplementing and Amending Filing Procedures Contained in November 8, 2004 Amended Protective Order, issued December 13, 2004.

SO ORDERED this ___ day of _____, 2006.

_____
RICHARD W. ROBERTS
United States District Judge

IN THE UNITED STATES DISTRICT COURT
FOR THE DISTRICT OF COLUMBIA

ABDULLAH ALI SALEH GERAB ALSAAEI, *et al.,*	)	
Petitioners,	)	
v.	)	Civil Action No. 05-CV-2369 (RWR)
GEORGE W. BUSH, President of the United States, *et al.,*	)	
Respondents.	)	

MOTION FOR EXPEDITED ENTRY OF THE PROTECTIVE ORDER

Petitioner Abdullah Ali Saleh Gerab Alsaaei, acting on his own behalf and through his Next Friend, Petitioner Ali Saleh Bin Gerab Al-Abdullah Own Saari (collectively, "Petitioners"), and through his undersigned counsel, respectfully requests that the Court immediately enter the Amended Protective Orders first entered by Judge Green in the *In re Guantanamo Detainee Cases* and since entered in related *habeas* proceedings before this Court (the "Protective Order"). *See*, *e.g.*, *Algatele v. Bush,* No. 05-1669 (RWR) (D.D.C. Nov. 1, 2005) (dkt. no. 3); *Al-Rubaish v. Bush*, No. 05-1714 (RWR) (D.D.C. Nov. 1, 2005) (dkt. no. 3); *Hamoud v. Bush*, No. 05-1894 (RWR) (D.D.C. Nov. 1, 2005) (dkt. no. 3); *Adem v. Bush*, No. 05-723 (RWR) (D.D.C. Jun. 6, 2005) (dkt. no. 12).[1] As the Court is aware, the Protective Order includes the following orders entered in the *In re Guantanamo Detainee Cases*:

1. The Amended Protective Order and Procedures for Counsel Access to Detainees at the United States Naval Base in Guantánamo Bay, Cuba, first

[1] This Motion is made without prejudice to Petitioners' right to seek modification of any particular terms in the Protective Order in the future.

issued by Judge Green on November 8, 2004 (344 F. Supp. 2d 174) (D.D.C. 2004)) (attached as Ex. A);

2. The Order Addressing Designation Procedures for "Protected Information," first issued on November 10, 2004 (attached as Ex. B); and

3. The Order Supplementing and Amending Filing Procedures Contained in November 8, 2004 Amended Protective Order, first issued on December 13, 2004 (attached as Ex. C).

Respondents have recently confirmed that Petitioner Alsaaei is detained by the United States at the Guantánamo Bay Naval Station ("Guantánamo"). *See* email from Preeya Noronha to Veronica Vela, dated Feb. 15, 2006 (attached as Ex. D). Upon information and belief, Petitioner Alsaaei has been held virtually *incommunicado* at Guantánamo for over four years. Petitioners initiated the instant proceeding by filing a Petition for Writ of *Habeas Corpus* on December 12, 2005. As set forth in that application, Petitioners allege that the imprisonment of Petitioner Alsaaei at Guantánamo is unlawful and violates his fundamental rights to due process as protected by the United States Constitution, as well as the Alien Tort Claims Act, the Third and Fourth Geneva Conventions, United States military law, and customary international law. *See* Petition (dkt. no. 1).

Petitioners seek to avail themselves of the jurisdiction of this Court as confirmed in *Rasul v Bush*, 542 U.S. 466 (2004). Until the Protective Order is entered, however, the Government will not allow privileged communications between undersigned counsel and Petitioner Alsaaei and will not allow undersigned counsel to meet with Petitioner Alsaaei at Guantánamo. *See In re Guantanamo Detainee Cases*, 344 F. Supp. 2d 174, 184 (D.D.C. 2004) ("[t]o have access to the detainee, counsel must agree to comply fully with these procedures [the Protective Order] and must sign and affirmation acknowledging his/her agreement to comply with them."). Counsel for Respondents initially consented to entry of the Protective Order, explaining that Respondents did not intend "to block counsel access to properly represented petitioners." *See* Resps.' Mot. to

Stay Proceedings Pending Related Appeals, at 4 (dkt. no. 2). Yet, counsel for Respondents has now withdrawn this consent, relying upon the Detainee Treatment Act of 2005, Pub. L. No. 109-148, tit. X, 119 Stat. 2680 (2005) (hereinafter "DTA"), to argue that this Court no longer has jurisdiction over this action. *See* email from Preeya Noronha to Karen Abravanel, dated Mar. 28, 2006 (attached as Ex. E).

The DTA is irrelevant to this motion. Addressing this same issue, Magistrate Judge Kay held that the "question of when, and under what circumstances the existing Protective Order permits [Petitioner] to meet with his lawyer has no bearing on the question of which Court has jurisdiction to review the merits of Petitioner's challenge to his detention." *Adem v. Bush,* No. 05-723 (RWR) (AK), Mem. Op. at 22 (D.D.C. Mar. 21, 2006) (dkt no. 36). Moreover, while entry of the Protective Order will not impact the ultimate disposition of Petitioners' substantive claims or prejudice Respondents in any way, forcing Petitioners to await the higher courts' determination of the applicability of the DTA[2] will delay by several months any contact between Petitioner Alsaaei and his counsel, "render[ing] his right to counsel meaningless." *See id.* at 22 n.25.

Several judges of this Court have entered the Protective Order since the enactment of the DTA. *See, e.g.*, *Thabid v. Bush*, No. 05-2398 (ESH), Min. Order (D.D.C. Mar. 21, 2006); *Razakah v. Bush*, No. 05-2370 (EGS), Min. Order (D.D.C. Mar. 17, 2006); *Wahab v. Bush*, No. 05-886 (EGS), Min. Order (D.D.C. Mar. 17, 2006). Furthermore, Respondents have not relied upon the DTA to seek revocation of the Protective Order in the dozens of Guantánamo detainee

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[2] On March 28, 2006, the Supreme Court of the United States heard oral argument on, *inter alia*, the applicability of the DTA to currently pending Guantánamo detainee habeas petitions. The applicability of the DTA to currently pending Guantánamo detainee habeas petitions was also argued before the Court of Appeals for the District of Columbia on March 22, 2006.

cases in which judges of this Court have already entered the Protective Order. In those cases, the attorneys continue to communicate with and visit their clients at Guantánamo. Respondents' opposition to entry of the Protective Order here is without merit and plainly arbitrary.

Entry of the Protective Order will ensure that undersigned counsel can meet and communicate with Petitioner Alsaaei with the appropriate assurances of confidentiality and privilege. Accordingly, Petitioners respectfully request that the Protective Order be entered in the instant case forthwith.

WHEREFORE, for the foregoing reasons and for any other reason that may become known to the Court, the motion should be granted.

Dated: March 31, 2006

Respectfully Submitted,

SIMPSON THACHER & BARTLETT LLP

/s/ Paul C. Curnin

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Fax: (212) 614-6499

IN THE UNITED STATES DISTRICT COURT
FOR THE DISTRICT OF COLUMBIA

ADHAM MOHAMMED ALI AWAD,	)	
Petitioner,	)	
v.	)	Civil Action No. 05-2379 (JR)
GEORGE W. BUSH, *et al.*,	)	
Respondents.	)	

PETITIONER'S REPLY IN SUPPORT OF
MOTION FOR ENTRY OF PROTECTIVE ORDER

Pursuant to Local Civil Rule 7(d), Petitioner Adham Mohammed Ali Awad ("Mr. Awad") files this reply in further support of his Motion for Entry of Protective Order and in response to Respondent's Memorandum in Opposition to Petitioner's Motion for Entry of Protective Order ("Opposition").

In their December 22, 2005 Motion to Stay Proceedings, Respondents proposed that this Court enter the protective order in this proceeding. Respondents subsequently reversed their position and now oppose Petitioner's motion for entry of the protective order. The sole basis for Respondents' current position is that the Detainee Treatment Act of 2005 ("DTA"), Pub. L. No. 109-148, 119 Stat. 2680 (2005), enacted on December 30, 2005, strips this Court of jurisdiction and grants the D.C. Circuit exclusive jurisdiction "to determine the validity of any final decision of a Combatant Status Review Tribunal ("CSRT") that an alien is properly detained as an enemy combatant," *id.* § 1005(2)(1), Opp'n at 2. Respondents take the position that this Court should refrain from taking any action in this case while the D.C. Circuit determines the scope and effect of the DTA on pending habeas actions.

Respondents' argument is a red herring. First, Respondents overstate the reach of the DTA. There has been no ruling that the DTA will apply retroactively to habeas petitions filed by GTMO detainees before the enactment of the DTA[1]. Thus, Respondents' argument that the DTA strips this Court of jurisdiction to enter a protective order for counsel access is premature and without legal basis. Second, even if the DTA is found eventually by the higher courts to apply retroactively, the exclusive jurisdiction granted to the D.C. Circuit pertains solely to determining the validity of a final decision rendered by a CSRT.

Thus, under any application of the DTA, this Court would not encroach upon the D.C. Circuit's exclusive jurisdiction by entering the protective order in this proceeding. Moreover, under any interpretation the DTA contains no language concerning a detainee's right to access of counsel and therefore does not in any way affect, pertain to, or bar counsel access.

In addition, should the Supreme Court and the D.C. Circuit hold that the DTA deprives federal courts of jurisdiction to review habeas petitions filed by GTMO detainees prior to the enactment of the DTA, undersigned counsel believes in good faith that Mr. Awad would seek review by the D.C. Circuit of the CSRT's final decision regarding his classification as an "enemy combatant," as authorized by the DTA. *See* DTA, Pub. L. No. 109-138 §1005(e)(2), 119 Stat. 2680 (2005). This legal proceeding would require undersigned counsel to have access to Mr. Awad to discuss relevant facts and an opportunity to review the record of Mr. Awad's CSRT proceedings. Therefore, entry of the protective order at this time only would facilitate all possible proceedings arising from Mr. Awad's detention and, additionally, would impose no undue burden upon Respondents.

Respondents fail to acknowledge that several federal courts, including this Court, have been exercising their jurisdiction to grant the entry of protective orders *after* the enactment of the

[1] The Supreme Court heard oral argument on March 28, 2006, on this issue in *Hamdan v. Rumsfeld*, No. 05-184.

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DTA. This Court granted a protective order after the DTA was signed into law in *Khiali-Gul v. Bush*, No. 05-CV-877 (JR) (D.D.C. Jan 6, 2006) (Minute Order). Protective orders also were issued in *Bostan v. Bush*, No. 05-883 (RBW) (D.D.C. Jan. 9, 2006) and *Mohammad v. Bush*, No. 05-879 (RBW) (D.D.C. Jan. 9, 2006), and most recently protective orders were issued in *Razakah v. Bush*, No. 05-CV-2370 (EGS) (D.D.C. Mar. 17, 2006) (Minute Order) and *Thabid v. Bush*, No. 05-CV-2398 (ESH) (D.D.C. Mar. 21, 2006) (Minute Order).

Respondents clearly should have been aware of each of these post-DTA rulings granting protective orders when they filed their opposition, yet they remained silent and did not acknowledge, much less address, these orders. Respondents' silence on this issue, and their failure to present any argument as to why the protective order in this case should be denied when it has been granted in identical circumstances by this and other courts is a glaring omission in their opposition. The post-DTA protective orders entered by this and other courts further indicate that the DTA has no relevance to restricting access to counsel by GTMO detainees. The relief Petitioner seeks – entry of the protective order to enable his counsel to communicate with him – is no different than the relief granted in previous orders by this and other federal courts.

Respondents also claim that a protective order is unnecessary because the medical care provided at GTMO is "high quality medical care" comparable to that provided to active members of the armed forces. (Opp'n at 4). While the government may claim that high level medical care is offered at GTMO, there are no assurances that Mr. Awad has received the necessary medical care for his amputated leg and eye and arthritis problems. In fact, the government has not and will not provide Mr. Awad's counsel with any specific information regarding him or his physical condition. Not only is Petitioner's counsel entitled to receive basic and essential information regarding his physical condition as his legal representative, but such information is required in

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order to effectively represent Mr. Awad. Access to counsel is crucial to ensure that Mr. Awad receives all essential medical care, and the entry of the protective order is vital to ensure that such access is permitted while Mr. Awad still is in sufficiently good health to communicate effectively with his legal representatives.

CONCLUSION

For the foregoing reasons, Petitioner Adham Mohammed Ali Awad requests that the protective order entered in *In re Guantanamo Detainee Cases* be entered immediately.

Dated: April 3, 2006

Respectfully submitted,

ORRICK, HERRINGTON & SUTCLIFFE LLP

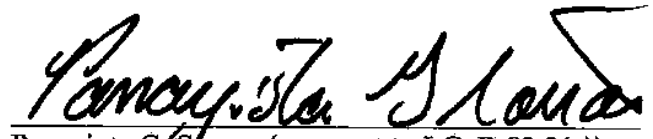

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(202) 339-8500 (fax)

Counsel for Petitioner

DOJ_NMG_0025130

CERTIFICATE OF SERVICE

I certify that a true and correct copy of the foregoing Petitioner's Reply in Support of Motion for Entry of Protective Order was served on this 3rd day of April, 2006, by this Court's Electronic Case Filing ("ECF") system upon the following:

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Terry M. Henry, Esquire
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preeya.noronha@usdoj.com

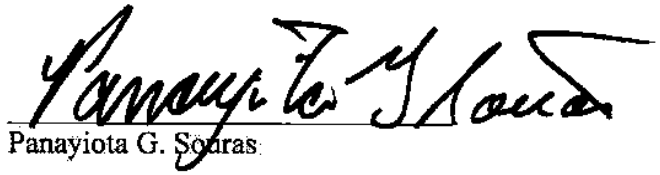

Panayiota G. Souras

IN THE UNITED STATES DISTRICT COURT
FOR THE DISTRICT OF COLUMBIA

SAWAT KHAN,	)	
Detainee,	)	
Guantanamo Bay Naval Station	)	
Guantanamo Bay, Cuba;	)	
	)	
	)	
***Petitioner*,**	)	**CIVIL ACTION**
	)	**(Habeas Corpus)**
	)	
	)	
v.	)	
	)	
	)	**No. 1:05-cv-01491-JR**
	)	
GEORGE W. BUSH, et al.,	)	
***Respondents*.**	)	

* * * * *

MEMORANDUM IN SUPPORT OF PETITIONER'S MOTION
FOR ENTRY OF PROTECTIVE ORDER

Petitioner Sawat Khan respectfully requests that this Court enter the Amended Protective Order and Procedures for Counsel Access to Detainees at the United States Naval Base in Guantanamo Bay, Cuba ("Amended Protective Order"), first issued on November 10, 2004, in the *In re Guantanamo Bay Detainee Cases* by then Coordinating Judge Joyce Hens Green and since entered in related habeas proceedings in this District Court (Exhibit A); the Order Supplementing and Amending Filing Procedures Contained in November 8, 2004 Amended Protective Order, first issued on December 13, 2004, in *In re Guantanamo Detainee Cases* (Exhibit B); and the Order Addressing Designation Procedures for "Protected Information," first issued on November 10, 2004 in *In re Guantanamo Detainee Cases* (Exhibit C).

The government conditions Petitioner's right to access to assigned counsel, as affirmed in *Al Odah, et al. v. Bush*, 346 F. Supp.2d 1 (D.D.C. 2004), upon entry of the Amended Protective Order, and undersigned counsel is prohibited from meeting with Petitioner until the Amended Protective Order is entered. In the absence of an order from the Court, counsel is also prohibited from sending or receiving legal mail from Petitioner and is therefore unable to initiate, let alone establish, a functioning attorney-client relationship. Entry of the Amended Protective Order would afford undersigned counsel the opportunities provided counsel in other pending Guantanamo Bay detainee cases to visit petitioners at Guantanamo Bay and to send them privileged attorney-client mail by way of the legal mail procedures outlined in the Amended Protective Order

Pursuant to Local Civil Rule 7(m), undersigned counsel for Petitioner has conferred with Respondents' counsel regarding the relief sought in this motion. Respondent' counsel opposes the motion. A proposed Protective Order is attached to this motion and memorandum. Although Petitioner is moving for entry of the Amended Protective Order, he reserves the right to challenge or seek modification of any particular terms of the Protective Order in the future, and to ask this Court to review any designation made by Respondents of particular information as "protected," as may be appropriate.

DOJ_NMG_0025133

Respectfully submitted,

_____

JAMES WYDA
Federal Public Defender

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100 South Charles Street
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Baltimore, Maryland 21201
(410) 962-3962

CERTIFICATE OF SERVICE

I HEREBY CERTIFY that on this 31st day of March, 2006, a copy of the foregoing Memorandum in Support of Petitioner's motion For Entry of Protective Order, was mailed certified-mail to: George W. Bush, President of the United States, The White House, 1600 Pennsylvania Avenue, N.W., Washington, D.C., 20500; Donald Rumsfeld, Secretary, United States Department of Defense, 1000 Defense Pentagon, Washington, D.C., 20301-1000; Army Brig. Gen. Jay Hood, Commander, Joint Task Force-GITMO, JTF-GITMO, APO AE 09360; and Army Col. Mike Bumgarner, Commander, Joint Detention Operations Group, JTF-GITMO, APO AE 09360.

_____

JAMES WYDA
Federal Public Defender
for the District of Maryland

DOJ_NMG_0025134

IN THE UNITED STATES DISTRICT COURT
FOR THE DISTRICT OF COLUMBIA

SAWAT KHAN,	)	
Detainee,	)	
Guantanamo Bay Naval Station	)	
Guantanamo Bay, Cuba;	)	
	)	
	)	
***Petitioner*,**	)	**CIVIL ACTION**
	)	**(Habeas Corpus)**
	)	
	)	
v.	)	
	)	
	)	**No. 1:05-cv-01491-JR**
	)	
GEORGE W. BUSH, et al.,	)	
***Respondents*.**	)	

* * * * *

(PROPOSED) ORDER

_____Upon consideration of Petitioner's Motion for Entry of Protective Order, it is hereby

ORDERED that the Amended Protective Order and Procedures for Counsel Access to Detainees at the United States Naval Base in Guantanamo Bay, Cuba, first issued on November 8, 2004, in *In re Guantanamo Detainee Cases*, 344 F. Supp.2d 174 (D.D.C. 2004), the Order Supplementing and Amending Filing Procedures Contained in November 8, 2004 Amended Protective Order, first issued on December 13, 2004, in *In re Guantanamo Detainee Cases*, and the Order Addressing Designation Procedures for "Protected Information," first issued on November 10, 2004 in *In re Guantanamo Detainee Cases*, shall be entered in this case.

IT IS SO ORDERED.

DATED:_____ _____
United States District Judge

DOJ_NMG_0025136

IN THE UNITED STATES DISTRICT COURT
FOR THE DISTRICT OF COLUMBIA

SAWAT KHAN, **Detainee,** **Guantanamo Bay Naval Station** **Guantanamo Bay, Cuba;**	)	
***Petitioner*,**	)	**CIVIL ACTION** **(Habeas Corpus)**
v.	)	
	)	**No. 1:05-cv-01491-JR**
GEORGE W. BUSH, et al., ***Respondents*.**	)	

* * * * *

PETITIONER'S MOTION FOR ENTRY OF PROTECTIVE ORDER

Counsel for Petitioner Sawat Khan, through undersigned counsel, hereby moves for an order for the entry of the Amended Protective Orders, as set forth in the accompanying Memorandum in Support of Petitioner's Motion.

Respectfully submitted,

_____

JAMES WYDA
Federal Public Defender

MARTIN G. BAHL
Staff Attorney
100 South Charles Street
Tower II, Suite1100
Baltimore, Maryland 21201
(410) 962-3962

CERTIFICATE OF SERVICE

I HEREBY CERTIFY that on this 31st day of March, 2006, a copy of the foregoing Petitioner's Motion for Entry of Protective Order, was mailed certified-mail to: George W. Bush, President of the United States, The White House, 1600 Pennsylvania Avenue, N.W., Washington, D.C., 20500; Donald Rumsfeld, Secretary, United States Department of Defense, 1000 Defense Pentagon, Washington, D.C., 20301-1000; Army Brig. Gen. Jay Hood, Commander, Joint Task Force-GITMO, JTF-GITMO, APO AE 09360; and Army Col. Mike Bumgarner, Commander, Joint Detention Operations Group, JTF-GITMO, APO AE 09360.

_____
JAMES WYDA
Federal Public Defender
for the District of Maryland

DOJ_NMG_0025138

IN THE UNITED STATES DISTRICT COURT
FOR THE DISTRICT OF COLUMBIA

SAWAT KHAN,	)	
Detainee,	)	
Guantanamo Bay Naval Station	)	
Guantanamo Bay, Cuba;	)	
	)	
	)	
***Petitioner*,**	)	**CIVIL ACTION**
	)	**(Habeas Corpus)**
	)	
	)	
v.	)	
	)	
	)	**No. 1:05-cv-01491-JR**
	)	
GEORGE W. BUSH, et al.,	)	
***Respondents*.**	)	

* * * * *

(PROPOSED) ORDER

_____Having considered Petitioner's Motion for Entry of Protective Order, it is hereby

ORDERED that the Amended Protective Order and Procedures for Counsel Access to Detainees at the United States Naval Base in Guantanamo Bay, Cuba, first issued on November 8, 2004, in *In re Guantanamo Detainee Cases*, 344 F. Supp.2d 174 (D.D.C. 2004), the Order Supplementing and Amending Filing Procedures Contained in November 8, 2004 Amended Protective Order, first issued on December 13, 2004, in *In re Guantanamo Detainee Cases*, and the Order Addressing Designation Procedures for "Protected Information," first issued on November 10, 2004 in *In re Guantanamo Detainee Cases*, shall apply to the above captioned case.

DOJ_NMG_0025139

IT IS SO ORDERED.

DATED:_____ _____
United States District Judge

DOJ_NMG_0025140

UNITED STATES DISTRICT COURT
FOR THE DISTRICT OF COLUMBIA

AHMED DOE, *et al.*, **Petitioners,** **v.** **GEORGE W. BUSH, *et al.*,** **Respondents.**	**Civil Action No. 05-1458 (ESH)**
EDHAM MAMET, *et al.*, **Petitioners,** **v.** **GEORGE W. BUSH, *et al.*,** **Respondents.**	**Civil Action No. 05-1602 (ESH)**
NAIF ABDULLA AL NAKHEELAN, *et al.*, **Petitioners,** **v.** **GEORGE W. BUSH, *et al.*,** **Respondents.**	**Civil Action No. 05-2201 (ESH)**
SALEH ZAID AL KHATEMI , *et al.*, **Petitioners,** **v.** **GEORGE W. BUSH, *et al.*,** **Respondents.**	**Civil Action No. 05-2248 (ESH)**

ALI THABID, *et al.*,	)	
Petitioners,	)	
v.	)	**Civil Action No. 05-2398 (ESH)**
GEORGE W. BUSH, *et al.*,	)	
Respondents.	)	

ORDER

On December 30, 2005, President Bush signed into law H.R. 2863, the Department of Defense, Emergency Supplemental Appropriations to Address Hurricanes in the Gulf of Mexico, and Pandemic Influenza Act of 2006 ("the Act"). Section 1005(e) of the Act, entitled Judicial Review of Detention of Enemy Combatants, raises serious questions concerning whether this Court retains jurisdiction to hear the above-captioned cases. The question of whether this Court retains jurisdiction to entertain these matters is currently pending resolution in the appellate courts. Accordingly, it is this 31st day of March, 2006, hereby

ORDERED that all pending motions in the above-captioned cases are **DENIED WITHOUT PREJUDICE** until such time the question of this Court's jurisdiction to adjudicate these cases is resolved;[1/] and it is

[1/] If it is concluded that this Court retains jurisdiction of these cases, the parties may file motions to reinstate the pending motions.

DOJ_NMG_0025142

FURTHER ORDERED that all action in the above-captioned cases is **STAYED** pending the resolution of this Court's jurisdiction.

s/
ELLEN SEGAL HUVELLE
United States District Judge

DOJ_NMG_0025143

IN THE UNITED STATES DISTRICT COURT
FOR THE DISTRICT OF COLUMBIA

SALIM SAID, *et al.*, Petitioners, v. GEORGE W. BUSH, President of the United States, *et al.,* Respondents.	)	Civil Action No. 05-CV-2384 (RWR)

RESPONDENTS' MEMORANDUM IN OPPOSITION TO
PETITIONERS' AMENDED REQUEST FOR EXPEDITED RULING

Respondents hereby oppose petitioners' request for an expedited ruling on their motion for entry of the protective order in this case.

In their Amended Request for Expedited Ruling (dkt. no. 12), petitioners suggest that respondents failed to submit a timely response to petitioners' Motion for Entry of Protective Order (dkt. no.6), which was filed and served on respondents via the Court's ECF system on March 15, 2006. See Pets' Amended Request for Expedited Ruling at 1 ("Petitioners' counsel received ECF notification that Respondents filed a response to the Motion after the close of business on March 30, 2006. To the knowledge of Petitioners' counsel, Respondents did not file a motion for leave to file the response out of time."). To the contrary, respondents' memorandum in opposition to petitioners' motion was filed within the time limitations provided by the Federal Rules of Civil Procedure and the Local Rules of this Court. Pursuant to Local Rule 7(b), a memorandum in opposition to a motion must be filed "[w]ithin 11 days of the date of service or at such other time as the Court may direct." LCvR 7(b). The computation of this

11-day period is governed by Rule 6 of the Federal Rules of Civil Procedure. See Fed. R. Civ. P. 6(a). According to Rule 6(a), when computing a prescribed period of time, the day on which the designated period of time begins shall not be included, but "[t]he last day of the period so computed shall be included, unless it is a Saturday a Sunday, or a legal holiday, . . . in which event the period runs until the end of the next day which is not one of the aforementioned days." Id. Rule 6(e) (as amended, effective December 1, 2005) further provides that "3 days are added after the prescribed period would otherwise expire under subdivision (a)." Fed. R. Civ. P. 6(e).

In this case, respondents were served with petitioners' motion via the Court's ECF system on March 15, 2006. Under Rule 6(a), because the last day of the 11-day period to respond to petitioners' motion fell on a Sunday, the deadline for filing a response was Monday, March 27, 2006. Rule 6(e), in turn, enlarged this period by three days, which extended the deadline for filing a response to March 30, 2006. See also Adv. Comm. Note to Fed. R. Civ. P. 6 (2005 Amendments). Respondents filed and served on counsel for petitioners their Memorandum in Opposition to Petitioners' Motion for Entry of the Protective Order (dkt. no. 9) via the Court's ECF system on March 30, 2006, within the deadline required by the Federal Rules of Civil Procedure and the Local Rules of this Court.[1]

For these reasons, and the reasons expressed in respondents' memorandum in opposition to petitioners' motion for protective order, petitioners' request should be denied.

---

[1] Petitioners' reference to respondents' filing their memorandum after the "close of business" on March 30, 2006 is also puzzling, given that parties are permitted until midnight on the date a pleading is due to electronically file it, unless otherwise ordered by the Court.

DOJ_NMG_0025145

Dated: April 3, 2006

Respectfully submitted,

PETER D. KEISLER
Assistant Attorney General

DOUGLAS N. LETTER
Terrorism Litigation Counsel

/s/ Preeya M. Noronha
JOSEPH H. HUNT (D.C. Bar No. 431134)
VINCENT M. GARVEY (D.C. Bar No. 127191)
TERRY M. HENRY
JAMES J. SCHWARTZ
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Attorneys for Respondents

DOJ_NMG_0025146

Gorsuch, Neil M

From: Gorsuch, Neil M
Sent: Tuesday, April 4, 2006 1:10 PM
To: Swenson, Lily F; Senger, Jeffrey M; Todd, Gordon (SMO)
Subject: RE: OASG Assignments.doc

Sorry, my mistake. I didn't mean to make any changes, only reflect where things stand.

From: Swenson, Lily F
Sent: Monday, April 03, 2006 4:54 PM
To: Senger, Jeffrey M; Gorsuch, Neil M; Todd, Gordon (SMO)
Subject: RE: OASG Assignments.doc

I've been handling commercial but I thought maybe Jeff wanted it. Whatever, it's all good with me.

From: Senger, Jeffrey M
Sent: Monday, April 03, 2006 4:39 PM
To: Gorsuch, Neil M; Swenson, Lily F; Todd, Gordon (SMO)
Subject: RE: OASG Assignments.doc

The following should be added to my list: legislative/interagency clearance, weekly and quarterly reporting, tobacco-related litigation. Also, I have the Office of Consumer Litigation in the Civil Division (not the Commercial branch).

From: Gorsuch, Neil M
Sent: Monday, April 03, 2006 2:19 PM
To: Swenson, Lily F; Todd, Gordon (SMO); Senger, Jeffrey M
Subject: OASG Assignments.doc

Gordon rightly pointed out that our assigment list needed some updating! Attached is a draft for your review - please don't hesitate to let me know where I've erred (I'm sure there are many). Thanks!

<< File: OASG Assignments.doc >>

Gorsuch, Neil M

From: Gorsuch, Neil M
Sent: Tuesday, April 04, 2006 1:13 PM
To: Todd, Gordon (SMO)
Subject: RE: OASG Assignments.doc

Jeff normally does circ legis materials as appropriate. I will share revised list with Mike and Kyle and ask for their equivalents.

From: Todd, Gordon (SMO)
Sent: Monday, April 03, 2006 5:47 PM
To: Gorsuch, Neil M
Subject: RE: OASG Assignments.doc

I do have BJS. Jeff just has the tort reform stats project. Here's the updated doc. I can send upwards, but it might be more appropriate going from you to Mike & Kyle or Monica.

<< File: OASG Portfolios.doc >>

I notice Jeff does interagency & testimony clearance. I've asked him before to bring to my attention anything significant falling under one of my components but he never has. I don't want to cause waves unnecessarily but I don't think that's an unreasonable request. In fact, I think it's essential to us doing a good job. Thoughts?

From: Gorsuch, Neil M
Sent: Monday, April 03, 2006 2:19 PM
To: Swenson, Lily F; Todd, Gordon (SMO); Senger, Jeffrey M
Subject: OASG Assignments.doc

Gordon rightly pointed out that our assigment list needed some updating! Attached is a draft for your review - please don't hesitate to let me know where I've erred (I'm sure there are many). Thanks!

<< File: OASG Assignments.doc >>

Gorsuch, Neil M

From: Gorsuch, Neil M
Sent: Tuesday, April 4, 2006 1:15 PM
To: Sampson, Kyle; Elston, Michael (ODAG)
Cc: Todd, Gordon (SMO)
Subject: OASG assignments
Attachments: OASG Assignments.doc

I thought it might be helpful for you to have a copy of current docket assignments within OASG. If you have a similar chart for your offices, I'd be grateful to have a copy so we make sure we're talking to the right folks. Many thanks.

Office of the Associate Attorney General
Portfolios - 4/1/2006

Lily Fu Swenson

ATR
CIV (except Consumer Litig., Cobell and Tobacco)
OIP
Executive Office of US Trustees

Gordon Todd

CRT
CRS
TAX
OJP
OVC
OVW
OVC

Jeff Senger

ENRD
Office of Dispute Resolution
Foreign Claims Settlement Commission
CIV (Consumer Litig., Cobell and Tobacco)
Legislative/Interagency Clearance
Weekly & Monthly Reports

McKenzie, Peggy (CIV)

From:	McKenzie, Peggy (CIV)
Sent:	Tuesday, April 4, 2006 1:53 PM
To:	Agarwal, Asheesh (CIV); Bahr, Dorothy (CIV); Baxter, Felix (CIV); Bordeaux, JoAnn (CIV); Bucholtz, Jeffrey (CIV); Calvert, Chris (CIV); Cohen, David M. (CIV); Cohn, Jonathan (CIV); Davis, Deborah J; Fargo, John (CIV); Fielding, Gabrielle (CIV); Fishback, David (CIV); Flentje, August (CIV); Fowler, Liane (SMO); Frost, Peter (CIV); Garren, Timothy (CIV); Glynn, J.Patrick (CIV); Goldberg, Arthur (CIV); Gorsuch, Neil M; Gray, Towanda (CIV); Hertz, Michael (CIV); Hollis, Robert (CIV); Hudson, Lewis (CIV); Hunt, Jody (CIV); Hussey, Thom (CIV); Jennings, Geraldine (CIV); Katsas, Gregory (CIV); Keener, Donald (CIV); Kent, Alexander (CIV); Kohl, Christine (CIV); Kohn, Chris (CIV); Kopp, Robert (CIV); Liner, Linda (CIV); Lloyd, Shirley (CIV); Lucas, Regina E. (CIV); Magnuson, Cynthia; McCallum, Robert (SMO); Miller, Charles S; Pyles, Phyllis (CIV); Riley, Sharon (CIV); Rivera, Jennifer (CIV); Schiffer, Stuart (CIV); Shannen Coffin; Shaw, Aloma A; Swenson, Lily F; Thirolf, Eugene; Williams, Angela (CIV); Williams, Toni (CIV); Willis, Kerry (CIV); Zwick, Ken (CIV)
Subject:	4/4 CIV Weekly Report to the AG
Attachments:	CivDivWkly0404.wpd

U.S. Department of Justice

Civil Division

Assistant Attorney General *Washington, D.C. 20530*

April 4, 2006

MEMORANDUM FOR THE ATTORNEY GENERAL

THROUGH: THE DEPUTY ATTORNEY GENERAL

THROUGH: THE ASSOCIATE ATTORNEY GENERAL

FROM: Peter D. Keisler
Assistant Attorney General

SUBJECT: Civil Division Weekly Report to the Attorney General

A. NEXT WEEK

· ***D.C. Circuit to Hear Oral Argument in Appeals Challenging Computer Disconnection and Class Notice Orders and Seeking Reassignment of this Indian Trust Litigation to a Different District Court Judge***
Cobell v. Norton [United States Court of Appeals for the District of Columbia Circuit; United States District Court for the District of Columbia]. On Tuesday, April 11, a panel of the D.C. Circuit (Tatel, Brown, Silberman) will hear oral argument in two appeals arising out of the ten-year-old Indian trust litigation. One appeal challenges an injunction requiring the Department of the Interior to disconnect major computer systems from the internet and from internal computer networks. The second appeal challenges an order requiring Interior to declare in all written communications with class members that its trust information is of questionable reliability. The appeal also seeks reassignment of the case to a different district court judge.

B. THIS WEEK

· ***Supreme Court Denies Certiorari and Leaves Intact the United States Court of Appeals for the District of Columbia Circuit Mandamus Orders Directing Payment of Additional Medicare Funds to Hospitals***

In re Medicare Reimbursement Litigation [United States Supreme Court; United States Court of Appeals for the District of Columbia Circuit; United States District Court for the District of Columbia]. On April 3, the Supreme Court denied the government's petition for *certiorari* seeking review of the United States Court of Appeals for the District of Columbia Circuit's grant of mandamus relief that retroactively grants additional Medicare payments to hospitals that provide services to a disproportionately large number of low-income patients. The government's petition argued that mandamus relief was inappropriate because the hospitals had never sought the payments, had failed to appeal the initial decisions that did not include the payments, and had not asked for their cost reports to be reopened before they sought mandamus. The petition also advised the Court that the Medicare Trust Fund faced potential additional expenditures under the United States Court of Appeals for the District of Columbia Circuit's decision of $2.8 billion in over two hundred and fifty mandamus suits that are consolidated in the district court. Further litigation will define the scope of relief under the United States Court of Appeals for the District of Columbia Circuit's mandamus order.

- ***Government to Seek Reconsideration of Order Permitting Counsel Access to Guantanamo Detainees without Showing of Authority to Represent Them***
  Adem v. Bush [District of Columbia]. On April 4, the government will seek reconsideration by Judge Richard Roberts of an order by Magistrate Judge Alan Kay, requiring that purported counsel for a Guantanamo Bay detainee be permitted to visit the detainee despite the government's objections that the district court lacked jurisdiction under the Detainee Treatment Act of 2005, and that, in addition, purported counsel for the detainee had failed to demonstrate either that counsel had direct authority to represent the detainee in a habeas case or that proper "next friend" standing had been established. Counsel's asserted basis for authority to bring a habeas action on behalf of the detainee is that the detainee allegedly asked another detainee to help him obtain a lawyer. Our longstanding interpretation of the governing protective order and counsel access procedures in the Guantanamo habeas cases is that an attorney must demonstrate that the lawsuit has been directly authorized by a detainee or an appropriate "next friend" petitioner prior to being permitted direct, privileged access to the detainee. Magistrate Judge Kay rejected this interpretation of the protective order, including the need for either direct authorization or a proper "next friend" for access, and concluded that the government must permit any counsel who purports to represent a Guantanamo detainee to meet with the detainee to determine if the detainee wants the lawyer to represent him and pursue a habeas action on his behalf. The Magistrate Judge's ruling has significant implications for almost 20 pending challenges to "next friend" standing in other Guantanamo habeas cases.

- ***D.C. Circuit Schedules Oral Argument in Appeal Involving Department of Homeland Security's Human Resources Regulations***
  National Treasury Employees Union, et al. v. Michael Chertoff, Secretary of Homeland Security, et al. [United States Court of Appeals for the District of Columbia Circuit; United States District Court for the District of Columbia]. In this facial challenge brought by several federal labor unions, the district court upheld in part and struck down in part recent regulations, jointly issued by the Department of Homeland Security and the Office of Personnel Management, creating a new human resources management system for the Department of Homeland Security. While upholding significant portions of the regulations, the district court found fault with (among other things) their treatment of

collective bargaining and with the new role prescribed for the Federal Labor Relations Authority in Department of Homeland Security matters. Both sides have appealed and have filed briefs on an expedited schedule, and the United States Court of Appeals for the District of Columbia Circuit has now set oral argument for April 6, before Judges Randolph, Griffith, and Edwards.

C. LAST WEEK

- ***Plaintiffs Agree to Dismiss Records Case Seeking Public Relations Contracts by Department of Homeland Security***
  Citizens for Responsibility and Ethics in Washington v. United States Department of Homeland Security [District of Columbia]. On March 20, Judge Huvelle granted the parties' joint motion to dismiss. Citizens for Responsibility and Ethics in Washington ("CREW") brought this Freedom of Information Act (FOIA) case against the Department of Homeland Security (DHS) seeking documents related to public relations contracts. DHS moved for a stay of the proceedings for three months to finish processing CREW's FOIA request. Judge Huvelle granted the stay and ordered the parties to submit a proposed schedule for briefing the case after the three months passed. After CREW finished reviewing the released documents, however, it determined that it did not wish to challenge any of the redactions or exemptions claimed. Therefore, the parties entered into a joint motion to dismiss the action with prejudice, which Judge Huvelle granted.

- ***Ninth Circuit Certifies State-Law Tort Questions and Rejects Federal Tort Claims Act Appeal***
  Oberson v. United States Department of Agriculture, Forest Service [United States Court of Appeals for the Ninth Circuit; United States District Court for the District of Montana]. This tort case against the Federal Government arose out of a snowmobile accident in which plaintiff and his friends were using Forest Service trails at night and plaintiff was struck by one of his friends who was operating a snowmobile at night, at excessive sped, and while impaired by alcohol; the district court held the government 40% liable for plaintiff's injuries on the theory that the Forest Service failed to warn of or correct a dangerous hill along the snowmobile trail, entering a judgment of nearly $5 million against the government. On March 20, he Ninth Circuit (Gould, Berzon, Schwarzer, D.J.) certified three questions of statutory interpretation to the Montana Supreme Court to determine the applicable standard of care; the court of appeals rejected the government's remaining arguments, including that the failure to warn of the hill was protected by the discretionary function exception to the Federal Tort Claims Act and that any negligence by the government was not the proximate cause of plaintiff's injuries.

- ***Ninth Circuit Upholds Removal Order against Afghan Who Fled the Taliban***
  Asmat v. *Gonzales* [United States Court of Appeals for the Ninth Circuit; Board of Immigration Appeals]. Nasar Asmat, a citizen of Afghanistan, attempted to enter the United States in June 2001 and sought asylum on the ground that he was fleeing the Taliban, which he said had attempted to conscript him. An Immigration Judge ordered him removed, and the Board of Immigration Appeals affirmed, rejecting his asylum claim on the ground that military conscription is not persecution and that conditions in Afghanistan had changed with the fall of the Taliban. On March 23, the Ninth Circuit (Rymer, W. Fletcher, Clifton) (per curiam) (unpublished) denied Asmat's petition for review, holding that the Board's decision was supported by substantial evidence.

- ***Insight Public Sector, Inc. to Pay $1 Million to Settle False Claims Act Allegations***
  On March 27, Insight Public Sector, Inc., a company that sells technology products and services to Federal Government agencies, agreed to pay the United States $1 million to settle false claims allegations. The government alleged that a predecessor corporation, Comark Government & Education Services (CGES), falsely certified that it was a "small business" on its application for inclusion on the General Services Administration's Multiple Award Schedule (MAS). The settlement arises from a complaint made to the Small Business Administration (SBA) that CGES falsely certified that it was a small business to obtain a preference in regard to the award of purchase orders under the MAS. The SBA's Office of Inspector General, in conjunction with the General Services Administration's Office of Inspector General and the Department of Justice, conducted a two-year investigation and concluded that CGES misrepresented its size status on its 1996 MAS application.

- ***Government Opposes New Plaintiff in Air Force "Chaplain" Case***
  Weinstein, v. United States Air Force (District of New Mexico). On March 27, we filed a brief opposing plaintiffs' motion to amend their complaint, in which five Air Force Academy graduates have sought an injunction prohibiting any member of the Air Force, including a chaplain, from evangelizing, proselytizing, or in any related way attempting "to involuntarily convert, pressure, exhort, or persuade a fellow member of the [Air Force] to accept their own religious beliefs while on duty." We moved to dismiss the action for lack of standing and ripeness in December 2005. On March 9, while our motion was pending, plaintiffs moved to amend their complaint to add another plaintiff, Master Sergeant Phillip Burleigh (an Air Force recruiter stationed in New Mexico), and an additional claim challenging revised interim guidelines recently issued by the Air Force concerning the free exercise of religion. We opposed plaintiffs' motion on the ground that it would be futile to allow them to file what would be their third complaint in this action. In particular, we noted that the new plaintiff, MSgt. Burleigh, has proven his own lack of standing by expressly contradicting the representation made by his counsel that he has been "subjected to regular and persistent proselytizing by his superior officers." Revealing a startling conflict with this representation, which he assumed was misquoted by the press (but was actually a direct quote from plaintiffs' motion to amend), MSgt. Burleigh has stated in recent e-mails that any such suggestion is "absolutely false," a "horrible twisting" of his words, and "sensational." He further stated that "at no time" has he been told by a military member to become a Christian, that there have been "no instances" under his current leadership in which a person has attempted to persuade him to adopt a religious belief, and that his current supervisor has been "nothing but civil and professional" towards him. Instead, he alleges what he describes as three "sporadic" instances over his entire career, one involving a supervisor who allegedly gave him a lower performance rating in 1997 for refusing to attend prayer sessions, and two involving guest motivational speakers who allegedly expressed religious views in addresses at Air Force events. We argue that none of these past instances, even if true, demonstrates that MSgt. Burleigh is in immediate danger of being subject to any unconstitutional conduct by the Air Force, particularly in light of his statements about his current leadership. We also note causation, exhaustion, and statute-of-limitation problems with these allegations. Finally, we argue that plaintiffs' purported new challenge to the Air Force's revised interim guidelines is not ripe, because the guidelines are not final and are still subject to change.

- ***Court Denies Motion to Join United States as Declaratory Judgment Defendant***
  Ace Duraflo, LLC v. Bill Howe Plumbing, Inc. [C.D. Cal.] (Pregerson, J.). In this suit, plaintiff asserts numerous claims, including a request for a declaratory judgment of invalidity of U.S. Patent No. 5,707,702. The United States owns this patent but licenses it to one of the defendants. Our licensee claimed that the United States, as patent owner, is an indispensable party. On March 27, the court denied the motion, agreeing with our contention that the United States is not indispensable because the license entitles the licensee to maintain suit without the involvement of the United States.

- ***United States Opposes Challenge to Order Issued by Free Trade Tribunal***
  Tembec v. United States [District of Columbia]. On March 28, the government filed its opposition to a motion to vacate an arbitral consolidation order. This case relates to the longstanding trade dispute between Canada and the United States concerning softwood lumber, and to an arbitration commenced under the North American Free Trade Agreement (NAFTA) with respect to that dispute. After two arbitration proceedings became aligned procedurally, the United States sought to consolidate three sets of claims brought by Canadian softwood lumber corporations against the United States, pursuant to the express terms of NAFTA Article 1126. The Consolidation Tribunal ordered consolidation in September 2005. Tembec petitioned for vacatur of that ruling under the Federal Arbitration Act in December and filed a motion and memorandum in support thereof in February. In our opposition to that motion, we first argued that the Court lacks jurisdiction under the Federal Arbitration Act to vacate the Consolidation Tribunal's Order because the procedural ruling is not an "award." Second, we argued that even if jurisdiction existed, case law rejects judicial involvement with respect to arbitral procedural orders and orders of consolidation in particular. Finally, in addressing the merits of Tembec's challenges, we argued that Tembec had not established: (1) evident partiality among the arbitrators simply because one arbitrator is a former Department of State Legal Advisor and has a distant relation by marriage to President Bush; (2) a violation of public policy due to the arbitrator selector process, which was carried out in accordance with the express terms of the NAFTA; and (3) that the Consolidation Tribunal acted in excess of its authority under the NAFTA.

- ***Government Agencies Settle Litigation with Trans World Airlines, Inc.***
  In re Trans World Airlines, Inc. [Bankr. D. Del.] (Walsh, B.J.) . On March 29, the United States entered into a settlement with the TWA Post Confirmation Estate, Inc. (TWA) resolving the United States' outstanding issues arising out of the bankruptcy case Trans World Airlines, Inc. filed in 2001. TWA will pay the Department of Agriculture's Animal and Plant Health Inspection Service (APHIS) $175,000 in partial satisfaction of a statutory lien that APHIS asserted against TWA's assets. In addition, the United States will retain $91,647 to offset against unsecured claims filed by APHIS, the Federal Aviation Administration, the Department of Transportation and the Department of Homeland Security. The United States will also receive a nominal payment as an unsecured creditor on the remainder of the United States' claims.

- ***Treasury Offset Program Notification Procedures Upheld***
  In re Huff [W.D. Pa.] (McLaughlin, J.). On March 29, the district court reversed a bankruptcy court decision which had held that government agencies are required to

provide annual notification to debtors prior to submitting debts for offset through the Treasury Offset Program managed by the Financial Management Service of the Department of Treasury. The district court agreed with our interpretation of the applicable statute and regulations as requiring each agency to notify debtors prior to submitting debts to the Treasury Offset Program and then again after each offset is made. Although the decision concerns a single tax refund of only $2,368 that was offset against a debt due the Rural Housing Service, it reverses a published decision that could have had a broad impact on debt collection throughout the government.

Business Opportunity Defendant Arrested on Fraud Charges in Miami

United States v. Jay Mayne [Southern District of Florida] (Judge Martinez). On March 30, Jay Mayne was arrested on an indictment charging him with conspiracy to commit mail and wire fraud arising out of his participation in a fraudulent business opportunity scheme. Mayne was the lead salesperson at Pantheon Holdings, Inc., which sold fraudulent Internet kiosk business opportunities. For a minimum of approximately $19,000, potential purchasers were told they would receive an Internet kiosk, and a "turn-key" Internet kiosk business. Mayne falsely claimed, *inter alia*, that distributors would earn substantial profits from advertising that Pantheon would place on the kiosks and from the public's use of the Internet. Mayne was arrested in Miami after arriving on a flight from Costa Rica where he resided for over a year after he learned he was under investigation.

Court Refuses to Preliminarily Enjoin New Milk Marketing Regulation

Hettinga v. Johanns [Northern District of Texas]. On March 30, Judge Sam R. Cummings denied plaintiffs' motion for a preliminary injunction filed. Plaintiff, an Arizona dairy producer and processor of milk, sought judicial review of a milk marketing order ("Order") promulgated by the United States Department of Agriculture (USDA) under the Agricultural Marketing Agreement Act of 1937 (AMAA). The Order, which will go into effect on April 1, for the first time requires so-called "producer-handlers," such as plaintiff, to pay certain assessments on the milk they handle, payments paid by other handlers but from which producer-handlers had for the most part been exempt since the outset of the milk marketing program nearly 70 years ago. USDA determined that, due to the growth in market share of certain producer-handlers, and other changes in market conditions, continuing the exemption would threaten its ability to maintain minimum prices for all producers (farmers), a principal goal of the AMAA. Plaintiff argued that the Order violated the AMAA in various ways, and that USDA, in promulgating the Order, had arbitrarily and capriciously departed from prior policies without adequate explanation. USDA responded that plaintiff had no likelihood of success on the merits because it had not exhausted its administrative remedies under the AMAA, and its substantive legal challenge lacked merit. USDA also argued that plaintiff had failed to establish the other prerequisites to preliminary injunctive relief. Judge Cummings denied the motion, noting that plaintiff had "'utterly' failed to establish the prerequisites to preliminary injunctive relief." The court acknowledged plaintiff's "valiant effort to 'milk' their financial harms for all they are worth," but found that such harms were inherently financial, recompensable, and thus not irreparable. It also found that plaintiff had not established the other prerequisites to preliminary injunctive relief, holding that "for the reasons cited in Defendant's brief, Plaintiffs' motion for a preliminary injunction should be denied." A similar motion for a preliminary injunction

was denied on December 29, 2005, in *Edaleen Dairy, Inc. v. Johanns* (District of Columbia).

- ***Father and Son Plead Guilty to Odometer Swapping Scheme***
  United States v. Melton, [District of South Carolina] (Judge Anderson). On March 31, William Dupree Melton and his son, Jimmy Wayne Melton, pled guilty to causing the interstate transportation of checks obtained by fraud, a felony. The Meltons admitted that they bought vehicles with extremely high mileage, replaced the high-mileage odometer clusters with low-mileage clusters, and sold the vehicles with disclosures that the odometers were inaccurate, but with no indication of the true high mileage. The Meltons sold vehicles at wholesale auctions for prices significantly higher than prices at which they purchased the vehicles. The defendants admitted that these sales were fraudulent because they had knowingly made material omissions in the sales that substantially increased the vehicles' value. Dupree Melton had been convicted of mail fraud for similar conduct in 1989.

- ***Federal Circuit Reverses Holding that Allegations of Patent Infringement Can be Treated as Fifth Amendment Takings and Brought under the Tucker Act***
  Zoltek Corporation v. *United States* [United States Court of Appeals for the Federal Circuit; United States Court of Federal Claims]. On March 31, the Federal Circuit (Gajarsa, Plager, Dyk), reversed a decision of the Court of Federal Claims holding that a corporation alleging patent infringement by the United States could bring the suit as a takings claim under the Tucker Act, even though the claim was barred by a provision of the statute that expressly authorizes suits against the United States for patent infringement. A short *per curiam* opinion accepted our argument that the Supreme Court's holding in *Schillinger v. United States*, 155 U.S. 163 (1894), that patent infringement is a tort, rather than a takings claim, is controlling.

- ***Boston-FBI Informant Suits Are Dismissed on Statute of Limitations Grounds***
  William Bennett, et al. v. United States, et al., Civil Action No. 03-11443-RCL [District of Massachusetts] (J. Lindsay); and *Joan Bennett, et al. v. United States, et al.*, Civil Action No. 04-10011-RCL [District of Massachusetts] (J. Lindsay). These wrongful death actions against the FBI were brought by the family of Walter Bennett and William Bennett and are related to other wrongful death cases that were filed in the aftermath of the FBI's handling of certain criminal informants, including Stephen Flemmi. The plaintiffs alleged that Flemmi murdered these two Bennett brothers while he was also operating as an FBI informant. They contended that the U.S. was liable for their decedents' murders because the FBI allowed Flemmi to engage in wide-ranging criminal activity, including the murder of their decedents, with impunity. On March 31, the court granted the United States' motions to dismiss based on the plaintiffs' failure to present their claims within two years of accrual. It held that the plaintiffs reasonably should have been aware of widespread newspaper publicity surrounding the FBI's alleged misconduct and related hearings.

Contact: Asheesh Agarwal, Counsel, 353.7957

USDOJ- Office of Public Affairs

From:	USDOJ- Office of Public Affairs
Sent:	Wednesday, April 05, 2006 8:38 AM
To:	USDOJ- Office of Public Affairs
Subject:	Attorney General's News Briefing for Wednesday, April 05, 2006
Attachments:	agnb060405.pdf; agnb060405.doc

THE ATTORNEY GENERAL'S *NEWS BRIEFING*

PREPARED FOR THE OFFICE OF PUBLIC AFFAIRS, U.S. DEPARTMENT OF JUSTICE

TO: THE ATTORNEY GENERAL AND SENIOR STAFF

DATE: WEDNESDAY, APRIL 5, 2006 7:45 AM EDT

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TERRORISM NEWS:

Moussaoui Prosecutors Begin Second Stage Of Sentencing Process. The New York Times (4/5, Lewis) reports, "When the jurors in the Zacarias Moussaoui trial take their seats again on Thursday, they will begin a vastly different proceeding than the one they concluded on Monday with the verdict that he was responsible for some of the deaths of Sept. 11, 2001, and is thus eligible for execution." The Times continues, "At the end of this next phase, which may take several weeks, they will be confronted with a verdict form that will be without the subtleties and complex questions of the first phase and instead will ask them to make a more mechanical calculation. … The form will ask them to decide which carries more weight: mitigating factors like Mr. Moussaoui's troubled mental state, or aggravating factors surrounding the deaths of nearly 3,000 people on Sept. 11." The Times adds, "The Justice Department has asked the judge to list 26 aggravating factors on the form, including the deaths of hundreds of firefighters and police officers; the grief brought to the victims' families and friends; the disruption to New York City, including the closing of parks, playgrounds and schools and the displacement of businesses; and the destruction of parts of the Pentagon. … Mr. Moussaoui's court-appointed defense lawyers are expected to offer two main factors in mitigation: that he is mentally unbalanced and that he is seeking martyrdom. … In the eyes of several death penalty experts and lawyers, there is little doubt as to which way the scale will tilt, no matter what the final verdict form looks like. If the nine men and three women on the jury find that the aggravating factors are greater, they will turn to the simple checkoff on the form, marking whether they believe that Mr. Moussaoui should be jailed for life or executed. The death penalty would mean lethal injection at the federal prison in Terre Haute, Ind."

The AP (4/5, Sniffen) reports, "Thanks largely to Zacarias Moussaoui himself, prosecutors have cleared their highest hurdle that might deter execution of the al-Qaida conspirator. The path to the death chamber might still contain unpleasant surprises for the government." The AP continues, "When the case began more than four years ago, it looked easier. The government at first thought Moussaoui had been intended to be a 20th hijacker on Sept. 11, 2001. Once it became clear that wasn't his role, the government dialed back its case. … It didn't want to drop the death penalty for the high-profile prisoner who admitted having been trained to fly a plane in an attack similar to Sept. 11. The biggest problem was that Moussaoui was in jail on 9/11 and had been for almost a month." The AP adds, "The final government theory bore some resemblance to a pretzel: Moussaoui was directly responsible for deaths on 9/11 because he hadn't confessed all he knew when arrested. Thus, the contention was, the FBI was prevented from moving to block some or all of the four hijackings that day. … Another twist was added when many of the government witnesses for the prosecution gave as much or more comfort to the defense: They acknowledged misstep after misstep in handling leads about Moussaoui and other terrorists in the summer of 2001, raising doubts about what if anything Moussaoui could have said to change things. … Then Moussaoui took the stand over the objections of the court-appointed defense lawyers. He abandoned claims he'd made for three years that his plot to fly a 747 into the White House was unrelated to 9/11. For the first time, he said he had been training to hijack a fifth jetliner on 9/11 and fly it into the White House. … 'This stage of the penalty phase was probably harder for the government, but that was before he took the stand and connected all the dots for the jury,' said Richard Dieter, executive director of the Death Penalty Information Center, a group that advocates more equitable administration of the death statute." Under the headline "Jurors Will Relive 9/11 In Life-Or-Death Case," The Los Angeles Times (4/5, Serrano, 958K) also report on the prosecution's plan to introduce testimony from victims' family members

Analysts Differ On Whether Execution Equals Martyrdom For Moussaoui. The Washington Post (4/5, A9, Markon, 744K) reports Zacarias Moussaoui's "own words have raised questions about whether he wants to be executed to achieve martyrdom for the terrorist cause that he so passionately embraces. Experts on al-Qaeda and Islam think he does. Moussaoui's flip-flops on the subject make it impossible to be sure." Additionally, legal analysts differ on whether his execution would make him a martyr among Muslim extremists. Rand researcher Bruce Hoffman believes it would, while author Peter Bergen does not, noting that "Even al-Qaeda cut this guy loose."

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FBI Opposes Changes To Bank Transaction Reporting Requirement. The Wall Street Journal (4/5, Schroeder, 2.11M) reports, "U.S. law-enforcement agencies are opposing efforts by the financial-services industry to cut back a federal requirement that banks report cash transactions in excess of $10,000." Testifying yesterday before the Senate Banking Committee, FBI Terrorist Financing Operations Section Counterterrorism Section Chief Michael Morehart said, "To dramatically alter currency transaction reporting requirements -- without careful, independent study -- could be devastating and a significant setback to investigative and intelligence efforts." The Journal notes, "Such viewpoints may sway committee members who seem to want to tread lightly when considering whether to modify bank reporting requirements." Sen. Paul Sarbanes "said law-enforcement officials 'laid out a strong rationale for the utility of the reports. We've got to strike a balance.'"

Amnesty Report Claims Rendered Yemenis Likely Held In Europe. The Financial Times (4/5, Dombey, Sevastopulo) reports, "Three Yemeni men abducted and mistreated by the US were probably held in eastern Europe, Amnesty International said in a new report." The report, "based on interviews with the former captives, is intended to cast light on Washington's practice of 'rendition'," and it "adds that after being arrested and transferred to US custody in 2003, the men were brought back to Yemen in 2005 and released in February this year. Although all were sentenced for forgery in connection with false travel documents, none was charged with any terrorism-related offences."

Trials Resume At Guantanamo. The Wall Street Journal reports (4/5, Bravin) that "the Bush administration resumed military proceedings against suspected terrorists here." The Journal reports that "the chief military prosecutor [criticized] Supreme Court Justice Stephen Breyer" for speculating last week on "whether current counterterrorism operations gave rise to nearly unlimited presidential war powers."

Pakistani Sentenced To Five Years For Missiles-To-Al Qaeda Plot. AFP (4/5) reports, "A Pakistani who plotted to peddle heroin and hashish to buy Stinger anti-aircraft missiles for Al-Qaeda or the Taliban has been jailed for nearly five years, US prosecutors said." AFP continues, "Muhammed Abid Afridi, who pleaded guilty in March 2004 to conspiracy to provide material support to terrorists and conspiracy to distribute heroin and hashish, was sentenced Monday in the California city of San Diego. … US District Judge James Lorenz sentenced Afridi to 57 months behind bars, followed by five years of supervised release, for taking part in the conspiracy along with two other men. … Co-conspirators Ilyas Ali and Syed Mustajab Shah, who pleaded guilty to the same charges, are scheduled to be sentenced next Monday and on June 19, respectively." AFP adds, "The trio of conspirators travelled from the Pakistani city of Karachi to Hong Kong on September 15, 2002 to meet with US undercover officers to negotiate for the sale of large quantities of drugs, the indictment showed. … The next day, the defendants agreed that they could offset the purchase price of five tonnes of hashish and 600 kilograms of heroin against the cost of four Stinger shoulder-launched missiles, according to prosecutors."

9/11 Mastermind Clashed With Bin Laden Over Plot Details. The Los Angeles Times (4/5, Meyer, 958K) reports that to "hear Sept. 11 mastermind Khalid Shaikh Mohammed tell it, Osama bin Laden was a meddling boss whose indiscretion and poor judgment threatened to derail the terrorist attacks." Bin Laden also "saddled Mohammed with at least four would-be hijackers who the ringleader thought were ill-equipped for the job. And he carelessly dropped hints about the imminent attacks, violating Mohammed's cardinal rule against discussing the suicide hijacking plot." The "repeated conflicts between the two Al Qaeda leaders emerged last week during the penalty phase of the trial of Zacarias Moussaoui." Jurors heard "new details of the plot from the interrogation summaries of several captured Al Qaeda officials, including an extraordinary account of a series of interrogations of Mohammed."

Bin Laden Half-Brother Contends With Police Suspicions. The Wall Street Journal (4/5, 2.11M) reports that Swiss businessman Yeslam Bin Laden is being sued for alleged "hidden financial connections" to his half-brother Osama. Yeslam "says he barely knows Osama," but his ex-wife has joined forces with 9/11 victims' survivors and charges in a court filing that "his complex finances, also a focus of police investigators in several countries, support suspicions that the half-brothers have had financial ties."

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FBI Agent Testifies Earlier Hayat Interviews Spurred Leading Questions. The Sacramento Bee (4/5, Walsh, 301K) reports FBI Special Agent Gary Schaaf "agreed Tuesday in federal court testimony that he asked leading questions during a videotaped confession of Hamid Hayat," but Schaff "testified that, immediately before he interviewed Hayat…he had been in an adjacent room observing the questioning of Hayat by another agent. That prior interview, which was not recorded, gave him ideas on areas to pursue with Hayat, Schaaf said. In addition, the agent testified, he was familiar with the contents of many hours of secretly recorded conversations in 2002 and 2003 between Hayat and Naseem Khan, a former fast-food and mini mart worker operating undercover for the FBI.

Relief Worker Testifies Alleged Terror Camp Is Pakistani Military Post. The Lodi News-Sentinel (4/5, Bohm) reports that in additional testimony yesterday, DC-based disaster relief worker James Lazor testified for the defense that he "was on an independent humanitarian mission to earthquake victims in Pakistan when Hayat's defense team asked him to visit the camp" which the prosecution alleges Hayat attended to receive terror training. "When he arrived there Feb. 17…he was turned away by a uniformed man who identified himself as a sergeant in the Pakistani military. … 'He said it was a military camp that wasn't open to the public and that the whole ridge was controlled by the military,'" Lazor testified. KXTV-TV Sacramento (/44, Hedlund) also reports on Lazor's and Schaaf's testimony.

FBI Informant Finds Previously-Undisclosed Surveillance Tape. The Lodi News-Sentinel (4/5, Bohm) also reports it was revealed at court yesterday that FBI informant Naseem Khan "has suddenly found another tape that was never given to investigators or attorneys." The recording of a "telephone conversation is about 20 minutes long and was marked Oct. 13, 2002, about two months after Khan met Hamid Hayat." Umer Hayat defense attorney Johnny Griffin "said in court that he wants to know why Khan didn't give the tape to the FBI more than three years ago," and Hamid Hayat lawyer Wazhma Mojaddidi "said outside court that it bolsters the defense claim. 'That just puts a lot of things into question,' she said."

HOMELAND RESPONSE:

Shays Says Nuclear Plant Security May Not Be Meeting "Very Realistic Threat." The New York Times (4/5, Wald, 1.19M) reports on a House subcommittee hearing on nuclear power plant security, in which witnesses clashed over "who was responsible for defending nuclear power plants against terrorist attack, and whether the combination of private guard forces and police agencies was adequate." Rep. Christopher Shays said that he believed security requirements had been eased "because we've made a decision that it's not practical to meet what may in fact be a very realistic threat." Meanwhile, a GAO report released at the hearing said the Nuclear Regulatory Commission "had created the appearance of a government agency submitting to industry pressure," though members of the commission testified that that was not the case.

Chertoff Says He Will Recommend X-Ray Technology Used At Hong Kong Ports. The AP (4/4, McDonald) reported that Secretary Chertoff said Tuesday that the US and China were "close to reaching an agreement" that would allow for the repatriation of up to 39,000 illegal Chinese immigrants in the US. He "also said he would recommend implementing new X-ray technology to screen US-bound cargos at foreign ports after seeing a successful pilot program in Hong Kong." Chertoff said he was "going to suggest that we get to the stage of implementing some kind of proposal to put into effect a combination of this X-ray technology and this radiation technology at the ports of embarkation."

Federal Judge Crafts Deposition Compromise In 9/11 Suits. The New York Law Journal (4/5, Hamblett) reports, "Frustrated by the government's approach to protecting sensitive security information, a federal judge has crafted a compromise so depositions can proceed in earnest in the litigation against airlines and airports over the Sept. 11, 2001, terror attacks." The Journal continues, "Southern District of New York Judge Alvin K. Hellerstein said he had to intervene "to avoid further and unnecessary delay in the progress of these cases and relieve counsel of the inherent conflicts and artificial roles" that the position of the Transportation Security Administration has created for plaintiffs lawyers." The Journal adds, "The judge's ruling in In Re September 11 Litigation, 21 MC 97 and

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21 MC 101, concerned the refusal of the Transportation Security Administration to attend depositions of the airline defendants in the litigation -- and require that defense lawyers be charged with safeguarding the security information. … The TSA intervened in the cases, which involve family members of Sept. 11 victims who opted to proceed to court instead of applying to the federal Sept. 11 Victim Compensation Fund. … The transportation administration intervened to protect what is called Sensitive Security Information -- information about security plans and procedures of the airports and airline industry."

DHS Plans To Move Ahead With Pay System Changes. The Washington Post (4/5, D4, Barr, 744K) reports in its "Federal Diary" column, "The Department of Homeland Security is moving ahead with its plan to change how it evaluates and pays employees, even as it tries to fend off unions in court. The pay changes and the court case are separate issues, but the union litigation has altered the department's timetable and injected some uncertainty into how far Homeland Security can go in changing some key workplace rules. … The litigation is scheduled to resume tomorrow, when the unions, led by the National Treasury Employees Union, and the government make oral arguments before a federal appeals court. … Although the unions have focused their legal efforts on stopping the department's new work rules, they also are wary of the new pay system, contending that the government has a poor track record in creating performance-based management systems that are viewed as fair and credible by workers."

9/11 Movies Quickly Generate Controversy. The release of the first movies documenting the events of September 11, 2001 has touched a raw nerve with many. The trailer for one movie, "United 93," has been pulled from some theatres after complaints. ABC World News Tonight (4/4, story 7, 2:45, Vargas, 8.78M) reported, "Many audience members have been shocked by seeing a trailer advertising a movie called 'United 93,' playing, now, as a preview in theaters. Which raises the question -- is it appropriate to make a movie about a national tragedy? And if not now, when?" ABC (Snow) added, "After complaints, this theater in New York City pulled the trailer. But Universal Studios, the distributor, stands by the film. The studio has been working with the families of all 40 people on flight 93."

NYC, New York State Urged To "Take Back The Towers." In an op-ed in the New York Times (4/5, Smith, 1.19M), ex-firefighter and financier Dennis Smith says that, given the feuding over the World Trade Center site, City Hall and Albany need to invoke "the eminent domain clause." He calls Mayor Bloomberg "the natural choice to become chief engineer and contractor of a smaller, smarter, more appropriate ground zero."

Senate Appropriations Committee Votes To Add $8 Billion To Hurricane Request. The New York Times (4/5, Eaton, 1.19M) reports the Senate Appropriations Committee voted yesterday to add about $8 billion in hurricane aid to President Bush's $19 billion request, meaning "that Louisiana will most likely retain all of the $4.2 billion that the House approved for home rebuilding." Meanwhile, Sen. Thad Cochran "added considerable aid for his state," including "$700 million to relocate a privately owned freight rail line in Mississippi, $1.2 billion for a pilot program favored by Mississippi's governor to replace trailers with cottages and $1 billion in block grants that are likely to go to Mississippi and Texas." However, "some senators are pledging to fight the ballooning supplemental appropriation, which they say should be used for emergency spending only."

Landrieu Threatens To Hold Bush Nominations Over Levee Funding. ABC World News Tonight (4/4, story 4, :20, Vargas, 8.78M) reported Democratic Sen. Mary Landrieu has "vowed to hold up all of President Bush's executive branch nominations unless he asks Congress for all the money needed to rebuild the New Orleans levees. The government said last week the job could cost $6 billion, twice the amount that has already been appropriated."

The CBS Evening News (4/4, story 3, 0:30, Schieffer, 7.66M) reported Sen. Landrieu "warned President Bush today she means business about getting Katrina recovery money for her state." Landrieu "also wants a 30-year commitment of $2 billion a year for Gulf Coast recovery."

The Hill (4/5, Allen) reports that in a letter sent to Bush yesterday, Landrieu wrote, "Mr. President the piecemeal approach that has marked your administration's response to providing adequate levee and flood protection for Louisiana has not worked. It needs to be replaced by a comprehensive approach that is both more effective and cost-efficient." Landrieu "hinted that she has other arrows in her quiver but did not specify what other means she might have to put pressure on the president or the GOP-led Senate."

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CNN's The Situation (4/4, Blitzer) reported that Sen. Mary Landrieu said on the Senate floor "that she is going to block all of the president's appointments unless he moves quickly, expeditiously, to provide billions of dollars for Hurricane Katrina relief in Louisiana and to improve the levee system." CNN added, "No word yet from the White House on this threat from Mary Landrieu to hold up all, all presidential nominations, all presidential appointments until she gets what she wants as far as Hurricane Katrina relief is concerned."

Flood Maps Seen As Important Factor In Deciding Whether To Return To Louisiana. The Christian Science Monitor (4/5, Jonsson, 61K) reports that for most residents of Plaquemines Parish, "the decision of whether to return is becoming more complex." With the cost to make the state's levees able to withstand "Katrina-size storms" at $9 billion, flood plain maps have become "a key to the recovery riddle, since they will guide rebuilding and factor in developers' calculations. … The Army Corps of Engineers completed its first repairs on the Plaquemines levees on March 17, bringing them up to their original height and bolstering them with sturdier clays. But a harsh prospect overshadowed its restoration. 'Another Katrina would overtop this levee,' said Army Corps of Engineers Col. Lewis Setliff during a press conference near the Empire Lock in Nairn, La."

FEMA Says Trailer Park That Prompted Suspension Was Approved Months Ago. In an article that seems to find fault with Mayor C. Ray Nagin's decision to suspend construction of FEMA trailer parks in New Orleans, the New York Times (4/5, Nossiter, 1.19M) reports that with New Orleans' mayoral election less that three weeks away, "the sympathy of elected officials for the irritations of voters in the aftermath of Hurricane Katrina is boundless. As a result, there will be no trailer park in Lakewood Estates, a collection of solid, spacious homes behind a high locked gate in the Algiers section." FEMA "was already well along" in constructing the site, "but fortunately for the residents of Lakewood Estates, campaign season is also well along." Mayor C. Ray Nagin said that the construction of the site, and, "for the moment, all other trailer sites in the city," was suspended. FEMA, meanwhile, "said it was puzzled, especially since the Algiers trailer site had been approved by the mayor months ago, said Darryl Madden, an agency spokesman."

NYTimes Says Difficulty Finding Brown Replacement Shows Major Reforms Needed At FEMA. The New York Times (4/5, 1.19M) editorializes that top candidates to replace Michael Brown as director of FEMA are sending the administration the message that no one wants "to take over as captain of a ship that's already sinking." Though "high-profile positions like that are sought after, even fought over," the Times writes that "no one seems to want to take over the rudderless agency after the mess that followed Hurricane Katrina." The Times states that "President Bush needs to set a clear agenda for reform and make tangible commitments on the agency's future role." Also, naming acting director David Paulison as the permanent chief, "would create the impression that this crucial government function was being handed over to the only person willing to take it on."

64% Chance Of Major Hurricane Predicted For East Coast. USA Today (4/5, O'Driscoll, 2.31M) reports the Tropical Meteorology Project at Colorado State University predicted Tuesday that the 2006 "hurricane season is likely to be very active, though not as bad as last year's record-shattering barrage on the Gulf Coast." Meanwhile, the team's "'landfall probability' outlook sees a 64% chance that a major hurricane — Category 3 or higher… — will hit" the East Coast. "The central Gulf Coast…rates a 30% likelihood for a major hurricane."

Insurers See Record Profits. The Los Angeles Times (4/5, Gosselin, 958K) reports, "The companies that provide Americans with their homeowners and auto insurance made a record $44.8-billion profit last year even after accounting for the claims of policyholders wiped out by Hurricane Katrina and the other big storms of 2005, according to the firms' filings with state regulators." Executives said the profit was "a fluke," and "said that even with the increase, insurers face deep problems that can be fixed only by substantial premium hikes, a scaling back of commitments by several firms to the most disaster-prone portions of the country and, according to some, a greatly expanded role for the state and federal governments in insuring individuals against the largest of catastrophes."

International Red Cross Officials Criticize US Organization's Katrina Response. The New York Times (4/5, Strom, 1.19M) reports that international Red Cross officials that aided their American counterparts during the response to Hurricane Katrina have filed "unusually harsh reports" detailing "mismatches between the needs of victims and the supplies the Red Cross had arranged, the absence of a plan to guide the distribution of supplies and a lack of record-keeping, which allowed inventory to go astray." The

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Times adds that they "closely echo concerns raised by volunteers in the disaster area."

The Washington Post (4/5, A14, Salmon, 744K) reports, "The reports continue the drumbeat of criticism of the charity, which has escalated in the months since hundreds of thousands of Gulf Coast residents flocked to Red Cross shelters and relief trucks after Katrina struck." The reports, prepared in September by the British Red Cross and the International Committee of the Red Cross in September, were not released by the American Red Cross "until yesterday, after The Washington Post asked the British Red Cross for a copy."

WAR NEWS:

Bush Urges Iraqi Leaders To Form Unity Government Quickly. President Bush yesterday urged Iraqi leaders to move quickly to form a unity government. The AP (4/4, Sidoti) reported that Bush called on the leaders to "stand up and do their job," noting that the formation of a new government "would give Iraqis confidence in their future." Bush made his statement "during a brief question-and-answer session with reporters at the White House."

Administration Scales Back Funding For Organizations Promoting Democracy In Iraq. The Bush Administration has been scaling back funding for the organizations attempting to carry out the President's vision in Iraq. A front page story in the Washington Post (4/5 A1, Baker, 744K) reports, "The administration has included limited new money for traditional democracy promotion in budget requests to Congress. … The shift in funding priorities comes as security costs are eating up an enormous share of U.S. funds for Iraq and the administration has already ratcheted back ambitions for reconstructing the country's battered infrastructure. While acknowledging that they are investing less in party-building and other such activities, administration officials argue that bringing more order and helping Iraqis run effective ministries contribute to democracy as well."

US Seen As Pressuring Iraq For Political Action While Encouraging Sovereignty. The Christian Science Monitor (4/5, LaFranchi, 61K) reports that the US strongest influence in Iraq may be "the simple fear of what would happen if the US up and left." The US is showing signs of "growing increasingly impatient with Iraqi leaders over their inability to name a new government," does not want "to look as if it is determining Iraq's future. The result is a delicate balancing act: It's applying pressure for political action even while encouraging a sovereign Iraq that appears to stand on its own two feet." The US is "operating with the knowledge that too much pressure could have the negative result of prolonging the leadership stalemate among politicians who are sensitive about foreign influences in Iraq."

Ignatius Says US Should Not Pull Plug Prematurely On Iraq Talks. David Ignatius writes in the Washington Post (4/5, A23, 744K), "Americans are getting impatient about the formation of a new Iraqi government. That's what Secretary of State Condoleezza Rice told political leaders in Baghdad this week, and she was putting it mildly. But it would be folly if American impatience torpedoed the slow but real progress Iraqi leaders are making toward a government that could step back from the brink of civil war. The "X-factor in this delicate game is U.S. political support. Khalilzad could fail in his effort to midwife a unity government, and Iraq could spiral into full-blown civil war. But it would be crazy for an impatient America to talk itself into defeat and pull the plug prematurely."

Iraqi Vice President Calls For Al-Jaafari's Resignation. Iraqi Vice President Adil Abdul-Mahdi yesterday called for the resignation of Prime Minister Ibrahim al-Jaafari. The AP (4/5, Reid) reports that Abdul-Mahdi's comments make him "the most senior Shiite official publicly to endorse demands for a leadership change to halt the slide toward civil war." Abdul-Mahdi said he met with al-Jaafari on Monday "and urged him to give up the nomination for a second term because he had lost the confidence of the Sunnis and Kurds. But Abdul-Mahdi said al-Jaafari refused, insisting he wanted to take his case to parliament, which must approve the new prime minister and his Cabinet by a majority vote."

Rice Says US Will Not Establish Permanent Bases In Iraq. The AP (4/5, Sidoti) reports that Secretary of State Condoleezza Rice yesterday "brushed aside suggestions that the United States wants an indefinite troop presence and permanent military bases in Iraq. 'The presence in Iraq is for a very clear purpose, and that's to enable Iraqis to be able to govern themselves and to create security forces that can help them do that,' Rice told the House Appropriations Committee's foreign operations panel. 'I don't think that anybody believes that we really want to be there longer than we have to.' ... However, Rice did not say when all US forces would return home and did not directly

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answer Rep. Steven Rothman, D-NJ, when he asked, 'Will the bases be permanent or not?'" Instead, Rice responded, "I would think that people would tell you, we're not seeking permanent bases really pretty much anywhere in the world these days."

WSJournal Criticizes Rice's Iraq Trip. In a critical editorial entitled, "Condi's Iraq Stumble," the Wall Street Journal (4/5, 2.11M) blasts Secretary of State Condoleezza Rice's recent trip to Iraq, saying, "Try as we might, we can't see what good purpose was served by Condoleezza Rice and Jack Straw's lobbying in Baghdad earlier this week. If the American Secretary of State and British Foreign Secretary were aiming to be diplomatic, they failed. That's because with both words and gestures the two publicly took sides in a contentious dispute over forming Iraq's government." Rice "is surely right that the US sacrifice for Iraqi freedom has earned us the right to speak up. But except where US interests are clearly threatened, pressure is best applied behind closed doors by the seasoned US Ambassador, Zalmay Khalilzad, not the unsubtle endorsement of candidates by overnighting officials."

Sadr Spokesman Wants Timetable For US Withdrawal. The CBS Evening News (4/4, story 7, 3:15, Logan, 7.66M) reported, "When you enter the vast Shiite slum of Sadr City in northeastern Baghdad, your life is in the hands of one of the most formidable militias in the capital, the Mahdi army." In an interview, Sheikh Abdel Hadi al-Daraji, "who speaks for their leader, rebel Shiite cleric Moqtada Al-Sadr…blamed America for trying to create civil war in Iraq, saying, 'I tell President Bush that the freedom you want is the freedom of blood.' His armed guards agreed, and although they wouldn't talk on camera, made it clear they want American forces to leave Iraq." The militia's "political leaders are publicly at least calling for restraint. 'American forces leaving Iraq immediately might not make any sense, so what we want is a timetable,' the sheik told us. 'Everything depends on setting a timetable for American withdrawal.'" A "wave of sectarian killings here is being blamed on the various militias, and with more tortured bodies turning up every day, the US Ambassador has called on Iraq's leaders to act against them." Zalmay Khalilzad, US Ambassador to Iraq: "It's time that the government, with the help of the international community, deals with the militia issues by decommissioning, demobilizing and re-integrating them."

Voters In 19 Wisconsin Towns Support Withdrawing US Troops From Iraq. USA Today (4/5, Keen, 2.31M) reports, "Voters in 32 Wisconsin communities went to the polls Tuesday to decide referendums calling for the withdrawal of U.S. troops from Iraq. By late Tuesday night, ballots had been counted in 25 towns and cities. The measures passed in 19 of them, including Madison, and were defeated in six." USA Today adds, "Organizers hope the outcome in Wisconsin will encourage people in other states to put similar referendums on November ballots and prompt members of Congress to put pressure on the Bush administration to bring troops home. … A USA TODAY/CNN/Gallup Poll last month found that 54% of Americans want U.S. troops to be withdrawn from Iraq now or within a year, and 60% said it wasn't worth it to go to war in Iraq." The Washington Post (4/5, A7, Kydersen, 744K) runs a similar report under the headline "Majority Of 32 Wisconsin Towns Vote For Iraq Pullout."

Kerry Says US Should Set Deadline For Troop Withdrawal. Sen. John Kerry writes in the New York Times (4/5, 1.19M), "For three years now, the administration has told us that terrible things will happen if we get tough with the Iraqis. In fact, terrible things are happening now because we haven't gotten tough enough." Kerry notes, "Iraqi leaders have responded only to deadlines -- a deadline to transfer authority to a provisional government, and a deadline to hold three elections. Now we must set another deadline to extricate our troops and get Iraq up on its own two feet. Now we must set another deadline to extricate our troops and get Iraq up on its own two feet."

Car Bomb Kills Ten Iraqis In Sadr City. The CBS Evening News (4/4, story 7, 3:15, Schieffer, 7.66M) reported, "Ten Iraqis were killed by a car bomb in Sadr City, a Shiite district of Baghdad."

Iraqi Prosecutors Unveil New Charges Against Saddam. Iraqi prosecutors yesterday unveiled new charges against former dictator Saddam Hussein, this time seeking to hold him to account for the slaughter of possibly 100,000 Kurds and the use of chemical weapons during the 1980s. CNN's The Situation Room (4/4, Raman) reported "prosecutors allege it was a campaign meant to systematically destroy the Kurdish people of Iraq.

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Conservative estimates say that well over 100,000 Kurds were killed in the course of that campaign."

The story was briefly reported by each of the networks. ABC World News Tonight (4/4, story 5, :20, Vargas, 8.78M) reported, "Six former aides were also charged, including one of his cousins, the man known as Chemical Ali, for allegedly directing deadly gas attacks." The CBS Evening News (4/4, story 6, 0:10, Schieffer, 7.66M) reported, "Saddam is still on trial on other mass murder charges." NBC Nightly News (4/4, story 6, 0:30, Williams, 9.87M) reported, "The special Iraqi court that is trying him announced today it has charged him with trying to wipe out the Kurds with a military campaign that killed at least 50,000 civilians back in 1988."

The New York Times (4/5, Wong, 1.19M), Los Angeles Times (4/5, Moore, 958K), Washington Times/AP (4/5, Yacoub) and Washington Post (4/5, A18, Finer, Nouri, 744K) run similar reports. The AP (4/5, Deutsch) reports Michael Scharf, director of the Frederick K. Cox International Law Center at Case Western Reserve University in Cleveland, "said the genocide case against Saddam won't be easy to prove 'despite the large number of Kurdish victims (reportedly more than 100,000).'" Scharf "said a number of issues could undermine the case including the sparing of Kurdish villagers, the killing of non-Kurds and potentially legitimate military goals and economic aims."

Russian Oil Giant Hopes To Regain Iraqi Oil Field. The Washington Times (4/5, Mihailescu, 90K) reports that the Russian firm Lukoil views the "formation of a new Iraqi government as an opportunity to deal itself back into that country's huge West Qurna oil field." Lukoil lost its Qurna contract "in December 2002 as coalition forces were building up for the 2003 invasion."

First Cavalry Division Dedicates Memorial To Iraq Dead. ABC World News Tonight (4/4, story 11, 2:40, Vargas, 8.78M) reported the 1st Cavalry Division "is deployed in Iraq and went there more than two years ago. Since then, this division has suffered more than most. 168 soldiers lost. Today, at their home base in Ft. Hood, Texas, they dedicated a memorial." ABC (Hayes) added, "This memorial was built, fashioned after the Vietnam Memorial, with names etched in granite." It was "designed with blank slates, room for names that may still be etched here before the war is over."

Mother Mourns Loss Of Marine Son In Iraq. The Washington Post (4/4, A21, 744K) reports Danielette James, a federal custodian who cleans congressional offices five nights a week, learned over the weekend that that her son, Eric McIntire, "had been killed by a roadside bomb near Baghdad." McIntire "was traveling in a Humvee with other members of his platoon on Sunday when a bomb exploded, killing him and several other men, James said." James "last saw her son at Christmas. She last talked to him a few days before he returned to Iraq in early March. Before, he had wanted to go to Iraq because all of his friends were there, James said. This time he was reluctant, she said.'

Iraq Wounded Have Transformed Walter Reed's Staff. A front page story in the Washington Post (4/5, A1, Levine, 744K) reports that the Iraq war "remains ubiquitous in the operating rooms" of Walter Reed Medical Center. The Post adds, "So many have arrived in the past three years -- so many continue to arrive -- that they have transformed the hospital's routine. The staff has been redeployed, programs created, a special military company activated just for the injured. … But the cumulative effect of nearly 4,900 patients, including 1,458 battle casualties, has done more than change the institution. It has deeply affected the hundreds of doctors, nurses and therapists who work there -- who have been inspired by the resiliency and motivation of the individuals in their care, yet shaken and exhausted by the magnitude of loss."

CORPORATE SCANDALS:

Enron Witness Says Layoffs Were "Redeployments." The AP (4/5, Graczyk) reports, "A former Enron Corp. human resources supervisor testified Tuesday that people who moved from its struggling broadband venture were given opportunities to shift assignments, disputing earlier testimony that they were laid off." The AP continues, "Sarah Davis, testifying for a second day at the fraud and conspiracy trial of former Enron Chief Executive Jeffrey Skilling and founder Kenneth Lay, said the March 2001 cuts at Enron Broadband Services were 'redeployments' and not layoffs. … Kenneth Rice, who ran Enron's money-losing broadband venture, testified in February that Skilling told him to characterize layoffs at the unit in early 2001 as redeployment so some 250 employees would believe they would keep their jobs and Wall Street analysts who influenced the company's stock would remain bullish on the weakening venture." The AP adds, "Asked by

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Skilling lawyer Mark Holscher if Rice or anyone else at Enron told her the cutbacks were 'a ruse to lay people off' or 'some sort of disguised layoffs,' Davis replied: 'No. It was redeployment.' … But under cross-examination, she said it wasn't part of her duties to keep up with the business reasons for any redeployments or layoffs."

Witness Testifies Skilling Did Not Favor Partnership. The Wall Street Journal (4/5, McWilliams) reports, "A former Enron Corp. executive testified that former President Jeffrey Skilling insisted that a controversial partnership run by the company's chief financial officer be treated the same as other bidders during the sale of an Enron subsidiary." The Journal continues, "The defense witness's testimony is intended to show that the relationship between Enron and the partnership, known as LJM, was proper and at arm's length, as opposed to the conflict-laden relationship that prosecutors allege was used to manipulate the company's finances." The Journal adds, "J. Mark Metts, who negotiated asset sales and acquisitions while at Enron, testified that Mr. Skilling never sought any favors for the LJM partnership amid the partnership's efforts to involve itself in a prospective asset sale that Mr. Metts was handling. LJM, a partnership set up and run by Andrew Fastow, Enron's former finance chief, is at the core of the government's conspiracy case. Prosecutors contend LJM was used improperly to hide losses from investors and to boost profits."

Skilling On The Stand Will Be Confronted With Past Testimony. The New York Times (4/5, Eichenwald, Barrionuevo) reports, "As Jeffrey K. Skilling, Enron's former chief executive, moves from the defense table to the witness stand as soon as today, he will have to be prepared to confront his own past testimony." The Times continues, "At his trial in Houston, Mr. Skilling will be bound by the very words he spoke under oath in secret testimony given more than four years ago, at a time when the Enron criminal investigation had not yet begun. … The testimony, taken in December 2001 as part of an investigation by the Securities and Exchange Commission into the Enron debacle, serves as a road map to the defense Mr. Skilling will offer on the stand. It also points up some potential pitfalls he faces. A transcript of the testimony, which has not been made public, was obtained by The New York Times." The Times adds, "The transcript lays out not only what is sure to be the foundation of Mr. Skilling's own explanation for what went wrong at Enron, but also the words that could be used against him in cross-examination. … At the heart of Mr. Skilling's statements in his previous testimony was a simple refrain: Enron took every precaution; everything was legal; nothing was hidden; nothing was improper. But Mr. Skilling also advanced the argument that if anything illegal had occurred, he could not possibly have been on top of every transaction at Enron, simply because the company was too sprawling for any one person to control."

Lay Attorney Awaits Further Surgery. The Washington Post (4/5, Johnson) reports, "The lead lawyer for former Enron Corp. chairman Kenneth L. Lay has been hospitalized for more tests while he awaits surgery, a move that could put him out of commission for a significant portion of his client's defense against fraud charges." The Post continues, "Doctors at Houston's Methodist Hospital are evaluating Michael W. Ramsey, 66, for a new blockage in his carotid artery that doctors uncovered in tests Tuesday. … Last month, during a short break in the trial, Ramsey had a stent successfully implanted in a different artery to help correct shortness of breath and other symptoms he had since at least the third week of Lay and protege Jeffrey K. Skilling's trial."

SEC Alleges Fraud In Case Of DC Charter Funds. The Washington Post (4/5, B1, Montgomery) reports, "Federal securities regulators yesterday accused a Maryland firm of defrauding the District of millions in federal and local funds earmarked for D.C. charter schools, saying the firm used the cash to try to prop up two failing subsidiaries." The U.S. Securities and Exchange Commission "alleges that Geneva Capital Partners LLC and its owner, Eric M. Westbury of Silver Spring, obtained investments of more than $21 million from the District without telling D.C. officials that two of the city's advisers had a financial stake in Westbury's firms. Westbury then used some of the cash to cover losses at his other companies, which together owe about $33 million to more than 2,000 small investors nationwide, the complaint says." Geneva also "owes the District about $11 million." John M. Fedders, Westbury's attorney, said, "We dispute paragraph after paragraph of these SEC allegations." U.S. District Judge Deborah K. Chasanow "gave Fedders until April 26 to file his objections, and she set a hearing date for May 12."

Executive Says Rules In Section 404 Of Sarbanes-Oxley Law Should Be Narrowed. In a piece in the Wall Street Journal (3/5, A20), Richard C.

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Pozen, chairman of MFS Investment Management, discusses "Section 404 of the Sarbanes-Oxley law, which requires an annual assessment by public companies of their internal controls over financial reporting." Pozen says that "instead of exempting small companies from Section 404," the SEC and Public Company Accounting Oversight Board "should apply to all public companies narrower rules on internal controls. Management's assessment of internal controls should focus on the material information contained in the company's reports to the SEC, and the auditors should attest to management's assessment by reviewing its processes and sample testing. Both should apply the traditional concept of materiality -- financial significance relative to the whole company. In this manner, Section 404 will be very helpful in preventing material misstatements in a company's reports to the SEC, but at a much lower cost."

CRIMINAL LAW:

Child Porn Victim Tells House Committee DOJ Moving To Slowly On Pedophiles. Justin Berry, a victim of the $20 billion Internet child pornography trade, yesterday testified before Congress. The story was covered by ABC in its first two stories, while CBS covered it early in its lineup.

ABC World News Tonight (4/4, lead story, 3:25, Vargas, 8.78M) reported, "Justin Berry described how he was lured into the world of child sex Websites when he was just 13 years old. It is a booming business. An estimated $20 billion is spent worldwide on child pornography each year. Law enforcement is overwhelmed by the number of new cases every day. And Justin Berry is one of thousands of victims. But his story, told on Capitol Hill, today, is now a lesson on how to stop the predators." ABC (L. Stark) added, "Lawmakers were riveted and stunned by the testimony they heard today. How easy it is for online predators to lure in a lonely teenager. Justin Berry was an honor student, class president, when he was lured into the world of online child pornography." Rep. Joe Barton: "I've never been more revolted in preparing for a hearing, than in reading the materials I had to read for this one." Stark: "There was criticism today of the Justice Department, saying there's been little aggressive prosecution. And that online predators have nothing to fear. The Justice Department insists that child online pornography is a high priority. And they say prosecutions have jumped 300% in the last ten years."

The CBS Evening News (4/4, story 4, 2:50, Attkisson, 7.66M) reported, "Congress was riveted by the story of how an honor student from Bakersfield, California, used a web camera to delve into a world of online predators where he was first explorer, then exploited." Help "came last June when a New York Times reporter investigating web cam child porn found Justin and convinced him to leave the business." But "out of more than 1,000 names Justin turned over to the Justice Department last summer, only two have been charged. Part of today's hearing was about trying to get more prosecutions going."

The AP (4/4, Kellman) reports, "Justin Berry, who for five years starred in his own Web cam child pornography business, told a House panel Tuesday that the Justice Department is moving too slowly to round up 1,500 pedophiles whose information he surrendered last year. … 'I believed that the government would protect the children being abused. I believed they would act quickly,' Berry, now 19, told the House Energy and Commerce Committee. 'I was wrong.'" The AP continues, "Justice Department spokesman Bryan Sierra disputed that, citing a threefold increase in federal prosecutions of child pornography and abuse cases nationally over the past decade. The unit investigating Berry's case, which Sierra could not discuss, has seen its workload increase 450 percent in the last four years. … 'One of law enforcement's highest priorities is the protection of innocent children from sexual predators who lurk on the Internet,' Sierra said. … The same committee will hear from the Justice Department, among other federal agencies, on Thursday." The AP adds, "Berry's story of a lonely teenager who sought friends on the Internet but instead grew rich attracting pedophiles was reported in December by the New York Times after a six-month investigation. Its author, Kurt Eichenwald, told the Energy and Commerce Committee on Tuesday that Berry is the first such teenage witness known to turn over such a vast cache of evidence to the government. … But even Berry's catalog of his clients' names, credit card numbers and other details has resulted in only one arrest, he and Eichenwald said. … 'From the time that the government was notified of Justin's information to the point where the children in direct danger were saved, more than 50 days passed,' Eichenwald told the panel. 'Some people identified as perpetrators literally could not get themselves arrested if they tried.'"

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DHS Deputy Press Secretary Accused Of Soliciting Teen Online. The Washington Post (4/5, A24, Hsu, 744K) reports DHS' deputy press secretary, Brian J. Doyle, "was arrested last night on charges that he used the Internet to seduce an undercover Florida sheriff's detective who he thought was a 14-year-old girl, the Polk County Sheriff's Office said." He was "charged with seven counts of using a computer to seduce a child and 16 counts of transmitting harmful materials to a minor, according to a sheriff's office statement." The sheriff's office said that "Doyle told an undercover computer-crimes detective who he was and that he worked for the Department of Homeland Security, later disclosing numbers for his office phone and government-issued cellphone and using those lines." Chertoff press secretary Russ Knocke released "a written statement, saying, 'We take these allegations very seriously and we will cooperate fully with this ongoing investigation.'"

Appearing on CNN's Anderson Cooper (4/4), with the words "D.H.S. Sex Allegations" across the bottom of the screen, Polk County Sheriff Grady Judd said Doyle "clearly identified himself as the deputy press secretary for Homeland Security. And if he would provide that kind of information, to include a photograph of himself with his identification tags, who else may he be talking to around the world who he thinks to be a 14-year-old girl?"

Fox News' Hannity and Colmes (4/4) reported that "Doyle engaged in sexually explicit conversations with, who he believed was a 14-year-old girl over the internet, even sending her pornographic movie clips. The girl turned out to be an undercover agent."

The Washington Times (4/5, Hudson, 90K) reports, "Doyle will be placed on administrative leave today pending an investigation and may be extradited to Florida to face charges." Beyond his written statement, "Mr. Knocke declined to comment further on the charges or say how long Mr. Doyle has been under investigation by the sheriff's office, by the Florida State Attorney's Office and the Department of Homeland Security's inspector general."

Federal Judge Revokes Mississippi Attorney's Bond In Judicial Bribery Case. The Biloxi (MS) Sun Herald (4/5, Lee) reports, "U.S. District Court judge Henry T. Wingate revoked attorney Paul Minor's bond in the judicial bribery case Tuesday because Minor violated the terms of his release by getting drunk. … The order to revoke bond was handed down in a hearing Tuesday morning in Jackson." The Sun Herald continues, "Wingate said he would have considered a treatment plan had the defense presented one. Instead, defense attorney Dennis Sweet of Jackson argued that Minor wasn't drunk March 6 at the Marriott Hotel in Jackson. … Minor was taken into custody by the U.S. Marshals Service and will be transferred to the Madison County jail, where he is scheduled to remain until trial. However, Minor attorney Brad Pigott of Jackson said the defense plans to present an alternative treatment plan for alcohol abuse as soon as possible." The Sun Herald adds, "Wingate indicated he would be willing to consider such a plan as an alternative to incarceration. … A morning's testimony about his condition that night conflicted, but Wingate found Drug Enforcement Administration agents who witnessed Minor's intoxication more convincing than testimony from two Marriott employees who got to know Minor over the course of his first judicial bribery trial last summer."

Final Closing Statements Made At "Mafia Cops" Trial. The AP (4/5, Hays) reports that in his closing statement yesterday at the trial of alleged "Mafia Cops" Louis Eppolito and Stephen Caracappa, defense lawyer Bruce Cutler said Caracappa "was a dedicated lawman and aspiring screenplay writer who was fingered by corrupt government cooperators." Cutler "attacked the credibility of two key government witnesses -- confessed drug dealer Burton Kaplan…and admitted embezzler Steven Corso," saying that Kaplan "led a double life, a triple life, even a quadruple life" and calling Corso a "sophisticated, unctuous, polished, low-life thief." In his rebuttal, Assistant US Attorney Robert Henoch "argued that the defense never explained why Kaplan knew personal details about the lives of 'Brooklyn's finest.' He also asked jurors to focus on Corso's testimony about asking the ex-officers to help him score drugs for some potential film backers from Hollywood who were visiting Las Vegas in 2005." The New York Times (4/5, Feuer, 1.19M) notes Cutler's "summation was less a legal argument than a free-associative ode, a lawyerly tone poem on the themes of hope, justice and the spoken word." But Henoch said in his rebuttal, "You can't just say it and it becomes true. You need evidence in a temple of justice — not just words from the dictionary."

Newsday (4/5, DeStefano) reports on Cutler's and Henoch's summations, and adds that "after hours of being cajoled, roused and emotionally tugged at by the closing arguments of prosecution and defense attorneys, the jury

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went home for the day" and "is set to return to court at 9:30 Wednesday morning." In a second story, under the headline "Time Of Essence In 'Mafia Cops' Trial," Newsday (4/5, DeStephano) reports, "More than 40 witnesses have testified and numerous exhibits have been introduced as evidence that prosecutors contend are strong enough to convict both men," but "the 500-pound legal gorilla in the case involves the statute of limitation for racketeering conspiracy, something that concerns Judge Jack Weinstein. … If the jury finds that the conspiracy and Eppolito's and Caracappa's involvement in it ended before March 9, 2000, then the two defendants would be acquitted of the racketeering charges, including the murders. However, drug and money laundering charges would remain regardless."

The New York Daily News (4/5, Marzulli, 729K) notes in its story on the summations, "In keeping with the previous four weeks, Cutler offered no alternative theory or alibi to clear his client or suggest reasonable doubt. But there was plenty of name-calling." The New York Post (4/5, Haberman, 624K) also reports on Cutler's colorful closing, under the headline, "Wily 'Mob Cop' Defense."

Missouri Man Sentenced To Prison For Attempt To Fence Stolen Rembrandt. The St. Louis Post-Dispatch (4/5, Shinkle, 310K) reports, "A man who admitted posing as a Saudi sheik as part of a scheme to sell a fake Rembrandt painting for $2.8 million, was sentenced Tuesday" to five months in prison and five months home confinement. Majed A. Ihmoud of St. Charles "took the fake of Rembrandt's 'Man with the Golden Helmet' to the Adam's Mark Hotel in downtown St. Louis on Aug. 12, 2004, expecting to sell it to a buyer for $2.8 million, the FBI said." FBI Art Crime Team senior investigator Robert Wittman noted, "He said he had a Rembrandt for sale that had come out of the Middle East," but "the buyer, who provided a check for $2.8 million at the meeting in the Adam's Mark, was an undercover FBI agent."

More Charges Possible In Hollywood Private Eye Scandal. The CBS Evening News (4/4, story 9, 2:10, Bowen) reported on the scandal surrounding Hollywood private investigator Tony Pellicano. Director John McTiernan "of 'Die Hard' fame" is "the 14th person to face Federal charges for lying about his connection to the man at the center, tough-talking Tony Pellicano, self-styled private investigator and problem fixer to the stars." Prosecutors "say he used illegal wiretaps to get information for other clients in legal disputes." George Cardona, acting US Attorney: "This is not, we don't think, how most private investigators do their job." Bowen: "Several Hollywood heavyweights have been called in to talk – celebrity lawyer Bert Fields, former super agent Michael Ovitz, and Paramount Chief Brad Grey – but the speculation and questions continue."

Pellicano Probe Focuses On Links To Director. The Los Angeles Times (4/5, Eller, Krikorian, Christensen) reports, "About noon on Feb. 24, two FBI agents visited veteran producer Charles Roven in his Sunset Boulevard office after calling to tell him that he was allegedly a victim of Hollywood private eye Anthony Pellicano. … The agents brought a tape recording that would startle Roven, according to sources close to the investigation. Director John McTiernan, whom Roven worked with on the 2002 box office flop 'Rollerball,' was allegedly on the tape with Pellicano, discussing the details of Roven's wiretapped conversations." The Times continues, " Pellicano allegedly briefed McTiernan on Roven's conversations regarding "Rollerball," the sources said, as well as Roven's personal calls. … Authorities charged McTiernan on Monday with lying about having hired Pellicano. A day later, the full extent of McTiernan's reliance on the indicted detective was beginning to come into focus." The Times adds, "McTiernan's association with Pellicano began years ago, long before the alleged Roven wiretap, when the director allegedly hired the private eye in 1998 as part of his highly publicized divorce. But it did not end there. Pellicano also allegedly intimidated a witness in a manslaughter case involving the son of McTiernan's ex-wife, Donna Dubrow. … In an interview Tuesday, Dubrow said she has seen financial records indicating that her ex-husband paid Pellicano in the neighborhood of $100,000 during their protracted divorce. The payments began at least as far back as June 1998, she said, adding that she did not know what services they were for."

Alleged New Mexico Cop Killer Waives Extradition, Returns To US. The Albuquerque Tribune (4/5, Shepard) reports "Michael Paul Astorga, wanted in connection with two Albuquerque-area homicides, waived his extradition hearing in an El Paso, Texas courtroom" yesterday afternoon. "Astorga, who spent a day on the FBI's top 10 'Most Wanted' list over the weekend, was captured Monday in Mexico. He's wanted in the March 22 killing of

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Bernalillo County sheriff's Deputy James McGrane Jr." KTSM-TV El Paso (4/4) adds, "Officials say Astorga is a flight risk and will be heavily guarded in all of his transfers. 'There will be a great deal of protection and security, especially because he killed a law enforcement officer. It shows that he doesn't have much regard for those with guns or law enforcement. So he'll be well guarded,' says Andrea Simmons, FBI."

The AP (4/5) notes, "Police in Ciudad Juarez, Mexico, handed" Astorga "to the FBI and Bernalillo County authorities in El Paso, Texas, early Tuesday morning. By Tuesday evening, Astorga - wearing shackles and handcuffs - was escorted into the Metropolitan Detention Center in Albuquerque." KOB-TV Albuquerque (4/4, Upton) also reports on Astorga's transfer.

Tenet Case Judge Declares Second Mistrial. The Wall Street Journal (4/5, Rundle) reports, "A federal judge in San Diego declared a mistrial in an 11-month criminal case against a unit of Tenet Healthcare Corp., its Alvarado Hospital Medical Center and its former chief executive officer. It was the second mistrial declared by the same judge on nearly the same charges against the defendants." The Journal continues, "The Tenet unit, the hospital and its former CEO, Barry Weinbaum, were accused by U.S. Attorney Carol C. Lam of violating the federal antikickback statute by paying bribes to doctors in exchange for patient referrals to the hospital. The alleged conspiracy involved the illegal use of relocation packages to recruit physicians to Alvarado's service area. … 'Like the two juries that have deadlocked in February 2005 and now April 2006, Tenet and the prosecutors disagree over whether anyone at Alvarado Hospital Medical Center intended to break the law when they recruited physicians to the fast-growing eastern part of San Diego County,' Peter Urbanowicz, Tenet's general counsel, said in a statement." The Journal adds, "The case is important to Tenet, which has been negotiating a settlement with the Justice Department to resolve a multitude of allegations of misconduct. Some investors yesterday said the mistrial could clear the way for a final settlement, assuming that the government doesn't pursue a third trial. Tenet, based in Dallas, is the nation's second-largest hospital company."

Chicago Truck Driver Pleads Guilty To Bribery In Ongoing Probe. The Chicago Tribune (4/5, 643K) reports independent truck driver Carl Edwards "pleaded guilty Tuesday to bribing two Chicago city foremen to obtain at least $45,000 in city-owned asphalt for private paving projects." Edwards "said in a plea agreement that he paid bribes to Patrick Stillo and Robert Laino from April 2002 to November 2004. … In exchange for Edwards' guilty plea and cooperation, prosecutors agreed to recommend a 9-month prison sentence." The Tribune notes, "Edwards is the 35th defendant convicted in the federal probe of the city's Hired Truck Program."

Former Nevada Commissioner's Friend Testifies About Alleged Bribes. KLAS-TV Las Vegas (4/4) reports that at the corruption trial of former Clark County Commissioner Dario Herrera yesterday, "It was a potentially damaging day…as one of his former best friends testifies Herrera often bragged about his relationship with strip club owner Mike Galardi." Terry Lamuraglia "told the jury he and Herrera could get comped drinks and lap dances at Galardi's Cheetahs strip club anytime. … Lamuraglia believes every time he and Herrera visited Cheetahs, he received sexual favors from dancers there. Further damaging Herrera's case, Lamuraglia testified Herrera bragged about 'getting a free trip, getting free golf, getting entertainers, getting things paid for' by Galardi."

Alleged Philadelphia Ticket-Fixer Requests Jury Trial. The Philadelphia Daily Mail (4/5, Hinkelman) reports Molden David Faison, "a former city hearing officer accused of fixing parking tickets for $200 in cash and Prince concert tickets worth $169," said yesterday that he wants a jury trial "after U.S. District Judge Norma L. Shapiro refused to accept his guilty plea. On Monday, the judge had expressed 'doubts' that the government's charge of Hobbs Act extortion against Faison could be proven at trial. … Yesterday, after reviewing case law on the subject, Shapiro said an FBI sting would meet the test if Faison had known or had been informed that he was accepting concert tickets from a company involved in interstate commerce."

FBI, Postal Inspectors Arrest Three For Alleged Credit-Counseling Fraud. Newsday (4/5, Kessler) reports, "In a federal crackdown on allegedly crooked operators of consumer credit-counseling businesses, three managers of a former service in Huntington were charged yesterday with defrauding 17,000 customers around the country out of $24million, according to court

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papers and officials." Former Debticated Consumer Counseling managers Bradley Dorman, Louis Mustachio and Daniel Ruggerio were "arrested by FBI agents and inspectors from the U.S. Postal Inspection Service." Newsday notes, "Dorman, Mustachio and Ruggerio pleaded not guilty at arraignment before U.S. District Judge Joanna Seybert, who released them on $50,000 bail."

New York Investor Found Murdered In Greenwich Mansion. NBC Nightly News (4/4, story 10, 2:30, Williams) reported, "Police in Greenwich, Connecticut, a wealthy suburb north of New York City, say tonight they do not know who stabbed and murdered a 46-year-old millionaire, a man who was in some pretty big legal trouble." NBC (Taibbi) added New York investor Andrew Kissel "was found dead Monday morning in the basement of a rented Connecticut mansion," and "the allure of quick money for him, millions he was about to officially admit belonged to others, had dozens of creditors and investigators in hot pursuit." He is "the second Kissel to die a violent and untimely death. His brother Robert, a Hong Kong banker, bludgeoned to death four years ago by his former waitress wife Nancy after she'd drugged him with a sedative-laced milkshake."

Report Finds Fatal Abuse Of Children Increased In 2004. The Washington Times (4/5, Wetzstein) reports, "The number of fatally abused children rose slightly in 2004 from the previous year as the overall number of abused and neglected children dropped, a new report says." The Times continues, "Officials from the Department of Health and Human Services said that one reason for the increase in fatalities is improved reporting by states, but that the drop in abuse was encouraging. … 'Nevertheless, we cannot tolerate the abuse of even one child,' said Wade F. Horn, HHS assistant secretary for children and families." The Times adds, "The number of fatally abused children rose 2 percent from 1,460 in 2003 to 1,490 in 2004, according to the 'Child Maltreatment 2004' report. Overall neglect and abuse dropped 4 percent from 872,000 in 2003 to 838,000. … More than 80 percent of the children who died of abuse or neglect were 3 or younger. Among infant boys, the fatality rate was 18 deaths per 100,000 boys. Among infant girls, the fatality rate was 17 deaths per 100,000 girls. … More than three-quarters of the children were killed by one or more parents, and almost a third were killed by their mothers acting alone."

Female Homicide Detectives In Maryland Profiled. The Washington Post (4/5, B1, Klein) profiles Kelly Rogers and Meredith Binley, the only two female homicide detectives in the Prince George's County Police Department. The Post reports, "Cpls. Rogers and Bingley are the only female homicide detectives in the county. There have been just six before them in the 75-year history of the department. … The small number of women is typical of area homicide units -- three of 15 homicide detectives in Montgomery County and one of 10 in Fairfax County are women." The Post adds, "The Prince George's detectives work in the most violent of Washington's suburbs, where last year there were 173 homicides, an average of one slaying about every other day. … Although the gender barrier may have crumbled in many respects, the world of guns and violence is still fueled by testosterone. Of the department's 1,348 officers, about 17 percent are women."

CIVIL LAW:

GAO Report Finds Agencies Lax In Protecting Privacy Rights. The Washington Post (4/5, A9, O'Harrow) reports, "Government agencies that use private information services for law enforcement, counterterrorism and other investigations often do not follow federal rules to protect Americans' privacy, according to a report yesterday by the Government Accountability Office." The Post continues, "The Justice Department, the Department of Homeland Security and two other agencies examined by the GAO spent about $30 million last year on companies that maintain billions of electronic files about adults' current and past addresses, family members and associates, buying habits, personal finances, listed and unlisted phone numbers, and much more. … But those agencies often do not limit the collection and use of information about law-abiding citizens, as required by the Privacy Act of 1974 and other laws. The agencies also don't ensure the accuracy of the information they are buying, according to the GAO report. That's in part because of a lack of clear guidance from the agencies and the Office of Management and Budget on guidelines known as 'fair information practices,' the report said." The Post adds, "At the same time, the contractors are not bound by those "fair information practices," and they often don't comply with all of them, the report said. Companies do not notify individuals

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when information is collected, for instance. They limit individuals' access to records about themselves, and they generally do not have provisions for correcting mistakes, the report said. … The 83-page report, the subject of a congressional hearing yesterday, was spurred in part by massive security breaches reported last year by ChoicePoint Inc. and LexisNexis in which sensitive files involving almost 200,000 people were sold to fraud artists."

FDA Accuses Anthrax Vaccine Maker Of Exaggerated Claims. The Washington Post (4/5, Gillis, 744K) reports that the FDA has accused VaxGen of "making exaggerated claims about the purity and effectiveness of a new vaccine for anthrax." The Post reports that VaxGen has "acknowledged that it is at least a year behind in producing the anthrax vaccine."

CIVIL RIGHTS:

DOJ To Probe Baton Rouge Police Shooting Death. The AP (4/5) reports, "A federal investigation has been opened into the shooting death of a businessman, who was killed by a bystander during a scuffle with a Baton Rouge police officer." The AP continues, "The Justice Department has ordered the FBI to investigate, department spokesman Eric Holland said Monday. He would not speculate on how long the investigation would take." The AP adds, "George Temple II was killed Feb. 17 during a scuffle with a police officer that began when he was pulled over for cutting into a funeral procession. During the fight with Officer Brian Harrison, Temple was shot five times. … Authorities said one of the shots came from the officer's gun. The other four came from the gun of Perry Stephens, who authorities say came to help the officer during the struggle. One of Stephens' shots hit Temple in the head and killed him, according to an autopsy. … Police said Temple offered a bribe to the police office and a struggle began when the officer attempted to arrest Temple."

Tennessee Police Sergeants To Face Trial Again On Civil Rights Charges. The Knoxville News (4/5, Stambaugh) reports, "Two Newport police sergeants accused of shaking down a pair of Hispanic men during a 2005 traffic stop will face trial a second time today on federal civil-rights charges." Sgts. James W. Roach Jr. and Patrick Sheldon "were arrested last year by the FBI after they were swept up in a five-year probe into public corruption in Cocke County dubbed 'Rose Thorn.' They were acquitted of felony civil-rights conspiracy charges in February, but jurors couldn't reach a verdict on misdemeanor charges of depriving the alleged victims of their civil rights." The News notes, "Through motions filed by his attorneys, Sheldon has maintained that he has been pressured by the FBI to implicate Roach and was told he would be 'prosecuted to the fullest extent of the federal government's resources' if he refused to cooperate."

Report Critical Of BOP Response To Inmates' Chemical Concerns. The New York Times (4/5, Zernike) reports, "The federal Bureau of Prisons failed to address concerns that inmates and staff members at several prisons were exposed to toxic chemicals in recycling programs where inmates use hammers to smash discarded computers, according to the agency that handles whistle-blower complaints." The Times continues, "In a letter to President Bush and Congress on Monday, the agency, the Office of Special Counsel, called for an independent investigation into the complaints, which were brought to the federal government by a whistle-blower from a California prison in 2004. … The office criticized the Bureau of Prisons for not investigating the accusations thoroughly, saying the agency's review was deficient and 'appears to be cursory at best.'" The Times adds, "The inmates dismantled the computers as part of the federal prison industries program, or Unicor, which has become one of the nation's largest recyclers, providing low-cost recycling to government agencies, schools and private companies. … The whistle-blower, Leroy A. Smith Jr., the former safety manager at Atwater Federal Prison outside Merced, Calif., said factory workers in the recycling facility there and at four other federal prisons in the country were exposed to hazardous materials including lead, cadmium, barium and beryllium when the inmates took hammers to cathode ray tubes from computers. … The Justice Department referred the complaints to the Bureau of Prisons, which produced two reports responding to Mr. Smith's complaints in June and August 2005, concluding that the bureau, the federal prison industries program and prison staff members 'took appropriate steps' to make sure the programs were operating safely."

9th Circuit Panel Hears Arguments In Gay Marriage Case. The AP (4/5, Kravets) reports, "A lawyer

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for a gay couple suing for the right to wed told a federal appeals court Tuesday that it's unconstitutional to prevent same-sex marriage, but one judge appeared unmoved and two others said the case could die on procedural grounds. … 'Everything that is wrong is not discrimination,' said Judge Jerome Farris, part of a three-judge panel of the 9th U.S. Circuit Court of Appeals that heard 40 minutes of arguments." The AP continues, "The case was brought by two gay men who sued after being denied a marriage license in Orange County. They claim California's ban on same-sex marriage and federal laws against it are unconstitutional because gays and lesbians are treated differently than heterosexuals. … U.S. District Judge Gary Taylor last year ruled against the pair Arthur Smelt and Christopher Hammer, both 46, of Mission Viejo. They appealed. … Taylor ruled the law 'has a disproportionate effect on homosexual individuals,' but said the government's desire to promote procreation is a valid reason for infringing on the rights of gays. … Farris agreed with that assertion. … 'I think marriage is a bundle of sticks and sticks include procreation,' Farris said." The AP notes, "Richard Gilbert, the gay couple's attorney, said procreation is not the important element of marriage and Judge Sidney Thomas appeared to agree. … 'I don't understand, really, the procreation argument,' Thomas said. … After the hearing, Hammer said he would prevail all the way to the Supreme Court 'if they acknowledge that we are human.' … Still, the heavyweights of the same-sex marriage movement aren't supporting the case and instead are waging their campaigns in the state courts of California, Iowa, Washington, New Jersey, New York and elsewhere, seeking rulings similar to the 2003 decision that led to legal gay marriage in Massachusetts."

Feingold Backs Gay Marriage. Sen. Russ Feingold, who is seen as a possible 2008 presidential candidate, said yesterday he supports the right of gays and lesbians to marry. The AP (4/5) reports that Feingold's ,comments position him "to the left of possible 2008 rivals. … Feingold said he decided to express his support for gay marriage in response to a Wisconsin constitutional amendment to ban gay marriage and civil unions, which will appear on the state ballot in November."

The Washington Post (4/5, A9, Balz, 744K) reports that Feingold called the Wisconsin amendment "'a mean-spirited attempt' to single out gay men and lesbians for discrimination and said he would vote against it." Feingold "said he is prepared to work with supporters of same-sex marriage to ensure that it is legal in the future."

Texas Couple Wins Judgment Against Housing Authority. The San Antonio Business Journal (4/5) reports, "U.S. Judge John Primomo ordered the Housing Authority of San Antonio, the San Antonio Housing Facility Corp., Pat Matherly and the Pilgrim Allena Housing Development Corp. to pay $125,000 to resolve a tenant disability discrimination case." The Journal continues, "On June 2, 2005, the U.S. Attorney's Office filed a complaint on behalf of local residents Antonio and Josefina Maldonado in the U.S. District Court for the Western District of Texas alleging that the Westminster Square Apartments unlawfully discriminated against the couple because of their disabilities." The Journal adds, "According to the complaint, Pilgrim Allena Housing owns the local apartment complex where the Maldonados have lived since 1989. The San Antonio Housing Facility Corp., a subsidiary of the local Housing Authority, manages the apartments. Matherly was the on-site manager at the property at the time. … Antonio Maldonado is a double-leg amputee and Josefina Maldonado has osteoporosis, hyperlipidemia, angina, diffuse arthritis and diabetes. Over the years, Josefina Maldonado increasingly had been experiencing difficulty maneuvering her husband in his wheelchair from their third-floor apartment to the ground floor via elevator. … Last week, lawyers from the Justice Department and the Housing Authority reached a settlement. With the judge's signature in hand, the Maldonados will receive the $125,000, with part of that settlement going to the Fair Housing Council of Greater San Antonio for their help in the suit."

Alabama Legislature Nears Approval Of Bill To Delay Runoff Elections. The AP (4/5) reports, "The Alabama Legislature moved a step closer Tuesday to approving legislation to delay the June 27 primary runoff elections to July 18 to give military personnel overseas more time to vote." The AP continues, "The House Constitution and Elections Committee approved a Senate-passed bill to delay the party primary runoffs on a unanimous voice vote. The bill is expected to come up in the House Wednesday or Thursday, when it could receive final passage." The AP adds, "Attorney General Troy King and Secretary of State Nancy Worley asked the Legislature to delay the runoffs in response to a lawsuit filed against the state by the U.S. Justice

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Department. … The lawsuit claims there is not enough time between the June 6 primaries and the June 27 runoffs for service members, particularly those fighting in Iraq and Afghanistan, to receive and cast ballots." The AP notes, "The House originally passed a bill that would have kept the runoffs on June 27, but allowed service members to vote by a special ballot that would have been sent to them at the same time as the primary ballot. … King has said he doubts the Justice Department would go along with the special ballot, partly because it would not allow soldiers who did not vote in the primary to vote in the runoffs."

WPost Says Early Voting Bill Taints Maryland Elections. An editorial in the Washington Post (4/5, A22, 744K) says Democrats in the Maryland legislature "have sacrificed fairness to partisan advantage," by pushing through "a bill allowing voting to take place for five days before Election Day -- but mostly at polling stations in Democratic strongholds. This isn't the first time a majority in a state legislature has sought electoral advantage by ramming a brazenly partisan measure down the throat of the minority party. … But no matter which party is behind such partisan mischief, the effect is the same: to subvert the faith that Americans place in the electoral system's fairness." The Post adds that "tilting the early-voting system toward heavily Democratic areas in strategically key jurisdictions taints the election even before it occurs. With such arrogance and abuse, the Democrats will only erode their majority in Maryland."

ANTITRUST:

Analyst Sees Potential Problems For AT&T-BellSouth Merger. In an analysis piece for CNET News (4/5), attorney Mark Del Bianco writes, "The conventional wisdom in Washington is that regulatory approval of the proposed AT&T-BellSouth merger is a done deal. The consensus is that this deal will sail through with flying colors--and a few not very onerous merger conditions. … The conventional wisdom may be wrong. There is a twist that ought to give the regulators pause. Both BellSouth and AT&T own considerable chunks of prime wireless spectrum that is unused and that could quickly and relatively cheaply be used to provide broadband services that would compete with telecom and cable wireline broadband services--in other words, the long-sought "third pipe" to the home or business." Del Bianco continues, "Competitors will no doubt argue that the Federal Communications Commission and the Justice Department should worry about the loss of intermodal competition that will result if the two companies are permitted to retain this valuable spectrum. … The proposed merger will concentrate huge blocks of spectrum in one company with every incentive not to use it." Del Bianco adds, "Provided (the DOJ Antitrust Division) found that the spectrum controlled by the postmerger company represents a source of substantial potential competition, it would be fairly straightforward for it to conclude that without divestiture of the spectrum, the effect of the merger "may be to substantially lessen competition"--the standard it must follow in reviewing mergers under the Clayton Act. … Whether the FCC or the Antitrust Division in this administration will take competition-preserving action is an open question. But for those who seek competition in U.S. broadband markets, and for proponents of network neutrality for whom a third pipe could be a godsend, it certainly looks like a fight worth fighting."

EU Urges Governments To Open Gas Markets. The AP (4/5) reports, "European Union regulators on Tuesday started legal proceedings against 17 countries for not doing enough to open up their energy markets, just weeks after the EU criticized France and Spain for trying to protect their national energy companies." The AP continues, "Delays in drafting new rules to liberalize gas and electricity markets are keeping prices too high, the European Commission has said. … Austria, Belgium, Britain, the Czech Republic, Germany, Estonia, Spain, Finland, France, Greece, Ireland, Italy, Lithuania, Latvia, Poland, Sweden and Slovakia will be sent a warning to put rules in place." The AP adds, "The Commission sent the 17 countries a letter of formal complaint. The member states concerned have two months to reply to the Commission. The final stage of the proceedings would mean taking countries to the European Court of Justice. … The Commission also said it would take Spain and Luxembourg to court for not sending it information to show they had put the legal framework in place. A court ruling can force a country to change national laws under threat of heavy fines. The Commission is still examining Portugal's and Hungary's laws. … It criticized the lack of free choice of supplier for many customers and the continued existence of regulated prices, saying that made it harder for new companies to break into the energy sector. Certain long-standing electricity and gas contracts still get preferential

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access, the Commission said. … It also criticized the way some energy companies do business -- without naming names -- saying there was often not enough separation between electricity and gas transmission and distribution to make sure each was independent. Many companies own the network and sell directly to customers, meaning they are wholesalers selling network access to the rivals they compete with on the retail market."

Fed Clears Citigroup For Future Large Acquisitions. The Financial Times (4/5, Wighton) reports, "One of the clouds hanging over Citigroup was lifted on Tuesday when the world's largest financial services company revealed that the Federal Reserve had removed the ban on it making large acquisitions." The Times continues, "The New York Fed, Citigroup's lead regulator, said in a letter to the company that it had dropped the ban because of the "significant progress" it had made in improving its internal controls. … The Fed imposed the restriction a year ago following Citigroup's string of regulatory problems, including the forced closure of its private bank in Japan and the furore in Europe over controversial government bond trades." The Times adds, "Mr Prince said the move reflected the 'cumulative effect' of moves taken over the last year, including his introduction of a "five-point plan" to improve Citigroup's compliance culture. … Although the Fed ban was a blow to Citigroup's reputation, Mr Prince said the company had not been significantly hampered by the restriction, which applied only to very large transactions. … Mr Prince has shifted Citigroup's focus onto organic growth, following the deal-making of his predecessor, Sandy Weill. Moreover, most large potential targets look expensive, particularly given Citigroup's own depressed stock price."

The Wall Street Journal (4/5, Riley) reports, "The Fed's letter came just days after securities regulators in Australia accused Citigroup of insider trading. Citigroup has denied any wrongdoing and says it will 'vigorously defend' its actions. While Citigroup executives and a team of in-house regulators from the Fed stay in regular contact, it is unclear whether the Fed considered the merits of the lawsuit filed by the Australian regulators before lifting the ban on acquisitions."

Arcelor Blocks Mittal Takeover By Transferring Dofasco Unit. The Wall Street Journal (4/5, Singer, Fleming) reports, "Arcelor SA transferred its lucrative Canadian operations to a Dutch foundation in an effort to block a €20.4 billion ($24.8 billion) hostile offer by rival steelmaker Mittal Steel Co., a move that drew rebukes from Arcelor shareholders and corporate-governance activists." The Journal continues, "Arcelor also raised its dividend by 54% to €1.85 a share and said it will make a special payment to shareholders of $5 billion after Mittal drops its bid or the takeover attempt fails. The two payouts are meant to make siding with Arcelor financially equivalent to accepting Mittal's bid, boiling the choice down to which management team investors prefer." The Journal adds, "Mittal vowed to press on with its bid, which has sparked debate over national pride, cultural compatibility and economic openness across Europe and in other parts of the world. But Mittal, based in Rotterdam, the Netherlands, said it would reduce the cash portion of its cash-and-stock bid because it considers the increased dividend an advance, though it hasn't yet disclosed details."

Blockbuster Sued By Netflix For Web Expansion. The Wall Street Journal/AP (4/5) reports, "Online DVD rental service Netflix Inc. on Tuesday accused Blockbuster Inc. of illegally copying its ideas in a patent infringement lawsuit challenging the video store chain's recent Internet expansion." The AP continues, "The complaint, filed in U.S. District Court in San Francisco, focuses largely on the online wish lists that prioritize the DVD desires of about 5.4 million people who subscribe to either Netflix or Blockbuster's Internet service. … Netflix also believes its patents cover perhaps its most popular feature -- the option of renting a DVD for an unlimited time without incurring late fees." The AP adds, "That change, introduced by Netflix seven years ago, became so popular that Blockbuster last year stopped charging late fees for tardy rental returns to its video stores. Dallas-based Blockbuster once pocketed hundreds of millions of dollars annually from those late fees. … Both Netflix and Blockbuster's online service charge $17.99 per month to rent up to three DVDs at a time. When subscribers return a DVD in a postage-paid envelope, the rental services automatically send the next available movie on their wish lists."

EU Raids Color Line Ferry Company Headquarters. The AP2 (4/5) reports, "European competition authorities on Tuesday raided the headquarters of Norway's Color Line AS ferry company as part of an antitrust investigation." The AP continues, "The surprise inspection

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was to check for possible competition violations by the Norwegian ferry operator, the EFTA Surveillance Authority, or ESA, said in a statement. … 'Surprise inspections are a preliminary step in antitrust investigations. The fact that the EFTA Surveillance Authority carries out an inspection does not mean that the company is guilty of anticompetitive behavior,' the ESA said." The AP adds, "ESA is the enforcement arm of the European Free Trade Association, or EFTA. Through treaties with the European Union, EFTA members Norway, Iceland and Liechtenstein have open markets with the 25-nation European bloc even though they are not members. … Color Line spokesman Helge Otto Mathisen said the company was cooperating fully with the ESA inspectors, who were assisted by the Norwegian Competition Authority."

ENVIRONMENT/INDIAN AFFAIRS:

Controversial EPA Air-Quality Draft May Color Wehrum Confirmation Hearing. The Christian Science Monitor (4/5, Clayton, 61K) reports, "The Environmental Protection Agency has drafted a plan that would allow so much extra industrial air pollution that 7 of 10 of the agency's own regional air-quality directors have signed on to a memo condemning it. While disagreement on policy issues is not unusual, former EPA officials say the regional directors used particularly strong language in criticizing the plan developed on William Wehrum's watch in a December memo, which surfaced Monday. The stinging internal criticism is likely to pop up Wednesday at Senate confirmation hearings for Mr. Wehrum, who is nominated to become the nation's top air-quality officer." Eric Schaeffer, director of the Environmental Integrity Project in New York and a former chief of the EPA's office of regulatory enforcement, is quoted as saying, "Wehrum is the architect of a lot of changes to the Clean Air Act that have weakened environmental protection. ... This new proposal on toxics pushes past science, law, and fair public process."

Plan To Expand Yucca Mountain Nuclear Dump Draws Fire. In a move designed to encourage development of a controversial nuclear dump site under construction near Las Vegas, the Department of Energy has proposed removing a cap that limits how much waste the facility could handle. USA Today (4/5, 2.31M) reports, "The Bush administration wants to bury tens of thousands of tons more nuclear waste at the Yucca Mountain dump in Nevada than now allowed. ... The Energy Department proposed lifting the 77,000-ton storage limit on the dump 90 miles northwest of Las Vegas and allowing as much waste as the facility can hold." Longtime Yucca Mountain opponent, Senate Democratic leader Harry Reid of Nevada, "said the bill was 'not even on life support. It's dead when it gets here.'"

In its coverage, the Wall Street Journal (4/5, Fialka, 2.11M) cites Department of Energy Deputy Director Clay Sell as saying that the changes will help spur the construction of new nuclear power plants, bolster domestic energy supplies and help curtail air pollution. "We need an expansion of nuclear power in this country," he is quoted as saying. The Journal goes on to note, "The enlargement would accommodate one of the administration's longer range plans to remove and reuse parts of the spent fuel, leaving a relatively small percentage of waste for permanent storage. Without the reduction, the department has estimated, it might need at least six more permanent storage sites."

Lawsuit Challenges DOE On West Valley Demonstration Project Cleanup. The Times Herald (4/5, Miller) of Bradford, PA, reports, "The New York State Energy Research and Development Authority has authorized a lawsuit against the US Department of Energy over the nuclear cleanup at the West Valley Demonstration Project." The Herald adds that Authority chairman Vincent Delorio, said that the DOE "has taken a very limited view of its responsibility to clean up nuclear wastes at West Valley," and added, "we have been working for 10 years to convince the Feds to live up to their obligations, but have been unable to reach agreement." Legislation sponsored by a number of New York lawmakers would give the NRC "authority over DOE activities at the site" after the DOE "reduced the funding levels for cleanup activities and staffing levels at the West Valley Demonstration Project to about $70 million this year."

The AP (4/5) reports, "Talks between New York and the US Department of Energy stalled during the Clinton administration. Now, with the DOE cutting staff and funding at the site, state energy officials worry the federal agency is getting ready to leave." The AP adds, "From 1966 to 1972, spent nuclear fuel from commercial nuclear power plants and DOE sites was chopped and dissolved, and its uranium and plutonium were extracted."

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AK Steel Settles Toxin Contamination Claims With US, Ohio. The Middletown (OH) Journal (4/5) reports, "AK Steel Corp. will launch a nearly $13 million effort to clean up two streams contaminated with 'significant' toxins as part of an agreement reached with federal and Ohio environmental protection agencies to settle a six-year-old lawsuit, the company and government officials announced Monday." The Journal continues, "The settlement — filed in the U.S. District Court for Southern District in Cincinnati Monday morning — addresses claims that AK Steel violated the federal Clean Water, Clean Air and Resource Conservation and Recovery acts, as well as, Ohio environmental regulations in and surrounding its 2,700-acre Middletown Works." The Journal adds, "The 103-page federal consent degree ends decades of contamination from Middletown Works, according to Sue Ellen Wooldridge, assistant Attorney General for the U.S. Justice Department's Environment and Natural Resources Division. … 'By removing contamination from the areas currently known to contain significant polychlorinated biphenyls (PCB) concentration, AK Steel will immediately begin cleanup work to protect the environment and reduce the potential for human exposure to PCBs,' Wooldridge said. … As part of the agreement, AK Steel will pay $460,000 in civil penalties to be split equally between the state of Ohio and U.S. governments. AK Steel also will spend an additional $750,000 on an "environmentally beneficial project that will remove ozone-depleting refrigerants from certain equipment at the plant.""

Former Tribal Casino Workers Seek Venue For Sexual Harassment Lawsuits. Several former casino workers are seeking a venue to sue their one-time employers for sexual harassment, but may be turned away from state and Federal courts because they worked for native American casinos. ABC World News Tonight (4/4, story 9, 2:20, Tapper) reported, "Seven female former employees of the Thunder Valley Casino are suing their former employer in California state court." The case "against Thunder Valley Casino alleges sexual harassment, age and gender discrimination, and many other charges. But it's unclear a state or Federal court even has the jurisdiction to hear the case. That's because Thunder Valley Casino is on sovereign native American land. Attorney Howard Dickstein represents the United Auburn Indian Tribe." Dickstein: "The one thing the tribe will not do is simply subject itself to the jurisdiction of the state."

FBI/DEA/ATF/USMS:

Colombian Police Officers, Others Accused In $10 Million Cocaine-Smuggling Plot. There was wide media coverage concerning several suspects linked to the shipment of millions of dollars of cocaine, with more than 100 references to the story. For example, The Washington Times (4/5, Seper) reports the DEA "said seven drug-smuggling suspects, including five Colombian police officers and an airline employee, have been arrested in Bogota in connection with the shipment of more than $10 million in cocaine to the United States. An indictment handed up in the case and unsealed yesterday accused the seven of smuggling the cocaine through the El Dorado International Airport in Bogota for importation into the United States, said DEA Special Agent-in-Charge John P. Gilbride. … DEA spokesman Rusty Payne in Washington said the arrests were part of Operation Caso Dorado, a joint undercover investigation by DEA agents in New York and Bogota, the U.S. attorney's office in New York, agents from U.S. Immigration and Customs Enforcement (ICE) and Colombian and Mexican law-enforcement authorities."

The AP (4/5) reports the arrests "were based on a U.S. indictment in New York that alleges the Norte del Valle cartel recruited the airline worker and police involved with security at El Dorado Airport. It alleges the ring shipped the cocaine in October through Avianca's cargo facility after an airline employee approved false paperwork. The drugs were allegedly destined for the United States via Mexico." ABC News, CBS News, the New York Times, Washington Post, New York Newsday, Houston Chronicle, Seattle Post Intelligencer, and the UK's Guardian published in newspapers and/or posted on their Web sites the AP story.

CNN (4/4) reports on its Web site that eight people have been charged and adds, "The indictment in the case alleges that between August and December of last year members of a Colombian cartel recruited police officials responsible for airport security and airline employees to allow drugs to be smuggled from Colombia to Mexico and, ultimately, the United States."

On its Web site, WNYC, New York Public Radio (4/4) reports Boyd Johnson of the U.S. Attorney's office in Manhattan "says the smugglers used Avianca jets, which fly to New York daily."

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DEA Investigates California Humane Society. KGTV-TV, San Diego (4/4) reports on its Web site that one of the county's oldest animal organizations "is under investigation. The Federal Drug Enforcement Agency is investigating Oceanside's North County Humane Society. … A spokesperson for the DEA confirms agents conducted an investigation at the North County Humane Society regarding its handling of controlled substances. The DEA will not say what agents found, if anything."

The North County Times (4/5) reports, "Officials with the North County Humane Society on Tuesday confirmed both the resignation of Executive Director Stacy Steel and an inquiry of the humane society by the federal Drug Enforcement Administration."

Reporting Continues On Harden Case. The Richmond (VA) Times Dispatch (4/5) continues to report on a case in which Richmond-based DEA agent William Carter Harden "pleaded guilty March 28 in U.S. District Court to the crime of lying to a federal officer." The Times Dispatch now reports that a woman connected to the case claims she had sex with Harden in an attempt to avoid a prison term.

Marijuana Dispensary Moratorium Extended By California Council. The San Luis Obispo Tribune (4/4, Van Beurden-Doust) reports Grover Beach "has extended its moratorium on medical marijuana dispensaries and has taken steps to make the ban permanent. The council voted 5-0 Monday to extend the 180-day moratorium that would have expired April 19. … The council voted 4-1 to make the ban permanent. The soonest it could become effective is 30 days after a second vote on April 20."

California City Council Considers Yearlong Moratorium. The AP (4/4) reports from Buellton that the City Council "will decide this month on a yearlong moratorium on new medical marijuana dispensaries. During that year, City Manager Steve Thompson said, city officials would decide whether a permanent ban is needed. The city recently enacted a 45-day moratorium on new marijuana dispensaries."

Major New York State Drug Ring Smashed. The Utica (NY) Observer-Dispatch (4/5) reports, "Local, state and federal law enforcement have charged 13 people as the result of an investigation into a major cocaine and crack cocaine distribution ring that officials claim trafficked drugs throughout the Mohawk Valley." The Observer-Dispatch adds, "In a news release, U.S. Attorney Glenn T. Suddaby said today police recovered several ounces of cocaine and crack cocaine, as well as three pistols and ammunition, more than $80,000 in cash, drug paraphernalia, a large quantity of gang photos and eight cellular phones. … The 13 people arrested were each charged with conspiracy to possess cocaine and crack cocaine with intent to distribute, Suddaby said:" The Observer-Dispatch notes, "The investigation included officers from the Oneida County Drug Task Force, which encompasses the Utica, Rome and New Hartford police departments, as well as the Oneida County Sheriff's Office, state police and the FBI. Assisting in the investigation were the U.S. Marshals Service, the federal Drug Enforcement Administration, federal Immigration and Customs Enforcement and the state Office of Parole."

Selig Defends Handling Of Baseball's Steroid Investigation. The AP (4/5) reports baseball Commissioner Bud Selig "defended his choice of George Mitchell to head baseball's steroid investigation, saying the former Senate Majority Leader has independence. Selig brushed off criticism that Mitchell is too much of an insider for the job -- Mitchell is a director of the Boston Red Sox and chairman of The Walt Disney Co., a national broadcaster of baseball and the network airing Barry Bonds' new reality show. … The investigation is already under way and has no time limit." The AP reports Selig said Mitchell has "complete autonomy" in the investigation.

Bonds TV Show Debuts On ESPN2. The AP (4/5) reports, "'Bonds on Bonds' debuted Tuesday night on ESPN2, opening with footage of fans booing, a syringe being thrown at the San Francisco Giants' slugger and announcers discussing the steroid allegations on opening day in San Diego. 'If it makes them happy to go out of their way to destroy me or whatever they want to try to do, go right ahead. It doesn't bother me,' Bonds said. 'You can't hurt me anymore than you've already hurt me. You can't hurt my family anymore than you've already hurt them.'"

Alleged Minnesota Courthouse Bombing Plot Uncovered. The Minneapolis Star Tribune (4/5, Franklin, Furst) reports, "A plot to blow up the Rice County Courthouse and law enforcement center and perhaps kill several public officials has been uncovered, authorities said Monday." The Tribune continues, "Law enforcement officials said they recovered two propane tanks, the type used with

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outdoor grills, that appeared to be filled with explosives made of diesel oil and fertilizer -- similar to those used to blow up the Alfred P. Murrah Federal Building in Oklahoma City 11 years ago." The Tribune adds, "Each of the 62-pound devices 'probably could kill everybody here,' Rice County Sheriff Richard Cook said Monday at a news conference. … No timetable for the plot was discovered, Cook said, but 'we believe there was some urgency.'" The Tribune notes, "Allan Weatherford, 44, who lives on a farm near Kenyon, Minn., is being held in lieu of $1 million bail after being charged with seven counts of attempted arson, possession of explosives and being a felon in possession of firearms. … His brother Mark, 34, was jailed last month on an unrelated charge of reckless discharge of a firearm. … The investigation was conducted by the South Central Drug Investigation Unit, FBI, U.S. Bureau of Alcohol Tobacco and Firearms, State Patrol, Department of Natural Resources, Faribault and Northfield police departments and Bloomington police bomb squad."

IMMIGRATION:

Bush Under Pressure To Intervene In Stalled Senate Immigration Debate. The AP (4/5, Espo) reports the Senate "skirmished inconclusively over immigration legislation Tuesday, with Republicans deeply divided over provisions relating to millions of illegal immigrants and Democrats maneuvering to avoid politically difficult votes on border security." The Bush Administration "renewed its call for legislation that includes a temporary worker program to go 'hand in hand with efforts to secure the border.'" For "their part, Democrats made a show of support for legislation that emerged from the Judiciary Committee more than a week ago."

However, the Wall Street Journal (4/5, 2.11M) reports that with the Senate "at an impasse," Bush "faces growing pressure to intercede more aggressively if he is to salvage a landmark immigration bill and move it into negotiations with the House." Sen. Mike DeWine said, "He's got to get more involved. I'm not sure where we're going, if we're going at all." The Journal adds, "Hoping to force the president's hand, Democrats broke custom and jumped ahead of the Republican leadership last night by filing a petition to force a vote tomorrow on cutting off debate." Minority Whip Richard Durbin "predicted Democrats can deliver close to 40 votes themselves." The Journal adds there "were signals from the White House that Mr. Bush may speak out on the issue today."

Roll Call (4/5, Stanton) reports Senate agreement "remained elusive Tuesday," and "GOP lawmakers have all but abandoned the committee's plan to grant guest worker status to all 12 million illegal workers." The New York Times (4/5, Swarns, 1.19M) reports Senate Republicans "who support legislation that would legalize the nation's 11 million illegal immigrants said Tuesday that they lacked enough support to bring the measure to a vote this week and were working on a more limited compromise that would rally a broader cross-section of Republicans." Democrats, "angered by what they viewed as Republican efforts to gut the legislation, responded by using a parliamentary tactic to force lawmakers to decide Thursday whether the bill should be considered for a vote on the Senate floor." Judiciary Committee Chairman Arlen Specter "warned that the Democratic maneuver might result in the demise of his bill."

CQ (4/4, Sandler, Crowley) reports Minority Leader Reid "brought the immigration debate on the Senate floor to a standstill Tuesday, refusing to allow votes on Republican amendments and instead forcing a procedural one to cut off debate on legislation that would allow illegal immigrants in the country to stay and earn citizenship." Majority Leader Bill Frist "called Reid's actions 'disrespectful.' Specter described them as a 'travesty.' And a red-faced Pete V. Domenici, R-N.M., told the chamber Reid 'should not do this, and the Senate should not let him do this.'"

The Los Angeles Times (4/5, Reynolds, Gaouette) says that "in essence, Democrats -- who generally favor less restrictive treatment of illegal immigrants than many Republicans do -- sought to take advantage of GOP divisions by forcing a vote on the relatively moderate approach now on the Senate floor before the Republican majority could hammer out an agreement ,:

McCain Says He Lacks Votes To Prevent Filibuster. The AP (4/5, Gamboa) reports supporters "of a guest worker program that would let illegal immigrants stay in the United States said Tuesday they don't have enough Senate votes to overcome objections from conservatives who oppose the measure on grounds it amounts to amnesty." Sen. John McCain said "a majority in the 100-member Senate support his and Massachusetts Democratic Sen. Edward M. Kennedy's proposal to provide green cards to illegal immigrants after they've worked in the U.S. for six years." But McCain said he "doesn't have" the 60 votes needed to overcome a filibuster.

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McCain's comments sparked local TV coverage. KTVK-TV Phoenix (4/4, 5:05 p.m.) reported, "Senator John McCain says he doesn't have the votes to pass a measure giving green cards to illegal immigrants after they've worked in the US for six years."

KCNC-TV Denver (4/4, 10:13 p.m.) reported, "McCain says lawmakers are working on a compromise that give green cards of those in the U.S. for six years. President Bush urged lawmakers to include the guest worker program."

KSL-TV Salt Lake City (4/4, 6:31 p.m.) reported, "Senator John McCain says there aren't enough votes in Congress to pass a guest worker program that would let immigrants remain. Protesters across the country have demonstrated against tightening the country's immigration laws. President Bush backs a guest worker program with you conservatives say letting illegal immigrants stay amounts to amnesty. They are working to a compromise to give green cards to immigrants who have been in the U.S. at least six years."

McCain, Kyl Split Seen As Emblematic Of GOP Rift On Immigration. The Washington Post (4/5, A5, Babington, 744K) reports the divergent positions taken on immigration by Sen. John McCain and Jon Kyl of Arizona epitomizes "the divisions" in the Senate GOP caucus. Both "face important elections and represent the same 5.8 million people. But they are leading the two main opposing approaches that Republican senators will have to reconcile if Congress is to address border security, illegal worker status, deportation practices and other issues." McCain "is the chief sponsor of legislation that would give millions of illegal immigrants a path toward citizenship if they pay fines and back taxes, learn English, stay employed and do not break laws." Kyl, "facing a potentially strong Democratic challenger this fall in his bid for a third term, is a key proponent of a guest-worker program that would require undocumented workers to return to their countries when their visas expire, a move that critics call unrealistic."

Democrats Prevent Vote On Provision To Bar Felons From Citizenship. The Washington Times (4/5, Hurt, 90K) reports Senate Democrats "refused to allow consideration of an amendment yesterday that would bar illegal aliens convicted of felonies from obtaining U.S. citizenship." Democrats said the "amendment would 'gut' the immigration bill under consideration in the Senate and refused to allow a vote on it."

McCain Booed At Union Speech Over Immigration Bill. The Washington Times/AP (4/5) reports that during remarks to the AFL-CIO's Building and Construction Trades Department, Sen. John McCain "threatened yesterday to cut short a speech to union leaders who booed his immigration views and challenged his statements on organized labor and the Iraq war." McCain said, "If you like, I will leave." The Times adds McCain "had been outlining his position on the Senate immigration debate, saying tougher border enforcement must be accompanied by guest-worker provisions that give undocumented aliens a legal path toward citizenship. Murmurs from the crowd turned to booing."

Jeb Bush Says Immigration Debate's Tone "Hurtful" To Himself, Wife. The Los Angeles Times (4/5, Wallsten, 958K) reports, "Accusing politicians of 'pounding their chests' on immigration for short-term political gain, Florida Gov. Jeb Bush said Tuesday that the tone of the debate had been 'hurtful' to him and his Mexican-born wife, Columba." Bush "reserved some of his sharpest criticism for conservatives in his own Republican Party, calling it 'just plain wrong" to charge illegal immigrants with a felony, as a provision passed by the Republican-led House would do. He also opposed 'penalizing the children of illegal immigrants' by denying them U.S. citizenship, an idea backed by some conservatives but not included in the legislation." Gov. Bush wrote in an email, "My wife came here legally, but it hurts her just as it hurts me when people give the perception that all immigrants are bad."

Evangelical Christians Split On Immigration Bill. The Washington Post (4/5, A4, Cooperman, 744K) reports more than "50 evangelical Christian leaders and organizations voiced their support yesterday for an immigration bill that would allow illegal immigrants to become U.S. citizens without returning to their native countries." The statement "marks a deepening split among evangelicals over immigration. It was signed by a mixture of Hispanic and white church groups. But most of the nation's large, politically influential evangelical organizations either back rival legislation that focuses on border enforcement and the deportation of illegal immigrants, or have been silent on the issue." Hispanic evangelical leaders said "they have received support from Roman Catholic, Jewish and Muslim groups, but have been bitterly disappointed by the response of most of their fellow evangelicals, both white and black."

Municipalities Taking Contradictory Stands. The Christian Science Monitor (4/5, Wood, 61K) reports on the

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contradictory stands taken by the California towns of Maywood, "population 45,000 and 96 percent Latino…a self-proclaimed 'sanctuary' for illegal immigrants," and Costa Mesa, "population 110,000 and one-third Latino," which "is examining ways to train some of its police force to help US immigration officials identify illegals."

Immigration Advocates Set Date For 63-City Rally. The Washington Times (4/5, Summers, Seper, 90K) reports, "Immigration advocates yesterday announced plans for a 63-city rally on Monday that they hope will attract at least 2 million supporters to protest pending immigration reform legislation and press lawmakers into granting millions of current illegal aliens a path toward permanent residency and U.S. citizenship." The advocates "also called for a nationwide one-day boycott of work, school and shopping May 1 to protest the House and the Senate immigration reform bills."

The Wall Street Journal (4/5, Kang, Jordan, 2.11M) reports that to "build on a movement that attracted as many as 500,000 protesters in cities like Los Angeles last month, a new round of demonstrations is set for Monday in an attempt to keep pressure on the immigration issue and broaden the base of support." Turnout is "hard to predict given that the events take place on a Monday rather than the previous Saturday protests. But the events could be disruptive to normal business operations in places where Hispanics are a major part of the work force -- everything from the hotel and restaurant industries to construction and agriculture." In a move that could add "to the impact," organizers "now are aggressively reaching out to other ethnic groups that are affected by the immigration debate, including Koreans and Chinese."

Immigration Debate Draws Attention To 1930s Deportation Of Mexicans. USA Today (4/5, 1A, Koch, 2.31M) reports on the "almost-forgotten story of a 1930s anti-immigrant campaign. Tens of thousands — and possibly more than 400,000 — of Mexicans and Mexican-Americans were pressured, through raids and job denials, to leave the USA, according to a USA TODAY review of documents and interviews with historians and deportees. Many, mostly children, were U.S. citizens." On Thursday, Rep. Hilda Solis, D-Calif., "plans to introduce a bill in the U.S. House that calls for a commission to study the 'deportation and coerced emigration' of U.S. citizens and legal residents. The panel would also recommend remedies that could include reparations. 'An apology should be made,' she says."

Enhanced Border Security Likely To Strain Border Patrol. The Christian Science Monitor (4/5, Bowers, 61K) reports that "up and down the 2,000-mile border, the US government is throwing more manpower and sophisticated technology into slowing illegal entries into the US. But as it does, immigrants are showing greater ingenuity in circumventing the barriers and patrols." As Congress "considers another overhaul of immigration laws, the encounters and clashes along the border are likely to intensify. Most of the bills in Congress include provisions to expand the border patrol (now part of US Customs and Border Protection), which has already seen agent strength along the nation's southern flank more than double since 9/11, to 11,000. The result is an agency that is becoming increasingly complex and unwieldy."

NYTimes Critical Of Martinez-Hagel Compromise Offer. The New York Times (4/5, 1.19M) says in an editorial that the McCain-Kennedy immigration bill, "revised and passed last month by the Senate Judiciary Committee" combines "sensibly, tighter borders with a path to citizenship for people here illegally." While it "has enough votes to pass, it may not have enough to avoid a filibuster by hard-core Republicans. For them, anything other than punishment and border enforcement smacks unforgivably of forgiveness." Sens. Mel Martinez and Chuck Hagel "are offering a 'fallback' compromise if the committee bill fails. They would not eliminate the citizenship track, but narrow it severely." But the "Martinez-Hagel compromise is a bad idea. It's tempting to think flawed reform is better than none, but the wiser approach is to stand firm for what Mr. Kennedy has called 'the real enchilada.'"

Guest Worker Concept Criticized. In a USA Today op-ed (4/5), syndicated columnist Ruben Navarrette says, "Politicians keep pushing 'guest worker' programs, even though the concept is built to fail and always does." Navarrette says he is "talking about importing hundreds of thousands of new foreign workers from a country such as Mexico to work in farming, construction, hotels or restaurants. That's what Sen. Arlen Specter, R-Pa., has proposed as part of a reform bill that his Judiciary Committee put together and which serves as a starting point for the Senate immigration debate." The US government has "turned to foreign workers before. And given that these programs are often criticized as indentured servitude, it's ironic that the person who kicked off the phenomenon also freed the slaves." Congress "should forget about importing new guest workers, or granting a

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wholesale amnesty to all 12 million illegal workers already here, and focus on reforms that stand a chance of working."

Immigration Reform May Lead To "Awakening" For Latino Voters. In a USA Today op-ed (4/5), freelance writer Marisa Treviño says the numbers of protesters at demonstrations opposed to immigration reforms aimed at enhancing enforcement show "an awakening. Political pundits and community activists say the prospect of congressional action on immigration reform has stirred up the Latino community." Though "12 million is a huge number of people, it pales in comparison with the 28 million Latinos in the USA who already have access to public services, health care, car insurance, among other taken-for-granted rights that come with legal status. These are the people who must be stirred to action." Undocumented immigrants "can't vote. They can make a lot of noise; they can't make a difference in a politician's future. But there are at least 15 million eligible Hispanic voters, and they can — if only they'd wield the full force of their votes."

Estimates Of Illegal Immigrants Vary Widely. In his Wall Street Journal column (4/5), Carl Bialik says estimates of the numbers of illegal immigrants "remain fuzzy and full of pitfalls, even as lawmakers toss them around in the latest round of debates over whether to offer guest-worker status to illegal immigrants. At the core of the problem is the fact that undocumented immigrants don't generally come forward to be counted. The most widely quoted estimate of 11 million to 12 million is derived indirectly, using what's called a residual method: Researchers subtract the number of immigrants who were authorized to come to the U.S. from the number of foreign-born residents counted by the Census Bureau, then adjust the number using estimates of immigrants' deaths and migration, and of Census undercounting. Some critics say that estimate understates the degree of undercounting: Another estimate making the rounds holds that there are 20 million illegal immigrants."

More Commentary. In his Washington Post column (4/5, A23), Robert Samuelson says, "The immigration debate has become an exercise in political public relations, often disconnected from practical realities. Republicans and Democrats are trying in different ways to appease middle-class anxieties without alienating present and future Hispanic voters. The one saving grace is that we may still have time to fashion a more sensible consensus." Samuelson calls for strengthening "border and employer enforcement," granting "amnesty to existing illegal immigrants," and forgetting "guest workers."

In his New York Times column (4/5), Thomas Friedman says, "Personally, I favor a very high fence, with a very big gate. So far, neither President Bush's proposal to allow the nation's millions of illegal immigrants to stay temporarily on work visas, nor the most hard-line G.O.P. counterproposal, which focuses only on border security, leaves me satisfied. We need a better blend of the two -- a blend that will keep America the world's greatest magnet for immigrants." Because of "its deeply rooted culture of immigration, the US has a huge advantage in such a world. If we are smart, we can still cream off the most first-round intellectual draft choices from around the world — more than any other country -- and bring that talent to our shores to start companies and work in others."

TAX:

California Anti-Tax Activist Sentenced. The AP (4/5) reports, "Nationally known anti-tax crusader George Henry 'Nick' Jesson will serve 27 months in prison for tax fraud, a judge has ruled." The AP continues, "U.S. District Judge Percy Anderson on Monday also ordered Jesson, 55, to pay $215,454 in restitution to the federal government. The Fountain Valley resident, who ran for California governor in 2002, was taken into custody after his sentencing." The AP adds, "Assistant U.S. Attorney Sandra Brown said she believes the sentence was 'wholly appropriate' and would deter others from considering anti-tax protests." The AP adds, "Jesson pleaded guilty last June to filing a false federal tax form in May 2000. He had stated that his Huntington Beach company, No Time Delay Electronics, paid no wages in 1997 when he actually paid wages of $177,083 that year to himself and $273,236 to his wife. He also admitted to falsely obtaining a business tax refund of $215,454. … Jesson and his wife face trial in state court on six felony counts of failing to pay taxes on $3 million in income from 1997 to 1999. Jesson could get nine more years in prison and his wife a seven-year sentence if they're convicted of all counts."

GAO Finds Widespread Errors By Tax Preparers. A GAO report presented yesterday to the Senate Finance Committee notes persistent problems of tax preparers cheating on clients' returns. The Wall Street Journal (4/5, Herman, Matthews, 2.11M) reports the GAO

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report "detailed undercover visits by government investigators to 19 outlets of several commercial tax-preparation chains, which weren't identified. Staffers posed as taxpayers and asked the firms to prepare -- but not file -- federal returns under two scenarios. In 10 of the 19 cases, preparers failed to report side income that had been supplied by the taxpayer, the GAO report said. Some preparers also missed key tax-saving opportunities, such as neglecting to itemize deductions or failing to claim all available deductions, it said."

The Washington Post (4/5, D2, Crenshaw, 744K) reports that the errors sometimes amounted "to more than $1,000 in incorrect refunds and overpayments." The GAO study "was small -- only 19 returns, which the GAO cautioned cannot be used to generalize to the entire commercial return-preparation industry -- but on only two returns did the preparer produce what the agency determined was the right amount. And even those two had mistakes, though they did not A affect the final tax amount."

NBC Nightly News (4/4, story 4, 2:45, Williams, 9.87M) reported a "government study out today that documents some of the ways commercial tax preparers are doing their customers a disservice, including making significant mistakes on returns and charging taxpayers more than they should." NBC (Thompson) added, "The problems government investigators found with major tax preparer chains were widespread -- high rates for instant refunds and high fees you might not expect to pay." Sen. Max Baucus, Montana: "Frankly, I was amazed at the degree of incompetence, of unprofessionalism." Thompson: "More than half of the tax preparers the GAO visited urged people to underreport side income, the key, the GAO says, behind those high fees." And "then there are those instant refund loans. The GAO found they're often targeted to low-income taxpayers." While "the tax chains have been sued many times over these additional fees, they are legal."

Richest Americans Said To Be Reaping Windfall From Investment Tax Cuts. As Congress debates whether to make permanent President Bush's tax cuts, the New York Times (4/5, Johnston, 1.19M) reports, "The first data to document the effect of...cuts for investment income show that they have significantly lowered the tax burden on the richest Americans, reducing taxes on incomes of more than $10 million by an average of about $500,000. An analysis of Internal Revenue Service data by The New York Times found that the benefit of the lower taxes on investments was far more concentrated on the very wealthiest Americans than the benefits of Mr. Bush's two previous tax cuts: on wages and other non-investment income." According to the Times, "When Congress cut investment taxes three years ago, it was clear that the highest-income Americans would gain the most, because they had the most money in investments. But the size of the cuts and what share goes to each income group have not been known."

Wealthiest Families Increase Share Of US Net Worth. New Federal Reserve figures indicate that the share of net worth held by the wealthiest 1% of American families rose slightly between 2001 and 2004. The Wall Street Journal (4/5, Conkey, 2.11M) reports, "The top 1% held 33.4% of the nation's net worth in 2004, up from 32.7% in 2001, but still lower than a peak of 34.6% in 1995. Although the increase from 2001 is small, the data suggest that the upper strata, who saw their share of net worth decline between 1998 and 2001 as stock prices crashed, regained some of those losses by 2004."

Economists Worry Real Estate Slowdown Could Hurt Broader Economy. Economists are concerned that the housing slowdown that began late last year will hurt the broader economy more than past downturns because the economy is more dependent on housing now than it has been in n50 years. The Washington Post (4/5, D1, Irwin, 744K) reports, "By almost any measure, the U.S. economy is built on housing more than in the past. In 2005, investment in housing constituted a higher proportion of the goods and services the nation produced than it has since 1950, when the nation was experiencing a massive postwar housing boom. The proportion of jobs in real-estate-related fields is the highest it has been since at least 1970. … Now the companies that have benefited from this expansion are bracing for the great unwinding. The nation appears to be entering a period in which the role of housing in the economy is returning to something more resembling its historical norms."

2000 Fed Transcripts Said To Hold Important Lessons. Newly released transcripts show that Federal Reserve officials were bullish on tech spending through most of 2000 and may have delayed easing monetary policy out of concern for reinflating stock and bond markets. The Wall Street Journal (4/5, lp, 2.11M) reports, "Transcripts of the Fed's deliberations through 2000, released with the customary lag yesterday, offer some lessons for today. Like in

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2000, the Fed has been raising interest rates to stave off inflation. In 2000, the economy was being propelled by surging tech spending and high stock prices. Housing plays a similar role today. An important difference is that in part because of the lessons of 2000, the Fed is on the alert for any downdraft in housing."

Stocks Post Gains. Stocks gained Tuesday as investors were "cheered by the potential" for increased merger activity, the AP (4/5) reports. The Dow Jones Industrial Average rose 58.91 points to 11,203.85. The Nasdaq gained 8.62 points to 2345.36, its best close since Feb. 16, 2001, and the Standard & Poor's 500 index added 8.12 points to close at 1305.93.

CONGRESS-ADMINISTRATION:

Bush Comments Fuel Speculation Snow Resignation Imminent. The Wall Street Journal (4/5, McKinnon, 2.11M) reports, "President Bush, fueling speculation that Treasury Secretary John Snow will depart soon, offered only muted support for the former railroad executive when asked whether he is likely to survive an expected staff shake-up. With Mr. Snow sitting next to him at a conference on health savings accounts, Mr. Bush said the Treasury secretary 'has been a valuable member of my administration, and I trust his judgment and appreciate his service.'" But "he said nothing to squash widespread talk that Mr. Snow is likely to be replaced." There has been "widespread speculation for months that Mr. Snow, who succeeded Paul O'Neill in February 2003, will leave before the end of this year." The Journal says "speculation" points to Allan Hubbard, director of the White House National Economic Council and "a longtime friend of the president," as Snow's replacement. Other "possibilities include US Trade Representative Rob Portman, a former Ohio congressman; and Steve Friedman, a former Goldman Sachs executive."

The New York Times (4/5, Bumiller, 1.19M) headlines its story "Treasury Secretary Is Said To Be Thinking Of Quitting," and reports Snow "has expressed interest in leaving his job in the next several months, a person close to him said Tuesday, as speculation raced through Washington that the White House was seeking Mr. Snow's replacement." Bush "did little to tamp down the talk." The Times adds, "When Mr. Bush has been asked in the past about whether Defense Secretary Donald H. Rumsfeld would remain in his job, he has spoken out more forcefully and enthusiastically." The Times says "names circulating in Republican circles as possibilities for the Treasury job include Stanley O'Neal, the chairman and chief executive of Merrill Lynch, and Henry M. Paulson Jr., the chief executive of Goldman Sachs." The Washington Post (4/5, Kamen, 744K) runs a similar report in its "In the Loop" column.

The AP (4/5, Riechmann) reports Bush "dodged questions Tuesday about whether he would keep…Snow in his Cabinet but said he was eager to hear recommendations for change from his new chief of staff. Some staff changes are expected when Joshua Bolten...moves into the West Wing." Bush is quoted as saying, "I told Josh that he is -- will organize the White House in such a way that he is comfortable with and that meets my needs. ... And my needs are to have good, crisp information so I can make decisions on behalf of the American people." The AP goes on to report, "Republicans close to the White House say they expect changes in Bush's communications, congressional relations and domestic policy shops." Headed by Deputy Chief of Staff Karl Rove, "the political team...is believed to be immune to change." Rumors about Snow's departure "created an awkward moment for Bush in the Roosevelt Room, where Bush discussed his initiative for health savings accounts. When a reporter asked Bush whether Snow was expected to remain in the Cabinet, the president noted that Snow was in the room. ... But he did not say whether Snow would stay."

Justice Kennedy Decries Congressional Effort To Force High Court Cameras. The Legal Times (4/5, Mauro) reports, "Supreme Court Justice Anthony Kennedy pushed back strongly Tuesday against a bill pending in the Senate that would require the Court to televise its proceedings. … 'Mandating direct televised proceedings would be inconsistent with the deference and etiquette that should apply between the branches,' Kennedy said in response to questions from House members at the Court's annual budget hearing Tuesday. 'We feel very strongly that this matter should be left to the courts.'" The Times continues, "Kennedy also spoke out forcefully in favor of a pay raise for federal judges, warning that the failure by Congress to pass salary increases is 'assuming the proportions of an historic wrong.'" The Times adds, "Every spring, justices go before a House Appropriations subcommittee seeking approval for the Court's annual budget, which next year will total $76.4 million if passed. It is a rare and often illuminating encounter between branches, with House members asking

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pointed questions that put justices on the spot about a range of issues. … There was some of that on Tuesday, but to an unusual degree the hearing became a platform for Kennedy and Justice Clarence Thomas to vent about actions or inactions by Congress on matters of deep interest to the high court."

The New York Times (3/5, Greenhouse) reports that Kennedy and Clarence Thomas, appearing before the House Appropriations subcommittee on transportation, treasury, judiciary, and housing and urban development on Tuesday to discuss the court's budget request, were asked by several panel members for their opinions on the issue of allowing television cameras in the high court. The Times notes that last year, Pennsylvania Sen. Arlen Specter (R), chairman of the Senate Judiciary Committee, "introduced a bill to require the Supreme Court to permit its arguments to be televised unless a majority of the justices voted to bar television on a case-by-case basis." Justice Kennedy "said it raised a 'sensitive point' about the constitutional separation of powers. 'It's not for the court to tell Congress how to conduct its proceedings,' and the reverse was also true, he said. He added, 'We feel very strongly that we have intimate knowledge of the dynamics and the mood of the court, and we think that proposals mandating and directing television in our court are inconsistent with the deference and etiquette that should apply between the branches.'" Justice Thomas warned "that television in the courtroom would have a negative impact on the argument sessions. 'It runs the risk of undermining the manner in which we consider cases,' he said. He added that some members of the court 'feel more strongly than others,' but that all agreed that the court should decide the issue for itself."

Spellings Defends No Child Left Behind Act. In a letter to the Wall Street Journal (4/5, 2.11M), Secretary of Education Margaret Spellings pans a March 24 editorial that criticized the No Child Left Behind program. She writes, "Few voices have been stronger in support of education reform over the years than your editorial page. Which is why it troubles me to have to respond to your March 24 editorial 'Spellings Test.' Instead of challenging reform's opponents, you found fault with its best friend. The Bush administration led the charge to pass the No Child Left Behind Act, the strongest educational accountability measure ever instituted." Through the program, "the Department of Education has challenged states that have tried to water down or wriggle out of its provisions. And we have been immovable on the 'bright line' goals of the law." Spellings continues, "We welcome everyone's effort to use the latest data in support of closing the achievement gap" but "the bottom line is that none of this activity would be happening without the No Child Left Behind Act. It has done more than raise test scores and narrow the achievement gap. It has shone a bright light on the entire public education system, so that parents are no longer kept in the dark."

Senators Will No Longer Block Highway Nominee. The Long Island Newsday/AP (4/5, De La Cruz) reports, "New Jersey's two Democratic senators on Tuesday said they will lift their block on President Bush's nominee to head the Federal Highway Administration after the agency agreed to give the state more than $150 million for transportation projects that had been in jeopardy because of a new rule. Sens. Frank Lautenberg and Robert Menendez placed a hold last week on Richard Capka's nomination to head the FHA, alleging that the agency was rescinding approvals that allowed New Jersey to spread costs for transportation projects over several years." Lautenberg is quoted as saying, "The Bush administration has blinked and promised to provide the rest of New Jersey's highway money for this year and the amount we have requested for 2007."

Boehner Says Budget Should Get To Floor This Week. Roll Call (4/5, Yachnin) reports, "Although the House Rules Committee postponed its vote Tuesday evening on setting the debate for fiscal 2007 budget resolution, Majority Leader John Boehner (R-Ohio) insisted that the measure will reach the House floor before Members depart for the two-week Easter recess. 'It will be a tough sell. We will get there,' Boehner said at a Tuesday press conference. ... 'Listen, we are going to do the budget this week. It is going to mean a lot of conversations and a lot of honest dialogue.'" Although "members of the conservative Republican Study Committee have criticized the budget resolution, Rep. Mike Pence (R-Ind.), the group's chairman, has said that the group could support the matter in exchange for leadership support of a quartet of reform proposals. ... 'I'm satisfied that negotiations are moving along,' Pence said. 'We're encouraged by the progress.'"

Centrist GOP House Members Seek Spending Increases. The Hill (4/5, Young) reports, "Three House Republicans yesterday introduced a substitute to the budget

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resolution that would boost discretionary spending. The centrists hope to match the success of their Senate counterparts and increase money for education, health and the Low Income Home Energy Assistance Program (LIHEAP) by $7.16 billion above the resolution marked up by Budget Committee Chairman Jim Nussle (R-Iowa). GOP Reps. Mike Castle (Del.), Nancy Johnson (Conn.) and Dave Reichert (Wash.) sponsored the substitute amendment." The three "are hopeful that the Rules Committee will allow their amendment to proceed to the floor, Castle spokeswoman Elizabeth Wenk said."

Both Parties Jostle For Advantage As DeLay Announces Resignation. Much of the coverage of Rep. Tom DeLay's announcement that he will leave Congress within the next few weeks focuses on its implications for the midterm elections. Both parties offered their analysis on DeLay's resignation. The CBS Evening News (4/4, lead story, 3:30, Borger, 7.66M) reported National Republican Congressional Campaign Committee Chairman Thomas Reynolds, reacting to the news, said "DeLay…robbed Democrats of their best issue." Reynolds was shown saying, "I don't know what their national strategy would be. They don't have Tom DeLay to kick around anymore." In an interview on MSNBC's Hardball (4/4), DeLay cast his departure as a positive development for Republicans in his Texas district and across the nation. Asked to point to one reason for his resignation. DeLay said, "The Republican majority. I've worked a long time building that majority, and helping build it, and work on it, and my constituents deserve a Republican to represent the 22nd District and now we'll have one."

Democrats disagree about the development's national impact. DCCC Chairman Rahm Emanuel said on MSNBC's Hardball (4/4), "The whole campaign is about change versus the status quo and the philosophy that….DeLay represented is still in play here." DeLay's "philosophy is the operative philosophy of the Republican Party." DNC Chairman Howard Dean echoed those views on CNN's The Situation Room (4/4). Asked if DeLay's resignation is good or bad for the Democrats, Dean said, "It's very good for the country. There's an awful lot of corruption, not just, of course, Tom DeLay, but Bill Frist, the leader of the Senate is under investigation for insider trading. Karl Rove still has his…security clearance, despite the fact that he has leaked information to the CIA -- for the CIA identifications in a time of war. The vice president's chief of staff is under indictment. So, this is a very deep problem, this Republican culture of corruption."

Media reports describe Republicans, including the President, as "relieved" DeLay will not be running this November. CNN's The Situation Room (4/4, Bash) reported that "privately even some of DeLay's Republican colleagues are relieved today, some saying that fair or not, he did put a cloud of scandal over the Republicans here on the Hill that they hope now they can get out from under." CNN's The Situation Room (4/4, Henry) later said, "There are absolutely no tears being shed here at the White House." DeLay "was radioactive politically. And, in fact, when the duo spoke yesterday by phone, when DeLay gave the President a head's up about this decision, there was no sign that the President tried to talk him out of it." The Washington Times (4/5, Hallow, Fagan, 90K) reports that yesterday, White House spokesman Scott McClellan was "asked whether Mr. Bush regrets the decision by his key political ally." McClellan said, "The president respects his decision. This was a decision that Congressman DeLay made." The AP (4/5, Espo) quotes Bush saying yesterday, "I wish him all the best. It had to have been a very difficult decision for someone who loved representing his district in the state of Texas." The Hill (4/5, O'Connor) notes DeLay's decision "coincides with a similar shakeup at the White House, where the president's chief of staff for the past five years offered his resignation last week."

The New York Times (4/5, Hulse, Shenon, 1.19M) reports that "privately, some senior Republicans said Mr. DeLay should have acted months ago," when lobbying Jack Abramoff "entered his guilty plea and when Mr. DeLay abandoned plans to try to regain the majority leader post he vacated after being indicted in Texas." The Times adds, "Party strategists said his decision not to seek re-election could ease the way for other embattled Republicans, with Democrats losing a prime target for their claims of widespread corruption."

Media reports are split on the political implications of the resignation, but most agree that Republicans remain in deep political trouble. Knight Ridder (4/5, Thomma) reports DeLay's "decision to retire from Congress will do little to help his embattled party retain control of the legislature in November's elections and won't erase his image as a poster child for corruption." It "leaves unchanged the larger dynamics of this year's congressional elections: deep dissatisfaction with President Bush, the war in Iraq and problems in the Republican base over such issues as

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immigration and federal spending." USA Today (4/5, Drinkard, 2.31M) also says "analysts saw few silver linings for the GOP," and the Baltimore Sun (4/5, Davis, Shaw, 296K), under the headline "DeLay's Decision Fuels GOP Concerns," says the congressman's move "underscored broader concerns among some Republican strategists that the still-unfolding corruption charges could cost other vulnerable lawmakers their seats this year." And "Democrats promised a push to make Republican scandals a signature theme of the elections."

USA Today (4/5, Page, Wolf, 2.31M) asks, "Is a tidal wave gathering?," and adds DeLay's announcement "signaled what Democrats hope for and Republicans fear: that Democrats could be swept into power in November by the sort of political tsunami that helped Republicans win control of Congress in 1994. 'We know that there's a hurricane coming, and it's going to hit the Republicans in November,' says Charlie Cook of the non-partisan Cook Political Report. 'We're just trying to figure out how big this thing is.'" ABC World News Tonight (4/4, story 3, 3:20, Stephanopoulos, 8.78M) offered a similar analysis of DeLay's move, saying the Texan "is a good politician. A lot of people say he sees the writing on the wall. He sees a political tsunami coming."

On NBC Nightly News (4/4, story 2, 1:40, Williams, 9.87M), Washington bureau chief Tim Russert seemed to agree that DeLay's move did not significantly help Republicans, "The legal process is going to continue to play out. Two DeLay aides already pleading guilty, another may about to do the same. This is going to involve sentencing, testimony, a whole lot more of bad news coming for the Republicans." Rep. Nancy Pelosi, the House Minority Leader, was shown saying, "This isn't just about Tom DeLay, although he's the ringleader. It's about the Republicans in Congress who enabled and benefited from this corruption."

MSNBC's Hardball (4/4, Matthews) reported, "The political future for the White House and Republicans in Congress is dodgey." Bob Shrum, also on MSNBC's Hardball (4/4), said, "We'll see a referendum on George Bush on the war in Iraq which will hurt the Republicans and Tom DeLay is the tip of the iceberg here. He's the father of the culture of corruption. But his getting out of the way is not going to remove this."

The Financial Times (4/5, Alden, Kirchgaessner) reports "a senior lobbyist with close ties to the Republican party said the resignation would likely have little impact on the Senate races this year, or on the 2008 presidential elections, but said it could hurt House Republicans. 'If you are a Republican running for the House in 2006, there is an impact,' he said."

Some analysts, however, think DeLay's departure will help Republicans. The Philadelphia Inquirer (4/5, Polman, 423K) quotes Larry Sabato, "a nonpartisan political analyst who closely tracks voter behavior, said by phone yesterday: 'If DeLay had stayed in his reelection race, there would have been 1,000 headlines this fall about "Tom DeLay's hot race and his battle to survive." He has eliminated those headlines now. He did his party a favor. Now a different Republican can run and keep that seat for the Republicans. And every seat matters this year.'" Sabato "questions whether the Democrats can get traction with the corruption issue, now that 'their poster boy is off the wall.'"

Roll Call (4/5, Pershing) runs a similar report under the headline "DeLay's Departure A Relief For GOP," and says "with DeLay's announcement, the expected passage of 527 reform this week and consideration of a broader lobbying reform package coming after the Easter recess, House Republicans hope to finally get ahead of the ethics stories that have plagued them for the entire election cycle." The Wall Street Journal (4/5, Mullins, Rogers, 2.11M) also reports, "DeLay's decision to leave Congress is a wake-up call to his colleagues that anti-Washington sentiment is running high, which may dictate quick action on ethics legislation. … Now some Republicans say Mr. DeLay's resignation offers an incentive to act." A similar Washington Times (4/5, Bellantoni, 90K) story says "proponents of stricter lobbying laws say the resignation of embattled former Majority Leader Tom DeLay underscores the urgent need for reform."

CNN senior political correspondent Candy Crowley said on CNN's Anderson Cooper 360 (4/4), "What DeLay said, which is look, this is -- was going to be a tough election. We might lose this seat, and probably any other Republican would win it easily. Republicans are not at a place at this point in the election year when they can afford to lose any seat." Pat Buchanan said on MSNBC's Scarborough Country (4/4), "No question about it, the Republican party is going to feel better off having Tom out of there. It's better for him, better for the party."

Tom DeLay's resignation was covered by hundreds of local televisions newscasts. Often, the story noted his former aide Tony Rudy had just pleaded guilty on Abramoff related charges and that Republicans may benefit from his

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resignation. Some examples: WXYZ-TV Detroit (4/4, 11:36 p.m.) reported, "The bigger they are, the harder they fall. And for a decade, no one in Washington was bigger than Tom Delay." DeLay "had become a political liability for his party, as Democrats painted Tom Delay as the poster child for Washington corruption." KPNX-TV Phoenix (4/4, 4:35 p.m.) said "House Republicans are actually cheering the move saying it should give the GOP a boost with the November elections just seven months a way." KTXL-TV Sacramento (4/4, 10:18 p.m.) reported, "Analysts say the GOP is relieved."

WKYC-TV Cleveland (4/4, 11:15 p.m.) reported, "A number of Republicans were pressuring DeLay to step down." Meanwhile, WJZ-TV Baltimore (4/4, 6:43 p.m.) reported, "Democrats say that the resignation is the latest sign that the GOP is weakening and will not maintain control of Congress in the next election."

KHOU-TV Houston (4/4, 5:03 p.m.) reported, "Our political expert said even with the controversy around DeLay, the state of Texas has benefited because of the power of DeLay and it will be missed. It has been a long time since a Texan has not been running their party and that will hurt us."

The AP (4/5, Raum) calls DeLay "a symbol of the widening ethics scandal that now clouds GOP prospects for continued control. … 'It's hard to believe that in just 12 years, Republicans could end up in the same situation that it took Democrats 40 years to get in,' said Republican strategist Frank Luntz."

DeLay Says Democrats Are Criminalizing Politics. Rep. Tom DeLay was asked on Fox News' Special Report (4/4) about Democratic claims that his resignation will not stop the Republican "culture of corruption." DeLay said, "I don't think they understand it. There is no cultural corruption except theirs, lying about me, trying to work with an outrageous district attorney and being indicted on laws that don't exist. … They themselves announced this whole politics of personal destruction, criminalizing politics. That I think is a culture of corruption."

The Houston Chronicle (4/5, Mack, Mason, 581K) says DeLay "decided more than a week ago to resign his seat, disappointed with the margin of his Republican primary victory and looking at poll numbers that showed he might lose the seat in November, he said today." DeLay said in an interview with Sam Malone on KTRH-AM (740) that "he 'should have done better' than his 62 percent showing against four challengers in the March 7 primary." The Washington Post (4/5, A1, Smith, Weisman, 744K) reports DeLay "had considered resigning on several occasions over the past four months." But "he waited until after he had vanquished his challengers in the Republican primary to deny them the chance to become his successor, associates said."

The Dallas Morning News (4/5, Gillman) reports DeLay said he "hopes to put his talents to work pushing the conservative cause – without the trappings of power, the duties of high office or, perhaps, the huge political bull's-eye on his back. … 'I have a lot of friends in the conservative movement,' Mr. DeLay told MSNBC's Hardball in one of a handful of interviews he gave Tuesday. 'They value my talents, and they listen to me. I think I can work with them.'"

National Review online (4/4) last night ran a story on a "a long discussion with conservative journalists Tuesday afternoon." DeLay "attributed many of his problems to Ronnie Earle, the Texas county district attorney who has indicted DeLay on campaign-finance charges. 'He used this case to drag my name through the mud,' DeLay said, 'and he has abused the grand jury-process to drag my name through the mud.' The problem, DeLay explained, was the interplay of Earle's investigation and a House GOP rule that requires members of the leadership to step down if they are indicted. 'I truly believe that the only reason I was indicted is because we have that stupid rule -- that is, politically, the stupidest thing we've ever done,' DeLay said." NBC Nightly News (4/4, lead story, 2:40, Williams, 9.87M) also reported DeLay "says the Texas charges are a political vendetta and that the allegations involving Abramoff are guilt by association." However, said the CBS Evening News (4/4, lead story, 3:30, Borger, 7.66M), "Despite DeLay's public confidence, legal experts say the Justice Department is circling him."

DeLay Eligible For $65,000 Annual Pension. The Washington Post (4/5, Kamen, 744K) reports in its "In the Loop" column that resigning Rep. Tom DeLay "should do well in the private sector -- as long as he doesn't get convicted of anything serious." In addition to the "immensely profitable" speaking circuit, DeLay is "eligible for a pension of a bit over one-third of his $183,500 majority leader's salary, or about $65,000 a year, complete with health benefits and cost-of-living adjustments."

Resignation Frees DeLay To Use Campaign Funds For Legal Bills. The CBS Evening News (4/4, lead story, 3:30, Schieffer, 7.66M) reported now that DeLay "won that Republican primary, his campaign war chest is available to him to pay for all of his legal bills. Right now, he says, there's about $1.5 million in that campaign war chest, and he's got

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about $1 million outstanding in legal bills, and of course that could rise." NBC Nightly News (4/4, lead story, 2:40, Reid, 9.87M) also noted "hundreds of thousands of dollars in his campaign committee can now be used to pay his mounting legal bills."

However, Roll Call (4/5, Kane) notes that as it "reported in February, DeLay began earlier this year to dip into his campaign account to defray some of the costs related to the Abramoff probe. In mid-February, while still preparing for a re-election battle that he thought would cost close to $10 million, DeLay's campaign was sitting on $1.3 million." Roll Call adds, "It's unclear how much of that money was spent in beating back several challengers in the March 7 primary, or to what level the campaign fund was replenished in the final weeks of March." Moreover, DeLay "may feel peer pressure to turn over a large chunk of that cash to lawmakers or the National Republican Congressional Committee, as is allowed under the law."

Still Deadlocked, House Ethics Panel Won't Launch DeLay Probe. USA Today (4/5, Drinkard, 2.31M) reports, "The House ethics committee, inactive for more than a year because of partisan disputes, has declined to launch investigations of...DeLay and other lawmakers accused of ethical lapses." USA Today adds, "A six-hour meeting Thursday ended in partisan deadlock, according to one Republican and one Democrat familiar with the panel's deliberations. Both declined to be identified because of committee non-disclosure rules. At issue was whether the committee could begin investigations without interfering with ongoing criminal probes."

GOP Prospects In TX22 Seen As Significantly Improved. Roll Call (4/5, Drucker) reports, "With Rep. Tom DeLay (R-Texas) out of the way, Republicans concerned with holding his seat were breathing a collective sigh of relief Tuesday, while Democrats countered that the 22nd district was still theirs for the taking." DeLay's "surprise resignation announcement touched off a flurry of behind-the-scenes maneuvering Tuesday, as potential Republican candidates sought to gauge their viability as his replacement on the Nov. 7 ballot." A spokesman for the Democratic nominee, former Rep. Nick Lampson, "said the absence of DeLay and his luggage-set of ethics issues to run against would not significantly alter the ex-Congressman's strategy, nor would it hamper his fundraising effort." But "Republican officials based in the Houston area insisted that a once-competitive district in danger of being flipped by the Democrats had just turned into a walk for DeLay's as-yet-to-be-determined replacement as the Republican nominee."

USA Today (4/5, Stone, 2.31M) reports Gov. Rick Perry "is expected to call a special election to fill DeLay's term, said Eric Thode, Republican chairman of Fort Bend County in DeLay's 22nd Congressional District."

The Dallas Morning News (4/5, Nichols) reports, "One thing seemed clear Tuesday:" Lampson "has lost his biggest campaign issue: Mr. DeLay." The New York Times (4/5, Blumenthal, 1.19M) reports DeLay "told Fox News that his departure was intended to hurt Mr. Lampson. 'This is probably the worst day of his campaign because he knows that any Republican that replaces me on the ballot will win this seat,' he said."

The Houston Chronicle (4/5, Mack, Minaya, 581K) reports, "Those who acknowledged interest in the seat or were mentioned as contenders included Harris County Judge Robert Eckels, state Rep. Robert Talton, Sugar Land Mayor David Wallace, Houston City Councilwoman Shelley Sekula-Gibbs, former state District Judge John Devine and lawyer Tom Campbell, who ran against DeLay in the March Republican Primary." Harris County Republican Party Chairman Jared Woodfill "said he started receiving calls from interested officials within minutes of hearing the news of DeLay's decision." The Washington Times (4/5, Aynesworth, 90K) runs a similar report titled "Republican Contenders Eye DeLay's Seat," adding "most political analysts think that whoever gets the nod from the party has an excellent chance to win in November in the Republican-leaning district." The Times also says Woodfill "said Mr. Echols would have to be considered the favorite because of his lengthy public career and resulting name recognition."

On its website, Time (4/5, Hylton) reports that "late Monday night Sugar Land Mayor David G. Wallace ,44, a popular second-term city leader whose name is on the ballot for a third term in the May 13 municipal elections, confirmed that he would make a bid for the seat." Wallace "said he had heard rumbles about DeLay's decision over the weekend, and his mayoral reelection website was pulled down for a redesign immediately after the DeLay announcement."

More Commentary. The Wall Street Journal (4/5, 2.11M) says in an editorial "DeLay's decision to resign from Congress removes one large Republican liability this election year, but it hardly ends the party's political vulnerability. One pressing question is whether the GOP majority is going to use the few productive weeks it has left to establish a 2006 record

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and 2007 agenda that are worthy of re-election. Recent evidence is not reassuring." GOP leaders "seem determined to avoid any meaningful legislative fights, lest their own internal fissures show. … On the other hand, the biggest Republican problem now is the demoralization of their own voters. … May we suggest a Plan B? How about at least fighting for the agenda that elected them the last time?"

The Washington Post (4/5, A22, 744K) editorializes, "It's a measure of…DeLay's diminished political circumstances that those most unhappy about his abandoning his House seat are the Democrats who most revile him." The Post goes on to criticize "DeLayism," which "meant keeping a book on the partisan breakdown of political contributions from lobbyists labeled 'friendly' and 'unfriendly.' It meant strong-arming a trade group not to hire a former Democratic congressman and enlisting Federal Aviation Administration officials to track down Democrats fleeing a vote in the Texas state legislature aimed at cementing Republicans' hold on the House. Mr. DeLay offered to endorse the son of retiring Rep. Nick Smith (R-Mich.) in exchange for Mr. Smith's vote in favor of the Medicare prescription drug bill." DeLay "in his heyday got a lot done, but at a terrible cost to the institution -- and, we would argue, the party -- that he helped lead."

In an editorial titled "The Fall Of The Hammer," the New York Times (4/5, 1.19M) writes that "DeLay's political demise hardly ends the influence-peddling culture to which he devoted himself. The DeLay machine's tooth-and-claw approach to politics lives on, from the Texas delegation he brazenly gerrymandered to his quid pro quo debasing of the lobbying industry." The Times adds, "In the smarmy self-justification of Mr. DeLay's statement yesterday, he said he wanted to avoid a 'referendum on me' in November. But, of course, that's exactly what the nation needs as voters come to consider a Congress deeply embedded in the easy money and easier ethics of the DeLay era."

USA Today (4/5, 2.31M) editorializes, "DeLay's decision to resign from Congress has given House Democrats a reason to rejoice. For more than a decade, the Texas Republican infuriated and outmaneuvered them, making them feel the acute pain of their powerlessness." But "perhaps it's the Republicans who should be the most gleeful. They'll be rid of the most potent symbol of Washington arrogance and corruption."

Cris Feldman, an attorney who "was on the civil trial team that won a ruling last spring finding that TRMPAC illegally raised, spent and failed to report corporate contributions in Texas," writes in the Washington Post (4/5, A23, 744K), "The centerpiece of the Texas indictments is Texans for a Republican Majority PAC (TRMPAC), which DeLay founded and which his operatives ran, with the paid assistance of his daughter. … Corporate contributions to candidates in Texas are illegal. To make such a contribution is a third-degree felony. A contribution is considered to be the direct or indirect transfer of money, including the agreement to make such a transfer. If DeLay in any way participated in an agreement to indirectly transfer $190,000 in corporate cash to Texas candidates, he still has a problem back in Texas."

In a Washington Post column (4/5, A23), David Broder writes, "Symbolically as well as practically, the departure of Tom DeLay from Congress signals the end of an era of Republican dominance. The question now is whether the retreat that clearly has begun will turn into a rout. … Whether that translates to the specific victories needed to give Democrats an extra 15 seats and a narrow House majority cannot be guessed." But "the relief his fellow Republicans expressed that they can now recruit a fresh and presumably unscarred candidate in DeLay's Republican-leaning district shows how nervous they are about holding on to the House."

In the Washington Times (4/5, 90K), Tony Blankley writes, "Tom has served the party magnificently over the last two decades -- both as a principled conservative legislator, and as a shrewd and tireless political operator. And he has had the good judgment to exit on his own two feet. Both the Republican Party and the country are stronger and better for all that Tom DeLay has contributed. So, as a not-always-ally, I wish him Godspeed on the next leg of his journey."

Backed By Boehner, Ney Says He Won't Resign From Congress. Roll Call (4/5, Bresnahan) reports, "The stunning announcement by Rep. Tom DeLay (R-Texas) that he would resign from Congress has thrust another embattled Republican even more firmly into the spotlight: Rep. Bob Ney (R-Ohio)." Ney "went to great lengths Tuesday to deny that he had any intention of leaving office, and he received public support from his fellow Ohioan, House Majority Leader John Boehner." Boehner "said 'there's no pressure' on Ney to quit, although Boehner did acknowledge that Ney faces a difficult re-election battle this fall."

The Hill (4/5, Kucinich) says Ney "received calls from supporters shortly after stories that DeLay plans to resign hit

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the Internet on Monday night. His backers wanted to know if he was considering the same course of action." In an interview with The Hill, Ney said on DeLay's announcement, "We are two different people." Asked "whether he had received any information from the Justice Department about whether he would be indicted," he said, "I haven't heard anything."

Democrats Seek Distance From McKinney As Controversy Continues. CNN's The Situation Room (4/4, Todd) reported yesterday that while Federal prosecutors are still considering whether to file criminal charges against Rep. Cynthia McKinney for the incident involving a Capitol Police officer, there are "serious questions being raised about support for McKinney on Capitol Hill, especially among the leadership of her own party. House Democratic leader Nancy Pelosi, who could be a crucial ally on McKinney's behalf, first sought to downplay the incident last week." Pelosi was asked Tuesday whether McKinney should resign." Pelosi: "I think what happened last week was a very unfortunate incident. I think that all members of Congress like to be recognized. That's for sure. And this was a case in which she wasn't. I don't think any of it justifies hitting a police officer. I don't know if that happened. But I'm just saying if it did happen, I don't think it was justified." CNN added that Pelosi "does not appear to be alone here." House Democratic Whip Stenny Hoyer "told CNN radio reporter Lisa Goddard today, it's the responsibility of anyone who visits the Capitol, whether they are members of Congress or visitors to fully cooperate with the Capitol Police. … Now it also looks like the Congressional Black Caucus isn't exactly rushing to McKinney's side."

The New York Times (4/5, Stolberg, 1.19M) also says "Democrats tried to distance themselves from the congresswoman and some Republicans pressed for a resolution praising the police." Meanwhile, Republicans "have tried to make political hay of the episode, saying it did not comport with the Democrats' efforts to portray themselves as committed to national security. Representative Patrick T. McHenry, Republican of North Carolina, said Tuesday that he would introduce a resolution commending the police for their professionalism. A senior House Republican aide said that the resolution would probably not come to a vote, but that Republicans would probably offer comments praising the police Wednesday when a separate police-related resolution was offered." The Hill (4/5, Hearn) runs a similar story under the headline "McKinney Rebuked By Her Leader," in which it reports Pelosi "is no longer on speaking terms with McKinney." USA Today/AP (4/5) reports Rep. Mel Watt, chairman of the Congressional Black Caucus, "had no comment, a spokesman said."

The Los Angeles Times (4/5, Neuman, Timiraos, 958K) describes the original incident as "a misunderstanding," in which the officer "touched her on the shoulder and she jabbed him with her cell phone." However, it has "begun to mushroom into a racial and political furor, replete with accusations of racial profiling and threats of criminal charges."

Scores of local newscasts covered McKinney's incident. About half mentioned her supposition that her race was a factor in the confrontation. The GOP resolution in honor of the police was mentioned about a third of the time. Some examples: WSB-TV Atlanta (4/4, 11:12 p.m.) reported, "House Republicans are sponsoring a resolution to honor Capitol Police in reaction to McKinney's confrontation with a security officer and say it is a show of support for the officers." WSB-TV Atlanta (4/4, 5:32 p.m.) reported, "The bill's supporters say ignoring an officer's commands is never acceptable behavior. McKinney is not commenting on the resolution."

WRAL-TV Raleigh (4/4, 11:11 p.m.) reported, "McKinney is not getting much support from either side of the aisle over her reported scuffle with capitol police."

WCPO-TV Cincinnati (4/4, 11:13 p.m.) reported, "McKinney says her dispute with police wasn't about whether she obeyed an officer's order. She says she was inappropriately touched when the officer tried to stop her for not wearing her Congressional pin or showing ID. She refused to stop and hit the officer. McKinney has said she thinks it happened partly because she is black."

WXIX-TV Cincinnati (4/4, 10:29 p.m.) reported, "McKinney blames racial profiling and says she acted in self-defense. Critics say McKinney is playing the race card to distract from her own offense."

More Commentary. USA Today (4/5, 2.31M) editorializes, "McKinney should stop exploiting a phony race issue and apologize for her overbearing behavior. There's little doubt that Capitol Police will remember her in the future."

Roll Call (4/5) editorializes, "With the full-throated support of the House and Senate leadership, the police board should immediately call an end to the practice of allowing Members and those accompanying them to bypass

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magnetometers and other security measures around the Capitol complex. It's a practice we've always disliked, and one that only fuels perceptions of Congress as a pampered class. Now McKinney has given us new reason to encourage Congressional leaders to get rid of it."

GAO Criticizes Funding For Abstinence As Part Of AIDS Fight. The New York Times (4/5, Dugger, 1.19M) reports, "Insistence by Republican Congressional leaders that American money to fight the spread of AIDS globally be used to emphasize abstinence and fidelity is undercutting comprehensive and widely accepted aid models, the Government Accountability Office said in a report released Tuesday." The report by the GAO, "examines the effect of a mandate from Congress that at least a third of United States money to prevent the spread of AIDS worldwide be devoted to sexual abstinence and fidelity programs." It found that "the provision had limited the reach of broader strategies to fight AIDS that include the use of condoms -- a conclusion strongly contested by a senior Bush administration official."

The Wall Street Journal (4/5, Stecklow, 2.11M) reports, "In an attached response to the GAO report, government officials who oversee Mr. Bush's AIDS program said it was on track to achieve its prevention goal and noted that funding for all prevention methods had increased from previous federal initiatives."

The Washington Post (4/5, A3, Brown, 744K) says "the AIDS coordinator's office, which is in the State Department, has shown considerable flexibility in administering the rules. In June 2004, it notified Congress that it would broaden the definition of 'abstinence until marriage' to include programs that also encouraged fidelity in sexual relationships outside marriage." The office also "exempts some countries' programs from meeting the abstinence-spending target as long as the entire overseas AIDS-prevention budget meets it. Ten of the 20 countries surveyed got exemptions."

First Lady Emphasizes Homeland Defense During St. Louis Visit. Stumping for Republican Sen. Jim Talent's re-election campaign and promoting the Helping America's Youth Initiative, First Lady Laura Bush traveled to St. Louis yesterday where she trumpeted Talent's commitment to homeland defense. At a speech to about 400 Talent supporters, the Kansas City Star (4/5, Douglas, 286K) quotes Mrs. Bush as saying, "At this historic time in our country, no issue is more important than defending America. ... Thanks to the men and women of the United States military, America is winning the war on terror. ... [Sen. Talent] understands the sacrifices made by our armed services personnel, and he understands the importance of their mission." The First Lady also singled out Talent "for his work on the Senate Armed Services Committee." Although "Talent was in Washington Tuesday, chairing a defense subcommittee meeting," in his place was "his wife, Brenda, along with President Bush's uncle, William 'Bucky' Bush, and Gov. Matt Blunt's wife, Melanie."

The St. Louis Post-Dispatch (4/5, Mannies, 310K) adds, "Mrs. Bush saw counselors and teens during a private visit to a St. Charles adolescent drug treatment center operated by Preferred Family Healthcare" as "part of a series of visits Mrs. Bush is making around the country with various programs that encourage children and teens to avoid drug use or that treat those dealing with addiction." She is quoted as saying that the treatment center is "one really good example" of a good use for federal dollars. She later told at-risk teens: "You can't leave your life to luck. You can't guess. ... Think about the decisions you make."

House To Take Up Lobbying Reforms Today. House Republicans today will begin work on legislation to change lobbying disclosure requirements and house rules of conduct. CQ (4/4, Kady) reported that two committees will vote on the measure while, on the House floor, "Republicans will try to win what is expected to be a close vote on another bill (HR 513) the GOP associates with political reform. It would put new restrictions on groups known as '527s' that have become powerful voices for liberal causes."

Republicans Divided Over Limits On 527s. Republicans are divided over proposed new limits on 527s. The Hill (4/5, Schor) reports that the divisions are "pitting the conservative Club for Growth and its allies against the party's leadership." The Club for Growth argues "that a Republican-backed 527 bill, even one that relaxes caps on aggregate contributions and coordinated campaign spending, violates the party's core principle of deregulated political speech. … Co-signers of the Club's letter of opposition to the House 527 bill include Americans for Tax Reform's Grover Norquist, FreedomWorks' Matt Kibbe, Citizens Against Government Waste's Tom Schatz and conservative elder statesman Paul Weyrich. Even House Majority Leader John Boehner (R-

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Ohio), among his conference's leading advocates of 527 regulation, gave a nod to the bill's critics yesterday during a briefing with reporters."

WPost Says House Should Pass 527 Limits. An editorial in the Washington Post (4/5, A22, 744K) says the House should pass legislation that would require 527s "to play by the same rules as other committees that aim to influence federal elections." The Journal adds, "The usual politics of campaign finance reform -- Democrats for (at least publicly), Republicans against -- are upside down this time around. The reason is that Republicans do better than Democrats at raising the (relatively) small donations known as 'hard money,' while Democrats took the lead in the past election cycle in raising soft money for 527 groups. Connoisseurs of hypocrisy should enjoy this spectacle, but the partisan calculations are probably overstated. Democrats, with the rise of the Internet, have been improving their hard-money fundraising. Republicans are bound to draw even in the 527 race if it continues."

Senate Democrats Believe Prevention Act Will Strengthen Party's Position On Abortion. In legislation to expand access to contraceptives and sex education, Senate Democrats believe they have found a wedge issue to strengthen the party's position on abortion rights. The Hill (4/5, Bolton) reports, "Democratic strategists say the time is right for action because women who support abortion rights but are not politically engaged are alarmed by the confirmation of Samuel Alito as Sandra Day O'Connor's replacement on the Supreme Court and by the passage of legislation strictly curbing the availability of abortion there." The Prevention First Act, which is sponsored by Senate Minority Leader Harry Reid "has the support of Sen. Hillary Rodham Clinton (D-N.Y.), presumptive front-runner in the 2008 presidential primary and 21 other Democrats. The bill would prohibit group health plans from excluding contraceptive drugs, devices and outpatient services if they cover the cost of other prescription drugs and outpatient services. It would also require the secretary of health and human services to disseminate information on emergency contraception to healthcare providers and require hospitals receiving federal money to provide emergency contraception to victims of sexual assault."

Democrats Seen As Showing Unity While GOP Appears Divided. Time (4/4, Bacon) reported in exclusive on its web site that while the conventional wisdom in Washington has been that Republicans are "more unified and disciplined and have better-articulated ideas than Democrats, who are often at war with one another and questioning their leadership, lately "the Democrats, looking to create a campaign platform for 2006, have put out some ideas that their famously fractured party largely agrees on. … And Democrats can't be accused of lacking ideas: many of the party's most prominent leaders are putting out long tomes detailing their views." Meanwhile, Republicans "can't find much agreement" on "many key issues."

Biden Asks IG To Probe State Department Screening. Sen. Joe Biden has asked the State Department's IG to investigate whether the department has been using a political litmus test to screen applicants before sending them oversees to represent the US. Knight Ridder (4/5, Landay) reports that Biden "said in a letter to the inspector general that he was requesting the review in part because of a Dec. 2 Knight Ridder report that such a test was being used to weed out critics of the Bush administration's Iraq policy. … The story quoted current and former U.S. officials as saying that potential participants were vetted -- via Internet searches, for example -- for any comments or writings that criticized administration policies, particularly its approach to Iraq."

Bush Daughters Run In Richmond 10K Under Fake Names. The Washington Post (4/5, C3, Argetsinger, Roberts, 744K) reports in its "The Reliable Source" column that President Bush's daughters Jenna and Barbara ran a 10K through Richmond's Fan district Saturday, "but went barely detected until the Richmond Times-Dispatch put the pieces together yesterday. The paper deduced that the twins ran under the fake names of Sarah and Emily Jackson, finishing at 54:27. Jenna's boyfriend, Henry Hager, finished three minutes faster under his own name. Race director Tracey Russell told us the White House reserved slots for the twins three weeks ago; both they and the Secret Service agents who ran with them blended invisibly into the crowd."

Santorum Makes Case For Anti-Poverty Agenda. Sen. Rick Santorum of Pennsylvania, writes in

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the Washington Times (4/5, 90K), "Some in America have not reaped the rewards of our economic bounty; it is to help meet their needs that I have sponsored the Senate Anti-Poverty Agenda. There are three components to the anti-poverty agenda: work, investment and a neighborhood-based focus. … By keeping tax rates low, enabling low-income Americans to develop real assets and amending tax laws to encourage all Americans to give generously to our nation's charities helping those in need, we will help ensure that our economy stays strong and that ours is a nation of opportunity and prosperity for all."

OTHER NEWS:

Shareholders Push For More Disclosure Of Corporate Political Donations. The Wall Street Journal (4/5, Cummings, 2.11M) reports that the campaign for corporate disclosure of companies political donations is gaining momentum. According to the Journal, "Institutional Shareholder Services, which advises investors on how to vote their proxies, is for the first time recommending passage of a shareholder resolution requiring more oversight and disclosure of political giving. … Proponents of corporate disclosure say political giving by public companies can create risks for shareholders, particularly if the firm winds up in the middle of a political scandal."

Morris Says Clinton Has Opened Herself To Challenge From Left. Dick Morris writes in The Hill (4/5) that "Hillary Clinton bet on consensus and centrism in backing the war and an aggressive policy on terrorism — and may have bet wrong. … Hillary may have misjudged the left. She may have opened herself up to a challenge from the left over Iraq and the war on terror. She may have chosen the wrong time and the wrong issue on which to cross party lines." Morris adds, "Now she is in a fix. If she retreats and retracts her support for the war, she will become the ultimate weather vane, shifting with the political wind. If she adopts a pro-peace posture, she undoes all of her work to position herself as a hawkish female, able to overcome the stereotypes that hamper women who wish to be commanders in chief."

Buckley Says Clinton Is "True Contender" For White House. Conservative writer William F. Buckley said Sen. Hillary Clinton is a true contender for the White House in 2008. The New York Times (4/5, 1.19M) reports that in an interview with Bloomberg Television, Buckley said Clinton "is "" very consequential woman with an extraordinary background,'' adding that she is "a phenomenon, a woman candidate who might easily be president." The Times also reports, "Mr. Buckley suggested that he was less than impressed with the current group of potential candidates for 2008, saying, 'I don't find a commanding presence sort of knocking on the door' for the next presidential campaign."

Massachusetts To Require Residents To Carry Health Insurance. USA Today (4/5, Appleby, 2.31M) reports, "Residents of Massachusetts will be the first in the nation required to carry health insurance, just as motorists in many states are required to carry auto insurance. After months of debate, state lawmakers approved a bill Tuesday that requires individuals to have coverage and tacks a $295 per worker annual assessment on employers who don't provide it, with the aim of reducing the state's 550,000 uninsured to near zero within three years." The bill "goes to Republican Gov. Mitt Romney. He's expected to sign it because he proposed such a measure last summer."

The New York Times (4/5, Belluck, 1.19M) says the bill "does what health experts say no other state has been able to do: provide a mechanism for all of its citizens to obtain health insurance. It accomplishes that in a way that experts say combines methods and proposals from across the political spectrum, apportioning the cost among businesses, individuals and the government. … All told, the plan is expected to cover 515,000 uninsured people within three years, about 95 percent of the state's uninsured population, legislators said, leaving less than 1 percent of the population unprotected."

The Washington Post (4/5, A1, Fahrenthold, 744K) notes the bill "would require all residents to purchase health insurance or face legal penalties." Romney "said the bill, modeled on the state's policy of requiring auto insurance, is intended to end an era in which 550,000 people go without insurance and their hospital and doctor visits are paid for in part with public funds."

The Wall Street Journal (4/5, Hechinger, Amstrong, 2.11M) calls the bill "a far-reaching bid to obtain universal health-care coverage," and says the measure "requires that businesses not offering health insurance pay penalties to help cover the uninsured and uses a combination of added state spending, tax incentives, insurance subsidies and expanded government-insurance programs." The Journal adds,

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"Though some business groups, such as the Greater Boston Chamber of Commerce, have generally voiced support for the bill, others, especially those representing small businesses, are wary of its effects on costs and job creation. In addition, health-care experts say the plan, despite its bold claims, provides little new money to pay for health care." They "note that under Gov. Michael Dukakis, Massachusetts approved a plan for universal health coverage in the late 1980s that died because of lack of money."

Rumsfeld, Powell Eulogize Weinberger. The Washington Post (4/5, A2, Milbank, 744K) reports in its "Washington Sketch" column that former Defense Secretary Caspar Weinberger was laid to rest yesterday at Arlington National Cemetery. The Post notes that "Cold Warriors of the 20th century" including Margaret Thatcher, Jeane Kirkpatrick, Ed Meese, Frank Carlucci, John Poindexter, Jack Kemp and James Schlesinger attended. Defense Secretary Donald Rumsfeld eulogized Weinberger saying, "His goal was an era of hope and peace, one in which the people of Eastern Europe lived free, one in which the Berlin Wall no longer divided families but instead existed only in memory, or its shards sold as souvenirs." He added, "Today we live in that world, a world made safer and freer by Cold Warriors like Cap Weinberger." Former Secretary of State Colin Powell "concurred on the meaning of Weinberger, saying in his eulogy, that President Ronald Reagan "needed a champion to rebuild the armed forces of the United States to show the Soviets and the world how strength can lead to peace, and that champion was Cap Weinberger."

Boy Scouts Plan $17 Million Camp In Virginia. On the Haymarket, Virginia site where the Walt Disney Co. tried to build a theme park 12 years ago, the Boy Scouts of America is planning to open a $17 million camp catering to Cub Scouts. The Washington Post (4/5, B9, Stewart, 744K) reports, "The camp will be built and operated by the National Capital Council, which represents more than 85,000 Scouts and 23,000 volunteers in the District and 16 counties in Maryland and Virginia. It is one of the most expensive scouting construction projects in the nation, officials said, and unusual because of its focus on Cub Scouts as well as Boy Scouts. … Officials said the Scouts wanted a camp closer to Washington so that Cub Scouts, the organization's youngest members, could enjoy an overnight camping experience."

Couric To Announce Plans To Leave "Today" This Morning. Today show anchor Katie Couric plans to confirm this morning that she is leaving the show after 15 years and CBS will announce as early as today that she will take over the anchor chair of its evening news broadcast. The Washington Post (4/5, C7, Kurtz, 744K) reports that Couric "decided yesterday to use the occasion of her 15th anniversary, when the NBC program will be reflecting on her tenure, to look forward to the next chapter in her career, said sources at both networks and people familiar with her thinking. The sources, who first confirmed Couric's plans Monday, had expected the CBS negotiations to drag on a bit longer, but said now the network has wrapped up the negotiations and wants to go public as soon as Couric does."

Academic Paper On Pro-Israel Lobby Dismissed As "Bigotry." Eliot Cohen, a professor at Johns Hopkins University's School of Advanced International Studies, writes in the Washington Post (4/5, A23, 744K) criticizes an academic papers posted on a Harvard Web site. John Mearsheimer and Stephen Walt's "The Israel Lobby and U.S. Foreign Policy'" contends that "American national security dictates distancing ourselves from the state of Israel; that U.S. support for Israel has led to such disasters as America's status as the No. 1 target for Islamic terrorists; and that such an otherwise inexplicable departure from good sense can be accounted for only by the power of 'The Lobby' (their capitalization), an overwhelmingly Jewish force abetted by some Christian evangelicals and a gentile neocon collaborator or two, who have hijacked American foreign policy and controlled it for decades." Cohen notes, "I am a public intellectual and a proud Jew; sympathetic to Israel and extensively engaged in our nation's military affairs; vaguely conservative and occasionally hawkish. In a week my family will celebrate Passover with my oldest son -- the third generation to serve as an officer in the United States Army. … Other supposed members of 'The Lobby' also have children in military service. Impugning their patriotism or mine is not scholarship or policy advocacy. It is merely, and unforgivably, bigotry."

Iran Open To Limited Negotiations On Enrichment. Wrangling over Iran's disputed nuclear program continued on Tuesday, with the AP (4/5, Dareini) reporting, "Iran said...it is willing to negotiate with world powers on large-scale enrichment of uranium but will never

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give way on their key demand — to cease all enrichment, a process that can produce fuel for nuclear reactors or material for bombs. ... Foreign Minister Manouchehr Mottaki reiterated that Iran would not comply with the Security Council demand, saying the small-scale enrichment it resumed in February was strictly for research and was within its rights." Mottaki is quoted as saying, "The enrichment of uranium...is Iran's right as defined as a signatory to the Nuclear Non-Proliferation Treaty. ... One thing we can't give up and that is the right of the Iranian nation. ... We can't hold a dialogue with any country about giving up our rights." Mottaki "added, however, that Iran was prepared to talk to the international community about large-scale enrichment."

Harman Calls US Intelligence On Iran Insufficient. With tensions increasing over Iran's controversial nuclear program, the AP (4/5, Shrader) reports, "US intelligence information on Iran is inadequate and may contain misinformation that spy agencies are accepting as solid, the top Democrat on the House Intelligence Committee said Tuesday. Rep. Jane Harman, D-Calif., told a Council on Foreign Relations gathering that she and other lawmakers recently received a briefing from intelligence agencies based on information shared with the International Atomic Energy Agency and the UN Security Council. Her bottom line: 'I remain skeptical — lots of unanswered questions.'" She is later quoted as saying, "The conjecture that I have is that if I were Iran, and I wanted to put out disinformation, it might look a lot like what our government is claiming is information. ... I can't tell you that's true, but I can't tell you it's not true."

Iran Runs War Games On State Television. Fox News' Special Report (4/4, Baier) reported, "Iran's five-day military show and tell continued today. War games called the Great Prophet broadcast on state-run television. This time the Iranians unveiled what they called a super modern flying boat. It takes off from the water's surface. They claim it's undetectable by radar and able to launch missiles while traveling at high speeds. The flying boat tests come one day after a high-speed torpedo test. … The Iranian foreign minister said today the war games are designed to send a message that Iran can defend itself." Fox added, "US Intelligence officials and military analysts say Iran's videotaped tests are likely happening for two reasons. One, to try to intimidate the international community as negotiations over Iran's nuclear program continue, and two, to send a message to the Iranian people that the country has an effective military in case of an invasion."

In related coverage, the AP (4/5, Dareini) cites "a top Iranian military official [as saying] Tuesday the country can now defend itself against any invasion originating from outside the region — a clear reference to the United States — as it tested a second new radar-avoiding missile. ... Shortly after the test, the chief of the elite Revolutionary Guards, Gen. Yahya Rahim Safavi, warned that Iran was now able to 'confront any extra-regional invasion,' referring to the United States without mentioning it by name. 'The missile command of the Guards' naval force...via positioning various types of surface-to-sea missiles, is able, while defending the coastlines and islands, to confront any extra-territorial invasion,' the official Islamic Republic News Agency quoted Safavi as saying. Safavi also called for foreign forces to leave the region." He is quoted as saying, "Iran wants durable peace in the Persian Gulf and it can't be achieved without foreign forces and those which invaded Iraq leaving (the region)."

Some Experts Say New Iranian Weapons May Originate In Russia. The AP (4/5, Keath) reports, "Iran has unveiled with great fanfare a series of what it portrays as sophisticated, homegrown weapons — flying boats and missiles invisible to radar, torpedoes too fast to elude. But experts said Tuesday it appears much of the technology came from Russia and questioned Iran's claims about the weapons' capabilities. Still, the armaments, tested during war games by some 17,000 Revolutionary Guards in the Persian Gulf, send what may be Iran's real message: its increased ability to hit oil tankers if tension with America turns to outright confrontation."

Israeli Missile Strike Hits Base In Abbas Compound. The AP (4/5, Barzak) reports, "Israeli warplanes fired three missiles into the Gaza compound of Palestinian President Mahmoud Abbas on Tuesday in response to Palestinian rocket fire — the first such Israeli attack since the violent Islamic group Hamas took power last week." According to the AP, "Abbas denounced the air strike and called for international intervention to stop what he called Israel's 'destruction for the sake of destruction.' He said he contacted 'the UN, Russia, the EU and Arab states and told them that these actions complicate daily life and affect our human and social status.'" Although "Hamas does not appear to be directly responsible for the rocket attacks on Israel, its leaders have said militants who attack Israel will not be arrested."

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Hamas Foreign Minister Plans China Visit. After a visit by Hamas leaders to Moscow last month drew fire from the group's detractors, AFP (4/5) reports, "Palestinian foreign minister Mahmud al-Zahar announced plans to visit China as Beijing became the latest power to reach out to Islamists Hamas despite a Western boycott. 'We are going to visit China and we have let the ambassador know,' Zahar...told reporters after meeting the Chinese envoy to the Palestinian territories, Yang Weiguo." Israel immediately criticized the idea. Foreign ministry spokesman Mark Regev is quoted as saying, "Anyone who recognizes the Hamas government without this movement bending to the demands of the international community in recognizing Israel, renouncing terrorism and accepting agreements, helps to maintain its extremist positions."

Rice Could Face Skeptical Reception As She Presents US-India Nuclear Deal To Congress. While Congress frets over Delhi's ties with Iran and other issues as it considers the landmark US-India nuclear deal signed last month, the Washington Post (4/5, A17, Linzer, 744K) reports, "Secretary of State Condoleezza Rice will address those concerns and others when she testifies today before the House and Senate foreign relations panels on details of the unfinished agreement, in which the United States would provide India with civilian nuclear technology. She faces pressure from Republican and Democratic lawmakers, some of whom are pushing for changes to the deal out of concern about nuclear proliferation." The Post cites "a letter yesterday [in which] a bipartisan group of nuclear experts urged lawmakers not to authorize technology transfers until India stops producing nuclear weapons material, as the United States, Britain, France, Russia, and China are believed to have done. In response, some administration officials said Rice could announce a new push for an international treaty to end production of all fissile material."

India Nuclear Deal Prompts Heavy Lobbying, For And Against. As Rice prepares for her presentation, Roll Call (4/5, Ackley) reports, "If Daryl Kimball has it his way...Rice will have a bumpy ride today during her back-to-back appearances before Senate and House committees. ... Kimball, executive director of the Arms Control Association, opposes the deal and has spent the days leading up to Rice's testimony trying to make sure Members ask her the toughest of questions. 'We want them to ask her what the potential impact of this will be on the 45-nation Nuclear Suppliers Group. ... [Back then] India used peaceful nuclear assistance to develop its first nuclear bomb test.'" Backing the deal will be the Indian embassy, Indian-American lobbying groups, and, of course, Rice herself. Sanjay Puri, chairman of the US India political action committee, is quoted as saying, "A lot of work is going on behind the scenes to explain the background on the deal, the fine print and how it is beneficial to America. ... We have about 30,000 members around the country, and obviously we've reached out to all our people who are active in every state and have strongly urged them to reach out to Members of Congress and Senators."

Iran Sanctions Bill Could Determine Nuclear Deal's Destiny. The Hill (4/5, Mikhail) reports, "A potential standoff involving dueling Iran sanctions bills could determine the fate of a civilian nuclear-cooperation deal with India — a deal that is a high priority for President Bush. The White House is in the politically awkward position of asking Congress to ratify the high-profile nuclear deal with India while fending off Iran-related legislation that could threaten the US-India pact. Rep. Ileana Ros-Lehtinen (R-Fla.) and Sen. Rick Santorum (R-Pa.) have introduced bills that seek to cut off funds from Iran that could be applied toward attaining or creating nuclear weapons, enhancing provisions of the Iran and Libya Sanctions Act (ILSA)." The House version, however, "which has 355 co-sponsors, including most members of the Republican and Democratic leadership, provides less flexibility to the president to determine whether to apply such sanctions." According to The Hill, "Recent actions in the House have substantially increased the likelihood of overlapping discussions of the Iran sanctions bill and the nuclear deal. The legislation was voted out of the International Relations Middle East subcommittee in April 2005 but was not scheduled for a full-committee markup vote until a day before Hyde and Rep. Tom Lantos (D-Calif.)...introduced the enabling legislation for the nuclear deal with India this March." That said, Sam Stratman, a spokesman for International Relations Committee Chairman Henry Hyde (R-Ill.), is quoted as saying, "It would be very premature to draw any linkages to the fate of these very different pieces of legislation.'

Former Defense Secretary Cohen Backs India Deal. In a Wall Street Journal (4/5, A20, 2.11M) op-ed, former Secretary of Defense William Cohen writes that "this agreement is key to moving forward in a number of areas of mutual advancement. Some detractors say that it is imperfect

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and will harm long-held nuclear nonproliferation goals. On balance and over the long term, however, I believe the US stands to gain far more than it will lose by implementing this agreement." He adds, "Make no mistake, this agreement with India is by no means perfect and the Bush administration could have done a much better job in consulting with Congress first." But "if the agreement is rejected in Washington or New Delhi, it is unlikely that India will be able to go forward with further development of its civilian nuclear power generation capability. This will add significant new pressure to the oil market and also force India to burn more coal. Both of these outcomes will damage US economic and environmental objectives." Cohen concludes, "Fundamentally upgrading the US-India relationship represents one of the most important strategic innovations in American foreign policy since the end of the Cold War. Congress should recognize and consider carefully this reality during its deliberations on the civilian nuclear agreement."

US-Russian Relationship Increasingly Testy. The AP (4/5, Ingram) reports, "Like an aging couple, Russia and the United States seem to spend more time squabbling over what divides them than building on their shared interests. Whether it's Iran, the Palestinian militant group Hamas or democracy movements in former Soviet republics, Moscow and Washington increasingly find themselves staring warily at one another across the fence." The story goes on to cite recent quarrels over proposed Russian membership in the WTO and allegations that Russia forwarded to Saddam Hussein intelligence on US troop movements during the 2003 invasion -- among a litany of other sticking points. Ivan Safranchuk, who heads of the Moscow office of the Washington-based Center for Defense Information, is quoted as saying, "There have always been differences, but from time to time they were put aside for shared values: nuclear disarmament, euphoria over the end of the Cold War, the fight against terrorism, things that pushed everything else into the shadows. ... But in the periods of thaw, Russia and the US didn't create any stable mechanisms to solve problems."

Hughes To Lead US Delegation To Benin. The Washington Post (4/5, Kamen, 744K) reports in its "In the Loop" column, "President Bush announced yesterday that he has selected Karen P. Hughes, undersecretary of state for public affairs, to lead the U.S. delegation to the inauguration tomorrow of President-elect Thomas Yayi Boni of the beautiful West African Republic of Benin."

DHS Near Agreement With China On Illegal Immigrants. The Washington Times (4/5, A1, Hudson, 90K) reports in a front page story that the Department of Homeland Security "is near an agreement with China to return up to 39,000 Chinese illegally living in the U.S. to the communist country, which previously had refused to accept deportations." Secretary Michael Chertoff "said the tentative agreement, which would let the U.S. deport Chinese illegals as they are arrested, will act as a deterrent to other foreign nationals contemplating illegal immigration."

Tokyo Conference Could Stimulate Stalled North Korea Talks. The Washington Post (4/5, A18, Faiola, 744K) reports that an upcoming private sector conference in Tokyo is "fueling hopes of unofficial meetings that could help restart the long-stalled negotiations [with North Korea]." The conference marks "the first time that leading delegates from all six [countries involved] will be at the same forum since November." However, the Post reports that "diplomats said it was too early to tell whether any talks with the North Koreans would take place."

Syrian Regime Cracks Down On Domestic Critics. The New York Times (4/5, Slackman, 1.19M) reports that Damascus is "aggressively silencing domestic political opposition while accommodating religious conservatives to shore up support across the country." Syrian officials apparently feel "a growing sense of confidence due to shifts in the Middle East in recent months."

Muslim Scholars Exempt One Danish Firm From Boycott. The New York Times (4/5, Fattah, 1.19M) reports that a group of Muslim scholars has recommended "that the company Arla Foods 'should be withdrawn from the boycott on Denmark," after "Arla placed full-page advertisements in Arab newspapers last month condemning the cartoons as an insult to Islam." However, the Times says that "many retailers said they intended to keep Danish goods, including Arla's, off their shelves."

Pakistan Pressures Foreign Students To Leave Madrassahs. The Christian Science Monitor (4/5, Montero, 61K) reports that "Pakistan has banned foreigners…from madrassahs after it was discovered that one of the London bombers had visited a Pakistani madrassah." Officially, 65 percent have left, but the Monitor reports that the

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foreign students "come with long experience in Western classrooms, and could form a bridge between Western and Islamic worldviews and systems of thought."

Kuwaiti Women Vote, Run For Office For First Time. The Christian Science Monitor (4/5, Etheridge, 61K) reports that a Tuesday by-election in Kuwait City "is the first in which women have been able to vote since the National Assembly approved universal suffrage last year." Two women ran for office. The election is "considered a test case for 2007 parliamentary polls."

Thai Premier Says He Will Step Aside. After months of protest and an opposition boycott of elections last Sunday, the Washington Post (4/5, A17, Sipress, 744K) reports, "Prime Minister Thaksin Shinawatra announced Tuesday that he would resign in an effort to end months of demonstrations that have shaken Thailand. He pledged to leave office as soon as a new parliament convenes. 'I want all Thais to reunite,' he said in a brief televised address to the nation. ... 'We have no time to quarrel. I want to see Thai people unite and forget what has happened.'" The New York Times (4/5, Fuller, 1.19M) notes, "It was a sudden reversal for Mr. Thaksin. ... While he was loved in the countryside, he was despised by the Bangkok elite, who accused him of using his political power to further his business interests. They also accused him of worsening the Muslim insurgency in southern Thailand, stifling media independence, fostering a culture of corruption in government contracts and allowing the police to conduct hundreds of extrajudicial killings, a charge the prime minister has brushed aside."

Sri Lankan Candidate Vows To Reform UN. According to the Washington Times (4/5, Behn, 90K), Jayantha Dhanapala said "that as secretary-general, he would push ahead with reforms to the world organization and take a more proactive stance toward "what is evil and wrong with the world." Dhanapala is in Washington to promote "his reformist agenda and bridge-building style."

De Villepin Defies Renewed Demonstrations Over Labor Law. The New York Times (4/5, Sciolino, Smith, 1.19M) reports that French Premier Dominique de Villepin vowed, ""The government will not give in" to labor-law protestors. More demonstrations occurred on Tuesday, but the Times reports that "the clashes seemed less fierce than those of just a week ago." USA Today (4/5, 2.31M) says that protesters were unmoved by "President Jacques Chirac's promise Friday that the law would not be implemented until Parliament watered it down." USA Today also reports that in spite of de Villepin's stance, "there were signs…that Parliament was ready to negotiate with trade unions." The Washington Post (4/5, A17, Moore, 744K) says that the demonstrations amount "to an outpouring of discontent with an aging leadership" and that "in the past, such huge displays of public anger have resulted in governments collapsing."

Former British Spy Killed In Northern Ireland. The Washington Post (4/5, A20, Pogatchnik, 744K) reports that admitted British informant and former Sinn Fein legislative chief Denis Donaldson "was found fatally shot Tuesday." Donaldson had admitted in December that he had been on the British payroll "for two decades." The Post writes that "the killing appeared certain to harden Protestant opinion against cooperating with Sinn Fein." The New York Times (4/5, Lavery, 1.19M) reports that "the I.R.A. denied any involvement." USA Today (4/5, 2.31M) also ran a brief story on the murder.

NYTimes Column Comments On Rice-Straw Trip's Gender Issues. New York Times (4/5, 1.19M) columnist Maureen Dowd writes that the British were "were fascinated with the Condi Rice and Jack Straw two-for-the-road odyssey." She adds that "the British are used to iron ladies" and recalls "chauvinist" US reaction to Geraldine Ferraro's 1984 vice presidential candidacy.

NYTimes Editorial Criticizes Arroyo. An editorial in the New York Times (4/5, 1.19M) says that "President Gloria Macapagal Arroyo has completely lost touch with the ideals that inspired that 1986 'people power' movement." It urges President Bush to warn her that her "increasingly authoritarian tendencies" are "making her country far more vulnerable to terrorist pressures."

THE BIG PICTURE:

Headlines From Today's Front Pages.

Los Angeles Times:

"L.A. OKs 'Historic' Homeless Plan."
"Insurers Saw Record Gains In Year Of Catastrophic Loss."
"Chief 9/11 Architect Critical Of Bin Laden."
"Rumble In The Jungle Over Oil."

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"GOP Woes Not Likely To Leave With DeLay."
"Links Between Pellicano, Director Come Into Focus."
"Couric Is Set To Join CBS News As Anchor."

USA Today:
"Second Homes 40% Of Market."
"US Urged To Apologize For 1930s Deportations."
"Third Of Kids Tip Scales Wrong Way."

New York Times:
"Hussein Charged With Genocide In 50,000 Deaths."
"Massachusetts Sets Health Plan for Nearly All."
"Syria Imposing Stronger Curbs On Opposition."
"A Partisan Leaves; Will An Era Follow Suit?"
"Big Gain For Rich Seen In Tax Cuts For Investments."
"Families With Full Plates, Sitting Down to Dinner."

Washington Post:
"Terrapins Land on Top of the World."
"Mass. Bill Requires Health Coverage."
"DeLay Departing On Own Terms."
"GWU President Says He Will Step Down In 2007."
"Walter Reed's World Of Hurt, Hope."
"Democracy In Iraq Not A Priority In US Budget."

Washington Times:
"French Protests Persist."
"House GOP Lacks Agenda, DeLay Says."
"Chief Says Officer Was Right To Halt McKinney."
"U.S. Near Deal With China On Illegals."
"Visions Of A Civil War Battlefield."
"Episcopalians Consider Freeze On Gay Bishops."
"Utilities Face Financial Squeeze, Agencies Warn."

Detroit Free Press:
"GM's Wagoner: Now Is Not The Time To Panic."
"Detroit Is Knee-Deep In Garbage Problems."
"Man Wonders: Could My Dad Be The Oakland County Child Killer?"

Atlanta Journal-Constitution:
"Georgia Forestland In $6.1 Billion Deal."
"Scandal Throws Kia Off Schedule."
"Judge Voids Boy's Murder Plea."
"UGA May Bounce Hardcore Boozers."

Dallas Morning News:
"DeLay Says He'll Lead From The Outside."
"Area Avoids Bubble Trouble."
"Couric Poised To Be First Woman To Fly Solo As A Network Anchor."
"State Wants Corridor To Shadow I-35."
"Senate Plan Would Treat Immigrants Based On Time In US"

Houston Chronicle:
"Scramble Begins Without DeLay."
"More Spending By Slade Detailed."
"Ailment Sidelines Lay's Lead Attorney."
"NBC's Couric May Say Today She's CBS' Newswoman."

Story Lineup From Last Night's Network News:
ABC: Congress-Child Porn; Child Porn Victim; DeLay Retirement; Landrieu-Nominations; Saddam-Kurd Genocide; France-Labor Protests; 9/11 Movie; TN-Tornado Damage; Indian Casinos-Sexual Harassment; Clock Event; Iraq KIAs Memorial.
CBS: DeLay Retirement; Hurricane Season-Gulf Coast; Landrieu-Nominations; Congress-Child Porn; France-Labor Protests; Saddam-Kurd Genocide; Iraq-Sadr City; No Child Left Behind-Status; Hollywood-Wiretapping Case.
NBC: DeLay Retirement; DeLay Retirement-Analysis; TN-Tornado Damage; Tax Preparer Schemes; Stock Markets; Saddam-Kurd Genocide; France-Labor Protests; Katrina-Traumatized Children; Delta Airlines-Strike; Connecticut-Murdered Investor; Sleep Problems-Consequences; Cancer-Aspartame; Cancer-Sun's Benefits; Date Anomaly.

Story Lineup From This Morning's Radio News Broadcasts:
ABC: DHS Deputy Press Secretary Arrested; Congress-Online Child Porn; WI-Iraq referendums.
CBS: DHS deputy press secretary arrested; MA-health insurance bill; Saddam trial; WI-Iraq referendums; Study-ginger anti-cancer benefits; NCAA women's championship; Wall Street.
NPR: DHS Deputy Press Secretary Arrested; DeLay Resignation; CA-Levee Breaks; Red River Flooding; Wall Street; DE-Military Plane Crash; France-Jobs Law Protests; NCAA Women's Championship.

WASHINGTON'S SCHEDULE:

Today's Events In Washington.
White House:

PRESIDENT BUSH — Breakfast with bicameral Republican Congressional leadership, Oval Office, The White House, closed press; participates in a panel discussion on health savings accounts, Playhouse on the Green, Bridgeport, Conn.

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VICE PRESIDENT CHENEY — No public schedule.

US Senate: 9:30 a.m. ARMED SERVICES _ Full committee. Hearing on U.S.-India atomic energy cooperation. Location: Room SH-216, Hart.

9:30 a.m. ARMED SERVICES _ Emerging Threats and Capabilities Subcommittee. Hearingon the FY07 budget for combating terrorism. Assistant Defense Secretary Thomas W. O'Connell; Vice Adm. Eric T. Olson, deputy commander, U.S. Special Operations Command; Retired Vice Adm. John Scott Redd, director, National Counterterrorism Center; Jeffrey N. Rapp, director, Joint Intelligence Task Force-Combating Terrorism, Defense Intelligence Agency. Location: Room 222, Russell. Notes: Closed session, with open session following in Room 222 Russell.

9:30 a.m. ENVIRONMENT AND PUBLIC WORKS _ Full Committee. Hearing on the nomination of Richard Capka to be administrator of the Federal Highway Administration. Location: Room 628, Dirksen.

9:30 a.m. FOREIGN RELATIONS _ Full Committee. Hearing on the Indian government's nuclear plan. Secretary of State Rice. Location: Room 216, Hart.

9:30 a.m. INDIAN AFFAIRS _ Full Committee. Hearing on methamphetamine abuse in Indian regions. William P. Ragsdale, director, Bureau of Indian Affairs; Christopher B. Chaney, deputy director, Office of Law Enforcement Services, Bureau of Indian Affairs; Jerry Gidner, deputy director, Tribal Services, Bureau of Indian Affairs; Robert G. McSwain, deputy director, Indian Health Service, HHS; Jon Perez, director, Division of Behavior Health, Indian Health Service; Anthony Dekker, associate director, Clinical Services, Phoenix Indian Medical Center, Phoenix; Matthew H. Mead, U.S. Attorney's Office, Wyoming; Kathleen Wesley-Kitcheyan, chairwoman, San Carlos Apache Tribe; Ivan Posey, chairman, Wind River Eastern Shoshone Tribe; Joseph A. Garcia, president, National Congress of American Indians; Gary Edwards, chief executive officer, National Native American Law Enforcement Association; Karrie Azure, North Dakota Intertribal Justice Program on Methamphetamine. Location: Room 485, Russell.

10 a.m. FINANCE _ Full Committee. Hearing on pending nominations. Location: Room 215, Dirksen.

10 a.m. HEALTH, EDUCATION, LABOR AND PENSIONS _ Bioterrorism and Public Health Preparedness Subcommittee. Hearing on all hazards medical responses. Panel 1: John Agwunobi, MD, assistant secretary for health, HHS; Ellen Embrey, deputy assistant secretary of defense for force health protection and readiness; director, Deployment Health Support; DOD; Lawrence Deyton, MSPH, MD, chief public health and environmental hazards officer, Department of Veterans Affairs. Panel 2: Thomas V. Inglesby, MD, chief operating officer and deputy director, Center for BioSecurity, University of Pittsburgh Medical Center; Richard Serino, chief of department, Boston Emergency Medical Services; Eddy Bresnitz, MD, deputy commissioner/state epidemiologist, Public Health Services Branch, New Jersey Department of Health and Senior Services; and Rob Gougelet, MD, director of emergency preparedness, Dartmouth-Hitchcock Medical Center. Location: Room 430, Dirksen.

10 a.m. HOMELAND SECURITY AND GOVERNMENTAL AFFAIRS _ Full Committee. Hearing on the Green Lane Maritime Cargo Security Act. Deputy DHS Secretary Michael P. Jackson; Capt. Jeffrey W. Monroe, director, Department of Ports and Transportation, Portland, Maine; M. R. Dinsmore, CEO, Port of Seattle, Wash.; Andrew Howell, U.S. Chamber of Commerce; James P. Hoffa, general president, Teamsters Union. Location: Room 342, Dirksen.

10:30 a.m. APPROPRIATIONS _ Legislative Branch Subcommittee. Hearing on the FY07 appropriations for the Sergeant of Arms and the Capitol Police. William Pickle, sergeant-at-arms and doorkeeper, Senate; Wilson Livingood, chairman, Capitol Police Board and Capitol Guide Service; Alan Hantman, member, Capitol Police Board and Capitol Guide Service; Christopher McGaffin, acting chief, U.S. Capitol Police. Location: Room 138, Dirksen.

2 p.m. APPROPRIATIONS _ Commerce, Justice and Science Subcommittee. Hearing on FY07 appropriations for the Justice Department. Attorney General Alberto R. Gonzales; FBI Director Robert Mueller; Karen Tandy, administrator, Drug Enforcement Administration; Carl J. Truscott, director, Bureau of Alcohol, Tobacco, Firearms and Explosives; John Clark, director, U.S. Marshals Service. Location: Room 192, Dirksen.

2:30 p.m. APPROPRIATIONS _ Energy and Water Subcommittee. Hearing on FY07 appropriations for the Army Corps of Engineers. Assistant Army Secretary John Paul Woodley; Corps Commander Lt. Gen. Carl Strock. Location: Room 138, Dirksen.

2:30 p.m. COMMERCE, SCIENCE AND TRANSPORTATION _ Global Climate Change and Impacts Subcommittee. Hearing on the currenyt and future role of science in the Asia Pacific partnership. James L.

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Connaughton, Chairman, Council on Environmental Quality; David Montgomery, CRA International; Margo Thorning, American Council for Capitol Formation; David D. Doniger, Natural Resources Defense Council. Location: Room 562, Dirksen.

2:30 p.m. ENERGY AND NATURAL RESOURCES _ Public Lands and Forests Subcommittee. Hearing on the 2005 wildfire season and preparations for the 2006 season. Undersecretary of Agriculture Mark Rey; Tom Harbour, Forest Service; Deputy Assistant Interior Secretary Nina Rose Hatfield. Location: Room 366, Dirksen.

2:30 p.m. ENVIRONMENT AND PUBLIC WORKS _ Full Committee. Confirmation hearing on pending nominations. Location: Room 628, Dirksen.

2:30 p.m. FOREIGN RELATIONS _ European Affairs Subcommittee. Hearing on Islamist extremism in Europe. Location: Room 419, Dirksen.

2:30 p.m. HOMELAND SECURITY AND GOVERNMENTAL AFFAIRS _ Federal Financial Management, Government Information and International Security Subcommittee. Hearing on federal funds for museums. David Ucko, NSF; Edward Able Jr., American Association of Museums. Location: Room 342, Dirksen.

2:30 p.m. SELECT INTELLIGENCE _ Full Committee. Markup of pending legislation. Closed. members only. Location: Room 219, Hart.

3 p.m. ARMED SERVICES _ Readiness and Management Support Subcommittee. Hearing on improving contractor incentives. Undersecretary of Defense Kenneth Krieg; Comptroller General David Walker. Location: Room 222, Russell.

US House: FLOOR SCHEDULE _ 10 a.m. Meets for legislative business. Highlights: Suspensions (13 bills): 1) H.R. 3127 - Darfur Peace and Accountability Act of 2006; 2) H.Con.Res. 320 - Calling on the Government of the Socialist Republic of Vietnam to immediately and unconditionally release Dr. Pham Hong Son and other political prisoners and prisoners of conscience, and other purposes; 3) H.Res. 578 - Concerning the Government of Romania's ban on intercountry adoptions and the welfare of orphaned or abandoned children in Romania; 4) H.Con.Res. 360 - Authorizing the use of the Capitol Grounds for the National Peace Officers' Memorial Service; 5) H.Con.Res. 371 - Honoring and congratulating the Minnesota National Guard, on its 150th anniversary, for its spirit of dedication and service to the State of Minnesota and the Nation and recognizing that the role of the National Guard, the Nation's citizen-soldier based militia, which was formed before the United States Army, has been and still is extremely important to the security and freedom of the Nation; 6) H.Con.Res. 370 - Expressing the sense of the Congress that Saudi Arabia should fully live up to its World Trade Organization commitments and end all aspects of any boycott on Israel; 7) H.Res. 737 - Supporting the goals and ideals of Financial Literacy Month, and for other purposes; 8) H.R. 4688 - Mayor John Thompson 'Tom' Garrison Memorial Post Office Designation Act; 9) H.R. 4561 - Francisco 'Pancho' Medrano Post Office Building Designation Act; 10) H.R. 4646 - Coach John Wooden Post Office Building Designation Act; 11) H.Res. 556 - Expressing the sense of the House of Representatives that a National Methamphetamine Prevention Week should be established to increase awareness of methamphetamine and to educate the public on ways to help prevent the use of that damaging narcotic; 12) H.Con.Res. 366 - To congratulate the National Aeronautics and Space Administration on the 25th anniversary of the first flight of the Space Transportation System, to honor Commander John Young and the Pilot Robert Crippen, who flew Space Shuttle Columbia on April 12-14, 1981, on its first orbital test flight, and to commend the men and women of the National Aeronautics and Space Administration and all those supporting America's space program for their accomplishments and their role in inspiring the American people; 13) H.Res. 541 - Honoring Drs. Roy J. Glauber, John L. Hall, and Theodor W. Hansch for being awarded the Nobel Prize in Physics for 2005, and Drs. Yves Chauvin, Robert H. Grubbs, and Richard R. Schrock for being awarded the Nobel Prize in Chemistry for 2005, and for other purposes.

9 a.m. FINANCIAL SERVICES _ Housing and Community Opportunity Subcommittee. Hearing on reforms in the Federal Housing Administration. Federal Housing Commissioner Brian Montrgomery; Stella Adams, Board Member, The National Community Reinvestment Coalition; Gerald M. Howard, Executive Vice President and CEO, National Association of Home Builders; Regina Lowrie, Chairwoman, Mortgage Bankers Association of America; A.W. Pickel, III, President and CEO, Leader One Financial Corporation. Location: Room 2128, Rayburn.

9:15 a.m. RESOURCES _ Forests and Forest Health Subcommittee. Hearing on pending legislation. Location: Room 1310, Longworth.

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10 a.m. APPROPRIATIONS _ Science, State, Justice, Commerce and Related Agencies Subcommittee. Hearing on FY07 appropriations for the Commerce Department. Secretary Gutierrez. Location: Room H-309, Capitol.

10 a.m. APPROPRIATIONS _ Transportation, Treasury, HUD, the Judiciary and the District of Columbia Subcommittee. Hearing on FY07 appropriations for the Treasury Department. Secretary Snow. Location: Room 2358, Rayburn.

10 a.m. APPROPRIATIONS _ Energy and Water Development and Related Agencies Subcommittee. Hearing on FY07 appropriations on energy supply and conservation. Undersecretary of Energy David Garman; Shane Johnson, acting director, Office of Nuclear Energy; Douglas Faulkner, acting assistant secretary of Energy; Jeffrey Jarrett, assistant secretary of Energy; Kevin Koleva, director, Electricity Delivery and Energy Reliability. Location: Room 2362B, Rayburn.

10 a.m. APPROPRIATIONS _ Interior, Environment and Related Agencies Subcommittee. Hearing on the FY07 National Park Service budget. NPS Director Fran Mainella; Deputy NPS Director Steve Martin; Comptroller Bruce Shaeffer. Location: Room B-308, Rayburn.

10 a.m. APPROPRIATIONS _ Military Quality of Life and Veterans Affairs, and Related Agencies Subcommittee. Hearing on implementary of the 2005 base closings. Assistant Army Secretary Keith Eastin; Assistant Navy Secretary B.J. Penn; Assistant Air Force Secretary William Anderson. Location: Room H-143, Capitol.

10 a.m. ARMED SERVICES _ Full Committee. Hearing on major defense acquisition initiatives. Adm. Edmund P. Giambastiani, vice chairman, Joint Chiefs of Staff; Undersecretary of Defense Tina Jonas; Undersecretary of Defense Kenneth Krieg; Comptroller General David M. Walker, GAO. Location: Room 2118, Rayburn.

10 a.m. GOVERNMENT REFORM _ Regulatory Affairs Subcommittee. Hearing on the Sarbanes-Oxley Act. Location: Room 2141, Rayburn.

10 a.m. JUDICIARY _ Full Committee. Markup of H.R. 4975 - Lobbying Accountability and Transparency Act; H.R. 3509 - Workplace Goods Job Growth and Competitiveness Act. Location: Room 2141, Rayburn.

10 a.m. SCIENCE _ Full Committee. Markup of pending legislation. Location: Room 2318, Rayburn.

10 a.m. SMALL BUSINESS _ Full Committee. Hearing on IRS enforcement and small businesses. IRS Commissioner Mark Everson; Thomas L. Sullivan, chief counsel, Office of Advocacy, SBA; Kevin Brown, commissioner, Small Business/Self-Employed Division, IRS; Nina Olson, national taxpayer advocate, IRS; John Satagaj, president and general counsel, Small Business Legislative Counsel; others. Location: Room 2360, Rayburn.

April 5 - 6. 10 a.m. AGRICULTURE _ Full Committee. Hearing on H.R. 4200 - Forest Emergency Recovery and Research Act. Location: Room 1300, Longworth.

10:30 a.m. WAYS AND MEANS _ Full Committee. Hearing on the U.S.-Oman Free Trade Agreement. Susan Schwab, Deputy U.S. Trade Representative, Office of the U.S. Trade Representative; Frances D. Cook, Chairman and Principal, The Ballard Group LLC, and former U.S. Ambassador to Oman; Nicholas E. Billotti, President and Chief Executive Officer, Turner Construction International LLC, Michael P. Weitzel, Program Manager, DynCorp International, and President, Muscat American Business Council, Muscat; Richard L. Trumka, Secretary-Treasurer, AFL-CIO. Location: Room 1100, Longworth.

11 a.m. RESOURCES _ Full Committee. Hearing on pending legislation. Location: Room 1324, Longworth.

11 a.m. TRANSPORTATION AND INFRASTRUCTURE _ Full Committee. Markup of H. Con. Res. 235 - Expressing the sense of the Congress that States should require candidates for driver's licenses to demonstrate an ability to exercise greatly increased caution when driving in the proximity of a potentially visually impaired individual; H. Con. Res. 349 - Authorizing the use of the Capitol Grounds for the Greater Washington Soap Box Derby; H. Con. Res. 359 - Authorizing the use of the Capitol Grounds for the District of Columbia Special Olympics Law Enforcement Torch Run; H. Con. Res. 372 - Recognizing the 50th Anniversary of the Interstate Highway System; H.R. 3858 - Pets Evacuation and Transportation Standards Act. Location: Room 2167, Rayburn.

12 p.m. FINANCIAL SERVICES _ Full Committee. Markup of pending resolution directing the Secretary of DHS turn over doucments on the Dubai Ports World deal. Location: Room 2128, Rayburn.

1 p.m. GOVERNMENT REFORM _ Federal Workforce and Agency Organization Subcommittee. Markup of pending legislation. Location: Room 2203, Rayburn.

1:30 p.m. INTERNATIONAL RELATIONS _ Full Committee. Hearing on the U.S.-India nuclear deal. Secretary of State Rice. Location: Room 2172, Rayburn.

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2 p.m. APPROPRIATIONS _ Science, State, Justice, Commerce and Related Agencies Subcommittee. Hearing on State Department's international organizations. Assistant Secretary Kristen Silverberg; UN Amb. John Bolton. Location: Room 2359, Rayburn.

2 p.m. ARMED SERVICES _ Terrorism, Unconventional Threats and Capabilities Subcommittee. Hearing on implementatiuon of the 2006 Quadrennial Defense Review. Assistant Defense Secretary Peter Flory; James Tegnelia, U.S. Strategic Command. Location: Room 2212, Rayburn.

2 p.m. ARMED SERVICES _ Readiness Subcommittee. Hearing on the impact of service contracting on military readiness. Assistant Army Secretary Claude Bolton Jr.; Air Force Lt. Gen. Donald Hoffman; Ronald Poussard, Air Force Program Executive officer, Combat Mission Support. Location: Room 2118, Rayburn.

2 p.m. FINANCIAL SERVICES _ Domestic and International Monetary Policy, Trade and Technology Subcommittee. Hearing on reauthorization of the Export-Import Bank. Acting President James Lambright, James Morrison, President, Small Business Exporters Association of the U.S.; World Resources Institute Chairman James Harmon; Coalition for Employment Through Exports President Edmund Rice. Location: Room 2128, Rayburn.

2 p.m. GOVERNMENT REFORM _ Government Management, Finance and Accountability Subcommittee. Hearing on the Improper Payments Information Act. Location: Room 2247, Rayburn.

2 p.m. GOVERNMENT REFORM _ Energy and Resources Subcommittee. Hearing on water demand in the West. Location: Room 2154, Rayburn.

2 p.m. JUDICIARY _ Crime, Terrorism, and Homeland Security Subcommittee. Hearing on pending legislation. Location: Room 2141, Rayburn.

2 p.m. RESOURCES _ Water and Power Subcommittee. Hearing on the Bureau of Reclamation's challenges. Assistant Interior Secretary Mark A. Limbaugh; John Keys III, commissioner, Bureau of Reclamation; Lloyd A. Duscha, National Research Council; attorney Bennett Raley; Dan Keppen, Family Farm Alliance; George Caan, Colorado River Commission of Nevada; Charles Dumars, Middle Rio Grande Conservancy District; Shannon McDaniel, South Columbia Basin Irrigation District; Robert Stackhouse, Central Valley Project Water Association; Richard Atwater; WateReuse Association. Location: Room 1324, Longworth.

2:30 p.m. RULES _ Full Committee. Markup of H.R. 4975 Lobbying Accountability and Transparency Act. Location: Room H-313, Capitol.

3 p.m. APPROPRIATIONS _ Transportation, Treasury, HUD, the Judiciary and the District of Columbia Subcommittee. Hearing on Federal judiciary overview. Sixth Circuit Court Judge Julia Smith gibbons; Leonidas Mecham, Director, Administrative office of the U.S. Courts. Location: Room 2358, Rayburn.

3 p.m. WAYS AND MEANS _ Human Resources Subcommittee. Hearing on enhancing public benefit programs. Location: Room B-318, Rayburn.

3:30 p.m. ARMED SERVICES _ Strategic Forces Subcommittee. Hearing on Department of Energys nuclear weapons complex infrastructure. Dr. David Overskei, Chairman, Secretary of Energy Advisory Board, Nuclear Weapons Complex Infrastructure Task Force; Peter Stockton, Project on Government Oversight; Tom DAgostino, Deputy Administrator, Defense Programs, National Nuclear Security Administration; Charles Anderson, Principle Deputy Assistant Secretary, Office of Environmental Management, Department of Energy. Location: Room 2237, Rayburn.

4 p.m. ARMED SERVICES _ Projection Forces Subcommittee. Hearing on Gary Powell, Acting Deputy Undersecretary of Defense, Office of the Secretary of Defense; Allison Stiller, Deputy Assistant Secretary of the Navy, Ships, Department of the Navy; Vice Adm. Paul E. Sullivan, USN, Commander, Naval Sea Systems Command; Rear Adm. Charles S. Hamilton, II, USN, Program Executive Officer for Ships, Naval Sea Systems Command; Damien Bloor, Principal Consultant, First Marine International Limited. Location: Room 2212, Rayburn.

4 p.m. JUDICIARY _ Courts, Internet & Intellectual Property Subcommittee. Hearing on patent quality enhancement. Location: Room 2141, Rayburn.

5 p.m. ARMED SERVICES _ Full Committee. Hearing on defeating improvised explosive devices. Gen. Montgomery Meigs, Joint Improvised Explosive Device Defveat Organization. Location: Room 2118, Rayburn.

Other: PAKISTANI INTERIOR MINISTER AFTAB AHMAD KAHAN SHERPAO _ 9:30 a.m. Meets with the Pakistan-US Joint Working Group on Counter-Terrorism and Law Enforcement. State Department.

HISPANIC BUSINESSES _ The United States Hispanic Chamber of Commerce (USHCC) holds its 16th Annual Legislative Conference Immigration reform,

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telecommunications reform, and advancing federal procurement opportunities are among the key issues that will receive top billing at this years legislative conference. Highlights: 8 a.m. - 9 a.m. Plenary session on federal procurement. 10 a.m. - 11:30 a.m. Telecommunications briefing with Congressman Xavier Becerra, Lonnie Taylor, Sprint/Nextel; Emilio Gonzalez, Verizon, others. 11:30 a.m. - 1 p.m. Legislative luncheon with keynote address by Sen. Hillary Rodham Clinton, D-N.Y. 1:30 p.m. - 5 p.m. Lobbying on Capitol Hill. 5:45 p.m. Legislative awards reception. Senator Robert Menendez will be honored. 7:15 p.m. Legislative Awards Dinner. Congressman Joe Baca to will receive the Presidents Achievement Award. Location: Ronald Reagan Building and International Trade Center, 1300 Pennsylvania Ave. NW.

US-CANADA _ 8:15 a.m. - 2 p.m. The US Chamber of Commerce holds a US-Canadian business dialogue. Participants include US Ambassador to Canada David Wilkins, Canadian Amb. Michael Wilson, Canadian Chamber of Commerce President Nancy Hughes Anthony, Toronto Stock Exchange CEO Richard nesbitt, others. Location: 1615 H St. NW.

SHIPPING CONTAINERS-TERRORISM _ 8:30 a.m. - 5:30 p.m. GE Security has on display a 40-foot shipping container that it has outfitted with its CommerceGuard technology designed to thwart terrorists by securing the container from the inside, where it can't be tampered with or removed. Location: New Jersey Avenue and C Street SE, between Longworth and Cannon Buildings.

FRIST _ 8:30 a.m. Senate Majority Leader Bill Frist speaks at a US Chamber of Commerce Policy Insiders event. Location: 1615 H St. NW.

HOUSE REPUBLICANS _ 9 a.m. Closed meeting of the House GOP Conference. Location: Room HC-5, Capitol.

JUMP$TART _ 9:30 a.m. Federal Reserve Board Chairman Ben Bernanke an the Jump$tart Coalition for Financial Literacy hold a news conference to announce the group's 2006 survey results. Location: FRB offices, 20th and C Sts. NW.

DEMOCRATS-GOP BUDGET _ 10 a.m. The House Democratic leadership holds a news conference to discuss the Republican budget, which they say fails to provide real security. Location: Cannon Rotunda, outside Room 345, Cannon House Office Building.

EVANGELICALS-IMMIGRATION _ 10 a.m. Evangelical leaders hold a news conference on the need for comprehensive immigration reform, with Rev. Mark Gonzales, Hispanic Coalition for Comprehensive Immigration Reform; Rev. Samuel Rodriguez, Jr., National Hispanic Christian Leadership Conference; Sammy Mah, World Relief; Richard Cizik, National Association of Evangelicals. Sen. Edward Kennedy, D-Mass., will participate. Location: Room S-207, Capitol.

GOP-SECURITY SPENDING _ 10 a.m. Speaker of the House J. Dennis Hastert and other mebers of the Republican leadership hold a press conference immediately following GOP Conference to discuss what they is their commitment to spending tax dollars wisely on national security. Location: Room HC-6, Capitol.

GOP-HEALTH CARE _ 11 a.m. Sen. John Ensign, R-Nev., holds a pen and pad briefing on what he feels are Senate Republican health care accomplishments. He also will preview the health care priorities for the second session. Location: Senate Press Gallery.

IRAQ _ 11 a.m. Members of Congress, led by Rep. Walter Jones, hold a news conference to announce their support of House Resolution 543 and call on colleagues to adopt the resolution, which would require a full and immediate debate on US policy in Iraq and provide up to 17 hours of deliberation on the House floor. Location: Room 122, Cannon.

PIG BOOK _ 11 a.m. Citizens Against Government Waste holds a news conference to release its 2006 Congressional Pig Book on pork barrel spending, with Sens. Tom Coburn, Jim DeMint, John McCain and Rep. Jeff Flake. Location: Phoenix Hotel, 520 N. Capitol St.

DEMOCRATS-VETERANS _ 12:15 p.m. Democratic National Committee Chairman Howard Dean will join General Wesley Clark, former DNC Chairman Don Fowler and Kentucky Congressional candidate and retired Marine Corps Lt. Colonel Andrew Horne participate in a conference call announcing membership of new Democratic National Veterans and Military Families Council and unveiling ``Fighting Dems" website. Notes: To RSVP for the conference call and obtain the call-in number, contact Damien LaVera at laveraddnc.org or call (202) 863-8148.

IMMIGRATION REFORM _ 2 p.m. Sen. Dick Durbin, D-Ill., and Gov. Bill Richardson, D-N.M., hold a conference call with members of the media on immigration reform legislation pending before the Senate. Contacts: Nadeam Elshami, 202-228-5643. Notes: Call-in: 202-228-2663 or 866-909-2663. Password: 2707649.

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IMMIGRATION-ECONOMY _ 2 p.m. The Immigration Policy Center and the Manhattan Institute hold a telephone press briefing on temporary immigrant workers, permanent workers, high-skill/low-skill visas, border security, and what it will mean for the U.S. economy and various economic sectors. Contacts: Nick Terzulli, 646-839-3342. Notes: Dial 800-289-0494 and ask for the Immigration Press Conference (Conf . 8674368). International callers: dial 1-913-981-5520.

PATRIOT ACT _ 3 p.m. Rep. Maxine Waters and the Congressional Black Caucus Foundation hold a forum on the Patriot Act. Participants include Caroline Fredrickson of the ACLU, Stephanie Jones of the Urban League, others. Location: Room 1539, Longworth.

CLEMENT _ 4:30 p.m. Solicitor General Paul Clement gives a lecture at Georgetown University. Location: Leavey Center Ballroom, Salon G, Georgetown University.

REID-UK DEFENSE _ 6 p.m. - 7 p.m. John Reid, Secretary of State for Defense, The United Kingdom of Great Britain and Northern Ireland. Location: The Washington Club, 15 Dupont Circle NW.

GLOBAL WARMING _ 7 p.m. Sens. John McCain and Joseph Lieberman, and Robert F. Kennedy, Jr. others, address global warming at the premier of an HBO documentary on the subject. Location: Amphitheater, Reagan Trade Building.

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THE ATTORNEY GENERAL'S *NEWS BRIEFING*

PREPARED FOR THE OFFICE OF PUBLIC AFFAIRS, U.S. DEPARTMENT OF JUSTICE

TO: THE ATTORNEY GENERAL AND SENIOR STAFF

DATE: WEDNESDAY, APRIL 5, 2006 7:45 AM EDT

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TERRORISM NEWS:

Moussaoui Prosecutors Begin Second Stage Of Sentencing Process. The New York Times (4/5, Lewis) reports, "When the jurors in the Zacarias Moussaoui trial take their seats again on Thursday, they will begin a vastly different proceeding than the one they concluded on Monday with the verdict that he was responsible for some of the deaths of Sept. 11, 2001, and is thus eligible for execution." The Times continues, "At the end of this next phase, which may take several weeks, they will be confronted with a verdict form that will be without the subtleties and complex questions of the first phase and instead will ask them to make a more mechanical calculation. … The form will ask them to decide which carries more weight: mitigating factors like Mr. Moussaoui's troubled mental state, or aggravating factors surrounding the deaths of nearly 3,000 people on Sept. 11." The Times adds, "The Justice Department has asked the judge to list 26 aggravating factors on the form, including the deaths of hundreds of firefighters and police officers; the grief brought to the victims' families and friends; the disruption to New York City, including the closing of parks, playgrounds and schools and the displacement of businesses; and the destruction of parts of the Pentagon. … Mr. Moussaoui's court-appointed defense lawyers are expected to offer two main factors in mitigation: that he is mentally unbalanced and that he is seeking martyrdom. … In the eyes of several death penalty experts and lawyers, there is little doubt as to which way the scale will tilt, no matter what the final verdict form looks like. If the nine men and three women on the jury find that the aggravating factors are greater, they will turn to the simple checkoff on the form, marking whether they believe that Mr. Moussaoui should be jailed for life or executed. The death penalty would mean lethal injection at the federal prison in Terre Haute, Ind."

The AP (4/5, Sniffen) reports, "Thanks largely to Zacarias Moussaoui himself, prosecutors have cleared their highest hurdle that might deter execution of the al-Qaida conspirator. The path to the death chamber might still contain unpleasant surprises for the government." The AP continues, "When the case began more than four years ago, it looked easier. The government at first thought Moussaoui had been intended to be a 20th hijacker on Sept. 11, 2001. Once it became clear that wasn't his role, the government dialed back its case. … It didn't want to drop the death penalty for the high-profile prisoner who admitted having been trained to fly a plane in an attack similar to Sept. 11. The biggest problem was that Moussaoui was in jail on 9/11 and had been for almost a month." The AP adds, "The final government theory bore some resemblance to a pretzel: Moussaoui was directly responsible for deaths on 9/11 because he hadn't confessed all he knew when arrested. Thus, the contention was, the FBI was prevented from moving to block some or all of the four hijackings that day. … Another twist was added when many of the government witnesses for the prosecution gave as much or more comfort to the defense: They acknowledged misstep after misstep in handling leads about Moussaoui and other terrorists in the summer of 2001, raising doubts about what if anything Moussaoui could have said to change things. … Then Moussaoui took the stand over the objections of the court-appointed defense lawyers. He abandoned claims he'd made for three years that his plot to fly a 747 into the White House was unrelated to 9/11. For the first time, he said he had been training to hijack a fifth jetliner on 9/11 and fly it into the White House. … 'This stage of the penalty phase was probably harder for the government, but that was before he took the stand and connected all the dots for the jury,' said Richard Dieter, executive director of the Death Penalty Information Center, a group that advocates more equitable administration of the death statute." Under the headline "Jurors Will Relive 9/11 In Life-Or-Death Case," The Los Angeles Times (4/5, Serrano, 958K) also report on the prosecution's plan to introduce testimony from victims' family members

Analysts Differ On Whether Execution Equals Martyrdom For Moussaoui. The Washington Post (4/5, A9, Markon, 744K) reports Zacarias Moussaoui's "own words have raised questions about whether he wants to be executed to achieve martyrdom for the terrorist cause that he so passionately embraces. Experts on al-Qaeda and Islam think he does. Moussaoui's flip-flops on the subject make it impossible to be sure." Additionally, legal analysts differ on whether his execution would make him a martyr among Muslim extremists. Rand researcher Bruce Hoffman believes it would, while author Peter Bergen does not, noting that "Even al-Qaeda cut this guy loose."

FBI Opposes Changes To Bank Transaction Reporting Requirement. The Wall Street Journal (4/5, Schroeder, 2.11M) reports, "U.S. law-enforcement agencies are opposing efforts by the financial-services industry to cut back a federal requirement that banks report cash transactions in excess of $10,000." Testifying yesterday before the Senate Banking Committee, FBI Terrorist Financing Operations Section Counterterrorism Section Chief Michael Morehart said, "To dramatically alter currency transaction reporting requirements -- without careful, independent study -- could be devastating and a significant setback to investigative and intelligence efforts." The Journal

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notes, "Such viewpoints may sway committee members who seem to want to tread lightly when considering whether to modify bank reporting requirements." Sen. Paul Sarbanes "said law-enforcement officials 'laid out a strong rationale for the utility of the reports. We've got to strike a balance.'"

Amnesty Report Claims Rendered Yemenis Likely Held In Europe. The Financial Times (4/5, Dombey, Sevastopulo) reports, "Three Yemeni men abducted and mistreated by the US were probably held in eastern Europe, Amnesty International said in a new report." The report, "based on interviews with the former captives, is intended to cast light on Washington's practice of 'rendition'," and it "adds that after being arrested and transferred to US custody in 2003, the men were brought back to Yemen in 2005 and released in February this year. Although all were sentenced for forgery in connection with false travel documents, none was charged with any terrorism-related offences."

Trials Resume At Guantanamo. The Wall Street Journal reports (4/5, Bravin) that "the Bush administration resumed military proceedings against suspected terrorists here." The Journal reports that "the chief military prosecutor [criticized] Supreme Court Justice Stephen Breyer" for speculating last week on "whether current counterterrorism operations gave rise to nearly unlimited presidential war powers."

Pakistani Sentenced To Five Years For Missiles-To-Al Qaeda Plot. AFP (4/5) reports, "A Pakistani who plotted to peddle heroin and hashish to buy Stinger anti-aircraft missiles for Al-Qaeda or the Taliban has been jailed for nearly five years, US prosecutors said." AFP continues, "Muhammed Abid Afridi, who pleaded guilty in March 2004 to conspiracy to provide material support to terrorists and conspiracy to distribute heroin and hashish, was sentenced Monday in the California city of San Diego. … US District Judge James Lorenz sentenced Afridi to 57 months behind bars, followed by five years of supervised release, for taking part in the conspiracy along with two other men. … Co-conspirators Ilyas Ali and Syed Mustajab Shah, who pleaded guilty to the same charges, are scheduled to be sentenced next Monday and on June 19, respectively." AFP adds, "The trio of conspirators travelled from the Pakistani city of Karachi to Hong Kong on September 15, 2002 to meet with US undercover officers to negotiate for the sale of large quantities of drugs, the indictment showed. … The next day, the defendants agreed that they could offset the purchase price of five tonnes of hashish and 600 kilograms of heroin against the cost of four Stinger shoulder-launched missiles, according to prosecutors."

9/11 Mastermind Clashed With Bin Laden Over Plot Details. The Los Angeles Times (4/5, Meyer, 958K) reports that to "hear Sept. 11 mastermind Khalid Shaikh Mohammed tell it, Osama bin Laden was a meddling boss whose indiscretion and poor judgment threatened to derail the terrorist attacks." Bin Laden also "saddled Mohammed with at least four would-be hijackers who the ringleader thought were ill-equipped for the job. And he carelessly dropped hints about the imminent attacks, violating Mohammed's cardinal rule against discussing the suicide hijacking plot." The "repeated conflicts between the two Al Qaeda leaders emerged last week during the penalty phase of the trial of Zacarias Moussaoui." Jurors heard "new details of the plot from the interrogation summaries of several captured Al Qaeda officials, including an extraordinary account of a series of interrogations of Mohammed."

Bin Laden Half-Brother Contends With Police Suspicions. The Wall Street Journal (4/5, 2.11M) reports that Swiss businessman Yeslam Bin Laden is being sued for alleged "hidden financial connections" to his half-brother Osama. Yeslam "says he barely knows Osama," but his ex-wife has joined forces with 9/11 victims' survivors and charges in a court filing that "his complex finances, also a focus of police investigators in several countries, support suspicions that the half-brothers have had financial ties."

FBI Agent Testifies Earlier Hayat Interviews Spurred Leading Questions. The Sacramento Bee (4/5, Walsh, 301K) reports FBI Special Agent Gary Schaaf "agreed Tuesday in federal court testimony that he asked leading questions during a videotaped confession of Hamid Hayat," but Schaff "testified that, immediately before he interviewed Hayat…he had been in an adjacent room observing the questioning of Hayat by another agent. That prior interview, which was not recorded, gave him ideas on areas to pursue with Hayat, Schaaf said. In addition, the agent testified, he was familiar with the contents of many hours of secretly recorded conversations in 2002 and 2003 between Hayat and Naseem Khan, a former fast-food and mini mart worker operating undercover for the FBI.

Relief Worker Testifies Alleged Terror Camp Is Pakistani Military Post. The Lodi News-Sentinel (4/5, Bohm) reports that in additional testimony yesterday, DC-based disaster relief worker James Lazor testified for the defense that he "was on an independent humanitarian mission to earthquake victims in Pakistan when Hayat's defense team asked him to visit the camp" which the prosecution alleges Hayat attended to receive terror training. "When he arrived there Feb. 17…he was turned away by a uniformed man who identified himself as a sergeant in the Pakistani military. … 'He said it was a military camp that

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wasn't open to the public and that the whole ridge was controlled by the military,'" Lazor testified. KXTV-TV Sacramento (/44, Hedlund) also reports on Lazor's and Schaaf's testimony.

FBI Informant Finds Previously-Undisclosed Surveillance Tape. The Lodi News-Sentinel (4/5, Bohm) also reports it was revealed at court yesterday that FBI informant Naseem Khan "has suddenly found another tape that was never given to investigators or attorneys." The recording of a "telephone conversation is about 20 minutes long and was marked Oct. 13, 2002, about two months after Khan met Hamid Hayat." Umer Hayat defense attorney Johnny Griffin "said in court that he wants to know why Khan didn't give the tape to the FBI more than three years ago," and Hamid Hayat lawyer Wazhma Mojaddidi "said outside court that it bolsters the defense claim. 'That just puts a lot of things into question,' she said."

HOMELAND RESPONSE:

Shays Says Nuclear Plant Security May Not Be Meeting "Very Realistic Threat." The New York Times (4/5, Wald, 1.19M) reports on a House subcommittee hearing on nuclear power plant security, in which witnesses clashed over "who was responsible for defending nuclear power plants against terrorist attack, and whether the combination of private guard forces and police agencies was adequate." Rep. Christopher Shays said that he believed security requirements had been eased "because we've made a decision that it's not practical to meet what may in fact be a very realistic threat." Meanwhile, a GAO report released at the hearing said the Nuclear Regulatory Commission "had created the appearance of a government agency submitting to industry pressure," though members of the commission testified that that was not the case.

Chertoff Says He Will Recommend X-Ray Technology Used At Hong Kong Ports. The AP (4/4, McDonald) reported that Secretary Chertoff said Tuesday that the US and China were "close to reaching an agreement" that would allow for the repatriation of up to 39,000 illegal Chinese immigrants in the US. He "also said he would recommend implementing new X-ray technology to screen US-bound cargos at foreign ports after seeing a successful pilot program in Hong Kong." Chertoff said he was "going to suggest that we get to the stage of implementing some kind of proposal to put into effect a combination of this X-ray technology and this radiation technology at the ports of embarkation."

Federal Judge Crafts Deposition Compromise In 9/11 Suits. The New York Law Journal (4/5, Hamblett) reports, "Frustrated by the government's approach to protecting sensitive security information, a federal judge has crafted a compromise so depositions can proceed in earnest in the litigation against airlines and airports over the Sept. 11, 2001, terror attacks." The Journal continues, "Southern District of New York Judge Alvin K. Hellerstein said he had to intervene "to avoid further and unnecessary delay in the progress of these cases and relieve counsel of the inherent conflicts and artificial roles" that the position of the Transportation Security Administration has created for plaintiffs lawyers." The Journal adds, "The judge's ruling in In Re September 11 Litigation, 21 MC 97 and 21 MC 101, concerned the refusal of the Transportation Security Administration to attend depositions of the airline defendants in the litigation -- and require that defense lawyers be charged with safeguarding the security information. … The TSA intervened in the cases, which involve family members of Sept. 11 victims who opted to proceed to court instead of applying to the federal Sept. 11 Victim Compensation Fund. … The transportation administration intervened to protect what is called Sensitive Security Information -- information about security plans and procedures of the airports and airline industry."

DHS Plans To Move Ahead With Pay System Changes. The Washington Post (4/5, D4, Barr, 744K) reports in its "Federal Diary" column, "The Department of Homeland Security is moving ahead with its plan to change how it evaluates and pays employees, even as it tries to fend off unions in court. The pay changes and the court case are separate issues, but the union litigation has altered the department's timetable and injected some uncertainty into how far Homeland Security can go in changing some key workplace rules. … The litigation is scheduled to resume tomorrow, when the unions, led by the National Treasury Employees Union, and the government make oral arguments before a federal appeals court. … Although the unions have focused their legal efforts on stopping the department's new work rules, they also are wary of the new pay system, contending that the government has a poor track record in creating performance-based management systems that are viewed as fair and credible by workers."

9/11 Movies Quickly Generate Controversy. The release of the first movies documenting the events of September 11, 2001 has touched a raw nerve with many. The trailer for one movie, "United 93," has been pulled from some theatres after complaints. ABC World News Tonight (4/4, story 7, 2:45, Vargas, 8.78M) reported, "Many audience members have been shocked by seeing a trailer advertising a

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movie called 'United 93,' playing, now, as a preview in theaters. Which raises the question -- is it appropriate to make a movie about a national tragedy? And if not now, when?" ABC (Snow) added, "After complaints, this theater in New York City pulled the trailer. But Universal Studios, the distributor, stands by the film. The studio has been working with the families of all 40 people on flight 93."

NYC, New York State Urged To "Take Back The Towers." In an op-ed in the New York Times (4/5, Smith, 1.19M), ex-firefighter and financier Dennis Smith says that, given the feuding over the World Trade Center site, City Hall and Albany need to invoke "the eminent domain clause." He calls Mayor Bloomberg "the natural choice to become chief engineer and contractor of a smaller, smarter, more appropriate ground zero."

Senate Appropriations Committee Votes To Add $8 Billion To Hurricane Request. The New York Times (4/5, Eaton, 1.19M) reports the Senate Appropriations Committee voted yesterday to add about $8 billion in hurricane aid to President Bush's $19 billion request, meaning "that Louisiana will most likely retain all of the $4.2 billion that the House approved for home rebuilding." Meanwhile, Sen. Thad Cochran "added considerable aid for his state," including "$700 million to relocate a privately owned freight rail line in Mississippi, $1.2 billion for a pilot program favored by Mississippi's governor to replace trailers with cottages and $1 billion in block grants that are likely to go to Mississippi and Texas." However, "some senators are pledging to fight the ballooning supplemental appropriation, which they say should be used for emergency spending only."

Landrieu Threatens To Hold Bush Nominations Over Levee Funding. ABC World News Tonight (4/4, story 4, :20, Vargas, 8.78M) reported Democratic Sen. Mary Landrieu has "vowed to hold up all of President Bush's executive branch nominations unless he asks Congress for all the money needed to rebuild the New Orleans levees. The government said last week the job could cost $6 billion, twice the amount that has already been appropriated."

The CBS Evening News (4/4, story 3, 0:30, Schieffer, 7.66M) reported Sen. Landrieu "warned President Bush today she means business about getting Katrina recovery money for her state." Landrieu "also wants a 30-year commitment of $2 billion a year for Gulf Coast recovery."

The Hill (4/5, Allen) reports that in a letter sent to Bush yesterday, Landrieu wrote, "Mr. President the piecemeal approach that has marked your administration's response to providing adequate levee and flood protection for Louisiana has not worked. It needs to be replaced by a comprehensive approach that is both more effective and cost-efficient." Landrieu "hinted that she has other arrows in her quiver but did not specify what other means she might have to put pressure on the president or the GOP-led Senate."

CNN's The Situation (4/4, Blitzer) reported that Sen. Mary Landrieu said on the Senate floor "that she is going to block all of the president's appointments unless he moves quickly, expeditiously, to provide billions of dollars for Hurricane Katrina relief in Louisiana and to improve the levee system." CNN added, "No word yet from the White House on this threat from Mary Landrieu to hold up all, all presidential nominations, all presidential appointments until she gets what she wants as far as Hurricane Katrina relief is concerned."

Flood Maps Seen As Important Factor In Deciding Whether To Return To Louisiana. The Christian Science Monitor (4/5, Jonsson, 61K) reports that for most residents of Plaquemines Parish, "the decision of whether to return is becoming more complex." With the cost to make the state's levees able to withstand "Katrina-size storms" at $9 billion, flood plain maps have become "a key to the recovery riddle, since they will guide rebuilding and factor in developers' calculations. … The Army Corps of Engineers completed its first repairs on the Plaquemines levees on March 17, bringing them up to their original height and bolstering them with sturdier clays. But a harsh prospect overshadowed its restoration. 'Another Katrina would overtop this levee,' said Army Corps of Engineers Col. Lewis Setliff during a press conference near the Empire Lock in Nairn, La."

FEMA Says Trailer Park That Prompted Suspension Was Approved Months Ago. In an article that seems to find fault with Mayor C. Ray Nagin's decision to suspend construction of FEMA trailer parks in New Orleans, the New York Times (4/5, Nossiter, 1.19M) reports that with New Orleans' mayoral election less that three weeks away, "the sympathy of elected officials for the irritations of voters in the aftermath of Hurricane Katrina is boundless. As a result, there will be no trailer park in Lakewood Estates, a collection of solid, spacious homes behind a high locked gate in the Algiers section." FEMA "was already well along" in constructing the site, "but fortunately for the residents of Lakewood Estates, campaign season is also well along." Mayor C. Ray Nagin said that the construction of the site, and, "for the moment, all other trailer sites in the city," was suspended. FEMA, meanwhile, "said it was puzzled, especially since the Algiers trailer site had been approved by the mayor months ago, said Darryl Madden, an agency spokesman."

NYTimes Says Difficulty Finding Brown Replacement Shows Major Reforms Needed At FEMA. The New York Times (4/5, 1.19M) editorializes that top candidates to replace Michael Brown as director of FEMA are sending the administration the message that no one wants "to take over as captain of a ship that's already sinking." Though "high-profile positions like that are sought after, even fought

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over," the Times writes that "no one seems to want to take over the rudderless agency after the mess that followed Hurricane Katrina." The Times states that "President Bush needs to set a clear agenda for reform and make tangible commitments on the agency's future role." Also, naming acting director David Paulison as the permanent chief, "would create the impression that this crucial government function was being handed over to the only person willing to take it on."

64% Chance Of Major Hurricane Predicted For East Coast. USA Today (4/5, O'Driscoll, 2.31M) reports the Tropical Meteorology Project at Colorado State University predicted Tuesday that the 2006 "hurricane season is likely to be very active, though not as bad as last year's record-shattering barrage on the Gulf Coast." Meanwhile, the team's "'landfall probability' outlook sees a 64% chance that a major hurricane — Category 3 or higher… — will hit" the East Coast. "The central Gulf Coast…rates a 30% likelihood for a major hurricane."

Insurers See Record Profits. The Los Angeles Times (4/5, Gosselin, 958K) reports, "The companies that provide Americans with their homeowners and auto insurance made a record $44.8-billion profit last year even after accounting for the claims of policyholders wiped out by Hurricane Katrina and the other big storms of 2005, according to the firms' filings with state regulators." Executives said the profit was "a fluke," and "said that even with the increase, insurers face deep problems that can be fixed only by substantial premium hikes, a scaling back of commitments by several firms to the most disaster-prone portions of the country and, according to some, a greatly expanded role for the state and federal governments in insuring individuals against the largest of catastrophes."

International Red Cross Officials Criticize US Organization's Katrina Response. The New York Times (4/5, Strom, 1.19M) reports that international Red Cross officials that aided their American counterparts during the response to Hurricane Katrina have filed "unusually harsh reports" detailing "mismatches between the needs of victims and the supplies the Red Cross had arranged, the absence of a plan to guide the distribution of supplies and a lack of record-keeping, which allowed inventory to go astray." The Times adds that they "closely echo concerns raised by volunteers in the disaster area."

The Washington Post (4/5, A14, Salmon, 744K) reports, "The reports continue the drumbeat of criticism of the charity, which has escalated in the months since hundreds of thousands of Gulf Coast residents flocked to Red Cross shelters and relief trucks after Katrina struck." The reports, prepared in September by the British Red Cross and the International Committee of the Red Cross in September, were not released by the American Red Cross "until yesterday, after The Washington Post asked the British Red Cross for a copy."

WAR NEWS:

Bush Urges Iraqi Leaders To Form Unity Government Quickly. President Bush yesterday urged Iraqi leaders to move quickly to form a unity government. The AP (4/4, Sidoti) reported that Bush called on the leaders to "stand up and do their job," noting that the formation of a new government "would give Iraqis confidence in their future." Bush made his statement "during a brief question-and-answer session with reporters at the White House."

Administration Scales Back Funding For Organizations Promoting Democracy In Iraq. The Bush Administration has been scaling back funding for the organizations attempting to carry out the President's vision in Iraq. A front page story in the Washington Post (4/5 A1, Baker, 744K) reports, "The administration has included limited new money for traditional democracy promotion in budget requests to Congress. … The shift in funding priorities comes as security costs are eating up an enormous share of U.S. funds for Iraq and the administration has already ratcheted back ambitions for reconstructing the country's battered infrastructure. While acknowledging that they are investing less in party-building and other such activities, administration officials argue that bringing more order and helping Iraqis run effective ministries contribute to democracy as well."

US Seen As Pressuring Iraq For Political Action While Encouraging Sovereignty. The Christian Science Monitor (4/5, LaFranchi, 61K) reports that the US strongest influence in Iraq may be "the simple fear of what would happen if the US up and left." The US is showing signs of "growing increasingly impatient with Iraqi leaders over their inability to name a new government," does not want "to look as if it is determining Iraq's future. The result is a delicate balancing act: It's applying pressure for political action even while encouraging a sovereign Iraq that appears to stand on its own two feet." The US is "operating with the knowledge that too much pressure could have the negative result of prolonging the leadership stalemate among politicians who are sensitive about foreign influences in Iraq."

Ignatius Says US Should Not Pull Plug Prematurely On Iraq Talks. David Ignatius writes in the Washington Post (4/5, A23, 744K), "Americans are getting impatient about the formation of a new Iraqi government. That's what Secretary of State Condoleezza Rice told political leaders in Baghdad this week, and she was putting it mildly. But it would be folly if American impatience torpedoed the slow but real progress Iraqi leaders are making toward a government that could step back from the brink of civil war. The "X-factor in this delicate

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game is U.S. political support. Khalilzad could fail in his effort to midwife a unity government, and Iraq could spiral into full-blown civil war. But it would be crazy for an impatient America to talk itself into defeat and pull the plug prematurely."

Iraqi Vice President Calls For Al-Jaafari's Resignation. Iraqi Vice President Adil Abdul-Mahdi yesterday called for the resignation of Prime Minister Ibrahim al-Jaafari. The AP (4/5, Reid) reports that Abdul-Mahdi's comments make him "the most senior Shiite official publicly to endorse demands for a leadership change to halt the slide toward civil war." Abdul-Mahdi said he met with al-Jaafari on Monday "and urged him to give up the nomination for a second term because he had lost the confidence of the Sunnis and Kurds. But Abdul-Mahdi said al-Jaafari refused, insisting he wanted to take his case to parliament, which must approve the new prime minister and his Cabinet by a majority vote."

Rice Says US Will Not Establish Permanent Bases In Iraq. The AP (4/5, Sidoti) reports that Secretary of State Condoleezza Rice yesterday "brushed aside suggestions that the United States wants an indefinite troop presence and permanent military bases in Iraq. 'The presence in Iraq is for a very clear purpose, and that's to enable Iraqis to be able to govern themselves and to create security forces that can help them do that,' Rice told the House Appropriations Committee's foreign operations panel. 'I don't think that anybody believes that we really want to be there longer than we have to.' ... However, Rice did not say when all US forces would return home and did not directly answer Rep. Steven Rothman, D-NJ, when he asked, 'Will the bases be permanent or not?'" Instead, Rice responded, "I would think that people would tell you, we're not seeking permanent bases really pretty much anywhere in the world these days."

WSJournal Criticizes Rice's Iraq Trip. In a critical editorial entitled, "Condi's Iraq Stumble," the Wall Street Journal (4/5, 2.11M) blasts Secretary of State Condoleezza Rice's recent trip to Iraq, saying, "Try as we might, we can't see what good purpose was served by Condoleezza Rice and Jack Straw's lobbying in Baghdad earlier this week. If the American Secretary of State and British Foreign Secretary were aiming to be diplomatic, they failed. That's because with both words and gestures the two publicly took sides in a contentious dispute over forming Iraq's government." Rice "is surely right that the US sacrifice for Iraqi freedom has earned us the right to speak up. But except where US interests are clearly threatened, pressure is best applied behind closed doors by the seasoned US Ambassador, Zalmay Khalilzad, not the unsubtle endorsement of candidates by overnighting officials."

Sadr Spokesman Wants Timetable For US Withdrawal. The CBS Evening News (4/4, story 7, 3:15, Logan, 7.66M) reported, "When you enter the vast Shiite slum of Sadr City in northeastern Baghdad, your life is in the hands of one of the most formidable militias in the capital, the Mahdi army." In an interview, Sheikh Abdel Hadi al-Daraji, "who speaks for their leader, rebel Shiite cleric Moqtada Al-Sadr…blamed America for trying to create civil war in Iraq, saying, 'I tell President Bush that the freedom you want is the freedom of blood.' His armed guards agreed, and although they wouldn't talk on camera, made it clear they want American forces to leave Iraq." The militia's "political leaders are publicly at least calling for restraint. 'American forces leaving Iraq immediately might not make any sense, so what we want is a timetable,' the sheik told us. 'Everything depends on setting a timetable for American withdrawal.'" A "wave of sectarian killings here is being blamed on the various militias, and with more tortured bodies turning up every day, the US Ambassador has called on Iraq's leaders to act against them." Zalmay Khalilzad, US Ambassador to Iraq: "It's time that the government, with the help of the international community, deals with the militia issues by decommissioning, demobilizing and re-integrating them."

Voters In 19 Wisconsin Towns Support Withdrawing US Troops From Iraq. USA Today (4/5, Keen, 2.31M) reports, "Voters in 32 Wisconsin communities went to the polls Tuesday to decide referendums calling for the withdrawal of U.S. troops from Iraq. By late Tuesday night, ballots had been counted in 25 towns and cities. The measures passed in 19 of them, including Madison, and were defeated in six." USA Today adds, "Organizers hope the outcome in Wisconsin will encourage people in other states to put similar referendums on November ballots and prompt members of Congress to put pressure on the Bush administration to bring troops home. … A USA TODAY/CNN/Gallup Poll last month found that 54% of Americans want U.S. troops to be withdrawn from Iraq now or within a year, and 60% said it wasn't worth it to go to war in Iraq." The Washington Post (4/5, A7, Kydersen, 744K) runs a similar report under the headline "Majority Of 32 Wisconsin Towns Vote For Iraq Pullout."

Kerry Says US Should Set Deadline For Troop Withdrawal. Sen. John Kerry writes in the New York Times (4/5, 1.19M), "For three years now, the administration has told us that terrible things will happen if we get tough with the Iraqis. In fact, terrible things are happening now because we haven't gotten tough enough." Kerry notes, "Iraqi leaders have responded only to deadlines -- a deadline to transfer authority to a provisional government, and a deadline to hold three elections. Now we must set another deadline to

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extricate our troops and get Iraq up on its own two feet. Now we must set another deadline to extricate our troops and get Iraq up on its own two feet."

Car Bomb Kills Ten Iraqis In Sadr City. The CBS Evening News (4/4, story 7, 3:15, Schieffer, 7.66M) reported, "Ten Iraqis were killed by a car bomb in Sadr City, a Shiite district of Baghdad."

Iraqi Prosecutors Unveil New Charges Against Saddam. Iraqi prosecutors yesterday unveiled new charges against former dictator Saddam Hussein, this time seeking to hold him to account for the slaughter of possibly 100,000 Kurds and the use of chemical weapons during the 1980s. CNN's The Situation Room (4/4, Raman) reported "prosecutors allege it was a campaign meant to systematically destroy the Kurdish people of Iraq. Conservative estimates say that well over 100,000 Kurds were killed in the course of that campaign."

The story was briefly reported by each of the networks. ABC World News Tonight (4/4, story 5, :20, Vargas, 8.78M) reported, "Six former aides were also charged, including one of his cousins, the man known as Chemical Ali, for allegedly directing deadly gas attacks." The CBS Evening News (4/4, story 6, 0:10, Schieffer, 7.66M) reported, "Saddam is still on trial on other mass murder charges." NBC Nightly News (4/4, story 6, 0:30, Williams, 9.87M) reported, "The special Iraqi court that is trying him announced today it has charged him with trying to wipe out the Kurds with a military campaign that killed at least 50,000 civilians back in 1988."

The New York Times (4/5, Wong, 1.19M), Los Angeles Times (4/5, Moore, 958K), Washington Times/AP (4/5, Yacoub) and Washington Post (4/5, A18, Finer, Nouri, 744K) run similar reports. The AP (4/5, Deutsch) reports Michael Scharf, director of the Frederick K. Cox International Law Center at Case Western Reserve University in Cleveland, "said the genocide case against Saddam won't be easy to prove 'despite the large number of Kurdish victims (reportedly more than 100,000).'" Scharf "said a number of issues could undermine the case including the sparing of Kurdish villagers, the killing of non-Kurds and potentially legitimate military goals and economic aims."

Russian Oil Giant Hopes To Regain Iraqi Oil Field. The Washington Times (4/5, Mihailescu, 90K) reports that the Russian firm Lukoil views the "formation of a new Iraqi government as an opportunity to deal itself back into that country's huge West Qurna oil field." Lukoil lost its Qurna contract "in December 2002 as coalition forces were building up for the 2003 invasion."

First Cavalry Division Dedicates Memorial To Iraq Dead. ABC World News Tonight (4/4, story 11, 2:40, Vargas, 8.78M) reported the 1st Cavalry Division "is deployed in Iraq and went there more than two years ago. Since then, this division has suffered more than most. 168 soldiers lost. Today, at their home base in Ft. Hood, Texas, they dedicated a memorial." ABC (Hayes) added, "This memorial was built, fashioned after the Vietnam Memorial, with names etched in granite." It was "designed with blank slates, room for names that may still be etched here before the war is over."

Mother Mourns Loss Of Marine Son In Iraq. The Washington Post (4/4, A21, 744K) reports Danielette James, a federal custodian who cleans congressional offices five nights a week, learned over the weekend that that her son, Eric McIntire, "had been killed by a roadside bomb near Baghdad." McIntire "was traveling in a Humvee with other members of his platoon on Sunday when a bomb exploded, killing him and several other men, James said." James "last saw her son at Christmas. She last talked to him a few days before he returned to Iraq in early March. Before, he had wanted to go to Iraq because all of his friends were there, James said. This time he was reluctant, she said.'

Iraq Wounded Have Transformed Walter Reed's Staff. A front page story in the Washington Post (4/5, A1, Levine, 744K) reports that the Iraq war "remains ubiquitous in the operating rooms" of Walter Reed Medical Center. The Post adds, "So many have arrived in the past three years -- so many continue to arrive -- that they have transformed the hospital's routine. The staff has been redeployed, programs created, a special military company activated just for the injured. … But the cumulative effect of nearly 4,900 patients, including 1,458 battle casualties, has done more than change the institution. It has deeply affected the hundreds of doctors, nurses and therapists who work there -- who have been inspired by the resiliency and motivation of the individuals in their care, yet shaken and exhausted by the magnitude of loss."

CORPORATE SCANDALS:

Enron Witness Says Layoffs Were "Redeployments." The AP (4/5, Graczyk) reports, "A former Enron Corp. human resources supervisor testified Tuesday that people who moved from its struggling broadband venture were given opportunities to shift assignments, disputing earlier testimony that they were laid off." The AP continues, "Sarah Davis, testifying for a second day at the fraud and conspiracy trial of former Enron Chief Executive Jeffrey Skilling and founder Kenneth Lay, said the March 2001 cuts at Enron Broadband Services were 'redeployments' and not layoffs. … Kenneth Rice, who ran Enron's money-losing broadband venture, testified in

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February that Skilling told him to characterize layoffs at the unit in early 2001 as redeployment so some 250 employees would believe they would keep their jobs and Wall Street analysts who influenced the company's stock would remain bullish on the weakening venture." The AP adds, "Asked by Skilling lawyer Mark Holscher if Rice or anyone else at Enron told her the cutbacks were 'a ruse to lay people off' or 'some sort of disguised layoffs,' Davis replied: 'No. It was redeployment.' … But under cross-examination, she said it wasn't part of her duties to keep up with the business reasons for any redeployments or layoffs."

Witness Testifies Skilling Did Not Favor Partnership. The Wall Street Journal (4/5, McWilliams) reports, "A former Enron Corp. executive testified that former President Jeffrey Skilling insisted that a controversial partnership run by the company's chief financial officer be treated the same as other bidders during the sale of an Enron subsidiary." The Journal continues, "The defense witness's testimony is intended to show that the relationship between Enron and the partnership, known as LJM, was proper and at arm's length, as opposed to the conflict-laden relationship that prosecutors allege was used to manipulate the company's finances." The Journal adds, "J. Mark Metts, who negotiated asset sales and acquisitions while at Enron, testified that Mr. Skilling never sought any favors for the LJM partnership amid the partnership's efforts to involve itself in a prospective asset sale that Mr. Metts was handling. LJM, a partnership set up and run by Andrew Fastow, Enron's former finance chief, is at the core of the government's conspiracy case. Prosecutors contend LJM was used improperly to hide losses from investors and to boost profits."

Skilling On The Stand Will Be Confronted With Past Testimony. The New York Times (4/5, Eichenwald, Barrionuevo) reports, "As Jeffrey K. Skilling, Enron's former chief executive, moves from the defense table to the witness stand as soon as today, he will have to be prepared to confront his own past testimony." The Times continues, "At his trial in Houston, Mr. Skilling will be bound by the very words he spoke under oath in secret testimony given more than four years ago, at a time when the Enron criminal investigation had not yet begun. … The testimony, taken in December 2001 as part of an investigation by the Securities and Exchange Commission into the Enron debacle, serves as a road map to the defense Mr. Skilling will offer on the stand. It also points up some potential pitfalls he faces. A transcript of the testimony, which has not been made public, was obtained by The New York Times." The Times adds, "The transcript lays out not only what is sure to be the foundation of Mr. Skilling's own explanation for what went wrong at Enron, but also the words that could be used against him in cross-examination. … At the heart of Mr. Skilling's statements in his previous testimony was a simple refrain: Enron took every precaution; everything was legal; nothing was hidden; nothing was improper. But Mr. Skilling also advanced the argument that if anything illegal had occurred, he could not possibly have been on top of every transaction at Enron, simply because the company was too sprawling for any one person to control."

Lay Attorney Awaits Further Surgery. The Washington Post (4/5, Johnson) reports, "The lead lawyer for former Enron Corp. chairman Kenneth L. Lay has been hospitalized for more tests while he awaits surgery, a move that could put him out of commission for a significant portion of his client's defense against fraud charges." The Post continues, "Doctors at Houston's Methodist Hospital are evaluating Michael W. Ramsey, 66, for a new blockage in his carotid artery that doctors uncovered in tests Tuesday. … Last month, during a short break in the trial, Ramsey had a stent successfully implanted in a different artery to help correct shortness of breath and other symptoms he had since at least the third week of Lay and protege Jeffrey K. Skilling's trial."

SEC Alleges Fraud In Case Of DC Charter Funds. The Washington Post (4/5, B1, Montgomery) reports, "Federal securities regulators yesterday accused a Maryland firm of defrauding the District of millions in federal and local funds earmarked for D.C. charter schools, saying the firm used the cash to try to prop up two failing subsidiaries." The U.S. Securities and Exchange Commission "alleges that Geneva Capital Partners LLC and its owner, Eric M. Westbury of Silver Spring, obtained investments of more than $21 million from the District without telling D.C. officials that two of the city's advisers had a financial stake in Westbury's firms. Westbury then used some of the cash to cover losses at his other companies, which together owe about $33 million to more than 2,000 small investors nationwide, the complaint says." Geneva also "owes the District about $11 million." John M. Fedders, Westbury's attorney, said, "We dispute paragraph after paragraph of these SEC allegations." U.S. District Judge Deborah K. Chasanow "gave Fedders until April 26 to file his objections, and she set a hearing date for May 12."

Executive Says Rules In Section 404 Of Sarbanes-Oxley Law Should Be Narrowed. In a piece in the Wall Street Journal (3/5, A20), Richard C. Pozen, chairman of MFS Investment Management, discusses "Section 404 of the Sarbanes-Oxley law, which requires an annual assessment by public companies of their internal controls over financial reporting." Pozen says that "instead of exempting small companies from Section 404," the SEC and Public Company Accounting Oversight Board "should apply to all public companies narrower rules on internal controls. Management's assessment of internal controls should focus

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on the material information contained in the company's reports to the SEC, and the auditors should attest to management's assessment by reviewing its processes and sample testing. Both should apply the traditional concept of materiality -- financial significance relative to the whole company. In this manner, Section 404 will be very helpful in preventing material misstatements in a company's reports to the SEC, but at a much lower cost."

CRIMINAL LAW:

Child Porn Victim Tells House Committee DOJ Moving To Slowly On Pedophiles. Justin Berry, a victim of the $20 billion Internet child pornography trade, yesterday testified before Congress. The story was covered by ABC in its first two stories, while CBS covered it early in its lineup.

ABC World News Tonight (4/4, lead story, 3:25, Vargas, 8.78M) reported, "Justin Berry described how he was lured into the world of child sex Websites when he was just 13 years old. It is a booming business. An estimated $20 billion is spent worldwide on child pornography each year. Law enforcement is overwhelmed by the number of new cases every day. And Justin Berry is one of thousands of victims. But his story, told on Capitol Hill, today, is now a lesson on how to stop the predators." ABC (L. Stark) added, "Lawmakers were riveted and stunned by the testimony they heard today. How easy it is for online predators to lure in a lonely teenager. Justin Berry was an honor student, class president, when he was lured into the world of online child pornography." Rep. Joe Barton: "I've never been more revolted in preparing for a hearing, than in reading the materials I had to read for this one." Stark: "There was criticism today of the Justice Department, saying there's been little aggressive prosecution. And that online predators have nothing to fear. The Justice Department insists that child online pornography is a high priority. And they say prosecutions have jumped 300% in the last ten years."

The CBS Evening News (4/4, story 4, 2:50, Attkisson, 7.66M) reported, "Congress was riveted by the story of how an honor student from Bakersfield, California, used a web camera to delve into a world of online predators where he was first explorer, then exploited." Help "came last June when a New York Times reporter investigating web cam child porn found Justin and convinced him to leave the business." But "out of more than 1,000 names Justin turned over to the Justice Department last summer, only two have been charged. Part of today's hearing was about trying to get more prosecutions going."

The AP (4/4, Kellman) reports, "Justin Berry, who for five years starred in his own Web cam child pornography business, told a House panel Tuesday that the Justice Department is moving too slowly to round up 1,500 pedophiles whose information he surrendered last year. … 'I believed that the government would protect the children being abused. I believed they would act quickly,' Berry, now 19, told the House Energy and Commerce Committee. 'I was wrong.'" The AP continues, "Justice Department spokesman Bryan Sierra disputed that, citing a threefold increase in federal prosecutions of child pornography and abuse cases nationally over the past decade. The unit investigating Berry's case, which Sierra could not discuss, has seen its workload increase 450 percent in the last four years. … 'One of law enforcement's highest priorities is the protection of innocent children from sexual predators who lurk on the Internet,' Sierra said. … The same committee will hear from the Justice Department, among other federal agencies, on Thursday." The AP adds, "Berry's story of a lonely teenager who sought friends on the Internet but instead grew rich attracting pedophiles was reported in December by the New York Times after a six-month investigation. Its author, Kurt Eichenwald, told the Energy and Commerce Committee on Tuesday that Berry is the first such teenage witness known to turn over such a vast cache of evidence to the government. … But even Berry's catalog of his clients' names, credit card numbers and other details has resulted in only one arrest, he and Eichenwald said. … 'From the time that the government was notified of Justin's information to the point where the children in direct danger were saved, more than 50 days passed,' Eichenwald told the panel. 'Some people identified as perpetrators literally could not get themselves arrested if they tried.'"

DHS Deputy Press Secretary Accused Of Soliciting Teen Online. The Washington Post (4/5, A24, Hsu, 744K) reports DHS' deputy press secretary, Brian J. Doyle, "was arrested last night on charges that he used the Internet to seduce an undercover Florida sheriff's detective who he thought was a 14-year-old girl, the Polk County Sheriff's Office said." He was "charged with seven counts of using a computer to seduce a child and 16 counts of transmitting harmful materials to a minor, according to a sheriff's office statement." The sheriff's office said that "Doyle told an undercover computer-crimes detective who he was and that he worked for the Department of Homeland Security, later disclosing numbers for his office phone and government-issued cellphone and using those lines." Chertoff press secretary Russ Knocke released "a written statement, saying, 'We take these allegations very seriously and we will cooperate fully with this ongoing investigation.'"

Appearing on CNN's Anderson Cooper (4/4), with the words "D.H.S. Sex Allegations" across the bottom of the screen, Polk County Sheriff Grady Judd said Doyle "clearly identified himself as the deputy press secretary for Homeland

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Security. And if he would provide that kind of information, to include a photograph of himself with his identification tags, who else may he be talking to around the world who he thinks to be a 14-year-old girl?"

Fox News' Hannity and Colmes (4/4) reported that "Doyle engaged in sexually explicit conversations with, who he believed was a 14-year-old girl over the internet, even sending her pornographic movie clips. The girl turned out to be an undercover agent."

The Washington Times (4/5, Hudson, 90K) reports, "Doyle will be placed on administrative leave today pending an investigation and may be extradited to Florida to face charges." Beyond his written statement, "Mr. Knocke declined to comment further on the charges or say how long Mr. Doyle has been under investigation by the sheriff's office, by the Florida State Attorney's Office and the Department of Homeland Security's inspector general."

Federal Judge Revokes Mississippi Attorney's Bond In Judicial Bribery Case. The Biloxi (MS) Sun Herald (4/5, Lee) reports, "U.S. District Court judge Henry T. Wingate revoked attorney Paul Minor's bond in the judicial bribery case Tuesday because Minor violated the terms of his release by getting drunk. … The order to revoke bond was handed down in a hearing Tuesday morning in Jackson." The Sun Herald continues, "Wingate said he would have considered a treatment plan had the defense presented one. Instead, defense attorney Dennis Sweet of Jackson argued that Minor wasn't drunk March 6 at the Marriott Hotel in Jackson. … Minor was taken into custody by the U.S. Marshals Service and will be transferred to the Madison County jail, where he is scheduled to remain until trial. However, Minor attorney Brad Pigott of Jackson said the defense plans to present an alternative treatment plan for alcohol abuse as soon as possible." The Sun Herald adds, "Wingate indicated he would be willing to consider such a plan as an alternative to incarceration. … A morning's testimony about his condition that night conflicted, but Wingate found Drug Enforcement Administration agents who witnessed Minor's intoxication more convincing than testimony from two Marriott employees who got to know Minor over the course of his first judicial bribery trial last summer."

Final Closing Statements Made At "Mafia Cops" Trial. The AP (4/5, Hays) reports that in his closing statement yesterday at the trial of alleged "Mafia Cops" Louis Eppolito and Stephen Caracappa, defense lawyer Bruce Cutler said Caracappa "was a dedicated lawman and aspiring screenplay writer who was fingered by corrupt government cooperators." Cutler "attacked the credibility of two key government witnesses -- confessed drug dealer Burton Kaplan…and admitted embezzler Steven Corso," saying that Kaplan "led a double life, a triple life, even a quadruple life" and calling Corso a "sophisticated, unctuous, polished, low-life thief." In his rebuttal, Assistant US Attorney Robert Henoch "argued that the defense never explained why Kaplan knew personal details about the lives of 'Brooklyn's finest.' He also asked jurors to focus on Corso's testimony about asking the ex-officers to help him score drugs for some potential film backers from Hollywood who were visiting Las Vegas in 2005." The New York Times (4/5, Feuer, 1.19M) notes Cutler's "summation was less a legal argument than a free-associative ode, a lawyerly tone poem on the themes of hope, justice and the spoken word." But Henoch said in his rebuttal, "You can't just say it and it becomes true. You need evidence in a temple of justice — not just words from the dictionary."

Newsday (4/5, DeStefano) reports on Cutler's and Henoch's summations, and adds that "after hours of being cajoled, roused and emotionally tugged at by the closing arguments of prosecution and defense attorneys, the jury went home for the day" and "is set to return to court at 9:30 Wednesday morning." In a second story, under the headline "Time Of Essence In 'Mafia Cops' Trial," Newsday (4/5, DeStephano) reports, "More than 40 witnesses have testified and numerous exhibits have been introduced as evidence that prosecutors contend are strong enough to convict both men," but "the 500-pound legal gorilla in the case involves the statute of limitation for racketeering conspiracy, something that concerns Judge Jack Weinstein. … If the jury finds that the conspiracy and Eppolito's and Caracappa's involvement in it ended before March 9, 2000, then the two defendants would be acquitted of the racketeering charges, including the murders. However, drug and money laundering charges would remain regardless."

The New York Daily News (4/5, Marzulli, 729K) notes in its story on the summations, "In keeping with the previous four weeks, Cutler offered no alternative theory or alibi to clear his client or suggest reasonable doubt. But there was plenty of name-calling." The New York Post (4/5, Haberman, 624K) also reports on Cutler's colorful closing, under the headline, "Wily 'Mob Cop' Defense."

Missouri Man Sentenced To Prison For Attempt To Fence Stolen Rembrandt. The St. Louis Post-Dispatch (4/5, Shinkle, 310K) reports, "A man who admitted posing as a Saudi sheik as part of a scheme to sell a fake Rembrandt painting for $2.8 million, was sentenced Tuesday" to five months in prison and five months home confinement. Majed A. Ihmoud of St. Charles "took the fake of Rembrandt's 'Man with the Golden Helmet' to the Adam's Mark Hotel in downtown St. Louis on Aug. 12, 2004, expecting to sell it to a buyer for $2.8 million, the FBI said." FBI Art Crime Team

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senior investigator Robert Wittman noted, "He said he had a Rembrandt for sale that had come out of the Middle East," but "the buyer, who provided a check for $2.8 million at the meeting in the Adam's Mark, was an undercover FBI agent."

More Charges Possible In Hollywood Private Eye Scandal. The CBS Evening News (4/4, story 9, 2:10, Bowen) reported on the scandal surrounding Hollywood private investigator Tony Pellicano. Director John McTiernan "of 'Die Hard' fame" is "the 14th person to face Federal charges for lying about his connection to the man at the center, tough-talking Tony Pellicano, self-styled private investigator and problem fixer to the stars." Prosecutors "say he used illegal wiretaps to get information for other clients in legal disputes." George Cardona, acting US Attorney: "This is not, we don't think, how most private investigators do their job." Bowen: "Several Hollywood heavyweights have been called in to talk – celebrity lawyer Bert Fields, former super agent Michael Ovitz, and Paramount Chief Brad Grey – but the speculation and questions continue."

Pellicano Probe Focuses On Links To Director. The Los Angeles Times (4/5, Eller, Krikorian, Christensen) reports, "About noon on Feb. 24, two FBI agents visited veteran producer Charles Roven in his Sunset Boulevard office after calling to tell him that he was allegedly a victim of Hollywood private eye Anthony Pellicano. … The agents brought a tape recording that would startle Roven, according to sources close to the investigation. Director John McTiernan, whom Roven worked with on the 2002 box office flop 'Rollerball,' was allegedly on the tape with Pellicano, discussing the details of Roven's wiretapped conversations." The Times continues, " Pellicano allegedly briefed McTiernan on Roven's conversations regarding "Rollerball," the sources said, as well as Roven's personal calls. … Authorities charged McTiernan on Monday with lying about having hired Pellicano. A day later, the full extent of McTiernan's reliance on the indicted detective was beginning to come into focus." The Times adds, "McTiernan's association with Pellicano began years ago, long before the alleged Roven wiretap, when the director allegedly hired the private eye in 1998 as part of his highly publicized divorce. But it did not end there. Pellicano also allegedly intimidated a witness in a manslaughter case involving the son of McTiernan's ex-wife, Donna Dubrow. … In an interview Tuesday, Dubrow said she has seen financial records indicating that her ex-husband paid Pellicano in the neighborhood of $100,000 during their protracted divorce. The payments began at least as far back as June 1998, she said, adding that she did not know what services they were for."

Alleged New Mexico Cop Killer Waives Extradition, Returns To US. The Albuquerque Tribune (4/5, Shepard) reports "Michael Paul Astorga, wanted in connection with two Albuquerque-area homicides, waived his extradition hearing in an El Paso, Texas courtroom" yesterday afternoon. "Astorga, who spent a day on the FBI's top 10 'Most Wanted' list over the weekend, was captured Monday in Mexico. He's wanted in the March 22 killing of Bernalillo County sheriff's Deputy James McGrane Jr." KTSM-TV El Paso (4/4) adds, "Officials say Astorga is a flight risk and will be heavily guarded in all of his transfers. 'There will be a great deal of protection and security, especially because he killed a law enforcement officer. I t shows that he doesn't have much regard for those with guns or law enforcement. So he'll be well guarded,' says Andrea Simmons, FBI."

The AP (4/5) notes, "Police in Ciudad Juarez, Mexico, handed" Astorga "to the FBI and Bernalillo County authorities in El Paso, Texas, early Tuesday morning. By Tuesday evening, Astorga - wearing shackles and handcuffs - was escorted into the Metropolitan Detention Center in Albuquerque." KOB-TV Albuquerque (4/4, Upton) also reports on Astorga's transfer.

Tenet Case Judge Declares Second Mistrial. The Wall Street Journal (4/5, Rundle) reports, "A federal judge in San Diego declared a mistrial in an 11-month criminal case against a unit of Tenet Healthcare Corp., its Alvarado Hospital Medical Center and its former chief executive officer. It was the second mistrial declared by the same judge on nearly the same charges against the defendants." The Journal continues, "The Tenet unit, the hospital and its former CEO, Barry Weinbaum, were accused by U.S. Attorney Carol C. Lam of violating the federal antikickback statute by paying bribes to doctors in exchange for patient referrals to the hospital. The alleged conspiracy involved the illegal use of relocation packages to recruit physicians to Alvarado's service area. … 'Like the two juries that have deadlocked in February 2005 and now April 2006, Tenet and the prosecutors disagree over whether anyone at Alvarado Hospital Medical Center intended to break the law when they recruited physicians to the fast-growing eastern part of San Diego County,' Peter Urbanowicz, Tenet's general counsel, said in a statement." The Journal adds, "The case is important to Tenet, which has been negotiating a settlement with the Justice Department to resolve a multitude of allegations of misconduct. Some investors yesterday said the mistrial could clear the way for a final settlement, assuming that the government doesn't pursue a third trial. Tenet, based in Dallas, is the nation's second-largest hospital company."

Chicago Truck Driver Pleads Guilty To Bribery In Ongoing Probe. The Chicago Tribune (4/5, 643K) reports independent truck driver Carl Edwards "pleaded guilty Tuesday to bribing two Chicago city foremen to obtain at least

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$45,000 in city-owned asphalt for private paving projects." Edwards "said in a plea agreement that he paid bribes to Patrick Stillo and Robert Laino from April 2002 to November 2004. … In exchange for Edwards' guilty plea and cooperation, prosecutors agreed to recommend a 9-month prison sentence." The Tribune notes, "Edwards is the 35th defendant convicted in the federal probe of the city's Hired Truck Program."

Former Nevada Commissioner's Friend Testifies About Alleged Bribes. KLAS-TV Las Vegas (4/4) reports that at the corruption trial of former Clark County Commissioner Dario Herrera yesterday, "It was a potentially damaging day…as one of his former best friends testifies Herrera often bragged about his relationship with strip club owner Mike Galardi." Terry Lamuraglia "told the jury he and Herrera could get comped drinks and lap dances at Galardi's Cheetahs strip club anytime. … Lamuraglia believes every time he and Herrera visited Cheetahs, he received sexual favors from dancers there. Further damaging Herrera's case, Lamuraglia testified Herrera bragged about 'getting a free trip, getting free golf, getting entertainers, getting things paid for' by Galardi."

Alleged Philadelphia Ticket-Fixer Requests Jury Trial. The Philadelphia Daily Mail (4/5, Hinkelman) reports Molden David Faison, "a former city hearing officer accused of fixing parking tickets for $200 in cash and Prince concert tickets worth $169," said yesterday that he wants a jury trial "after U.S. District Judge Norma L. Shapiro refused to accept his guilty plea. On Monday, the judge had expressed 'doubts' that the government's charge of Hobbs Act extortion against Faison could be proven at trial. … Yesterday, after reviewing case law on the subject, Shapiro said an FBI sting would meet the test if Faison had known or had been informed that he was accepting concert tickets from a company involved in interstate commerce."

FBI, Postal Inspectors Arrest Three For Alleged Credit-Counseling Fraud. Newsday (4/5, Kessler) reports, "In a federal crackdown on allegedly crooked operators of consumer credit-counseling businesses, three managers of a former service in Huntington were charged yesterday with defrauding 17,000 customers around the country out of $24million, according to court papers and officials." Former Debticated Consumer Counseling managers Bradley Dorman, Louis Mustachio and Daniel Ruggerio were "arrested by FBI agents and inspectors from the U.S. Postal Inspection Service." Newsday notes, "Dorman, Mustachio and Ruggerio pleaded not guilty at arraignment before U.S. District Judge Joanna Seybert, who released them on $50,000 bail."

New York Investor Found Murdered In Greenwich Mansion. NBC Nightly News (4/4, story 10, 2:30, Williams) reported, "Police in Greenwich, Connecticut, a wealthy suburb north of New York City, say tonight they do not know who stabbed and murdered a 46-year-old millionaire, a man who was in some pretty big legal trouble." NBC (Taibbi) added New York investor Andrew Kissel "was found dead Monday morning in the basement of a rented Connecticut mansion," and "the allure of quick money for him, millions he was about to officially admit belonged to others, had dozens of creditors and investigators in hot pursuit." He is "the second Kissel to die a violent and untimely death. His brother Robert, a Hong Kong banker, bludgeoned to death four years ago by his former waitress wife Nancy after she'd drugged him with a sedative-laced milkshake."

Report Finds Fatal Abuse Of Children Increased In 2004. The Washington Times (4/5, Wetzstein) reports, "The number of fatally abused children rose slightly in 2004 from the previous year as the overall number of abused and neglected children dropped, a new report says." The Times continues, "Officials from the Department of Health and Human Services said that one reason for the increase in fatalities is improved reporting by states, but that the drop in abuse was encouraging. … 'Nevertheless, we cannot tolerate the abuse of even one child,' said Wade F. Horn, HHS assistant secretary for children and families." The Times adds, "The number of fatally abused children rose 2 percent from 1,460 in 2003 to 1,490 in 2004, according to the 'Child Maltreatment 2004' report. Overall neglect and abuse dropped 4 percent from 872,000 in 2003 to 838,000. … More than 80 percent of the children who died of abuse or neglect were 3 or younger. Among infant boys, the fatality rate was 18 deaths per 100,000 boys. Among infant girls, the fatality rate was 17 deaths per 100,000 girls. … More than three-quarters of the children were killed by one or more parents, and almost a third were killed by their mothers acting alone."

Female Homicide Detectives In Maryland Profiled. The Washington Post (4/5, B1, Klein) profiles Kelly Rogers and Meredith Binley, the only two female homicide detectives in the Prince George's County Police Department. The Post reports, "Cpls. Rogers and Bingley are the only female homicide detectives in the county. There have been just six before them in the 75-year history of the department. … The small number of women is typical of area homicide units -- three of 15 homicide detectives in Montgomery County and one of 10 in Fairfax County are women." The Post adds, "The Prince George's detectives work in the most violent of Washington's suburbs, where last year there were 173 homicides, an average of one slaying

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about every other day. … Although the gender barrier may have crumbled in many respects, the world of guns and violence is still fueled by testosterone. Of the department's 1,348 officers, about 17 percent are women."

CIVIL LAW:

GAO Report Finds Agencies Lax In Protecting Privacy Rights. The Washington Post (4/5, A9, O'Harrow) reports, "Government agencies that use private information services for law enforcement, counterterrorism and other investigations often do not follow federal rules to protect Americans' privacy, according to a report yesterday by the Government Accountability Office." The Post continues, "The Justice Department, the Department of Homeland Security and two other agencies examined by the GAO spent about $30 million last year on companies that maintain billions of electronic files about adults' current and past addresses, family members and associates, buying habits, personal finances, listed and unlisted phone numbers, and much more. … But those agencies often do not limit the collection and use of information about law-abiding citizens, as required by the Privacy Act of 1974 and other laws. The agencies also don't ensure the accuracy of the information they are buying, according to the GAO report. That's in part because of a lack of clear guidance from the agencies and the Office of Management and Budget on guidelines known as 'fair information practices,' the report said." The Post adds, "At the same time, the contractors are not bound by those "fair information practices," and they often don't comply with all of them, the report said. Companies do not notify individuals when information is collected, for instance. They limit individuals' access to records about themselves, and they generally do not have provisions for correcting mistakes, the report said. … The 83-page report, the subject of a congressional hearing yesterday, was spurred in part by massive security breaches reported last year by ChoicePoint Inc. and LexisNexis in which sensitive files involving almost 200,000 people were sold to fraud artists."

FDA Accuses Anthrax Vaccine Maker Of Exaggerated Claims. The Washington Post (4/5, Gillis, 744K) reports that the FDA has accused VaxGen of "making exaggerated claims about the purity and effectiveness of a new vaccine for anthrax." The Post reports that VaxGen has "acknowledged that it is at least a year behind in producing the anthrax vaccine."

CIVIL RIGHTS:

DOJ To Probe Baton Rouge Police Shooting Death. The AP (4/5) reports, "A federal investigation has been opened into the shooting death of a businessman, who was killed by a bystander during a scuffle with a Baton Rouge police officer." The AP continues, "The Justice Department has ordered the FBI to investigate, department spokesman Eric Holland said Monday. He would not speculate on how long the investigation would take." The AP adds, "George Temple II was killed Feb. 17 during a scuffle with a police officer that began when he was pulled over for cutting into a funeral procession. During the fight with Officer Brian Harrison, Temple was shot five times. … Authorities said one of the shots came from the officer's gun. The other four came from the gun of Perry Stephens, who authorities say came to help the officer during the struggle. One of Stephens' shots hit Temple in the head and killed him, according to an autopsy. … Police said Temple offered a bribe to the police office and a struggle began when the officer attempted to arrest Temple."

Tennessee Police Sergeants To Face Trial Again On Civil Rights Charges. The Knoxville News (4/5, Stambaugh) reports, "Two Newport police sergeants accused of shaking down a pair of Hispanic men during a 2005 traffic stop will face trial a second time today on federal civil-rights charges." Sgts. James W. Roach Jr. and Patrick Sheldon "were arrested last year by the FBI after they were swept up in a five-year probe into public corruption in Cocke County dubbed 'Rose Thorn.' They were acquitted of felony civil-rights conspiracy charges in February, but jurors couldn't reach a verdict on misdemeanor charges of depriving the alleged victims of their civil rights." The News notes, "Through motions filed by his attorneys, Sheldon has maintained that he has been pressured by the FBI to implicate Roach and was told he would be 'prosecuted to the fullest extent of the federal government's resources' if he refused to cooperate."

Report Critical Of BOP Response To Inmates' Chemical Concerns. The New York Times (4/5, Zernike) reports, "The federal Bureau of Prisons failed to address concerns that inmates and staff members at several prisons were exposed to toxic chemicals in recycling programs where inmates use hammers to smash discarded computers, according to the agency that handles whistle-blower complaints." The Times continues, "In a letter to President Bush and Congress on Monday, the agency, the Office of Special Counsel, called for an independent investigation into the complaints, which were brought to the

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federal government by a whistle-blower from a California prison in 2004. … The office criticized the Bureau of Prisons for not investigating the accusations thoroughly, saying the agency's review was deficient and 'appears to be cursory at best.'" The Times adds, "The inmates dismantled the computers as part of the federal prison industries program, or Unicor, which has become one of the nation's largest recyclers, providing low-cost recycling to government agencies, schools and private companies. … The whistle-blower, Leroy A. Smith Jr., the former safety manager at Atwater Federal Prison outside Merced, Calif., said factory workers in the recycling facility there and at four other federal prisons in the country were exposed to hazardous materials including lead, cadmium, barium and beryllium when the inmates took hammers to cathode ray tubes from computers. … The Justice Department referred the complaints to the Bureau of Prisons, which produced two reports responding to Mr. Smith's complaints in June and August 2005, concluding that the bureau, the federal prison industries program and prison staff members 'took appropriate steps' to make sure the programs were operating safely."

9th Circuit Panel Hears Arguments In Gay Marriage Case. The AP (4/5, Kravets) reports, "A lawyer for a gay couple suing for the right to wed told a federal appeals court Tuesday that it's unconstitutional to prevent same-sex marriage, but one judge appeared unmoved and two others said the case could die on procedural grounds. … 'Everything that is wrong is not discrimination,' said Judge Jerome Farris, part of a three-judge panel of the 9th U.S. Circuit Court of Appeals that heard 40 minutes of arguments." The AP continues, "The case was brought by two gay men who sued after being denied a marriage license in Orange County. They claim California's ban on same-sex marriage and federal laws against it are unconstitutional because gays and lesbians are treated differently than heterosexuals. … U.S. District Judge Gary Taylor last year ruled against the pair Arthur Smelt and Christopher Hammer, both 46, of Mission Viejo. They appealed. … Taylor ruled the law 'has a disproportionate effect on homosexual individuals,' but said the government's desire to promote procreation is a valid reason for infringing on the rights of gays. … Farris agreed with that assertion. … 'I think marriage is a bundle of sticks and sticks include procreation,' Farris said." The AP notes, "Richard Gilbert, the gay couple's attorney, said procreation is not the important element of marriage and Judge Sidney Thomas appeared to agree. … 'I don't understand, really, the procreation argument,' Thomas said. … After the hearing, Hammer said he would prevail all the way to the Supreme Court 'if they acknowledge that we are human.' … Still, the heavyweights of the same-sex marriage movement aren't supporting the case and instead are waging their campaigns in the state courts of California, Iowa, Washington, New Jersey, New York and elsewhere, seeking rulings similar to the 2003 decision that led to legal gay marriage in Massachusetts."

Feingold Backs Gay Marriage. Sen. Russ Feingold, who is seen as a possible 2008 presidential candidate, said yesterday he supports the right of gays and lesbians to marry. The AP (4/5) reports that Feingold's ,comments position him "to the left of possible 2008 rivals. … Feingold said he decided to express his support for gay marriage in response to a Wisconsin constitutional amendment to ban gay marriage and civil unions, which will appear on the state ballot in November."

The Washington Post (4/5, A9, Balz, 744K) reports that Feingold called the Wisconsin amendment "'a mean-spirited attempt' to single out gay men and lesbians for discrimination and said he would vote against it." Feingold "said he is prepared to work with supporters of same-sex marriage to ensure that it is legal in the future."

Texas Couple Wins Judgment Against Housing Authority. The San Antonio Business Journal (4/5) reports, "U.S. Judge John Primomo ordered the Housing Authority of San Antonio, the San Antonio Housing Facility Corp., Pat Matherly and the Pilgrim Allena Housing Development Corp. to pay $125,000 to resolve a tenant disability discrimination case." The Journal continues, "On June 2, 2005, the U.S. Attorney's Office filed a complaint on behalf of local residents Antonio and Josefina Maldonado in the U.S. District Court for the Western District of Texas alleging that the Westminster Square Apartments unlawfully discriminated against the couple because of their disabilities." The Journal adds, "According to the complaint, Pilgrim Allena Housing owns the local apartment complex where the Maldonados have lived since 1989. The San Antonio Housing Facility Corp., a subsidiary of the local Housing Authority, manages the apartments. Matherly was the on-site manager at the property at the time. … Antonio Maldonado is a double-leg amputee and Josefina Maldonado has osteoporosis, hyperlipidemia, angina, diffuse arthritis and diabetes. Over the years, Josefina Maldonado increasingly had been experiencing difficulty maneuvering her husband in his wheelchair from their third-floor apartment to the ground floor via elevator. … Last week, lawyers from the Justice Department and the Housing Authority reached a settlement. With the judge's signature in hand, the Maldonados will receive the $125,000, with part of that settlement going to the Fair Housing Council of Greater San Antonio for their help in the suit."

Alabama Legislature Nears Approval Of Bill To Delay Runoff Elections. The AP (4/5) reports, "The

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Alabama Legislature moved a step closer Tuesday to approving legislation to delay the June 27 primary runoff elections to July 18 to give military personnel overseas more time to vote." The AP continues, "The House Constitution and Elections Committee approved a Senate-passed bill to delay the party primary runoffs on a unanimous voice vote. The bill is expected to come up in the House Wednesday or Thursday, when it could receive final passage." The AP adds, "Attorney General Troy King and Secretary of State Nancy Worley asked the Legislature to delay the runoffs in response to a lawsuit filed against the state by the U.S. Justice Department. … The lawsuit claims there is not enough time between the June 6 primaries and the June 27 runoffs for service members, particularly those fighting in Iraq and Afghanistan, to receive and cast ballots." The AP notes, "The House originally passed a bill that would have kept the runoffs on June 27, but allowed service members to vote by a special ballot that would have been sent to them at the same time as the primary ballot. … King has said he doubts the Justice Department would go along with the special ballot, partly because it would not allow soldiers who did not vote in the primary to vote in the runoffs."

WPost Says Early Voting Bill Taints Maryland Elections. An editorial in the Washington Post (4/5, A22, 744K) says Democrats in the Maryland legislature "have sacrificed fairness to partisan advantage," by pushing through "a bill allowing voting to take place for five days before Election Day -- but mostly at polling stations in Democratic strongholds. This isn't the first time a majority in a state legislature has sought electoral advantage by ramming a brazenly partisan measure down the throat of the minority party. … But no matter which party is behind such partisan mischief, the effect is the same: to subvert the faith that Americans place in the electoral system's fairness." The Post adds that "tilting the early-voting system toward heavily Democratic areas in strategically key jurisdictions taints the election even before it occurs. With such arrogance and abuse, the Democrats will only erode their majority in Maryland."

ANTITRUST:

Analyst Sees Potential Problems For AT&T-BellSouth Merger. In an analysis piece for CNET News (4/5), attorney Mark Del Bianco writes, "The conventional wisdom in Washington is that regulatory approval of the proposed AT&T-BellSouth merger is a done deal. The consensus is that this deal will sail through with flying colors--and a few not very onerous merger conditions. … The conventional wisdom may be wrong. There is a twist that ought to give the regulators pause. Both BellSouth and AT&T own considerable chunks of prime wireless spectrum that is unused and that could quickly and relatively cheaply be used to provide broadband services that would compete with telecom and cable wireline broadband services--in other words, the long-sought "third pipe" to the home or business." Del Bianco continues, "Competitors will no doubt argue that the Federal Communications Commission and the Justice Department should worry about the loss of intermodal competition that will result if the two companies are permitted to retain this valuable spectrum. … The proposed merger will concentrate huge blocks of spectrum in one company with every incentive not to use it." Del Bianco adds, "Provided (the DOJ Antitrust Division) found that the spectrum controlled by the postmerger company represents a source of substantial potential competition, it would be fairly straightforward for it to conclude that without divestiture of the spectrum, the effect of the merger "may be to substantially lessen competition"--the standard it must follow in reviewing mergers under the Clayton Act. … Whether the FCC or the Antitrust Division in this administration will take competition-preserving action is an open question. But for those who seek competition in U.S. broadband markets, and for proponents of network neutrality for whom a third pipe could be a godsend, it certainly looks like a fight worth fighting."

EU Urges Governments To Open Gas Markets. The AP (4/5) reports, "European Union regulators on Tuesday started legal proceedings against 17 countries for not doing enough to open up their energy markets, just weeks after the EU criticized France and Spain for trying to protect their national energy companies." The AP continues, "Delays in drafting new rules to liberalize gas and electricity markets are keeping prices too high, the European Commission has said. … Austria, Belgium, Britain, the Czech Republic, Germany, Estonia, Spain, Finland, France, Greece, Ireland, Italy, Lithuania, Latvia, Poland, Sweden and Slovakia will be sent a warning to put rules in place." The AP adds, "The Commission sent the 17 countries a letter of formal complaint. The member states concerned have two months to reply to the Commission. The final stage of the proceedings would mean taking countries to the European Court of Justice. … The Commission also said it would take Spain and Luxembourg to court for not sending it information to show they had put the legal framework in place. A court ruling can force a country to change national laws under threat of heavy fines. The Commission is still examining Portugal's and Hungary's laws. … It criticized the lack of free choice of supplier for many customers and the continued existence of regulated prices, saying that made it harder for new companies to break into the energy sector. Certain long-standing electricity and gas contracts still get preferential access, the Commission said. … It also criticized the way some energy companies do business -- without naming

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names -- saying there was often not enough separation between electricity and gas transmission and distribution to make sure each was independent. Many companies own the network and sell directly to customers, meaning they are wholesalers selling network access to the rivals they compete with on the retail market."

Fed Clears Citigroup For Future Large Acquisitions. The Financial Times (4/5, Wighton) reports, "One of the clouds hanging over Citigroup was lifted on Tuesday when the world's largest financial services company revealed that the Federal Reserve had removed the ban on it making large acquisitions." The Times continues, "The New York Fed, Citigroup's lead regulator, said in a letter to the company that it had dropped the ban because of the "significant progress" it had made in improving its internal controls. … The Fed imposed the restriction a year ago following Citigroup's string of regulatory problems, including the forced closure of its private bank in Japan and the furore in Europe over controversial government bond trades." The Times adds, "Mr Prince said the move reflected the 'cumulative effect' of moves taken over the last year, including his introduction of a "five-point plan" to improve Citigroup's compliance culture. … Although the Fed ban was a blow to Citigroup's reputation, Mr Prince said the company had not been significantly hampered by the restriction, which applied only to very large transactions. … Mr Prince has shifted Citigroup's focus onto organic growth, following the deal-making of his predecessor, Sandy Weill. Moreover, most large potential targets look expensive, particularly given Citigroup's own depressed stock price."

The Wall Street Journal (4/5, Riley) reports, "The Fed's letter came just days after securities regulators in Australia accused Citigroup of insider trading. Citigroup has denied any wrongdoing and says it will 'vigorously defend' its actions. While Citigroup executives and a team of in-house regulators from the Fed stay in regular contact, it is unclear whether the Fed considered the merits of the lawsuit filed by the Australian regulators before lifting the ban on acquisitions."

Arcelor Blocks Mittal Takeover By Transferring Dofasco Unit. The Wall Street Journal (4/5, Singer, Fleming) reports, "Arcelor SA transferred its lucrative Canadian operations to a Dutch foundation in an effort to block a €20.4 billion ($24.8 billion) hostile offer by rival steelmaker Mittal Steel Co., a move that drew rebukes from Arcelor shareholders and corporate-governance activists." The Journal continues, "Arcelor also raised its dividend by 54% to €1.85 a share and said it will make a special payment to shareholders of $5 billion after Mittal drops its bid or the takeover attempt fails. The two payouts are meant to make siding with Arcelor financially equivalent to accepting Mittal's bid, boiling the choice down to which management team investors prefer." The Journal adds, "Mittal vowed to press on with its bid, which has sparked debate over national pride, cultural compatibility and economic openness across Europe and in other parts of the world. But Mittal, based in Rotterdam, the Netherlands, said it would reduce the cash portion of its cash-and-stock bid because it considers the increased dividend an advance, though it hasn't yet disclosed details."

Blockbuster Sued By Netflix For Web Expansion. The Wall Street Journal/AP (4/5) reports, "Online DVD rental service Netflix Inc. on Tuesday accused Blockbuster Inc. of illegally copying its ideas in a patent infringement lawsuit challenging the video store chain's recent Internet expansion." The AP continues, "The complaint, filed in U.S. District Court in San Francisco, focuses largely on the online wish lists that prioritize the DVD desires of about 5.4 million people who subscribe to either Netflix or Blockbuster's Internet service. … Netflix also believes its patents cover perhaps its most popular feature -- the option of renting a DVD for an unlimited time without incurring late fees." The AP adds, "That change, introduced by Netflix seven years ago, became so popular that Blockbuster last year stopped charging late fees for tardy rental returns to its video stores. Dallas-based Blockbuster once pocketed hundreds of millions of dollars annually from those late fees. … Both Netflix and Blockbuster's online service charge $17.99 per month to rent up to three DVDs at a time. When subscribers return a DVD in a postage-paid envelope, the rental services automatically send the next available movie on their wish lists."

EU Raids Color Line Ferry Company Headquarters. The AP2 (4/5) reports, "European competition authorities on Tuesday raided the headquarters of Norway's Color Line AS ferry company as part of an antitrust investigation." The AP continues, "The surprise inspection was to check for possible competition violations by the Norwegian ferry operator, the EFTA Surveillance Authority, or ESA, said in a statement. … 'Surprise inspections are a preliminary step in antitrust investigations. The fact that the EFTA Surveillance Authority carries out an inspection does not mean that the company is guilty of anticompetitive behavior,' the ESA said." The AP adds, "ESA is the enforcement arm of the European Free Trade Association, or EFTA. Through treaties with the European Union, EFTA members Norway, Iceland and Liechtenstein have open markets with the 25-nation European bloc even though they are not members. … Color Line spokesman Helge Otto Mathisen said the company was cooperating fully

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with the ESA inspectors, who were assisted by the Norwegian Competition Authority."

ENVIRONMENT/INDIAN AFFAIRS:

Controversial EPA Air-Quality Draft May Color Wehrum Confirmation Hearing. The Christian Science Monitor (4/5, Clayton, 61K) reports, "The Environmental Protection Agency has drafted a plan that would allow so much extra industrial air pollution that 7 of 10 of the agency's own regional air-quality directors have signed on to a memo condemning it. While disagreement on policy issues is not unusual, former EPA officials say the regional directors used particularly strong language in criticizing the plan developed on William Wehrum's watch in a December memo, which surfaced Monday. The stinging internal criticism is likely to pop up Wednesday at Senate confirmation hearings for Mr. Wehrum, who is nominated to become the nation's top air-quality officer." Eric Schaeffer, director of the Environmental Integrity Project in New York and a former chief of the EPA's office of regulatory enforcement, is quoted as saying, "Wehrum is the architect of a lot of changes to the Clean Air Act that have weakened environmental protection. ... This new proposal on toxics pushes past science, law, and fair public process."

Plan To Expand Yucca Mountain Nuclear Dump Draws Fire. In a move designed to encourage development of a controversial nuclear dump site under construction near Las Vegas, the Department of Energy has proposed removing a cap that limits how much waste the facility could handle. USA Today (4/5, 2.31M) reports, "The Bush administration wants to bury tens of thousands of tons more nuclear waste at the Yucca Mountain dump in Nevada than now allowed. ... The Energy Department proposed lifting the 77,000-ton storage limit on the dump 90 miles northwest of Las Vegas and allowing as much waste as the facility can hold." Longtime Yucca Mountain opponent, Senate Democratic leader Harry Reid of Nevada, "said the bill was 'not even on life support. It's dead when it gets here.'"

In its coverage, the Wall Street Journal (4/5, Fialka, 2.11M) cites Department of Energy Deputy Director Clay Sell as saying that the changes will help spur the construction of new nuclear power plants, bolster domestic energy supplies and help curtail air pollution. "We need an expansion of nuclear power in this country," he is quoted as saying. The Journal goes on to note, "The enlargement would accommodate one of the administration's longer range plans to remove and reuse parts of the spent fuel, leaving a relatively small percentage of waste for permanent storage. Without the reduction, the department has estimated, it might need at least six more permanent storage sites."

Lawsuit Challenges DOE On West Valley Demonstration Project Cleanup. The Times Herald (4/5, Miller) of Bradford, PA, reports, "The New York State Energy Research and Development Authority has authorized a lawsuit against the US Department of Energy over the nuclear cleanup at the West Valley Demonstration Project." The Herald adds that Authority chairman Vincent Delorio, said that the DOE "has taken a very limited view of its responsibility to clean up nuclear wastes at West Valley," and added, "we have been working for 10 years to convince the Feds to live up to their obligations, but have been unable to reach agreement." Legislation sponsored by a number of New York lawmakers would give the NRC "authority over DOE activities at the site" after the DOE "reduced the funding levels for cleanup activities and staffing levels at the West Valley Demonstration Project to about $70 million this year."

The AP (4/5) reports, "Talks between New York and the US Department of Energy stalled during the Clinton administration. Now, with the DOE cutting staff and funding at the site, state energy officials worry the federal agency is getting ready to leave." The AP adds, "From 1966 to 1972, spent nuclear fuel from commercial nuclear power plants and DOE sites was chopped and dissolved, and its uranium and plutonium were extracted."

AK Steel Settles Toxin Contamination Claims With US, Ohio. The Middletown (OH) Journal (4/5) reports, "AK Steel Corp. will launch a nearly $13 million effort to clean up two streams contaminated with 'significant' toxins as part of an agreement reached with federal and Ohio environmental protection agencies to settle a six-year-old lawsuit, the company and government officials announced Monday." The Journal continues, "The settlement — filed in the U.S. District Court for Southern District in Cincinnati Monday morning — addresses claims that AK Steel violated the federal Clean Water, Clean Air and Resource Conservation and Recovery acts, as well as, Ohio environmental regulations in and surrounding its 2,700-acre Middletown Works." The Journal adds, "The 103-page federal consent degree ends decades of contamination from Middletown Works, according to Sue Ellen Wooldridge, assistant Attorney General for the U.S. Justice Department's Environment and Natural Resources Division. … 'By removing contamination from the areas currently known to contain significant polychlorinated biphenyls (PCB) concentration, AK Steel will immediately begin cleanup work to protect the environment and reduce the potential for human exposure to PCBs,' Wooldridge said. … As part of the agreement, AK Steel will pay $460,000 in civil penalties to be split equally between the state of Ohio and U.S. governments. AK Steel also will spend an additional $750,000 on an "environmentally beneficial project that will

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remove ozone-depleting refrigerants from certain equipment at the plant.""

Former Tribal Casino Workers Seek Venue For Sexual Harassment Lawsuits. Several former casino workers are seeking a venue to sue their one-time employers for sexual harassment, but may be turned away from state and Federal courts because they worked for native American casinos. ABC World News Tonight (4/4, story 9, 2:20, Tapper) reported, "Seven female former employees of the Thunder Valley Casino are suing their former employer in California state court." The case "against Thunder Valley Casino alleges sexual harassment, age and gender discrimination, and many other charges. But it's unclear a state or Federal court even has the jurisdiction to hear the case. That's because Thunder Valley Casino is on sovereign native American land. Attorney Howard Dickstein represents the United Auburn Indian Tribe." Dickstein: "The one thing the tribe will not do is simply subject itself to the jurisdiction of the state."

FBI/DEA/ATF/USMS:

Colombian Police Officers, Others Accused In $10 Million Cocaine-Smuggling Plot. There was wide media coverage concerning several suspects linked to the shipment of millions of dollars of cocaine, with more than 100 references to the story. For example, The Washington Times (4/5, Seper) reports the DEA "said seven drug-smuggling suspects, including five Colombian police officers and an airline employee, have been arrested in Bogota in connection with the shipment of more than $10 million in cocaine to the United States. An indictment handed up in the case and unsealed yesterday accused the seven of smuggling the cocaine through the El Dorado International Airport in Bogota for importation into the United States, said DEA Special Agent-in-Charge John P. Gilbride. … DEA spokesman Rusty Payne in Washington said the arrests were part of Operation Caso Dorado, a joint undercover investigation by DEA agents in New York and Bogota, the U.S. attorney's office in New York, agents from U.S. Immigration and Customs Enforcement (ICE) and Colombian and Mexican law-enforcement authorities."

The AP (4/5) reports the arrests "were based on a U.S. indictment in New York that alleges the Norte del Valle cartel recruited the airline worker and police involved with security at El Dorado Airport. It alleges the ring shipped the cocaine in October through Avianca's cargo facility after an airline employee approved false paperwork. The drugs were allegedly destined for the United States via Mexico." ABC News, CBS News, the New York Times, Washington Post, New York Newsday, Houston Chronicle, Seattle Post Intelligencer, and the UK's Guardian published in newspapers and/or posted on their Web sites the AP story.

CNN (4/4) reports on its Web site that eight people have been charged and adds, "The indictment in the case alleges that between August and December of last year members of a Colombian cartel recruited police officials responsible for airport security and airline employees to allow drugs to be smuggled from Colombia to Mexico and, ultimately, the United States."

On its Web site, WNYC, New York Public Radio (4/4) reports Boyd Johnson of the U.S. Attorney's office in Manhattan "says the smugglers used Avianca jets, which fly to New York daily."

DEA Investigates California Humane Society. KGTV-TV, San Diego (4/4) reports on its Web site that one of the county's oldest animal organizations "is under investigation. The Federal Drug Enforcement Agency is investigating Oceanside's North County Humane Society. … A spokesperson for the DEA confirms agents conducted an investigation at the North County Humane Society regarding its handling of controlled substances. The DEA will not say what agents found, if anything."

The North County Times (4/5) reports, "Officials with the North County Humane Society on Tuesday confirmed both the resignation of Executive Director Stacy Steel and an inquiry of the humane society by the federal Drug Enforcement Administration."

Reporting Continues On Harden Case. The Richmond (VA) Times Dispatch (4/5) continues to report on a case in which Richmond-based DEA agent William Carter Harden "pleaded guilty March 28 in U.S. District Court to the crime of lying to a federal officer." The Times Dispatch now reports that a woman connected to the case claims she had sex with Harden in an attempt to avoid a prison term.

Marijuana Dispensary Moratorium Extended By California Council. The San Luis Obispo Tribune (4/4, Van Beurden-Doust) reports Grover Beach "has extended its moratorium on medical marijuana dispensaries and has taken steps to make the ban permanent. The council voted 5-0 Monday to extend the 180-day moratorium that would have expired April 19. … The council voted 4-1 to make the ban permanent. The soonest it could become effective is 30 days after a second vote on April 20."

California City Council Considers Yearlong Moratorium. The AP (4/4) reports from Buellton that the City Council "will decide this month on a yearlong moratorium on new medical marijuana dispensaries. During that year, City Manager Steve Thompson said, city officials would decide whether a permanent ban is needed. The city recently

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enacted a 45-day moratorium on new marijuana dispensaries."

Major New York State Drug Ring Smashed. The Utica (NY) Observer-Dispatch (4/5) reports, "Local, state and federal law enforcement have charged 13 people as the result of an investigation into a major cocaine and crack cocaine distribution ring that officials claim trafficked drugs throughout the Mohawk Valley." The Observer-Dispatch adds, "In a news release, U.S. Attorney Glenn T. Suddaby said today police recovered several ounces of cocaine and crack cocaine, as well as three pistols and ammunition, more than $80,000 in cash, drug paraphernalia, a large quantity of gang photos and eight cellular phones. … The 13 people arrested were each charged with conspiracy to possess cocaine and crack cocaine with intent to distribute, Suddaby said:" The Observer-Dispatch notes, "The investigation included officers from the Oneida County Drug Task Force, which encompasses the Utica, Rome and New Hartford police departments, as well as the Oneida County Sheriff's Office, state police and the FBI. Assisting in the investigation were the U.S. Marshals Service, the federal Drug Enforcement Administration, federal Immigration and Customs Enforcement and the state Office of Parole."

Selig Defends Handling Of Baseball's Steroid Investigation. The AP (4/5) reports baseball Commissioner Bud Selig "defended his choice of George Mitchell to head baseball's steroid investigation, saying the former Senate Majority Leader has independence. Selig brushed off criticism that Mitchell is too much of an insider for the job -- Mitchell is a director of the Boston Red Sox and chairman of The Walt Disney Co., a national broadcaster of baseball and the network airing Barry Bonds' new reality show. … The investigation is already under way and has no time limit." The AP reports Selig said Mitchell has "complete autonomy" in the investigation.

Bonds TV Show Debuts On ESPN2. The AP (4/5) reports, "'Bonds on Bonds' debuted Tuesday night on ESPN2, opening with footage of fans booing, a syringe being thrown at the San Francisco Giants' slugger and announcers discussing the steroid allegations on opening day in San Diego. 'If it makes them happy to go out of their way to destroy me or whatever they want to try to do, go right ahead. It doesn't bother me,' Bonds said. 'You can't hurt me anymore than you've already hurt me. You can't hurt my family anymore than you've already hurt them.'"

Alleged Minnesota Courthouse Bombing Plot Uncovered. The Minneapolis Star Tribune (4/5, Franklin, Furst) reports, "A plot to blow up the Rice County Courthouse and law enforcement center and perhaps kill several public officials has been uncovered, authorities said Monday." The Tribune continues, "Law enforcement officials said they recovered two propane tanks, the type used with outdoor grills, that appeared to be filled with explosives made of diesel oil and fertilizer -- similar to those used to blow up the Alfred P. Murrah Federal Building in Oklahoma City 11 years ago." The Tribune adds, "Each of the 62-pound devices 'probably could kill everybody here,' Rice County Sheriff Richard Cook said Monday at a news conference. … No timetable for the plot was discovered, Cook said, but 'we believe there was some urgency.'" The Tribune notes, "Allan Weatherford, 44, who lives on a farm near Kenyon, Minn., is being held in lieu of $1 million bail after being charged with seven counts of attempted arson, possession of explosives and being a felon in possession of firearms. … His brother Mark, 34, was jailed last month on an unrelated charge of reckless discharge of a firearm. … The investigation was conducted by the South Central Drug Investigation Unit, FBI, U.S. Bureau of Alcohol Tobacco and Firearms, State Patrol, Department of Natural Resources, Faribault and Northfield police departments and Bloomington police bomb squad."

IMMIGRATION:

Bush Under Pressure To Intervene In Stalled Senate Immigration Debate. The AP (4/5, Espo) reports the Senate "skirmished inconclusively over immigration legislation Tuesday, with Republicans deeply divided over provisions relating to millions of illegal immigrants and Democrats maneuvering to avoid politically difficult votes on border security." The Bush Administration "renewed its call for legislation that includes a temporary worker program to go 'hand in hand with efforts to secure the border.'" For "their part, Democrats made a show of support for legislation that emerged from the Judiciary Committee more than a week ago."

However, the Wall Street Journal (4/5, 2.11M) reports that with the Senate "at an impasse," Bush "faces growing pressure to intercede more aggressively if he is to salvage a landmark immigration bill and move it into negotiations with the House." Sen. Mike DeWine said, "He's got to get more involved. I'm not sure where we're going, if we're going at all." The Journal adds, "Hoping to force the president's hand, Democrats broke custom and jumped ahead of the Republican leadership last night by filing a petition to force a vote tomorrow on cutting off debate." Minority Whip Richard Durbin "predicted Democrats can deliver close to 40 votes themselves." The Journal adds there "were signals from the White House that Mr. Bush may speak out on the issue today."

Roll Call (4/5, Stanton) reports Senate agreement "remained elusive Tuesday," and "GOP lawmakers have all but abandoned the committee's plan to grant guest worker

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status to all 12 million illegal workers." The New York Times (4/5, Swarns, 1.19M) reports Senate Republicans "who support legislation that would legalize the nation's 11 million illegal immigrants said Tuesday that they lacked enough support to bring the measure to a vote this week and were working on a more limited compromise that would rally a broader cross-section of Republicans." Democrats, "angered by what they viewed as Republican efforts to gut the legislation, responded by using a parliamentary tactic to force lawmakers to decide Thursday whether the bill should be considered for a vote on the Senate floor." Judiciary Committee Chairman Arlen Specter "warned that the Democratic maneuver might result in the demise of his bill."

CQ (4/4, Sandler, Crowley) reports Minority Leader Reid "brought the immigration debate on the Senate floor to a standstill Tuesday, refusing to allow votes on Republican amendments and instead forcing a procedural one to cut off debate on legislation that would allow illegal immigrants in the country to stay and earn citizenship." Majority Leader Bill Frist "called Reid's actions 'disrespectful.' Specter described them as a 'travesty.' And a red-faced Pete V. Domenici, R-N.M., told the chamber Reid 'should not do this, and the Senate should not let him do this.'"

The Los Angeles Times (4/5, Reynolds, Gaouette) says that "in essence, Democrats -- who generally favor less restrictive treatment of illegal immigrants than many Republicans do -- sought to take advantage of GOP divisions by forcing a vote on the relatively moderate approach now on the Senate floor before the Republican majority could hammer out an agreement ,:

McCain Says He Lacks Votes To Prevent Filibuster. The AP (4/5, Gamboa) reports supporters "of a guest worker program that would let illegal immigrants stay in the United States said Tuesday they don't have enough Senate votes to overcome objections from conservatives who oppose the measure on grounds it amounts to amnesty." Sen. John McCain said "a majority in the 100-member Senate support his and Massachusetts Democratic Sen. Edward M. Kennedy's proposal to provide green cards to illegal immigrants after they've worked in the U.S. for six years." But McCain said he "doesn't have" the 60 votes needed to overcome a filibuster.

McCain's comments sparked local TV coverage. KTVK-TV Phoenix (4/4, 5:05 p.m.) reported, "Senator John McCain says he doesn't have the votes to pass a measure giving green cards to illegal immigrants after they've worked in the US for six years."

KCNC-TV Denver (4/4, 10:13 p.m.) reported, "McCain says lawmakers are working on a compromise that give green cards of those in the U.S. for six years. President Bush urged lawmakers to include the guest worker program."

KSL-TV Salt Lake City (4/4, 6:31 p.m.) reported, "Senator John McCain says there aren't enough votes in Congress to pass a guest worker program that would let immigrants remain. Protesters across the country have demonstrated against tightening the country's immigration laws. President Bush backs a guest worker program with you conservatives say letting illegal immigrants stay amounts to amnesty. They are working to a compromise to give green cards to immigrants who have been in the U.S. at least six years."

McCain, Kyl Split Seen As Emblematic Of GOP Rift On Immigration. The Washington Post (4/5, A5, Babington, 744K) reports the divergent positions taken on immigration by Sen. John McCain and Jon Kyl of Arizona epitomizes "the divisions" in the Senate GOP caucus. Both "face important elections and represent the same 5.8 million people. But they are leading the two main opposing approaches that Republican senators will have to reconcile if Congress is to address border security, illegal worker status, deportation practices and other issues." McCain "is the chief sponsor of legislation that would give millions of illegal immigrants a path toward citizenship if they pay fines and back taxes, learn English, stay employed and do not break laws." Kyl, "facing a potentially strong Democratic challenger this fall in his bid for a third term, is a key proponent of a guest-worker program that would require undocumented workers to return to their countries when their visas expire, a move that critics call unrealistic."

Democrats Prevent Vote On Provision To Bar Felons From Citizenship. The Washington Times (4/5, Hurt, 90K) reports Senate Democrats "refused to allow consideration of an amendment yesterday that would bar illegal aliens convicted of felonies from obtaining U.S. citizenship." Democrats said the "amendment would 'gut' the immigration bill under consideration in the Senate and refused to allow a vote on it."

McCain Booed At Union Speech Over Immigration Bill. The Washington Times/AP (4/5) reports that during remarks to the AFL-CIO's Building and Construction Trades Department, Sen. John McCain "threatened yesterday to cut short a speech to union leaders who booed his immigration views and challenged his statements on organized labor and the Iraq war." McCain said, "If you like, I will leave." The Times adds McCain "had been outlining his position on the Senate immigration debate, saying tougher border enforcement must be accompanied by guest-worker provisions that give undocumented aliens a legal path toward citizenship. Murmurs from the crowd turned to booing."

Jeb Bush Says Immigration Debate's Tone "Hurtful" To Himself, Wife. The Los Angeles Times (4/5, Wallsten, 958K) reports, "Accusing politicians of 'pounding their chests' on immigration for short-term political gain, Florida Gov. Jeb Bush said Tuesday that the tone of the debate had been 'hurtful' to him and his Mexican-born wife, Columba." Bush "reserved some of his sharpest criticism for

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conservatives in his own Republican Party, calling it 'just plain wrong" to charge illegal immigrants with a felony, as a provision passed by the Republican-led House would do. He also opposed 'penalizing the children of illegal immigrants' by denying them U.S. citizenship, an idea backed by some conservatives but not included in the legislation." Gov. Bush wrote in an email, "My wife came here legally, but it hurts her just as it hurts me when people give the perception that all immigrants are bad."

Evangelical Christians Split On Immigration Bill. The Washington Post (4/5, A4, Cooperman, 744K) reports more than "50 evangelical Christian leaders and organizations voiced their support yesterday for an immigration bill that would allow illegal immigrants to become U.S. citizens without returning to their native countries." The statement "marks a deepening split among evangelicals over immigration. It was signed by a mixture of Hispanic and white church groups. But most of the nation's large, politically influential evangelical organizations either back rival legislation that focuses on border enforcement and the deportation of illegal immigrants, or have been silent on the issue." Hispanic evangelical leaders said "they have received support from Roman Catholic, Jewish and Muslim groups, but have been bitterly disappointed by the response of most of their fellow evangelicals, both white and black."

Municipalities Taking Contradictory Stands. The Christian Science Monitor (4/5, Wood, 61K) reports on the contradictory stands taken by the California towns of Maywood, "population 45,000 and 96 percent Latino…a self-proclaimed 'sanctuary' for illegal immigrants," and Costa Mesa, "population 110,000 and one-third Latino," which "is examining ways to train some of its police force to help US immigration officials identify illegals."

Immigration Advocates Set Date For 63-City Rally. The Washington Times (4/5, Summers, Seper, 90K) reports, "Immigration advocates yesterday announced plans for a 63-city rally on Monday that they hope will attract at least 2 million supporters to protest pending immigration reform legislation and press lawmakers into granting millions of current illegal aliens a path toward permanent residency and U.S. citizenship." The advocates "also called for a nationwide one-day boycott of work, school and shopping May 1 to protest the House and the Senate immigration reform bills."

The Wall Street Journal (4/5, Kang, Jordan, 2.11M) reports that to "build on a movement that attracted as many as 500,000 protesters in cities like Los Angeles last month, a new round of demonstrations is set for Monday in an attempt to keep pressure on the immigration issue and broaden the base of support." Turnout is "hard to predict given that the events take place on a Monday rather than the previous Saturday protests. But the events could be disruptive to normal business operations in places where Hispanics are a major part of the work force -- everything from the hotel and restaurant industries to construction and agriculture." In a move that could add "to the impact," organizers "now are aggressively reaching out to other ethnic groups that are affected by the immigration debate, including Koreans and Chinese."

Immigration Debate Draws Attention To 1930s Deportation Of Mexicans. USA Today (4/5, 1A, Koch, 2.31M) reports on the "almost-forgotten story of a 1930s anti-immigrant campaign. Tens of thousands — and possibly more than 400,000 — of Mexicans and Mexican-Americans were pressured, through raids and job denials, to leave the USA, according to a USA TODAY review of documents and interviews with historians and deportees. Many, mostly children, were U.S. citizens." On Thursday, Rep. Hilda Solis, D-Calif., "plans to introduce a bill in the U.S. House that calls for a commission to study the 'deportation and coerced emigration' of U.S. citizens and legal residents. The panel would also recommend remedies that could include reparations. 'An apology should be made,' she says."

Enhanced Border Security Likely To Strain Border Patrol. The Christian Science Monitor (4/5, Bowers, 61K) reports that "up and down the 2,000-mile border, the US government is throwing more manpower and sophisticated technology into slowing illegal entries into the US. But as it does, immigrants are showing greater ingenuity in circumventing the barriers and patrols." As Congress "considers another overhaul of immigration laws, the encounters and clashes along the border are likely to intensify. Most of the bills in Congress include provisions to expand the border patrol (now part of US Customs and Border Protection), which has already seen agent strength along the nation's southern flank more than double since 9/11, to 11,000. The result is an agency that is becoming increasingly complex and unwieldy."

NYTimes Critical Of Martinez-Hagel Compromise Offer. The New York Times (4/5, 1.19M) says in an editorial that the McCain-Kennedy immigration bill, "revised and passed last month by the Senate Judiciary Committee" combines "sensibly, tighter borders with a path to citizenship for people here illegally." While it "has enough votes to pass, it may not have enough to avoid a filibuster by hard-core Republicans. For them, anything other than punishment and border enforcement smacks unforgivably of forgiveness." Sens. Mel Martinez and Chuck Hagel "are offering a 'fallback' compromise if the committee bill fails. They would not eliminate the citizenship track, but narrow it severely." But the "Martinez-Hagel compromise is a bad idea. It's tempting to think flawed reform is better than none, but the wiser approach is to stand firm for what Mr. Kennedy has called 'the real enchilada.'"

Guest Worker Concept Criticized. In a USA Today op-ed (4/5), syndicated columnist Ruben Navarrette says, "Politicians keep pushing 'guest worker' programs, even

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though the concept is built to fail and always does." Navarrette says he is "talking about importing hundreds of thousands of new foreign workers from a country such as Mexico to work in farming, construction, hotels or restaurants. That's what Sen. Arlen Specter, R-Pa., has proposed as part of a reform bill that his Judiciary Committee put together and which serves as a starting point for the Senate immigration debate." The US government has "turned to foreign workers before. And given that these programs are often criticized as indentured servitude, it's ironic that the person who kicked off the phenomenon also freed the slaves." Congress "should forget about importing new guest workers, or granting a wholesale amnesty to all 12 million illegal workers already here, and focus on reforms that stand a chance of working."

Immigration Reform May Lead To "Awakening" For Latino Voters. In a USA Today op-ed (4/5), freelance writer Marisa Treviño says the numbers of protesters at demonstrations opposed to immigration reforms aimed at enhancing enforcement show "an awakening. Political pundits and community activists say the prospect of congressional action on immigration reform has stirred up the Latino community." Though "12 million is a huge number of people, it pales in comparison with the 28 million Latinos in the USA who already have access to public services, health care, car insurance, among other taken-for-granted rights that come with legal status. These are the people who must be stirred to action." Undocumented immigrants "can't vote. They can make a lot of noise; they can't make a difference in a politician's future. But there are at least 15 million eligible Hispanic voters, and they can — if only they'd wield the full force of their votes."

Estimates Of Illegal Immigrants Vary Widely. In his Wall Street Journal column (4/5), Carl Bialik says estimates of the numbers of illegal immigrants "remain fuzzy and full of pitfalls, even as lawmakers toss them around in the latest round of debates over whether to offer guest-worker status to illegal immigrants. At the core of the problem is the fact that undocumented immigrants don't generally come forward to be counted. The most widely quoted estimate of 11 million to 12 million is derived indirectly, using what's called a residual method: Researchers subtract the number of immigrants who were authorized to come to the U.S. from the number of foreign-born residents counted by the Census Bureau, then adjust the number using estimates of immigrants' deaths and migration, and of Census undercounting. Some critics say that estimate understates the degree of undercounting: Another estimate making the rounds holds that there are 20 million illegal immigrants."

More Commentary. In his Washington Post column (4/5, A23), Robert Samuelson says, "The immigration debate has become an exercise in political public relations, often disconnected from practical realities. Republicans and Democrats are trying in different ways to appease middle-class anxieties without alienating present and future Hispanic voters. The one saving grace is that we may still have time to fashion a more sensible consensus." Samuelson calls for strengthening "border and employer enforcement," granting "amnesty to existing illegal immigrants," and forgetting "guest workers."

In his New York Times column (4/5), Thomas Friedman says, "Personally, I favor a very high fence, with a very big gate. So far, neither President Bush's proposal to allow the nation's millions of illegal immigrants to stay temporarily on work visas, nor the most hard-line G.O.P. counterproposal, which focuses only on border security, leaves me satisfied. We need a better blend of the two -- a blend that will keep America the world's greatest magnet for immigrants." Because of "its deeply rooted culture of immigration, the US has a huge advantage in such a world. If we are smart, we can still cream off the most first-round intellectual draft choices from around the world — more than any other country -- and bring that talent to our shores to start companies and work in others."

TAX:

California Anti-Tax Activist Sentenced. The AP (4/5) reports, "Nationally known anti-tax crusader George Henry 'Nick' Jesson will serve 27 months in prison for tax fraud, a judge has ruled." The AP continues, "U.S. District Judge Percy Anderson on Monday also ordered Jesson, 55, to pay $215,454 in restitution to the federal government. The Fountain Valley resident, who ran for California governor in 2002, was taken into custody after his sentencing." The AP adds, "Assistant U.S. Attorney Sandra Brown said she believes the sentence was 'wholly appropriate' and would deter others from considering anti-tax protests." The AP adds, "Jesson pleaded guilty last June to filing a false federal tax form in May 2000. He had stated that his Huntington Beach company, No Time Delay Electronics, paid no wages in 1997 when he actually paid wages of $177,083 that year to himself and $273,236 to his wife. He also admitted to falsely obtaining a business tax refund of $215,454. … Jesson and his wife face trial in state court on six felony counts of failing to pay taxes on $3 million in income from 1997 to 1999. Jesson could get nine more years in prison and his wife a seven-year sentence if they're convicted of all counts."

GAO Finds Widespread Errors By Tax Preparers. A GAO report presented yesterday to the Senate Finance Committee notes persistent problems of tax preparers cheating on clients' returns. The Wall Street Journal (4/5, Herman, Matthews, 2.11M) reports the GAO report "detailed undercover visits by government investigators to 19 outlets of several commercial tax-preparation chains,

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which weren't identified. Staffers posed as taxpayers and asked the firms to prepare -- but not file -- federal returns under two scenarios. In 10 of the 19 cases, preparers failed to report side income that had been supplied by the taxpayer, the GAO report said. Some preparers also missed key tax-saving opportunities, such as neglecting to itemize deductions or failing to claim all available deductions, it said."

The Washington Post (4/5, D2, Crenshaw, 744K) reports that the errors sometimes amounted "to more than $1,000 in incorrect refunds and overpayments." The GAO study "was small -- only 19 returns, which the GAO cautioned cannot be used to generalize to the entire commercial return-preparation industry -- but on only two returns did the preparer produce what the agency determined was the right amount. And even those two had mistakes, though they did not A affect the final tax amount."

NBC Nightly News (4/4, story 4, 2:45, Williams, 9.87M) reported a "government study out today that documents some of the ways commercial tax preparers are doing their customers a disservice, including making significant mistakes on returns and charging taxpayers more than they should." NBC (Thompson) added, "The problems government investigators found with major tax preparer chains were widespread -- high rates for instant refunds and high fees you might not expect to pay." Sen. Max Baucus, Montana: "Frankly, I was amazed at the degree of incompetence, of unprofessionalism." Thompson: "More than half of the tax preparers the GAO visited urged people to underreport side income, the key, the GAO says, behind those high fees." And "then there are those instant refund loans. The GAO found they're often targeted to low-income taxpayers." While "the tax chains have been sued many times over these additional fees, they are legal."

Richest Americans Said To Be Reaping Windfall From Investment Tax Cuts. As Congress debates whether to make permanent President Bush's tax cuts, the New York Times (4/5, Johnston, 1.19M) reports, "The first data to document the effect of...cuts for investment income show that they have significantly lowered the tax burden on the richest Americans, reducing taxes on incomes of more than $10 million by an average of about $500,000. An analysis of Internal Revenue Service data by The New York Times found that the benefit of the lower taxes on investments was far more concentrated on the very wealthiest Americans than the benefits of Mr. Bush's two previous tax cuts: on wages and other non-investment income." According to the Times, "When Congress cut investment taxes three years ago, it was clear that the highest-income Americans would gain the most, because they had the most money in investments. But the size of the cuts and what share goes to each income group have not been known."

Wealthiest Families Increase Share Of US Net Worth. New Federal Reserve figures indicate that the share of net worth held by the wealthiest 1% of American families rose slightly between 2001 and 2004. The Wall Street Journal (4/5, Conkey, 2.11M) reports, "The top 1% held 33.4% of the nation's net worth in 2004, up from 32.7% in 2001, but still lower than a peak of 34.6% in 1995. Although the increase from 2001 is small, the data suggest that the upper strata, who saw their share of net worth decline between 1998 and 2001 as stock prices crashed, regained some of those losses by 2004."

Economists Worry Real Estate Slowdown Could Hurt Broader Economy. Economists are concerned that the housing slowdown that began late last year will hurt the broader economy more than past downturns because the economy is more dependent on housing now than it has been in n50 years. The Washington Post (4/5, D1, Irwin, 744K) reports, "By almost any measure, the U.S. economy is built on housing more than in the past. In 2005, investment in housing constituted a higher proportion of the goods and services the nation produced than it has since 1950, when the nation was experiencing a massive postwar housing boom. The proportion of jobs in real-estate-related fields is the highest it has been since at least 1970. … Now the companies that have benefited from this expansion are bracing for the great unwinding. The nation appears to be entering a period in which the role of housing in the economy is returning to something more resembling its historical norms."

2000 Fed Transcripts Said To Hold Important Lessons. Newly released transcripts show that Federal Reserve officials were bullish on tech spending through most of 2000 and may have delayed easing monetary policy out of concern for reinflating stock and bond markets. The Wall Street Journal (4/5, Ip, 2.11M) reports, "Transcripts of the Fed's deliberations through 2000, released with the customary lag yesterday, offer some lessons for today. Like in 2000, the Fed has been raising interest rates to stave off inflation. In 2000, the economy was being propelled by surging tech spending and high stock prices. Housing plays a similar role today. An important difference is that in part because of the lessons of 2000, the Fed is on the alert for any downdraft in housing."

Stocks Post Gains. Stocks gained Tuesday as investors were "cheered by the potential" for increased merger activity, the AP (4/5) reports. The Dow Jones Industrial Average rose 58.91 points to 11,203.85. The Nasdaq gained 8.62 points to 2345.36, its best close since Feb. 16, 2001, and the Standard & Poor's 500 index added 8.12 points to close at 1305.93.

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CONGRESS-ADMINISTRATION:

Bush Comments Fuel Speculation Snow Resignation Imminent. The Wall Street Journal (4/5, McKinnon, 2.11M) reports, "President Bush, fueling speculation that Treasury Secretary John Snow will depart soon, offered only muted support for the former railroad executive when asked whether he is likely to survive an expected staff shake-up. With Mr. Snow sitting next to him at a conference on health savings accounts, Mr. Bush said the Treasury secretary 'has been a valuable member of my administration, and I trust his judgment and appreciate his service.'" But "he said nothing to squash widespread talk that Mr. Snow is likely to be replaced." There has been "widespread speculation for months that Mr. Snow, who succeeded Paul O'Neill in February 2003, will leave before the end of this year." The Journal says "speculation" points to Allan Hubbard, director of the White House National Economic Council and "a longtime friend of the president," as Snow's replacement. Other "possibilities include US Trade Representative Rob Portman, a former Ohio congressman; and Steve Friedman, a former Goldman Sachs executive."

The New York Times (4/5, Bumiller, 1.19M) headlines its story "Treasury Secretary Is Said To Be Thinking Of Quitting," and reports Snow "has expressed interest in leaving his job in the next several months, a person close to him said Tuesday, as speculation raced through Washington that the White House was seeking Mr. Snow's replacement." Bush "did little to tamp down the talk." The Times adds, "When Mr. Bush has been asked in the past about whether Defense Secretary Donald H. Rumsfeld would remain in his job, he has spoken out more forcefully and enthusiastically." The Times says "names circulating in Republican circles as possibilities for the Treasury job include Stanley O'Neal, the chairman and chief executive of Merrill Lynch, and Henry M. Paulson Jr., the chief executive of Goldman Sachs." The Washington Post (4/5, Kamen, 744K) runs a similar report in its "In the Loop" column.

The AP (4/5, Riechmann) reports Bush "dodged questions Tuesday about whether he would keep…Snow in his Cabinet but said he was eager to hear recommendations for change from his new chief of staff. Some staff changes are expected when Joshua Bolten...moves into the West Wing." Bush is quoted as saying, "I told Josh that he is -- will organize the White House in such a way that he is comfortable with and that meets my needs. ... And my needs are to have good, crisp information so I can make decisions on behalf of the American people." The AP goes on to report, "Republicans close to the White House say they expect changes in Bush's communications, congressional relations and domestic policy shops." Headed by Deputy Chief of Staff Karl Rove, "the political team...is believed to be immune to change." Rumors about Snow's departure "created an awkward moment for Bush in the Roosevelt Room, where Bush discussed his initiative for health savings accounts. When a reporter asked Bush whether Snow was expected to remain in the Cabinet, the president noted that Snow was in the room. ... But he did not say whether Snow would stay."

Justice Kennedy Decries Congressional Effort To Force High Court Cameras. The Legal Times (4/5, Mauro) reports, "Supreme Court Justice Anthony Kennedy pushed back strongly Tuesday against a bill pending in the Senate that would require the Court to televise its proceedings. … 'Mandating direct televised proceedings would be inconsistent with the deference and etiquette that should apply between the branches,' Kennedy said in response to questions from House members at the Court's annual budget hearing Tuesday. 'We feel very strongly that this matter should be left to the courts.'" The Times continues, "Kennedy also spoke out forcefully in favor of a pay raise for federal judges, warning that the failure by Congress to pass salary increases is 'assuming the proportions of an historic wrong.'" The Times adds, "Every spring, justices go before a House Appropriations subcommittee seeking approval for the Court's annual budget, which next year will total $76.4 million if passed. It is a rare and often illuminating encounter between branches, with House members asking pointed questions that put justices on the spot about a range of issues. … There was some of that on Tuesday, but to an unusual degree the hearing became a platform for Kennedy and Justice Clarence Thomas to vent about actions or inactions by Congress on matters of deep interest to the high court."

The New York Times (3/5, Greenhouse) reports that Kennedy and Clarence Thomas, appearing before the House Appropriations subcommittee on transportation, treasury, judiciary, and housing and urban development on Tuesday to discuss the court's budget request, were asked by several panel members for their opinions on the issue of allowing television cameras in the high court. The Times notes that last year, Pennsylvania Sen. Arlen Specter (R), chairman of the Senate Judiciary Committee, "introduced a bill to require the Supreme Court to permit its arguments to be televised unless a majority of the justices voted to bar television on a case-by-case basis." Justice Kennedy "said it raised a 'sensitive point' about the constitutional separation of powers. 'It's not for the court to tell Congress how to conduct its proceedings,' and the reverse was also true, he said. He added, 'We feel very strongly that we have intimate knowledge of the dynamics and the mood of the court, and we think that proposals mandating and directing television in our court are inconsistent with the deference and etiquette

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that should apply between the branches.'" Justice Thomas warned "that television in the courtroom would have a negative impact on the argument sessions. 'It runs the risk of undermining the manner in which we consider cases,' he said. He added that some members of the court 'feel more strongly than others,' but that all agreed that the court should decide the issue for itself."

Spellings Defends No Child Left Behind Act. In a letter to the Wall Street Journal (4/5, 2.11M), Secretary of Education Margaret Spellings pans a March 24 editorial that criticized the No Child Left Behind program. She writes, "Few voices have been stronger in support of education reform over the years than your editorial page. Which is why it troubles me to have to respond to your March 24 editorial 'Spellings Test.' Instead of challenging reform's opponents, you found fault with its best friend. The Bush administration led the charge to pass the No Child Left Behind Act, the strongest educational accountability measure ever instituted." Through the program, "the Department of Education has challenged states that have tried to water down or wriggle out of its provisions. And we have been immovable on the 'bright line' goals of the law." Spellings continues, "We welcome everyone's effort to use the latest data in support of closing the achievement gap" but "the bottom line is that none of this activity would be happening without the No Child Left Behind Act. It has done more than raise test scores and narrow the achievement gap. It has shone a bright light on the entire public education system, so that parents are no longer kept in the dark."

Senators Will No Longer Block Highway Nominee. The Long Island Newsday/AP (4/5, De La Cruz) reports, "New Jersey's two Democratic senators on Tuesday said they will lift their block on President Bush's nominee to head the Federal Highway Administration after the agency agreed to give the state more than $150 million for transportation projects that had been in jeopardy because of a new rule. Sens. Frank Lautenberg and Robert Menendez placed a hold last week on Richard Capka's nomination to head the FHA, alleging that the agency was rescinding approvals that allowed New Jersey to spread costs for transportation projects over several years." Lautenberg is quoted as saying, "The Bush administration has blinked and promised to provide the rest of New Jersey's highway money for this year and the amount we have requested for 2007."

Boehner Says Budget Should Get To Floor This Week. Roll Call (4/5, Yachnin) reports, "Although the House Rules Committee postponed its vote Tuesday evening on setting the debate for fiscal 2007 budget resolution, Majority Leader John Boehner (R-Ohio) insisted that the measure will reach the House floor before Members depart for the two-week Easter recess. 'It will be a tough sell. We will get there,' Boehner said at a Tuesday press conference. ... 'Listen, we are going to do the budget this week. It is going to mean a lot of conversations and a lot of honest dialogue.'" Although "members of the conservative Republican Study Committee have criticized the budget resolution, Rep. Mike Pence (R-Ind.), the group's chairman, has said that the group could support the matter in exchange for leadership support of a quartet of reform proposals. ... 'I'm satisfied that negotiations are moving along,' Pence said. 'We're encouraged by the progress.'"

Centrist GOP House Members Seek Spending Increases. The Hill (4/5, Young) reports, "Three House Republicans yesterday introduced a substitute to the budget resolution that would boost discretionary spending. The centrists hope to match the success of their Senate counterparts and increase money for education, health and the Low Income Home Energy Assistance Program (LIHEAP) by $7.16 billion above the resolution marked up by Budget Committee Chairman Jim Nussle (R-Iowa). GOP Reps. Mike Castle (Del.), Nancy Johnson (Conn.) and Dave Reichert (Wash.) sponsored the substitute amendment." The three "are hopeful that the Rules Committee will allow their amendment to proceed to the floor, Castle spokeswoman Elizabeth Wenk said."

Both Parties Jostle For Advantage As DeLay Announces Resignation. Much of the coverage of Rep. Tom DeLay's announcement that he will leave Congress within the next few weeks focuses on its implications for the midterm elections. Both parties offered their analysis on DeLay's resignation. The CBS Evening News (4/4, lead story, 3:30, Borger, 7.66M) reported National Republican Congressional Campaign Committee Chairman Thomas Reynolds, reacting to the news, said "DeLay…robbed Democrats of their best issue." Reynolds was shown saying, "I don't know what their national strategy would be. They don't have Tom DeLay to kick around anymore." In an interview on MSNBC's Hardball (4/4), DeLay cast his departure as a positive development for Republicans in his Texas district and across the nation. Asked to point to one reason for his resignation. DeLay said, "The Republican majority. I've worked a long time building that majority, and helping build it, and work on it, and my constituents deserve a Republican to represent the 22nd District and now we'll have one."

Democrats disagree about the development's national impact. DCCC Chairman Rahm Emanuel said on MSNBC's Hardball (4/4), "The whole campaign is about change versus the status quo and the philosophy that….DeLay represented is still in play here." DeLay's "philosophy is the operative philosophy of the Republican Party." DNC Chairman Howard

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Dean echoed those views on CNN's The Situation Room (4/4). Asked if DeLay's resignation is good or bad for the Democrats, Dean said, "It's very good for the country. There's an awful lot of corruption, not just, of course, Tom DeLay, but Bill Frist, the leader of the Senate is under investigation for insider trading. Karl Rove still has his…security clearance, despite the fact that he has leaked information to the CIA -- for the CIA identifications in a time of war. The vice president's chief of staff is under indictment. So, this is a very deep problem, this Republican culture of corruption."

Media reports describe Republicans, including the President, as "relieved" DeLay will not be running this November. CNN's The Situation Room (4/4, Bash) reported that "privately even some of DeLay's Republican colleagues are relieved today, some saying that fair or not, he did put a cloud of scandal over the Republicans here on the Hill that they hope now they can get out from under." CNN's The Situation Room (4/4, Henry) later said, "There are absolutely no tears being shed here at the White House." DeLay "was radioactive politically. And, in fact, when the duo spoke yesterday by phone, when DeLay gave the President a head's up about this decision, there was no sign that the President tried to talk him out of it." The Washington Times (4/5, Hallow, Fagan, 90K) reports that yesterday, White House spokesman Scott McClellan was "asked whether Mr. Bush regrets the decision by his key political ally." McClellan said, "The president respects his decision. This was a decision that Congressman DeLay made." The AP (4/5, Espo) quotes Bush saying yesterday, "I wish him all the best. It had to have been a very difficult decision for someone who loved representing his district in the state of Texas." The Hill (4/5, O'Connor) notes DeLay's decision "coincides with a similar shakeup at the White House, where the president's chief of staff for the past five years offered his resignation last week."

The New York Times (4/5, Hulse, Shenon, 1.19M) reports that "privately, some senior Republicans said Mr. DeLay should have acted months ago," when lobbying Jack Abramoff "entered his guilty plea and when Mr. DeLay abandoned plans to try to regain the majority leader post he vacated after being indicted in Texas." The Times adds, "Party strategists said his decision not to seek re-election could ease the way for other embattled Republicans, with Democrats losing a prime target for their claims of widespread corruption."

Media reports are split on the political implications of the resignation, but most agree that Republicans remain in deep political trouble. Knight Ridder (4/5, Thomma) reports DeLay's "decision to retire from Congress will do little to help his embattled party retain control of the legislature in November's elections and won't erase his image as a poster child for corruption." It "leaves unchanged the larger dynamics of this year's congressional elections: deep dissatisfaction with President Bush, the war in Iraq and problems in the Republican base over such issues as immigration and federal spending." USA Today (4/5, Drinkard, 2.31M) also says "analysts saw few silver linings for the GOP," and the Baltimore Sun (4/5, Davis, Shaw, 296K), under the headline "DeLay's Decision Fuels GOP Concerns," says the congressman's move "underscored broader concerns among some Republican strategists that the still-unfolding corruption charges could cost other vulnerable lawmakers their seats this year." And "Democrats promised a push to make Republican scandals a signature theme of the elections."

USA Today (4/5, Page, Wolf, 2.31M) asks, "Is a tidal wave gathering?," and adds DeLay's announcement "signaled what Democrats hope for and Republicans fear: that Democrats could be swept into power in November by the sort of political tsunami that helped Republicans win control of Congress in 1994. 'We know that there's a hurricane coming, and it's going to hit the Republicans in November,' says Charlie Cook of the non-partisan Cook Political Report. 'We're just trying to figure out how big this thing is.'" ABC World News Tonight (4/4, story 3, 3:20, Stephanopoulos, 8.78M) offered a similar analysis of DeLay's move, saying the Texan "is a good politician. A lot of people say he sees the writing on the wall. He sees a political tsunami coming."

On NBC Nightly News (4/4, story 2, 1:40, Williams, 9.87M), Washington bureau chief Tim Russert seemed to agree that DeLay's move did not significantly help Republicans, "The legal process is going to continue to play out. Two DeLay aides already pleading guilty, another may about to do the same. This is going to involve sentencing, testimony, a whole lot more of bad news coming for the Republicans." Rep. Nancy Pelosi, the House Minority Leader, was shown saying, "This isn't just about Tom DeLay, although he's the ringleader. It's about the Republicans in Congress who enabled and benefited from this corruption."

MSNBC's Hardball (4/4, Matthews) reported, "The political future for the White House and Republicans in Congress is dodgey." Bob Shrum, also on MSNBC's Hardball (4/4), said, "We'll see a referendum on George Bush on the war in Iraq which will hurt the Republicans and Tom DeLay is the tip of the iceberg here. He's the father of the culture of corruption. But his getting out of the way is not going to remove this."

The Financial Times (4/5, Alden, Kirchgaessner) reports "a senior lobbyist with close ties to the Republican party said the resignation would likely have little impact on the Senate races this year, or on the 2008 presidential elections, but said it could hurt House Republicans. 'If you are a Republican running for the House in 2006, there is an impact,' he said."

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Some analysts, however, think DeLay's departure will help Republicans. The Philadelphia Inquirer (4/5, Polman, 423K) quotes Larry Sabato, "a nonpartisan political analyst who closely tracks voter behavior, said by phone yesterday: 'If DeLay had stayed in his reelection race, there would have been 1,000 headlines this fall about "Tom DeLay's hot race and his battle to survive." He has eliminated those headlines now. He did his party a favor. Now a different Republican can run and keep that seat for the Republicans. And every seat matters this year.'" Sabato "questions whether the Democrats can get traction with the corruption issue, now that 'their poster boy is off the wall.'"

Roll Call (4/5, Pershing) runs a similar report under the headline "DeLay's Departure A Relief For GOP," and says "with DeLay's announcement, the expected passage of 527 reform this week and consideration of a broader lobbying reform package coming after the Easter recess, House Republicans hope to finally get ahead of the ethics stories that have plagued them for the entire election cycle." The Wall Street Journal (4/5, Mullins, Rogers, 2.11M) also reports, "DeLay's decision to leave Congress is a wake-up call to his colleagues that anti-Washington sentiment is running high, which may dictate quick action on ethics legislation. … Now some Republicans say Mr. DeLay's resignation offers an incentive to act." A similar Washington Times (4/5, Bellantoni, 90K) story says "proponents of stricter lobbying laws say the resignation of embattled former Majority Leader Tom DeLay underscores the urgent need for reform."

CNN senior political correspondent Candy Crowley said on CNN's Anderson Cooper 360 (4/4), "What DeLay said, which is look, this is -- was going to be a tough election. We might lose this seat, and probably any other Republican would win it easily. Republicans are not at a place at this point in the election year when they can afford to lose any seat." Pat Buchanan said on MSNBC's Scarborough Country (4/4), "No question about it, the Republican party is going to feel better off having Tom out of there. It's better for him, better for the party."

Tom DeLay's resignation was covered by hundreds of local televisions newscasts. Often, the story noted his former aide Tony Rudy had just pleaded guilty on Abramoff related charges and that Republicans may benefit from his resignation. Some examples: WXYZ-TV Detroit (4/4, 11:36 p.m.) reported, "The bigger they are, the harder they fall. And for a decade, no one in Washington was bigger than Tom Delay." DeLay "had become a political liability for his party, as Democrats painted Tom Delay as the poster child for Washington corruption." KPNX-TV Phoenix (4/4, 4:35 p.m.) said "House Republicans are actually cheering the move saying it should give the GOP a boost with the November elections just seven months a way." KTXL-TV Sacramento (4/4, 10:18 p.m.) reported, "Analysts say the GOP is relieved."

WKYC-TV Cleveland (4/4, 11:15 p.m.) reported, "A number of Republicans were pressuring DeLay to step down." Meanwhile, WJZ-TV Baltimore (4/4, 6:43 p.m.) reported, "Democrats say that the resignation is the latest sign that the GOP is weakening and will not maintain control of Congress in the next election."

KHOU-TV Houston (4/4, 5:03 p.m.) reported, "Our political expert said even with the controversy around DeLay, the state of Texas has benefited because of the power of DeLay and it will be missed. It has been a long time since a Texan has not been running their party and that will hurt us."

The AP (4/5, Raum) calls DeLay "a symbol of the widening ethics scandal that now clouds GOP prospects for continued control. … 'It's hard to believe that in just 12 years, Republicans could end up in the same situation that it took Democrats 40 years to get in,' said Republican strategist Frank Luntz."

DeLay Says Democrats Are Criminalizing Politics. Rep. Tom DeLay was asked on Fox News' Special Report (4/4) about Democratic claims that his resignation will not stop the Republican "culture of corruption." DeLay said, "I don't think they understand it. There is no cultural corruption except theirs, lying about me, trying to work with an outrageous district attorney and being indicted on laws that don't exist. … They themselves announced this whole politics of personal destruction, criminalizing politics. That I think is a culture of corruption."

The Houston Chronicle (4/5, Mack, Mason, 581K) says DeLay "decided more than a week ago to resign his seat, disappointed with the margin of his Republican primary victory and looking at poll numbers that showed he might lose the seat in November, he said today." DeLay said in an interview with Sam Malone on KTRH-AM (740) that "he 'should have done better' than his 62 percent showing against four challengers in the March 7 primary." The Washington Post (4/5, A1, Smith, Weisman, 744K) reports DeLay "had considered resigning on several occasions over the past four months." But "he waited until after he had vanquished his challengers in the Republican primary to deny them the chance to become his successor, associates said."

The Dallas Morning News (4/5, Gillman) reports DeLay said he "hopes to put his talents to work pushing the conservative cause – without the trappings of power, the duties of high office or, perhaps, the huge political bull's-eye on his back. … 'I have a lot of friends in the conservative movement,' Mr. DeLay told MSNBC's Hardball in one of a handful of interviews he gave Tuesday. 'They value my talents, and they listen to me. I think I can work with them.'"

National Review online (4/4) last night ran a story on a "a long discussion with conservative journalists Tuesday afternoon." DeLay "attributed many of his problems to Ronnie Earle, the Texas county district attorney who has indicted DeLay on campaign-finance charges. 'He used this

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case to drag my name through the mud,' DeLay said, 'and he has abused the grand jury-process to drag my name through the mud.' The problem, DeLay explained, was the interplay of Earle's investigation and a House GOP rule that requires members of the leadership to step down if they are indicted. 'I truly believe that the only reason I was indicted is because we have that stupid rule -- that is, politically, the stupidest thing we've ever done,' DeLay said." NBC Nightly News (4/4, lead story, 2:40, Williams, 9.87M) also reported DeLay "says the Texas charges are a political vendetta and that the allegations involving Abramoff are guilt by association." However, said the CBS Evening News (4/4, lead story, 3:30, Borger, 7.66M), "Despite DeLay's public confidence, legal experts say the Justice Department is circling him."

DeLay Eligible For $65,000 Annual Pension. The Washington Post (4/5, Kamen, 744K) reports in its "In the Loop" column that resigning Rep. Tom DeLay "should do well in the private sector -- as long as he doesn't get convicted of anything serious." In addition to the "immensely profitable" speaking circuit, DeLay is "eligible for a pension of a bit over one-third of his $183,500 majority leader's salary, or about $65,000 a year, complete with health benefits and cost-of-living adjustments."

Resignation Frees DeLay To Use Campaign Funds For Legal Bills. The CBS Evening News (4/4, lead story, 3:30, Schieffer, 7.66M) reported now that DeLay "won that Republican primary, his campaign war chest is available to him to pay for all of his legal bills. Right now, he says, there's about $1.5 million in that campaign war chest, and he's got about $1 million outstanding in legal bills, and of course that could rise." NBC Nightly News (4/4, lead story, 2:40, Reid, 9.87M) also noted "hundreds of thousands of dollars in his campaign committee can now be used to pay his mounting legal bills."

However, Roll Call (4/5, Kane) notes that as it "reported in February, DeLay began earlier this year to dip into his campaign account to defray some of the costs related to the Abramoff probe. In mid-February, while still preparing for a re-election battle that he thought would cost close to $10 million, DeLay's campaign was sitting on $1.3 million." Roll Call adds, "It's unclear how much of that money was spent in beating back several challengers in the March 7 primary, or to what level the campaign fund was replenished in the final weeks of March." Moreover, DeLay "may feel peer pressure to turn over a large chunk of that cash to lawmakers or the National Republican Congressional Committee, as is allowed under the law."

Still Deadlocked, House Ethics Panel Won't Launch DeLay Probe. USA Today (4/5, Drinkard, 2.31M) reports, "The House ethics committee, inactive for more than a year because of partisan disputes, has declined to launch investigations of…DeLay and other lawmakers accused of ethical lapses." USA Today adds, "A six-hour meeting Thursday ended in partisan deadlock, according to one Republican and one Democrat familiar with the panel's deliberations. Both declined to be identified because of committee non-disclosure rules. At issue was whether the committee could begin investigations without interfering with ongoing criminal probes."

GOP Prospects In TX22 Seen As Significantly Improved. Roll Call (4/5, Drucker) reports, "With Rep. Tom DeLay (R-Texas) out of the way, Republicans concerned with holding his seat were breathing a collective sigh of relief Tuesday, while Democrats countered that the 22nd district was still theirs for the taking." DeLay's "surprise resignation announcement touched off a flurry of behind-the-scenes maneuvering Tuesday, as potential Republican candidates sought to gauge their viability as his replacement on the Nov. 7 ballot." A spokesman for the Democratic nominee, former Rep. Nick Lampson, "said the absence of DeLay and his luggage-set of ethics issues to run against would not significantly alter the ex-Congressman's strategy, nor would it hamper his fundraising effort." But "Republican officials based in the Houston area insisted that a once-competitive district in danger of being flipped by the Democrats had just turned into a walk for DeLay's as-yet-to-be-determined replacement as the Republican nominee."

USA Today (4/5, Stone, 2.31M) reports Gov. Rick Perry "is expected to call a special election to fill DeLay's term, said Eric Thode, Republican chairman of Fort Bend County in DeLay's 22nd Congressional District."

The Dallas Morning News (4/5, Nichols) reports, "One thing seemed clear Tuesday:" Lampson "has lost his biggest campaign issue: Mr. DeLay." The New York Times (4/5, Blumenthal, 1.19M) reports DeLay "told Fox News that his departure was intended to hurt Mr. Lampson. 'This is probably the worst day of his campaign because he knows that any Republican that replaces me on the ballot will win this seat,' he said."

The Houston Chronicle (4/5, Mack, Minaya, 581K) reports, "Those who acknowledged interest in the seat or were mentioned as contenders included Harris County Judge Robert Eckels, state Rep. Robert Talton, Sugar Land Mayor David Wallace, Houston City Councilwoman Shelley Sekula-Gibbs, former state District Judge John Devine and lawyer Tom Campbell, who ran against DeLay in the March Republican Primary." Harris County Republican Party Chairman Jared Woodfill "said he started receiving calls from interested officials within minutes of hearing the news of DeLay's decision." The Washington Times (4/5, Aynesworth, 90K) runs a similar report titled "Republican Contenders Eye DeLay's Seat," adding "most political analysts think that whoever gets the nod from the party has an excellent chance to win in November in the Republican-leaning district." The Times also says Woodfill "said Mr. Echols would have to be

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considered the favorite because of his lengthy public career and resulting name recognition."

On its website, Time (4/5, Hylton) reports that "late Monday night Sugar Land Mayor David G. Wallace ,44, a popular second-term city leader whose name is on the ballot for a third term in the May 13 municipal elections, confirmed that he would make a bid for the seat." Wallace "said he had heard rumbles about DeLay's decision over the weekend, and his mayoral reelection website was pulled down for a redesign immediately after the DeLay announcement."

More Commentary. The Wall Street Journal (4/5, 2.11M) says in an editorial "DeLay's decision to resign from Congress removes one large Republican liability this election year, but it hardly ends the party's political vulnerability. One pressing question is whether the GOP majority is going to use the few productive weeks it has left to establish a 2006 record and 2007 agenda that are worthy of re-election. Recent evidence is not reassuring." GOP leaders "seem determined to avoid any meaningful legislative fights, lest their own internal fissures show. … On the other hand, the biggest Republican problem now is the demoralization of their own voters. … May we suggest a Plan B? How about at least fighting for the agenda that elected them the last time?"

The Washington Post (4/5, A22, 744K) editorializes, "It's a measure of…DeLay's diminished political circumstances that those most unhappy about his abandoning his House seat are the Democrats who most revile him." The Post goes on to criticize "DeLayism," which "meant keeping a book on the partisan breakdown of political contributions from lobbyists labeled 'friendly' and 'unfriendly.' It meant strong-arming a trade group not to hire a former Democratic congressman and enlisting Federal Aviation Administration officials to track down Democrats fleeing a vote in the Texas state legislature aimed at cementing Republicans' hold on the House. Mr. DeLay offered to endorse the son of retiring Rep. Nick Smith (R-Mich.) in exchange for Mr. Smith's vote in favor of the Medicare prescription drug bill." DeLay "in his heyday got a lot done, but at a terrible cost to the institution -- and, we would argue, the party -- that he helped lead."

In an editorial titled "The Fall Of The Hammer," the New York Times (4/5, 1.19M) writes that "DeLay's political demise hardly ends the influence-peddling culture to which he devoted himself. The DeLay machine's tooth-and-claw approach to politics lives on, from the Texas delegation he brazenly gerrymandered to his quid pro quo debasing of the lobbying industry." The Times adds, "In the smarmy self-justification of Mr. DeLay's statement yesterday, he said he wanted to avoid a 'referendum on me' in November. But, of course, that's exactly what the nation needs as voters come to consider a Congress deeply embedded in the easy money and easier ethics of the DeLay era."

USA Today (4/5, 2.31M) editorializes, "DeLay's decision to resign from Congress has given House Democrats a reason to rejoice. For more than a decade, the Texas Republican infuriated and outmaneuvered them, making them feel the acute pain of their powerlessness." But "perhaps it's the Republicans who should be the most gleeful. They'll be rid of the most potent symbol of Washington arrogance and corruption."

Cris Feldman, an attorney who "was on the civil trial team that won a ruling last spring finding that TRMPAC illegally raised, spent and failed to report corporate contributions in Texas," writes in the Washington Post (4/5, A23, 744K), "The centerpiece of the Texas indictments is Texans for a Republican Majority PAC (TRMPAC), which DeLay founded and which his operatives ran, with the paid assistance of his daughter. … Corporate contributions to candidates in Texas are illegal. To make such a contribution is a third-degree felony. A contribution is considered to be the direct or indirect transfer of money, including the agreement to make such a transfer. If DeLay in any way participated in an agreement to indirectly transfer $190,000 in corporate cash to Texas candidates, he still has a problem back in Texas."

In a Washington Post column (4/5, A23), David Broder writes, "Symbolically as well as practically, the departure of Tom DeLay from Congress signals the end of an era of Republican dominance. The question now is whether the retreat that clearly has begun will turn into a rout. … Whether that translates to the specific victories needed to give Democrats an extra 15 seats and a narrow House majority cannot be guessed." But "the relief his fellow Republicans expressed that they can now recruit a fresh and presumably unscarred candidate in DeLay's Republican-leaning district shows how nervous they are about holding on to the House."

In the Washington Times (4/5, 90K), Tony Blankley writes, "Tom has served the party magnificently over the last two decades -- both as a principled conservative legislator, and as a shrewd and tireless political operator. And he has had the good judgment to exit on his own two feet. Both the Republican Party and the country are stronger and better for all that Tom DeLay has contributed. So, as a not-always-ally, I wish him Godspeed on the next leg of his journey."

Backed By Boehner, Ney Says He Won't Resign From Congress. Roll Call (4/5, Bresnahan) reports, "The stunning announcement by Rep. Tom DeLay (R-Texas) that he would resign from Congress has thrust another embattled Republican even more firmly into the spotlight: Rep. Bob Ney (R-Ohio)." Ney "went to great lengths Tuesday to deny that he had any intention of leaving office, and he received public support from his fellow Ohioan, House Majority Leader John Boehner." Boehner "said 'there's no pressure' on Ney to quit,

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although Boehner did acknowledge that Ney faces a difficult re-election battle this fall."

The Hill (4/5, Kucinich) says Ney "received calls from supporters shortly after stories that DeLay plans to resign hit the Internet on Monday night. His backers wanted to know if he was considering the same course of action." In an interview with The Hill, Ney said on DeLay's announcement, "We are two different people." Asked "whether he had received any information from the Justice Department about whether he would be indicted," he said, "I haven't heard anything."

Democrats Seek Distance From McKinney As Controversy Continues. CNN's The Situation Room (4/4, Todd) reported yesterday that while Federal prosecutors are still considering whether to file criminal charges against Rep. Cynthia McKinney for the incident involving a Capitol Police officer, there are "serious questions being raised about support for McKinney on Capitol Hill, especially among the leadership of her own party. House Democratic leader Nancy Pelosi, who could be a crucial ally on McKinney's behalf, first sought to downplay the incident last week." Pelosi was asked Tuesday whether McKinney should resign." Pelosi: "I think what happened last week was a very unfortunate incident. I think that all members of Congress like to be recognized. That's for sure. And this was a case in which she wasn't. I don't think any of it justifies hitting a police officer. I don't know if that happened. But I'm just saying if it did happen, I don't think it was justified." CNN added that Pelosi "does not appear to be alone here." House Democratic Whip Stenny Hoyer "told CNN radio reporter Lisa Goddard today, it's the responsibility of anyone who visits the Capitol, whether they are members of Congress or visitors to fully cooperate with the Capitol Police. … Now it also looks like the Congressional Black Caucus isn't exactly rushing to McKinney's side."

The New York Times (4/5, Stolberg, 1.19M) also says "Democrats tried to distance themselves from the congresswoman and some Republicans pressed for a resolution praising the police." Meanwhile, Republicans "have tried to make political hay of the episode, saying it did not comport with the Democrats' efforts to portray themselves as committed to national security. Representative Patrick T. McHenry, Republican of North Carolina, said Tuesday that he would introduce a resolution commending the police for their professionalism. A senior House Republican aide said that the resolution would probably not come to a vote, but that Republicans would probably offer comments praising the police Wednesday when a separate police-related resolution was offered." The Hill (4/5, Hearn) runs a similar story under the headline "McKinney Rebuked By Her Leader," in which it reports Pelosi "is no longer on speaking terms with McKinney." USA Today/AP (4/5) reports Rep. Mel Watt, chairman of the Congressional Black Caucus, "had no comment, a spokesman said."

The Los Angeles Times (4/5, Neuman, Timiraos, 958K) describes the original incident as "a misunderstanding," in which the officer "touched her on the shoulder and she jabbed him with her cell phone." However, it has "begun to mushroom into a racial and political furor, replete with accusations of racial profiling and threats of criminal charges."

Scores of local newscasts covered McKinney's incident. About half mentioned her supposition that her race was a factor in the confrontation. The GOP resolution in honor of the police was mentioned about a third of the time. Some examples: WSB-TV Atlanta (4/4, 11:12 p.m.) reported, "House Republicans are sponsoring a resolution to honor Capitol Police in reaction to McKinney's confrontation with a security officer and say it is a show of support for the officers." WSB-TV Atlanta (4/4, 5:32 p.m.) reported, "The bill's supporters say ignoring an officer's commands is never acceptable behavior. McKinney is not commenting on the resolution."

WRAL-TV Raleigh (4/4, 11:11 p.m.) reported, "McKinney is not getting much support from either side of the aisle over her reported scuffle with capitol police."

WCPO-TV Cincinnati (4/4, 11:13 p.m.) reported, "McKinney says her dispute with police wasn't about whether she obeyed an officer's order. She says she was inappropriately touched when the officer tried to stop her for not wearing her Congressional pin or showing ID. She refused to stop and hit the officer. McKinney has said she thinks it happened partly because she is black."

WXIX-TV Cincinnati (4/4, 10:29 p.m.) reported, "McKinney blames racial profiling and says she acted in self-defense. Critics say McKinney is playing the race card to distract from her own offense."

More Commentary. USA Today (4/5, 2.31M) editorializes, "McKinney should stop exploiting a phony race issue and apologize for her overbearing behavior. There's little doubt that Capitol Police will remember her in the future."

Roll Call (4/5) editorializes, "With the full-throated support of the House and Senate leadership, the police board should immediately call an end to the practice of allowing Members and those accompanying them to bypass magnetometers and other security measures around the Capitol complex. It's a practice we've always disliked, and one that only fuels perceptions of Congress as a pampered class. Now McKinney has given us new reason to encourage Congressional leaders to get rid of it."

GAO Criticizes Funding For Abstinence As Part Of AIDS Fight. The New York Times (4/5, Dugger, 1.19M) reports, "Insistence by Republican Congressional

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leaders that American money to fight the spread of AIDS globally be used to emphasize abstinence and fidelity is undercutting comprehensive and widely accepted aid models, the Government Accountability Office said in a report released Tuesday." The report by the GAO, "examines the effect of a mandate from Congress that at least a third of United States money to prevent the spread of AIDS worldwide be devoted to sexual abstinence and fidelity programs." It found that "the provision had limited the reach of broader strategies to fight AIDS that include the use of condoms -- a conclusion strongly contested by a senior Bush administration official."

The Wall Street Journal (4/5, Stecklow, 2.11M) reports, "In an attached response to the GAO report, government officials who oversee Mr. Bush's AIDS program said it was on track to achieve its prevention goal and noted that funding for all prevention methods had increased from previous federal initiatives."

The Washington Post (4/5, A3, Brown, 744K) says "the AIDS coordinator's office, which is in the State Department, has shown considerable flexibility in administering the rules. In June 2004, it notified Congress that it would broaden the definition of 'abstinence until marriage' to include programs that also encouraged fidelity in sexual relationships outside marriage." The office also "exempts some countries' programs from meeting the abstinence-spending target as long as the entire overseas AIDS-prevention budget meets it. Ten of the 20 countries surveyed got exemptions."

First Lady Emphasizes Homeland Defense During St. Louis Visit. Stumping for Republican Sen. Jim Talent's re-election campaign and promoting the Helping America's Youth Initiative, First Lady Laura Bush traveled to St. Louis yesterday where she trumpeted Talent's commitment to homeland defense. At a speech to about 400 Talent supporters, the Kansas City Star (4/5, Douglas, 286K) quotes Mrs. Bush as saying, "At this historic time in our country, no issue is more important than defending America. ... Thanks to the men and women of the United States military, America is winning the war on terror. ... [Sen. Talent] understands the sacrifices made by our armed services personnel, and he understands the importance of their mission." The First Lady also singled out Talent "for his work on the Senate Armed Services Committee." Although "Talent was in Washington Tuesday, chairing a defense subcommittee meeting," in his place was "his wife, Brenda, along with President Bush's uncle, William 'Bucky' Bush, and Gov. Matt Blunt's wife, Melanie."

The St. Louis Post-Dispatch (4/5, Mannies, 310K) adds, "Mrs. Bush saw counselors and teens during a private visit to a St. Charles adolescent drug treatment center operated by Preferred Family Healthcare" as "part of a series of visits Mrs. Bush is making around the country with various programs that encourage children and teens to avoid drug use or that treat those dealing with addiction." She is quoted as saying that the treatment center is "one really good example" of a good use for federal dollars. She later told at-risk teens: "You can't leave your life to luck. You can't guess. ... Think about the decisions you make."

House To Take Up Lobbying Reforms Today. House Republicans today will begin work on legislation to change lobbying disclosure requirements and house rules of conduct. CQ (4/4, Kady) reported that two committees will vote on the measure while, on the House floor, "Republicans will try to win what is expected to be a close vote on another bill (HR 513) the GOP associates with political reform. It would put new restrictions on groups known as '527s' that have become powerful voices for liberal causes."

Republicans Divided Over Limits On 527s. Republicans are divided over proposed new limits on 527s. The Hill (4/5, Schor) reports that the divisions are "pitting the conservative Club for Growth and its allies against the party's leadership." The Club for Growth argues "that a Republican-backed 527 bill, even one that relaxes caps on aggregate contributions and coordinated campaign spending, violates the party's core principle of deregulated political speech. … Co-signers of the Club's letter of opposition to the House 527 bill include Americans for Tax Reform's Grover Norquist, FreedomWorks' Matt Kibbe, Citizens Against Government Waste's Tom Schatz and conservative elder statesman Paul Weyrich. Even House Majority Leader John Boehner (R-Ohio), among his conference's leading advocates of 527 regulation, gave a nod to the bill's critics yesterday during a briefing with reporters."

WPost Says House Should Pass 527 Limits. An editorial in the Washington Post (4/5, A22, 744K) says the House should pass legislation that would require 527s "to play by the same rules as other committees that aim to influence federal elections." The Journal adds, "The usual politics of campaign finance reform -- Democrats for (at least publicly), Republicans against -- are upside down this time around. The reason is that Republicans do better than Democrats at raising the (relatively) small donations known as 'hard money,' while Democrats took the lead in the past election cycle in raising soft money for 527 groups. Connoisseurs of hypocrisy should enjoy this spectacle, but the partisan calculations are probably overstated. Democrats, with the rise of the Internet, have been improving their hard-money fundraising. Republicans are bound to draw even in the 527 race if it continues."

Senate Democrats Believe Prevention Act Will Strengthen Party's Position On Abortion. In legislation to expand access to contraceptives and sex

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education, Senate Democrats believe they have found a wedge issue to strengthen the party's position on abortion rights. The Hill (4/5, Bolton) reports, "Democratic strategists say the time is right for action because women who support abortion rights but are not politically engaged are alarmed by the confirmation of Samuel Alito as Sandra Day O'Connor's replacement on the Supreme Court and by the passage of legislation strictly curbing the availability of abortion there." The Prevention First Act, which is sponsored by Senate Minority Leader Harry Reid "has the support of Sen. Hillary Rodham Clinton (D-N.Y.), presumptive front-runner in the 2008 presidential primary and 21 other Democrats. The bill would prohibit group health plans from excluding contraceptive drugs, devices and outpatient services if they cover the cost of other prescription drugs and outpatient services. It would also require the secretary of health and human services to disseminate information on emergency contraception to healthcare providers and require hospitals receiving federal money to provide emergency contraception to victims of sexual assault."

Democrats Seen As Showing Unity While GOP Appears Divided. Time (4/4, Bacon) reported in exclusive on its web site that while the conventional wisdom in Washington has been that Republicans are "more unified and disciplined and have better-articulated ideas than Democrats, who are often at war with one another and questioning their leadership, lately "the Democrats, looking to create a campaign platform for 2006, have put out some ideas that their famously fractured party largely agrees on. … And Democrats can't be accused of lacking ideas: many of the party's most prominent leaders are putting out long tomes detailing their views." Meanwhile, Republicans "can't find much agreement" on "many key issues."

Biden Asks IG To Probe State Department Screening. Sen. Joe Biden has asked the State Department's IG to investigate whether the department has been using a political litmus test to screen applicants before sending them oversees to represent the US. Knight Ridder (4/5, Landay) reports that Biden "said in a letter to the inspector general that he was requesting the review in part because of a Dec. 2 Knight Ridder report that such a test was being used to weed out critics of the Bush administration's Iraq policy. … The story quoted current and former U.S. officials as saying that potential participants were vetted -- via Internet searches, for example -- for any comments or writings that criticized administration policies, particularly its approach to Iraq."

Bush Daughters Run In Richmond 10K Under Fake Names. The Washington Post (4/5, C3, Argetsinger, Roberts, 744K) reports in its "The Reliable Source" column that President Bush's daughters Jenna and Barbara ran a 10K through Richmond's Fan district Saturday, "but went barely detected until the Richmond Times-Dispatch put the pieces together yesterday. The paper deduced that the twins ran under the fake names of Sarah and Emily Jackson, finishing at 54:27. Jenna's boyfriend, Henry Hager, finished three minutes faster under his own name. Race director Tracey Russell told us the White House reserved slots for the twins three weeks ago; both they and the Secret Service agents who ran with them blended invisibly into the crowd."

Santorum Makes Case For Anti-Poverty Agenda. Sen. Rick Santorum of Pennsylvania, writes in the Washington Times (4/5, 90K), "Some in America have not reaped the rewards of our economic bounty; it is to help meet their needs that I have sponsored the Senate Anti-Poverty Agenda. There are three components to the anti-poverty agenda: work, investment and a neighborhood-based focus. … By keeping tax rates low, enabling low-income Americans to develop real assets and amending tax laws to encourage all Americans to give generously to our nation's charities helping those in need, we will help ensure that our economy stays strong and that ours is a nation of opportunity and prosperity for all."

OTHER NEWS:

Shareholders Push For More Disclosure Of Corporate Political Donations. The Wall Street Journal (4/5, Cummings, 2.11M) reports that the campaign for corporate disclosure of companies political donations is gaining momentum. According to the Journal, "Institutional Shareholder Services, which advises investors on how to vote their proxies, is for the first time recommending passage of a shareholder resolution requiring more oversight and disclosure of political giving. … Proponents of corporate disclosure say political giving by public companies can create risks for shareholders, particularly if the firm winds up in the middle of a political scandal."

Morris Says Clinton Has Opened Herself To Challenge From Left. Dick Morris writes in The Hill (4/5) that "Hillary Clinton bet on consensus and centrism in backing the war and an aggressive policy on terrorism — and may have bet wrong. … Hillary may have misjudged the left. She may have opened herself up to a challenge from the left over Iraq and the war on terror. She may have chosen the wrong time and the wrong issue on which to cross party lines." Morris adds, "Now she is in a fix. If she retreats and retracts her support for the war, she will become the ultimate

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weather vane, shifting with the political wind. If she adopts a pro-peace posture, she undoes all of her work to position herself as a hawkish female, able to overcome the stereotypes that hamper women who wish to be commanders in chief."

Buckley Says Clinton Is "True Contender" For White House. Conservative writer William F. Buckley said Sen. Hillary Clinton is a true contender for the White House in 2008. The New York Times (4/5, 1.19M) reports that in an interview with Bloomberg Television, Buckley said Clinton "is "' very consequential woman with an extraordinary background,'' adding that she is "a phenomenon, a woman candidate who might easily be president." The Times also reports, "Mr. Buckley suggested that he was less than impressed with the current group of potential candidates for 2008, saying, 'I don't find a commanding presence sort of knocking on the door' for the next presidential campaign."

Massachusetts To Require Residents To Carry Health Insurance. USA Today (4/5, Appleby, 2.31M) reports, "Residents of Massachusetts will be the first in the nation required to carry health insurance, just as motorists in many states are required to carry auto insurance. After months of debate, state lawmakers approved a bill Tuesday that requires individuals to have coverage and tacks a $295 per worker annual assessment on employers who don't provide it, with the aim of reducing the state's 550,000 uninsured to near zero within three years." The bill "goes to Republican Gov. Mitt Romney. He's expected to sign it because he proposed such a measure last summer."

The New York Times (4/5, Belluck, 1.19M) says the bill "does what health experts say no other state has been able to do: provide a mechanism for all of its citizens to obtain health insurance. It accomplishes that in a way that experts say combines methods and proposals from across the political spectrum, apportioning the cost among businesses, individuals and the government. … All told, the plan is expected to cover 515,000 uninsured people within three years, about 95 percent of the state's uninsured population, legislators said, leaving less than 1 percent of the population unprotected."

The Washington Post (4/5, A1, Fahrenthold, 744K) notes the bill "would require all residents to purchase health insurance or face legal penalties." Romney "said the bill, modeled on the state's policy of requiring auto insurance, is intended to end an era in which 550,000 people go without insurance and their hospital and doctor visits are paid for in part with public funds."

The Wall Street Journal (4/5, Hechinger, Amstrong, 2.11M) calls the bill "a far-reaching bid to obtain universal health-care coverage," and says the measure "requires that businesses not offering health insurance pay penalties to help cover the uninsured and uses a combination of added state spending, tax incentives, insurance subsidies and expanded government-insurance programs." The Journal adds, "Though some business groups, such as the Greater Boston Chamber of Commerce, have generally voiced support for the bill, others, especially those representing small businesses, are wary of its effects on costs and job creation. In addition, health-care experts say the plan, despite its bold claims, provides little new money to pay for health care." They "note that under Gov. Michael Dukakis, Massachusetts approved a plan for universal health coverage in the late 1980s that died because of lack of money."

Rumsfeld, Powell Eulogize Weinberger. The Washington Post (4/5, A2, Milbank, 744K) reports in its "Washington Sketch" column that former Defense Secretary Caspar Weinberger was laid to rest yesterday at Arlington National Cemetery. The Post notes that "Cold Warriors of the 20th century" including Margaret Thatcher, Jeane Kirkpatrick, Ed Meese, Frank Carlucci, John Poindexter, Jack Kemp and James Schlesinger attended. Defense Secretary Donald Rumsfeld eulogized Weinberger saying, "His goal was an era of hope and peace, one in which the people of Eastern Europe lived free, one in which the Berlin Wall no longer divided families but instead existed only in memory, or its shards sold as souvenirs." He added, "Today we live in that world, a world made safer and freer by Cold Warriors like Cap Weinberger." Former Secretary of State Colin Powell "concurred on the meaning of Weinberger, saying in his eulogy, that President Ronald Reagan "needed a champion to rebuild the armed forces of the United States to show the Soviets and the world how strength can lead to peace, and that champion was Cap Weinberger."

Boy Scouts Plan $17 Million Camp In Virginia. On the Haymarket, Virginia site where the Walt Disney Co. tried to build a theme park 12 years ago, the Boy Scouts of America is planning to open a $17 million camp catering to Cub Scouts. The Washington Post (4/5, B9, Stewart, 744K) reports, "The camp will be built and operated by the National Capital Council, which represents more than 85,000 Scouts and 23,000 volunteers in the District and 16 counties in Maryland and Virginia. It is one of the most expensive scouting construction projects in the nation, officials said, and unusual because of its focus on Cub Scouts as well as Boy Scouts. … Officials said the Scouts wanted a camp closer to Washington so that Cub Scouts, the organization's youngest members, could enjoy an overnight camping experience."

Couric To Announce Plans To Leave "Today" This Morning. Today show anchor Katie Couric plans to confirm this morning that she is leaving the show after 15 years and CBS will announce as early as today that she will

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take over the anchor chair of its evening news broadcast. The Washington Post (4/5, C7, Kurtz, 744K) reports that Couric "decided yesterday to use the occasion of her 15th anniversary, when the NBC program will be reflecting on her tenure, to look forward to the next chapter in her career, said sources at both networks and people familiar with her thinking. The sources, who first confirmed Couric's plans Monday, had expected the CBS negotiations to drag on a bit longer, but said now the network has wrapped up the negotiations and wants to go public as soon as Couric does."

Academic Paper On Pro-Israel Lobby Dismissed As "Bigotry." Eliot Cohen, a professor at Johns Hopkins University's School of Advanced International Studies, writes in the Washington Post (4/5, A23, 744K) criticizes an academic papers posted on a Harvard Web site. John Mearsheimer and Stephen Walt's "The Israel Lobby and U.S. Foreign Policy'" contends that "American national security dictates distancing ourselves from the state of Israel; that U.S. support for Israel has led to such disasters as America's status as the No. 1 target for Islamic terrorists; and that such an otherwise inexplicable departure from good sense can be accounted for only by the power of 'The Lobby' (their capitalization), an overwhelmingly Jewish force abetted by some Christian evangelicals and a gentile neocon collaborator or two, who have hijacked American foreign policy and controlled it for decades." Cohen notes, "I am a public intellectual and a proud Jew; sympathetic to Israel and extensively engaged in our nation's military affairs; vaguely conservative and occasionally hawkish. In a week my family will celebrate Passover with my oldest son -- the third generation to serve as an officer in the United States Army. … Other supposed members of 'The Lobby' also have children in military service. Impugning their patriotism or mine is not scholarship or policy advocacy. It is merely, and unforgivably, bigotry."

Iran Open To Limited Negotiations On Enrichment. Wrangling over Iran's disputed nuclear program continued on Tuesday, with the AP (4/5, Dareini) reporting, "Iran said...it is willing to negotiate with world powers on large-scale enrichment of uranium but will never give way on their key demand — to cease all enrichment, a process that can produce fuel for nuclear reactors or material for bombs. ... Foreign Minister Manouchehr Mottaki reiterated that Iran would not comply with the Security Council demand, saying the small-scale enrichment it resumed in February was strictly for research and was within its rights." Mottaki is quoted as saying, "The enrichment of uranium...is Iran's right as defined as a signatory to the Nuclear Non-Proliferation Treaty. ... One thing we can't give up and that is the right of the Iranian nation. ... We can't hold a dialogue with any country about giving up our rights." Mottaki "added, however, that Iran was prepared to talk to the international community about large-scale enrichment."

Harman Calls US Intelligence On Iran Insufficient. With tensions increasing over Iran's controversial nuclear program, the AP (4/5, Shrader) reports, "US intelligence information on Iran is inadequate and may contain misinformation that spy agencies are accepting as solid, the top Democrat on the House Intelligence Committee said Tuesday. Rep. Jane Harman, D-Calif., told a Council on Foreign Relations gathering that she and other lawmakers recently received a briefing from intelligence agencies based on information shared with the International Atomic Energy Agency and the UN Security Council. Her bottom line: 'I remain skeptical — lots of unanswered questions.'" She is later quoted as saying, "The conjecture that I have is that if I were Iran, and I wanted to put out disinformation, it might look a lot like what our government is claiming is information. ... I can't tell you that's true, but I can't tell you it's not true."

Iran Runs War Games On State Television. Fox News' Special Report (4/4, Baier) reported, "Iran's five-day military show and tell continued today. War games called the Great Prophet broadcast on state-run television. This time the Iranians unveiled what they called a super modern flying boat. It takes off from the water's surface. They claim it's undetectable by radar and able to launch missiles while traveling at high speeds. The flying boat tests come one day after a high-speed torpedo test. … The Iranian foreign minister said today the war games are designed to send a message that Iran can defend itself." Fox added, "US Intelligence officials and military analysts say Iran's videotaped tests are likely happening for two reasons. One, to try to intimidate the international community as negotiations over Iran's nuclear program continue, and two, to send a message to the Iranian people that the country has an effective military in case of an invasion."

In related coverage, the AP (4/5, Dareini) cites "a top Iranian military official [as saying] Tuesday the country can now defend itself against any invasion originating from outside the region — a clear reference to the United States — as it tested a second new radar-avoiding missile. ... Shortly after the test, the chief of the elite Revolutionary Guards, Gen. Yahya Rahim Safavi, warned that Iran was now able to 'confront any extra-regional invasion,' referring to the United States without mentioning it by name. 'The missile command of the Guards' naval force...via positioning various types of surface-to-sea missiles, is able, while defending the coastlines and islands, to confront any extra-territorial invasion,' the official Islamic Republic News Agency quoted Safavi as saying. Safavi also called for foreign forces to leave the region." He is quoted as saying, "Iran wants durable peace in the Persian Gulf and it can't be achieved

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without foreign forces and those which invaded Iraq leaving (the region)."

Some Experts Say New Iranian Weapons May Originate In Russia. The AP (4/5, Keath) reports, "Iran has unveiled with great fanfare a series of what it portrays as sophisticated, homegrown weapons — flying boats and missiles invisible to radar, torpedoes too fast to elude. But experts said Tuesday it appears much of the technology came from Russia and questioned Iran's claims about the weapons' capabilities. Still, the armaments, tested during war games by some 17,000 Revolutionary Guards in the Persian Gulf, send what may be Iran's real message: its increased ability to hit oil tankers if tension with America turns to outright confrontation."

Israeli Missile Strike Hits Base In Abbas Compound. The AP (4/5, Barzak) reports, "Israeli warplanes fired three missiles into the Gaza compound of Palestinian President Mahmoud Abbas on Tuesday in response to Palestinian rocket fire — the first such Israeli attack since the violent Islamic group Hamas took power last week." According to the AP, "Abbas denounced the air strike and called for international intervention to stop what he called Israel's 'destruction for the sake of destruction.' He said he contacted 'the UN, Russia, the EU and Arab states and told them that these actions complicate daily life and affect our human and social status.'" Although "Hamas does not appear to be directly responsible for the rocket attacks on Israel, its leaders have said militants who attack Israel will not be arrested."

Hamas Foreign Minister Plans China Visit. After a visit by Hamas leaders to Moscow last month drew fire from the group's detractors, AFP (4/5) reports, "Palestinian foreign minister Mahmud al-Zahar announced plans to visit China as Beijing became the latest power to reach out to Islamists Hamas despite a Western boycott. 'We are going to visit China and we have let the ambassador know,' Zahar...told reporters after meeting the Chinese envoy to the Palestinian territories, Yang Weiguo." Israel immediately criticized the idea. Foreign ministry spokesman Mark Regev is quoted as saying, "Anyone who recognizes the Hamas government without this movement bending to the demands of the international community in recognizing Israel, renouncing terrorism and accepting agreements, helps to maintain its extremist positions."

Rice Could Face Skeptical Reception As She Presents US-India Nuclear Deal To Congress. While Congress frets over Delhi's ties with Iran and other issues as it considers the landmark US-India nuclear deal signed last month, the Washington Post (4/5, A17, Linzer, 744K) reports, "Secretary of State Condoleezza Rice will address those concerns and others when she testifies today before the House and Senate foreign relations panels on details of the unfinished agreement, in which the United States would provide India with civilian nuclear technology. She faces pressure from Republican and Democratic lawmakers, some of whom are pushing for changes to the deal out of concern about nuclear proliferation." The Post cites "a letter yesterday [in which] a bipartisan group of nuclear experts urged lawmakers not to authorize technology transfers until India stops producing nuclear weapons material, as the United States, Britain, France, Russia, and China are believed to have done. In response, some administration officials said Rice could announce a new push for an international treaty to end production of all fissile material."

India Nuclear Deal Prompts Heavy Lobbying, For And Against. As Rice prepares for her presentation, Roll Call (4/5, Ackley) reports, "If Daryl Kimball has it his way...Rice will have a bumpy ride today during her back-to-back appearances before Senate and House committees. ... Kimball, executive director of the Arms Control Association, opposes the deal and has spent the days leading up to Rice's testimony trying to make sure Members ask her the toughest of questions. 'We want them to ask her what the potential impact of this will be on the 45-nation Nuclear Suppliers Group. ... [Back then] India used peaceful nuclear assistance to develop its first nuclear bomb test.'" Backing the deal will be the Indian embassy, Indian-American lobbying groups, and, of course, Rice herself. Sanjay Puri, chairman of the US India political action committee, is quoted as saying, "A lot of work is going on behind the scenes to explain the background on the deal, the fine print and how it is beneficial to America. ... We have about 30,000 members around the country, and obviously we've reached out to all our people who are active in every state and have strongly urged them to reach out to Members of Congress and Senators."

Iran Sanctions Bill Could Determine Nuclear Deal's Destiny. The Hill (4/5, Mikhail) reports, "A potential standoff involving dueling Iran sanctions bills could determine the fate of a civilian nuclear-cooperation deal with India — a deal that is a high priority for President Bush. The White House is in the politically awkward position of asking Congress to ratify the high-profile nuclear deal with India while fending off Iran-related legislation that could threaten the US-India pact. Rep. Ileana Ros-Lehtinen (R-Fla.) and Sen. Rick Santorum (R-Pa.) have introduced bills that seek to cut off funds from Iran that could be applied toward attaining or creating nuclear weapons, enhancing provisions of the Iran and Libya Sanctions Act (ILSA)." The House version, however, "which has 355 co-sponsors, including most members of the Republican and Democratic leadership, provides less flexibility to the president to determine whether to apply such sanctions." According to The Hill, "Recent actions in the

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House have substantially increased the likelihood of overlapping discussions of the Iran sanctions bill and the nuclear deal. The legislation was voted out of the International Relations Middle East subcommittee in April 2005 but was not scheduled for a full-committee markup vote until a day before Hyde and Rep. Tom Lantos (D-Calif.)...introduced the enabling legislation for the nuclear deal with India this March." That said, Sam Stratman, a spokesman for International Relations Committee Chairman Henry Hyde (R-Ill.), is quoted as saying, "It would be very premature to draw any linkages to the fate of these very different pieces of legislation.'

Former Defense Secretary Cohen Backs India Deal. In a Wall Street Journal (4/5, A20, 2.11M) op-ed, former Secretary of Defense William Cohen writes that "this agreement is key to moving forward in a number of areas of mutual advancement. Some detractors say that it is imperfect and will harm long-held nuclear nonproliferation goals. On balance and over the long term, however, I believe the US stands to gain far more than it will lose by implementing this agreement." He adds, "Make no mistake, this agreement with India is by no means perfect and the Bush administration could have done a much better job in consulting with Congress first." But "if the agreement is rejected in Washington or New Delhi, it is unlikely that India will be able to go forward with further development of its civilian nuclear power generation capability. This will add significant new pressure to the oil market and also force India to burn more coal. Both of these outcomes will damage US economic and environmental objectives." Cohen concludes, "Fundamentally upgrading the US-India relationship represents one of the most important strategic innovations in American foreign policy since the end of the Cold War. Congress should recognize and consider carefully this reality during its deliberations on the civilian nuclear agreement."

US-Russian Relationship Increasingly Testy. The AP (4/5, Ingram) reports, "Like an aging couple, Russia and the United States seem to spend more time squabbling over what divides them than building on their shared interests. Whether it's Iran, the Palestinian militant group Hamas or democracy movements in former Soviet republics, Moscow and Washington increasingly find themselves staring warily at one another across the fence." The story goes on to cite recent quarrels over proposed Russian membership in the WTO and allegations that Russia forwarded to Saddam Hussein intelligence on US troop movements during the 2003 invasion -- among a litany of other sticking points. Ivan Safranchuk, who heads of the Moscow office of the Washington-based Center for Defense Information, is quoted as saying, "There have always been differences, but from time to time they were put aside for shared values: nuclear disarmament, euphoria over the end of the Cold War, the fight against terrorism, things that pushed everything else into the shadows. ... But in the periods of thaw, Russia and the US didn't create any stable mechanisms to solve problems."

Hughes To Lead US Delegation To Benin. The Washington Post (4/5, Kamen, 744K) reports in its "In the Loop" column, "President Bush announced yesterday that he has selected Karen P. Hughes, undersecretary of state for public affairs, to lead the U.S. delegation to the inauguration tomorrow of President-elect Thomas Yayi Boni of the beautiful West African Republic of Benin."

DHS Near Agreement With China On Illegal Immigrants. The Washington Times (4/5, A1, Hudson, 90K) reports in a front page story that the Department of Homeland Security "is near an agreement with China to return up to 39,000 Chinese illegally living in the U.S. to the communist country, which previously had refused to accept deportations." Secretary Michael Chertoff "said the tentative agreement, which would let the U.S. deport Chinese illegals as they are arrested, will act as a deterrent to other foreign nationals contemplating illegal immigration."

Tokyo Conference Could Stimulate Stalled North Korea Talks. The Washington Post (4/5, A18, Faiola, 744K) reports that an upcoming private sector conference in Tokyo is "fueling hopes of unofficial meetings that could help restart the long-stalled negotiations [with North Korea]." The conference marks "the first time that leading delegates from all six [countries involved] will be at the same forum since November." However, the Post reports that "diplomats said it was too early to tell whether any talks with the North Koreans would take place."

Syrian Regime Cracks Down On Domestic Critics. The New York Times (4/5, Slackman, 1.19M) reports that Damascus is "aggressively silencing domestic political opposition while accommodating religious conservatives to shore up support across the country." Syrian officials apparently feel "a growing sense of confidence due to shifts in the Middle East in recent months."

Muslim Scholars Exempt One Danish Firm From Boycott. The New York Times (4/5, Fattah, 1.19M) reports that a group of Muslim scholars has recommended "that the company Arla Foods 'should be withdrawn from the boycott on Denmark," after "Arla placed full-page advertisements in Arab newspapers last month condemning the cartoons as an insult to Islam." However, the Times says that "many retailers said they intended to keep Danish goods, including Arla's, off their shelves."

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Pakistan Pressures Foreign Students To Leave Madrassahs. The Christian Science Monitor (4/5, Montero, 61K) reports that "Pakistan has banned foreigners…from madrassahs after it was discovered that one of the London bombers had visited a Pakistani madrassah." Officially, 65 percent have left, but the Monitor reports that the foreign students "come with long experience in Western classrooms, and could form a bridge between Western and Islamic worldviews and systems of thought."

Kuwaiti Women Vote, Run For Office For First Time. The Christian Science Monitor (4/5, Etheridge, 61K) reports that a Tuesday by-election in Kuwait City "is the first in which women have been able to vote since the National Assembly approved universal suffrage last year." Two women ran for office. The election is "considered a test case for 2007 parliamentary polls."

Thai Premier Says He Will Step Aside. After months of protest and an opposition boycott of elections last Sunday, the Washington Post (4/5, A17, Sipress, 744K) reports, "Prime Minister Thaksin Shinawatra announced Tuesday that he would resign in an effort to end months of demonstrations that have shaken Thailand. He pledged to leave office as soon as a new parliament convenes. 'I want all Thais to reunite,' he said in a brief televised address to the nation. ... 'We have no time to quarrel. I want to see Thai people unite and forget what has happened.'" The New York Times (4/5, Fuller, 1.19M) notes, "It was a sudden reversal for Mr. Thaksin. ... While he was loved in the countryside, he was despised by the Bangkok elite, who accused him of using his political power to further his business interests. They also accused him of worsening the Muslim insurgency in southern Thailand, stifling media independence, fostering a culture of corruption in government contracts and allowing the police to conduct hundreds of extrajudicial killings, a charge the prime minister has brushed aside."

Sri Lankan Candidate Vows To Reform UN. According to the Washington Times (4/5, Behn, 90K), Jayantha Dhanapala said "that as secretary-general, he would push ahead with reforms to the world organization and take a more proactive stance toward "what is evil and wrong with the world." Dhanapala is in Washington to promote "his reformist agenda and bridge-building style."

De Villepin Defies Renewed Demonstrations Over Labor Law. The New York Times (4/5, Sciolino, Smith, 1.19M) reports that French Premier Dominique de Villepin vowed, ""The government will not give in" to labor-law protestors. More demonstrations occurred on Tuesday, but the Times reports that "the clashes seemed less fierce than those of just a week ago." USA Today (4/5, 2.31M) says that protesters were unmoved by "President Jacques Chirac's promise Friday that the law would not be implemented until Parliament watered it down." USA Today also reports that in spite of de Villepin's stance, "there were signs…that Parliament was ready to negotiate with trade unions." The Washington Post (4/5, A17, Moore, 744K) says that the demonstrations amount "to an outpouring of discontent with an aging leadership" and that "in the past, such huge displays of public anger have resulted in governments collapsing."

Former British Spy Killed In Northern Ireland. The Washington Post (4/5, A20, Pogatchnik, 744K) reports that admitted British informant and former Sinn Fein legislative chief Denis Donaldson "was found fatally shot Tuesday." Donaldson had admitted in December that he had been on the British payroll "for two decades." The Post writes that "the killing appeared certain to harden Protestant opinion against cooperating with Sinn Fein." The New York Times (4/5, Lavery, 1.19M) reports that "the I.R.A. denied any involvement." USA Today (4/5, 2.31M) also ran a brief story on the murder.

NYTimes Column Comments On Rice-Straw Trip's Gender Issues. New York Times (4/5, 1.19M) columnist Maureen Dowd writes that the British were "were fascinated with the Condi Rice and Jack Straw two-for-the-road odyssey." She adds that "the British are used to iron ladies" and recalls "chauvinist" US reaction to Geraldine Ferraro's 1984 vice presidential candidacy.

NYTimes Editorial Criticizes Arroyo. An editorial in the New York Times (4/5, 1.19M) says that "President Gloria Macapagal Arroyo has completely lost touch with the ideals that inspired that 1986 'people power' movement." It urges President Bush to warn her that her "increasingly authoritarian tendencies" are "making her country far more vulnerable to terrorist pressures."

THE BIG PICTURE:

Headlines From Today's Front Pages.

Los Angeles Times:

"L.A. OKs 'Historic' Homeless Plan."
"Insurers Saw Record Gains In Year Of Catastrophic Loss."
"Chief 9/11 Architect Critical Of Bin Laden."
"Rumble In The Jungle Over Oil."
"GOP Woes Not Likely To Leave With DeLay."
"Links Between Pellicano, Director Come Into Focus."
"Couric Is Set To Join CBS News As Anchor."

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USA Today:
"Second Homes 40% Of Market."
"US Urged To Apologize For 1930s Deportations."
"Third Of Kids Tip Scales Wrong Way."

New York Times:
"Hussein Charged With Genocide In 50,000 Deaths."
"Massachusetts Sets Health Plan for Nearly All."
"Syria Imposing Stronger Curbs On Opposition."
"A Partisan Leaves; Will An Era Follow Suit?"
"Big Gain For Rich Seen In Tax Cuts For Investments."
"Families With Full Plates, Sitting Down to Dinner."

Washington Post:
"Terrapins Land on Top of the World."
"Mass. Bill Requires Health Coverage."
"DeLay Departing On Own Terms."
"GWU President Says He Will Step Down In 2007."
"Walter Reed's World Of Hurt, Hope."
"Democracy In Iraq Not A Priority In US Budget."

Washington Times:
"French Protests Persist."
"House GOP Lacks Agenda, DeLay Says."
"Chief Says Officer Was Right To Halt McKinney."
"U.S. Near Deal With China On Illegals."
"Visions Of A Civil War Battlefield."
"Episcopalians Consider Freeze On Gay Bishops."
"Utilities Face Financial Squeeze, Agencies Warn."

Detroit Free Press:
"GM's Wagoner: Now Is Not The Time To Panic."
"Detroit Is Knee-Deep In Garbage Problems."
"Man Wonders: Could My Dad Be The Oakland County Child Killer?"

Atlanta Journal-Constitution:
"Georgia Forestland In $6.1 Billion Deal."
"Scandal Throws Kia Off Schedule."
"Judge Voids Boy's Murder Plea."
"UGA May Bounce Hardcore Boozers."

Dallas Morning News:
"DeLay Says He'll Lead From The Outside."
"Area Avoids Bubble Trouble."
"Couric Poised To Be First Woman To Fly Solo As A Network Anchor."
"State Wants Corridor To Shadow I-35."
"Senate Plan Would Treat Immigrants Based On Time In US"

Houston Chronicle:
"Scramble Begins Without DeLay."
"More Spending By Slade Detailed."
"Ailment Sidelines Lay's Lead Attorney."
"NBC's Couric May Say Today She's CBS' Newswoman."

Story Lineup From Last Night's Network News:
ABC: Congress-Child Porn; Child Porn Victim; DeLay Retirement; Landrieu-Nominations; Saddam-Kurd Genocide; France-Labor Protests; 9/11 Movie; TN-Tornado Damage; Indian Casinos-Sexual Harassment; Clock Event; Iraq KIAs Memorial.
CBS: DeLay Retirement; Hurricane Season-Gulf Coast; Landrieu-Nominations; Congress-Child Porn; France-Labor Protests; Saddam-Kurd Genocide; Iraq-Sadr City; No Child Left Behind-Status; Hollywood-Wiretapping Case.
NBC: DeLay Retirement; DeLay Retirement-Analysis; TN-Tornado Damage; Tax Preparer Schemes; Stock Markets; Saddam-Kurd Genocide; France-Labor Protests; Katrina-Traumatized Children; Delta Airlines-Strike; Connecticut-Murdered Investor; Sleep Problems-Consequences; Cancer-Aspartame; Cancer-Sun's Benefits; Date Anomaly.

Story Lineup From This Morning's Radio News Broadcasts:
ABC: DHS Deputy Press Secretary Arrested; Congress-Online Child Porn; WI-Iraq referendums.
CBS: DHS deputy press secretary arrested; MA-health insurance bill; Saddam trial; WI-Iraq referendums; Study-ginger anti-cancer benefits; NCAA women's championship; Wall Street.
NPR: DHS Deputy Press Secretary Arrested; DeLay Resignation; CA-Levee Breaks; Red River Flooding; Wall Street; DE-Military Plane Crash; France-Jobs Law Protests; NCAA Women's Championship.

WASHINGTON'S SCHEDULE:

Today's Events In Washington.
White House:

PRESIDENT BUSH — Breakfast with bicameral Republican Congressional leadership, Oval Office, The White House, closed press; participates in a panel discussion on health savings accounts, Playhouse on the Green, Bridgeport, Conn.

VICE PRESIDENT CHENEY — No public schedule.

US Senate: 9:30 a.m. ARMED SERVICES _ Full committee. Hearing on U.S.-India atomic energy cooperation. Location: Room SH-216, Hart.

9:30 a.m. ARMED SERVICES _ Emerging Threats and Capabilities Subcommittee. Hearingon the FY07 budget for combating terrorism. Assistant Defense Secretary Thomas W. O'Connell; Vice Adm. Eric T. Olson, deputy commander, U.S. Special Operations Command; Retired Vice Adm. John Scott Redd, director, National Counterterrorism Center; Jeffrey N. Rapp, director, Joint Intelligence Task Force-Combating Terrorism, Defense Intelligence Agency.

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Location: Room 222, Russell. Notes: Closed session, with open session following in Room 222 Russell.

9:30 a.m. ENVIRONMENT AND PUBLIC WORKS _ Full Committee. Hearing on the nomination of Richard Capka to be administrator of the Federal Highway Administration. Location: Room 628, Dirksen.

9:30 a.m. FOREIGN RELATIONS _ Full Committee. Hearing on the Indian government's nuclear plan. Secretary of State Rice. Location: Room 216, Hart.

9:30 a.m. INDIAN AFFAIRS _ Full Committee. Hearing on methamphetamine abuse in Indian regions. William P. Ragsdale, director, Bureau of Indian Affairs; Christopher B. Chaney, deputy director, Office of Law Enforcement Services, Bureau of Indian Affairs; Jerry Gidner, deputy director, Tribal Services, Bureau of Indian Affairs; Robert G. McSwain, deputy director, Indian Health Service, HHS; Jon Perez, director, Division of Behavior Health, Indian Health Service; Anthony Dekker, associate director, Clinical Services, Phoenix Indian Medical Center, Phoenix; Matthew H. Mead, U.S. Attorney's Office, Wyoming; Kathleen Wesley-Kitcheyan, chairwoman, San Carlos Apache Tribe; Ivan Posey, chairman, Wind River Eastern Shoshone Tribe; Joseph A. Garcia, president, National Congress of American Indians; Gary Edwards, chief executive officer, National Native American Law Enforcement Association; Karrie Azure, North Dakota Intertribal Justice Program on Methamphetamine. Location: Room 485, Russell.

10 a.m. FINANCE _ Full Committee. Hearing on pending nominations. Location: Room 215, Dirksen.

10 a.m. HEALTH, EDUCATION, LABOR AND PENSIONS _ Bioterrorism and Public Health Preparedness Subcommittee. Hearing on all hazards medical responses. Panel 1: John Agwunobi, MD, assistant secretary for health, HHS; Ellen Embrey, deputy assistant secretary of defense for force health protection and readiness; director, Deployment Health Support; DOD; Lawrence Deyton, MSPH, MD, chief public health and environmental hazards officer, Department of Veterans Affairs. Panel 2: Thomas V. Inglesby, MD, chief operating officer and deputy director, Center for BioSecurity, University of Pittsburgh Medical Center; Richard Serino, chief of department, Boston Emergency Medical Services; Eddy Bresnitz, MD, deputy commissioner/state epidemiologist, Public Health Services Branch, New Jersey Department of Health and Senior Services; and Rob Gougelet, MD, director of emergency preparedness, Dartmouth-Hitchcock Medical Center. Location: Room 430, Dirksen.

10 a.m. HOMELAND SECURITY AND GOVERNMENTAL AFFAIRS _ Full Committee. Hearing on the Green Lane Maritime Cargo Security Act. Deputy DHS Secretary Michael P. Jackson; Capt. Jeffrey W. Monroe, director, Department of Ports and Transportation, Portland, Maine; M. R. Dinsmore, CEO, Port of Seattle, Wash.; Andrew Howell, U.S. Chamber of Commerce; James P. Hoffa, general president, Teamsters Union. Location: Room 342, Dirksen.

10:30 a.m. APPROPRIATIONS _ Legislative Branch Subcommittee. Hearing on the FY07 appropriations for the Sergeant of Arms and the Capitol Police. William Pickle, sergeant-at-arms and doorkeeper, Senate; Wilson Livingood, chairman, Capitol Police Board and Capitol Guide Service; Alan Hantman, member, Capitol Police Board and Capitol Guide Service; Christopher McGaffin, acting chief, U.S. Capitol Police. Location: Room 138, Dirksen.

2 p.m. APPROPRIATIONS _ Commerce, Justice and Science Subcommittee. Hearing on FY07 appropriations for the Justice Department. Attorney General Alberto R. Gonzales; FBI Director Robert Mueller; Karen Tandy, administrator, Drug Enforcement Administration; Carl J. Truscott, director, Bureau of Alcohol, Tobacco, Firearms and Explosives; John Clark, director, U.S. Marshals Service. Location: Room 192, Dirksen.

2:30 p.m. APPROPRIATIONS _ Energy and Water Subcommittee. Hearing on FY07 appropriations for the Army Corps of Engineers. Assistant Army Secretary John Paul Woodley; Corps Commander Lt. Gen. Carl Strock. Location: Room 138, Dirksen.

2:30 p.m. COMMERCE, SCIENCE AND TRANSPORTATION _ Global Climate Change and Impacts Subcommittee. Hearing on the currenyt and future role of science in the Asia Pacific partnership. James L. Connaughton, Chairman, Council on Environmental Quality; David Montgomery, CRA International; Margo Thorning, American Council for Capitol Formation; David D. Doniger, Natural Resources Defense Council. Location: Room 562, Dirksen.

2:30 p.m. ENERGY AND NATURAL RESOURCES _ Public Lands and Forests Subcommittee. Hearing on the 2005 wildfire season and preparations for the 2006 season. Undersecretary of Agriculture Mark Rey; Tom Harbour, Forest Service; Deputy Assistant Interior Secretary Nina Rose Hatfield. Location: Room 366, Dirksen.

2:30 p.m. ENVIRONMENT AND PUBLIC WORKS _ Full Committee. Confirmation hearing on pending nominations. Location: Room 628, Dirksen.

2:30 p.m. FOREIGN RELATIONS _ European Affairs Subcommittee. Hearing on Islamist extremism in Europe. Location: Room 419, Dirksen.

2:30 p.m. HOMELAND SECURITY AND GOVERNMENTAL AFFAIRS _ Federal Financial Management, Government Information and International Security Subcommittee. Hearing on federal funds for museums. David Ucko, NSF; Edward Able Jr., American Association of Museums. Location: Room 342, Dirksen.

2:30 p.m. SELECT INTELLIGENCE _ Full Committee. Markup of pending legislation. Closed. members only. Location: Room 219, Hart.

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3 p.m. ARMED SERVICES _ Readiness and Management Support Subcommittee. Hearing on improving contractor incentives. Undersecretary of Defense Kenneth Krieg; Comptroller General David Walker. Location: Room 222, Russell.

US House: FLOOR SCHEDULE _ 10 a.m. Meets for legislative business. Highlights: Suspensions (13 bills): 1) H.R. 3127 - Darfur Peace and Accountability Act of 2006; 2) H.Con.Res. 320 - Calling on the Government of the Socialist Republic of Vietnam to immediately and unconditionally release Dr. Pham Hong Son and other political prisoners and prisoners of conscience, and other purposes; 3) H.Res. 578 - Concerning the Government of Romania's ban on intercountry adoptions and the welfare of orphaned or abandoned children in Romania; 4) H.Con.Res. 360 - Authorizing the use of the Capitol Grounds for the National Peace Officers' Memorial Service; 5) H.Con.Res. 371 - Honoring and congratulating the Minnesota National Guard, on its 150th anniversary, for its spirit of dedication and service to the State of Minnesota and the Nation and recognizing that the role of the National Guard, the Nation's citizen-soldier based militia, which was formed before the United States Army, has been and still is extremely important to the security and freedom of the Nation; 6) H.Con.Res. 370 - Expressing the sense of the Congress that Saudi Arabia should fully live up to its World Trade Organization commitments and end all aspects of any boycott on Israel; 7) H.Res. 737 - Supporting the goals and ideals of Financial Literacy Month, and for other purposes; 8) H.R. 4688 - Mayor John Thompson 'Tom' Garrison Memorial Post Office Designation Act; 9) H.R. 4561 - Francisco 'Pancho' Medrano Post Office Building Designation Act; 10) H.R. 4646 - Coach John Wooden Post Office Building Designation Act; 11) H.Res. 556 - Expressing the sense of the House of Representatives that a National Methamphetamine Prevention Week should be established to increase awareness of methamphetamine and to educate the public on ways to help prevent the use of that damaging narcotic; 12) H.Con.Res. 366 - To congratulate the National Aeronautics and Space Administration on the 25th anniversary of the first flight of the Space Transportation System, to honor Commander John Young and the Pilot Robert Crippen, who flew Space Shuttle Columbia on April 12-14, 1981, on its first orbital test flight, and to commend the men and women of the National Aeronautics and Space Administration and all those supporting America's space program for their accomplishments and their role in inspiring the American people; 13) H.Res. 541 - Honoring Drs. Roy J. Glauber, John L. Hall, and Theodor W. Hansch for being awarded the Nobel Prize in Physics for 2005, and Drs. Yves Chauvin, Robert H. Grubbs, and Richard R. Schrock for being awarded the Nobel Prize in Chemistry for 2005, and for other purposes.

9 a.m. FINANCIAL SERVICES _ Housing and Community Opportunity Subcommittee. Hearing on reforms in the Federal Housing Administration. Federal Housing Commissioner Brian Montrgomery; Stella Adams, Board Member, The National Community Reinvestment Coalition; Gerald M. Howard, Executive Vice President and CEO, National Association of Home Builders; Regina Lowrie, Chairwoman, Mortgage Bankers Association of America; A.W. Pickel, III, President and CEO, Leader One Financial Corporation. Location: Room 2128, Rayburn.

9:15 a.m. RESOURCES _ Forests and Forest Health Subcommittee. Hearing on pending legislation. Location: Room 1310, Longworth.

10 a.m. APPROPRIATIONS _ Science, State, Justice, Commerce and Related Agencies Subcommittee. Hearing on FY07 appropriations for the Commerce Department. Secretary Gutierrez. Location: Room H-309, Capitol.

10 a.m. APPROPRIATIONS _ Transportation, Treasury, HUD, the Judiciary and the District of Columbia Subcommittee. Hearing on FY07 appropriations for the Treasury Department. Secretary Snow. Location: Room 2358, Rayburn.

10 a.m. APPROPRIATIONS _ Energy and Water Development and Related Agencies Subcommittee. Hearing on FY07 appropriations on energy supply and conservation. Undersecretary of Energy David Garman; Shane Johnson, acting director, Office of Nuclear Energy; Douglas Faulkner, acting assistant secretary of Energy; Jeffrey Jarrett, assistant secretary of Energy; Kevin Koleva, director, Electricity Delivery and Energy Reliability. Location: Room 2362B, Rayburn.

10 a.m. APPROPRIATIONS _ Interior, Environment and Related Agencies Subcommittee. Hearing on the FY07 National Park Service budget. NPS Director Fran Mainella; Deputy NPS Director Steve Martin; Comptroller Bruce Shaeffer. Location: Room B-308, Rayburn.

10 a.m. APPROPRIATIONS _ Military Quality of Life and Veterans Affairs, and Related Agencies Subcommittee. Hearing on implementary of the 2005 base closings. Assistant Army Secretary Keith Eastin; Assistant Navy Secretary B.J. Penn; Assistant Air Force Secretary William Anderson. Location: Room H-143, Capitol.

10 a.m. ARMED SERVICES _ Full Committee. Hearing on major defense acquisition initiatives. Adm. Edmund P. Giambastiani, vice chairman, Joint Chiefs of Staff; Undersecretary of Defense Tina Jonas; Undersecretary of Defense Kenneth Krieg; Comptroller General David M. Walker, GAO. Location: Room 2118, Rayburn.

10 a.m. GOVERNMENT REFORM _ Regulatory Affairs Subcommittee. Hearing on the Sarbanes-Oxley Act. Location: Room 2141, Rayburn.

10 a.m. JUDICIARY _ Full Committee. Markup of H.R. 4975 - Lobbying Accountability and Transparency Act; H.R.

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3509 - Workplace Goods Job Growth and Competitiveness Act. Location: Room 2141, Rayburn.

10 a.m. SCIENCE _ Full Committee. Markup of pending legislation. Location: Room 2318, Rayburn.

10 a.m. SMALL BUSINESS _ Full Committee. Hearing on IRS enforcement and small businesses. IRS Commissioner Mark Everson; Thomas L. Sullivan, chief counsel, Office of Advocacy, SBA; Kevin Brown, commissioner, Small Business/Self-Employed Division, IRS; Nina Olson, national taxpayer advocate, IRS; John Satagaj, president and general counsel, Small Business Legislative Counsel; others. Location: Room 2360, Rayburn.

April 5 - 6. 10 a.m. AGRICULTURE _ Full Committee. Hearing on H.R. 4200 - Forest Emergency Recovery and Research Act. Location: Room 1300, Longworth.

10:30 a.m. WAYS AND MEANS _ Full Committee. Hearing on the U.S.-Oman Free Trade Agreement. Susan Schwab, Deputy U.S. Trade Representative, Office of the U.S. Trade Representative; Frances D. Cook, Chairman and Principal, The Ballard Group LLC, and former U.S. Ambassador to Oman; Nicholas E. Billotti, President and Chief Executive Officer, Turner Construction International LLC, Michael P. Weitzel, Program Manager, DynCorp International, and President, Muscat American Business Council, Muscat; Richard L. Trumka, Secretary-Treasurer, AFL-CIO. Location: Room 1100, Longworth.

11 a.m. RESOURCES _ Full Committee. Hearing on pending legislation. Location: Room 1324, Longworth.

11 a.m. TRANSPORTATION AND INFRASTRUCTURE _ Full Committee. Markup of H. Con. Res. 235 - Expressing the sense of the Congress that States should require candidates for driver's licenses to demonstrate an ability to exercise greatly increased caution when driving in the proximity of a potentially visually impaired individual; H. Con. Res. 349 - Authorizing the use of the Capitol Grounds for the Greater Washington Soap Box Derby; H. Con. Res. 359 - Authorizing the use of the Capitol Grounds for the District of Columbia Special Olympics Law Enforcement Torch Run; H. Con. Res. 372 - Recognizing the 50th Anniversary of the Interstate Highway System; H.R. 3858 - Pets Evacuation and Transportation Standards Act. Location: Room 2167, Rayburn.

12 p.m. FINANCIAL SERVICES _ Full Committee. Markup of pending resolution directing the Secretary of DHS turn over doucments on the Dubai Ports World deal. Location: Room 2128, Rayburn.

1 p.m. GOVERNMENT REFORM _ Federal Workforce and Agency Organization Subcommittee. Markup of pending legislation. Location: Room 2203, Rayburn.

1:30 p.m. INTERNATIONAL RELATIONS _ Full Committee. Hearing on the U.S.-India nuclear deal. Secretary of State Rice. Location: Room 2172, Rayburn.

2 p.m. APPROPRIATIONS _ Science, State, Justice, Commerce and Related Agencies Subcommittee. Hearing on State Department's international organizations. Assistant Secretary Kristen Silverberg; UN Amb. John Bolton. Location: Room 2359, Rayburn.

2 p.m. ARMED SERVICES _ Terrorism, Unconventional Threats and Capabilities Subcommittee. Hearing on implementatiuon of the 2006 Quadrennial Defense Review. Assistant Defense Secretary Peter Flory; James Tegnelia, U.S. Strategic Command. Location: Room 2212, Rayburn.

2 p.m. ARMED SERVICES _ Readiness Subcommittee. Hearing on the impact of service contracting on military readiness. Assistant Army Secretary Claude Bolton Jr.; Air Force Lt. Gen. Donald Hoffman; Ronald Poussard, Air Force Program Executive officer, Combat Mission Support. Location: Room 2118, Rayburn.

2 p.m. FINANCIAL SERVICES _ Domestic and International Monetary Policy, Trade and Technology Subcommittee. Hearing on reauthorization of the Export-Import Bank. Acting President James Lambright, James Morrison, President, Small Business Exporters Association of the U.S.; World Resources Institute Chairman James Harmon; Coalition for Employment Through Exports President Edmund Rice. Location: Room 2128, Rayburn.

2 p.m. GOVERNMENT REFORM _ Government Management, Finance and Accountability Subcommittee. Hearing on the Improper Payments Information Act. Location: Room 2247, Rayburn.

2 p.m. GOVERNMENT REFORM _ Energy and Resources Subcommittee. Hearing on water demand in the West. Location: Room 2154, Rayburn.

2 p.m. JUDICIARY _ Crime, Terrorism, and Homeland Security Subcommittee. Hearing on pending legislation. Location: Room 2141, Rayburn.

2 p.m. RESOURCES _ Water and Power Subcommittee. Hearing on the Bureau of Reclamation's challenges. Assistant Interior Secretary Mark A. Limbaugh; John Keys III, commissioner, Bureau of Reclamation; Lloyd A. Duscha, National Research Council; attorney Bennett Raley; Dan Keppen, Family Farm Alliance; George Caan, Colorado River Commission of Nevada; Charles Dumars, Middle Rio Grande Conservancy District; Shannon McDaniel, South Columbia Basin Irrigation District; Robert Stackhouse, Central Valley Project Water Association; Richard Atwater; WateReuse Association. Location: Room 1324, Longworth.

2:30 p.m. RULES _ Full Committee. Markup of H.R. 4975 Lobbying Accountability and Transparency Act. Location: Room H-313, Capitol.

3 p.m. APPROPRIATIONS _ Transportation, Treasury, HUD, the Judiciary and the District of Columbia Subcommittee. Hearing on Federal judiciary overview. Sixth Circuit Court Judge Julia Smith gibbons; Leonidas Mecham,

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Director, Administrative office of the U.S. Courts. Location: Room 2358, Rayburn.

3 p.m. WAYS AND MEANS _ Human Resources Subcommittee. Hearing on enhancing public benefit programs. Location: Room B-318, Rayburn.

3:30 p.m. ARMED SERVICES _ Strategic Forces Subcommittee. Hearing on Department of Energys nuclear weapons complex infrastructure. Dr. David Overskei, Chairman, Secretary of Energy Advisory Board, Nuclear Weapons Complex Infrastructure Task Force; Peter Stockton, Project on Government Oversight; Tom DAgostino, Deputy Administrator, Defense Programs, National Nuclear Security Administration; Charles Anderson, Principle Deputy Assistant Secretary, Office of Environmental Management, Department of Energy. Location: Room 2237, Rayburn.

4 p.m. ARMED SERVICES _ Projection Forces Subcommittee. Hearing on Gary Powell, Acting Deputy Undersecretary of Defense, Office of the Secretary of Defense; Allison Stiller, Deputy Assistant Secretary of the Navy, Ships, Department of the Navy; Vice Adm. Paul E. Sullivan, USN, Commander, Naval Sea Systems Command; Rear Adm. Charles S. Hamilton, II, USN, Program Executive Officer for Ships, Naval Sea Systems Command; Damien Bloor, Principal Consultant, First Marine International Limited. Location: Room 2212, Rayburn.

4 p.m. JUDICIARY _ Courts, Internet & Intellectual Property Subcommittee. Hearing on patent quality enhancement. Location: Room 2141, Rayburn.

5 p.m. ARMED SERVICES _ Full Committee. Hearing on defeating improvised explosive devices. Gen. Montgomery Meigs, Joint Improvised Explosive Device Defveat Organization. Location: Room 2118, Rayburn.

Other: PAKISTANI INTERIOR MINISTER AFTAB AHMAD KAHAN SHERPAO _ 9:30 a.m. Meets with the Pakistan-US Joint Working Group on Counter-Terrorism and Law Enforcement. State Department.

HISPANIC BUSINESSES _ The United States Hispanic Chamber of Commerce (USHCC) holds its 16th Annual Legislative Conference Immigration reform, telecommunications reform, and advancing federal procurement opportunities are among the key issues that will receive top billing at this years legislative conference. Highlights: 8 a.m. - 9 a.m. Plenary session on federal procurement. 10 a.m. - 11:30 a.m. Telecommunications briefing with Congressman Xavier Becerra, Lonnie Taylor, Sprint/Nextel; Emilio Gonzalez, Verizon, others. 11:30 a.m. - 1 p.m. Legislative luncheon with keynote address by Sen. Hillary Rodham Clinton, D-N.Y. 1:30 p.m. - 5 p.m. Lobbying on Capitol Hill. 5:45 p.m. Legislative awards reception. Senator Robert Menendez will be honored. 7:15 p.m. Legislative Awards Dinner. Congressman Joe Baca to will receive the Presidents Achievement Award. Location: Ronald Reagan Building and International Trade Center, 1300 Pennsylvania Ave. NW.

US-CANADA _ 8:15 a.m. - 2 p.m. The US Chamber of Commerce holds a US-Canadian business dialogue. Participants include US Ambassador to Canada David Wilkins, Canadian Amb. Michael Wilson, Canadian Chamber of Commerce President Nancy Hughes Anthony, Toronto Stock Exchange CEO Richard nesbitt, others. Location: 1615 H St. NW.

SHIPPING CONTAINERS-TERRORISM _ 8:30 a.m. - 5:30 p.m. GE Security has on display a 40-foot shipping container that it has outfitted with its CommerceGuard technology designed to thwart terrorists by securing the container from the inside, where it can't be tampered with or removed. Location: New Jersey Avenue and C Street SE, between Longworth and Cannon Buildings.

FRIST _ 8:30 a.m. Senate Majority Leader Bill Frist speaks at a US Chamber of Commerce Policy Insiders event. Location: 1615 H St. NW.

HOUSE REPUBLICANS _ 9 a.m. Closed meeting of the House GOP Conference. Location: Room HC-5, Capitol.

JUMP$TART _ 9:30 a.m. Federal Reserve Board Chairman Ben Bernanke an the Jump$tart Coalition for Financial Literacy hold a news conference to announce the group's 2006 survey results. Location: FRB offices, 20th and C Sts. NW.

DEMOCRATS-GOP BUDGET _ 10 a.m. The House Democratic leadership holds a news conference to discuss the Republican budget, which they say fails to provide real security. Location: Cannon Rotunda, outside Room 345, Cannon House Office Building.

EVANGELICALS-IMMIGRATION _ 10 a.m. Evangelical leaders hold a news conference on the need for comprehensive immigration reform, with Rev. Mark Gonzales, Hispanic Coalition for Comprehensive Immigration Reform; Rev. Samuel Rodriguez, Jr., National Hispanic Christian Leadership Conference; Sammy Mah, World Relief; Richard Cizik, National Association of Evangelicals. Sen. Edward Kennedy, D-Mass., will participate. Location: Room S-207, Capitol.

GOP-SECURITY SPENDING _ 10 a.m. Speaker of the House J. Dennis Hastert and other mebers of the Republican leadership hold a press conference immediately following GOP Conference to discuss what they is their commitment to spending tax dollars wisely on national security. Location: Room HC-6, Capitol.

GOP-HEALTH CARE _ 11 a.m. Sen. John Ensign, R-Nev., holds a pen and pad briefing on what he feels are Senate Republican health care accomplishments. He also will preview the health care priorities for the second session. Location: Senate Press Gallery.

IRAQ _ 11 a.m. Members of Congress, led by Rep. Walter Jones, hold a news conference to announce their

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support of House Resolution 543 and call on colleagues to adopt the resolution, which would require a full and immediate debate on US policy in Iraq and provide up to 17 hours of deliberation on the House floor. Location: Room 122, Cannon.

PIG BOOK _ 11 a.m. Citizens Against Government Waste holds a news conference to release its 2006 Congressional Pig Book on pork barrel spending, with Sens. Tom Coburn, Jim DeMint, John McCain and Rep. Jeff Flake. Location: Phoenix Hotel, 520 N. Capitol St.

DEMOCRATS-VETERANS _ 12:15 p.m. Democratic National Committee Chairman Howard Dean will join General Wesley Clark, former DNC Chairman Don Fowler and Kentucky Congressional candidate and retired Marine Corps Lt. Colonel Andrew Horne participate in a conference call announcing membership of new Democratic National Veterans and Military Families Council and unveiling ``Fighting Dems" website. Notes: To RSVP for the conference call and obtain the call-in number, contact Damien LaVera at laveraddnc.org or call (202) 863-8148.

IMMIGRATION REFORM _ 2 p.m. Sen. Dick Durbin, D-Ill., and Gov. Bill Richardson, D-N.M., hold a conference call with members of the media on immigration reform legislation pending before the Senate. Contacts: Nadeam Elshami, 202-228-5643. Notes: Call-in: 202-228-2663 or 866-909-2663. Password: 2707649.

IMMIGRATION-ECONOMY _ 2 p.m. The Immigration Policy Center and the Manhattan Institute hold a telephone press briefing on temporary immigrant workers, permanent workers, high-skill/low-skill visas, border security, and what it will mean for the U.S. economy and various economic sectors. Contacts: Nick Terzulli, 646-839-3342. Notes: Dial 800-289-0494 and ask for the Immigration Press Conference (Conf . 8674368). International callers: dial 1-913-981-5520.

PATRIOT ACT _ 3 p.m. Rep. Maxine Waters and the Congressional Black Caucus Foundation hold a forum on the Patriot Act. Participants include Caroline Fredrickson of the ACLU, Stephanie Jones of the Urban League, others. Location: Room 1539, Longworth.

CLEMENT _ 4:30 p.m. Solicitor General Paul Clement gives a lecture at Georgetown University. Location: Leavey Center Ballroom, Salon G, Georgetown University.

REID-UK DEFENSE _ 6 p.m. - 7 p.m. John Reid, Secretary of State for Defense, The United Kingdom of Great Britain and Northern Ireland. Location: The Washington Club, 15 Dupont Circle NW.

GLOBAL WARMING _ 7 p.m. Sens. John McCain and Joseph Lieberman, and Robert F. Kennedy, Jr. others, address global warming at the premier of an HBO documentary on the subject. Location: Amphitheater, Reagan Trade Building.

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USDOJ- Office of Public Affairs

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Subject:	Department of Justice News Clips for Wednesday, April 05, 2006
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DEPARTMENT OF JUSTICE *NEWS CLIPS*

PREPARED FOR THE OFFICE OF PUBLIC AFFAIRS, US DEPARTMENT OF JUSTICE

TO: THE ATTORNEY GENERAL AND SENIOR STAFF

DATE: WEDNESDAY, APRIL 5, 2006 7:45 AM EDT

TODAY'S EDITION

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TERRORISM NEWS:

One Verdict Decided, 9/11 Jury Faces Second (NYT)

By Neil A. Lewis
The New York Times, April 5, 2006

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WASHINGTON, April 4 — When the jurors in the Zacarias Moussaoui trial take their seats again on Thursday, they will begin a vastly different proceeding than the one they concluded on Monday with the verdict that he was responsible for some of the deaths of Sept. 11, 2001, and is thus eligible for execution.

At the end of this next phase, which may take several weeks, they will be confronted with a verdict form that will be without the subtleties and complex questions of the first phase and instead will ask them to make a more mechanical calculation.

The form will ask them to decide which carries more weight: mitigating factors like Mr. Moussaoui's troubled mental state, or aggravating factors surrounding the deaths of nearly 3,000 people on Sept. 11.

The Justice Department has asked the judge to list 26 aggravating factors on the form, including the deaths of hundreds of firefighters and police officers; the grief brought to the victims' families and friends; the disruption to New York City, including the closing of parks, playgrounds and schools and the displacement of businesses; and the destruction of parts of the Pentagon.

Mr. Moussaoui's court-appointed defense lawyers are expected to offer two main factors in mitigation: that he is mentally unbalanced and that he is seeking martyrdom.

In the eyes of several death penalty experts and lawyers, there is little doubt as to which way the scale will tilt, no matter what the final verdict form looks like. If the nine men and three women on the jury find that the aggravating factors are greater, they will turn to the simple checkoff on the form, marking whether they believe that Mr. Moussaoui should be jailed for life or executed. The death penalty would mean lethal injection at the federal prison in Terre Haute, Ind.

Richard C. Dieter, the executive director of the Death Penalty Information Center, a research group based in Washington that has been critical of the application of the death penalty, said it would be a relatively easy phase for jurors.

The unanimous decision on Monday dealt with what seems to be far more complex issues, namely whether Mr. Moussaoui could be held responsible for deaths on Sept. 11 even though he was in jail at the time and did not participate directly in the attacks.

Mr. Dieter said the outcome was still not a foregone conclusion. But like many lawyers following the case, he said he believed that "the balance is so much one way," adding, "Everybody knows what the crime is, the suffering it caused and what it has done to the whole country."

Nonetheless, he said that jurors "are not automatons" and that someone might flinch at imposing the death penalty when the moment comes.

In addition, Mr. Moussaoui, whose testimony in the first phase probably contributed to the verdict against him, is likely to testify again over the advice of his lawyers.

The jury has been what lawyers term "death-qualified," which means that all members have sworn that they are willing to impose the death penalty if warranted. Under the complicated multistep federal death penalty law, if the jury is unanimous in finding for execution, the judge is obliged to impose the sentence.

Beginning on Thursday, the prosecutors will try to focus the jurors' attention on the horrors of Sept. 11. There may be photographs of many of the victims introduced as well as testimony from as many as 45 family members of victims to recount how their lives have been affected.

The theme of the government's presentation will be that Mr. Moussaoui, a 37-year-old admitted member of Al Qaeda, should be regarded as a proxy for the 19 hijackers who died that day.

Mr. Moussaoui's lawyers, whose advice he has spurned and whose character he has reviled, have indicated they would present psychological testimony that he was affected by anti-Muslim bigotry during his childhood in France. They may also urge the jurors to recognize that he seeks martyrdom and ask them to deny him that.

Prosecutors Have Cleared Their Biggest Hurdle In The Moussaoui Case (FINDLAW/AP)

By Michael J. Sniffen, Associated Press Writer

AP, April 5, 2006

(AP) - ALEXANDRIA, Virginia-Thanks largely to Zacarias Moussaoui himself, prosecutors have cleared their highest hurdle that might deter execution of the al-Qaida conspirator. The path to the death chamber might still contain unpleasant surprises for the government.

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When the case began more than four years ago, it looked easier. The government at first thought Moussaoui had been intended to be a 20th hijacker on Sept. 11, 2001. Once it became clear that wasn't his role, the government dialed back its case.

It didn't want to drop the death penalty for the high-profile prisoner who admitted having been trained to fly a plane in an attack similar to Sept. 11. The biggest problem was that Moussaoui was in jail on 9/11 and had been for almost a month.

The final government theory bore some resemblance to a pretzel: Moussaoui was directly responsible for deaths on 9/11 because he hadn't confessed all he knew when arrested. Thus, the contention was, the FBI was prevented from moving to block some or all of the four hijackings that day.

Another twist was added when many of the government witnesses for the prosecution gave as much or more comfort to the defense: They acknowledged misstep after misstep in handling leads about Moussaoui and other terrorists in the summer of 2001, raising doubts about what if anything Moussaoui could have said to change things.

Then Moussaoui took the stand over the objections of the court-appointed defense lawyers. He abandoned claims he'd made for three years that his plot to fly a 747 into the White House was unrelated to 9/11. For the first time, he said he had been training to hijack a fifth jetliner on 9/11 and fly it into the White House.

"This stage of the penalty phase was probably harder for the government, but that was before he took the stand and connected all the dots for the jury," said Richard Dieter, executive director of the Death Penalty Information Center, a group that advocates more equitable administration of the death statute.

"Whether this act (lying to agents) fits the federal death penalty law may have been a tougher question without his testimony," Dieter added. "Whether his acts a month or months ahead of time directly caused these deaths is a good question. The fact that the defendant himself says they were directly connected doesn't necessarily prove it, but it was enough for the jury."

Now testimony shifts in the second phase to whether Moussaoui deserves the death penalty for his acts. Prosecutors will introduce evidence of how heinous the crime was, while the defense will try to show mitigating factors.

What do they have: Prosecutors can pick among the personal tragedies of the families of nearly 3,000 people who died in the 9/11 attacks. The defense has indicated it will try to call a doctor to testify Moussaoui was schizophrenic and sociologists to describe his impoverished upbringing in France and the racism he faced there and in England for his Moroccan ancestry.

The testimony of victim families "is going to be a highly emotional, devastating presentation to the jury," said Mary Cheh, a law professor at George Washington University, who thought the eligibility phase could have gone the other way. "I can't imagine his being able to overcome that."

Now defense attorneys "are going uphill all the way," Cheh said. "I have no idea what they will come forward with."

Northwestern University law professor Ronald Allen agreed that Moussaoui's team has "a very uphill fight," but he cautions that the first phase is a formal decision, while "the second decision is whether to kill somebody. That becomes intensely personal. It's moral and complicated and messy."

Dieter agreed: "It only gets more complicated when a person's life is in the balance."

Another George Washington University law professor, Stephen Saltzburg, also thought prosecutors had gotten past the hard part, and their phase two presentation would be pretty straightforward. "You're going to see some powerful testimony from the families," Saltzburg said. "It's going to be a chance for some of them to get closure as best they can."

And Moussaoui could harm his own case again, Saltzburg said. He doubted the 37-year-old Frenchman would cooperate in any effort by his lawyers to portray him as a lunatic, but "he's liable to want to testify again, and do himself even greater harm. I would not be surprised if he doesn't invite them to give him the death penalty."

That would bring on the last step: appeals.

Dieter said the government's unusual case left many questions for an appeal, where anything could happen.

For prosecutors, "the more difficult time is going to be on appeal," said Jesse Chopper, law professor at the University of California at Berkeley. "His appointed lawyers are going to have many, many potential issues to raise. Compared to that, the penalty phase will be a piece of cake."

EDITOR'S NOTE - Michael J. Sniffen has reported on legal affairs from Washington for three decades.

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Jurors Will Relive 9/11 In Life-or-Death Case (LAT)

By Richard A. Serrano, Times Staff Writer

The Los Angeles Times, April 5, 2006

Family members and victims will testify about their loss. Lawyers for Zacarias Moussaoui plan to paint a picture of a mentally ill man.

ALEXANDRIA, Va. — When the Zacarias Moussaoui trial resumes Thursday, gone will be the images of a shadowy world of Muslim extremists, of an FBI and CIA unable to track their movements, of a conspiracy in which Moussaoui's role on Sept. 11 is still unclear.

Now that a jury has found Moussaoui eligible for the death penalty, the trial comes down to a single question: Does he live or die?

Federal prosecutors, wanting Moussaoui dead, intend next to turn Courtroom 700 over to the horror of that day 4 1/2 years ago. They hope to show pictures of all 2,972 who perished, videos of the World Trade Center towers afire and bodies falling, and audiotapes of desperate phone calls to loved ones and emergency crews.

The government has designated up to 45 victims and family members to testify about their collective loss. And they hope to contrast their anguish with Moussaoui's boasts that America remains his enemy.

Separately, defense lawyers believe the jury might spare their client's life if they can show he is insane. They have several mental health professionals standing by, at least one ready to testify that Moussaoui appears to be schizophrenic.

The defense team will also say its 37-year-old client emerged from a tragic childhood only to fall under the spell of terrorist leaders preaching jihad against the West.

Jurors also are likely to hear one more time from Moussaoui. He is insistent on taking the witness stand, despite his devastating testimony last week that all but convicted him.

Moussaoui's behavior is difficult to predict, and his final performance before the jury — as an unrepentant terrorist or simply deranged — could well be the tipping point on whether he is sentenced to death by lethal injection or a life in prison without parole.

Andrew McCarthy, a former federal prosecutor in New York who has successfully tried terrorists, expects the government to prevail. But he warned that flashing thousands of photos and videos of cascading bodies could inure the jury against the human suffering they are watching.

McCarthy noted that in the first trial against four Los Angeles police officers for assaulting Rodney G. King, the beating video was shown over and over and all the officers were acquitted.

"After a while it's like watching a Road Runner cartoon, where the coyote keeps falling off the cliff and you don't wince anymore," McCarthy said. "If you overdo it, you'll lose all sensitivity."

In contrast, Carl Tobias, a law professor at the University of Richmond in Virginia, believes the insanity claim has merit, especially since the Supreme Court has exempted the mentally ill from capital punishment.

He said that with overwhelming government evidence that Moussaoui is an avowed terrorist, not to mention his self-incriminating testimony, insanity is probably the only option left for defense lawyers hamstrung by a client they cannot control.

"Who better than his counsel would be able to present a judgment about his mental fitness?" Tobias asked.

Evan Kohlmann, an international expert on terrorism who has worked as a trial consultant for the government in Virginia, agreed that prosecutors might find it difficult to knock down the insanity defense.

"The guy has been to some pretty crazy places and is definitely shellshocked," Kohlmann said, referring to Moussaoui's exploits in the war in Chechnya and at Al Qaeda training camps in Afghanistan.

"He also has been brainwashed in the ideology he holds. He's to the point of no return. But I don't know if that amounts to insanity."

Nevertheless, the government could counter the insanity argument by simply using Moussaoui's words. When he testified last week, he did not blather or snarl. Rather, he was well-spoken, polite at times, even as his statements chilled the courtroom.

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He was "delighted" at the sight of the trade center collapsing. The smoking ruins, he said, were "gorgeous." He praised the 19 hijackers he was unable to join because he was arrested just weeks before the attacks. "They are now in the highest level of paradise," he said.

Moussaoui also had this to say about the judge, the prosecutors, his defense team and the jury: "I consider every American to be my enemy. So for me, any American is meant to want my death because I want their death."

His defense team, to whom he no longer talks, plans to present several mental health experts and sociologists to try to convince the jury that this kind of bombastic talk has deep roots in Moussaoui's troubled psyche.

On the stand, they are prepared to say Moussaoui, born in France to Moroccan parents, was largely raised an orphan, the son of a violent and alcoholic father and a mother who left him with others for child care. As a teenager, Moussaoui and his siblings struggled to eat and to stay in school in France.

He eventually drifted to England and into the arms of a fiery Muslim mosque that preached hate against Americans.

According to a defense brief filed in the case, psychiatrist Dr. Nancy C. Andreasen, "will testify that Mr. Moussaoui suffers from a major thought disorder, most likely schizophrenia."

To reach that diagnosis, "she will rely on her analysis of Mr. Moussaoui's writing and his appearances in court."

Martyrdom For Moussaoui? (WP)

By Jerry Markon

The Washington Post, April 5, 2006

When Zacarias Moussaoui agreed to plead guilty to terrorism conspiracy charges last year, he told the judge he would accept a death sentence and acknowledged he was headed toward "the gas chamber or the lethal injection."

Two days later, Moussaoui vowed to "fight every inch against the death penalty."

Last week, he seemed to reverse course again, implicating himself in the Sept. 11, 2001, terrorist plot when he took the stand at his death penalty hearing. That was before he screamed, "You'll never get my blood!" Monday after jurors found him eligible for execution.

Moussaoui's own words have raised questions about whether he wants to be executed to achieve martyrdom for the terrorist cause that he so passionately embraces. Experts on al-Qaeda and Islam think he does. Moussaoui's flip-flops on the subject make it impossible to be sure.

Yet if the Sept. 11 conspirator is indeed seeking martyrdom, it could have implications inside and outside the courtroom as jurors return to U.S. District Court in Alexandria tomorrow to begin the final phase of Moussaoui's sentencing trial.

When the United States sought death in 2001 for two convicted al-Qaeda terrorists for bombing U.S. embassies in East Africa, jurors voted to spare their lives. Ten jurors noted on the verdict form that executing one of the men could "make him a martyr" for terrorist groups.

In Islamic tradition, martyrdom means dying in a way deserving of paradise. Osama bin Laden believes that can be achieved through suicide operations. An al-Qaeda training manual, introduced as evidence at Moussaoui's trial, states that members must "be willing to do the work and undergo martyrdom for the purpose of achieving the goal and establishing the religion of majestic Allah on earth."

Some legal experts believe that's exactly what could happen if the Moussaoui jury votes to put him to death. "There's absolutely no doubt that executing him would turn him into a martyr," said Bruce Hoffman, who has studied terrorism at the Rand Corp. for 25 years.

Hoffman said terrorist groups have historically seized on martyred comrades for propaganda and to boost recruitment. Moussaoui's execution would have the same impact, he said.

"It's time for our government to be thinking about the wider repercussions," Hoffman said.

Others who track terrorist groups disagreed, noting that testimony from al-Qaeda leaders read at Moussaoui's trial portray him as a troublemaker who couldn't get along with his bosses. "I think some people might attempt to turn him into a martyr but with very little success. Even al-Qaeda cut this guy loose," said Peter Bergen, who has written two books about bin Laden's group.

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"He might get the worst of all possible worlds," Bergen said. "He gets executed, which is his desire, and al-Qaeda, because this guy was fairly problematic, doesn't turn him into a martyr for the movement."

Moussaoui, 37, pleaded guilty last year to conspiring with al-Qaeda in the attacks on the World Trade Center and Pentagon. He is the only person convicted in a U.S. courtroom on charges stemming from Sept. 11. After a three-week trial, federal jurors Monday said Moussaoui was eligible for execution, finding that his lies to federal agents when he was arrested in August 2001 allowed the attacks to go forward.

In the trial's second phase, jurors will decide whether Moussaoui should be put to death or remain in prison for life.

The French citizen seemed to embrace execution when he told the government and U.S. District Judge Leonie M. Brinkema last year that he intended to plead guilty. At an April 20 hearing, Brinkema reminded Moussaoui that he had notified her two days earlier that he wanted "to accept the death penalty, which seems to be totally contradictory to the position you've taken in the past."

The judge added that Moussaoui had "made reference to the concept of martyrdom," according to a transcript.

Moussaoui responded that he had come to understand that "the course I've chosen will lead me potentially -- you say potentially, I say surely, but it's a matter of opinion -- to the gas chamber or the lethal injection. I understand this fact. I understand life and death."

Two days later, as he pleaded guilty, Moussaoui told Brinkema he had "significantly changed my position following the advice I receive from you. . . . I will not apply for death."

Yet courtroom observers thought that's precisely what Moussaoui was doing March 27 when he testified at his sentencing trial. He calmly told jurors that he wanted to kill every American, starting with what he said was his mission to fly a fifth hijacked airplane into the White House on Sept. 11. He also admitted to the government's key argument against him: that he had lied to the FBI to allow the plot to go forward.

Moussaoui said he knew his mission would be a suicide operation. Richard Bulliet, an expert on Islam at Columbia University, said Moussaoui apparently still wants to be a martyr. He said Moussaoui's testimony against himself fits with the Islamic doctrine of "purity of intent."

"If he dies with his intent clearly stated and pure and devoted to religious goals, then the chances of his being a martyr in his mind are greatly improved," Bulliet said.

Other experts noted that terrorists who go to prison for life, such as Ramzi Yousef -- architect of the first World Trade Center bombing in 1993 -- are rarely heard from again. "Moussaoui could achieve a fame and notoriety in death that eluded him in life," Hoffman said. "In life, he was a failed terrorist."

FBI Resists Easing Rules On Reporting Cash Transactions (WSJ)

By Michael Schroeder

The Wall Street Journal, April 5, 2006

WASHINGTON -- U.S. law-enforcement agencies are opposing efforts by the financial-services industry to cut back a federal requirement that banks report cash transactions in excess of $10,000.

A crackdown on money laundering by the federal government in the wake of the Sept. 11, 2001, terrorist attacks has forced banks to tighten their controls but has also led to complaints that government requirements are too onerous and ineffective in catching terrorists.

The House took that view into account when it passed a broad regulation-relief bill last month, which, among other things, would grant some exemptions from filing the cash reports. The Senate hasn't introduced its version of a relief bill.

At a hearing yesterday before the Senate Banking Committee, the Federal Bureau of Investigation argued that the currency-transaction reports filed by banks provide valuable intelligence in money-laundering and terrorist-financing investigations.

"To dramatically alter currency transaction reporting requirements -- without careful, independent study -- could be devastating and a significant setback to investigative and intelligence efforts," Michael Morehart, the FBI's terrorist-financing-operations section chief, told the panel.

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Such viewpoints may sway committee members who seem to want to tread lightly when considering whether to modify bank reporting requirements.

Sen. Paul Sarbanes, the ranking Democrat from Maryland, said law-enforcement officials "laid out a strong rationale for the utility of the reports. We've got to strike a balance."

Stuart Levey, the Treasury Department's undersecretary in the office of terrorism and financial intelligence, recommended that the committee request that the Government Accountability Office do a thorough study about the effectiveness of the reporting program before proposing changes.

The American Bankers Association, which pushed for the House provision, has complained that the number of transaction reports now tops 13 million annually, costing $187 million in wages. The trade group argues that the reporting program is "obsolete" because of new customer identification systems and other suspicious-transaction reporting requirements.

Amnesty Links 'rendition' Flights With Torture (FT)

By Daniel Dombey And Demetri Sevastopulo

Financial Times, April 5, 2006

Three Yemeni men abducted and mistreated by the US were probably held in eastern Europe, Amnesty International said in a new report.

A study by Amnesty, based on interviews with the former captives, is intended to cast light on Washington's practice of "rendition", or extra-legal abduction, which the human rights group says often paves the way to torture or maltreatment.

Washington insists it never sends detainees to places where they would be at risk of torture – but it also defines torture much more narrowly than do other governments.

The study said Muhammad Bashmilah, Salah Ali Qaru and Muhammad al-Assad were "held in at least four secret US-run facilities...from the information subsequently provided by the men [about the climate, food and prayer schedules] it is likely they were held in Djibouti, Afghanistan and somewhere in eastern Europe".

Both Poland and Romania, named last year as likely centres of CIA "secret prisons" by Human Rights Watch, another campaigning organisation, have denied hosting any such facilities.

Wednesday's report adds that after being arrested and transferred to US custody in 2003, the men were brought back to Yemen in 2005 and released in February this year. Although all were sentenced for forgery in connection with false travel documents, none was charged with any terrorism-related offences. The report also says they had been shackled, kept unaware of their location and not allowed to see daylight for months.

While CIA renditions have stirred controversy in Europe, criticism in the US has been relatively muted, particularly on Capitol Hill. John McCain, the Republican senator who was tortured in Vietnam, pushed through legislation banning torture, but other senior Republicans have avoided the renditions debate.

Patrick Leahy, the senior Democrat on the Senate judiciary committee, and Edward Markey, a Democratic congressman, have introduced legislation that would compel the secretary of state to assure Congress that the administration would only transfer prisoners to countries where it believes they would not be tortured, but the legislation stands little chance of approval.

Jennifer Daskal, advocacy director at Human Rights Watch, says Democrats have been unwilling to push the issue because of the lack of Republican support and concerns they could be painted as soft on national security.

U.S. Resumes Military Trials At Guantanamo Bay (WSJ)

By Jess Bravin

The Wall Street Journal, April 5, 2006

GUANTANAMO BAY, Cuba -- The Bush administration resumed military proceedings against suspected terrorists here, one week after the Supreme Court heard arguments in a case brought by a Guantanamo prisoner who claims the secretive courts are unlawful.

Outside the hearing room, the chief military prosecutor took the unusual step of upbraiding Supreme Court Justice Stephen Breyer for a question he asked at last week's oral argument, suggesting that the justice didn't appreciate the gravity of threats facing the U.S.

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The hearing yesterday saw a repetition of the interpretation and translation problems that have plagued previous proceedings, as prosecutors said defendant Abdul Zahir hadn't been provided a copy of the charges in Farsi -- his preferred language. Having brought no interpreter of their own to the hearing chamber, prosecutors asked to rely on the defense attorney's Farsi interpreter.

Mr. Zahir, an Afghan said to be about 35 years old, is charged with conspiracy, aiding the enemy and attacking civilians. The Pentagon alleges he joined al Qaeda as a translator in 1997 and later served as a paymaster, propagandist and communications manager. The charges carry a potential life sentence.

The presiding officer, Marine Col. Robert Chester, ordered that a written copy of the charges be provided in Farsi to Mr. Zahir. Mr. Zahir had received the charges in English, Arabic and Pashto, a language related to Farsi. A Pentagon spokeswoman said later that authorities assumed Pashto was his preferred language since he is believed to have come from a province where it is spoken.

Col. Chester, responding to questions raised by Mr. Zahir's Pentagon-appointed defense lawyer, Army Lt. Col. Thomas Bogar, said he was uncertain which domestic, international or military laws might be applied before the military commission, or his view of arguments last week at the Supreme Court.

The Supreme Court decision, expected in June, was also on the mind of the chief prosecutor, Air Force Col. Moe Davis, who at a news conference after the hearing took aim at Justice Breyer.

Col. Davis recalled that Justice Breyer had questioned whether current counterterrorism operations gave rise to nearly unlimited presidential war powers. "Towards the end of the argument Justice Breyer said, in talking about the current conflict, 'This is not a war, at least not an ordinary war.' "

Col. Davis said "the dictionary defines war as being in a state of hostility or a state of armed conflict" and added that "a few hours after Justice Breyer said this is not a war, enemy combatants launched a major attack on coalition forces in southern Afghanistan," leading to 34 U.S., Canadian and enemy deaths.

Pakistani Jailed For Five Years In US Over Missiles To Al-Qaeda Plot (AFP-Y2)

AFP, April 5, 2006

A Pakistani who plotted to peddle heroin and hashish to buy Stinger anti-aircraft missiles for Al-Qaeda or the Taliban has been jailed for nearly five years, US prosecutors said.

Muhammed Abid Afridi, who pleaded guilty in March 2004 to conspiracy to provide material support to terrorists and conspiracy to distribute heroin and hashish, was sentenced Monday in the California city of San Diego.

US District Judge James Lorenz sentenced Afridi to 57 months behind bars, followed by five years of supervised release, for taking part in the conspiracy along with two other men.

Co-conspirators Ilyas Ali and Syed Mustajab Shah, who pleaded guilty to the same charges, are scheduled to be sentenced next Monday and on June 19, respectively.

The trio of conspirators travelled from the Pakistani city of Karachi to Hong Kong on September 15, 2002 to meet with US undercover officers to negotiate for the sale of large quantities of drugs, the indictment showed.

The next day, the defendants agreed that they could offset the purchase price of five tonnes of hashish and 600 kilograms of heroin against the cost of four Stinger shoulder-launched missiles, according to prosecutors.

On September 18, 2002, at a hotel in Hong Kong, the men told the undercover officers they would be able to resell the missiles to the Taliban, who had been swept out of power in Afghanistan, or Al-Qaeda, according to the complaint.

Shah, Afridi and Ali were arrested in Hong Kong on September 20, 2002 by local law enforcement authorities at the request of the US government.

They were indicted by a federal grand jury on October 30, 2002 and extradited to the United States the same year.

The three had initially men denied the charges when they first appeared in court in San Diego.

US authorities have been on a sharp lookout for Stinger missiles which they have warned pose a threat to military aircraft and commercial airlines.

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The United States launched its "war on terror" at home and abroad following the 2001 attacks in New York and Washington.

Chief 9/11 Architect Critical Of Bin Laden (LAT)

By Josh Meyer

The Los Angeles Times, April 5, 2006

WASHINGTON — To hear Sept. 11 mastermind Khalid Shaikh Mohammed tell it, Osama bin Laden was a meddling boss whose indiscretion and poor judgment threatened to derail the terrorist attacks.

He also saddled Mohammed with at least four would-be hijackers who the ringleader thought were ill-equipped for the job. And he carelessly dropped hints about the imminent attacks, violating Mohammed's cardinal rule against discussing the suicide hijacking plot.

The repeated conflicts between the two Al Qaeda leaders emerged last week during the penalty phase of the trial of Zacarias Moussaoui, the only person charged in the United States in connection with the Sept. 11 attacks. Jurors heard new details of the plot from the interrogation summaries of several captured Al Qaeda officials, including an extraordinary account of a series of interrogations of Mohammed.

Mohammed described Al Qaeda in a written statement for his U.S. interrogators as an almost mystically efficient corporation that operates in ways Americans would never understand.

The portly Kuwaiti, who had studied engineering in the U.S. and was captured in Pakistan in 2003, told his interrogators that they could learn a lot from Al Qaeda, the organization.

"You must study these matters to know the huge difference between the Western mentality in administration and the Eastern mentality, specifically at Al Qaeda."

The hallmark of the system, he said, was unquestioned control: Everyone up the chain of command did as they were told, didn't ask questions and never bucked authority — all for the common cause of the enterprise, which in this case was killing as many Americans as possible.

"I know that the materialistic Western mind cannot grasp the idea, and that it is difficult for them to believe," Mohammed wrote. "But in the end," he gloated, "the operation was a success."

Yet Mohammed describes a terrorist outfit fraught with the same conflicts and petty animosities that plague many American corporations. Mohammed describes himself in particular as having to fend off a chairman of the board who insists on micromanaging despite not knowing what he was doing.

"[Shaikh] Mohammed stated that he was usually compelled to do whatever Bin Laden wanted with respect to operatives for the September 11 operation," the interrogation summary states. "That said, [Shaikh] Mohammed noted that he disobeyed Bin Laden on several occasions by taking operatives assigned to him by Bin Laden and using them how he best saw fit."

His independence from Bin Laden had its limits, however, because it was Al Qaeda's money and operatives that enabled the plot to go forward.

Mohammed succeeded in rejecting three attempts by Bin Laden to accelerate the plot. But he said his boss canceled an entire overseas element of the hijacking scheme that he was orchestrating.

Bin Laden presumably would have his own version of events. But a former FBI agent who closely tracked Al Qaeda said the testy relationship described by Mohammed was consistent with the accounts of other terrorism suspects in custody.

"They couldn't stand each other," the former official said. "They both had huge egos."

The seeds of conflict were planted at the beginning, when Mohammed first presented his idea in 1996 to hijack U.S. planes and fly them into buildings. He specifically suggested "that they send [mujahedin] to study in the flight institutes and use large planes" rather than the smaller military ones that Al Qaeda operatives were trained in flying.

He was turned away, Mohammed said, because Bin Laden told him the plan was unworkable.

Three years later, Bin Laden summoned Mohammed to Afghanistan and gave him the green light. Soon he moved his family from Pakistan to an Al Qaeda base in Kandahar, Afghanistan, to proceed with the operation.

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By October 2000, Mohammed had risen in the ranks and was in firm control of the Sept. 11 plot, showing an array of management skills.

It was Mohammed who decided to send two hijackers to San Diego after coming across San Diego phone books in a local market in Karachi, Pakistan, and determining that it had numerous flight schools and other important amenities.

Mohammed told the two to visit the zoo and other tourist sites so they would blend in while they were taking flight lessons and otherwise preparing for the suicide hijackings.

He told his interrogators he provided "personalized training" to an estimated 39 Al Qaeda operatives for deployment on missions.

And Mohammed revealed some of his management stratagems to his interrogators.

"Simplicity was the key to success," was one of them.

For instance, he told the plot's co-conspirators not to use codes, especially in routine messages or e-mails.

"He asked the operatives to be normal to the maximum extent possible in their dealings, to keep the tone of their letters educational, social or commercial, and to keep the calls short."

Mohammed also delegated tasks. He entrusted much of the communications and finance details to two underlings so he would not have to be in contact with the hijackers while they were in America. And he gave lead hijacker Mohamed Atta the authority over many operational details.

Mohammed said he was a stickler for security. He insisted on compartmentalizing the details of the plot, to such a degree that even some of Al Qaeda's top officials did not know them.

"When four people know the details of an operation, it is dangerous; when two people know, it is good; when just one person knows, it is better," Mohammed said, according to his interrogators.

Had Mohammed not insisted on such security measures, he suggested, Bin Laden might have endangered the whole mission. That's because Bin Laden, an exiled Saudi multimillionaire with a huge trust fund, apparently had a knack for forcing Mohammed to take operatives who couldn't follow directions or keep their mouths shut.

In the earliest stages, Bin Laden told Mohammed to use two of his favored young operatives as lead members of the hijacking team.

Mohammed had concerns from the outset about Nawaf Alhazmi and Khalid Almihdhar, believing the two men would stick out like sore thumbs while living in the United States. Other team members would ultimately be handpicked, he said, for their worldliness, street savvy and other applicable skills.

Alhazmi and Almihdhar had U.S. visas, which helped. But one hardly spoke English and the other spoke none.

"They barely knew how to function in U.S. society," Mohammed told his interrogators. "The only reason they were involved in the 9/11 plot was because they had visas and because Bin Laden ... wanted the two to go on the operation."

By mid-2000, Mohammed moved to kick Almihdhar out of the group because he defied his orders and left the United States for Yemen, leaving Alhazmi alone in San Diego.

But Bin Laden interceded and instructed Mohammed to allow Almihdhar to return to the United States and the hijacking team, he said.

Mohammed also resented a purported 20th hijacker, Mohammed al-Qahtani, imposed on him by Bin Laden, describing him as "too much of an unsophisticated Bedouin to function in a modern society." Al-Qahtani was turned away by a suspicious customs agent in Orlando, Fla., and never joined the mission.

They had repeated disagreements over Moussaoui, whose run-ins with Al Qaeda operatives in Malaysia convinced Mohammed that he was not a "suitable operative," even with his valuable European credentials, which made him less suspicious to U.S. authorities.

Mohammed recalled Moussaoui to Pakistan and asked Bin Laden and top aide Mohammed Atef for permission to expel him from the organization. At the time, Mohammed says, Moussaoui was to be a participant in a second wave of planned attacks to follow Sept. 11.

"Despite [Shaikh] Mohammed's suggestion, Atef and Bin Laden insisted that Moussaoui remain in the program and instructed that the program should continue as planned," according to the interrogation report.

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Moussaoui was punished by being sent to a school in Kandahar, after which Al Qaeda leaders pronounced him "reformed," the interrogation summary states.

Mohammed, however, "was not convinced." He grudgingly complied with his orders and sent Moussaoui to the United States for flight training. But he purposely kept Moussaoui in the dark about plot details, and told him never to mention aircraft in any communications.

Soon after he reached the United States, Moussaoui violated the order, sending Mohammed an e-mail detailing his attempts to get flight training on various aircraft.

An "exasperated" Mohammed ordered aides to break off contact with Moussaoui for fear that his indiscretion would tip off authorities about Al Qaeda's presence in the U.S.

By then, it was too late. When arrested in mid-August in Minnesota, Moussaoui possessed enough incriminating information to alert authorities to the carefully orchestrated plot, law enforcement officials would later assert.

He also was found with the home address of a top Al Qaeda chemical and biological weapons expert in South Asia, which triggered a manhunt for the operative and raised scrutiny of travelers from Pakistan to Malaysia, a favorite Al Qaeda pipeline.

Meanwhile, to Mohammed's chagrin, Bin Laden was repeatedly dropping hints about what was soon to come.

In one case, Mohammed said, Bin Laden told visitors to his Afghanistan headquarters to expect a major near-term attack against U.S. interests. In another, he said, the boss asked trainees at the Al Farooq camp near Kandahar "to pray for the success of a major operation involving 20 martyrs."

Both Mohammed and Atef "were concerned about this lack of discretion and urged Bin Laden not to make additional comments about the plot," Mohammed told his interrogators.

The interrogation summary also said he had resisted taking a sworn oath of allegiance, or bayat, to Bin Laden for as long as possible, "to ensure that he remained free to plan operations however he chose."

After Sept. 11, Mohammed finally relented, he said. Even then, he did so grudgingly, after he was told "that the refusal of such a senior and accomplished Al Qaeda leader to swear bayat set a bad example for the group's rank and file."

At His Geneva Shop, Yeslam Bin Ladin Faces Family Trouble (WSJ)

By Glenn R. Simpson

The Wall Street Journal, April 5, 2006

GENEVA -- A prominent entrepreneur in this posh Swiss city is seeking to build a luxury-goods business by turning his first name into a new brand: Yeslam.

It's a daunting task. Yeslam's last name is Bin Ladin. His half-brother is the world's most wanted terrorist.

American trial lawyers working for victims of the Sept. 11 attacks are suing Yeslam, along with other members of his family and other wealthy Saudis, for billions of dollars, contending they have hidden financial connections to Osama bin Laden (the surname is sometimes spelled differently). Now Yeslam's ex-wife, Carmen, has joined forces with the Sept. 11 victims' lawyers, as she tries to improve her divorce settlement by exposing her ex-husband's finances.

The lawsuit, which is being heard in lower Manhattan at the U.S. District Court for the Southern District of New York, is drawing attention to potentially serious allegations against Mr. Bin Ladin. His ex-wife, who has been investigating his assets for years, has given the 9/11 lawyers a long list of offshore companies that she says he runs. In a court filing, she claims that "the bin Laden family including Yeslam and Osama were very close" -- and that his complex finances, also a focus of police investigators in several countries, support suspicions that the half-brothers have had financial ties.

In an interview and in court statements, Mr. Bin Ladin says he barely knows Osama, and hasn't seen his half-brother in more than 20 years. He hopes to extricate himself from the 9/11 lawsuit, which seeks to establish who gave clandestine support to Osama after he declared war on the U.S. in 1996.

Behind the legal battle is a family drama that illustrates Yeslam's unusual position in the secretive Bin Ladin clan. Born in Saudi Arabia and educated in the U.S., the 56-year-old Yeslam has long struggled to straddle the cultural divide between his native Saudi Arabia and the West.

His failed marriage to the Swiss-born Carmen was the subject of her 2004 book, "Inside the Kingdom," a best-seller in the U.S. Their eldest daughter, who goes by the name Wafah Dufour, is an aspiring pop musician and model in New York who recently posed for a risque photo shoot in GQ magazine. She has signed with Regan Media, a division of News Corp.'s HarperCollins Publishers, to star in a proposed American reality television show about her life. The show hasn't yet been picked up by a network.

The setting for much of the family contretemps is Geneva, a city favored by rich Saudis who patronize its discreet banks. Mr. Bin Ladin sometimes bumps into his daughters on the Rue du Marche, Geneva's pricey main street. He says those encounters are cordial, but he acknowledges that his daughters were once denied admission to a posh party he hosted. Mr. Bin Ladin and his daughters have seldom spoken in recent years. Each side blames the other for the estrangement.

Mr. Bin Ladin says he leaves the fighting to his lawyers and focuses on his various ventures, which include backing films and mounting a huge soiree at the annual film festival in Cannes. "I am having fun," he said during a recent Friday visit to his Geneva boutique. Clean-shaven and clad in a casual sport jacket, Mr. Bin Ladin was conducting business during the day of rest for observant Muslims, while fingering worry beads, a traditional Arab practice.

The Yeslam shop offers expensive perfume, handbags, sunglasses and watches by European designers largely geared to a wealthy Arab female clientele. Yeslam handbag models are named for historic Muslim cities including Jedda and Riyadh.

"Conjugating the historical sophistication of the orient with the demands of today's world," reads the glossy Yeslam catalogue. Mr. Bin Ladin trademarked his first name. A European court turned down Mr. Bin Ladin's effort to trademark his last name, saying it would be "contrary to public policy."

Mr. Bin Ladin is one of 54 children of a construction magnate who made billions of dollars building palaces and other projects for the Saudi royal family. Yeslam married Carmen in 1974 and graduated from the University of Southern California three years later. They settled in Switzerland in 1985.

Since their divorce in 1994, Carmen has pursued her ex-husband through the Swiss courts, seeking a larger divorce settlement than the one that pays her and her three daughters support of about 9,000 Swiss francs, or about $6,900, a month. In an interview, she says she originally agreed to that amount in exchange for a promise from Yeslam not to take their girls to Saudi Arabia.

Last week, a Swiss federal court rejected Ms. Bin Ladin's appeal of the existing settlement. She says she now hopes to go through the U.S. legal system to pressure her ex-husband to revise the settlement.

Ms. Bin Ladin claims to have discovered 76 offshore companies with connections to her ex-husband in the Bahamas and other tax havens -- claims that corporate records support. She says in her affidavit in the 9/11 case that 11 of the companies are U.S. businesses -- which could make it hard for Yeslam to convince the court that he isn't subject to U.S. jurisdiction. She says Mr. Bin Ladin has more than $100 million in assets.

Mr. Bin Ladin says all his companies are legitimate and no longer do business in the U.S. He says his net worth is in the low tens of millions of dollars. His defense lawyers have asked a federal judge to reject Ms. Bin Ladin's affidavit as hearsay. "I have not talked to my ex-wife since 1994. How would she know anything?" Mr. Bin Ladin scoffs.

The controversy is taking place amid police investigations involving Mr. Bin Ladin. Since 2003, he has been the subject of money-laundering and terrorism-finance inquiries by police in Italy and France, according to documents obtained by the NEFA Foundation, a terrorism-research group funded by private donations that works with the 9/11 families.

Mr. Bin Ladin said he has already been cleared by the Swiss government of ties to terrorism after a massive 2002-2003 inquiry and knows of no other investigations.

The French and Italian investigators have complained that the Swiss government isn't cooperating with their inquiries, Swiss government records show. One Italian police letter alleges Mr. Bin Ladin has a secret immunity deal with the Swiss government. Swiss prosecutors wouldn't comment on the subject of Mr. Bin Ladin. Mr. Bin Ladin dismissed the Italian claim, saying, "If I had immunity, I would not have had 80 policemen in my place" during a 2002 Swiss raid.

Mr. Bin Ladin says he hasn't been involved with Osama in any way since the early 1980s. Italian police think otherwise. They are investigating alleged dealings among Yeslam, Banca Svizzera Italiana, and a Switzerland-based, Saudi-founded

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investment firm called Dar Al Mal. A 2005 Italian financial-police memo from Milan claims the bank "has been sort of a hidden patrimonial manager of the activities linked to Osama bin Laden and his lieutenant Ayman al-Zawahiri."

Banca Svizzera declined to comment, citing Swiss bank-secrecy laws. Dar Al Mal said neither Osama nor Yeslam is a client but that another relative was once on its board. Dar Al Mal said it isn't under investigation by Italian police.

Yeslam Bin Ladin acknowledges family connections to Banca Svizerra and Dar Al Mal. "I have a brother who works with them," he said, declining to say which one. "All I can say is, it's not me."

FBI Agent Says He Had Basis For Questioning Terror Suspect (SACBEE)

By Denny Walsh, Bee Staff Writer

The Sacramento Bee, April 5, 2006

An FBI agent agreed Tuesday in federal court testimony that he asked leading questions during a videotaped confession of Hamid Hayat, a Lodi man charged with terrorism, but the agent said those questions were based on previous statements by Hayat.

Special Agent Gary Schaaf testified that, immediately before he interviewed Hayat on June 4, he had been in an adjacent room observing the questioning of Hayat by another agent. That prior interview, which was not recorded, gave him ideas on areas to pursue with Hayat, Schaaf said.

In addition, the agent testified, he was familiar with the contents of many hours of secretly recorded conversations in 2002 and 2003 between Hayat and Naseem Khan, a former fast-food and mini mart worker operating undercover for the FBI.

For example, when questioned by Hayat's attorney, Wazhma Mojaddidi, Schaaf acknowledged that, while interviewing Hayat, he used the word "jihadi" before Hayat did.

But Assistant U. S. Attorney S. Robert Tice-Raskin developed during his examination of Schaaf that Hayat, in the earlier interview observed by Schaaf, told of a brief stay at a "jihadist camp" in Pakistan in 2000 and a longer stay at a similar Pakistani training facility in 2003.

Schaaf agreed with Mojaddidi that he mentioned Hayat's use of bus transportation to get to the camps before Hayat did.

On the other hand, Schaaf later agreed with Tice-Raskin that he was watching while Hayat told Special Agent Harry Sweeney that he used buses to get to both camps.

Schaaf acknowledged that he first said the camps were "teaching people how to kill American troops," and Hayat agreed. But, the agent testified, the subject initially came up in the interview conducted by Sweeney.

Schaaf said he was the first to name some radical Islamic groups in Pakistan while interviewing Hayat, but Hayat had discussed the groups in an admiring way in recorded conversations with Khan. Through his questioning of Schaaf, Tice-Raskin also made the point that Hayat did not adopt the premise of every question put to him by agents in the videotaped interview.

"He didn't simply say 'Yes, yes, yes' to everything you asked him, did he?" the prosecutor asked Schaaf.

"No," the agent replied.

The back and forth grilling of Schaaf came in the eighth week of dual trials of Hayat, 23, and his 48-year-old father, Umer Hayat. They are being tried on terrorism-related charges in the same courtroom before separate juries. Only the jury hearing the evidence in the Hamid Hayat case was in court Tuesday.

Hamid Hayat is charged with supporting terrorism by undergoing training in Pakistan and returning to Lodi in May to await orders to wage violent jihad against enemies of Islam in the United States.

He is also charged with initially lying to the FBI to conceal his training and intentions.

Umer Hayat is charged with initially lying to the FBI to cover for his son and to hide his own firsthand knowledge of terrorist training in his native Pakistan.

The Hayats, both U. S. citizens, have pleaded not guilty.

Alleged Terror Camp Is A Military Training Center, Defense Witness Testifies (LODINS)

By Layla Bohm, News-Sentinel Staff Writer

Lodi News-Sentinel, April 5, 2006

DOJ_NMG_0025274

SACRAMENTO — The terror training camp a Lodi man allegedly attended is a Pakistani military training center, a humanitarian said today, as he testified about visiting the area in February.

James Lazor was called as a defense witness for the case of Lodi resident Hamid Hayat, who is charged with lying to the FBI and attending a terrorist training camp.

Later today, prosecutors revealed that an informant who had befriended Hayat while secretly recording their conversations has suddenly found another tape that was never given to investigators or attorneys. The informant, Naseem Khan, will return to the witness stand later this week.

Lazor was on an independent humanitarian mission to earthquake victims in Pakistan when Hayat's defense team asked him to visit the camp.

Lazor agreed and, while taking blankets and school children's letters to earthquake victims in northern Pakistan, he made a detour to follow geographical coordinates, he told a federal jury today.

When he arrived there Feb. 17, the Washington, D.C., man said today, he was turned away by a uniformed man who identified himself as a sergeant in the Pakistani military.

"He introduced himself and was really polite. He said it was a military camp that wasn't open to the public and that the whole ridge was controlled by the military," Lazor said outside a Sacramento courtroom where Hamid Hayat's federal trial is being held.

He'd just told jurors something similar, though prosecutors objected to him saying that the camp was run by Pakistan's military. Judge Garland E. Burrell Jr. ordered that part of the testimony stricken from the record, but jurors had already heard it. More than once during his testimony, Lazor said it was a military training camp.

A powerful earthquake devastated parts of northern Pakistan last fall, leaving many people with no homes or belongings. Lazor is friends with a journalist whose publication had received letters from people wanting to donate money, so the friend asked Lazor if he could go to Pakistan and give victims 250 blankets.

Lazor, whose wife is a political appointee for the U.S. Department of Labor, had run an aviation business that deported illegal immigrants from America, and he agreed to make the trip. He took letters from school children in Illinois and San Diego — some of whom have already gotten responses — accepted $500 in pay from Hayat's defense, and then paid for all other expenses.

Lazor landed in Islamabad, then headed to Balakot, one of the places Hayat had told FBI agents was home to a terror training camp. Armed with a global positioning system, Lazor tracked down satellite coordinates of a camp prosecutors have identified in trial.

Whether the camp was under military control in 2003, when Hayat allegedly went there, has not been confirmed in court. An FBI agent earlier testified that there is no proof, other than Hayat's statements during hours of interviews, that he attended a training camp.

Hayat, 23, is on trial with his father, 48-year-old Umer Hayat, who is charged with lying to the FBI. The case is being heard by two juries. Only Hamid Hayat's jury was in court today.

Hamid Hayat's defense attorney, Wazhma Mojaddidi, has maintained that her client only told the FBI things he believed they wanted to hear. Today, she questioned agent Gary Schaaf, one of several agents who took turns interviewing the young man last June.

Mojaddidi read small portions of interview transcripts, pointing to what she said were countless leading questions. For instance, when Schaaf told Hamid Hayat that at a camp "there's clearly weapons training, there's clearly explosives training," the Lodi man replied: "Yeah."

The attorney continued: "And it was you who first mentioned killing Americans before Hamid Hayat ever did, correct?"

Schaaf said she was correct.

Then, on cross examination by Assistant U.S. Attorney Robert Tice-Raskin, Schaaf said most of the things he had mentioned to Hamid Hayat had already been discussed between the young man and another agent.

Tice-Raskin singled out lines in the transcript where Schaaf questioned Hamid Hayat, who then asked for clarifications or disagreed.

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Ultimately, the matter will be up to the jury, which has been hearing the case since mid-February.

After jurors left for the day today, attorneys discussed the new evidence that surfaced over the weekend, when informant Naseem Khan was going through items in his home and found the tape.

The taped telephone conversation is about 20 minutes long and was marked Oct. 13, 2002, about two months after Khan met Hamid Hayat.

Khan started working for the FBI in December 2001, but didn't befriend Hamid Hayat until the following summer.

Defense attorneys have questioned his credibility, especially since he first told the FBI that he'd seen Osama bin Laden's right-hand man in Lodi in 1998 and 1999, and the government has since said it has no proof of that claim.

Defense attorney Johnny Griffin III said in court that he wants to know why Khan didn't give the tape to the FBI more than three years ago, and Mojaddidi said outside court that it bolsters the defense claim.

"That just puts a lot of things into question," she said.

Hayat "Terror" Camp May Be Military Facility, Witness Says (KXTV-TV)

KXTV-TV, April 5, 2006

A man on a humanitarian mission in Pakistan says what the U.S. government thinks is a terrorist training camp may actually be a Pakistani military facility.

"I was at the right location. I'm 100 percent sure of that," said James Lazor, a witness for the defense in the terrorism trial against Lodi's Hamid Hayat. Last month, Lazor was in Balakot, Pakistan searching for the camp and says he encountered Pakistani soldiers when he got close. When he spoke to one of them, Lazor said, "He was a military guy, no doubt in my mind."

Hamid Hayat, 23, is accused of training at a terrorism camp. Prosecutors claim his description of the area and the camp matches satellite images showing a complex of buildings tucked in the mountains of Pakistan's northwest Frontier Province.

Defense lawyers say Lazor's testimony disputes that. "Their expert sat on the stand and stated that in looking at the images that it cannot be a military camp, and he is clearly wrong," said Wazhma Mojaddidi, who represents Hamid Hayat. "The proof is in that the government is not able to, with all its resources, produce one person whoever went there. Us as the defense, we were able to find someone to go there, and he came back and reported what he saw."

Lazor testified that he went to Pakistan this past February, taking blankets to victims of the earthquakes as well as letters from California children to deliver to Pakistani children. He's a private citizen who went there on his own after speaking to friends about the needs of earthquake victims.

The defense would not reveal how they discovered Lazor was going there, but he agreed to try to find the terrorist camp armed with maps, a global positioning system device and the coordinates provided by defense attorneys.

Lazor said when he went up the trail and was about a mile and a half away, he was approached by a military-type vehicle. "I was stopped by a sergeant from the Pakistani military who said the area wasn't open to civilians and said it was a Pakistani military camp I would not be allowed access to," said Lazor. "He was polite and respectful. I mean if he was a terrorist it would've been a completely different scenario."

Lazor, who lead off Tuesday's defense witnesses, said he did very little research on the Hayat case before he went on his quest in Pakistan last month. "I went with an open mind," he said.

Also taking the stand was FBI agent Gary Schaaf, one of the agents who interrogated Hamid Hayat which was videotaped after Hayat claimed he attended training at the terrorist camp. Under defense questioning, he acknowledged that he often asked Hayat leading questions during the interview. Schaaf said he, not Hayat, was the one who first mentioned weapons and explosives training and the possibility someone would travel by bus to get there.

Besides the charge of training for terrorism, Hamid Hayat also faces three counts of lying to federal agents. The key evidence against him is his videotaped confession, along with secret tape recordings between him and a paid FBI informant, Naseem Khan.

On Wednesday, the trial for Hayat's father, Umer Hayat, resumes. The older Hayat, an ice cream truck driver from Lodi, is charged with lying to federal officials about his son's alleged involvement in terrorism.

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HOMELAND RESPONSE:

Responsibility For Defending Nuclear Plants Is Debated (NYT)

By Matthew L. Wald

New York Times, April 5, 2006

WASHINGTON, April 4 — A House subcommittee heard clashing testimony on Tuesday about who was responsible for defending nuclear power plants against terrorist attack, and whether the combination of private guard forces and police agencies was adequate.

A spokesman for the nuclear industry said that terrorist threats were greater than the commercial security forces at reactors could handle, and that the industry was therefore justified in lobbying against some security requirements that the Nuclear Regulatory Commission had considered.

But another witness said that there was no one else in position to respond to large threats.

After the attacks of Sept. 11, 2001, the Nuclear Regulatory Commission redefined its requirements for the attacks that reactor owners must be prepared to defeat, known as the design basis threat, but the commission backed off some of its early ideas after industry objections.

At the hearing on Tuesday, which examined the adequacy of reactor security, the subcommittee chairman, Representative Christopher Shays of Connecticut, said, "There's an assumption that the design basis threat will protect the plant, and therefore the public." But he said he believed that the security requirements were eased "because we've made a decision that it's not practical to meet what may in fact be a very realistic threat."

The Government Accountability Office released a report at the hearing that said that the commission's process had created the appearance of a government agency submitting to industry pressure. But three members of the commission testified that that was not so.

Marvin Fertel, a vice president of the Nuclear Energy Institute, said the design basis threat was "not the full spectrum of threats," but merely what the regulatory commission believed that power companies "ought to be able to, with high assurance, win at."

Among the elements the commission decided not to put into the design basis threat were terrorists with .50-caliber sniper rifles and rocket-propelled grenades, according to testimony Tuesday. It also does not require the plants to defend against airplane attacks like those of Sept. 11; Mr. Fertel and Nuclear Regulatory Commission witnesses said the industry was in close touch with the nation's air defense command, and, if warned, could quickly take steps to lessen the impact of an attack.

He added that the nuclear industry was working with the Department of Homeland Security to improve reactor security and that, by law, companies with reactor licenses were not required to defend against "enemies of the United States."

A Nuclear Regulatory Commission witness said that provision had been written to allow the licensing of a reactor in southern Florida without obligating the utility to defend against Cuban fighter planes.

Another witness, Danielle Brian, the executive director of the Project on Government Oversight, a nonprofit group in Washington that has issued reports about security lapses at government and civilian nuclear plants, said industry officials wanted the rocket-propelled grenades and sniper rifles removed from the official threat because they claimed it was too expensive to defend against them.

"The result of this process is a completely unrealistic design basis threat that reflects not what intelligence experts say is realistic, but what industry is willing to pay for," she said.

Ms. Brian said that assembling a SWAT team and getting it to a plant site would take at least 90 minutes while a terrorist assault would succeed or fail within eight minutes.

But another witness, Christopher M. Crane, the president and chief nuclear officer of the Exelon Generation Company, the nation's largest power plant operator, said money was not the issue.

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"We are not an industry overly driven by profits, and we have not pushed back very hard," he said. The industry has spent over $1.2 billion on security since the Sept. 11 attacks, Mr. Crane said. "Show one other sector that's put anywhere near that money into it," he said.

U.S. Security Czar Says Beijing, Washington Close To Pact On Repatriating Migrants (AP)

By Joe McDonald

AP, April 4, 2006

BEIJING (AP) -- Washington and Beijing are close to reaching an agreement that could lead to the repatriation of thousands of illegal Chinese immigrants in the United States, U.S. Secretary of Homeland Security Michael Chertoff said Tuesday.

Chertoff also said he would recommend implementing new X-ray technology to screen U.S.-bound cargos at foreign ports after seeing a successful pilot program in Hong Kong.

There are about 39,000 Chinese citizens in the United States who have been rejected for immigration but whom Beijing is refusing to accept, said Chertoff, whose agency oversees immigration. China has cited uncertainty about their identities.

After talks this week with Chinese officials, "I think we have reached a meeting of the minds and a common approach on the issue of repatriation of illegal migrants with China," he told reporters.

Chertoff said he was "sufficiently confident" the two sides have made progress that one of his deputies was staying in Beijing to work on details of a possible final agreement.

Chertoff met with Luo Gan, the member of China's nine-man ruling Standing Committee who is responsible for law and order, as well as ministers of public security, justice and civil aviation.

A Chinese Foreign Ministry spokesman said Beijing wants to stop illegal migration but wants to confirm the identities of Chinese detained in the United States before accepting their repatriation.

"The Chinese government is resolutely opposed to ... illegal immigration," spokesman Liu Jianchao said. "First of all, we have to identify those illegal immigrants and based on that, China is willing to receive the repatriation of illegal immigrants."

Chertoff's Asia tour also took him to Japan and Singapore.

In Hong Kong, he toured a port where two companies are using new screening technology that takes high-definition X-rays of cargo and checks for radiation. The screening is designed to help intercept nuclear weapons and other possible terrorist threats.

"I'm going to suggest that we get to the stage of implementing some kind of proposal to put into effect a combination of this X-ray technology and this radiation technology at the ports of embarkation," Chertoff said.

The secretary said he and Chinese officials also discussed American visa restrictions imposed after the Sept. 11 terror attacks that Chinese students, businesspeople and others complain have blocked them from obtaining visas.

Some American companies say the increased difficulty in obtaining visas has hurt their business by blocking Chinese customers and employees from traveling to the United States.

"We are working on a program to streamline visas, expand the amount of time you can spend in the country on visas and try to make the entry process a little bit more efficient and a little more warm and cozy," Chertoff said.

Court Crafts Scheme To Break Deposition Impasse In Sept. 11 Suits (LAW)

By Mark Hamblett, New York Law Journal

New York Law Journal, April 5, 2006

Frustrated by the government's approach to protecting sensitive security information, a federal judge has crafted a compromise so depositions can proceed in earnest in the litigation against airlines and airports over the Sept. 11, 2001, terror attacks.

Southern District of New York Judge Alvin K. Hellerstein said he had to intervene "to avoid further and unnecessary delay in the progress of these cases and relieve counsel of the inherent conflicts and artificial roles" that the position of the Transportation Security Administration has created for plaintiffs lawyers.

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The judge's ruling in In Re September 11 Litigation, 21 MC 97 and 21 MC 101, concerned the refusal of the Transportation Security Administration to attend depositions of the airline defendants in the litigation -- and require that defense lawyers be charged with safeguarding the security information.

The TSA intervened in the cases, which involve family members of Sept. 11 victims who opted to proceed to court instead of applying to the federal Sept. 11 Victim Compensation Fund.

The transportation administration intervened to protect what is called Sensitive Security Information -- information about security plans and procedures of the airports and airline industry.

Instead of attending the depositions, Hellerstein said, the TSA "seeks to impose on defendants' counsel the obligation to object and prevent answers that might disclose SSI," which the judge called a "strange and significant phenomena."

Counsel for the plaintiffs objected to the transportation administration's proposal, saying it would handicap their ability to aggressively pursue their cases. They also worried it might be hard to figure the applicability of sensitive information to conditions of airline security as they existed in 2001.

"Defense counsel also express concern about exposure to civil penalties if they and their witnesses fail to protect SSI," the judge said. "Plaintiffs press to proceed, citing lengthy delays, and pointing out that many of their counsel -- all those who would be taking depositions -- were cleared by TSA to obtain access to SSI pending TSA authorization of such disclosure."

The plaintiffs opposed a TSA plan that would allow them to put questions to witnesses, but not hear the answers to those questions until the administration determined that the answers could be given.

Initially, the airline and airport defendants turned documents over to the Transportation Security Administration in three groups beginning in late 2003. TSA reviewed the documents and then produced them to the defense counsel, albeit slowly, the judge said. The agency did not complete its review of the first and second waves of documents until late last year.

But two years after the agency began reviewing documents, the judge said, it "retreated" from its initial position and said it would not conditionally disclose sensitive security information material to precleared defense counsel.

He pressed for the sides to negotiate a protocol to break the impasse, but negotiations dragged on.

Hellerstein then directed the plaintiffs to serve defendants notices that they would be asking for testimony on four "critical" areas: "the warnings and information supplied to the U.S. carriers by the Federal Aviation Administration about the threat of hijackings, including terrorist hijackings, prior to Sept. 11," airport passenger screening procedures, "the so-called 'common strategy' in the event of a threatened hijacking," and, finally, the identity of documents submitted to the Transportation Security Administration to determine whether they contain sensitive security information.

But the agency's proposed final orders for the depositions had defense counsel concerned that they would be placed in conflict because government regulations might prohibit disclosure, and yet disclosure might be in the best interests of their clients.

'DIRECTLY RELEVANT' MATERIAL

In a letter last month to the court, defense counsel said "much of the what the TSA has identified as SSI is directly relevant to the exclusive standard of care governing their conduct on Sept. 11, 2001 and is at the heart of their defense."

For their part, plaintiffs wrote last month that "it would be an unconstitutional burden to impose upon counsel the responsibility to 'guess' what answers might involve disclosure of SSI at the risk of statutory and regulatory penalties."

If TSA declines to attend depositions, they argued, the agency should be deemed to have waived any objections to the answers provided by witnesses.

But the agency countered that regulations expressly charge those entrusted with security information to safeguard it from "unauthorized disclosure."

Hellerstein said the proposed alternatives by the Transportation Security Administration "fail to allow plaintiffs to engage in the back and forth so essential to establishing a claim in negligence." So he fashioned a plan whereby cleared plaintiffs' counsel may ask witnesses questions in the normal fashion and the witnesses will be defended by counsel "entitled to read and hear SSI," either under the regulations or by special clearance.

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Two transcripts will be made and the agency will have 30 days to determine whether the answers are SSI. Answers that are SSI will be redacted from the second copy of the transcript. The first copy, which will reflect the agency's determinations of security information, will be considered a "final determination" subject to appeal, and a copy will be filed under seal.

"By opting out of the Victim Compensation Fund, the litigants currently before me have necessarily assumed the risks inherent in litigation," Hellerstein said. "But they could not reasonably have foreseen that they might be barred by administrative fiat."

And while the task of the Transportation Security Administration might be "formidable," he said, "the severity of the task may not serve as an excuse for barring plaintiffs from asserting the claims allowed them by law."

Marc S. Moller of Kreindler & Kreindler is liaison counsel for the plaintiffs. Desmond T. Barry of Condon & Forsyth is liaison counsel for the defendants. Elizabeth Goldman represents the TSA.

Homeland Security Pay Plan Goes Forward, But Unions Are Wary (WP)

By Stephen Barr

The Washington Post, April 5, 2006

The Department of Homeland Security is moving ahead with its plan to change how it evaluates and pays employees, even as it tries to fend off unions in court.

The pay changes and the court case are separate issues, but the union litigation has altered the department's timetable and injected some uncertainty into how far Homeland Security can go in changing some key workplace rules.

Gregg Prillaman , chief human capital officer at the department, said the litigation "has essentially compressed" the schedule for converting employees from the traditional civil service system, the decades-old General Schedule, to a performance-based system. "Instead of moving people onto it quicker, it is going to be slightly slower," he said.

The litigation is scheduled to resume tomorrow, when the unions, led by the National Treasury Employees Union, and the government make oral arguments before a federal appeals court.

The NTEU, contending that the new rules would gut collective bargaining in the department, won the first round last August. U.S. District Judge Rosemary M. Collyer ruled that the department's plan would put the unions on "quicksand" when trying to negotiate the terms of contracts, and she blocked new labor-management rules.

Although the unions have focused their legal efforts on stopping the department's new work rules, they also are wary of the new pay system, contending that the government has a poor track record in creating performance-based management systems that are viewed as fair and credible by workers.

The Bush administration, however, thinks the across-the-board raises provided through the General Schedule do not permit agencies to make distinctions among employees and thwart efforts to give higher raises to top performers.

In keeping with a 2002 law, Homeland Security is designing a pay system that will provide employees with raises more closely tied to their occupations and geographic location. The best workers will also receive higher raises that reflect their job performance. Employees who are deemed unsatisfactory will be at risk of not getting a raise.

The new pay system, when in place, will cover as many as 85,000 civil service employees, with a substantial number in jobs related to law enforcement. One goal of the new system is to more rigorously link annual pay raises to job performance ratings.

The initial rollout will involve 18,000 to 20,000 employees who are not covered by union contracts. Under the plan, managers, supervisors and nonunion employees will move to a new pay system, featuring broad salary scales based on occupations, next January.

In the second phase, 60,000 to 65,000 employees, including most employees covered by union contracts, will convert to the new pay system in January 2008.

Prillaman said that about 2,000 Homeland Security managers have received training on a new system for evaluating the job performance of employees and that up to 5,000 additional managers will be trained.

"The plan is not to go out and do massive harm to employees of this department. Quite the contrary," Prillaman said. "It is to give them a clearer picture of how they succeed and better recognition for that success. It is not a Machiavellian plot.

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"In the end, the department's goal is the same as the employees' goal," he said. "You want to be able to have high-quality people in the organization who succeed in their job and want to stay for the long run. That is what employees want, and that is what the department wants."

Take Back The Towers (NYT)

By Dennis Smith

The New York Times, April 5, 2006

THE effort to rebuild the World Trade Center site continues to go nowhere. The planned memorial lacks start-up money and faces public indifference. Those behind the proposed museum have not shown that they have any clear idea how to represent the memory of a day of murder, pain and loss. And most important, there is no real government-business-real estate coalition supporting the commercial plans of the Lower Manhattan Development Corporation and the developer Larry Silverstein, who holds the lease.

We've reached a stage where the state and local government, so often the causes of delay, are the only players with the ability to move things forward. It is time for them to invoke their trump card: the takings clause of the United States Constitution.

To understand why, consider how all facets of the project have reached the point of inertia. Those behind the memorial, centered on its two reflecting pools, have still not satisfied the public or the politicians on several aesthetic questions.

For example, the memorial must display the names of those who died at ground zero, the Pentagon and Shanksville, Pa., as well as those killed in the 1993 attack on the twin towers. But to the consternation of many (perhaps most) of the 9/11 families, the designers seem determined to place the names haphazardly, and without reference to time or place of death.

The debate over the names points to a larger problem: many in the artistic community seem unable to accept the influence that the families of the victims have among the public. Until the designers understand the role of the families and that they are building over a tomb — bodies of hundreds of the 2,749 who died there were never recovered — the project will languish. As for the museum, the most obvious setback was the disastrous decision to have it house the controversial International Freedom Center, which was eventually reversed by Gov. George Pataki. But since then, another series of seemingly intractable issues has arisen: the footprint space and exhibition areas have been reduced, there are problems with handicapped access, there have been warnings that crowd movement could be dangerous in an emergency and, most important, Alice Greenwald, the director, has yet to say what specifically the museum will contain.

Finally, of course, there is the problem of financing. It is too late to say that the money should have been raised before the design of the memorial and associated projects was accepted. But it seems clear that corporations and individual benefactors are reluctant to pony up the half-billion dollars needed for an effort with so many unanswered questions attached to it.

There is only one way to move forward: Mayor Michael Bloomberg and the City Council should send a home-rule message to Albany and demand the confiscation of the World Trade Center site under the eminent domain clause. At a time when counties and municipalities across America are seizing houses and small businesses to build shopping malls just to increase their tax bases, there are plenty of justifiable reasons — included lost tax revenues — to demand the return of ground zero.

Is taking the site legally practicable? "As long as the land were used for public purposes such as monuments, museums, or other public buildings, it can certainly be condemned under the U.S. Constitution," says Vicki Been, a professor of real-estate law at New York University Law School. "Even if some (or most) of the land were transferred to private parties to build commercial or residential space, the Supreme Court has held that such economic development is a public purpose."

The alternative — waiting for the current players to get their act together — makes no sense. Even if the project were to regain momentum, the plan is to build 10 million square feet of commercial space that is not only unneeded but will also mostly fail to rent. The Freedom Tower will be an eyesore as well as a terrorist target, and few will want to work there.

Mayor Bloomberg has recognized the financial folly of such large-scale building in an area that needs careful neighborhood development. With his business skills and political savvy, he is the natural choice to become chief engineer and contractor of a smaller, smarter, more appropriate ground zero.

Four decades ago, the 12 blocks that form the trade center site were taken through eminent domain from a group of electronics merchants and other small-business owners. That was David Rockefeller's idea, and his brother Gov. Nelson

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Rockefeller made it happen. Now it is up to Governor Pataki to give Mr. Bloomberg a similar opportunity. Ground zero does not belong to the Port Authority or the Lower Manhattan Development Corporation or Larry Silverstein. It is our property. We should get it back.

Senate Panel Adds Billions To Bush Plan For Storm Relief (NYT)

By Leslie Eaton

The New York Times, April 5, 2006

Spurred by an influential Mississippi Republican, the Senate moved yesterday toward adding billions of dollars to the Bush administration's $19 billion hurricane relief request, which was approved by the House last month.

The additional money, voted by the Senate Appropriations Committee, means that Louisiana will most likely retain all of the $4.2 billion that the House approved for home rebuilding. Texas and Mississippi had been expected to vie for a share of those funds, but the provisions adopted by the committee yesterday, adding about $8 billion in hurricane relief that would also help other programs and states, heads off such a battle.

The committee is led by Senator Thad Cochran of Mississippi, who added considerable aid for his state. The legislation includes $700 million to relocate a privately owned freight rail line in Mississippi, $1.2 billion for a pilot program favored by Mississippi's governor to replace trailers with cottages and $1 billion in block grants that are likely to go to Mississippi and Texas.

Quite apart from hurricane relief, the committee, at the request of Senator Byron L. Dorgan, Democrat of North Dakota, also added to the bill $4 billion to help farmers hurt by drought and high energy costs. Other provisions would provide more than $2 billion for fighting avian flu and $648 million for improving port security.

All this money is now part of a $106.5 billion supplemental spending bill, passed by the committee yesterday, the bulk of which — roughly $68 billion — is to pay for the war in Iraq. Like the House, the Senate committee included special funds for armored military vehicles.

The full Senate is likely to take up the bill after returning from a recess that begins at the end of the week. Eventually the additions, should they be approved on the floor, will have to be negotiated with the House. But some senators are pledging to fight the ballooning supplemental appropriation, which they say should be used for emergency spending only.

The chairman of the Senate Budget Committee, Judd Gregg, Republican of New Hampshire, said in a statement that he believed the bill should be cut back to the $92 billion requested by the administration and approved by the House. But Mr. Gregg also said he planned to try to amend the bill to increase spending on border security by more than $1 billion, and to pay for that increase by paring spending that is not related to hurricane relief or the war.

Gov. Kathleen Babineaux Blanco and other Louisiana officials, who had converged on the Capitol to lobby for recovery money, expressed satisfaction with the Senate bill.

But they continued to demand that the Bush administration come up with a formal plan to rebuild the levees around New Orleans, a project that administration officials said last week would cost $6 billion more than originally projected by the Army Corps of Engineers.

The Senate bill added more than $600 million to the $1.5 billion the House approved for levees and flood control projects on the Gulf Coast, and called on the administration to make a formal request to Congress for that money; without the request, Louisiana officials say, the complex rebuilding process will stall.

Senator David Vitter, a Louisiana Republican, asked the administration for action, saying his state "cannot afford additional months of stonewalling with a new hurricane season right around the corner."

Mary L. Landrieu, the state's Democratic senator, went further, threatening to hold up all of the administration's executive appointments until progress is made on finding enough money for the levees. In a letter to President Bush, she called the condition of the levees "a life-or-death situation" for Louisianians.

"The people of Louisiana have waited so long for accurate numbers, for construction of levees and for adequate funding for housing rebuilding," she said at a news conference at the Capitol. "We simply cannot wait much longer."

The new spending bill also includes increased financing to cover the costs of educating students displaced by Hurricane Katrina, a provision that would mostly benefit Texas, where the largest number of such students wound up. At the behest of

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Senator Kay Bailey Hutchison, Republican of Texas, $10 million for law enforcement in the state was added, as was money for universities and colleges damaged by last year's storms.

Landrieu Threatens Blanket Holds To Get Levee Funding (HILL)

By Jonathan Allen

The Hill, April 5, 2006

Sen. Mary Landrieu (D-La.) threatened yesterday to hold President Bush's executive-branch nominees hostage until the administration agrees to a series of demands that would increase funding for coastal Louisiana.

In a letter sent to Bush yesterday, the Louisiana Democrat threatened to place holds on the president's nominees, raising the prospect that the Senate could be tied in knots as Bush tries to fill a variety of vacancies, including the top jobs at the Interior Department and the Office of Management and Budget.

"Because this is literally a life-or-death situation for the people of my state, I am compelled to notify you that I will exercise my power as a member of the Senate to stop further consideration of all executive appointments until significant progress is made on such a request and commitment," Landrieu wrote.

She is looking for an additional $6 billion for levees, flood control and coastal restoration in Louisiana — and the president's commitment to use "the full weight of the office of the president" to pursue that money, a plan for coastal restoration and a federal revenue-sharing arrangement for receipts from Outer Continental Shelf drilling.

The price tag matches the new figure the administration has said would be needed to bolster Louisiana's levee system to the point that the area would be eligible for federal flood insurance. A $95 billion supplemental spending bill marked up by the Senate Appropriations Committee yesterday already contains about $2 billion for the Louisiana coast.

Senators have been able to block nominations — or legislation — indefinitely by using the informal "hold" procedure. Senate Republican leaders could circumvent holds on nominations by calling for cloture, but each nomination would require a separate cloture vote. That could add days to the timeline for each nomination.

But the likelihood of high Senate floor drama was not yet clear yesterday. "Historically, a blanket hold does not necessarily accomplish the goal [or goals] set out for it when deployed," said Eric Ueland, chief of staff to Senate Majority Leader Bill Frist (R-Tenn.).

"Mr. President the piecemeal approach that has marked your administration's response to providing adequate levee and flood protection for Louisiana has not worked," Landrieu wrote. "It needs to be replaced by a comprehensive approach that is both more effective and cost-efficient."

Louisiana lawmakers have run into strong resistance from conservative Republicans on recent requests for Gulf Coast funding. The conservatives argue that new money for the region should be offset by budget cuts.

With singular purpose, Landrieu has begged, bargained and beguiled in search of federal assistance for Louisiana since Hurricane Katrina devastated the Gulf Coast last summer. Yesterday, she promised to up the stakes for the administration.

"It's the leverage I have," Landrieu said.

She hinted that she has other arrows in her quiver but did not specify what other means she might have to put pressure on the president or the GOP-led Senate.

Landrieu did not rule out offering a floor amendment to the supplemental appropriations measure on the floor to accomplish her goal, but her aides said it would be difficult to get the money without backing from the White House.

Last month, Landrieu was the only Democrat to vote for the budget resolution, after she struck a deal with Frist and several senior Republicans that would provide $10 billion to Louisiana for similar purposes if a number of conditions are met.

But many lawmakers and aides have cast doubt on the prospects of final adoption of a conference report on the budget this year. The House is scheduled to vote on its version of the legislation this week.

"Money spent on levees and flood control today will save the federal government billions in the future by eliminating the need for costly post-storm recovery and rebuilding in areas that were not adequately protected," Landrieu wrote. "The people of my state cannot wait any longer. We can no longer rely on promises. We need action, and we need action now."

As for Landrieu's threat, Ueland said Frist will not prematurely "cross any bridge."

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For Gulf Towns, Anxious Wait On Flood Plain Status (CSM)

By Patrik Jonsson

The Christian Science Monitor, April 5, 2006

BURAS, LA. - The Buras water tower is still on its side where hurricane Katrina pushed it over as though it were a LEGO toy. Schools are still closed. Water treatment is nonexistent.

Sure, a few determined survivors have returned to battered Plaquemines Parish, which looked like an inundated shrimper after sustaining four levee breaks.

But for most, the decision of whether to return is becoming more complex. Buras - and other towns in lower Plaquemines - may face a tougher road toward rebuilding if maps expected to be released this week determine that they are ineligible for federal flood insurance.

At issue: the original levees, though repaired, have proven unworthy against Katrina-size storms, and cost estimates for bolstering them have tripled, to $9 billion. That makes the maps a key to the recovery riddle, since they will guide rebuilding and factor in developers' calculations. The situation is testing the pride of Louisiana's original parish. And it's shedding light on how rebuilding will occur in the most stormwracked corners of the Gulf Coast, as communities compete for levee improvement funds.

"I need schools to send my kids to, I need a church to follow my faith, and Buras is getting none of that," says Lynda Banta, a parish councilor living in the largely unaffected Belle Chasse area. "Somebody's decided we're expendable."

This finger of gnat-infested lowland, where the levees flicker into view on both sides of the Belle Chasse highway around refineries and orange groves, is the home of oil-rig workers, refinery roughnecks, and oystermen. Some can trace their Italian, French, and Slavic heritages through the bayous for centuries. For towns like Triumph, Nairn, Venice and Port Sulphur, it's crunchtime for recovery.

The Army Corps of Engineers completed its first repairs on the Plaquemines levees on March 17, bringing them up to their original height and bolstering them with sturdier clays. But a harsh prospect overshadowed its restoration.

"Another Katrina would overtop this levee," said Army Corps of Engineers Col. Lewis Setliff during a press conference near the Empire Lock in Nairn, La.

Plaquemines, which comprises the mouth of the Mississippi, dates back to 1682, when the French explorer Rene-Robert Cavelier, Sieur de La Salle stuck a cross into the silty lowlands nearby. But since the levees and subsequent suburbs were built in the mid-20th century, the area has experienced a rough stretch in the past 40 years, as hurricanes Betsy, Camille and Katrina (the worst of all) threatened to return it to swampland.

Reinforcing the lower levees of Plaquemines would cost $3 billion for an area with less than 2 percent of the southern Louisiana population. In contrast, nearby Algiers contains 13 percent of the region's population, but the cost would be $129 million to storm-certify its levees.

Moreover, only 1,000 out of 14,000-odd people that lived in the lower part of Plaquemines Parish have returned. Statistics like that have given momentum to comments by some politicians that parts of the region should be returned to the swamps.

"It's easy for people from the outside to say that the decision seems simple: it's not a good place to live, so don't go back," says Jeanne Hurlbert, a sociologist at Louisiana State University in Baton Rouge. "Plaquemines is a place like many in southern Louisiana where the communities are strong, multigenerational, and where you're asking people to give up a way of life in a place where they've always lived."

But by focusing simply on levee height, government engineers and politicians may be missing an opportunity for "broader thinking," says David Daniel, president of the University of Texas at Dallas and the chair of an external levee review committee organized by the American Society of Civil Engineers.

After all, one local high school, destroyed by hurricane Camille, was rebuilt on stilts. It survived Katrina intact. High-ground evacuation sites and "armored" levees that would not break even while overtopped may enable areas like lower Plaquemines to endure another major storm. Some of the stilts may have to be 35 feet high, however.

"You may design for the mother of all storms and you get the grandmother of all storms," says Dr. Daniel. The committee's much anticipated risk analysis for the region is expected June 1 - the kickoff date for the new hurricane season.

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FEMA Trailer Park Fails To Survive Storm From Residents (NYT)

By Adam Nossiter

The New York Times, April 5, 2006

NEW ORLEANS, April 4 — A mayoral election is less than three weeks away, and the sympathy of elected officials for the irritations of voters in the aftermath of Hurricane Katrina is boundless.

As a result, there will be no trailer park in Lakewood Estates, a collection of solid, spacious homes behind a high locked gate in the Algiers section.

Last weekend, angry residents of the neighborhood took to the street to protest a trailer park being built on their doorstep by the Federal Emergency Management Agency for 34 single women and their children who were left homeless by the hurricane. FEMA, their signs proclaimed, was "raping" their neighborhood.

Construction was already well along — some 20-odd trailers are already in place on the dusty lot — but fortunately for the residents of Lakewood Estates, campaign season is also well along.

Mayor C. Ray Nagin, habitually relaxed in his reactions, wasted not a moment this time. On Monday morning, with news of the residents' uprising in the local media, Mr. Nagin called a news conference.

"I'm very upset about it," he said. The contractor had "disrespected" citizens. FEMA had "bullied" city workers. Enough was enough. "This is unacceptable," the mayor said.

The disputed trailer park was now history, Mr. Nagin said. And so, for the moment, were all other trailer sites in the city, whose construction the mayor proclaimed "suspended."

The residents of Lakewood Estates had won. FEMA, though, said it was puzzled, especially since the Algiers trailer site had been approved by the mayor months ago, said Darryl Madden, an agency spokesman. All the necessary building permits had been obtained, Mr. Madden said.

A lawyer for the city declined to comment, citing a pending suit by the residents. City documents disputed the assertion that the building permits had been obtained, but a City Hall news release indeed confirmed "that this particular Algiers site was not removed from the original list."

Seven months after the hurricane, fights over where to house its displaced victims continue. Up and down Louisiana, but particularly around New Orleans, residents and local officials have taken action against the incursion of displaced city residents — overwhelmingly black — who are portrayed as bearers of crime and bad living habits, and as destroyers of property values.

Some of the most virulent opposition has occurred in the victims' own backyard. Last December Mr. Nagin backed away from a list of proposed city sites after expressions of outrage. Gov. Kathleen Babineaux Blanco was forced to intervene here late last year, when officials could not agree on where to put the trailers.

And by the end of last year, 32 of Louisiana's 64 parishes had banned these trailer sites. Only eight had approved them unconditionally.

If these flare-ups are less frequent than before, FEMA says the need for temporary housing is nonetheless as great as ever. In New Orleans, where the agency has set up nearly 10,000 trailers, 109 sites await Mr. Nagin's approval, the agency says. He has already approved more than 100 such sites, some 17 of which are occupied. FEMA says about 12,000 requests for trailers are pending in the city, with new ones coming in all the time.

"I think it's appalling and I think it's yet another example of 'not in my backyard,' " said William P. Quigley, director of the Gillis Long Poverty Law Center at Loyola University and a litigant on behalf of hurricane victims, speaking of the Algiers site. "The people of New Orleans have been made more welcome across the U.S. than they have been in their own hometown."

The sudden loss of the Algiers site is a sharp blow, Mr. Madden said. "This was going to be a location where we were going to be able to place 34 displaced families, at a time when placing families is important," he said.

"The fact is, we have been working on this site since the mayor approved it," Mr. Madden said. "For this decision to be made at this juncture jeopardizes our effort to provide housing to displaced citizens in the aftermath of Katrina."

Security cameras watch the entrance of Lakewood Estates, and a sign proclaims "24-hour camera surveillance in progress." The collection of trailers sits on a two-acre plot on one side of a low wall, a humble contrast to the substantial, well-landscaped dwellings on the other side.

"If you look at this facility, it looks like Guantánamo," said the protest leader, Edward D. Markle. He was still furious at FEMA, though the site appears dead, for now. "It's bad," Mr. Markle said. "You've got a thousand locations that are better. I won't be able to take a bath without them seeing me."

He suggested that a much larger plot of land, across the road and away from the homes, would have made a far more suitable location.

"It's not an issue of we don't want them in our backyard," Mr. Markle said. "We invite them in our backyard. We just don't want them in our bathrooms and bedrooms."

No Hands On Deck (NYT)

The New York Times, April 5, 2006

You can't get anyone to take over as captain of a ship that's already sinking. That's the message top candidates are sending the administration about the Federal Emergency Management Agency.

As Eric Lipton reported in Sunday's Times, many of the leading candidates for the post of FEMA director have taken themselves out of the running. Normally high-profile positions like that are sought after, even fought over. But no one seems to want to take over the rudderless agency after the mess that followed Hurricane Katrina.

The lack of interest in the job represents a significant vote of no confidence in FEMA's future by leading experts in the field. Clearly, the administration won't be able to plug just a few holes at the top and expect the agency to heal itself. President Bush needs to set a clear agenda for reform and make tangible commitments on the agency's future role.

To start, FEMA's personnel troubles go much deeper than one open position. Mr. Lipton reported that 11 of the 30 most senior jobs at the agency were filled on an acting basis — including the administrators for operations, disaster recovery and disaster response. This is hardly a recipe for providing the clarity, the sense of purpose and, most of all, the sense of stability this agency needs.

It would be a mistake to simply make the acting director, David Paulison, the permanent chief, as the administration is expected to do. That would create the impression that this crucial government function was being handed over to the only person willing to take it on. Administration officials need to tackle the real impediment to finding a new director: uncertainty over FEMA's role and future.

First they need to answer a central question. Is FEMA an agency of accountants or emergency responders? Is it there to provide financial reimbursement or boots on the ground during disasters? The answer should be: a little bit of both. Most of the time, FEMA helps local and state governments after a crisis has passed. But in the largest catastrophes, when local people are as overwhelmed as they were after Hurricane Katrina, the other role — managing the response to a major disaster — is called upon. Those are the areas officials are trying to improve after the botched response to Katrina.

FEMA has suffered upheaval in recent years, not least because it went from being an independent cabinet agency to being one piece of the huge homeland security bureaucracy. Katrina exposed major failings that the agency is trying to address. Trying is nice, but as the chairman of the House appropriations panel for homeland security, Harold Rogers, put it last week, "Another failure is not an option."

Hurricane Prediction: Busy, Again (USAT)

By Patrick O'Driscoll

USA Today, April 5, 2006

This year's hurricane season is likely to be very active, though not as bad as last year's record-shattering barrage on the Gulf Coast, a leading U.S. prediction team said Tuesday.

The latest 2006 forecast by the Tropical Meteorology Project at Colorado State University envisions a higher potential for intense hurricanes to strike the East Coast. The report's “landfall probability” outlook sees a 64% chance that a major hurricane — Category 3 or higher, meaning sustained winds of at least 111 mph — will hit that region this year. That's more than double the 31% average probability over the past century.

The central Gulf Coast — Louisiana, Mississippi and Alabama — devastated last year by Hurricanes Katrina and Rita rates a 30% likelihood for a major hurricane. That, too, is twice the 15% average during the previous century.

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The new forecast arrives as New Orleans, southern Louisiana and the Mississippi coast struggle to rebuild and reinforce against more hurricanes. Katrina alone inflicted $80 billion in damage, caused more than 1,330 deaths and displaced hundreds of thousands of Gulf Coast residents.

Forecast co-author William Gray, dean of the USA's hurricane scientists, said last year's onslaught was made more destructive by strong steering currents of Atlantic air that guided more major hurricanes to land. It is too early to predict how such air patterns may develop this year.

Co-author Phil Klotzbach said two more factors affect the outlook: still-warm water in the Atlantic, especially in the north, and the absence of an El Nio pattern in the Pacific. Wind currents caused by El Nio, a warming of equatorial waters of the Pacific, can disrupt or cut off Atlantic storms as they blow west.

Klotzbach and Gray foresee 17 named storms this season, which runs from June through November. That's nearly twice the average of 9.6 storms a year from 1950 to 2000 but well below last year's record 27 storms, 15 of them hurricanes (winds 74 mph or more). There were so many storms in 2005 that the National Hurricane Center's alphabetical list of names ran out in October, and the center had to use Greek letters to refer to later storms.

The forecast expects nine of the 17 storms to become hurricanes, five of them major. Long-term average is about six per year, two of them major.

Although the tropical Atlantic isn't as warm as last year, temperatures have stayed warm in the North Atlantic for several years, Klotzbach said. When that happens, he said, “you tend to see more landfalls on the East Coast.”

U.S. shores north of the Carolinas and Virginia haven't been hit by a major hurricane for decades. Last month, AccuWeather.com, a private service, predicted that one could strike in the Northeast, including New York City, perhaps even this year. “The Northeast is staring down the barrel of a gun,” AccuWeather forecaster Joe Bastardi warned.

Klotzbach and Gray say the Atlantic is in an extraordinarily active cycle that began in the mid-1990s and could last another two decades. “From 1995 to 2003, we had a lot of (tropical storms) but very few landfalls,” Klotzbach said. “There were 32 major hurricanes during that span, but only three made landfall as majors.”

That has changed dramatically since. In the past three years, seven of 13 major hurricanes have struck land. “We were very, very lucky for nine years,” Klotzbach said, “and we've been very, very unlucky for the last three.”

In A Year Of Catastrophic Loss, Insurers Saw Record Gains (LAT)

By Peter G. Gosselin

The Los Angeles Times, April 5, 2006

The companies that provide Americans with their homeowners and auto insurance made a record $44.8-billion profit last year even after accounting for the claims of policyholders wiped out by Hurricane Katrina and the other big storms of 2005, according to the firms' filings with state regulators.

Top executives described the profit — an 18.7% increase over the previous year — as a fluke, the product of gains in other lines of insurance besides homeowners and a very good year for their investments.

They said that even with the increase, insurers face deep problems that can be fixed only by substantial premium hikes, a scaling back of commitments by several firms to the most disaster-prone portions of the country and, according to some, a greatly expanded role for the state and federal governments in insuring individuals against the largest of catastrophes.

"Unless insurers can get relief, you're going to see a pullback by the private industry," warned Robert P. Hartwig, chief economist of the industry-funded Insurance Information Institute.

"We're not being good stewards of our investors' capital or our policyholders' surplus if we keep doing business where we can't make money."

In fact, the property casualty insurance industry, which provides homeowners and auto coverage, made a considerable sum despite paying tens of billions of dollars to policyholders as a result of Katrina, which is widely described as the largest insured disaster in U.S. history, and a string of other storms.

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Besides boosting profits, the industry raised its surplus by more than 7% to nearly $427 billion, according to an analysis of company filings by the National Assn. of Insurance Commissioners, which represents regulators from the 50 states. The surplus is intended to provide a financial cushion in times of high claims.

The industry covered virtually all of its claims and expenses with premiums earned during the year rather than with surplus funds, according to the organization's analysis. The ratio of claims and expenses to premiums was among the lowest in three decades.

The question is: How, in a year that produced an estimated $56.8 billion in disaster losses, nearly twice the previous record and more than twice what insurers paid after the Sept. 11 attacks, is this possible?

The answer, in part, is that U.S. insurers purchased disaster insurance of their own before the 2005 storms, much of it from overseas firms. Executives said that half — and by some estimates, nearly two-thirds — of the insured losses from last year's hurricanes ultimately will be borne by so-called reinsurers, many based in Bermuda and Europe.

In part, it's because of what Hartwig called the "anomaly" of so much of the 2005 storm damage being caused by flooding, which private insurers don't cover and instead rely on Washington handles through the national flood insurance program.

But the industry's remarkable performance also reflects a dozen-year effort by insurers to insulate themselves from the most extreme financial consequences of catastrophe by, among other things, shifting risks previously borne by companies to policyholders and the public.

The effort started after the last big batch of natural disasters in the early 1990s, among them Hurricane Andrew in Florida in 1992, and the Oakland Hills firestorm in 1991 and Northridge earthquake in 1994 in California.

The effort has included industry adoption of increasingly sophisticated techniques for analyzing catastrophic risk, as well as self-imposed limits on how much firms will cover and where. It also has included successful campaigns to get states or state-created entities to shoulder such dangers as earthquakes in California and wind in Florida, Texas, Hawaii and elsewhere. And it has involved tightening policy language — by, for example, narrowing the definition of "replacement cost" for homes — in ways that leave individuals bearing more of the burden of putting their material lives back together after trouble strikes.

While premiums for homeowners insurance have increased by more than half since the early 1990s, coverage, especially in disasters, has shrunk. Historically, insurers covered a little more than 60% of total losses in disasters, according to Hartwig, the industry economist. During the 2004 hurricanes in Florida, they covered less than 50%, according to Hartwig's numbers. During Katrina, he said, they covered about 30%, due in part to the high flood damage.

In making these changes, the insurance industry has been part of a trend that has picked up steam as the U.S. economy has grown more competitive in recent decades — a shift of financial risks from business and often government to individual households.

"If last year's hurricane season had occurred 10 years ago, it would have been devastating for the company," said Allstate Vice President Fred F. Cripe in an interview. "Last year, it was merely disappointing."

Despite evidence of industry success in reducing its financial exposure in disasters, major insurers — most prominently Allstate — have announced a new round of risk-limiting steps, including approving no new homeowners policies along substantial stretches of the nation's East and Gulf coasts. Several have called for creation of state and federal funds to serve as financial backstops for the industry in the biggest disasters.

The new proposals have drawn fire from a wide variety of quarters.

George K. Bernstein, appointed by President Nixon as the first administrator to oversee the government's flood, riot and crime insurance programs, said that private insurers had already pulled out of other risky lines of business.

"There's not going to be much left that they do insure by the time it's all over," he warned.

California Insurance Commissioner John Garamendi said: "The insurance industry is running away from risk, and leaving policyholders holding the bag."

Among those policyholders are Robert and Denise Sebastian, whose two-story brick house at 326 Bellaire Drive in the sedate Country Club Gardens section of New Orleans flooded after the walls of one of the city's major canals gave way during Katrina.

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Sebastian, a 52-year-old official with the federal Minerals Management Service, has filled three loose-leaf binders with correspondence and phone notes from his efforts to collect more than $450,000 he believes his family is owed by St. Paul Travelers and Encompass Insurance, an Allstate subsidiary.

He has managed to get about half of that amount, but only after repeated clashes with the companies and returning several small checks proffered as full payment. Despite what he says is evidence of roof damage and leaking, Encompass recently denied his claim for $100,000, saying damage was due to flood or settlement and therefore was not covered by his policy.

"My wife and I are both lawyers," said Sebastian. "We've put every bit of our wherewithal into pursing these claims, and we're still not settled after seven months.

"I wonder what happens to the grandmother in Gentilly."

To be sure, Katrina and last year's other big storms dealt body blows to some insurance companies. Mississippi's No. 2 insurer, Mississippi Farm Bureau Mutual Insurance, went broke after paying $450 million in claims, and is being dissolved, according to state officials. PXRE Reinsurance Co., a subsidiary of Bermuda-based PXRE Group Ltd., has been forced to explore "strategic alternatives," according to a recent statement, after storm-related claims and expenses outstripped premiums by nearly 1,000%.

In addition, the final chapter has not been written for several insurers, including State Farm Fire and Casualty Co., USAA and Nationwide Mutual Insurance Co., because of lawsuits filed on behalf of Mississippi policyholders by prominent lawyer Richard Scruggs and the state's attorney general, Jim Hood.

Both charge the firms with wrongly denying claims for Katrina-related wind and water damage. In Hood's case, he argues that the standard provisions of homeowners policies excluding flood coverage are ambiguous. But company lawyers say the policies are clear. Industry analysts think that the plaintiffs stand little chance of succeeding, and that even if they do, the results will not fundamentally alter the companies' finances.

Among insurers, the consensus is that the industry is in the best shape it has been in years. Some argue against tampering with success.

"We've been through some of the worst natural disasters and man-made catastrophes in our history, and had some of the best earnings in the last 20 or 30 years," said Frank W. Nutter, president of the Reinsurance Assn. of America, a Washington trade group.

Nutter accused companies that are calling for major changes in coverage and creation of public backstop programs of engaging in "a risk-shift strategy of moving risks off their books onto government and policyholders." Members of Nutter's group stand to make big profits from major insurers stocking up on reinsurance to guard against fresh catastrophes. Reinsurers are said to have raised premiums by 100% or more since last year's storms.

Other industry executives insist they are simply trying to protect their companies and the public.

Hartwig, the industry economist, and Cripe, the Allstate vice president, said that insurers' greatest concern is that the number and intensity of big storms hitting the U.S. coast have risen and are likely to stay high for years to come. They said that although the industry easily handled the costs of the last two years of hurricanes, a similar pummeling during the next few years would deplete its finances.

As evidence of the change, the pair noted that seven of the 10 most costly hurricanes in U.S. history occurred during the last two years. And they cited the recent announcement by a leading disaster modeling firm, Risk Management Solutions Inc. of Newark, Calif., that chances of devastating storms making landfall are dramatically higher than it previously predicted.

RMS executive vice president Paul VanderMarck said in an interview that the firm's decision to switch from using 100-year averages to looking at just the past five years in forecasting storms, and the resulting jump in its prediction of big storm losses along the East and Gulf coasts, was based solely on new scientific knowledge, for example on rising ocean temperatures, and the views of an expert panel.

But critics said that the change was the product of pressure from insurers seeking to justify rate hikes and that, in any case, it represented an unfair changing of the rules by the industry.

"The companies came in after the early 1990s disasters and told us, 'We're going to start using these long-term models that are going to have periods of intense activity and periods of no activity," said J. Robert Hunter, who was Texas insurance

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commissioner at the time and is now insurance director at the Consumer Federation of America. "They wanted us set the rates so that it would even things out across the highs and lows, and we agreed," Hunter said.

"Now they're coming back," he continued, "and saying 'Oops! We got it wrong; we're going to change the model.' That reneges on the deal."

The state's current commissioner, Mike Geeslin, had similar sentiments: "You have companies that say they have a plan to stay put year in and year out, and gather a large share of the market. Then they decide they have more risk than they can stomach."

The result, Geeslin said, is that the state must either "prop them up" with rate hikes and other concessions, or step in and take their place.

Industry executives offer a second argument for drastic change that goes well beyond altered weather patterns and focuses especially on the need for federal and state backup for insurers. They suggest that the combination of rapid real estate development and rising home prices so raise the risk of gargantuan loss in a hurricane that much of coastal America has become virtually uninsurable by private industry.

In a recent speech, Allstate chief executive Edward M. Liddy painted a vivid picture of how a tightly packed set of storms could erase first the profits, then potentially the financial stability, of an insurer in a quick blast.

"When Hurricane Andrew hit the coast of Florida in 1992," Liddy told a Washington audience in January, "it wiped out all of the profits Allstate ever made in the state from all lines of insurance over the course of our history.... And when four hurricanes hit in 2004, they wiped out all the profits from 1992 to 2004.

"That's not a viable economic proposition for a company," he told his audience. "It's not a viable economic proposition for an industry."

Without government backup, he seemed to be saying, Allstate and other companies would have little business reason to continue offering insurance of any sort.

But a quick check of Allstate's regulatory filings from the mid-1990s through 2004 showed that the insurer earned $6 billion more in premiums in Florida than it incurred in losses. Add to that the premium earnings for last year, and the total rises to more than $6.6 billion.

Asked about what happened to that sum, Allstate spokesman Mike Trevino responded: "What Mr. Liddy meant to say is that ... the four hurricanes wiped out all the profits Allstate earned from our homeowners line of business," not all lines.

Overall, the company made money.

Foreign Experts Critique U.S. Red Cross On Katrina (NYT)

By Stephanie Strom

The New York Times, April 5, 2006

The American Red Cross's response to Hurricane Katrina was poorly planned, relied too heavily on inexperienced managers and often failed to meet the needs of victims, say reports by international Red Cross officials who were dispatched to assist their American counterparts.

The unusually harsh reports, prepared in late summer and the fall, detailed mismatches between the needs of victims and the supplies the Red Cross had arranged, the absence of a plan to guide the distribution of supplies and a lack of record-keeping, which allowed inventory to go astray.

"What is clear is that the basic needs of the beneficiaries are not being met," Mike Goodhand, head of the international logistics division of the British Red Cross, wrote on Sept. 15.

The reports, which were provided to The New York Times by a former American Red Cross official who insisted on anonymity, closely echo concerns raised by volunteers in the disaster area.

Those concerns are now the subject of a wide-ranging investigation by the American Red Cross that has already produced evidence of possible criminal misconduct by volunteer managers. The F.B.I. and the Louisiana attorney general are also conducting inquiries, seeking to determine whether relief supplies were stolen.

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The Red Cross, which had 235,000 volunteers in the field after Hurricane Katrina, received roughly 60 percent of the $3.6 billion that Americans donated for hurricane relief.

Mr. Goodhand's report described a case in which victims in Mississippi, where his team had been sent, were requesting prepared meals and the only food that Red Cross volunteers could offer was bananas. Volunteers driving out into neighborhoods were asked for water and juice, but had only bleach on hand, he wrote.

"All efforts to address the situation were rebuffed," Mr. Goodhand wrote. He said that when his team offered its expertise on distributing supplies, it was instead assigned to hand out the supplies, work that could have been done by less experienced volunteers.

On Sept. 12, two weeks after the hurricane, his team did what he described as "a nonscientific but representative and valid" assessment of what victims were saying they needed. The most requested items were juice; Gatorade; feminine hygiene, general hygiene and household cleaning products; and insect repellent. The team found none of those in the warehouse.

"The demand for these items is entirely predictable," he wrote.

Senator Charles E. Grassley, the Iowa Republican who heads the Senate Finance Committee and has been pushing for an overhaul of the American Red Cross, called Mr. Goodhand's report, which he obtained independently, "very sobering reading."

"The report and similar findings from whistle-blowers make it clear that there is a significant need for deep, substantial reform at the American Red Cross," he wrote in an e-mail message to a reporter.

Mr. Goodhand's assessment, and a similar one by Thomas Riess, a German logistics expert with the International Committee of the Red Cross, were filed in September with the authors' home agencies, the American Red Cross and, in Mr. Goodhand's case, a number of other Red Cross agencies. While they did not allege criminal wrongdoing, they warned of the potential for it.

"The insufficient control on deliveries allows, without any effort, to unlawfully appropriate" supplies, Mr. Riess wrote on Sept. 12.

Mr. Riess's report also incorporated the observations of logistics experts from Red Cross organizations in Colombia, Ethiopia, Jordan and Russia, while Mr. Goodhand's included those of officials from the Red Cross agencies in Finland, the Netherlands and Spain. Current and former Red Cross officials said the language was far more pointed than is common in such reports, which are routinely filed when foreign Red Cross organizations participate in a disaster relief effort.

Armond T. Mascelli, vice president for response operations at the American Red Cross, said the organization was already working to address the concerns raised by the foreign experts.

For the coming hurricane season, Mr. Mascelli said, the Red Cross is striving to better its positioning of supplies and to find ways to improve delivery of necessities like food and water. For the longer term, he said, the agency is seeking the expertise of its corporate supporters to transform its rather simple distribution operation into a comprehensive system of supply chain management.

"Our plan is to do what we can that is reasonable for this hurricane season," he said, "but also look at what we put in place in the future to take care of catastrophic events."

Sir Nicholas Young, the chief executive of the British Red Cross, who coincidentally was at American Red Cross headquarters in Washington yesterday, said Mr. Goodhand's report provided a snapshot of what had happened in a small part of the disaster area and was not a commentary on the American Red Cross's overall response.

"What Mike's report in fact reflects is that he was working in Biloxi with one chapter with paid staff and with volunteers who didn't necessarily have the logistics skills they needed," Sir Nicholas said.

Both reports strongly praised the Red Cross volunteers. Mr. Riess wrote that he was "impressed by the motivation of volunteers and by the deep generosity of the American people." Mr. Goodhand called the volunteer corps "one of the best, if not the best, any of us have experienced."

But both also criticized the American Red Cross for assigning volunteers to tasks for which, the reports said, they were unprepared. For example, Mr. Goodhand said a volunteer in charge of managing a fleet of more than 100 vehicles did not know where cars and trucks were, why they had been dispatched or who had them.

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Mr. Riess warned that a lack of accountability, resulting from a weak system of tracking inventory, threatened to damage relations with victims and donors alike.

"Critics may rise," he wrote, "and attract the unwelcome interest of journalists."

Counterparts Excoriate Red Cross Katrina Effort (WP)

By Jacqueline L. Salmon

The Washington Post, April 5, 2006

Two international Red Cross organizations issued scathing criticisms of the American Red Cross's chaotic response to Hurricane Katrina, accusing the charity of approaching the relief effort with a "dangerous combination of ignorance and arrogance."

The reports -- by the British Red Cross and the Geneva-based International Committee of the Red Cross, which sent experts to the Gulf Coast shortly after Katrina struck -- say their American counterpart was ill-prepared for the disaster, relied on inexperienced volunteers in key positions and had an ineffective system for moving supplies to where they were needed.

The reports continue the drumbeat of criticism of the charity, which has escalated in the months since hundreds of thousands of Gulf Coast residents flocked to Red Cross shelters and relief trucks after Katrina struck.

The nonprofit group, which collected more than $2 billion in donations for the disaster, has been criticized for responding too slowly, neglecting some areas and treating minorities with insensitivity.

Official scrutiny of the charity's Katrina response escalated last week when federal law-enforcement authorities and the Louisiana attorney general launched criminal investigations.

The reports by the British Red Cross and the ICRC were prepared in September after teams of logistics experts from both organizations worked with the American Red Cross in Biloxi, Miss., and Montgomery, Ala.

But the American Red Cross didn't release them until yesterday, after The Washington Post asked the British Red Cross for a copy.

Yesterday, British Red Cross chief executive Sir Nicholas Young sought to play down the reports' harsh tones.

"When you've got a disaster of this magnitude . . . I can well understand that it's not possible to be absolutely on the top line in some areas," he said. "It's just too big."

But his organization's report, written by logistics chief Michael Goodhand, dismissed American Red Cross officials' protestations that they were overwhelmed by Katrina's size.

"The scale of impact of Katrina may have exceeded expectations," said Goodhand's report, "but the week's notice of her arrival gives ample time for contingency plans to be in place."

In vivid detail, the reports lay out problems that plagued the relief effort. They said the Red Cross did not track donated goods it took into its warehouses and had few effective systems for figuring out which goods were needed where.

As an example, the ICRC report by logistics coordinator Thomas Riess cited a truckload of donated pastries that went moldy because they were not refrigerated and a large quantity of donated radios without batteries that was dumped in an Alabama warehouse.

The British report warned that as long as the Red Cross relies on volunteer labor, its disaster response will "remain amateurish and their services to those affected sub-optimal."

Yesterday, American Red Cross officials said they took the reports seriously and, as part of an overhaul of disaster operations, are redesigning their supply-chain system with the help of corporations.

WAR NEWS:

Rice Dismisses Talk Of U.S. Bases In Iraq (AP-Y2)

By Liz Sidoti

AP2, April 4, 2006

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Secretary of State Condoleezza Rice on Tuesday brushed aside suggestions that the United States wants an indefinite troop presence and permanent military bases in Iraq.

"The presence in Iraq is for a very clear purpose, and that's to enable Iraqis to be able to govern themselves and to create security forces that can help them do that," Rice told the House Appropriations Committee's foreign operations panel.

"I don't think that anybody believes that we really want to be there longer than we have to," the chief U.S. diplomat added.

However, Rice did not say when all U.S. forces would return home and did not directly answer Rep. Steven Rothman (news, bio, voting record), D-N.J., when he asked, "Will the bases be permanent or not?"

"I would think that people would tell you, we're not seeking permanent bases really pretty much anywhere in the world these days. We are, in fact, in the process of removing base structure from a lot of places," Rice replied.

"I can't foresee the future of whether or not there will be some need for American forces for some period of time," she added. "But I can tell you that our discussions with the Iraqis are about getting them capable to defend, not just against their internal insurgency and internal enemies, but also to be able to be a responsible and defensible state within the region."

Earlier Tuesday, President Bush urged Iraq to move quickly to form a unity government, calling on elected leaders "to stand up and do their job." He said the formation of a new government would give Iraqis confidence in their future.

Bush's statement, during a brief question-and-answer session with reporters at the White House, came on the heels of a similar admonition by Rice during a visit to Iraq. She had spoken of a "sense of drift" nearly four months after Iraqis held parliamentary elections.

Bush said insurgents were using violence to prevent democracy from taking hold. "One way to help bring confidence to the Iraqi people that those few will not be able to determine the future of that country is for there to be unity government that steps up and says, 'I'm willing to lead.'"

On Captiol Hill, Rice testified before the House panel just hours after returning to the United States from a weeklong trip to Europe that included a surprise detour to Iraq. She and British Foreign Secretary Jack Straw met with nearly all of Iraq's squabbling factions for two days of diplomatic talks.

Republican and Democratic lawmakers increasingly are questioning just how long U.S. troops will remain in Iraq, especially given what appear to be construction projects at military bases Iraq and polls that show Iraqis believe the United States plans to keep permanent bases in their country.

Iraq's interim prime minister, Ibrahim al-Jaafari, has said he opposes permanent foreign bases. American public opinion is against them as well.

Last month, Bush said that American forces will remain in Iraq for years and it will be up to a future president to decide when to bring them all home.

Appearing before the House subcommittee, Rice defended U.S. efforts to rebuild Iraq's essential services, such as electricity, even though progress has been hampered by security problems. She said the United States has made important investments in rebuilding the structures to provide such services.

"We believe that they will pay off," she said.

However, Rice acknowledged problems with security as well as "some corruption problems in some of the ministries." She said the United States is urging Iraqi officials to correct the issues so that reconstruction can proceed unhampered.

Rice also:

_Defended the United States' efforts to help Afghanistan eradicate poppy crops and the Bush administration's public plan to invest $75 million into U.S. democracy programs aimed at strengthening ties with the Iranian people.

"On this one I don't think speaking softly about the democracy problem in Iran is really the appropriate course. I think we do have to be very public about it," Rice said.

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"There are sometimes mixed signals from the African Union about how they view this. There are sometimes mixed signals out of the Arab League about how they view this," Rice said.

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Democracy In Iraq Not A Priority In U.S. Budget (WP)

By Peter Baker

The Washington Post, April 5, 2006

While President Bush vows to transform Iraq into a beacon of democracy in the Middle East, his administration has been scaling back funding for the main organizations trying to carry out his vision by building democratic institutions such as political parties and civil society groups.

The administration has included limited new money for traditional democracy promotion in budget requests to Congress. Some organizations face funding cutoffs this month, while others struggle to stretch resources through the summer. The shortfall threatens projects that teach Iraqis how to create and sustain political parties, think tanks, human rights groups, independent media outlets, trade unions and other elements of democratic society.

The shift in funding priorities comes as security costs are eating up an enormous share of U.S. funds for Iraq and the administration has already ratcheted back ambitions for reconstructing the country's battered infrastructure. While acknowledging that they are investing less in party-building and other such activities, administration officials argue that bringing more order and helping Iraqis run effective ministries contribute to democracy as well.

Jennifer Windsor, executive director of Freedom House, an advocacy group that hosted a Bush speech last week, called the situation "a travesty" and said she is "appalled" that more is not being done. "This is the time to show that democracy promotion is more than holding an election. If the U.S. can't see fit to fund follow-up democracy promotion at this time," then it is making a mistake, she said.

"The commitment to what the president of the United States will say every single day of the week is his number one priority in Iraq, when it's translated into action, looks very tiny," said Les Campbell, who runs programs in the Middle East for the National Democratic Institute for International Affairs, known as NDI.

NDI and its sister, the International Republican Institute (IRI), will see their grants from the U.S. Agency for International Development dry up at the end of this month, according to a government document, leaving them only special funds earmarked by Congress last year. Similarly, the U.S. Institute of Peace has had its funding for Iraq democracy promotion cut by 60 percent. And the National Endowment for Democracy expects to run out of money for Iraqi programs by September.

"Money keeps getting transferred away to security training. Democracy's one of the things that's been transferred," said Thomas Carothers of the Carnegie Endowment for International Peace's project on democracy and the rule of law. "Without that, all the other stuff looks like just background work."

Among the projects facing closure is the Iraq Civil Society and Media Program, funded by USAID and run by America's Development Foundation and the International Research and Exchanges Board. The program has established four civil society resource centers around the country, conducted hundreds of workshops and forums, and trained thousands of government officials in transparency and accountability. It also helped Iraqis set up the National Iraqi News Agency, the first independent news agency in the Arab world.

The program was supposed to run at least through June 2007 but without $15 million more, it will have to close this summer.

Officials at the White House, the State Department, the Office of Management and Budget and USAID were contacted for comment in recent days, but none would speak on the record. In response to a request for comment, USAID sent promotional documents hailing past accomplishments in Iraq, such as sponsoring town hall meetings, training election monitors, and distributing pamphlets, posters and publications explaining voting and the new constitution.

The president's supplemental Iraq spending request includes just $10 million for democracy promotion, and his proposed budget for fiscal 2007 asks for $63 million, a fraction of the tens of billions of dollars spent each year on Iraq. But officials argue that other funds in effect further the same goal. For instance, the administration targeted $254 million for enhancing the rule of law by creating a fair judiciary and a humane prison system.

For Bush, developing democracy in Iraq has become perhaps the signature of his presidency, and he takes special pride in the three elections held since sovereignty was transferred by U.S. authorities. Veterans of past democracy-building efforts,

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however, have complained that having elections is not enough -- an argument the president has embraced lately, both in his speeches and in his newly released National Security Strategy.

"Elections start the process. They're not the end of the process," Bush told Freedom House last week. "And one of the reasons I respect the Freedom House is because you understand that you follow elections with institution-building and the creation of civil society."

Money flowed to such programs in the beginning of the Iraq enterprise. The National Endowment for Democracy, which supported projects in the Kurdish north of Iraq even before the U.S.-led invasion in March 2003, found itself soon after Baghdad fell with $25 million to expand elsewhere in the country and eventually received a total of $71 million. It distributed some to the IRI and the NDI and some to groups such as the Iraqi National Association for Human Rights in Babylon and the Organization for a Model Iraqi Society.

Last month the endowment received the final $3 million owed on past allocations, with no further funding identified. "It does feel like everybody's getting squeezed in this area," said Barbara E. Haig, the endowment's vice president. "There probably is a commitment to these programs in principle. I don't know how much commitment there is in specificity."

The IRI and the NDI, which are affiliated with the two U.S. political parties, will lose USAID financing April 30. The two party institutes led a coalition to educate Iraqis before last year's elections. An evaluation commissioned by USAID in December called it "essential" that the program "be continued for at least another 24 months."

The party institutes will be able to continue some programs for now only because of a special earmark inserted into legislation last year with $56 million for the two groups. Sen. Edward M. Kennedy (D-Mass.) sponsored the earmark with support from Sens. Richard G. Lugar (R-Ind.), Joseph R. Biden Jr. (D-Del.), Mitch McConnell (R-Ky.) and Patrick J. Leahy (D-Vt.) after it appeared that NDI and IRI would run out of money last year.

"The solution to Iraq lies in the political process, and it's reckless for the White House to cut funds to strengthen democracy in Iraq at this time," Kennedy said yesterday.

At current spending rates, the earmark will run out this year. After that, the Bush administration has included just $15 million for the two party institutes as part of the $63 million for Iraqi democracy in next year's budget, which would require most programs to be cut.

The U.S. Institute of Peace faces similar cutbacks to its program. "It's just vital," said Daniel P. Serwer, an institute vice president. All the democracy programs in Iraq combined, he noted, cost less than one day of the U.S. military mission. "Am I absolutely sure that we will shorten the deployment time of American troops enough to justify the cost of the program? Yes," he said.

In Iraq, US Still Carries Big Stick (CSM)

By Howard LaFranchi

The Christian Science Monitor, April 5, 2006

WASHINGTON - Much of the money for rebuilding Iraq has already been spent, and Iraqi soldiers are gradually taking over for their American counterparts. So what can the United States still use as leverage? It may be that the strongest influence is the simple fear of what would happen if the US up and left.

"Most of Iraq's leaders recognize that if the US were to pull out precipitously, things could get much worse," says Phebe Marr, an Iraq expert at the US Institute of Peace who has spent considerable time with Iraq's principal political factions. "All the talk about the US getting out, an exit strategy and so forth, has them worried. It's having an impact."

Yet even as the US shows signs of growing increasingly impatient with Iraqi leaders over their inability to name a new government, that doesn't mean the US wants to look as if it is determining Iraq's future. The result is a delicate balancing act: It's applying pressure for political action even while encouraging a sovereign Iraq that appears to stand on its own two feet.

For weeks, the US has left its behind-closed-doors arm-twisting to its ambassador in Baghdad, Zalmay Khalilzad, with the aim of seeing a national unity government named that is acceptable to the major political factions and population groups. But with alarm growing that what the US calls a "power vacuum" is feeding sectarian violence, the pressure has become more public - and from higher up.

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On Tuesday, President Bush said, "It's time for the elected leaders to stand up and do their job." The remark came one day after Secretary of State Condoleezza Rice concluded a visit to Baghdad accompanied by British Foreign Secretary Jack Straw.

The two diplomats gave no public indications of their preference for prime minister, the keystone in the construction of Iraq's first permanent government since the fall of Saddam Hussein. But the US has made little effort to squelch speculation that it wishes to see Prime Minister Ibrahim al-Jaafari give up his battle to retain his post.

Ms. Rice and Mr. Straw met once with Mr. Jaafari in a tense photo session, but pointedly met for meetings and a breakfast with two other prominent Shiite leaders, Vice President Adel Abdul Mahdi and Abdul Aziz al-Hakim, who heads one of Iraq's major Shiite parties. Mr. Mahdi lost his bid to be nominated prime minister by only one vote in secret balloting of the Shiite bloc.

Those meetings may have only served to spotlight the deepening fissures within Iraq's Shiite majority - a latent situation that could lead to a new front of violence. That is especially true, some analysts say, because Jaafari has the backing of the volatile young cleric Moqtada al-Sadr. Mr. Sadr has recently toned down his anti- occupation rhetoric as he has amassed power in the new National Assembly, some observers note, but might reignite resistance if he decided it might enhance his kingmaker role.

In addition to the two diplomats, members of the US Congress have also visited Baghdad and key political leaders recently. Some have told Iraqi counterparts that the US commitment to Iraq is under pressure and could be scaled back if they do not end their political infighting.

Yet the US is also operating with the knowledge that too much pressure could have the negative result of prolonging the leadership stalemate among politicians who are sensitive about foreign influences in Iraq. "There are misgivings and growing mistrust towards those [leaders] with too-close ties to outsiders, particularly the US and Iran," says Ellen Laipson, a former CIA official with foreign-policy and national-security expertise.

By its investment and presence in the country, the US has a right to exercise pressure, and there are things it can do "without going over the line," says Ms. Laipson, now president of the Stimson Center, a Washington defense and security think tank. "We are operating within a boundary that says it's not up to us to pick the names" of who will govern, but that says the US provides "broad guidelines on what will help the security situation and get them on the right track."

So the US is in "the unusual situation of saying we'd like someone other than Jaafari" for prime minister, she says. But the US is also emphasizing that the ministers of defense and interior should be someone with no ties to the country's powerful and ethnically based militias.

Still, with US clout waning, other means of pressuring Iraq's leadership are under discussion. One idea is an international conference that would be held outside Iraq - something similar to the Bonn conference that provided guideposts to Afghanistan's post-Taliban government.

Ambassador Khalilzad, an Afghan-American who was previously ambassador to his native country, has floated that idea. Yet while "internationalizing" Iraq could help, some experts say, they also doubt that many countries wish to step in to help Iraq. Add to that the deep suspicions that Iraqis harbor toward the neighboring countries that might have some influence.

In any case, many experts caution that naming a government is not going to magically transform Iraq, any more than earlier milestones - such as elections - have done the trick.

"It's a little misplaced to say that [forming a government] somehow solves the sectarian problem or any of the other really difficult challenges on the ground," Ms. Marr says. "It will probably help some to have a new government, but we shouldn't be under any illusions that the day after, the insurgency will put down its guns, or the sectarian violence is going to stop."

Let The Iraqis Bargain (WP)

By David Ignatius

The Washington Post, April 5, 2006

Americans are getting impatient about the formation of a new Iraqi government. That's what Secretary of State Condoleezza Rice told political leaders in Baghdad this week, and she was putting it mildly. But it would be folly if American impatience torpedoed the slow but real progress Iraqi leaders are making toward a government that could step back from the brink of civil war.

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"We need to be patient to get it right," Zalmay Khalilzad, the U.S. ambassador to Iraq, told me in a telephone interview yesterday. "Their concept of time is not the same as ours. While we press them to hurry up, the American people also need to be patient."

Khalilzad recounted the items that the Iraqi political factions have agreed on in private negotiations over the past month. On Sunday, the leaders signed off on the last of these planks of a government of national unity. The Iraqis have saved the hardest issue for last -- the names of the politicians who will hold the top jobs. That bitter fight will play out over the next several weeks.

An example of what's in these unity documents is a passage that calls for "a timetable so the Iraqi forces assume the security tasks completely and end the mission of the multinational force in Iraq." That timetable language is vague, but it would allow the new government to say it is committed to ending the American occupation. Interestingly, U.S. officials said yesterday that this passage on troop withdrawal is consistent with Bush administration policy.

The political agreements are fragile, and they will be blown away if the factions can't form a government soon to put them in practice. Meanwhile, beyond the Green Zone, Iraqis are still being slaughtered every day in the streets. But given where Iraq was six months ago -- when Sunni and Shiite leaders were barely talking -- their agreement on the framework for a unity government is important. These negotiations may not succeed, but they are not a fairy-tale fantasy, as some critics argue.

"All the elements of the deal are there, up in the air, and they could come down and click into place," Kurdish leader Barham Salih told me by telephone from Iraq. "We have come to the real crunch."

Here's the framework for the unity government, as outlined by Khalilzad, who has attended nearly all of the meetings. First, the broad strokes: The Sunni leaders have accepted that the new government will operate under the Iraqi constitution and that it will be based on the results of last December's election, both of which reflect the reality that the Shiites are Iraq's largest religious group. The Shiites, in turn, have agreed that the new government will be guided by consensus among all the factions. And they have agreed to checks that will, in theory, prevent the key security ministries from being hijacked by Shiite militia groups.

To implement this consensual approach, the Iraqi factions agreed on two bodies that weren't mentioned in the constitution. They endorsed a 19-member consultative national security council, which represents all the political factions. And they agreed on a ministerial security council, which will have the Sunni deputy prime minister as its deputy chairman. Shiite leaders have tentatively agreed that the defense minister will be a Sunni. And for the key job of interior minister, the dominant Shiite faction, known as the Supreme Council for the Islamic Revolution in Iraq, appears ready to accept the replacement of one of its members by an independent Shiite, perhaps Qasim Dawood, a man acceptable to most Sunni leaders.

The real brawl lies ahead over who should be prime minister. Ibrahim al-Jafari, the interim prime minister, is fighting to hold on to his job. Kurdish and Sunni groups have opposed him, as has the Bush administration, arguing that he is too weak and too sectarian. This anti-Jafari coalition added a crucial new member Monday when the Supreme Council's top leaders formally told Jafari they will vote against him if the choice is thrown to the new parliament. That broke the unity of the Shiite alliance, cutting 50 to 70 votes from the 130 that Jafari had counted on, and it may doom his candidacy.

The day-to-day bargaining is taking place in Baghdad. But the X-factor in this delicate game is U.S. political support. Khalilzad could fail in his effort to midwife a unity government, and Iraq could spiral into full-blown civil war. But it would be crazy for an impatient America to talk itself into defeat and pull the plug prematurely. As Prince Turki al-Faisal, the Saudi ambassador to Washington, remarked this week: "America came to Iraq uninvited. You should not leave uninvited."

Key Iraq Leader Calls For PM To Step Aside (AP-Y2)

By Robert H. Reid

AP2, April 5, 2006

An Iraqi vice president called Tuesday for the embattled Shiite prime minister to step aside so a new government can be formed, becoming the most senior Shiite official publicly to endorse demands for a leadership change to halt the slide toward civil war.

Vice President Adil Abdul-Mahdi told the British Broadcasting Corp. that he met with Prime Minister Ibrahim al-Jaafari on Monday and urged him to give up the nomination for a second term because he had lost the confidence of the Sunnis and Kurds.

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But Abdul-Mahdi said al-Jaafari refused, insisting he wanted to take his case to parliament, which must approve the new prime minister and his Cabinet by a majority vote.

Asked whether al-Jaafari should withdraw his nomination, Abdul-Mahdi said: "Yes, after such a time of naming him, not getting approval from others now in UIA (the dominant Shiite political bloc), there is some rejection so I think he should step aside."

Abdul-Mahdi lost the prime minister nomination to al-Jaafari in February by a single vote at a caucus of the Shiite bloc, which won the most seats in parliamentary elections last December. Al-Jaafari squeaked through largely because he had the support of the powerful anti-American cleric Muqtada al-Sadr.

Abdul-Mahdi's comment followed the visit of Secretary of State Condoleezza Rice and British Foreign Secretary Jack Straw, who warned the Iraqis that their key allies were losing patience with the political stalemate.

U.S. officials have been urging the Iraqis to form a new national unity government of Shiites, Sunnis and Kurds as a first step toward restoring public confidence and halting the country's slide toward anarchy. The talks have stalled over the demands that al-Jaafari be replaced.

President Bush urged the Iraqis on Tuesday to speed up the talks, calling on elected leaders "to stand up and do their job."

"One way to help bring confidence to the Iraqi people that those few will not be able to determine the future of that country is for there to be unity government that steps up and says, `I'm willing to lead,'" Bush said.

Critics blame al-Jaafari for failing to restore order and for the rise in sectarian tensions. His main critics have been Sunnis and Kurds, but last weekend two other prominent Shiite politicians also called for him to step aside as the nominee.

However, Shiite officials fear that replacing him might splinter their alliance, and a Kurdish politician who opposes al-Jaafari said he feared that international pressure to remove him might trigger a backlash among Iraqis angry over foreign influence.

On Tuesday, about 2,500 people marched in support of al-Jaafari in Baghdad's Sadr City district, carrying banners saying "Down with the Conspiracy" against their candidate.

Shiite officials have been meeting for several days with Sunni and Kurdish leaders urging them to soften their opposition to al-Jaafari.

"I think tomorrow, or the day after things will ease up," said Shiite politician Khudayer al-Khuzai, who backs the prime minister. "They were understanding the grave repercussions of changing. If al-Jaafari is changed, then the (Shiite) alliance will split. We cannot abandon him because he was democratically elected."

Meanwhile, a car bomb exploded Tuesday in a mostly Shiite area of eastern Baghdad, killing at least 10 people.

The bomb went off in the poor, mostly Shiite area of Habibiyah and damaged several cars and nearby sandwich stands, police said. Chaos ensued as militants from radical cleric Muqtada al-Sadr's Mahdi Army militia fired weapons in the air to clear the crowds.

At least a dozen other Iraqis were killed Tuesday in war-related violence in Baghdad and central Iraq, police said.

They included a mother and two of her sons, 9 and 12, who died when a bomb exploded in front of their home in the capital. A third son, age 13, was wounded, along with two brothers from a different family living in the same home, police said.

Elsewhere in Baghdad, a receptionist at the United Arab Emirates Embassy and his friend — both Iraqis — were slain as they left the building, police said. Insurgents have often targeted diplomats and employees of Arab and Muslim embassies to undermine support for the U.S.-backed government.

Gunmen also killed a judge, an ice cream vendor and his companion and a policeman in separate slayings in the capital, police said.

In Samarra, 60 miles north of Baghdad, a car bomb exploded near a convoy carrying the son of a city council member, killing a security guard and a driver, police said. The council member's son escaped injury.

In southern Iraq, gunmen killed one policeman and wounded another as the two were driving in the city of Basra, police said. Two mortar rounds exploded near the British consulate in Basra during a reception, causing no injuries but forcing the party to end early, an Associated Press reporter at the event said.

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Police in Baghdad also found the bodies of four men, apparent victims of sectarian reprisal killings. It was unclear when they were slain.

The body of a U.S. Marine missing after a weekend vehicle accident was also recovered Tuesday, the U.S. said. Six U.S. troops were killed and two remain missing after the Sunday accident in western Iraq.

Rice Dismisses Talk Of U.S. Bases In Iraq (AP)

By Liz Sidoti, Associated Press Writer

AP, April 5, 2006

Secretary of State Condoleezza Rice on Tuesday brushed aside suggestions that the United States wants an indefinite troop presence and permanent military bases in Iraq.

"The presence in Iraq is for a very clear purpose, and that's to enable Iraqis to be able to govern themselves and to create security forces that can help them do that," Rice told the House Appropriations Committee's foreign operations panel.

"I don't think that anybody believes that we really want to be there longer than we have to," the chief U.S. diplomat added.

However, Rice did not say when all U.S. forces would return home and did not directly answer Rep. Steven Rothman (news, bio, voting record), D-N.J., when he asked, "Will the bases be permanent or not?"

"I would think that people would tell you, we're not seeking permanent bases really pretty much anywhere in the world these days. We are, in fact, in the process of removing base structure from a lot of places," Rice replied.

"I can't foresee the future of whether or not there will be some need for American forces for some period of time," she added. "But I can tell you that our discussions with the Iraqis are about getting them capable to defend, not just against their internal insurgency and internal enemies, but also to be able to be a responsible and defensible state within the region."

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Bush said insurgents were using violence to prevent democracy from taking hold. "One way to help bring confidence to the Iraqi people that those few will not be able to determine the future of that country is for there to be unity government that steps up and says, 'I'm willing to lead.'"

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Republican and Democratic lawmakers increasingly are questioning just how long U.S. troops will remain in Iraq, especially given what appear to be construction projects at military bases in Iraq and polls indicating that Iraqis believe the United States plans to keep permanent bases in their country.

Iraq's interim prime minister, Ibrahim al-Jaafari, has said he opposes permanent foreign bases. American public opinion is against them as well.

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Appearing before the House subcommittee, Rice defended U.S. efforts to rebuild Iraq's essential services, such as electricity, even though progress has been hampered by security problems. She said the United States has made important investments in rebuilding the structures to provide such services.

"We believe that they will pay off," she said.

However, Rice acknowledged problems with security as well as "some corruption problems in some of the ministries." She said the United States is urging Iraqi officials to correct the issues so that reconstruction can proceed unhampered.

Rice also:

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• Defended the United States' efforts to help Afghanistan eradicate poppy crops and the Bush administration's public plan to invest $75 million in U.S. democracy programs aimed at strengthening ties with the Iranian people.

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"There are sometimes mixed signals from the African Union about how they view this. There are sometimes mixed signals out of the Arab League about how they view this," Rice said.

Condi's Iraq Stumble (WSJ)

The Wall Street Journal, April 5, 2006

Iraq can use all the gestures of solidarity it can get. And President Bush could boost both American and Iraqi morale by putting his own two boots on the ground there sometime soon. But try as we might, we can't see what good purpose was served by Condoleezza Rice and Jack Straw's lobbying in Baghdad earlier this week. If the American Secretary of State and British Foreign Secretary were aiming to be diplomatic, they failed.

That's because with both words and gestures the two publicly took sides in a contentious dispute over forming Iraq's government -- and in favor of a man, former Finance Minister Adel Abdul Mahdi, who is not even a declared candidate for Prime Minister. Meanwhile, they snubbed Ibrahim al-Jaafari, who beat out Mr. Mahdi to become the Shiite coalition's candidate for the post, and who is also the current holder of the office.

The effect was to suggest to many Shiites -- even those who don't love Mr. Jaafari -- that the U.S. and Britain are not respecting their victory in December's election. As senior Kurdish politician Mahmoud Othman, a usual ally of the U.S., put it, "I think that their interference is bad, and it further complicates issues because this is an Iraqi matter."

It's hard to see any reason for a strong U.S. preference here. Granted that Mr. Jaafari has not proven to be a strong and decisive leader. But he is by everyone's account a good and honest person, and he has more genuine support on the Iraqi street than most other leaders -- though admittedly that's not saying much given the general unpopularity of Iraqi pols. He's also less beholden to Iran than many possible alternatives.

As for Mr. Mahdi, he's clearly the smoother politician of the two. He speaks better English and he seems to have a more modern (free-market) economic philosophy, among other assets. But he also represents a party called the Supreme Council for the Islamic Revolution in Iraq. SCIRI has very strong ties to Iran, and it has been in charge during the interim government of the problematic Interior Ministry, whose police forces are not well trusted and have been credibly accused of abuses against Sunnis.

Mr. Mahdi's name has remained in play in part because President Jalal Talabani and the Kurds appear to have struck a deal with SCIRI to acquiesce in a Kurdish takeover of the oil-rich city of Kirkuk in exchange for the Kurds allowing the emergence of a more religious Shiite southern Iraq. Some kind of federalist power sharing is necessary, but too much will also risk a too-weak national government in Baghdad.

Our point isn't to pick one man, or faction, over the other. It is that we can't see a strong rationale for the U.S. taking sides -- certainly not enough to justify Ms. Rice's suggestion that the expenditure of U.S. "treasure" in Iraq justified her barely coded calls for Mr. Jaafari to step aside. A particular danger is that Ms. Rice may be playing into the hands of troublesome cleric Moqtada al-Sadr, who dislikes Mr. Mahdi, and who may well be looking for any excuse to foment anti-American sentiment.

Mr. Jaafari may yet fail to form a new government. But it's much better to let him be seen to fail on his own if that's what happens, rather than be pushed aside by the Americans. Iraq has a parliamentary system that allows for no-confidence votes and changes of office if the government isn't working out.

More broadly, the Bush Administration can't afford to forget the most fundamental strategic fact about Iraq: To wit, our project there is entirely dependent on continued Shiite support. The U.S. and its Shiite allies can fight a low-intensity conflict with Sunni Saddamist remnants for a decade or more if need be. What would make the U.S. mission in Iraq untenable would be for Shiites to turn against us in significant numbers.

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And Shiite mistrust of the U.S. has been growing. One festering issue remains former U.S. regent Paul Bremer's decision to reverse himself on the de-Baathification policy he declared shortly after the U.S. invasion. De-Baathification gave Shiites the expectation of a process to punish those associated with the former regime and undoubtedly saved a lot of Sunni lives early on. But our about-face emboldened the Baathist insurgents, and Shiite-on-Sunni revenge killings are on the rise now because Shiites believe we can't -- or worse, won't -- protect them.

One especially worrying signal about the Shiite mood has been the reaction to a U.S.-Iraqi raid on elements of Mr. Sadr's Mahdi Army about 10 days ago. Many Shiites believe instead that U.S. forces massacred worshippers in cold blood inside a mosque. Ms. Rice's visit is now being cited as evidence of a U.S. "conspiracy" to deprive Shiites of their election victory.

The Secretary of State is surely right that the U.S. sacrifice for Iraqi freedom has earned us the right to speak up. But except where U.S. interests are clearly threatened, pressure is best applied behind closed doors by the seasoned U.S. Ambassador, Zalmay Khalilzad, not the unsubtle endorsement of candidates by overnighting officials.

Wisconsin Residents Vote On Whether To Keep Troops In Iraq (USAT)

By Judy Keen

USA Today, April 5, 2006

Voters in 32 Wisconsin communities went to the polls Tuesday to decide referendums calling for the withdrawal of U.S. troops from Iraq. By late Tuesday night, ballots had been counted in 25 towns and cities. The measures passed in 19 of them, including Madison, and were defeated in six.

Organizers hope the outcome in Wisconsin will encourage people in other states to put similar referendums on November ballots and prompt members of Congress to put pressure on the Bush administration to bring troops home.

“It's not going to stop here,” said Rachel Friedman, a member of Wisconsin's Bring Our Troops Home Coalition. “This can be done anywhere.”

Most of the anti-war referendums sought an immediate “orderly and rapid withdrawal” of troops. They were sponsored by the Wisconsin Green Party and the Wisconsin Network for Peace and Justice. Activists in each town gathered signatures to qualify them for the ballot.

People in Evansville, population 4,000, voted for that resolution and against a separate measure expressing support for President Bush's policies in Iraq and recommending that U.S. troops stay “until unquestioned victory is clearly won.”

The vote was close on both Evansville referendums. “Evansville is more evenly divided than I thought it was,” said Fred Juergens, a retired chemistry professor who organized the anti-war petition drive.

Tony Ryerson, a public works employee who helped get the measure supporting the war on Evansville's ballot, said debate over the dueling referendums was healthy. “We got our voice heard and got people talking,” he said.

Madison, the traditionally liberal state capital, was the largest city voting on the proposal to bring troops home. Other towns participating are in Republican-leaning rural areas. Anti-war resolutions have been adopted by more than 50 local governments across the USA and at more than 40 town meetings in Vermont.

The referendums have no legal weight, but Georgia Duerst-Lahti, a political science professor at Beloit College in Beloit, Wis., called them “the ultimate poll” on public attitudes about the war.

Passage of a majority of the anti-war measures, she said, might have national ramifications. “It confirms in a direct political fashion that people have grave concerns about what's going on” in Iraq, she said.

A USA TODAY/CNN/Gallup Poll last month found that 54% of Americans want U.S. troops to be withdrawn from Iraq now or within a year, and 60% said it wasn't worth it to go to war in Iraq.

Mayoral races, contests for school and county boards and funding referendums for schools also were on Tuesday's ballot in Wisconsin communities.

In the Kansas City area, voters were deciding whether to raise sales taxes to upgrade stadiums where the Royals play baseball and the Chiefs play football. Caruthersville, Mo., postponed its voting after the homes of 21 election judges were destroyed by a tornado Sunday.

Majority Of 32 Wisconsin Towns Vote For Iraq Pullout (WP)

DOJ_NMG_0025301

By Kari Kydersen

The Washington Post, April 5, 2006

SHOREWOOD, Wis., April 4 -- Voters in the majority of 32 Wisconsin towns with local referendums on the Iraq war voted Tuesday to bring the troops home.

A call to withdraw from Iraq by the end of the year passed overwhelmingly in the liberal Milwaukee suburb of Shorewood, while in conservative Watertown, where the City Council had opposed having the referendum, it was voted down by 75 percent.

Although the referendums are nonbinding, organizers with the Green Party and other antiwar groups said they hope they send a message to Washington.

"This sort of reminds me of Vietnam," said Nicole Bartelme, 22, a student at the University of Wisconsin at Milwaukee who voted in Shorewood. "I have some friends in Iraq, and I think we should bring them home. I don't know realistically if this will have any effect, but hopefully someone's listening."

Under a 1911 state law granting municipalities the right to "direct legislation," Wisconsin residents can place a referendum on a local ballot by collecting signatures equal to 15 percent of the number that voted for governor in the last election. Most of the referendums called for a withdrawal of troops immediately. In Evansville, there also was a referendum supporting President Bush.

The City Council in Watertown, a town of 23,000 that went strongly for Bush in the past two elections, tried to block the referendum from the ballot but was overruled by a judge after the Watertown Peace and Democracy Coalition filed a lawsuit.

The referendum passed in La Crosse, near the Minnesota border, where the City Council had been split over the issue. Council President Joe Ledvina said he was surprised by the vote.

"The council felt overwhelmingly that it wasn't our jurisdiction, that we don't want to send a message that we aren't behind our president and the troops," Ledvina said.

In Shorewood, retired government worker Rick Westphal said he opposed the war "like everyone else" but didn't know whether it was appropriate for a local ballot measure.

"Is this really the arena for this?" he asked. "People are just coming here to vote for the school board. I'd rather see this on the national ballot."

Shorewood resident Keith Schmitz, a 55-year-old public relations consultant, spent the weekend going door to door with literature about the town's referendum, which calls for a pullout by year's end.

"This is truly a grass-roots effort," he said. "None of us are James Carvilles; it's just do-it-yourself politics. We're just doing our best and seeing what happens."

Ruth Weill, co-chair of the Wisconsin Green Party, which coordinated the statewide referendum drive, said she saw the movement as a victory regardless of the outcome.

"This is a true democratic exercise," Weill said. "I'm sure before this a lot of people didn't even know what a referendum was."

Two Deadlines And An Exit (NYT)

By John F. Kerry

The New York Times, April 5, 2006

Washington

WE are now in the third war in Iraq in as many years. The first was against Saddam Hussein and his supposed weapons of mass destruction. The second was against terrorists whom, the administration said, it was better to fight over there than here. Now we find our troops in the middle of an escalating civil war.

Half of the service members listed on the Vietnam Memorial Wall died after America's leaders knew our strategy would not work. It was immoral then and it would be immoral now to engage in the same delusion. We want democracy in Iraq, but Iraqis must want it as much as we do. Our valiant soldiers can't bring democracy to Iraq if Iraq's leaders are unwilling themselves to make the compromises that democracy requires.

As our generals have said, the war cannot be won militarily. It must be won politically. No American soldier should be sacrificed because Iraqi politicians refuse to resolve their ethnic and political differences.

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So far, Iraqi leaders have responded only to deadlines — a deadline to transfer authority to a provisional government, and a deadline to hold three elections.

Now we must set another deadline to extricate our troops and get Iraq up on its own two feet.

Iraqi politicians should be told that they have until May 15 to put together an effective unity government or we will immediately withdraw our military. If Iraqis aren't willing to build a unity government in the five months since the election, they're probably not willing to build one at all. The civil war will only get worse, and we will have no choice anyway but to leave.

If Iraq's leaders succeed in putting together a government, then we must agree on another deadline: a schedule for withdrawing American combat forces by year's end. Doing so will empower the new Iraqi leadership, put Iraqis in the position of running their own country and undermine support for the insurgency, which is fueled in large measure by the majority of Iraqis who want us to leave their country. Only troops essential to finishing the job of training Iraqi forces should remain.

For this transition to work, we must finally begin to engage in genuine diplomacy. We must immediately bring the leaders of the Iraqi factions together at a Dayton Accords-like summit meeting. In a neutral setting, Iraqis, working with our allies, the Arab League and the United Nations, would be compelled to reach a political agreement that includes security guarantees, the dismantling of the militias and shared goals for reconstruction.

To increase the pressure on Iraq's leaders, we must redeploy American forces to garrisoned status. Troops should be used for security backup, training and emergency response; we should leave routine patrols to Iraqi forces. Special operations against Al Qaeda and other foreign terrorists in Iraq should be initiated only on hard intelligence leads.

We will defeat Al Qaeda faster when we stop serving as its best recruitment tool. Iraqis ultimately will not tolerate foreign jihadists on their soil, and the United States will be able to maintain an over-the-horizon troop presence with rapid response capacity. An exit from Iraq will also strengthen our hand in dealing with the Iranian nuclear threat and allow us to repair the damage of repeated deployments, which flag officers believe has strained military readiness and morale.

For three years now, the administration has told us that terrible things will happen if we get tough with the Iraqis. In fact, terrible things are happening now because we haven't gotten tough enough. With two deadlines, we can change all that. We can put the American leadership on the side of our soldiers and push the Iraqi leadership to do what only it can do: build a democracy.

Hussein Charged With Genocide In 50,000 Deaths (NYT)

By Edward Wong

The New York Times, April 5, 2006

BAGHDAD, Iraq, April 4 — The Iraqi court trying Saddam Hussein announced Tuesday that it had charged him with genocide, saying he sought to annihilate the Kurdish people in 1988, when the military killed at least 50,000 Kurdish civilians and destroyed 2,000 villages.

The case is the first against Mr. Hussein to address the large-scale human rights violations committed during his decades in power, the same acts the Bush administration has publicized in explaining the American invasion of Iraq. Six other defendants also face charges. Mr. Hussein is already being tried for the torture and killings of 148 men and boys in the Shiite village of Dujail.

Since the United Nations adopted the genocide convention in 1948, very few courts have charged defendants with genocide, the attempt to annihilate an ethnic, religious, national or political group in whole or in part.

Convictions have been handed down in the tribunals for Rwanda and Yugoslavia. This is the first time that a Middle Eastern ruler has been charged with it.

"It was during this campaign that thousands of women, children and men were buried in mass graves in many locations," Raid Juhi, the chief judge of the Iraqi High Tribunal's investigative court, said at a news conference.

Judge Juhi said it would be up to other judges to decide when the genocide trial against Mr. Hussein would start, and whether it would overlap with the Dujail case. Defense lawyers must be given 45 days to review the case files.

The court defines the bloody Anfal campaign, whose name means "the spoils" from a favorite Koranic verse of Mr. Hussein's, as eight military operations in 1988 in the mountainous Kurdish homeland of northern Iraq. Families who escaped death squads or were allowed to live were forced to relocate into the hinterlands or in neighboring countries.

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The Kurds, who make up a fifth of Iraq's people, tried to fight back, but Mr. Hussein used chemical weapons, including mustard gas and nerve agents.

Judge Juhi said the court had gathered enough evidence, like documents and mass graves, to prosecute the defendants in the deaths of at least 50,000 civilians. Kurdish officials and human rights advocates said the death toll had been much higher. They also said the Anfal campaign began years earlier, with other massacres and forced migrations.

The parties agree that at the very least, hundreds of thousands were arrested, tortured, relocated or killed.

All seven defendants are charged with crimes against humanity and war crimes related to an internal armed conflict. Mr. Hussein and one other defendant, Ali Hassan al-Majid, known as Chemical Ali, also have been charged with genocide, which legal experts say is difficult to prove. Mr. Majid was one of Mr. Hussein's most feared aides and oversaw the north during the Anfal campaign.

The other defendants include military commanders and senior intelligence officials.

"These charges should not be addressed to President Saddam," Khalil al-Dulaimi, Mr. Hussein's chief lawyer, said in a telephone interview. "They should be addressed to the American and British forces, because they are killing the Iraqi people and using weapons of mass destruction against the Iraqi people."

President Jalal Talabani, a Kurd who for years led militiamen in northern Iraq, praised the court's decision to bring the Anfal charges, and promised that he and other government officials would not try to influence the trial.

It has taken years to assemble the evidence for the Anfal case. American officials say the Dujail crimes were selected as the first ones to try Mr. Hussein on because that case was not nearly as complicated as some others. It is also easier in the Dujail case to establish a clear chain of command between Mr. Hussein and those who carried out the executions, the officials say.

But they say that the Anfal massacres and the suppression of the Shiite uprising of 1991, which resulted in up to 150,000 deaths, are the two cases that go much more directly to the heart of Mr. Hussein's murderous rule, and could prove more cathartic for a vast majority of Iraqis.

The Dujail trial, expected to resume Wednesday with a cross-examination of Mr. Hussein, is entering its final phase, in which the court will review formal charges and hear arguments from the defense lawyers.

If a death sentence is handed down to Mr. Hussein, it is unclear whether the court would carry out the execution before other cases begin or are concluded. Any death sentence is automatically appealed.

There is no deadline for a decision, but if the appeal is denied, then the statutes of the tribunal mandate that the defendant must be executed within 30 days. Even the president's office, which is supposed to approve all death sentences, would be able to do little to delay that, said American legal experts advising the tribunal.

Many Iraqis who despise Mr. Hussein, especially Shiites and Kurds, have denounced the tribunal and called for Mr. Hussein's immediate execution, while some officials, like President Talabani, have said they want Mr. Hussein to stay alive long enough to face trial on all possible charges.

There are about a dozen investigations under way, all of which may result in individual sets of charges. The operations of the tribunal and its oversight of the Dujail case have been tumultuous, plagued by the assassinations of a judge and lawyers, political pressure from the Iraqi government and power struggles among the judges.

Questions have been raised about why the tribunal was never set up in an international venue, where security would not be as great a concern. American and Iraqi officials have struggled to endow the trial with legitimacy, but many foreign governments and human rights advocates have continued to view it as a show court.

The bringing of charges in Anfal brings a new set of problems, they say. If the trial were to proceed concurrent with the trial on the Dujail killings, then Mr. Hussein's defense team could be placed at an unfair disadvantage, unless Mr. Hussein hired more lawyers. The prosecutors and judges do not have that problem; a separate prosecutor and five-judge panel will oversee Anfal.

With Mr. Hussein needing to focus on final arguments in Dujail, a concern is "how he could do all that and then simultaneously prepare for a larger and more complex litigation — it goes to issues of fairness," said Marieke Wierda, a senior associate at the International Center for Transitional Justice, a New York-based advocacy group.

The other seven defendants in the Dujail trial are all different than those in the Anfal case.

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Kurdish officials often say that 180,000 people were killed in the Anfal campaign, but the actual number is closer to 80,000, according to Joost Hiltermann, the Middle East director of the International Crisis Group, an advocacy group.

The scope of the trial is generally limited to the eight military operations from February to August 1988, but the court will also examine evidence starting from March 1987, when Mr. Hussein chose Mr. Majid as the top official in northern Iraq.

In the years preceding Anfal, Kurds in Iraqi villages near Iran were forced to abandon their homes. Those areas were labeled "prohibited," and anyone living there was deemed to be an Iranian agent or saboteur. The Anfal campaign was undertaken to deal with those who had moved back or had not moved.

The other defendants in the Anfal case are Sultan Hashem Ahmed, the military commander of the campaign and the defense minister starting in 2001; Sabir Abdul-Aziz al-Duri, the director of military intelligence; Hussein Rashid al-Tikriti, the deputy of operations for the Iraqi forces; Tahir Tawfiq al-Ani, a governor of Mosul; and Farhan Mutlak al-Jubouri, the head of military intelligence in the north.

Iraq Tribunal May Charge Hussein With Genocide Of Kurds (LAT)

By Solomon Moore

The Los Angeles Times, April 5, 2006

BAGHDAD — Iraq's tribunal announced today that it has completed an investigation into deposed leader Saddam Hussein's involvement in a series of 1988 military operations that killed more than 100,000 Kurds and could file formal charges as early as Wednesday.

Six aides, including Hussein's cousin, Ali Hassan Majid, also known as "Chemical Ali, would also stand trial for the Anfal campaign, which included mustard gas and nerve agent attacks against civilian populations.

The former leader's ongoing Dujayl case, involving a separate massacre of at least 148 Shiites, is scheduled to resume Wednesday with further testimony from Hussein.

It was unclear today when the Anfal trial might begin, when the Dujayl trial would end, and whether the two cases could be tried contemporaneously.

Iraqi officials said they had reviewed an array of documents from Hussein's Baathist Party and thousands of witness statements in preparation for the Anfal trial. Investigators also exhumed mass graves and tested corpses for traces of banned chemical agents.

The Anfal campaign involved military operations where 5,000 people died. Civilians comprised the bulk of the campaign's casualties, leading some legal experts to push for genocide prosecutions against former Baathist regime leaders.

News of the impending trial overshadowed Iraqi leaders' struggle to form a government, nearly two months after final election results were posted.

Negotiators recessed from formal discussions today, though leaders of Iraq's leading Shiite alliance met behind closed doors to discuss whether to replace Prime Minister Ibrahim Jafari.

Kurds, Sunni Arabs and Shiite parties within Jafari's own coalition claim he has been too partisan and ineffective to be granted another term, but Jafari's supporters showed no sign today that he would willingly relinquish his post.

Western and Iraqi officials have repeatedly warned that the delay has caused a dangerous leadership vacuum that has allowed violence to spread.

Today, a parked car exploded near a used car lot in western Baghdad, killing 10 people and injuring 28.

In another Baghdad incident, two Iraqi employees at the United Arab Emirates Embassy were killed in a drive-by shooting.

In Basra, gunmen shot to death Sheik Nawaf Ahmed Aqrab, a local leader of the Iraqi Islamic Party, a Sunni Arab political organization, as he left his house. He is the second prominent Sunni Arab leader to be killed in the last three days.

Saddam Charged With Kurdish Genocide (WT/AP)

By Sameer N. Yacoub, Associated Press

The Washington Times, April 5, 2006

DOJ_NMG_0025305

BAGHDAD -- Iraqi authorities charged Saddam Hussein with genocide yesterday, accusing him of trying to exterminate the Kurds in a 1980s campaign that killed an estimated 100,000 -- the first move to prosecute him for the human rights violations that the U.S. cited to justify its invasion.

The former Iraqi president returns to court today in his current six-month-old trial, facing the death sentence if convicted in the killings of more than 140 Shi'ites.

But that case involves a relatively small number of victims, and the scope of the accusation pales in comparison to the crackdown against the Kurds or the suppression of the Shi'ite uprising in southern Iraq in 1991.

Investigative judge Raid Juhi told reporters that he submitted the new case against Saddam and six co-defendants to the Iraqi High Tribunal -- a legal step that is the equivalent of an indictment under Iraqi law.

His move paves the way for a second trial, which could begin any time after 45 days. Mr. Juhi said charges also include crimes against humanity.

Legal analysts said the decision to accuse Saddam of genocide has been questioned because the charge is difficult to prove. An international convention after the Nazi Holocaust during World War II defined genocide as an effort "to destroy, in whole or in part, a national, ethnical, racial or religious group."

The latest charges involve Saddam's reported role in Operation Anfal, the 1988 military campaign launched in the final months of the war with Iran to crush independence-minded Kurdish militias and clear Kurds from the sensitive Iranian border area of northern Iraq.

Saddam had accused Kurdish militias of ties to Iran. Thousands of Kurdish villages were razed, and their inhabitants either killed or displaced.

A memo released by the tribunal said the Anfal campaign included "savage military attacks on civilians," including "the use of mustard gas and nerve agents ... to kill and maim rural villagers and to drive them out of their homes."

The operations against the Kurds included the March 1988 gas attack on the village of Halabja in which 5,000 people, including women and children, died. However, Mr. Juhi said that the Halabja attack would be prosecuted separately and was not considered part of the charges filed yesterday.

Others accused in the Anfal case include Saddam's cousin, Ali Hassan al-Majid, or "Chemical Ali"; former Defense Minister Sultan Hashim Ahmad; former intelligence chief Sabir Abdul Aziz Al-Douri; former Republican Guard commander Hussein al-Tikriti; former Nineveh provincial Gov. Taher Tafwiq al-Ani; and former top military commander Farhan Mutlaq al-Jubouri.

Saddam and seven others have been on trial since Oct. 19 on charges in the deaths of Shi'ite Muslimsafter a 1982 assassination attempt against him in the town of Dujail.

The Dujail trial was the first of what Iraqi authorities say could be up to a dozen proceedings. Saddam could face death by hanging if convicted in the Dujail case. But President Jalal Talabani, a Kurd, said he doubted any sentence would be carried out until all trials were complete -- a process likely to take years.

Court Moves To Try Hussein In Massacre Of Kurds (WP)

By Jonathan Finer And Naseer Nouri

The Washington Post, April 5, 2006

BAGHDAD, April 4 -- A special criminal court has finished gathering evidence on the massacre of tens of thousands of Iraqi Kurds in the late 1980s, a judge said Tuesday, clearing the way for a second trial for former president Saddam Hussein.

Investigative judge Raeed Juhi said he had referred the case against Hussein and six co-defendants to the Iraqi High Tribunal, the rough equivalent of submitting formal charges.

All of the defendants will be charged with crimes against humanity. In addition, Hussein and Ali Hassan al-Majeed, a former general and Baath Party official nicknamed "Chemical Ali" for ordering the use of mustard gas and nerve agents against the Kurds, will be prosecuted for genocide.

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International human rights groups have estimated that more than 100,000 people were killed in 1987 and 1988 as part of an Iraqi government operation known as the Anfal campaign. Kurdish villages were systematically razed and survivors shipped off to squalid internment camps.

"Thousands of women, children and men were buried in mass graves," Juhi said. "We have testimony from more than 1,000 witnesses."

After the new charges were announced, Kurdish demonstrators took to the streets of the northern city of Kirkuk, ululating, waving Kurdish flags and chanting slogans against Hussein and Majeed.

"I was a child at the time when they took the men who we discovered were later executed," said Shwan Mahmoud Fattah, who said he lived near the Kurdish capital of Irbil during the Anfal campaign. "The day we waited for -- to see the killers of our families stand before justice -- has come."

Baheeja Abbas Barazanchi, 55, said, his son was killed after being accused of fighting with the pesh merga , a Kurdish militia that fought Hussein's forces. "This is God's justice," he said.

Hussein's current trial -- stemming from the massacre of nearly 150 residents of Dujail, north of Baghdad -- has entered what Juhi called the "final stage" and is set to resume Wednesday with the former leader's cross-examination. Hussein and seven co-defendants are charged in that case.

It is unclear when any new trial would begin. The case file has not yet been presented to the defense team, a U.S. official close to the court said Tuesday. Under Iraqi law, defense attorneys are allowed at least 45 days to review the results of the investigation before a trial can begin.

Hussein faces the death penalty in both the Dujail and Anfal cases. Several other cases against him are also still in the investigative phase, including that of the brutal suppression of a 1991 Shiite uprising in southern Iraq.

Some Iraqi politicians have expressed concern that Hussein could be convicted and hanged for the Dujail crimes before the other cases against him are heard. Justice Minister Abdul Hussein Shandal Issa said in an interview that the court might delay handing down any sentences until all trials are completed. Once a sentence is issued and a final appeal is finished, the punishment must be carried out within 30 days.

The new charges came as Vice President Adel Abdul Mahdi became the highest-ranking Shiite leader to call on Prime Minister Ibrahim al-Jafari to withdraw as the bloc's nominee for the job in the new government. Abdul Mahdi's Supreme Council for the Islamic Revolution in Iraq has said Jafari, leader of the Dawa party, can no longer count on its support. Abdul Mahdi, who made his comments in a BBC television interview, lost to Jafari by one vote in the nomination battle a month ago and is considered the most likely replacement.

Jafari has thus far said he will not step aside. He is also opposed by Sunni Arab and Kurdish parties, whose participation is needed for Iraq to form a fully representative government.

In Washington, President Bush said that "one way to help bring confidence to the Iraqi people . . . is for there to be unity government that steps up and says, 'I'm willing to lead.' "

Bush said he dispatched Secretary of State Condoleezza Rice to Baghdad earlier this week with the message "that the people of Iraq have voted and now it's time for the elected leaders to stand up and do their job."

In Baghdad on Tuesday, at least 10 people were killed in a series of bombings and small-arms attacks, including five policemen who died in a car bombing near the northeastern neighborhood of Sadr City.

The U.S. military reported that a Marine listed as missing in a vehicle crash during a flash flood Sunday in western Iraq had drowned in the accident, which claimed five other lives. Two more service members are still unaccounted for.

And booksellers became the latest victims of insurgent violence, as a 30-year-old shop in the western part of the capital was either bombed or set ablaze late Monday night after several local shops were warned to stop selling newspapers.

"I think they will start targeting the bookshops now after they targeted the barbers and the CD shops before," said Thair Abdul Qadir, a regular customer at Khalid bookshop in the Rabi Street neighborhood.

Saddam Genocide Charge Hard To Prove (AP)

By Anthony Deutsch

DOJ_NMG_0025307

AP, April 4, 2006

Saddam Hussein on Tuesday joined a growing number of former leaders accused of the worst crime known to man: genocide. Defined as the intent to destroy an ethnic group in part or in whole, experts say it is the toughest war crime to prove.

An Iraqi indictment accused the ousted president of trying to exterminate the Kurds in northern Iraq in a 1980s campaign known as Operation Anfal that killed an estimated 100,000.

Michael Scharf, director of the Frederick K. Cox International Law Center at Case Western Reserve University in Cleveland, said the genocide case against Saddam won't be easy to prove "despite the large number of Kurdish victims (reportedly more than 100,000)."

Scharf said a number of issues could undermine the case including the sparing of Kurdish villagers, the killing of non-Kurds and potentially legitimate military goals and economic aims.

The Anfal case is the second indictment against Saddam, who has been on trial with seven co-defendants since Oct. 19 for the massacre of more than 140 Shiites following a 1982 assassination attempt against him in the town of Dujail.

U.N. tribunals for the former Yugoslavia and Rwanda, applying the international convention against genocide adopted after the Holocaust, have filed genocide charges against at least 49 individuals. Slightly under half of those were convicted, while a few are still awaiting trial.

Most recently, Serbian leader Slobodan Milosevic died March 11 while on trial for the massacre of at least 8,000 Bosnian Muslims at Srebrenica in July 1995 — an attack that constituted genocide under the strict definition in international law.

The most difficult aspect to set out in a courtroom is intent and a premeditated plan and proving genocide in Bosnia has been a daunting task. Seven of the 23 people indicted have been acquitted and just one man — Gen. Radislav Krstic — was convicted by the Yugoslav tribunal and is serving a 35-year sentence for the worst violence on European soil in 50 years.

The Rwanda tribunal, which prosecutes those accused in the 1994 genocide of at least 500,000 Tutsis and moderate Hutus, has convicted 23 people and acquitted just three. Former Prime Minister Jean Kambanda pleaded guilty and is serving a life sentence with several of his government ministers.

That tribunal set a number of important legal precedents, including the first conviction based on the 1948 Genocide Convention. It also defined the crime of rape and found that rape and sexual violence may constitute genocide if the crimes are committed "with the intent to destroy a particular group targeted as such."

The latest charges involve Saddam's alleged role in Operation Anfal, which was launched in the final months of the 1980-1988 war with Iran to crush independence-minded Kurdish militias and clear Kurds from the sensitive Iranian border area.

The three-phase military campaign included the March 16, 1988, gas attack on the village of Halabja that killed 5,000. But Investigative judge Raid Juhi said Saddam will be tried separately for that attack.

The Iraqi tribunal will have the support of evidence from an earlier genocide trial that implicated Saddam.

In December, a Dutch court sentenced chemicals merchant Frans van Anraat to 15 years in prison for selling Saddam's regime the chemicals used against the Kurds. The ruling, the first ever dealing with Halabja and chemical attacks on seven other villages, concluded that the killing constituted genocide.

It had no jurisdiction to try Saddam, but prosecutors named Saddam and his cousin, Ali Hassan Majid, or "Chemical Ali," as co-conspirators.

Dutch prosecutors said the Iraqi military left an estimated 182,000 Kurds dead and hundreds of thousands more in detention camps.

Moscow Eyes Lost Oil Contract In Iraq (WT)

By Andrea R. Mihailescu

The Washington Times, April 5, 2006

Russia's largest oil company, Lukoil, is looking to the formation of a new Iraqi government as an opportunity to deal itself back into that country's huge West Qurna oil field, regaining a lucrative contract it lost in December 2002 as coalition forces were building up for the 2003 invasion.

DOJ_NMG_0025308

Iraq's foreign ministry, seeking Moscow's help with some troublesome neighbors, has noted that Russian companies such as Lukoil understand Iraq's oil industry and environment because of their long history in the country.

"We hope the formation of a new government in Iraq will allow us in 2006 to start negotiations on recovering West Qurna," Andrei Kuzyaev, president of Lukoil Overseas, said at a conference in London in February.

Iraqi Foreign Minister Hoshyar Zebari asked for Russian help in November to end interference in its internal affairs from Syria and Iran, and has said that Lukoil offers Iraq needed technological and financial capabilities.

Lukoil and Saddam Hussein's government in 1997 signed the $3.7 billion development and production contract for the giant West Qurna field, one of Iraq's largest with an estimated 11 billion to 15 billion barrels located in North Rumaila, west of Basra.

The Iraqis abruptly canceled the contract in December 2002, charging, not without merit, that Lukoil had failed to honor a provision requiring that it spend at least $200 million on the field within the first three years of the contract.

However, the energy newsletter Middle East Economic Survey reported at the time that the Iraqis were angry because Lukoil executives were hedging their bets on the expected U.S. invasion, even as Moscow was working at the United Nations to head off the attack.

Deputy Prime Minister Tariq Aziz was quoted in Canada's National Post on Dec. 17, 2002, saying, "Lukoil went to Washington to get assurances that their contract will be implemented after the removal of the Iraqi regime. ... Such conduct cannot be accepted."

Despite losing the contract, Lukoil worked at maintaining good relations with Iraqi administrations that succeeded Saddam.

During the summer of 2004, it gave Iraq millions of dollars in humanitarian aid and provided training for Iraqi oil specialists at its facilities in Western Siberia and Volgograd, according to the Energy Information Administration, a department of the U.S. Department of Energy.

Lukoil also pledged to train 150 Iraqi specialists annually over five years at its Russian facilities.

Such aid is a "starting point for Russian companies to begin implementation of oil projects in Iraq," Lukoil President Vagit Alekperov said in September.

Now, with a permanent government to be established in Baghdad, Lukoil has reason to hope for the best.

The Iraqi oil ministry announced in June that an inter-ministerial committee would be set up to review oil contracts signed under the Saddam regime, and that it would renegotiate existing oil-development contracts with France's Total as well as Russian and Chinese energy firms.

The newly elected parliament, meanwhile, is expected to create a petroleum-investment law in line with the new constitution once a government is in place.

"The process of negotiation is a joint process between the government and the provinces, but the ownership of the oil is for the Iraqi people," Deputy Prime Minister Ahmed Chalabi, who has served as oil minister since December, told Platts, an industry publication.

Lukoil may think its prospects are improved by the participation of U.S.-based ConocoPhillips, which now holds a 17 percent stake in the Russian company and has announced plans to increase its stake to 20 percent. However, U.S. officials say the decision will be made by the Iraqis, not the Americans.

"We're not involved in this decision-making," a State Department official said. "Oil policy and decision-making regarding Iraqi oil assets are firmly under the control of the Iraqi government."

Jamal Qureshi, lead analyst at the Washington-based energy consulting firm PFC Energy, noted that the United States does have advisers at the oil ministry who assist Iraq in its decision making.

"Who will have authority to negotiate these contracts will largely depend on how centralized the government will be," he said. "But with Iraq on the verge of civil war, the prospects are not good. There is a need for a more secure environment."

Insurgents have attacked pipelines and other oil installations nearly 300 times since 2003. Of those, 95 took place last year.

A Marine's Mother (WP)

DOJ_NMG_0025309

By Christopher Lee

The Washington Post, April 5, 2006

Last August, Danielette James, 58, a federal custodian who cleans congressional offices five nights a week, unsuccessfully pleaded with her bosses for time off to welcome home her son, a Marine who was returning to Camp Lejeune, N.C., after seven months in Iraq.

In the end, James, unable to draw on the 172 hours of vacation time she had amassed, had to wait until a weekend for a two-day visit to North Carolina. (Her bosses at the Architect of the Capitol's office told The Washington Post at the time they had tried to meet her request.)

Over the weekend, the mother of six learned that her son, Eric McIntire, 27, had been killed by a roadside bomb near Baghdad.

McIntire, a sergeant who served nearly 10 years in the Marines, had returned to Iraq in early March. He was traveling in a Humvee with other members of his platoon on Sunday when a bomb exploded, killing him and several other men, James said.

A military chaplain broke the news Sunday afternoon to McIntire's wife of five years, Cynthia McIntire, who called James. Someone in uniform also visited James at her Woodbridge home that day.

"I was so crazy. I was crying so much. I went outside screaming, and my neighbor came running," James said.

McIntire was generous and quiet, his mother said, the sort of person who always gave money to friends in need and would talk to homeless people on the street. Before he lost his life in a war zone, the military had saved it.

"When he was young, he was into drinking and smoking," James said. "And then he said, 'Oh, no, I'm trying to mess my life up. Let me stop this.' And he stopped. And he finished high school, and then he joined the Marines. Since he joined the Marines, he has been straight. He has been so good. He is nice to his wife, he takes good care of her."

James last saw her son at Christmas. She last talked to him a few days before he returned to Iraq in early March. Before, he had wanted to go to Iraq because all of his friends were there, James said. This time he was reluctant, she said.

James stayed home from work yesterday and Monday to grieve; she says she has been asked to bring in a copy of her son's obituary. Burial will be at Arlington National Cemetery on Tuesday.

Walter Reed's World Of Hurt, Hope (WP)

By Susan Levine

The Washington Post, April 5, 2006

Solomon Montgomery wakes up early on workdays. Hours before dawn, the first thing he does is pray.

He prays for the soldiers he will try to help that day, whose bodies were ravaged during attacks in Iraq. He prays that their families find comfort and courage. And with no end to the bloodshed in sight, he asks God for support. "Lord," he says, "give me the strength to do my job."

At 7 a.m., he reports for duty at Walter Reed Army Medical Center. The war remains ubiquitous in the operating rooms, some of which are set aside for the returning wounded, and on the wards, where amputees begin coming to terms with their new realities. Montgomery, a physical therapy assistant with the bulk of a former defensive end, works in a ball- and mat-filled space where, hour after hour, he challenges and cheers on brain-injured soldiers not much older than his own teenager.

So many have arrived in the past three years -- so many continue to arrive -- that they have transformed the hospital's routine. The staff has been redeployed, programs created, a special military company activated just for the injured. "This has become our normal," a nurse explains. But the cumulative effect of nearly 4,900 patients, including 1,458 battle casualties, has done more than change the institution. It has deeply affected the hundreds of doctors, nurses and therapists who work there -- who have been inspired by the resiliency and motivation of the individuals in their care, yet shaken and exhausted by the magnitude of loss.

Since the first soldier was admitted March 28, 2003, nine days after the invasion of Iraq, Walter Reed has confronted damage of daunting proportion: limbs blown off, guts blown open, brains devastated by piercing shrapnel or by concussive explosions, or maybe all that and more. The youth of the wounded elicits sadness, even tears. The veteran staff members look at these patients and see their sons and daughters. Their younger counterparts see siblings, friends.

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"That's always my worst nightmare, that I'm going to take care of someone I know," says Capt. Matthew Hueman, a 31-year-old surgical resident whose West Point class has suffered casualties in the war.

Six thousand miles from the actual mortar fire, grenades and roadside bombs, it amounts to a different kind of combat fatigue.

At the start, they expected that the transports of casualties would taper off quickly. But three times a week, the white buses from Andrews Air Force Base still turn off Georgia Avenue NW through the hospital's main gate. They pull slowly up the looping drive to where a double line of gurneys and a small company of gown-clad escorts wait, and then each bus's back door swings open, revealing the litters of patients. Some soldiers are only 48 hours off the battlefield. The most critically injured are unloaded with so much medical equipment they are scarcely visible beneath it.

A pause to lower a litter, convey charts and untangle tubes, and then the new arrival is whisked inside, under the Walter Reed banner proclaiming "We provide warrior care" and on to a triage room.

That pause is all Michael Wagner needs to say, "Welcome home."

Over the past 2 1/2 years, the chief of the hospital's Medical Family Assistance Center estimates that he has greeted hundreds of patients, as well as thousands of family members. His first weeks, he struggled to find the right words. "This guy's missing a leg. What do I say to him?" he wondered. Until he understood: "They're not legs, they're not arms. They're human beings."

These days, the psychologist talks to spouses and parents with a gentle bluntness.

"How you doing?" he asks.

"Fine," they invariably say.

"How you doing?" he asks a second time.

"Fine," they repeat.

"Baloney," he says.

At which point family members usually cry. "You have to permit them to feel their hurt," he says.

Wagner, 56, is a retired Army colonel who joined up during the Vietnam War. After the 2001 terrorist attacks, he tried to volunteer anew, ultimately connecting with the command at Walter Reed and moving from Arizona to run interference for soldiers' families. At the assistance center -- established in response to the casualties' protracted presence -- he has been asked to secure everything from a massage to mortgage money. When all guest accommodations on post are filled, he persuades local hotels to provide rooms at no charge. "I need you to be a good American here," he tells hotel managers.

Still, 12-hour days consumed with strangers' needs are draining. Last fall, he finally realized how tired he was, "tired of seeing the wounded come in, young men and women in the prime of their lives, coming back ripped apart. . . . It was overload, burnout, whatever you want to call it."

The stress, he says, "wears on everybody in this hospital."

Wagner has learned how to take time off, how to get on his Harley and ride out of the city, into rural stretches of Maryland. He's reached a different place, not necessarily numb to the pain around him but able to put it in a broader context. "This is our normal," he says. "Our mission."

When he leaves the hospital grounds, which will receive soldiers until Walter Reed moves to Bethesda in several years, he finds himself looking for people with missing limbs. Their absence seems strange.

Her parents back in Washington state worry, but they don't press her for details. "How's life on the ward?" her mother will say, vaguely enough.

"We've got some complicated guys on the floor right now," Clarisa Nichols answers. She does not elaborate.

She is 24, and the hospital is her first duty station out of nursing school. She is assigned to Ward 57, the busy orthopedics unit once populated by older men and women recuperating from knee surgeries or hip replacements. In more than two years, 1st Lt. Nichols has seen virtually no such patients.

What she has seen are soldiers around her age, with massive pin-and-bolt armatures securing fractured bones or thick dressings covering raw stumps. They may be brought onto the floor with desert sand in their hair or spilling from their gear, and

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suddenly Iraq seems even closer. Nichols could be sent with scant notice to a combat support hospital there. Overseas duty is a matter of when, not if.

She will be ready. Her responsibilities at Walter Reed have made sure of that. At first, she questioned whether she would be able to handle them -- not so much emotionally as technically. Would she have the skills to do the job? She found herself tested on both fronts, staggered initially by the influx of casualties and challenged by their worst injuries.

"Sometimes," she says, "I'll go back to our break room and take a couple deep breaths. I'll think, 'Is there anything else I can possibly do?' "

Sometimes there is not. No more medicine she can offer, no relief other than a repositioned pillow or appendage. A patient Nichols will never forget, a soldier from the foreign forces assisting the United States in the fighting, writhed for hours one night. He spoke no English and would look at her uncomprehendingly. "There was no way I could reassure him," she says. "It was just one of those times; I sat down and held his hand. I felt helpless."

She balances that memory with the moments when patients took their beginning steps on a new prosthesis or returned with a smile and big hug after discharge. The nurses keep a bound book listing all the patients on the unit from December 2003, and on a slower shift, they'll get nostalgic looking through the pages. All told, the hospital has treated 323 amputees from Iraq and Afghanistan.

It also has seen the deaths of 11 service members.

"I can't believe how long it's been happening," Nichols reflects one afternoon. She has a younger brother in the Navy and a younger sister in the Army. "It's still hard to see an 18-year-old come in. Every so often, you wonder when it's going to end."

The number of battle casualties at Walter Reed fell to 408 during the third year of Operation Iraqi Freedom, compared with the more than 520 in each of the previous years. The trauma that sent them there -- frequently so extensive that the military coined the term "polytrauma" -- did not diminish.

Few wounds now hold the same shock factor for the hospital's surgeons. Col. Craig Shriver, who heads the general surgery department, remembers the teams of residents who came to him in late 2003 after their overnight rotations in the OR. "Three months is enough," they told him.

Recent teams have reacted far differently, though their chief doubts they are any tougher. More likely, after hearing and reading accounts of the injuries, they simply have been better fortified. "Maybe they've come to expect it," he says. As they are deployed, these new doctors will take their training directly to the troops.

Shriver himself has more than two decades in the Army and two tours as a combat surgeon. At 47, he could retire tomorrow. The reason he stays: As long as the conflict drags on, and the buses from Andrews return with their damaged cargo, he feels an obligation "to finish the job."

The last several years at Walter Reed have been the most demanding of his career. They've also been among the most humbling and rewarding. He marvels at the soldiers' attitude, their gratitude, their perseverance.

"What this has taught me is, our youngest generation is magnificent," he says.

It has renewed his faith in America.

By 10:40 in the morning, Solomon Montgomery is halfway through a set of balance exercises with 20-year-old Pfc. Daniel Perry of Somers, Conn.

"Move the top of your body," he says. "Give it a good stretch."

Bluish traces of shrapnel dot the left half of the soldier's pale face, betraying the blast that left him unconscious in an Iraqi bunker 27 days earlier. Perry met Montgomery when he was barely able to stand, unable to walk, incapable of following all but the simplest commands and angry and confused. He tried to kick the big guy, more than twice his size and age.

"Looks like this boy is going to be fun to work with," Montgomery responded cheerfully.

His PT unit focuses on those with traumatic brain injury. Before the war, it didn't exist. No need for it.

"I didn't realize what I was getting into," concedes Montgomery, a civilian employee who came to Walter Reed in 2000. During their time together, he has watched Perry make steady progress. Other patients have not. Two years ago, he was assigned a brain-injured soldier in his early twenties, a father of three whose youngest child had just been born. The man could neither hold nor see his baby: He had lost both arms and his eyesight.

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Montgomery drove home that afternoon and went to bed. He stayed home the next day. He couldn't go to work; he couldn't even get out of bed. The tragedy seemed too overwhelming.

He has since found deeper reservoirs of strength -- his church in Brandywine, his Bible study group, his high school daughter, who senses when to ask, "Daddy, is the war bothering you again?" The war has brought them closer. The war, in fact, "has helped me grow to be a better man."

He pauses. There is more.

"It's made me realize how precious life is," he says, "and the price you pay for freedom."

CORPORATE SCANDALS:

Enron Witness Calls Cuts 'Redeployments' (FINDLAW/AP)

By Michael Graczyk, Associated Press Writer

AP, April 5, 2006

(AP) - HOUSTON-A former Enron Corp. human resources supervisor testified Tuesday that people who moved from its struggling broadband venture were given opportunities to shift assignments, disputing earlier testimony that they were laid off.

Sarah Davis, testifying for a second day at the fraud and conspiracy trial of former Enron Chief Executive Jeffrey Skilling and founder Kenneth Lay, said the March 2001 cuts at Enron Broadband Services were "redeployments" and not layoffs.

Kenneth Rice, who ran Enron's money-losing broadband venture, testified in February that Skilling told him to characterize layoffs at the unit in early 2001 as redeployment so some 250 employees would believe they would keep their jobs and Wall Street analysts who influenced the company's stock would remain bullish on the weakening venture.

Asked by Skilling lawyer Mark Holscher if Rice or anyone else at Enron told her the cutbacks were "a ruse to lay people off" or "some sort of disguised layoffs," Davis replied: "No. It was redeployment."

But under cross-examination, she said it wasn't part of her duties to keep up with the business reasons for any redeployments or layoffs.

At the time of the broadband cuts, Skilling told analysts the unit had "strong growth." Rice testified that in addition to the layoffs, the unit burned through $100 million per quarter and efforts to stream video content on a fledgling network or trade Internet bandwidth were faltering.

On Monday, Davis testified Enron's hiring statistics from January through October of 2001 illustrated the company was "working robustly to bring in new talent," according to Lay attorney Chip Lewis.

As a sign of its continuing growth, Davis said she processed more than 100 new hires each month through an orientation program.

Davis was preceded on the witness stand by a former trader who was offered a promotion to shift from the profitable wholesale operation at Enron to the struggling retail division it was absorbing in 2001.

Prosecutors have presented witnesses who testified the assimilation of the risk and trading portion of its retail energy division, Enron Energy Services, was made to improperly cover up millions of dollars in losses.

Rogers Herndon, one of five witnesses testifying Monday as Lay and Skilling began their defense, said that wasn't the message he received when asked to head up risk assessment at the retail unit.

"No one ever said to you the move was to avoid losses in EES?" Skilling attorney Randall Oppenheimer asked.

"That's correct," replied Herndon, who reached the level of vice president at Enron before it imploded into bankruptcy in December 2001.

"We were not to be a profit center," he said, recalling his conversation in April 2001 with former EES Chief Executive David Delainey.

Delainey, who pleaded guilty in 2003 to insider trading and testified earlier for the prosecution, told jurors that in March 2001 he reluctantly agreed to a Skilling-approved plan to move part of the failing retail unit into the wholesale division to hide $200 million in losses.

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Skilling and Lay insisted in public statements the move was made to increase efficiency and combine like trading functions. Both aim to testify.

Skilling's lead attorney Daniel Petrocelli told U.S. District Judge Sim Lake late Monday he expected the former Enron chief executive would take the stand as early as Wednesday. Lay also has said he is eager to tell his story to jurors.

The first defense witness was Joannie Williamson, who served as an assistant at various times to Skilling, Lay and former investor relations chief Mark Koenig, a key prosecution witness who pleaded guilty in August 2004 to aiding and abetting securities fraud.

Besides acknowledging his own guilt, Koenig in February also implicated Lay and Skilling in a string of falsehoods.

Asked by prosecutor Kathryn Ruemmler if she thought he had lied on the stand, Williamson said, "I think he was doing what he needed to do.

"I feel like Mark was under quite a lot of pressure," she said.

"Did he tell you he was pressured?" Ruemmler asked.

"No, he did not," Williamson replied.

Also on the stand Monday were Scott Stoness and Diann Huddleson, both former EES analysts. Stoness said Enron didn't know until May whether EES would have high losses, which was intended to challenge Delainey's recollection of moving its trading function into the larger division two months earlier to hide losses.

Huddleson said EES wasn't in disarray as Delainey and other government witnesses have said.

Skilling faces 28 counts of fraud, conspiracy, insider trading and lying to auditors, while Lay faces six counts of fraud and conspiracy. Last week, Lake approved prosecutors' request to drop three counts against Skilling and one count against Lay to streamline their case.

AP Business Writer Kristen Hays contributed to this story.

Enron Defense Witness Testifies Skilling Didn't Favor Partnership (WSJ)

By Gary McWilliams

The Wall Street Journal, April 5, 2006

HOUSTON -- A former Enron Corp. executive testified that former President Jeffrey Skilling insisted that a controversial partnership run by the company's chief financial officer be treated the same as other bidders during the sale of an Enron subsidiary.

The defense witness's testimony is intended to show that the relationship between Enron and the partnership, known as LJM, was proper and at arm's length, as opposed to the conflict-laden relationship that prosecutors allege was used to manipulate the company's finances.

J. Mark Metts, who negotiated asset sales and acquisitions while at Enron, testified that Mr. Skilling never sought any favors for the LJM partnership amid the partnership's efforts to involve itself in a prospective asset sale that Mr. Metts was handling. LJM, a partnership set up and run by Andrew Fastow, Enron's former finance chief, is at the core of the government's conspiracy case. Prosecutors contend LJM was used improperly to hide losses from investors and to boost profits.

Mr. Skilling and former Enron Chairman Kenneth Lay are on trial in U.S. District Court here for alleged criminal conspiracy and fraud in connection with the collapse of the onetime energy titan. The defense began its case this week, and Mr. Skilling's eagerly awaited testimony could begin tomorrow.

Meanwhile, the lead defense attorney for Mr. Lay is hospitalized and could undergo surgery in the next few days to remove a blockage in his carotid artery. Houston attorney Michael Ramsey is undergoing tests at a local hospital. Yesterday, Mr. Lay's daughter, Elizabeth Vittor, an attorney on the defense team, said that Mr. Ramsey will be absent for an undetermined period, but is expected to return to court before the end of the trial.

Surgeons installed a coronary stent two weeks ago in the 66-year-old Mr. Ramsey. However, the contemplated artery surgery is unrelated to the installation of the stent, Ms. Vittor said. Yesterday, a spokeswoman said there were apparent problems with the stent that had sent him back to the hospital.

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Mr. Metts, who was head of corporate development at Enron, said that after he canceled a meeting between LJM and an Enron subsidiary that he was trying to sell, Mr. Fastow complained to Mr. Skilling in April 2001. In a meeting several days later, Mr. Skilling never asked him to favor LJM and was "frustrated" by Mr. Fastow's behavior, Mr. Metts testified. "He agreed with me the only way LJM participates in the process was for LJM to play by the same rules as everybody else," Mr. Metts said.

Under questioning by prosecutors, Mr. Metts acknowledged he was demoted and assigned to a position under Mr. Fastow just a month after the dispute with Mr. Fastow arose. He also said Enron agreed to pay LJM as much as $600,000 to serve as a backup bidder on the deal he was negotiating. The business wasn't sold to the original bidder or LJM, he said. The prosecution has focused on LJM-Enron deals that didn't involve other bidders.

Mr. Metts was one of several former Enron employees who challenged statements by prosecution witnesses who had testified there were efforts to hide bad news from investors and pump up profits by manipulating accounting rules. Among other things, the former employees said they believed efforts to reduce staff at Enron Broadband Services, a telecommunications unit, and to reduce Enron's financial stake in the troubled Dabhol Indian power project were legitimate and proper.

The prosecution contends that Mr. Skilling told investors that firings at the unit were a "redeployment" to conceal the unit's troubles, and that Messrs. Lay and Skilling knew Dabhol should have been written down in mid-and-late 2001, but improperly refused to reduce the carrying value to avoid a downgrade of Enron's credit rating.

At The Enron Trial, Skilling Then Vs. Skilling Now (NYT)

By Kurt Eichenwald And Alexei Barrionuevo

The New York Times, April 5, 2006

As Jeffrey K. Skilling, Enron's former chief executive, moves from the defense table to the witness stand as soon as today, he will have to be prepared to confront his own past testimony.

At his trial in Houston, Mr. Skilling will be bound by the very words he spoke under oath in secret testimony given more than four years ago, at a time when the Enron criminal investigation had not yet begun.

The testimony, taken in December 2001 as part of an investigation by the Securities and Exchange Commission into the Enron debacle, serves as a road map to the defense Mr. Skilling will offer on the stand. It also points up some potential pitfalls he faces. A transcript of the testimony, which has not been made public, was obtained by The New York Times.

The transcript lays out not only what is sure to be the foundation of Mr. Skilling's own explanation for what went wrong at Enron, but also the words that could be used against him in cross-examination.

At the heart of Mr. Skilling's statements in his previous testimony was a simple refrain: Enron took every precaution; everything was legal; nothing was hidden; nothing was improper. But Mr. Skilling also advanced the argument that if anything illegal had occurred, he could not possibly have been on top of every transaction at Enron, simply because the company was too sprawling for any one person to control.

"Obviously, I couldn't see the whole company," Mr. Skilling testified when discussing his familiarity with the company's financial disclosures. "I mean, this was a gigantic company."

Some of Mr. Skilling's S.E.C. testimony appears to be in direct contradiction to statements made by prosecution witnesses in the nine weeks of the criminal trial so far. For example, at one point in the testimony, Mr. Skilling was asked by a government investigator whether Enron ever used reserves to help the company meet Wall Street's earnings expectations. Mr. Skilling flatly denied that, and went on to deny that any reserves existed for such a purpose.

Likewise, in Mr. Skilling's S.E.C. testimony, he denied that there were ever any last-minute dashes within Enron to meet quarterly earnings expectations from 1997, when he took on a top job at the company, to his departure in the summer of 2001.

"I don't think there was any time during that time period," he testified, "that by the end of the quarter we were concerned about the numbers."

But in the criminal trial, several witnesses, including Wesley H. Colwell, a former Enron accountant, testified that Enron used accounting reserves to lift the company's earnings in particular quarters for the purpose of meeting the projections of Wall Street analysts.

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Mr. Colwell and other witnesses portrayed last-minute efforts to meet — and in one instance, to beat — those projections, requiring what they described as manipulations involving a penny or two of earnings per share.

Mr. Colwell testified that in July 2000, for example, Enron improperly dipped into reserves to increase earnings by $14 million, or from 32 cents a share to 34 cents a share, a change driven simply by management's desire "to make 34 cents per share" that period.

During the trial, government witnesses also portrayed a particular credit reserve, called Schedule C, as something of a "cookie jar" of earnings that could be used to help improve the company's reported performance. The earnings used in Schedule C were the product of the California energy crisis in 2000, which brought huge profits to Enron and other energy trading firms.

In his earlier testimony, Mr. Skilling said that Schedule C was a proper accounting reserve, which had been put together by Enron not to bolster earnings, but because of concerns the company had that California utilities that owed the money would never be able to pay because of their own financial troubles.

"The loss from PG&E alone was, I think, $560 million," Mr. Skilling testified. "These were significant numbers and so we started to reserve for those just to make sure that we could cover them if something did happen."

In the course of his S.E.C. testimony, Mr. Skilling also addressed the company's use of special-purpose entities that resulted in the company's shifting debt off the books — one of the central issues in the Enron scandal.

Such entities are commonly used throughout corporate America for that purpose, but to meet the accounting standards, investors independent of the company must provide a set percentage of the capital.

The accounting for several such entities proved to be improper, and several former Enron officials have pleaded guilty to criminal charges related to them. The restatement of the company's financial statements after those problems were discovered played a significant role in its ultimate collapse into bankruptcy in late 2001.

In his S.E.C. testimony, Mr. Skilling said that he had no knowledge of any problems with the accounting for transactions involving the entities.

"I had absolutely no reason, given the process and the signoffs, to have any expectation that the accounting did not properly reflect what the transactions — the way the transactions were structured," Mr. Skilling told the investigators in 2001. Mr. Skilling also discussed two entities affiliated with Enron that have been the subject of frequent testimony during the government case. One is LJM2, an investment fund operated by Andrew S. Fastow, who was Enron's chief financial officer; the fund was used for transactions with Enron.

Another is the Raptors, four partnerships used to provide hedges for company investments. A hedge, traditionally, is used to offset potential losses, with the value of the hedge going up as the value of the investment goes down.

The Raptors involved special purpose entities, requiring an outside investor. Mr. Fastow provided that outside capital through LJM2, which he led as general partner, handling investments from financial institutions and wealthy individuals.

But the Enron transactions, according to prosecution witnesses, were highly improper because they relied on secret side deals protecting Mr. Fastow and LJM2 from losses and similar problems undermining the Raptors.

In his S.E.C. testimony, Mr. Skilling was not asked if LJM2 received widespread guarantees against loss from Enron, which would be illegal. But he denied the existence of any secret side agreement that would have protected the investment fund from making good on its financial commitments.

As for the Raptors themselves, Mr. Skilling professed to have little knowledge of their workings, but said he knew that the company's accountants and Arthur Andersen, its auditing firm, had signed off on the deals.

"I cannot describe Project Raptor to you," Mr. Skilling testified. "Arthur Andersen was totally on board. They'd look at the structure and the governance and all the rest of the stuff. They thought it was fine, and it looked like it was a good way to hedge some of these high-technology investments that we had made. So it was approved by the board. But I don't recall the mechanics of how it worked."

But Ben F. Glisan Jr., the former treasurer, testified in the trial that he listed "accounting scrutiny" as his chief concern when he presented a Raptor hedging transaction to the board's finance committee in May 2000. Mr. Skilling, according to Mr. Glisan, told the directors at the meeting that day that Raptor was not a deal he would recommend "except for the fact that it allowed him to circumvent the accounting rules."

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Mr. Skilling also portrayed himself in his S.E.C. testimony as something of a casual reader of Enron's financial statements, saying that he had placed his confidence in the company's financial controls to satisfy himself that the reporting was proper.

"I can't tell you I read them, you know, cover to cover," Mr. Skilling testified about the financial statements. "I felt by the time that process was completed that it was a fair and accurate presentation of what was going on in the company."

Key Defense Lawyer In Enron Trial Awaits More Surgery (WP)

By Carrie Johnson

The Washington Post, April 5, 2006

2 Texas Attorneys Take Reins as Lay's Lead Counsel Is Hospitalized for Heart Blockage

HOUSTON, April 4 -- The lead lawyer for former Enron Corp. chairman Kenneth L. Lay has been hospitalized for more tests while he awaits surgery, a move that could put him out of commission for a significant portion of his client's defense against fraud charges.

Doctors at Houston's Methodist Hospital are evaluating Michael W. Ramsey, 66, for a new blockage in his carotid artery that doctors uncovered in tests Tuesday.

Last month, during a short break in the trial, Ramsey had a stent successfully implanted in a different artery to help correct shortness of breath and other symptoms he had since at least the third week of Lay and protege Jeffrey K. Skilling's trial.

Erin Fairchild, a spokeswoman for the hospital, said in an e-mail Tuesday that "blockage in the carotid artery is dangerous if left untreated because it can lead to stroke."

Elizabeth Vittor, Lay's daughter and a member of his legal defense team, called the carotid procedure doctors are contemplating "pretty significant surgery" and said it was unclear how long Ramsey's recovery would take. She added that the defense hoped Ramsey would be able to return quickly. In his absence, Dallas securities lawyer Bruce Collins and Houston appellate specialist George "Mac" Secrest take the reins for Lay.

Vittor said the defense did not anticipate requesting a delay in the trial "at this time."

Under current estimates, the case could go to the jury as early as the end of April.

Skilling is likely to appear on the witness stand Thursday, defense lawyers said. Lay, who was to be questioned by Ramsey, will testify sometime after Skilling is finished. Lay joked Tuesday that he expected Ramsey to return "in time to take full credit for the victory."

Also Tuesday, the second day of the defense case, several former Enron workers testified about a redeployment in the company's high-speed Internet unit, a power plant in Dabhol, India, and efforts to unload international assets.

Defense lawyers for Skilling and Lay attempted to show that government witnesses overstated troubles in each of those divisions. The defendants face multiple charges for making what prosecutors call overly optimistic statements to investors and employees about those topics in 2001.

Mark Metts, a lawyer who negotiated deals for Enron, testified Tuesday that experts inside and outside the company vetted important transactions. He also painted a negative portrait of former finance chief Andrew S. Fastow, who he said screamed at him after he told Fastow that "he had to play by the same rules as anybody else."

The government contends that Skilling gave favors to secretive partnerships controlled by Fastow. But Metts told the jury that Skilling was "extremely supportive" when Metts contacted him to express concern about a "power play" by Fastow in 2001. Shortly thereafter, another Enron official sent out a memo explicitly stating that Fastow's partnerships would not be favored over other bidders, defense lawyer Mark Holscher argued.

On cross-examination, Assistant U.S. Attorney Sean M. Berkowitz pointed out that weeks after the incident, Metts was demoted and that Skilling made the decision that Metts would report to Fastow.

D.C. Was Cheated, SEC Says (WP)

By Lori Montgomery

The Washington Post, April 5, 2006

Firm Owes Funds For Charter Schools

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Federal securities regulators yesterday accused a Maryland firm of defrauding the District of millions in federal and local funds earmarked for D.C. charter schools, saying the firm used the cash to try to prop up two failing subsidiaries.

In a complaint filed in federal court, the U.S. Securities and Exchange Commission alleges that Geneva Capital Partners LLC and its owner, Eric M. Westbury of Silver Spring, obtained investments of more than $21 million from the District without telling D.C. officials that two of the city's advisers had a financial stake in Westbury's firms.

Westbury then used some of the cash to cover losses at his other companies, which together owe about $33 million to more than 2,000 small investors nationwide, the complaint says.

In addition, Geneva owes the District about $11 million. In a court hearing yesterday, SEC lawyers argued that the family of firms has insufficient assets to repay that and other debts.

"It's our view . . . that there's just not enough money for everyone to get their money back here," said Amy J. Greer, the SEC trial counsel handling the case. "We have a lot of companies all showing substantial losses. And I think it's unlikely that all of the investors, both the District and the [small investors], will be fully compensated."

Westbury did not return a call to his Bethesda office. His attorney, John M. Fedders, denied that Westbury is "a fraudster."

Westbury "has not engaged in fraud," Fedders said. "He is a man of high moral integrity, and high business ethics. I think there's an enormous misunderstanding here about some of the things that have gone on, and we dispute paragraph after paragraph of these SEC allegations."

U.S. District Judge Deborah K. Chasanow gave Fedders until April 26 to file his objections, and she set a hearing date for May 12. In the meantime, Chasanow barred Westbury from making payments to investors and ordered him to alert the court if any of them demands their money.

The order effectively prohibits Westbury from complying with the District's March 15 demand to return its remaining cash. However, the order also bars Westbury from giving the District's money to anyone else, said Daniel M. Hawke, associate district administrator for enforcement in the SEC's Philadelphia office.

District officials declined to discuss the case yesterday. But Deborah A. Gist, director of the D.C. State Education Office, which administers the charter school funds, issued a written statement saying her office "is aware that the SEC has concerns with Geneva Capital." The District "continues to deal with this issue seriously," she wrote, noting that the D.C. inspector general is also investigating.

So far, District officials have been unable to explain why they selected Geneva in 2003 to manage the charter school money, a combination of local and federal funds intended to help charter schools obtain bank loans to purchase, build and maintain facilities. Hawke and D.C. officials said mismanagement of the funds has not affected operations at any school.

The SEC complaint may shed some light on the selection process. Under the heading, "Additional Undisclosed Conflicts of Interest," the complaint accuses Westbury of failing to disclose to District officials that the financial manager of the charter school fund "had received a substantial loan" from one of Geneva's subsidiaries, SBM Certificate Co., "in connection with an unrelated commercial real estate project of his own."

In addition, the complaint says Westbury failed to tell D.C. officials that the general counsel for the charter school fund "was also an SBM board member.

"These two individuals were the very people on whom the District relied for advice and counsel relating to matters like its investments," the complaint says.

In court documents, the financial manager was identified as Timothy Webb and the general counsel as Marialice B. Williams. They were described as independent contractors hired by the city to help manage the charter school funds. Webb, in particular, was responsible for identifying financial institutions to handle the investments, documents show.

Webb and Williams have been partners in several business ventures, according to the businesses' Web sites.

Webb could not be located late yesterday. Williams, reached at her District home, called the allegations "100 percent incorrect with respect to me."

"No one's called me at all," she said. "From the SEC or anywhere else." She referred a reporter to her attorney, who declined to comment.

Staff writer Valerie Strauss and researcher Bobbye Pratt contributed to this report.

Why Sweat The Small Stuff? (WSJ)

By Richard C. Pozen

The Wall Street Journal, April 5, 2006

The Securities and Exchange Commission recently announced a roundtable to discuss Section 404 of the Sarbanes-Oxley law, which requires an annual assessment by public companies of their internal controls over financial reporting. Critics question whether its benefits outweigh its costs, which have been much higher than originally estimated; because of these concerns, an SEC advisory committee recently proposed total or partial exemptions from Section 404 for small companies (with market capitalizations less than $787 million). However, some commentators have strongly opposed such exemptions, since these small companies constitute 80% of all publicly listed firms and are the ones most susceptible to financial frauds.

I take a middle ground: The current rules on assessing internal controls for all public companies should be revised, greatly reducing the costs of these assessments while preserving most of their benefits. Specifically, the management of every public company would be required to publish an annual assessment of the company's internal controls, attested to by the company's auditors. But such assessments would be focused on the company's internal controls over material information contained in the company's financial reports to the SEC.

* * *

The SEC has adopted two different requirements for internal controls. First, it has defined "internal control structure and procedures . . . for financial reporting" under Section 404 to include more items of information with more details than those ordinarily included in the financial reports of public companies. In the commission's view, internal controls must provide reasonable assurance not only that material information in the company's financial statements is accurate, but also "that receipts and expenditures of the company are being made only in accordance with authorization of management and directors of the company." By unlinking "internal controls" from "financial reporting" in Section 404, the SEC encourages management and auditors to scrutinize detailed procedures for controlling ordinary expenditures -- e.g., reimbursing travel expenses and handling petty cash -- even in cases where they are clearly immaterial to the company's financial reports.

Second, the SEC requires management to assess a public company's "disclosure controls" -- defined as "controls and other procedures . . . designed to ensure that information required to be disclosed by the issuer in the reports it files" with the commission "is recorded, processed, summarized and reported" in a timely manner. This rule on "disclosure controls" is very confusing since it overlaps with the rule on "internal controls." The SEC should end this confusion by combining both into one rule on "internal controls" over "financial reporting," which would cover the accuracy and timeliness of "material" information submitted by public companies in their financial reports to the commission.

The concept of "materiality" is traditionally judged by whether information is significant to a company's overall financial situation. However, a much broader concept of "materiality" is applied to Section 404 by the Public Company Accounting Oversight Board (PCAOB), which oversees all auditors of public companies. According to its Auditing Standard No. 2, an auditor must apply materiality "in an audit of internal controls over financial reporting at both the financial-statement level and at the individual-balance level" (emphasis added). This extension of materiality to individual balances tends to lead management and auditors to incur tremendous expense by examining controls over balances that are not financially significant for the company as a whole -- for example, reserve balances in a minor subsidiary, or inventory balances in a small factory.

The PCAOB's unduly expansive definition of materiality is exacerbated by its unduly expansive standard for assessing the likelihood of a problem occurring. According to Auditing Standard No. 2, "reasonable assurance" that internal controls are effective means that there is only a "remote likelihood that material misstatements will not be prevented or detected on a timely basis." This standard of "a remote likelihood" can easily lead to auditor concerns about internal controls based on hypothetical situations that have not occurred and are not very likely to occur. A more appropriate standard for determining that internal controls are effective would be that a problem is "unlikely to actually happen."

Suppose one employee signature is required for customer refunds under $100 and two signatures above that amount. The auditors may maintain that mishandling of small customer refunds is not "remote" because the one employee signing could, in theory, conspire with the customer to defraud the company. Yet the mishandling of small customer refunds is "unlikely to actually

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happen" because the one employee knows that his or her signature can easily be traced if any problem becomes evident on customer refunds.

Furthermore, Auditing Standard No. 2 states categorically: "There is no difference in the level of work performed" by the auditors when attesting to management's assessment of the company's internal controls, versus when the auditors express an opinion directly on the effectiveness of the company's internal controls. This approach leads to a high degree of redundant work: Management must test all of the company's internal controls; and the auditors can rely in part on management's testing, but only for less important areas of internal controls. A more efficient approach would be for the auditors to evaluate the design of the control systems, review the testing plan of management, and test a reasonable sample of internal controls.

In formulating their current rules, the PCAOB and the SEC were heavily influenced by an internal controls framework established in 1992 by COSO (a committee of sponsoring audit organizations). While its framework is excellent for many purposes, even the regulators recognize that, because it covers compliance with all laws and effectiveness of corporate operations, it is too broad for Section 404. COSO is now developing for small companies a control framework limited to financial reporting -- which should be extended to all public companies.

In short, instead of exempting small companies from Section 404, the SEC and the PCAOB should apply to all public companies narrower rules on internal controls. Management's assessment of internal controls should focus on the material information contained in the company's reports to the SEC, and the auditors should attest to management's assessment by reviewing its processes and sample testing. Both should apply the traditional concept of materiality -- financial significance relative to the whole company. In this manner, Section 404 will be very helpful in preventing material misstatements in a company's reports to the SEC, but at a much lower cost.

Mr. Pozen is chairman of MFS Investment Management.

CRIMINAL LAW:

Child Porn Victim Tells House Panel The Justice Department Is Moving Too Slowly On Pedophiles (AP)

By LAURIE KELLMAN, Associated Press Writer

AP, April 4, 2006

WASHINGTON — Justin Berry, who for five years starred in his own Web cam child pornography business, told a House panel Tuesday that the Justice Department is moving too slowly to round up 1,500 pedophiles whose information he surrendered last year.

"I believed that the government would protect the children being abused. I believed they would act quickly," Berry, now 19, told the House Energy and Commerce Committee. "I was wrong."

Justice Department spokesman Bryan Sierra disputed that, citing a threefold increase in federal prosecutions of child pornography and abuse cases nationally over the past decade. The unit investigating Berry's case, which Sierra could not discuss, has seen its workload increase 450 percent in the last four years.

"One of law enforcement's highest priorities is the protection of innocent children from sexual predators who lurk on the Internet," Sierra said.

The same committee will hear from the Justice Department, among other federal agencies, on Thursday.

Berry's story of a lonely teenager who sought friends on the Internet but instead grew rich attracting pedophiles was reported in December by the New York Times after a six-month investigation. Its author, Kurt Eichenwald, told the Energy and Commerce Committee on Tuesday that Berry is the first such teenage witness known to turn over such a vast cache of evidence to the government.

But even Berry's catalog of his clients' names, credit card numbers and other details has resulted in only one arrest, he and Eichenwald said.

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"From the time that the government was notified of Justin's information to the point where the children in direct danger were saved, more than 50 days passed," Eichenwald told the panel. "Some people identified as perpetrators literally could not get themselves arrested if they tried."

Berry embarked on his sordid journey into the world of pedophelia and drugs when at 13, living in Bakersfield, Calif., he acquired a Web camera as part of a deal with an Internet service provider. A lonely kid of a divorced family without many friends, Berry hoped to use the device to make friends his own age.

Instead, a pedophile sent him an instant message within minutes of Berry's image landing on a Web site called Spotlife.com. More followed; then men worked to earn his trust.

"At 13, I believed these people were my friends," Berry told the panel. "They were kind. They complimented me. They wanted to know about my day."

A few weeks later, he said, "everything changed" when one man proposed to pay Berry $50 to take off his shirt for a few minutes in front of the Web cam. The man helped Berry set up an account with Paypal, an online money payment system.

Last June, Eichenwald approached Berry for a story he was doing on Internet pornography. Berry agreed to help with the story and tell law enforcement what he knew about other children being exploited.

But the Justice Department and other massive federal agencies were slow to respond, Berry and Eichenwald told the panel. Berry said he has feared for his life.

DHS Spokesman Is Accused Of Soliciting Teen Online (WP)

By Spencer S. Hsu

The Washington Post, April 5, 2006

The deputy press secretary for the Department of Homeland Security was arrested last night on charges that he used the Internet to seduce an undercover Florida sheriff's detective who he thought was a 14-year-old girl, the Polk County Sheriff's Office said.

Brian J. Doyle, 55, was arrested at his Silver Spring home at 7:45 p.m. and charged with seven counts of using a computer to seduce a child and 16 counts of transmitting harmful materials to a minor, according to a sheriff's office statement.

Agents with the department's Inspector General's Office, the U.S. Secret Service, the Montgomery County police and the Polk County Sheriff's Office served a search warrant and seized his home computer and other materials, the statement said.

Doyle was online at the time awaiting what he thought was a nude image of a girl who had lymphoma, Polk County Sheriff Grady Judd said in an interview with Fox News' "On the Record With Greta Van Susteren." "We wanted to make sure he was using that computer and talking to detectives at the time of the arrest," Judd said.

In his initial communication last month, Doyle told an undercover computer-crimes detective who he was and that he worked for the Department of Homeland Security, later disclosing numbers for his office phone and government-issued cellphone and using those lines, the sheriff's office said.

"If he would provide that kind of information to include a photograph of himself with his identification tags, who else may he be talking to around the world who he thinks to be a 14-year-old girl?" Judd said on CNN's "Anderson Cooper 360."

Attempts to reach Doyle, who was booked into the Montgomery County jail on the Polk County charges, on his office and cellphone numbers and by his official e-mail were unsuccessful.

He was a TSA spokesman before becoming deputy press secretary last year to Homeland Security Secretary Michael Chertoff.

Chertoff press secretary Russ Knocke declined to comment on the case beyond releasing a written statement, saying, "We take these allegations very seriously and we will cooperate fully with this ongoing investigation."

Judd said Doyle confessed and waived extradition to Polk County.

According to the sheriff's office, Doyle initiated a sexually explicit conversation with the detective on March 12 in response to an Internet profile of a 14-year-old girl.

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Doyle allegedly sent pornographic movie clips, non-pornographic photos of himself and instant messages from his AOL account, the police statement said. The sheriff's office alleged that Doyle "on many occasions" instructed the undercover detective to perform a sexual act while thinking of him and described explicit acts he wished to perform.

Another Homeland Security official -- Frank Figueroa, special agent in charge of U.S. Immigration and Customs Enforcement in Tampa -- faces trial this week on charges of exposing himself to a teenage girl last year at a mall. Figueroa, who has been suspended, pleaded not guilty.

Official Accused Of Soliciting Girl (WT)

By Audrey Hudson

The Washington Times, April 5, 2006

A Homeland Security deputy press secretary was arrested last night at his Silver Spring home on charges he used the Internet to solicit sex from a 14-year-old girl.

Brian J. Doyle, 55, of Silver Spring, was arrested on charges out of Polk County, Fla., shortly before 8 p.m. yesterday. Officials say he used a computer to seduce a child and shared materials harmful to a minor through explicit conversations and pornographic movie clips.

The girl, however, was an undercover Polk County Sheriff's computer crimes detective.

"We take these allegations very seriously, and we will cooperate fully with the ongoing investigation," said William Knocke, spokesman for the Homeland Security Department.

Mr. Doyle revealed his identity to the undercover officer as well as his government and cell-phone numbers. Reports say that Mr. Doyle asked the undercover officer to perform sexual acts and that he described explicit sexual activities he wanted to engage in with her.

Mr. Doyle will be placed on administrative leave today pending an investigation and may be extradited to Florida to face charges.

Mr. Knocke declined to comment further on the charges or say how long Mr. Doyle has been under investigation by the sheriff's office, by the Florida State Attorney's Office and the Department of Homeland Security's inspector general.

He faces 23 charges of using a computer to "seduce a child," according to a statement by the Polk County Sheriff's Department.

"In addition to their online chatting, Doyle used the Internet to send hard-core pornographic movie clips to the 'girl' and used the AOL Instant Messenger chat service to have explicit sexual conversations with her," the police report said.

Law-enforcement officials also served a search warrant at his residence, during which they seized his home computer and other materials relative to this case.

"We will go after child predators, no matter where they live, to protect our innocent children," says Polk County Sheriff Grady Judd.

Minor's Bond Revoked; Attorney Taken To Jail (BSH)

By Anita Lee

Biloxi (MS) Sun Herald, April 5, 2006

JACKSON - U.S. District Court judge Henry T. Wingate revoked attorney Paul Minor's bond in the judicial bribery case Tuesday because Minor violated the terms of his release by getting drunk.

The order to revoke bond was handed down in a hearing Tuesday morning in Jackson.

Wingate said he would have considered a treatment plan had the defense presented one. Instead, defense attorney Dennis Sweet of Jackson argued that Minor wasn't drunk March 6 at the Marriott Hotel in Jackson.

Minor was taken into custody by the U.S. Marshals Service and will be transferred to the Madison County jail, where he is scheduled to remain until trial. However, Minor attorney Brad Pigott of Jackson said the defense plans to present an alternative treatment plan for alcohol abuse as soon as possible.

Wingate indicated he would be willing to consider such a plan as an alternative to incarceration.

A morning's testimony about his condition that night conflicted, but Wingate found Drug Enforcement Administration agents who witnessed Minor's intoxication more convincing than testimony from two Marriott employees who got to know Minor over the course of his first judicial bribery trial last summer.

Closing Arguments For N.Y. Detectives Accused Of Killing For Mob (NSDY/AP)

By Tom Hays, Associated Press Writer

Long Island Newsday, April 5, 2006

NEW YORK -- A former detective accused of leading a double life as a hitman for the mob was a dedicated lawman and aspiring screenplay writer who was fingered by corrupt government cooperators, his lawyer said during a blustery closing argument at the racketeering trial.

Louis Eppolito, after retiring to Las Vegas in the early 1990s, "was creating stories, writing stories," the attorney, Bruce Cutler told the jury on Tuesday. "There's nothing illegal about writing scripts."

Authorities say Eppolito, 57, and his ex-partner, Stephen Caracappa, 64, were involved in eight killings between 1986 and 1990 while on the payrolls of the New York Police Department and Luchese crime family underboss Anthony "Gaspipe" Casso. The so-called "Mafia cops" allegedly accepted $4,000 a month to help Casso silence informants and rub out rivals.

The federal jury in Brooklyn was to begin deliberations Wednesday. If convicted, the defendants would face possible sentences of life in prison.

In a sometimes booming voice, Cutler attacked the credibility of two key government witnesses _ confessed drug dealer Burton Kaplan, who claimed he was the middleman between Casso and the detectives for the hits, and admitted embezzler Steven Corso, who wore a wire while offering the defendants drug money to finance a film project at a 2004 meeting in Las Vegas.

Kaplan "led a double life, a triple life, even a quadruple life," Cutler said.

The lawyer described Corso as a "sophisticated, unctuous, polished, low-life thief." He labeled a third witness _ a sixth-grade dropout who testified he was forced to dig the grave of one victim while Eppolito stood guard _ a "subhuman gnome."

The witnesses "have no heart, they have no soul, like these television screens," Cutler said, gesturing to courtroom monitors. "There'll be no redemption in this temple of justice."

During a rebuttal, prosecutor Robert Henoch argued that the defense never explained why Kaplan knew personal details about the lives of "Brooklyn's finest." He also asked jurors to focus on Corso's testimony about asking the ex-officers to help him score drugs for some potential film backers from Hollywood who were visiting Las Vegas in 2005.

The partners "could have walked away," Henoch said. Instead, he said, "Those men went right into a drug deal."

The defense has argued the drug charges were cooked up and tacked onto the case solely to overcome the five-year statute of limitations on the killings. The government contends all the crimes were part of a two-decade conspiracy.

Prosecutors can bring charges "within five years of the end of the conspiracy," Henoch said. "This one never ended. You know that from the drug deal."

Henoch closed by urging jurors, "Make this a temple of justice _ hold them accountable."

Defense Closes With Style In Trial Of 2 Ex-Detectives (NYT)

By ALAN FEUER

The New York Times, April 5, 2006

Bruce Cutler stood up yesterday and buttoned his suit coat. It was a dark blue suit coat, and he gave its shoulders a quick athletic roll, then went to work.

He raised his voice. He raised his fist. He raised the issue of whether ducks can stand a chance against coyotes and then, amid digressions into David Lean's movie "The Bridge on the River Kwai" and the life of Crazy Horse, the Oglala Sioux warrior chief, he drew upon his 2,072-page fourth edition of the American Heritage Dictionary and raised a last argument in defense of his client, Louis J. Eppolito, a defendant in the so-called Mafia Cops case.

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Though Mr. Eppolito stands at the center of the federal trial — accused, with his former partner, Stephen Caracappa, of killing for the mob — Mr. Cutler, 57, has stood as the trial's resident semiotician. His summation was less a legal argument than a free-associative ode, a lawyerly tone poem on the themes of hope, justice and the spoken word.

"I've tried as best I can to use the English language in a precise way," he told the jury. "I've tried to use words in a precise way. It was drilled into me as a boy."

Thus it was that he turned to the dictionary — "Because that's where the words are," he explained — and read aloud the definition of "justice" ("the quality of being just, fairness"), which led him, somehow, to the definition of "spring" ("the season of the year between winter and summer during which the weather becomes warmer and plants revive"), which led him to the definition of "hope" ("to wish for something with an expectation of its fulfillment"), which led him to his own hopes, which were, as he put it, that in the future, people like the government's witnesses — men he has attacked as "desiccated miserable lowlifes" — "will not be permitted in a court of law, a temple of justice."

From the start, the Brooklyn racketeering trial has had its share of literary moments (including mentions of Mr. Eppolito's memoir, "Mafia Cop"), but Mr. Cutler's presentation was a masterpiece of rambling allusion, including references to Émile Zola, the Rev. Dr. Martin Luther King Jr., the Brooklyn Bridge, the Acela train and the soullessness of television — all delivered in what could be called the Belle Apocalyptic style.

It may be best — at least in terms of his summation — to think of Mr. Cutler less as a lawyer than a poet, a bebopping, stream-of-consciousness type who progresses more by rhythm than by logic. At times he swerved between the third and second person, addressing unseen government witnesses; at others, he donned someone else's first person, assuming the identities of the witnesses themselves.

He proved himself a master not only of the metaphor (saying that Mr. Eppolito had carried "the backpack of his lineage" so long that "his legs grew strong"), but also of the pejorative.

A short list of the insults he has hurled includes: "cretin," "reprobate," "bum," "degenerate," "thieving scurvy lowlife" and "sophisticated unctuous polished lowlife thief." But yesterday he outdid even himself when he referred to a 5-foot-4, illiterate government witness as a "gnome" — defined, from the dictionary again, as "one of a race of dwarflike creatures who live underground and guard treasure hoards."

In between these slights, Mr. Cutler derided the reporters covering the trial as "scribes" and the prosecutors as men "with light shows and erudition" whose "machines are bereft and denuded of life."

"There is no hope in those machines," he said.

He even found time to discuss his client, a man who, unlike the "intelligent, educated, sophisticated, professional" prosecutors, was "a cop," "a working man," "a man who has to be someplace, to do something, who contributes somehow." It was a leitmotif of his summation: the distinction between the working class and the federal elite.

The embodiment of that elite was, in some sense, Robert Henoch, the chief prosecutor, an earnest, Jimmy Stewart-like man, who has said that his father has attended every one of his trials. Mr. Henoch closed the government's case yesterday with a rebuttal summary; today the jury is expected to get the case.

Mr. Henoch is a colonel in the Army Reserve and seemed affronted by Mr. Cutler's slurs.

"You can't just say it and it becomes true," he said in his rebuttal. "You need evidence in a temple of justice — not just words from the dictionary."

Closing Arguments For Detectives Accused Of Killing For Mob (NSDY)

By Anthony M. Destefano, Newsday Staff Writer

Long Island Newsday, April 5, 2006

The jury in the "Mafia Cops" trial is set to begin deliberations Wednesday morning in a case that is labeled by prosecutors as the most bloody betrayal of honor and public trust ever perpetrated by police officers.

After Brooklyn federal Judge Jack B. Weinstein goes over an 11-page verdict sheet with them, the jurors will retire to deliberate on whether retired NYPD detectives Louis Eppolito and Stephen Caracappa are guilty of being hit men for the mob.

Tuesday, after hours of being cajoled, roused and emotionally tugged at by the closing arguments of prosecution and defense attorneys, the jury went home for the day after Weinstein took about two hours to read a complex legal charge. The panel is set to return to court at 9:30 Wednesday morning.

Eppolito, 57, and Caracappa, 64, are charged with acting as double agents for the Luchese crime family during the late 1980s and early 1990s. For cash bribes believed to have totaled $375,000, prosecutors contend that the defendants took part in eight gangland murders and leaked confidential police information to former Luchese boss Anthony "Gaspipe" Casso.

In a booming voice and with arm gestures that made him look like an orchestra conductor or aerobics instructor, attorney Bruce Cutler, who is representing Eppolito, said in his summation yesterday that the government witnesses were a combination of cunning thieves and lowlifes.

Cutler described Burton Kaplan, the admitted middle man between Casso and the cops, as a man who led "a double life, a triple life, even a quadruple life." He said another witness, accountant Stephen Corso, was a "sophisticated, unctuous, polished, lowlife thief." Peter Franzone, a parking lot operator who admitted digging a grave for one murder victim, was a "subhuman gnome," Cutler said.

Eppolito, Cutler said, retired to Las Vegas in the early 1990s to break into Hollywood and was "creating stories, writing stories. ... There's nothing illegal about writing scripts."

However, in a rebuttal, assistant U.S. attorney Robert Henoch said that Cutler and Edward Hayes, who is representing Caracappa, never addressed the facts.

"When you make a speech but don't go into the details, then something is wrong," Henoch said. He said that Cutler's presentation was "big voice, big words, big vocabulary."

Henoch stressed that the defense couldn't damage the testimony of witnesses like Kaplin and Corso.

"They didn't make a dent, not a scratch," Henoch said.

Henoch also turned a trial reference by the defense to Psalm 23 into a emotional tug for murder victim Israel Greenwald, whose body was unearthed last year after being missing for two decades.

"Twenty years later Leah Greenwald got to recite Psalm 23" at her husband's grave, he said.

"How dare they bring that into this courtroom?" he said, refering to the defense.

Outside the courtroom Leah Greenwald embraced Henoch. "You were amazing, you were so beautiful," she said.

This story was supplemented with an Associated Press report.

Time Of Essence In 'Mafia Cops' Trial (NSDY)

By Anthony M. Destefano, Staff Writer

Long Island Newsday, April 5, 2006

March 9, 2000.

The Brooklyn federal court jury mulling the fate of ex-officers Louis Eppolito and Stephen Caracappa will have to focus on that date to determine if both men escape from possible life in prison in the "Mafia Cops" trial.

For three weeks Eppolito, 57, and Caracappa, 64, have been on trial for racketeering conspiracy, drug dealing and money laundering charges. More than 40 witnesses have testified and numerous exhibits have been introduced as evidence that prosecutors contend are strong enough to convict both men of being double agents for the mob, with involvement in eight killings.

But the 500-pound legal gorilla in the case involves the statute of limitation for racketeering conspiracy, something that concerns Judge Jack Weinstein. For someone to be convicted, the conspiracy must have continued to exist within five years of the date of the indictment. In the case of Eppolito and Caracappa, both of whom were arrested on March 9, 2005, the conspiracy must have continued to exist as of March 9, 2000.

If the jury finds that the conspiracy and Eppolito's and Caracappa's involvement in it ended before March 9, 2000, then the two defendants would be acquitted of the racketeering charges, including the murders. However, drug and money laundering charges would remain regardless.

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There have been examples of defendants found guilty of the underlying racketeering offenses but able to escape responsibility because of a statute of limitation problem. One such instance was in 1987, when former Bonanno crime family members Salvatore Vitale and Joseph Massino beat a racketeering case involving hijackings.

The verdict sheet the jury will submit first lists the various murders charged in the conspiracy and then deals with the statute of limitation.

One former federal prosecutor thinks that order favors the government.

"They [the jurors] will be more inclined to find a conspiracy continued subsequent to the key date," said Steven K. Frankel, now a criminal defense attorney in Manhattan.

The guilty findings on the murders could convince jurors that the defendants shouldn't escape on a technicality, Frankel said.

Mob Cops' Dramatic Finish (NYDN)

By John Marzulli, Daily News Staff Writer

New York Daily News, April 5, 2006

One government witness was belittled as a gnome. Another was dismissed as a cretin.

To be blunt, defense lawyer Bruce Cutler wasn't holding back in his closing arguments in the so-called Mafia Cops trial, which goes to the jury in Brooklyn Federal Court today.

Jurors will tackle a 12-page verdict form that is constructed in such a way that they must first decide whether Louis Eppolito and Stephen Caracappa murdered for the mob.

After that is decided, jurors will find a question on page 10 that could throw out the racketeering case - even if the jury believes the ex-cops were killers.

The defense contends that their clients must be declared not guilty unless the prosecutors have proven that the ex-cops continued to commit crimes beyond the statute of limitations date of March 2000 - five years before the indictment was filed. To prove that the ex-cops are guilty of racketeering, prosecutors must show that the pair continued their lives of crime well after the last alleged murder.

If found guilty, the two face life in prison.

Cutler, Eppolito's lawyer, didn't focus on parsing legal technicalities - that's not his style. Instead, Cutler directed his theatrical skills full-bore at the government's key witnesses, ripping them as "cretins, subhumans and gnomes," among other choice terms.

"I hope the day will come when the sweetheart pacts given to cretins and devils will be proscribed by Congress. I hope I live to see that day," Cutler roared.

In keeping with the previous four weeks, Cutler offered no alternative theory or alibi to clear his client or suggest reasonable doubt. But there was plenty of name-calling.

The barrel-chested barrister said he'd thumbed through a dictionary to describe witness Peter Franzone and came up with "gnome" for the 5-foot-4 former parking lot operator, who admitted burying the corpse of murder victim Israel Greenwald.

"Real detectives would have preferred murder charges against him," Cutler said without offering any evidence that Franzone, who places Eppolito and Caracappa at the scene, was the killer.

Of star witness Burton Kaplan, who was the alleged intermediary between the Mafia cops and Luchese crime underboss Anthony (Gaspipe) Casso, he "lived a double life, a triple life or even a quadruple life."

Cutler likened corrupt accountant Steven Corso, who recorded Eppolito and Caracappa last year allegedly planning to launder drug money, to Hal the coyote - who was eating innocent ducks in Central Park until his untimely death while in captivity.

That money-laundering allegation is crucial for the prosecution because it shows the conspiracy didn't end when Eppolito and Caracappa retired from the NYPD, but continued until the time of their arrest last year. "Lou never knowingly laundered money. He wouldn't know how to. More importantly he wouldn't want to," Cutler said.

Prosecutor Robert Henoch got the last turn to rebut the defense arguments, damning Cutler and Caracappa's lawyer Edward Hayes with faint praise.

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"These are two heavyweight champions and they didn't land a punch, not a scratch, not a bloody nose," he said. "Lou Eppolito and Steve Caracappa knew Burt Kaplan, there cannot be a single doubt about that, and Mr. Hayes and Mr. Cutler did not say a single word about that. The silence is deafening."

WILY 'MOB COP' DEFENSE (NYPOST)

By Zach Haberman

The New York Post, April 5, 2006

A "Mafia cop" defense lawyer yesterday took his final swipes at the prosecution's star turncoat witnesses - likening one admitted embezzler to Hal the Central Park coyote - before the sensational case went to the jury.

"The coyote was eating the ducks - the ducks didn't have a chance," lawyer Bruce Cutler bellowed about witness Stephen Corso, comparing him to Hal, who recently died after being caught roaming through Central Park.

Then, referring to his client, ex-Detective Louis Eppolito, Cutler added, "Lou was no match for this man."

Cutler ripped Corso, a wire-wearing former accountant who was nabbed stealing millions of dollars from clients, as a "sophisticated, unctuous, polished, low-life thief."

Corso allegedly caught Eppolito and fellow alleged rogue cop Stephen Caracappa facilitating a drug deal in Las Vegas, charges that are coupled with eight murders that the pair reputedly helped carry out for Luchese underboss Anthony "Gaspipe" Casso. All the while, the pair proudly wore their gold NYPD detective shields as they pocketed $375,000 in Mafia money, said Assistant U.S. Attorney Robert Henoch.

But Cutler accused another key witness in the feds' case, convicted drug dealer Burton Kaplan, as leading "a double life, a triple life, even a quadruple life."

Referring to the prosecution witnesses, Cutler sniffed, "They have no heart, they have no soul. They're empty like these [courtroom] television screens."

Cutler even slammed diminutive witness Peter Franzone, a garage worker who testified that he was forced to dig a grave for murdered diamond dealer Israel Greenwald, as a "subhuman gnome."

But Henoch said the cops' relationship to Kaplan "has no innocent explanation."

"If you're a cop, you can't associate with known criminals," Henoch said.

"The truth is not always pretty, but the truth is always perfect," he said before imploring the jury to "make this a temple of justice - hold them accountable."

The jury will begin deliberating this morning.

Phony Sheik Selling Fake Rembrandt Is Sentenced (SLPD)

By Peter Shinkle, ST. LOUIS POST-DISPATCH

St. Louis Post-Dispatch, April 5, 2006

ST. LOUIS -- A man who admitted posing as a Saudi sheik as part of a scheme to sell a fake Rembrandt painting for $2.8 million, was sentenced Tuesday to 10 months in confinement.

Majed A. Ihmoud, 53, of St. Charles, pleaded guilty in October of conspiring to commit mail fraud for his role in the scam.

Ihmoud took the fake of Rembrandt's "Man with the Golden Helmet" to the Adam's Mark Hotel in downtown St. Louis on Aug. 12, 2004, expecting to sell it to a buyer for $2.8 million, the FBI said.

Ihmoud, who dressed as a sheik before the meeting, had launched the scam earlier by spreading the word around St. Louis that he was a member of the Saudi royal family and had a Rembrandt for sale, said Robert Wittman, senior investigator on the FBI's art crime team.

"He said he had a Rembrandt for sale that had come out of the Middle East," said Wittman, who is based in the FBI's Philadelphia office.

The buyer, who provided a check for $2.8 million at the meeting in the Adam's Mark, was an undercover FBI agent, Wittman said. Ihmoud was later informed he had been the target of a sting, and was unable to cash the check.

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Ihmoud also admitted that in another scam he sold a pair of brass doors for $130,000 under the bogus claim that they once belonged to boxer Muhammad Ali. The doors, which in fact had not belonged to Ali, were worth only about $10,000, said Assistant U.S. Attorney Matt Drake, the prosecutor on the case.

Ihmoud also arranged for an artist to examine paintings by Van Gogh at the St. Louis Art Museum as part of a plan to have the artist paint forgeries, prosecutors said.

On Tuesday, U.S. District Judge Richard Webber sentenced Ihmoud to five months of prison and five months of home confinement. The judge also ordered him to repay the government $1,500, the amount an undercover agent gave him as a down payment for the doors.

A Wisconsin art dealer, Marilyn Karos, pleaded guilty March 8 to conspiracy and mail fraud for her role in the schemes to sell the bogus Rembrandt and the brass doors. Karos, who is already serving a prison term for possessing stolen art, is scheduled to be sentenced May 31.

Links Between Pellicano, Director Come Into Focus (LAT)

By Claudia Eller, Greg Krikorian And Kim Christensen, Times Staff Writers

The Los Angeles Times, April 5, 2006

About noon on Feb. 24, two FBI agents visited veteran producer Charles Roven in his Sunset Boulevard office after calling to tell him that he was allegedly a victim of Hollywood private eye Anthony Pellicano.

The agents brought a tape recording that would startle Roven, according to sources close to the investigation. Director John McTiernan, whom Roven worked with on the 2002 box office flop "Rollerball," was allegedly on the tape with Pellicano, discussing the details of Roven's wiretapped conversations.

Pellicano allegedly briefed McTiernan on Roven's conversations regarding "Rollerball," the sources said, as well as Roven's personal calls.

Authorities charged McTiernan on Monday with lying about having hired Pellicano. A day later, the full extent of McTiernan's reliance on the indicted detective was beginning to come into focus.

McTiernan's association with Pellicano began years ago, long before the alleged Roven wiretap, when the director allegedly hired the private eye in 1998 as part of his highly publicized divorce. But it did not end there. Pellicano also allegedly intimidated a witness in a manslaughter case involving the son of McTiernan's ex-wife, Donna Dubrow.

In an interview Tuesday, Dubrow said she has seen financial records indicating that her ex-husband paid Pellicano in the neighborhood of $100,000 during their protracted divorce. The payments began at least as far back as June 1998, she said, adding that she did not know what services they were for.

"I do know that he hired Pellicano … in our divorce," Dubrow said. "I do not know if he wiretapped me."

McTiernan could not be reached for comment Tuesday.

Based on Dubrow's account, McTiernan had a well-established relationship with Pellicano when he began his collaboration with Roven on "Rollerball" in 2000. That collaboration began when the Los Angeles-based Mosaic Media Group, a multimedia, talent management and production company in which Roven is a partner, signed a deal with MGM to co-finance a slate of movies, including "Rollerball."

McTiernan directed and produced the film, on which Roven was also a credited producer.

People involved in "Rollerball" confirmed that McTiernan and Roven, both known for being strong-willed, had numerous creative disagreements over the film. But, they added, they could not recall any blowups between the two, and characterized the friction as typical for a Hollywood production.

When McTiernan learned that Roven was being brought aboard the project, according to one person familiar with the matter, he gained assurances that he would retain virtually all of the creative control as a way to limit Roven's role as a hands-on producer.

As a result, people who worked on the movie were mystified why McTiernan would have allegedly resorted to hiring Pellicano to wiretap Roven.

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At the time, coincidentally, Roven's Sunset Boulevard office was across the street from Pellicano's. In early 2002, Roven moved into the same building where Pellicano was based.

Roven's productions include "Batman Begins, "Three Kings," "Twelve Monkeys" and "Scooby-Doo." He was married to the late Dawn Steel, former head of Columbia Pictures, who died of a brain tumor in 1997. Through his representatives, Roven declined to comment.

Three years before Roven's collaboration with McTiernan began on "Rollerball," McTiernan employed Pellicano as part of his divorce case. Court records in the case assert that he hired Pellicano to "harass and intimidate witnesses" in a closed criminal case involving Dubrow's son, Ethan Dubrow.

Ethan Dubrow was 26 in 1993 when a shotgun he was showing to friends at his Los Angeles home discharged, fatally wounding one of his dinner guests, Adam Scott.

After initially telling police that he thought the gun was not loaded, Dubrow later pleaded guilty to involuntary manslaughter in the death of Scott, 27, the son of Jack Scott, then president of Pasadena City College and now a Democratic state senator from Altadena.

In May 1998, several years after Dubrow's guilty plea, one of the witnesses in the shooting said Pellicano called her and implied that she had been involved in obstructing justice in the case. He accused Ethan Dubrow and his attorney of hustling her out of the country before she could testify.

The witness, Suzonne Stirling, said in a sworn declaration that she at first put Pellicano off, but called him back a few hours later to deny Pellicano's allegation that she might have obstructed justice and to ask why he was raising questions about Scott's death.

Stirling said Pellicano initially refused to identify his client but relented, saying "he had been hired by John McTiernan, who was getting a divorce from Ethan's mother."

When she asked him what that had to do with Adam Scott's death, Stirling said, Pellicano told her the case had not been thoroughly investigated and it was unheard of that Ethan Dubrow had served no time in jail after his conviction.

"Mr. Pellicano told me that Ethan was not working, that Ethan's mother was supporting him, that the money for Ethan's support was coming out of John's pocket, and that John wanted to know the truth," Stirling said in her declaration.

Stirling also said that Pellicano apparently had investigated her as well.

"Mr. Pellicano made several comments to me which made it clear to me that he knew several personal facts about me, including where my grandmother lived," Stirling said.

The contact by Pellicano came in the midst of a nasty divorce, which began when McTiernan allegedly served Dubrow with divorce papers disguised as a gift-wrapped package he had delivered to her.

In addition to squabbling over money that Dubrow may have used to support her son, the couple fought over millions of dollars worth of property, including a Wyoming ranch and a private plane.

In the meantime, federal prosecutors Tuesday underscored the complexity of their still-unfolding investigation in court papers that aim to block efforts by Pellicano's lawyer to derail the case.

Last month, attorney Steven Gruel challenged the legality of the federal government's search of Pellicano's offices and raised questions about witnesses and evidence collected by authorities.

In its response Tuesday, the U.S. attorney's office disputed the notion that authorities used a threat allegedly involving Pellicano as a ruse to search his Sunset Strip offices.

The search warrant, they said, was based on a June 2002 threat against a Los Angeles Times reporter and the agents involved in the search "were no more looking for evidence of wiretapping than they were looking for the plastic explosive and homemade bombs that they found in defendant's safe."

*

Times staff writers Andrew Blankstein and Chuck Philips contributed to this report.

Astorga Waives Extradition, Will Return To New Mexico (ALBTRIB)

By Maggie Shepard, Tribune Reporter

Albuquerque Tribune, April 5, 2006

Posted 12:48 p.m. Michael Paul Astorga, wanted in connection with two Albuquerque-area homicides, waived his extradition hearing in an El Paso, Texas courtroom, Erin Kinnard, Bernalillo County Sheriff's Department spokeswoman, said this afternoon.

That means Astorga won't put up a court fight about returning to New Mexico to face at least two open counts of murder, one of which could carry the death penalty.

It's unclear when Astorga, 29, will return to Albuquerque.

Astorga, who spent a day on the FBI's top 10 "Most Wanted" list over the weekend, was captured Monday in Mexico.

He's wanted in the March 22 killing of Bernalillo County sheriff's Deputy James McGrane Jr., 38.

At the time of McGrane's killing, Astorga was a fugitive wanted for the slaying of Candido Ray Martinez last November.

Astorga Headed To New Mexico (KTSM-TV)

KTSM-TV, April 5, 2006

After being caught in Juarez on Monday, Michael Astorga is back in the U.S. and headed to New Mexico.

Tuesday, April 4, 2006 — Michael Astorga was brought back into the United States early Tuesday morning. That's just one day after being caught in Juarez. Chiuhuaha State Police found him in an SUV with guns, bullets and marijuana.

Astorga had two outstanding warrants: One for the shooting death of Bernalillo County Sheriff's Deputy James McGrane. The other for the murder of Candido Martinez last November.

Officials say Astorga is a flight risk and will be heavily guarded in all of his transfers.

"There will be a great deal of protection and security, especially because he killed a law enforcement officer. It shows that he doesn't have much regard for those with guns or law enforcement. So he'll be well guarded," says Andrea Simmons, FBI.

Once he gets to Albuquerque he'll face those two warrants for murder. But, there is no timetable as to when he'll be back in court.

Man Sought In Deputy's Death Is Captured In Mexico (FWST)

The Fort Worth Star-Telegram, April 5, 2006

ALBUQUERQUE - A man who had been on the FBI's most wanted list waived extradition Tuesday, a decision authorities said speeded up his return to New Mexico to face charges in the slaying of a Bernalillo County sheriff's deputy.

Police in Ciudad Juarez, Mexico, handed over Michael Paul Astorga, 29, to the FBI and Bernalillo County authorities in El Paso, Texas, early Tuesday morning. By Tuesday evening, Astorga - wearing shackles and handcuffs - was escorted into the Metropolitan Detention Center in Albuquerque.

Astorga had been sought for nearly two weeks in the March 22 killing of Deputy James McGrane Jr., 38, who was shot in the head after stopping a pickup truck on N.M. 337 in Tijeras, east of Albuquerque. Before McGrane's death, a warrant had been issued for Astorga in the Nov. 5 killing of Candido Martinez, 27, of Albuquerque.

Chihuahua state police said officers found three handguns and a small amount of marijuana when they pulled over Astorga and another man in a sport utility vehicle about 1:50 a.m. Monday.

Astorga insisted in a television interview in Mexico hours after his arrest that he had been on vacation in Juarez, and expressed surprise that police had been looking for him.

He also said he was asleep at a motel when Mexican police showed up and arrested him. He denied having any weapons.

His attorney, Gary Mitchell of Ruidoso, said Astorga "has the presumption of innocence" and that he wants to assure his client receives a fair trial after the highly publicized manhunt.

District Attorney Kari Brandenburg said her office has not decided whether to seek the death penalty in the case.

"We don't have to make that decision for a while," she said.

Killing a law enforcement officer is one of the criteria under state law for seeking the death penalty.

Authorities had offered a $130,000 reward for information leading to the arrest of Astorga. The sheriff's department received about 1,000 tips, and Sheriff Darren White said it will be up to the FBI to determine if someone gets the reward money and how much.

White said information leading to the capture came from good police work.

After Astorga's capture, sheriff's officers removed the black bands that had covered their badges since McGrane's death.

The department also contacted McGrane's family.

"It's kind of scary when you get a phone call early in the morning, but this was the best news we've heard in two weeks," James McGrane Sr., the deputy's father, told KOB-TV.

Astorga's mother, Theresa Romero, told the station she had no idea her son was in Mexico and that she had been out looking for him. She also said she doesn't believe her son killed McGrane.

Astorga Waives Extradition From Texas (KOB-TV)

By Reed Upton

KOB-TV, April 4, 2006

A man suspected of slaying a deputy has waived his extradition from Texas after being released to US officials by the Mexican Government early Tuesday morning.

Ironically, it was the law enforcement agents that had been pursuing Michael Astorga ever since the March 22nd shooting death of Deputy James McGrane that posted Astorga's bail with Mexican officials.

Bernalillo County deputies and FBI agents learned at about midnight Monday night that what Astorga was being held on in Ciudad Juarez was an immigration charge. They also learned his bail was only $2,000.

"Our detectives in El Paso called home, found out how much money was in their checking accounts," said Undersheriff Sal Baragiola. "They went to their ATMs. Everyone kicked in whatever they could kick in. We added up the numbers, came up with $2,000, paid it to Mexican officials, and Michael Astorga was in our custody within a couple of hours."

By waiving his extradition from Texas to New Mexico, Astorga could be back in Bernalillo County as early as Tuesday evening.

Astorga was wanted at the time of McGrane's murder in connection with the November 5th killing of 27-year-old Candido Martinez of Albuquerque.

Bernalillo County Sheriff Darren White said at the time that investigators believe Astorga shot and killed McGrane during a routine traffic stop so that he wouldn't be picked up on the pending murder charge.

After eluding a massive manhunt for 12 days, Astorga was apprehended by Mexican officials early Monday morning.

Astorga has denied involvement in the killing of McGrane.

Judge Declares Second Mistrial In Tenet Case (WSJ)

By Rhonda L. Rundle

The Wall Street Journal, April 5, 2006

A federal judge in San Diego declared a mistrial in an 11-month criminal case against a unit of Tenet Healthcare Corp., its Alvarado Hospital Medical Center and its former chief executive officer. It was the second mistrial declared by the same judge on nearly the same charges against the defendants.

The Tenet unit, the hospital and its former CEO, Barry Weinbaum, were accused by U.S. Attorney Carol C. Lam of violating the federal antikickback statute by paying bribes to doctors in exchange for patient referrals to the hospital. The alleged conspiracy involved the illegal use of relocation packages to recruit physicians to Alvarado's service area.

"Like the two juries that have deadlocked in February 2005 and now April 2006, Tenet and the prosecutors disagree over whether anyone at Alvarado Hospital Medical Center intended to break the law when they recruited physicians to the fast-growing eastern part of San Diego County," Peter Urbanowicz, Tenet's general counsel, said in a statement.

The case is important to Tenet, which has been negotiating a settlement with the Justice Department to resolve a multitude of allegations of misconduct. Some investors yesterday said the mistrial could clear the way for a final settlement, assuming that the government doesn't pursue a third trial. Tenet, based in Dallas, is the nation's second-largest hospital company.

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"This is quite positive for Tenet. If they had lost and the contracts were declared illegal, it would be a setback and an enormous issue for the entire hospital industry," said Joseph Chiarelli, chairman of Chiarelli & Co., a small research boutique in New York. The mistrial "paves the way for a settlement" with the government, possibly for an amount below $1 billion, he said.

Mr. Weinbaum's attorney, Charles G. La Bella said: "I think it's time for the government to acknowledge that they are trying to criminalize something that isn't criminal. They should end this and admit that the prosecution was ill-advised."

In the second trial, the government's case was largely presented by Ms. Lam, a leading health-care fraud prosecutor and co-author of a textbook on the subject. Her office now must decide whether to pursue a third trial in the Alvarado case. Judge M. James Lorenz, who presided over both trials, set April 17 for a status conference on the case. Ms. Lam couldn't be reached for comment.

Mr. La Bella, who interviewed jurors after the mistrial was declared, said they were "pretty much split down the middle for most counts," in the case. "It wasn't a situation where there were only two people for the defense," which might encourage the government to move forward with a third trial.

Another Guilty Plea In Hired Truck Case (CHIT)

Tribune Staff Reports

Chicago Tribune, April 5, 2006

A Dolton man pleaded guilty Tuesday to bribing two Chicago city foremen to obtain at least $45,000 in city-owned asphalt for private paving projects.

Carl Edwards, 34, a private truck driver, said in a plea agreement that he paid bribes to Patrick Stillo and Robert Laino from April 2002 to November 2004.

Edwards used bribery to obtain at least 75 truckloads of city-owned asphalt, worth about $600 each, according to the plea agreement.

Edwards passed the asphalt on to private paving contractors for a fee of about $300 per truckload, then paid $150 in bribes to Stillo and Laino, the plea agreement said. Edwards sometimes paid an additional $50 to other truck drivers who helped in the scheme.

In exchange for Edwards' guilty plea and cooperation, prosecutors agreed to recommend a 9-month prison sentence. The plea agreement allows Edwards to argue for a lower term, including probation.

U.S. District Judge Harry Leinenweber is to sentence Edwards on Aug. 25.

Edwards' lawyer, Ellen Domph, could not be reached Tuesday for comment.

Edwards is the 35th defendant convicted in the federal probe of the city's Hired Truck Program.

Both Stillo and Laino pleaded guilty last year. Stillo was sentenced to 1 year in prison and Laino to 6 months.

G-Sting: Herrera's Former Friend Testifies Against Him (KLAS-TV)

KLAS-TV, April 5, 2006

Former Clark County Commissioner Dario Herrera claims he didn't take bribes from strip club owner Mike Galardi. But according to a close friend, that is not the case. From him, the jury in the G-Sting political corruption trial got insight into Herrera's relationship with Galardi.

It was a potentially damaging day for Dario Herrera as one of his former best friends testifies Herrera often bragged about his relationship with strip club owner Mike Galardi. This man, Terry Lamuraglia, says his friendship with Dario Herrera ended because he objected to Herrera's ties with Mike Galardi.

Lamuraglia told the jury he and Herrera could get comped drinks and lap dances at Galardi's Cheetahs strip club anytime. He said, "Dario would place a call to make sure everything was set up, that they knew we were coming."

Lamuraglia believes every time he and Herrera visited Cheetahs, he received sexual favors from dancers there. Further damaging Herrera's case, Lamuraglia testified Herrera bragged about "getting a free trip, getting free golf, getting entertainers, getting things paid for" by Galardi.

Jerry Bernstein, Herrera's attorney, stated, "I don't want to comment because we are in the middle of cross-examination. I don't feel that it is appropriate for me to comment about his testimony."

Herrera's attorney Jerry Bernstein was largely silent when he left court, not wanting to talk about Lamuraglia's testimony, which included an unusual story about Herrera's finances.

Lamuraglia told the court Herrera "...wanted to use my credit card to purchase furniture for the house."

Herrera used Lamuraglia's credit to purchase $20,000 worth of home furnishings and then paid Lamuraglia back largely in cash. Prosecutors imply the money was from bribes Herrera received from Mike Galardi when Herrera was a county commissioner.

Jerry Bernstein believes Lamuraglia is seeking revenge for a soured friendship, citing an interview Lamuraglia gave to a local newspaper. "'I love you, I miss you, I'm gonna hurt you.' That's what he told the Las Vegas Sun," Bernstein said.

Lamuraglia returns to the witness stand Wednesday morning.

The man at the heart of the G-Sting trial, strip club owner Mike Galardi, was at the George Federal Courthouse Tuesday. Galardi was scheduled to testify Tuesday, but will instead testify Wednesday.

George Federal Courthouse -- April 4 -- 3:30 p.m.

This afternoon federal prosecutors called Vanessa Baca to the stand. She worked for Mike Galardi as a bartender at his Cheetahs strip club.

Prosecutors in their opening statement three weeks ago identified Baca as a woman Galardi has selected to accompany Dario Herrera on a golf outing at the Southern Highlands Golf Course. But on the stand today, Baca testified Galardi asked her to go, but then added, quote, "I didn't know who was going to be there."

Baca testified at one point she and Herrera went to a section of the course that was secluded, quote, "I just remember bits and pieces of making out." Baca said she began performing a sex act on Herrera but then stopped because she did not want to continue.

Baca testified following the outing she was paid in the neighborhood of $500 by Mike Galardi, but Baca adds Galardi frequently paid her for accompanying him on social outings.

On defense cross-examination, Herrera's attorney Marc Rothenberg asked Baca when Galardi gave her $500 was she being paid as a prostitute. Baca answered, quote, "No."

Rothenberg then asked her if she made out with Herrera because it was something she wanted to do. She answered, quote, "Yes."

George Federal Courthouse -- April 4 -- 12:30 p.m.

This afternoon former Las Vegas strip club owner Michael Galardi is expected to began giving testimony in the G-Sting political corruption trial.

In late 2003, Galardi entered into a plea agreement with federal prosecutors where he admitted giving thousands of dollars in cash and gifts to former Clark County Commissioners Erin Kenny, Dario Herrera and Mary Kincaid-Chauncey.

According to federal prosecutors, the G-Sting scam began in early 1999 with Galardi being fueled by a desire for wealth and to become the valley's premiere strip club owner. He viewed the construction of his Jaguars strip club as his monument to that cause.

During construction Galardi was plagued by numerous construction set backs and liquor licensing issues. Prosecutors contend and Galardi admits that to clear all those hurdles Galardi hatched a systematic plan with another former County Commissioner Lance Malone to bribe elected officials.

Former Commissioner Erin Kenny also has plea agreement with federal prosecutors. During the last two days of testimony she has outlined how she received upwards of $70-thousand dollars from Galardi. Under Galardi's plea agreement with the government he will serve no more than five years in prison after his sentencing later this year. It is possible he could serve less if G-Sting prosecutors feel he has been helpful.

George Federal Courthouse -- April 4 -- 10:30 a.m.

Strip Club Manger Says Dario Demanded Lap Dances

This morning Southern Highlands golf course manager Douglas Hensley testified that course records show strip club owner Mike Galardi often took Dario Herrera on golfing outings. Those outings started in Oct. 2000, two months after Herrera cancelled his own membership at the same club.

Prosecutors imply Herrera didn't need a membership if Galardi was footing the bill. Prosecutors then called Robert Leslie to the stand. Leslie was a manager at Galardi's Cheetahs strip club for nine years. Leslie testified that twice in 2001, Herrera demanded lap dances and drinks at the club to be comped out to the tune of $1,900. Leslie said Herrera was adamant about it. "He said that I needed to get that money for him," Leslie testified.

Leslie also testified he never saw any direct exchange of money or gifts between Galardi and Herrera.

Prosecutors then called Stacy Woodbury to the stand. She is the executive director of the Nevada Commission on Ethics. She testified in the case of both Dario Herrera and Mary Kincaid Chauncey, neither claimed any money from Mike Galardi on state financial disclosure forms. Those are the forms elected officials must fill out when they take office to declare their financial interests.

Woodbury told the jury, "If you accept a gift of a loan you are not to approve or disapprove...." She is referring to when voting on issues involving the person who gave the gift. Clark County Commission records show neither Herrera or Kincaid-Chauncey every disclosed a relationship with Galardi or abstained on voting on issues involving Galardi.

"The statute does not define what a gift is," said Woodbury on defense cross-examination. When Kincaid-Chauncey's attorney Richard Wright asked Woodbury what criteria elected officials are supposed to use in making a conflict of interested determination., Woodbury replied: "The statute doesn't give you any clear guidance in that area."

Email reporter Brian Allen at ballen@klastv.com

Accused Fixer Now Wants Trial, Not A Guilty Plea (PHI)

By Michael Hinkelman

The Philadelphia Inquirer, April 5, 2006

Molden David Faison now wants to go to trial.

Faison, a former city hearing officer accused of fixing parking tickets for $200 in cash and Prince concert tickets worth $169, had been set to plead guilty on Monday.

His change of heart yesterday came one day after U.S. District Judge Norma L. Shapiro refused to accept his guilty plea.

On Monday, the judge had expressed "doubts" that the government's charge of Hobbs Act extortion against Faison could be proven at trial. Yesterday, she said that an FBI sting like the one that led to Faison's arrest could meet the test for that kind of extortion charge - under certain conditions.

A Hobbs Act violation occurs when a public official obtains or attempts to obtain something of value that affects interstate commerce in exchange for official action.

Shapiro set a trial date of June 5 for Faison, who remains free on $50,000 bail. The trial is expected to last less than a week.

Faison signed a plea agreement with the feds on Monday, but Shapiro declared it "null and void" in light of his decision to go to trial.

Faison's attorney, Edson A. Bostic, declined to say what induced his client to change his mind.

Faison, 43, was indicted by a federal grand jury Jan. 12. He is alleged to have accepted $169 in Prince concert tickets from an FBI informant, John Florio, during a meeting Aug. 18, 2004.

Two months earlier, Florio had paid Faison $200 to fix more than $1,000 worth of his own parking tickets, according to the indictment.

As part of an FBI undercover operation, Florio, who was wearing a listening device at the Aug. 18 meeting, posed as an agent for a plumbing company engaged in interstate commerce that wanted its city parking tickets dismissed.

Florio told Faison the plumbing company (which actually had outstanding parking tickets), had paid for the concert tickets and Faison, according to the indictment, then agreed to dismiss the tickets.

The plumbing company was also cooperating with the FBI and had purchased the concert tickets as part of the sting. Shapiro raised concerns on Monday about whether that scenario met the Hobbs Act interstate-commerce test.

Yesterday, after reviewing case law on the subject, Shapiro said an FBI sting would meet the test if Faison had known or had been informed that he was accepting concert tickets from a company involved in interstate commerce.

Assistant U.S. Attorney Judy Smith declined comment after the hearing yesterday.

Feds Bust 3 In Credit Help Scam (NSDY)

By Robert E. Kessler, Newsday Staff Writer

Long Island Newsday, April 5, 2006

Officials charge managers of operation in Huntington with defrauding 17,000 out of $24 million

In a federal crackdown on allegedly crooked operators of consumer credit-counseling businesses, three managers of a former service in Huntington were charged yesterday with defrauding 17,000 customers around the country out of $24million, according to court papers and officials.

The three former supervising managers of Debticated Consumer Counseling arrested by FBI agents and inspectors from the U.S. Postal Inspection Service were identified in court papers as Bradley Dorman, 47, of Greenlawn; Louis Mustachio, 29, of East Northport; and Daniel Ruggerio, 28, of Kings Park. They were charged with conspiracy to commit mail fraud.

Debticated, formerly of 775 Park Ave., Huntington, which went out of business in May 2003, was controlled by two Long Island brothers, Andris and Erik Pukke, according to court papers. The two were not charged in yesterday's case. The Pukke brothers have been named in civil actions filed around the country against an interlocking group of debt counseling firms that the brothers allegedly controlled, including Debticated.

Debticated and Erik Pukke, for example, were barred from operating in California in 2003 for not being licensed in that state.

In January, Andris Pukke settled for $35 million a civil suit brought by the Federal Trade Commission against another of the family's credit-counseling firms, Maryland-based Ameridebt. The FTC had accused Ameridebt of cheating 400,000 customers out of $172 million.

Legitimate credit-counseling firms, which have mushroomed in recent years, charge fees for helping consumers work their way out of debt. Many of them are quietly subsidized by credit card companies seeking at least some part of the debt they are owed.

Allegedly fraudulent firms, including Debticated, claim to be nonprofits, but charge excessive fees without disclosing them to customers and often say that the fees are part of debt repayment, according to officials.

Debticated employees also used high-pressure sales pitches falsely claiming that customers could obtain low-interest loans, according to officials. Officials declined to identify any of the victims, but said all were from out of state.

Geoffrey Irwin, a Washington attorney who represents Andris Pukke in civil cases, declined to comment. Neither brother, nor an attorney for Erik Pukke, could be reached for comment.

Dorman, Mustachio and Ruggerio pleaded not guilty at arraignment before U.S. District Judge Joanna Seybert, who released them on $50,000 bail.

The attorney for Mustachio and Ruggerio, Raymond Suris, of Melville, declined to comment, as did Dorman's attorney, federal public defender Michael Weil. Assistant U.S. Attorneys John Martin and Demetri Jones declined to comment.

Alice Hrdy, an assistant director of the FTC, which brought the Ameridebt suit, said yesterday that in shopping for credit-counseling services, consumers should check with agencies such as the Better Business Bureau, and not deal with firms that insist on immediate payment of fees, that do not provide extensive free advice initially and do not provide written agreements as to fees and services.

Fatal Abuse Of Children Up In '04; Neglect Cases Decline (WT)

By Cheryl Wetzstein

The Washington Times, April 5, 2006

The number of fatally abused children rose slightly in 2004 from the previous year as the overall number of abused and neglected children dropped, a new report says.

Officials from the Department of Health and Human Services said that one reason for the increase in fatalities is improved reporting by states, but that the drop in abuse was encouraging.

"Nevertheless, we cannot tolerate the abuse of even one child," said Wade F. Horn, HHS assistant secretary for children and families.

The number of fatally abused children rose 2 percent from 1,460 in 2003 to 1,490 in 2004, according to the "Child Maltreatment 2004" report. Overall neglect and abuse dropped 4 percent from 872,000 in 2003 to 838,000.

More than 80 percent of the children who died of abuse or neglect were 3 or younger. Among infant boys, the fatality rate was 18 deaths per 100,000 boys. Among infant girls, the fatality rate was 17 deaths per 100,000 girls.

More than three-quarters of the children were killed by one or more parents, and almost a third were killed by their mothers acting alone.

Postpartum depression sometimes plays a role, but there are myriad reasons mothers or fathers hurt or kill their children, said John Orellana, a spokesman for Childhelp USA, the nationally known child-abuse prevention and treatment organization that runs the 1-800-4-A-Child hot line.

Overall, in 2004, state child protective services received about 2.9 million reports of possible child maltreatment. Less than a third of the reports -- 872,000 -- were substantiated.

This translates into a child victimization rate of 11.9 per 1,000 children in 2004. This is about 5 percent lower than in 2001, the most recent peak, when the victimization rate was 12.5 per 1,000.

Overall, the highest victimization rate was 15.3 per 1,000 children in 1993.

As is typical, roughly two-thirds of the substantiated reports in 2004 involved child neglect.

Almost 18 percent of victims were abused, about 10 percent were sexually abused, 7 percent suffered "psychological" abuse and 2 percent were "medically" neglected. In addition, 15 percent of abused children experienced "other" types of maltreatment such as abandonment or exposure to drugs at birth.

These victimization rates have fluctuated only slightly in the past five years, the HHS report said.

Nearly 79 percent of child abusers are parents, followed by "other relatives" (6.5 percent) and "unmarried partners of parent" (4.1 percent).

Abusive foster parents in New Jersey, Ohio and Florida have made headlines in recent months, but statistically, this is rare: 0.04 percent of foster parents were reported to be abusive or neglectful, the federal report said.

Reflections Behind The Badge (WP)

By Allison Klein

The Washington Post, April 5, 2006

They've heard it before.

When yellow police tape is streaked across a struggling Prince George's County neighborhood, the telltale sign someone has been killed, homicide detectives Kelly Rogers and Meredith Bingley show up on the scene. It's 3 a.m., and they've been called out of bed.

"Which station do you work for?" Rogers has heard more times than she can count. With her smooth makeup, hot-pink fingernails and sleek chestnut-colored hair, people in the community think she's a television reporter.

Bingley, a stylish blonde who has down-to-earth looks, is pegged as a social worker. "Nobody thinks I'm police," Bingley said.

No matter that they have their police badges prominently displayed. They are not men in suits and ties, the typical look of Prince George's 26 homicide detectives.

Cpls. Rogers and Bingley are the only female homicide detectives in the county. There have been just six before them in the 75-year history of the department.

The small number of women is typical of area homicide units -- three of 15 homicide detectives in Montgomery County and one of 10 in Fairfax County are women.

The Prince George's detectives work in the most violent of Washington's suburbs, where last year there were 173 homicides, an average of one slaying about every other day.

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"You have to be able to balance this job," said Rogers, explaining that every fourth homicide on rotation, they are called away from their husbands and children, usually in the middle of the night, to go to a scene. More often than not, they are greeted by a bloody body and hostile witnesses.

Male detectives also have to leave their families in the wee hours to go to homicides, but once they get there, nobody in the community is likely to address them as "honey." There have been times when Rogers and Bingley show up at a scene and someone will ask when the "real" detective will be there.

Although the gender barrier may have crumbled in many respects, the world of guns and violence is still fueled by testosterone. Of the department's 1,348 officers, about 17 percent are women.

"People say, 'You don't look like a police officer,' " Rogers said. "I tell them this is all I bring. What does a police officer look like?"

Bingley, 35, and Rogers, 36, are not partners or even on the same squad within the homicide unit. But they are very close friends and watch each other's backs. They talk on the phone about cases. They have similar lives, both married with young children. And both read detective novels in their spare time.

Since coming to the homicide unit in 2004, Rogers has closed eight of her 10 cases. Bingley, who has been in the unit since 2001, has solved 14 cases and is working on eight others.

County detectives generally solve 50 to 60 percent of their homicides, which is on par with such urban areas as Washington and Baltimore.

Sgt. Michael Straughan, who works with both detectives and supervises Bingley, said he has the "utmost respect" for them as investigators. He said he doesn't have an opinion of their role as women in a unit that's mostly male.

But in the community, Rogers and Bingley stand out, in part because they're white women responding to crimes, usually in depressed, majority-black neighborhoods. Last year, of the 169 homicides the department investigated, 114 of the victims were black men, and 10 were black women.

One night several years ago, Bingley drove her patrol car to a grocery store to buy a few things, and a customer commented how kind her husband must be to allow her to use his car.

She told him in a stage whisper, "This might be surprising, but I'm a police officer."

Often, they use their gender to their advantage. They say they have a knack for getting people to confess.

"People will talk to us faster; maybe I'm more patient with them," Rogers said. "They think we're more sympathetic."

Well, are they?

"Probably not," Rogers said.

Showing up on a scene and seeing blood doesn't bother Rogers. In fact, she will go to autopsies for cases that are not hers because she finds them instructive. "The smell can be the worst part," she said. "And you have to make sure they don't run over your toes with the gurney."

Bingley said she doesn't mind seeing an autopsy for forensic purposes, but she won't go more than she has to. "I don't like it, but I deal with it," she said.

For the most part, they both say they get respect on the street because they give respect to whomever they're talking to. They learned this in the academy.

"When I was in patrol, I was the only female, and I never had a problem," Rogers said. "I consider myself one of the guys."

But just because Rogers thinks she's one of the guys doesn't stop her from offering a soft touch now and again. She remembers a time she had to tell a mother her son, an innocent victim, had died. The mother broke down crying and shaking.

"I hugged her and rubbed her back," Rogers said. "I'm a mom. I felt terrible for her. Her son was just on his way to work."

Both got into the profession because they liked the excitement of it. They didn't think of the danger.

Bingley became a police officer in 1993 after graduating from the University of Maryland with an economics degree. She had planned to become an FBI agent but took the test for Prince George's police because a friend of hers didn't want to take it alone. She got the offer.

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Rogers became an officer in 1990 after attending Prince George's Community College as an art major. She wanted to go into advertising. During a part-time job keeping books at a grocery store, she went on a ride-along with one of the officers assigned to the store. She was hooked. Once she got in the department, she knew exactly what she wanted to do.

"Homicides are the most important thing you can investigate," Rogers said. "When I say we have the coolest job in the world, I don't mean it in a flip way. "

On a recent chilly night, Bingley pulls up to a rowhouse in Northeast Washington where one of her victims used to live. She grabs her thick coffee-colored case file, pulls on her jacket and eases her long, blond hair out of the jacket's collar.

The victim was shot in November, and she hasn't had a good break in the case since.

Her black pumps click-click on the pavement up to the house, where a drug dealer is going to meet her in the basement and give her some information.

"You got the pictures?" the man asks her. She gets what she needs from him, then leaves.

She gets back in her car. "I'm so close," she says about the case.

Her shift is over, and she drives toward home, knowing that if gunplay turns deadly before sunrise somewhere in Prince George's, she'll be back on the street in a few hours.

CIVIL LAW:

Agencies Not Protecting Privacy Rights, GAO Says (WP)

By Robert O'Harrow Jr.

The Washington Post, April 5, 2006

Government agencies that use private information services for law enforcement, counterterrorism and other investigations often do not follow federal rules to protect Americans' privacy, according to a report yesterday by the Government Accountability Office.

The Justice Department, the Department of Homeland Security and two other agencies examined by the GAO spent about $30 million last year on companies that maintain billions of electronic files about adults' current and past addresses, family members and associates, buying habits, personal finances, listed and unlisted phone numbers, and much more.

But those agencies often do not limit the collection and use of information about law-abiding citizens, as required by the Privacy Act of 1974 and other laws. The agencies also don't ensure the accuracy of the information they are buying, according to the GAO report. That's in part because of a lack of clear guidance from the agencies and the Office of Management and Budget on guidelines known as "fair information practices," the report said.

At the same time, the contractors are not bound by those "fair information practices," and they often don't comply with all of them, the report said. Companies do not notify individuals when information is collected, for instance. They limit individuals' access to records about themselves, and they generally do not have provisions for correcting mistakes, the report said.

"The nature of the information reseller business is essentially at odds with the principles," the report said. "Resellers make it their business to collect as much personal information as possible."

The 83-page report, the subject of a congressional hearing yesterday, was spurred in part by massive security breaches reported last year by ChoicePoint Inc. and LexisNexis in which sensitive files involving almost 200,000 people were sold to fraud artists.

It highlights a difficult truth about the government's increasing reliance on information services: By outsourcing the building of rich dossiers, the government is sidestepping checks on surveillance approved in the wake of domestic spy scandals involving the FBI, Army and other agencies in the 1960s and 1970s.

The report recommends that Congress consider requiring private information contractors to "more fully adhere" to fair information practices.

Information services play an important but quiet role in homeland security and criminal investigations. ChoicePoint officials last year acknowledged that they serve in effect as a private intelligence service for the government.

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Rep. Chris Cannon (R-Utah), chairman of the House Judiciary Committee's subcommittee on commercial and administrative law, said the hearing was held because the ability of private information services to collect information and the government's use of those services have grown far beyond existing laws and oversight.

Peter Swire, a law professor at Ohio State University, said the information industry delivers information more efficiently than ever before, helping investigators in many ways. But he told the congressional panel that the government needs to ensure that the information it buys is accurate while giving people a chance to correct mistakes. "Accuracy that is good enough for marketing is not necessarily good enough to detain a suspect," said Swire, who served as the chief privacy counselor in the Clinton administration White House.

FDA Warns Maker Of Anthrax Vaccine (WP)

By Justin Gillis

The Washington Post, April 5, 2006

Federal drug regulators have accused a California company of breaking the law by making exaggerated claims about the purity and effectiveness of a new vaccine for anthrax, a fresh blow for a troubled $1 billion program at the center of the government's plans to counter bioterrorism.

In a letter made public yesterday, the Food and Drug Administration accused VaxGen Inc. of making "false or misleading statements" about the vaccine, essentially by offering rosy interpretations of the handful of scientific studies that have been completed on the product.

The agency specifically cited a promotional document the company handed out in Washington in October that claimed the company's techniques allowed it to produce a vaccine "at nearly 100% purity" and asserting that the product generates immunity comparable to that induced by an older vaccine. Neither claim is warranted on the basis of early research, the FDA declared.

The statements in the VaxGen document closely resemble assertions the company has made in regulatory filings and in public meetings over the past two years. The FDA threatened court action unless VaxGen devises a plan to "disseminate truthful, non-misleading, and complete information" about the vaccine to anyone who might have received such puffed-up claims, an audience that may well include thousands of individual stockholders.

Though the letter was made public only yesterday, VaxGen received it March 24 and neither disseminated it nor filed any disclosure about it with the Securities and Exchange Commission. Paul Laland, a VaxGen spokesman, said the company did not feel such disclosure was warranted. "Based on our internal assessment and research of industry standards, we did not believe this was material information," he said.

He added that VaxGen was still reviewing the FDA letter and could not comment at length on the agency's assertions.

"We'll review it internally, and we're going to respond, and if needed we'll put a plan together," Laland said. "If there is something that's incorrect, then we will take corrective action."

VaxGen has been struggling to fulfill $1 billion worth of federal contracts to make 75 million doses of anthrax vaccine, enough to immunize 25 million people, a population roughly the size of the combined New York and Washington metropolitan areas. The vaccine would most likely be used after a large-scale anthrax attack to immunize people exposed to the germ, whose spores can take months to germinate, causing a deadly lung infection.

The VaxGen contracts are the largest awarded to date under Project BioShield, President Bush's program to create defenses against biological and radiological attack. Members of Congress have complained sharply about delays and other problems in the way the Health and Human Services Department has handled that program, and HHS Secretary Mike Leavitt responded recently by promising improvements.

VaxGen has long had a troubled history, including accounting problems that the company has pledged repeatedly to fix but so far hasn't. The company has acknowledged that it is at least a year behind in producing the anthrax vaccine and will default on its contracts in November unless the government grants a time extension.

CIVIL RIGHTS:

DOJ_NMG_0025339

Federal Authorities To Investigate Businessman's Death (AP)

AP, April 5, 2006

BATON ROUGE, La. - A federal investigation has been opened into the shooting death of a businessman, who was killed by a bystander during a scuffle with a Baton Rouge police officer.

The Justice Department has ordered the FBI to investigate, department spokesman Eric Holland said Monday. He would not speculate on how long the investigation would take.

George Temple II was killed Feb. 17 during a scuffle with a police officer that began when he was pulled over for cutting into a funeral procession. During the fight with Officer Brian Harrison, Temple was shot five times.

Authorities said one of the shots came from the officer's gun. The other four came from the gun of Perry Stephens, who authorities say came to help the officer during the struggle. One of Stephens' shots hit Temple in the head and killed him, according to an autopsy.

Police said Temple offered a bribe to the police office and a struggle began when the officer attempted to arrest Temple.

District Attorney Doug Moreau already has said that a state grand jury will review the shooting.

Trial No. 2 For Newport Officers (KNOXNS)

By J.j. Stambaugh

Knoxville News Sentinel (TN), April 5, 2006

Pair of sergeants stand accused of shakedown

Two Newport police sergeants accused of shaking down a pair of Hispanic men during a 2005 traffic stop will face trial a second time today on federal civil-rights charges.

Sgts. James W. Roach Jr., 29, and Patrick Sheldon, 33, were arrested last year by the FBI after they were swept up in a five-year probe into public corruption in Cocke County dubbed "Rose Thorn." They were acquitted of felony civil-rights conspiracy charges in February, but jurors couldn't reach a verdict on misdemeanor charges of depriving the alleged victims of their civil rights.

During the first trial, Assistant U.S. Attorney Neil Smith said the officers had targeted Wilder Gomez Roblero and Marcos Mijia Vasques during a March 12, 2005, traffic stop because they were illegal immigrants and, therefore, were unlikely to report the alleged crime.

The officers, who didn't testify, have denied ever stopping the men and provided matching alibis to the Tennessee Bureau of Investigation after the alleged incident was reported.

Jurors today will be asked to ultimately render a verdict on the misdemeanor charges. Sheldon also faces an additional misdemeanor charge of being an accessory after the fact that was lodged against him after the first trial.

Through motions filed by his attorneys, Sheldon has maintained that he has been pressured by the FBI to implicate Roach and was told he would be "prosecuted to the fullest extent of the federal government's resources" if he refused to cooperate.

The evidence presented to the new jurors may differ in key respects from what the first jury heard. U.S. District Judge Ronnie Greer, for instance, has ordered defense attorneys to avoid making comments that smack of racial overtones and has also barred prosecutors from questioning a possible defense witness about a prior felony conviction.

The defense witness, Newport store operator Charles "Mo" Swanson, had been subpoenaed to testify in the first trial but didn't take the witness stand. Defense attorneys later said his gun permit had been revoked by the state Department of Safety as the result of a letter sent by Smith, who pointed out that he was a convicted felon.

Attorneys for Roach and Sheldon accused Smith of intimidating Swanson to prevent him from testifying, an allegation that Smith denied. The accusation was one of several made in an effort to have the indictment against the officers dismissed due to prosecutorial misconduct, but Greer rejected the officers' arguments in a ruling handed down Tuesday.

J.J. Stambaugh may be reached at 865-342-6307.

Report Faults Prisons Bureau On Chemicals (NYT)

By Kate Zernike

DOJ_NMG_0025340

The New York Times, April 5, 2006

The federal Bureau of Prisons failed to address concerns that inmates and staff members at several prisons were exposed to toxic chemicals in recycling programs where inmates use hammers to smash discarded computers, according to the agency that handles whistle-blower complaints.

In a letter to President Bush and Congress on Monday, the agency, the Office of Special Counsel, called for an independent investigation into the complaints, which were brought to the federal government by a whistle-blower from a California prison in 2004.

The office criticized the Bureau of Prisons for not investigating the accusations thoroughly, saying the agency's review was deficient and "appears to be cursory at best."

The inmates dismantled the computers as part of the federal prison industries program, or Unicor, which has become one of the nation's largest recyclers, providing low-cost recycling to government agencies, schools and private companies.

The whistle-blower, Leroy A. Smith Jr., the former safety manager at Atwater Federal Prison outside Merced, Calif., said factory workers in the recycling facility there and at four other federal prisons in the country were exposed to hazardous materials including lead, cadmium, barium and beryllium when the inmates took hammers to cathode ray tubes from computers.

According to federal health agencies, overexposure to the chemicals can cause cancer, kidney disease, damage to the reproductive and central nervous systems, and death.

Mr. Smith told federal officials that he had several times ordered a shutdown of the program at Atwater after air quality tests revealed the chemicals in the factory and in a nearby food service area, but that the prison's managers and federal prison industry officials routinely ignored his recommendations, resuming the recycling without the safety measures he recommended.

The Justice Department referred the complaints to the Bureau of Prisons, which produced two reports responding to Mr. Smith's complaints in June and August 2005, concluding that the bureau, the federal prison industries program and prison staff members "took appropriate steps" to make sure the programs were operating safely.

Mr. Smith disputed those findings, and in the letter this week, the special counsel, Scott J. Bloch, a Bush appointee, took his side, saying the agency's reports were "unreasonable" and relied "on strained interpretations of applicable rules and procedures in order to justify past actions."

The report faulted the Bureau of Prisons as failing to talk to staff members who knew about potentially toxic exposure at other prisons, and as ignoring documentary evidence that contradicted its findings.

It also criticized the bureau for dismissing exposure to the chemicals as not "imminently dangerous, as no immediate threat of death or serious harm occurred." The operations should have been shut down, Mr. Bloch said, if conditions "could reasonably be expected to cause death or serious physical harm."

"I am left to conclude that a thorough, independent and impartial investigation into recycling activities" at federal prisons is still required, Mr. Bloch said in his report.

A spokeswoman for the Bureau of Prisons did not reply yesterday to a request for comment.

In a statement, Mr. Bloch said yesterday: "This is a matter where real concerns exist that need to be addressed. Unfortunately, they have not been addressed, and we find ourselves at an impasse."

Same-sex Marriage Lands Before Federal Appeals Court (AP)

By DAVID KRAVETS, The Associated Press

AP, April 5, 2006

PASADENA -- A lawyer for a gay couple suing for the right to wed told a federal appeals court Tuesday that it's unconstitutional to prevent same-sex marriage, but one judge appeared unmoved and two others said the case could die on procedural grounds.

"Everything that is wrong is not discrimination," said Judge Jerome Farris, part of a three-judge panel of the 9th U.S. Circuit Court of Appeals that heard 40 minutes of arguments.

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The case was brought by two gay men who sued after being denied a marriage license in Orange County. They claim California's ban on same-sex marriage and federal laws against it are unconstitutional because gays and lesbians are treated differently than heterosexuals.

U.S. District Judge Gary Taylor last year ruled against the pair Arthur Smelt and Christopher Hammer, both 46, of Mission Viejo. They appealed.

Taylor ruled the law "has a disproportionate effect on homosexual individuals," but said the government's desire to promote procreation is a valid reason for infringing on the rights of gays.

Farris agreed with that assertion.

"I think marriage is a bundle of sticks and sticks include procreation," Farris said.

Richard Gilbert, the gay couple's attorney, said procreation is not the important element of marriage and Judge Sidney Thomas appeared to agree.

"I don't understand, really, the procreation argument," Thomas said.

After the hearing, Hammer said he would prevail all the way to the Supreme Court "if they acknowledge that we are human."

Still, the heavyweights of the same-sex marriage movement aren't supporting the case and instead are waging their campaigns in the state courts of California, Iowa, Washington, New Jersey, New York and elsewhere, seeking rulings similar to the 2003 decision that led to legal gay marriage in Massachusetts.

The strategy of Lambda Legal Defense and Education Fund and the American Civil Liberties Union is to win in several states before going to the federal courts and eventually the Supreme Court. They say there is a strong national consensus against same-sex marriage meaning the Supreme Court today would likely rule against it.

"We are interested in serious, incremental work in order to succeed," said Jennifer Pizer, a Lambda attorney who attended the hearing.

In an interview, Gilbert said Lambda and the ACLU's strategy was failing.

Nineteen states have amended their constitution to outlaw gay marriage, and voters in at least six other states could be asked to amend theirs similarly this year.

During the hearing, Justice Department lawyer Gregory Katsas told the panel that the traditional definition of marriage doesn't violate the constitution.

The judges did not indicate when they would rule.

Thomas and Judge Ferdinand Fernandez suggested that the case may be premature, noting that a state court of appeals in San Francisco is weighing a lawsuit brought by gays and lesbians challenging California's prohibition against same-sex marriage.

A trial judge declared the ban violated the California Constitution's equal protection guarantee. The decision could reach the California Supreme Court later this year.

A same-sex marriage victory in California, Thomas and Fernandez noted, would allow Hammer and Smelt to get married.

Gilbert, however, wanted a definitive ruling on whether federal laws and the 49 states that don't permit same-sex marriage are violating the U.S. Constitution's equal protection guarantee.

If California approved same-sex marriages, the federal government would not recognize them and would prohibit his clients and others from filing federal income taxes as a married couple.

"It's a second-class marriage," Gilbert argued.

The case is Smelt v. Orange County, 05-56040.

Feingold Says He Supports Gay Marriage (AP-Y2)

AP2, April 5, 2006

Sen. Russ Feingold (news, bio, voting record), a potential presidential candidate, said Tuesday he supports giving gays and lesbians the right to marry, again positioning himself to the left of possible 2008 rivals.

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"Gay and lesbian people in our country are fighting a mean-spirited movement to harm them and to discriminate against them," Feingold, D-Wis., said in a telephone interview. "I stand with them against that movement, and I'm proud to stand with them."

Feingold said he decided to express his support for gay marriage in response to a Wisconsin constitutional amendment to ban gay marriage and civil unions, which will appear on the state ballot in November.

Feingold Backs Legalizing Same-Sex Marriages (WP)

By Dan Balz

The Washington Post, April 5, 2006

Sen. Russell Feingold (D-Wis.), a prospective 2008 presidential candidate, said yesterday that he thinks bans on same-sex marriages have no place in the nation's laws.

Feingold said in an interview that he was motivated to state his position on one of the most divisive social issues in the country after being asked at a town hall meeting Sunday about a pending amendment to the Wisconsin state constitution to ban same-sex marriages.

Feingold called the amendment "a mean-spirited attempt" to single out gay men and lesbians for discrimination and said he would vote against it. But he went further, announcing that he favors legalizing same-sex marriages.

That puts him at odds with many prominent Democratic politicians who support gay rights but not same-sex marriage. Should Feingold decide to run for the party's presidential nomination in 2008, his position would put him to the left of many likely rivals.

"Obviously, it's a very difficult issue and evokes a lot of emotions," Feingold said in a telephone interview yesterday. "I think it's something ultimately that people throughout the country will accept, but it's not an easy issue." He accused the Bush White House and the Republican Party of using same-sex marriage as a wedge issue "to hurt Democrats who are against discrimination."

The Wisconsin senator said he is prepared to work with supporters of same-sex marriage to ensure that it is legal in the future.

"Further steps would be appropriate," he said, noting that his first priorities are to defeat the proposed Wisconsin amendment as well as a federal constitutional amendment that is expected to come to a vote in the Senate later this spring.

San Antonio Couple Wins $125,000 Judgment Against Housing Authority (SABIZ)

San Antonio Business Journal, April 5, 2006

U.S. Judge John Primomo ordered the Housing Authority of San Antonio, the San Antonio Housing Facility Corp., Pat Matherly and the Pilgrim Allena Housing Development Corp. to pay $125,000 to resolve a tenant disability discrimination case.

On June 2, 2005, the U.S. Attorney's Office filed a complaint on behalf of local residents Antonio and Josefina Maldonado in the U.S. District Court for the Western District of Texas alleging that the Westminster Square Apartments unlawfully discriminated against the couple because of their disabilities.

According to the complaint, Pilgrim Allena Housing owns the local apartment complex where the Maldonados have lived since 1989. The San Antonio Housing Facility Corp., a subsidiary of the local Housing Authority, manages the apartments. Matherly was the on-site manager at the property at the time.

Antonio Maldonado is a double-leg amputee and Josefina Maldonado has osteoporosis, hyperlipidemia, angina, diffuse arthritis and diabetes. Over the years, Josefina Maldonado increasingly had been experiencing difficulty maneuvering her husband in his wheelchair from their third-floor apartment to the ground floor via elevator.

On Feb. 23, 2004, according to the complaint, the Maldonados requested the complex make a reasonable accommodation to move them to a first floor apartment because of their deteriorating health. The couple claimed on March 15, 2004, they provided the apartment manager with documented proof from their health providers of their conditions.

The defendants denied the Maldonados' request, citing the elevators in the apartment building, according to the complaint.

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However, the couple complained that they had been trapped in the elevators on previous occasions. They also discovered that the elevators weren't working at other times and that the elevators weren't near their unit, requiring Josefina Maldondo to travel much further to move to and fro.

After the apartment complex denied the Maldonados' requests, two ground-floor apartments were leased to other tenants. The couple filed a complaint with the U.S. Department of Housing and Urban Development and the government found that they had a cause to proceed with a civil suit. That case was filed on Aug. 29, 2005.

Last week, lawyers from the Justice Department and the Housing Authority reached a settlement. With the judge's signature in hand, the Maldonados will receive the $125,000, with part of that settlement going to the Fair Housing Council of Greater San Antonio for their help in the suit.

Bill To Delay Runoff Elections Passes Committee (AP)

AP, April 5, 2006

MONTGOMERY, Ala. - The Alabama Legislature moved a step closer Tuesday to approving legislation to delay the June 27 primary runoff elections to July 18 to give military personnel overseas more time to vote.

The House Constitution and Elections Committee approved a Senate-passed bill to delay the party primary runoffs on a unanimous voice vote. The bill is expected to come up in the House Wednesday or Thursday, when it could receive final passage.

Attorney General Troy King and Secretary of State Nancy Worley asked the Legislature to delay the runoffs in response to a lawsuit filed against the state by the U.S. Justice Department.

The lawsuit claims there is not enough time between the June 6 primaries and the June 27 runoffs for service members, particularly those fighting in Iraq and Afghanistan, to receive and cast ballots.

The House originally passed a bill that would have kept the runoffs on June 27, but allowed service members to vote by a special ballot that would have been sent to them at the same time as the primary ballot.

King has said he doubts the Justice Department would go along with the special ballot, partly because it would not allow soldiers who did not vote in the primary to vote in the runoffs.

The Senate sponsor, Sen. Wendell Mitchell, D-Luverne, said delaying the primary is the only immediate solution.

"Unless we do something to move the primary we risk having the federal government involve itself in our election," Mitchell said.

Tilting Maryland's Vote (WP)

The Washington Post, April 5, 2006

IN THE SANCTIFIED name of expanding the popular vote and widening access to the polls, Maryland Democrats have sacrificed fairness to partisan advantage. The Democrats, who dominate the state legislature in Annapolis, pushed through a bill allowing voting to take place for five days before Election Day -- but mostly at polling stations in Democratic strongholds.

This isn't the first time a majority in a state legislature has sought electoral advantage by ramming a brazenly partisan measure down the throat of the minority party. The justification generally comes down to, "Well, they'd do the same to us if they were in power." But no matter which party is behind such partisan mischief, the effect is the same: to subvert the faith that Americans place in the electoral system's fairness.

The procedural aspects of this bill's passage are odious enough. Before they voted, Democratic lawmakers stripped the bill of provisions that would have permitted Republicans an equal role in deciding where to place the early-polling stations and that would have required that the stations' locations be geographically central. The conference committee that wrote the bill was composed of six Democrats and zero Republicans.

The locations of many of the polling stations for early voting seem designed to mine Democratic votes, which tend to be in more heavily populated areas. In Howard County, early-voting stations were placed in heavily Democratic areas in an apparent effort to weaken the reelection prospects of freshman state Sen. Sandra B. Schrader, probably the most imperiled of Maryland's 14 Republican state senators.

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Democrats enjoy a healthy advantage in voter registration and are understandably eager to recapture the state's governorship, which they lost in 2002, in this fall's elections. Over the past two years they have sought to leverage their statewide numerical advantage by enacting a set of relatively permissive elections laws under the aegis of what the party has called a "voters' bill of rights." As a result, Maryland voters will not be required to show any form of identification, and they will be able to cast provisional ballots practically anywhere in the state, regardless of their home address.

Republicans insist that these measures will open the door to electoral fraud; if fraud does mar the November ballot, the Democrats will be responsible. But they are not unfair on their face. By contrast, tilting the early-voting system toward heavily Democratic areas in strategically key jurisdictions taints the election even before it occurs. With such arrogance and abuse, the Democrats will only erode their majority in Maryland.

ANTITRUST:

Perspective: Bumps In The Road For AT&T-BellSouth Merger? (CNET)

By Mark Del Bianco

CNET News, April 5, 2006

The conventional wisdom in Washington is that regulatory approval of the proposed AT&T-BellSouth merger is a done deal. The consensus is that this deal will sail through with flying colors--and a few not very onerous merger conditions.

The conventional wisdom may be wrong. There is a twist that ought to give the regulators pause. Both BellSouth and AT&T own considerable chunks of prime wireless spectrum that is unused and that could quickly and relatively cheaply be used to provide broadband services that would compete with telecom and cable wireline broadband services--in other words, the long-sought "third pipe" to the home or business.

Competitors will no doubt argue that the Federal Communications Commission and the Justice Department should worry about the loss of intermodal competition that will result if the two companies are permitted to retain this valuable spectrum.

Over the last year, the development of worldwide standards for WiMax and improvements in equipment performance and cost have made the 2.3GHz and 2.5GHz frequencies more attractive. They are now among the most desirable for use in providing broadband voice, data and video services that will compete with telecom and cable wireline broadband services. These spectrum bands can also be used to compete in the backhaul and special access (both last-mile and interoffice transport) markets where the regional Bell operating companies are also dominant. Soon. they may even be used to compete with cellular and other mobile voice and data services. Equipment costs will be low and will keep falling as economies of scale kick in.

Intermodal competition cannot develop if two of the three modes--wireline and wireless--are in the hands of a single, gigantic company. Off-the-shelf WiMax products for the 2.5GHz band will be available from numerous manufacturers later this year, and a 2.3GHz version of WiMax may be developed. Mobile WiMax equipment that provides voice and high-speed data is now being tested on KDDI's network in Japan and should be widely available by early 2007.

The competitive importance of this spectrum was acknowledged by the FCC last year. As a condition to its approval of the Sprint-Nextel merger, the FCC required that Sprint meet certain milestones for offering broadband service in the 2.5GHz band. Sprint agreed to offer such service to at least 15 million Americans within four years of the order (for instance, by fall 2009), and to offer it to an additional 15 million customers by two years later. Sprint controls the most 2.5GHz spectrum in the U.S., and its planned use of this spectrum to provide services competitive with (or as Sprint claims, better than) wireline broadband services is one of the key drivers of Sprint's ongoing spinoff of its wireline operations. But Sprint's spectrum holdings, large as they are, do not provide adequate coverage in many areas, particularly in the BellSouth footprint.

BellSouth, the second-largest owner of 2.5GHz spectrum in the U.S., controls spectrum in most of the 50 largest markets, according to published reports. It also has substantial 2.3GHz spectrum (acquired in auctions in 1997). SBC Communications also gained a large amount of 2.3GHz spectrum when it acquired AT&T. According to publicly available information, neither company has yet developed any of the spectrum into a commercial line of business; rather, the spectrum is effectively warehoused at present. (However, BellSouth has deployed test broadband service in nine in-region markets using its 2.3GHz

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spectrum, and it announced in March that it would use the 2.3GHz spectrum to provide "backup" broadband for its wireline broadband service.)

The proposed merger will concentrate huge blocks of spectrum in one company with every incentive not to use it. Assuming that AT&T's licenses are spread equally around the U.S. and that BellSouth's licenses are located primarily in the BellSouth service area (as appears to be the case), then prior to the merger, approximately 40 percent of the BellSouth and 30 percent to 35 percent of the AT&T licenses are located in the parent Bell operating company's (BOC) service area and are not likely to be used to compete with companies' wireline broadband services.

The postmerger wireline service area will be much larger, however, and substantially less than 50 percent of the spectrum would be out of region. It is unlikely that a postmerger AT&T would have any incentive to develop this spectrum for wireless broadband. Competing with itself in-region would not be attractive; and BOCs have yet to engage in meaningful competition out of region.

Given this scenario, competitors can be expected to argue that the FCC and the Antitrust Division should require BellSouth and AT&T to divest at least their in-region 2.3GHz and 2.5GHz spectrum (together with any existing deployments). Divestiture benefits consumers and businesses if the spectrum is used by an entity or entities that will compete in the broadband, backhaul and special access markets.

It may even be argued that AT&T and BellSouth should be required also to divest all their out-of-region spectrum in order to enable nationwide competition.

Preventing a BOC from acquiring assets that could be used to compete with its core wireline business--and in this case also with its growing wireless business--is not a novel idea. In the Primestar case a few years ago, for example, the Antitrust Division prevented cable operators from buying DBS satellite assets, for fear they would warehouse the satellites in order to prevent new entrants from using them to compete with traditional cable TV.

Similar precedents involve the divestiture of manufacturing plants, drug compounds in the FDA approval pipeline, and other competitive assets in non-telecom markets.

The FCC ought to be particularly receptive to such arguments, given the importance that former Chairman Michael Powell and current Chairman Kevin Martin have placed on the development of facilities-based intermodal competition in their decisions and public statements these last few years. Intermodal competition cannot develop if two of the three modes--wireline and wireless--are in the hands of a single, gigantic company.

Interestingly, the fact that the FCC has in the past permitted BOC ownership of this spectrum and never found it to be a problem is irrelevant. The public interest standard that the FCC applies in merger approval proceedings is based partly on antitrust analysis, but also explicitly permits it to "consider technological and market changes, and the nature, complexity and speed of change of--as well as trends within--the communications industry."

Thus, the FCC could take into account the recent technological and market changes that have transformed this spectrum into a valuable competitive alternative to wireline broadband services. The FCC could determine that the merger, by effectively shielding so much spectrum from the hands of potential competitors, would not be in the public interest absent substantial spectrum divestiture.

The Antitrust Division may also act. Provided it found that the spectrum controlled by the postmerger company represents a source of substantial potential competition, it would be fairly straightforward for it to conclude that without divestiture of the spectrum, the effect of the merger "may be to substantially lessen competition"--the standard it must follow in reviewing mergers under the Clayton Act.

Whether the FCC or the Antitrust Division in this administration will take competition-preserving action is an open question. But for those who seek competition in U.S. broadband markets, and for proponents of network neutrality for whom a third pipe could be a godsend, it certainly looks like a fight worth fighting.

Biography Mark Del Bianco practices law and publishes on issues at the intersection of communications law, antitrust and new technologies. His clients include a variety of VoIP and competitive telecommunications providers and e-commerce companies. He can be contacted at mdelbianco@aya.yale.edu.

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EU Pushes Governments To Open Gas Markets (AP)

By The Associated Press

AP, April 5, 2006

Filed at 1:28 p.m. ET

STRASBOURG, France (AP) -- European Union regulators on Tuesday started legal proceedings against 17 countries for not doing enough to open up their energy markets, just weeks after the EU criticized France and Spain for trying to protect their national energy companies.

Delays in drafting new rules to liberalize gas and electricity markets are keeping prices too high, the European Commission has said.

Austria, Belgium, Britain, the Czech Republic, Germany, Estonia, Spain, Finland, France, Greece, Ireland, Italy, Lithuania, Latvia, Poland, Sweden and Slovakia will be sent a warning to put rules in place.

The Commission sent the 17 countries a letter of formal complaint. The member states concerned have two months to reply to the Commission. The final stage of the proceedings would mean taking countries to the European Court of Justice.

The Commission also said it would take Spain and Luxembourg to court for not sending it information to show they had put the legal framework in place. A court ruling can force a country to change national laws under threat of heavy fines. The Commission is still examining Portugal's and Hungary's laws.

It criticized the lack of free choice of supplier for many customers and the continued existence of regulated prices, saying that made it harder for new companies to break into the energy sector. Certain long-standing electricity and gas contracts still get preferential access, the Commission said.

It also criticized the way some energy companies do business -- without naming names -- saying there was often not enough separation between electricity and gas transmission and distribution to make sure each was independent. Many companies own the network and sell directly to customers, meaning they are wholesalers selling network access to the rivals they compete with on the retail market.

Another problem was that third-party access to networks could be "discriminatory" and the tariffs charged were not transparent enough, it said.

The power of national energy regulators was also a problem, it said, particularly their ability to set tariffs for access to networks.

"I expect that these infringement proceedings will attract member states' awareness, that these things will be (fixed)," EU energy chief Andris Piebalgs said. "I hope there will be measures taken by the member states."

High oil prices and a gas dispute between Russia and Ukraine this winter have made energy a sore point for some governments anxious to protect old monopolies from foreign predators wanting to take advantage of a move toward a single European energy market.

France backed a combination of Suez SA and state-controlled Gaz de France to fend off a possible bid from Italy's Enel SpA, while Spain faces EU legal action for a decree that could help block a bid from Germany's E.On AG for Endesa SA.

EU countries agreed in 2003 to lift barriers and allow new companies to start providing gas and electricity. However, many nations have been slow to put their promises into practice.

Only five countries had adopted rules opening up the gas and electricity markets for business customers by July 1, 2004. Nations also have to ensure that the legal framework is in place to open up markets for domestic customers by July 1, 2007.

In a parallel antitrust probe, the Commission found "serious malfunctions" across Europe's energy markets, saying it would investigate further into companies and countries where stalled deregulation has left prices too high.

It indirectly criticized "highly concentrated" gas and electricity markets where old monopolies were still firmly in place.

Belgian electricity customers, for example, have a choice of only two suppliers -- both soon to have the same owner as Suez and Gaz de France complete their tie-up.

Citigroup Cleared For Big M&A Deals (FT)

By David Wighton

DOJ_NMG_0025347

Financial Times, April 5, 2006

One of the clouds hanging over Citigroup was lifted on Tuesday when the world's largest financial services company revealed that the Federal Reserve had removed the ban on it making large acquisitions.

The New York Fed, Citigroup's lead regulator, said in a letter to the company that it had dropped the ban because of the "significant progress" it had made in improving its internal controls.

The Fed imposed the restriction a year ago following Citigroup's string of regulatory problems, including the forced closure of its private bank in Japan and the furore in Europe over controversial government bond trades.

Mr Prince said the move reflected the "cumulative effect" of moves taken over the last year, including his introduction of a "five-point plan" to improve Citigroup's compliance culture.

Although the Fed ban was a blow to Citigroup's reputation, Mr Prince said the company had not been significantly hampered by the restriction, which applied only to very large transactions. "I am not sure it was a net loss," he said in an interview.

Mr Prince has shifted Citigroup's focus onto organic growth, following the deal-making of his predecessor, Sandy Weill. Moreover, most large potential targets look expensive, particularly given Citigroup's own depressed stock price.

"Transactions of size, here in the US especially, are priced at levels that are not attractive to most people," he said.

Executives have said privately that Citigroup would have liked to get involved in the $35bn battle for control of UFJ, the Japanese bank, but decided against. This was as much due to its particular problems in Japan as the Fed ban.

Mr Prince said its acquisition strategy was concentrated on medium-sized deals that "extend the franchise", particularly in Asia, eastern Europe and other emerging markets, he added.

In contrast, Western Europe was "uninviting" because of the "Balkanised" regulatory regimes.

Citigroup this week lost out in the auction for Finansbank in Turkey which is being acquired by National Bank of Greece with an offer valuing Finansbank at $5bn. "Turkey is a very interesting country. But we are very focused on not overpaying for transactions," said Mr Prince.

Analysts believe the relatively small size of the deal meant it would not have been covered by the Fed ban on Citigroup, which has a market value of $240bn, undertaking "significant expansion".

The Fed letter, from William Rutledge, excutive vice president, was dated April 3, three days after the Australian regulator announced it was taking action against Citigroup for insider dealing and failing to manage conflicts of interest.

The timing suggests that the Fed is not too concerned by the Australian regulator's move which Citigroup claims is an attack on accepted industry practice.

Citigroup shares gained 1.7 per cent, or 80 cents, to close at $48.21.

Citigroup Is Cleared To Pursue Deals (WSJ)

By Clint Riley

The Wall Street Journal, April 5, 2006

The Federal Reserve cleared Citigroup Inc. to pursue future acquisitions, lifting a yearlong restriction that was imposed following a string of scandals and regulatory missteps at the financial-services company.

In a letter sent late Monday to Charles Prince, the company's chief executive, William L. Rutledge, executive vice president of the Federal Reserve Bank of New York, said that Citigroup had made "significant progress" by implementing new internal compliance and risk-management programs, and therefore "the understanding that you would refrain from significant expansion is no longer in operation."

The Fed issued its unusual prohibition in March 2005, demanding that Citigroup get its house in order following a string of problems, including run-ins with regulators over a bond-trading strategy in Europe -- that its traders dubbed "Dr. Evil" -- and activities that led to the loss of its private-banking license in Japan.

The Fed's letter came just days after securities regulators in Australia accused Citigroup of insider trading. Citigroup has denied any wrongdoing and says it will "vigorously defend" its actions. While Citigroup executives and a team of in-house regulators from the Fed stay in regular contact, it is unclear whether the Fed considered the merits of the lawsuit filed by the Australian regulators before lifting the ban on acquisitions.

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A spokeswoman for the New York Fed declined to comment.

Citigroup spent the better part of 2005 implementing what Mr. Prince dubbed his "five-point plan," a roadmap aimed at strengthening internal controls, employee training and communications within the bank.

Mr. Prince, who will add the title of chairman later this month, reacted to the long-awaited news from the Fed by sending a companywide letter yesterday morning thanking Citigroup's 300,000 employees scattered around the world for their efforts. "Today we continue toward our goal of becoming the world's most respected global financial-services company." Mr. Prince wrote. "I am confident of the course we have set, and excited about our future."

Still, in an interview, the CEO said he cautioned the company's top executives in an address, "Be careful. This was not a one-year plan. It is not as if we are done."

Speculation has circulated for months that the Fed might soon loosen the reins on the New York-based bank after it became widely known that the company had entered the bidding for an estimated $3 billion majority stake in Guangdong Development Bank in China and a separate purchase of Finansbank, Turkey's eighth-largest bank by assets. Over the weekend, it was disclosed that the much smaller National Bank of Greece had beaten out Citigroup in the bidding for Finansbank.

The Fed's Mr. Rutledge said in his letter that regulators would continue to "carefully review any expansion proposal undertaken by Citigroup."

Mr. Prince, who took over as chief executive in October 2003, has told investors that 2006 is the year that the new management team he has assembled must execute and improve the company's bottom line. To do that, Mr. Prince and his team will have to expand its business in foreign markets, the company's top priority, and improve the operation of its consumer business in the U.S.

Expectations by some investors that Citigroup will once again flex its financial muscle by going on a major acquisition spree will likely be disappointed. Mr. Prince said in the interview that the Fed's letter didn't alter his commitment to expand the financial institution, which has $1.5 trillion in assets, by generating more profits from its existing businesses and expanding its reach to more customers overseas and domestically.

"It does not change our priorities," Mr. Prince said. "We are just too big to just rely only on deals."

However, Mr. Prince did say that deal-making isn't totally out of the question for Citigroup, a company with more than $28 billion in cash on its books at the end of last year. As examples of the types of deals Citigroup might do, Mr. Prince pointed to the company's April 2004 purchase of South Korea's KorAm Bank Co. for $2.7 billion; the purchase less than a year later of the 106-branch First American Bank in Texas for an undisclosed sum; and the acquisition earlier this year of OnTrade Inc., an electronic-trading platform bought for about $8 million.

In 4 p.m. composite trading on the New York Stock Exchange, Citigroup's shares were up 80 cents to $48.21.

Arcelor Transfers Dofasco Unit To Block Takeover (WSJ)

By Jason Singer and Charles Fleming

The Wall Street Journal, April 5, 2006

Arcelor SA transferred its lucrative Canadian operations to a Dutch foundation in an effort to block a €20.4 billion ($24.8 billion) hostile offer by rival steelmaker Mittal Steel Co., a move that drew rebukes from Arcelor shareholders and corporate-governance activists.

Arcelor also raised its dividend by 54% to €1.85 a share and said it will make a special payment to shareholders of $5 billion after Mittal drops its bid or the takeover attempt fails. The two payouts are meant to make siding with Arcelor financially equivalent to accepting Mittal's bid, boiling the choice down to which management team investors prefer.

Mittal vowed to press on with its bid, which has sparked debate over national pride, cultural compatibility and economic openness across Europe and in other parts of the world. But Mittal, based in Rotterdam, the Netherlands, said it would reduce the cash portion of its cash-and-stock bid because it considers the increased dividend an advance, though it hasn't yet disclosed details.

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Many shareholders reacted angrily to Arcelor's move to prevent its Dofasco Inc. unit of Ontario, Canada, from being sold even if Mittal succeeds in its bid for Arcelor. They said the action is contrary to Arcelor's promises to let shareholders be the ultimate arbiters of Mittal's offer. Still, other observers said the moves could frustrate Mittal's efforts.

Arcelor's transfer is "against shareholders' interests," said Gérard Augustin-Normand, chief executive of Richelieu Finance, an investment fund based in Paris that holds about three million Arcelor shares. "It's also against Arcelor's own interests because its shareholders were its best defense," he added. "I was confident that it was going to be a fair fight, but now I'm not so sure."

Mittal, the world's largest steelmaker by production, launched its bid for Arcelor, the industry's No. 2 player, earlier this year. The two sides have since been waging aggressive campaigns to woo shareholders, with Arcelor Chief Executive Guy Dollé at one point suggesting Mittal lacks "European cultural values"; Mittal's chief executive, Lakshmi Mittal, whose family controls the company, was born in India but is based in London.

In Paris trading yesterday, Arcelor fell slightly to €32.50. Mittal fell 3.6% to €31.10 in Amsterdam. Based on Mittal's closing price yesterday, the bid values Arcelor at €31.93 a share.

Arcelor's higher dividend and one-time payout combined roughly total the cash portion of Mittal's offer and some of the savings Mittal would bring to a combined company. Tony Taccone, a steel consultant at Pittsburgh's First River, said Arcelor's dividend increase could placate some investors, while the increase and the Dofasco transfer could make the deal more difficult for Mittal to consummate.

Mr. Dollé has repeatedly but vaguely made reference to a plan Arcelor had for Dofasco that Arcelor hoped would scupper a deal. Dofasco is important because under Mittal's offer, Dofasco would be sold to Germany's ThyssenKrupp AG for 5.4 billion Canadian dollars (US$4.6 billion) if the takeover of Arcelor is successful. Selling Dofasco would help Mittal finance the cash portion of its Arcelor bid and help ease any antitrust concerns in the North American market, where Mittal already has a significant presence.

People close to the matter said Mittal and its advisers were looking at potential legal challenges to Arcelor's move, which would be prohibited in many European countries, including the United Kingdom and France, but is allowed in Luxembourg. Mittal may also try to renegotiate a sale of Dofasco's management control and financial access -- the elements still controlled by Arcelor -- to ThyssenKrupp while leaving ownership of the shares in the trust. It isn't clear whether such a transfer would satisfy regulators or what price ThyssenKrupp would pay for those rights.

Yesterday Mittal said that its bid doesn't hinge on the sale of Dofasco to ThyssenKrupp and that it will continue its quest to acquire Arcelor. "Nothing in this announcement alters our resolve or ability to proceed with our offer," Mittal said. "Today's announcement by the board of Arcelor goes against the interests of its own shareholders and is an attempt to deprive them of the right to decide on the merits of Mittal Steel's offer."

A ThyssenKrupp spokesman declined to comment.

Arcelor said it transferred ownership of Dofasco to a newly formed Dutch foundation, even though Arcelor maintains management control and all financial rights to Dofasco. The trust, called Strategic Steel Stichting, is run by a board of three Arcelor appointees: an Arcelor executive, a former Arcelor executive and Allan A. Tuttle, an American lawyer and former general counsel of Gucci Group NV. The trio has the power to determine whether Dofasco can be sold for the next five years.

Arcelor Chief Financial Officer Gonzalo Urquijo said the company made the transfer "to defend shareholders" from a potential sale of Dofasco because the Canadian company is integral to Arcelor's business strategy. "This was done in the interest of our shareholders." Corporate-governance activists scoffed at that assertion. "All the assets of a company should be able to be bought or sold," said Colette Neuville, founder and president of French minority-shareholder defense movement ADAM.

Netflix Sues Blockbuster Over Web Expansion (WSJ/AP)

By The Associated Press

The Wall Street Journal, April 5, 2006

SAN FRANCISCO -- Online DVD rental service Netflix Inc. on Tuesday accused Blockbuster Inc. of illegally copying its ideas in a patent infringement lawsuit challenging the video store chain's recent Internet expansion.

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The complaint, filed in U.S. District Court in San Francisco, focuses largely on the online wish lists that prioritize the DVD desires of about 5.4 million people who subscribe to either Netflix or Blockbuster's Internet service.

Netflix also believes its patents cover perhaps its most popular feature -- the option of renting a DVD for an unlimited time without incurring late fees.

That change, introduced by Netflix seven years ago, became so popular that Blockbuster last year stopped charging late fees for tardy rental returns to its video stores. Dallas-based Blockbuster once pocketed hundreds of millions of dollars annually from those late fees.

Both Netflix and Blockbuster's online service charge $17.99 per month to rent up to three DVDs at a time. When subscribers return a DVD in a postage-paid envelope, the rental services automatically send the next available movie on their wish lists.

Blockbuster initially denigrated the flat-fee concept, but then reversed course and launched its Internet service in 2004 after scores of customers defected to Netflix, based in Los Gatos, Calif.

"Blockbuster has been willfully and deliberately copying Netflix's business methods," Netflix spokesman Steve Swasey said.

Blockbuster spokesman Randy Hargrove declined to comment Tuesday because the company hadn't yet seen the suit.

Netflix contends it first patented the process for managing DVD wish lists -- known as queues -- in June 2003.

A second patent issued Tuesday to Netflix apparently triggered the lawsuit. Netflix believes the additional patent covers an even wider range of automated interaction with its customers.

Netflix hopes to obtain a court order that would force Blockbuster to change the way its online rental service operates or require the company to pay patent royalties -- a potentially huge bill, based on other recent patent disputes.

For instance, the maker of the popular Blackberry email device last month agreed to pay $612.5 million to settle a long-running patent infringement case.

Because patent cases often delve into highly technical issues, they can take several years to wind through the legal system.

If Netflix prevails, it could thwart its biggest competitor in the steadily growing field of online DVD rentals.

Netflix began the year with about 4.2 million subscribers. Blockbuster has signed up about 1.2 million online customers so far. Netflix's success already has hurt Blockbuster, which lost $588 million last year and expects to continue to close stores as more DVD renters turn to the Internet.

In contrast, Netflix earned $42 million last year. But its service has been recently fending off a backlash triggered by a class-action lawsuit that focused attention on a scoring system that penalizes its most frequent renters. Netflix is awaiting court approval of a proposed settlement that would give free DVDs for a month to millions of former and current subscribers.

Authorities Raid Color Line Ferry Company (AP-Y2)

AP2, April 5, 2006

European competition authorities on Tuesday raided the headquarters of Norway's Color Line AS ferry company as part of an antitrust investigation.

The surprise inspection was to check for possible competition violations by the Norwegian ferry operator, the EFTA Surveillance Authority, or ESA, said in a statement.

"Surprise inspections are a preliminary step in antitrust investigations. The fact that the EFTA Surveillance Authority carries out an inspection does not mean that the company is guilty of anticompetitive behavior," the ESA said.

ESA is the enforcement arm of the European Free Trade Association, or EFTA. Through treaties with the European Union, EFTA members Norway, Iceland and Liechtenstein have open markets with the 25-nation European bloc even though they are not members.

Color Line spokesman Helge Otto Mathisen said the company was cooperating fully with the ESA inspectors, who were assisted by the Norwegian Competition Authority.

"Such a review of documentation is a normal practice when competition authorities want insights in the market," he said.

Oslo-based Color Line is a major European ferry line, with 3,500 employees in four countries, 10 ships and seven international routes between Norway, Denmark, Germany and Sweden.

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The group said it transports about 4.2 million passengers and nearly 1 million motor vehicles per year, and has annual revenue of about 4 billion kroner ($615 million).

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On the Net:

http://www.eftasurv.int

ENVIRONMENT/INDIAN AFFAIRS:

EPA Air-toxics Plan Sparks Internal Rift (CSM)

By Mark Clayton

The Christian Science Monitor, April 5, 2006

The Environmental Protection Agency has drafted a plan that would allow so much extra industrial air pollution that 7 of 10 of the agency's own regional air-quality directors have signed on to a memo condemning it.

While disagreement on policy issues is not unusual, former EPA officials say the regional directors used particularly strong language in criticizing the plan developed on William Wehrum's watch in a December memo, which surfaced Monday.

The stinging internal criticism is likely to pop up Wednesday at Senate confirmation hearings for Mr. Wehrum, who is nominated to become the nation's top air-quality officer.

The plan proposes loosening limits on toxic emissions from scores of industrial sectors, including refineries, chemical plants, steel mills, and smelters.

The changes, the memo said, would "essentially negate" today's limits on industry toxic air emissions like arsenic, mercury, and lead, also called "hazardous air pollutants" or "air toxics."

Such poisons are considered by the Clean Air Act to be far more dangerous to public health than air pollutants like nitrous oxides or sulfur dioxide.

Under today's requirements, any facility emitting more than 10 tons per year of a single toxin, or 25 tons of several toxins, must install pollution control equipment to cut emissions by as much as 95 percent. The new plan would allow large polluters that previously had brought emissions down below the 25-ton limit - say, to 2-3 tons - to boost emissions, as long as they remained under 25 tons.

Criticizing the plan as an unjustified "drastic change" in emissions rules, the memo cites Wehrum's office for a "trend of excluding" regional offices from rule and policy development that was "disturbing."

If adopted, some environmentalists say the new plan would blow open the most significant new hole in the Clean Air Act since the Bush administration's reinterpretation of the act's "new source review" provision, which curbed power plant emissions.

That interpretation was struck down by the US Circuit Court of Appeals for the District of Columbia last month.

"Wehrum is the architect of a lot of changes to the Clean Air Act that have weakened environmental protections," says Eric Schaeffer, director of the Environmental Integrity Project in New York, former head of the EPA's office of regulatory enforcement until 2002. "This new proposal on toxics pushes past science, law, and fair public process."

An EPA spokesman says it's too early to assess the policy proposal.

"This is a preliminary draft that is currently under development and internal review which could change before EPA issues it as a proposal," said John Millett, an EPA spokesman in an e-mailed statement. "EPA will seek public comment when it issues the proposal."

Still, some like what they've been hearing about the draft so far.

The proposed change is "good news" for health and the environment, said Bob Slaughter, president of the National Petrochemical and Refiners Association. "Without the proposal, power disincentives would exist to make these [pollution] reductions," he said in a statement.

But enforcement could be a problem. The regional directors memo calls "unfounded and overly optimist" the new plan's contention that toxic emissions are unlikely to rise since industry will want to "avoid negative publicity" and "maintain their appearance as responsible businesses."

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Instead, "the cost of the increased [toxic] emissions would be borne by the communities surrounding the sources," the memo concludes.

"It's pretty clear this plan is out of bounds," says John Walke, clean air director for the Natural Resources Defense Council in Washington. "It's also clear the regional directors found it to be extreme."

Feds Want To Expand Yucca Nuclear Dump (USAT)

USA Today, April 5, 2006

The Bush administration wants to bury tens of thousands of tons more nuclear waste at the Yucca Mountain dump in Nevada than now allowed — part of a package of new proposals meant to spur development of the controversial and long-delayed dump.

The Energy Department proposed lifting the 77,000-ton storage limit on the dump 90 miles northwest of Las Vegas and allowing as much waste as the facility can hold.

That figure has been estimated by federal environmental impact studies at 132,000 tons. About 55,000 tons of nuclear waste are waiting at utility sites around the country.

Senate Democratic leader Harry Reid of Nevada, an opponent of the dump, said the bill was “not even on life support. It's dead when it gets here.”

Yucca Mountain was approved by Congress in 2002 and was to open in 2010. The opening date has been repeatedly delayed and is now expected in 2015 or later.

The deputy press secretary for the Department of Homeland Security was arrested for using the Internet to seduce what he thought was a 14-year-old girl, according to a statement by the Polk County Sheriff's Office in Florida.

Brian Doyle, 55, was arrested at his residence in Silver Spring, Md., after an incident that allegedly occurred March 14. The “girl” was an undercover computer crimes detective in Polk County, according to a sheriff's statement.

Doyle could not be reached. Homeland Security press secretary Russ Knocke said: “We take these allegations very seriously, and we will cooperate fully.”

Caspar Weinberger, who died last week at 88, was given a special military funeral at Arlington National Cemetery following a memorial service at the Fort Myer Memorial Chapel across the Potomac River from Washington. He was Defense secretary under President Reagan in the 1980s.

Among those attending was former British prime minister Margaret Thatcher, 80, who has rarely appeared in public after suffering a series of small strokes. Weinberger supported her decision to dispatch British forces to take back the Falkland Islands after they were invaded by Argentina in 1982.

Former secretary of State Colin Powell told mourners, who included Weinberger's widow, Jane, that Weinberger's life “rested on a bedrock of beliefs.”

Secretary of Defense Donald Rumsfeld said Weinberger “made changes that restored pride in our country's uniform and helped win the Cold War.”

Justin Berry, who for five years starred in his own Web cam child pornography business, told the House Energy and Commerce Committee that the Justice Department is moving too slowly to round up 1,500 pedophiles whose information he surrendered last year. Berry, 19, said the names, credit card numbers and other details he provided has resulted in only one arrest.

Justice Department spokesman Bryan Sierra would not discuss Berry's case but said there has been a threefold increase in federal prosecutions of child pornography and abuse cases over the past decade.

Congress Is Asked To Set Opening Of Nuclear Dump (WSJ)

By John Fialka

Wall Street Journal, April 5, 2006

WASHINGTON -- The Energy Department, hoping to spur development of the nuclear-waste repository being built at Nevada's Yucca Mountain, is calling on Congress to set a timetable for opening the facility and enlarging its capacity.

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"We need an expansion of nuclear power in this country," said Clay Sell, the department's deputy director, who said the changes will help speed the construction of a new generation of nuclear power plants, increase domestic energy supplies and reduce air pollution.

Controversy over the facility, originally scheduled to open around 1997, and dogged opposition from Nevada's congressional delegation has resulted in a series of delays.

Mr. Sell said the proposal, if approved by Congress, would make it easier for the department to tap billions of dollars of fees, collected from utilities with nuclear power plants, to provide the $700 million to $800 million a year to finance the remaining work at the facility.

The proposal asks Congress to raise the legal limit on the capacity of the mountain's usable storage space from 70,000 to 120,000 metric tons. (A metric ton equals 2,204 pounds.) The enlargement would accommodate one of the administration's longer range plans to remove and reuse parts of the spent fuel, leaving a relatively small percentage of waste for permanent storage. Without the reduction, the department has estimated, it might need at least six more permanent storage sites.

Cleanup At West Valley Faces Legal Challenge (Times Herald)

By RICK MILLER

Times Herald, April 5, 2006

The New York State Energy Research and Development Authority has authorized a lawsuit against the U.S. Department of Energy over the nuclear cleanup at the West Valley Demonstration Project.

"The Department of Energy has taken a very limited view of its responsibility to clean up nuclear wastes at West Valley," said Vincent Delorio, Authority chairman.

"We have been working for 10 years to convince the Feds to live up to their obligations, but have been unable to reach agreement," Mr. Delorio said.

"We're very concerned that DOE is cutting the budget and the work force at West Valley when there is a great deal more work to do," he said. "DOE seems to be planning an early departure and we don't want the taxpayers of New York state left holding the bag."

Last June, U.S. Rep. John R. "Randy" Kuhl, R-Hammondsport, introduced a bill authorizing the Department of Energy to take over the site in the northern Cattaraugus County town of Ashford and spend $95 million a year to completely clean up the entire site.

The Nuclear Regulatory Commission also would be given authority over DOE activities at the site.

U.S. Reps. Brian Higgins, D-Buffalo, Thomas Reynolds, R-Clarence, and Sherwood Boehlert, R-New Hartford, are co-sponsors of the legislation. U.S. Sens. Hillary Rodham Clinton and Charles Schumer introduced an identical bill in the Senate.

Bob Van Wicklin, a spokesman for Rep. Kuhl, told The Times Herald today, "It's unfortunate that New York has to go this route to get the Department of Energy's attention but we're running out of options and the West Valley question must be answered."

He said, "Congressman Kuhl will still try to move his bill through Congress and supports NYSERDA's efforts to clarify the situation on the courts as well. The Department (of Energy) could avoid a costly court mess by just coming to the negotiating table with New York."

The Times Herald was unable to reach DOE officials at the West Valley site for comment this morning.

The Department of Energy broke off negotiations with NYSERDA at the end of President Bill Clinton's Administration after more than two years of talks. Efforts to move the talks forward since then have been unsuccessful.

The DOE has reduced the funding levels for cleanup activities and staffing levels at the West Valley Demonstration Project to about $70 million this year.

The site of the country's first commercial nuclear fuel reprocessing plant, it was operated by Nuclear Fuel Services Inc. from 1966 to 1972 when operations were discontinued. In 1976, NFS informed state officials it would leave the site when its lease expired in 1980.

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The plant separated reusable uranium and plutonium from spent fuel rods, primarily from the federal nuclear weapons reactor at Hanford, Wash., as well as other nuclear power plants.

The 1980 West Valley Demonstration Project Act authorized clean-up of the site with the federal government paying 90 percent of the cost and New York state paying 10 percent.

At the end of 2004, the project had succeeded in converting more than 600,000 gallons of highly radioactive liquid waste stored in underground tanks at the site into 275 glass logs now stored in 10-foot high stainless steel cylinders.

One of the areas of disagreement has always been the disposition of the underground tanks. The state has asked that the tanks, which contain a radioactive residue, be removed from the site, while the Department of Energy is proposing to fill them with a concrete-like grout.

The DOE also wants to demolish nuclear fuel reprocessing buildings, fill them with grout and leave them at the site.

NY May Sue US Govt To Get W Valley Nuclear Site Cleaned (AP)

AP, April 5, 2006

BUFFALO, N.Y. (AP)--The state is prepared to take the federal government to court to end an impasse over cleanup and long-term management of the West Valley nuclear site, which once housed the nation's only commercial nuclear fuel reprocessing operation.

Talks between New York and the U.S. Department of Energy stalled during the Clinton administration. Now, with the DOE cutting staff and funding at the site, state energy officials worry the federal agency is getting ready to leave.

"DOE seems to be planning an early departure, and we don't want the taxpayers of New York state left holding the bag," said Vincent Delorio, chairman of the New York State Energy Research & Development Authority.

The agency this week authorized litigation to determine the federal government's responsibility at the Cattaraugus County site 30 miles south of Buffalo.

From 1966 to 1972, spent nuclear fuel from commercial nuclear power plants and DOE sites was chopped and dissolved, and its uranium and plutonium were extracted. The operation shut down for upgrades in 1972 but remained closed after stricter regulatory requirements passed during the closure made the prospect of reopening too expensive.

The 1980 West Valley Demonstration Project Act passed by Congress obligated the DOE to decontaminate and decommission facilities at the state-owned site, with the state pitching in on the cost.

Since 1981, West Valley Nuclear Services Co., the DOE's onsite contractor, has solidified and stored more than 600,000 gallons of high-level liquid radioactive waste, while shipping low-level waste off site. More than 300,000 cubic feet of low-level waste was removed last year.

"As past performance shows, the U.S. Department of Energy remains committed to meeting the requirements of the West Valley Demonstration Project Act," the DOE said in a statement issued Tuesday in response to the NYSERDA action. "... Overall, DOE has reduced the volume of legacy waste at the West Valley Demonstration Project by 70% in the last few years."

Legislation proposed by Rep. John "Randy" Kuhl would update the 1980 law and require the federal government to take ownership of the site and full responsibility for its cleanup. The bill would end the state's financial obligation, which has totaled more than $200 million.

NYSERDA views legal action as a last resort that would be pursued if face-to-face negotiations and the legislation were to fail, officials said.

"The progress of the legislation is uncertain, and we feel compelled to proceed simultaneously along the litigation track to make sure that we get these responsibility issues resolved so that we can move forward with the cleanup," NYSERDA President Peter Smith said.

"It's unfortunate that New York has to go this route just to get the DOE's attention, but we're running out of options," said Bob Van Wicklin, a spokesman for Kuhl, R-N.Y.

The DOE last week said it would award a contract for continued cleanup at West Valley in the coming months. West Valley Nuclear Services spokesman Terry Dunford said the company, which has held the contract since 1981, would seek to continue its work there.

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AK Steel Settles 6-year-old Environmental Lawsuit With Federal And Ohio EPAs (MIDDJOUR)

Middletown (OH) Journal, April 5, 2006

Steelmaker plans to spend $13 million to clean up two streams

AK Steel Corp. will launch a nearly $13 million effort to clean up two streams contaminated with "significant" toxins as part of an agreement reached with federal and Ohio environmental protection agencies to settle a six-year-old lawsuit, the company and government officials announced Monday.

The settlement — filed in the U.S. District Court for Southern District in Cincinnati Monday morning — addresses claims that AK Steel violated the federal Clean Water, Clean Air and Resource Conservation and Recovery acts, as well as, Ohio environmental regulations in and surrounding its 2,700-acre Middletown Works.

The 103-page federal consent degree ends decades of contamination from Middletown Works, according to Sue Ellen Wooldridge, assistant Attorney General for the U.S. Justice Department's Environment and Natural Resources Division.

"By removing contamination from the areas currently known to contain significant polychlorinated biphenyls (PCB) concentration, AK Steel will immediately begin cleanup work to protect the environment and reduce the potential for human exposure to PCBs," Wooldridge said.

As part of the agreement, AK Steel will pay $460,000 in civil penalties to be split equally between the state of Ohio and U.S. governments. AK Steel also will spend an additional $750,000 on an "environmentally beneficial project that will remove ozone-depleting refrigerants from certain equipment at the plant."

The agreement resolves claims filed June 2000 by the federal and Ohio Environmental Protection Agencies, the Sierra Club and the Natural Resources Defense Council. The groups claimed Middletown Works posed a threat to human health and the environment. For its part, AK Steel has agreed to pay $450,000 to the two citizen groups for their claim for costs and attorney fees.

The Curtis Street-based steelmaker signed the settlement without "admissions or findings of such violations," according to a press release issued by the company.

The agreement, which is before U.S. District Judge Herman Weber, becomes official after a 30-day comment period, the U.S. EPA said.

AK Steel will launch its clean-up efforts after the settlement is approved, said Alan McCoy, AK's vice president for government and public relations.

Part of the cleanup effort requires AK Steel to test portions of the soil for PCB contamination around Dicks Creek and its Monroe Ditch — tributaries to the Great Miami River — and to remove contaminated soils from adjacent floodplain areas.

"I'm gratified that AK Steel, government and citizens have been able to agree on a solution to address difficult issues which have gone unresolved for many years," said Joseph Koncelik, director of the Ohio EPA. "As a result of the hard work of all involved, we can look forward to leaving our children a cleaner, safe environment."

'Landmark agreement'

James Wainscott, AK Steel's chairman, president and CEO, hailed the news as a "landmark agreement."

"This agreement, and the investigation and clean-up work that will follow, is yet another tangible example of AK Steel's commitment to the environment, improved relationships and to the citizens of Middletown and its surrounding communities."

Contamination of the creek has long been a focus of community concern because of the access children have to the area, said Marilyn Wall, conservation chair for the Sierra Club's Ohio chapter.

Wall said the steelmaker has taken a positive step in vowing to test for PCBs around the creek and commended the company's involvement of Middletown residents in the cleanup process. PCBs once were widely used to insulate electrical equipment, but the government banned their production in 1979 because of studies linking them to cancer and other health problems for fish, wildlife and humans.

"It's unusual that citizens get a chance to be part of the discussion process," Wall said.

Thomas V. Skinner, U.S. EPA Region 5 Administrator, said the settlement will resolve several environmental issues the government has pursued against AK Steel.

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"It is the culmination of six years of litigation and negotiations," he said. "This settlement will result in environmental improvements in Dicks Creek basin for Middletown-area residents and workers at the AK Steel plant."

The steelmaker will spend at least $750,000 for an environmental project focused on replacing ozone depleting refrigerants with non ozone-depleting refrigerants at Middletown Works, McCoy said.

The lawsuit was first filed June 29, 2000, on behalf of the U.S. EPA for environmental allegations. The next day, Ohio filed a similar lawsuit. The court combined the actions, and since then, has dismissed some of the claims, including several air pollution claims. In 2003, Judge Weber allowed the Sierra Club and the National Resources Defense Council to join the lawsuit.

The settlement comes almost two years after AK Steel announced a similar settlement with the Ohio EPA.

In March 2004, AK Steel settled air nuisance claims with the Ohio EPA by agreeing to install new air pollution controls on its Middletown ironmaking and steelmaking facilities.

The controls — dubbed MACT for "maximum achievable control technology"— satisfy new federal requirements, McCoy said.

Ahead of schedule

AK Steel installed the first of those controls on its Middletown blast furnace last May, nearly a year ahead of the federal deadline. It had been fined $1.7 million, but received credits worth $1.3 million toward the penalty by agreeing to install the equipment sooner than required by the federal Clean Air Act.

Next month, McCoy said the steelmaker will complete the upgrade of pollution controls by installing the same controls on its Middletown basic oxygen furnace.

Since 2003, AK Steel has spent more than $370 million for environmental capital investment projects and compliance costs across the corporation, including $66 million to install new air emission controls on the ironmaking and steelmaking furnaces, McCoy said.

When fully operational, the new air emission controls are expected to capture 900 tons of non-hazardous dust emissions a year that would have resulted in offsite emissions into surrounding neighborhoods.

This is the second settlement AK Steel has reached with the EPA. In December 2004, the steelmaker reached a $1.2 million settlement for pollution violations at its steel plant in Butler, Pa.

Under that consent decree, AK Steel agreed to pay a $300,000 penalty and undertook $900,000 worth of projects to reduce smog-producing ozone in Pennsylvania, which went beyond federal and state environment regulations.

AK Steel (AKS) rose 0.07 cents to close at $15.07 Monday on the New York Stock Exchange.

Contact Meghan Crosby at (513) 705-2813, or e-mail her at mcrosby@coxohio.com.

FBI/DEA/ATF/USMS:

7 In Colombia Face U.S. Drug Charges (WT)

By Jerry Seper, The Washington Times

The Washington Times, April 5, 2006

Seven drug-smuggling suspects, including five Colombian police officers and an airline employee, have been arrested in Bogota in connection with the shipment of more than $10 million in cocaine to the United States, the U.S. Drug Enforcement Administration said yesterday.

An indictment handed up in the case and unsealed yesterday accused the seven of smuggling the cocaine through the El Dorado International Airport in Bogota for importation into the United States, said DEA Special Agent-in-Charge John P. Gilbride.

"Narcoterrorism is a real threat to the security of the United States, and we must never let our guard down," Mr. Gilbride said.

"This operation sends a strong signal to traffickers worldwide that the international drug-enforcement community will continue to aggressively pursue any potential compromise to airport security."

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DEA spokesman Rusty Payne in Washington said the arrests were part of Operation Caso Dorado, a joint undercover investigation by DEA agents in New York and Bogota, the U.S. attorney's office in New York, agents from U.S. Immigration and Customs Enforcement (ICE) and Colombian and Mexican law-enforcement authorities.

"More than ever, the public must be able to rely on the integrity of the law-enforcement and airline personnel responsible for the safety of airline passengers and shipments," said U.S. Attorney Michael J. Garcia in New York.

"When such officials allow smuggling of contraband destined for the United States, they violate our criminal laws and endanger our national security, and they will face justice in an American courtroom."

Named in the indictment were Leonidas Molina-Triana, a former major in the Colombian National Police (CNP); Juan Carlos Cardona, a former CNP captain; Jaime Enrique-Padilla, a former CNP lieutenant; Jorge Plazas-Silva, a CNP patrolman; Humberto Avila, a CNP patrolmen; Maria Christina Marin-Castro, an employee of Avianca Airlines; and Henry Ferro-Varon.

They were accused of conspiracy to distribute cocaine shipments through El Dorado Airport en route to the United States.

If convicted, the seven face a maximum sentence of life in prison and a mandatory minimum sentence of 10 years in prison.

According to the indictment, representatives of Colombia's notorious Norte Valle drug cartel, including former high-ranking Colombian police officials, recruited active members of the Colombian police responsible for El Dorado Airport security operations and Avianca Airlines employees at El Dorado Airport's cargo facility to permit the smuggling of cocaine from Colombia to Mexico and ultimately into the United States.

The indictment said that in October, corrupt Colombian police officials and Avianca Airlines employees permitted 900 pounds of cocaine worth more than $10 million on the streets of New York City to pass through security at the Avianca Airlines cargo facility at El Dorado Airport without detection.

7 Arrested In Cocaine Smuggling Ring (AP)

AP, April 5, 2006

BOGOTA, Colombia (AP) -- Active and retired police and army officers working for one of Colombia's largest cocaine cartels used commercial cargo planes to ship drugs to the United States, authorities said Tuesday in announcing seven arrests.

U.S. officials, who are seeking the extradition of the seven, said the case illustrates the reaches of Colombia's notorious drug rings and the danger posed by corruption among the country's security and transportation workers.

Among those arrested are a retired police major and captain, a former army lieutenant, two police officers and an employee of Colombia's national airline, Avianca. The seventh suspect was described as a liaison between the active and former police officials and the Norte del Valle cartel, one of Colombia's largest drug traffickers. Police said the cartel used Avianca's cargo plans to transport the drugs.

"There is a national security component to this case," said Boyd Johnson, chief of the international narcotics trafficking unit at the U.S. Attorney's Office in Manhattan.

Authorities said the seven would be extradited to New York to stand trial on charges they smuggled more than 900 pounds of cocaine bound for the United States. Police said they seized 1,200 pounds of cocaine linked to the cartel in a warehouse in northern Bogota on Monday.

The arrests, beginning Monday night, were based on a U.S. indictment in New York that alleges the Norte del Valle cartel recruited the airline worker and police involved with security at El Dorado Airport.

It alleges the ring shipped the cocaine in October through Avianca's cargo facility after an airline employee approved false paperwork. The drugs were allegedly destined for the United States via Mexico.

Two patrolmen let the shipment go through security and guarded it for three days at the airline cargo area, the indictment alleges. The cocaine noted in the indictment was seized in Mexico City by Mexican law enforcement agencies on Oct. 17, it adds.

If convicted, the defendants could face anywhere from 10 years to life in prison, though the United States has assured Colombia that it will not seek life sentences for defendants extradited from there.

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Colombia is the world's largest producer of cocaine. In the last four years, nearly 350 Colombians have been extradited to the United States to stand trial on drug trafficking charges.

The Norte del Valle cocaine cartel is considered to be one of the largest mafias operating in Colombia. One of its leaders, Diego Montoya, sits alongside Osama Bin Laden on the FBI's ten-most-wanted list.

Associated Press writer Nahal Toosi in New York contributed to this report.

8 Charged In Cocaine Smuggling CaseOperation Used Airliners Headed Into New York, Officials Say (CNN)

CNN, April 4, 2006

WASHINGTON (CNN) -- Eight people, including seven current or former Colombian police officers, have been charged in an alleged plot to smuggle $10 million worth of cocaine into New York on airliners, U.S. officials said Tuesday.

The officers and an employee of the Colombian airline Avianca are in custody in Colombia, according to the Drug Enforcement Administration and the U.S. attorney's office in New York.

The indictment in the case alleges that between August and December of last year members of a Colombian cartel recruited police officials responsible for airport security and airline employees to allow drugs to be smuggled from Colombia to Mexico and, ultimately, the United States.

The arrests were the result of a joint investigation by the DEA and the U.S. attorney's office in New York along with Colombian and Mexican officials.

Meanwhile, the Justice Department has reached a settlement with Avianca requiring it to take several measures to stop what officials call repeated seizures of illegal drugs from its flights into John F. Kennedy International Airport in New York, CNN has learned.

The agreement is being filed in U.S. District Court in New York after an attempt to seize some of the airline's interests.

Officials said the required measures include hiring a private agency to monitor the airline's anti-smuggling efforts concerning drugs, explosives and weapons.

CNN's Kevin Bohn contributed to this report.

Prosecutor: Colombian Smugglers Reveal Air Travel Vulnerability (WNYC)

WNYC, April 4, 2006

A top federal prosecutor says the arrests of five current or former Colombian police officers and an employee of Avianca Airlines in a drug smuggling case raises concerns about the vulnerability of the nation's skies.

Boyd Johnson, of the U.S. Attorney's office in Manhattan, says the smugglers used Avianca jets, which fly to New York daily. He added authorities obviously have lot of concern about that and the damage that can cause.

Federal prosecutors and drug enforcement officials say the ring tried to smuggle more than $10 million worth of cocaine to the United States through Mexico.

DEA Investigates Oceanside Humane Society North County Humane Society Had Three Visits From DEA (KGTV)

KGTV-TV, April 4, 2006

OCEANSIDE, Calif. -- One of the county's oldest animal organizations is under investigation, 10News reported.

The Federal Drug Enforcement Agency is investigating Oceanside's North County Humane Society.

The North County Humane Society was founded nearly 70 years ago as a nonprofit organization -- funded mainly through private donations.

Like any other humane organization, it is subject to federal spot checks. The DEA conducted inspections in March and more information is expected.

A spokesperson for the DEA confirms agents conducted an investigation at the North County Humane Society regarding its handling of controlled substances. The DEA will not say what agents found, if anything.

According to a statement released by NCHS Tuesday afternoon, the DEA made three prearranged visits to the site and completed its review, but NCHS has not been notified of any conclusion to those visits.

10News visited Dr. Jennifer Luke, a veterinarian in Tierrasanta.

She is not associated with nor commenting on the NCHS case.

Luke did agree to explain how the DEA regulates controlled substances used at veterinary and humane facilities.

"I have to account for every CC in my vials," said Luke.

Luke says every office handling controlled substances must have an FDA-approved lock box permanently attached to something -- in her case, a concrete wall.

That box can only be opened with dual keys -- keys only Luke has access to.

A log book tracks every vial that comes into the office. Employees must see Luke when checking out drugs for a procedure.

When a drug leaves the cabinet, it's noted in a log book. Then each ounce of the drug used is also noted, which employee used it, which patient received it and how much. Why is the process so strict? Luke says it boils down to abuse.

NCHS also confirmed the recent resignation of executive director Stacy Steel, but calls it a separate event.

In her press release, board President Julie Moran said Steel was "invaluable to the growth and visibility of NCHS."

North County Humane Society Executive Director Resigns (NCT)

By PHILIP K. IRELAND

North County Times, April 5, 2006

OCEANSIDE ---- Officials with the North County Humane Society on Tuesday confirmed both the resignation of Executive Director Stacy Steel and an inquiry of the humane society by the federal Drug Enforcement Administration.

Steel could not be reached for comment on her March 25 resignation.

The DEA notified the humane society on March 8 that an "inquiry" had begun, the press release stated. Special agents completed "three prearranged site visits with the (North County Humane Society's) cooperation, and to our knowledge has completed its review."

The humane society has not been notified of the results or conclusions of those visits, the press release stated.

Special Agent Dan Simmons, a spokesman with the DEA, confirmed Tuesday that the animal shelter was the subject of an investigation, but declined to elaborate. Simmons would not say why or when the investigation began. He also declined to say if the investigation was a routine periodic inspection or an investigation launched as the result of specific allegations.

The press release lauded Steel's tenure with the shelter, saying she was "invaluable to the growth and visibility" of the humane society.

Humane society board president Julie Moran said Tuesday that Steel served as executive director for three years.

Both Moran and board member Linda Sabo declined to say why Steel resigned, referring all questions to Alexis Gutierrez, the humane society's attorney. Gutierrez said he could not comment on Steel's resignation.

The humane society is run by a seven-member board of directors that includes Moran, Sabo, Connie Hoban, Renee Simmons and Pamela Hower.

Hoban, reached by phone at her Carlsbad home on Monday, declined comment, referring all inquiries to Moran. Sabo said Tuesday that employees of the humane society would not comment either. Attempts to contact the other board members failed.

The humane society has been involved in several high-profile events recently. The organization is working with the city of Oceanside to build the city's first dog park. And it's also in the middle of $300,000 renovation of its cat adoption and isolation centers in the wake of an outbreak of panleukopenia, a highly contagious virus disease spread through the air or by contact. Outbreaks of Panleukopenia, caused by feline parvovirus, have killed hundreds of cats at the facility during the hot summer months in each of the last two years.

The society has redesigned its two cat centers to minimize cat-to-cat contact and cat-to-human-to-cat contact and to filter and refresh air in the buildings several times per hour. Construction of the facility is still under way.

The humane society is supported by public donations and contracts to provide animal control and animal rescue services for the cities of Oceanside and Vista. Of $2.2 million in total revenue collected by the humane society in 2004, $1.3 million came

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from city contracts. The animal shelter reported $773,334 in public donations, according to documents filed with the Internal Revenue Service.

Father Says Daughter Acted To Avoid Prison (RTD)

By TOM CAMPBELL

Richmond (VA) Times Dispatch, April 5, 2006

Says she believed sex act with DEA agent would prevent term

The young woman, barely 18 and a new mother, did everything the feds asked her to do after she was arrested last year along with her crack-dealing boyfriend.

She pleaded guilty to drug conspiracy. She helped agents make controlled drug buys from dealers. She told them what she knew about illegal activities.

And when a special agent of the U.S. Drug Enforcement Administration asked her to, she performed oral sex on him last summer in a Glen Allen motel.

The Richmond-based DEA agent was William Carter Harden, who pleaded guilty March 28 in U.S. District Court to the crime of lying to a federal officer. According to court records, he denied having sex with the woman when his supervisors questioned him about it three separate times in October.

Harden, 46, faces a maximum prison term of five years at sentencing July 14. He resigned from the DEA the day before his guilty plea.

The young woman's father, James Morrow of Ashland, said his daughter told him Harden promised her he would keep her out of prison if she had sex with him. She had pleaded guilty by then, he said, but she remained free until October while working as an informant for federal prosecutors and investigators.

"She worked all through the whole thing, before and after she pleaded guilty," Morrow said, as well as before and after the incident with Harden. She knew she faced a potentially long prison sentence and she was "trying to help herself," he said.

Morrow said his daughter and her boyfriend, Christopher S. Sandridge, had been living in a Northern Virginia hotel room before they were arrested early last year. He said Sandridge was dealing crack and was the target of an investigation by Virginia State Police.

His daughter "lived in a hotel room where the guy was selling [crack], and she admitted that," Morrow said.

Both cases were later transferred to the federal court system. The daughter's case is sealed, so the court records are not available to the public. Her father said she was sentenced to serve six years in prison.

Records show Sandridge, now 23, was sentenced to serve 15 years in prison after pleading guilty to drug conspiracy and illegal firearm possession. He is in the U.S. penitentiary at Canaan, Pa.

James Morrow said his daughter told him that on July 22, the day of the sexual encounter, Harden picked her up and then stopped by the DEA office before driving her to the motel. Court records show it was the Knights Inn at 9002 Brook Road.

While Harden maintains the sex was consensual, the young woman has testified that she went through with it out of fear. Prosecutors say the government evidence could prove that the sex was meant to be payment for Harden keeping her out of prison.

The young woman "was convinced that she wasn't going to prison," her father said.

He said she was convinced of it right up to the October day when U.S. marshals arrived to take her into custody. She complained about Harden to the marshals and an investigation ensued.

He denied that he had sex with her. Records show that later Harden on five dates in October and November attempted to impede the investigation by interviewing employees at the motel about receipts, surveillance cameras and whether anyone remembered him staying there.

On Oct. 26, the records say, Harden "endeavored to persuade the desk clerk to withhold information from federal investigators."

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John L. Brownlee, U.S. attorney for the Western District of Virginia, said last week that Harden was not charged with additional crimes because his guilty plea "encompasses all the facts" of what he did. It means Harden, a 14-year veteran of the DEA, can never be a federal agent again.

Richmond is in the Eastern District, but to avoid conflict because Harden has worked with prosecutors here, Assistant U.S. Attorney Thomas J. Bondurant Jr. of Brownlee's office is prosecuting.

Morrow said he and his wife are caring for their daughter's child. His daughter recently turned 19 in a federal prison, he said.

According to a U.S. Bureau of Prisons Web site, she has a projected release date of August 2010.

Her father said her sentence may yet be reduced because of her cooperation with federal agents.

"My daughter's an angel," James Morrow said. "I definitely think [she]'s got something coming from all this."

Grover Beach Extends Ban On Medical Marijuana Shops (SLOT)

By Larissa Van Beurden-doust

San Luis Obispo Tribune, April 4, 2006

Grover Beach has extended its moratorium on medical marijuana dispensaries and has taken steps to make the ban permanent.

The council voted 5-0 Monday to extend the 180-day moratorium that would have expired April 19. Without the extension, there would have a period before a permanent ban was in place that would have allowed such dispensaries to be established within the city.

The council voted 4-1 to make the ban permanent. The soonest it could become affective is 30 days after a second vote on April 20.

Mayor Larry Versaw dissented. While he said he's strongly opposed to recreationally using marijuana or any drugs and thinks a dispensary could be extremely problematic, he didn't want to give the message that the city has forever closed the door on using marijuana medicinally.

"My mother died of cancer," Versaw said while trying to hold back tears. "I do believe that in her case and a lot of cases like hers, that marijuana could serve a purpose. If not curative, at least it would have eased her suffering."

-Larissa Van Beurden-Doust

News Briefs From California's Central Coast (AP)

By AP

The San Diego Union-Tribune, April 4, 2006

BUELLTON – The City Council will decide this month on a yearlong moratorium on new medical marijuana dispensaries.

During that year, City Manager Steve Thompson said, city officials would decide whether a permanent ban is needed. The city recently enacted a 45-day moratorium on new marijuana dispensaries.

"This is wait-and-see game," Thompson said. "This is an attempt to see what the federal and state governments are going to do with regard to conflicts between their laws."

In 1996, California voters approved medical marijuana use, but the federal government classifies marijuana, along with heroin and PCP, as an extremely dangerous substance with no medicinal value.

The U.S. Supreme Court ruled last June that federal law trumps state law when it comes to enforcement.

There are two pot dispensaries in Buellton, including Hezekiah Inc. owned by Steve Allbritton. He has met with city officials and they are trying to work out a solution.

If the City Council decides to ban dispensaries permanently after studying zoning and health issues, "they would have to go," Councilman Dale Molesworth said.

"This is not the kind of thing you want spread all over the countryside,' Molesworth added.

"If they want to shut us down, it would be pretty sad. A lot of people need this service. We're the only place to go for many of our customers," Allbritton said.

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Officials Say They've Cracked Major Utica Drug Ring (UTOD)

Utica (NY) Observer-Dispatch, April 5, 2006

UTICA -- Local, state and federal law enforcement have charged 13 people as the result of an investigation into a major cocaine and crack cocaine distribution ring that officials claim trafficked drugs throughout the Mohawk Valley.

In a news release, U.S. Attorney Glenn T. Suddaby said today police recovered several ounces of cocaine and crack cocaine, as well as three pistols and ammunition, more than $80,000 in cash, drug paraphernalia, a large quantity of gang photos and eight cellular phones.

The 13 people arrested were each charged with conspiracy to possess cocaine and crack cocaine with intent to distribute, Suddaby said:

-- Raymond Garrett, 35, of 901 South St.

-- Durrell Liggins, 27, of 160 Grove Place.

-- Ty Albrecht, 26, an inmate in the Oneida County jail.

-- Gregory Lee Jr., 26, of 1500 Conkling Ave.

-- Roger Patterson, 18, of 8 Shaw St.

-- Ali Shabazz, 19, of 1600 Howard Ave.

-- Jacques Yates, 26, of 518 Mandeville St.

-- Richard Gilmore, 22, an inmate in the Wyoming Correctional Facility.

-- Ann Marie Spina, 30, of 1500 Conkling Ave.

-- Haikham Phimasone, 28, of 1636 Elm St.

-- Terence Hines, 29, of 1527 Elm St.

-- Juan Breton, 31, of 102 Expense St.

-- John Spratt, 37, of 1420 West St.

If convicted, Suddaby said, each would be sentenced to a minimum of 10 years to life in prison.

The investigation included officers from the Oneida County Drug Task Force, which encompasses the Utica, Rome and New Hartford police departments, as well as the Oneida County Sheriff's Office, state police and the FBI. Assisting in the investigation were the U.S. Marshals Service, the federal Drug Enforcement Administration, federal Immigration and Customs Enforcement and the state Office of Parole.

Selig Defends Choice Of Mitchell (AP)

AP, April 5, 2006

CHICAGO (AP) -- Commissioner Bud Selig defended his choice of George Mitchell to head baseball's steroid investigation, saying the former Senate Majority Leader has independence.

Selig brushed off criticism that Mitchell is too much of an insider for the job -- Mitchell is a director of the Boston Red Sox and chairman of The Walt Disney Co., a national broadcaster of baseball and the network airing Barry Bonds' new reality show.

"It's important for somebody who understands what I call the mores of culture of this sport as well as he does. That helps in the investigation. That doesn't hurt it," Selig said Tuesday after helping hand out World Series rings to the Chicago White Sox.

"He has complete autonomy. He wouldn't have taken this without complete autonomy. I mean the fact that we're friends had nothing to do with it. ... He doesn't come back and talk to me. I don't want to hear from him. And he can do whatever he wants with whomever he wants. So I don't know how anybody could have more independence than Sen. Mitchell."

The investigation is already under way and has no time limit. It was launched after a book detailing allegations that Bonds, who is approaching the Hank Aaron's career home run record, used performance-enhancing drugs for five years starting in 1998. The probe will be limited to events since September 2002, when baseball banned steroids, but Mitchell can expand the investigation if he feels it is necessary.

"What I said to Sen. Mitchell was that, `Look, we've done now everything we can do.' We have the toughest program in American sports. We've banned amphetamines, which I think a lot of people don't understand the significance of that," Selig said.

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"And while the book triggered, as I said last week, some of this because of the specificity of things, I think it's fair -- and I've thought a lot about it since -- that we've taken care of the present, we've taken care of the future and now I think it's important to look at the past," he added. "We'll see what happens. ... There's no sense in me speculating."

Selig emphasized that Mitchell was not looking into just Bonds. He's looking at the entire game.

"For anybody who thinks this is just a singular investigation is just wrong," Selig said. "It's incorrect. I don't know how much clearer I can be."

Selig was saddened by the fans' response to Bonds in San Diego on Monday night, when a syringe was tossed in the direction of the Giants' left fielder.

"I guess none of this is unexpected. I'm saddened by it in the sense that opening day was such a good, positive day," Selig said. "Every game was sold out. It was really a great baseball day. But controversy will spawn with that type of activity, whether I like it or not."

Bonds began the season with 708 homers and trails only Babe Ruth (714) and Hank Aaron (755) on the career list. Selig said baseball currently has not made plans for a celebration should Bonds move past Ruth's mark but could do so in coming weeks.

Bonds TV Show Debuts With Talk Of Steroids (AP)

AP, April 5, 2006

SAN FRANCISCO (AP) -- Barry Bonds' new television show didn't shy away from the steroid allegations.

"Bonds on Bonds" debuted Tuesday night on ESPN2, opening with footage of fans booing, a syringe being thrown at the San Francisco Giants' slugger and announcers discussing the steroid allegations on opening day in San Diego.

"If it makes them happy to go out of their way to destroy me or whatever they want to try to do, go right ahead. It doesn't bother me," Bonds said. "You can't hurt me anymore than you've already hurt me. You can't hurt my family anymore than you've already hurt them."

Bonds then went on, tearing up at one point.

"They can take me down. I don't really care," he said. "I never cared. Baseball, if they want to take me down, go right ahead take it. Anyone who ever knows me knows ... I don't care. But there's so many other people who depend on me to stay strong."

Bonds, who has faced questions about steroid use for years, is under new pressure this year following last month's release of the book "Game of Shadows," which detailed allegations that he used steroids for at least five seasons.

The book contributed to commissioner Bud Selig's decision last week to announce an investigation into past steroid use in the game.

While the show aired on ESPN2, Bonds was on a couch in the Giants' clubhouse in San Diego, while three other baseball games and the NCAA women's basketball championship were on the TVs. Bonds said he thought the show was on later at night and said he'd watch the DVD when he got a chance.

Giants manager Felipe Alou flipped through the channels in his office while talking to reporters before the game, stumbling across women in a hot tub on MTV2 before putting the show on for a few minutes.

"I don't see Barry there," Alou said when he saw the hot tub. "What is that? It's pretty good."

Bonds joked about killing somebody because of all he's been through, was amazed at the number of reporters following him after excerpts from "Game of Shadows" were released, and compared the racist hate mail he receives to what Hank Aaron went through when he broke Babe Ruth's career home run record in 1974.

He also discussed his relationship with his father, three-time All-Star Bobby Bonds and his drinking habits. He said he has always measured himself against his father and godfather, Willie Mays.

Bonds entered the season with 708 home runs, seven shy of passing Ruth for second place all-time and 48 away from breaking Aaron's career record.

He said he's already surpassed the "heights" of Ruth and Aaron and said his focus is not on the record. He talked about how he wished he could leave the game but that it would let down his parents, his teammates and the fans -- he estimated half -- that root for him.

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The show, put together by Tollin/Roberts Productions and ESPN Original Entertainment, has received criticism from people within and outside ESPN for its relationship with a player the network covers.

It featured interviews with reporters who have covered Bonds, including ESPN's Peter Gammons. Bonds talked about how his relationship with the media has always been "rocky" -- but that it motivates him.

There was also footage of Bonds' interaction with the media, archival video of Bonds dating to his college days at Arizona State, interviews with other players and his former manager, Dusty Baker.

The show also showed Bonds away from the ballpark, cleaning up the mess from a broken pipe from his fish tank in Arizona, often cursing and reading an article about the 10 most hated athletes in sports.

Bonds questioned that he only finished second on the list, behind NFL bad boy Terrell Owens.

"How did he get in front of me?" Bonds asked.

AP Sports Writer Bernie Wilson contributed to this report from San Diego.

Alleged Plot To Bomb County Courthouse Uncovered (MINNST)

By Robert Franklin and Randy Furst

Minneapolis Star Tribune, April 5, 2006

A Kenyon, Minn., man is accused of assembling explosives to destroy the county courthouse and 'take out' judges and lawyers.

FARIBAULT, MINN. - A plot to blow up the Rice County Courthouse and law enforcement center and perhaps kill several public officials has been uncovered, authorities said Monday.

Law enforcement officials said they recovered two propane tanks, the type used with outdoor grills, that appeared to be filled with explosives made of diesel oil and fertilizer -- similar to those used to blow up the Alfred P. Murrah Federal Building in Oklahoma City 11 years ago.

Each of the 62-pound devices "probably could kill everybody here," Rice County Sheriff Richard Cook said Monday at a news conference.

No timetable for the plot was discovered, Cook said, but "we believe there was some urgency."

Allan Weatherford, 44, who lives on a farm near Kenyon, Minn., is being held in lieu of $1 million bail after being charged with seven counts of attempted arson, possession of explosives and being a felon in possession of firearms.

His brother Mark, 34, was jailed last month on an unrelated charge of reckless discharge of a firearm.

Authorities monitored phone calls between Allan Weatherford and his brother in jail, the complaint said. "It's bad out here" and "that's going to start a war," the criminal complaint quotes Allan Weatherford as saying.

Weatherford's attorney, David Ludescher, of Northfield, who was at Monday's court appearance, said Allan Weatherford had been in chemical dependency treatment in recent weeks. He is appealing a 2004 conviction for fifth-degree possession of a controlled substance and misdemeanor theft and was found not guilty of a more serious drug charge, the attorney said.

Mom got nothing in land deal

Court papers, law officers and neighbors portrayed the Weatherfords as unemployed gun enthusiasts and collectors of junk cars who depleted the estate of their mentally-incapacitated mother of hundreds of thousands of dollars. A conservator last week told a court that Lucile Weatherford, 73, got nothing three years ago when she deeded 80 acres worth at least $276,000 to her sons.

Allan Weatherford was angry because, as part of the conservatorship battle, he was being forced to move to a mobile home on the far edge of the family farm, said Scott Robinson, a Rice County sheriff's deputy who investigated the explosives case.

Robinson was named as a likely target of Allan Weatherford's wrath, along with Rice County District Judge Bernard Borene and Nathan Crowe, an assistant county attorney. All had been involved in Weatherford's 2004 drug case.

Weatherford's arrest "helps you sleep better," Crowe said, although Weatherford "was threatening basically everybody in law enforcement, everybody in the courts."

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Threats against judges and prosecutors are rarely carried out. But they have been harmed on occasion: The homes of two judges were bombed in Austin and Blooming Prairie, Minn., in the 1980s; a Chicago judge's husband and mother were shot to death last year; a judge was wounded in 1992 in his courtroom in Grand Forks, N.D.; a district attorney's house was firebombed in 2001 in Superior, Wis., and an estate conservator was shot to death in 2003 in the Hennepin County Government Center.

The Rice County investigation, which began as a drug probe, involved raids and arrests in Rice, Goodhue and Dodge counties in the past two weeks by several law enforcement agencies.

A criminal complaint quoted unnamed "cooperating citizens" as saying they had seen Weatherford make a fertilizer and diesel-oil bomb out of a propane cylinder and had heard him say he wanted to blow up the courthouse to "take out" attorneys and judges. Faribault city maintenance facilities also were a likely target, the complaint said.

Allan Weatherford had worked at a fertilizer plant three years ago, the complaint said.

Steve Lurken, who rents the Weatherford family farmland, totaling about 160 acres, said the brothers lived in a machine shed on the half of the farm their mother retained.

Luverne Johnson, a neighbor, said the Weatherford sons "would stand and shoot for hours."

A sister of the Weatherfords came and got the men's widowed mother and took her home to Utah, he said.

Court papers said Lucile Weatherford suffered from Alzheimer's disease and had no idea that she had transferred land to her sons.

Mark Weatherford was removed as her co-conservator and the sister, Tammy Carter, was temporarily removed in November by Judge Gerald Wolf after the court was told that the estate's liquid assets were being depleted and no inventory was filed.

During a two-year conservatorship, the assets may have been used to support Allan Weatherford, and the other two children couldn't work together to manage the financial affairs, according to Jennifer Mittelstaedt, the original petitioner for the conservatorship.

The investigation was conducted by the South Central Drug Investigation Unit, FBI, U.S. Bureau of Alcohol Tobacco and Firearms, State Patrol, Department of Natural Resources, Faribault and Northfield police departments and Bloomington police bomb squad.

IMMIGRATION:

GOP Split Over Immigration Provisions (AP-Y2)

By David Espo

AP2, April 5, 2006

The Senate skirmished inconclusively over immigration legislation Tuesday, with Republicans deeply divided over provisions relating to millions of illegal immigrants and Democrats maneuvering to avoid politically difficult votes on border security.

"I don't know that we're going to get a bill," Sen. Mike DeWine (news, bio, voting record), R-Ohio, said at the end of a full week of debate. "It's tough."

In a written statement issued late in the day, the Bush administration renewed its call for legislation that includes a temporary worker program to go "hand in hand with efforts to secure the border."

The carefully worded statement said the administration wants a bill that "does not create an automatic path to permanent residency or citizenship," but it did not elaborate. Nor did it address one of the issues dividing Senate Republicans — under what conditions, if any, the estimated 11 million immigrants in the United States should be permitted to seek citizenship, and whether they should be required to return to their native country first.

"We have to resolve some differences," said Sen. Chuck Hagel (news, bio, voting record) of Nebraska, one of the GOP lawmakers involved in a series of closed-door negotiating sessions designed to achieve a Republican consensus.

Under one approach, illegal immigrants would be divided between those who have been in the country more than five years and those here a shorter time.

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Senate Majority Leader Bill Frist floated a proposal Monday night to require illegal immigrants in the United States less than five years to travel to a U.S. border entry point if they wished to gain legal status. But neither they nor the longer-term undocumented immigrants would be compelled to go to their native countries.

Several rank-and-file Republicans objected, and Frist and fellow Republicans spent much of the day trying to find an alternative.

For their part, Democrats made a show of support for legislation that emerged from the Judiciary Committee more than a week ago. It provides for tightened border security, an increase in the number of temporary workers allowed in the country, and allowing illegal immigrants to apply for citizenship after they meet several conditions, including the payment of fines and any back taxes and passing a background check.

Sen. Harry Reid (news, bio, voting record) of Nevada, the Democratic leader, blocked numerous attempts by Republicans during the day to hold votes on selected amendments. "We do not need a compromise. It's in our bill," he told reporters. He set the stage for a test vote on Thursday, but supporters will need 60 votes to prevail.

Sen. Dick Durbin of Illinois, the second-ranking Democrat, said the leadership was "trying to preserve a strong bipartisan bill" and didn't want to have it watered down before any later compromise talks with the House.

Republicans loudly accused Reid of attempting to hijack the proceedings by refusing to allow votes, and privately, some Democrats acknowledged they did not want to expose their rank and file to difficult choices.

The only vote of the day did little to clarify the likely outcome, coming on a proposal by Sens. Jon Kyl of Arizona and John Cornyn of Texas to deny legal permanent residency to immigrants convicted of certain crimes or believed to pose a danger to U.S. security.

Sen. Arlen Specter (news, bio, voting record), R-Pa., engineered a vote to scuttle the proposal, but said he would oppose the effort to do so. In the end, the vote was 99-0.

The amendment remained alive, Democrats avoided a direct yes-or-no vote, and Republicans resumed efforts to unite on a compromise covering the legal fate of illegal immigrants.

Lawmakers Urge Bush To Do More On Immigrant Bill (WSJ)

By David Rogers

The Wall Street Journal, April 5, 2006

WASHINGTON -- With the Senate at an impasse, President Bush faces growing pressure to intercede more aggressively if he is to salvage a landmark immigration bill and move it into negotiations with the House.

"He's got to get more involved. I'm not sure where we're going, if we're going at all," said Sen. Mike DeWine (R., Ohio). Hoping to force the president's hand, Democrats broke custom and jumped ahead of the Republican leadership last night by filing a petition to force a vote tomorrow on cutting off debate.

"It is as muddled a situation as you can find," said Senate Judiciary Committee Chairman Arlen Specter (R., Pa.), who brought the measure out from his panel last week with high hopes. And even as Republicans struggled to bridge their differences, the party leadership appears to be operating without a formal whip count on whether it can expect the 60 votes needed to invoke cloture.

Senate Minority Whip Richard Durbin (D., Ill.) predicted Democrats can deliver close to 40 votes themselves. And by forcing the roll call now, Mr. Durbin hopes to pressure Mr. Bush to come out more directly, embrace Senate passage and use the talks with the House to make any changes he wants.

"I tell you what would help, is if we had the support of the White House," Mr. Durbin said. "If the president would pick up the phone and call the Republican senators and tell them, I'm ready to support this bill, I want you to support this bill."

Mindful of the turmoil, the administration released a four-page policy statement saying it "strongly supports Senate passage of comprehensive immigration reform," and not just a narrow border-security bill such as was passed by the House and is favored by many conservatives.

There were signals from the White House that Mr. Bush may speak out on the issue today. White House officials say the president has reservations about how far the Judiciary Committee bill goes toward legalizing the status of millions of

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undocumented immigrant workers already in the U.S. and putting them on a path toward citizenship. The statement of policy is carefully parsed to give the president some flexibility on this issue. (See related article.)

The Senate Republican leadership dismissed the Democratic cloture motion as "premature and immature." Majority Leader Bill Frist (R., Tenn.) has predicted that without more compromise, cloture will fall short of the 60 votes needed.

"My caucus is a little diffused right now," said Sen. Mel Martinez (R., Fla.), who supports the Judiciary bill but is working toward some compromise on the treatment of undocumented workers. Mr. Frist's office was heartened that Sen. John McCain (R., Ariz.), a chief sponsor of the immigration bill, was open to some changes, but the very complexity of the legislation demands more time than is available this week.

"The measure of this is, will people come forward?" said Angela Kelley, deputy director of the National Immigration Forum, which supports the bill. "I am nervous at some of the changes I have heard discussed, and the committee bill and conference is our best shot."

The floor debate came as a $106.5 billion bill funding continued military operations overseas and hurricane relief for the Gulf Coast cleared the Senate Appropriations Committee after a flurry of amendments that added to its costs. The speed of the action cast some doubt on how realistic the spending is, but the final tally is more than $14 billion above Mr. Bush's $92.22 billion request.

Among the add-ons were a nearly $4 billion farm disaster-aid package, $2.3 billion to help the nation prepare for the threat of avian flu, and nearly $1.2 billion to aid the Gulf Coast seafood industry and pay for the mapping and removal of debris in the Gulf of Mexico.

The bill is expected to come to the Senate floor after the two-week spring recess that begins this weekend.

Deal On Immigration Elusive (RC)

By John Stanton

Roll Call, April 5, 2006

A Senate agreement on overhauling the nation's immigration laws remained elusive Tuesday, despite efforts by Republican leaders to broker a compromise between conservatives who insist that illegal immigrants return home and moderates who support a Judiciary Committee bill that allows some 12 million illegal workers to remain in the United States.

Late in the day Tuesday, aides to lawmakers involved in the internal GOP negotiations said that a series of four compromises offered to the Republican Conference by Senate Majority Leader Bill Frist (R-Tenn.) had done little to bring the internal fight to an end.

Those proposals are based on a partial amnesty under which employed illegal immigrants who have been in the U.S. for a set period of time would be allowed to stay and seek formal worker status. All other illegal immigrants would be required to return either to their home country or to some other "point of entry" to seek temporary worker papers.

Frist has said he wants to hold a final vote on the bill by week's end, and aides said they remain hopeful that the proposals floated to Republicans on Tuesday will spur a move to finish the bill.

However, a leadership aide said that while it is "too early to tell" whether the talks will result in a compromise, GOP lawmakers have all but abandoned the committee's plan to grant guest worker status to all 12 million illegal workers. This aide noted that Sen. John McCain (R-Ariz.) — the author, along with Sen. Edward Kennedy (D-Mass.), of the Judiciary-approved language — had initially rejected a partial guest worker provision Monday evening, but had since "come to the table" during the Conference's morning meeting.

However, aides involved in the discussion said that both the full "guest worker" program included in the committee bill and any language based on the proposed compromises floated by Frist remained far short of the 60 votes required to break a filibuster by conservatives.

A GOP aide added that Kennedy has signaled that he will oppose a partial amnesty plan. So as long as conservatives maintain that any form of amnesty is unacceptable, the likelihood of Frist being able to cobble together a coalition of 60 Republicans and Democrats remains unclear.

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In addition, McCain and Sen. Mike DeWine (R-Ohio) said they are still unsure whether they can back a compromise. They also said that questions about any such deal's mechanics remain unanswered.

"I'm not really sure what it does," DeWine told reporters prior to his party's weekly luncheon.

McCain echoed those sentiments, though he cautioned that this week may represent the Senate's best chance of addressing immigration reform this year.

"You know the attention span of the Senate," McCain said. "If we take up something and concentrate on it we get it done. If we can't concentrate on it [and take time off] things grind to a halt."

House leaders, meanwhile, remained ambivalent toward any guest worker proposal. The House earlier this year passed a measure that includes no guest worker provisions. Asked Tuesday whether the chamber would agree to a bill that did include guest worker language, House Majority Leader John Boehner (R-Ohio) said, "When the Senate passes a bill and we go to conference we'll deal with it. Until then it's a lot of, 'Yah, yah, yah.'"

A statement of administration position released by the Bush White House early Tuesday evening was silent on how to address the guest worker impasse. The document was vague on the kind of program the White House would find acceptable, saying that the president would support a "temporary worker" program but not a "amnesty" program.

Nevertheless, Republicans hailed the White House statement as a potential breakthrough. In a statement, Frist said he hoped it would pave the way for a final agreement.

"Finally, a consensus on immigration can emerge here in the Senate, and the president's SAP today demonstrates that," Frist said. "Together, we agree our borders must be secure first, to make America safer. Together, we agree."

Immigration Measure Stalls In The Senate (NYT)

By Rachel L. Swarns

The New York Times, April 5, 2006

WASHINGTON, April 4 — Senate Republicans who support legislation that would legalize the nation's 11 million illegal immigrants said Tuesday that they lacked enough support to bring the measure to a vote this week and were working on a more limited compromise that would rally a broader cross-section of Republicans.

But Democrats, angered by what they viewed as Republican efforts to gut the legislation, responded by using a parliamentary tactic to force lawmakers to decide Thursday whether the bill should be considered for a vote on the Senate floor.

"What we're trying to do is preserve a strong, bipartisan bill," said Senator Richard J. Durbin, Democrat of Illinois. "Are the Republicans going to stand up and vote for comprehensive immigration reform? Or are they not?"

Eric Ueland, chief of staff for Bill Frist, the Senate majority leader, assailed the Democrats' move as "a serious blow to efforts to find common ground," and said Republicans would continue their negotiations on a possible compromise.

"The minority will be held accountable," Mr. Ueland said.

Mr. Frist has imposed a deadline of the end of this week for a vote on immigration legislation. With the growing prospect of a deadlock on a comprehensive bill, Republicans and Democrats started pointing fingers and warning that the opposing party would be to blame if efforts at passing a bill were to collapse.

Senator Arlen Specter of Pennsylvania, the Republican chairman of the Judiciary Committee, warned that the Democratic maneuver might result in the demise of his bill, which called for the legalization of the nation's immigrants. He said that "both sides are going to be losers" if a bipartisan compromise did not emerge.

"It's getting very late in the week to salvage the bill," Mr. Specter said. "It's a power struggle now. It's a struggle of wills."

The Republican compromise centered on a proposal that would eventually grant citizenship to illegal immigrants who had already lived in this country for five years or more, provided that they remained employed, paid fines and back taxes and learned English, among other things, said a Senate aide familiar with the compromise.

Illegal immigrants who have lived here for less time would have to report to an American port of entry, such as an airport or land port, where they would be classified as temporary workers and allowed to work for up to six years before returning home or applying for permanent residency, which could ultimately lead to citizenship.

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The proposal was intended to bridge the sharp divide between those Republicans who argue that illegal immigrants should return home and those who believe that they should be put on a path to citizenship.

Republicans, who huddled in a flurry of meetings to work through the details, said they hoped that such a compromise would result in some consensus in their party so a vote on immigration legislation could be held this week.

Last week, the Senate Judiciary Committee voted in favor of legislation that would legalize nearly all of the nation's illegal immigrants. But the supporters of that bill, including Mr. Specter and Senators John McCain of Arizona and Mel Martinez of Florida, both Republicans, said Tuesday that they did not have enough support to bring the committee's legislation to the floor for a vote.

"We're going to have to find a place where we can all land," said Mr. Martinez, one of the principal architects of the compromise. "What we're all trying to find is something that is common ground enough to get the majority of Republicans on board."

Mr. Martinez said that his first allegiance remained with the legislation produced by the Judiciary Committee but that he feared it lacked adequate Republican support. "I'm trying to find a fallback," he said.

That effort was swiftly attacked by Democrats, who said that it would weaken the committee's bill, which has the backing of most Democrats. And they worked to block any Republican amendments to the immigration bill in an effort to force a decision on whether to bring the committee bill to a vote on the Senate floor.

Senator Harry Reid, the minority leader and a Democrat from Nevada, said there was no need for a compromise.

"We have a bill that's bipartisan," said Mr. Reid, referring to the Judiciary Committee's legislation. "It covers strong borders, a guest worker program and a path to legalization for the people about whom you just spoke. We don't need a compromise."

The White House also entered the debate on Tuesday, issuing a statement of administration policy that praised the Senate Judiciary Committee for including a temporary worker program in its legislation.

But the Bush administration warned that the final bill should not "create an automatic path to permanent residency or citizenship."

Republicans said they would be working into the night to build a compromise on the question of illegal immigrants that might attract more Republican support without alienating conservatives opposed to amnesty.

Mr. Ueland said he was hopeful that a bill would be passed this week. But he and others acknowledged that time was short.

Mr. Martinez said, "We're still looking to find a magic formula."

Senate Moves Closer To Vote On Immigration (LAT)

By Maura Reynolds And Nicole Gaouette

The Los Angeles Times, April 5, 2006

WASHINGTON — With Republicans still deeply divided, Senate Democrats moved Tuesday to force a showdown over immigration reform, filing a motion to end debate and vote on a bill that provides the option of citizenship to guest workers and illegal immigrants already in the United States.

The move means the Senate will have to vote Thursday on whether to end debate. That in turn could force action on final passage three days later for the bill now on the Senate floor, which has White House support but does not command a majority among Republicans in either chamber of Congress.

"We've got to move this to a showdown vote," said Sen. Richard J. Durbin of Illinois, the Senate's second-ranking Democratic leader. "The members on the other side of the aisle will have to make a choice. I think the momentum is with us."

In essence, Democrats — who generally favor less restrictive treatment of illegal immigrants than many Republicans do — sought to take advantage of GOP divisions by forcing a vote on the relatively moderate approach now on the Senate floor before the Republican majority could hammer out an agreement on a more severe measure.

Republicans, who failed again Tuesday to bridge their differences on the immigration proposals, reacted angrily to the Democratic maneuvering.

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"This was premature and immature given the velocity of the debate," said Eric Ueland, chief of staff to Senate Majority Leader Bill Frist (R-Tenn.). Frist has said he wants to complete legislation by Friday, and failure to reach that goal would be a blow to his image as an effective leader at a time when he is preparing to run for president.

Although many Republicans have not made up their minds, fewer than half are believed to support the current bill, which was passed by the Judiciary Committee last week with some Republican support.

Earlier in the day, Democrats had used parliamentary procedures to block debate on an amendment that could make some or all visitors who overstay their visas ineligible for legalization or citizenship.

"We're going to work hard to make sure that the bill is not damaged before leaving the floor," said Minority Leader Sen. Harry Reid (D-Nev.). "But if there's any effort to denigrate this bipartisan bill, then we won't have votes on those amendments."

"I'm very frustrated now," Frist said on the Senate floor. "It's very apparent now that the other side is trying to block a bill."

Durbin said all but a handful of the Senate's 44 Democrats and one independent supported the bill as currently drafted. In the Senate, 60 votes are needed to ensure passage and override a possible filibuster by opponents.

"If they can produce 20-plus votes, we can get a bill this week," Durbin said of the Republicans.

Even before Democrats filed the motion to end debate, Republicans accused them of being obstructionist and trying to scuttle the bill by blocking debate over amendments. And the atmosphere on and off the Senate floor grew more and more heated during the day, as Republicans realized Democrats were digging in their heels.

"I feel like there are those who are trying to jam this version of the bill down our throats … trying to deny those of us who have different ideas from presenting those ideas," said Sen. John Cornyn (R-Texas), who opposes any citizenship provision for workers currently in the United States illegally.

Democrats were unapologetic, with Reid noting pointedly that Republicans had repeatedly barred the minority from offering amendments on other legislation.

"As my mother would say, they're getting a taste of their own medicine," Reid said.

Members and staff were meeting into the evening in an effort to agree on a compromise that might permit votes on less controversial amendments.

Republicans were also debating whether to file a countermotion to the Democrats that would force a vote on a competing bill — currently on the sidelines — that would enhance border security but does not include a guest-worker program or legalization.

Both sides said it was too soon to predict the demise of the immigration reform effort.

"We have time on our side. As we get closer to recess, cooler heads will prevail," said Sen. Ken Salazar (D-Colo.).

Despite holding a string of meetings in recent days, Republicans have reported little progress toward bridging their differences, however. Senators said discussion at the weekly Republican strategy lunch was lively, loud, and in the end, inconclusive.

"We're 100 senators and I think if you polled us you would find 100 different ways of dealing with illegals," said Sen. John Ensign (R-Nev.).

"We're still looking for the magic formula," said Sen. Mel Martinez (R-Fla.).

The question of giving citizenship to the estimated 12 million illegal immigrants in the United States has become the major stumbling block for some senators, especially conservative Republicans, who argue that it is an "amnesty" that undermines respect for the law and will encourage more immigrants to cross the border illegally.

The bill currently under debate would boost enforcement, create a guest-worker program with a path to legal status and offer the possibility of citizenship to illegal immigrants who meet certain requirements, including learning English and paying back taxes.

The bill would also limit the opportunity for citizenship to illegal immigrants in the country on or before Jan. 7, 2004, and they would only be processed after legal immigrants who have already applied.

Sen. Arlen Specter (R-Pa.), chairman of the Judiciary Committee, did not express optimism that Republicans could overcome their differences quickly enough to meet the Friday deadline.

"We have retrogressed," he said.

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Senators said White House officials continued to be deeply involved in discussions. President Bush has urged Congress to pass a guest-worker program, but has said that he would not favor a program that allowed illegal immigrants to gain citizenship before those already in line for legal permanent resident status.

McCain Lacks Votes For Guest-Worker Plan (AP-Y2)

By Suzanne Gamboa

AP2, April 4, 2006

Supporters of a guest worker program that would let illegal immigrants stay in the United States said Tuesday they don't have enough Senate votes to overcome objections from conservatives who oppose the measure on grounds it amounts to amnesty.

As negotiators worked on a compromise to let those who have been here longest remain, Sen. John McCain (news, bio, voting record), R-Ariz., said a majority in the 100-member Senate support his and Massachusetts Democratic Sen. Edward M. Kennedy (news, bio, voting record)'s proposal to provide green cards to illegal immigrants after they've worked in the U.S. for six years.

But it takes 60 senators to overcome opponents' parliamentary tactics, and McCain said he doesn't have that many.

More than 11 million illegal immigrants are believed to be in the U.S., and Sen. Mel Martinez, R-Fla., said he and Sen. Chuck Hagel (news, bio, voting record), R-Neb., are pushing a "fallback" plan that would put those who have been here the longest on a track toward citizenship but treat more recent arrivals differently. A similar approach was rejected by the Senate Judiciary Committee last week but it was revived Monday night during a meeting in Majority Leader Bill Frist's office.

About 30 Republican senators huddled for more than an hour Tuesday but no consensus emerged. President Bush has championed a program that would give illegal immigrants a legal status to work in the U.S. but has not specified whether they should have to leave the country at some point.

McCain and Kennedy deny that their proposal is amnesty, saying illegal immigrants would have to pay $2,000 in fines and any back taxes and clear background checks before they could get in line for a green card.

The proposal, dubbed the "roots concept, by Judiciary Committee Chairman Arlen Specter, R-Pa., seemed to have some support from Frist. He told CNN over the weekend that 40 percent of illegal immigrants have been in the country less than five years and "need to be dealt with in a different fashion."

The Senate is in its second week of debate on immigration-broder security legislation and there is pressure to complete a bill before Congress recesses on Friday for a two-week holiday.

A bill approved by the Senate Judiciary Committee — based on a proposal by McCain and Kennedy — would allow illegal immigrants in the United States before Jan. 7, 2004, and who have jobs, to work legally for an additional six years and eventually become citizens.

Both Frist and McCain are considered likely candidates for the 2008 Republican presidential nomination.

A separate bill filed by Frist does not deal with illegal immigrants, but boosts border enforcement and cracks down on employers who hire illegal workers. The House in December passed a bill that would make being in the country illegally a felony.

Opponents consider the Judiciary Committee bill amnesty. Sens. John Cornyn, R-Texas, and Jon Kyl, R-Ariz., would give illegal immigrants up to five years to leave the country, before they can return legally to apply for permanent residence or be guest workers.

Cornyn was not at the meeting at Frist's office, but his spokesman Don Stewart was skeptical of the suggested compromise.

"It's a matter of giving amnesty to 8 million people or giving amnesty to 12 million people. It's still amnesty to millions of people," Stewart said.

A Split On The Lines Of Illegal Immigration (WP)

By Charles Babington

The Washington Post, April 5, 2006

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Disagreements over how to deal with illegal immigration are splitting the Republican Party as few issues have lately, dividing state congressional delegations down the middle and bringing the Senate to a virtual standstill yesterday.

Epitomizing the divisions are Arizona's GOP senators, Jon Kyl and John McCain. Both face important elections and represent the same 5.8 million people. But they are leading the two main opposing approaches that Republican senators will have to reconcile if Congress is to address border security, illegal worker status, deportation practices and other issues.

McCain, hoping to gain the 2008 presidential nomination, is the chief sponsor of legislation that would give millions of illegal immigrants a path toward citizenship if they pay fines and back taxes, learn English, stay employed and do not break laws. Kyl, facing a potentially strong Democratic challenger this fall in his bid for a third term, is a key proponent of a guest-worker program that would require undocumented workers to return to their countries when their visas expire, a move that critics call unrealistic. Both bills would pour billions of dollars into greater border enforcement.

The House has approved an enforcement-only bill, but the immigration debate has deeply divided the Senate, especially its 55 Republicans. Party leaders unsuccessfully sought a compromise in several closed meetings yesterday.

"I'm very frustrated," Majority Leader Bill Frist (R-Tenn.) announced on the Senate floor. He accused Democrats of obstructionism, but Democrats shrugged off the charge. The Republican-controlled Judiciary Committee sent a bill to the floor that a majority of Republicans apparently will not embrace, they noted, because of the disagreements personified by Kyl and McCain.

McCain supports the committee-approved bill, but acknowledges that Congress's divisions over immigration reflect those of the public. "I live in a state where it's the number-one issue," he said yesterday. "I know that Americans are of different minds on this, including my state. But that doesn't mean the United States Senate shouldn't act."

Kyl spent much of the day on the Senate floor, trying to amend the committee bill to add tougher sanctions against some illegal immigrants, such as those with criminal records. Aides said he did not have time for interviews.

Experts on Arizona politics say the immigration issue generates enough crosscurrents to provide ample justification for both senators' views. On one hand, Arizonans have been alarmed by the influx of impoverished Mexicans pouring into the state following tougher enforcement on the Texas and California borders in recent years, said Rodolfo Espino, a political scientist at Arizona State University. But the state's booming construction and tourism industries crave the low-wage workers, he said, and the steadily growing number of legal immigrants are wary of actions they view as punitive to fellow Latinos.

"It's a pretty conservative electorate that Kyl is facing" this fall, Espino said, and his emphasis on tighter borders and sanctions against those who crossed illegally will probably serve him well. Kyl is largely in line with Democratic Gov. Janet Napolitano, who declared a state of emergency along Arizona's Mexican border last August, Espino said, so the strategy may limit Democratic challenger Jim Pederson's room to maneuver on immigration.

"It was very surprising to see 20,000 people in the streets of Phoenix," Espino said, referring to the recent mass protest against the Kyl-backed legislation. "But in the short run, it's not going to scare any local politicians here." The prospect of a large pool of Latino citizens, eligible to vote, "is just too far off in the future for anyone to be concerned."

McCain, meanwhile, is virtually a legend in Arizona politics and has long thrived on bucking orthodox Republican positions on key issues, Espino said. Even if more Arizonans side with Kyl on immigration questions, he said, "this would not be enough to cause McCain trouble. He does enough other maverick things that endear him to the hearts and minds of Arizona voters."

The Kyl-McCain split also applies to Arizona's Republican-dominated House delegation. GOP Reps. Jim Kolbe and Jeff Flake side with McCain, saying the notion of deporting millions of illegal immigrants is unfeasible. Rep. J.D. Hayworth, meanwhile, is one of the most vehement advocates of tightening the borders and criminalizing illegal immigrants before addressing guest-worker questions.

Tamar Jacoby, who studies immigration issues at the Manhattan Institute, supports McCain's approach but says Kyl should not be dismissed as someone seeking to score political points. Both McCain and Kyl "are reformers or would-be reformers," she said, noting their similar efforts to tighten control of border crossings.

"Kyl is not grandstanding for his reelection," Jacoby said. But his notion that millions of Mexicans will willingly return home after working in the United States for several years is unrealistic, she said. McCain's emphasis on helping such workers become citizens invested in their adopted country is the better long-range bet, she said.

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Criminal Alien Exception Blocked (WT)

By Charles Hurt

The Washington Times, April 5, 2006

Senate Democrats refused to allow consideration of an amendment yesterday that would bar illegal aliens convicted of felonies from obtaining U.S. citizenship.

Democrats said the amendment would "gut" the immigration bill under consideration in the Senate and refused to allow a vote on it.

"It hurts the bill," said Minority Leader Harry Reid of Nevada. "It hurts the very foundation and what I believe is the spirit" of the legislation.

Republican Sens. Jon Kyl of Arizona and John Cornyn of Texas restated the purpose of their amendment and appeared incredulous that anyone would object to it.

"I do not have to explain in any more detail than what I have as why I don't want to move forward," Mr. Reid said. "I don't agree with the amendment. I don't think it's going to benefit this legislation that is pending before the Senate and I'm going to do what I can to prevent a vote on it."

Later, Mr. Reid added, "We're not going to allow amendments like Kyl-Cornyn to take out what we believe is the goodness of this bill."

The entire bill is "in effect being blocked by the other side," said Majority Leader Bill Frist, Tennessee Republican.

After debate over the bill ground to a halt last night, Democrats filed a "cloture motion" that could set up a final vote before the end of the week on an immigration bill that many conservatives view as "amnesty." The bill allows illegal aliens to pay a $2,000 fine and remain working in the U.S. while applying for citizenship.

The Kyl-Cornyn amendment would have barred from U.S. citizenship any illegal alien who has been convicted of a felony, three misdemeanors or refused a court order to leave the country.

Democrats said the amendment is not necessary because crimes of "moral turpitude" such as rape and murder already prevent an illegal from obtaining U.S. citizenship, as would violations of drug laws.

Mr. Kyl came to the floor and listed the crimes he said would not be included without his amendment, such as burglary, assault and battery, possession of an unregistered, sawed-off shotgun, kidnapping and alien smuggling.

McCain Threatens To End Speech After 'boos'Published (WT/AP)

By Associated press

The Washington Times, April 5, 2006

Sen. John McCain threatened yesterday to cut short a speech to union leaders who booed his immigration views and challenged his statements on organized labor and the Iraq war.

"If you like, I will leave," Mr. McCain, Arizona Republican, told the AFL-CIO's Building and Construction Trades Department, pivoting briefly from the lectern. He returned to the microphone after the crowd quieted.

"OK, then please give me the courtesy I would give you."

The senator had been outlining his position on the Senate immigration debate, saying tougher border enforcement must be accompanied by guest-worker provisions that give undocumented aliens a legal path toward citizenship.

Murmurs from the crowd turned to booing.

"Pay a decent wage," one audience member shouted.

"I've heard that statement before," Mr. McCain said before threatening to leave.

Afterward, the senator said he offered to cut his speech short "because I wanted to be heard."

In the speech, Mr. McCain also said withdrawing U.S. troops prematurely from Iraq would turn terrorists loose on the United States.

This time, there was no booing -- though one audience member cursed from the back of the crowd.

Mr. McCain got a laugh when he finished the speech and asked whether anybody had "questions, comments or insults."

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The first questioner seemed to challenge Mr. McCain's commitment to organized labor. When the senator started to praise a particular labor group in Arizona, the crowd booed again.

"Stop," he said with a smile, drawing laughter from the crowd. "I surrender."

But he took more questions, including a pointed one on his immigration plan.

Mr. McCain responded by saying that immigrants were taking jobs that nobody else wanted. He offered anybody in the crowd $50 an hour to pick lettuce in Arizona.

Shouts of protest rose from the crowd, with some accepting Mr. McCain's job offer.

"I'll take it," one man said.

Mr. McCain insisted that none of them would do such menial labor for a complete season.

"You can't do it, my friends," he said.

Some in the crowd said they did not appreciate Mr. McCain's questioning their work ethic.

"I was impressed with his comedy routine and ability to tap dance without music. But I was impressed with nothing else about him," said John Wasniewski of Milwaukee. "He's supposed to be Mr. Straight Talk?"

Others said Mr. McCain showed some moxie, if not the best political judgment.

"Most of us don't agree with him on immigration, but I give him credit for trying," said Chris D. Schoenbeck of Milwaukee.

Florida Gov. Bush Calls Tone Of Immigration Debate `Hurtful' (LAT)

By Peter Wallsten

The Los Angeles Times, April 5, 2006

WASHINGTON — Accusing politicians of "pounding their chests" on immigration for short-term political gain, Florida Gov. Jeb Bush said Tuesday that the tone of the debate had been "hurtful" to him and his Mexican-born wife, Columba.

Bush, the younger brother of President Bush, reserved some of his sharpest criticism for conservatives in his own Republican Party, calling it "just plain wrong" to charge illegal immigrants with a felony, as a provision passed by the Republican-led House would do. He also opposed "penalizing the children of illegal immigrants" by denying them U.S. citizenship, an idea backed by some conservatives but not included in the legislation.

"My wife came here legally, but it hurts her just as it hurts me when people give the perception that all immigrants are bad," the Florida governor wrote in an e-mail exchange with The Times.

Gov. Bush has generally avoided injecting himself into national political fights, and he rarely invokes his soft-spoken wife of 32 years in such a public way. But his comments reflect the concern among many Republicans that calls by conservatives for an immigrant crackdown risk alienating Latino voters.

His brother is attempting to navigate a growing rift among Republicans over what to do with the estimated 12 million illegal immigrants in the country. The president has proposed a guest-worker program but has not said what should happen to those already here illegally.

Florida is home to millions of residents who were born in other countries. And the Bush brothers, in Florida and Texas, where the president was governor, have been popular with Latino voters.

Both have long advocated open immigration laws, putting them at odds with many in their party.

Longtime friends and associates say the president's relationship with his brother's family, along with his experiences living and working in Texas, contributed to his views on immigration.

The Senate is debating immigration proposals this week, and White House allies are beginning to speak out more forcefully on the issue.

Republican National Committee Chairman Ken Mehlman used a speech Tuesday to the Hispanic Chamber of Commerce to extol the contributions of immigrants.

In his e-mail, Gov. Bush chastised both politicians and the media for being simplistic on immigration, and he lauded his brother for seeking a civil tone.

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"The cumulative effect of some politicians pounding their chests about immigration is hurtful to both of us," he wrote, referring to himself and his brother. "I fear they do so for current political gain at the expense of thoughtful policy over the long term."

Jeb Bush pointed to the political damage wrought 12 years ago by California's Proposition 187, in which the state's voters backed a plan to strip illegal immigrants of public benefits. The initiative was pushed by then-Gov. Pete Wilson, a Republican. Some analysts have since blamed that campaign for a backlash among Latino voters that has made California reliably Democratic in national elections.

Gov. Bush wrote that Wilson "fell prey" to the short-term political temptations. "I know he felt he was doing the right thing, but matters are worse now and the Republican Party is now the minority party in California," Bush wrote.

Wilson, in a recent interview, rejected the theory that Prop. 187 turned California to the left — arguing that, instead, he had performed especially well with female voters who later abandoned the GOP over abortion.

Referring to Republicans who shied away from cracking down on illegal immigrants as "gutless," Wilson said they were "intimidated by the fear that they will be charged with racism."

For the Florida governor, though, immigration is a personal matter. He met his wife during a high school exchange program in Mexico, and the two married when he was 21. They settled in Miami in 1980 in part because she would feel comfortable in a heavily Latin city, home to Cubans, Mexicans and thousands of other Spanish-speaking immigrants.

The governor speaks the language fluently. His son, George P. Bush, has cited his Latino heritage in campaign appearances for his father and uncle and is considered an heir to the family political dynasty.

"Columba and I watch the news early in the morning and in the evenings," Bush wrote in the late-night e-mail exchange. "The cumulative effect of the coverage is that immigrants are bad and hurting our country. The coverage is black and white, good and bad, without the nuances that the coverage deserves."

The Florida governor has said he does not intend to run for president in 2008. But he has been mentioned as a potential running mate for another likely candidate, Sen. John McCain (R-Ariz.).

In his e-mail, Gov. Bush endorsed the idea of a broad guest-worker program encompassing the kinds of low-wage workers sought by farms and factories as well as high-tech professionals from places such as India.

Like his brother, he offered no specificity on how to treat current immigrants and whether they should be granted a path to citizenship.

"The focus should be on protecting our borders rather than these piling on provisions that are punitive to many who have made a great contribution to our country," he wrote. "Along with that, the focus should be on a guest worker program and a means to deal with the millions of long term undocumented workers….

"Frankly," he added, "I also believe we should open up legal immigration to the qualified scientists, innovators, entrepreneurs and others who can additionally add value to our great country."

Letter On Immigration Deepens Split Among Evangelicals (WP)

By Alan Cooperman

The Washington Post, April 5, 2006

More than 50 evangelical Christian leaders and organizations voiced their support yesterday for an immigration bill that would allow illegal immigrants to become U.S. citizens without returning to their native countries.

The statement marks a deepening split among evangelicals over immigration. It was signed by a mixture of Hispanic and white church groups. But most of the nation's large, politically influential evangelical organizations either back rival legislation that focuses on border enforcement and the deportation of illegal immigrants, or have been silent on the issue.

Hispanic evangelical leaders said yesterday that they have received support from Roman Catholic, Jewish and Muslim groups, but have been bitterly disappointed by the response of most of their fellow evangelicals, both white and black.

"This is the watershed movement -- it's the moment where either we really forge relationships with the white evangelical church that will last for decades, or there is a possibility of a definitive schism here," said the Rev. Samuel Rodriguez, president of

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the National Hispanic Christian Leadership Conference, which serves 10,700 Hispanic evangelical churches with 15 million members.

"There will be church ramifications to this, and there will be political ramifications," he said.

In a letter yesterday to President Bush and members of Congress, Rodriguez's group and its allies cited Bible passages that call for the compassionate treatment of foreigners. Specifically, the letter urged "border protection policies that are consistent with humanitarian values," streamlined procedures for reuniting separated families, and an option for undocumented workers to legalize their status.

The letter effectively endorsed a proposal by Sens. John McCain (R-Ariz.) and Edward M. Kennedy (D-Mass.). The bill combines a guest-worker program with provisions allowing illegal immigrants to apply for citizenship after paying fines and back taxes, undergoing criminal background checks and learning English.

Among the signers was World Relief, the humanitarian arm of the National Association of Evangelicals. But the NAE itself did not sign the letter because its members are divided on how to deal with immigration, said the Rev. Richard Cizik, the NAE's vice president for governmental affairs.

Polls show that about two-thirds of white evangelicals consider new immigrants a burden on society, compared with about half of all Americans who hold that view. On the other hand, Cizik said, most evangelicals realize that Latino immigrants are the fastest-growing part of their church.

"Evangelicals are a lot more sensitive to the plight of immigrants than outside observers might think," he said. "When you put together the biblical mandate to care for the alien and the receptivity of the Latino community to the evangel, to the gospel, you have a sensitivity factor that almost outweighs the traditional evangelical concern for law and order."

Some predominantly white evangelical groups, such as the Christian Coalition and Phyllis Schlafly's Eagle Forum, have strongly opposed the Kennedy-McCain bill, labeling it an "amnesty" package. They support a House-passed measure that would concentrate on sealing U.S. borders and enforcing existing immigration laws.

"We think our national boundaries should be respected. That's a biblical principle also," said Christian Coalition lobbyist Jim Backlin.

Many larger groups, such as James C. Dobson's Colorado-based Focus on the Family, have not taken a stand on the issue. Rodriguez, of the Hispanic Christian conference, said his group wants to know why.

"We need to know from white evangelical leaders why did they not support comprehensive immigration reform, why they came down in favor exclusively of enforcement, without any mention of the compassionate side, without any mention of the Christian moral imperatives," he said.

"So down the road, when the white evangelical community calls us and says, 'We want to partner with you on marriage, we want to partner on family issues,' my first question will be: 'Where were you when 12 million of our brothers and sisters were about to be deported and 12 million families disenfranchised?' "

Two Towns, Two Stands On Immigration Reform (CSM)

By Daniel B. Wood

The Christian Science Monitor, April 5, 2006

MAYWOOD AND COSTA MESA, CALIF. - One community is car-horn noisy, smokestack gritty, and tightly packed - with narrow streets, tiny houses, and flowering window boxes. The other is golf-course quiet, sumptuously green, and suburban - with broad boulevards, spacious lawns, and parks.

Just a few miles of freeway separate these southern California towns, but they are light-years apart in their responses to America's immigration debate. Maywood, population 45,000 and 96 percent Latino, is a self- proclaimed "sanctuary" for illegal immigrants. Costa Mesa, population 110,000 and one-third Latino, is examining ways to train some of its police force to help US immigration officials identify illegals.

As Washington grapples with rewriting US immigration law, possibly settling the status of up to 12 million undocumented residents, the state that is home to 1 in 3 of them shows how the issue is playing out at the local level - with communities deciding for themselves whether to support or subvert the federal will.

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"Though immigration policy is primarily a federal prerogative, there is incredible variation at the local and state level playing out now," says Karthick Ramakrishnan, a political scientist at the University of California at Riverside and author of "Democracy in Immigrant America." "The big story at the local level now is that smaller towns, from 50,000 to 100,000 residents, are wading into the problem. Even though California has been dealing with this for decades, its smaller cities are just beginning to wrestle [with] the challenges."

Overlapping local, state, and federal mandates may be contributing to conflict and confusion among jurisdictions, say Professor Ramakrishnan and others. The federal government has primary responsibility for border enforcement and deportation, while local governments are responsible for maintaining law and order and providing public services.

In January, Maywood became the first municipality in California to declare itself a "sanctuary city." The city council, in effect, signalled its displeasure with legislation that had recently cleared the US House, voting to disregard the bill's call to classify illegal presence in the US as a felony and to enlist local police in enforcing federal immigration law. It also directed the city's police department to stop towing away cars of drivers who don't have driver's licenses - a practice it said unfairly targeted illegal immigrants.

"We did it because people in the community came to us and said we have to take a stand," says Deputy Mayor Felipe Aguirre, who runs a small Mexican art gallery on traffic-clogged Slauson Avenue. All last year, he says, residents became increasingly agitated about the Minutemen - groups of citizens, sometimes armed - standing watch at the US border to alert officials to illegal border-crossings. Then, in December, the House passed its tough border-security bill.

"The world around us is caught up in draconian ideas to tighten the noose around people who are taking care of their kids, landscaping their homes, making their clothes, picking their food," says Mr. Aguirre. "We believe there is a higher law."

A few freeway exits to the south in Costa Mesa, 24-hour fitness gyms, yoga centers, and franchise food outlets stand in contrast to Maywood's retail strips. Here, a different attitude toward illegal immigration finds expression.

"I just feel that immigration is out of control, and no one is standing up to say enough is enough," says Clara Forsythe, a college senior, sipping a latte outside the Starbucks on West 19th Street. She has felt the impact of increased street crime - including car theft and home burglary in recent years - and attributes rising problems at local schools to immigrants who don't know or won't learn English.

In the same way that Aguirre and other Maywood residents say they feel "embattled" by threats of crackdowns on illegal immigrants, Ms. Forsythe says she feels that her way of life is being "encroached on." She was distressed by a huge street demonstration in Los Angeles late last month in favor of immigrant rights, saying those demonstrators in the country illegally "disregard US law but then drain social services, from hospitals to schools and prisons."

She supports a move by Costa Mesa's city council to ask federal Immigration and Customs Enforcement (ICE) officers to "cross-designate" Costa Mesa police personnel - the first municipality in the country to do so. Cross-designation is a kind of additional training for nonfederal agents - in this case a small subset of Costa Mesa police - that allows them to access previously restricted federal databases relative to immigration status. If a database shows a suspected illegal immigrant is a known felon, local officials hand the person over to ICE officials, who begin deportation proceedings.

In both Maywood and Costa Mesa, not all residents are pleased with their town's immigration decisions. Former Maywood Mayor Sam Pena, who remains a councillor, says the city should not be flouting federal law, but rather should work within the system to change it. In Costa Mesa, public outcry forced local officials to scale down their initial proposal to give cross-designation training to most patrol officers. Instead, they are asking for training for about 30 gang-enforcement specialists and plainclothes detectives who deal with violent felons.

On Saturday, hundreds of Latinos demonstrated at Costa Mesa City Hall to protest the measure, and local tempers are flaring.

"There has been lots of misinformation and disinformation about these proposals," says Sgt. Ron Smith of the Costa Mesa police department. "There is both lack of general understanding of what is going on, as well as people on both sides trying to misrepresent the other for their own agenda."

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That lack of general understanding is exacerbated by at least two phenomena, say experts. One is a major finding of a 2005 Public Policy Institute of California study that "most immigrants in California lack much experience with the American political system ... immigrant involvement in city government may be quite limited."

The other is the clash between local law-and-order prerogatives and federal border-and-deportation mandates. When Congress debated in 2004 the so-called CLEAR Act (a law to let state and local agencies determine their own participation in enforcing federal immigration laws), the International Association of Chiefs of Police issued a statement saying such plans could have a "chilling effect" on the ability of local police to protect the public they serve.

The worry is that local police would see reports of criminal activity dry up in immigrant communities, as both legal and illegal immigrants come to avoid police contact.

"The role of local governments in immigration policy is likely to remain unclear," says Ramakrishnan of UC Riverside. "In some cities it might mean working hand in hand with federal immigration and border authorities, and in others it might mean looking the other way."

63-city Protest Set For Monday (WT)

By Keyonna Summers And Jerry Seper

The Washington Times, April 5, 2006

Immigration advocates yesterday announced plans for a 63-city rally on Monday that they hope will attract at least 2 million supporters to protest pending immigration reform legislation and press lawmakers into granting millions of current illegal aliens a path toward permanent residency and U.S. citizenship.

The advocates also called for a nationwide one-day boycott of work, school and shopping May 1 to protest the House and the Senate immigration reform bills.

Calling the National Day of Action for Immigrant Justice "a true grass-roots movement," Jaime Contreras, president of the National Capital Immigrant Coalition, said, "We want to announce to the world and our elected officials that we are not criminals, that the sleeping giant that was once sleeping is now awake.

"Enough is enough. We're not here to be used as scapegoats for political campaigns," he said during a press conference yesterday at the U.S. Capitol.

The advocates also will urge defeat of the House bill, which was approved last year and, among other things, increases immigration enforcement and border security, makes illegal entry a felony, requires employers to check the legal status of workers and penalizes those who help in illegal entry.

"We're building as we speak," said Mr. Contreras, whose group is planning the nationwide protest with dozens of other organizations.

Rallies last month drew well more than 10,000 each to Phoenix, Milwaukee and Denver, and an estimated 500,000 to Los Angeles. About 80,000 Hispanics walked off their jobs in Atlanta.

Organizers again expect the largest protests to strike major cities, including Pittsburgh and Cincinnati.

Meanwhile, the Great American Boycott of 2006 is being organized for May 1 by Latino Movement USA.

"We're flexing our muscles to send a message that we are not criminals," the group's director, Juan Jose Gutierrez, said yesterday during a separate D.C. press conference.

Mr. Gutierrez, whose organization helped coordinate the Los Angeles rally, called a pending Senate bill that would create a guest-worker program and put millions of illegal aliens on track toward permanent residency an "encouraging sign," but described it as too hard on those seeking citizenship.

"We think that the right thing to do is to grant full rights, full equality, under the laws in the Constitution of the United States to all immigrants, period," he said.

Yesterday, black and Hispanic leaders -- including South Carolina Rep. James E. Clyburn, House Democratic Caucus chairman and Congressional Black Caucus member, and Hilary Shelton , director of the D.C. bureau of the National Association for the Advancement of Colored People -- connected immigrants' and illegal aliens' fight to that of blacks during the civil rights movement.

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Organizers are discouraging student walkouts, which last week took the region and the country by storm and were marred by the stabbing of a Northern Virginia high school student.

"We are encouraging students to get involved through the community organizations that are putting these events together," Mr. Contreras said.

Mobilizing For Monday (WSJ)

By Stephanie Kang And Miriam Jordan

The Wall Street Journal, April 5, 2006

Hispanic immigrants and their advocates in recent weeks have learned a big lesson in how quickly they can mobilize behind a political cause. With more immigration-reform demonstrations planned for early next week, organizers are about to see how much muscle they have to flex.

To build on a movement that attracted as many as 500,000 protesters in cities like Los Angeles last month, a new round of demonstrations is set for Monday in an attempt to keep pressure on the immigration issue and broaden the base of support. At least 60 cities are scheduling events that include candlelight vigils in Los Angeles, a rally in front of the Washington monument in the nation's capital, and a "day without Hispanics" in Telluride, Colo. that is intended as a work stoppage.

Turnout is hard to predict given that the events take place on a Monday rather than the previous Saturday protests. But the events could be disruptive to normal business operations in places where Hispanics are a major part of the work force -- everything from the hotel and restaurant industries to construction and agriculture.

"It's got employers' attention and they're trying to figure out what to do," says John Gay, senior vice president of government affairs and public policy at the National Restaurant Association. He says some of the association's members, hoping to avoid losing the entire staff for the day, are offering some workers the day off with pay so they can attend the events.

Possibly adding to the impact: organizers now are aggressively reaching out to other ethnic groups that are affected by the immigration debate, including Koreans and Chinese. Their message is that Hispanics aren't the only group that stands to lose under certain proposed changes to immigration law that would make illegal immigrants felons and penalize their employers.

The large number of demonstrators across the country last month underscored the political possibilities of a well-mobilized, but previously untapped Hispanic immigrant base. School demonstrations in Los Angeles and elsewhere -- in which Hispanics walked out of classes -- indicate the prospect of more spontaneous protests.

While it appeared that demonstrators sprang up virtually overnight, the protests were actually the culmination of weeks of planning by a loose infrastructure of unions, religious organizations, and ethnic and immigrant rights groups that in many cases organized into national coalitions on immigration several years ago.

The short-term goal is to stop legislation like the House of Representatives bill sponsored by Wisconsin Republican James Sensenbrenner, which calls for deportation of all illegal immigrants, construction of a fence along the U.S. and Mexico border, and penalizing those who aid illegal immigrants. The bigger goal, say organizers, is the passage of a Senate bill that would post more patrols along the Mexican border and create a plan to allow workers into the country and grant them credits toward obtaining visas if they paid taxes and learned English.

Each group has its own reason for supporting immigration overhauls. Unions have seen a decline in membership in part because illegal immigrants fear that joining would result in deportation. Certain faith-based organizations, led by the Roman Catholic church, have picked up the cause on the grounds that it is immoral to punish working illegal immigrants and those who help them.

Groups like Koreans and Chinese have thrown their weight behind the issue partly because of the high numbers of illegal immigrants in their own communities. About 20% of Korean immigrants in the U.S. are believed to be undocumented, according to the non-profit Pew Hispanic Center. Thousands of Chinese are also believed to be here without documentation.

"It's not just an issue for Latinos," says Hamid Khan, a Pakistani who is executive director of South Asian Network, an advocacy group that joined a protest last weekend in Costa Mesa, Calif. "It's for all communities of color."

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But not all immigrants back the demonstrations. At the Costa Mesa event, a 20-year-old son of Chilean immigrants, Daniel Calderson, showed up to protest -- for the other side. "This isn't a race issue," he says. "It's about breaking laws. He held a sign that read: "My family did it the legal way. You should too!"

The creation of nationwide coalitions isn't just a response to recent legislation, but also to rising anti-immigrant sentiment after the Sept. 11, 2001, terrorist attacks and the threat represented by groups like the volunteer Minuteman Project, which patrols the U.S. borders and notifies authorities if people illegally enter the country.

The broadening effort was on display last week in Nashville, when an array of immigrants, including Hispanics, Somalis, Sundanese, Kurds and Laotions, turned out for the largest rally so far in the South -- with 15,000 people in attendance. "Before, the immigrant community was invisible," says David Lubell, director of the Tennessee Immigrant and Refugee Rights Coalition. Turning out protesters has proved more difficult in the South because newer immigrants feel their position in those local communities is more tenuous than in other areas, like the Southwest.

The groups are targeting the country's roughly 26 million legal immigrants as well as the estimated 12 million illegal immigrants in the country. Both immigrant communities are often intertwined, even within a nuclear family. So-called mixed status families are increasingly common, say immigration experts and may run counter to opponents' argument that legal immigrants resent the idea of illegal workers "cutting" in line for legalization.

"It really doesn't matter how an immigrant came to this country, or how they gained status as an immigrant," says Eun Sook Lee, executive director of the National Korean American Service & Education Consortium. "They face the same hard life -- grasping language, finding a job and really exercising their rights.".

U.S. Urged To Apologize For 1930s Deportations (USAT)

By Wendy Koch

USA Today, April 5, 2006

His father and oldest sister were farming sugar beets in the fields of Hamilton, Mont., and his mother was cooking tortillas when 6-year-old Ignacio Pia saw plainclothes authorities burst into his home.

“They came in with guns and told us to get out,” recalls Pia, 81, a retired railroad worker in Bakersfield, Calif., of the 1931 raid. “They didn't let us take anything,” not even a trunk that held birth certificates proving that he and his five siblings were U.S.-born citizens.

The family was thrown into a jail for 10 days before being sent by train to Mexico. Pia says he spent 16 years of “pure hell” there before acquiring papers of his Utah birth and returning to the USA.

The deportation of Pia's family tells an almost-forgotten story of a 1930s anti-immigrant campaign. Tens of thousands — and possibly more than 400,000 — of Mexicans and Mexican-Americans were pressured, through raids and job denials, to leave the USA, according to a USA TODAY review of documents and interviews with historians and deportees. Many, mostly children, were U.S. citizens.

If their tales seem incredible, a newspaper analysis of the history textbooks used most in U.S. middle and high schools may explain why: Little has been written about the exodus, often called “the repatriation.”

That may soon change. As the U.S. Senate prepares to vote on bills that would either help illegal workers become legal residents or boost enforcement of U.S. immigration laws, an effort to address deportations that happened 70 years ago has gained traction:

•On Thursday, Rep. Hilda Solis, D-Calif., plans to introduce a bill in the U.S. House that calls for a commission to study the “deportation and coerced emigration” of U.S. citizens and legal residents. The panel would also recommend remedies that could include reparations. “An apology should be made,” she says.

Co-sponsor Rep. Luis Gutierrez, D-Ill., says history may repeat itself. He says a new House bill that makes being an illegal immigrant a felony could prompt a “massive deportation of U.S. citizens,” many of them U.S.-born children leaving with their parents.

“We have safeguards to ensure people aren't deported who shouldn't be,” says Jeff Lungren, GOP spokesman for the House Judiciary Committee, adding the new House bill retains those safeguards.

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•In January, California became the first state to enact a bill that apologizes to Latino families for the 1930s civil rights violations. It declined to approve the sort of reparations the U.S. Congress provided in 1988 for Japanese-Americans interned during World War II.

Democratic state Sen. Joe Dunn, a self-described "Irish white guy from Minnesota" who sponsored the state bill, is now pushing a measure to require students be taught about the 1930s emigration. He says as many as 2 million people of Mexican ancestry were coerced into leaving, 60% of them U.S. citizens.

•In October, a group of deportees and their relatives, known as los repatriados, will host a conference in Detroit on the topic. Organizer Helen Herrada, whose father was deported, has conducted 100 oral histories and produced a documentary. She says many sent to Mexico felt "humiliated" and didn't want to talk about it. "They just don't want it to happen again."

No precise figures exist on how many of those deported in the 1930s were illegal immigrants. Since many of those harassed left on their own, and their journeys were not officially recorded, there are also no exact figures on the total number who departed.

At least 345,839 people went to Mexico from 1930 to 1935, with 1931 as the peak year, says a 1936 dispatch from the U.S. Consulate General in Mexico City.

"It was a racial removal program," says Mae Ngai, an immigration history expert at the University of Chicago, adding people of Mexican ancestry were targeted.

However, Americans in the 1930s were "really hurting," says Otis Graham, history professor emeritus at the University of California, Santa Barbara. One in four workers were unemployed and many families hungry. Deporting illegal residents was not an "outrageous idea," Graham says. "Don't lose the context."

In the early 1900s, Mexicans poured into the USA, welcomed by U.S. factory and farm owners who needed their labor. Until entry rules tightened in 1924, they simply paid a nickel to cross the border and get visas for legal residency.

"The vast majority were here legally, because it was so easy to enter legally," says Kevin Johnson, a law professor at the University of California, Davis.

They spread out across the nation. They sharecropped in California, Texas and Louisiana, harvested sugar beets in Montana and Minnesota, laid railroad tracks in Kansas, mined coal in Utah and Oklahoma, packed meat in Chicago and assembled cars in Detroit.

By 1930, the U.S. Census counted 1.42 million people of Mexican ancestry, and 805,535 of them were U.S. born, up from 700,541 in 1920.

Change came in 1929, as the stock market and U.S. economy crashed. That year, U.S. officials tightened visa rules, reducing legal immigration from Mexico to a trickle. They also discussed what to do with those already in the USA.

"The government undertook a program that coerced people to leave," says Layla Razavi, policy analyst for the Mexican American Legal Defense and Education Fund (MALDEF). "It was really a hostile environment." She says federal officials in the Hoover administration, like local-level officials, made no distinction between people of Mexican ancestry who were in the USA legally and those who weren't.

"The document trail is shocking," says Dunn, whose staff spent two years researching the topic after he read the 1995 book Decade of Betrayal: Mexican Repatriation in the 1930s, by Francisco Balderrama and Raymond Rodriguez.

USA TODAY reviewed hundreds of pages of documents, some provided by Dunn and MALDEF and others found at the National Archives. They cite officials saying the deportations lawfully focused on illegal immigrants while the exodus of legal residents was voluntary. Yet they suggest people of Mexican ancestry faced varying forms of harassment and intimidation:

•Raids. Officials staged well-publicized raids in public places. On Feb. 26, 1931, immigration officials suddenly closed off La Placita, a square in Los Angeles, and questioned the roughly 400 people there about their legal status.

The raids "created a climate of fear and anxiety" and prompted many Mexicans to leave voluntarily, says Balderrama, professor of Chicano studies and history at California State University, Los Angeles.

In a June 1931 memo to superiors, Walter Carr, Los Angeles district director of immigration, said "thousands upon thousands of Mexican aliens" have been "literally scared out of Southern California."

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Some of them came from hospitals and needed medical care en route to Mexico, immigrant inspector Harry Yeager wrote in a November 1932 letter.

The Wickersham Commission, an 11-member panel created by President Hoover, said in a May 1931 report that immigration inspectors made "checkups" of boarding houses, restaurants and pool rooms without "warrants of any kind." Labor Secretary William Doak responded that the "checkups" occurred very rarely.

•Jobs withheld. Prodded by labor unions, states and private companies barred non-citizens from some jobs, Balderrama says.

"We need their jobs for needy citizens," C.P. Visel of the Los Angeles Citizens Committee for Coordination of Unemployment Relief wrote in a 1931 telegram. In a March 1931 letter to Doak, Visel applauded U.S. officials for the "exodus of aliens deportable and otherwise who have been scared out of the community."

Emilia Castenada, 79, recalls coming home from school in 1935 in Los Angeles and hearing her father say he was being deported because "there was no work for Mexicans." She says her father, a stonemason, was a legal resident who owned property. A U.S. citizen who spoke little Spanish, she left the USA with her brother and father, who was never allowed back.

"The jobs were given to the white Americans, not the Mexicans," says Carlos DeAnda Guerra, 77, a retired furniture upholsterer in Carpinteria, Calif. He says his parents entered the USA legally in 1917 but were denied jobs. He, his mother and five U.S.-born siblings were deported in 1931, while his father, who then went into hiding, stayed to pick oranges.

"The slogan has gone out over the city (Los Angeles) and is being adhered to — 'Employ no Mexican while a white man is unemployed,' " wrote George Clements, manager of the Los Angeles Chamber of Commerce's agriculture department, in a memo to his boss Arthur Arnoll. He said the Mexicans' legal status was not a factor: "It is a question of pigment, not a question of citizenship or right."

•Public aid threatened. County welfare offices threatened to withhold the public aid of many Mexican-Americans, Ngai says. Memos show they also offered to pay for trips to Mexico but sometimes failed to provide adequate food. An immigration inspector reported in a November 1932 memo that no provisions were made for 78 children on a train. Their only sustenance: a few ounces of milk daily.

Most of those leaving were told they could return to the USA whenever they wanted, wrote Clements in an August 1931 letter. "This is a grave mistake, because it is not the truth." He reported each was given a card that made their return impossible, because it showed they were "county charities." Even those born in the USA, he wrote, wouldn't be able to return unless they had a birth certificate or similar proof.

•Forced departures. Some of the deportees who were moved by train or car had guards to ensure they left the USA and others were sent south on a "closed-body school bus" or "Mexican gun boat," memos show.

"Those who tried to say 'no' ended up in the physical deportation category," Dunn says, adding they were taken in squad cars to train stations.

Mexican-Americans recall other pressure tactics. Arthur Herrada, 81, a retired Ford engineer in Huron, Ohio, says his father, who was a legal U.S. resident, was threatened with deportation if he didn't join the U.S. Army. His father enlisted.

"It was an injustice that shouldn't have happened," says Jose Lopez, 79, a retired Ford worker in Detroit. He says his father came to the USA legally but couldn't find his papers in 1931 and was deported. To keep the family together, his mother took her six U.S.-born children to Mexico, where they often survived on one meal a day. Lopez welcomes a U.S. apology.

So does Guerra, the retired upholsterer, whose voice still cracks with emotion when he talks about how deportation tore his family apart. "I'm very resentful. I don't trust the government at all," says Guerra, who later served in the U.S. military.

Pia says his entire family got typhoid fever in Mexico and his father, who had worked in Utah coal mines, died of black lung disease in 1935. "My mother was left destitute, with six of us, in a country we knew nothing about," he says. They lived in the slums of Mexico City, where his formal education ended in sixth grade. "We were misfits there. We weren't welcome."

"The Depression was very bad here. You can imagine how hard it was in Mexico," says Pia, who proudly notes the advanced college degrees of each of his four U.S.-raised sons. "You can't put 16 years of pure hell out of your mind."

Backstory: Inside 'Border Patrol, Inc.' (CSM)

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By Faye Bowers

The Christian Science Monitor, April 5, 2006

NOGALES, ARIZ. - Inside the border patrol, they're called the "rock group" - agents, trained as welders, who spend days repairing holes in a 15-foot-high steel wall here along the border to keep out illegal immigrants. Both human traffickers and drug smugglers pay Mexican boys to use hacksaws - sometimes working all day - to cut holes in the wall, an "iron curtain" made out of salvaged aircraft-carrier landing mats. The welders respond with molten metal.

But while they're working, the agents are frequently pelted with rocks by youths on the Mexican side of the controversial wall. Hence the rock group moniker - a reference to the mini-intafada here rather than any parallel with Mick Jagger. The "boys are hurling stones today, so be careful," one agent warns us as we tour the area.

The tale of the hacksaws and the welders is a metaphor for life along the dusty US-Mexico border in an era of heightened security and expanding illegal immigration.

Up and down the 2,000-mile border, the US government is throwing more manpower and sophisticated technology into slowing illegal entries into the US. But as it does, immigrants are showing greater ingenuity in circumventing the barriers and patrols.

Now, as Congress considers another overhaul of immigration laws, the encounters and clashes along the border are likely to intensify. Most of the bills in Congress include provisions to expand the border patrol (now part of US Customs and Border Protection), which has already seen agent strength along the nation's southern flank more than double since 9/11, to 11,000.

The result is an agency that is becoming increasingly complex and unwieldy. Agents already use everything from horses to mountain bikes to all-terrain vehicles to track drug smugglers and human traffickers. They also use aerial surveillance, periscope trucks, and underground sensors. Yet, through it all, the task of stopping illegal immigration can still seem daunting, if not futile, as a day in the life of the border patrol here recently showed.

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The nerve center of operations in the Tucson sector, a 261-mile stretch of border, is an expansive new brick-and-glass headquarters in Nogales. In one room - the intelligence hub - sits a U-shaped set of desks with 25 television monitors that show various grids of the desolate desert area. The new technology employed along the border - movement sensors buried amid the mesquite, cameras, and two unmanned aircraft - transmit information instantly to the monitors.

Camera 17 is trained on someone walking along the border fence. He suddenly spots the roving eye and ducks behind a tree. Camera 35 shows where an underground sensor has gone off, so the agent dispatches a crew to "lie in wait" for the crossers. They will pack in on horseback or on four-wheelers. Sometimes it takes two to three days to reach the spots - and the waiting can be inhospitable. One agent, Shannon Stevens, recalls her first ambush duty: She was stalked by a tarantula.

In another room, the walls are decorated with photos of confiscated items - knives, shotguns, 4,391 pounds of cocaine from a bust. Here, junior agents attend classes in Spanish and immigration law one day a week for 10 months. They're tested twice. If they fail, they lose their job. The lessons are a follow-up to the 19 weeks the agents spend at an academy that includes the equivalent of three years of college Spanish. Jim Hawkins, a senior agent, says the border patrol receives 40,000 applications a year. Only 2,000 to 3,000 survive screening and training.

Another room in the building is reserved for confiscated drugs. On this day, agents have loaded some 5,000 pounds of marijuana into two Penske moving vans and sent it north to Tucson for burning, which happens once a week.

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To stem illegal entries in Nogales, the agency is trying a "defense in depth" strategy. It involves blocking smuggling routes through the town with the lit up "iron curtain" - and pushing the traffickers farther out in the desert, where agents have two or three days to track them. The idea is also to avoid shootouts in populated areas.

On the ground, the agency is bolstering surveillance with a new "scope truck." It looks like a Chevy camper. But the roof has been cut out and a large infrared camera sits in the back like a periscope. Controlling it with a joy stick, agents can see illegals at night as far as six miles away.

We leave headquarters and bump along a road for several miles that follows a border ridge through the Coronado National Forest. Only three strings of barbed wire separate the US from Mexico here. The Mexico side is on high ground - rolling hills

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dotted with oak and walnut trees that provide cover for smugglers. Although no people are crossing, worn paths littered with empty water jugs wind across the border at frequent intervals.

We circle back west and head through the city, where houses are painted in pastels. Hawkins points out what he calls the most troublesome drug-smuggling neighborhood in Nogales. A supposed drug lord's large hacienda sits among scores of shanties.

Farther east we reach Hamburger Hill, a notorious smuggling route. Below, the welders repair the fence. Their truck is fortified with mesh cages to protect the windows from the rock throwers. Sometimes the stoning is just a diversion, Hawkins says: While the youths throw, a smuggler crosses a short distance away.

"Manpower alone is not going" to stop this, says Rodolfo Espino, a political scientist at Arizona State University in Tempe. "As long as there's a pull for employees on this side of the border, there will be a constant push to enter from the Mexican side."

Driving back through Nogales, the agents note other ways illegals gain entry. Underneath two dry washes, which the border patrol filled in to prevent crossings, the immigrants crawl through a metal drainage culvert. To stop this, agents fabricated a steel door for the pipe. The smugglers retaliated with hydraulic jacks. The agents responded with sensors, cameras, and flood lights. It's keeping the smugglers at bay, for now.

"It's a game of constant adjustments," sighs Hawkins.

The Amnesty Trap (NYT)

The New York Times, April 5, 2006

When the week began, it looked almost as if it was time to celebrate a springtime blossoming of good sense in Washington. The Senate appeared to be closing in on solid bipartisan support for a comprehensive overhaul of the nation's immigration system. That meant adopting an approach that has been on the table for months in a bill offered last year by Senators John McCain and Edward Kennedy, then revised and passed last month by the Senate Judiciary Committee. It combines, sensibly, tighter borders with a path to citizenship for people here illegally.

The bill's opponents, including the Senate majority leader, Bill Frist, had long derided the multifaceted strategy as "amnesty," but over the weekend even Mr. Frist appeared to have a light bulb go off. On a talk show and in a news release, he recast his definition of the word in a way that seemed to justify allowing at least some of the nation's 11 million to 12 million illegal immigrants to get in line for green cards.

But it is too soon to exhale. The Judiciary Committee's bill apparently remains stuck in the amnesty trap. While it has enough votes to pass, it may not have enough to avoid a filibuster by hard-core Republicans. For them, anything other than punishment and border enforcement smacks unforgivably of forgiveness.

Now Senators Mel Martinez of Florida and Chuck Hagel of Nebraska are offering a "fallback" compromise if the committee bill fails. They would not eliminate the citizenship track, but narrow it severely. Immigrants who have been here at least five years could apply, but those who arrived more recently would be treated more harshly. The details were unclear yesterday, but the newcomers might either have to leave the country to apply for citizenship, or do so from a border city, like El Paso.

Arbitrarily separating the illegal immigrant population with a five-year rule would be cruel. Inviting millions of them to report to be deported would be utterly unfeasible. And turning El Paso into the "Go" square in Monopoly would just be stupid. It would add a meaningless hurdle to a citizenship obstacle course that is already long and difficult. All it would do is give a face-saving assurance to hard-liners that immigrants would suffer adequately for their green cards and allow Republicans to reassure suspicious constituents: this is so not amnesty.

Half-measures and semantic trickery are not what's needed now. This country has been on a long and improbable path to immigration reform. The more it has wrestled with the issue, the more distance has grown between the thoughtful Americans and the nativists who long for a Great Wall of Mexico, or for a two-tiered nation of citizens and of immigrant hired hands, free to toil forever as guest workers but never to fully join our society.

The Martinez-Hagel compromise is a bad idea. It's tempting to think flawed reform is better than none, but the wiser approach is to stand firm for what Mr. Kennedy has called "the real enchilada." We need to get it right this time, once and for all.

Here We Go Again (USAT)

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USA Today, April 5, 2006

They never learn. Politicians keep pushing "guest worker" programs, even though the concept is built to fail and always does.

I don't mean what President Bush wants — where as many as 12 million illegal immigrants could stay in the USA for three years, and then apply to stay for another three years, before being expected to "self-deport." That's not realistic. Nor is it a genuine guest-worker program. People who are already here aren't really guests. What Bush proposes is temporary amnesty.

I'm talking about importing hundreds of thousands of new foreign workers from a country such as Mexico to work in farming, construction, hotels or restaurants.

That's what Sen. Arlen Specter, R-Pa., has proposed as part of a reform bill that his Judiciary Committee put together and which serves as a starting point for the Senate immigration debate. Senate Majority Leader Bill Frist, R-Tenn., has a competing bill that steers clear of guest workers, focusing instead on enforcement and increasing the allotment of green cards.

Here we go again. The U.S. government has turned to foreign workers before. And given that these programs are often criticized as indentured servitude, it's ironic that the person who kicked off the phenomenon also freed the slaves.

Under pressure from industries suffering labor shortages during the Civil War, President Abraham Lincoln settled on foreign workers as the solution. Congress passed the Act to Encourage Immigration of 1864, which allowed employers to recruit foreign workers and pay their way to America.

Workers were supposed to forfeit some of their pay to their sponsor, but many also had to work off living expenses and wound up in debt. Labor groups, concerned that foreign workers were taking jobs from Americans, pressured Congress to repeal the act, and by 1868 it was no longer in effect.

In 1917, under pressure mostly from farmers during World War I, Congress launched a foreign-worker program to allow farmers to import workers from Mexico. It didn't go as planned. Politicians thought the workers would return home, but many did not. Eventually, the war ended, and so did the urgent need for guest workers.

The idea made a comeback during World War II, which brought another labor shortage and the arrival of the most infamous guest workers of all: the braceros. The name comes from the Spanish word for arms, brazos, as in someone who works with his arms and hands.

From 1942 to '64, under an agreement between the United States and Mexico, nearly 5 million Mexican workers went north to work in the fields. The workers were promised housing, transportation, food, fair wages and health care — most of which never materialized.

Perhaps farmers thought the benefits too costly, which isn't good when you're talking about a program that was supposed to reduce labor costs. Congress shut down the program after television journalist Edward R. Murrow documented the abuse of workers. It was bye, bye braceros.

Too many politicians and businesses view guest workers as the magic-wand solution to our immigration woes. Employers get workers. Workers get jobs. And then those workers head back across the border where they belong. They don't hang out, buy homes, enroll their children in school, join the PTA, start businesses, and change the culture and complexion of neighborhoods and towns.

Put aside the fact that guest workers are a form of corporate welfare or that, ideally, government shouldn't be in the labor-contracting business.

There are practical reasons why guest-worker programs don't work:

• Workers don't leave. While the workers are supposed to be temporary, they stick around. They get married, have kids and put down roots. As former U.S. senator Alan Simpson of Wyoming used to say, there is nothing more permanent than a temporary worker.

• Backlash never abates. Because these temporary workers never leave, a guest-worker program doesn't really put an end to the thing that gets Americans all worked up in the first place — the changing culture and complexion of towns and neighborhoods.

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• Exploitation happens. Guest workers are ripe for abuse because if employers were to provide things such as housing, prevailing wages, health care and worker's compensation insurance, that would undermine the whole idea behind the program: cheap labor. Once labor isn't so cheap anymore, expect employers to lose interest.

• Illegal immigration continues. Most guest-worker plans deal in the hundreds of thousands. As long as millions of immigrants want to come to the USA and can fill millions of jobs, such a limited approach would never end illegal entry.

Congress should forget about importing new guest workers, or granting a wholesale amnesty to all 12 million illegal workers already here, and focus on reforms that stand a chance of working.

Here's a four-point plan to add to the mix:

1) Stiffen penalties against employers, including jail time, and enforce them for a change.

2) Beef up the ranks of the border patrol by 25%.

3) Increase the allotment of green cards and work visas to allow people to come in legally.

4) Grant legal status to some but not all illegal immigrants, the preference going to those who have been here the longest and who have immediate family members who are U.S. citizens.

And, lastly, let's accept the idea that, in this debate, there are no easy solutions or free lunches.

A Potential Tidal Wave Come Election Time (USAT)

USA Today, April 5, 2006

Two hundred; 500; 1,000; 2,000; 10,000; 300,000; 500,000. Far from counting sheep, these numbers of protesters signify an awakening. Political pundits and community activists say the prospect of congressional action on immigration reform has stirred up the Latino community.

Protesters have taken to the streets in cities coast to coast, chanting their opposition in two languages to the immigration reform plans being debated in Congress.

The threats of criminalizing undocumented immigrants and the Good Samaritans who help them, separating families, imposing a man-made border, toiling away at a government-sanctioned job while paying taxes but still having no clear path to citizenship — those are just a few issues propelling people to forgo the safety of society's shadows to speak out in unison.

It's clear that depending on which side of the river you're looking across from, immigration reform is either a political/economic issue or a human rights cause.

Members of Congress, who think their chances at future elections will be enhanced with voters if they play hardball with the issue, sprinkle their speech with words such as "terrorists" and "porous border" in the same breath with "illegals" and "taking jobs from Americans."

Sympathetic supporters and the undocumented hear the ticking of the proverbial clock — not for when as many as 12 million people will be expected to turn themselves in, but for when they will be forced to live even more secretive, invisible lives.

Native-born attitudes

Though 12 million is a huge number of people, it pales in comparison with the 28 million Latinos in the USA who already have access to public services, health care, car insurance, among other taken-for-granted rights that come with legal status. These are the people who must be stirred to action.

It won't be an easy task. For one, Latinos are not a monolithic group. For another, a 2005 Pew Hispanic Center study found that although most Latinos have positive attitudes toward immigrants, native-born Latinos tend to be more divided in how they view the effect of illegal immigrants on U.S. society.

When native-born Latinos were asked whether illegal migrants helped the economy by providing low-cost labor rather than hurt the economy by driving wages down, 55% agreed vs. 34% who did not.

Where the political clout rests

The 12 million undocumented immigrants here have no influence over elected leaders. They're not citizens. They can't vote. They can make a lot of noise; they can't make a difference in a politician's future.

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But there are at least 15 million eligible Hispanic voters, and they can — if only they'd wield the full force of their votes. Numbers from the 2004 election, though, are not encouraging. Just 47% of Hispanic U.S. citizens (of any race) questioned after the election said they had voted. In contrast:

• 67% of non-Hispanic whites did.

• 60% of African-Americans did.

• 44% of Asian-Americans did.

The top reason given for why many eligible Hispanics didn't vote was that they were too busy or had a conflicting schedule. Another reason: They weren't interested.

Time will tell what actions Congress will take against as many as 12 million illegal immigrants. Only then will we see whether this sleeping giant holding Latino votes has truly awakened, or is merely yawning before turning over to go back to sleep.

Fuzzy Math On Illegal Immigration (WSJ)

By Carl Bialik

The Wall Street Journal, April 5, 2006

New York Democrat Charles Schumer said legislation is needed "to solve the problem of millions of foreigners who live here illegally and unprotected" as well as "to alleviate the problem of the millions more who enter illegally every year." He kept his estimate of the number of illegal immigrants vague because "no one knows for sure how many are really here," the National Journal reported. "Nor can anyone give a reliable estimate of how fast that unknown figure is growing each year."

A sound bite from last week? Nope. The year was 1985, Mr. Schumer was in the House of Representatives and debate was raging over how to address the growing number of illegal immigrants, then estimated at somewhere between 3 million and 12 million.

Twenty-one years later, several amnesties granted to undocumented immigrants have failed to keep the number of illegal immigrants from growing. And estimates of their numbers remain fuzzy and full of pitfalls, even as lawmakers toss them around in the latest round of debates over whether to offer guest-worker status to illegal immigrants.

At the core of the problem is the fact that undocumented immigrants don't generally come forward to be counted. The most widely quoted estimate of 11 million to 12 million is derived indirectly, using what's called a residual method: Researchers subtract the number of immigrants who were authorized to come to the U.S. from the number of foreign-born residents counted by the Census Bureau, then adjust the number using estimates of immigrants' deaths and migration, and of Census undercounting. Some critics say that estimate understates the degree of undercounting: Another estimate making the rounds holds that there are 20 million illegal immigrants.

That was the upper range Bear Stearns analysts Robert Justice and Betty Ng estimated last year, citing high growth rates in foreign remittances and in school enrollments in localities with high illegal-immigrant populations. The analysts added, "According to our discussions with illegal immigrants, they avoid responding to census questionnaires."

And there are still-higher estimates to be found online: The Web site of the "immigration crime-fighting" group American Resistance Foundation estimates there are more than 28 million illegal immigrants, based largely on border-patrol apprehension rates; however, there is little reliable data on how many border-crossers who are caught try to enter a second time.

"No one really knows," says Bill Strassberger, a spokesman for the U.S. Citizenship and Immigration Services, a branch of the Department of Homeland Security.

Of those citing the 20 million figure, Mr. Strassberger says that "the number seems to be agenda-driven." But if so, it's not always the same agenda doing the driving.

On CNN last Sunday, anchor Lou Dobbs, who has argued for tighter border controls, spoke of "the toll that 20 million illegal aliens take on the infrastructure of the United States and on local, state, and federal taxpayer budgets." (At other times during his recent broadcasts, Mr. Dobbs has cited a range between 11 million and 20 million. A CNN spokeswoman says Mr. Dobbs is relying on the Bear Stearns report for the higher number.)

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But talk-show host Tony Snow, arguing that immigrants are a boon to the economy, wrote Monday, "The United States somehow has managed to absorb 10 million to 20 million illegal immigrants not only without turning into Animal Farm, but while cranking up the most impressive economic recovery in two decades."

In 2000, before it was folded into DHS, the Immigration and Naturalization Service used the residual method to estimate there were seven million illegal immigrants and their numbers were growing by 250,000 to 300,000 per year. Mr. Strassberger says that remains the government's best estimate, though he concedes it's out of date.

Following largely the same procedure that INS used, the Washington, D.C., think tank Pew Hispanic Center counted 11 million illegal immigrants last year, and between 11.5 million and 12 million last month; the group is the source for most lawmakers and reporters citing a number. (The Wall Street Journal generally has printed estimates of 11 million, or a range of 11 million to 12 million.)

But the residual method is by necessity complicated, and each step in its formula introduces uncertainty. Jeffrey Passel, a Pew senior research associate, walked me through the procedure (also outlined in Pew's latest report). The starting point is the Census Bureau's annual Current Population Survey report, which bases a count of foreign-born residents on interviews conducted with about 80,000 households. The Census intentionally seeks out a disproportionately large number of Hispanic households to get richer data. Interviewers, either by telephone or in person, ask where every member of each household was born. These figures are then extrapolated to the nation, adjusting for the larger sample of Hispanics. The latest estimate of foreign-born Americans to emerge from such calculations was roughly 36 million, Dr. Passel says.

Next, Pew subtracts the number of foreign-born Americans authorized to be in the country. Dr. Passel's team compiles annual numbers of green-card recipients, refugees and people granted asylum, a count that stretches back decades. But merely adding these numbers would be misleading, because some authorized immigrants decide to leave the country and others die. Dr. Passel assumes that immigrants of a certain age die at the same rate as the country's residents overall, and uses estimates from various studies on "outmigration," something he concedes is "hard to measure." (The outmigration numbers are also much bigger -- perhaps seven times as large -- as the number of deaths, because immigrants tend to be young.) Then the calculated total is subtracted from the total number of foreign-born residents, and the result is adjusted upwards by 10% to account for census undercounting of illegal immigrants. (That adjustment is based on one post-Census 2000 survey of undercounting among Mexican immigrants in the Los Angeles-area; other studies have yielded different estimates of undercounting.)

Dr. Passel and Robert Warren pioneered the residual method while working together at the Census Bureau in the 1980s. Dr. Warren then helped develop INS's methods for its 2000 estimate, so it's no surprise that the government's methods are similar to Pew's. Michael Hoefer, director of the office of immigration statistics, a branch of DHS, told me that the government uses the Census Bureau's American Community Survey instead of the Current Population Survey, which is based on a larger sample of households but is published later than the CPS. (Mr. Hoefer's office is working on a 2004 estimate to update the 2000 official figure of seven million.)

Also, Pew's count of illegal immigrants includes those considered "quasi-legal," meaning they're on their way to legal status, and awaiting asylum or in temporary protected status; INS's count doesn't, though the next round of government estimates might. That could mean a difference of about one million in the total count, Mr. Hoefer says.

Back in 1985, Dr. Passel told the National Journal, "The fatal flaw in virtually every study was that there's some assumption that you have to make in your estimation model for which there is absolutely no data." But he says now that estimation methods have improved, thanks to refinements of the residual-method technique, more-regular Census counts of the foreign-born population, and comparison of the numbers with Mexico population figures to see if the estimate of illegal immigrants from Mexico squares with a gap between expected and actual population counts south of the border.

However, there is still large uncertainty in the current estimates, due largely to Census undercounting and limited data about immigrants leaving the country. It's impossible to say how uncertain the estimates are; neither Pew nor the government publishes a margin of error, which is a standard component of most statistical estimates.

The variable numbers have provided material for Comedy Central's Stephen Colbert, who noted that on a recent Sunday political talk-show, Sen. Arlen Specter, a Pennsylvania Republican, referred to "11 million undocumented aliens," and just 30 minutes later on a different network, Massachusetts Democrat Ted Kennedy used the "12 million figure." Mr. Colbert's comment:

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"One million illegals snuck into this country in half an hour! That is alarming. At that rate the entire population of Mexico would be here in three days. Congress, get to work on that fence." Mr. Kennedy's spokesman cited the Pew report; a representative for Mr. Specter didn't return my call seeking comment. (Numbers Guy readers Allen Cantrell, Shauna Laughna and Robert Tamiso also spotted inconsistent immigration numbers and suggested this column topic.)

Not everyone agrees that the numbers debate matters. "As long as people concede that the number is large to begin with and is increasing, the number itself is irrelevant," Vernon Briggs, a professor of labor economics at Cornell who favors enforcing sanctions against employers of illegal immigrants, told me.

But if that were so, the numbers wouldn't be continually cited by lawmakers and the press, who would serve their constituents and audience better by acknowledging the uncertainty of these estimates.

The Immigration Impasse: A Way Out (WP)

By Robert J. Samuelson

The Washington Post, April 5, 2006

Our immigration debate is at an impasse. The House has passed a mean-spirited and delusional bill that focuses heavily on border security and would criminalize some humanitarian acts that aid immigrants. As for the 10 million to 12 million illegal immigrants already here, the supposition is that they should somehow go home. Just how is unclear. Meanwhile, the Senate seems ready to authorize up to 400,000 "guest workers" annually. Guest workers, also endorsed by President Bush, would reduce illegal immigration by giving many of the same people -- mainly poor and unskilled Mexicans -- work permits. The Senate approach also is delusional and undesirable. It would increase American poverty under the guise of curing worker "shortages."

We can do better, but chances are we won't. In 2004 immigrants accounted for nearly 12 percent of the population, the highest share since the 1920s. The fact that there are so many immigrants makes discussion harder because passions on both sides are so easily aroused. Already, hundreds of thousands of Hispanics have marched in Los Angeles, Chicago, Washington and elsewhere. But broader public opinion is also increasingly agitated. A new survey by the Pew Hispanic Center finds that 52 percent of Americans think immigrants "are a burden because they take jobs [and] housing." That's up sharply from 38 percent in 2000.

In this climate, the immigration debate has become an exercise in political public relations, often disconnected from practical realities. Republicans and Democrats are trying in different ways to appease middle-class anxieties without alienating present and future Hispanic voters. The one saving grace is that we may still have time to fashion a more sensible consensus. By the Pew poll, most Americans aren't yet so fearful of immigration that they aren't open to reason and evidence. Only 21 percent see immigration as a "very big problem" in their localities, although responses are higher in areas of greater immigration (55 percent in Phoenix, 36 percent in Las Vegas).

Let me outline what I think such a consensus might be. It has three elements and borrows from both House and Senate approaches.

· Strengthen border and employer enforcement. Unless it's stopped, the present illegal immigration of an estimated 500,000 people annually will overwhelm any system. The main lure is jobs. That's why it's essential to adopt a mandatory requirement for employers to verify new workers -- electronic checking of documents. Companies that hire illegal immigrants should be penalized heavily. But it's also essential to dry up the supply. In an earlier column, I supported the construction of fences or walls, 20 to 30 feet high, along the Mexican border. They would, I think, significantly reduce the flow, though some would still come by overstaying student and tourist visas.

· Grant amnesty to existing illegal immigrants . President Bush and many Republicans oppose this, but it's essential. We can't run an immigration system that condones mass illegality. Most illegal immigrants deserve legal standing -- and a path to citizenship. Although they "broke the law," we (meaning American society) encouraged them by inadequately policing the border and employers. Most won't voluntarily return home, where typical wages are 80 percent lower. Trying to force them back would create a huge backlash. We'd have stories of parents being torn from their American-born children. Companies would complain that government was destroying their firms by removing longtime, diligent workers. Finally, the failure to legalize today's illegal

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workers would weaken companies' incentives to comply with checks of new workers. If firms were already breaking the law to stay in business, why not take the added risk?

· Forget guest workers . Maybe a few job categories (sheepherders) with existing guest worker programs are justified. But businesses' complaints of widespread labor "shortages" mainly put a respectable face on their thirst for cheap labor. Most guest workers won't go home, even if required (see above). They'll become illegal immigrants or citizens. Either way, adding poor people is bad social policy. It would bloat the demand for government social services. And it would hurt today's poor -- including other immigrants and many African Americans -- by keeping wages down. Jobs attracting lots of immigrants have low wage increases. From 2002 to 2004, median hourly wages rose only 2 percent for construction laborers and 3.6 percent for dishwashers.

On paper, this package has something for everyone. It lifts anxiety for today's illegal immigrants and acknowledges their dignity. It lets companies keep today's illegal workers. It toughens border and employer policing. But it would also disappoint everyone. For business groups, immigration advocates and Bush, there would be no new guest workers. The president and House Republicans would have to swallow amnesty, though maybe they could change the label and debate the details. One Senate proposal envisions an 11-year transition period and a requirement to learn English.

I don't claim that this approach would succeed. Preventing illegal immigration may prove impossible. If so, we'll need to rethink immigration policy fundamentally. But I do believe this approach has better chances of success than most of the congressional proposals. Unless we legalize today's illegal immigrants and reject large-scale guest worker programs, we will indefinitely have two tiers of immigrants -- legal and illegal -- with the prospect that the stigma of illegality will taint the legal. By success, I mean that new immigrants gradually think of themselves as Americans and that most slowly disperse all along the economic spectrum. And immigration ceases to be a major issue, because it is no longer a source of large social and economic conflicts.

High Fence And Big Gate (NYT)

By Thomas L. Friedman

The New York Times, April 5, 2006

America today is struggling to find the right balance of policies on immigration. Personally, I favor a very high fence, with a very big gate.

So far, neither President Bush's proposal to allow the nation's millions of illegal immigrants to stay temporarily on work visas, nor the most hard-line G.O.P. counterproposal, which focuses only on border security, leaves me satisfied. We need a better blend of the two — a blend that will keep America the world's greatest magnet for immigrants. Why?

First, the world is flattening, and as a result more and more people around the globe have access to the same technological tools for innovation and entrepreneurship. In such a world, where innovation is concentrated really matters — because that is where the best management, research and sales jobs will be located for any company.

Because of its deeply rooted culture of immigration, the U.S. has a huge advantage in such a world. If we are smart, we can still cream off the most first-round intellectual draft choices from around the world — more than any other country — and bring that talent to our shores to start companies and work in others.

We have gone from the Iron Age to the Industrial Age to the Information Age to the Talent Age, and countries that make it easy to draw in human talent will have a distinct advantage today.

Anybody out there try to become a Swiss citizen lately? It's not so easy — and it's also not an accident that Switzerland's most famous product is the cuckoo clock.

Second, a steady flow of immigrants keeps a society flexible and competitive. In this flat world, more people than ever can leverage technology. So whatever can be done — whatever today's technologies enable and empower — will be done by someone, somewhere. The only question is whether it will be done by you or to you. The more open your society is to new people and ideas, the more things will be done by you, not to you.

We shouldn't just welcome educated immigrants, but laborers as well — not only because we need manual laborers, but also because they bring an important energy. As the Indian-American entrepreneur Vivek Paul likes to say: "The very act of

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leaving behind your own society is an intense motivator. ... Whether you are a doctor or a gardener, you are intensely motivated to succeed."

We need that steady energy flow, especially with India and China exploding onto the world stage with huge pent-up aspirations. If you want to know what China and India feel like today, just take out a Champagne bottle, shake it for 10 minutes and then take off the cork. Don't get in the way of that cork. Immigrants keep that kind of energy flowing in America's veins.

An amnesty for the 11 million to 12 million illegal immigrants already here is hardly ideal. It would reward illegal behavior. But since we are not going to deport them all, some version of the Arlen Specter bill seems like the right way to go: Illegal immigrants who were in the U.S. before Jan. 7, 2004, could apply for three-year guest-worker visas, each renewable one time if the applicant paid a $1,000 fine and passed a background check. After six years, if the immigrant learned sufficient English and paid another $1,000 fine and back taxes, he or she could start to apply for citizenship.

But because I strongly favor immigration, I also favor a high fence — if not a physical one, then at least a tamperproof national ID card for every American, without which you could not get a legal job or access to government services. We will not sustain a majority in favor of flexible immigration if we can't control our borders.

Good fences make good immigration policy. Fences make people more secure and able to think through this issue more calmly. Porous borders empower only anti-immigrant demagogues, like the shameful CNN, which dumbs down the whole debate.

We also need to control the influx of immigrants because one byproduct of the flattening of the world is that many decent low-end factory jobs previously open to someone with only a high school degree or less are now disappearing. As Dan Pink notes in his book, "A Whole New Mind," many of those jobs can now be done faster by a computer or cheaper by a Chinese worker. Therefore, we can't just endlessly expand our pool of manual labor without condemning people at that low end, particularly black men, to a future of declining wages or unemployment. That will have terrible social consequences.

For all these reasons, I weigh each immigration proposal with two questions: "Does it offer a real fence? Does it offer a real gate?"

TAX:

SoCal Anti-tax Crusader Sentenced To 27 Months In Prison (AP)

AP, April 5, 2006

LOS ANGELES – Nationally known anti-tax crusader George Henry "Nick" Jesson will serve 27 months in prison for tax fraud, a judge has ruled.

U.S. District Judge Percy Anderson on Monday also ordered Jesson, 55, to pay $215,454 in restitution to the federal government. The Fountain Valley resident, who ran for California governor in 2002, was taken into custody after his sentencing.

Assistant U.S. Attorney Sandra Brown said she believes the sentence was "wholly appropriate" and would deter others from considering anti-tax protests.

Jesson's wife, Trina Thi Vu, declined to comment after the sentencing, as did her attorney, citing pending state tax charges against the couple. Jesson's attorney, Robert Barnes of Malibu, could not be reached for comment.

Jesson pleaded guilty last June to filing a false federal tax form in May 2000. He had stated that his Huntington Beach company, No Time Delay Electronics, paid no wages in 1997 when he actually paid wages of $177,083 that year to himself and $273,236 to his wife. He also admitted to falsely obtaining a business tax refund of $215,454.

Jesson and his wife face trial in state court on six felony counts of failing to pay taxes on $3 million in income from 1997 to 1999. Jesson could get nine more years in prison and his wife a seven-year sentence if they're convicted of all counts.

Jesson ran for governor on an anti-tax platform and finished fourth of seven candidates in the 2002 Republican primary.

He was involved with an organization called "We the People for Constitutional Education," which contended that paying taxes is not required in the United States. He dared tax agents to try to collect from him and described raids on his home and business as "terrorist attacks."

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Last month, he didn't show up for his scheduled sentencing on federal tax fraud charges. He was taken into custody after his wife told federal marshals he had left the house that morning despondent and possibly with a weapon.

Tax Preparers Come Under Fire (WSJ)

By Tom Herman And Robert Guy Matthews

The Wall Street Journal, April 5, 2006

A new government report highlights persistent problems of tax preparers cheating on clients' returns, sparking calls among leading senators to fast-track proposed legislation that would further regulate the tax-preparation industry.

The report by the Government Accountability Office was presented yesterday at a Senate Finance Committee hearing in Washington into tax-preparation issues. The report detailed undercover visits by government investigators to 19 outlets of several commercial tax-preparation chains, which weren't identified. Staffers posed as taxpayers and asked the firms to prepare -- but not file -- federal returns under two scenarios. In 10 of the 19 cases, preparers failed to report side income that had been supplied by the taxpayer, the GAO report said. Some preparers also missed key tax-saving opportunities, such as neglecting to itemize deductions or failing to claim all available deductions, it said.

GAO officials noted the survey was narrow and shouldn't be used to generalize about the industry. Still, senators said the results were disturbing and strengthened the case for new legislation. The report comes on top of other GAO studies in recent years suggesting that a number of taxpayers who relied on paid preparers may have paid too much in taxes because of overlooked tax breaks.

More than 60% of all individual income-tax returns are signed by paid preparers, up from 46% in the mid-1980s, said Sen. Chuck Grassley, the committee chairman. Industry experts estimate the number of tax preparers nationwide is in the range of 1.2 million to 1.6 million. Among them are highly trained certified public accountants, lawyers and enrolled agents, all of whom already face regulation from the Internal Revenue Service. At the other end are storefronts staffed by part-timers with little or no training. Proposed legislation is aimed at bringing these and many other paid preparers under the IRS's regulatory wing. In most states, "anyone can be a paid preparer regardless of education, training or licensure," the GAO said.

H&R Block Inc., the nation's biggest tax-preparation chain, says it runs a 66-hour tax course and administers a test to prospective hires. The firm said it also maintains continuing education programs from year to year. The GAO report didn't identify any of the firms its investigators visited in their survey.

In recent years, the IRS has been turning up the heat on fraudulent preparers as part of a broad-based attack on tax cheating and dodging. At the same time, the IRS has been cracking down on CPAs, lawyers and others involved in complex tax shelters.

Industry experts say tax preparers sometimes receive payment in the form of a percentage of any tax refund, which can give the preparer an incentive to magnify tax breaks. Other preparers may be eager to maintain customer loyalty, or to sell them additional products, such as instant refund loans or audit insurance.

The GAO report found a range of faulty practices. Of tax preparers surveyed, there were "unwarranted extra refunds" of nearly $2,000 in five cases, while in two cases the preparers cost the taxpayer more than $1,500. Had these problems been spotted by the IRS on real returns, "many of the preparers would have been subject to penalties" for such things as negligence and willful or reckless disregard of tax rules. But taxpayers would be on the hook for underpayments and interest, plus possibly penalties.

Senators said the vast majority of tax preparers do a fine job. But "we are getting reports that an increasing minority is doing a disservice to the American public -- some through bad advice, some through incompetence, and some through taking advantage of the public by unscrupulous means," Sen. Grassley said.

He said the hearing should "provide new momentum" to a regulatory bill pending in the Senate that he backs, along with Sen. Max Baucus, the committee's ranking Democrat. The bill would give the IRS Office of Professional Responsibility, which currently regulates CPAs, tax lawyers and others, additional oversight of all paid tax preparers. The bill would begin requiring exams and imposing continuing education requirements. It also would require "non-monetary sanctions," such as suspension or termination, for failure to comply with the regulations.

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"The GAO study raises important points regarding returns preparers and the tax system. The facts presented in the study show the need for simplification of the tax code," the IRS said.

* * *

A TAX-LAW GLITCH attracts growing attention.

Part of a law enacted in 2004 was supposed to simplify and streamline the definition of a "child" for tax purposes. But that law created "unintended consequences," a Treasury official said. For example, some upper-income households now qualify for tax breaks they weren't supposed to get, and some low-income people have lost valuable benefits.

Rep. Lloyd Doggett, a Texas Democrat, says he plans to introduce a bill soon to clean up the mess, effective for the 2006 tax year. The Treasury also has proposed a legislative remedy.

Referring to the 2004 law, Rep. Doggett says: "This is an excellent reminder that some attempts to simplify the tax code offer an overly simple answer that is simply unfair."

* * *

BRIEFS: The IRS expects to receive more than 9.6 million forms for automatic six-month extensions this year, according to a recent publication. ... IRS Commissioner Mark Everson says even he gets a bit nervous when he gets a letter from the IRS. "I still get a little twitch when I go home and find an envelope in the mail with 'Internal Revenue Service' on it," Mr. Everson told the Yale Alumni Magazine. "And all it is is some personnel notice, saying that there's been a change in my dental benefits."

Some Tax Preparers Don't Add Up (WP)

By Albert B. Crenshaw

The Washington Post, April 5, 2006

Commercial tax preparers made errors, sometimes amounting to more than $1,000 in incorrect refunds and overpayments, in 100 percent of returns brought to them by a government agency seeking to test the accuracy of work done by large chain tax-preparation firms.

The study by the Government Accountability Office was small -- only 19 returns, which the GAO cautioned cannot be used to generalize to the entire commercial return-preparation industry -- but on only two returns did the preparer produce what the agency determined was the right amount. And even those two had mistakes, though they did not affect the final tax amount.

In five cases, paid preparers produced returns showing improper refunds of nearly $2,000 each, and in two cases, the returns would have had taxpayers paying more than $1,500 unnecessarily.

The agency reported its finding to the Senate Finance Committee at a hearing yesterday and urged taxpayers to be careful in choosing tax preparers.

GAO workers posed in nine cases as a plumber and his family and in 10 cases as a low-income single mother with wages from retail sales and side income from baby-sitting. The agency, with staff members from the Senate Finance Committee and Joint Tax Committee, went over both scenarios and agreed on what the correct refunds would be.

The preparers were not identified. They were described as outlets "of several commercial chain preparers scattered throughout a metropolitan area." All the preparers in the study were what the Internal Revenue Service calls "unenrolled preparers" who have not passed an examination or worked for the IRS. There are 300,000 to 600,000 such preparers. More than half of the 130 million returns filed each year are done by paid preparers, and in most states anyone can go into that business without special training or a license.

The GAO noted that several hundred thousand certified public accountants and lawyers are authorized to practice before the IRS and that another group of about 41,000, known as enrolled agents, must pass an examination or have worked for the IRS.

The GAO found that in 10 cases the preparers did not include business income. In five cases, the preparers did not ask where the taxpayers' children lived or ignored the GAO worker's explanation and incorrectly claimed the earned-income tax credit, meant to help low-income workers and their children.

In three of nine cases in which the taxpayer could have claimed a credit for higher education, the preparers did not do so, and in seven of nine cases in which itemizing would have helped, the preparers either did not do so or left off some deductible

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expenses. Seven of the 19 returns reported too many personal exemptions, while eight of 19 reported state tax refunds incorrectly.

"Had these problems been discovered by the IRS on real returns, IRS officials said that many of the preparers would have been subject to penalties for such things as negligence and willful or reckless disregard of tax rules," the GAO report said.

"Americans have a right to expect that when they hire a tax preparer they're going to get honest, straightforward advice," Finance Committee Chairman Charles E. Grassley (R-Iowa) said in a written statement. "Unfortunately, too often that isn't the case."

The GAO urged taxpayers to take "common-sense steps," such as checking with friends and relatives for recommendations and making sure that preparers understands their circumstances and reviews their tax documents.

The IRS Web site (http://www.irs.gov/) also has tips for choosing a tax preparer. Type "choosing a tax preparer" into the search field.

Big Gain For Rich Seen In Tax Cuts For Investments (NYT)

By David Cay Johnston

The New York Times, April 5, 2006

The first data to document the effect of President Bush's tax cuts for investment income show that they have significantly lowered the tax burden on the richest Americans, reducing taxes on incomes of more than $10 million by an average of about $500,000.

An analysis of Internal Revenue Service data by The New York Times found that the benefit of the lower taxes on investments was far more concentrated on the very wealthiest Americans than the benefits of Mr. Bush's two previous tax cuts: on wages and other noninvestment income.

When Congress cut investment taxes three years ago, it was clear that the highest-income Americans would gain the most, because they had the most money in investments. But the size of the cuts and what share goes to each income group have not been known.

As Congress debates whether to make the Bush tax cuts permanent, The Times analyzed I.R.S. figures for 2003, the latest year available and the first that reflected the tax cuts for income from dividends and from the sale of stock and other assets, known as capital gains.

The analysis found the following:

¶Among taxpayers with incomes greater than $10 million, the amount by which their investment tax bill was reduced averaged about $500,000 in 2003, and total tax savings, which included the two Bush tax cuts on compensation, nearly doubled, to slightly more than $1 million.

¶These taxpayers, whose average income was $26 million, paid about the same share of their income in income taxes as those making $200,000 to $500,000 because of the lowered rates on investment income.

¶Americans with annual incomes of $1 million or more, about one-tenth of 1 percent all taxpayers, reaped 43 percent of all the savings on investment taxes in 2003. The savings for these taxpayers averaged about $41,400 each. By comparison, these same Americans received less than 10 percent of the savings from the other Bush tax cuts, which applied primarily to wages, though that share is expected to grow in coming years.

¶The savings from the investment tax cuts are expected to be larger in subsequent years because of gains in the stock market.

The Times showed the new numbers to people on various sides of the debate over tax cuts. Stephen J. Entin, president of the Institute for Research on the Economics of Taxation, a Washington organization, and other supporters of the cuts said they did not go far enough because the more money the wealthiest had to invest, the more would go to investments that produce jobs. For investment income, Mr. Entin said, "the proper tax rate would be zero."

Opponents say the cuts are too generous to those who already have plenty. Representative Charles B. Rangel of New York, the senior Democrat on the House Ways and Means Committee, said after seeing the new figures that "these tax cuts are beyond irresponsible" when "we're in a war; we haven't fixed Social Security or Medicare; we've got record deficits."

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Because of the tax cuts, even the merely rich, making hundreds of thousands of dollars a year, are falling behind the very wealthiest, particularly because another provision, the alternative minimum tax, now costs many of them thousands and even tens of thousands of dollars a year in lost deductions.

About 3.5 million taxpayers filing their returns for last year are being hit by the alternative tax. But that figure will balloon this year to at least 19 million taxpayers, making as little as about $30,000, unless Congress restores a law that limited its effects until now, according to the Tax Policy Center in Washington, a joint project of the Brookings Institution and the Urban Institute, whose estimates the White House has declared reasonable.

The tax cut analysis was based on estimates from a computer model developed by Citizens for Tax Justice, which asserts that the tax system unfairly favors the rich. The group's estimates are considered reliable by advocates on differing sides of the tax debate. The Times, which also did its own analysis, asked the group to use the model to produce additional data on the effect of the investment tax cuts on various income groups. The analyses show that more than 70 percent of the tax savings on investment income went to the top 2 percent, about 2.6 million taxpayers.

By contrast, few taxpayers with modest incomes benefited because most of them who own stocks held them in retirement accounts, which are not eligible for the investment income tax cuts. Money in these accounts is not taxed until withdrawal, when the higher rates on wages apply.

Those making less than $50,000 saved an average of $10 more because of the investment tax cuts, for a total of $435 in total income tax cuts, according to the computer model.

During last week's debate on whether to restore limits on the alternative minimum tax or make permanent the cuts in investment income taxes, House leaders chose as their spokesman Representative David L. Camp, a Michigan Republican. He said Republicans favored continuing investment tax cuts because that would help more people and would especially benefit those making less than $100,000.

"Nearly 60 percent of the taxpayers with incomes less than $100,000 had income from capital gains and dividends," he said on the House floor.

But I.R.S. data show that among the 90 percent of all taxpayers who made less than $100,000, dividend tax reductions benefited just one in seven and capital gains reductions one in 20.

Mr. Camp, who had said in an interview that his figures were correct, said Monday through a spokesman that he had been misinformed by the staff of the House Ways and Means Committee. But his office said he supported making the investment tax cuts permanent because cutting these rates was "good policy and good for our economy."

President Bush, in his budget, urged Congress to make permanent the reduced taxes on investment income. He also proposed limiting the effects of the alternative minimum tax through next year, saying a permanent solution "is best addressed within the context of fundamental tax reform."

The Congressional Budget Office estimated that making the investment tax cuts permanent would cost the government $197 billion over 10 years. But advocates of eliminating taxes on investments say there is no cost to the government because lowering taxes on such income encourages more investment, which should lead to more and higher-paying jobs. Taxes on wages from those jobs should more than offset the tax savings to investors, said Mr. Entin, an advocate of eliminating taxes on most investment income as a way of promoting economic growth.

However, the Congressional Research Service, an arm of Congress that analyzes issues, concluded in a January report that lower taxes on investment income may translate into lower savings because people need fewer investments to earn the same after-tax income. In another report, the research service showed how lower taxes on investment income can encourage investment outside the United States, creating jobs, but not for Americans.

The Center on Budget and Policy Priorities, which advocates for the poor, and several mainstream policy research organizations say the investment tax cuts will have insignificant positive effects and may even damage long-term economic growth by contributing to soaring budget deficits. In an era of budget deficits, "the net effect is a wash or may even be negative," said Robert Greenstein, the executive director of the center.

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There have been three tax cuts for individuals under President Bush. The top tax rate on compensation was trimmed twice and is now 35 percent, from 39.6 percent when President Bush took office. Most compensation also faces a 1.45 percent Medicare tax, which is matched by the employer, making the effective federal tax rate on high earners 37.9 percent.

Then, the top rate for most investment income was reduced to 15 percent in 2003, from the 39.6 percent for dividends and 20 percent for profits on asset sales that were in effect when Mr. Bush took office.

A result is that the wealthiest Americans now pay much higher direct taxes on money they work for than on money that works for them.

Wealthiest American Families Add To Their Share Of U.S. Net Worth (WSJ)

By Chriatopher Conkey

The Wall Street Journal, April 5, 2006

WASHINGTON -- The share of net worth held by the wealthiest 1% of American families rose slightly after inflation between 2001 and 2004, according to new figures from the Federal Reserve.

The top 1% held 33.4% of the nation's net worth in 2004, up from 32.7% in 2001, but still lower than a peak of 34.6% in 1995. Although the increase from 2001 is small, the data suggest that the upper strata, who saw their share of net worth decline between 1998 and 2001 as stock prices crashed, regained some of those losses by 2004.

The new figures on net worth -- the difference between assets and liabilities -- come from the Fed's Survey of Consumer Finances, a triennial survey based on interviews of 4,522 families that excludes those listed on the Forbes 400 list of wealthy individuals. Fed economist Arthur Kennickell noted that some respondents interviewed in the survey had wealth greater than the lowest value on the Forbes list, however.

The survey identified 715 families in the top 1%, corresponding to 1.1 million nationwide, and said the minimum net worth for the group was $6 million. In 2004, the wealthiest percent owned 70% of bonds, 51% of stocks and 62.3% of business assets.

After the richest 1%, the Fed found that the next wealthiest 9% of families held 36.1% of net worth in 2004, down from 37.1% in 2001. Below them, families in the top 50% to 90% held 27.9% of net worth in 2004, a slight increase from 2001, while families in the bottom half saw their share fall to 2.5% of net worth in 2004 from 2.8% in 2001.

Between 1989 and 2004, the figures show, families in the top 1% saw their share of net worth rise to 33.4% from 30.1%, while families in the bottom half saw their share fall to 2.5% from 3%. In the report, Mr. Kennickell noted that "wealth moved in relative terms to the upper half of the distribution during this time."

The rising slice of net worth for those at the very top between 2001 and 2004 didn't come because the super-rich acquired a greater share of stocks, cars or houses. In fact, the share of assets held by the top 1% held steady at 29.5% during the period.

Mr. Kennickell noted that it is difficult to pinpoint exactly why the top 1% gained a greater share of net worth between 2001 and 2004, because their share of assets was unchanged and their share of debt grew.

The survey found that 25% of those in the lowest 25% of net worth said they spent more than they earned in 2004, while only 6% of those in the top 1% said they did.

"A possible explanation of the decline for the lowest wealth group might be changes in their use of debt," Mr. Kennickell wrote.

Is Reliance On Real Estate A Crack In The Foundation? (WP)

By Neil Irwin

The Washington Post, April 5, 2006

The U.S. economy is more dependent on housing than it has been in a half-century, as the sector fuels consumer spending and has accounted for nearly three-quarters of the nation's job growth in the past five years.

As a result, economists worry that the housing slowdown that began late last year could hurt the broader economy more than past real estate downturns, although other parts of the economy appear to be accelerating.

What makes the real estate boom of the past decade unusual is that its effects have reverberated far beyond closely related sectors such as construction, driving sales in places as varied as furniture stores and motorcycle showrooms, especially in the Washington area and others where home prices have soared particularly rapidly.

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"People know they can always refinance or flip their houses, so they are willing to spend more," said Matt Ross, sales manager at Coleman PowerSports in Falls Church, who figures that at least 20 percent of his sales of motorcycles, motor boats, and jet skis are to people who pay for their purchase using home equity.

By almost any measure, the U.S. economy is built on housing more than in the past. In 2005, investment in housing constituted a higher proportion of the goods and services the nation produced than it has since 1950, when the nation was experiencing a massive postwar housing boom. The proportion of jobs in real-estate-related fields is the highest it has been since at least 1970.

Locally, there is strong job growth in sectors other than housing. The value of home transactions in the region was nearly as high as federal procurement spending in the region last year, though each dollar spent by the government generates significantly more economic activity. But Washington area residents took more money out of their houses through mortgage refinancing and home equity loans, as a proportion of income, than those in most other cities, which could mean local consumers' spending has depended more on housing than in most places.

Now the companies that have benefited from this expansion are bracing for the great unwinding. The nation appears to be entering a period in which the role of housing in the economy is returning to something more resembling its historical norms.

A small group of economists argue that housing prices in many parts of the nation, including the Washington area, have so outstripped those supported by economic fundamentals, such as income levels, that they are due for a painful and rapid correction that could cause a recession. But most mainstream economists believe that the unwinding of the housing market's outsize role in the economy will be gradual and come just as other industries take over as economic drivers.

Nationally, the number of homes sold declined every month from August to January, according to the National Association of Realtors. Builders started work on 4.8 percent fewer units of housing in February than a year earlier, following years of sharp increases in construction.

So far, the housing slump appears not to have caused much economic distress, but the consensus of Wall Street economists' predictions is that growth will slow in the second half of the year, in part due to the housing slowdown.

"Clearly, housing is going to be a drag on the economy; the question is how much does housing slow and how quickly," said Dean Baker, co-director of the Center for Economic and Policy Research and a certified housing bear who expects a housing slump that will lead to recession.

A more common view among economists is that a cooling in the housing market would be only a mild drain on the economy.

"There will be losses in housing-related sectors, but I think other sectors will take up the slack," said Eugenio J. Aleman, a senior economist with Wells Fargo & Co.

Even if he's right, a housing slowdown could have ripple effects down to the corner paint store. Monarch Paint and Wallcovering Co., with three stores in the District, has benefited more than most from the long boom in housing, with double-digit-percentage sales increases in 2003 and 2004, said President Victor K. Krause. Those good times led the company to increase its staff 10 percent and spend about $75,000 a year on new computer systems, paint-mixing machines and other capital expenditures.

Sales growth has slowed in recent months, Krause said, which he figures is due to fewer people buying new houses and apartments they wish to have painted. If the pattern continues and sales growth slows further or stops, he plans to hold off on any new capital expenditures or hiring. "You reinvest those extra dollars that come in," Krause said, "but you don't do that if the dollars aren't there."

Real estate helped pick up the job-market slack that resulted when the high-tech bubble burst five years ago, saving the region from the severe economic slowdown some predicted. Marla Selko, for example, worked in sales for a company that provided online education services until investors in her old employer pulled its funding during the tech collapse. Looking for work in 2002, she decided to start a business that refers people to home remodeling and other contractors, called Urban Referrals, which has been fueled in part by the strong housing market.

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The question is whether another engine will come in and replace housing. The Washington area is better positioned than much of the nation in that regard. Nationally, real-estate-related industries accounted for 74 percent of new jobs over the past five years. Locally, they account for only 21 percent, because in the Washington area other sectors have grown faster.

At the end of 2005, 11 percent of Washington area jobs were held by real estate brokers, construction workers, mortgage brokers or otherwise tied to real estate, according to an analysis of Labor Department data by Moody's Economy.com. That's the highest level in the 35 years the data go back.

Indeed, there were more than 12,000 members of the Northern Virginia Association of Realtors at the end of last year, twice as many as in 2001. "If the volume of business declines just a little bit, there won't be enough business to support that many people," said Dave Hawkins, managing broker of McEnearney Associates Inc. in Alexandria, who expects those numbers to eventually drop.

There are other ways housing has influenced the economy that could leave the region vulnerable.

Economists call one the wealth effect. It's the degree to which rising prices of homes (or, in the late 1990s, stocks) lead to people spending more than they would otherwise. It's notoriously hard to measure, and economists can only guess at its exact scope, but it works through different ways. For one, when people see their house appreciating sharply, some feel less need to save as much as they would otherwise, resulting in more money to spend on everything else. For another, rising home prices and low interest rates have led many Americans to refinance their mortgages or take out home equity loans, giving them more money to spend.

Economy.com figures that mortgage refinancing put money in Washington area residents' pockets equivalent to 14.5 percent of personal disposable income. That's the 14th-highest rate among major metropolitan areas, behind mostly cities in California and Florida.

"Those economies where housing has gone skyward are most vulnerable as housing comes back down to earth," said Mark Zandi, the consulting firm's chief economist.

Despite the risks ahead, some businesses that have benefited from the housing boom say they are confident that they will keep growing even as housing slows.

Case Design/Remodeling Inc., in Bethesda, has doubled to 300 employees since 2001, fueled in part by homeowners' confidence in investing in their homes and cheap money available through mortgage refinancing and home equity loans.

President Mark Richardson said he is confident that business will keep growing strongly even with the housing slump, as people hire his company to make improvements to their current homes rather than buying a new place.

So what happened in 1989, the last time the housing market entered a slump? "Oh, that was painful," said Richardson, who had to cut his staff as sales of remodeling services declined. "The market dropped off so dramatically and so quickly. People became very gun-shy. But then during that era, you had home appreciations that were double-digit in the 1980s, and all of a sudden, it went into negative territory. It made people say 'time out' and not want to do anything."

Fed Debate On 2000 Tech Bust Holds Lesson On Current Risks (WSJ)

By Greg Ip

The Wall Street Journal, April 5, 2006

WASHINGTON -- Federal Reserve officials remained bullish on technology spending through most of 2000 even as a massive bust got under way, and may have delayed easing monetary policy for fear of reinflating stock and bond markets, newly released transcripts show.

Transcripts of the Fed's deliberations through 2000, released with the customary lag yesterday, offer some lessons for today. Like in 2000, the Fed has been raising interest rates to stave off inflation. In 2000, the economy was being propelled by surging tech spending and high stock prices. Housing plays a similar role today. An important difference is that in part because of the lessons of 2000, the Fed is on the alert for any downdraft in housing.

The stock market peaked in March 2000, then began to decline with a brief rebound in August. Tech orders peaked that summer, and tech shipments at the end of the year. Still, as late as October, Fed officials remained bullish on spending in the sector.

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In June 2000, then-Fed Chairman Alan Greenspan acknowledged that the economy had begun to slow, but from an unsustainable pace.

That August, David Stockton, the Fed's research director, said there was little sign of "an appreciable dent in the demand for equipment and software. It just doesn't look like this boom is about to dissipate any time soon."

In retrospect, a multiyear tech boom peaked at about that time. Business equipment spending grew at double digits in the second quarter of 2000, then screeched to a halt in the third. It was the first of eight quarters of negligible growth, or declines, in equipment spending. That slump was the main cause of the recession that ran from March to November of 2001.

By October 2000, some leading tech companies began to warn of disappointing sales. "Is there something there that those companies are seeing that we're not seeing?" William Poole, president of the Federal Reserve Bank of St. Louis, asked. Mr. Stockton replied it was probably noise while acknowledging he was "nervous."

According to the transcripts, Mr. Greenspan wasn't worried. "There is nothing terribly significant going on in the economy excluding energy," he said.

The Fed had last raised short-term rates in May, to 6.5%. Thereafter, the "balance of risks" in its post-meeting statements were tilted to risks of inflation, suggesting a rate increase was more likely than a rate cut. But even as a slowdown became apparent, officials were reluctant to change that. They thought tight labor markets and high energy prices threatened to raise inflation.

Mr. Greenspan said even if the risks were balanced, saying so risked sending markets higher, creating "financial conditions that would be too easy."

Fed Governor Edward Gramlich agreed that "it is certainly possible that this would spark a rally and I don't think anybody wants to see that," but nonetheless suggested the change ought to be made.

That December, Mr. Greenspan acknowledged that growth had "unambiguously moved down dramatically." A few weeks later, the Fed began to cut rates.

Stocks Rise On Hopes Of More Mergers (USAT/AP)

By The Associated Press

USA Today, April 5, 2006

NEW YORK — The possibility of increased merger activity boosted stocks Tuesday and pushed the Nasdaq composite index to a five-year high.

With Citigroup freed to pursue expansion by federal regulators and Computer Sciences putting itself up for sale, investors were cheered by the potential for M&A activity to remain strong through the rest of the year.

However, there were no new economic reports or major corporate earnings, and some investors held off from making big bets ahead of Friday's Labor Department report on job creation, a key barometer of economic health.

“There's fairly widespread anticipation that the economic numbers this week will be solid, though not great,” says Hugh Johnson, chief investment officer at Johnson Illington Advisors. “The market is reflecting that.”

The Nasdaq gained 8.62 points, or 0.4%, to 2345.36 for its best close since Feb. 16, 2001. However, its gain for the day actually trailed the other two major U.S. stock indexes. The Dow Jones industrial average rose 58.91 points, or 0.5%, to 11,203.85, and the Standard & Poor's 500 index added 8.12 points, or 0.6%, to 1305.93.

In company news, Citigroup gained 80 cents to $48.21 after the Federal Reserve Bank of New York lifted a yearlong ban on acquisitions as the financial conglomerate worked to improve its internal compliance programs.

Meanwhile, Computer Sciences rose $2.51 to $59.80 on news that it plans to examine “strategic alternatives” — including a sale of the company — while also cutting 5,000 jobs, or 6% of its workforce, over the next two years.

The potential for increased M&A deals comes as the Federal Reserve is expected to wind down its current program of rate increases. While another increase is expected in May, bringing the benchmark fed funds target rate to 5%, halting rate increases soon after could prompt companies to renew their acquisition efforts, knowing that rates for borrowing would be stable.

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"The next phase of the market is in M&A activity, and the Fed moving to the sidelines will help with that," says Joe Keating, chief investment officer at First American Asset Management. "So I think investors can still stay in the market and put their money to work."

3M climbed $1.16 to $77. The company said it would sell its pharmaceutical business that makes products related to dermatology, women's health and cardiology.

CONGRESS-ADMINISTRATION:

Snow Gets Muted Bush Support, Fueling Talk He Will Leave Soon (WSJ)

By John D. McKinnon

The Wall Street Journal, April 5, 2006

WASHINGTON -- President Bush, fueling speculation that Treasury Secretary John Snow will depart soon, offered only muted support for the former railroad executive when asked whether he is likely to survive an expected staff shake-up.

With Mr. Snow sitting next to him at a conference on health savings accounts, Mr. Bush said the Treasury secretary "has been a valuable member of my administration, and I trust his judgment and appreciate his service." But he said nothing to squash widespread talk that Mr. Snow is likely to be replaced.

The president is awaiting recommendations from new White House Chief of Staff Josh Bolten for a reorganization.

There has been widespread speculation for months that Mr. Snow, who succeeded Paul O'Neill in February 2003, will leave before the end of this year.

One person familiar with Mr. Snow's thinking said the secretary has told acquaintances that at some point before the end of the president's term, he plans to return to the private sector, possibility before year end. Mr. Snow is said to be keenly interested in influencing the choice of successor.

The secretary is seen largely as a public spokesman for the president's economic policies, rather than a major force in shaping them. His defenders in the administration say this White House, unlike some earlier ones, simply has never surrendered control over the president's domestic agenda to any cabinet secretary. Mr. Snow is, however, credited for effectively handling the administration's stance toward China on its currency regime.

The perception that the Treasury post is weaker than it was when Robert Rubin or Lawrence Summers held it in Bill Clinton's years or when James Baker held it in Ronald Reagan's administration could make it hard for the administration to replace Mr. Snow with that kind of high-profile Wall Street or corporate executive.

"People from outside do not want to come in to be Treasury secretary if they are not going to have responsibility, and this administration has not given responsibility to agencies," said Peter Wallison, a former Reagan administration official who is a fellow at the American Enterprise Institute. "That's been one of the problems from the beginning, and Treasury has been one of the principal victims."

One potential candidate, Henry Paulson, chief executive of Goldman Sachs Group, has little interest in the job and instead wants to aid environmental causes when he leaves the firm, according to a person familiar with his thinking.

So there has been speculation recently that Mr. Bush might turn to an insider should he decide to replace Mr. Snow. One possibility that has surfaced recently is to pick Allan Hubbard, director of the White House National Economic Council, a longtime friend of the president whose profile has risen lately as he pushes his approach to changing the American health-care system. But some Republicans close to the White House believe that Mr. Hubbard, an Indiana businessman, might not enjoy the heavy diet of speeches and public events that comes with the job, preferring his largely behind-the-scenes role.

Other possibilities include U.S. Trade Representative Rob Portman, a former Ohio congressman; and Steve Friedman, a former Goldman Sachs executive whom Mr. Hubbard succeeded at the National Economic Council.

Treasury Secretary Is Said To Be Thinking Of Quitting (NYT)

By Elisabeth Bumiller

The New York Times, April 5, 2006

DOJ_NMG_0025401

WASHINGTON, April 4 — Treasury Secretary John W. Snow has expressed interest in leaving his job in the next several months, a person close to him said Tuesday, as speculation raced through Washington that the White House was seeking Mr. Snow's replacement.

President Bush did little to tamp down the talk after a morning meeting about health care in the Roosevelt Room, where he responded with a tepid endorsement to a question about whether Mr. Snow would stay. The Treasury secretary was in the room as the president spoke.

"Secretary Snow is here at the table," Mr. Bush said. "He's been a part of this discussion. I'm glad you brought him up. He has been a valuable member of my administration, and I trust his judgment and appreciate his service."

When Mr. Bush has been asked in the past about whether Defense Secretary Donald H. Rumsfeld would remain in his job, he has spoken out more forcefully and enthusiastically.

Several prominent Republicans who consult regularly with the White House said on Tuesday that Joshua B. Bolten, the president's incoming chief of staff, was interested in a replacement for Mr. Snow who could more powerfully communicate the administration's message that the American economy is strong.

Another Republican who is in close contact with the West Wing staff said White House officials were expecting Mr. Snow to step down.

"They're waiting for Snow to do the right thing," the Republican said. "They thought he would have gotten the message right now and submitted his resignation."

The Republicans and the person close to Mr. Snow were granted anonymity to discuss private deliberations and thinking within the administration.

Mr. Snow's spokesman, Tony Fratto, declined to comment.

Speculation about Mr. Snow's departure has ebbed and flowed for more than a year but has intensified since Mr. Bush announced last week that Mr. Bolten would be his new chief of staff. Mr. Bolten, who once worked at Goldman Sachs, is said to be interested in filling the Treasury post with someone from Wall Street who could help reassure financial markets worried about record-high budget and trade deficits.

Although Mr. Bush has been resistant to a Treasury secretary from the investment and financial worlds, Republicans say that he is less so now and that he recognizes that his economic team needs more credibility.

Names circulating in Republican circles as possibilities for the Treasury job include Stanley O'Neal, the chairman and chief executive of Merrill Lynch, and Henry M. Paulson Jr., the chief executive of Goldman Sachs.

Some Republicans questioned whether either man would be seriously interested in the Treasury post, which in this White House has not been the powerhouse position it was when Robert E. Rubin held it under President Bill Clinton.

Mr. Bush's Treasury secretaries — Paul H. O'Neill, the former chief executive of Alcoa, was Mr. Snow's predecessor — have not had their own voices on economic matters and have been effectively subordinate to Karl Rove, the president's political adviser and deputy chief of staff. Although Mr. Bolten has told associates that he wants to overhaul his economic team, it is unclear if he wants to change its basic structure.

Mr. Snow, who has been in the job for three years, has long said he will return to the private sector at an appropriate time. The person close to Mr. Snow who said that the secretary was interested in stepping down in the next several months appeared to be reflecting that thinking, but also appeared to be defensively positioning Mr. Snow so that any resignation could be portrayed as his own.

In his remarks in the Roosevelt Room, Mr. Bush indicated that he had given Mr. Bolten a strong hand to reorganize the White House, but only so far as he approved. Republicans have criticized the departing chief of staff, Andrew H. Card Jr., as fatigued and slow to react to national crises over the past year, including Hurricane Katrina.

"I told Josh that he is — will organize the White House in such a way that he is comfortable with and that meets my needs," Mr. Bush said. "And my needs are to have good, crisp information so I can make decisions on behalf of the American people."

Mr. Bolten is to take over on April 14, and the president said he looked forward to his recommendations on "how to get this White House for the last two and a half years of my administration to continue to function in an effective way."

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When DeLay Talks, People Could Pay (WP)

By Al Kamen

The Washington Post, April 5, 2006

Rep. Tom DeLay (R-Tex.), who is no longer running for reelection and is leaving Congress shortly, should do well in the private sector -- as long as he doesn't get convicted of anything serious. The immensely profitable -- ask Bill Clinton -- speaking circuit awaits, along with perhaps a book, teaching, a radio talk show and whatnot.

In addition, he's eligible for a pension of a bit over one-third of his $183,500 majority leader's salary, or about $65,000 a year, complete with health benefits and cost-of-living adjustments.

Five House members have recently introduced pension-revocation legislation for convicted felons, and the House Administration Committee will be taking up that issue among others tomorrow when it considers a lobby reform package.

All five lawmakers are Republicans. Apparently no House Democrat has introduced such a bill. That may be, a colleague suggests, because Republicans can't imagine themselves as scofflaws; Democrats know themselves better.4-Finger Salute

Loop Fans have been asking why we didn't use the actual photo of Justice Antonin Scalia 's controversial gesture last week to respond to a question from Boston Herald reporter Laurel J. Sweet .

Scalia, leaving a special Mass for lawyers, was asked how he responds to people who questioned his impartiality on church-state cases.

Scalia flicked his fingers out from under his chin in what the Herald's reporter called an obscene gesture and Scalia insisted was not. Experts and members of the Soprano family in Jersey were divided on the issue.

A glitch in the purchase delayed the photo's arrival in time for Monday's column. But the photo of the justice as he completes his courtly response is not to be missed.The Nearly Departed

If Treasury Secretary John W. Snow doesn't know he's outta there, he might want to study President Bush 's response to a reporter's question yesterday at a health-care meeting about whether Snow is "expected to stay on."

"Secretary Snow is here at the table," Bush said. "He's been a part of this discussion." [Note past tense.] "I'm glad you brought him up." [No doubt.] "He has been a valuable member of my administration [Past tense again.], and I trust his judgment and appreciate his service. [It's been great.]"

Then, Bush almost, almost did it again. " Andrew Card , my longtime friend, a person who will go down in the annals as one," Bush paused, "a really fine chief of White House in the history of the White House." You just know he was going to say "one heckuva" chief of staff.The Departing

Somebody draw the short straw? President Bush announced yesterday that he has selected Karen P. Hughes , undersecretary of state for public affairs, to lead the U.S. delegation to the inauguration tomorrow of President-elect Thomas Yayi Boni of the beautiful West African Republic of Benin.Rice, Straw and the Cobra's Tale

The No. 1 reading material on the Condoleezza Rice - Jack Straw tour to Iraq this week was the book "Cobra II," an inside account of the Iraq war by Michael R. Gordon and Bernard E. Trainor .

Both U.S. and British officials accompanying the secretary of state and the British foreign secretary were engrossed in reading it as they flew back and forth to Baghdad from England. The book contains an appendix with a series of secret British memos critical of the U.S. occupation, written by diplomat John Sawers , who just happened to be part of the Rice-Straw meetings in Iraq.

The book also recounts how British officers were appalled when Gen. Tommy Franks showed his officers the movie "Gladiator" before the invasion to inspire them.Ill Literacy

"The National Strategy for Financial Literacy 2006" report, which was to have been completed in July, showed up yesterday. The last sentence of the foreword says that, as for nongovernmental Web sites, "the United States Government, including the Financial Literacy Education Commission and its member agencies, dies not endorse, approve, certify, or control those external sites . . ."

Well, dies it endorse literacy in general?Happy Landing

DOJ_NMG_0025403

Brian V. McCormack , an Idaho GOP veteran and former personal aide to Vice President Cheney and to former Iraq viceroy L. Paul Bremer in Baghdad, has landed nicely in the White House handling the business portfolio in the office of public liaison.Not This Club

Samuel H. Silver , chairman of the board of the Seattle area group Toward Tradition, a nonprofit that promotes traditional Judeo-Christian values, writes to say that, contrary to our "spurious implication otherwise," in a column last week, his organization never gave former GOP lobbyist Jack Abramoff , a former board member and friend of organization head Daniel Lapin , any award.

Abramoff had asked Lapin for an award -- so he could get into the Cosmos Club -- and Abramoff reportedly claimed on his biography that he had received such an award.

So do we believe a claim by Abramoff, a man who Silver says is "an admitted felon and forger"? Well, since he puts it that way, no, we believe Silver. No award.

Bush Eager To Hear Ideas From Bolten (AP-Y2)

By Deb Riechmann

AP2, April 4, 2006

President Bush dodged questions Tuesday about whether he would keep Treasury Secretary John Snow in his Cabinet but said he was eager to hear recommendations for change from his new chief of staff.

Some staff changes are expected when Joshua Bolten, currently the budget director, moves into the West Wing to replace Andy Card, who has been chief of staff since Bush became president. Card's last day is April 14.

Republicans have urged Bush to make major staff changes to reinvigorate the administration and lift his approval ratings from record lows.

"I told Josh that he is — will organize the White House in such a way that he is comfortable with and that meets my needs," said Bush. "And my needs are to have good, crisp information so I can make decisions on behalf of the American people."

Republicans close to the White House say they expect changes in Bush's communications, congressional relations and domestic policy shops. The political team, led by deputy chief of staff Karl Rove, is believed to be immune to change.

Critics have complained that Snow has not convinced the public that the economy is on a healthy upswing. Rumors about his departure created an awkward moment for Bush in the Roosevelt Room, where Bush discussed his initiative for health savings accounts. When a reporter asked Bush whether Snow was expected to remain in the Cabinet, the president noted that Snow was in the room.

"Secretary Snow is here at the table," Bush said. "He's been a part of this discussion. I'm glad you brought him up. He has been a valuable member of my administration, and I trust his judgment and appreciate his service." But he did not say whether Snow would stay.

Asked later why the president didn't simply dispel rumors of a Snow departure, White House press secretary Scott McClellan replied: "We've had a long policy of never speculating about personnel matters."

McClellan ducked a question about his own fate. "I appreciate the question, and as I've said, I never speculate on personnel matters. Period."

With widespread talk of a shake-up, some White House staffers report getting job offers from outside employers. Others who were planning to leave are considering staying longer so their departures are not viewed as part of any housecleaning.

Bolten must find someone to take his old job — director of the Office of Management and Budget — and find a new domestic policy adviser. Claude Allen left that post in February just before he was charged with theft for allegedly receiving phony refunds at department stores.

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On the Net:

The White House: http://www.whitehouse.gov

Supreme Court Pushes Back On Televised Proceedings (LAW)

By Tony Mauro, Legal Times

DOJ_NMG_0025404

Legal Times, April 5, 2006

Supreme Court Justice Anthony Kennedy pushed back strongly Tuesday against a bill pending in the Senate that would require the Court to televise its proceedings.

"Mandating direct televised proceedings would be inconsistent with the deference and etiquette that should apply between the branches," Kennedy said in response to questions from House members at the Court's annual budget hearing Tuesday. "We feel very strongly that this matter should be left to the courts."

Kennedy also spoke out forcefully in favor of a pay raise for federal judges, warning that the failure by Congress to pass salary increases is "assuming the proportions of an historic wrong."

Every spring, justices go before a House Appropriations subcommittee seeking approval for the Court's annual budget, which next year will total $76.4 million if passed. It is a rare and often illuminating encounter between branches, with House members asking pointed questions that put justices on the spot about a range of issues.

There was some of that on Tuesday, but to an unusual degree the hearing became a platform for Kennedy and Justice Clarence Thomas to vent about actions or inactions by Congress on matters of deep interest to the high court.

The camera issue was raised early on by subcommittee chairman Joseph Knollenberg, R-Mich., who said the recent confirmation hearings for two new justices had "brought about greater interest" in the Court on the part of the public.

Kennedy at first deferred to Thomas, describing him as a "media star," apparently a reference to Thomas' greater visibility dating back to his stormy confirmation hearings in 1991. Thomas acknowledged, without pleasure, that he is probably the most recognized justice on the Court. On the issue of cameras in the Court, Thomas said it "runs the risk of undermining the manner in which we consider cases." He also said cameras would reduce the justices' cherished anonymity, leading to the need for more security. Cautiously, Thomas added that requiring the Court to allow cameras could prompt "some conflict between the branches."

That teed up the issue for Kennedy, who spoke much more forcefully against the proposal, often using the pronoun "we" to suggest that at least by his own measure of the situation, he was speaking for the full Court.

Kennedy took aim at Senate legislation sponsored by Sen. Arlen Specter, R-Pa., which would require broadcast access unless a majority of justices in an individual case decided that a party's due process rights would be violated. The bill was endorsed by the Senate Judiciary Committee last week.

The Supreme Court, Kennedy said, does not tell Congress how it should conduct its proceedings, so likewise, Congress should not be doing the same to the Court. "We feel very strongly that we have an intimate knowledge of the dynamics and needs of the Court," said Kennedy. "By having no cameras, we teach that our Court has a different dynamic."

Rep. John Olver, D-Mass., sympathetically asked Kennedy, "Why would you countenance such a bill" if it is so inappropriate. Kennedy replied, "We wouldn't." But Kennedy did not specify what form the Court's resistance to a bill passed by Congress would take.

Kennedy seemed less vociferous about a separate bill that passed the Senate Judiciary Committee last week, legislation that would permit, but not require, camera access in all federal courts at the discretion of the chief judge or justice. He indicated that bill, if passed, would pose far fewer separation of power issues, serving mainly as a signal from Congress that the judiciary should rethink its opposition to cameras.

When Olver said, "You might get called tone deaf if you don't move somehow toward some openness and transparency," Kennedy was conciliatory. "The 'tone deaf' phrase is apt," he said.

But Kennedy's passion was aroused again later in the hearing when he was asked about the salary issue, a sore point for the judiciary for decades. Current pay for the chief justice is $212,100, while associate justices are paid $203,000. The salary for appeals court judges is $175,100, with $165,200 for district judges. Congress has traditionally pegged the judicial salary structure to the pay for senators and House members, which is $165,200, the same as district judges. Reps. Adam Schiff, D-Ca., and Judy Biggert, R-Ill., co-chairs of the Congressional Caucus on the Judicial Branch, introduced a bill last week to de-link judicial and legislative salaries.

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"In my view the present status of judges' salaries threatens the quality of the judiciary," said Kennedy, noting that when his law clerks leave his chambers, some are hired by law firms with hiring bonuses equal to his salary. "This devalues the position of the judiciary."

Kennedy said it is no longer the case, as it was decades ago, that the best lawyers in a given community aspire to the federal bench. "It doesn't happen anymore," Kennedy said, adding that the salary situation has led to a "serious erosion in the morale of the judges."

2 Justices Indicate Supreme Court Is Unlikely To Televise Sessions (NYT)

By Linda Greenhouse

The New York Times, April 5, 2006

WASHINGTON, April 4 — Television cameras are not about to enter the Supreme Court any time soon.

That was the unmistakable message that two Supreme Court justices gave Congress at a hearing on Tuesday on the court's budget.

Several members of the House Appropriations subcommittee on transportation, treasury, judiciary, and housing and urban development, which handles the judicial branch's annual appropriation, raised the issue of television after Justices Anthony M. Kennedy and Clarence Thomas had finished discussing the court's $76.4 million budget request.

Last year, Senator Arlen Specter, Republican of Pennsylvania and chairman of the Senate Judiciary Committee, introduced a bill to require the Supreme Court to permit its arguments to be televised unless a majority of the justices voted to bar television on a case-by-case basis. Other proposals include mandating television access, or simply permitting and encouraging it.

Asked for his views on the subject, Justice Kennedy said it raised a "sensitive point" about the constitutional separation of powers.

"It's not for the court to tell Congress how to conduct its proceedings," and the reverse was also true, he said. He added, "We feel very strongly that we have intimate knowledge of the dynamics and the mood of the court, and we think that proposals mandating and directing television in our court are inconsistent with the deference and etiquette that should apply between the branches."

Justice Thomas was equally firm, warning that television in the courtroom would have a negative impact on the argument sessions.

"It runs the risk of undermining the manner in which we consider cases," he said. He added that some members of the court "feel more strongly than others," but that all agreed that the court should decide the issue for itself. "The general consensus is not one of glee," he said.

Justice Thomas also said that televising the court would raise security concerns, "as members of the court who now have some degree of anonymity would lose their anonymity."

The justices, who have been the court's representatives to Congress on budget matters for several years, appeared to relish the chance to elaborate on the television question. Justice Kennedy described the absence of cameras as a positive.

"We teach that our branch has a different dynamic," he said. "We teach that we are judged by what we write."

One member of the subcommittee, Representative John W. Olver, Democrat of Massachusetts, appeared taken aback by Justice Kennedy's fervor. "You've made it clear that you are part of the cerebral branch," Mr. Olver said.

School System Improves Under Our Bright Light (WSJ)

The Wall Street Journal, April 5, 2006

Few voices have been stronger in support of education reform over the years than your editorial page. Which is why it troubles me to have to respond to your March 24 editorial "Spellings Test."

Instead of challenging reform's opponents, you found fault with its best friend. The Bush administration led the charge to pass the No Child Left Behind Act, the strongest educational accountability measure ever instituted. The Department of Education has challenged states that have tried to water down or wriggle out of its provisions. And we have been immovable on the "bright line" goals of the law, including annual testing, disaggregated test score data and full grade level proficiency in reading and math by 2013-14.

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Four years ago, we fought hard to ensure that public school choice and tutoring services were part of NCLB. They are important accountability tools. We have urged school districts to partner with community and faith-based organizations and to set aside adequate funds for transportation. We insist school districts comply with both its letter and spirit; for example, by informing parents in a timely manner and in plain language. Sticking a letter in a kid's backpack is just not good enough.

We are holding up successful districts, such as Miami-Dade County in Florida and Desert Sands Unified in California, as role models. And those dragging their feet have been warned of consequences. Henry Johnson, who heads my Office of Elementary and Secondary Education, is taking a very close look at how well states are complying with the law. We will not hesitate to take appropriate enforcement actions.

Of course, we are not satisfied with current student participation rates. To spur improvement, we established pilot programs in several states prior to the 2005-06 school year. Early returns are promising. In Newport News, Va., for example, preliminary data show that 62% of students eligible for free tutoring signed up, aided by a door-to-door campaign to notify low-income parents. This is nearly four times the national average.

We welcome everyone's effort to use the latest data in support of closing the achievement gap. The bottom line is that none of this activity would be happening without the No Child Left Behind Act. It has done more than raise test scores and narrow the achievement gap. It has shone a bright light on the entire public education system, so that parents are no longer kept in the dark.

Margaret Spellings
U.S. Secretary of Education
Washington

NJ Senators To Remove Block On Bush Highway Nominee (AP)

By Donna De La Cruz
AP, April 4, 2006

WASHINGTON -- New Jersey's two Democratic senators on Tuesday said they will lift their block on President Bush's nominee to head the Federal Highway Administration after the agency agreed to give the state more than $150 million for transportation projects that had been in jeopardy because of a new rule.

Sens. Frank Lautenberg and Robert Menendez placed a hold last week on Richard Capka's nomination to head the FHA, alleging that the agency was rescinding approvals that allowed New Jersey to spread costs for transportation projects over several years.

Since 1999, the FHA has allowed New Jersey and some other states to use multiyear funding. For example, if a project costs $100 million and would take five years to complete, New Jersey would budget $20 million a year for five years. The state paid the bills year by year.

Under the new rule, New Jersey would have had to put the project's entire cost into an escrow account.

New Jersey transportation officials met Tuesday with FHA Associate Administrator Chip Nottingham, who pledged to reverse the rule and allow six state projects to continue, the senators said.

The U.S. Transportation Department did not immediately comment.

Lautenberg said placing the hold on Capka seemed to do the trick.

"The Bush administration has blinked and promised to provide the rest of New Jersey's highway money for this year and the amount we have requested for 2007," Lautenberg said.

Menendez said Bush's plan "would have made our state more congested and less safe, and we will never sit by and allow that."

The six projects are:

_Work on the Interstate 280/Garden State Parkway interchange in East Orange.

_Work on Interstate 78 in Union, Hillside, Irvington and Newark.

_Work on the Delilah Road bridges in Absecon and Pleasantville.

_Work on the Route 440-High Street connector in Perth Amboy.

_Widening Route 1 in Edison and Woodbridge.

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_Work on Interstate 295 in Greenwich, East Greenwich and West Deptford.

Capka was nominated by Bush to be the permanent FHA administration earlier this month. He will remain the acting administrator, a job he has held since August 2005, until the Senate can take action on his nomination.

Under Senate rules, any senator can block nominations or legislation. The procedure is commonly referred to as a hold. Democratic Sens. Max Baucus of Montana and John Kerry of Massachusetts have also placed holds on Capka's nomination _ Baucus for FHA's refusal to fund a $50 million transportation project for his state and Kerry for Capka's involvement with Boston's controversial $14.6 billion "Big Dig" project.

Boehner Says Budget Will Reach Floor This Week (RC)

By Jennifer Yachnin

Roll Call, April 5, 2006

Although the House Rules Committee postponed its vote Tuesday evening on setting the debate for fiscal 2007 budget resolution, Majority Leader John Boehner (R-Ohio) insisted that the measure will reach the House floor before Members depart for the two-week Easter recess.

"It will be a tough sell. We will get there," Boehner said at a Tuesday press conference, before the committee delayed action on the rule. "Listen, we are going to do the budget this week. It is going to mean a lot of conversations and a lot of honest dialogue. So I am looking forward to the dialogue beginning."

Asked whether the resolution could be delayed through the weekend, Boehner added: "It will be done before we leave here this week."

A spokesman for Majority Leader said that the chamber could vote on the budget resolution as early as Thursday, assuming that the Rules panel approves the matter today.

Although the committee was expected to reconvene Tuesday evening on a separate matter, no definitive schedule on the budget resolution rule had been released at press time.

"I will be frank with you: If we don't do it this week, why do it?" Boehner added Tuesday. "So that is why we are going to do it this week, and we are going to pass it."

In the meantime, House Budget Chairman Jim Nussle (R-Iowa) testified before the Rules Committee Tuesday that his panel will take up a numerous reform issues — including a presidential line-item veto and earmark reform — as single package, winning praise from conservative GOP lawmakers.

While members of the conservative Republican Study Committee have criticized the budget resolution, Rep. Mike Pence (R-Ind.), the group's chairman, has said that the group could support the matter in exchange for leadership support of a quartet of reform proposals.

Pence said Tuesday he is "encouraged" by Nussle's testimony on both the line-item veto proposal as well as by the creation of a sunset committee to evaluate federal programs. But he added that the RNC will continue to seek a "date certain" to vote on the proposals.

Pence also noted that discussions with House leadership continued Tuesday.

"I'm satisfied that negotiations are moving along," Pence said. "We're encouraged by the progress."

In particular, Pence said that a proposal to provide for stricter enforcement of the budget on the House floor with regard to emergency appropriations could be included in a manager's amendment for the budget resolution.

But Pence suggested that if the House bill includes an amendment sought by moderate Republicans that would add $7 billion to provide for education- and health-related programs — a measure similar to one that is included in the Senate's budget resolution — it could result in a "significant departure" of conservative votes.

"We see the president's number as a ceiling," Pence said, referring to the $873 billion in domestic discretionary spending which is identical to the amount included in the House budget.

Under a substitution amendment offered by Rep. Mike Castle (R-Del.), a leader of the effort to add the $7 billion provision to the resolution, and Reps. Nancy Johnson (R-Conn.) and Dave Reichert (R-Wash.), the discretionary budget would total $880 billion.

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House Republicans Seek To Raise Spending (HILL)

By Jeffrey Young

The Hill, April 5, 2006

Three House Republicans yesterday introduced a substitute to the budget resolution that would boost discretionary spending.

The centrists hope to match the success of their Senate counterparts and increase money for education, health and the Low Income Home Energy Assistance Program (LIHEAP) by $7.16 billion above the resolution marked up by Budget Committee Chairman Jim Nussle (R-Iowa).

GOP Reps. Mike Castle (Del.), Nancy Johnson (Conn.) and Dave Reichert (Wash.) sponsored the substitute amendment.

Castle and Rep. Mike Pence (R-Ind.) are scheduled to debate the budget on C-SPAN at 7:45 a.m. today. Pence is the chairman of the Republican Study Committee, a group of fiscal conservatives seeking deeper cuts in discretionary funding.

The centrists are hopeful that the Rules Committee will allow their amendment to proceed to the floor, Castle spokeswoman Elizabeth Wenk said.

House GOP Lacks Agenda, DeLay Says (WT)

By Ralph Z. Hallow And Amy Fagan

The Washington Times, April 5, 2006

Departing Rep. Tom DeLay of Texas said yesterday that House Republicans have no vision or agenda and have let the Democrats choose the GOP leadership.

"We don't have an agreed agenda -- breaking up our leadership has taken its toll," Mr. DeLay told a small group of reporters invited to his offices in the Cannon House Office Building.

The interview came only hours after Mr. DeLay had announced in Houston that he would resign his House seat in the coming weeks, giving his party time to name someone else to stand for election from the conservative 22nd District of Texas.

The House GOP leadership "breakup" he spoke of began when he relinquished his House majority leader's post in September after a local Democratic prosecutor won a grand jury indictment against him on campaign-finance charges. Some of his former aides and associates have been indicted or convicted on various charges, and Democrats have painted Mr. DeLay as the leader of the Republican "culture of corruption" they say they're campaigning against.

"The only reason I was indicted [was] the stupid rule that allows the Democrats to pick the Republican leadership," Mr. DeLay said.

He was referring to a party rule requiring that any Republican indicted for a crime give up his leadership post. Mr. DeLay has contended that is why the Democrats, who have no such rule, persuaded Ronnie Earle to seek a grand jury indictment of Mr. DeLay and keep seeking it until he got one.

Mr. DeLay maintains his innocence and told friends and supporters in Houston yesterday that he will formally resign this spring, in large part so that Democrats won't be able to "steal" one more House seat in a critical midterm elections.

"Because I care so deeply about this district and the people in it, I refuse to allow liberal Democrats an opportunity to steal this seat with a negative, personal campaign," he said. "As difficult as this decision has been for me, it's not going to be a great day for liberal Democrats, either. My loyalty to the Republican Party -- indeed, my love for the Republican Party -- has played no small part in this decision."

Mr. DeLay called President Bush on Monday, and they spoke while the president was flying back from Cincinnati, White House spokesman Scott McClellan said yesterday.

"The president wishes Congressman DeLay all the best. He appreciates his service and thanks him for his service to the nation," Mr. McClellan said.

When asked whether Mr. Bush regrets the decision by his key political ally, Mr. McClellan said, "The president respects his decision. This was a decision that Congressman DeLay made."

Democrats said his resignation is just the tip of the iceberg, however, and they'll continue to hammer away at corruption issues.

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"Mr. DeLay's departure from Congress is one piece of the changes needed to end the Republican culture of corruption," said House Minority Leader Nancy Pelosi, California Democrat. "We need a new direction that returns the people's house to the American people."

Republican colleagues praised both Mr. DeLay's aggressive, effective leadership style and his decision to step aside for the good of the party.

"His leadership helped take our Republican conference and, as a result, our nation in a new direction, and I am confident that Tom's legacy as one of the most effective Republican leaders in a generation is assured," said Majority Whip Roy Blunt, the Missouri Republican who briefly served as leader when Mr. DeLay stepped aside.

"With this decision, he has put the interests of others ahead of his own," said Rep. David Dreier, California Republican.

Republicans were confident yesterday that a Republican will win Mr. DeLay's seat in November. They said the decision to step down was his.

"There was never any pressure for Tom DeLay to step down. People would have stood by him," said Rep. Jack Kingston, Georgia Republican.

But some party members clearly breathed a sigh of relief at the news, saying Mr. DeLay's resignation takes a key Democrat issue, one that would have been used against other Republicans, off the table. "For the tight congressional races, he will not be the poster child that he would have been if he was still in office," said Rep. Walter B. Jones, North Carolina Republican.

Mr. DeLay won his primary last month, but still faced a strong challenge from Democrat Nick Lampson, a former House member. The race looked tough because of Mr. DeLay's Texas indictment and ties to convicted ex-lobbyist Jack Abramoff.

House Minority Whip Rep. Steny H. Hoyer, Maryland Democrat, and other Democrats said Mr. DeLay's resignation doesn't save Republicans from their problems.

"National Republicans want you to believe they have turned the page, but the Republican culture of putting the special interests first does not revolve around just one man," said Rep. Rahm Emanuel, Illinois Democrat, who heads the Democratic Congressional Campaign Committee. Drug companies, insurance, oil and energy industries "still hold sway over the Republican Congress and write the legislation," he said.

Yesterday, a determindely upbeat Mr. DeLay said also that he would devote much of his time out of Congress to "doing what I do best, strategizing for the conservative cause" and helping Republicans in the House create a "vision" for the rest of the year and beyond, including on immigration policy.

He warned that if the immigration bill sponsored by Sens. John McCain and Edward M. Kennedy becomes law, it "would seriously undermine our own base" and cost Republicans seats in the November elections. The House "should not conference with the Senate on something we haven't discussed in the House."

In his Washington interview, he said that after leaving Congress he will raise money for Republican candidates. When asked whether he could imagine eventually becoming a lobbyist for a living, he replied: "Maybe."

DeLay Announces Resignation From House (AP)

By David Espo

The Associated Press, April 4, 2006

Succumbing to scandal, former Majority Leader Tom DeLay said Tuesday he will resign from Congress in the face of a tough re-election race, closing out a career that blended unflinching conservatism with a bare-knuckled political style.

"I have no fear whatsoever about any investigation into me or my personal or professional activities," DeLay said in a statement to constituents. At the same time, he said, "I refuse to allow liberal Democrats an opportunity to steal this seat with a negative, personal campaign."

He said the voters of his Houston-area district "deserve a campaign about the vital national issues that they care most about ... and not a campaign focused solely as a referendum on me."

DeLay relinquished the post as House majority leader last fall after his indictment in Texas as part of an investigation into the allegedly illegal use of funds for state legislative races. He decided in January against trying to get the leadership post back as an election-year corruption scandal staggered Republicans and emboldened minority Democrats.

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Last week, former DeLay aide Tony Rudy pleaded guilty to conspiring with lobbyist Jack Abramoff and others to corrupt public officials, and he promised to help the broad federal investigation of bribery and lobbying fraud that already has resulted in three convictions.

Neither Rudy, Abramoff nor anyone else connected with the investigation has publicly accused DeLay of breaking the law, but Rudy confessed that he had taken actions while working in the majority leader's office that were illegal. DeLay has consistently denied any wrongdoing.

Sen. John McCain (news, bio, voting record), R-Ariz., a major player in congressional investigations of Abramoff and the lobbyist's involvement with Indian tribes, said Tuesday that he respects DeLay's decision to step down, and added, "I think there are other aspects of the Abramoff scandal that will be unfolding in the weeks ahead."

McCain spoke to reporters following a speech to a Hispanic conference.

President Bush said Tuesday that DeLay had informed him of his decision Monday afternoon.

"I wish him all the best," Bush told reporters during a brief White House session, adding, "It had to have been a very difficult decision for someone who loved representing his district in the state of Texas."

Bush said the Republican Party won't suffer from DeLay's decision to resign from Congress. "My own judgment is that our party will continue to succeed because we are the party of ideas."

DeLay, an 11-term Texas lawmaker who turns 59 on Saturday, said he would make his resignation effective sometime before mid-June but contingent on the congressional calendar.

"He has served our nation with integrity and honor," said Majority Leader John Boehner, R-Ohio, who succeeded DeLay in his leadership post earlier this year.

But Democrats said the developments marked more than the end to one man's career in Congress.

"Tom Delay's announcement is just the beginning of the reckoning of the Republican culture of corruption that has gripped Washington for too long," said Karen Finney, a spokeswoman for the Democratic National Committee. "From DeLay to Scooter Libby to Senate Majority Leader Bill Frist, to Duke Cunningham, to Bob Ney, to David Safavian, the list of goes on and on."

DeLay portrayed his decision to resign as a fatal blow for the fortunes of his opponent, Democrat Nick Lampson, who has garnered national attention — and financial support.

"As difficult as this decision has been for me, it's not going to be a great day for liberal Democrats, either," DeLay said. "My loyalty to the Republican Party, indeed my love for the Republican Party, has played no small part in this decision."

Last month, DeLay capped a triumph in a contested GOP primary with a vow to win re-election.

It was not clear whether Texas Gov. Rick Perry would call a special election to fill out the unexpired portion of DeLay's term, or whether the seat would remain vacant until it is filled in November.

Either way, DeLay's concern about the potential loss of a Houston-area seat long in Republican hands reflected a deeper worry among GOP strategists. After a dozen years in the majority, they face a strong challenge from Democrats this fall, at a time when President Bush's public support is sagging, and when the Abramoff scandal has helped send congressional approval ratings tumbling.

Until scandal sent him to the sidelines, DeLay had held leadership posts since the Republicans won control of the House in a 1994 landslide. DeLay quickly established himself as a forceful presence — earning a nickname as "The Hammer" — and he easily became majority leader when the spot opened up.

DeLay was the driving force behind President Clinton's impeachment in 1999, weeks after Republicans lost seats at the polls in a campaign in which they tried to make an issue of Clinton's personal behavior.

His trademark aggressiveness helped trigger his downfall, when he led a drive to redraw Texas' congressional district boundaries to increase the number of seats in GOP hands. DeLay was soon caught up in an investigation involving the use of corporate funds in the campaigns of legislators who had participated in the redistricting.

GOP Ponders A New Era (HILL)

By Patrick O'Connor

The Hill, April 5, 2006

DOJ_NMG_0025411

The decision by Rep. Tom DeLay (R-Texas) to retire signals the official end of an era in Republican governance, leaving GOP leaders and rank-and-file members pondering the direction of their party.

The departure of the man who has come to define brass-knuckle politics in Washington comes at a pivotal time for Republicans, as both the conference and the White House grapple with significant changes and new personalities brought in to help boost their flagging poll numbers and reshape their respective images.

House Majority Leader John Boehner (R-Ohio) officially assumed DeLay's title earlier this year, but in many ways the outspoken Texan was still the tough-talking symbol of Republicans in the House.

DeLay's decision , which broke late Monday night and which he confirmed in a long speech to his constituents early yesterday morning, coincides with a similar shakeup at the White House, where the president's chief of staff for the past five years offered his resignation last week.

Boehner's leadership and the retirement of prominent chairmen, including Ways and Means Chairman Bill Thomas (Calif.), ushers in an era of change for the party in which new members must now fill those roles.

In the House, news of DeLay's decision not to seek reelection came as leaders prepare for a series of tough votes on the budget and a bill to apply current campaign-finance rules to 527 groups, which is expected on the floor today.

With more changes expected at the White House, Boehner met with incoming White House Chief of Staff Josh Bolten on Monday to discuss interactions between the administration and Congress.

Boehner would not discuss the details of their meeting, except to say that Bolten asked him about some of the strengths and weaknesses in the White House legislative-affairs team.

"I think he is a very capable manager, and he was doing what a good manager would do, and that is to assess where he thinks the White House operation is and how it can be improved," Boehner said of Bolten.

Boehner has taken an active role in the internal budget negotiations with rank-and-file members and has clearly signaled his desire to take responsibility for the eventual outcome. His leadership continues to be a focus among members, staff, lobbyists and the media, but he has not shrunk from the spotlight.

Boehner and Speaker Dennis Hastert (R-Ill.) are the last two members of a leadership team that assumed control of the majority in 1994 under then-Speaker Newt Gingrich (R-Ga.), DeLay as whip and Hastert as his chief deputy. Boehner was the House GOP conference chairman but lost his seat at the leadership table when former Rep. J.C. Watts (R-Okla.) ousted him from the post in 1998.

But Boehner bided his time, patiently waiting for a return. What happens with the votes on the budget and 527-reform bills this week will be the first clear tests of Boehner's skills as leader.

Hastert remains an anchor for the conference, but his role could be increasingly challenged if Boehner's stature increases. Hastert was noticeably absent from a press conference yesterday to address this week's agenda.

Republicans in the House reacted to news of DeLay's departure with a mixture of surprise, resignation and anger for what they perceive to be a partisan attack on their outspoken former leader. Members were also quick to praise DeLay's skills as a legislator and GOP leader.

"Tom DeLay has been a great leader for our party," Boehner told reporters yesterday during his regular weekly briefing. "I still believe he's one of the most effective whips we've seen in the Congress."

Boehner said he had yet to speak to other members about DeLay's decision but summed up their sentiments by saying: "My guess is that most of my colleagues are saddened by this."

DeLay called Hastert and Boehner on Monday to notify them of his decision, but the majority leader said he was already asleep when his predecessor placed the call. Other members were caught off-guard. Republican Policy Committee Chairman Adam Putnam (Fla.) read the news in an e-mail alert while watching his University of Florida Gators beat UCLA to win the national championship in college basketball.

In his statement to district voters, DeLay conceded that external political pressure played a major role in his decision to resign. Legal questions were bound to haunt the former majority leader for the duration of his campaign, and he acknowledged those impediments in his remarks.

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"As one of my colleagues in the House leadership astutely observed a while back, the wheels of justice turn much more slowly than the wheels of allegation," DeLay said.

Those legal questions include the possibility of further indictments in the ongoing federal investigation of former Republican lobbyist Jack Abramoff, although DeLay and his lawyer, Richard Cullen, both deny that DeLay is a target in the probe. The questions also include the impending Supreme Court decision on the constitutionality of Texas's congressional map and a related campaign-finance case in which DeLay and two associates have been charged with illegally funneling corporate contributions to Republican candidates during the 2002 Statehouse races that allowed them to redraw that map.

DeLay has maintained his innocence in the latter case since he was indicted by a Texas grand jury and forced to step aside as majority leader. Democratic District Attorney Ronnie Earle, who indicted DeLay last fall, released a statement yesterday saying he would continue to prosecute the former majority leader despite his decision not to seek reelection.

While Boehner expressed sorrow for the circumstances of DeLay's resignation, he did not completely defend his predecessor for the wrongdoing of his former aides, two of whom have pleaded guilty.

"At the end of the day, the members are responsible for what happens in their offices and responsible for their staff," Boehner said yesterday. "Clearly, there were several…former staffers for Tom who ran off the road, and it is sad and unfortunate."

Asked yesterday whether or not he felt like a "marked man" given the retirements of so many contemporaries, Boehner joked: "I'm the last man standing."

Continuing Legal Troubles Reportedly Left DeLay Dispirited (NYT)

By Carl Hulse And Philip Shenon

The New York Times, April 5, 2006

WASHINGTON, April 4 — Representative Tom DeLay's decision to resign his House seat came as federal prosecutors continued to investigate the aides who once made up his inner circle, leaving Mr. DeLay dispirited, potentially intensifying his legal troubles and further undercutting his prospects for re-election in the fall, lawmakers and others said Tuesday.

"I have no fear whatsoever about any investigation into me or my personal or professional activities," Mr. DeLay said in a formal announcement of his decision to constituents in the suburban Houston district he has represented since 1985, issued Tuesday morning as a written statement and a video on his Web site.

Mr. DeLay said his announcement on Tuesday was unrelated to a former senior aide's guilty plea last week to corruption charges, the latest admission of wrongdoing in the Jack Abramoff scandal by onetime staff members. Another of Mr. DeLay's former aides has also pleaded guilty, and prosecutors publicly signaled last week that they were examining the activities of a third.

Mr. DeLay is also under indictment in Texas on charges that he broke campaign finance laws, and he faced the prospect of an inquiry by the House ethics committee into travel arranged by Mr. Abramoff.

Some suggested it was no coincidence that his decision to resign and forgo a re-election bid came after the plea bargain last week by Tony Rudy, a former deputy chief of staff to Mr. DeLay. Mr. Rudy is cooperating with federal investigators.

"The two of them have been very close over the years," said Representative Ray LaHood, Republican of Illinois, referring to Mr. DeLay and Mr. Rudy. "Every story that is written will include DeLay's name, that's for sure."

Democrats cheered the departure of Mr. DeLay, who said he would leave Congress by mid-June. They said that he had only himself to blame for the abrupt end to his public career and that his decision to quit the House would not spare Republicans from a voter backlash.

"Tom DeLay's legacy of abuse of power, strong-arm tactics, broken House rules and pay-to-play politics has cast a long, dark shadow over this majority leadership and the entire Congress," said Representative Louise M. Slaughter of New York, the senior Democrat on the Rules Committee. "DeLay may be gone, but this is still his Congress."

President Bush, who spoke with Mr. DeLay on Monday, said he "wished him all the best," but added that Republicans would continue to flourish "because we're the party of ideas."

Administration officials said the White House had not pushed Mr. DeLay to step down.

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Privately, some senior Republicans said Mr. DeLay should have acted months ago, when Mr. Abramoff entered his guilty plea and when Mr. DeLay abandoned plans to try to regain the majority leader post he vacated after being indicted in Texas. Party strategists said his decision not to seek re-election could ease the way for other embattled Republicans, with Democrats losing a prime target for their claims of widespread corruption.

"In Richard Nixon terms, you won't have Tom DeLay to kick around anymore," said Representative Thomas M. Reynolds of New York, chairman of the National Republican Congressional Committee. He predicted that Republicans would easily hold Mr. DeLay's seat.

In addition to Mr. Rudy, another former top DeLay aide, Michael Scanlon, has pleaded guilty in the corruption case and is cooperating with prosecutors. The third former aide to be caught up in the investigation, Edwin A. Buckham, was among Mr. DeLay's closest associates, and the Justice Department is seeking to build a conspiracy case against him, people involved in the case said.

Phone calls to a home telephone number listed under Mr. Buckham's name in Maryland were not returned. A Washington lawyer who has recently represented Mr. Buckham, Laura A. Miller, did not return repeated phone calls.

Another close associate said that Mr. DeLay had been consistent in telling friends he had done nothing wrong, but that he had become dispirited in recent weeks because many of his former aides and closest friends were becoming targets of the Justice Department and were being pressured to incriminate him.

"Tony Rudy and especially Ed Buckham were more than just former colleagues — they are Tom DeLay's friends," the associate said. "You can imagine what it feels like: to know that your friends are being squeezed to say terrible things about you, things that aren't true. By leaving the House now, I think DeLay hopes that the spotlight on him and his friends will dim a little."

The associate spoke on condition of anonymity because, he said, Mr. DeLay had insisted that friends not talk to reporters about his legal troubles.

Mr. Rudy pleaded guilty last week to conspiring to corrupt public officials, although his plea agreement made no direct accusation of wrongdoing against Mr. DeLay. In a public indication that Mr. Buckham, Mr. DeLay's former chief of staff, was under scrutiny, federal law enforcement officials confirmed that he was the person referred to as "Lobbyist B" in court documents released as part of Mr. Rudy's plea agreement.

In announcing that he would relinquish the House seat he built into a formidable power center, Mr. DeLay acknowledged that the criminal inquiries had exacted a toll on his election prospects and his will to remain in Congress.

"Because I care so deeply about this district and the people in it, I refuse to allow liberal Democrats an opportunity to steal this seat with a negative, personal campaign," he said in the statement to constituents.

Colleagues and others said that even as Mr. DeLay was campaigning for re-election, he was preparing to exit the race after the primary if his political troubles appeared too deep. The more than $1.2 million in campaign contributions he amassed could now be used for legal fees.

In explaining the decision to resign, Mr. DeLay and others described as a turning point a speech he gave last week on the nexus between Christianity and America's place in the world.

The Rev. Rick Scarborough, the founder of Vision America and former pastor of a Houston church that Mr. DeLay sometimes attended, had asked Mr. DeLay to give that speech, at a conference titled "The War Against Christians" in Washington last Tuesday. He ran into Mr. DeLay again Saturday night at Sugar Creek Baptist Church in Houston.

"He pulled me aside and said that at our conference he had finally made a decision that was going to be difficult for him to announce but that God wanted him to get out of that race," Mr. Scarborough said.

DeLay Resignation Unlikely To Affect Election-year Dynamics (KRT)

By Steven Thomma

Knight Ridder, April 4, 2006

WASHINGTON - Rep. Tom DeLay's decision to retire from Congress will do little to help his embattled party retain control of the legislature in November's elections and won't erase his image as a poster child for corruption.

It leaves unchanged the larger dynamics of this year's congressional elections: deep dissatisfaction with President Bush, the war in Iraq and problems in the Republican base over such issues as immigration and federal spending.

Even with the Texas Republican leaving Congress, he'll remain a symbol that Democrats will burn into voters' minds with ads next fall. They'll relentlessly hammer the former House majority leader who cemented close ties between Congress and lobbyists and who was engulfed by a lobbying scandal that already had snared two of his former top aides and a close friend, lobbyist Jack Abramoff.

"Tom DeLay may be gone, but he's not forgotten," said John Zogby, an independent pollster.

His resignation, expected within the next two months, should help Republicans retain his suburban Houston district, where he easily could have lost the seat he has held since 1984. With a fresh candidate, Republicans have a much better chance there. That's important in a year when a net loss of just 15 seats would cost Republicans control of the House of Representatives.

But it won't shift the national tide.

DeLay, who will turn 59 on Saturday, formally announced his decision to step down Tuesday after alerting supporters and reporters the evening before. The decision came three days after a former close aide, Tony Rudy, pleaded guilty to corruption charges and said that he, like other DeLay allies before him, would cooperate in a continuing investigation.

DeLay said the corruption investigation had nothing to do with his decision, that he wasn't its target and that he resigned only to let voters focus on Republican ideas instead of controversy associated with him.

"I could have won this seat, but it would have been nasty," DeLay told Fox News.

Republicans hoped that DeLay's decision would put his controversial House tenure and its connection to scandal behind them.

"Our party will continue to succeed because we're the party of ideas," President Bush said when he was asked about DeLay on Tuesday.

"House Republicans will continue to move forward with an aggressive agenda," said House Speaker Dennis Hastert, R-Ill.

Democrats refused to join the political eulogy.

"DeLay is a symptom of a larger disease," Democratic National Committee Chairman Howard Dean said, "a sick Republican culture of corruption that touches everyone who took his dirty money, voted for his corrupt leadership or sat silently while their party has sold our government to the highest bidder."

House Majority Leader John Boehner, R-Ohio, said DeLay's woes wouldn't matter in November.

"I am not sure there will be any broad national impact. All of these races are won based on local candidates, local issues, their take on the national issues. And I don't expect it will have any impact."

Many issues are breaking the Democrats' way as election season nears.

"I don't think it (DeLay's resignation) alters the fundamental landscape," said independent political analyst Stuart Rothenberg, who closely tracks congressional races. "The campaign is still more about George Bush and Iraq."

And when the campaign turns to other issues, one of them is ethics and scandal in Congress. That's not good for Republicans.

There could be more criminal charges or even trials this year to remind voters of congressional corruption. And even if DeLay isn't indicted in connection with the Abramoff-congressional scandal, he faces trial in Texas on campaign-finance charges.

"He's still going to be in the news," said Linda Fowler, a political scientist at Dartmouth College in New Hampshire. "His name is still going to be present, keeping ethics and scandal alive."

Democrats will see to that.

"Republicans can try to move on now, arguing that DeLay's exit is a bright line. But I don't think it's going to be that easy," Rothenberg said. "The Democrats will keep pounding on ethics. ... The Democrats still have the edge for the cycle. The ethics issue is still an advantage for the Democrats."

Republicans take some solace from polls showing that about a third of Americans blame both major political parties for corruption. But among those who choose sides, they blame Republicans more than Democrats by 31 to 14 percent, according to a Pew Research Center poll.

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"This is an ancillary issue," Zogby said. "But it could become a powerful ancillary issue."

The Pew Research Center poll of 1,502 adults was conducted Feb. 1-5 and had a margin of error of plus or minus 3 percentage points.

DeLay's Hardball Tactics Coming Back On Him (USAT)

By Jim Drinkard

USA Today, April 5, 2006

WASHINGTON — After Tom DeLay announced he will leave Congress, Republicans are saying goodbye to the last of the revolutionary leaders who envisioned theirs as a majority party.

DeLay, together with former House speaker Newt Gingrich and fellow Texan Dick Armey, assembled the agenda that propelled Republicans to power in 1994 after four decades in the minority.

In the end, the same hardball tactics that helped preserve that power led to DeLay's fall with Tuesday's announcement that he would resign from Congress in June. His aggressive pursuit of campaign funds to help increase Republican House seats in Texas led to his indictment last year in Texas on money-laundering charges.

DeLay, nicknamed "the Hammer," took fundraising, political organizing, ties to lobbying and party discipline to new levels.

In addition to the Texas criminal charges, DeLay also faced a federal corruption investigation that has brought guilty pleas from two former aides, and House ethics committee scrutiny.

The weight of those legal woes left DeLay no longer confident he could hold the suburban Houston district that had been safely his since 1985. Democrats, led by the party's congressional campaign chairman, Rep. Rahm Emanuel of Illinois, sought to turn the scandal into a political weapon against all Republicans.

Emanuel and other Democrats insisted that DeLay's departure will not change their focus. "National Republicans want you to believe they have turned the page, but the Republican culture of putting the special interests first does not revolve around just one man," Emanuel said.

In a series of interviews, DeLay continued to maintain that he was innocent of wrongdoing but said he had come to believe that he should resign rather than risk getting beat in November.

Last month, DeLay overcame a primary challenge to win renomination for his House seat. He still faced a tough challenge from Democrat Nick Lampson, an ex-lawmaker who lost his seat in 2004 because of DeLay's legislative maneuvering.

On MSNBC's Hardball, DeLay said he was concerned with endangering the GOP majority. His constituents "deserve a Republican" to represent them, he said. "I can't be guaranteed that I would win."

Cal Jillson of Southern Methodist University said it's unlikely that's the only reason because DeLay is "a street fighter" unaccustomed to backing down. "That leaves the possibility that DeLay is aware of future adverse developments that are lapping at his doorstep," Jillson said.

DeLay said he was at peace with his decision, which he said frees him to fight for conservative causes and candidates.

Analysts saw few silver linings for the GOP. "It's a huge embarrassment for the Republicans in every jurisdiction, from Washington to his district," said Earl Black, a political scientist at Rice University.

DeLay said he planned to make his Virginia home his legal residence so Texas Republicans can replace him on the ballot. Under state law, a nominee cannot be replaced unless he dies, moves out of state or is convicted of a felony.

Black said DeLay will be remembered as an architect of the 1994 Republican congressional breakthrough. "He did not accept permanent minority status for House Republicans, and that was a very different way of thinking," Black said. "He helped get them there and keep them there."

DeLay engineered a redistricting plan in Texas that gained six seats for his party in the 2004 elections. He set up a fundraising operation that led to the indictment.

Sen. Trent Lott, R-Miss., said DeLay's legacy as a vote counter is unmatched. He was perhaps the "best whip … in the history of the Congress," Lott said.

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DeLay enforced party discipline so Republicans could enact legislative priorities without many Democratic votes. His application of that strategy on the Medicare bill in 2003 led to an admonition from the ethics committee, which said he improperly pressured a colleague for his vote.

Rep. Henry Bonilla, R-Texas, credited DeLay with helping build the GOP in once-solidly Democratic Texas. "The state is a leading Republican power base in this country," he said.

DeLay's Decision Fuels GOP Concerns (BSUN)

By Julie Hirschfeld Davis And Gwyneth K. Shaw

The Baltimore Sun, April 5, 2006

WASHINGTON -- President Bush and his congressional allies expressed hope Tuesday that their party could recover from the web of scandals that ensnared Tom DeLay, the powerful and hard-charging former House Republican leader who has announced that he will quit Congress within weeks.

But DeLay's decision to resign underscored broader concerns among some Republican strategists that the still-unfolding corruption charges could cost other vulnerable lawmakers their seats this year. And Democrats promised a push to make Republican scandals a signature theme of the elections.

The imminent departure of DeLay -- the 11-term congressman known as "The Hammer" for his uncompromising style and particularly popular with the president's conservative base --also leaves Bush without a go-to enforcer on Capitol Hill at a time when his influence is waning and his relations with Republican lawmakers are frayed.

Bush said Tuesday that DeLay's move "had to have been a very difficult decision for someone who loved representing his district," and the president sounded a note of optimism that Republicans could move beyond the scandals.

"My own judgment is, is that our party will continue to succeed, because we're the party of ideas," Bush said.

DeLay, in interviews and a videotaped statement to his constituents, said he cut short the bid for re-election to his Houston-area seat out of concern that he might not win the race. With a characteristically defiant flourish, he said he also hoped to deprive Democrats of a chance "to steal this seat with a negative personal campaign" and turn the contest into "a referendum on me." He pointed to polls that showed him tied with his Democratic challenger.

"I have no fear whatsoever about any investigation into me or my personal or professional activities," DeLay said.

But his announcement came within days after a former top aide, Tony C. Rudy, pleaded guilty to charges that he conspired with disgraced lobbyist Jack Abramoff to corrupt public officials. Abramoff, once a close DeLay associate, was sentenced last month to nearly six years in prison in an unrelated Florida fraud case.

DeLay, who is facing campaign finance fraud charges in Texas, stepped down from his leadership post last fall. Three days after Abramoff pleaded guilty in January to charges of bilking Indian tribes out of millions of dollars and conspiring to bribe public officials, DeLay announced that he would not seek to reclaim the leadership post.

Insiders said DeLay decided to leave Congress after determining that the unraveling lobbying and influence scandal could doom his candidacy. One said Rudy's plea "crystallized" the decision to quit the race. Polls showed that DeLay's re-election chances were being weighed down by questions about his character and credibility, all attributable to his legal problems. DeLay and his top aides recognized that they could do virtually nothing to combat those kinds of concerns, people close to him said.

"The last 18 months have been politically debilitating" for DeLay, said former Republican Rep. Bill Paxon of New York.

But Republicans also recognize that their problems could go far beyond DeLay. Most expect new corruption revelations in the coming weeks, with investigations continuing into conduct by Rep. Bob Ney, an Ohio Republican who surrendered a committee chairmanship this year under suspicion that he took bribes from Abramoff, and other former top House leadership aides.

"I don't think we've seen the last shoe drop here," one senior House Republican aide said. "There's going to be an ongoing trickle."

DeLay's imminent exit leaves Bush without an influential figure in the House. Despite his legal problems, DeLay still enjoyed considerable power, especially among conservatives who comprise the chamber's center of gravity.

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Now the White House, consumed with its own personnel shake-up and facing complaints from restive Republicans that Bush has mishandled key issues and failed to communicate with them, has substantial work ahead to repair relations on Capitol Hill.

DeLay "was obviously the go-to guy when the going got tough, and they'll have to find the next go-to person. There's no time to wait," said Stuart Roy, DeLay's former communications director.

"Is it a void that can never be filled? No -- the White House has other channels -- but this is one foot soldier they'll miss," said Greg Crist, a former top Republican leadership aide.

The White House played down the effect of DeLay's departure on Bush's agenda. Asked whether the president regretted DeLay's plans, White House press secretary Scott McClellan said, "The decision has been made, and now it's time to move forward and continue working with congressional leaders to build upon our record."

In their public comments Tuesday, House Republican leaders praised DeLay's tenure and expressed sorrow at his impending departure.

"Tom's been a tremendous leader for us," said House Majority Leader John A. Boehner of Ohio, calling his predecessor "one of the most effective whips that we've seen in the Congress."

"I'm sorry that he's leaving," added Boehner, who took over the leader's post in February. There was no pressure on DeLay to quit, but he looked at the political landscape and did the "honorable thing," Boehner said.

"Tom DeLay has been a great friend and an ally, and he will be missed," said California Rep. David Dreier, the Rules Committee chairman.

Privately, however, there was some relief at the idea that a prime target was being removed. In public, House Republican leaders were skittish about the subject: At an afternoon news conference, Boehner, Dreier and other top officials briefly lauded DeLay, made short remarks about this week's legislative agenda and then scurried away to avoid questions from a gaggle of reporters.

Maryland Rep. Steny H. Hoyer, the No. 2 House Democrat, said it was obvious that DeLay's colleagues were wary of his mounting problems.

"They want to get DeLay off the stage," he said.

Ebullient Democrats, who have hammered Republicans over what they call the "culture of corruption" in the current Congress, said DeLay's departure would do nothing to dull the issue.

"Republicans want you to believe they have turned the page, but the Republican culture of putting the special interests first does not revolve around just one man," Rep. Rahm Emanuel of Illinois, the head of the Democratic Congressional Campaign Committee, said in a statement.

Tom Matzzie of the liberal political advocacy group MoveOn.org, said DeLay's resignation would not rally public support to Republicans -- or stop Democrats from raising the ethics issue.

"We're going to still kick Tom DeLay and Tom DeLayism," Matzzie said.

But Boehner dismissed the idea that DeLay, either in or out of the House, would be a factor in the elections.

"All of these races are won or lost based on local candidates, local issues, their take on the national issues," he said. "I don't expect this to have any impact."

Republicans May Be In Path Of Political 'hurricane' (USAT)

By Susan Page and Richard Wolf

USA Today, April 5, 2006

WASHINGTON — Is a tidal wave gathering?

The announcement Tuesday by Rep. Tom DeLay, the former House majority leader, that he would resign from Congress signaled what Democrats hope for and Republicans fear: that Democrats could be swept into power in November by the sort of political tsunami that helped Republicans win control of Congress in 1994.

"We know that there's a hurricane coming, and it's going to hit the Republicans in November," says Charlie Cook of the non-partisan Cook Political Report. "We're just trying to figure out how big this thing is."

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Dick Armey, who became House Republican leader when the party gained control in 1994, acknowledges that Republicans have "set the stage for the Democrats." However, he says, Democrats need to offer an alternative rather than just attack. "I think it takes a double-barreled shotgun, and they've only got one barrel."

A Democratic takeover of the Senate seems distant, but Cook and others now figure it's possible (though not yet likely) that Democrats will gain the 15 seats they need to seize control of the House of Representatives.

Three of the five key ingredients of the 1994 turnaround are in place, including broad public dissatisfaction with the direction of the country, dismal approval ratings for the president and the taint of scandal in Congress. But there are differences, too: The number of competitive House districts is much smaller than 12 years ago, and the opposition party has yet to articulate a unified, positive message.

DeLay says his decision to call it quits helps prevent Democrats from gaining the confluence of forces they need, not to mention reducing the chances that the GOP would lose his Texas seat.

His resignation denies Democrats an easy target. "It helps Republicans slightly in that it removes the poster child for bad behavior from the political scene," says Kenneth Baer, a former speechwriter for Vice President Al Gore and author of Reinventing Democrats. He worries fellow Democrats are deluding themselves that the "once-in-a-lifetime convergence" in 1994 is about to be repeated.

He says Democrats could win back the House, though — a turn that would transform the final two years of Bush's presidency. The oversight hearings and congressional investigations that bedeviled the Clinton administration would become a factor for Bush. Even a narrow majority would put Democrats in a stronger position to shape legislation, command attention, even issue subpoenas.

The election is seven months away, and analysts are calculating how 2006 is similar to 1994, and how it's different.

•On the wrong track: Democrats' biggest advantage: Americans are increasingly worried that the country and Congress are moving in the wrong direction. In a USA TODAY/CNN/Gallup Poll last month, 29% of those surveyed said they were satisfied with the way things were going in the nation; 68% were dissatisfied. At this point in 1994, 35% were satisfied.

"There's a very big mood out there that the country is way off course," says Illinois Rep. Rahm Emanuel, chairman of the Democrats' congressional campaign committee. "When they feel this way … voters take it out on the party in power."

In the latest survey, registered voters said they were leaning toward Democratic congressional candidates over Republicans by 55% to 39%. That's the biggest lead Democrats have had since they lost control of the House.

•An unpopular president: Presidents matter, too. In 1994, Democrats' loss of Congress was in large part a rebuke to President Clinton. His complicated proposal to overhaul the health care system and early fumbles on issues including gays in the military pushed his job-approval rating as low as 39% in September and October. By Election Day, it was still below 50%.

Bush's approval rating in the latest survey, taken last month, was 36% — one percentage point below the low point of Clinton's presidency. It hasn't been as high as 50% in almost a year.

"The big Achilles heel for the Republicans are the president's approval rating and the war in Iraq," says Virginia Rep. Tom Davis, a former chairman of the Republicans' congressional campaign committee. "It shapes up in the atmospherics to be a pretty good year to be a Democrat."

•The taint of scandal: In 1994, Democrats were tainted by years of scandal, including the forced resignation of a House speaker, the indictment of a powerful committee chairman and a controversy over overdrawn checks at the House bank.

This year, Republicans have faced similar ethics issues: the conviction of former California congressman Randy "Duke" Cunningham for taking bribes and the continuing investigation into disgraced lobbyist Jack Abramoff. DeLay's decision to resign is the latest reminder of those woes.

Liberal groups are trying to capitalize by tying other Republicans to "a pretty toxic Congress," says Eli Pariser of MoveOn.org.

Republicans counter that the charges won't stick. Rep. Tom Reynolds, chairman of the Republicans' congressional campaign committee, says one lawmaker's ethics troubles don't rub off on others. Voters are more concerned with "pocketbook issues," he says.

•Where's the opening? Democrats' biggest single problem: Where to fight?

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The number of competitive House districts has been shrinking, in part because redistricting has protected incumbents in both parties. In 1994, strategists could target 111 members of Congress who had won two years earlier by 55% of the vote or less. This year, there are just 32 members in that category.

Political scientist Alan Abramowitz of Emory University in Atlanta has run two political models for 2006. In one, using such national political conditions as public unease about the country's direction, Democrats gain 33 seats. In a second, which includes more "micro" factors such as the number of open seats, they pick up just eight seats.

MoveOn.org is trying to make some seemingly safe Republican incumbents vulnerable. On Monday, Pariser announced a $1.3 million ad buy in districts in Connecticut, Indiana, Ohio and Virginia.

•The opposition's message: In a sprawling news conference on the steps of the Capitol in September 1994, Newt Gingrich, then the No. 2 ranking Republican in the House, led dozens of Republican House candidates in signing a "Contract with America." It outlined specific congressional reforms and policy votes they promised to pursue if they won control.

Democrats haven't issued their own "contract," although Senate Minority Leader Harry Reid of Nevada and House Minority Leader Nancy Pelosi of California last week unveiled what they called a unified Democratic approach to national security.

"The biggest reason why Republicans may keep the House is the failure of Democrats to articulate anything positive at all," says Frank Luntz, a Republican pollster who helped devise the 1994 plan. Joe Gaylord, a Republican consultant who also advised Gingrich, agrees.

He's not convinced Republicans are safe, though. "It's possible that the Democrats could capture control of the House," he cautions. In the wake of controversies like those that sank DeLay, Republicans better be "pushing the leadership to get as many reform things passed as possible."

Indicted DeLay To Resign From Congress (FT)

By Edward Alden And Stephanie Kirchgaessner

Financial Times, April 5, 2006

Tom DeLay, the powerful former Republican House leader, announced on Tuesday he would not seek re-election this year to the US House of Representatives.

Mr DeLay, who played a critical role in consolidating Republican control of Washington over the past decade, said he was stepping aside to avoid a bruising political fight in his Texas district that he might have lost.

"It's very nasty. Every leftist organisation in America is down here in Houston. I just realised that my constituents don't deserve this. They deserve a Republican," he told Fox News.

He added: "I'm more interested in growing the Republican majority than in my own future."

The announcement came just days after his former deputy chief of staff, Tony Rudy, pleaded guilty to conspiracy and corruption and promised to cooperate with prosecutors investigating an alleged corruption ring run out of Mr DeLay's leadership offices.

Mr DeLay was a close friend of Jack Abramoff, the Republican lobbyist whose influence-peddling is at the centre of the investigation.

Democrats seized on the resignation, with party leader Howard Dean saying Mr DeLay was "a symptom of a larger disease – a sick Republican culture of corruption that touches everyone who took his dirty money".

A senior lobbyist with close ties to the Republican party said the resignation would likely have little impact on the Senate races this year, or on the 2008 presidential elections, but said it could hurt House Republicans.

"If you are a Republican running for the House in 2006, there is an impact," he said.

A Clean Slate For The GOP? (PHI)

By Dick Polman

The Philadelphia Inquirer, April 5, 2006

"The Hammer" has driven himself out of politics, and the big question today is whether his decision to quit the Congress will dispel the increasingly acrid cloud of scandal that imperils Republican hegemony.

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After all, a switch of only 15 seats puts the Democrats back at the helm in the House - a prospect that could make life more difficult for President Bush, because Democrats armed with subpoena power would be a tad more willing to launch probes of the administration's conduct.

No wonder the Republicans hope that Tom DeLay's departure is a boon to their fortunes. His precipitous fall from power - he reigned supreme as House majority leader at the start of January; he'll be out of a job by June - perhaps undercuts the Democratic quest to topple the GOP in November. DeLay, after all, has been the poster child for what Democrats have been calling "a culture of corruption" in Republican Washington.

DeLay insisted on Fox News yesterday that he was "excited" about his new clout-free life, and most Republicans think that would be just fine, because they believe his abrupt exit will brighten their November prospects. As conservative analyst William Kristol contended yesterday, DeLay's departure "gets rid of one distraction."

But does it?

Seven months remain until the election, and during that long span federal prosecutors will continue probing the scandals spawned by Jack Abramoff, the Republican lobbyist and convicted felon. That could potentially embarrass the GOP by providing the Democrats with fresh corruption story lines.

Marshall Wittmann, a former Christian Coalition lobbyist and ex-Republican aide who now works at a centrist Democratic think tank, said yesterday: "For the Republicans, it's white-knuckle time. DeLay's quitting makes the best out of a bad situation, but any Republican who thinks that this will remove the sting from the corruption issue is just whistling past the graveyard."

A party compass

It can't be assumed that corruption will be a top-tier voting issue in November - Iraq is clearly the biggest concern, according to all the polls - but any new legal proceedings aimed at Republicans could underscore the widely held perception (even among many conservatives) that the governing party has lost its compass.

DeLay has been indicted for alleged violations of Texas election laws, and he is awaiting trial. Republicans can try to distance themselves by noting that DeLay is a private citizen. More problematic is the ongoing federal probe - conducted by a Republican Justice Department - into crimes that include the corruption of public officials, as well as wire, tax and mail fraud. That probe features a strong DeLay connection.

Two figures helping the feds are Tony Rudy and Michael Scanlon, both of whom were high-ranking DeLay aides, both of whom have pleaded guilty to criminal acts. Rudy, who made his deal last week, admitted in court papers that he conspired with Abramoff (a longtime DeLay adviser and friend) to corrupt public officials and defraud clients while working for DeLay.

Nobody yet knows what Rudy and Scanlon are telling the prosecutors; nor is it yet known whom Abramoff, another cooperating party, might be naming.

'A favor'

DeLay himself has not been charged with anything (although he is designated as "Representative #2" in the Rudy criminal documents). But the GOP's image could be damaged even if none of its members are criminally indicted; both Ohio Republican Rep. Bob Ney and Republican Sen. Conrad Burns of Montana (neither of whom has been charged with anything) have political problems at home, because of their respective, and well-documented, past ties to Abramoff.

All told, longtime DeLay critics insist the issue won't die with DeLay. Tom Matzzie, the Washington director at MoveOn.org Political Action, said yesterday that even though DeLay was "a comic-book super-villain of sorts," nevertheless "there will be trial dates for himself and his cronies that will be pit stops on the way to the November elections."

But the Republican argument that DeLay's departure could foil the opposition was seconded yesterday by liberal author David Corn, who wrote on his blog: "Justice may be served by his fall, but not the Democrats' prospects in November."

And Larry Sabato, a nonpartisan political analyst who closely tracks voter behavior, said by phone yesterday: "If DeLay had stayed in his reelection race, there would have been 1,000 headlines this fall about 'Tom DeLay's hot race and his battle to survive.' He has eliminated those headlines now. He did his party a favor. Now a different Republican can run and keep that seat for the Republicans. And every seat matters this year."

Sabato questions whether the Democrats can get traction with the corruption issue, now that "their poster boy is off the wall." As he sees it: "People need parables, someone who can put a face on a complicated issue. DeLay was a wonderful

parable. Without DeLay front and center, people are more likely to lapse into, 'Yeah, they're all corrupt, both parties, just a bunch of crooks.' "

Indeed, it's historical fact that Washington's modern special-interest culture was basically created by the Democrats who controlled Congress for 40 successive years until 1995, and who in 1981 came up with the idea of giving greater access to corporate lobbyists in exchange for campaign money.

But, as DeLay critics see it, the relevant issue in 2006 is that DeLay institutionalized a cash-for-favors culture far beyond anything the Democrats did. And public-interest groups are mapping an '06 campaign that seeks to connect the Republican culture, as nurtured by DeLay, to real issues that affect voters' daily lives.

Case in point: Republicans, with heavy contributions from the pharmaceutical firms, passed the Medicare drug-prescription law - which explicitly bars the federal government from buying drugs in bulk and thereby saving seniors a lot of money. David Donnelly of the Public Campaign Action Fund contended yesterday that making these links could be "combustible" in November.

And many conservatives know that DeLay's legacy has not exactly helped their '06 election prospects. The directors of redstate.org wrote yesterday that "just because he is no lawbreaker does not mean he behaved in an ethical and honorable manner." The key to a comeback, they said, is for the still-Republican Congress "to be focused on achieving the right things for the right reasons."

DeLay's Departure A Relief For GOP (RC)

By Ben Pershing

Roll Call, April 5, 2006

With the House Republican majority he helped create in a peril also largely of his making, embattled Texas Rep. Tom DeLay (R) announced Tuesday that he would resign from Congress this year.

DeLay's decision marks the end of a career that helped transform nearly every aspect of Congressional politics, from lobbying and fundraising to redistricting, vote-counting and interparty relations.

The former Majority Leader's withdrawal from the House — which will occur at a still undetermined date before mid-June — brought forth effusive public praise and private sighs of relief from his Republican colleagues, who paid tribute to DeLay's achievements even as they hoped to rid themselves of the political effects of his burgeoning legal problems.

With DeLay's announcement, the expected passage of 527 reform this week and consideration of a broader lobbying reform package coming after the easter recess, House Republicans hope to finally get ahead of the ethics stories that have plagued them for the entire election cycle.

"In the long run this is great news because the 'Tom DeLay problem' goes away," said a House Republican leadership aide. "If he has further legal problems it will be on page A8 instead of A1 because he's no longer a Member of Congress."

After giving word of his decision to a select few media outlets Monday night, DeLay made his decision official Tuesday morning in a speech in Texas' 22nd district, where he had faced a very difficult re-election race against ex-Rep. Nick Lampson (D).

"Because I care so deeply about this district and the people in it, I refuse to allow liberal Democrats an opportunity to steal this seat with a negative, personal campaign," DeLay said, adding that he had "no regrets today, and no doubts. I am proud of the past. I am at peace with the present."

DeLay informed Speaker Dennis Hastert (R-Ill.) — whom DeLay first brought into the leadership and mentored for more than a decade — of his decision on Monday and told other leaders of the news later in the day, holding a conference call with his Texas GOP colleagues that night.

"Over the last 11 years, Tom DeLay has been a most effective Majority Whip and Majority Leader for our Conference, and I am sorry to see him leave the House of Representatives," Hastert said in a statement, adding that DeLay "embodies the term steadfast and perseveres through even the toughest attacks on Republican ideals and principles."

Majority Leader John Boehner (R-Ohio), a former DeLay enemy who succeeded the Texan in that post after DeLay was forced to step down, was similarly complimentary.

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"I still believe that he is one of the most effective Whips that we have seen in the Congress, and I am sorry that he is leaving," Boehner said, later adding that DeLay "did a very honorable thing by stepping aside."

Boehner, the former Conference chairman, also laughed as he observed that he was the "last man standing" from the elected leadership team that inaugurated the GOP's reign in the majority in 1994.

Of the GOP leaders elected in November of that year, Speaker Newt Gingrich (Ga.) resigned in 1998, Majority Leader Dick Armey (Texas) retired in 2002, then-Majority Whip DeLay announced his resignation this week and National Republican Congressional Committee Chairman Bill Paxon (N.Y) retired in 1998.

Further down the ladder, Republican Policy Chairman Christopher Cox (Calif.) resigned in 2005, Conference Vice Chairwoman Susan Molinari (N.Y.) resigned in 1997 and Conference Secretary Barbara Vucanovich (Nev.) retired in 1996.

With the possible exception of 1998, most political observers believe House Republicans are in more dire straits now than they have been at any point since the 1994 takeover.

One major contributing factor to their weakness has been the incessant focus on their alleged ethical failings headlined by DeLay, who remains under indictment in Texas for allegedly laundering corporate money into 2002 state legislative races and is also under scrutiny in a wide-ranging federal investigation into bribery and fraud related to convicted former lobbyist Jack Abramoff.

Abramoff has pleaded guilty to several charges, as have former DeLay press secretary Mike Scanlon and, most recently, former DeLay deputy chief of staff Tony Rudy, who admitted breaking the law while in DeLay's employ.

When DeLay was indicted by a Texas grand jury and temporarily stepped down from the Majority Leader post in September, his fellow Republicans almost universally pronounced him innocent of the charges and painted the Travis County prosecutor, Ronnie Earle, as a partisan attack dog.

And when DeLay permanently vacated the Leader post in January, most of his colleagues again expressed confidence that he would be exonerated.

But while Republicans praised DeLay Tuesday for his career achievements and for his decision, they mostly did not repeat the their earlier assertions that his legal troubles were baseless or driven solely by vengeful Democrats. At most, some simply said DeLay was innocent until proven guilty.

Boehner said that "to see [DeLay] being wrenched through this political stretching machine, if you will, rack, it is just not fair."

But when he was asked whether there was any "substance" to the allegations against DeLay, Boehner simply said, "I think the whole picture is a sad one. He has done a great job and to find himself in this predicament is regretful."

The news of DeLay's decision came during an already tumultuous week for House Republicans, who are hoping to pass a politically difficult budget and 527 reform as they parry questions about the Senate's progress on immigration reform.

"I think all of you know that this is probably the toughest week that I have had, this coming week, since I was elected Majority Leader," Boehner said to reporters Tuesday. "So I hope you all be a little charitable today. I don't think I ever took two Advil in the morning before I came to work, but I did today."

The House's plate is so full that there was very little discussion of DeLay at Tuesday's elected leadership meeting, with the conversation focused instead on the budget and 527 reform.

Even after he stepped down as Leader in September, DeLay continued to play an active role within the Conference, helping to assemble coalitions for tough votes and serving as an informal adviser to the leadership.

But DeLay largely stopped playing that role in January, according to leadership sources, as his legal predicament grew worse and he became more focused on his re-election race.

Capitalizing On DeLay Dropout (WSJ)

By Brody Mullins And David Rogers

The Wall Street Journal, April 5, 2006

WASHINGTON -- Rep. Tom DeLay's decision to leave Congress is a wake-up call to his colleagues that anti-Washington sentiment is running high, which may dictate quick action on ethics legislation.

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When a federal influence-buying probe heated up in January, Republicans pledged to learn from the past and enact reforms. But in deference to senior Republicans, the legislation has been delayed until at least late this month.

Now some Republicans say Mr. DeLay's resignation offers an incentive to act.

"This creates an opening for House Republicans to move aggressively to put this whole episode behind them," said Republican pollster Whit Ayers. "With his resignation, the House can pass strong ethics legislation and can credibly argue that they have learned from and responded to the whole imbroglio."

In 1994, powerful Democrats didn't respond to signs that their party had lost touch, and as a consequence lost control of the House that year to Republicans. It is unclear whether House Republicans are moving aggressively to head off similar political currents in an election year.

Mr. DeLay's decision to leave may have had as much to do with problems in his own backyard as his party's worries here. Mr. DeLay said he won't seek another term after he concluded he might lose his re-election race. The former No. 2 House Republican won the nomination in a crowded primary last month, but he faced a tough contest against former Democratic Rep. Nick Lampson and an independent challenger.

Ironically, Mr. DeLay made himself more vulnerable by driving through a Texas redistricting plan that his party implemented to pick up Republican seats in Texas in 2004. As part of the bargain, he absorbed into his district some Democratic precincts from his challenger Mr. Lampson, who then represented a neighboring Houston district, and in return moved some Republican precincts from his own district to help more vulnerable Republicans in surrounding districts. That left Mr. DeLay to run in a tougher, less Republican district.

A bigger problem was that former Rep. Steve Stockman -- a conservative maverick who was part of the fabled 1994 Republican class -- had come back to run against him as an independent.

"It was a much more complex environment for winning with Stockman taking votes away," said David Hill, a Texas pollster and Republican consultant who advised Mr. DeLay early in his House career. "That made the numbers a problem."

It is unclear how the resignation will affect the fight for control of Congress. Republicans hold 231 of the House's 435 seats, so a shift of just over a dozen seats would cost the party control for the first time since 1994.

Republicans said the resignation will make it tougher for Democrats to win seats because they won't have Mr. DeLay to kick around any more. "Democrats don't have an example No. 1 in their argument that there is a Republican culture of corruption," said Republican pollster Glen Bolger.

Democratic strategist James Carville argued Mr. DeLay's departure will have the opposite effect, confirming in voters' minds that something's amiss in Congress. "These guys don't just resign, they go out in a pine box," he said.

Few House Republicans have had as many ethics troubles as Mr. DeLay, who has been admonished by the House Ethics Committee three times. Last fall he was indicted in a state campaign-finance probe. Two of his former aides have pleaded guilty in a federal investigation into corruption by Republican lawmakers and former lobbyist Jack Abramoff. Mr. DeLay has said that he is innocent in both cases.

Republicans must deal with the effects while struggling with issues such as the budget and immigration. The man they elected to succeed Mr. DeLay as House majority leader, Ohio Rep. John Boehner, illustrates the party's situation. At a news conference yesterday he joked that he was "the last man standing" of the Republican rebels who took over the House in 1994. But he also admitted that for the first time he took Advil in the morning to deal with the headaches of the job.

DeLay Shows Need For Reform (WT)

By Christina Bellantoni

The Washington Times, April 5, 2006

Proponents of stricter lobbying laws say the resignation of embattled former Majority Leader Tom DeLay underscores the urgent need for reform.

"This Congress needs to be rescued," said Rep. Christopher Shays, Connecticut Republican. He added that members are being put on the defensive and need to tell voters: "We aren't as corrupt as you think."

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Mr. Shays made his comments during a series of hearings on a lobbying reform bill that the House expects to debate and pass this spring.

Rep. Steve Chabot said yesterday that Mr. DeLay, Texas Republican, "has been a distraction" from key issues facing Congress. The Ohio Republican made his comments after a hearing of his Judiciary subcommittee on the constitution over the proposed lobbying bill.

The witnesses testifying at that hearing used Mr. DeLay as an illustration of the need to put tighter restrictions on lobbying.

"I don't need to remind you about the scandals," said Chellie Pingree, president of Common Cause, a nonpartisan watchdog organization. "You have unique power to restore our faith in elected leaders."

Miss Pingree noted that 85 percent of voters are concerned about corruption in Congress and worry that lawmakers will "ignore the headlines, and they can't be much bolder than they are this morning."

The measure under consideration requires lobbyists to disclose their expenses and activities more regularly and "puts more teeth into the enforcement of current law," Mr. Chabot said.

Also in the bill is a temporary suspension on privately funded travel for the rest of the 109th Congress and a ban on allowing lawmakers to travel with lobbyists on corporate flights. It also increases the penalty for violating ethics rules.

"Today's news certainly brings added stress to the situation," said Kenneth A. Gross, who heads a political law practice.

Rep. Jerrold Nadler, New York Democrat, said the recent indictments, resignations and prison sentences "have cast a pall over this institution, whether we like it or not."

Without swift action, voters""will only become more cynical," he said.

Several House committees this week are expected to pass elements of the lobbying reform plan. The Senate passed its own version -- which includes a ban on gifts to lawmakers -- last week. The two chambers will need to reconcile the differences to the measures in a conference committee.

Rep. David Dreier, California Republican and chairman of the House Rules Committee, said passing ethics reform will make Congress "more accountable [and] more deliberative."

Enhancing disclosure will help both political parties clean up their image, he said.

Many lawmakers say the more pressing need is campaign finance reform. The House this week is expected to consider a measure dealing with 527 groups -- nonprofits funded mostly by wealthy activists.

Analysis: DeLay Leaves Troubling Legacy (AP)

By Tom Raum

The Associated Press, April 4, 2006

Tom DeLay leaves a troubling legacy for Republicans as they face re-election.

The Texan, once one of the most powerful and feared leaders of Congress, joined Newt Gingrich in helping to lead Republicans to power in 1994. But he became a symbol of the widening ethics scandal that now clouds GOP prospects for continued control.

Republicans face voters weary of corruption allegations and the heavy-handed tactics DeLay came to personify. At the same time, GOP candidates are further weighed down by President Bush's low approval ratings and the unpopularity of the war in Iraq.

"It's hard to believe that in just 12 years, Republicans could end up in the same situation that it took Democrats 40 years to get in," said Republican strategist Frank Luntz.

Luntz, who was once Gingrich's pollster and who helped orchestrate the 1994 "Contract With America," a set of unifying GOP policy initiatives, said the GOP majority now seems "tired" and those speaking out for change and innovation "are just not being noticed."

Republicans hold 231 of the 435 House seats. Democrats have 201. There is one independent and two vacancies.

DeLay said Tuesday he would resign from Congress rather than seek a 12th term so as not to hurt Republican chances. He acknowledged his re-election prospects were threatened.

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The voters of his Houston-area district "deserve a campaign about the vital national issues that they care most about and that affect their lives every day, and not a campaign focused solely as a referendum on me," DeLay said.

He had stepped aside as House majority leader last fall after a grand jury in Texas indicted him, accusing him of funneling illegal corporate contributions into state legislative races. In January, he decided against trying to get the leadership post back amid a spreading election-year corruption scandal.

Former lobbyist Jack Abramoff, once a key DeLay ally, and two of DeLay's former aides have pleaded guilty in a Justice Department corruption probe and are cooperating with prosecutors.

DeLay denied anew on Tuesday that he had done anything wrong. "I'm not stupid," he said in an interview on MSNBC's "Hardball." He said he had checked with lawyers to make sure every one his actions was within the law and House rules.

"My lawyers have been told I'm not a target of the investigation," DeLay said. He said he managed his congressional office "by trusting the people I hired. Evidently, they mishandled that trust."

The Texas congressman said hoped to travel around the country to help unify the conservative movement and hoped to remain influential in Republican politics — something he suggested he could do better outside Congress.

"It's quite evident to me in the last couple of months that being a rank-and-file member, I'm not able to accomplish the things I have been able to accomplish," he said.

DeLay's resignation "marks the end of a 12-year reign of unquestioned Republican dominance and casts a shadow on the chances of Republicans in the fall elections," said Ross Baker, a political scientist at Rutgers University who specializes in Congress.

Under DeLay's sometimes iron-fisted rule, House Republicans marched pretty much in lockstep during Bush's first term, delivering one legislative victory after another. "Republicans, however loyal they may have been in the past, are now taking an every-man-for-himself attitude," Baker said.

Congress draws even lower public opinion ratings than the president. An AP-Ipsos poll last month showed only 31 percent of those surveyed approved of the job Congress was doing, compared with 37 percent for Bush.

When people were asked if they wanted to see Republicans or Democrats win control of Congress, Democrats got more backing, by 47 percent to 36 percent.

Democrats have used DeLay's legal problems and those facing other Republicans — including Senate Majority Leader Bill Frist and former vice presidential chief of staff I. Lewis "Scooter" Libby — to claim that Republicans are in the grips of a "culture of corruption," an assertion they repeated on Tuesday.

DeLay's resignation might help to take the heat off rank-and-file Republicans — by removing from the scene an easy target for Democrats. But the Democrats signaled they were unlikely to change their focus whether DeLay was in Congress or not.

"Tom DeLay will leave behind a sad legacy of partisan political corruption," said Rep. George Miller (news, bio, voting record), D-Calif.

Further indictments and trials would help keep alive the "corruption" issue — and DeLay's role.

"As the Justice Department gets closer and closer to him through his aides, and if he is in more trouble, certainly the Democrats will use that," said James Thurber, an American University political science professor.

Republican leaders, from Bush to House Speaker Dennis Hastert of Illinois, were generous in their praise of DeLay on Tuesday. And Bush told reporters, "My own judgment is that our party will continue to succeed because we're the party of ideas."

Bush and DeLay haven't always seen eye to eye and are not close. Still, DeLay "has been a good soldier for Bush. And Bush has always said the right things when DeLay gets in trouble," said Bruce Buchanan, a political scientist at the University of Texas.

But there are limits to what Bush can do at this point to help DeLay — or Republicans facing tight races.

DeLay Says Prospect Of Losing Led Him To Step Down (HC)

By Kristen Mack, Eric Hanson, and Julie Mason

Houston Chronicle, April 5, 2006

U.S. Rep. Tom DeLay decided more than a week ago to resign his seat, disappointed with the margin of his Republican primary victory and looking at poll numbers that showed he might lose the seat in November, he said today.

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DeLay said in an interview with Sam Malone on KTRH-AM (740) that he "should have done better" than his 62 percent showing against four challengers in the March 7 primary.

His internal polling showed he had a 50-50 chance of winning in November, he said.

"The district was very polarized," he said. "I had strong support and strong opposition."

He would have had to draw votes of moderate Republicans and independents, he said.

"Why risk it, when we can save the seat?," he said. The district leans Republican. "I'm incredibly confident I'm not leaving the 22nd District in jeopardy."

Former U.S. Rep. Nick Lampson is the Democratic nominee for the 22nd congressional district seat.

Lampson, whom DeLay has long lampooned as the "Hollywood" candidate because of his financial support from Democrats outside the state who oppose DeLay, will see that money supply dry up if he's running against less of a lightning rod than DeLay, the congressman predicted.

"He's got enough to run a campaign right now, but it's not going to be a referendum on me," DeLay said. "He has to defend his voting record."

DeLay, the subject of more ethics investigations than any other member of Congress, has been under increasing pressure from a sprawling investigation into political corruption that grew out of the lobbying activities of Jack Abramoff, with whom he had close political ties.

The ongoing investigation has an impact on him politically.

"I'm a realist and understand that," he said. "But all they have is guilt by association. I've served honestly and ethically. I've never broken a law or a House rule."

DeLay said he's not going away, but will fight for conservative causes in a different arena. And he says he will work to elect a conservative Republican as his successor.

DeLay has run up $2.5 million in legal fees, $1.5 million of which remain unpaid. He hopes to make some money on the speaking circuit to help pay those mounting legal bills.

"I feel very much at peace with this decision," he said. "I've already been planning and strategizing about what's next."

The resignation of Tom DeLay was the main topic of conversation Tuesday at Cinnamon's Bakery, a popular morning gathering place in the Sugar Creek area of Sugar Land.

Rich Christoffersen said customers were stunned by the announcement, with several saying the congressman's legal woes played a role in the resignation.

Christoffersen said current events and politics are frequent subjects discussed by morning customers who are generally supportive of DeLay.

"I think most folks are pretty sorry to see him go, with a few exceptions," Christoffersen said.

"I am very disappointed to see him go. I think he was on the last true conservatives that were out there," he said.

Customer Abraham Joseph said he was surprised by the sudden nature of DeLay's resignation.

"I think he just buckled under pressure from the left, he didn't want to put up with all their whatever, so the best thing to do was just to back out," Joseph said.

Another customer, Charles Lojo, said DeLay has been a strong leader and wondered why the congressman would step down after winning a hard fought primary.

"It is really a shocker. Only he knows why and hopefully they are good reasons," Lojo said.

DeLay left Houston's Fox network studio around 9:20 a.m. without giving a statement to the press gathered outside. He rode in the front passenger's seat of a gray Lincoln and pulled into the station's garage.

He will not hold a press conference today, but has instead spent the day granting interviews to friendly reporters and news outlets. He also released a video address, which was distributed to news outlets.

DeLay called President Bush Monday with the news that he was stepping down from Congress, White House spokesman Scott McClellan said today.

The two for years have been uneasy allies, working together on shared goals despite sometimes sharp policy differences.

DeLay called Bush when the president was aboard Air Force One on Monday.

McClellan sidestepped questions about whether Bush was relieved by the fact that DeLay was seeking to defuse a controversy involving the congressional lobbying scandal, which has led two former DeLay staffers to plead guilty to corruption charges.

"Congressman DeLay has been a good ally with whom the president has worked to get things done for the people," McClellan said.

DeLay's ethics troubles have been a distraction for the White House, which has seen its once-ambitious domestic agenda stalled by ethics scandals, division over the war in Iraq and other complications.

Bush in the past year has run hot and cold on DeLay, expressing support and spending time with the embattled Sugar Land Republican, urging others not to pre-judge DeLay, and then putting some distance between the two of them.

McClellan said Bush will continue working with the new leadership in Congress, including on lobbying and other reforms.

"Congress is working to move forward on reforms and the president is committed to working with them," McClellan said.

The spokesman praised DeLay's efforts on behalf of Bush's agenda, including on tax cuts and the war on terrorism.

DeLay Departing On Own Terms (WP)

By R. Jeffrey Smith And Jonathan Weisman

The Washington Post, April 5, 2006

Under siege from state and federal probes into his actions and those of his closest aides and advisers, Rep. Tom DeLay had considered resigning on several occasions over the past four months. But he waited until after he had vanquished his challengers in the Republican primary to deny them the chance to become his successor, associates said.

DeLay's decision was also provoked by recent poll results that showed he faced a stiff challenge in November, the associates said.

They also cited what the Texas Republican has privately described at his frustration at no longer being a part of the House leadership, and his diminished satisfaction with rank-and-file congressional life. The lawmaker was forced to relinquish the post of majority leader after being indicted in Texas on a felony money-laundering charge last October; he had served in the job since 2002 and had been majority whip before then.

DeLay's decision allowed him to set the terms of his departure, avoiding what could have been a personally devastating loss at the polls in November. DeLay was determined to hang on to his seat at least through the primary, said Carl Forti, spokesman for the National Republican Congressional Committee. That was because he considered his three Republican challengers gadflies and traitors and he was determined to try to block them from succeeding him.

Several associates said DeLay was particularly influenced by poll results he received after his victory in the Republican primary on March 7, which made clear that his "negatives" in the district -- a routine tally of voters' emotional hostility toward him -- were high. That meant a close race would be won only with substantial effort and cash.

An additional impetus for putting off the resignation until now was suggested by John Feehery, a former aide to DeLay and House Speaker J. Dennis Hastert (R-Ill.). "He needed to raise money for the defense fund. That was the bottom line," Feehery said. "He wanted to make sure he could take care of himself in the court of law." Under federal campaign rules, any reelection money a lawmaker raises can be used to pay legal fees stemming from official duties.

DeLay's decision to resign from the chamber he once ruled with a clenched fist gave some Republicans hope that the party can move beyond a burgeoning corruption scandal as the congressional election season heats up. That scandal so far has led to guilty pleas to corruption charges by lobbyist Jack Abramoff, once a close ally of DeLay's, and former DeLay aides Michael Scanlon and Tony C. Rudy, who worked with Abramoff after leaving their Capitol Hill jobs.

But Democrats vowed that they would not let their opponents slip the noose of what they have labeled a "culture of corruption."

"When a person steps down, it inflates the severity of the situation, and if they think after Tony Rudy, Jack Abramoff and the other guys the country will stop debate on these issues, they've got another thing coming," Rep. Rahm Emanuel (Ill.), chairman of the Democratic Congressional Campaign Committee, said yesterday. "Federal prosecutors don't care about Republican spin."

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In a lengthy videotaped statement, DeLay formally said he will resign the suburban Houston seat he has held for 11 terms, taking his trademark jabs at "liberal Democrats" eager for an election fight and those he said are ready to misinterpret his every move.

"With the news of my decision, there of course will be great speculation among the political pundits and media about my reasons both for this decision and its timing. I'm quite certain most will put forth their opinions and conclusions devoid of and unencumbered by accuracy, facts and truth," he said. "I have no fear whatsoever about any investigation into me or my personal or professional activities."

The associates acknowledged that DeLay made his decision against the backdrop of a felony criminal charge in Texas that is unlikely to be resolved quickly, and amid growing interest by the Justice Department and the FBI in his family finances and the official actions he took at the behest of aides who recently pleaded guilty to involvement in a criminal conspiracy.

But DeLay -- as well as his associates -- said the decision resulted from his desire to avoid a defeat at the hands of voters in his district rather than a calculated effort to deflect any investigation.

GOP leaders were quick to praise the man who helped secure Republican control of the House and turn Washington into a bastion of Republican support. But when pushed, several Republicans conceded that DeLay bore some responsibility for the scandals that drove him from power -- scandals that reached into his House leadership offices.

"At the end of the day, the members are responsible for what happens in their offices and are responsible for their staff," said House Majority Leader John A. Boehner (R-Ohio), who now occupies the leadership suite where Rudy and Abramoff say they traded funds and favor for legislative action. "And clearly, there were several . . . former staffers for Tom who ran off the road, and it is sad and unfortunate."

DeLay's potential legal challenges have increased in the past three months, as Abramoff, Scanlon and Rudy struck deals with a federal task force to gain reduced prison terms in exchange for their cooperation in a continuing public corruption probe. DeLay alluded in a Time magazine interview this week to being "hit" as a result of Abramoff's guilty plea in January.

As a government official familiar with the investigation said, a noteworthy aspect of the plea deals is the "dramatic premium" the Justice Department evidently places on obtaining information that might implicate others. For DeLay, this official said, "the federal case is going to get worse before it gets better."

But Richard Cullen, a key member of DeLay's defense team, said the resignation decision was not provoked by anything federal investigators have recently said. Several of DeLay's associates said that yesterday's announcement was jarring only to those not privy to DeLay's political anxieties stretching back to the 2004 race, when he won by his slimmest margin ever. "You get concerned" when you barely win against a middling opponent, a top DeLay adviser said.

Starting in December, DeLay's private polling pointed out serious political problems. At first, it suggested a roughly even voter split with former congressman Nick Lampson, the Democratic nominee. But it also showed that nearly eight in 10 voters were already firmly decided on one of the two candidates -- a rarity for a House race, especially considering that the general election was 11 months away. That meant changing minds would be costly.

The March 7 primary in which DeLay defeated three little-known Republicans with 62 percent provided a temporary boost for his campaign. But a poll DeLay commissioned two weeks ago to measure his progress with voters since December found no shift in the overall electorate since January.

That survey stoked concern in the DeLay operation because he had experienced a relatively positive run of media coverage in the past few months, and some fretted that if that was his high-water mark, he would be hard-pressed to win in November. The tally weighed heavily on DeLay after it was presented to him last week.

Rep. Henry Bonilla (R-Tex.), one of DeLay's strongest allies, said that although the former majority leader had "a sense of euphoria" after winning his primary race, this elation evaporated after he realized he would have to raise as much as $10 million to compete in the general election.

DeLay discussed his decision with Cullen last Wednesday, and he started informing others about it on Thursday. Few lawmakers or associates tried to talk him out of it, one of his advisers and others said.

"I don't think there was encouragement [for him to leave], but I think there's a great deal of relief," Feehery said. "It was a soap opera, and people are tired of soap operas. They want to get to work."

With DeLay expected to be out of Congress by mid-June, the National Republican Congressional Committee and Texas Republican officials expressed confidence that Republicans could easily retain a district that gave President Bush 64 percent of the vote in 2004. Former GOP congressman Steve Stockman, who threatened to run in the general election as an independent, said he may run as a Republican instead, joining a wide field of potential DeLay successors. They include Sugar Land Mayor David Wallace, who is organizing a campaign; Harris County Judge Robert Eckels; Tom Campbell, the second-place finisher in last month's Texas primary; Houston City Council member Shelley Sekula-Gibbs; former state district judge John Devine; and state Rep. Robert Talton.

DeLay said he would move his official residence to Alexandria and vowed to stay involved in grass-roots conservative causes and expand a foster-care program he started in Texas.

Friends and associates of DeLay say they think he can make a prosperous future for himself as a corporate-paid legislative strategist, book author and speaker.

DeLay Says He'll Lead From The Outside (DMN)

By Todd J. Gillman

The Dallas Morning News, April 5, 2006

WASHINGTON – Once he leaves Congress, Tom DeLay hopes to put his talents to work pushing the conservative cause – without the trappings of power, the duties of high office or, perhaps, the huge political bull's-eye on his back.

Whether he gets that opportunity could hinge on whether he can clear up campaign money-laundering charges in Travis County and avoid getting ensnared in the Justice Department corruption inquiry that has nabbed three close associates.

"I have a lot of friends in the conservative movement," Mr. DeLay told MSNBC's Hardball in one of a handful of interviews he gave Tuesday. "They value my talents, and they listen to me. I think I can work with them."

As his surprise decision to quit Congress sunk in Tuesday, Republicans heaped praise on the deposed majority leader – and heaved sighs of relief in private as they took stock of the fallout. The outstanding questions were numerous: What will he do now? Can the GOP match "The Hammer's" glory days or replace his political street smarts?

Still others wondered what prompted the Sugar Land Republican to call it quits and what kind of influence he can wield.

"We're going to have a tremendous challenge to see whether or not we can function nearly as well without him as we did with him," said Rep. Tom Cole, R-Okla., a leading conservative who called Mr. DeLay a "historic figure," the most effective lawmaker in a generation. "This is a guy who produced victory after victory with very narrow legislative majorities."

Three days after a former top aide reached a plea deal – agreeing to testify in the corruption inquiry – Mr. DeLay declared that he would end his bid for a 12th term, give up his House seat by mid-June and change his legal residence to a condo in the capital's Virginia suburbs.

Explaining his decision

In a series of interviews with cable news outlets, he said criminal investigations had nothing to do with his decision.

Mr. DeLay said that when he filed for re-election in December, he expected his Texas criminal case to be resolved before the primary. Facing eight more months of campaigning and uncertain prospects at the polls, he thought it best to step aside and bolster the GOP's chances to retain his Houston-area seat. Some Republican colleagues speculated that winning the March 7 primary gave him the comfort of vindication with voters.

Now, Mr. DeLay said, he'll try to put his skills, contacts and energy to use pushing the conservative agenda from the outside.

"We are fractured and always have been fractured. I think I can be a unifying force," he said.

At least some allies seemed eager to embrace him.

"The entire left wing has been gunning after Congressman DeLay for years," said William Greene, president of RightMarch.com, a conservative group. "Yes, he won't be in Congress any longer – but there's no doubt that now he'll be a leader in other ways, moving the conservative agenda forward at a pace that will make the left wish they had just left him alone."

But such ambitions rang hollow to Mr. DeLay's legions of critics. Many were in a mood to gloat Tuesday.

"Tom DeLay is a gift that keeps on giving, and has been for a long time," said Chris Bell, the Texas Democratic nominee for governor. During Mr. Bell's one-term congressional career cut short by redistricting, he attacked Mr. DeLay's ethics.

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The resignation caught Washington off-guard. Just a week ago, Mr. DeLay sent out a fundraising appeal vowing to work "every day" to represent conservative values. And many public officials facing criminal charges have used their grip on office as a bargaining chip with prosecutors.

In Austin, Travis County District Attorney Ronald Earle said in a prepared statement that Mr. DeLay's decision doesn't affect the pending felony case involving allegations of campaign law violations. "This changes nothing," he said.

Federal prosecutors declined to discuss the resignation.

Mr. DeLay has not been implicated in the two-year corruption investigation, and he continued to maintain his innocence Tuesday. But he's been closely linked to the man at its core, fallen lobbyist Jack Abramoff, who has confessed to lavishing officials with millions in gifts and political contributions.

Friday's plea agreement by former DeLay deputy chief of staff Tony Rudy represented a serious evolution in the case. It included testimony that Edwin Buckham, a former chief of staff and spiritual adviser to Mr. DeLay, arranged illegal payments to Mr. Rudy when Mr. Rudy was a DeLay deputy.

Over four years, Mr. Buckham's lobbying firm paid Mr. DeLay's wife $115,000 for research on the charitable preferences of politicians – an arrangement critics have questioned.

Mr. Buckham's attorney did not return a phone call Tuesday.

Washington ethics lawyer Stan Brand, a former House counsel who defended former House Ways and Means Chairman Dan Rostenkowski and other Democrats, called it curious that Mr. DeLay would resign.

"Most members under a cloud stay as long as possible because being an incumbent is something of an advantage in the legal process," he said. But the Rudy plea put prosecutors in the "inner sanctum of DeLay's office. ... It's hard to conceive of a situation where they indict these people around him, including people in his own office, and don't go after him."

Democrats said Mr. DeLay's departure doesn't remove the taint of corruption from the GOP. They cited the ongoing "K Street project" – an effort Mr. DeLay initiated in the 1990s to pressure trade associations and lobbying firms to steer plum jobs to loyal Republicans.

"DeLay may be gone, but nothing has changed," said Rep. Rahm Emanuel, chairman of the Democratic Congressional Campaign Committee. "The Republican culture of putting the special interests first does not revolve around just one man."

Privately, many Republicans expressed relief that Mr. DeLay is moving on. And some of the praise Tuesday was restrained.

Bush's reaction

"I wish him all the best," President Bush told reporters. "It had to have been a very difficult decision for someone who loved representing his district in the state of Texas."

Speaker Dennis Hastert, who was Mr. DeLay's deputy whip before leapfrogging him into the House's top job, called him "a most effective" leader, citing the role he played securing GOP wins on a Medicare drug benefit, tax cuts and trade deals. But he suggested that Mr. DeLay isn't indispensable.

"We have a bold vision, and our agenda will continue," he said.

Lawmakers in both parties said Texas will miss his influence.

"Tom has been a tireless advocate for his constituents for over two decades," Sen. Kay Bailey Hutchison said.

For nearly a decade, Texans held two of the top three House positions – Majority Leader Dick Armey and No. 3-ranked Mr. DeLay in the whip's post. When Mr. Armey left, Mr. DeLay moved up.

The congressional redistricting that Mr. DeLay engineered in 2003 led to the ouster of six Democrats, among them some of the most senior lawmakers in the party – including Dallas Rep. Martin Frost, who had led the party's House campaign arm and served as top Democrat on the Rules Committee, and top Democrats on the Agriculture and Homeland Security committees.

Mr. DeLay's replacement will start at the bottom of the seniority ladder.

Democrats said Mr. DeLay's resignation completed a scorched-earth policy that has left Texas largely bereft of clout.

"It's important to have a strong leader on behalf of the state of Texas to bring back resources on behalf of the people," said Rep. Sheila Jackson Lee, D-Houston. "The distinction here was that Tom's leadership was divisive. He divided the Texas delegation."

Why DeLay Quit (NATREV)

By Byron York

National Review, April 4, 2006

Rep. Tom DeLay says he made the decision to leave Congress after taking a poll in his Texas district which showed he had no better than a 50-50 chance of winning reelection this November.

In a long discussion with conservative journalists Tuesday afternoon, DeLay discussed the Republican primary he faced last month, which he won with 62 percent of the vote. While some observers called that an impressive win, given the controversy that surrounds DeLay, the congressman himself said that was when he knew he had a problem.

"After the primary — you get a sixth sense about this stuff," DeLay said. "You know your district...You don't need polls, but we ran a poll anyway. And the poll showed, basically, that I had a 50-50 chance of winning." DeLay said he had commissioned a similar poll late last year, and "the one after the primary was slightly worse than the one in December" — suggesting that his support was shrinking.

"Sixty-two percent was kind of a lift around here," DeLay said. "People gave me a lot of credit for 62 percent. But for a 21-year incumbent, 62 percent — I mean, it's good, but it should have been 70-percent-plus. Sixty-two percent means 38 percent voted against me. So I wanted a poll done. We did the poll. I was going to spend whatever it took to decide what I was supposed to do, whether to get in or get out."

DeLay said that after the primary, "I spent a lot of time in prayer. Spent all the time in prayer." He said he talked to a number of people who are close to him, and he got the impression that he should stay in the race. "I thought right after the primary, I was supposed to go through this," he said. "What's that saying? Hardened by fire? But as time went on it was quite evident that I was supposed to evaluate the election and face reality, and the reality was I wasn't supposed to go through this, that I am supposed to get involved outside the House. I can do more good outside the House in the next few months than being locked in the 22nd District trying to fight a reelection campaign."

"I have a very strong base, an incredibly strong base," DeLay continued. "I've never seen anything like it. People that would die for me. I also have a very strong opposition that would kill me if they could get hold of me."

Such polarization, DeLay said, left very few undecideds. "What's left are soft moderate Republicans," DeLay explained, "and independents that will vote for anybody but Tom DeLay, that believe for whatever reason that he's a crook, or where there's smoke, there's fire, so the beating that I've been taking has had that impact. And what I saw was it would take a ton of money to take that small group that I could appeal to and turn them around — in the face of getting beat up every day by the mainstream media and paid-for 527s."

DeLay attributed many of his problems to Ronnie Earle, the Texas county district attorney who has indicted DeLay on campaign-finance charges. "He used this case to drag my name through the mud," DeLay said, "and he has abused the grand jury-process to drag my name through the mud."

The problem, DeLay explained, was the interplay of Earle's investigation and a House GOP rule that requires members of the leadership to step down if they are indicted. "I truly believe that the only reason I was indicted is because we have that stupid rule — that is, politically, the stupidest thing we've ever done," DeLay said. The rule, he continued, in essence "allows the Democrats to pick the Republican leadership."

"But we have it," DeLay continued. "I honored it."

Now that he will soon be out, DeLay said, he feels confident that a Republican will win the seat from his district, which President Bush carried with 64 percent of the vote in 2004. "People say, isn't this a defeat?" DeLay said. "No, it's an incredible victory. Because the 22nd District is going to have a Republican fill that seat, guaranteed. That's what my polls show. Any Republican running as a Republican will walk into that seat."

DeLay also predicted that his departure from the race will hurt the candidacy of Democratic challenger Nick Lampson, who has benefited from support and money from Democrats all around the country who wanted to see DeLay go down in defeat. "Nick Lampson's money is going to dry up," DeLay said. "He's going to have to talk about what he believes in. He's got as bad a liberal Democrat voting record as Sheila Jackson Lee. We've done our opposition research, and he does not fit this district. I

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consider that a victory....We will have a Republican, and I will be out doing what I do best, and that is strategizing to lead the conservative cause and elect Republicans."

When the talk turned to the Abramoff scandal, and the guilty plea of former DeLay deputy chief of staff Tony Rudy, DeLay said he had no idea that Rudy had been engaged in any criminal activity.

"The leadership office is a whirlwind of activity all day long," DeLay said. "There are things going on constantly. Maybe my management style is suspect. But we hired and had and always have had one of the best staffs on the Hill. Why? Because I hired people that wanted to accomplish the same things that I wanted to accomplish, and I have given them responsibilities and have trusted them to carry out those responsibilities. Unfortunately that trust was mishandled, obviously, by Tony Rudy. He admitted to it. That disappoints me greatly. But it had nothing to do with me."

DeLay said he has not seen the Rudy plea agreement. One section of that agreement says that, "In March and April 2000, Rudy obtained a letter from Representative #2 [DeLay] to an Executive Branch official opposing a postal rate increase that would have harmed one of Abramoff's clients." When asked about that, DeLay said he suspected that Rudy knew DeLay would be opposed to such an increase and tried to profit from that knowledge. "Frankly, what it sounds like from what I read in the media was that they were trading off of knowing that I would already be in those positions," DeLay said. "I have always opposed postal rate increases. So you know this one's coming up, DeLay's going to be against it, so I'm going to make some money off of it, telling so-and-so and so-and-so that I can get DeLay to be against it. Maybe that's what they were doing, it sounds like to me."

As for another former aide, DeLay said he "ran off" Michael Scanlon. "Scanlon — we didn't fire him, but we found him another job," DeLay said. "I'm not surprised about Scanlon, but I am shocked and surprised about Tony Rudy."

As for himself, DeLay said he asked his lawyers to do a thorough review of all of his dealings in Congress. "I spent a lot of money and four months of lawyers investigating me as if they were prosecuting me," DeLay said. "They have looked at everything that I've got for 20 years, the whole time I'm here, and there ain't nothing."

"There is absolutely nothing illegal in my operation. There's nothing untoward. There's nothing unethical. We also cooperated with the Department of Justice, given them everything we've got."

"They asked for it?"

"No. We just gave it to them."

"You volunteered?"

"Yes."

DeLay said the material he gave the Justice Department included "anything connected to Tony Rudy, Ed Buckham, Abramoff, or Scanlon." Beyond that, DeLay said he has had no contact with prosecutors. "None," he said. "And they have told my lawyers I'm not a target of the investigation. Of course, we have been saying that for three months and the press refuses to write about it."

Finally, DeLay addressed the work he did on the issue of lobbying and the so-called "K Street Project." "I am actually very proud of the K Street Project," DeLay said. "When we came in, I realized right away in 1995 that we may have taken the majority, but we haven't changed the culture of Washington, D.C. And I immediately started strategizing to change that culture. I mean, how in the world could you maintain a majority up here if all of K Street were Democrat lobbyists that owed their power and their checkbook to the Democrats, and their friends who were out of power?"

"We put together, I think, one of the largest and strongest political coalitions ever. We turned the culture from K Street contributing 70 percent of its campaign funds to Democrats and 30 percent to Republicans to today 60 percent Republican, 40 percent Democrat....It was so well done that the Democrats hate it, and they're working as hard as they can to destroy it."

— Byron York, NR's White House correspondent, is the author of The Vast Left Wing Conspiracy: The Untold Story of How Democratic Operatives, Eccentric Billionaires, Liberal Activists, and Assorted Celebrities Tried to Bring Down a President — and Why They'll Try Even Harder Next Time.

Legal Costs Will Remain Challenge For DeLay (RC)

By Paul Kane

Roll Call, April 5, 2006

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With no personal wealth to fall back on, Rep. Tom DeLay (R-Texas) faces mounting legal and financial troubles even as he flees a thicket of ethical scandals inside a chamber he dominated for more than a decade.

DeLay is still facing an Austin, Texas, trial on campaign finance charges later this year, and the workings of his old leadership office continue to be under the microscope of federal investigators probing the previously hidden lobbying transactions of Jack Abramoff.

DeLay appears to have even acknowledged that another former staffer will face an indictment or cut a plea agreement with the Justice Department. In an interview with Time magazine Monday, DeLay said three former aides had "violated the trust of my office."

"Unfortunately, there's three ... that I don't yet, I'll wait until they're found guilty," he told Time.

That appears to be a reference to Ed Buckham, a former DeLay chief of staff who was implicated in Friday's plea agreement by former DeLay deputy chief of staff Tony Rudy. So far, Rudy and former press secretary Michael Scanlon are the only ex-DeLay staffers to have pleaded guilty as part of Abramoff's more than seven-year conspiracy to win official favors on Capitol Hill and in the Bush administration.

Any official legal move against Buckham would draw the case that much closer to

DeLay, because Buckham has been considered his most trusted adviser, personally and politically, even after leaving DeLay's office in December 1997.

Buckham and Rudy previously had been using the services of the same lawyer, Laura Ariane Miller, but Miller has declined repeated requests from news organizations to say if she's still representing Buckham at a time when Rudy has singled him out in his own plea agreement. Buckham previously has denied any wrongdoing.

Once DeLay leaves office later this spring, it's unclear how he'll be able to meet his ever-rising legal bills. He has been using a legal defense fund to defray most of the costs, a fund that continues to raise money in increments of up to $5,000 per contributor, per year, under House rules.

Brent Perry, the fund's trustee, said it brought in more than $250,000 in the first quarter this year, money that was instantly turned around and paid to lawyers, leaving the fund nearly exhausted.

Perry rejected reports that the defense fund had more than $500,000 in its coffers at the end of 2005, saying, "Anytime I've had six figures in the trust, it's only been a matter of days before the money was spent."

If his backers are still willing to support him financially as an ex-Congressional leader, DeLay may be able to finance his debt through big-money donors with a private defense fund once he retires. Funds for private sector individuals, such as the one that recently raised more than $2 million for indicted former White House aide Scooter Libby, can accept unlimited donations from individuals and corporations. Those donations are not tax deductible for contributors and may run into gift-tax issues as well.

But as he heads for the exit, DeLay is left without any obvious personal wealth to use to pay legal bills.

When he first rose to national prominence in the mid-1990s, DeLay had little in the way of savings. A disclosure form detailing his personal finances at the end of 1997 showed that, other than his personal residence, DeLay had only $60,000 to $150,000 in holdings, the lion's share of it in Exxon Inc. stock.

Seven years later, DeLay held $80,000 to $200,000 in assets, split between Exxon stock and accounts with Wells Fargo and Charles Schwab, according to his 2004 disclosure form. However, at that time, DeLay was a net debtor, having already accumulated legal bills running from $125,000 to $260,000.

In addition to his home in Sugar Land, Texas, where he intends to retire, DeLay owns a condominium in Alexandria, Va., and for the time being he will need to retain the condo because he needs to use that as his new permanent residence in order to get his name off the Texas Congressional ballot in November.

An estimate from the National Taxpayers Union found that, at most, DeLay could expect $56,000 a year from his pension for almost 22 years of Congressional service. However, it is unclear if he immediately can begin receiving his full pension or wait three years until he turns 62.

As Roll Call reported in February, DeLay began earlier this year to dip into his campaign account to defray some of the costs related to the Abramoff probe. In mid-February, while still preparing for a re-election battle that he thought would cost close to $10 million, DeLay's campaign was sitting on $1.3 million.

It's unclear how much of that money was spent in beating back several challengers in the March 7 primary, or to what level the campaign fund was replenished in the final weeks of March.

Any leftover campaign funds could now be used to pay his legal bills, the course followed by ex-Rep. Duke Cunningham (R-Calif.) after his recent resignation and by ex-Sen. Bob Torricelli (D-N.J.) after he bowed out of his re-election amid ethics allegations in 2002.

But DeLay — who prided himself on creating a "team" attitude in the GOP Conference that involved giving contributions to colleagues, candidates and party committees — may feel peer pressure to turn over a large chunk of that cash to lawmakers or the National Republican Congressional Committee, as is allowed under the law.

In the two months before his GOP primary, DeLay was on the receiving end of a financial outpouring from his colleagues, taking in almost $100,000 from the campaign accounts of fellow House Republicans, their political action committees and their relatives, according to reports filed with the Federal Election Commission.

Even if DeLay decides to use a substantial chunk of his campaign committee's cash to pay for lawyers, it's unclear whether that will be enough to cover the mounting costs.

After his campaign paid $110,000 in February to McGuire Woods, home to Richard Cullen, the lawyer handling the Abramoff matter, DeLay's legal payments topped $1 million since July 2004, according to records with the House and the FEC.

But his bills have only soared since and will continue to do so, particularly once the Texas trial approaches and commences, and the team of lawyers working on the Abramoff investigation continue to bill hours at a high rate.

The recent agreement the Justice Department worked out with Rudy officially placed the Abramoff scandal squarely inside DeLay's leadership office, as Rudy pleaded guilty to a criminal conspiracy that began in 1997, when he was DeLay's press secretary, continuing through his rise to deputy chief of staff and then into the lobbying world in 2001.

Without officially naming Buckham, the plea agreement clearly identifies him as someone who at times worked hand-in-hand with Abramoff as a co-leader of the conspiracy, working with the confessed felon to funnel $86,000 to Rudy's family while he worked for DeLay in exchange for official favors.

In addition, the plea agreement covers events through 2004, meaning that Rudy — who left Abramoff's firm and went to work for Buckham at his Alexander Strategy Group in mid-2002 — has admitted to committing crimes while working for two-and-a-half years at Buckham's side.

House Ethics Panel Not Investigating DeLay, Other Lawmakers (USAT)

By Jim Drinkard

USA Today, April 5, 2006

WASHINGTON — The House ethics committee, inactive for more than a year because of partisan disputes, has declined to launch investigations of Rep. Tom DeLay, R-Texas, and other lawmakers accused of ethical lapses.

A six-hour meeting Thursday ended in partisan deadlock, according to one Republican and one Democrat familiar with the panel's deliberations. Both declined to be identified because of committee non-disclosure rules. At issue was whether the committee could begin investigations without interfering with ongoing criminal probes.

The committee has taken different approaches to that problem in the past. In some cases, as with Rep. Bud Shuster, R-Pa., it carried on a parallel probe while coordinating to make sure it didn't damage the government's case. In others, as with Rep. James Traficant, D-Ohio, it deferred its investigation until prosecutors completed their work.

Besides DeLay, the panel deadlocked last week over whether to launch investigations of Reps. Bob Ney, R-Ohio, and William Jefferson, D-La. The inaction comes as the House of Representatives prepares to take up legislation that would revamp the relationships between lobbyists and lawmakers. Several committees are set to draft pieces of an overall bill this week.

DeLay, who announced Tuesday his plans to retire from Congress, is the subject of a money-laundering case in his home state of Texas. In addition, two former aides have pleaded guilty to charges in connection with the Jack Abramoff lobbying and

corruption scandal. Richard Cullen, one of DeLay's attorneys, said federal prosecutors have not indicated that his client is implicated in that case.

The House ethics panel has been gridlocked since January 2005 because of partisan disputes over its rules, staff and procedures. In the meantime, ethical questions have arisen about DeLay; Ney, who had to step down as House Administration Committee chairman because he is also caught up in the Abramoff scandal; and Jefferson, who is under investigation in a bribery case. A former aide to Jefferson has pleaded guilty in that case.

After the session, Rep. Alan Mollohan, D-W.Va., the panel's senior Democrat, issued a statement noting that the lengthy meeting yielded only one agreement: to continue an investigation begun in 2004 of Rep. Jim McDermott, D-Wash., who has admitted leaking to reporters a tape-recorded cellphone conversation involving a Republican colleague in 1996.

Committee chairman Doc Hastings, R-Wash., declined to comment on the panel's deliberations. Mollohan referred a reporter to his statement, which said the panel's limited action "falls far short of the committee's obligations in the current circumstances."

The Senate's lobbying bill would ban meals and gifts from lobbyists to lawmakers and their aides but contains few other prohibitions, focusing instead on new disclosure requirements for lobbyists. A USA TODAY/CNN/Gallup Poll Feb. 28-March 1 found that 59% of Americans are "not too" or "not at all" confident that Congress can police itself on matters of ethics.

Republicans See Better Prospects In Texas Race (RC)

By David M. Drucker

Roll Call, April 5, 2006

With Rep. Tom DeLay (R-Texas) out of the way, Republicans concerned with holding his seat were breathing a collective sigh of relief Tuesday, while Democrats countered that the 22nd district was still theirs for the taking.

DeLay's surprise resignation announcement touched off a flurry of behind-the-scenes maneuvering Tuesday, as potential Republican candidates sought to gauge their viability as his replacement on the Nov. 7 ballot.

A spokesman for the Democratic nominee, former Rep. Nick Lampson, said the absence of DeLay and his luggage-set of ethics issues to run against would not significantly alter the ex-Congressman's strategy, nor would it hamper his fundraising effort.

But Republican officials based in the Houston area insisted that a once-competitive district in danger of being flipped by the Democrats had just turned into a walk for DeLay's as-yet-to-be-determined replacement as the Republican nominee.

"The numbers aren't there, that's why they were having to base their entire campaign on running against Tom DeLay," said Harris County Republican Party Chairman Jared Woodfill. "Now they don't have that."

But Lampson campaign manager Mike Malaise said the former Congressman's campaign has been about far more than running against DeLay. Malaise said voters in the 22nd district already had an unfavorable opinion of DeLay, freeing up Lampson to run a positive campaign focused on the issues.

With DeLay gone, however, it will be easier for Republicans to focus media and voter attention on Lampson's record.

A memo distributed by the National Republican Congressional Committee Tuesday sought to highlight Lampson's liberal voting record. Lampson, the memo says, voted against the Bush tax cuts of 2001 and 2003, voted against eliminating the marriage tax penalty and voted against repealing the estate tax, also known as the death tax.

But Malaise noted that Lampson has an "A" rating from the National Rifle Association. He is well positioned to win this race, as Republican voters in the district are disappointed with the GOP-controlled Congress and its record of rising deficits, foreign debt and wasteful spending, Malaise said.

Lampson previously represented about 20 percent of the current 22nd district for eight years, as a portion of it fell into the district he held prior to the DeLay-engineered mid-decade remap of Texas Congressional seats.

"There aren't many left-wing extremists who have multiple endorsements from the NRA," Malaise said, adding: "A lot of people here were extremely disappointed in the Congress DeLay led."

DeLay's decision to forgo re-election and resign from Congress, made public late Monday night, has buoyed Republicans by opening a seat with a strong GOP tilt. Because DeLay already won the Republican primary, replacing him on the ballot will fall to a committee of four electors.

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According to Woodfill, Texas election law stipulates that the four electors be chosen by a caucus of the voting-precinct chairmen from each of the four counties that fall in the 22nd district. Only the chairmen who represent precincts that lie within the district will participate in the caucus.

To satisfy a requirement for removing his name from the ballot, DeLay plans to move his official residence from Sugar Land, Texas to Alexandria, Va. By no longer residing in Texas, DeLay would be ineligible to run.

The Republican chairmen of the four counties at least partly encompassed by the 22nd district were flooded with phone calls Tuesday by individuals interested in running in DeLay's place. When asked who they thought would end up actively going after the electors' appointment, the same names came up: Sugar Land Mayor David Wallace; state Sen. Kyle Janek; state Rep. Charlie Howard; Harris County Tax Assessor-Collector Paul Bettencourt; Harris County Judge Robert Eckels; and Houston City Councilwoman Shelley Sekula-Gibbs, among others.

"It's so wide open at this point," said Fort Bend County Republican Party Chairman Eric Thode.

Woodfill predicted that after the dust settled, the top contenders would get together with the leading GOP officials in the district and attempt to prevent a messy, intraparty fight.

Less clear at press time was whether Texas Gov. Rick Perry (R) would schedule a special election to fill DeLay's seat for the remaining few months of his term. DeLay said he would likely officially resign by mid-June, so the machinations to replace him cannot officially begin until then.

Wallace has already said he plans to seek the seat, while Howard, Eckels and Sekula-Gibbs indicated they are looking into it. Janek said he has decided not to run, but some say he could change his mind if appealed to by party officials.

Regardless of who emerges from the scrum, the NRCC is confident that the GOP will hold the seat.

"This is a district that is 5 points more Republican than the district Lampson lost last cycle, and he was an incumbent who outspent his Republican opponent," NRCC spokesman Carl Forti said. "He's going to get his butt kicked."

In 2004, Lampson spent $2.4 million to his opponent's $1.5 million, but still lost by 13 points to now-Rep. Ted Poe (R) in the newly drawn 2nd district.

The suburban Houston 22nd district, said Thode, can be expected to deliver a base vote of 56 percent for a standard Republican candidate (DeLay garnered 55 percent in 2004, while President Bush received 64 percent).

Lampson has raised hundreds of thousands of dollars, if not more, from national Democratic donors and liberal interest groups, all under the assumption that the money would be used to unceremoniously retire DeLay.

Now that the former Majority Leader has pre-empted a possible election defeat, Republicans believe the national focus on this race, and the money that scrutiny drove to Lampson, will cease.

"If you're Nick Lampson, your chance to pick up 6 percent was based on [DeLay's] baggage; it's now not there," Thode said. "It was all about getting rid of DeLay; DeLay's gone. [Lampson's] money just dried up."

The Democratic Congressional Campaign Committee remains optimistic that Lampson can flip the seat. Depending on which Republican is selected to replace DeLay, Democrats feel they still have a good chance of tying that candidate to the Congressman and the ethics scandals attached to his name.

Democrats also believe the national mood for change in Washington, D.C., is seeping into the 22nd district, while noting that Lampson is well-liked in the part of the district that includes the National Aeronautics and Space Administration, not to mention the portion of the district in Galveston County he once represented.

"He's very popular in the district. He's doing incredibly well," DCCC spokeswoman Sarah Feinberg said. "Democrats' chances in Texas 22 are excellent."

Constituents Look To Fill Void In District (USAT)

By Andrea Stone

USA Today, April 5, 2006

SUGAR LAND, Texas — Like him or not — and voters in Tom DeLay's suburban Houston district do both — there seemed to be a shared feeling here Tuesday that it's just as well the troubled 11-term Republican congressman is moving on.

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On the day DeLay announced he will leave Congress amid charges he laundered political money, his constituents seemed split about his guilt but resigned to his future.

At the America Buffet in nearby Stafford, onetime DeLay supporter Judy Karnika, 49, called his resignation "pretty close to an admission of guilt."

Rabbi Stuart Federow, 53, of Clear Lake is an admirer of DeLay's "morality and ethics" who said the former House majority leader may not be guilty of wrongdoing. But, he added, "it reaches a point where for the good of the people and the good of the party, you have to step aside, even if you're innocent."

DeLay maintains his innocence, even as a lobbying scandal has enveloped former staffers. As he leaves to devote himself to his defense and to what he says will be an attempt to bolster the conservative cause from outside Congress, it is unclear whether he will still be a factor in this fall's pivotal battle for control of the House of Representatives.

Gov. Rick Perry is expected to call a special election to fill DeLay's term, said Eric Thode, Republican chairman of Fort Bend County in DeLay's 22nd Congressional District. That contest, which could include a dozen candidates, is likely to be "a circus act that's totally irrelevant," Thode said.

All eyes, instead, will be on whom a committee of local GOP leaders chooses to face former Democratic congressman Nick Lampson on the November ballot.

Thode said DeLay's departure — after polls showed only a narrow lead over his Democratic challenger — makes the race "100% easier" for a Republican successor in a "hard-core" Republican district. "The bogeyman is gone," Thode said. "This is Nick Lampson's worst nightmare."

Lampson disagreed, insisting his campaign has never been about just DeLay.

"The names will change, but the issues are going to remain the same," he said.

Republican redistricting might benefit Lampson. To help other Texas Republicans, DeLay diluted the Republican Party's grip on his own district. An influx of minorities also has altered the district's makeup, making it friendlier to Democrats. Add Lampson's $2.5 million campaign war chest advantage over any late-starting Republican, and Democrats have a chance to pick up the seat, said Cal Jillson, a political scientist at Southern Methodist University in Dallas.

"The fact is, Republicans in that district are chagrined and embarrassed by DeLay and all of his ethical problems," Jillson said. "Whoever they put up will have an uphill fight."

Among Republican contenders are Sugar Land Mayor David Wallace and lawyer Tom Campbell, who came in second to DeLay in last month's GOP primary.

Jillson said Wallace is the favorite of party leaders, but he doubts Wallace can make the leap from mayor of a small suburb to running "in a very closely watched race where you're going to have to come up with several million dollars" to win. Wallace could not be reached for comment.

Most callers Tuesday on DJ Sam Malone's show on Houston's KTRH-AM radio were "dancing" over DeLay's fall, Malone said.

Not everyone was celebrating. "He was too powerful in Congress, and there needed to be a scapegoat," Sandra Voughal, 47, a Sugar Land homemaker, said as she sat at a bookstore cafe. "He's a very savvy person, but I think he recognized his day was over."

Announcement Puts 22nd District Up For Grabs (DMN)

By Bruce Nichols

The Dallas Morning News, April 5, 2006

HOUSTON – One thing seemed clear Tuesday after U.S. Rep. Tom DeLay announced he would resign from Congress. Democratic challenger Nick Lampson has lost his biggest campaign issue: Mr. DeLay.

Beyond that, a lot was up in the air. When should a special election be held to complete his term? Who will take Mr. DeLay's place as the Republican nominee in the general election?

"I think Lampson's best chance was running against Tom DeLay as a candidate indicted but not yet tried and/or convicted or acquitted," Rice University political scientist Robert Stein said.

On the other hand, Republicans and Gov. Rick Perry have a lot to decide, Richard Murray of the University of Houston said, and "resolving this is not necessarily going to be without friction on the Republican side," he said.

Several prominent Republicans expressed interest in taking Mr. DeLay's place, including Harris County Judge Robert Eckels and Sugar Land Mayor David Wallace. Lawyer Tom Campbell, who lost to Mr. DeLay in the recent Republican primary, said he would like to run.

Mr. DeLay's decision, announced late Monday, to step down from his suburban, District 22 seat comes as questions mount about his involvement in a growing Capitol Hill ethics scandal. At the same time, he and several lieutenants face trial in Austin on charges stemming from corporate fundraising through a DeLay-created political committee, Texans for a Republican Majority.

Two separate issues are involved in replacing Mr. DeLay, said Scott Haywood, spokesman for the Texas secretary of state's office. One is choosing someone to complete his term and the other is picking a new Republican nominee for the November general election.

Nothing can happen until Mr. DeLay disqualifies himself by moving his residency out of state, thereby removing himself from the November ballot. He said he plans to solve that problem by moving to Virginia after completing some district business, perhaps by mid-June.

After Mr. DeLay departs, Mr. Perry would be required to call a special election – a free-for-all, open to all qualified candidates – to complete the term. House vacancies can't be filled by appointment. It's basically up to Mr. Perry when that election is staged. It could even be the same day as the general election, Nov. 7, officials said.

"I'm pushing for having them on the same day as the most efficient approach," said Republican consultant Allen Blakemore of Houston.

With simultaneous elections, Republicans reduce the risk of a possible surprise winner in the special election becoming a front-runner, and with the district 60-40 Republican, a party nominee with no ethics baggage would be expected to win, Dr. Murray said.

But some in the party might prefer an earlier special election, he said.

The new general election nominee will be picked by GOP leaders. A committee of precinct chairs in the district will have first shot. The State Republican Executive Committee will take charge if they were unable to agree by 70 days before Nov. 7.

Interestingly, if the special and general elections are the same day, voters might or might not see both ballots on the same piece of paper, Mr. Haywood said. "The counties actually have the option," he said.

Among the people expressing interest in the race, Judge Eckels would appear to have an edge because of his strong name identification and his success helping manage Houston's response to hurricanes in Louisiana and East Texas, analysts said.

Mr. Wallace has a strong base in the Sugar Land area, and Mr. Campbell, a former general counsel for the National Oceanic and Atmospheric Administration, carries the cachet of having challenged Mr. DeLay in the primary.

Houston City Council member Shelley Sekula Gibbs, a dermatologist, also expressed interest but is considerably lower in profile.

Renegade Republican Steve Stockman, a former Congressman unseated by Mr. Lampson in his old Beaumont-based district, had expressed interest in mounting an independent candidacy before Mr. DeLay withdrew. There is also a Libertarian candidate, Bob Smither.

Just because Mr. Lampson has lost his main campaign issue doesn't mean his campaign is dead in the water, Dr. Murray said. He has $2 million contributed largely by national Democratic sources, and every day Mr. DeLay puts off his official departure is another day Mr. Lampson has the field to himself, Dr. Murray said.

Complicating the matter is the possibility that, before Mr. DeLay's successor is chosen, the U.S. Supreme Court could overturn the Texas congressional redistricting that Mr. DeLay engineered, raising another set of questions.

It's unclear when the Supreme Court will rule on a challenge to the plan Mr. DeLay put together to strengthen the GOP's hold on Texas' U.S. House delegation. But a decision could come as early as June, Dr. Stein said.

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If the high court returned Texas to the previous boundaries, that could scramble all Texas Congressional races. In the case of Mr. DeLay's district, it conceivably could send Mr. Lampson back to Beaumont to seek his old seat now held by Republican Ted Poe, Dr. Murray said.

There's also some risk for Mr. Perry, who is seeking re-election as governor, analysts said.

He faces possible sniping from gubernatorial election opponents if he doesn't call an emergency election. On the other hand, unless a clear consensus GOP choice for Mr. DeLay's seat emerges, he faces possible internal Republican friction that could hurt his own election bid, Dr. Murray said.

A Surprise Move Leaves Texas Politics In Disarray (NYT)

By Ralph Blumenthal

The New York Times, April 5, 2006

HOUSTON, April 4 — Less than a month after Representative Tom DeLay boasted of giving Republican rivals "an old-fashioned Texas whoopin'," his surprise resignation threw state politics into turmoil Tuesday, with the prospect of an electoral free-for-all in coming months.

"Now it gets interesting," said Jared Woodfill, the Harris County Republican chairman, one of four party officials whose organizations will be faced with the job of selecting a nominee to replace Mr. DeLay on the ballot in November. Before that, however, a special election as soon as May could draw a large field of contenders eager to fill the 22nd District seat in Congress, if only for a few months.

Among Republicans already putting out feelers for a race are a high-ranking county judge, a tax assessor and collector, a councilwoman, a mayor and a state representative — as well as one of the three challengers Mr. DeLay boasted of "whoopin' " in the primary March 7.

"Yes, I am throwing my hat into the ring," said that candidate, Tom Campbell, a lawyer, who garnered 30 percent of the vote to Mr. DeLay's 62 percent, in a television interview Monday night.

Mr. DeLay, 58, the former majority leader, is under indictment in connection with campaign financing charges in Austin and is embroiled in the investigation of top aides and the lobbyist Jack Abramoff in Washington. He abandoned his quest for a 12th term, saying that recent polls had shown that his seat was in danger of falling to his Democratic challenger, former Representative Nick Lampson.

But after his primary victory he boasted of his 2-to-1 win and ridiculed The Houston Chronicle for a poll questioning his strength.

Interviewed Tuesday on KTRH radio in Houston, part of a blitz of broadcasting appearances, Mr. DeLay belittled his primary victory. "Well, to be honest with you, it should have been better," he said. "A 21-year incumbent should have done better than 62 percent."

He told Fox News that his departure was intended to hurt Mr. Lampson. "This is probably the worst day of his campaign because he knows that any Republican that replaces me on the ballot will win this seat," he said.

The comment drew ridicule from Mr. Lampson's campaign manager, Mike Malaise. "Leave it to Tom DeLay to spin the worst thing that ever happened to him to someone else's worst day," Mr. Malaise said.

The loss of Mr. DeLay as a fixture on the Texas scene seemed to surprise longtime friends and foes alike.

"I was looking forward to supporting Tom," said David G. Wallace, the mayor of Mr. DeLay's hometown, Sugar Land, outside Houston, and now a declared candidate for the seat.

Judge Robert Eckels, Harris County's top executive for a dozen years who presided with Mayor Bill White of Houston over the response to Hurricane Katrina, said he was exploring a run with mixed feelings. "I empathize with Tom," Judge Eckels said.

Others sounded bereft for less sympathetic reasons. "A whole bunch of us made our bones on DeLay," said Beverly Carter, a longtime Republican critic and founder of The Fort Bend Southwest Star in Sugar Land.

Jim Schermbeck, a documentary filmmaker from Lubbock whose film, "The Big Buy: How Tom DeLay Stole Congress," was scheduled to open in May, said he was not disappointed by the prospect of losing the congressman as a target, but might put off the release to update the material.

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"It's hard to imagine Tom DeLay taking a low profile," Mr. Schermbeck said.

And Paul Burka, the political columnist of Texas Monthly, was in the middle of writing an 8,500-word cover story on Mr. DeLay. "Now," Mr. Burka said, "half the words were no good."

Mr. DeLay repeatedly linked his resignation to what he portrayed as a political vendetta by the Travis County district attorney, Ronnie Earle, who obtained the indictment on money laundering charges that forced Mr. DeLay to give up his majority leadership last fall.

Mr. Earle issued a short statement Tuesday, saying: "Tom DeLay's political status has nothing to do with the criminal charges against him. This changes nothing. His criminal cases will proceed just as they would for any other defendant. DeLay's ultimate fate will be decided by the public acting through a jury."

The process to fill the remainder of Mr. DeLay's term until January is convoluted. As the only way to be removed from the ballot is by dying, going to jail or moving out of the district, Mr. DeLay must send a letter to Gov. Rick Perry advising of his move to Virginia.

The governor — who may not appoint a temporary representative — can then call a special election concurrent with the regular November election, to fill the post for just two months. Or the governor can declare an emergency and order an election before then, to take place 36 to 50 days from the call. Anyone may run, but if no candidate wins 50 percent, the two top vote-getters compete in a runoff a month later.

To replace Mr. DeLay as the Republican nominee in November, the several dozen Republican precinct chairmen and chairwomen in the sections of the four counties making up the 22nd District each choose a county elector. The four electors then select the party standard-bearer.

Many Show Interest In Seat (HC)

By Kristen Mack and Zeke Minaya

Houston Chronicle, April 5, 2006

Familiar and lesser-known political names emerged Monday night as possible contenders for the congressional seat being vacated by Republican U.S. Rep. Tom DeLay.

Those who acknowledged interest in the seat or were mentioned as contenders included Harris County Judge Robert Eckels, state Rep. Robert Talton, Sugar Land Mayor David Wallace, Houston City Councilwoman Shelley Sekula-Gibbs, former state District Judge John Devine and lawyer Tom Campbell, who ran against DeLay in the March Republican Primary.

Harris County Republican Party Chairman Jared Woodfill said he started receiving calls from interested officials within minutes of hearing the news of DeLay's decision.

"Numerous people have called me inquiring about the seat," he said.

Other phones also were ringing as politicians gauged potential support or heard from backers.

"I've had a number of calls this evening. I'll visit with my family and look at the process," Eckels said. "I do have an interest in at least looking at the race."

He said that his experience coordinating the local response to Hurricanes Katrina and Rita left him frustrated with the federal government and its impact on local issues.

Sugar Land Mayor Wallace said he got wind of DeLay's decision over the weekend and began organizing a campaign.

"I'm running for that spot," Wallace said Monday night.

"It is going to be a sprint. We have been working this weekend and today kind of organizing our campaign making sure we pull together a grass-roots team," Wallace said.

Wallace said he will have to take his name off the ballot for the upcoming mayor's race.

He was elected mayor in 2002 after serving as a council member for one year.

Sekula-Gibbs, who lives in Clear Lake, said she has received several calls from local Republicans asking her if she would be interested in the seat.

"I'm saddened that the congressman has decided to step down, but I'm interested in the position," she said. "I'm definitely giving it very serious consideration."

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Campbell, who came in a distant second with 30 percent of the vote in the March primary, said he still wants the position.

"I believe that Tom DeLay did the right thing in stepping aside and allowing the Republican Party to move forward," Campbell said.

"This is vindication of our political process," Campbell said. "Ethics and integrity do in fact matter and the people who voted on those issues spoke and have been heard."

A special election to fill the remainder of DeLay's term likely will be held on the next uniform election date, which is in May. Gov. Rick Perry will set the date.

It was unclear Monday night how Republicans will select a November nominee to replace DeLay, who won the GOP primary in March.

"We've never had this happen in a congressional race," Woodfill said. "We'll have a little bit of time to figure it out. We have our lawyers looking at it."

At issue is whether the responsibility for selecting a nominee falls to the 62-member state Republican Executive Committee or to GOP officials in the five counties that lie partly within the 22nd Congressional District.

"It's in our best interest to choose a nominee before the special election. Otherwise, the election is going to be a free-for-all," Woodfill said. "The situation you don't want is for our nominee to be someone different than the person who runs for the special."

DeLay is expected to resign officially sometime after April 7 and move to Virginia to work with a conservative organization.

That would make him ineligible to run despite his nomination, opening the way for party officials to select another nominee, Woodfill said.

Former U.S. Rep. Nick Lampson is the Democratic nominee for the seat. Lampson's campaign manager Mike Malaise said Lampson's plans have not changed.

"Our challenge was always to get Nick's message out there," Malaise said. "We've got $2.5 million in the bank to help us do that. The other side is going to be playing catch-up to us in that regard."

"We don't know who our opponent will be. It's unrealistic to say that Republicans have it in the bag."

Malaise said Lampson hasn't decided whether to run in the special election, and isn't sure DeLay legally can withdraw from the November ballot.

Fort Bend County GOP Chairman Eric Thode said he was not informed of DeLay's decision and that it took him and other county officials by surprise.

"I think they clearly have come to the conclusion that the race was going to be horribly difficult, ugly and expensive," he said.

Thode said he thinks Republicans will hold on to the seat.

"He (Lampson) could probably not have defeated Tom DeLay. However, against a Republican with zero baggage the race is over already," Thode said.

Republican Contenders Eye DeLay's Seat (WT)

By Hugh Aynesworth

The Washington Times, April 5, 2006

DALLAS -- Within hours of Rep. Tom DeLay's announcement yesterday that he would not seek re-election to Congress, several Republicans began jockeying for position to represent the party and Houston's 22 District.

Two potential candidates seem to lead at this point: Harris County Judge Robert Echols and Sugar Land Mayor David Wallace. Both are well-known in the district, and both have expressed strong interest in running.

Most political analysts think that whoever gets the nod from the party has an excellent chance to win in November in the Republican-leaning district.

Jared Woodfill, chairman of the Harris County Republican Party, said Mr. Echols would have to be considered the favorite because of his lengthy public career and resulting name recognition.

"You'd have to handicap it in his favor," he said.

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Mr. Echols, along with Houston Mayor Bill White, received plaudits for co-managing what was considered a very successful Houston program to assist evacuees from Hurricanes Katrina and Rita last fall.

Although choosing a candidate for the ballot may be a tough decision for Republicans, Gov. Rick Perry has an even more pressing problem -- whether to call a special election to fill Mr. DeLay's unexpired term. Mr. DeLay said yesterday that he would make his resignation effective sometime before mid-June.

Along with Mr. Wallace and Mr. Echols, Sugar Land lawyer Tom Campbell, who ran a distant second to Mr. DeLay in the March primary, has expressed an interest in running.

Others mentioned by political analysts as possible candidates include State Sen. Kyle Janek and state Rep. Martha Wong, both of Houston.

Chris Bell, Democratic nominee for governor who lost his congressional seat during Mr. DeLay's 2003 redistricting efforts, called the resignation "a victory."

"Tom DeLay's resignation is a great victory in the fight to clean up corruption in politics, but the war is far from over," said Mr. Bell, adding, "The culture of corruption is about a heck of a lot more than Tom DeLay."

Travis County District Attorney Ronnie Earle, who brought charges of money laundering and conspiracy against Mr. DeLay last year, had little to say about the congressman's announcement.

Mr. Earle refused to answer telephone calls, but released a terse statement yesterday, "Mr. DeLay's political status has nothing to do with the criminal charges against him, and this changes nothing."

Frontrunner: Wallace Launches Bid For DeLay's Seat (TIME)

By Hilary Hylton

Time, April 4, 2006

Congressman Tom DeLay's decision to leave the seat he has held for 22 years may have surprised many state and even local GOP leaders, as well as Democrats. But even before the embattled Texas congressman was revealing his decision to TIME in an exclusive interview, at least one potential Republican successor was already maneuvering to assume his seat. Late Monday night Sugar Land Mayor David G. Wallace,44, a popular second-term city leader whose name is on the ballot for a third term in the May 13 municipal elections, confirmed that he would make a bid for the seat.

Wallace said he had heard rumbles about DeLay's decision over the weekend, and his mayoral reelection website was pulled down for a redesign immediately after the DeLay announcement. Other insiders said they had been hearing rumors about DeLay's tight poll numbers as far back as December. Central Texas Republican Congressman John Carter told the Austin American-Statesman that a week ago DeLay had mentioned his "troubling" poll numbers that showed him in a neck-and-neck battle with his likely opponent in November, former Democratic Congressman Nick Lampson.

In an early morning videotape released to his Texas constituency, DeLay said, "I refuse to allow liberal Democrats to steal this seat with a negative personal campaign." But while his departure may be designed to take the national spotlight off the race for Texas's 22nd congressional district, it could still draw national attention, especially since Wallace's candidacy could reignite some bad blood that flared during the Bush-Kerry campaign.

Wallace now serves as investment committee chairman for Perry Properties Realty Investment Fund & Perry Properties, a commercial real estate company owned by Will Perry, son of Houston area homebuilder Bob Perry, a top Republican fundraiser in Texas who has enjoyed a long friendship with Karl Rove. Bob Perry made national news when he donated $200,000 to fund the controversial Swiftboat Veterans for Truth ads that challenged Senator John Kerry's war record during the presidential campaign.

In recent days, Bob Perry has been back in the news again for a gift to Bill Ceverha, the former treasurer of Texas Republicans for a Republican Majority (TRMPAC), the political action committee at the heart of Texas District Attorney Ronnie Earle's investigation of DeLay's funding for redistricting efforts. Ceverha is the only one, so far, found culpable in a civil suit for TRMPAC's alleged illegal maneuvers. Perry helped Ceverha pay his legal fees and, as a member of a state pension board, Ceverha was obliged to report the gift. The Texas Ethics Commission, to the chagrin of several Texas newspaper editorial pages, has said Ceverha does not need to detail the exact amount of the check.

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In addition to many influential Texas Republican backers, Wallace has personal connections to one of the icons of the conservative movement, Baroness Margaret Thatcher, the former British prime minister. He did post-graduate work at the University of Reading in England and was a founding treasurer and director of the Margaret Thatcher Foundation. In Dallas, he served as CEO of The Grantham Company, the investment firm founded by Thatcher's son Mark and named for the legendary prime minister's home district of Grantham in London.

Wallace is not the only Texas Republican expressing an interest in DeLay's seat. Harris County Judge Bob Eckels, the chief executive officer for the county that includes most of the metropolitan Houston area, may make a run, as well as Houston attorney Tom Campbell, who won 30 percent of the vote in the March primary against DeLay. But given his personal and political connections, Wallace appears to have a jump on the others.

The actual date of DeLay's resignation and its confirmation by the Texas Secretary of State will determine when an election for the seat will be held. If DeLay officially resigns before this Friday, April 7, a special election could be called for the next so-called uniform election date, May 13. If the resignation falls after April 7, Gov. Rick Perry (no relation to Bob Perry) could call a special election date later, or could hold the seat vacant until the general election in November.

In that case, a special election would be open to all comers, but it will be up to GOP officials to name a candidate to replace DeLay's name on the November general election ballot. In this scenario, any GOP winner in an earlier special election would probably have an edge.

Meanwhile, it is likely that DeLay's pending move of his legal residence to Alexandria, Virginia, will not effect his trial on campaign finance irregularities. (His move out of the state is how DeLay is making himself ineligible for reelection.) "Mr. DeLay's political status has nothing to do with the criminal charges against him, and this changes nothing," Earle told the Austin American-Statesman Monday night. On the other hand, the criminal charges may have a lot to do with his political status, and as the political jockeying already under way in Texas makes abundantly clear, DeLay's exit will change everything.

From DeLay To November (WSJ)

The Wall Street Journal, April 5, 2006

Tom DeLay's decision to resign from Congress removes one large Republican liability this election year, but it hardly ends the party's political vulnerability. One pressing question is whether the GOP majority is going to use the few productive weeks it has left to establish a 2006 record and 2007 agenda that are worthy of re-election.

Recent evidence is not reassuring. GOP leaders seem determined to avoid any meaningful legislative fights, lest their own internal fissures show. Instead, they're promising to make the election a "choice" -- rather than a referendum on their own governance -- and thus mobilize voters by claiming that Democrats would be worse: that they'd raise taxes, impeach President Bush and cut and run from Iraq if they win. And as a desperation strategy, fear does sometimes work.

On the other hand, the biggest Republican problem now is the demoralization of their own voters. Their lack of meaningful achievements this Congress (beyond the two Supreme Court Justices), all of their spending, and troubles in Iraq have left conservative voters wondering what the point is to voting for the GOP. If Republicans want their supporters to show up on election day, they'll need more of a message than wearing a "Speaker Nancy Pelosi" fright mask.

May we suggest a Plan B? How about at least fighting for the agenda that elected them the last time? It's obvious at this stage of the 109th Congress that little will actually become law, especially with Democrats able to filibuster in the Senate. But if Republicans were seen to be fighting for some principles, voters might actually decide it's worth showing up on November 7.

Here are a few ideas, none of them new, but all of them worth accomplishing:

Taxes. We hear that the House-Senate conference to extend the 15% capital gains and dividend rates isn't even meeting. This is inexplicable. The one large domestic success of the Bush years has been the post-bubble, post-9/11 economic revival, yet Republicans seem blasé about extending the tax cuts that did so much to spur it. A failure here would hurt the stock market and demoralize economic conservatives.

While they're at it, force the Senate to vote on death-tax repeal. Republicans may not get 60 votes, but if they come close enough they may be able to get Senator Jon Kyl's compromise that would cut the rate to 15%, from nearly 50% today, and raise the exemption above $10 million or so.

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Reform Congressional budgeting, by passing the line-item veto and ending static revenue scoring at the Joint Tax Committee. Another good idea is the effort by Arizonans Jeff Flake in the House and John McCain in the Senate to end earmark abuse. A return to some spending self-discipline will count for much more with conservative voters than will "lobbying reform," which is a Beltway trope designed by the same crowd that promoted the "campaign-finance reform" that empowered George Soros.

Health-care choice. Congressman John Shadegg (R., Ariz.) has a bill to let Americans purchase affordable health insurance from any of the 50 states, thus bypassing state mandates that drive up insurance costs in New York and many other places. Another idea would let associations form health-care risk pools for their members, thus giving small business owners and the self-employed the same tax-preferred insurance options that big business and unions have now. These proposals would address a top voter priority and steal a march on Democrats.

Endangered Species Act reform. This is a huge issue in the West, where ESA rules drive property owners crazy. Congressman Richard Pombo (R., Calif.) has a bipartisan proposal that would require the federal government to compensate property owners for regulatory "takings" due to wetlands preservation or endangered species limits on development. The Senate probably wouldn't pass it, but the issue could be potent in key Congressional contests this fall.

We can think of other ideas, such as fighting for appellate-court nominees in the Senate, and defending the President's anti-terror agenda, especially the National Security Agency's warrantless wiretaps. But the larger point is for Republicans to show that they are willing to fight for something.

Some Republicans seem to believe that debating any of these issues will help Democrats "nationalize" the election, which will hurt them because of Mr. Bush's low approval ratings. But a Congressman is not a dog catcher, and some kind of national agenda is what voters expect of someone they'll be sending to Washington. With the Abramoff scandal likely to keep making headlines, Republicans need something to motivate their voters. Policy will trump scandal, but only if Republicans look like they want to achieve something real.

On election night in 2004, Democratic campaign consultant James Carville asked: Where did all these Republican voters come from? Unless Republicans set a new legislative course over the next seven months, a deposed House Speaker Denny Hastert may soon be wondering: Where did all the Republican voters go?

Exit Tom DeLay (WP)

The Washington Post, April 5, 2006

IT'S A MEASURE of Tom DeLay's diminished political circumstances that those most unhappy about his abandoning his House seat are the Democrats who most revile him. "This is probably the worst day of his campaign," Mr. DeLay, speaking on Fox News yesterday, said with an air of grim satisfaction of his Democratic opponent, former representative Nick Lampson. The Texas Republican had been repeatedly admonished by the House ethics committee; he is under indictment in Texas on charges of funneling illegal corporate contributions to state legislators; and he is entangled in a federal probe that has produced guilty pleas from two of his former staffers. It's much tougher for Democrats to flog their "culture of corruption" message when they can no longer kick around "Representative #2," as he's been identified in the charges against his former aides.

In truth, the DeLay reign ended in January, when Mr. DeLay permanently relinquished his position as majority leader. But his departure from the body in which he's served since 1985 offers a chance to reflect on Mr. DeLay's legacy for House Republicans -- and on the challenge that confronts them in the post-DeLay era. As New York Times op-ed columnist David Brooks put it just before Mr. DeLay left the leadership, "the real problem wasn't DeLay, it was DeLayism." That was shorthand for a political culture that put a premium on bringing in campaign cash, that dismantled barriers between the Capitol and K Street lobbyists, and that disdained debate and dissent as the GOP entrenched itself as a would-be permanent majority.

DeLayism meant keeping a book on the partisan breakdown of political contributions from lobbyists labeled "friendly" and "unfriendly." It meant strong-arming a trade group not to hire a former Democratic congressman and enlisting Federal Aviation Administration officials to track down Democrats fleeing a vote in the Texas state legislature aimed at cementing Republicans' hold on the House. Mr. DeLay offered to endorse the son of retiring Rep. Nick Smith (R-Mich.) in exchange for Mr. Smith's vote in favor of the Medicare prescription drug bill. In Mr. DeLay's House, money was king: Members had to raise so much for

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chairmanships, so much for leadership posts. He presided over a sprawling financial empire of leadership PACs, nonprofit groups, charitable foundations and campaign committees that at least pushed the envelope of campaign finance laws, if not outright violating them, as Texas prosecutors allege.

Mr. DeLay in his heyday got a lot done, but at a terrible cost to the institution -- and, we would argue, the party -- that he helped lead. Will the new leadership be more respectful of the rights of the minority, more willing to permit debate on the House floor, more willing to restrict cushy travel and other perks? That's far from clear. The gushing statements yesterday from Mr. DeLay's replacement as leader, Rep. John A. Boehner (R-Ohio) -- "one of the most effective and gifted leaders the Republican Party has ever known . . . has served our nation with integrity and honor" -- reflected not much embarrassment about Mr. DeLay, nor about DeLayism.

The Fall Of The Hammer (NYT)

The New York Times, April 5, 2006

Like the rise and fall of many a pugnacious politician, the case of Representative Tom DeLay, the pest exterminator turned power broker, is certainly spellbinding for its individual drama. But it is more important to note that Mr. DeLay's political demise hardly ends the influence-peddling culture to which he devoted himself. The DeLay machine's tooth-and-claw approach to politics lives on, from the Texas delegation he brazenly gerrymandered to his quid pro quo debasing of the lobbying industry.

Across two decades in Congress, Mr. DeLay pushed every limit of his power base to the extreme. He was ultimately indicted on charges of laundering the easy corporate money of Washington for use in Texas politics to win a statehouse majority and gerrymander Texas Democrats into a permanent minority. The DeLay brand of bare-knuckled triumphalism was clearly an enabling factor in the separate scandal that has prompted the indictment of two of his former lieutenants and his erstwhile ally, Jack Abramoff, the disgraced superlobbyist.

Incredibly, the G.O.P. majority Mr. DeLay dominated with a mix of campaign lucre and whiplash fear has shown no resolve to face up to his damaging legacy. Last January's vows for ethics and lobbying reform lie fallow in the House, as if the majority is gambling that voters won't notice. Republicans leaders would be foolish to think the departure of Mr. DeLay removes the obvious need to enact strong ethics enforcement and lobbying controls.

In the smarmy self-justification of Mr. DeLay's statement yesterday, he said he wanted to avoid a "referendum on me" in November. But, of course, that's exactly what the nation needs as voters come to consider a Congress deeply embedded in the easy money and easier ethics of the DeLay era.

DeLay Loses Principle, Then Power (USAT)

USA Today, April 5, 2006

Former majority leader Tom DeLay's decision to resign from Congress has given House Democrats a reason to rejoice. For more than a decade, the Texas Republican infuriated and outmaneuvered them, making them feel the acute pain of their powerlessness.

But perhaps it's the Republicans who should be the most gleeful. They'll be rid of the most potent symbol of Washington arrogance and corruption.

And perhaps DeLay's departure from the House of Representatives will give them leeway to pursue needed changes in the ways ethics are enforced and campaigns are financed.

DeLay's sorry legacy can be measured in many ways. An obvious place to start is the long list of scandals surrounding him: the guilty pleas of former friends and associates, his own indictment in Texas, and the three instances in which he was admonished by the House ethics committee (before he dismembered it).

But there are other measures as well. Through his strong-arm tactics, DeLay acted in ways contrary to long-held Republican principles. He engineered President Clinton's impeachment in a fashion more vindictive than conservative.

He was a chief architect of the biggest expansion of government since the New Deal, most notably forcing through the Medicare drug law by holding open a 15-minute roll call for almost three hours while he twisted arms.

DeLay also championed federal legislation pre-empting states' rights in areas as diverse as business regulation and the sad case of Terri Schiavo.

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These scandals and dubious legislative accomplishments have a common root. They are what happens when congressional leaders come to see the acquisition, maintenance and discharge of power as a goal itself rather than as means to achieve something broader for the public's benefit.

DeLay, an ex-exterminator nicknamed "The Hammer," was not so much a political thinker as he was the CEO of an enterprise designed to reward Republicans and sustain their majority.

He helped them raise the money they needed to be elected and re-elected. He turned his office into a concierge service for GOP members. He pressured lobbying firms to hire only Republicans. He even rewrote Texas' congressional boundaries, and the GOP picked up six seats from the Democrats.

For much of his time in power, his fellow Republicans loved him for this. And why wouldn't they? The GOP was riding high, and the system was rigged in their favor. But the enterprise lacked, and it sent out a message that virtually any behavior was OK so long as it benefited the GOP.

Now that any chance of DeLay's restoration to power has been eliminated, the attention should shift to the corrupt system he leaves behind. DeLay was simply its most egregiously able practitioner.

Nothing will be gained if his successor as House majority leader, John Boehner of Ohio, simply becomes the new CEO of the enterprise.

Out Of The House, Not Out Of Trouble (WP)

By Cris Feldman

The Washington Post, April 5, 2006

In announcing yesterday that he was dropping out of the race to keep his seat in Congress, Tom DeLay said he now intends to "engage in the important cultural and political battles of our day from outside the arena of the House of Representatives." Before he does that, though, he still faces a more immediate battle in another arena -- a Texas courtroom.

Ever since a grand jury in Austin indicted him on charges of laundering corporate cash to influence Texas's 2002 elections, DeLay has dismissed the action as a purely political act by Travis County District Attorney Ronnie Earle, a Democrat. But a review of the law and the facts in this case suggest otherwise.

The centerpiece of the Texas indictments is Texans for a Republican Majority PAC (TRMPAC), which DeLay founded and which his operatives ran, with the paid assistance of his daughter. DeLay himself headlined fundraisers, made fundraising calls, participated in strategic planning and conference calls, and personally collected corporate checks.

In a recent TRMPAC civil trial, the court ruled that the PAC illegally accepted and spent $532,333 in corporate cash and violated Texas law by not reporting it. Included within the illegal $532,333 was $190,000 that TRMPAC sent to the Republican National Committee in September 2002. The defense in the civil trial explicitly sought exoneration for this transaction, and it failed.

Here are the known facts. On Sept. 10, 2002, DeLay's co-defendant, John Colyandro, sent a blank check overnight to co-defendant Jim Ellis. On Sept. 13, 2002, Ellis handed over the check in question to the RNC. According to the indictment, Ellis filled in the check for $190,000 and provided the RNC with a list of seven candidates for the Texas House, along with designated sums of cash. On Sept. 20 the $190,000 was deposited by the RNC in a corporate cash account. On the morning of Oct. 2, Ellis met with DeLay at DeLay's Capitol office. That same day the RNC generated seven internal memos requesting seven different checks to the TRMPAC candidates. On Oct. 4 seven checks totaling $190,000 were cut from a noncorporate account containing millions of dollars. The check numbers were in sequential order, 7470 through 7476.

DeLay argues that the RNC sent money to state legislature candidates across the country. Yet the seven Texas TRMPAC candidates received checks ranging from $20,000 to $40,000, whereas the next-largest RNC contribution to a candidate for a seat in a state house of representatives was $2,000. DeLay has also said that the $190,000 was "left over" money that TRMPAC did not need. But numerous documents indicate otherwise. For example, on Oct. 20, 2002, Warren Robold, TRMPAC's now-indicted fundraiser, solicited a donor by stating, "We still need $125,000 of corporate funds to finish the project and pay our obligations."

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DeLay's attacks on the prosecutor have been consistent, even as explanations of his own conduct have proved inconsistent. DeLay has said at different times that he knew about the $190,000 beforehand; that he heard about it after the fact; and that he did indeed discuss it with Ellis on Oct. 2, 2002.

Corporate contributions to candidates in Texas are illegal. To make such a contribution is a third-degree felony. A contribution is considered to be the direct or indirect transfer of money, including the agreement to make such a transfer. If DeLay in any way participated in an agreement to indirectly transfer $190,000 in corporate cash to Texas candidates, he still has a problem back in Texas.

The writer is an attorney in Austin. He was on the civil trial team that won a ruling last spring finding that TRMPAC illegally raised, spent and failed to report corporate contributions in Texas.

After DeLay, A New Approach? (WP)

By David S. Broder

The Washington Post, April 5, 2006

Symbolically as well as practically, the departure of Tom DeLay from Congress signals the end of an era of Republican dominance. The question now is whether the retreat that clearly has begun will turn into a rout.

The former House majority leader's decision to abandon what increasingly appeared to be an uphill fight for reelection in his Texas district and retire from the House was the latest and by far the largest consequence of a widening probe of corruption on Capitol Hill.

It is one thing to see a Randy "Duke" Cunningham go to jail for bribery. Few outside his San Diego district had ever heard the name of the former Navy "Top Gun" before his spectacular downfall. Tom DeLay is a target of far larger size.

As prosecutors have extracted guilty pleas from lobbyists close to DeLay and former members of his staff, the ripples of scandal have threatened to spread through Republican ranks in the midterm election. Month after month, surveys are showing Democrats with a double-digit lead over the GOP in the voters' preference for which party should control Congress.

Whether that translates to the specific victories needed to give Democrats an extra 15 seats and a narrow House majority cannot be guessed. But the relief his fellow Republicans expressed that they can now recruit a fresh and presumably unscarred candidate in DeLay's Republican-leaning district shows how nervous they are about holding on to the House.

It is almost as if they hope that by sacrificing their erstwhile commander, they can appease the public demand for change.

As much as Newt Gingrich embodied the aggressive strategy that enabled Republicans in 1994 to break the Democrats' 40-year grip on the House, DeLay was the man who showed them how to consolidate -- and use -- their new power. As whip and then as majority leader, he built the GOP fundraising and policy alliance with the business lobbies and social conservative movements, then used that leverage to impose party-line discipline on almost every key vote.

It was a commanding performance, and one that yielded a series of policy victories for President Bush. By putting the House Republican majority in lock step with the White House, DeLay made it possible for Bush to prevail, not only over the outnumbered Democrats but also over the doubts harbored by some Senate Republicans about his agenda.

But DeLay also paid a price for his hardball tactics -- and his tendency to push against the legal limits. He was admonished repeatedly by the House ethics committee. He faces prosecution in Texas over the financing of campaigns that delivered the Texas House of Representatives to his allies, who in turn engineered a redistricting plan that gave Republicans five more seats in Congress. His palling around with convicted lobbyist Jack Abramoff is still under investigation.

With DeLay's departure, the Democrats lose their most convenient symbol of abuse of power by the Republican majority -- but they have not lost the issue. DeLay's successor as majority leader, John Boehner of Ohio, continues to manage the House on the same partisan basis, looking for votes almost exclusively on his own side of the aisle and declining to offer Democrats any incentives to cooperate.

And that raises an interesting challenge for the new White House chief of staff, Josh Bolten. If he is the realist that his admirers believe, he has to acknowledge the odds that there will be fewer Republicans in Congress after November than there are today -- and perhaps not a majority.

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In the House, Speaker Dennis Hastert is headed into what is probably his final term before retirement, shorn now of the support and day-to-day managerial muscle of the man who installed him as speaker, Tom DeLay. That means that if the Republicans maintain control, a lame-duck speaker will be working to deliver votes for a lame-duck president.

That could spell an awfully difficult -- and unproductive -- final two years for the Bush presidency, unless the White House finds a different approach to Capitol Hill.

The old game of muscling bills through by rounding up Republican votes through a combination of political and financial force -- the game at which Tom DeLay excelled -- is over. The question for the White House is whether it can come up with a different strategy that looks for support from at least some Democrats.

It needs that already in the Senate. And it will probably need it in the House.

Tom DeLay — A Man Of Consequence (WT)

By Tony Blankley

The Washington Times, April 5, 2006

A couple of days ago, Tom DeLay announced he would resign his Texas seat in Congress by June. His announced departure from office has induced the normal Washington hypocrisies. Democrats express delight but are actually disappointed, as his Texas congressional seat is more likely to now stay Republican and they won't have Tom DeLay to kick around any more.

Republicans express sorrow, but are actually relieved not to have him as an albatross around their party neck. And as someone who has crossed paths (and sometimes swords) with Tom ever since I started as Newt Gingrich's press secretary in 1990, I am of mixed feelings.

I first met him in early 1990, just after Newt had been elected Republican minority whip in the House of Representative. Tom had been doing the vote counting for Newt's opponent, Illinois congressman Ed Madigan — the candidate of the old Republican House establishment. Newt was — as always — the insurgent candidate.

Tom DeLay had come to make up with Newt after picking the losing side. Tom offered his loyalty in good faith, and Newt accepted it in good faith. They had never been close, but they were both smart conservative congressmen with common policy and party goals. Tom became an invaluable political ally and warrior for the Newt-led insurgent House Republicans.

Five years later, when Newt was sworn in as Speaker of the House, Tom DeLay became the majority whip and a vital part of the successful election and legislative team that emerged in 1994. But Tom was an ally, not a subordinate of Newt's. He was his own free-standing political force, and inevitably rode his own course — sometimes along Newt's path, sometimes not.

(Just as, I might note, when Newt was minority whip under minority House leader Bob Michel, he was only a sometimes ally of Mr. Michel.) Even in a unified congressional caucus — as ours was in 1994-95 — it is made up of diverse and conflicting personalities, strategies, tactics, careers and goals. As Newt's right-hand guy, I had my elbows out to match Tom DeLay's own sharp elbows. But I admired his skill and his contribution to the common goals of the party.

In 1997 (after I had left), Tom DeLay led an unsuccessful rebellion against Newt (known at the time as the "Coup"), but retained sufficient respect of the rank-and-file members to remain as a powerful and intelligent force within the party.

By the winter of 1998 Newt chose post-election retirement rather than a battle to retain the speaker's chair. Even as brilliant a leader as Newt had become more detriment than benefit to the Republican House members.

Politics is a necessarily tough business, and it is exceedingly rare that a party leadership post is given out of gratitude for past services rendered to the party. Whether it was Maggie Thatcher being thrown over as Tory Party leader and prime minister, Newt being forced out as speaker, or now Tom DeLay being shown the exit, parties have every right, and indeed a duty to their constituents, to mercilessly shed no longer useful leaders.

Even the immortal Winston Churchill was shown no gratitude by the British electorate after he had led them to victory in World War II and was then summarily defeated at the polls.

It became evident earlier this year that Tom DeLay's time had come. Although he had been arguably the most able floor manager since Lyndon Johnson in the Senate in the 1950s, allegations fair or unfair undercut his capacity to further lead.

That is why on the weekend of Jan. 6 this year, party leaders quietly urged Tom to give up not only any claim on returning to the majority leader's slot, but also his now-vulnerable Texas seat. That is why on the Jan. 6 broadcast of "The McLaughlin

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Group," I predicted that he would give up his leadership claims within a week — and probably his House seat thereafter. He gave his leadership claims up the next day, and his House seat earlier this week.

But if a party has a right to act ruthlessly in its self-interest, it also has a duty not to cave to the other party or its media allies. A party should get rid of its leaders on its own schedule — not its opponent's. That is why last year, when Democrats were calling for Tom's blood, I wrote a rhetorically violent column urging the Republican Party not to throw him over. The party did stand firm with him then — and in fact gave him a big party. These things are a matter of tribal pride.

Tom has served the party magnificently over the last two decades — both as a principled conservative legislator, and as a shrewd and tireless political operator. And he has had the good judgment to exit on his own two feet.

Both the Republican Party and the country are stronger and better for all that Tom DeLay has contributed.

So, as a not-always-ally, I wish him Godspeed on the next leg of his journey.

Now, The Spotlight Turns To Rep. Ney (RC)

By John Bresnahan

Roll Call, April 5, 2006

The stunning announcement by Rep. Tom DeLay (R-Texas) that he would resign from Congress has thrust another embattled Republican even more firmly into the spotlight: Rep. Bob Ney (R-Ohio).

Ney went to great lengths Tuesday to deny that he had any intention of leaving office, and he received public support from his fellow Ohioan, House Majority Leader John Boehner. Boehner said "there's no pressure" on Ney to quit, although Boehner did acknowledge that Ney faces a difficult re-election battle this fall. Ney, Boehner said, "has got his hands full, but he believes he's doing well."

Ohio Democrats and government watchdog groups, however, stepped up their calls for Ney to give up his House seat, with some predicting that he would soon be indicted in the federal corruption probe that has already brought down former GOP lobbyist Jack Abramoff and others.

"All the dominos around Bob Ney in that case are falling, and you know in a game of dominos that you're going to tip over sooner rather than later," said Brian Rothenberg, a spokesman for the Ohio Democratic Party. "They're falling all around him, and he's wobbling right now. You can only wobble so long before you lose your balance."

One of Ney's potential opponents in November, Chillicothe Mayor Joe Sulzer, said that Ney "should take another cue from Tom DeLay and retire, for the good of Ohio."

Ney then issued a defiant statement of his own on Tuesday afternoon.

Ney said that "while I respect Tom DeLay's decision, I am not Tom DeLay. I have absolutely no intention of retiring. My constituents will make that decision in the next election, and I am grateful for the very strong support I continue to receive when I travel around the district."

Ney also lashed out at Sulzer and Zack Space, another Democratic candidate, calling them liberal allies of House Minority Leader Nancy Pelosi (D-Calif.) and unsuitable to represent the 18th district in Ohio.

"If elected to Congress, the first vote either Joe Sulzer or Zack Space will cast will be a vote for liberal San Francisco politics by voting for Nancy Pelosi for Speaker of the House," Ney said. "This will be a vote for higher taxes, more Second Amendment restrictions, more late-term abortions, more money for the United Nations and a cut-and-run policy in the war on terror."

However, Ney's legal and ethical problems have continued to grow with every new twist in the Abramoff probe, and some GOP strategists are privately wondering if it wouldn't be in the party's best interests if six-term lawmaker were to follow DeLay out the door.

"It's when you step and look at it from a 10,000-foot level, what is the right thing to do?" asked a senior House Republican staffer of Ney's future, suggesting that Ney has not fully come to grips with the scale of his political problems. The source said that Ney is still paying attention to the political atmosphere "at the street level" instead of looking at the overall environment in his district. "The way [DeLay] makes a decision, he's a tactician. Ney has to be a tactician now too," the staffer said.

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Ney and his lawyers have continued to insist he did nothing wrong. But a Republican strategist close to the House leadership suggested that Ney is only holding onto his seat in order to strengthen his bargaining position in any future negotiations with the Justice Department.

"The only leverage he has is as a Member of Congress," said this strategist. "If he retires, he has no power."

Like DeLay, Ney has been a target of a federal corruption probe, and at least one of his former aides, Neil Volz, is under investigation by the Justice Department. Documents and e-mails from Ney's office were subpoenaed last year by Justice as it prepared its case against Abramoff. Abramoff pleaded guilty in January to a variety of federal charges, including conspiracy to bribe public officials.

Like DeLay, Ney has been forced to divert tens of thousands of dollars from his re-election campaign in order to pay legal bills. The Ohio Republican has had to open a legal defense fund to help offset those costs.

But even more ominously than DeLay, Ney has been implicated in three separate plea agreements between the Justice Department and individuals involved in the Abramoff scandal: Abramoff himself, Michael Scanlon and Tony Rudy. Scanlon, a former DeLay aide and ex-business partner with Abramoff, pleaded guilty to conspiracy to bribe public officials and mail and wire fraud last year. Rudy, another former DeLay aide, pleaded guilty last Friday to similar charges.

Ney — who's referred to as "Representative #1" in documents related to the case — and his aides play a prominent role in all three plea agreements as alleged targets of a bribery scheme that dates back at least five years.

Rudy's plea deal even included a new allegation about Ney: that the Ohio Republican had agreed in March 2001 to support legislation "that would enable Abramoff's clients to continue manufacture clothing with labels representing it was manufactured in the United States without being subject to the same wage and labor standards as companies operating in the continental United States." Ney has been known for years as a strong supporter of limiting foreign imports, so if he signed onto such a proposal as suggested by the Justice Department, it would have represented a dramatic change of view on a key issue.

Ney's office said Ney had no information on the latest allegation.

According to Federal Election Commission records, Abramoff donated $1,000 to Ney's re-election campaign on March 19, 2001. Adam Kidan, Abramoff's former business partner, gave $1,000 to Ney on the same day. Abramoff and Kidan pleaded guilty to fraud in connection with their purchase of a Florida casino cruise-ship company and were sentenced to 70 months in prison by a federal judge.

Ney is also a tangential player in the perjury trial of David Safavian, a former Bush administration official who has been charged with lying to federal and Senate investigators about his dealings with Abramoff. Both he and Ney took part in a now infamous August 2002 golf junket with Abramoff to Scotland.

Ney Vows He'll Fight On, Not Quit (HILL)

By Jackie Kucinich

The Hill, April 5, 2006

Rep. Bob Ney (R-Ohio) continued yesterday to deny that the scandal involving former GOP lobbyist Jack Abramoff is creating any pressure for him to leave Congress, even after the decision by Rep. Tom DeLay (R-Texas) to relinquish his House seat.

Ney received calls from supporters shortly after stories that DeLay plans to resign hit the Internet on Monday night. His backers wanted to know if he was considering the same course of action.

Ney assured his supporters that he isn't poised to follow DeLay's lead.

"We are two different people," Ney said in an interview with The Hill, stressing that he had absolutely no intention of resigning.

In a press release issued yesterday, Ney elaborated: "While I respect Tom DeLay's decision, I am not Tom DeLay. … My constituents will make that decision in the next election, and I am grateful for the very strong support I continue to receive when I travel around the district."

When asked whether he had received any information from the Justice Department about whether he would be indicted, he said, "I haven't heard anything."

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"We turned over the material [the Justice Department] requested. … They have my telephone number," he said.

Ney spokesman Brian Walsh said 60 local elected officials as well as the 16 GOP chairmen in his Ohio district have endorsed his boss.

Ney resigned as House Administration Committee chairman Jan. 15, explaining that growing allegations about his connection to Abramoff were beginning to detract attention from the committee and the work of the House GOP conference.

Ney has been accused of performing legislative favors in exchange for lavish gifts, trips and campaign contributions. In the Abramoff plea agreement, he is referred to as the "Representative #1" singled out in a Justice Department probe of Abramoff's dealings.

"On the legal side, the congressman has said from day one that he has done absolutely nothing improper or illegal," Walsh said. "He has pledged to cooperate in any way possible with the Abramoff investigation and remains absolutely confident that his name will be cleared."

Ney told The Hill in a previous interview that, if indicted, he would still run to retain his seat.

Majority Leader John Boehner (R-Ohio) yesterday also denied that DeLay's announcement put more pressure on Ney to give up his seat.

"There's no pressure," Boehner told reporters.

Asked about the dynamics of Ney's race in terms of the Abramoff investigation, Boehner said: "He's got his hands full, but he's doing well."

Ney said he had spoken with Boehner shortly after Boehner was elected majority leader.

"I have his support and the support of my delegation," Ney said.

Ney has maintained that once his name is cleared he will return to his post as the chairman of the House Administration Committee.

"Once these false allegations have been put to rest, and I have the full confidence that they will be, I look forward to resuming the chair for the rest of my appointed term and continuing the important work of the Committee," Ney said in a release Jan. 15.

He stepped down from that position that day. Speaker Dennis Hastert (R-Ill.) appointed Rep. Vernon Ehlers (R-Mich.), the second most senior member on the committee, shortly after Ney's departure.

But Ehlers seems to be settling into the chairmanship, if staff changes are any indication.

Less than a month after becoming the new mayor of Capitol Hill, as the chairman of the administration panel is often referred to, Ehlers began reviewing all committee staff, and on Feb. 2 he replaced Ney's staff director, Paul Vinovich, with William Plaster, formally the deputy chief administrative officer.

Vinovich remained on staff as a committee counsel.

Additionally, House sources close to the committee indicated that four interns, hired during Ney's tenure, were immediately let go during the changeover. At the time, Brandt denied the interns' jobs were ever in jeopardy and said some had opted to go to Ney's personal office.

Ney said he was surprised about all the staff changes, since few were made when DeLay stepped down as majority leader late last year.

"Once this is cleared, I would like to return," Ney said, but he added that the choice is up to Hastert: "Who knows what the time frame will be?"

While it is considered typical that an incoming chairman review committee staff, it is unclear whether it is common House procedure to review staff if the chairmanship is only a temporary position.

"I like Vern. I help him, and that's my way of supporting him," Ney said.

The House Administration Committee is seeking a new communications director for the committee to handle internal and strategic communications between the committee and the House, said Ehlers spokesman Jon Brandt.

"Chairman Ehlers is hiring his staff as he sees it appropriate within the rules and budget of the committee, just as any other committee chairman does," Brandt said.

On March 29, Abramoff was sentenced to 70 months in prison on conspiracy and fraud charges regarding his purchase of a casino fleet in South Florida.

New Maneuvers By Lawmakers Over A Colleague's Altercation (NYT)

By Sheryl Gay Stolberg

The New York Times, April 5, 2006

WASHINGTON, April 4 — The case of Representative Cynthia A. McKinney, the Georgia Democrat who attributed a recent altercation with the Capitol Police to racial profiling, prompted a new round of political maneuvering on Tuesday as Democrats tried to distance themselves from the congresswoman and some Republicans pressed for a resolution praising the police.

"I don't think any of it justifies hitting a police officer," the House Democratic leader, Representative Nancy Pelosi of California said, in response to a question about Ms. McKinney. "I don't know if that happened, but I am saying if it did happen, it wasn't justified."

Representative Steny H. Hoyer of Maryland, the Democratic whip, told reporters that members "should all cooperate fully" with the police, adding, "It doesn't appear that happened."

The Democrats made their remarks as federal prosecutors weighed whether to charge Ms. McKinney in connection with the episode, which occurred last week as she tried to circumvent a metal detector to enter the Capitol, which members of Congress are allowed to do. A Capitol Police officer failed to recognize her, and she apparently responded in a physical manner.

At a news conference Friday, Ms. McKinney said she regretted the episode but had acted in self-defense in response to "the inappropriate touching and stopping of me, a female black congresswoman." On Tuesday, her spokesman did not respond to a telephone call or e-mail message seeking comment.

Republicans have tried to make political hay of the episode, saying it did not comport with the Democrats' efforts to portray themselves as committed to national security. Representative Patrick T. McHenry, Republican of North Carolina, said Tuesday that he would introduce a resolution commending the police for their professionalism.

A senior House Republican aide said that the resolution would probably not come to a vote, but that Republicans would probably offer comments praising the police Wednesday when a separate police-related resolution was offered.

Mr. McHenry said his intention was to honor the "service and sacrifice" of the police, but he left little doubt that he was also intending to embarrass Democrats.

"I want to give them a pat on the back," he said of the officers, "not a punch in the chest."

McKinney Rebuked By Her Leader (HILL)

By Josephine Hearn

The Hill, April 5, 2006

House Democratic leaders publicly rebuked Rep. Cynthia McKinney (D-Ga.) yesterday over an incident last week in which she hit a U.S. Capitol Police officer when he stopped her at a security checkpoint.

Speaking at a news conference, House Democratic Leader Nancy Pelosi (Calif.) said of McKinney's explanation, "I don't think any of it justifies hitting a police officer. I don't know if that happened, but if it did happen, I don't think it was justified. … I find it hard to see any set of facts that would justify striking a police officer."

Pelosi, who is no longer on speaking terms with McKinney, went on, "Our Capitol Police have a very difficult job protecting this symbol of democracy and the buildings around it."

House Democratic Whip Steny Hoyer (Md.) was even more emphatic.

"I think it is the responsibility of every member [of Congress], every visitor to the Capitol, every staff member, every member of the press and anyone else who comes in and out of the Capitol and the House or Senate office buildings to cooperate fully with the Capitol Police, who have been given an extraordinarily difficult and important responsibility of keeping the Capitol safe," he said, adding, "It doesn't appear that happened" in McKinney's case.

McKinney, a controversial member of Congress since she was first elected in 1992, says she struck the officer after he touched her inappropriately.

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The U.S. Capitol Police has referred the matter to the U.S. attorney for the District of Columbia, who is expected to decide shortly whether to prosecute the congresswoman. Prosecutors could bring either the felony charge of assault on a police officer or a misdemeanor assault charge.

McKinney was entering the Longworth House Office Building shortly before 9 a.m. last Wednesday when a Capitol Police office stopped her for bypassing the metal detector. Members of Congress are allowed to walk around the detectors and are usually recognized by security officers.

Pelosi, appearing at an event to promote homeland-security planning among women, said she was not concerned that the McKinney controversy would draw attention from Democratic initiatives.

"This is the action of one person," she said.

Yet the political furor over the fracas could have reverberations beyond McKinney herself. Two Georgia Democrats, Reps. John Barrow and Jim Marshall, face tough reelection races in the Peach State.

"I don't think there's any doubt that Republicans can use McKinney against Democrats," said Alan Abramowitz, a professor of political science at Emory University in Atlanta. "They can hold her up as what's wrong with the Democratic Party. I wouldn't be surprised to see moderate candidates like [Reps.] John Barrow and Jim Marshall distancing themselves [from her]."

And Georgia Republicans have picked up on the issue.

"Representative McKinney could be a much better representative for the people then her actions demonstrated last week," said former Rep. Mac Collins (R-Ga.), who is seeking to defeat Marshall. "I believe she needs to apologize to the Congress, and to the people who reside in the 4th District of Georgia."

Former Rep. Max Burns (R-Ga.), also seeking to come back to Congress, challenged Barrow to denounce McKinney.

Marshall and Barrow declined to comment.

No member of the Georgia Democratic delegation, including revered civil-rights pioneer Rep. John Lewis, has stepped up to defend McKinney.

The lack of support for McKinney has fueled talk that she may be vulnerable to a primary challenge. Hank Johnson, who is black and a county commissioner, has declared his candidacy. He has, however, raised only pocket change as of the most recent campaign-finance reports. McKinney reported $35,000 on hand.

In a statement, Johnson chided McKinney for her conduct in the police fracas.

"I hope McKinney will put the interests of the people ahead of her own ego and do whatever is necessary to bring some closure to this. If that means having to make an apology, she should apologize," Johnson said.

Former Rep. Denise Majette defeated McKinney in the 2002 primary and served one term before running unsuccessfully for the Senate, leaving a vacant seat for McKinney to recapture. Majette has yet to express an interest in vying for her old seat.

If she did challenge McKinney, she could face some ill will from the many supporters who were disillusioned when she opted for a risky Senate run only two years after they had helped elect her to the House. Majette is reportedly interested in the position of state school superintendent.

After Scuffle, House GOP Acts To Laud Capitol Police (USAT/AP)

By The Associated Press

USA Today, April 5, 2006

WASHINGTON — House Republicans introduced a resolution Tuesday to commend the Capitol Police force for its professionalism. The proposal follows a confrontation last week between Rep. Cynthia McKinney, D-Ga., and an officer she is accused of hitting.

Republicans presented their resolution as U.S. Attorney Kenneth Wainstein considered whether to press criminal charges against McKinney.

"I don't think it's fair to attack the Capitol Police, and I think it's time that we show our support for them," said Rep. Patrick McHenry, R-N.C., a sponsor of the measure. Ignoring a police officer's order to stop, or hitting one, "is never OK," McHenry said. McKinney is alleged to have hit a uniformed police officer who asked her to stop on her way into a House office building on March 29.

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Democratic leaders did not defend McKinney or her charge of racial profiling.

"I don't think any of it justifies hitting a police officer," said House Democratic leader Nancy Pelosi of California. "If it did happen, I don't think it was justified."

Rep. Steny Hoyer of Maryland, the No. 2 Democrat in the House, said all members of Congress, staffers and visitors in the building have a responsibility to obey Capitol Police.

Rep. Mel Watt, D-N.C., chairman of the Congressional Black Caucus, had no comment, a spokesman said.

McKinney said the officer started the incident by "inappropriately touching and stopping" her. A spokesman for the congresswoman did not respond to a request for comment.

The six-term lawmaker said the issue is not about whether to obey a police officer's order, whether she hit him or the fact that she was not wearing the lapel pin that identifies members of Congress.

"The issue is racial profiling," McKinney told CNN on Monday.

The measure introduced late Tuesday, co-sponsored by Rep. Mario Diaz-Balart, R-Fla., does not specifically mention McKinney, 51, or the confrontation, McHenry said.

Instead, the non-binding measure declares that Capitol Police "must remain constantly alert for … failure to respond to requests and instructions" and "consistently apply security and safety measures to all, including members of Congress."

Lawmaker's Encounter With Guard Raises A Capitol Tempest (LAT)

By Johanna Neuman And Nick Timiraos

The Los Angeles Times, April 5, 2006

WASHINGTON — It started with the seemingly smallest of incidents -- a misunderstanding last week at a security checkpoint in the Longworth House Office Building, where guards regularly check the identification and belongings of those entering the building.

But by Tuesday, the encounter between Rep. Cynthia McKinney, D-Ga., and a Capitol Police officer -- in which he touched her on the shoulder and she jabbed him with her cell phone -- had begun to mushroom into a racial and political furor, replete with accusations of racial profiling and threats of criminal charges. Along the way, leaders of both political parties and federal law enforcement joined the fray.

In the post-Sept. 11 world, it was clear, no security issue is minor, and in Washington politics, no incident is too small or too sensitive to be exploited as partisan cannon fodder.

The issue arose when McKinney sought to enter the Longworth House Office Building. She stepped around the metal detector as members of Congress are entitled to do. But she was not wearing the pin that identifies her as a member, and a guard tried to stop her.

Some think the resulting confrontation may have sprung from nothing more than a change of hairdo.

McKinney acknowledged she was not wearing her identifying pin, but maintained that the guard should have recognized a member's face, as Capitol Police often do, though it is not a requirement. Colleagues say McKinney had recently changed her hairstyle and suggest that may have led to a failure to recognize her.

By Tuesday's end, however, the last thing anyone involved with the case seemed to be looking for was an innocent explanation or a way to turn down the heat.

In the House, Republicans rushed to put themselves on the side of law and order, pushing through a resolution applauding the professionalism of the Capitol Police. "I don't think it's fair to attack the Capitol Police and I think it's time that we show our support for them," declared sponsor Rep. Patrick McHenry, R-N.C.

And the Justice Department, which handles local prosecutions in the District of Columbia, said it was considering criminal charges against McKinney.

A conservative blog, NewsByUs.com, gibed that McKinney was suffering from PTHD, post traumatic hairstyle disorder.

House Minority Leader Nancy Pelosi, D-Calif., distanced herself from McKinney. "I think what happened last week was a very unfortunate incident," she said. "I think that all members of Congress like to be recognized, that's for sure. And this was a

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case in which she wasn't. I don't think any of it justifies hitting a police officer. I don't know if that happened, but I am saying if it did happen, I don't think it was justified."

And with the news media digging up every morsel they could on McKinney's behavior, an Atlanta television station reported that McKinney spent $1,000 to fly singer Isaac Hayes to the dedication of a new office in Atlanta. After the news aired, McKinney's staff said taxpayers will be reimbursed.

Controversy is nothing new to McKinney's 4th District constituents.

In an earlier incident that echoes what pundits are now calling The Scuffle, McKinney complained when guards at the White House during the Clinton administration did not recognize her or treat her like other members of Congress.

After the Sept. 11 terrorist attacks, McKinney apologized to Saudi Prince Alwaleed bin Talal after New York Mayor Rudolph W. Giuliani turned down his offer of $10 million to help families of Sept. 11 victims. She suggested the money be sent to poor Americans.

A few months later, McKinney called for an investigation into whether President Bush knew in advance of the Sept. 11 attacks. "Persons close to this administration are poised to make huge profits off America's new war," she said.

"She's a political exhibitionist," said Ross Baker, a political scientist at Rutgers University. "She's always cavorted like this."

Friday, with two dozen Georgia schoolchildren in the background holding signs that read "God Bless Cynthia" and "Is Cynthia a Target?" McKinney blasted the officer for taking her shoulder and asking her to go through the metal detector.

Her attorney, James Myart, elaborated. "Like thousands of average Americans across this country, (she) is too a victim of the excessive use of force by law enforcement officials because of how she looks and the color of her skin. Ms. McKinney is just a victim of being in Congress while black."

The chairman of the U.S. Capitol Police Fraternal Order of Police, Andy Maybo, issued a statement backing the officer, who is believed to be white.

"We, the U.S. Capitol Police Fraternal Order of Police, are extremely proud of our officer," Maybo said. "He has upheld his oath as an officer and has executed his duties and responsibilities in a professional manner."

Security On Capitol Hill Is No Joke (USAT)

USA Today, April 5, 2006

The 535 members of Congress have grown accustomed to perks that can lead, in some, to a sense of entitlement larger than the great outdoors.

Why, for example, must the mighty submit to the same security procedures the rest of the country has accepted as routine in an age of terrorism?

Rep. Cynthia McKinney, D-Ga., was apparently thinking along those lines last week when she breezed past a metal detector at a House office building without wearing a lapel pin that helps U.S. Capitol Police identify legislators.

An officer who didn't recognize her asked her three times to stop. When McKinney didn't respond, he put his hand out to restrain her.

At this point, a reasonable person might have identified herself without incident.

But McKinney — a volatile politician known for making outrageous comments such as accusing President Bush of having prior knowledge of the 9/11 attacks — allegedly responded by striking the officer before flashing her ID and dashing off to her meeting.

When Capitol Police said they would seek an arrest warrant, McKinney, who is black, responded by changing the subject from her own arrogance to accusing the officer of engaging in racial profiling.

Perhaps he hadn't recognized her because she had changed her appearance, McKinney suggested: "Do I have to notify Capitol Police every time I change my hairstyle?"

Security on Capitol Hill is no joke. Two Capitol Police officers were killed in 1998 when a mentally ill man opened fire at a tourist entrance. That was before 9/11 and the anthrax attacks.

McKinney should stop exploiting a phony race issue and apologize for her overbearing behavior. There's little doubt that Capitol Police will remember her in the future.

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The McKinney Mess (RC)

Roll Call, April 5, 2006

We should be writing about Rep. Tom DeLay today. As much as anything else, the Texas Republican's triumphs and excesses have defined the dozen-year reign of the House GOP. But as hypnotic as the still-unfolding drama of his political downfall may be, it is impossible for us not to weigh in today on another Capitol Hill drama.

Today is Capitol Police Chief Terrance Gainer's last day on the beat. His tenure, which included helping the Capitol adjust to the post-Sept. 11, 2001, security environment, unfortunately ends in what will be labeled as a dust-up over a long-ignored nepotism law. We suspect there is a great deal more that eased Gainer's decision to turn in his badge. The perfect example of why Congress will always struggle to attract and keep men like Gainer — and of the unique pressures brought to bear on the man in the chief's chair — came just days ago from Georgia Rep. Cynthia McKinney (D).

The chief must not only answer to the Capitol Police Board, something that limits the chief's ability to make quick or sweeping changes to address threats to an acknowledged top target for terror, but also to 535 other bosses. Oh, and the spouses of those 535 bosses. Can't forget about them, as Rep. Bill Young (R-Fla.) and his wife, Beverly, proved.

After McKinney claimed she had been racially profiled and "inappropriately touched" by a Capitol Police officer (whose initial sin was apparently doing his job), did she take up her case with authorities and share her apparent concern about the state of security in the Capitol? No. She quickly made this drama about her, calling a press conference and flanking herself with entertainers. Naive as it sounds, we hope that she will find a graceful way to bring a close to this episode.

Many problems confronted in Washington, D.C., are complex. The one highlighted by the McKinney incident is, as well, but only because lawmakers so rarely hear the word "no," even when it's just a police officer trying to perform his sworn duty to protect Congress.

But we have a simple solution to make sure we don't see a repeat of the incident, and it doesn't even require Members to keep track of those pesky lapel pins. With the full-throated support of the House and Senate leadership, the police board should immediately call an end to the practice of allowing Members and those accompanying them to bypass magnetometers and other security measures around the Capitol complex. It's a practice we've always disliked, and one that only fuels perceptions of Congress as a pampered class. Now McKinney has given us new reason to encourage Congressional leaders to get rid of it.

Yes, we can already hear the complaints from the chronically overscheduled about how this will complicate their lives. In a legislature where one chamber routinely conducts the vast bulk of its business between Tuesday evening and Thursday morning, perhaps that's a good argument for spending more time in Washington and spreading those commitments across more days.

A little inconvenience may cause Members to better remember why the Capitol Police are here, as if reminders are necessary after two officers were slain just a few years ago trying to defend the Capitol. They are to protect Members before they are to serve them.

U.S. Focus On Abstinence Weakens AIDS Fight, Agency Finds (NYT)

By Celia W. Dugger

The New York Times, April 5, 2006

Insistence by Republican Congressional leaders that American money to fight the spread of AIDS globally be used to emphasize abstinence and fidelity is undercutting comprehensive and widely accepted aid models, the Government Accountability Office said in a report released Tuesday.

The report by the G.A.O., an investigative arm of Congress, examines the effect of a mandate from Congress that at least a third of United States money to prevent the spread of AIDS worldwide be devoted to sexual abstinence and fidelity programs.

It found that the provision had limited the reach of broader strategies to fight AIDS that include the use of condoms — a conclusion strongly contested by a senior Bush administration official.

The report also said the requirement had meant that officials in some countries have had to reduce spending on programs to prevent the transmission of H.I.V. from women to their newborn babies, as well as other prevention strategies.

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"It is hampering their ability to implement key elements of the widely accepted model of H.I.V./AIDS prevention — the ABC approach," said David Gootnick, the main author of the report. ABC stands for abstain, be faithful or use condoms.

The new emphasis on abstinence and fidelity emerged in 2003 from the House International Relations Committee as it debated President Bush's $15 billion, five-year AIDS program. Since then, financing for AIDS prevention programs has increased sharply, from $207 million in 2004 to $322 million this year.

The report is based on interviews with United States officials carrying out American-financed AIDS programs in 15 countries, mostly in Africa. They were guaranteed anonymity to encourage candor.

American officials told Congressional investigators that the guidelines were at times ambiguous and confusing. The rules on abstinence and fidelity, they said, have made it more difficult for them to tailor programs to local needs.

Some officials said that although activities to promote condom use have been restricted, they did not understand the distinction between condom education and condom promotion, "causing uncertainty over whether certain condom-related activities are permissible," the report stated.

Dr. Mark R. Dybul, the deputy coordinator of the federal AIDS program, strongly disagreed. He said the program was carrying out a balanced effort that includes all the elements of ABC, a strategy that successfully reduced H.I.V. infection rates in Uganda. The guidelines are generally clearly spelled out, he said.

More broadly, he said, Congress's requirement has brought about what he called a needed shift of emphasis to include abstinence and fidelity, saying that earlier programs had been overly focused on condoms.

But condoms have not been neglected, he said. The number distributed at United States expense has risen during Mr. Bush's years in office, to 429 million last year from 348 million in 2001, federal figures show.

In a statement on Tuesday, Representative Henry J. Hyde, the Illinois Republican who heads the House International Relations Committee, said no report was needed "to uncover the fact that country teams may be resistant to change, and that some adjustment time would be needed to implement new requirements."

Representative Tom Lantos of California, the ranking Democrat on the same committee, differed.

"While this was obvious to those of us who do not have ideological hang-ups, the reality was that only a compromise would fly," he said, referring to the 2003 debate in Congress.

U.S. Abstinence Tack In AIDS Prevention Is Criticized By GAO (WSJ)

By Steve Stecklow

The Wall Street Journal, April 5, 2006

The federal government's increased emphasis on promoting sexual abstinence as a global AIDS-prevention strategy is hampering efforts to create comprehensive disease-prevention programs and causing some confusion in the field, a report by the Government Accountability Office found.

The report by the congressional watchdog agency didn't address the effectiveness of the abstinence programs promoted under the President's Emergency Plan for AIDS Relief, or Pepfar, which has been the subject of debate among health-care officials. Instead, it focused on the implementation of a congressional mandate that at least a third of AIDS prevention funds be spent on abstinence-until-marriage programs.

In Pepfar, a five-year, $15 billion program, the government aims to avert seven million new cases of HIV, the AIDS-causing virus, outside the U.S. by the year 2010. The program endorses the "ABC model," which stands for "Abstain, Be faithful or use Condoms." The legislation behind the program suggests that 20% of the program's funding be applied to prevention, with other funds going to treatment and care programs.

The report found that U.S. officials in 17 of 20 countries studied said that the abstinence-spending requirement "would prevent them from allocating prevention resources in accordance with local HIV/AIDS prevention needs."

The requirement also has led to reduced funding for other AIDS-prevention programs, including those aimed at reducing mother-to-child transmission of the virus, the report found. A team in one country reported that the spending requirement forced it to cut funds from a program to care for AIDS patients to address a local condom shortage.

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The report also found confusion in many countries over the "ABC model," including which condom-promoting activities were permitted.

In an attached response to the GAO report, government officials who oversee Mr. Bush's AIDS program said it was on track to achieve its prevention goal and noted that funding for all prevention methods had increased from previous federal initiatives. The response also said program officials were committed to improving communication to the field.

GAO Criticizes Bush's AIDS Plan (WP)

By David Brown

The Washington Post, April 5, 2006

The requirement that a large fraction of President Bush's global AIDS plan go to promote abstinence and fidelity is causing confusion in many countries and in a few is eroding other prevention efforts, including ones to reduce mother-to-child transmission of the virus.

Those are among the chief conclusions of an 87-page report by the Government Accountability Office that examined the most controversial aspect of the giant AIDS plan, budgeted at $15 billion over five years.

The survey of U.S.-funded programs in 20 countries -- 15 of them the focus of the President's Emergency Plan for AIDS Relief (PEPFAR) -- found widespread support for the "ABC" strategy that encourages abstinence until marriage, being faithful thereafter and using condoms in high-risk sexual encounters.

At the same time, the document paints a picture of worried program managers trying to juggle the demands of both their local populations and the U.S. Congress, seeking to craft comprehensive prevention messages while simultaneously keeping account books that strictly record spending on the abstinence effort.

The Office of the U.S. Global AIDS Coordinator requires that 20 percent of all AIDS spending go for prevention. Half the prevention budget must be spent to stop sexual transmission of HIV. Two-thirds of that spending, in turn, must be used promoting abstinence and fidelity.

"Most of the 20 PEPFAR teams . . . reported that fulfilling [that requirement] presents challenges to their ability to respond to the local epidemiology and cultural and social norms," the GAO authors wrote. About half a dozen teams said the spending requirement "can undermine the integrated nature of HIV/AIDS prevention programs."

Of the 15 "focus countries" -- 12 African countries, plus Haiti, Guyana and Vietnam -- nine reduced the amount of money for programs to prevent mother-to-child transmission of HIV in their 2006 budgets to meet the spending target for abstinence promotion.

In one, mother-to-child funding was cut from $1.4 million to $1 million, and in another it was reduced by $300,000, said GAO's David Gootnick, who oversaw the report.

In perhaps the largest adjustment, one country cut from $8 million to $4 million its spending on prevention services for couples in which one person has HIV infection and the other does not -- an extremely high-risk group -- as well as on sexually active youths and sex workers.

"This team noted that allocating funding in accordance with the spending requirement is not appropriate for the country's epidemic and has reduced the quality of the team's prevention programming," the authors wrote.

In order to encourage candid answers, GAO agreed to not identify the organizations or countries cited in the report.

But Richard Marlink, a physician who oversees prevention and care programs at the Elizabeth Glaser Pediatric AIDS Foundation, said that the need to spend more on abstinence cut into money available to its mother-to-child prevention programs in Mozambique and Swaziland. Since 2000, the foundation has provided antiviral drugs used to prevent HIV transmission to 136,000 pregnant women.

Several activist organizations said the GAO findings confirm their suspicions.

The abstinence policy "is basically unworkable," said Paul Zeitz, director of the Global AIDS Alliance. "This shows the problem very clearly and starkly."

But the AIDS coordinator's office, which is in the State Department, has shown considerable flexibility in administering the rules.

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In June 2004, it notified Congress that it would broaden the definition of "abstinence until marriage" to include programs that also encouraged fidelity in sexual relationships outside marriage.

The office also exempts some countries' programs from meeting the abstinence-spending target as long as the entire overseas AIDS-prevention budget meets it. Ten of the 20 countries surveyed got exemptions.

Mark Dybul, a physician who is the medical director of the Office of the U.S. Global AIDS Coordinator, said condom promotion -- the C in ABC -- has suffered no reduction under the Bush plan.

"What we have done is come into a balance with ABC," he said.

He said the program cutbacks described in the GAO anecdotes would not have been necessary if the administration had received all the overseas AIDS funding it sought -- $527 million more over the last three budgets.

Laura Bush Visits St. Louis For Fundraiser, Youth (AP)

By Jeff Douglas

The Associated Press, April 4, 2006

ST. LOUIS - First lady Laura Bush said the most important issue facing America is defending itself.

Mrs. Bush visited St. Louis Tuesday to raise money for Republican Sen. Jim Talent's re-election campaign, while promoting her Helping America's Youth Initiative.

"At this historic time in our country, no issue is more important than defending America," Mrs. Bush told about 400 Talent supporters at a downtown hotel that stands near the St. Louis Arch.

"Thanks to the men and women of the United States military, America is winning the war on terror," she said. Mrs. Bush praised the Missouri Sen. for his work on the Senate Armed Services Committee. She also sent her sympathy to those hit by tornados that struck Missouri on Sunday.

Mrs. Bush said Talent "understands the sacrifices made by our armed services personnel, and he understands the importance of their mission."

The incumbent senator faces Democratic State Auditor Claire McCaskill in November. Talent was in Washington Tuesday, chairing a defense subcommittee meeting, and could not attend the fundraiser.

In his place was his wife, Brenda, along with President Bush's uncle, William "Bucky" Bush, and Gov. Matt Blunt's wife, Melanie.

A spokesman for Talent said the fundraiser was expected to bring in about $200,000.

In her 10 minute speech, Mrs. Bush called Talent a leader in the government's search for alternative energy sources, saying he helped develop a bio-fuels caucus in the Senate.

The first lady also addressed the President's Helping America's Youth Initiative. In the past year Mrs. Bush has visited multiple cities and toured youth programs that keep adolescents away from drugs and gangs.

Earlier Tuesday, Mrs. Bush visited a rehab center in the St. Louis suburb of St. Charles, where she met privately with teens recovering from substance abuse.

During the private meeting at the center, five recovering teens spoke openly about their addiction and recovery from methamphetamine, marijuana, cocaine and alcohol. The 24-bed Preferred Family Healthcare rehab center treats about 300 young people each year.

"We can't let children suffer with drug abuse and substance abuse because they can't afford help," Mrs. Bush said. She praised an Albuquerque, N.M., program that teaches alcohol prevention in the second grade.

One young man in the meeting, identified only as Matt, 16, questioned if second-graders would remember what they learned about drinking alcohol as they got older.

"Recovery is a very selfish thing - you have to be out for yourself," Matt said. The teen said he began smoking cigarettes at age 9 and is recovering from an addiction to marijuana and alcohol. He was ordered to treatment by the courts and said he has been clean for more than three months.

Mrs. Bush asked the teens for advice on what adults can do to keep children away from drugs and alcohol. Matt's response: "Don't let your kids grow up too fast."

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Conferences will be held around the country to examine ways to help youth, with the first one this summer in Indiana, Mrs. Bush said.

Laura Bush Headlines Talent Campaign Fundraiser (SLPD)

By Jo Mannies

St. Louis Post-Dispatch, April 5, 2006

Laura Bush, wife of President George W. Bush, visited with five teenagers who are overcoming addictions to various drugs during the first stop of a regional visit today, a visit that included a campaign event for U.S. Sen. Jim Talent.

At the Talent event, about 400 hundred faithful Republicans greeted Mrs. Bush, who lauded the senator as "a very important member of the U.S. Senate. . . (who) truly represents the values and priorities of this great state."

She said Talent has helped the administration in its war on terrorism: "Jim understands the sacrifices made by our armed personnel." Talent was not in the ballroom to hear the praise because he remained in Washington to chair a defense subcommittee meeting and to be present today for a likely vote on an immigration measure.

Aides said that he had intended to be in town for the fund-raiser before his duties had intervened. About $200,000 was raised at the luncheon. The minium ticket price was $420, but some paid more to attend a private reception with Mrs. Bush and have their picture taken with her.

Earlier, at another stop, Mrs. Bush saw counselors and teens during a private visit to a St. Charles adolescent drug treatment center operated by Preferred Family Healthcare. The Kirksville-based company operates 35 facilities around Missouri that offer mental health and substance abuse treatment.

The tour was part of a series of visits Mrs. Bush is making around the country with various programs that encourage children and teens to avoid drug use or that treat those dealing with addiction.

She spent about 45 minutes at the St. Charles facility before heading down I-70 to the Millennium Hotel for the Talent fundraiser. Talent's best-known Democratic challenger is State Auditor Claire McCaskill.

Mrs. Bush called the treatment center "one really good example" of the types of facilities that were a wise use of federal money. She had been in Albuquerque, N.M., Monday visiting with second graders who had been learning about the dangers of addiction to drugs and alcohol.

The message she heard there also related to the one she heard here.

"You can't leave your life to luck. You can't guess...Think about the decisions you make," she said.

The session with the teens was candid; no television cameras or photographers were allowed. Only a couple of print reporters were allowed to witness the half-hour session.

Michael Schwend, president and chief exectuive officer of Preferred Family Healthcare, said earlier he was impressed that Mrs. Bush wanted the meeting to be semi-private.

"It's an incredible honor for the staff working in this facility. They deserve it," Schwend said. "This is a fitting response to their efforts."

While at the St. Charles facility, Mrs. Bush made no mention of the fact that it is Election Day and that a hotly contested state senate race is at stake in St. Charles.

That fact has been discussed for days by political activitists in both parties, who have speculated whether her stop would encourage Republican voters to get to the polls on behalf of State Rep. Scott Rupp, a Republican running against State Rep. Wayne Henke, a Democrat, for the vacant state senate seat.

Both parties took note that it was Mrs. Bush who was headlining the Jim Talent event, not her husband or any other major Republican administration figures.

"There's a reason Republicans are bringing in the only popular member of the Bush family," said Jack Cardetti, spokesman for the Missouri Democratic Party. Republican election officials in St. Charles said privately that her visit, even though it was low-key, could help Republican voter turnout.

527 Bill Splits Republicans (HILL)

By Elana Schor

DOJ_NMG_0025461

The Hill, April 5, 2006

Battle lines have formed within the GOP, pitting the conservative Club for Growth and its allies against the party's leadership, as the House prepares to take up new limits on 527s.

The Democrats' steep advantage over the GOP in fundraising by the tax-exempt groups, which use a tax-code loophole to take in unlimited donations for political activity, led many Republicans to suggest that the crackdown created a partisan split. If Democrats did not embrace tighter regulation, Republicans would paint their support of the 2002 McCain-Feingold campaign-finance law as hypocritical.

But the Club for Growth is muddying the ideological waters, arguing that a Republican-backed 527 bill, even one that relaxes caps on aggregate contributions and coordinated campaign spending, violates the party's core principle of deregulated political speech. Club for Growth President Pat Toomey (R-Pa.), who served in the House until 2004, has enlisted more than 20 right-leaning advocacy groups in his quest to derail the bill.

Incumbent lawmakers "are basically saying, 'There are people out there criticizing me. … I have the power; I'll shut them down.' It's outrageous, it's appalling, it's frighteningly similar to what despotic regimes do to newspapers and individuals who criticize them," Toomey said in an interview late last week.

Co-signers of the Club's letter of opposition to the House 527 bill include Americans for Tax Reform's Grover Norquist, FreedomWorks' Matt Kibbe, Citizens Against Government Waste's Tom Schatz and conservative elder statesman Paul Weyrich. Even House Majority Leader John Boehner (R-Ohio), among his conference's leading advocates of 527 regulation, gave a nod to the bill's critics yesterday during a briefing with reporters.

"I understand their concerns, but we shouldn't let the perfect become the enemy of the good," Boehner said, referring to the argument that cash flowing to 527s, which must disclose their donors, already has begun shifting to 501(c) groups, which face far fewer reporting requirements.

The 527 bill slated for House consideration today is likely to resemble one offered by Reps. Christopher Shays (R-Conn.) and Marty Meehan (D-Mass.) that would require the groups to comply with Federal Election Commission (FEC) rules for PACs.

The Club's explosive fundraising growth during this election cycle is not driving its position against the bill, Toomey asserted.

"This should not be about the fact that we're doing well this year, which we are. It should be about the fact that we support conservative economic ideas, which we do," Toomey said.

Yet the Club has not confined its alliances to conservative groups, working with Nan Aron, president of the liberal Alliance for Justice, and Democratic election counsel Bob Bauer for strategy sessions this week.

"Placing undue restrictions on 527s will chill voter participation, stunt voter registration and reduce voter turnout during an election year," Aron said in a statement yesterday.

Some Republicans in the business world are holding their fire on the House's 527 overhaul, however. Few corporate entities have developed 527s, relying on the 501(c) designation or confining political spending to their PACs.

"Most companies, particularly public corporations, were very reluctant to invest in 527s," one business lobbyist said. "If your first duty is to your shareholders and you're going to invest in a political entity that you really have no control over, but you wear whatever it is they do because of your disclosed association, that's a risky proposition."

One of the best-known corporate 527s is the November Fund, founded in 2004 by the U.S. Chamber of Commerce to combat trial-lawyer lobbying groups and former vice-presidential candidate John Edwards. But the Chamber supplied most of the November Fund's financial backing, suggesting that it could easily reconstitute in another form if the House bill passes.

The business lobbyist acknowledged that his typical distaste for government regulation did not apply to 527 restrictions.

"Certainly we don't have the ideological-purity argument that some anti-regulation folks have. Of all the anti-regulation issues out there, this one's probably not a big one," the lobbyist said.

Rep. Tom Cole (R-Okla.) is a member of the whip team assembling vote counts on the 527 bill, expected to be a tough sell in light of burgeoning opposition from the Republican Study Committee (RSC), to which Cole also belongs.

Cole pointed out the difficult predicament of disagreeing with conservative friends on 527 regulations but said Republicans would have to embrace compromise to ensure victory in November amid a Democratic 527 onslaught.

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"You have to be politically realistic about this" issue, Cole said. "This is not right to life; it's not as much of a moral question. … We need to recognize when our opponents have a weapon of this magnitude that they are using to destroy our majority. "To say 'I want to be politically consistent' and let our opponents destroy our majority seems politically misguided."

Meanwhile, at least one conservative 527, the National Federation of Republican Women (NFRW), is not opposed to a bill that would chill its own fundraising.

"We acknowledge that any 527 reform bill may affect NFRW political activities," President Beverly Davis said via e-mail. "However, the [NFRW] will work within the confines of the final 527 reform bill passed."

And one frequent foe of the Club, the centrist Republican Main Street Partnership, is working actively to support the House 527 bill. Main Street had previously pushed to add 527 restrictions to the House's lobbying and ethics reform package, which leaders had hoped to bring to the floor this week but swapped out for the 527 bill.

The Club is challenging Main Street members in at least two GOP primaries this year, backing conservative opponents to Rep. Joe Schwarz (R-Mich.) and Sen. Lincoln Chafee (R-R.I.).

Four of the 10 most active 527s for this election cycle are Republican- or conservative-leaning, according to PoliticalMoneyLine. Right-leaning 527s trail their left-leaning counterparts by about $2.5 million so far in the 2006 fundraising chase, a gap that topped $110 million by the end of the 2004 cycle.

Two of the highest-grossing GOP 527s, the Republican State Leadership Committee and the Republican Governors Association, are inactive on the federal level and not likely to be affected by the House bill, should it overcome Democratic opposition to pass the Senate. One election lawyer noted that the House bill must be phrased correctly to avoid inadvertently affecting nonfederal 527s.

"It is important that the legislation is drafted to reflect the current debate, which is about federal activity," the lawyer said.

Close The 527 Loophole (WP)

The Washington Post, April 5, 2006

THE HOUSE PLANS to take up legislation today that would close the biggest remaining loophole in the campaign finance system. It would require the political groups known as 527s to play by the same rules as other committees that aim to influence federal elections. The House ought to pass the measure, sponsored by Reps. Christopher Shays (R-Conn.) and Martin T. Meehan (D-Mass.), and shut down the kind of 527 "soft money" operation that flourished during the 2004 campaign, like Democrats' America Coming Together and Republicans' Swift Boat Veterans for Truth.

These committees, named after the section of the tax code under which they're established, are by definition "organized and operated primarily" to influence elections. When those elections are for federal office, it makes no sense to let such groups collect six-, seven- and even eight-figure checks to elect or defeat candidates, while candidates, political parties and political action committees are limited to receiving contributions a small fraction of that size. Similarly, corporations and labor unions -- barred by law from contributing directly to federal candidates or parties -- shouldn't be allowed to write checks to 527s, which exist for the same purpose.

The usual politics of campaign finance reform -- Democrats for (at least publicly), Republicans against -- are upside down this time around. The reason is that Republicans do better than Democrats at raising the (relatively) small donations known as "hard money," while Democrats took the lead in the past election cycle in raising soft money for 527 groups. Connoisseurs of hypocrisy should enjoy this spectacle, but the partisan calculations are probably overstated. Democrats, with the rise of the Internet, have been improving their hard-money fundraising. Republicans are bound to draw even in the 527 race if it continues.

There are concerns that regulating money to 527s would drive spending further into the shadows, to nonprofit groups and trade associations that, unlike 527s, don't even have to disclose their donors and spending. But there are restrictions on the partisan activity of such groups, and if a problem develops with the misuse of such organizations, that could be addressed in future legislation. It's not a reason for inaction now.

Senate Dems To Pursue New Strategy On Abortion (HILL)

By Alexander Bolton

The Hill, April 5, 2006

DOJ_NMG_0025463

The Senate Democratic leadership says it has found a wedge issue to strengthen the party's position on abortion rights, which top strategists think has become a liability in recent years.

The wedge is legislation expanding access to contraceptives and sex education, which polls show a majority of Americans support but which Democrats are betting will be difficult for social conservatives in the Republican base to accept.

Democratic strategists say the time is right for action because women who support abortion rights but are not politically engaged are alarmed by the confirmation of Samuel Alito as Sandra Day O'Connor's replacement on the Supreme Court and by the passage of legislation strictly curbing the availability of abortion there.

Democratic leaders had planned to attach their wedge legislation to the budget resolution last month, but let that opportunity to pass.

The Prevention First Act is sponsored by Senate Minority Leader Harry Reid (Nev.), one of few congressional Democrats considered anti-abortion. The bill, which Reid introduced at the start of the Congress, has the support of Sen. Hillary Rodham Clinton (D-N.Y.), presumptive front-runner in the 2008 presidential primary and 21 other Democrats.

The bill would prohibit group health plans from excluding contraceptive drugs, devices and outpatient services if they cover the cost of other prescription drugs and outpatient services. It would also require the secretary of health and human services to disseminate information on emergency contraception to healthcare providers and require hospitals receiving federal money to provide emergency contraception to victims of sexual assault.

The bill would also mandate that federally funded programs provide information about contraceptives that is medically accurate and includes data on health benefits and failure rates.

When asked whether he would be able to get a vote on his bill soon, Reid said: "I hope so. I'll do what I can."

He added that bringing the issue to the floor is "on my mind."

A Democratic leadership aide said that, while only a slim majority of voters favor abortion rights, an overwhelming majority support promoting the use of contraceptives and comprehensive sex education.

Democratic pollsters also say that the issues of contraceptives and sex education are favorable for Democrats.

"The issue of abortion is very different from the issue of prevention, access to birth control and access to comprehensive sex education," said Anna Greenberg, a pollster for Greenberg, Quinlan, Rosner, which works for the abortion-rights group NARAL Pro-Choice America. "I think that Senator Reid's prevention-first agenda is not just smart in policy terms but smart in political terms because there is overwhelming support in the public for access to birth control and comprehensive sex education. People want women to be able to prevent unwanted pregnancies."

Celinda Lake, a pollster with Lake Snell Perry Mermin and Associates, working for NARAL, has tested voter support for Reid's Prevention First Act.

"It's 3-to-1 in favor of it. Even pro-life voters support it," Lake said. "It has the potential to be both a wedge and a turnout issue post-Alito. It shows how extreme a faction [within] the Republican Party is.

"Lazy Democratic women who are very pro-choice are very concerned about the combination of Alito and South Dakota."

Her polling last month in upstate New York, which has a heavy concentration of Republicans and socially conservative voters compared to the southern part of the state, showed that nearly 80 percent of voters supported comprehensive sex education, even when compared to programs emphasizing abstinence as the only truly effective form of birth control, Lake said.

Senate conservatives said they're not worried about the Democrats' plans to isolate them from independents and centrist.

"The efforts will likely fail because they're beholden to left-wing interest groups who oppose common-sense measures like parental notification," said John Hart, spokesman for Sen. Tom Coburn (Okla.), a conservative Republican who has been outspoken on the issues of abortion and contraception. "They take an ideological and unscientific view of contraception.

"Our work to improve accuracy of labeling on condoms has been blocked by a lot of people on the left who are supposedly for a balanced education approach."

Hart explained that Democrats and their liberal allies often oppose efforts to increase awareness about the failure rate of contraceptives in preventing pregnancy and the spread of disease.

He added that his boss would work with any colleague who wants to protect the health of women and young adults but would also "fight any effort by any politician to make this a wedge issue."

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Turning The Tables (TIME)

By Perry Bacon Jr.

Time, April 5, 2006

On Capitol Hill last week, it was almost as if the two parties had decided to switch roles. At a press briefing, House Democratic Whip Steny Hoyer was declaring, "Republicans don't have an agenda," a critique Republicans usually hurl at Democrats. The next day Hoyer and other Democrats from the Senate and House, along with state governors, got together to announce the party's unified plan for improving America's national security.

Meanwhile, Republicans were looking in disarray — even before the announcement this week that Tom DeLay would give up his House seat. Some House Republicans were quietly rasing concerns after Majority Leader John Boehner questioned the value of a 700-mile fence for the U.S.-Mexico border that was part of an immigration bill passed by the House in December, while Senate Republicans questioned if their leader, Bill Frist, was allowing his presidential ambitions to get in the way of passing immigration legislation. And as the Senate moved forward with a lenient immigration reform plan, a group of almost two dozen House Republicans held a press conference to strongly denounce the Senate GOP's approach.

The conventional wisdom in Washington in recent years has been that Republicans are more unified and disciplined and have better-articulated ideas than Democrats, who are often at war with one another and questioning their leadership. But lately the Democrats, looking to create a campaign platform for 2006, have put out some ideas that their famously fractured party largely agrees on. Earlier this year, they released a plan to reform lobbying following the scandals of Jack Abramoff. Last week's security ideas were hardly earth-shattering: increasing inspection of goods coming through U.S. ports, doubling the number of Special Forces troops, pushing Iraq toward full sovereignty by the end of this year, and increasing efforts to make the U.S. less dependent on foreign oil. Some Democrats, like Pennsylvania Congressman John Murtha, have called for more aggressive steps, like the withdrawal of troops from Iraq. But Democrats seem to broadly agree on the security issues that hurt them in 2002 and 2004.

And Democrats can't be accused of lacking ideas: many of the party's most prominent leaders are putting out long tomes detailing their views. Later this month, Ted Kennedy's book America Back on Track will lay out ideas to ensure universal health care for all Americans, and House Democrat Rahm Emanuel and former Clinton aide Bruce Reed will put out a modestly titled book called The Plan in August that includes ideas such as a national science and technology center modeled on the National Institutes of Health. Illinois Senator Barack Obama has told the Chicago Tribune his new book The Audacity of Hope,<i/> due out in October, will look to show how politicians can "shift away from ideological debates and focus on traditional American common sense."

By contrast, on many key issues, Republicans can't find much agreement. Moderates and conservatives in House will spend this week battling over proposed spending cuts in the budget, while Republicans in the Senate fight about immigration reform. President Bush's domestic agenda, from health savings accounts to a commission to reform Social Security and other entitlement plans, has drawn little enthusiasm on Capitol Hill.

To be sure, Democrats still have their own problems. With a bunch of different presidential candidates, governors, congressional leaders and Howard Dean, the Democratic National Committee chairman, the party doesn't have one strong defining leader. And while Democrats may agree broadly, there are still major differences on tactics, such as the proposal to censure Bush over his warrantless spying program offered by Wisconsin Senator Russ Feingold. That idea won little support among his fellow Democrats. "I don't think it's a lack of ideas; it's coherence," says Paul Begala, the veteran Democratic strategist. The anti-war left is so mad at Connecticut Senator Joe Lieberman, for instance, that they're running a primary campaign against him.

And some prominent Republicans are offering their own policy ideas. Frist wants to start a program modeled on the Peace Corps that would send doctors and nurses to countries lacking medical personnel. Jack Kingston, a Republican congressman from Georgia, has put out what he's called the American Renewal Project, an eight-point plan that calls for a commission to recommend spending cuts to balance the budget and stop spending the Social Security surplus. The Republican Study Committee, a group of the most conservative House members, has released a plan to balance the budget in the next five years, although it would require politically difficult cuts in Medicare and Medicaid.

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But the more important question might be: do policy plans and unity matter? Republicans have long argued their "Contract with America" — a 10-point plan signed by more than 300 GOP candidates — helped push them toward victory in November 1994. But according to polls at the time, most voters had not ever heard of the contract by Election Day. And many Democrats question the need for any kind of grand plan, particularly with President Bush's poll numbers below 40%; the party could urge voters to choose Democrats in Congress just to offer a balance to Bush. The key question, some Dems argue, is how successful they are in tying Republican candidates to Bush and making the election about the Administration's mistakes in Iraq and during Hurricane Katrina, rather than touting their own proposals in long policy statements. "To my way of thinking, voters don't need lots of plans," says Dianne Farrell, a Democratic congressional candidate in Connecticut running against incumbent Republican Christopher Shays. "Voters get it." Still, after years of being a house divided, Democrats will soon show their unity on another issue, putting out their plans for the economy — while happily watching the GOP's continuing family feud.

Biden Seeks Review Of State Department Screening (KRT)

By Jonathan S. Landay

Knight Ridder, April 4, 2006

WASHINGTON - A senior Democratic senator has asked the State Department's inspector general to determine whether the department has been using a political litmus test to screen private American citizens before sending them abroad to represent the United States.

Sen. Joseph Biden of Delaware, the top Democrat on the Senate Foreign Relations Committee, said in a letter to the inspector general that he was requesting the review in part because of a Dec. 2 Knight Ridder report that such a test was being used to weed out critics of the Bush administration's Iraq policy.

"If these allegations are true, such a policy appears to be inconsistent" with a State Department requirement "that speakers must be `representative of a broad range of responsible and informed opinion' in the United States," Biden said in the letter, which was dated Monday and sent to State Department Inspector General Howard J. Krongard.

"Moreover, it would undermine a public diplomacy purpose of the program - to show the world that we are not afraid of, and indeed actively encourage, full and open discussion of important issues," said the letter, a copy of which Knight Ridder obtained Tuesday.

The earlier Knight Ridder report concerned the U.S. Speakers/Specialists Program. Run by the State Department's Bureau of International Information Programs, it sends private American citizens and others on speaking engagements abroad.

The story quoted current and former U.S. officials as saying that potential participants were vetted - via Internet searches, for example - for any comments or writings that criticized administration policies, particularly its approach to Iraq.

Krongard's office didn't immediately return a call seeking a comment on whether it was acting on Biden's request.

In his letter, Biden said a review of the Bureau of International Information Programs also should be conducted because there hadn't been one since a 2004 inspection.

That effort, he said, found that while the overseas speakers program was a "highly regarded and valuable tool," it lacked a "strategic focus" and was largely reactive instead of proactive.

The Reliable Source (WP)

By Amy Argetsinger and Roxanne Roberts

The Washington Post, April 5, 2006

In Richmond, More Bushes in the Running

Best way for the Bush twins to stay incognito: Change into running clothes and hide out in Richmond.

Jenna and Barbara ran a 10K through the state capital's Fan district Saturday -- even crossing the finish line together! -- but went barely detected until the Richmond Times-Dispatch put the pieces together yesterday. The paper deduced that the twins ran under the fake names of Sarah and Emily Jackson , finishing at 54:27. Jenna's boyfriend, Henry Hager, finished three minutes faster under his own name. Race director Tracey Russell told us the White House reserved slots for the twins three weeks ago; both they and the Secret Service agents who ran with them blended invisibly into the crowd. "They're definitely in good shape," Russell said.

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Help For Families (WT)

By Rick Santorum

The Washington Times, April 5, 2006

Thanks to the ingenuity of working Americans and the tax cuts passed by a Republican Congress in 2001 and 2003, our economy has rebounded from its post-September 11 slump and is the envy of the world. With a booming stock market, nearly 5 million jobs created since August 2003, a sound housing market, minority home ownership at an all-time high and an average unemployment percentage lower than the last three decades, there is no doubt that our economy is strong.

To keep our economy strong, three steps must be taken. First, we must extend the tax cuts of 2003 to prevent a massive tax increase, which would only stunt the economy and place a substantial burden on working families. Second, we must work to reduce the deficit by cutting wasteful government spending and reforming inefficient government programs. Third, we must do more to empower those who live beyond the reach of our robust economy.

Some in America have not reaped the rewards of our economic bounty; it is to help meet their needs that I have sponsored the Senate Anti-Poverty Agenda. There are three components to the anti-poverty agenda: work, investment and a neighborhood-based focus.

Work, not welfare, is the gateway to opportunity for all Americans. In 1996, Congress enacted historic welfare reform and the results speak for themselves: Welfare caseloads have been cut in half; more than 7 million individuals and 2 million families have exchanged a welfare check for a paycheck; and 1.6 million children have been lifted out of poverty.

To continue the success of the 1996 reforms and address the welfare recipients not yet involved in any work, Congress renewed and the president signed welfare reform, adding critical incentives to promote healthy marriage and responsible fatherhood.

In recognition of the role small businesses play in creating new jobs, I have advocated the expansion of the Work Opportunity Tax Credit (WOTC), a program that creates meaningful employment opportunities for millions of low-income Americans and provides tax incentives for employers who hire the jobless. Congress has the opportunity to approve this tax credit by passing the conference report of the Tax Reconciliation bill, which is currently in conference committee.

The second component of the Anti-Poverty Agenda is investment. Individual Development Accounts (IDAs) and KIDS Accounts are two investment proposals I have introduced that will enable low-income Americans to get the help they need as they strive to build a solid financial foundation. IDAs provide low-income, working Americans the opportunity to build assets through matched savings accounts for home ownership, educational needs or small business investments.

KIDS Accounts would provide every child with a savings account worth $500. Children in households that earn below the national median income would qualify for a one-time additional supplemental of up to $500. Allowed to mature until the account holder's 18th birthday, this tax-free money could provide a crucial first step to a down payment on a house, a college education or another step toward future prosperity.

The third component of our agenda is strengthening America's neighborhoods. The surest path to strong neighborhoods and communities is strengthening our charitable organizations, which rely on the generosity of citizens. Yet, under current law, more than two-thirds of American taxpayers are deprived of the chance to receive a tax deduction of their charitable contributions because they do not itemize on their tax returns.

The provision I have proposed that is currently in the Tax Reconciliation Bill changes this by providing tax deductions on their charitable contributions to almost 83 million Americans who do not itemize on their tax return.

I also worked to include a provision that would allow individuals to give tax-free contributions from their IRAs for charitable purposes, helping a wide range of charities and likely providing billions of dollars to help make higher education more accessible and affordable.

Lastly, I offered an amendment to the tax-reconciliation conference that provides restaurants, companies and farmers an increased tax incentive to donate food to shelters and food banks that feed the hungry.

By keeping tax rates low, enabling low-income Americans to develop real assets and amending tax laws to encourage all Americans to give generously to our nation's charities helping those in need, we will help ensure that our economy stays strong and that ours is a nation of opportunity and prosperity for all.

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Sen. Rick Santorum of Pennsylvania is chairman of the Senate Republican Conference.

OTHER NEWS:

Investors Seek Clarity On Campaign Giving (WSJ)

By Jeanne Cummings

The Wall Street Journal, April 5, 2006

WASHINGTON -- As Congress debates new campaign-finance rules, shareholder groups are pushing companies to do a better job of disclosing political donations.

McDonald's Corp. and Southern Co. are the latest to agree to post more information on their Web sites about contributions to candidates and issue-oriented groups that sometimes don't have to release donors' names. Eight other companies also have changed their policies in response to shareholder requests in the past three years.

The campaign for corporate disclosure is gaining momentum. Institutional Shareholder Services, which advises investors on how to vote their proxies, is for the first time recommending passage of a shareholder resolution requiring more oversight and disclosure of political giving.

The unprecedented recommendation involves Washington Mutual Inc., a fast-growing Seattle thrift. According to Alan Gulick, a company spokesman, Washington Mutual opposes the resolution on grounds that information on the thrift's donations, roughly $50,000 in the past election cycle, are already available to the public. In addition, Washington Mutual executives argue the cost of implementing a new policy may well exceed the company's relatively modest political giving.

Proponents of corporate disclosure say political giving by public companies can create risks for shareholders, particularly if the firm winds up in the middle of a political scandal.

In the money-laundering investigation of former House Majority Leader Tom DeLay, for instance, eight corporations were indicted for making donations to a Texas political group associated with Mr. DeLay. In Texas, donations by companies to political candidates are illegal; the firms say they weren't aware that their contributions might be directed to candidates, as prosecutors allege. Four of the corporations have settled with prosecutors.

"We are not arguing that companies shouldn't spend money politically. Companies really should do more due diligence in tracking where they are spending their money and where it ultimately ends up," says Bruce Freed, who is spearheading the effort as co-director of the Center for Political Accountability, a nonpartisan group working on transparency in corporate donations.

A recent survey of investors by Mason-Dixon Polling & Research, commissioned by Mr. Freed, has provided him with fresh ammunition to take to corporate executives. More than 90% of respondents backed more disclosure and 84% wanted board oversight and approval of such giving. Nearly three-quarters of respondents agreed that corporate giving is often aimed at advancing the private interests of executives rather than the company's interest.

In the past three years, the Center for Political Accountability has teamed with various shareholder organizations, including unions, religious groups and environmentalists, to introduce more than 100 corporate resolutions calling for board oversight and greater transparency of corporate political activity. All but one were defeated, but they have sparked negotiations that led to policies that make it easier for shareholders to track political giving and impose more internal scrutiny of donations. Sixty resolutions are pending this year and 41 are scheduled for votes.

Corporations largely have opposed the resolutions, saying that investors can go to a host of Web sites -- including the Federal Election Commission's -- to monitor donations.

That had been the position held by Institutional Shareholder Services. In recent months, though, ISS analysts concluded that changes in campaign-finance rules stemming from the 2002 McCain-Feingold law made it harder to track corporate giving since so much money was flowing to a new batch of political organizations not bound by the same disclosure rules as political parties, says Jim Letsky, a senior ISS analyst.

"We were seeing examples of where corporations didn't know where their money was ultimately ending up," Mr. Letsky said. Congress is considering legislation to close that loophole, but it is unclear if anything will pass this year.

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ISS hasn't given overhaul advocates everything they want. Recommendations on shareholder resolutions regarding political giving will be evaluated on a company-by-company basis and largely will hinge on whether a firm already has high-level oversight of donations and a policy explaining its criteria for giving, Mr. Letsky said.

In the case of Washington Mutual, ISS analysts concluded there "is no detailed information" about "oversight or accountability for corporation contributions or the administration of Washington Mutual's PACs." By contrast, ISS this month is recommending against passage of a similar resolution brought by Citigroup Inc. shareholders because the company posts its rationale for making political donations on its Web site and requires board oversight of them.

Mr. Freed plans to step up pressure on corporations by pressing for disclosure of dues and contributions to trade associations. Corporations have long been able to make their voices heard -- and their identities concealed -- on Capitol Hill by having their trade associations take the lead, and these groups often closely guard donor lists and finances.

Mr. Freed is preparing a report that he says will track some of the millions of dollars donated by corporations to trade associations or other groups that eventually are passed on to candidates or causes that sometimes conflict with policies advocated by the firms, such as providing benefits for employees in same-sex partnerships.

Margaret Weber, coordinator of corporate responsibility for the Adrian Dominican Sisters, a Roman Catholic order in Michigan, is taking up the cause to push for disclosure of trade-association payments.

She became interested in the issue during the Capitol Hill debate over a prescription-drug plan for seniors in which the Pharmaceutical Research and Manufacturers of America, the trade group representing big drug companies, figured prominently. While the Dominican Sisters didn't take a position on the legislation, they had hoped the bill would allow for government-negotiated drug prices and transparency on rebates and discounts. Ms. Weber says neither happened in part because of opposition from drug makers.

Ms. Weber said information about a company's trade-association membership could influence where the sisters invest their savings, because "as much as possible, they strive to have an alignment between the values of their money and their mission."

Hillary Leaves Room For Gore (HILL)

By Dick Morris

The Hill, April 5, 2006

Hillary Clinton made a fundamental decision in 2002 to support the invasion of Iraq. In doing so, she sought the center of American politics, reacting to issues much as her husband had throughout his ascent to the presidency.

But times have changed, and the center is not what it used to be. In the highly partisan and charged environment of politics in 2006, what has become of the centrist doctrines that reelected Bill Clinton and brought George W. Bush, the compassionate conservative, to the White House? Is the center still the place to aim in getting votes?

At the White House, I described the Clintonian brand of centrism as triangulation, with the polarized, partisan participants in the dialectic aligned to the left and the right at the base of the triangle and the centrist synthesis atop the apex, embracing the best of both arguments and rejecting the worst.

But the desideratum of American politics is not always found in the apex. When we confront new issues, challenges or problems, we are not ready for synthesis. We want our politicians, on both sides of the aisle, to develop alternatives and to debate and elaborate them. Unlike the Japanese, we expect our system to polarize when we face new issues so that we can listen to both sides and make our decision.

But eventually the debate has run its course. And because we are not like Italy or France, we refuse to debate perennially the same questions and demand, after the debate has raged long enough, that our leaders articulate a synthesis that reflects our consensus.

That was the situation the Clinton White House faced in the mid-'90s. By then, Americans had been debating more or less the same issues for decades — crime, welfare, the budget deficit, our response to globalization, free trade, a federal role in education — and we had come to conclusions about what we wanted. It remained for Clinton to implement them and cement his popularity.

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But as the 21st century dawned and the old problems of the '90s had been largely solved, a raft of new issues arose with which we were less familiar. As we pondered the questions of international terrorism, global climate change, the catastrophic consequences of our dependence on imported oil, the privacy issues raised by the Internet, massive illegal immigration and the high costs of the new medicines and medical treatments, we looked to our political leaders to develop alternative solutions and both want and welcome debate.

Hillary Clinton bet on consensus and centrism in backing the war and an aggressive policy on terrorism — and may have bet wrong.

There are no rewards for those who push consensus when we want polarized debate. Ask the George H.W. Bush of 1992, the Jimmy Carter of 1980 and Gerald Ford. Fate is equally unkind to polarizers when we want consensus. Ask John Kerry, Bob Dole, Mike Dukakis and Walter Mondale.

Hillary may have misjudged the left. She may have opened herself up to a challenge from the left over Iraq and the war on terror. She may have chosen the wrong time and the wrong issue on which to cross party lines.

Fortunately for her, John Kerry and John Edwards were equally complicit in backing the war at its inception. And Howard Dean was always too far off the deep end in opposing it. But Al Gore, who has no stain of support for the war to overcome and is the custom-designed candidate for the issues of energy and climate change, could mount a serious challenge to Hillary Clinton.

Mrs. Clinton is trying to move to the left on anything and everything but the war. Her comparison of illegal aliens she once said she "abhorred" to Jesus and her charge that Bush is one of our history's worst presidents reflect her concern that she may have left the left behind in her move to the center.

Now she is in a fix. If she retreats and retracts her support for the war, she will become the ultimate weather vane, shifting with the political wind. If she adopts a pro-peace posture, she undoes all of her work to position herself as a hawkish female, able to overcome the stereotypes that hamper women who wish to be commanders in chief.

But if she stays in the center as the Democratic Party falls off to the left, she could find herself with a deadly primary challenge from her husband's former running mate.

Morris, a former political adviser to Sen. Trent Lott (R-Miss.) and President Bill Clinton, is the author of Condi vs. Hillary: The Next Great Presidential Race.

Buckley Calls Clinton A Contender (NYT/BLOOM)

By Bloomberg News

The New York Times, April 5, 2006

William F. Buckley Jr., the prominent conservative writer and leader, says that while a strong Republican candidate for the 2008 presidential race has yet to emerge, the Democrats have in Senator Hillary Rodham Clinton a true contender to win the White House.

Mrs. Clinton is "a very consequential woman with an extraordinary background," he said in an interview with Bloomberg Television that was broadcast on Monday. "Her thought is kind of woozy left, not in my judgment threatening."

She is "a phenomenon, a woman candidate who might easily be president," he added.

Mr. Buckley suggested that he was less than impressed with the current group of potential candidates for 2008, saying, "I don't find a commanding presence sort of knocking on the door" for the next presidential campaign.

Senator John McCain of Arizona, a potential Republican candidate, is "a remarkable human being," Mr. Buckley said. "I don't think that his name comes to mind automatically as somebody who over a period of years has addressed problems with fruitful thinking, let alone with consistent thinking."

Neither senator has announced plans to seek a party nomination, though both have been raising money, making campaign appearances on behalf of other candidates and taking other steps to build a network of national support.

Mr. Buckley, 80, is often called the father of contemporary conservatism in America. He founded the National Review in 1955, and his philosophy, articulated in the magazine, calls for small government, low taxes and a strong defense. In the same interview in which he discussed Mrs. Clinton, he also criticized President Bush's handling of the war in Iraq, which he called a failure.

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Mass. Residents Face Required Coverage (USAT)

By Julie Appleby

USA Today, April 5, 2006

Residents of Massachusetts will be the first in the nation required to carry health insurance, just as motorists in many states are required to carry auto insurance.

After months of debate, state lawmakers approved a bill Tuesday that requires individuals to have coverage and tacks a $295 per worker annual assessment on employers who don't provide it, with the aim of reducing the state's 550,000 uninsured to near zero within three years.

The bill goes to Republican Gov. Mitt Romney. He's expected to sign it because he proposed such a measure last summer. "It's about 95% of what I wanted," he said. "We'll be the only state in America where every citizen has health insurance."

The state will be the only one requiring that all individuals who can afford to purchase insurance do so.

"That is where they are really pioneers," says Paul Ginsburg, an economist with the Center for Studying Health System Change, a non-partisan research group in Washington. He says the only way to get universal coverage is to require individuals to carry insurance.

Free coverage will be provided to individuals at or below the federal poverty line, which is $9,600 a year, and the state will subsidize coverage for those up to three times the federal poverty level.

The legislature estimated the programs would cost $316 million the first year and up to $1 billion annually by the third year, with all but $125 million annually coming from state and federal funds already earmarked for health care.

"This plan is particularly helpful to lower- and low-middle income uninsured folks. What's less clear is its assistance to more middle income uninsured," says John McDonough of Health Care for All, an advocacy group that supports the concept of the plan.

The new subsidized insurance plans are to be available by July. After July 1, 2007, uninsured individuals who refuse to buy coverage could lose their state tax exemption, which is worth about $150 per person. In following years, those who refuse to buy will pay penalties equal to about half the cost of a health insurance plan.

Insurers have yet to put forward a package of plans that will be available, or the prices. Romney says the premiums will be about $200 a month for a single adult.

Some business groups also say the plan does nothing to contain growing medical costs.

"If you're looking for increased access for the uninsured, this (bill) is a winner," says Jon Hurst, president of the Retailers Association of Massachusetts, a statewide trade association of 2,500 retailers and restaurants. "If you're looking to reduce out-of-sight costs … particularly (for) small employers, it doesn't accomplish that."

Massachusetts Sets Health Plan For Nearly All (NYT)

By Pam Belluck

The New York Times, April 5, 2006

BOSTON, April 4 — Massachusetts is poised to become the first state to provide nearly universal health care coverage with a bill passed overwhelmingly by the legislature Tuesday that Gov. Mitt Romney says he will sign.

The bill does what health experts say no other state has been able to do: provide a mechanism for all of its citizens to obtain health insurance. It accomplishes that in a way that experts say combines methods and proposals from across the political spectrum, apportioning the cost among businesses, individuals and the government.

"This is probably about as close as you can get to universal," said Paul B. Ginsburg, president of the nonpartisan Center for Studying Health System Change in Washington. "It's definitely going to be inspiring to other states about how there was this compromise. They found a way to get to a major expansion of coverage that people could agree on. For a conservative Republican, this is individual responsibility. For a Democrat, this is government helping those that need help."

The bill, the product of months of wrangling between legislators and the governor, requires all Massachusetts residents to obtain health coverage by July 1, 2007.

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Individuals who can afford private insurance will be penalized on their state income taxes if they do not purchase it. Government subsidies to private insurance plans will allow more of the working poor to buy insurance and will expand the number of children who are eligible for free coverage. Businesses with more than 10 workers that do not provide insurance will be assessed up to $295 per employee per year.

All told, the plan is expected to cover 515,000 uninsured people within three years, about 95 percent of the state's uninsured population, legislators said, leaving less than 1 percent of the population unprotected.

"It is not a typical Massachusetts-Taxachusetts, oh-just-crazy-liberal plan," said Stuart H. Altman, a professor of health policy at Brandeis University. "It isn't that at all. It is a pretty moderate approach, and that's what's impressive about it. It tried to borrow and blend a lot of different pieces."

Many states, including Massachusetts, have been wrestling for years with how to cover the uninsured, and several states have come close, according to the National Conference of State Legislatures. Hawaii passed a universal access law in 1974 requiring employers to offer health care coverage for employees working 20 hours or more a week, but nearly 10 percent of people remain uncovered. Efforts to cover all citizens in Minnesota and Vermont in 1992 and in Massachusetts in 1988 fell flat in the mid-1990s when the language in the bills concerning universal coverage was repealed.

In 2003, Maine enacted a law that significantly broadened insurance coverage and combined employer payments with expanded government programs. That year, California enacted a law that required employer contributions, but it was repealed in a referendum in 2004. Massachusetts would be the first state to require its citizens to have health insurance.

The Massachusetts bill creates a sliding scale of affordability ranging from people who can afford insurance outright to those who cannot afford it at all. About 215,000 people will be covered by allowing individuals and businesses with 50 or fewer employees to buy insurance with pretax dollars, and by giving insurance companies incentives to offer stripped-down plans at lower cost. Lower-cost basic plans will be available to people ages 19 to 26.

Subsidies for other private plans will be available for people with incomes at or below 300 percent of the poverty level. Children in those families will be eligible for free coverage through Medicaid, an expansion of the current system.

The Massachusetts bill was hammered out with proposals and input from state Democratic legislators; Mr. Romney, a Republican; Senator Edward M. Kennedy, a Democrat; insurers; academics; businesses; hospitals; and advocates for the poor, including religious leaders.

They were motivated in part by a threat by the federal government to eliminate $385 million in federal Medicaid money unless the state reduced the number of uninsured people. The state was supposed to have the bill completed by January, but state officials said they were confident that the federal government would approve of Tuesday's bill.

"Whenever you can have the medical community, the business community and the advocates all applauding our efforts, I think that's indicative of a successful exercise," said State Senator Robert E. Travaglini, the majority leader.

Mr. Romney, who is considering running for president in 2008, said in an interview Tuesday that the bill, passed by a legislature that is 85 percent Democratic, was "95 percent of what I proposed."

He said, "This is really a landmark for our state because this proves at this stage that we can get health insurance for all our citizens without raising taxes and without a government takeover. The old single-payer canard is gone."

Mr. Romney pushed the idea of the "individual mandate," requiring people who can afford insurance to buy it. The bill makes it possible for employers to enable many of those people to use pretax dollars, saving them 25 percent or more. Individuals who fail to get health insurance by July 2007 will first lose their personal exemption on their state taxes. In subsequent years, they would have to pay a penalty that could be as high as half of what an affordable health care premium would cost.

Eric Fehrnstrom, the governor's communications director, said that for those people with incomes above 300 percent of poverty, "our assumption was that these would be mostly single mothers who just did not have the wherewithal to get insurance. It turned out it was mostly young males. In some cases they are making very attractive salaries. These are people who just don't imagine themselves needing care, but of course when they break a leg when they're out bungee jumping they go to the hospital and we end up paying for their care anyway."

One element that Mr. Romney and some legislators did not want was the fee for employers who do not provide health insurance.

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For several months the bill seemed stalled because the House and Senate leaders could not agree on the issue of charging businesses. One proposal of an $800-per-employee charge was reduced to a maximum of $295 that would go toward paying costs for the uninsured and would be reduced as more people became insured, Mr. Travaglini said.

Because the bill is part of a budget bill, Mr. Romney has line-item veto power. He said Tuesday that he would likely change the business fee provision in some way or veto it before signing the bill.

Still, he did not seem that worried about it, saying he had been most concerned that the fee not be a payroll tax, as had been originally proposed. Mr. Travaglini said that if Mr. Romney vetoed the business fee, the legislature would override it.

Bob Baker, president of the Smaller Business Association of New England, said his members seemed to accept the idea of the fee.

"The notion of the level playing field, I think from an element of fairness and equity, people are O.K. with it, unless it impinges on their ability to pay for it," Mr. Baker said. "There hasn't been a hue and cry among our members."

Mr. Romney said that with more people insured, everyone would "get better health care" and that premiums for people who already had insurance might drop because "providers won't be pushing the cost of the uninsured onto the people who have insurance."

James Roosevelt Jr., president and chief executive of Tufts Health Plan, agreed.

"I think that will help both improve the quality of health care and lower the cost," Mr. Roosevelt said, but he added, "We would have liked more flexibility in the design of health plans to permit lower premiums that are affordable for all people."

The program, which was approved 154 to 2 in the House and 37 to 0 in the Senate, will cost $1.2 billion over three years, but only $125 million of that will be new state money. The rest will come from federal money and existing state money. After three years, lawmakers say, no new state money will be required. A new agency will administer the system.

Advocates for the uninsured held a victory rally at the Statehouse.

"We're thrilled that this truly represents a commitment to the poor and the working poor," said Rabbi Jonah Pesner, a leader of the Greater Boston Interfaith Organization.

Joseph Landais, 64, could use insurance for himself, his wife and three children. Mr. Landais, a retired hospital custodian, said his wife, a nurse's aide, makes too much for the family to be eligible for Medicaid but not enough to afford insurance. He had a hernia operation four months ago that he did not have to pay for under the free-care pool, but he had not been able to see a doctor since then, even though he is still not feeling well.

"After years that you've been working that hard," Mr. Landais said, "I think you deserve something back."

Mass. Bill Requires Health Coverage (WP)

By David A. Fahrenthold

The Washington Post, April 5, 2006

BOSTON, April 4 -- The Massachusetts legislature approved a bill Tuesday that would require all residents to purchase health insurance or face legal penalties, which would make this the first state to tackle the problem of incomplete medical coverage by treating patients the same way it does cars.

Gov. Mitt Romney (R) supports the proposal, which would require all uninsured adults in the state to purchase some kind of insurance policy by July 1, 2007, or face a fine. Their choices would be expanded to include a range of new and inexpensive policies -- ranging from about $250 per month to nearly free -- from private insurers subsidized by the state.

Romney said the bill, modeled on the state's policy of requiring auto insurance, is intended to end an era in which 550,000 people go without insurance and their hospital and doctor visits are paid for in part with public funds.

"We insist that everybody who drives a car has insurance," Romney said in an interview. "And cars are a lot less expensive than people."

Tuesday's votes approving the bill -- 154 to 2 in the House and 37 to 0 in the Senate -- were the culmination of two years of politicking and several months of backroom negotiations, as rival health-care plans from Romney and the two Democrat-led chambers were hammered into one.

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What resulted is a proposal that health-care experts say is unlike any other in the country. What to do about the 45 million Americans without health insurance has flummoxed both the Bush administration, whose proposal for "health savings accounts" fizzled, and that of Bill Clinton, whose broad plan for health-care changes fell flat.

On the state level, Hawaii and Maine have programs that seek to offer near-universal access to health insurance, and Illinois last year approved a subsidy plan that will widely increase coverage for needy children.

But no state, experts say, has taken the step of making health insurance coverage a legal requirement. The idea was applauded by Uwe E. Reinhardt, a professor of economics and public affairs at Princeton University, who said that he has long believed that the American system of allowing uninsured patients to receive care at the government's expense was nothing more than "freedom to mooch."

"Massachusetts is the first state in America to reach full adulthood," said Reinhardt, noting that the new measure is a move toward personal responsibility. "The rest of America is still in adolescence."

As simple as the idea sounds -- buy insurance or else -- the proposal is complex and, in some cases, still unfinished. For instance, it leaves the task of determining exactly how much some low-income residents will pay for their new, more affordable policies to a new agency that would serve as a liaison between the government, policyholders and private insurance companies.

Because of that uncertainty, some still worry that the residents required to buy insurance would not be able to.

"Who defines what's affordable?" said the Rev. Hurmon Hamilton, a minister in the Boston neighborhood of Roxbury and a leader in an interfaith organization that has pushed for health-care changes.

Another aspect that may change is the $295 annual fee that the bill would require companies to pay for each employee they do not provide with insurance. Legislative leaders have insisted that this money be fed into the pool that would subsidize low-cost policies for the uninsured, but Romney said that would be unnecessary.

"That's likely to be adjusted by me," he said -- potentially through the use of a line-item veto.

This is how Massachusetts leaders envision the plan would work:

Uninsured people earning less than the federal poverty threshold would be able to purchase subsidized policies that have no premiums, and would be responsible for very small co-payment fees for emergency-room visits and other services. Those earning between that amount and three times the poverty-level amount would be able to buy subsidized policies with premiums based on their ability to pay. Though no maximum premium is set in the bill, legislators' intent seems to be for it to top out at about $200 to $250 per month.

All residents will have to provide details about their health insurance policy on their state income tax returns in 2008. Those who do not have insurance would first lose their personal state tax exemption, perhaps worth $150, and later face penalties equal to half the cost of the cheapest policy they should have bought. That might work out to $1,200 per year, officials said. Those who cannot find an affordable plan could obtain a waiver.

Enforcement of the requirement will not be done by hospitals, officials said: They will treat uninsured patients as before.

The bill's passage was celebrated as a victory in the state legislature, with House Speaker Salvatore F. DiMasi (D) telling colleagues that they had succeeded where other states had failed.

"We did something to solve the problem," he said.

The same message might provide a political boost to Romney, who is considering a presidential run in 2008. By proving he can work with Democrats, and find a health-care solution that relies on the private sector, Romney can portray himself as an executive who can work across the aisle in harshly partisan times.

"It might help him to say, 'Look, I have a solution for health insurance,' " said Julian E. Zelizer, a professor of history at Boston University.

Massachusetts Seeks To Mandate Health Coverage (WSJ)

By John Hechinger And David Armstrong

The Wall Street Journal, April 5, 2006

In a far-reaching bid to obtain universal health-care coverage in their state, Massachusetts lawmakers overwhelmingly approved a bill that is the first in the nation that requires all citizens to buy medical insurance.

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The bill also requires that businesses not offering health insurance pay penalties to help cover the uninsured and uses a combination of added state spending, tax incentives, insurance subsidies and expanded government-insurance programs to reach the estimated 550,000 Massachusetts residents who are currently uninsured. Gov. Mitt Romney, widely viewed as a possible presidential candidate, has indicated he intends to sign the bill.

Massachusetts, a state of 6.4 million people, would join only Hawaii, which for decades has required employer-provided insurance, in attempting to mandate universal coverage, according to the National Conference of State Legislatures. A handful of other states, including California and New York, have measures pending that seek to cover many more state residents, and dozens of others are trying to address the problem in smaller ways.

"States are struggling with this all over the country," said Rachel DeGolia, the operations director for Universal Health Care Action Network, a national nonprofit group pushing for wider health coverage. "What is unique about Massachusetts is they are trying to do something about it."

Richard Cauchi, director of health programs for the state legislatures group, called the individual-mandate requirement in Massachusetts "novel." The tactic, akin to forcing drivers to buy car insurance, "is an untried approach that other states will look at with interest," he said.

Yesterday's action shows that states may prove more adept at coming up with plans to provide universal coverage after President Bill Clinton found such efforts to be a big stumbling block at the federal level in the 1990s. Massachusetts faced a July federal deadline to show that it was working to cover more of the uninsured or face losing $385 million in funding for Medicaid, the federal-state insurance plan for the poor and disabled. Other states -- schedules vary from state to state -- are expected to face similar pressure in coming years.

Though some business groups, such as the Greater Boston Chamber of Commerce, have generally voiced support for the bill, others, especially those representing small businesses, are wary of its effects on costs and job creation. In addition, health-care experts say the plan, despite its bold claims, provides little new money to pay for health care. They note that under Gov. Michael Dukakis, Massachusetts approved a plan for universal health coverage in the late 1980s that died because of lack of money.

Under the plan approved yesterday, uninsured residents who don't buy new, low-cost plans -- some subsidized by the state -- would face financial penalties beginning in July 2007. In the first year, those who don't buy insurance -- provided the state makes available one deemed affordable -- forfeit their personal state tax exemption, now worth about $150. In the second year, those who don't buy would have to pay a fine equal to half of the monthly premium cost of an affordable plan. For a full year, the fine could total about $1,200 for a young adult who would be eligible for an individual plan. There are no criminal penalties for not buying insurance.

In another provision that stirred unease among some businesses, the proposed law would require companies with 11 or more employees to provide health coverage or pay a per-employee annual fee of $295. In addition, employers whose uninsured workers make multiple use of emergency room care -- "free riders," in the bill's parlance -- would have to pay between 10% and 100% of the portion of those medical bills exceeding $50,000.

The bill would shift about $1 billion in government money -- mostly federal -- to several programs to provide low-cost insurance plans to the uninsured. One plan would increase eligibility for state Medicaid to more families; another would provide state subsidies for low-income families; another would create a big insurance pool that aims to make coverage more affordable for small businesses to give their employees the chance to buy health insurance with pretax dollars.

Lawmakers hope that requiring coverage will increase demand for such policies, which private insurers would then be eager to supply. They also hope that reducing reliance on expensive emergency room visits will lower health-care costs.

The bill would require residents to secure coverage by July 2007. Lawmakers said they expect the bill will lead to the coverage of 90% to 95% of uninsured residents by 2009. "This is really a landmark for our state," Gov. Romney said in an interview. "We can do what most people thought was impossible, which is to get health insurance for every citizen without a government takeover and without new taxes."

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The bill passed unanimously in the Massachusetts Senate and 155-2 in the House. Although Democrats dominate both chambers, Gov. Romney, a Republican, has been a big advocate of most of the provisions at a time when he is widely believed to be considering running for U.S. president. A successful plan for health-care reform is likely to be a big feature of any run.

Analysts and even supporters acknowledged some potential pitfalls in the bill. First, the state has yet to define what is an "affordable" health-care plan. The bill requires only that individuals buy a plan if the state determines it to be affordable, presumably based on a reasonable percentage of income. The plan relies on private insurers to come up with such plans, and insurers could either fail to do so, or provide plans that aren't attractive or that don't provide much protection.

Alan Sager, a professor of health services at Boston University, said Massachusetts is "leaping into murky waters by obliging individuals to buy coverage." He said the legislation doesn't provide enough funding to solve the problem. "It seems the bill would force individuals to buy very flimsy or expensive policies beyond their financial reach," he said.

Dr. Sager said one recent study estimated that providing health-care coverage to the uninsured in Massachusetts would require an annual state subsidy of $700 million, which is about four times what is provided for in the current legislation.

He also said the legislation contains a Medicaid rate increase for the state's hospitals and doctors that will total $540 million over three years. "This is more money for business-as-usual health care," he said. "Legislators have to trumpet great accomplishments. They conceived an elephant 18 months ago, but have given birth to a mouse."

A spokesman for the Massachusetts Hospital Association said the rate increase comes after years of Medicaid "underpayment," during which the government insurer often paid less than the cost of the service provided.

Gov. Romney has 10 days to sign the bill into law, and though he has said he will do so, he can veto individual measures. He has said he opposes any new payroll taxes for the plan, but considers the penalties on businesses to be fees, not taxes. Yesterday, he said he would examine the $295 fee carefully.

The Massachusetts plan would create a more-than $1 billion-a-year program for the uninsured, though much of it would come from shifting around existing money. The state would kick in $125 million in new spending, mostly for subsidizing health-insurance plans for lower-income residents. The rest could come from existing programs, and the fees on businesses and individuals who don't meet the bill's requirements.

"The rest of the country is waiting for us," said Massachusetts Sen. Therese Murray, a Democrat from Plymouth, Mass., and chairwoman of the Senate Committee on Ways and Means, which hammered out the legislation. "We're going to be the first test case."

A Warm Farewell For A Cold Warrior (WP)

By Dana Milbank

The Washington Post, April 5, 2006

They laid Caspar Weinberger to rest yesterday beneath an old oak tree on an Arlington National Cemetery hilltop with a view of the Pentagon he once led.

Their faces emerged as if from the history books, or from yellowed newspaper photos: Margaret Thatcher, Jeane Kirkpatrick, Ed Meese, Frank Carlucci, John Poindexter, Jack Kemp, James Schlesinger and other Cold Warriors of the late 20th century.

And though they were mourning Weinberger, the Reagan defense chief who died last week at age 88, they were also celebrating what they see as his -- and their -- signal triumph: the end of the Soviet Union. Judging from the wizened faces, white hair and walking canes, there will not be many more such reunions.

"His goal was an era of hope and peace, one in which the people of Eastern Europe lived free, one in which the Berlin Wall no longer divided families but instead existed only in memory, or its shards sold as souvenirs," eulogized Donald Rumsfeld, who both preceded and followed Weinberger as defense secretary. "Today we live in that world, a world made safer and freer by Cold Warriors like Cap Weinberger." The usually cool Rumsfeld choked up as he added: "May God bless the country he so loved and served so well."

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Colin Powell, who as President Bush's secretary of state didn't agree with Rumsfeld often, concurred on the meaning of Weinberger. Ronald Reagan, Powell said in his eulogy, "needed a champion to rebuild the armed forces of the United States to show the Soviets and the world how strength can lead to peace, and that champion was Cap Weinberger."

Both men were, in a sense, remembering a simpler time, before the binary logic of mutually assured destruction gave way to the messy nuances of asymmetrical warfare. When Weinberger ruled the Pentagon, there was an easily defined enemy, and the free world held the United States in high esteem.

In their dueling eulogies (they cited some of the same anecdotes), Rumsfeld and Powell each saw in Weinberger a proponent of his own world view. Powell, recalling Weinberger's nickname "Cap the Knife" for his budget cutting, said he was also "Cap the Compassionate" in the Nixon administration, championing Head Start and health insurance. "Above all, he loved what [America] stood for and he loved what we represented to the rest of the world," Powell said. It had the sound of an implicit rebuke of Rumsfeld and Vice President Cheney, who was seated in the front row.

Rumsfeld preferred to remember the unyielding Weinberger. "For many years, a quote from Winston Churchill hung in Cap Weinberger's office," he said. "It said: Never give in -- never, never, never, never, in nothing great or small, large or petty, never give in." Rumsfeld left out the rest of Churchill's famous phrase: "except to convictions of honor and good sense."

The other eulogist, Sen. Olympia Snowe (R), representing Weinberger's adopted home state of Maine, also invoked the Cold War. In Maine, she said of California-native Weinberger, "you never get top billing unless you were actually born there, and even if you were pivotal in the downfall of the Soviet Union and the end of the Cold War."

With Rumsfeld participating, the Pentagon took over many of the arrangements for the funeral or, in military parlance, "Internment Service for FSECDEF Caspar Weinberger." Family members did not speak at the ceremony. And the military's tight control over attendance left the Arlington chapel, which holds 300, about a third empty.

Lady Thatcher, who did not speak because of illness, heard Powell describe her as Weinberger's Churchill. Powell, who was a military aide to Weinberger, recalled his boss's persnickety side ("He hated split infinitives . . . he even insisted we send back thank-you letters for thank-you letters"), his calm ("He loved to take naps, usually in the middle of meetings") and even his tolerance of a driver who picked him up drunk on Thanksgiving and wished him a "Happy Easter." The two words that sullied Weinberger's career -- "Iran-contra" -- got only an oblique mention by Powell, who spoke of "the one moment of his despair."

The military declined to share its guest list with reporters, but the list of pallbearers included some of the top officials from Reagan's presidency: Joint Chiefs chairman John Vessey, national security adviser William Clark, energy secretary John Herrington, deputy defense secretary Will Taft. Spotted in the crowd were Reagan's Navy secretary, John Lehman, publisher Steve Forbes and Reagan Pentagon officials Richard Perle and Fred Ikle.

There were relatively few with more recent government service: Powell deputy Richard Armitage, Joint Chiefs Chairman Peter Pace and three senators. This was, after all, not a time to think about today's problems -- none of the three eulogists even mentioned the word "terror" -- but to celebrate yesterday's victory.

"Today, some think back on the Cold War as if victory in that war was inevitable; that was not the case," Rumsfeld said. It was Weinberger, he said, who "helped restore pride in our country's uniform and helped win the Cold War."

Theme Park-Like Camp Built Near Haymarket (WP)

By Nikita Stewart

The Washington Post, April 5, 2006

The Boy Scouts of America is planning to open a $17 million camp catering to Cub Scouts next month on the site near Haymarket where the Walt Disney Co. tried to build a theme park 12 years ago.

The camp will be built and operated by the National Capital Council, which represents more than 85,000 Scouts and 23,000 volunteers in the District and 16 counties in Maryland and Virginia. It is one of the most expensive scouting construction projects in the nation, officials said, and unusual because of its focus on Cub Scouts as well as Boy Scouts.

"We've never had a facility that's been able to connect with the Cub Scouts," said Alan F. Lambert, the council's Scout executive.

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Officials said the Scouts wanted a camp closer to Washington so that Cub Scouts, the organization's youngest members, could enjoy an overnight camping experience. The council's closest camp is in Goshen, Va., which is an inconvenient three-hour ride from Washington for 7- to 10-year-olds, who require more supervision and tend to get more homesick than older Scouts, Lambert said.

The scheduled opening of Camp William B. Snyder is May 6. Snyder, a former Geico chairman, is a longtime member of the area Scout council board and was instrumental in securing the land for the project.

The camp sprawls over 350 acres once designated for "Disney's America," a U.S. history theme park Disney scrapped in 1994 after protests from residents and preservationists about its proximity to the Manassas National Battlefield Park. Disney sold the site to the Boy Scouts for $1.5 million in 1997.

Camp Snyder will have touches of a theme park, from a 67-foot climbing wall to an aquatics center with water slides. Scout officials said, however, that they tried to preserve much of the site's natural state. The council created more than 100 acres of wetlands that are attracting birds and wildlife that the Scouts will explore.

"It's a positive part of the program to protect wildlife and eco-systems," Lambert said. "It's part of the camping experience."

The camp has themed areas such as the Big Dig, where Scouts can dig up replicas of dinosaur bones and assemble their own skeletons, and the Space Port, where they can explore a simulation of Mars, said Maj. Gen. Raymond Johns, chairman of program development at the camp.

"What a neat experience," he said.

From Memorial Day through Labor Day, the camp will serve about 1,000 Cub Scouts a week, said Johns. Boy Scouts can camp there on weekends throughout the year.

Johns and Lambert showed photos and drawings of the camp to the Prince William Board of County Supervisors yesterday. Other themed areas include a Native American village with tepees, a fort with a BB gun range and a ship surrounded by blue vulcanized rubber to suggest the ocean.

The adventures will not be the traditional rustic experience the public associates with scouting and camping, Lambert said. He showed a photo of the 600-seat dining hall, still under construction, that looked more like a McMansion. The modern facilities, including upgraded bathrooms and showers, were responses to parents, especially mothers, concerned about how younger children and adult volunteers would fare in the wild, Lambert said.

The Scouts will still sleep in tents, although they are much roomier, fitting six to eight Cub Scouts or four volunteers in each one, he said.

The camp's attractions and its $17 million price tag -- raised through private and corporate donations and general financing -- make it one of the biggest in the country compared with facilities used by the more than 300 councils, said Gregg Shields, national spokesman for the Boy Scouts of America in Irving, Tex. "I have not found another of a larger size in terms of investment," he said.

When Disney dropped its plans for a theme park, Snyder and Ron L. Carroll, who was Scout executive at the time, led the negotiations to buy the land, Lambert said. Carroll died last year.

Snyder, 76, who now lives in St. Petersburg, Fla., said he missed out on the Scout experience as a child because his local troop disbanded after its leader was drafted to serve in World War II. "My son was in the Scouts when he was growing up and I was a civilian leader," he said. "I think highly of the Scouts as a character-building organization."

Couric To Announce Her Move On 'Today' (WP)

By Howard Kurtz

The Washington Post, April 5, 2006

Katie Couric plans to confirm this morning on "Today" that she is leaving the top-rated morning show after 15 years, and CBS will quickly announce, probably today, that she will take over the anchor chair once occupied by Walter Cronkite and Dan Rather.

Couric, 49, decided yesterday to use the occasion of her 15th anniversary, when the NBC program will be reflecting on her tenure, to look forward to the next chapter in her career, said sources at both networks and people familiar with her thinking.

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The sources, who first confirmed Couric's plans Monday, had expected the CBS negotiations to drag on a bit longer, but said now the network has wrapped up the negotiations and wants to go public as soon as Couric does.

Bob Schieffer, the current CBS anchor, who had made clear that he did not want to keep the job indefinitely, said yesterday: "I hope it is true. I've known Katie for many years; she's a first-rate reporter and a terrific interviewer. I love Katie and I think she'll love CBS News."

The move by Couric, who will remain at "Today" until her NBC contract expires in May, will have repercussions throughout the broadcast schedule. NBC, which is determined to maintain its morning ratings lead, has offered her job to Meredith Vieira of ABC's "The View" and the syndicated "Who Wants to Be a Millionaire," who is still weighing the opportunity against family concerns. CBS is making a multimillion-dollar bet that Couric, who would be the first solo female anchor of a weekday network newscast, can boost the third-place "CBS Evening News."

Couric, who attracted enormous publicity while weighing her options, is said by those who know her to be brimming with ideas about how to adapt the evening newscast to her skills and personality.

The "Today" retrospective at 7:30 this morning will feature video clips of Couric over the years, followed by her comments about her departure, and will have a less celebratory tone than otherwise would have been the case. Couric is close to NBC chief executive Jeff Zucker, her original producer on "Today," the sources said, and has been trying to manage her departure without hurting relationships with him and other longtime colleagues at NBC.

Yes, It's Anti-Semitic (WP)

By Eliot A. Cohen

The Washington Post, April 5, 2006

Academic papers posted on a Harvard Web site don't normally attract enthusiastic praise from prominent white supremacists. But John Mearsheimer and Stephen Walt's "The Israel Lobby and U.S. Foreign Policy" has won David Duke's endorsement as "a modern Declaration of American Independence" and a vindication of the ex-Klansman's earlier work, presumably including his pathbreaking book, "Jewish Supremacism."

Walt and Mearsheimer contend that American national security dictates distancing ourselves from the state of Israel; that U.S. support for Israel has led to such disasters as America's status as the No. 1 target for Islamic terrorists; and that such an otherwise inexplicable departure from good sense can be accounted for only by the power of "The Lobby" (their capitalization), an overwhelmingly Jewish force abetted by some Christian evangelicals and a gentile neocon collaborator or two, who have hijacked American foreign policy and controlled it for decades.

One of Mearsheimer's University of Chicago colleagues has characterized this as "piss-poor, monocausal social science." It is indeed a wretched piece of scholarship. Israeli citizenship rests "on the principle of blood kinship," it says, and yet the country has a million non-Jewish citizens who vote. Osama bin Laden's grievance with the United States begins with Israel, it says -- but in fact his 1998 fatwa declaring war against this country began by denouncing the U.S. presence in Saudi Arabia and the suffering of the people of Iraq. "Other ethnic lobbies can only dream of having the political muscle" The Lobby has -- news to anyone advocating lifting the embargo on Fidel Castro's Cuba. The Iraq war stemmed from The Lobby's conception of Israel's interest -- yet, oddly, the war attracted the support of anti-Israel intellectuals such as Christopher Hitchens and mainstream publications such as The Economist. America's anti-Iran policy reflects the dictates of The Lobby -- but how to explain Europe's equally strong opposition to Iranian nuclear ambitions?

Oddly, these international relations realists -- who in their more normal academic lives declare that state interests determine policy, and domestic politics matters little -- have discovered the one case in which domestic politics has, for decades, determined the policy of the world's greatest state. Their theories proclaim the importance of power, not ideals, yet they abhor the thought of allying with the strongest military and most vibrant economy in the Middle East. Reporting persecution, they have declared that they could not publish their work in the United States, but they have neglected to name the academic journals that turned them down.

Inept, even kooky academic work, then, but is it anti-Semitic? If by anti-Semitism one means obsessive and irrationally hostile beliefs about Jews; if one accuses them of disloyalty, subversion or treachery, of having occult powers and of participating

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in secret combinations that manipulate institutions and governments; if one systematically selects everything unfair, ugly or wrong about Jews as individuals or a group and equally systematically suppresses any exculpatory information -- why, yes, this paper is anti-Semitic.

Mearsheimer and Walt conceive of The Lobby as a conspiracy between the Washington Times and the New York Times, the Democratic-leaning Brookings Institution and Republican-leaning American Enterprise Institute, architects of the Oslo accords and their most vigorous opponents. In this world Douglas Feith manipulates Don Rumsfeld, and Dick Cheney takes orders from Richard Perle. They dwell on public figures with Jewish names and take repeated shots at conservative Christians (acceptable subjects for prejudice in intellectual circles), but they never ask why a Sen. John McCain today or, in earlier years, a rough-hewn labor leader such as George Meany declared themselves friends of Israel.

The authors dismiss or ignore past Arab threats to exterminate Israel, as well as the sewer of anti-Semitic literature that pollutes public discourse in the Arab world today. The most recent calls by Iran's fanatical -- and nuclear weapons-hungry -- president for Israel to be "wiped off the map" they brush aside as insignificant. There is nothing here about the millions of dollars that Saudi Arabia has poured into lobbying and academic institutions, or the wealth of Islamic studies programs on American campuses, though they note with suspicion some 130 Jewish studies programs on those campuses. West Bank settlements get attention; terrorist butchery of civilians on buses or in shopping malls does not. To dispute their view of Israel is not to differ about policy but to act as a foreign agent.

If this sounds personal, it is, although I am only a footnote target for Mearsheimer and Walt. I am a public intellectual and a proud Jew; sympathetic to Israel and extensively engaged in our nation's military affairs; vaguely conservative and occasionally hawkish. In a week my family will celebrate Passover with my oldest son -- the third generation to serve as an officer in the United States Army. He will be home on leave from the bomb-strewn streets of Baghdad. The patch on his shoulder is the same flag that flies on my porch.

Other supposed members of "The Lobby" also have children in military service. Impugning their patriotism or mine is not scholarship or policy advocacy. It is merely, and unforgivably, bigotry.

The writer is a professor at Johns Hopkins University's School of Advanced International Studies.

Iran: Ready To Negotiate On Enrichment (AP)

By Ali Akbar Dareini

AP, April 4, 2006

Iran said Tuesday it is willing to negotiate with world powers on large-scale enrichment of uranium but will never give way on their key demand — to cease all enrichment, a process that can produce fuel for nuclear reactors or material for bombs.

The U.N. Security Council has demanded that Iran suspend all uranium enrichment activities and asked the U.N. nuclear watchdog agency to report back by April 28 on whether Iran had complied.

Foreign Minister Manouchehr Mottaki reiterated that Iran would not comply with the Security Council demand, saying the small-scale enrichment it resumed in February was strictly for research and was within its rights.

The United States and France have accused Iran of pursuing a secret program to build atomic weapons, but Tehran claims its nuclear program is peaceful and aimed only at generating electricity. Enrichment makes uranium suitable for reactor use but, taken to a high degree, it becomes suitable for a nuclear bomb.

"The enrichment of uranium ... is Iran's right as defined as a signatory to the Nuclear Non-Proliferation Treaty," Mottaki said. "One thing we can't give up and that is the right of the Iranian nation ... We can't hold a dialogue with any country about giving up our rights."

He added, however, that Iran was prepared to talk to the international community about large-scale enrichment.

Mottaki did not specify with whom Iran wants to hold negotiations. The United States is facing calls from its European allies for it to enter direct talks with Iran to resolve the standoff.

German Foreign Minister Frank-Walter Steinmeier underlined his country's support for U.S.-Iran nuclear talks ahead of a meeting in Washington with Secretary of State Condoleezza Rice.

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"I think it is recognized here in Washington that the British and the German foreign ministers are positive on this question," he told reporters Tuesday.

State Department spokesman Adam Ereli said Monday the cause of the standoff was "not because the United States isn't in negotiations" but because Iran was defying international pressure and "moving with apparently great determination to develop an enrichment capability."

"So don't suggest that the way to solve this is for the U.S. to jump into negotiations. The way to resolve it is to get Iran to cease and desist from its active refusal to be a responsible member of the international community," Ereli said.

Iran and the United States have agreed to hold rare direct, high-level talks to discuss how to stabilize Iraq. While both sides have insisted the talks won't touch on the nuclear issue, U.S. officials say they suspect Tehran is looking to open the door for nuclear talks.

Since the U.N. Security Council issued its demand last week, Iran has taken a stance of rejection — while playing up hopes for a negotiated solution.

Mottaki said Iran's nuclear program had two options: cooperation or confrontation. "Iran prefers the first option," he said.

On Monday, hard-line Iranian President Mahmoud Ahmadinejad said the United States and Europe were "confused" if they thought they could stop Iran's nuclear ambitions. But he vowed Iran's nuclear program would be "transparent" and under the supervision of the International Atomic Energy Agency.

Past negotiations have faltered over the enrichment issue. Britain, France and Germany negotiated with Iran for two years on behalf of the European Union, endeavoring to persuade Tehran to abandon enrichment. Iran gave up on the negotiations last August and resumed parts of its nuclear program that it had suspended as a goodwill gesture.

Moscow then tried to persuade Tehran to accept a U.S.-backed compromise proposal under which large-scale uranium enrichment for Iran's nuclear program would take place in Russia. But negotiations ended in a stalemate after Tehran rejected a Russian demand to suspend uranium enrichment activities at home.

Democrat: Intelligence On Iran Inadequate (AP)

By Katherine Shrader

AP, April 4, 2006

U.S. intelligence information on Iran is inadequate and may contain misinformation that spy agencies are accepting as solid, the top Democrat on the House Intelligence Committee said Tuesday.

Rep. Jane Harman (news, bio, voting record), D-Calif., told a Council on Foreign Relations gathering that she and other lawmakers recently received a briefing from intelligence agencies based on information shared with the International Atomic Energy Agency and the U.N. Security Council.

Her bottom line: "I remain skeptical — lots of unanswered questions."

"The conjecture that I have is that if I were Iran, and I wanted to put out disinformation, it might look a lot like what our government is claiming is information," she said. "I can't tell you that's true, but I can't tell you it's not true."

Harman didn't provide details on the classified session.

With tensions growing between the U.S. and Iran over its nuclear program, Tehran in the past week has touted new weapons including missiles supposedly invisible to radar and torpedoes too fast to be avoided. Experts have questioned Iran's claims about the weapons' capabilities.

The announcements came as the Bush administration was working toward a diplomatic solution to address its belief that Iran intends to produce nuclear weapons. Iran says it aims only to generate electricity, but it has thus far defied U.N. Security Council demands that it give up key parts of its program.

Last week, the Security Council unanimously approved a statement demanding that Iran suspend uranium enrichment.

When asked about Iran's recent weapons announcements Tuesday, White House spokesman Scott McClellan said Iran's "aggressive military program and defiant rhetoric are further examples of how the regime is isolating itself." But he stressed the administration hopes to work toward a diplomatic solution.

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McClellan said the United States has a number of concerns about Iran's behavior, including its efforts to conceal its nuclear activities, support of terrorism, use of threatening rhetoric and disregard for the demands of the international community.

Harman said she does not doubt that Iran is a threat. "The issue is how capable are they and what are the real intentions of Iran's leaders, and I think the jury is out on both of those," Harman said.

In recent months, she and others on Capitol Hill have been seeking information about how to deal with Iran. Bruises in Congress and elsewhere in the government remain fresh on the botched prewar intelligence on Iraq's never-to-be-found weapons of mass destruction.

"I want to be absolutely sure that we base decisions — especially tough decisions like what are the next steps with Iran, and I surely hope they are diplomatic because I think those are our best options — on pristine and pure intelligence or the closest we can get to that," Harman said.

She was echoing the words of former U.S. weapons inspector David Kay, who was in charge of the hunt for Iraq's arsenal until he quit his position in January 2004. Then, he said that "pristine intelligence, good accurate intelligence" was fundamental to a pre-emptive military policy, which the Bush administration adopted after Sept. 11, 2001.

Harman spoke alongside former acting CIA Director John McLaughlin, a veteran intelligence analyst who was the agency's No. 2 official in the run-up to the Iraq war. He politely quibbled with the use of the phrase "pristine intelligence."

"It's important, I think, to realize that intelligence isn't going to be pristine and pure," McLaughlin said.

He said intelligence is often incomplete and at some point policy decisions must be made. "We are getting a little caught in the idea that intelligence has the answer to everything," he said.

Iran Says It Can Handle Any Invasion (AP)

By Ali Akbar Dareini

AP, April 4, 2006

A top Iranian military official said Tuesday the country can now defend itself against any invasion originating from outside the region — a clear reference to the United States — as it tested a second new radar-avoiding missile.

The new surface-to-sea missile is equipped with remote-control and searching systems, state-run television reported. It said the new missile, called Kowsar after the name of a river in paradise, was a medium-range weapon that Iran had the capability to mass-produce.

It also asserted that the Kowsar's guidance system could not be scrambled, and it had been designed to sink ships.

Shortly after the test, the chief of the elite Revolutionary Guards, Gen. Yahya Rahim Safavi, warned that Iran was now able to "confront any extra-regional invasion," referring to the United States without mentioning it by name.

"The missile command of the Guards' naval force ... via positioning various types of surface-to-sea missiles, is able, while defending the coastlines and islands, to confront any extra-territorial invasion," the official Islamic Republic News Agency quoted Safavi as saying.

Safavi also called for foreign forces to leave the region. The U.S. 5th Fleet is based in Bahrain, from where it patrols the Gulf.

"Iran wants durable peace in the Persian Gulf and it can't be achieved without foreign forces and those which invaded Iraq leaving (the region)," IRNA quoted Safavi as saying.

On Friday, the country tested the Fajr-3, a missile that it said can avoid radars and hit several targets simultaneously using multiple warheads. Iran also has tested what it calls two new torpedoes.

The second torpedo, unveiled Monday, was tested in the Straits of Hormuz, the narrow entrance to the Gulf that is a vital corridor for oil supplies. That seemed to be a clear warning to the United States that Iran believes it has the capability to disable oil tankers moving through the Gulf.

The Revolutionary Guards, the elite branch of Iran's military, have been holding their maneuvers — code-named the "Great Prophet" — since Friday, touting what they call domestically built technological advances in their armed forces.

But some military analysts in Moscow said it appears the high-speed torpedoes likely were Russian-built weapons that may have been acquired from China or the former Soviet republic of Kyrgyzstan.

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Others have questioned just how radar-evading the missiles are. Iran's radars are not as advanced as those of Israel, for example — meaning that perhaps the new weapons can avoid Iran's radar but not more advanced types.

The United States said Monday — after the second torpedo test — that while Iran may have made "some strides" in its military, it likely is exaggerating its capabilities.

"We know that the Iranians are always trying to improve their weapons system by both foreign and indigenous measures," Pentagon spokesman Bryan Whitman said in Washington. "It's possible that they are increasing their capability and making strides in radar-absorbing materials and technology."

But "the Iranians have also been known to boast and exaggerate their statements about greater technical and tactical capabilities," he said.

It has not been possible to verify Iran's claims for the new armaments. But the country has made clear it aims to send a message of strength to the United States amid heightened tensions over its nuclear program.

The U.N. Security Council has demanded Iran give up uranium enrichment, a crucial part of the nuclear process. Washington is pressing for sanctions if Tehran continues its refusal to do so, though U.S. officials have not ruled out military action as an eventual option, insisting they will not allow Iran to gain a nuclear arsenal.

In Russia, a Kremlin-allied lawmaker on Tuesday criticized the recent torpedo and missile tests as a counterproductive show of might at a time when it should be trying to allay fears that it is trying to build a nuclear weapon.

"It is clear that Iran is demonstrating its muscle in order to forestall any discussions of a possible operation using force against Iran," Konstantin Kosachev, the head of the parliamentary foreign affairs committee, was quoted as saying according to the RIA Novosti news agency.

On Tuesday, state-run television also said the elite Revolutionary Guards had tested what it called a "super-modern flying boat" capable of evading radar. TV showed a brief clip of the boat's launch.

"Due to its advanced design, no radar at sea or in the air can detect it. It can lift out of the water," the television said. It said the boat was "all Iranian-made and can launch missiles with precise targeting while moving."

The television showed the boat, looking like an aircraft, taking off from the sea and flying low over the surface of the water. It said the craft can fly with a speed of 100 nautical miles per hour.

Iran said the torpedo tests were conducted Sunday and Monday. The torpedo — called a "Hoot," or "whale" — is able to move at 223 mph, too fast for any enemy ship to elude.

Iran has routinely held war games over the past two decades to improve its combat readiness and test locally made equipment such as missiles, tanks and armored personnel carriers.

Iran launched an arms development program during its 1980-88 war with Iraq to compensate for a U.S. weapons embargo. Since 1992, Iran has produced its own tanks, armored personnel carriers, missiles and a fighter plane.

Some Say Iran's Weapons Come From Russia (AP)

By Lee Keath

AP, April 4, 2006

Iran has unveiled with great fanfare a series of what it portrays as sophisticated, homegrown weapons — flying boats and missiles invisible to radar, torpedoes too fast to elude.

But experts said Tuesday it appears much of the technology came from Russia and questioned Iran's claims about the weapons' capabilities.

Still, the armaments, tested during war games by some 17,000 Revolutionary Guards in the Persian Gulf, send what may be Iran's real message: its increased ability to hit oil tankers if tension with America turns to outright confrontation.

To underline that message, the maneuvers — code-named "The Great Prophet" — have been held since Friday around the Strait of Hormuz, the 34-mile-wide entrance to the Gulf through which about two-fifths of the world's oil supplies pass.

Throughout the war games, Iran has touted what it calls technological leaps in its weapons production. In recent years, Iran rewed up its arms programs after long relying on purchases abroad to keep up its aging arsenal, hampered by U.S. sanctions and Washington's pressure on other countries against selling weapons to Tehran.

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The head of the Revolutionary Guards, Gen. Yahya Rahim Safavi, proclaimed Tuesday that Iran was now able to defend itself against "any extra-regional invasion."

It was a clear reference to Iranian worries of potential U.S. military action to stop its nuclear program, which Washington claims is intended to produce nuclear weapons. Iran says it aims only to generate electricity, but has so far defied U.N. Security Council demands that it give up key parts of its program.

The new weapons, many of them shown on Iranian state TV during their tests, have come with impressive claims:

• A missile, the Fajr-3, that is invisible to radar and able to strike several targets with multiple warheads.

• A high-speed torpedo, the Hoot, able to move at some 223 mph, up to four times faster than a normal torpedo, and fired by ships cloaked to radar.

• A surface-to-sea missile, the Kowsar, with remote-control and searching systems that cannot be scrambled.

• A "super-modern flying boat," undetectable by radar and able to launch missiles with precise targeting while skimming low over the surface of the water at a top speed of 100 nautical mph.

There are questions over Iran's claims. In Washington, Pentagon spokesman Bryan Whitman said "the Iranians have been known to boast and exaggerate" their weapons capabilities.

And some experts cast doubt on just how radar-evading Iran's ships and missiles are.

Iran's radars are not as advanced as those of Israel, for example — meaning that perhaps the weapons can avoid the radar that Iran has access to, but not more advanced types, said Meir Javedanfar, an Iranian-born, Israel-based analyst.

"The question here is, what radar did they test their own weapons against? If it's the radar they've been using for all these years, then that's not saying 100 percent that these things are undetectable," he said.

Others questioned if Iran developed the weapons on its own.

The Hoot torpedo — the name means "whale" — closely resembles the Russian-made VA-111 Shkval, the world's fastest known underwater missile, developed in 1995, said Ruslan Pukhov of Moscow's Center for Analysis of Strategies and Technologies.

The Shkval attains high speeds by coating itself in a cocoon of air bubbles, reducing friction, and Pukhov said its technology was too sophisticated for the Iranians to produce themselves.

"Hypothetically, they could get access to the Shkval technology, but if so, I don't think they got it through Russian channels," he said.

Pukhov noted the former Soviet republic of Kyrgyzstan once had a Soviet torpedo testing center on the remote mountain lake of Issyk-Kul. And he said that in the turmoil that followed the Soviet breakup, Kyrgyz authorities sold Shkvals to the Chinese, a major importer of Iranian oil.

Kanybek Tabaldiyev, a senior official with a Kyrgyz company that makes torpedo and other military hardware at Issyk-Kul, denied his company transferred sophisticated technology to Iran. He said it was possible weaponry had been acquired through other means.

Chinese officials had no immediate comment on whether their country provided Iran with Shkvals.

China has been pursuing closer relations with Tehran in hopes of help in meeting its energy needs, and the United States has sanctioned Chinese companies in the past, accusing them of violating international controls on transfers of weapons technology to Iran. Beijing has protested the U.S. sanctions and in 2003, it issued its first regulations controlling exports of missile, nuclear and biological weapons technology.

Whatever the Iranian armaments' capabilities — or origins — they likely won't greatly affect the military balance of power in the Gulf, where the U.S. Navy's 5th Fleet is based, operating out of the island nation of Bahrain.

For example, the Hoot torpedo — if indeed based on the Shkval — has too short a range, about 7,500 yards, to be militarily significant, said Pavel Felgenhauer, a Russian analyst.

But Iran may be aiming to show the world, and its people, that it has options if the standoff over its nuclear program escalates. That could boost its hand in negotiations with the United States and Europe.

"They know they are inferior to the U.S. Navy in the Persian Gulf, so this is their way of telling Americans .... we are not the only ones who would lose out if talks regarding the nuclear program fail," Javedanfar said.

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The torpedo tests in particular are significant, he said.

"They know that if you sink one tanker in the Strait of Hormuz you can stop all shipping there, because the waters are quite shallow," he said.

Israelis Target Base In Abbas' Compound (AP)

By Ibrahim Barzak

AP, April 4, 2006

Israeli warplanes fired three missiles into the Gaza compound of Palestinian President Mahmoud Abbas on Tuesday in response to Palestinian rocket fire — the first such Israeli attack since the violent Islamic group Hamas took power last week.

Abbas condemned the attack, saying it had nothing to do with Hamas and was aimed at disrupting the daily lives of Palestinians.

The site was largely abandoned, and the army gave no explanation for hitting the security compound of the moderate leader, who was in the West Bank at the time. The missile strikes dug deep craters and wounded two police officers.

Since Hamas took control of the Cabinet, Israeli officials said they would shun the Palestinian Authority but would continue to work with Abbas, leader of the defeated Fatah Party. The attack Tuesday did not appear aimed at the Palestinian president, either directly or indirectly.

Israeli security officials have said Israel needs to send clear messages to Hamas that it must halt attacks, and Israel pledged to intensify its military strikes after Gaza militants fired a Katyusha rocket at Israel last week.

Abbas denounced the airstrike and called for international intervention to stop what he called Israel's "destruction for the sake of destruction." He said he contacted "the U.N., Russia, the EU and Arab states and told them that these actions complicate daily life and affect our human and social status."

Asked about the possibility Israel targeted a Palestinian security force that is under the authority of Hamas, Abbas replied that who is in charge of the various forces is none of Israel's business. "It is internal business," he said, adding Israel "doesn't have the right to interfere."

Abbas controls some of the armed units, and the rest are in the purview of the new interior minister, Said Siyam of Hamas.

Israel and Hamas are sworn enemies. Israel, along with the U.S. and European Union, labels Hamas a terror group for sending dozens of suicide bombers into Israel. Hamas does not accept the presence of a Jewish state in the Middle East.

While Hamas does not appear to be directly responsible for the rocket attacks on Israel, its leaders have said militants who attack Israel will not be arrested. And Hamas called last week's deadly suicide bombing at a West Bank settlement legitimate resistance to Israeli occupation.

Israeli tanks also shelled the northern Gaza Strip on Tuesday, killing one Palestinian and wounding seven, including a woman and her 6-month-old baby, Palestinian security and rescue officials said.

The Israeli army said it fired shells at empty fields in northern Gaza to deter militants from launching homemade rockets into Israel. Earlier Tuesday, militants set off several rockets, causing no injuries. Such barrages take place almost daily.

The Israeli missile attack in Gaza City came shortly after a Chinese envoy met Palestinian Foreign Minister Mahmoud Zahar, becoming the first foreign diplomat to do so since the Hamas government was sworn in.

Zahar, a Hamas leader, said he plans to visit China next month and was told a Palestinian delegation would be welcomed. It would be his first trip abroad since taking office.

"The Chinese told us that they are ready to receive a Palestinian delegation at any time," Zahar said. The Chinese diplomat, Yang Wei Guo, did not comment on Zahar's planned visit. Israel has been working to isolate the Hamas-led government, discouraging nations from hosting its officials.

Israel's largest bank said Tuesday it was severing ties with Palestinian banks. Bank Hapoalim said it made the decision after a legal review and "especially in light of the circumstances created" by the Hamas takeover.

Also Tuesday, Israel's new governing coalition started taking shape when the moderate Labor Party said it would join Kadima, led by acting Prime Minister Ehud Olmert. A Kadima-Labor coalition would be committed to Olmert's plan to set Israel's borders by 2010, withdrawing from large parts of the West Bank.

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Final results from last week's Israeli election gave Kadima 29 seats and Labor 19 in the 120-seat Israeli parliament, requiring them to bring in additional parties to secure a majority. Coalition talks are expected to take weeks.

Olmert was named acting premier Jan. 4, when Prime Minister Ariel Sharon was felled by a stroke. Sharon, who remains in a coma, was to undergo surgery Tuesday to restore part of his skull, removed during surgery to stop bleeding from the stroke. Doctors postponed the operation because Sharon had a respiratory infection, the hospital said.

The surgery is seen as a step toward moving the 78-year-old Sharon to a long-term care facility. He is not expected to recover.

Hamas FM Says Will Visit China (AFP-Y2)

AFP, April 4, 2006

Palestinian foreign minister Mahmud al-Zahar announced plans to visit China as Beijing became the latest power to reach out to Islamists Hamas despite a Western boycott.

"We are going to visit China and we have let the ambassador know," Zahar, a a Hamas hawk and firebrand, told reporters after meeting the Chinese envoy to the Palestinian territories, Yang Weiguo (eds: correct).

"We are going to go to east Asia, probably in late May, to attend an international conference. During the same month we are going to tour countries in east Asia, starting with China," he added providing no further details.

A visit to Beijing would make China the second UN Security Council member after Russia to host the radical Islamist faction since the organisation won a shock Palestinian election victory last January.

Israel immediately criticised any foreign power who may be tempted to invite the Hamas leadership for talks before the movement, blacklisted as a terrorist organisation in the West, reforms its ways.

"Anyone who recognises the Hamas government without this movement bending to the demands of the international community in recognising Israel, renouncing terrorism and accepting agreements, helps to maintain its extremist positions," said foreign ministry spokesman Mark Regev.

"If Hamas can get recognition without changing its positions, there is no chance it will become more moderate," he added.

The armed wing of the radical Islamist movement has carried out scores of suicide bombings in Israel. Its charter calls for the destruction of the Jewish state and cites armed struggle as the key to solving the Middle East conflict.

There was no immediate Chinese confirmation of a formal invitation to Zahar, but Beijing has already signalled its readiness to develop its close ties with the Palestinians.

"We are willing to maintain and develop our friendly relations with Palestine... We will earnestly consider future Palestinian requests for assistance," Chinese Foreign Minister Li Zhaoxing said last month.

The Chinese, who only forged diplomatic relations with Israel in 1992, have traditionally been seen as pro-Palestinian. Palestinian Authority president Mahmud Abbas travelled to Beijing in May 2005.

In the coming days, Zahar is to make his first foreign tour since he was sworn in as minister, with a visit to Arab countries, beginning with Egypt, where he will explain the new government's positions, his office said.

Hamas has also received invitations to South Africa and Malaysia although no dates have been set.

The Islamic group's cold-shouldering by the West however has continued with Canada, the Netherlands and the United States all saying they will have no contact with Hamas until it gives up the right to armed struggle and recognises Israel.

The so-called Middle East quartet, the European Union, Russia, the United Nations and the United States, has also collectively warned of dire consequences for Palestinian funding unless Hamas modifies its hardline stance.

Zahar has sought to minimise the loss of Western aid despite the financial crisis facing the cash-strapped Palestinian Authority, saying that Hamas will instead look for funds elsewhere from Arab and Islamic countries.

A visit by Hamas officials to Moscow last month at the invitation of Russian President Vladimir Putin incited Israeli anger and US reservations.

At the time, Hamas described its visit to Russia as a "breakthrough" that they hoped would help the group establish international legitimacy.

Rice To Lay Out U.S.-India Nuclear Deal Before Some Skeptical Lawmakers (WP)

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By Dafna Linzer

The Washington Post, April 5, 2006

When President Bush announced a new phase in U.S.-India relations last month in New Delhi, he was not the only foreign visitor to attract attention. A day after his arrival, two Iranian naval ships, carrying several hundred sailors, docked at the Indian port of Kochi to begin five days of joint exercises, part of an extensive agreement Tehran and New Delhi signed in 2003.

The port call -- and the broader issue of India's military, scientific and economic ties with Iran -- have raised apprehension on Capitol Hill, where members are weighing an effort by the Bush administration to form its own strategic partnership with New Delhi.

Secretary of State Condoleezza Rice will address those concerns and others when she testifies today before the House and Senate foreign relations panels on details of the unfinished agreement, in which the United States would provide India with civilian nuclear technology.

She faces pressure from Republican and Democratic lawmakers, some of whom are pushing for changes to the deal out of concern about nuclear proliferation. In a letter yesterday, a bipartisan group of nuclear experts urged lawmakers not to authorize technology transfers until India stops producing nuclear weapons material, as the United States, Britain, France, Russia, and China are believed to have done.

In response, some administration officials said Rice could announce a new push for an international treaty to end production of all fissile material. Negotiations have been at a standstill since the administration announced two years ago that it could not support the kind of accord that had been on the table.

Last July, Bush agreed to give India access, for the first time, to civilian nuclear assistance, breaking with decades of U.S. policy that kept sensitive nuclear technologies from countries that have not signed the nuclear Non-Proliferation Treaty.

For the Bush administration, the break was seen as a worthy tradeoff in pursuit of a strategy to accelerate India's rise as a regional counterweight to China. But the agreement would also give India the ability to increase its nuclear arsenal. The terms took Congress by surprise, and lawmakers asked India to separate its civilian and military programs to guarantee that no U.S. technology would be used for weapons.

Last month, Bush and Indian Prime Minister Manmohan Singh agreed on a separation plan, but Congress has not yet seen it.

Administration officials say the deal addresses nonproliferation concerns because India has agreed to open some facilities to U.N. nuclear inspections. Perhaps more important, they say, is that the world's largest democracy does not pose a nonproliferation threat.

"India has an excellent nonproliferation record," Rice said last month in promoting the deal. India is not tainted by the kind of nuclear black-market scandal that Pakistan suffered when a senior government official was caught selling nuclear components to Iran, Libya and North Korea.

But the Bush administration's actions suggest it does not see India's record as blemish-free.

The administration has imposed sanctions on two Indian companies accused of supplying Iran's nuclear program. Both companies have protested the sanctions but remain on a list in the Federal Registry. In September, two Indian nuclear scientists were also accused of providing Tehran with technology that could contribute to "the development of weapons of mass destruction." The order against one was later rescinded, but the second remains banned from travel to the United States.

India's support for Iran in diplomatic forums has also caused concern. Last September, after the U.S.-India deal was announced, Rep. Tom Lantos (D-Calif.) -- a strong supporter of India -- criticized Undersecretary of State R. Nicholas Burns during a hearing when Burns said it was unclear whether India would support U.S. efforts to pressure Iran. Lantos urged India to do so to win broader support in Congress.

"We listened carefully to Lantos and his colleagues on the Hill and told the Indians that they had to be supportive of our efforts to isolate Iran, and they did so two weeks later," Burns said in an interview.

Lantos said yesterday: "I have every intention of voting for this deal. But my support is very much contingent upon the Iran-India relationship, and I have served notice that, given the nature of the current regime in Tehran, a proper policy vis-a-vis Iran is

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the sine qua non of my support." Lantos said he did not see how India could have equal ties to Iran and the United States, and said he registered his displeasure over the naval visit last week with India.

State Department spokesman J. Adam Ereli said Washington regretted the timing of the Iranian port call, but added: "Indian-Iranian relations are not of the scope and breadth and depth to call into question the principles that underline our agreement."

It is unclear when Congress will consider the changes to the law needed to complete the India deal. The administration wants Congress to act before summer, but some in Congress say the complex matter will probably not be taken up until after the November elections.

India Nuclear Deal Spurs Lobbying Pro And Con (RC)

By Kate Ackley

Roll Call, April 5, 2006

If Daryl Kimball has it his way, Secretary of State Condoleezza Rice will have a bumpy ride today during her back-to-back appearances before Senate and House committees.

Rice — the sole witness at a morning Senate Foreign Relations Committee hearing and then at the House International Relations Committee in the afternoon — must sell Congress on the Bush administration's agreement to enter into a far-reaching deal with India that will help that country expand its civilian nuclear power program.

Kimball, executive director of the Arms Control Association, opposes the deal and has spent the days leading up to Rice's testimony trying to make sure Members ask her the toughest of questions.

"We want them to ask her what the potential impact of this will be on the 45-nation Nuclear Suppliers Group," he said, referring to an entity created in the mid-1970s after India conducted nuclear tests. Back then, he said, "India used peaceful nuclear assistance to develop its first nuclear bomb test."

Kimball isn't the only lobbyist gearing up for a potentially long and bruising fight over the India deal. With Rice ready to testify this week, lobbyists for India, for organizations that represent Indian Americans and for business groups that support the deal have all stepped up their efforts.

Sanjay Puri, chairman of the U.S. India political action committee, said in recent days that his group has escalated its push in support of the deal. President Bush has come to Congress because he needs its approval to waive certain requirements of the Atomic Energy Act of 1954. Sen. Dick Lugar (R-Ind.) and Rep. Henry Hyde (R-Ill.) have introduced legislation to do just that.

"A lot of work is going on behind the scenes to explain the background on the deal, the fine print and how it is beneficial to America," said Puri, who added that his group and its activists planned to attend an event on Thursday on Capitol Hill to build momentum after Rice's testimony.

"We have about 30,000 members around the country, and obviously we've reached out to all our people who are active in every state and have strongly urged them to reach out to Members of Congress and Senators," he said.

Tita Thompson, a spokeswoman for the Business Roundtable, said on Tuesday that her group was putting the finishing touches on a letter that would be delivered to every Member's office today, urging them to support the administration's deal with India. She said that the letter will explain that the business group believes the deal will promote closer economic, foreign policy and security relations between the United States and India.

The all-Republican lobbying firm Barbour Griffith & Rogers and the law and lobbying firm Venable represent the embassy of India. Barbour Griffith's Robert Blackwill, the former U.S. ambassador to India, is the lead lobbyist on the account; neither he nor his colleagues could be reached for comment. Barbour Griffith's contract, according to public records, amounts to $700,000 a year, while Venable makes at least $50,000 a month.

Rice will have her own legislative affairs specialist in tow, too. Jeffrey Bergner, a longtime private-sector lobbyist who owned his own firm before joining the administration, now serves as the State Department's assistant secretary for legislative affairs. Bergner did not return a call seeking comment, but his office confirmed that he was slated to accompany Rice today.

Venable's James Jatras said the embassy's case for the agreement is strong and straightforward, holding "strategic benefit for the U.S. and for global non-proliferation."

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Currently, Jatras said, about 19 percent of India's nuclear capacity is under inspection. After the agreement, more than two-thirds would be under inspection, he said. "It's ironic that much of the criticism comes from non-proliferation [activists], when it actually greatly strengthens" outside scrutiny of India's nuclear assets, he said.

Jatras, a former foreign policy analyst for the Republican Study Committee, said that even though his client is the Indian government, he is touting the benefits of the agreement for the United States as well.

India, he said, has a growing economy that American businesses could tap into further if relations between the two countries were to warm even more. He also said that in order for the Indian economy to continue to grow, the country needs more energy. Jatras called India "poorly endowed" when it comes to natural resources such as oil.

But Kimball said that his arms control group's message is that contrary to what the deal's supporters say, "this is not a 'win' but a loss from a non-proliferation perspective. The adverse implications have been overlooked."

"We've also been arguing and pointing out that the U.S.-Indian relationship is already a good one, and this flawed nuclear proposal should not be the basis of future relations," Kimball added.

Kimball said his group is part of a loose network of organizations that includes the Friends Committee on National Legislation, the Union of Concerned Scientists and Peace Action. Today's hearings, he said, "are in many ways the second or third round in a long, drawn-out debate."

Rep. Ed Markey (D-Mass.) has introduced a Congressional resolution that expresses concerns about the deal. Markey could not be reached for comment.

Reps. Joe Wilson (R-S.C.) and Joe Crowley (D-N.Y.), the former co-chairmen of the House India Caucus, have taken a leading role in pushing the measure.

Wilson said Rice's appearances today will offer a big boost to the deal. The benefit to America, he said, is that nuclear power for India would reduce the competition for fossil fuel resources such as oil.

Crowley, who visited India the week before Bush traveled there, has been asked by the president to help move the effort forward. He echoed Wilson's fossil fuel argument and added that the agreement could help counteract the greenhouse effect, which most scientists believe leads to global warming.

As for the deal's prospects in Congress, Crowley said, "My sense is that it will go through."

Jatras of Venable said he hopes a bill on this can be reported out by May, if not April.

But Andy Fisher, a spokesman for Lugar, said there was no timeline and added that the Senate committee is prepared to work on this "over the coming weeks and months."

"We are going to have the hearing with Secretary Rice, and an additional hearing or hearings, if necessary, to get views on all sides of the proposal," Fisher said. "Certainly the committee members will want to walk around this a good bit to get a full understanding of all the ramifications for the United States."

Indian Nuke Deal's Fate Could Be Linked To Iran Sanctions Bill (HILL)

By David Mikhail

The Hill, April 5, 2006

A potential standoff involving dueling Iran sanctions bills could determine the fate of a civilian nuclear-cooperation deal with India — a deal that is a high priority for President Bush.

The White House is in the politically awkward position of asking Congress to ratify the high-profile nuclear deal with India while fending off Iran-related legislation that could threaten the U.S.-India pact.

Rep. Ileana Ros-Lehtinen (R-Fla.) and Sen. Rick Santorum (R-Pa.) have introduced bills that seek to cut off funds from Iran that could be applied toward attaining or creating nuclear weapons, enhancing provisions of the Iran and Libya Sanctions Act (ILSA). Each bill possesses provisions that call for the president to sanction oil companies for investing in Iranian petroleum development.

However, the House version, which has 355 co-sponsors, including most members of the Republican and Democratic leadership, provides less flexibility to the president to determine whether to apply such sanctions. The bill would mandate that the

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president make sanctions determinations for any entity under a pending ILSA investigation within 90 days of the bill's enactment. That could strain relations with countries whose oil companies are under such investigations.

Recent actions in the House have substantially increased the likelihood of overlapping discussions of the Iran sanctions bill and the nuclear deal. The legislation was voted out of the International Relations Middle East subcommittee in April 2005 but was not scheduled for a full-committee markup vote until a day before Hyde and Rep. Tom Lantos (D-Calif.), ranking member committee of the full committee, introduced the enabling legislation for the nuclear deal with India this March.

Sam Stratman, a spokesman for International Relations Committee Chairman Henry Hyde (R-Ill.), said, "It would be very premature to draw any linkages to the fate of these very different pieces of legislation." The committee will begin hearings on the nuclear agreement this week. Secretary of State Condoleezza Rice is scheduled to testify today.

The committee cleared the Ros-Lehtinen bill 37-3.

Yesterday, the Congressional Caucus on India and Indian Americans, co-chaired by Ros-Lehtinen, hosted India's oil minister, Shri Murli Deora, to discuss a proposed natural-gas pipeline project with Iran and how the nuclear-cooperation deal will affect India's future demands on oil.

With the nuclear-deal legislation referred to the International Relations Committee, the panel will now play an essential role in whether the bill comes to the House floor for a final vote, whether there will be amendments, which the administration has said would jeopardize the deal, and whether it is ultimately approved.

Ros-Lehtinen has said that the India deal will be a tough sell for committee members because India has not signed the Nuclear Non-Proliferation Treaty. She described her sanctions bill as a "free-standing bill" that should not damage U.S.-India relations but said there would be no exceptions from sanctions for those who have been allied with the United States in the past.

The administration is sharply opposed to the Ros-Lehtinen measure. R. Nicholas Burns, undersecretary of state for political affairs, testified last month that the House bill would "strain relations with our close allies whose help we need to change Iran's behavior" and endorsed a reauthorization of the original ILSA statute.

A subsequent State Department letter, dated two days before the markup vote, said that the administration was "unable to support H.R. 282 as drafted" and that it "would force the president's hand in dealing with sanctions and waiver decisions" that would hurt national security interests.

An International Relations Committee staffer said that the administration attempted to slow down movement of the bill in order to institute changes that would secure diplomatic flexibility but was ultimately unsuccessful.

The administration has thrown its support behind the Santorum bill, according to Robert Traynham, a spokesman for Santorum.

"State likes the Santorum bill much more than the Ros-Lehtinen bill that the House is considering," Traynham said.

Members of Santorum's staff met with Iran experts from the State Department two days after the markup vote of the House bill to discuss the Senate version, while Rice and Santorum conferred about the bill March 8. Traynham added that Santorum is looking to attach his bill to legislative vehicles, including the ILSA reauthorization statute that Burns endorsed.

The Senate bill has 51 co-sponsors, including 18 Democrats, and though introduced last year has remained in the Foreign Relations Committee and has yet to be referred to a subcommittee. Andy Fisher, press secretary for Sen. Richard Lugar (R-Ind.), the committee chairman, said there has been no determination as to whether the Senate will move the Santorum bill for a vote or rely on the Ros-Lehtinen legislation.

As part of a strategic relationship involving issues of counterterrorism, nonproliferation and balancing China's influence in the region, Bush and Indian Prime Minister Manmohan Singh came to an agreement in March whereby the United States would provide technological assistance and nuclear fuel for India's civilian nuclear-energy program while India would subject 14 of its 22 nuclear reactors to inspection by the International Atomic Energy Agency. The enabling legislation would allow for provisions of the Atomic Energy Act of 1954 to be waived for India if certain conditions have been met.

The House legislation could trigger tension between the two nations because of India's previous investments in Iranian petroleum. The nonpartisan Congressional Research Service (CRS) reported that multiple agreements have already been reached between Iran and Indian oil companies in 2004 and 2005. The deals included Iran supplying liquefied natural gas to

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Indian oil companies over 25- to 30-year periods, as well as private and state-owned companies' becoming involved in developing oil and gas fields in Iran.

James Eighmie, ILSA Unit chief with the State Department, offered no comment as to whether there are pending investigations involving Indian oil companies.

India has also shown interest in creating a $7.4 billion gas pipeline with Iran, which would help fulfill India's vast energy needs and sustain its strong economic growth. Iran reportedly hosted talks with oil ministers from India and Pakistan, with future talks scheduled for April. The Bush administration has been consistently opposed to the pipeline project.

A D.C.-based lobbyist, speaking on condition of anonymity, said that the Iran-sanctions bill could be used by opponents of the nuclear deal, specifically members of Singh's coalition majority who are ardent supporters of Iran, to prevent the agreement from being approved in the Indian Parliament.

Counterterrorism and nonproliferation interests have gotten in the way of applying ILSA sanctions in the past, according to the CRS. Many projects placed under review by the State Department, during both the Clinton and Bush administrations, have not culminated in sanctions.

A Pretty Good Deal For America (WSJ)

By Willaim S. Cohen

The Wall Street Journal, April 5, 2006

One of the most important successes of President Bush's foreign policy is the progress being made in building a strategic partnership between America and India, thereby helping reinforce a strong democratic anchor in Asia. Congress is about to consider legislation that would allow the implementation of a U.S.-India agreement on civilian nuclear cooperation. This agreement is key to moving forward in a number of areas of mutual advancement. Some detractors say that it is imperfect and will harm long-held nuclear nonproliferation goals. On balance and over the long term, however, I believe the U.S. stands to gain far more than it will lose by implementing this agreement. * * *

In the U.S.-India Joint Statement of July 18, 2005, the two countries set a course toward increasing ties in the arena of civilian nuclear cooperation. The agreement is important to India and the U.S. because it helps India meet its growing energy needs, but current U.S. policy and law prevent the U.S. from implementing it. India is not a signatory to the Nuclear Non-Proliferation Treaty and will not agree to sign it, because to do so would mean giving up existing weapons that it deems necessary for security. Some argue that carving out an exception for India in the civilian nuclear sphere sets a bad precedent by rewarding India for developing its own nuclear weapons. Critics would liken India's behavior to Iran's or North Korea's and suggest that this agreement will encourage bad behavior by others.

The moral equivalency argument fails a crucial reality test. Iran signed the NPT and then covertly used loopholes in the treaty to pursue its goal of developing nuclear weapons. North Korea, having cheated on its past agreements, has now completely withdrawn from the NPT. Moreover, both Iran and North Korea are known proliferators. India, by contrast, developed its nuclear program outside of the NPT. Importantly, it has not shared or distributed its nuclear material or technology to other nations or rogue groups.

In exchange for changing U.S. policy, law and international agreement, India has made numerous commitments to us. It has committed to separate civilian and military nuclear programs and put the majority of its civilian programs under IAEA supervision and safeguards. These safeguards would prevent diversion of materials to India's existing military program. Moreover, India also has committed to maintain its exemplary record regarding global nonproliferation and is expressing interest in possibly joining the Bush administration's Proliferation Security Initiative. India has passed a national export control law, bringing its law and legal practice into conformity with international standards. New Delhi has reiterated its commitment to maintain a unilateral moratorium on nuclear testing. Finally, and possibly most importantly, India has agreed to work with the U.S. toward achieving a fissile material cutoff treaty.

Make no mistake, this agreement with India is by no means perfect and the Bush administration could have done a much better job in consulting with Congress first. Congress should carefully weigh the provisions of the agreement and the proposed implementing legislation, considering ways the administration can further the cause of nuclear nonproliferation in a manner that

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enhances but does not undermine the agreement with India. But in doing so, Congress should remain mindful that there are many critics in New Delhi who are opposed to the agreement for the very reason that it imposes restrictions on India and are looking for reasons to reject it. If the agreement is rejected in Washington or New Delhi, it is unlikely that India will be able to go forward with further development of its civilian nuclear power generation capability. This will add significant new pressure to the oil market and also force India to burn more coal. Both of these outcomes will damage U.S. economic and environmental objectives.

Initiated under President Clinton and accelerated under President Bush, a closer U.S.-India strategic partnership is born of a shared global vision, the mutual pursuit of democratic ideals, and a common interest in ensuring strategic and regional stability. Simply put, these shared goals and ideals are what make the India case worthy of exception and vastly different from the examples of Iran and North Korea. Strategically, the U.S. and India are laying the foundations of our mutual vision for future defense and security cooperation against the pressure and threats posed by failed states, global terrorist networks and emerging hegemons. * * *

In reality, India is in fact an increasingly important partner to the U.S. and European efforts aimed at stopping Iran's nuclear weapons development program. Delhi and Washington share the problems posed by global extremist terrorism and coordinate ever more closely on a full range of related intelligence matters. India's voice and assistance in the international community helping to ensure that Afghanistan and Iraq are successes is increasingly important. Perhaps, however, our greatest long-term confluence of strategic interest is shaping the positive emergence of China as a global power. To all of these ends, India has great ambitions of joining the U.N. Security Council as a permanent member and assuming even greater global responsibility.

Fundamentally upgrading the U.S.-India relationship represents one of the most important strategic innovations in American foreign policy since the end of the Cold War. Congress should recognize and consider carefully this reality during its deliberations on the civilian nuclear agreement. It is time for two great countries to set aside historical misunderstandings, resolve differences, and move forward with a mutual commitment in promoting democracy, advancing freedom, maintaining security, and establishing free and open markets. India and the United States are embarking on an important and historic journey for the future. Close strategic cooperation and defense security ties between the two countries will be an important element in determining the success or failure of that journey in an ever more complicated and dangerous world.

Mr. Cohen, former secretary of defense, is CEO of The Cohen Group, a strategic advisory firm in Washington.

Russia, United States Increasingly At Odds (AP)

By Judith Ingram

AP, April 4, 2006

Like an aging couple, Russia and the United States seem to spend more time squabbling over what divides them than building on their shared interests.

Whether it's Iran, the Palestinian militant group Hamas or democracy movements in former Soviet republics, Moscow and Washington increasingly find themselves staring warily at one another across the fence.

The Cold War is long over, but questions remain: Will Russia and the United States learn to live with their differences? Or will they get so wound up in recriminations that they can't move forward on the issues where they should find common ground?

Old complaints are often dredged up.

Last week, it was President Vladimir Putin claiming the United States has put up artificial obstacles to slow Russia's entry into the World Trade Organization. While U.S. officials and even Russian negotiators begged to differ, pro-Kremlin lawmaker Konstantin Kosachev speculated the aim wasn't just to deal a setback to Moscow — but to give Ukraine a leg up in its own WTO negotiations.

The week before that, it was Washington's turn to complain, as the Pentagon leveled accusations that Russia had slipped intelligence on U.S. troop movements in Iraq to Saddam Hussein in 2003. Russian officials tersely denied the allegations and fumed over the fact that their American counterparts had not raised them privately before they were splashed across the media.

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The disputes underscored the declining relationship between the U.S. and Russia since 2001, when President Bush declared that he had gotten a sense of Putin's soul during their first meeting. The bond was strengthened after the Sept. 11 terrorist attacks when Putin allowed U.S. forces into Central Asia.

"There have always been differences, but from time to time they were put aside for shared values: nuclear disarmament, euphoria over the end of the Cold War, the fight against terrorism, things that pushed everything else into the shadows," said Ivan Safranchuk, the head of the Moscow office of the Washington-based Center for Defense Information. "But in the periods of thaw, Russia and the U.S. didn't create any stable mechanisms to solve problems."

Meanwhile, Russia's influence in the world has swelled, providing a growing counterbalance to U.S. hegemony. It has been a central player in negotiations over Iran's alleged nuclear arms program and a mediator with Hamas — proving that Washington needs Moscow even as it bridles at the contrary positions Russia has staked out.

The strengthening Moscow-Beijing axis is cause for American nervousness, and may underlie some of the recent vocal U.S. criticism of Russia — judgments Moscow considers unjustified.

Frustration is driving the relationship between the U.S. and Russia now, Safranchuk said, and the root problem is a "dissonance in perceptions." Moscow thinks Washington is ungrateful for the cooperation it has provided, particularly following the Sept. 11. attacks.

Another measure of that dissonance is Russian confusion over why Bush has failed to persuade Congress to lift the Soviet-era Jackson-Vanik trade restrictions while Washington freed neighboring Ukraine from the 1974 measures, opening the way for the former Soviet republic to join the WTO, Safranchuk said.

If the tables were turned and it were up to Russia's parliament to send a positive sign to the U.S., Putin could have the bill pushed through in a heartbeat — the Kremlin's control of the legislature is that strong.

Similar misperceptions have hobbled the economic relationship, in part because the Russian government expects Washington to step in and tell businesses what commitments they need to make, said Andrew Somers, head of the American Chamber of Commerce in Moscow.

For example, the United States wants Russia to develop its liquefied natural gas industry so Washington can reduce its dependence on Mideast oil, but Moscow wants guaranteed sales after it sinks billions of dollars into the project.

"The U.S. says 'we can't do that but don't worry about it, look at our charts for the next 20 years, we're running out of gas, we're running out of oil, we're overly dependent on unstable countries, we want your stuff," Somers said. "And the Russians say, 'Ok, we'll go to China.'"

The United States is among just a trio of countries — the others are Australia and Colombia — that have yet to strike a WTO accession deal with Russia. Putin watches the slow pace of negotiations and sees his ambitions to put Russia back at center stage in world affairs stymied.

"He wants to have the international stamp that Russia is a country in which you can do international trade ... and the U.S. is preventing Russia from being able to do that," said Roland Nash, head of research at Moscow's Renaissance Capital investment bank.

"I just think there's a real sense of frustration."

U.S. Near Deal With China On Illegals (WT)

By Audrey Hudson

The Washington Times, April 5, 2006

The Department of Homeland Security is near an agreement with China to return up to 39,000 Chinese illegally living in the U.S. to the communist country, which previously had refused to accept deportations.

Homeland Security Secretary Michael Chertoff yesterday said the tentative agreement, which would let the U.S. deport Chinese illegals as they are arrested, will act as a deterrent to other foreign nationals contemplating illegal immigration.

"We can't be in the position any longer where we are paying the burden and bearing the burden for countries that won't cooperate with us and take their own citizens back," said Mr. Chertoff as he completed a weeklong tour of China, Japan and Singapore to discuss security and immigration issues.

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Mr. Chertoff said nearly 700 Chinese nationals held in U.S. detention centers are clogging the system and that more than 38,000 have been released on bond after spending the maximum 180 days in lockup.

China has declined to accept the illegals, citing uncertainty about their identities.

"The Chinese government is resolutely opposed to ... illegal immigration," Chinese Foreign Ministry spokesman Liu Jianchao said. "First of all, we have to identify those illegal immigrants and based on that, China is willing to receive the repatriation of illegal immigrants."

Federal immigration judges have issued final orders of removal to Chinese citizens smuggled into the U.S., students and others overstaying their visas, and some awaiting legal immigration.

DHS officials said details of the agreement still are being worked out, as are specific deportation plans. The department uses electronic bracelets to track some illegals released on bond and uses other monitoring programs, such as regular check-ins.

Returning Chinese citizens is a major financial burden for China and a "low priority," Mr. Chertoff said.

"But they've got to understand it's a high priority for us," said Mr. Chertoff, who noted that it costs $95 per day to house each detainee.

China's state-owned Xinhua News Agency reported that a senior official of the Communist Party of China (CPC) told Mr. Chertoff in one meeting that bilateral cooperation is essential to maintaining world peace, stability and development.

Bilateral cooperation on trade, terrorism, nuclear nonproliferation, avian flu and the nuclear buildup in Iran and North Korea also will be top priorities when Chinese President Hu Jintao visits Washington beginning April 20.

"China hopes to make substantial achievements in extradition, fighting terrorism, Olympic Games security and illegal migration," said Luo Gan, a member of the Standing Committee of the Political Bureau of the CPC Central Committee.

William Knocke, Homeland Security spokesman, said a senior department official will remain in China for a few extra days to finish the agreement.

"We are encouraged by our discussions with the Chinese government," Mr. Knocke said. "There are details that we need to still work through, but now we have an agreement, in principle, on streamlining the process of repatriating Chinese nationals."

China is at the top of the list of foreign countries that refuse to cooperate with repatriation when their citizens are caught residing in the U.S. illegally.

When asked which other nations refuse to accept their citizens caught illegally in the U.S., Mr. Knocke said, "We're not above naming names if other governments continue to be uncooperative, but the meetings in China were very productive, and we are optimistic about other possible outcomes."

Tokyo Trip Could Aid Talks On N. Korea (WP)

By Anthony Faiola

The Washington Post, April 5, 2006

TOKYO April 4 -- Top officials from the six countries engaged in North Korean nuclear disarmament talks will converge in Tokyo next week at a private sector conference, fueling hopes of unofficial meetings that could help restart the long-stalled negotiations.

Assistant U.S. Secretary of State Christopher Hill, Washington's chief envoy to the talks, is scheduled to arrive in Tokyo on Monday to meet with his counterparts from Japan and South Korea, U.S. officials said.

During his three-day visit, Hill will attend a Northeast Asia Cooperation Dialogue conference in which top negotiators from the other countries in the six-party talks -- China, Russia and North Korea -- will also be present.

It will be the first time that leading delegates from all six will be at the same forum since November, when the last round of talks ended in Beijing. North Korea has since resisted diplomatic efforts to return to the negotiating table, citing a global campaign by the U.S. Treasury Department to stem its alleged counterfeiting and money laundering operations.

Asian and U.S. diplomats said it was too early to tell whether any talks with the North Koreans would take place at the Tokyo conference. Michael Boyle, spokesman for the U.S. Embassy in Tokyo, said no meeting between Hill and a visiting North Korean official had been arranged. "They will be at the same conference," Boyle said. "That's all we can say."

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Some analysts have suggested that the North Koreans may try to stall for months or even years before allowing the six-party talks to resume. Others say that a U.S. initiative launched last year to root out the communist government's illicit activities has been effective in putting new pressure on it.

The Treasury Department has forced U.S. banks to sever ties with a bank in Macau that is allegedly tied to illicit North Korean funds, a move that has led banks around the world to curtail dealings with North Korea to avoid similar action.

Diplomats said that Jong Thae Yang, a high-ranking official in the U.S. affairs division of the North Korean Foreign Ministry, will attend the Tokyo conference.

Sponsored by the University of California's Institute of Global Conflict and Cooperation Sources, it will bring together top officials and academics from across the region.

The conference comes at a time when Japan is taking more assertive steps on its own to pressure North Korea. Japanese politicians have made progress on both a bill threatening sanctions if it does not negotiate in good faith on the nuclear issue and a dispute over Japanese citizens abducted by the North Koreans during the 1970s and '80s to help train potential spies.

On Tuesday, Japan also added 20 North Korean businesses and institutions to an export restriction list aimed at preventing them from obtaining materials and technology that could have military use.

Syria Imposing Stronger Curbs On Opposition (NYT)

By Michael Slackman

The New York Times, April 5, 2006

DAMASCUS, Syria, April 4 — Just months ago, under intense international pressure to ease its stranglehold on neighboring Lebanon, the Syrian government was talking about ending the ruling Baath Party's grip on Syrian power and paving the way for a multiparty system.

But things have moved in the opposite direction. Syrian officials are aggressively silencing domestic political opposition while accommodating religious conservatives to shore up support across the country.

Security forces have detained human rights workers and political leaders, and in some cases their family members as well. They have barred travel abroad for political conferences and shut down a human rights center financed by the European Union. And the government has delivered a stern message to the national news media demanding that they promote — not challenge — the official agenda.

The leadership's actions were described in interviews with top officials as well as dissidents and human rights activists. They reflect at least in part a growing sense of confidence due to shifts in the Middle East in recent months, especially the Hamas victory in Palestinian elections, political paralysis in Lebanon and the intense difficulties facing the United States in trying to stabilize Iraq and stymie Iran's drive toward nuclear power.

The detentions, the press crackdown, the restrictions on travel and the overall effort to crush dissent are also a response to a fragile domestic political climate and concern over a growing opposition movement abroad.

"I may not be keen on early morning arrests, but this regime was being threatened," Deputy Prime Minister Abdullah Dardari, a Londoneducated technocrat charged with steering Syria's economic overhaul, said in an interview. "The survival of this regime and the stability of this country was threatened out loud and openly. There were invitations for foreign armies to come and invade Syria. So you could expect sometimes an overreaction, or a reaction, to something that is really happening."

On Tuesday, Amnesty International condemned the Syrian crackdown and called on Damascus to release "all of those arrested due to their beliefs." Human Rights Watch said it was sending a letter to the government protesting the arrests.

The government has also sought to fortify its position with a nod to a reality sweeping not just Syria, but the region: a surge in religious identification and a growing desire to empower religious political movements like Hamas and the Muslim Brotherhood. The latter group recently won 88 seats in the Egyptian Parliament in spite of government efforts to block its supporters from voting.

The Syrian government has gone further to accommodate religious conservatives than in the past, officials and religious scholars said.

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It has appointed a sheik, as opposed to a secular Baathist, to head the Religious Affairs Ministry; allowed, for the first time, religious activities in the stadium at Damascus University; and permitted a speech emphasizing religious practices and identity to be given to a military audience. President Bashar al-Assad has increasingly inserted references to religious identity and culture into his speeches.

Most striking was the government's recent decision to reverse itself one month after trying to limit activities taking place in mosques. The Religious Affairs Ministry effectively ordered mosques closed for all activities but prayers, but a few weeks later the decision was deemed a greater threat to a government controlled by the Alawites, a minority religious sect, than the potential for political organizing among the majority Sunni Muslims.

"Before, religion for the regime was like a ball of fire, " said Abdul Qader al-Kittani, a professor of Islamic studies at Fattah Islamic University here. "Now they deal with it like it could be a ball of light."

He added: "Two factors pushed the regime toward this direction. The first is the beat of the street. The second is external pressures on the regime."

Damascus has a very different feel from that of a few months ago, when investigators for the United Nations Security Council issued a report suggesting that the Syrian state — not just individuals — was behind the assassination of Rafik Hariri, the former Lebanese prime minister, in February 2005 and that the authorities here had defied the United Nations Security Council by refusing to cooperate with its investigation.

The new investigator heading the inquiry, Serge Brammertz of Belgium, has kept a far lower profile and taken a less confrontational approach than his predecessor, Detlev Mehlis of Germany. Syrian officials have responded by agreeing to allow President Assad to be interviewed.

With the pressure off, the arrests have been stacking up since January, according to local human rights groups and individuals who say they were picked up by the authorities.

In Damascus, Ammar Qurabi, the former spokesman for the Arab Organization for Human Rights-Syria, was held for four days after returning from political conferences in Washington and Paris. In Aleppo, Samir Nashar, a businessman and opposition leader, was detained for three days after returning from attending political conferences abroad.

The goal was to deliver a message, some of those arrested said: the government will not tolerate any contact between internal opposition figures and a growing opposition movement abroad that is being encouraged by former Vice President Abdel Halim Khaddam, who recently forged an alliance with the Muslim Brotherhood, which is outlawed here.

"This time they wanted to relay a message or a warning: the Muslim Brotherhood, Khaddam and street protests are prohibited," said Hussein al-Odat, an opposition leader in Damascus who said he was detained last week by security forces for two hours. "They said, 'It is clear, and we will not be merciful.' "

Ibrahim Hamidi, the Damascus bureau chief for the pan-Arab newspaper Al Hayat, and the first to report on the new prohibitions, said the government was operating this way because of the changing regional situation. "Now they believe they can get away with it," he said.

Ayman Abdul Nour, a Baath Party member who promoted the idea of reforming the party from inside, said he had grown so disillusioned that he planned to move his business — a Web site that gives voice to calls for reform — from Damascus to the United Arab Emirates.

He said he had been told that the party planned to purge all those with reform agendas from its ranks. "They say they have a fixed time period to crack down and finish off the opposition," Mr. Abdel Nour said.

Human Rights Watch and several Syrian-based human rights organizations say that at least 30 people involved in politics or human rights work have been detained since January, and that several have not been heard from since. Human rights leaders in Damascus say the numbers are likely to be higher because most families are too afraid to report the arrests to their organizations.

Sami al-Abbas, a novelist, and Farouk Hamad, a poet, were arrested Monday for meeting with opposition leaders, said Razan Zaytouneh of the Syrian Human Rights Information Link, a local organization.

Muhammad al-Habash, a member of Parliament and general manager of the Islamic Studies Center in Damascus, says that in spite of the restrictions, Syria is far more relaxed than it was five years ago when, he said, he would not have been allowed to meet with a foreign reporter.

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He also praised the government's recent accommodations to religion, saying, "They realize we need Islamic power, especially at this time," and he endorsed the ban on allowing travel to attend political conferences abroad.

"It is not a suitable time to allow people to travel abroad to participate in opposition conferences," he said. "We have to be real."

Possible Crack In The Boycott Of Danish Goods (NYT)

By Hassan M. Fattah

The New York Times, April 5, 2006

DUBAI, United Arab Emirates, April 4 — A group of prominent Muslim scholars has called for ending a boycott on a Danish food products company over the publication in Denmark of derogatory cartoons of the Prophet Muhammad.

In a statement issued over the weekend, the International Conference for the Support of the Final Prophet, made up of influential Muslim scholars including Yusuf alQaradawi of Egypt and Salman alAwda, a Saudi cleric, advised that the company, Arla Foods, "should be withdrawn from the boycott on Denmark" in recognition of the company's efforts at reaching out to the Muslim world.

Arla placed full-page advertisements in Arab newspapers last month condemning the cartoons as an insult to Islam, a move that was criticized in Denmark but applauded in some Middle Eastern countries.

"We made the decision to make this statement because we really believe that you shouldn't insult people's religions," said Jan Petersen, regional director for Arla Foods Middle East. "As a company we have been caught in the middle of something that nobody could have ever expected."

Arla's dairy products, which disappeared from store shelves when the boycott began in late January, reappeared in some stores in Dubai, Saudi Arabia and other Persian Gulf countries on Tuesday, according to regional distributors.

Thomas May, the Danish consul general in Dubai, said the resolution was the product of weeks of dialogue between Danish representatives and businessmen and Muslim leaders.

But many retailers said they intended to keep Danish goods, including Arla's, off their shelves.

"We are waiting for the results, but we still have not seen a solution to the problem," said a product manager at the Sharjah Cooperative Society, a retailer in the emirate of Sharjah, who spoke on condition of anonymity because he was not authorized to speak publicly.

"The boycott is not in our hands or in the hands of the government," he said. "It's in the hands of the people, and ultimately the consumer must decide."

Westerners In Madrassahs (CSM)

By David Montero

The Christian Science Monitor, April 5, 2006

KARACHI, PAKISTAN - A death in the family opened a doorway back to Islam for Imtiaz Baksh, a tall, turbaned Canadian with a prominent beard and quiet voice. Although raised as a Muslim by parents of Indo-Pakistani origin, he'd never been much of a practicing one himself until his mother passed away.

"Emptiness appears in the heart," he recalls, sitting on a carpet at a madrassah in Karachi. "In that way you can be born again."

More than 10 years ago, Mr. Baksh, his wife, and son began a journey that led them from the quiet of Alberta to the crushes of Karachi. They had opted to study Islam at the Jamia Binoria, a prominent madrassah or Islamic school, where they have remained since 2000.

Under pressure from Western governments, Pakistan has banned foreigners like Baksh from madrassahs after it was discovered that one of the London bombers had visited a Pakistani madrassah. No official deadline has yet been set for the return of foreign students, although the government claims 65 percent have already left.

Many of those who remain are Westernized Muslims who are pursuing a madrassah education as a supplement to - not a substitute for - other types of modern education. Indeed, many come with long experience in Western classrooms, and could form a bridge between Western and Islamic worldviews and systems of thought.

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Jamia Binoria, founded in 1954, is one of the largest madrassahs in Pakistan, a sprawling complex where 5,000 students, including some 200 foreign students from 32 countries, squeeze into tiny rooms. The atmosphere is somber despite the tight spaces, and the students sway as they intone methodically over the Koran.

Like many Western students here, Imtiaz Baksh considers returning to the West with the evangelical mission of spreading the teachings of Islam, perhaps by opening a school in Canada. His son, 19-year-old Ejaz Ullah, intends to follow suit.

"Living there [in Canada] opened my eyes to how the world operates, how young people develop themselves. Living in a democratic country gave me an understanding of freedom of speech. A person had rights; you can say what you wanted to say and not be afraid of being taken away by the secret police, for example," says Baksh.

The Bakshs are one of many students at madrassahs who, in their education and upbringing, embody a melding of Western values and traditional Islamic teaching.

Saeed-ur-Rahman, who was born in England to Pakistani parents, is, he believes, a corrective to a popular misconception about madrassahs.

"It's a misconception that students [at madrassahs] are downtrodden, poor, dead-enders," he says over rounds of tea at the Jamia Uloom Islamia madrassah in Binnori Town, Karachi. "We studied [in the West], in school, in college."

A recent study by The World Bank bolsters this view, pointing out that "[t]here is weak evidence to support the hypothesis that poorer and less-educated families are more likely to send a child to a madrassah." The report also says that 75 percent of all households with a child in a madrassah also send a child to a private or public school, challenging the notion that madrassahs are the province of radicalized families.

Mr. Rahman's decision to study here makes perfect sense in his worldview. "If somebody wants to study engineering, they go to the West. We have come to these centers where the standard of Islamic education is higher," he explains in British-accented English.

Madrassahs are widely criticized for providing what is considered a paltry modern education. Like many madrassahs, Rahman's does in fact provide several years of English, science, social studies, and mathematics. But many within the system point out that, in the hundreds of years that madrassahs have existed, modern education has never been the point.

"Material seeking and getting a job are not our purpose," says Mulana Saif-ullah Raddani, editor of the madrassah's weekly newspaper. "The only purpose of our education is to understand God's commandments."

He adds that his own son is studying at the madrassah while pursuing a BA degree in computers at a private college. Some of the foreign students have come to Pakistan to gain a similar mix of madrassah and modern learning, sent by their parents to learn Islamic teachings before returning to schools in the West.

There are those who do not welcome the presence of foreign students, finding it suspicious at best and potentially dangerous at worst.

"This is a most dangerous kind of person," contends S.H.M. Jafri, a professor of Islamic studies at the Aga Khan University in Karachi. "Madrassahs give specialization in a certain type of Islam" which adds to sectarianism, he says.

Mr. Jafri finds the decision to study at madrassahs questionable given the option of studying at universities in the West. "They could have gone to a department of Islamic studies at a university in America, or at the American University in Cairo. Why have they chosen a madrassah?" he says.

Rahman believes the answer lies in taking the best from both worlds. "We take the good that the West has to offer, and then we come here and take away from this country the good, and leave with a better frame of mind," he explains.

Rahman and others say there is no over-riding conflict between their religious values and the values of the societies to which they will return.

"I don't disagree with the system. I disagree with the people who abuse the system," Baksh says. "I have a negative opinion of drug lords and pimp lords."

But there are limits to how, as Muslims, they can enjoy the social freedoms of Canada and England.

"If you call open-mindedness the freedom to do what you want freely, to sleep around wherever you want - Islam does not allow that. There is a limit to everyone's freedom," Saeed-ur-Rahman says, adding, "I think anyone can live anywhere in the world

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and mix with anyone in the world if he's a good citizen, and that's what Islam teaches you, to be loyal to your country, to your community."

Historic First: Kuwaiti Women Vote, Run (CSM)

By Jamie Etheridge

The Christian Science Monitor, April 5, 2006

KUWAIT CITY - A sea of black flooded a local polling station in Kuwait Tuesday when hundreds of women clad in the head-to-toe abaya cast their vote for the first time.

One of the two female candidates contesting a vacant seat on the powerful Municipal Council, Khaledah Al-Khader, said she faced some criticism from Islamic groups.

"Some individuals believe that simply because I am of the female gender, I am incapable of having a seat in the council - because I would not be strong enough to deal with the pressure," says Ms. Khader, a medical doctor educated at Tulane University in New Orleans.

Considered a test case for 2007 parliamentary polls, the by-election is the first in which women have been able to vote since the National Assembly approved universal suffrage last year.

The May 2005 decision sparked widespread debate about women's roles in politics, with some conservative Islamist members of Parliament arguing that women should not be allowed in Parliament without wearing the Islamic hijab, or head covering.

The landmark political participation of women in Kuwait's election Tuesday is part of a regional trend in the Arab Gulf states, where women are growing more publicly vocal about political matters.

Qatar recently announced that it would hold first ever parliamentary elections in 2007, in which women will be allowed to vote. These modest political gains mark a dramatic shift for a region where many women still cannot even leave their homes, take a job, or go to school without the permission of their father or husband.

But though Kuwait's new law was a victory for women activists who had fought for suffrage for decades, female candidates and voters still face obstacles.

Khader's fellow female candidate, 32-year-old chemical engineer Jenan Al-Bousheri, has taken a modest approach to her campaign, refusing to visit the all-male diwaniyas, or gathering places. Another female politician, Ayesha Al-Reshaid, who already announced plans to run for parliament in 2007 and has visited male diwaniyas, recently received a death threat warning her to stop campaigning.

Ms. Bousheri, who wears the Islamic hijab and has worked for the municipality for 10 years, says she doesn't feel threatened but instead is simply being respectful of the country's conservative nature. In addition to not visiting the diwaniyas, she refused to include her photo on campaign billboards, which could be considered indecent.

"It's a new situation in Kuwait. I don't want to put [up] my pictures. Maybe in the next two years or three years, the situation will be different ... I can put it [photos] but it's my decision," she says.

Early morning turnout at the polling stations was modest. Each station included an entrance for men and for women. Female monitors had been appointed by the electoral authorities to check the identity of female voters wearing abaya and niqab (face covering).

Kuwait TV said the polls marked an "historic day" for the country. Kuwait's Prime Minister Sheikh Nasser Al-Sabah praised the elections, visiting polling stations in the predominately Shia area of Rumaythia just south of downtown Kuwait City.

The Municipal Council has 16 members, 10 elected and six appointed by the government. The local government body wields considerable power across the nation, approving building, construction, and road projects.

The seat became vacant following the death of the late Amir Sheikh Jaber Al-Sabah and the appointment of a new government by the new Amir Sheikh Sabah Al-Ahmed Al-Sabah. Abdullah Al-Muhailbi, the Municipal Council member representing the fifth district of Rumathiya, Salmiya, was appointed Minister of Municipality in the new government.

In addition to the two female candidates, six male candidates competed for the seat. Women made up 57 percent of the 28,000 eligible voters for the fifth constituency.

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Speaking at the polls, Khader told reporters that the elections showed the country and the world the capabilities of local women.

"This is the first time Kuwaiti women can show the men that we are capable. It is important that we do our best and leave the outcome of the polls to God," she said.

Scandal Pushes Thai Premier To Say He'll Resign (WP)

By Alan Sipress

The Washington Post, April 5, 2006

BANGKOK, April 4 -- Prime Minister Thaksin Shinawatra announced Tuesday that he would resign in an effort to end months of demonstrations that have shaken Thailand. He pledged to leave office as soon as a new parliament convenes.

"I want all Thais to reunite," he said in a brief televised address to the nation, just two days after he won a snap election that was boycotted by the main opposition parties. "We have no time to quarrel. I want to see Thai people unite and forget what has happened."

Thaksin's pledge to resign marked a stunning reversal of fortune for a man who had aspired to be Southeast Asia's premier statesman. It followed accusations of corruption and abuse of power that have repeatedly drawn tens of thousands of demonstrators into the streets, most of them affluent residents of Bangkok who object to what they call Thaksin's autocratic rule.

The prime minister apologized to his supporters during his address and appeared to choke back tears. He said he was eager to relinquish his office but would remain in power until parliament picked a successor. He also said he would retain his seat in parliament and play an active role in the party he founded, Thais Love Thais.

Under Thai law, the new parliament should convene and begin the process of selecting a replacement by the beginning of May. But the session cannot open until all 500 seats are filled, and 39 remain vacant after the weekend balloting.

The national election commission announced Tuesday that it would hold new elections in those districts in two weeks. The main opposition parties will be eligible to contest the races, which should help ease the process of filling the vacancies.

Last year Thaksin became the first elected prime minister in his country's history to win a second consecutive term. His triumph on a wave of rural support was so overwhelming that he also became the first Thai leader to govern without having to form a coalition.

But the policeman-turned-mobile telephone tycoon alienated many in the capital with his combative approach. When allegations that he had improperly enriched himself in a telecommunications deal surfaced three months ago, his support among Bangkok's influential middle class crumbled.

During his abruptly scheduled speech on Tuesday, Thaksin, 56, appeared subdued. He appealed for an end to the crisis that has rattled Thailand since his family sold its business empire to a Singapore state company for $1.9 billion in January. He has denied doing anything illegal in connection with the deal.

"As for the many things I have been accused of, this prime minister has never thought of doing anything wrong or evil to the country. I think I have done my best," he said. He added: "Let's clean up our house and stop the chaos."

Speculation had mounted earlier in the day that Thaksin was preparing to quit after his office disclosed he was to pay a private call during the afternoon on King Bhumibol Adulyadej, who is widely revered in the country but keeps his distance from politics. Government officials provided no details about the visit, calling it a routine audience scheduled every six weeks to brief the king and seek his advice.

But the trip to the beachfront Klaikangwon Palace, 120 miles south of the capital, came one day after Thaksin raised the possibility on a television talk show that he might step aside for the sake of national reconciliation. To do so, he would have to tender his resignation to the king.

Thaksin's aides described his planned resignation as a break from politics, leaving open the possibility that he might return to elected office.

Politicians and political analysts said they expect he will continue to play a powerful role behind the scenes because he remains the dominant force in the country's largest party. He is one of the country's richest people.

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Although Thaksin did not name a successor, discussions inside his party have focused on several of his loyal lieutenants. In particular, the media and political analysts have spoken of Deputy Prime Minister Somkid Jatusripitak, a marketing specialist who also serves as commerce minister.

Somkid, who holds a doctorate in business management from Northwestern University, is a longtime confidant of Thaksin's, having previously served as his adviser when Thaksin was a cabinet minister in a prior government. He is considered by many to be less controversial than other party insiders and was responsible for introducing some of Thaksin's most popular policies.

Some critics on Tuesday welcomed Thaksin's announcement. But it remained unclear whether others would be satisfied and suspend their protests before he leaves office. In recent days, many of the prime minister's foes had demanded his immediate resignation.

"He's trying to dictate the terms of his departure. He's trying to get around the election law by forcing parliament to open," said Korn Chatikavanij, a spokesman for the opposition Democrat Party, reflecting a continuing distrust of Thaksin's motives.

Protest leader Sondhi Limthongkul, who ignited the anti-Thaksin movement last year against his former business partner, gave the prime minister until April 30 to depart. He said the alliance would hold one last rally Friday in central Bangkok and then resume the protests in May if Thaksin had not followed through on his pledge.

Some detractors have also stressed that a resignation alone would not be enough to end the crisis. In an editorial Tuesday, the Nation newspaper said Thaksin's party would have to relinquish power so that a provisional government could undertake constitutional reforms.

"An independent inquiry must also be initiated to look into corruption and allegations and conflicts of interest involving Thaksin, his family and their cronies," the newspaper wrote. "Failing that, there can be no reconciliation."

Thai Premier Quits His Post, Ending Turmoil (NYT)

By Thomas Fuller

The New York Times, April 5, 2006

BANGKOK, April 4 — Thaksin Shinawatra, a billionaire turned populist politician, said Tuesday that he would step down as Thailand's prime minister, ending five years of increasingly tumultuous rule and breaking a political stalemate over demands for his resignation that had gripped the country for the past two months.

It was a sudden reversal for Mr. Thaksin, who a day earlier had claimed victory in national elections held Sunday that had been boycotted by opposition parties.

"Our country needs to move on," Mr. Thaksin said in a hastily arranged, 10-minute appearance on national television late Tuesday. "Our children need to have a much better future. There's no point if adults keep trying to beat each other up and finally destroy the country."

Mr. Thaksin said he would stay on as caretaker prime minister until a new leader was chosen, which according to Thai law must take place within 30 days of the election. Thai media have speculated about several possible replacements, including the commerce minister and close Thaksin ally, Somkid Jatusripitak.

By adopting universal health care, cracking down on drug dealers and offering debt relief to farmers, Mr. Thaksin endeared himself to rural voters, who make up 70 percent of the country's 63 million people.

But while he was loved in the countryside, he was despised by the Bangkok elite, who accused him of using his political power to further his business interests.

They also accused him of worsening the Muslim insurgency in southern Thailand, stifling media independence, fostering a culture of corruption in government contracts and allowing the police to conduct hundreds of extrajudicial killings, a charge the prime minister has brushed aside.

Mr. Thaksin, 56, announced his resignation after a meeting with Bhumibol Adulyadej, the revered Thai king, who will celebrate 60 years on the throne in June.

"We don't have time to fight," Mr. Thaksin said. "I want to see the Thai people reunite and forget what happened in the past."

Mr. Thaksin made several references to the king, suggesting that the meeting had influenced his decision.

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Candidate Promises To Reform The U.N. (WT)

By Sharon Behn

The Washington Times, April 5, 2006

Sri Lanka's candidate to lead the United Nations said yesterday that as secretary-general, he would push ahead with reforms to the world organization and take a more proactive stance toward "what is evil and wrong with the world."

Jayantha Dhanapala told editors and reporters at The Washington Times that whoever replaces Secretary-General Kofi Annan next year would have to address the scandals that have weakened the United Nations' credibility.

"It is very clear that management is an imperative -- we need to have a strong management hand," said Mr. Dhanapala, who served as the U.N. undersecretary for disarmament from 1998 to 2003.

Mr. Annan's term expires Dec. 31, and three candidates have taken their campaigns on the road, visiting New York and the capitals of the five permanent Security Council members. The council must agree on a name before the 191-member General Assembly votes on the nominee.

Under an informal rotation system, it is Asia's turn to lead the world body. But U.S. Ambassador John R. Bolton has said the next secretary-general should be chosen for his or her administrative skills, not the location of his or her home country.

Beijing, meanwhile, is pressing hard for the job to go to a candidate from one of the 54 members of the U.N. Asian Group.

"China strongly believes that Asia can provide the next secretary-general," Ambassador Wang Guangya told The Washington Times yesterday in New York.

Slovakian Ambassador Peter Burian, the only Eastern European voice on the Security Council besides Russia, said "the majority opinion" in the United Nations favors an Asian. "But we feel that the concept of geographical rotation should be secondary to the qualifications."

Mr. Dhanapala was in Washington meeting with State Department officials, members of Congress and think tanks to convince them of his reformist agenda and bridge-building style.

Although he declined to criticize Mr. Annan's record since he became secretary-general in 1997, Mr. Dhanapala said that the Iraq oil-for-food scandal had "sapped the morale" of the organization and that divisions over the Iraq war had affected Mr. Annan's stewardship of the United Nations and its roughly 56,600 employees worldwide.

In an indication of how he would lead, the Sri Lankan candidate noted that Article 99 of the U.N. Charter gives the secretary-general the authority to bring to the attention of the world body any issue that is likely to be a threat to peace and security.

"I think this article needs to be used much more," Mr. Dhanapala said. "We cannot allow sections of humanity to be preyed upon."

Balancing the interests of the United States against those of other nations "does not mean turning a [blind] eye to what is wrong and evil in the world," he said.

Thailand and South Korea also have named candidates -- Surakiart Sathirathai and Ban Ki-moon respectively -- and several other names have been mentioned, including two candidates from Singapore and Poland's former president Aleksander Kwasniewski.

French Premier Refuses To Bow To Protests By Angry Youths (NYT)

By Elaine Sciolino And Craig S. Smith

The New York Times, April 5, 2006

PARIS, April 4 — Waves of demonstrations, strikes and violence hit France again on Tuesday as Prime Minister Dominique de Villepin, weakened but defiant, refused to bend to the demand that the government scrap a disputed youth labor law.

It was the fifth nationwide protest since February against a modest initiative that was aimed at encouraging the hiring of young people but that has provoked an improvised, open-ended campaign against the French government itself.

The protest in Paris was marred by violence at its destination at the Place d'Italie in the southeast of the city. Angry gangs of young people throwing bottles and stones clashed with the riot police, who fought back with tear gas and waded into the crowd to handcuff and haul off troublemakers.

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Some of the small, mobile bands of youths known as casseurs, or smashers, broke concrete sidewalks and threw the pieces at the police. The youths kicked and beat protesters and destroyed property, tearing out park benches and pulling down street signs.

At times, other demonstrators tried to stop the destruction by creating circles around the casseurs. Earlier in the day, the police went from store to store at the enormous square, urging shopkeepers to close their doors.

By evening, more than 300 people had been arrested in Paris. But the clashes seemed less fierce than those of just a week ago, as riot police officers managed to keep discipline and maintain order.

In the northern city of Lille, however, hundreds of youths smashed shop windows, vandalized cars and threw rocks, bottles and other objects at the riot police, who fired back tear gas. A female reporter was assaulted while filming the violence and a young man suffered burn injuries from the shell of a tear gas grenade, Agence France-Presse reported.

The police also used tear gas to disperse casseurs in other cities, including Caen, Rennes and Lorient.

The protests brought more than one million people into the streets in cities and towns throughout France, slightly lower than the 1.16 million protesters of a week ago, according to the Interior Ministry. Union organizers estimated the number for both demonstrations at three million.

The protests even reached as far as the French island of Réunion, nearly 6,000 miles away, where thousands of people in two cities marched against the law.

The strikes that accompanied the protests on Tuesday disrupted daily life but, again, not as severely as those of last week. Some offices, hospitals, shops, universities and high schools were closed or working less efficiently; some transportation services were disrupted.

Only 24 of France's 84 universities were functioning normally, with others either partly blocked by demonstrators or closed. The Eiffel Tower was closed, as it was during last Tuesday's protests.

But, in a sure sign that this was not a country paralyzed, the Paris Métro and bus system ran on a normal schedule. Mail and many newspapers were delivered. Only 18 percent of railroad workers were on strike, compared with 28 percent a week ago. Fifteen percent of domestic flights were canceled, half the percentage of last week. The Education Ministry reported that 23 percent of its workers were absent, compared with 36 percent last week.

In the National Assembly, Mr. de Villepin faced savage criticism from the opposition.

"Mr. Prime Minister, who is governing France today?" asked Jean-Marc Ayrault, the leader of the Socialist party bloc in the Assembly. At another point he said: "You govern no more. You hold the appearance of power, but you no longer exercise it."

Mr. Ayrault said France was mired in a "crisis of regime with two prime ministers," apparently referring to the active role that Interior Minister Nicolas Sarkozy has played in trying to open a dialogue with the unions.

In reply, Mr. de Villepin vowed, "The government will not give in." Despite predictions that the law is doomed, he insisted: "What we want is a victory against unemployment. This is a victory for France."

The attacks on Mr. de Villepin, who has never held elective office, have grown fiercer over this issue in recent weeks. On the streets of Paris, one sign read, "In memory of a virtual prime minister."

The position of the government deteriorated even further after President Jacques Chirac's televised address on Friday, when he made a compromise offer that watered down the youth labor law.

The law, as passed by Parliament and upheld by the Constitutional Council, created a new labor contract for people under the age of 26 that gave employers up to two years to fire them without cause.

Mr. Chirac said he was sending the measure back to lawmakers, asking them to cut the probation period to one year and to require employers to give a reason for any dismissal. He asked companies not to issue contracts under the law until it had been modified. But two days later, Mr. Chirac signed the original youth initiative into law.

Fifty-five percent of those polled for a survey by BVA in the newspaper Les Échos on Tuesday said Mr. Chirac's decision to amend the law was "not enough."

According to a BVA poll that will appear in the weekly magazine L'Express on Thursday, only 49 percent of those polled said they hoped that Mr. de Villepin would stay in the post of prime minister, while 45 percent expressed the hope that he would resign.

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Mr. Sarkozy, who is also the leader of the governing Gaullist party, meanwhile, has given the impression that he, not Mr. de Villepin, his political rival, is managing the crisis. Over the weekend, Mr. Sarkozy spoke by phone with leaders of the main unions, and on Monday night held talks with party deputies to discuss amendments to the new law.

Millions In France Protest Law, Leadership (WP)

By Molly Moore

The Washington Post, April 5, 2006

PARIS, April 4 -- Geoffroi Cabioch, a 21-year-old veterinary student who joined the protesters surging through Paris on Tuesday, does not oppose the new youth labor law that provoked the massive demonstration. In fact, he believes that the law "will help some of my friends find a job."

Cabioch said he was not protesting a law, but the attitude of the French government.

As many as 3 million people thronged the streets of cities across France -- equaling the huge protests of one week ago -- in what has grown from a protest against a single labor law to an outpouring of discontent with an aging leadership that a new generation feels does not represent its interests.

Even the violence that now routinely breaks out between crowds and riot police at the end of each march in Paris took on a government-vs.-the people tone Tuesday.

When heavily armored officers chased hooded youths who appear to show up just for the sport of mayhem, peaceful demonstrators booed. When flying bottles hit officers, the crowd erupted in cheers of approval. When police fired tear gas into the swarms of people, the youths, wearing hoods almost as a uniform, and peaceful people alike retreated, coughing and cursing the riot squads.

Tuesday's demonstrations and accompanying strikes that disrupted airplane and train schedules and shut down the Eiffel Tower for the second time in a week came despite a pledge by President Jacques Chirac to modify the new labor law.

It allows employers to fire workers under the age of 26 any time during their first two years of employment. Chirac said in an address to the nation Friday he was willing to cut that period to one year and to make other concessions, which he did not specify. He signed it into law Sunday.

Government and union officials are scheduled to meet Wednesday to discuss the changes.

Prime Minister Dominique de Villepin, author of the law, rammed it through Parliament in a 2 a.m. vote on an omnibus package he called "an equal opportunity law."

A new survey released by the BVA polling group Tuesday showed Villepin's popularity had plunged to 28 percent -- a 14-point drop since the protests began more than a month ago. Villepin is widely considered Chirac's leading choice for president in next year's elections.

The recent demonstrations have been the largest in France in decades. In the past, such huge displays of public anger have resulted in governments collapsing.

French government officials estimated Tuesday's turnout at 1 million in dozens of towns and cities across France; union officials put the figure at nearly 3 million.

The government claimed that only 84,000 people marched in Paris, which appeared to be a fraction of the actual number. Demonstrators poured into southeastern Paris's sprawling Place d'Italie for more than four hours. Union officials said 700,000 people participated.

The Paris demonstrations drew people from across a generational, social and educational spectrum. Parents pushed toddlers in strollers. Students from elite universities walked alongside the French-born children of African immigrants from high schools in poor suburbs. But many echoed the same frustrations.

Young people marching Tuesday expressed more anger over the way Chirac's government has imposed the law than dismay at the law itself. "The government didn't discuss the law with the unions," said Yann Lafforgue Puyo, 28, a consultant for the Renault auto company. "They imposed it -- that's not what I call democracy."

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"I'm here to demonstrate against the government, which never listens to us," said Adler Innocent, a towering 22-year-old with a diamond earring. He is the son of Haitian immigrants who lives in one of the Paris suburbs hit hard last fall by a wave of arson and vandalism.

But Rebecca Wattenberg had no sympathy for the demonstrators. She stood defiantly in front of her shop, which was filled with colorful, painted glass plates, glasses and mirrors.

"I'm 22 myself -- like the demonstrators," she said, clutching the shop door key, preparing to lock up to prevent possible vandalism. "But I don't understand them. They would work and not demonstrate if they needed money."

She said the new job law was needed to give employers more flexibility. "Everywhere else in Europe people have started to realize that job laws have to change," Wattenberg said. "But not here."

Yvette Fouleboeuf, 84, who stood outside her apartment, shod in dog's-head-style slippers, said she supported the demonstrators and opposed the labor law "for my grandchildren -- they're so worried about the future."

As the demonstration began, police rounded up dozens of youths of African descent, handcuffed them and loaded them onto two buses.

Before the chanting, banner-waving marchers reached the Place

d'Italie, workers at McDonald's and Kentucky Fried Chicken restaurants were nailing large boards over their plate glass windows as though preparing for a hurricane. Cafe waiters scrambled to move tables and chairs off the sidewalks and inside.

The march was peaceful until it reached its final rallying point in the place. There, parts of the crowd erupted in mayhem, ripping up street signs and chunks of concrete and hurling them at riot police. The officers advanced on the attackers in long lines, frequently firing tear gas to disperse the crowd. In last week's turnout, hooded youths frequently robbed the peaceful demonstrators. There were no similar reports on Tuesday, even as youths threw pieces of concrete at news photographers.

But vendors who set up a grill to sell sausage-and-onion sandwiches to demonstrators were attacked by a group of youths. The vendors leapt into the cab of their truck and sped away, leaving a trail of broken bottles, squashed sausages and puddles of mayonnaise on the pavement.

Ex-Spy For Britain Found Fatally Shot In N. Ireland (WP)

By Shawn Pogatchnik

The Washington Post, April 5, 2006

DUBLIN, April 4 -- A former official in the Sinn Fein political party who was recently exposed as a British spy was found fatally shot Tuesday, after apparently being tortured, police said. The killing seems certain to further complicate Northern Ireland's stalemated peace process.

Denis Donaldson, 55, died in his isolated home in Glenties in northwest Ireland, said the Irish justice minister, Michael McDowell, adding that Donaldson's right forearm had been nearly severed. He was last seen alive Monday while walking in the village, according to McDowell.

Donaldson was Sinn Fein's legislative chief in the failed power-sharing government of Northern Ireland. He admitted in December that he had been on the payroll of the British secret service and the province's anti-terrorist police for two decades. He went into hiding after that because the Irish Republican Army has traditionally killed known informants.

On Tuesday, the IRA denied responsibility in a one-line statement. "The IRA had no involvement whatsoever in the death of Denis Donaldson," the outlawed group said.

Irish Prime Minister Bertie Ahern and British Prime Minister Tony Blair condemned the killing, which came at a pivotal moment in Northern Ireland's 13-year-old peace process.

On Thursday, Blair and Ahern are to travel to Northern Ireland to reveal a new blueprint for reviving a Protestant-Catholic administration, the intended cornerstone of the province's 1998 peace accord. The plan -- 3 1/2 years of diplomacy in the making -- would call on Northern Ireland's legislature to reconvene in mid-May and face a Nov. 24 deadline to elect an administration.

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The killing appeared certain to harden Protestant opinion against cooperating with Sinn Fein, the IRA-linked party that represents most Catholics in Northern Ireland. But officials in both governments said they would go ahead with Thursday's announcement.

Sinn Fein's leader, Gerry Adams, who in December defended Donaldson as an innocent man and then outed him as a British spy, said he did not know who killed him. But he suggested it might have been the work of IRA dissidents opposed to Sinn Fein's peacemaking efforts.

"It is likely that his death at this time is intended to undermine current efforts to make political progress," Adams said. "Those who carried out this murder are clearly opposed to the peace process."

Ian Paisley, whose Democratic Unionist Party represents most of Northern Ireland's British Protestant majority, said that someone within the IRA ranks was the most likely culprit. "There is a finger pointing tonight at IRA-Sinn Fein," he said.

A Catholic-Protestant administration for Northern Ireland fell apart in October 2002 because of an IRA spying scandal involving Donaldson. He and two others were charged with pilfering documents that identified the personal details of thousands of potential IRA targets. Protestants accused the IRA of plotting a possible resumption of its violent campaign.

But British prosecutors mysteriously dropped all charges in early December. A week later, Adams announced that Donaldson had confessed to being a paid British spy. Within hours, Donaldson admitted the same in a television interview.

During its 27-year campaign, the IRA's internal security unit tortured scores of IRA members suspected of passing information to British intelligence. Typical IRA methods included drowning the interrogation victim in a bathtub, applying electric shocks and administering cigarette burns.

The IRA last year declared it was renouncing violence for political purposes and backed the pledge by giving up its weapons stockpiles, moves that were supposed to spur a revival of power-sharing involving Sinn Fein. But Paisley has refused to cooperate with Sinn Fein, citing the IRA's refusal to disband and its alleged involvement in criminal activities.

I.R.A. Turncoat Is Murdered In Donegal (NYT)

By Brian Lavery

The New York Times, April 5, 2006

DUBLIN, April 4 — Denis Donaldson, a former member of the Irish Republican Army who was exposed last year as a British spy, was found shot dead Tuesday evening at his isolated home in Donegal.

Ireland's justice minister, Michael McDowell, confirmed that Mr. Donaldson had taken a shotgun blast to the head, and that his right forearm was "almost severed," a mutilation similar to those inflicted on I.R.A. informers throughout Northern Ireland's sectarian conflict.

Mr. McDowell said Mr. Donaldson, 55, had been tortured in his home near Glenties, in northwest Ireland, The Associated Press reported.

In a statement, the I.R.A. denied any involvement, but the killing threatens the fragile equilibrium that has lasted since last summer, when the group declared an end to its war against British rule in Northern Ireland.

In 2002, Britain accused Mr. Donaldson of spying for the I.R.A. by stealing documents from government offices at the Northern Irish parliament.

At the time, Mr. Donaldson was receiving paychecks from the British intelligence agencies MI5 and Special Branch while he was serving as Sinn Fein's chief administrator for the power-sharing provincial parliament.

The charges brought down the coalition that was formed under the Northern Ireland peace accord of 1998.

His killing came just two days before the Irish and British prime ministers, Bertie Ahern and Tony Blair, are to meet in Northern Ireland to discuss restoring the local government.

Mr. Donaldson's spying for the British became public last December after the 2002 spying charges against him and two others were dropped suddenly by the British government.

After he was informed that the charges were being dropped, he admitted his dual role to his Sinn Fein colleagues, an announcement that came as one of the movement's most embarrassing scandals in years.

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When he confessed in December, he told the state broadcaster RTE, "I was recruited in the 1980's after compromising myself during a vulnerable time in my life."

He added, "I apologize to anyone who has suffered as a result of my activities, as well as to my former comrades, and especially to my family, who have become victims in all of this."

Gerry Adams, president of the I.R.A.'s political wing, Sinn Fein, after personally offering his condolences to Mr. Donaldson's family, said: "It has to be condemned. We are living in a different era, and in the future in which everyone could share.

"This killing seems to have been carried out by those who have not accepted that."

Ian Paisley, the leader of Sinn Fein's Protestant rivals, the Democratic Unionists, said the killing "has put a dark cloud" over the talks Thursday between Mr. Ahern and Mr. Blair.

"Eyes will be turned towards I.R.A./Sinn Fein on this issue," Mr. Paisley said.

As the province's largest party, the Democratic Unionists are exercising a de facto political veto by refusing to share power with Sinn Fein.

Mr. Blair and Mr. Ahern plan to restart the fledgling legislature in May, despite Protestant worries about the continued existence of the I.R.A.

Many Northern Irish republicans, who want the province to break away from Britain and join Ireland, might be happy to see Mr. Donaldson dead, and Mr. Adams suggested that his death might have been the work of British intelligence agencies seeking to move blame back toward the republicans.

Mr. Donaldson had earlier earned his bona fides as Mr. Adams's cellmate when they were jailed in the 1970's. He was also arrested after training in guerrilla warfare with Hezbollah in Lebanon in the 1980's.

Since his admission of spying and his expulsion from Sinn Fein, Mr. Donaldson seemed to age decades. When he finally admitted that he had been spying for the British, he fled his home in Belfast to a remote part of County Donegal, and a cottage that had no electricity or running water.

Hugh Jordan, a journalist who found Mr. Donaldson and reported on his situation recently, told the Press Association in Britain that "he looked like a hunted animal."

"He was extremely depressed," Mr. Jordan said after the killing. "The nerves in his eyes were trembling. He seemed like a man who didn't think he would come to any harm. He did not see his life to be in any danger, but felt the only future he had was where he was, living in that dreadfully squalid situation.

"He was alone and threatened no one. He was no harm to anybody."

Former Sinn Fein Official Shot To Death (USAT)

USA Today, April 5, 2006

Former senior Sinn Fein official Denis Donaldson, who was recently exposed as a British spy, was shot to death in his home in County Donegal, Ireland, after apparently being tortured, Irish Justice Minister Michael McDowell said Tuesday. Prime Minister Bertie Ahern called it a “brutal murder.” Donaldson admitted in December he had been on the payroll of the British secret service and Northern Ireland's anti-terrorist police for the previous two decades. He then went into hiding. The Irish Republican Army said it wasn't involved.

Rich countries' financial aid to the world's poor rose 31.4% in 2005 and reached a record $106.5 billion, due to large debt-relief packages for Iraq and Nigeria, the Organization for Economic Cooperation and Development said. The total is 0.33% of the rich countries' gross national income and is halfway toward the United Nations' goal of 0.7%. The United States was the largest donor at $27.5 billion. That was 0.22% of U.S. national income, the highest rate since 1986.

A Paris court fined the terrorist known as “Carlos the Jackal” $6,110 for saying in a 2004 interview aired on French television that terrorist attacks were sometimes necessary. Ilich Ramirez Sanchez, 56, of Venezuela was convicted of defending terrorism.

He also was charged for expressing pleasure at the 9/11 attacks but was acquitted because those comments were his personal reaction, not a defense of terrorism, the court said. Ramirez gained notoriety in the 1970s for deadly bombings, assassinations and hostage-takings. He is serving a life sentence for murder.

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Sweden enforced Nazi laws barring marriages between “Aryan” Germans and Swedish Jews and suppressed public criticism of Hitler and reports of atrocities, according to research that suggests neutral Sweden accommodated the Nazis more than previously thought. The study shows “Germany got what it wanted from Sweden” without invading, said Stockholm University historian Klas Amark, who oversaw the research, commissioned in 2000.

Two Worn-Out Diplomats, One Fold-Out Bed (NYT)

By Maureen Dowd

The New York Times, April 5, 2006

I'm just back from London, where the Brits were fascinated with the Condi Rice and Jack Straw two-for-the-road odyssey, the exchange of visits to their hometowns, Birmingham and Blackburn, and the rebuff of Condi by Paul McCartney and a Blackburn mosque.

British journalists loved hearing about how Condi exercises alongside diplomatic reporters in hotel gyms, not at all self-conscious about working out in form-fitting shorts and T-shirts.

The British are used to iron ladies, perhaps not pumping iron but trying to iron out world affairs. In his quaint new book, "Manliness," the Harvard professor Harvey Mansfield cites only one woman with that exalted trait: Margaret Thatcher, who told the first President Bush not to go wobbly on Saddam. Teaching other women to be assertive, Mr. Mansfield frets, might be "like teaching a cat to bark."

The struggles of the relentless American diplomat and the charming British diplomat to knock heads in Iraq and get the government to govern, with the war spinning into sulfurous sectarian fighting, was less mesmerizing to many reporters than the pair's gender-benders.

At one point Mr. Straw said America and England had the right to prod Iraqi politicians: "We've got to be able to deal with Mr. A, Mr. B or Mr. C. We can't deal with Mr. Nobody."

A smiling Ms. Rice, still promoting the illusion that Iraqi women are better off, corrected: "Jack, I'm sure we'd be all right with Miss A or Miss B or Miss C, too, right?" (It would have to be a generic Miss, since there are no powerful women leaders there.)

The foreign secretary held his face and pleaded: "I was not being gender-specific. Don't report me, please."

The British reporters were gobsmacked when Condi gave the fold-out bed on her Boeing 757 to Mr. Straw for the night flight to Kuwait, and slept in the aisle as flight attendants stepped over her.

It may have been a sign that U.S. foreign policy is finally becoming humble, as W. promised in his first campaign, now that Condi has admitted "thousands" of mistakes in Iraq. But it also shows the secretary understands the importance of manly virtues: she was tough enough to sleep on the floor and chivalrous enough to make sure Mr. Straw didn't.

The Times of London made smarmy jokes about "how far the special relationship has developed," and asked a Baghdad embassy spokeswoman if Jack's sleeping in Condi's bed was "second base" for the couple.

The comedian Bill Maher recently noted that while other countries elect a wide array of female leaders, our women politicians are still expected to wedge themselves into a "straitjacket" and act like men.

It has been two decades since I covered Geraldine Ferraro's historic run for the White House. One politician welcomed Ms. Ferraro with a wrist corsage; another in Mississippi asked the "young lady" if she could bake blueberry muffins. Johnny Carson joked that Joan Mondale would not like her husband working late with his female vice president.

So now there are racy Rice-Straw jokes. How far have we come?

The Los Angeles Times ran a piece yesterday about Hollywood's doubts about Hillary, including Sharon Stone's basic instinct that it's too soon for the New York senator since "a woman should be past her sexuality when she runs" and she thinks Hillary still has "threatening" sexual power.

It seemed unlikely that we'd kick the habit of wanting Daddy in the Oval Office until we kicked the habit of wanting Daddy in the anchor chair.

Now that the nightly news is largely an anachronism, and the suits are trying to make it more cuddly and personality-driven to win younger viewers, we can finally break that barrier. (Even though Walter Cronkite fretted to a group last fall that women on TV talk in "too high a register.")

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As Rebecca Dana wryly wondered in The New York Observer: "What is gravitas? And why does it kick in at nightfall?" She quoted one network executive explaining that even women "like to get their news from other women in the morning and from men — husband figures — at night."

So now we'll see if Katie Couric can be trusted with the Herculean task of appearing on camera for 5 or 10 minutes a night, reading a teleprompter.

Still, she'll have to prove that, more than being just a headliner, she knows what's behind the headlines. As Bob Schieffer has done, raising CBS ratings, or as Christiane Amanpour might do as an anchor, Katie needs to show she understands the roiling events beyond the teleprompter.

Let's just hope Les Moonves doesn't welcome her with a wrist corsage.

Dark Days For Philippine Democracy (NYT)

The New York Times, April 5, 2006

Filipinos thought they had put an end to electoral chicanery and governmental intimidation when they overthrew the Marcos dictatorship two decades ago. Unfortunately, President Gloria Macapagal Arroyo has completely lost touch with the ideals that inspired that 1986 "people power" movement.

Mrs. Arroyo is no Ferdinand Marcos, at least not yet. But this onetime reformer is reviving bad memories of crony corruption, presidential vote-rigging and intimidation of critical journalists. Unless the Philippine Congress and courts find ways to rein in her increasingly authoritarian tendencies, democracy itself may be in danger.

This was not the outcome people expected five years ago when Mrs. Arroyo, then the vice president, was swept into power on a wave of popular discontent with her discredited predecessor, Joseph Estrada. In those days, Mrs. Arroyo, a professional economist, was seen as an earnest reformer. She won further credit by pledging not to run for a new six-year term in 2004.

But then she changed her mind, and her style of government as well. Her narrow re-election victory became tainted after a tape revealed her discussing her vote totals with an election commissioner while ballots were still being counted. She survived an impeachment attempt over that incident. But she was forced to send her husband into exile over charges that he took bribes from gambling syndicates.

Earlier this year she briefly declared a state of emergency in response to allegations of a coup threat that others disputed. Since then she has been intensifying pressure on a wide range of political critics and especially on the press. Government officials have warned news outlets that they will be held to restrictive new guidelines, the justice secretary talks darkly about a journalistic watch list, and the staff members of a well-known center for investigative journalism have been threatened with sedition charges. No Philippine government has made such efforts to muzzle the press since the Marcos era.

President Bush has repeatedly hailed Mrs. Arroyo as an important ally against international terrorism. He now needs to warn her that by undermining a hard-won democracy, she is making her country far more vulnerable to terrorist pressures.

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DEPARTMENT OF JUSTICE *NEWS CLIPS*

PREPARED FOR THE OFFICE OF PUBLIC AFFAIRS, US DEPARTMENT OF JUSTICE

TO: THE ATTORNEY GENERAL AND SENIOR STAFF

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TERRORISM NEWS:

One Verdict Decided, 9/11 Jury Faces Second (NYT)

By Neil A. Lewis

The New York Times, April 5, 2006

WASHINGTON, April 4 — When the jurors in the Zacarias Moussaoui trial take their seats again on Thursday, they will begin a vastly different proceeding than the one they concluded on Monday with the verdict that he was responsible for some of the deaths of Sept. 11, 2001, and is thus eligible for execution.

At the end of this next phase, which may take several weeks, they will be confronted with a verdict form that will be without the subtleties and complex questions of the first phase and instead will ask them to make a more mechanical calculation.

The form will ask them to decide which carries more weight: mitigating factors like Mr. Moussaoui's troubled mental state, or aggravating factors surrounding the deaths of nearly 3,000 people on Sept. 11.

The Justice Department has asked the judge to list 26 aggravating factors on the form, including the deaths of hundreds of firefighters and police officers; the grief brought to the victims' families and friends; the disruption to New York City, including the closing of parks, playgrounds and schools and the displacement of businesses; and the destruction of parts of the Pentagon.

Mr. Moussaoui's court-appointed defense lawyers are expected to offer two main factors in mitigation: that he is mentally unbalanced and that he is seeking martyrdom.

In the eyes of several death penalty experts and lawyers, there is little doubt as to which way the scale will tilt, no matter what the final verdict form looks like. If the nine men and three women on the jury find that the aggravating factors are greater, they will turn to the simple checkoff on the form, marking whether they believe that Mr. Moussaoui should be jailed for life or executed. The death penalty would mean lethal injection at the federal prison in Terre Haute, Ind.

Richard C. Dieter, the executive director of the Death Penalty Information Center, a research group based in Washington that has been critical of the application of the death penalty, said it would be a relatively easy phase for jurors.

The unanimous decision on Monday dealt with what seems to be far more complex issues, namely whether Mr. Moussaoui could be held responsible for deaths on Sept. 11 even though he was in jail at the time and did not participate directly in the attacks.

Mr. Dieter said the outcome was still not a foregone conclusion. But like many lawyers following the case, he said he believed that "the balance is so much one way," adding, "Everybody knows what the crime is, the suffering it caused and what it has done to the whole country."

Nonetheless, he said that jurors "are not automatons" and that someone might flinch at imposing the death penalty when the moment comes.

In addition, Mr. Moussaoui, whose testimony in the first phase probably contributed to the verdict against him, is likely to testify again over the advice of his lawyers.

The jury has been what lawyers term "death-qualified," which means that all members have sworn that they are willing to impose the death penalty if warranted. Under the complicated multistep federal death penalty law, if the jury is unanimous in finding for execution, the judge is obliged to impose the sentence.

Beginning on Thursday, the prosecutors will try to focus the jurors' attention on the horrors of Sept. 11. There may be photographs of many of the victims introduced as well as testimony from as many as 45 family members of victims to recount how their lives have been affected.

The theme of the government's presentation will be that Mr. Moussaoui, a 37-year-old admitted member of Al Qaeda, should be regarded as a proxy for the 19 hijackers who died that day.

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Mr. Moussaoui's lawyers, whose advice he has spurned and whose character he has reviled, have indicated they would present psychological testimony that he was affected by anti-Muslim bigotry during his childhood in France. They may also urge the jurors to recognize that he seeks martyrdom and ask them to deny him that.

Prosecutors Have Cleared Their Biggest Hurdle In The Moussaoui Case (FINDLAW/AP)

By Michael J. Sniffen, Associated Press Writer

AP, April 5, 2006

(AP) - ALEXANDRIA, Virginia-Thanks largely to Zacarias Moussaoui himself, prosecutors have cleared their highest hurdle that might deter execution of the al-Qaida conspirator. The path to the death chamber might still contain unpleasant surprises for the government.

When the case began more than four years ago, it looked easier. The government at first thought Moussaoui had been intended to be a 20th hijacker on Sept. 11, 2001. Once it became clear that wasn't his role, the government dialed back its case.

It didn't want to drop the death penalty for the high-profile prisoner who admitted having been trained to fly a plane in an attack similar to Sept. 11. The biggest problem was that Moussaoui was in jail on 9/11 and had been for almost a month.

The final government theory bore some resemblance to a pretzel: Moussaoui was directly responsible for deaths on 9/11 because he hadn't confessed all he knew when arrested. Thus, the contention was, the FBI was prevented from moving to block some or all of the four hijackings that day.

Another twist was added when many of the government witnesses for the prosecution gave as much or more comfort to the defense: They acknowledged misstep after misstep in handling leads about Moussaoui and other terrorists in the summer of 2001, raising doubts about what if anything Moussaoui could have said to change things.

Then Moussaoui took the stand over the objections of the court-appointed defense lawyers. He abandoned claims he'd made for three years that his plot to fly a 747 into the White House was unrelated to 9/11. For the first time, he said he had been training to hijack a fifth jetliner on 9/11 and fly it into the White House.

"This stage of the penalty phase was probably harder for the government, but that was before he took the stand and connected all the dots for the jury," said Richard Dieter, executive director of the Death Penalty Information Center, a group that advocates more equitable administration of the death statute.

"Whether this act (lying to agents) fits the federal death penalty law may have been a tougher question without his testimony," Dieter added. "Whether his acts a month or months ahead of time directly caused these deaths is a good question. The fact that the defendant himself says they were directly connected doesn't necessarily prove it, but it was enough for the jury."

Now testimony shifts in the second phase to whether Moussaoui deserves the death penalty for his acts. Prosecutors will introduce evidence of how heinous the crime was, while the defense will try to show mitigating factors.

What do they have: Prosecutors can pick among the personal tragedies of the families of nearly 3,000 people who died in the 9/11 attacks. The defense has indicated it will try to call a doctor to testify Moussaoui was schizophrenic and sociologists to describe his impoverished upbringing in France and the racism he faced there and in England for his Moroccan ancestry.

The testimony of victim families "is going to be a highly emotional, devastating presentation to the jury," said Mary Cheh, a law professor at George Washington University, who thought the eligibility phase could have gone the other way. "I can't imagine his being able to overcome that."

Now defense attorneys "are going uphill all the way," Cheh said. "I have no idea what they will come forward with."

Northwestern University law professor Ronald Allen agreed that Moussaoui's team has "a very uphill fight," but he cautions that the first phase is a formal decision, while "the second decision is whether to kill somebody. That becomes intensely personal. It's moral and complicated and messy."

Dieter agreed: "It only gets more complicated when a person's life is in the balance."

Another George Washington University law professor, Stephen Saltzburg, also thought prosecutors had gotten past the hard part, and their phase two presentation would be pretty straightforward. "You're going to see some powerful testimony from the families," Saltzburg said. "It's going to be a chance for some of them to get closure as best they can."

And Moussaoui could harm his own case again, Saltzburg said. He doubted the 37-year-old Frenchman would cooperate in any effort by his lawyers to portray him as a lunatic, but "he's liable to want to testify again, and do himself even greater harm. I would not be surprised if he doesn't invite them to give him the death penalty."

That would bring on the last step: appeals.

Dieter said the government's unusual case left many questions for an appeal, where anything could happen.

For prosecutors, "the more difficult time is going to be on appeal," said Jesse Chopper, law professor at the University of California at Berkeley. "His appointed lawyers are going to have many, many potential issues to raise. Compared to that, the penalty phase will be a piece of cake."

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EDITOR'S NOTE - Michael J. Sniffen has reported on legal affairs from Washington for three decades.

Jurors Will Relive 9/11 In Life-or-Death Case (LAT)

By Richard A. Serrano, Times Staff Writer

The Los Angeles Times, April 5, 2006

Family members and victims will testify about their loss. Lawyers for Zacarias Moussaoui plan to paint a picture of a mentally ill man.

ALEXANDRIA, Va. — When the Zacarias Moussaoui trial resumes Thursday, gone will be the images of a shadowy world of Muslim extremists, of an FBI and CIA unable to track their movements, of a conspiracy in which Moussaoui's role on Sept. 11 is still unclear.

Now that a jury has found Moussaoui eligible for the death penalty, the trial comes down to a single question: Does he live or die?

Federal prosecutors, wanting Moussaoui dead, intend next to turn Courtroom 700 over to the horror of that day 4 1/2 years ago. They hope to show pictures of all 2,972 who perished, videos of the World Trade Center towers afire and bodies falling, and audiotapes of desperate phone calls to loved ones and emergency crews.

The government has designated up to 45 victims and family members to testify about their collective loss. And they hope to contrast their anguish with Moussaoui's boasts that America remains his enemy.

Separately, defense lawyers believe the jury might spare their client's life if they can show he is insane. They have several mental health professionals standing by, at least one ready to testify that Moussaoui appears to be schizophrenic.

The defense team will also say its 37-year-old client emerged from a tragic childhood only to fall under the spell of terrorist leaders preaching jihad against the West.

Jurors also are likely to hear one more time from Moussaoui. He is insistent on taking the witness stand, despite his devastating testimony last week that all but convicted him.

Moussaoui's behavior is difficult to predict, and his final performance before the jury — as an unrepentant terrorist or simply deranged — could well be the tipping point on whether he is sentenced to death by lethal injection or a life in prison without parole.

Andrew McCarthy, a former federal prosecutor in New York who has successfully tried terrorists, expects the government to prevail. But he warned that flashing thousands of photos and videos of cascading bodies could inure the jury against the human suffering they are watching.

McCarthy noted that in the first trial against four Los Angeles police officers for assaulting Rodney G. King, the beating video was shown over and over and all the officers were acquitted.

"After a while it's like watching a Road Runner cartoon, where the coyote keeps falling off the cliff and you don't wince anymore," McCarthy said. "If you overdo it, you'll lose all sensitivity."

In contrast, Carl Tobias, a law professor at the University of Richmond in Virginia, believes the insanity claim has merit, especially since the Supreme Court has exempted the mentally ill from capital punishment.

He said that with overwhelming government evidence that Moussaoui is an avowed terrorist, not to mention his self-incriminating testimony, insanity is probably the only option left for defense lawyers hamstrung by a client they cannot control.

"Who better than his counsel would be able to present a judgment about his mental fitness?" Tobias asked.

Evan Kohlmann, an international expert on terrorism who has worked as a trial consultant for the government in Virginia, agreed that prosecutors might find it difficult to knock down the insanity defense.

"The guy has been to some pretty crazy places and is definitely shellshocked," Kohlmann said, referring to Moussaoui's exploits in the war in Chechnya and at Al Qaeda training camps in Afghanistan.

"He also has been brainwashed in the ideology he holds. He's to the point of no return. But I don't know if that amounts to insanity."

Nevertheless, the government could counter the insanity argument by simply using Moussaoui's words. When he testified last week, he did not blather or snarl. Rather, he was well-spoken, polite at times, even as his statements chilled the courtroom.

He was "delighted" at the sight of the trade center collapsing. The smoking ruins, he said, were "gorgeous." He praised the 19 hijackers he was unable to join because he was arrested just weeks before the attacks. "They are now in the highest level of paradise," he said.

Moussaoui also had this to say about the judge, the prosecutors, his defense team and the jury: "I consider every American to be my enemy. So for me, any American is meant to want my death because I want their death."

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His defense team, to whom he no longer talks, plans to present several mental health experts and sociologists to try to convince the jury that this kind of bombastic talk has deep roots in Moussaoui's troubled psyche.

On the stand, they are prepared to say Moussaoui, born in France to Moroccan parents, was largely raised an orphan, the son of a violent and alcoholic father and a mother who left him with others for child care. As a teenager, Moussaoui and his siblings struggled to eat and to stay in school in France.

He eventually drifted to England and into the arms of a fiery Muslim mosque that preached hate against Americans.

According to a defense brief filed in the case, psychiatrist Dr. Nancy C. Andreasen, "will testify that Mr. Moussaoui suffers from a major thought disorder, most likely schizophrenia."

To reach that diagnosis, "she will rely on her analysis of Mr. Moussaoui's writing and his appearances in court."

Martyrdom For Moussaoui? (WP)

By Jerry Markon

The Washington Post, April 5, 2006

When Zacarias Moussaoui agreed to plead guilty to terrorism conspiracy charges last year, he told the judge he would accept a death sentence and acknowledged he was headed toward "the gas chamber or the lethal injection."

Two days later, Moussaoui vowed to "fight every inch against the death penalty."

Last week, he seemed to reverse course again, implicating himself in the Sept. 11, 2001, terrorist plot when he took the stand at his death penalty hearing. That was before he screamed, "You'll never get my blood!" Monday after jurors found him eligible for execution.

Moussaoui's own words have raised questions about whether he wants to be executed to achieve martyrdom for the terrorist cause that he so passionately embraces. Experts on al-Qaeda and Islam think he does. Moussaoui's flip-flops on the subject make it impossible to be sure.

Yet if the Sept. 11 conspirator is indeed seeking martyrdom, it could have implications inside and outside the courtroom as jurors return to U.S. District Court in Alexandria tomorrow to begin the final phase of Moussaoui's sentencing trial.

When the United States sought death in 2001 for two convicted al-Qaeda terrorists for bombing U.S. embassies in East Africa, jurors voted to spare their lives. Ten jurors noted on the verdict form that executing one of the men could "make him a martyr" for terrorist groups.

In Islamic tradition, martyrdom means dying in a way deserving of paradise. Osama bin Laden believes that can be achieved through suicide operations. An al-Qaeda training manual, introduced as evidence at Moussaoui's trial, states that members must "be willing to do the work and undergo martyrdom for the purpose of achieving the goal and establishing the religion of majestic Allah on earth."

Some legal experts believe that's exactly what could happen if the Moussaoui jury votes to put him to death. "There's absolutely no doubt that executing him would turn him into a martyr," said Bruce Hoffman, who has studied terrorism at the Rand Corp. for 25 years.

Hoffman said terrorist groups have historically seized on martyred comrades for propaganda and to boost recruitment. Moussaoui's execution would have the same impact, he said.

"It's time for our government to be thinking about the wider repercussions," Hoffman said.

Others who track terrorist groups disagreed, noting that testimony from al-Qaeda leaders read at Moussaoui's trial portray him as a troublemaker who couldn't get along with his bosses. "I think some people might attempt to turn him into a martyr but with very little success. Even al-Qaeda cut this guy loose," said Peter Bergen, who has written two books about bin Laden's group.

"He might get the worst of all possible worlds," Bergen said. "He gets executed, which is his desire, and al-Qaeda, because this guy was fairly problematic, doesn't turn him into a martyr for the movement."

Moussaoui, 37, pleaded guilty last year to conspiring with al-Qaeda in the attacks on the World Trade Center and Pentagon. He is the only person convicted in a U.S. courtroom on charges stemming from Sept. 11. After a three-week trial, federal jurors Monday said Moussaoui was eligible for execution, finding that his lies to federal agents when he was arrested in August 2001 allowed the attacks to go forward.

In the trial's second phase, jurors will decide whether Moussaoui should be put to death or remain in prison for life.

The French citizen seemed to embrace execution when he told the government and U.S. District Judge Leonie M. Brinkema last year that he intended to plead guilty. At an April 20 hearing, Brinkema reminded Moussaoui that he had notified her two days earlier that he wanted "to accept the death penalty, which seems to be totally contradictory to the position you've taken in the past."

The judge added that Moussaoui had "made reference to the concept of martyrdom," according to a transcript.

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Moussaoui responded that he had come to understand that "the course I've chosen will lead me potentially -- you say potentially, I say surely, but it's a matter of opinion -- to the gas chamber or the lethal injection. I understand this fact. I understand life and death."

Two days later, as he pleaded guilty, Moussaoui told Brinkema he had "significantly changed my position following the advice I receive from you. . . . I will not apply for death."

Yet courtroom observers thought that's precisely what Moussaoui was doing March 27 when he testified at his sentencing trial. He calmly told jurors that he wanted to kill every American, starting with what he said was his mission to fly a fifth hijacked airplane into the White House on Sept. 11. He also admitted to the government's key argument against him: that he had lied to the FBI to allow the plot to go forward.

Moussaoui said he knew his mission would be a suicide operation. Richard Bulliet, an expert on Islam at Columbia University, said Moussaoui apparently still wants to be a martyr. He said Moussaoui's testimony against himself fits with the Islamic doctrine of "purity of intent."

"If he dies with his intent clearly stated and pure and devoted to religious goals, then the chances of his being a martyr in his mind are greatly improved," Bulliet said.

Other experts noted that terrorists who go to prison for life, such as Ramzi Yousef -- architect of the first World Trade Center bombing in 1993 -- are rarely heard from again. "Moussaoui could achieve a fame and notoriety in death that eluded him in life," Hoffman said. "In life, he was a failed terrorist."

FBI Resists Easing Rules On Reporting Cash Transactions (WSJ)

By Michael Schroeder

The Wall Street Journal, April 5, 2006

WASHINGTON -- U.S. law-enforcement agencies are opposing efforts by the financial-services industry to cut back a federal requirement that banks report cash transactions in excess of $10,000.

A crackdown on money laundering by the federal government in the wake of the Sept. 11, 2001, terrorist attacks has forced banks to tighten their controls but has also led to complaints that government requirements are too onerous and ineffective in catching terrorists.

The House took that view into account when it passed a broad regulation-relief bill last month, which, among other things, would grant some exemptions from filing the cash reports. The Senate hasn't introduced its version of a relief bill.

At a hearing yesterday before the Senate Banking Committee, the Federal Bureau of Investigation argued that the currency-transaction reports filed by banks provide valuable intelligence in money-laundering and terrorist-financing investigations.

"To dramatically alter currency transaction reporting requirements -- without careful, independent study -- could be devastating and a significant setback to investigative and intelligence efforts," Michael Morehart, the FBI's terrorist-financing-operations section chief, told the panel.

Such viewpoints may sway committee members who seem to want to tread lightly when considering whether to modify bank reporting requirements.

Sen. Paul Sarbanes, the ranking Democrat from Maryland, said law-enforcement officials "laid out a strong rationale for the utility of the reports. We've got to strike a balance."

Stuart Levey, the Treasury Department's undersecretary in the office of terrorism and financial intelligence, recommended that the committee request that the Government Accountability Office do a thorough study about the effectiveness of the reporting program before proposing changes.

The American Bankers Association, which pushed for the House provision, has complained that the number of transaction reports now tops 13 million annually, costing $187 million in wages. The trade group argues that the reporting program is "obsolete" because of new customer identification systems and other suspicious-transaction reporting requirements.

Amnesty Links ‘rendition’ Flights With Torture (FT)

By Daniel Dombey And Demetri Sevastopulo

Financial Times, April 5, 2006

Three Yemeni men abducted and mistreated by the US were probably held in eastern Europe, Amnesty International said in a new report.

A study by Amnesty, based on interviews with the former captives, is intended to cast light on Washington’s practice of “rendition”, or extra-legal abduction, which the human rights group says often paves the way to torture or maltreatment.

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Washington insists it never sends detainees to places where they would be at risk of torture – but it also defines torture much more narrowly than do other governments.

The study said Muhammad Bashmilah, Salah Ali Qaru and Muhammad al-Assad were "held in at least four secret US-run facilities...from the information subsequently provided by the men [about the climate, food and prayer schedules] it is likely they were held in Djibouti, Afghanistan and somewhere in eastern Europe".

Both Poland and Romania, named last year as likely centres of CIA "secret prisons" by Human Rights Watch, another campaigning organisation, have denied hosting any such facilities.

Wednesday's report adds that after being arrested and transferred to US custody in 2003, the men were brought back to Yemen in 2005 and released in February this year. Although all were sentenced for forgery in connection with false travel documents, none was charged with any terrorism-related offences. The report also says they had been shackled, kept unaware of their location and not allowed to see daylight for months.

While CIA renditions have stirred controversy in Europe, criticism in the US has been relatively muted, particularly on Capitol Hill. John McCain, the Republican senator who was tortured in Vietnam, pushed through legislation banning torture, but other senior Republicans have avoided the renditions debate.

Patrick Leahy, the senior Democrat on the Senate judiciary committee, and Edward Markey, a Democratic congressman, have introduced legislation that would compel the secretary of state to assure Congress that the administration would only transfer prisoners to countries where it believes they would not be tortured, but the legislation stands little chance of approval.

Jennifer Daskal, advocacy director at Human Rights Watch, says Democrats have been unwilling to push the issue because of the lack of Republican support and concerns they could be painted as soft on national security.

U.S. Resumes Military Trials At Guantanamo Bay (WSJ)

By Jess Bravin

The Wall Street Journal, April 5, 2006

GUANTANAMO BAY, Cuba -- The Bush administration resumed military proceedings against suspected terrorists here, one week after the Supreme Court heard arguments in a case brought by a Guantanamo prisoner who claims the secretive courts are unlawful.

Outside the hearing room, the chief military prosecutor took the unusual step of upbraiding Supreme Court Justice Stephen Breyer for a question he asked at last week's oral argument, suggesting that the justice didn't appreciate the gravity of threats facing the U.S.

The hearing yesterday saw a repetition of the interpretation and translation problems that have plagued previous proceedings, as prosecutors said defendant Abdul Zahir hadn't been provided a copy of the charges in Farsi -- his preferred language. Having brought no interpreter of their own to the hearing chamber, prosecutors asked to rely on the defense attorney's Farsi interpreter.

Mr. Zahir, an Afghan said to be about 35 years old, is charged with conspiracy, aiding the enemy and attacking civilians. The Pentagon alleges he joined al Qaeda as a translator in 1997 and later served as a paymaster, propagandist and communications manager. The charges carry a potential life sentence.

The presiding officer, Marine Col. Robert Chester, ordered that a written copy of the charges be provided in Farsi to Mr. Zahir. Mr. Zahir had received the charges in English, Arabic and Pashto, a language related to Farsi. A Pentagon spokeswoman said later that authorities assumed Pashto was his preferred language since he is believed to have come from a province where it is spoken.

Col. Chester, responding to questions raised by Mr. Zahir's Pentagon-appointed defense lawyer, Army Lt. Col. Thomas Bogar, said he was uncertain which domestic, international or military laws might be applied before the military commission, or his view of arguments last week at the Supreme Court.

The Supreme Court decision, expected in June, was also on the mind of the chief prosecutor, Air Force Col. Moe Davis, who at a news conference after the hearing took aim at Justice Breyer.

Col. Davis recalled that Justice Breyer had questioned whether current counterterrorism operations gave rise to nearly unlimited presidential war powers. "Towards the end of the argument Justice Breyer said, in talking about the current conflict, 'This is not a war, at least not an ordinary war.' "

Col. Davis said "the dictionary defines war as being in a state of hostility or a state of armed conflict" and added that "a few hours after Justice Breyer said this is not a war, enemy combatants launched a major attack on coalition forces in southern Afghanistan," leading to 34 U.S., Canadian and enemy deaths.

Pakistani Jailed For Five Years In US Over Missiles To Al-Qaeda Plot (AFP-Y2)

DOJ_NMG_0025518

AFP, April 5, 2006

A Pakistani who plotted to peddle heroin and hashish to buy Stinger anti-aircraft missiles for Al-Qaeda or the Taliban has been jailed for nearly five years, US prosecutors said.

Muhammed Abid Afridi, who pleaded guilty in March 2004 to conspiracy to provide material support to terrorists and conspiracy to distribute heroin and hashish, was sentenced Monday in the California city of San Diego.

US District Judge James Lorenz sentenced Afridi to 57 months behind bars, followed by five years of supervised release, for taking part in the conspiracy along with two other men.

Co-conspirators Ilyas Ali and Syed Mustajab Shah, who pleaded guilty to the same charges, are scheduled to be sentenced next Monday and on June 19, respectively.

The trio of conspirators travelled from the Pakistani city of Karachi to Hong Kong on September 15, 2002 to meet with US undercover officers to negotiate for the sale of large quantities of drugs, the indictment showed.

The next day, the defendants agreed that they could offset the purchase price of five tonnes of hashish and 600 kilograms of heroin against the cost of four Stinger shoulder-launched missiles, according to prosecutors.

On September 18, 2002, at a hotel in Hong Kong, the men told the undercover officers they would be able to resell the missiles to the Taliban, who had been swept out of power in Afghanistan, or Al-Qaeda, according to the complaint.

Shah, Afridi and Ali were arrested in Hong Kong on September 20, 2002 by local law enforcement authorities at the request of the US government.

They were indicted by a federal grand jury on October 30, 2002 and extradited to the United States the same year.

The three had initially men denied the charges when they first appeared in court in San Diego.

US authorities have been on a sharp lookout for Stinger missiles which they have warned pose a threat to military aircraft and commercial airlines.

The United States launched its "war on terror" at home and abroad following the 2001 attacks in New York and Washington.

Chief 9/11 Architect Critical Of Bin Laden (LAT)

By Josh Meyer

The Los Angeles Times, April 5, 2006

WASHINGTON — To hear Sept. 11 mastermind Khalid Shaikh Mohammed tell it, Osama bin Laden was a meddling boss whose indiscretion and poor judgment threatened to derail the terrorist attacks.

He also saddled Mohammed with at least four would-be hijackers who the ringleader thought were ill-equipped for the job. And he carelessly dropped hints about the imminent attacks, violating Mohammed's cardinal rule against discussing the suicide hijacking plot.

The repeated conflicts between the two Al Qaeda leaders emerged last week during the penalty phase of the trial of Zacarias Moussaoui, the only person charged in the United States in connection with the Sept. 11 attacks. Jurors heard new details of the plot from the interrogation summaries of several captured Al Qaeda officials, including an extraordinary account of a series of interrogations of Mohammed.

Mohammed described Al Qaeda in a written statement for his U.S. interrogators as an almost mystically efficient corporation that operates in ways Americans would never understand.

The portly Kuwaiti, who had studied engineering in the U.S. and was captured in Pakistan in 2003, told his interrogators that they could learn a lot from Al Qaeda, the organization.

"You must study these matters to know the huge difference between the Western mentality in administration and the Eastern mentality, specifically at Al Qaeda."

The hallmark of the system, he said, was unquestioned control: Everyone up the chain of command did as they were told, didn't ask questions and never bucked authority — all for the common cause of the enterprise, which in this case was killing as many Americans as possible.

"I know that the materialistic Western mind cannot grasp the idea, and that it is difficult for them to believe," Mohammed wrote. "But in the end," he gloated, "the operation was a success."

Yet Mohammed describes a terrorist outfit fraught with the same conflicts and petty animosities that plague many American corporations. Mohammed describes himself in particular as having to fend off a chairman of the board who insists on micromanaging despite not knowing what he was doing.

"[Shaikh] Mohammed stated that he was usually compelled to do whatever Bin Laden wanted with respect to operatives for the September 11 operation," the interrogation summary states. "That said, [Shaikh] Mohammed noted that he disobeyed Bin Laden on several occasions by taking operatives assigned to him by Bin Laden and using them how he best saw fit."

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His independence from Bin Laden had its limits, however, because it was Al Qaeda's money and operatives that enabled the plot to go forward.

Mohammed succeeded in rejecting three attempts by Bin Laden to accelerate the plot. But he said his boss canceled an entire overseas element of the hijacking scheme that he was orchestrating.

Bin Laden presumably would have his own version of events. But a former FBI agent who closely tracked Al Qaeda said the testy relationship described by Mohammed was consistent with the accounts of other terrorism suspects in custody.

"They couldn't stand each other," the former official said. "They both had huge egos."

The seeds of conflict were planted at the beginning, when Mohammed first presented his idea in 1996 to hijack U.S. planes and fly them into buildings. He specifically suggested "that they send [mujahedin] to study in the flight institutes and use large planes" rather than the smaller military ones that Al Qaeda operatives were trained in flying.

He was turned away, Mohammed said, because Bin Laden told him the plan was unworkable.

Three years later, Bin Laden summoned Mohammed to Afghanistan and gave him the green light. Soon he moved his family from Pakistan to an Al Qaeda base in Kandahar, Afghanistan, to proceed with the operation.

By October 2000, Mohammed had risen in the ranks and was in firm control of the Sept. 11 plot, showing an array of management skills.

It was Mohammed who decided to send two hijackers to San Diego after coming across San Diego phone books in a local market in Karachi, Pakistan, and determining that it had numerous flight schools and other important amenities.

Mohammed told the two to visit the zoo and other tourist sites so they would blend in while they were taking flight lessons and otherwise preparing for the suicide hijackings.

He told his interrogators he provided "personalized training" to an estimated 39 Al Qaeda operatives for deployment on missions.

And Mohammed revealed some of his management stratagems to his interrogators.

"Simplicity was the key to success," was one of them.

For instance, he told the plot's co-conspirators not to use codes, especially in routine messages or e-mails.

"He asked the operatives to be normal to the maximum extent possible in their dealings, to keep the tone of their letters educational, social or commercial, and to keep the calls short."

Mohammed also delegated tasks. He entrusted much of the communications and finance details to two underlings so he would not have to be in contact with the hijackers while they were in America. And he gave lead hijacker Mohamed Atta the authority over many operational details.

Mohammed said he was a stickler for security. He insisted on compartmentalizing the details of the plot, to such a degree that even some of Al Qaeda's top officials did not know them.

"When four people know the details of an operation, it is dangerous; when two people know, it is good; when just one person knows, it is better," Mohammed said, according to his interrogators.

Had Mohammed not insisted on such security measures, he suggested, Bin Laden might have endangered the whole mission. That's because Bin Laden, an exiled Saudi multimillionaire with a huge trust fund, apparently had a knack for forcing Mohammed to take operatives who couldn't follow directions or keep their mouths shut.

In the earliest stages, Bin Laden told Mohammed to use two of his favored young operatives as lead members of the hijacking team.

Mohammed had concerns from the outset about Nawaf Alhazmi and Khalid Almihdhar, believing the two men would stick out like sore thumbs while living in the United States. Other team members would ultimately be handpicked, he said, for their worldliness, street savvy and other applicable skills.

Alhazmi and Almihdhar had U.S. visas, which helped. But one hardly spoke English and the other spoke none.

"They barely knew how to function in U.S. society," Mohammed told his interrogators. "The only reason they were involved in the 9/11 plot was because they had visas and because Bin Laden ... wanted the two to go on the operation."

By mid-2000, Mohammed moved to kick Almihdhar out of the group because he defied his orders and left the United States for Yemen, leaving Alhazmi alone in San Diego.

But Bin Laden interceded and instructed Mohammed to allow Almihdhar to return to the United States and the hijacking team, he said.

Mohammed also resented a purported 20th hijacker, Mohammed al-Qahtani, imposed on him by Bin Laden, describing him as "too much of an unsophisticated Bedouin to function in a modern society." Al-Qahtani was turned away by a suspicious customs agent in Orlando, Fla., and never joined the mission.

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They had repeated disagreements over Moussaoui, whose run-ins with Al Qaeda operatives in Malaysia convinced Mohammed that he was not a "suitable operative," even with his valuable European credentials, which made him less suspicious to U.S. authorities.

Mohammed recalled Moussaoui to Pakistan and asked Bin Laden and top aide Mohammed Atef for permission to expel him from the organization. At the time, Mohammed says, Moussaoui was to be a participant in a second wave of planned attacks to follow Sept. 11.

"Despite [Shaikh] Mohammed's suggestion, Atef and Bin Laden insisted that Moussaoui remain in the program and instructed that the program should continue as planned," according to the interrogation report.

Moussaoui was punished by being sent to a school in Kandahar, after which Al Qaeda leaders pronounced him "reformed," the interrogation summary states.

Mohammed, however, "was not convinced." He grudgingly complied with his orders and sent Moussaoui to the United States for flight training. But he purposely kept Moussaoui in the dark about plot details, and told him never to mention aircraft in any communications.

Soon after he reached the United States, Moussaoui violated the order, sending Mohammed an e-mail detailing his attempts to get flight training on various aircraft.

An "exasperated" Mohammed ordered aides to break off contact with Moussaoui for fear that his indiscretion would tip off authorities about Al Qaeda's presence in the U.S.

By then, it was too late. When arrested in mid-August in Minnesota, Moussaoui possessed enough incriminating information to alert authorities to the carefully orchestrated plot, law enforcement officials would later assert.

He also was found with the home address of a top Al Qaeda chemical and biological weapons expert in South Asia, which triggered a manhunt for the operative and raised scrutiny of travelers from Pakistan to Malaysia, a favorite Al Qaeda pipeline.

Meanwhile, to Mohammed's chagrin, Bin Laden was repeatedly dropping hints about what was soon to come.

In one case, Mohammed said, Bin Laden told visitors to his Afghanistan headquarters to expect a major near-term attack against U.S. interests. In another, he said, the boss asked trainees at the Al Farooq camp near Kandahar "to pray for the success of a major operation involving 20 martyrs."

Both Mohammed and Atef "were concerned about this lack of discretion and urged Bin Laden not to make additional comments about the plot," Mohammed told his interrogators.

The interrogation summary also said he had resisted taking a sworn oath of allegiance, or bayat, to Bin Laden for as long as possible, "to ensure that he remained free to plan operations however he chose."

After Sept. 11, Mohammed finally relented, he said. Even then, he did so grudgingly, after he was told "that the refusal of such a senior and accomplished Al Qaeda leader to swear bayat set a bad example for the group's rank and file."

At His Geneva Shop, Yeslam Bin Ladin Faces Family Trouble (WSJ)

By Glenn R. Simpson

The Wall Street Journal, April 5, 2006

GENEVA -- A prominent entrepreneur in this posh Swiss city is seeking to build a luxury-goods business by turning his first name into a new brand: Yeslam.

It's a daunting task. Yeslam's last name is Bin Ladin. His half-brother is the world's most wanted terrorist.

American trial lawyers working for victims of the Sept. 11 attacks are suing Yeslam, along with other members of his family and other wealthy Saudis, for billions of dollars, contending they have hidden financial connections to Osama bin Laden (the surname is sometimes spelled differently). Now Yeslam's ex-wife, Carmen, has joined forces with the Sept. 11 victims' lawyers, as she tries to improve her divorce settlement by exposing her ex-husband's finances.

The lawsuit, which is being heard in lower Manhattan at the U.S. District Court for the Southern District of New York, is drawing attention to potentially serious allegations against Mr. Bin Ladin. His ex-wife, who has been investigating his assets for years, has given the 9/11 lawyers a long list of offshore companies that she says he runs. In a court filing, she claims that "the bin Laden family including Yeslam and Osama were very close" -- and that his complex finances, also a focus of police investigators in several countries, support suspicions that the half-brothers have had financial ties.

In an interview and in court statements, Mr. Bin Ladin says he barely knows Osama, and hasn't seen his half-brother in more than 20 years. He hopes to extricate himself from the 9/11 lawsuit, which seeks to establish who gave clandestine support to Osama after he declared war on the U.S. in 1996.

Behind the legal battle is a family drama that illustrates Yeslam's unusual position in the secretive Bin Ladin clan. Born in Saudi Arabia and educated in the U.S., the 56-year-old Yeslam has long struggled to straddle the cultural divide between his native Saudi Arabia and the West.

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His failed marriage to the Swiss-born Carmen was the subject of her 2004 book, "Inside the Kingdom," a best-seller in the U.S. Their eldest daughter, who goes by the name Wafah Dufour, is an aspiring pop musician and model in New York who recently posed for a risque photo shoot in GQ magazine. She has signed with Regan Media, a division of News Corp.'s HarperCollins Publishers, to star in a proposed American reality television show about her life. The show hasn't yet been picked up by a network.

The setting for much of the family contretemps is Geneva, a city favored by rich Saudis who patronize its discreet banks. Mr. Bin Ladin sometimes bumps into his daughters on the Rue du Marche, Geneva's pricey main street. He says those encounters are cordial, but he acknowledges that his daughters were once denied admission to a posh party he hosted. Mr. Bin Ladin and his daughters have seldom spoken in recent years. Each side blames the other for the estrangement.

Mr. Bin Ladin says he leaves the fighting to his lawyers and focuses on his various ventures, which include backing films and mounting a huge soiree at the annual film festival in Cannes. "I am having fun," he said during a recent Friday visit to his Geneva boutique. Clean-shaven and clad in a casual sport jacket, Mr. Bin Ladin was conducting business during the day of rest for observant Muslims, while fingering worry beads, a traditional Arab practice.

The Yeslam shop offers expensive perfume, handbags, sunglasses and watches by European designers largely geared to a wealthy Arab female clientele. Yeslam handbag models are named for historic Muslim cities including Jedda and Riyadh.

"Conjugating the historical sophistication of the orient with the demands of today's world," reads the glossy Yeslam catalogue. Mr. Bin Ladin trademarked his first name. A European court turned down Mr. Bin Ladin's effort to trademark his last name, saying it would be "contrary to public policy."

Mr. Bin Ladin is one of 54 children of a construction magnate who made billions of dollars building palaces and other projects for the Saudi royal family. Yeslam married Carmen in 1974 and graduated from the University of Southern California three years later. They settled in Switzerland in 1985.

Since their divorce in 1994, Carmen has pursued her ex-husband through the Swiss courts, seeking a larger divorce settlement than the one that pays her and her three daughters support of about 9,000 Swiss francs, or about $6,900, a month. In an interview, she says she originally agreed to that amount in exchange for a promise from Yeslam not to take their girls to Saudi Arabia.

Last week, a Swiss federal court rejected Ms. Bin Ladin's appeal of the existing settlement. She says she now hopes to go through the U.S. legal system to pressure her ex-husband to revise the settlement.

Ms. Bin Ladin claims to have discovered 76 offshore companies with connections to her ex-husband in the Bahamas and other tax havens -- claims that corporate records support. She says in her affidavit in the 9/11 case that 11 of the companies are U.S. businesses -- which could make it hard for Yeslam to convince the court that he isn't subject to U.S. jurisdiction. She says Mr. Bin Ladin has more than $100 million in assets.

Mr. Bin Ladin says all his companies are legitimate and no longer do business in the U.S. He says his net worth is in the low tens of millions of dollars. His defense lawyers have asked a federal judge to reject Ms. Bin Ladin's affidavit as hearsay. "I have not talked to my ex-wife since 1994. How would she know anything?" Mr. Bin Ladin scoffs.

The controversy is taking place amid police investigations involving Mr. Bin Ladin. Since 2003, he has been the subject of money-laundering and terrorism-finance inquiries by police in Italy and France, according to documents obtained by the NEFA Foundation, a terrorism-research group funded by private donations that works with the 9/11 families.

Mr. Bin Ladin said he has already been cleared by the Swiss government of ties to terrorism after a massive 2002-2003 inquiry and knows of no other investigations.

The French and Italian investigators have complained that the Swiss government isn't cooperating with their inquiries, Swiss government records show. One Italian police letter alleges Mr. Bin Ladin has a secret immunity deal with the Swiss government. Swiss prosecutors wouldn't comment on the subject of Mr. Bin Ladin. Mr. Bin Ladin dismissed the Italian claim, saying, "If I had immunity, I would not have had 80 policemen in my place" during a 2002 Swiss raid.

Mr. Bin Ladin says he hasn't been involved with Osama in any way since the early 1980s. Italian police think otherwise. They are investigating alleged dealings among Yeslam, Banca Svizzera Italiana, and a Switzerland-based, Saudi-founded investment firm called Dar Al Mal. A 2005 Italian financial-police memo from Milan claims the bank "has been sort of a hidden patrimonial manager of the activities linked to Osama bin Laden and his lieutenant Ayman al-Zawahiri."

Banca Svizzera declined to comment, citing Swiss bank-secrecy laws. Dar Al Mal said neither Osama nor Yeslam is a client but that another relative was once on its board. Dar Al Mal said it isn't under investigation by Italian police.

Yeslam Bin Ladin acknowledges family connections to Banca Svizerra and Dar Al Mal. "I have a brother who works with them," he said, declining to say which one. "All I can say is, it's not me."

FBI Agent Says He Had Basis For Questioning Terror Suspect (SACBEE)

By Denny Walsh, Bee Staff Writer

The Sacramento Bee, April 5, 2006

An FBI agent agreed Tuesday in federal court testimony that he asked leading questions during a videotaped confession of Hamid Hayat, a Lodi man charged with terrorism, but the agent said those questions were based on previous statements by Hayat.

Special Agent Gary Schaaf testified that, immediately before he interviewed Hayat on June 4, he had been in an adjacent room observing the questioning of Hayat by another agent. That prior interview, which was not recorded, gave him ideas on areas to pursue with Hayat, Schaaf said.

In addition, the agent testified, he was familiar with the contents of many hours of secretly recorded conversations in 2002 and 2003 between Hayat and Naseem Khan, a former fast-food and mini mart worker operating undercover for the FBI.

For example, when questioned by Hayat's attorney, Wazhma Mojaddidi, Schaaf acknowledged that, while interviewing Hayat, he used the word "jihadi" before Hayat did.

But Assistant U. S. Attorney S. Robert Tice-Raskin developed during his examination of Schaaf that Hayat, in the earlier interview observed by Schaaf, told of a brief stay at a "jihadist camp" in Pakistan in 2000 and a longer stay at a similar Pakistani training facility in 2003.

Schaaf agreed with Mojaddidi that he mentioned Hayat's use of bus transportation to get to the camps before Hayat did.

On the other hand, Schaaf later agreed with Tice-Raskin that he was watching while Hayat told Special Agent Harry Sweeney that he used buses to get to both camps.

Schaaf acknowledged that he first said the camps were "teaching people how to kill American troops," and Hayat agreed. But, the agent testified, the subject initially came up in the interview conducted by Sweeney.

Schaaf said he was the first to name some radical Islamic groups in Pakistan while interviewing Hayat, but Hayat had discussed the groups in an admiring way in recorded conversations with Khan. Through his questioning of Schaaf, Tice-Raskin also made the point that Hayat did not adopt the premise of every question put to him by agents in the videotaped interview.

"He didn't simply say 'Yes, yes, yes' to everything you asked him, did he?" the prosecutor asked Schaaf.

"No," the agent replied.

The back and forth grilling of Schaaf came in the eighth week of dual trials of Hayat, 23, and his 48-year-old father, Umer Hayat. They are being tried on terrorism-related charges in the same courtroom before separate juries. Only the jury hearing the evidence in the Hamid Hayat case was in court Tuesday.

Hamid Hayat is charged with supporting terrorism by undergoing training in Pakistan and returning to Lodi in May to await orders to wage violent jihad against enemies of Islam in the United States.

He is also charged with initially lying to the FBI to conceal his training and intentions.

Umer Hayat is charged with initially lying to the FBI to cover for his son and to hide his own firsthand knowledge of terrorist training in his native Pakistan.

The Hayats, both U. S. citizens, have pleaded not guilty.

Alleged Terror Camp Is A Military Training Center, Defense Witness Testifies (LODINS)

By Layla Bohm, News-Sentinel Staff Writer

Lodi News-Sentinel, April 5, 2006

SACRAMENTO — The terror training camp a Lodi man allegedly attended is a Pakistani military training center, a humanitarian said today, as he testified about visiting the area in February.

James Lazor was called as a defense witness for the case of Lodi resident Hamid Hayat, who is charged with lying to the FBI and attending a terrorist training camp.

Later today, prosecutors revealed that an informant who had befriended Hayat while secretly recording their conversations has suddenly found another tape that was never given to investigators or attorneys. The informant, Naseem Khan, will return to the witness stand later this week.

Lazor was on an independent humanitarian mission to earthquake victims in Pakistan when Hayat's defense team asked him to visit the camp.

Lazor agreed and, while taking blankets and school children's letters to earthquake victims in northern Pakistan, he made a detour to follow geographical coordinates, he told a federal jury today.

When he arrived there Feb. 17, the Washington, D.C., man said today, he was turned away by a uniformed man who identified himself as a sergeant in the Pakistani military.

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"He introduced himself and was really polite. He said it was a military camp that wasn't open to the public and that the whole ridge was controlled by the military," Lazor said outside a Sacramento courtroom where Hamid Hayat's federal trial is being held.

He'd just told jurors something similar, though prosecutors objected to him saying that the camp was run by Pakistan's military. Judge Garland E. Burrell Jr. ordered that part of the testimony stricken from the record, but jurors had already heard it. More than once during his testimony, Lazor said it was a military training camp.

A powerful earthquake devastated parts of northern Pakistan last fall, leaving many people with no homes or belongings. Lazor is friends with a journalist whose publication had received letters from people wanting to donate money, so the friend asked Lazor if he could go to Pakistan and give victims 250 blankets.

Lazor, whose wife is a political appointee for the U.S. Department of Labor, had run an aviation business that deported illegal immigrants from America, and he agreed to make the trip. He took letters from school children in Illinois and San Diego — some of whom have already gotten responses — accepted $500 in pay from Hayat's defense, and then paid for all other expenses.

Lazor landed in Islamabad, then headed to Balakot, one of the places Hayat had told FBI agents was home to a terror training camp. Armed with a global positioning system, Lazor tracked down satellite coordinates of a camp prosecutors have identified in trial.

Whether the camp was under military control in 2003, when Hayat allegedly went there, has not been confirmed in court. An FBI agent earlier testified that there is no proof, other than Hayat's statements during hours of interviews, that he attended a training camp.

Hayat, 23, is on trial with his father, 48-year-old Umer Hayat, who is charged with lying to the FBI. The case is being heard by two juries. Only Hamid Hayat's jury was in court today.

Hamid Hayat's defense attorney, Wazhma Mojaddidi, has maintained that her client only told the FBI things he believed they wanted to hear. Today, she questioned agent Gary Schaaf, one of several agents who took turns interviewing the young man last June.

Mojaddidi read small portions of interview transcripts, pointing to what she said were countless leading questions. For instance, when Schaaf told Hamid Hayat that at a camp "there's clearly weapons training, there's clearly explosives training," the Lodi man replied: "Yeah."

The attorney continued: "And it was you who first mentioned killing Americans before Hamid Hayat ever did, correct?"

Schaaf said she was correct.

Then, on cross examination by Assistant U.S. Attorney Robert Tice-Raskin, Schaaf said most of the things he had mentioned to Hamid Hayat had already been discussed between the young man and another agent.

Tice-Raskin singled out lines in the transcript where Schaaf questioned Hamid Hayat, who then asked for clarifications or disagreed.

Ultimately, the matter will be up to the jury, which has been hearing the case since mid-February.

After jurors left for the day today, attorneys discussed the new evidence that surfaced over the weekend, when informant Naseem Khan was going through items in his home and found the tape.

The taped telephone conversation is about 20 minutes long and was marked Oct. 13, 2002, about two months after Khan met Hamid Hayat.

Khan started working for the FBI in December 2001, but didn't befriend Hamid Hayat until the following summer.

Defense attorneys have questioned his credibility, especially since he first told the FBI that he'd seen Osama bin Laden's right-hand man in Lodi in 1998 and 1999, and the government has since said it has no proof of that claim.

Defense attorney Johnny Griffin III said in court that he wants to know why Khan didn't give the tape to the FBI more than three years ago, and Mojaddidi said outside court that it bolsters the defense claim.

"That just puts a lot of things into question," she said.

Hayat "Terror" Camp May Be Military Facility, Witness Says (KXTV-TV)

KXTV-TV, April 5, 2006

A man on a humanitarian mission in Pakistan says what the U.S. government thinks is a terrorist training camp may actually be a Pakistani military facility.

"I was at the right location. I'm 100 percent sure of that," said James Lazor, a witness for the defense in the terrorism trial against Lodi's Hamid Hayat. Last month, Lazor was in Balakot, Pakistan searching for the camp and says he encountered Pakistani soldiers when he got close. When he spoke to one of them, Lazor said, "He was a military guy, no doubt in my mind."

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Hamid Hayat, 23, is accused of training at a terrorism camp. Prosecutors claim his description of the area and the camp matches satellite images showing a complex of buildings tucked in the mountains of Pakistan's northwest Frontier Province.

Defense lawyers say Lazor's testimony disputes that. "Their expert sat on the stand and stated that in looking at the images that it cannot be a military camp, and he is clearly wrong," said Wazhma Mojaddidi, who represents Hamid Hayat. "The proof is in that the government is not able to, with all its resources, produce one person whoever went there. Us as the defense, we were able to find someone to go there, and he came back and reported what he saw."

Lazor testified that he went to Pakistan this past February, taking blankets to victims of the earthquakes as well as letters from California children to deliver to Pakistani children. He's a private citizen who went there on his own after speaking to friends about the needs of earthquake victims.

The defense would not reveal how they discovered Lazor was going there, but he agreed to try to find the terrorist camp armed with maps, a global positioning system device and the coordinates provided by defense attorneys.

Lazor said when he went up the trail and was about a mile and a half away, he was approached by a military-type vehicle. "I was stopped by a sergeant from the Pakistani military who said the area wasn't open to civilians and said it was a Pakistani military camp I would not be allowed access to," said Lazor. "He was polite and respectful. I mean if he was a terrorist it would've been a completely different scenario."

Lazor, who lead off Tuesday's defense witnesses, said he did very little research on the Hayat case before he went on his quest in Pakistan last month. "I went with an open mind," he said.

Also taking the stand was FBI agent Gary Schaaf, one of the agents who interrogated Hamid Hayat which was videotaped after Hayat claimed he attended training at the terrorist camp. Under defense questioning, he acknowledged that he often asked Hayat leading questions during the interview. Schaaf said he, not Hayat, was the one who first mentioned weapons and explosives training and the possibility someone would travel by bus to get there.

Besides the charge of training for terrorism, Hamid Hayat also faces three counts of lying to federal agents. The key evidence against him is his videotaped confession, along with secret tape recordings between him and a paid FBI informant, Naseem Khan.

On Wednesday, the trial for Hayat's father, Umer Hayat, resumes. The older Hayat, an ice cream truck driver from Lodi, is charged with lying to federal officials about his son's alleged involvement in terrorism.

HOMELAND RESPONSE:

Responsibility For Defending Nuclear Plants Is Debated (NYT)

By Matthew L. Wald

New York Times, April 5, 2006

WASHINGTON, April 4 — A House subcommittee heard clashing testimony on Tuesday about who was responsible for defending nuclear power plants against terrorist attack, and whether the combination of private guard forces and police agencies was adequate.

A spokesman for the nuclear industry said that terrorist threats were greater than the commercial security forces at reactors could handle, and that the industry was therefore justified in lobbying against some security requirements that the Nuclear Regulatory Commission had considered.

But another witness said that there was no one else in position to respond to large threats.

After the attacks of Sept. 11, 2001, the Nuclear Regulatory Commission redefined its requirements for the attacks that reactor owners must be prepared to defeat, known as the design basis threat, but the commission backed off some of its early ideas after industry objections.

At the hearing on Tuesday, which examined the adequacy of reactor security, the subcommittee chairman, Representative Christopher Shays of Connecticut, said, "There's an assumption that the design basis threat will protect the plant, and therefore the public." But he said he believed that the security requirements were eased "because we've made a decision that it's not practical to meet what may in fact be a very realistic threat."

The Government Accountability Office released a report at the hearing that said that the commission's process had created the appearance of a government agency submitting to industry pressure. But three members of the commission testified that that was not so.

Marvin Fertel, a vice president of the Nuclear Energy Institute, said the design basis threat was "not the full spectrum of threats," but merely what the regulatory commission believed that power companies "ought to be able to, with high assurance, win at."

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Among the elements the commission decided not to put into the design basis threat were terrorists with .50-caliber sniper rifles and rocket-propelled grenades, according to testimony Tuesday. It also does not require the plants to defend against airplane attacks like those of Sept. 11; Mr. Fertel and Nuclear Regulatory Commission witnesses said the industry was in close touch with the nation's air defense command, and, if warned, could quickly take steps to lessen the impact of an attack.

He added that the nuclear industry was working with the Department of Homeland Security to improve reactor security and that, by law, companies with reactor licenses were not required to defend against "enemies of the United States."

A Nuclear Regulatory Commission witness said that provision had been written to allow the licensing of a reactor in southern Florida without obligating the utility to defend against Cuban fighter planes.

Another witness, Danielle Brian, the executive director of the Project on Government Oversight, a nonprofit group in Washington that has issued reports about security lapses at government and civilian nuclear plants, said industry officials wanted the rocket-propelled grenades and sniper rifles removed from the official threat because they claimed it was too expensive to defend against them.

"The result of this process is a completely unrealistic design basis threat that reflects not what intelligence experts say is realistic, but what industry is willing to pay for," she said.

Ms. Brian said that assembling a SWAT team and getting it to a plant site would take at least 90 minutes while a terrorist assault would succeed or fail within eight minutes.

But another witness, Christopher M. Crane, the president and chief nuclear officer of the Exelon Generation Company, the nation's largest power plant operator, said money was not the issue.

"We are not an industry overly driven by profits, and we have not pushed back very hard," he said. The industry has spent over $1.2 billion on security since the Sept. 11 attacks, Mr. Crane said. "Show one other sector that's put anywhere near that money into it," he said.

U.S. Security Czar Says Beijing, Washington Close To Pact On Repatriating Migrants (AP)

By Joe McDonald

AP, April 4, 2006

BEIJING (AP) -- Washington and Beijing are close to reaching an agreement that could lead to the repatriation of thousands of illegal Chinese immigrants in the United States, U.S. Secretary of Homeland Security Michael Chertoff said Tuesday.

Chertoff also said he would recommend implementing new X-ray technology to screen U.S.-bound cargos at foreign ports after seeing a successful pilot program in Hong Kong.

There are about 39,000 Chinese citizens in the United States who have been rejected for immigration but whom Beijing is refusing to accept, said Chertoff, whose agency oversees immigration. China has cited uncertainty about their identities.

After talks this week with Chinese officials, "I think we have reached a meeting of the minds and a common approach on the issue of repatriation of illegal migrants with China," he told reporters.

Chertoff said he was "sufficiently confident" the two sides have made progress that one of his deputies was staying in Beijing to work on details of a possible final agreement.

Chertoff met with Luo Gan, the member of China's nine-man ruling Standing Committee who is responsible for law and order, as well as ministers of public security, justice and civil aviation.

A Chinese Foreign Ministry spokesman said Beijing wants to stop illegal migration but wants to confirm the identities of Chinese detained in the United States before accepting their repatriation.

"The Chinese government is resolutely opposed to ... illegal immigration," spokesman Liu Jianchao said. "First of all, we have to identify those illegal immigrants and based on that, China is willing to receive the repatriation of illegal immigrants."

Chertoff's Asia tour also took him to Japan and Singapore.

In Hong Kong, he toured a port where two companies are using new screening technology that takes high-definition X-rays of cargo and checks for radiation. The screening is designed to help intercept nuclear weapons and other possible terrorist threats.

"I'm going to suggest that we get to the stage of implementing some kind of proposal to put into effect a combination of this X-ray technology and this radiation technology at the ports of embarkation," Chertoff said.

The secretary said he and Chinese officials also discussed American visa restrictions imposed after the Sept. 11 terror attacks that Chinese students, businesspeople and others complain have blocked them from obtaining visas.

Some American companies say the increased difficulty in obtaining visas has hurt their business by blocking Chinese customers and employees from traveling to the United States.

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"We are working on a program to streamline visas, expand the amount of time you can spend in the country on visas and try to make the entry process a little bit more efficient and a little more warm and cozy," Chertoff said.

Court Crafts Scheme To Break Deposition Impasse In Sept. 11 Suits (LAW)

By Mark Hamblett, New York Law Journal

New York Law Journal, April 5, 2006

Frustrated by the government's approach to protecting sensitive security information, a federal judge has crafted a compromise so depositions can proceed in earnest in the litigation against airlines and airports over the Sept. 11, 2001, terror attacks.

Southern District of New York Judge Alvin K. Hellerstein said he had to intervene "to avoid further and unnecessary delay in the progress of these cases and relieve counsel of the inherent conflicts and artificial roles" that the position of the Transportation Security Administration has created for plaintiffs lawyers.

The judge's ruling in In Re September 11 Litigation, 21 MC 97 and 21 MC 101, concerned the refusal of the Transportation Security Administration to attend depositions of the airline defendants in the litigation -- and require that defense lawyers be charged with safeguarding the security information.

The TSA intervened in the cases, which involve family members of Sept. 11 victims who opted to proceed to court instead of applying to the federal Sept. 11 Victim Compensation Fund.

The transportation administration intervened to protect what is called Sensitive Security Information -- information about security plans and procedures of the airports and airline industry.

Instead of attending the depositions, Hellerstein said, the TSA "seeks to impose on defendants' counsel the obligation to object and prevent answers that might disclose SSI," which the judge called a "strange and significant phenomena."

Counsel for the plaintiffs objected to the transportation administration's proposal, saying it would handicap their ability to aggressively pursue their cases. They also worried it might be hard to figure the applicability of sensitive information to conditions of airline security as they existed in 2001.

"Defense counsel also express concern about exposure to civil penalties if they and their witnesses fail to protect SSI," the judge said. "Plaintiffs press to proceed, citing lengthy delays, and pointing out that many of their counsel -- all those who would be taking depositions -- were cleared by TSA to obtain access to SSI pending TSA authorization of such disclosure."

The plaintiffs opposed a TSA plan that would allow them to put questions to witnesses, but not hear the answers to those questions until the administration determined that the answers could be given.

Initially, the airline and airport defendants turned documents over to the Transportation Security Administration in three groups beginning in late 2003. TSA reviewed the documents and then produced them to the defense counsel, albeit slowly, the judge said. The agency did not complete its review of the first and second waves of documents until late last year.

But two years after the agency began reviewing documents, the judge said, it "retreated" from its initial position and said it would not conditionally disclose sensitive security information material to precleared defense counsel.

He pressed for the sides to negotiate a protocol to break the impasse, but negotiations dragged on.

Hellerstein then directed the plaintiffs to serve defendants notices that they would be asking for testimony on four "critical" areas: "the warnings and information supplied to the U.S. carriers by the Federal Aviation Administration about the threat of hijackings, including terrorist hijackings, prior to Sept. 11," airport passenger screening procedures, "the so-called 'common strategy' in the event of a threatened hijacking," and, finally, the identity of documents submitted to the Transportation Security Administration to determine whether they contain sensitive security information.

But the agency's proposed final orders for the depositions had defense counsel concerned that they would be placed in conflict because government regulations might prohibit disclosure, and yet disclosure might be in the best interests of their clients.

'DIRECTLY RELEVANT' MATERIAL

In a letter last month to the court, defense counsel said "much of the what the TSA has identified as SSI is directly relevant to the exclusive standard of care governing their conduct on Sept. 11, 2001 and is at the heart of their defense."

For their part, plaintiffs wrote last month that "it would be an unconstitutional burden to impose upon counsel the responsibility to 'guess' what answers might involve disclosure of SSI at the risk of statutory and regulatory penalties."

If TSA declines to attend depositions, they argued, the agency should be deemed to have waived any objections to the answers provided by witnesses.

But the agency countered that regulations expressly charge those entrusted with security information to safeguard it from "unauthorized disclosure."

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Hellerstein said the proposed alternatives by the Transportation Security Administration "fail to allow plaintiffs to engage in the back and forth so essential to establishing a claim in negligence." So he fashioned a plan whereby cleared plaintiffs' counsel may ask witnesses questions in the normal fashion and the witnesses will be defended by counsel "entitled to read and hear SSI," either under the regulations or by special clearance.

Two transcripts will be made and the agency will have 30 days to determine whether the answers are SSI. Answers that are SSI will be redacted from the second copy of the transcript. The first copy, which will reflect the agency's determinations of security information, will be considered a "final determination" subject to appeal, and a copy will be filed under seal.

"By opting out of the Victim Compensation Fund, the litigants currently before me have necessarily assumed the risks inherent in litigation," Hellerstein said. "But they could not reasonably have foreseen that they might be barred by administrative fiat."

And while the task of the Transportation Security Administration might be "formidable," he said, "the severity of the task may not serve as an excuse for barring plaintiffs from asserting the claims allowed them by law."

Marc S. Moller of Kreindler & Kreindler is liaison counsel for the plaintiffs. Desmond T. Barry of Condon & Forsyth is liaison counsel for the defendants. Elizabeth Goldman represents the TSA.

Homeland Security Pay Plan Goes Forward, But Unions Are Wary (WP)

By Stephen Barr

The Washington Post, April 5, 2006

The Department of Homeland Security is moving ahead with its plan to change how it evaluates and pays employees, even as it tries to fend off unions in court.

The pay changes and the court case are separate issues, but the union litigation has altered the department's timetable and injected some uncertainty into how far Homeland Security can go in changing some key workplace rules.

Gregg Prillaman , chief human capital officer at the department, said the litigation "has essentially compressed" the schedule for converting employees from the traditional civil service system, the decades-old General Schedule, to a performance-based system. "Instead of moving people onto it quicker, it is going to be slightly slower," he said.

The litigation is scheduled to resume tomorrow, when the unions, led by the National Treasury Employees Union, and the government make oral arguments before a federal appeals court.

The NTEU, contending that the new rules would gut collective bargaining in the department, won the first round last August. U.S. District Judge Rosemary M. Collyer ruled that the department's plan would put the unions on "quicksand" when trying to negotiate the terms of contracts, and she blocked new labor-management rules.

Although the unions have focused their legal efforts on stopping the department's new work rules, they also are wary of the new pay system, contending that the government has a poor track record in creating performance-based management systems that are viewed as fair and credible by workers.

The Bush administration, however, thinks the across-the-board raises provided through the General Schedule do not permit agencies to make distinctions among employees and thwart efforts to give higher raises to top performers.

In keeping with a 2002 law, Homeland Security is designing a pay system that will provide employees with raises more closely tied to their occupations and geographic location. The best workers will also receive higher raises that reflect their job performance. Employees who are deemed unsatisfactory will be at risk of not getting a raise.

The new pay system, when in place, will cover as many as 85,000 civil service employees, with a substantial number in jobs related to law enforcement. One goal of the new system is to more rigorously link annual pay raises to job performance ratings.

The initial rollout will involve 18,000 to 20,000 employees who are not covered by union contracts. Under the plan, managers, supervisors and nonunion employees will move to a new pay system, featuring broad salary scales based on occupations, next January.

In the second phase, 60,000 to 65,000 employees, including most employees covered by union contracts, will convert to the new pay system in January 2008.

Prillaman said that about 2,000 Homeland Security managers have received training on a new system for evaluating the job performance of employees and that up to 5,000 additional managers will be trained.

"The plan is not to go out and do massive harm to employees of this department. Quite the contrary," Prillaman said. "It is to give them a clearer picture of how they succeed and better recognition for that success. It is not a Machiavellian plot.

"In the end, the department's goal is the same as the employees' goal," he said. "You want to be able to have high-quality people in the organization who succeed in their job and want to stay for the long run. That is what employees want, and that is what the department wants."

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Take Back The Towers (NYT)

By Dennis Smith

The New York Times, April 5, 2006

THE effort to rebuild the World Trade Center site continues to go nowhere. The planned memorial lacks start-up money and faces public indifference. Those behind the proposed museum have not shown that they have any clear idea how to represent the memory of a day of murder, pain and loss. And most important, there is no real government-business-real estate coalition supporting the commercial plans of the Lower Manhattan Development Corporation and the developer Larry Silverstein, who holds the lease.

We've reached a stage where the state and local government, so often the causes of delay, are the only players with the ability to move things forward. It is time for them to invoke their trump card: the takings clause of the United States Constitution.

To understand why, consider how all facets of the project have reached the point of inertia. Those behind the memorial, centered on its two reflecting pools, have still not satisfied the public or the politicians on several aesthetic questions.

For example, the memorial must display the names of those who died at ground zero, the Pentagon and Shanksville, Pa., as well as those killed in the 1993 attack on the twin towers. But to the consternation of many (perhaps most) of the 9/11 families, the designers seem determined to place the names haphazardly, and without reference to time or place of death.

The debate over the names points to a larger problem: many in the artistic community seem unable to accept the influence that the families of the victims have among the public. Until the designers understand the role of the families and that they are building over a tomb — bodies of hundreds of the 2,749 who died there were never recovered — the project will languish. As for the museum, the most obvious setback was the disastrous decision to have it house the controversial International Freedom Center, which was eventually reversed by Gov. George Pataki. But since then, another series of seemingly intractable issues has arisen: the footprint space and exhibition areas have been reduced, there are problems with handicapped access, there have been warnings that crowd movement could be dangerous in an emergency and, most important, Alice Greenwald, the director, has yet to say what specifically the museum will contain.

Finally, of course, there is the problem of financing. It is too late to say that the money should have been raised before the design of the memorial and associated projects was accepted. But it seems clear that corporations and individual benefactors are reluctant to pony up the half-billion dollars needed for an effort with so many unanswered questions attached to it.

There is only one way to move forward: Mayor Michael Bloomberg and the City Council should send a home-rule message to Albany and demand the confiscation of the World Trade Center site under the eminent domain clause. At a time when counties and municipalities across America are seizing houses and small businesses to build shopping malls just to increase their tax bases, there are plenty of justifiable reasons — included lost tax revenues — to demand the return of ground zero.

Is taking the site legally practicable? "As long as the land were used for public purposes such as monuments, museums, or other public buildings, it can certainly be condemned under the U.S. Constitution," says Vicki Been, a professor of real-estate law at New York University Law School. "Even if some (or most) of the land were transferred to private parties to build commercial or residential space, the Supreme Court has held that such economic development is a public purpose."

The alternative — waiting for the current players to get their act together — makes no sense. Even if the project were to regain momentum, the plan is to build 10 million square feet of commercial space that is not only unneeded but will also mostly fail to rent. The Freedom Tower will be an eyesore as well as a terrorist target, and few will want to work there.

Mayor Bloomberg has recognized the financial folly of such large-scale building in an area that needs careful neighborhood development. With his business skills and political savvy, he is the natural choice to become chief engineer and contractor of a smaller, smarter, more appropriate ground zero.

Four decades ago, the 12 blocks that form the trade center site were taken through eminent domain from a group of electronics merchants and other small-business owners. That was David Rockefeller's idea, and his brother Gov. Nelson Rockefeller made it happen. Now it is up to Governor Pataki to give Mr. Bloomberg a similar opportunity. Ground zero does not belong to the Port Authority or the Lower Manhattan Development Corporation or Larry Silverstein. It is our property. We should get it back.

Senate Panel Adds Billions To Bush Plan For Storm Relief (NYT)

By Leslie Eaton

The New York Times, April 5, 2006

Spurred by an influential Mississippi Republican, the Senate moved yesterday toward adding billions of dollars to the Bush administration's $19 billion hurricane relief request, which was approved by the House last month.

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The additional money, voted by the Senate Appropriations Committee, means that Louisiana will most likely retain all of the $4.2 billion that the House approved for home rebuilding. Texas and Mississippi had been expected to vie for a share of those funds, but the provisions adopted by the committee yesterday, adding about $8 billion in hurricane relief that would also help other programs and states, heads off such a battle.

The committee is led by Senator Thad Cochran of Mississippi, who added considerable aid for his state. The legislation includes $700 million to relocate a privately owned freight rail line in Mississippi, $1.2 billion for a pilot program favored by Mississippi's governor to replace trailers with cottages and $1 billion in block grants that are likely to go to Mississippi and Texas.

Quite apart from hurricane relief, the committee, at the request of Senator Byron L. Dorgan, Democrat of North Dakota, also added to the bill $4 billion to help farmers hurt by drought and high energy costs. Other provisions would provide more than $2 billion for fighting avian flu and $648 million for improving port security.

All this money is now part of a $106.5 billion supplemental spending bill, passed by the committee yesterday, the bulk of which — roughly $68 billion — is to pay for the war in Iraq. Like the House, the Senate committee included special funds for armored military vehicles.

The full Senate is likely to take up the bill after returning from a recess that begins at the end of the week. Eventually the additions, should they be approved on the floor, will have to be negotiated with the House. But some senators are pledging to fight the ballooning supplemental appropriation, which they say should be used for emergency spending only.

The chairman of the Senate Budget Committee, Judd Gregg, Republican of New Hampshire, said in a statement that he believed the bill should be cut back to the $92 billion requested by the administration and approved by the House. But Mr. Gregg also said he planned to try to amend the bill to increase spending on border security by more than $1 billion, and to pay for that increase by paring spending that is not related to hurricane relief or the war.

Gov. Kathleen Babineaux Blanco and other Louisiana officials, who had converged on the Capitol to lobby for recovery money, expressed satisfaction with the Senate bill.

But they continued to demand that the Bush administration come up with a formal plan to rebuild the levees around New Orleans, a project that administration officials said last week would cost $6 billion more than originally projected by the Army Corps of Engineers.

The Senate bill added more than $600 million to the $1.5 billion the House approved for levees and flood control projects on the Gulf Coast, and called on the administration to make a formal request to Congress for that money; without the request, Louisiana officials say, the complex rebuilding process will stall.

Senator David Vitter, a Louisiana Republican, asked the administration for action, saying his state "cannot afford additional months of stonewalling with a new hurricane season right around the corner."

Mary L. Landrieu, the state's Democratic senator, went further, threatening to hold up all of the administration's executive appointments until progress is made on finding enough money for the levees. In a letter to President Bush, she called the condition of the levees "a life-or-death situation" for Louisianians.

"The people of Louisiana have waited so long for accurate numbers, for construction of levees and for adequate funding for housing rebuilding," she said at a news conference at the Capitol. "We simply cannot wait much longer."

The new spending bill also includes increased financing to cover the costs of educating students displaced by Hurricane Katrina, a provision that would mostly benefit Texas, where the largest number of such students wound up. At the behest of Senator Kay Bailey Hutchison, Republican of Texas, $10 million for law enforcement in the state was added, as was money for universities and colleges damaged by last year's storms.

Landrieu Threatens Blanket Holds To Get Levee Funding (HILL)

By Jonathan Allen

The Hill, April 5, 2006

Sen. Mary Landrieu (D-La.) threatened yesterday to hold President Bush's executive-branch nominees hostage until the administration agrees to a series of demands that would increase funding for coastal Louisiana.

In a letter sent to Bush yesterday, the Louisiana Democrat threatened to place holds on the president's nominees, raising the prospect that the Senate could be tied in knots as Bush tries to fill a variety of vacancies, including the top jobs at the Interior Department and the Office of Management and Budget.

"Because this is literally a life-or-death situation for the people of my state, I am compelled to notify you that I will exercise my power as a member of the Senate to stop further consideration of all executive appointments until significant progress is made on such a request and commitment," Landrieu wrote.

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She is looking for an additional $6 billion for levees, flood control and coastal restoration in Louisiana — and the president's commitment to use "the full weight of the office of the president" to pursue that money, a plan for coastal restoration and a federal revenue-sharing arrangement for receipts from Outer Continental Shelf drilling.

The price tag matches the new figure the administration has said would be needed to bolster Louisiana's levee system to the point that the area would be eligible for federal flood insurance. A $95 billion supplemental spending bill marked up by the Senate Appropriations Committee yesterday already contains about $2 billion for the Louisiana coast.

Senators have been able to block nominations — or legislation — indefinitely by using the informal "hold" procedure. Senate Republican leaders could circumvent holds on nominations by calling for cloture, but each nomination would require a separate cloture vote. That could add days to the timeline for each nomination.

But the likelihood of high Senate floor drama was not yet clear yesterday. "Historically, a blanket hold does not necessarily accomplish the goal [or goals] set out for it when deployed," said Eric Ueland, chief of staff to Senate Majority Leader Bill Frist (R-Tenn.).

"Mr. President the piecemeal approach that has marked your administration's response to providing adequate levee and flood protection for Louisiana has not worked," Landrieu wrote. "It needs to be replaced by a comprehensive approach that is both more effective and cost-efficient."

Louisiana lawmakers have run into strong resistance from conservative Republicans on recent requests for Gulf Coast funding. The conservatives argue that new money for the region should be offset by budget cuts.

With singular purpose, Landrieu has begged, bargained and beguiled in search of federal assistance for Louisiana since Hurricane Katrina devastated the Gulf Coast last summer. Yesterday, she promised to up the stakes for the administration.

"It's the leverage I have," Landrieu said.

She hinted that she has other arrows in her quiver but did not specify what other means she might have to put pressure on the president or the GOP-led Senate.

Landrieu did not rule out offering a floor amendment to the supplemental appropriations measure on the floor to accomplish her goal, but her aides said it would be difficult to get the money without backing from the White House.

Last month, Landrieu was the only Democrat to vote for the budget resolution, after she struck a deal with Frist and several senior Republicans that would provide $10 billion to Louisiana for similar purposes if a number of conditions are met.

But many lawmakers and aides have cast doubt on the prospects of final adoption of a conference report on the budget this year. The House is scheduled to vote on its version of the legislation this week.

"Money spent on levees and flood control today will save the federal government billions in the future by eliminating the need for costly post-storm recovery and rebuilding in areas that were not adequately protected," Landrieu wrote. "The people of my state cannot wait any longer. We can no longer rely on promises. We need action, and we need action now."

As for Landrieu's threat, Ueland said Frist will not prematurely "cross any bridge."

For Gulf Towns, Anxious Wait On Flood Plain Status (CSM)

By Patrik Jonsson

The Christian Science Monitor, April 5, 2006

BURAS, LA. - The Buras water tower is still on its side where hurricane Katrina pushed it over as though it were a LEGO toy. Schools are still closed. Water treatment is nonexistent.

Sure, a few determined survivors have returned to battered Plaquemines Parish, which looked like an inundated shrimper after sustaining four levee breaks.

But for most, the decision of whether to return is becoming more complex. Buras - and other towns in lower Plaquemines - may face a tougher road toward rebuilding if maps expected to be released this week determine that they are ineligible for federal flood insurance.

At issue: the original levees, though repaired, have proven unworthy against Katrina-size storms, and cost estimates for bolstering them have tripled, to $9 billion. That makes the maps a key to the recovery riddle, since they will guide rebuilding and factor in developers' calculations. The situation is testing the pride of Louisiana's original parish. And it's shedding light on how rebuilding will occur in the most stormwracked corners of the Gulf Coast, as communities compete for levee improvement funds.

"I need schools to send my kids to, I need a church to follow my faith, and Buras is getting none of that," says Lynda Banta, a parish councilor living in the largely unaffected Belle Chasse area. "Somebody's decided we're expendable."

This finger of gnat-infested lowland, where the levees flicker into view on both sides of the Belle Chasse highway around refineries and orange groves, is the home of oil-rig workers, refinery roughnecks, and oystermen. Some can trace their Italian, French, and Slavic heritages through the bayous for centuries. For towns like Triumph, Nairn, Venice and Port Sulphur, it's crunchtime for recovery.

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The Army Corps of Engineers completed its first repairs on the Plaquemines levees on March 17, bringing them up to their original height and bolstering them with sturdier clays. But a harsh prospect overshadowed its restoration.

"Another Katrina would overtop this levee," said Army Corps of Engineers Col. Lewis Setliff during a press conference near the Empire Lock in Nairn, La.

Plaquemines, which comprises the mouth of the Mississippi, dates back to 1682, when the French explorer Rene-Robert Cavelier, Sieur de La Salle stuck a cross into the silty lowlands nearby. But since the levees and subsequent suburbs were built in the mid-20th century, the area has experienced a rough stretch in the past 40 years, as hurricanes Betsy, Camille and Katrina (the worst of all) threatened to return it to swampland.

Reinforcing the lower levees of Plaquemines would cost $3 billion for an area with less than 2 percent of the southern Louisiana population. In contrast, nearby Algiers contains 13 percent of the region's population, but the cost would be $129 million to storm-certify its levees.

Moreover, only 1,000 out of 14,000-odd people that lived in the lower part of Plaquemines Parish have returned. Statistics like that have given momentum to comments by some politicians that parts of the region should be returned to the swamps.

"It's easy for people from the outside to say that the decision seems simple: it's not a good place to live, so don't go back," says Jeanne Hurlbert, a sociologist at Louisiana State University in Baton Rouge. "Plaquemines is a place like many in southern Louisiana where the communities are strong, multigenerational, and where you're asking people to give up a way of life in a place where they've always lived."

But by focusing simply on levee height, government engineers and politicians may be missing an opportunity for "broader thinking," says David Daniel, president of the University of Texas at Dallas and the chair of an external levee review committee organized by the American Society of Civil Engineers.

After all, one local high school, destroyed by hurricane Camille, was rebuilt on stilts. It survived Katrina intact. High-ground evacuation sites and "armored" levees that would not break even while overtopped may enable areas like lower Plaquemines to endure another major storm. Some of the stilts may have to be 35 feet high, however.

"You may design for the mother of all storms and you get the grandmother of all storms," says Dr. Daniel. The committee's much anticipated risk analysis for the region is expected June 1 - the kickoff date for the new hurricane season.

FEMA Trailer Park Fails To Survive Storm From Residents (NYT)

By Adam Nossiter

The New York Times, April 5, 2006

NEW ORLEANS, April 4 — A mayoral election is less than three weeks away, and the sympathy of elected officials for the irritations of voters in the aftermath of Hurricane Katrina is boundless.

As a result, there will be no trailer park in Lakewood Estates, a collection of solid, spacious homes behind a high locked gate in the Algiers section.

Last weekend, angry residents of the neighborhood took to the street to protest a trailer park being built on their doorstep by the Federal Emergency Management Agency for 34 single women and their children who were left homeless by the hurricane. FEMA, their signs proclaimed, was "raping" their neighborhood.

Construction was already well along — some 20-odd trailers are already in place on the dusty lot — but fortunately for the residents of Lakewood Estates, campaign season is also well along.

Mayor C. Ray Nagin, habitually relaxed in his reactions, wasted not a moment this time. On Monday morning, with news of the residents' uprising in the local media, Mr. Nagin called a news conference.

"I'm very upset about it," he said. The contractor had "disrespected" citizens. FEMA had "bullied" city workers. Enough was enough. "This is unacceptable," the mayor said.

The disputed trailer park was now history, Mr. Nagin said. And so, for the moment, were all other trailer sites in the city, whose construction the mayor proclaimed "suspended."

The residents of Lakewood Estates had won. FEMA, though, said it was puzzled, especially since the Algiers trailer site had been approved by the mayor months ago, said Darryl Madden, an agency spokesman. All the necessary building permits had been obtained, Mr. Madden said.

A lawyer for the city declined to comment, citing a pending suit by the residents. City documents disputed the assertion that the building permits had been obtained, but a City Hall news release indeed confirmed "that this particular Algiers site was not removed from the original list."

Seven months after the hurricane, fights over where to house its displaced victims continue. Up and down Louisiana, but particularly around New Orleans, residents and local officials have taken action against the incursion of displaced city residents — overwhelmingly black — who are portrayed as bearers of crime and bad living habits, and as destroyers of property values.

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Some of the most virulent opposition has occurred in the victims' own backyard. Last December Mr. Nagin backed away from a list of proposed city sites after expressions of outrage. Gov. Kathleen Babineaux Blanco was forced to intervene here late last year, when officials could not agree on where to put the trailers.

And by the end of last year, 32 of Louisiana's 64 parishes had banned these trailer sites. Only eight had approved them unconditionally.

If these flare-ups are less frequent than before, FEMA says the need for temporary housing is nonetheless as great as ever. In New Orleans, where the agency has set up nearly 10,000 trailers, 109 sites await Mr. Nagin's approval, the agency says. He has already approved more than 100 such sites, some 17 of which are occupied. FEMA says about 12,000 requests for trailers are pending in the city, with new ones coming in all the time.

"I think it's appalling and I think it's yet another example of 'not in my backyard,' " said William P. Quigley, director of the Gillis Long Poverty Law Center at Loyola University and a litigant on behalf of hurricane victims, speaking of the Algiers site. "The people of New Orleans have been made more welcome across the U.S. than they have been in their own hometown."

The sudden loss of the Algiers site is a sharp blow, Mr. Madden said. "This was going to be a location where we were going to be able to place 34 displaced families, at a time when placing families is important," he said.

"The fact is, we have been working on this site since the mayor approved it," Mr. Madden said. "For this decision to be made at this juncture jeopardizes our effort to provide housing to displaced citizens in the aftermath of Katrina."

Security cameras watch the entrance of Lakewood Estates, and a sign proclaims "24-hour camera surveillance in progress." The collection of trailers sits on a two-acre plot on one side of a low wall, a humble contrast to the substantial, well-landscaped dwellings on the other side.

"If you look at this facility, it looks like Guantánamo," said the protest leader, Edward D. Markle. He was still furious at FEMA, though the site appears dead, for now. "It's bad," Mr. Markle said. "You've got a thousand locations that are better. I won't be able to take a bath without them seeing me."

He suggested that a much larger plot of land, across the road and away from the homes, would have made a far more suitable location.

"It's not an issue of we don't want them in our backyard," Mr. Markle said. "We invite them in our backyard. We just don't want them in our bathrooms and bedrooms."

No Hands On Deck (NYT)

The New York Times, April 5, 2006

You can't get anyone to take over as captain of a ship that's already sinking. That's the message top candidates are sending the administration about the Federal Emergency Management Agency.

As Eric Lipton reported in Sunday's Times, many of the leading candidates for the post of FEMA director have taken themselves out of the running. Normally high-profile positions like that are sought after, even fought over. But no one seems to want to take over the rudderless agency after the mess that followed Hurricane Katrina.

The lack of interest in the job represents a significant vote of no confidence in FEMA's future by leading experts in the field. Clearly, the administration won't be able to plug just a few holes at the top and expect the agency to heal itself. President Bush needs to set a clear agenda for reform and make tangible commitments on the agency's future role.

To start, FEMA's personnel troubles go much deeper than one open position. Mr. Lipton reported that 11 of the 30 most senior jobs at the agency were filled on an acting basis — including the administrators for operations, disaster recovery and disaster response. This is hardly a recipe for providing the clarity, the sense of purpose and, most of all, the sense of stability this agency needs.

It would be a mistake to simply make the acting director, David Paulison, the permanent chief, as the administration is expected to do. That would create the impression that this crucial government function was being handed over to the only person willing to take it on. Administration officials need to tackle the real impediment to finding a new director: uncertainty over FEMA's role and future.

First they need to answer a central question. Is FEMA an agency of accountants or emergency responders? Is it there to provide financial reimbursement or boots on the ground during disasters? The answer should be: a little bit of both. Most of the time, FEMA helps local and state governments after a crisis has passed. But in the largest catastrophes, when local people are as overwhelmed as they were after Hurricane Katrina, the other role — managing the response to a major disaster — is called upon. Those are the areas officials are trying to improve after the botched response to Katrina.

FEMA has suffered upheaval in recent years, not least because it went from being an independent cabinet agency to being one piece of the huge homeland security bureaucracy. Katrina exposed major failings that the agency is trying to address. Trying

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is nice, but as the chairman of the House appropriations panel for homeland security, Harold Rogers, put it last week, "Another failure is not an option."

Hurricane Prediction: Busy, Again (USAT)

By Patrick O'Driscoll

USA Today, April 5, 2006

This year's hurricane season is likely to be very active, though not as bad as last year's record-shattering barrage on the Gulf Coast, a leading U.S. prediction team said Tuesday.

The latest 2006 forecast by the Tropical Meteorology Project at Colorado State University envisions a higher potential for intense hurricanes to strike the East Coast. The report's "landfall probability" outlook sees a 64% chance that a major hurricane — Category 3 or higher, meaning sustained winds of at least 111 mph — will hit that region this year. That's more than double the 31% average probability over the past century.

The central Gulf Coast — Louisiana, Mississippi and Alabama — devastated last year by Hurricanes Katrina and Rita rates a 30% likelihood for a major hurricane. That, too, is twice the 15% average during the previous century.

The new forecast arrives as New Orleans, southern Louisiana and the Mississippi coast struggle to rebuild and reinforce against more hurricanes. Katrina alone inflicted $80 billion in damage, caused more than 1,330 deaths and displaced hundreds of thousands of Gulf Coast residents.

Forecast co-author William Gray, dean of the USA's hurricane scientists, said last year's onslaught was made more destructive by strong steering currents of Atlantic air that guided more major hurricanes to land. It is too early to predict how such air patterns may develop this year.

Co-author Phil Klotzbach said two more factors affect the outlook: still-warm water in the Atlantic, especially in the north, and the absence of an El Nio pattern in the Pacific. Wind currents caused by El Nio, a warming of equatorial waters of the Pacific, can disrupt or cut off Atlantic storms as they blow west.

Klotzbach and Gray foresee 17 named storms this season, which runs from June through November. That's nearly twice the average of 9.6 storms a year from 1950 to 2000 but well below last year's record 27 storms, 15 of them hurricanes (winds 74 mph or more). There were so many storms in 2005 that the National Hurricane Center's alphabetical list of names ran out in October, and the center had to use Greek letters to refer to later storms.

The forecast expects nine of the 17 storms to become hurricanes, five of them major. Long-term average is about six per year, two of them major.

Although the tropical Atlantic isn't as warm as last year, temperatures have stayed warm in the North Atlantic for several years, Klotzbach said. When that happens, he said, "you tend to see more landfalls on the East Coast."

U.S. shores north of the Carolinas and Virginia haven't been hit by a major hurricane for decades. Last month, AccuWeather.com, a private service, predicted that one could strike in the Northeast, including New York City, perhaps even this year. "The Northeast is staring down the barrel of a gun," AccuWeather forecaster Joe Bastardi warned.

Klotzbach and Gray say the Atlantic is in an extraordinarily active cycle that began in the mid-1990s and could last another two decades. "From 1995 to 2003, we had a lot of (tropical storms) but very few landfalls," Klotzbach said. "There were 32 major hurricanes during that span, but only three made landfall as majors."

That has changed dramatically since. In the past three years, seven of 13 major hurricanes have struck land. "We were very, very lucky for nine years," Klotzbach said, "and we've been very, very unlucky for the last three."

In A Year Of Catastrophic Loss, Insurers Saw Record Gains (LAT)

By Peter G. Gosselin

The Los Angeles Times, April 5, 2006

The companies that provide Americans with their homeowners and auto insurance made a record $44.8-billion profit last year even after accounting for the claims of policyholders wiped out by Hurricane Katrina and the other big storms of 2005, according to the firms' filings with state regulators.

Top executives described the profit — an 18.7% increase over the previous year — as a fluke, the product of gains in other lines of insurance besides homeowners and a very good year for their investments.

They said that even with the increase, insurers face deep problems that can be fixed only by substantial premium hikes, a scaling back of commitments by several firms to the most disaster-prone portions of the country and, according to some, a greatly expanded role for the state and federal governments in insuring individuals against the largest of catastrophes.

"Unless insurers can get relief, you're going to see a pullback by the private industry," warned Robert P. Hartwig, chief economist of the industry-funded Insurance Information Institute.

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"We're not being good stewards of our investors' capital or our policyholders' surplus if we keep doing business where we can't make money."

In fact, the property casualty insurance industry, which provides homeowners and auto coverage, made a considerable sum despite paying tens of billions of dollars to policyholders as a result of Katrina, which is widely described as the largest insured disaster in U.S. history, and a string of other storms.

Besides boosting profits, the industry raised its surplus by more than 7% to nearly $427 billion, according to an analysis of company filings by the National Assn. of Insurance Commissioners, which represents regulators from the 50 states. The surplus is intended to provide a financial cushion in times of high claims.

The industry covered virtually all of its claims and expenses with premiums earned during the year rather than with surplus funds, according to the organization's analysis. The ratio of claims and expenses to premiums was among the lowest in three decades.

The question is: How, in a year that produced an estimated $56.8 billion in disaster losses, nearly twice the previous record and more than twice what insurers paid after the Sept. 11 attacks, is this possible?

The answer, in part, is that U.S. insurers purchased disaster insurance of their own before the 2005 storms, much of it from overseas firms. Executives said that half — and by some estimates, nearly two-thirds — of the insured losses from last year's hurricanes ultimately will be borne by so-called reinsurers, many based in Bermuda and Europe.

In part, it's because of what Hartwig called the "anomaly" of so much of the 2005 storm damage being caused by flooding, which private insurers don't cover and instead rely on Washington handles through the national flood insurance program.

But the industry's remarkable performance also reflects a dozen-year effort by insurers to insulate themselves from the most extreme financial consequences of catastrophe by, among other things, shifting risks previously borne by companies to policyholders and the public.

The effort started after the last big batch of natural disasters in the early 1990s, among them Hurricane Andrew in Florida in 1992, and the Oakland Hills firestorm in 1991 and Northridge earthquake in 1994 in California.

The effort has included industry adoption of increasingly sophisticated techniques for analyzing catastrophic risk, as well as self-imposed limits on how much firms will cover and where. It also has included successful campaigns to get states or state-created entities to shoulder such dangers as earthquakes in California and wind in Florida, Texas, Hawaii and elsewhere. And it has involved tightening policy language — by, for example, narrowing the definition of "replacement cost" for homes — in ways that leave individuals bearing more of the burden of putting their material lives back together after trouble strikes.

While premiums for homeowners insurance have increased by more than half since the early 1990s, coverage, especially in disasters, has shrunk. Historically, insurers covered a little more than 60% of total losses in disasters, according to Hartwig, the industry economist. During the 2004 hurricanes in Florida, they covered less than 50%, according to Hartwig's numbers. During Katrina, he said, they covered about 30%, due in part to the high flood damage.

In making these changes, the insurance industry has been part of a trend that has picked up steam as the U.S. economy has grown more competitive in recent decades — a shift of financial risks from business and often government to individual households.

"If last year's hurricane season had occurred 10 years ago, it would have been devastating for the company," said Allstate Vice President Fred F. Cripe in an interview. "Last year, it was merely disappointing."

Despite evidence of industry success in reducing its financial exposure in disasters, major insurers — most prominently Allstate — have announced a new round of risk-limiting steps, including approving no new homeowners policies along substantial stretches of the nation's East and Gulf coasts. Several have called for creation of state and federal funds to serve as financial backstops for the industry in the biggest disasters.

The new proposals have drawn fire from a wide variety of quarters.

George K. Bernstein, appointed by President Nixon as the first administrator to oversee the government's flood, riot and crime insurance programs, said that private insurers had already pulled out of other risky lines of business.

"There's not going to be much left that they do insure by the time it's all over," he warned.

California Insurance Commissioner John Garamendi said: "The insurance industry is running away from risk, and leaving policyholders holding the bag."

Among those policyholders are Robert and Denise Sebastian, whose two-story brick house at 326 Bellaire Drive in the sedate Country Club Gardens section of New Orleans flooded after the walls of one of the city's major canals gave way during Katrina.

Sebastian, a 52-year-old official with the federal Minerals Management Service, has filled three loose-leaf binders with correspondence and phone notes from his efforts to collect more than $450,000 he believes his family is owed by St. Paul Travelers and Encompass Insurance, an Allstate subsidiary.

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He has managed to get about half of that amount, but only after repeated clashes with the companies and returning several small checks proffered as full payment. Despite what he says is evidence of roof damage and leaking, Encompass recently denied his claim for $100,000, saying damage was due to flood or settlement and therefore was not covered by his policy.

"My wife and I are both lawyers," said Sebastian. "We've put every bit of our wherewithal into pursing these claims, and we're still not settled after seven months.

"I wonder what happens to the grandmother in Gentilly."

To be sure, Katrina and last year's other big storms dealt body blows to some insurance companies. Mississippi's No. 2 insurer, Mississippi Farm Bureau Mutual Insurance, went broke after paying $450 million in claims, and is being dissolved, according to state officials. PXRE Reinsurance Co., a subsidiary of Bermuda-based PXRE Group Ltd., has been forced to explore "strategic alternatives," according to a recent statement, after storm-related claims and expenses outstripped premiums by nearly 1,000%.

In addition, the final chapter has not been written for several insurers, including State Farm Fire and Casualty Co., USAA and Nationwide Mutual Insurance Co., because of lawsuits filed on behalf of Mississippi policyholders by prominent lawyer Richard Scruggs and the state's attorney general, Jim Hood.

Both charge the firms with wrongly denying claims for Katrina-related wind and water damage. In Hood's case, he argues that the standard provisions of homeowners policies excluding flood coverage are ambiguous. But company lawyers say the policies are clear. Industry analysts think that the plaintiffs stand little chance of succeeding, and that even if they do, the results will not fundamentally alter the companies' finances.

Among insurers, the consensus is that the industry is in the best shape it has been in years. Some argue against tampering with success.

"We've been through some of the worst natural disasters and man-made catastrophes in our history, and had some of the best earnings in the last 20 or 30 years," said Frank W. Nutter, president of the Reinsurance Assn. of America, a Washington trade group.

Nutter accused companies that are calling for major changes in coverage and creation of public backstop programs of engaging in "a risk-shift strategy of moving risks off their books onto government and policyholders." Members of Nutter's group stand to make big profits from major insurers stocking up on reinsurance to guard against fresh catastrophes. Reinsurers are said to have raised premiums by 100% or more since last year's storms.

Other industry executives insist they are simply trying to protect their companies and the public.

Hartwig, the industry economist, and Cripe, the Allstate vice president, said that insurers' greatest concern is that the number and intensity of big storms hitting the U.S. coast have risen and are likely to stay high for years to come. They said that although the industry easily handled the costs of the last two years of hurricanes, a similar pummeling during the next few years would deplete its finances.

As evidence of the change, the pair noted that seven of the 10 most costly hurricanes in U.S. history occurred during the last two years. And they cited the recent announcement by a leading disaster modeling firm, Risk Management Solutions Inc. of Newark, Calif., that chances of devastating storms making landfall are dramatically higher than it previously predicted.

RMS executive vice president Paul VanderMarck said in an interview that the firm's decision to switch from using 100-year averages to looking at just the past five years in forecasting storms, and the resulting jump in its prediction of big storm losses along the East and Gulf coasts, was based solely on new scientific knowledge, for example on rising ocean temperatures, and the views of an expert panel.

But critics said that the change was the product of pressure from insurers seeking to justify rate hikes and that, in any case, it represented an unfair changing of the rules by the industry.

"The companies came in after the early 1990s disasters and told us, 'We're going to start using these long-term models that are going to have periods of intense activity and periods of no activity," said J. Robert Hunter, who was Texas insurance commissioner at the time and is now insurance director at the Consumer Federation of America. "They wanted us set the rates so that it would even things out across the highs and lows, and we agreed," Hunter said.

"Now they're coming back," he continued, "and saying 'Oops! We got it wrong; we're going to change the model.' That reneges on the deal."

The state's current commissioner, Mike Geeslin, had similar sentiments: "You have companies that say they have a plan to stay put year in and year out, and gather a large share of the market. Then they decide they have more risk than they can stomach."

The result, Geeslin said, is that the state must either "prop them up" with rate hikes and other concessions, or step in and take their place.

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Industry executives offer a second argument for drastic change that goes well beyond altered weather patterns and focuses especially on the need for federal and state backup for insurers. They suggest that the combination of rapid real estate development and rising home prices so raise the risk of gargantuan loss in a hurricane that much of coastal America has become virtually uninsurable by private industry.

In a recent speech, Allstate chief executive Edward M. Liddy painted a vivid picture of how a tightly packed set of storms could erase first the profits, then potentially the financial stability, of an insurer in a quick blast.

"When Hurricane Andrew hit the coast of Florida in 1992," Liddy told a Washington audience in January, "it wiped out all of the profits Allstate ever made in the state from all lines of insurance over the course of our history.... And when four hurricanes hit in 2004, they wiped out all the profits from 1992 to 2004.

"That's not a viable economic proposition for a company," he told his audience. "It's not a viable economic proposition for an industry."

Without government backup, he seemed to be saying, Allstate and other companies would have little business reason to continue offering insurance of any sort.

But a quick check of Allstate's regulatory filings from the mid-1990s through 2004 showed that the insurer earned $6 billion more in premiums in Florida than it incurred in losses. Add to that the premium earnings for last year, and the total rises to more than $6.6 billion.

Asked about what happened to that sum, Allstate spokesman Mike Trevino responded: "What Mr. Liddy meant to say is that ... the four hurricanes wiped out all the profits Allstate earned from our homeowners line of business," not all lines.

Overall, the company made money.

Foreign Experts Critique U.S. Red Cross On Katrina (NYT)

By Stephanie Strom

The New York Times, April 5, 2006

The American Red Cross's response to Hurricane Katrina was poorly planned, relied too heavily on inexperienced managers and often failed to meet the needs of victims, say reports by international Red Cross officials who were dispatched to assist their American counterparts.

The unusually harsh reports, prepared in late summer and the fall, detailed mismatches between the needs of victims and the supplies the Red Cross had arranged, the absence of a plan to guide the distribution of supplies and a lack of record-keeping, which allowed inventory to go astray.

"What is clear is that the basic needs of the beneficiaries are not being met," Mike Goodhand, head of the international logistics division of the British Red Cross, wrote on Sept. 15.

The reports, which were provided to The New York Times by a former American Red Cross official who insisted on anonymity, closely echo concerns raised by volunteers in the disaster area.

Those concerns are now the subject of a wide-ranging investigation by the American Red Cross that has already produced evidence of possible criminal misconduct by volunteer managers. The F.B.I. and the Louisiana attorney general are also conducting inquiries, seeking to determine whether relief supplies were stolen.

The Red Cross, which had 235,000 volunteers in the field after Hurricane Katrina, received roughly 60 percent of the $3.6 billion that Americans donated for hurricane relief.

Mr. Goodhand's report described a case in which victims in Mississippi, where his team had been sent, were requesting prepared meals and the only food that Red Cross volunteers could offer was bananas. Volunteers driving out into neighborhoods were asked for water and juice, but had only bleach on hand, he wrote.

"All efforts to address the situation were rebuffed," Mr. Goodhand wrote. He said that when his team offered its expertise on distributing supplies, it was instead assigned to hand out the supplies, work that could have been done by less experienced volunteers.

On Sept. 12, two weeks after the hurricane, his team did what he described as "a nonscientific but representative and valid" assessment of what victims were saying they needed. The most requested items were juice; Gatorade; feminine hygiene, general hygiene and household cleaning products; and insect repellent. The team found none of those in the warehouse.

"The demand for these items is entirely predictable," he wrote.

Senator Charles E. Grassley, the Iowa Republican who heads the Senate Finance Committee and has been pushing for an overhaul of the American Red Cross, called Mr. Goodhand's report, which he obtained independently, "very sobering reading."

"The report and similar findings from whistle-blowers make it clear that there is a significant need for deep, substantial reform at the American Red Cross," he wrote in an e-mail message to a reporter.

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Mr. Goodhand's assessment, and a similar one by Thomas Riess, a German logistics expert with the International Committee of the Red Cross, were filed in September with the authors' home agencies, the American Red Cross and, in Mr. Goodhand's case, a number of other Red Cross agencies. While they did not allege criminal wrongdoing, they warned of the potential for it.

"The insufficient control on deliveries allows, without any effort, to unlawfully appropriate" supplies, Mr. Riess wrote on Sept. 12.

Mr. Riess's report also incorporated the observations of logistics experts from Red Cross organizations in Colombia, Ethiopia, Jordan and Russia, while Mr. Goodhand's included those of officials from the Red Cross agencies in Finland, the Netherlands and Spain. Current and former Red Cross officials said the language was far more pointed than is common in such reports, which are routinely filed when foreign Red Cross organizations participate in a disaster relief effort.

Armond T. Mascelli, vice president for response operations at the American Red Cross, said the organization was already working to address the concerns raised by the foreign experts.

For the coming hurricane season, Mr. Mascelli said, the Red Cross is striving to better its positioning of supplies and to find ways to improve delivery of necessities like food and water. For the longer term, he said, the agency is seeking the expertise of its corporate supporters to transform its rather simple distribution operation into a comprehensive system of supply chain management.

"Our plan is to do what we can that is reasonable for this hurricane season," he said, "but also look at what we put in place in the future to take care of catastrophic events."

Sir Nicholas Young, the chief executive of the British Red Cross, who coincidentally was at American Red Cross headquarters in Washington yesterday, said Mr. Goodhand's report provided a snapshot of what had happened in a small part of the disaster area and was not a commentary on the American Red Cross's overall response.

"What Mike's report in fact reflects is that he was working in Biloxi with one chapter with paid staff and with volunteers who didn't necessarily have the logistics skills they needed," Sir Nicholas said.

Both reports strongly praised the Red Cross volunteers. Mr. Riess wrote that he was "impressed by the motivation of volunteers and by the deep generosity of the American people." Mr. Goodhand called the volunteer corps "one of the best, if not the best, any of us have experienced."

But both also criticized the American Red Cross for assigning volunteers to tasks for which, the reports said, they were unprepared. For example, Mr. Goodhand said a volunteer in charge of managing a fleet of more than 100 vehicles did not know where cars and trucks were, why they had been dispatched or who had them.

Mr. Riess warned that a lack of accountability, resulting from a weak system of tracking inventory, threatened to damage relations with victims and donors alike.

"Critics may rise," he wrote, "and attract the unwelcome interest of journalists."

Counterparts Excoriate Red Cross Katrina Effort (WP)

By Jacqueline L. Salmon

The Washington Post, April 5, 2006

Two international Red Cross organizations issued scathing criticisms of the American Red Cross's chaotic response to Hurricane Katrina, accusing the charity of approaching the relief effort with a "dangerous combination of ignorance and arrogance."

The reports -- by the British Red Cross and the Geneva-based International Committee of the Red Cross, which sent experts to the Gulf Coast shortly after Katrina struck -- say their American counterpart was ill-prepared for the disaster, relied on inexperienced volunteers in key positions and had an ineffective system for moving supplies to where they were needed.

The reports continue the drumbeat of criticism of the charity, which has escalated in the months since hundreds of thousands of Gulf Coast residents flocked to Red Cross shelters and relief trucks after Katrina struck.

The nonprofit group, which collected more than $2 billion in donations for the disaster, has been criticized for responding too slowly, neglecting some areas and treating minorities with insensitivity.

Official scrutiny of the charity's Katrina response escalated last week when federal law-enforcement authorities and the Louisiana attorney general launched criminal investigations.

The reports by the British Red Cross and the ICRC were prepared in September after teams of logistics experts from both organizations worked with the American Red Cross in Biloxi, Miss., and Montgomery, Ala.

But the American Red Cross didn't release them until yesterday, after The Washington Post asked the British Red Cross for a copy.

Yesterday, British Red Cross chief executive Sir Nicholas Young sought to play down the reports' harsh tones.

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"When you've got a disaster of this magnitude . . . I can well understand that it's not possible to be absolutely on the top line in some areas," he said. "It's just too big."

But his organization's report, written by logistics chief Michael Goodhand, dismissed American Red Cross officials' protestations that they were overwhelmed by Katrina's size.

"The scale of impact of Katrina may have exceeded expectations," said Goodhand's report, "but the week's notice of her arrival gives ample time for contingency plans to be in place."

In vivid detail, the reports lay out problems that plagued the relief effort. They said the Red Cross did not track donated goods it took into its warehouses and had few effective systems for figuring out which goods were needed where.

As an example, the ICRC report by logistics coordinator Thomas Riess cited a truckload of donated pastries that went moldy because they were not refrigerated and a large quantity of donated radios without batteries that was dumped in an Alabama warehouse.

The British report warned that as long as the Red Cross relies on volunteer labor, its disaster response will "remain amateurish and their services to those affected sub-optimal."

Yesterday, American Red Cross officials said they took the reports seriously and, as part of an overhaul of disaster operations, are redesigning their supply-chain system with the help of corporations.

WAR NEWS:

Rice Dismisses Talk Of U.S. Bases In Iraq (AP-Y2)

By Liz Sidoti

AP2, April 4, 2006

Secretary of State Condoleezza Rice on Tuesday brushed aside suggestions that the United States wants an indefinite troop presence and permanent military bases in Iraq.

"The presence in Iraq is for a very clear purpose, and that's to enable Iraqis to be able to govern themselves and to create security forces that can help them do that," Rice told the House Appropriations Committee's foreign operations panel.

"I don't think that anybody believes that we really want to be there longer than we have to," the chief U.S. diplomat added.

However, Rice did not say when all U.S. forces would return home and did not directly answer Rep. Steven Rothman (news, bio, voting record), D-N.J., when he asked, "Will the bases be permanent or not?"

"I would think that people would tell you, we're not seeking permanent bases really pretty much anywhere in the world these days. We are, in fact, in the process of removing base structure from a lot of places," Rice replied.

"I can't foresee the future of whether or not there will be some need for American forces for some period of time," she added. "But I can tell you that our discussions with the Iraqis are about getting them capable to defend, not just against their internal insurgency and internal enemies, but also to be able to be a responsible and defensible state within the region."

Earlier Tuesday, President Bush urged Iraq to move quickly to form a unity government, calling on elected leaders "to stand up and do their job." He said the formation of a new government would give Iraqis confidence in their future.

Bush's statement, during a brief question-and-answer session with reporters at the White House, came on the heels of a similar admonition by Rice during a visit to Iraq. She had spoken of a "sense of drift" nearly four months after Iraqis held parliamentary elections.

Bush said insurgents were using violence to prevent democracy from taking hold. "One way to help bring confidence to the Iraqi people that those few will not be able to determine the future of that country is for there to be unity government that steps up and says, 'I'm willing to lead.'"

On Captiol Hill, Rice testified before the House panel just hours after returning to the United States from a weeklong trip to Europe that included a surprise detour to Iraq. She and British Foreign Secretary Jack Straw met with nearly all of Iraq's squabbling factions for two days of diplomatic talks.

Republican and Democratic lawmakers increasingly are questioning just how long U.S. troops will remain in Iraq, especially given what appear to be construction projects at military bases Iraq and polls that show Iraqis believe the United States plans to keep permanent bases in their country.

Iraq's interim prime minister, Ibrahim al-Jaafari, has said he opposes permanent foreign bases. American public opinion is against them as well.

Last month, Bush said that American forces will remain in Iraq for years and it will be up to a future president to decide when to bring them all home.

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Appearing before the House subcommittee, Rice defended U.S. efforts to rebuild Iraq's essential services, such as electricity, even though progress has been hampered by security problems. She said the United States has made important investments in rebuilding the structures to provide such services.

"We believe that they will pay off," she said.

However, Rice acknowledged problems with security as well as "some corruption problems in some of the ministries." She said the United States is urging Iraqi officials to correct the issues so that reconstruction can proceed unhampered.

Rice also:

_Defended the United States' efforts to help Afghanistan eradicate poppy crops and the Bush administration's public plan to invest $75 million into U.S. democracy programs aimed at strengthening ties with the Iranian people.

"On this one I don't think speaking softly about the democracy problem in Iran is really the appropriate course. I think we do have to be very public about it," Rice said.

_Said it would be helpful for the African Union to "put its full weight" behind putting together a U.N. peacekeeping force in the war-ravaged Darfur region.

"There are sometimes mixed signals from the African Union about how they view this. There are sometimes mixed signals out of the Arab League about how they view this," Rice said.

Democracy In Iraq Not A Priority In U.S. Budget (WP)

By Peter Baker

The Washington Post, April 5, 2006

While President Bush vows to transform Iraq into a beacon of democracy in the Middle East, his administration has been scaling back funding for the main organizations trying to carry out his vision by building democratic institutions such as political parties and civil society groups.

The administration has included limited new money for traditional democracy promotion in budget requests to Congress. Some organizations face funding cutoffs this month, while others struggle to stretch resources through the summer. The shortfall threatens projects that teach Iraqis how to create and sustain political parties, think tanks, human rights groups, independent media outlets, trade unions and other elements of democratic society.

The shift in funding priorities comes as security costs are eating up an enormous share of U.S. funds for Iraq and the administration has already ratcheted back ambitions for reconstructing the country's battered infrastructure. While acknowledging that they are investing less in party-building and other such activities, administration officials argue that bringing more order and helping Iraqis run effective ministries contribute to democracy as well.

Jennifer Windsor, executive director of Freedom House, an advocacy group that hosted a Bush speech last week, called the situation "a travesty" and said she is "appalled" that more is not being done. "This is the time to show that democracy promotion is more than holding an election. If the U.S. can't see fit to fund follow-up democracy promotion at this time," then it is making a mistake, she said.

"The commitment to what the president of the United States will say every single day of the week is his number one priority in Iraq, when it's translated into action, looks very tiny," said Les Campbell, who runs programs in the Middle East for the National Democratic Institute for International Affairs, known as NDI.

NDI and its sister, the International Republican Institute (IRI), will see their grants from the U.S. Agency for International Development dry up at the end of this month, according to a government document, leaving them only special funds earmarked by Congress last year. Similarly, the U.S. Institute of Peace has had its funding for Iraq democracy promotion cut by 60 percent. And the National Endowment for Democracy expects to run out of money for Iraqi programs by September.

"Money keeps getting transferred away to security training. Democracy's one of the things that's been transferred," said Thomas Carothers of the Carnegie Endowment for International Peace's project on democracy and the rule of law. "Without that, all the other stuff looks like just background work."

Among the projects facing closure is the Iraq Civil Society and Media Program, funded by USAID and run by America's Development Foundation and the International Research and Exchanges Board. The program has established four civil society resource centers around the country, conducted hundreds of workshops and forums, and trained thousands of government officials in transparency and accountability. It also helped Iraqis set up the National Iraqi News Agency, the first independent news agency in the Arab world.

The program was supposed to run at least through June 2007 but without $15 million more, it will have to close this summer.

Officials at the White House, the State Department, the Office of Management and Budget and USAID were contacted for comment in recent days, but none would speak on the record. In response to a request for comment, USAID sent promotional

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documents hailing past accomplishments in Iraq, such as sponsoring town hall meetings, training election monitors, and distributing pamphlets, posters and publications explaining voting and the new constitution.

The president's supplemental Iraq spending request includes just $10 million for democracy promotion, and his proposed budget for fiscal 2007 asks for $63 million, a fraction of the tens of billions of dollars spent each year on Iraq. But officials argue that other funds in effect further the same goal. For instance, the administration targeted $254 million for enhancing the rule of law by creating a fair judiciary and a humane prison system.

For Bush, developing democracy in Iraq has become perhaps the signature of his presidency, and he takes special pride in the three elections held since sovereignty was transferred by U.S. authorities. Veterans of past democracy-building efforts, however, have complained that having elections is not enough -- an argument the president has embraced lately, both in his speeches and in his newly released National Security Strategy.

"Elections start the process. They're not the end of the process," Bush told Freedom House last week. "And one of the reasons I respect the Freedom House is because you understand that you follow elections with institution-building and the creation of civil society."

Money flowed to such programs in the beginning of the Iraq enterprise. The National Endowment for Democracy, which supported projects in the Kurdish north of Iraq even before the U.S.-led invasion in March 2003, found itself soon after Baghdad fell with $25 million to expand elsewhere in the country and eventually received a total of $71 million. It distributed some to the IRI and the NDI and some to groups such as the Iraqi National Association for Human Rights in Babylon and the Organization for a Model Iraqi Society.

Last month the endowment received the final $3 million owed on past allocations, with no further funding identified. "It does feel like everybody's getting squeezed in this area," said Barbara E. Haig, the endowment's vice president. "There probably is a commitment to these programs in principle. I don't know how much commitment there is in specificity."

The IRI and the NDI, which are affiliated with the two U.S. political parties, will lose USAID financing April 30. The two party institutes led a coalition to educate Iraqis before last year's elections. An evaluation commissioned by USAID in December called it "essential" that the program "be continued for at least another 24 months."

The party institutes will be able to continue some programs for now only because of a special earmark inserted into legislation last year with $56 million for the two groups. Sen. Edward M. Kennedy (D-Mass.) sponsored the earmark with support from Sens. Richard G. Lugar (R-Ind.), Joseph R. Biden Jr. (D-Del.), Mitch McConnell (R-Ky.) and Patrick J. Leahy (D-Vt.) after it appeared that NDI and IRI would run out of money last year.

"The solution to Iraq lies in the political process, and it's reckless for the White House to cut funds to strengthen democracy in Iraq at this time," Kennedy said yesterday.

At current spending rates, the earmark will run out this year. After that, the Bush administration has included just $15 million for the two party institutes as part of the $63 million for Iraqi democracy in next year's budget, which would require most programs to be cut.

The U.S. Institute of Peace faces similar cutbacks to its program. "It's just vital," said Daniel P. Serwer, an institute vice president. All the democracy programs in Iraq combined, he noted, cost less than one day of the U.S. military mission. "Am I absolutely sure that we will shorten the deployment time of American troops enough to justify the cost of the program? Yes," he said.

In Iraq, US Still Carries Big Stick (CSM)

By Howard LaFranchi

The Christian Science Monitor, April 5, 2006

WASHINGTON - Much of the money for rebuilding Iraq has already been spent, and Iraqi soldiers are gradually taking over for their American counterparts. So what can the United States still use as leverage? It may be that the strongest influence is the simple fear of what would happen if the US up and left.

"Most of Iraq's leaders recognize that if the US were to pull out precipitously, things could get much worse," says Phebe Marr, an Iraq expert at the US Institute of Peace who has spent considerable time with Iraq's principal political factions. "All the talk about the US getting out, an exit strategy and so forth, has them worried. It's having an impact."

Yet even as the US shows signs of growing increasingly impatient with Iraqi leaders over their inability to name a new government, that doesn't mean the US wants to look as if it is determining Iraq's future. The result is a delicate balancing act: It's applying pressure for political action even while encouraging a sovereign Iraq that appears to stand on its own two feet.

For weeks, the US has left its behind-closed-doors arm-twisting to its ambassador in Baghdad, Zalmay Khalilzad, with the aim of seeing a national unity government named that is acceptable to the major political factions and population groups. But

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with alarm growing that what the US calls a "power vacuum" is feeding sectarian violence, the pressure has become more public - and from higher up.

On Tuesday, President Bush said, "It's time for the elected leaders to stand up and do their job." The remark came one day after Secretary of State Condoleezza Rice concluded a visit to Baghdad accompanied by British Foreign Secretary Jack Straw.

The two diplomats gave no public indications of their preference for prime minister, the keystone in the construction of Iraq's first permanent government since the fall of Saddam Hussein. But the US has made little effort to squelch speculation that it wishes to see Prime Minister Ibrahim al-Jaafari give up his battle to retain his post.

Ms. Rice and Mr. Straw met once with Mr. Jaafari in a tense photo session, but pointedly met for meetings and a breakfast with two other prominent Shiite leaders, Vice President Adel Abdul Mahdi and Abdul Aziz al-Hakim, who heads one of Iraq's major Shiite parties. Mr. Mahdi lost his bid to be nominated prime minister by only one vote in secret balloting of the Shiite bloc.

Those meetings may have only served to spotlight the deepening fissures within Iraq's Shiite majority - a latent situation that could lead to a new front of violence. That is especially true, some analysts say, because Jaafari has the backing of the volatile young cleric Moqtada al-Sadr. Mr. Sadr has recently toned down his anti- occupation rhetoric as he has amassed power in the new National Assembly, some observers note, but might reignite resistance if he decided it might enhance his kingmaker role.

In addition to the two diplomats, members of the US Congress have also visited Baghdad and key political leaders recently. Some have told Iraqi counterparts that the US commitment to Iraq is under pressure and could be scaled back if they do not end their political infighting.

Yet the US is also operating with the knowledge that too much pressure could have the negative result of prolonging the leadership stalemate among politicians who are sensitive about foreign influences in Iraq. "There are misgivings and growing mistrust towards those [leaders] with too-close ties to outsiders, particularly the US and Iran," says Ellen Laipson, a former CIA official with foreign-policy and national-security expertise.

By its investment and presence in the country, the US has a right to exercise pressure, and there are things it can do "without going over the line," says Ms. Laipson, now president of the Stimson Center, a Washington defense and security think tank. "We are operating within a boundary that says it's not up to us to pick the names" of who will govern, but that says the US provides "broad guidelines on what will help the security situation and get them on the right track."

So the US is in "the unusual situation of saying we'd like someone other than Jaafari" for prime minister, she says. But the US is also emphasizing that the ministers of defense and interior should be someone with no ties to the country's powerful and ethnically based militias.

Still, with US clout waning, other means of pressuring Iraq's leadership are under discussion. One idea is an international conference that would be held outside Iraq - something similar to the Bonn conference that provided guideposts to Afghanistan's post-Taliban government.

Ambassador Khalilzad, an Afghan-American who was previously ambassador to his native country, has floated that idea. Yet while "internationalizing" Iraq could help, some experts say, they also doubt that many countries wish to step in to help Iraq. Add to that the deep suspicions that Iraqis harbor toward the neighboring countries that might have some influence.

In any case, many experts caution that naming a government is not going to magically transform Iraq, any more than earlier milestones - such as elections - have done the trick.

"It's a little misplaced to say that [forming a government] somehow solves the sectarian problem or any of the other really difficult challenges on the ground," Ms. Marr says. "It will probably help some to have a new government, but we shouldn't be under any illusions that the day after, the insurgency will put down its guns, or the sectarian violence is going to stop."

Let The Iraqis Bargain (WP)

By David Ignatius

The Washington Post, April 5, 2006

Americans are getting impatient about the formation of a new Iraqi government. That's what Secretary of State Condoleezza Rice told political leaders in Baghdad this week, and she was putting it mildly. But it would be folly if American impatience torpedoed the slow but real progress Iraqi leaders are making toward a government that could step back from the brink of civil war.

"We need to be patient to get it right," Zalmay Khalilzad, the U.S. ambassador to Iraq, told me in a telephone interview yesterday. "Their concept of time is not the same as ours. While we press them to hurry up, the American people also need to be patient."

Khalilzad recounted the items that the Iraqi political factions have agreed on in private negotiations over the past month. On Sunday, the leaders signed off on the last of these planks of a government of national unity. The Iraqis have saved the

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hardest issue for last -- the names of the politicians who will hold the top jobs. That bitter fight will play out over the next several weeks.

An example of what's in these unity documents is a passage that calls for "a timetable so the Iraqi forces assume the security tasks completely and end the mission of the multinational force in Iraq." That timetable language is vague, but it would allow the new government to say it is committed to ending the American occupation. Interestingly, U.S. officials said yesterday that this passage on troop withdrawal is consistent with Bush administration policy.

The political agreements are fragile, and they will be blown away if the factions can't form a government soon to put them in practice. Meanwhile, beyond the Green Zone, Iraqis are still being slaughtered every day in the streets. But given where Iraq was six months ago -- when Sunni and Shiite leaders were barely talking -- their agreement on the framework for a unity government is important. These negotiations may not succeed, but they are not a fairy-tale fantasy, as some critics argue.

"All the elements of the deal are there, up in the air, and they could come down and click into place," Kurdish leader Barham Salih told me by telephone from Iraq. "We have come to the real crunch."

Here's the framework for the unity government, as outlined by Khalilzad, who has attended nearly all of the meetings. First, the broad strokes: The Sunni leaders have accepted that the new government will operate under the Iraqi constitution and that it will be based on the results of last December's election, both of which reflect the reality that the Shiites are Iraq's largest religious group. The Shiites, in turn, have agreed that the new government will be guided by consensus among all the factions. And they have agreed to checks that will, in theory, prevent the key security ministries from being hijacked by Shiite militia groups.

To implement this consensual approach, the Iraqi factions agreed on two bodies that weren't mentioned in the constitution. They endorsed a 19-member consultative national security council, which represents all the political factions. And they agreed on a ministerial security council, which will have the Sunni deputy prime minister as its deputy chairman. Shiite leaders have tentatively agreed that the defense minister will be a Sunni. And for the key job of interior minister, the dominant Shiite faction, known as the Supreme Council for the Islamic Revolution in Iraq, appears ready to accept the replacement of one of its members by an independent Shiite, perhaps Qasim Dawood, a man acceptable to most Sunni leaders.

The real brawl lies ahead over who should be prime minister. Ibrahim al-Jafari, the interim prime minister, is fighting to hold on to his job. Kurdish and Sunni groups have opposed him, as has the Bush administration, arguing that he is too weak and too sectarian. This anti-Jafari coalition added a crucial new member Monday when the Supreme Council's top leaders formally told Jafari they will vote against him if the choice is thrown to the new parliament. That broke the unity of the Shiite alliance, cutting 50 to 70 votes from the 130 that Jafari had counted on, and it may doom his candidacy.

The day-to-day bargaining is taking place in Baghdad. But the X-factor in this delicate game is U.S. political support. Khalilzad could fail in his effort to midwife a unity government, and Iraq could spiral into full-blown civil war. But it would be crazy for an impatient America to talk itself into defeat and pull the plug prematurely. As Prince Turki al-Faisal, the Saudi ambassador to Washington, remarked this week: "America came to Iraq uninvited. You should not leave uninvited."

Key Iraq Leader Calls For PM To Step Aside (AP-Y2)

By Robert H. Reid

AP2, April 5, 2006

An Iraqi vice president called Tuesday for the embattled Shiite prime minister to step aside so a new government can be formed, becoming the most senior Shiite official publicly to endorse demands for a leadership change to halt the slide toward civil war.

Vice President Adil Abdul-Mahdi told the British Broadcasting Corp. that he met with Prime Minister Ibrahim al-Jaafari on Monday and urged him to give up the nomination for a second term because he had lost the confidence of the Sunnis and Kurds.

But Abdul-Mahdi said al-Jaafari refused, insisting he wanted to take his case to parliament, which must approve the new prime minister and his Cabinet by a majority vote.

Asked whether al-Jaafari should withdraw his nomination, Abdul-Mahdi said: "Yes, after such a time of naming him, not getting approval from others now in UIA (the dominant Shiite political bloc), there is some rejection so I think he should step aside."

Abdul-Mahdi lost the prime minister nomination to al-Jaafari in February by a single vote at a caucus of the Shiite bloc, which won the most seats in parliamentary elections last December. Al-Jaafari squeaked through largely because he had the support of the powerful anti-American cleric Muqtada al-Sadr.

Abdul-Mahdi's comment followed the visit of Secretary of State Condoleezza Rice and British Foreign Secretary Jack Straw, who warned the Iraqis that their key allies were losing patience with the political stalemate.

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U.S. officials have been urging the Iraqis to form a new national unity government of Shiites, Sunnis and Kurds as a first step toward restoring public confidence and halting the country's slide toward anarchy. The talks have stalled over the demands that al-Jaafari be replaced.

President Bush urged the Iraqis on Tuesday to speed up the talks, calling on elected leaders "to stand up and do their job."

"One way to help bring confidence to the Iraqi people that those few will not be able to determine the future of that country is for there to be unity government that steps up and says, `I'm willing to lead,'" Bush said.

Critics blame al-Jaafari for failing to restore order and for the rise in sectarian tensions. His main critics have been Sunnis and Kurds, but last weekend two other prominent Shiite politicians also called for him to step aside as the nominee.

However, Shiite officials fear that replacing him might splinter their alliance, and a Kurdish politician who opposes al-Jaafari said he feared that international pressure to remove him might trigger a backlash among Iraqis angry over foreign influence.

On Tuesday, about 2,500 people marched in support of al-Jaafari in Baghdad's Sadr City district, carrying banners saying "Down with the Conspiracy" against their candidate.

Shiite officials have been meeting for several days with Sunni and Kurdish leaders urging them to soften their opposition to al-Jaafari.

"I think tomorrow, or the day after things will ease up," said Shiite politician Khudayer al-Khuzai, who backs the prime minister. "They were understanding the grave repercussions of changing. If al-Jaafari is changed, then the (Shiite) alliance will split. We cannot abandon him because he was democratically elected."

Meanwhile, a car bomb exploded Tuesday in a mostly Shiite area of eastern Baghdad, killing at least 10 people.

The bomb went off in the poor, mostly Shiite area of Habibiyah and damaged several cars and nearby sandwich stands, police said. Chaos ensued as militants from radical cleric Muqtada al-Sadr's Mahdi Army militia fired weapons in the air to clear the crowds.

At least a dozen other Iraqis were killed Tuesday in war-related violence in Baghdad and central Iraq, police said.

They included a mother and two of her sons, 9 and 12, who died when a bomb exploded in front of their home in the capital. A third son, age 13, was wounded, along with two brothers from a different family living in the same home, police said.

Elsewhere in Baghdad, a receptionist at the United Arab Emirates Embassy and his friend — both Iraqis — were slain as they left the building, police said. Insurgents have often targeted diplomats and employees of Arab and Muslim embassies to undermine support for the U.S.-backed government.

Gunmen also killed a judge, an ice cream vendor and his companion and a policeman in separate slayings in the capital, police said.

In Samarra, 60 miles north of Baghdad, a car bomb exploded near a convoy carrying the son of a city council member, killing a security guard and a driver, police said. The council member's son escaped injury.

In southern Iraq, gunmen killed one policeman and wounded another as the two were driving in the city of Basra, police said. Two mortar rounds exploded near the British consulate in Basra during a reception, causing no injuries but forcing the party to end early, an Associated Press reporter at the event said.

Police in Baghdad also found the bodies of four men, apparent victims of sectarian reprisal killings. It was unclear when they were slain.

The body of a U.S. Marine missing after a weekend vehicle accident was also recovered Tuesday, the U.S. said. Six U.S. troops were killed and two remain missing after the Sunday accident in western Iraq.

Rice Dismisses Talk Of U.S. Bases In Iraq (AP)

By Liz Sidoti, Associated Press Writer

AP, April 5, 2006

Secretary of State Condoleezza Rice on Tuesday brushed aside suggestions that the United States wants an indefinite troop presence and permanent military bases in Iraq.

"The presence in Iraq is for a very clear purpose, and that's to enable Iraqis to be able to govern themselves and to create security forces that can help them do that," Rice told the House Appropriations Committee's foreign operations panel.

"I don't think that anybody believes that we really want to be there longer than we have to," the chief U.S. diplomat added.

However, Rice did not say when all U.S. forces would return home and did not directly answer Rep. Steven Rothman (news, bio, voting record), D-N.J., when he asked, "Will the bases be permanent or not?"

"I would think that people would tell you, we're not seeking permanent bases really pretty much anywhere in the world these days. We are, in fact, in the process of removing base structure from a lot of places," Rice replied.

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"I can't foresee the future of whether or not there will be some need for American forces for some period of time," she added. "But I can tell you that our discussions with the Iraqis are about getting them capable to defend, not just against their internal insurgency and internal enemies, but also to be able to be a responsible and defensible state within the region."

Earlier Tuesday, President Bush urged Iraq to move quickly to form a unity government, calling on elected leaders "to stand up and do their job." He said the formation of a new government would give Iraqis confidence in their future.

Bush's statement, during a brief question-and-answer session with reporters at the White House, came on the heels of a similar admonition by Rice during a visit to Iraq. She had spoken of a "sense of drift" nearly four months after Iraqis held parliamentary elections.

Bush said insurgents were using violence to prevent democracy from taking hold. "One way to help bring confidence to the Iraqi people that those few will not be able to determine the future of that country is for there to be unity government that steps up and says, 'I'm willing to lead.'"

On Captiol Hill, Rice testified before the House panel just hours after returning to the United States from a weeklong trip to Europe that included a surprise detour to Iraq. She and British Foreign Secretary Jack Straw met with nearly all of Iraq's squabbling factions for two days of diplomatic talks.

Republican and Democratic lawmakers increasingly are questioning just how long U.S. troops will remain in Iraq, especially given what appear to be construction projects at military bases in Iraq and polls indicating that Iraqis believe the United States plans to keep permanent bases in their country.

Iraq's interim prime minister, Ibrahim al-Jaafari, has said he opposes permanent foreign bases. American public opinion is against them as well.

Last month, Bush said that American forces will remain in Iraq for years and it will be up to a future president to decide when to bring them all home.

Appearing before the House subcommittee, Rice defended U.S. efforts to rebuild Iraq's essential services, such as electricity, even though progress has been hampered by security problems. She said the United States has made important investments in rebuilding the structures to provide such services.

"We believe that they will pay off," she said.

However, Rice acknowledged problems with security as well as "some corruption problems in some of the ministries." She said the United States is urging Iraqi officials to correct the issues so that reconstruction can proceed unhampered.

Rice also:

· Defended the United States' efforts to help Afghanistan eradicate poppy crops and the Bush administration's public plan to invest $75 million in U.S. democracy programs aimed at strengthening ties with the Iranian people.

"On this one I don't think speaking softly about the democracy problem in Iran is really the appropriate course. I think we do have to be very public about it," Rice said.

· Said it would be helpful for the African Union to "put its full weight" behind putting together a U.N. peacekeeping force in the war-ravaged Darfur region.

"There are sometimes mixed signals from the African Union about how they view this. There are sometimes mixed signals out of the Arab League about how they view this," Rice said.

Condi's Iraq Stumble (WSJ)

The Wall Street Journal, April 5, 2006

Iraq can use all the gestures of solidarity it can get. And President Bush could boost both American and Iraqi morale by putting his own two boots on the ground there sometime soon. But try as we might, we can't see what good purpose was served by Condoleezza Rice and Jack Straw's lobbying in Baghdad earlier this week. If the American Secretary of State and British Foreign Secretary were aiming to be diplomatic, they failed.

That's because with both words and gestures the two publicly took sides in a contentious dispute over forming Iraq's government -- and in favor of a man, former Finance Minister Adel Abdul Mahdi, who is not even a declared candidate for Prime Minister. Meanwhile, they snubbed Ibrahim al-Jaafari, who beat out Mr. Mahdi to become the Shiite coalition's candidate for the post, and who is also the current holder of the office.

The effect was to suggest to many Shiites -- even those who don't love Mr. Jaafari -- that the U.S. and Britain are not respecting their victory in December's election. As senior Kurdish politician Mahmoud Othman, a usual ally of the U.S., put it, "I think that their interference is bad, and it further complicates issues because this is an Iraqi matter."

It's hard to see any reason for a strong U.S. preference here. Granted that Mr. Jaafari has not proven to be a strong and decisive leader. But he is by everyone's account a good and honest person, and he has more genuine support on the Iraqi street

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than most other leaders -- though admittedly that's not saying much given the general unpopularity of Iraqi pols. He's also less beholden to Iran than many possible alternatives.

As for Mr. Mahdi, he's clearly the smoother politician of the two. He speaks better English and he seems to have a more modern (free-market) economic philosophy, among other assets. But he also represents a party called the Supreme Council for the Islamic Revolution in Iraq. SCIRI has very strong ties to Iran, and it has been in charge during the interim government of the problematic Interior Ministry, whose police forces are not well trusted and have been credibly accused of abuses against Sunnis.

Mr. Mahdi's name has remained in play in part because President Jalal Talabani and the Kurds appear to have struck a deal with SCIRI to acquiesce in a Kurdish takeover of the oil-rich city of Kirkuk in exchange for the Kurds allowing the emergence of a more religious Shiite southern Iraq. Some kind of federalist power sharing is necessary, but too much will also risk a too-weak national government in Baghdad.

Our point isn't to pick one man, or faction, over the other. It is that we can't see a strong rationale for the U.S. taking sides -- certainly not enough to justify Ms. Rice's suggestion that the expenditure of U.S. "treasure" in Iraq justified her barely coded calls for Mr. Jaafari to step aside. A particular danger is that Ms. Rice may be playing into the hands of troublesome cleric Moqtada al-Sadr, who dislikes Mr. Mahdi, and who may well be looking for any excuse to foment anti-American sentiment.

Mr. Jaafari may yet fail to form a new government. But it's much better to let him be seen to fail on his own if that's what happens, rather than be pushed aside by the Americans. Iraq has a parliamentary system that allows for no-confidence votes and changes of office if the government isn't working out.

More broadly, the Bush Administration can't afford to forget the most fundamental strategic fact about Iraq: To wit, our project there is entirely dependent on continued Shiite support. The U.S. and its Shiite allies can fight a low-intensity conflict with Sunni Saddamist remnants for a decade or more if need be. What would make the U.S. mission in Iraq untenable would be for Shiites to turn against us in significant numbers.

And Shiite mistrust of the U.S. has been growing. One festering issue remains former U.S. regent Paul Bremer's decision to reverse himself on the de-Baathification policy he declared shortly after the U.S. invasion. De-Baathification gave Shiites the expectation of a process to punish those associated with the former regime and undoubtedly saved a lot of Sunni lives early on. But our about-face emboldened the Baathist insurgents, and Shiite-on-Sunni revenge killings are on the rise now because Shiites believe we can't -- or worse, won't -- protect them.

One especially worrying signal about the Shiite mood has been the reaction to a U.S.-Iraqi raid on elements of Mr. Sadr's Mahdi Army about 10 days ago. Many Shiites believe instead that U.S. forces massacred worshippers in cold blood inside a mosque. Ms. Rice's visit is now being cited as evidence of a U.S. "conspiracy" to deprive Shiites of their election victory.

The Secretary of State is surely right that the U.S. sacrifice for Iraqi freedom has earned us the right to speak up. But except where U.S. interests are clearly threatened, pressure is best applied behind closed doors by the seasoned U.S. Ambassador, Zalmay Khalilzad, not the unsubtle endorsement of candidates by overnighting officials.

Wisconsin Residents Vote On Whether To Keep Troops In Iraq (USAT)

By Judy Keen

USA Today, April 5, 2006

Voters in 32 Wisconsin communities went to the polls Tuesday to decide referendums calling for the withdrawal of U.S. troops from Iraq. By late Tuesday night, ballots had been counted in 25 towns and cities. The measures passed in 19 of them, including Madison, and were defeated in six.

Organizers hope the outcome in Wisconsin will encourage people in other states to put similar referendums on November ballots and prompt members of Congress to put pressure on the Bush administration to bring troops home.

“It's not going to stop here,” said Rachel Friedman, a member of Wisconsin's Bring Our Troops Home Coalition. “This can be done anywhere.”

Most of the anti-war referendums sought an immediate “orderly and rapid withdrawal” of troops. They were sponsored by the Wisconsin Green Party and the Wisconsin Network for Peace and Justice. Activists in each town gathered signatures to qualify them for the ballot.

People in Evansville, population 4,000, voted for that resolution and against a separate measure expressing support for President Bush's policies in Iraq and recommending that U.S. troops stay “until unquestioned victory is clearly won.”

The vote was close on both Evansville referendums. “Evansville is more evenly divided than I thought it was,” said Fred Juergens, a retired chemistry professor who organized the anti-war petition drive.

Tony Ryerson, a public works employee who helped get the measure supporting the war on Evansville's ballot, said debate over the dueling referendums was healthy. “We got our voice heard and got people talking,” he said.

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Madison, the traditionally liberal state capital, was the largest city voting on the proposal to bring troops home. Other towns participating are in Republican-leaning rural areas. Anti-war resolutions have been adopted by more than 50 local governments across the USA and at more than 40 town meetings in Vermont.

The referendums have no legal weight, but Georgia Duerst-Lahti, a political science professor at Beloit College in Beloit, Wis., called them "the ultimate poll" on public attitudes about the war.

Passage of a majority of the anti-war measures, she said, might have national ramifications. "It confirms in a direct political fashion that people have grave concerns about what's going on" in Iraq, she said.

A USA TODAY/CNN/Gallup Poll last month found that 54% of Americans want U.S. troops to be withdrawn from Iraq now or within a year, and 60% said it wasn't worth it to go to war in Iraq.

Mayoral races, contests for school and county boards and funding referendums for schools also were on Tuesday's ballot in Wisconsin communities.

In the Kansas City area, voters were deciding whether to raise sales taxes to upgrade stadiums where the Royals play baseball and the Chiefs play football. Caruthersville, Mo., postponed its voting after the homes of 21 election judges were destroyed by a tornado Sunday.

Majority Of 32 Wisconsin Towns Vote For Iraq Pullout (WP)

By Kari Kydersen

The Washington Post, April 5, 2006

SHOREWOOD, Wis., April 4 -- Voters in the majority of 32 Wisconsin towns with local referendums on the Iraq war voted Tuesday to bring the troops home.

A call to withdraw from Iraq by the end of the year passed overwhelmingly in the liberal Milwaukee suburb of Shorewood, while in conservative Watertown, where the City Council had opposed having the referendum, it was voted down by 75 percent.

Although the referendums are nonbinding, organizers with the Green Party and other antiwar groups said they hope they send a message to Washington.

"This sort of reminds me of Vietnam," said Nicole Bartelme, 22, a student at the University of Wisconsin at Milwaukee who voted in Shorewood. "I have some friends in Iraq, and I think we should bring them home. I don't know realistically if this will have any effect, but hopefully someone's listening."

Under a 1911 state law granting municipalities the right to "direct legislation," Wisconsin residents can place a referendum on a local ballot by collecting signatures equal to 15 percent of the number that voted for governor in the last election. Most of the referendums called for a withdrawal of troops immediately. In Evansville, there also was a referendum supporting President Bush.

The City Council in Watertown, a town of 23,000 that went strongly for Bush in the past two elections, tried to block the referendum from the ballot but was overruled by a judge after the Watertown Peace and Democracy Coalition filed a lawsuit.

The referendum passed in La Crosse, near the Minnesota border, where the City Council had been split over the issue. Council President Joe Ledvina said he was surprised by the vote.

"The council felt overwhelmingly that it wasn't our jurisdiction, that we don't want to send a message that we aren't behind our president and the troops," Ledvina said.

In Shorewood, retired government worker Rick Westphal said he opposed the war "like everyone else" but didn't know whether it was appropriate for a local ballot measure.

"Is this really the arena for this?" he asked. "People are just coming here to vote for the school board. I'd rather see this on the national ballot."

Shorewood resident Keith Schmitz, a 55-year-old public relations consultant, spent the weekend going door to door with literature about the town's referendum, which calls for a pullout by year's end.

"This is truly a grass-roots effort," he said. "None of us are James Carvilles; it's just do-it-yourself politics. We're just doing our best and seeing what happens."

Ruth Weill, co-chair of the Wisconsin Green Party, which coordinated the statewide referendum drive, said she saw the movement as a victory regardless of the outcome.

"This is a true democratic exercise," Weill said. "I'm sure before this a lot of people didn't even know what a referendum was."

Two Deadlines And An Exit (NYT)

By John F. Kerry

The New York Times, April 5, 2006

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Washington

WE are now in the third war in Iraq in as many years. The first was against Saddam Hussein and his supposed weapons of mass destruction. The second was against terrorists whom, the administration said, it was better to fight over there than here. Now we find our troops in the middle of an escalating civil war.

Half of the service members listed on the Vietnam Memorial Wall died after America's leaders knew our strategy would not work. It was immoral then and it would be immoral now to engage in the same delusion. We want democracy in Iraq, but Iraqis must want it as much as we do. Our valiant soldiers can't bring democracy to Iraq if Iraq's leaders are unwilling themselves to make the compromises that democracy requires.

As our generals have said, the war cannot be won militarily. It must be won politically. No American soldier should be sacrificed because Iraqi politicians refuse to resolve their ethnic and political differences.

So far, Iraqi leaders have responded only to deadlines — a deadline to transfer authority to a provisional government, and a deadline to hold three elections.

Now we must set another deadline to extricate our troops and get Iraq up on its own two feet.

Iraqi politicians should be told that they have until May 15 to put together an effective unity government or we will immediately withdraw our military. If Iraqis aren't willing to build a unity government in the five months since the election, they're probably not willing to build one at all. The civil war will only get worse, and we will have no choice anyway but to leave.

If Iraq's leaders succeed in putting together a government, then we must agree on another deadline: a schedule for withdrawing American combat forces by year's end. Doing so will empower the new Iraqi leadership, put Iraqis in the position of running their own country and undermine support for the insurgency, which is fueled in large measure by the majority of Iraqis who want us to leave their country. Only troops essential to finishing the job of training Iraqi forces should remain.

For this transition to work, we must finally begin to engage in genuine diplomacy. We must immediately bring the leaders of the Iraqi factions together at a Dayton Accords-like summit meeting. In a neutral setting, Iraqis, working with our allies, the Arab League and the United Nations, would be compelled to reach a political agreement that includes security guarantees, the dismantling of the militias and shared goals for reconstruction.

To increase the pressure on Iraq's leaders, we must redeploy American forces to garrisoned status. Troops should be used for security backup, training and emergency response; we should leave routine patrols to Iraqi forces. Special operations against Al Qaeda and other foreign terrorists in Iraq should be initiated only on hard intelligence leads.

We will defeat Al Qaeda faster when we stop serving as its best recruitment tool. Iraqis ultimately will not tolerate foreign jihadists on their soil, and the United States will be able to maintain an over-the-horizon troop presence with rapid response capacity. An exit from Iraq will also strengthen our hand in dealing with the Iranian nuclear threat and allow us to repair the damage of repeated deployments, which flag officers believe has strained military readiness and morale.

For three years now, the administration has told us that terrible things will happen if we get tough with the Iraqis. In fact, terrible things are happening now because we haven't gotten tough enough. With two deadlines, we can change all that. We can put the American leadership on the side of our soldiers and push the Iraqi leadership to do what only it can do: build a democracy.

Hussein Charged With Genocide In 50,000 Deaths (NYT)

By Edward Wong

The New York Times, April 5, 2006

BAGHDAD, Iraq, April 4 — The Iraqi court trying Saddam Hussein announced Tuesday that it had charged him with genocide, saying he sought to annihilate the Kurdish people in 1988, when the military killed at least 50,000 Kurdish civilians and destroyed 2,000 villages.

The case is the first against Mr. Hussein to address the large-scale human rights violations committed during his decades in power, the same acts the Bush administration has publicized in explaining the American invasion of Iraq. Six other defendants also face charges. Mr. Hussein is already being tried for the torture and killings of 148 men and boys in the Shiite village of Dujail.

Since the United Nations adopted the genocide convention in 1948, very few courts have charged defendants with genocide, the attempt to annihilate an ethnic, religious, national or political group in whole or in part.

Convictions have been handed down in the tribunals for Rwanda and Yugoslavia. This is the first time that a Middle Eastern ruler has been charged with it.

"It was during this campaign that thousands of women, children and men were buried in mass graves in many locations," Raid Juhi, the chief judge of the Iraqi High Tribunal's investigative court, said at a news conference.

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Judge Juhi said it would be up to other judges to decide when the genocide trial against Mr. Hussein would start, and whether it would overlap with the Dujail case. Defense lawyers must be given 45 days to review the case files.

The court defines the bloody Anfal campaign, whose name means "the spoils" from a favorite Koranic verse of Mr. Hussein's, as eight military operations in 1988 in the mountainous Kurdish homeland of northern Iraq. Families who escaped death squads or were allowed to live were forced to relocate into the hinterlands or in neighboring countries.

The Kurds, who make up a fifth of Iraq's people, tried to fight back, but Mr. Hussein used chemical weapons, including mustard gas and nerve agents.

Judge Juhi said the court had gathered enough evidence, like documents and mass graves, to prosecute the defendants in the deaths of at least 50,000 civilians. Kurdish officials and human rights advocates said the death toll had been much higher. They also said the Anfal campaign began years earlier, with other massacres and forced migrations.

The parties agree that at the very least, hundreds of thousands were arrested, tortured, relocated or killed.

All seven defendants are charged with crimes against humanity and war crimes related to an internal armed conflict. Mr. Hussein and one other defendant, Ali Hassan al-Majid, known as Chemical Ali, also have been charged with genocide, which legal experts say is difficult to prove. Mr. Majid was one of Mr. Hussein's most feared aides and oversaw the north during the Anfal campaign.

The other defendants include military commanders and senior intelligence officials.

"These charges should not be addressed to President Saddam," Khalil al-Dulaimi, Mr. Hussein's chief lawyer, said in a telephone interview. "They should be addressed to the American and British forces, because they are killing the Iraqi people and using weapons of mass destruction against the Iraqi people."

President Jalal Talabani, a Kurd who for years led militiamen in northern Iraq, praised the court's decision to bring the Anfal charges, and promised that he and other government officials would not try to influence the trial.

It has taken years to assemble the evidence for the Anfal case. American officials say the Dujail crimes were selected as the first ones to try Mr. Hussein on because that case was not nearly as complicated as some others. It is also easier in the Dujail case to establish a clear chain of command between Mr. Hussein and those who carried out the executions, the officials say.

But they say that the Anfal massacres and the suppression of the Shiite uprising of 1991, which resulted in up to 150,000 deaths, are the two cases that go much more directly to the heart of Mr. Hussein's murderous rule, and could prove more cathartic for a vast majority of Iraqis.

The Dujail trial, expected to resume Wednesday with a cross-examination of Mr. Hussein, is entering its final phase, in which the court will review formal charges and hear arguments from the defense lawyers.

If a death sentence is handed down to Mr. Hussein, it is unclear whether the court would carry out the execution before other cases begin or are concluded. Any death sentence is automatically appealed.

There is no deadline for a decision, but if the appeal is denied, then the statutes of the tribunal mandate that the defendant must be executed within 30 days. Even the president's office, which is supposed to approve all death sentences, would be able to do little to delay that, said American legal experts advising the tribunal.

Many Iraqis who despise Mr. Hussein, especially Shiites and Kurds, have denounced the tribunal and called for Mr. Hussein's immediate execution, while some officials, like President Talabani, have said they want Mr. Hussein to stay alive long enough to face trial on all possible charges.

There are about a dozen investigations under way, all of which may result in individual sets of charges. The operations of the tribunal and its oversight of the Dujail case have been tumultuous, plagued by the assassinations of a judge and lawyers, political pressure from the Iraqi government and power struggles among the judges.

Questions have been raised about why the tribunal was never set up in an international venue, where security would not be as great a concern. American and Iraqi officials have struggled to endow the trial with legitimacy, but many foreign governments and human rights advocates have continued to view it as a show court.

The bringing of charges in Anfal brings a new set of problems, they say. If the trial were to proceed concurrent with the trial on the Dujail killings, then Mr. Hussein's defense team could be placed at an unfair disadvantage, unless Mr. Hussein hired more lawyers. The prosecutors and judges do not have that problem; a separate prosecutor and five-judge panel will oversee Anfal.

With Mr. Hussein needing to focus on final arguments in Dujail, a concern is "how he could do all that and then simultaneously prepare for a larger and more complex litigation — it goes to issues of fairness," said Marieke Wierda, a senior associate at the International Center for Transitional Justice, a New York-based advocacy group.

The other seven defendants in the Dujail trial are all different than those in the Anfal case.

Kurdish officials often say that 180,000 people were killed in the Anfal campaign, but the actual number is closer to 80,000, according to Joost Hiltermann, the Middle East director of the International Crisis Group, an advocacy group.

The scope of the trial is generally limited to the eight military operations from February to August 1988, but the court will also examine evidence starting from March 1987, when Mr. Hussein chose Mr. Majid as the top official in northern Iraq.

In the years preceding Anfal, Kurds in Iraqi villages near Iran were forced to abandon their homes. Those areas were labeled "prohibited," and anyone living there was deemed to be an Iranian agent or saboteur. The Anfal campaign was undertaken to deal with those who had moved back or had not moved.

The other defendants in the Anfal case are Sultan Hashem Ahmed, the military commander of the campaign and the defense minister starting in 2001; Sabir Abdul-Aziz al-Duri, the director of military intelligence; Hussein Rashid al-Tikriti, the deputy of operations for the Iraqi forces; Tahir Tawfiq al-Ani, a governor of Mosul; and Farhan Mutlak al-Jubouri, the head of military intelligence in the north.

Iraq Tribunal May Charge Hussein With Genocide Of Kurds (LAT)

By Solomon Moore

The Los Angeles Times, April 5, 2006

BAGHDAD — Iraq's tribunal announced today that it has completed an investigation into deposed leader Saddam Hussein's involvement in a series of 1988 military operations that killed more than 100,000 Kurds and could file formal charges as early as Wednesday.

Six aides, including Hussein's cousin, Ali Hassan Majid, also known as "Chemical Ali, would also stand trial for the Anfal campaign, which included mustard gas and nerve agent attacks against civilian populations.

The former leader's ongoing Dujayl case, involving a separate massacre of at least 148 Shiites, is scheduled to resume Wednesday with further testimony from Hussein.

It was unclear today when the Anfal trial might begin, when the Dujayl trial would end, and whether the two cases could be tried contemporaneously.

Iraqi officials said they had reviewed an array of documents from Hussein's Baathist Party and thousands of witness statements in preparation for the Anfal trial. Investigators also exhumed mass graves and tested corpses for traces of banned chemical agents.

The Anfal campaign involved military operations where 5,000 people died. Civilians comprised the bulk of the campaign's casualties, leading some legal experts to push for genocide prosecutions against former Baathist regime leaders.

News of the impending trial overshadowed Iraqi leaders' struggle to form a government, nearly two months after final election results were posted.

Negotiators recessed from formal discussions today, though leaders of Iraq's leading Shiite alliance met behind closed doors to discuss whether to replace Prime Minister Ibrahim Jafari.

Kurds, Sunni Arabs and Shiite parties within Jafari's own coalition claim he has been too partisan and ineffective to be granted another term, but Jafari's supporters showed no sign today that he would willingly relinquish his post.

Western and Iraqi officials have repeatedly warned that the delay has caused a dangerous leadership vacuum that has allowed violence to spread.

Today, a parked car exploded near a used car lot in western Baghdad, killing 10 people and injuring 28.

In another Baghdad incident, two Iraqi employees at the United Arab Emirates Embassy were killed in a drive-by shooting.

In Basra, gunmen shot to death Sheik Nawaf Ahmed Aqrab, a local leader of the Iraqi Islamic Party, a Sunni Arab political organization, as he left his house. He is the second prominent Sunni Arab leader to be killed in the last three days.

Saddam Charged With Kurdish Genocide (WT/AP)

By Sameer N. Yacoub, Associated Press

The Washington Times, April 5, 2006

BAGHDAD -- Iraqi authorities charged Saddam Hussein with genocide yesterday, accusing him of trying to exterminate the Kurds in a 1980s campaign that killed an estimated 100,000 -- the first move to prosecute him for the human rights violations that the U.S. cited to justify its invasion.

The former Iraqi president returns to court today in his current six-month-old trial, facing the death sentence if convicted in the killings of more than 140 Shi'ites.

But that case involves a relatively small number of victims, and the scope of the accusation pales in comparison to the crackdown against the Kurds or the suppression of the Shi'ite uprising in southern Iraq in 1991.

Investigative judge Raid Juhi told reporters that he submitted the new case against Saddam and six co-defendants to the Iraqi High Tribunal -- a legal step that is the equivalent of an indictment under Iraqi law.

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His move paves the way for a second trial, which could begin any time after 45 days. Mr. Juhi said charges also include crimes against humanity.

Legal analysts said the decision to accuse Saddam of genocide has been questioned because the charge is difficult to prove. An international convention after the Nazi Holocaust during World War II defined genocide as an effort "to destroy, in whole or in part, a national, ethnical, racial or religious group."

The latest charges involve Saddam's reported role in Operation Anfal, the 1988 military campaign launched in the final months of the war with Iran to crush independence-minded Kurdish militias and clear Kurds from the sensitive Iranian border area of northern Iraq.

Saddam had accused Kurdish militias of ties to Iran. Thousands of Kurdish villages were razed, and their inhabitants either killed or displaced.

A memo released by the tribunal said the Anfal campaign included "savage military attacks on civilians," including "the use of mustard gas and nerve agents ... to kill and maim rural villagers and to drive them out of their homes."

The operations against the Kurds included the March 1988 gas attack on the village of Halabja in which 5,000 people, including women and children, died. However, Mr. Juhi said that the Halabja attack would be prosecuted separately and was not considered part of the charges filed yesterday.

Others accused in the Anfal case include Saddam's cousin, Ali Hassan al-Majid, or "Chemical Ali"; former Defense Minister Sultan Hashim Ahmad; former intelligence chief Sabir Abdul Aziz Al-Douri; former Republican Guard commander Hussein al-Tikriti; former Nineveh provincial Gov. Taher Tafwiq al-Ani; and former top military commander Farhan Mutlaq al-Jubouri.

Saddam and seven others have been on trial since Oct. 19 on charges in the deaths of Shi'ite Muslimsafter a 1982 assassination attempt against him in the town of Dujail.

The Dujail trial was the first of what Iraqi authorities say could be up to a dozen proceedings. Saddam could face death by hanging if convicted in the Dujail case. But President Jalal Talabani, a Kurd, said he doubted any sentence would be carried out until all trials were complete -- a process likely to take years.

Court Moves To Try Hussein In Massacre Of Kurds (WP)

By Jonathan Finer And Naseer Nouri

The Washington Post, April 5, 2006

BAGHDAD, April 4 -- A special criminal court has finished gathering evidence on the massacre of tens of thousands of Iraqi Kurds in the late 1980s, a judge said Tuesday, clearing the way for a second trial for former president Saddam Hussein.

Investigative judge Raeed Juhi said he had referred the case against Hussein and six co-defendants to the Iraqi High Tribunal, the rough equivalent of submitting formal charges.

All of the defendants will be charged with crimes against humanity. In addition, Hussein and Ali Hassan al-Majeed, a former general and Baath Party official nicknamed "Chemical Ali" for ordering the use of mustard gas and nerve agents against the Kurds, will be prosecuted for genocide.

International human rights groups have estimated that more than 100,000 people were killed in 1987 and 1988 as part of an Iraqi government operation known as the Anfal campaign. Kurdish villages were systematically razed and survivors shipped off to squalid internment camps.

"Thousands of women, children and men were buried in mass graves," Juhi said. "We have testimony from more than 1,000 witnesses."

After the new charges were announced, Kurdish demonstrators took to the streets of the northern city of Kirkuk, ululating, waving Kurdish flags and chanting slogans against Hussein and Majeed.

"I was a child at the time when they took the men who we discovered were later executed," said Shwan Mahmoud Fattah, who said he lived near the Kurdish capital of Irbil during the Anfal campaign. "The day we waited for -- to see the killers of our families stand before justice -- has come."

Baheeja Abbas Barazanchi, 55, said, his son was killed after being accused of fighting with the pesh merga , a Kurdish militia that fought Hussein's forces. "This is God's justice," he said.

Hussein's current trial -- stemming from the massacre of nearly 150 residents of Dujail, north of Baghdad -- has entered what Juhi called the "final stage" and is set to resume Wednesday with the former leader's cross-examination. Hussein and seven co-defendants are charged in that case.

It is unclear when any new trial would begin. The case file has not yet been presented to the defense team, a U.S. official close to the court said Tuesday. Under Iraqi law, defense attorneys are allowed at least 45 days to review the results of the investigation before a trial can begin.

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Hussein faces the death penalty in both the Dujail and Anfal cases. Several other cases against him are also still in the investigative phase, including that of the brutal suppression of a 1991 Shiite uprising in southern Iraq.

Some Iraqi politicians have expressed concern that Hussein could be convicted and hanged for the Dujail crimes before the other cases against him are heard. Justice Minister Abdul Hussein Shandal Issa said in an interview that the court might delay handing down any sentences until all trials are completed. Once a sentence is issued and a final appeal is finished, the punishment must be carried out within 30 days.

The new charges came as Vice President Adel Abdul Mahdi became the highest-ranking Shiite leader to call on Prime Minister Ibrahim al-Jafari to withdraw as the bloc's nominee for the job in the new government. Abdul Mahdi's Supreme Council for the Islamic Revolution in Iraq has said Jafari, leader of the Dawa party, can no longer count on its support. Abdul Mahdi, who made his comments in a BBC television interview, lost to Jafari by one vote in the nomination battle a month ago and is considered the most likely replacement.

Jafari has thus far said he will not step aside. He is also opposed by Sunni Arab and Kurdish parties, whose participation is needed for Iraq to form a fully representative government.

In Washington, President Bush said that "one way to help bring confidence to the Iraqi people . . . is for there to be unity government that steps up and says, 'I'm willing to lead.' "

Bush said he dispatched Secretary of State Condoleezza Rice to Baghdad earlier this week with the message "that the people of Iraq have voted and now it's time for the elected leaders to stand up and do their job."

In Baghdad on Tuesday, at least 10 people were killed in a series of bombings and small-arms attacks, including five policemen who died in a car bombing near the northeastern neighborhood of Sadr City.

The U.S. military reported that a Marine listed as missing in a vehicle crash during a flash flood Sunday in western Iraq had drowned in the accident, which claimed five other lives. Two more service members are still unaccounted for.

And booksellers became the latest victims of insurgent violence, as a 30-year-old shop in the western part of the capital was either bombed or set ablaze late Monday night after several local shops were warned to stop selling newspapers.

"I think they will start targeting the bookshops now after they targeted the barbers and the CD shops before," said Thair Abdul Qadir, a regular customer at Khalid bookshop in the Rabi Street neighborhood.

Saddam Genocide Charge Hard To Prove (AP)

By Anthony Deutsch

AP, April 4, 2006

Saddam Hussein on Tuesday joined a growing number of former leaders accused of the worst crime known to man: genocide. Defined as the intent to destroy an ethnic group in part or in whole, experts say it is the toughest war crime to prove.

An Iraqi indictment accused the ousted president of trying to exterminate the Kurds in northern Iraq in a 1980s campaign known as Operation Anfal that killed an estimated 100,000.

Michael Scharf, director of the Frederick K. Cox International Law Center at Case Western Reserve University in Cleveland, said the genocide case against Saddam won't be easy to prove "despite the large number of Kurdish victims (reportedly more than 100,000)."

Scharf said a number of issues could undermine the case including the sparing of Kurdish villagers, the killing of non-Kurds and potentially legitimate military goals and economic aims.

The Anfal case is the second indictment against Saddam, who has been on trial with seven co-defendants since Oct. 19 for the massacre of more than 140 Shiites following a 1982 assassination attempt against him in the town of Dujail.

U.N. tribunals for the former Yugoslavia and Rwanda, applying the international convention against genocide adopted after the Holocaust, have filed genocide charges against at least 49 individuals. Slightly under half of those were convicted, while a few are still awaiting trial.

Most recently, Serbian leader Slobodan Milosevic died March 11 while on trial for the massacre of at least 8,000 Bosnian Muslims at Srebrenica in July 1995 — an attack that constituted genocide under the strict definition in international law.

The most difficult aspect to set out in a courtroom is intent and a premeditated plan and proving genocide in Bosnia has been a daunting task. Seven of the 23 people indicted have been acquitted and just one man — Gen. Radislav Krstic — was convicted by the Yugoslav tribunal and is serving a 35-year sentence for the worst violence on European soil in 50 years.

The Rwanda tribunal, which prosecutes those accused in the 1994 genocide of at least 500,000 Tutsis and moderate Hutus, has convicted 23 people and acquitted just three. Former Prime Minister Jean Kambanda pleaded guilty and is serving a life sentence with several of his government ministers.

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That tribunal set a number of important legal precedents, including the first conviction based on the 1948 Genocide Convention. It also defined the crime of rape and found that rape and sexual violence may constitute genocide if the crimes are committed "with the intent to destroy a particular group targeted as such."

The latest charges involve Saddam's alleged role in Operation Anfal, which was launched in the final months of the 1980-1988 war with Iran to crush independence-minded Kurdish militias and clear Kurds from the sensitive Iranian border area.

The three-phase military campaign included the March 16, 1988, gas attack on the village of Halabja that killed 5,000. But Investigative judge Raid Juhi said Saddam will be tried separately for that attack.

The Iraqi tribunal will have the support of evidence from an earlier genocide trial that implicated Saddam.

In December, a Dutch court sentenced chemicals merchant Frans van Anraat to 15 years in prison for selling Saddam's regime the chemicals used against the Kurds. The ruling, the first ever dealing with Halabja and chemical attacks on seven other villages, concluded that the killing constituted genocide.

It had no jurisdiction to try Saddam, but prosecutors named Saddam and his cousin, Ali Hassan Majid, or "Chemical Ali," as co-conspirators.

Dutch prosecutors said the Iraqi military left an estimated 182,000 Kurds dead and hundreds of thousands more in detention camps.

Moscow Eyes Lost Oil Contract In Iraq (WT)

By Andrea R. Mihailescu

The Washington Times, April 5, 2006

Russia's largest oil company, Lukoil, is looking to the formation of a new Iraqi government as an opportunity to deal itself back into that country's huge West Qurna oil field, regaining a lucrative contract it lost in December 2002 as coalition forces were building up for the 2003 invasion.

Iraq's foreign ministry, seeking Moscow's help with some troublesome neighbors, has noted that Russian companies such as Lukoil understand Iraq's oil industry and environment because of their long history in the country.

"We hope the formation of a new government in Iraq will allow us in 2006 to start negotiations on recovering West Qurna," Andrei Kuzyaev, president of Lukoil Overseas, said at a conference in London in February.

Iraqi Foreign Minister Hoshyar Zebari asked for Russian help in November to end interference in its internal affairs from Syria and Iran, and has said that Lukoil offers Iraq needed technological and financial capabilities.

Lukoil and Saddam Hussein's government in 1997 signed the $3.7 billion development and production contract for the giant West Qurna field, one of Iraq's largest with an estimated 11 billion to 15 billion barrels located in North Rumaila, west of Basra.

The Iraqis abruptly canceled the contract in December 2002, charging, not without merit, that Lukoil had failed to honor a provision requiring that it spend at least $200 million on the field within the first three years of the contract.

However, the energy newsletter Middle East Economic Survey reported at the time that the Iraqis were angry because Lukoil executives were hedging their bets on the expected U.S. invasion, even as Moscow was working at the United Nations to head off the attack.

Deputy Prime Minister Tariq Aziz was quoted in Canada's National Post on Dec. 17, 2002, saying, "Lukoil went to Washington to get assurances that their contract will be implemented after the removal of the Iraqi regime. ... Such conduct cannot be accepted."

Despite losing the contract, Lukoil worked at maintaining good relations with Iraqi administrations that succeeded Saddam.

During the summer of 2004, it gave Iraq millions of dollars in humanitarian aid and provided training for Iraqi oil specialists at its facilities in Western Siberia and Volgograd, according to the Energy Information Administration, a department of the U.S. Department of Energy.

Lukoil also pledged to train 150 Iraqi specialists annually over five years at its Russian facilities.

Such aid is a "starting point for Russian companies to begin implementation of oil projects in Iraq," Lukoil President Vagit Alekperov said in September.

Now, with a permanent government to be established in Baghdad, Lukoil has reason to hope for the best.

The Iraqi oil ministry announced in June that an inter-ministerial committee would be set up to review oil contracts signed under the Saddam regime, and that it would renegotiate existing oil-development contracts with France's Total as well as Russian and Chinese energy firms.

The newly elected parliament, meanwhile, is expected to create a petroleum-investment law in line with the new constitution once a government is in place.

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"The process of negotiation is a joint process between the government and the provinces, but the ownership of the oil is for the Iraqi people," Deputy Prime Minister Ahmed Chalabi, who has served as oil minister since December, told Platts, an industry publication.

Lukoil may think its prospects are improved by the participation of U.S.-based ConocoPhillips, which now holds a 17 percent stake in the Russian company and has announced plans to increase its stake to 20 percent. However, U.S. officials say the decision will be made by the Iraqis, not the Americans.

"We're not involved in this decision-making," a State Department official said. "Oil policy and decision-making regarding Iraqi oil assets are firmly under the control of the Iraqi government."

Jamal Qureshi, lead analyst at the Washington-based energy consulting firm PFC Energy, noted that the United States does have advisers at the oil ministry who assist Iraq in its decision making.

"Who will have authority to negotiate these contracts will largely depend on how centralized the government will be," he said. "But with Iraq on the verge of civil war, the prospects are not good. There is a need for a more secure environment."

Insurgents have attacked pipelines and other oil installations nearly 300 times since 2003. Of those, 95 took place last year.

A Marine's Mother (WP)

By Christopher Lee

The Washington Post, April 5, 2006

Last August, Danielette James, 58, a federal custodian who cleans congressional offices five nights a week, unsuccessfully pleaded with her bosses for time off to welcome home her son, a Marine who was returning to Camp Lejeune, N.C., after seven months in Iraq.

In the end, James, unable to draw on the 172 hours of vacation time she had amassed, had to wait until a weekend for a two-day visit to North Carolina. (Her bosses at the Architect of the Capitol's office told The Washington Post at the time they had tried to meet her request.)

Over the weekend, the mother of six learned that her son, Eric McIntire, 27, had been killed by a roadside bomb near Baghdad.

McIntire, a sergeant who served nearly 10 years in the Marines, had returned to Iraq in early March. He was traveling in a Humvee with other members of his platoon on Sunday when a bomb exploded, killing him and several other men, James said.

A military chaplain broke the news Sunday afternoon to McIntire's wife of five years, Cynthia McIntire, who called James. Someone in uniform also visited James at her Woodbridge home that day.

"I was so crazy. I was crying so much. I went outside screaming, and my neighbor came running," James said.

McIntire was generous and quiet, his mother said, the sort of person who always gave money to friends in need and would talk to homeless people on the street. Before he lost his life in a war zone, the military had saved it.

"When he was young, he was into drinking and smoking," James said. "And then he said, 'Oh, no, I'm trying to mess my life up. Let me stop this.' And he stopped. And he finished high school, and then he joined the Marines. Since he joined the Marines, he has been straight. He has been so good. He is nice to his wife, he takes good care of her."

James last saw her son at Christmas. She last talked to him a few days before he returned to Iraq in early March. Before, he had wanted to go to Iraq because all of his friends were there, James said. This time he was reluctant, she said.

James stayed home from work yesterday and Monday to grieve; she says she has been asked to bring in a copy of her son's obituary. Burial will be at Arlington National Cemetery on Tuesday.

Walter Reed's World Of Hurt, Hope (WP)

By Susan Levine

The Washington Post, April 5, 2006

Solomon Montgomery wakes up early on workdays. Hours before dawn, the first thing he does is pray.

He prays for the soldiers he will try to help that day, whose bodies were ravaged during attacks in Iraq. He prays that their families find comfort and courage. And with no end to the bloodshed in sight, he asks God for support. "Lord," he says, "give me the strength to do my job."

At 7 a.m., he reports for duty at Walter Reed Army Medical Center. The war remains ubiquitous in the operating rooms, some of which are set aside for the returning wounded, and on the wards, where amputees begin coming to terms with their new realities. Montgomery, a physical therapy assistant with the bulk of a former defensive end, works in a ball- and mat-filled space where, hour after hour, he challenges and cheers on brain-injured soldiers not much older than his own teenager.

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So many have arrived in the past three years -- so many continue to arrive -- that they have transformed the hospital's routine. The staff has been redeployed, programs created, a special military company activated just for the injured. "This has become our normal," a nurse explains. But the cumulative effect of nearly 4,900 patients, including 1,458 battle casualties, has done more than change the institution. It has deeply affected the hundreds of doctors, nurses and therapists who work there -- who have been inspired by the resiliency and motivation of the individuals in their care, yet shaken and exhausted by the magnitude of loss.

Since the first soldier was admitted March 28, 2003, nine days after the invasion of Iraq, Walter Reed has confronted damage of daunting proportion: limbs blown off, guts blown open, brains devastated by piercing shrapnel or by concussive explosions, or maybe all that and more. The youth of the wounded elicits sadness, even tears. The veteran staff members look at these patients and see their sons and daughters. Their younger counterparts see siblings, friends.

"That's always my worst nightmare, that I'm going to take care of someone I know," says Capt. Matthew Hueman, a 31-year-old surgical resident whose West Point class has suffered casualties in the war.

Six thousand miles from the actual mortar fire, grenades and roadside bombs, it amounts to a different kind of combat fatigue.

At the start, they expected that the transports of casualties would taper off quickly. But three times a week, the white buses from Andrews Air Force Base still turn off Georgia Avenue NW through the hospital's main gate. They pull slowly up the looping drive to where a double line of gurneys and a small company of gown-clad escorts wait, and then each bus's back door swings open, revealing the litters of patients. Some soldiers are only 48 hours off the battlefield. The most critically injured are unloaded with so much medical equipment they are scarcely visible beneath it.

A pause to lower a litter, convey charts and untangle tubes, and then the new arrival is whisked inside, under the Walter Reed banner proclaiming "We provide warrior care" and on to a triage room.

That pause is all Michael Wagner needs to say, "Welcome home."

Over the past 2 1/2 years, the chief of the hospital's Medical Family Assistance Center estimates that he has greeted hundreds of patients, as well as thousands of family members. His first weeks, he struggled to find the right words. "This guy's missing a leg. What do I say to him?" he wondered. Until he understood: "They're not legs, they're not arms. They're human beings."

These days, the psychologist talks to spouses and parents with a gentle bluntness.

"How you doing?" he asks.

"Fine," they invariably say.

"How you doing?" he asks a second time.

"Fine," they repeat.

"Baloney," he says.

At which point family members usually cry. "You have to permit them to feel their hurt," he says.

Wagner, 56, is a retired Army colonel who joined up during the Vietnam War. After the 2001 terrorist attacks, he tried to volunteer anew, ultimately connecting with the command at Walter Reed and moving from Arizona to run interference for soldiers' families. At the assistance center -- established in response to the casualties' protracted presence -- he has been asked to secure everything from a massage to mortgage money. When all guest accommodations on post are filled, he persuades local hotels to provide rooms at no charge. "I need you to be a good American here," he tells hotel managers.

Still, 12-hour days consumed with strangers' needs are draining. Last fall, he finally realized how tired he was, "tired of seeing the wounded come in, young men and women in the prime of their lives, coming back ripped apart. . . . It was overload, burnout, whatever you want to call it."

The stress, he says, "wears on everybody in this hospital."

Wagner has learned how to take time off, how to get on his Harley and ride out of the city, into rural stretches of Maryland. He's reached a different place, not necessarily numb to the pain around him but able to put it in a broader context. "This is our normal," he says. "Our mission."

When he leaves the hospital grounds, which will receive soldiers until Walter Reed moves to Bethesda in several years, he finds himself looking for people with missing limbs. Their absence seems strange.

Her parents back in Washington state worry, but they don't press her for details. "How's life on the ward?" her mother will say, vaguely enough.

"We've got some complicated guys on the floor right now," Clarisa Nichols answers. She does not elaborate.

She is 24, and the hospital is her first duty station out of nursing school. She is assigned to Ward 57, the busy orthopedics unit once populated by older men and women recuperating from knee surgeries or hip replacements. In more than two years, 1st Lt. Nichols has seen virtually no such patients.

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What she has seen are soldiers around her age, with massive pin-and-bolt armatures securing fractured bones or thick dressings covering raw stumps. They may be brought onto the floor with desert sand in their hair or spilling from their gear, and suddenly Iraq seems even closer. Nichols could be sent with scant notice to a combat support hospital there. Overseas duty is a matter of when, not if.

She will be ready. Her responsibilities at Walter Reed have made sure of that. At first, she questioned whether she would be able to handle them -- not so much emotionally as technically. Would she have the skills to do the job? She found herself tested on both fronts, staggered initially by the influx of casualties and challenged by their worst injuries.

"Sometimes," she says, "I'll go back to our break room and take a couple deep breaths. I'll think, 'Is there anything else I can possibly do?' "

Sometimes there is not. No more medicine she can offer, no relief other than a repositioned pillow or appendage. A patient Nichols will never forget, a soldier from the foreign forces assisting the United States in the fighting, writhed for hours one night. He spoke no English and would look at her uncomprehendingly. "There was no way I could reassure him," she says. "It was just one of those times; I sat down and held his hand. I felt helpless."

She balances that memory with the moments when patients took their beginning steps on a new prosthesis or returned with a smile and big hug after discharge. The nurses keep a bound book listing all the patients on the unit from December 2003, and on a slower shift, they'll get nostalgic looking through the pages. All told, the hospital has treated 323 amputees from Iraq and Afghanistan.

It also has seen the deaths of 11 service members.

"I can't believe how long it's been happening," Nichols reflects one afternoon. She has a younger brother in the Navy and a younger sister in the Army. "It's still hard to see an 18-year-old come in. Every so often, you wonder when it's going to end."

The number of battle casualties at Walter Reed fell to 408 during the third year of Operation Iraqi Freedom, compared with the more than 520 in each of the previous years. The trauma that sent them there -- frequently so extensive that the military coined the term "polytrauma" -- did not diminish.

Few wounds now hold the same shock factor for the hospital's surgeons. Col. Craig Shriver, who heads the general surgery department, remembers the teams of residents who came to him in late 2003 after their overnight rotations in the OR. "Three months is enough," they told him.

Recent teams have reacted far differently, though their chief doubts they are any tougher. More likely, after hearing and reading accounts of the injuries, they simply have been better fortified. "Maybe they've come to expect it," he says. As they are deployed, these new doctors will take their training directly to the troops.

Shriver himself has more than two decades in the Army and two tours as a combat surgeon. At 47, he could retire tomorrow. The reason he stays: As long as the conflict drags on, and the buses from Andrews return with their damaged cargo, he feels an obligation "to finish the job."

The last several years at Walter Reed have been the most demanding of his career. They've also been among the most humbling and rewarding. He marvels at the soldiers' attitude, their gratitude, their perseverance.

"What this has taught me is, our youngest generation is magnificent," he says.

It has renewed his faith in America.

By 10:40 in the morning, Solomon Montgomery is halfway through a set of balance exercises with 20-year-old Pfc. Daniel Perry of Somers, Conn.

"Move the top of your body," he says. "Give it a good stretch."

Bluish traces of shrapnel dot the left half of the soldier's pale face, betraying the blast that left him unconscious in an Iraqi bunker 27 days earlier. Perry met Montgomery when he was barely able to stand, unable to walk, incapable of following all but the simplest commands and angry and confused. He tried to kick the big guy, more than twice his size and age.

"Looks like this boy is going to be fun to work with," Montgomery responded cheerfully.

His PT unit focuses on those with traumatic brain injury. Before the war, it didn't exist. No need for it.

"I didn't realize what I was getting into," concedes Montgomery, a civilian employee who came to Walter Reed in 2000. During their time together, he has watched Perry make steady progress. Other patients have not. Two years ago, he was assigned a brain-injured soldier in his early twenties, a father of three whose youngest child had just been born. The man could neither hold nor see his baby: He had lost both arms and his eyesight.

Montgomery drove home that afternoon and went to bed. He stayed home the next day. He couldn't go to work; he couldn't even get out of bed. The tragedy seemed too overwhelming.

He has since found deeper reservoirs of strength -- his church in Brandywine, his Bible study group, his high school daughter, who senses when to ask, "Daddy, is the war bothering you again?" The war has brought them closer. The war, in fact, "has helped me grow to be a better man."

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He pauses. There is more.

"It's made me realize how precious life is," he says, "and the price you pay for freedom."

CORPORATE SCANDALS:

Enron Witness Calls Cuts 'Redeployments' (FINDLAW/AP)

By Michael Graczyk, Associated Press Writer

AP, April 5, 2006

(AP) - HOUSTON-A former Enron Corp. human resources supervisor testified Tuesday that people who moved from its struggling broadband venture were given opportunities to shift assignments, disputing earlier testimony that they were laid off.

Sarah Davis, testifying for a second day at the fraud and conspiracy trial of former Enron Chief Executive Jeffrey Skilling and founder Kenneth Lay, said the March 2001 cuts at Enron Broadband Services were "redeployments" and not layoffs.

Kenneth Rice, who ran Enron's money-losing broadband venture, testified in February that Skilling told him to characterize layoffs at the unit in early 2001 as redeployment so some 250 employees would believe they would keep their jobs and Wall Street analysts who influenced the company's stock would remain bullish on the weakening venture.

Asked by Skilling lawyer Mark Holscher if Rice or anyone else at Enron told her the cutbacks were "a ruse to lay people off" or "some sort of disguised layoffs," Davis replied: "No. It was redeployment."

But under cross-examination, she said it wasn't part of her duties to keep up with the business reasons for any redeployments or layoffs.

At the time of the broadband cuts, Skilling told analysts the unit had "strong growth." Rice testified that in addition to the layoffs, the unit burned through $100 million per quarter and efforts to stream video content on a fledgling network or trade Internet bandwidth were faltering.

On Monday, Davis testified Enron's hiring statistics from January through October of 2001 illustrated the company was "working robustly to bring in new talent," according to Lay attorney Chip Lewis.

As a sign of its continuing growth, Davis said she processed more than 100 new hires each month through an orientation program.

Davis was preceded on the witness stand by a former trader who was offered a promotion to shift from the profitable wholesale operation at Enron to the struggling retail division it was absorbing in 2001.

Prosecutors have presented witnesses who testified the assimilation of the risk and trading portion of its retail energy division, Enron Energy Services, was made to improperly cover up millions of dollars in losses.

Rogers Herndon, one of five witnesses testifying Monday as Lay and Skilling began their defense, said that wasn't the message he received when asked to head up risk assessment at the retail unit.

"No one ever said to you the move was to avoid losses in EES?" Skilling attorney Randall Oppenheimer asked.

"That's correct," replied Herndon, who reached the level of vice president at Enron before it imploded into bankruptcy in December 2001.

"We were not to be a profit center," he said, recalling his conversation in April 2001 with former EES Chief Executive David Delainey.

Delainey, who pleaded guilty in 2003 to insider trading and testified earlier for the prosecution, told jurors that in March 2001 he reluctantly agreed to a Skilling-approved plan to move part of the failing retail unit into the wholesale division to hide $200 million in losses.

Skilling and Lay insisted in public statements the move was made to increase efficiency and combine like trading functions. Both aim to testify.

Skilling's lead attorney Daniel Petrocelli told U.S. District Judge Sim Lake late Monday he expected the former Enron chief executive would take the stand as early as Wednesday. Lay also has said he is eager to tell his story to jurors.

The first defense witness was Joannie Williamson, who served as an assistant at various times to Skilling, Lay and former investor relations chief Mark Koenig, a key prosecution witness who pleaded guilty in August 2004 to aiding and abetting securities fraud.

Besides acknowledging his own guilt, Koenig in February also implicated Lay and Skilling in a string of falsehoods.

Asked by prosecutor Kathryn Ruemmler if she thought he had lied on the stand, Williamson said, "I think he was doing what he needed to do.

"I feel like Mark was under quite a lot of pressure," she said.

"Did he tell you he was pressured?" Ruemmler asked.

"No, he did not," Williamson replied.

Also on the stand Monday were Scott Stoness and Diann Huddleson, both former EES analysts. Stoness said Enron didn't know until May whether EES would have high losses, which was intended to challenge Delainey's recollection of moving its trading function into the larger division two months earlier to hide losses.

Huddleson said EES wasn't in disarray as Delainey and other government witnesses have said.

Skilling faces 28 counts of fraud, conspiracy, insider trading and lying to auditors, while Lay faces six counts of fraud and conspiracy. Last week, Lake approved prosecutors' request to drop three counts against Skilling and one count against Lay to streamline their case.

AP Business Writer Kristen Hays contributed to this story.

Enron Defense Witness Testifies Skilling Didn't Favor Partnership (WSJ)

By Gary McWilliams

The Wall Street Journal, April 5, 2006

HOUSTON -- A former Enron Corp. executive testified that former President Jeffrey Skilling insisted that a controversial partnership run by the company's chief financial officer be treated the same as other bidders during the sale of an Enron subsidiary.

The defense witness's testimony is intended to show that the relationship between Enron and the partnership, known as LJM, was proper and at arm's length, as opposed to the conflict-laden relationship that prosecutors allege was used to manipulate the company's finances.

J. Mark Metts, who negotiated asset sales and acquisitions while at Enron, testified that Mr. Skilling never sought any favors for the LJM partnership amid the partnership's efforts to involve itself in a prospective asset sale that Mr. Metts was handling. LJM, a partnership set up and run by Andrew Fastow, Enron's former finance chief, is at the core of the government's conspiracy case. Prosecutors contend LJM was used improperly to hide losses from investors and to boost profits.

Mr. Skilling and former Enron Chairman Kenneth Lay are on trial in U.S. District Court here for alleged criminal conspiracy and fraud in connection with the collapse of the onetime energy titan. The defense began its case this week, and Mr. Skilling's eagerly awaited testimony could begin tomorrow.

Meanwhile, the lead defense attorney for Mr. Lay is hospitalized and could undergo surgery in the next few days to remove a blockage in his carotid artery. Houston attorney Michael Ramsey is undergoing tests at a local hospital. Yesterday, Mr. Lay's daughter, Elizabeth Vittor, an attorney on the defense team, said that Mr. Ramsey will be absent for an undetermined period, but is expected to return to court before the end of the trial.

Surgeons installed a coronary stent two weeks ago in the 66-year-old Mr. Ramsey. However, the contemplated artery surgery is unrelated to the installation of the stent, Ms. Vittor said. Yesterday, a spokeswoman said there were apparent problems with the stent that had sent him back to the hospital.

Mr. Metts, who was head of corporate development at Enron, said that after he canceled a meeting between LJM and an Enron subsidiary that he was trying to sell, Mr. Fastow complained to Mr. Skilling in April 2001. In a meeting several days later, Mr. Skilling never asked him to favor LJM and was "frustrated" by Mr. Fastow's behavior, Mr. Metts testified. "He agreed with me the only way LJM participates in the process was for LJM to play by the same rules as everybody else," Mr. Metts said.

Under questioning by prosecutors, Mr. Metts acknowledged he was demoted and assigned to a position under Mr. Fastow just a month after the dispute with Mr. Fastow arose. He also said Enron agreed to pay LJM as much as $600,000 to serve as a backup bidder on the deal he was negotiating. The business wasn't sold to the original bidder or LJM, he said. The prosecution has focused on LJM-Enron deals that didn't involve other bidders.

Mr. Metts was one of several former Enron employees who challenged statements by prosecution witnesses who had testified there were efforts to hide bad news from investors and pump up profits by manipulating accounting rules. Among other things, the former employees said they believed efforts to reduce staff at Enron Broadband Services, a telecommunications unit, and to reduce Enron's financial stake in the troubled Dabhol Indian power project were legitimate and proper.

The prosecution contends that Mr. Skilling told investors that firings at the unit were a "redeployment" to conceal the unit's troubles, and that Messrs. Lay and Skilling knew Dabhol should have been written down in mid-and-late 2001, but improperly refused to reduce the carrying value to avoid a downgrade of Enron's credit rating.

At The Enron Trial, Skilling Then Vs. Skilling Now (NYT)

By Kurt Eichenwald And Alexei Barrionuevo

The New York Times, April 5, 2006

DOJ_NMG_0025558

As Jeffrey K. Skilling, Enron's former chief executive, moves from the defense table to the witness stand as soon as today, he will have to be prepared to confront his own past testimony.

At his trial in Houston, Mr. Skilling will be bound by the very words he spoke under oath in secret testimony given more than four years ago, at a time when the Enron criminal investigation had not yet begun.

The testimony, taken in December 2001 as part of an investigation by the Securities and Exchange Commission into the Enron debacle, serves as a road map to the defense Mr. Skilling will offer on the stand. It also points up some potential pitfalls he faces. A transcript of the testimony, which has not been made public, was obtained by The New York Times.

The transcript lays out not only what is sure to be the foundation of Mr. Skilling's own explanation for what went wrong at Enron, but also the words that could be used against him in cross-examination.

At the heart of Mr. Skilling's statements in his previous testimony was a simple refrain: Enron took every precaution; everything was legal; nothing was hidden; nothing was improper. But Mr. Skilling also advanced the argument that if anything illegal had occurred, he could not possibly have been on top of every transaction at Enron, simply because the company was too sprawling for any one person to control.

"Obviously, I couldn't see the whole company," Mr. Skilling testified when discussing his familiarity with the company's financial disclosures. "I mean, this was a gigantic company."

Some of Mr. Skilling's S.E.C. testimony appears to be in direct contradiction to statements made by prosecution witnesses in the nine weeks of the criminal trial so far. For example, at one point in the testimony, Mr. Skilling was asked by a government investigator whether Enron ever used reserves to help the company meet Wall Street's earnings expectations. Mr. Skilling flatly denied that, and went on to deny that any reserves existed for such a purpose.

Likewise, in Mr. Skilling's S.E.C. testimony, he denied that there were ever any last-minute dashes within Enron to meet quarterly earnings expectations from 1997, when he took on a top job at the company, to his departure in the summer of 2001.

"I don't think there was any time during that time period," he testified, "that by the end of the quarter we were concerned about the numbers."

But in the criminal trial, several witnesses, including Wesley H. Colwell, a former Enron accountant, testified that Enron used accounting reserves to lift the company's earnings in particular quarters for the purpose of meeting the projections of Wall Street analysts.

Mr. Colwell and other witnesses portrayed last-minute efforts to meet — and in one instance, to beat — those projections, requiring what they described as manipulations involving a penny or two of earnings per share.

Mr. Colwell testified that in July 2000, for example, Enron improperly dipped into reserves to increase earnings by $14 million, or from 32 cents a share to 34 cents a share, a change driven simply by management's desire "to make 34 cents per share" that period.

During the trial, government witnesses also portrayed a particular credit reserve, called Schedule C, as something of a "cookie jar" of earnings that could be used to help improve the company's reported performance. The earnings used in Schedule C were the product of the California energy crisis in 2000, which brought huge profits to Enron and other energy trading firms.

In his earlier testimony, Mr. Skilling said that Schedule C was a proper accounting reserve, which had been put together by Enron not to bolster earnings, but because of concerns the company had that California utilities that owed the money would never be able to pay because of their own financial troubles.

"The loss from PG&E alone was, I think, $560 million," Mr. Skilling testified. "These were significant numbers and so we started to reserve for those just to make sure that we could cover them if something did happen."

In the course of his S.E.C. testimony, Mr. Skilling also addressed the company's use of special-purpose entities that resulted in the company's shifting debt off the books — one of the central issues in the Enron scandal.

Such entities are commonly used throughout corporate America for that purpose, but to meet the accounting standards, investors independent of the company must provide a set percentage of the capital.

The accounting for several such entities proved to be improper, and several former Enron officials have pleaded guilty to criminal charges related to them. The restatement of the company's financial statements after those problems were discovered played a significant role in its ultimate collapse into bankruptcy in late 2001.

In his S.E.C. testimony, Mr. Skilling said that he had no knowledge of any problems with the accounting for transactions involving the entities.

"I had absolutely no reason, given the process and the signoffs, to have any expectation that the accounting did not properly reflect what the transactions — the way the transactions were structured," Mr. Skilling told the investigators in 2001. Mr. Skilling also discussed two entities affiliated with Enron that have been the subject of frequent testimony during the government case. One is LJM2, an investment fund operated by Andrew S. Fastow, who was Enron's chief financial officer; the fund was used for transactions with Enron.

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Another is the Raptors, four partnerships used to provide hedges for company investments. A hedge, traditionally, is used to offset potential losses, with the value of the hedge going up as the value of the investment goes down.

The Raptors involved special purpose entities, requiring an outside investor. Mr. Fastow provided that outside capital through LJM2, which he led as general partner, handling investments from financial institutions and wealthy individuals.

But the Enron transactions, according to prosecution witnesses, were highly improper because they relied on secret side deals protecting Mr. Fastow and LJM2 from losses and similar problems undermining the Raptors.

In his S.E.C. testimony, Mr. Skilling was not asked if LJM2 received widespread guarantees against loss from Enron, which would be illegal. But he denied the existence of any secret side agreement that would have protected the investment fund from making good on its financial commitments.

As for the Raptors themselves, Mr. Skilling professed to have little knowledge of their workings, but said he knew that the company's accountants and Arthur Andersen, its auditing firm, had signed off on the deals.

"I cannot describe Project Raptor to you," Mr. Skilling testified. "Arthur Andersen was totally on board. They'd look at the structure and the governance and all the rest of the stuff. They thought it was fine, and it looked like it was a good way to hedge some of these high-technology investments that we had made. So it was approved by the board. But I don't recall the mechanics of how it worked."

But Ben F. Glisan Jr., the former treasurer, testified in the trial that he listed "accounting scrutiny" as his chief concern when he presented a Raptor hedging transaction to the board's finance committee in May 2000. Mr. Skilling, according to Mr. Glisan, told the directors at the meeting that day that Raptor was not a deal he would recommend "except for the fact that it allowed him to circumvent the accounting rules."

Mr. Skilling also portrayed himself in his S.E.C. testimony as something of a casual reader of Enron's financial statements, saying that he had placed his confidence in the company's financial controls to satisfy himself that the reporting was proper.

"I can't tell you I read them, you know, cover to cover," Mr. Skilling testified about the financial statements. "I felt by the time that process was completed that it was a fair and accurate presentation of what was going on in the company."

Key Defense Lawyer In Enron Trial Awaits More Surgery (WP)

By Carrie Johnson

The Washington Post, April 5, 2006

2 Texas Attorneys Take Reins as Lay's Lead Counsel Is Hospitalized for Heart Blockage

HOUSTON, April 4 -- The lead lawyer for former Enron Corp. chairman Kenneth L. Lay has been hospitalized for more tests while he awaits surgery, a move that could put him out of commission for a significant portion of his client's defense against fraud charges.

Doctors at Houston's Methodist Hospital are evaluating Michael W. Ramsey, 66, for a new blockage in his carotid artery that doctors uncovered in tests Tuesday.

Last month, during a short break in the trial, Ramsey had a stent successfully implanted in a different artery to help correct shortness of breath and other symptoms he had since at least the third week of Lay and protege Jeffrey K. Skilling's trial.

Erin Fairchild, a spokeswoman for the hospital, said in an e-mail Tuesday that "blockage in the carotid artery is dangerous if left untreated because it can lead to stroke."

Elizabeth Vittor, Lay's daughter and a member of his legal defense team, called the carotid procedure doctors are contemplating "pretty significant surgery" and said it was unclear how long Ramsey's recovery would take. She added that the defense hoped Ramsey would be able to return quickly. In his absence, Dallas securities lawyer Bruce Collins and Houston appellate specialist George "Mac" Secrest take the reins for Lay.

Vittor said the defense did not anticipate requesting a delay in the trial "at this time."

Under current estimates, the case could go to the jury as early as the end of April.

Skilling is likely to appear on the witness stand Thursday, defense lawyers said. Lay, who was to be questioned by Ramsey, will testify sometime after Skilling is finished. Lay joked Tuesday that he expected Ramsey to return "in time to take full credit for the victory."

Also Tuesday, the second day of the defense case, several former Enron workers testified about a redeployment in the company's high-speed Internet unit, a power plant in Dabhol, India, and efforts to unload international assets.

Defense lawyers for Skilling and Lay attempted to show that government witnesses overstated troubles in each of those divisions. The defendants face multiple charges for making what prosecutors call overly optimistic statements to investors and employees about those topics in 2001.

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Mark Metts, a lawyer who negotiated deals for Enron, testified Tuesday that experts inside and outside the company vetted important transactions. He also painted a negative portrait of former finance chief Andrew S. Fastow, who he said screamed at him after he told Fastow that "he had to play by the same rules as anybody else."

The government contends that Skilling gave favors to secretive partnerships controlled by Fastow. But Metts told the jury that Skilling was "extremely supportive" when Metts contacted him to express concern about a "power play" by Fastow in 2001. Shortly thereafter, another Enron official sent out a memo explicitly stating that Fastow's partnerships would not be favored over other bidders, defense lawyer Mark Holscher argued.

On cross-examination, Assistant U.S. Attorney Sean M. Berkowitz pointed out that weeks after the incident, Metts was demoted and that Skilling made the decision that Metts would report to Fastow.

D.C. Was Cheated, SEC Says (WP)

By Lori Montgomery

The Washington Post, April 5, 2006

Firm Owes Funds For Charter Schools

Federal securities regulators yesterday accused a Maryland firm of defrauding the District of millions in federal and local funds earmarked for D.C. charter schools, saying the firm used the cash to try to prop up two failing subsidiaries.

In a complaint filed in federal court, the U.S. Securities and Exchange Commission alleges that Geneva Capital Partners LLC and its owner, Eric M. Westbury of Silver Spring, obtained investments of more than $21 million from the District without telling D.C. officials that two of the city's advisers had a financial stake in Westbury's firms.

Westbury then used some of the cash to cover losses at his other companies, which together owe about $33 million to more than 2,000 small investors nationwide, the complaint says.

In addition, Geneva owes the District about $11 million. In a court hearing yesterday, SEC lawyers argued that the family of firms has insufficient assets to repay that and other debts.

"It's our view . . . that there's just not enough money for everyone to get their money back here," said Amy J. Greer, the SEC trial counsel handling the case. "We have a lot of companies all showing substantial losses. And I think it's unlikely that all of the investors, both the District and the [small investors], will be fully compensated."

Westbury did not return a call to his Bethesda office. His attorney, John M. Fedders, denied that Westbury is "a fraudster."

Westbury "has not engaged in fraud," Fedders said. "He is a man of high moral integrity, and high business ethics. I think there's an enormous misunderstanding here about some of the things that have gone on, and we dispute paragraph after paragraph of these SEC allegations."

U.S. District Judge Deborah K. Chasanow gave Fedders until April 26 to file his objections, and she set a hearing date for May 12. In the meantime, Chasanow barred Westbury from making payments to investors and ordered him to alert the court if any of them demands their money.

The order effectively prohibits Westbury from complying with the District's March 15 demand to return its remaining cash. However, the order also bars Westbury from giving the District's money to anyone else, said Daniel M. Hawke, associate district administrator for enforcement in the SEC's Philadelphia office.

District officials declined to discuss the case yesterday. But Deborah A. Gist, director of the D.C. State Education Office, which administers the charter school funds, issued a written statement saying her office "is aware that the SEC has concerns with Geneva Capital." The District "continues to deal with this issue seriously," she wrote, noting that the D.C. inspector general is also investigating.

So far, District officials have been unable to explain why they selected Geneva in 2003 to manage the charter school money, a combination of local and federal funds intended to help charter schools obtain bank loans to purchase, build and maintain facilities. Hawke and D.C. officials said mismanagement of the funds has not affected operations at any school.

The SEC complaint may shed some light on the selection process. Under the heading, "Additional Undisclosed Conflicts of Interest," the complaint accuses Westbury of failing to disclose to District officials that the financial manager of the charter school fund "had received a substantial loan" from one of Geneva's subsidiaries, SBM Certificate Co., "in connection with an unrelated commercial real estate project of his own."

In addition, the complaint says Westbury failed to tell D.C. officials that the general counsel for the charter school fund "was also an SBM board member.

"These two individuals were the very people on whom the District relied for advice and counsel relating to matters like its investments," the complaint says.

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In court documents, the financial manager was identified as Timothy Webb and the general counsel as Marialice B. Williams. They were described as independent contractors hired by the city to help manage the charter school funds. Webb, in particular, was responsible for identifying financial institutions to handle the investments, documents show.

Webb and Williams have been partners in several business ventures, according to the businesses' Web sites.

Webb could not be located late yesterday. Williams, reached at her District home, called the allegations "100 percent incorrect with respect to me."

"No one's called me at all," she said. "From the SEC or anywhere else." She referred a reporter to her attorney, who declined to comment.

Staff writer Valerie Strauss and researcher Bobbye Pratt contributed to this report.

Why Sweat The Small Stuff? (WSJ)

By Richard C. Pozen

The Wall Street Journal, April 5, 2006

The Securities and Exchange Commission recently announced a roundtable to discuss Section 404 of the Sarbanes-Oxley law, which requires an annual assessment by public companies of their internal controls over financial reporting. Critics question whether its benefits outweigh its costs, which have been much higher than originally estimated; because of these concerns, an SEC advisory committee recently proposed total or partial exemptions from Section 404 for small companies (with market capitalizations less than $787 million). However, some commentators have strongly opposed such exemptions, since these small companies constitute 80% of all publicly listed firms and are the ones most susceptible to financial frauds.

I take a middle ground: The current rules on assessing internal controls for all public companies should be revised, greatly reducing the costs of these assessments while preserving most of their benefits. Specifically, the management of every public company would be required to publish an annual assessment of the company's internal controls, attested to by the company's auditors. But such assessments would be focused on the company's internal controls over material information contained in the company's financial reports to the SEC.

* * *

The SEC has adopted two different requirements for internal controls. First, it has defined "internal control structure and procedures . . . for financial reporting" under Section 404 to include more items of information with more details than those ordinarily included in the financial reports of public companies. In the commission's view, internal controls must provide reasonable assurance not only that material information in the company's financial statements is accurate, but also "that receipts and expenditures of the company are being made only in accordance with authorization of management and directors of the company." By unlinking "internal controls" from "financial reporting" in Section 404, the SEC encourages management and auditors to scrutinize detailed procedures for controlling ordinary expenditures -- e.g., reimbursing travel expenses and handling petty cash -- even in cases where they are clearly immaterial to the company's financial reports.

Second, the SEC requires management to assess a public company's "disclosure controls" -- defined as "controls and other procedures . . . designed to ensure that information required to be disclosed by the issuer in the reports it files" with the commission "is recorded, processed, summarized and reported" in a timely manner. This rule on "disclosure controls" is very confusing since it overlaps with the rule on "internal controls." The SEC should end this confusion by combining both into one rule on "internal controls" over "financial reporting," which would cover the accuracy and timeliness of "material" information submitted by public companies in their financial reports to the commission.

The concept of "materiality" is traditionally judged by whether information is significant to a company's overall financial situation. However, a much broader concept of "materiality" is applied to Section 404 by the Public Company Accounting Oversight Board (PCAOB), which oversees all auditors of public companies. According to its Auditing Standard No. 2, an auditor must apply materiality "in an audit of internal controls over financial reporting at both the financial-statement level and at the individual-balance level" (emphasis added). This extension of materiality to individual balances tends to lead management and auditors to incur tremendous expense by examining controls over balances that are not financially significant for the company as a whole -- for example, reserve balances in a minor subsidiary, or inventory balances in a small factory.

The PCAOB's unduly expansive definition of materiality is exacerbated by its unduly expansive standard for assessing the likelihood of a problem occurring. According to Auditing Standard No. 2, "reasonable assurance" that internal controls are effective means that there is only a "remote likelihood that material misstatements will not be prevented or detected on a timely basis." This standard of "a remote likelihood" can easily lead to auditor concerns about internal controls based on hypothetical situations that have not occurred and are not very likely to occur. A more appropriate standard for determining that internal controls are effective would be that a problem is "unlikely to actually happen."

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Suppose one employee signature is required for customer refunds under $100 and two signatures above that amount. The auditors may maintain that mishandling of small customer refunds is not "remote" because the one employee signing could, in theory, conspire with the customer to defraud the company. Yet the mishandling of small customer refunds is "unlikely to actually happen" because the one employee knows that his or her signature can easily be traced if any problem becomes evident on customer refunds.

Furthermore, Auditing Standard No. 2 states categorically: "There is no difference in the level of work performed" by the auditors when attesting to management's assessment of the company's internal controls, versus when the auditors express an opinion directly on the effectiveness of the company's internal controls. This approach leads to a high degree of redundant work: Management must test all of the company's internal controls; and the auditors can rely in part on management's testing, but only for less important areas of internal controls. A more efficient approach would be for the auditors to evaluate the design of the control systems, review the testing plan of management, and test a reasonable sample of internal controls.

In formulating their current rules, the PCAOB and the SEC were heavily influenced by an internal controls framework established in 1992 by COSO (a committee of sponsoring audit organizations). While its framework is excellent for many purposes, even the regulators recognize that, because it covers compliance with all laws and effectiveness of corporate operations, it is too broad for Section 404. COSO is now developing for small companies a control framework limited to financial reporting -- which should be extended to all public companies.

In short, instead of exempting small companies from Section 404, the SEC and the PCAOB should apply to all public companies narrower rules on internal controls. Management's assessment of internal controls should focus on the material information contained in the company's reports to the SEC, and the auditors should attest to management's assessment by reviewing its processes and sample testing. Both should apply the traditional concept of materiality -- financial significance relative to the whole company. In this manner, Section 404 will be very helpful in preventing material misstatements in a company's reports to the SEC, but at a much lower cost.

Mr. Pozen is chairman of MFS Investment Management.

CRIMINAL LAW:

Child Porn Victim Tells House Panel The Justice Department Is Moving Too Slowly On Pedophiles (AP)

By LAURIE KELLMAN, Associated Press Writer

AP, April 4, 2006

WASHINGTON — Justin Berry, who for five years starred in his own Web cam child pornography business, told a House panel Tuesday that the Justice Department is moving too slowly to round up 1,500 pedophiles whose information he surrendered last year.

"I believed that the government would protect the children being abused. I believed they would act quickly," Berry, now 19, told the House Energy and Commerce Committee. "I was wrong."

Justice Department spokesman Bryan Sierra disputed that, citing a threefold increase in federal prosecutions of child pornography and abuse cases nationally over the past decade. The unit investigating Berry's case, which Sierra could not discuss, has seen its workload increase 450 percent in the last four years.

"One of law enforcement's highest priorities is the protection of innocent children from sexual predators who lurk on the Internet," Sierra said.

The same committee will hear from the Justice Department, among other federal agencies, on Thursday.

Berry's story of a lonely teenager who sought friends on the Internet but instead grew rich attracting pedophiles was reported in December by the New York Times after a six-month investigation. Its author, Kurt Eichenwald, told the Energy and Commerce Committee on Tuesday that Berry is the first such teenage witness known to turn over such a vast cache of evidence to the government.

But even Berry's catalog of his clients' names, credit card numbers and other details has resulted in only one arrest, he and Eichenwald said.

"From the time that the government was notified of Justin's information to the point where the children in direct danger were saved, more than 50 days passed," Eichenwald told the panel. "Some people identified as perpetrators literally could not get themselves arrested if they tried."

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Berry embarked on his sordid journey into the world of pedophelia and drugs when at 13, living in Bakersfield, Calif., he acquired a Web camera as part of a deal with an Internet service provider. A lonely kid of a divorced family without many friends, Berry hoped to use the device to make friends his own age.

Instead, a pedophile sent him an instant message within minutes of Berry's image landing on a Web site called Spotlife.com. More followed; then men worked to earn his trust.

"At 13, I believed these people were my friends," Berry told the panel. "They were kind. They complimented me. They wanted to know about my day."

A few weeks later, he said, "everything changed" when one man proposed to pay Berry $50 to take off his shirt for a few minutes in front of the Web cam. The man helped Berry set up an account with Paypal, an online money payment system.

Last June, Eichenwald approached Berry for a story he was doing on Internet pornography. Berry agreed to help with the story and tell law enforcement what he knew about other children being exploited.

But the Justice Department and other massive federal agencies were slow to respond, Berry and Eichenwald told the panel. Berry said he has feared for his life.

DHS Spokesman Is Accused Of Soliciting Teen Online (WP)

By Spencer S. Hsu

The Washington Post, April 5, 2006

The deputy press secretary for the Department of Homeland Security was arrested last night on charges that he used the Internet to seduce an undercover Florida sheriff's detective who he thought was a 14-year-old girl, the Polk County Sheriff's Office said.

Brian J. Doyle, 55, was arrested at his Silver Spring home at 7:45 p.m. and charged with seven counts of using a computer to seduce a child and 16 counts of transmitting harmful materials to a minor, according to a sheriff's office statement.

Agents with the department's Inspector General's Office, the U.S. Secret Service, the Montgomery County police and the Polk County Sheriff's Office served a search warrant and seized his home computer and other materials, the statement said.

Doyle was online at the time awaiting what he thought was a nude image of a girl who had lymphoma, Polk County Sheriff Grady Judd said in an interview with Fox News' "On the Record With Greta Van Susteren." "We wanted to make sure he was using that computer and talking to detectives at the time of the arrest," Judd said.

In his initial communication last month, Doyle told an undercover computer-crimes detective who he was and that he worked for the Department of Homeland Security, later disclosing numbers for his office phone and government-issued cellphone and using those lines, the sheriff's office said.

"If he would provide that kind of information to include a photograph of himself with his identification tags, who else may he be talking to around the world who he thinks to be a 14-year-old girl?" Judd said on CNN's "Anderson Cooper 360."

Attempts to reach Doyle, who was booked into the Montgomery County jail on the Polk County charges, on his office and cellphone numbers and by his official e-mail were unsuccessful.

He was a TSA spokesman before becoming deputy press secretary last year to Homeland Security Secretary Michael Chertoff.

Chertoff press secretary Russ Knocke declined to comment on the case beyond releasing a written statement, saying, "We take these allegations very seriously and we will cooperate fully with this ongoing investigation."

Judd said Doyle confessed and waived extradition to Polk County.

According to the sheriff's office, Doyle initiated a sexually explicit conversation with the detective on March 12 in response to an Internet profile of a 14-year-old girl.

Doyle allegedly sent pornographic movie clips, non-pornographic photos of himself and instant messages from his AOL account, the police statement said. The sheriff's office alleged that Doyle "on many occasions" instructed the undercover detective to perform a sexual act while thinking of him and described explicit acts he wished to perform.

Another Homeland Security official -- Frank Figueroa, special agent in charge of U.S. Immigration and Customs Enforcement in Tampa -- faces trial this week on charges of exposing himself to a teenage girl last year at a mall. Figueroa, who has been suspended, pleaded not guilty.

Official Accused Of Soliciting Girl (WT)

By Audrey Hudson

The Washington Times, April 5, 2006

A Homeland Security deputy press secretary was arrested last night at his Silver Spring home on charges he used the Internet to solicit sex from a 14-year-old girl.

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Brian J. Doyle, 55, of Silver Spring, was arrested on charges out of Polk County, Fla., shortly before 8 p.m. yesterday. Officials say he used a computer to seduce a child and shared materials harmful to a minor through explicit conversations and pornographic movie clips.

The girl, however, was an undercover Polk County Sheriff's computer crimes detective.

"We take these allegations very seriously, and we will cooperate fully with the ongoing investigation," said William Knocke, spokesman for the Homeland Security Department.

Mr. Doyle revealed his identity to the undercover officer as well as his government and cell-phone numbers. Reports say that Mr. Doyle asked the undercover officer to perform sexual acts and that he described explicit sexual activities he wanted to engage in with her.

Mr. Doyle will be placed on administrative leave today pending an investigation and may be extradited to Florida to face charges.

Mr. Knocke declined to comment further on the charges or say how long Mr. Doyle has been under investigation by the sheriff's office, by the Florida State Attorney's Office and the Department of Homeland Security's inspector general.

He faces 23 charges of using a computer to "seduce a child," according to a statement by the Polk County Sheriff's Department.

"In addition to their online chatting, Doyle used the Internet to send hard-core pornographic movie clips to the 'girl' and used the AOL Instant Messenger chat service to have explicit sexual conversations with her," the police report said.

Law-enforcement officials also served a search warrant at his residence, during which they seized his home computer and other materials relative to this case.

"We will go after child predators, no matter where they live, to protect our innocent children," says Polk County Sheriff Grady Judd.

Minor's Bond Revoked; Attorney Taken To Jail (BSH)

By Anita Lee

Biloxi (MS) Sun Herald, April 5, 2006

JACKSON - U.S. District Court judge Henry T. Wingate revoked attorney Paul Minor's bond in the judicial bribery case Tuesday because Minor violated the terms of his release by getting drunk.

The order to revoke bond was handed down in a hearing Tuesday morning in Jackson.

Wingate said he would have considered a treatment plan had the defense presented one. Instead, defense attorney Dennis Sweet of Jackson argued that Minor wasn't drunk March 6 at the Marriott Hotel in Jackson.

Minor was taken into custody by the U.S. Marshals Service and will be transferred to the Madison County jail, where he is scheduled to remain until trial. However, Minor attorney Brad Pigott of Jackson said the defense plans to present an alternative treatment plan for alcohol abuse as soon as possible.

Wingate indicated he would be willing to consider such a plan as an alternative to incarceration.

A morning's testimony about his condition that night conflicted, but Wingate found Drug Enforcement Administration agents who witnessed Minor's intoxication more convincing than testimony from two Marriott employees who got to know Minor over the course of his first judicial bribery trial last summer.

Closing Arguments For N.Y. Detectives Accused Of Killing For Mob (NSDY/AP)

By Tom Hays, Associated Press Writer

Long Island Newsday, April 5, 2006

NEW YORK -- A former detective accused of leading a double life as a hitman for the mob was a dedicated lawman and aspiring screenplay writer who was fingered by corrupt government cooperators, his lawyer said during a blustery closing argument at the racketeering trial.

Louis Eppolito, after retiring to Las Vegas in the early 1990s, "was creating stories, writing stories," the attorney, Bruce Cutler told the jury on Tuesday. "There's nothing illegal about writing scripts."

Authorities say Eppolito, 57, and his ex-partner, Stephen Caracappa, 64, were involved in eight killings between 1986 and 1990 while on the payrolls of the New York Police Department and Luchese crime family underboss Anthony "Gaspipe" Casso. The so-called "Mafia cops" allegedly accepted $4,000 a month to help Casso silence informants and rub out rivals.

The federal jury in Brooklyn was to begin deliberations Wednesday. If convicted, the defendants would face possible sentences of life in prison.

In a sometimes booming voice, Cutler attacked the credibility of two key government witnesses _ confessed drug dealer Burton Kaplan, who claimed he was the middleman between Casso and the detectives for the hits, and admitted embezzler

Steven Corso, who wore a wire while offering the defendants drug money to finance a film project at a 2004 meeting in Las Vegas.

Kaplan "led a double life, a triple life, even a quadruple life," Cutler said.

The lawyer described Corso as a "sophisticated, unctuous, polished, low-life thief." He labeled a third witness _ a sixth-grade dropout who testified he was forced to dig the grave of one victim while Eppolito stood guard _ a "subhuman gnome."

The witnesses "have no heart, they have no soul, like these television screens," Cutler said, gesturing to courtroom monitors. "There'll be no redemption in this temple of justice."

During a rebuttal, prosecutor Robert Henoch argued that the defense never explained why Kaplan knew personal details about the lives of "Brooklyn's finest." He also asked jurors to focus on Corso's testimony about asking the ex-officers to help him score drugs for some potential film backers from Hollywood who were visiting Las Vegas in 2005.

The partners "could have walked away," Henoch said. Instead, he said, "Those men went right into a drug deal."

The defense has argued the drug charges were cooked up and tacked onto the case solely to overcome the five-year statute of limitations on the killings. The government contends all the crimes were part of a two-decade conspiracy.

Prosecutors can bring charges "within five years of the end of the conspiracy," Henoch said. "This one never ended. You know that from the drug deal."

Henoch closed by urging jurors, "Make this a temple of justice _ hold them accountable."

Defense Closes With Style In Trial Of 2 Ex-Detectives (NYT)

By ALAN FEUER

The New York Times, April 5, 2006

Bruce Cutler stood up yesterday and buttoned his suit coat. It was a dark blue suit coat, and he gave its shoulders a quick athletic roll, then went to work.

He raised his voice. He raised his fist. He raised the issue of whether ducks can stand a chance against coyotes and then, amid digressions into David Lean's movie "The Bridge on the River Kwai" and the life of Crazy Horse, the Oglala Sioux warrior chief, he drew upon his 2,072-page fourth edition of the American Heritage Dictionary and raised a last argument in defense of his client, Louis J. Eppolito, a defendant in the so-called Mafia Cops case.

Though Mr. Eppolito stands at the center of the federal trial — accused, with his former partner, Stephen Caracappa, of killing for the mob — Mr. Cutler, 57, has stood as the trial's resident semiotician. His summation was less a legal argument than a free-associative ode, a lawyerly tone poem on the themes of hope, justice and the spoken word.

"I've tried as best I can to use the English language in a precise way," he told the jury. "I've tried to use words in a precise way. It was drilled into me as a boy."

Thus it was that he turned to the dictionary — "Because that's where the words are," he explained — and read aloud the definition of "justice" ("the quality of being just, fairness"), which led him, somehow, to the definition of "spring" ("the season of the year between winter and summer during which the weather becomes warmer and plants revive"), which led him to the definition of "hope" ("to wish for something with an expectation of its fulfillment"), which led him to his own hopes, which were, as he put it, that in the future, people like the government's witnesses — men he has attacked as "desiccated miserable lowlifes" — "will not be permitted in a court of law, a temple of justice."

From the start, the Brooklyn racketeering trial has had its share of literary moments (including mentions of Mr. Eppolito's memoir, "Mafia Cop"), but Mr. Cutler's presentation was a masterpiece of rambling allusion, including references to Émile Zola, the Rev. Dr. Martin Luther King Jr., the Brooklyn Bridge, the Acela train and the soullessness of television — all delivered in what could be called the Belle Apocalyptic style.

It may be best — at least in terms of his summation — to think of Mr. Cutler less as a lawyer than a poet, a bebopping, stream-of-consciousness type who progresses more by rhythm than by logic. At times he swerved between the third and second person, addressing unseen government witnesses; at others, he donned someone else's first person, assuming the identities of the witnesses themselves.

He proved himself a master not only of the metaphor (saying that Mr. Eppolito had carried "the backpack of his lineage" so long that "his legs grew strong"), but also of the pejorative.

A short list of the insults he has hurled includes: "cretin," "reprobate," "bum," "degenerate," "thieving scurvy lowlife" and "sophisticated unctuous polished lowlife thief." But yesterday he outdid even himself when he referred to a 5-foot-4, illiterate government witness as a "gnome" — defined, from the dictionary again, as "one of a race of dwarflike creatures who live underground and guard treasure hoards."

In between these slights, Mr. Cutler derided the reporters covering the trial as "scribes" and the prosecutors as men "with light shows and erudition" whose "machines are bereft and denuded of life."

"There is no hope in those machines," he said.

He even found time to discuss his client, a man who, unlike the "intelligent, educated, sophisticated, professional" prosecutors, was "a cop," "a working man," "a man who has to be someplace, to do something, who contributes somehow." It was a leitmotif of his summation: the distinction between the working class and the federal elite.

The embodiment of that elite was, in some sense, Robert Henoch, the chief prosecutor, an earnest, Jimmy Stewart-like man, who has said that his father has attended every one of his trials. Mr. Henoch closed the government's case yesterday with a rebuttal summary; today the jury is expected to get the case.

Mr. Henoch is a colonel in the Army Reserve and seemed affronted by Mr. Cutler's slurs.

"You can't just say it and it becomes true," he said in his rebuttal. "You need evidence in a temple of justice — not just words from the dictionary."

Closing Arguments For Detectives Accused Of Killing For Mob (NSDY)

By Anthony M. Destefano, Newsday Staff Writer

Long Island Newsday, April 5, 2006

The jury in the "Mafia Cops" trial is set to begin deliberations Wednesday morning in a case that is labeled by prosecutors as the most bloody betrayal of honor and public trust ever perpetrated by police officers.

After Brooklyn federal Judge Jack B. Weinstein goes over an 11-page verdict sheet with them, the jurors will retire to deliberate on whether retired NYPD detectives Louis Eppolito and Stephen Caracappa are guilty of being hit men for the mob.

Tuesday, after hours of being cajoled, roused and emotionally tugged at by the closing arguments of prosecution and defense attorneys, the jury went home for the day after Weinstein took about two hours to read a complex legal charge. The panel is set to return to court at 9:30 Wednesday morning.

Eppolito, 57, and Caracappa, 64, are charged with acting as double agents for the Luchese crime family during the late 1980s and early 1990s. For cash bribes believed to have totaled $375,000, prosecutors contend that the defendants took part in eight gangland murders and leaked confidential police information to former Luchese boss Anthony "Gaspipe" Casso.

In a booming voice and with arm gestures that made him look like an orchestra conductor or aerobics instructor, attorney Bruce Cutler, who is representing Eppolito, said in his summation yesterday that the government witnesses were a combination of cunning thieves and lowlifes.

Cutler described Burton Kaplan, the admitted middle man between Casso and the cops, as a man who led "a double life, a triple life, even a quadruple life." He said another witness, accountant Stephen Corso, was a "sophisticated, unctuous, polished, lowlife thief." Peter Franzone, a parking lot operator who admitted digging a grave for one murder victim, was a "subhuman gnome," Cutler said.

Eppolito, Cutler said, retired to Las Vegas in the early 1990s to break into Hollywood and was "creating stories, writing stories. ... There's nothing illegal about writing scripts."

However, in a rebuttal, assistant U.S. attorney Robert Henoch said that Cutler and Edward Hayes, who is representing Caracappa, never addressed the facts.

"When you make a speech but don't go into the details, then something is wrong," Henoch said. He said that Cutler's presentation was "big voice, big words, big vocabulary."

Henoch stressed that the defense couldn't damage the testimony of witnesses like Kaplin and Corso.

"They didn't make a dent, not a scratch," Henoch said.

Henoch also turned a trial reference by the defense to Psalm 23 into a emotional tug for murder victim Israel Greenwald, whose body was unearthed last year after being missing for two decades.

"Twenty years later Leah Greenwald got to recite Psalm 23" at her husband's grave, he said.

"How dare they bring that into this courtroom?" he said, refering to the defense.

Outside the courtroom Leah Greenwald embraced Henoch. "You were amazing, you were so beautiful," she said.

This story was supplemented with an Associated Press report.

Time Of Essence In 'Mafia Cops' Trial (NSDY)

By Anthony M. Destefano, Staff Writer

Long Island Newsday, April 5, 2006

March 9, 2000.

The Brooklyn federal court jury mulling the fate of ex-officers Louis Eppolito and Stephen Caracappa will have to focus on that date to determine if both men escape from possible life in prison in the "Mafia Cops" trial.

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For three weeks Eppolito, 57, and Caracappa, 64, have been on trial for racketeering conspiracy, drug dealing and money laundering charges. More than 40 witnesses have testified and numerous exhibits have been introduced as evidence that prosecutors contend are strong enough to convict both men of being double agents for the mob, with involvement in eight killings.

But the 500-pound legal gorilla in the case involves the statute of limitation for racketeering conspiracy, something that concerns Judge Jack Weinstein. For someone to be convicted, the conspiracy must have continued to exist within five years of the date of the indictment. In the case of Eppolito and Caracappa, both of whom were arrested on March 9, 2005, the conspiracy must have continued to exist as of March 9, 2000.

If the jury finds that the conspiracy and Eppolito's and Caracappa's involvement in it ended before March 9, 2000, then the two defendants would be acquitted of the racketeering charges, including the murders. However, drug and money laundering charges would remain regardless.

There have been examples of defendants found guilty of the underlying racketeering offenses but able to escape responsibility because of a statute of limitation problem. One such instance was in 1987, when former Bonanno crime family members Salvatore Vitale and Joseph Massino beat a racketeering case involving hijackings.

The verdict sheet the jury will submit first lists the various murders charged in the conspiracy and then deals with the statute of limitation.

One former federal prosecutor thinks that order favors the government.

"They [the jurors] will be more inclined to find a conspiracy continued subsequent to the key date," said Steven K. Frankel, now a criminal defense attorney in Manhattan.

The guilty findings on the murders could convince jurors that the defendants shouldn't escape on a technicality, Frankel said.

Mob Cops' Dramatic Finish (NYDN)

By John Marzulli, Daily News Staff Writer

New York Daily News, April 5, 2006

One government witness was belittled as a gnome. Another was dismissed as a cretin.

To be blunt, defense lawyer Bruce Cutler wasn't holding back in his closing arguments in the so-called Mafia Cops trial, which goes to the jury in Brooklyn Federal Court today.

Jurors will tackle a 12-page verdict form that is constructed in such a way that they must first decide whether Louis Eppolito and Stephen Caracappa murdered for the mob.

After that is decided, jurors will find a question on page 10 that could throw out the racketeering case - even if the jury believes the ex-cops were killers.

The defense contends that their clients must be declared not guilty unless the prosecutors have proven that the ex-cops continued to commit crimes beyond the statute of limitations date of March 2000 - five years before the indictment was filed. To prove that the ex-cops are guilty of racketeering, prosecutors must show that the pair continued their lives of crime well after the last alleged murder.

If found guilty, the two face life in prison.

Cutler, Eppolito's lawyer, didn't focus on parsing legal technicalities - that's not his style. Instead, Cutler directed his theatrical skills full-bore at the government's key witnesses, ripping them as "cretins, subhumans and gnomes," among other choice terms.

"I hope the day will come when the sweetheart pacts given to cretins and devils will be proscribed by Congress. I hope I live to see that day," Cutler roared.

In keeping with the previous four weeks, Cutler offered no alternative theory or alibi to clear his client or suggest reasonable doubt. But there was plenty of name-calling.

The barrel-chested barrister said he'd thumbed through a dictionary to describe witness Peter Franzone and came up with "gnome" for the 5-foot-4 former parking lot operator, who admitted burying the corpse of murder victim Israel Greenwald.

"Real detectives would have preferred murder charges against him," Cutler said without offering any evidence that Franzone, who places Eppolito and Caracappa at the scene, was the killer.

Of star witness Burton Kaplan, who was the alleged intermediary between the Mafia cops and Luchese crime underboss Anthony (Gaspipe) Casso, he "lived a double life, a triple life or even a quadruple life."

Cutler likened corrupt accountant Steven Corso, who recorded Eppolito and Caracappa last year allegedly planning to launder drug money, to Hal the coyote - who was eating innocent ducks in Central Park until his untimely death while in captivity.

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That money-laundering allegation is crucial for the prosecution because it shows the conspiracy didn't end when Eppolito and Caracappa retired from the NYPD, but continued until the time of their arrest last year. "Lou never knowingly laundered money. He wouldn't know how to. More importantly he wouldn't want to," Cutler said.

Prosecutor Robert Henoch got the last turn to rebut the defense arguments, damning Cutler and Caracappa's lawyer Edward Hayes with faint praise.

"These are two heavyweight champions and they didn't land a punch, not a scratch, not a bloody nose," he said. "Lou Eppolito and Steve Caracappa knew Burt Kaplan, there cannot be a single doubt about that, and Mr. Hayes and Mr. Cutler did not say a single word about that. The silence is deafening."

WILY 'MOB COP' DEFENSE (NYPOST)

By Zach Haberman

The New York Post, April 5, 2006

A "Mafia cop" defense lawyer yesterday took his final swipes at the prosecution's star turncoat witnesses - likening one admitted embezzler to Hal the Central Park coyote - before the sensational case went to the jury.

"The coyote was eating the ducks - the ducks didn't have a chance," lawyer Bruce Cutler bellowed about witness Stephen Corso, comparing him to Hal, who recently died after being caught roaming through Central Park.

Then, referring to his client, ex-Detective Louis Eppolito, Cutler added, "Lou was no match for this man."

Cutler ripped Corso, a wire-wearing former accountant who was nabbed stealing millions of dollars from clients, as a "sophisticated, unctuous, polished, low-life thief."

Corso allegedly caught Eppolito and fellow alleged rogue cop Stephen Caracappa facilitating a drug deal in Las Vegas, charges that are coupled with eight murders that the pair reputedly helped carry out for Luchese underboss Anthony "Gaspipe" Casso. All the while, the pair proudly wore their gold NYPD detective shields as they pocketed $375,000 in Mafia money, said Assistant U.S. Attorney Robert Henoch.

But Cutler accused another key witness in the feds' case, convicted drug dealer Burton Kaplan, as leading "a double life, a triple life, even a quadruple life."

Referring to the prosecution witnesses, Cutler sniffed, "They have no heart, they have no soul. They're empty like these [courtroom] television screens."

Cutler even slammed diminutive witness Peter Franzone, a garage worker who testified that he was forced to dig a grave for murdered diamond dealer Israel Greenwald, as a "subhuman gnome."

But Henoch said the cops' relationship to Kaplan "has no innocent explanation."

"If you're a cop, you can't associate with known criminals," Henoch said.

"The truth is not always pretty, but the truth is always perfect," he said before imploring the jury to "make this a temple of justice - hold them accountable."

The jury will begin deliberating this morning.

Phony Sheik Selling Fake Rembrandt Is Sentenced (SLPD)

By Peter Shinkle, ST. LOUIS POST-DISPATCH

St. Louis Post-Dispatch, April 5, 2006

ST. LOUIS -- A man who admitted posing as a Saudi sheik as part of a scheme to sell a fake Rembrandt painting for $2.8 million, was sentenced Tuesday to 10 months in confinement.

Majed A. Ihmoud, 53, of St. Charles, pleaded guilty in October of conspiring to commit mail fraud for his role in the scam.

Ihmoud took the fake of Rembrandt's "Man with the Golden Helmet" to the Adam's Mark Hotel in downtown St. Louis on Aug. 12, 2004, expecting to sell it to a buyer for $2.8 million, the FBI said.

Ihmoud, who dressed as a sheik before the meeting, had launched the scam earlier by spreading the word around St. Louis that he was a member of the Saudi royal family and had a Rembrandt for sale, said Robert Wittman, senior investigator on the FBI's art crime team.

"He said he had a Rembrandt for sale that had come out of the Middle East," said Wittman, who is based in the FBI's Philadelphia office.

The buyer, who provided a check for $2.8 million at the meeting in the Adam's Mark, was an undercover FBI agent, Wittman said. Ihmoud was later informed he had been the target of a sting, and was unable to cash the check.

Ihmoud also admitted that in another scam he sold a pair of brass doors for $130,000 under the bogus claim that they once belonged to boxer Muhammad Ali. The doors, which in fact had not belonged to Ali, were worth only about $10,000, said Assistant U.S. Attorney Matt Drake, the prosecutor on the case.

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Ihmoud also arranged for an artist to examine paintings by Van Gogh at the St. Louis Art Museum as part of a plan to have the artist paint forgeries, prosecutors said.

On Tuesday, U.S. District Judge Richard Webber sentenced Ihmoud to five months of prison and five months of home confinement. The judge also ordered him to repay the government $1,500, the amount an undercover agent gave him as a down payment for the doors.

A Wisconsin art dealer, Marilyn Karos, pleaded guilty March 8 to conspiracy and mail fraud for her role in the schemes to sell the bogus Rembrandt and the brass doors. Karos, who is already serving a prison term for possessing stolen art, is scheduled to be sentenced May 31.

Links Between Pellicano, Director Come Into Focus (LAT)

By Claudia Eller, Greg Krikorian And Kim Christensen, Times Staff Writers

The Los Angeles Times, April 5, 2006

About noon on Feb. 24, two FBI agents visited veteran producer Charles Roven in his Sunset Boulevard office after calling to tell him that he was allegedly a victim of Hollywood private eye Anthony Pellicano.

The agents brought a tape recording that would startle Roven, according to sources close to the investigation. Director John McTiernan, whom Roven worked with on the 2002 box office flop "Rollerball," was allegedly on the tape with Pellicano, discussing the details of Roven's wiretapped conversations.

Pellicano allegedly briefed McTiernan on Roven's conversations regarding "Rollerball," the sources said, as well as Roven's personal calls.

Authorities charged McTiernan on Monday with lying about having hired Pellicano. A day later, the full extent of McTiernan's reliance on the indicted detective was beginning to come into focus.

McTiernan's association with Pellicano began years ago, long before the alleged Roven wiretap, when the director allegedly hired the private eye in 1998 as part of his highly publicized divorce. But it did not end there. Pellicano also allegedly intimidated a witness in a manslaughter case involving the son of McTiernan's ex-wife, Donna Dubrow.

In an interview Tuesday, Dubrow said she has seen financial records indicating that her ex-husband paid Pellicano in the neighborhood of $100,000 during their protracted divorce. The payments began at least as far back as June 1998, she said, adding that she did not know what services they were for.

"I do know that he hired Pellicano … in our divorce," Dubrow said. "I do not know if he wiretapped me."

McTiernan could not be reached for comment Tuesday.

Based on Dubrow's account, McTiernan had a well-established relationship with Pellicano when he began his collaboration with Roven on "Rollerball" in 2000. That collaboration began when the Los Angeles-based Mosaic Media Group, a multimedia, talent management and production company in which Roven is a partner, signed a deal with MGM to co-finance a slate of movies, including "Rollerball."

McTiernan directed and produced the film, on which Roven was also a credited producer.

People involved in "Rollerball" confirmed that McTiernan and Roven, both known for being strong-willed, had numerous creative disagreements over the film. But, they added, they could not recall any blowups between the two, and characterized the friction as typical for a Hollywood production.

When McTiernan learned that Roven was being brought aboard the project, according to one person familiar with the matter, he gained assurances that he would retain virtually all of the creative control as a way to limit Roven's role as a hands-on producer.

As a result, people who worked on the movie were mystified why McTiernan would have allegedly resorted to hiring Pellicano to wiretap Roven.

At the time, coincidentally, Roven's Sunset Boulevard office was across the street from Pellicano's. In early 2002, Roven moved into the same building where Pellicano was based.

Roven's productions include "Batman Begins, "Three Kings," "Twelve Monkeys" and "Scooby-Doo." He was married to the late Dawn Steel, former head of Columbia Pictures, who died of a brain tumor in 1997. Through his representatives, Roven declined to comment.

Three years before Roven's collaboration with McTiernan began on "Rollerball," McTiernan employed Pellicano as part of his divorce case. Court records in the case assert that he hired Pellicano to "harass and intimidate witnesses" in a closed criminal case involving Dubrow's son, Ethan Dubrow.

Ethan Dubrow was 26 in 1993 when a shotgun he was showing to friends at his Los Angeles home discharged, fatally wounding one of his dinner guests, Adam Scott.

After initially telling police that he thought the gun was not loaded, Dubrow later pleaded guilty to involuntary manslaughter in the death of Scott, 27, the son of Jack Scott, then president of Pasadena City College and now a Democratic state senator from Altadena.

In May 1998, several years after Dubrow's guilty plea, one of the witnesses in the shooting said Pellicano called her and implied that she had been involved in obstructing justice in the case. He accused Ethan Dubrow and his attorney of hustling her out of the country before she could testify.

The witness, Suzonne Stirling, said in a sworn declaration that she at first put Pellicano off, but called him back a few hours later to deny Pellicano's allegation that she might have obstructed justice and to ask why he was raising questions about Scott's death.

Stirling said Pellicano initially refused to identify his client but relented, saying "he had been hired by John McTiernan, who was getting a divorce from Ethan's mother."

When she asked him what that had to do with Adam Scott's death, Stirling said, Pellicano told her the case had not been thoroughly investigated and it was unheard of that Ethan Dubrow had served no time in jail after his conviction.

"Mr. Pellicano told me that Ethan was not working, that Ethan's mother was supporting him, that the money for Ethan's support was coming out of John's pocket, and that John wanted to know the truth," Stirling said in her declaration.

Stirling also said that Pellicano apparently had investigated her as well.

"Mr. Pellicano made several comments to me which made it clear to me that he knew several personal facts about me, including where my grandmother lived," Stirling said.

The contact by Pellicano came in the midst of a nasty divorce, which began when McTiernan allegedly served Dubrow with divorce papers disguised as a gift-wrapped package he had delivered to her.

In addition to squabbling over money that Dubrow may have used to support her son, the couple fought over millions of dollars worth of property, including a Wyoming ranch and a private plane.

In the meantime, federal prosecutors Tuesday underscored the complexity of their still-unfolding investigation in court papers that aim to block efforts by Pellicano's lawyer to derail the case.

Last month, attorney Steven Gruel challenged the legality of the federal government's search of Pellicano's offices and raised questions about witnesses and evidence collected by authorities.

In its response Tuesday, the U.S. attorney's office disputed the notion that authorities used a threat allegedly involving Pellicano as a ruse to search his Sunset Strip offices.

The search warrant, they said, was based on a June 2002 threat against a Los Angeles Times reporter and the agents involved in the search "were no more looking for evidence of wiretapping than they were looking for the plastic explosive and homemade bombs that they found in defendant's safe."

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Times staff writers Andrew Blankstein and Chuck Philips contributed to this report.

Astorga Waives Extradition, Will Return To New Mexico (ALBTRIB)

By Maggie Shepard, Tribune Reporter

Albuquerque Tribune, April 5, 2006

Posted 12:48 p.m. Michael Paul Astorga, wanted in connection with two Albuquerque-area homicides, waived his extradition hearing in an El Paso, Texas courtroom, Erin Kinnard, Bernalillo County Sheriff's Department spokeswoman, said this afternoon.

That means Astorga won't put up a court fight about returning to New Mexico to face at least two open counts of murder, one of which could carry the death penalty.

It's unclear when Astorga, 29, will return to Albuquerque.

Astorga, who spent a day on the FBI's top 10 "Most Wanted" list over the weekend, was captured Monday in Mexico.

He's wanted in the March 22 killing of Bernalillo County sheriff's Deputy James McGrane Jr., 38.

At the time of McGrane's killing, Astorga was a fugitive wanted for the slaying of Candido Ray Martinez last November.

Astorga Headed To New Mexico (KTSM-TV)

KTSM-TV, April 5, 2006

After being caught in Juarez on Monday, Michael Astorga is back in the U.S. and headed to New Mexico.

Tuesday, April 4, 2006 — Michael Astorga was brought back into the United States early Tuesday morning. That's just one day after being caught in Juarez. Chiuhuaha State Police found him in an SUV with guns, bullets and marijuana.

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Astorga had two outstanding warrants: One for the shooting death of Bernalillo County Sheriff's Deputy James McGrane. The other for the murder of Candido Martinez last November.

Officials say Astorga is a flight risk and will be heavily guarded in all of his transfers.

"There will be a great deal of protection and security, especially because he killed a law enforcement officer. It shows that he doesn't have much regard for those with guns or law enforcement. So he'll be well guarded," says Andrea Simmons, FBI.

Once he gets to Albuquerque he'll face those two warrants for murder. But, there is no timetable as to when he'll be back in court.

Man Sought In Deputy's Death Is Captured In Mexico (FWST)

The Fort Worth Star-Telegram, April 5, 2006

ALBUQUERQUE - A man who had been on the FBI's most wanted list waived extradition Tuesday, a decision authorities said speeded up his return to New Mexico to face charges in the slaying of a Bernalillo County sheriff's deputy.

Police in Ciudad Juarez, Mexico, handed over Michael Paul Astorga, 29, to the FBI and Bernalillo County authorities in El Paso, Texas, early Tuesday morning. By Tuesday evening, Astorga - wearing shackles and handcuffs - was escorted into the Metropolitan Detention Center in Albuquerque.

Astorga had been sought for nearly two weeks in the March 22 killing of Deputy James McGrane Jr., 38, who was shot in the head after stopping a pickup truck on N.M. 337 in Tijeras, east of Albuquerque. Before McGrane's death, a warrant had been issued for Astorga in the Nov. 5 killing of Candido Martinez, 27, of Albuquerque.

Chihuahua state police said officers found three handguns and a small amount of marijuana when they pulled over Astorga and another man in a sport utility vehicle about 1:50 a.m. Monday.

Astorga insisted in a television interview in Mexico hours after his arrest that he had been on vacation in Juarez, and expressed surprise that police had been looking for him.

He also said he was asleep at a motel when Mexican police showed up and arrested him. He denied having any weapons.

His attorney, Gary Mitchell of Ruidoso, said Astorga "has the presumption of innocence" and that he wants to assure his client receives a fair trial after the highly publicized manhunt.

District Attorney Kari Brandenburg said her office has not decided whether to seek the death penalty in the case.

"We don't have to make that decision for a while," she said.

Killing a law enforcement officer is one of the criteria under state law for seeking the death penalty.

Authorities had offered a $130,000 reward for information leading to the arrest of Astorga. The sheriff's department received about 1,000 tips, and Sheriff Darren White said it will be up to the FBI to determine if someone gets the reward money and how much.

White said information leading to the capture came from good police work.

After Astorga's capture, sheriff's officers removed the black bands that had covered their badges since McGrane's death.

The department also contacted McGrane's family.

"It's kind of scary when you get a phone call early in the morning, but this was the best news we've heard in two weeks," James McGrane Sr., the deputy's father, told KOB-TV.

Astorga's mother, Theresa Romero, told the station she had no idea her son was in Mexico and that she had been out looking for him. She also said she doesn't believe her son killed McGrane.

Astorga Waives Extradition From Texas (KOB-TV)

By Reed Upton

KOB-TV, April 4, 2006

A man suspected of slaying a deputy has waived his extradition from Texas after being released to US officials by the Mexican Government early Tuesday morning.

Ironically, it was the law enforcement agents that had been pursuing Michael Astorga ever since the March 22nd shooting death of Deputy James McGrane that posted Astorga's bail with Mexican officials.

Bernalillo County deputies and FBI agents learned at about midnight Monday night that what Astorga was being held on in Ciudad Juarez was an immigration charge. They also learned his bail was only $2,000.

"Our detectives in El Paso called home, found out how much money was in their checking accounts," said Undersheriff Sal Baragiola. "They went to their ATMs. Everyone kicked in whatever they could kick in. We added up the numbers, came up with $2,000, paid it to Mexican officials, and Michael Astorga was in our custody within a couple of hours."

By waiving his extradition from Texas to New Mexico, Astorga could be back in Bernalillo County as early as Tuesday evening.

Astorga was wanted at the time of McGrane's murder in connection with the November 5th killing of 27-year-old Candido Martinez of Albuquerque.

Bernalillo County Sheriff Darren White said at the time that investigators believe Astorga shot and killed McGrane during a routine traffic stop so that he wouldn't be picked up on the pending murder charge.

After eluding a massive manhunt for 12 days, Astorga was apprehended by Mexican officials early Monday morning.

Astorga has denied involvement in the killing of McGrane.

Judge Declares Second Mistrial In Tenet Case (WSJ)

By Rhonda L. Rundle

The Wall Street Journal, April 5, 2006

A federal judge in San Diego declared a mistrial in an 11-month criminal case against a unit of Tenet Healthcare Corp., its Alvarado Hospital Medical Center and its former chief executive officer. It was the second mistrial declared by the same judge on nearly the same charges against the defendants.

The Tenet unit, the hospital and its former CEO, Barry Weinbaum, were accused by U.S. Attorney Carol C. Lam of violating the federal antikickback statute by paying bribes to doctors in exchange for patient referrals to the hospital. The alleged conspiracy involved the illegal use of relocation packages to recruit physicians to Alvarado's service area.

"Like the two juries that have deadlocked in February 2005 and now April 2006, Tenet and the prosecutors disagree over whether anyone at Alvarado Hospital Medical Center intended to break the law when they recruited physicians to the fast-growing eastern part of San Diego County," Peter Urbanowicz, Tenet's general counsel, said in a statement.

The case is important to Tenet, which has been negotiating a settlement with the Justice Department to resolve a multitude of allegations of misconduct. Some investors yesterday said the mistrial could clear the way for a final settlement, assuming that the government doesn't pursue a third trial. Tenet, based in Dallas, is the nation's second-largest hospital company.

"This is quite positive for Tenet. If they had lost and the contracts were declared illegal, it would be a setback and an enormous issue for the entire hospital industry," said Joseph Chiarelli, chairman of Chiarelli & Co., a small research boutique in New York. The mistrial "paves the way for a settlement" with the government, possibly for an amount below $1 billion, he said.

Mr. Weinbaum's attorney, Charles G. La Bella said: "I think it's time for the government to acknowledge that they are trying to criminalize something that isn't criminal. They should end this and admit that the prosecution was ill-advised."

In the second trial, the government's case was largely presented by Ms. Lam, a leading health-care fraud prosecutor and co-author of a textbook on the subject. Her office now must decide whether to pursue a third trial in the Alvarado case. Judge M. James Lorenz, who presided over both trials, set April 17 for a status conference on the case. Ms. Lam couldn't be reached for comment.

Mr. La Bella, who interviewed jurors after the mistrial was declared, said they were "pretty much split down the middle for most counts," in the case. "It wasn't a situation where there were only two people for the defense," which might encourage the government to move forward with a third trial.

Another Guilty Plea In Hired Truck Case (CHIT)

Tribune Staff Reports

Chicago Tribune, April 5, 2006

A Dolton man pleaded guilty Tuesday to bribing two Chicago city foremen to obtain at least $45,000 in city-owned asphalt for private paving projects.

Carl Edwards, 34, a private truck driver, said in a plea agreement that he paid bribes to Patrick Stillo and Robert Laino from April 2002 to November 2004.

Edwards used bribery to obtain at least 75 truckloads of city-owned asphalt, worth about $600 each, according to the plea agreement.

Edwards passed the asphalt on to private paving contractors for a fee of about $300 per truckload, then paid $150 in bribes to Stillo and Laino, the plea agreement said. Edwards sometimes paid an additional $50 to other truck drivers who helped in the scheme.

In exchange for Edwards' guilty plea and cooperation, prosecutors agreed to recommend a 9-month prison sentence. The plea agreement allows Edwards to argue for a lower term, including probation.

U.S. District Judge Harry Leinenweber is to sentence Edwards on Aug. 25.

Edwards' lawyer, Ellen Domph, could not be reached Tuesday for comment.

Edwards is the 35th defendant convicted in the federal probe of the city's Hired Truck Program.

Both Stillo and Laino pleaded guilty last year. Stillo was sentenced to 1 year in prison and Laino to 6 months.

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G-Sting: Herrera's Former Friend Testifies Against Him (KLAS-TV)

KLAS-TV, April 5, 2006

Former Clark County Commissioner Dario Herrera claims he didn't take bribes from strip club owner Mike Galardi. But according to a close friend, that is not the case. From him, the jury in the G-Sting political corruption trial got insight into Herrera's relationship with Galardi.

It was a potentially damaging day for Dario Herrera as one of his former best friends testifies Herrera often bragged about his relationship with strip club owner Mike Galardi. This man, Terry Lamuraglia, says his friendship with Dario Herrera ended because he objected to Herrera's ties with Mike Galardi.

Lamuraglia told the jury he and Herrera could get comped drinks and lap dances at Galardi's Cheetahs strip club anytime. He said, "Dario would place a call to make sure everything was set up, that they knew we were coming."

Lamuraglia believes every time he and Herrera visited Cheetahs, he received sexual favors from dancers there. Further damaging Herrera's case, Lamuraglia testified Herrera bragged about "getting a free trip, getting free golf, getting entertainers, getting things paid for" by Galardi.

Jerry Bernstein, Herrera's attorney, stated, "I don't want to comment because we are in the middle of cross-examination. I don't feel that it is appropriate for me to comment about his testimony."

Herrera's attorney Jerry Bernstein was largely silent when he left court, not wanting to talk about Lamuraglia's testimony, which included an unusual story about Herrera's finances.

Lamuraglia told the court Herrera "...wanted to use my credit card to purchase furniture for the house."

Herrera used Lamuraglia's credit to purchase $20,000 worth of home furnishings and then paid Lamuraglia back largely in cash. Prosecutors imply the money was from bribes Herrera received from Mike Galardi when Herrera was a county commissioner.

Jerry Bernstein believes Lamuraglia is seeking revenge for a soured friendship, citing an interview Lamuraglia gave to a local newspaper. "'I love you, I miss you, I'm gonna hurt you.' That's what he told the Las Vegas Sun," Bernstein said.

Lamuraglia returns to the witness stand Wednesday morning.

The man at the heart of the G-Sting trial, strip club owner Mike Galardi, was at the George Federal Courthouse Tuesday. Galardi was scheduled to testify Tuesday, but will instead testify Wednesday.

George Federal Courthouse -- April 4 -- 3:30 p.m.

This afternoon federal prosecutors called Vanessa Baca to the stand. She worked for Mike Galardi as a bartender at his Cheetahs strip club.

Prosecutors in their opening statement three weeks ago identified Baca as a woman Galardi has selected to accompany Dario Herrera on a golf outing at the Southern Highlands Golf Course. But on the stand today, Baca testified Galardi asked her to go, but then added, quote, "I didn't know who was going to be there."

Baca testified at one point she and Herrera went to a section of the course that was secluded, quote, "I just remember bits and pieces of making out." Baca said she began performing a sex act on Herrera but then stopped because she did not want to continue.

Baca testified following the outing she was paid in the neighborhood of $500 by Mike Galardi, but Baca adds Galardi frequently paid her for accompanying him on social outings.

On defense cross-examination, Herrera's attorney Marc Rothenberg asked Baca when Galardi gave her $500 was she being paid as a prostitute. Baca answered, quote, "No."

Rothenberg then asked her if she made out with Herrera because it was something she wanted to do. She answered, quote, "Yes."

George Federal Courthouse -- April 4 -- 12:30 p.m.

This afternoon former Las Vegas strip club owner Michael Galardi is expected to began giving testimony in the G-Sting political corruption trial.

In late 2003, Galardi entered into a plea agreement with federal prosecutors where he admitted giving thousands of dollars in cash and gifts to former Clark County Commissioners Erin Kenny, Dario Herrera and Mary Kincaid-Chauncey.

According to federal prosecutors, the G-Sting scam began in early 1999 with Galardi being fueled by a desire for wealth and to become the valley's premiere strip club owner. He viewed the construction of his Jaguars strip club as his monument to that cause.

During construction Galardi was plagued by numerous construction set backs and liquor licensing issues. Prosecutors contend and Galardi admits that to clear all those hurdles Galardi hatched a systematic plan with another former County Commissioner Lance Malone to bribe elected officials.

DOJ_NMG_0025574

Former Commissioner Erin Kenny also has plea agreement with federal prosecutors. During the last two days of testimony she has outlined how she received upwards of $70-thousand dollars from Galardi. Under Galardi's plea agreement with the government he will serve no more than five years in prison after his sentencing later this year. It is possible he could serve less if G-Sting prosecutors feel he has been helpful.

George Federal Courthouse -- April 4 -- 10:30 a.m.

Strip Club Manger Says Dario Demanded Lap Dances

This morning Southern Highlands golf course manager Douglas Hensley testified that course records show strip club owner Mike Galardi often took Dario Herrera on golfing outings. Those outings started in Oct. 2000, two months after Herrera cancelled his own membership at the same club.

Prosecutors imply Herrera didn't need a membership if Galardi was footing the bill. Prosecutors then called Robert Leslie to the stand. Leslie was a manager at Galardi's Cheetahs strip club for nine years. Leslie testified that twice in 2001, Herrera demanded lap dances and drinks at the club to be comped out to the tune of $1,900. Leslie said Herrera was adamant about it. "He said that I needed to get that money for him," Leslie testified.

Leslie also testified he never saw any direct exchange of money or gifts between Galardi and Herrera.

Prosecutors then called Stacy Woodbury to the stand. She is the executive director of the Nevada Commission on Ethics. She testified in the case of both Dario Herrera and Mary Kincaid Chauncey, neither claimed any money from Mike Galardi on state financial disclosure forms. Those are the forms elected officials must fill out when they take office to declare their financial interests.

Woodbury told the jury, "If you accept a gift of a loan you are not to approve or disapprove...." She is referring to when voting on issues involving the person who gave the gift. Clark County Commission records show neither Herrera or Kincaid-Chauncey every disclosed a relationship with Galardi or abstained on voting on issues involving Galardi.

"The statute does not define what a gift is," said Woodbury on defense cross-examination. When Kincaid-Chauncey's attorney Richard Wright asked Woodbury what criteria elected officials are supposed to use in making a conflict of interested determination., Woodbury replied: "The statute doesn't give you any clear guidance in that area."

Email reporter Brian Allen at ballen@klastv.com

Accused Fixer Now Wants Trial, Not A Guilty Plea (PHI)

By Michael Hinkelman

The Philadelphia Inquirer, April 5, 2006

Molden David Faison now wants to go to trial.

Faison, a former city hearing officer accused of fixing parking tickets for $200 in cash and Prince concert tickets worth $169, had been set to plead guilty on Monday.

His change of heart yesterday came one day after U.S. District Judge Norma L. Shapiro refused to accept his guilty plea.

On Monday, the judge had expressed "doubts" that the government's charge of Hobbs Act extortion against Faison could be proven at trial. Yesterday, she said that an FBI sting like the one that led to Faison's arrest could meet the test for that kind of extortion charge - under certain conditions.

A Hobbs Act violation occurs when a public official obtains or attempts to obtain something of value that affects interstate commerce in exchange for official action.

Shapiro set a trial date of June 5 for Faison, who remains free on $50,000 bail. The trial is expected to last less than a week.

Faison signed a plea agreement with the feds on Monday, but Shapiro declared it "null and void" in light of his decision to go to trial.

Faison's attorney, Edson A. Bostic, declined to say what induced his client to change his mind.

Faison, 43, was indicted by a federal grand jury Jan. 12. He is alleged to have accepted $169 in Prince concert tickets from an FBI informant, John Florio, during a meeting Aug. 18, 2004.

Two months earlier, Florio had paid Faison $200 to fix more than $1,000 worth of his own parking tickets, according to the indictment.

As part of an FBI undercover operation, Florio, who was wearing a listening device at the Aug. 18 meeting, posed as an agent for a plumbing company engaged in interstate commerce that wanted its city parking tickets dismissed.

Florio told Faison the plumbing company (which actually had outstanding parking tickets), had paid for the concert tickets and Faison, according to the indictment, then agreed to dismiss the tickets.

The plumbing company was also cooperating with the FBI and had purchased the concert tickets as part of the sting. Shapiro raised concerns on Monday about whether that scenario met the Hobbs Act interstate-commerce test.

Yesterday, after reviewing case law on the subject, Shapiro said an FBI sting would meet the test if Faison had known or had been informed that he was accepting concert tickets from a company involved in interstate commerce.

Assistant U.S. Attorney Judy Smith declined comment after the hearing yesterday.

Feds Bust 3 In Credit Help Scam (NSDY)

By Robert E. Kessler, Newsday Staff Writer

Long Island Newsday, April 5, 2006

Officials charge managers of operation in Huntington with defrauding 17,000 out of $24 million

In a federal crackdown on allegedly crooked operators of consumer credit-counseling businesses, three managers of a former service in Huntington were charged yesterday with defrauding 17,000 customers around the country out of $24million, according to court papers and officials.

The three former supervising managers of Debticated Consumer Counseling arrested by FBI agents and inspectors from the U.S. Postal Inspection Service were identified in court papers as Bradley Dorman, 47, of Greenlawn; Louis Mustachio, 29, of East Northport; and Daniel Ruggerio, 28, of Kings Park. They were charged with conspiracy to commit mail fraud.

Debticated, formerly of 775 Park Ave., Huntington, which went out of business in May 2003, was controlled by two Long Island brothers, Andris and Erik Pukke, according to court papers. The two were not charged in yesterday's case. The Pukke brothers have been named in civil actions filed around the country against an interlocking group of debt counseling firms that the brothers allegedly controlled, including Debticated.

Debticated and Erik Pukke, for example, were barred from operating in California in 2003 for not being licensed in that state.

In January, Andris Pukke settled for $35 million a civil suit brought by the Federal Trade Commission against another of the family's credit-counseling firms, Maryland-based Ameridebt. The FTC had accused Ameridebt of cheating 400,000 customers out of $172 million.

Legitimate credit-counseling firms, which have mushroomed in recent years, charge fees for helping consumers work their way out of debt. Many of them are quietly subsidized by credit card companies seeking at least some part of the debt they are owed.

Allegedly fraudulent firms, including Debticated, claim to be nonprofits, but charge excessive fees without disclosing them to customers and often say that the fees are part of debt repayment, according to officials.

Debticated employees also used high-pressure sales pitches falsely claiming that customers could obtain low-interest loans, according to officials. Officials declined to identify any of the victims, but said all were from out of state.

Geoffrey Irwin, a Washington attorney who represents Andris Pukke in civil cases, declined to comment. Neither brother, nor an attorney for Erik Pukke, could be reached for comment.

Dorman, Mustachio and Ruggerio pleaded not guilty at arraignment before U.S. District Judge Joanna Seybert, who released them on $50,000 bail.

The attorney for Mustachio and Ruggerio, Raymond Suris, of Melville, declined to comment, as did Dorman's attorney, federal public defender Michael Weil. Assistant U.S. Attorneys John Martin and Demetri Jones declined to comment.

Alice Hrdy, an assistant director of the FTC, which brought the Ameridebt suit, said yesterday that in shopping for credit-counseling services, consumers should check with agencies such as the Better Business Bureau, and not deal with firms that insist on immediate payment of fees, that do not provide extensive free advice initially and do not provide written agreements as to fees and services.

Fatal Abuse Of Children Up In '04; Neglect Cases Decline (WT)

By Cheryl Wetzstein

The Washington Times, April 5, 2006

The number of fatally abused children rose slightly in 2004 from the previous year as the overall number of abused and neglected children dropped, a new report says.

Officials from the Department of Health and Human Services said that one reason for the increase in fatalities is improved reporting by states, but that the drop in abuse was encouraging.

"Nevertheless, we cannot tolerate the abuse of even one child," said Wade F. Horn, HHS assistant secretary for children and families.

The number of fatally abused children rose 2 percent from 1,460 in 2003 to 1,490 in 2004, according to the "Child Maltreatment 2004" report. Overall neglect and abuse dropped 4 percent from 872,000 in 2003 to 838,000.

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More than 80 percent of the children who died of abuse or neglect were 3 or younger. Among infant boys, the fatality rate was 18 deaths per 100,000 boys. Among infant girls, the fatality rate was 17 deaths per 100,000 girls.

More than three-quarters of the children were killed by one or more parents, and almost a third were killed by their mothers acting alone.

Postpartum depression sometimes plays a role, but there are myriad reasons mothers or fathers hurt or kill their children, said John Orellana, a spokesman for Childhelp USA, the nationally known child-abuse prevention and treatment organization that runs the 1-800-4-A-Child hot line.

Overall, in 2004, state child protective services received about 2.9 million reports of possible child maltreatment. Less than a third of the reports -- 872,000 -- were substantiated.

This translates into a child victimization rate of 11.9 per 1,000 children in 2004. This is about 5 percent lower than in 2001, the most recent peak, when the victimization rate was 12.5 per 1,000.

Overall, the highest victimization rate was 15.3 per 1,000 children in 1993.

As is typical, roughly two-thirds of the substantiated reports in 2004 involved child neglect.

Almost 18 percent of victims were abused, about 10 percent were sexually abused, 7 percent suffered "psychological" abuse and 2 percent were "medically" neglected. In addition, 15 percent of abused children experienced "other" types of maltreatment such as abandonment or exposure to drugs at birth.

These victimization rates have fluctuated only slightly in the past five years, the HHS report said.

Nearly 79 percent of child abusers are parents, followed by "other relatives" (6.5 percent) and "unmarried partners of parent" (4.1 percent).

Abusive foster parents in New Jersey, Ohio and Florida have made headlines in recent months, but statistically, this is rare: 0.04 percent of foster parents were reported to be abusive or neglectful, the federal report said.

Reflections Behind The Badge (WP)

By Allison Klein

The Washington Post, April 5, 2006

They've heard it before.

When yellow police tape is streaked across a struggling Prince George's County neighborhood, the telltale sign someone has been killed, homicide detectives Kelly Rogers and Meredith Bingley show up on the scene. It's 3 a.m., and they've been called out of bed.

"Which station do you work for?" Rogers has heard more times than she can count. With her smooth makeup, hot-pink fingernails and sleek chestnut-colored hair, people in the community think she's a television reporter.

Bingley, a stylish blonde who has down-to-earth looks, is pegged as a social worker. "Nobody thinks I'm police," Bingley said.

No matter that they have their police badges prominently displayed. They are not men in suits and ties, the typical look of Prince George's 26 homicide detectives.

Cpls. Rogers and Bingley are the only female homicide detectives in the county. There have been just six before them in the 75-year history of the department.

The small number of women is typical of area homicide units -- three of 15 homicide detectives in Montgomery County and one of 10 in Fairfax County are women.

The Prince George's detectives work in the most violent of Washington's suburbs, where last year there were 173 homicides, an average of one slaying about every other day.

"You have to be able to balance this job," said Rogers, explaining that every fourth homicide on rotation, they are called away from their husbands and children, usually in the middle of the night, to go to a scene. More often than not, they are greeted by a bloody body and hostile witnesses.

Male detectives also have to leave their families in the wee hours to go to homicides, but once they get there, nobody in the community is likely to address them as "honey." There have been times when Rogers and Bingley show up at a scene and someone will ask when the "real" detective will be there.

Although the gender barrier may have crumbled in many respects, the world of guns and violence is still fueled by testosterone. Of the department's 1,348 officers, about 17 percent are women.

"People say, 'You don't look like a police officer,' " Rogers said. "I tell them this is all I bring. What does a police officer look like?"

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Bingley, 35, and Rogers, 36, are not partners or even on the same squad within the homicide unit. But they are very close friends and watch each other's backs. They talk on the phone about cases. They have similar lives, both married with young children. And both read detective novels in their spare time.

Since coming to the homicide unit in 2004, Rogers has closed eight of her 10 cases. Bingley, who has been in the unit since 2001, has solved 14 cases and is working on eight others.

County detectives generally solve 50 to 60 percent of their homicides, which is on par with such urban areas as Washington and Baltimore.

Sgt. Michael Straughan, who works with both detectives and supervises Bingley, said he has the "utmost respect" for them as investigators. He said he doesn't have an opinion of their role as women in a unit that's mostly male.

But in the community, Rogers and Bingley stand out, in part because they're white women responding to crimes, usually in depressed, majority-black neighborhoods. Last year, of the 169 homicides the department investigated, 114 of the victims were black men, and 10 were black women.

One night several years ago, Bingley drove her patrol car to a grocery store to buy a few things, and a customer commented how kind her husband must be to allow her to use his car.

She told him in a stage whisper, "This might be surprising, but I'm a police officer."

Often, they use their gender to their advantage. They say they have a knack for getting people to confess.

"People will talk to us faster; maybe I'm more patient with them," Rogers said. "They think we're more sympathetic."

Well, are they?

"Probably not," Rogers said.

Showing up on a scene and seeing blood doesn't bother Rogers. In fact, she will go to autopsies for cases that are not hers because she finds them instructive. "The smell can be the worst part," she said. "And you have to make sure they don't run over your toes with the gurney."

Bingley said she doesn't mind seeing an autopsy for forensic purposes, but she won't go more than she has to. "I don't like it, but I deal with it," she said.

For the most part, they both say they get respect on the street because they give respect to whomever they're talking to. They learned this in the academy.

"When I was in patrol, I was the only female, and I never had a problem," Rogers said. "I consider myself one of the guys."

But just because Rogers thinks she's one of the guys doesn't stop her from offering a soft touch now and again. She remembers a time she had to tell a mother her son, an innocent victim, had died. The mother broke down crying and shaking.

"I hugged her and rubbed her back," Rogers said. "I'm a mom. I felt terrible for her. Her son was just on his way to work."

Both got into the profession because they liked the excitement of it. They didn't think of the danger.

Bingley became a police officer in 1993 after graduating from the University of Maryland with an economics degree. She had planned to become an FBI agent but took the test for Prince George's police because a friend of hers didn't want to take it alone. She got the offer.

Rogers became an officer in 1990 after attending Prince George's Community College as an art major. She wanted to go into advertising. During a part-time job keeping books at a grocery store, she went on a ride-along with one of the officers assigned to the store. She was hooked. Once she got in the department, she knew exactly what she wanted to do.

"Homicides are the most important thing you can investigate," Rogers said. "When I say we have the coolest job in the world, I don't mean it in a flip way. "

On a recent chilly night, Bingley pulls up to a rowhouse in Northeast Washington where one of her victims used to live. She grabs her thick coffee-colored case file, pulls on her jacket and eases her long, blond hair out of the jacket's collar.

The victim was shot in November, and she hasn't had a good break in the case since.

Her black pumps click-click on the pavement up to the house, where a drug dealer is going to meet her in the basement and give her some information.

"You got the pictures?" the man asks her. She gets what she needs from him, then leaves.

She gets back in her car. "I'm so close," she says about the case.

Her shift is over, and she drives toward home, knowing that if gunplay turns deadly before sunrise somewhere in Prince George's, she'll be back on the street in a few hours.

CIVIL LAW:

Agencies Not Protecting Privacy Rights, GAO Says (WP)

By Robert O'Harrow Jr.

The Washington Post, April 5, 2006

Government agencies that use private information services for law enforcement, counterterrorism and other investigations often do not follow federal rules to protect Americans' privacy, according to a report yesterday by the Government Accountability Office.

The Justice Department, the Department of Homeland Security and two other agencies examined by the GAO spent about $30 million last year on companies that maintain billions of electronic files about adults' current and past addresses, family members and associates, buying habits, personal finances, listed and unlisted phone numbers, and much more.

But those agencies often do not limit the collection and use of information about law-abiding citizens, as required by the Privacy Act of 1974 and other laws. The agencies also don't ensure the accuracy of the information they are buying, according to the GAO report. That's in part because of a lack of clear guidance from the agencies and the Office of Management and Budget on guidelines known as "fair information practices," the report said.

At the same time, the contractors are not bound by those "fair information practices," and they often don't comply with all of them, the report said. Companies do not notify individuals when information is collected, for instance. They limit individuals' access to records about themselves, and they generally do not have provisions for correcting mistakes, the report said.

"The nature of the information reseller business is essentially at odds with the principles," the report said. "Resellers make it their business to collect as much personal information as possible."

The 83-page report, the subject of a congressional hearing yesterday, was spurred in part by massive security breaches reported last year by ChoicePoint Inc. and LexisNexis in which sensitive files involving almost 200,000 people were sold to fraud artists.

It highlights a difficult truth about the government's increasing reliance on information services: By outsourcing the building of rich dossiers, the government is sidestepping checks on surveillance approved in the wake of domestic spy scandals involving the FBI, Army and other agencies in the 1960s and 1970s.

The report recommends that Congress consider requiring private information contractors to "more fully adhere" to fair information practices.

Information services play an important but quiet role in homeland security and criminal investigations. ChoicePoint officials last year acknowledged that they serve in effect as a private intelligence service for the government.

Rep. Chris Cannon (R-Utah), chairman of the House Judiciary Committee's subcommittee on commercial and administrative law, said the hearing was held because the ability of private information services to collect information and the government's use of those services have grown far beyond existing laws and oversight.

Peter Swire, a law professor at Ohio State University, said the information industry delivers information more efficiently than ever before, helping investigators in many ways. But he told the congressional panel that the government needs to ensure that the information it buys is accurate while giving people a chance to correct mistakes. "Accuracy that is good enough for marketing is not necessarily good enough to detain a suspect," said Swire, who served as the chief privacy counselor in the Clinton administration White House.

FDA Warns Maker Of Anthrax Vaccine (WP)

By Justin Gillis

The Washington Post, April 5, 2006

Federal drug regulators have accused a California company of breaking the law by making exaggerated claims about the purity and effectiveness of a new vaccine for anthrax, a fresh blow for a troubled $1 billion program at the center of the government's plans to counter bioterrorism.

In a letter made public yesterday, the Food and Drug Administration accused VaxGen Inc. of making "false or misleading statements" about the vaccine, essentially by offering rosy interpretations of the handful of scientific studies that have been completed on the product.

The agency specifically cited a promotional document the company handed out in Washington in October that claimed the company's techniques allowed it to produce a vaccine "at nearly 100% purity" and asserting that the product generates immunity comparable to that induced by an older vaccine. Neither claim is warranted on the basis of early research, the FDA declared.

The statements in the VaxGen document closely resemble assertions the company has made in regulatory filings and in public meetings over the past two years. The FDA threatened court action unless VaxGen devises a plan to "disseminate truthful, non-misleading, and complete information" about the vaccine to anyone who might have received such puffed-up claims, an audience that may well include thousands of individual stockholders.

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Though the letter was made public only yesterday, VaxGen received it March 24 and neither disseminated it nor filed any disclosure about it with the Securities and Exchange Commission. Paul Laland, a VaxGen spokesman, said the company did not feel such disclosure was warranted. "Based on our internal assessment and research of industry standards, we did not believe this was material information," he said.

He added that VaxGen was still reviewing the FDA letter and could not comment at length on the agency's assertions.

"We'll review it internally, and we're going to respond, and if needed we'll put a plan together," Laland said. "If there is something that's incorrect, then we will take corrective action."

VaxGen has been struggling to fulfill $1 billion worth of federal contracts to make 75 million doses of anthrax vaccine, enough to immunize 25 million people, a population roughly the size of the combined New York and Washington metropolitan areas. The vaccine would most likely be used after a large-scale anthrax attack to immunize people exposed to the germ, whose spores can take months to germinate, causing a deadly lung infection.

The VaxGen contracts are the largest awarded to date under Project BioShield, President Bush's program to create defenses against biological and radiological attack. Members of Congress have complained sharply about delays and other problems in the way the Health and Human Services Department has handled that program, and HHS Secretary Mike Leavitt responded recently by promising improvements.

VaxGen has long had a troubled history, including accounting problems that the company has pledged repeatedly to fix but so far hasn't. The company has acknowledged that it is at least a year behind in producing the anthrax vaccine and will default on its contracts in November unless the government grants a time extension.

CIVIL RIGHTS:

Federal Authorities To Investigate Businessman's Death (AP)

AP, April 5, 2006

BATON ROUGE, La. - A federal investigation has been opened into the shooting death of a businessman, who was killed by a bystander during a scuffle with a Baton Rouge police officer.

The Justice Department has ordered the FBI to investigate, department spokesman Eric Holland said Monday. He would not speculate on how long the investigation would take.

George Temple II was killed Feb. 17 during a scuffle with a police officer that began when he was pulled over for cutting into a funeral procession. During the fight with Officer Brian Harrison, Temple was shot five times.

Authorities said one of the shots came from the officer's gun. The other four came from the gun of Perry Stephens, who authorities say came to help the officer during the struggle. One of Stephens' shots hit Temple in the head and killed him, according to an autopsy.

Police said Temple offered a bribe to the police office and a struggle began when the officer attempted to arrest Temple.

District Attorney Doug Moreau already has said that a state grand jury will review the shooting.

Trial No. 2 For Newport Officers (KNOXNS)

By J.j. Stambaugh

Knoxville News Sentinel (TN), April 5, 2006

Pair of sergeants stand accused of shakedown

Two Newport police sergeants accused of shaking down a pair of Hispanic men during a 2005 traffic stop will face trial a second time today on federal civil-rights charges.

Sgts. James W. Roach Jr., 29, and Patrick Sheldon, 33, were arrested last year by the FBI after they were swept up in a five-year probe into public corruption in Cocke County dubbed "Rose Thorn." They were acquitted of felony civil-rights conspiracy charges in February, but jurors couldn't reach a verdict on misdemeanor charges of depriving the alleged victims of their civil rights.

During the first trial, Assistant U.S. Attorney Neil Smith said the officers had targeted Wilder Gomez Roblero and Marcos Mijia Vasques during a March 12, 2005, traffic stop because they were illegal immigrants and, therefore, were unlikely to report the alleged crime.

The officers, who didn't testify, have denied ever stopping the men and provided matching alibis to the Tennessee Bureau of Investigation after the alleged incident was reported.

Jurors today will be asked to ultimately render a verdict on the misdemeanor charges. Sheldon also faces an additional misdemeanor charge of being an accessory after the fact that was lodged against him after the first trial.

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Through motions filed by his attorneys, Sheldon has maintained that he has been pressured by the FBI to implicate Roach and was told he would be "prosecuted to the fullest extent of the federal government's resources" if he refused to cooperate.

The evidence presented to the new jurors may differ in key respects from what the first jury heard. U.S. District Judge Ronnie Greer, for instance, has ordered defense attorneys to avoid making comments that smack of racial overtones and has also barred prosecutors from questioning a possible defense witness about a prior felony conviction.

The defense witness, Newport store operator Charles "Mo" Swanson, had been subpoenaed to testify in the first trial but didn't take the witness stand. Defense attorneys later said his gun permit had been revoked by the state Department of Safety as the result of a letter sent by Smith, who pointed out that he was a convicted felon.

Attorneys for Roach and Sheldon accused Smith of intimidating Swanson to prevent him from testifying, an allegation that Smith denied. The accusation was one of several made in an effort to have the indictment against the officers dismissed due to prosecutorial misconduct, but Greer rejected the officers' arguments in a ruling handed down Tuesday.

J.J. Stambaugh may be reached at 865-342-6307.

Report Faults Prisons Bureau On Chemicals (NYT)

By Kate Zernike

The New York Times, April 5, 2006

The federal Bureau of Prisons failed to address concerns that inmates and staff members at several prisons were exposed to toxic chemicals in recycling programs where inmates use hammers to smash discarded computers, according to the agency that handles whistle-blower complaints.

In a letter to President Bush and Congress on Monday, the agency, the Office of Special Counsel, called for an independent investigation into the complaints, which were brought to the federal government by a whistle-blower from a California prison in 2004.

The office criticized the Bureau of Prisons for not investigating the accusations thoroughly, saying the agency's review was deficient and "appears to be cursory at best."

The inmates dismantled the computers as part of the federal prison industries program, or Unicor, which has become one of the nation's largest recyclers, providing low-cost recycling to government agencies, schools and private companies.

The whistle-blower, Leroy A. Smith Jr., the former safety manager at Atwater Federal Prison outside Merced, Calif., said factory workers in the recycling facility there and at four other federal prisons in the country were exposed to hazardous materials including lead, cadmium, barium and beryllium when the inmates took hammers to cathode ray tubes from computers.

According to federal health agencies, overexposure to the chemicals can cause cancer, kidney disease, damage to the reproductive and central nervous systems, and death.

Mr. Smith told federal officials that he had several times ordered a shutdown of the program at Atwater after air quality tests revealed the chemicals in the factory and in a nearby food service area, but that the prison's managers and federal prison industry officials routinely ignored his recommendations, resuming the recycling without the safety measures he recommended.

The Justice Department referred the complaints to the Bureau of Prisons, which produced two reports responding to Mr. Smith's complaints in June and August 2005, concluding that the bureau, the federal prison industries program and prison staff members "took appropriate steps" to make sure the programs were operating safely.

Mr. Smith disputed those findings, and in the letter this week, the special counsel, Scott J. Bloch, a Bush appointee, took his side, saying the agency's reports were "unreasonable" and relied "on strained interpretations of applicable rules and procedures in order to justify past actions."

The report faulted the Bureau of Prisons as failing to talk to staff members who knew about potentially toxic exposure at other prisons, and as ignoring documentary evidence that contradicted its findings.

It also criticized the bureau for dismissing exposure to the chemicals as not "imminently dangerous, as no immediate threat of death or serious harm occurred." The operations should have been shut down, Mr. Bloch said, if conditions "could reasonably be expected to cause death or serious physical harm."

"I am left to conclude that a thorough, independent and impartial investigation into recycling activities" at federal prisons is still required, Mr. Bloch said in his report.

A spokeswoman for the Bureau of Prisons did not reply yesterday to a request for comment.

In a statement, Mr. Bloch said yesterday: "This is a matter where real concerns exist that need to be addressed. Unfortunately, they have not been addressed, and we find ourselves at an impasse."

Same-sex Marriage Lands Before Federal Appeals Court (AP)

By DAVID KRAVETS, The Associated Press

DOJ_NMG_0025581

AP, April 5, 2006

PASADENA -- A lawyer for a gay couple suing for the right to wed told a federal appeals court Tuesday that it's unconstitutional to prevent same-sex marriage, but one judge appeared unmoved and two others said the case could die on procedural grounds.

"Everything that is wrong is not discrimination," said Judge Jerome Farris, part of a three-judge panel of the 9th U.S. Circuit Court of Appeals that heard 40 minutes of arguments.

The case was brought by two gay men who sued after being denied a marriage license in Orange County. They claim California's ban on same-sex marriage and federal laws against it are unconstitutional because gays and lesbians are treated differently than heterosexuals.

U.S. District Judge Gary Taylor last year ruled against the pair Arthur Smelt and Christopher Hammer, both 46, of Mission Viejo. They appealed.

Taylor ruled the law "has a disproportionate effect on homosexual individuals," but said the government's desire to promote procreation is a valid reason for infringing on the rights of gays.

Farris agreed with that assertion.

"I think marriage is a bundle of sticks and sticks include procreation," Farris said.

Richard Gilbert, the gay couple's attorney, said procreation is not the important element of marriage and Judge Sidney Thomas appeared to agree.

"I don't understand, really, the procreation argument," Thomas said.

After the hearing, Hammer said he would prevail all the way to the Supreme Court "if they acknowledge that we are human."

Still, the heavyweights of the same-sex marriage movement aren't supporting the case and instead are waging their campaigns in the state courts of California, Iowa, Washington, New Jersey, New York and elsewhere, seeking rulings similar to the 2003 decision that led to legal gay marriage in Massachusetts.

The strategy of Lambda Legal Defense and Education Fund and the American Civil Liberties Union is to win in several states before going to the federal courts and eventually the Supreme Court. They say there is a strong national consensus against same-sex marriage meaning the Supreme Court today would likely rule against it.

"We are interested in serious, incremental work in order to succeed," said Jennifer Pizer, a Lambda attorney who attended the hearing.

In an interview, Gilbert said Lambda and the ACLU's strategy was failing.

Nineteen states have amended their constitution to outlaw gay marriage, and voters in at least six other states could be asked to amend theirs similarly this year.

During the hearing, Justice Department lawyer Gregory Katsas told the panel that the traditional definition of marriage doesn't violate the constitution.

The judges did not indicate when they would rule.

Thomas and Judge Ferdinand Fernandez suggested that the case may be premature, noting that a state court of appeals in San Francisco is weighing a lawsuit brought by gays and lesbians challenging California's prohibition against same-sex marriage.

A trial judge declared the ban violated the California Constitution's equal protection guarantee. The decision could reach the California Supreme Court later this year.

A same-sex marriage victory in California, Thomas and Fernandez noted, would allow Hammer and Smelt to get married.

Gilbert, however, wanted a definitive ruling on whether federal laws and the 49 states that don't permit same-sex marriage are violating the U.S. Constitution's equal protection guarantee.

If California approved same-sex marriages, the federal government would not recognize them and would prohibit his clients and others from filing federal income taxes as a married couple.

"It's a second-class marriage," Gilbert argued.

The case is Smelt v. Orange County, 05-56040.

Feingold Says He Supports Gay Marriage (AP-Y2)

AP2, April 5, 2006

Sen. Russ Feingold (news, bio, voting record), a potential presidential candidate, said Tuesday he supports giving gays and lesbians the right to marry, again positioning himself to the left of possible 2008 rivals.

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"Gay and lesbian people in our country are fighting a mean-spirited movement to harm them and to discriminate against them," Feingold, D-Wis., said in a telephone interview. "I stand with them against that movement, and I'm proud to stand with them."

Feingold said he decided to express his support for gay marriage in response to a Wisconsin constitutional amendment to ban gay marriage and civil unions, which will appear on the state ballot in November.

Feingold Backs Legalizing Same-Sex Marriages (WP)

By Dan Balz

The Washington Post, April 5, 2006

Sen. Russell Feingold (D-Wis.), a prospective 2008 presidential candidate, said yesterday that he thinks bans on same-sex marriages have no place in the nation's laws.

Feingold said in an interview that he was motivated to state his position on one of the most divisive social issues in the country after being asked at a town hall meeting Sunday about a pending amendment to the Wisconsin state constitution to ban same-sex marriages.

Feingold called the amendment "a mean-spirited attempt" to single out gay men and lesbians for discrimination and said he would vote against it. But he went further, announcing that he favors legalizing same-sex marriages.

That puts him at odds with many prominent Democratic politicians who support gay rights but not same-sex marriage. Should Feingold decide to run for the party's presidential nomination in 2008, his position would put him to the left of many likely rivals.

"Obviously, it's a very difficult issue and evokes a lot of emotions," Feingold said in a telephone interview yesterday. "I think it's something ultimately that people throughout the country will accept, but it's not an easy issue." He accused the Bush White House and the Republican Party of using same-sex marriage as a wedge issue "to hurt Democrats who are against discrimination."

The Wisconsin senator said he is prepared to work with supporters of same-sex marriage to ensure that it is legal in the future.

"Further steps would be appropriate," he said, noting that his first priorities are to defeat the proposed Wisconsin amendment as well as a federal constitutional amendment that is expected to come to a vote in the Senate later this spring.

San Antonio Couple Wins $125,000 Judgment Against Housing Authority (SABIZ)

San Antonio Business Journal, April 5, 2006

U.S. Judge John Primomo ordered the Housing Authority of San Antonio, the San Antonio Housing Facility Corp., Pat Matherly and the Pilgrim Allena Housing Development Corp. to pay $125,000 to resolve a tenant disability discrimination case.

On June 2, 2005, the U.S. Attorney's Office filed a complaint on behalf of local residents Antonio and Josefina Maldonado in the U.S. District Court for the Western District of Texas alleging that the Westminster Square Apartments unlawfully discriminated against the couple because of their disabilities.

According to the complaint, Pilgrim Allena Housing owns the local apartment complex where the Maldonados have lived since 1989. The San Antonio Housing Facility Corp., a subsidiary of the local Housing Authority, manages the apartments. Matherly was the on-site manager at the property at the time.

Antonio Maldonado is a double-leg amputee and Josefina Maldonado has osteoporosis, hyperlipidemia, angina, diffuse arthritis and diabetes. Over the years, Josefina Maldonado increasingly had been experiencing difficulty maneuvering her husband in his wheelchair from their third-floor apartment to the ground floor via elevator.

On Feb. 23, 2004, according to the complaint, the Maldonados requested the complex make a reasonable accommodation to move them to a first floor apartment because of their deteriorating health. The couple claimed on March 15, 2004, they provided the apartment manager with documented proof from their health providers of their conditions.

The defendants denied the Maldonados' request, citing the elevators in the apartment building, according to the complaint.

However, the couple complained that they had been trapped in the elevators on previous occasions. They also discovered that the elevators weren't working at other times and that the elevators weren't near their unit, requiring Josefina Maldondo to travel much further to move to and fro.

After the apartment complex denied the Maldonados' requests, two ground-floor apartments were leased to other tenants. The couple filed a complaint with the U.S. Department of Housing and Urban Development and the government found that they had a cause to proceed with a civil suit. That case was filed on Aug. 29, 2005.

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Last week, lawyers from the Justice Department and the Housing Authority reached a settlement. With the judge's signature in hand, the Maldonados will receive the $125,000, with part of that settlement going to the Fair Housing Council of Greater San Antonio for their help in the suit.

Bill To Delay Runoff Elections Passes Committee (AP)

AP, April 5, 2006

MONTGOMERY, Ala. - The Alabama Legislature moved a step closer Tuesday to approving legislation to delay the June 27 primary runoff elections to July 18 to give military personnel overseas more time to vote.

The House Constitution and Elections Committee approved a Senate-passed bill to delay the party primary runoffs on a unanimous voice vote. The bill is expected to come up in the House Wednesday or Thursday, when it could receive final passage.

Attorney General Troy King and Secretary of State Nancy Worley asked the Legislature to delay the runoffs in response to a lawsuit filed against the state by the U.S. Justice Department.

The lawsuit claims there is not enough time between the June 6 primaries and the June 27 runoffs for service members, particularly those fighting in Iraq and Afghanistan, to receive and cast ballots.

The House originally passed a bill that would have kept the runoffs on June 27, but allowed service members to vote by a special ballot that would have been sent to them at the same time as the primary ballot.

King has said he doubts the Justice Department would go along with the special ballot, partly because it would not allow soldiers who did not vote in the primary to vote in the runoffs.

The Senate sponsor, Sen. Wendell Mitchell, D-Luverne, said delaying the primary is the only immediate solution.

"Unless we do something to move the primary we risk having the federal government involve itself in our election," Mitchell said.

Tilting Maryland's Vote (WP)

The Washington Post, April 5, 2006

IN THE SANCTIFIED name of expanding the popular vote and widening access to the polls, Maryland Democrats have sacrificed fairness to partisan advantage. The Democrats, who dominate the state legislature in Annapolis, pushed through a bill allowing voting to take place for five days before Election Day -- but mostly at polling stations in Democratic strongholds.

This isn't the first time a majority in a state legislature has sought electoral advantage by ramming a brazenly partisan measure down the throat of the minority party. The justification generally comes down to, "Well, they'd do the same to us if they were in power." But no matter which party is behind such partisan mischief, the effect is the same: to subvert the faith that Americans place in the electoral system's fairness.

The procedural aspects of this bill's passage are odious enough. Before they voted, Democratic lawmakers stripped the bill of provisions that would have permitted Republicans an equal role in deciding where to place the early-polling stations and that would have required that the stations' locations be geographically central. The conference committee that wrote the bill was composed of six Democrats and zero Republicans.

The locations of many of the polling stations for early voting seem designed to mine Democratic votes, which tend to be in more heavily populated areas. In Howard County, early-voting stations were placed in heavily Democratic areas in an apparent effort to weaken the reelection prospects of freshman state Sen. Sandra B. Schrader, probably the most imperiled of Maryland's 14 Republican state senators.

Democrats enjoy a healthy advantage in voter registration and are understandably eager to recapture the state's governorship, which they lost in 2002, in this fall's elections. Over the past two years they have sought to leverage their statewide numerical advantage by enacting a set of relatively permissive elections laws under the aegis of what the party has called a "voters' bill of rights." As a result, Maryland voters will not be required to show any form of identification, and they will be able to cast provisional ballots practically anywhere in the state, regardless of their home address.

Republicans insist that these measures will open the door to electoral fraud; if fraud does mar the November ballot, the Democrats will be responsible. But they are not unfair on their face. By contrast, tilting the early-voting system toward heavily Democratic areas in strategically key jurisdictions taints the election even before it occurs. With such arrogance and abuse, the Democrats will only erode their majority in Maryland.

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ANTITRUST:

Perspective: Bumps In The Road For AT&T-BellSouth Merger? (CNET)

By Mark Del Bianco

CNET News, April 5, 2006

The conventional wisdom in Washington is that regulatory approval of the proposed AT&T-BellSouth merger is a done deal. The consensus is that this deal will sail through with flying colors--and a few not very onerous merger conditions.

The conventional wisdom may be wrong. There is a twist that ought to give the regulators pause. Both BellSouth and AT&T own considerable chunks of prime wireless spectrum that is unused and that could quickly and relatively cheaply be used to provide broadband services that would compete with telecom and cable wireline broadband services--in other words, the long-sought "third pipe" to the home or business.

Competitors will no doubt argue that the Federal Communications Commission and the Justice Department should worry about the loss of intermodal competition that will result if the two companies are permitted to retain this valuable spectrum.

Over the last year, the development of worldwide standards for WiMax and improvements in equipment performance and cost have made the 2.3GHz and 2.5GHz frequencies more attractive. They are now among the most desirable for use in providing broadband voice, data and video services that will compete with telecom and cable wireline broadband services. These spectrum bands can also be used to compete in the backhaul and special access (both last-mile and interoffice transport) markets where the regional Bell operating companies are also dominant. Soon. they may even be used to compete with cellular and other mobile voice and data services. Equipment costs will be low and will keep falling as economies of scale kick in.

Intermodal competition cannot develop if two of the three modes--wireline and wireless--are in the hands of a single, gigantic company. Off-the-shelf WiMax products for the 2.5GHz band will be available from numerous manufacturers later this year, and a 2.3GHz version of WiMax may be developed. Mobile WiMax equipment that provides voice and high-speed data is now being tested on KDDI's network in Japan and should be widely available by early 2007.

The competitive importance of this spectrum was acknowledged by the FCC last year. As a condition to its approval of the Sprint-Nextel merger, the FCC required that Sprint meet certain milestones for offering broadband service in the 2.5GHz band. Sprint agreed to offer such service to at least 15 million Americans within four years of the order (for instance, by fall 2009), and to offer it to an additional 15 million customers by two years later. Sprint controls the most 2.5GHz spectrum in the U.S., and its planned use of this spectrum to provide services competitive with (or as Sprint claims, better than) wireline broadband services is one of the key drivers of Sprint's ongoing spinoff of its wireline operations. But Sprint's spectrum holdings, large as they are, do not provide adequate coverage in many areas, particularly in the BellSouth footprint.

BellSouth, the second-largest owner of 2.5GHz spectrum in the U.S., controls spectrum in most of the 50 largest markets, according to published reports. It also has substantial 2.3GHz spectrum (acquired in auctions in 1997). SBC Communications also gained a large amount of 2.3GHz spectrum when it acquired AT&T. According to publicly available information, neither company has yet developed any of the spectrum into a commercial line of business; rather, the spectrum is effectively warehoused at present. (However, BellSouth has deployed test broadband service in nine in-region markets using its 2.3GHz spectrum, and it announced in March that it would use the 2.3GHz spectrum to provide "backup" broadband for its wireline broadband service.)

The proposed merger will concentrate huge blocks of spectrum in one company with every incentive not to use it. Assuming that AT&T's licenses are spread equally around the U.S. and that BellSouth's licenses are located primarily in the BellSouth service area (as appears to be the case), then prior to the merger, approximately 40 percent of the BellSouth and 30 percent to 35 percent of the AT&T licenses are located in the parent Bell operating company's (BOC) service area and are not likely to be used to compete with companies' wireline broadband services.

The postmerger wireline service area will be much larger, however, and substantially less than 50 percent of the spectrum would be out of region. It is unlikely that a postmerger AT&T would have any incentive to develop this spectrum for wireless broadband. Competing with itself in-region would not be attractive; and BOCs have yet to engage in meaningful competition out of region.

Given this scenario, competitors can be expected to argue that the FCC and the Antitrust Division should require BellSouth and AT&T to divest at least their in-region 2.3GHz and 2.5GHz spectrum (together with any existing deployments). Divestiture benefits consumers and businesses if the spectrum is used by an entity or entities that will compete in the broadband, backhaul and special access markets.

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It may even be argued that AT&T and BellSouth should be required also to divest all their out-of-region spectrum in order to enable nationwide competition.

Preventing a BOC from acquiring assets that could be used to compete with its core wireline business--and in this case also with its growing wireless business--is not a novel idea. In the Primestar case a few years ago, for example, the Antitrust Division prevented cable operators from buying DBS satellite assets, for fear they would warehouse the satellites in order to prevent new entrants from using them to compete with traditional cable TV.

Similar precedents involve the divestiture of manufacturing plants, drug compounds in the FDA approval pipeline, and other competitive assets in non-telecom markets.

The FCC ought to be particularly receptive to such arguments, given the importance that former Chairman Michael Powell and current Chairman Kevin Martin have placed on the development of facilities-based intermodal competition in their decisions and public statements these last few years. Intermodal competition cannot develop if two of the three modes--wireline and wireless--are in the hands of a single, gigantic company.

Interestingly, the fact that the FCC has in the past permitted BOC ownership of this spectrum and never found it to be a problem is irrelevant. The public interest standard that the FCC applies in merger approval proceedings is based partly on antitrust analysis, but also explicitly permits it to "consider technological and market changes, and the nature, complexity and speed of change of--as well as trends within--the communications industry."

Thus, the FCC could take into account the recent technological and market changes that have transformed this spectrum into a valuable competitive alternative to wireline broadband services. The FCC could determine that the merger, by effectively shielding so much spectrum from the hands of potential competitors, would not be in the public interest absent substantial spectrum divestiture.

The Antitrust Division may also act. Provided it found that the spectrum controlled by the postmerger company represents a source of substantial potential competition, it would be fairly straightforward for it to conclude that without divestiture of the spectrum, the effect of the merger "may be to substantially lessen competition"--the standard it must follow in reviewing mergers under the Clayton Act.

Whether the FCC or the Antitrust Division in this administration will take competition-preserving action is an open question. But for those who seek competition in U.S. broadband markets, and for proponents of network neutrality for whom a third pipe could be a godsend, it certainly looks like a fight worth fighting.

Biography Mark Del Bianco practices law and publishes on issues at the intersection of communications law, antitrust and new technologies. His clients include a variety of VoIP and competitive telecommunications providers and e-commerce companies. He can be contacted at mdelbianco@aya.yale.edu.

EU Pushes Governments To Open Gas Markets (AP)

By The Associated Press

AP, April 5, 2006

Filed at 1:28 p.m. ET

STRASBOURG, France (AP) -- European Union regulators on Tuesday started legal proceedings against 17 countries for not doing enough to open up their energy markets, just weeks after the EU criticized France and Spain for trying to protect their national energy companies.

Delays in drafting new rules to liberalize gas and electricity markets are keeping prices too high, the European Commission has said.

Austria, Belgium, Britain, the Czech Republic, Germany, Estonia, Spain, Finland, France, Greece, Ireland, Italy, Lithuania, Latvia, Poland, Sweden and Slovakia will be sent a warning to put rules in place.

The Commission sent the 17 countries a letter of formal complaint. The member states concerned have two months to reply to the Commission. The final stage of the proceedings would mean taking countries to the European Court of Justice.

The Commission also said it would take Spain and Luxembourg to court for not sending it information to show they had put the legal framework in place. A court ruling can force a country to change national laws under threat of heavy fines. The Commission is still examining Portugal's and Hungary's laws.

It criticized the lack of free choice of supplier for many customers and the continued existence of regulated prices, saying that made it harder for new companies to break into the energy sector. Certain long-standing electricity and gas contracts still get preferential access, the Commission said.

It also criticized the way some energy companies do business -- without naming names -- saying there was often not enough separation between electricity and gas transmission and distribution to make sure each was independent. Many

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companies own the network and sell directly to customers, meaning they are wholesalers selling network access to the rivals they compete with on the retail market.

Another problem was that third-party access to networks could be "discriminatory" and the tariffs charged were not transparent enough, it said.

The power of national energy regulators was also a problem, it said, particularly their ability to set tariffs for access to networks.

"I expect that these infringement proceedings will attract member states' awareness, that these things will be (fixed)," EU energy chief Andris Piebalgs said. "I hope there will be measures taken by the member states."

High oil prices and a gas dispute between Russia and Ukraine this winter have made energy a sore point for some governments anxious to protect old monopolies from foreign predators wanting to take advantage of a move toward a single European energy market.

France backed a combination of Suez SA and state-controlled Gaz de France to fend off a possible bid from Italy's Enel SpA, while Spain faces EU legal action for a decree that could help block a bid from Germany's E.On AG for Endesa SA.

EU countries agreed in 2003 to lift barriers and allow new companies to start providing gas and electricity. However, many nations have been slow to put their promises into practice.

Only five countries had adopted rules opening up the gas and electricity markets for business customers by July 1, 2004. Nations also have to ensure that the legal framework is in place to open up markets for domestic customers by July 1, 2007.

In a parallel antitrust probe, the Commission found "serious malfunctions" across Europe's energy markets, saying it would investigate further into companies and countries where stalled deregulation has left prices too high.

It indirectly criticized "highly concentrated" gas and electricity markets where old monopolies were still firmly in place.

Belgian electricity customers, for example, have a choice of only two suppliers -- both soon to have the same owner as Suez and Gaz de France complete their tie-up.

Citigroup Cleared For Big M&A Deals (FT)

By David Wighton

Financial Times, April 5, 2006

One of the clouds hanging over Citigroup was lifted on Tuesday when the world's largest financial services company revealed that the Federal Reserve had removed the ban on it making large acquisitions.

The New York Fed, Citigroup's lead regulator, said in a letter to the company that it had dropped the ban because of the "significant progress" it had made in improving its internal controls.

The Fed imposed the restriction a year ago following Citigroup's string of regulatory problems, including the forced closure of its private bank in Japan and the furore in Europe over controversial government bond trades.

Mr Prince said the move reflected the "cumulative effect" of moves taken over the last year, including his introduction of a "five-point plan" to improve Citigroup's compliance culture.

Although the Fed ban was a blow to Citigroup's reputation, Mr Prince said the company had not been significantly hampered by the restriction, which applied only to very large transactions. "I am not sure it was a net loss," he said in an interview.

Mr Prince has shifted Citigroup's focus onto organic growth, following the deal-making of his predecessor, Sandy Weill. Moreover, most large potential targets look expensive, particularly given Citigroup's own depressed stock price.

"Transactions of size, here in the US especially, are priced at levels that are not attractive to most people," he said.

Executives have said privately that Citigroup would have liked to get involved in the $35bn battle for control of UFJ, the Japanese bank, but decided against. This was as much due to its particular problems in Japan as the Fed ban.

Mr Prince said its acquisition strategy was concentrated on medium-sized deals that "extend the franchise", particularly in Asia, eastern Europe and other emerging markets, he added.

In contrast, Western Europe was "uninviting" because of the "Balkanised" regulatory regimes.

Citigroup this week lost out in the auction for Finansbank in Turkey which is being acquired by National Bank of Greece with an offer valuing Finansbank at $5bn. "Turkey is a very interesting country. But we are very focused on not overpaying for transactions," said Mr Prince.

Analysts believe the relatively small size of the deal meant it would not have been covered by the Fed ban on Citigroup, which has a market value of $240bn, undertaking "significant expansion".

The Fed letter, from William Rutledge, excutive vice president, was dated April 3, three days after the Australian regulator announced it was taking action against Citigroup for insider dealing and failing to manage conflicts of interest.

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The timing suggests that the Fed is not too concerned by the Australian regulator's move which Citigroup claims is an attack on accepted industry practice.

Citigroup shares gained 1.7 per cent, or 80 cents, to close at $48.21.

Citigroup Is Cleared To Pursue Deals (WSJ)

By Clint Riley

The Wall Street Journal, April 5, 2006

The Federal Reserve cleared Citigroup Inc. to pursue future acquisitions, lifting a yearlong restriction that was imposed following a string of scandals and regulatory missteps at the financial-services company.

In a letter sent late Monday to Charles Prince, the company's chief executive, William L. Rutledge, executive vice president of the Federal Reserve Bank of New York, said that Citigroup had made "significant progress" by implementing new internal compliance and risk-management programs, and therefore "the understanding that you would refrain from significant expansion is no longer in operation."

The Fed issued its unusual prohibition in March 2005, demanding that Citigroup get its house in order following a string of problems, including run-ins with regulators over a bond-trading strategy in Europe -- that its traders dubbed "Dr. Evil" -- and activities that led to the loss of its private-banking license in Japan.

The Fed's letter came just days after securities regulators in Australia accused Citigroup of insider trading. Citigroup has denied any wrongdoing and says it will "vigorously defend" its actions. While Citigroup executives and a team of in-house regulators from the Fed stay in regular contact, it is unclear whether the Fed considered the merits of the lawsuit filed by the Australian regulators before lifting the ban on acquisitions.

A spokeswoman for the New York Fed declined to comment.

Citigroup spent the better part of 2005 implementing what Mr. Prince dubbed his "five-point plan," a roadmap aimed at strengthening internal controls, employee training and communications within the bank.

Mr. Prince, who will add the title of chairman later this month, reacted to the long-awaited news from the Fed by sending a companywide letter yesterday morning thanking Citigroup's 300,000 employees scattered around the world for their efforts. "Today we continue toward our goal of becoming the world's most respected global financial-services company." Mr. Prince wrote. "I am confident of the course we have set, and excited about our future."

Still, in an interview, the CEO said he cautioned the company's top executives in an address, "Be careful. This was not a one-year plan. It is not as if we are done."

Speculation has circulated for months that the Fed might soon loosen the reins on the New York-based bank after it became widely known that the company had entered the bidding for an estimated $3 billion majority stake in Guangdong Development Bank in China and a separate purchase of Finansbank, Turkey's eighth-largest bank by assets. Over the weekend, it was disclosed that the much smaller National Bank of Greece had beaten out Citigroup in the bidding for Finansbank.

The Fed's Mr. Rutledge said in his letter that regulators would continue to "carefully review any expansion proposal undertaken by Citigroup."

Mr. Prince, who took over as chief executive in October 2003, has told investors that 2006 is the year that the new management team he has assembled must execute and improve the company's bottom line. To do that, Mr. Prince and his team will have to expand its business in foreign markets, the company's top priority, and improve the operation of its consumer business in the U.S.

Expectations by some investors that Citigroup will once again flex its financial muscle by going on a major acquisition spree will likely be disappointed. Mr. Prince said in the interview that the Fed's letter didn't alter his commitment to expand the financial institution, which has $1.5 trillion in assets, by generating more profits from its existing businesses and expanding its reach to more customers overseas and domestically.

"It does not change our priorities," Mr. Prince said. "We are just too big to just rely only on deals."

However, Mr. Prince did say that deal-making isn't totally out of the question for Citigroup, a company with more than $28 billion in cash on its books at the end of last year. As examples of the types of deals Citigroup might do, Mr. Prince pointed to the company's April 2004 purchase of South Korea's KorAm Bank Co. for $2.7 billion; the purchase less than a year later of the 106-branch First American Bank in Texas for an undisclosed sum; and the acquisition earlier this year of OnTrade Inc., an electronic-trading platform bought for about $8 million.

In 4 p.m. composite trading on the New York Stock Exchange, Citigroup's shares were up 80 cents to $48.21.

Arcelor Transfers Dofasco Unit To Block Takeover (WSJ)

By Jason Singer and Charles Fleming

DOJ_NMG_0025588

The Wall Street Journal, April 5, 2006

Arcelor SA transferred its lucrative Canadian operations to a Dutch foundation in an effort to block a €20.4 billion ($24.8 billion) hostile offer by rival steelmaker Mittal Steel Co., a move that drew rebukes from Arcelor shareholders and corporate-governance activists.

Arcelor also raised its dividend by 54% to €1.85 a share and said it will make a special payment to shareholders of $5 billion after Mittal drops its bid or the takeover attempt fails. The two payouts are meant to make siding with Arcelor financially equivalent to accepting Mittal's bid, boiling the choice down to which management team investors prefer.

Mittal vowed to press on with its bid, which has sparked debate over national pride, cultural compatibility and economic openness across Europe and in other parts of the world. But Mittal, based in Rotterdam, the Netherlands, said it would reduce the cash portion of its cash-and-stock bid because it considers the increased dividend an advance, though it hasn't yet disclosed details.

Many shareholders reacted angrily to Arcelor's move to prevent its Dofasco Inc. unit of Ontario, Canada, from being sold even if Mittal succeeds in its bid for Arcelor. They said the action is contrary to Arcelor's promises to let shareholders be the ultimate arbiters of Mittal's offer. Still, other observers said the moves could frustrate Mittal's efforts.

Arcelor's transfer is "against shareholders' interests," said Gérard Augustin-Normand, chief executive of Richelieu Finance, an investment fund based in Paris that holds about three million Arcelor shares. "It's also against Arcelor's own interests because its shareholders were its best defense," he added. "I was confident that it was going to be a fair fight, but now I'm not so sure."

Mittal, the world's largest steelmaker by production, launched its bid for Arcelor, the industry's No. 2 player, earlier this year. The two sides have since been waging aggressive campaigns to woo shareholders, with Arcelor Chief Executive Guy Dollé at one point suggesting Mittal lacks "European cultural values"; Mittal's chief executive, Lakshmi Mittal, whose family controls the company, was born in India but is based in London.

In Paris trading yesterday, Arcelor fell slightly to €32.50. Mittal fell 3.6% to €31.10 in Amsterdam. Based on Mittal's closing price yesterday, the bid values Arcelor at €31.93 a share.

Arcelor's higher dividend and one-time payout combined roughly total the cash portion of Mittal's offer and some of the savings Mittal would bring to a combined company. Tony Taccone, a steel consultant at Pittsburgh's First River, said Arcelor's dividend increase could placate some investors, while the increase and the Dofasco transfer could make the deal more difficult for Mittal to consummate.

Mr. Dollé has repeatedly but vaguely made reference to a plan Arcelor had for Dofasco that Arcelor hoped would scupper a deal. Dofasco is important because under Mittal's offer, Dofasco would be sold to Germany's ThyssenKrupp AG for 5.4 billion Canadian dollars (US$4.6 billion) if the takeover of Arcelor is successful. Selling Dofasco would help Mittal finance the cash portion of its Arcelor bid and help ease any antitrust concerns in the North American market, where Mittal already has a significant presence.

People close to the matter said Mittal and its advisers were looking at potential legal challenges to Arcelor's move, which would be prohibited in many European countries, including the United Kingdom and France, but is allowed in Luxembourg. Mittal may also try to renegotiate a sale of Dofasco's management control and financial access -- the elements still controlled by Arcelor -- to ThyssenKrupp while leaving ownership of the shares in the trust. It isn't clear whether such a transfer would satisfy regulators or what price ThyssenKrupp would pay for those rights.

Yesterday Mittal said that its bid doesn't hinge on the sale of Dofasco to ThyssenKrupp and that it will continue its quest to acquire Arcelor. "Nothing in this announcement alters our resolve or ability to proceed with our offer," Mittal said. "Today's announcement by the board of Arcelor goes against the interests of its own shareholders and is an attempt to deprive them of the right to decide on the merits of Mittal Steel's offer."

A ThyssenKrupp spokesman declined to comment.

Arcelor said it transferred ownership of Dofasco to a newly formed Dutch foundation, even though Arcelor maintains management control and all financial rights to Dofasco. The trust, called Strategic Steel Stichting, is run by a board of three Arcelor appointees: an Arcelor executive, a former Arcelor executive and Allan A. Tuttle, an American lawyer and former general counsel of Gucci Group NV. The trio has the power to determine whether Dofasco can be sold for the next five years.

Arcelor Chief Financial Officer Gonzalo Urquijo said the company made the transfer "to defend shareholders" from a potential sale of Dofasco because the Canadian company is integral to Arcelor's business strategy. "This was done in the interest of our shareholders." Corporate-governance activists scoffed at that assertion. "All the assets of a company should be able to be bought or sold," said Colette Neuville, founder and president of French minority-shareholder defense movement ADAM.

Netflix Sues Blockbuster Over Web Expansion (WSJ/AP)

DOJ_NMG_0025589

By The Associated Press

The Wall Street Journal, April 5, 2006

SAN FRANCISCO -- Online DVD rental service Netflix Inc. on Tuesday accused Blockbuster Inc. of illegally copying its ideas in a patent infringement lawsuit challenging the video store chain's recent Internet expansion.

The complaint, filed in U.S. District Court in San Francisco, focuses largely on the online wish lists that prioritize the DVD desires of about 5.4 million people who subscribe to either Netflix or Blockbuster's Internet service.

Netflix also believes its patents cover perhaps its most popular feature -- the option of renting a DVD for an unlimited time without incurring late fees.

That change, introduced by Netflix seven years ago, became so popular that Blockbuster last year stopped charging late fees for tardy rental returns to its video stores. Dallas-based Blockbuster once pocketed hundreds of millions of dollars annually from those late fees.

Both Netflix and Blockbuster's online service charge $17.99 per month to rent up to three DVDs at a time. When subscribers return a DVD in a postage-paid envelope, the rental services automatically send the next available movie on their wish lists.

Blockbuster initially denigrated the flat-fee concept, but then reversed course and launched its Internet service in 2004 after scores of customers defected to Netflix, based in Los Gatos, Calif.

"Blockbuster has been willfully and deliberately copying Netflix's business methods," Netflix spokesman Steve Swasey said.

Blockbuster spokesman Randy Hargrove declined to comment Tuesday because the company hadn't yet seen the suit.

Netflix contends it first patented the process for managing DVD wish lists -- known as queues -- in June 2003.

A second patent issued Tuesday to Netflix apparently triggered the lawsuit. Netflix believes the additional patent covers an even wider range of automated interaction with its customers.

Netflix hopes to obtain a court order that would force Blockbuster to change the way its online rental service operates or require the company to pay patent royalties -- a potentially huge bill, based on other recent patent disputes.

For instance, the maker of the popular Blackberry email device last month agreed to pay $612.5 million to settle a long-running patent infringement case.

Because patent cases often delve into highly technical issues, they can take several years to wind through the legal system.

If Netflix prevails, it could thwart its biggest competitor in the steadily growing field of online DVD rentals.

Netflix began the year with about 4.2 million subscribers. Blockbuster has signed up about 1.2 million online customers so far. Netflix's success already has hurt Blockbuster, which lost $588 million last year and expects to continue to close stores as more DVD renters turn to the Internet.

In contrast, Netflix earned $42 million last year. But its service has been recently fending off a backlash triggered by a class-action lawsuit that focused attention on a scoring system that penalizes its most frequent renters. Netflix is awaiting court approval of a proposed settlement that would give free DVDs for a month to millions of former and current subscribers.

Authorities Raid Color Line Ferry Company (AP-Y2)

AP2, April 5, 2006

European competition authorities on Tuesday raided the headquarters of Norway's Color Line AS ferry company as part of an antitrust investigation.

The surprise inspection was to check for possible competition violations by the Norwegian ferry operator, the EFTA Surveillance Authority, or ESA, said in a statement.

"Surprise inspections are a preliminary step in antitrust investigations. The fact that the EFTA Surveillance Authority carries out an inspection does not mean that the company is guilty of anticompetitive behavior," the ESA said.

ESA is the enforcement arm of the European Free Trade Association, or EFTA. Through treaties with the European Union, EFTA members Norway, Iceland and Liechtenstein have open markets with the 25-nation European bloc even though they are not members.

Color Line spokesman Helge Otto Mathisen said the company was cooperating fully with the ESA inspectors, who were assisted by the Norwegian Competition Authority.

"Such a review of documentation is a normal practice when competition authorities want insights in the market," he said.

Oslo-based Color Line is a major European ferry line, with 3,500 employees in four countries, 10 ships and seven international routes between Norway, Denmark, Germany and Sweden.

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The group said it transports about 4.2 million passengers and nearly 1 million motor vehicles per year, and has annual revenue of about 4 billion kroner ($615 million).

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On the Net:
http://www.eftasurv.int

ENVIRONMENT/INDIAN AFFAIRS:

EPA Air-toxics Plan Sparks Internal Rift (CSM)

By Mark Clayton
The Christian Science Monitor, April 5, 2006

The Environmental Protection Agency has drafted a plan that would allow so much extra industrial air pollution that 7 of 10 of the agency's own regional air-quality directors have signed on to a memo condemning it.

While disagreement on policy issues is not unusual, former EPA officials say the regional directors used particularly strong language in criticizing the plan developed on William Wehrum's watch in a December memo, which surfaced Monday.

The stinging internal criticism is likely to pop up Wednesday at Senate confirmation hearings for Mr. Wehrum, who is nominated to become the nation's top air-quality officer.

The plan proposes loosening limits on toxic emissions from scores of industrial sectors, including refineries, chemical plants, steel mills, and smelters.

The changes, the memo said, would "essentially negate" today's limits on industry toxic air emissions like arsenic, mercury, and lead, also called "hazardous air pollutants" or "air toxics."

Such poisons are considered by the Clean Air Act to be far more dangerous to public health than air pollutants like nitrous oxides or sulfur dioxide.

Under today's requirements, any facility emitting more than 10 tons per year of a single toxin, or 25 tons of several toxins, must install pollution control equipment to cut emissions by as much as 95 percent. The new plan would allow large polluters that previously had brought emissions down below the 25-ton limit - say, to 2-3 tons - to boost emissions, as long as they remained under 25 tons.

Criticizing the plan as an unjustified "drastic change" in emissions rules, the memo cites Wehrum's office for a "trend of excluding" regional offices from rule and policy development that was "disturbing."

If adopted, some environmentalists say the new plan would blow open the most significant new hole in the Clean Air Act since the Bush administration's reinterpretation of the act's "new source review" provision, which curbed power plant emissions.

That interpretation was struck down by the US Circuit Court of Appeals for the District of Columbia last month.

"Wehrum is the architect of a lot of changes to the Clean Air Act that have weakened environmental protections," says Eric Schaeffer, director of the Environmental Integrity Project in New York, former head of the EPA's office of regulatory enforcement until 2002. "This new proposal on toxics pushes past science, law, and fair public process."

An EPA spokesman says it's too early to assess the policy proposal.

"This is a preliminary draft that is currently under development and internal review which could change before EPA issues it as a proposal," said John Millett, an EPA spokesman in an e-mailed statement. "EPA will seek public comment when it issues the proposal."

Still, some like what they've been hearing about the draft so far.

The proposed change is "good news" for health and the environment, said Bob Slaughter, president of the National Petrochemical and Refiners Association. "Without the proposal, power disincentives would exist to make these [pollution] reductions," he said in a statement.

But enforcement could be a problem. The regional directors memo calls "unfounded and overly optimist" the new plan's contention that toxic emissions are unlikely to rise since industry will want to "avoid negative publicity" and "maintain their appearance as responsible businesses."

Instead, "the cost of the increased [toxic] emissions would be borne by the communities surrounding the sources," the memo concludes.

"It's pretty clear this plan is out of bounds," says John Walke, clean air director for the Natural Resources Defense Council in Washington. "It's also clear the regional directors found it to be extreme."

Feds Want To Expand Yucca Nuclear Dump (USAT)

DOJ_NMG_0025591

USA Today, April 5, 2006

The Bush administration wants to bury tens of thousands of tons more nuclear waste at the Yucca Mountain dump in Nevada than now allowed — part of a package of new proposals meant to spur development of the controversial and long-delayed dump.

The Energy Department proposed lifting the 77,000-ton storage limit on the dump 90 miles northwest of Las Vegas and allowing as much waste as the facility can hold.

That figure has been estimated by federal environmental impact studies at 132,000 tons. About 55,000 tons of nuclear waste are waiting at utility sites around the country.

Senate Democratic leader Harry Reid of Nevada, an opponent of the dump, said the bill was "not even on life support. It's dead when it gets here."

Yucca Mountain was approved by Congress in 2002 and was to open in 2010. The opening date has been repeatedly delayed and is now expected in 2015 or later.

The deputy press secretary for the Department of Homeland Security was arrested for using the Internet to seduce what he thought was a 14-year-old girl, according to a statement by the Polk County Sheriff's Office in Florida.

Brian Doyle, 55, was arrested at his residence in Silver Spring, Md., after an incident that allegedly occurred March 14. The "girl" was an undercover computer crimes detective in Polk County, according to a sheriff's statement.

Doyle could not be reached. Homeland Security press secretary Russ Knocke said: "We take these allegations very seriously, and we will cooperate fully."

Caspar Weinberger, who died last week at 88, was given a special military funeral at Arlington National Cemetery following a memorial service at the Fort Myer Memorial Chapel across the Potomac River from Washington. He was Defense secretary under President Reagan in the 1980s.

Among those attending was former British prime minister Margaret Thatcher, 80, who has rarely appeared in public after suffering a series of small strokes. Weinberger supported her decision to dispatch British forces to take back the Falkland Islands after they were invaded by Argentina in 1982.

Former secretary of State Colin Powell told mourners, who included Weinberger's widow, Jane, that Weinberger's life "rested on a bedrock of beliefs."

Secretary of Defense Donald Rumsfeld said Weinberger "made changes that restored pride in our country's uniform and helped win the Cold War."

Justin Berry, who for five years starred in his own Web cam child pornography business, told the House Energy and Commerce Committee that the Justice Department is moving too slowly to round up 1,500 pedophiles whose information he surrendered last year. Berry, 19, said the names, credit card numbers and other details he provided has resulted in only one arrest.

Justice Department spokesman Bryan Sierra would not discuss Berry's case but said there has been a threefold increase in federal prosecutions of child pornography and abuse cases over the past decade.

Congress Is Asked To Set Opening Of Nuclear Dump (WSJ)

By John Fialka

Wall Street Journal, April 5, 2006

WASHINGTON -- The Energy Department, hoping to spur development of the nuclear-waste repository being built at Nevada's Yucca Mountain, is calling on Congress to set a timetable for opening the facility and enlarging its capacity.

"We need an expansion of nuclear power in this country," said Clay Sell, the department's deputy director, who said the changes will help speed the construction of a new generation of nuclear power plants, increase domestic energy supplies and reduce air pollution.

Controversy over the facility, originally scheduled to open around 1997, and dogged opposition from Nevada's congressional delegation has resulted in a series of delays.

Mr. Sell said the proposal, if approved by Congress, would make it easier for the department to tap billions of dollars of fees, collected from utilities with nuclear power plants, to provide the $700 million to $800 million a year to finance the remaining work at the facility.

The proposal asks Congress to raise the legal limit on the capacity of the mountain's usable storage space from 70,000 to 120,000 metric tons. (A metric ton equals 2,204 pounds.) The enlargement would accommodate one of the administration's longer range plans to remove and reuse parts of the spent fuel, leaving a relatively small percentage of waste for permanent storage. Without the reduction, the department has estimated, it might need at least six more permanent storage sites.

DOJ_NMG_0025592

Cleanup At West Valley Faces Legal Challenge (Times Herald)

By RICK MILLER

Times Herald, April 5, 2006

The New York State Energy Research and Development Authority has authorized a lawsuit against the U.S. Department of Energy over the nuclear cleanup at the West Valley Demonstration Project.

"The Department of Energy has taken a very limited view of its responsibility to clean up nuclear wastes at West Valley," said Vincent Delorio, Authority chairman.

"We have been working for 10 years to convince the Feds to live up to their obligations, but have been unable to reach agreement," Mr. Delorio said.

"We're very concerned that DOE is cutting the budget and the work force at West Valley when there is a great deal more work to do," he said. "DOE seems to be planning an early departure and we don't want the taxpayers of New York state left holding the bag."

Last June, U.S. Rep. John R. "Randy" Kuhl, R-Hammondsport, introduced a bill authorizing the Department of Energy to take over the site in the northern Cattaraugus County town of Ashford and spend $95 million a year to completely clean up the entire site.

The Nuclear Regulatory Commission also would be given authority over DOE activities at the site.

U.S. Reps. Brian Higgins, D-Buffalo, Thomas Reynolds, R-Clarence, and Sherwood Boehlert, R-New Hartford, are co-sponsors of the legislation. U.S. Sens. Hillary Rodham Clinton and Charles Schumer introduced an identical bill in the Senate.

Bob Van Wicklin, a spokesman for Rep. Kuhl, told The Times Herald today, "It's unfortunate that New York has to go this route to get the Department of Energy's attention but we're running out of options and the West Valley question must be answered."

He said, "Congressman Kuhl will still try to move his bill through Congress and supports NYSERDA's efforts to clarify the situation on the courts as well. The Department (of Energy) could avoid a costly court mess by just coming to the negotiating table with New York."

The Times Herald was unable to reach DOE officials at the West Valley site for comment this morning.

The Department of Energy broke off negotiations with NYSERDA at the end of President Bill Clinton's Administration after more than two years of talks. Efforts to move the talks forward since then have been unsuccessful.

The DOE has reduced the funding levels for cleanup activities and staffing levels at the West Valley Demonstration Project to about $70 million this year.

The site of the country's first commercial nuclear fuel reprocessing plant, it was operated by Nuclear Fuel Services Inc. from 1966 to 1972 when operations were discontinued. In 1976, NFS informed state officials it would leave the site when its lease expired in 1980.

The plant separated reusable uranium and plutonium from spent fuel rods, primarily from the federal nuclear weapons reactor at Hanford, Wash., as well as other nuclear power plants.

The 1980 West Valley Demonstration Project Act authorized clean-up of the site with the federal government paying 90 percent of the cost and New York state paying 10 percent.

At the end of 2004, the project had succeeded in converting more than 600,000 gallons of highly radioactive liquid waste stored in underground tanks at the site into 275 glass logs now stored in 10-foot high stainless steel cylinders.

One of the areas of disagreement has always been the disposition of the underground tanks. The state has asked that the tanks, which contain a radioactive residue, be removed from the site, while the Department of Energy is proposing to fill them with a concrete-like grout.

The DOE also wants to demolish nuclear fuel reprocessing buildings, fill them with grout and leave them at the site.

NY May Sue US Govt To Get W Valley Nuclear Site Cleaned (AP)

AP, April 5, 2006

BUFFALO, N.Y. (AP)--The state is prepared to take the federal government to court to end an impasse over cleanup and long-term management of the West Valley nuclear site, which once housed the nation's only commercial nuclear fuel reprocessing operation.

Talks between New York and the U.S. Department of Energy stalled during the Clinton administration. Now, with the DOE cutting staff and funding at the site, state energy officials worry the federal agency is getting ready to leave.

"DOE seems to be planning an early departure, and we don't want the taxpayers of New York state left holding the bag," said Vincent Delorio, chairman of the New York State Energy Research & Development Authority.

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The agency this week authorized litigation to determine the federal government's responsibility at the Cattaraugus County site 30 miles south of Buffalo.

From 1966 to 1972, spent nuclear fuel from commercial nuclear power plants and DOE sites was chopped and dissolved, and its uranium and plutonium were extracted. The operation shut down for upgrades in 1972 but remained closed after stricter regulatory requirements passed during the closure made the prospect of reopening too expensive.

The 1980 West Valley Demonstration Project Act passed by Congress obligated the DOE to decontaminate and decommission facilities at the state-owned site, with the state pitching in on the cost.

Since 1981, West Valley Nuclear Services Co., the DOE's onsite contractor, has solidified and stored more than 600,000 gallons of high-level liquid radioactive waste, while shipping low-level waste off site. More than 300,000 cubic feet of low-level waste was removed last year.

"As past performance shows, the U.S. Department of Energy remains committed to meeting the requirements of the West Valley Demonstration Project Act," the DOE said in a statement issued Tuesday in response to the NYSERDA action. "... Overall, DOE has reduced the volume of legacy waste at the West Valley Demonstration Project by 70% in the last few years."

Legislation proposed by Rep. John "Randy" Kuhl would update the 1980 law and require the federal government to take ownership of the site and full responsibility for its cleanup. The bill would end the state's financial obligation, which has totaled more than $200 million.

NYSERDA views legal action as a last resort that would be pursued if face-to-face negotiations and the legislation were to fail, officials said.

"The progress of the legislation is uncertain, and we feel compelled to proceed simultaneously along the litigation track to make sure that we get these responsibility issues resolved so that we can move forward with the cleanup," NYSERDA President Peter Smith said.

"It's unfortunate that New York has to go this route just to get the DOE's attention, but we're running out of options," said Bob Van Wicklin, a spokesman for Kuhl, R-N.Y.

The DOE last week said it would award a contract for continued cleanup at West Valley in the coming months. West Valley Nuclear Services spokesman Terry Dunford said the company, which has held the contract since 1981, would seek to continue its work there.

AK Steel Settles 6-year-old Environmental Lawsuit With Federal And Ohio EPAs (MIDDJOUR)

Middletown (OH) Journal, April 5, 2006

Steelmaker plans to spend $13 million to clean up two streams

AK Steel Corp. will launch a nearly $13 million effort to clean up two streams contaminated with “significant” toxins as part of an agreement reached with federal and Ohio environmental protection agencies to settle a six-year-old lawsuit, the company and government officials announced Monday.

The settlement — filed in the U.S. District Court for Southern District in Cincinnati Monday morning — addresses claims that AK Steel violated the federal Clean Water, Clean Air and Resource Conservation and Recovery acts, as well as, Ohio environmental regulations in and surrounding its 2,700-acre Middletown Works.

The 103-page federal consent degree ends decades of contamination from Middletown Works, according to Sue Ellen Wooldridge, assistant Attorney General for the U.S. Justice Department’s Environment and Natural Resources Division.

“By removing contamination from the areas currently known to contain significant polychlorinated biphenyls (PCB) concentration, AK Steel will immediately begin cleanup work to protect the environment and reduce the potential for human exposure to PCBs,” Wooldridge said.

As part of the agreement, AK Steel will pay $460,000 in civil penalties to be split equally between the state of Ohio and U.S. governments. AK Steel also will spend an additional $750,000 on an “environmentally beneficial project that will remove ozone-depleting refrigerants from certain equipment at the plant.”

The agreement resolves claims filed June 2000 by the federal and Ohio Environmental Protection Agencies, the Sierra Club and the Natural Resources Defense Council. The groups claimed Middletown Works posed a threat to human health and the environment. For its part, AK Steel has agreed to pay $450,000 to the two citizen groups for their claim for costs and attorney fees.

The Curtis Street-based steelmaker signed the settlement without “admissions or findings of such violations,” according to a press release issued by the company.

The agreement, which is before U.S. District Judge Herman Weber, becomes official after a 30-day comment period, the U.S. EPA said.

DOJ_NMG_0025594

AK Steel will launch its clean-up efforts after the settlement is approved, said Alan McCoy, AK's vice president for government and public relations.

Part of the cleanup effort requires AK Steel to test portions of the soil for PCB contamination around Dicks Creek and its Monroe Ditch — tributaries to the Great Miami River — and to remove contaminated soils from adjacent floodplain areas.

"I'm gratified that AK Steel, government and citizens have been able to agree on a solution to address difficult issues which have gone unresolved for many years," said Joseph Koncelik, director of the Ohio EPA. "As a result of the hard work of all involved, we can look forward to leaving our children a cleaner, safe environment."

'Landmark agreement'

James Wainscott, AK Steel's chairman, president and CEO, hailed the news as a "landmark agreement."

"This agreement, and the investigation and clean-up work that will follow, is yet another tangible example of AK Steel's commitment to the environment, improved relationships and to the citizens of Middletown and its surrounding communities."

Contamination of the creek has long been a focus of community concern because of the access children have to the area, said Marilyn Wall, conservation chair for the Sierra Club's Ohio chapter.

Wall said the steelmaker has taken a positive step in vowing to test for PCBs around the creek and commended the company's involvement of Middletown residents in the cleanup process. PCBs once were widely used to insulate electrical equipment, but the government banned their production in 1979 because of studies linking them to cancer and other health problems for fish, wildlife and humans.

"It's unusual that citizens get a chance to be part of the discussion process," Wall said.

Thomas V. Skinner, U.S. EPA Region 5 Administrator, said the settlement will resolve several environmental issues the government has pursued against AK Steel.

"It is the culmination of six years of litigation and negotiations," he said. "This settlement will result in environmental improvements in Dicks Creek basin for Middletown-area residents and workers at the AK Steel plant."

The steelmaker will spend at least $750,000 for an environmental project focused on replacing ozone depleting refrigerants with non ozone-depleting refrigerants at Middletown Works, McCoy said.

The lawsuit was first filed June 29, 2000, on behalf of the U.S. EPA for environmental allegations. The next day, Ohio filed a similar lawsuit. The court combined the actions, and since then, has dismissed some of the claims, including several air pollution claims. In 2003, Judge Weber allowed the Sierra Club and the National Resources Defense Council to join the lawsuit.

The settlement comes almost two years after AK Steel announced a similar settlement with the Ohio EPA.

In March 2004, AK Steel settled air nuisance claims with the Ohio EPA by agreeing to install new air pollution controls on its Middletown ironmaking and steelmaking facilities.

The controls — dubbed MACT for "maximum achievable control technology"— satisfy new federal requirements, McCoy said.

Ahead of schedule

AK Steel installed the first of those controls on its Middletown blast furnace last May, nearly a year ahead of the federal deadline. It had been fined $1.7 million, but received credits worth $1.3 million toward the penalty by agreeing to install the equipment sooner than required by the federal Clean Air Act.

Next month, McCoy said the steelmaker will complete the upgrade of pollution controls by installing the same controls on its Middletown basic oxygen furnace.

Since 2003, AK Steel has spent more than $370 million for environmental capital investment projects and compliance costs across the corporation, including $66 million to install new air emission controls on the ironmaking and steelmaking furnaces, McCoy said.

When fully operational, the new air emission controls are expected to capture 900 tons of non-hazardous dust emissions a year that would have resulted in offsite emissions into surrounding neighborhoods.

This is the second settlement AK Steel has reached with the EPA. In December 2004, the steelmaker reached a $1.2 million settlement for pollution violations at its steel plant in Butler, Pa.

Under that consent decree, AK Steel agreed to pay a $300,000 penalty and undertook $900,000 worth of projects to reduce smog-producing ozone in Pennsylvania, which went beyond federal and state environment regulations.

AK Steel (AKS) rose 0.07 cents to close at $15.07 Monday on the New York Stock Exchange.

Contact Meghan Crosby at (513) 705-2813, or e-mail her at mcrosby@coxohio.com.

DOJ_NMG_0025595

FBI/DEA/ATF/USMS:

7 In Colombia Face U.S. Drug Charges (WT)

By Jerry Seper, The Washington Times

The Washington Times, April 5, 2006

Seven drug-smuggling suspects, including five Colombian police officers and an airline employee, have been arrested in Bogota in connection with the shipment of more than $10 million in cocaine to the United States, the U.S. Drug Enforcement Administration said yesterday.

An indictment handed up in the case and unsealed yesterday accused the seven of smuggling the cocaine through the El Dorado International Airport in Bogota for importation into the United States, said DEA Special Agent-in-Charge John P. Gilbride.

"Narcoterrorism is a real threat to the security of the United States, and we must never let our guard down," Mr. Gilbride said.

"This operation sends a strong signal to traffickers worldwide that the international drug-enforcement community will continue to aggressively pursue any potential compromise to airport security."

DEA spokesman Rusty Payne in Washington said the arrests were part of Operation Caso Dorado, a joint undercover investigation by DEA agents in New York and Bogota, the U.S. attorney's office in New York, agents from U.S. Immigration and Customs Enforcement (ICE) and Colombian and Mexican law-enforcement authorities.

"More than ever, the public must be able to rely on the integrity of the law-enforcement and airline personnel responsible for the safety of airline passengers and shipments," said U.S. Attorney Michael J. Garcia in New York.

"When such officials allow smuggling of contraband destined for the United States, they violate our criminal laws and endanger our national security, and they will face justice in an American courtroom."

Named in the indictment were Leonidas Molina-Triana, a former major in the Colombian National Police (CNP); Juan Carlos Cardona, a former CNP captain; Jaime Enrique-Padilla, a former CNP lieutenant; Jorge Plazas-Silva, a CNP patrolman; Humberto Avila, a CNP patrolmen; Maria Christina Marin-Castro, an employee of Avianca Airlines; and Henry Ferro-Varon.

They were accused of conspiracy to distribute cocaine shipments through El Dorado Airport en route to the United States.

If convicted, the seven face a maximum sentence of life in prison and a mandatory minimum sentence of 10 years in prison.

According to the indictment, representatives of Colombia's notorious Norte Valle drug cartel, including former high-ranking Colombian police officials, recruited active members of the Colombian police responsible for El Dorado Airport security operations and Avianca Airlines employees at El Dorado Airport's cargo facility to permit the smuggling of cocaine from Colombia to Mexico and ultimately into the United States.

The indictment said that in October, corrupt Colombian police officials and Avianca Airlines employees permitted 900 pounds of cocaine worth more than $10 million on the streets of New York City to pass through security at the Avianca Airlines cargo facility at El Dorado Airport without detection.

7 Arrested In Cocaine Smuggling Ring (AP)

AP, April 5, 2006

BOGOTA, Colombia (AP) -- Active and retired police and army officers working for one of Colombia's largest cocaine cartels used commercial cargo planes to ship drugs to the United States, authorities said Tuesday in announcing seven arrests.

U.S. officials, who are seeking the extradition of the seven, said the case illustrates the reaches of Colombia's notorious drug rings and the danger posed by corruption among the country's security and transportation workers.

Among those arrested are a retired police major and captain, a former army lieutenant, two police officers and an employee of Colombia's national airline, Avianca. The seventh suspect was described as a liaison between the active and former police officials and the Norte del Valle cartel, one of Colombia's largest drug traffickers. Police said the cartel used Avianca's cargo plans to transport the drugs.

"There is a national security component to this case," said Boyd Johnson, chief of the international narcotics trafficking unit at the U.S. Attorney's Office in Manhattan.

Authorities said the seven would be extradited to New York to stand trial on charges they smuggled more than 900 pounds of cocaine bound for the United States. Police said they seized 1,200 pounds of cocaine linked to the cartel in a warehouse in northern Bogota on Monday.

The arrests, beginning Monday night, were based on a U.S. indictment in New York that alleges the Norte del Valle cartel recruited the airline worker and police involved with security at El Dorado Airport.

It alleges the ring shipped the cocaine in October through Avianca's cargo facility after an airline employee approved false paperwork. The drugs were allegedly destined for the United States via Mexico.

Two patrolmen let the shipment go through security and guarded it for three days at the airline cargo area, the indictment alleges. The cocaine noted in the indictment was seized in Mexico City by Mexican law enforcement agencies on Oct. 17, it adds.

If convicted, the defendants could face anywhere from 10 years to life in prison, though the United States has assured Colombia that it will not seek life sentences for defendants extradited from there.

Colombia is the world's largest producer of cocaine. In the last four years, nearly 350 Colombians have been extradited to the United States to stand trial on drug trafficking charges.

The Norte del Valle cocaine cartel is considered to be one of the largest mafias operating in Colombia. One of its leaders, Diego Montoya, sits alongside Osama Bin Laden on the FBI's ten-most-wanted list.

Associated Press writer Nahal Toosi in New York contributed to this report.

8 Charged In Cocaine Smuggling CaseOperation Used Airliners Headed Into New York, Officials Say (CNN)

CNN, April 4, 2006

WASHINGTON (CNN) -- Eight people, including seven current or former Colombian police officers, have been charged in an alleged plot to smuggle $10 million worth of cocaine into New York on airliners, U.S. officials said Tuesday.

The officers and an employee of the Colombian airline Avianca are in custody in Colombia, according to the Drug Enforcement Administration and the U.S. attorney's office in New York.

The indictment in the case alleges that between August and December of last year members of a Colombian cartel recruited police officials responsible for airport security and airline employees to allow drugs to be smuggled from Colombia to Mexico and, ultimately, the United States.

The arrests were the result of a joint investigation by the DEA and the U.S. attorney's office in New York along with Colombian and Mexican officials.

Meanwhile, the Justice Department has reached a settlement with Avianca requiring it to take several measures to stop what officials call repeated seizures of illegal drugs from its flights into John F. Kennedy International Airport in New York, CNN has learned.

The agreement is being filed in U.S. District Court in New York after an attempt to seize some of the airline's interests.

Officials said the required measures include hiring a private agency to monitor the airline's anti-smuggling efforts concerning drugs, explosives and weapons.

CNN's Kevin Bohn contributed to this report.

Prosecutor: Colombian Smugglers Reveal Air Travel Vulnerability (WNYC)

WNYC, April 4, 2006

A top federal prosecutor says the arrests of five current or former Colombian police officers and an employee of Avianca Airlines in a drug smuggling case raises concerns about the vulnerability of the nation's skies.

Boyd Johnson, of the U.S. Attorney's office in Manhattan, says the smugglers used Avianca jets, which fly to New York daily. He added authorities obviously have lot of concern about that and the damage that can cause.

Federal prosecutors and drug enforcement officials say the ring tried to smuggle more than $10 million worth of cocaine to the United States through Mexico.

DEA Investigates Oceanside Humane Society North County Humane Society Had Three Visits From DEA (KGTV)

KGTV-TV, April 4, 2006

OCEANSIDE, Calif. -- One of the county's oldest animal organizations is under investigation, 10News reported.

The Federal Drug Enforcement Agency is investigating Oceanside's North County Humane Society.

The North County Humane Society was founded nearly 70 years ago as a nonprofit organization -- funded mainly through private donations.

Like any other humane organization, it is subject to federal spot checks. The DEA conducted inspections in March and more information is expected.

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A spokesperson for the DEA confirms agents conducted an investigation at the North County Humane Society regarding its handling of controlled substances. The DEA will not say what agents found, if anything.

According to a statement released by NCHS Tuesday afternoon, the DEA made three prearranged visits to the site and completed its review, but NCHS has not been notified of any conclusion to those visits.

10News visited Dr. Jennifer Luke, a veterinarian in Tierrasanta.

She is not associated with nor commenting on the NCHS case.

Luke did agree to explain how the DEA regulates controlled substances used at veterinary and humane facilities.

"I have to account for every CC in my vials," said Luke.

Luke says every office handling controlled substances must have an FDA-approved lock box permanently attached to something -- in her case, a concrete wall.

That box can only be opened with dual keys -- keys only Luke has access to.

A log book tracks every vial that comes into the office. Employees must see Luke when checking out drugs for a procedure.

When a drug leaves the cabinet, it's noted in a log book. Then each ounce of the drug used is also noted, which employee used it, which patient received it and how much. Why is the process so strict? Luke says it boils down to abuse.

NCHS also confirmed the recent resignation of executive director Stacy Steel, but calls it a separate event.

In her press release, board President Julie Moran said Steel was "invaluable to the growth and visibility of NCHS."

North County Humane Society Executive Director Resigns (NCT)

By PHILIP K. IRELAND

North County Times, April 5, 2006

OCEANSIDE ---- Officials with the North County Humane Society on Tuesday confirmed both the resignation of Executive Director Stacy Steel and an inquiry of the humane society by the federal Drug Enforcement Administration.

Steel could not be reached for comment on her March 25 resignation.

The DEA notified the humane society on March 8 that an "inquiry" had begun, the press release stated. Special agents completed "three prearranged site visits with the (North County Humane Society's) cooperation, and to our knowledge has completed its review."

The humane society has not been notified of the results or conclusions of those visits, the press release stated.

Special Agent Dan Simmons, a spokesman with the DEA, confirmed Tuesday that the animal shelter was the subject of an investigation, but declined to elaborate. Simmons would not say why or when the investigation began. He also declined to say if the investigation was a routine periodic inspection or an investigation launched as the result of specific allegations.

The press release lauded Steel's tenure with the shelter, saying she was "invaluable to the growth and visibility" of the humane society.

Humane society board president Julie Moran said Tuesday that Steel served as executive director for three years.

Both Moran and board member Linda Sabo declined to say why Steel resigned, referring all questions to Alexis Gutierrez, the humane society's attorney. Gutierrez said he could not comment on Steel's resignation.

The humane society is run by a seven-member board of directors that includes Moran, Sabo, Connie Hoban, Renee Simmons and Pamela Hower.

Hoban, reached by phone at her Carlsbad home on Monday, declined comment, referring all inquiries to Moran. Sabo said Tuesday that employees of the humane society would not comment either. Attempts to contact the other board members failed.

The humane society has been involved in several high-profile events recently. The organization is working with the city of Oceanside to build the city's first dog park. And it's also in the middle of $300,000 renovation of its cat adoption and isolation centers in the wake of an outbreak of panleukopenia, a highly contagious virus disease spread through the air or by contact. Outbreaks of Panleukopenia, caused by feline parvovirus, have killed hundreds of cats at the facility during the hot summer months in each of the last two years.

The society has redesigned its two cat centers to minimize cat-to-cat contact and cat-to-human-to-cat contact and to filter and refresh air in the buildings several times per hour. Construction of the facility is still under way.

The humane society is supported by public donations and contracts to provide animal control and animal rescue services for the cities of Oceanside and Vista. Of $2.2 million in total revenue collected by the humane society in 2004, $1.3 million came from city contracts. The animal shelter reported $773,334 in public donations, according to documents filed with the Internal Revenue Service.

Father Says Daughter Acted To Avoid Prison (RTD)

By TOM CAMPBELL

Richmond (VA) Times Dispatch, April 5, 2006

Says she believed sex act with DEA agent would prevent term

The young woman, barely 18 and a new mother, did everything the feds asked her to do after she was arrested last year along with her crack-dealing boyfriend.

She pleaded guilty to drug conspiracy. She helped agents make controlled drug buys from dealers. She told them what she knew about illegal activities.

And when a special agent of the U.S. Drug Enforcement Administration asked her to, she performed oral sex on him last summer in a Glen Allen motel.

The Richmond-based DEA agent was William Carter Harden, who pleaded guilty March 28 in U.S. District Court to the crime of lying to a federal officer. According to court records, he denied having sex with the woman when his supervisors questioned him about it three separate times in October.

Harden, 46, faces a maximum prison term of five years at sentencing July 14. He resigned from the DEA the day before his guilty plea.

The young woman's father, James Morrow of Ashland, said his daughter told him Harden promised her he would keep her out of prison if she had sex with him. She had pleaded guilty by then, he said, but she remained free until October while working as an informant for federal prosecutors and investigators.

"She worked all through the whole thing, before and after she pleaded guilty," Morrow said, as well as before and after the incident with Harden. She knew she faced a potentially long prison sentence and she was "trying to help herself," he said.

Morrow said his daughter and her boyfriend, Christopher S. Sandridge, had been living in a Northern Virginia hotel room before they were arrested early last year. He said Sandridge was dealing crack and was the target of an investigation by Virginia State Police.

His daughter "lived in a hotel room where the guy was selling [crack], and she admitted that," Morrow said.

Both cases were later transferred to the federal court system. The daughter's case is sealed, so the court records are not available to the public. Her father said she was sentenced to serve six years in prison.

Records show Sandridge, now 23, was sentenced to serve 15 years in prison after pleading guilty to drug conspiracy and illegal firearm possession. He is in the U.S. penitentiary at Canaan, Pa.

James Morrow said his daughter told him that on July 22, the day of the sexual encounter, Harden picked her up and then stopped by the DEA office before driving her to the motel. Court records show it was the Knights Inn at 9002 Brook Road.

While Harden maintains the sex was consensual, the young woman has testified that she went through with it out of fear. Prosecutors say the government evidence could prove that the sex was meant to be payment for Harden keeping her out of prison.

The young woman "was convinced that she wasn't going to prison," her father said.

He said she was convinced of it right up to the October day when U.S. marshals arrived to take her into custody. She complained about Harden to the marshals and an investigation ensued.

He denied that he had sex with her. Records show that later Harden on five dates in October and November attempted to impede the investigation by interviewing employees at the motel about receipts, surveillance cameras and whether anyone remembered him staying there.

On Oct. 26, the records say, Harden "endeavored to persuade the desk clerk to withhold information from federal investigators."

John L. Brownlee, U.S. attorney for the Western District of Virginia, said last week that Harden was not charged with additional crimes because his guilty plea "encompasses all the facts" of what he did. It means Harden, a 14-year veteran of the DEA, can never be a federal agent again.

Richmond is in the Eastern District, but to avoid conflict because Harden has worked with prosecutors here, Assistant U.S. Attorney Thomas J. Bondurant Jr. of Brownlee's office is prosecuting.

Morrow said he and his wife are caring for their daughter's child. His daughter recently turned 19 in a federal prison, he said.

According to a U.S. Bureau of Prisons Web site, she has a projected release date of August 2010.

Her father said her sentence may yet be reduced because of her cooperation with federal agents.

"My daughter's an angel," James Morrow said. "I definitely think [she]'s got something coming from all this."

Grover Beach Extends Ban On Medical Marijuana Shops (SLOT)

By Larissa Van Beurden-doust

DOJ_NMG_0025599

San Luis Obispo Tribune, April 4, 2006

Grover Beach has extended its moratorium on medical marijuana dispensaries and has taken steps to make the ban permanent.

The council voted 5-0 Monday to extend the 180-day moratorium that would have expired April 19. Without the extension, there would have a period before a permanent ban was in place that would have allowed such dispensaries to be established within the city.

The council voted 4-1 to make the ban permanent. The soonest it could become affective is 30 days after a second vote on April 20.

Mayor Larry Versaw dissented. While he said he's strongly opposed to recreationally using marijuana or any drugs and thinks a dispensary could be extremely problematic, he didn't want to give the message that the city has forever closed the door on using marijuana medicinally.

"My mother died of cancer," Versaw said while trying to hold back tears. "I do believe that in her case and a lot of cases like hers, that marijuana could serve a purpose. If not curative, at least it would have eased her suffering."

-Larissa Van Beurden-Doust

News Briefs From California's Central Coast (AP)

By AP

The San Diego Union-Tribune, April 4, 2006

BUELLTON – The City Council will decide this month on a yearlong moratorium on new medical marijuana dispensaries.

During that year, City Manager Steve Thompson said, city officials would decide whether a permanent ban is needed. The city recently enacted a 45-day moratorium on new marijuana dispensaries.

"This is wait-and-see game," Thompson said. "This is an attempt to see what the federal and state governments are going to do with regard to conflicts between their laws."

In 1996, California voters approved medical marijuana use, but the federal government classifies marijuana, along with heroin and PCP, as an extremely dangerous substance with no medicinal value.

The U.S. Supreme Court ruled last June that federal law trumps state law when it comes to enforcement.

There are two pot dispensaries in Buellton, including Hezekiah Inc. owned by Steve Allbritton. He has met with city officials and they are trying to work out a solution.

If the City Council decides to ban dispensaries permanently after studying zoning and health issues, "they would have to go," Councilman Dale Molesworth said.

"This is not the kind of thing you want spread all over the countryside,' Molesworth added.

"If they want to shut us down, it would be pretty sad. A lot of people need this service. We're the only place to go for many of our customers," Allbritton said.

Officials Say They've Cracked Major Utica Drug Ring (UTOD)

Utica (NY) Observer-Dispatch, April 5, 2006

UTICA -- Local, state and federal law enforcement have charged 13 people as the result of an investigation into a major cocaine and crack cocaine distribution ring that officials claim trafficked drugs throughout the Mohawk Valley.

In a news release, U.S. Attorney Glenn T. Suddaby said today police recovered several ounces of cocaine and crack cocaine, as well as three pistols and ammunition, more than $80,000 in cash, drug paraphernalia, a large quantity of gang photos and eight cellular phones.

The 13 people arrested were each charged with conspiracy to possess cocaine and crack cocaine with intent to distribute, Suddaby said:

-- Raymond Garrett, 35, of 901 South St.
-- Durrell Liggins, 27, of 160 Grove Place.
-- Ty Albrecht, 26, an inmate in the Oneida County jail.
-- Gregory Lee Jr., 26, of 1500 Conkling Ave.
-- Roger Patterson, 18, of 8 Shaw St.
-- Ali Shabazz, 19, of 1600 Howard Ave.
-- Jacques Yates, 26, of 518 Mandeville St.
-- Richard Gilmore, 22, an inmate in the Wyoming Correctional Facility.
-- Ann Marie Spina, 30, of 1500 Conkling Ave.
-- Haikham Phimasone, 28, of 1636 Elm St.

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-- Terence Hines, 29, of 1527 Elm St.
-- Juan Breton, 31, of 102 Expense St.
-- John Spratt, 37, of 1420 West St.

If convicted, Suddaby said, each would be sentenced to a minimum of 10 years to life in prison.

The investigation included officers from the Oneida County Drug Task Force, which encompasses the Utica, Rome and New Hartford police departments, as well as the Oneida County Sheriff's Office, state police and the FBI. Assisting in the investigation were the U.S. Marshals Service, the federal Drug Enforcement Administration, federal Immigration and Customs Enforcement and the state Office of Parole.

Selig Defends Choice Of Mitchell (AP)

AP, April 5, 2006

CHICAGO (AP) -- Commissioner Bud Selig defended his choice of George Mitchell to head baseball's steroid investigation, saying the former Senate Majority Leader has independence.

Selig brushed off criticism that Mitchell is too much of an insider for the job -- Mitchell is a director of the Boston Red Sox and chairman of The Walt Disney Co., a national broadcaster of baseball and the network airing Barry Bonds' new reality show.

"It's important for somebody who understands what I call the mores of culture of this sport as well as he does. That helps in the investigation. That doesn't hurt it," Selig said Tuesday after helping hand out World Series rings to the Chicago White Sox.

"He has complete autonomy. He wouldn't have taken this without complete autonomy. I mean the fact that we're friends had nothing to do with it. ... He doesn't come back and talk to me. I don't want to hear from him. And he can do whatever he wants with whomever he wants. So I don't know how anybody could have more independence than Sen. Mitchell."

The investigation is already under way and has no time limit. It was launched after a book detailing allegations that Bonds, who is approaching the Hank Aaron's career home run record, used performance-enhancing drugs for five years starting in 1998. The probe will be limited to events since September 2002, when baseball banned steroids, but Mitchell can expand the investigation if he feels it is necessary.

"What I said to Sen. Mitchell was that, `Look, we've done now everything we can do.' We have the toughest program in American sports. We've banned amphetamines, which I think a lot of people don't understand the significance of that," Selig said.

"And while the book triggered, as I said last week, some of this because of the specificity of things, I think it's fair -- and I've thought a lot about it since -- that we've taken care of the present, we've taken care of the future and now I think it's important to look at the past," he added. "We'll see what happens. ... There's no sense in me speculating."

Selig emphasized that Mitchell was not looking into just Bonds. He's looking at the entire game.

"For anybody who thinks this is just a singular investigation is just wrong," Selig said. "It's incorrect. I don't know how much clearer I can be."

Selig was saddened by the fans' response to Bonds in San Diego on Monday night, when a syringe was tossed in the direction of the Giants' left fielder.

"I guess none of this is unexpected. I'm saddened by it in the sense that opening day was such a good, positive day," Selig said. "Every game was sold out. It was really a great baseball day. But controversy will spawn with that type of activity, whether I like it or not."

Bonds began the season with 708 homers and trails only Babe Ruth (714) and Hank Aaron (755) on the career list. Selig said baseball currently has not made plans for a celebration should Bonds move past Ruth's mark but could do so in coming weeks.

Bonds TV Show Debuts With Talk Of Steroids (AP)

AP, April 5, 2006

SAN FRANCISCO (AP) -- Barry Bonds' new television show didn't shy away from the steroid allegations.

"Bonds on Bonds" debuted Tuesday night on ESPN2, opening with footage of fans booing, a syringe being thrown at the San Francisco Giants' slugger and announcers discussing the steroid allegations on opening day in San Diego.

"If it makes them happy to go out of their way to destroy me or whatever they want to try to do, go right ahead. It doesn't bother me," Bonds said. "You can't hurt me anymore than you've already hurt me. You can't hurt my family anymore than you've already hurt them."

Bonds then went on, tearing up at one point.

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"They can take me down. I don't really care," he said. "I never cared. Baseball, if they want to take me down, go right ahead take it. Anyone who ever knows me knows ... I don't care. But there's so many other people who depend on me to stay strong."

Bonds, who has faced questions about steroid use for years, is under new pressure this year following last month's release of the book "Game of Shadows," which detailed allegations that he used steroids for at least five seasons.

The book contributed to commissioner Bud Selig's decision last week to announce an investigation into past steroid use in the game.

While the show aired on ESPN2, Bonds was on a couch in the Giants' clubhouse in San Diego, while three other baseball games and the NCAA women's basketball championship were on the TVs. Bonds said he thought the show was on later at night and said he'd watch the DVD when he got a chance.

Giants manager Felipe Alou flipped through the channels in his office while talking to reporters before the game, stumbling across women in a hot tub on MTV2 before putting the show on for a few minutes.

"I don't see Barry there," Alou said when he saw the hot tub. "What is that? It's pretty good."

Bonds joked about killing somebody because of all he's been through, was amazed at the number of reporters following him after excerpts from "Game of Shadows" were released, and compared the racist hate mail he receives to what Hank Aaron went through when he broke Babe Ruth's career home run record in 1974.

He also discussed his relationship with his father, three-time All-Star Bobby Bonds and his drinking habits. He said he has always measured himself against his father and godfather, Willie Mays.

Bonds entered the season with 708 home runs, seven shy of passing Ruth for second place all-time and 48 away from breaking Aaron's career record.

He said he's already surpassed the "heights" of Ruth and Aaron and said his focus is not on the record. He talked about how he wished he could leave the game but that it would let down his parents, his teammates and the fans -- he estimated half -- that root for him.

The show, put together by Tollin/Roberts Productions and ESPN Original Entertainment, has received criticism from people within and outside ESPN for its relationship with a player the network covers.

It featured interviews with reporters who have covered Bonds, including ESPN's Peter Gammons. Bonds talked about how his relationship with the media has always been "rocky" -- but that it motivates him.

There was also footage of Bonds' interaction with the media, archival video of Bonds dating to his college days at Arizona State, interviews with other players and his former manager, Dusty Baker.

The show also showed Bonds away from the ballpark, cleaning up the mess from a broken pipe from his fish tank in Arizona, often cursing and reading an article about the 10 most hated athletes in sports.

Bonds questioned that he only finished second on the list, behind NFL bad boy Terrell Owens.

"How did he get in front of me?" Bonds asked.

AP Sports Writer Bernie Wilson contributed to this report from San Diego.

Alleged Plot To Bomb County Courthouse Uncovered (MINNST)

By Robert Franklin and Randy Furst

Minneapolis Star Tribune, April 5, 2006

A Kenyon, Minn., man is accused of assembling explosives to destroy the county courthouse and 'take out' judges and lawyers.

FARIBAULT, MINN. - A plot to blow up the Rice County Courthouse and law enforcement center and perhaps kill several public officials has been uncovered, authorities said Monday.

Law enforcement officials said they recovered two propane tanks, the type used with outdoor grills, that appeared to be filled with explosives made of diesel oil and fertilizer -- similar to those used to blow up the Alfred P. Murrah Federal Building in Oklahoma City 11 years ago.

Each of the 62-pound devices "probably could kill everybody here," Rice County Sheriff Richard Cook said Monday at a news conference.

No timetable for the plot was discovered, Cook said, but "we believe there was some urgency."

Allan Weatherford, 44, who lives on a farm near Kenyon, Minn., is being held in lieu of $1 million bail after being charged with seven counts of attempted arson, possession of explosives and being a felon in possession of firearms.

His brother Mark, 34, was jailed last month on an unrelated charge of reckless discharge of a firearm.

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Authorities monitored phone calls between Allan Weatherford and his brother in jail, the complaint said. "It's bad out here" and "that's going to start a war," the criminal complaint quotes Allan Weatherford as saying.

Weatherford's attorney, David Ludescher, of Northfield, who was at Monday's court appearance, said Allan Weatherford had been in chemical dependency treatment in recent weeks. He is appealing a 2004 conviction for fifth-degree possession of a controlled substance and misdemeanor theft and was found not guilty of a more serious drug charge, the attorney said.

Mom got nothing in land deal

Court papers, law officers and neighbors portrayed the Weatherfords as unemployed gun enthusiasts and collectors of junk cars who depleted the estate of their mentally-incapacitated mother of hundreds of thousands of dollars. A conservator last week told a court that Lucile Weatherford, 73, got nothing three years ago when she deeded 80 acres worth at least $276,000 to her sons.

Allan Weatherford was angry because, as part of the conservatorship battle, he was being forced to move to a mobile home on the far edge of the family farm, said Scott Robinson, a Rice County sheriff's deputy who investigated the explosives case.

Robinson was named as a likely target of Allan Weatherford's wrath, along with Rice County District Judge Bernard Borene and Nathan Crowe, an assistant county attorney. All had been involved in Weatherford's 2004 drug case.

Weatherford's arrest "helps you sleep better," Crowe said, although Weatherford "was threatening basically everybody in law enforcement, everybody in the courts."

Threats against judges and prosecutors are rarely carried out. But they have been harmed on occasion: The homes of two judges were bombed in Austin and Blooming Prairie, Minn., in the 1980s; a Chicago judge's husband and mother were shot to death last year; a judge was wounded in 1992 in his courtroom in Grand Forks, N.D.; a district attorney's house was firebombed in 2001 in Superior, Wis., and an estate conservator was shot to death in 2003 in the Hennepin County Government Center.

The Rice County investigation, which began as a drug probe, involved raids and arrests in Rice, Goodhue and Dodge counties in the past two weeks by several law enforcement agencies.

A criminal complaint quoted unnamed "cooperating citizens" as saying they had seen Weatherford make a fertilizer and diesel-oil bomb out of a propane cylinder and had heard him say he wanted to blow up the courthouse to "take out" attorneys and judges. Faribault city maintenance facilities also were a likely target, the complaint said.

Allan Weatherford had worked at a fertilizer plant three years ago, the complaint said.

Steve Lurken, who rents the Weatherford family farmland, totaling about 160 acres, said the brothers lived in a machine shed on the half of the farm their mother retained.

Luverne Johnson, a neighbor, said the Weatherford sons "would stand and shoot for hours."

A sister of the Weatherfords came and got the men's widowed mother and took her home to Utah, he said.

Court papers said Lucile Weatherford suffered from Alzheimer's disease and had no idea that she had transferred land to her sons.

Mark Weatherford was removed as her co-conservator and the sister, Tammy Carter, was temporarily removed in November by Judge Gerald Wolf after the court was told that the estate's liquid assets were being depleted and no inventory was filed.

During a two-year conservatorship, the assets may have been used to support Allan Weatherford, and the other two children couldn't work together to manage the financial affairs, according to Jennifer Mittelstaedt, the original petitioner for the conservatorship.

The investigation was conducted by the South Central Drug Investigation Unit, FBI, U.S. Bureau of Alcohol Tobacco and Firearms, State Patrol, Department of Natural Resources, Faribault and Northfield police departments and Bloomington police bomb squad.

IMMIGRATION:

GOP Split Over Immigration Provisions (AP-Y2)

By David Espo

AP2, April 5, 2006

The Senate skirmished inconclusively over immigration legislation Tuesday, with Republicans deeply divided over provisions relating to millions of illegal immigrants and Democrats maneuvering to avoid politically difficult votes on border security.

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"I don't know that we're going to get a bill," Sen. Mike DeWine (news, bio, voting record), R-Ohio, said at the end of a full week of debate. "It's tough."

In a written statement issued late in the day, the Bush administration renewed its call for legislation that includes a temporary worker program to go "hand in hand with efforts to secure the border."

The carefully worded statement said the administration wants a bill that "does not create an automatic path to permanent residency or citizenship," but it did not elaborate. Nor did it address one of the issues dividing Senate Republicans — under what conditions, if any, the estimated 11 million immigrants in the United States should be permitted to seek citizenship, and whether they should be required to return to their native country first.

"We have to resolve some differences," said Sen. Chuck Hagel (news, bio, voting record) of Nebraska, one of the GOP lawmakers involved in a series of closed-door negotiating sessions designed to achieve a Republican consensus.

Under one approach, illegal immigrants would be divided between those who have been in the country more than five years and those here a shorter time.

Senate Majority Leader Bill Frist floated a proposal Monday night to require illegal immigrants in the United States less than five years to travel to a U.S. border entry point if they wished to gain legal status. But neither they nor the longer-term undocumented immigrants would be compelled to go to their native countries.

Several rank-and-file Republicans objected, and Frist and fellow Republicans spent much of the day trying to find an alternative.

For their part, Democrats made a show of support for legislation that emerged from the Judiciary Committee more than a week ago. It provides for tightened border security, an increase in the number of temporary workers allowed in the country, and allowing illegal immigrants to apply for citizenship after they meet several conditions, including the payment of fines and any back taxes and passing a background check.

Sen. Harry Reid (news, bio, voting record) of Nevada, the Democratic leader, blocked numerous attempts by Republicans during the day to hold votes on selected amendments. "We do not need a compromise. It's in our bill," he told reporters. He set the stage for a test vote on Thursday, but supporters will need 60 votes to prevail.

Sen. Dick Durbin of Illinois, the second-ranking Democrat, said the leadership was "trying to preserve a strong bipartisan bill" and didn't want to have it watered down before any later compromise talks with the House.

Republicans loudly accused Reid of attempting to hijack the proceedings by refusing to allow votes, and privately, some Democrats acknowledged they did not want to expose their rank and file to difficult choices.

The only vote of the day did little to clarify the likely outcome, coming on a proposal by Sens. Jon Kyl of Arizona and John Cornyn of Texas to deny legal permanent residency to immigrants convicted of certain crimes or believed to pose a danger to U.S. security.

Sen. Arlen Specter (news, bio, voting record), R-Pa., engineered a vote to scuttle the proposal, but said he would oppose the effort to do so. In the end, the vote was 99-0.

The amendment remained alive, Democrats avoided a direct yes-or-no vote, and Republicans resumed efforts to unite on a compromise covering the legal fate of illegal immigrants.

Lawmakers Urge Bush To Do More On Immigrant Bill (WSJ)

By David Rogers

The Wall Street Journal, April 5, 2006

WASHINGTON -- With the Senate at an impasse, President Bush faces growing pressure to intercede more aggressively if he is to salvage a landmark immigration bill and move it into negotiations with the House.

"He's got to get more involved. I'm not sure where we're going, if we're going at all," said Sen. Mike DeWine (R., Ohio). Hoping to force the president's hand, Democrats broke custom and jumped ahead of the Republican leadership last night by filing a petition to force a vote tomorrow on cutting off debate.

"It is as muddled a situation as you can find," said Senate Judiciary Committee Chairman Arlen Specter (R., Pa.), who brought the measure out from his panel last week with high hopes. And even as Republicans struggled to bridge their differences, the party leadership appears to be operating without a formal whip count on whether it can expect the 60 votes needed to invoke cloture.

Senate Minority Whip Richard Durbin (D., Ill.) predicted Democrats can deliver close to 40 votes themselves. And by forcing the roll call now, Mr. Durbin hopes to pressure Mr. Bush to come out more directly, embrace Senate passage and use the talks with the House to make any changes he wants.

"I tell you what would help, is if we had the support of the White House," Mr. Durbin said. "If the president would pick up the phone and call the Republican senators and tell them, I'm ready to support this bill, I want you to support this bill."

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Mindful of the turmoil, the administration released a four-page policy statement saying it "strongly supports Senate passage of comprehensive immigration reform," and not just a narrow border-security bill such as was passed by the House and is favored by many conservatives.

There were signals from the White House that Mr. Bush may speak out on the issue today. White House officials say the president has reservations about how far the Judiciary Committee bill goes toward legalizing the status of millions of undocumented immigrant workers already in the U.S. and putting them on a path toward citizenship. The statement of policy is carefully parsed to give the president some flexibility on this issue. (See related article.)

The Senate Republican leadership dismissed the Democratic cloture motion as "premature and immature." Majority Leader Bill Frist (R., Tenn.) has predicted that without more compromise, cloture will fall short of the 60 votes needed.

"My caucus is a little diffused right now," said Sen. Mel Martinez (R., Fla.), who supports the Judiciary bill but is working toward some compromise on the treatment of undocumented workers. Mr. Frist's office was heartened that Sen. John McCain (R., Ariz.), a chief sponsor of the immigration bill, was open to some changes, but the very complexity of the legislation demands more time than is available this week.

"The measure of this is, will people come forward?" said Angela Kelley, deputy director of the National Immigration Forum, which supports the bill. "I am nervous at some of the changes I have heard discussed, and the committee bill and conference is our best shot."

The floor debate came as a $106.5 billion bill funding continued military operations overseas and hurricane relief for the Gulf Coast cleared the Senate Appropriations Committee after a flurry of amendments that added to its costs. The speed of the action cast some doubt on how realistic the spending is, but the final tally is more than $14 billion above Mr. Bush's $92.22 billion request.

Among the add-ons were a nearly $4 billion farm disaster-aid package, $2.3 billion to help the nation prepare for the threat of avian flu, and nearly $1.2 billion to aid the Gulf Coast seafood industry and pay for the mapping and removal of debris in the Gulf of Mexico.

The bill is expected to come to the Senate floor after the two-week spring recess that begins this weekend.

Deal On Immigration Elusive (RC)

By John Stanton

Roll Call, April 5, 2006

A Senate agreement on overhauling the nation's immigration laws remained elusive Tuesday, despite efforts by Republican leaders to broker a compromise between conservatives who insist that illegal immigrants return home and moderates who support a Judiciary Committee bill that allows some 12 million illegal workers to remain in the United States.

Late in the day Tuesday, aides to lawmakers involved in the internal GOP negotiations said that a series of four compromises offered to the Republican Conference by Senate Majority Leader Bill Frist (R-Tenn.) had done little to bring the internal fight to an end.

Those proposals are based on a partial amnesty under which employed illegal immigrants who have been in the U.S. for a set period of time would be allowed to stay and seek formal worker status. All other illegal immigrants would be required to return either to their home country or to some other "point of entry" to seek temporary worker papers.

Frist has said he wants to hold a final vote on the bill by week's end, and aides said they remain hopeful that the proposals floated to Republicans on Tuesday will spur a move to finish the bill.

However, a leadership aide said that while it is "too early to tell" whether the talks will result in a compromise, GOP lawmakers have all but abandoned the committee's plan to grant guest worker status to all 12 million illegal workers. This aide noted that Sen. John McCain (R-Ariz.) — the author, along with Sen. Edward Kennedy (D-Mass.), of the Judiciary-approved language — had initially rejected a partial guest worker provision Monday evening, but had since "come to the table" during the Conference's morning meeting.

However, aides involved in the discussion said that both the full "guest worker" program included in the committee bill and any language based on the proposed compromises floated by Frist remained far short of the 60 votes required to break a filibuster by conservatives.

A GOP aide added that Kennedy has signaled that he will oppose a partial amnesty plan. So as long as conservatives maintain that any form of amnesty is unacceptable, the likelihood of Frist being able to cobble together a coalition of 60 Republicans and Democrats remains unclear.

In addition, McCain and Sen. Mike DeWine (R-Ohio) said they are still unsure whether they can back a compromise. They also said that questions about any such deal's mechanics remain unanswered.

"I'm not really sure what it does," DeWine told reporters prior to his party's weekly luncheon.

McCain echoed those sentiments, though he cautioned that this week may represent the Senate's best chance of addressing immigration reform this year.

"You know the attention span of the Senate," McCain said. "If we take up something and concentrate on it we get it done. If we can't concentrate on it [and take time off] things grind to a halt."

House leaders, meanwhile, remained ambivalent toward any guest worker proposal. The House earlier this year passed a measure that includes no guest worker provisions. Asked Tuesday whether the chamber would agree to a bill that did include guest worker language, House Majority Leader John Boehner (R-Ohio) said, "When the Senate passes a bill and we go to conference we'll deal with it. Until then it's a lot of, 'Yah, yah, yah.'"

A statement of administration position released by the Bush White House early Tuesday evening was silent on how to address the guest worker impasse. The document was vague on the kind of program the White House would find acceptable, saying that the president would support a "temporary worker" program but not a "amnesty" program.

Nevertheless, Republicans hailed the White House statement as a potential breakthrough. In a statement, Frist said he hoped it would pave the way for a final agreement.

"Finally, a consensus on immigration can emerge here in the Senate, and the president's SAP today demonstrates that," Frist said. "Together, we agree our borders must be secure first, to make America safer. Together, we agree."

Immigration Measure Stalls In The Senate (NYT)

By Rachel L. Swarns

The New York Times, April 5, 2006

WASHINGTON, April 4 — Senate Republicans who support legislation that would legalize the nation's 11 million illegal immigrants said Tuesday that they lacked enough support to bring the measure to a vote this week and were working on a more limited compromise that would rally a broader cross-section of Republicans.

But Democrats, angered by what they viewed as Republican efforts to gut the legislation, responded by using a parliamentary tactic to force lawmakers to decide Thursday whether the bill should be considered for a vote on the Senate floor.

"What we're trying to do is preserve a strong, bipartisan bill," said Senator Richard J. Durbin, Democrat of Illinois. "Are the Republicans going to stand up and vote for comprehensive immigration reform? Or are they not?"

Eric Ueland, chief of staff for Bill Frist, the Senate majority leader, assailed the Democrats' move as "a serious blow to efforts to find common ground," and said Republicans would continue their negotiations on a possible compromise.

"The minority will be held accountable," Mr. Ueland said.

Mr. Frist has imposed a deadline of the end of this week for a vote on immigration legislation. With the growing prospect of a deadlock on a comprehensive bill, Republicans and Democrats started pointing fingers and warning that the opposing party would be to blame if efforts at passing a bill were to collapse.

Senator Arlen Specter of Pennsylvania, the Republican chairman of the Judiciary Committee, warned that the Democratic maneuver might result in the demise of his bill, which called for the legalization of the nation's immigrants. He said that "both sides are going to be losers" if a bipartisan compromise did not emerge.

"It's getting very late in the week to salvage the bill," Mr. Specter said. "It's a power struggle now. It's a struggle of wills."

The Republican compromise centered on a proposal that would eventually grant citizenship to illegal immigrants who had already lived in this country for five years or more, provided that they remained employed, paid fines and back taxes and learned English, among other things, said a Senate aide familiar with the compromise.

Illegal immigrants who have lived here for less time would have to report to an American port of entry, such as an airport or land port, where they would be classified as temporary workers and allowed to work for up to six years before returning home or applying for permanent residency, which could ultimately lead to citizenship.

The proposal was intended to bridge the sharp divide between those Republicans who argue that illegal immigrants should return home and those who believe that they should be put on a path to citizenship.

Republicans, who huddled in a flurry of meetings to work through the details, said they hoped that such a compromise would result in some consensus in their party so a vote on immigration legislation could be held this week.

Last week, the Senate Judiciary Committee voted in favor of legislation that would legalize nearly all of the nation's illegal immigrants. But the supporters of that bill, including Mr. Specter and Senators John McCain of Arizona and Mel Martinez of Florida, both Republicans, said Tuesday that they did not have enough support to bring the committee's legislation to the floor for a vote.

"We're going to have to find a place where we can all land," said Mr. Martinez, one of the principal architects of the compromise. "What we're all trying to find is something that is common ground enough to get the majority of Republicans on board."

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Mr. Martinez said that his first allegiance remained with the legislation produced by the Judiciary Committee but that he feared it lacked adequate Republican support. "I'm trying to find a fallback," he said.

That effort was swiftly attacked by Democrats, who said that it would weaken the committee's bill, which has the backing of most Democrats. And they worked to block any Republican amendments to the immigration bill in an effort to force a decision on whether to bring the committee bill to a vote on the Senate floor.

Senator Harry Reid, the minority leader and a Democrat from Nevada, said there was no need for a compromise.

"We have a bill that's bipartisan," said Mr. Reid, referring to the Judiciary Committee's legislation. "It covers strong borders, a guest worker program and a path to legalization for the people about whom you just spoke. We don't need a compromise."

The White House also entered the debate on Tuesday, issuing a statement of administration policy that praised the Senate Judiciary Committee for including a temporary worker program in its legislation.

But the Bush administration warned that the final bill should not "create an automatic path to permanent residency or citizenship."

Republicans said they would be working into the night to build a compromise on the question of illegal immigrants that might attract more Republican support without alienating conservatives opposed to amnesty.

Mr. Ueland said he was hopeful that a bill would be passed this week. But he and others acknowledged that time was short.

Mr. Martinez said, "We're still looking to find a magic formula."

Senate Moves Closer To Vote On Immigration (LAT)

By Maura Reynolds And Nicole Gaouette

The Los Angeles Times, April 5, 2006

WASHINGTON — With Republicans still deeply divided, Senate Democrats moved Tuesday to force a showdown over immigration reform, filing a motion to end debate and vote on a bill that provides the option of citizenship to guest workers and illegal immigrants already in the United States.

The move means the Senate will have to vote Thursday on whether to end debate. That in turn could force action on final passage three days later for the bill now on the Senate floor, which has White House support but does not command a majority among Republicans in either chamber of Congress.

"We've got to move this to a showdown vote," said Sen. Richard J. Durbin of Illinois, the Senate's second-ranking Democratic leader. "The members on the other side of the aisle will have to make a choice. I think the momentum is with us."

In essence, Democrats — who generally favor less restrictive treatment of illegal immigrants than many Republicans do — sought to take advantage of GOP divisions by forcing a vote on the relatively moderate approach now on the Senate floor before the Republican majority could hammer out an agreement on a more severe measure.

Republicans, who failed again Tuesday to bridge their differences on the immigration proposals, reacted angrily to the Democratic maneuvering.

"This was premature and immature given the velocity of the debate," said Eric Ueland, chief of staff to Senate Majority Leader Bill Frist (R-Tenn.). Frist has said he wants to complete legislation by Friday, and failure to reach that goal would be a blow to his image as an effective leader at a time when he is preparing to run for president.

Although many Republicans have not made up their minds, fewer than half are believed to support the current bill, which was passed by the Judiciary Committee last week with some Republican support.

Earlier in the day, Democrats had used parliamentary procedures to block debate on an amendment that could make some or all visitors who overstay their visas ineligible for legalization or citizenship.

"We're going to work hard to make sure that the bill is not damaged before leaving the floor," said Minority Leader Sen. Harry Reid (D-Nev.). "But if there's any effort to denigrate this bipartisan bill, then we won't have votes on those amendments."

"I'm very frustrated now," Frist said on the Senate floor. "It's very apparent now that the other side is trying to block a bill."

Durbin said all but a handful of the Senate's 44 Democrats and one independent supported the bill as currently drafted. In the Senate, 60 votes are needed to ensure passage and override a possible filibuster by opponents.

"If they can produce 20-plus votes, we can get a bill this week," Durbin said of the Republicans.

Even before Democrats filed the motion to end debate, Republicans accused them of being obstructionist and trying to scuttle the bill by blocking debate over amendments. And the atmosphere on and off the Senate floor grew more and more heated during the day, as Republicans realized Democrats were digging in their heels.

"I feel like there are those who are trying to jam this version of the bill down our throats … trying to deny those of us who have different ideas from presenting those ideas," said Sen. John Cornyn (R-Texas), who opposes any citizenship provision for workers currently in the United States illegally.

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Democrats were unapologetic, with Reid noting pointedly that Republicans had repeatedly barred the minority from offering amendments on other legislation.

"As my mother would say, they're getting a taste of their own medicine," Reid said.

Members and staff were meeting into the evening in an effort to agree on a compromise that might permit votes on less controversial amendments.

Republicans were also debating whether to file a countermotion to the Democrats that would force a vote on a competing bill — currently on the sidelines — that would enhance border security but does not include a guest-worker program or legalization.

Both sides said it was too soon to predict the demise of the immigration reform effort.

"We have time on our side. As we get closer to recess, cooler heads will prevail," said Sen. Ken Salazar (D-Colo.).

Despite holding a string of meetings in recent days, Republicans have reported little progress toward bridging their differences, however. Senators said discussion at the weekly Republican strategy lunch was lively, loud, and in the end, inconclusive.

"We're 100 senators and I think if you polled us you would find 100 different ways of dealing with illegals," said Sen. John Ensign (R-Nev.).

"We're still looking for the magic formula," said Sen. Mel Martinez (R-Fla.).

The question of giving citizenship to the estimated 12 million illegal immigrants in the United States has become the major stumbling block for some senators, especially conservative Republicans, who argue that it is an "amnesty" that undermines respect for the law and will encourage more immigrants to cross the border illegally.

The bill currently under debate would boost enforcement, create a guest-worker program with a path to legal status and offer the possibility of citizenship to illegal immigrants who meet certain requirements, including learning English and paying back taxes.

The bill would also limit the opportunity for citizenship to illegal immigrants in the country on or before Jan. 7, 2004, and they would only be processed after legal immigrants who have already applied.

Sen. Arlen Specter (R-Pa.), chairman of the Judiciary Committee, did not express optimism that Republicans could overcome their differences quickly enough to meet the Friday deadline.

"We have retrogressed," he said.

Senators said White House officials continued to be deeply involved in discussions. President Bush has urged Congress to pass a guest-worker program, but has said that he would not favor a program that allowed illegal immigrants to gain citizenship before those already in line for legal permanent resident status.

McCain Lacks Votes For Guest-Worker Plan (AP-Y2)

By Suzanne Gamboa

AP2, April 4, 2006

Supporters of a guest worker program that would let illegal immigrants stay in the United States said Tuesday they don't have enough Senate votes to overcome objections from conservatives who oppose the measure on grounds it amounts to amnesty.

As negotiators worked on a compromise to let those who have been here longest remain, Sen. John McCain (news, bio, voting record), R-Ariz., said a majority in the 100-member Senate support his and Massachusetts Democratic Sen. Edward M. Kennedy (news, bio, voting record)'s proposal to provide green cards to illegal immigrants after they've worked in the U.S. for six years.

But it takes 60 senators to overcome opponents' parliamentary tactics, and McCain said he doesn't have that many.

More than 11 million illegal immigrants are believed to be in the U.S., and Sen. Mel Martinez, R-Fla., said he and Sen. Chuck Hagel (news, bio, voting record), R-Neb., are pushing a "fallback" plan that would put those who have been here the longest on a track toward citizenship but treat more recent arrivals differently. A similar approach was rejected by the Senate Judiciary Committee last week but it was revived Monday night during a meeting in Majority Leader Bill Frist's office.

About 30 Republican senators huddled for more than an hour Tuesday but no consensus emerged. President Bush has championed a program that would give illegal immigrants a legal status to work in the U.S. but has not specified whether they should have to leave the country at some point.

McCain and Kennedy deny that their proposal is amnesty, saying illegal immigrants would have to pay $2,000 in fines and any back taxes and clear background checks before they could get in line for a green card.

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The proposal, dubbed the "roots concept, by Judiciary Committee Chairman Arlen Specter, R-Pa., seemed to have some support from Frist. He told CNN over the weekend that 40 percent of illegal immigrants have been in the country less than five years and "need to be dealt with in a different fashion."

The Senate is in its second week of debate on immigration-broder security legislation and there is pressure to complete a bill before Congress recesses on Friday for a two-week holiday.

A bill approved by the Senate Judiciary Committee — based on a proposal by McCain and Kennedy — would allow illegal immigrants in the United States before Jan. 7, 2004, and who have jobs, to work legally for an additional six years and eventually become citizens.

Both Frist and McCain are considered likely candidates for the 2008 Republican presidential nomination.

A separate bill filed by Frist does not deal with illegal immigrants, but boosts border enforcement and cracks down on employers who hire illegal workers. The House in December passed a bill that would make being in the country illegally a felony.

Opponents consider the Judiciary Committee bill amnesty. Sens. John Cornyn, R-Texas, and Jon Kyl, R-Ariz., would give illegal immigrants up to five years to leave the country, before they can return legally to apply for permanent residence or be guest workers.

Cornyn was not at the meeting at Frist's office, but his spokesman Don Stewart was skeptical of the suggested compromise.

"It's a matter of giving amnesty to 8 million people or giving amnesty to 12 million people. It's still amnesty to millions of people," Stewart said.

A Split On The Lines Of Illegal Immigration (WP)

By Charles Babington

The Washington Post, April 5, 2006

Disagreements over how to deal with illegal immigration are splitting the Republican Party as few issues have lately, dividing state congressional delegations down the middle and bringing the Senate to a virtual standstill yesterday.

Epitomizing the divisions are Arizona's GOP senators, Jon Kyl and John McCain. Both face important elections and represent the same 5.8 million people. But they are leading the two main opposing approaches that Republican senators will have to reconcile if Congress is to address border security, illegal worker status, deportation practices and other issues.

McCain, hoping to gain the 2008 presidential nomination, is the chief sponsor of legislation that would give millions of illegal immigrants a path toward citizenship if they pay fines and back taxes, learn English, stay employed and do not break laws. Kyl, facing a potentially strong Democratic challenger this fall in his bid for a third term, is a key proponent of a guest-worker program that would require undocumented workers to return to their countries when their visas expire, a move that critics call unrealistic. Both bills would pour billions of dollars into greater border enforcement.

The House has approved an enforcement-only bill, but the immigration debate has deeply divided the Senate, especially its 55 Republicans. Party leaders unsuccessfully sought a compromise in several closed meetings yesterday.

"I'm very frustrated," Majority Leader Bill Frist (R-Tenn.) announced on the Senate floor. He accused Democrats of obstructionism, but Democrats shrugged off the charge. The Republican-controlled Judiciary Committee sent a bill to the floor that a majority of Republicans apparently will not embrace, they noted, because of the disagreements personified by Kyl and McCain.

McCain supports the committee-approved bill, but acknowledges that Congress's divisions over immigration reflect those of the public. "I live in a state where it's the number-one issue," he said yesterday. "I know that Americans are of different minds on this, including my state. But that doesn't mean the United States Senate shouldn't act."

Kyl spent much of the day on the Senate floor, trying to amend the committee bill to add tougher sanctions against some illegal immigrants, such as those with criminal records. Aides said he did not have time for interviews.

Experts on Arizona politics say the immigration issue generates enough crosscurrents to provide ample justification for both senators' views. On one hand, Arizonans have been alarmed by the influx of impoverished Mexicans pouring into the state following tougher enforcement on the Texas and California borders in recent years, said Rodolfo Espino, a political scientist at Arizona State University. But the state's booming construction and tourism industries crave the low-wage workers, he said, and the steadily growing number of legal immigrants are wary of actions they view as punitive to fellow Latinos.

"It's a pretty conservative electorate that Kyl is facing" this fall, Espino said, and his emphasis on tighter borders and sanctions against those who crossed illegally will probably serve him well. Kyl is largely in line with Democratic Gov. Janet Napolitano, who declared a state of emergency along Arizona's Mexican border last August, Espino said, so the strategy may limit Democratic challenger Jim Pederson's room to maneuver on immigration.

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"It was very surprising to see 20,000 people in the streets of Phoenix," Espino said, referring to the recent mass protest against the Kyl-backed legislation. "But in the short run, it's not going to scare any local politicians here." The prospect of a large pool of Latino citizens, eligible to vote, "is just too far off in the future for anyone to be concerned."

McCain, meanwhile, is virtually a legend in Arizona politics and has long thrived on bucking orthodox Republican positions on key issues, Espino said. Even if more Arizonans side with Kyl on immigration questions, he said, "this would not be enough to cause McCain trouble. He does enough other maverick things that endear him to the hearts and minds of Arizona voters."

The Kyl-McCain split also applies to Arizona's Republican-dominated House delegation. GOP Reps. Jim Kolbe and Jeff Flake side with McCain, saying the notion of deporting millions of illegal immigrants is unfeasible. Rep. J.D. Hayworth, meanwhile, is one of the most vehement advocates of tightening the borders and criminalizing illegal immigrants before addressing guest-worker questions.

Tamar Jacoby, who studies immigration issues at the Manhattan Institute, supports McCain's approach but says Kyl should not be dismissed as someone seeking to score political points. Both McCain and Kyl "are reformers or would-be reformers," she said, noting their similar efforts to tighten control of border crossings.

"Kyl is not grandstanding for his reelection," Jacoby said. But his notion that millions of Mexicans will willingly return home after working in the United States for several years is unrealistic, she said. McCain's emphasis on helping such workers become citizens invested in their adopted country is the better long-range bet, she said.

Criminal Alien Exception Blocked (WT)

By Charles Hurt

The Washington Times, April 5, 2006

Senate Democrats refused to allow consideration of an amendment yesterday that would bar illegal aliens convicted of felonies from obtaining U.S. citizenship.

Democrats said the amendment would "gut" the immigration bill under consideration in the Senate and refused to allow a vote on it.

"It hurts the bill," said Minority Leader Harry Reid of Nevada. "It hurts the very foundation and what I believe is the spirit" of the legislation.

Republican Sens. Jon Kyl of Arizona and John Cornyn of Texas restated the purpose of their amendment and appeared incredulous that anyone would object to it.

"I do not have to explain in any more detail than what I have as why I don't want to move forward," Mr. Reid said. "I don't agree with the amendment. I don't think it's going to benefit this legislation that is pending before the Senate and I'm going to do what I can to prevent a vote on it."

Later, Mr. Reid added, "We're not going to allow amendments like Kyl-Cornyn to take out what we believe is the goodness of this bill."

The entire bill is "in effect being blocked by the other side," said Majority Leader Bill Frist, Tennessee Republican.

After debate over the bill ground to a halt last night, Democrats filed a "cloture motion" that could set up a final vote before the end of the week on an immigration bill that many conservatives view as "amnesty." The bill allows illegal aliens to pay a $2,000 fine and remain working in the U.S. while applying for citizenship.

The Kyl-Cornyn amendment would have barred from U.S. citizenship any illegal alien who has been convicted of a felony, three misdemeanors or refused a court order to leave the country.

Democrats said the amendment is not necessary because crimes of "moral turpitude" such as rape and murder already prevent an illegal from obtaining U.S. citizenship, as would violations of drug laws.

Mr. Kyl came to the floor and listed the crimes he said would not be included without his amendment, such as burglary, assault and battery, possession of an unregistered, sawed-off shotgun, kidnapping and alien smuggling.

McCain Threatens To End Speech After 'boos'Published (WT/AP)

By Associated press

The Washington Times, April 5, 2006

Sen. John McCain threatened yesterday to cut short a speech to union leaders who booed his immigration views and challenged his statements on organized labor and the Iraq war.

"If you like, I will leave," Mr. McCain, Arizona Republican, told the AFL-CIO's Building and Construction Trades Department, pivoting briefly from the lectern. He returned to the microphone after the crowd quieted.

"OK, then please give me the courtesy I would give you."

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The senator had been outlining his position on the Senate immigration debate, saying tougher border enforcement must be accompanied by guest-worker provisions that give undocumented aliens a legal path toward citizenship.

Murmurs from the crowd turned to booing.

"Pay a decent wage," one audience member shouted.

"I've heard that statement before," Mr. McCain said before threatening to leave.

Afterward, the senator said he offered to cut his speech short "because I wanted to be heard."

In the speech, Mr. McCain also said withdrawing U.S. troops prematurely from Iraq would turn terrorists loose on the United States.

This time, there was no booing -- though one audience member cursed from the back of the crowd.

Mr. McCain got a laugh when he finished the speech and asked whether anybody had "questions, comments or insults."

The first questioner seemed to challenge Mr. McCain's commitment to organized labor. When the senator started to praise a particular labor group in Arizona, the crowd booed again.

"Stop," he said with a smile, drawing laughter from the crowd. "I surrender."

But he took more questions, including a pointed one on his immigration plan.

Mr. McCain responded by saying that immigrants were taking jobs that nobody else wanted. He offered anybody in the crowd $50 an hour to pick lettuce in Arizona.

Shouts of protest rose from the crowd, with some accepting Mr. McCain's job offer.

"I'll take it," one man said.

Mr. McCain insisted that none of them would do such menial labor for a complete season.

"You can't do it, my friends," he said.

Some in the crowd said they did not appreciate Mr. McCain's questioning their work ethic.

"I was impressed with his comedy routine and ability to tap dance without music. But I was impressed with nothing else about him," said John Wasniewski of Milwaukee. "He's supposed to be Mr. Straight Talk?"

Others said Mr. McCain showed some moxie, if not the best political judgment.

"Most of us don't agree with him on immigration, but I give him credit for trying," said Chris D. Schoenbeck of Milwaukee.

Florida Gov. Bush Calls Tone Of Immigration Debate `Hurtful' (LAT)

By Peter Wallsten

The Los Angeles Times, April 5, 2006

WASHINGTON — Accusing politicians of "pounding their chests" on immigration for short-term political gain, Florida Gov. Jeb Bush said Tuesday that the tone of the debate had been "hurtful" to him and his Mexican-born wife, Columba.

Bush, the younger brother of President Bush, reserved some of his sharpest criticism for conservatives in his own Republican Party, calling it "just plain wrong" to charge illegal immigrants with a felony, as a provision passed by the Republican-led House would do. He also opposed "penalizing the children of illegal immigrants" by denying them U.S. citizenship, an idea backed by some conservatives but not included in the legislation.

"My wife came here legally, but it hurts her just as it hurts me when people give the perception that all immigrants are bad," the Florida governor wrote in an e-mail exchange with The Times.

Gov. Bush has generally avoided injecting himself into national political fights, and he rarely invokes his soft-spoken wife of 32 years in such a public way. But his comments reflect the concern among many Republicans that calls by conservatives for an immigrant crackdown risk alienating Latino voters.

His brother is attempting to navigate a growing rift among Republicans over what to do with the estimated 12 million illegal immigrants in the country. The president has proposed a guest-worker program but has not said what should happen to those already here illegally.

Florida is home to millions of residents who were born in other countries. And the Bush brothers, in Florida and Texas, where the president was governor, have been popular with Latino voters.

Both have long advocated open immigration laws, putting them at odds with many in their party.

Longtime friends and associates say the president's relationship with his brother's family, along with his experiences living and working in Texas, contributed to his views on immigration.

The Senate is debating immigration proposals this week, and White House allies are beginning to speak out more forcefully on the issue.

Republican National Committee Chairman Ken Mehlman used a speech Tuesday to the Hispanic Chamber of Commerce to extol the contributions of immigrants.

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In his e-mail, Gov. Bush chastised both politicians and the media for being simplistic on immigration, and he lauded his brother for seeking a civil tone.

"The cumulative effect of some politicians pounding their chests about immigration is hurtful to both of us," he wrote, referring to himself and his brother. "I fear they do so for current political gain at the expense of thoughtful policy over the long term."

Jeb Bush pointed to the political damage wrought 12 years ago by California's Proposition 187, in which the state's voters backed a plan to strip illegal immigrants of public benefits. The initiative was pushed by then-Gov. Pete Wilson, a Republican. Some analysts have since blamed that campaign for a backlash among Latino voters that has made California reliably Democratic in national elections.

Gov. Bush wrote that Wilson "fell prey" to the short-term political temptations. "I know he felt he was doing the right thing, but matters are worse now and the Republican Party is now the minority party in California," Bush wrote.

Wilson, in a recent interview, rejected the theory that Prop. 187 turned California to the left — arguing that, instead, he had performed especially well with female voters who later abandoned the GOP over abortion.

Referring to Republicans who shied away from cracking down on illegal immigrants as "gutless," Wilson said they were "intimidated by the fear that they will be charged with racism."

For the Florida governor, though, immigration is a personal matter. He met his wife during a high school exchange program in Mexico, and the two married when he was 21. They settled in Miami in 1980 in part because she would feel comfortable in a heavily Latin city, home to Cubans, Mexicans and thousands of other Spanish-speaking immigrants.

The governor speaks the language fluently. His son, George P. Bush, has cited his Latino heritage in campaign appearances for his father and uncle and is considered an heir to the family political dynasty.

"Columba and I watch the news early in the morning and in the evenings," Bush wrote in the late-night e-mail exchange. "The cumulative effect of the coverage is that immigrants are bad and hurting our country. The coverage is black and white, good and bad, without the nuances that the coverage deserves."

The Florida governor has said he does not intend to run for president in 2008. But he has been mentioned as a potential running mate for another likely candidate, Sen. John McCain (R-Ariz.).

In his e-mail, Gov. Bush endorsed the idea of a broad guest-worker program encompassing the kinds of low-wage workers sought by farms and factories as well as high-tech professionals from places such as India.

Like his brother, he offered no specificity on how to treat current immigrants and whether they should be granted a path to citizenship.

"The focus should be on protecting our borders rather than these piling on provisions that are punitive to many who have made a great contribution to our country," he wrote. "Along with that, the focus should be on a guest worker program and a means to deal with the millions of long term undocumented workers….

"Frankly," he added, "I also believe we should open up legal immigration to the qualified scientists, innovators, entrepreneurs and others who can additionally add value to our great country."

Letter On Immigration Deepens Split Among Evangelicals (WP)

By Alan Cooperman

The Washington Post, April 5, 2006

More than 50 evangelical Christian leaders and organizations voiced their support yesterday for an immigration bill that would allow illegal immigrants to become U.S. citizens without returning to their native countries.

The statement marks a deepening split among evangelicals over immigration. It was signed by a mixture of Hispanic and white church groups. But most of the nation's large, politically influential evangelical organizations either back rival legislation that focuses on border enforcement and the deportation of illegal immigrants, or have been silent on the issue.

Hispanic evangelical leaders said yesterday that they have received support from Roman Catholic, Jewish and Muslim groups, but have been bitterly disappointed by the response of most of their fellow evangelicals, both white and black.

"This is the watershed movement -- it's the moment where either we really forge relationships with the white evangelical church that will last for decades, or there is a possibility of a definitive schism here," said the Rev. Samuel Rodriguez, president of the National Hispanic Christian Leadership Conference, which serves 10,700 Hispanic evangelical churches with 15 million members.

"There will be church ramifications to this, and there will be political ramifications," he said.

In a letter yesterday to President Bush and members of Congress, Rodriguez's group and its allies cited Bible passages that call for the compassionate treatment of foreigners. Specifically, the letter urged "border protection policies that are consistent

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with humanitarian values," streamlined procedures for reuniting separated families, and an option for undocumented workers to legalize their status.

The letter effectively endorsed a proposal by Sens. John McCain (R-Ariz.) and Edward M. Kennedy (D-Mass.). The bill combines a guest-worker program with provisions allowing illegal immigrants to apply for citizenship after paying fines and back taxes, undergoing criminal background checks and learning English.

Among the signers was World Relief, the humanitarian arm of the National Association of Evangelicals. But the NAE itself did not sign the letter because its members are divided on how to deal with immigration, said the Rev. Richard Cizik, the NAE's vice president for governmental affairs.

Polls show that about two-thirds of white evangelicals consider new immigrants a burden on society, compared with about half of all Americans who hold that view. On the other hand, Cizik said, most evangelicals realize that Latino immigrants are the fastest-growing part of their church.

"Evangelicals are a lot more sensitive to the plight of immigrants than outside observers might think," he said. "When you put together the biblical mandate to care for the alien and the receptivity of the Latino community to the evangel, to the gospel, you have a sensitivity factor that almost outweighs the traditional evangelical concern for law and order."

Some predominantly white evangelical groups, such as the Christian Coalition and Phyllis Schlafly's Eagle Forum, have strongly opposed the Kennedy-McCain bill, labeling it an "amnesty" package. They support a House-passed measure that would concentrate on sealing U.S. borders and enforcing existing immigration laws.

"We think our national boundaries should be respected. That's a biblical principle also," said Christian Coalition lobbyist Jim Backlin.

Many larger groups, such as James C. Dobson's Colorado-based Focus on the Family, have not taken a stand on the issue. Rodriguez, of the Hispanic Christian conference, said his group wants to know why.

"We need to know from white evangelical leaders why did they not support comprehensive immigration reform, why they came down in favor exclusively of enforcement, without any mention of the compassionate side, without any mention of the Christian moral imperatives," he said.

"So down the road, when the white evangelical community calls us and says, 'We want to partner with you on marriage, we want to partner on family issues,' my first question will be: 'Where were you when 12 million of our brothers and sisters were about to be deported and 12 million families disenfranchised?' "

Two Towns, Two Stands On Immigration Reform (CSM)

By Daniel B. Wood

The Christian Science Monitor, April 5, 2006

MAYWOOD AND COSTA MESA, CALIF. - One community is car-horn noisy, smokestack gritty, and tightly packed - with narrow streets, tiny houses, and flowering window boxes. The other is golf-course quiet, sumptuously green, and suburban - with broad boulevards, spacious lawns, and parks.

Just a few miles of freeway separate these southern California towns, but they are light-years apart in their responses to America's immigration debate. Maywood, population 45,000 and 96 percent Latino, is a self- proclaimed "sanctuary" for illegal immigrants. Costa Mesa, population 110,000 and one-third Latino, is examining ways to train some of its police force to help US immigration officials identify illegals.

As Washington grapples with rewriting US immigration law, possibly settling the status of up to 12 million undocumented residents, the state that is home to 1 in 3 of them shows how the issue is playing out at the local level - with communities deciding for themselves whether to support or subvert the federal will.

"Though immigration policy is primarily a federal prerogative, there is incredible variation at the local and state level playing out now," says Karthick Ramakrishnan, a political scientist at the University of California at Riverside and author of "Democracy in Immigrant America." "The big story at the local level now is that smaller towns, from 50,000 to 100,000 residents, are wading into the problem. Even though California has been dealing with this for decades, its smaller cities are just beginning to wrestle [with] the challenges."

Overlapping local, state, and federal mandates may be contributing to conflict and confusion among jurisdictions, say Professor Ramakrishnan and others. The federal government has primary responsibility for border enforcement and deportation, while local governments are responsible for maintaining law and order and providing public services.

In January, Maywood became the first municipality in California to declare itself a "sanctuary city." The city council, in effect, signalled its displeasure with legislation that had recently cleared the US House, voting to disregard the bill's call to classify illegal presence in the US as a felony and to enlist local police in enforcing federal immigration law. It also directed the

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city's police department to stop towing away cars of drivers who don't have driver's licenses - a practice it said unfairly targeted illegal immigrants.

"We did it because people in the community came to us and said we have to take a stand," says Deputy Mayor Felipe Aguirre, who runs a small Mexican art gallery on traffic-clogged Slauson Avenue. All last year, he says, residents became increasingly agitated about the Minutemen - groups of citizens, sometimes armed - standing watch at the US border to alert officials to illegal border-crossings. Then, in December, the House passed its tough border-security bill.

"The world around us is caught up in draconian ideas to tighten the noose around people who are taking care of their kids, landscaping their homes, making their clothes, picking their food," says Mr. Aguirre. "We believe there is a higher law."

A few freeway exits to the south in Costa Mesa, 24-hour fitness gyms, yoga centers, and franchise food outlets stand in contrast to Maywood's retail strips. Here, a different attitude toward illegal immigration finds expression.

"I just feel that immigration is out of control, and no one is standing up to say enough is enough," says Clara Forsythe, a college senior, sipping a latte outside the Starbucks on West 19th Street. She has felt the impact of increased street crime - including car theft and home burglary in recent years - and attributes rising problems at local schools to immigrants who don't know or won't learn English.

In the same way that Aguirre and other Maywood residents say they feel "embattled" by threats of crackdowns on illegal immigrants, Ms. Forsythe says she feels that her way of life is being "encroached on." She was distressed by a huge street demonstration in Los Angeles late last month in favor of immigrant rights, saying those demonstrators in the country illegally "disregard US law but then drain social services, from hospitals to schools and prisons."

She supports a move by Costa Mesa's city council to ask federal Immigration and Customs Enforcement (ICE) officers to "cross-designate" Costa Mesa police personnel - the first municipality in the country to do so. Cross-designation is a kind of additional training for nonfederal agents - in this case a small subset of Costa Mesa police - that allows them to access previously restricted federal databases relative to immigration status. If a database shows a suspected illegal immigrant is a known felon, local officials hand the person over to ICE officials, who begin deportation proceedings.

In both Maywood and Costa Mesa, not all residents are pleased with their town's immigration decisions. Former Maywood Mayor Sam Pena, who remains a councillor, says the city should not be flouting federal law, but rather should work within the system to change it. In Costa Mesa, public outcry forced local officials to scale down their initial proposal to give cross-designation training to most patrol officers. Instead, they are asking for training for about 30 gang-enforcement specialists and plainclothes detectives who deal with violent felons.

On Saturday, hundreds of Latinos demonstrated at Costa Mesa City Hall to protest the measure, and local tempers are flaring.

"There has been lots of misinformation and disinformation about these proposals," says Sgt. Ron Smith of the Costa Mesa police department. "There is both lack of general understanding of what is going on, as well as people on both sides trying to misrepresent the other for their own agenda."

That lack of general understanding is exacerbated by at least two phenomena, say experts. One is a major finding of a 2005 Public Policy Institute of California study that "most immigrants in California lack much experience with the American political system ... immigrant involvement in city government may be quite limited."

The other is the clash between local law-and-order prerogatives and federal border-and-deportation mandates. When Congress debated in 2004 the so-called CLEAR Act (a law to let state and local agencies determine their own participation in enforcing federal immigration laws), the International Association of Chiefs of Police issued a statement saying such plans could have a "chilling effect" on the ability of local police to protect the public they serve.

The worry is that local police would see reports of criminal activity dry up in immigrant communities, as both legal and illegal immigrants come to avoid police contact.

"The role of local governments in immigration policy is likely to remain unclear," says Ramakrishnan of UC Riverside. "In some cities it might mean working hand in hand with federal immigration and border authorities, and in others it might mean looking the other way."

63-city Protest Set For Monday (WT)

By Keyonna Summers And Jerry Seper

The Washington Times, April 5, 2006

Immigration advocates yesterday announced plans for a 63-city rally on Monday that they hope will attract at least 2 million supporters to protest pending immigration reform legislation and press lawmakers into granting millions of current illegal aliens a path toward permanent residency and U.S. citizenship.

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The advocates also called for a nationwide one-day boycott of work, school and shopping May 1 to protest the House and the Senate immigration reform bills.

Calling the National Day of Action for Immigrant Justice "a true grass-roots movement," Jaime Contreras, president of the National Capital Immigrant Coalition, said, "We want to announce to the world and our elected officials that we are not criminals, that the sleeping giant that was once sleeping is now awake.

"Enough is enough. We're not here to be used as scapegoats for political campaigns," he said during a press conference yesterday at the U.S. Capitol.

The advocates also will urge defeat of the House bill, which was approved last year and, among other things, increases immigration enforcement and border security, makes illegal entry a felony, requires employers to check the legal status of workers and penalizes those who help in illegal entry.

"We're building as we speak," said Mr. Contreras, whose group is planning the nationwide protest with dozens of other organizations.

Rallies last month drew well more than 10,000 each to Phoenix, Milwaukee and Denver, and an estimated 500,000 to Los Angeles. About 80,000 Hispanics walked off their jobs in Atlanta.

Organizers again expect the largest protests to strike major cities, including Pittsburgh and Cincinnati.

Meanwhile, the Great American Boycott of 2006 is being organized for May 1 by Latino Movement USA.

"We're flexing our muscles to send a message that we are not criminals," the group's director, Juan Jose Gutierrez, said yesterday during a separate D.C. press conference.

Mr. Gutierrez, whose organization helped coordinate the Los Angeles rally, called a pending Senate bill that would create a guest-worker program and put millions of illegal aliens on track toward permanent residency an "encouraging sign," but described it as too hard on those seeking citizenship.

"We think that the right thing to do is to grant full rights, full equality, under the laws in the Constitution of the United States to all immigrants, period," he said.

Yesterday, black and Hispanic leaders -- including South Carolina Rep. James E. Clyburn, House Democratic Caucus chairman and Congressional Black Caucus member, and Hilary Shelton , director of the D.C. bureau of the National Association for the Advancement of Colored People -- connected immigrants' and illegal aliens' fight to that of blacks during the civil rights movement.

Organizers are discouraging student walkouts, which last week took the region and the country by storm and were marred by the stabbing of a Northern Virginia high school student.

"We are encouraging students to get involved through the community organizations that are putting these events together," Mr. Contreras said.

Mobilizing For Monday (WSJ)

By Stephanie Kang And Miriam Jordan

The Wall Street Journal, April 5, 2006

Hispanic immigrants and their advocates in recent weeks have learned a big lesson in how quickly they can mobilize behind a political cause. With more immigration-reform demonstrations planned for early next week, organizers are about to see how much muscle they have to flex.

To build on a movement that attracted as many as 500,000 protesters in cities like Los Angeles last month, a new round of demonstrations is set for Monday in an attempt to keep pressure on the immigration issue and broaden the base of support. At least 60 cities are scheduling events that include candlelight vigils in Los Angeles, a rally in front of the Washington monument in the nation's capital, and a "day without Hispanics" in Telluride, Colo. that is intended as a work stoppage.

Turnout is hard to predict given that the events take place on a Monday rather than the previous Saturday protests. But the events could be disruptive to normal business operations in places where Hispanics are a major part of the work force -- everything from the hotel and restaurant industries to construction and agriculture.

"It's got employers' attention and they're trying to figure out what to do," says John Gay, senior vice president of government affairs and public policy at the National Restaurant Association. He says some of the association's members, hoping to avoid losing the entire staff for the day, are offering some workers the day off with pay so they can attend the events.

Possibly adding to the impact: organizers now are aggressively reaching out to other ethnic groups that are affected by the immigration debate, including Koreans and Chinese. Their message is that Hispanics aren't the only group that stands to lose under certain proposed changes to immigration law that would make illegal immigrants felons and penalize their employers.

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The large number of demonstrators across the country last month underscored the political possibilities of a well-mobilized, but previously untapped Hispanic immigrant base. School demonstrations in Los Angeles and elsewhere -- in which Hispanics walked out of classes -- indicate the prospect of more spontaneous protests.

While it appeared that demonstrators sprang up virtually overnight, the protests were actually the culmination of weeks of planning by a loose infrastructure of unions, religious organizations, and ethnic and immigrant rights groups that in many cases organized into national coalitions on immigration several years ago.

The short-term goal is to stop legislation like the House of Representatives bill sponsored by Wisconsin Republican James Sensenbrenner, which calls for deportation of all illegal immigrants, construction of a fence along the U.S. and Mexico border, and penalizing those who aid illegal immigrants. The bigger goal, say organizers, is the passage of a Senate bill that would post more patrols along the Mexican border and create a plan to allow workers into the country and grant them credits toward obtaining visas if they paid taxes and learned English.

Each group has its own reason for supporting immigration overhauls. Unions have seen a decline in membership in part because illegal immigrants fear that joining would result in deportation. Certain faith-based organizations, led by the Roman Catholic church, have picked up the cause on the grounds that it is immoral to punish working illegal immigrants and those who help them.

Groups like Koreans and Chinese have thrown their weight behind the issue partly because of the high numbers of illegal immigrants in their own communities. About 20% of Korean immigrants in the U.S. are believed to be undocumented, according to the non-profit Pew Hispanic Center. Thousands of Chinese are also believed to be here without documentation.

"It's not just an issue for Latinos," says Hamid Khan, a Pakistani who is executive director of South Asian Network, an advocacy group that joined a protest last weekend in Costa Mesa, Calif. "It's for all communities of color."

But not all immigrants back the demonstrations. At the Costa Mesa event, a 20-year-old son of Chilean immigrants, Daniel Calderson, showed up to protest -- for the other side. "This isn't a race issue," he says. "It's about breaking laws. He held a sign that read: "My family did it the legal way. You should too!"

The creation of nationwide coalitions isn't just a response to recent legislation, but also to rising anti-immigrant sentiment after the Sept. 11, 2001, terrorist attacks and the threat represented by groups like the volunteer Minuteman Project, which patrols the U.S. borders and notifies authorities if people illegally enter the country.

The broadening effort was on display last week in Nashville, when an array of immigrants, including Hispanics, Somalis, Sundanese, Kurds and Laotions, turned out for the largest rally so far in the South -- with 15,000 people in attendance. "Before, the immigrant community was invisible," says David Lubell, director of the Tennessee Immigrant and Refugee Rights Coalition. Turning out protesters has proved more difficult in the South because newer immigrants feel their position in those local communities is more tenuous than in other areas, like the Southwest.

The groups are targeting the country's roughly 26 million legal immigrants as well as the estimated 12 million illegal immigrants in the country. Both immigrant communities are often intertwined, even within a nuclear family. So-called mixed status families are increasingly common, say immigration experts and may run counter to opponents' argument that legal immigrants resent the idea of illegal workers "cutting" in line for legalization.

"It really doesn't matter how an immigrant came to this country, or how they gained status as an immigrant," says Eun Sook Lee, executive director of the National Korean American Service & Education Consortium. "They face the same hard life -- grasping language, finding a job and really exercising their rights.".

U.S. Urged To Apologize For 1930s Deportations (USAT)

By Wendy Koch

USA Today, April 5, 2006

His father and oldest sister were farming sugar beets in the fields of Hamilton, Mont., and his mother was cooking tortillas when 6-year-old Ignacio Pia saw plainclothes authorities burst into his home.

“They came in with guns and told us to get out,” recalls Pia, 81, a retired railroad worker in Bakersfield, Calif., of the 1931 raid. “They didn't let us take anything,” not even a trunk that held birth certificates proving that he and his five siblings were U.S.-born citizens.

The family was thrown into a jail for 10 days before being sent by train to Mexico. Pia says he spent 16 years of “pure hell” there before acquiring papers of his Utah birth and returning to the USA.

The deportation of Pia's family tells an almost-forgotten story of a 1930s anti-immigrant campaign. Tens of thousands — and possibly more than 400,000 — of Mexicans and Mexican-Americans were pressured, through raids and job denials, to leave the USA, according to a USA TODAY review of documents and interviews with historians and deportees. Many, mostly children, were U.S. citizens.

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If their tales seem incredible, a newspaper analysis of the history textbooks used most in U.S. middle and high schools may explain why: Little has been written about the exodus, often called "the repatriation."

That may soon change. As the U.S. Senate prepares to vote on bills that would either help illegal workers become legal residents or boost enforcement of U.S. immigration laws, an effort to address deportations that happened 70 years ago has gained traction:

·On Thursday, Rep. Hilda Solis, D-Calif., plans to introduce a bill in the U.S. House that calls for a commission to study the "deportation and coerced emigration" of U.S. citizens and legal residents. The panel would also recommend remedies that could include reparations. "An apology should be made," she says.

Co-sponsor Rep. Luis Gutierrez, D-Ill., says history may repeat itself. He says a new House bill that makes being an illegal immigrant a felony could prompt a "massive deportation of U.S. citizens," many of them U.S.-born children leaving with their parents.

"We have safeguards to ensure people aren't deported who shouldn't be," says Jeff Lungren, GOP spokesman for the House Judiciary Committee, adding the new House bill retains those safeguards.

·In January, California became the first state to enact a bill that apologizes to Latino families for the 1930s civil rights violations. It declined to approve the sort of reparations the U.S. Congress provided in 1988 for Japanese-Americans interned during World War II.

Democratic state Sen. Joe Dunn, a self-described "Irish white guy from Minnesota" who sponsored the state bill, is now pushing a measure to require students be taught about the 1930s emigration. He says as many as 2 million people of Mexican ancestry were coerced into leaving, 60% of them U.S. citizens.

·In October, a group of deportees and their relatives, known as los repatriados, will host a conference in Detroit on the topic. Organizer Helen Herrada, whose father was deported, has conducted 100 oral histories and produced a documentary. She says many sent to Mexico felt "humiliated" and didn't want to talk about it. "They just don't want it to happen again."

No precise figures exist on how many of those deported in the 1930s were illegal immigrants. Since many of those harassed left on their own, and their journeys were not officially recorded, there are also no exact figures on the total number who departed.

At least 345,839 people went to Mexico from 1930 to 1935, with 1931 as the peak year, says a 1936 dispatch from the U.S. Consulate General in Mexico City.

"It was a racial removal program," says Mae Ngai, an immigration history expert at the University of Chicago, adding people of Mexican ancestry were targeted.

However, Americans in the 1930s were "really hurting," says Otis Graham, history professor emeritus at the University of California, Santa Barbara. One in four workers were unemployed and many families hungry. Deporting illegal residents was not an "outrageous idea," Graham says. "Don't lose the context."

In the early 1900s, Mexicans poured into the USA, welcomed by U.S. factory and farm owners who needed their labor. Until entry rules tightened in 1924, they simply paid a nickel to cross the border and get visas for legal residency.

"The vast majority were here legally, because it was so easy to enter legally," says Kevin Johnson, a law professor at the University of California, Davis.

They spread out across the nation. They sharecropped in California, Texas and Louisiana, harvested sugar beets in Montana and Minnesota, laid railroad tracks in Kansas, mined coal in Utah and Oklahoma, packed meat in Chicago and assembled cars in Detroit.

By 1930, the U.S. Census counted 1.42 million people of Mexican ancestry, and 805,535 of them were U.S. born, up from 700,541 in 1920.

Change came in 1929, as the stock market and U.S. economy crashed. That year, U.S. officials tightened visa rules, reducing legal immigration from Mexico to a trickle. They also discussed what to do with those already in the USA.

"The government undertook a program that coerced people to leave," says Layla Razavi, policy analyst for the Mexican American Legal Defense and Education Fund (MALDEF). "It was really a hostile environment." She says federal officials in the Hoover administration, like local-level officials, made no distinction between people of Mexican ancestry who were in the USA legally and those who weren't.

"The document trail is shocking," says Dunn, whose staff spent two years researching the topic after he read the 1995 book Decade of Betrayal: Mexican Repatriation in the 1930s, by Francisco Balderrama and Raymond Rodriguez.

USA TODAY reviewed hundreds of pages of documents, some provided by Dunn and MALDEF and others found at the National Archives. They cite officials saying the deportations lawfully focused on illegal immigrants while the exodus of legal residents was voluntary. Yet they suggest people of Mexican ancestry faced varying forms of harassment and intimidation:

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·Raids. Officials staged well-publicized raids in public places. On Feb. 26, 1931, immigration officials suddenly closed off La Placita, a square in Los Angeles, and questioned the roughly 400 people there about their legal status.

The raids "created a climate of fear and anxiety" and prompted many Mexicans to leave voluntarily, says Balderrama, professor of Chicano studies and history at California State University, Los Angeles.

In a June 1931 memo to superiors, Walter Carr, Los Angeles district director of immigration, said "thousands upon thousands of Mexican aliens" have been "literally scared out of Southern California."

Some of them came from hospitals and needed medical care en route to Mexico, immigrant inspector Harry Yeager wrote in a November 1932 letter.

The Wickersham Commission, an 11-member panel created by President Hoover, said in a May 1931 report that immigration inspectors made "checkups" of boarding houses, restaurants and pool rooms without "warrants of any kind." Labor Secretary William Doak responded that the "checkups" occurred very rarely.

·Jobs withheld. Prodded by labor unions, states and private companies barred non-citizens from some jobs, Balderrama says.

"We need their jobs for needy citizens," C.P. Visel of the Los Angeles Citizens Committee for Coordination of Unemployment Relief wrote in a 1931 telegram. In a March 1931 letter to Doak, Visel applauded U.S. officials for the "exodus of aliens deportable and otherwise who have been scared out of the community."

Emilia Castenada, 79, recalls coming home from school in 1935 in Los Angeles and hearing her father say he was being deported because "there was no work for Mexicans." She says her father, a stonemason, was a legal resident who owned property. A U.S. citizen who spoke little Spanish, she left the USA with her brother and father, who was never allowed back.

"The jobs were given to the white Americans, not the Mexicans," says Carlos DeAnda Guerra, 77, a retired furniture upholsterer in Carpinteria, Calif. He says his parents entered the USA legally in 1917 but were denied jobs. He, his mother and five U.S.-born siblings were deported in 1931, while his father, who then went into hiding, stayed to pick oranges.

"The slogan has gone out over the city (Los Angeles) and is being adhered to — 'Employ no Mexican while a white man is unemployed,' " wrote George Clements, manager of the Los Angeles Chamber of Commerce's agriculture department, in a memo to his boss Arthur Arnoll. He said the Mexicans' legal status was not a factor: "It is a question of pigment, not a question of citizenship or right."

·Public aid threatened. County welfare offices threatened to withhold the public aid of many Mexican-Americans, Ngai says. Memos show they also offered to pay for trips to Mexico but sometimes failed to provide adequate food. An immigration inspector reported in a November 1932 memo that no provisions were made for 78 children on a train. Their only sustenance: a few ounces of milk daily.

Most of those leaving were told they could return to the USA whenever they wanted, wrote Clements in an August 1931 letter. "This is a grave mistake, because it is not the truth." He reported each was given a card that made their return impossible, because it showed they were "county charities." Even those born in the USA, he wrote, wouldn't be able to return unless they had a birth certificate or similar proof.

·Forced departures. Some of the deportees who were moved by train or car had guards to ensure they left the USA and others were sent south on a "closed-body school bus" or "Mexican gun boat," memos show.

"Those who tried to say 'no' ended up in the physical deportation category," Dunn says, adding they were taken in squad cars to train stations.

Mexican-Americans recall other pressure tactics. Arthur Herrada, 81, a retired Ford engineer in Huron, Ohio, says his father, who was a legal U.S. resident, was threatened with deportation if he didn't join the U.S. Army. His father enlisted.

"It was an injustice that shouldn't have happened," says Jose Lopez, 79, a retired Ford worker in Detroit. He says his father came to the USA legally but couldn't find his papers in 1931 and was deported. To keep the family together, his mother took her six U.S.-born children to Mexico, where they often survived on one meal a day. Lopez welcomes a U.S. apology.

So does Guerra, the retired upholsterer, whose voice still cracks with emotion when he talks about how deportation tore his family apart. "I'm very resentful. I don't trust the government at all," says Guerra, who later served in the U.S. military.

Pia says his entire family got typhoid fever in Mexico and his father, who had worked in Utah coal mines, died of black lung disease in 1935. "My mother was left destitute, with six of us, in a country we knew nothing about," he says. They lived in the slums of Mexico City, where his formal education ended in sixth grade. "We were misfits there. We weren't welcome."

"The Depression was very bad here. You can imagine how hard it was in Mexico," says Pia, who proudly notes the advanced college degrees of each of his four U.S.-raised sons. "You can't put 16 years of pure hell out of your mind."

Backstory: Inside 'Border Patrol, Inc.' (CSM)

By Faye Bowers

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The Christian Science Monitor, April 5, 2006

NOGALES, ARIZ. - Inside the border patrol, they're called the "rock group" - agents, trained as welders, who spend days repairing holes in a 15-foot-high steel wall here along the border to keep out illegal immigrants. Both human traffickers and drug smugglers pay Mexican boys to use hacksaws - sometimes working all day - to cut holes in the wall, an "iron curtain" made out of salvaged aircraft-carrier landing mats. The welders respond with molten metal.

But while they're working, the agents are frequently pelted with rocks by youths on the Mexican side of the controversial wall. Hence the rock group moniker - a reference to the mini-intafada here rather than any parallel with Mick Jagger. The "boys are hurling stones today, so be careful," one agent warns us as we tour the area.

The tale of the hacksaws and the welders is a metaphor for life along the dusty US-Mexico border in an era of heightened security and expanding illegal immigration.

Up and down the 2,000-mile border, the US government is throwing more manpower and sophisticated technology into slowing illegal entries into the US. But as it does, immigrants are showing greater ingenuity in circumventing the barriers and patrols.

Now, as Congress considers another overhaul of immigration laws, the encounters and clashes along the border are likely to intensify. Most of the bills in Congress include provisions to expand the border patrol (now part of US Customs and Border Protection), which has already seen agent strength along the nation's southern flank more than double since 9/11, to 11,000.

The result is an agency that is becoming increasingly complex and unwieldy. Agents already use everything from horses to mountain bikes to all-terrain vehicles to track drug smugglers and human traffickers. They also use aerial surveillance, periscope trucks, and underground sensors. Yet, through it all, the task of stopping illegal immigration can still seem daunting, if not futile, as a day in the life of the border patrol here recently showed.

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The nerve center of operations in the Tucson sector, a 261-mile stretch of border, is an expansive new brick-and-glass headquarters in Nogales. In one room - the intelligence hub - sits a U-shaped set of desks with 25 television monitors that show various grids of the desolate desert area. The new technology employed along the border - movement sensors buried amid the mesquite, cameras, and two unmanned aircraft - transmit information instantly to the monitors.

Camera 17 is trained on someone walking along the border fence. He suddenly spots the roving eye and ducks behind a tree. Camera 35 shows where an underground sensor has gone off, so the agent dispatches a crew to "lie in wait" for the crossers. They will pack in on horseback or on four-wheelers. Sometimes it takes two to three days to reach the spots - and the waiting can be inhospitable. One agent, Shannon Stevens, recalls her first ambush duty: She was stalked by a tarantula.

In another room, the walls are decorated with photos of confiscated items - knives, shotguns, 4,391 pounds of cocaine from a bust. Here, junior agents attend classes in Spanish and immigration law one day a week for 10 months. They're tested twice. If they fail, they lose their job. The lessons are a follow-up to the 19 weeks the agents spend at an academy that includes the equivalent of three years of college Spanish. Jim Hawkins, a senior agent, says the border patrol receives 40,000 applications a year. Only 2,000 to 3,000 survive screening and training.

Another room in the building is reserved for confiscated drugs. On this day, agents have loaded some 5,000 pounds of marijuana into two Penske moving vans and sent it north to Tucson for burning, which happens once a week.

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To stem illegal entries in Nogales, the agency is trying a "defense in depth" strategy. It involves blocking smuggling routes through the town with the lit up "iron curtain" - and pushing the traffickers farther out in the desert, where agents have two or three days to track them. The idea is also to avoid shootouts in populated areas.

On the ground, the agency is bolstering surveillance with a new "scope truck." It looks like a Chevy camper. But the roof has been cut out and a large infrared camera sits in the back like a periscope. Controlling it with a joy stick, agents can see illegals at night as far as six miles away.

We leave headquarters and bump along a road for several miles that follows a border ridge through the Coronado National Forest. Only three strings of barbed wire separate the US from Mexico here. The Mexico side is on high ground - rolling hills dotted with oak and walnut trees that provide cover for smugglers. Although no people are crossing, worn paths littered with empty water jugs wind across the border at frequent intervals.

We circle back west and head through the city, where houses are painted in pastels. Hawkins points out what he calls the most troublesome drug-smuggling neighborhood in Nogales. A supposed drug lord's large hacienda sits among scores of shanties.

Farther east we reach Hamburger Hill, a notorious smuggling route. Below, the welders repair the fence. Their truck is fortified with mesh cages to protect the windows from the rock throwers. Sometimes the stoning is just a diversion, Hawkins says: While the youths throw, a smuggler crosses a short distance away.

"Manpower alone is not going" to stop this, says Rodolfo Espino, a political scientist at Arizona State University in Tempe. "As long as there's a pull for employees on this side of the border, there will be a constant push to enter from the Mexican side."

Driving back through Nogales, the agents note other ways illegals gain entry. Underneath two dry washes, which the border patrol filled in to prevent crossings, the immigrants crawl through a metal drainage culvert. To stop this, agents fabricated a steel door for the pipe. The smugglers retaliated with hydraulic jacks. The agents responded with sensors, cameras, and flood lights. It's keeping the smugglers at bay, for now.

"It's a game of constant adjustments," sighs Hawkins.

The Amnesty Trap (NYT)

The New York Times, April 5, 2006

When the week began, it looked almost as if it was time to celebrate a springtime blossoming of good sense in Washington. The Senate appeared to be closing in on solid bipartisan support for a comprehensive overhaul of the nation's immigration system. That meant adopting an approach that has been on the table for months in a bill offered last year by Senators John McCain and Edward Kennedy, then revised and passed last month by the Senate Judiciary Committee. It combines, sensibly, tighter borders with a path to citizenship for people here illegally.

The bill's opponents, including the Senate majority leader, Bill Frist, had long derided the multifaceted strategy as "amnesty," but over the weekend even Mr. Frist appeared to have a light bulb go off. On a talk show and in a news release, he recast his definition of the word in a way that seemed to justify allowing at least some of the nation's 11 million to 12 million illegal immigrants to get in line for green cards.

But it is too soon to exhale. The Judiciary Committee's bill apparently remains stuck in the amnesty trap. While it has enough votes to pass, it may not have enough to avoid a filibuster by hard-core Republicans. For them, anything other than punishment and border enforcement smacks unforgivably of forgiveness.

Now Senators Mel Martinez of Florida and Chuck Hagel of Nebraska are offering a "fallback" compromise if the committee bill fails. They would not eliminate the citizenship track, but narrow it severely. Immigrants who have been here at least five years could apply, but those who arrived more recently would be treated more harshly. The details were unclear yesterday, but the newcomers might either have to leave the country to apply for citizenship, or do so from a border city, like El Paso.

Arbitrarily separating the illegal immigrant population with a five-year rule would be cruel. Inviting millions of them to report to be deported would be utterly unfeasible. And turning El Paso into the "Go" square in Monopoly would just be stupid. It would add a meaningless hurdle to a citizenship obstacle course that is already long and difficult. All it would do is give a face-saving assurance to hard-liners that immigrants would suffer adequately for their green cards and allow Republicans to reassure suspicious constituents: this is so not amnesty.

Half-measures and semantic trickery are not what's needed now. This country has been on a long and improbable path to immigration reform. The more it has wrestled with the issue, the more distance has grown between the thoughtful Americans and the nativists who long for a Great Wall of Mexico, or for a two-tiered nation of citizens and of immigrant hired hands, free to toil forever as guest workers but never to fully join our society.

The Martinez-Hagel compromise is a bad idea. It's tempting to think flawed reform is better than none, but the wiser approach is to stand firm for what Mr. Kennedy has called "the real enchilada." We need to get it right this time, once and for all.

Here We Go Again (USAT)

USA Today, April 5, 2006

They never learn. Politicians keep pushing "guest worker" programs, even though the concept is built to fail and always does.

I don't mean what President Bush wants — where as many as 12 million illegal immigrants could stay in the USA for three years, and then apply to stay for another three years, before being expected to "self-deport." That's not realistic. Nor is it a genuine guest-worker program. People who are already here aren't really guests. What Bush proposes is temporary amnesty.

I'm talking about importing hundreds of thousands of new foreign workers from a country such as Mexico to work in farming, construction, hotels or restaurants.

That's what Sen. Arlen Specter, R-Pa., has proposed as part of a reform bill that his Judiciary Committee put together and which serves as a starting point for the Senate immigration debate. Senate Majority Leader Bill Frist, R-Tenn., has a competing bill that steers clear of guest workers, focusing instead on enforcement and increasing the allotment of green cards.

Here we go again. The U.S. government has turned to foreign workers before. And given that these programs are often criticized as indentured servitude, it's ironic that the person who kicked off the phenomenon also freed the slaves.

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Under pressure from industries suffering labor shortages during the Civil War, President Abraham Lincoln settled on foreign workers as the solution. Congress passed the Act to Encourage Immigration of 1864, which allowed employers to recruit foreign workers and pay their way to America.

Workers were supposed to forfeit some of their pay to their sponsor, but many also had to work off living expenses and wound up in debt. Labor groups, concerned that foreign workers were taking jobs from Americans, pressured Congress to repeal the act, and by 1868 it was no longer in effect.

In 1917, under pressure mostly from farmers during World War I, Congress launched a foreign-worker program to allow farmers to import workers from Mexico. It didn't go as planned. Politicians thought the workers would return home, but many did not. Eventually, the war ended, and so did the urgent need for guest workers.

The idea made a comeback during World War II, which brought another labor shortage and the arrival of the most infamous guest workers of all: the braceros. The name comes from the Spanish word for arms, brazos, as in someone who works with his arms and hands.

From 1942 to '64, under an agreement between the United States and Mexico, nearly 5 million Mexican workers went north to work in the fields. The workers were promised housing, transportation, food, fair wages and health care — most of which never materialized.

Perhaps farmers thought the benefits too costly, which isn't good when you're talking about a program that was supposed to reduce labor costs. Congress shut down the program after television journalist Edward R. Murrow documented the abuse of workers. It was bye, bye braceros.

Too many politicians and businesses view guest workers as the magic-wand solution to our immigration woes. Employers get workers. Workers get jobs. And then those workers head back across the border where they belong. They don't hang out, buy homes, enroll their children in school, join the PTA, start businesses, and change the culture and complexion of neighborhoods and towns.

Put aside the fact that guest workers are a form of corporate welfare or that, ideally, government shouldn't be in the labor-contracting business.

There are practical reasons why guest-worker programs don't work:

· Workers don't leave. While the workers are supposed to be temporary, they stick around. They get married, have kids and put down roots. As former U.S. senator Alan Simpson of Wyoming used to say, there is nothing more permanent than a temporary worker.

· Backlash never abates. Because these temporary workers never leave, a guest-worker program doesn't really put an end to the thing that gets Americans all worked up in the first place — the changing culture and complexion of towns and neighborhoods.

· Exploitation happens. Guest workers are ripe for abuse because if employers were to provide things such as housing, prevailing wages, health care and worker's compensation insurance, that would undermine the whole idea behind the program: cheap labor. Once labor isn't so cheap anymore, expect employers to lose interest.

· Illegal immigration continues. Most guest-worker plans deal in the hundreds of thousands. As long as millions of immigrants want to come to the USA and can fill millions of jobs, such a limited approach would never end illegal entry.

Congress should forget about importing new guest workers, or granting a wholesale amnesty to all 12 million illegal workers already here, and focus on reforms that stand a chance of working.

Here's a four-point plan to add to the mix:

1) Stiffen penalties against employers, including jail time, and enforce them for a change.

2) Beef up the ranks of the border patrol by 25%.

3) Increase the allotment of green cards and work visas to allow people to come in legally.

4) Grant legal status to some but not all illegal immigrants, the preference going to those who have been here the longest and who have immediate family members who are U.S. citizens.

And, lastly, let's accept the idea that, in this debate, there are no easy solutions or free lunches.

A Potential Tidal Wave Come Election Time (USAT)

USA Today, April 5, 2006

Two hundred; 500; 1,000; 2,000; 10,000; 300,000; 500,000. Far from counting sheep, these numbers of protesters signify an awakening. Political pundits and community activists say the prospect of congressional action on immigration reform has stirred up the Latino community.

Protesters have taken to the streets in cities coast to coast, chanting their opposition in two languages to the immigration reform plans being debated in Congress.

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The threats of criminalizing undocumented immigrants and the Good Samaritans who help them, separating families, imposing a man-made border, toiling away at a government-sanctioned job while paying taxes but still having no clear path to citizenship — those are just a few issues propelling people to forgo the safety of society's shadows to speak out in unison.

It's clear that depending on which side of the river you're looking across from, immigration reform is either a political/economic issue or a human rights cause.

Members of Congress, who think their chances at future elections will be enhanced with voters if they play hardball with the issue, sprinkle their speech with words such as "terrorists" and "porous border" in the same breath with "illegals" and "taking jobs from Americans."

Sympathetic supporters and the undocumented hear the ticking of the proverbial clock — not for when as many as 12 million people will be expected to turn themselves in, but for when they will be forced to live even more secretive, invisible lives.

Native-born attitudes

Though 12 million is a huge number of people, it pales in comparison with the 28 million Latinos in the USA who already have access to public services, health care, car insurance, among other taken-for-granted rights that come with legal status. These are the people who must be stirred to action.

It won't be an easy task. For one, Latinos are not a monolithic group. For another, a 2005 Pew Hispanic Center study found that although most Latinos have positive attitudes toward immigrants, native-born Latinos tend to be more divided in how they view the effect of illegal immigrants on U.S. society.

When native-born Latinos were asked whether illegal migrants helped the economy by providing low-cost labor rather than hurt the economy by driving wages down, 55% agreed vs. 34% who did not.

Where the political clout rests

The 12 million undocumented immigrants here have no influence over elected leaders. They're not citizens. They can't vote. They can make a lot of noise; they can't make a difference in a politician's future.

But there are at least 15 million eligible Hispanic voters, and they can — if only they'd wield the full force of their votes. Numbers from the 2004 election, though, are not encouraging. Just 47% of Hispanic U.S. citizens (of any race) questioned after the election said they had voted. In contrast:

· 67% of non-Hispanic whites did.

· 60% of African-Americans did.

· 44% of Asian-Americans did.

The top reason given for why many eligible Hispanics didn't vote was that they were too busy or had a conflicting schedule. Another reason: They weren't interested.

Time will tell what actions Congress will take against as many as 12 million illegal immigrants. Only then will we see whether this sleeping giant holding Latino votes has truly awakened, or is merely yawning before turning over to go back to sleep.

Fuzzy Math On Illegal Immigration (WSJ)

By Carl Bialik

The Wall Street Journal, April 5, 2006

New York Democrat Charles Schumer said legislation is needed "to solve the problem of millions of foreigners who live here illegally and unprotected" as well as "to alleviate the problem of the millions more who enter illegally every year." He kept his estimate of the number of illegal immigrants vague because "no one knows for sure how many are really here," the National Journal reported. "Nor can anyone give a reliable estimate of how fast that unknown figure is growing each year."

A sound bite from last week? Nope. The year was 1985, Mr. Schumer was in the House of Representatives and debate was raging over how to address the growing number of illegal immigrants, then estimated at somewhere between 3 million and 12 million.

Twenty-one years later, several amnesties granted to undocumented immigrants have failed to keep the number of illegal immigrants from growing. And estimates of their numbers remain fuzzy and full of pitfalls, even as lawmakers toss them around in the latest round of debates over whether to offer guest-worker status to illegal immigrants.

At the core of the problem is the fact that undocumented immigrants don't generally come forward to be counted. The most widely quoted estimate of 11 million to 12 million is derived indirectly, using what's called a residual method: Researchers subtract the number of immigrants who were authorized to come to the U.S. from the number of foreign-born residents counted by the Census Bureau, then adjust the number using estimates of immigrants' deaths and migration, and of Census undercounting. Some critics say that estimate understates the degree of undercounting: Another estimate making the rounds holds that there are 20 million illegal immigrants.

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That was the upper range Bear Stearns analysts Robert Justice and Betty Ng estimated last year, citing high growth rates in foreign remittances and in school enrollments in localities with high illegal-immigrant populations. The analysts added, "According to our discussions with illegal immigrants, they avoid responding to census questionnaires."

And there are still-higher estimates to be found online: The Web site of the "immigration crime-fighting" group American Resistance Foundation estimates there are more than 28 million illegal immigrants, based largely on border-patrol apprehension rates; however, there is little reliable data on how many border-crossers who are caught try to enter a second time.

"No one really knows," says Bill Strassberger, a spokesman for the U.S. Citizenship and Immigration Services, a branch of the Department of Homeland Security.

Of those citing the 20 million figure, Mr. Strassberger says that "the number seems to be agenda-driven." But if so, it's not always the same agenda doing the driving.

On CNN last Sunday, anchor Lou Dobbs, who has argued for tighter border controls, spoke of "the toll that 20 million illegal aliens take on the infrastructure of the United States and on local, state, and federal taxpayer budgets." (At other times during his recent broadcasts, Mr. Dobbs has cited a range between 11 million and 20 million. A CNN spokeswoman says Mr. Dobbs is relying on the Bear Stearns report for the higher number.)

But talk-show host Tony Snow, arguing that immigrants are a boon to the economy, wrote Monday, "The United States somehow has managed to absorb 10 million to 20 million illegal immigrants not only without turning into Animal Farm, but while cranking up the most impressive economic recovery in two decades."

In 2000, before it was folded into DHS, the Immigration and Naturalization Service used the residual method to estimate there were seven million illegal immigrants and their numbers were growing by 250,000 to 300,000 per year. Mr. Strassberger says that remains the government's best estimate, though he concedes it's out of date.

Following largely the same procedure that INS used, the Washington, D.C., think tank Pew Hispanic Center counted 11 million illegal immigrants last year, and between 11.5 million and 12 million last month; the group is the source for most lawmakers and reporters citing a number. (The Wall Street Journal generally has printed estimates of 11 million, or a range of 11 million to 12 million.)

But the residual method is by necessity complicated, and each step in its formula introduces uncertainty. Jeffrey Passel, a Pew senior research associate, walked me through the procedure (also outlined in Pew's latest report). The starting point is the Census Bureau's annual Current Population Survey report, which bases a count of foreign-born residents on interviews conducted with about 80,000 households. The Census intentionally seeks out a disproportionately large number of Hispanic households to get richer data. Interviewers, either by telephone or in person, ask where every member of each household was born. These figures are then extrapolated to the nation, adjusting for the larger sample of Hispanics. The latest estimate of foreign-born Americans to emerge from such calculations was roughly 36 million, Dr. Passel says.

Next, Pew subtracts the number of foreign-born Americans authorized to be in the country. Dr. Passel's team compiles annual numbers of green-card recipients, refugees and people granted asylum, a count that stretches back decades. But merely adding these numbers would be misleading, because some authorized immigrants decide to leave the country and others die. Dr. Passel assumes that immigrants of a certain age die at the same rate as the country's residents overall, and uses estimates from various studies on "outmigration," something he concedes is "hard to measure." (The outmigration numbers are also much bigger -- perhaps seven times as large -- as the number of deaths, because immigrants tend to be young.) Then the calculated total is subtracted from the total number of foreign-born residents, and the result is adjusted upwards by 10% to account for census undercounting of illegal immigrants. (That adjustment is based on one post-Census 2000 survey of undercounting among Mexican immigrants in the Los Angeles-area; other studies have yielded different estimates of undercounting.)

Dr. Passel and Robert Warren pioneered the residual method while working together at the Census Bureau in the 1980s. Dr. Warren then helped develop INS's methods for its 2000 estimate, so it's no surprise that the government's methods are similar to Pew's. Michael Hoefer, director of the office of immigration statistics, a branch of DHS, told me that the government uses the Census Bureau's American Community Survey instead of the Current Population Survey, which is based on a larger sample of households but is published later than the CPS. (Mr. Hoefer's office is working on a 2004 estimate to update the 2000 official figure of seven million.)

Also, Pew's count of illegal immigrants includes those considered "quasi-legal," meaning they're on their way to legal status, and awaiting asylum or in temporary protected status; INS's count doesn't, though the next round of government estimates might. That could mean a difference of about one million in the total count, Mr. Hoefer says.

Back in 1985, Dr. Passel told the National Journal, "The fatal flaw in virtually every study was that there's some assumption that you have to make in your estimation model for which there is absolutely no data." But he says now that estimation methods have improved, thanks to refinements of the residual-method technique, more-regular Census counts of the foreign-born

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population, and comparison of the numbers with Mexico population figures to see if the estimate of illegal immigrants from Mexico squares with a gap between expected and actual population counts south of the border.

However, there is still large uncertainty in the current estimates, due largely to Census undercounting and limited data about immigrants leaving the country. It's impossible to say how uncertain the estimates are; neither Pew nor the government publishes a margin of error, which is a standard component of most statistical estimates.

The variable numbers have provided material for Comedy Central's Stephen Colbert, who noted that on a recent Sunday political talk-show, Sen. Arlen Specter, a Pennsylvania Republican, referred to "11 million undocumented aliens," and just 30 minutes later on a different network, Massachusetts Democrat Ted Kennedy used the "12 million figure." Mr. Colbert's comment: "One million illegals snuck into this country in half an hour! That is alarming. At that rate the entire population of Mexico would be here in three days. Congress, get to work on that fence." Mr. Kennedy's spokesman cited the Pew report; a representative for Mr. Specter didn't return my call seeking comment. (Numbers Guy readers Allen Cantrell, Shauna Laughna and Robert Tamiso also spotted inconsistent immigration numbers and suggested this column topic.)

Not everyone agrees that the numbers debate matters. "As long as people concede that the number is large to begin with and is increasing, the number itself is irrelevant," Vernon Briggs, a professor of labor economics at Cornell who favors enforcing sanctions against employers of illegal immigrants, told me.

But if that were so, the numbers wouldn't be continually cited by lawmakers and the press, who would serve their constituents and audience better by acknowledging the uncertainty of these estimates.

The Immigration Impasse: A Way Out (WP)

By Robert J. Samuelson

The Washington Post, April 5, 2006

Our immigration debate is at an impasse. The House has passed a mean-spirited and delusional bill that focuses heavily on border security and would criminalize some humanitarian acts that aid immigrants. As for the 10 million to 12 million illegal immigrants already here, the supposition is that they should somehow go home. Just how is unclear. Meanwhile, the Senate seems ready to authorize up to 400,000 "guest workers" annually. Guest workers, also endorsed by President Bush, would reduce illegal immigration by giving many of the same people -- mainly poor and unskilled Mexicans -- work permits. The Senate approach also is delusional and undesirable. It would increase American poverty under the guise of curing worker "shortages."

We can do better, but chances are we won't. In 2004 immigrants accounted for nearly 12 percent of the population, the highest share since the 1920s. The fact that there are so many immigrants makes discussion harder because passions on both sides are so easily aroused. Already, hundreds of thousands of Hispanics have marched in Los Angeles, Chicago, Washington and elsewhere. But broader public opinion is also increasingly agitated. A new survey by the Pew Hispanic Center finds that 52 percent of Americans think immigrants "are a burden because they take jobs [and] housing." That's up sharply from 38 percent in 2000.

In this climate, the immigration debate has become an exercise in political public relations, often disconnected from practical realities. Republicans and Democrats are trying in different ways to appease middle-class anxieties without alienating present and future Hispanic voters. The one saving grace is that we may still have time to fashion a more sensible consensus. By the Pew poll, most Americans aren't yet so fearful of immigration that they aren't open to reason and evidence. Only 21 percent see immigration as a "very big problem" in their localities, although responses are higher in areas of greater immigration (55 percent in Phoenix, 36 percent in Las Vegas).

Let me outline what I think such a consensus might be. It has three elements and borrows from both House and Senate approaches.

· Strengthen border and employer enforcement. Unless it's stopped, the present illegal immigration of an estimated 500,000 people annually will overwhelm any system. The main lure is jobs. That's why it's essential to adopt a mandatory requirement for employers to verify new workers -- electronic checking of documents. Companies that hire illegal immigrants should be penalized heavily. But it's also essential to dry up the supply. In an earlier column, I supported the construction of fences or walls, 20 to 30 feet high, along the Mexican border. They would, I think, significantly reduce the flow, though some would still come by overstaying student and tourist visas.

· Grant amnesty to existing illegal immigrants . President Bush and many Republicans oppose this, but it's essential. We can't run an immigration system that condones mass illegality. Most illegal immigrants deserve legal standing -- and a path to citizenship. Although they "broke the law," we (meaning American society) encouraged them by inadequately policing the border and employers. Most won't voluntarily return home, where typical wages are 80 percent lower. Trying to force them back would create a huge backlash. We'd have stories of parents being torn from their American-born children. Companies would complain that government was destroying their firms by removing longtime, diligent workers. Finally, the failure to legalize today's illegal

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workers would weaken companies' incentives to comply with checks of new workers. If firms were already breaking the law to stay in business, why not take the added risk?

· Forget guest workers . Maybe a few job categories (sheepherders) with existing guest worker programs are justified. But businesses' complaints of widespread labor "shortages" mainly put a respectable face on their thirst for cheap labor. Most guest workers won't go home, even if required (see above). They'll become illegal immigrants or citizens. Either way, adding poor people is bad social policy. It would bloat the demand for government social services. And it would hurt today's poor -- including other immigrants and many African Americans -- by keeping wages down. Jobs attracting lots of immigrants have low wage increases. From 2002 to 2004, median hourly wages rose only 2 percent for construction laborers and 3.6 percent for dishwashers.

On paper, this package has something for everyone. It lifts anxiety for today's illegal immigrants and acknowledges their dignity. It lets companies keep today's illegal workers. It toughens border and employer policing. But it would also disappoint everyone. For business groups, immigration advocates and Bush, there would be no new guest workers. The president and House Republicans would have to swallow amnesty, though maybe they could change the label and debate the details. One Senate proposal envisions an 11-year transition period and a requirement to learn English.

I don't claim that this approach would succeed. Preventing illegal immigration may prove impossible. If so, we'll need to rethink immigration policy fundamentally. But I do believe this approach has better chances of success than most of the congressional proposals. Unless we legalize today's illegal immigrants and reject large-scale guest worker programs, we will indefinitely have two tiers of immigrants -- legal and illegal -- with the prospect that the stigma of illegality will taint the legal. By success, I mean that new immigrants gradually think of themselves as Americans and that most slowly disperse all along the economic spectrum. And immigration ceases to be a major issue, because it is no longer a source of large social and economic conflicts.

High Fence And Big Gate (NYT)

By Thomas L. Friedman

The New York Times, April 5, 2006

America today is struggling to find the right balance of policies on immigration. Personally, I favor a very high fence, with a very big gate.

So far, neither President Bush's proposal to allow the nation's millions of illegal immigrants to stay temporarily on work visas, nor the most hard-line G.O.P. counterproposal, which focuses only on border security, leaves me satisfied. We need a better blend of the two — a blend that will keep America the world's greatest magnet for immigrants. Why?

First, the world is flattening, and as a result more and more people around the globe have access to the same technological tools for innovation and entrepreneurship. In such a world, where innovation is concentrated really matters — because that is where the best management, research and sales jobs will be located for any company.

Because of its deeply rooted culture of immigration, the U.S. has a huge advantage in such a world. If we are smart, we can still cream off the most first-round intellectual draft choices from around the world — more than any other country — and bring that talent to our shores to start companies and work in others.

We have gone from the Iron Age to the Industrial Age to the Information Age to the Talent Age, and countries that make it easy to draw in human talent will have a distinct advantage today.

Anybody out there try to become a Swiss citizen lately? It's not so easy — and it's also not an accident that Switzerland's most famous product is the cuckoo clock.

Second, a steady flow of immigrants keeps a society flexible and competitive. In this flat world, more people than ever can leverage technology. So whatever can be done — whatever today's technologies enable and empower — will be done by someone, somewhere. The only question is whether it will be done by you or to you. The more open your society is to new people and ideas, the more things will be done by you, not to you.

We shouldn't just welcome educated immigrants, but laborers as well — not only because we need manual laborers, but also because they bring an important energy. As the Indian-American entrepreneur Vivek Paul likes to say: "The very act of leaving behind your own society is an intense motivator. ... Whether you are a doctor or a gardener, you are intensely motivated to succeed."

We need that steady energy flow, especially with India and China exploding onto the world stage with huge pent-up aspirations. If you want to know what China and India feel like today, just take out a Champagne bottle, shake it for 10 minutes and then take off the cork. Don't get in the way of that cork. Immigrants keep that kind of energy flowing in America's veins.

An amnesty for the 11 million to 12 million illegal immigrants already here is hardly ideal. It would reward illegal behavior. But since we are not going to deport them all, some version of the Arlen Specter bill seems like the right way to go: Illegal

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immigrants who were in the U.S. before Jan. 7, 2004, could apply for three-year guest-worker visas, each renewable one time if the applicant paid a $1,000 fine and passed a background check. After six years, if the immigrant learned sufficient English and paid another $1,000 fine and back taxes, he or she could start to apply for citizenship.

But because I strongly favor immigration, I also favor a high fence — if not a physical one, then at least a tamperproof national ID card for every American, without which you could not get a legal job or access to government services. We will not sustain a majority in favor of flexible immigration if we can't control our borders.

Good fences make good immigration policy. Fences make people more secure and able to think through this issue more calmly. Porous borders empower only anti-immigrant demagogues, like the shameful CNN, which dumbs down the whole debate.

We also need to control the influx of immigrants because one byproduct of the flattening of the world is that many decent low-end factory jobs previously open to someone with only a high school degree or less are now disappearing. As Dan Pink notes in his book, "A Whole New Mind," many of those jobs can now be done faster by a computer or cheaper by a Chinese worker. Therefore, we can't just endlessly expand our pool of manual labor without condemning people at that low end, particularly black men, to a future of declining wages or unemployment. That will have terrible social consequences.

For all these reasons, I weigh each immigration proposal with two questions: "Does it offer a real fence? Does it offer a real gate?"

TAX:

SoCal Anti-tax Crusader Sentenced To 27 Months In Prison (AP)

AP, April 5, 2006

LOS ANGELES – Nationally known anti-tax crusader George Henry "Nick" Jesson will serve 27 months in prison for tax fraud, a judge has ruled.

U.S. District Judge Percy Anderson on Monday also ordered Jesson, 55, to pay $215,454 in restitution to the federal government. The Fountain Valley resident, who ran for California governor in 2002, was taken into custody after his sentencing.

Assistant U.S. Attorney Sandra Brown said she believes the sentence was "wholly appropriate" and would deter others from considering anti-tax protests.

Jesson's wife, Trina Thi Vu, declined to comment after the sentencing, as did her attorney, citing pending state tax charges against the couple. Jesson's attorney, Robert Barnes of Malibu, could not be reached for comment.

Jesson pleaded guilty last June to filing a false federal tax form in May 2000. He had stated that his Huntington Beach company, No Time Delay Electronics, paid no wages in 1997 when he actually paid wages of $177,083 that year to himself and $273,236 to his wife. He also admitted to falsely obtaining a business tax refund of $215,454.

Jesson and his wife face trial in state court on six felony counts of failing to pay taxes on $3 million in income from 1997 to 1999. Jesson could get nine more years in prison and his wife a seven-year sentence if they're convicted of all counts.

Jesson ran for governor on an anti-tax platform and finished fourth of seven candidates in the 2002 Republican primary.

He was involved with an organization called "We the People for Constitutional Education," which contended that paying taxes is not required in the United States. He dared tax agents to try to collect from him and described raids on his home and business as "terrorist attacks."

Last month, he didn't show up for his scheduled sentencing on federal tax fraud charges. He was taken into custody after his wife told federal marshals he had left the house that morning despondent and possibly with a weapon.

Tax Preparers Come Under Fire (WSJ)

By Tom Herman And Robert Guy Matthews

The Wall Street Journal, April 5, 2006

A new government report highlights persistent problems of tax preparers cheating on clients' returns, sparking calls among leading senators to fast-track proposed legislation that would further regulate the tax-preparation industry.

The report by the Government Accountability Office was presented yesterday at a Senate Finance Committee hearing in Washington into tax-preparation issues. The report detailed undercover visits by government investigators to 19 outlets of several commercial tax-preparation chains, which weren't identified. Staffers posed as taxpayers and asked the firms to prepare -- but not file -- federal returns under two scenarios. In 10 of the 19 cases, preparers failed to report side income that had been supplied by the taxpayer, the GAO report said. Some preparers also missed key tax-saving opportunities, such as neglecting to itemize deductions or failing to claim all available deductions, it said.

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GAO officials noted the survey was narrow and shouldn't be used to generalize about the industry. Still, senators said the results were disturbing and strengthened the case for new legislation. The report comes on top of other GAO studies in recent years suggesting that a number of taxpayers who relied on paid preparers may have paid too much in taxes because of overlooked tax breaks.

More than 60% of all individual income-tax returns are signed by paid preparers, up from 46% in the mid-1980s, said Sen. Chuck Grassley, the committee chairman. Industry experts estimate the number of tax preparers nationwide is in the range of 1.2 million to 1.6 million. Among them are highly trained certified public accountants, lawyers and enrolled agents, all of whom already face regulation from the Internal Revenue Service. At the other end are storefronts staffed by part-timers with little or no training. Proposed legislation is aimed at bringing these and many other paid preparers under the IRS's regulatory wing. In most states, "anyone can be a paid preparer regardless of education, training or licensure," the GAO said.

H&R Block Inc., the nation's biggest tax-preparation chain, says it runs a 66-hour tax course and administers a test to prospective hires. The firm said it also maintains continuing education programs from year to year. The GAO report didn't identify any of the firms its investigators visited in their survey.

In recent years, the IRS has been turning up the heat on fraudulent preparers as part of a broad-based attack on tax cheating and dodging. At the same time, the IRS has been cracking down on CPAs, lawyers and others involved in complex tax shelters.

Industry experts say tax preparers sometimes receive payment in the form of a percentage of any tax refund, which can give the preparer an incentive to magnify tax breaks. Other preparers may be eager to maintain customer loyalty, or to sell them additional products, such as instant refund loans or audit insurance.

The GAO report found a range of faulty practices. Of tax preparers surveyed, there were "unwarranted extra refunds" of nearly $2,000 in five cases, while in two cases the preparers cost the taxpayer more than $1,500. Had these problems been spotted by the IRS on real returns, "many of the preparers would have been subject to penalties" for such things as negligence and willful or reckless disregard of tax rules. But taxpayers would be on the hook for underpayments and interest, plus possibly penalties.

Senators said the vast majority of tax preparers do a fine job. But "we are getting reports that an increasing minority is doing a disservice to the American public -- some through bad advice, some through incompetence, and some through taking advantage of the public by unscrupulous means," Sen. Grassley said.

He said the hearing should "provide new momentum" to a regulatory bill pending in the Senate that he backs, along with Sen. Max Baucus, the committee's ranking Democrat. The bill would give the IRS Office of Professional Responsibility, which currently regulates CPAs, tax lawyers and others, additional oversight of all paid tax preparers. The bill would begin requiring exams and imposing continuing education requirements. It also would require "non-monetary sanctions," such as suspension or termination, for failure to comply with the regulations.

"The GAO study raises important points regarding returns preparers and the tax system. The facts presented in the study show the need for simplification of the tax code," the IRS said.

* * *

A TAX-LAW GLITCH attracts growing attention.

Part of a law enacted in 2004 was supposed to simplify and streamline the definition of a "child" for tax purposes. But that law created "unintended consequences," a Treasury official said. For example, some upper-income households now qualify for tax breaks they weren't supposed to get, and some low-income people have lost valuable benefits.

Rep. Lloyd Doggett, a Texas Democrat, says he plans to introduce a bill soon to clean up the mess, effective for the 2006 tax year. The Treasury also has proposed a legislative remedy.

Referring to the 2004 law, Rep. Doggett says: "This is an excellent reminder that some attempts to simplify the tax code offer an overly simple answer that is simply unfair."

* * *

BRIEFS: The IRS expects to receive more than 9.6 million forms for automatic six-month extensions this year, according to a recent publication. ... IRS Commissioner Mark Everson says even he gets a bit nervous when he gets a letter from the IRS. "I still get a little twitch when I go home and find an envelope in the mail with 'Internal Revenue Service' on it," Mr. Everson told the Yale Alumni Magazine. "And all it is is some personnel notice, saying that there's been a change in my dental benefits."

Some Tax Preparers Don't Add Up (WP)

By Albert B. Crenshaw

The Washington Post, April 5, 2006

DOJ_NMG_0025627

Commercial tax preparers made errors, sometimes amounting to more than $1,000 in incorrect refunds and overpayments, in 100 percent of returns brought to them by a government agency seeking to test the accuracy of work done by large chain tax-preparation firms.

The study by the Government Accountability Office was small -- only 19 returns, which the GAO cautioned cannot be used to generalize to the entire commercial return-preparation industry -- but on only two returns did the preparer produce what the agency determined was the right amount. And even those two had mistakes, though they did not affect the final tax amount.

In five cases, paid preparers produced returns showing improper refunds of nearly $2,000 each, and in two cases, the returns would have had taxpayers paying more than $1,500 unnecessarily.

The agency reported its finding to the Senate Finance Committee at a hearing yesterday and urged taxpayers to be careful in choosing tax preparers.

GAO workers posed in nine cases as a plumber and his family and in 10 cases as a low-income single mother with wages from retail sales and side income from baby-sitting. The agency, with staff members from the Senate Finance Committee and Joint Tax Committee, went over both scenarios and agreed on what the correct refunds would be.

The preparers were not identified. They were described as outlets "of several commercial chain preparers scattered throughout a metropolitan area." All the preparers in the study were what the Internal Revenue Service calls "unenrolled preparers" who have not passed an examination or worked for the IRS. There are 300,000 to 600,000 such preparers. More than half of the 130 million returns filed each year are done by paid preparers, and in most states anyone can go into that business without special training or a license.

The GAO noted that several hundred thousand certified public accountants and lawyers are authorized to practice before the IRS and that another group of about 41,000, known as enrolled agents, must pass an examination or have worked for the IRS.

The GAO found that in 10 cases the preparers did not include business income. In five cases, the preparers did not ask where the taxpayers' children lived or ignored the GAO worker's explanation and incorrectly claimed the earned-income tax credit, meant to help low-income workers and their children.

In three of nine cases in which the taxpayer could have claimed a credit for higher education, the preparers did not do so, and in seven of nine cases in which itemizing would have helped, the preparers either did not do so or left off some deductible expenses. Seven of the 19 returns reported too many personal exemptions, while eight of 19 reported state tax refunds incorrectly.

"Had these problems been discovered by the IRS on real returns, IRS officials said that many of the preparers would have been subject to penalties for such things as negligence and willful or reckless disregard of tax rules," the GAO report said.

"Americans have a right to expect that when they hire a tax preparer they're going to get honest, straightforward advice," Finance Committee Chairman Charles E. Grassley (R-Iowa) said in a written statement. "Unfortunately, too often that isn't the case."

The GAO urged taxpayers to take "common-sense steps," such as checking with friends and relatives for recommendations and making sure that preparers understands their circumstances and reviews their tax documents.

The IRS Web site (http://www.irs.gov/) also has tips for choosing a tax preparer. Type "choosing a tax preparer" into the search field.

Big Gain For Rich Seen In Tax Cuts For Investments (NYT)

By David Cay Johnston

The New York Times, April 5, 2006

The first data to document the effect of President Bush's tax cuts for investment income show that they have significantly lowered the tax burden on the richest Americans, reducing taxes on incomes of more than $10 million by an average of about $500,000.

An analysis of Internal Revenue Service data by The New York Times found that the benefit of the lower taxes on investments was far more concentrated on the very wealthiest Americans than the benefits of Mr. Bush's two previous tax cuts: on wages and other noninvestment income.

When Congress cut investment taxes three years ago, it was clear that the highest-income Americans would gain the most, because they had the most money in investments. But the size of the cuts and what share goes to each income group have not been known.

As Congress debates whether to make the Bush tax cuts permanent, The Times analyzed I.R.S. figures for 2003, the latest year available and the first that reflected the tax cuts for income from dividends and from the sale of stock and other assets, known as capital gains.

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The analysis found the following:

¶Among taxpayers with incomes greater than $10 million, the amount by which their investment tax bill was reduced averaged about $500,000 in 2003, and total tax savings, which included the two Bush tax cuts on compensation, nearly doubled, to slightly more than $1 million.

¶These taxpayers, whose average income was $26 million, paid about the same share of their income in income taxes as those making $200,000 to $500,000 because of the lowered rates on investment income.

¶Americans with annual incomes of $1 million or more, about one-tenth of 1 percent all taxpayers, reaped 43 percent of all the savings on investment taxes in 2003. The savings for these taxpayers averaged about $41,400 each. By comparison, these same Americans received less than 10 percent of the savings from the other Bush tax cuts, which applied primarily to wages, though that share is expected to grow in coming years.

¶The savings from the investment tax cuts are expected to be larger in subsequent years because of gains in the stock market.

The Times showed the new numbers to people on various sides of the debate over tax cuts. Stephen J. Entin, president of the Institute for Research on the Economics of Taxation, a Washington organization, and other supporters of the cuts said they did not go far enough because the more money the wealthiest had to invest, the more would go to investments that produce jobs. For investment income, Mr. Entin said, "the proper tax rate would be zero."

Opponents say the cuts are too generous to those who already have plenty. Representative Charles B. Rangel of New York, the senior Democrat on the House Ways and Means Committee, said after seeing the new figures that "these tax cuts are beyond irresponsible" when "we're in a war; we haven't fixed Social Security or Medicare; we've got record deficits."

Because of the tax cuts, even the merely rich, making hundreds of thousands of dollars a year, are falling behind the very wealthiest, particularly because another provision, the alternative minimum tax, now costs many of them thousands and even tens of thousands of dollars a year in lost deductions.

About 3.5 million taxpayers filing their returns for last year are being hit by the alternative tax. But that figure will balloon this year to at least 19 million taxpayers, making as little as about $30,000, unless Congress restores a law that limited its effects until now, according to the Tax Policy Center in Washington, a joint project of the Brookings Institution and the Urban Institute, whose estimates the White House has declared reasonable.

The tax cut analysis was based on estimates from a computer model developed by Citizens for Tax Justice, which asserts that the tax system unfairly favors the rich. The group's estimates are considered reliable by advocates on differing sides of the tax debate. The Times, which also did its own analysis, asked the group to use the model to produce additional data on the effect of the investment tax cuts on various income groups. The analyses show that more than 70 percent of the tax savings on investment income went to the top 2 percent, about 2.6 million taxpayers.

By contrast, few taxpayers with modest incomes benefited because most of them who own stocks held them in retirement accounts, which are not eligible for the investment income tax cuts. Money in these accounts is not taxed until withdrawal, when the higher rates on wages apply.

Those making less than $50,000 saved an average of $10 more because of the investment tax cuts, for a total of $435 in total income tax cuts, according to the computer model.

During last week's debate on whether to restore limits on the alternative minimum tax or make permanent the cuts in investment income taxes, House leaders chose as their spokesman Representative David L. Camp, a Michigan Republican. He said Republicans favored continuing investment tax cuts because that would help more people and would especially benefit those making less than $100,000.

"Nearly 60 percent of the taxpayers with incomes less than $100,000 had income from capital gains and dividends," he said on the House floor.

But I.R.S. data show that among the 90 percent of all taxpayers who made less than $100,000, dividend tax reductions benefited just one in seven and capital gains reductions one in 20.

Mr. Camp, who had said in an interview that his figures were correct, said Monday through a spokesman that he had been misinformed by the staff of the House Ways and Means Committee. But his office said he supported making the investment tax cuts permanent because cutting these rates was "good policy and good for our economy."

President Bush, in his budget, urged Congress to make permanent the reduced taxes on investment income. He also proposed limiting the effects of the alternative minimum tax through next year, saying a permanent solution "is best addressed within the context of fundamental tax reform."

The Congressional Budget Office estimated that making the investment tax cuts permanent would cost the government $197 billion over 10 years. But advocates of eliminating taxes on investments say there is no cost to the government because lowering taxes on such income encourages more investment, which should lead to more and higher-paying jobs. Taxes on

wages from those jobs should more than offset the tax savings to investors, said Mr. Entin, an advocate of eliminating taxes on most investment income as a way of promoting economic growth.

However, the Congressional Research Service, an arm of Congress that analyzes issues, concluded in a January report that lower taxes on investment income may translate into lower savings because people need fewer investments to earn the same after-tax income. In another report, the research service showed how lower taxes on investment income can encourage investment outside the United States, creating jobs, but not for Americans.

The Center on Budget and Policy Priorities, which advocates for the poor, and several mainstream policy research organizations say the investment tax cuts will have insignificant positive effects and may even damage long-term economic growth by contributing to soaring budget deficits. In an era of budget deficits, "the net effect is a wash or may even be negative," said Robert Greenstein, the executive director of the center.

There have been three tax cuts for individuals under President Bush. The top tax rate on compensation was trimmed twice and is now 35 percent, from 39.6 percent when President Bush took office. Most compensation also faces a 1.45 percent Medicare tax, which is matched by the employer, making the effective federal tax rate on high earners 37.9 percent.

Then, the top rate for most investment income was reduced to 15 percent in 2003, from the 39.6 percent for dividends and 20 percent for profits on asset sales that were in effect when Mr. Bush took office.

A result is that the wealthiest Americans now pay much higher direct taxes on money they work for than on money that works for them.

Wealthiest American Families Add To Their Share Of U.S. Net Worth (WSJ)

By Chriatopher Conkey

The Wall Street Journal, April 5, 2006

WASHINGTON -- The share of net worth held by the wealthiest 1% of American families rose slightly after inflation between 2001 and 2004, according to new figures from the Federal Reserve.

The top 1% held 33.4% of the nation's net worth in 2004, up from 32.7% in 2001, but still lower than a peak of 34.6% in 1995. Although the increase from 2001 is small, the data suggest that the upper strata, who saw their share of net worth decline between 1998 and 2001 as stock prices crashed, regained some of those losses by 2004.

The new figures on net worth -- the difference between assets and liabilities -- come from the Fed's Survey of Consumer Finances, a triennial survey based on interviews of 4,522 families that excludes those listed on the Forbes 400 list of wealthy individuals. Fed economist Arthur Kennickell noted that some respondents interviewed in the survey had wealth greater than the lowest value on the Forbes list, however.

The survey identified 715 families in the top 1%, corresponding to 1.1 million nationwide, and said the minimum net worth for the group was $6 million. In 2004, the wealthiest percent owned 70% of bonds, 51% of stocks and 62.3% of business assets.

After the richest 1%, the Fed found that the next wealthiest 9% of families held 36.1% of net worth in 2004, down from 37.1% in 2001. Below them, families in the top 50% to 90% held 27.9% of net worth in 2004, a slight increase from 2001, while families in the bottom half saw their share fall to 2.5% of net worth in 2004 from 2.8% in 2001.

Between 1989 and 2004, the figures show, families in the top 1% saw their share of net worth rise to 33.4% from 30.1%, while families in the bottom half saw their share fall to 2.5% from 3%. In the report, Mr. Kennickell noted that "wealth moved in relative terms to the upper half of the distribution during this time."

The rising slice of net worth for those at the very top between 2001 and 2004 didn't come because the super-rich acquired a greater share of stocks, cars or houses. In fact, the share of assets held by the top 1% held steady at 29.5% during the period.

Mr. Kennickell noted that it is difficult to pinpoint exactly why the top 1% gained a greater share of net worth between 2001 and 2004, because their share of assets was unchanged and their share of debt grew.

The survey found that 25% of those in the lowest 25% of net worth said they spent more than they earned in 2004, while only 6% of those in the top 1% said they did.

"A possible explanation of the decline for the lowest wealth group might be changes in their use of debt," Mr. Kennickell wrote.

Is Reliance On Real Estate A Crack In The Foundation? (WP)

By Neil Irwin

The Washington Post, April 5, 2006

The U.S. economy is more dependent on housing than it has been in a half-century, as the sector fuels consumer spending and has accounted for nearly three-quarters of the nation's job growth in the past five years.

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As a result, economists worry that the housing slowdown that began late last year could hurt the broader economy more than past real estate downturns, although other parts of the economy appear to be accelerating.

What makes the real estate boom of the past decade unusual is that its effects have reverberated far beyond closely related sectors such as construction, driving sales in places as varied as furniture stores and motorcycle showrooms, especially in the Washington area and others where home prices have soared particularly rapidly.

"People know they can always refinance or flip their houses, so they are willing to spend more," said Matt Ross, sales manager at Coleman PowerSports in Falls Church, who figures that at least 20 percent of his sales of motorcycles, motor boats, and jet skis are to people who pay for their purchase using home equity.

By almost any measure, the U.S. economy is built on housing more than in the past. In 2005, investment in housing constituted a higher proportion of the goods and services the nation produced than it has since 1950, when the nation was experiencing a massive postwar housing boom. The proportion of jobs in real-estate-related fields is the highest it has been since at least 1970.

Locally, there is strong job growth in sectors other than housing. The value of home transactions in the region was nearly as high as federal procurement spending in the region last year, though each dollar spent by the government generates significantly more economic activity. But Washington area residents took more money out of their houses through mortgage refinancing and home equity loans, as a proportion of income, than those in most other cities, which could mean local consumers' spending has depended more on housing than in most places.

Now the companies that have benefited from this expansion are bracing for the great unwinding. The nation appears to be entering a period in which the role of housing in the economy is returning to something more resembling its historical norms.

A small group of economists argue that housing prices in many parts of the nation, including the Washington area, have so outstripped those supported by economic fundamentals, such as income levels, that they are due for a painful and rapid correction that could cause a recession. But most mainstream economists believe that the unwinding of the housing market's outsize role in the economy will be gradual and come just as other industries take over as economic drivers.

Nationally, the number of homes sold declined every month from August to January, according to the National Association of Realtors. Builders started work on 4.8 percent fewer units of housing in February than a year earlier, following years of sharp increases in construction.

So far, the housing slump appears not to have caused much economic distress, but the consensus of Wall Street economists' predictions is that growth will slow in the second half of the year, in part due to the housing slowdown.

"Clearly, housing is going to be a drag on the economy; the question is how much does housing slow and how quickly," said Dean Baker, co-director of the Center for Economic and Policy Research and a certified housing bear who expects a housing slump that will lead to recession.

A more common view among economists is that a cooling in the housing market would be only a mild drain on the economy.

"There will be losses in housing-related sectors, but I think other sectors will take up the slack," said Eugenio J. Aleman, a senior economist with Wells Fargo & Co.

Even if he's right, a housing slowdown could have ripple effects down to the corner paint store. Monarch Paint and Wallcovering Co., with three stores in the District, has benefited more than most from the long boom in housing, with double-digit-percentage sales increases in 2003 and 2004, said President Victor K. Krause. Those good times led the company to increase its staff 10 percent and spend about $75,000 a year on new computer systems, paint-mixing machines and other capital expenditures.

Sales growth has slowed in recent months, Krause said, which he figures is due to fewer people buying new houses and apartments they wish to have painted. If the pattern continues and sales growth slows further or stops, he plans to hold off on any new capital expenditures or hiring. "You reinvest those extra dollars that come in," Krause said, "but you don't do that if the dollars aren't there."

Real estate helped pick up the job-market slack that resulted when the high-tech bubble burst five years ago, saving the region from the severe economic slowdown some predicted. Marla Selko, for example, worked in sales for a company that provided online education services until investors in her old employer pulled its funding during the tech collapse. Looking for work in 2002, she decided to start a business that refers people to home remodeling and other contractors, called Urban Referrals, which has been fueled in part by the strong housing market.

The question is whether another engine will come in and replace housing. The Washington area is better positioned than much of the nation in that regard. Nationally, real-estate-related industries accounted for 74 percent of new jobs over the past five years. Locally, they account for only 21 percent, because in the Washington area other sectors have grown faster.

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At the end of 2005, 11 percent of Washington area jobs were held by real estate brokers, construction workers, mortgage brokers or otherwise tied to real estate, according to an analysis of Labor Department data by Moody's Economy.com. That's the highest level in the 35 years the data go back.

Indeed, there were more than 12,000 members of the Northern Virginia Association of Realtors at the end of last year, twice as many as in 2001. "If the volume of business declines just a little bit, there won't be enough business to support that many people," said Dave Hawkins, managing broker of McEnearney Associates Inc. in Alexandria, who expects those numbers to eventually drop.

There are other ways housing has influenced the economy that could leave the region vulnerable.

Economists call one the wealth effect. It's the degree to which rising prices of homes (or, in the late 1990s, stocks) lead to people spending more than they would otherwise. It's notoriously hard to measure, and economists can only guess at its exact scope, but it works through different ways. For one, when people see their house appreciating sharply, some feel less need to save as much as they would otherwise, resulting in more money to spend on everything else. For another, rising home prices and low interest rates have led many Americans to refinance their mortgages or take out home equity loans, giving them more money to spend.

Economy.com figures that mortgage refinancing put money in Washington area residents' pockets equivalent to 14.5 percent of personal disposable income. That's the 14th-highest rate among major metropolitan areas, behind mostly cities in California and Florida.

"Those economies where housing has gone skyward are most vulnerable as housing comes back down to earth," said Mark Zandi, the consulting firm's chief economist.

Despite the risks ahead, some businesses that have benefited from the housing boom say they are confident that they will keep growing even as housing slows.

Case Design/Remodeling Inc., in Bethesda, has doubled to 300 employees since 2001, fueled in part by homeowners' confidence in investing in their homes and cheap money available through mortgage refinancing and home equity loans.

President Mark Richardson said he is confident that business will keep growing strongly even with the housing slump, as people hire his company to make improvements to their current homes rather than buying a new place.

So what happened in 1989, the last time the housing market entered a slump? "Oh, that was painful," said Richardson, who had to cut his staff as sales of remodeling services declined. "The market dropped off so dramatically and so quickly. People became very gun-shy. But then during that era, you had home appreciations that were double-digit in the 1980s, and all of a sudden, it went into negative territory. It made people say 'time out' and not want to do anything."

Fed Debate On 2000 Tech Bust Holds Lesson On Current Risks (WSJ)

By Greg Ip

The Wall Street Journal, April 5, 2006

WASHINGTON -- Federal Reserve officials remained bullish on technology spending through most of 2000 even as a massive bust got under way, and may have delayed easing monetary policy for fear of reinflating stock and bond markets, newly released transcripts show.

Transcripts of the Fed's deliberations through 2000, released with the customary lag yesterday, offer some lessons for today. Like in 2000, the Fed has been raising interest rates to stave off inflation. In 2000, the economy was being propelled by surging tech spending and high stock prices. Housing plays a similar role today. An important difference is that in part because of the lessons of 2000, the Fed is on the alert for any downdraft in housing.

The stock market peaked in March 2000, then began to decline with a brief rebound in August. Tech orders peaked that summer, and tech shipments at the end of the year. Still, as late as October, Fed officials remained bullish on spending in the sector.

In June 2000, then-Fed Chairman Alan Greenspan acknowledged that the economy had begun to slow, but from an unsustainable pace.

That August, David Stockton, the Fed's research director, said there was little sign of "an appreciable dent in the demand for equipment and software. It just doesn't look like this boom is about to dissipate any time soon."

In retrospect, a multiyear tech boom peaked at about that time. Business equipment spending grew at double digits in the second quarter of 2000, then screeched to a halt in the third. It was the first of eight quarters of negligible growth, or declines, in equipment spending. That slump was the main cause of the recession that ran from March to November of 2001.

By October 2000, some leading tech companies began to warn of disappointing sales. "Is there something there that those companies are seeing that we're not seeing?" William Poole, president of the Federal Reserve Bank of St. Louis, asked. Mr. Stockton replied it was probably noise while acknowledging he was "nervous."

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According to the transcripts, Mr. Greenspan wasn't worried. "There is nothing terribly significant going on in the economy excluding energy," he said.

The Fed had last raised short-term rates in May, to 6.5%. Thereafter, the "balance of risks" in its post-meeting statements were tilted to risks of inflation, suggesting a rate increase was more likely than a rate cut. But even as a slowdown became apparent, officials were reluctant to change that. They thought tight labor markets and high energy prices threatened to raise inflation.

Mr. Greenspan said even if the risks were balanced, saying so risked sending markets higher, creating "financial conditions that would be too easy."

Fed Governor Edward Gramlich agreed that "it is certainly possible that this would spark a rally and I don't think anybody wants to see that," but nonetheless suggested the change ought to be made.

That December, Mr. Greenspan acknowledged that growth had "unambiguously moved down dramatically." A few weeks later, the Fed began to cut rates.

Stocks Rise On Hopes Of More Mergers (USAT/AP)

By The Associated Press

USA Today, April 5, 2006

NEW YORK — The possibility of increased merger activity boosted stocks Tuesday and pushed the Nasdaq composite index to a five-year high.

With Citigroup freed to pursue expansion by federal regulators and Computer Sciences putting itself up for sale, investors were cheered by the potential for M&A activity to remain strong through the rest of the year.

However, there were no new economic reports or major corporate earnings, and some investors held off from making big bets ahead of Friday's Labor Department report on job creation, a key barometer of economic health.

“There's fairly widespread anticipation that the economic numbers this week will be solid, though not great,” says Hugh Johnson, chief investment officer at Johnson Illington Advisors. “The market is reflecting that.”

The Nasdaq gained 8.62 points, or 0.4%, to 2345.36 for its best close since Feb. 16, 2001. However, its gain for the day actually trailed the other two major U.S. stock indexes. The Dow Jones industrial average rose 58.91 points, or 0.5%, to 11,203.85, and the Standard & Poor's 500 index added 8.12 points, or 0.6%, to 1305.93.

In company news, Citigroup gained 80 cents to $48.21 after the Federal Reserve Bank of New York lifted a yearlong ban on acquisitions as the financial conglomerate worked to improve its internal compliance programs.

Meanwhile, Computer Sciences rose $2.51 to $59.80 on news that it plans to examine “strategic alternatives” — including a sale of the company — while also cutting 5,000 jobs, or 6% of its workforce, over the next two years.

The potential for increased M&A deals comes as the Federal Reserve is expected to wind down its current program of rate increases. While another increase is expected in May, bringing the benchmark fed funds target rate to 5%, halting rate increases soon after could prompt companies to renew their acquisition efforts, knowing that rates for borrowing would be stable.

“The next phase of the market is in M&A activity, and the Fed moving to the sidelines will help with that,” says Joe Keating, chief investment officer at First American Asset Management. “So I think investors can still stay in the market and put their money to work.”

3M climbed $1.16 to $77. The company said it would sell its pharmaceutical business that makes products related to dermatology, women's health and cardiology.

CONGRESS-ADMINISTRATION:

Snow Gets Muted Bush Support, Fueling Talk He Will Leave Soon (WSJ)

By John D. McKinnon

The Wall Street Journal, April 5, 2006

WASHINGTON -- President Bush, fueling speculation that Treasury Secretary John Snow will depart soon, offered only muted support for the former railroad executive when asked whether he is likely to survive an expected staff shake-up.

With Mr. Snow sitting next to him at a conference on health savings accounts, Mr. Bush said the Treasury secretary "has been a valuable member of my administration, and I trust his judgment and appreciate his service." But he said nothing to squash widespread talk that Mr. Snow is likely to be replaced.

The president is awaiting recommendations from new White House Chief of Staff Josh Bolten for a reorganization.

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There has been widespread speculation for months that Mr. Snow, who succeeded Paul O'Neill in February 2003, will leave before the end of this year.

One person familiar with Mr. Snow's thinking said the secretary has told acquaintances that at some point before the end of the president's term, he plans to return to the private sector, possibility before year end. Mr. Snow is said to be keenly interested in influencing the choice of successor.

The secretary is seen largely as a public spokesman for the president's economic policies, rather than a major force in shaping them. His defenders in the administration say this White House, unlike some earlier ones, simply has never surrendered control over the president's domestic agenda to any cabinet secretary. Mr. Snow is, however, credited for effectively handling the administration's stance toward China on its currency regime.

The perception that the Treasury post is weaker than it was when Robert Rubin or Lawrence Summers held it in Bill Clinton's years or when James Baker held it in Ronald Reagan's administration could make it hard for the administration to replace Mr. Snow with that kind of high-profile Wall Street or corporate executive.

"People from outside do not want to come in to be Treasury secretary if they are not going to have responsibility, and this administration has not given responsibility to agencies," said Peter Wallison, a former Reagan administration official who is a fellow at the American Enterprise Institute. "That's been one of the problems from the beginning, and Treasury has been one of the principal victims."

One potential candidate, Henry Paulson, chief executive of Goldman Sachs Group, has little interest in the job and instead wants to aid environmental causes when he leaves the firm, according to a person familiar with his thinking.

So there has been speculation recently that Mr. Bush might turn to an insider should he decide to replace Mr. Snow. One possibility that has surfaced recently is to pick Allan Hubbard, director of the White House National Economic Council, a longtime friend of the president whose profile has risen lately as he pushes his approach to changing the American health-care system. But some Republicans close to the White House believe that Mr. Hubbard, an Indiana businessman, might not enjoy the heavy diet of speeches and public events that comes with the job, preferring his largely behind-the-scenes role.

Other possibilities include U.S. Trade Representative Rob Portman, a former Ohio congressman; and Steve Friedman, a former Goldman Sachs executive whom Mr. Hubbard succeeded at the National Economic Council.

Treasury Secretary Is Said To Be Thinking Of Quitting (NYT)

By Elisabeth Bumiller

The New York Times, April 5, 2006

WASHINGTON, April 4 — Treasury Secretary John W. Snow has expressed interest in leaving his job in the next several months, a person close to him said Tuesday, as speculation raced through Washington that the White House was seeking Mr. Snow's replacement.

President Bush did little to tamp down the talk after a morning meeting about health care in the Roosevelt Room, where he responded with a tepid endorsement to a question about whether Mr. Snow would stay. The Treasury secretary was in the room as the president spoke.

"Secretary Snow is here at the table," Mr. Bush said. "He's been a part of this discussion. I'm glad you brought him up. He has been a valuable member of my administration, and I trust his judgment and appreciate his service."

When Mr. Bush has been asked in the past about whether Defense Secretary Donald H. Rumsfeld would remain in his job, he has spoken out more forcefully and enthusiastically.

Several prominent Republicans who consult regularly with the White House said on Tuesday that Joshua B. Bolten, the president's incoming chief of staff, was interested in a replacement for Mr. Snow who could more powerfully communicate the administration's message that the American economy is strong.

Another Republican who is in close contact with the West Wing staff said White House officials were expecting Mr. Snow to step down.

"They're waiting for Snow to do the right thing," the Republican said. "They thought he would have gotten the message right now and submitted his resignation."

The Republicans and the person close to Mr. Snow were granted anonymity to discuss private deliberations and thinking within the administration.

Mr. Snow's spokesman, Tony Fratto, declined to comment.

Speculation about Mr. Snow's departure has ebbed and flowed for more than a year but has intensified since Mr. Bush announced last week that Mr. Bolten would be his new chief of staff. Mr. Bolten, who once worked at Goldman Sachs, is said to be interested in filling the Treasury post with someone from Wall Street who could help reassure financial markets worried about record-high budget and trade deficits.

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Although Mr. Bush has been resistant to a Treasury secretary from the investment and financial worlds, Republicans say that he is less so now and that he recognizes that his economic team needs more credibility.

Names circulating in Republican circles as possibilities for the Treasury job include Stanley O'Neal, the chairman and chief executive of Merrill Lynch, and Henry M. Paulson Jr., the chief executive of Goldman Sachs.

Some Republicans questioned whether either man would be seriously interested in the Treasury post, which in this White House has not been the powerhouse position it was when Robert E. Rubin held it under President Bill Clinton.

Mr. Bush's Treasury secretaries — Paul H. O'Neill, the former chief executive of Alcoa, was Mr. Snow's predecessor — have not had their own voices on economic matters and have been effectively subordinate to Karl Rove, the president's political adviser and deputy chief of staff. Although Mr. Bolten has told associates that he wants to overhaul his economic team, it is unclear if he wants to change its basic structure.

Mr. Snow, who has been in the job for three years, has long said he will return to the private sector at an appropriate time. The person close to Mr. Snow who said that the secretary was interested in stepping down in the next several months appeared to be reflecting that thinking, but also appeared to be defensively positioning Mr. Snow so that any resignation could be portrayed as his own.

In his remarks in the Roosevelt Room, Mr. Bush indicated that he had given Mr. Bolten a strong hand to reorganize the White House, but only so far as he approved. Republicans have criticized the departing chief of staff, Andrew H. Card Jr., as fatigued and slow to react to national crises over the past year, including Hurricane Katrina.

"I told Josh that he is — will organize the White House in such a way that he is comfortable with and that meets my needs," Mr. Bush said. "And my needs are to have good, crisp information so I can make decisions on behalf of the American people."

Mr. Bolten is to take over on April 14, and the president said he looked forward to his recommendations on "how to get this White House for the last two and a half years of my administration to continue to function in an effective way."

When DeLay Talks, People Could Pay (WP)

By Al Kamen

The Washington Post, April 5, 2006

Rep. Tom DeLay (R-Tex.), who is no longer running for reelection and is leaving Congress shortly, should do well in the private sector -- as long as he doesn't get convicted of anything serious. The immensely profitable -- ask Bill Clinton -- speaking circuit awaits, along with perhaps a book, teaching, a radio talk show and whatnot.

In addition, he's eligible for a pension of a bit over one-third of his $183,500 majority leader's salary, or about $65,000 a year, complete with health benefits and cost-of-living adjustments.

Five House members have recently introduced pension-revocation legislation for convicted felons, and the House Administration Committee will be taking up that issue among others tomorrow when it considers a lobby reform package.

All five lawmakers are Republicans. Apparently no House Democrat has introduced such a bill. That may be, a colleague suggests, because Republicans can't imagine themselves as scofflaws; Democrats know themselves better.4-Finger Salute

Loop Fans have been asking why we didn't use the actual photo of Justice Antonin Scalia 's controversial gesture last week to respond to a question from Boston Herald reporter Laurel J. Sweet .

Scalia, leaving a special Mass for lawyers, was asked how he responds to people who questioned his impartiality on church-state cases.

Scalia flicked his fingers out from under his chin in what the Herald's reporter called an obscene gesture and Scalia insisted was not. Experts and members of the Soprano family in Jersey were divided on the issue.

A glitch in the purchase delayed the photo's arrival in time for Monday's column. But the photo of the justice as he completes his courtly response is not to be missed.The Nearly Departed

If Treasury Secretary John W. Snow doesn't know he's outta there, he might want to study President Bush 's response to a reporter's question yesterday at a health-care meeting about whether Snow is "expected to stay on."

"Secretary Snow is here at the table," Bush said. "He's been a part of this discussion." [Note past tense.] "I'm glad you brought him up." [No doubt.] "He has been a valuable member of my administration [Past tense again.], and I trust his judgment and appreciate his service. [It's been great.]"

Then, Bush almost, almost did it again. " Andrew Card , my longtime friend, a person who will go down in the annals as one," Bush paused, "a really fine chief of White House in the history of the White House." You just know he was going to say "one heckuva" chief of staff.The Departing

Somebody draw the short straw? President Bush announced yesterday that he has selected Karen P. Hughes , undersecretary of state for public affairs, to lead the U.S. delegation to the inauguration tomorrow of President-elect Thomas Yayi Boni of the beautiful West African Republic of Benin.Rice, Straw and the Cobra's Tale

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The No. 1 reading material on the Condoleezza Rice - Jack Straw tour to Iraq this week was the book "Cobra II," an inside account of the Iraq war by Michael R. Gordon and Bernard E. Trainor .

Both U.S. and British officials accompanying the secretary of state and the British foreign secretary were engrossed in reading it as they flew back and forth to Baghdad from England. The book contains an appendix with a series of secret British memos critical of the U.S. occupation, written by diplomat John Sawers , who just happened to be part of the Rice-Straw meetings in Iraq.

The book also recounts how British officers were appalled when Gen. Tommy Franks showed his officers the movie "Gladiator" before the invasion to inspire them.Ill Literacy

"The National Strategy for Financial Literacy 2006" report, which was to have been completed in July, showed up yesterday. The last sentence of the foreword says that, as for nongovernmental Web sites, "the United States Government, including the Financial Literacy Education Commission and its member agencies, dies not endorse, approve, certify, or control those external sites . . ."

Well, dies it endorse literacy in general?Happy Landing

Brian V. McCormack , an Idaho GOP veteran and former personal aide to Vice President Cheney and to former Iraq viceroy L. Paul Bremer in Baghdad, has landed nicely in the White House handling the business portfolio in the office of public liaison.Not This Club

Samuel H. Silver , chairman of the board of the Seattle area group Toward Tradition, a nonprofit that promotes traditional Judeo-Christian values, writes to say that, contrary to our "spurious implication otherwise," in a column last week, his organization never gave former GOP lobbyist Jack Abramoff , a former board member and friend of organization head Daniel Lapin , any award.

Abramoff had asked Lapin for an award -- so he could get into the Cosmos Club -- and Abramoff reportedly claimed on his biography that he had received such an award.

So do we believe a claim by Abramoff, a man who Silver says is "an admitted felon and forger"? Well, since he puts it that way, no, we believe Silver. No award.

Bush Eager To Hear Ideas From Bolten (AP-Y2)

By Deb Riechmann

AP2, April 4, 2006

President Bush dodged questions Tuesday about whether he would keep Treasury Secretary John Snow in his Cabinet but said he was eager to hear recommendations for change from his new chief of staff.

Some staff changes are expected when Joshua Bolten, currently the budget director, moves into the West Wing to replace Andy Card, who has been chief of staff since Bush became president. Card's last day is April 14.

Republicans have urged Bush to make major staff changes to reinvigorate the administration and lift his approval ratings from record lows.

"I told Josh that he is — will organize the White House in such a way that he is comfortable with and that meets my needs," said Bush. "And my needs are to have good, crisp information so I can make decisions on behalf of the American people."

Republicans close to the White House say they expect changes in Bush's communications, congressional relations and domestic policy shops. The political team, led by deputy chief of staff Karl Rove, is believed to be immune to change.

Critics have complained that Snow has not convinced the public that the economy is on a healthy upswing. Rumors about his departure created an awkward moment for Bush in the Roosevelt Room, where Bush discussed his initiative for health savings accounts. When a reporter asked Bush whether Snow was expected to remain in the Cabinet, the president noted that Snow was in the room.

"Secretary Snow is here at the table," Bush said. "He's been a part of this discussion. I'm glad you brought him up. He has been a valuable member of my administration, and I trust his judgment and appreciate his service." But he did not say whether Snow would stay.

Asked later why the president didn't simply dispel rumors of a Snow departure, White House press secretary Scott McClellan replied: "We've had a long policy of never speculating about personnel matters."

McClellan ducked a question about his own fate. "I appreciate the question, and as I've said, I never speculate on personnel matters. Period."

With widespread talk of a shake-up, some White House staffers report getting job offers from outside employers. Others who were planning to leave are considering staying longer so their departures are not viewed as part of any housecleaning.

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Bolten must find someone to take his old job — director of the Office of Management and Budget — and find a new domestic policy adviser. Claude Allen left that post in February just before he was charged with theft for allegedly receiving phony refunds at department stores.

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On the Net:

The White House: http://www.whitehouse.gov

Supreme Court Pushes Back On Televised Proceedings (LAW)

By Tony Mauro, Legal Times

Legal Times, April 5, 2006

Supreme Court Justice Anthony Kennedy pushed back strongly Tuesday against a bill pending in the Senate that would require the Court to televise its proceedings.

"Mandating direct televised proceedings would be inconsistent with the deference and etiquette that should apply between the branches," Kennedy said in response to questions from House members at the Court's annual budget hearing Tuesday. "We feel very strongly that this matter should be left to the courts."

Kennedy also spoke out forcefully in favor of a pay raise for federal judges, warning that the failure by Congress to pass salary increases is "assuming the proportions of an historic wrong."

Every spring, justices go before a House Appropriations subcommittee seeking approval for the Court's annual budget, which next year will total $76.4 million if passed. It is a rare and often illuminating encounter between branches, with House members asking pointed questions that put justices on the spot about a range of issues.

There was some of that on Tuesday, but to an unusual degree the hearing became a platform for Kennedy and Justice Clarence Thomas to vent about actions or inactions by Congress on matters of deep interest to the high court.

The camera issue was raised early on by subcommittee chairman Joseph Knollenberg, R-Mich., who said the recent confirmation hearings for two new justices had "brought about greater interest" in the Court on the part of the public.

Kennedy at first deferred to Thomas, describing him as a "media star," apparently a reference to Thomas' greater visibility dating back to his stormy confirmation hearings in 1991. Thomas acknowledged, without pleasure, that he is probably the most recognized justice on the Court. On the issue of cameras in the Court, Thomas said it "runs the risk of undermining the manner in which we consider cases." He also said cameras would reduce the justices' cherished anonymity, leading to the need for more security. Cautiously, Thomas added that requiring the Court to allow cameras could prompt "some conflict between the branches."

That teed up the issue for Kennedy, who spoke much more forcefully against the proposal, often using the pronoun "we" to suggest that at least by his own measure of the situation, he was speaking for the full Court.

Kennedy took aim at Senate legislation sponsored by Sen. Arlen Specter, R-Pa., which would require broadcast access unless a majority of justices in an individual case decided that a party's due process rights would be violated. The bill was endorsed by the Senate Judiciary Committee last week.

The Supreme Court, Kennedy said, does not tell Congress how it should conduct its proceedings, so likewise, Congress should not be doing the same to the Court. "We feel very strongly that we have an intimate knowledge of the dynamics and needs of the Court," said Kennedy. "By having no cameras, we teach that our Court has a different dynamic."

Rep. John Olver, D-Mass., sympathetically asked Kennedy, "Why would you countenance such a bill" if it is so inappropriate. Kennedy replied, "We wouldn't." But Kennedy did not specify what form the Court's resistance to a bill passed by Congress would take.

Kennedy seemed less vociferous about a separate bill that passed the Senate Judiciary Committee last week, legislation that would permit, but not require, camera access in all federal courts at the discretion of the chief judge or justice. He indicated that bill, if passed, would pose far fewer separation of power issues, serving mainly as a signal from Congress that the judiciary should rethink its opposition to cameras.

When Olver said, "You might get called tone deaf if you don't move somehow toward some openness and transparency," Kennedy was conciliatory. "The 'tone deaf' phrase is apt," he said.

But Kennedy's passion was aroused again later in the hearing when he was asked about the salary issue, a sore point for the judiciary for decades. Current pay for the chief justice is $212,100, while associate justices are paid $203,000. The salary for appeals court judges is $175,100, with $165,200 for district judges. Congress has traditionally pegged the judicial salary structure to the pay for senators and House members, which is $165,200, the same as district judges. Reps. Adam Schiff, D-Ca., and Judy Biggert, R-Ill., co-chairs of the Congressional Caucus on the Judicial Branch, introduced a bill last week to de-link judicial and legislative salaries.

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"In my view the present status of judges' salaries threatens the quality of the judiciary," said Kennedy, noting that when his law clerks leave his chambers, some are hired by law firms with hiring bonuses equal to his salary. "This devalues the position of the judiciary."

Kennedy said it is no longer the case, as it was decades ago, that the best lawyers in a given community aspire to the federal bench. "It doesn't happen anymore," Kennedy said, adding that the salary situation has led to a "serious erosion in the morale of the judges."

2 Justices Indicate Supreme Court Is Unlikely To Televise Sessions (NYT)

By Linda Greenhouse

The New York Times, April 5, 2006

WASHINGTON, April 4 — Television cameras are not about to enter the Supreme Court any time soon.

That was the unmistakable message that two Supreme Court justices gave Congress at a hearing on Tuesday on the court's budget.

Several members of the House Appropriations subcommittee on transportation, treasury, judiciary, and housing and urban development, which handles the judicial branch's annual appropriation, raised the issue of television after Justices Anthony M. Kennedy and Clarence Thomas had finished discussing the court's $76.4 million budget request.

Last year, Senator Arlen Specter, Republican of Pennsylvania and chairman of the Senate Judiciary Committee, introduced a bill to require the Supreme Court to permit its arguments to be televised unless a majority of the justices voted to bar television on a case-by-case basis. Other proposals include mandating television access, or simply permitting and encouraging it.

Asked for his views on the subject, Justice Kennedy said it raised a "sensitive point" about the constitutional separation of powers.

"It's not for the court to tell Congress how to conduct its proceedings," and the reverse was also true, he said. He added, "We feel very strongly that we have intimate knowledge of the dynamics and the mood of the court, and we think that proposals mandating and directing television in our court are inconsistent with the deference and etiquette that should apply between the branches."

Justice Thomas was equally firm, warning that television in the courtroom would have a negative impact on the argument sessions.

"It runs the risk of undermining the manner in which we consider cases," he said. He added that some members of the court "feel more strongly than others," but that all agreed that the court should decide the issue for itself. "The general consensus is not one of glee," he said.

Justice Thomas also said that televising the court would raise security concerns, "as members of the court who now have some degree of anonymity would lose their anonymity."

The justices, who have been the court's representatives to Congress on budget matters for several years, appeared to relish the chance to elaborate on the television question. Justice Kennedy described the absence of cameras as a positive.

"We teach that our branch has a different dynamic," he said. "We teach that we are judged by what we write."

One member of the subcommittee, Representative John W. Olver, Democrat of Massachusetts, appeared taken aback by Justice Kennedy's fervor. "You've made it clear that you are part of the cerebral branch," Mr. Olver said.

School System Improves Under Our Bright Light (WSJ)

The Wall Street Journal, April 5, 2006

Few voices have been stronger in support of education reform over the years than your editorial page. Which is why it troubles me to have to respond to your March 24 editorial "Spellings Test."

Instead of challenging reform's opponents, you found fault with its best friend. The Bush administration led the charge to pass the No Child Left Behind Act, the strongest educational accountability measure ever instituted. The Department of Education has challenged states that have tried to water down or wriggle out of its provisions. And we have been immovable on the "bright line" goals of the law, including annual testing, disaggregated test score data and full grade level proficiency in reading and math by 2013-14.

Four years ago, we fought hard to ensure that public school choice and tutoring services were part of NCLB. They are important accountability tools. We have urged school districts to partner with community and faith-based organizations and to set aside adequate funds for transportation. We insist school districts comply with both its letter and spirit; for example, by informing parents in a timely manner and in plain language. Sticking a letter in a kid's backpack is just not good enough.

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We are holding up successful districts, such as Miami-Dade County in Florida and Desert Sands Unified in California, as role models. And those dragging their feet have been warned of consequences. Henry Johnson, who heads my Office of Elementary and Secondary Education, is taking a very close look at how well states are complying with the law. We will not hesitate to take appropriate enforcement actions.

Of course, we are not satisfied with current student participation rates. To spur improvement, we established pilot programs in several states prior to the 2005-06 school year. Early returns are promising. In Newport News, Va., for example, preliminary data show that 62% of students eligible for free tutoring signed up, aided by a door-to-door campaign to notify low-income parents. This is nearly four times the national average.

We welcome everyone's effort to use the latest data in support of closing the achievement gap. The bottom line is that none of this activity would be happening without the No Child Left Behind Act. It has done more than raise test scores and narrow the achievement gap. It has shone a bright light on the entire public education system, so that parents are no longer kept in the dark.

Margaret Spellings
U.S. Secretary of Education
Washington

NJ Senators To Remove Block On Bush Highway Nominee (AP)

By Donna De La Cruz
AP, April 4, 2006

WASHINGTON -- New Jersey's two Democratic senators on Tuesday said they will lift their block on President Bush's nominee to head the Federal Highway Administration after the agency agreed to give the state more than $150 million for transportation projects that had been in jeopardy because of a new rule.

Sens. Frank Lautenberg and Robert Menendez placed a hold last week on Richard Capka's nomination to head the FHA, alleging that the agency was rescinding approvals that allowed New Jersey to spread costs for transportation projects over several years.

Since 1999, the FHA has allowed New Jersey and some other states to use multiyear funding. For example, if a project costs $100 million and would take five years to complete, New Jersey would budget $20 million a year for five years. The state paid the bills year by year.

Under the new rule, New Jersey would have had to put the project's entire cost into an escrow account.

New Jersey transportation officials met Tuesday with FHA Associate Administrator Chip Nottingham, who pledged to reverse the rule and allow six state projects to continue, the senators said.

The U.S. Transportation Department did not immediately comment.

Lautenberg said placing the hold on Capka seemed to do the trick.

"The Bush administration has blinked and promised to provide the rest of New Jersey's highway money for this year and the amount we have requested for 2007," Lautenberg said.

Menendez said Bush's plan "would have made our state more congested and less safe, and we will never sit by and allow that."

The six projects are:

_Work on the Interstate 280/Garden State Parkway interchange in East Orange.
_Work on Interstate 78 in Union, Hillside, Irvington and Newark.
_Work on the Delilah Road bridges in Absecon and Pleasantville.
_Work on the Route 440-High Street connector in Perth Amboy.
_Widening Route 1 in Edison and Woodbridge.
_Work on Interstate 295 in Greenwich, East Greenwich and West Deptford.

Capka was nominated by Bush to be the permanent FHA administration earlier this month. He will remain the acting administrator, a job he has held since August 2005, until the Senate can take action on his nomination.

Under Senate rules, any senator can block nominations or legislation. The procedure is commonly referred to as a hold. Democratic Sens. Max Baucus of Montana and John Kerry of Massachusetts have also placed holds on Capka's nomination _ Baucus for FHA's refusal to fund a $50 million transportation project for his state and Kerry for Capka's involvement with Boston's controversial $14.6 billion "Big Dig" project.

Boehner Says Budget Will Reach Floor This Week (RC)

By Jennifer Yachnin

DOJ_NMG_0025639

Roll Call, April 5, 2006

Although the House Rules Committee postponed its vote Tuesday evening on setting the debate for fiscal 2007 budget resolution, Majority Leader John Boehner (R-Ohio) insisted that the measure will reach the House floor before Members depart for the two-week Easter recess.

"It will be a tough sell. We will get there," Boehner said at a Tuesday press conference, before the committee delayed action on the rule. "Listen, we are going to do the budget this week. It is going to mean a lot of conversations and a lot of honest dialogue. So I am looking forward to the dialogue beginning."

Asked whether the resolution could be delayed through the weekend, Boehner added: "It will be done before we leave here this week."

A spokesman for Majority Leader said that the chamber could vote on the budget resolution as early as Thursday, assuming that the Rules panel approves the matter today.

Although the committee was expected to reconvene Tuesday evening on a separate matter, no definitive schedule on the budget resolution rule had been released at press time.

"I will be frank with you: If we don't do it this week, why do it?" Boehner added Tuesday. "So that is why we are going to do it this week, and we are going to pass it."

In the meantime, House Budget Chairman Jim Nussle (R-Iowa) testified before the Rules Committee Tuesday that his panel will take up a numerous reform issues — including a presidential line-item veto and earmark reform — as single package, winning praise from conservative GOP lawmakers.

While members of the conservative Republican Study Committee have criticized the budget resolution, Rep. Mike Pence (R-Ind.), the group's chairman, has said that the group could support the matter in exchange for leadership support of a quartet of reform proposals.

Pence said Tuesday he is "encouraged" by Nussle's testimony on both the line-item veto proposal as well as by the creation of a sunset committee to evaluate federal programs. But he added that the RNC will continue to seek a "date certain" to vote on the proposals.

Pence also noted that discussions with House leadership continued Tuesday.

"I'm satisfied that negotiations are moving along," Pence said. "We're encouraged by the progress."

In particular, Pence said that a proposal to provide for stricter enforcement of the budget on the House floor with regard to emergency appropriations could be included in a manager's amendment for the budget resolution.

But Pence suggested that if the House bill includes an amendment sought by moderate Republicans that would add $7 billion to provide for education- and health-related programs — a measure similar to one that is included in the Senate's budget resolution — it could result in a "significant departure" of conservative votes.

"We see the president's number as a ceiling," Pence said, referring to the $873 billion in domestic discretionary spending which is identical to the amount included in the House budget.

Under a substitution amendment offered by Rep. Mike Castle (R-Del.), a leader of the effort to add the $7 billion provision to the resolution, and Reps. Nancy Johnson (R-Conn.) and Dave Reichert (R-Wash.), the discretionary budget would total $880 billion.

House Republicans Seek To Raise Spending (HILL)

By Jeffrey Young

The Hill, April 5, 2006

Three House Republicans yesterday introduced a substitute to the budget resolution that would boost discretionary spending.

The centrists hope to match the success of their Senate counterparts and increase money for education, health and the Low Income Home Energy Assistance Program (LIHEAP) by $7.16 billion above the resolution marked up by Budget Committee Chairman Jim Nussle (R-Iowa).

GOP Reps. Mike Castle (Del.), Nancy Johnson (Conn.) and Dave Reichert (Wash.) sponsored the substitute amendment.

Castle and Rep. Mike Pence (R-Ind.) are scheduled to debate the budget on C-SPAN at 7:45 a.m. today. Pence is the chairman of the Republican Study Committee, a group of fiscal conservatives seeking deeper cuts in discretionary funding.

The centrists are hopeful that the Rules Committee will allow their amendment to proceed to the floor, Castle spokeswoman Elizabeth Wenk said.

House GOP Lacks Agenda, DeLay Says (WT)

By Ralph Z. Hallow And Amy Fagan

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The Washington Times, April 5, 2006

Departing Rep. Tom DeLay of Texas said yesterday that House Republicans have no vision or agenda and have let the Democrats choose the GOP leadership.

"We don't have an agreed agenda -- breaking up our leadership has taken its toll," Mr. DeLay told a small group of reporters invited to his offices in the Cannon House Office Building.

The interview came only hours after Mr. DeLay had announced in Houston that he would resign his House seat in the coming weeks, giving his party time to name someone else to stand for election from the conservative 22nd District of Texas.

The House GOP leadership "breakup" he spoke of began when he relinquished his House majority leader's post in September after a local Democratic prosecutor won a grand jury indictment against him on campaign-finance charges. Some of his former aides and associates have been indicted or convicted on various charges, and Democrats have painted Mr. DeLay as the leader of the Republican "culture of corruption" they say they're campaigning against.

"The only reason I was indicted [was] the stupid rule that allows the Democrats to pick the Republican leadership," Mr. DeLay said.

He was referring to a party rule requiring that any Republican indicted for a crime give up his leadership post. Mr. DeLay has contended that is why the Democrats, who have no such rule, persuaded Ronnie Earle to seek a grand jury indictment of Mr. DeLay and keep seeking it until he got one.

Mr. DeLay maintains his innocence and told friends and supporters in Houston yesterday that he will formally resign this spring, in large part so that Democrats won't be able to "steal" one more House seat in a critical midterm elections.

"Because I care so deeply about this district and the people in it, I refuse to allow liberal Democrats an opportunity to steal this seat with a negative, personal campaign," he said. "As difficult as this decision has been for me, it's not going to be a great day for liberal Democrats, either. My loyalty to the Republican Party -- indeed, my love for the Republican Party -- has played no small part in this decision."

Mr. DeLay called President Bush on Monday, and they spoke while the president was flying back from Cincinnati, White House spokesman Scott McClellan said yesterday.

"The president wishes Congressman DeLay all the best. He appreciates his service and thanks him for his service to the nation," Mr. McClellan said.

When asked whether Mr. Bush regrets the decision by his key political ally, Mr. McClellan said, "The president respects his decision. This was a decision that Congressman DeLay made."

Democrats said his resignation is just the tip of the iceberg, however, and they'll continue to hammer away at corruption issues.

"Mr. DeLay's departure from Congress is one piece of the changes needed to end the Republican culture of corruption," said House Minority Leader Nancy Pelosi, California Democrat. "We need a new direction that returns the people's house to the American people."

Republican colleagues praised both Mr. DeLay's aggressive, effective leadership style and his decision to step aside for the good of the party.

"His leadership helped take our Republican conference and, as a result, our nation in a new direction, and I am confident that Tom's legacy as one of the most effective Republican leaders in a generation is assured," said Majority Whip Roy Blunt, the Missouri Republican who briefly served as leader when Mr. DeLay stepped aside.

"With this decision, he has put the interests of others ahead of his own," said Rep. David Dreier, California Republican.

Republicans were confident yesterday that a Republican will win Mr. DeLay's seat in November. They said the decision to step down was his.

"There was never any pressure for Tom DeLay to step down. People would have stood by him," said Rep. Jack Kingston, Georgia Republican.

But some party members clearly breathed a sigh of relief at the news, saying Mr. DeLay's resignation takes a key Democrat issue, one that would have been used against other Republicans, off the table. "For the tight congressional races, he will not be the poster child that he would have been if he was still in office," said Rep. Walter B. Jones, North Carolina Republican.

Mr. DeLay won his primary last month, but still faced a strong challenge from Democrat Nick Lampson, a former House member. The race looked tough because of Mr. DeLay's Texas indictment and ties to convicted ex-lobbyist Jack Abramoff.

House Minority Whip Rep. Steny H. Hoyer, Maryland Democrat, and other Democrats said Mr. DeLay's resignation doesn't save Republicans from their problems.

"National Republicans want you to believe they have turned the page, but the Republican culture of putting the special interests first does not revolve around just one man," said Rep. Rahm Emanuel, Illinois Democrat, who heads the Democratic

Congressional Campaign Committee. Drug companies, insurance, oil and energy industries "still hold sway over the Republican Congress and write the legislation," he said.

Yesterday, a determindely upbeat Mr. DeLay said also that he would devote much of his time out of Congress to "doing what I do best, strategizing for the conservative cause" and helping Republicans in the House create a "vision" for the rest of the year and beyond, including on immigration policy.

He warned that if the immigration bill sponsored by Sens. John McCain and Edward M. Kennedy becomes law, it "would seriously undermine our own base" and cost Republicans seats in the November elections. The House "should not conference with the Senate on something we haven't discussed in the House."

In his Washington interview, he said that after leaving Congress he will raise money for Republican candidates. When asked whether he could imagine eventually becoming a lobbyist for a living, he replied: "Maybe."

DeLay Announces Resignation From House (AP)

By David Espo

The Associated Press, April 4, 2006

Succumbing to scandal, former Majority Leader Tom DeLay said Tuesday he will resign from Congress in the face of a tough re-election race, closing out a career that blended unflinching conservatism with a bare-knuckled political style.

"I have no fear whatsoever about any investigation into me or my personal or professional activities," DeLay said in a statement to constituents. At the same time, he said, "I refuse to allow liberal Democrats an opportunity to steal this seat with a negative, personal campaign."

He said the voters of his Houston-area district "deserve a campaign about the vital national issues that they care most about ... and not a campaign focused solely as a referendum on me."

DeLay relinquished the post as House majority leader last fall after his indictment in Texas as part of an investigation into the allegedly illegal use of funds for state legislative races. He decided in January against trying to get the leadership post back as an election-year corruption scandal staggered Republicans and emboldened minority Democrats.

Last week, former DeLay aide Tony Rudy pleaded guilty to conspiring with lobbyist Jack Abramoff and others to corrupt public officials, and he promised to help the broad federal investigation of bribery and lobbying fraud that already has resulted in three convictions.

Neither Rudy, Abramoff nor anyone else connected with the investigation has publicly accused DeLay of breaking the law, but Rudy confessed that he had taken actions while working in the majority leader's office that were illegal. DeLay has consistently denied any wrongdoing.

Sen. John McCain (news, bio, voting record), R-Ariz., a major player in congressional investigations of Abramoff and the lobbyist's involvement with Indian tribes, said Tuesday that he respects DeLay's decision to step down, and added, "I think there are other aspects of the Abramoff scandal that will be unfolding in the weeks ahead."

McCain spoke to reporters following a speech to a Hispanic conference.

President Bush said Tuesday that DeLay had informed him of his decision Monday afternoon.

"I wish him all the best," Bush told reporters during a brief White House session, adding, "It had to have been a very difficult decision for someone who loved representing his district in the state of Texas."

Bush said the Republican Party won't suffer from DeLay's decision to resign from Congress. "My own judgment is that our party will continue to succeed because we are the party of ideas."

DeLay, an 11-term Texas lawmaker who turns 59 on Saturday, said he would make his resignation effective sometime before mid-June but contingent on the congressional calendar.

"He has served our nation with integrity and honor," said Majority Leader John Boehner, R-Ohio, who succeeded DeLay in his leadership post earlier this year.

But Democrats said the developments marked more than the end to one man's career in Congress.

"Tom Delay's announcement is just the beginning of the reckoning of the Republican culture of corruption that has gripped Washington for too long," said Karen Finney, a spokeswoman for the Democratic National Committee. "From DeLay to Scooter Libby to Senate Majority Leader Bill Frist, to Duke Cunningham, to Bob Ney, to David Safavian, the list of goes on and on."

DeLay portrayed his decision to resign as a fatal blow for the fortunes of his opponent, Democrat Nick Lampson, who has garnered national attention — and financial support.

"As difficult as this decision has been for me, it's not going to be a great day for liberal Democrats, either," DeLay said. "My loyalty to the Republican Party, indeed my love for the Republican Party, has played no small part in this decision."

Last month, DeLay capped a triumph in a contested GOP primary with a vow to win re-election.

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It was not clear whether Texas Gov. Rick Perry would call a special election to fill out the unexpired portion of DeLay's term, or whether the seat would remain vacant until it is filled in November.

Either way, DeLay's concern about the potential loss of a Houston-area seat long in Republican hands reflected a deeper worry among GOP strategists. After a dozen years in the majority, they face a strong challenge from Democrats this fall, at a time when President Bush's public support is sagging, and when the Abramoff scandal has helped send congressional approval ratings tumbling.

Until scandal sent him to the sidelines, DeLay had held leadership posts since the Republicans won control of the House in a 1994 landslide. DeLay quickly established himself as a forceful presence — earning a nickname as "The Hammer" — and he easily became majority leader when the spot opened up.

DeLay was the driving force behind President Clinton's impeachment in 1999, weeks after Republicans lost seats at the polls in a campaign in which they tried to make an issue of Clinton's personal behavior.

His trademark aggressiveness helped trigger his downfall, when he led a drive to redraw Texas' congressional district boundaries to increase the number of seats in GOP hands. DeLay was soon caught up in an investigation involving the use of corporate funds in the campaigns of legislators who had participated in the redistricting.

GOP Ponders A New Era (HILL)

By Patrick O'Connor

The Hill, April 5, 2006

The decision by Rep. Tom DeLay (R-Texas) to retire signals the official end of an era in Republican governance, leaving GOP leaders and rank-and-file members pondering the direction of their party.

The departure of the man who has come to define brass-knuckle politics in Washington comes at a pivotal time for Republicans, as both the conference and the White House grapple with significant changes and new personalities brought in to help boost their flagging poll numbers and reshape their respective images.

House Majority Leader John Boehner (R-Ohio) officially assumed DeLay's title earlier this year, but in many ways the outspoken Texan was still the tough-talking symbol of Republicans in the House.

DeLay's decision , which broke late Monday night and which he confirmed in a long speech to his constituents early yesterday morning, coincides with a similar shakeup at the White House, where the president's chief of staff for the past five years offered his resignation last week.

Boehner's leadership and the retirement of prominent chairmen, including Ways and Means Chairman Bill Thomas (Calif.), ushers in an era of change for the party in which new members must now fill those roles.

In the House, news of DeLay's decision not to seek reelection came as leaders prepare for a series of tough votes on the budget and a bill to apply current campaign-finance rules to 527 groups, which is expected on the floor today.

With more changes expected at the White House, Boehner met with incoming White House Chief of Staff Josh Bolten on Monday to discuss interactions between the administration and Congress.

Boehner would not discuss the details of their meeting, except to say that Bolten asked him about some of the strengths and weaknesses in the White House legislative-affairs team.

"I think he is a very capable manager, and he was doing what a good manager would do, and that is to assess where he thinks the White House operation is and how it can be improved," Boehner said of Bolten.

Boehner has taken an active role in the internal budget negotiations with rank-and-file members and has clearly signaled his desire to take responsibility for the eventual outcome. His leadership continues to be a focus among members, staff, lobbyists and the media, but he has not shrunk from the spotlight.

Boehner and Speaker Dennis Hastert (R-Ill.) are the last two members of a leadership team that assumed control of the majority in 1994 under then-Speaker Newt Gingrich (R-Ga.), DeLay as whip and Hastert as his chief deputy. Boehner was the House GOP conference chairman but lost his seat at the leadership table when former Rep. J.C. Watts (R-Okla.) ousted him from the post in 1998.

But Boehner bided his time, patiently waiting for a return. What happens with the votes on the budget and 527-reform bills this week will be the first clear tests of Boehner's skills as leader.

Hastert remains an anchor for the conference, but his role could be increasingly challenged if Boehner's stature increases. Hastert was noticeably absent from a press conference yesterday to address this week's agenda.

Republicans in the House reacted to news of DeLay's departure with a mixture of surprise, resignation and anger for what they perceive to be a partisan attack on their outspoken former leader. Members were also quick to praise DeLay's skills as a legislator and GOP leader.

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"Tom DeLay has been a great leader for our party," Boehner told reporters yesterday during his regular weekly briefing. "I still believe he's one of the most effective whips we've seen in the Congress."

Boehner said he had yet to speak to other members about DeLay's decision but summed up their sentiments by saying: "My guess is that most of my colleagues are saddened by this."

DeLay called Hastert and Boehner on Monday to notify them of his decision, but the majority leader said he was already asleep when his predecessor placed the call. Other members were caught off-guard. Republican Policy Committee Chairman Adam Putnam (Fla.) read the news in an e-mail alert while watching his University of Florida Gators beat UCLA to win the national championship in college basketball.

In his statement to district voters, DeLay conceded that external political pressure played a major role in his decision to resign. Legal questions were bound to haunt the former majority leader for the duration of his campaign, and he acknowledged those impediments in his remarks.

"As one of my colleagues in the House leadership astutely observed a while back, the wheels of justice turn much more slowly than the wheels of allegation," DeLay said.

Those legal questions include the possibility of further indictments in the ongoing federal investigation of former Republican lobbyist Jack Abramoff, although DeLay and his lawyer, Richard Cullen, both deny that DeLay is a target in the probe. The questions also include the impending Supreme Court decision on the constitutionality of Texas's congressional map and a related campaign-finance case in which DeLay and two associates have been charged with illegally funneling corporate contributions to Republican candidates during the 2002 Statehouse races that allowed them to redraw that map.

DeLay has maintained his innocence in the latter case since he was indicted by a Texas grand jury and forced to step aside as majority leader. Democratic District Attorney Ronnie Earle, who indicted DeLay last fall, released a statement yesterday saying he would continue to prosecute the former majority leader despite his decision not to seek reelection.

While Boehner expressed sorrow for the circumstances of DeLay's resignation, he did not completely defend his predecessor for the wrongdoing of his former aides, two of whom have pleaded guilty.

"At the end of the day, the members are responsible for what happens in their offices and responsible for their staff," Boehner said yesterday. "Clearly, there were several…former staffers for Tom who ran off the road, and it is sad and unfortunate."

Asked yesterday whether or not he felt like a "marked man" given the retirements of so many contemporaries, Boehner joked: "I'm the last man standing."

Continuing Legal Troubles Reportedly Left DeLay Dispirited (NYT)

By Carl Hulse And Philip Shenon

The New York Times, April 5, 2006

WASHINGTON, April 4 — Representative Tom DeLay's decision to resign his House seat came as federal prosecutors continued to investigate the aides who once made up his inner circle, leaving Mr. DeLay dispirited, potentially intensifying his legal troubles and further undercutting his prospects for re-election in the fall, lawmakers and others said Tuesday.

"I have no fear whatsoever about any investigation into me or my personal or professional activities," Mr. DeLay said in a formal announcement of his decision to constituents in the suburban Houston district he has represented since 1985, issued Tuesday morning as a written statement and a video on his Web site.

Mr. DeLay said his announcement on Tuesday was unrelated to a former senior aide's guilty plea last week to corruption charges, the latest admission of wrongdoing in the Jack Abramoff scandal by onetime staff members. Another of Mr. DeLay's former aides has also pleaded guilty, and prosecutors publicly signaled last week that they were examining the activities of a third.

Mr. DeLay is also under indictment in Texas on charges that he broke campaign finance laws, and he faced the prospect of an inquiry by the House ethics committee into travel arranged by Mr. Abramoff.

Some suggested it was no coincidence that his decision to resign and forgo a re-election bid came after the plea bargain last week by Tony Rudy, a former deputy chief of staff to Mr. DeLay. Mr. Rudy is cooperating with federal investigators.

"The two of them have been very close over the years," said Representative Ray LaHood, Republican of Illinois, referring to Mr. DeLay and Mr. Rudy. "Every story that is written will include DeLay's name, that's for sure."

Democrats cheered the departure of Mr. DeLay, who said he would leave Congress by mid-June. They said that he had only himself to blame for the abrupt end to his public career and that his decision to quit the House would not spare Republicans from a voter backlash.

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"Tom DeLay's legacy of abuse of power, strong-arm tactics, broken House rules and pay-to-play politics has cast a long, dark shadow over this majority leadership and the entire Congress," said Representative Louise M. Slaughter of New York, the senior Democrat on the Rules Committee. "DeLay may be gone, but this is still his Congress."

President Bush, who spoke with Mr. DeLay on Monday, said he "wished him all the best," but added that Republicans would continue to flourish "because we're the party of ideas."

Administration officials said the White House had not pushed Mr. DeLay to step down.

Privately, some senior Republicans said Mr. DeLay should have acted months ago, when Mr. Abramoff entered his guilty plea and when Mr. DeLay abandoned plans to try to regain the majority leader post he vacated after being indicted in Texas. Party strategists said his decision not to seek re-election could ease the way for other embattled Republicans, with Democrats losing a prime target for their claims of widespread corruption.

"In Richard Nixon terms, you won't have Tom DeLay to kick around anymore," said Representative Thomas M. Reynolds of New York, chairman of the National Republican Congressional Committee. He predicted that Republicans would easily hold Mr. DeLay's seat.

In addition to Mr. Rudy, another former top DeLay aide, Michael Scanlon, has pleaded guilty in the corruption case and is cooperating with prosecutors. The third former aide to be caught up in the investigation, Edwin A. Buckham, was among Mr. DeLay's closest associates, and the Justice Department is seeking to build a conspiracy case against him, people involved in the case said.

Phone calls to a home telephone number listed under Mr. Buckham's name in Maryland were not returned. A Washington lawyer who has recently represented Mr. Buckham, Laura A. Miller, did not return repeated phone calls.

Another close associate said that Mr. DeLay had been consistent in telling friends he had done nothing wrong, but that he had become dispirited in recent weeks because many of his former aides and closest friends were becoming targets of the Justice Department and were being pressured to incriminate him.

"Tony Rudy and especially Ed Buckham were more than just former colleagues — they are Tom DeLay's friends," the associate said. "You can imagine what it feels like: to know that your friends are being squeezed to say terrible things about you, things that aren't true. By leaving the House now, I think DeLay hopes that the spotlight on him and his friends will dim a little."

The associate spoke on condition of anonymity because, he said, Mr. DeLay had insisted that friends not talk to reporters about his legal troubles.

Mr. Rudy pleaded guilty last week to conspiring to corrupt public officials, although his plea agreement made no direct accusation of wrongdoing against Mr. DeLay. In a public indication that Mr. Buckham, Mr. DeLay's former chief of staff, was under scrutiny, federal law enforcement officials confirmed that he was the person referred to as "Lobbyist B" in court documents released as part of Mr. Rudy's plea agreement.

In announcing that he would relinquish the House seat he built into a formidable power center, Mr. DeLay acknowledged that the criminal inquiries had exacted a toll on his election prospects and his will to remain in Congress.

"Because I care so deeply about this district and the people in it, I refuse to allow liberal Democrats an opportunity to steal this seat with a negative, personal campaign," he said in the statement to constituents.

Colleagues and others said that even as Mr. DeLay was campaigning for re-election, he was preparing to exit the race after the primary if his political troubles appeared too deep. The more than $1.2 million in campaign contributions he amassed could now be used for legal fees.

In explaining the decision to resign, Mr. DeLay and others described as a turning point a speech he gave last week on the nexus between Christianity and America's place in the world.

The Rev. Rick Scarborough, the founder of Vision America and former pastor of a Houston church that Mr. DeLay sometimes attended, had asked Mr. DeLay to give that speech, at a conference titled "The War Against Christians" in Washington last Tuesday. He ran into Mr. DeLay again Saturday night at Sugar Creek Baptist Church in Houston.

"He pulled me aside and said that at our conference he had finally made a decision that was going to be difficult for him to announce but that God wanted him to get out of that race," Mr. Scarborough said.

DeLay Resignation Unlikely To Affect Election-year Dynamics (KRT)

By Steven Thomma

Knight Ridder, April 4, 2006

WASHINGTON - Rep. Tom DeLay's decision to retire from Congress will do little to help his embattled party retain control of the legislature in November's elections and won't erase his image as a poster child for corruption.

It leaves unchanged the larger dynamics of this year's congressional elections: deep dissatisfaction with President Bush, the war in Iraq and problems in the Republican base over such issues as immigration and federal spending.

Even with the Texas Republican leaving Congress, he'll remain a symbol that Democrats will burn into voters' minds with ads next fall. They'll relentlessly hammer the former House majority leader who cemented close ties between Congress and lobbyists and who was engulfed by a lobbying scandal that already had snared two of his former top aides and a close friend, lobbyist Jack Abramoff.

"Tom DeLay may be gone, but he's not forgotten," said John Zogby, an independent pollster.

His resignation, expected within the next two months, should help Republicans retain his suburban Houston district, where he easily could have lost the seat he has held since 1984. With a fresh candidate, Republicans have a much better chance there. That's important in a year when a net loss of just 15 seats would cost Republicans control of the House of Representatives.

But it won't shift the national tide.

DeLay, who will turn 59 on Saturday, formally announced his decision to step down Tuesday after alerting supporters and reporters the evening before. The decision came three days after a former close aide, Tony Rudy, pleaded guilty to corruption charges and said that he, like other DeLay allies before him, would cooperate in a continuing investigation.

DeLay said the corruption investigation had nothing to do with his decision, that he wasn't its target and that he resigned only to let voters focus on Republican ideas instead of controversy associated with him.

"I could have won this seat, but it would have been nasty," DeLay told Fox News.

Republicans hoped that DeLay's decision would put his controversial House tenure and its connection to scandal behind them.

"Our party will continue to succeed because we're the party of ideas," President Bush said when he was asked about DeLay on Tuesday.

"House Republicans will continue to move forward with an aggressive agenda," said House Speaker Dennis Hastert, R-Ill.

Democrats refused to join the political eulogy.

"DeLay is a symptom of a larger disease," Democratic National Committee Chairman Howard Dean said, "a sick Republican culture of corruption that touches everyone who took his dirty money, voted for his corrupt leadership or sat silently while their party has sold our government to the highest bidder."

House Majority Leader John Boehner, R-Ohio, said DeLay's woes wouldn't matter in November.

"I am not sure there will be any broad national impact. All of these races are won based on local candidates, local issues, their take on the national issues. And I don't expect it will have any impact."

Many issues are breaking the Democrats' way as election season nears.

"I don't think it (DeLay's resignation) alters the fundamental landscape," said independent political analyst Stuart Rothenberg, who closely tracks congressional races. "The campaign is still more about George Bush and Iraq."

And when the campaign turns to other issues, one of them is ethics and scandal in Congress. That's not good for Republicans.

There could be more criminal charges or even trials this year to remind voters of congressional corruption. And even if DeLay isn't indicted in connection with the Abramoff-congressional scandal, he faces trial in Texas on campaign-finance charges.

"He's still going to be in the news," said Linda Fowler, a political scientist at Dartmouth College in New Hampshire. "His name is still going to be present, keeping ethics and scandal alive."

Democrats will see to that.

"Republicans can try to move on now, arguing that DeLay's exit is a bright line. But I don't think it's going to be that easy," Rothenberg said. "The Democrats will keep pounding on ethics. ... The Democrats still have the edge for the cycle. The ethics issue is still an advantage for the Democrats."

Republicans take some solace from polls showing that about a third of Americans blame both major political parties for corruption. But among those who choose sides, they blame Republicans more than Democrats by 31 to 14 percent, according to a Pew Research Center poll.

"This is an ancillary issue," Zogby said. "But it could become a powerful ancillary issue."

The Pew Research Center poll of 1,502 adults was conducted Feb. 1-5 and had a margin of error of plus or minus 3 percentage points.

DeLay's Hardball Tactics Coming Back On Him (USAT)

By Jim Drinkard

USA Today, April 5, 2006

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WASHINGTON — After Tom DeLay announced he will leave Congress, Republicans are saying goodbye to the last of the revolutionary leaders who envisioned theirs as a majority party.

DeLay, together with former House speaker Newt Gingrich and fellow Texan Dick Armey, assembled the agenda that propelled Republicans to power in 1994 after four decades in the minority.

In the end, the same hardball tactics that helped preserve that power led to DeLay's fall with Tuesday's announcement that he would resign from Congress in June. His aggressive pursuit of campaign funds to help increase Republican House seats in Texas led to his indictment last year in Texas on money-laundering charges.

DeLay, nicknamed "the Hammer," took fundraising, political organizing, ties to lobbying and party discipline to new levels.

In addition to the Texas criminal charges, DeLay also faced a federal corruption investigation that has brought guilty pleas from two former aides, and House ethics committee scrutiny.

The weight of those legal woes left DeLay no longer confident he could hold the suburban Houston district that had been safely his since 1985. Democrats, led by the party's congressional campaign chairman, Rep. Rahm Emanuel of Illinois, sought to turn the scandal into a political weapon against all Republicans.

Emanuel and other Democrats insisted that DeLay's departure will not change their focus. "National Republicans want you to believe they have turned the page, but the Republican culture of putting the special interests first does not revolve around just one man," Emanuel said.

In a series of interviews, DeLay continued to maintain that he was innocent of wrongdoing but said he had come to believe that he should resign rather than risk getting beat in November.

Last month, DeLay overcame a primary challenge to win renomination for his House seat. He still faced a tough challenge from Democrat Nick Lampson, an ex-lawmaker who lost his seat in 2004 because of DeLay's legislative maneuvering.

On MSNBC's Hardball, DeLay said he was concerned with endangering the GOP majority. His constituents "deserve a Republican" to represent them, he said. "I can't be guaranteed that I would win."

Cal Jillson of Southern Methodist University said it's unlikely that's the only reason because DeLay is "a street fighter" unaccustomed to backing down. "That leaves the possibility that DeLay is aware of future adverse developments that are lapping at his doorstep," Jillson said.

DeLay said he was at peace with his decision, which he said frees him to fight for conservative causes and candidates.

Analysts saw few silver linings for the GOP. "It's a huge embarrassment for the Republicans in every jurisdiction, from Washington to his district," said Earl Black, a political scientist at Rice University.

DeLay said he planned to make his Virginia home his legal residence so Texas Republicans can replace him on the ballot. Under state law, a nominee cannot be replaced unless he dies, moves out of state or is convicted of a felony.

Black said DeLay will be remembered as an architect of the 1994 Republican congressional breakthrough. "He did not accept permanent minority status for House Republicans, and that was a very different way of thinking," Black said. "He helped get them there and keep them there."

DeLay engineered a redistricting plan in Texas that gained six seats for his party in the 2004 elections. He set up a fundraising operation that led to the indictment.

Sen. Trent Lott, R-Miss., said DeLay's legacy as a vote counter is unmatched. He was perhaps the "best whip … in the history of the Congress," Lott said.

DeLay enforced party discipline so Republicans could enact legislative priorities without many Democratic votes. His application of that strategy on the Medicare bill in 2003 led to an admonition from the ethics committee, which said he improperly pressured a colleague for his vote.

Rep. Henry Bonilla, R-Texas, credited DeLay with helping build the GOP in once-solidly Democratic Texas. "The state is a leading Republican power base in this country," he said.

DeLay's Decision Fuels GOP Concerns (BSUN)

By Julie Hirschfeld Davis And Gwyneth K. Shaw

The Baltimore Sun, April 5, 2006

WASHINGTON -- President Bush and his congressional allies expressed hope Tuesday that their party could recover from the web of scandals that ensnared Tom DeLay, the powerful and hard-charging former House Republican leader who has announced that he will quit Congress within weeks.

But DeLay's decision to resign underscored broader concerns among some Republican strategists that the still-unfolding corruption charges could cost other vulnerable lawmakers their seats this year. And Democrats promised a push to make Republican scandals a signature theme of the elections.

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The imminent departure of DeLay -- the 11-term congressman known as "The Hammer" for his uncompromising style and particularly popular with the president's conservative base --also leaves Bush without a go-to enforcer on Capitol Hill at a time when his influence is waning and his relations with Republican lawmakers are frayed.

Bush said Tuesday that DeLay's move "had to have been a very difficult decision for someone who loved representing his district," and the president sounded a note of optimism that Republicans could move be yond the scandals.

"My own judgment is, is that our party will continue to succeed, because we're the party of ideas," Bush said.

DeLay, in interviews and a videotaped statement to his constituents, said he cut short the bid for re-election to his Houston-area seat out of concern that he might not win the race. With a characteristically defiant flourish, he said he also hoped to deprive Democrats of a chance "to steal this seat with a negative personal campaign" and turn the contest into "a referendum on me." He pointed to polls that showed him tied with his Democratic challenger.

"I have no fear whatsoever about any investigation into me or my personal or professional activities," DeLay said.

But his announcement came within days after a former top aide, Tony C. Rudy, pleaded guilty to charges that he conspired with disgraced lobbyist Jack Abramoff to corrupt public officials. Abramoff, once a close DeLay as sociate, was sentenced last month to nearly six years in prison in an unrelated Florida fraud case.

DeLay, who is facing campaign finance fraud charges in Texas, stepped down from his leadership post last fall. Three days after Abramoff pleaded guilty in January to charges of bilking Indian tribes out of millions of dollars and conspiring to bribe public officials, DeLay announced that he would not seek to reclaim the leadership post.

Insiders said DeLay decided to leave Congress after determining that the unraveling lobbying and influence scandal could doom his candidacy. One said Rudy's plea "crystallized" the decision to quit the race. Polls showed that DeLay's re-election chances were being weighed down by questions about his character and credibility, all attributable to his legal problems. DeLay and his top aides recognized that they could do virtually nothing to combat those kinds of concerns, people close to him said.

"The last 18 months have been politically debilitating" for DeLay, said former Republican Rep. Bill Paxon of New York.

But Republicans also recognize that their problems could go far beyond DeLay. Most expect new corruption revelations in the coming weeks, with investigations continuing into conduct by Rep. Bob Ney, an Ohio Republican who surrendered a committee chairmanship this year under suspicion that he took bribes from Abramoff, and other former top House leadership aides.

"I don't think we've seen the last shoe drop here," one senior House Republican aide said. "There's going to be an ongoing trickle."

DeLay's imminent exit leaves Bush without an influential figure in the House. Despite his legal problems, DeLay still enjoyed considerable power, especially among conservatives who comprise the chamber's center of gravity.

Now the White House, consumed with its own personnel shake-up and facing complaints from restive Republicans that Bush has mishandled key issues and failed to communicate with them, has substantial work ahead to repair relations on Capitol Hill.

DeLay "was obviously the go-to guy when the going got tough, and they'll have to find the next go-to person. There's no time to wait," said Stuart Roy, DeLay's former communications director.

"Is it a void that can never be filled? No -- the White House has other channels -- but this is one foot soldier they'll miss," said Greg Crist, a former top Republican leadership aide.

The White House played down the effect of DeLay's departure on Bush's agenda. Asked whether the president regretted DeLay's plans, White House press secretary Scott McClellan said, "The decision has been made, and now it's time to move forward and continue working with congressional leaders to build upon our record."

In their public comments Tuesday, House Republican leaders praised DeLay's tenure and expressed sorrow at his impending departure.

"Tom's been a tremendous leader for us," said House Majority Leader John A. Boehner of Ohio, calling his predecessor "one of the most effective whips that we've seen in the Congress."

"I'm sorry that he's leaving," added Boehner, who took over the leader's post in February. There was no pressure on DeLay to quit, but he looked at the political landscape and did the "honorable thing," Boehner said.

"Tom DeLay has been a great friend and an ally, and he will be missed," said California Rep. David Dreier, the Rules Committee chairman.

Privately, however, there was some relief at the idea that a prime target was being removed. In public, House Republican leaders were skittish about the subject: At an afternoon news conference, Boehner, Dreier and other top officials briefly lauded DeLay, made short remarks about this week's legislative agenda and then scurried away to avoid questions from a gaggle of reporters.

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Maryland Rep. Steny H. Hoyer, the No. 2 House Democrat, said it was obvious that DeLay's colleagues were wary of his mounting problems.

"They want to get DeLay off the stage," he said.

Ebullient Democrats, who have hammered Republicans over what they call the "culture of corruption" in the current Congress, said DeLay's departure would do nothing to dull the issue.

"Republicans want you to believe they have turned the page, but the Republican culture of putting the special interests first does not revolve around just one man," Rep. Rahm Emanuel of Illinois, the head of the Democratic Congressional Campaign Committee, said in a statement.

Tom Matzzie of the liberal political advocacy group MoveOn.org, said DeLay's resignation would not rally public support to Republicans -- or stop Democrats from raising the ethics issue.

"We're going to still kick Tom DeLay and Tom DeLayism," Matzzie said.

But Boehner dismissed the idea that DeLay, either in or out of the House, would be a factor in the elections.

"All of these races are won or lost based on local candidates, local issues, their take on the national issues," he said. "I don't expect this to have any impact."

Republicans May Be In Path Of Political 'hurricane' (USAT)

By Susan Page and Richard Wolf

USA Today, April 5, 2006

WASHINGTON — Is a tidal wave gathering?

The announcement Tuesday by Rep. Tom DeLay, the former House majority leader, that he would resign from Congress signaled what Democrats hope for and Republicans fear: that Democrats could be swept into power in November by the sort of political tsunami that helped Republicans win control of Congress in 1994.

"We know that there's a hurricane coming, and it's going to hit the Republicans in November," says Charlie Cook of the non-partisan Cook Political Report. "We're just trying to figure out how big this thing is."

Dick Armey, who became House Republican leader when the party gained control in 1994, acknowledges that Republicans have "set the stage for the Democrats." However, he says, Democrats need to offer an alternative rather than just attack. "I think it takes a double-barreled shotgun, and they've only got one barrel."

A Democratic takeover of the Senate seems distant, but Cook and others now figure it's possible (though not yet likely) that Democrats will gain the 15 seats they need to seize control of the House of Representatives.

Three of the five key ingredients of the 1994 turnaround are in place, including broad public dissatisfaction with the direction of the country, dismal approval ratings for the president and the taint of scandal in Congress. But there are differences, too: The number of competitive House districts is much smaller than 12 years ago, and the opposition party has yet to articulate a unified, positive message.

DeLay says his decision to call it quits helps prevent Democrats from gaining the confluence of forces they need, not to mention reducing the chances that the GOP would lose his Texas seat.

His resignation denies Democrats an easy target. "It helps Republicans slightly in that it removes the poster child for bad behavior from the political scene," says Kenneth Baer, a former speechwriter for Vice President Al Gore and author of Reinventing Democrats. He worries fellow Democrats are deluding themselves that the "once-in-a-lifetime convergence" in 1994 is about to be repeated.

He says Democrats could win back the House, though — a turn that would transform the final two years of Bush's presidency. The oversight hearings and congressional investigations that bedeviled the Clinton administration would become a factor for Bush. Even a narrow majority would put Democrats in a stronger position to shape legislation, command attention, even issue subpoenas.

The election is seven months away, and analysts are calculating how 2006 is similar to 1994, and how it's different.

·On the wrong track: Democrats' biggest advantage: Americans are increasingly worried that the country and Congress are moving in the wrong direction. In a USA TODAY/CNN/Gallup Poll last month, 29% of those surveyed said they were satisfied with the way things were going in the nation; 68% were dissatisfied. At this point in 1994, 35% were satisfied.

"There's a very big mood out there that the country is way off course," says Illinois Rep. Rahm Emanuel, chairman of the Democrats' congressional campaign committee. "When they feel this way … voters take it out on the party in power."

In the latest survey, registered voters said they were leaning toward Democratic congressional candidates over Republicans by 55% to 39%. That's the biggest lead Democrats have had since they lost control of the House.

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·An unpopular president: Presidents matter, too. In 1994, Democrats' loss of Congress was in large part a rebuke to President Clinton. His complicated proposal to overhaul the health care system and early fumbles on issues including gays in the military pushed his job-approval rating as low as 39% in September and October. By Election Day, it was still below 50%.

Bush's approval rating in the latest survey, taken last month, was 36% — one percentage point below the low point of Clinton's presidency. It hasn't been as high as 50% in almost a year.

"The big Achilles heel for the Republicans are the president's approval rating and the war in Iraq," says Virginia Rep. Tom Davis, a former chairman of the Republicans' congressional campaign committee. "It shapes up in the atmospherics to be a pretty good year to be a Democrat."

·The taint of scandal: In 1994, Democrats were tainted by years of scandal, including the forced resignation of a House speaker, the indictment of a powerful committee chairman and a controversy over overdrawn checks at the House bank.

This year, Republicans have faced similar ethics issues: the conviction of former California congressman Randy "Duke" Cunningham for taking bribes and the continuing investigation into disgraced lobbyist Jack Abramoff. DeLay's decision to resign is the latest reminder of those woes.

Liberal groups are trying to capitalize by tying other Republicans to "a pretty toxic Congress," says Eli Pariser of MoveOn.org.

Republicans counter that the charges won't stick. Rep. Tom Reynolds, chairman of the Republicans' congressional campaign committee, says one lawmaker's ethics troubles don't rub off on others. Voters are more concerned with "pocketbook issues," he says.

·Where's the opening? Democrats' biggest single problem: Where to fight?

The number of competitive House districts has been shrinking, in part because redistricting has protected incumbents in both parties. In 1994, strategists could target 111 members of Congress who had won two years earlier by 55% of the vote or less. This year, there are just 32 members in that category.

Political scientist Alan Abramowitz of Emory University in Atlanta has run two political models for 2006. In one, using such national political conditions as public unease about the country's direction, Democrats gain 33 seats. In a second, which includes more "micro" factors such as the number of open seats, they pick up just eight seats.

MoveOn.org is trying to make some seemingly safe Republican incumbents vulnerable. On Monday, Pariser announced a $1.3 million ad buy in districts in Connecticut, Indiana, Ohio and Virginia.

·The opposition's message: In a sprawling news conference on the steps of the Capitol in September 1994, Newt Gingrich, then the No. 2 ranking Republican in the House, led dozens of Republican House candidates in signing a "Contract with America." It outlined specific congressional reforms and policy votes they promised to pursue if they won control.

Democrats haven't issued their own "contract," although Senate Minority Leader Harry Reid of Nevada and House Minority Leader Nancy Pelosi of California last week unveiled what they called a unified Democratic approach to national security.

"The biggest reason why Republicans may keep the House is the failure of Democrats to articulate anything positive at all," says Frank Luntz, a Republican pollster who helped devise the 1994 plan. Joe Gaylord, a Republican consultant who also advised Gingrich, agrees.

He's not convinced Republicans are safe, though. "It's possible that the Democrats could capture control of the House," he cautions. In the wake of controversies like those that sank DeLay, Republicans better be "pushing the leadership to get as many reform things passed as possible."

Indicted DeLay To Resign From Congress (FT)

By Edward Alden And Stephanie Kirchgaessner

Financial Times, April 5, 2006

Tom DeLay, the powerful former Republican House leader, announced on Tuesday he would not seek re-election this year to the US House of Representatives.

Mr DeLay, who played a critical role in consolidating Republican control of Washington over the past decade, said he was stepping aside to avoid a bruising political fight in his Texas district that he might have lost.

"It's very nasty. Every leftist organisation in America is down here in Houston. I just realised that my constituents don't deserve this. They deserve a Republican," he told Fox News.

He added: "I'm more interested in growing the Republican majority than in my own future."

The announcement came just days after his former deputy chief of staff, Tony Rudy, pleaded guilty to conspiracy and corruption and promised to cooperate with prosecutors investigating an alleged corruption ring run out of Mr DeLay's leadership offices.

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Mr DeLay was a close friend of Jack Abramoff, the Republican lobbyist whose influence-peddling is at the centre of the investigation.

Democrats seized on the resignation, with party leader Howard Dean saying Mr DeLay was “a symptom of a larger disease – a sick Republican culture of corruption that touches everyone who took his dirty money”.

A senior lobbyist with close ties to the Republican party said the resignation would likely have little impact on the Senate races this year, or on the 2008 presidential elections, but said it could hurt House Republicans.

“If you are a Republican running for the House in 2006, there is an impact,” he said.

A Clean Slate For The GOP? (PHI)

By Dick Polman

The Philadelphia Inquirer, April 5, 2006

"The Hammer" has driven himself out of politics, and the big question today is whether his decision to quit the Congress will dispel the increasingly acrid cloud of scandal that imperils Republican hegemony.

After all, a switch of only 15 seats puts the Democrats back at the helm in the House - a prospect that could make life more difficult for President Bush, because Democrats armed with subpoena power would be a tad more willing to launch probes of the administration's conduct.

No wonder the Republicans hope that Tom DeLay's departure is a boon to their fortunes. His precipitous fall from power - he reigned supreme as House majority leader at the start of January; he'll be out of a job by June - perhaps undercuts the Democratic quest to topple the GOP in November. DeLay, after all, has been the poster child for what Democrats have been calling "a culture of corruption" in Republican Washington.

DeLay insisted on Fox News yesterday that he was "excited" about his new clout-free life, and most Republicans think that would be just fine, because they believe his abrupt exit will brighten their November prospects. As conservative analyst William Kristol contended yesterday, DeLay's departure "gets rid of one distraction."

But does it?

Seven months remain until the election, and during that long span federal prosecutors will continue probing the scandals spawned by Jack Abramoff, the Republican lobbyist and convicted felon. That could potentially embarrass the GOP by providing the Democrats with fresh corruption story lines.

Marshall Wittmann, a former Christian Coalition lobbyist and ex-Republican aide who now works at a centrist Democratic think tank, said yesterday: "For the Republicans, it's white-knuckle time. DeLay's quitting makes the best out of a bad situation, but any Republican who thinks that this will remove the sting from the corruption issue is just whistling past the graveyard."

A party compass

It can't be assumed that corruption will be a top-tier voting issue in November - Iraq is clearly the biggest concern, according to all the polls - but any new legal proceedings aimed at Republicans could underscore the widely held perception (even among many conservatives) that the governing party has lost its compass.

DeLay has been indicted for alleged violations of Texas election laws, and he is awaiting trial. Republicans can try to distance themselves by noting that DeLay is a private citizen. More problematic is the ongoing federal probe - conducted by a Republican Justice Department - into crimes that include the corruption of public officials, as well as wire, tax and mail fraud. That probe features a strong DeLay connection.

Two figures helping the feds are Tony Rudy and Michael Scanlon, both of whom were high-ranking DeLay aides, both of whom have pleaded guilty to criminal acts. Rudy, who made his deal last week, admitted in court papers that he conspired with Abramoff (a longtime DeLay adviser and friend) to corrupt public officials and defraud clients while working for DeLay.

Nobody yet knows what Rudy and Scanlon are telling the prosecutors; nor is it yet known whom Abramoff, another cooperating party, might be naming.

'A favor'

DeLay himself has not been charged with anything (although he is designated as "Representative #2" in the Rudy criminal documents). But the GOP's image could be damaged even if none of its members are criminally indicted; both Ohio Republican Rep. Bob Ney and Republican Sen. Conrad Burns of Montana (neither of whom has been charged with anything) have political problems at home, because of their respective, and well-documented, past ties to Abramoff.

All told, longtime DeLay critics insist the issue won't die with DeLay. Tom Matzzie, the Washington director at MoveOn.org Political Action, said yesterday that even though DeLay was "a comic-book super-villain of sorts," nevertheless "there will be trial dates for himself and his cronies that will be pit stops on the way to the November elections."

But the Republican argument that DeLay's departure could foil the opposition was seconded yesterday by liberal author David Corn, who wrote on his blog: "Justice may be served by his fall, but not the Democrats' prospects in November."

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And Larry Sabato, a nonpartisan political analyst who closely tracks voter behavior, said by phone yesterday: "If DeLay had stayed in his reelection race, there would have been 1,000 headlines this fall about 'Tom DeLay's hot race and his battle to survive.' He has eliminated those headlines now. He did his party a favor. Now a different Republican can run and keep that seat for the Republicans. And every seat matters this year."

Sabato questions whether the Democrats can get traction with the corruption issue, now that "their poster boy is off the wall." As he sees it: "People need parables, someone who can put a face on a complicated issue. DeLay was a wonderful parable. Without DeLay front and center, people are more likely to lapse into, 'Yeah, they're all corrupt, both parties, just a bunch of crooks.' "

Indeed, it's historical fact that Washington's modern special-interest culture was basically created by the Democrats who controlled Congress for 40 successive years until 1995, and who in 1981 came up with the idea of giving greater access to corporate lobbyists in exchange for campaign money.

But, as DeLay critics see it, the relevant issue in 2006 is that DeLay institutionalized a cash-for-favors culture far beyond anything the Democrats did. And public-interest groups are mapping an '06 campaign that seeks to connect the Republican culture, as nurtured by DeLay, to real issues that affect voters' daily lives.

Case in point: Republicans, with heavy contributions from the pharmaceutical firms, passed the Medicare drug-prescription law - which explicitly bars the federal government from buying drugs in bulk and thereby saving seniors a lot of money. David Donnelly of the Public Campaign Action Fund contended yesterday that making these links could be "combustible" in November.

And many conservatives know that DeLay's legacy has not exactly helped their '06 election prospects. The directors of redstate.org wrote yesterday that "just because he is no lawbreaker does not mean he behaved in an ethical and honorable manner." The key to a comeback, they said, is for the still-Republican Congress "to be focused on achieving the right things for the right reasons."

DeLay's Departure A Relief For GOP (RC)

By Ben Pershing

Roll Call, April 5, 2006

With the House Republican majority he helped create in a peril also largely of his making, embattled Texas Rep. Tom DeLay (R) announced Tuesday that he would resign from Congress this year.

DeLay's decision marks the end of a career that helped transform nearly every aspect of Congressional politics, from lobbying and fundraising to redistricting, vote-counting and interparty relations.

The former Majority Leader's withdrawal from the House — which will occur at a still undetermined date before mid-June — brought forth effusive public praise and private sighs of relief from his Republican colleagues, who paid tribute to DeLay's achievements even as they hoped to rid themselves of the political effects of his burgeoning legal problems.

With DeLay's announcement, the expected passage of 527 reform this week and consideration of a broader lobbying reform package coming after the easter recess, House Republicans hope to finally get ahead of the ethics stories that have plagued them for the entire election cycle.

"In the long run this is great news because the 'Tom DeLay problem' goes away," said a House Republican leadership aide. "If he has further legal problems it will be on page A8 instead of A1 because he's no longer a Member of Congress."

After giving word of his decision to a select few media outlets Monday night, DeLay made his decision official Tuesday morning in a speech in Texas' 22nd district, where he had faced a very difficult re-election race against ex-Rep. Nick Lampson (D).

"Because I care so deeply about this district and the people in it, I refuse to allow liberal Democrats an opportunity to steal this seat with a negative, personal campaign," DeLay said, adding that he had "no regrets today, and no doubts. I am proud of the past. I am at peace with the present."

DeLay informed Speaker Dennis Hastert (R-Ill.) — whom DeLay first brought into the leadership and mentored for more than a decade — of his decision on Monday and told other leaders of the news later in the day, holding a conference call with his Texas GOP colleagues that night.

"Over the last 11 years, Tom DeLay has been a most effective Majority Whip and Majority Leader for our Conference, and I am sorry to see him leave the House of Representatives," Hastert said in a statement, adding that DeLay "embodies the term steadfast and perseveres through even the toughest attacks on Republican ideals and principles."

Majority Leader John Boehner (R-Ohio), a former DeLay enemy who succeeded the Texan in that post after DeLay was forced to step down, was similarly complimentary.

"I still believe that he is one of the most effective Whips that we have seen in the Congress, and I am sorry that he is leaving," Boehner said, later adding that DeLay "did a very honorable thing by stepping aside."

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Boehner, the former Conference chairman, also laughed as he observed that he was the "last man standing" from the elected leadership team that inaugurated the GOP's reign in the majority in 1994.

Of the GOP leaders elected in November of that year, Speaker Newt Gingrich (Ga.) resigned in 1998, Majority Leader Dick Armey (Texas) retired in 2002, then-Majority Whip DeLay announced his resignation this week and National Republican Congressional Committee Chairman Bill Paxon (N.Y) retired in 1998.

Further down the ladder, Republican Policy Chairman Christopher Cox (Calif.) resigned in 2005, Conference Vice Chairwoman Susan Molinari (N.Y.) resigned in 1997 and Conference Secretary Barbara Vucanovich (Nev.) retired in 1996.

With the possible exception of 1998, most political observers believe House Republicans are in more dire straits now than they have been at any point since the 1994 takeover.

One major contributing factor to their weakness has been the incessant focus on their alleged ethical failings headlined by DeLay, who remains under indictment in Texas for allegedly laundering corporate money into 2002 state legislative races and is also under scrutiny in a wide-ranging federal investigation into bribery and fraud related to convicted former lobbyist Jack Abramoff.

Abramoff has pleaded guilty to several charges, as have former DeLay press secretary Mike Scanlon and, most recently, former DeLay deputy chief of staff Tony Rudy, who admitted breaking the law while in DeLay's employ.

When DeLay was indicted by a Texas grand jury and temporarily stepped down from the Majority Leader post in September, his fellow Republicans almost universally pronounced him innocent of the charges and painted the Travis County prosecutor, Ronnie Earle, as a partisan attack dog.

And when DeLay permanently vacated the Leader post in January, most of his colleagues again expressed confidence that he would be exonerated.

But while Republicans praised DeLay Tuesday for his career achievements and for his decision, they mostly did not repeat the their earlier assertions that his legal troubles were baseless or driven solely by vengeful Democrats. At most, some simply said DeLay was innocent until proven guilty.

Boehner said that "to see [DeLay] being wrenched through this political stretching machine, if you will, rack, it is just not fair."

But when he was asked whether there was any "substance" to the allegations against DeLay, Boehner simply said, "I think the whole picture is a sad one. He has done a great job and to find himself in this predicament is regretful."

The news of DeLay's decision came during an already tumultuous week for House Republicans, who are hoping to pass a politically difficult budget and 527 reform as they parry questions about the Senate's progress on immigration reform.

"I think all of you know that this is probably the toughest week that I have had, this coming week, since I was elected Majority Leader," Boehner said to reporters Tuesday. "So I hope you all be a little charitable today. I don't think I ever took two Advil in the morning before I came to work, but I did today."

The House's plate is so full that there was very little discussion of DeLay at Tuesday's elected leadership meeting, with the conversation focused instead on the budget and 527 reform.

Even after he stepped down as Leader in September, DeLay continued to play an active role within the Conference, helping to assemble coalitions for tough votes and serving as an informal adviser to the leadership.

But DeLay largely stopped playing that role in January, according to leadership sources, as his legal predicament grew worse and he became more focused on his re-election race.

Capitalizing On DeLay Dropout (WSJ)

By Brody Mullins And David Rogers

The Wall Street Journal, April 5, 2006

WASHINGTON -- Rep. Tom DeLay's decision to leave Congress is a wake-up call to his colleagues that anti-Washington sentiment is running high, which may dictate quick action on ethics legislation.

When a federal influence-buying probe heated up in January, Republicans pledged to learn from the past and enact reforms. But in deference to senior Republicans, the legislation has been delayed until at least late this month.

Now some Republicans say Mr. DeLay's resignation offers an incentive to act.

"This creates an opening for House Republicans to move aggressively to put this whole episode behind them," said Republican pollster Whit Ayers. "With his resignation, the House can pass strong ethics legislation and can credibly argue that they have learned from and responded to the whole imbroglio."

In 1994, powerful Democrats didn't respond to signs that their party had lost touch, and as a consequence lost control of the House that year to Republicans. It is unclear whether House Republicans are moving aggressively to head off similar political currents in an election year.

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Mr. DeLay's decision to leave may have had as much to do with problems in his own backyard as his party's worries here. Mr. DeLay said he won't seek another term after he concluded he might lose his re-election race. The former No. 2 House Republican won the nomination in a crowded primary last month, but he faced a tough contest against former Democratic Rep. Nick Lampson and an independent challenger.

Ironically, Mr. DeLay made himself more vulnerable by driving through a Texas redistricting plan that his party implemented to pick up Republican seats in Texas in 2004. As part of the bargain, he absorbed into his district some Democratic precincts from his challenger Mr. Lampson, who then represented a neighboring Houston district, and in return moved some Republican precincts from his own district to help more vulnerable Republicans in surrounding districts. That left Mr. DeLay to run in a tougher, less Republican district.

A bigger problem was that former Rep. Steve Stockman -- a conservative maverick who was part of the fabled 1994 Republican class -- had come back to run against him as an independent.

"It was a much more complex environment for winning with Stockman taking votes away," said David Hill, a Texas pollster and Republican consultant who advised Mr. DeLay early in his House career. "That made the numbers a problem."

It is unclear how the resignation will affect the fight for control of Congress. Republicans hold 231 of the House's 435 seats, so a shift of just over a dozen seats would cost the party control for the first time since 1994.

Republicans said the resignation will make it tougher for Democrats to win seats because they won't have Mr. DeLay to kick around any more. "Democrats don't have an example No. 1 in their argument that there is a Republican culture of corruption," said Republican pollster Glen Bolger.

Democratic strategist James Carville argued Mr. DeLay's departure will have the opposite effect, confirming in voters' minds that something's amiss in Congress. "These guys don't just resign, they go out in a pine box," he said.

Few House Republicans have had as many ethics troubles as Mr. DeLay, who has been admonished by the House Ethics Committee three times. Last fall he was indicted in a state campaign-finance probe. Two of his former aides have pleaded guilty in a federal investigation into corruption by Republican lawmakers and former lobbyist Jack Abramoff. Mr. DeLay has said that he is innocent in both cases.

Republicans must deal with the effects while struggling with issues such as the budget and immigration. The man they elected to succeed Mr. DeLay as House majority leader, Ohio Rep. John Boehner, illustrates the party's situation. At a news conference yesterday he joked that he was "the last man standing" of the Republican rebels who took over the House in 1994. But he also admitted that for the first time he took Advil in the morning to deal with the headaches of the job.

DeLay Shows Need For Reform (WT)

By Christina Bellantoni

The Washington Times, April 5, 2006

Proponents of stricter lobbying laws say the resignation of embattled former Majority Leader Tom DeLay underscores the urgent need for reform.

"This Congress needs to be rescued," said Rep. Christopher Shays, Connecticut Republican. He added that members are being put on the defensive and need to tell voters: "We aren't as corrupt as you think."

Mr. Shays made his comments during a series of hearings on a lobbying reform bill that the House expects to debate and pass this spring.

Rep. Steve Chabot said yesterday that Mr. DeLay, Texas Republican, "has been a distraction" from key issues facing Congress. The Ohio Republican made his comments after a hearing of his Judiciary subcommittee on the constitution over the proposed lobbying bill.

The witnesses testifying at that hearing used Mr. DeLay as an illustration of the need to put tighter restrictions on lobbying.

"I don't need to remind you about the scandals," said Chellie Pingree, president of Common Cause, a nonpartisan watchdog organization. "You have unique power to restore our faith in elected leaders."

Miss Pingree noted that 85 percent of voters are concerned about corruption in Congress and worry that lawmakers will "ignore the headlines, and they can't be much bolder than they are this morning."

The measure under consideration requires lobbyists to disclose their expenses and activities more regularly and "puts more teeth into the enforcement of current law," Mr. Chabot said.

Also in the bill is a temporary suspension on privately funded travel for the rest of the 109th Congress and a ban on allowing lawmakers to travel with lobbyists on corporate flights. It also increases the penalty for violating ethics rules.

"Today's news certainly brings added stress to the situation," said Kenneth A. Gross, who heads a political law practice.

Rep. Jerrold Nadler, New York Democrat, said the recent indictments, resignations and prison sentences "have cast a pall over this institution, whether we like it or not."

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Without swift action, voters""will only become more cynical," he said.

Several House committees this week are expected to pass elements of the lobbying reform plan. The Senate passed its own version -- which includes a ban on gifts to lawmakers -- last week. The two chambers will need to reconcile the differences to the measures in a conference committee.

Rep. David Dreier, California Republican and chairman of the House Rules Committee, said passing ethics reform will make Congress "more accountable [and] more deliberative."

Enhancing disclosure will help both political parties clean up their image, he said.

Many lawmakers say the more pressing need is campaign finance reform. The House this week is expected to consider a measure dealing with 527 groups -- nonprofits funded mostly by wealthy activists.

Analysis: DeLay Leaves Troubling Legacy (AP)

By Tom Raum

The Associated Press, April 4, 2006

Tom DeLay leaves a troubling legacy for Republicans as they face re-election.

The Texan, once one of the most powerful and feared leaders of Congress, joined Newt Gingrich in helping to lead Republicans to power in 1994. But he became a symbol of the widening ethics scandal that now clouds GOP prospects for continued control.

Republicans face voters weary of corruption allegations and the heavy-handed tactics DeLay came to personify. At the same time, GOP candidates are further weighed down by President Bush's low approval ratings and the unpopularity of the war in Iraq.

"It's hard to believe that in just 12 years, Republicans could end up in the same situation that it took Democrats 40 years to get in," said Republican strategist Frank Luntz.

Luntz, who was once Gingrich's pollster and who helped orchestrate the 1994 "Contract With America," a set of unifying GOP policy initiatives, said the GOP majority now seems "tired" and those speaking out for change and innovation "are just not being noticed."

Republicans hold 231 of the 435 House seats. Democrats have 201. There is one independent and two vacancies.

DeLay said Tuesday he would resign from Congress rather than seek a 12th term so as not to hurt Republican chances. He acknowledged his re-election prospects were threatened.

The voters of his Houston-area district "deserve a campaign about the vital national issues that they care most about and that affect their lives every day, and not a campaign focused solely as a referendum on me," DeLay said.

He had stepped aside as House majority leader last fall after a grand jury in Texas indicted him, accusing him of funneling illegal corporate contributions into state legislative races. In January, he decided against trying to get the leadership post back amid a spreading election-year corruption scandal.

Former lobbyist Jack Abramoff, once a key DeLay ally, and two of DeLay's former aides have pleaded guilty in a Justice Department corruption probe and are cooperating with prosecutors.

DeLay denied anew on Tuesday that he had done anything wrong. "I'm not stupid," he said in an interview on MSNBC's "Hardball." He said he had checked with lawyers to make sure every one his actions was within the law and House rules.

"My lawyers have been told I'm not a target of the investigation," DeLay said. He said he managed his congressional office "by trusting the people I hired. Evidently, they mishandled that trust."

The Texas congressman said hoped to travel around the country to help unify the conservative movement and hoped to remain influential in Republican politics — something he suggested he could do better outside Congress.

"It's quite evident to me in the last couple of months that being a rank-and-file member, I'm not able to accomplish the things I have been able to accomplish," he said.

DeLay's resignation "marks the end of a 12-year reign of unquestioned Republican dominance and casts a shadow on the chances of Republicans in the fall elections," said Ross Baker, a political scientist at Rutgers University who specializes in Congress.

Under DeLay's sometimes iron-fisted rule, House Republicans marched pretty much in lockstep during Bush's first term, delivering one legislative victory after another. "Republicans, however loyal they may have been in the past, are now taking an every-man-for-himself attitude," Baker said.

Congress draws even lower public opinion ratings than the president. An AP-Ipsos poll last month showed only 31 percent of those surveyed approved of the job Congress was doing, compared with 37 percent for Bush.

When people were asked if they wanted to see Republicans or Democrats win control of Congress, Democrats got more backing, by 47 percent to 36 percent.

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Democrats have used DeLay's legal problems and those facing other Republicans — including Senate Majority Leader Bill Frist and former vice presidential chief of staff I. Lewis "Scooter" Libby — to claim that Republicans are in the grips of a "culture of corruption," an assertion they repeated on Tuesday.

DeLay's resignation might help to take the heat off rank-and-file Republicans — by removing from the scene an easy target for Democrats. But the Democrats signaled they were unlikely to change their focus whether DeLay was in Congress or not.

"Tom DeLay will leave behind a sad legacy of partisan political corruption," said Rep. George Miller (news, bio, voting record), D-Calif.

Further indictments and trials would help keep alive the "corruption" issue — and DeLay's role.

"As the Justice Department gets closer and closer to him through his aides, and if he is in more trouble, certainly the Democrats will use that," said James Thurber, an American University political science professor.

Republican leaders, from Bush to House Speaker Dennis Hastert of Illinois, were generous in their praise of DeLay on Tuesday. And Bush told reporters, "My own judgment is that our party will continue to succeed because we're the party of ideas."

Bush and DeLay haven't always seen eye to eye and are not close. Still, DeLay "has been a good soldier for Bush. And Bush has always said the right things when DeLay gets in trouble," said Bruce Buchanan, a political scientist at the University of Texas.

But there are limits to what Bush can do at this point to help DeLay — or Republicans facing tight races.

DeLay Says Prospect Of Losing Led Him To Step Down (HC)

By Kristen Mack, Eric Hanson, and Julie Mason

Houston Chronicle, April 5, 2006

U.S. Rep. Tom DeLay decided more than a week ago to resign his seat, disappointed with the margin of his Republican primary victory and looking at poll numbers that showed he might lose the seat in November, he said today.

DeLay said in an interview with Sam Malone on KTRH-AM (740) that he "should have done better" than his 62 percent showing against four challengers in the March 7 primary.

His internal polling showed he had a 50-50 chance of winning in November, he said.

"The district was very polarized," he said. "I had strong support and strong opposition."

He would have had to draw votes of moderate Republicans and independents, he said.

"Why risk it, when we can save the seat?," he said. The district leans Republican. "I'm incredibly confident I'm not leaving the 22nd District in jeopardy."

Former U.S. Rep. Nick Lampson is the Democratic nominee for the 22nd congressional district seat.

Lampson, whom DeLay has long lampooned as the "Hollywood" candidate because of his financial support from Democrats outside the state who oppose DeLay, will see that money supply dry up if he's running against less of a lightning rod than DeLay, the congressman predicted.

"He's got enough to run a campaign right now, but it's not going to be a referendum on me," DeLay said. "He has to defend his voting record."

DeLay, the subject of more ethics investigations than any other member of Congress, has been under increasing pressure from a sprawling investigation into political corruption that grew out of the lobbying activities of Jack Abramoff, with whom he had close political ties.

The ongoing investigation has an impact on him politically.

"I'm a realist and understand that," he said. "But all they have is guilt by association. I've served honestly and ethically. I've never broken a law or a House rule."

DeLay said he's not going away, but will fight for conservative causes in a different arena. And he says he will work to elect a conservative Republican as his successor.

DeLay has run up $2.5 million in legal fees, $1.5 million of which remain unpaid. He hopes to make some money on the speaking circuit to help pay those mounting legal bills.

"I feel very much at peace with this decision," he said. "I've already been planning and strategizing about what's next."

The resignation of Tom DeLay was the main topic of conversation Tuesday at Cinnamon's Bakery, a popular morning gathering place in the Sugar Creek area of Sugar Land.

Rich Christoffersen said customers were stunned by the announcement, with several saying the congressman's legal woes played a role in the resignation.

Christoffersen said current events and politics are frequent subjects discussed by morning customers who are generally supportive of DeLay.

"I think most folks are pretty sorry to see him go, with a few exceptions," Christoffersen said.

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"I am very disappointed to see him go. I think he was on the last true conservatives that were out there," he said.

Customer Abraham Joseph said he was surprised by the sudden nature of DeLay's resignation.

"I think he just buckled under pressure from the left, he didn't want to put up with all their whatever, so the best thing to do was just to back out," Joseph said.

Another customer, Charles Lojo, said DeLay has been a strong leader and wondered why the congressman would step down after winning a hard fought primary.

"It is really a shocker. Only he knows why and hopefully they are good reasons," Lojo said.

DeLay left Houston's Fox network studio around 9:20 a.m. without giving a statement to the press gathered outside. He rode in the front passenger's seat of a gray Lincoln and pulled into the station's garage.

He will not hold a press conference today, but has instead spent the day granting interviews to friendly reporters and news outlets. He also released a video address, which was distributed to news outlets.

DeLay called President Bush Monday with the news that he was stepping down from Congress, White House spokesman Scott McClellan said today.

The two for years have been uneasy allies, working together on shared goals despite sometimes sharp policy differences.

DeLay called Bush when the president was aboard Air Force One on Monday.

McClellan sidestepped questions about whether Bush was relieved by the fact that DeLay was seeking to defuse a controversy involving the congressional lobbying scandal, which has led two former DeLay staffers to plead guilty to corruption charges.

"Congressman DeLay has been a good ally with whom the president has worked to get things done for the people," McClellan said.

DeLay's ethics troubles have been a distraction for the White House, which has seen its once-ambitious domestic agenda stalled by ethics scandals, division over the war in Iraq and other complications.

Bush in the past year has run hot and cold on DeLay, expressing support and spending time with the embattled Sugar Land Republican, urging others not to pre-judge DeLay, and then putting some distance between the two of them.

McClellan said Bush will continue working with the new leadership in Congress, including on lobbying and other reforms.

"Congress is working to move forward on reforms and the president is committed to working with them," McClellan said.

The spokesman praised DeLay's efforts on behalf of Bush's agenda, including on tax cuts and the war on terrorism.

DeLay Departing On Own Terms (WP)

By R. Jeffrey Smith And Jonathan Weisman

The Washington Post, April 5, 2006

Under siege from state and federal probes into his actions and those of his closest aides and advisers, Rep. Tom DeLay had considered resigning on several occasions over the past four months. But he waited until after he had vanquished his challengers in the Republican primary to deny them the chance to become his successor, associates said.

DeLay's decision was also provoked by recent poll results that showed he faced a stiff challenge in November, the associates said.

They also cited what the Texas Republican has privately described at his frustration at no longer being a part of the House leadership, and his diminished satisfaction with rank-and-file congressional life. The lawmaker was forced to relinquish the post of majority leader after being indicted in Texas on a felony money-laundering charge last October; he had served in the job since 2002 and had been majority whip before then.

DeLay's decision allowed him to set the terms of his departure, avoiding what could have been a personally devastating loss at the polls in November. DeLay was determined to hang on to his seat at least through the primary, said Carl Forti, spokesman for the National Republican Congressional Committee. That was because he considered his three Republican challengers gadflies and traitors and he was determined to try to block them from succeeding him.

Several associates said DeLay was particularly influenced by poll results he received after his victory in the Republican primary on March 7, which made clear that his "negatives" in the district -- a routine tally of voters' emotional hostility toward him -- were high. That meant a close race would be won only with substantial effort and cash.

An additional impetus for putting off the resignation until now was suggested by John Feehery, a former aide to DeLay and House Speaker J. Dennis Hastert (R-Ill.). "He needed to raise money for the defense fund. That was the bottom line," Feehery said. "He wanted to make sure he could take care of himself in the court of law." Under federal campaign rules, any reelection money a lawmaker raises can be used to pay legal fees stemming from official duties.

DeLay's decision to resign from the chamber he once ruled with a clenched fist gave some Republicans hope that the party can move beyond a burgeoning corruption scandal as the congressional election season heats up. That scandal so far has led to

guilty pleas to corruption charges by lobbyist Jack Abramoff, once a close ally of DeLay's, and former DeLay aides Michael Scanlon and Tony C. Rudy, who worked with Abramoff after leaving their Capitol Hill jobs.

But Democrats vowed that they would not let their opponents slip the noose of what they have labeled a "culture of corruption."

"When a person steps down, it inflates the severity of the situation, and if they think after Tony Rudy, Jack Abramoff and the other guys the country will stop debate on these issues, they've got another thing coming," Rep. Rahm Emanuel (Ill.), chairman of the Democratic Congressional Campaign Committee, said yesterday. "Federal prosecutors don't care about Republican spin."

In a lengthy videotaped statement, DeLay formally said he will resign the suburban Houston seat he has held for 11 terms, taking his trademark jabs at "liberal Democrats" eager for an election fight and those he said are ready to misinterpret his every move.

"With the news of my decision, there of course will be great speculation among the political pundits and media about my reasons both for this decision and its timing. I'm quite certain most will put forth their opinions and conclusions devoid of and unencumbered by accuracy, facts and truth," he said. "I have no fear whatsoever about any investigation into me or my personal or professional activities."

The associates acknowledged that DeLay made his decision against the backdrop of a felony criminal charge in Texas that is unlikely to be resolved quickly, and amid growing interest by the Justice Department and the FBI in his family finances and the official actions he took at the behest of aides who recently pleaded guilty to involvement in a criminal conspiracy.

But DeLay -- as well as his associates -- said the decision resulted from his desire to avoid a defeat at the hands of voters in his district rather than a calculated effort to deflect any investigation.

GOP leaders were quick to praise the man who helped secure Republican control of the House and turn Washington into a bastion of Republican support. But when pushed, several Republicans conceded that DeLay bore some responsibility for the scandals that drove him from power -- scandals that reached into his House leadership offices.

"At the end of the day, the members are responsible for what happens in their offices and are responsible for their staff," said House Majority Leader John A. Boehner (R-Ohio), who now occupies the leadership suite where Rudy and Abramoff say they traded funds and favor for legislative action. "And clearly, there were several . . . former staffers for Tom who ran off the road, and it is sad and unfortunate."

DeLay's potential legal challenges have increased in the past three months, as Abramoff, Scanlon and Rudy struck deals with a federal task force to gain reduced prison terms in exchange for their cooperation in a continuing public corruption probe. DeLay alluded in a Time magazine interview this week to being "hit" as a result of Abramoff's guilty plea in January.

As a government official familiar with the investigation said, a noteworthy aspect of the plea deals is the "dramatic premium" the Justice Department evidently places on obtaining information that might implicate others. For DeLay, this official said, "the federal case is going to get worse before it gets better."

But Richard Cullen, a key member of DeLay's defense team, said the resignation decision was not provoked by anything federal investigators have recently said. Several of DeLay's associates said that yesterday's announcement was jarring only to those not privy to DeLay's political anxieties stretching back to the 2004 race, when he won by his slimmest margin ever. "You get concerned" when you barely win against a middling opponent, a top DeLay adviser said.

Starting in December, DeLay's private polling pointed out serious political problems. At first, it suggested a roughly even voter split with former congressman Nick Lampson, the Democratic nominee. But it also showed that nearly eight in 10 voters were already firmly decided on one of the two candidates -- a rarity for a House race, especially considering that the general election was 11 months away. That meant changing minds would be costly.

The March 7 primary in which DeLay defeated three little-known Republicans with 62 percent provided a temporary boost for his campaign. But a poll DeLay commissioned two weeks ago to measure his progress with voters since December found no shift in the overall electorate since January.

That survey stoked concern in the DeLay operation because he had experienced a relatively positive run of media coverage in the past few months, and some fretted that if that was his high-water mark, he would be hard-pressed to win in November. The tally weighed heavily on DeLay after it was presented to him last week.

Rep. Henry Bonilla (R-Tex.), one of DeLay's strongest allies, said that although the former majority leader had "a sense of euphoria" after winning his primary race, this elation evaporated after he realized he would have to raise as much as $10 million to compete in the general election.

DeLay discussed his decision with Cullen last Wednesday, and he started informing others about it on Thursday. Few lawmakers or associates tried to talk him out of it, one of his advisers and others said.

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"I don't think there was encouragement [for him to leave], but I think there's a great deal of relief," Feehery said. "It was a soap opera, and people are tired of soap operas. They want to get to work."

With DeLay expected to be out of Congress by mid-June, the National Republican Congressional Committee and Texas Republican officials expressed confidence that Republicans could easily retain a district that gave President Bush 64 percent of the vote in 2004. Former GOP congressman Steve Stockman, who threatened to run in the general election as an independent, said he may run as a Republican instead, joining a wide field of potential DeLay successors. They include Sugar Land Mayor David Wallace, who is organizing a campaign; Harris County Judge Robert Eckels; Tom Campbell, the second-place finisher in last month's Texas primary; Houston City Council member Shelley Sekula-Gibbs; former state district judge John Devine; and state Rep. Robert Talton.

DeLay said he would move his official residence to Alexandria and vowed to stay involved in grass-roots conservative causes and expand a foster-care program he started in Texas.

Friends and associates of DeLay say they think he can make a prosperous future for himself as a corporate-paid legislative strategist, book author and speaker.

DeLay Says He'll Lead From The Outside (DMN)

By Todd J. Gillman

The Dallas Morning News, April 5, 2006

WASHINGTON – Once he leaves Congress, Tom DeLay hopes to put his talents to work pushing the conservative cause – without the trappings of power, the duties of high office or, perhaps, the huge political bull's-eye on his back.

Whether he gets that opportunity could hinge on whether he can clear up campaign money-laundering charges in Travis County and avoid getting ensnared in the Justice Department corruption inquiry that has nabbed three close associates.

"I have a lot of friends in the conservative movement," Mr. DeLay told MSNBC's Hardball in one of a handful of interviews he gave Tuesday. "They value my talents, and they listen to me. I think I can work with them."

As his surprise decision to quit Congress sunk in Tuesday, Republicans heaped praise on the deposed majority leader – and heaved sighs of relief in private as they took stock of the fallout. The outstanding questions were numerous: What will he do now? Can the GOP match "The Hammer's" glory days or replace his political street smarts?

Still others wondered what prompted the Sugar Land Republican to call it quits and what kind of influence he can wield.

"We're going to have a tremendous challenge to see whether or not we can function nearly as well without him as we did with him," said Rep. Tom Cole, R-Okla., a leading conservative who called Mr. DeLay a "historic figure," the most effective lawmaker in a generation. "This is a guy who produced victory after victory with very narrow legislative majorities."

Three days after a former top aide reached a plea deal – agreeing to testify in the corruption inquiry – Mr. DeLay declared that he would end his bid for a 12th term, give up his House seat by mid-June and change his legal residence to a condo in the capital's Virginia suburbs.

Explaining his decision

In a series of interviews with cable news outlets, he said criminal investigations had nothing to do with his decision.

Mr. DeLay said that when he filed for re-election in December, he expected his Texas criminal case to be resolved before the primary. Facing eight more months of campaigning and uncertain prospects at the polls, he thought it best to step aside and bolster the GOP's chances to retain his Houston-area seat. Some Republican colleagues speculated that winning the March 7 primary gave him the comfort of vindication with voters.

Now, Mr. DeLay said, he'll try to put his skills, contacts and energy to use pushing the conservative agenda from the outside.

"We are fractured and always have been fractured. I think I can be a unifying force," he said.

At least some allies seemed eager to embrace him.

"The entire left wing has been gunning after Congressman DeLay for years," said William Greene, president of RightMarch .com, a conservative group. "Yes, he won't be in Congress any longer – but there's no doubt that now he'll be a leader in other ways, moving the conservative agenda forward at a pace that will make the left wish they had just left him alone."

But such ambitions rang hollow to Mr. DeLay's legions of critics. Many were in a mood to gloat Tuesday.

"Tom DeLay is a gift that keeps on giving, and has been for a long time," said Chris Bell, the Texas Democratic nominee for governor. During Mr. Bell's one-term congressional career cut short by redistricting, he attacked Mr. DeLay's ethics.

The resignation caught Washington off-guard. Just a week ago, Mr. DeLay sent out a fundraising appeal vowing to work "every day" to represent conservative values. And many public officials facing criminal charges have used their grip on office as a bargaining chip with prosecutors.

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In Austin, Travis County District Attorney Ronald Earle said in a prepared statement that Mr. DeLay's decision doesn't affect the pending felony case involving allegations of campaign law violations. "This changes nothing," he said.

Federal prosecutors declined to discuss the resignation.

Mr. DeLay has not been implicated in the two-year corruption investigation, and he continued to maintain his innocence Tuesday. But he's been closely linked to the man at its core, fallen lobbyist Jack Abramoff, who has confessed to lavishing officials with millions in gifts and political contributions.

Friday's plea agreement by former DeLay deputy chief of staff Tony Rudy represented a serious evolution in the case. It included testimony that Edwin Buckham, a former chief of staff and spiritual adviser to Mr. DeLay, arranged illegal payments to Mr. Rudy when Mr. Rudy was a DeLay deputy.

Over four years, Mr. Buckham's lobbying firm paid Mr. DeLay's wife $115,000 for research on the charitable preferences of politicians – an arrangement critics have questioned.

Mr. Buckham's attorney did not return a phone call Tuesday.

Washington ethics lawyer Stan Brand, a former House counsel who defended former House Ways and Means Chairman Dan Rostenkowski and other Democrats, called it curious that Mr. DeLay would resign.

"Most members under a cloud stay as long as possible because being an incumbent is something of an advantage in the legal process," he said. But the Rudy plea put prosecutors in the "inner sanctum of DeLay's office. ... It's hard to conceive of a situation where they indict these people around him, including people in his own office, and don't go after him."

Democrats said Mr. DeLay's departure doesn't remove the taint of corruption from the GOP. They cited the ongoing "K Street project" – an effort Mr. DeLay initiated in the 1990s to pressure trade associations and lobbying firms to steer plum jobs to loyal Republicans.

"DeLay may be gone, but nothing has changed," said Rep. Rahm Emanuel, chairman of the Democratic Congressional Campaign Committee. "The Republican culture of putting the special interests first does not revolve around just one man."

Privately, many Republicans expressed relief that Mr. DeLay is moving on. And some of the praise Tuesday was restrained.

Bush's reaction

"I wish him all the best," President Bush told reporters. "It had to have been a very difficult decision for someone who loved representing his district in the state of Texas."

Speaker Dennis Hastert, who was Mr. DeLay's deputy whip before leapfrogging him into the House's top job, called him "a most effective" leader, citing the role he played securing GOP wins on a Medicare drug benefit, tax cuts and trade deals. But he suggested that Mr. DeLay isn't indispensable.

"We have a bold vision, and our agenda will continue," he said.

Lawmakers in both parties said Texas will miss his influence.

"Tom has been a tireless advocate for his constituents for over two decades," Sen. Kay Bailey Hutchison said.

For nearly a decade, Texans held two of the top three House positions – Majority Leader Dick Armey and No. 3-ranked Mr. DeLay in the whip's post. When Mr. Armey left, Mr. DeLay moved up.

The congressional redistricting that Mr. DeLay engineered in 2003 led to the ouster of six Democrats, among them some of the most senior lawmakers in the party – including Dallas Rep. Martin Frost, who had led the party's House campaign arm and served as top Democrat on the Rules Committee, and top Democrats on the Agriculture and Homeland Security committees.

Mr. DeLay's replacement will start at the bottom of the seniority ladder.

Democrats said Mr. DeLay's resignation completed a scorched-earth policy that has left Texas largely bereft of clout.

"It's important to have a strong leader on behalf of the state of Texas to bring back resources on behalf of the people," said Rep. Sheila Jackson Lee, D-Houston. "The distinction here was that Tom's leadership was divisive. He divided the Texas delegation."

Why DeLay Quit (NATREV)

By Byron York

National Review, April 4, 2006

Rep. Tom DeLay says he made the decision to leave Congress after taking a poll in his Texas district which showed he had no better than a 50-50 chance of winning reelection this November.

In a long discussion with conservative journalists Tuesday afternoon, DeLay discussed the Republican primary he faced last month, which he won with 62 percent of the vote. While some observers called that an impressive win, given the controversy that surrounds DeLay, the congressman himself said that was when he knew he had a problem.

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"After the primary — you get a sixth sense about this stuff," DeLay said. "You know your district...You don't need polls, but we ran a poll anyway. And the poll showed, basically, that I had a 50-50 chance of winning." DeLay said he had commissioned a similar poll late last year, and "the one after the primary was slightly worse than the one in December" — suggesting that his support was shrinking.

"Sixty-two percent was kind of a lift around here," DeLay said. "People gave me a lot of credit for 62 percent. But for a 21-year incumbent, 62 percent — I mean, it's good, but it should have been 70-percent-plus. Sixty-two percent means 38 percent voted against me. So I wanted a poll done. We did the poll. I was going to spend whatever it took to decide what I was supposed to do, whether to get in or get out."

DeLay said that after the primary, "I spent a lot of time in prayer. Spent all the time in prayer." He said he talked to a number of people who are close to him, and he got the impression that he should stay in the race. "I thought right after the primary, I was supposed to go through this," he said. "What's that saying? Hardened by fire? But as time went on it was quite evident that I was supposed to evaluate the election and face reality, and the reality was I wasn't supposed to go through this, that I am supposed to get involved outside the House. I can do more good outside the House in the next few months than being locked in the 22nd District trying to fight a reelection campaign."

"I have a very strong base, an incredibly strong base," DeLay continued. "I've never seen anything like it. People that would die for me. I also have a very strong opposition that would kill me if they could get hold of me."

Such polarization, DeLay said, left very few undecideds. "What's left are soft moderate Republicans," DeLay explained, "and independents that will vote for anybody but Tom DeLay, that believe for whatever reason that he's a crook, or where there's smoke, there's fire, so the beating that I've been taking has had that impact. And what I saw was it would take a ton of money to take that small group that I could appeal to and turn them around — in the face of getting beat up every day by the mainstream media and paid-for 527s."

DeLay attributed many of his problems to Ronnie Earle, the Texas county district attorney who has indicted DeLay on campaign-finance charges. "He used this case to drag my name through the mud," DeLay said, "and he has abused the grand jury-process to drag my name through the mud."

The problem, DeLay explained, was the interplay of Earle's investigation and a House GOP rule that requires members of the leadership to step down if they are indicted. "I truly believe that the only reason I was indicted is because we have that stupid rule — that is, politically, the stupidest thing we've ever done," DeLay said. The rule, he continued, in essence "allows the Democrats to pick the Republican leadership."

"But we have it," DeLay continued. "I honored it."

Now that he will soon be out, DeLay said, he feels confident that a Republican will win the seat from his district, which President Bush carried with 64 percent of the vote in 2004. "People say, isn't this a defeat?" DeLay said. "No, it's an incredible victory. Because the 22nd District is going to have a Republican fill that seat, guaranteed. That's what my polls show. Any Republican running as a Republican will walk into that seat."

DeLay also predicted that his departure from the race will hurt the candidacy of Democratic challenger Nick Lampson, who has benefited from support and money from Democrats all around the country who wanted to see DeLay go down in defeat. "Nick Lampson's money is going to dry up," DeLay said. "He's going to have to talk about what he believes in. He's got as bad a liberal Democrat voting record as Sheila Jackson Lee. We've done our opposition research, and he does not fit this district. I consider that a victory....We will have a Republican, and I will be out doing what I do best, and that is strategizing to lead the conservative cause and elect Republicans."

When the talk turned to the Abramoff scandal, and the guilty plea of former DeLay deputy chief of staff Tony Rudy, DeLay said he had no idea that Rudy had been engaged in any criminal activity.

"The leadership office is a whirlwind of activity all day long," DeLay said. "There are things going on constantly. Maybe my management style is suspect. But we hired and had and always have had one of the best staffs on the Hill. Why? Because I hired people that wanted to accomplish the same things that I wanted to accomplish, and I have given them responsibilities and have trusted them to carry out those responsibilities. Unfortunately that trust was mishandled, obviously, by Tony Rudy. He admitted to it. That disappoints me greatly. But it had nothing to do with me."

DeLay said he has not seen the Rudy plea agreement. One section of that agreement says that, "In March and April 2000, Rudy obtained a letter from Representative #2 [DeLay] to an Executive Branch official opposing a postal rate increase that would have harmed one of Abramoff's clients." When asked about that, DeLay said he suspected that Rudy knew DeLay would be opposed to such an increase and tried to profit from that knowledge. "Frankly, what it sounds like from what I read in the media was that they were trading off of knowing that I would already be in those positions," DeLay said. "I have always opposed postal rate increases. So you know this one's coming up, DeLay's going to be against it, so I'm going to make some money off of it, telling so-and-so and so-and-so that I can get DeLay to be against it. Maybe that's what they were doing, it sounds like to me."

As for another former aide, DeLay said he "ran off" Michael Scanlon. "Scanlon — we didn't fire him, but we found him another job," DeLay said. "I'm not surprised about Scanlon, but I am shocked and surprised about Tony Rudy."

As for himself, DeLay said he asked his lawyers to do a thorough review of all of his dealings in Congress. "I spent a lot of money and four months of lawyers investigating me as if they were prosecuting me," DeLay said. "They have looked at everything that I've got for 20 years, the whole time I'm here, and there ain't nothing."

"There is absolutely nothing illegal in my operation. There's nothing untoward. There's nothing unethical. We also cooperated with the Department of Justice, given them everything we've got."

"They asked for it?"

"No. We just gave it to them."

"You volunteered?"

"Yes."

DeLay said the material he gave the Justice Department included "anything connected to Tony Rudy, Ed Buckham, Abramoff, or Scanlon." Beyond that, DeLay said he has had no contact with prosecutors. "None," he said. "And they have told my lawyers I'm not a target of the investigation. Of course, we have been saying that for three months and the press refuses to write about it."

Finally, DeLay addressed the work he did on the issue of lobbying and the so-called "K Street Project." "I am actually very proud of the K Street Project," DeLay said. "When we came in, I realized right away in 1995 that we may have taken the majority, but we haven't changed the culture of Washington, D.C. And I immediately started strategizing to change that culture. I mean, how in the world could you maintain a majority up here if all of K Street were Democrat lobbyists that owed their power and their checkbook to the Democrats, and their friends who were out of power?"

"We put together, I think, one of the largest and strongest political coalitions ever. We turned the culture from K Street contributing 70 percent of its campaign funds to Democrats and 30 percent to Republicans to today 60 percent Republican, 40 percent Democrat....It was so well done that the Democrats hate it, and they're working as hard as they can to destroy it."

— Byron York, NR's White House correspondent, is the author of The Vast Left Wing Conspiracy: The Untold Story of How Democratic Operatives, Eccentric Billionaires, Liberal Activists, and Assorted Celebrities Tried to Bring Down a President — and Why They'll Try Even Harder Next Time.

Legal Costs Will Remain Challenge For DeLay (RC)

By Paul Kane

Roll Call, April 5, 2006

With no personal wealth to fall back on, Rep. Tom DeLay (R-Texas) faces mounting legal and financial troubles even as he flees a thicket of ethical scandals inside a chamber he dominated for more than a decade.

DeLay is still facing an Austin, Texas, trial on campaign finance charges later this year, and the workings of his old leadership office continue to be under the microscope of federal investigators probing the previously hidden lobbying transactions of Jack Abramoff.

DeLay appears to have even acknowledged that another former staffer will face an indictment or cut a plea agreement with the Justice Department. In an interview with Time magazine Monday, DeLay said three former aides had “violated the trust of my office.”

“Unfortunately, there’s three ... that I don’t yet, I’ll wait until they’re found guilty,” he told Time.

That appears to be a reference to Ed Buckham, a former DeLay chief of staff who was implicated in Friday’s plea agreement by former DeLay deputy chief of staff Tony Rudy. So far, Rudy and former press secretary Michael Scanlon are the only ex-DeLay staffers to have pleaded guilty as part of Abramoff’s more than seven-year conspiracy to win official favors on Capitol Hill and in the Bush administration.

Any official legal move against Buckham would draw the case that much closer to

DeLay, because Buckham has been considered his most trusted adviser, personally and politically, even after leaving DeLay’s office in December 1997.

Buckham and Rudy previously had been using the services of the same lawyer, Laura Ariane Miller, but Miller has declined repeated requests from news organizations to say if she’s still representing Buckham at a time when Rudy has singled him out in his own plea agreement. Buckham previously has denied any wrongdoing.

Once DeLay leaves office later this spring, it’s unclear how he’ll be able to meet his ever-rising legal bills. He has been using a legal defense fund to defray most of the costs, a fund that continues to raise money in increments of up to $5,000 per contributor, per year, under House rules.

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Brent Perry, the fund's trustee, said it brought in more than $250,000 in the first quarter this year, money that was instantly turned around and paid to lawyers, leaving the fund nearly exhausted.

Perry rejected reports that the defense fund had more than $500,000 in its coffers at the end of 2005, saying, "Anytime I've had six figures in the trust, it's only been a matter of days before the money was spent."

If his backers are still willing to support him financially as an ex-Congressional leader, DeLay may be able to finance his debt through big-money donors with a private defense fund once he retires. Funds for private sector individuals, such as the one that recently raised more than $2 million for indicted former White House aide Scooter Libby, can accept unlimited donations from individuals and corporations. Those donations are not tax deductible for contributors and may run into gift-tax issues as well.

But as he heads for the exit, DeLay is left without any obvious personal wealth to use to pay legal bills.

When he first rose to national prominence in the mid-1990s, DeLay had little in the way of savings. A disclosure form detailing his personal finances at the end of 1997 showed that, other than his personal residence, DeLay had only $60,000 to $150,000 in holdings, the lion's share of it in Exxon Inc. stock.

Seven years later, DeLay held $80,000 to $200,000 in assets, split between Exxon stock and accounts with Wells Fargo and Charles Schwab, according to his 2004 disclosure form. However, at that time, DeLay was a net debtor, having already accumulated legal bills running from $125,000 to $260,000.

In addition to his home in Sugar Land, Texas, where he intends to retire, DeLay owns a condominium in Alexandria, Va., and for the time being he will need to retain the condo because he needs to use that as his new permanent residence in order to get his name off the Texas Congressional ballot in November.

An estimate from the National Taxpayers Union found that, at most, DeLay could expect $56,000 a year from his pension for almost 22 years of Congressional service. However, it is unclear if he immediately can begin receiving his full pension or wait three years until he turns 62.

As Roll Call reported in February, DeLay began earlier this year to dip into his campaign account to defray some of the costs related to the Abramoff probe. In mid-February, while still preparing for a re-election battle that he thought would cost close to $10 million, DeLay's campaign was sitting on $1.3 million.

It's unclear how much of that money was spent in beating back several challengers in the March 7 primary, or to what level the campaign fund was replenished in the final weeks of March.

Any leftover campaign funds could now be used to pay his legal bills, the course followed by ex-Rep. Duke Cunningham (R-Calif.) after his recent resignation and by ex-Sen. Bob Torricelli (D-N.J.) after he bowed out of his re-election amid ethics allegations in 2002.

But DeLay — who prided himself on creating a "team" attitude in the GOP Conference that involved giving contributions to colleagues, candidates and party committees — may feel peer pressure to turn over a large chunk of that cash to lawmakers or the National Republican Congressional Committee, as is allowed under the law.

In the two months before his GOP primary, DeLay was on the receiving end of a financial outpouring from his colleagues, taking in almost $100,000 from the campaign accounts of fellow House Republicans, their political action committees and their relatives, according to reports filed with the Federal Election Commission.

Even if DeLay decides to use a substantial chunk of his campaign committee's cash to pay for lawyers, it's unclear whether that will be enough to cover the mounting costs.

After his campaign paid $110,000 in February to McGuire Woods, home to Richard Cullen, the lawyer handling the Abramoff matter, DeLay's legal payments topped $1 million since July 2004, according to records with the House and the FEC.

But his bills have only soared since and will continue to do so, particularly once the Texas trial approaches and commences, and the team of lawyers working on the Abramoff investigation continue to bill hours at a high rate.

The recent agreement the Justice Department worked out with Rudy officially placed the Abramoff scandal squarely inside DeLay's leadership office, as Rudy pleaded guilty to a criminal conspiracy that began in 1997, when he was DeLay's press secretary, continuing through his rise to deputy chief of staff and then into the lobbying world in 2001.

Without officially naming Buckham, the plea agreement clearly identifies him as someone who at times worked hand-in-hand with Abramoff as a co-leader of the conspiracy, working with the confessed felon to funnel $86,000 to Rudy's family while he worked for DeLay in exchange for official favors.

In addition, the plea agreement covers events through 2004, meaning that Rudy — who left Abramoff's firm and went to work for Buckham at his Alexander Strategy Group in mid-2002 — has admitted to committing crimes while working for two-and-a-half years at Buckham's side.

House Ethics Panel Not Investigating DeLay, Other Lawmakers (USAT)

By Jim Drinkard
USA Today, April 5, 2006

WASHINGTON — The House ethics committee, inactive for more than a year because of partisan disputes, has declined to launch investigations of Rep. Tom DeLay, R-Texas, and other lawmakers accused of ethical lapses.

A six-hour meeting Thursday ended in partisan deadlock, according to one Republican and one Democrat familiar with the panel's deliberations. Both declined to be identified because of committee non-disclosure rules. At issue was whether the committee could begin investigations without interfering with ongoing criminal probes.

The committee has taken different approaches to that problem in the past. In some cases, as with Rep. Bud Shuster, R-Pa., it carried on a parallel probe while coordinating to make sure it didn't damage the government's case. In others, as with Rep. James Traficant, D-Ohio, it deferred its investigation until prosecutors completed their work.

Besides DeLay, the panel deadlocked last week over whether to launch investigations of Reps. Bob Ney, R-Ohio, and William Jefferson, D-La. The inaction comes as the House of Representatives prepares to take up legislation that would revamp the relationships between lobbyists and lawmakers. Several committees are set to draft pieces of an overall bill this week.

DeLay, who announced Tuesday his plans to retire from Congress, is the subject of a money-laundering case in his home state of Texas. In addition, two former aides have pleaded guilty to charges in connection with the Jack Abramoff lobbying and corruption scandal. Richard Cullen, one of DeLay's attorneys, said federal prosecutors have not indicated that his client is implicated in that case.

The House ethics panel has been gridlocked since January 2005 because of partisan disputes over its rules, staff and procedures. In the meantime, ethical questions have arisen about DeLay; Ney, who had to step down as House Administration Committee chairman because he is also caught up in the Abramoff scandal; and Jefferson, who is under investigation in a bribery case. A former aide to Jefferson has pleaded guilty in that case.

After the session, Rep. Alan Mollohan, D-W.Va., the panel's senior Democrat, issued a statement noting that the lengthy meeting yielded only one agreement: to continue an investigation begun in 2004 of Rep. Jim McDermott, D-Wash., who has admitted leaking to reporters a tape-recorded cellphone conversation involving a Republican colleague in 1996.

Committee chairman Doc Hastings, R-Wash., declined to comment on the panel's deliberations. Mollohan referred a reporter to his statement, which said the panel's limited action "falls far short of the committee's obligations in the current circumstances."

The Senate's lobbying bill would ban meals and gifts from lobbyists to lawmakers and their aides but contains few other prohibitions, focusing instead on new disclosure requirements for lobbyists. A USA TODAY/CNN/Gallup Poll Feb. 28-March 1 found that 59% of Americans are "not too" or "not at all" confident that Congress can police itself on matters of ethics.

Republicans See Better Prospects In Texas Race (RC)

By David M. Drucker
Roll Call, April 5, 2006

With Rep. Tom DeLay (R-Texas) out of the way, Republicans concerned with holding his seat were breathing a collective sigh of relief Tuesday, while Democrats countered that the 22nd district was still theirs for the taking.

DeLay's surprise resignation announcement touched off a flurry of behind-the-scenes maneuvering Tuesday, as potential Republican candidates sought to gauge their viability as his replacement on the Nov. 7 ballot.

A spokesman for the Democratic nominee, former Rep. Nick Lampson, said the absence of DeLay and his luggage-set of ethics issues to run against would not significantly alter the ex-Congressman's strategy, nor would it hamper his fundraising effort.

But Republican officials based in the Houston area insisted that a once-competitive district in danger of being flipped by the Democrats had just turned into a walk for DeLay's as-yet-to-be-determined replacement as the Republican nominee.

"The numbers aren't there, that's why they were having to base their entire campaign on running against Tom DeLay," said Harris County Republican Party Chairman Jared Woodfill. "Now they don't have that."

But Lampson campaign manager Mike Malaise said the former Congressman's campaign has been about far more than running against DeLay. Malaise said voters in the 22nd district already had an unfavorable opinion of DeLay, freeing up Lampson to run a positive campaign focused on the issues.

With DeLay gone, however, it will be easier for Republicans to focus media and voter attention on Lampson's record.

A memo distributed by the National Republican Congressional Committee Tuesday sought to highlight Lampson's liberal voting record. Lampson, the memo says, voted against the Bush tax cuts of 2001 and 2003, voted against eliminating the marriage tax penalty and voted against repealing the estate tax, also known as the death tax.

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But Malaise noted that Lampson has an "A" rating from the National Rifle Association. He is well positioned to win this race, as Republican voters in the district are disappointed with the GOP-controlled Congress and its record of rising deficits, foreign debt and wasteful spending, Malaise said.

Lampson previously represented about 20 percent of the current 22nd district for eight years, as a portion of it fell into the district he held prior to the DeLay-engineered mid-decade remap of Texas Congressional seats.

"There aren't many left-wing extremists who have multiple endorsements from the NRA," Malaise said, adding: "A lot of people here were extremely disappointed in the Congress DeLay led."

DeLay's decision to forgo re-election and resign from Congress, made public late Monday night, has buoyed Republicans by opening a seat with a strong GOP tilt. Because DeLay already won the Republican primary, replacing him on the ballot will fall to a committee of four electors.

According to Woodfill, Texas election law stipulates that the four electors be chosen by a caucus of the voting-precinct chairmen from each of the four counties that fall in the 22nd district. Only the chairmen who represent precincts that lie within the district will participate in the caucus.

To satisfy a requirement for removing his name from the ballot, DeLay plans to move his official residence from Sugar Land, Texas to Alexandria, Va. By no longer residing in Texas, DeLay would be ineligible to run.

The Republican chairmen of the four counties at least partly encompassed by the 22nd district were flooded with phone calls Tuesday by individuals interested in running in DeLay's place. When asked who they thought would end up actively going after the electors' appointment, the same names came up: Sugar Land Mayor David Wallace; state Sen. Kyle Janek; state Rep. Charlie Howard; Harris County Tax Assessor-Collector Paul Bettencourt; Harris County Judge Robert Eckels; and Houston City Councilwoman Shelley Sekula-Gibbs, among others.

"It's so wide open at this point," said Fort Bend County Republican Party Chairman Eric Thode.

Woodfill predicted that after the dust settled, the top contenders would get together with the leading GOP officials in the district and attempt to prevent a messy, intraparty fight.

Less clear at press time was whether Texas Gov. Rick Perry (R) would schedule a special election to fill DeLay's seat for the remaining few months of his term. DeLay said he would likely officially resign by mid-June, so the machinations to replace him cannot officially begin until then.

Wallace has already said he plans to seek the seat, while Howard, Eckels and Sekula-Gibbs indicated they are looking into it. Janek said he has decided not to run, but some say he could change his mind if appealed to by party officials.

Regardless of who emerges from the scrum, the NRCC is confident that the GOP will hold the seat.

"This is a district that is 5 points more Republican than the district Lampson lost last cycle, and he was an incumbent who outspent his Republican opponent," NRCC spokesman Carl Forti said. "He's going to get his butt kicked."

In 2004, Lampson spent $2.4 million to his opponent's $1.5 million, but still lost by 13 points to now-Rep. Ted Poe (R) in the newly drawn 2nd district.

The suburban Houston 22nd district, said Thode, can be expected to deliver a base vote of 56 percent for a standard Republican candidate (DeLay garnered 55 percent in 2004, while President Bush received 64 percent).

Lampson has raised hundreds of thousands of dollars, if not more, from national Democratic donors and liberal interest groups, all under the assumption that the money would be used to unceremoniously retire DeLay.

Now that the former Majority Leader has pre-empted a possible election defeat, Republicans believe the national focus on this race, and the money that scrutiny drove to Lampson, will cease.

"If you're Nick Lampson, your chance to pick up 6 percent was based on [DeLay's] baggage; it's now not there," Thode said. "It was all about getting rid of DeLay; DeLay's gone. [Lampson's] money just dried up."

The Democratic Congressional Campaign Committee remains optimistic that Lampson can flip the seat. Depending on which Republican is selected to replace DeLay, Democrats feel they still have a good chance of tying that candidate to the Congressman and the ethics scandals attached to his name.

Democrats also believe the national mood for change in Washington, D.C., is seeping into the 22nd district, while noting that Lampson is well-liked in the part of the district that includes the National Aeronautics and Space Administration, not to mention the portion of the district in Galveston County he once represented.

"He's very popular in the district. He's doing incredibly well," DCCC spokeswoman Sarah Feinberg said. "Democrats' chances in Texas 22 are excellent."

Constituents Look To Fill Void In District (USAT)

By Andrea Stone

USA Today, April 5, 2006

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SUGAR LAND, Texas — Like him or not — and voters in Tom DeLay's suburban Houston district do both — there seemed to be a shared feeling here Tuesday that it's just as well the troubled 11-term Republican congressman is moving on.

On the day DeLay announced he will leave Congress amid charges he laundered political money, his constituents seemed split about his guilt but resigned to his future.

At the America Buffet in nearby Stafford, onetime DeLay supporter Judy Karnika, 49, called his resignation "pretty close to an admission of guilt."

Rabbi Stuart Federow, 53, of Clear Lake is an admirer of DeLay's "morality and ethics" who said the former House majority leader may not be guilty of wrongdoing. But, he added, "it reaches a point where for the good of the people and the good of the party, you have to step aside, even if you're innocent."

DeLay maintains his innocence, even as a lobbying scandal has enveloped former staffers. As he leaves to devote himself to his defense and to what he says will be an attempt to bolster the conservative cause from outside Congress, it is unclear whether he will still be a factor in this fall's pivotal battle for control of the House of Representatives.

Gov. Rick Perry is expected to call a special election to fill DeLay's term, said Eric Thode, Republican chairman of Fort Bend County in DeLay's 22nd Congressional District. That contest, which could include a dozen candidates, is likely to be "a circus act that's totally irrelevant," Thode said.

All eyes, instead, will be on whom a committee of local GOP leaders chooses to face former Democratic congressman Nick Lampson on the November ballot.

Thode said DeLay's departure — after polls showed only a narrow lead over his Democratic challenger — makes the race "100% easier" for a Republican successor in a "hard-core" Republican district. "The bogeyman is gone," Thode said. "This is Nick Lampson's worst nightmare."

Lampson disagreed, insisting his campaign has never been about just DeLay.

"The names will change, but the issues are going to remain the same," he said.

Republican redistricting might benefit Lampson. To help other Texas Republicans, DeLay diluted the Republican Party's grip on his own district. An influx of minorities also has altered the district's makeup, making it friendlier to Democrats. Add Lampson's $2.5 million campaign war chest advantage over any late-starting Republican, and Democrats have a chance to pick up the seat, said Cal Jillson, a political scientist at Southern Methodist University in Dallas.

"The fact is, Republicans in that district are chagrined and embarrassed by DeLay and all of his ethical problems," Jillson said. "Whoever they put up will have an uphill fight."

Among Republican contenders are Sugar Land Mayor David Wallace and lawyer Tom Campbell, who came in second to DeLay in last month's GOP primary.

Jillson said Wallace is the favorite of party leaders, but he doubts Wallace can make the leap from mayor of a small suburb to running "in a very closely watched race where you're going to have to come up with several million dollars" to win. Wallace could not be reached for comment.

Most callers Tuesday on DJ Sam Malone's show on Houston's KTRH-AM radio were "dancing" over DeLay's fall, Malone said.

Not everyone was celebrating. "He was too powerful in Congress, and there needed to be a scapegoat," Sandra Voughal, 47, a Sugar Land homemaker, said as she sat at a bookstore cafe. "He's a very savvy person, but I think he recognized his day was over."

Announcement Puts 22nd District Up For Grabs (DMN)

By Bruce Nichols

The Dallas Morning News, April 5, 2006

HOUSTON – One thing seemed clear Tuesday after U.S. Rep. Tom DeLay announced he would resign from Congress. Democratic challenger Nick Lampson has lost his biggest campaign issue: Mr. DeLay.

Beyond that, a lot was up in the air. When should a special election be held to complete his term? Who will take Mr. DeLay's place as the Republican nominee in the general election?

"I think Lampson's best chance was running against Tom DeLay as a candidate indicted but not yet tried and/or convicted or acquitted," Rice University political scientist Robert Stein said.

On the other hand, Republicans and Gov. Rick Perry have a lot to decide, Richard Murray of the University of Houston said, and "resolving this is not necessarily going to be without friction on the Republican side," he said.

Several prominent Republicans expressed interest in taking Mr. DeLay's place, including Harris County Judge Robert Eckels and Sugar Land Mayor David Wallace. Lawyer Tom Campbell, who lost to Mr. DeLay in the recent Republican primary, said he would like to run.

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Mr. DeLay's decision, announced late Monday, to step down from his suburban, District 22 seat comes as questions mount about his involvement in a growing Capitol Hill ethics scandal. At the same time, he and several lieutenants face trial in Austin on charges stemming from corporate fundraising through a DeLay-created political committee, Texans for a Republican Majority.

Two separate issues are involved in replacing Mr. DeLay, said Scott Haywood, spokesman for the Texas secretary of state's office. One is choosing someone to complete his term and the other is picking a new Republican nominee for the November general election.

Nothing can happen until Mr. DeLay disqualifies himself by moving his residency out of state, thereby removing himself from the November ballot. He said he plans to solve that problem by moving to Virginia after completing some district business, perhaps by mid-June.

After Mr. DeLay departs, Mr. Perry would be required to call a special election – a free-for-all, open to all qualified candidates – to complete the term. House vacancies can't be filled by appointment. It's basically up to Mr. Perry when that election is staged. It could even be the same day as the general election, Nov. 7, officials said.

"I'm pushing for having them on the same day as the most efficient approach," said Republican consultant Allen Blakemore of Houston.

With simultaneous elections, Republicans reduce the risk of a possible surprise winner in the special election becoming a front-runner, and with the district 60-40 Republican, a party nominee with no ethics baggage would be expected to win, Dr. Murray said.

But some in the party might prefer an earlier special election, he said.

The new general election nominee will be picked by GOP leaders. A committee of precinct chairs in the district will have first shot. The State Republican Executive Committee will take charge if they were unable to agree by 70 days before Nov. 7.

Interestingly, if the special and general elections are the same day, voters might or might not see both ballots on the same piece of paper, Mr. Haywood said. "The counties actually have the option," he said.

Among the people expressing interest in the race, Judge Eckels would appear to have an edge because of his strong name identification and his success helping manage Houston's response to hurricanes in Louisiana and East Texas, analysts said.

Mr. Wallace has a strong base in the Sugar Land area, and Mr. Campbell, a former general counsel for the National Oceanic and Atmospheric Administration, carries the cachet of having challenged Mr. DeLay in the primary.

Houston City Council member Shelley Sekula Gibbs, a dermatologist, also expressed interest but is considerably lower in profile.

Renegade Republican Steve Stockman, a former Congressman unseated by Mr. Lampson in his old Beaumont-based district, had expressed interest in mounting an independent candidacy before Mr. DeLay withdrew. There is also a Libertarian candidate, Bob Smither.

Just because Mr. Lampson has lost his main campaign issue doesn't mean his campaign is dead in the water, Dr. Murray said. He has $2 million contributed largely by national Democratic sources, and every day Mr. DeLay puts off his official departure is another day Mr. Lampson has the field to himself, Dr. Murray said.

Complicating the matter is the possibility that, before Mr. DeLay's successor is chosen, the U.S. Supreme Court could overturn the Texas congressional redistricting that Mr. DeLay engineered, raising another set of questions.

It's unclear when the Supreme Court will rule on a challenge to the plan Mr. DeLay put together to strengthen the GOP's hold on Texas' U.S. House delegation. But a decision could come as early as June, Dr. Stein said.

If the high court returned Texas to the previous boundaries, that could scramble all Texas Congressional races. In the case of Mr. DeLay's district, it conceivably could send Mr. Lampson back to Beaumont to seek his old seat now held by Republican Ted Poe, Dr. Murray said.

There's also some risk for Mr. Perry, who is seeking re-election as governor, analysts said.

He faces possible sniping from gubernatorial election opponents if he doesn't call an emergency election. On the other hand, unless a clear consensus GOP choice for Mr. DeLay's seat emerges, he faces possible internal Republican friction that could hurt his own election bid, Dr. Murray said.

A Surprise Move Leaves Texas Politics In Disarray (NYT)

By Ralph Blumenthal

The New York Times, April 5, 2006

HOUSTON, April 4 — Less than a month after Representative Tom DeLay boasted of giving Republican rivals "an old-fashioned Texas whoopin'," his surprise resignation threw state politics into turmoil Tuesday, with the prospect of an electoral free-for-all in coming months.

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"Now it gets interesting," said Jared Woodfill, the Harris County Republican chairman, one of four party officials whose organizations will be faced with the job of selecting a nominee to replace Mr. DeLay on the ballot in November. Before that, however, a special election as soon as May could draw a large field of contenders eager to fill the 22nd District seat in Congress, if only for a few months.

Among Republicans already putting out feelers for a race are a high-ranking county judge, a tax assessor and collector, a councilwoman, a mayor and a state representative — as well as one of the three challengers Mr. DeLay boasted of "whoopin' " in the primary March 7.

"Yes, I am throwing my hat into the ring," said that candidate, Tom Campbell, a lawyer, who garnered 30 percent of the vote to Mr. DeLay's 62 percent, in a television interview Monday night.

Mr. DeLay, 58, the former majority leader, is under indictment in connection with campaign financing charges in Austin and is embroiled in the investigation of top aides and the lobbyist Jack Abramoff in Washington. He abandoned his quest for a 12th term, saying that recent polls had shown that his seat was in danger of falling to his Democratic challenger, former Representative Nick Lampson.

But after his primary victory he boasted of his 2-to-1 win and ridiculed The Houston Chronicle for a poll questioning his strength.

Interviewed Tuesday on KTRH radio in Houston, part of a blitz of broadcasting appearances, Mr. DeLay belittled his primary victory. "Well, to be honest with you, it should have been better," he said. "A 21-year incumbent should have done better than 62 percent."

He told Fox News that his departure was intended to hurt Mr. Lampson. "This is probably the worst day of his campaign because he knows that any Republican that replaces me on the ballot will win this seat," he said.

The comment drew ridicule from Mr. Lampson's campaign manager, Mike Malaise. "Leave it to Tom DeLay to spin the worst thing that ever happened to him to someone else's worst day," Mr. Malaise said.

The loss of Mr. DeLay as a fixture on the Texas scene seemed to surprise longtime friends and foes alike.

"I was looking forward to supporting Tom," said David G. Wallace, the mayor of Mr. DeLay's hometown, Sugar Land, outside Houston, and now a declared candidate for the seat.

Judge Robert Eckels, Harris County's top executive for a dozen years who presided with Mayor Bill White of Houston over the response to Hurricane Katrina, said he was exploring a run with mixed feelings. "I empathize with Tom," Judge Eckels said.

Others sounded bereft for less sympathetic reasons. "A whole bunch of us made our bones on DeLay," said Beverly Carter, a longtime Republican critic and founder of The Fort Bend Southwest Star in Sugar Land.

Jim Schermbeck, a documentary filmmaker from Lubbock whose film, "The Big Buy: How Tom DeLay Stole Congress," was scheduled to open in May, said he was not disappointed by the prospect of losing the congressman as a target, but might put off the release to update the material.

"It's hard to imagine Tom DeLay taking a low profile," Mr. Schermbeck said.

And Paul Burka, the political columnist of Texas Monthly, was in the middle of writing an 8,500-word cover story on Mr. DeLay. "Now," Mr. Burka said, "half the words were no good."

Mr. DeLay repeatedly linked his resignation to what he portrayed as a political vendetta by the Travis County district attorney, Ronnie Earle, who obtained the indictment on money laundering charges that forced Mr. DeLay to give up his majority leadership last fall.

Mr. Earle issued a short statement Tuesday, saying: "Tom DeLay's political status has nothing to do with the criminal charges against him. This changes nothing. His criminal cases will proceed just as they would for any other defendant. DeLay's ultimate fate will be decided by the public acting through a jury."

The process to fill the remainder of Mr. DeLay's term until January is convoluted. As the only way to be removed from the ballot is by dying, going to jail or moving out of the district, Mr. DeLay must send a letter to Gov. Rick Perry advising of his move to Virginia.

The governor — who may not appoint a temporary representative — can then call a special election concurrent with the regular November election, to fill the post for just two months. Or the governor can declare an emergency and order an election before then, to take place 36 to 50 days from the call. Anyone may run, but if no candidate wins 50 percent, the two top vote-getters compete in a runoff a month later.

To replace Mr. DeLay as the Republican nominee in November, the several dozen Republican precinct chairmen and chairwomen in the sections of the four counties making up the 22nd District each choose a county elector. The four electors then select the party standard-bearer.

Many Show Interest In Seat (HC)

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By Kristen Mack and Zeke Minaya

Houston Chronicle, April 5, 2006

Familiar and lesser-known political names emerged Monday night as possible contenders for the congressional seat being vacated by Republican U.S. Rep. Tom DeLay.

Those who acknowledged interest in the seat or were mentioned as contenders included Harris County Judge Robert Eckels, state Rep. Robert Talton, Sugar Land Mayor David Wallace, Houston City Councilwoman Shelley Sekula-Gibbs, former state District Judge John Devine and lawyer Tom Campbell, who ran against DeLay in the March Republican Primary.

Harris County Republican Party Chairman Jared Woodfill said he started receiving calls from interested officials within minutes of hearing the news of DeLay's decision.

"Numerous people have called me inquiring about the seat," he said.

Other phones also were ringing as politicians gauged potential support or heard from backers.

"I've had a number of calls this evening. I'll visit with my family and look at the process," Eckels said. "I do have an interest in at least looking at the race."

He said that his experience coordinating the local response to Hurricanes Katrina and Rita left him frustrated with the federal government and its impact on local issues.

Sugar Land Mayor Wallace said he got wind of DeLay's decision over the weekend and began organizing a campaign.

"I'm running for that spot," Wallace said Monday night.

"It is going to be a sprint. We have been working this weekend and today kind of organizing our campaign making sure we pull together a grass-roots team," Wallace said.

Wallace said he will have to take his name off the ballot for the upcoming mayor's race.

He was elected mayor in 2002 after serving as a council member for one year.

Sekula-Gibbs, who lives in Clear Lake, said she has received several calls from local Republicans asking her if she would be interested in the seat.

"I'm saddened that the congressman has decided to step down, but I'm interested in the position," she said. "I'm definitely giving it very serious consideration."

Campbell, who came in a distant second with 30 percent of the vote in the March primary, said he still wants the position.

"I believe that Tom DeLay did the right thing in stepping aside and allowing the Republican Party to move forward," Campbell said.

"This is vindication of our political process," Campbell said. "Ethics and integrity do in fact matter and the people who voted on those issues spoke and have been heard."

A special election to fill the remainder of DeLay's term likely will be held on the next uniform election date, which is in May. Gov. Rick Perry will set the date.

It was unclear Monday night how Republicans will select a November nominee to replace DeLay, who won the GOP primary in March.

"We've never had this happen in a congressional race," Woodfill said. "We'll have a little bit of time to figure it out. We have our lawyers looking at it."

At issue is whether the responsibility for selecting a nominee falls to the 62-member state Republican Executive Committee or to GOP officials in the five counties that lie partly within the 22nd Congressional District.

"It's in our best interest to choose a nominee before the special election. Otherwise, the election is going to be a free-for-all," Woodfill said. "The situation you don't want is for our nominee to be someone different than the person who runs for the special."

DeLay is expected to resign officially sometime after April 7 and move to Virginia to work with a conservative organization.

That would make him ineligible to run despite his nomination, opening the way for party officials to select another nominee, Woodfill said.

Former U.S. Rep. Nick Lampson is the Democratic nominee for the seat. Lampson's campaign manager Mike Malaise said Lampson's plans have not changed.

"Our challenge was always to get Nick's message out there," Malaise said. "We've got $2.5 million in the bank to help us do that. The other side is going to be playing catch-up to us in that regard."

"We don't know who our opponent will be. It's unrealistic to say that Republicans have it in the bag."

Malaise said Lampson hasn't decided whether to run in the special election, and isn't sure DeLay legally can withdraw from the November ballot.

Fort Bend County GOP Chairman Eric Thode said he was not informed of DeLay's decision and that it took him and other county officials by surprise.

"I think they clearly have come to the conclusion that the race was going to be horribly difficult, ugly and expensive," he said.

Thode said he thinks Republicans will hold on to the seat.

"He (Lampson) could probably not have defeated Tom DeLay. However, against a Republican with zero baggage the race is over already," Thode said.

Republican Contenders Eye DeLay's Seat (WT)

By Hugh Aynesworth

The Washington Times, April 5, 2006

DALLAS -- Within hours of Rep. Tom DeLay's announcement yesterday that he would not seek re-election to Congress, several Republicans began jockeying for position to represent the party and Houston's 22 District.

Two potential candidates seem to lead at this point: Harris County Judge Robert Echols and Sugar Land Mayor David Wallace. Both are well-known in the district, and both have expressed strong interest in running.

Most political analysts think that whoever gets the nod from the party has an excellent chance to win in November in the Republican-leaning district.

Jared Woodfill, chairman of the Harris County Republican Party, said Mr. Echols would have to be considered the favorite because of his lengthy public career and resulting name recognition.

"You'd have to handicap it in his favor," he said.

Mr. Echols, along with Houston Mayor Bill White, received plaudits for co-managing what was considered a very successful Houston program to assist evacuees from Hurricanes Katrina and Rita last fall.

Although choosing a candidate for the ballot may be a tough decision for Republicans, Gov. Rick Perry has an even more pressing problem -- whether to call a special election to fill Mr. DeLay's unexpired term. Mr. DeLay said yesterday that he would make his resignation effective sometime before mid-June.

Along with Mr. Wallace and Mr. Echols, Sugar Land lawyer Tom Campbell, who ran a distant second to Mr. DeLay in the March primary, has expressed an interest in running.

Others mentioned by political analysts as possible candidates include State Sen. Kyle Janek and state Rep. Martha Wong, both of Houston.

Chris Bell, Democratic nominee for governor who lost his congressional seat during Mr. DeLay's 2003 redistricting efforts, called the resignation "a victory."

"Tom DeLay's resignation is a great victory in the fight to clean up corruption in politics, but the war is far from over," said Mr. Bell, adding, "The culture of corruption is about a heck of a lot more than Tom DeLay."

Travis County District Attorney Ronnie Earle, who brought charges of money laundering and conspiracy against Mr. DeLay last year, had little to say about the congressman's announcement.

Mr. Earle refused to answer telephone calls, but released a terse statement yesterday, "Mr. DeLay's political status has nothing to do with the criminal charges against him, and this changes nothing."

Frontrunner: Wallace Launches Bid For DeLay's Seat (TIME)

By Hilary Hylton

Time, April 4, 2006

Congressman Tom DeLay's decision to leave the seat he has held for 22 years may have surprised many state and even local GOP leaders, as well as Democrats. But even before the embattled Texas congressman was revealing his decision to TIME in an exclusive interview, at least one potential Republican successor was already maneuvering to assume his seat. Late Monday night Sugar Land Mayor David G. Wallace,44, a popular second-term city leader whose name is on the ballot for a third term in the May 13 municipal elections, confirmed that he would make a bid for the seat.

Wallace said he had heard rumbles about DeLay's decision over the weekend, and his mayoral reelection website was pulled down for a redesign immediately after the DeLay announcement. Other insiders said they had been hearing rumors about DeLay's tight poll numbers as far back as December. Central Texas Republican Congressman John Carter told the Austin American-Statesman that a week ago DeLay had mentioned his "troubling" poll numbers that showed him in a neck-and-neck battle with his likely opponent in November, former Democratic Congressman Nick Lampson.

In an early morning videotape released to his Texas constituency, DeLay said, "I refuse to allow liberal Democrats to steal this seat with a negative personal campaign." But while his departure may be designed to take the national spotlight off the race for Texas's 22nd congressional district, it could still draw national attention, especially since Wallace's candidacy could reignite some bad blood that flared during the Bush-Kerry campaign.

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Wallace now serves as investment committee chairman for Perry Properties Realty Investment Fund & Perry Properties, a commercial real estate company owned by Will Perry, son of Houston area homebuilder Bob Perry, a top Republican fundraiser in Texas who has enjoyed a long friendship with Karl Rove. Bob Perry made national news when he donated $200,000 to fund the controversial Swiftboat Veterans for Truth ads that challenged Senator John Kerry's war record during the presidential campaign.

In recent days, Bob Perry has been back in the news again for a gift to Bill Ceverha, the former treasurer of Texas Republicans for a Republican Majority (TRMPAC), the political action committee at the heart of Texas District Attorney Ronnie Earle's investigation of DeLay's funding for redistricting efforts. Ceverha is the only one, so far, found culpable in a civil suit for TRMPAC's alleged illegal maneuvers. Perry helped Ceverha pay his legal fees and, as a member of a state pension board, Ceverha was obliged to report the gift. The Texas Ethics Commission, to the chagrin of several Texas newspaper editorial pages, has said Ceverha does not need to detail the exact amount of the check.

In addition to many influential Texas Republican backers, Wallace has personal connections to one of the icons of the conservative movement, Baroness Margaret Thatcher, the former British prime minister. He did post-graduate work at the University of Reading in England and was a founding treasurer and director of the Margaret Thatcher Foundation. In Dallas, he served as CEO of The Grantham Company, the investment firm founded by Thatcher's son Mark and named for the legendary prime minister's home district of Grantham in London.

Wallace is not the only Texas Republican expressing an interest in DeLay's seat. Harris County Judge Bob Eckels, the chief executive officer for the county that includes most of the metropolitan Houston area, may make a run, as well as Houston attorney Tom Campbell, who won 30 percent of the vote in the March primary against DeLay. But given his personal and political connections, Wallace appears to have a jump on the others.

The actual date of DeLay's resignation and its confirmation by the Texas Secretary of State will determine when an election for the seat will be held. If DeLay officially resigns before this Friday, April 7, a special election could be called for the next so-called uniform election date, May 13. If the resignation falls after April 7, Gov. Rick Perry (no relation to Bob Perry) could call a special election date later, or could hold the seat vacant until the general election in November.

In that case, a special election would be open to all comers, but it will be up to GOP officials to name a candidate to replace DeLay's name on the November general election ballot. In this scenario, any GOP winner in an earlier special election would probably have an edge.

Meanwhile, it is likely that DeLay's pending move of his legal residence to Alexandria, Virginia, will not effect his trial on campaign finance irregularities. (His move out of the state is how DeLay is making himself ineligible for reelection.) "Mr. DeLay's political status has nothing to do with the criminal charges against him, and this changes nothing," Earle told the Austin American-Statesman Monday night. On the other hand, the criminal charges may have a lot to do with his political status, and as the political jockeying already under way in Texas makes abundantly clear, DeLay's exit will change everything.

From DeLay To November (WSJ)

The Wall Street Journal, April 5, 2006

Tom DeLay's decision to resign from Congress removes one large Republican liability this election year, but it hardly ends the party's political vulnerability. One pressing question is whether the GOP majority is going to use the few productive weeks it has left to establish a 2006 record and 2007 agenda that are worthy of re-election.

Recent evidence is not reassuring. GOP leaders seem determined to avoid any meaningful legislative fights, lest their own internal fissures show. Instead, they're promising to make the election a "choice" -- rather than a referendum on their own governance -- and thus mobilize voters by claiming that Democrats would be worse: that they'd raise taxes, impeach President Bush and cut and run from Iraq if they win. And as a desperation strategy, fear does sometimes work.

On the other hand, the biggest Republican problem now is the demoralization of their own voters. Their lack of meaningful achievements this Congress (beyond the two Supreme Court Justices), all of their spending, and troubles in Iraq have left conservative voters wondering what the point is to voting for the GOP. If Republicans want their supporters to show up on election day, they'll need more of a message than wearing a "Speaker Nancy Pelosi" fright mask.

May we suggest a Plan B? How about at least fighting for the agenda that elected them the last time? It's obvious at this stage of the 109th Congress that little will actually become law, especially with Democrats able to filibuster in the Senate. But if Republicans were seen to be fighting for some principles, voters might actually decide it's worth showing up on November 7.

Here are a few ideas, none of them new, but all of them worth accomplishing:

Taxes. We hear that the House-Senate conference to extend the 15% capital gains and dividend rates isn't even meeting. This is inexplicable. The one large domestic success of the Bush years has been the post-bubble, post-9/11 economic revival,

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yet Republicans seem blasé about extending the tax cuts that did so much to spur it. A failure here would hurt the stock market and demoralize economic conservatives.

While they're at it, force the Senate to vote on death-tax repeal. Republicans may not get 60 votes, but if they come close enough they may be able to get Senator Jon Kyl's compromise that would cut the rate to 15%, from nearly 50% today, and raise the exemption above $10 million or so.

Reform Congressional budgeting, by passing the line-item veto and ending static revenue scoring at the Joint Tax Committee. Another good idea is the effort by Arizonans Jeff Flake in the House and John McCain in the Senate to end earmark abuse. A return to some spending self-discipline will count for much more with conservative voters than will "lobbying reform," which is a Beltway trope designed by the same crowd that promoted the "campaign-finance reform" that empowered George Soros.

Health-care choice. Congressman John Shadegg (R., Ariz.) has a bill to let Americans purchase affordable health insurance from any of the 50 states, thus bypassing state mandates that drive up insurance costs in New York and many other places. Another idea would let associations form health-care risk pools for their members, thus giving small business owners and the self-employed the same tax-preferred insurance options that big business and unions have now. These proposals would address a top voter priority and steal a march on Democrats.

Endangered Species Act reform. This is a huge issue in the West, where ESA rules drive property owners crazy. Congressman Richard Pombo (R., Calif.) has a bipartisan proposal that would require the federal government to compensate property owners for regulatory "takings" due to wetlands preservation or endangered species limits on development. The Senate probably wouldn't pass it, but the issue could be potent in key Congressional contests this fall.

We can think of other ideas, such as fighting for appellate-court nominees in the Senate, and defending the President's anti-terror agenda, especially the National Security Agency's warrantless wiretaps. But the larger point is for Republicans to show that they are willing to fight for something.

Some Republicans seem to believe that debating any of these issues will help Democrats "nationalize" the election, which will hurt them because of Mr. Bush's low approval ratings. But a Congressman is not a dog catcher, and some kind of national agenda is what voters expect of someone they'll be sending to Washington. With the Abramoff scandal likely to keep making headlines, Republicans need something to motivate their voters. Policy will trump scandal, but only if Republicans look like they want to achieve something real.

On election night in 2004, Democratic campaign consultant James Carville asked: Where did all these Republican voters come from? Unless Republicans set a new legislative course over the next seven months, a deposed House Speaker Denny Hastert may soon be wondering: Where did all the Republican voters go?

Exit Tom DeLay (WP)

The Washington Post, April 5, 2006

IT'S A MEASURE of Tom DeLay's diminished political circumstances that those most unhappy about his abandoning his House seat are the Democrats who most revile him. "This is probably the worst day of his campaign," Mr. DeLay, speaking on Fox News yesterday, said with an air of grim satisfaction of his Democratic opponent, former representative Nick Lampson. The Texas Republican had been repeatedly admonished by the House ethics committee; he is under indictment in Texas on charges of funneling illegal corporate contributions to state legislators; and he is entangled in a federal probe that has produced guilty pleas from two of his former staffers. It's much tougher for Democrats to flog their "culture of corruption" message when they can no longer kick around "Representative #2," as he's been identified in the charges against his former aides.

In truth, the DeLay reign ended in January, when Mr. DeLay permanently relinquished his position as majority leader. But his departure from the body in which he's served since 1985 offers a chance to reflect on Mr. DeLay's legacy for House Republicans -- and on the challenge that confronts them in the post-DeLay era. As New York Times op-ed columnist David Brooks put it just before Mr. DeLay left the leadership, "the real problem wasn't DeLay, it was DeLayism." That was shorthand for a political culture that put a premium on bringing in campaign cash, that dismantled barriers between the Capitol and K Street lobbyists, and that disdained debate and dissent as the GOP entrenched itself as a would-be permanent majority.

DeLayism meant keeping a book on the partisan breakdown of political contributions from lobbyists labeled "friendly" and "unfriendly." It meant strong-arming a trade group not to hire a former Democratic congressman and enlisting Federal Aviation Administration officials to track down Democrats fleeing a vote in the Texas state legislature aimed at cementing Republicans' hold on the House. Mr. DeLay offered to endorse the son of retiring Rep. Nick Smith (R-Mich.) in exchange for Mr. Smith's vote in favor of the Medicare prescription drug bill. In Mr. DeLay's House, money was king: Members had to raise so much for chairmanships, so much for leadership posts. He presided over a sprawling financial empire of leadership PACs, nonprofit

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groups, charitable foundations and campaign committees that at least pushed the envelope of campaign finance laws, if not outright violating them, as Texas prosecutors allege.

Mr. DeLay in his heyday got a lot done, but at a terrible cost to the institution -- and, we would argue, the party -- that he helped lead. Will the new leadership be more respectful of the rights of the minority, more willing to permit debate on the House floor, more willing to restrict cushy travel and other perks? That's far from clear. The gushing statements yesterday from Mr. DeLay's replacement as leader, Rep. John A. Boehner (R-Ohio) -- "one of the most effective and gifted leaders the Republican Party has ever known . . . has served our nation with integrity and honor" -- reflected not much embarrassment about Mr. DeLay, nor about DeLayism.

The Fall Of The Hammer (NYT)

The New York Times, April 5, 2006

Like the rise and fall of many a pugnacious politician, the case of Representative Tom DeLay, the pest exterminator turned power broker, is certainly spellbinding for its individual drama. But it is more important to note that Mr. DeLay's political demise hardly ends the influence-peddling culture to which he devoted himself. The DeLay machine's tooth-and-claw approach to politics lives on, from the Texas delegation he brazenly gerrymandered to his quid pro quo debasing of the lobbying industry.

Across two decades in Congress, Mr. DeLay pushed every limit of his power base to the extreme. He was ultimately indicted on charges of laundering the easy corporate money of Washington for use in Texas politics to win a statehouse majority and gerrymander Texas Democrats into a permanent minority. The DeLay brand of bare-knuckled triumphalism was clearly an enabling factor in the separate scandal that has prompted the indictment of two of his former lieutenants and his erstwhile ally, Jack Abramoff, the disgraced superlobbyist.

Incredibly, the G.O.P. majority Mr. DeLay dominated with a mix of campaign lucre and whiplash fear has shown no resolve to face up to his damaging legacy. Last January's vows for ethics and lobbying reform lie fallow in the House, as if the majority is gambling that voters won't notice. Republicans leaders would be foolish to think the departure of Mr. DeLay removes the obvious need to enact strong ethics enforcement and lobbying controls.

In the smarmy self-justification of Mr. DeLay's statement yesterday, he said he wanted to avoid a "referendum on me" in November. But, of course, that's exactly what the nation needs as voters come to consider a Congress deeply embedded in the easy money and easier ethics of the DeLay era.

DeLay Loses Principle, Then Power (USAT)

USA Today, April 5, 2006

Former majority leader Tom DeLay's decision to resign from Congress has given House Democrats a reason to rejoice. For more than a decade, the Texas Republican infuriated and outmaneuvered them, making them feel the acute pain of their powerlessness.

But perhaps it's the Republicans who should be the most gleeful. They'll be rid of the most potent symbol of Washington arrogance and corruption.

And perhaps DeLay's departure from the House of Representatives will give them leeway to pursue needed changes in the ways ethics are enforced and campaigns are financed.

DeLay's sorry legacy can be measured in many ways. An obvious place to start is the long list of scandals surrounding him: the guilty pleas of former friends and associates, his own indictment in Texas, and the three instances in which he was admonished by the House ethics committee (before he dismembered it).

But there are other measures as well. Through his strong-arm tactics, DeLay acted in ways contrary to long-held Republican principles. He engineered President Clinton's impeachment in a fashion more vindictive than conservative.

He was a chief architect of the biggest expansion of government since the New Deal, most notably forcing through the Medicare drug law by holding open a 15-minute roll call for almost three hours while he twisted arms.

DeLay also championed federal legislation pre-empting states' rights in areas as diverse as business regulation and the sad case of Terri Schiavo.

These scandals and dubious legislative accomplishments have a common root. They are what happens when congressional leaders come to see the acquisition, maintenance and discharge of power as a goal itself rather than as means to achieve something broader for the public's benefit.

DeLay, an ex-exterminator nicknamed "The Hammer," was not so much a political thinker as he was the CEO of an enterprise designed to reward Republicans and sustain their majority.

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He helped them raise the money they needed to be elected and re-elected. He turned his office into a concierge service for GOP members. He pressured lobbying firms to hire only Republicans. He even rewrote Texas' congressional boundaries, and the GOP picked up six seats from the Democrats.

For much of his time in power, his fellow Republicans loved him for this. And why wouldn't they? The GOP was riding high, and the system was rigged in their favor. But the enterprise lacked, and it sent out a message that virtually any behavior was OK so long as it benefited the GOP.

Now that any chance of DeLay's restoration to power has been eliminated, the attention should shift to the corrupt system he leaves behind. DeLay was simply its most egregiously able practitioner.

Nothing will be gained if his successor as House majority leader, John Boehner of Ohio, simply becomes the new CEO of the enterprise.

Out Of The House, Not Out Of Trouble (WP)

By Cris Feldman

The Washington Post, April 5, 2006

In announcing yesterday that he was dropping out of the race to keep his seat in Congress, Tom DeLay said he now intends to "engage in the important cultural and political battles of our day from outside the arena of the House of Representatives." Before he does that, though, he still faces a more immediate battle in another arena -- a Texas courtroom.

Ever since a grand jury in Austin indicted him on charges of laundering corporate cash to influence Texas's 2002 elections, DeLay has dismissed the action as a purely political act by Travis County District Attorney Ronnie Earle, a Democrat. But a review of the law and the facts in this case suggest otherwise.

The centerpiece of the Texas indictments is Texans for a Republican Majority PAC (TRMPAC), which DeLay founded and which his operatives ran, with the paid assistance of his daughter. DeLay himself headlined fundraisers, made fundraising calls, participated in strategic planning and conference calls, and personally collected corporate checks.

In a recent TRMPAC civil trial, the court ruled that the PAC illegally accepted and spent $532,333 in corporate cash and violated Texas law by not reporting it. Included within the illegal $532,333 was $190,000 that TRMPAC sent to the Republican National Committee in September 2002. The defense in the civil trial explicitly sought exoneration for this transaction, and it failed.

Here are the known facts. On Sept. 10, 2002, DeLay's co-defendant, John Colyandro, sent a blank check overnight to co-defendant Jim Ellis. On Sept. 13, 2002, Ellis handed over the check in question to the RNC. According to the indictment, Ellis filled in the check for $190,000 and provided the RNC with a list of seven candidates for the Texas House, along with designated sums of cash. On Sept. 20 the $190,000 was deposited by the RNC in a corporate cash account. On the morning of Oct. 2, Ellis met with DeLay at DeLay's Capitol office. That same day the RNC generated seven internal memos requesting seven different checks to the TRMPAC candidates. On Oct. 4 seven checks totaling $190,000 were cut from a noncorporate account containing millions of dollars. The check numbers were in sequential order, 7470 through 7476.

DeLay argues that the RNC sent money to state legislature candidates across the country. Yet the seven Texas TRMPAC candidates received checks ranging from $20,000 to $40,000, whereas the next-largest RNC contribution to a candidate for a seat in a state house of representatives was $2,000. DeLay has also said that the $190,000 was "left over" money that TRMPAC did not need. But numerous documents indicate otherwise. For example, on Oct. 20, 2002, Warren Robold, TRMPAC's now-indicted fundraiser, solicited a donor by stating, "We still need $125,000 of corporate funds to finish the project and pay our obligations."

DeLay's attacks on the prosecutor have been consistent, even as explanations of his own conduct have proved inconsistent. DeLay has said at different times that he knew about the $190,000 beforehand; that he heard about it after the fact; and that he did indeed discuss it with Ellis on Oct. 2, 2002.

Corporate contributions to candidates in Texas are illegal. To make such a contribution is a third-degree felony. A contribution is considered to be the direct or indirect transfer of money, including the agreement to make such a transfer. If DeLay in any way participated in an agreement to indirectly transfer $190,000 in corporate cash to Texas candidates, he still has a problem back in Texas.

The writer is an attorney in Austin. He was on the civil trial team that won a ruling last spring finding that TRMPAC illegally raised, spent and failed to report corporate contributions in Texas.

After DeLay, A New Approach? (WP)

By David S. Broder

The Washington Post, April 5, 2006

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Symbolically as well as practically, the departure of Tom DeLay from Congress signals the end of an era of Republican dominance. The question now is whether the retreat that clearly has begun will turn into a rout.

The former House majority leader's decision to abandon what increasingly appeared to be an uphill fight for reelection in his Texas district and retire from the House was the latest and by far the largest consequence of a widening probe of corruption on Capitol Hill.

It is one thing to see a Randy "Duke" Cunningham go to jail for bribery. Few outside his San Diego district had ever heard the name of the former Navy "Top Gun" before his spectacular downfall. Tom DeLay is a target of far larger size.

As prosecutors have extracted guilty pleas from lobbyists close to DeLay and former members of his staff, the ripples of scandal have threatened to spread through Republican ranks in the midterm election. Month after month, surveys are showing Democrats with a double-digit lead over the GOP in the voters' preference for which party should control Congress.

Whether that translates to the specific victories needed to give Democrats an extra 15 seats and a narrow House majority cannot be guessed. But the relief his fellow Republicans expressed that they can now recruit a fresh and presumably unscarred candidate in DeLay's Republican-leaning district shows how nervous they are about holding on to the House.

It is almost as if they hope that by sacrificing their erstwhile commander, they can appease the public demand for change.

As much as Newt Gingrich embodied the aggressive strategy that enabled Republicans in 1994 to break the Democrats' 40-year grip on the House, DeLay was the man who showed them how to consolidate -- and use -- their new power. As whip and then as majority leader, he built the GOP fundraising and policy alliance with the business lobbies and social conservative movements, then used that leverage to impose party-line discipline on almost every key vote.

It was a commanding performance, and one that yielded a series of policy victories for President Bush. By putting the House Republican majority in lock step with the White House, DeLay made it possible for Bush to prevail, not only over the outnumbered Democrats but also over the doubts harbored by some Senate Republicans about his agenda.

But DeLay also paid a price for his hardball tactics -- and his tendency to push against the legal limits. He was admonished repeatedly by the House ethics committee. He faces prosecution in Texas over the financing of campaigns that delivered the Texas House of Representatives to his allies, who in turn engineered a redistricting plan that gave Republicans five more seats in Congress. His palling around with convicted lobbyist Jack Abramoff is still under investigation.

With DeLay's departure, the Democrats lose their most convenient symbol of abuse of power by the Republican majority -- but they have not lost the issue. DeLay's successor as majority leader, John Boehner of Ohio, continues to manage the House on the same partisan basis, looking for votes almost exclusively on his own side of the aisle and declining to offer Democrats any incentives to cooperate.

And that raises an interesting challenge for the new White House chief of staff, Josh Bolten. If he is the realist that his admirers believe, he has to acknowledge the odds that there will be fewer Republicans in Congress after November than there are today -- and perhaps not a majority.

In the House, Speaker Dennis Hastert is headed into what is probably his final term before retirement, shorn now of the support and day-to-day managerial muscle of the man who installed him as speaker, Tom DeLay. That means that if the Republicans maintain control, a lame-duck speaker will be working to deliver votes for a lame-duck president.

That could spell an awfully difficult -- and unproductive -- final two years for the Bush presidency, unless the White House finds a different approach to Capitol Hill.

The old game of muscling bills through by rounding up Republican votes through a combination of political and financial force -- the game at which Tom DeLay excelled -- is over. The question for the White House is whether it can come up with a different strategy that looks for support from at least some Democrats.

It needs that already in the Senate. And it will probably need it in the House.

Tom DeLay — A Man Of Consequence (WT)

By Tony Blankley

The Washington Times, April 5, 2006

A couple of days ago, Tom DeLay announced he would resign his Texas seat in Congress by June. His announced departure from office has induced the normal Washington hypocrisies. Democrats express delight but are actually disappointed, as his Texas congressional seat is more likely to now stay Republican and they won't have Tom DeLay to kick around any more.

Republicans express sorrow, but are actually relieved not to have him as an albatross around their party neck. And as someone who has crossed paths (and sometimes swords) with Tom ever since I started as Newt Gingrich's press secretary in 1990, I am of mixed feelings.

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I first met him in early 1990, just after Newt had been elected Republican minority whip in the House of Representative. Tom had been doing the vote counting for Newt's opponent, Illinois congressman Ed Madigan — the candidate of the old Republican House establishment. Newt was — as always — the insurgent candidate.

Tom DeLay had come to make up with Newt after picking the losing side. Tom offered his loyalty in good faith, and Newt accepted it in good faith. They had never been close, but they were both smart conservative congressmen with common policy and party goals. Tom became an invaluable political ally and warrior for the Newt-led insurgent House Republicans.

Five years later, when Newt was sworn in as Speaker of the House, Tom DeLay became the majority whip and a vital part of the successful election and legislative team that emerged in 1994. But Tom was an ally, not a subordinate of Newt's. He was his own free-standing political force, and inevitably rode his own course — sometimes along Newt's path, sometimes not.

(Just as, I might note, when Newt was minority whip under minority House leader Bob Michel, he was only a sometimes ally of Mr. Michel.) Even in a unified congressional caucus — as ours was in 1994-95 — it is made up of diverse and conflicting personalities, strategies, tactics, careers and goals. As Newt's right-hand guy, I had my elbows out to match Tom DeLay's own sharp elbows. But I admired his skill and his contribution to the common goals of the party.

In 1997 (after I had left), Tom DeLay led an unsuccessful rebellion against Newt (known at the time as the "Coup"), but retained sufficient respect of the rank-and-file members to remain as a powerful and intelligent force within the party.

By the winter of 1998 Newt chose post-election retirement rather than a battle to retain the speaker's chair. Even as brilliant a leader as Newt had become more detriment than benefit to the Republican House members.

Politics is a necessarily tough business, and it is exceedingly rare that a party leadership post is given out of gratitude for past services rendered to the party. Whether it was Maggie Thatcher being thrown over as Tory Party leader and prime minister, Newt being forced out as speaker, or now Tom DeLay being shown the exit, parties have every right, and indeed a duty to their constituents, to mercilessly shed no longer useful leaders.

Even the immortal Winston Churchill was shown no gratitude by the British electorate after he had led them to victory in World War II and was then summarily defeated at the polls.

It became evident earlier this year that Tom DeLay's time had come. Although he had been arguably the most able floor manager since Lyndon Johnson in the Senate in the 1950s, allegations fair or unfair undercut his capacity to further lead.

That is why on the weekend of Jan. 6 this year, party leaders quietly urged Tom to give up not only any claim on returning to the majority leader's slot, but also his now-vulnerable Texas seat. That is why on the Jan. 6 broadcast of "The McLaughlin Group," I predicted that he would give up his leadership claims within a week — and probably his House seat thereafter. He gave his leadership claims up the next day, and his House seat earlier this week.

But if a party has a right to act ruthlessly in its self-interest, it also has a duty not to cave to the other party or its media allies. A party should get rid of its leaders on its own schedule — not its opponent's. That is why last year, when Democrats were calling for Tom's blood, I wrote a rhetorically violent column urging the Republican Party not to throw him over. The party did stand firm with him then — and in fact gave him a big party. These things are a matter of tribal pride.

Tom has served the party magnificently over the last two decades — both as a principled conservative legislator, and as a shrewd and tireless political operator. And he has had the good judgment to exit on his own two feet.

Both the Republican Party and the country are stronger and better for all that Tom DeLay has contributed.

So, as a not-always-ally, I wish him Godspeed on the next leg of his journey.

Now, The Spotlight Turns To Rep. Ney (RC)

By John Bresnahan

Roll Call, April 5, 2006

The stunning announcement by Rep. Tom DeLay (R-Texas) that he would resign from Congress has thrust another embattled Republican even more firmly into the spotlight: Rep. Bob Ney (R-Ohio).

Ney went to great lengths Tuesday to deny that he had any intention of leaving office, and he received public support from his fellow Ohioan, House Majority Leader John Boehner. Boehner said “there’s no pressure” on Ney to quit, although Boehner did acknowledge that Ney faces a difficult re-election battle this fall. Ney, Boehner said, “has got his hands full, but he believes he’s doing well.”

Ohio Democrats and government watchdog groups, however, stepped up their calls for Ney to give up his House seat, with some predicting that he would soon be indicted in the federal corruption probe that has already brought down former GOP lobbyist Jack Abramoff and others.

“All the dominos around Bob Ney in that case are falling, and you know in a game of dominos that you’re going to tip over sooner rather than later,” said Brian Rothenberg, a spokesman for the Ohio Democratic Party. “They’re falling all around him, and he’s wobbling right now. You can only wobble so long before you lose your balance.”

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One of Ney's potential opponents in November, Chillicothe Mayor Joe Sulzer, said that Ney "should take another cue from Tom DeLay and retire, for the good of Ohio."

Ney then issued a defiant statement of his own on Tuesday afternoon.

Ney said that "while I respect Tom DeLay's decision, I am not Tom DeLay. I have absolutely no intention of retiring. My constituents will make that decision in the next election, and I am grateful for the very strong support I continue to receive when I travel around the district."

Ney also lashed out at Sulzer and Zack Space, another Democratic candidate, calling them liberal allies of House Minority Leader Nancy Pelosi (D-Calif.) and unsuitable to represent the 18th district in Ohio.

"If elected to Congress, the first vote either Joe Sulzer or Zack Space will cast will be a vote for liberal San Francisco politics by voting for Nancy Pelosi for Speaker of the House," Ney said. "This will be a vote for higher taxes, more Second Amendment restrictions, more late-term abortions, more money for the United Nations and a cut-and-run policy in the war on terror."

However, Ney's legal and ethical problems have continued to grow with every new twist in the Abramoff probe, and some GOP strategists are privately wondering if it wouldn't be in the party's best interests if six-term lawmaker were to follow DeLay out the door.

"It's when you step and look at it from a 10,000-foot level, what is the right thing to do?" asked a senior House Republican staffer of Ney's future, suggesting that Ney has not fully come to grips with the scale of his political problems. The source said that Ney is still paying attention to the political atmosphere "at the street level" instead of looking at the overall environment in his district. "The way [DeLay] makes a decision, he's a tactician. Ney has to be a tactician now too," the staffer said.

Ney and his lawyers have continued to insist he did nothing wrong. But a Republican strategist close to the House leadership suggested that Ney is only holding onto his seat in order to strengthen his bargaining position in any future negotiations with the Justice Department.

"The only leverage he has is as a Member of Congress," said this strategist. "If he retires, he has no power."

Like DeLay, Ney has been a target of a federal corruption probe, and at least one of his former aides, Neil Volz, is under investigation by the Justice Department. Documents and e-mails from Ney's office were subpoenaed last year by Justice as it prepared its case against Abramoff. Abramoff pleaded guilty in January to a variety of federal charges, including conspiracy to bribe public officials.

Like DeLay, Ney has been forced to divert tens of thousands of dollars from his re-election campaign in order to pay legal bills. The Ohio Republican has had to open a legal defense fund to help offset those costs.

But even more ominously than DeLay, Ney has been implicated in three separate plea agreements between the Justice Department and individuals involved in the Abramoff scandal: Abramoff himself, Michael Scanlon and Tony Rudy. Scanlon, a former DeLay aide and ex-business partner with Abramoff, pleaded guilty to conspiracy to bribe public officials and mail and wire fraud last year. Rudy, another former DeLay aide, pleaded guilty last Friday to similar charges.

Ney — who's referred to as "Representative #1" in documents related to the case — and his aides play a prominent role in all three plea agreements as alleged targets of a bribery scheme that dates back at least five years.

Rudy's plea deal even included a new allegation about Ney: that the Ohio Republican had agreed in March 2001 to support legislation "that would enable Abramoff's clients to continue manufacture clothing with labels representing it was manufactured in the United States without being subject to the same wage and labor standards as companies operating in the continental United States." Ney has been known for years as a strong supporter of limiting foreign imports, so if he signed onto such a proposal as suggested by the Justice Department, it would have represented a dramatic change of view on a key issue.

Ney's office said Ney had no information on the latest allegation.

According to Federal Election Commission records, Abramoff donated $1,000 to Ney's re-election campaign on March 19, 2001. Adam Kidan, Abramoff's former business partner, gave $1,000 to Ney on the same day. Abramoff and Kidan pleaded guilty to fraud in connection with their purchase of a Florida casino cruise-ship company and were sentenced to 70 months in prison by a federal judge.

Ney is also a tangential player in the perjury trial of David Safavian, a former Bush administration official who has been charged with lying to federal and Senate investigators about his dealings with Abramoff. Both he and Ney took part in a now infamous August 2002 golf junket with Abramoff to Scotland.

Ney Vows He'll Fight On, Not Quit (HILL)

By Jackie Kucinich

The Hill, April 5, 2006

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Rep. Bob Ney (R-Ohio) continued yesterday to deny that the scandal involving former GOP lobbyist Jack Abramoff is creating any pressure for him to leave Congress, even after the decision by Rep. Tom DeLay (R-Texas) to relinquish his House seat.

Ney received calls from supporters shortly after stories that DeLay plans to resign hit the Internet on Monday night. His backers wanted to know if he was considering the same course of action.

Ney assured his supporters that he isn't poised to follow DeLay's lead.

"We are two different people," Ney said in an interview with The Hill, stressing that he had absolutely no intention of resigning.

In a press release issued yesterday, Ney elaborated: "While I respect Tom DeLay's decision, I am not Tom DeLay. … My constituents will make that decision in the next election, and I am grateful for the very strong support I continue to receive when I travel around the district."

When asked whether he had received any information from the Justice Department about whether he would be indicted, he said, "I haven't heard anything."

"We turned over the material [the Justice Department] requested. … They have my telephone number," he said.

Ney spokesman Brian Walsh said 60 local elected officials as well as the 16 GOP chairmen in his Ohio district have endorsed his boss.

Ney resigned as House Administration Committee chairman Jan. 15, explaining that growing allegations about his connection to Abramoff were beginning to detract attention from the committee and the work of the House GOP conference.

Ney has been accused of performing legislative favors in exchange for lavish gifts, trips and campaign contributions. In the Abramoff plea agreement, he is referred to as the "Representative #1" singled out in a Justice Department probe of Abramoff's dealings.

"On the legal side, the congressman has said from day one that he has done absolutely nothing improper or illegal," Walsh said. "He has pledged to cooperate in any way possible with the Abramoff investigation and remains absolutely confident that his name will be cleared."

Ney told The Hill in a previous interview that, if indicted, he would still run to retain his seat.

Majority Leader John Boehner (R-Ohio) yesterday also denied that DeLay's announcement put more pressure on Ney to give up his seat.

"There's no pressure," Boehner told reporters.

Asked about the dynamics of Ney's race in terms of the Abramoff investigation, Boehner said: "He's got his hands full, but he's doing well."

Ney said he had spoken with Boehner shortly after Boehner was elected majority leader.

"I have his support and the support of my delegation," Ney said.

Ney has maintained that once his name is cleared he will return to his post as the chairman of the House Administration Committee.

"Once these false allegations have been put to rest, and I have the full confidence that they will be, I look forward to resuming the chair for the rest of my appointed term and continuing the important work of the Committee," Ney said in a release Jan. 15.

He stepped down from that position that day. Speaker Dennis Hastert (R-Ill.) appointed Rep. Vernon Ehlers (R-Mich.), the second most senior member on the committee, shortly after Ney's departure.

But Ehlers seems to be settling into the chairmanship, if staff changes are any indication.

Less than a month after becoming the new mayor of Capitol Hill, as the chairman of the administration panel is often referred to, Ehlers began reviewing all committee staff, and on Feb. 2 he replaced Ney's staff director, Paul Vinovich, with William Plaster, formally the deputy chief administrative officer.

Vinovich remained on staff as a committee counsel.

Additionally, House sources close to the committee indicated that four interns, hired during Ney's tenure, were immediately let go during the changeover. At the time, Brandt denied the interns' jobs were ever in jeopardy and said some had opted to go to Ney's personal office.

Ney said he was surprised about all the staff changes, since few were made when DeLay stepped down as majority leader late last year.

"Once this is cleared, I would like to return," Ney said, but he added that the choice is up to Hastert: "Who knows what the time frame will be?"

While it is considered typical that an incoming chairman review committee staff, it is unclear whether it is common House procedure to review staff if the chairmanship is only a temporary position.

"I like Vern. I help him, and that's my way of supporting him," Ney said.

The House Administration Committee is seeking a new communications director for the committee to handle internal and strategic communications between the committee and the House, said Ehlers spokesman Jon Brandt.

"Chairman Ehlers is hiring his staff as he sees it appropriate within the rules and budget of the committee, just as any other committee chairman does," Brandt said.

On March 29, Abramoff was sentenced to 70 months in prison on conspiracy and fraud charges regarding his purchase of a casino fleet in South Florida.

New Maneuvers By Lawmakers Over A Colleague's Altercation (NYT)

By Sheryl Gay Stolberg

The New York Times, April 5, 2006

WASHINGTON, April 4 — The case of Representative Cynthia A. McKinney, the Georgia Democrat who attributed a recent altercation with the Capitol Police to racial profiling, prompted a new round of political maneuvering on Tuesday as Democrats tried to distance themselves from the congresswoman and some Republicans pressed for a resolution praising the police.

"I don't think any of it justifies hitting a police officer," the House Democratic leader, Representative Nancy Pelosi of California said, in response to a question about Ms. McKinney. "I don't know if that happened, but I am saying if it did happen, it wasn't justified."

Representative Steny H. Hoyer of Maryland, the Democratic whip, told reporters that members "should all cooperate fully" with the police, adding, "It doesn't appear that happened."

The Democrats made their remarks as federal prosecutors weighed whether to charge Ms. McKinney in connection with the episode, which occurred last week as she tried to circumvent a metal detector to enter the Capitol, which members of Congress are allowed to do. A Capitol Police officer failed to recognize her, and she apparently responded in a physical manner.

At a news conference Friday, Ms. McKinney said she regretted the episode but had acted in self-defense in response to "the inappropriate touching and stopping of me, a female black congresswoman." On Tuesday, her spokesman did not respond to a telephone call or e-mail message seeking comment.

Republicans have tried to make political hay of the episode, saying it did not comport with the Democrats' efforts to portray themselves as committed to national security. Representative Patrick T. McHenry, Republican of North Carolina, said Tuesday that he would introduce a resolution commending the police for their professionalism.

A senior House Republican aide said that the resolution would probably not come to a vote, but that Republicans would probably offer comments praising the police Wednesday when a separate police-related resolution was offered.

Mr. McHenry said his intention was to honor the "service and sacrifice" of the police, but he left little doubt that he was also intending to embarrass Democrats.

"I want to give them a pat on the back," he said of the officers, "not a punch in the chest."

McKinney Rebuked By Her Leader (HILL)

By Josephine Hearn

The Hill, April 5, 2006

House Democratic leaders publicly rebuked Rep. Cynthia McKinney (D-Ga.) yesterday over an incident last week in which she hit a U.S. Capitol Police officer when he stopped her at a security checkpoint.

Speaking at a news conference, House Democratic Leader Nancy Pelosi (Calif.) said of McKinney's explanation, "I don't think any of it justifies hitting a police officer. I don't know if that happened, but if it did happen, I don't think it was justified. … I find it hard to see any set of facts that would justify striking a police officer."

Pelosi, who is no longer on speaking terms with McKinney, went on, "Our Capitol Police have a very difficult job protecting this symbol of democracy and the buildings around it."

House Democratic Whip Steny Hoyer (Md.) was even more emphatic.

"I think it is the responsibility of every member [of Congress], every visitor to the Capitol, every staff member, every member of the press and anyone else who comes in and out of the Capitol and the House or Senate office buildings to cooperate fully with the Capitol Police, who have been given an extraordinarily difficult and important responsibility of keeping the Capitol safe," he said, adding, "It doesn't appear that happened" in McKinney's case.

McKinney, a controversial member of Congress since she was first elected in 1992, says she struck the officer after he touched her inappropriately.

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The U.S. Capitol Police has referred the matter to the U.S. attorney for the District of Columbia, who is expected to decide shortly whether to prosecute the congresswoman. Prosecutors could bring either the felony charge of assault on a police officer or a misdemeanor assault charge.

McKinney was entering the Longworth House Office Building shortly before 9 a.m. last Wednesday when a Capitol Police office stopped her for bypassing the metal detector. Members of Congress are allowed to walk around the detectors and are usually recognized by security officers.

Pelosi, appearing at an event to promote homeland-security planning among women, said she was not concerned that the McKinney controversy would draw attention from Democratic initiatives.

"This is the action of one person," she said.

Yet the political furor over the fracas could have reverberations beyond McKinney herself. Two Georgia Democrats, Reps. John Barrow and Jim Marshall, face tough reelection races in the Peach State.

"I don't think there's any doubt that Republicans can use McKinney against Democrats," said Alan Abramowitz, a professor of political science at Emory University in Atlanta. "They can hold her up as what's wrong with the Democratic Party. I wouldn't be surprised to see moderate candidates like [Reps.] John Barrow and Jim Marshall distancing themselves [from her]."

And Georgia Republicans have picked up on the issue.

"Representative McKinney could be a much better representative for the people then her actions demonstrated last week," said former Rep. Mac Collins (R-Ga.), who is seeking to defeat Marshall. "I believe she needs to apologize to the Congress, and to the people who reside in the 4th District of Georgia."

Former Rep. Max Burns (R-Ga.), also seeking to come back to Congress, challenged Barrow to denounce McKinney.

Marshall and Barrow declined to comment.

No member of the Georgia Democratic delegation, including revered civil-rights pioneer Rep. John Lewis, has stepped up to defend McKinney.

The lack of support for McKinney has fueled talk that she may be vulnerable to a primary challenge. Hank Johnson, who is black and a county commissioner, has declared his candidacy. He has, however, raised only pocket change as of the most recent campaign-finance reports. McKinney reported $35,000 on hand.

In a statement, Johnson chided McKinney for her conduct in the police fracas.

"I hope McKinney will put the interests of the people ahead of her own ego and do whatever is necessary to bring some closure to this. If that means having to make an apology, she should apologize," Johnson said.

Former Rep. Denise Majette defeated McKinney in the 2002 primary and served one term before running unsuccessfully for the Senate, leaving a vacant seat for McKinney to recapture. Majette has yet to express an interest in vying for her old seat.

If she did challenge McKinney, she could face some ill will from the many supporters who were disillusioned when she opted for a risky Senate run only two years after they had helped elect her to the House. Majette is reportedly interested in the position of state school superintendent.

After Scuffle, House GOP Acts To Laud Capitol Police (USAT/AP)

By The Associated Press

USA Today, April 5, 2006

WASHINGTON — House Republicans introduced a resolution Tuesday to commend the Capitol Police force for its professionalism. The proposal follows a confrontation last week between Rep. Cynthia McKinney, D-Ga., and an officer she is accused of hitting.

Republicans presented their resolution as U.S. Attorney Kenneth Wainstein considered whether to press criminal charges against McKinney.

"I don't think it's fair to attack the Capitol Police, and I think it's time that we show our support for them," said Rep. Patrick McHenry, R-N.C., a sponsor of the measure. Ignoring a police officer's order to stop, or hitting one, "is never OK," McHenry said. McKinney is alleged to have hit a uniformed police officer who asked her to stop on her way into a House office building on March 29.

Democratic leaders did not defend McKinney or her charge of racial profiling.

"I don't think any of it justifies hitting a police officer," said House Democratic leader Nancy Pelosi of California. "If it did happen, I don't think it was justified."

Rep. Steny Hoyer of Maryland, the No. 2 Democrat in the House, said all members of Congress, staffers and visitors in the building have a responsibility to obey Capitol Police.

Rep. Mel Watt, D-N.C., chairman of the Congressional Black Caucus, had no comment, a spokesman said.

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McKinney said the officer started the incident by “inappropriately touching and stopping” her. A spokesman for the congresswoman did not respond to a request for comment.

The six-term lawmaker said the issue is not about whether to obey a police officer's order, whether she hit him or the fact that she was not wearing the lapel pin that identifies members of Congress.

“The issue is racial profiling,” McKinney told CNN on Monday.

The measure introduced late Tuesday, co-sponsored by Rep. Mario Diaz-Balart, R-Fla., does not specifically mention McKinney, 51, or the confrontation, McHenry said.

Instead, the non-binding measure declares that Capitol Police “must remain constantly alert for … failure to respond to requests and instructions” and “consistently apply security and safety measures to all, including members of Congress.”

Lawmaker's Encounter With Guard Raises A Capitol Tempest (LAT)

By Johanna Neuman And Nick Timiraos

The Los Angeles Times, April 5, 2006

WASHINGTON — It started with the seemingly smallest of incidents -- a misunderstanding last week at a security checkpoint in the Longworth House Office Building, where guards regularly check the identification and belongings of those entering the building.

But by Tuesday, the encounter between Rep. Cynthia McKinney, D-Ga., and a Capitol Police officer -- in which he touched her on the shoulder and she jabbed him with her cell phone -- had begun to mushroom into a racial and political furor, replete with accusations of racial profiling and threats of criminal charges. Along the way, leaders of both political parties and federal law enforcement joined the fray.

In the post-Sept. 11 world, it was clear, no security issue is minor, and in Washington politics, no incident is too small or too sensitive to be exploited as partisan cannon fodder.

The issue arose when McKinney sought to enter the Longworth House Office Building. She stepped around the metal detector as members of Congress are entitled to do. But she was not wearing the pin that identifies her as a member, and a guard tried to stop her.

Some think the resulting confrontation may have sprung from nothing more than a change of hairdo.

McKinney acknowledged she was not wearing her identifying pin, but maintained that the guard should have recognized a member's face, as Capitol Police often do, though it is not a requirement. Colleagues say McKinney had recently changed her hairstyle and suggest that may have led to a failure to recognize her.

By Tuesday's end, however, the last thing anyone involved with the case seemed to be looking for was an innocent explanation or a way to turn down the heat.

In the House, Republicans rushed to put themselves on the side of law and order, pushing through a resolution applauding the professionalism of the Capitol Police. "I don't think it's fair to attack the Capitol Police and I think it's time that we show our support for them," declared sponsor Rep. Patrick McHenry, R-N.C.

And the Justice Department, which handles local prosecutions in the District of Columbia, said it was considering criminal charges against McKinney.

A conservative blog, NewsByUs.com, gibed that McKinney was suffering from PTHD, post traumatic hairstyle disorder.

House Minority Leader Nancy Pelosi, D-Calif., distanced herself from McKinney. "I think what happened last week was a very unfortunate incident," she said. "I think that all members of Congress like to be recognized, that's for sure. And this was a case in which she wasn't. I don't think any of it justifies hitting a police officer. I don't know if that happened, but I am saying if it did happen, I don't think it was justified."

And with the news media digging up every morsel they could on McKinney's behavior, an Atlanta television station reported that McKinney spent $1,000 to fly singer Isaac Hayes to the dedication of a new office in Atlanta. After the news aired, McKinney's staff said taxpayers will be reimbursed.

Controversy is nothing new to McKinney's 4th District constituents.

In an earlier incident that echoes what pundits are now calling The Scuffle, McKinney complained when guards at the White House during the Clinton administration did not recognize her or treat her like other members of Congress.

After the Sept. 11 terrorist attacks, McKinney apologized to Saudi Prince Alwaleed bin Talal after New York Mayor Rudolph W. Giuliani turned down his offer of $10 million to help families of Sept. 11 victims. She suggested the money be sent to poor Americans.

A few months later, McKinney called for an investigation into whether President Bush knew in advance of the Sept. 11 attacks. "Persons close to this administration are poised to make huge profits off America's new war," she said.

"She's a political exhibitionist," said Ross Baker, a political scientist at Rutgers University. "She's always cavorted like this."

Friday, with two dozen Georgia schoolchildren in the background holding signs that read "God Bless Cynthia" and "Is Cynthia a Target?" McKinney blasted the officer for taking her shoulder and asking her to go through the metal detector.

Her attorney, James Myart, elaborated. "Like thousands of average Americans across this country, (she) is too a victim of the excessive use of force by law enforcement officials because of how she looks and the color of her skin. Ms. McKinney is just a victim of being in Congress while black."

The chairman of the U.S. Capitol Police Fraternal Order of Police, Andy Maybo, issued a statement backing the officer, who is believed to be white.

"We, the U.S. Capitol Police Fraternal Order of Police, are extremely proud of our officer," Maybo said. "He has upheld his oath as an officer and has executed his duties and responsibilities in a professional manner."

Security On Capitol Hill Is No Joke (USAT)

USA Today, April 5, 2006

The 535 members of Congress have grown accustomed to perks that can lead, in some, to a sense of entitlement larger than the great outdoors.

Why, for example, must the mighty submit to the same security procedures the rest of the country has accepted as routine in an age of terrorism?

Rep. Cynthia McKinney, D-Ga., was apparently thinking along those lines last week when she breezed past a metal detector at a House office building without wearing a lapel pin that helps U.S. Capitol Police identify legislators.

An officer who didn't recognize her asked her three times to stop. When McKinney didn't respond, he put his hand out to restrain her.

At this point, a reasonable person might have identified herself without incident.

But McKinney — a volatile politician known for making outrageous comments such as accusing President Bush of having prior knowledge of the 9/11 attacks — allegedly responded by striking the officer before flashing her ID and dashing off to her meeting.

When Capitol Police said they would seek an arrest warrant, McKinney, who is black, responded by changing the subject from her own arrogance to accusing the officer of engaging in racial profiling.

Perhaps he hadn't recognized her because she had changed her appearance, McKinney suggested: "Do I have to notify Capitol Police every time I change my hairstyle?"

Security on Capitol Hill is no joke. Two Capitol Police officers were killed in 1998 when a mentally ill man opened fire at a tourist entrance. That was before 9/11 and the anthrax attacks.

McKinney should stop exploiting a phony race issue and apologize for her overbearing behavior. There's little doubt that Capitol Police will remember her in the future.

The McKinney Mess (RC)

Roll Call, April 5, 2006

We should be writing about Rep. Tom DeLay today. As much as anything else, the Texas Republican's triumphs and excesses have defined the dozen-year reign of the House GOP. But as hypnotic as the still-unfolding drama of his political downfall may be, it is impossible for us not to weigh in today on another Capitol Hill drama.

Today is Capitol Police Chief Terrance Gainer's last day on the beat. His tenure, which included helping the Capitol adjust to the post-Sept. 11, 2001, security environment, unfortunately ends in what will be labeled as a dust-up over a long-ignored nepotism law. We suspect there is a great deal more that eased Gainer's decision to turn in his badge. The perfect example of why Congress will always struggle to attract and keep men like Gainer — and of the unique pressures brought to bear on the man in the chief's chair — came just days ago from Georgia Rep. Cynthia McKinney (D).

The chief must not only answer to the Capitol Police Board, something that limits the chief's ability to make quick or sweeping changes to address threats to an acknowledged top target for terror, but also to 535 other bosses. Oh, and the spouses of those 535 bosses. Can't forget about them, as Rep. Bill Young (R-Fla.) and his wife, Beverly, proved.

After McKinney claimed she had been racially profiled and "inappropriately touched" by a Capitol Police officer (whose initial sin was apparently doing his job), did she take up her case with authorities and share her apparent concern about the state of security in the Capitol? No. She quickly made this drama about her, calling a press conference and flanking herself with entertainers. Naive as it sounds, we hope that she will find a graceful way to bring a close to this episode.

Many problems confronted in Washington, D.C., are complex. The one highlighted by the McKinney incident is, as well, but only because lawmakers so rarely hear the word "no," even when it's just a police officer trying to perform his sworn duty to protect Congress.

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But we have a simple solution to make sure we don't see a repeat of the incident, and it doesn't even require Members to keep track of those pesky lapel pins. With the full-throated support of the House and Senate leadership, the police board should immediately call an end to the practice of allowing Members and those accompanying them to bypass magnetometers and other security measures around the Capitol complex. It's a practice we've always disliked, and one that only fuels perceptions of Congress as a pampered class. Now McKinney has given us new reason to encourage Congressional leaders to get rid of it.

Yes, we can already hear the complaints from the chronically overscheduled about how this will complicate their lives. In a legislature where one chamber routinely conducts the vast bulk of its business between Tuesday evening and Thursday morning, perhaps that's a good argument for spending more time in Washington and spreading those commitments across more days.

A little inconvenience may cause Members to better remember why the Capitol Police are here, as if reminders are necessary after two officers were slain just a few years ago trying to defend the Capitol. They are to protect Members before they are to serve them.

U.S. Focus On Abstinence Weakens AIDS Fight, Agency Finds (NYT)

By Celia W. Dugger

The New York Times, April 5, 2006

Insistence by Republican Congressional leaders that American money to fight the spread of AIDS globally be used to emphasize abstinence and fidelity is undercutting comprehensive and widely accepted aid models, the Government Accountability Office said in a report released Tuesday.

The report by the G.A.O., an investigative arm of Congress, examines the effect of a mandate from Congress that at least a third of United States money to prevent the spread of AIDS worldwide be devoted to sexual abstinence and fidelity programs.

It found that the provision had limited the reach of broader strategies to fight AIDS that include the use of condoms — a conclusion strongly contested by a senior Bush administration official.

The report also said the requirement had meant that officials in some countries have had to reduce spending on programs to prevent the transmission of H.I.V. from women to their newborn babies, as well as other prevention strategies.

"It is hampering their ability to implement key elements of the widely accepted model of H.I.V./AIDS prevention — the ABC approach," said David Gootnick, the main author of the report. ABC stands for abstain, be faithful or use condoms.

The new emphasis on abstinence and fidelity emerged in 2003 from the House International Relations Committee as it debated President Bush's $15 billion, five-year AIDS program. Since then, financing for AIDS prevention programs has increased sharply, from $207 million in 2004 to $322 million this year.

The report is based on interviews with United States officials carrying out American-financed AIDS programs in 15 countries, mostly in Africa. They were guaranteed anonymity to encourage candor.

American officials told Congressional investigators that the guidelines were at times ambiguous and confusing. The rules on abstinence and fidelity, they said, have made it more difficult for them to tailor programs to local needs.

Some officials said that although activities to promote condom use have been restricted, they did not understand the distinction between condom education and condom promotion, "causing uncertainty over whether certain condom-related activities are permissible," the report stated.

Dr. Mark R. Dybul, the deputy coordinator of the federal AIDS program, strongly disagreed. He said the program was carrying out a balanced effort that includes all the elements of ABC, a strategy that successfully reduced H.I.V. infection rates in Uganda. The guidelines are generally clearly spelled out, he said.

More broadly, he said, Congress's requirement has brought about what he called a needed shift of emphasis to include abstinence and fidelity, saying that earlier programs had been overly focused on condoms.

But condoms have not been neglected, he said. The number distributed at United States expense has risen during Mr. Bush's years in office, to 429 million last year from 348 million in 2001, federal figures show.

In a statement on Tuesday, Representative Henry J. Hyde, the Illinois Republican who heads the House International Relations Committee, said no report was needed "to uncover the fact that country teams may be resistant to change, and that some adjustment time would be needed to implement new requirements."

Representative Tom Lantos of California, the ranking Democrat on the same committee, differed.

"While this was obvious to those of us who do not have ideological hang-ups, the reality was that only a compromise would fly," he said, referring to the 2003 debate in Congress.

U.S. Abstinence Tack In AIDS Prevention Is Criticized By GAO (WSJ)

By Steve Stecklow

DOJ_NMG_0025683

The Wall Street Journal, April 5, 2006

The federal government's increased emphasis on promoting sexual abstinence as a global AIDS-prevention strategy is hampering efforts to create comprehensive disease-prevention programs and causing some confusion in the field, a report by the Government Accountability Office found.

The report by the congressional watchdog agency didn't address the effectiveness of the abstinence programs promoted under the President's Emergency Plan for AIDS Relief, or Pepfar, which has been the subject of debate among health-care officials. Instead, it focused on the implementation of a congressional mandate that at least a third of AIDS prevention funds be spent on abstinence-until-marriage programs.

In Pepfar, a five-year, $15 billion program, the government aims to avert seven million new cases of HIV, the AIDS-causing virus, outside the U.S. by the year 2010. The program endorses the "ABC model," which stands for "Abstain, Be faithful or use Condoms." The legislation behind the program suggests that 20% of the program's funding be applied to prevention, with other funds going to treatment and care programs.

The report found that U.S. officials in 17 of 20 countries studied said that the abstinence-spending requirement "would prevent them from allocating prevention resources in accordance with local HIV/AIDS prevention needs."

The requirement also has led to reduced funding for other AIDS-prevention programs, including those aimed at reducing mother-to-child transmission of the virus, the report found. A team in one country reported that the spending requirement forced it to cut funds from a program to care for AIDS patients to address a local condom shortage.

The report also found confusion in many countries over the "ABC model," including which condom-promoting activities were permitted.

In an attached response to the GAO report, government officials who oversee Mr. Bush's AIDS program said it was on track to achieve its prevention goal and noted that funding for all prevention methods had increased from previous federal initiatives. The response also said program officials were committed to improving communication to the field.

GAO Criticizes Bush's AIDS Plan (WP)

By David Brown

The Washington Post, April 5, 2006

The requirement that a large fraction of President Bush's global AIDS plan go to promote abstinence and fidelity is causing confusion in many countries and in a few is eroding other prevention efforts, including ones to reduce mother-to-child transmission of the virus.

Those are among the chief conclusions of an 87-page report by the Government Accountability Office that examined the most controversial aspect of the giant AIDS plan, budgeted at $15 billion over five years.

The survey of U.S.-funded programs in 20 countries -- 15 of them the focus of the President's Emergency Plan for AIDS Relief (PEPFAR) -- found widespread support for the "ABC" strategy that encourages abstinence until marriage, being faithful thereafter and using condoms in high-risk sexual encounters.

At the same time, the document paints a picture of worried program managers trying to juggle the demands of both their local populations and the U.S. Congress, seeking to craft comprehensive prevention messages while simultaneously keeping account books that strictly record spending on the abstinence effort.

The Office of the U.S. Global AIDS Coordinator requires that 20 percent of all AIDS spending go for prevention. Half the prevention budget must be spent to stop sexual transmission of HIV. Two-thirds of that spending, in turn, must be used promoting abstinence and fidelity.

"Most of the 20 PEPFAR teams . . . reported that fulfilling [that requirement] presents challenges to their ability to respond to the local epidemiology and cultural and social norms," the GAO authors wrote. About half a dozen teams said the spending requirement "can undermine the integrated nature of HIV/AIDS prevention programs."

Of the 15 "focus countries" -- 12 African countries, plus Haiti, Guyana and Vietnam -- nine reduced the amount of money for programs to prevent mother-to-child transmission of HIV in their 2006 budgets to meet the spending target for abstinence promotion.

In one, mother-to-child funding was cut from $1.4 million to $1 million, and in another it was reduced by $300,000, said GAO's David Gootnick, who oversaw the report.

In perhaps the largest adjustment, one country cut from $8 million to $4 million its spending on prevention services for couples in which one person has HIV infection and the other does not -- an extremely high-risk group -- as well as on sexually active youths and sex workers.

"This team noted that allocating funding in accordance with the spending requirement is not appropriate for the country's epidemic and has reduced the quality of the team's prevention programming," the authors wrote.

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In order to encourage candid answers, GAO agreed to not identify the organizations or countries cited in the report.

But Richard Marlink, a physician who oversees prevention and care programs at the Elizabeth Glaser Pediatric AIDS Foundation, said that the need to spend more on abstinence cut into money available to its mother-to-child prevention programs in Mozambique and Swaziland. Since 2000, the foundation has provided antiviral drugs used to prevent HIV transmission to 136,000 pregnant women.

Several activist organizations said the GAO findings confirm their suspicions.

The abstinence policy "is basically unworkable," said Paul Zeitz, director of the Global AIDS Alliance. "This shows the problem very clearly and starkly."

But the AIDS coordinator's office, which is in the State Department, has shown considerable flexibility in administering the rules.

In June 2004, it notified Congress that it would broaden the definition of "abstinence until marriage" to include programs that also encouraged fidelity in sexual relationships outside marriage.

The office also exempts some countries' programs from meeting the abstinence-spending target as long as the entire overseas AIDS-prevention budget meets it. Ten of the 20 countries surveyed got exemptions.

Mark Dybul, a physician who is the medical director of the Office of the U.S. Global AIDS Coordinator, said condom promotion -- the C in ABC -- has suffered no reduction under the Bush plan.

"What we have done is come into a balance with ABC," he said.

He said the program cutbacks described in the GAO anecdotes would not have been necessary if the administration had received all the overseas AIDS funding it sought -- $527 million more over the last three budgets.

Laura Bush Visits St. Louis For Fundraiser, Youth (AP)

By Jeff Douglas

The Associated Press, April 4, 2006

ST. LOUIS - First lady Laura Bush said the most important issue facing America is defending itself.

Mrs. Bush visited St. Louis Tuesday to raise money for Republican Sen. Jim Talent's re-election campaign, while promoting her Helping America's Youth Initiative.

"At this historic time in our country, no issue is more important than defending America," Mrs. Bush told about 400 Talent supporters at a downtown hotel that stands near the St. Louis Arch.

"Thanks to the men and women of the United States military, America is winning the war on terror," she said. Mrs. Bush praised the Missouri Sen. for his work on the Senate Armed Services Committee. She also sent her sympathy to those hit by tornados that struck Missouri on Sunday.

Mrs. Bush said Talent "understands the sacrifices made by our armed services personnel, and he understands the importance of their mission."

The incumbent senator faces Democratic State Auditor Claire McCaskill in November. Talent was in Washington Tuesday, chairing a defense subcommittee meeting, and could not attend the fundraiser.

In his place was his wife, Brenda, along with President Bush's uncle, William "Bucky" Bush, and Gov. Matt Blunt's wife, Melanie.

A spokesman for Talent said the fundraiser was expected to bring in about $200,000.

In her 10 minute speech, Mrs. Bush called Talent a leader in the government's search for alternative energy sources, saying he helped develop a bio-fuels caucus in the Senate.

The first lady also addressed the President's Helping America's Youth Initiative. In the past year Mrs. Bush has visited multiple cities and toured youth programs that keep adolescents away from drugs and gangs.

Earlier Tuesday, Mrs. Bush visited a rehab center in the St. Louis suburb of St. Charles, where she met privately with teens recovering from substance abuse.

During the private meeting at the center, five recovering teens spoke openly about their addiction and recovery from methamphetamine, marijuana, cocaine and alcohol. The 24-bed Preferred Family Healthcare rehab center treats about 300 young people each year.

"We can't let children suffer with drug abuse and substance abuse because they can't afford help," Mrs. Bush said. She praised an Albuquerque, N.M., program that teaches alcohol prevention in the second grade.

One young man in the meeting, identified only as Matt, 16, questioned if second-graders would remember what they learned about drinking alcohol as they got older.

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"Recovery is a very selfish thing - you have to be out for yourself," Matt said. The teen said he began smoking cigarettes at age 9 and is recovering from an addiction to marijuana and alcohol. He was ordered to treatment by the courts and said he has been clean for more than three months.

Mrs. Bush asked the teens for advice on what adults can do to keep children away from drugs and alcohol. Matt's response: "Don't let your kids grow up too fast."

Conferences will be held around the country to examine ways to help youth, with the first one this summer in Indiana, Mrs. Bush said.

Laura Bush Headlines Talent Campaign Fundraiser (SLPD)

By Jo Mannies

St. Louis Post-Dispatch, April 5, 2006

Laura Bush, wife of President George W. Bush, visited with five teenagers who are overcoming addictions to various drugs during the first stop of a regional visit today, a visit that included a campaign event for U.S. Sen. Jim Talent.

At the Talent event, about 400 hundred faithful Republicans greeted Mrs. Bush, who lauded the senator as "a very important member of the U.S. Senate. . . (who) truly represents the values and priorities of this great state."

She said Talent has helped the administration in its war on terrorism: "Jim understands the sacrifices made by our armed personnel." Talent was not in the ballroom to hear the praise because he remained in Washington to chair a defense subcommittee meeting and to be present today for a likely vote on an immigration measure.

Aides said that he had intended to be in town for the fund-raiser before his duties had intervened. About $200,000 was raised at the luncheon. The minium ticket price was $420, but some paid more to attend a private reception with Mrs. Bush and have their picture taken with her.

Earlier, at another stop, Mrs. Bush saw counselors and teens during a private visit to a St. Charles adolescent drug treatment center operated by Preferred Family Healthcare. The Kirksville-based company operates 35 facilities around Missouri that offer mental health and substance abuse treatment.

The tour was part of a series of visits Mrs. Bush is making around the country with various programs that encourage children and teens to avoid drug use or that treat those dealing with addiction.

She spent about 45 minutes at the St. Charles facility before heading down I-70 to the Millennium Hotel for the Talent fundraiser. Talent's best-known Democratic challenger is State Auditor Claire McCaskill.

Mrs. Bush called the treatment center "one really good example" of the types of facilities that were a wise use of federal money. She had been in Albuquerque, N.M., Monday visiting with second graders who had been learning about the dangers of addiction to drugs and alcohol.

The message she heard there also related to the one she heard here.

"You can't leave your life to luck. You can't guess...Think about the decisions you make," she said.

The session with the teens was candid; no television cameras or photographers were allowed. Only a couple of print reporters were allowed to witness the half-hour session.

Michael Schwend, president and chief exectuive officer of Preferred Family Healthcare, said earlier he was impressed that Mrs. Bush wanted the meeting to be semi-private.

"It's an incredible honor for the staff working in this facility. They deserve it," Schwend said. "This is a fitting response to their efforts."

While at the St. Charles facility, Mrs. Bush made no mention of the fact that it is Election Day and that a hotly contested state senate race is at stake in St. Charles.

That fact has been discussed for days by political activitists in both parties, who have speculated whether her stop would encourage Republican voters to get to the polls on behalf of State Rep. Scott Rupp, a Republican running against State Rep. Wayne Henke, a Democrat, for the vacant state senate seat.

Both parties took note that it was Mrs. Bush who was headlining the Jim Talent event, not her husband or any other major Republican administration figures.

"There's a reason Republicans are bringing in the only popular member of the Bush family," said Jack Cardetti, spokesman for the Missouri Democratic Party. Republican election officials in St. Charles said privately that her visit, even though it was low-key, could help Republican voter turnout.

527 Bill Splits Republicans (HILL)

By Elana Schor

The Hill, April 5, 2006

DOJ_NMG_0025686

Battle lines have formed within the GOP, pitting the conservative Club for Growth and its allies against the party's leadership, as the House prepares to take up new limits on 527s.

The Democrats' steep advantage over the GOP in fundraising by the tax-exempt groups, which use a tax-code loophole to take in unlimited donations for political activity, led many Republicans to suggest that the crackdown created a partisan split. If Democrats did not embrace tighter regulation, Republicans would paint their support of the 2002 McCain-Feingold campaign-finance law as hypocritical.

But the Club for Growth is muddying the ideological waters, arguing that a Republican-backed 527 bill, even one that relaxes caps on aggregate contributions and coordinated campaign spending, violates the party's core principle of deregulated political speech. Club for Growth President Pat Toomey (R-Pa.), who served in the House until 2004, has enlisted more than 20 right-leaning advocacy groups in his quest to derail the bill.

Incumbent lawmakers "are basically saying, 'There are people out there criticizing me. … I have the power; I'll shut them down.' It's outrageous, it's appalling, it's frighteningly similar to what despotic regimes do to newspapers and individuals who criticize them," Toomey said in an interview late last week.

Co-signers of the Club's letter of opposition to the House 527 bill include Americans for Tax Reform's Grover Norquist, FreedomWorks' Matt Kibbe, Citizens Against Government Waste's Tom Schatz and conservative elder statesman Paul Weyrich. Even House Majority Leader John Boehner (R-Ohio), among his conference's leading advocates of 527 regulation, gave a nod to the bill's critics yesterday during a briefing with reporters.

"I understand their concerns, but we shouldn't let the perfect become the enemy of the good," Boehner said, referring to the argument that cash flowing to 527s, which must disclose their donors, already has begun shifting to 501(c) groups, which face far fewer reporting requirements.

The 527 bill slated for House consideration today is likely to resemble one offered by Reps. Christopher Shays (R-Conn.) and Marty Meehan (D-Mass.) that would require the groups to comply with Federal Election Commission (FEC) rules for PACs.

The Club's explosive fundraising growth during this election cycle is not driving its position against the bill, Toomey asserted.

"This should not be about the fact that we're doing well this year, which we are. It should be about the fact that we support conservative economic ideas, which we do," Toomey said.

Yet the Club has not confined its alliances to conservative groups, working with Nan Aron, president of the liberal Alliance for Justice, and Democratic election counsel Bob Bauer for strategy sessions this week.

"Placing undue restrictions on 527s will chill voter participation, stunt voter registration and reduce voter turnout during an election year," Aron said in a statement yesterday.

Some Republicans in the business world are holding their fire on the House's 527 overhaul, however. Few corporate entities have developed 527s, relying on the 501(c) designation or confining political spending to their PACs.

"Most companies, particularly public corporations, were very reluctant to invest in 527s," one business lobbyist said. "If your first duty is to your shareholders and you're going to invest in a political entity that you really have no control over, but you wear whatever it is they do because of your disclosed association, that's a risky proposition."

One of the best-known corporate 527s is the November Fund, founded in 2004 by the U.S. Chamber of Commerce to combat trial-lawyer lobbying groups and former vice-presidential candidate John Edwards. But the Chamber supplied most of the November Fund's financial backing, suggesting that it could easily reconstitute in another form if the House bill passes.

The business lobbyist acknowledged that his typical distaste for government regulation did not apply to 527 restrictions.

"Certainly we don't have the ideological-purity argument that some anti-regulation folks have. Of all the anti-regulation issues out there, this one's probably not a big one," the lobbyist said.

Rep. Tom Cole (R-Okla.) is a member of the whip team assembling vote counts on the 527 bill, expected to be a tough sell in light of burgeoning opposition from the Republican Study Committee (RSC), to which Cole also belongs.

Cole pointed out the difficult predicament of disagreeing with conservative friends on 527 regulations but said Republicans would have to embrace compromise to ensure victory in November amid a Democratic 527 onslaught.

"You have to be politically realistic about this" issue, Cole said. "This is not right to life; it's not as much of a moral question. … We need to recognize when our opponents have a weapon of this magnitude that they are using to destroy our majority. "To say 'I want to be politically consistent' and let our opponents destroy our majority seems politically misguided."

Meanwhile, at least one conservative 527, the National Federation of Republican Women (NFRW), is not opposed to a bill that would chill its own fundraising.

"We acknowledge that any 527 reform bill may affect NFRW political activities," President Beverly Davis said via e-mail. "However, the [NFRW] will work within the confines of the final 527 reform bill passed."

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And one frequent foe of the Club, the centrist Republican Main Street Partnership, is working actively to support the House 527 bill. Main Street had previously pushed to add 527 restrictions to the House's lobbying and ethics reform package, which leaders had hoped to bring to the floor this week but swapped out for the 527 bill.

The Club is challenging Main Street members in at least two GOP primaries this year, backing conservative opponents to Rep. Joe Schwarz (R-Mich.) and Sen. Lincoln Chafee (R-R.I.).

Four of the 10 most active 527s for this election cycle are Republican- or conservative-leaning, according to PoliticalMoneyLine. Right-leaning 527s trail their left-leaning counterparts by about $2.5 million so far in the 2006 fundraising chase, a gap that topped $110 million by the end of the 2004 cycle.

Two of the highest-grossing GOP 527s, the Republican State Leadership Committee and the Republican Governors Association, are inactive on the federal level and not likely to be affected by the House bill, should it overcome Democratic opposition to pass the Senate. One election lawyer noted that the House bill must be phrased correctly to avoid inadvertently affecting nonfederal 527s.

"It is important that the legislation is drafted to reflect the current debate, which is about federal activity," the lawyer said.

Close The 527 Loophole (WP)

The Washington Post, April 5, 2006

THE HOUSE PLANS to take up legislation today that would close the biggest remaining loophole in the campaign finance system. It would require the political groups known as 527s to play by the same rules as other committees that aim to influence federal elections. The House ought to pass the measure, sponsored by Reps. Christopher Shays (R-Conn.) and Martin T. Meehan (D-Mass.), and shut down the kind of 527 "soft money" operation that flourished during the 2004 campaign, like Democrats' America Coming Together and Republicans' Swift Boat Veterans for Truth.

These committees, named after the section of the tax code under which they're established, are by definition "organized and operated primarily" to influence elections. When those elections are for federal office, it makes no sense to let such groups collect six-, seven- and even eight-figure checks to elect or defeat candidates, while candidates, political parties and political action committees are limited to receiving contributions a small fraction of that size. Similarly, corporations and labor unions -- barred by law from contributing directly to federal candidates or parties -- shouldn't be allowed to write checks to 527s, which exist for the same purpose.

The usual politics of campaign finance reform -- Democrats for (at least publicly), Republicans against -- are upside down this time around. The reason is that Republicans do better than Democrats at raising the (relatively) small donations known as "hard money," while Democrats took the lead in the past election cycle in raising soft money for 527 groups. Connoisseurs of hypocrisy should enjoy this spectacle, but the partisan calculations are probably overstated. Democrats, with the rise of the Internet, have been improving their hard-money fundraising. Republicans are bound to draw even in the 527 race if it continues.

There are concerns that regulating money to 527s would drive spending further into the shadows, to nonprofit groups and trade associations that, unlike 527s, don't even have to disclose their donors and spending. But there are restrictions on the partisan activity of such groups, and if a problem develops with the misuse of such organizations, that could be addressed in future legislation. It's not a reason for inaction now.

Senate Dems To Pursue New Strategy On Abortion (HILL)

By Alexander Bolton

The Hill, April 5, 2006

The Senate Democratic leadership says it has found a wedge issue to strengthen the party's position on abortion rights, which top strategists think has become a liability in recent years.

The wedge is legislation expanding access to contraceptives and sex education, which polls show a majority of Americans support but which Democrats are betting will be difficult for social conservatives in the Republican base to accept.

Democratic strategists say the time is right for action because women who support abortion rights but are not politically engaged are alarmed by the confirmation of Samuel Alito as Sandra Day O'Connor's replacement on the Supreme Court and by the passage of legislation strictly curbing the availability of abortion there.

Democratic leaders had planned to attach their wedge legislation to the budget resolution last month, but let that opportunity to pass.

The Prevention First Act is sponsored by Senate Minority Leader Harry Reid (Nev.), one of few congressional Democrats considered anti-abortion. The bill, which Reid introduced at the start of the Congress, has the support of Sen. Hillary Rodham Clinton (D-N.Y.), presumptive front-runner in the 2008 presidential primary and 21 other Democrats.

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The bill would prohibit group health plans from excluding contraceptive drugs, devices and outpatient services if they cover the cost of other prescription drugs and outpatient services. It would also require the secretary of health and human services to disseminate information on emergency contraception to healthcare providers and require hospitals receiving federal money to provide emergency contraception to victims of sexual assault.

The bill would also mandate that federally funded programs provide information about contraceptives that is medically accurate and includes data on health benefits and failure rates.

When asked whether he would be able to get a vote on his bill soon, Reid said: "I hope so. I'll do what I can."

He added that bringing the issue to the floor is "on my mind."

A Democratic leadership aide said that, while only a slim majority of voters favor abortion rights, an overwhelming majority support promoting the use of contraceptives and comprehensive sex education.

Democratic pollsters also say that the issues of contraceptives and sex education are favorable for Democrats.

"The issue of abortion is very different from the issue of prevention, access to birth control and access to comprehensive sex education," said Anna Greenberg, a pollster for Greenberg, Quinlan, Rosner, which works for the abortion-rights group NARAL Pro-Choice America. "I think that Senator Reid's prevention-first agenda is not just smart in policy terms but smart in political terms because there is overwhelming support in the public for access to birth control and comprehensive sex education. People want women to be able to prevent unwanted pregnancies."

Celinda Lake, a pollster with Lake Snell Perry Mermin and Associates, working for NARAL, has tested voter support for Reid's Prevention First Act.

"It's 3-to-1 in favor of it. Even pro-life voters support it," Lake said. "It has the potential to be both a wedge and a turnout issue post-Alito. It shows how extreme a faction [within] the Republican Party is.

"Lazy Democratic women who are very pro-choice are very concerned about the combination of Alito and South Dakota."

Her polling last month in upstate New York, which has a heavy concentration of Republicans and socially conservative voters compared to the southern part of the state, showed that nearly 80 percent of voters supported comprehensive sex education, even when compared to programs emphasizing abstinence as the only truly effective form of birth control, Lake said.

Senate conservatives said they're not worried about the Democrats' plans to isolate them from independents and centrist.

"The efforts will likely fail because they're beholden to left-wing interest groups who oppose common-sense measures like parental notification," said John Hart, spokesman for Sen. Tom Coburn (Okla.), a conservative Republican who has been outspoken on the issues of abortion and contraception. "They take an ideological and unscientific view of contraception.

"Our work to improve accuracy of labeling on condoms has been blocked by a lot of people on the left who are supposedly for a balanced education approach."

Hart explained that Democrats and their liberal allies often oppose efforts to increase awareness about the failure rate of contraceptives in preventing pregnancy and the spread of disease.

He added that his boss would work with any colleague who wants to protect the health of women and young adults but would also "fight any effort by any politician to make this a wedge issue."

Turning The Tables (TIME)

By Perry Bacon Jr.

Time, April 5, 2006

On Capitol Hill last week, it was almost as if the two parties had decided to switch roles. At a press briefing, House Democratic Whip Steny Hoyer was declaring, "Republicans don't have an agenda," a critique Republicans usually hurl at Democrats. The next day Hoyer and other Democrats from the Senate and House, along with state governors, got together to announce the party's unified plan for improving America's national security.

Meanwhile, Republicans were looking in disarray — even before the announcement this week that Tom DeLay would give up his House seat. Some House Republicans were quietly rasing concerns after Majority Leader John Boehner questioned the value of a 700-mile fence for the U.S.-Mexico border that was part of an immigration bill passed by the House in December, while Senate Republicans questioned if their leader, Bill Frist, was allowing his presidential ambitions to get in the way of passing immigration legislation. And as the Senate moved forward with a lenient immigration reform plan, a group of almost two dozen House Republicans held a press conference to strongly denounce the Senate GOP's approach.

The conventional wisdom in Washington in recent years has been that Republicans are more unified and disciplined and have better-articulated ideas than Democrats, who are often at war with one another and questioning their leadership. But lately the Democrats, looking to create a campaign platform for 2006, have put out some ideas that their famously fractured party largely agrees on. Earlier this year, they released a plan to reform lobbying following the scandals of Jack Abramoff. Last week's security ideas were hardly earth-shattering: increasing inspection of goods coming through U.S. ports, doubling the number of

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Special Forces troops, pushing Iraq toward full sovereignty by the end of this year, and increasing efforts to make the U.S. less dependent on foreign oil. Some Democrats, like Pennsylvania Congressman John Murtha, have called for more aggressive steps, like the withdrawal of troops from Iraq. But Democrats seem to broadly agree on the security issues that hurt them in 2002 and 2004.

And Democrats can't be accused of lacking ideas: many of the party's most prominent leaders are putting out long tomes detailing their views. Later this month, Ted Kennedy's book America Back on Track will lay out ideas to ensure universal health care for all Americans, and House Democrat Rahm Emanuel and former Clinton aide Bruce Reed will put out a modestly titled book called The Plan in August that includes ideas such as a national science and technology center modeled on the National Institutes of Health. Illinois Senator Barack Obama has told the Chicago Tribune his new book The Audacity of Hope,<i/> due out in October, will look to show how politicians can "shift away from ideological debates and focus on traditional American common sense."

By contrast, on many key issues, Republicans can't find much agreement. Moderates and conservatives in House will spend this week battling over proposed spending cuts in the budget, while Republicans in the Senate fight about immigration reform. President Bush's domestic agenda, from health savings accounts to a commission to reform Social Security and other entitlement plans, has drawn little enthusiasm on Capitol Hill.

To be sure, Democrats still have their own problems. With a bunch of different presidential candidates, governors, congressional leaders and Howard Dean, the Democratic National Committee chairman, the party doesn't have one strong defining leader. And while Democrats may agree broadly, there are still major differences on tactics, such as the proposal to censure Bush over his warrantless spying program offered by Wisconsin Senator Russ Feingold. That idea won little support among his fellow Democrats. "I don't think it's a lack of ideas; it's coherence," says Paul Begala, the veteran Democratic strategist. The anti-war left is so mad at Connecticut Senator Joe Lieberman, for instance, that they're running a primary campaign against him.

And some prominent Republicans are offering their own policy ideas. Frist wants to start a program modeled on the Peace Corps that would send doctors and nurses to countries lacking medical personnel. Jack Kingston, a Republican congressman from Georgia, has put out what he's called the American Renewal Project, an eight-point plan that calls for a commission to recommend spending cuts to balance the budget and stop spending the Social Security surplus. The Republican Study Committee, a group of the most conservative House members, has released a plan to balance the budget in the next five years, although it would require politically difficult cuts in Medicare and Medicaid.

But the more important question might be: do policy plans and unity matter? Republicans have long argued their "Contract with America" — a 10-point plan signed by more than 300 GOP candidates — helped push them toward victory in November 1994. But according to polls at the time, most voters had not ever heard of the contract by Election Day. And many Democrats question the need for any kind of grand plan, particularly with President Bush's poll numbers below 40%; the party could urge voters to choose Democrats in Congress just to offer a balance to Bush. The key question, some Dems argue, is how successful they are in tying Republican candidates to Bush and making the election about the Administration's mistakes in Iraq and during Hurricane Katrina, rather than touting their own proposals in long policy statements. "To my way of thinking, voters don't need lots of plans," says Dianne Farrell, a Democratic congressional candidate in Connecticut running against incumbent Republican Christopher Shays. "Voters get it." Still, after years of being a house divided, Democrats will soon show their unity on another issue, putting out their plans for the economy — while happily watching the GOP's continuing family feud.

Biden Seeks Review Of State Department Screening (KRT)

By Jonathan S. Landay

Knight Ridder, April 4, 2006

WASHINGTON - A senior Democratic senator has asked the State Department's inspector general to determine whether the department has been using a political litmus test to screen private American citizens before sending them abroad to represent the United States.

Sen. Joseph Biden of Delaware, the top Democrat on the Senate Foreign Relations Committee, said in a letter to the inspector general that he was requesting the review in part because of a Dec. 2 Knight Ridder report that such a test was being used to weed out critics of the Bush administration's Iraq policy.

"If these allegations are true, such a policy appears to be inconsistent" with a State Department requirement "that speakers must be `representative of a broad range of responsible and informed opinion' in the United States," Biden said in the letter, which was dated Monday and sent to State Department Inspector General Howard J. Krongard.

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"Moreover, it would undermine a public diplomacy purpose of the program - to show the world that we are not afraid of, and indeed actively encourage, full and open discussion of important issues," said the letter, a copy of which Knight Ridder obtained Tuesday.

The earlier Knight Ridder report concerned the U.S. Speakers/Specialists Program. Run by the State Department's Bureau of International Information Programs, it sends private American citizens and others on speaking engagements abroad.

The story quoted current and former U.S. officials as saying that potential participants were vetted - via Internet searches, for example - for any comments or writings that criticized administration policies, particularly its approach to Iraq.

Krongard's office didn't immediately return a call seeking a comment on whether it was acting on Biden's request.

In his letter, Biden said a review of the Bureau of International Information Programs also should be conducted because there hadn't been one since a 2004 inspection.

That effort, he said, found that while the overseas speakers program was a "highly regarded and valuable tool," it lacked a "strategic focus" and was largely reactive instead of proactive.

The Reliable Source (WP)

By Amy Argetsinger and Roxanne Roberts

The Washington Post, April 5, 2006

In Richmond, More Bushes in the Running

Best way for the Bush twins to stay incognito: Change into running clothes and hide out in Richmond.

Jenna and Barbara ran a 10K through the state capital's Fan district Saturday -- even crossing the finish line together! -- but went barely detected until the Richmond Times-Dispatch put the pieces together yesterday. The paper deduced that the twins ran under the fake names of Sarah and Emily Jackson , finishing at 54:27. Jenna's boyfriend, Henry Hager, finished three minutes faster under his own name. Race director Tracey Russell told us the White House reserved slots for the twins three weeks ago; both they and the Secret Service agents who ran with them blended invisibly into the crowd. "They're definitely in good shape," Russell said.

Help For Families (WT)

By Rick Santorum

The Washington Times, April 5, 2006

Thanks to the ingenuity of working Americans and the tax cuts passed by a Republican Congress in 2001 and 2003, our economy has rebounded from its post-September 11 slump and is the envy of the world. With a booming stock market, nearly 5 million jobs created since August 2003, a sound housing market, minority home ownership at an all-time high and an average unemployment percentage lower than the last three decades, there is no doubt that our economy is strong.

To keep our economy strong, three steps must be taken. First, we must extend the tax cuts of 2003 to prevent a massive tax increase, which would only stunt the economy and place a substantial burden on working families. Second, we must work to reduce the deficit by cutting wasteful government spending and reforming inefficient government programs. Third, we must do more to empower those who live beyond the reach of our robust economy.

Some in America have not reaped the rewards of our economic bounty; it is to help meet their needs that I have sponsored the Senate Anti-Poverty Agenda. There are three components to the anti-poverty agenda: work, investment and a neighborhood-based focus.

Work, not welfare, is the gateway to opportunity for all Americans. In 1996, Congress enacted historic welfare reform and the results speak for themselves: Welfare caseloads have been cut in half; more than 7 million individuals and 2 million families have exchanged a welfare check for a paycheck; and 1.6 million children have been lifted out of poverty.

To continue the success of the 1996 reforms and address the welfare recipients not yet involved in any work, Congress renewed and the president signed welfare reform, adding critical incentives to promote healthy marriage and responsible fatherhood.

In recognition of the role small businesses play in creating new jobs, I have advocated the expansion of the Work Opportunity Tax Credit (WOTC), a program that creates meaningful employment opportunities for millions of low-income Americans and provides tax incentives for employers who hire the jobless. Congress has the opportunity to approve this tax credit by passing the conference report of the Tax Reconciliation bill, which is currently in conference committee.

The second component of the Anti-Poverty Agenda is investment. Individual Development Accounts (IDAs) and KIDS Accounts are two investment proposals I have introduced that will enable low-income Americans to get the help they need as they strive to build a solid financial foundation. IDAs provide low-income, working Americans the opportunity to build assets through matched savings accounts for home ownership, educational needs or small business investments.

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KIDS Accounts would provide every child with a savings account worth $500. Children in households that earn below the national median income would qualify for a one-time additional supplemental of up to $500. Allowed to mature until the account holder's 18th birthday, this tax-free money could provide a crucial first step to a down payment on a house, a college education or another step toward future prosperity.

The third component of our agenda is strengthening America's neighborhoods. The surest path to strong neighborhoods and communities is strengthening our charitable organizations, which rely on the generosity of citizens. Yet, under current law, more than two-thirds of American taxpayers are deprived of the chance to receive a tax deduction of their charitable contributions because they do not itemize on their tax returns.

The provision I have proposed that is currently in the Tax Reconciliation Bill changes this by providing tax deductions on their charitable contributions to almost 83 million Americans who do not itemize on their tax return.

I also worked to include a provision that would allow individuals to give tax-free contributions from their IRAs for charitable purposes, helping a wide range of charities and likely providing billions of dollars to help make higher education more accessible and affordable.

Lastly, I offered an amendment to the tax-reconciliation conference that provides restaurants, companies and farmers an increased tax incentive to donate food to shelters and food banks that feed the hungry.

By keeping tax rates low, enabling low-income Americans to develop real assets and amending tax laws to encourage all Americans to give generously to our nation's charities helping those in need, we will help ensure that our economy stays strong and that ours is a nation of opportunity and prosperity for all.

Sen. Rick Santorum of Pennsylvania is chairman of the Senate Republican Conference.

OTHER NEWS:

Investors Seek Clarity On Campaign Giving (WSJ)

By Jeanne Cummings

The Wall Street Journal, April 5, 2006

WASHINGTON -- As Congress debates new campaign-finance rules, shareholder groups are pushing companies to do a better job of disclosing political donations.

McDonald's Corp. and Southern Co. are the latest to agree to post more information on their Web sites about contributions to candidates and issue-oriented groups that sometimes don't have to release donors' names. Eight other companies also have changed their policies in response to shareholder requests in the past three years.

The campaign for corporate disclosure is gaining momentum. Institutional Shareholder Services, which advises investors on how to vote their proxies, is for the first time recommending passage of a shareholder resolution requiring more oversight and disclosure of political giving.

The unprecedented recommendation involves Washington Mutual Inc., a fast-growing Seattle thrift. According to Alan Gulick, a company spokesman, Washington Mutual opposes the resolution on grounds that information on the thrift's donations, roughly $50,000 in the past election cycle, are already available to the public. In addition, Washington Mutual executives argue the cost of implementing a new policy may well exceed the company's relatively modest political giving.

Proponents of corporate disclosure say political giving by public companies can create risks for shareholders, particularly if the firm winds up in the middle of a political scandal.

In the money-laundering investigation of former House Majority Leader Tom DeLay, for instance, eight corporations were indicted for making donations to a Texas political group associated with Mr. DeLay. In Texas, donations by companies to political candidates are illegal; the firms say they weren't aware that their contributions might be directed to candidates, as prosecutors allege. Four of the corporations have settled with prosecutors.

"We are not arguing that companies shouldn't spend money politically. Companies really should do more due diligence in tracking where they are spending their money and where it ultimately ends up," says Bruce Freed, who is spearheading the effort as co-director of the Center for Political Accountability, a nonpartisan group working on transparency in corporate donations.

A recent survey of investors by Mason-Dixon Polling & Research, commissioned by Mr. Freed, has provided him with fresh ammunition to take to corporate executives. More than 90% of respondents backed more disclosure and 84% wanted board oversight and approval of such giving. Nearly three-quarters of respondents agreed that corporate giving is often aimed at advancing the private interests of executives rather than the company's interest.

In the past three years, the Center for Political Accountability has teamed with various shareholder organizations, including unions, religious groups and environmentalists, to introduce more than 100 corporate resolutions calling for board oversight and

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greater transparency of corporate political activity. All but one were defeated, but they have sparked negotiations that led to policies that make it easier for shareholders to track political giving and impose more internal scrutiny of donations. Sixty resolutions are pending this year and 41 are scheduled for votes.

Corporations largely have opposed the resolutions, saying that investors can go to a host of Web sites -- including the Federal Election Commission's -- to monitor donations.

That had been the position held by Institutional Shareholder Services. In recent months, though, ISS analysts concluded that changes in campaign-finance rules stemming from the 2002 McCain-Feingold law made it harder to track corporate giving since so much money was flowing to a new batch of political organizations not bound by the same disclosure rules as political parties, says Jim Letsky, a senior ISS analyst.

"We were seeing examples of where corporations didn't know where their money was ultimately ending up," Mr. Letsky said. Congress is considering legislation to close that loophole, but it is unclear if anything will pass this year.

ISS hasn't given overhaul advocates everything they want. Recommendations on shareholder resolutions regarding political giving will be evaluated on a company-by-company basis and largely will hinge on whether a firm already has high-level oversight of donations and a policy explaining its criteria for giving, Mr. Letsky said.

In the case of Washington Mutual, ISS analysts concluded there "is no detailed information" about "oversight or accountability for corporation contributions or the administration of Washington Mutual's PACs." By contrast, ISS this month is recommending against passage of a similar resolution brought by Citigroup Inc. shareholders because the company posts its rationale for making political donations on its Web site and requires board oversight of them.

Mr. Freed plans to step up pressure on corporations by pressing for disclosure of dues and contributions to trade associations. Corporations have long been able to make their voices heard -- and their identities concealed -- on Capitol Hill by having their trade associations take the lead, and these groups often closely guard donor lists and finances.

Mr. Freed is preparing a report that he says will track some of the millions of dollars donated by corporations to trade associations or other groups that eventually are passed on to candidates or causes that sometimes conflict with policies advocated by the firms, such as providing benefits for employees in same-sex partnerships.

Margaret Weber, coordinator of corporate responsibility for the Adrian Dominican Sisters, a Roman Catholic order in Michigan, is taking up the cause to push for disclosure of trade-association payments.

She became interested in the issue during the Capitol Hill debate over a prescription-drug plan for seniors in which the Pharmaceutical Research and Manufacturers of America, the trade group representing big drug companies, figured prominently. While the Dominican Sisters didn't take a position on the legislation, they had hoped the bill would allow for government-negotiated drug prices and transparency on rebates and discounts. Ms. Weber says neither happened in part because of opposition from drug makers.

Ms. Weber said information about a company's trade-association membership could influence where the sisters invest their savings, because "as much as possible, they strive to have an alignment between the values of their money and their mission."

Hillary Leaves Room For Gore (HILL)

By Dick Morris

The Hill, April 5, 2006

Hillary Clinton made a fundamental decision in 2002 to support the invasion of Iraq. In doing so, she sought the center of American politics, reacting to issues much as her husband had throughout his ascent to the presidency.

But times have changed, and the center is not what it used to be. In the highly partisan and charged environment of politics in 2006, what has become of the centrist doctrines that reelected Bill Clinton and brought George W. Bush, the compassionate conservative, to the White House? Is the center still the place to aim in getting votes?

At the White House, I described the Clintonian brand of centrism as triangulation, with the polarized, partisan participants in the dialectic aligned to the left and the right at the base of the triangle and the centrist synthesis atop the apex, embracing the best of both arguments and rejecting the worst.

But the desideratum of American politics is not always found in the apex. When we confront new issues, challenges or problems, we are not ready for synthesis. We want our politicians, on both sides of the aisle, to develop alternatives and to debate and elaborate them. Unlike the Japanese, we expect our system to polarize when we face new issues so that we can listen to both sides and make our decision.

But eventually the debate has run its course. And because we are not like Italy or France, we refuse to debate perennially the same questions and demand, after the debate has raged long enough, that our leaders articulate a synthesis that reflects our consensus.

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That was the situation the Clinton White House faced in the mid-'90s. By then, Americans had been debating more or less the same issues for decades — crime, welfare, the budget deficit, our response to globalization, free trade, a federal role in education — and we had come to conclusions about what we wanted. It remained for Clinton to implement them and cement his popularity.

But as the 21st century dawned and the old problems of the '90s had been largely solved, a raft of new issues arose with which we were less familiar. As we pondered the questions of international terrorism, global climate change, the catastrophic consequences of our dependence on imported oil, the privacy issues raised by the Internet, massive illegal immigration and the high costs of the new medicines and medical treatments, we looked to our political leaders to develop alternative solutions and both want and welcome debate.

Hillary Clinton bet on consensus and centrism in backing the war and an aggressive policy on terrorism — and may have bet wrong.

There are no rewards for those who push consensus when we want polarized debate. Ask the George H.W. Bush of 1992, the Jimmy Carter of 1980 and Gerald Ford. Fate is equally unkind to polarizers when we want consensus. Ask John Kerry, Bob Dole, Mike Dukakis and Walter Mondale.

Hillary may have misjudged the left. She may have opened herself up to a challenge from the left over Iraq and the war on terror. She may have chosen the wrong time and the wrong issue on which to cross party lines.

Fortunately for her, John Kerry and John Edwards were equally complicit in backing the war at its inception. And Howard Dean was always too far off the deep end in opposing it. But Al Gore, who has no stain of support for the war to overcome and is the custom-designed candidate for the issues of energy and climate change, could mount a serious challenge to Hillary Clinton.

Mrs. Clinton is trying to move to the left on anything and everything but the war. Her comparison of illegal aliens she once said she "abhorred" to Jesus and her charge that Bush is one of our history's worst presidents reflect her concern that she may have left the left behind in her move to the center.

Now she is in a fix. If she retreats and retracts her support for the war, she will become the ultimate weather vane, shifting with the political wind. If she adopts a pro-peace posture, she undoes all of her work to position herself as a hawkish female, able to overcome the stereotypes that hamper women who wish to be commanders in chief.

But if she stays in the center as the Democratic Party falls off to the left, she could find herself with a deadly primary challenge from her husband's former running mate.

Morris, a former political adviser to Sen. Trent Lott (R-Miss.) and President Bill Clinton, is the author of Condi vs. Hillary: The Next Great Presidential Race.

Buckley Calls Clinton A Contender (NYT/BLOOM)

By Bloomberg News

The New York Times, April 5, 2006

William F. Buckley Jr., the prominent conservative writer and leader, says that while a strong Republican candidate for the 2008 presidential race has yet to emerge, the Democrats have in Senator Hillary Rodham Clinton a true contender to win the White House.

Mrs. Clinton is "a very consequential woman with an extraordinary background," he said in an interview with Bloomberg Television that was broadcast on Monday. "Her thought is kind of woozy left, not in my judgment threatening."

She is "a phenomenon, a woman candidate who might easily be president," he added.

Mr. Buckley suggested that he was less than impressed with the current group of potential candidates for 2008, saying, "I don't find a commanding presence sort of knocking on the door" for the next presidential campaign.

Senator John McCain of Arizona, a potential Republican candidate, is "a remarkable human being," Mr. Buckley said. "I don't think that his name comes to mind automatically as somebody who over a period of years has addressed problems with fruitful thinking, let alone with consistent thinking."

Neither senator has announced plans to seek a party nomination, though both have been raising money, making campaign appearances on behalf of other candidates and taking other steps to build a network of national support.

Mr. Buckley, 80, is often called the father of contemporary conservatism in America. He founded the National Review in 1955, and his philosophy, articulated in the magazine, calls for small government, low taxes and a strong defense. In the same interview in which he discussed Mrs. Clinton, he also criticized President Bush's handling of the war in Iraq, which he called a failure.

Mass. Residents Face Required Coverage (USAT)

By Julie Appleby

DOJ_NMG_0025694

USA Today, April 5, 2006

Residents of Massachusetts will be the first in the nation required to carry health insurance, just as motorists in many states are required to carry auto insurance.

After months of debate, state lawmakers approved a bill Tuesday that requires individuals to have coverage and tacks a $295 per worker annual assessment on employers who don't provide it, with the aim of reducing the state's 550,000 uninsured to near zero within three years.

The bill goes to Republican Gov. Mitt Romney. He's expected to sign it because he proposed such a measure last summer. “It's about 95% of what I wanted,” he said. “We'll be the only state in America where every citizen has health insurance.”

The state will be the only one requiring that all individuals who can afford to purchase insurance do so.

“That is where they are really pioneers,” says Paul Ginsburg, an economist with the Center for Studying Health System Change, a non-partisan research group in Washington. He says the only way to get universal coverage is to require individuals to carry insurance.

Free coverage will be provided to individuals at or below the federal poverty line, which is $9,600 a year, and the state will subsidize coverage for those up to three times the federal poverty level.

The legislature estimated the programs would cost $316 million the first year and up to $1 billion annually by the third year, with all but $125 million annually coming from state and federal funds already earmarked for health care.

“This plan is particularly helpful to lower- and low-middle income uninsured folks. What's less clear is its assistance to more middle income uninsured,” says John McDonough of Health Care for All, an advocacy group that supports the concept of the plan.

The new subsidized insurance plans are to be available by July. After July 1, 2007, uninsured individuals who refuse to buy coverage could lose their state tax exemption, which is worth about $150 per person. In following years, those who refuse to buy will pay penalties equal to about half the cost of a health insurance plan.

Insurers have yet to put forward a package of plans that will be available, or the prices. Romney says the premiums will be about $200 a month for a single adult.

Some business groups also say the plan does nothing to contain growing medical costs.

“If you're looking for increased access for the uninsured, this (bill) is a winner,” says Jon Hurst, president of the Retailers Association of Massachusetts, a statewide trade association of 2,500 retailers and restaurants. “If you're looking to reduce out-of-sight costs … particularly (for) small employers, it doesn't accomplish that.”

Massachusetts Sets Health Plan For Nearly All (NYT)

By Pam Belluck

The New York Times, April 5, 2006

BOSTON, April 4 — Massachusetts is poised to become the first state to provide nearly universal health care coverage with a bill passed overwhelmingly by the legislature Tuesday that Gov. Mitt Romney says he will sign.

The bill does what health experts say no other state has been able to do: provide a mechanism for all of its citizens to obtain health insurance. It accomplishes that in a way that experts say combines methods and proposals from across the political spectrum, apportioning the cost among businesses, individuals and the government.

"This is probably about as close as you can get to universal," said Paul B. Ginsburg, president of the nonpartisan Center for Studying Health System Change in Washington. "It's definitely going to be inspiring to other states about how there was this compromise. They found a way to get to a major expansion of coverage that people could agree on. For a conservative Republican, this is individual responsibility. For a Democrat, this is government helping those that need help."

The bill, the product of months of wrangling between legislators and the governor, requires all Massachusetts residents to obtain health coverage by July 1, 2007.

Individuals who can afford private insurance will be penalized on their state income taxes if they do not purchase it. Government subsidies to private insurance plans will allow more of the working poor to buy insurance and will expand the number of children who are eligible for free coverage. Businesses with more than 10 workers that do not provide insurance will be assessed up to $295 per employee per year.

All told, the plan is expected to cover 515,000 uninsured people within three years, about 95 percent of the state's uninsured population, legislators said, leaving less than 1 percent of the population unprotected.

"It is not a typical Massachusetts-Taxachusetts, oh-just-crazy-liberal plan," said Stuart H. Altman, a professor of health policy at Brandeis University. "It isn't that at all. It is a pretty moderate approach, and that's what's impressive about it. It tried to borrow and blend a lot of different pieces."

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Many states, including Massachusetts, have been wrestling for years with how to cover the uninsured, and several states have come close, according to the National Conference of State Legislatures. Hawaii passed a universal access law in 1974 requiring employers to offer health care coverage for employees working 20 hours or more a week, but nearly 10 percent of people remain uncovered. Efforts to cover all citizens in Minnesota and Vermont in 1992 and in Massachusetts in 1988 fell flat in the mid-1990s when the language in the bills concerning universal coverage was repealed.

In 2003, Maine enacted a law that significantly broadened insurance coverage and combined employer payments with expanded government programs. That year, California enacted a law that required employer contributions, but it was repealed in a referendum in 2004. Massachusetts would be the first state to require its citizens to have health insurance.

The Massachusetts bill creates a sliding scale of affordability ranging from people who can afford insurance outright to those who cannot afford it at all. About 215,000 people will be covered by allowing individuals and businesses with 50 or fewer employees to buy insurance with pretax dollars, and by giving insurance companies incentives to offer stripped-down plans at lower cost. Lower-cost basic plans will be available to people ages 19 to 26.

Subsidies for other private plans will be available for people with incomes at or below 300 percent of the poverty level. Children in those families will be eligible for free coverage through Medicaid, an expansion of the current system.

The Massachusetts bill was hammered out with proposals and input from state Democratic legislators; Mr. Romney, a Republican; Senator Edward M. Kennedy, a Democrat; insurers; academics; businesses; hospitals; and advocates for the poor, including religious leaders.

They were motivated in part by a threat by the federal government to eliminate $385 million in federal Medicaid money unless the state reduced the number of uninsured people. The state was supposed to have the bill completed by January, but state officials said they were confident that the federal government would approve of Tuesday's bill.

"Whenever you can have the medical community, the business community and the advocates all applauding our efforts, I think that's indicative of a successful exercise," said State Senator Robert E. Travaglini, the majority leader.

Mr. Romney, who is considering running for president in 2008, said in an interview Tuesday that the bill, passed by a legislature that is 85 percent Democratic, was "95 percent of what I proposed."

He said, "This is really a landmark for our state because this proves at this stage that we can get health insurance for all our citizens without raising taxes and without a government takeover. The old single-payer canard is gone."

Mr. Romney pushed the idea of the "individual mandate," requiring people who can afford insurance to buy it. The bill makes it possible for employers to enable many of those people to use pretax dollars, saving them 25 percent or more. Individuals who fail to get health insurance by July 2007 will first lose their personal exemption on their state taxes. In subsequent years, they would have to pay a penalty that could be as high as half of what an affordable health care premium would cost.

Eric Fehrnstrom, the governor's communications director, said that for those people with incomes above 300 percent of poverty, "our assumption was that these would be mostly single mothers who just did not have the wherewithal to get insurance. It turned out it was mostly young males. In some cases they are making very attractive salaries. These are people who just don't imagine themselves needing care, but of course when they break a leg when they're out bungee jumping they go to the hospital and we end up paying for their care anyway."

One element that Mr. Romney and some legislators did not want was the fee for employers who do not provide health insurance.

For several months the bill seemed stalled because the House and Senate leaders could not agree on the issue of charging businesses. One proposal of an $800-per-employee charge was reduced to a maximum of $295 that would go toward paying costs for the uninsured and would be reduced as more people became insured, Mr. Travaglini said.

Because the bill is part of a budget bill, Mr. Romney has line-item veto power. He said Tuesday that he would likely change the business fee provision in some way or veto it before signing the bill.

Still, he did not seem that worried about it, saying he had been most concerned that the fee not be a payroll tax, as had been originally proposed. Mr. Travaglini said that if Mr. Romney vetoed the business fee, the legislature would override it.

Bob Baker, president of the Smaller Business Association of New England, said his members seemed to accept the idea of the fee.

"The notion of the level playing field, I think from an element of fairness and equity, people are O.K. with it, unless it impinges on their ability to pay for it," Mr. Baker said. "There hasn't been a hue and cry among our members."

Mr. Romney said that with more people insured, everyone would "get better health care" and that premiums for people who already had insurance might drop because "providers won't be pushing the cost of the uninsured onto the people who have insurance."

James Roosevelt Jr., president and chief executive of Tufts Health Plan, agreed.

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"I think that will help both improve the quality of health care and lower the cost," Mr. Roosevelt said, but he added, "We would have liked more flexibility in the design of health plans to permit lower premiums that are affordable for all people."

The program, which was approved 154 to 2 in the House and 37 to 0 in the Senate, will cost $1.2 billion over three years, but only $125 million of that will be new state money. The rest will come from federal money and existing state money. After three years, lawmakers say, no new state money will be required. A new agency will administer the system.

Advocates for the uninsured held a victory rally at the Statehouse.

"We're thrilled that this truly represents a commitment to the poor and the working poor," said Rabbi Jonah Pesner, a leader of the Greater Boston Interfaith Organization.

Joseph Landais, 64, could use insurance for himself, his wife and three children. Mr. Landais, a retired hospital custodian, said his wife, a nurse's aide, makes too much for the family to be eligible for Medicaid but not enough to afford insurance. He had a hernia operation four months ago that he did not have to pay for under the free-care pool, but he had not been able to see a doctor since then, even though he is still not feeling well.

"After years that you've been working that hard," Mr. Landais said, "I think you deserve something back."

Mass. Bill Requires Health Coverage (WP)

By David A. Fahrenthold

The Washington Post, April 5, 2006

BOSTON, April 4 -- The Massachusetts legislature approved a bill Tuesday that would require all residents to purchase health insurance or face legal penalties, which would make this the first state to tackle the problem of incomplete medical coverage by treating patients the same way it does cars.

Gov. Mitt Romney (R) supports the proposal, which would require all uninsured adults in the state to purchase some kind of insurance policy by July 1, 2007, or face a fine. Their choices would be expanded to include a range of new and inexpensive policies -- ranging from about $250 per month to nearly free -- from private insurers subsidized by the state.

Romney said the bill, modeled on the state's policy of requiring auto insurance, is intended to end an era in which 550,000 people go without insurance and their hospital and doctor visits are paid for in part with public funds.

"We insist that everybody who drives a car has insurance," Romney said in an interview. "And cars are a lot less expensive than people."

Tuesday's votes approving the bill -- 154 to 2 in the House and 37 to 0 in the Senate -- were the culmination of two years of politicking and several months of backroom negotiations, as rival health-care plans from Romney and the two Democrat-led chambers were hammered into one.

What resulted is a proposal that health-care experts say is unlike any other in the country. What to do about the 45 million Americans without health insurance has flummoxed both the Bush administration, whose proposal for "health savings accounts" fizzled, and that of Bill Clinton, whose broad plan for health-care changes fell flat.

On the state level, Hawaii and Maine have programs that seek to offer near-universal access to health insurance, and Illinois last year approved a subsidy plan that will widely increase coverage for needy children.

But no state, experts say, has taken the step of making health insurance coverage a legal requirement. The idea was applauded by Uwe E. Reinhardt, a professor of economics and public affairs at Princeton University, who said that he has long believed that the American system of allowing uninsured patients to receive care at the government's expense was nothing more than "freedom to mooch."

"Massachusetts is the first state in America to reach full adulthood," said Reinhardt, noting that the new measure is a move toward personal responsibility. "The rest of America is still in adolescence."

As simple as the idea sounds -- buy insurance or else -- the proposal is complex and, in some cases, still unfinished. For instance, it leaves the task of determining exactly how much some low-income residents will pay for their new, more affordable policies to a new agency that would serve as a liaison between the government, policyholders and private insurance companies.

Because of that uncertainty, some still worry that the residents required to buy insurance would not be able to.

"Who defines what's affordable?" said the Rev. Hurmon Hamilton, a minister in the Boston neighborhood of Roxbury and a leader in an interfaith organization that has pushed for health-care changes.

Another aspect that may change is the $295 annual fee that the bill would require companies to pay for each employee they do not provide with insurance. Legislative leaders have insisted that this money be fed into the pool that would subsidize low-cost policies for the uninsured, but Romney said that would be unnecessary.

"That's likely to be adjusted by me," he said -- potentially through the use of a line-item veto.

This is how Massachusetts leaders envision the plan would work:

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Uninsured people earning less than the federal poverty threshold would be able to purchase subsidized policies that have no premiums, and would be responsible for very small co-payment fees for emergency-room visits and other services. Those earning between that amount and three times the poverty-level amount would be able to buy subsidized policies with premiums based on their ability to pay. Though no maximum premium is set in the bill, legislators' intent seems to be for it to top out at about $200 to $250 per month.

All residents will have to provide details about their health insurance policy on their state income tax returns in 2008. Those who do not have insurance would first lose their personal state tax exemption, perhaps worth $150, and later face penalties equal to half the cost of the cheapest policy they should have bought. That might work out to $1,200 per year, officials said. Those who cannot find an affordable plan could obtain a waiver.

Enforcement of the requirement will not be done by hospitals, officials said: They will treat uninsured patients as before.

The bill's passage was celebrated as a victory in the state legislature, with House Speaker Salvatore F. DiMasi (D) telling colleagues that they had succeeded where other states had failed.

"We did something to solve the problem," he said.

The same message might provide a political boost to Romney, who is considering a presidential run in 2008. By proving he can work with Democrats, and find a health-care solution that relies on the private sector, Romney can portray himself as an executive who can work across the aisle in harshly partisan times.

"It might help him to say, 'Look, I have a solution for health insurance,' " said Julian E. Zelizer, a professor of history at Boston University.

Massachusetts Seeks To Mandate Health Coverage (WSJ)

By John Hechinger And David Armstrong

The Wall Street Journal, April 5, 2006

In a far-reaching bid to obtain universal health-care coverage in their state, Massachusetts lawmakers overwhelmingly approved a bill that is the first in the nation that requires all citizens to buy medical insurance.

The bill also requires that businesses not offering health insurance pay penalties to help cover the uninsured and uses a combination of added state spending, tax incentives, insurance subsidies and expanded government-insurance programs to reach the estimated 550,000 Massachusetts residents who are currently uninsured. Gov. Mitt Romney, widely viewed as a possible presidential candidate, has indicated he intends to sign the bill.

Massachusetts, a state of 6.4 million people, would join only Hawaii, which for decades has required employer-provided insurance, in attempting to mandate universal coverage, according to the National Conference of State Legislatures. A handful of other states, including California and New York, have measures pending that seek to cover many more state residents, and dozens of others are trying to address the problem in smaller ways.

"States are struggling with this all over the country," said Rachel DeGolia, the operations director for Universal Health Care Action Network, a national nonprofit group pushing for wider health coverage. "What is unique about Massachusetts is they are trying to do something about it."

Richard Cauchi, director of health programs for the state legislatures group, called the individual-mandate requirement in Massachusetts "novel." The tactic, akin to forcing drivers to buy car insurance, "is an untried approach that other states will look at with interest," he said.

Yesterday's action shows that states may prove more adept at coming up with plans to provide universal coverage after President Bill Clinton found such efforts to be a big stumbling block at the federal level in the 1990s. Massachusetts faced a July federal deadline to show that it was working to cover more of the uninsured or face losing $385 million in funding for Medicaid, the federal-state insurance plan for the poor and disabled. Other states -- schedules vary from state to state -- are expected to face similar pressure in coming years.

Though some business groups, such as the Greater Boston Chamber of Commerce, have generally voiced support for the bill, others, especially those representing small businesses, are wary of its effects on costs and job creation. In addition, health-care experts say the plan, despite its bold claims, provides little new money to pay for health care. They note that under Gov. Michael Dukakis, Massachusetts approved a plan for universal health coverage in the late 1980s that died because of lack of money.

Under the plan approved yesterday, uninsured residents who don't buy new, low-cost plans -- some subsidized by the state -- would face financial penalties beginning in July 2007. In the first year, those who don't buy insurance -- provided the state makes available one deemed affordable -- forfeit their personal state tax exemption, now worth about $150. In the second year, those who don't buy would have to pay a fine equal to half of the monthly premium cost of an affordable plan. For a full year, the

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fine could total about $1,200 for a young adult who would be eligible for an individual plan. There are no criminal penalties for not buying insurance.

In another provision that stirred unease among some businesses, the proposed law would require companies with 11 or more employees to provide health coverage or pay a per-employee annual fee of $295. In addition, employers whose uninsured workers make multiple use of emergency room care -- "free riders," in the bill's parlance -- would have to pay between 10% and 100% of the portion of those medical bills exceeding $50,000.

The bill would shift about $1 billion in government money -- mostly federal -- to several programs to provide low-cost insurance plans to the uninsured. One plan would increase eligibility for state Medicaid to more families; another would provide state subsidies for low-income families; another would create a big insurance pool that aims to make coverage more affordable for small businesses to give their employees the chance to buy health insurance with pretax dollars.

Lawmakers hope that requiring coverage will increase demand for such policies, which private insurers would then be eager to supply. They also hope that reducing reliance on expensive emergency room visits will lower health-care costs.

The bill would require residents to secure coverage by July 2007. Lawmakers said they expect the bill will lead to the coverage of 90% to 95% of uninsured residents by 2009. "This is really a landmark for our state," Gov. Romney said in an interview. "We can do what most people thought was impossible, which is to get health insurance for every citizen without a government takeover and without new taxes."

The bill passed unanimously in the Massachusetts Senate and 155-2 in the House. Although Democrats dominate both chambers, Gov. Romney, a Republican, has been a big advocate of most of the provisions at a time when he is widely believed to be considering running for U.S. president. A successful plan for health-care reform is likely to be a big feature of any run.

Analysts and even supporters acknowledged some potential pitfalls in the bill. First, the state has yet to define what is an "affordable" health-care plan. The bill requires only that individuals buy a plan if the state determines it to be affordable, presumably based on a reasonable percentage of income. The plan relies on private insurers to come up with such plans, and insurers could either fail to do so, or provide plans that aren't attractive or that don't provide much protection.

Alan Sager, a professor of health services at Boston University, said Massachusetts is "leaping into murky waters by obliging individuals to buy coverage." He said the legislation doesn't provide enough funding to solve the problem. "It seems the bill would force individuals to buy very flimsy or expensive policies beyond their financial reach," he said.

Dr. Sager said one recent study estimated that providing health-care coverage to the uninsured in Massachusetts would require an annual state subsidy of $700 million, which is about four times what is provided for in the current legislation.

He also said the legislation contains a Medicaid rate increase for the state's hospitals and doctors that will total $540 million over three years. "This is more money for business-as-usual health care," he said. "Legislators have to trumpet great accomplishments. They conceived an elephant 18 months ago, but have given birth to a mouse."

A spokesman for the Massachusetts Hospital Association said the rate increase comes after years of Medicaid "underpayment," during which the government insurer often paid less than the cost of the service provided.

Gov. Romney has 10 days to sign the bill into law, and though he has said he will do so, he can veto individual measures. He has said he opposes any new payroll taxes for the plan, but considers the penalties on businesses to be fees, not taxes. Yesterday, he said he would examine the $295 fee carefully.

The Massachusetts plan would create a more-than $1 billion-a-year program for the uninsured, though much of it would come from shifting around existing money. The state would kick in $125 million in new spending, mostly for subsidizing health-insurance plans for lower-income residents. The rest could come from existing programs, and the fees on businesses and individuals who don't meet the bill's requirements.

"The rest of the country is waiting for us," said Massachusetts Sen. Therese Murray, a Democrat from Plymouth, Mass., and chairwoman of the Senate Committee on Ways and Means, which hammered out the legislation. "We're going to be the first test case."

A Warm Farewell For A Cold Warrior (WP)

By Dana Milbank

The Washington Post, April 5, 2006

They laid Caspar Weinberger to rest yesterday beneath an old oak tree on an Arlington National Cemetery hilltop with a view of the Pentagon he once led.

Their faces emerged as if from the history books, or from yellowed newspaper photos: Margaret Thatcher, Jeane Kirkpatrick, Ed Meese, Frank Carlucci, John Poindexter, Jack Kemp, James Schlesinger and other Cold Warriors of the late 20th century.

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And though they were mourning Weinberger, the Reagan defense chief who died last week at age 88, they were also celebrating what they see as his -- and their -- signal triumph: the end of the Soviet Union. Judging from the wizened faces, white hair and walking canes, there will not be many more such reunions.

"His goal was an era of hope and peace, one in which the people of Eastern Europe lived free, one in which the Berlin Wall no longer divided families but instead existed only in memory, or its shards sold as souvenirs," eulogized Donald Rumsfeld, who both preceded and followed Weinberger as defense secretary. "Today we live in that world, a world made safer and freer by Cold Warriors like Cap Weinberger." The usually cool Rumsfeld choked up as he added: "May God bless the country he so loved and served so well."

Colin Powell, who as President Bush's secretary of state didn't agree with Rumsfeld often, concurred on the meaning of Weinberger. Ronald Reagan, Powell said in his eulogy, "needed a champion to rebuild the armed forces of the United States to show the Soviets and the world how strength can lead to peace, and that champion was Cap Weinberger."

Both men were, in a sense, remembering a simpler time, before the binary logic of mutually assured destruction gave way to the messy nuances of asymmetrical warfare. When Weinberger ruled the Pentagon, there was an easily defined enemy, and the free world held the United States in high esteem.

In their dueling eulogies (they cited some of the same anecdotes), Rumsfeld and Powell each saw in Weinberger a proponent of his own world view. Powell, recalling Weinberger's nickname "Cap the Knife" for his budget cutting, said he was also "Cap the Compassionate" in the Nixon administration, championing Head Start and health insurance. "Above all, he loved what [America] stood for and he loved what we represented to the rest of the world," Powell said. It had the sound of an implicit rebuke of Rumsfeld and Vice President Cheney, who was seated in the front row.

Rumsfeld preferred to remember the unyielding Weinberger. "For many years, a quote from Winston Churchill hung in Cap Weinberger's office," he said. "It said: Never give in -- never, never, never, never, in nothing great or small, large or petty, never give in." Rumsfeld left out the rest of Churchill's famous phrase: "except to convictions of honor and good sense."

The other eulogist, Sen. Olympia Snowe (R), representing Weinberger's adopted home state of Maine, also invoked the Cold War. In Maine, she said of California-native Weinberger, "you never get top billing unless you were actually born there, and even if you were pivotal in the downfall of the Soviet Union and the end of the Cold War."

With Rumsfeld participating, the Pentagon took over many of the arrangements for the funeral or, in military parlance, "Internment Service for FSECDEF Caspar Weinberger." Family members did not speak at the ceremony. And the military's tight control over attendance left the Arlington chapel, which holds 300, about a third empty.

Lady Thatcher, who did not speak because of illness, heard Powell describe her as Weinberger's Churchill. Powell, who was a military aide to Weinberger, recalled his boss's persnickety side ("He hated split infinitives . . . he even insisted we send back thank-you letters for thank-you letters"), his calm ("He loved to take naps, usually in the middle of meetings") and even his tolerance of a driver who picked him up drunk on Thanksgiving and wished him a "Happy Easter." The two words that sullied Weinberger's career -- "Iran-contra" -- got only an oblique mention by Powell, who spoke of "the one moment of his despair."

The military declined to share its guest list with reporters, but the list of pallbearers included some of the top officials from Reagan's presidency: Joint Chiefs chairman John Vessey, national security adviser William Clark, energy secretary John Herrington, deputy defense secretary Will Taft. Spotted in the crowd were Reagan's Navy secretary, John Lehman, publisher Steve Forbes and Reagan Pentagon officials Richard Perle and Fred Ikle.

There were relatively few with more recent government service: Powell deputy Richard Armitage, Joint Chiefs Chairman Peter Pace and three senators. This was, after all, not a time to think about today's problems -- none of the three eulogists even mentioned the word "terror" -- but to celebrate yesterday's victory.

"Today, some think back on the Cold War as if victory in that war was inevitable; that was not the case," Rumsfeld said. It was Weinberger, he said, who "helped restore pride in our country's uniform and helped win the Cold War."

Theme Park-Like Camp Built Near Haymarket (WP)

By Nikita Stewart

The Washington Post, April 5, 2006

The Boy Scouts of America is planning to open a $17 million camp catering to Cub Scouts next month on the site near Haymarket where the Walt Disney Co. tried to build a theme park 12 years ago.

The camp will be built and operated by the National Capital Council, which represents more than 85,000 Scouts and 23,000 volunteers in the District and 16 counties in Maryland and Virginia. It is one of the most expensive scouting construction projects in the nation, officials said, and unusual because of its focus on Cub Scouts as well as Boy Scouts.

"We've never had a facility that's been able to connect with the Cub Scouts," said Alan F. Lambert, the council's Scout executive.

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Officials said the Scouts wanted a camp closer to Washington so that Cub Scouts, the organization's youngest members, could enjoy an overnight camping experience. The council's closest camp is in Goshen, Va., which is an inconvenient three-hour ride from Washington for 7- to 10-year-olds, who require more supervision and tend to get more homesick than older Scouts, Lambert said.

The scheduled opening of Camp William B. Snyder is May 6. Snyder, a former Geico chairman, is a longtime member of the area Scout council board and was instrumental in securing the land for the project.

The camp sprawls over 350 acres once designated for "Disney's America," a U.S. history theme park Disney scrapped in 1994 after protests from residents and preservationists about its proximity to the Manassas National Battlefield Park. Disney sold the site to the Boy Scouts for $1.5 million in 1997.

Camp Snyder will have touches of a theme park, from a 67-foot climbing wall to an aquatics center with water slides. Scout officials said, however, that they tried to preserve much of the site's natural state. The council created more than 100 acres of wetlands that are attracting birds and wildlife that the Scouts will explore.

"It's a positive part of the program to protect wildlife and eco-systems," Lambert said. "It's part of the camping experience."

The camp has themed areas such as the Big Dig, where Scouts can dig up replicas of dinosaur bones and assemble their own skeletons, and the Space Port, where they can explore a simulation of Mars, said Maj. Gen. Raymond Johns, chairman of program development at the camp.

"What a neat experience," he said.

From Memorial Day through Labor Day, the camp will serve about 1,000 Cub Scouts a week, said Johns. Boy Scouts can camp there on weekends throughout the year.

Johns and Lambert showed photos and drawings of the camp to the Prince William Board of County Supervisors yesterday. Other themed areas include a Native American village with tepees, a fort with a BB gun range and a ship surrounded by blue vulcanized rubber to suggest the ocean.

The adventures will not be the traditional rustic experience the public associates with scouting and camping, Lambert said. He showed a photo of the 600-seat dining hall, still under construction, that looked more like a McMansion. The modern facilities, including upgraded bathrooms and showers, were responses to parents, especially mothers, concerned about how younger children and adult volunteers would fare in the wild, Lambert said.

The Scouts will still sleep in tents, although they are much roomier, fitting six to eight Cub Scouts or four volunteers in each one, he said.

The camp's attractions and its $17 million price tag -- raised through private and corporate donations and general financing -- make it one of the biggest in the country compared with facilities used by the more than 300 councils, said Gregg Shields, national spokesman for the Boy Scouts of America in Irving, Tex. "I have not found another of a larger size in terms of investment," he said.

When Disney dropped its plans for a theme park, Snyder and Ron L. Carroll, who was Scout executive at the time, led the negotiations to buy the land, Lambert said. Carroll died last year.

Snyder, 76, who now lives in St. Petersburg, Fla., said he missed out on the Scout experience as a child because his local troop disbanded after its leader was drafted to serve in World War II. "My son was in the Scouts when he was growing up and I was a civilian leader," he said. "I think highly of the Scouts as a character-building organization."

Couric To Announce Her Move On 'Today' (WP)

By Howard Kurtz

The Washington Post, April 5, 2006

Katie Couric plans to confirm this morning on "Today" that she is leaving the top-rated morning show after 15 years, and CBS will quickly announce, probably today, that she will take over the anchor chair once occupied by Walter Cronkite and Dan Rather.

Couric, 49, decided yesterday to use the occasion of her 15th anniversary, when the NBC program will be reflecting on her tenure, to look forward to the next chapter in her career, said sources at both networks and people familiar with her thinking.

The sources, who first confirmed Couric's plans Monday, had expected the CBS negotiations to drag on a bit longer, but said now the network has wrapped up the negotiations and wants to go public as soon as Couric does.

Bob Schieffer, the current CBS anchor, who had made clear that he did not want to keep the job indefinitely, said yesterday: "I hope it is true. I've known Katie for many years; she's a first-rate reporter and a terrific interviewer. I love Katie and I think she'll love CBS News."

The move by Couric, who will remain at "Today" until her NBC contract expires in May, will have repercussions throughout the broadcast schedule. NBC, which is determined to maintain its morning ratings lead, has offered her job to Meredith Vieira of

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ABC's "The View" and the syndicated "Who Wants to Be a Millionaire," who is still weighing the opportunity against family concerns. CBS is making a multimillion-dollar bet that Couric, who would be the first solo female anchor of a weekday network newscast, can boost the third-place "CBS Evening News."

Couric, who attracted enormous publicity while weighing her options, is said by those who know her to be brimming with ideas about how to adapt the evening newscast to her skills and personality.

The "Today" retrospective at 7:30 this morning will feature video clips of Couric over the years, followed by her comments about her departure, and will have a less celebratory tone than otherwise would have been the case. Couric is close to NBC chief executive Jeff Zucker, her original producer on "Today," the sources said, and has been trying to manage her departure without hurting relationships with him and other longtime colleagues at NBC.

Yes, It's Anti-Semitic (WP)

By Eliot A. Cohen

The Washington Post, April 5, 2006

Academic papers posted on a Harvard Web site don't normally attract enthusiastic praise from prominent white supremacists. But John Mearsheimer and Stephen Walt's "The Israel Lobby and U.S. Foreign Policy" has won David Duke's endorsement as "a modern Declaration of American Independence" and a vindication of the ex-Klansman's earlier work, presumably including his pathbreaking book, "Jewish Supremacism."

Walt and Mearsheimer contend that American national security dictates distancing ourselves from the state of Israel; that U.S. support for Israel has led to such disasters as America's status as the No. 1 target for Islamic terrorists; and that such an otherwise inexplicable departure from good sense can be accounted for only by the power of "The Lobby" (their capitalization), an overwhelmingly Jewish force abetted by some Christian evangelicals and a gentile neocon collaborator or two, who have hijacked American foreign policy and controlled it for decades.

One of Mearsheimer's University of Chicago colleagues has characterized this as "piss-poor, monocausal social science." It is indeed a wretched piece of scholarship. Israeli citizenship rests "on the principle of blood kinship," it says, and yet the country has a million non-Jewish citizens who vote. Osama bin Laden's grievance with the United States begins with Israel, it says -- but in fact his 1998 fatwa declaring war against this country began by denouncing the U.S. presence in Saudi Arabia and the suffering of the people of Iraq. "Other ethnic lobbies can only dream of having the political muscle" The Lobby has -- news to anyone advocating lifting the embargo on Fidel Castro's Cuba. The Iraq war stemmed from The Lobby's conception of Israel's interest -- yet, oddly, the war attracted the support of anti-Israel intellectuals such as Christopher Hitchens and mainstream publications such as The Economist. America's anti-Iran policy reflects the dictates of The Lobby -- but how to explain Europe's equally strong opposition to Iranian nuclear ambitions?

Oddly, these international relations realists -- who in their more normal academic lives declare that state interests determine policy, and domestic politics matters little -- have discovered the one case in which domestic politics has, for decades, determined the policy of the world's greatest state. Their theories proclaim the importance of power, not ideals, yet they abhor the thought of allying with the strongest military and most vibrant economy in the Middle East. Reporting persecution, they have declared that they could not publish their work in the United States, but they have neglected to name the academic journals that turned them down.

Inept, even kooky academic work, then, but is it anti-Semitic? If by anti-Semitism one means obsessive and irrationally hostile beliefs about Jews; if one accuses them of disloyalty, subversion or treachery, of having occult powers and of participating in secret combinations that manipulate institutions and governments; if one systematically selects everything unfair, ugly or wrong about Jews as individuals or a group and equally systematically suppresses any exculpatory information -- why, yes, this paper is anti-Semitic.

Mearsheimer and Walt conceive of The Lobby as a conspiracy between the Washington Times and the New York Times, the Democratic-leaning Brookings Institution and Republican-leaning American Enterprise Institute, architects of the Oslo accords and their most vigorous opponents. In this world Douglas Feith manipulates Don Rumsfeld, and Dick Cheney takes orders from Richard Perle. They dwell on public figures with Jewish names and take repeated shots at conservative Christians (acceptable subjects for prejudice in intellectual circles), but they never ask why a Sen. John McCain today or, in earlier years, a rough-hewn labor leader such as George Meany declared themselves friends of Israel.

The authors dismiss or ignore past Arab threats to exterminate Israel, as well as the sewer of anti-Semitic literature that pollutes public discourse in the Arab world today. The most recent calls by Iran's fanatical -- and nuclear weapons-hungry -- president for Israel to be "wiped off the map" they brush aside as insignificant. There is nothing here about the millions of dollars that Saudi Arabia has poured into lobbying and academic institutions, or the wealth of Islamic studies programs on American campuses, though they note with suspicion some 130 Jewish studies programs on those campuses. West Bank settlements get

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attention; terrorist butchery of civilians on buses or in shopping malls does not. To dispute their view of Israel is not to differ about policy but to act as a foreign agent.

If this sounds personal, it is, although I am only a footnote target for Mearsheimer and Walt. I am a public intellectual and a proud Jew; sympathetic to Israel and extensively engaged in our nation's military affairs; vaguely conservative and occasionally hawkish. In a week my family will celebrate Passover with my oldest son -- the third generation to serve as an officer in the United States Army. He will be home on leave from the bomb-strewn streets of Baghdad. The patch on his shoulder is the same flag that flies on my porch.

Other supposed members of "The Lobby" also have children in military service. Impugning their patriotism or mine is not scholarship or policy advocacy. It is merely, and unforgivably, bigotry.

The writer is a professor at Johns Hopkins University's School of Advanced International Studies.

Iran: Ready To Negotiate On Enrichment (AP)

By Ali Akbar Dareini

AP, April 4, 2006

Iran said Tuesday it is willing to negotiate with world powers on large-scale enrichment of uranium but will never give way on their key demand — to cease all enrichment, a process that can produce fuel for nuclear reactors or material for bombs.

The U.N. Security Council has demanded that Iran suspend all uranium enrichment activities and asked the U.N. nuclear watchdog agency to report back by April 28 on whether Iran had complied.

Foreign Minister Manouchehr Mottaki reiterated that Iran would not comply with the Security Council demand, saying the small-scale enrichment it resumed in February was strictly for research and was within its rights.

The United States and France have accused Iran of pursuing a secret program to build atomic weapons, but Tehran claims its nuclear program is peaceful and aimed only at generating electricity. Enrichment makes uranium suitable for reactor use but, taken to a high degree, it becomes suitable for a nuclear bomb.

"The enrichment of uranium ... is Iran's right as defined as a signatory to the Nuclear Non-Proliferation Treaty," Mottaki said. "One thing we can't give up and that is the right of the Iranian nation ... We can't hold a dialogue with any country about giving up our rights."

He added, however, that Iran was prepared to talk to the international community about large-scale enrichment.

Mottaki did not specify with whom Iran wants to hold negotiations. The United States is facing calls from its European allies for it to enter direct talks with Iran to resolve the standoff.

German Foreign Minister Frank-Walter Steinmeier underlined his country's support for U.S.-Iran nuclear talks ahead of a meeting in Washington with Secretary of State Condoleezza Rice.

"I think it is recognized here in Washington that the British and the German foreign ministers are positive on this question," he told reporters Tuesday.

State Department spokesman Adam Ereli said Monday the cause of the standoff was "not because the United States isn't in negotiations" but because Iran was defying international pressure and "moving with apparently great determination to develop an enrichment capability."

"So don't suggest that the way to solve this is for the U.S. to jump into negotiations. The way to resolve it is to get Iran to cease and desist from its active refusal to be a responsible member of the international community," Ereli said.

Iran and the United States have agreed to hold rare direct, high-level talks to discuss how to stabilize Iraq. While both sides have insisted the talks won't touch on the nuclear issue, U.S. officials say they suspect Tehran is looking to open the door for nuclear talks.

Since the U.N. Security Council issued its demand last week, Iran has taken a stance of rejection — while playing up hopes for a negotiated solution.

Mottaki said Iran's nuclear program had two options: cooperation or confrontation. "Iran prefers the first option," he said.

On Monday, hard-line Iranian President Mahmoud Ahmadinejad said the United States and Europe were "confused" if they thought they could stop Iran's nuclear ambitions. But he vowed Iran's nuclear program would be "transparent" and under the supervision of the International Atomic Energy Agency.

Past negotiations have faltered over the enrichment issue. Britain, France and Germany negotiated with Iran for two years on behalf of the European Union, endeavoring to persuade Tehran to abandon enrichment. Iran gave up on the negotiations last August and resumed parts of its nuclear program that it had suspended as a goodwill gesture.

Moscow then tried to persuade Tehran to accept a U.S.-backed compromise proposal under which large-scale uranium enrichment for Iran's nuclear program would take place in Russia. But negotiations ended in a stalemate after Tehran rejected a Russian demand to suspend uranium enrichment activities at home.

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Democrat: Intelligence On Iran Inadequate (AP)

By Katherine Shrader

AP, April 4, 2006

U.S. intelligence information on Iran is inadequate and may contain misinformation that spy agencies are accepting as solid, the top Democrat on the House Intelligence Committee said Tuesday.

Rep. Jane Harman (news, bio, voting record), D-Calif., told a Council on Foreign Relations gathering that she and other lawmakers recently received a briefing from intelligence agencies based on information shared with the International Atomic Energy Agency and the U.N. Security Council.

Her bottom line: "I remain skeptical — lots of unanswered questions."

"The conjecture that I have is that if I were Iran, and I wanted to put out disinformation, it might look a lot like what our government is claiming is information," she said. "I can't tell you that's true, but I can't tell you it's not true."

Harman didn't provide details on the classified session.

With tensions growing between the U.S. and Iran over its nuclear program, Tehran in the past week has touted new weapons including missiles supposedly invisible to radar and torpedoes too fast to be avoided. Experts have questioned Iran's claims about the weapons' capabilities.

The announcements came as the Bush administration was working toward a diplomatic solution to address its belief that Iran intends to produce nuclear weapons. Iran says it aims only to generate electricity, but it has thus far defied U.N. Security Council demands that it give up key parts of its program.

Last week, the Security Council unanimously approved a statement demanding that Iran suspend uranium enrichment.

When asked about Iran's recent weapons announcements Tuesday, White House spokesman Scott McClellan said Iran's "aggressive military program and defiant rhetoric are further examples of how the regime is isolating itself." But he stressed the administration hopes to work toward a diplomatic solution.

McClellan said the United States has a number of concerns about Iran's behavior, including its efforts to conceal its nuclear activities, support of terrorism, use of threatening rhetoric and disregard for the demands of the international community.

Harman said she does not doubt that Iran is a threat. "The issue is how capable are they and what are the real intentions of Iran's leaders, and I think the jury is out on both of those," Harman said.

In recent months, she and others on Capitol Hill have been seeking information about how to deal with Iran. Bruises in Congress and elsewhere in the government remain fresh on the botched prewar intelligence on Iraq's never-to-be-found weapons of mass destruction.

"I want to be absolutely sure that we base decisions — especially tough decisions like what are the next steps with Iran, and I surely hope they are diplomatic because I think those are our best options — on pristine and pure intelligence or the closest we can get to that," Harman said.

She was echoing the words of former U.S. weapons inspector David Kay, who was in charge of the hunt for Iraq's arsenal until he quit his position in January 2004. Then, he said that "pristine intelligence, good accurate intelligence" was fundamental to a pre-emptive military policy, which the Bush administration adopted after Sept. 11, 2001.

Harman spoke alongside former acting CIA Director John McLaughlin, a veteran intelligence analyst who was the agency's No. 2 official in the run-up to the Iraq war. He politely quibbled with the use of the phrase "pristine intelligence."

"It's important, I think, to realize that intelligence isn't going to be pristine and pure," McLaughlin said.

He said intelligence is often incomplete and at some point policy decisions must be made. "We are getting a little caught in the idea that intelligence has the answer to everything," he said.

Iran Says It Can Handle Any Invasion (AP)

By Ali Akbar Dareini

AP, April 4, 2006

A top Iranian military official said Tuesday the country can now defend itself against any invasion originating from outside the region — a clear reference to the United States — as it tested a second new radar-avoiding missile.

The new surface-to-sea missile is equipped with remote-control and searching systems, state-run television reported. It said the new missile, called Kowsar after the name of a river in paradise, was a medium-range weapon that Iran had the capability to mass-produce.

It also asserted that the Kowsar's guidance system could not be scrambled, and it had been designed to sink ships.

Shortly after the test, the chief of the elite Revolutionary Guards, Gen. Yahya Rahim Safavi, warned that Iran was now able to "confront any extra-regional invasion," referring to the United States without mentioning it by name.

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"The missile command of the Guards' naval force ... via positioning various types of surface-to-sea missiles, is able, while defending the coastlines and islands, to confront any extra-territorial invasion," the official Islamic Republic News Agency quoted Safavi as saying.

Safavi also called for foreign forces to leave the region. The U.S. 5th Fleet is based in Bahrain, from where it patrols the Gulf.

"Iran wants durable peace in the Persian Gulf and it can't be achieved without foreign forces and those which invaded Iraq leaving (the region)," IRNA quoted Safavi as saying.

On Friday, the country tested the Fajr-3, a missile that it said can avoid radars and hit several targets simultaneously using multiple warheads. Iran also has tested what it calls two new torpedoes.

The second torpedo, unveiled Monday, was tested in the Straits of Hormuz, the narrow entrance to the Gulf that is a vital corridor for oil supplies. That seemed to be a clear warning to the United States that Iran believes it has the capability to disable oil tankers moving through the Gulf.

The Revolutionary Guards, the elite branch of Iran's military, have been holding their maneuvers — code-named the "Great Prophet" — since Friday, touting what they call domestically built technological advances in their armed forces.

But some military analysts in Moscow said it appears the high-speed torpedoes likely were Russian-built weapons that may have been acquired from China or the former Soviet republic of Kyrgyzstan.

Others have questioned just how radar-evading the missiles are. Iran's radars are not as advanced as those of Israel, for example — meaning that perhaps the new weapons can avoid Iran's radar but not more advanced types.

The United States said Monday — after the second torpedo test — that while Iran may have made "some strides" in its military, it likely is exaggerating its capabilities.

"We know that the Iranians are always trying to improve their weapons system by both foreign and indigenous measures," Pentagon spokesman Bryan Whitman said in Washington. "It's possible that they are increasing their capability and making strides in radar-absorbing materials and technology."

But "the Iranians have also been known to boast and exaggerate their statements about greater technical and tactical capabilities," he said.

It has not been possible to verify Iran's claims for the new armaments. But the country has made clear it aims to send a message of strength to the United States amid heightened tensions over its nuclear program.

The U.N. Security Council has demanded Iran give up uranium enrichment, a crucial part of the nuclear process. Washington is pressing for sanctions if Tehran continues its refusal to do so, though U.S. officials have not ruled out military action as an eventual option, insisting they will not allow Iran to gain a nuclear arsenal.

In Russia, a Kremlin-allied lawmaker on Tuesday criticized the recent torpedo and missile tests as a counterproductive show of might at a time when it should be trying to allay fears that it is trying to build a nuclear weapon.

"It is clear that Iran is demonstrating its muscle in order to forestall any discussions of a possible operation using force against Iran," Konstantin Kosachev, the head of the parliamentary foreign affairs committee, was quoted as saying according to the RIA Novosti news agency.

On Tuesday, state-run television also said the elite Revolutionary Guards had tested what it called a "super-modern flying boat" capable of evading radar. TV showed a brief clip of the boat's launch.

"Due to its advanced design, no radar at sea or in the air can detect it. It can lift out of the water," the television said. It said the boat was "all Iranian-made and can launch missiles with precise targeting while moving."

The television showed the boat, looking like an aircraft, taking off from the sea and flying low over the surface of the water. It said the craft can fly with a speed of 100 nautical miles per hour.

Iran said the torpedo tests were conducted Sunday and Monday. The torpedo — called a "Hoot," or "whale" — is able to move at 223 mph, too fast for any enemy ship to elude.

Iran has routinely held war games over the past two decades to improve its combat readiness and test locally made equipment such as missiles, tanks and armored personnel carriers.

Iran launched an arms development program during its 1980-88 war with Iraq to compensate for a U.S. weapons embargo. Since 1992, Iran has produced its own tanks, armored personnel carriers, missiles and a fighter plane.

Some Say Iran's Weapons Come From Russia (AP)

By Lee Keath

AP, April 4, 2006

Iran has unveiled with great fanfare a series of what it portrays as sophisticated, homegrown weapons — flying boats and missiles invisible to radar, torpedoes too fast to elude.

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But experts said Tuesday it appears much of the technology came from Russia and questioned Iran's claims about the weapons' capabilities.

Still, the armaments, tested during war games by some 17,000 Revolutionary Guards in the Persian Gulf, send what may be Iran's real message: its increased ability to hit oil tankers if tension with America turns to outright confrontation.

To underline that message, the maneuvers — code-named "The Great Prophet" — have been held since Friday around the Strait of Hormuz, the 34-mile-wide entrance to the Gulf through which about two-fifths of the world's oil supplies pass.

Throughout the war games, Iran has touted what it calls technological leaps in its weapons production. In recent years, Iran revved up its arms programs after long relying on purchases abroad to keep up its aging arsenal, hampered by U.S. sanctions and Washington's pressure on other countries against selling weapons to Tehran.

The head of the Revolutionary Guards, Gen. Yahya Rahim Safavi, proclaimed Tuesday that Iran was now able to defend itself against "any extra-regional invasion."

It was a clear reference to Iranian worries of potential U.S. military action to stop its nuclear program, which Washington claims is intended to produce nuclear weapons. Iran says it aims only to generate electricity, but has so far defied U.N. Security Council demands that it give up key parts of its program.

The new weapons, many of them shown on Iranian state TV during their tests, have come with impressive claims:

· A missile, the Fajr-3, that is invisible to radar and able to strike several targets with multiple warheads.

· A high-speed torpedo, the Hoot, able to move at some 223 mph, up to four times faster than a normal torpedo, and fired by ships cloaked to radar.

· A surface-to-sea missile, the Kowsar, with remote-control and searching systems that cannot be scrambled.

· A "super-modern flying boat," undetectable by radar and able to launch missiles with precise targeting while skimming low over the surface of the water at a top speed of 100 nautical mph.

There are questions over Iran's claims. In Washington, Pentagon spokesman Bryan Whitman said "the Iranians have been known to boast and exaggerate" their weapons capabilities.

And some experts cast doubt on just how radar-evading Iran's ships and missiles are.

Iran's radars are not as advanced as those of Israel, for example — meaning that perhaps the weapons can avoid the radar that Iran has access to, but not more advanced types, said Meir Javedanfar, an Iranian-born, Israel-based analyst.

"The question here is, what radar did they test their own weapons against? If it's the radar they've been using for all these years, then that's not saying 100 percent that these things are undetectable," he said.

Others questioned if Iran developed the weapons on its own.

The Hoot torpedo — the name means "whale" — closely resembles the Russian-made VA-111 Shkval, the world's fastest known underwater missile, developed in 1995, said Ruslan Pukhov of Moscow's Center for Analysis of Strategies and Technologies.

The Shkval attains high speeds by coating itself in a cocoon of air bubbles, reducing friction, and Pukhov said its technology was too sophisticated for the Iranians to produce themselves.

"Hypothetically, they could get access to the Shkval technology, but if so, I don't think they got it through Russian channels," he said.

Pukhov noted the former Soviet republic of Kyrgyzstan once had a Soviet torpedo testing center on the remote mountain lake of Issyk-Kul. And he said that in the turmoil that followed the Soviet breakup, Kyrgyz authorities sold Shkvals to the Chinese, a major importer of Iranian oil.

Kanybek Tabaldiyev, a senior official with a Kyrgyz company that makes torpedo and other military hardware at Issyk-Kul, denied his company transferred sophisticated technology to Iran. He said it was possible weaponry had been acquired through other means.

Chinese officials had no immediate comment on whether their country provided Iran with Shkvals.

China has been pursuing closer relations with Tehran in hopes of help in meeting its energy needs, and the United States has sanctioned Chinese companies in the past, accusing them of violating international controls on transfers of weapons technology to Iran. Beijing has protested the U.S. sanctions and in 2003, it issued its first regulations controlling exports of missile, nuclear and biological weapons technology.

Whatever the Iranian armaments' capabilities — or origins — they likely won't greatly affect the military balance of power in the Gulf, where the U.S. Navy's 5th Fleet is based, operating out of the island nation of Bahrain.

For example, the Hoot torpedo — if indeed based on the Shkval — has too short a range, about 7,500 yards, to be militarily significant, said Pavel Felgenhauer, a Russian analyst.

But Iran may be aiming to show the world, and its people, that it has options if the standoff over its nuclear program escalates. That could boost its hand in negotiations with the United States and Europe.

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"They know they are inferior to the U.S. Navy in the Persian Gulf, so this is their way of telling Americans .... we are not the only ones who would lose out if talks regarding the nuclear program fail," Javedanfar said.

The torpedo tests in particular are significant, he said.

"They know that if you sink one tanker in the Strait of Hormuz you can stop all shipping there, because the waters are quite shallow," he said.

Israelis Target Base In Abbas' Compound (AP)

By Ibrahim Barzak

AP, April 4, 2006

Israeli warplanes fired three missiles into the Gaza compound of Palestinian President Mahmoud Abbas on Tuesday in response to Palestinian rocket fire — the first such Israeli attack since the violent Islamic group Hamas took power last week.

Abbas condemned the attack, saying it had nothing to do with Hamas and was aimed at disrupting the daily lives of Palestinians.

The site was largely abandoned, and the army gave no explanation for hitting the security compound of the moderate leader, who was in the West Bank at the time. The missile strikes dug deep craters and wounded two police officers.

Since Hamas took control of the Cabinet, Israeli officials said they would shun the Palestinian Authority but would continue to work with Abbas, leader of the defeated Fatah Party. The attack Tuesday did not appear aimed at the Palestinian president, either directly or indirectly.

Israeli security officials have said Israel needs to send clear messages to Hamas that it must halt attacks, and Israel pledged to intensify its military strikes after Gaza militants fired a Katyusha rocket at Israel last week.

Abbas denounced the airstrike and called for international intervention to stop what he called Israel's "destruction for the sake of destruction." He said he contacted "the U.N., Russia, the EU and Arab states and told them that these actions complicate daily life and affect our human and social status."

Asked about the possibility Israel targeted a Palestinian security force that is under the authority of Hamas, Abbas replied that who is in charge of the various forces is none of Israel's business. "It is internal business," he said, adding Israel "doesn't have the right to interfere."

Abbas controls some of the armed units, and the rest are in the purview of the new interior minister, Said Siyam of Hamas.

Israel and Hamas are sworn enemies. Israel, along with the U.S. and European Union, labels Hamas a terror group for sending dozens of suicide bombers into Israel. Hamas does not accept the presence of a Jewish state in the Middle East.

While Hamas does not appear to be directly responsible for the rocket attacks on Israel, its leaders have said militants who attack Israel will not be arrested. And Hamas called last week's deadly suicide bombing at a West Bank settlement legitimate resistance to Israeli occupation.

Israeli tanks also shelled the northern Gaza Strip on Tuesday, killing one Palestinian and wounding seven, including a woman and her 6-month-old baby, Palestinian security and rescue officials said.

The Israeli army said it fired shells at empty fields in northern Gaza to deter militants from launching homemade rockets into Israel. Earlier Tuesday, militants set off several rockets, causing no injuries. Such barrages take place almost daily.

The Israeli missile attack in Gaza City came shortly after a Chinese envoy met Palestinian Foreign Minister Mahmoud Zahar, becoming the first foreign diplomat to do so since the Hamas government was sworn in.

Zahar, a Hamas leader, said he plans to visit China next month and was told a Palestinian delegation would be welcomed. It would be his first trip abroad since taking office.

"The Chinese told us that they are ready to receive a Palestinian delegation at any time," Zahar said. The Chinese diplomat, Yang Wei Guo, did not comment on Zahar's planned visit. Israel has been working to isolate the Hamas-led government, discouraging nations from hosting its officials.

Israel's largest bank said Tuesday it was severing ties with Palestinian banks. Bank Hapoalim said it made the decision after a legal review and "especially in light of the circumstances created" by the Hamas takeover.

Also Tuesday, Israel's new governing coalition started taking shape when the moderate Labor Party said it would join Kadima, led by acting Prime Minister Ehud Olmert. A Kadima-Labor coalition would be committed to Olmert's plan to set Israel's borders by 2010, withdrawing from large parts of the West Bank.

Final results from last week's Israeli election gave Kadima 29 seats and Labor 19 in the 120-seat Israeli parliament, requiring them to bring in additional parties to secure a majority. Coalition talks are expected to take weeks.

Olmert was named acting premier Jan. 4, when Prime Minister Ariel Sharon was felled by a stroke. Sharon, who remains in a coma, was to undergo surgery Tuesday to restore part of his skull, removed during surgery to stop bleeding from the stroke. Doctors postponed the operation because Sharon had a respiratory infection, the hospital said.

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The surgery is seen as a step toward moving the 78-year-old Sharon to a long-term care facility. He is not expected to recover.

Hamas FM Says Will Visit China (AFP-Y2)

AFP, April 4, 2006

Palestinian foreign minister Mahmud al-Zahar announced plans to visit China as Beijing became the latest power to reach out to Islamists Hamas despite a Western boycott.

"We are going to visit China and we have let the ambassador know," Zahar, a a Hamas hawk and firebrand, told reporters after meeting the Chinese envoy to the Palestinian territories, Yang Weiguo (eds: correct).

"We are going to go to east Asia, probably in late May, to attend an international conference. During the same month we are going to tour countries in east Asia, starting with China," he added providing no further details.

A visit to Beijing would make China the second UN Security Council member after Russia to host the radical Islamist faction since the organisation won a shock Palestinian election victory last January.

Israel immediately criticised any foreign power who may be tempted to invite the Hamas leadership for talks before the movement, blacklisted as a terrorist organisation in the West, reforms its ways.

"Anyone who recognises the Hamas government without this movement bending to the demands of the international community in recognising Israel, renouncing terrorism and accepting agreements, helps to maintain its extremist positions," said foreign ministry spokesman Mark Regev.

"If Hamas can get recognition without changing its positions, there is no chance it will become more moderate," he added.

The armed wing of the radical Islamist movement has carried out scores of suicide bombings in Israel. Its charter calls for the destruction of the Jewish state and cites armed struggle as the key to solving the Middle East conflict.

There was no immediate Chinese confirmation of a formal invitation to Zahar, but Beijing has already signalled its readiness to develop its close ties with the Palestinians.

"We are willing to maintain and develop our friendly relations with Palestine... We will earnestly consider future Palestinian requests for assistance," Chinese Foreign Minister Li Zhaoxing said last month.

The Chinese, who only forged diplomatic relations with Israel in 1992, have traditionally been seen as pro-Palestinian. Palestinian Authority president Mahmud Abbas travelled to Beijing in May 2005.

In the coming days, Zahar is to make his first foreign tour since he was sworn in as minister, with a visit to Arab countries, beginning with Egypt, where he will explain the new government's positions, his office said.

Hamas has also received invitations to South Africa and Malaysia although no dates have been set.

The Islamic group's cold-shouldering by the West however has continued with Canada, the Netherlands and the United States all saying they will have no contact with Hamas until it gives up the right to armed struggle and recognises Israel.

The so-called Middle East quartet, the European Union, Russia, the United Nations and the United States, has also collectively warned of dire consequences for Palestinian funding unless Hamas modifies its hardline stance.

Zahar has sought to minimise the loss of Western aid despite the financial crisis facing the cash-strapped Palestinian Authority, saying that Hamas will instead look for funds elsewhere from Arab and Islamic countries.

A visit by Hamas officials to Moscow last month at the invitation of Russian President Vladimir Putin incited Israeli anger and US reservations.

At the time, Hamas described its visit to Russia as a "breakthrough" that they hoped would help the group establish international legitimacy.

Rice To Lay Out U.S.-India Nuclear Deal Before Some Skeptical Lawmakers (WP)

By Dafna Linzer

The Washington Post, April 5, 2006

When President Bush announced a new phase in U.S.-India relations last month in New Delhi, he was not the only foreign visitor to attract attention. A day after his arrival, two Iranian naval ships, carrying several hundred sailors, docked at the Indian port of Kochi to begin five days of joint exercises, part of an extensive agreement Tehran and New Delhi signed in 2003.

The port call -- and the broader issue of India's military, scientific and economic ties with Iran -- have raised apprehension on Capitol Hill, where members are weighing an effort by the Bush administration to form its own strategic partnership with New Delhi.

Secretary of State Condoleezza Rice will address those concerns and others when she testifies today before the House and Senate foreign relations panels on details of the unfinished agreement, in which the United States would provide India with civilian nuclear technology.

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She faces pressure from Republican and Democratic lawmakers, some of whom are pushing for changes to the deal out of concern about nuclear proliferation. In a letter yesterday, a bipartisan group of nuclear experts urged lawmakers not to authorize technology transfers until India stops producing nuclear weapons material, as the United States, Britain, France, Russia, and China are believed to have done.

In response, some administration officials said Rice could announce a new push for an international treaty to end production of all fissile material. Negotiations have been at a standstill since the administration announced two years ago that it could not support the kind of accord that had been on the table.

Last July, Bush agreed to give India access, for the first time, to civilian nuclear assistance, breaking with decades of U.S. policy that kept sensitive nuclear technologies from countries that have not signed the nuclear Non-Proliferation Treaty.

For the Bush administration, the break was seen as a worthy tradeoff in pursuit of a strategy to accelerate India's rise as a regional counterweight to China. But the agreement would also give India the ability to increase its nuclear arsenal. The terms took Congress by surprise, and lawmakers asked India to separate its civilian and military programs to guarantee that no U.S. technology would be used for weapons.

Last month, Bush and Indian Prime Minister Manmohan Singh agreed on a separation plan, but Congress has not yet seen it.

Administration officials say the deal addresses nonproliferation concerns because India has agreed to open some facilities to U.N. nuclear inspections. Perhaps more important, they say, is that the world's largest democracy does not pose a nonproliferation threat.

"India has an excellent nonproliferation record," Rice said last month in promoting the deal. India is not tainted by the kind of nuclear black-market scandal that Pakistan suffered when a senior government official was caught selling nuclear components to Iran, Libya and North Korea.

But the Bush administration's actions suggest it does not see India's record as blemish-free.

The administration has imposed sanctions on two Indian companies accused of supplying Iran's nuclear program. Both companies have protested the sanctions but remain on a list in the Federal Registry. In September, two Indian nuclear scientists were also accused of providing Tehran with technology that could contribute to "the development of weapons of mass destruction." The order against one was later rescinded, but the second remains banned from travel to the United States.

India's support for Iran in diplomatic forums has also caused concern. Last September, after the U.S.-India deal was announced, Rep. Tom Lantos (D-Calif.) -- a strong supporter of India -- criticized Undersecretary of State R. Nicholas Burns during a hearing when Burns said it was unclear whether India would support U.S. efforts to pressure Iran. Lantos urged India to do so to win broader support in Congress.

"We listened carefully to Lantos and his colleagues on the Hill and told the Indians that they had to be supportive of our efforts to isolate Iran, and they did so two weeks later," Burns said in an interview.

Lantos said yesterday: "I have every intention of voting for this deal. But my support is very much contingent upon the Iran-India relationship, and I have served notice that, given the nature of the current regime in Tehran, a proper policy vis-a-vis Iran is the sine qua non of my support." Lantos said he did not see how India could have equal ties to Iran and the United States, and said he registered his displeasure over the naval visit last week with India.

State Department spokesman J. Adam Ereli said Washington regretted the timing of the Iranian port call, but added: "Indian-Iranian relations are not of the scope and breadth and depth to call into question the principles that underline our agreement."

It is unclear when Congress will consider the changes to the law needed to complete the India deal. The administration wants Congress to act before summer, but some in Congress say the complex matter will probably not be taken up until after the November elections.

India Nuclear Deal Spurs Lobbying Pro And Con (RC)

By Kate Ackley

Roll Call, April 5, 2006

If Daryl Kimball has it his way, Secretary of State Condoleezza Rice will have a bumpy ride today during her back-to-back appearances before Senate and House committees.

Rice — the sole witness at a morning Senate Foreign Relations Committee hearing and then at the House International Relations Committee in the afternoon — must sell Congress on the Bush administration's agreement to enter into a far-reaching deal with India that will help that country expand its civilian nuclear power program.

Kimball, executive director of the Arms Control Association, opposes the deal and has spent the days leading up to Rice's testimony trying to make sure Members ask her the toughest of questions.

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"We want them to ask her what the potential impact of this will be on the 45-nation Nuclear Suppliers Group," he said, referring to an entity created in the mid-1970s after India conducted nuclear tests. Back then, he said, "India used peaceful nuclear assistance to develop its first nuclear bomb test."

Kimball isn't the only lobbyist gearing up for a potentially long and bruising fight over the India deal. With Rice ready to testify this week, lobbyists for India, for organizations that represent Indian Americans and for business groups that support the deal have all stepped up their efforts.

Sanjay Puri, chairman of the U.S. India political action committee, said in recent days that his group has escalated its push in support of the deal. President Bush has come to Congress because he needs its approval to waive certain requirements of the Atomic Energy Act of 1954. Sen. Dick Lugar (R-Ind.) and Rep. Henry Hyde (R-Ill.) have introduced legislation to do just that.

"A lot of work is going on behind the scenes to explain the background on the deal, the fine print and how it is beneficial to America," said Puri, who added that his group and its activists planned to attend an event on Thursday on Capitol Hill to build momentum after Rice's testimony.

"We have about 30,000 members around the country, and obviously we've reached out to all our people who are active in every state and have strongly urged them to reach out to Members of Congress and Senators," he said.

Tita Thompson, a spokeswoman for the Business Roundtable, said on Tuesday that her group was putting the finishing touches on a letter that would be delivered to every Member's office today, urging them to support the administration's deal with India. She said that the letter will explain that the business group believes the deal will promote closer economic, foreign policy and security relations between the United States and India.

The all-Republican lobbying firm Barbour Griffith & Rogers and the law and lobbying firm Venable represent the embassy of India. Barbour Griffith's Robert Blackwill, the former U.S. ambassador to India, is the lead lobbyist on the account; neither he nor his colleagues could be reached for comment. Barbour Griffith's contract, according to public records, amounts to $700,000 a year, while Venable makes at least $50,000 a month.

Rice will have her own legislative affairs specialist in tow, too. Jeffrey Bergner, a longtime private-sector lobbyist who owned his own firm before joining the administration, now serves as the State Department's assistant secretary for legislative affairs. Bergner did not return a call seeking comment, but his office confirmed that he was slated to accompany Rice today.

Venable's James Jatras said the embassy's case for the agreement is strong and straightforward, holding "strategic benefit for the U.S. and for global non-proliferation."

Currently, Jatras said, about 19 percent of India's nuclear capacity is under inspection. After the agreement, more than two-thirds would be under inspection, he said. "It's ironic that much of the criticism comes from non-proliferation [activists], when it actually greatly strengthens" outside scrutiny of India's nuclear assets, he said.

Jatras, a former foreign policy analyst for the Republican Study Committee, said that even though his client is the Indian government, he is touting the benefits of the agreement for the United States as well.

India, he said, has a growing economy that American businesses could tap into further if relations between the two countries were to warm even more. He also said that in order for the Indian economy to continue to grow, the country needs more energy. Jatras called India "poorly endowed" when it comes to natural resources such as oil.

But Kimball said that his arms control group's message is that contrary to what the deal's supporters say, "this is not a 'win' but a loss from a non-proliferation perspective. The adverse implications have been overlooked."

"We've also been arguing and pointing out that the U.S.-Indian relationship is already a good one, and this flawed nuclear proposal should not be the basis of future relations," Kimball added.

Kimball said his group is part of a loose network of organizations that includes the Friends Committee on National Legislation, the Union of Concerned Scientists and Peace Action. Today's hearings, he said, "are in many ways the second or third round in a long, drawn-out debate."

Rep. Ed Markey (D-Mass.) has introduced a Congressional resolution that expresses concerns about the deal. Markey could not be reached for comment.

Reps. Joe Wilson (R-S.C.) and Joe Crowley (D-N.Y.), the former co-chairmen of the House India Caucus, have taken a leading role in pushing the measure.

Wilson said Rice's appearances today will offer a big boost to the deal. The benefit to America, he said, is that nuclear power for India would reduce the competition for fossil fuel resources such as oil.

Crowley, who visited India the week before Bush traveled there, has been asked by the president to help move the effort forward. He echoed Wilson's fossil fuel argument and added that the agreement could help counteract the greenhouse effect, which most scientists believe leads to global warming.

As for the deal's prospects in Congress, Crowley said, "My sense is that it will go through."

Jatras of Venable said he hopes a bill on this can be reported out by May, if not April.

But Andy Fisher, a spokesman for Lugar, said there was no timeline and added that the Senate committee is prepared to work on this "over the coming weeks and months."

"We are going to have the hearing with Secretary Rice, and an additional hearing or hearings, if necessary, to get views on all sides of the proposal," Fisher said. "Certainly the committee members will want to walk around this a good bit to get a full understanding of all the ramifications for the United States."

Indian Nuke Deal's Fate Could Be Linked To Iran Sanctions Bill (HILL)

By David Mikhail

The Hill, April 5, 2006

A potential standoff involving dueling Iran sanctions bills could determine the fate of a civilian nuclear-cooperation deal with India — a deal that is a high priority for President Bush.

The White House is in the politically awkward position of asking Congress to ratify the high-profile nuclear deal with India while fending off Iran-related legislation that could threaten the U.S.-India pact.

Rep. Ileana Ros-Lehtinen (R-Fla.) and Sen. Rick Santorum (R-Pa.) have introduced bills that seek to cut off funds from Iran that could be applied toward attaining or creating nuclear weapons, enhancing provisions of the Iran and Libya Sanctions Act (ILSA). Each bill possesses provisions that call for the president to sanction oil companies for investing in Iranian petroleum development.

However, the House version, which has 355 co-sponsors, including most members of the Republican and Democratic leadership, provides less flexibility to the president to determine whether to apply such sanctions. The bill would mandate that the president make sanctions determinations for any entity under a pending ILSA investigation within 90 days of the bill's enactment. That could strain relations with countries whose oil companies are under such investigations.

Recent actions in the House have substantially increased the likelihood of overlapping discussions of the Iran sanctions bill and the nuclear deal. The legislation was voted out of the International Relations Middle East subcommittee in April 2005 but was not scheduled for a full-committee markup vote until a day before Hyde and Rep. Tom Lantos (D-Calif.), ranking member committee of the full committee, introduced the enabling legislation for the nuclear deal with India this March.

Sam Stratman, a spokesman for International Relations Committee Chairman Henry Hyde (R-Ill.), said, "It would be very premature to draw any linkages to the fate of these very different pieces of legislation." The committee will begin hearings on the nuclear agreement this week. Secretary of State Condoleezza Rice is scheduled to testify today.

The committee cleared the Ros-Lehtinen bill 37-3.

Yesterday, the Congressional Caucus on India and Indian Americans, co-chaired by Ros-Lehtinen, hosted India's oil minister, Shri Murli Deora, to discuss a proposed natural-gas pipeline project with Iran and how the nuclear-cooperation deal will affect India's future demands on oil.

With the nuclear-deal legislation referred to the International Relations Committee, the panel will now play an essential role in whether the bill comes to the House floor for a final vote, whether there will be amendments, which the administration has said would jeopardize the deal, and whether it is ultimately approved.

Ros-Lehtinen has said that the India deal will be a tough sell for committee members because India has not signed the Nuclear Non-Proliferation Treaty. She described her sanctions bill as a "free-standing bill" that should not damage U.S.-India relations but said there would be no exceptions from sanctions for those who have been allied with the United States in the past.

The administration is sharply opposed to the Ros-Lehtinen measure. R. Nicholas Burns, undersecretary of state for political affairs, testified last month that the House bill would "strain relations with our close allies whose help we need to change Iran's behavior" and endorsed a reauthorization of the original ILSA statute.

A subsequent State Department letter, dated two days before the markup vote, said that the administration was "unable to support H.R. 282 as drafted" and that it "would force the president's hand in dealing with sanctions and waiver decisions" that would hurt national security interests.

An International Relations Committee staffer said that the administration attempted to slow down movement of the bill in order to institute changes that would secure diplomatic flexibility but was ultimately unsuccessful.

The administration has thrown its support behind the Santorum bill, according to Robert Traynham, a spokesman for Santorum.

"State likes the Santorum bill much more than the Ros-Lehtinen bill that the House is considering," Traynham said.

Members of Santorum's staff met with Iran experts from the State Department two days after the markup vote of the House bill to discuss the Senate version, while Rice and Santorum conferred about the bill March 8. Traynham added that Santorum is looking to attach his bill to legislative vehicles, including the ILSA reauthorization statute that Burns endorsed.

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The Senate bill has 51 co-sponsors, including 18 Democrats, and though introduced last year has remained in the Foreign Relations Committee and has yet to be referred to a subcommittee. Andy Fisher, press secretary for Sen. Richard Lugar (R-Ind.), the committee chairman, said there has been no determination as to whether the Senate will move the Santorum bill for a vote or rely on the Ros-Lehtinen legislation.

As part of a strategic relationship involving issues of counterterrorism, nonproliferation and balancing China's influence in the region, Bush and Indian Prime Minister Manmohan Singh came to an agreement in March whereby the United States would provide technological assistance and nuclear fuel for India's civilian nuclear-energy program while India would subject 14 of its 22 nuclear reactors to inspection by the International Atomic Energy Agency. The enabling legislation would allow for provisions of the Atomic Energy Act of 1954 to be waived for India if certain conditions have been met.

The House legislation could trigger tension between the two nations because of India's previous investments in Iranian petroleum. The nonpartisan Congressional Research Service (CRS) reported that multiple agreements have already been reached between Iran and Indian oil companies in 2004 and 2005. The deals included Iran supplying liquefied natural gas to Indian oil companies over 25- to 30-year periods, as well as private and state-owned companies' becoming involved in developing oil and gas fields in Iran.

James Eighmie, ILSA Unit chief with the State Department, offered no comment as to whether there are pending investigations involving Indian oil companies.

India has also shown interest in creating a $7.4 billion gas pipeline with Iran, which would help fulfill India's vast energy needs and sustain its strong economic growth. Iran reportedly hosted talks with oil ministers from India and Pakistan, with future talks scheduled for April. The Bush administration has been consistently opposed to the pipeline project.

A D.C.-based lobbyist, speaking on condition of anonymity, said that the Iran-sanctions bill could be used by opponents of the nuclear deal, specifically members of Singh's coalition majority who are ardent supporters of Iran, to prevent the agreement from being approved in the Indian Parliament.

Counterterrorism and nonproliferation interests have gotten in the way of applying ILSA sanctions in the past, according to the CRS. Many projects placed under review by the State Department, during both the Clinton and Bush administrations, have not culminated in sanctions.

A Pretty Good Deal For America (WSJ)

By Willaim S. Cohen

The Wall Street Journal, April 5, 2006

One of the most important successes of President Bush's foreign policy is the progress being made in building a strategic partnership between America and India, thereby helping reinforce a strong democratic anchor in Asia. Congress is about to consider legislation that would allow the implementation of a U.S.-India agreement on civilian nuclear cooperation. This agreement is key to moving forward in a number of areas of mutual advancement. Some detractors say that it is imperfect and will harm long-held nuclear nonproliferation goals. On balance and over the long term, however, I believe the U.S. stands to gain far more than it will lose by implementing this agreement. * * *

In the U.S.-India Joint Statement of July 18, 2005, the two countries set a course toward increasing ties in the arena of civilian nuclear cooperation. The agreement is important to India and the U.S. because it helps India meet its growing energy needs, but current U.S. policy and law prevent the U.S. from implementing it. India is not a signatory to the Nuclear Non-Proliferation Treaty and will not agree to sign it, because to do so would mean giving up existing weapons that it deems necessary for security. Some argue that carving out an exception for India in the civilian nuclear sphere sets a bad precedent by rewarding India for developing its own nuclear weapons. Critics would liken India's behavior to Iran's or North Korea's and suggest that this agreement will encourage bad behavior by others.

The moral equivalency argument fails a crucial reality test. Iran signed the NPT and then covertly used loopholes in the treaty to pursue its goal of developing nuclear weapons. North Korea, having cheated on its past agreements, has now completely withdrawn from the NPT. Moreover, both Iran and North Korea are known proliferators. India, by contrast, developed its nuclear program outside of the NPT. Importantly, it has not shared or distributed its nuclear material or technology to other nations or rogue groups.

In exchange for changing U.S. policy, law and international agreement, India has made numerous commitments to us. It has committed to separate civilian and military nuclear programs and put the majority of its civilian programs under IAEA supervision and safeguards. These safeguards would prevent diversion of materials to India's existing military program. Moreover, India also has committed to maintain its exemplary record regarding global nonproliferation and is expressing interest in possibly joining the Bush administration's Proliferation Security Initiative. India has passed a national export control law, bringing its law and legal practice into conformity with international standards. New Delhi has reiterated its commitment to

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maintain a unilateral moratorium on nuclear testing. Finally, and possibly most importantly, India has agreed to work with the U.S. toward achieving a fissile material cutoff treaty.

Make no mistake, this agreement with India is by no means perfect and the Bush administration could have done a much better job in consulting with Congress first. Congress should carefully weigh the provisions of the agreement and the proposed implementing legislation, considering ways the administration can further the cause of nuclear nonproliferation in a manner that enhances but does not undermine the agreement with India. But in doing so, Congress should remain mindful that there are many critics in New Delhi who are opposed to the agreement for the very reason that it imposes restrictions on India and are looking for reasons to reject it. If the agreement is rejected in Washington or New Delhi, it is unlikely that India will be able to go forward with further development of its civilian nuclear power generation capability. This will add significant new pressure to the oil market and also force India to burn more coal. Both of these outcomes will damage U.S. economic and environmental objectives.

Initiated under President Clinton and accelerated under President Bush, a closer U.S.-India strategic partnership is born of a shared global vision, the mutual pursuit of democratic ideals, and a common interest in ensuring strategic and regional stability. Simply put, these shared goals and ideals are what make the India case worthy of exception and vastly different from the examples of Iran and North Korea. Strategically, the U.S. and India are laying the foundations of our mutual vision for future defense and security cooperation against the pressure and threats posed by failed states, global terrorist networks and emerging hegemons. * * *

In reality, India is in fact an increasingly important partner to the U.S. and European efforts aimed at stopping Iran's nuclear weapons development program. Delhi and Washington share the problems posed by global extremist terrorism and coordinate ever more closely on a full range of related intelligence matters. India's voice and assistance in the international community helping to ensure that Afghanistan and Iraq are successes is increasingly important. Perhaps, however, our greatest long-term confluence of strategic interest is shaping the positive emergence of China as a global power. To all of these ends, India has great ambitions of joining the U.N. Security Council as a permanent member and assuming even greater global responsibility.

Fundamentally upgrading the U.S.-India relationship represents one of the most important strategic innovations in American foreign policy since the end of the Cold War. Congress should recognize and consider carefully this reality during its deliberations on the civilian nuclear agreement. It is time for two great countries to set aside historical misunderstandings, resolve differences, and move forward with a mutual commitment in promoting democracy, advancing freedom, maintaining security, and establishing free and open markets. India and the United States are embarking on an important and historic journey for the future. Close strategic cooperation and defense security ties between the two countries will be an important element in determining the success or failure of that journey in an ever more complicated and dangerous world.

Mr. Cohen, former secretary of defense, is CEO of The Cohen Group, a strategic advisory firm in Washington.

Russia, United States Increasingly At Odds (AP)

By Judith Ingram

AP, April 4, 2006

Like an aging couple, Russia and the United States seem to spend more time squabbling over what divides them than building on their shared interests.

Whether it's Iran, the Palestinian militant group Hamas or democracy movements in former Soviet republics, Moscow and Washington increasingly find themselves staring warily at one another across the fence.

The Cold War is long over, but questions remain: Will Russia and the United States learn to live with their differences? Or will they get so wound up in recriminations that they can't move forward on the issues where they should find common ground?

Old complaints are often dredged up.

Last week, it was President Vladimir Putin claiming the United States has put up artificial obstacles to slow Russia's entry into the World Trade Organization. While U.S. officials and even Russian negotiators begged to differ, pro-Kremlin lawmaker Konstantin Kosachev speculated the aim wasn't just to deal a setback to Moscow — but to give Ukraine a leg up in its own WTO negotiations.

The week before that, it was Washington's turn to complain, as the Pentagon leveled accusations that Russia had slipped intelligence on U.S. troop movements in Iraq to Saddam Hussein in 2003. Russian officials tersely denied the allegations and fumed over the fact that their American counterparts had not raised them privately before they were splashed across the media.

The disputes underscored the declining relationship between the U.S. and Russia since 2001, when President Bush declared that he had gotten a sense of Putin's soul during their first meeting. The bond was strengthened after the Sept. 11 terrorist attacks when Putin allowed U.S. forces into Central Asia.

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"There have always been differences, but from time to time they were put aside for shared values: nuclear disarmament, euphoria over the end of the Cold War, the fight against terrorism, things that pushed everything else into the shadows," said Ivan Safranchuk, the head of the Moscow office of the Washington-based Center for Defense Information. "But in the periods of thaw, Russia and the U.S. didn't create any stable mechanisms to solve problems."

Meanwhile, Russia's influence in the world has swelled, providing a growing counterbalance to U.S. hegemony. It has been a central player in negotiations over Iran's alleged nuclear arms program and a mediator with Hamas — proving that Washington needs Moscow even as it bridles at the contrary positions Russia has staked out.

The strengthening Moscow-Beijing axis is cause for American nervousness, and may underlie some of the recent vocal U.S. criticism of Russia — judgments Moscow considers unjustified.

Frustration is driving the relationship between the U.S. and Russia now, Safranchuk said, and the root problem is a "dissonance in perceptions." Moscow thinks Washington is ungrateful for the cooperation it has provided, particularly following the Sept. 11. attacks.

Another measure of that dissonance is Russian confusion over why Bush has failed to persuade Congress to lift the Soviet-era Jackson-Vanik trade restrictions while Washington freed neighboring Ukraine from the 1974 measures, opening the way for the former Soviet republic to join the WTO, Safranchuk said.

If the tables were turned and it were up to Russia's parliament to send a positive sign to the U.S., Putin could have the bill pushed through in a heartbeat — the Kremlin's control of the legislature is that strong.

Similar misperceptions have hobbled the economic relationship, in part because the Russian government expects Washington to step in and tell businesses what commitments they need to make, said Andrew Somers, head of the American Chamber of Commerce in Moscow.

For example, the United States wants Russia to develop its liquefied natural gas industry so Washington can reduce its dependence on Mideast oil, but Moscow wants guaranteed sales after it sinks billions of dollars into the project.

"The U.S. says 'we can't do that but don't worry about it, look at our charts for the next 20 years, we're running out of gas, we're running out of oil, we're overly dependent on unstable countries, we want your stuff," Somers said. "And the Russians say, 'Ok, we'll go to China.'"

The United States is among just a trio of countries — the others are Australia and Colombia — that have yet to strike a WTO accession deal with Russia. Putin watches the slow pace of negotiations and sees his ambitions to put Russia back at center stage in world affairs stymied.

"He wants to have the international stamp that Russia is a country in which you can do international trade ... and the U.S. is preventing Russia from being able to do that," said Roland Nash, head of research at Moscow's Renaissance Capital investment bank.

"I just think there's a real sense of frustration."

U.S. Near Deal With China On Illegals (WT)

By Audrey Hudson

The Washington Times, April 5, 2006

The Department of Homeland Security is near an agreement with China to return up to 39,000 Chinese illegally living in the U.S. to the communist country, which previously had refused to accept deportations.

Homeland Security Secretary Michael Chertoff yesterday said the tentative agreement, which would let the U.S. deport Chinese illegals as they are arrested, will act as a deterrent to other foreign nationals contemplating illegal immigration.

"We can't be in the position any longer where we are paying the burden and bearing the burden for countries that won't cooperate with us and take their own citizens back," said Mr. Chertoff as he completed a weeklong tour of China, Japan and Singapore to discuss security and immigration issues.

Mr. Chertoff said nearly 700 Chinese nationals held in U.S. detention centers are clogging the system and that more than 38,000 have been released on bond after spending the maximum 180 days in lockup.

China has declined to accept the illegals, citing uncertainty about their identities.

"The Chinese government is resolutely opposed to ... illegal immigration," Chinese Foreign Ministry spokesman Liu Jianchao said. "First of all, we have to identify those illegal immigrants and based on that, China is willing to receive the repatriation of illegal immigrants."

Federal immigration judges have issued final orders of removal to Chinese citizens smuggled into the U.S., students and others overstaying their visas, and some awaiting legal immigration.

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DHS officials said details of the agreement still are being worked out, as are specific deportation plans. The department uses electronic bracelets to track some illegals released on bond and uses other monitoring programs, such as regular check-ins.

Returning Chinese citizens is a major financial burden for China and a "low priority," Mr. Chertoff said.

"But they've got to understand it's a high priority for us," said Mr. Chertoff, who noted that it costs $95 per day to house each detainee.

China's state-owned Xinhua News Agency reported that a senior official of the Communist Party of China (CPC) told Mr. Chertoff in one meeting that bilateral cooperation is essential to maintaining world peace, stability and development.

Bilateral cooperation on trade, terrorism, nuclear nonproliferation, avian flu and the nuclear buildup in Iran and North Korea also will be top priorities when Chinese President Hu Jintao visits Washington beginning April 20.

"China hopes to make substantial achievements in extradition, fighting terrorism, Olympic Games security and illegal migration," said Luo Gan, a member of the Standing Committee of the Political Bureau of the CPC Central Committee.

William Knocke, Homeland Security spokesman, said a senior department official will remain in China for a few extra days to finish the agreement.

"We are encouraged by our discussions with the Chinese government," Mr. Knocke said. "There are details that we need to still work through, but now we have an agreement, in principle, on streamlining the process of repatriating Chinese nationals."

China is at the top of the list of foreign countries that refuse to cooperate with repatriation when their citizens are caught residing in the U.S. illegally.

When asked which other nations refuse to accept their citizens caught illegally in the U.S., Mr. Knocke said, "We're not above naming names if other governments continue to be uncooperative, but the meetings in China were very productive, and we are optimistic about other possible outcomes."

Tokyo Trip Could Aid Talks On N. Korea (WP)

By Anthony Faiola

The Washington Post, April 5, 2006

TOKYO April 4 -- Top officials from the six countries engaged in North Korean nuclear disarmament talks will converge in Tokyo next week at a private sector conference, fueling hopes of unofficial meetings that could help restart the long-stalled negotiations.

Assistant U.S. Secretary of State Christopher Hill, Washington's chief envoy to the talks, is scheduled to arrive in Tokyo on Monday to meet with his counterparts from Japan and South Korea, U.S. officials said.

During his three-day visit, Hill will attend a Northeast Asia Cooperation Dialogue conference in which top negotiators from the other countries in the six-party talks -- China, Russia and North Korea -- will also be present.

It will be the first time that leading delegates from all six will be at the same forum since November, when the last round of talks ended in Beijing. North Korea has since resisted diplomatic efforts to return to the negotiating table, citing a global campaign by the U.S. Treasury Department to stem its alleged counterfeiting and money laundering operations.

Asian and U.S. diplomats said it was too early to tell whether any talks with the North Koreans would take place at the Tokyo conference. Michael Boyle, spokesman for the U.S. Embassy in Tokyo, said no meeting between Hill and a visiting North Korean official had been arranged. "They will be at the same conference," Boyle said. "That's all we can say."

Some analysts have suggested that the North Koreans may try to stall for months or even years before allowing the six-party talks to resume. Others say that a U.S. initiative launched last year to root out the communist government's illicit activities has been effective in putting new pressure on it.

The Treasury Department has forced U.S. banks to sever ties with a bank in Macau that is allegedly tied to illicit North Korean funds, a move that has led banks around the world to curtail dealings with North Korea to avoid similar action.

Diplomats said that Jong Thae Yang, a high-ranking official in the U.S. affairs division of the North Korean Foreign Ministry, will attend the Tokyo conference.

Sponsored by the University of California's Institute of Global Conflict and Cooperation Sources, it will bring together top officials and academics from across the region.

The conference comes at a time when Japan is taking more assertive steps on its own to pressure North Korea. Japanese politicians have made progress on both a bill threatening sanctions if it does not negotiate in good faith on the nuclear issue and a dispute over Japanese citizens abducted by the North Koreans during the 1970s and '80s to help train potential spies.

On Tuesday, Japan also added 20 North Korean businesses and institutions to an export restriction list aimed at preventing them from obtaining materials and technology that could have military use.

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Syria Imposing Stronger Curbs On Opposition (NYT)

By Michael Slackman

The New York Times, April 5, 2006

DAMASCUS, Syria, April 4 — Just months ago, under intense international pressure to ease its stranglehold on neighboring Lebanon, the Syrian government was talking about ending the ruling Baath Party's grip on Syrian power and paving the way for a multiparty system.

But things have moved in the opposite direction. Syrian officials are aggressively silencing domestic political opposition while accommodating religious conservatives to shore up support across the country.

Security forces have detained human rights workers and political leaders, and in some cases their family members as well. They have barred travel abroad for political conferences and shut down a human rights center financed by the European Union. And the government has delivered a stern message to the national news media demanding that they promote — not challenge — the official agenda.

The leadership's actions were described in interviews with top officials as well as dissidents and human rights activists. They reflect at least in part a growing sense of confidence due to shifts in the Middle East in recent months, especially the Hamas victory in Palestinian elections, political paralysis in Lebanon and the intense difficulties facing the United States in trying to stabilize Iraq and stymie Iran's drive toward nuclear power.

The detentions, the press crackdown, the restrictions on travel and the overall effort to crush dissent are also a response to a fragile domestic political climate and concern over a growing opposition movement abroad.

"I may not be keen on early morning arrests, but this regime was being threatened," Deputy Prime Minister Abdullah Dardari, a Londoneducated technocrat charged with steering Syria's economic overhaul, said in an interview. "The survival of this regime and the stability of this country was threatened out loud and openly. There were invitations for foreign armies to come and invade Syria. So you could expect sometimes an overreaction, or a reaction, to something that is really happening."

On Tuesday, Amnesty International condemned the Syrian crackdown and called on Damascus to release "all of those arrested due to their beliefs." Human Rights Watch said it was sending a letter to the government protesting the arrests.

The government has also sought to fortify its position with a nod to a reality sweeping not just Syria, but the region: a surge in religious identification and a growing desire to empower religious political movements like Hamas and the Muslim Brotherhood. The latter group recently won 88 seats in the Egyptian Parliament in spite of government efforts to block its supporters from voting.

The Syrian government has gone further to accommodate religious conservatives than in the past, officials and religious scholars said.

It has appointed a sheik, as opposed to a secular Baathist, to head the Religious Affairs Ministry; allowed, for the first time, religious activities in the stadium at Damascus University; and permitted a speech emphasizing religious practices and identity to be given to a military audience. President Bashar al-Assad has increasingly inserted references to religious identity and culture into his speeches.

Most striking was the government's recent decision to reverse itself one month after trying to limit activities taking place in mosques. The Religious Affairs Ministry effectively ordered mosques closed for all activities but prayers, but a few weeks later the decision was deemed a greater threat to a government controlled by the Alawites, a minority religious sect, than the potential for political organizing among the majority Sunni Muslims.

"Before, religion for the regime was like a ball of fire, " said Abdul Qader al-Kittani, a professor of Islamic studies at Fattah Islamic University here. "Now they deal with it like it could be a ball of light."

He added: "Two factors pushed the regime toward this direction. The first is the beat of the street. The second is external pressures on the regime."

Damascus has a very different feel from that of a few months ago, when investigators for the United Nations Security Council issued a report suggesting that the Syrian state — not just individuals — was behind the assassination of Rafik Hariri, the former Lebanese prime minister, in February 2005 and that the authorities here had defied the United Nations Security Council by refusing to cooperate with its investigation.

The new investigator heading the inquiry, Serge Brammertz of Belgium, has kept a far lower profile and taken a less confrontational approach than his predecessor, Detlev Mehlis of Germany. Syrian officials have responded by agreeing to allow President Assad to be interviewed.

With the pressure off, the arrests have been stacking up since January, according to local human rights groups and individuals who say they were picked up by the authorities.

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In Damascus, Ammar Qurabi, the former spokesman for the Arab Organization for Human Rights-Syria, was held for four days after returning from political conferences in Washington and Paris. In Aleppo, Samir Nashar, a businessman and opposition leader, was detained for three days after returning from attending political conferences abroad.

The goal was to deliver a message, some of those arrested said: the government will not tolerate any contact between internal opposition figures and a growing opposition movement abroad that is being encouraged by former Vice President Abdel Halim Khaddam, who recently forged an alliance with the Muslim Brotherhood, which is outlawed here.

"This time they wanted to relay a message or a warning: the Muslim Brotherhood, Khaddam and street protests are prohibited," said Hussein al-Odat, an opposition leader in Damascus who said he was detained last week by security forces for two hours. "They said, 'It is clear, and we will not be merciful.' "

Ibrahim Hamidi, the Damascus bureau chief for the pan-Arab newspaper Al Hayat, and the first to report on the new prohibitions, said the government was operating this way because of the changing regional situation. "Now they believe they can get away with it," he said.

Ayman Abdul Nour, a Baath Party member who promoted the idea of reforming the party from inside, said he had grown so disillusioned that he planned to move his business — a Web site that gives voice to calls for reform — from Damascus to the United Arab Emirates.

He said he had been told that the party planned to purge all those with reform agendas from its ranks. "They say they have a fixed time period to crack down and finish off the opposition," Mr. Abdel Nour said.

Human Rights Watch and several Syrian-based human rights organizations say that at least 30 people involved in politics or human rights work have been detained since January, and that several have not been heard from since. Human rights leaders in Damascus say the numbers are likely to be higher because most families are too afraid to report the arrests to their organizations.

Sami al-Abbas, a novelist, and Farouk Hamad, a poet, were arrested Monday for meeting with opposition leaders, said Razan Zaytouneh of the Syrian Human Rights Information Link, a local organization.

Muhammad al-Habash, a member of Parliament and general manager of the Islamic Studies Center in Damascus, says that in spite of the restrictions, Syria is far more relaxed than it was five years ago when, he said, he would not have been allowed to meet with a foreign reporter.

He also praised the government's recent accommodations to religion, saying, "They realize we need Islamic power, especially at this time," and he endorsed the ban on allowing travel to attend political conferences abroad.

"It is not a suitable time to allow people to travel abroad to participate in opposition conferences," he said. "We have to be real."

Possible Crack In The Boycott Of Danish Goods (NYT)

By Hassan M. Fattah

The New York Times, April 5, 2006

DUBAI, United Arab Emirates, April 4 — A group of prominent Muslim scholars has called for ending a boycott on a Danish food products company over the publication in Denmark of derogatory cartoons of the Prophet Muhammad.

In a statement issued over the weekend, the International Conference for the Support of the Final Prophet, made up of influential Muslim scholars including Yusuf alQaradawi of Egypt and Salman alAwda, a Saudi cleric, advised that the company, Arla Foods, "should be withdrawn from the boycott on Denmark" in recognition of the company's efforts at reaching out to the Muslim world.

Arla placed full-page advertisements in Arab newspapers last month condemning the cartoons as an insult to Islam, a move that was criticized in Denmark but applauded in some Middle Eastern countries.

"We made the decision to make this statement because we really believe that you shouldn't insult people's religions," said Jan Petersen, regional director for Arla Foods Middle East. "As a company we have been caught in the middle of something that nobody could have ever expected."

Arla's dairy products, which disappeared from store shelves when the boycott began in late January, reappeared in some stores in Dubai, Saudi Arabia and other Persian Gulf countries on Tuesday, according to regional distributors.

Thomas May, the Danish consul general in Dubai, said the resolution was the product of weeks of dialogue between Danish representatives and businessmen and Muslim leaders.

But many retailers said they intended to keep Danish goods, including Arla's, off their shelves.

"We are waiting for the results, but we still have not seen a solution to the problem," said a product manager at the Sharjah Cooperative Society, a retailer in the emirate of Sharjah, who spoke on condition of anonymity because he was not authorized to speak publicly.

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"The boycott is not in our hands or in the hands of the government," he said. "It's in the hands of the people, and ultimately the consumer must decide."

Westerners In Madrassahs (CSM)

By David Montero

The Christian Science Monitor, April 5, 2006

KARACHI, PAKISTAN - A death in the family opened a doorway back to Islam for Imtiaz Baksh, a tall, turbaned Canadian with a prominent beard and quiet voice. Although raised as a Muslim by parents of Indo-Pakistani origin, he'd never been much of a practicing one himself until his mother passed away.

"Emptiness appears in the heart," he recalls, sitting on a carpet at a madrassah in Karachi. "In that way you can be born again."

More than 10 years ago, Mr. Baksh, his wife, and son began a journey that led them from the quiet of Alberta to the crushes of Karachi. They had opted to study Islam at the Jamia Binoria, a prominent madrassah or Islamic school, where they have remained since 2000.

Under pressure from Western governments, Pakistan has banned foreigners like Baksh from madrassahs after it was discovered that one of the London bombers had visited a Pakistani madrassah. No official deadline has yet been set for the return of foreign students, although the government claims 65 percent have already left.

Many of those who remain are Westernized Muslims who are pursuing a madrassah education as a supplement to - not a substitute for - other types of modern education. Indeed, many come with long experience in Western classrooms, and could form a bridge between Western and Islamic worldviews and systems of thought.

Jamia Binoria, founded in 1954, is one of the largest madrassahs in Pakistan, a sprawling complex where 5,000 students, including some 200 foreign students from 32 countries, squeeze into tiny rooms. The atmosphere is somber despite the tight spaces, and the students sway as they intone methodically over the Koran.

Like many Western students here, Imtiaz Baksh considers returning to the West with the evangelical mission of spreading the teachings of Islam, perhaps by opening a school in Canada. His son, 19-year-old Ejaz Ullah, intends to follow suit.

"Living there [in Canada] opened my eyes to how the world operates, how young people develop themselves. Living in a democratic country gave me an understanding of freedom of speech. A person had rights; you can say what you wanted to say and not be afraid of being taken away by the secret police, for example," says Baksh.

The Bakshs are one of many students at madrassahs who, in their education and upbringing, embody a melding of Western values and traditional Islamic teaching.

Saeed-ur-Rahman, who was born in England to Pakistani parents, is, he believes, a corrective to a popular misconception about madrassahs.

"It's a misconception that students [at madrassahs] are downtrodden, poor, dead-enders," he says over rounds of tea at the Jamia Uloom Islamia madrassah in Binnori Town, Karachi. "We studied [in the West], in school, in college."

A recent study by The World Bank bolsters this view, pointing out that "[t]here is weak evidence to support the hypothesis that poorer and less-educated families are more likely to send a child to a madrassah." The report also says that 75 percent of all households with a child in a madrassah also send a child to a private or public school, challenging the notion that madrassahs are the province of radicalized families.

Mr. Rahman's decision to study here makes perfect sense in his worldview. "If somebody wants to study engineering, they go to the West. We have come to these centers where the standard of Islamic education is higher," he explains in British-accented English.

Madrassahs are widely criticized for providing what is considered a paltry modern education. Like many madrassahs, Rahman's does in fact provide several years of English, science, social studies, and mathematics. But many within the system point out that, in the hundreds of years that madrassahs have existed, modern education has never been the point.

"Material seeking and getting a job are not our purpose," says Mulana Saif-ullah Raddani, editor of the madrassah's weekly newspaper. "The only purpose of our education is to understand God's commandments."

He adds that his own son is studying at the madrassah while pursuing a BA degree in computers at a private college. Some of the foreign students have come to Pakistan to gain a similar mix of madrassah and modern learning, sent by their parents to learn Islamic teachings before returning to schools in the West.

There are those who do not welcome the presence of foreign students, finding it suspicious at best and potentially dangerous at worst.

"This is a most dangerous kind of person," contends S.H.M. Jafri, a professor of Islamic studies at the Aga Khan University in Karachi. "Madrassahs give specialization in a certain type of Islam" which adds to sectarianism, he says.

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Mr. Jafri finds the decision to study at madrassahs questionable given the option of studying at universities in the West. "They could have gone to a department of Islamic studies at a university in America, or at the American University in Cairo. Why have they chosen a madrassah?" he says.

Rahman believes the answer lies in taking the best from both worlds. "We take the good that the West has to offer, and then we come here and take away from this country the good, and leave with a better frame of mind," he explains.

Rahman and others say there is no over-riding conflict between their religious values and the values of the societies to which they will return.

"I don't disagree with the system. I disagree with the people who abuse the system," Baksh says. "I have a negative opinion of drug lords and pimp lords."

But there are limits to how, as Muslims, they can enjoy the social freedoms of Canada and England.

"If you call open-mindedness the freedom to do what you want freely, to sleep around wherever you want - Islam does not allow that. There is a limit to everyone's freedom," Saeed-ur-Rahman says, adding, "I think anyone can live anywhere in the world and mix with anyone in the world if he's a good citizen, and that's what Islam teaches you, to be loyal to your country, to your community."

Historic First: Kuwaiti Women Vote, Run (CSM)

By Jamie Etheridge

The Christian Science Monitor, April 5, 2006

KUWAIT CITY - A sea of black flooded a local polling station in Kuwait Tuesday when hundreds of women clad in the head-to-toe abaya cast their vote for the first time.

One of the two female candidates contesting a vacant seat on the powerful Municipal Council, Khaledah Al-Khader, said she faced some criticism from Islamic groups.

"Some individuals believe that simply because I am of the female gender, I am incapable of having a seat in the council - because I would not be strong enough to deal with the pressure," says Ms. Khader, a medical doctor educated at Tulane University in New Orleans.

Considered a test case for 2007 parliamentary polls, the by-election is the first in which women have been able to vote since the National Assembly approved universal suffrage last year.

The May 2005 decision sparked widespread debate about women's roles in politics, with some conservative Islamist members of Parliament arguing that women should not be allowed in Parliament without wearing the Islamic hijab, or head covering.

The landmark political participation of women in Kuwait's election Tuesday is part of a regional trend in the Arab Gulf states, where women are growing more publicly vocal about political matters.

Qatar recently announced that it would hold first ever parliamentary elections in 2007, in which women will be allowed to vote. These modest political gains mark a dramatic shift for a region where many women still cannot even leave their homes, take a job, or go to school without the permission of their father or husband.

But though Kuwait's new law was a victory for women activists who had fought for suffrage for decades, female candidates and voters still face obstacles.

Khader's fellow female candidate, 32-year-old chemical engineer Jenan Al-Bousheri, has taken a modest approach to her campaign, refusing to visit the all-male diwaniyas, or gathering places. Another female politician, Ayesha Al-Reshaid, who already announced plans to run for parliament in 2007 and has visited male diwaniyas, recently received a death threat warning her to stop campaigning.

Ms. Bousheri, who wears the Islamic hijab and has worked for the municipality for 10 years, says she doesn't feel threatened but instead is simply being respectful of the country's conservative nature. In addition to not visiting the diwaniyas, she refused to include her photo on campaign billboards, which could be considered indecent.

"It's a new situation in Kuwait. I don't want to put [up] my pictures. Maybe in the next two years or three years, the situation will be different ... I can put it [photos] but it's my decision," she says.

Early morning turnout at the polling stations was modest. Each station included an entrance for men and for women. Female monitors had been appointed by the electoral authorities to check the identity of female voters wearing abaya and niqab (face covering).

Kuwait TV said the polls marked an "historic day" for the country. Kuwait's Prime Minister Sheikh Nasser Al-Sabah praised the elections, visiting polling stations in the predominately Shia area of Rumaythia just south of downtown Kuwait City.

The Municipal Council has 16 members, 10 elected and six appointed by the government. The local government body wields considerable power across the nation, approving building, construction, and road projects.

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The seat became vacant following the death of the late Amir Sheikh Jaber Al-Sabah and the appointment of a new government by the new Amir Sheikh Sabah Al-Ahmed Al-Sabah. Abdullah Al-Muhailbi, the Municipal Council member representing the fifth district of Rumathiya, Salmiya, was appointed Minister of Municipality in the new government.

In addition to the two female candidates, six male candidates competed for the seat. Women made up 57 percent of the 28,000 eligible voters for the fifth constituency.

Speaking at the polls, Khader told reporters that the elections showed the country and the world the capabilities of local women.

"This is the first time Kuwaiti women can show the men that we are capable. It is important that we do our best and leave the outcome of the polls to God," she said.

Scandal Pushes Thai Premier To Say He'll Resign (WP)

By Alan Sipress

The Washington Post, April 5, 2006

BANGKOK, April 4 -- Prime Minister Thaksin Shinawatra announced Tuesday that he would resign in an effort to end months of demonstrations that have shaken Thailand. He pledged to leave office as soon as a new parliament convenes.

"I want all Thais to reunite," he said in a brief televised address to the nation, just two days after he won a snap election that was boycotted by the main opposition parties. "We have no time to quarrel. I want to see Thai people unite and forget what has happened."

Thaksin's pledge to resign marked a stunning reversal of fortune for a man who had aspired to be Southeast Asia's premier statesman. It followed accusations of corruption and abuse of power that have repeatedly drawn tens of thousands of demonstrators into the streets, most of them affluent residents of Bangkok who object to what they call Thaksin's autocratic rule.

The prime minister apologized to his supporters during his address and appeared to choke back tears. He said he was eager to relinquish his office but would remain in power until parliament picked a successor. He also said he would retain his seat in parliament and play an active role in the party he founded, Thais Love Thais.

Under Thai law, the new parliament should convene and begin the process of selecting a replacement by the beginning of May. But the session cannot open until all 500 seats are filled, and 39 remain vacant after the weekend balloting.

The national election commission announced Tuesday that it would hold new elections in those districts in two weeks. The main opposition parties will be eligible to contest the races, which should help ease the process of filling the vacancies.

Last year Thaksin became the first elected prime minister in his country's history to win a second consecutive term. His triumph on a wave of rural support was so overwhelming that he also became the first Thai leader to govern without having to form a coalition.

But the policeman-turned-mobile telephone tycoon alienated many in the capital with his combative approach. When allegations that he had improperly enriched himself in a telecommunications deal surfaced three months ago, his support among Bangkok's influential middle class crumbled.

During his abruptly scheduled speech on Tuesday, Thaksin, 56, appeared subdued. He appealed for an end to the crisis that has rattled Thailand since his family sold its business empire to a Singapore state company for $1.9 billion in January. He has denied doing anything illegal in connection with the deal.

"As for the many things I have been accused of, this prime minister has never thought of doing anything wrong or evil to the country. I think I have done my best," he said. He added: "Let's clean up our house and stop the chaos."

Speculation had mounted earlier in the day that Thaksin was preparing to quit after his office disclosed he was to pay a private call during the afternoon on King Bhumibol Adulyadej, who is widely revered in the country but keeps his distance from politics. Government officials provided no details about the visit, calling it a routine audience scheduled every six weeks to brief the king and seek his advice.

But the trip to the beachfront Klaikangwon Palace, 120 miles south of the capital, came one day after Thaksin raised the possibility on a television talk show that he might step aside for the sake of national reconciliation. To do so, he would have to tender his resignation to the king.

Thaksin's aides described his planned resignation as a break from politics, leaving open the possibility that he might return to elected office.

Politicians and political analysts said they expect he will continue to play a powerful role behind the scenes because he remains the dominant force in the country's largest party. He is one of the country's richest people.

Although Thaksin did not name a successor, discussions inside his party have focused on several of his loyal lieutenants. In particular, the media and political analysts have spoken of Deputy Prime Minister Somkid Jatusripitak, a marketing specialist who also serves as commerce minister.

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Somkid, who holds a doctorate in business management from Northwestern University, is a longtime confidant of Thaksin's, having previously served as his adviser when Thaksin was a cabinet minister in a prior government. He is considered by many to be less controversial than other party insiders and was responsible for introducing some of Thaksin's most popular policies.

Some critics on Tuesday welcomed Thaksin's announcement. But it remained unclear whether others would be satisfied and suspend their protests before he leaves office. In recent days, many of the prime minister's foes had demanded his immediate resignation.

"He's trying to dictate the terms of his departure. He's trying to get around the election law by forcing parliament to open," said Korn Chatikavanij, a spokesman for the opposition Democrat Party, reflecting a continuing distrust of Thaksin's motives.

Protest leader Sondhi Limthongkul, who ignited the anti-Thaksin movement last year against his former business partner, gave the prime minister until April 30 to depart. He said the alliance would hold one last rally Friday in central Bangkok and then resume the protests in May if Thaksin had not followed through on his pledge.

Some detractors have also stressed that a resignation alone would not be enough to end the crisis. In an editorial Tuesday, the Nation newspaper said Thaksin's party would have to relinquish power so that a provisional government could undertake constitutional reforms.

"An independent inquiry must also be initiated to look into corruption and allegations and conflicts of interest involving Thaksin, his family and their cronies," the newspaper wrote. "Failing that, there can be no reconciliation."

Thai Premier Quits His Post, Ending Turmoil (NYT)

By Thomas Fuller

The New York Times, April 5, 2006

BANGKOK, April 4 — Thaksin Shinawatra, a billionaire turned populist politician, said Tuesday that he would step down as Thailand's prime minister, ending five years of increasingly tumultuous rule and breaking a political stalemate over demands for his resignation that had gripped the country for the past two months.

It was a sudden reversal for Mr. Thaksin, who a day earlier had claimed victory in national elections held Sunday that had been boycotted by opposition parties.

"Our country needs to move on," Mr. Thaksin said in a hastily arranged, 10-minute appearance on national television late Tuesday. "Our children need to have a much better future. There's no point if adults keep trying to beat each other up and finally destroy the country."

Mr. Thaksin said he would stay on as caretaker prime minister until a new leader was chosen, which according to Thai law must take place within 30 days of the election. Thai media have speculated about several possible replacements, including the commerce minister and close Thaksin ally, Somkid Jatusripitak.

By adopting universal health care, cracking down on drug dealers and offering debt relief to farmers, Mr. Thaksin endeared himself to rural voters, who make up 70 percent of the country's 63 million people.

But while he was loved in the countryside, he was despised by the Bangkok elite, who accused him of using his political power to further his business interests.

They also accused him of worsening the Muslim insurgency in southern Thailand, stifling media independence, fostering a culture of corruption in government contracts and allowing the police to conduct hundreds of extrajudicial killings, a charge the prime minister has brushed aside.

Mr. Thaksin, 56, announced his resignation after a meeting with Bhumibol Adulyadej, the revered Thai king, who will celebrate 60 years on the throne in June.

"We don't have time to fight," Mr. Thaksin said. "I want to see the Thai people reunite and forget what happened in the past."

Mr. Thaksin made several references to the king, suggesting that the meeting had influenced his decision.

Candidate Promises To Reform The U.N. (WT)

By Sharon Behn

The Washington Times, April 5, 2006

Sri Lanka's candidate to lead the United Nations said yesterday that as secretary-general, he would push ahead with reforms to the world organization and take a more proactive stance toward "what is evil and wrong with the world."

Jayantha Dhanapala told editors and reporters at The Washington Times that whoever replaces Secretary-General Kofi Annan next year would have to address the scandals that have weakened the United Nations' credibility.

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"It is very clear that management is an imperative -- we need to have a strong management hand," said Mr. Dhanapala, who served as the U.N. undersecretary for disarmament from 1998 to 2003.

Mr. Annan's term expires Dec. 31, and three candidates have taken their campaigns on the road, visiting New York and the capitals of the five permanent Security Council members. The council must agree on a name before the 191-member General Assembly votes on the nominee.

Under an informal rotation system, it is Asia's turn to lead the world body. But U.S. Ambassador John R. Bolton has said the next secretary-general should be chosen for his or her administrative skills, not the location of his or her home country.

Beijing, meanwhile, is pressing hard for the job to go to a candidate from one of the 54 members of the U.N. Asian Group.

"China strongly believes that Asia can provide the next secretary-general," Ambassador Wang Guangya told The Washington Times yesterday in New York.

Slovakian Ambassador Peter Burian, the only Eastern European voice on the Security Council besides Russia, said "the majority opinion" in the United Nations favors an Asian. "But we feel that the concept of geographical rotation should be secondary to the qualifications."

Mr. Dhanapala was in Washington meeting with State Department officials, members of Congress and think tanks to convince them of his reformist agenda and bridge-building style.

Although he declined to criticize Mr. Annan's record since he became secretary-general in 1997, Mr. Dhanapala said that the Iraq oil-for-food scandal had "sapped the morale" of the organization and that divisions over the Iraq war had affected Mr. Annan's stewardship of the United Nations and its roughly 56,600 employees worldwide.

In an indication of how he would lead, the Sri Lankan candidate noted that Article 99 of the U.N. Charter gives the secretary-general the authority to bring to the attention of the world body any issue that is likely to be a threat to peace and security.

"I think this article needs to be used much more," Mr. Dhanapala said. "We cannot allow sections of humanity to be preyed upon."

Balancing the interests of the United States against those of other nations "does not mean turning a [blind] eye to what is wrong and evil in the world," he said.

Thailand and South Korea also have named candidates -- Surakiart Sathirathai and Ban Ki-moon respectively -- and several other names have been mentioned, including two candidates from Singapore and Poland's former president Aleksander Kwasniewski.

French Premier Refuses To Bow To Protests By Angry Youths (NYT)

By Elaine Sciolino And Craig S. Smith

The New York Times, April 5, 2006

PARIS, April 4 — Waves of demonstrations, strikes and violence hit France again on Tuesday as Prime Minister Dominique de Villepin, weakened but defiant, refused to bend to the demand that the government scrap a disputed youth labor law.

It was the fifth nationwide protest since February against a modest initiative that was aimed at encouraging the hiring of young people but that has provoked an improvised, open-ended campaign against the French government itself.

The protest in Paris was marred by violence at its destination at the Place d'Italie in the southeast of the city. Angry gangs of young people throwing bottles and stones clashed with the riot police, who fought back with tear gas and waded into the crowd to handcuff and haul off troublemakers.

Some of the small, mobile bands of youths known as casseurs, or smashers, broke concrete sidewalks and threw the pieces at the police. The youths kicked and beat protesters and destroyed property, tearing out park benches and pulling down street signs.

At times, other demonstrators tried to stop the destruction by creating circles around the casseurs. Earlier in the day, the police went from store to store at the enormous square, urging shopkeepers to close their doors.

By evening, more than 300 people had been arrested in Paris. But the clashes seemed less fierce than those of just a week ago, as riot police officers managed to keep discipline and maintain order.

In the northern city of Lille, however, hundreds of youths smashed shop windows, vandalized cars and threw rocks, bottles and other objects at the riot police, who fired back tear gas. A female reporter was assaulted while filming the violence and a young man suffered burn injuries from the shell of a tear gas grenade, Agence France-Presse reported.

The police also used tear gas to disperse casseurs in other cities, including Caen, Rennes and Lorient.

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The protests brought more than one million people into the streets in cities and towns throughout France, slightly lower than the 1.16 million protesters of a week ago, according to the Interior Ministry. Union organizers estimated the number for both demonstrations at three million.

The protests even reached as far as the French island of Réunion, nearly 6,000 miles away, where thousands of people in two cities marched against the law.

The strikes that accompanied the protests on Tuesday disrupted daily life but, again, not as severely as those of last week. Some offices, hospitals, shops, universities and high schools were closed or working less efficiently; some transportation services were disrupted.

Only 24 of France's 84 universities were functioning normally, with others either partly blocked by demonstrators or closed. The Eiffel Tower was closed, as it was during last Tuesday's protests.

But, in a sure sign that this was not a country paralyzed, the Paris Métro and bus system ran on a normal schedule. Mail and many newspapers were delivered. Only 18 percent of railroad workers were on strike, compared with 28 percent a week ago. Fifteen percent of domestic flights were canceled, half the percentage of last week. The Education Ministry reported that 23 percent of its workers were absent, compared with 36 percent last week.

In the National Assembly, Mr. de Villepin faced savage criticism from the opposition.

"Mr. Prime Minister, who is governing France today?" asked Jean-Marc Ayrault, the leader of the Socialist party bloc in the Assembly. At another point he said: "You govern no more. You hold the appearance of power, but you no longer exercise it."

Mr. Ayrault said France was mired in a "crisis of regime with two prime ministers," apparently referring to the active role that Interior Minister Nicolas Sarkozy has played in trying to open a dialogue with the unions.

In reply, Mr. de Villepin vowed, "The government will not give in." Despite predictions that the law is doomed, he insisted: "What we want is a victory against unemployment. This is a victory for France."

The attacks on Mr. de Villepin, who has never held elective office, have grown fiercer over this issue in recent weeks. On the streets of Paris, one sign read, "In memory of a virtual prime minister."

The position of the government deteriorated even further after President Jacques Chirac's televised address on Friday, when he made a compromise offer that watered down the youth labor law.

The law, as passed by Parliament and upheld by the Constitutional Council, created a new labor contract for people under the age of 26 that gave employers up to two years to fire them without cause.

Mr. Chirac said he was sending the measure back to lawmakers, asking them to cut the probation period to one year and to require employers to give a reason for any dismissal. He asked companies not to issue contracts under the law until it had been modified. But two days later, Mr. Chirac signed the original youth initiative into law.

Fifty-five percent of those polled for a survey by BVA in the newspaper Les Échos on Tuesday said Mr. Chirac's decision to amend the law was "not enough."

According to a BVA poll that will appear in the weekly magazine L'Express on Thursday, only 49 percent of those polled said they hoped that Mr. de Villepin would stay in the post of prime minister, while 45 percent expressed the hope that he would resign.

Mr. Sarkozy, who is also the leader of the governing Gaullist party, meanwhile, has given the impression that he, not Mr. de Villepin, his political rival, is managing the crisis. Over the weekend, Mr. Sarkozy spoke by phone with leaders of the main unions, and on Monday night held talks with party deputies to discuss amendments to the new law.

Millions In France Protest Law, Leadership (WP)

By Molly Moore

The Washington Post, April 5, 2006

PARIS, April 4 -- Geoffroi Cabioch, a 21-year-old veterinary student who joined the protesters surging through Paris on Tuesday, does not oppose the new youth labor law that provoked the massive demonstration. In fact, he believes that the law "will help some of my friends find a job."

Cabioch said he was not protesting a law, but the attitude of the French government.

As many as 3 million people thronged the streets of cities across France -- equaling the huge protests of one week ago -- in what has grown from a protest against a single labor law to an outpouring of discontent with an aging leadership that a new generation feels does not represent its interests.

Even the violence that now routinely breaks out between crowds and riot police at the end of each march in Paris took on a government-vs.-the people tone Tuesday.

When heavily armored officers chased hooded youths who appear to show up just for the sport of mayhem, peaceful demonstrators booed. When flying bottles hit officers, the crowd erupted in cheers of approval. When police fired tear gas into

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the swarms of people, the youths, wearing hoods almost as a uniform, and peaceful people alike retreated, coughing and cursing the riot squads.

Tuesday's demonstrations and accompanying strikes that disrupted airplane and train schedules and shut down the Eiffel Tower for the second time in a week came despite a pledge by President Jacques Chirac to modify the new labor law.

It allows employers to fire workers under the age of 26 any time during their first two years of employment. Chirac said in an address to the nation Friday he was willing to cut that period to one year and to make other concessions, which he did not specify. He signed it into law Sunday.

Government and union officials are scheduled to meet Wednesday to discuss the changes.

Prime Minister Dominique de Villepin, author of the law, rammed it through Parliament in a 2 a.m. vote on an omnibus package he called "an equal opportunity law."

A new survey released by the BVA polling group Tuesday showed Villepin's popularity had plunged to 28 percent -- a 14-point drop since the protests began more than a month ago. Villepin is widely considered Chirac's leading choice for president in next year's elections.

The recent demonstrations have been the largest in France in decades. In the past, such huge displays of public anger have resulted in governments collapsing.

French government officials estimated Tuesday's turnout at 1 million in dozens of towns and cities across France; union officials put the figure at nearly 3 million.

The government claimed that only 84,000 people marched in Paris, which appeared to be a fraction of the actual number. Demonstrators poured into southeastern Paris's sprawling Place d'Italie for more than four hours. Union officials said 700,000 people participated.

The Paris demonstrations drew people from across a generational, social and educational spectrum. Parents pushed toddlers in strollers. Students from elite universities walked alongside the French-born children of African immigrants from high schools in poor suburbs. But many echoed the same frustrations.

Young people marching Tuesday expressed more anger over the way Chirac's government has imposed the law than dismay at the law itself. "The government didn't discuss the law with the unions," said Yann Lafforgue Puyo, 28, a consultant for the Renault auto company. "They imposed it -- that's not what I call democracy."

"I'm here to demonstrate against the government, which never listens to us," said Adler Innocent, a towering 22-year-old with a diamond earring. He is the son of Haitian immigrants who lives in one of the Paris suburbs hit hard last fall by a wave of arson and vandalism.

But Rebecca Wattenberg had no sympathy for the demonstrators. She stood defiantly in front of her shop, which was filled with colorful, painted glass plates, glasses and mirrors.

"I'm 22 myself -- like the demonstrators," she said, clutching the shop door key, preparing to lock up to prevent possible vandalism. "But I don't understand them. They would work and not demonstrate if they needed money."

She said the new job law was needed to give employers more flexibility. "Everywhere else in Europe people have started to realize that job laws have to change," Wattenberg said. "But not here."

Yvette Fouleboeuf, 84, who stood outside her apartment, shod in dog's-head-style slippers, said she supported the demonstrators and opposed the labor law "for my grandchildren -- they're so worried about the future."

As the demonstration began, police rounded up dozens of youths of African descent, handcuffed them and loaded them onto two buses.

Before the chanting, banner-waving marchers reached the Place

d'Italie, workers at McDonald's and Kentucky Fried Chicken restaurants were nailing large boards over their plate glass windows as though preparing for a hurricane. Cafe waiters scrambled to move tables and chairs off the sidewalks and inside.

The march was peaceful until it reached its final rallying point in the place. There, parts of the crowd erupted in mayhem, ripping up street signs and chunks of concrete and hurling them at riot police. The officers advanced on the attackers in long lines, frequently firing tear gas to disperse the crowd. In last week's turnout, hooded youths frequently robbed the peaceful demonstrators. There were no similar reports on Tuesday, even as youths threw pieces of concrete at news photographers.

But vendors who set up a grill to sell sausage-and-onion sandwiches to demonstrators were attacked by a group of youths. The vendors leapt into the cab of their truck and sped away, leaving a trail of broken bottles, squashed sausages and puddles of mayonnaise on the pavement.

Ex-Spy For Britain Found Fatally Shot In N. Ireland (WP)

By Shawn Pogatchnik

The Washington Post, April 5, 2006

DOJ_NMG_0025724

DUBLIN, April 4 -- A former official in the Sinn Fein political party who was recently exposed as a British spy was found fatally shot Tuesday, after apparently being tortured, police said. The killing seems certain to further complicate Northern Ireland's stalemated peace process.

Denis Donaldson, 55, died in his isolated home in Glenties in northwest Ireland, said the Irish justice minister, Michael McDowell, adding that Donaldson's right forearm had been nearly severed. He was last seen alive Monday while walking in the village, according to McDowell.

Donaldson was Sinn Fein's legislative chief in the failed power-sharing government of Northern Ireland. He admitted in December that he had been on the payroll of the British secret service and the province's anti-terrorist police for two decades. He went into hiding after that because the Irish Republican Army has traditionally killed known informants.

On Tuesday, the IRA denied responsibility in a one-line statement. "The IRA had no involvement whatsoever in the death of Denis Donaldson," the outlawed group said.

Irish Prime Minister Bertie Ahern and British Prime Minister Tony Blair condemned the killing, which came at a pivotal moment in Northern Ireland's 13-year-old peace process.

On Thursday, Blair and Ahern are to travel to Northern Ireland to reveal a new blueprint for reviving a Protestant-Catholic administration, the intended cornerstone of the province's 1998 peace accord. The plan -- 3 1/2 years of diplomacy in the making -- would call on Northern Ireland's legislature to reconvene in mid-May and face a Nov. 24 deadline to elect an administration.

The killing appeared certain to harden Protestant opinion against cooperating with Sinn Fein, the IRA-linked party that represents most Catholics in Northern Ireland. But officials in both governments said they would go ahead with Thursday's announcement.

Sinn Fein's leader, Gerry Adams, who in December defended Donaldson as an innocent man and then outed him as a British spy, said he did not know who killed him. But he suggested it might have been the work of IRA dissidents opposed to Sinn Fein's peacemaking efforts.

"It is likely that his death at this time is intended to undermine current efforts to make political progress," Adams said. "Those who carried out this murder are clearly opposed to the peace process."

Ian Paisley, whose Democratic Unionist Party represents most of Northern Ireland's British Protestant majority, said that someone within the IRA ranks was the most likely culprit. "There is a finger pointing tonight at IRA-Sinn Fein," he said.

A Catholic-Protestant administration for Northern Ireland fell apart in October 2002 because of an IRA spying scandal involving Donaldson. He and two others were charged with pilfering documents that identified the personal details of thousands of potential IRA targets. Protestants accused the IRA of plotting a possible resumption of its violent campaign.

But British prosecutors mysteriously dropped all charges in early December. A week later, Adams announced that Donaldson had confessed to being a paid British spy. Within hours, Donaldson admitted the same in a television interview.

During its 27-year campaign, the IRA's internal security unit tortured scores of IRA members suspected of passing information to British intelligence. Typical IRA methods included drowning the interrogation victim in a bathtub, applying electric shocks and administering cigarette burns.

The IRA last year declared it was renouncing violence for political purposes and backed the pledge by giving up its weapons stockpiles, moves that were supposed to spur a revival of power-sharing involving Sinn Fein. But Paisley has refused to cooperate with Sinn Fein, citing the IRA's refusal to disband and its alleged involvement in criminal activities.

I.R.A. Turncoat Is Murdered In Donegal (NYT)

By Brian Lavery

The New York Times, April 5, 2006

DUBLIN, April 4 — Denis Donaldson, a former member of the Irish Republican Army who was exposed last year as a British spy, was found shot dead Tuesday evening at his isolated home in Donegal.

Ireland's justice minister, Michael McDowell, confirmed that Mr. Donaldson had taken a shotgun blast to the head, and that his right forearm was "almost severed," a mutilation similar to those inflicted on I.R.A. informers throughout Northern Ireland's sectarian conflict.

Mr. McDowell said Mr. Donaldson, 55, had been tortured in his home near Glenties, in northwest Ireland, The Associated Press reported.

In a statement, the I.R.A. denied any involvement, but the killing threatens the fragile equilibrium that has lasted since last summer, when the group declared an end to its war against British rule in Northern Ireland.

In 2002, Britain accused Mr. Donaldson of spying for the I.R.A. by stealing documents from government offices at the Northern Irish parliament.

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At the time, Mr. Donaldson was receiving paychecks from the British intelligence agencies MI5 and Special Branch while he was serving as Sinn Fein's chief administrator for the power-sharing provincial parliament.

The charges brought down the coalition that was formed under the Northern Ireland peace accord of 1998.

His killing came just two days before the Irish and British prime ministers, Bertie Ahern and Tony Blair, are to meet in Northern Ireland to discuss restoring the local government.

Mr. Donaldson's spying for the British became public last December after the 2002 spying charges against him and two others were dropped suddenly by the British government.

After he was informed that the charges were being dropped, he admitted his dual role to his Sinn Fein colleagues, an announcement that came as one of the movement's most embarrassing scandals in years.

When he confessed in December, he told the state broadcaster RTE, "I was recruited in the 1980's after compromising myself during a vulnerable time in my life."

He added, "I apologize to anyone who has suffered as a result of my activities, as well as to my former comrades, and especially to my family, who have become victims in all of this."

Gerry Adams, president of the I.R.A.'s political wing, Sinn Fein, after personally offering his condolences to Mr. Donaldson's family, said: "It has to be condemned. We are living in a different era, and in the future in which everyone could share.

"This killing seems to have been carried out by those who have not accepted that."

Ian Paisley, the leader of Sinn Fein's Protestant rivals, the Democratic Unionists, said the killing "has put a dark cloud" over the talks Thursday between Mr. Ahern and Mr. Blair.

"Eyes will be turned towards I.R.A./Sinn Fein on this issue," Mr. Paisley said.

As the province's largest party, the Democratic Unionists are exercising a de facto political veto by refusing to share power with Sinn Fein.

Mr. Blair and Mr. Ahern plan to restart the fledgling legislature in May, despite Protestant worries about the continued existence of the I.R.A.

Many Northern Irish republicans, who want the province to break away from Britain and join Ireland, might be happy to see Mr. Donaldson dead, and Mr. Adams suggested that his death might have been the work of British intelligence agencies seeking to move blame back toward the republicans.

Mr. Donaldson had earlier earned his bona fides as Mr. Adams's cellmate when they were jailed in the 1970's. He was also arrested after training in guerrilla warfare with Hezbollah in Lebanon in the 1980's.

Since his admission of spying and his expulsion from Sinn Fein, Mr. Donaldson seemed to age decades. When he finally admitted that he had been spying for the British, he fled his home in Belfast to a remote part of County Donegal, and a cottage that had no electricity or running water.

Hugh Jordan, a journalist who found Mr. Donaldson and reported on his situation recently, told the Press Association in Britain that "he looked like a hunted animal."

"He was extremely depressed," Mr. Jordan said after the killing. "The nerves in his eyes were trembling. He seemed like a man who didn't think he would come to any harm. He did not see his life to be in any danger, but felt the only future he had was where he was, living in that dreadfully squalid situation.

"He was alone and threatened no one. He was no harm to anybody."

Former Sinn Fein Official Shot To Death (USAT)

USA Today, April 5, 2006

Former senior Sinn Fein official Denis Donaldson, who was recently exposed as a British spy, was shot to death in his home in County Donegal, Ireland, after apparently being tortured, Irish Justice Minister Michael McDowell said Tuesday. Prime Minister Bertie Ahern called it a “brutal murder.” Donaldson admitted in December he had been on the payroll of the British secret service and Northern Ireland's anti-terrorist police for the previous two decades. He then went into hiding. The Irish Republican Army said it wasn't involved.

Rich countries' financial aid to the world's poor rose 31.4% in 2005 and reached a record $106.5 billion, due to large debt-relief packages for Iraq and Nigeria, the Organization for Economic Cooperation and Development said. The total is 0.33% of the rich countries' gross national income and is halfway toward the United Nations' goal of 0.7%. The United States was the largest donor at $27.5 billion. That was 0.22% of U.S. national income, the highest rate since 1986.

A Paris court fined the terrorist known as “Carlos the Jackal” $6,110 for saying in a 2004 interview aired on French television that terrorist attacks were sometimes necessary. Ilich Ramirez Sanchez, 56, of Venezuela was convicted of defending terrorism.

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He also was charged for expressing pleasure at the 9/11 attacks but was acquitted because those comments were his personal reaction, not a defense of terrorism, the court said. Ramirez gained notoriety in the 1970s for deadly bombings, assassinations and hostage-takings. He is serving a life sentence for murder.

Sweden enforced Nazi laws barring marriages between “Aryan” Germans and Swedish Jews and suppressed public criticism of Hitler and reports of atrocities, according to research that suggests neutral Sweden accommodated the Nazis more than previously thought. The study shows “Germany got what it wanted from Sweden” without invading, said Stockholm University historian Klas Amark, who oversaw the research, commissioned in 2000.

Two Worn-Out Diplomats, One Fold-Out Bed (NYT)

By Maureen Dowd

The New York Times, April 5, 2006

I'm just back from London, where the Brits were fascinated with the Condi Rice and Jack Straw two-for-the-road odyssey, the exchange of visits to their hometowns, Birmingham and Blackburn, and the rebuff of Condi by Paul McCartney and a Blackburn mosque.

British journalists loved hearing about how Condi exercises alongside diplomatic reporters in hotel gyms, not at all self-conscious about working out in form-fitting shorts and T-shirts.

The British are used to iron ladies, perhaps not pumping iron but trying to iron out world affairs. In his quaint new book, "Manliness," the Harvard professor Harvey Mansfield cites only one woman with that exalted trait: Margaret Thatcher, who told the first President Bush not to go wobbly on Saddam. Teaching other women to be assertive, Mr. Mansfield frets, might be "like teaching a cat to bark."

The struggles of the relentless American diplomat and the charming British diplomat to knock heads in Iraq and get the government to govern, with the war spinning into sulfurous sectarian fighting, was less mesmerizing to many reporters than the pair's gender-benders.

At one point Mr. Straw said America and England had the right to prod Iraqi politicians: "We've got to be able to deal with Mr. A, Mr. B or Mr. C. We can't deal with Mr. Nobody."

A smiling Ms. Rice, still promoting the illusion that Iraqi women are better off, corrected: "Jack, I'm sure we'd be all right with Miss A or Miss B or Miss C, too, right?" (It would have to be a generic Miss, since there are no powerful women leaders there.)

The foreign secretary held his face and pleaded: "I was not being gender-specific. Don't report me, please."

The British reporters were gobsmacked when Condi gave the fold-out bed on her Boeing 757 to Mr. Straw for the night flight to Kuwait, and slept in the aisle as flight attendants stepped over her.

It may have been a sign that U.S. foreign policy is finally becoming humble, as W. promised in his first campaign, now that Condi has admitted "thousands" of mistakes in Iraq. But it also shows the secretary understands the importance of manly virtues: she was tough enough to sleep on the floor and chivalrous enough to make sure Mr. Straw didn't.

The Times of London made smarmy jokes about "how far the special relationship has developed," and asked a Baghdad embassy spokeswoman if Jack's sleeping in Condi's bed was "second base" for the couple.

The comedian Bill Maher recently noted that while other countries elect a wide array of female leaders, our women politicians are still expected to wedge themselves into a "straitjacket" and act like men.

It has been two decades since I covered Geraldine Ferraro's historic run for the White House. One politician welcomed Ms. Ferraro with a wrist corsage; another in Mississippi asked the "young lady" if she could bake blueberry muffins. Johnny Carson joked that Joan Mondale would not like her husband working late with his female vice president.

So now there are racy Rice-Straw jokes. How far have we come?

The Los Angeles Times ran a piece yesterday about Hollywood's doubts about Hillary, including Sharon Stone's basic instinct that it's too soon for the New York senator since "a woman should be past her sexuality when she runs" and she thinks Hillary still has "threatening" sexual power.

It seemed unlikely that we'd kick the habit of wanting Daddy in the Oval Office until we kicked the habit of wanting Daddy in the anchor chair.

Now that the nightly news is largely an anachronism, and the suits are trying to make it more cuddly and personality-driven to win younger viewers, we can finally break that barrier. (Even though Walter Cronkite fretted to a group last fall that women on TV talk in "too high a register.")

As Rebecca Dana wryly wondered in The New York Observer: "What is gravitas? And why does it kick in at nightfall?" She quoted one network executive explaining that even women "like to get their news from other women in the morning and from men — husband figures — at night."

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So now we'll see if Katie Couric can be trusted with the Herculean task of appearing on camera for 5 or 10 minutes a night, reading a teleprompter.

Still, she'll have to prove that, more than being just a headliner, she knows what's behind the headlines. As Bob Schieffer has done, raising CBS ratings, or as Christiane Amanpour might do as an anchor, Katie needs to show she understands the roiling events beyond the teleprompter.

Let's just hope Les Moonves doesn't welcome her with a wrist corsage.

Dark Days For Philippine Democracy (NYT)

The New York Times, April 5, 2006

Filipinos thought they had put an end to electoral chicanery and governmental intimidation when they overthrew the Marcos dictatorship two decades ago. Unfortunately, President Gloria Macapagal Arroyo has completely lost touch with the ideals that inspired that 1986 "people power" movement.

Mrs. Arroyo is no Ferdinand Marcos, at least not yet. But this onetime reformer is reviving bad memories of crony corruption, presidential vote-rigging and intimidation of critical journalists. Unless the Philippine Congress and courts find ways to rein in her increasingly authoritarian tendencies, democracy itself may be in danger.

This was not the outcome people expected five years ago when Mrs. Arroyo, then the vice president, was swept into power on a wave of popular discontent with her discredited predecessor, Joseph Estrada. In those days, Mrs. Arroyo, a professional economist, was seen as an earnest reformer. She won further credit by pledging not to run for a new six-year term in 2004.

But then she changed her mind, and her style of government as well. Her narrow re-election victory became tainted after a tape revealed her discussing her vote totals with an election commissioner while ballots were still being counted. She survived an impeachment attempt over that incident. But she was forced to send her husband into exile over charges that he took bribes from gambling syndicates.

Earlier this year she briefly declared a state of emergency in response to allegations of a coup threat that others disputed. Since then she has been intensifying pressure on a wide range of political critics and especially on the press. Government officials have warned news outlets that they will be held to restrictive new guidelines, the justice secretary talks darkly about a journalistic watch list, and the staff members of a well-known center for investigative journalism have been threatened with sedition charges. No Philippine government has made such efforts to muzzle the press since the Marcos era.

President Bush has repeatedly hailed Mrs. Arroyo as an important ally against international terrorism. He now needs to warn her that by undermining a hard-won democracy, she is making her country far more vulnerable to terrorist pressures.

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Because I Say So

Slate Magazine
March 28, 2006 Tuesday

BYLINE: Dahlia Lithwick

One of the most dramatic moments in today's oral argument in Hamdan v. Rumsfeld comes when an uncharacteristically agitated Justice David Souter presses Solicitor General Paul Clement about whether Congress last December effectively stripped the Supreme Court of the right to hear habeas corpus claims from any of the hundreds of detainees being held at Guantanamo Bay.

Clement says it's not necessary for Congress to have "consciously thought it was suspending the Writ." Perhaps the lawmakers just "stumbled on the suspension of the Writ," which would also be fine, Clement suggests.

Souter stops him, amazed. "The suspension of the Writ," the justice sputters, is the most "stupendously significant act" Congress can undertake.

"Are you really saying Congress may validly suspend it inadvertently?" he asks. It's the morning's best example of the degree to which, for Souter as well as for Justice Stephen Breyer, today's argument is an agonizing exercise in Bush administration doublespeak. Clement's arguments are frequently drawn from the well of "because the president says so," or "because the president is the president," or "because it's wartime." They start to sound like Alberto Gonzales or the president: legal analysis by assertion and justification by double standard. This war is like every other war except to the extent that it differs from those other wars. We follow the laws of war except to the extent that they do not apply to us. These prisoners have all the rights to which they are entitled by law, except to the extent that we have changed the law to limit their rights.

In other words, there is almost no question for which the government cannot find a circular answer.

The issue before the court is the legality of President Bush's military tribunals. The two key war-on-terror cases of 2004 Hamdi v. Rumsfeld and Rasul v. Bush established that the administration could detain enemy combatants. But these combatants would nevertheless be entitled to some neutral adjudicatory process, the contours of which the justices left to be determined. The question for the court is whether the military tribunals established by the president by military order in 2001 meet the justices' standard for neutral and adjudicatory. The tribunals rely neither on the Geneva Convention nor the Uniform Code of Military Justice. They allow for the admission of unsworn testimony; may preclude a detainee from appearing at his own trial; and do away with the presumption of innocence. Punishment may include death.

Salim Ahmed Hamdan, alleged to be Osama Bin Laden's chauffeur, faces trial before such a tribunal on charges of conspiracy to help terrorists. His appeal encompasses a host of statutory and constitutional challenges to the tribunals. Hamdan won in the district court and lost in the D.C. Circuit federal court of appeals. Chief Justice John Roberts joined in the D.C.
Circuit decision before his promotion and has thus recused himself today.

Circuit decision before his promotion and has thus recused himself today.
As if the court didn't have enough weighty matters on its collective mind, it also must grapple with the Detainee Treatment Act, which Congress passed last December to amend the federal habeas corpus statute. The idea was to prevent the Guantanamo detainees from getting a full habeas reviewwhich often includes a chance for the accused to present evidencein the federal courts. The government argues that the DTA strips the Supreme Court of jurisdiction to hear Hamdan's case. So, the court has to start there: Can it even reach the merits of the legality of the commissions?
The press corps begins the day with a different question: What the hell has gotten into Justice Antonin Scalia? Between his extracurricular pronouncements on the arguments in this case (and I urge you to listen to the whole speech yourself) and his extracurricular hand signals last weekend, nobody is quite sure what has come over the man. He is ever more the Bill O'Reilly of the High Court.
Neal Katyal represents Hamdan this morning in a special 90-minute session that is sufficiently important to merit audio broadcast, according to the unknowable metric used by the chief justice. Katyal launches into his argument about why the DTA doesn't apply to cases like Hamdan's that were pending in the courts when the law passed. Rookie Justice Samuel Alito who speaks very little again today asks why Hamdan can't just raise these claims later, after the military tribunal has issued its final decision, the way he would in an ordinary criminal proceeding.
"This is not an ordinary criminal proceeding," replies Katyal. "If it was we wouldn't be here. This is a military commission unbounded by laws, the constitution, or treaties. It replicates the blank check this court rejected in Hamdi." Katyal says that the Framers had a "deep distrust of military tribunals" and that the only thing that assuages this distrust is that Congress is charged with setting clear rules.
Katyal then turns to the conspiracy charge Hamdan faces. He explains that the laws of war reject the charge of conspiracy as a substantive crime.
"Even if this tribunal is authorized," he claims, "allowing this charge of conspiracy would open the floodgates to the president to charge whatever he wants."
Alito asks whether the conspiracy charge can't simply be amended. To which Katyal responds, with some frustration, that the "government has had four years to get their charges together against Hamdan." Katyal argues that the Uniform Code of Military Justice sets out the bare baseline rules for military commissions. But Scalia counters that there is no point in creating military commissions if they have to adhere to the same standards as the UCMJ.
Solicitor General Paul Clement has 45 minutes to represent the Bush administration, and here is where the smoke and mirrors kick in. He cites the executive's longstanding authority to try enemies by military tribunal.
When Justice John Paul Stevens asks for the source of the laws that such tribunals would enforce, Clement replies that the source is the "laws of war." When Stevens asks whether conspiracy is encompassed within the laws of war, Clement says that the president views conspiracy as within the laws of war.
Neat trick, no?
Souter takes a slightly different tack: If you accept that the military commissions apply the laws of war, don't you have to accept the Geneva Conventions? he asks. Clement responds that the commissions can "adjudicate that the Geneva Conventions don't apply." "You can't have it both ways, " Souter retorts. The government can't say the president is operating under the laws of war, as recognized by Congress, and then for purposes of defining those laws, say the Geneva Conventions don't apply.
Sure it can. Clement replies that if a detainee has such a claim, he should bring it before the military courts. Even Kennedy seems alarmed now. He confesses that he's troubled by the notion of bringing challenges about the structure of the tribunal to the tribunal itself. "If a group is going to try some people, do you first have the trial and then challenge the legitimacy of the tribunal?" he asks incredulously.
Clement objects to his word choice. "This isn't just some group of people," he says. This is the president invoking his authority to try terrorists.
Breyer goes back to the DTA and whether it stripped the court of jurisdiction to rule on Hamdan's

claims. He asks how the court can avoid "the most terribly difficult question of whether Congress can constitutionally deprive this court of jurisdiction in habeas cases."
And Stevens serves up another can't-have-it-both-ways query: When Congress takes away the courts' habeas corpus jurisdiction, "Do you say it's a permissible suspension of the writ or that it's not a suspension of the writ?" he asks.
"Both," replies Clement.
"You can't say both," chides Stevens. So this is where Clement claims that Congress could have accidentally suspended the writ, the way you might accidentally drop your eyeglasses into a punchbowl. "Wait a minute," replies Souter, and I think he's angrier than I have ever seen him. "The writ is the writ. You're saying the writ was suspended by inadvertence!" Later Breyer will add: "You want to say that these are war crimes. But this is not a war. These are not war crimes. And this is not a war crimes tribunal. If the president can do this, he can set up a commission and go to Toledo and arrest an immigrant and try him." To which Clement's answer is the fail-safe: "This is a war." And even as it starts to be clear that he is losing Kennedy who asks whether Hamdan isn't "uniquely vulnerable" and thus entitled to the theoretical protection of the Geneva ConventionsClement stands firm in his claim that the Guantanamo detainees are different from regular POWs because, well, they are.
At some point, it must begin to insult the collective intelligence of the court, these tautological arguments that end where they begin: The existing laws do not apply because this is a different kind of war. It's a different kind of war because the president says so. The president gets to say so because he is president.
For today at least, it appeared that the Bush administration would not readily marshal five votes for its core legal proposition: that if you just refuse to offer answers, the questions will go away.

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Subject: 4/5/06 Civil Division News

Federal appeals court takes up gay marriage

Suit challenging 'don't ask' dismissed for lack of names

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Fight focuses on copter records: Defense contractor files suit to deny access

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ACLU vs Boy Scout Case Heads To Court Of Appeals

Alvarado Hospital parent facing more legal woes

San Francisco Chronicle

April 5, 2006

Federal appeals court takes up gay marriage

Bob Egelko, Chronicle Staff Writer

Pasadena -- A federal appeals court heard a challenge by two Orange County men Tuesday to a law

denying federal marriage benefits for same-sex couples, but questioned whether the case belonged in court -- a suggestion welcomed by gay rights groups, which want to derail the suit and focus on overturning California's marriage law.

The hearing by the Ninth U.S. Circuit Court of Appeals was the first by any appellate court on the constitutionality of the Defense of Marriage Act. Signed in 1996 by President Bill Clinton, the law reserved federal marriage benefits -- joint tax filing, Social Security survivors' rights, immigration status and numerous other marital privileges -- to opposite-sex couples. Another provision, not at issue in this case, lets states refuse to recognize same-sex marriages performed in another state or a foreign nation.

Both the federal law and the state's ban on same-sex marriage were challenged in a 2004 lawsuit by Arthur Smelt and Christopher Hammer of Mission Viejo after they were twice denied a marriage license. The pair, together since 1997, argue that both laws violate the constitutional rights of equal protection, privacy and freedom of association. The men are appealing a ruling in June by a federal judge who upheld the federal law and declined to consider the California law, which is now before a state appeals court in an unrelated case.

The Smelt-Hammer case has drawn protests from organized supporters of same-sex marriage -- Equality California, the Lambda Legal Defense and Education Fund, and the National Center for Lesbian Rights, as well as the city of San Francisco -- who fear that federal court litigation could lead to an early and unfavorable U.S. Supreme Court ruling that reinforces current marriage laws.

Those groups won a ruling in March 2005 saying that California law, which defines marriage as a union between a man and a woman, discriminates on the basis of sex and violates the fundamental right to marry the person of one's choice. An appeal by the state is awaiting arguments before a state appellate court in San Francisco.

In the federal case, Equality California urged the court in a written filing to rule that an unmarried couple is not affected by the federal law and has no right to challenge it. That drew a sharp retort from Richard Gilbert, lawyer for the Orange County couple, who said gays have already endured 5,000 years of discrimination.

At Tuesday's hearing, however, two of the three judges suggested Gilbert's clients may have lost their legal platform through an act of personal rebellion -- a December 2004 filing with the state in which they said they were ending their domestic partnership and instead wanted their marriage to be recognized. They did not notify U.S. District Judge Gary Taylor, who ruled six months later that the men's status as domestic partners gave them legal standing to challenge the federal law, a law he proceeded to uphold.

"Standing was predicated on the legitimacy of the domestic partnership," said Judge Sidney Thomas. With that status apparently withdrawn, he said, "why shouldn't we abstain and let the California courts decide all this?"

When Gilbert said his clients' action had been misinterpreted, Judge Ferdinand Fernandez observed that they could reregister as domestic partners if they wanted to clear up doubts about their status. Hammer told reporters afterward that he and Smelt would consider a return to domestic partner status to be a concession that they weren't entitled to marriage.

He said he and his partner, both 46, are unwilling to await the outcome of suits by gay rights groups in state courts.

"I want things done in my lifetime, not somebody else's," Hammer said.

Only one of the judges on the panel, Judge Jerome Farris, seemed inclined to address the validity of the marriage laws. When Gilbert argued that the laws were based on bigotry, Farris said the definition of marriage could include a couple's ability to conceive a child together.

Under a law like California's domestic partner statute, Farris said, "you can unite, you can do anything else you want to do. You just can't call it marriage."

END

San Francisco Chronicle
April 5, 2006

Suit challenging 'don't ask' dismissed for lack of names

Bob Egelko, Chronicle Staff Writer

A federal judge has dismissed a gay rights group's challenge to the military's "don't ask, don't tell" policy because the group wouldn't tell the judge the names of the people it was representing.

The Log Cabin Republicans' refusal to name any of the past or present service members on whose behalf the organization filed the lawsuit means the group has failed to identify anyone affected by the policy and lacks standing to maintain the suit on its own, said U.S. District Judge George Schiavelli of Los Angeles.

The organization's claims of harm to its members are merely "hypothetical and conjectural," Schiavelli said in a ruling issued March 22. He said other past and present suits over the same policy have shown that those who believe their rights are violated "will step forward to legally challenge the perceived injustice despite the potential consequences."

The dismissal is not final, however, as Schiavelli gave the organization until April 28 to file an amended lawsuit naming at least one member harmed by the policy. Patrick Guerriero, president of the Log Cabin Republicans, said Monday the group would reluctantly comply.

The suit was filed anonymously largely to protect plaintiffs who were still in uniform, because "if they came out publicly they would be thrown out of the military," Guerriero said. He said his organization was talking to current and former service members involved in the case to see which of them would agree to be named publicly.

The military policy, declared by President Bill Clinton in 1993 and passed into law by Congress that year, replaced a previous ban on gays and lesbians in the armed forces. Under the current policy, recruits and service members cannot be asked about their sexual orientation, but can be barred if they declare or openly display their homosexuality.

The U.S. Supreme Court has never ruled on the constitutionality of the policy but has refused to hear appeals from several lower-court rulings in the government's favor. Those cases arose, however, before the high court's 2003 ruling that overturned state laws against private homosexual conduct and recognized a right to sexual privacy.

The Log Cabin suit, filed in October 2004, cited the Supreme Court ruling and said the military policy violates the rights of privacy, free speech and equal protection, is based solely on prejudice, and serves no legitimate government or military purpose. A similar lawsuit by the Servicemembers' Legal Defense Fund, on behalf of 12 identified former military personnel, is pending before a federal judge in Boston.

END

Los Angelss Times

April 5, 2006

Guantanamo Judge Delays Suspect's Tribunal 3 Months

By Carol J. Williams
Times Staff Writer

U.S. NAVAL BASE GUANTANAMO BAY, Cuba — Whether the soft-spoken man with an easy smile and a posture of compliance is an Al Qaeda bagman or a hapless hotel worker wrongly ensnared in the post-Sept. 11 panic was no clearer after his Tuesday tribunal appearance than when he was arrested four years ago.

The case against Abdul Zahir, who never traveled outside his native Afghanistan before being flown to the U.S. detention site for terrorism suspects here, was suspended until July to give his Army defense lawyer time to travel to the scene of the crimes with which Zahir is charged.

That means by the time his tribunal resumes, the Supreme Court will have ruled on the question of whether the Bush administration's effort to prosecute terrorism suspects here is legal.

Zahir is one of only 10 "enemy combatants" — among hundreds of Guantanamo detainees — charged with war crimes stemming from the Sept. 11 attacks. The cases have crawled through a maze of legal and moral challenges to the tribunal's legitimacy and the U.S. military jailers' interrogation techniques.

The diminutive, bearded defendant, who says he is unsure whether he is 34 or 35, shuffled into the maximum-security military courtroom between two Marines, clearly awed by the change of scenery from the daily monotony of detention.

In proceedings that lasted less than two hours, Zahir agreed to go on even without a court translator or a copy of the charges against him in his native Persian. He also said he was satisfied for now with "Colonel Tom," Army reservist Lt. Col. Thomas Bogar, who is assigned to defend him.

Zahir said little beyond "yes" and "no" to procedural questions before Marine Col. Robert S. Chester, the presiding judge, in his appearance before the first military war crimes tribunal in which the U.S. has been involved since World War II.

In a September 2004 hearing at Guantanamo to determine whether he was properly classified as an enemy combatant, Zahir painted a picture of himself as a lowly government guesthouse worker at a hotel run by Afghanistan's Taliban regime assigned to translate and run errands for an Arab who spent three years there. The Pentagon asserts that the visitor, Abdul Hadi, was a "known member of Al Qaeda."

"I never hated the United States," Zahir told his captors during that hearing. He also asserted that he had told U.S. interrogators in Afghanistan the identities of neighbors who lobbed a grenade into a car carrying journalists near Gardez in March 2002, seriously wounding a Toronto Star correspondent. Zahir is charged with war crimes for that attack and for allegedly supporting Al Qaeda by helping Hadi.

After Monday's abbreviated hearing, the military commissions' chief prosecutor, Air Force Col. Morris Davis, said the U.S. government wasn't likely to accuse Zahir of being the attacker. Two other Afghans are mentioned in the charges and presumed to be detained here.

"I don't think the evidence we are going to introduce is that he is the person who actually threw the grenade," Davis said.

Prosecutors have proceeded with the cases not specifically stayed by U.S. court orders while the Supreme Court reviews the military commissions' jurisdiction and the legality of denying the foreign

defendants the protections and rights ensured in U.S. courts and military courts-martial. Four detainees face preliminary appearances this week and three more the last week of April.

Davis seemed to denigrate the questions raised at the Supreme Court hearing March 28, contending that Justice Stephen G. Breyer had argued that President Bush's declared war on terrorism "is not a war, at least not an ordinary war." A few hours after Breyer's observation, "enemy combatants launched a major attack on coalition forces in southern Afghanistan," Davis said, further noting that a 52-year-old Vermont man on his third tour of duty there was killed as a result.

"When people ask why we are holding the enemy accountable in our common-law war courts called military commissions, the answer is plain and simple: We are at war," Davis argued.

Zahir was to have entered a plea to charges of attacking civilians, aiding the enemy and conspiracy in murder, destruction of property and terrorism. But Chester postponed further proceedings until Bogar, a Philadelphia tax lawyer in civilian life, could travel to the southern Afghanistan region where Zahir is from. The defendant, in khaki trousers, laced leather shoes and a blue oxford shirt so new it still held its packing wrinkles, had contended in his detention review that the charges had "no basis."

He has made no claims of ill treatment here, but accusations of torture, humiliation and denial of due process by other prisoners have raised an international chorus of demands that the Guantanamo camp be closed and its detainees tried in established courts or returned to their home countries.

Chester noted with mild reprimand the prosecution's failure to provide Zahir with a Persian translation of the charges against him, filed nearly two months ago and based on events in early 2002.

He also gave the defendant the opportunity to adjourn at the outset because the tribunal administrators, the Pentagon's Office of Military Commissions, had failed to provide a translator. A Persian-speaking defense aide filled the breach.

Pentagon spokeswoman Maj. Jane Boomer couldn't explain the oversight.

Katherine Newell Bierman, counter-terrorism counsel for Human Rights Watch, questioned whether a Persian translator had ever been present for Zahir's extensive interrogations considering that one couldn't be found for the formal proceedings.

Lawyers for other Guantanamo detainees have converged here this week to observe the hearings, hoping to glean the strength of the prosecution's evidence and the judges' strategy for filling holes in the commissions' legal guidance.

Several of the defense lawyers say they have been encouraged by the Supreme Court session last week in which five of the eight justices hearing the case expressed doubts about the Guantanamo judicial process.

END

Canadian Press

April 5, 2006

Testimony begins in suit against U.S., alleges 2,000 men detained illegally@

TORONTO_(CP) _ A Toronto man who is part of a class-action lawsuit against senior U.S. officials,

including FBI director Robert Mueller and former attorney general John Ashcroft, is testifying in a closed-door deposition in Toronto this week.

Akhil Sachdeva, a Hindu native of India who is now a Canadian citizen, began testifying on Monday before U.S. government\l "l" attorneys\l "l" about his treatment at Passaic County Jail in New Jersey, where he was detained from December 2001 to April 2002 before being cleared of terrorist links and deported to Canada.

The lawsuit, known as Turkmen v. Ashcroft, was filed by the New York-based Center for Constitutional Rights in 2002. The group's lawyers are representing the seven men named in the case, including two other Toronto men, Syed Amjad Ali Jaffri and Shakir Baloch, along with a Muslim cleric from Turkey, a French citizen from Reunion Island and two brothers from Egypt who were detained in custody after the Sept\l "l". 11\l "l", 2001, terrorist attacks.

"The suit is still in the discovery process," said Bill Goodman, the centre's legal director.

The lawsuit\l "l" charges that up to 2,000 men, mostly Muslims from the Middle East or South Asia, were picked up on minor administrative, visa or passport violations and illegally detained following Sept\l "l". 11\l "l".

"This was one of the initial strikes by the Bush administration on the Bill of Rights. The rights of (thousands of) Muslim men in the U.S. were being trampled, and we had to take it up, or we would be silent observers in the demolition of the Bill of Rights," Goodman said.

Lawyers for Sachdeva and the other men named in the case claim detainees\l "l" at the Passaic County jail and the Metropolitan Detention Center in New York were jailed under harsh conditions and terrorized by snarling dogs.

"These men were held as criminal suspects, but were not brought before any judge or magistrate or charged with a crime," Goodman said.

The lawsuit seeks monetary damages for pain and suffering by the detainees, who were released after being cleared of any terrorist links. (Toronto Star)

END

The National Law Journal
04-05-2006

High Court Cases Put International Law in the Spotlight

Marcia Coyle

Twice last week the U.S. Supreme Court delved into the possible application of rights and remedies under international law but in two very different contexts: the war on crime and the war on terror.

And in both contexts, the Bush administration argued there were no judicially enforceable rights created.

The day after the justices heard arguments on whether enemy combatant Salim Hamdan, detained at Guantánamo Bay, was entitled to certain protections under the Geneva Conventions, the justices took up the much less heralded cases of two foreign nationals claiming that their rights under the Vienna Convention were violated and that their criminal convictions should be set aside.

Moises Sanchez-Llamas, a Mexican national convicted of attempted murder, and Mario Bustillo, a Honduran citizen convicted of first-degree murder, contend that Article 36 of the Vienna treaty requires signing nations to notify "without delay" a detained foreign national of his right to request help from his country's consul and, if the foreign national asks, to inform the consul of the arrest or detention. *Sanchez-Llamas v. Oregon*, No. 04-10566; *Bustillo v. Johnson*, No. 05-51.

About six years ago, they say, the U.S. government reversed its position that Article 36 creates individual rights of consular notice and access. The justices agreed to decide whether it does, and whether suppression of evidence sought by Sanchez-Llamas, or the habeas relief sought by *Bustillo*, would be appropriate remedies for violations of Article 36.

FOCUSED ON REMEDY

During the 90-minute argument, which featured five lawyers -- two for the criminal defendants and one each for Oregon, Virginia and the United States -- the justices focused primarily on the remedy, not the rights question.

The International Court of Justice has said that treaty signatories are to provide a reasonable remedy, noted Justice Stephen G. Breyer. If the foreign national has a lawyer, he said, perhaps the lawyer should inform him of his right, and if the lawyer fails to do so, that is ineffective assistance of counsel. "Is that sufficient in the appropriate case?" he asked.

Bustillo's counsel, Mark T. Stancil of the Washington office of Houston's Baker Botts, answered, "Relying on the lawyer to do the duty of the state does not effectuate the treaty. The treaty says the state has to notify."

"Yes, the state has to notify," said Justice David H. Souter, "but the lawyer should be taxed with knowing that this is the right, that the treaty is the law of the land, and he should raise the question of whether notice has been given, just as he asks the client if he got his *Miranda* rights. If he doesn't, then it's ineffective assistance."

But this situation is different from *Miranda* warnings, countered Stancil. The right to notice and access is a stand-alone right. "If you push these claims into ineffective assistance of counsel, they evaporate," he added, noting that there have been about 60 ineffective assistance of counsel claims based on Vienna Convention violations, and courts reportedly have found ineffective assistance in "one or none" of them.

Oregon Solicitor General Mary H. Williams told the justices that it would be "revolutionary" if the high court interpreted the Vienna Convention as sought by the defendants.

"Our problem is: The ICJ said you have to give a remedy," said Breyer.

However, Williams countered, "The treaty makes clear in its preamble that it's concerned with the obligation of the signatories and not with creating individual rights and remedies."

"Should police officers give [notice] as part of the *Miranda* warnings?" asked Chief Justice John G. Roberts Jr. Williams said that the U.S. State Department recommends police give notice as soon as they know a person is a foreign national.

"We've made better efforts to comply with our obligation under the treaty, but that doesn't lead to suppression of evidence for violations," Williams added.

U.S. Deputy Solicitor General Gregory Garre told the court, "It is a traditional rule of international law that treaties don't create individual enforceable rights."

The ICJ decision that a remedy must be provided "to be blunt, is wrong," he said, adding that the traditional way to enforce the treaty is to give notice to the detainee at the point it is determined that he is a foreign national.

END

AP

April 5, 2006

Wisconsin joins suit against No Child Left Behind

MADISON, Wis._Wisconsin has joined a federal lawsuit challenging the No\l "l" Child\l "l" Left\l "l" Behind\l "l" Act, with the state's attorney general arguing the law dictates a variety of educational policies without providing money to carry them out.

Republican opponents of Attorney General Peg Lautenschlager, a Democrat, immediately accused her of filing a frivolous action to shore up liberal support for her re-election bid this year, but her office said she was only carrying out the duties of her job.

The lawsuit, filed by the National Education Association and school districts in Michigan, Vermont and Texas against U.S. Education Secretary Margaret Spellings, alleges the act imposes unfunded mandates on state and local governments.

A federal judge in Michigan dismissed the lawsuit in November, but the plaintiffs have mounted an appeal.

Lautenschlager filed an amicus brief in the lawsuit Friday, which means Wisconsin supports the plaintiffs. The states of Connecticut\l "l", Delaware, Illinois, Maine and Oklahoma have filed similar briefs.

Lautenschlager said in a statement Tuesday the act dictates wide-ranging policies ranging from teacher qualifications to timing of student assessments, decisions Wisconsin school districts have traditionally made. But it doesn't provide local governments enough money to cover its requirements, she said.

In 2004, Lautenschlager issued a legal opinion saying the federal government can't force states to comply with the act. The opinion was the first in the country from a state attorney general on the act.

END

Atlanta Journal and Constitution (GA)

April 5, 2006

Fight focuses on copter records: Defense contractor files suit to deny access

REBECCA CARR

Washington -- One of the nation's largest defense contractors is suing the Pentagon to prevent the release of Black Hawk helicopter production inspection records, saying they would reveal confidential information to its competitors.

But the Bush administration disagrees with Sikorsky Aircraft Corp., whose helicopters are heavily used by the military in Iraq, Afghanistan and missions throughout the world.

The administration, better known for keeping government information secret, is asking a federal judge in Washington to release the records to Alan M. Cohn, a reporter for a television station in New Haven, Conn.

Cohn is investigating whether mechanical failures have caused Black Hawk helicopters to crash in Iraq. His quest for information began in 2003 after several Sikorsky employees told him they were worried that defective parts had caused a series of deadly crashes in Iraq that year.

Cohn believes the records would shed light on whether the Defense Department had raised concerns with Sikorsky about the quality of the helicopter's machinery.

The records in question -- called Corrective Action Requests -- are a way for the Defense Department to inform a contractor that it is not complying with the Pentagon's safety and performance standards, said Dick Finnegan, associate general counsel of the Defense Contract Management Agency.

In one such record obtained by Cohn, a Pentagon official wrote:

"The recent succession of production problems indicates to us a steady decline in SAC's [Sikorsky Aircraft Corp.'s] ability to identify and correct manufacturing and production deficiencies." The Pentagon official noted in the document that the most notable of 19 cited examples is the "installation of unqualified parts."

On March 2, 2004, Cohn filed a request under the Freedom of Information Act to obtain all inspection reports related to the Black Hawk dating to 2003 and for Sikorsky's responses. The Defense Contract Management Agency denied Cohn's request two months later.

Cohn appealed and upon review, the agency decided to reverse its earlier denial and release nearly all the documents.

Sikorsky objected. Robert K. Huffman, a lawyer representing Sikorsky, argued in legal filings that the release of the information would cause the aircraft manufacturer "substantial competitive harm" and hurt the government's ability to obtain information from Sikorsky in the future.

On May 31, 2005, the agency decided that the records would be released but said Sikorsky's responses to them would remain confidential.

Sikorsky responded by filing a lawsuit in the U.S. District Court for the District of Columbia against the Pentagon to halt the release of the records. The Justice\l "l" Department\l "l", in turn, recently asked Judge Richard W. Roberts to dismiss the case.

"The release of the documents is compelled by, and consistent with the goals of the FOIA," Justice\l "l" Department\l "l" lawyers wrote.

Cohn dismisses Sikorsky's concern about proprietary loss, saying it is a guise to hide possible mechanical problems that could be embarrassing to the company.

"We aren't talking about classified information here," said Cohn. "I can't for the life of me understand why the public doesn't have the right to this information. Our men and women have their lives on the line, and we have every right to expect that the aircraft does not have faulty parts."

Open government advocates agree.

"Our experience has shown that companies are happiest when no information is shared," said Danielle Brian, executive director of the Project On Government Oversight, a nonpartisan government watchdog group.

"The threshold for releasing information under the Freedom of Information Act is high. If the Defense Department believes these records should be made public, then it raises questions about why the company wants to keep them secret."

John E. Pike, a defense expert and executive director of Virginia-based GlobalSecurity.org, said the case is unusual because it pits the right of Sikorsky to protect its company secrets against the public's right to know. "Seems to me that a balancing test is needed," Pike said.

Bud Grebey, vice president of communications and marketing at Sikorsky Aircraft, said he can't comment on the nature of Cohn's requests because of the pending litigation.

But he did say that the helicopters are not released to the Pentagon unless all of the concerns in the inspection report are met.

END

Associated Press

NY May Sue US Govt To Get W Valley Nuclear Site Cleaned (AP)

Wednesday, April 5, 2006

BUFFALO, N.Y. The state is prepared to take the federal government to court to end an impasse over cleanup and long-term management of the West Valley nuclear site, which once housed the nation's only commercial nuclear fuel reprocessing operation.

Talks between New York and the U.S. Department of Energy stalled during the Clinton administration. Now, with the DOE cutting staff and funding at the site, state energy officials worry the federal agency is getting ready to leave.

"DOE seems to be planning an early departure, and we don't want the taxpayers of New York state left holding the bag," said Vincent Delorio, chairman of the New York State Energy Research & Development Authority.

The agency this week authorized litigation to determine the federal government's responsibility at the Cattaraugus County site 30 miles south of Buffalo.

From 1966 to 1972, spent nuclear fuel from commercial nuclear power plants and DOE sites was chopped and dissolved, and its uranium and plutonium were extracted. The operation shut down for upgrades in 1972 but remained closed after stricter regulatory requirements passed during the closure made the prospect of reopening too expensive.

The 1980 West Valley Demonstration Project Act passed by Congress obligated the DOE to decontaminate and decommission facilities at the state-owned site, with the state pitching in on the cost.

Since 1981, West Valley Nuclear Services Co., the DOE's onsite contractor, has solidified and stored more than 600,000 gallons of high-level liquid radioactive waste, while shipping low-level waste off site. More than 300,000 cubic feet of low-level waste was removed last year.

"As past performance shows, the U.S. Department of Energy remains committed to meeting the requirements of the West Valley Demonstration Project Act," the DOE said in a statement issued Tuesday in response to the NYSERDA action. "... Overall, DOE has reduced the volume of legacy waste at the West Valley Demonstration Project by 70% in the last few years."

Legislation proposed by Rep. John "Randy" Kuhl would update the 1980 law and require the federal government to take ownership of the site and full responsibility for its cleanup. The bill would end the state's financial obligation, which has totaled more than $200 million.

NYSERDA views legal action as a last resort that would be pursued if face-to-face negotiations and the legislation were to fail, officials said.

"The progress of the legislation is uncertain, and we feel compelled to proceed simultaneously along the litigation track to make sure that we get these responsibility issues resolved so that we can move forward with the cleanup," NYSERDA President Peter Smith said.

"It's unfortunate that New York has to go this route just to get the DOE's attention, but we're running out of options," said Bob Van Wicklin, a spokesman for Kuhl, R-N.Y.

The DOE last week said it would award a contract for continued cleanup at West Valley in the coming months. West Valley Nuclear Services spokesman Terry Dunford said the company, which has held the contract since 1981, would seek to continue its work there.

END

PipeLineNews.org

ACLU vs Boy Scout Case Heads To Court Of Appeals

Wednesday, April 5, 2006

Chicago, IL - PipeLineNews.org - In 2005, a federal district court in Chicago sided with the ACLU and ruled that the military's support for the National Scout Jamboree - held once every four years at Fort A.P. Hill in Fredericksburg, Virginia - unconstitutional. The case is Winkler v. Rumsfeld, No. 05-3451 (7th Cir.).

The ACLU's claim is that the Scout Oath's "duty to God" makes the Boy Scouts a religious organization, like a church, and that military support for the Jamboree violates the Establishment Clause of the First Amendment.

If the ruling stands, the military may not lend equipment or provide logistical support to the Jamboree, as it does for many other civic organizations. The Department of Defense appealed this decision to the United States Court of Appeals for the Seventh Circuit in Chicago. Oral arguments are now scheduled for Thursday, April 6 at 9:30 a.m. CST.

END

San Diego Union-Tribune
April 5, 2006

Alvarado Hospital parent facing more legal woes

The latest mistrial in the Alvarado Hospital illegal-kickback case could hamper efforts by the hospital's corporate parent to settle all investigations and cases against it.

U.S. District Judge M. James Lorenz declared the mistrial yesterday after a second San Diego jury deadlocked in the federal criminal case against Alvarado Hospital Medical Center, its former chief

executive Barry Weinbaum and Alvarado parent company Tenet Healthsystem Hospitals. The jury was unable to reach a unanimous conclusion on whether the hospital used its physician-recruitment program to bribe doctors to refer patients to the hospital.

It's unclear whether prosecutors will try the case a third time, but the possibility presents a hurdle for Tenet Healthcare Corp. – Tenet Healthsystem's owner – in its pursuit of a global settlement of numerous federal and state investigations into Medicare fraud, tax underpayment and securities fraud.

Merrill Lynch analyst A.J. Rice said in a research note late yesterday that the lack of a definitive conclusion will plague Tenet in the short term.

“A clear verdict in the Alvarado case would have paved the way for the company to come to a relatively quick settlement with federal authorities regarding the remaining major federal investigation-related issues,” Rice said. “However, with a hung jury that path is not as clear.”

The news of a mistrial sent Tenet's stock up 61 cents, or 8.37 percent, to close at $7.90 yesterday on the New York Stock Exchange. The stock fell 3 cents in after-hours trading.

In the past year, shares have declined nearly 32 percent as Tenet went through the 11-month trial in San Diego, investigations elsewhere into doctor relocation agreements, a Medicare settlement in Florida and declining patient admissions.

Run-ins with various government agencies are sprinkled throughout Tenet Healthcare's history. It was rechristened Tenet in 1995 in an effort to recover from an insurance-fraud scandal by predecessor National Medical Enterprises.

NME's psychiatric-services subsidiary pleaded guilty to paying millions in kickbacks to doctors in exchange for referrals. The company paid $375 million in fines to the government. NME's chief executive, who cooperated with the government in the investigation, was sentenced to five years of probation.

After replacing its management and paying $3.3 billion to buy the American Medical International hospital chain, the company was poised for rebirth under the name Tenet Healthcare.

At the time, company Chairman and Chief Executive Jeffrey C. Barbakow told employees that the name Tenet “says that we have strong values and beliefs and that we will seek out others with similar views for the benefit of both.”

After seven relatively uneventful and financially solid years, Tenet was suddenly back in the hot seat in 2002, when federal regulators accused the company of manipulating its pricing in order to tap into the Medicare outlier fund, which compensates hospitals for the most costly patients.
Federal agents also raided the company's Redding Medical Center, searching for evidence that two of its physicians performed unnecessary cardiac procedures.

In late December of that year, agents went to Alvarado Hospital in San Diego seeking evidence of an alleged scheme in which Alvarado paid $10 million to doctors over a decade in exchange for referring patients to the East County hospital for surgery, tests and other procedures. Such kickbacks are illegal under laws governing Medicare and Medicaid.

During the two trials in the case, Tenet argued that the agreements were reviewed and approved by experienced health care lawyers and were designed to address a shortage of physicians in East County.

The company's physician-relocation agreements also are under scrutiny elsewhere in California and in Texas, Louisiana, Missouri and Tennessee, according to Tenet. No charges have been filed in those investigations.

By late 2003, Barbakow had been replaced by Trevor Fetter, a Tenet executive who had worked with Barbakow at Metro-Goldwyn-Mayer before both joined Tenet in 1995.

Fetter's strategy of dealing with the company's mounting legal problems has been to settle investigations wherever possible. Since he came on board as CEO, Tenet has spent hundreds of millions of dollars to settle lawsuits.

It paid $54 million to settle the government's Redding heart-procedure investigation, then paid $395 million to settle a civil class-action lawsuit by patients over the same matter. The company also had to sell the Redding hospital to avoid its being excluded from Medicare, which would almost certainly have forced the hospital to close.

In February, Tenet paid $7 million to the state of Florida to resolve a civil lawsuit regarding Medicare outlier payments filed by the Florida Attorney General's Office, as well as to end an investigation of Medicaid payments and psychiatric billings. Under terms of the settlement, the company did not admit to any of the lawsuit's allegations.

Meanwhile, the company has been bleeding financially from falling admissions and bad debt from uninsured patients. The company has lost more than $3.5 billion over the past two years.
Tenet's legal woes, such as the Alvarado case, aren't helping. In its most recent quarterly conference call, Fetter said the specter of investigations and lawsuits is hurting the company's efforts to boost the number of patients at its hospitals.

Tenet, the nation's second-largest hospital chain with 71 facilities in 13 states, continues to pursue a universal settlement of pending investigations against it in various jurisdictions.

Tenet spokesman Steven Campanini said the company's settlement efforts don't hinge on a final and firm resolution in the Alvarado case.

“We resolved several big issues involving the company that many people thought would have been the end of the company,” Campanini said, referring to the Redding and Florida settlements.
Still, he expressed hope yesterday that the company won't find itself defending itself once again in San Diego.

“We would hope that this case is not going to be tried a third time, so we can focus our full energy on the broader issues,” Campanini said.

END

USDOJ- Office of Public Affairs

From:	USDOJ- Office of Public Affairs
Sent:	Thursday, April 6, 2006 8:05 AM
To:	USDOJ- Office of Public Affairs
Subject:	Attorney General's News Briefing for Thursday, April 06, 2006
Attachments:	agnb060406.pdf; agnb060406.doc

THE ATTORNEY GENERAL'S *NEWS BRIEFING*

PREPARED FOR THE OFFICE OF PUBLIC AFFAIRS, U.S. DEPARTMENT OF JUSTICE

TO: THE ATTORNEY GENERAL AND SENIOR STAFF

DATE: THURSDAY, APRIL 6, 2006 7:45 AM EDT

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TERRORISM NEWS:

Judge Approves First Public Playing Of 9/11 Tape At Moussaoui Trial. The AP (4/6, Sniffen) reports, "The cockpit recorder tape from the Sept. 11 jetliner that crashed in Pennsylvania will be played in public for the first time - to the Zacarias Moussaoui sentencing jury - the judge in the case ruled Wednesday." The AP continues, "U.S. District Judge Leonie Brinkema said the jury considering whether to execute Moussaoui could hear the recording from United Airlines Fight 93 and see a transcript of it. … This cockpit tape has been played privately for the families of Flight 93 victims, but it has never been played in public." The AP adds, "Prosecutors asked the judge to order the tape sealed and to keep the transcript from the general public after it is played in open court, but she made no immediate ruling on that. … Noting that the 4th U.S. Circuit Court of Appeals has ordered trial evidence made public, she said relatives of Flight 93 victims would have until next Tuesday to advise her whether they object to general release of the material. … She said if no family members object, she will release the material to the general public the day after it is submitted into evidence. No date was set for that."

The Washington Post (4/6, A12, Dwyer, 744K) reports that Judge Brinkema "also ordered that the tape be made available to the public after the jury hears it in court unless family members of Flight 93 victims file a written objection by Tuesday. D. Hamilton Peterson of Bethesda, president of Families of Flight 93, called the release of the recording 'enormous' and said he supports the ruling." The Washington Times (4/6, Seper, 90K) adds Brinkema "noted in her ruling that the government requested the court seal transcripts of the tape after their admission into evidence and prohibit any public dissemination of the materials."

Guiliani Expected To Take Stand. WNBC-TV (New York) (4/6) reports, "Former New York City Mayor Rudolph Giuliani is expected to take the stand on Thursday to describe the horror of Sept. 11, as jurors consider whether terrorist Zacarias Moussaoui should be put to death." WNBC-

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TV continues, "Giuliani will be able to talk about the toll -- the months of digging, the funerals, the economic and emotional suffering -- and perhaps how he and many others literally ran for their lives as nearly 3,000 victims were trapped in the World Trade Center. … At some point, prosecutors are expected to show jurors tapes from that day, including news footage of victims falling from the sky. … Justice Department officials said he will join about 45 others, including relatives of victims and a New York 911 operator who took the panicked calls that day."

Victims' Families Divided On Death For Moussaoui. USA Today (4/6, 3A, Johnson, 2.31M) reports that members of 9/11 victims' families are divided on whether Zacarias Moussaoui should be sentenced to death. Abraham Scott, whose wife was killed at the Pentagon, has said Moussaoui "deserved to die 'like a dog with rabies,'" but Colleen Kelly, whose brother died at the WTC, said, "I don't understand how killing another person will make this any better." Their "contrasting views…reflect a wrenching debate that will begin to unfold today" as prosecutors "plan to offer testimony from 9/11 victims' family members who believe the unapologetic defendant should be executed rather than sentenced to life in prison."

Meanwhile, The Washington Post (4/6, A12, Markon, 744K) reports that "the sights and sounds of a national trauma are about to go on display as never before" as prosecutors "re-create the full horror of Sept. 11, 2001, for the jury. … It is the culmination of a four-year effort by the prosecution to knit together a portrait of terror far beyond a normal death penalty trial, and it includes an unprecedented effort to reach out to the victims of Sept. 11. Some wonder whether it will be too much for the jury -- and the victims themselves -- to bear," but "family members and victim advocates said they welcome the decision to lay bare the most intimate details of the hijackings."

FBI Agent Testifies Umer Hayat Wore Wire In Conversations With Imams. The Sacramento Bee (4/6, Walsh, 301K) reports, "In a bid for leniency for himself and his son," Umer Hayat "tried to help the FBI implicate two Muslim clerics in international terrorism. … In testimony Wednesday, Special Agent Gary Schaaf recalled for a jury hearing evidence in the case against Umer Hayat that, at Schaaf's request, Hayat wore a hidden recorder and tried to engage the clerics in incriminating conversation. Schaaf acknowledged that, while he made no promises to Hayat, he held out the possibility that snaring the Muslim imams might help the Hayats with potential criminal charges against them." The Bee notes that the FBI suspected Muhammed Adil Khan and Shabbir Ahmed "were raising money for anti-American elements in their native Pakistan and were recruiting young men in Lodi for terrorist training in Pakistan."

FBI Informant Testifies Failure To Report Recording Was Accidental. The Lodi News-Sentinel (4/6, Bohm) reports FBI informant Naseem Khan testified yesterday, under cross-examination by Umer Hayat lawyer Johnny Griffin, "was organizing his CD collection late Saturday night when he discovered a tape containing a secret recording from more than three years ago" of "a telephone conversation he'd had with Hamid Hayat," but did not give to the bureau. Khan "said he didn't mean to keep the tape from FBI agents, and that he called them half an hour after finding the conversation." Griffin asked, "How many other tapes have you not turned over to the government?" Khan replied, "This is the only one." KXTV-TV Sacramento (4/5, Hedlund) notes that the "mysterious audio tape…became the focal point of testimony" yesterday. "The contents of the tape recorded conversation has not been revealed in court, and it is unknown how critical it might be to the case." The Los Angeles Times (4/6, 958K) also briefly reports on Khan's testimony about the tape.

Slotter Testifies Agents Followed Standard Procedures In Recording Hayat Interviews. The Lodi News-Sentinel (4/6, Bohm) also reports the Hayats "were interviewed for hours…before their arrests, and only after they had talked extensively to the FBI were their interviews videotaped. Agents were following FBI recording policies set out in 1998, agent Keith Slotter testified today. Slotter, who is now the deputy assistant director in charge of training and developing at the FBI academy in Quantico, Va., was special agent in charge of the FBI's Sacramento office when the Hayats were arrested. Under standard policies, witnesses are recorded only when they are confessing, he said," and he approved agents to begin recording when the "interview had…progressed from a straight-forward interview to a confession interview,"

Prosecutors Rest Case Without "Direct Evidence" Hayat Trained At Terror Camp. NPR's All Things Considered (4/5, Gonzales) reported, "Prosecutors in the federal trial of Hamid Hayat…rest their case without offering direct evidence that Hayat attended a Jihadist training camp." Announcing the arrests in June,"officials claimed that they

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had uncovered a potential al-Qaida sleeper cell in the quiet farm town of Lodi." NPR noted, "Hayat's defense is now under way."

Rendered Yemeni Claims Interrogators In Djibouti Said They Were FBI Agents. BBC (4/5) reports on its Web site, "Amnesty International has suggested that Djibouti was one of the countries where prisoners allegedly abducted and mistreated by the US were held. The report, based on interviews with former detainees, also links the US practice of 'rendition' to the torture or ill-treatment of terror suspects. … Yemeni citizen Muhammad al-Assad said US officials, who said they were from the US Federal Bureau of Investigation had questioned him in Djibouti," and from there, he allegedly "was flown to another location, believed to be in Europe."

Meanwhile, The Washington Post (4/6, White, 744K) reports that the report said three "Yemeni nationals who say they were held captive for more than two years in secret US detention facilities have been released in Yemen without facing charges related to terrorism." AI officials theorize that the men were held "probably in Afghanistan, Djibouti and somewhere in Eastern Europe." If the men were indeed held incommunicado, "that practice could violate international law regarding detentions."

Canadian Teen Protests Guantanamo Treatment. The Los Angeles Times (4/6, Williams, 958K) reports that" Canadian teenager Omar Khadr refused Wednesday to participate in the war crimes case against him, in protest of being moved to … solitary confinement." Khadr "is accused of taking part in a firefight that killed a U.S. Special Forces medic" in 2002. His defense counsel charged that Khadr had been moved to the "worst" facility on the base, but a naval spokesman disputed the allegation of solitary confinement.

Knight Ridder (4/6, Rosenberg) reports, "Marine Col. Robert S. Chester is supposed to be presiding over a panel hearing allegations that the 19-year-old Canadian committed a war crime by killing a U.S. Army medic in a 2002 firefight in Khost, Afghanistan. … Instead, he agreed to take briefs and potentially call witnesses on Khadr's complaint that guards had placed him in punitive isolation at the Pentagon's showcase detention center for terrorist suspects. … 'Excuse me, Mr. Judge. I'm being punished for exercising my rights and being cooperative in participating in this Military Commission,' said Khadr, who has topped 6 feet and was sporting a fuzzy, fundamentalist Muslim beard at his hearing. … The youth had been held in barracks-like communal captive quarters at the sprawling prison camp overlooking the Caribbean until March 30. He was then moved to the state-of-the-art, Camp 5 prison, housing 80 captives in single-occupancy cement cells."

At UK Terror Trial, Defense Denounces FBI Informant As "Liar," "Fantasist." BBC (4/5) reports on its Web site, "The key witness in the prosecution of seven men accused of planning multiple bomb attacks on the UK has been branded a 'liar' and 'fantasist' in court." Mohammed Babar "has told the Old Bailey that he plotted with the men to bomb bars, trains and shopping centres. But Michel Massih QC, defending, told the witness he was a 'well-schooled, well-rehearsed, well-trained liar'." The Daily Telegraph (4/6, Gardham) notes Babar "admits he turned on his British co-conspirators in return for the promise of a shorter sentence from the FBI." Yesterday, he "denied making up his account but Mr Massih pointed out that he had affirmed at the beginning of his evidence instead of swearing on the Koran."

NYTimes Supports Fast-Tracking Court Ruling On NSA Surveillance Program. An editorial in the New York Times (4/6, 1.19M) expresses support for Senator Charles Schumer's bill that puts "the National Security Agency's secret spying program on a fast track to Supreme Court review." The editorial says that, even though President Bush is likely to ignore "strong legislation" by Congress, "it would be difficult for him to defy [an] order" from the high court.

HOMELAND RESPONSE:

Pentagon Threat Database Improperly Retained Reports. An internal review has found that the Pentagon's Threat and Local Observation Notice, or TALON system improperly retained reports that should have been removed. The Los Angeles Times (4/5, 958K) reports that the review "found that some information in the system did not suggest a threat and should have been removed. The Pentagon said that of 13,000 reports, less than 2% were improperly retained. A Pentagon spokesman would not characterize the reports that the investigation determined

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should have been excised. But a department-wide memo issued Wednesday by Gordon England, the deputy Defense secretary, directed the system's users to adhere to regulations that limit the Pentagon's ability to gather information on U.S. citizens."

Survey Find States Not Happy With Representation In DHS Policymaking. The AP (4/6, Crary) reports the National Governors Association released a report Wednesday based on a survey sent to homeland security directors in each state and five territories and commonwealths. Most said they "are dissatisfied with the quality of intelligence data provided by the federal government…and most also believe that multiple demands on National Guard forces undermine their emergency response capabilities." The survey found "states do not feel they have representation in the Department of Homeland Security's policy development and rule-making process. Several state directors said DHS consults with a few hand-picked state officials and 'then claims that it produced policy based on broad state input,' the survey said."

Many Lawmakers Don't Have GETS Cards, Unfamiliar With Program. The Hill (4/6, Cusack) reports that "only 15' of 41 lawmakers that they asked said that they had Government Emergency Telecommunications Service access cards, which give 'users priority telephone access to approved public and private-sector officials" during national emergencies. "Rep. John Linder remarked that he's on the House Homeland Security Committee 'and I've never seen it.'" Meanwhile, a "K Street insider who has a GETS card said, 'As a lobbyist, I was shocked to hear that very important members of Congress didn't even know about this important program.'" The Hill adds, "The DHS refuses to release the names of the industry groups that have been approved for GETS, citing national security."

Landrieu Says Government Should Stop Giving Money To "Dysfunctional" FEMA. Appearing on CNN's The Situation Room (4/5, Blitzer), Sen. Mary Landrieu defended her move to put a hold on the president's nominations until the White House commits to $6 billion in additional funding for Louisiana's levees. Blitzer: "But, Senator, the president and Congress have already appropriated more than $100 billion for Louisiana, for Alabama, for the entire Gulf Coast reconstruction -- $100 billion plus." Landrieu: "That $100 billion has gone to fund FEMA, that has not gone for reconstruction for Louisiana, Mississippi, Alabama or Texas, which is part of our cry. Stop sending money to FEMA. It is dysfunctional. It is not working to rebuild the Gulf Coast and ..." Blitzer: "But isn't FEMA supposed to be working to rebuild the Gulf Coast?" Landrieu: "Not really. They're a Federal Emergency Management Agency. We need new tools and new methods, which is why we came together along the Gulf Coast with Haley Barbour and Governor Blanco, Thad Cochran, myself, and Trent Lott and others and crafted help through the community development block grants."

Rogers Says He Will Cut FEMA Funding Unless Permanent Director Is Named. Fox News (4/5, 1:32 p.m., Vester), reported Rep. Harold Rogers says "he will cut off money" for FEMA unless a someone fills the job of permanent director. Appearing on the program, Rogers said, "It is a tough job. It is coming off a tough season. The stress is unbelievable. But that's the bad news. The good news is we have since Katrina changed the nature of the job. Now, the preparedness part of what FEMA formerly did has been transferred to a new directorate within the Department of Homeland Security. So preparedness, which is the biggest part, frankly, of a disaster mitigation, has been transferred out of the FEMA director's chores." Asked whether he thought Acting Director David Paulison should take over the position, Rogers said, "Well, that will be up to the administration to do whatever they would like. … I think he is qualified. It is up to the President and the Secretary."

Lobbyists Hope For Moderate Reform Of Flood Insurance Program. The Hill (4/6, Schor) reports "lobbyists" are hoping the Senate and House agree on a "moderate approach" to overhauling the National Flood Insurance Program that will please "bankers, brokers, real-estate agents and builders alike." A flood-insurance bill approved by the House Financial Services Committee last month won "widespread praise from insurance trade groups," but "some lobbyists are rebelling against an amendment from Rep. Debbie Wasserman Schultz (D-Fla.) that would force FEMA — and the private insurance companies it uses — to the table for mediation of disputed disaster claims." Meanwhile, the "bill's phase-out of flood-insurance subsidies for vacation homes, second homes and businesses did not please housing-industry lobbyists, but they scored a win by beating back a bid from Rep. Jeb Hensarling (R-Texas) to kill subsidies outright."

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Despite Record Claims, Insurance Industry Posts $44 Billion Profit. The CBS Evening News (4/5, story 2, 2:10, Mitchell, 7.66M) reported, "It might surprise you to know that in a year of catastrophic losses with hurricane after hurricane, the companies that insure our property still made record profits." CBS (Hughes) added, "Ever since Hurricane Andrew hit Florida back in 1992, and took a $25 billion bite out of the insurance industry, companies have been charging more and covering less. Mudslides, floods and earthquakes are routinely exempt from homeowner policies. That's why last year even while insurance companies paid out record amounts in claims after Hurricane Katrina and other storms, the industry still made more than $44 billion in profit, an almost 19% increase from the year before."

WAR NEWS:

Rumsfeld Rebuffs Rice's "Tactical Errors" Comments. The Washington Post (4/6, A21, White, 744K) reports, "Defense Secretary Donald H. Rumsfeld said he did not know what Secretary of State Condoleezza Rice was talking about when she said last week that the United States had made thousands of 'tactical errors' in handling the war in Iraq, a statement she later said was meant figuratively." He added that "calling changes in military tactics during the war 'errors' reflects a lack of understanding of warfare." These comments come "amid long-standing tensions between their departments over the war in Iraq and other issues."

Rice Visit To Iraq Said To Have Stiffened Jaafari's Resolve. The New York Times (4/6, Semple, 1.19M) reports that according to "a top aide" to Prime Minister Ibrahim al-Jaafari, the visit by Secretary Rice and UK Foreign Minister Jack Straw to Iraq "only served to stiffen" his resolve "to retain his post." The aide said the trips was "ill-timed, counterproductive and what he called 'naked intervention,'" comments that "were echoed by other leaders across the political spectrum today, including Kurds and Sunni Arabs."

The Washington Post (4/6, A20, Balz, 744K) reports Sen. John Kerry's Wednesday op-ed comments in the New York Times that he is "furious over the lack of progress in Iraq. He charged the administration with half-hearted diplomatic efforts and dismissed" Secretary Rice's "surprise 24-hour visit there this week as 'not serious diplomacy.'" Kerry said it is "unconscionable for U.S. soldiers to put their lives at risk when Iraqi politicians show no commitment to establishing a working government" and "outlined a series of deadlines yesterday for withdrawing most U.S. forces by the end of the year and called for increased diplomatic pressure by the Bush administration to compel Iraqi leaders to take responsibility for the future of their country."

National Assembly Could Force Jaafari To Resign. The Washington Times (4/6, Behn, 90K) reports "al-Jaafari will be forced out of his post through a vote in the National Assembly if he refuses to step aside voluntarily, a Shi'ite Iraqi legislator said yesterday. Ongoing political talks could result 'in a new surprise,' lawmaker Ayad Jamal al Din told editors and reporters at The Washington Times." He "declined to predict who would replace Mr. al-Jaafari, but said it would be someone acceptable to Shi'ites, Sunnis and Kurds."

US Seeks To Reassure Shiites. The Wall Street Journal (4/6, A6, Dreazen, 2.11M) reports, "During Secretary of State Condoleezza Rice's two-day visit to Iraq this week with her British counterpart, Jack Straw, the two leaders said the coalition supported the Shiites' right to choose Iraq's next prime minister because of their majority status in the country" and "went out of their way to publicly praise the Shiites' most revered religious figure, Grand Ayatollah Ali Sistani." This is part of "a diplomatic push to reassure Iraq's restive Shiite majority that the U.S. supports their right to pick the country's next prime minister and is grateful for their restraint in the face of Sunni violence." The messages "underscore mounting fears of alienating the country's largest sectarian group" and seem to be "an acknowledgment of Iraq's political fragility and the risk that the country's Shiite majority may continue to sour on the U.S., drastically complicating the administration's hopes of cobbling together a unity government."

Kerry Proposes Withdrawal From Iraq Unless Government Formed. Knight Ridder (4/6, Thomma, Funk, Kuhnhenn) reports that if Congress "ever turns against the war in Iraq, analysts may look back at this week as a turning point." Sen. John Kerry "urged setting a May 15 deadline to withdraw U.S. troops unless Iraq forms a unity government, and even if Iraq does form a government, Kerry urged complete American withdrawal by year's end." At the "same time, three Republicans in the House of Representatives endorsed a resolution calling for a robust and lengthy congressional debate on Iraq. While they're far short of the votes needed to force such a debate, a coalition of 40 anti-war activist groups is mounting a national

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campaign to drum up public pressure behind the resolution." The developments "suggest that anti-war politics could be intensifying - and that Washington may be catching up with anti-war sentiment across the country."

In a separate story, Knight Ridder (4/6, Kuhnhenn) reports Democratic leaders "in Washington have long worried that taking a stand against the war or calling for early withdrawal would label them weak on national security. But Kerry, in an interview with Knight Ridder, said that the stand he's calling for is 'tough' and necessary." Kerry is "scheduled to speak further about his proposal in a speech Thursday from the Senate floor." Kerry's position "already was getting good reviews in liberal blogs, a reception that Kerry seemed to anticipate."

The Washington Post (4/6, A20, Balz, 744K) reports Kerry "outlined a series of deadlines yesterday for withdrawing most U.S. forces by the end of the year and called for increased diplomatic pressure by the Bush administration to compel Iraqi leaders to take responsibility for the future of their country." In calling "for strict deadlines for drawing down forces, Kerry joins several other Democratic lawmakers, including Rep. John P. Murtha (Pa.) and Sen. Russell Feingold (Wis.), in challenging Bush's contention that timetables will only strengthen the opposition and lead to possible defeat for the U.S. mission." Kerry's proposals "drew no reaction from the White House or the Republican National Committee, which one GOP official called a sign that they do not regard Kerry as someone likely to influence others in his party on the central foreign policy issue of the day."

Roberts Says Senate Probe On Iraq Intelligence Could Be Done Soon. CQ (4/5, Speck) reports the Senate Intelligence Committee "will make its best effort to finish most of the investigation into the Bush administration's use of intelligence prior to the invasion of Iraq, the panel's chairman said Wednesday." Chairman Pat Roberts said "committee staff would incorporate member comments on drafts of three of the five topics under investigation during the two-week recess beginning next week. The probe could possibly be completed by the end of the month." CQ adds a Democratic aide "familiar with the issue said he doubted the drafts would be ready by the end of the month." The aide "said the Republicans had done virtually nothing on the investigation, which began in 2004, until the Nov. 1 session. He said the committee would not agree to release a 'shoddy' report and that the issues were 'more complicated than expected.'"

Air Force Releases Video Of Predator Strike On Insurgents. The CBS Evening News (4/5, story 5, 0:20, Mitchell, 7.66M) reported, "The Air Force released dramatic video today of a missile strike on Iraqi insurgents by an unmanned Predator aircraft. The pictures taken from the Predator show three men planning a roadside bomb north of Baghdad late last month. The aircraft then launches a powerful Hellfire missile, and the blast takes out the entire area. All three insurgents were killed."

April Reverses Downward Trend In US Fatalities In Iraq. The Washington Times (4/6, Scarborough, 90K) reports, "April is becoming one of the deadlier months for US troops in Iraq, perhaps dashing the hopes of commanders that a three-month-long downward trend in fatalities meant the insurgency was becoming less effective. In the first four days of this month, 16 Marines and Army soldiers have been killed by hostile fire or in accidents, about half the total in all of March." It is "threatening to erase a more favorable trend: The first three months of this year experienced a 25 percent decline in the number of US deaths, a drop the military credits to a more robust Iraqi security force and to better armor protection."

Insurgent Propaganda Video Said To Show Burning Of US Helicopter, Dead Pilot. An Iraqi insurgent group has released a video that purports to show the dead pilot of an American helicopter shot down in Iraq. NBC Nightly News (4/5, story 2, 2:15, Miklaszewski, 9.87M) reported, "One military official in Iraq says he is outraged by this video, while Pentagon officials admit the video does appear to be authentic. The video -- complete with music soundtrack -- is poor quality but appears to show the burning wreckage of a US Apache helicopter. Shouting 'Allahu Akbar' – Allah is the greatest – enemy fighters are also shown dragging the body of at least one man across the ground." The video "was posted on the Internet today by a militant Islamic group, the Mujahadeen Shura Council, with ties to al Qaeda in Iraq and its leader Abu Musab al-Zarqawi." The Washington Post (4/6, A20, Anderson, 744K) also reports the story.

Marines Find Counterinsurgency, Community Relations Goals Can Conflict. The New York Times (4/6, Cloud, 1.19M) reports that in the town of Husayba, "Last

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August, under daily attack from car bombs and mortars, the Marines took down the only bridge over the Euphrates River for miles around. Now they are trying to rebuild it." Marines said that without the bridge, "insurgents and foreign fighters can no longer infiltrate as easily into this town near the Syrian border in western Anbar Province, the heavily Sunni Arab area that has formed the heart of the insurgency. But Iraqis who live on the river's northern bank grumble that they have no easy way to get to town to buy and sell goods or to see the doctor." The "shifting priorities illustrate the trade-off between combat and reconstruction that the American military is still grappling with, but especially in remote regions like this one, where the Iraqi government is still almost nonexistent."

Charges Dropped Against CBS Cameraman For Allegedly Recruiting Insurgents. The CBS Evening News (4/5, story 7, 0:15, Mitchell, 7.66M) reported an Iraqi court yesterday "dismissed charges against an Iraqi cameraman who was working for CBS News when he was arrested one year ago. 26-year-old Abdul Ameer Younis Hussein was accused of trying to recruit fighters for the insurgency but no evidence was ever produced."

Saddam Remains Defiant Under Cross Examination. Prosecutors yesterday cross-examined Saddam Hussein in his trial for the execution of 148 Shiites in the town of Dujail. Saddam's defense sought to shift the focus to the abuse of prisoners at Abu Ghraib prison by American troops. The story was covered by each of the networks in full segments. ABC World News Tonight (4/5, story 5, 1:55, Kerley, 8.78M) reported, "Saddam admitted ordering the execution of 148 Shiites in the city of Dujail after an attempt on his life there. When asked why it took only two days to review that case, he said the execution order was within his power as president. 'I take responsibility, good or bad.' But Saddam wouldn't admit that more than two dozen teenagers were among those killed. Prosecutors displayed the identification cards of some of the boys, as young as 13." One of Saddam's lawyers "started waving some of the infamous pictures from Abu Ghraib prison, shouting, 'This is torture. This is what the Americans did.'"

The CBS Evening News (4/5, story 6, 1:35, Dozier, 7.66M) reported, "Alone in the dock, Saddam Hussein veered from arrogance to annoyance, waging a verbal battle with the judge and prosecutors." Saddam "barked that the IDs were fake and in turn accused the current interior ministry of torturing and killing thousands of Iraqis." But NBC Nightly News (4/5, story 3, 2:05, Hattori, 9.87M) said Saddam looked "relaxed and confident," and "talked almost casually in court today about ordering the deaths of 148 Shiite men and boys in 1982." Saddam "again played to the media and his supporters, accusing the court of complicity with the current interior ministry, which has been accused of allowing death squads to go after Saddam loyalists."

USA Today/AP (4/6) describes Saddam as "at times sharp and combative, but often relaxed or even smiling," while the New York Times (4/6, Wong, 1.19M) emphasizes the former dictator "admitted Wednesday that he had signed an order of execution for 148 men and boys with only a cursory glance at the evidence against them." The testimony "appeared to bolster the case of the prosecution." The Washington Post (4/6, A20, Finer, 744K) and Los Angeles Times (4/5, Daragahi, 958K) run similar reports.

Paper Trail Said To Link Saddam To Kurdish Massacres. The CBS Evening News (4/5, story 6, 1:35, Dozier, 7.66M) reported Saddam "is now facing even tougher new charges. The tribunal accused him of committing genocide against Iraq's Kurds in the north, killing tens of thousands in a 1988 campaign to obliterate any villages that supported Kurdish rebels." There's "a bloody paper trail showing chain of command."

Iraqi Bloggers Seen As Valuable Source Of Information. The Wall Street Journal (4/6, Dreazen, 2.11M) reports Baghdad dentist Zeyad A.'s blog, Healing Iraq1, "has become a primary source of information on Iraq's daily deterioration for readers around the world. An agnostic of Sunni descent, Zeyad has written of friends manning impromptu neighborhood-watch patrols and religious leaders being murdered and dragged through the streets by mobs. He has also posted photos of uniformed Iraqi police driving through the streets in cars emblazoned with photos of radical Shiite clerics." With Western reporters "increasingly limited in their ability to travel around Iraq, bloggers like Zeyad, the young Iraqi woman known as Riverbend, and the brothers behind the Iraq the Model site -- who were invited to the Oval Office to meet President Bush -- offer readers details of the conflict rarely available in the mainstream foreign media."

Miss Iraq Pageant Held In Baghdad. ABC World News Tonight (4/5, story 6, :25, Vargas, 8.78M) reported, "In Baghdad, they held a Miss Iraq pageant today. But even

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something as innocuous as a beauty contest can be dangerous. There are no pictures of the pageant because it was closed to the public and photographers. Security was tight. There's a single photo of the winner, 23-year-old Tamar Goregian. Nine of the contestants backed out of the pageant at the last minute, apparently afraid of offending hard-line Islamists."

US Official Says Pakistani, Afghan Cooperation Key To Defeating Taliban. The AP (4/6, Pennington) reports Richard Boucher, US Assistant Secretary of State for South and Central Asia, said "Pakistan and Afghanistan must cooperate to defeat the 'common enemy' of the Taliban and Islamic extremists that control the shared border." Boucher's comments "follow weeks of tensions between the two countries — both key allies in Washington's war on terrorism — over militant infiltration along the rugged frontier."

Air Force Seen As Adapting To Terrorist Tactics, Guerilla Warfare. The Wall Street Journal (4/6, A1, Jaffe, 2.11M) reports that for "most of its 59-year history, the Air Force has focused on building bigger bombs and faster planes that could reach beyond the front lines and destroy an enemy's critical infrastructure." But as the "swift toppling of Saddam Hussein has gotten bogged down in the long slog of battling an insurgency, the Air Force is shifting its emphasis. One hot new project in the service these days: a bomb designed to limit damage, not expand it." The "focused-lethality munitions" will "kill insurgents hiding in an urban building without injuring people next door. The story of this unusual bomb is just one example of how the Iraq war is triggering changes throughout a U.S. military coming to grips with the shadowy 21st century wars against terrorists and guerrillas."

Administration Outlines Plan To Rebuild Nuclear Weapons. The Los Angeles Times (4/6, Vartabedian, 958K) reports the Bush Administration yesterday "unveiled a blueprint for rebuilding the United States' decrepit nuclear weapons complex, including restoration of a large-scale bomb manufacturing capacity." The plan "calls for the most sweeping realignment and modernization of the nation's massive system of laboratories and factories for nuclear bombs since the end of the Cold War." The Administration "wants the capability to turn out 125 new nuclear bombs per year by 2022, as the Pentagon retires older bombs that it claims will no longer be reliable or safe." But "the administration blueprint is facing sharp criticism, both from those who say it does not move fast enough to consolidate plutonium stores and from those who say restarting bomb production will encourage aspiring nuclear powers across the globe to develop weapons."

CORPORATE SCANDALS:

Former Enron Officials Testifies Warning Memo Was Seen As "Office Gossip." The Houston Chronicle (4/6, Flood) reports, "An outside lawyer for Enron told jurors today that he and a colleague spoke to 11 people in a month-long review of the accounting scandal warnings from Sherron Watkins and decided, shortly before the company's implosion, that there was no need for further investigation." The Chronicle continues, "Max Hendrick III, a partner at Houston law firm Vinson & Elkins, characterized much of former Vice President Watkin's now famous warning memo to Ken Lay as 'office gossip' and told the jury he thought they did a thorough and professional job looking at her complaints about Enron accounting and hedging vehicles called the Raptors." The Chronicle adds, "In a slow-moving day, Hendrick was one of two lawyers to testify for the defense in the conspiracy and fraud trial of ex-Enron Chairman Lay and ex-CEO Jeff Skilling. The jury also heard from Jim Derrick, Enron's former general counsel, who explained some of the legal and risk procedures in place at the company and his surprise that ex-CFO Andrew Fastow got around them and stole from Enron. … But Hendrick was on the stand much of the day, going over the investigation Derrick and Lay initiated to examine the allegations Watkins put forth shortly after Skilling resigned in August 2001. Watkins warned of an impending accounting scandal and especially focused on Fastow's side dealings and the Raptors."

Bloomberg (4/6, Calkins) reports, "Defense lawyers presented Hendrick to cast doubt on Watkins' testimony that Lay was skeptical about her accounting warnings and he hired Vinson & Elkins to do a 'bogus' investigation instead of a comprehensive probe. … The government alleges the executives hid billions in debts and losses in off-the-books partnerships created by former Chief Accounting Officer Andrew Fastow to do Enron-related deals. Fastow has pleaded guilty to fraud in connection with some of those deals and faces 10 years in prison."

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The Washington Post (4/6, Ahrens) reports, "James Derrick, former general counsel for Enron, was brought by the defense to detail the measures that the company kept in place to prevent accounting fraud and suspicious deals. … Derrick testified that Skilling 'wanted a rigorous set of controls focused on a transaction that would reveal a hidden risk and, after identification, it would have to be evaluated in a way that the board of directors had approved of. Only when it went through all of those steps should a deal in fact be able to be done.' … On prosecution cross-examination, Derrick was pressed on Fastow's 'LJM2' partnership, an outside company that sought to buy Enron's wind-energy assets. … Of Fastow, Derrick testified: 'First, I was around Mr. Fastow for a number of years . . . when we were thrown together at various Enron events. In addition, my sense was that Mr. Fastow was regarded [within the company] as extremely able and extremely bright and later, as he became chief financial officer, Mr. Fastow received--outside of Enron, through various publications--he was being applauded as, in my impression, as a very good chief financial officer.'"

The Wall Street Journal (4/6, McWilliams, Emshwiller) reports, "Mr. Hendrick defended the four-week inquiry while admitting his own reservations about a broader probe. The 2001 inquiry concluded that a deeper investigation wasn't necessary. The defense says the review shows that Mr. Lay seriously pursued the allegations raised four months before Enron collapsed into bankruptcy-court protection. … Mr. Hendrick testified for the defense to rebut testimony by Sherron Watkins, a former Enron vice president who said she had warned Mr. Lay that August the former energy giant might 'implode in a wave of accounting scandals.' Her letter to Mr. Lay also urged a review of related-party transactions by 'objective experts in the fields of securities law and accounting.' But his descriptions appeared to lend support to the prosecution's characterization of the probe as narrow and weak."

Skilling Set To Testify. USA Today (4/6, Farrell) reports, "In what could prove to be the decisive juncture in the government's trial of the two men accused of perpetrating a giant fraud at Enron, former CEO Jeff Skilling is expected to take the stand in federal court here today to testify on his own behalf." USA continues, "The 52-year-old defendant, who said Wednesday that he's been 'waiting four years for this,' will likely tell jurors what he told congressional investigators in 2002, that up until the moment he decided to step down from his job in August 2001, Enron was a solid, profitable company, not the fly-by-night operation its detractors claimed it was. … The stakes couldn't be higher. Prosecutors from the Enron Task Force have accused Skilling and Enron founder Ken Lay of conspiring to hide the company's true financial condition from investors and analysts. In fall 2001, after revelations that former Enron chief financial officer Andrew Fastow made millions of dollars in illicit profits from transactions between the company and a series of private partnerships he controlled, the company's stock price tanked, and Enron eventually filed for bankruptcy-court protection."

The Washington Post (4/6, D1, Johnson) reports, "Skilling built a reputation for bluntness and impatience with people he deems intellectually inferior. His lawyers hope to turn those traits into an asset when he takes the witness stand as early as Thursday." The Post continues, "Defense lawyers say they will not try to dissuade Skilling from his characteristic outspokenness when he begins testifying in his fraud and conspiracy trial. Instead, they will attempt to convince jurors that a man so unfiltered that he once used a profanity to describe a stock analyst who questioned him could never have lied so successfully and for so long about the health of his business." The Post adds, "On the surface, Skilling could hardly be more different than his fellow defendant…Lay. Lay was the genial diplomat who charmed employees and business partners. Skilling, on the other hand, rarely backed down from a fight. Both men stood near the pinnacle of success in early 2001, when they unfurled a banner proclaiming their drive to make Enron the world's leading company. Within months, the energy trader collapsed, along with their reputations."

WSJournal Says Memo On Corporate Prosecutions Should Be Challenged In Court. An editorial in the Wall Street Journal (4/6, 2.11M) says, "At a pre-trial hearing in the KPMG case in New York last week, federal Judge Lewis A. Kaplan suggested that a three-year-old Justice Department policy on corporate prosecutions might be unconstitutional. He was referring to the now famous Thompson memo, which in 2003 rewrote Justice guidelines on when to indict entire firms in criminal investigations. … Justice could alter or eliminate the Thompson memo by the stroke of a pen, but it is unlikely to do so until its legitimacy is challenged in court. If Judge Kaplan's reaction in the KPMG case is indicative, that day may not be far off. And a good thing too."

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CRIMINAL LAW:

Judge Denies US Request To Make Secret Arguments At Libby Trial. In a widely-distributed story, the AP (4/6, Yost) reports US District Judge Reggie Walton "barred prosecutors in the CIA leak case Wednesday from making arguments that would be kept secret from the defendant," Lewis "Scooter" Libby. "Walton said the government may in some cases present the court the actual classified information that Libby wants for his defense without letting the defendant and his lawyers see it. The judge would then determine whether some of the deletions or substitutions that the government is making are proper."

Doyle's Arrest Prompts Hearing To Examine DHS Hiring Practices. Brian J. Doyle, DHS' deputy press secretary, was arrested Tuesday night on charges that he used a computer to seduce a child. According to the Polk County Sheriff's Department's Doyle revealed his position with DHS during the investigation. The Washington Post (4/6, A13, Londoño, Hsu, 744K) reports the arrest "has triggered a congressional inquiry into hiring practices and security clearance policies at the department." Rep. Peter T. King, who has scheduled a hearing for May 18, asked, "What if the person on the other end had been a member of al-Qa'ida or a similar terrorist organization and used this information to blackmail Mr. Doyle?" Polk County Sheriff Grady Judd said that "his office rushed the investigation" due to security concerns, adding, "we didn't know how much access to sensitive information he had or who else he was chatting to."

The Hill (4/6, Tiron) reports King said he is "concerned that DHS's security-clearance procedures and controls on misuse of electronic equipment do not meet the standards of other national-security agencies." The Subcommittee on Management, Integration and Oversight "was scheduled to examine DHS hiring and other personnel issues, including security clearances, on May 18. Now the subcommittee will examine Doyle's case in particular, King said."

USA Today (4/6, Hall, Copeland, Koch, 2.31M) reports Doyle "was stripped of his security clearance, suspended without pay and held without bail Wednesday." DHS spokesman Russ Knocke said the agency "is cooperating fully with the ongoing investigation. We take these allegations very seriously."' Judd said yesterday that Doyle had 'confessed.'"

On CNN's Anderson Cooper 360 (4/5, Meserve), Dr. John Deirmenjian said that Doyle may have said that he worked at DHS to "impress" the girl, or to try to "show her that he is someone of authority, somebody of security, that might lead a child to be more comfortable with him." Meserve: "DHS' embarrassment in this incident is compounded by the fact that the department itself hunts down child internet predators." Julie Myers, assistant secretary of US Immigration and Customs Enforcement, was shown saying, "It's terrible if there are allegations against a public official, but wherever they are, if they're doing this against children, we're going to find them and we're going to prosecute them."

In an article appearing on at least 90 news websites yesterday, the AP (4/6, Jordan) reports Doyle's arrest "raised doubts about the ability of an agency responsible for safeguarding the country to ensure the security credentials of its own people." The AP notes, "Homeland Security also oversees an Operation Predator unit, which investigates child predators and pornographers."

The Los Angeles Times (4/6, Timiraos, 958K) reports Dennis Murphy, Doyle's former supervisor, said, "There's not a person I know who doesn't like him." The Times adds, "Doyle is the second department official recently arrested. Frank Figueroa, 49, who oversees Immigration and Customs Enforcement operations in Florida, has pleaded not guilty to charges that he exposed himself to a girl at an Orlando mall last year."

Scripps Howard (4/6, Hoffman) describes Operation Predator as "a high-priority Department of Homeland Security program that does battle against those who prey sexually on children. Now, with the arrest Tuesday night of a department deputy secretary, at least two of the agency's own top personnel stand charged with just such offenses. 'It hammers home the fact that these individuals can be anywhere,' said John Shehan, of the National Center for Missing and Exploited Children, which works closely with Homeland Security's Immigration and Customs Enforcement bureau."

The story was covered by each of the networks last night in full segments, though none mentioned the upcoming House hearing. ABC World News Tonight (4/5, story 3, 2:15, Thomas, 8.78M) reported Doyle's "arrest is particularly painful for Homeland Security officials, who say they have made child exploitation a top priority."

The CBS Evening News (4/5, story 4, 2:25, Attkisson, 7.66M) reported, "Investigators say Doyle couldn't have been

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more brazen, giving out his title, calling from the office, even sending a photo showing his Homeland Security ID." Adding "insult to injury, it wasn't even the Feds who found Doyle, though he was right under their noses. It was the local Polk County, Florida, Sheriff's Office."

NBC Nightly News (4/5, story 4, 2:40, Williams, 9.87M) reported it was "another shocking example -- a spokesman for the Department of Homeland Security, Brian J. Doyle, was put on unpaid leave today after being charged with preying on a child through online sexual conversations."

CNN's The Situation Room (4/5, Blitzer) reported, "Doyle appeared Wednesday in a Maryland courtroom via closed- circuit television. He has confessed and for now is being held without bond."

The New York Times (4/6, Janofsky, 1.19M) reports that Doyle "refused extradition to Florida" Wednesday, his lawyer claiming that he "needed time to discuss the case with Mr. Doyle and would 'most likely' return to ask the court to release Mr. Doyle to allow him to turn himself in to the authorities in Florida, where he would be formally charged." The Washington Times (4/6, Taylor, 90K) reports, "Montgomery County State's Attorney Douglas F. Gansler said that although he has authority to try the case, he would rather see Mr. Doyle extradited. 'In Florida, he's looking at a minimum of 17½ years in prison,' Mr. Gansler said. 'No one would get that in Maryland.'"

In a related story, USA Today (4/6, Hall, Kornblum, 2.31M) reports Doyle's arrest "was the product of increasingly aggressive policing of sex crimes on the Internet, according to police and children's advocates." Justice Department "funding for the…Internet Crimes Against Children (ICAC) program increased from $2.4 million in 1998 to $14.5 million this year. … ICAC-related arrests tripled from 564 in 2003 to 1,597 in 2005." USA Today adds, "It's unknown whether the increase in arrests means more teens are being victimized or just that more predators are being caught."

Grand Jury Convened To Consider Charges Against McKinney. Fox News' Special Report (4/5, Wilson) reported, "A grand jury has been convened to determine whether charges will be brought against Cynthia McKinney who allegedly assaulted a Capitol Policeman with her cell phone." For Chief Terrance Gainer, "this is about protecting the 1,500 uniform men and women who has the responsibility of protecting the US Congress. He wants to see Representative McKinney arrested. … Gainer says the only reason that McKinney was not arrested immediately after the incident is because the constitution does provide some members with some protection in some cases from arrest while Congress is in session. Police just wanted to run everything past the lawyers."

Grand Jury Subpoenas Farr Aide. The grand jury has subpoenaed a House aide who allegedly witnessed the incident between Rep. Cynthia McKinney and a Capitol Police officer last week. Roll Call (4/6, McArdle) reports, "A staffer for Rep. Sam Farr (D-Calif.) has been subpoenaed to appear before a grand jury in the case. Farr's office confirmed on Wednesday night that one of its staffers had received the subpoena but offered no other comments on the matter. Reached on Wednesday night, a lawyer for McKinney said he did not know of any grand jury hearing being convened in the case." Roll Call adds that the subpoena indicates that the US Attorney's Office "is moving quickly to determine what occurred in the highly publicized altercation at a Longworth House Office Building security checkpoint."

Black Caucus Trying To Stay Out Of McKinney Controversy. CQ (4/4, Poole) reported, "Earlier in the day, a senior member of the Congressional Black Caucus, Rep. John Conyers Jr., D-Mich., said he and other caucus members were trying to stay out of the controversy, in part because they wanted it out of the headlines. … The way McKinney has handled the episode has put her fellow Black Caucus members in an awkward position. One veteran caucus member said privately that McKinney's outspokenness has not endeared her to many of her colleagues. Others said that they, too, have been stopped by Capitol Police, and any problems have been dealt with quickly and quietly."

Lewis Urges McKinney To "Lower The Temperature." Meanwhile. Rep. John Lewis has told McKinney to stop making political hay out of the incident. The Hill (4/6, Hearn) reports that Lewis said he told McKinney that she "needs to lower the temperature and stop holding the press conferences," adding, "I don't think it had any impact because she is still going on all the TV shows."

House Republicans Said To Be "Grateful" For McKinney Controversy. The Washington Post (4/6, A2, Milbank, 744K) reports in its "Washington Sketch" column that Democrats "were just beginning to dream about the possibility of taking control of the House in the November elections as GOP unity collapsed over spending, immigration, Iraq and lobbying scandals," when Rep. Cynthia

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McKinney has her altercation with a Capitol Police officer. House Republicans "were grateful for the gift." The Post adds, "Arriving on the floor yesterday afternoon for a series of votes, McKinney had earned pariah status. Several of her Democratic colleagues turned their backs or moved away when she approached, carrying her infamous cellphone and a bottle of Dasani water. Ignored by several colleagues, she stood alone in the back of the chamber for several minutes until rescued by Reps. Bernard Sanders (I-Vt.) and Maxine Waters (D-Calif.)."

Boehner Urges GOP Not To Pile On McKinney. Roll Call (4/6, Akers) reports in its "Heard on the Hill" column, "At Wednesday's weekly closed-door House GOP Conference gathering, House Majority Leader John Boehner (R-Ohio) urged his colleagues to quit piling on Rep. McKinney. His message basically was: Why murder someone who has already committed political suicide?"

DeLay Says McKinney Should Be Charged With Assault. Rep. Tom DeLay was asked on Fox News' Hannity and Colmes (4/5) about the allegations against Rep. Cynthia McKinney. DeLay said, "These Capitol Police officers are not tour guides. They are protecting the capitol against all kinds of threats. For a member of Congress to treat one of these officers, who showed great courage, because he didn't know who she was. He didn't know that she didn't have a bomb strapped to her. He was doing his job, and for her first punch him and assault him and then afterwards, instead of apologizing to him, accuse him of racism is beyond the pale. It is outrageous and needs to be charged. And I hope she will be charged with assault and the House needs to deal with it." DeLay added that McKinney "has a long history of blaming everything on the color of her skin. She plays the victim card, the race card. She and her father and others are even anti-Semitic. She has that reputation."

Primary Foe Criticizes McKinney Over Altercation. Roll Call (4/6, Whittington) reports that DeKalb County Commissioner Hank Johnson (D), who is running against McKinney "is speaking out about the recent controversy involving her altercation with a Capitol Police officer." Johnson said Wednesday "that the situation should have been handled differently. 'There's no excuse for hitting a police officer,' he said." Johnson "charged that while McKinney is talking about hairdos and inappropriate touching, the needs of the residents of the Atlanta-area 4th district are being ignored. 'We don't feel like we've been getting our fair share of federal dollars,' he said. … Asked about the issue of racial profiling -- which McKinney has asserted is the underlying problem -- Johnson said he believed the officer was doing his job. 'I think the Capitol Hill police department has a job to do and their job is to protect the Members of Congress, the workers…their responsibility is to protect and to defend those people,' he said."

Two FEMA Employees Plead Guilty To Soliciting Katrina Relief Bribes. In a widely-distributed story, the AP (4/6, Johnson) reports, "Two Federal Emergency Management Agency employees pleaded guilty Wednesday to soliciting kickbacks from a food contractor during post-Katrina recovery efforts. Andrew Rose and Loyd Holliman each pleaded guilty in federal court to soliciting and receiving bribes as public officials, prosecutor Jim Letten said." The AP notes, "The contractor reported the offer to the FBI."

US Drops Death Penalty Push For New York Murder Scheme Suspects. The AP (4/6, Hays) reports, "Federal prosecutors are no longer seeking the death penalty against four defendants in a murder conspiracy case involving a notorious crack kingpin with ties to the rap music industry." The AP continues, "In a two-line letter sent to the judge Tuesday, prosecutors wrote they would still seek death for the chief defendant, Kenneth 'Supreme' McGriff, at a trial to begin April 17 in Brooklyn. … The new position was authorized by U.S. Attorney General Alberto Gonzales, prosecutors said." The AP adds, "It is an abrupt reversal from prosecutors' previous position. They had notified the judge on March 22 that Gonzales had endorsed the death penalty against all five defendants. … Attorneys for McGriff demanded an explanation in a letter to U.S. District Judge Frederic Block that was dated Tuesday. They have asked the judge to deny the death notice for McGriff because it was filed too late. A hearing was set for Friday."

Louisiana Computer Executive Charged With Bribing Connecticut Official. The AP (4/6) reports, "The president of a Louisiana computer company has been charged with paying $3,000 to former state Sen. Ernest Newton for his promise to help her win lucrative contracts, federal officials said Wednesday." Jeanette Foxworth "faces multiple charges of conspiracy, wire fraud and making a false statement, U.S. Attorney Kevin O'Connor said. … The indictment also alleges Foxworth lied to FBI

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investigators during a January interview." The AP notes Newton "was sentenced in February to five years in prison after pleading guilty to unrelated charges of bribery and other crimes."

Officials Warn Of Online Sexual Predators. NBC News (4/6, Costello) reports, "Across the country, pedophiles have left the playgrounds and arcades for the anonymity of the Internet. One in five kids surveyed by the Justice Department reports receiving unwanted sexual solicitations online." NBC continues, "Catching online predators often involves finding those who traffic in online porn. Two-thirds of the offenders who committed any Internet sex crimes also possessed child porn. And the FBI reports online child porn cases have surged 2,000 percent since 1996. … 'The Internet provides an individual, a perpetrator, a potential criminal, the opportunity to hide their identity,' says the FBI's Raul Roldan. 'So they work in a covert environment — so they believe!'"

DOJ Will Not Reimburse Ohio Officials For Sniper Probe. The AP (4/6) reports, "The Justice Department does not have the money to reimburse Franklin County (OH) for the sheriff's investigation into a series of highway shootings, a federal official wrote in a letter to an Ohio congresswoman. … 'We recognize that the prolonged and difficult investigation placed a financial strain' on the sheriff's office, Assistant Attorney General William Moschella told U.S. Rep. Deborah Pryce in a letter dated Friday. 'However, there are no new funds available for the department to reimburse' the county." The AP adds, "Franklin County requested Justice Department grants to cover about $700,000 in overtime paid by the sheriff's office during the pursuit of the shooter who terrorized central Ohio for five months in late 2003 and early 2004, according to county e-mails obtained by The Columbus Dispatch. Charles McCoy Jr., arrested in March 2004, was sentenced to 27 years in prison for his guilty plea last August to involuntary manslaughter and other charges for shooting at cars and buildings on and around central Ohio highways. The one person hit in the shootings died. … The federal government reimbursed Maryland, Virginia and Washington, D.C., for their pursuit of highway snipers in 2002. … The Washington-area shootings are different because federal investigators were involved and an FBI analyst was killed during the spree, said Rob Nichols, a spokesman for Pryce."

US Indicts MS-13 Gang Members On Racketeering Charges. The Washington Post (4/6, B1, Castaneda) reports, "Even after he was locked up on state murder charges in Prince George's County, an alleged leader of the violent street gang Mara Salvatrucha continued to direct the criminal activities of his group by sending letters to a female member of the gang, according to a federal indictment unsealed yesterday." The Post continues, "Gang members also watched a videotape of a Prince George's police detective who had been investigating them and discussed killing him, the indictment alleges. And members killed a young man to prevent him from cooperating in a federal probe of the gang, according to the indictment." The Post adds, "The 53-page indictment, made public in U.S. District Court in Greenbelt, supersedes an indictment handed down by a federal grand jury last August that charged 19 young men with federal racketeering counts. … That indictment was the first racketeering case brought in Maryland against the gang, signaling an increased federal involvement in local efforts to combat it. The gang, also known as MS-13, is comprised primarily of Salvadoran immigrants with some other Central Americans and Mexicans and began showing up in the Washington area in the late 1980s. … The indictment released yesterday provides additional details about the gang's alleged activities and what police say are its efforts to derail investigations and intimidate witnesses. It charges that members committed six murders and attempted four murders in suburban Maryland from April 2003 to June 2005."

Former Strip Club Owner Testifies He Bribed Nevada Commissioners. The AP (4/6, Ritter) reports, "A former striptease club owner who pleaded guilty to bankrolling political corruption in Las Vegas and San Diego testified Wednesday that he bribed three county commissioners in return for votes benefiting his Nevada businesses. 'I didn't consider them campaign contributions,' said Michael Galardi, using the word 'bribes' when asked by a federal prosecutor to characterize cash he said he paid to former Clark County Commissioners Erin Kenny, Dario Herrera and Mary Kincaid-Chauncey. … But he stumbled when his estimate of a total of 15 to 20 payments to Herrera and Kenny conflicted with his earlier statements to prosecutors and the FBI that payments were monthly. He estimated he gave Kincaid-Chauncey up to $85,000 over the years." KLAS-TV Las Vegas (4/5, Allen) adds, "Galardi

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testified he first bribed an elected official 16 years ago by giving $10,000 to Las Vegas city councilman Frank Hawkins to settle a licensing issue for his Cheetahs strip club. In the mid-90s, Galardi says he paid city councilman Michael McDonald $5,000 a month for a series of years for political influence. Galardi also claims that Clark County Deputy District Attorneys Gary Guymon and Craig Hendricks received free drinks, lap dances and sexual favors whenever they visited Cheetahs."

The Las Vegas Sun (4/6, German) reports, "Former federal prosecutor Charles Kelly, a criminal defense attorney who has been following the Las Vegas trial closely, said the use of Galardi as a witness should be creating 'a great deal of anxiety' for the government. … 'The jury is entitled to know what type of person they're being asked to trust,' Kelly said. 'If they built a case around a guy who lied about the extent of his influence, they could end up holding a wet paper bag with the bottom having fallen out.'" The Sun notes, "Prosecutors have presented hours of court-approved wiretaps to support Galardi's testimony. And they have called witnesses, such as former County Commissioner Erin Kenny, who pleaded guilty to taking bribes from Galardi, to corroborate his accusations against Herrera and Kincaid-Chauncey. … Galardi's testimony also stood up well enough to obtain federal corruption convictions last year in San Diego of his bagman, former Commissioner Lance Malone, and two San Diego councilmen - although a judge later tossed out the brunt of the case against one councilman."

Missouri Man Sentenced To Prison For Attempt To Fence Rembrandt Forgery. In "Arts Briefly," The New York Times (4/6, 1.19M) reports, "A fake sheik who sold a fake Rembrandt has been sentenced to five months in federal prison and five months of home confinement, The Associated Press reported." Majed A. Ihmoud of St. Charles, Mo., "pleaded guilty to conspiring to commit mail fraud for dressing as a sheik and posing as a member of the Saudi royal family in a scheme to sell a forgery of Rembrandt's 'Man With the Golden Helmet' for $2.8 million. The buyer turned out to be an undercover F.B.I. agent."

FBI Agents Search Staten Island Mansion For Mob Murder Evidence. The New York Times (4/6, Rashbaum, 1.19M) reports, "Acting on information provided by a cooperating witness, F.B.I. agents yesterday searched for evidence of a mob murder inside a Victorian mansion on a Staten Island hilltop, according to several law enforcement officials. … The F.B.I. lab will conduct forensic tests on evidence removed from the building, one of the officials said. The search was by members of the F.B.I. squad that investigates the Bonanno crime family, several officials said, but they would not disclose the identity of the suspected victim." The Times notes, "A spokesman for the agency, James Margolin, confirmed the search but would not say whether agents had concluded that a murder had been committed in the mansion." The New York Daily News (4/6, Eaberg, Moore, 729K) adds, "The feds also called Ron Victorio, an architect who oversaw recent renovations at the Victorian landmark to get a list of people who had worked on the project. … FBI officials would not identify who they believe was slain and stashed in the mansion, saying the victim's family had not been told of the informant's tip." The New York Post (4/6, Messing, 624K) notes FBI spokeswoman Christine Monaco said, "We executed a search warrant as part of a criminal investigation." She "refused further comment, but other sources said the agents…showed up at the historic 130-acre compound just before noon. … 'It's an evidence search,' said one well-placed law-enforcement source, who declined to name the suspected victim or to specify when the slaying occurred."

"Mafia Cops" Trial Jurors End First Day Of Deliberations. Newsday (4/6, DeStefano) reports, "The jury in the 'Mafia Cops' trial ended its first day of deliberations Wednesday in Brooklyn federal court without reaching a verdict on whether ex-NYPD detectives Louis Eppolito and Stephen Caracappa were double agents for the mob. Deliberations are to continue Thursday morning." The New York Daily News (4/6, Marzulli, 729K) notes, "There were notes from the jury asking for readback of testimony from chief witness Burt Kaplan on the murder of James Hydell. The panel also revisited a retired cop's testimony where cassette tapes featuring mob informant John (Otto) Heidell were stored in the 63rd Precinct." The New York Post (4/6, Haberman, 624K) also reports on the deliberations, under the headline "'Mob-Cop' Jury Requests 'Pipe' Line."

New York Couple Plead Guilty To Bilking New York Archdiocese. The New York Daily News (4/6, Zambito, 729K) reports, "A husband-and-wife team yesterday admitted ripping off the New York Archdiocese for

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$2 million. Vincent Heintz and Nanette Melera ran a nonprofit agency, Institutional Commodity Services, that bought Communion wine, food and automobiles for the archdiocese at bulk-rate prices. FBI agents say the Briarcliff Manor couple shook down vendors for payoffs in a scheme that dated to 1996."

Husband Of Illinois Congresswoman Sentenced To Five Months For Check Kiting. The Chicago Tribune (4/6, Higgins, Cohen, 643K) reports, "Robert Creamer, a top Democratic consultant and the husband of U.S. Rep. Jan Schakowsky (D-Ill.), was sentenced Wednesday to 5 months in prison for using bad checks to prop up his struggling consumer group and for a tax charge." Creamer "also must serve 11 months of home confinement," but "he escaped the longer sentence of 30 to 37 months suggested by federal guidelines," and prosecutors are considering an appeal. The Tribune notes Creamer attorney, Ted Poulos "said Wednesday in court that the prosecution had a 'seriously myopic view' of the case and had wrongly lumped Creamer in with the fraud defendants who take a bank's money and run." But Assistant US Attorney Joseph Ferguson "countered that Creamer should have known that his methods were illegal after FBI agents interviewed him in 1992. Yet he repeated the same crimes, repaying money only after the scheme was discovered, Ferguson said." The Chicago Sun-Times (4/6, Korecki) also reports on Creamer's indictment.

California Clinic "Capper" Pleads Guilty To Medicare Fraud. The AP (4/6) reports, "A 'capper' who recruited patients for a Lemon Grove clinic that allegedly billed Medicare for services never performed pleaded guilty Wednesday to insurance fraud and offering illegal medical kickbacks." Alicia Leonardo "is one of nine people, including the clinic's operators, to be indicted in what prosecutors called a $2 million conspiracy." The AP notes, "The FBI began investigating the clinic…in November 2004 after learning that 'cappers' were allegedly paying patients to visit, prosecutors said. Deputy District Attorney Rita Hanscom said patients who had difficulty with the English language were recruited from casinos, trolley stops and other locations."

Wisconsin Bank President Charged With Fraud. The Monroe (WI) Times (4/6, Gray) reports, "Former First National Bank president Mark R. Hardyman is expected to plead guilty May 1 to one count of bank fraud." According to the federal complaint unsealed yesterday, "Hardyman altered documents, altered bank records to mislead federal auditors, granted customer loans which were not authorized or approved by the board, falsified minutes of board meetings, solicited false financial statements from a bank customer to make it appear the customer was more creditworthy to bank examiners and auditors and caused a false entry to be made in FNBB records which indicated that a particular customer had received a $2.2 million wire when Hardyman knew the wire had not been received." The Times notes that the FBI, FDIC, IRS and Agriculture Department investigated the case.

Two New Yorkers Plead Guilty To Multi-State Investment Fraud. The Lynchburg News & Advance (4/1, Waugh) reported, "A Lynchburg resident was the biggest victim in an investment scheme devised by five New York men." Dennis Testa and Nicholas Lanza "pleaded guilty Friday to bilking seven people in at least five states out of more than $400,000 by tricking them into purchasing non-existent stock for a company in New York, according to a release from the U.S. Attorney's Office." The News & Advance notes, "The charges came out of an FBI investigation that began in 1998 involving an individual who posed as a legitimate stockbroker in New York and made calls to investors in other states, including Virginia." Assistant U.S. Attorney Nancy Healey "said she thought the FBI did a great job on the case and said she hopes people learn something from the case. 'I think this case shows that people who think that they can get away with crime outside their home area are mistaken.' she said.

Duke Lacrosse Coach Resigns Over Rape Scandal. ABC World News Tonight (4/5, story 4, :30, Vargas) reported Duke University lacrosse coach Mike Pressler has resigned, "three weeks after three of his players were accused of raping a woman. Also today, Duke's president cancelled the rest of the season for the team. He cited what he called the sickening and repulsive contents of a warrant to search the house where the rape allegedly took place. Police are awaiting the results on DNA tests on nearly every player on the lacrosse team."

The CBS Evening News (4/5, story 8, 0:20, Mitchell) reported Durham, North Carolina, police "pressed their investigation of rape allegations against three players."

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NBC Nightly News (4/5, story 5, 0:20, Williams) reported, "No charges have been filed in this case as yet but the scandal has caused racial and class tensions in the community."

CIVIL LAW:

Waxman Seeks Details Of Pentagon Contract. The Los Angeles Times (4/5, Roche, 958K) reports, "Rep. Henry A. Waxman (D-Los Angeles) asked the Pentagon on Wednesday to release details of a $47-million Air Force contract that an inspector general's report has found was awarded improperly." Waxman "cited the March 3 report, which says the no-bid contract to a subsidiary of Engineered Support Systems Inc., or ESSI, came as a result of intervention by Darlene A. Druyun. … Waxman noted in his letter that President Bush's uncle, William H.T. Bush, was an ESSI shareholder when the vehicle maintenance contract was awarded."

CIVIL RIGHTS:

Osceola, FL, Rejects DOJ Voting Rights Settlement Offer. The Orlando Sentinel (4/6, Sashin) reports, "Osceola County commissioners have rejected the first settlement offer in the federal government's voting-rights lawsuit against the county." The Sentinel continues, "Justice Department attorneys last month proposed a meeting to discuss a possible settlement. It suggested Osceola could switch from its countywide election format to five or six district seats and satisfy the Voting Rights Act. … 'We remain open to considering alternatives that accomplish that objective and meet the interests of the county and its officials,' Justice Department attorney Tim Mellett wrote in a March 13 letter to Osceola's outside counsel, Vincent Fontana." The Sentinel adds, "The County Commission met in closed session March 27 to discuss the matter, and the county attorney's office planned to send an official response late Tuesday. … Fontana also disputed a Justice contention that it had created a district model in which one of five had a majority of Hispanic citizens of voting age. In such a district, the New York attorney said, eligible Hispanic voters still would be in the minority. … The five county commissioners now reside in different districts but are elected countywide. In its July lawsuit, the Justice Department says Osceola could give Hispanics more influence at the polls by switching from countywide or "at-large" elections to five equal-size districts, one of which would be majority Hispanic, to counter what it claims has been a history of bloc voting by non-Hispanics against Hispanic candidates. … The county contends Hispanics would be worse off under the Justice Department's plan because they would have influence in only one or two districts, Fontana said."

FBI Joins Investigation Of Assault On Baylor Muslim Student. KWTX-TV Waco (4/5) reports, "The FBI is working with the Baylor University Department of Public Safety to investigate an attack on a female Muslim student on the campus, Baylor Police Chief Jim Doak announced Wednesday evening. 'We have had an FBI representative on campus with us throughout the day today and will continue to work with the agency as this process goes forward,' Doak said." KWTX notes that the student "required emergency room treatment for a dislocated shoulder and contusions." Baylor University (4/5, Fogleman) adds on its Web site, "Formally known as a Domestic Police Cooperation investigation, the FBI is partnering with Baylor DPS to lend its resources to the process of gathering and analyzing leads and other information related to the case."

Florida Mosques, Temples Report Rising Hate Crime Incidents. The Miami Herald (4/6, Fantz, 323K) reports, "The weekend defacing of a Muslim prayer hall and a new audit of hate crimes against Jews brought into relief the continuing threats against Muslim and Jewish houses of worship in South Florida. On Sunday, volunteers for the Islamic Center of South Florida discovered that vandals had sprayed the words 'Osama BinLeden' in yellow paint on a wall of their new school," and "the Anti-Defamation League released an audit on Wednesday indicating that hate crimes against Jews increased statewide last year, from 173 in 2004 to 199 in 2005." Additionally, "At least five incidents of vandalism in South Florida involved mosques or places of Muslim worship last year."

Growing Muslim-American TV Network To Reach 1 Million US Homes. The AP (4/6, Thompson) reports, "A first-of-its-kind Muslim-American television network launched a year ago has gone from being a premium pay channel to a basic-cable offering on several cable and satellite systems, broadening its reach from 10,000 to more than 1 million U.S. homes. Bridges TV, featuring Muslim-American lifestyle and cultural programming, also has been approved by the

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Canadian Radio & Television Commission to start broadcasting in Canada." The AP notes, "The Buffalo office of the FBI has taken notice and will use the network for an 'FBI Townhall Meeting' May 15, during which an FBI agent will field on-air questions and comments from Muslim and Arab-American viewers."

NASCAR Objects To Show On Anti-Muslim Attitudes. NASCAR is objecting to a planned series on the NBC newsmagazine "Dateline," about American attitudes toward Islam, claiming the series targets race fans as potential sources for harassment of Muslim-Americans. The Washington Times (4/6, Lemke, 90K) reports that the newsmagazine is "placing Muslim and Arab-American volunteers in a variety of public places, including NASCAR races, and filming their experiences in an attempt to record discrimination or harassment. … Arab-Americans were stationed in the crowd at last week's NASCAR race in Martinsville, Va., and NBC is considering doing the same at Sunday's race in Fort Worth, Texas. NBC officials said NASCAR races were only one place where Muslims would be placed."

NOPD Facing New Brutality Allegations. In a widely-distributed story, the AP (4/6, Foster) reports, "New Orleans' police department…is investigating new allegations of brutality: claims that three white officers beat up the wife of a black officer this week. The probe comes less than a week after two former officers -- both white -- were indicted on felonies in the French Quarter beating of a black retired teacher," although "two FBI agents seen helping to restrain the man were cleared of wrongdoing Wednesday, the bureau said." The victim of the alleged beating this week, Jonie Pratt, "had a black eye, a swollen forehead and a brace on her fractured left wrist," and her mother-in-law "said the injuries were inflicted after police pulled Pratt over, claiming she ran a stop sign. … The FBI said it is conducting a preliminary inquiry to determine whether the case warrants further investigation." The New Orleans Times-Picayune (4/5, 257K) reported FBI Special Agent Sheila Thorne said that the bureau has opened a "preliminary inquiry" into the new allegations. Thorne added, "Whenever we become aware of an allegation of a possible civil rights violation, we look into it to see if it warrants further investigation."

Pennsylvania County Scraps New Voting Machine Deal. The Pittsburgh Post-Gazette (4/5, Sherman) reports, "With just six weeks to go before the May primary, Allegheny County is scrapping a multi-million-dollar deal for electronic voting machines built by Sequoia Voting System and instead is purchasing 4,700 touch-screen machines from Nebraska-based Election Systems and Software Inc." The Post-Gazette continues, "County Chief Executive Dan Onorato made the announcement today, saying Pennsylvania Secretary of State Pedro A. Cortes told him last week that Sequoia's system likely would not be certified because of critical software problems. … That information convinced county officials to fall back on an $11.9 million deal with ES&S for the company's iVotronic unit, which resembles a bank ATM and has already received both state and federal certification." The Post-Gazette adds, "More than 20 Pennsylvania counties already have decided to purchase the iVotronic to satisfy the Help America Vote Act, a sweeping federal law that requires local governments nationwide to upgrade their voting equipment this year or face legal action from the Justice Department. … Because of the looming deadline, ES&S plans to supply each of the county's more than 1,300 voting precincts with at least one machine by the May 16 primary election, although they hope to have at least two per precinct. For the November general election, the company hopes to have all 4,700 machines in place."

Man Sues Prince George's County Police Claiming Racism. The Washington Post (4/6, B4, Londoño) reports, "An African American restaurateur from Prince George's County filed a civil rights lawsuit yesterday against the Montgomery County police department and two patrol officers alleging that he was unreasonably stopped, searched and arrested because he is black." The Post continues, "Donnell Long, a chef who owns two Largo restaurants -- Stonefish Grill and the Red Star Tavern -- was pulled over in Silver Spring on Feb. 23 as he was driving two employees home in a vehicle that belongs to a relative of one of the passengers. … Long said he was handcuffed for nearly 40 minutes by two white officers who, he said, searched the inside of his vehicle, including his trunk, without permission. … Long is seeking $5 million in damages." The Post adds, "In the late 1990s, the U.S. Department of Justice investigated allegations of racial profiling against the Montgomery police. The department agreed to keep better data on whom officers stop and why and to have officers attend diversity training courses."

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Faith-Based Groups Sue Over Wisconsin Campaign. A coalition of faith-based groups has filed suit saying their First Amendment's rights of freedom of religion and expression were violated when they were not allowed to participate as recipients in a program through which Wisconsin state employees can earmark charitable donations through payroll deductions. The Milwaukee Journal Sentinel (4/6, Forster, 266K) reports, "The federal lawsuit by the Springfield, Va.-based Association of Faith-Based Organizations said a state committee has rejected applications from organizations that are led by people who share a religious faith. … The lawsuit challenges the procedures for determining which organizations are eligible to receive contributions through the Wisconsin State Employees Combined Campaign. The campaign, which has been run annually since 1973, allows state and University of Wisconsin employees to have charitable contributions deducted from their paychecks during a monthlong window. About 10,000 state employees participated in 2005, donating $2.8 million."

Virginia AG Sides With Boy Scouts In Lawsuit. Virginia State Attorney General Robert McDonnell is supporting a Defense Department effort to overturn a court ruling barring the Boy Scouts of America from holding its annual Jamboree at Fort A.P. Hill in the state. The Washington Times (4/6, McLaughlin, 90K) reports, "Last year, a federal court in Chicago sided with the American Civil Liberties Union (ACLU), saying the Pentagon's assistance in the Scouts' Jamboree was unconstitutional because the group's 'duty to God' oath makes it a religious organization. Oral arguments are scheduled to start today in the 7th U.S. Circuit Court of Appeals in Chicago." McDonnell said, "This is the latest attempt by a leftist, liberal group to go after an outstanding group in the Boy Scouts of America."

DC Government To Fund PR Campaign On Statehood. The DC government is planning to fund a public relations campaign on DC statehood. This, despite a federal law barring the use of city o federal funds for such activities. The Washington Times (4/6, Doolittle, 90K) reports that the city will distribute $1 million in grants to several groups for the campaign. Grant supporters "say the law against lobbying does not apply because the money is to be used for 'education.' They say the education grant is a creative way to circumvent federal guidelines." According to the Times, "Our Nation's Capital (ONC) will receive $300,000 and the League of Women Voters (LWV) of the District of Columbia will receive $200,000 for the public relations campaign."

Universities Yielding To Wishes Of Faithful On Hiring. A front page story in the Wall Street Journal (4/6,Golden, 2.11M) reports on "the rising influence of religious groups over the teaching of their faiths at secular colleges, despite concerns about academic freedom. US universities have usually hired religious-studies professors regardless of whether they practiced or admired the faiths they researched." But "some universities are bending to the views of private donors and state legislators by hiring the faithful."

Automatic Voter Registration For High School Seniors Proposed. John B. Anderson, a candidate for president in 1980, and the chairman of FairVote, which promotes fair elections, and Ray Martinez III, who serves on the United States Election Assistance Commission, write in the New York Times (4/6, 1.19M) that "all too many young people will graduate from high school without registering to vote and without even taking a class on the basics of voting. We need a new 'leave no voter behind' policy. … We propose automatic voter registration for all high school seniors; our goal is the registration of all eligible students before they graduate." They conclude, "By improving our registration and education efforts, we will not only help protect the voting preferences of younger Americans but the long-term vitality of our participatory democracy. Let's not leave any voters behind."

ANTITRUST:

FTC Gives Antitrust Nod To Boston Scientific-Guidant Deal. The AP (4/6) reports, "Boston Scientific Corp. said Wednesday it has won antitrust clearance from the Federal Trade Commission's staff for its $27 billion acquisition of former medical devices rival Guidant Corp., but is still awaiting final approval from the full commission as well as European regulators." The AP continues, "Also on Wednesday, Guidant said its first-quarter sales dropped 6% from last year, and it expects to record more than $120 million in charges for the quarter. Guidant has suffered sliding sales because of product recalls and

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news that the company withheld information about the faulty devices." The AP adds, "Boston Scientific said it continues to expect its acquisition of Guidant to close around the middle of this month following regulatory clearances. … Boston Scientific said it had entered into consent agreements with the FTC staff to resolve antitrust issues. The company did not provide details on the agreements, but Boston Scientific spokesman Paul Donovan said the agreements 'do not require any material changes to the transaction.'" The AP notes, "European regulators last week pushed back the deadline they set for completing their review until April 18, although a decision could come sooner."

Wall Street Lobbying Firms Pursuing Merger. Two of Wall Street's largest lobbying groups have announced that they will pursue a merger. The Wall Street Journal (4/6, Burns, 2.11M) reports that the Securities Industry Association and the Bond Market Association "said their boards of directors voted to endorse the concept of merging. Once the details are worked out, the two boards will vote on final approval June 30, with the full membership of each group voting on the merger after that."

JP Morgan Gets FTC Approval To Buy Kohl's Card Unit. Dow Jones (4/6) reports, "J.P. Morgan Chase & Co. received antitrust clearance from the Federal Trade Commission to buy the credit-card operations of department store chain Kohl's Corp. for $1.5 billion." Dow Jones continues, "The FTC announced Wednesday that it granted J.P. Morgan early termination on Tuesday of the waiting period required by the Hart-Scott-Rodino antitrust law. … The Kohl's portfolio includes 13 million accounts with about $1.5 billion in outstanding balances. Kohl's (KSS) is based in Menomonee Falls, Wis." Dow Jones adds, "As part of the transaction, the two companies will coordinate programs aimed at spurring Kohl's sales and card use. Kohl's will continue to manage customer service, advertising and marketing for the cards."

Group Asks Judge To Keep Seattle Newspaper Dispute In Court. The Seattle Post-Intelligencer (4/5, Richman) reports, "A self-styled citizens' group today asked a King County Superior Court judge not to halt courtroom proceedings over the contract binding Seattle's two daily newspapers." The P-I continues, "Halting the litigation would be a necessary step before the publishers could move their dispute into binding arbitration, as they proposed last week. They want to exclude the group, known as The Committee for a Two-Newspaper Town, from that arbitration. … But the committee, composed of citizens and union members employed by The Seattle Times and the Seattle P-I, said that such a halt would make it impossible for its own legal claims to be heard. In its 12-page motion, the committee told Judge Greg Canova that it is 'on a par with the other two parties and has an equal right to pursue litigation in this forum without (undue) delay or disruption.'" The P-I adds, "Nearly three years ago, when P-I owner The Hearst Corp. sued to prevent The Seattle Times Co. from exiting the joint operating agreement, or JOA, that has bound them since 1983, the committee argued that key provisions of the JOA violate federal antitrust law as restraints of trade."

Apple Launches Program Allowing Macs To Use Windows. USA Today (4/6, Graham, Kessler) reports that Apple Computer on Wednesday "for the first time unveiled software allowing Microsoft's Windows operating system to run on Apple's PCs. … That's a huge change for the iconoclastic PC maker, which has long shunned Windows even though it runs on more than 90% of PCs. Now Apple is moving toward the mainstream and easing its decades-long rivalry with Microsoft."

The Wall Street Journal (4/6) reports, "Yet the new capability may not be enough to persuade that most lucrative and demanding of high-tech customers -- businesses -- to switch large portions of their PCs to Macs, some corporate technology officers say."

The Los Angeles Times (4/6, Sanchez) reports, "Investors apparently viewed the program, called Boot Camp, and Apple's recent rollout of computers powered by Intel microchips as steps that will broaden the appeal of its products, which have been praised for their innovative features but account for less than 5% of personal computer sales. The rest of the market is dominated by PCs that use Microsoft's Windows programs in concert with Intel chips. … The Cupertino, Calif.-based company made Boot Camp available today on its website as a free download. After users download and install Boot Camp, they can purchase a copy of Windows and will then be able to switch between Apple's operating system and Microsoft's program every time they restart their computers, the company said."

The Washington Post (4/6, D1, Musgrove) reports that "analysts said yesterday that Apple's Boot Camp software --

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which allows the Windows operating system to run on an Apple machine -- is significant for Apple because it helps change the stakes in a purchasing decision that, for years, has kept the Mac's share of the PC market under 5 percent. Boot Camp…could tempt computer buyers who had previously resisted buying a Mac."

The New York Times (4/6, Markoff) reports, "The move was greeted with exuberance even among the loyal cult of Macintosh enthusiasts who sustained Apple through many bleak years before its resurgence on the strength of its iPod music player. Its sleek machines have long been objects of consumer lust but are frequently passed over in favor of more pedestrian computers that run Windows, leaving Apple with about 5 percent of the personal computer market."

Finnish Antitrust Officials Suspect Forest-Product Price-Fixing. The AP (4/5) reports, "The Finnish Competition Authority said Wednesday it suspects three forest companies of price fixing and has asked them to respond." The AP continues, "In a statement, the agency said it began an investigation in 2004 into suspected 'forbidden price cooperation and exchange of information for the purpose of limiting competition in wood procurement' in 1997-2004, but gave no details." The AP adds, "The antitrust body has given the three forest-product companies, Stora Enso Oyj, UPM-Kymmene Corp. and Metsaliitto Osuuskunta, until mid-May to respond to the results of its investigation after which it will decide whether to pursue the case in court. … The competition authority also noted that UPM-Kymmene might receive immunity because 'it had cooperated with the FCA.'"

P&G, Coca-Cola Settle Patent Suits. The AP (4/6) reports, "Procter & Gamble Co. has settled a lawsuit against Coca-Cola Co. that claimed the beverage maker was using P&G's patented technology that adds calcium to fruit juices, the companies said." The AP continues, "The lawsuit, filed in May 2002, said Coca-Cola's Minute Maid juice division was violating P&G's 1988 patent. P&G said that it had exclusively licensed the patented technology to Tropicana Products Inc., a division of Pepsi-Co Inc. … The settlement will allow Coca-Cola to continue selling its calcium fortified juices." The AP adds, "The companies also announced settlement of another lawsuit alleging Coca-Cola was using P&G's patented preservative system in several of its products. Under that agreement, Coca-Cola will be allowed to use the technology in certain noncarbonated products. … P&G has filed a variety of such infringement suits against other companies over the years."

ENVIRONMENT:

Grand Jury Subpoenas Acuity Brands In Wastewater Plant Probe. Dow Jones (4/6) reports, "Acuity Brands Inc. said Wednesday that it and its Acuity Specialty Products Group Inc. unit received grand jury subpoenas in March related to the Justice Department's ongoing investigation of the unit's wastewater pretreatment plant in Atlanta." Dow Jones continues "Acuity Brands, an Atlanta-based provider of lighting fixtures and specialty chemical products, said in a quarterly report with the Securities and Exchange Commission that the Justice Department had requested information regarding Acuity Specialty's management of hazardous waste at the plant. The investigation mainly concerned the unit's operation of the plant, according to the SEC filing." Dow Jones adds, "Acuity Brands said the latest subpoenas are in addition to ones the company and its unit received in August 2003 and another subpoena that went solely to Acuity Specialty last April."

US Probing BP's Pipeline Problems. The Wall Street Journal (4/6) reports, "U.S. environmental regulators are conducting a criminal investigation into BP PLC's management of pipelines in Alaska's North Slope, according to people familiar with the matter, adding to mounting regulatory scrutiny of the British energy titan's U.S. operations." The Journal continues, "These people said the investigation, which has been under way for several months by officials at the Environmental Protection Agency, was expanded to include an early March spill of an estimated 134,000 to 267,000 gallons of crude from a BP-operated pipeline at Prudhoe Bay. Alaska state conservation officials say the pipeline ruptured from internal corrosion, causing what is considered the largest oil spill ever in the energy-rich North Slope." The Journal adds, "One person familiar with the matter said the federal investigators are looking at corrosion issues on the ruptured line, as well as others in the area, to determine if BP has committed any violations of the federal Clean Water Act. The act carries criminal and civil penalties for violations, such as allowing oil to spill into a federal waterway. … The EPA probe is just the latest embarrassment for BP -- the world's second-largest publicly traded oil

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company, after Exxon Mobil Corp. -- and Chief Executive John Browne, who has aggressively promoted the company as environmentally friendly and socially responsible."

Administration Said To Be Muzzling Scientists On Global Warming. The Washington Post (4/6, A27, Eilperin, 744K) reports scientists "doing climate research for the federal government say the Bush administration has made it hard for them to speak forthrightly to the public about global warming. The result, the researchers say, is a danger that Americans are not getting the full story on how the climate is changing." Employees and contractors "working for the National Oceanic and Atmospheric Administration, along with a U.S. Geological Survey scientist working at an NOAA lab, said in interviews that over the past year administration officials have chastised them for speaking on policy questions; removed references to global warming from their reports, news releases and conference Web sites; investigated news leaks; and sometimes urged them to stop speaking to the media altogether. Their accounts indicate that the ideological battle over climate-change research, which first came to light at NASA, is being fought in other federal science agencies as well."

Senate Democrats Criticize EPA Nominee, Bush Air Pollution Proposals. CQ (4/5, Tollefson) reports Senate Democrats yesterday "hammered the Bush administration's choice to manage the EPA's air and radiation program, questioning his role in developing industry-friendly pollution regulations." William L. Wehrum, "the acting administrator for air and radiation since August 2005, was nominated to fill the position permanently. Republicans on the Senate Environment and Public Works Committee generally praised him for several years of work as counsel to the previous program administrator, Jeffrey Holmstead." But Democrats "and the committee's ranking minority member, James M. Jeffords, I-Vt., used the nomination to criticize several White House air pollution initiatives." An aide said Sen. Barbara Boxer "plans to put a hold on the nomination if it moves to the Senate floor, an aide said. A panel vote is expected on the nomination at the end of the month."

Study Suggests Power Companies Can Limit Greenhouse Gases. The Christian Science Monitor (4/6, Clayton, 61K) reports the nation's "big power companies are creating smaller amounts of gases that cause smog and acid rain than they were 15 years ago, but they're producing more greenhouse gases. That's the conclusion of a joint industry-environmentalist report, released Wednesday, which offers a ray of hope in the battle against global warming." David Hawkins, climate director of the Natural Resources Defense Council, said, "What this report shows is that with careful government regulation, companies can lower the pollution coming from power plants smokestacks - and we should be doing this with greenhouse gases like carbon dioxide, too." The Monitor adds "that conclusion remains anathema to many within the electric-power industry, who prefer a voluntary approach."

NYTimes Criticizes USDA Mad Cow Testing Policy. In an editorial, the New York Times (4/6, 1.19M) says, "Late last month, Creekstone Farms, a Kansas-based beef company, sued the United States Department of Agriculture" because the agency "won't let it" test all of its cattle for mad cow disease. The USDA argues that "100 percent testing would not guarantee food safety because mad cow disease can be hard to detect in younger cattle." The Times called the agency's argument "nonsense -- as if we were more likely to be safe by following a testing plan based on statistical modeling of the beef supply than by actually testing all the cattle." However, it conceded that "private testing is not the way to go in the long run." Instead, the Times says the USDA "should test every cow that goes to slaughter."

FBI/DEA/ATF/USMS:

Mueller, Gonzales Defend ChoicePoint Software Contract. The AP (4/6) reports FBI Director Robert Mueller, testifying yesterday before the justice subcommittee of the Senate Appropriations Committee, "defended…the bureau's decision to award a $12 million contract to a Georgia-based consumer data collection company that recently paid a record fine for a security breach." Sen. Patrick Leahy criticized the contract with ChoicePoint and "called the company 'the poster child for lax identity protection.'" Mueller "said the FBI's five-year agreement…was for software 'that will help analysts do their job. It's not a data package.'" IDG News Service (4/5, Gross) notes Leahy "blasted the DOJ and the FBI division," but Attorney General Alberto Gonzales defended the contract,

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saying that it "represented the best value for the FBI, and it covers software and technology, not data services."

The Washington Post (4/6, A11, Eggen, 744K) reports that at the hearing, Sen. Richard Shelby "and Democratic colleagues sharply questioned Attorney General Alberto R. Gonzales about an administration proposal to slash assistance to local law enforcement by more than $1 billion in fiscal 2007. In unusually candid remarks, two key agency heads -- FBI Director Robert S. Mueller III and Drug Enforcement Administration chief Karen P. Tandy -- acknowledged that the proposed cuts could limit enforcement efforts and discourage local police from offering assistance in terrorism inquiries and other federal investigations. … Gonzales said the cuts were a 'difficult decision' that reflected a desire to focus on the most effective uses of taxpayer money."

Shelby Questions Sentinel Contract With Lockheed Martin. IDG News Service (4/5, Gross) also reports Sen. Richard Shelby "questioned the FBI's investments in new technology following its decision in March 2005 to abandon a case-management project after spending $170 million over four years. … 'This new technology is critically important, but I remain concerned that the FBI does not possess the necessary project management expertise, nor do I feel that the FBI has applied lessons learned from past mistakes,' said Shelby. FBI Director Robert Mueller said the new contract with Lockheed Martin will face performance audits from investigators within and outside the FBI. … 'We have learned from the mistakes of the past, and we are intent on bringing this home,' he said."

Closing Arguments Made In Drug Trial Of Baltimore Police Detectives. The Baltimore Sun (4/5, Dolan, 296K) reported that in closing arguments Tuesday at the corruption trial of Baltimore detectives William King and Antonio Murray, Assistant US Attorney Charles Peters "called the detectives 'animals' for preying on victims in a 'jungle' of West Baltimore -- a characterization that drew an impassioned rebuke from the officers' attorneys." Defense lawyer Russell Neverdon "described the officers as scapegoats inside a department that had been buffeted by the changing policies of several police commissioners in recent years." The Sun notes, "Relying on testimony from cooperating witnesses and hours of secretly recorded conversations from the FBI, prosecutors charged King and Murray last year with conspiring to rob and extort cocaine, heroin and marijuana -- as well as drug-related proceeds -- from suspects they pursued on city streets in late 2004 and early 2005."

DEA Said To Be "Retooling" For Age Of Terrorism. In U.S. News and World Report (4/5) David E. Kaplan writes, "Remember the war on drugs? It's still there, folks, but the narcs have taken a back seat to the war on terrorism. Not to miss a beat, the Drug Enforcement Administration, the 11,000-strong counternarcotics force under the Justice Department, is retooling for the age of terrorism and focusing more of its efforts on what it calls the drug-terror nexus. … Using techniques honed against Latin American drug lords, the DEA is employing a 'kingpin' strategy to take out traffickers tied to terrorist groups."

ACLU Claims Ethnic Bias In Georgia Meth Case. The New York Times (4/6, Zernike) reports the ACLU "is accusing federal prosecutors of ethnic bias in a sting last summer in which South Asian owners of convenience stores in Georgia were charged with selling household ingredients that could be used to make methamphetamine. In a legal filing, the ACLU said yesterday that prosecutors ignored extensive evidence that white-owned stores were selling the same items to methamphetamine makers and focused instead on South Asians to take advantage of language barriers.

The Atlanta Journal-Constitution (4/6, Ahmed) reports the ACLU "said that while more than 80 percent of stores in the area where 'Operation Meth Merchant' was conducted are owned by whites or other ethnic groups, 23 of the 24 stores targeted by the investigation are owned by South Asians. All but five of the 49 convenience store clerks and owners who were indicted are South Asians, many with the last name Patel."

The Rome (GA) News Tribune (4/6) reports, "In Wednesday's motion — which asks for the dismissal of charges against 'Operation Meth Merchant' defendants Falgun Patel, Sudhirkumar Patel and Satishkumar Patel based on racially biased investigation practices in the case — the ACLU cited statistics indicating that more than 19 percent of all South Asian-owned convenience stores were indicted in the case as compared to 0.2 percent of all stores owned by whites or other ethnic groups."

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Man Accused Of Making Meth At His Florida Home. The Miami Herald (4/5, Staff) reports the DEA "has arrested a man who investigators say ran a methamphetamine lab from his Hollywood (FL) home. The Herald says Gene Lawrence Cruncleton is accused of attempting to make meth, according to DEA agent Jeannette Moran. Police "found ammonium nitrate in the house…and evidence that methamphetamine had recently been cooked in the home."

The South Florida Sun-Sentinel (4/6, Haas) reports authorities say they "seized several handguns, high-powered rifles and shotguns, about a thousand rounds of ammunition, meth ingredients and possible bomb-making chemicals from Cruncleton's home on Tuesday. Police evacuated three-dozen homes in the neighborhood Tuesday afternoon because the chemicals used to make meth are highly explosive."

Former St. Louis Police Officer Convicted In Heroin Conspiracy. The St. Louis Post-Dispatch (4/5) reports former St. Louis police officer Antoine Gordon "was convicted Wednesday of helping a heroin ring by using a law enforcement database to try to identify a possible informer. … A Drug Enforcement Administration wiretap caught Gordon in an incriminating conversation with the ringleader, Adrian Minnis, in June 2004, prosecutors said. Minnis pleaded guilty Friday."

11 Indicted For Importing Knockoff Cigarettes. The Philadelphia Inquirer (4/6, Wood) reports New Jersey authorities "announced yesterday that they had snuffed out a ring that imported tens of thousands of cartons of [cigarette] knockoffs from China. Seven people from Philadelphia and four from South Jersey were charged in indictments after a two-year undercover operation in Atlantic City and South Jersey. Three New Jersey troopers infiltrated the organization and bought more than 32,000 cartons of cut-rate Marlboro Lights, 25,000 doses of the nightclub drug ecstasy, and more than 125 pounds of potent marijuana." The Inquirer says several law enforcement organizations took part in the investigation, including the DEA.

Florida AG Withdraws From Case Following Dispute Over Steroid Questions. The AP (4/5) reports Attorney General Charlie Crist "has decided his office will no longer represent current and former Corrections Department officials in a federal lawsuit filed by Florida State Prison inmates who allege that guards sprayed them with chemical agents. The issue came to a head after an attorney in Crist's office filed a motion stating those officials should not have to answer questions about their steroid use. … 'We are not representing these guys if they will not answer questions about their use of illegal drugs,' Crist said."

Washington Post Profiles Barry Bonds, MLB Steroid Investigation. In a lengthy article, The Washington Post (4/6, A1, Fainaru) profiles Barry Bonds and Major League Baseball's investigation of steroid use and writes, "Steroids help build muscle and speed recovery but have been banned by most professional sports leagues because they also are known to cause undesirable side effects, create an uneven playing field and are illegal without a prescription. Bonds's current predicament -- chasing Ruth and Aaron while under investigation for using drugs to help him hit home runs -- at times borders on the surreal."

Pakistani Man Said To Have Regrets Following Drugs-For-Arms Plot. The San Diego Union-Tribune (4/5, Thornton) reports the Pakistani man who "received 57 months in prison for his part in a conspiracy to trade heroin and hashish for shoulder-launched Stinger missiles and cash" had "declined to make a statement before Monday's sentencing in federal court in San Diego. But his lawyer, John Cotsirilos, said his client had expressed 'regret' in a letter to the court." Saifullah Durrani and two others "have admitted they negotiated a deal in Hong Kong in September 2002 to sell heroin and hash and to accept as part of the payment four Stinger missiles that they would then sell to al-Qaeda or the Taliban."

FL: Dwight Gooden Gets 1-Year Prison Sentence Following Cocaine Use. The New York Times (4/6, Stout) reports Dwight Gooden, the former pitching star who "squandered much of his talent with self-destructive behavior off the field, was sentenced to a year and a day in a Florida state prison yesterday for violating his probation by using cocaine. Gooden, 41, was sentenced by Judge Daniel L. Perry in state circuit court in Tampa, Fla., after expressing remorse over his latest run-in with the law," according to prosecutor Pam Bondi.

The AP (4/5) reports Gooden "was serving three years' probation for speeding away from police during a drunken

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driving traffic stop last year when he failed a drug test and acknowledged to a probation officer that he had used cocaine. He chose the prison sentence over reinstatement of his probation, which would have meant the prospect of five years behind bars if he violated it again."

Hyde Says Drug War "Adrift" In Western Hemisphere. House International Relations Committee Chairman Henry Hyde says the war in drugs is "adrift" in the Western hemisphere. The Washington Times (4/6, Seper, 90K) reports that Hyde says the Bush Administration "is claiming a 'premature victory' in the war against Colombian drug traffickers and diverting its focus to the Middle East." Hyde said, "I am concerned our efforts to fight the scourge of illegal narcotics seem to be adrift in our hemisphere," adding, "After five years of Plan Colombia, we are finally seeing success in our war on drugs. Unfortunately, these positive results seem to have lulled the administration into a false sense of security, causing it to claim premature victory in Colombia and turn its attention to the Middle East and elsewhere." Mr. Hyde's comments "are contained in a letter last week to Rep. Dan Burton, Indiana Republican and chairman of the International Relations Western Hemisphere subcommittee."

Teen Drug Use Declining. A national survey on drug and alcohol use says drug use has edged downward among teens nationwide, with the largest decreases occurring in the Midwest and South. USA Today (4/6, Leinwand, 2.31M) reports, "Children 12 to 17 years old who reported using any illicit drug in the past month declined from 11.4% to 10.9% between 2002 and 2004. States that saw the biggest declines in teen drug use were Illinois, Nebraska, South Dakota, North Carolina, Virginia and Vermont. The study, to be released today by the U.S. Substance Abuse and Mental Health Services Administration (SAMHSA), combines data from interviews of 135,500 people in 2003 and 2004 as part of the National Surveys on Drug Use and Health."

US, Venezuela Said To Be Finishing Anti-Drugs Agreement. The Miami Herald (4/5, Bachelet) reports Mari Pili Hernández, who heads the North American department in the Venezuelan foreign ministry, "said Tuesday her country was willing to start regular talks with the Bush administration, routinely attacked by President Hugo Chávez, on issues that include drug trafficking and energy matters. … Officials on both sides have been putting the finishing touches to a drug-trafficking agreement that would allow the Drug Enforcement Administration to resume its activities in Venezuela, Hernández said."

FBI, US Marshals Searching For Louisiana Prison Escapee. CNN.com (4/5, Frieden) reports, "FBI agents and U.S. marshals are searching for a convicted murderer who escaped Wednesday from a federal prison in Louisiana." Richard McNair "is serving a life sentence in the U.S. penitentiary in Pollock, Louisiana, after being convicted of murder and burglary in North Dakota. … Authorities are still investigating how McNair escaped, said Jane Haschemeyer, a U.S. Bureau of Prisons spokeswoman."

IMMIGRATION:

US Targets Immigration Fraud With Creation Of Task Forces. The AP (4/6, Yen) reports, "The government said Wednesday it was stepping up efforts to stem illegal immigration, creating task forces in 10 cities to crack down on those who commit fraud to enter and stay in the country. The AP continues, "The task forces bring together investigators from several agencies, including Immigration and Customs Enforcement and the Justice and Labor departments, to prosecute growing cases of immigration fraud. The fraud includes the use of fake Social Security cards, drivers licenses and passports." The AP adds, "Investigators also will seek to arrest - and deport if warranted - those who lie on government applications to obtain benefits such as U.S. citizenship, political asylum or a visa, said Julie Myers, assistant secretary for Immigration and Customs Enforcement, which is headed by Homeland Security. … 'One of the lessons from 9/11 is that false identities and fraudulent documents present serious risks to national security,' said Homeland Security Secretary Michael Chertoff. 'We must deny criminals the identification tools they need to threaten our country.' … In the last two years, the number of immigration fraud investigations has jumped 54 percent to 3,591 cases and arrests have risen from 1,300 to 1,391, officials said. They cited the growing sophistication of technology such as high-resolution digital scanners, which make it easier to produce fraudulent documents, for the increased number of cases. … The Document and Benefit Fraud Task Forces will be located in Atlanta, Boston, Dallas, Denver, Detroit, Los Angeles, New York, Newark, N.J., Philadelphia and St. Paul, Minn. It is modeled after a

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Washington, D.C.-area task force coordinated by the U.S. attorney's office."

The Atlanta Journal-Constitution (4/6, Malone, 430K) reports on the Atlanta Task Force and notes, "Michael J. Maxwell, who quit in February as director of the U.S. Office of Security and Investigations for immigration services, is scheduled to testify today to the House Subcommittee on International Terrorism. … Among the complaints prepared for his testimony, Maxwell says that employees assigned to perform checks on would-be citizens or permanent residents were increasingly denied access to FBI crime and terrorism databases that record allegations of criminal behavior or security problems."

GOP Senators Reach Agreement On Immigration Reform. The New York Times (4/6, Swarns, 1.19M) reports, "A group of Senate Republicans reached agreement Wednesday night on a compromise proposal that they hope can garner bipartisan support and bring passage of a bill on the future of the nation's 11 million illegal immigrants. The compromise, which followed a day of negotiations, was endorsed by Senator Bill Frist of Tennessee, the majority leader." But "it did not have the commitment of all Republicans, much less Democrats who have backed an approach that would put nearly all illegal immigrants on a path toward citizenship." The Times adds, "As outlined by Senate Republicans late Wednesday, the compromise would place illegal immigrants in three categories: Those who have lived in the country at least five years would be put on a path toward guaranteed citizenship, provided that they remained employed, paid fines and back taxes, and learned English, a senior Republican aide said. The aide said this group accounted for about 7 million of the roughly 11 million illegal immigrants believed to be living here." Those "who have lived here for two to five years, said to number about three million, would have to leave the country briefly before reporting to an American port of entry, where they would be classified as temporary workers. … The remaining one million or so, those who have lived in the country less than two years, would be required to leave." The Los Angeles Times (4/6, Gaouette, Reynolds, 958K) says "aides" to Frist "said a majority of GOP senators would support" the deal, "ending a stalemate that threatened to prevent action on the issue." But "any bill that comes out of the Senate would have to be reconciled with a harsher measure passed by the House."

CQ (4/6, Sandler) reports Frist "filed for cloture on the carefully negotiated measure he hopes he can persuade enough Republicans to accept as an alternative to the committee measure, which would put the estimated 11 million to 12 million illegal immigrants in the country on a path to citizenship." The new plan was proposed by Republican Sens. Chuck Hagel and Mel Martinez of Florida. There also "will be a cloture vote Thursday morning on the Judiciary Committee version favored by many Democrats, although Republican unity against the minority attempt to control the floor has doomed that effort." The Washington Post (4/6, A18, Weisman, 744K) also reports that "as of last night," he vote "to break a filibuster" on that measure "appeared almost certain to fall short of the 60 supporters needed -- in large part because of the bruised Republican feelings over Reid's parliamentary tactics that have tied up the Senate for days." The Post adds that even Sen. John McCain "said he would not bow to the Democrats' tactics and vote to end debate."

The Washington Times (4/6, Hurt, 90K) headlines its story "Senate GOP To Filibuster Alien Bill," reporting "Senate Republicans will filibuster their own immigration bill today in the face of steadfast refusal by Democrats to allow amendments to the bill that many conservatives view as granting amnesty to illegal aliens." The Times adds, "As an alternative, Majority Leader Bill Frist reached an agreement last night with fellow Republicans on a new comprehensive immigration plan that includes increasing border security and a guest-worker plan," but "still does not resolve concerns about amnesty." Frist "declined to tell The Washington Times last night how he would vote on the alternative measure."

The AP (4/6, Espo) reports "the White House offered no reaction to the GOP plan, although President Bush has called for comprehensive legislation that includes steps to offer legalized status to those in the country unlawfully."

In a story that doesn't include news of the late-night deal, USA Today (4/6, Kiely, 2.31M) notes Frist yesterday had "warned colleagues that they are on course 'to leave here in a few days having accomplished nothing.'" Sen. Dick Durbin of Illinois, the deputy Democratic leader, "said the Senate is approaching a 'historic' vote" and urged President Bush "to intervene." The Hill (4/6, Allen) says "Senate Republicans and Democrats loudly blamed each other for a stalemate,"

The Christian Science Monitor (4/6, Jonsson, Chaddock, 61K) sees a change in public opinion on

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immigrants "since the 1990s," as the public's views of Latin American and Asian immigrants have become more positive, despite concerns over the drawbacks of immigration. Both groups are seen as hard-working and committed to family. … Immigration legislation now before Congress is pulling much of this ambivalence into the open. … In contrast to the debate during the 1986 reforms, the focus this year is jobs, not culture. Those who do not want to grant illegals any legitimate status are talking less about English-speaking and more about prospects for low-wage Americans. "

Bush's "Calculated Ambiguity" Said To Increase Risk Of Stalemate On Hill. In an analysis piece, the Los Angeles Times (4/6, Brownstein, 958K) says that as the immigration debate continues, President Bush "has adopted a strategy of calculated ambiguity that some worry may increase the risk of a legislative stalemate. Administration officials have been closely involved in this week's swirling Senate negotiations over proposals to rewrite the nation's immigration laws." But "in public and private, Bush and his aides have avoided a clear position on the most difficult issue dividing senators: whether to provide a clear path to American citizenship for as many as 12 million illegal immigrants in the United States -- a process critics deride as amnesty." The AP (4/6, Gamboa) reports Bush, "facing Republican divisions on immigration, urged the Senate on Wednesday to swiftly approve a comprehensive bill affecting millions of illegal immigrants now in the country. 'This is a vital debate,' he declared."

Industry Lobbyists Focus On Visas For High-Skilled Workers. The Wall Street Journal (4/6, 2.11M) reports on the importance of "the future of thousands of high-skilled foreign workers seeking admission to the country -- scientists, mathematicians, health-care workers…to the US economy. Because of the key role many of those workers play in cutting-edge businesses, industry lobbyists are pushing measures that would more than double the number of visas available to skilled workers." The Journal adds, "Employers are particularly irked by the visa system's treatment of foreign-born scientists who must leave the country after finishing their studies if a US company can't secure a visa to hire them. As it is, US-born students account for only about half the science, math, technology and engineering advanced-degree holders turned out by American universities yearly. When companies run out of US-born workers, and then can't hire immigrants, 'projects get dropped or delayed, so development is slowed down,' says Patrick Duffy, a human-resources lawyer for Intel Corp."

Federal Task Forces Address Immigration Fraud. The Washington Times (4/6, Seper, 90K) reports, "Ten federal task forces manned by law-enforcement personnel from several agencies were created yesterday to tackle the growing problem of immigration document and benefits fraud, building on the successes of a task force in Northern Virginia. 'The task forces announced today will help restore the integrity of our immigration system and will help close the loopholes that terrorists and other criminals exploit to enter and remain in the United States by fraud,' said Deputy Attorney General Paul J. McNulty." The Times adds, "Led by U.S. Immigration and Customs Enforcement (ICE), the new Document and Benefit Fraud Task Forces will target, according to a press release:"

Former USCIS Official Says US Enemies Able To "Game" Broken Immigration System. The Washington Times (4/6, Dinan, 90K) reports at a hearing before a House subcommittee today, the former head of the Office of Security and Investigations at USCIS, Michael J. Maxwell, is scheduled to testify about "breakdowns at the agency," including a case in which a "suspected…foreign intelligence agent" that was born in Iraq used to rule on asylum applications. He "will tell legislators that the immigration system is being used by enemy governments to place agents in the United States." Maxwell told the Times that the US "immigration system as a whole is so broken that our adversaries can game it."

Debate Seen As Energizing "Sleeping Latino Giant." The Washington Post (4/6, A1, Aizenman, 744K) reports, "Drawing on fear of restrictive immigration proposals that have awakened hundreds of thousands of Latinos to political activism, organizers are using popular Spanish-language radio and networks of community organizations to mobilize protests in Washington and scores of other cities Monday." The demonstrations "are planned to expand on a groundswell that attracted about 30,000 largely Hispanic protesters in the District last month, about 100,000 in Chicago and as many as 500,000 in Los Angeles, a surprising display of political muscle from a population that makes up a substantial portion of the nation's 12 million illegal immigrants." Jaime Contreras, president of the National Capital Immigrant Coalition, "predicted that Monday's demonstration at the Washington Monument would draw 100,000 people and that nationally the turnout, in more than

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60 cities, would number 'in the millions.'" He also said, "The sleeping Latino giant is finally awake." The Washington Times (4/6, Knott, 90K) also reports on the expected marches, and says "supporters of illegal aliens are promising to add to the mess, with a national call to boycott work, school and shopping places May 1."

Schools Banning Display Of National Flags. USA Today (4/6, Kenworthy, 2.31M) reports, "Several schools in Colorado, Arizona and California recently banned the display of national flags and the wearing of clothing with patriotic symbols as the divisive national debate over immigration has brought angry confrontations between Latino and Anglo students." The bans "have prompted protests by parents, stirred local debates over free speech and its limits, and caught the attention of civil liberties advocates."

Minority Journalists Say Certain Terms "Dehumanizing" Immigrants. The Washington Times (4/6, Harper, 90K) reports, "Three minority journalism groups are asking the American press to stop using 'dehumanizing' words when covering immigration." The terms "alien," "illegal alien" and "illegal immigrant," they say, "should be avoided, according to the National Association of Hispanic Journalists (NAHJ), the National Association of Black Journalists (NABJ) and the Asian American Journalists Association (AAJA)." The "preferred terms are 'undocumented immigrant,' 'undocumented worker' or 'economic refugee,' which the organizations consider more accurate and less offensive."

More Commentary. The Washington Post (4/6, A28, 744K) editorializes on whether illegal immigration affects US workers' wages. The Post says even "a small impact on low-wage workers is alarming, given the rise of inequality over the past 25 years. But the question is whether to address that inequality by trying to stop immigration or to go at it via progressive taxation, larger public investments designed to prevent poor kids from dropping out of high school, or some other policy tool. Given the expense and doubtful effectiveness of border walls and employer crackdowns, progressive tax and social policies seem preferable. … Taxing the 'immigration windfall' that flows to better-off Americans and passing it on to the less fortunate may be the best way to go."

Ronald F. Maxwell, a writer and movie director, writes a letter to President Bush in the Washington Times (4/6, 90K). He writes, "Perhaps you know me from my work. I wrote and directed the movies 'Gettysburg' and 'Gods and Generals.' … What is happening on the southern border is unprecedented. Not only in our own history, but in the history of the world. No country at any time anywhere has sustained the influx of tens of millions of foreigners across its borders. A wave of anti-American leftism is sweeping Latin America." He adds, "Your immigration policy is viewed as captive to the cheap labor -- big business lobby and inimical to the survival of our country. It is splitting the party and draining away support for your presidency. We who understand the vital stakes will not be placated by rhetoric or slogans. The failure to recognize this growing and deep disaffection among Republicans, conservatives, independents and, indeed, many Reagan Democrats, is, in the short run, going to lead to a monumental defeat for your party at the polls in November."

David Brooks writes in the New York Times (4/6, 1.19M) that "unions have a semilegitimate concern that large numbers of these workers lower wages for US workers. This is probably true, but the effect is so modest that after thousands of studies, reputable economists have not been able to agree upon how much wages are reduced or even if they are at all."

TAX:

IRS Concerned About Phishing Scams. NBC Nightly News (4/5, story 7, 2:10, Williams) reported, "The IRS is worried about a new scam. It's calling phishing – complete with its own unique spelling -- and it is rapidly spreading through cyberspace." NBC (P. Williams) added, "Emails like this say the taxpayer is due a refund or offer a way to check on when it will be paid. They include a link to an Internet site that appears to be the actual Internal Revenue Service webpage but it is a phony too. And here's the heart of the scam: The webpage asks for personal information, including Social Security number, credit card number, even the pin number for an ATM card. The IRS commissioner says the government would never send such a message." Mark Everson, IRS Commissioner: "We don't contact taxpayers via email. We contact them sometimes by telephone but usually in writing, so we just plain don't get in touch with somebody via email, especially on anything like refunds."

IRS Allows Tax Preparers To Continue Working Despite Violations. The Wall Street Journal (4/6, Wells) reports, "The Internal Revenue Service has allowed some tax preparers to continue to practice even though they have been convicted of crimes, suspended by

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state officials or failed to pay their own taxes, according to a new government report. … 'Some tax practitioners who have been convicted of tax-related crimes or whose licenses have been suspended or revoked by state authorities have not been suspended from practice before the IRS,' the Treasury Department's Inspector General for Tax Administration said in the report." The Journal continues, 'The report estimates that about 22,500 licensed tax practitioners -- some 5% -- haven't complied with their individual tax obligations." The Journal adds, "Sen. Max Baucus (D., Mont.), expressed dismay about the report, which comes on top of a Government Accountability Office report that showed widespread errors committed by commercial tax-preparation firms. … 'The government has got to do more to keep the paid tax-preparation industry clean,' Mr. Baucus said in a statement. 'I believe the vast majority of CPAs, attorneys and enrolled agents prepare people's taxes honestly and accurately, but when we find those who are not honest and accurate, the IRS needs to lower the boom.' … Cono Namorato, until recently the director of the IRS's Office of Professional Responsibility, agreed in a memo to the Inspector General that the office can make improvements in its enforcement of tax practitioners. But Mr. Namorato, who is joining a law firm, said the report didn't give the IRS sufficient credit for recent improvements."

Congress Making Progress On Dividends, Capital Gains Tax Cut Extensions. The Wall Street Journal (4/6, Mullins, 2.11M) reports that for the "first time in weeks, lawmakers appear to be making progress on a bid to extend President Bush's lower 15% tax rates on capital gains and dividends." Congressional Republicans "want to give final approval to the legislation this week so that Mr. Bush can sign the bill into law by this year's mid-April tax-filing deadline," but it is "unlikely that the bill will be able to clear both the House and Senate by week's end." Republicans "on both sides agree that the bill should extend the lower capital-gains and dividends tax rates by two years, from the end of 2008 when they are now set to expire through 2010. The budget impact of the lower rates on investments is $20 billion over five years." But they "disagreed over whether the legislation should include a popular $31 billion provision to exempt millions of middle-class taxpayers from the Alternative Minimum Tax."

CONGRESS-ADMINISTRATION:

Bush Touts Health Savings Accounts In Visit To Connecticut. President Bush traveled to Bridgeport, CT, yesterday, where he touted his health care agenda, particularly his plans to extend health savings accounts. The AP (4/6, Riechmann) says the President "urged lawmakers on Wednesday to expand health savings accounts even though congressional Republicans say that is unlikely in an election year. … The Senate's top tax writer, Sen. Charles Grassley, has cast doubt that lawmakers can enact Bush's proposals to expand health savings accounts during this election year." In Connecticut, "the GOP faces two tough midterm matchups that national political analysts are watching as Republicans work to retain control of Congress." Rep. Christopher Shays, "who rode to Connecticut aboard Air Force One, is being opposed by Democrat Diane Farrell." Rep. Nancy Johnson also "faces a difficult race."

However, the Hartford Courant (4/6, Pazniokas, 206K) says Bush's visit "seemed resolutely apolitical." He "flew in on Air Force One, pitched 150 executives in a tiny theater on the virtues of health savings accounts, then headed back to Washington. By contrast, in a 2002 trip here Bush delivered a policy address to a crowd of 1,200, then made time for a $750,000 congressional campaign fundraiser." The Courant adds, "With Bush's approval rating sinking toward 30 percent, the state GOP seems uncertain how to use the president to help re-elect its incumbents, all of whom are on Democratic target lists. The closest the president came to politicking was a few kind words about Republican Gov. M. Jodi Rell and the hometown congressman, Rep. Christopher Shays, R-4th District." But "neither appeared on stage with Bush." Meanwhile, the New Haven Register (4/6, Bromage) reports Shays "introduced the president in very brief remarks, in which he called the health care crisis 'one of the greatest domestic challenges we face.'"

The New York Times (4/6, Rutenberg, 1.19M) says Shays "has not hesitated to disagree publicly with Mr. Bush, most recently saying the administration had made 'huge mistakes' in Iraq, though he has not wavered in his support for the war." Bush, "who lost Connecticut in the 2004 election, made veiled reference to such remarks on Wednesday. 'He is an independent fellow who speaks his mind,' Mr. Bush said of Mr. Shays, adding, as the crowd laughed, 'But he does so in a way that gets people to listen to him.' To Mr. Shays, he

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said, 'I'm looking forward to hearing your lecture on the way back to Washington.'"

The AP (4/6, Christoffersen) notes Bush "spoke to the Business Council of Fairfield County, which last month issued a report that found the number of uninsured residents in Connecticut, about 400,000, now equals the combined populations of the state's four largest cities." The report "says the state is facing a health care crisis and that health care is fast becoming an economic competitiveness issue."

The Washington Post (4/6, A10, Baker, 744K) reports that "with the White House preoccupied with rumors of further staff changes and Capitol Hill focused on the polarizing immigration debate," Bush was trying "to steer attention back to a domestic program that has largely languished in the two months since he unveiled it in his State of the Union address." The Post adds, "The president's health-care plan stood in striking contrast to the new legislation passed this week in next-door Massachusetts, which is set to become the first state to require that all residents obtain health insurance just as all drivers must have automobile insurance." Bush "did not directly address the Massachusetts plan, but he made the case for his less prescriptive approach that he said would give individual taxpayers the opportunity to make their own decisions about medical care."

UPI (4/6) says Bush delivered his health care remarks "to mixed reactions." Ron Pollack, executive director of Families USA, "a healthcare consumer advocacy group, said only the wealthy can afford to take advantage of HSAs, and they will not solve the problem of the uninsured." And Democratic Rep. Nydia M. Velázquez, ranking minority member of the House Small Business Committee, "said focusing on HSAs will not help small businesses with their mounting healthcare costs. Instead, she said, Bush should focus attention on legislation moving through the Senate that would enable small business to form insurance pools and purchase Association Health Plans."

The Yale Daily News (4/6, Mishkin) reports "President George W. Bush '68 arrived in the town of his birth on his way to a panel discussion about health savings accounts with business leaders in Bridgeport." The President's visit "came in the middle of a gubernatorial campaign that has focused heavily on the need to reform Connecticut's health insurance system." The visit also "occurred one day after the Massachusetts legislature passed a bill making it possible for all state residents to acquire health coverage." Bush, "who traveled via motorcade from New Haven to Bridgeport, passed a number of protestors who oppose the continued US presence in Iraq."

Shays In "Full Campaign Mode" To Explain His Stance On Iraq War. In what a front page story in the Washington Post (4/6, A1, Murray, 744K) sees a s a sign that Republicans are "nervous" that "the Iraq war could hurt them in November," Shays "is in full campaign mode, explaining his unbending support for the war to confounded voters." Shays "has distinguished himself as a reliably moderate House Republican. His middle-of-the-road stands on the environment, abortion and gay rights have irked many in his conservative party while affording him job security in his affluent, Democratic-leaning district. Not so with Iraq, the 'sentinel issue of our time,' as Shays describes it. He has strayed deep into loyalist GOP territory, and that could cost him his job." Shays faces "an aggressive and seasoned Democratic opponent, Diane Farrell, who lost by four percentage points when she challenged Shays in 2004 and who talks about the war at every public event."

Rifts Among House Republicans Said To Be Growing. The New York Times (4/6, Hulse, 1.19M) reports, "Fissures among House Republicans are growing ever more apparent, crystallized in the leadership's desperate search this week for votes to pass its budget." The "upheaval at the top, capped by Representative Tom DeLay's surprise decision to leave Congress, has emboldened centrists and conservatives to push their divergent views more assertively. With President Bush's approval ratings at or near their lows, the party is no longer being kept in line by the White House." And with Republicans "nationwide facing an inhospitable political climate, House members are far less motivated by party discipline than by what they believe it will take to get re-elected." Beyond the "spending plan, House Republicans have been split to varying degrees by immigration, the expansion of entitlement programs, tax cuts and, in a more limited but slowly expanding way, the war in Iraq."

Budget Vote Poses Steep Challenges For House GOP Leaders. The Hill (4/6, O'Connor) reports House Republican leaders "face unique obstacles in tackling this week's budget vote, which will be a major test for them in the wake of the decision by Rep. Tom DeLay (R-Texas) to resign." The "political uncertainty created by the coming midterm elections, coupled with a new leadership team and a strong belief among members that the House and Senate

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will not reach an eventual compromise, make this year's vote tougher than most." The Senate-passed measure "added almost $9 billion in discretionary spending to the overall budget number requested by the White House. The House, by contrast, is expected to vote on a bill that matches the administration's request."

The Washington Times (4/6, Fagan, 90K) reports Republican leaders "struggled to bridge a major gap between two factions in their party that threatens to doom their budget blueprint, slated to be considered today." Conservatives "want to hold the line on spending, but the more liberal Republicans are demanding spending increases before they'll vote for the $2.73 trillion measure. The budget vote -- expected today or tomorrow -- will be the first major test for House Majority Leader John A. Boehner, Ohio Republican."

CQ (4/5, Dennis) reports the "most contentious budget rules changes sought by conservatives are intended to curtail earmarks by increasing transparency and boosting the power of members to challenge earmarks on the House floor. Appropriators are resisting such efforts." Among "other rules changes, members of the conservative Republican Study Committee (RSC) want to create a budget point of order to challenge earmarks on the floor."

Deficit Reduction Focused On Limited Portion Of Budget. The New York Times (4/6, Andrews, 1.19M) reports since President Bush "took office, overall federal spending has risen 33 percent, twice as fast as under President Bill Clinton and faster than any other president since Lyndon B. Johnson. But the biggest growth has come in areas that Republicans, by and large, have supported, the military, domestic security and the biggest expansion of Medicare in 40 years." The "military and so-called entitlement programs like Medicare now account for about four-fifths of the government's $2.7 trillion budget, and they are set to keep increasing much faster than inflation or the economy. Given the political realities, they are effectively off limits for now to budget cutters." With tax cuts "putting a squeeze on government revenues, almost all the battle to shrink the budget deficit is therefore focused on the less than one-fifth of government spending that goes to domestic 'discretionary' programs like education, scientific research, national parks and space programs."

Shelby, Democrats Criticize Police Funding Cuts. The Washington Post (4/6, A11, Eggen, 744K) reports a "key Republican senator, joined by Democrats, criticized the Justice Department yesterday for proposing deep cuts in assistance to local law enforcement agencies, arguing that the reductions would hamper efforts to combat terrorism, methamphetamine trafficking and other threats." At a hearing "of the Senate Appropriations subcommittee that oversees the Justice Department's budget, Chairman Richard C. Shelby (Ala.) and Democratic colleagues sharply questioned Attorney General Alberto R. Gonzales about an administration proposal to slash assistance to local law enforcement by more than $1 billion in fiscal 2007." In "unusually candid remarks, two key agency heads -- FBI Director Robert S. Mueller III and Drug Enforcement Administration chief Karen P. Tandy -- acknowledged that the proposed cuts could limit enforcement efforts and discourage local police from offering assistance in terrorism inquiries and other federal investigations."

CAGW Says Earmarks To Cost Record $29 Billion. ABC World News Tonight (4/5, story 9, 2:20, Vargas, 8.78M) reported, "In an annual report called the Pig Book," Citizens Against Government Waste "says Congress put almost 10,000 pet projects into this year's Federal budget. They will cost a record $29 billion, up 6% from last year." ABC (Cochran) added, "You may have heard the military had trouble finding money for body armor for troops in Iraq. But the Defense Appropriations bill does have $5.6 million for a center named for the winemaker Ernest Gallo, a center, which studies alcohol and drug abuse." Sen. McCain: "And it runs into the hundreds of millions, if not billions, of dollars that should be used for the men and women in the military and the war we're fighting." Cochran: "Also in the defense bill, $1 million for the waterfree urinal conservation initiative. And $500,000 for winter sports in Alaska, the home of Senator Ted Stevens." Congress also "approved $500,000 to build a teapot museum in remote Sparta, North Carolina."

The Washington Times (4/6, Price, 90K) reports Citizens Against Government Waste "identified 375 projects totaling $3.4 billion as the 'most egregious' examples." CAGW says "most of the projects listed in the book met at least two of seven criteria: requested by only one chamber of Congress; not specifically authorized; not requested by the president; not competitively awarded; cost greatly exceeded the president's budget request or the previous year's funding; not the subject of congressional hearings; and served 'only a local or special interest.'" CAGW says, "This year's list includes: $13.5 million for the International Fund for Ireland, which helped finance the World Toilet Summit; more than $6.4 million for wood utilization research; $1 million for the

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Waterfree Urinal Conservation Initiative; and $500,000 for the Sparta Teapot Museum in Sparta, NC."

Stenholm Says His Line Item Veto Legislation Was Identical To White House Proposal. In a letter to the Wall Street Journal (4/6, 2.11M), former Rep. Charles Stenholm faults the paper for praising the Bush Administration's line item veto proposal after "vigorously" criticizing his "virtually identical" legislation in 1983. Stenholm writes "I offered an amendment that would have added expedited rescission authority as a fallback that would be available if the Line Item Veto was ruled unconstitutional. My Republican colleagues rejected my amendment, and when the line item veto was struck down the president was left without an effective tool to eliminate low-priority spending."

WSJournal Says Line Item Veto Should Be Passed This Year. In an editorial, the Wall Street Journal (4/6, 2.11M) responds to Stenholm's letter, noting, "The truth is that, back in 1993, we were defending the line-item veto proposal of Democratic President Bill Clinton. The 'modified' version then on offer from Mr. Stenholm was a weaker grant of Presidential authority favored by Democrats who were then in charge of Congress." The Journal adds, "As for the current effort to pass so-called enhanced rescission, we'll gladly take it over the dreadful spending status quo. … In any case, Mr. Stenholm's timely missive ought to remind Republicans that the 'modified line-item veto,' also known as enhanced rescission, has bipartisan support. With President Bush also asking for it, there's no excuse not to pass it this year."

White House To Nominate Bair To Lead FDIC. The Wall Street Journal (4/6, Schroeder, 2.11M) reports the White House is "expected to nominate Sheila Bair, an assistant Treasury secretary in the early years of the current Bush administration, to head the Federal Deposit Insurance Corp." Bair is "a professor of financial regulatory policy at the Isenberg School of Management at the University of Massachusetts Amherst."

Largely Along Party Lines, House Votes To Cap Contributions To 527 Groups. USA Today (4/6, 2.31M) reports, "The House of Representatives voted 218-209 on Wednesday to cap donations to non-profit political groups known as 527s, which raised more than $400 million in 2003-04 and were a significant factor in the presidential election." The bill "limits donor contributions to $25,000 a year for partisan voter mobilization activities and $5,000 a year for direct expenditures on federal elections." Republican "sponsors said the new bill closes a loophole." Democratic Rep. Steny Hoyer "said it was a move by Republicans to undercut groups that overwhelmingly favored Democratic causes in 2004. 'They are trying to gag their opponents,' he said." The Washington Post (4/6, A1, Edsall, 744K) reports the legislation "would benefit Republicans," and that it passed "in a virtual party-line vote." Roll Call (4/6, Newmyer) notes 18 Republicans voted against the measure and seven Democrats supported it.

The New York Times (4/6, Stolberg, 1.19M) calls the vote "a victory for Republicans in an otherwise difficult week, marked by the announcement that Representative Tom DeLay of Texas, the former Republican leader, would resign from Congress." The Times adds, "The new majority leader, Representative John A. Boehner of Ohio, was terse after the vote. Asked for a comment, Mr. Boehner said, 'We won.'"

The Wall Street Journal (4/6, Rogers, 2.11M) says the bill would make 527s "subject to the same rules as traditional political-action committees, or PACs." But "to win, House Speaker Dennis Hastert first had to fight his way past both liberal Democrats and a faction in his own caucus allied with conservative editorialists who say limiting 527s is an intrusion on free speech." The AP (4/6, Abrams) notes that "during the 2003-2004 election cycle, businessman George Soros gave more than $23 million to Democratic-aligned 527 groups such as Media Fund and America Coming Together. Houston homebuilder Bob Perry contributed more than $8 million specifically to help the Swift Boat Veterans for Truth group that questioned the Vietnam War record of Massachusetts Sen. John Kerry, the Democratic presidential nominee." The Washington Times (4/6, Bellantoni, 90K) reports Rep. Patrick T. McHenry, North Carolina Republican, "said 527 groups are the equivalent of 'money laundering...on a scale that would make Tony Soprano blush.'"

McCain, House Leaders Reach Accord On Party-Federal Candidates Coordination. The Hill (4/6, Bolton) reports, "House Republican leaders have struck a deal with Sen. John McCain (R-Ariz.) to eliminate restrictions on coordination between national parties and federal candidates, a change in the law that would be of great benefit to the winner of the 2008 GOP presidential primary, according to congressional sources." The Hill adds, "Republican and Democratic campaign-finance experts alike believe the change would be a boon to McCain's campaign, if he wins his party's nomination in three years, an outcome

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that political handicappers are beginning to view as a real possibility."

GOP Leaders Take Issue With DeLay Comments. House GOP leaders say Rep. Tom DeLay's accusation that Republicans lack a vision or an agenda is unfair. The Washington Times (4/6, Fagan, 90K) reports that Ron Bonjean, spokesman for House Speaker J. Dennis Hastert, "responding to Mr. DeLay's accusation yesterday in The Washington Times, said party leaders are pushing an aggressive agenda to provide economic security and homeland security." DeLay "made the accusation after announcing that he would resign from the House."

DeLay Departure Seen As Setback For Conservatives. The New York Times (4/6, Kirkpatrick, 1.19M) reports that several conservatives are calling DeLay's departure "both a setback and a warning for their movement. Many conservatives said Mr. DeLay's departure would leave a big hole in their forces in Congress. … But several prominent conservatives balked at Mr. DeLay's assertion in an interview, posted on Time magazine's Web site, that 'the conservative movement is leaderless' and that he aimed to become 'a strong leader to pull the movement together.' Some said his legal problems showed how his work incorporating the conservative movement into Washington's power structure was already carrying the movement away from its principles."

DeLay Says Democrats Are Trying To Criminalize Politics. DeLay said on Fox News' Hannity and Colmes (4/5), "I think if we take each race individually and not nationalize the race, but each race individually and let each one of those Republicans talk about his vision of the future of what America will look like over the next 10 years, if he talks about winning the war on terror, protecting our borders, replacing a fair tax, holding the judiciary accountable, protecting the American family from the culture of death, I think that's the kind of thing that will create a choice between a Democrat that has no agenda, that is scared to death that the American people will find out what he believes in because they have been rejected and in that choice, we'll gain seats. I think we will gain seats." DeLay added that Democrats "have no agenda, no ideas, no solution. They are going to the courts. They're using their trial lawyer friends to drag people through the mud. It's happening to other members as we speak. They are trying to criminalize politics."

DeLay Case May Cool Desire For Partisan Redistricting. Roll Call (4/6, Duran) reports on the Texas redistricting plan which allowed the GOP to net six House seats. Experts believe that the "desire for overtly partisan redistricting could be cooled in other aspiring kingmakers now that DeLay has relinquished his leadership position and seat." The Texas case, "and the fact that three years later it sits before the Supreme Court, certainly has given state legislators pause." Former Rep. Martin Frost "said he hopes that Congressional leaders take the DeLay lesson to heart. … In the end, the Supreme Court's decision is what will determine how far lawmakers can reach for partisan gain, not what happened to DeLay, election experts agree."

DeLay Says He Admires Frank. Roll Call (4/6, Akers) reports in its "Heard on the Hill" column that in an interview on MSNBC, DeLay "acknowledged something few, if any, of us ever thought we'd hear: He admires Rep. Barney Frank (D-Mass.), even loves him." DeLay named Frank as a "strong moral" Democrat in Congress. DeLay aid, "I respect him greatly. He's a true liberal, and he's unashamedly a liberal. And I respect that," adding, "I don't agree with homosexuality, but I still -- I am commanded to love Barney Frank." Roll Call adds, "Frank was amused by the latter part of DeLay's comments, and genuinely 'flattered' by the rest."

Novak Says DeLay's Legacy Has Been Tarnished Due To Aides' Greed. Syndicated columnist Robert Novak (4/6) writes that former House Majority Leader Tom DeLay's "greatest peril is the federal investigation of lobbyist Jack Abramoff that now has moved into the heart of the former majority leader's office, with two former aides pleading guilty. This has cut into DeLay's formerly solid base of support in his home district and led him to decide this week that any other Republican would have a better chance of retaining the congressional seat. But what about the greed and mendacity of some of the bright young people who worked for Tom DeLay? The suspicion is that the power politics he practiced for the public good was transmuted by those aides into their private gain. It is a stain on what the legacy should be for the most effective legislator of his time."

Slaughter Urges Colleagues To Post Report About GOP "Corruption" On Web Sites. Rep. Louise Slaughter is organizing a group of House Democrats to post her report alleging Republican "corruption" on their web sites. The Hill (4/6, Hearn) reports that Republicans say the report "is too political to appear on such sites and that doing so amounts to a violation of House rules. Less than a month ago, House Democratic Leader Nancy Pelosi (Calif.)

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removed the report from her House website after Republicans said it violated House rules that ban political documents from being distributed at taxpayer expense." Slaughter "began approaching members on the House floor several weeks ago to build support for posting the report, 'America for Sale: The Costs of Republican Corruption,' on multiple congressional sites."

Taxpayer Funding Of House Democrats' Retreats Questioned. House Democrats have spent hundreds of thousands of dollars of taxpayer money on the party's annual retreats amid a dispute with Republicans over whether House rules allow them to do so. Roll Call (4/6, Pershing) reports, "Neither party has ever asked the ethics committee for official written guidance on the subject, and the panel has never ruled publicly either way or told Democrats to stop. House rules do explicitly prohibit the expenditure of House funds for unofficial purposes, so the question turns on whether party retreats are 'official' or 'political' events. Under House rules, they cannot be both." If the party retreats 'are considered unofficial rather than official events, then House rules would prohibit the use of any House resources, including leadership office funds, to pay for them."

Talks Between FAA, Air Traffic Controllers Stall. The Washington Post (4/6, D4, Barr, 744K) reports in its "Federal Diary" column, "Contract talks between the Federal Aviation Administration and the air traffic controllers union collapsed yesterday. The FAA declared the negotiations at an impasse, which allows the agency to turn the dispute over to Congress. … Marion C. Blakey, the FAA administrator, said the agency would send its last, best offer to congressional leaders by today. Congress will have 60 calendar days to intervene in the dispute. If Congress takes no action, the FAA will be free to impose the terms of its proposal."

Cheney To Throw First Pitch At Nationals' Opener. The AP (4/6) reports Vice President Dick Cheney "will throw out the ceremonial first pitch at the Washington Nationals' Major League Baseball home opener next week, the team said Wednesday. The Nationals' first home game of the season is Tuesday afternoon against the New York Mets."

NYTimes Criticizes Delay Of Social Security, Medicare Reports. An editorial in the New York Times (4/6, 1.19M) criticizes the White House for missing the deadlines for the government's 2006 annual reports on Social Security and Medicare, calling its explanation that the reports are being held, pending action by the Senate on President Bush's nominees for two of the programs' six trustees "lame." The Times adds, "It's unlikely that the report on Social Security is much changed from last year. It's very likely that the Medicare report will show deterioration in the program's financial condition, and it would be shocking if it did not detail the crippling costs and disastrous rollout of the prescription drug benefit. … Holding up the reports seems like an attempt to hide the truth."

WSJournal Says Justice Kennedy Is "Open For Intellectual Rent." An editorial in the Wall Street Journal (4/6, 2.11M) says, "Supreme Court Justice Anthony Kennedy lashed out at our humble profession last week, castigating editorial writers whom he said frequently 'misinterpret' the Court's reasoning, according to an article in Monday's Washington Post. … While nominated as a conservative by Ronald Reagan, Justice Kennedy has proven on the High Court that he is open for intellectual rent. … Thus it is no surprise that the judicial left is already warning Justice Kennedy that he'd better join the Court's liberal big four -- or else." The Journal adds, "As Justice Kennedy's complaint last week suggests, the judicial left knows exactly what it's doing in singling him out. Liberals seem to think they won't be able to intimidate new Justice Samuel Alito and Chief Justice John Roberts. Which is why liberals will continue to treat Justice Kennedy as if he's the pigeon in one of B.F. Skinner's behavior-modification experiments."

OTHER NEWS:

Stock Rise, Lifting Nasdaq, S&P To Five-Year Highs. NBC Nightly News (4/5, story 6, 0:10, Williams, 9.87M) reported, "On Wall Street today stocks finished higher. The Dow was up almost 36 points [to close at 11,239.55]. NASDAQ was up more than 14 points on the day [to close at 2,359.75]." USA Today (4/6, Shell, 2.31M) reports it was the Nasdaq's "best finish since a 2425.38 close on Feb. 16, 2001." USA Today also reports, "Edging up ever closer to a fresh multiyear high was the Standard & Poor's 500, which gained 5.63 points, or 0.4%, to 1311.56, its best close since May 21, 2001 -- and less than 2 points away from a five-year high. The benchmark index has now gone 774 days without a 10% correction, its fourth-longest stretch." The Wall Street

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Journal (4/6, Patterson, 2.11M) and Washington Post (4/6, D3, 744K), among other newspapers, also report the stock numbers.

Speculation Said To Be Driving Oil Prices Higher. The CBS Evening News (4/5, story 3, 2:05, Mitchell, 7.66M) reported, "Also coming off a year of record profits, despite their own hurricane damage, are America's oil companies. For those of us who buy their product, the price continues to rise. Gasoline is up 35 cents in the past six weeks to a nationwide average of $2.59 a gallon." CBS (Orr) added, "After a winter slump, $3 a gallon gas is back. Some of the usual suspects are to blame. But there is another bogeyman behind the higher prices: Energy traders cashing in on fears over supply disruptions are bidding up the price of oil." The "retired chairman of ExxonMobile has said energy traders add as much as a third to the cost of oil. That amounts to $20 worth of speculation in every $60 barrel of crude."

Drug Makers Intensify Lobbying Expenditures In States. The drug making industry is increasing its political spending in state capitals as states pass laws to change how drug makers do business. The Washington Post (4/5, A2, 744K) reports, "In an extensive analysis of lobbying records, the nonpartisan Center for Public Integrity reports that the drug industry spent more than $44 million on lobbying state governments in 2003 and 2004, and $8 million on candidates for state offices. The Pharmaceutical Research and Manufacturers of America (PhRMA) was the most active lobbyist, spending more than $4.5 million in the states. Four other major companies, Eli Lilly and Co., GlaxoSmithKline Inc., Pfizer Inc., and Johnson & Johnson, each spent more than $3 million in the period. The trade association and 14 major drug companies together accounted for 80 percent of the state capital lobbying on drug issues."

Canadian Online Pharmacies Forced To Retool. Canada's online pharmacy industry is beset by problems that have cut into sales and forced many smaller pharmacies out of business. The New York Times (4/6, Krauss, 1.19M) reports, "The industry has been obliged to retool into a far more global enterprise in which the surviving Canadian pharmacies must now either buy or become partners with pharmacies in Europe and Asia to find scarce drug supplies, improve their profit margins and protect themselves from potentially hostile Canadian regulators." The Times adds that "the most serious test has been the new Medicare drug insurance benefit, Medicare Part D, that thousands of older Americans are seeing as potentially a better option."

Student Sues GWU Over Self-Endangerment Policy. The CBS Evening News (4/5, story 9, 3:15, Mitchell) reported, "The American College Health Association says suicide is the third leading cause of death among college students. Each year, an estimated 1100 students will take their own lives." CBS (Dow) reported on the case of George Washington University student Jordan Nott, who sought treatment for depression at the university hospital and was then barred from campus. GWU's "endangering behavior policy forbids actions of any kind that imperil or jeopardize the health or safety of anyone, including one's self. Many colleges have similar guidelines, including mandatory withdrawals. What's not known is how often they are used." Nott sued to challenge the GWU policy.

DC To Institute New Post-Incarceration Inmate Inmate Health Care Program. The Washington Post (4/6, Levine) reports, "The D.C. jail will become one of the first correctional facilities in the country to provide inmates with medical care that will follow them once they are no longer behind bars." The Post continues, "The program will offer men and women incarcerated in the city's main detention center continuity of primary and specialty care after they are released. The approach, modeled on a successful project in central Massachusetts, was announced yesterday by Mayor Anthony A. Williams (D) and other District officials. … 'It's a very innovative, dynamic and comprehensive approach to the provision of inmate medical care,' said the city's new corrections director, Devon Brown." The Post adds, "The jail has had a long history of deficient health care. From 1995 until 2000, medical and mental health services there were operating under an expensive, court-ordered receivership that ultimately improved treatment at an average cost of $11 million a year. … Under the new initiative, the nonprofit organization Unity Health Care will take over inside the jail and begin seeing the men and women there, many of whom have hepatitis C, tuberculosis or HIV. But Unity will not close inmates' files once they leave the facility. Instead, it will continue to manage their care and records through the nearly three dozen clinics, centers and other medical locations it

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operates across the District for the uninsured and underinsured."

Schumer Says 2006 Elections Are Referendum On Bush. DSCC chairman Charles Schumer said yesterday that the 2006 elections are a referendum on President Bush and predicted Democrats would make substantial gains this year. The Hill (4/6, Kaplan) reports that Schumer "said a unified Democratic policy agenda is 'necessary but not sufficient' to triumph this fall and predicted that if the election were held now Democrats could pick up five Senate seats. At the same time, Schumer sought to tamp down expectations for Democratic gains in November, despite the overall anti-incumbent political climate and the DSCC's money advantage."

Poll Finds Black Voters Open To Supporting Steele. A report by Cornell Belcher, a polling consultant to the DNC, says that a majority of African American voters in Maryland are open to supporting Republican Senate candidate Michael Steele and urges the party to "knock Steele down." The Washington Post (4/6, B5, Mosk, 744K) reports that the March 27 report, based on a survey of 489 black voters conducted last month, "finds that 22 percent of black voters support Steele when matched against a 'generic' Democrat."

The Baltimore Sun (4/6, Skalka, 296K) also reports on the poll, noting that the fact that Democrats are "examining the leanings of blacks early in the race shows concern." The Sun says the poll "is one attempt to answer a sensitive question being bandied about in Maryland political circles: Are Democrats more likely to prevail against Steele, the first African-American elected statewide in Maryland history, with a white congressman or with the black former congressman and national NAACP president as their nominee?" The survey "concludes that 44 percent of those polled indicated that they were persuadable when presented with Steele's campaign message, a plurality that the pollster labels 'the emerging black swing' vote."

Ehrlich Administration Predicts Voter Fraud This Fall. The Ehrlich Administration says it is anticipating widespread voter fraud this year, as Democrats take advantage of Maryland's new election law, the Washington Times (4/6, Ward, 90K) reports Paul Schurick, director of communications for Gov. Bob Ehrlich, said, "I fully expect the governor's political opponents will take advantage of the opportunities for fraud. I expect them to try to engage in organized, large-scale voter fraud," adding, "I think it will be everywhere, statewide." State Democratic Party Executive Director Derek Walker "called the accusations a 'scare tactic' and said Mr. Ehrlich is 'petrified that the more people that vote, the less chance that [he] wins.'"

Massachusetts Health Care Plan Seen As Aiding Possible Romney White House Run. Massachusetts' legislature has approved a plan to provide universal health insurance coverage that stresses personal responsibility. The plan requires no or limited premiums for low-income residents, imposes a mandate on small business owners, and increases income taxes for residents who can afford coverage but refuse to carry coverage. The issue is being portrayed as a feather in the cap for Gov. Mitt Romney, a potential 2008 candidate. CNN's The Situation Room (4/5, Greenfield) reported, "If Governor Mitt Romney decides to seek the presidency, the new universal health insurance plan that Massachusetts is close to adopting is likely to be a center piece of his campaign. Why? Because in part it fits a pattern of governor candidates who point to their state house records as a way of appealing across party lines."

The story was the lead on each of the networks last night. ABC World News Tonight (4/5, lead story, 2:40, Wiener, 8.78M) reported, "Massachusetts will become the first state in the country to require all of its residents to have health insurance." Gov. Mitt Romney: "We have found a way to get every citizen health insurance." Wiener: "With the new system, residents who make less than $9,500 a year, will get free health insurance. No premiums. No deductibles. Families with low incomes but above the poverty line will pay premiums on a sliding scale. But still, no deductibles. And for the fast majority of residents who do have health insurance, lawmakers predict that cutting the roles of the uninsured will bring down premiums for everyone."

The CBS Evening News (4/5, lead story, 2:25, Mitchell, 7.66M) reported, "President Clinton promised it but did not deliver, and now Massachusetts has apparently done it." The state "will require every citizen to be insured. Governor Mitt Romney pushed for the program." He "considers health coverage essential, like car insurance." Gov. Romney: "Well, when people drive a car, we insist that they have automobile insurance because we don't want have to a huge accident occur and have the other driver, or other taxpayers, pick up

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the bill. Well, individuals also have a responsibility." Regan: "Currently, Massachusetts spends an estimated $1 billion a year covering its half million uninsured residents." Gov. Romney: "We concluded that in fact if we took the money we're spending giving people free care who don't have insurance and instead use that money to help them buy insurance, we can keep from shifting the cost of the uninsured on to people who are already covered." Regan: "The bill takes effect in July of 2007, right around the same time that Governor Mitt Romney will be deciding whether to run for president in 2008, and you can bet health care will be a major issue in that race."

NBC Nightly News (4/5, lead story, 2:40, Taibbi, 9.87M) reported, "Simple idea, to treat people the way most states now treat cars, get insurance or else. But in Massachusetts, a first, they are talking health insurance. And the or else part of it says that if you can afford it and you don't get it, the state will make you pay." Gov. Mitt Romney, Massachusetts: "Well, if people can afford to buy insurance and they don't happen to buy it, in the first couple of years, we just tell them that they're not going to get their tax refund. In other years, we start applying a penalty to them." But "critics do see serious problems, small businesses objecting to the tax penalties for not providing health coverage for their workers and some who say the working middle class will end up paying too much to subsidize the program."

Analysts Say Other States Face Barriers To Following Massachusetts Example. On ABC World News Tonight (4/5, story 2, 1:55, Vargas, 8.78M), Washington correspondent George Stephanopoulos and medical editor Dr. Tim Johnson analyzed the Massachusetts plan. Stephanopoulos said, "There's no appetite politically to take this on in Washington right now." But can other states "meet the Massachusetts conditions? Number one, they had a $1 billion pool they already spend on the uninsured. Two, they were ready to raise more money, by putting a mandate on employers, as well. And three, they had a relatively low number of uninsured. And there's probably only a handful of states that can meet those conditions." Dr. Johnson added, "There's not much in the plan that addresses medical costs, that is the cost of those who deliver the care. And the quality of that care. And in the long run, any reform bill that does not address those two issues is really no reform at all."

Clinton Praises Romney's Efforts. Sen. Hillary Rodham Clinton has praised the Romney's efforts on the Massachusetts plan, noting, "To come up with a bipartisan plan in this polarized environment is commendable." The AP (4/6, Fournier) reports, "She embraced the Massachusetts measure's most striking aspect -- requiring people to purchase health insurance -- but questioned Romney's plans to eliminate a fee on companies that do not provide health insurance for employees." The AP also reports that political strategists agreed "that the legislature had handed Romney a timely political victory." Romney "now has a signature achievement on an issue that polls show is a growing concern for U.S. voters."

Massachusetts Plan Called "Innovative Social Policy." An editorial in the Washington Post (4/6, A28, 744K) calls the Massachusetts bill "innovative social policy." The Post adds, "Mr. Romney deserves credit for working with a Democratic legislature to come up with a promising plan, but not for his rhetoric. … Mr. Romney, who is considering a run for president, may be tempted to argue that his state offers a model for others. But Massachusetts began with two advantages: an unusually low percentage of residents who are uninsured and a state-backed pool of money for compensating hospitals for free emergency care that provided reformers with a ready source of funds. Moreover, it isn't even certain that the Massachusetts plan will work on its home turf."

Social Conservatives Seen As Toughest Group For McCain To Woo. The Christian Science Monitor (4/6, Feldmann, 61K) questions whether Sen. John McCain, "the early front-runner for the GOP nomination," can "maintain his image as a straight-talking maverick…even as he reaches out to religious conservatives and raises hackles on both the left and right with moves that his critics call 'unprincipled.'" The Monitor adds that social conservatives may be the toughest group for McCain to convince. Leaders "speak of McCain in the harshest of terms, with no hope of redemption." The Monitor adds, "Among rank-and- file social conservatives, McCain may fare better than among their leaders, analysts say."

Religious Conservatives Urged To Take Their Ideas To "Middle." Ross Douthat, an associate editor at The Atlantic Monthly, writes in the Wall Street Journal (4/6, 2.11M) that "the last, limping years of the Bush administration find religious conservatives in a position of unusual strength -- flush from victory in the Roberts and Alito confirmation battles; relatively untainted by the stumblings and scandals afflicting the GOP; and stronger, in numbers and credibility, than most

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of their rivals for control of the party. … Which means that for the moment, the closest thing to a credible public philosophy the GOP has to offer emanates from the once-unlikely alliance of evangelicals and Catholics, and their God-infused politics of social reform." Religious conservatives "have moved from a seat at the GOP table to a place near its head; now they need to find a way to carry their ideas into the American middle, tempering their own bigotries and bad habits along the way, and mixing the innocence of doves with the political wisdom of serpents. And if they succeed, there's a good chance that the 'theocons'…will some day be able to look back over the patient work of decades and see a nation transformed by their labors."

Pentagon Official Examines Clintons' Financial Records. US Joint Forces Command Deputy Legislative Director Cordell Francis has been looking into the personal financial records of Sen. Hillary and former President Bill Clinton, the New York Post (4/6, Bishop, 624K) reports. the search through Clinton's records comes "a week after news broke last month that Bill had advised Dubai leaders on how to navigate U.S. political concerns over its ports deal, Senate records show. Francis was required to register his personal data with the Senate in order to access Clinton's records. The Post reviewed a list of people who had accessed the senator's documents." The Post adds, "Joint Forces Command spokesman Navy Capt. Hal Pittman said he was unaware of Francis' probing and would have to investigate the matter before commenting. He did not call back."

Couric To Anchor CBS Evening News. Katie Couric will move from NBC's Today Show to CBS in May, where she will eventually anchor The CBS Evening News. She will become the first woman to hold the position. The networks each noted the story. The CBS Evening News (4/5, story 11, 1:30, Mitchell, 7.66M) reported Couric "will be the anchor and managing editor, taking the baton from Bob Schieffer." ABC World News Tonight (4/5, story 11, :15, Vargas, 8.78M) reported, "It is great to welcome another woman to the evening news. And we wish her luck." NBC Nightly News (4/5, story 9, 0:30, Williams, 9.87M) reported, "Katie Couric is about to become competition. … We wish her the very best, right up to a point." The story was covered in today's major newspapers. Some of the stories, such as the one in USA Today (4/6, Johnson, 2.31M), say Couric's move "comes as CBS News continues to rebound from a scandal in 2004 over a story on President Bush's military career, attracting younger viewers even as the Web and other media pose the stiffest challenge yet to network newscasts, which have hemorrhaged millions of viewers in the past decade." The Washington Times (4/6, Harper, 90K) also says "CBS has lagged third in ratings behind ABC and NBC for a decade and was dogged by a credibility scandal in September 2004 after former anchorman Dan Rather broadcast a bogus '60 Minutes' story claiming…Bush had compromised his National Guard service." The Wall Street Journal (4/6, Barnes, 2.11M), Washington Post (4/6, C1, Kurtz, 744K) and New York Times (4/6, Carter, 1.19M) also report on the announcement.

Engler Says Pension Reform Bill Must Rely On Common Sense. John Engler, president of the National Association of Manufacturers, writes in USA Today (4/6, 2.31M), "Recent media reports have inaccurately suggested that pending pension reform legislation would weaken current law and allow companies to reduce pension funding. This perception is wrong. For the overwhelming majority of companies that provide defined-benefit pensions — 47% of which are manufacturing companies — existing law and the new legislation would significantly increase their funding obligations." Engler adds, 'A final bill must rely on common sense. Lawmakers and media leaders who want employers to continue defined-benefit plans while also fighting to compete in a global economy must resist anti-corporate calls for draconian, one size-fits-all legislation."

Bush Urged To Veto Pension Reform Bill. An accompanying editorial USA Today (4/6, 2.31M) says that the pending pension reform legislation gives "companies new leeway to fake their pension math. More pensioners would be placed at risk. Chances that taxpayers will be stuck with a huge bill would rise significantly." Lawmakers "are making the prospects for pension security worse. If President Bush still wants to protect pensions, he'll have to start by exercising his first veto."

Meyerson Derides Rick Berman. Harold Meyerson writes in the Washington Post (4/6, A29, 744K) about "the Beltway's most outrageous advocate, who goes by the name of Rick Berman. In recent months Berman has been in the news for placing full-page ads in major newspapers (funding sources unidentified) that gently

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compare America's union leaders to Fidel Castro and like authoritarians." Berman's "salvos against unions are just the latest in a line of attacks he's leveled against drunk-driving laws, anti- smoking statutes, food safety ordinances and minimum-wage standards. He is, broadly speaking, the lobbyist for the Hobbesian state of nature." Meyerson adds, "The law may have hauled Abramoff off the stage, and DeLay may be huddling with his counsel and his Creator to plan his next move. But Rick Berman rolls merrily along, an inexhaustible source of material for the Reitmans, Buckleys and all who aspire to chronicle our depravities."

Rice Defends US-India Nuclear Deal On Hill.

The New York Times (4/6, O'Neil, 1.19M) reports Secretary Rice "faced tough questioning from the Senate Foreign Affairs Committee this morning on the administration's nuclear deal with India." She "argued that the Senate needed to approve the deal…to keep that country aligned with the United States in what she called 'an all-out rush for energy supplies' by rapidly developing nations," although she "acknowledged that 'regional realities' meant that India would not agree to accept a cap on its nuclear arsenal." However, "her remarks were greeted with caution by the panel's chairman, Senator Richard G. Lugar." Still, "while Democrats made clear they would seek changes in the pact they did not seem inclined to try to block it." The Financial Times (4/6, Sevastopulo) also says the deal "received support from some Democrats," while the Wall Street Journal (4/6, King, 2.11M) headlines its story "Lawmakers Appear Open To Nuclear Pact With India" and the Washington Times (4/6, Sands, 90K) titles its report "Nuclear Accord Receives Backing As Rice Testifies."

Knight Ridder (4/6, Hutcheson) says "key Democrats offered tentative support Wednesday for a nuclear deal with India, raising prospects that Congress will approve the landmark agreement," and Bloomberg (4/6, Zacharia) also refers to the support of "prominent Democratic US lawmakers," such as Sens. Joseph Biden and John Kerry. The Los Angeles Times (4/6, Richter, 958K) runs a similar report.

In contrast, the AP (4/6, Sidoti) reports in its third paragraph that "Republicans and Democrats alike expressed serious reservations over the plan and criticized what they called the Bush administration's failure to explain its details to lawmakers earlier," although it later concedes that "some lawmakers from both political parties indicated they would back the plan because of an overall goal of strengthening the U.S.-India relationship."

Rice Says US Will Seek South Asian Nuclear Weapons Moratorium. The AFP (4/6) reports that when "replying to Democratic Senator John Kerry on whether the United States could offer 'real leadership' in trying to bring together the nuclear-armed neighbors, neither of which are signatories to the nuclear Non Proliferation Treaty (NPT)," Secretary of State Condoleezza Rice said "the United States would push for a South Asian moratorium on nuclear weapons production to ease tensions between India and Pakistan," although she admitted that "the United States was unable to get a commitment on nuclear controls from the South Asian nations."

Rice Rejects Linking Nuclear Deal With New Delhi's Ties To Tehran. The AFP (4/5) reported Secretary Rice told the Senate Wednesday that the "United States is concerned over India's ties with Iran but will not ask it to sever links with the Islamic republic in return for American civilian nuclear fuel and technology." Senator Barbara Boxer and others "during the hearing Wednesday expressed concerns over India's military links with Iran, including New Delhi's reported training of Iranian naval personnel."

The AP (4/5, Dareini) reported, "Iran said Wednesday it has successfully test-fired a 'top secret' missile, the third in a week, state-run television reported. The report called the missile an 'ultra-horizon' weapon and said it could be fired from all military helicopters and jet fighters."

Iranian UN Ambassador Denies Country Has Nuclear Weapons Program.

In an opinion piece in the New York Times (4/6, 1.19M) entitled "We Do Not Have a Nuclear Weapons Program," Iranian Ambassador to the United Nations Javad Zarif writes, "A solution to the situation is possible and eminently within reach. Lost amid the rhetoric is this: Iran has a strong interest in enhancing the integrity and authority of the Nuclear Nonproliferation Treaty." Zarif says Tehran "defines its national security in the framework of regional and international cooperation and considers regional stability indispensable for its development." He praises Moscow for the "thoughtful possibilities for a deal" it has "offered," and says, "Pressure and threats do not resolve problems. Finding solutions requires political will and a readiness to engage in serious negotiations. Iran is ready. We hope the rest of the world will join us."

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State Department Report "Skates Around" Consequences Of Democracy Promotion. In a story on the State Department's release of "Supporting Human Rights and Democracy: The US Record 2005-2006," the Financial Times (4/6, Dinmore) reports, "The Bush administration on Wednesday defended its efforts to promote democracy around the world in the face of growing criticism of double standards and accusations that its 'freedom drive' was flagging as a result of electoral gains by Islamists opposed to the US." Secretary Rice is quoted writing, "We stood in solidarity with the brave men and women around the world who were persecuted by repressive regimes for exercising their rights." The Times says the report "skates around the issues arising from the administration's stated goal of 'ending tyranny' – namely the success of Islamists in elections across the Middle East, and the resistance to change by allies in the 'war on terror.' The report mentions only briefly how 'some governments' moved to impose draconian restrictions on civil society groups, 'citing fears of instability or foreign interference.'" The Times notes some Administration officials "concede there is concern over direction" and Bush's pro-democracy strategy "is flagging. Recent FT interviews with senior State Department officials reinforced that impression."

Turkish Security Forces, Kurds Clash Again. The New York Times (4/6, Fisher, 1.19M) reports that "violent clashes between Kurds and security forces in Turkey over the past week have jolted memories here back to an old conflict." It adds that "after a decade of calm, at least 15 people have been killed in protests in recent days," causing Kurds to fear that their cultural and political gains might be lost.

Palestinian Finances In Desperate Shape. The Washington Times (4/6, Mitnick, 90K) reports that the Hamas-led Palestinian government claims to have inherited "empty coffers." Unrest could result if "the Palestinian Authority misses salary payments." The outgoing Fatah party asserts that "the Palestinian Authority's treasury is empty not because of poor management, but because of Hamas' refusal to [recognize] Israel." Western donors have "frozen payments until Hamas recognizes Israel and renounces violence." An editorial in the New York Times (4/6, 1.19M) urges Palestinian Foreign Minister Mahmoud Zahar to recognize Israel, saying that "most rational people know [what] Hamas must do if Palestinians are ever going to get the viable state they so crave."

US Proposes Shifting Burden Of UN Dues. The Washington Times (4/6, Pisik, 90K) reports that the US has proposed a "new method of apportioning U.N. dues that would mean sharp increases for countries including China, Russia and India." The proposal, to assign countries' dues according to "purchasing power parity" rather than to GDP, would decrease the US contribution to the UN budget only slightly, by 0.5%. However, China has already "complained that its assessment would increase sixfold, making its share second only to that of the United States."

IMF Wants Developing Economies To Have More Voting Rights. The Financial Times (4/6, Guha, Giles) reports that the IMF plans to "draw up a new set of voting rights that would boost the relative power of Asian countries at the likely expense of European countries." Observers say that the organization could "fall into obscurity" if it fails to give poorer countries a bigger stake; however, the IMF initiative "is likely to meet resistance from European countries that fear a dilution of their influence."

Russia, China Seen As Strengthening Ties To Offset US. The Washington Times (4/6, Mainville, 90K) reports that Russia and China are cultivating ever-stronger ties to "counterbalance U.S. global influence." Vladimir Putin and Hu Jintao have met five times "in less than a year." The two countries held joint military exercises last year; "a second round … is planned for next year." Russia also envisions selling more gas to China. However, the Times reports that "some Russian policy-makers remain wary of China's growing strength."

Gorbachev Discusses Changes In Russia, Praises Putin. In an interview with USA Today (4/6, 2.31M), former Soviet leader Mikhail Gorbachev discusses Russia 20 years after he came to power. He says that "a country like Russia cannot be quickly changed" and predicts that "20-25 years" are needed for his reforms to take full root. Gorbachev credits President Vladimir Putin for having "stabilized the country" after Boris Yeltsin's reign and hints that the critical West "would just like to keep Russia down as long as possible." He calls the invasion of Iraq "a major political mistake."

Moscow Airport Introduces Lie Detector For Passengers. The Washington Times/London Daily Telegraph (4/6, Blomfield) reports that Moscow's

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Domodedovo airport will introduce "a lie detector test" for passengers "as early as July." The Israeli-developed machinery, "intended to identify terrorists and drugs smugglers," asks four questions, including, "Have you ever lied to the authorities?" Eventually "all passengers" will have to take the test.

Russia Said To Be Running Short Of Gas. Nadejda M. Victor, a research fellow at the Program on Energy and Sustainable Development at Stanford University, writes in the Washington Post (4/6, 744K) that Russia's Gazprom is facing a "looming decline in gas production." Wasteful domestic consumption, "dwindling supply," and "contractual commitments" to ex-Soviet states mean that Gazprom might, by 2008, be forced to "cut off internal customers (voters) or the Western customers who are the firm's main source of hard cash."

Thai PM Suddenly Quits. The Washington Post (4/6, Sipress, 744K) reports that Thai Prime Minister Thaksin Shinawatra has "shocked Thailand again" by immediately resigning rather than waiting several weeks as promised. Thaksin "said he was worried that his continuing presence in office was dividing Thais dangerously" and handed over power to a deputy, a "longtime" loyalist who can serve only temporarily. The temporary appointment leaves "open the possibility that another member of Thaksin's inner circle would ultimately take the top job."

AIDS Infection Rates In East, West Africa Lower Than Expected. In a front-page story today on overstated HIV infections rates in Rwanda, the Washington Post (4/6, A1, Timberg, 744K) reports that, despite dire warnings, AIDS deaths on the predicted scale never arrived here. A new national study illustrates why: The rate of HIV infection among Rwandans ages 15 to 49 is 3 percent, according to the study, enough to qualify as a major health problem but not nearly the national catastrophe once predicted." Newly published data "portray an epidemic that is more female and more urban than previously believed, one that has begun to ebb in much of East Africa and has failed to take off as predicted in most of West Africa." The Post notes that infection rates have reached worst-case predictions only in southern Africa including Botswana, South Africa, Swaziland and Zimbabwe.

French Unions Threaten More Unrest. The Washington Post (4/6, Moore, 744K) reports that French unions have demanded that the government "withdraw its contentious labor law by April 15" or risk more strikes. The Post reports that in a poll "72 percent of those questioned said they were dissatisfied" with government handling of the crisis. In addition, it notes that "increasing numbers of political commentators have begun writing [Prime Minister Dominique de] Villepin's political obituary."

Irish Police Hunt Killers Of Former British Spy. The New York Times/Agence France-Presse (4/6) reports that the Irish police "appealed to the public on Wednesday for help in finding the killers of Denis Donaldson," an IRA member who had admitted last December to "two decades" of spying for the British. The British and Irish prime ministers "said they would still meet Thursday in Armagh to present a plan to restore a power-sharing government" for Northern Ireland.

Lindsey Urges Compromise On Yuan Revaluation. Former Bush advisor Lawrence Lindsey argues in a Wall Street Journal (4/6, 2.11M) op-ed that the US and China need to compromise on yuan revaluation. He believes that "splitting the difference between" the US goal of 1% yuan appreciation per month and the Chinese position of less than 1% per quarter will "produce a compromise pace of adjustment that would be challenging but manageable for the Chinese economy." By agreeing to such a deal, China can avoid "an economically damaging fight on principle in which [it] would be the bigger loser."

THE BIG PICTURE:

Headlines From Today's Front Pages.

Los Angeles Times:

"Senate Takes New Tack on Immigration."
"The Glory Of Their Times."
"Funding For Westly Followed Investment."
"No More Gambling On N. Korea."
'Hussein Presents A Spirited Defense."
"Possible Homeless Centers Identified."
"One Small Step for Fish ..."

USA Today:

"Apple's Software To Run Windows."
"Official Arrested In Web Sting."
"Disaster Is Coming To S.F.; The Only Question Is When."

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New York Times:
"Fossil Called Missing Link From Sea To Land Animals."
"In Bid To Rebuild Razed Bridge, Recovery And War Vie In Iraq."
"Luring Couric: Anchor's Chair Was Irresistible."
"Windows Or Mac? Apple Says Both."
"Federal Program On Vouchers Draws Strong Minority Support."
"No Flattery Is Found In An Imitation Of A Rockwell."

Washington Post:
"Campaign Finance Measure Approved."
"How AIDS In Africa Was Overstated."
"Immigration Debate Wakes A 'Sleeping Latino Giant.'"
"Drive-By Attacks Wounds 2 Students Near D.C. School."
"As Bonds Nears Baseball's Apex, A Sinking Feeling."

Washington Times:
"Iraq Spy Suspect Oversaw U.S. Asylums."
"Senate GOP To Filibuster Alien Bill."
"U.S. Eyes Sharing Of U.N. Budget."
"D.C. To Fund Campaign On Statehood."
"Regulators Target Lending Abuse."
"'Truth Verifier' Interrogates Russia Travelers On Lies."
"NASCAR Riled By Show Seeking Anti-Muslim Bias."

Detroit Free Press:
"Engineers' Work Goes Overseas, GM Says."
"Second Verse Just Like The First."
"Canadian Drugs Beat Medicare, Many Say."
"Oakland Pledges To Save Strays' Lives."

Atlanta Journal-Constitution:
"Feds Take Aim At Illegals' Fake IDs."
"Family Relieved Other Kids Didn't Eat Crack."
"Controversy Over Autism Eats At Credibility Of CDC."
"McKinney's Case Up To Grand Jury."

Dallas Morning News:
"New Plan Harder On Some Migrants."
"The Canadian Dream Proves An Alluring Call."
"DPS Drops Violent Exercise."
"Tuition Scale Weighs On Part-Timers."
"Area New-Car Sales Plunge Since 2000."
"Fossil Not Just A Fish Out Of Water."

Houston Chronicle:
"Apple Open Door To PC World."
"Witness: Watkins' Warning 'Office Gossip.'"
"Can She Save The News."
"Immigrant Students Seek Path To A Dream."
"Fossils Seen As Fish-To-Land 'Missing Link.'"

Story Lineup From Last Night's Network News:
ABC: MA-Health Insurance; MA Plan-Analysis; DHS Official-Internet Predator; Duke Lacrosse Scandal; Saddam Trial; Smoking-Jennings' Death; Lung Cancer Increase; Government Waste; Sesame Street-Infant Programming; CBS-Couric.
CBS: MA-Health Insurance; Homeowner Insurance Industry; Gas Prices; DHS Official-Internet Predator; Iraq-Predator Missile Strike; Saddam Trial; Iraq-Cameraman Cleared; Duke Lacrosse Scandal; GW University-Depressed Student; China-Art Factory; CBS-Couric.
NBC: MA-Health Insurance; Iraq Insurgency Video; Saddam Trial; Online Predators; Duke Lacrosse Scandal; Stock Markets; Online Tax Returns Scam; Women-Heart Disease Rates; CBS-Couric; Buchwald's Farewell Interview.

Story Lineup From This Morning's Radio News Broadcasts:
ABC: Duke-Rape Case; Senate-Immigration Reform; NJ-Vioxx Verdict; SC-Mother Charged In Child's Death; Wall Street.
CBS: Moussaoui Sentencing; Enron Trial; NJ-Vioxx Verdict; Duke-Rape Case; FDA-Soft Drink Benzene Levels; Wall Street.
NPR: Senate-Immigration Reform; DHS-Doyle Arrest; Moussaoui Sentencing; McKinney-Grand Jury; NJ-Vioxx Verdict; Duke-Rape Case; Wall Street.

WASHINGTON'S SCHEDULE:

Today's Events In Washington.
White House:

PRESIDENT BUSH — Makes remarks on the Global War on Terror, Central Piedmont Community College - Dale F. Halton Theater, Charlotte, NC; participates in a photo opportunity with 2005 and 2006 NCAA sports champions, State Floor, The White House; makes remarks to the 2005 and 2006 NCAA Sports Champions, South Lawn, The White House.

VICE PRESIDENT CHENEY — No public schedule.

US Senate: 9:30 a.m. APPROPRIATIONS _ Treansportation, Treasury, the Judiciary and HUD Subcommitgtee. Hearing on Treasury Department terrorism and financial intelligence effvorts. Treasury Secretary Snow;

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Undersecretary Stuart Levey; Assistant Secretary Janice Gardner. Location: Room 138, Dirksen.

9:30 a.m. APPROPRIATIONS _ Interior and Related Agencies Subcommittee. Hearing on FY07 appropriations for the EPA. Administrator Stephen Johnson; Deputy Administrator Marcus Peacock. Location: Room 124, Dirksen.

9:30 a.m. JUDICIARY _ Full Committee. Markup of pending legislation and votes on pending nominations. Location: Room 226, Dirksen.

10 a.m. COMMERCE, SCIENCE AND TRANSPORTATION _ National Ocean Policy Study Subcommittee. Hearing on offshore aquaculture. Bill Hogarth, Director, National Marine Fisheries Service; Richard Langan, Director, University of New Hampshire Open Ocean Aquaculture Program; Randy Cates, President, Cates International Inc.; Mark Vinsel, Executive Director, United Fishermen of Alaska; Rebecca Goldburg, Senior Scientist, Environmental Defense; Sebastian Belle, Executive Director, Maine Aquaculture Association. Location: Room 253, Russell.

10 a.m. SPECIAL AGING _ Full Committee. Hearing on employment and community service for low-income seniors. Sigurd Nilsen, GAO; Beth Sirois, GAO; Jeremy Cox, GAO; Mason Bishop, Employment and Training Administration; John Beverly II, Employment and Training Administration; Brewster Bevis, Safety and Health Administration; Melinda Adams, Idaho Commission on Aging; Shauna O'Neil, Salt Lake County Aging Services; Carol Salter, Easter Seals. Location: Room 106, Dirksen.

10:30 a.m. APPROPRIATIONS _ Homeland Security Subcommittee. Hearing on FY07 appropriations for the Coast Guard in border and maritime security. Chief of Stafff Vice Adm. Thad Allen. Location: Room 192, Dirksen.

10:30 a.m. FINANCE _ Full Committee. Hearing on challenges facing small business owners to provide health insurance for employees and proposals to increase health insurance optiaons. Location: Room 215, Dirksen.

1:30 p.m. APPROPRIATIONS _ District of Columbia Subcommittee. Hearing on health care. Deputy Mayor Brenda Donald-Walker; Randall Bovbjerg, The Urban Institute; Sharon Baskerville, District of Columbia Primary Care Association; Maria Gomez, Mary's Center for Maternal and Childcare; Lawrence Mirel, former commissioner, Insurance, Securities and Banking; Edmund Haislmaier, The Heritage Foundation; Daniel Perrin, Health Savings Accounts Coalition. Location: Room 138, Dirksen.

2 p.m. APPROPRIATIONS _ Energy and Water Subcommittee. Hearing on the National Nuclear Security Administration. Energy Undersecretary Linton Brooks. Location: Room 192, Dirksen.

2 p.m. FOREIGN RELATIONS _ Full Committee. Confirmation on pending nominations. Location: Room 419, Dirksen.

2 p.m. JUDICIARY _ Intellectual Property Subcommittee. Hearing on proposals for orphan works. Location: Room 226, Dirksen.

2:30 p.m. ARMED SERVICES _ Seapower Subcommittee. Hearing on the defense authorization bill. Assistant Navy Secretary Delores M. Etter; Rear Adm. Mark J. Edwards, Office of the Chief of Naval Operations; Rear Adm. Samuel J. Locklear III, Office of the Chief of Naval Operations; Damien Bloor, First Marine International Limited; John Birkler, Rand Corp.; John F. Schank, Rand Corp. Location: Room 232A, Russell.

2:30 p.m. ENERGY AND NATURAL RESOURCES _ National Parks Subcommittee. Hearing on preparations for the wildfire season. Location: Room 366, Dirksen.

2:30 p.m. FINANCE _ Long-Term Growth and Debt Reduction Subcommittee. Hearing on whether America is saving enough to be competitive in the global marketplace. Thomas J. McCool, GAO; Jurrien Timmer, Director of Market Research, Fidelity Investments, Boston; Barry P. Bosworth, Brookings Institution. Location: Room 215, Dirksen.

2:30 p.m. HOMELAND SECURITY AND GOVERNMENTAL AFFAIRS _ Federal Financial Management, Government Information, and International Security Subcommittee. Hearing on SBA programs and the budget impact. Location: Room 342, Dirksen.

2:30 p.m. SELECT INTELLIGENCE _ Full Committee. Closed, members only briefing. Location: Room 219, Hart.

3:30 p.m. ARMED SERVICES _ Strategic Forces Subcommittee. Heraing on military space programs. Air Force Undersecretary Ronald M. Sega; Rear Adm. Kenneth W. Deutsch, Office of the Chief of Naval Operations; Lt. Gen. Kevin P. Chilton, U.S. Strategic Command; Lt. Gen. Michael A. Hamel, Air Force Space Command; Cristina T. Chaplain, GAO. Location: Room 222, Russell.

US House: FLOOR SCHEDULE _ 10 a.m. Meets for legislative business. Highlights: H.Con.Res. 376 - Concurrent Resolution on the Budget for FY07. Rolled

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Suspension Votes (5 votes): 1) H.Con.Res. 320 - Calling on the Government of the Socialist Republic of Vietnam to immediately and unconditionally release Dr. Pham Hong Son and other political prisoners and prisoners of conscience, and other purposes. 2) H.Res. 578 - Concerning the Government of Romania`s ban on intercountry adoptions and the welfare of orphaned or abandoned children in Romania. 3) H.Res. 737 - Supporting the goals and ideals of Financial Literacy Month, and for other purposes. 4) H.Res. 556 - Expressing the sense of the House of Representatives that a National Methamphetamine Prevention Week should be established to increase awareness of methamphetamine and to educate the public on ways to help prevent the use of that damaging narcotic. 5) H.Con.Res. 366 - To congratulate the National Aeronautics and Space Administration on the 25th anniversary of the first flight of the Space Transportation System, to honor Commander John Young and the Pilot Robert Crippen, who flew Space Shuttle Columbia on April 12-14, 1981, on its first orbital test flight, and to commend the men and women of the National Aeronautics and Space Administration and all those supporting America`s space program for their accomplishments and their role in inspiring the American people.Cardin Motion to Instruct Conferees on H.R. 4297 - Tax Relief Extension Reconciliation Act of 2005. George Miller Motion to Instruct Conferees on H.R. 2830 - Pension Protection Act of 2005.

AGRICULTURE _ 10 a.m. Full Committee. Hearing on H.R. 4200 - Forest Emergency Recovery and Research Act. Location: Room 1300, Longworth.

9 a.m. ARMED SERVICES _ Military Personnel Subcommittee. Hearing on policy, compensation and benefits. Defense Undersecretary David S.C. Chu, Lt. Gen. Franklin L. Hagenbeck, deputy chief of staff for personnel, G1, Army; Vice Adm. John C. Harvey, chief of naval personnel; Lt. Gen. Roger A. Brady, deputy chief of staff, Personnel, A1, Air Force; Lt. Gen. H. P. Osman, deputy commandant, Marine Corps; retired Adm. Donald L. Pilling; chairman, Defense Advisory Committee on Military Compensation; Robert E. Robertson, director, Education, Workforce, and Income Security Issues, GAO; retired Col. Steve Strobridge, Military Officers Association of America; Joseph Barnes, Fleet Reserve Association. Location: Room 2212, Rayburn., Room 2212, Rayburn.

9 a.m. HOMELAND SECURITY _ Intelligence, Information Sharing, and Terrorism Risk Assessment Subcommittee. Hearing on DHS intelligence. Acting Chief Privacy Officer Maureen Cooney. Location: Room 311, Cannon.

9 a.m. JUDICIARY _ Full Committee. Hearing on the Justice Department. Attorney General Alberto R. Gonzales. Location: Room 2141, Rayburn.

9:30 a.m. APPROPRIATIONS _ Military Quality of Life and Veterans Affairs and Related Agencies Subcommittee. Hearing on FY07 appropriations for veterans affairs. Secretary Nicholson. Location: Room 2359, Rayburn.

10 a.m. APPROPRIATIONS _ Labor, Health and Human Services, Education and Related Agencies Subcommittee. Hearing on NIH budget. Director Elias Zerhouni. Location: Room 2358, Rayburn.

10 a.m. APPROPRIATIONS _ Energy and Water Development and Related Agencies Subcommittee. Hearing on the Energy Department's Hanford facility. Gene Aloise, GAO; Kim Callan, Army Corps of Engineers; A.J. Eggenberger, chairman, Defense Nuclear Facility Safety Board; Tom Hash, president, Bechtel Systems and Infrastructure, Bechtel National Inc.; Assistant Energy Secretary James A. Rispoli. Location: Room 2362B, Rayburn.

10 a.m. APPROPRIATIONS _ Military Quality of Life and Veterans Affairs, and Related Agencies Subcommittee. Hearing on veterans affairs. Location: Room 2359, Rayburn.

10 a.m. ARMED SERVICES _ Tactical Air and Land Forces Subcommittee. Hearing on unmanned aerial vehicles. Location: Room 2118, Rayburn.

10 a.m. EDUCATION AND THE WORKFORCE _ Full Committee. Hearing on competitiveness in the global economy. Labor Secretary Chao, Education Secretary Spellings. Location: Room 2175, Rayburn.

10 a.m. ENERGY AND COMMERCE _ Oversight and Investigations Subcommittee. Hearing on sexual predators and the Internet. William W. Mercer, Principal Associate Deputy Attorney General; William E. Kezer, Deputy Chief Inspector, Postal Inspection Service; Raymond C. Smith, Assistant Inspector in Charge, Child Pornography and Adult Obscenity, Postal Inspection Service; John P. Clark, Deputy Assistant Secretary, Immigration and Customs Enforcement; James Plitt, Director, Cyber Crimes Center, Office of Investigations, Immigration and Customs Enforcement; Frank Kardasz, Sergeant, Phoenix Police Department; Flint Waters, Lead Special Agent of the Wyoming Division of Criminal Investigation; Chris Swecker, Acting Assistant Executive Director Federal Bureau of Investigation; Grier Weeks,

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Executive Director, PROTECT, Asheville, N.C. Location: Room 2322, Rayburn.

10 a.m. FINANCIAL SERVICES _ Oversight and Investigations Subcommittee. Hearing on counter terrorism financing and foreign training. Comptroller General David M. Walker; Gerald M. Feierstein, Office of the Coordinator for Counterterrorism, Department of State; William Larry McDonald, Deputy Assistant Secretary, Department of the Treasury; Barry M. Sabin, Deputy Assistant Attorney General. Location: Room 2128, Rayburn.

10 a.m. INTERNATIONAL RELATIONS _ International Terrorism and Nonproliferation Subcommittee. Hearing on border control and terrorism. Michael Maxwell, CIS; Janice Kephart, 9/11 Security Solutions. Location: Room 2172, Rayburn.

10 a.m. RESOURCES _ Water and Power Subcommittee. Oversight hearing on ``Protecting Sacramento/San Joaquin Bay-Delta Water Supplies and Responding to Catastrophic Failures in California Water Deliveries." Location: Room 1334, Longworth.

10 a.m. RESOURCES _ National Parks Subcommittee. Oversight hearing on national parks' visitation trends. Marsha Blaszak, Regional Director, Alaska Region; Pat Hooks, Regional Director, Southeast Region; Suzanne D. Cook, Travel Industry Association of America; New Mexico Tourism Secretary Mike Cerletti; John Schoppmann, Forever Resorts, Scottsdale, Ariz.; Bob Warren, Shasta Cascade Wonderland Association; Scott Ahlsmith, Travel Institute. Location: Room 1324, Longworth.

10 a.m. SCIENCE _ Energy Subcommittee. Hearing on goals, schedule and costs of global nuclear energby partnership. Shane Johnson, Energy Department; Neil Todreas, MIT; Richard Garwin, IBM Fellow Emeritus; David Modeen, Electric Power Research Institute. Location: Room 2318, Rayburn.

10 a.m. TRANSPORTATION AND INFRASTRUCTURE _ Water Resources and Environment Subcommittee. Hearing on a bill to direct the Army to improve the safety of all levees in the U.S. Brig. Gen. Don T. Riley, Army Corps of Engineers; Peter Rabbon, National Association of Flood and Stormwater Management Agencies; Pam Pogue, Association of State Floodplain Managers Inc.; Peter Nicholson, American Society of Civil Engineers. Location: Room 2167, Rayburn.

10 a.m. WAYS AND MEANS _ Oversight Subcommittee. Hearing on the 2006 tax filing season and the administration's FY07 IRS budget. IRS Commissioner Mark Iverson. Location: Room 1100, Longworth.

1 p.m. ARMED SERVICES _ Terrorism, Unconventional Threats and Capabilities Subcommittee. Hearing on information technology and defense transformation. Assistant Defense Secretary John J. Grimes; Lt. Gen. Charlie Croom - director, Defense Information Systems Agency; Lt. Gen. Steven W. Boutelle - chief information officer, Army; Dave Wennergren, chief information officer, Navy; Brig. Gen. George J. Allen, chief information officer, Marine Corps; Lt. Gen.l Michael Peterson, chief information officer, Air Force; Paul Brinkley, deputy undersecretary of Defense; Thomas Modly, deputy undersecretary of Defense. Location: Room 2212, Rayburn.

1 p.m. ENERGY AND COMMERCE _ Health Subcommittee. Hearing on reauthorization of Project Bioshield. Deputy HHS Secretary Alex M. Azar; Dr. Tara O'Toole, CEO and Director, Center for Biosecurity of the University of Pittsburgh; Peter F. Young, President and CEO, AlphaVax, Inc., Research Triangle Park, N.C.; Bruce Cohen, President and CEO, Cellerant Therapeutics, Inc., San Carlos, Calif.; Dr. David P. Wright, President and CEO, PharmAthene, Annapolis; Martin Blaser, President, Infectious Diseases Society of America. Location: Room 2123, Rayburn.

1 p.m. INTERNATIONAL RELATIONS _ Full Committee. Markup of H. R. 4681 - Palestinian Anti-Terrorism Act; H. Res. 697 - Resolution congratulating the people and Government of Italy, the Torino Olympic Organizing Committee, the International Olympic Committee, the United States Olympic Committee, the 2006 United States Olympic Team, and all international athletes upon the successful completion of the 2006 Olympic Winter Games in Turin, Italy; H. Res. ____ - Resolution welcoming the members and staff of the parliaments of East Timor, Georgia, Indonesia, and Macedonia to the House of Representatives as the first partner parliaments of the House Democracy Assistance Commission. Location: Room 2172, Rayburn.

1 p.m. VETERANS AFFAIRS _ Disability Assistance and Memorial Affairs Subcommittee. Hearing on Hrng. on H.R.23 - Belated Thank You to the Merchant Mariners of World War II Act; H.R. 601 - Native American Veterans Cemetery Act; H.R. 2188 - To amend title 38, United States Code, to authorize the placement in a national cemetery of memorial markers for the purpose of commemorating service members or other persons whose remains are interred in an American Battle Monuments Commission cemetery; H.R. 2963 - Dr. James

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Allen Disabled Veterans Equity Act; H.R. 4843 - Veterans' Compensation Cost-of-Living Adjustment Act. Reps. Langevin, Filner, Baldwin, Rogers, Chabot, and Tom Udall. Location: Room 334, Cannon.

2 p.m. APPROPRIATIONS _ Science, State, Justice, Commerce and Related Agencies Subcommittee. Members of Congress testify. Location: Room H-309, Capitol.

2 p.m. ARMED SERVICES _ Readiness Subcommittee. Hearing on Navy transformation. John Jamian, acting administrator, U.S. Maritime Administration; Vice Adm. Justin D. McCarthy, director for material readiness and logistics, Navy. Location: Room 2118, Rayburn.

2 p.m. HOUSE ADMINISTRATION _ Full Committee. Markup of lobbying reform legislation. Location: Room 1310, Longworth.

2 p.m. INTERNATIONAL RELATIONS _ Oversight & Investigations Subcommittee. Hearing on regime of Saddam Hussein. Daniel Butler, Senior Advisor to the Assistant Deputy Director of National Intelligence for Open Source, Open Source Center, Office of the Director of National Security; Brig. Gen. Anthony A. Cucolo III, USA, Director, Joint Center for Operational Analysis, United States Joint Forces Command; Lt. Colonel Kevin M. Woods, USA, Project Leader, United States Joint Forces Command; Dr. Laurie Mylroie, Ph.D., Adjunct Fellow, American Enterprise Institute. Location: Room 2172, Rayburn.

2 p.m. RESOURCES _ Fisheries and Oceans Subcommittee. Hearing on H.R. 138 - To revise the boundaries of John H. Chafee Coastal Barrier Resources System Jekyll Island Unit GA-06P; H.R. 479 - To replace a Coastal Barrier Resources System map relating to Coastal Barrier Resources System Grayton Beach Unit FL-95P in Walton County, Florida; H.R. 1656 - To correct maps depicting Unit T-10 of the John H. Chafee Coastal Barrier Resources System; H.R. 3280 - To exempt certain coastal barrier areas in Florida from Limitations on Federal expenditures and financial assistance under the Coastal Barriers Resources Act, and limitations on flood insurance coverage under the National Flood Insurance Act of 1968; H.R. 4165 - To clarify the boundaries of Coastal Barrier Resources System Clam Pass Unit FL-64P. Location: Room 1324, Longworth.

2 p.m. RESOURCES _ Energy and Minerals Subcommittee. Oversight hearing on ``The Role of the Federal Government and Federal Lands in Fueling Renewable and Alternative Energy in America." Location: Room 1334, Longworth.

2 p.m. SELECT INTELLIGENCE _ Full Committee. Closed hearing on al Qaeda and strategic communications. Location: Room H-405, Capitol.

2 p.m. SMALL BUSINESS _ Regulatory Reform & Paperwork Reduction Subcommittee. Hearing on small healthcare groups and electronic medical records technology. Location: Room 2360, Rayburn.

2 p.m. WAYS AND MEANS _ Health Subcommittee. Hearing on health information technology. Location: Room 1100, Longworth.

4 p.m. ARMED SERVICES _ Projection Forces Subcommittee. Hearing on energy efficient propulsion systems in future Navy ships. Rear Adm. Bernard J. McCullough, director, Surface Warfare; Rear Adm. Joseph A. Walsh, director, Submarine Warfare Division; Rear Adm. William E. Landay III, chief of naval research; Rear Adm. Kevin McCoy, deputy commander, Naval Sea Systems Command; Ronald O'Rourke, CRS; others. Location: Room 2212, Rayburn.

Other: SEA/AIR SPACE _ The Navy League of the United States hosts it Sea/Air/Space Exposition. Highlights: 12 p.m. Gen. Peter Pace, USMC, chairman, Joint Chiefs of Staff. Location: Marriott Wardman Park Hotel, 2660 Woodley Road NW.

RAILROAD PERFORMANCE _ The National Academies holds a workshop on research to enhance rail network performance. Highlights: 5:30 p.m. Dinner speaker - Rep. Don Young. Location: Keck Center, 500 5th St. NW.

EXPORT-IMPORT BANK _ The Export-Import Bank holds its annual conference. Highlights: 9:20 a.m. Rep. Donald A. Manzullo, R-Ill., chairman, House Committee on Small Business; Member House Financial Services Committe. 10 a.m. - 11 a.m. workshop on Financing Environmental Exports. Panelists will include Craig O'Connor, Ex-Im Bank director of Environmental Exports Business Development; Mark Fillinger, senior manager-customer finance, Powerlight Corporation; Venkee Sharma, CEO, AquaTech International Corp., and Hans Peter Michelet, Chairman, Energy Recovery, Inc. 11:15 a.m. Concurrent workshops on Project and Structured Finance Trends, What's New in Asset Management, and Finding and Financing Environmental Export Sales -- the Complete U.S. Government Toolkit. The latter will be moderated by Linda Conlin, a member of Ex-Im Bank's Board of Directors, with panelists

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from the U.S. Department of Commerce, the Overseas Private Investment Corp., U.S. Trade Development Agency, and the Small Business Administration. 12:30 p.m. Congressmen Sarbanes and Oxley, key players in Ex-Im Bank's reauthorization and principal sponsors of the Sarbanes-Oxley Act signed into law in 2002, will be luncheon keynote speakers. Location: Omni Shoreham Hotel, 2500 Calvert St. NW.

STATE LEGISLATURES _ The National Conference of State Legislatures holds its spring conference. Highlights: 4 p.m. Discussion of the 2006 national agenda, with Sen. Hillary Clinton. Location: Hyatt Regency-Washington on Captiol Hill, 400 New Jersey Ave. NW.

US-GERMANY _ 7:30 a.m. USTR Rob Portman meets with German Economics and Technology Minister Mikchael Glos. Photo op only. Location: USTR, 600 17th St. NW.

WESTERN LAND-POLITICS _ 9 a.m. - 10 a.m. The Progressive Policy Institute hosts a forum to discuss a new PPI report titled ``Winning the West," by David J. Hayes, former deputy secretary of the Department of the Interior. In addition to Hayes, Congressman Mark Udall of Colorado will participate. Location: Suite 400, Progressive Policy Institute, 600 Pennsylvania Ave. SE.

LEE-PASSPORT MONTH _ 10 a.m. Rep. Barbara Lee, D-Calif., and co-sponsors of H.RES. 327, a resolution to create National Passport Month, will discuss the legislation and the importance of international travel at a press availability and reception at the U.S. Capitol. Lee will be presented with thousands of petition signatures calling for the creation of National Passport Month. Location: Room HC-5, Capitol.

TAX EVASION _ 10 a.m. The Economic Policy Institute holds a panel discussion on IRS enflrcement challenges, with Sen. Ron Wyden, Rep. Rahm Emanuel, Leonard Burman of the Urban Institute and Max Sawicky of the institute. Location: Room 188, Russell Senate Office Building.

BOEHNER _ 10:30 a.m. House Majority Leader John Boehner holds a media availability. Location: House Radio-TV Gallery.

PELOSI _ 10:45 a.m. House Democratic Leader Nancy Pelosi holds her weekly news conference. Location: Room H-206, U.S. Capitol.

CUMMINGS-SUBSTANCE ABUSE _ 11:30 a.m. Rep.Elijah E. Cummings, D-Md., participates in a press conference with the National African American Drug Policy Coalition. At the press conference, the Coalition will announce recommendations concerning substance abuse policies and racial disparities. Location: Cannon Terrace.

KENNEDY-MINIMUM WAGE _ 11:30 a.m.Sen. Edward Kennedy, D-Mass., holds a press conference on the minimum wage. Location: Russell Park.

ANTI-GAY DEMONSTRATION _ Members of the Westboro Baptist Church in Topeka Kansas hold demonstrations in opposition to government policies regarding homosexuals. Highlights: 1 p.m. - 2:30 p.m. Picket at the Capitol. West Front on 1st St. Between Independence Ave. and Constitution Ave. 2:45 p.m. - 3:30 p.m. Picket in front of Walter Reed Army Medical Center. Note: a Counter demonstration sponsored by FreeRepublic.com will be held at the same time and location.

BURMAN _ 12 p.m. The National Economists Club holds a luncheon with Leonard Burman of the Urban Institute discussing indexing in the tax system. Location: Chinatown Garden Restaurant, 618 H St. NW.

EMPLOYERS-HEALTH BENEFITS _ 12 p.m. Following the Senate Finance Committee hearing on small business health insurance, Sens. Dick Durbin, D-Ill., and Blanche Lincoln, D-Ark., hold a media briefing on their Small Employers Health Benefits Program (SEHBP) bill. Location: Room 329, Senate Dirksen Office Building.

MINIMUM WAGE _ 12 p.m. Sen. Edward Kennedy and former Sen. John Edwards hold a news conference to discuss the success of their month-long online minimum wage initiative. Location: Russell Park, Constitution and Delaware Aves.

SECURITY-BUDGET _ 12 p.m. Reps. John Spratt, Steny Hoyer, others, hold a news conference on funding security in the FY07 budget. Location: House Radio-TV Gallery.

MEDICARE _ 1 p.m. Reps. John Dingell, Charles Rangel and Lois Capps hold a news conference on Medicare. Location: House Radio-TV Gallery.

REPUBLICANS-MEDICARE _ 2 p.m. House Republican Conference Chairman Deborah Pryce, others, hold a news conference to praise the Medicare prescription drug benefit. Location: Cannon Terrace. Rain site: House Radio-TV Gallery.

KENNEDY-IMMIGRATION _ 2:30 p.m. Sen. Edward Kennedy, D-Mass., holds a news conference on immigration. Location: Senate Studio.

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RUMSFELD-REID _ 3 p.m. Secretary of Defense Donald H. Rumsfeld hosts an honor cordon to welcome the United Kingdom's Secretary of State for Defense John Reid to the Pentagon. Location: Steps of the Pentagon Mall Entrance.

IMMIGRATION _ 4 p.m. Rep. Virgil Goode, others, hold a news conference on immigration. Location: Cannon Terrace.

EMERGENCY MANAGEMENT _ 5 p.m. Acting FEMA Director David Paulison speaks at the Congressional Fire Services institute on ``Defining Moments for Emergency Management." Location: Washington Hilton & Towers, 1919 Connecticut Ave. NW.

SARBANES-OXLEY _ 6:30 p.m. The Journal of Law, Economics and Policy holds a panel discussion on the Sarbanes Oxley Act's impact, with Gerald Laporte of the SEC, Michael See of the SBA, others. Location: Atrium of Hazel Hall, George Mason Law School, 3301 Fairfax Dr., Arlington.

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THE ATTORNEY GENERAL'S *NEWS BRIEFING*

PREPARED FOR THE OFFICE OF PUBLIC AFFAIRS, U.S. DEPARTMENT OF JUSTICE

TO: THE ATTORNEY GENERAL AND SENIOR STAFF

DATE: THURSDAY, APRIL 6, 2006 7:45 AM EDT

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TERRORISM NEWS:

Judge Approves First Public Playing Of 9/11 Tape At Moussaoui Trial. The AP (4/6, Sniffen) reports, "The cockpit recorder tape from the Sept. 11 jetliner that crashed in Pennsylvania will be played in public for the first time - to the Zacarias Moussaoui sentencing jury - the judge in the case ruled Wednesday." The AP continues, "U.S. District Judge Leonie Brinkema said the jury considering whether to execute Moussaoui could hear the recording from United Airlines Fight 93 and see a transcript of it. … This cockpit tape has been played privately for the families of Flight 93 victims, but it has never been played in public." The AP adds, "Prosecutors asked the judge to order the tape sealed and to keep the transcript from the general public after it is played in open court, but she made no immediate ruling on that. … Noting that the 4th U.S. Circuit Court of Appeals has ordered trial evidence made public, she said relatives of Flight 93 victims would have until next Tuesday to advise her whether they object to general release of the material. … She said if no family members object, she will release the material to the general public the day after it is submitted into evidence. No date was set for that."

The Washington Post (4/6, A12, Dwyer, 744K) reports that Judge Brinkema "also ordered that the tape be made available to the public after the jury hears it in court unless family members of Flight 93 victims file a written objection by Tuesday. D. Hamilton Peterson of Bethesda, president of Families of Flight 93, called the release of the recording 'enormous' and said he supports the ruling." The Washington Times (4/6, Seper, 90K) adds Brinkema "noted in her ruling that the government requested the court seal transcripts of the tape after their admission into evidence and prohibit any public dissemination of the materials."

Guiliani Expected To Take Stand. WNBC-TV (New York) (4/6) reports, "Former New York City Mayor Rudolph Giuliani is expected to take the stand on Thursday to describe the horror of Sept. 11, as jurors consider whether terrorist Zacarias Moussaoui should be put to death." WNBC-TV continues, "Giuliani will be able to talk about the toll -- the months of digging, the funerals, the economic and emotional suffering -- and perhaps how he and many others literally ran for their lives as nearly 3,000 victims were trapped in the World Trade Center. … At some point, prosecutors are expected to show jurors tapes from that day, including news footage of victims falling from the sky. … Justice Department officials said he will join about 45 others, including relatives of victims and a New York 911 operator who took the panicked calls that day."

Victims' Families Divided On Death For Moussaoui. USA Today (4/6, 3A, Johnson, 2.31M) reports that members of 9/11 victims' families are divided on whether Zacarias Moussaoui should be sentenced to death. Abraham Scott, whose wife was killed at the Pentagon, has said Moussaoui "deserved to die 'like a dog with rabies,'" but Colleen Kelly, whose brother died at the WTC, said, "I don't understand how killing another person will make this any better." Their "contrasting views…reflect a wrenching debate that will begin to unfold today" as prosecutors "plan to offer testimony from 9/11 victims' family members who believe the unapologetic defendant should be executed rather than sentenced to life in prison."

Meanwhile, The Washington Post (4/6, A12, Markon, 744K) reports that "the sights and sounds of a national trauma are about to go on display as never before" as prosecutors "re-create the full horror of Sept. 11, 2001, for the jury. … It is the culmination of a four-year effort by the prosecution to knit together a portrait of terror far beyond a normal death penalty trial, and it includes an unprecedented effort to reach out to the victims of Sept. 11. Some wonder whether it will be too much for the jury -- and the victims themselves -- to bear," but "family members and victim advocates said they welcome the decision to lay bare the most intimate details of the hijackings."

FBI Agent Testifies Umer Hayat Wore Wire In Conversations With Imams. The Sacramento Bee (4/6, Walsh, 301K) reports, "In a bid for leniency for himself and his son," Umer Hayat "tried to help the FBI implicate two Muslim clerics in international terrorism. … In testimony Wednesday, Special Agent Gary Schaaf recalled for a jury hearing evidence in the case against Umer Hayat that, at Schaaf's request, Hayat wore a hidden recorder and tried to engage the clerics in incriminating conversation. Schaaf acknowledged that, while he made no promises to Hayat, he held out the possibility that snaring the Muslim imams might help the Hayats with potential criminal charges against them." The Bee notes that the FBI suspected Muhammed Adil Khan and Shabbir Ahmed "were raising money for anti-American elements in their native Pakistan and were recruiting young men in Lodi for terrorist training in Pakistan."

FBI Informant Testifies Failure To Report Recording Was Accidental. The Lodi News-Sentinel (4/6, Bohm) reports FBI informant Naseem Khan testified yesterday, under cross-examination by Umer Hayat lawyer Johnny Griffin, "was organizing his CD collection late Saturday night

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when he discovered a tape containing a secret recording from more than three years ago" of "a telephone conversation he'd had with Hamid Hayat," but did not give to the bureau. Khan "said he didn't mean to keep the tape from FBI agents, and that he called them half an hour after finding the conversation." Griffin asked, "How many other tapes have you not turned over to the government?" Khan replied, "This is the only one." KXTV-TV Sacramento (4/5, Hedlund) notes that the "mysterious audio tape…became the focal point of testimony" yesterday. "The contents of the tape recorded conversation has not been revealed in court, and it is unknown how critical it might be to the case." The Los Angeles Times (4/6, 958K) also briefly reports on Khan's testimony about the tape.

Slotter Testifies Agents Followed Standard Procedures In Recording Hayat Interviews. The Lodi News-Sentinel (4/6, Bohm) also reports the Hayats "were interviewed for hours…before their arrests, and only after they had talked extensively to the FBI were their interviews videotaped. Agents were following FBI recording policies set out in 1998, agent Keith Slotter testified today. Slotter, who is now the deputy assistant director in charge of training and developing at the FBI academy in Quantico, Va., was special agent in charge of the FBI's Sacramento office when the Hayats were arrested. Under standard policies, witnesses are recorded only when they are confessing, he said," and he approved agents to begin recording when the "interview had…progressed from a straight-forward interview to a confession interview,"

Prosecutors Rest Case Without "Direct Evidence" Hayat Trained At Terror Camp. NPR's All Things Considered (4/5, Gonzales) reported, "Prosecutors in the federal trial of Hamid Hayat…rest their case without offering direct evidence that Hayat attended a Jihadist training camp." Announcing the arrests in June,"officials claimed that they had uncovered a potential al-Qaida sleeper cell in the quiet farm town of Lodi." NPR noted, "Hayat's defense is now under way."

Rendered Yemeni Claims Interrogators In Djibouti Said They Were FBI Agents. BBC (4/5) reports on its Web site, "Amnesty International has suggested that Djibouti was one of the countries where prisoners allegedly abducted and mistreated by the US were held. The report, based on interviews with former detainees, also links the US practice of 'rendition' to the torture or ill-treatment of terror suspects. … Yemeni citizen Muhammad al-Assad said US officials, who said they were from the US Federal Bureau of Investigation had questioned him in Djibouti," and from there, he allegedly "was flown to another location, believed to be in Europe."

Meanwhile, The Washington Post (4/6, White, 744K) reports that the report said three "Yemeni nationals who say they were held captive for more than two years in secret US detention facilities have been released in Yemen without facing charges related to terrorism." AI officials theorize that the men were held "probably in Afghanistan, Djibouti and somewhere in Eastern Europe." If the men were indeed held incommunicado, "that practice could violate international law regarding detentions."

Canadian Teen Protests Guantanamo Treatment. The Los Angeles Times (4/6, Williams, 958K) reports that" Canadian teenager Omar Khadr refused Wednesday to participate in the war crimes case against him, in protest of being moved to … solitary confinement." Khadr "is accused of taking part in a firefight that killed a U.S. Special Forces medic" in 2002. His defense counsel charged that Khadr had been moved to the "worst" facility on the base, but a naval spokesman disputed the allegation of solitary confinement.

Knight Ridder (4/6, Rosenberg) reports, "Marine Col. Robert S. Chester is supposed to be presiding over a panel hearing allegations that the 19-year-old Canadian committed a war crime by killing a U.S. Army medic in a 2002 firefight in Khost, Afghanistan. … Instead, he agreed to take briefs and potentially call witnesses on Khadr's complaint that guards had placed him in punitive isolation at the Pentagon's showcase detention center for terrorist suspects. … 'Excuse me, Mr. Judge. I'm being punished for exercising my rights and being cooperative in participating in this Military Commission,' said Khadr, who has topped 6 feet and was sporting a fuzzy, fundamentalist Muslim beard at his hearing. … The youth had been held in barracks-like communal captive quarters at the sprawling prison camp overlooking the Caribbean until March 30. He was then moved to the state-of-the-art, Camp 5 prison, housing 80 captives in single-occupancy cement cells."

At UK Terror Trial, Defense Denounces FBI Informant As "Liar," "Fantasist." BBC (4/5) reports on its Web site, "The key witness in the prosecution of seven men accused of planning multiple bomb attacks on the UK has been branded a 'liar' and 'fantasist' in court." Mohammed Babar "has told the Old Bailey that he plotted with the men to bomb bars, trains and shopping centres. But Michel Massih QC, defending, told the witness he was a 'well-schooled, well-rehearsed, well-trained liar'." The Daily Telegraph (4/6, Gardham) notes Babar "admits he turned on his British co-conspirators in return for the promise of a shorter sentence from the FBI." Yesterday, he "denied making up his account but Mr Massih pointed out that he had affirmed at the beginning of his evidence instead of swearing on the Koran."

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NYTimes Supports Fast-Tracking Court Ruling On NSA Surveillance Program. An editorial in the New York Times (4/6, 1.19M) expresses support for Senator Charles Schumer's bill that puts "the National Security Agency's secret spying program on a fast track to Supreme Court review." The editorial says that, even though President Bush is likely to ignore "strong legislation" by Congress, "it would be difficult for him to defy [an] order" from the high court.

HOMELAND RESPONSE:

Pentagon Threat Database Improperly Retained Reports. An internal review has found that the Pentagon's Threat and Local Observation Notice, or TALON system improperly retained reports that should have been removed. The Los Angeles Times (4/5, 958K) reports that the review "found that some information in the system did not suggest a threat and should have been removed. The Pentagon said that of 13,000 reports, less than 2% were improperly retained. A Pentagon spokesman would not characterize the reports that the investigation determined should have been excised. But a department-wide memo issued Wednesday by Gordon England, the deputy Defense secretary, directed the system's users to adhere to regulations that limit the Pentagon's ability to gather information on U.S. citizens."

Survey Find States Not Happy With Representation In DHS Policymaking. The AP (4/6, Crary) reports the National Governors Association released a report Wednesday based on a survey sent to homeland security directors in each state and five territories and commonwealths. Most said they "are dissatisfied with the quality of intelligence data provided by the federal government…and most also believe that multiple demands on National Guard forces undermine their emergency response capabilities." The survey found "states do not feel they have representation in the Department of Homeland Security's policy development and rule-making process. Several state directors said DHS consults with a few hand-picked state officials and 'then claims that it produced policy based on broad state input,' the survey said."

Many Lawmakers Don't Have GETS Cards, Unfamiliar With Program. The Hill (4/6, Cusack) reports that "only 15' of 41 lawmakers that they asked said that they had Government Emergency Telecommunications Service access cards, which give 'users priority telephone access to approved public and private-sector officials" during national emergencies. "Rep. John Linder remarked that he's on the House Homeland Security Committee 'and I've never seen it.'" Meanwhile, a "K Street insider who has a GETS card said, 'As a lobbyist, I was shocked to hear that very important members of Congress didn't even know about this important program.'" The Hill adds, "The DHS refuses to release the names of the industry groups that have been approved for GETS, citing national security."

Landrieu Says Government Should Stop Giving Money To "Dysfunctional" FEMA. Appearing on CNN's The Situation Room (4/5, Blitzer), Sen. Mary Landrieu defended her move to put a hold on the president's nominations until the White House commits to $6 billion in additional funding for Louisiana's levees. Blitzer: "But, Senator, the president and Congress have already appropriated more than $100 billion for Louisiana, for Alabama, for the entire Gulf Coast reconstruction -- $100 billion plus." Landrieu: "That $100 billion has gone to fund FEMA, that has not gone for reconstruction for Louisiana, Mississippi, Alabama or Texas, which is part of our cry. Stop sending money to FEMA. It is dysfunctional. It is not working to rebuild the Gulf Coast and ..." Blitzer: "But isn't FEMA supposed to be working to rebuild the Gulf Coast?" Landrieu: "Not really. They're a Federal Emergency Management Agency. We need new tools and new methods, which is why we came together along the Gulf Coast with Haley Barbour and Governor Blanco, Thad Cochran, myself, and Trent Lott and others and crafted help through the community development block grants."

Rogers Says He Will Cut FEMA Funding Unless Permanent Director Is Named. Fox News (4/5, 1:32 p.m., Vester), reported Rep. Harold Rogers says "he will cut off money" for FEMA unless a someone fills the job of permanent director. Appearing on the program, Rogers said, "It is a tough job. It is coming off a tough season. The stress is unbelievable. But that's the bad news. The good news is we have since Katrina changed the nature of the job. Now, the preparedness part of what FEMA formerly did has been transferred to a new directorate within the Department of Homeland Security. So preparedness, which is the biggest part, frankly, of a disaster mitigation, has been transferred out of the FEMA director's chores." Asked whether he thought Acting Director David Paulison should take over the position, Rogers said, "Well, that will be up to the administration to do whatever they would like. … I think he is qualified. It is up to the President and the Secretary."

Lobbyists Hope For Moderate Reform Of Flood Insurance Program. The Hill (4/6, Schor) reports "lobbyists" are hoping the Senate and House agree on a "moderate approach" to overhauling the National Flood Insurance Program that will please "bankers, brokers, real-estate agents and builders alike." A flood-insurance bill approved by the House Financial Services Committee last month won "widespread praise from insurance trade groups," but "some

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lobbyists are rebelling against an amendment from Rep. Debbie Wasserman Schultz (D-Fla.) that would force FEMA — and the private insurance companies it uses — to the table for mediation of disputed disaster claims." Meanwhile, the "bill's phase-out of flood-insurance subsidies for vacation homes, second homes and businesses did not please housing-industry lobbyists, but they scored a win by beating back a bid from Rep. Jeb Hensarling (R-Texas) to kill subsidies outright."

Despite Record Claims, Insurance Industry Posts $44 Billion Profit. The CBS Evening News (4/5, story 2, 2:10, Mitchell, 7.66M) reported, "It might surprise you to know that in a year of catastrophic losses with hurricane after hurricane, the companies that insure our property still made record profits." CBS (Hughes) added, "Ever since Hurricane Andrew hit Florida back in 1992, and took a $25 billion bite out of the insurance industry, companies have been charging more and covering less. Mudslides, floods and earthquakes are routinely exempt from homeowner policies. That's why last year even while insurance companies paid out record amounts in claims after Hurricane Katrina and other storms, the industry still made more than $44 billion in profit, an almost 19% increase from the year before."

WAR NEWS:

Rumsfeld Rebuffs Rice's "Tactical Errors" Comments. The Washington Post (4/6, A21, White, 744K) reports, "Defense Secretary Donald H. Rumsfeld said he did not know what Secretary of State Condoleezza Rice was talking about when she said last week that the United States had made thousands of 'tactical errors' in handling the war in Iraq, a statement she later said was meant figuratively." He added that "calling changes in military tactics during the war 'errors' reflects a lack of understanding of warfare." These comments come "amid long-standing tensions between their departments over the war in Iraq and other issues."

Rice Visit To Iraq Said To Have Stiffened Jaafari's Resolve. The New York Times (4/6, Semple, 1.19M) reports that according to "a top aide" to Prime Minister Ibrahim al-Jaafari, the visit by Secretary Rice and UK Foreign Minister Jack Straw to Iraq "only served to stiffen" his resolve "to retain his post." The aide said the trips was "ill-timed, counterproductive and what he called 'naked intervention,'" comments that "were echoed by other leaders across the political spectrum today, including Kurds and Sunni Arabs."

The Washington Post (4/6, A20, Balz, 744K) reports Sen. John Kerry's Wednesday op-ed comments in the New York Times that he is "furious over the lack of progress in Iraq. He charged the administration with half-hearted diplomatic efforts and dismissed" Secretary Rice's "surprise 24-hour visit there this week as 'not serious diplomacy.'" Kerry said it is "unconscionable for U.S. soldiers to put their lives at risk when Iraqi politicians show no commitment to establishing a working government" and "outlined a series of deadlines yesterday for withdrawing most U.S. forces by the end of the year and called for increased diplomatic pressure by the Bush administration to compel Iraqi leaders to take responsibility for the future of their country."

National Assembly Could Force Jaafari To Resign. The Washington Times (4/6, Behn, 90K) reports "al-Jaafari will be forced out of his post through a vote in the National Assembly if he refuses to step aside voluntarily, a Shi'ite Iraqi legislator said yesterday. Ongoing political talks could result 'in a new surprise,' lawmaker Ayad Jamal al Din told editors and reporters at The Washington Times." He "declined to predict who would replace Mr. al-Jaafari, but said it would be someone acceptable to Shi'ites, Sunnis and Kurds."

US Seeks To Reassure Shiites. The Wall Street Journal (4/6, A6, Dreazen, 2.11M) reports, "During Secretary of State Condoleezza Rice's two-day visit to Iraq this week with her British counterpart, Jack Straw, the two leaders said the coalition supported the Shiites' right to choose Iraq's next prime minister because of their majority status in the country" and "went out of their way to publicly praise the Shiites' most revered religious figure, Grand Ayatollah Ali Sistani." This is part of "a diplomatic push to reassure Iraq's restive Shiite majority that the U.S. supports their right to pick the country's next prime minister and is grateful for their restraint in the face of Sunni violence." The messages "underscore mounting fears of alienating the country's largest sectarian group" and seem to be "an acknowledgment of Iraq's political fragility and the risk that the country's Shiite majority may continue to sour on the U.S., drastically complicating the administration's hopes of cobbling together a unity government."

Kerry Proposes Withdrawal From Iraq Unless Government Formed. Knight Ridder (4/6, Thomma, Funk, Kuhnhenn) reports that if Congress "ever turns against the war in Iraq, analysts may look back at this week as a turning point." Sen. John Kerry "urged setting a May 15 deadline to withdraw U.S. troops unless Iraq forms a unity government, and even if Iraq does form a government, Kerry urged complete American withdrawal by year's end." At the "same time, three Republicans in the House of Representatives endorsed a resolution calling for a robust and lengthy congressional debate on Iraq. While they're far short of the votes needed to force such a debate, a coalition of 40 anti-war activist groups is mounting a national campaign to drum up public pressure behind the resolution." The developments "suggest that anti-war politics could be

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intensifying - and that Washington may be catching up with anti-war sentiment across the country."

In a separate story, Knight Ridder (4/6, Kuhnhenn) reports Democratic leaders "in Washington have long worried that taking a stand against the war or calling for early withdrawal would label them weak on national security. But Kerry, in an interview with Knight Ridder, said that the stand he's calling for is 'tough' and necessary." Kerry is "scheduled to speak further about his proposal in a speech Thursday from the Senate floor." Kerry's position "already was getting good reviews in liberal blogs, a reception that Kerry seemed to anticipate."

The Washington Post (4/6, A20, Balz, 744K) reports Kerry "outlined a series of deadlines yesterday for withdrawing most U.S. forces by the end of the year and called for increased diplomatic pressure by the Bush administration to compel Iraqi leaders to take responsibility for the future of their country." In calling "for strict deadlines for drawing down forces, Kerry joins several other Democratic lawmakers, including Rep. John P. Murtha (Pa.) and Sen. Russell Feingold (Wis.), in challenging Bush's contention that timetables will only strengthen the opposition and lead to possible defeat for the U.S. mission." Kerry's proposals "drew no reaction from the White House or the Republican National Committee, which one GOP official called a sign that they do not regard Kerry as someone likely to influence others in his party on the central foreign policy issue of the day."

Roberts Says Senate Probe On Iraq Intelligence Could Be Done Soon. CQ (4/5, Speck) reports the Senate Intelligence Committee "will make its best effort to finish most of the investigation into the Bush administration's use of intelligence prior to the invasion of Iraq, the panel's chairman said Wednesday." Chairman Pat Roberts said "committee staff would incorporate member comments on drafts of three of the five topics under investigation during the two-week recess beginning next week. The probe could possibly be completed by the end of the month." CQ adds a Democratic aide "familiar with the issue said he doubted the drafts would be ready by the end of the month." The aide "said the Republicans had done virtually nothing on the investigation, which began in 2004, until the Nov. 1 session. He said the committee would not agree to release a 'shoddy' report and that the issues were 'more complicated than expected.'"

Air Force Releases Video Of Predator Strike On Insurgents. The CBS Evening News (4/5, story 5, 0:20, Mitchell, 7.66M) reported, "The Air Force released dramatic video today of a missile strike on Iraqi insurgents by an unmanned Predator aircraft. The pictures taken from the Predator show three men planning a roadside bomb north of Baghdad late last month. The aircraft then launches a powerful Hellfire missile, and the blast takes out the entire area. All three insurgents were killed."

April Reverses Downward Trend In US Fatalities In Iraq. The Washington Times (4/6, Scarborough, 90K) reports, "April is becoming one of the deadlier months for US troops in Iraq, perhaps dashing the hopes of commanders that a three-month-long downward trend in fatalities meant the insurgency was becoming less effective. In the first four days of this month, 16 Marines and Army soldiers have been killed by hostile fire or in accidents, about half the total in all of March." It is "threatening to erase a more favorable trend: The first three months of this year experienced a 25 percent decline in the number of US deaths, a drop the military credits to a more robust Iraqi security force and to better armor protection."

Insurgent Propaganda Video Said To Show Burning Of US Helicopter, Dead Pilot. An Iraqi insurgent group has released a video that purports to show the dead pilot of an American helicopter shot down in Iraq. NBC Nightly News (4/5, story 2, 2:15, Miklaszewski, 9.87M) reported, "One military official in Iraq says he is outraged by this video, while Pentagon officials admit the video does appear to be authentic. The video -- complete with music soundtrack -- is poor quality but appears to show the burning wreckage of a US Apache helicopter. Shouting 'Allahu Akbar' – Allah is the greatest – enemy fighters are also shown dragging the body of at least one man across the ground." The video "was posted on the Internet today by a militant Islamic group, the Mujahadeen Shura Council, with ties to al Qaeda in Iraq and its leader Abu Musab al-Zarqawi." The Washington Post (4/6, A20, Anderson, 744K) also reports the story.

Marines Find Counterinsurgency, Community Relations Goals Can Conflict. The New York Times (4/6, Cloud, 1.19M) reports that in the town of Husayba, "Last August, under daily attack from car bombs and mortars, the Marines took down the only bridge over the Euphrates River for miles around. Now they are trying to rebuild it." Marines said that without the bridge, "insurgents and foreign fighters can no longer infiltrate as easily into this town near the Syrian border in western Anbar Province, the heavily Sunni Arab area that has formed the heart of the insurgency. But Iraqis who live on the river's northern bank grumble that they have no easy way to get to town to buy and sell goods or to see the doctor." The "shifting priorities illustrate the trade-off between combat and reconstruction that the American military is still grappling with, but especially in remote regions like this one, where the Iraqi government is still almost nonexistent."

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Charges Dropped Against CBS Cameraman For Allegedly Recruiting Insurgents. The CBS Evening News (4/5, story 7, 0:15, Mitchell, 7.66M) reported an Iraqi court yesterday "dismissed charges against an Iraqi cameraman who was working for CBS News when he was arrested one year ago. 26-year-old Abdul Ameer Younis Hussein was accused of trying to recruit fighters for the insurgency but no evidence was ever produced."

Saddam Remains Defiant Under Cross Examination. Prosecutors yesterday cross-examined Saddam Hussein in his trial for the execution of 148 Shiites in the town of Dujail. Saddam's defense sought to shift the focus to the abuse of prisoners at Abu Ghraib prison by American troops. The story was covered by each of the networks in full segments. ABC World News Tonight (4/5, story 5, 1:55, Kerley, 8.78M) reported, "Saddam admitted ordering the execution of 148 Shiites in the city of Dujail after an attempt on his life there. When asked why it took only two days to review that case, he said the execution order was within his power as president. 'I take responsibility, good or bad.' But Saddam wouldn't admit that more than two dozen teenagers were among those killed. Prosecutors displayed the identification cards of some of the boys, as young as 13." One of Saddam's lawyers "started waving some of the infamous pictures from Abu Ghraib prison, shouting, 'This is torture. This is what the Americans did.'"

The CBS Evening News (4/5, story 6, 1:35, Dozier, 7.66M) reported, "Alone in the dock, Saddam Hussein veered from arrogance to annoyance, waging a verbal battle with the judge and prosecutors." Saddam "barked that the IDs were fake and in turn accused the current interior ministry of torturing and killing thousands of Iraqis." But NBC Nightly News (4/5, story 3, 2:05, Hattori, 9.87M) said Saddam looked "relaxed and confident," and "talked almost casually in court today about ordering the deaths of 148 Shiite men and boys in 1982." Saddam "again played to the media and his supporters, accusing the court of complicity with the current interior ministry, which has been accused of allowing death squads to go after Saddam loyalists."

USA Today/AP (4/6) describes Saddam as "at times sharp and combative, but often relaxed or even smiling," while the New York Times (4/6, Wong, 1.19M) emphasizes the former dictator "admitted Wednesday that he had signed an order of execution for 148 men and boys with only a cursory glance at the evidence against them." The testimony "appeared to bolster the case of the prosecution." The Washington Post (4/6, A20, Finer, 744K) and Los Angeles Times (4/5, Daragahi, 958K) run similar reports.

Paper Trail Said To Link Saddam To Kurdish Massacres. The CBS Evening News (4/5, story 6, 1:35, Dozier, 7.66M) reported Saddam "is now facing even tougher new charges. The tribunal accused him of committing genocide against Iraq's Kurds in the north, killing tens of thousands in a 1988 campaign to obliterate any villages that supported Kurdish rebels." There's "a bloody paper trail showing chain of command."

Iraqi Bloggers Seen As Valuable Source Of Information. The Wall Street Journal (4/6, Dreazen, 2.11M) reports Baghdad dentist Zeyad A.'s blog, Healing Iraq1, "has become a primary source of information on Iraq's daily deterioration for readers around the world. An agnostic of Sunni descent, Zeyad has written of friends manning impromptu neighborhood-watch patrols and religious leaders being murdered and dragged through the streets by mobs. He has also posted photos of uniformed Iraqi police driving through the streets in cars emblazoned with photos of radical Shiite clerics." With Western reporters "increasingly limited in their ability to travel around Iraq, bloggers like Zeyad, the young Iraqi woman known as Riverbend, and the brothers behind the Iraq the Model site -- who were invited to the Oval Office to meet President Bush -- offer readers details of the conflict rarely available in the mainstream foreign media."

Miss Iraq Pageant Held In Baghdad. ABC World News Tonight (4/5, story 6, :25, Vargas, 8.78M) reported, "In Baghdad, they held a Miss Iraq pageant today. But even something as innocuous as a beauty contest can be dangerous. There are no pictures of the pageant because it was closed to the public and photographers. Security was tight. There's a single photo of the winner, 23-year-old Tamar Goregian. Nine of the contestants backed out of the pageant at the last minute, apparently afraid of offending hard-line Islamists."

US Official Says Pakistani, Afghan Cooperation Key To Defeating Taliban. The AP (4/6, Pennington) reports Richard Boucher, US Assistant Secretary of State for South and Central Asia, said "Pakistan and Afghanistan must cooperate to defeat the 'common enemy' of the Taliban and Islamic extremists that control the shared border." Boucher's comments "follow weeks of tensions between the two countries — both key allies in Washington's war on terrorism — over militant infiltration along the rugged frontier."

Air Force Seen As Adapting To Terrorist Tactics, Guerilla Warfare. The Wall Street Journal (4/6, A1, Jaffe, 2.11M) reports that for "most of its 59-year history, the Air Force has focused on building bigger bombs and faster planes that could reach beyond the front lines and destroy an enemy's critical infrastructure." But as the "swift toppling of Saddam Hussein has gotten bogged down in the long slog of battling an insurgency, the Air Force is shifting its emphasis. One hot new project in the service these days: a

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bomb designed to limit damage, not expand it." The "focused-lethality munitions" will "kill insurgents hiding in an urban building without injuring people next door. The story of this unusual bomb is just one example of how the Iraq war is triggering changes throughout a U.S. military coming to grips with the shadowy 21st century wars against terrorists and guerrillas."

Administration Outlines Plan To Rebuild Nuclear Weapons. The Los Angeles Times (4/6, Vartabedian, 958K) reports the Bush Administration yesterday "unveiled a blueprint for rebuilding the United States' decrepit nuclear weapons complex, including restoration of a large-scale bomb manufacturing capacity." The plan "calls for the most sweeping realignment and modernization of the nation's massive system of laboratories and factories for nuclear bombs since the end of the Cold War." The Administration "wants the capability to turn out 125 new nuclear bombs per year by 2022, as the Pentagon retires older bombs that it claims will no longer be reliable or safe." But "the administration blueprint is facing sharp criticism, both from those who say it does not move fast enough to consolidate plutonium stores and from those who say restarting bomb production will encourage aspiring nuclear powers across the globe to develop weapons."

CORPORATE SCANDALS:

Former Enron Officials Testifies Warning Memo Was Seen As "Office Gossip." The Houston Chronicle (4/6, Flood) reports, "An outside lawyer for Enron told jurors today that he and a colleague spoke to 11 people in a month-long review of the accounting scandal warnings from Sherron Watkins and decided, shortly before the company's implosion, that there was no need for further investigation." The Chronicle continues, "Max Hendrick III, a partner at Houston law firm Vinson & Elkins, characterized much of former Vice President Watkin's now famous warning memo to Ken Lay as 'office gossip' and told the jury he thought they did a thorough and professional job looking at her complaints about Enron accounting and hedging vehicles called the Raptors." The Chronicle adds, "In a slow-moving day, Hendrick was one of two lawyers to testify for the defense in the conspiracy and fraud trial of ex-Enron Chairman Lay and ex-CEO Jeff Skilling. The jury also heard from Jim Derrick, Enron's former general counsel, who explained some of the legal and risk procedures in place at the company and his surprise that ex-CFO Andrew Fastow got around them and stole from Enron. … But Hendrick was on the stand much of the day, going over the investigation Derrick and Lay initiated to examine the allegations Watkins put forth shortly after Skilling resigned in August 2001. Watkins warned of an impending accounting scandal and especially focused on Fastow's side dealings and the Raptors."

Bloomberg (4/6, Calkins) reports, "Defense lawyers presented Hendrick to cast doubt on Watkins' testimony that Lay was skeptical about her accounting warnings and he hired Vinson & Elkins to do a 'bogus' investigation instead of a comprehensive probe. … The government alleges the executives hid billions in debts and losses in off-the-books partnerships created by former Chief Accounting Officer Andrew Fastow to do Enron-related deals. Fastow has pleaded guilty to fraud in connection with some of those deals and faces 10 years in prison."

The Washington Post (4/6, Ahrens) reports, "James Derrick, former general counsel for Enron, was brought by the defense to detail the measures that the company kept in place to prevent accounting fraud and suspicious deals. … Derrick testified that Skilling 'wanted a rigorous set of controls focused on a transaction that would reveal a hidden risk and, after identification, it would have to be evaluated in a way that the board of directors had approved of. Only when it went through all of those steps should a deal in fact be able to be done.' … On prosecution cross-examination, Derrick was pressed on Fastow's 'LJM2' partnership, an outside company that sought to buy Enron's wind-energy assets. … Of Fastow, Derrick testified: 'First, I was around Mr. Fastow for a number of years . . . when we were thrown together at various Enron events. In addition, my sense was that Mr. Fastow was regarded [within the company] as extremely able and extremely bright and later, as he became chief financial officer, Mr. Fastow received--outside of Enron, through various publications--he was being applauded as, in my impression, as a very good chief financial officer.'"

The Wall Street Journal (4/6, McWilliams, Emshwiller) reports, "Mr. Hendrick defended the four-week inquiry while admitting his own reservations about a broader probe. The 2001 inquiry concluded that a deeper investigation wasn't necessary. The defense says the review shows that Mr. Lay seriously pursued the allegations raised four months before Enron collapsed into bankruptcy-court protection. … Mr. Hendrick testified for the defense to rebut testimony by Sherron Watkins, a former Enron vice president who said she had warned Mr. Lay that August the former energy giant might 'implode in a wave of accounting scandals.' Her letter to Mr. Lay also urged a review of related-party transactions by 'objective experts in the fields of securities law and accounting.' But his descriptions appeared to lend support to the prosecution's characterization of the probe as narrow and weak."

Skilling Set To Testify. USA Today (4/6, Farrell) reports, "In what could prove to be the decisive juncture in the government's trial of the two men accused of perpetrating a giant fraud at Enron, former CEO Jeff Skilling is expected to

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take the stand in federal court here today to testify on his own behalf." USA continues, "The 52-year-old defendant, who said Wednesday that he's been 'waiting four years for this,' will likely tell jurors what he told congressional investigators in 2002, that up until the moment he decided to step down from his job in August 2001, Enron was a solid, profitable company, not the fly-by-night operation its detractors claimed it was. … The stakes couldn't be higher. Prosecutors from the Enron Task Force have accused Skilling and Enron founder Ken Lay of conspiring to hide the company's true financial condition from investors and analysts. In fall 2001, after revelations that former Enron chief financial officer Andrew Fastow made millions of dollars in illicit profits from transactions between the company and a series of private partnerships he controlled, the company's stock price tanked, and Enron eventually filed for bankruptcy-court protection."

The Washington Post (4/6, D1, Johnson) reports, "Skilling built a reputation for bluntness and impatience with people he deems intellectually inferior. His lawyers hope to turn those traits into an asset when he takes the witness stand as early as Thursday." The Post continues, "Defense lawyers say they will not try to dissuade Skilling from his characteristic outspokenness when he begins testifying in his fraud and conspiracy trial. Instead, they will attempt to convince jurors that a man so unfiltered that he once used a profanity to describe a stock analyst who questioned him could never have lied so successfully and for so long about the health of his business." The Post adds, "On the surface, Skilling could hardly be more different than his fellow defendant…Lay. Lay was the genial diplomat who charmed employees and business partners. Skilling, on the other hand, rarely backed down from a fight. Both men stood near the pinnacle of success in early 2001, when they unfurled a banner proclaiming their drive to make Enron the world's leading company. Within months, the energy trader collapsed, along with their reputations."

WSJournal Says Memo On Corporate Prosecutions Should Be Challenged In Court. An editorial in the Wall Street Journal (4/6, 2.11M) says, "At a pre-trial hearing in the KPMG case in New York last week, federal Judge Lewis A. Kaplan suggested that a three-year-old Justice Department policy on corporate prosecutions might be unconstitutional. He was referring to the now famous Thompson memo, which in 2003 rewrote Justice guidelines on when to indict entire firms in criminal investigations. … Justice could alter or eliminate the Thompson memo by the stroke of a pen, but it is unlikely to do so until its legitimacy is challenged in court. If Judge Kaplan's reaction in the KPMG case is indicative, that day may not be far off. And a good thing too."

CRIMINAL LAW:

Judge Denies US Request To Make Secret Arguments At Libby Trial. In a widely-distributed story, the AP (4/6, Yost) reports US District Judge Reggie Walton "barred prosecutors in the CIA leak case Wednesday from making arguments that would be kept secret from the defendant," Lewis "Scooter" Libby. "Walton said the government may in some cases present the court the actual classified information that Libby wants for his defense without letting the defendant and his lawyers see it. The judge would then determine whether some of the deletions or substitutions that the government is making are proper."

Doyle's Arrest Prompts Hearing To Examine DHS Hiring Practices. Brian J. Doyle, DHS' deputy press secretary, was arrested Tuesday night on charges that he used a computer to seduce a child. According to the Polk County Sheriff's Department's Doyle revealed his position with DHS during the investigation. The Washington Post (4/6, A13, Londoño, Hsu, 744K) reports the arrest "has triggered a congressional inquiry into hiring practices and security clearance policies at the department." Rep. Peter T. King, who has scheduled a hearing for May 18, asked, "What if the person on the other end had been a member of al-Qa'ida or a similar terrorist organization and used this information to blackmail Mr. Doyle?" Polk County Sheriff Grady Judd said that "his office rushed the investigation" due to security concerns, adding, "we didn't know how much access to sensitive information he had or who else he was chatting to."

The Hill (4/6, Tiron) reports King said he is "concerned that DHS's security-clearance procedures and controls on misuse of electronic equipment do not meet the standards of other national-security agencies." The Subcommittee on Management, Integration and Oversight "was scheduled to examine DHS hiring and other personnel issues, including security clearances, on May 18. Now the subcommittee will examine Doyle's case in particular, King said."

USA Today (4/6, Hall, Copeland, Koch, 2.31M) reports Doyle "was stripped of his security clearance, suspended without pay and held without bail Wednesday." DHS spokesman Russ Knocke said the agency "is cooperating fully with the ongoing investigation. We take these allegations very seriously."' Judd said yesterday that Doyle had 'confessed.'"

On CNN's Anderson Cooper 360 (4/5, Meserve), Dr. John Deirmenjian said that Doyle may have said that he worked at DHS to "impress" the girl, or to try to "show her that he is someone of authority, somebody of security, that might lead a child to be more comfortable with him." Meserve:

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"DHS' embarrassment in this incident is compounded by the fact that the department itself hunts down child internet predators." Julie Myers, assistant secretary of US Immigration and Customs Enforcement, was shown saying, "It's terrible if there are allegations against a public official, but wherever they are, if they're doing this against children, we're going to find them and we're going to prosecute them."

In an article appearing on at least 90 news websites yesterday, the AP (4/6, Jordan) reports Doyle's arrest "raised doubts about the ability of an agency responsible for safeguarding the country to ensure the security credentials of its own people." The AP notes, "Homeland Security also oversees an Operation Predator unit, which investigates child predators and pornographers."

The Los Angeles Times (4/6, Timiraos, 958K) reports Dennis Murphy, Doyle's former supervisor, said, "There's not a person I know who doesn't like him." The Times adds, "Doyle is the second department official recently arrested. Frank Figueroa, 49, who oversees Immigration and Customs Enforcement operations in Florida, has pleaded not guilty to charges that he exposed himself to a girl at an Orlando mall last year."

Scripps Howard (4/6, Hoffman) describes Operation Predator as "a high-priority Department of Homeland Security program that does battle against those who prey sexually on children. Now, with the arrest Tuesday night of a department deputy secretary, at least two of the agency's own top personnel stand charged with just such offenses. 'It hammers home the fact that these individuals can be anywhere,' said John Shehan, of the National Center for Missing and Exploited Children, which works closely with Homeland Security's Immigration and Customs Enforcement bureau."

The story was covered by each of the networks last night in full segments, though none mentioned the upcoming House hearing. ABC World News Tonight (4/5, story 3, 2:15, Thomas, 8.78M) reported Doyle's "arrest is particularly painful for Homeland Security officials, who say they have made child exploitation a top priority."

The CBS Evening News (4/5, story 4, 2:25, Attkisson, 7.66M) reported, "Investigators say Doyle couldn't have been more brazen, giving out his title, calling from the office, even sending a photo showing his Homeland Security ID." Adding "insult to injury, it wasn't even the Feds who found Doyle, though he was right under their noses. It was the local Polk County, Florida, Sheriff's Office."

NBC Nightly News (4/5, story 4, 2:40, Williams, 9.87M) reported it was "another shocking example -- a spokesman for the Department of Homeland Security, Brian J. Doyle, was put on unpaid leave today after being charged with preying on a child through online sexual conversations."

CNN's The Situation Room (4/5, Blitzer) reported, "Doyle appeared Wednesday in a Maryland courtroom via closed- circuit television. He has confessed and for now is being held without bond."

The New York Times (4/6, Janofsky, 1.19M) reports that Doyle "refused extradition to Florida" Wednesday, his lawyer claiming that he "needed time to discuss the case with Mr. Doyle and would 'most likely' return to ask the court to release Mr. Doyle to allow him to turn himself in to the authorities in Florida, where he would be formally charged." The Washington Times (4/6, Taylor, 90K) reports, "Montgomery County State's Attorney Douglas F. Gansler said that although he has authority to try the case, he would rather see Mr. Doyle extradited. 'In Florida, he's looking at a minimum of 17½ years in prison,' Mr. Gansler said. 'No one would get that in Maryland.'"

In a related story, USA Today (4/6, Hall, Kornblum, 2.31M) reports Doyle's arrest "was the product of increasingly aggressive policing of sex crimes on the Internet, according to police and children's advocates." Justice Department "funding for the…Internet Crimes Against Children (ICAC) program increased from $2.4 million in 1998 to $14.5 million this year. … ICAC-related arrests tripled from 564 in 2003 to 1,597 in 2005." USA Today adds, "It's unknown whether the increase in arrests means more teens are being victimized or just that more predators are being caught."

Grand Jury Convened To Consider Charges Against McKinney. Fox News' Special Report (4/5, Wilson) reported, "A grand jury has been convened to determine whether charges will be brought against Cynthia McKinney who allegedly assaulted a Capitol Policeman with her cell phone." For Chief Terrance Gainer, "this is about protecting the 1,500 uniform men and women who has the responsibility of protecting the US Congress. He wants to see Representative McKinney arrested. … Gainer says the only reason that McKinney was not arrested immediately after the incident is because the constitution does provide some members with some protection in some cases from arrest while Congress is in session. Police just wanted to run everything past the lawyers."

Grand Jury Subpoenas Farr Aide. The grand jury has subpoenaed a House aide who allegedly witnessed the incident between Rep. Cynthia McKinney and a Capitol Police officer last week. Roll Call (4/6, McArdle) reports, "A staffer for Rep. Sam Farr (D-Calif.) has been subpoenaed to appear before a grand jury in the case. Farr's office confirmed on Wednesday night that one of its staffers had received the subpoena but offered no other comments on the matter. Reached on Wednesday night, a lawyer for McKinney said he did not know of any grand jury hearing being convened in the case." Roll Call adds that the subpoena indicates that the US Attorney's Office "is moving quickly to determine what

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occurred in the highly publicized altercation at a Longworth House Office Building security checkpoint."

Black Caucus Trying To Stay Out Of McKinney Controversy. CQ (4/4, Poole) reported, "Earlier in the day, a senior member of the Congressional Black Caucus, Rep. John Conyers Jr., D-Mich., said he and other caucus members were trying to stay out of the controversy, in part because they wanted it out of the headlines. … The way McKinney has handled the episode has put her fellow Black Caucus members in an awkward position. One veteran caucus member said privately that McKinney's outspokenness has not endeared her to many of her colleagues. Others said that they, too, have been stopped by Capitol Police, and any problems have been dealt with quickly and quietly."

Lewis Urges McKinney To "Lower The Temperature." Meanwhile. Rep. John Lewis has told McKinney to stop making political hay out of the incident. The Hill (4/6, Hearn) reports that Lewis said he told McKinney that she "needs to lower the temperature and stop holding the press conferences," adding, "I don't think it had any impact because she is still going on all the TV shows."

House Republicans Said To Be "Grateful" For McKinney Controversy. The Washington Post (4/6, A2, Milbank, 744K) reports in its "Washington Sketch" column that Democrats "were just beginning to dream about the possibility of taking control of the House in the November elections as GOP unity collapsed over spending, immigration, Iraq and lobbying scandals," when Rep. Cynthia McKinney has her altercation with a Capitol Police officer. House Republicans "were grateful for the gift." The Post adds, "Arriving on the floor yesterday afternoon for a series of votes, McKinney had earned pariah status. Several of her Democratic colleagues turned their backs or moved away when she approached, carrying her infamous cellphone and a bottle of Dasani water. Ignored by several colleagues, she stood alone in the back of the chamber for several minutes until rescued by Reps. Bernard Sanders (I-Vt.) and Maxine Waters (D-Calif.)."

Boehner Urges GOP Not To Pile On McKinney. Roll Call (4/6, Akers) reports in its "Heard on the Hill" column, "At Wednesday's weekly closed-door House GOP Conference gathering, House Majority Leader John Boehner (R-Ohio) urged his colleagues to quit piling on Rep. McKinney. His message basically was: Why murder someone who has already committed political suicide?"

DeLay Says McKinney Should Be Charged With Assault. Rep. Tom DeLay was asked on Fox News' Hannity and Colmes (4/5) about the allegations against Rep. Cynthia McKinney. DeLay said, "These Capitol Police officers are not tour guides. They are protecting the capitol against all kinds of threats. For a member of Congress to treat one of these officers, who showed great courage, because he didn't know who she was. He didn't know that she didn't have a bomb strapped to her. He was doing his job, and for her first punch him and assault him and then afterwards, instead of apologizing to him, accuse him of racism is beyond the pale. It is outrageous and needs to be charged. And I hope she will be charged with assault and the House needs to deal with it." DeLay added that McKinney "has a long history of blaming everything on the color of her skin. She plays the victim card, the race card. She and her father and others are even anti-Semitic. She has that reputation."

Primary Foe Criticizes McKinney Over Altercation. Roll Call (4/6, Whittington) reports that DeKalb County Commissioner Hank Johnson (D), who is running against McKinney "is speaking out about the recent controversy involving her altercation with a Capitol Police officer." Johnson said Wednesday "that the situation should have been handled differently. 'There's no excuse for hitting a police officer,' he said." Johnson "charged that while McKinney is talking about hairdos and inappropriate touching, the needs of the residents of the Atlanta-area 4th district are being ignored. 'We don't feel like we've been getting our fair share of federal dollars,' he said. … Asked about the issue of racial profiling -- which McKinney has asserted is the underlying problem -- Johnson said he believed the officer was doing his job. 'I think the Capitol Hill police department has a job to do and their job is to protect the Members of Congress, the workers…their responsibility is to protect and to defend those people,' he said."

Two FEMA Employees Plead Guilty To Soliciting Katrina Relief Bribes. In a widely-distributed story, the AP (4/6, Johnson) reports, "Two Federal Emergency Management Agency employees pleaded guilty Wednesday to soliciting kickbacks from a food contractor during post-Katrina recovery efforts. Andrew Rose and Loyd Holliman each pleaded guilty in federal court to soliciting and receiving bribes as public officials, prosecutor Jim Letten said." The AP notes, "The contractor reported the offer to the FBI."

US Drops Death Penalty Push For New York Murder Scheme Suspects. The AP (4/6, Hays) reports, "Federal prosecutors are no longer seeking the death penalty against four defendants in a murder conspiracy case involving a notorious crack kingpin with ties to the rap music industry." The AP continues, "In a two-line letter sent to the judge Tuesday, prosecutors wrote they would still seek death for the chief defendant, Kenneth 'Supreme' McGriff, at a trial to begin April 17 in Brooklyn. … The new position was authorized by U.S. Attorney General Alberto Gonzales, prosecutors said." The AP adds, "It is an abrupt reversal from prosecutors' previous position. They had notified the judge on

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March 22 that Gonzales had endorsed the death penalty against all five defendants. … Attorneys for McGriff demanded an explanation in a letter to U.S. District Judge Frederic Block that was dated Tuesday. They have asked the judge to deny the death notice for McGriff because it was filed too late. A hearing was set for Friday."

Louisiana Computer Executive Charged With Bribing Connecticut Official. The AP (4/6) reports, "The president of a Louisiana computer company has been charged with paying $3,000 to former state Sen. Ernest Newton for his promise to help her win lucrative contracts, federal officials said Wednesday." Jeanette Foxworth "faces multiple charges of conspiracy, wire fraud and making a false statement, U.S. Attorney Kevin O'Connor said. … The indictment also alleges Foxworth lied to FBI investigators during a January interview." The AP notes Newton "was sentenced in February to five years in prison after pleading guilty to unrelated charges of bribery and other crimes."

Officials Warn Of Online Sexual Predators. NBC News (4/6, Costello) reports, "Across the country, pedophiles have left the playgrounds and arcades for the anonymity of the Internet. One in five kids surveyed by the Justice Department reports receiving unwanted sexual solicitations online." NBC continues, "Catching online predators often involves finding those who traffic in online porn. Two-thirds of the offenders who committed any Internet sex crimes also possessed child porn. And the FBI reports online child porn cases have surged 2,000 percent since 1996. … 'The Internet provides an individual, a perpetrator, a potential criminal, the opportunity to hide their identity,' says the FBI's Raul Roldan. 'So they work in a covert environment — so they believe!'"

DOJ Will Not Reimburse Ohio Officials For Sniper Probe. The AP (4/6) reports, "The Justice Department does not have the money to reimburse Franklin County (OH) for the sheriff's investigation into a series of highway shootings, a federal official wrote in a letter to an Ohio congresswoman. … 'We recognize that the prolonged and difficult investigation placed a financial strain' on the sheriff's office, Assistant Attorney General William Moschella told U.S. Rep. Deborah Pryce in a letter dated Friday. 'However, there are no new funds available for the department to reimburse' the county." The AP adds, "Franklin County requested Justice Department grants to cover about $700,000 in overtime paid by the sheriff's office during the pursuit of the shooter who terrorized central Ohio for five months in late 2003 and early 2004, according to county e-mails obtained by The Columbus Dispatch. Charles McCoy Jr., arrested in March 2004, was sentenced to 27 years in prison for his guilty plea last August to involuntary manslaughter and other charges for shooting at cars and buildings on and around central Ohio highways. The one person hit in the shootings died. … The federal government reimbursed Maryland, Virginia and Washington, D.C., for their pursuit of highway snipers in 2002. … The Washington-area shootings are different because federal investigators were involved and an FBI analyst was killed during the spree, said Rob Nichols, a spokesman for Pryce."

US Indicts MS-13 Gang Members On Racketeering Charges. The Washington Post (4/6, B1, Castaneda) reports, "Even after he was locked up on state murder charges in Prince George's County, an alleged leader of the violent street gang Mara Salvatrucha continued to direct the criminal activities of his group by sending letters to a female member of the gang, according to a federal indictment unsealed yesterday." The Post continues, "Gang members also watched a videotape of a Prince George's police detective who had been investigating them and discussed killing him, the indictment alleges. And members killed a young man to prevent him from cooperating in a federal probe of the gang, according to the indictment." The Post adds, "The 53-page indictment, made public in U.S. District Court in Greenbelt, supersedes an indictment handed down by a federal grand jury last August that charged 19 young men with federal racketeering counts. … That indictment was the first racketeering case brought in Maryland against the gang, signaling an increased federal involvement in local efforts to combat it. The gang, also known as MS-13, is comprised primarily of Salvadoran immigrants with some other Central Americans and Mexicans and began showing up in the Washington area in the late 1980s. … The indictment released yesterday provides additional details about the gang's alleged activities and what police say are its efforts to derail investigations and intimidate witnesses. It charges that members committed six murders and attempted four murders in suburban Maryland from April 2003 to June 2005."

Former Strip Club Owner Testifies He Bribed Nevada Commissioners. The AP (4/6, Ritter) reports, "A former striptease club owner who pleaded guilty to bankrolling political corruption in Las Vegas and San Diego testified Wednesday that he bribed three county commissioners in return for votes benefiting his Nevada businesses. 'I didn't consider them campaign contributions,' said Michael Galardi, using the word 'bribes' when asked by a federal prosecutor to characterize cash he said he paid to former Clark County Commissioners Erin Kenny, Dario Herrera and Mary Kincaid-Chauncey. … But he stumbled when his estimate of a total of 15 to 20 payments to Herrera and Kenny conflicted with his earlier statements to

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prosecutors and the FBI that payments were monthly. He estimated he gave Kincaid-Chauncey up to $85,000 over the years." KLAS-TV Las Vegas (4/5, Allen) adds, "Galardi testified he first bribed an elected official 16 years ago by giving $10,000 to Las Vegas city councilman Frank Hawkins to settle a licensing issue for his Cheetahs strip club. In the mid-90s, Galardi says he paid city councilman Michael McDonald $5,000 a month for a series of years for political influence. Galardi also claims that Clark County Deputy District Attorneys Gary Guymon and Craig Hendricks received free drinks, lap dances and sexual favors whenever they visited Cheetahs."

The Las Vegas Sun (4/6, German) reports, "Former federal prosecutor Charles Kelly, a criminal defense attorney who has been following the Las Vegas trial closely, said the use of Galardi as a witness should be creating 'a great deal of anxiety' for the government. … 'The jury is entitled to know what type of person they're being asked to trust,' Kelly said. 'If they built a case around a guy who lied about the extent of his influence, they could end up holding a wet paper bag with the bottom having fallen out.'" The Sun notes, "Prosecutors have presented hours of court-approved wiretaps to support Galardi's testimony. And they have called witnesses, such as former County Commissioner Erin Kenny, who pleaded guilty to taking bribes from Galardi, to corroborate his accusations against Herrera and Kincaid-Chauncey. … Galardi's testimony also stood up well enough to obtain federal corruption convictions last year in San Diego of his bagman, former Commissioner Lance Malone, and two San Diego councilmen - although a judge later tossed out the brunt of the case against one councilman."

Missouri Man Sentenced To Prison For Attempt To Fence Rembrandt Forgery. In "Arts Briefly," The New York Times (4/6, 1.19M) reports, "A fake sheik who sold a fake Rembrandt has been sentenced to five months in federal prison and five months of home confinement, The Associated Press reported." Majed A. Ihmoud of St. Charles, Mo., "pleaded guilty to conspiring to commit mail fraud for dressing as a sheik and posing as a member of the Saudi royal family in a scheme to sell a forgery of Rembrandt's 'Man With the Golden Helmet' for $2.8 million. The buyer turned out to be an undercover F.B.I. agent."

FBI Agents Search Staten Island Mansion For Mob Murder Evidence. The New York Times (4/6, Rashbaum, 1.19M) reports, "Acting on information provided by a cooperating witness, F.B.I. agents yesterday searched for evidence of a mob murder inside a Victorian mansion on a Staten Island hilltop, according to several law enforcement officials. … The F.B.I. lab will conduct forensic tests on evidence removed from the building, one of the officials said. The search was by members of the F.B.I. squad that investigates the Bonanno crime family, several officials said, but they would not disclose the identity of the suspected victim." The Times notes, "A spokesman for the agency, James Margolin, confirmed the search but would not say whether agents had concluded that a murder had been committed in the mansion." The New York Daily News (4/6, Eaberg, Moore, 729K) adds, "The feds also called Ron Victorio, an architect who oversaw recent renovations at the Victorian landmark to get a list of people who had worked on the project. … FBI officials would not identify who they believe was slain and stashed in the mansion, saying the victim's family had not been told of the informant's tip." The New York Post (4/6, Messing, 624K) notes FBI spokeswoman Christine Monaco said, "We executed a search warrant as part of a criminal investigation." She "refused further comment, but other sources said the agents…showed up at the historic 130-acre compound just before noon. … 'It's an evidence search,' said one well-placed law-enforcement source, who declined to name the suspected victim or to specify when the slaying occurred."

"Mafia Cops" Trial Jurors End First Day Of Deliberations. Newsday (4/6, DeStefano) reports, "The jury in the 'Mafia Cops' trial ended its first day of deliberations Wednesday in Brooklyn federal court without reaching a verdict on whether ex-NYPD detectives Louis Eppolito and Stephen Caracappa were double agents for the mob. Deliberations are to continue Thursday morning." The New York Daily News (4/6, Marzulli, 729K) notes, "There were notes from the jury asking for readback of testimony from chief witness Burt Kaplan on the murder of James Hydell. The panel also revisited a retired cop's testimony where cassette tapes featuring mob informant John (Otto) Heidell were stored in the 63rd Precinct." The New York Post (4/6, Haberman, 624K) also reports on the deliberations, under the headline "'Mob-Cop' Jury Requests 'Pipe' Line."

New York Couple Plead Guilty To Bilking New York Archdiocese. The New York Daily News (4/6, Zambito, 729K) reports, "A husband-and-wife team yesterday admitted ripping off the New York Archdiocese for $2 million. Vincent Heintz and Nanette Melera ran a nonprofit agency, Institutional Commodity Services, that bought Communion wine, food and automobiles for the archdiocese at bulk-rate prices. FBI agents say the Briarcliff Manor couple shook down vendors for payoffs in a scheme that dated to 1996."

Husband Of Illinois Congresswoman Sentenced To Five Months For Check Kiting. The Chicago Tribune (4/6, Higgins, Cohen, 643K) reports, "Robert Creamer, a top Democratic consultant and the

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husband of U.S. Rep. Jan Schakowsky (D-Ill.), was sentenced Wednesday to 5 months in prison for using bad checks to prop up his struggling consumer group and for a tax charge." Creamer "also must serve 11 months of home confinement," but "he escaped the longer sentence of 30 to 37 months suggested by federal guidelines," and prosecutors are considering an appeal. The Tribune notes Creamer attorney, Ted Poulos "said Wednesday in court that the prosecution had a 'seriously myopic view' of the case and had wrongly lumped Creamer in with the fraud defendants who take a bank's money and run." But Assistant US Attorney Joseph Ferguson "countered that Creamer should have known that his methods were illegal after FBI agents interviewed him in 1992. Yet he repeated the same crimes, repaying money only after the scheme was discovered, Ferguson said." The Chicago Sun-Times (4/6, Korecki) also reports on Creamer's indictment.

California Clinic "Capper" Pleads Guilty To Medicare Fraud. The AP (4/6) reports, "A 'capper' who recruited patients for a Lemon Grove clinic that allegedly billed Medicare for services never performed pleaded guilty Wednesday to insurance fraud and offering illegal medical kickbacks." Alicia Leonardo "is one of nine people, including the clinic's operators, to be indicted in what prosecutors called a $2 million conspiracy." The AP notes, "The FBI began investigating the clinic…in November 2004 after learning that 'cappers' were allegedly paying patients to visit, prosecutors said. Deputy District Attorney Rita Hanscom said patients who had difficulty with the English language were recruited from casinos, trolley stops and other locations."

Wisconsin Bank President Charged With Fraud. The Monroe (WI) Times (4/6, Gray) reports, "Former First National Bank president Mark R. Hardyman is expected to plead guilty May 1 to one count of bank fraud." According to the federal complaint unsealed yesterday, "Hardyman altered documents, altered bank records to mislead federal auditors, granted customer loans which were not authorized or approved by the board, falsified minutes of board meetings, solicited false financial statements from a bank customer to make it appear the customer was more creditworthy to bank examiners and auditors and caused a false entry to be made in FNBB records which indicated that a particular customer had received a $2.2 million wire when Hardyman knew the wire had not been received." The Times notes that the FBI, FDIC, IRS and Agriculture Department investigated the case.

Two New Yorkers Plead Guilty To Multi-State Investment Fraud. The Lynchburg News & Advance (4/1, Waugh) reported, "A Lynchburg resident was the biggest victim in an investment scheme devised by five New York men." Dennis Testa and Nicholas Lanza "pleaded guilty Friday to bilking seven people in at least five states out of more than $400,000 by tricking them into purchasing non-existent stock for a company in New York, according to a release from the U.S. Attorney's Office." The News & Advance notes, "The charges came out of an FBI investigation that began in 1998 involving an individual who posed as a legitimate stockbroker in New York and made calls to investors in other states, including Virginia." Assistant U.S. Attorney Nancy Healey "said she thought the FBI did a great job on the case and said she hopes people learn something from the case. 'I think this case shows that people who think that they can get away with crime outside their home area are mistaken.' she said.

Duke Lacrosse Coach Resigns Over Rape Scandal. ABC World News Tonight (4/5, story 4, :30, Vargas) reported Duke University lacrosse coach Mike Pressler has resigned, "three weeks after three of his players were accused of raping a woman. Also today, Duke's president cancelled the rest of the season for the team. He cited what he called the sickening and repulsive contents of a warrant to search the house where the rape allegedly took place. Police are awaiting the results on DNA tests on nearly every player on the lacrosse team."

The CBS Evening News (4/5, story 8, 0:20, Mitchell) reported Durham, North Carolina, police "pressed their investigation of rape allegations against three players."

NBC Nightly News (4/5, story 5, 0:20, Williams) reported, "No charges have been filed in this case as yet but the scandal has caused racial and class tensions in the community."

CIVIL LAW:

Waxman Seeks Details Of Pentagon Contract. The Los Angeles Times (4/5, Roche, 958K) reports, "Rep. Henry A. Waxman (D-Los Angeles) asked the Pentagon on Wednesday to release details of a $47-million Air Force contract that an inspector general's report has found was awarded improperly." Waxman "cited the March 3 report, which says the no-bid contract to a subsidiary of Engineered Support Systems Inc., or ESSI, came as a result of intervention by Darlene A. Druyun. … Waxman noted in his letter that President Bush's uncle, William H.T. Bush, was an ESSI shareholder when the vehicle maintenance contract was awarded."

CIVIL RIGHTS:

Osceola, FL, Rejects DOJ Voting Rights Settlement Offer. The Orlando Sentinel (4/6, Sashin)

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reports, "Osceola County commissioners have rejected the first settlement offer in the federal government's voting-rights lawsuit against the county." The Sentinel continues, "Justice Department attorneys last month proposed a meeting to discuss a possible settlement. It suggested Osceola could switch from its countywide election format to five or six district seats and satisfy the Voting Rights Act. … 'We remain open to considering alternatives that accomplish that objective and meet the interests of the county and its officials,' Justice Department attorney Tim Mellett wrote in a March 13 letter to Osceola's outside counsel, Vincent Fontana." The Sentinel adds, "The County Commission met in closed session March 27 to discuss the matter, and the county attorney's office planned to send an official response late Tuesday. … Fontana also disputed a Justice contention that it had created a district model in which one of five had a majority of Hispanic citizens of voting age. In such a district, the New York attorney said, eligible Hispanic voters still would be in the minority. … The five county commissioners now reside in different districts but are elected countywide. In its July lawsuit, the Justice Department says Osceola could give Hispanics more influence at the polls by switching from countywide or "at-large" elections to five equal-size districts, one of which would be majority Hispanic, to counter what it claims has been a history of bloc voting by non-Hispanics against Hispanic candidates. … The county contends Hispanics would be worse off under the Justice Department's plan because they would have influence in only one or two districts, Fontana said."

FBI Joins Investigation Of Assault On Baylor Muslim Student. KWTX-TV Waco (4/5) reports, "The FBI is working with the Baylor University Department of Public Safety to investigate an attack on a female Muslim student on the campus, Baylor Police Chief Jim Doak announced Wednesday evening. 'We have had an FBI representative on campus with us throughout the day today and will continue to work with the agency as this process goes forward,' Doak said." KWTX notes that the student "required emergency room treatment for a dislocated shoulder and contusions." Baylor University (4/5, Fogleman) adds on its Web site, "Formally known as a Domestic Police Cooperation investigation, the FBI is partnering with Baylor DPS to lend its resources to the process of gathering and analyzing leads and other information related to the case."

Florida Mosques, Temples Report Rising Hate Crime Incidents. The Miami Herald (4/6, Fantz, 323K) reports, "The weekend defacing of a Muslim prayer hall and a new audit of hate crimes against Jews brought into relief the continuing threats against Muslim and Jewish houses of worship in South Florida. On Sunday, volunteers for the Islamic Center of South Florida discovered that vandals had sprayed the words 'Osama BinLeden' in yellow paint on a wall of their new school," and "the Anti-Defamation League released an audit on Wednesday indicating that hate crimes against Jews increased statewide last year, from 173 in 2004 to 199 in 2005." Additionally, "At least five incidents of vandalism in South Florida involved mosques or places of Muslim worship last year."

Growing Muslim-American TV Network To Reach 1 Million US Homes. The AP (4/6, Thompson) reports, "A first-of-its-kind Muslim-American television network launched a year ago has gone from being a premium pay channel to a basic-cable offering on several cable and satellite systems, broadening its reach from 10,000 to more than 1 million U.S. homes. Bridges TV, featuring Muslim-American lifestyle and cultural programming, also has been approved by the Canadian Radio & Television Commission to start broadcasting in Canada." The AP notes, "The Buffalo office of the FBI has taken notice and will use the network for an 'FBI Townhall Meeting' May 15, during which an FBI agent will field on-air questions and comments from Muslim and Arab-American viewers."

NASCAR Objects To Show On Anti-Muslim Attitudes. NASCAR is objecting to a planned series on the NBC newsmagazine "Dateline," about American attitudes toward Islam, claiming the series targets race fans as potential sources for harassment of Muslim-Americans. The Washington Times (4/6, Lemke, 90K) reports that the newsmagazine is "placing Muslim and Arab-American volunteers in a variety of public places, including NASCAR races, and filming their experiences in an attempt to record discrimination or harassment. … Arab-Americans were stationed in the crowd at last week's NASCAR race in Martinsville, Va., and NBC is considering doing the same at Sunday's race in Fort Worth, Texas. NBC officials said NASCAR races were only one place where Muslims would be placed."

NOPD Facing New Brutality Allegations. In a widely-distributed story, the AP (4/6, Foster) reports, "New Orleans' police department…is investigating new allegations of brutality: claims that three white officers beat up the wife of a black officer this week. The probe comes less than a week after two former officers -- both white -- were indicted on felonies in the French Quarter beating of a black retired teacher," although "two FBI agents seen helping to restrain the man were cleared of wrongdoing Wednesday, the bureau said." The victim of the alleged beating this week, Jonie Pratt, "had a black eye, a swollen forehead and a brace on her fractured left wrist," and her mother-in-law "said the injuries were inflicted after police pulled Pratt over, claiming she ran a stop sign. … The FBI said it is conducting a preliminary inquiry to determine whether the case warrants further investigation." The New Orleans Times-Picayune

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(4/5, 257K) reported FBI Special Agent Sheila Thorne said that the bureau has opened a "preliminary inquiry" into the new allegations. Thorne added, "Whenever we become aware of an allegation of a possible civil rights violation, we look into it to see if it warrants further investigation."

Pennsylvania County Scraps New Voting Machine Deal. The Pittsburgh Post-Gazette (4/5, Sherman) reports, "With just six weeks to go before the May primary, Allegheny County is scrapping a multi-million-dollar deal for electronic voting machines built by Sequoia Voting System and instead is purchasing 4,700 touch-screen machines from Nebraska-based Election Systems and Software Inc." The Post-Gazette continues, "County Chief Executive Dan Onorato made the announcement today, saying Pennsylvania Secretary of State Pedro A. Cortes told him last week that Sequoia's system likely would not be certified because of critical software problems. … That information convinced county officials to fall back on an $11.9 million deal with ES&S for the company's iVotronic unit, which resembles a bank ATM and has already received both state and federal certification." The Post-Gazette adds, "More than 20 Pennsylvania counties already have decided to purchase the iVotronic to satisfy the Help America Vote Act, a sweeping federal law that requires local governments nationwide to upgrade their voting equipment this year or face legal action from the Justice Department. … Because of the looming deadline, ES&S plans to supply each of the county's more than 1,300 voting precincts with at least one machine by the May 16 primary election, although they hope to have at least two per precinct. For the November general election, the company hopes to have all 4,700 machines in place."

Man Sues Prince George's County Police Claiming Racism. The Washington Post (4/6, B4, Londoño) reports, "An African American restaurateur from Prince George's County filed a civil rights lawsuit yesterday against the Montgomery County police department and two patrol officers alleging that he was unreasonably stopped, searched and arrested because he is black." The Post continues, "Donnell Long, a chef who owns two Largo restaurants -- Stonefish Grill and the Red Star Tavern -- was pulled over in Silver Spring on Feb. 23 as he was driving two employees home in a vehicle that belongs to a relative of one of the passengers. … Long said he was handcuffed for nearly 40 minutes by two white officers who, he said, searched the inside of his vehicle, including his trunk, without permission. … Long is seeking $5 million in damages." The Post adds, "In the late 1990s, the U.S. Department of Justice investigated allegations of racial profiling against the Montgomery police. The department agreed to keep better data on whom officers stop and why and to have officers attend diversity training courses."

Faith-Based Groups Sue Over Wisconsin Campaign. A coalition of faith-based groups has filed suit saying their First Amendment's rights of freedom of religion and expression were violated when they were not allowed to participate as recipients in a program through which Wisconsin state employees can earmark charitable donations through payroll deductions. The Milwaukee Journal Sentinel (4/6, Forster, 266K) reports, "The federal lawsuit by the Springfield, Va.-based Association of Faith-Based Organizations said a state committee has rejected applications from organizations that are led by people who share a religious faith. … The lawsuit challenges the procedures for determining which organizations are eligible to receive contributions through the Wisconsin State Employees Combined Campaign. The campaign, which has been run annually since 1973, allows state and University of Wisconsin employees to have charitable contributions deducted from their paychecks during a monthlong window. About 10,000 state employees participated in 2005, donating $2.8 million."

Virginia AG Sides With Boy Scouts In Lawsuit. Virginia State Attorney General Robert McDonnell is supporting a Defense Department effort to overturn a court ruling barring the Boy Scouts of America from holding its annual Jamboree at Fort A.P. Hill in the state. The Washington Times (4/6, McLaughlin, 90K) reports, "Last year, a federal court in Chicago sided with the American Civil Liberties Union (ACLU), saying the Pentagon's assistance in the Scouts' Jamboree was unconstitutional because the group's 'duty to God' oath makes it a religious organization. Oral arguments are scheduled to start today in the 7th U.S. Circuit Court of Appeals in Chicago." McDonnell said, "This is the latest attempt by a leftist, liberal group to go after an outstanding group in the Boy Scouts of America."

DC Government To Fund PR Campaign On Statehood. The DC government is planning to fund a public relations campaign on DC statehood. This, despite a federal law barring the use of city o federal funds for such activities. The Washington Times (4/6, Doolittle, 90K) reports that the city will distribute $1 million in grants to several groups for the campaign. Grant supporters "say the law against lobbying does not apply because the money is to be used for 'education.' They say the education grant is a creative way to circumvent federal guidelines." According to the Times, "Our Nation's Capital (ONC) will receive $300,000 and the League of Women Voters (LWV) of the District of Columbia will receive $200,000 for the public relations campaign."

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Universities Yielding To Wishes Of Faithful On Hiring. A front page story in the Wall Street Journal (4/6,Golden, 2.11M) reports on "the rising influence of religious groups over the teaching of their faiths at secular colleges, despite concerns about academic freedom. US universities have usually hired religious-studies professors regardless of whether they practiced or admired the faiths they researched." But "some universities are bending to the views of private donors and state legislators by hiring the faithful."

Automatic Voter Registration For High School Seniors Proposed. John B. Anderson, a candidate for president in 1980, and the chairman of FairVote, which promotes fair elections, and Ray Martinez III, who serves on the United States Election Assistance Commission, write in the New York Times (4/6, 1.19M) that "all too many young people will graduate from high school without registering to vote and without even taking a class on the basics of voting. We need a new 'leave no voter behind' policy. … We propose automatic voter registration for all high school seniors; our goal is the registration of all eligible students before they graduate." They conclude, "By improving our registration and education efforts, we will not only help protect the voting preferences of younger Americans but the long-term vitality of our participatory democracy. Let's not leave any voters behind."

ANTITRUST:

FTC Gives Antitrust Nod To Boston Scientific-Guidant Deal. The AP (4/6) reports, "Boston Scientific Corp. said Wednesday it has won antitrust clearance from the Federal Trade Commission's staff for its $27 billion acquisition of former medical devices rival Guidant Corp., but is still awaiting final approval from the full commission as well as European regulators." The AP continues, "Also on Wednesday, Guidant said its first-quarter sales dropped 6% from last year, and it expects to record more than $120 million in charges for the quarter. Guidant has suffered sliding sales because of product recalls and news that the company withheld information about the faulty devices." The AP adds, "Boston Scientific said it continues to expect its acquisition of Guidant to close around the middle of this month following regulatory clearances. … Boston Scientific said it had entered into consent agreements with the FTC staff to resolve antitrust issues. The company did not provide details on the agreements, but Boston Scientific spokesman Paul Donovan said the agreements 'do not require any material changes to the transaction.'" The AP notes, "European regulators last week pushed back the deadline they set for completing their review until April 18, although a decision could come sooner."

Wall Street Lobbying Firms Pursuing Merger. Two of Wall Street's largest lobbying groups have announced that they will pursue a merger. The Wall Street Journal (4/6, Burns, 2.11M) reports that the Securities Industry Association and the Bond Market Association "said their boards of directors voted to endorse the concept of merging. Once the details are worked out, the two boards will vote on final approval June 30, with the full membership of each group voting on the merger after that."

JP Morgan Gets FTC Approval To Buy Kohl's Card Unit. Dow Jones (4/6) reports, "J.P. Morgan Chase & Co. received antitrust clearance from the Federal Trade Commission to buy the credit-card operations of department store chain Kohl's Corp. for $1.5 billion." Dow Jones continues, "The FTC announced Wednesday that it granted J.P. Morgan early termination on Tuesday of the waiting period required by the Hart-Scott-Rodino antitrust law. … The Kohl's portfolio includes 13 million accounts with about $1.5 billion in outstanding balances. Kohl's (KSS) is based in Menomonee Falls, Wis." Dow Jones adds, "As part of the transaction, the two companies will coordinate programs aimed at spurring Kohl's sales and card use. Kohl's will continue to manage customer service, advertising and marketing for the cards."

Group Asks Judge To Keep Seattle Newspaper Dispute In Court. The Seattle Post-Intelligencer (4/5, Richman) reports, "A self-styled citizens' group today asked a King County Superior Court judge not to halt courtroom proceedings over the contract binding Seattle's two daily newspapers." The P-I continues, "Halting the litigation would be a necessary step before the publishers could move their dispute into binding arbitration, as they proposed last week. They want to exclude the group, known as The Committee for a Two-Newspaper Town, from that arbitration. … But the committee, composed of citizens and union members employed by The Seattle Times and the Seattle P-I, said that such a halt would make it impossible for its own legal claims to be heard. In its 12-page motion, the committee told Judge Greg Canova that it is 'on a par with the other two parties and has an equal right to pursue litigation in this forum without (undue) delay or disruption.'" The P-I adds, "Nearly three years ago, when P-I owner The Hearst Corp. sued to prevent The Seattle Times Co. from exiting the joint operating agreement, or JOA, that has bound them since 1983, the committee argued that key provisions of the JOA violate federal antitrust law as restraints of trade."

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Apple Launches Program Allowing Macs To Use Windows. USA Today (4/6, Graham, Kessler) reports that Apple Computer on Wednesday "for the first time unveiled software allowing Microsoft's Windows operating system to run on Apple's PCs. … That's a huge change for the iconoclastic PC maker, which has long shunned Windows even though it runs on more than 90% of PCs. Now Apple is moving toward the mainstream and easing its decades-long rivalry with Microsoft."

The Wall Street Journal (4/6) reports, "Yet the new capability may not be enough to persuade that most lucrative and demanding of high-tech customers -- businesses -- to switch large portions of their PCs to Macs, some corporate technology officers say."

The Los Angeles Times (4/6, Sanchez) reports, "Investors apparently viewed the program, called Boot Camp, and Apple's recent rollout of computers powered by Intel microchips as steps that will broaden the appeal of its products, which have been praised for their innovative features but account for less than 5% of personal computer sales. The rest of the market is dominated by PCs that use Microsoft's Windows programs in concert with Intel chips. … The Cupertino, Calif.-based company made Boot Camp available today on its website as a free download. After users download and install Boot Camp, they can purchase a copy of Windows and will then be able to switch between Apple's operating system and Microsoft's program every time they restart their computers, the company said."

The Washington Post (4/6, D1, Musgrove) reports that "analysts said yesterday that Apple's Boot Camp software -- which allows the Windows operating system to run on an Apple machine -- is significant for Apple because it helps change the stakes in a purchasing decision that, for years, has kept the Mac's share of the PC market under 5 percent. Boot Camp…could tempt computer buyers who had previously resisted buying a Mac."

The New York Times (4/6, Markoff) reports, "The move was greeted with exuberance even among the loyal cult of Macintosh enthusiasts who sustained Apple through many bleak years before its resurgence on the strength of its iPod music player. Its sleek machines have long been objects of consumer lust but are frequently passed over in favor of more pedestrian computers that run Windows, leaving Apple with about 5 percent of the personal computer market."

Finnish Antitrust Officials Suspect Forest-Product Price-Fixing. The AP (4/5) reports, "The Finnish Competition Authority said Wednesday it suspects three forest companies of price fixing and has asked them to respond." The AP continues, "In a statement, the agency said it began an investigation in 2004 into suspected 'forbidden price cooperation and exchange of information for the purpose of limiting competition in wood procurement' in 1997-2004, but gave no details." The AP adds, "The antitrust body has given the three forest-product companies, Stora Enso Oyj, UPM-Kymmene Corp. and Metsaliitto Osuuskunta, until mid-May to respond to the results of its investigation after which it will decide whether to pursue the case in court. … The competition authority also noted that UPM-Kymmene might receive immunity because 'it had cooperated with the FCA.'"

P&G, Coca-Cola Settle Patent Suits. The AP (4/6) reports, "Procter & Gamble Co. has settled a lawsuit against Coca-Cola Co. that claimed the beverage maker was using P&G's patented technology that adds calcium to fruit juices, the companies said." The AP continues, "The lawsuit, filed in May 2002, said Coca-Cola's Minute Maid juice division was violating P&G's 1988 patent. P&G said that it had exclusively licensed the patented technology to Tropicana Products Inc., a division of Pepsi-Co Inc. … The settlement will allow Coca-Cola to continue selling its calcium fortified juices." The AP adds, "The companies also announced settlement of another lawsuit alleging Coca-Cola was using P&G's patented preservative system in several of its products. Under that agreement, Coca-Cola will be allowed to use the technology in certain noncarbonated products. … P&G has filed a variety of such infringement suits against other companies over the years."

ENVIRONMENT:

Grand Jury Subpoenas Acuity Brands In Wastewater Plant Probe. Dow Jones (4/6) reports, "Acuity Brands Inc. said Wednesday that it and its Acuity Specialty Products Group Inc. unit received grand jury subpoenas in March related to the Justice Department's ongoing investigation of the unit's wastewater pretreatment plant in Atlanta." Dow Jones continues "Acuity Brands, an Atlanta-based provider of lighting fixtures and specialty chemical products, said in a quarterly report with the Securities and Exchange Commission that the Justice Department had requested information regarding Acuity Specialty's management of hazardous waste at the plant. The investigation mainly concerned the unit's operation of the plant, according to the SEC filing." Dow Jones adds, "Acuity Brands said the latest subpoenas are in addition to ones the company and its unit received in August 2003 and another subpoena that went solely to Acuity Specialty last April."

US Probing BP's Pipeline Problems. The Wall Street Journal (4/6) reports, "U.S. environmental regulators are conducting a criminal investigation into BP PLC's management of pipelines in Alaska's North Slope, according

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to people familiar with the matter, adding to mounting regulatory scrutiny of the British energy titan's U.S. operations." The Journal continues, "These people said the investigation, which has been under way for several months by officials at the Environmental Protection Agency, was expanded to include an early March spill of an estimated 134,000 to 267,000 gallons of crude from a BP-operated pipeline at Prudhoe Bay. Alaska state conservation officials say the pipeline ruptured from internal corrosion, causing what is considered the largest oil spill ever in the energy-rich North Slope." The Journal adds, "One person familiar with the matter said the federal investigators are looking at corrosion issues on the ruptured line, as well as others in the area, to determine if BP has committed any violations of the federal Clean Water Act. The act carries criminal and civil penalties for violations, such as allowing oil to spill into a federal waterway. … The EPA probe is just the latest embarrassment for BP -- the world's second-largest publicly traded oil company, after Exxon Mobil Corp. -- and Chief Executive John Browne, who has aggressively promoted the company as environmentally friendly and socially responsible."

Administration Said To Be Muzzling Scientists On Global Warming. The Washington Post (4/6, A27, Eilperin, 744K) reports scientists "doing climate research for the federal government say the Bush administration has made it hard for them to speak forthrightly to the public about global warming. The result, the researchers say, is a danger that Americans are not getting the full story on how the climate is changing." Employees and contractors "working for the National Oceanic and Atmospheric Administration, along with a U.S. Geological Survey scientist working at an NOAA lab, said in interviews that over the past year administration officials have chastised them for speaking on policy questions; removed references to global warming from their reports, news releases and conference Web sites; investigated news leaks; and sometimes urged them to stop speaking to the media altogether. Their accounts indicate that the ideological battle over climate-change research, which first came to light at NASA, is being fought in other federal science agencies as well."

Senate Democrats Criticize EPA Nominee, Bush Air Pollution Proposals. CQ (4/5, Tollefson) reports Senate Democrats yesterday "hammered the Bush administration's choice to manage the EPA's air and radiation program, questioning his role in developing industry-friendly pollution regulations." William L. Wehrum, "the acting administrator for air and radiation since August 2005, was nominated to fill the position permanently. Republicans on the Senate Environment and Public Works Committee generally praised him for several years of work as counsel to the previous program administrator, Jeffrey Holmstead." But Democrats "and the committee's ranking minority member, James M. Jeffords, I-Vt., used the nomination to criticize several White House air pollution initiatives." An aide said Sen. Barbara Boxer "plans to put a hold on the nomination if it moves to the Senate floor, an aide said. A panel vote is expected on the nomination at the end of the month."

Study Suggests Power Companies Can Limit Greenhouse Gases. The Christian Science Monitor (4/6, Clayton, 61K) reports the nation's "big power companies are creating smaller amounts of gases that cause smog and acid rain than they were 15 years ago, but they're producing more greenhouse gases. That's the conclusion of a joint industry-environmentalist report, released Wednesday, which offers a ray of hope in the battle against global warming." David Hawkins, climate director of the Natural Resources Defense Council, said, "What this report shows is that with careful government regulation, companies can lower the pollution coming from power plants smokestacks - and we should be doing this with greenhouse gases like carbon dioxide, too." The Monitor adds "that conclusion remains anathema to many within the electric-power industry, who prefer a voluntary approach."

NYTimes Criticizes USDA Mad Cow Testing Policy. In an editorial, the New York Times (4/6, 1.19M) says, "Late last month, Creekstone Farms, a Kansas-based beef company, sued the United States Department of Agriculture" because the agency "won't let it" test all of its cattle for mad cow disease. The USDA argues that "100 percent testing would not guarantee food safety because mad cow disease can be hard to detect in younger cattle." The Times called the agency's argument "nonsense -- as if we were more likely to be safe by following a testing plan based on statistical modeling of the beef supply than by actually testing all the cattle." However, it conceded that "private testing is not the way to go in the long run." Instead, the Times says the USDA "should test every cow that goes to slaughter."

FBI/DEA/ATF/USMS:

Mueller, Gonzales Defend ChoicePoint Software Contract. The AP (4/6) reports FBI Director Robert Mueller, testifying yesterday before the justice subcommittee of the Senate Appropriations Committee, "defended…the bureau's decision to award a $12 million contract to a Georgia-based consumer data collection company that recently paid a record fine for a security breach." Sen. Patrick Leahy criticized the contract with ChoicePoint and "called the company 'the poster child for lax

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identity protection.'" Mueller "said the FBI's five-year agreement…was for software 'that will help analysts do their job. It's not a data package.'" IDG News Service (4/5, Gross) notes Leahy "blasted the DOJ and the FBI division," but Attorney General Alberto Gonzales defended the contract, saying that it "represented the best value for the FBI, and it covers software and technology, not data services."

The Washington Post (4/6, A11, Eggen, 744K) reports that at the hearing, Sen. Richard Shelby "and Democratic colleagues sharply questioned Attorney General Alberto R. Gonzales about an administration proposal to slash assistance to local law enforcement by more than $1 billion in fiscal 2007. In unusually candid remarks, two key agency heads -- FBI Director Robert S. Mueller III and Drug Enforcement Administration chief Karen P. Tandy -- acknowledged that the proposed cuts could limit enforcement efforts and discourage local police from offering assistance in terrorism inquiries and other federal investigations. … Gonzales said the cuts were a 'difficult decision' that reflected a desire to focus on the most effective uses of taxpayer money."

Shelby Questions Sentinel Contract With Lockheed Martin. IDG News Service (4/5, Gross) also reports Sen. Richard Shelby "questioned the FBI's investments in new technology following its decision in March 2005 to abandon a case-management project after spending $170 million over four years. … 'This new technology is critically important, but I remain concerned that the FBI does not possess the necessary project management expertise, nor do I feel that the FBI has applied lessons learned from past mistakes,' said Shelby. FBI Director Robert Mueller said the new contract with Lockheed Martin will face performance audits from investigators within and outside the FBI. … 'We have learned from the mistakes of the past, and we are intent on bringing this home,' he said."

Closing Arguments Made In Drug Trial Of Baltimore Police Detectives. The Baltimore Sun (4/5, Dolan, 296K) reported that in closing arguments Tuesday at the corruption trial of Baltimore detectives William King and Antonio Murray, Assistant US Attorney Charles Peters "called the detectives 'animals' for preying on victims in a 'jungle' of West Baltimore -- a characterization that drew an impassioned rebuke from the officers' attorneys." Defense lawyer Russell Neverdon "described the officers as scapegoats inside a department that had been buffeted by the changing policies of several police commissioners in recent years." The Sun notes, "Relying on testimony from cooperating witnesses and hours of secretly recorded conversations from the FBI, prosecutors charged King and Murray last year with conspiring to rob and extort cocaine, heroin and marijuana -- as well as drug-related proceeds -- from suspects they pursued on city streets in late 2004 and early 2005."

DEA Said To Be "Retooling" For Age Of Terrorism. In U.S. News and World Report (4/5) David E. Kaplan writes, "Remember the war on drugs? It's still there, folks, but the narcs have taken a back seat to the war on terrorism. Not to miss a beat, the Drug Enforcement Administration, the 11,000-strong counternarcotics force under the Justice Department, is retooling for the age of terrorism and focusing more of its efforts on what it calls the drug-terror nexus. … Using techniques honed against Latin American drug lords, the DEA is employing a 'kingpin' strategy to take out traffickers tied to terrorist groups."

ACLU Claims Ethnic Bias In Georgia Meth Case. The New York Times (4/6, Zernike) reports the ACLU "is accusing federal prosecutors of ethnic bias in a sting last summer in which South Asian owners of convenience stores in Georgia were charged with selling household ingredients that could be used to make methamphetamine. In a legal filing, the ACLU said yesterday that prosecutors ignored extensive evidence that white-owned stores were selling the same items to methamphetamine makers and focused instead on South Asians to take advantage of language barriers.

The Atlanta Journal-Constitution (4/6, Ahmed) reports the ACLU "said that while more than 80 percent of stores in the area where 'Operation Meth Merchant' was conducted are owned by whites or other ethnic groups, 23 of the 24 stores targeted by the investigation are owned by South Asians. All but five of the 49 convenience store clerks and owners who were indicted are South Asians, many with the last name Patel."

The Rome (GA) News Tribune (4/6) reports, "In Wednesday's motion — which asks for the dismissal of charges against 'Operation Meth Merchant' defendants Falgun Patel, Sudhirkumar Patel and Satishkumar Patel based on racially biased investigation practices in the case — the ACLU cited statistics indicating that more than 19 percent of all South Asian-owned convenience stores were indicted in the case as compared to 0.2 percent of all stores owned by whites or other ethnic groups."

Man Accused Of Making Meth At His Florida Home. The Miami Herald (4/5, Staff) reports the DEA "has arrested a man who investigators say ran a methamphetamine lab from his Hollywood (FL) home. The Herald says Gene Lawrence Cruncleton is accused of attempting to make meth, according to DEA agent Jeannette Moran. Police "found ammonium nitrate in the house…and

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evidence that methamphetamine had recently been cooked in the home."

The South Florida Sun-Sentinel (4/6, Haas) reports authorities say they "seized several handguns, high-powered rifles and shotguns, about a thousand rounds of ammunition, meth ingredients and possible bomb-making chemicals from Cruncleton's home on Tuesday. Police evacuated three-dozen homes in the neighborhood Tuesday afternoon because the chemicals used to make meth are highly explosive."

Former St. Louis Police Officer Convicted In Heroin Conspiracy. The St. Louis Post-Dispatch (4/5) reports former St. Louis police officer Antoine Gordon "was convicted Wednesday of helping a heroin ring by using a law enforcement database to try to identify a possible informer. … A Drug Enforcement Administration wiretap caught Gordon in an incriminating conversation with the ringleader, Adrian Minnis, in June 2004, prosecutors said. Minnis pleaded guilty Friday."

11 Indicted For Importing Knockoff Cigarettes. The Philadelphia Inquirer (4/6, Wood) reports New Jersey authorities "announced yesterday that they had snuffed out a ring that imported tens of thousands of cartons of [cigarette] knockoffs from China. Seven people from Philadelphia and four from South Jersey were charged in indictments after a two-year undercover operation in Atlantic City and South Jersey. Three New Jersey troopers infiltrated the organization and bought more than 32,000 cartons of cut-rate Marlboro Lights, 25,000 doses of the nightclub drug ecstasy, and more than 125 pounds of potent marijuana." The Inquirer says several law enforcement organizations took part in the investigation, including the DEA.

Florida AG Withdraws From Case Following Dispute Over Steroid Questions. The AP (4/5) reports Attorney General Charlie Crist "has decided his office will no longer represent current and former Corrections Department officials in a federal lawsuit filed by Florida State Prison inmates who allege that guards sprayed them with chemical agents. The issue came to a head after an attorney in Crist's office filed a motion stating those officials should not have to answer questions about their steroid use. … 'We are not representing these guys if they will not answer questions about their use of illegal drugs,' Crist said."

Washington Post Profiles Barry Bonds, MLB Steroid Investigation. In a lengthy article, The Washington Post (4/6, A1, Fainaru) profiles Barry Bonds and Major League Baseball's investigation of steroid use and writes, "Steroids help build muscle and speed recovery but have been banned by most professional sports leagues because they also are known to cause undesirable side effects, create an uneven playing field and are illegal without a prescription. Bonds's current predicament -- chasing Ruth and Aaron while under investigation for using drugs to help him hit home runs -- at times borders on the surreal."

Pakistani Man Said To Have Regrets Following Drugs-For-Arms Plot. The San Diego Union-Tribune (4/5, Thornton) reports the Pakistani man who "received 57 months in prison for his part in a conspiracy to trade heroin and hashish for shoulder-launched Stinger missiles and cash" had "declined to make a statement before Monday's sentencing in federal court in San Diego. But his lawyer, John Cotsirilos, said his client had expressed 'regret' in a letter to the court." Saifullah Durrani and two others "have admitted they negotiated a deal in Hong Kong in September 2002 to sell heroin and hash and to accept as part of the payment four Stinger missiles that they would then sell to al-Qaeda or the Taliban."

FL: Dwight Gooden Gets 1-Year Prison Sentence Following Cocaine Use. The New York Times (4/6, Stout) reports Dwight Gooden, the former pitching star who "squandered much of his talent with self-destructive behavior off the field, was sentenced to a year and a day in a Florida state prison yesterday for violating his probation by using cocaine. Gooden, 41, was sentenced by Judge Daniel L. Perry in state circuit court in Tampa, Fla., after expressing remorse over his latest run-in with the law," according to prosecutor Pam Bondi.

The AP (4/5) reports Gooden "was serving three years' probation for speeding away from police during a drunken driving traffic stop last year when he failed a drug test and acknowledged to a probation officer that he had used cocaine. He chose the prison sentence over reinstatement of his probation, which would have meant the prospect of five years behind bars if he violated it again."

Hyde Says Drug War "Adrift" In Western Hemisphere. House International Relations Committee Chairman Henry Hyde says the war in drugs is "adrift" in the Western hemisphere. The Washington Times (4/6, Seper, 90K) reports that Hyde says the Bush Administration "is claiming a 'premature victory' in the war against Colombian drug traffickers and diverting its focus to the Middle East." Hyde said, "I am concerned our efforts to fight the scourge of illegal narcotics seem to be adrift in our hemisphere," adding, "After five years of Plan Colombia, we are finally seeing success in our war on drugs. Unfortunately, these positive results seem to have lulled the administration into a false sense of security, causing it to claim premature victory in Colombia and turn its attention to the Middle East and

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elsewhere." Mr. Hyde's comments "are contained in a letter last week to Rep. Dan Burton, Indiana Republican and chairman of the International Relations Western Hemisphere subcommittee."

Teen Drug Use Declining. A national survey on drug and alcohol use says drug use has edged downward among teens nationwide, with the largest decreases occurring in the Midwest and South. USA Today (4/6, Leinwand, 2.31M) reports, "Children 12 to 17 years old who reported using any illicit drug in the past month declined from 11.4% to 10.9% between 2002 and 2004. States that saw the biggest declines in teen drug use were Illinois, Nebraska, South Dakota, North Carolina, Virginia and Vermont. The study, to be released today by the U.S. Substance Abuse and Mental Health Services Administration (SAMHSA), combines data from interviews of 135,500 people in 2003 and 2004 as part of the National Surveys on Drug Use and Health."

US, Venezuela Said To Be Finishing Anti-Drugs Agreement. The Miami Herald (4/5, Bachelet) reports Mari Pili Hernández, who heads the North American department in the Venezuelan foreign ministry, "said Tuesday her country was willing to start regular talks with the Bush administration, routinely attacked by President Hugo Chávez, on issues that include drug trafficking and energy matters. … Officials on both sides have been putting the finishing touches to a drug-trafficking agreement that would allow the Drug Enforcement Administration to resume its activities in Venezuela, Hernández said."

FBI, US Marshals Searching For Louisiana Prison Escapee. CNN.com (4/5, Frieden) reports, "FBI agents and U.S. marshals are searching for a convicted murderer who escaped Wednesday from a federal prison in Louisiana." Richard McNair "is serving a life sentence in the U.S. penitentiary in Pollock, Louisiana, after being convicted of murder and burglary in North Dakota. … Authorities are still investigating how McNair escaped, said Jane Haschemeyer, a U.S. Bureau of Prisons spokeswoman."

IMMIGRATION:

US Targets Immigration Fraud With Creation Of Task Forces. The AP (4/6, Yen) reports, "The government said Wednesday it was stepping up efforts to stem illegal immigration, creating task forces in 10 cities to crack down on those who commit fraud to enter and stay in the country. The AP continues, "The task forces bring together investigators from several agencies, including Immigration and Customs Enforcement and the Justice and Labor departments, to prosecute growing cases of immigration fraud. The fraud includes the use of fake Social Security cards, drivers licenses and passports." The AP adds, "Investigators also will seek to arrest - and deport if warranted - those who lie on government applications to obtain benefits such as U.S. citizenship, political asylum or a visa, said Julie Myers, assistant secretary for Immigration and Customs Enforcement, which is headed by Homeland Security. … 'One of the lessons from 9/11 is that false identities and fraudulent documents present serious risks to national security,' said Homeland Security Secretary Michael Chertoff. 'We must deny criminals the identification tools they need to threaten our country.' … In the last two years, the number of immigration fraud investigations has jumped 54 percent to 3,591 cases and arrests have risen from 1,300 to 1,391, officials said. They cited the growing sophistication of technology such as high-resolution digital scanners, which make it easier to produce fraudulent documents, for the increased number of cases. … The Document and Benefit Fraud Task Forces will be located in Atlanta, Boston, Dallas, Denver, Detroit, Los Angeles, New York, Newark, N.J., Philadelphia and St. Paul, Minn. It is modeled after a Washington, D.C.-area task force coordinated by the U.S. attorney's office."

The Atlanta Journal-Constitution (4/6, Malone, 430K) reports on the Atlanta Task Force and notes, "Michael J. Maxwell, who quit in February as director of the U.S. Office of Security and Investigations for immigration services, is scheduled to testify today to the House Subcommittee on International Terrorism. … Among the complaints prepared for his testimony, Maxwell says that employees assigned to perform checks on would-be citizens or permanent residents were increasingly denied access to FBI crime and terrorism databases that record allegations of criminal behavior or security problems."

GOP Senators Reach Agreement On Immigration Reform. The New York Times (4/6, Swarns, 1.19M) reports, "A group of Senate Republicans reached agreement Wednesday night on a compromise proposal that they hope can garner bipartisan support and bring passage of a bill on the future of the nation's 11 million illegal immigrants. The compromise, which followed a day of negotiations, was endorsed by Senator Bill Frist of Tennessee, the majority leader." But "it did not have the commitment of all Republicans, much less Democrats who have backed an approach that would put nearly all illegal immigrants on a path toward citizenship." The Times adds, "As outlined by Senate Republicans late Wednesday, the compromise would place illegal immigrants in three categories: Those who have lived in the country at least five years would be put on a path toward guaranteed citizenship, provided that they remained employed, paid fines and back

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taxes, and learned English, a senior Republican aide said. The aide said this group accounted for about 7 million of the roughly 11 million illegal immigrants believed to be living here." Those "who have lived here for two to five years, said to number about three million, would have to leave the country briefly before reporting to an American port of entry, where they would be classified as temporary workers. … The remaining one million or so, those who have lived in the country less than two years, would be required to leave." The Los Angeles Times (4/6, Gaouette, Reynolds, 958K) says "aides" to Frist "said a majority of GOP senators would support" the deal, "ending a stalemate that threatened to prevent action on the issue." But "any bill that comes out of the Senate would have to be reconciled with a harsher measure passed by the House."

CQ (4/6, Sandler) reports Frist "filed for cloture on the carefully negotiated measure he hopes he can persuade enough Republicans to accept as an alternative to the committee measure, which would put the estimated 11 million to 12 million illegal immigrants in the country on a path to citizenship." The new plan was proposed by Republican Sens. Chuck Hagel and Mel Martinez of Florida. There also "will be a cloture vote Thursday morning on the Judiciary Committee version favored by many Democrats, although Republican unity against the minority attempt to control the floor has doomed that effort." The Washington Post (4/6, A18, Weisman, 744K) also reports that "as of last night," he vote "to break a filibuster" on that measure "appeared almost certain to fall short of the 60 supporters needed -- in large part because of the bruised Republican feelings over Reid's parliamentary tactics that have tied up the Senate for days." The Post adds that even Sen. John McCain "said he would not bow to the Democrats' tactics and vote to end debate."

The Washington Times (4/6, Hurt, 90K) headlines its story "Senate GOP To Filibuster Alien Bill," reporting "Senate Republicans will filibuster their own immigration bill today in the face of steadfast refusal by Democrats to allow amendments to the bill that many conservatives view as granting amnesty to illegal aliens." The Times adds, "As an alternative, Majority Leader Bill Frist reached an agreement last night with fellow Republicans on a new comprehensive immigration plan that includes increasing border security and a guest-worker plan," but "still does not resolve concerns about amnesty." Frist "declined to tell The Washington Times last night how he would vote on the alternative measure."

The AP (4/6, Espo) reports "the White House offered no reaction to the GOP plan, although President Bush has called for comprehensive legislation that includes steps to offer legalized status to those in the country unlawfully."

In a story that doesn't include news of the late-night deal, USA Today (4/6, Kiely, 2.31M) notes Frist yesterday had "warned colleagues that they are on course 'to leave here in a few days having accomplished nothing.'" Sen. Dick Durbin of Illinois, the deputy Democratic leader, "said the Senate is approaching a 'historic' vote" and urged President Bush "to intervene." The Hill (4/6, Allen) says "Senate Republicans and Democrats loudly blamed each other for a stalemate,"

The Christian Science Monitor (4/6, Jonsson, Chaddock, 61K) sees a change in public opinion on immigrants "since the 1990s," as the public's views of Latin American and Asian immigrants have become more positive, despite concerns over the drawbacks of immigration. Both groups are seen as hard-working and committed to family. … Immigration legislation now before Congress is pulling much of this ambivalence into the open. … In contrast to the debate during the 1986 reforms, the focus this year is jobs, not culture. Those who do not want to grant illegals any legitimate status are talking less about English-speaking and more about prospects for low-wage Americans. "

Bush's "Calculated Ambiguity" Said To Increase Risk Of Stalemate On Hill. In an analysis piece, the Los Angeles Times (4/6, Brownstein, 958K) says that as the immigration debate continues, President Bush "has adopted a strategy of calculated ambiguity that some worry may increase the risk of a legislative stalemate. Administration officials have been closely involved in this week's swirling Senate negotiations over proposals to rewrite the nation's immigration laws." But "in public and private, Bush and his aides have avoided a clear position on the most difficult issue dividing senators: whether to provide a clear path to American citizenship for as many as 12 million illegal immigrants in the United States -- a process critics deride as amnesty." The AP (4/6, Gamboa) reports Bush, "facing Republican divisions on immigration, urged the Senate on Wednesday to swiftly approve a comprehensive bill affecting millions of illegal immigrants now in the country. 'This is a vital debate,' he declared."

Industry Lobbyists Focus On Visas For High-Skilled Workers. The Wall Street Journal (4/6, 2.11M) reports on the importance of "the future of thousands of high-skilled foreign workers seeking admission to the country -- scientists, mathematicians, health-care workers…to the US economy. Because of the key role many of those workers play in cutting-edge businesses, industry lobbyists are pushing measures that would more than double the number of visas available to skilled workers." The Journal adds, "Employers are particularly irked by the visa system's treatment of foreign-born scientists who must leave the country after finishing their studies if a US company can't secure a visa to hire them. As it is, US-born students account for only about half the science, math, technology and engineering advanced-degree holders turned out by American universities yearly. When companies run out of US-born workers, and then can't hire immigrants, 'projects get dropped or delayed,

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so development is slowed down,' says Patrick Duffy, a human-resources lawyer for Intel Corp."

Federal Task Forces Address Immigration Fraud. The Washington Times (4/6, Seper, 90K) reports, "Ten federal task forces manned by law-enforcement personnel from several agencies were created yesterday to tackle the growing problem of immigration document and benefits fraud, building on the successes of a task force in Northern Virginia. 'The task forces announced today will help restore the integrity of our immigration system and will help close the loopholes that terrorists and other criminals exploit to enter and remain in the United States by fraud,' said Deputy Attorney General Paul J. McNulty." The Times adds, "Led by U.S. Immigration and Customs Enforcement (ICE), the new Document and Benefit Fraud Task Forces will target, according to a press release:"

Former USCIS Official Says US Enemies Able To "Game" Broken Immigration System. The Washington Times (4/6, Dinan, 90K) reports at a hearing before a House subcommittee today, the former head of the Office of Security and Investigations at USCIS, Michael J. Maxwell, is scheduled to testify about "breakdowns at the agency," including a case in which a "suspected…foreign intelligence agent" that was born in Iraq used to rule on asylum applications. He "will tell legislators that the immigration system is being used by enemy governments to place agents in the United States." Maxwell told the Times that the US "immigration system as a whole is so broken that our adversaries can game it."

Debate Seen As Energizing "Sleeping Latino Giant." The Washington Post (4/6, A1, Aizenman, 744K) reports, "Drawing on fear of restrictive immigration proposals that have awakened hundreds of thousands of Latinos to political activism, organizers are using popular Spanish-language radio and networks of community organizations to mobilize protests in Washington and scores of other cities Monday." The demonstrations "are planned to expand on a groundswell that attracted about 30,000 largely Hispanic protesters in the District last month, about 100,000 in Chicago and as many as 500,000 in Los Angeles, a surprising display of political muscle from a population that makes up a substantial portion of the nation's 12 million illegal immigrants." Jaime Contreras, president of the National Capital Immigrant Coalition, "predicted that Monday's demonstration at the Washington Monument would draw 100,000 people and that nationally the turnout, in more than 60 cities, would number 'in the millions.'" He also said, "The sleeping Latino giant is finally awake." The Washington Times (4/6, Knott, 90K) also reports on the expected marches, and says "supporters of illegal aliens are promising to add to the mess, with a national call to boycott work, school and shopping places May 1."

Schools Banning Display Of National Flags. USA Today (4/6, Kenworthy, 2.31M) reports, "Several schools in Colorado, Arizona and California recently banned the display of national flags and the wearing of clothing with patriotic symbols as the divisive national debate over immigration has brought angry confrontations between Latino and Anglo students." The bans "have prompted protests by parents, stirred local debates over free speech and its limits, and caught the attention of civil liberties advocates."

Minority Journalists Say Certain Terms "Dehumanizing" Immigrants. The Washington Times (4/6, Harper, 90K) reports, "Three minority journalism groups are asking the American press to stop using 'dehumanizing' words when covering immigration." The terms "alien," "illegal alien" and "illegal immigrant," they say, "should be avoided, according to the National Association of Hispanic Journalists (NAHJ), the National Association of Black Journalists (NABJ) and the Asian American Journalists Association (AAJA)." The "preferred terms are 'undocumented immigrant,' 'undocumented worker' or 'economic refugee,' which the organizations consider more accurate and less offensive."

More Commentary. The Washington Post (4/6, A28, 744K) editorializes on whether illegal immigration affects US workers' wages. The Post says even "a small impact on low-wage workers is alarming, given the rise of inequality over the past 25 years. But the question is whether to address that inequality by trying to stop immigration or to go at it via progressive taxation, larger public investments designed to prevent poor kids from dropping out of high school, or some other policy tool. Given the expense and doubtful effectiveness of border walls and employer crackdowns, progressive tax and social policies seem preferable. … Taxing the 'immigration windfall' that flows to better-off Americans and passing it on to the less fortunate may be the best way to go."

Ronald F. Maxwell, a writer and movie director, writes a letter to President Bush in the Washington Times (4/6, 90K). He writes, "Perhaps you know me from my work. I wrote and directed the movies 'Gettysburg' and 'Gods and Generals.' … What is happening on the southern border is unprecedented. Not only in our own history, but in the history of the world. No country at any time anywhere has sustained the influx of tens of millions of foreigners across its borders. A wave of anti-American leftism is sweeping Latin America." He adds, "Your immigration policy is viewed as captive to the cheap labor -- big business lobby and inimical to the survival of our country. It is splitting the party and draining away support for your presidency. We who understand the vital stakes will not be placated by rhetoric or slogans. The failure to recognize this growing and deep disaffection among Republicans, conservatives, independents and, indeed, many Reagan Democrats, is, in the short run, going to lead to a monumental defeat for your party at the polls in November."

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David Brooks writes in the New York Times (4/6, 1.19M) that "unions have a semilegitimate concern that large numbers of these workers lower wages for US workers. This is probably true, but the effect is so modest that after thousands of studies, reputable economists have not been able to agree upon how much wages are reduced or even if they are at all."

TAX:

IRS Concerned About Phishing Scams. NBC Nightly News (4/5, story 7, 2:10, Williams) reported, "The IRS is worried about a new scam. It's calling phishing – complete with its own unique spelling -- and it is rapidly spreading through cyberspace." NBC (P. Williams) added, "Emails like this say the taxpayer is due a refund or offer a way to check on when it will be paid. They include a link to an Internet site that appears to be the actual Internal Revenue Service webpage but it is a phony too. And here's the heart of the scam: The webpage asks for personal information, including Social Security number, credit card number, even the pin number for an ATM card. The IRS commissioner says the government would never send such a message." Mark Everson, IRS Commissioner: "We don't contact taxpayers via email. We contact them sometimes by telephone but usually in writing, so we just plain don't get in touch with somebody via email, especially on anything like refunds."

IRS Allows Tax Preparers To Continue Working Despite Violations. The Wall Street Journal (4/6, Wells) reports, "The Internal Revenue Service has allowed some tax preparers to continue to practice even though they have been convicted of crimes, suspended by state officials or failed to pay their own taxes, according to a new government report. … 'Some tax practitioners who have been convicted of tax-related crimes or whose licenses have been suspended or revoked by state authorities have not been suspended from practice before the IRS,' the Treasury Department's Inspector General for Tax Administration said in the report." The Journal continues, 'The report estimates that about 22,500 licensed tax practitioners -- some 5% -- haven't complied with their individual tax obligations." The Journal adds, "Sen. Max Baucus (D., Mont.), expressed dismay about the report, which comes on top of a Government Accountability Office report that showed widespread errors committed by commercial tax-preparation firms. … 'The government has got to do more to keep the paid tax-preparation industry clean,' Mr. Baucus said in a statement. 'I believe the vast majority of CPAs, attorneys and enrolled agents prepare people's taxes honestly and accurately, but when we find those who are not honest and accurate, the IRS needs to lower the boom.' … Cono Namorato, until recently the director of the IRS's Office of Professional Responsibility, agreed in a memo to the Inspector General that the office can make improvements in its enforcement of tax practitioners. But Mr. Namorato, who is joining a law firm, said the report didn't give the IRS sufficient credit for recent improvements."

Congress Making Progress On Dividends, Capital Gains Tax Cut Extensions. The Wall Street Journal (4/6, Mullins, 2.11M) reports that for the "first time in weeks, lawmakers appear to be making progress on a bid to extend President Bush's lower 15% tax rates on capital gains and dividends." Congressional Republicans "want to give final approval to the legislation this week so that Mr. Bush can sign the bill into law by this year's mid-April tax-filing deadline," but it is "unlikely that the bill will be able to clear both the House and Senate by week's end." Republicans "on both sides agree that the bill should extend the lower capital-gains and dividends tax rates by two years, from the end of 2008 when they are now set to expire through 2010. The budget impact of the lower rates on investments is $20 billion over five years." But they "disagreed over whether the legislation should include a popular $31 billion provision to exempt millions of middle-class taxpayers from the Alternative Minimum Tax."

CONGRESS-ADMINISTRATION:

Bush Touts Health Savings Accounts In Visit To Connecticut. President Bush traveled to Bridgeport, CT, yesterday, where he touted his health care agenda, particularly his plans to extend health savings accounts. The AP (4/6, Riechmann) says the President "urged lawmakers on Wednesday to expand health savings accounts even though congressional Republicans say that is unlikely in an election year. … The Senate's top tax writer, Sen. Charles Grassley, has cast doubt that lawmakers can enact Bush's proposals to expand health savings accounts during this election year." In Connecticut, "the GOP faces two tough midterm matchups that national political analysts are watching as Republicans work to retain control of Congress." Rep. Christopher Shays, "who rode to Connecticut aboard Air Force One, is being opposed by Democrat Diane Farrell." Rep. Nancy Johnson also "faces a difficult race."

However, the Hartford Courant (4/6, Pazniokas, 206K) says Bush's visit "seemed resolutely apolitical." He "flew in on Air Force One, pitched 150 executives in a tiny theater on the virtues of health savings accounts, then headed back to Washington. By contrast, in a 2002 trip here Bush delivered a policy address to a crowd of 1,200, then made time for a $750,000 congressional campaign fundraiser." The Courant adds, "With Bush's approval rating sinking toward 30 percent, the state GOP seems uncertain how to use the president to

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help re-elect its incumbents, all of whom are on Democratic target lists. The closest the president came to politicking was a few kind words about Republican Gov. M. Jodi Rell and the hometown congressman, Rep. Christopher Shays, R-4th District." But "neither appeared on stage with Bush." Meanwhile, the New Haven Register (4/6, Bromage) reports Shays "introduced the president in very brief remarks, in which he called the health care crisis 'one of the greatest domestic challenges we face.'"

The New York Times (4/6, Rutenberg, 1.19M) says Shays "has not hesitated to disagree publicly with Mr. Bush, most recently saying the administration had made 'huge mistakes' in Iraq, though he has not wavered in his support for the war." Bush, "who lost Connecticut in the 2004 election, made veiled reference to such remarks on Wednesday. 'He is an independent fellow who speaks his mind,' Mr. Bush said of Mr. Shays, adding, as the crowd laughed, 'But he does so in a way that gets people to listen to him.' To Mr. Shays, he said, 'I'm looking forward to hearing your lecture on the way back to Washington.'"

The AP (4/6, Christoffersen) notes Bush "spoke to the Business Council of Fairfield County, which last month issued a report that found the number of uninsured residents in Connecticut, about 400,000, now equals the combined populations of the state's four largest cities." The report "says the state is facing a health care crisis and that health care is fast becoming an economic competitiveness issue."

The Washington Post (4/6, A10, Baker, 744K) reports that "with the White House preoccupied with rumors of further staff changes and Capitol Hill focused on the polarizing immigration debate," Bush was trying "to steer attention back to a domestic program that has largely languished in the two months since he unveiled it in his State of the Union address." The Post adds, "The president's health-care plan stood in striking contrast to the new legislation passed this week in next-door Massachusetts, which is set to become the first state to require that all residents obtain health insurance just as all drivers must have automobile insurance." Bush "did not directly address the Massachusetts plan, but he made the case for his less prescriptive approach that he said would give individual taxpayers the opportunity to make their own decisions about medical care."

UPI (4/6) says Bush delivered his health care remarks "to mixed reactions." Ron Pollack, executive director of Families USA, "a healthcare consumer advocacy group, said only the wealthy can afford to take advantage of HSAs, and they will not solve the problem of the uninsured." And Democratic Rep. Nydia M. Velázquez, ranking minority member of the House Small Business Committee, "said focusing on HSAs will not help small businesses with their mounting healthcare costs. Instead, she said, Bush should focus attention on legislation moving through the Senate that would enable small business to form insurance pools and purchase Association Health Plans."

The Yale Daily News (4/6, Mishkin) reports "President George W. Bush '68 arrived in the town of his birth on his way to a panel discussion about health savings accounts with business leaders in Bridgeport." The President's visit "came in the middle of a gubernatorial campaign that has focused heavily on the need to reform Connecticut's health insurance system." The visit also "occurred one day after the Massachusetts legislature passed a bill making it possible for all state residents to acquire health coverage." Bush, "who traveled via motorcade from New Haven to Bridgeport, passed a number of protestors who oppose the continued US presence in Iraq."

Shays In "Full Campaign Mode" To Explain His Stance On Iraq War. In what a front page story in the Washington Post (4/6, A1, Murray, 744K) sees a s a sign that Republicans are "nervous" that "the Iraq war could hurt them in November," Shays "is in full campaign mode, explaining his unbending support for the war to confounded voters." Shays "has distinguished himself as a reliably moderate House Republican. His middle-of-the-road stands on the environment, abortion and gay rights have irked many in his conservative party while affording him job security in his affluent, Democratic-leaning district. Not so with Iraq, the 'sentinel issue of our time,' as Shays describes it. He has strayed deep into loyalist GOP territory, and that could cost him his job." Shays faces "an aggressive and seasoned Democratic opponent, Diane Farrell, who lost by four percentage points when she challenged Shays in 2004 and who talks about the war at every public event."

Rifts Among House Republicans Said To Be Growing. The New York Times (4/6, Hulse, 1.19M) reports, "Fissures among House Republicans are growing ever more apparent, crystallized in the leadership's desperate search this week for votes to pass its budget." The "upheaval at the top, capped by Representative Tom DeLay's surprise decision to leave Congress, has emboldened centrists and conservatives to push their divergent views more assertively. With President Bush's approval ratings at or near their lows, the party is no longer being kept in line by the White House." And with Republicans "nationwide facing an inhospitable political climate, House members are far less motivated by party discipline than by what they believe it will take to get re-elected." Beyond the "spending plan, House Republicans have been split to varying degrees by immigration, the expansion of entitlement programs, tax cuts and, in a more limited but slowly expanding way, the war in Iraq."

Budget Vote Poses Steep Challenges For House GOP Leaders. The Hill (4/6, O'Connor) reports

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House Republican leaders "face unique obstacles in tackling this week's budget vote, which will be a major test for them in the wake of the decision by Rep. Tom DeLay (R-Texas) to resign." The "political uncertainty created by the coming midterm elections, coupled with a new leadership team and a strong belief among members that the House and Senate will not reach an eventual compromise, make this year's vote tougher than most." The Senate-passed measure "added almost $9 billion in discretionary spending to the overall budget number requested by the White House. The House, by contrast, is expected to vote on a bill that matches the administration's request."

The Washington Times (4/6, Fagan, 90K) reports Republican leaders "struggled to bridge a major gap between two factions in their party that threatens to doom their budget blueprint, slated to be considered today." Conservatives "want to hold the line on spending, but the more liberal Republicans are demanding spending increases before they'll vote for the $2.73 trillion measure. The budget vote -- expected today or tomorrow -- will be the first major test for House Majority Leader John A. Boehner, Ohio Republican."

CQ (4/5, Dennis) reports the "most contentious budget rules changes sought by conservatives are intended to curtail earmarks by increasing transparency and boosting the power of members to challenge earmarks on the House floor. Appropriators are resisting such efforts." Among "other rules changes, members of the conservative Republican Study Committee (RSC) want to create a budget point of order to challenge earmarks on the floor."

Deficit Reduction Focused On Limited Portion Of Budget. The New York Times (4/6, Andrews, 1.19M) reports since President Bush "took office, overall federal spending has risen 33 percent, twice as fast as under President Bill Clinton and faster than any other president since Lyndon B. Johnson. But the biggest growth has come in areas that Republicans, by and large, have supported, the military, domestic security and the biggest expansion of Medicare in 40 years." The "military and so-called entitlement programs like Medicare now account for about four-fifths of the government's $2.7 trillion budget, and they are set to keep increasing much faster than inflation or the economy. Given the political realities, they are effectively off limits for now to budget cutters." With tax cuts "putting a squeeze on government revenues, almost all the battle to shrink the budget deficit is therefore focused on the less than one-fifth of government spending that goes to domestic 'discretionary' programs like education, scientific research, national parks and space programs."

Shelby, Democrats Criticize Police Funding Cuts. The Washington Post (4/6, A11, Eggen, 744K) reports a "key Republican senator, joined by Democrats, criticized the Justice Department yesterday for proposing deep cuts in assistance to local law enforcement agencies, arguing that the reductions would hamper efforts to combat terrorism, methamphetamine trafficking and other threats." At a hearing "of the Senate Appropriations subcommittee that oversees the Justice Department's budget, Chairman Richard C. Shelby (Ala.) and Democratic colleagues sharply questioned Attorney General Alberto R. Gonzales about an administration proposal to slash assistance to local law enforcement by more than $1 billion in fiscal 2007." In "unusually candid remarks, two key agency heads -- FBI Director Robert S. Mueller III and Drug Enforcement Administration chief Karen P. Tandy -- acknowledged that the proposed cuts could limit enforcement efforts and discourage local police from offering assistance in terrorism inquiries and other federal investigations."

CAGW Says Earmarks To Cost Record $29 Billion. ABC World News Tonight (4/5, story 9, 2:20, Vargas, 8.78M) reported, "In an annual report called the Pig Book," Citizens Against Government Waste "says Congress put almost 10,000 pet projects into this year's Federal budget. They will cost a record $29 billion, up 6% from last year." ABC (Cochran) added, "You may have heard the military had trouble finding money for body armor for troops in Iraq. But the Defense Appropriations bill does have $5.6 million for a center named for the winemaker Ernest Gallo, a center, which studies alcohol and drug abuse." Sen. McCain: "And it runs into the hundreds of millions, if not billions, of dollars that should be used for the men and women in the military and the war we're fighting." Cochran: "Also in the defense bill, $1 million for the waterfree urinal conservation initiative. And $500,000 for winter sports in Alaska, the home of Senator Ted Stevens." Congress also "approved $500,000 to build a teapot museum in remote Sparta, North Carolina."

The Washington Times (4/6, Price, 90K) reports Citizens Against Government Waste "identified 375 projects totaling $3.4 billion as the 'most egregious' examples." CAGW says "most of the projects listed in the book met at least two of seven criteria: requested by only one chamber of Congress; not specifically authorized; not requested by the president; not competitively awarded; cost greatly exceeded the president's budget request or the previous year's funding; not the subject of congressional hearings; and served 'only a local or special interest.'" CAGW says, "This year's list includes: $13.5 million for the International Fund for Ireland, which helped finance the World Toilet Summit; more than $6.4 million for wood utilization research; $1 million for the Waterfree Urinal Conservation Initiative; and $500,000 for the Sparta Teapot Museum in Sparta, NC."

Stenholm Says His Line Item Veto Legislation Was Identical To White House Proposal. In a letter to the Wall Street Journal (4/6, 2.11M), former Rep. Charles Stenholm faults the paper for praising the Bush Administration's line item veto proposal after "vigorously" criticizing his "virtually identical" legislation in 1983. Stenholm writes "I offered an

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amendment that would have added expedited rescission authority as a fallback that would be available if the Line Item Veto was ruled unconstitutional. My Republican colleagues rejected my amendment, and when the line item veto was struck down the president was left without an effective tool to eliminate low-priority spending."

WSJournal Says Line Item Veto Should Be Passed This Year. In an editorial, the Wall Street Journal (4/6, 2.11M) responds to Stenholm's letter, noting, "The truth is that, back in 1993, we were defending the line-item veto proposal of Democratic President Bill Clinton. The 'modified' version then on offer from Mr. Stenholm was a weaker grant of Presidential authority favored by Democrats who were then in charge of Congress." The Journal adds, "As for the current effort to pass so-called enhanced rescission, we'll gladly take it over the dreadful spending status quo. … In any case, Mr. Stenholm's timely missive ought to remind Republicans that the 'modified line-item veto,' also known as enhanced rescission, has bipartisan support. With President Bush also asking for it, there's no excuse not to pass it this year."

White House To Nominate Bair To Lead FDIC. The Wall Street Journal (4/6, Schroeder, 2.11M) reports the White House is "expected to nominate Sheila Bair, an assistant Treasury secretary in the early years of the current Bush administration, to head the Federal Deposit Insurance Corp." Bair is "a professor of financial regulatory policy at the Isenberg School of Management at the University of Massachusetts Amherst."

Largely Along Party Lines, House Votes To Cap Contributions To 527 Groups. USA Today (4/6, 2.31M) reports, "The House of Representatives voted 218-209 on Wednesday to cap donations to non-profit political groups known as 527s, which raised more than $400 million in 2003-04 and were a significant factor in the presidential election." The bill "limits donor contributions to $25,000 a year for partisan voter mobilization activities and $5,000 a year for direct expenditures on federal elections." Republican "sponsors said the new bill closes a loophole." Democratic Rep. Steny Hoyer "said it was a move by Republicans to undercut groups that overwhelmingly favored Democratic causes in 2004. 'They are trying to gag their opponents,' he said." The Washington Post (4/6, A1, Edsall, 744K) reports the legislation "would benefit Republicans," and that it passed "in a virtual party-line vote." Roll Call (4/6, Newmyer) notes 18 Republicans voted against the measure and seven Democrats supported it.

The New York Times (4/6, Stolberg, 1.19M) calls the vote "a victory for Republicans in an otherwise difficult week, marked by the announcement that Representative Tom DeLay of Texas, the former Republican leader, would resign from Congress." The Times adds, "The new majority leader, Representative John A. Boehner of Ohio, was terse after the vote. Asked for a comment, Mr. Boehner said, 'We won.'"

The Wall Street Journal (4/6, Rogers, 2.11M) says the bill would make 527s "subject to the same rules as traditional political-action committees, or PACs." But "to win, House Speaker Dennis Hastert first had to fight his way past both liberal Democrats and a faction in his own caucus allied with conservative editorialists who say limiting 527s is an intrusion on free speech." The AP (4/6, Abrams) notes that "during the 2003-2004 election cycle, businessman George Soros gave more than $23 million to Democratic-aligned 527 groups such as Media Fund and America Coming Together. Houston homebuilder Bob Perry contributed more than $8 million specifically to help the Swift Boat Veterans for Truth group that questioned the Vietnam War record of Massachusetts Sen. John Kerry, the Democratic presidential nominee." The Washington Times (4/6, Bellantoni, 90K) reports Rep. Patrick T. McHenry, North Carolina Republican, "said 527 groups are the equivalent of 'money laundering...on a scale that would make Tony Soprano blush.'"

McCain, House Leaders Reach Accord On Party-Federal Candidates Coordination. The Hill (4/6, Bolton) reports, "House Republican leaders have struck a deal with Sen. John McCain (R-Ariz.) to eliminate restrictions on coordination between national parties and federal candidates, a change in the law that would be of great benefit to the winner of the 2008 GOP presidential primary, according to congressional sources." The Hill adds, "Republican and Democratic campaign-finance experts alike believe the change would be a boon to McCain's campaign, if he wins his party's nomination in three years, an outcome that political handicappers are beginning to view as a real possibility."

GOP Leaders Take Issue With DeLay Comments. House GOP leaders say Rep. Tom DeLay's accusation that Republicans lack a vision or an agenda is unfair. The Washington Times (4/6, Fagan, 90K) reports that Ron Bonjean, spokesman for House Speaker J. Dennis Hastert, "responding to Mr. DeLay's accusation yesterday in The Washington Times, said party leaders are pushing an aggressive agenda to provide economic security and homeland security." DeLay "made the accusation after announcing that he would resign from the House."

DeLay Departure Seen As Setback For Conservatives. The New York Times (4/6, Kirkpatrick, 1.19M) reports that several conservatives are calling DeLay's departure "both a setback and a warning for their movement. Many conservatives said Mr. DeLay's departure would leave a big hole in their forces in Congress. … But several prominent conservatives balked at Mr. DeLay's assertion in an interview, posted on Time magazine's Web site, that 'the conservative movement is leaderless' and that he aimed to become 'a strong leader to pull the movement together.'

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Some said his legal problems showed how his work incorporating the conservative movement into Washington's power structure was already carrying the movement away from its principles."

DeLay Says Democrats Are Trying To Criminalize Politics. DeLay said on Fox News' Hannity and Colmes (4/5), "I think if we take each race individually and not nationalize the race, but each race individually and let each one of those Republicans talk about his vision of the future of what America will look like over the next 10 years, if he talks about winning the war on terror, protecting our borders, replacing a fair tax, holding the judiciary accountable, protecting the American family from the culture of death, I think that's the kind of thing that will create a choice between a Democrat that has no agenda, that is scared to death that the American people will find out what he believes in because they have been rejected and in that choice, we'll gain seats. I think we will gain seats." DeLay added that Democrats "have no agenda, no ideas, no solution. They are going to the courts. They're using their trial lawyer friends to drag people through the mud. It's happening to other members as we speak. They are trying to criminalize politics."

DeLay Case May Cool Desire For Partisan Redistricting. Roll Call (4/6, Duran) reports on the Texas redistricting plan which allowed the GOP to net six House seats. Experts believe that the "desire for overtly partisan redistricting could be cooled in other aspiring kingmakers now that DeLay has relinquished his leadership position and seat." The Texas case, "and the fact that three years later it sits before the Supreme Court, certainly has given state legislators pause." Former Rep. Martin Frost "said he hopes that Congressional leaders take the DeLay lesson to heart. … In the end, the Supreme Court's decision is what will determine how far lawmakers can reach for partisan gain, not what happened to DeLay, election experts agree."

DeLay Says He Admires Frank. Roll Call (4/6, Akers) reports in its "Heard on the Hill" column that in an interview on MSNBC, DeLay "acknowledged something few, if any, of us ever thought we'd hear: He admires Rep. Barney Frank (D-Mass.), even loves him." DeLay named Frank as a "strong moral" Democrat in Congress. DeLay aid, "I respect him greatly. He's a true liberal, and he's unashamedly a liberal. And I respect that," adding, "I don't agree with homosexuality, but I still -- I am commanded to love Barney Frank." Roll Call adds, "Frank was amused by the latter part of DeLay's comments, and genuinely 'flattered' by the rest."

Novak Says DeLay's Legacy Has Been Tarnished Due To Aides' Greed. Syndicated columnist Robert Novak (4/6) writes that former House Majority Leader Tom DeLay's "greatest peril is the federal investigation of lobbyist Jack Abramoff that now has moved into the heart of the former majority leader's office, with two former aides pleading guilty. This has cut into DeLay's formerly solid base of support in his home district and led him to decide this week that any other Republican would have a better chance of retaining the congressional seat. But what about the greed and mendacity of some of the bright young people who worked for Tom DeLay? The suspicion is that the power politics he practiced for the public good was transmuted by those aides into their private gain. It is a stain on what the legacy should be for the most effective legislator of his time."

Slaughter Urges Colleagues To Post Report About GOP "Corruption" On Web Sites. Rep. Louise Slaughter is organizing a group of House Democrats to post her report alleging Republican "corruption" on their web sites. The Hill (4/6, Hearn) reports that Republicans say the report "is too political to appear on such sites and that doing so amounts to a violation of House rules. Less than a month ago, House Democratic Leader Nancy Pelosi (Calif.) removed the report from her House website after Republicans said it violated House rules that ban political documents from being distributed at taxpayer expense." Slaughter "began approaching members on the House floor several weeks ago to build support for posting the report, 'America for Sale: The Costs of Republican Corruption,' on multiple congressional sites."

Taxpayer Funding Of House Democrats' Retreats Questioned. House Democrats have spent hundreds of thousands of dollars of taxpayer money on the party's annual retreats amid a dispute with Republicans over whether House rules allow them to do so. Roll Call (4/6, Pershing) reports, "Neither party has ever asked the ethics committee for official written guidance on the subject, and the panel has never ruled publicly either way or told Democrats to stop. House rules do explicitly prohibit the expenditure of House funds for unofficial purposes, so the question turns on whether party retreats are 'official' or 'political' events. Under House rules, they cannot be both." If the party retreats 'are considered unofficial rather than official events, then House rules would prohibit the use of any House resources, including leadership office funds, to pay for them."

Talks Between FAA, Air Traffic Controllers Stall. The Washington Post (4/6, D4, Barr, 744K) reports in its "Federal Diary" column, "Contract talks between the Federal Aviation Administration and the air traffic controllers union collapsed yesterday. The FAA declared the negotiations at an impasse, which allows the agency to turn the dispute over to Congress. … Marion C. Blakey, the FAA administrator, said the agency would send its last, best offer to congressional leaders by today. Congress will have 60 calendar days to intervene in the dispute. If Congress takes

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no action, the FAA will be free to impose the terms of its proposal."

Cheney To Throw First Pitch At Nationals' Opener. The AP (4/6) reports Vice President Dick Cheney "will throw out the ceremonial first pitch at the Washington Nationals' Major League Baseball home opener next week, the team said Wednesday. The Nationals' first home game of the season is Tuesday afternoon against the New York Mets."

NYTimes Criticizes Delay Of Social Security, Medicare Reports. An editorial in the New York Times (4/6, 1.19M) criticizes the White House for missing the deadlines for the government's 2006 annual reports on Social Security and Medicare, calling its explanation that the reports are being held, pending action by the Senate on President Bush's nominees for two of the programs' six trustees "lame." The Times adds, "It's unlikely that the report on Social Security is much changed from last year. It's very likely that the Medicare report will show deterioration in the program's financial condition, and it would be shocking if it did not detail the crippling costs and disastrous rollout of the prescription drug benefit. … Holding up the reports seems like an attempt to hide the truth."

WSJournal Says Justice Kennedy Is "Open For Intellectual Rent." An editorial in the Wall Street Journal (4/6, 2.11M) says, "Supreme Court Justice Anthony Kennedy lashed out at our humble profession last week, castigating editorial writers whom he said frequently 'misinterpret' the Court's reasoning, according to an article in Monday's Washington Post. … While nominated as a conservative by Ronald Reagan, Justice Kennedy has proven on the High Court that he is open for intellectual rent. … Thus it is no surprise that the judicial left is already warning Justice Kennedy that he'd better join the Court's liberal big four -- or else." The Journal adds, "As Justice Kennedy's complaint last week suggests, the judicial left knows exactly what it's doing in singling him out. Liberals seem to think they won't be able to intimidate new Justice Samuel Alito and Chief Justice John Roberts. Which is why liberals will continue to treat Justice Kennedy as if he's the pigeon in one of B.F. Skinner's behavior-modification experiments."

OTHER NEWS:

Stock Rise, Lifting Nasdaq, S&P To Five-Year Highs. NBC Nightly News (4/5, story 6, 0:10, Williams, 9.87M) reported, "On Wall Street today stocks finished higher. The Dow was up almost 36 points [to close at 11,239.55]. NASDAQ was up more than 14 points on the day [to close at 2,359.75]." USA Today (4/6, Shell, 2.31M) reports it was the Nasdaq's "best finish since a 2425.38 close on Feb. 16, 2001." USA Today also reports, "Edging up ever closer to a fresh multiyear high was the Standard & Poor's 500, which gained 5.63 points, or 0.4%, to 1311.56, its best close since May 21, 2001 -- and less than 2 points away from a five-year high. The benchmark index has now gone 774 days without a 10% correction, its fourth-longest stretch." The Wall Street Journal (4/6, Patterson, 2.11M) and Washington Post (4/6, D3, 744K), among other newspapers, also report the stock numbers.

Speculation Said To Be Driving Oil Prices Higher. The CBS Evening News (4/5, story 3, 2:05, Mitchell, 7.66M) reported, "Also coming off a year of record profits, despite their own hurricane damage, are America's oil companies. For those of us who buy their product, the price continues to rise. Gasoline is up 35 cents in the past six weeks to a nationwide average of $2.59 a gallon." CBS (Orr) added, "After a winter slump, $3 a gallon gas is back. Some of the usual suspects are to blame. But there is another bogeyman behind the higher prices: Energy traders cashing in on fears over supply disruptions are bidding up the price of oil." The "retired chairman of ExxonMobile has said energy traders add as much as a third to the cost of oil. That amounts to $20 worth of speculation in every $60 barrel of crude."

Drug Makers Intensify Lobbying Expenditures In States. The drug making industry is increasing its political spending in state capitals as states pass laws to change how drug makers do business. The Washington Post (4/5, A2, 744K) reports, "In an extensive analysis of lobbying records, the nonpartisan Center for Public Integrity reports that the drug industry spent more than $44 million on lobbying state governments in 2003 and 2004, and $8 million on candidates for state offices. The Pharmaceutical Research and Manufacturers of America (PhRMA) was the most active lobbyist, spending more than $4.5 million in the states. Four other major companies, Eli Lilly and Co., GlaxoSmithKline Inc., Pfizer Inc., and Johnson & Johnson, each spent more than $3 million in the period. The trade association and 14 major drug companies together accounted for 80 percent of the state capital lobbying on drug issues."

Canadian Online Pharmacies Forced To Retool. Canada's online pharmacy industry is beset by problems that have cut into sales and forced many smaller pharmacies out of business. The New York Times (4/6, Krauss, 1.19M) reports, "The industry has been obliged to retool into a far more global enterprise in which the surviving Canadian pharmacies must now either buy or become partners with

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pharmacies in Europe and Asia to find scarce drug supplies, improve their profit margins and protect themselves from potentially hostile Canadian regulators." The Times adds that "the most serious test has been the new Medicare drug insurance benefit, Medicare Part D, that thousands of older Americans are seeing as potentially a better option."

Student Sues GWU Over Self-Endangerment Policy. The CBS Evening News (4/5, story 9, 3:15, Mitchell) reported, "The American College Health Association says suicide is the third leading cause of death among college students. Each year, an estimated 1100 students will take their own lives." CBS (Dow) reported on the case of George Washington University student Jordan Nott, who sought treatment for depression at the university hospital and was then barred from campus. GWU's "endangering behavior policy forbids actions of any kind that imperil or jeopardize the health or safety of anyone, including one's self. Many colleges have similar guidelines, including mandatory withdrawals. What's not known is how often they are used." Nott sued to challenge the GWU policy.

DC To Institute New Post-Incarceration Inmate Inmate Health Care Program. The Washington Post (4/6, Levine) reports, "The D.C. jail will become one of the first correctional facilities in the country to provide inmates with medical care that will follow them once they are no longer behind bars." The Post continues, "The program will offer men and women incarcerated in the city's main detention center continuity of primary and specialty care after they are released. The approach, modeled on a successful project in central Massachusetts, was announced yesterday by Mayor Anthony A. Williams (D) and other District officials. … 'It's a very innovative, dynamic and comprehensive approach to the provision of inmate medical care,' said the city's new corrections director, Devon Brown." The Post adds, "The jail has had a long history of deficient health care. From 1995 until 2000, medical and mental health services there were operating under an expensive, court-ordered receivership that ultimately improved treatment at an average cost of $11 million a year. … Under the new initiative, the nonprofit organization Unity Health Care will take over inside the jail and begin seeing the men and women there, many of whom have hepatitis C, tuberculosis or HIV. But Unity will not close inmates' files once they leave the facility. Instead, it will continue to manage their care and records through the nearly three dozen clinics, centers and other medical locations it operates across the District for the uninsured and underinsured."

Schumer Says 2006 Elections Are Referendum On Bush. DSCC chairman Charles Schumer said yesterday that the 2006 elections are a referendum on President Bush and predicted Democrats would make substantial gains this year. The Hill (4/6, Kaplan) reports that Schumer "said a unified Democratic policy agenda is 'necessary but not sufficient' to triumph this fall and predicted that if the election were held now Democrats could pick up five Senate seats. At the same time, Schumer sought to tamp down expectations for Democratic gains in November, despite the overall anti-incumbent political climate and the DSCC's money advantage."

Poll Finds Black Voters Open To Supporting Steele. A report by Cornell Belcher, a polling consultant to the DNC, says that a majority of African American voters in Maryland are open to supporting Republican Senate candidate Michael Steele and urges the party to "knock Steele down." The Washington Post (4/6, B5, Mosk, 744K) reports that the March 27 report, based on a survey of 489 black voters conducted last month, "finds that 22 percent of black voters support Steele when matched against a 'generic' Democrat."

The Baltimore Sun (4/6, Skalka, 296K) also reports on the poll, noting that the fact that Democrats are "examining the leanings of blacks early in the race shows concern." The Sun says the poll "is one attempt to answer a sensitive question being bandied about in Maryland political circles: Are Democrats more likely to prevail against Steele, the first African-American elected statewide in Maryland history, with a white congressman or with the black former congressman and national NAACP president as their nominee?" The survey "concludes that 44 percent of those polled indicated that they were persuadable when presented with Steele's campaign message, a plurality that the pollster labels 'the emerging black swing' vote."

Ehrlich Administration Predicts Voter Fraud This Fall. The Ehrlich Administration says it is anticipating widespread voter fraud this year, as Democrats take advantage of Maryland's new election law, the Washington Times (4/6, Ward, 90K) reports Paul Schurick, director of communications for Gov. Bob Ehrlich, said, "I fully expect the governor's political opponents will take advantage of the opportunities for fraud. I expect them to try to engage in organized, large-scale voter fraud," adding, "I think it will be everywhere, statewide." State Democratic Party Executive Director Derek Walker "called the accusations a 'scare tactic' and said Mr. Ehrlich is 'petrified that the more people that vote, the less chance that [he] wins.'"

Massachusetts Health Care Plan Seen As Aiding Possible Romney White House Run. Massachusetts' legislature has approved a plan to provide

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universal health insurance coverage that stresses personal responsibility. The plan requires no or limited premiums for low-income residents, imposes a mandate on small business owners, and increases income taxes for residents who can afford coverage but refuse to carry coverage. The issue is being portrayed as a feather in the cap for Gov. Mitt Romney, a potential 2008 candidate. CNN's The Situation Room (4/5, Greenfield) reported, "If Governor Mitt Romney decides to seek the presidency, the new universal health insurance plan that Massachusetts is close to adopting is likely to be a center piece of his campaign. Why? Because in part it fits a pattern of governor candidates who point to their state house records as a way of appealing across party lines."

The story was the lead on each of the networks last night. ABC World News Tonight (4/5, lead story, 2:40, Wiener, 8.78M) reported, "Massachusetts will become the first state in the country to require all of its residents to have health insurance." Gov. Mitt Romney: "We have found a way to get every citizen health insurance." Wiener: "With the new system, residents who make less than $9,500 a year, will get free health insurance. No premiums. No deductibles. Families with low incomes but above the poverty line will pay premiums on a sliding scale. But still, no deductibles. And for the fast majority of residents who do have health insurance, lawmakers predict that cutting the roles of the uninsured will bring down premiums for everyone."

The CBS Evening News (4/5, lead story, 2:25, Mitchell, 7.66M) reported, "President Clinton promised it but did not deliver, and now Massachusetts has apparently done it." The state "will require every citizen to be insured. Governor Mitt Romney pushed for the program." He "considers health coverage essential, like car insurance." Gov. Romney: "Well, when people drive a car, we insist that they have automobile insurance because we don't want have to a huge accident occur and have the other driver, or other taxpayers, pick up the bill. Well, individuals also have a responsibility." Regan: "Currently, Massachusetts spends an estimated $1 billion a year covering its half million uninsured residents." Gov. Romney: "We concluded that in fact if we took the money we're spending giving people free care who don't have insurance and instead use that money to help them buy insurance, we can keep from shifting the cost of the uninsured on to people who are already covered." Regan: "The bill takes effect in July of 2007, right around the same time that Governor Mitt Romney will be deciding whether to run for president in 2008, and you can bet health care will be a major issue in that race."

NBC Nightly News (4/5, lead story, 2:40, Taibbi, 9.87M) reported, "Simple idea, to treat people the way most states now treat cars, get insurance or else. But in Massachusetts, a first, they are talking health insurance. And the or else part of it says that if you can afford it and you don't get it, the state will make you pay." Gov. Mitt Romney, Massachusetts: "Well, if people can afford to buy insurance and they don't happen to buy it, in the first couple of years, we just tell them that they're not going to get their tax refund. In other years, we start applying a penalty to them." But "critics do see serious problems, small businesses objecting to the tax penalties for not providing health coverage for their workers and some who say the working middle class will end up paying too much to subsidize the program."

Analysts Say Other States Face Barriers To Following Massachusetts Example. On ABC World News Tonight (4/5, story 2, 1:55, Vargas, 8.78M), Washington correspondent George Stephanopoulos and medical editor Dr. Tim Johnson analyzed the Massachusetts plan. Stephanopoulos said, "There's no appetite politically to take this on in Washington right now." But can other states "meet the Massachusetts conditions? Number one, they had a $1 billion pool they already spend on the uninsured. Two, they were ready to raise more money, by putting a mandate on employers, as well. And three, they had a relatively low number of uninsured. And there's probably only a handful of states that can meet those conditions." Dr. Johnson added, "There's not much in the plan that addresses medical costs, that is the cost of those who deliver the care. And the quality of that care. And in the long run, any reform bill that does not address those two issues is really no reform at all."

Clinton Praises Romney's Efforts. Sen. Hillary Rodham Clinton has praised the Romney's efforts on the Massachusetts plan, noting, "To come up with a bipartisan plan in this polarized environment is commendable." The AP (4/6, Fournier) reports, "She embraced the Massachusetts measure's most striking aspect -- requiring people to purchase health insurance -- but questioned Romney's plans to eliminate a fee on companies that do not provide health insurance for employees." The AP also reports that political strategists agreed "that the legislature had handed Romney a timely political victory." Romney "now has a signature achievement on an issue that polls show is a growing concern for U.S. voters."

Massachusetts Plan Called "Innovative Social Policy." An editorial in the Washington Post (4/6, A28, 744K) calls the Massachusetts bill "innovative social policy." The Post adds, "Mr. Romney deserves credit for working with a Democratic legislature to come up with a promising plan, but not for his rhetoric. … Mr. Romney, who is considering a run for president, may be tempted to argue that his state offers a model for others. But Massachusetts began with two advantages: an unusually low percentage of residents who are uninsured and a state-backed pool of money for compensating hospitals for free emergency care that provided reformers with a ready source of funds. Moreover, it isn't even certain that the Massachusetts plan will work on its home turf."

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Social Conservatives Seen As Toughest Group For McCain To Woo. The Christian Science Monitor (4/6, Feldmann, 61K) questions whether Sen. John McCain, "the early front-runner for the GOP nomination," can "maintain his image as a straight-talking maverick…even as he reaches out to religious conservatives and raises hackles on both the left and right with moves that his critics call 'unprincipled.'" The Monitor adds that social conservatives may be the toughest group for McCain to convince. Leaders "speak of McCain in the harshest of terms, with no hope of redemption." The Monitor adds, "Among rank-and- file social conservatives, McCain may fare better than among their leaders, analysts say."

Religious Conservatives Urged To Take Their Ideas To "Middle." Ross Douthat, an associate editor at The Atlantic Monthly, writes in the Wall Street Journal (4/6, 2.11M) that "the last, limping years of the Bush administration find religious conservatives in a position of unusual strength -- flush from victory in the Roberts and Alito confirmation battles; relatively untainted by the stumblings and scandals afflicting the GOP; and stronger, in numbers and credibility, than most of their rivals for control of the party. … Which means that for the moment, the closest thing to a credible public philosophy the GOP has to offer emanates from the once-unlikely alliance of evangelicals and Catholics, and their God-infused politics of social reform." Religious conservatives "have moved from a seat at the GOP table to a place near its head; now they need to find a way to carry their ideas into the American middle, tempering their own bigotries and bad habits along the way, and mixing the innocence of doves with the political wisdom of serpents. And if they succeed, there's a good chance that the 'theocons'…will some day be able to look back over the patient work of decades and see a nation transformed by their labors."

Pentagon Official Examines Clintons' Financial Records. US Joint Forces Command Deputy Legislative Director Cordell Francis has been looking into the personal financial records of Sen. Hillary and former President Bill Clinton, the New York Post (4/6, Bishop, 624K) reports. the search through Clinton's records comes "a week after news broke last month that Bill had advised Dubai leaders on how to navigate U.S. political concerns over its ports deal, Senate records show. Francis was required to register his personal data with the Senate in order to access Clinton's records. The Post reviewed a list of people who had accessed the senator's documents." The Post adds, "Joint Forces Command spokesman Navy Capt. Hal Pittman said he was unaware of Francis' probing and would have to investigate the matter before commenting. He did not call back."

Couric To Anchor CBS Evening News. Katie Couric will move from NBC's Today Show to CBS in May, where she will eventually anchor The CBS Evening News. She will become the first woman to hold the position. The networks each noted the story. The CBS Evening News (4/5, story 11, 1:30, Mitchell, 7.66M) reported Couric "will be the anchor and managing editor, taking the baton from Bob Schieffer." ABC World News Tonight (4/5, story 11, :15, Vargas, 8.78M) reported, "It is great to welcome another woman to the evening news. And we wish her luck." NBC Nightly News (4/5, story 9, 0:30, Williams, 9.87M) reported, "Katie Couric is about to become competition. … We wish her the very best, right up to a point." The story was covered in today's major newspapers. Some of the stories, such as the one in USA Today (4/6, Johnson, 2.31M), say Couric's move "comes as CBS News continues to rebound from a scandal in 2004 over a story on President Bush's military career, attracting younger viewers even as the Web and other media pose the stiffest challenge yet to network newscasts, which have hemorrhaged millions of viewers in the past decade." The Washington Times (4/6, Harper, 90K) also says "CBS has lagged third in ratings behind ABC and NBC for a decade and was dogged by a credibility scandal in September 2004 after former anchorman Dan Rather broadcast a bogus '60 Minutes' story claiming…Bush had compromised his National Guard service." The Wall Street Journal (4/6, Barnes, 2.11M), Washington Post (4/6, C1, Kurtz, 744K) and New York Times (4/6, Carter, 1.19M) also report on the announcement.

Engler Says Pension Reform Bill Must Rely On Common Sense. John Engler, president of the National Association of Manufacturers, writes in USA Today (4/6, 2.31M), "Recent media reports have inaccurately suggested that pending pension reform legislation would weaken current law and allow companies to reduce pension funding. This perception is wrong. For the overwhelming majority of companies that provide defined-benefit pensions — 47% of which are manufacturing companies — existing law and the new legislation would significantly increase their funding obligations." Engler adds, 'A final bill must rely on common sense. Lawmakers and media leaders who want employers to continue defined-benefit plans while also fighting to compete in a global economy must resist anti-corporate calls for draconian, one size-fits-all legislation."

Bush Urged To Veto Pension Reform Bill. An accompanying editorial USA Today (4/6, 2.31M) says that the pending pension reform legislation gives "companies new leeway to fake their pension math. More pensioners would be placed at risk. Chances that taxpayers will be stuck with a huge bill would rise significantly." Lawmakers "are making the prospects for pension security worse. If President Bush

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still wants to protect pensions, he'll have to start by exercising his first veto."

Meyerson Derides Rick Berman. Harold Meyerson writes in the Washington Post (4/6, A29, 744K) about "the Beltway's most outrageous advocate, who goes by the name of Rick Berman. In recent months Berman has been in the news for placing full-page ads in major newspapers (funding sources unidentified) that gently compare America's union leaders to Fidel Castro and like authoritarians." Berman's "salvos against unions are just the latest in a line of attacks he's leveled against drunk-driving laws, anti- smoking statutes, food safety ordinances and minimum-wage standards. He is, broadly speaking, the lobbyist for the Hobbesian state of nature." Meyerson adds, "The law may have hauled Abramoff off the stage, and DeLay may be huddling with his counsel and his Creator to plan his next move. But Rick Berman rolls merrily along, an inexhaustible source of material for the Reitmans, Buckleys and all who aspire to chronicle our depravities."

Rice Defends US-India Nuclear Deal On Hill. The New York Times (4/6, O'Neil, 1.19M) reports Secretary Rice "faced tough questioning from the Senate Foreign Affairs Committee this morning on the administration's nuclear deal with India." She "argued that the Senate needed to approve the deal…to keep that country aligned with the United States in what she called 'an all-out rush for energy supplies' by rapidly developing nations," although she "acknowledged that 'regional realities' meant that India would not agree to accept a cap on its nuclear arsenal." However, "her remarks were greeted with caution by the panel's chairman, Senator Richard G. Lugar." Still, "while Democrats made clear they would seek changes in the pact they did not seem inclined to try to block it." The Financial Times (4/6, Sevastopulo) also says the deal "received support from some Democrats," while the Wall Street Journal (4/6, King, 2.11M) headlines its story "Lawmakers Appear Open To Nuclear Pact With India" and the Washington Times (4/6, Sands, 90K) titles its report "Nuclear Accord Receives Backing As Rice Testifies."

Knight Ridder (4/6, Hutcheson) says "key Democrats offered tentative support Wednesday for a nuclear deal with India, raising prospects that Congress will approve the landmark agreement," and Bloomberg (4/6, Zacharia) also refers to the support of "prominent Democratic US lawmakers," such as Sens. Joseph Biden and John Kerry. The Los Angeles Times (4/6, Richter, 958K) runs a similar report.

In contrast, the AP (4/6, Sidoti) reports in its third paragraph that "Republicans and Democrats alike expressed serious reservations over the plan and criticized what they called the Bush administration's failure to explain its details to lawmakers earlier," although it later concedes that "some lawmakers from both political parties indicated they would back the plan because of an overall goal of strengthening the U.S.-India relationship."

Rice Says US Will Seek South Asian Nuclear Weapons Moratorium. The AFP (4/6) reports that when "replying to Democratic Senator John Kerry on whether the United States could offer 'real leadership' in trying to bring together the nuclear-armed neighbors, neither of which are signatories to the nuclear Non Proliferation Treaty (NPT)," Secretary of State Condoleezza Rice said "the United States would push for a South Asian moratorium on nuclear weapons production to ease tensions between India and Pakistan," although she admitted that "the United States was unable to get a commitment on nuclear controls from the South Asian nations."

Rice Rejects Linking Nuclear Deal With New Delhi's Ties To Tehran. The AFP (4/5) reported Secretary Rice told the Senate Wednesday that the "United States is concerned over India's ties with Iran but will not ask it to sever links with the Islamic republic in return for American civilian nuclear fuel and technology." Senator Barbara Boxer and others "during the hearing Wednesday expressed concerns over India's military links with Iran, including New Delhi's reported training of Iranian naval personnel."

The AP (4/5, Dareini) reported, "Iran said Wednesday it has successfully test-fired a 'top secret' missile, the third in a week, state-run television reported. The report called the missile an 'ultra-horizon' weapon and said it could be fired from all military helicopters and jet fighters."

Iranian UN Ambassador Denies Country Has Nuclear Weapons Program. In an opinion piece in the New York Times (4/6, 1.19M) entitled "We Do Not Have a Nuclear Weapons Program," Iranian Ambassador to the United Nations Javad Zarif writes, "A solution to the situation is possible and eminently within reach. Lost amid the rhetoric is this: Iran has a strong interest in enhancing the integrity and authority of the Nuclear Nonproliferation Treaty." Zarif says Tehran "defines its national security in the framework of regional and international cooperation and considers regional stability indispensable for its development." He praises Moscow for the "thoughtful possibilities for a deal" it has "offered," and says, "Pressure and threats do not resolve problems. Finding solutions requires political will and a readiness to engage in serious negotiations. Iran is ready. We hope the rest of the world will join us."

State Department Report "Skates Around" Consequences Of Democracy Promotion. In a story on the State Department's release of "Supporting Human Rights and Democracy: The US Record 2005-2006," the Financial Times (4/6, Dinmore) reports, "The Bush

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administration on Wednesday defended its efforts to promote democracy around the world in the face of growing criticism of double standards and accusations that its 'freedom drive' was flagging as a result of electoral gains by Islamists opposed to the US." Secretary Rice is quoted writing, "We stood in solidarity with the brave men and women around the world who were persecuted by repressive regimes for exercising their rights." The Times says the report "skates around the issues arising from the administration's stated goal of 'ending tyranny' – namely the success of Islamists in elections across the Middle East, and the resistance to change by allies in the 'war on terror.' The report mentions only briefly how 'some governments' moved to impose draconian restrictions on civil society groups, 'citing fears of instability or foreign interference.'" The Times notes some Administration officials "concede there is concern over direction" and Bush's pro-democracy strategy "is flagging. Recent FT interviews with senior State Department officials reinforced that impression."

Turkish Security Forces, Kurds Clash Again. The New York Times (4/6, Fisher, 1.19M) reports that "violent clashes between Kurds and security forces in Turkey over the past week have jolted memories here back to an old conflict." It adds that "after a decade of calm, at least 15 people have been killed in protests in recent days," causing Kurds to fear that their cultural and political gains might be lost.

Palestinian Finances In Desperate Shape. The Washington Times (4/6, Mitnick, 90K) reports that the Hamas-led Palestinian government claims to have inherited "empty coffers." Unrest could result if "the Palestinian Authority misses salary payments." The outgoing Fatah party asserts that "the Palestinian Authority's treasury is empty not because of poor management, but because of Hamas' refusal to [recognize] Israel." Western donors have "frozen payments until Hamas recognizes Israel and renounces violence." An editorial in the New York Times (4/6, 1.19M) urges Palestinian Foreign Minister Mahmoud Zahar to recognize Israel, saying that "most rational people know [what] Hamas must do if Palestinians are ever going to get the viable state they so crave."

US Proposes Shifting Burden Of UN Dues. The Washington Times (4/6, Pisik, 90K) reports that the US has proposed a "new method of apportioning U.N. dues that would mean sharp increases for countries including China, Russia and India." The proposal, to assign countries' dues according to "purchasing power parity" rather than to GDP, would decrease the US contribution to the UN budget only slightly, by 0.5%. However, China has already "complained that its assessment would increase sixfold, making its share second only to that of the United States."

IMF Wants Developing Economies To Have More Voting Rights. The Financial Times (4/6, Guha, Giles) reports that the IMF plans to "draw up a new set of voting rights that would boost the relative power of Asian countries at the likely expense of European countries." Observers say that the organization could "fall into obscurity" if it fails to give poorer countries a bigger stake; however, the IMF initiative "is likely to meet resistance from European countries that fear a dilution of their influence."

Russia, China Seen As Strengthening Ties To Offset US. The Washington Times (4/6, Mainville, 90K) reports that Russia and China are cultivating ever-stronger ties to "counterbalance U.S. global influence." Vladimir Putin and Hu Jintao have met five times "in less than a year." The two countries held joint military exercises last year; "a second round … is planned for next year." Russia also envisions selling more gas to China. However, the Times reports that "some Russian policy-makers remain wary of China's growing strength."

Gorbachev Discusses Changes In Russia, Praises Putin. In an interview with USA Today (4/6, 2.31M), former Soviet leader Mikhail Gorbachev discusses Russia 20 years after he came to power. He says that "a country like Russia cannot be quickly changed" and predicts that "20-25 years" are needed for his reforms to take full root. Gorbachev credits President Vladimir Putin for having "stabilized the country" after Boris Yeltsin's reign and hints that the critical West "would just like to keep Russia down as long as possible." He calls the invasion of Iraq "a major political mistake."

Moscow Airport Introduces Lie Detector For Passengers. The Washington Times/London Daily Telegraph (4/6, Blomfield) reports that Moscow's Domodedovo airport will introduce "a lie detector test" for passengers "as early as July." The Israeli-developed machinery, "intended to identify terrorists and drugs smugglers," asks four questions, including, "Have you ever lied to the authorities?" Eventually "all passengers" will have to take the test.

Russia Said To Be Running Short Of Gas. Nadejda M. Victor, a research fellow at the Program on Energy and Sustainable Development at Stanford University, writes in the Washington Post (4/6, 744K) that Russia's Gazprom is facing a "looming decline in gas production." Wasteful domestic consumption, "dwindling supply," and "contractual commitments" to ex-Soviet states mean that Gazprom might, by 2008, be forced to "cut off internal customers (voters) or the Western customers who are the firm's main source of hard cash."

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Thai PM Suddenly Quits. The Washington Post (4/6, Sipress, 744K) reports that Thai Prime Minister Thaksin Shinawatra has "shocked Thailand again" by immediately resigning rather than waiting several weeks as promised. Thaksin "said he was worried that his continuing presence in office was dividing Thais dangerously" and handed over power to a deputy, a "longtime" loyalist who can serve only temporarily. The temporary appointment leaves "open the possibility that another member of Thaksin's inner circle would ultimately take the top job."

AIDS Infection Rates In East, West Africa Lower Than Expected. In a front-page story today on overstated HIV infections rates in Rwanda, the Washington Post (4/6, A1, Timberg, 744K) reports that, despite dire warnings, AIDS deaths on the predicted scale never arrived here. A new national study illustrates why: The rate of HIV infection among Rwandans ages 15 to 49 is 3 percent, according to the study, enough to qualify as a major health problem but not nearly the national catastrophe once predicted." Newly published data "portray an epidemic that is more female and more urban than previously believed, one that has begun to ebb in much of East Africa and has failed to take off as predicted in most of West Africa." The Post notes that infection rates have reached worst-case predictions only in southern Africa including Botswana, South Africa, Swaziland and Zimbabwe.

French Unions Threaten More Unrest. The Washington Post (4/6, Moore, 744K) reports that French unions have demanded that the government "withdraw its contentious labor law by April 15" or risk more strikes. The Post reports that in a poll "72 percent of those questioned said they were dissatisfied" with government handling of the crisis. In addition, it notes that "increasing numbers of political commentators have begun writing [Prime Minister Dominique de] Villepin's political obituary."

Irish Police Hunt Killers Of Former British Spy. The New York Times/Agence France-Presse (4/6) reports that the Irish police "appealed to the public on Wednesday for help in finding the killers of Denis Donaldson," an IRA member who had admitted last December to "two decades" of spying for the British. The British and Irish prime ministers "said they would still meet Thursday in Armagh to present a plan to restore a power-sharing government" for Northern Ireland.

Lindsey Urges Compromise On Yuan Revaluation. Former Bush advisor Lawrence Lindsey argues in a Wall Street Journal (4/6, 2.11M) op-ed that the US and China need to compromise on yuan revaluation. He believes that "splitting the difference between" the US goal of 1% yuan appreciation per month and the Chinese position of less than 1% per quarter will "produce a compromise pace of adjustment that would be challenging but manageable for the Chinese economy." By agreeing to such a deal, China can avoid "an economically damaging fight on principle in which [it] would be the bigger loser."

THE BIG PICTURE:

Headlines From Today's Front Pages.

Los Angeles Times:
"Senate Takes New Tack on Immigration."
"The Glory Of Their Times."
"Funding For Westly Followed Investment."
"No More Gambling On N. Korea."
'Hussein Presents A Spirited Defense."
"Possible Homeless Centers Identified."
"One Small Step for Fish ..."

USA Today:
"Apple's Software To Run Windows."
"Official Arrested In Web Sting."
"Disaster Is Coming To S.F.; The Only Question Is When."

New York Times:
"Fossil Called Missing Link From Sea To Land Animals."
"In Bid To Rebuild Razed Bridge, Recovery And War Vie In Iraq."
"Luring Couric: Anchor's Chair Was Irresistible."
"Windows Or Mac? Apple Says Both."
"Federal Program On Vouchers Draws Strong Minority Support."
"No Flattery Is Found In An Imitation Of A Rockwell."

Washington Post:
"Campaign Finance Measure Approved."
"How AIDS In Africa Was Overstated."
"Immigration Debate Wakes A 'Sleeping Latino Giant.'"
"Drive-By Attacks Wounds 2 Students Near D.C. School."
"As Bonds Nears Baseball's Apex, A Sinking Feeling."

Washington Times:
"Iraq Spy Suspect Oversaw U.S. Asylums."
"Senate GOP To Filibuster Alien Bill."
"U.S. Eyes Sharing Of U.N. Budget."
"D.C. To Fund Campaign On Statehood."
"Regulators Target Lending Abuse."
"'Truth Verifier' Interrogates Russia Travelers On Lies."
"NASCAR Riled By Show Seeking Anti-Muslim Bias."

Detroit Free Press:
"Engineers' Work Goes Overseas, GM Says."
"Second Verse Just Like The First."
"Canadian Drugs Beat Medicare, Many Say."

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"Oakland Pledges To Save Strays' Lives."

Atlanta Journal-Constitution:
"Feds Take Aim At Illegals' Fake IDs."
"Family Relieved Other Kids Didn't Eat Crack."
"Controversy Over Autism Eats At Credibility Of CDC."
"McKinney's Case Up To Grand Jury."

Dallas Morning News:
"New Plan Harder On Some Migrants."
"The Canadian Dream Proves An Alluring Call."
"DPS Drops Violent Exercise."
"Tuition Scale Weighs On Part-Timers."
"Area New-Car Sales Plunge Since 2000."
"Fossil Not Just A Fish Out Of Water."

Houston Chronicle:
"Apple Open Door To PC World."
"Witness: Watkins' Warning 'Office Gossip.'"
"Can She Save The News."
"Immigrant Students Seek Path To A Dream."
"Fossils Seen As Fish-To-Land 'Missing Link.'"

Story Lineup From Last Night's Network News:
ABC: MA-Health Insurance; MA Plan-Analysis; DHS Official-Internet Predator; Duke Lacrosse Scandal; Saddam Trial; Smoking-Jennings' Death; Lung Cancer Increase; Government Waste; Sesame Street-Infant Programming; CBS-Couric.
CBS: MA-Health Insurance; Homeowner Insurance Industry; Gas Prices; DHS Official-Internet Predator; Iraq-Predator Missile Strike; Saddam Trial; Iraq-Cameraman Cleared; Duke Lacrosse Scandal; GW University-Depressed Student; China-Art Factory; CBS-Couric.
NBC: MA-Health Insurance; Iraq Insurgency Video; Saddam Trial; Online Predators; Duke Lacrosse Scandal; Stock Markets; Online Tax Returns Scam; Women-Heart Disease Rates; CBS-Couric; Buchwald's Farewell Interview.

Story Lineup From This Morning's Radio News Broadcasts:
ABC: Duke-Rape Case; Senate-Immigration Reform; NJ-Vioxx Verdict; SC-Mother Charged In Child's Death; Wall Street.
CBS: Moussaoui Sentencing; Enron Trial; NJ-Vioxx Verdict; Duke-Rape Case; FDA-Soft Drink Benzene Levels; Wall Street.
NPR: Senate-Immigration Reform; DHS-Doyle Arrest; Moussaoui Sentencing; McKinney-Grand Jury; NJ-Vioxx Verdict; Duke-Rape Case; Wall Street.

WASHINGTON'S SCHEDULE:

Today's Events In Washington.
White House:

PRESIDENT BUSH — Makes remarks on the Global War on Terror, Central Piedmont Community College - Dale F. Halton Theater, Charlotte, NC; participates in a photo opportunity with 2005 and 2006 NCAA sports champions, State Floor, The White House; makes remarks to the 2005 and 2006 NCAA Sports Champions, South Lawn, The White House.

VICE PRESIDENT CHENEY — No public schedule.

US Senate: 9:30 a.m. APPROPRIATIONS _ Treansportation, Treasury, the Judiciary and HUD Subcommitgtee. Hearing on Treasury Department terrorism and financial intelligence effvorts. Treasury Secretary Snow; Undersecretary Stuart Levey; Assistant Secretary Janice Gardner. Location: Room 138, Dirksen.

9:30 a.m. APPROPRIATIONS _ Interior and Related Agencies Subcommittee. Hearing on FY07 appropriations for the EPA. Administrator Stephen Johnson; Deputy Administrator Marcus Peacock. Location: Room 124, Dirksen.

9:30 a.m. JUDICIARY _ Full Committee. Markup of pending legislation and votes on pending nominations. Location: Room 226, Dirksen.

10 a.m. COMMERCE, SCIENCE AND TRANSPORTATION _ National Ocean Policy Study Subcommittee. Hearing on offshore aquaculture. Bill Hogarth, Director, National Marine Fisheries Service; Richard Langan, Director, University of New Hampshire Open Ocean Aquaculture Program; Randy Cates, President, Cates International Inc.; Mark Vinsel, Executive Director, United Fishermen of Alaska; Rebecca Goldburg, Senior Scientist, Environmental Defense; Sebastian Belle, Executive Director, Maine Aquaculture Association. Location: Room 253, Russell.

10 a.m. SPECIAL AGING _ Full Committee. Hearing on employment and community service for low-income seniors. Sigurd Nilsen, GAO; Beth Sirois, GAO; Jeremy Cox, GAO; Mason Bishop, Employment and Training Administration; John Beverly II, Employment and Training Administration; Brewster Bevis, Safety and Health Administration; Melinda Adams, Idaho Commission on Aging; Shauna O'Neil, Salt Lake County Aging Services; Carol Salter, Easter Seals. Location: Room 106, Dirksen.

10:30 a.m. APPROPRIATIONS _ Homeland Security Subcommittee. Hearing on FY07 appropriations for the Coast Guard in border and maritime security. Chief of Stafff Vice Adm. Thad Allen. Location: Room 192, Dirksen.

10:30 a.m. FINANCE _ Full Committee. Hearing on challenges facing small business owners to provide health insurance for employees and proposals to increase health insurance optiaons. Location: Room 215, Dirksen.

1:30 p.m. APPROPRIATIONS _ District of Columbia Subcommittee. Hearing on health care. Deputy Mayor

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Brenda Donald-Walker; Randall Bovbjerg, The Urban Institute; Sharon Baskerville, District of Columbia Primary Care Association; Maria Gomez, Mary's Center for Maternal and Childcare; Lawrence Mirel, former commissioner, Insurance, Securities and Banking; Edmund Haislmaier, The Heritage Foundation; Daniel Perrin, Health Savings Accounts Coalition. Location: Room 138, Dirksen.

2 p.m. APPROPRIATIONS _ Energy and Water Subcommittee. Hearing on the National Nuclear Security Administration. Energy Undersecretary Linton Brooks. Location: Room 192, Dirksen.

2 p.m. FOREIGN RELATIONS _ Full Committee. Confirmation on pending nominations. Location: Room 419, Dirksen.

2 p.m. JUDICIARY _ Intellectual Property Subcommittee. Hearing on proposals for orphan works. Location: Room 226, Dirksen.

2:30 p.m. ARMED SERVICES _ Seapower Subcommittee. Hearing on the defense authorization bill. Assistant Navy Secretary Delores M. Etter; Rear Adm. Mark J. Edwards, Office of the Chief of Naval Operations; Rear Adm. Samuel J. Locklear III, Office of the Chief of Naval Operations; Damien Bloor, First Marine International Limited; John Birkler, Rand Corp.; John F. Schank, Rand Corp. Location: Room 232A, Russell.

2:30 p.m. ENERGY AND NATURAL RESOURCES _ National Parks Subcommittee. Hearing on preparations for the wildfire season. Location: Room 366, Dirksen.

2:30 p.m. FINANCE _ Long-Term Growth and Debt Reduction Subcommittee. Hearing on whether America is saving enough to be competitive in the global marketplace. Thomas J. McCool, GAO; Jurrien Timmer, Director of Market Research, Fidelity Investments, Boston; Barry P. Bosworth, Brookings Institution. Location: Room 215, Dirksen.

2:30 p.m. HOMELAND SECURITY AND GOVERNMENTAL AFFAIRS _ Federal Financial Management, Government Information, and International Security Subcommittee. Hearing on SBA programs and the budget impact. Location: Room 342, Dirksen.

2:30 p.m. SELECT INTELLIGENCE _ Full Committee. Closed, members only briefing. Location: Room 219, Hart.

3:30 p.m. ARMED SERVICES _ Strategic Forces Subcommittee. Heraing on military space programs. Air Force Undersecretary Ronald M. Sega; Rear Adm. Kenneth W. Deutsch, Office of the Chief of Naval Operations; Lt. Gen. Kevin P. Chilton, U.S. Strategic Command; Lt. Gen. Michael A. Hamel, Air Force Space Command; Cristina T. Chaplain, GAO. Location: Room 222, Russell.

US House: FLOOR SCHEDULE _ 10 a.m. Meets for legislative business. Highlights: H.Con.Res. 376 - Concurrent Resolution on the Budget for FY07. Rolled Suspension Votes (5 votes): 1) H.Con.Res. 320 - Calling on the Government of the Socialist Republic of Vietnam to immediately and unconditionally release Dr. Pham Hong Son and other political prisoners and prisoners of conscience, and other purposes. 2) H.Res. 578 - Concerning the Government of Romania`s ban on intercountry adoptions and the welfare of orphaned or abandoned children in Romania. 3) H.Res. 737 - Supporting the goals and ideals of Financial Literacy Month, and for other purposes. 4) H.Res. 556 - Expressing the sense of the House of Representatives that a National Methamphetamine Prevention Week should be established to increase awareness of methamphetamine and to educate the public on ways to help prevent the use of that damaging narcotic. 5) H.Con.Res. 366 - To congratulate the National Aeronautics and Space Administration on the 25th anniversary of the first flight of the Space Transportation System, to honor Commander John Young and the Pilot Robert Crippen, who flew Space Shuttle Columbia on April 12-14, 1981, on its first orbital test flight, and to commend the men and women of the National Aeronautics and Space Administration and all those supporting America`s space program for their accomplishments and their role in inspiring the American people.Cardin Motion to Instruct Conferees on H.R. 4297 - Tax Relief Extension Reconciliation Act of 2005. George Miller Motion to Instruct Conferees on H.R. 2830 - Pension Protection Act of 2005.

AGRICULTURE _ 10 a.m. Full Committee. Hearing on H.R. 4200 - Forest Emergency Recovery and Research Act. Location: Room 1300, Longworth.

9 a.m. ARMED SERVICES _ Military Personnel Subcommittee. Hearing on policy, compensation and benefits. Defense Undersecretary David S.C. Chu, Lt. Gen. Franklin L. Hagenbeck, deputy chief of staff for personnel, G1, Army; Vice Adm. John C. Harvey, chief of naval personnel; Lt. Gen. Roger A. Brady, deputy chief of staff, Personnel, A1, Air Force; Lt. Gen. H. P. Osman, deputy commandant, Marine Corps; retired Adm. Donald L. Pilling; chairman, Defense Advisory Committee on Military Compensation; Robert E. Robertson, director, Education, Workforce, and Income Security Issues, GAO; retired Col. Steve Strobridge, Military Officers Association of America; Joseph Barnes, Fleet Reserve Association. Location: Room 2212, Rayburn., Room 2212, Rayburn.

9 a.m. HOMELAND SECURITY _ Intelligence, Information Sharing, and Terrorism Risk Assessment Subcommittee. Hearing on DHS intelligence. Acting Chief Privacy Officer Maureen Cooney. Location: Room 311, Cannon.

9 a.m. JUDICIARY _ Full Committee. Hearing on the Justice Department. Attorney General Alberto R. Gonzales. Location: Room 2141, Rayburn.

9:30 a.m. APPROPRIATIONS _ Military Quality of Life and Veterans Affairs and Related Agencies Subcommittee.

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Hearing on FY07 appropriations for veterans affairs. Secretary Nicholson. Location: Room 2359, Rayburn.

10 a.m. APPROPRIATIONS _ Labor, Health and Human Services, Education and Related Agencies Subcommittee. Hearing on NIH budget. Director Elias Zerhouni. Location: Room 2358, Rayburn.

10 a.m. APPROPRIATIONS _ Energy and Water Development and Related Agencies Subcommittee. Hearing on the Energy Department's Hanford facility. Gene Aloise, GAO; Kim Callan, Army Corps of Engineers; A.J. Eggenberger, chairman, Defense Nuclear Facility Safety Board; Tom Hash, president, Bechtel Systems and Infrastructure, Bechtel National Inc.; Assistant Energy Secretary James A. Rispoli. Location: Room 2362B, Rayburn.

10 a.m. APPROPRIATIONS _ Military Quality of Life and Veterans Affairs, and Related Agencies Subcommittee. Hearing on veterans affairs. Location: Room 2359, Rayburn.

10 a.m. ARMED SERVICES _ Tactical Air and Land Forces Subcommittee. Hearing on unmanned aerial vehicles. Location: Room 2118, Rayburn.

10 a.m. EDUCATION AND THE WORKFORCE _ Full Committee. Hearing on competitiveness in the global economy. Labor Secretary Chao, Education Secretary Spellings. Location: Room 2175, Rayburn.

10 a.m. ENERGY AND COMMERCE _ Oversight and Investigations Subcommittee. Hearing on sexual predators and the Internet. William W. Mercer, Principal Associate Deputy Attorney General; William E. Kezer, Deputy Chief Inspector, Postal Inspection Service; Raymond C. Smith, Assistant Inspector in Charge, Child Pornography and Adult Obscenity, Postal Inspection Service; John P. Clark, Deputy Assistant Secretary, Immigration and Customs Enforcement; James Plitt, Director, Cyber Crimes Center, Office of Investigations, Immigration and Customs Enforcement; Frank Kardasz, Sergeant, Phoenix Police Department; Flint Waters, Lead Special Agent of the Wyoming Division of Criminal Investigation; Chris Swecker, Acting Assistant Executive Director Federal Bureau of Investigation; Grier Weeks, Executive Director, PROTECT, Asheville, N.C. Location: Room 2322, Rayburn.

10 a.m. FINANCIAL SERVICES _ Oversight and Investigations Subcommittee. Hearing on counter terrorism financing and foreign training. Comptroller General David M. Walker; Gerald M. Feierstein, Office of the Coordinator for Counterterrorism, Department of State; William Larry McDonald, Deputy Assistant Secretary, Department of the Treasury; Barry M. Sabin, Deputy Assistant Attorney General. Location: Room 2128, Rayburn.

10 a.m. INTERNATIONAL RELATIONS _ International Terrorism and Nonproliferation Subcommittee. Hearing on border control and terrorism. Michael Maxwell, CIS; Janice Kephart, 9/11 Security Solutions. Location: Room 2172, Rayburn.

10 a.m. RESOURCES _ Water and Power Subcommittee. Oversight hearing on ``Protecting Sacramento/San Joaquin Bay-Delta Water Supplies and Responding to Catastrophic Failures in California Water Deliveries." Location: Room 1334, Longworth.

10 a.m. RESOURCES _ National Parks Subcommittee. Oversight hearing on national parks' visitation trends. Marsha Blaszak, Regional Director, Alaska Region; Pat Hooks, Regional Director, Southeast Region; Suzanne D. Cook, Travel Industry Association of America; New Mexico Tourism Secretary Mike Cerletti; John Schoppmann, Forever Resorts, Scottsdale, Ariz.; Bob Warren, Shasta Cascade Wonderland Association; Scott Ahlsmith, Travel Institute. Location: Room 1324, Longworth.

10 a.m. SCIENCE _ Energy Subcommittee. Hearing on goals, schedule and costs of global nuclear energby partnership. Shane Johnson, Energy Department; Neil Todreas, MIT; Richard Garwin, IBM Fellow Emeritus; David Modeen, Electric Power Research Institute. Location: Room 2318, Rayburn.

10 a.m. TRANSPORTATION AND INFRASTRUCTURE _ Water Resources and Environment Subcommittee. Hearing on a bill to direct the Army to improve the safety of all levees in the U.S. Brig. Gen. Don T. Riley, Army Corps of Engineers; Peter Rabbon, National Association of Flood and Stormwater Management Agencies; Pam Pogue, Association of State Floodplain Managers Inc.; Peter Nicholson, American Society of Civil Engineers. Location: Room 2167, Rayburn.

10 a.m. WAYS AND MEANS _ Oversight Subcommittee. Hearing on the 2006 tax filing season and the administration's FY07 IRS budget. IRS Commissioner Mark Iverson. Location: Room 1100, Longworth.

1 p.m. ARMED SERVICES _ Terrorism, Unconventional Threats and Capabilities Subcommittee. Hearing on information technology and defense transformation. Assistant Defense Secretary John J. Grimes; Lt. Gen. Charlie Croom - director, Defense Information Systems Agency; Lt. Gen. Steven W. Boutelle - chief information officer, Army; Dave Wennergren, chief information officer, Navy; Brig. Gen. George J. Allen, chief information officer, Marine Corps; Lt. Gen.l Michael Peterson, chief information officer, Air Force; Paul Brinkley, deputy undersecretary of Defense; Thomas Modly, deputy undersecretary of Defense. Location: Room 2212, Rayburn.

1 p.m. ENERGY AND COMMERCE _ Health Subcommittee. Hearing on reauthorization of Project Bioshield. Deputy HHS Secretary Alex M. Azar; Dr. Tara O'Toole, CEO and Director, Center for Biosecurity of the University of Pittsburgh; Peter F. Young, President and CEO, AlphaVax, Inc., Research Triangle Park, N.C.; Bruce Cohen,

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President and CEO, Cellerant Therapeutics, Inc., San Carlos, Calif.; Dr. David P. Wright, President and CEO, PharmAthene, Annapolis; Martin Blaser, President, Infectious Diseases Society of America. Location: Room 2123, Rayburn.

1 p.m. INTERNATIONAL RELATIONS _ Full Committee. Markup of H. R. 4681 - Palestinian Anti-Terrorism Act; H. Res. 697 - Resolution congratulating the people and Government of Italy, the Torino Olympic Organizing Committee, the International Olympic Committee, the United States Olympic Committee, the 2006 United States Olympic Team, and all international athletes upon the successful completion of the 2006 Olympic Winter Games in Turin, Italy; H. Res. ____ - Resolution welcoming the members and staff of the parliaments of East Timor, Georgia, Indonesia, and Macedonia to the House of Representatives as the first partner parliaments of the House Democracy Assistance Commission. Location: Room 2172, Rayburn.

1 p.m. VETERANS AFFAIRS _ Disability Assistance and Memorial Affairs Subcommittee. Hearing on Hrng. on H.R.23 - Belated Thank You to the Merchant Mariners of World War II Act; H.R. 601 - Native American Veterans Cemetery Act; H.R. 2188 - To amend title 38, United States Code, to authorize the placement in a national cemetery of memorial markers for the purpose of commemorating service members or other persons whose remains are interred in an American Battle Monuments Commission cemetery; H.R. 2963 - Dr. James Allen Disabled Veterans Equity Act; H.R. 4843 - Veterans' Compensation Cost-of-Living Adjustment Act. Reps. Langevin, Filner, Baldwin, Rogers, Chabot, and Tom Udall. Location: Room 334, Cannon.

2 p.m. APPROPRIATIONS _ Science, State, Justice, Commerce and Related Agencies Subcommittee. Members of Congress testify. Location: Room H-309, Capitol.

2 p.m. ARMED SERVICES _ Readiness Subcommittee. Hearing on Navy transformation. John Jamian, acting administrator, U.S. Maritime Administration; Vice Adm. Justin D. McCarthy, director for material readiness and logistics, Navy. Location: Room 2118, Rayburn.

2 p.m. HOUSE ADMINISTRATION _ Full Committee. Markup of lobbying reform legislation. Location: Room 1310, Longworth.

2 p.m. INTERNATIONAL RELATIONS _ Oversight & Investigations Subcommittee. Hearing on regime of Saddam Hussein. Daniel Butler, Senior Advisor to the Assistant Deputy Director of National Intelligence for Open Source, Open Source Center, Office of the Director of National Security; Brig. Gen. Anthony A. Cucolo III, USA, Director, Joint Center for Operational Analysis, United States Joint Forces Command; Lt. Colonel Kevin M. Woods, USA, Project Leader, United States Joint Forces Command; Dr. Laurie Mylroie, Ph.D., Adjunct Fellow, American Enterprise Institute. Location: Room 2172, Rayburn.

2 p.m. RESOURCES _ Fisheries and Oceans Subcommittee. Hearing on H.R. 138 - To revise the boundaries of John H. Chafee Coastal Barrier Resources System Jekyll Island Unit GA-06P; H.R. 479 - To replace a Coastal Barrier Resources System map relating to Coastal Barrier Resources System Grayton Beach Unit FL-95P in Walton County, Florida; H.R. 1656 - To correct maps depicting Unit T-10 of the John H. Chafee Coastal Barrier Resources System; H.R. 3280 - To exempt certain coastal barrier areas in Florida from Limitations on Federal expenditures and financial assistance under the Coastal Barriers Resources Act, and limitations on flood insurance coverage under the National Flood Insurance Act of 1968; H.R. 4165 - To clarify the boundaries of Coastal Barrier Resources System Clam Pass Unit FL-64P. Location: Room 1324, Longworth.

2 p.m. RESOURCES _ Energy and Minerals Subcommittee. Oversight hearing on ``The Role of the Federal Government and Federal Lands in Fueling Renewable and Alternative Energy in America." Location: Room 1334, Longworth.

2 p.m. SELECT INTELLIGENCE _ Full Committee. Closed hearing on al Qaeda and strategic communications. Location: Room H-405, Capitol.

2 p.m. SMALL BUSINESS _ Regulatory Reform & Paperwork Reduction Subcommittee. Hearing on small healthcare groups and electronic medical records technology. Location: Room 2360, Rayburn.

2 p.m. WAYS AND MEANS _ Health Subcommittee. Hearing on health information technology. Location: Room 1100, Longworth.

4 p.m. ARMED SERVICES _ Projection Forces Subcommittee. Hearing on energy efficient propulsion systems in future Navy ships. Rear Adm. Bernard J. McCullough, director, Surface Warfare; Rear Adm. Joseph A. Walsh, director, Submarine Warfare Division; Rear Adm. William E. Landay III, chief of naval research; Rear Adm. Kevin McCoy, deputy commander, Naval Sea Systems Command; Ronald O'Rourke, CRS; others. Location: Room 2212, Rayburn.

Other: SEA/AIR SPACE _ The Navy League of the United States hosts it Sea/Air/Space Exposition. Highlights: 12 p.m. Gen. Peter Pace, USMC, chairman, Joint Chiefs of Staff. Location: Marriott Wardman Park Hotel, 2660 Woodley Road NW.

RAILROAD PERFORMANCE _ The National Academies holds a workshop on research to enhance rail network performance. Highlights: 5:30 p.m. Dinner speaker - Rep. Don Young. Location: Keck Center, 500 5th St. NW.

EXPORT-IMPORT BANK _ The Export-Import Bank holds its annual conference. Highlights: 9:20 a.m. Rep. Donald A. Manzullo, R-Ill., chairman, House Committee on

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Small Business; Member House Financial Services Committe. 10 a.m. - 11 a.m. workshop on Financing Environmental Exports. Panelists will include Craig O'Connor, Ex-Im Bank director of Environmental Exports Business Development; Mark Fillinger, senior manager-customer finance, Powerlight Corporation; Venkee Sharma, CEO, AquaTech International Corp., and Hans Peter Michelet, Chairman, Energy Recovery, Inc. 11:15 a.m. Concurrent workshops on Project and Structured Finance Trends, What's New in Asset Management, and Finding and Financing Environmental Export Sales -- the Complete U.S. Government Toolkit. The latter will be moderated by Linda Conlin, a member of Ex-Im Bank's Board of Directors, with panelists from the U.S. Department of Commerce, the Overseas Private Investment Corp., U.S. Trade Development Agency, and the Small Business Administration. 12:30 p.m. Congressmen Sarbanes and Oxley, key players in Ex-Im Bank's reauthorization and principal sponsors of the Sarbanes-Oxley Act signed into law in 2002, will be luncheon keynote speakers. Location: Omni Shoreham Hotel, 2500 Calvert St. NW.

STATE LEGISLATURES _ The National Conference of State Legislatures holds its spring conference. Highlights: 4 p.m. Discussion of the 2006 national agenda, with Sen. Hillary Clinton. Location: Hyatt Regency-Washington on Captiol Hill, 400 New Jersey Ave. NW.

US-GERMANY _ 7:30 a.m. USTR Rob Portman meets with German Economics and Technology Minister Mikchael Glos. Photo op only. Location: USTR, 600 17th St. NW.

WESTERN LAND-POLITICS _ 9 a.m. - 10 a.m. The Progressive Policy Institute hosts a forum to discuss a new PPI report titled ``Winning the West," by David J. Hayes, former deputy secretary of the Department of the Interior. In addition to Hayes, Congressman Mark Udall of Colorado will participate. Location: Suite 400, Progressive Policy Institute, 600 Pennsylvania Ave. SE.

LEE-PASSPORT MONTH _ 10 a.m. Rep. Barbara Lee, D-Calif., and co-sponsors of H.RES. 327, a resolution to create National Passport Month, will discuss the legislation and the importance of international travel at a press availability and reception at the U.S. Capitol. Lee will be presented with thousands of petition signatures calling for the creation of National Passport Month. Location: Room HC-5, Capitol.

TAX EVASION _ 10 a.m. The Economic Policy Institute holds a panel discussion on IRS enflrcement challenges, with Sen. Ron Wyden, Rep. Rahm Emanuel, Leonard Burman of the Urban Institute and Max Sawicky of the institute. Location: Room 188, Russell Senate Office Building.

BOEHNER _ 10:30 a.m. House Majority Leader John Boehner holds a media availability. Location: House Radio-TV Gallery.

PELOSI _ 10:45 a.m. House Democratic Leader Nancy Pelosi holds her weekly news conference. Location: Room H-206, U.S. Capitol.

CUMMINGS-SUBSTANCE ABUSE _ 11:30 a.m. Rep.Elijah E. Cummings, D-Md., participates in a press conference with the National African American Drug Policy Coalition. At the press conference, the Coalition will announce recommendations concerning substance abuse policies and racial disparities. Location: Cannon Terrace.

KENNEDY-MINIMUM WAGE _ 11:30 a.m.Sen. Edward Kennedy, D-Mass., holds a press conference on the minimum wage. Location: Russell Park.

ANTI-GAY DEMONSTRATION _ Members of the Westboro Baptist Church in Topeka Kansas hold demonstrations in opposition to government policies regarding homosexuals. Highlights: 1 p.m. - 2:30 p.m. Picket at the Capitol. West Front on 1st St. Between Independence Ave. and Constitution Ave. 2:45 p.m. - 3:30 p.m. Picket in front of Walter Reed Army Medical Center. Note: a Counter demonstration sponsored by FreeRepublic.com will be held at the same time and location.

BURMAN _ 12 p.m. The National Economists Club holds a luncheon with Leonard Burman of the Urban Institute discussing indexing in the tax system. Location: Chinatown Garden Restaurant, 618 H St. NW.

EMPLOYERS-HEALTH BENEFITS _ 12 p.m. Following the Senate Finance Committee hearing on small business health insurance, Sens. Dick Durbin, D-Ill., and Blanche Lincoln, D-Ark., hold a media briefing on their Small Employers Health Benefits Program (SEHBP) bill. Location: Room 329, Senate Dirksen Office Building.

MINIMUM WAGE _ 12 p.m. Sen. Edward Kennedy and former Sen. John Edwards hold a news conference to discuss the success of their month-long online minimum wage initiative. Location: Russell Park, Constitution and Delaware Aves.

SECURITY-BUDGET _ 12 p.m. Reps. John Spratt, Steny Hoyer, others, hold a news conference on funding security in the FY07 budget. Location: House Radio-TV Gallery.

MEDICARE _ 1 p.m. Reps. John Dingell, Charles Rangel and Lois Capps hold a news conference on Medicare. Location: House Radio-TV Gallery.

REPUBLICANS-MEDICARE _ 2 p.m. House Republican Conference Chairman Deborah Pryce, others, hold a news conference to praise the Medicare prescription drug benefit. Location: Cannon Terrace. Rain site: House Radio-TV Gallery.

KENNEDY-IMMIGRATION _ 2:30 p.m. Sen. Edward Kennedy, D-Mass., holds a news conference on immigration. Location: Senate Studio.

RUMSFELD-REID _ 3 p.m. Secretary of Defense Donald H. Rumsfeld hosts an honor cordon to welcome the

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United Kingdom's Secretary of State for Defense John Reid to the Pentagon. Location: Steps of the Pentagon Mall Entrance.

IMMIGRATION _ 4 p.m. Rep. Virgil Goode, others, hold a news conference on immigration. Location: Cannon Terrace.

EMERGENCY MANAGEMENT _ 5 p.m. Acting FEMA Director David Paulison speaks at the Congressional Fire Services institute on ``Defining Moments for Emergency Management." Location: Washington Hilton & Towers, 1919 Connecticut Ave. NW.

SARBANES-OXLEY _ 6:30 p.m. The Journal of Law, Economics and Policy holds a panel discussion on the Sarbanes Oxley Act's impact, with Gerald Laporte of the SEC, Michael See of the SBA, others. Location: Atrium of Hazel Hall, George Mason Law School, 3301 Fairfax Dr., Arlington.

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Ames, Andrew

From: Ames, Andrew
Sent: Friday, April 7, 2006 10:29 AM
To: Agarwal, Asheesh (CIV); Ames, Andrew; Baxter, Felix (CIV); Branda, Joyce (CIV); Brody, Stephen (CIV); Bucholtz, Jeffrey (CIV); Bukvics, Jennifer (CIV); Claterbos, Barbara (CIV); Cohen, David M. (CIV); Cohn, Jonathan (CIV); Davidson, Jeanne (CIV); Fargo, John (CIV); Fielding, Gabrielle (CIV); Figley, Paul (CIV); Flentje, August (CIV); Frost, Peter (CIV); Garren, Timothy (CIV); Glynn, J.Patrick (CIV); Gorsuch, Neil M; Hertz, Michael (CIV); Hollis, Robert (CIV); Hunt, Jody (CIV); Hussey, Thom (CIV); Jeweler, James (CIV); Katsas, Gregory (CIV); Keisler, Peter D (CIV); Kohn, Chris (CIV); Kopp, Robert (CIV); Letter, Douglas (CIV); Levine, Larry (EOIR); Lindemann, Michael (CIV); Magnuson, Cynthia; McCallum, Robert (SMO); Miller, Charles S; Nichols, Carl (CIV); Nowacki, John; Pyles, Phyllis (CIV); Reyes, Luis (SMO); Riley, Sharon (CIV); Rivera, Jennifer (CIV); Roehrkasse, Brian; Schiffer, Stuart (CIV); Scolinos, Tasia; Seidel, Rebecca; Senger, Jeffrey M; Spellberg, Dianne (CIV); Swenson, Lily F; Thirolf, Eugene; Wilson, Karen L; Zwick, Ken (CIV)
Subject: 4/7/06 Civil Division News

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Stolt-Nielsen claims Federal Court ruling was a technicality

New York Times

April 7, 2006

Court Filings Tell of Internet Spying

By THE NEW YORK TIMES

WASHINGTON, April 6 — A former AT&T technician said on Thursday that the company cooperated with the National Security Agency in 2003 to install equipment capable of "vacuum-cleaner surveillance" of

e-mail messages and other Internet traffic.

A statement by the technician, Mark Klein, and several company documents he saved after retiring in 2004, were filed on Wednesday in a class-action lawsuit against AT&T. The suit, filed in January in federal court in San Francisco by the Electronic Frontier Foundation, a civil liberties group, says the company helped the security agency invade its customers' privacy. The documents provided by Mr. Klein were filed under seal because of concerns about disclosing proprietary information.

Mr. Klein's documents, some of which he had provided to The New York Times, describe a room at the AT&T Internet and telephone hub in San Francisco that contained a piece of equipment that could sift through large volumes of Internet traffic.

END

ARS Technica
EFF files suit against AT&T over NSA spying
April 7, 2006

The Electronic Frontier Foundation (EFF) today filed the legal documents needed for its class action lawsuit against AT&T to move forward. The EFF is alleging that AT&T has purposely diverted customer traffic to the NSA for years as a means of aiding the NSA's covert surveillance program that was revealed last December—and they claim to have the documents to prove it.

In what sounds like a plot lifted straight from a spy novel, a former AT&T employee has given the EFF access to three internal AT&T documents that describe the inner workings of the massive AT&T data and voice network. The documents are sensitive enough that AT&T's lawyers are deeply concerned about the possibility they could be released or made public during the court case. In a letter to the EFF, an AT&T attorney wrote,

I am informed that these documents relate to the technical structure of AT&T telephone networks and are extremely sensitive in nature-for reasons having nothing to do with the subject matter of this case. Were they or any one of them to fall into the wrong hands, they could be used to "hack" into the AT&T network, compromising its integrity. This could cause substantial damage to AT&T's network.

These documents, among others, also worried the government (which is not a party to the lawsuit), which is concerned about matters of national security being discussed in open court. The Department of Justice has looked over the materials, though, and just announced that it has no objection to the EFF case so long as the documents and proceedings are kept under seal. With the government's objections out of the way, the EFF today filed the documents with the court. Its basic claim is straightforward:

The lawsuit alleges that AT&T Corp. has opened its key telecommunications facilities and databases to direct access by the NSA and/or other government agencies, thereby disclosing to the government the contents of its customers' communications as well as detailed communications records about millions of its customers, including the lawsuit's class members.

The lawsuit also alleges that AT&T has given the government unfettered access to its over 300 terabyte "Daytona" database of caller information--one of the largest databases in the world. Moreover, by opening its network and databases to wholesale surveillance by the NSA, EFF alleges that AT&T has violated the privacy of its customers and the people they call and email, as well as broken longstanding communications privacy laws.

Why AT&T? Because they are now the largest telecom firm in America. The EFF's complaint points out that the company handles more than 300 million voice calls each day, passes more than 4,600 TB of data along its backbone, and carries 18 billion minutes of of international calls each year. They are also the largest DSL provider in the US, meaning that without their cooperation, the NSA would have significantly

less data to work with. A successful case against the company would probably convince other firms to stop aiding the NSA, if for no other reason than to avoid class-action lawsuits and massive fines.

END

Chicago Tribune (KRT)

April 7, 2006

Al Qaeda liked family man ploy, declassified papers show

Andrew Zajac, Chicago Tribune

Apr. 7--WASHINGTON -- An alleged Al Qaeda sleeper agent arrested in West Peoria in December 2001 was picked for his work by Sept. 11 attack planner Khalid Shaikh Mohammed in part because the agent was married and had children, thus making him less likely to attract attention, new court documents show.

Ali Saleh Kahlab al-Marri, a Qatari national, was told to arrive in the U.S. before Sept. 11, 2001, and to head to Pakistan if he did not make it into this country before then, according to court papers filed in Charleston, S.C.

Al-Marri, his wife and five children arrived in the U.S. on Sept. 10, 2001, purportedly to study at Bradley University, authorities said.

The fresh details about al-Marri's alleged ties to Al Qaeda came from declassified portions of a sworn statement that has been the basis for detaining al-Marri as an enemy combatant.

Government\l "l" lawyers\l "l" grudgingly made the new material public on Wednesday, after a federal magistrate in Charleston said that al-Marri needed to be able to see the evidence being used to detain him, so that he could rebut it.

Al-Marri was facing fraud charges in June 2003 when he was declared an enemy combatant by President Bush and transferred from the criminal justice system to the Charleston Naval Brig. Al-Marri is the only enemy combatant currently held in the U.S.

As in many other cases involving prisoners in the war on terror, the Bush administration has sought to limit the information available to detainees and the public, on the grounds of national security.

But in late February, federal Magistrate Robert Carr told government\l "l" lawyers\l "l" that "the deck is stacked pretty good in favor of the government to start with" and that as a result, he would not consider information about al-Marri which al-Marri himself was not permitted to see and discuss with his lawyers.

Carr is expected to weigh information presented by both sides and make a recommendation to a federal judge overseeing the case about whether al-Marri should continue being held as an enemy combatant.

The declassified summary indicates that al-Marri traveled to Dubai in August 2001 and was given $10,000 to $13,000, plus $3,000 for a laptop computer, by Mustafa Ahmed al-Hawsawi, an Al Qaeda paymaster and a lieutenant of Mohammed.

The computer later was found to contain files on how to make hydrogen cyanide, a potentially lethal toxin, as well as more than 1,000 apparent credit card numbers and other financial data, which formed the basis of fraud charges originally lodged against al-Marri.

The document states that Mohammed communicated about al-Marri's activities in the U.S. through his brother, Jaralla Saleh Mohamed Kahla al-Marri, who now is being held at the Guantanamo Bay Naval Base in Cuba.

About two-thirds of one page in the new document remain censored.

Al-Marri, 40, who maintains his innocence, "should have been given this information long ago," said Jonathan Hafetz, one of his lawyers.

The government still has not offered any evidence to back up the summary, making the document essentially hearsay, Hafetz said.

Its release came after Carr, in unusually blunt language, prodded the government to either drop its use of classified information or declassify it so that al-Marri could see it and respond.

"You need to make your choice, because this deals with a man's freedom," Carr said in a conference call with lawyers in the case. "He has been removed from the battlefield, so to speak, for many years."

A government\l "l" lawyer\l "l" argued that the existing censored document put al-Marri "in a fine position to be able to respond with some alternative theory as to why he is not an enemy combatant."

"Let me put it this way," Carr replied. "You didn't present the president with only a partial [summary], did you?"

"This isn't blindman's buff or any of those children's games where he has to try to rebut or present more persuasive evidence . . . without seeing what the government has. I mean, that's just not the right way to do this," Carr said.

END

Los Angelss Times
April 7, 2006

Jailed 4 1/2 Years in Land of the Free; In 2001, a Sri Lankan was arrested at the U.S. border and labeled a security threat. A court found the case absurd.

By H.G. Reza, Times Staff Writer

The young farmer from the Indian Ocean country of Sri Lanka wanted only to get to Canada to escape the torture. Instead, he has landed in the north Los Angeles suburb of Lancaster.

Accused of being a terrorist in his native country, Ahilan Nadarajah left in September 2001 and was guided by smugglers through Thailand, South Africa, Brazil and Mexico. He intended to sneak into the United States on his way to Toronto but was arrested at the border.

He was twice granted political asylum by a U.S. immigration judge, but the Department of Homeland Security branded him a national security threat. He spent nearly 4½ years in a U.S. jail while the government tried to deport him to Sri Lanka.

He was freed March 21 after the 9th U.S. Circuit Court of Appeals called his lengthy detention illegal in a bristling 37-page opinion that took aim at the Bush administration's controversial practice of indefinitely detaining immigrants accused of terrorism but not charged. The three-judge panel said keeping him jailed violated a 2001 U.S. Supreme Court ruling against indefinite detention in immigration cases.

The court's unanimous ruling called Nadarajah's jailing illegal and unreasonable and said the government's arguments were "patently absurd," "implausible" and "baffling."

The 26-year-old postmaster's son remains remarkably free of animosity toward the United States, despite having been locked up in solitary for five months.

"Although I believe I was jailed unjustly, I'm grateful because the American government saved my life by not sending me back," Nadarajah said in an interview last week at a Sri Lankan restaurant in Lancaster. The chances are slim he will be allowed into Canada, where he intended to seek asylum, and the U.S. probably will become his home. Much of the evidence the U.S. government used to label Nadarajah a member of the Tamil Tigers, which the State Department has branded as terrorist, came from an informant working for Canadian law enforcement.

The Sri Lankan government has been at war for two decades with the Tamil Tigers, which seeks an independent state for ethnic Tamils. Both sides have committed human rights abuses, including torture, kidnappings and politically motivated killings, according to Amnesty International.

The 9th Circuit believed Nadarajah's account: that the Sri Lankan army began jailing and torturing him when he was 17 to persuade him to admit membership in the Tamil Tigers. He was repeatedly arrested, beaten, burned with cigarette butts and hung upside down with his head inside a bag of gasoline. Twice his mother bribed army officials to release him, and the family finally decided he should leave the country.

Officials at the Sri Lankan embassy in Washington did not return calls seeking comment.

Nadarajah said his family sold their farm and jewelry to raise the $17,000 that a smuggling ring charged to take him to Canada. Although he had no close relatives there, Nadarajah said he hoped to gain asylum and join that country's sizable Tamil community.

On Sept. 21, 2001, he left Sri Lanka for Bangkok, the first leg of his journey, where he obtained a Mexican visa. He was arrested Oct. 27 while trying to enter the U.S. at San Ysidro with false immigration papers.

He remained locked up despite receiving political asylum from an immigration judge, whose rulings were upheld on appeal. The government also refused to allow him out on $20,000 bond, which the appellate court called an abuse of discretion. In arguing for Nadarajah's continued detention, the Bush administration insisted that he was not being held indefinitely because Atty. Gen. Alberto R. Gonzales would review his case at some point, as the immigration laws provide.

"[But] no one can satisfactorily assure us as to when that day will arrive," the appellate court ruled.

The U.S. government's evidence that Nadarajah was a terrorist was based mainly on information from a secret informant for the Royal Canadian Mounted Police, who did not testify. Instead, a federal agent read from Canadian police reports about the informant, and he testified about his one meeting with him.

The 9th Circuit discounted the testimony and criticized the agent's claim that Nadarajah and a Sri Lankan woman, also in custody for entering the U.S. illegally, jointly called Canada to order a slaying. The court noted that the agent could not explain how they could have called from a jail where men and women are not allowed to mix.

The agent also could not explain why he had not subpoenaed the phone records.

"Every time I win in court, they're appealing. It's like a game to them, and they're playing with your life," Nadarajah said.

Despite dismay over his lengthy incarceration, he noted an important difference about his experience in a

U.S. jail.

"I was not tortured in America," said Nadarajah, who was locked up in an immigration detention facility near San Diego.

Georgetown University law professor David Cole, an expert on immigration law and a frequent critic of the administration's terrorism policies, said the appellate court's ruling 10 days after the case was argued showed the panel was disturbed by the government's conduct.

"This is remarkable," he said. "It's not unusual to wait up to two years for a ruling. But the court spoke swiftly and sternly."

The Nadarajah case was another setback for the administration in cases where immigrants arrested after Sept. 11 for immigration violations have been kept in jail without charges on suspicion of having terrorism ties.

In 2005, the Mirmehdi brothers, four Iranians from the San Fernando Valley, were released after more than three years in detention. Their release was prompted by the Supreme Court ruling blocking the government from detaining immigrants indefinitely.

Last month, a U.S. magistrate cited the same ruling in recommending the release of Buena Park resident Abdel-Jabbar Hamdan, a Jordanian citizen who has been incarcerated for 20 months.

Immigration judges blocked the deportation of Hamdan and the Mirmehdis to their native countries because they would be tortured. It is unlikely a third country will accept them because the U.S. has tied them to terrorism.

American Civil Liberties Union lawyers in Los Angeles, who represented Nadarajah, credit the release of another of their clients to fallout from his case. In that instance, Saluja Thangaraja, 26, of Sri Lanka was also arrested while entering the U.S. illegally. An immigration judge also found that she was tortured and granted her asylum, but the government kept her locked up near San Diego for nearly five years until her release March 27.

Homeland Security and Justice Department officials declined to comment.

Although he never intended to live in the U.S., Nadarajah said he would make the best of his stay here. The grant of asylum made the charge of illegal entry moot. He is free on $20,000 bond, paid for by Australian relatives, and is required to wear an electronic monitoring device on his ankle and be home by 5 p.m. while he waits for Atty. Gen. Gonzales to review his asylum case.

He is living rent-free in an apartment owned by a member of Lancaster's Sri Lankan community. After almost five years of jail food, he is enjoying traditional Tamil meals of rice and curry, and laughingly said he did not want to see beans or potatoes on his plate for a while.

"I lost hope for a time. I thought about suicide," he said "But now I feel like I have been reborn into a new life here in America, the land of freedom."

END

Government Executive Magazine

April 7, 2006

Appeals court hears arguments in DHS labor rights case

By Karen Rutzick

A three-judge panel heard arguments Thursday in an appeal of an August decision that thwarted the Homeland Security Department's new labor relations system.

The panel from the U.S. Court of Appeals for the District of Columbia, made up of judges Harry Edwards, A. Raymond Randolph and Thomas Griffith, questioned the government forcefully over the department's plan to allow senior-level officials to override collective bargaining agreements after the fact.

"Why don't we get to the heart of the issue?" Edwards asked. "Where is it in the history of our country under any collective bargaining scheme ... that allows the employer to unilaterally abrogate an agreement?"

That issue -- management's authority to issue a directive at any time that negates a prior agreement -- was central in District Court Judge Rosemary Collyer's summer decision to enjoin the system. Her ruling was appealed by both sides on issues they lost.

Edwards, an appointee of President Carter who often is cited as an expert in the field and wrote a book called *Labor Relations Law in the Public Sector*, was the most outspoken of the judges, saying it is "nonsense" to describe DHS' desired system as collective bargaining.

When lawmakers gave DHS authority in 2002 to create a new personnel system with more flexible workplace rules for the sake of national security, they required the department to preserve a system of collective bargaining.

"Congress did not say you could ignore collective bargaining rights," Edwards said. "It said just the opposite."

A central part of DHS' personnel overhaul is the plan to replace the General Schedule pay system with broad pay bands and to give raises based on market studies and performance evaluations, rather than simply time in service. The department is still planning to begin putting its pay reforms, which are not part of the lawsuit, into place this year.

Griffith, appointed by President Bush in June, asked government lawyer Thomas Bondy what he thought Congress meant when it said to preserve collective bargaining, to which Bondy replied that the new DHS system indeed retains the "trappings" of collective bargaining.

"It doesn't say trappings," Griffith said. "It says the right to collective bargaining." Griffith also used Collyer's wording, referring to contracts under the new DHS system as "illusory."

DHS' new system also modifies the role of the Federal Labor Relations Authority, a governmentwide body that adjudicates federal labor-management disputes. DHS regulations creating the system largely replace the FLRA with an internal Homeland Security Labor Relations Board, relegating the FLRA to an appeals role.

Collyer ruled that the agency illegally altered the FLRA's duties without congressional authority. Unions bristle at the notion of management-appointed board members deciding labor-management disputes.

Judge Randolph, a George H.W. Bush appointee, questioned Bondy on that point, saying Congress only authorized the department to rework itself.

"The FLRA is not in Homeland Security," Randolph said. "It's a separate, independent body outside of Homeland Security, right?"

Edwards added to that line of questioning, asking, "Where do you get the authority to tell other existing agencies what to do?"

The unions, represented by Gregory O'Duden, general counsel of the National Treasury Employees Union, also were questioned hard on their appeal of the department's ability to limit matters that are subject to collective bargaining in the first place, which Collyer let stand.

Even if the unions are successful in removing management's right to renege on contracts after the fact, the ability to limit the scope of bargaining still would allow the department to remove whole subjects from collective bargaining, limiting union power.

Griffith asked O'Duden, "Why shouldn't we just wait to see what happens here?," questioning the grounds on which the court could rule what is and is not allowed to be in the scope of collective bargaining.

The appeal is on an expedited schedule. O'Duden told reporters after the arguments that an opinion could take two to three months, but there is no set timeline.

In another wrinkle, the two largest unions in the coalition that filed the lawsuit, NTEU and the American Federation of Government Employees, are scheduled to face off in a union election May 9 to represent the Customs and Border Protection employees in DHS. If NTEU loses, it would not represent any employees in the department.

END

Chicago Tribune

April 7, 2006

Government defends decision to fund Boy Scout event

BY MICHAEL HIGGINS
Chicago Tribune

CHICAGO - The federal government's decision to spend about $7 million on a special Boy Scout event doesn't improperly favor religious believers, despite the scouts' policy that members affirm a duty to God, a government lawyer told a federal appeals court on Thursday.

The U.S. Department of Defense has historically supported the national Boy Scout Jamboree, a 10-day event held every four years, but not because of the scouts' religious stance, said attorney Lowell Sturgill Jr.

"Any group can approach the military ... and request similar aid to what the Boy Scouts are getting," Sturgill told a three-judge panel of the 7th U.S. Circuit Court of Appeals. "The plaintiffs haven't shown, on the record, that anybody has ever requested it and been denied."

Sturgill squared off on Thursday against lawyers from the American Civil Liberties Union, which argues that the spending policy favors believers over non-believers and is unconstitutional.

In July, U.S. District Judge Blanche Manning agreed with the ACLU, and issued a court order that blocks the defense department from participating in the jamboree.

Manning concluded that the Pentagon's participation violated the 1st Amendment because the Boy Scouts of America "excludes atheists and agnostics" and calls for members to believe in God.

"No one except for the Boy Scouts can get this extraordinary aid," Adam Schwartz, attorney for the ACLU, argued Thursday. "The government has declared a winner without holding a race."

Schwartz compared the Boy Scout funding to, for example, a government decision to declare that all federal drug rehabilitation funds must go to religion-based, 12-step programs.

Rev. Eugene Winkler, a former pastor at the First United Methodist Church in Chicago, and others brought the lawsuit in 1999.

Winkler said after the hearing Thursday that, though he is a former scout and scoutmaster, he believes the government's spending on the event discriminates against non-believers.

"Only kids who believe in God have this opportunity," Winkler said. "Kids who don't believe in God are excluded."

Judges quizzed Schwartz about an earlier court ruling that allowed the government to pay for chain link fencing, drinking fountains and other support for a mass by the Pope John Paul II in 1979 on the mall in Washington, D.C. They also asked about government aid to the Special Olympics and the Girl Scouts.

Schwartz said no other group got comparable assistance.

ACLU officials said the defense department spends $7 million on the jamboree, paying for everything from contractors to assemble the campground to cookie dough.

George Davidson, an attorney for the Boy Scouts, said afterward that the military does not participate in the event to promote religion. Rather, the event's purpose is public relations and military preparedness, including practice in assembling "tent cities."

END

Southern Voice

April 7, 2006

Library of Congress sued for Trans discrimination

WASHINGTON — A federal judge found March 31 that an employment discrimination lawsuit brought by the American Civil Liberties Union on behalf of a transgender veteran against the Library of Congress can go forward. "Today's decision begins to restore my faith in our government," Diane Schroer, who brought the case against the Library of Congress, in a said in a news release. Finding that sex may not be "a cut-and-dried matter of chromosomes," the court ruled that federal protections against sex discrimination may also protect transgender people who are discriminated against based on their gender identity. In rejecting the government's argument that discrimination against transgender people is not sex discrimination, the court noted "the factual complexities that underlie human sexual identity."

END

Detroit Free Press (KRT)

April 7, 2006

In Detroit, Indians file suit over health care: Government must do more, they say

Niraj Warikoo, Detroit Free Press

Apr. 7--Alleging that the U.S. government has reneged on its promise to provide them health care, American Indians in metro Detroit filed a class action in Detroit on Thursday that asked for better services.

The lawsuit was filed in U.S. District Court on behalf of three Indians who say they suffer from serious illnesses but are unable to get proper care.

About 75% of an estimated 40,000 Indians in the tri-county region don't have health insurance, said local activists.

Under federal law and numerous treaties, the U.S. government is supposed to provide health care for Indians who live in urban areas. According to the lawsuit, two-thirds of American Indians live in metro areas.

But it has failed to deliver, the lawsuit claims, and needs to provide more funding for their health care.

"American Indians gave up 95% of their land in return" for government services, such as health care, said Fay Givens, executive director of the Lincoln Park-based American Indian Services, which provides mental health services.

The government "has failed in every respect," Givens said.

The class\l "l" action\l "l", put together by attorneys with the University of Michigan Clinical Law Program, was filed against the U.S. Department of Health and Human Services and Indian Health Service, which operates under the federal\l "l" agency.

Verna Miller, spokeswoman for Indian Health Service, said she couldn't comment on a pending lawsuit.

Christina Pearson, a spokeswoman for the Department of Health and Human Services, also said she couldn't comment.

The lawsuit cites a September 2004 report by the U.S. Commission on Civil Rights that said there is a "dire health care situation" for Indians.

The plaintiffs mentioned in the suit are Tonya Hammitte, David Stone and Joseph Stewart, all of Detroit. Each is unable to get proper health care for their ailments, the lawsuit says.

Metro Detroit has only one primary health care center for Indians, the Detroit-based American Indian Health and Family Services. But the center is poorly funded and staffed, the lawsuit says, and unable to provide many needed services.

END

LLOYDS LIST

April 7, 2006

Stolt-Nielsen claims Federal Court ruling was a technicality

Jerry Frank

NORWEGIAN cartel suspect Stolt-Nielsen has explained last week's adverse US Federal Court decision as a constitutional technicality, while revealing a healthy first quarter for its parcel tanker operation.

Stolt-Nielsen, fresh from the sale of its slice of fish farm business Marine Harvest to fellow Norwegian John Fredriksen, yesterday posted a $47.9m first quarter profit from continuing operations up from $24m a year earlier.

Chairman Niels Stolt-Nielsen called the figures 'solid' just days after fourth quarter figures took additional $13.5m costs linked to anti-trust probes in Europe and the US.

And the Norwegian family group at the centre of the prolonged cartel inquiry came out firing against an adverse US federal court finding last week that put it in line again for indictment proceedings.

Stolt-Nielsen insisted its loss of protection from an earlier decision by a district court was a matter of the finer points of checks and balances of US constitutional law and not a reflection on the worth of its legal argument.

'The ruing by the third circuit panel, which reversed our victory in the District Court, is purely based on the constitutional law theory that the judiciary cannot enforce the executive branch's promise not to indict,' the company proposed.

'The rule states it was not based on the merits of our legal position as to the amnesty agreement.

'We have already won once on the legal merits of the amnesty agreement, and are fully committed to enforcing the Department\l "l" of\l "l" Justice's\l "l" promises.

'We firmly believe we have not broken the amnesty agreement with the DoJ and will explore all options open to the company so that it is protected under the agreement.'

Stolt-Nielsen's parcel tanker business, amid the to-and-fro of the group's legal battle following its eviction from the DoJ anti-trust amnesty programme, has enjoyed a strong contract market alongside a weaker spot business.

Stolt's parcel tankers delivered a $41.5m operating profit down slightly on $43.2m booked in the first quarter last year.

END

Gorsuch, Neil M

From: Gorsuch, Neil M
Sent: Friday, April 07, 2006 1:03 PM
To: Jennifer Brosnahan (Jennifer_R._Brosnahan@who.eop.gov)
Cc: Ames, Andrew
Subject: FW: 4/7/06 Civil Division News

FYI. Andrew - Please could you add Jenny to this distribution list?

From: Ames, Andrew
Sent: Friday, April 07, 2006 10:29 AM
To: Agarwal, Asheesh (CIV); Ames, Andrew; Baxter, Felix (CIV); Branda, Joyce (CIV); Brody, Stephen (CIV); Bucholtz, Jeffrey (CIV); Bukvics, Jennifer (CIV); Claterbos, Barbara (CIV); Cohen, David M. (CIV); Cohn, Jonathan (CIV); Davidson, Jeanne (CIV); Fargo, John (CIV); Fielding, Gabrielle (CIV); Figley, Paul (CIV); Flentje, August (CIV); Frost, Peter (CIV); Garren, Timothy (CIV); Glynn, J.Patrick (CIV); Gorsuch, Neil M; Hertz, Michael (CIV); Hollis, Robert (CIV); Hunt, Jody (CIV); Hussey, Thom (CIV); Jeweler, James (CIV); Katsas, Gregory (CIV); Keisler, Peter D (CIV); Kohn, Chris (CIV); Kopp, Robert (CIV); Letter, Douglas (CIV); Levine, Larry (EOIR); Lindemann, Michael (CIV); Magnuson, Cynthia; McCallum, Robert (SMO); Miller, Charles S; Nichols, Carl (CIV); Nowacki, John; Pyles, Phyllis (CIV); Reyes, Luis (SMO); Riley, Sharon (CIV); Rivera, Jennifer (CIV); Roehrkasse, Brian; Schiffer, Stuart (CIV); Scolinos, Tasia; Seidel, Rebecca; Senger, Jeffrey M; Spellberg, Dianne (CIV); Swenson, Lily F; Thirolf, Eugene; Wilson, Karen L; Zwick, Ken (CIV)
Subject: 4/7/06 Civil Division News

Court Filings Tell of Internet Spying

EFF files suit against AT&T over NSA spying

Al Qaeda liked family man ploy, declassified papers sho

Jailed 4 1/2 Years in Land of the Free; In 2001, a Sri Lankan was arrested at the U.S. border and labeled a security threat. A court found the case absurd

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In Detroit, Indians file suit over health care: Government must do more, they say

Stolt-Nielsen claims Federal Court ruling was a technicality

New York Times

April 7, 2006

Court Filings Tell of Internet Spying

By THE NEW YORK TIMES

WASHINGTON, April 6 — A former AT&T technician said on Thursday that the company cooperated with the National Security Agency in 2003 to install equipment capable of "vacuum-cleaner surveillance" of

e-mail messages and other Internet traffic.

A statement by the technician, Mark Klein, and several company documents he saved after retiring in 2004, were filed on Wednesday in a class-action lawsuit against AT&T. The suit, filed in January in federal court in San Francisco by the Electronic Frontier Foundation, a civil liberties group, says the company helped the security agency invade its customers' privacy. The documents provided by Mr. Klein were filed under seal because of concerns about disclosing proprietary information.

Mr. Klein's documents, some of which he had provided to The New York Times, describe a room at the AT&T Internet and telephone hub in San Francisco that contained a piece of equipment that could sift through large volumes of Internet traffic.

END

ARS Technica
EFF files suit against AT&T over NSA spying
April 7, 2006

The Electronic Frontier Foundation (EFF) today filed the legal documents needed for its class action lawsuit against AT&T to move forward. The EFF is alleging that AT&T has purposely diverted customer traffic to the NSA for years as a means of aiding the NSA's covert surveillance program that was revealed last December—and they claim to have the documents to prove it.

In what sounds like a plot lifted straight from a spy novel, a former AT&T employee has given the EFF access to three internal AT&T documents that describe the inner workings of the massive AT&T data and voice network. The documents are sensitive enough that AT&T's lawyers are deeply concerned about the possibility they could be released or made public during the court case. In a letter to the EFF, an AT&T attorney wrote,

I am informed that these documents relate to the technical structure of AT&T telephone networks and are extremely sensitive in nature-for reasons having nothing to do with the subject matter of this case. Were they or any one of them to fall into the wrong hands, they could be used to "hack" into the AT&T network, compromising its integrity. This could cause substantial damage to AT&T's network.

These documents, among others, also worried the government (which is not a party to the lawsuit), which is concerned about matters of national security being discussed in open court. The Department of Justice has looked over the materials, though, and just announced that it has no objection to the EFF case so long as the documents and proceedings are kept under seal. With the government's objections out of the way, the EFF today filed the documents with the court. Its basic claim is straightforward:

The lawsuit alleges that AT&T Corp. has opened its key telecommunications facilities and databases to direct access by the NSA and/or other government agencies, thereby disclosing to the government the contents of its customers' communications as well as detailed communications records about millions of its customers, including the lawsuit's class members.

The lawsuit also alleges that AT&T has given the government unfettered access to its over 300 terabyte "Daytona" database of caller information--one of the largest databases in the world. Moreover, by opening its network and databases to wholesale surveillance by the NSA, EFF alleges that AT&T has violated the privacy of its customers and the people they call and email, as well as broken longstanding communications privacy laws.

Why AT&T? Because they are now the largest telecom firm in America. The EFF's complaint points out that the company handles more than 300 million voice calls each day, passes more than 4,600 TB of data along its backbone, and carries 18 billion minutes of of international calls each year. They are also the largest DSL provider in the US, meaning that without their cooperation, the NSA would have significantly

less data to work with. A successful case against the company would probably convince other firms to stop aiding the NSA, if for no other reason than to avoid class-action lawsuits and massive fines.

END

Chicago Tribune (KRT)

April 7, 2006

Al Qaeda liked family man ploy, declassified papers show

Andrew Zajac, Chicago Tribune

Apr. 7--WASHINGTON -- An alleged Al Qaeda sleeper agent arrested in West Peoria in December 2001 was picked for his work by Sept. 11 attack planner Khalid Shaikh Mohammed in part because the agent was married and had children, thus making him less likely to attract attention, new court documents show.

Ali Saleh Kahlab al-Marri, a Qatari national, was told to arrive in the U.S. before Sept. 11, 2001, and to head to Pakistan if he did not make it into this country before then, according to court papers filed in Charleston, S.C.

Al-Marri, his wife and five children arrived in the U.S. on Sept. 10, 2001, purportedly to study at Bradley University, authorities said.

The fresh details about al-Marri's alleged ties to Al Qaeda came from declassified portions of a sworn statement that has been the basis for detaining al-Marri as an enemy combatant.

Government\l "l" lawyers\l "l" grudgingly made the new material public on Wednesday, after a federal magistrate in Charleston said that al-Marri needed to be able to see the evidence being used to detain him, so that he could rebut it.

Al-Marri was facing fraud charges in June 2003 when he was declared an enemy combatant by President Bush and transferred from the criminal justice system to the Charleston Naval Brig. Al-Marri is the only enemy combatant currently held in the U.S.

As in many other cases involving prisoners in the war on terror, the Bush administration has sought to limit the information available to detainees and the public, on the grounds of national security.

But in late February, federal Magistrate Robert Carr told government\l "l" lawyers\l "l" that "the deck is stacked pretty good in favor of the government to start with" and that as a result, he would not consider information about al-Marri which al-Marri himself was not permitted to see and discuss with his lawyers.

Carr is expected to weigh information presented by both sides and make a recommendation to a federal judge overseeing the case about whether al-Marri should continue being held as an enemy combatant.

The declassified summary indicates that al-Marri traveled to Dubai in August 2001 and was given $10,000 to $13,000, plus $3,000 for a laptop computer, by Mustafa Ahmed al-Hawsawi, an Al Qaeda paymaster and a lieutenant of Mohammed.

The computer later was found to contain files on how to make hydrogen cyanide, a potentially lethal toxin, as well as more than 1,000 apparent credit card numbers and other financial data, which formed the basis of fraud charges originally lodged against al-Marri.

The document states that Mohammed communicated about al-Marri's activities in the U.S. through his brother, Jaralla Saleh Mohamed Kahla al-Marri, who now is being held at the Guantanamo Bay Naval Base in Cuba.

About two-thirds of one page in the new document remain censored.

Al-Marri, 40, who maintains his innocence, "should have been given this information long ago," said Jonathan Hafetz, one of his lawyers.

The government still has not offered any evidence to back up the summary, making the document essentially hearsay, Hafetz said.

Its release came after Carr, in unusually blunt language, prodded the government to either drop its use of classified information or declassify it so that al-Marri could see it and respond.

"You need to make your choice, because this deals with a man's freedom," Carr said in a conference call with lawyers in the case. "He has been removed from the battlefield, so to speak, for many years."

A government\l "l" lawyer\l "l" argued that the existing censored document put al-Marri "in a fine position to be able to respond with some alternative theory as to why he is not an enemy combatant."

"Let me put it this way," Carr replied. "You didn't present the president with only a partial [summary], did you?"

"This isn't blindman's buff or any of those children's games where he has to try to rebut or present more persuasive evidence . . . without seeing what the government has. I mean, that's just not the right way to do this," Carr said.

END

Los Angelss Times
April 7, 2006

Jailed 4 1/2 Years in Land of the Free; In 2001, a Sri Lankan was arrested at the U.S. border and labeled a security threat. A court found the case absurd.

By H.G. Reza, Times Staff Writer

The young farmer from the Indian Ocean country of Sri Lanka wanted only to get to Canada to escape the torture. Instead, he has landed in the north Los Angeles suburb of Lancaster.

Accused of being a terrorist in his native country, Ahilan Nadarajah left in September 2001 and was guided by smugglers through Thailand, South Africa, Brazil and Mexico. He intended to sneak into the United States on his way to Toronto but was arrested at the border.

He was twice granted political asylum by a U.S. immigration judge, but the Department of Homeland Security branded him a national security threat. He spent nearly 4½ years in a U.S. jail while the government tried to deport him to Sri Lanka.

He was freed March 21 after the 9th U.S. Circuit Court of Appeals called his lengthy detention illegal in a bristling 37-page opinion that took aim at the Bush administration's controversial practice of indefinitely detaining immigrants accused of terrorism but not charged. The three-judge panel said keeping him jailed violated a 2001 U.S. Supreme Court ruling against indefinite detention in immigration cases.

The court's unanimous ruling called Nadarajah's jailing illegal and unreasonable and said the government's arguments were "patently absurd," "implausible" and "baffling."

The 26-year-old postmaster's son remains remarkably free of animosity toward the United States, despite having been locked up in solitary for five months.

"Although I believe I was jailed unjustly, I'm grateful because the American government saved my life by not sending me back," Nadarajah said in an interview last week at a Sri Lankan restaurant in Lancaster. The chances are slim he will be allowed into Canada, where he intended to seek asylum, and the U.S. probably will become his home. Much of the evidence the U.S. government used to label Nadarajah a member of the Tamil Tigers, which the State Department has branded as terrorist, came from an informant working for Canadian law enforcement.

The Sri Lankan government has been at war for two decades with the Tamil Tigers, which seeks an independent state for ethnic Tamils. Both sides have committed human rights abuses, including torture, kidnappings and politically motivated killings, according to Amnesty International.

The 9th Circuit believed Nadarajah's account: that the Sri Lankan army began jailing and torturing him when he was 17 to persuade him to admit membership in the Tamil Tigers. He was repeatedly arrested, beaten, burned with cigarette butts and hung upside down with his head inside a bag of gasoline. Twice his mother bribed army officials to release him, and the family finally decided he should leave the country.

Officials at the Sri Lankan embassy in Washington did not return calls seeking comment.

Nadarajah said his family sold their farm and jewelry to raise the $17,000 that a smuggling ring charged to take him to Canada. Although he had no close relatives there, Nadarajah said he hoped to gain asylum and join that country's sizable Tamil community.

On Sept. 21, 2001, he left Sri Lanka for Bangkok, the first leg of his journey, where he obtained a Mexican visa. He was arrested Oct. 27 while trying to enter the U.S. at San Ysidro with false immigration papers.

He remained locked up despite receiving political asylum from an immigration judge, whose rulings were upheld on appeal. The government also refused to allow him out on $20,000 bond, which the appellate court called an abuse of discretion. In arguing for Nadarajah's continued detention, the Bush administration insisted that he was not being held indefinitely because Atty. Gen. Alberto R. Gonzales would review his case at some point, as the immigration laws provide.

"[But] no one can satisfactorily assure us as to when that day will arrive," the appellate court ruled.

The U.S. government's evidence that Nadarajah was a terrorist was based mainly on information from a secret informant for the Royal Canadian Mounted Police, who did not testify. Instead, a federal agent read from Canadian police reports about the informant, and he testified about his one meeting with him.

The 9th Circuit discounted the testimony and criticized the agent's claim that Nadarajah and a Sri Lankan woman, also in custody for entering the U.S. illegally, jointly called Canada to order a slaying. The court noted that the agent could not explain how they could have called from a jail where men and women are not allowed to mix.

The agent also could not explain why he had not subpoenaed the phone records.

"Every time I win in court, they're appealing. It's like a game to them, and they're playing with your life," Nadarajah said.

Despite dismay over his lengthy incarceration, he noted an important difference about his experience in a

U.S. jail.

"I was not tortured in America," said Nadarajah, who was locked up in an immigration detention facility near San Diego.

Georgetown University law professor David Cole, an expert on immigration law and a frequent critic of the administration's terrorism policies, said the appellate court's ruling 10 days after the case was argued showed the panel was disturbed by the government's conduct.

"This is remarkable," he said. "It's not unusual to wait up to two years for a ruling. But the court spoke swiftly and sternly."

The Nadarajah case was another setback for the administration in cases where immigrants arrested after Sept. 11 for immigration violations have been kept in jail without charges on suspicion of having terrorism ties.

In 2005, the Mirmehdi brothers, four Iranians from the San Fernando Valley, were released after more than three years in detention. Their release was prompted by the Supreme Court ruling blocking the government from detaining immigrants indefinitely.

Last month, a U.S. magistrate cited the same ruling in recommending the release of Buena Park resident Abdel-Jabbar Hamdan, a Jordanian citizen who has been incarcerated for 20 months.

Immigration judges blocked the deportation of Hamdan and the Mirmehdis to their native countries because they would be tortured. It is unlikely a third country will accept them because the U.S. has tied them to terrorism.

American Civil Liberties Union lawyers in Los Angeles, who represented Nadarajah, credit the release of another of their clients to fallout from his case. In that instance, Saluja Thangaraja, 26, of Sri Lanka was also arrested while entering the U.S. illegally. An immigration judge also found that she was tortured and granted her asylum, but the government kept her locked up near San Diego for nearly five years until her release March 27.

Homeland Security and Justice Department officials declined to comment.

Although he never intended to live in the U.S., Nadarajah said he would make the best of his stay here. The grant of asylum made the charge of illegal entry moot. He is free on $20,000 bond, paid for by Australian relatives, and is required to wear an electronic monitoring device on his ankle and be home by 5 p.m. while he waits for Atty. Gen. Gonzales to review his asylum case.

He is living rent-free in an apartment owned by a member of Lancaster's Sri Lankan community. After almost five years of jail food, he is enjoying traditional Tamil meals of rice and curry, and laughingly said he did not want to see beans or potatoes on his plate for a while.

"I lost hope for a time. I thought about suicide," he said "But now I feel like I have been reborn into a new life here in America, the land of freedom."

END

Government Executive Magazine

April 7, 2006

Appeals court hears arguments in DHS labor rights case

By Karen Rutzick

A three-judge panel heard arguments Thursday in an appeal of an August decision that thwarted the Homeland Security Department's new labor relations system.

The panel from the U.S. Court of Appeals for the District of Columbia, made up of judges Harry Edwards, A. Raymond Randolph and Thomas Griffith, questioned the government forcefully over the department's plan to allow senior-level officials to override collective bargaining agreements after the fact.

"Why don't we get to the heart of the issue?" Edwards asked. "Where is it in the history of our country under any collective bargaining scheme ... that allows the employer to unilaterally abrogate an agreement?"

That issue -- management's authority to issue a directive at any time that negates a prior agreement -- was central in District Court Judge Rosemary Collyer's summer decision to enjoin the system. Her ruling was appealed by both sides on issues they lost.

Edwards, an appointee of President Carter who often is cited as an expert in the field and wrote a book called *Labor Relations Law in the Public Sector*, was the most outspoken of the judges, saying it is "nonsense" to describe DHS' desired system as collective bargaining.

When lawmakers gave DHS authority in 2002 to create a new personnel system with more flexible workplace rules for the sake of national security, they required the department to preserve a system of collective bargaining.

"Congress did not say you could ignore collective bargaining rights," Edwards said. "It said just the opposite."

A central part of DHS' personnel overhaul is the plan to replace the General Schedule pay system with broad pay bands and to give raises based on market studies and performance evaluations, rather than simply time in service. The department is still planning to begin putting its pay reforms, which are not part of the lawsuit, into place this year.

Griffith, appointed by President Bush in June, asked government lawyer Thomas Bondy what he thought Congress meant when it said to preserve collective bargaining, to which Bondy replied that the new DHS system indeed retains the "trappings" of collective bargaining.

"It doesn't say trappings," Griffith said. "It says the right to collective bargaining." Griffith also used Collyer's wording, referring to contracts under the new DHS system as "illusory."

DHS' new system also modifies the role of the Federal Labor Relations Authority, a governmentwide body that adjudicates federal labor-management disputes. DHS regulations creating the system largely replace the FLRA with an internal Homeland Security Labor Relations Board, relegating the FLRA to an appeals role.

Collyer ruled that the agency illegally altered the FLRA's duties without congressional authority. Unions bristle at the notion of management-appointed board members deciding labor-management disputes.

Judge Randolph, a George H.W. Bush appointee, questioned Bondy on that point, saying Congress only authorized the department to rework itself.

"The FLRA is not in Homeland Security," Randolph said. "It's a separate, independent body outside of Homeland Security, right?"

Edwards added to that line of questioning, asking, "Where do you get the authority to tell other existing agencies what to do?"

The unions, represented by Gregory O'Duden, general counsel of the National Treasury Employees Union, also were questioned hard on their appeal of the department's ability to limit matters that are subject to collective bargaining in the first place, which Collyer let stand.

Even if the unions are successful in removing management's right to renege on contracts after the fact, the ability to limit the scope of bargaining still would allow the department to remove whole subjects from collective bargaining, limiting union power.

Griffith asked O'Duden, "Why shouldn't we just wait to see what happens here?," questioning the grounds on which the court could rule what is and is not allowed to be in the scope of collective bargaining.

The appeal is on an expedited schedule. O'Duden told reporters after the arguments that an opinion could take two to three months, but there is no set timeline.

In another wrinkle, the two largest unions in the coalition that filed the lawsuit, NTEU and the American Federation of Government Employees, are scheduled to face off in a union election May 9 to represent the Customs and Border Protection employees in DHS. If NTEU loses, it would not represent any employees in the department.

END

Chicago Tribune

April 7, 2006

Government defends decision to fund Boy Scout event

BY MICHAEL HIGGINS
Chicago Tribune

CHICAGO - The federal government's decision to spend about $7 million on a special Boy Scout event doesn't improperly favor religious believers, despite the scouts' policy that members affirm a duty to God, a government lawyer told a federal appeals court on Thursday.

The U.S. Department of Defense has historically supported the national Boy Scout Jamboree, a 10-day event held every four years, but not because of the scouts' religious stance, said attorney Lowell Sturgill Jr.

"Any group can approach the military ... and request similar aid to what the Boy Scouts are getting," Sturgill told a three-judge panel of the 7th U.S. Circuit Court of Appeals. "The plaintiffs haven't shown, on the record, that anybody has ever requested it and been denied."

Sturgill squared off on Thursday against lawyers from the American Civil Liberties Union, which argues that the spending policy favors believers over non-believers and is unconstitutional.

In July, U.S. District Judge Blanche Manning agreed with the ACLU, and issued a court order that blocks the defense department from participating in the jamboree.

Manning concluded that the Pentagon's participation violated the 1st Amendment because the Boy Scouts of America "excludes atheists and agnostics" and calls for members to believe in God.

"No one except for the Boy Scouts can get this extraordinary aid," Adam Schwartz, attorney for the ACLU, argued Thursday. "The government has declared a winner without holding a race."

Schwartz compared the Boy Scout funding to, for example, a government decision to declare that all federal drug rehabilitation funds must go to religion-based, 12-step programs.

Rev. Eugene Winkler, a former pastor at the First United Methodist Church in Chicago, and others brought the lawsuit in 1999.

Winkler said after the hearing Thursday that, though he is a former scout and scoutmaster, he believes the government's spending on the event discriminates against non-believers.

"Only kids who believe in God have this opportunity," Winkler said. "Kids who don't believe in God are excluded."

Judges quizzed Schwartz about an earlier court ruling that allowed the government to pay for chain link fencing, drinking fountains and other support for a mass by the Pope John Paul II in 1979 on the mall in Washington, D.C. They also asked about government aid to the Special Olympics and the Girl Scouts.

Schwartz said no other group got comparable assistance.

ACLU officials said the defense department spends $7 million on the jamboree, paying for everything from contractors to assemble the campground to cookie dough.

George Davidson, an attorney for the Boy Scouts, said afterward that the military does not participate in the event to promote religion. Rather, the event's purpose is public relations and military preparedness, including practice in assembling "tent cities."

END

Southern Voice

April 7, 2006

Library of Congress sued for Trans discrimination

WASHINGTON — A federal judge found March 31 that an employment discrimination lawsuit brought by the American Civil Liberties Union on behalf of a transgender veteran against the Library of Congress can go forward. "Today's decision begins to restore my faith in our government," Diane Schroer, who brought the case against the Library of Congress, in a said in a news release. Finding that sex may not be "a cut-and-dried matter of chromosomes," the court ruled that federal protections against sex discrimination may also protect transgender people who are discriminated against based on their gender identity. In rejecting the government's argument that discrimination against transgender people is not sex discrimination, the court noted "the factual complexities that underlie human sexual identity."

END

Detroit Free Press (KRT)

April 7, 2006

In Detroit, Indians file suit over health care: Government must do more, they say

Niraj Warikoo, Detroit Free Press

Apr. 7--Alleging that the U.S. government has reneged on its promise to provide them health care, American Indians in metro Detroit filed a class action in Detroit on Thursday that asked for better services.

The lawsuit was filed in U.S. District Court on behalf of three Indians who say they suffer from serious illnesses but are unable to get proper care.

About 75% of an estimated 40,000 Indians in the tri-county region don't have health insurance, said local activists.

Under federal law and numerous treaties, the U.S. government is supposed to provide health care for Indians who live in urban areas. According to the lawsuit, two-thirds of American Indians live in metro areas.

But it has failed to deliver, the lawsuit claims, and needs to provide more funding for their health care.

"American Indians gave up 95% of their land in return" for government services, such as health care, said Fay Givens, executive director of the Lincoln Park-based American Indian Services, which provides mental health services.

The government "has failed in every respect," Givens said.

The class\l "l" action\l "l", put together by attorneys with the University of Michigan Clinical Law Program, was filed against the U.S. Department of Health and Human Services and Indian Health Service, which operates under the federal\l "l" agency.

Verna Miller, spokeswoman for Indian Health Service, said she couldn't comment on a pending lawsuit.

Christina Pearson, a spokeswoman for the Department of Health and Human Services, also said she couldn't comment.

The lawsuit cites a September 2004 report by the U.S. Commission on Civil Rights that said there is a "dire health care situation" for Indians.

The plaintiffs mentioned in the suit are Tonya Hammitte, David Stone and Joseph Stewart, all of Detroit. Each is unable to get proper health care for their ailments, the lawsuit says.

Metro Detroit has only one primary health care center for Indians, the Detroit-based American Indian Health and Family Services. But the center is poorly funded and staffed, the lawsuit says, and unable to provide many needed services.

END

LLOYDS LIST

April 7, 2006

Stolt-Nielsen claims Federal Court ruling was a technicality

Jerry Frank

NORWEGIAN cartel suspect Stolt-Nielsen has explained last week's adverse US Federal Court decision as a constitutional technicality, while revealing a healthy first quarter for its parcel tanker operation.

Stolt-Nielsen, fresh from the sale of its slice of fish farm business Marine Harvest to fellow Norwegian John Fredriksen, yesterday posted a $47.9m first quarter profit from continuing operations up from $24m a year earlier.

Chairman Niels Stolt-Nielsen called the figures 'solid' just days after fourth quarter figures took additional $13.5m costs linked to anti-trust probes in Europe and the US.

And the Norwegian family group at the centre of the prolonged cartel inquiry came out firing against an adverse US federal court finding last week that put it in line again for indictment proceedings.

Stolt-Nielsen insisted its loss of protection from an earlier decision by a district court was a matter of the finer points of checks and balances of US constitutional law and not a reflection on the worth of its legal argument.

'The ruing by the third circuit panel, which reversed our victory in the District Court, is purely based on the constitutional law theory that the judiciary cannot enforce the executive branch's promise not to indict,' the company proposed.

'The rule states it was not based on the merits of our legal position as to the amnesty agreement.

'We have already won once on the legal merits of the amnesty agreement, and are fully committed to enforcing the Department\l "l" of\l "l" Justice's\l "l" promises.

'We firmly believe we have not broken the amnesty agreement with the DoJ and will explore all options open to the company so that it is protected under the agreement.'

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END

Ames, Andrew

From: Ames, Andrew
Sent: Monday, April 10, 2006 11:10 AM
To: Agarwal, Asheesh (CIV); Ames, Andrew; Baxter, Felix (CIV); Branda, Joyce (CIV); Brody, Stephen (CIV); Bucholtz, Jeffrey (CIV); Bukvics, Jennifer (CIV); Claterbos, Barbara (CIV); Cohen, David M. (CIV); Cohn, Jonathan (CIV); Davidson, Jeanne (CIV); Fargo, John (CIV); Fielding, Gabrielle (CIV); Figley, Paul (CIV); Flentje, August (CIV); Frost, Peter (CIV); Garren, Timothy (CIV); Glynn, J.Patrick (CIV); Gorsuch, Neil M; Hertz, Michael (CIV); Hollis, Robert (CIV); Hunt, Jody (CIV); Hussey, Thom (CIV); Jennifer Brosnahan; Jeweler, James (CIV); Katsas, Gregory (CIV); Keisler, Peter D (CIV); Kohn, Chris (CIV); Kopp, Robert (CIV); Letter, Douglas (CIV); Levine, Larry (EOIR); Lindemann, Michael (CIV); Magnuson, Cynthia; McCallum, Robert (SMO); Miller, Charles S; Nichols, Carl (CIV); Nowacki, John; Pyles, Phyllis (CIV); Reyes, Luis (SMO); Riley, Sharon (CIV); Rivera, Jennifer (CIV); Roehrkasse, Brian; Schiffer, Stuart (CIV); Scolinos, Tasia; Seidel, Rebecca; Senger, Jeffrey M; Spellberg, Dianne (CIV); Swenson, Lily F; Thirolf, Eugene; Wilson, Karen L; Zwick, Ken (CIV)
Subject: 4/10/06 Civil Division News

Pilot in bombing that killed four Canadians sues U.S. Air Force

Germany: Spying Investigation Approved

Canadian man: I was terrorized by dogs and threatened with life in prison by U.S. agents

Cobell: Filing Indian trust lawsuit filled her with dread

Military fights to keep hosting Boy Scout event

U.S. Court of International Trade Strikes Another Blow to Byrd Amendment

Opinion: Giving It to the Federal Circuit: Why Stop at Immigration Appeals?

Wisconsin Ag Connection

EFF Has Evidence Of AT&T, NSA Spying

AP

April 10, 2006

Pilot in bombing that killed four Canadians sues U.S. Air Force

SPRINGFIELD, Ill._A decorated pilot involved in a friendly fire bombing in Afghanistan that killed four Canadian soldiers is suing the U.S. Air Force for allegedly ruining his reputation.

Maj. Harry Schmidt says military officials should not have released to the public a scathing letter of reprimand. A federal lawsuit filed in Springfield on Friday accuses the military of violating privacy laws by disclosing information about Schmidt's record without his permission.

The disclosure also violated a settlement agreement that prevented Schmidt from being court-martialed for the 2002 bombing that killed four Canadian soldiers and wounded eight others, said Charles Gittins of Virginia, Schmidt's attorney.

"The government flat-out failed to comply with their agreement," Gittins said.

Lt. Col. Catherine Reardon, an Air Force spokeswoman, had not seen the lawsuit and declined comment.

"At this point, it would be inappropriate for me to comment on the case," she said Sunday.

The letter, which was released in July 2004 by Lt. Gen. Bruce Carlson, commander of the 8th Air Force at Barksdale Air Force Base in Louisiana, said Schmidt "acted shamefully" the night of the bombing and that he demonstrated "arrogance and a lack of flight discipline." Carlson has since been promoted to general and serves as commander of Air Force Materiel Command at Wright-Patterson Air Force Base in Ohio.

A Wright-Patterson spokesman could not immediately comment when reached by phone Sunday.

Lt. Caitlin Flynn, a Barksdale spokeswoman, said officials at the base are confidant that the courts will bring about "a fair conclusion."

"We place our trust in the legal system," she said.

According to the lawsuit, Schmidt suffered damage to his reputation, mental distress, embarrassment and emotional trauma. It seeks unspecified damages from the Air Force "for each unauthorized and un-consented to disclosure" of Schmidt's military records.

Carlson, who found Schmidt guilty of dereliction of duty after a nonjudicial hearing at the base, has refused to reconsider his ruling. Besides the reprimand, Schmidt lost one-half of a month's pay for two months.

On April 17, 2002, Schmidt and another pilot were flying F-16s when they spotted muzzle flashes near Kandahar airport. The Canadians were firing weapons on a training range but Schmidt mistook the soldiers for Taliban forces and dropped a 500-pound, laser-guided bomb.

The pilot has said his superiors never told him the Canadians would be conducting live-fire exercises that night.

Schmidt transferred to the Illinois Air National Guard in 2000 after a decorated career as a Navy pilot and an instructor at the Navy's "Top Gun" fighter pilot school. He remains a member of the National Guard, but has agreed that he will never fly Air Force jets again.

The second pilot, Maj. William Umbach, of Petersburg, received a letter of reprimand in 2003 and was allowed to retire from the Guard. He is not a party to Schmidt's lawsuit.

END

New York Times (NY)

April 8, 2006

Germany: Spying Investigation Approved

VICTOR HOMOLA (NYT)

Germany's three opposition parties voted to conduct a formal parliamentary investigation into the role the German intelligence service has played in the Iraq war. The inquiry will focus on whether German agents helped the American military during its invasion, whether the government had information regarding clandestine C.I.A. flights over Germany and whether Germany took part in the C.I.A. abduction of Khaled el\l "l"-Masri\l "l", a German citizen who says he was taken to an American prison in Afghanistan and tortured.

END

AP

April 9, 2006

Canadian man: I was terrorized by dogs and threatened with life in prison by U.S. agents

By BETH DUFF-BROWN

Associated Press Writer

TORONTO_Akhil Sachdeva, an accountant from India who emigrated to Canada, still wonders why he was seized at gunpoint by U.S. agents and thrown into jail, held for months with hundreds of other foreigners in the frenzied months that followed the Sept. 11 terrorist attacks.

Hustled into the Manhattan offices of the FBI in New York on Dec. 20, 2001, and chained to a steel bench at 26 Federal Plaza, federal agents demanded to know about his religious and political beliefs, whether he had ever taken flying lessons and his personal views about those behind the terrorist attacks that claimed nearly 3,000 lives, he said in an interview with The Associated Press.

He lost his Canadian identification card, and joined hundreds of other foreign detainees in saying he was terrorized by snarling dogs during four months at the Passaic County Jail in New Jersey.

"Maybe because of my skin color? I am an Indian and I look like any person from Pakistan or an Arab country," Sachdeva, a Hindu native of New Delhi, said in his first interview since completing depositions in Toronto this week by attorneys representing the U.S. government.

Sachdeva, 33 and now a Canadian citizen, is seeking undisclosed financial compensation for his ordeal by joining a federal class-action lawsuit filed in New York against senior U.S. officials, including FBI Director Robert Mueller and former Attorney General John Ashcroft.

"First of all, I want an apology," Sachdeva said Thursday in a telephone interview from his home in Brampton, Ontario. "One day I have everything, the next day they destroyed my life and I was not even charged for anything _ I had done no crime. I understand that there was a need of national security then, but how can they treat people that way?"

The lawsuit, filed the New York-based Center for Constitutional Rights on behalf of nearly 800 immigrant detainees, mostly Muslim and Arab men held in the Metropolitan Detention Center in Brooklyn and the Passaic County Jail in New Jersey, alleges the federal agents and offices violated the men's

constitutional right by imprisoning them on the basis of their nationality and religion. They were secretly put in high-security cell blocks normally reserved for dangerous inmates before most of them, including Sachdeva and his fellow defendants, were cleared of any terrorist connections and released.

The U.S. government is fighting the lawsuit filed in 2002, maintaining that Ashcroft and the other defendants are shielded by immunity laws designed to ensure they can perform their official duties "without the chill and distraction of damage suits."

"On September 11, 2001, the United States suffered the most devastating attack in our nation's history," says one defense motion to partially dismiss the case. "Forced to respond to this unprecedented assault, our country's highest-ranking officials were immediately called upon to make complex and sensitive judgments with limited guidance from past practice and legal precedent."

In a motion to dismiss the case, filed in November 2004, the defendants said the eight plaintiffs in the case failed to prove that they face a "real and immediate threat of future injury warranting the prospective remedy of equitable relief."

It also said the men _ who have been deported to other countries, including Canada, Turkey and Egypt _ no longer have any rights under the U.S. Constitution.

The motion said that even if the U.S. District Court in New York found merits to the plaintiffs' constitutional claim, the case should still be dismissed because the U.S. Supreme Court has said "individuals cannot be held liable unless they were personally involved in the challenged conduct and such conduct violated clearly established rights."

Some civil libertarians and human rights advocates say the Bush administration went too far in their determination to weed out any terror suspects from the detainees who were mostly picked up on lapsed visa or passport violations.

Sachdeva said he went to New York in early October 2001 to finalize his divorce from his wife, an American who owns a gas station in Port Washington, New York. He said his ex-wife told him that an FBI agent had come by and had some questions about a Muslim employee of the gas station.

She asked him to speak to the agent, Sachdeva said, and he willingly went to 26 Federal Plaza on Dec. 9, 2001, where he was politely questioned by two FBI agents. He said he told them he was planning to return to Canada and they told him this was fine.

As he prepared to return to Canada, he was staying with an uncle on Long Island, east of New York City. On the morning of Dec. 20, Sachdeva said 30 or 40 armed agents barged into the home, ordering him out of bed and into their police car. Back at Federal Plaza, they shackled his legs to a steel bench and interrogated him for four to five hours, never offering him a call his family or lawyer.

"Then they got a little rough; the agents started calling me the F-word," he said. "They were making fun, that they were willing to buy my BMW, saying `You're never going to see the sun again; you're going in for life so if you want to sell your car, we'll buy it for $5,000."

They asked him if he had ever taken flight training or used a flight simulator; he told them no. Was he a practicing Hindu? What did he think of those people behind the terrorist attacks?

He believes it was just after midnight when he was driven in a police van to the Passaic County Jail, where he was strip-searched and put in a cell with dozens of inmates. He said that for the first week, he was forced to sleep on the cold floor and given no toothbrush.

He and the other seven men in the lawsuit complained that their biggest fear came from guards who threatened them and police dogs that were routinely paraded.

"We never knew; sometimes you're sitting in a cell and suddenly there are eight or 10 officers holding dogs, then they took us in small corridors and pushed us against the walls and the dogs were two inches away," Sachdeva said. "They started barking and it was so terrifying."

He said guards let the dogs lick the food that a mosque had provided on a Muslim holiday.

Other inmates called them terrorists; one punched him in the face and chipped a front tooth.

The Passaic County Sheriff's Department, which runs the jail, said the lawsuit was unjustified and that K-9 dog units are only used to sniff out contraband or maintain security.

"Their accusations are not based on the truth, but on their desire to win a lawsuit," said spokesman Bill Maer. He added that dogs were not allowed near immigrant detainees since the Department of Homeland Security banned their use to control illegal aliens in December 2004.

On Dec. 27, Sachdeva received a notice to appear at an immigration court in Newark, New Jersey. He conceded that he had overstayed his visa and the judge told him that he would be deported to Canada or India within 30 days for the civil immigration violation.

But he remained jailed for another three and a half months before being released on April 17, 2002. He was driven straight to an airport and, in handcuffs, put on a flight back to Toronto, with no money. He did get his passport back, but never saw his driver's license and medical insurance card, key pieces of Canadian identification.

He credits Canada for his release, saying officials at the Canadian consulate in New York told him in collect calls he had made from jail that they were working on his release.

Charles\l "l" Miller\l "l", a Justice\l "l" Department\l "l" spokesman, declined comment on the lawsuit, as did Dean Boyd, a spokesman for Immigration and Customs Enforcement in Washington.

James Margolin, a special agent with the FBI in New York, said he could not say much about the case, but challenged Sachdeva's account of mistreatment by any FBI agents.

"The allegations about mistreatment at the hands of FBI agents in New York, we believe are entirely without basis in fact and are untrue, but I can't comment fully because this is a subject of pending litigation."

END

AP

April 8, 2006

Cobell: Filing Indian trust lawsuit filled her with dread

MISSOULA_Elouise Cobell\l "l", the Blackfeet woman who accuses the U.S. government of cheating American Indians out of billions of dollars in federal royalties, told conference attendees here Friday that filing the lawsuit 10 years ago filled her with dread.

"I said, 'This is the U.S. government that you're suing,'" Cobell\l "l", executive director of the Native American Community Development Corp., said during a Blackfeet-sponsored conference on racism in reservation border towns. "I called a friend and told her I just didn't think I could do it. And she said, 'If you

don't do it, who will?'"

Cobell\l "l" said she also thought the case would last only three years, and urged people at the conference to write their congressional representatives for a speedy resolution.

"There have been 17 decisions in this case, and we've won every one of them," she said. "But the government still delays this case at every chance ... They will try every trick that you can believe."

The most recent delay involves an effort by the government's attorneys to remove U.S. District Judge Royce Lamberth from the case. Lamberth has issued several sharply worded rulings against the government, but Cobell\l "l" said the orders only reflect the government's gross mishandling of Indian trust accounts.

"If this had happened in the private sector, there would be people in jail," she said. "If other people's money was handled this way, people would be in jail ... They would be closed down in a New York second."

Congress created the federal trust to handle Indian royalties in 1887. It demanded an accounting in 1994, and two years later Cobell\l "l" and others filed suit when the accounting was still not done.

Estimates of the money owed for unpaid royalties on oil, gas, timber and other resources from Indian lands range from a half-billion dollars to $27.5 billion, a panel of negotiators and tribal leaders told Senate and House members last month.

The tribes' $27.5 billion estimate is based on the presumption that Indians are still owed about a fifth of the $100 billion to $170 billion in royalties they should have received, most of that in accrued interest. The government's much lower figure is based on efforts to account for possible errors in collections, deposits and payments.

END

Houston Chronicle

April 9, 2006

Military fights to keep hosting Boy Scout event

NATHANIEL HERNANDEZ

CHICAGO CHICAGO - The Defense Department wants to continue supporting the National Boy Scout Jamboree because preparing a military base for the event trains soldiers to deal with displaced people, government\l "l" attorneys\l "l" said Thursday.

The government is asking a federal appeals court to overturn a ruling that the Pentagon's support of the jamboree violates the First Amendment because the Scouts require members to swear an oath of duty to God.

The Boy Scouts received about $7 million in support from the Defense Department for the 2005 jamboree. More than 40,000 Boy Scouts attended, pumping about $17 million into Virginia's economy.

Justice Department attorney Lowell Sturgill argued that the military benefits because the jamboree produces conditions similar to those soldiers may face while serving in Iraq or responding to a natural disaster such as Hurricane Katrina.

It also is an effective recruiting tool, Sturgill said.

The American Civil Liberties Union contends that the gathering amounts to a government-sponsored religious event.

"This appeal is about a special pot of government money that cannot be enjoyed by people who don't believe in God," ACLU attorney Adam Schwartz told the three-member panel of the 7th U.S. Circuit Court of Appeals.

The military has provided logistical support for the jamboree since its inception in 1937. The next jamboree is planned for 2010 - the organization's 100th anniversary.

The Boy Scouts organization is not directly involved in the litigation, but says Scouts are not required to pray or attend church at the jamboree.

END

Canada Newswire English

April 8, 2006

U.S. Court of International Trade Strikes Another Blow to Byrd Amendment

VANCOUVER, April 7 Attention News/Business Editors

VANCOUVER, April 7 /CNW/ - In a much anticipated decision, the United States Court\l "l" of\l "l" International\l "l" Trade\l "l" (U.S. CIT) today ruled that the United States is violating its own law by applying the Byrd Amendment to anti-dumping and countervailing duties on goods from Canada.

The Canadian Lumber Trade Alliance (CLTA) is extremely gratified with today's ruling. Canadian softwood lumber producers and exporters have approximately $4.4 billion (USD) on deposit with U.S. Customs, which prior to today's decision, would have been available for distribution to American competitors in the softwood lumber industry under the Byrd Amendment. The CLTA is hopeful that today's ruling will lead to a prompt order prohibiting Customs from making any further illegal distributions.

Today's decision further builds on the momentum of the World Trade Organization (WTO) decisions finding the Byrd Amendment illegal under international trade law, and Congress' resulting decision to repeal the law. Because Congress made the legislative repeal of the Byrd Amendment effective only for lumber shipped after October 2007, today's ruling should ensure that any duties paid under the unlawful orders prior to October 2007 will not be distributed to the U.S. industry.

END

Special to Law.com
04-10-2006

Opinion: Giving It to the Federal Circuit: Why Stop at Immigration Appeals?

Howard J. Bashman

The U.S. Congress is considering legislation that would route all immigration appeals to the Washington, D.C.–based Federal U.S. Circuit Court of Appeals, instead of to the regional federal appellate courts where the cases are now heard and decided.

Whether you view this proposal as preposterous (which, admittedly, was my initial reaction) or brilliant, it does present an intriguing possibility: Perhaps there are other categories of cases that, instead of being considered by the regional appellate courts, could be sent for appellate review exclusively to the Federal Circuit.

As the Federal Circuit's Web site explains, "The Federal Circuit is unique among the thirteen Circuit Courts of Appeals. It has nationwide jurisdiction in a variety of subject areas, including international trade, government contracts, patents, trademarks, certain money claims against the United States government, federal personnel, and veterans' benefits. Appeals to the court come from all federal district courts, the United States Court of Federal Claims, the United States Court of International Trade, and the United States Court of Veterans Appeals."

In the 12–month period ending Sept. 30, 2005, the statistics show that the Federal Circuit disposed of 1,662 cases. And during that same 12–month period, 1,555 new cases were filed in the Federal Circuit. None of those cases were immigration cases, because the Federal Circuit does not currently have jurisdiction to hear that category of cases. Across the regional federal appellate courts, in the 12–month period ending Sept. 30, 2005, the statistics show that 12,349 immigration cases were commenced. More than half of those immigration cases were commenced in the 9th Circuit, while nearly 20 percent of the cases were filed in the 2nd Circuit.

As these statistics reveal, if all immigration cases were in fact sent from the regional federal appellate courts to the Federal Circuit, the Federal Circuit's current eclectic and esoteric caseload would make up only approximately 11 percent of that court's work. The remaining 89 percent would be immigration cases.

But why stop at immigration cases? There assuredly are other categories of appeals that the regional federal appellate courts view as dry, needlessly complex, burdensome or inconsequential. Perhaps these cases, too, could be sent to the Federal Circuit, so that the regional federal appellate courts would be left to handle only the extraordinarily interesting cases that appellate judges anticipate receiving when they take their oath of office.

For example, all tax, bankruptcy, NLRB, ERISA and CERCLA cases could be sent to the Federal Circuit, if only Congress would enact an appropriate law. Correspondent Howard Mintz of *The San Jose Mercury News*, a seasoned journalist who regularly covers the courts, recently reported that the Federal Circuit "currently specializes in patent and bankruptcy cases." Yet the Federal Circuit does not handle any bankruptcy cases, that court's chief judge testified recently before the Senate Judiciary Committee. Nevertheless, Congress could make Mintz appear prescient, thereby increasing its goodwill among the mainstream media.

Another category of cases that Congress could direct to the Federal Circuit is pro se cases, in which one or both of the parties lack counsel. Many of the immigration cases are litigated pro se by the person seeking to remain in the United States. Once the Federal Circuit develops an expertise in dealing with pro se litigants from other countries, it would take little additional effort to grapple with the appeals of pro se litigants who are in this country lawfully.

Other cases that could be sent exclusively to the Federal Circuit are appeals from denials of Social Security benefits, black lung benefits and benefits available under the Longshore and Harbor Workers' Compensation Act. As its Web site explains, the Federal Circuit already handles "certain money claims against the United States government, federal personnel, and veterans' benefits." Thus, the Federal

Circuit already has a bit of relevant experience in these areas.

Some regard the proposal to route immigration appeals exclusively to the Federal Circuit as Congress' attempt to punish the 9th U.S. Circuit Court of Appeals for issuing rulings in immigration cases that are too liberal. Moreover, once the 9th Circuit no longer faces an overwhelming immigration caseload, proposals to divide the 9th Circuit into two or more federal appellate courts will appear more reasonable, because the circuit that ends up containing California will have a much smaller caseload than if the immigration appeals remained.

Yet if the proposal to route immigration appeals to the Federal Circuit is truly intended to rein in the judicial excesses of the 9th Circuit, why stop there? In addition, Congress could mandate that any appeals from federal district courts within the 9th Circuit in cases seeking to declare unconstitutional the Pledge of Allegiance or the national motto "In God We Trust" would instead be heard in the Federal Circuit. And if it were possible to predict in advance the cases in which the 9th Circuit was destined to be reversed 9–0 in the U.S. Supreme Court, those cases, too, could be sent initially, instead, to the Federal Circuit.

Congress may even wish to consider one final innovation regarding the Federal Circuit's jurisdiction. Legislation could be enacted permitting any regional federal appellate court to transfer any case to the Federal Circuit for any reason whatsoever at any time between the filing of the appeal and the conference of the case following oral argument. This way, if a regional appellate court determined that a case was too boring, too complicated, too poorly lawyered or too likely to doom the U.S. Supreme Court confirmation chances of the judges on the panel, the case could be transferred to the Federal Circuit.

The crushing immigration caseload plaguing several of the nation's regional federal appellate courts presents a serious and perhaps even intractable problem. But instead of making the Federal Circuit a court that is overwhelmed by immigration cases, why not make it a court that is overwhelmed by every conceivable sort of undesirable federal appeal? Surely this is a proposal that all of the regional federal appellate courts could wholeheartedly support.

END

Wisconsin Ag Connection

U.S. Court Clears Canadian Beef Imports

April 10, 2006

The U.S. District Court denies a request to block the importation of live cattle and beef from Canada. U.S. Ninth District Court judge Richard Cebull refused on April 6 to issue a permanent injunction against the Agriculture Department (USDA) in order to block the importation of live cattle and beef from Canada.

The Ranchers-Cattlemen's Action Legal Fund (R-CALF), Billings, Mont., petitioned the Court for a permanent injunction against USDA's Final Rule to allow imports of Canadian cattle and beef into the United States. R-CALF claimed that Canadian cattle and beef may be infected with bovine spongiform encephalopathy (BSE).

The U.S. closed its market to Canadian beef and cattle in May 2003 after Canada reported its first case of BSE. Prior to the ban, large numbers of cattle were shipped from Canada to the United States and processed. The market closure resulted in a shortage of beef cattle at some U.S. plants and a glut of live cattle in Canada.

In March 2005, Cebull issued a preliminary injunction blocking imports of Canadian cattle and all beef except boneless beef from animals younger than 30 months of age. Cebull stated that he found the Final Rule to be arbitrary and capricious, and in violation of the Administrative Procedure Act. In July 2005, the U.S. Ninth Circuit Court of Appeals reversed the preliminary injunction, saying USDA deserved great deference and respect as a federal regulatory agency. In refusing to grant the permanent injunction this week, Cebull said his "hands are tied. The Ninth Circuit has instructed this Court to 'abide by this deferential standard,' and 'respect the agency's judgment and expertise'."

"R-CALF is deeply disappointed with this outcome, and it's clear the 9th Circuit forced this case to an abrupt halt by instructing Judge Cebull to cease further review of the scientific issues surrounding BSE," said R-CALF president Chuck Kiker. "This is a loss for every single cattle producer in the United States. The 9th Circuit's decision was based only on preliminary information provided to it before the case was fully developed and before the Administrative Record--which contained numerous scientific documents in support of R-CALF's position--was fully reviewed."

Canada's Agriculture Minister Chuck Strahl welcomed the U.S. Court's decision to block moves to close the U.S. Canadian border again to cattle. "The U.S. District Court sided with internationally recognized science standards Friday and has denied a request from Ranchers-Cattleman Action Legal Fund (R-CALF) to permanently close the U.S. border to Canadian cattle and other ruminants," he said. "This is a great development for the Canadian industry. I applaud U.S. Secretary of Agriculture Mike Johanns' continued determination to move towards a normalization of trade on the basis of sound scientific norms and principles."

END

Security Pro News

EFF Has Evidence Of AT&T, NSA Spying

By David Utter

April 10, 2006

The Electronic Frontier Foundation recently bolstered its class-action suit against AT&T by submitting evidence that the telecom provided the National Security Agency with open access to Internet traffic it handled.

Internal documents obtained by the EFF form the core of its request for a preliminary injunction against AT&T and its alleged violation of federal laws.

Presently those documents reside under a temporary seal, and AT&T must submit to the court its contention that the documents remain under seal and away from the public eye.

"In an abundance of caution, we are providing AT&T with an opportunity to explain itself before this material goes on the public docket, but we believe that justice will ultimately require full disclosure," EFF Legal Director Cindy Cohn said.

The EFF provided a summary of its allegations, dating back to January 31st when it first files suit against AT&T:

The lawsuit alleges that AT&T Corp. has opened its key telecommunications facilities and databases to direct access by the NSA and/or other government agencies, thereby disclosing to the government the contents of its customers' communications as well as detailed communications records about millions of its customers, including the lawsuit's class members.

The lawsuit also alleges that AT&T has given the government unfettered access to its over 300 terabyte "Daytona" database of caller information -- one of the largest databases in the world. Moreover, by opening its network and databases to wholesale surveillance by the NSA, EFF alleges that AT&T has violated the privacy of its customers and the people they call and email, as well as broken longstanding communications privacy laws.

"The evidence that we are filing supports our claim that AT&T is diverting Internet traffic into the hands of the NSA wholesale, in violation of federal wiretapping laws and the Fourth Amendment," said EFF Staff Attorney Kevin Bankston.

"More than just threatening individuals' privacy, AT&T's apparent choice to give the government secret, direct access to millions of ordinary Americans' Internet communications is a threat to the Constitution itself. We are asking the Court to put a stop to it now."

Lawyers for AT&T had asked for the return of the documents, citing the inclusion of trade secrets and the danger to AT&T's network from malicious hackers should they fall into the wrong hands. EFF's Cohn replied that EFF would submit the documents to the court under seal and countered that AT&T's "blanket demand" request lacked specificity.

Though the documents remain under seal, the statement released by the attorney for the whistleblower, a former AT&T employee named Mark Klein, was discussed in a Wired report.

In the statement, Klein claimed that a NSA staffer interviewed an AT&T technician in 2002 in connection with a job installing equipment in a secret room at the company's switching facility in San Francisco.

That equipment included a Narus STA 6400, which Klein said was "known to be used particularly by government intelligence agencies because of its ability to sift through large amounts of data looking for preprogrammed targets."

Similar installations took place in other AT&T facilities on the West Coast. Traffic on AT&T's Worldnet as well as that routed from Internet peering links from other backbone providers traveled into the secret room; Klein claimed to have worked on connecting these circuits to a splitting cabinet, which delivered the traffic to the NSA'a secret room and its Narus data-mining hardware.

AT&T customarily does not comment on litigation. The telecom has until Wednesday to tell the court if the documents submitted by the EFF should remain under seal.

The Wired article also noted the Department of Justice could intervene in the case and request the documents remain under seal. And, the government potentially could quash the lawsuit outright, citing national security concerns under the executive power of "state secrets privilege."

END

McKenzie, Peggy (CIV)

From:	McKenzie, Peggy (CIV)
Sent:	Tuesday, April 11, 2006 10:35 AM
To:	Agarwal, Asheesh (CIV); Bahr, Dorothy (CIV); Baxter, Felix (CIV); Bordeaux, JoAnn (CIV); Bucholtz, Jeffrey (CIV); Calvert, Chris (CIV); Cohen, David M. (CIV); Cohn, Jonathan (CIV); Davis, Deborah J; Fargo, John (CIV); Fielding, Gabrielle (CIV); Fishback, David (CIV); Flentje, August (CIV); Fowler, Liane (SMO); Frost, Peter (CIV); Garren, Timothy (CIV); Glynn, J.Patrick (CIV); Goldberg, Arthur (CIV); Gorsuch, Neil M; Gray, Towanda (CIV); Hertz, Michael (CIV); Hollis, Robert (CIV); Hudson, Lewis (CIV); Hunt, Jody (CIV); Hussey, Thom (CIV); Jennings, Geraldine (CIV); Katsas, Gregory (CIV); Keener, Donald (CIV); Kent, Alexander (CIV); Kohl, Christine (CIV); Kohn, Chris (CIV); Kopp, Robert (CIV); Liner, Linda (CIV); Lloyd, Shirley (CIV); Lucas, Regina E. (CIV); Magnuson, Cynthia; McCallum, Robert (SMO); Miller, Charles S; Pyles, Phyllis (CIV); Riley, Sharon (CIV); Rivera, Jennifer (CIV); Schiffer, Stuart (CIV); Shannen Coffin; Shaw, Aloma A; Swenson, Lily F; Thirolf, Eugene; Williams, Angela (CIV); Williams, Toni (CIV); Willis, Kerry (CIV); Zwick, Ken (CIV)
Subject:	4/11 CIV Weekly Report to the AG
Attachments:	CivDivWkly0411.wpd

U.S. Department of Justice

Civil Division

Assistant Attorney General *Washington, D.C. 20530*

April 11, 2006

MEMORANDUM FOR THE ATTORNEY GENERAL

THROUGH: THE DEPUTY ATTORNEY GENERAL

THROUGH: THE ASSOCIATE ATTORNEY GENERAL

FROM: Peter D. Keisler
Assistant Attorney General

SUBJECT: Civil Division Weekly Report to the Attorney General

A. NEXT WEEK

- No items to report.

B. THIS WEEK

- ***D.C. Circuit to Hear Oral Argument in Appeals Challenging Computer Disconnection and Class Notice Orders and Seeking Reassignment of this Indian Trust Litigation to a Different District Court Judge***
  Cobell v. Norton [United States Court of Appeals for the District of Columbia Circuit; United States District Court for the District of Columbia]. On Tuesday, April 11, a panel of the D.C. Circuit (Tatel, Brown, Silberman) will hear oral argument in two appeals arising out of the ten-year-old Indian trust litigation. One appeal challenges an injunction requiring the Department of the Interior to disconnect major computer systems from the internet and from internal computer networks. The second appeal challenges an order requiring Interior to declare in all written communications with class members that its trust information is of questionable reliability. The appeal also seeks reassignment of the case to a different district court judge.

C. LAST WEEK

- ***Ninth Circuit Holds that Detention of Arriving Alien Still in Removal Proceedings Is Indefinite and Orders Alien's Release***

Nadarajah v. Ashcroft [9th Cir.]. On March 17, the Ninth Circuit reversed the district court's denial of the alien's habeas corpus petition and ordered his release from detention with conditions. The court found that the alien was detained for more than four years from the time he attempted to enter the United States on false papers, his removal case remained pending on certification to the Attorney General, and he was being detained "indefinitely." The Court, for the first time, applied the reasonableness test for interpreting statutory detention authority for post-final order aliens to the pre-final order detention of an arriving alien, and also found that the alien's unchallenged grant of deferral of removal under the Convention Against Torture meant that there was no substantial likelihood of removal in the reasonably foreseeable future.

- ***Eighth Circuit Determines that the Board Has Authority to Issue a Final Removal Order in the First Instance***

  Solano-Chicas v. Gonzales [8th Cir.]. On March 17, the Eighth Circuit affirmed the Board of Immigration Appeals' (Board) entry of an order of removal in the first instance. The Board reversed the immigration judge's grant of cancellation and ordered the alien removed. The Court held that the Board has the authority to issue a removal order in the first instance. The Court specifically disagreed with the Ninth Circuit's decision in *Molina-Camacho v. Ashcroft*, 393 F.3d 937 (9th Cir. 2004).

- ***Second Circuit Determines that Lack of Doctrinal Knowledge of Religion Does not Render Claim of Persecution on Account of Religion Incredible***

  Rizal v. Gonzales [2d Cir.]. On March 21, the Second Circuit reversed the Immigration Judge's adverse credibility determination and remanded for further proceedings. The Court held that the Immigration Judge erroneously viewed the alien's lack of detailed doctrinal knowledge about Christianity as automatically rendering incredible his claim of religious persecution, without assessing the genuineness of the alien's asserted Christian self-identification and his claim that others perceived him as a Christian and had persecuted him on that basis.

- ***Seventh Circuit Applies the "Hypothetical Federal Felony Rule"***

  Gonzales-Gomez v. Achim [7th Cir.]. On March 22, the Seventh Circuit reversed the Board of Immigration Appeals' order of removal. The Court held that the alien's Illinois felony conviction for possession of cocaine was not an aggravated felony drug trafficking

offense, because it would be punishable as only a misdemeanor under federal law. The circuits have split on this "hypothetical federal felony" rule. On April 3, the Supreme Court granted *certiorari* in *Lopez v. Gonzales*, No. 05-547 (U.S. April 3, 2006), in order to resolve the circuit conflict.

- ***Eleventh Circuit Rejects Argument that Alien No Longer Has a Criminal Conviction Based on Grant of Motion for New Trial***
  Ali v. Gonzales [11th Cir.]. On March 22, the Eleventh Circuit held that the alien's Georgia child molestation conviction was not vacated on the basis of procedural or substantive defect in the underlying proceedings. The Court determined that it was pure speculation for the alien to claim that the reason the court granted the new trial and nolle prosse motions was that alien was not adequately advised, prior to the guilty plea, as to the effect the plea would have on his immigration status, and the strongest inference was that the conviction's effect on the alien's immigration status was the principal motive for vacating the conviction.

- ***Seventh Circuit Criticizes Last-Minute Motion for Expert Telephonic Testimony***
  Djedovic v. Gonzales [7th Cir.]. On March 23, the Seventh Circuit upheld the denial of a motion to permit an expert to testify by telephone, and the subsequent denial of asylum and withholding of removal. The Immigration Judge had denied the motion, filed two days before the merits hearing and in contravention of the local rule that such motions must be filed fourteen days before a hearing. The Court found that any claim of surprise by the aliens was improper, that the aliens were not prejudiced, and that they could not show past or future persecution.

- ***Eighth Circuit Determines that Omission that Goes to the Heart of Asylum Claim Raises Credibility Issue***
  Cao v. Gonzales [8th Cir.]. On March 24, the Eighth Circuit upheld the denial of a derivative asylum claim by a Chinese male, who claimed his wife was forced to undergo forced sterilization. The Court examined separately the Immigration Judge's five reasons for finding the alien not credible. While noting that several of the Immigration Judge's reasons alone would be insufficient, the alien's omission in his affidavit of his wife's forced abortion and sterilization, taken together with his statements about China's family planning policy that were at odds with the State Department's Asylum Profile, were material and sufficient to uphold an adverse credibility determination.

- ***Second Circuit Reverses Holding that Alien's Testimony Was Sufficient to Determine that Alien Was Convicted Outside of United States***
  Francis v. Gonzales [2d Cir.]. On March 27, the Second Circuit reversed the agency's holding that an alien was deportable based upon two alleged convictions in Jamaica prior to his application for admission. The charges of removability relied upon two pieces of evidence: (1) a colloquy between Francis and an Immigration Judge, which the government construed as the alien's admission of one of the Jamaican convictions; and (2) a faxed photocopy of the alien's "rap sheet" from a Jamaican police department. The Court held that no "rational factfinder" could conclude that this evidence, standing alone, constitutes clear, convincing, and unequivocal evidence that Francis had two "convictions," as that term was defined by applicable law in 1988 and 1990, and remanded for further proceedings.

- ***Eighth Circuit Concludes that It Lacks Jurisdiction to Review a Discretionary Denial of Good Faith Marriage Waiver***
  Suvorov v. Gonzales [8th Cir.]. On March 28, the Eighth Circuit dismissed the petition for review, finding that it lacked jurisdiction under the REAL ID Act to review the Attorney General's discretionary denial of the alien's request for a waiver of the requirement that he and his former spouse file a joint petition to remove the conditional basis of petitioner's permanent residence status.

- ***On Reconsideration, Court Largely Approves Government's Response to Freedom of Information Act Request Concerning the Oklahoma City Bombing***
  Trentadue v. Federal Bureau of Investigation [District of Utah]. On March 29, Judge Dale Kimball issued an order which, *inter alia*, granted in part and denied in part the government's motion for reconsideration of a May 5, 2005 order. Plaintiff brought this case seeking disclosure of documents related to the 1995 Oklahoma City bombing. He believes that his brother, Ken Trentadue (whose death in federal custody in 1996 spawned a series of lawsuits and investigations), was murdered by federal agents. In May 2005, Judge Kimball issued an order that found the government's search for documents to be unreasonable; concluded that the government had acted in bad faith; and required the government: (1) to disclose in unredacted form documents containing information about confidential informants; (2) to produce a document not responsive to plaintiffs' FOIA request; and (3) to conduct a manual search of several files, including the entire Oklahoma City bombing investigative file. The government moved for reconsideration of that order, and Judge Kimball has largely agreed with the government's positions. Although he has refused to reconsider his finding on the reasonableness of the government's original search, he was mostly satisfied by an additional computer search and concluded, *inter alia*, that the government did not act in bad faith, and that the government need not disclose information about confidential informants, produce non-responsive documents, or manually search the investigative file. He ordered only two limited, additional computer searches, as well as the disclosure of certain information gleaned from newspaper articles. In addition, while Judge Kimball's March 29 order appeared to suggest that documents he reviewed in camera lent some credence to plaintiff's theory that the government had an "undercover operative in with Timothy McVeigh," he issued an amended order on March 30 to remove any such suggestion. The case is being handled jointly by the United States Attorney's Office in Salt Lake City and the Civil Division's Federal Programs Branch.

- ***D.C. Circuit Affirms Denial of Class Certification in Suit by Hispanic Farmers Alleging Systemic Credit Discrimination by the Department of Agriculture***
  Garcia v. Johanns [United States Court of Appeals for the District of Columbia Circuit; United Stated District Court for the District of Columbia]. On March 31, in a unanimous published decision, the D.C. Circuit (Henderson, Sentelle, Edwards) held that the district court did not abuse its discretion by declining to certify a class action to adjudicate credit discrimination claims brought by Hispanic farmers alleging systemic discrimination by the United States Department of Agriculture. Because plaintiffs' individual allegations of credit discrimination involved a variety of different credit and benefit programs carried out by different local officials in over 2,700 different geographic locations at different

times over a period of nearly two decades, the district court concluded that plaintiffs could not satisfy the commonality requirement of Federal Rules of Civil Procedure 23(a)(2), and the court of appeals has now affirmed on this basis without reaching the district court's alternative holding that plaintiffs also failed to satisfy the prerequisites for class certification under Rule 23(b). On interlocutory review under 28 U.S.C. 1292(b), the court of appeals also affirmed the dismissal of plaintiffs' claim that the United States Department of Agriculture "failed to investigate" complaints of credit discrimination, holding that such claims were not actionable as "credit transactions" under the Equal Credit Opportunity Act. Although the court declined to issue an interlocutory ruling on the independent question whether such a claim might be actionable under the Administrative Procedure Act, the court left in place the district court's dismissal of that claim on the ground that the Equal Credit Opportunity Act provides an adequate alternative remedy precluding review under Section 704 of the Administrative Procedure Act.

- ***Supreme Court Grants* Certiorari *to Resolve Circuit Conflict on "Hypothetical Federal Felony Rule"***
  Lopez v. Gonzales [U.S.]. On April 3, the Supreme Court granted an alien's petition for *certiorari*, in which the government had acquiesced. (*Lopez v. Gonzales*, 417 F.3d 934 (8th Cir. 2005), *petition for certiorari granted,* 74 U.S.L.W. 3289 (U.S. April 3, 2006) (No. 05-547)). The Eighth Circuit held below that an alien's felony drug possession offense under state law was a "drug trafficking offense," and hence an aggravated felony, even though the crime would be not punishable as a felony under the federal Controlled Substances Act. The government acquiesced in the alien's petition for *certiorari* in order to resolve a circuit conflict on this issue.

- ***Ninth Circuit Holds that Third Degree Rape Is an Aggravated Felony***
  Rivas-Gomez v. Gonzales [9th Cir.]. On April 3, the Ninth Circuit denied the alien's petition for review in part. The Court concluded that the alien's conviction for third degree rape constituted an aggravated felony, because the terms of the state criminal statute fit within the ordinary meaning of the word "rape." The Court also concluded that the Attorney General's decision in *Matter of Jean* that established a heightened standard for a discretionary waiver of criminal bars to adjustment of status of refugees was not *ultra vires* of the INA. However, the Court granted the petition in part and remanded because the Immigration Judge applied the *Matter of Jean* standard without first determining whether the alien in this case had been convicted of a violent crime.

- ***Defendant Pleads Guilty to Conspiracy to Commit Wire Fraud***
  United States v. Ronald Sloan [Southern District of Florida] (Judge Altonaga). On April 4, Ronald Sloan pled guilty to conspiracy to commit wire fraud. Sloan admitted that he made material misrepresentations to potential investors to induce them to invest money in a supposed mobile check cashing business. Sloan admitted that he misrepresented that CheckMate Financial, Inc., had a mobile unit cashing checks in Florida, when in fact, CheckMate Financial did not have such a unit in operation. The defendant participated in a conspiracy that induced more than two million dollars in investments. Five remaining co-defendants are scheduled for trial on August 1.

- ***Colorado Man Charged in Odometer Fraud Scheme***

United States v. Gary Lee Sutton [District of Colorado] (Judge Nottingham). On April 4, a Denver grand jury charged Gary Lee Sutton of Colorado in connection with an alleged long-running odometer fraud scheme. The 22-count indictment includes two counts of mail fraud, ten counts of odometer tampering, and ten counts of making false odometer statements. The indictment alleges that Sutton purchased high-mileage vehicles at auction in the Denver area, caused the odometers to be rolled back to false, low mileages, fraudulently obtained false Colorado or Arizona titles, then sold the vehicles to used car dealers in Colorado and elsewhere.

- ***United States Is Awarded Approximately $3.6 Million in Customs Duties and Interest From a Chinese Importer***
  United States v. Pan Pacific Textile Group, et al., (Court of International Trade) [Senior Judge Goldberg]. On April 5, 2006, the court awarded the United States $1,844,284, as well as interest in the amount of $1,791,115, from an importer of tracksuits from China, Thomas Man Chung Tao. The judgment compensates for losses stemming from Mr. Tao's importation of merchandise by means of falsified entry documents prepared by Mr. Tao's broker. This decision follows a previous decision, United States v. Pan Pacific Textile Group, Inc., 395 F. Supp. 2d 1244 (CIT 2005), in which the court held that, in actions brought pursuant to 19 U.S.C. § 1592, the principles of agency may be applied to establish an importer's liability for actions of a customs broker.

- ***Customs Is Denied Authority to Make "Byrd Distributions" of Funds Collected From NAFTA Countries***
  Canadian Lumber Trade Alliance v. United States, Consol. (Court of International Trade) [Judge Pogue]. On April 7, the court granted our motion to dismiss, in part and granted plaintiffs' motion for summary judgment, in part. Here, Canada and private groups representing the Canadian lumber, wheat, and magnesium industries challenge the application of the Continued Dumping and Subsidy Offset Act ("Byrd Amendment"), 19 U.S.C. § 1675c, to duties collected upon imports from Canada as a violation of the NAFTA Implementation Act, 19 U.S.C. § 3438. The court dismissed Canada's claim because "it has already elected a remedy for this breach of its contractual obligations by pursuing, and winning, its claim before the [World Trade Organization], and by receiving compensation in accordance with the WTO decision." Despite expert testimony to the contrary, the court denied our motion to dismiss the private plaintiffs for lack of standing, concluding that subsidizing "a direct competitor may be sufficient to cause increased competition and therefore 'a concrete and particularized injury' that is 'actual or imminent.'" With respect to the merits, the court held that, because 19 U.S.C. § 3438 specifies that amendments to title VII of the Tariff Act of 1930 shall apply to "goods" from a NAFTA country only to the extent specified in the amendment, "the Commissioner has no authority either under an Act of Congress or under the Constitution to make the distributions at issue here."

Contact: COL Sharon Riley, Counsel, 514.3886

Gorsuch, Neil M

From: Gorsuch, Neil M
Sent: Tuesday, April 11, 2006 4:36 PM
To: Brett Gerry (bgerry@who.eop.gov)
Subject: FW: 4/11/06 Civil Division News

FYI

From: Ames, Andrew
Sent: Tuesday, April 11, 2006 10:00 AM
To: Agarwal, Asheesh (CIV); Ames, Andrew; Baxter, Felix (CIV); Branda, Joyce (CIV); Brody, Stephen (CIV); Bucholtz, Jeffrey (CIV); Bukvics, Jennifer (CIV); Claterbos, Barbara (CIV); Cohen, David M. (CIV); Cohn, Jonathan (CIV); Davidson, Jeanne (CIV); Fargo, John (CIV); Fielding, Gabrielle (CIV); Figley, Paul (CIV); Flentje, August (CIV); Frost, Peter (CIV); Garren, Timothy (CIV); Glynn, J.Patrick (CIV); Gorsuch, Neil M; Hertz, Michael (CIV); Hollis, Robert (CIV); Hunt, Jody (CIV); Hussey, Thom (CIV); Jennifer Brosnahan; Jeweler, James (CIV); Katsas, Gregory (CIV); Keisler, Peter D (CIV); Kohn, Chris (CIV); Kopp, Robert (CIV); Letter, Douglas (CIV); Levine, Larry (EOIR); Lindemann, Michael (CIV); Magnuson, Cynthia; McCallum, Robert (SMO); Miller, Charles S; Nichols, Carl (CIV); Nowacki, John; Pyles, Phyllis (CIV); Reyes, Luis (SMO); Riley, Sharon (CIV); Rivera, Jennifer (CIV); Roehrkasse, Brian; Schiffer, Stuart (CIV); Scolinos, Tasia; Seidel, Rebecca; Senger, Jeffrey M; Spellberg, Dianne (CIV); Swenson, Lily F; Thirolf, Eugene; Wilson, Karen L; Zwick, Ken (CIV)
Subject: 4/11/06 Civil Division News

U.S. authenticates Abu Ghraib photos

Government wiretapping, Google crackdown among Muzzle winners

'Under God' in pledge is under attack again

Washington Post

U.S. authenticates Abu Ghraib photos

April 11, 2006

WASHINGTON – Nearly two years after graphic photographs of detainee abuse at the Abu Ghraib prison in Iraq were published worldwide, the U.S. government Monday for the first time authenticated 74 of the images as being part of the original compact disc that was turned over to Army investigators in January 2004.

Responding to a federal court order as part of a Freedom of Information Act lawsuit filed by the American Civil Liberties Union in New York, Justice Department lawyers wrote in court papers that the previously published images "are identical" to those that investigators have used to look into abuse at the prison.

Included among the images are such photos as Pvt. Lynndie England holding a leash attached to a naked detainee's neck, a detainee with female underwear placed on his head, detainees shackled to cell doors and beds in painful positions, and others piled in a naked pyramid. The iconic photograph of a detainee standing on a cardboard box, cloaked and hooded with wires coming from his hands, is also among the pictures.

The government, however, did not authenticate numerous photographs of soldiers using dogs to intimidate detainees, though military prosecutors have used such images in open court while pursuing cases against the soldiers.

Many of the photos, or representative samples of them, have been published in The Washington Post and on washingtonpost.com over the past two years. Salon.com, an Internet magazine, recently published the photographs on its Web site after obtaining what appeared to be the Army's compilation of abuse photos used to prosecute low-ranking soldiers. The government also authenticated three short video clips. The original disc was given to Army investigators by a soldier concerned by the abuse that he saw in photos.

Avoiding an actual government release of the images, Justice Department lawyers instead authenticated photographs that were already up on the Salon Web site, using court papers to refer to the images by number. ACLU lawyers were also provided with one additional photograph – which appears to be two detainees with their arms around each other and their faces edited out of the image – and the government declined to provide an additional 29 photographs that ACLU lawyers said they are going to fight to see.

None of the photographs the government authenticated indicates any unknown instances of abuse. Hundreds of other photos – seized from soldiers' computers in Iraq – appear to show abuse but have not been authenticated by U.S. officials.

"Our aim was to get this information into the public domain, and the government's attempts at withholding this information have proved futile," said Amrit Singh, an ACLU lawyer pursuing the lawsuit. "This is a victory for us because information to which the public is entitled has been released into the public domain. The government has fought this tooth and nail."

Defense Department officials, including top generals, have opposed releasing the images, arguing that they could set off major unrest in Muslim nations. The images a federal judge in New York ordered the government to release, it turns out, largely were the same images that already have been published.

END

Associated Press

Government wiretapping, Google crackdown among Muzzle winners

April 11, 2006

RICHMOND, Va. -- President Bush and the Justice Department are among the winners of the 2006 Jefferson Muzzle awards, given by a free-speech group to those it considers the most egregious First Amendment violators in the past year.

Bush led the list, compiled by the Thomas Jefferson Center for the Protection of Free Expression, for authorizing the National Security Agency to tap the phones of U.S. citizens who make calls overseas. The wiretaps were conducted without authorization from a federal court. The White House defended the warrantless wiretapping program as necessary to fight terrorism.

The Justice Department earned a Muzzle for demanding that Google turn over thousands of Internet records, prompting concerns that more invasive requests could follow if the government prevails. "If individuals are fearful that their communications will be intercepted by the government, such fears are likely to chill their speech," the Jefferson center said.

Other winners of the 15th annual awards include the Department of Homeland Security for barring an air marshal from expressing concerns about public safety; the Yelm, Wash., City Council for banning the words "Wal-Mart" and "big-box stores" at public hearings; and students at the University of Connecticut who heckled conservative columnist Ann Coulter.

The center, based in Charlottesville, Va., awards the Muzzles each year to mark the April 13 birthday of Thomas Jefferson, the third president and a First Amendment advocate.

As in the past, this year's winners reflect concern about "the overextension of government authority into areas that clearly affect our lives and chill and inhibit our ability to express views," center director Robert M. O'Neil told The Associated Press.

Since The New York Times disclosed the surveillance program's existence in December, it has become the target of harsh criticism, several lawsuits and a congressional investigation. John W. Dean, who was Richard Nixon's White House counsel, remarked that the domestic spying exceeds the wrongdoing that toppled his former boss.

In the Google case, the Justice Department demanded search records to buttress its defense of a law aimed at protecting children from Internet pornography. Google resisted turning over any information because of user privacy and trade secret concerns. Other Internet providers -- including AOL, Yahoo and MSN -- complied with the government's demand.

"Google appears to be the only one that drew a line in the sand," O'Neil said. "We commend their insistence that aggregate data could end up identifying a particular subscriber."

The Department of Homeland Security won its Muzzle for taking air marshal Frank Terreri off flight duty after he e-mailed colleagues expressing concerns about air-security risks. The federal policy curbing such activity was modified, and Terreri was allowed back on duty. But he sued, contending the department's rules still restrict employees' right to free speech.

In Yelm, Wash., the city council banned discussion of a plan by Wal-Mart to build a super center after many opponents sought to express their views. When that didn't squelch opposition, the council voted in June to prohibit citizens from using the terms "Wal-Mart" or "big-box stores" at public meetings.

Hecklers at the University of Connecticut earned a Muzzle for drowning out Coulter's speech in December. People have a right to express their disagreement with a speaker, the free-expression center said, but preventing fellow audience members from hearing the message is contrary to the First Amendment's spirit.

END

The Kansas City Star

‘Under God’ in pledge is under attack again

April 11, 2006

KANSAS CITY, MO. - The children in Shauna Hammett’s kindergarten class faced a small American flag hanging from a wall at Pawnee Elementary School in Overland Park, Kan., one recent Monday morning.

Led by a child’s voice over the loudspeaker, they recited the Pledge of Allegiance.

But if California atheist Michael Newdow gets his way, the Pledge of Allegiance no longer would include the phrase "under God." Newdow is pursuing another court case to remove those words. He formerly sued as a parent but now is representing other parents as an attorney.

The 9th Circuit Court of Appeals in San Francisco has set dates this spring and summer for briefs to be filed in the case. The same court ruled in 2002 that "under God" in the pledge is unconstitutional.

No matter what the court decides this time, it is almost certain the case will be appealed again to the U.S.

Supreme Court, which dismissed the previous suit on procedural grounds. That dismissal left the core issue of the pledge's constitutionality unsettled.

Pawnee Principal Mark Kelly isn't worried about all of that. "I think it's a California thing," he said of the court fight, confident the pledge will remain intact.

When Newdow sued again last year, a senior judge of the Eastern District of California ruled in his favor, ordering the Rio Linda School District not to lead students in reciting the pledge.

But he stayed his order pending appeals in the case.

Why did Newdow sue again? "I can answer that in one word: equality," he said in a phone interview. "This is not a case of people who believe or don't believe in God but in people who believe in equality."

The Constitution says government should treat people equally, Newdow said, insisting it is unequal treatment of atheists to have "under God" in the pledge and "in God we trust" on money. He is suing to get that off, too. That case, filed in November, still is in federal court in California.

"Government isn't supposed to be in the religion business at all," he said.

Worried that courts may rule against "under God," U.S. Rep. Todd Akin, a Missouri Republican, is sponsoring the proposed Pledge Protection Act, which already has nearly 200 co-sponsors.

"The words 'under God' are not just there for window dressing," Akin said in a phone interview, "but they address a central aspect of what America is all about: We believe there is a God, even though we don't agree on exactly what his name is.

"God grants basic rights to people and government's job is to protect those rights. That's why that phrase in our pledge is in need of defense."

Supporters hope Congress will pass it by late summer. They say the issue is not just the two words Congress added to the pledge in 1954 but, also is about what they see as too much power for the federal courts – power they hope to curb.

Keasley, Monica (ODAG)

Subject:	Updated: Anti-Methamphetamine Coordination Committee Meeting
Location:	***NEW ROOM NUMBER 4525 Main DOJ Building
Start:	Wednesday, April 12, 2006 1:00 PM
End:	Wednesday, April 12, 2006 2:00 PM
Show Time As:	Tentative
Recurrence:	(none)
Meeting Status:	Not yet responded
Organizer:	Keasley, Monica (ODAG)
Optional Attendees:	Epley, Mark D; Macklin, Kristi R; Grider, Mark (ODAG); Scolinos, Tasia; Sampson, Kyle; Todd, Gordon (SMO); Taylor, Jeffrey (OAG); Rannazzisi, Joseph T.; Brand, Rachel; Seidel, Rebecca; Geffroy, Michael; Avergun, Jodi L.; Walther, Michael (NDIC); Shults, Frank (ODAG); McKeown, Matt (ENRD); Burch, Jim; Donovan, Joseph; Coughlin, Robert; Elston, Michael (ODAG); Jezierski, Crystal; Phillips, Bob; Harris, Greg; Vargas, Omar; Manning, John; McFarland, Steven T (ODAG)
Attachments:	DRAFT.METH.INITIATIVES4.6.06.wpd; anti-meth.pdf

When: Wednesday, April 12, 2006 1:00 PM-2:00 PM (GMT-05:00) Eastern Time (US & Canada).
Where: ***NEW ROOM NUMBER 4525 Main DOJ Building

~~*~*~*~*~*~*~*~*~*

Please come prepared to give a 3 minute talk on your component's anticipated contribution to the Department's Methamphetamine Initiatives (see attached).

Please note the room change to 4525 Main DOJ

Also, please see the attached letter from the Deputy Attorney General.

POC: Mark Grider 202-514-8500

U.S. Department of Justice

Office of the Deputy Attorney General

The Deputy Attorney General

Washington, D.C. 20530

April 10, 2006

MEMORANDUM

TO: Associate Attorney General
Assistant Attorney General, Criminal Division
Assistant Attorney General, Office of Legal Policy
Assistant Attorney General, Office of Justice Programs
Assistant Attorney General, Office of Legislative Affairs
Assistant Attorney General, Environment and Natural Resources Division
Administrator, Drug Enforcement Administration
Director, Federal Bureau of Investigations
Director, Bureau of Alcohol, Tobacco, Firearms and Explosives
Director, Bureau of Prisons
Director, Executive Office for United States Attorneys
Director, Office of Tribal Justice
Director, Office of Community Oriented Policing Services
Director, Office of Public Affairs
Director, Office of Intergovernmental and Public Liaison
Director, United States Marshals Service
United States Attorney, Eastern District of California

FROM: Paul J. McNulty PJM
Deputy Attorney General

SUBJECT: Establishment of the Anti-Methamphetamine Coordination Committee

To ensure the most effective coordination of the anti-methamphetamine efforts and initiatives by the Department of Justice I am establishing an Anti-Methamphetamine Coordination Committee. I have appointed Assistant Attorney General Rachel Brand and Associate Deputy Attorney General Stuart Nash to serve as co-chairs.

While I may appoint additional members in the future, initially the Committee will include the heads of the following components or their designees: Office of the Associate Attorney General; Criminal Division; Office of Justice Programs; Office of Legislative Affairs;

Environment and Natural Resources Division; Drug Enforcement Administration; Federal Bureau of Investigations; Bureau of Alcohol, Tobacco, Firearms and Explosives; Bureau of Prisons; Executive Office for United States Attorneys; Office of Tribal Justice; Office of Community Oriented Policing Services; Office of Public Affairs; Office of Intergovernmental and Public Liaison; and the United States Marshals Service. To represent the U.S. Attorneys' Offices, I have appointed McGregor Scott, United States Attorney for the Eastern District of California, to serve on the Committee.

It is my expectation that the members will provide the Committee with regular notice of activities related to the Department's Methamphetamine Strategic Initiatives in order to promote coordinated efforts. I look forward to receiving the Committee's recommendations on all matters relating to the Department's anti-methamphetamine activities including, but not limited to, the following:

- implementing and sustaining the Department's Methamphetamine Strategic Initiatives;
- policy;
- budget (to include all budget items of all components relating to any anti-meth activities);
- resource and grant allocations; and
- training and coordination with state and local law enforcement.

I have asked the co-chairs to convene and preside at Committee meetings, determine the Committee's agenda and establish subcommittees of the Committee. I expect the Committee to meet at least four times annually.

METHAMPHETAMINE INITIATIVES for the Department of Justice

Executive Summary

The Department of Justice is working with federal, state, and local law enforcement and our international partners to combat methamphetamine production capabilities and the trafficking and abuse of methamphetamine that plagues our Nation. Addressing the illegal distribution of methamphetamine is the Department's top drug enforcement priority.

To achieve a significant reduction in methamphetamine distribution and use, the Department will:

Establish the Anti-Methamphetamine Coordination Committee

- the Committee will oversee the implementation of the Department Initiatives and ensure the most effective coordination of Department anti-methamphetamine efforts.

Decrease Methamphetamine Production

- increase our cooperation with Mexican law enforcement authorities to halt the spread of this deadly and addictive drug and disrupt and dismantle the trafficking organizations responsible; and

- seek the cooperation of law enforcement authorities in countries that are a source of precursor chemicals in order to cut off the international supply of precursor chemicals to methamphetamine producers.

Enhance Anti-Methamphetamine Trafficking Capabilities

- assist state and local authorities with training, cleanup, and enforcement initiatives;

- enhance intelligence gathering capabilities through the OCDETF Fusion Center and the El Paso Intelligence Center; and

Maximize Department Resources in the Area of Prevention and Education

- coordinate efforts of DOJ components to assure that available resources for training, prevention, intervention, and treatment efforts are deployed efficiently and in a manner that serves overarching policy goals.

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PRIORITY THREE: DRUG ENFORCEMENT

Strategic Objectives and Initiatives:

I. Establish the Anti-Methamphetamine Coordination Committee

A. Ensure the most effective coordination of anti-meth efforts by the Department of Justice.

1. Participants: OLP, OLA, DEA, ATF, OTJ, BOP, NMCI, CRIM, ENRD, OJP, HIDTA, EOUSA, COPS, OPA, OIPL, FBI, USMS, OAAG.

2. Establish Clear Objectives:

   a. Implement 2006 Department's Meth Initiatives.
   b. Develop a monthly Meth Report for the Department.
   c. Prepare 2008 Budget for Meth.
   d. Coordinate Department policy and efforts with the *2006 Synthetic Drug Control Strategy.*

3. Establish the International Enforcement Subgroup. ***(Other subgroups can be mentioned here).***

4. Establish the Methamphetamine Trafficking Intelligence Group. (MTIG)

   a. In order to most effectively deploy federal drug enforcement resources to meet the evolving nature of the methamphetamine threat, it is essential that we have the best possible strategic intelligence on what the threat is, and where the drug traffickers are most vulnerable to attack.

   b. The Deputy Attorney General is therefore commissioning a Methamphetamine Trafficking Intelligence Group, under the supervision of the Anti-Methamphetamine Coordination Committee, to prepare, within the next 120 days, an up-to-date assessment of methamphetamine trafficking into, and within, the United States.

   c. Participants in this group will include the Intelligence Section of DEA, CIA's Counter-Narcotics Center, the National Drug Intelligence Center, and the OCDETF Fusion Center.

DOJ_NMG_0025887

d. MTIG members will undertake the following activities, in addition to others as it deems appropriate.

1. Direct NDIC to produce, in selected regions, methamphetamine-specific regional intelligence assessments to establish the current baseline threat and periodic (120-180 day) follow-up assessments.

2. Enhance the existing partnership between NDIC and CNC on methamphetamine-related, joint strategic intelligence projects, including: drug flows across the U.S.-Mexican border; U.S. gang connections with major Northern Mexico drug cartels; and methamphetamine production facilities in Mexico. *CNC at CIA, devoted to other priorities, did not do an international drug threat assessment last year. We could look at satellite sensors for meth labs in remote areas, for example.*

3. Create a technologies working group (TWG), co-chaired by NDIC and DEA, to examine the feasibility of employing newly emerging technologies to identify, monitor, and intercept foreign shipments of precursor chemical diverted from appropriate commercial distribution channels.

II. Decrease Methamphetamine Production

A. Enhance international cooperation to decrease illegal importation of methamphetamine and chemicals.

B. Build Mexican capacity to tackle its methamphetamine and chemical problem.

1. Full clandestine lab training by DEA Quantico for Mexican counterparts. (March 2006)

2. Offer basic identification, interdiction, and clan lab training seminars to state and local police agencies in key Mexican states on an ongoing basis. (NAS-funded,40-50 per class, about 2 per month, coordinated by Mexican nationals using U.S. instructors – March-December 2006)

3. Offer interdiction training opportunities including:

a. Share "best practices" with Mexican law enforcement on how to interdict chemicals by land, sea, border and highway. (August/September 2006)

b. Operation Jetway training in airport interdiction -- offer classes to Mexican law enforcement assigned to the Mexico

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City Airport to be followed by several other identical training at DEA's various resident offices in Mexico (e.g. Guadalajara, Tijuana, Monterrey, etc.) (late February 2006).

4. One week chemical identification class to Mexican FDA-type groups that have jurisdiction over precursor chemicals and pharmaceutical drugs. (April, tentative)

5. Offer NDIC document exploitation support and training to Mexican law enforcement to assist them in identifying and building prosecutable cases against precursor chemical suppliers. *Mike Walther advises that Utah Nat'l Guard can serve as translators.*

6. Support Mexican outreach efforts, including –

   a. Educating "first responders" (*e.g.*, fire, ambulance, etc.); and

   b. Raising public awareness of the dangers of meth labs and destructive nature of the drug.

7. Provide material assistance to Mexico, including surplus clan lab trucks and safety and testing equipment.

C. Convene Principals meeting: Attorneys General of the U.S. and Mexico to meet during the National Methamphetamine & Chemicals Initiative Conference. (May 2006)

D. Partnership with Precursor Source Countries.

1. Convene Hong Kong Conference to monitor flow and identify suspect shipments of ephedrine and pseudoephedrine; ask precursor source countries to share historical and current data on production and distribution through law enforcement channels. (February 2006) ***COMPLETED (partial success – resolution makes info sharing voluntary and references national laws)***

2. Petition Commission on Narcotics Drugs in Vienna.
The United States will seek a resolution by all nations that are signatories to the various UN drug and precursor conventions to provide and share information relating to their annual requirements for key meth precursors. (March 2006) ***COMPLETED***

3. Join with the State Department and the White House to raise the awareness and profile of the problem of meth production and the largely unregulated flow of chemicals that permits it in international contacts. *The Europeans and perhaps China need to put a shared interest in alleviating the problems of meth production.*

E. Monitor and ensure enforcement of the key methamphetamine precursor provisions in the Combat Meth Act.

DOJ_NMG_0025889

1. Retail sales limited to 3.6 grams;

2. Behind the counter and related provisions; and,

3. Spot market control.

F. Support State and Local Law Enforcement.

1. Promote groundbreaking for Clan Lab Training Center at Quantico in Spring 2006.

2. Link NDIC document exploitation teams with DEA, State and local law enforcement to conduct surge operations in regional methamphetamine "hot spots" to disrupt trafficker activity and build a more comprehensive strategic intelligence mosaic.
Comment: The idea here is that, for example, in a 10-day surge in Okla, NDIC or post-highway seizure, NDIC can analyze phones, pocket trash, etc. (We could ask John Richter, one of the U.S. Attorneys there, how this went.)

3. Travel to states to promote the Combat Meth Act provisions and encourage federal, state, and local partnership in the fight against methamphetamine. (GA, MO)

III.___Enhance Anti-Methamphetamine Trafficking Capabilities

A. Partner with Mexican counterparts to build cases against distribution groups.

1. Encourage agents, investigators, and prosecutors to engage in bilateral investigations and prosecutions working with trusted Mexican counterparts to prosecute key members of methamphetamine distribution organizations.

2. Post a NDDS attorney in Mexico City to work with Mexican counterparts to develop meth chemical cases in both countries.

3. Designate a dedicated NDDS meth/chemicals prosecutor.

4. Support vetted, inter-agency task forces in Mexico dedicated to methamphetamine / chemical investigations. ***(Initiative floated by ONDCP Director and to be announced by DEA – above-noted attorneys could support)***

B. Intensify domestic enforcement efforts against methamphetamine traffickers.

1. Continue the redirection of DEA Mobile Enforcement Teams (METs) to prioritize the investigation of methamphetamine crimes, coordinating with DEA's Clandestine Lab Enforcement Teams where necessary.

2. Expand the focus of DEA's existing Clan Lab Enforcement Teams,

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comprised of agents and task force officers, to enhance efforts in areas particularly hard hit by meth in order to identify meth targets or help with ongoing investigations.

3. Enhance the use of DEA's chemical importer inspection teams that can be quickly deployed to perform on-site inspections of DEA registered importers if information is developed that indicates possible diversion at importer facilities.

4. Encourage U.S. Attorneys to grant high priority to the prosecution of methamphetamine "cooks" and repeat offenders in areas where methamphetamine is a problem, even if the cooks are not large-scale.

5. Seek a new mandatory minimum sentence or, alternatively, a new sentencing guideline to establish a federal sentencing floor of approximately 3 to 4 years for any meth lab operator.

6. Consider amendments to the CSA to reach international chemical trafficking to third countries where meth is destined for the U.S.

7. Promote the OCDETF Fusion Center. Commit one section of the OCDETF Fusion Center to target drug trafficking activities along the Southwest Border, with specific direction to identify and target CPOT-level traffickers in methamphetamine and precursor chemicals.

8. Develop a partnership between EPIC and the OCDETF Fusion Center in order to include EPIC's vast databases and analytical capabilities concerning the movement of drugs and other contraband, as well as the organizations that control them, across the Southwest Border.

9. Suspicious Activity Reports (SAR): Encourage United States Attorney's Offices to establish Suspicious Activity Report Review Teams.

10. Increase Prosecutor and LEA Training. *(per National Synthetic Drug Action Plan (Oct. 2004)*

C. The Trifecta: Guns - Gangs - Drugs

1. Analyze Nexus between Guns - Gangs - Drugs.
2. Breakout Group Discussion at the PSN Conference.
3.. Coordinate with Gang groups to address Meth and Gangs.

IV. Demand Reduction Strategies and the 2008 Budget

A. Coordinate efforts of DOJ components to ensure that available resources are deployed efficiently.

B. Identify methamphetamine user demographics to ensure that the Department's efforts are appropriately focused.

DOJ_NMG_0025891

C. Educate and assist those who come into contact with meth users and meth cooks.

D. Partner with industry and the private sector as a force multiplier in education and prevention efforts.

E. Continue to support drug endangered children programs.

DOJ_NMG_0025892

Gorsuch, Neil M

From: Gorsuch, Neil M
Sent: Tuesday, April 11, 2006 7:04 PM
To: 'Brett_C._Gerry@who.eop.gov'
Cc: Jennifer_R._Brosnahan@who.eop.gov
Subject: RE: 4/11/06 Civil Division News

Done!

-----Original Message-----
From: Brett_C._Gerry@who.eop.gov [mailto:Brett_C._Gerry@who.eop.gov]
Sent: Tuesday, April 11, 2006 4:41 PM
To: Gorsuch, Neil M
Cc: Jennifer_R._Brosnahan@who.eop.gov
Subject: RE: 4/11/06 Civil Division News

Thanks. Any chance I could be on the distribution list for these clips?
No worries if you limit distribution to (a) DOJ employees and (b) cool people like Jenny, since I am neither.

-----Original Message-----
From: Neil.Gorsuch@usdoj.gov [mailto:Neil.Gorsuch@usdoj.gov]
Sent: Tuesday, April 11, 2006 4:36 PM
To: Gerry, Brett C.
Subject: FW: 4/11/06 Civil Division News

FYI

From: Ames, Andrew
Sent: Tuesday, April 11, 2006 10:00 AM
To: Agarwal, Asheesh (CIV); Ames, Andrew; Baxter, Felix (CIV); Branda, Joyce (CIV); Brody, Stephen (CIV); Bucholtz, Jeffrey (CIV); Bukvics, Jennifer (CIV); Claterbos, Barbara (CIV); Cohen, David M. (CIV); Cohn, Jonathan (CIV); Davidson, Jeanne (CIV); Fargo, John (CIV); Fielding, Gabrielle (CIV); Figley, Paul (CIV); Flentje, August (CIV); Frost, Peter (CIV); Garren, Timothy (CIV); Glynn, J.Patrick (CIV); Gorsuch, Neil M; Hertz, Michael (CIV); Hollis, Robert (CIV); Hunt, Jody (CIV); Hussey, Thom (CIV); Jennifer Brosnahan; Jeweler, James (CIV); Katsas, Gregory (CIV); Keisler, Peter D (CIV); Kohn, Chris (CIV); Kopp, Robert (CIV); Letter, Douglas (CIV); Levine, Larry (EOIR); Lindemann, Michael (CIV); Magnuson, Cynthia; McCallum, Robert (SMO); Miller, Charles S; Nichols, Carl (CIV); Nowacki, John; Pyles, Phyllis (CIV); Reyes, Luis (SMO); Riley, Sharon (CIV); Rivera, Jennifer (CIV); Roehrkasse, Brian; Schiffer, Stuart (CIV); Scolinos, Tasia; Seidel, Rebecca; Senger, Jeffrey M; Spellberg, Dianne (CIV); Swenson, Lily F;

Thirolf, Eugene; Wilson, Karen L; Zwick, Ken (CIV)

Subject: 4/11/06 Civil Division News

U.S. authenticates Abu Ghraib photos

Government wiretapping, Google crackdown among Muzzle winners

'Under God' in pledge is under attack again

Washington Post

U.S. authenticates Abu Ghraib photos

April 11, 2006

WASHINGTON - Nearly two years after graphic photographs of detainee abuse at the Abu Ghraib prison in Iraq were published worldwide, the U.S. government Monday for the first time authenticated 74 of the images as being part of the original compact disc that was turned over to Army investigators in January 2004.

Responding to a federal court order as part of a Freedom of Information Act lawsuit filed by the American Civil Liberties Union in New York, Justice Department lawyers wrote in court papers that the previously published images "are identical" to those that investigators have used to look into abuse at the prison.

Included among the images are such photos as Pvt. Lynndie England holding a leash attached to a naked detainee's neck, a detainee with female underwear placed on his head, detainees shackled to cell doors and beds in painful positions, and others piled in a naked pyramid. The iconic photograph of a detainee standing on a cardboard box, cloaked and hooded with wires coming from his hands, is also among the pictures.

The government, however, did not authenticate numerous photographs of soldiers using dogs to intimidate detainees, though military prosecutors have used such images in open court while pursuing cases against the soldiers.

Many of the photos, or representative samples of them, have been published in The Washington Post and on washingtonpost.com over the past two years. Salon.com, an Internet magazine, recently published the photographs on its Web site after obtaining what appeared to be the Army's compilation of abuse photos used to prosecute low-ranking soldiers. The government also authenticated three short video clips. The original disc was given to Army investigators by a soldier concerned by the abuse that he saw in photos.

Avoiding an actual government release of the images, Justice Department lawyers instead authenticated photographs that were already up on the Salon Web site, using court papers to refer to the images by number.
ACLU lawyers were also provided with one additional photograph - which appears to be two detainees with their arms around each other and their faces edited out of the image - and the government declined to provide an additional 29 photographs that ACLU lawyers said they are going to fight to see.

None of the photographs the government authenticated indicates any unknown instances of abuse. Hundreds of other photos - seized from soldiers' computers in Iraq - appear to show abuse but have not been authenticated by U.S. officials.

"Our aim was to get this information into the public domain, and the government's attempts at withholding this information have proved futile," said Amrit Singh, an ACLU lawyer pursuing the lawsuit. "This is a victory for us because information to which the public is entitled has been released into the public domain. The government has fought this tooth and nail."

Defense Department officials, including top generals, have opposed releasing the images, arguing that they could set off major unrest in Muslim nations. The images a federal judge in New York ordered the government to release, it turns out, largely were the same images that already have been published.

END

Associated Press

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April 11, 2006

RICHMOND, Va. -- President Bush and the Justice Department are among the winners of the 2006 Jefferson Muzzle awards, given by a free-speech group to those it considers the most egregious First Amendment violators in the past year.

Bush led the list, compiled by the Thomas Jefferson Center for the Protection of Free Expression, for authorizing the National Security Agency to tap the phones of U.S. citizens who make calls overseas. The wiretaps were conducted without authorization from a federal court. The White House defended the warrantless wiretapping program as necessary to fight terrorism.

The Justice Department earned a Muzzle for demanding that Google turn over thousands of Internet records, prompting concerns that more invasive requests could follow if the government prevails.

"If individuals are fearful that their communications will be intercepted by the government, such fears are likely to chill their speech," the Jefferson center said.

Other winners of the 15th annual awards include the Department of Homeland Security for barring an air marshal from expressing concerns about public safety; the Yelm, Wash., City Council for banning the words "Wal-Mart" and "big-box stores" at public hearings; and students at the University of Connecticut who heckled conservative columnist Ann Coulter.

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Since The New York Times disclosed the surveillance program's existence in December, it has become

the target of harsh criticism, several lawsuits and a congressional investigation. John W. Dean, who was Richard Nixon's White House counsel, remarked that the domestic spying exceeds the wrongdoing that toppled his former boss.

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"Google appears to be the only one that drew a line in the sand," O'Neil said. "We commend their insistence that aggregate data could end up identifying a particular subscriber."

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The Kansas City Star

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The 9th Circuit Court of Appeals in San Francisco has set dates this spring and summer for briefs to be filed in the case. The same court ruled in 2002 that "under God" in the pledge is unconstitutional.

No matter what the court decides this time, it is almost certain the case will be appealed again to the U.S. Supreme Court, which dismissed the previous suit on procedural grounds. That dismissal left the core issue of the pledge's constitutionality unsettled.

Pawnee Principal Mark Kelly isn't worried about all of that. "I think it's a California thing," he said of the court fight, confident the pledge will remain intact.

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But he stayed his order pending appeals in the case.

Why did Newdow sue again? "I can answer that in one word: equality," he said in a phone interview. "This is not a case of people who believe or don't believe in God but in people who believe in equality."

The Constitution says government should treat people equally, Newdow said, insisting it is unequal treatment of atheists to have "under God" in the pledge and "in God we trust" on money. He is suing to get that off, too. That case, filed in November, still is in federal court in California.

"Government isn't supposed to be in the religion business at all," he said.

Worried that courts may rule against "under God," U.S. Rep. Todd Akin, a Missouri Republican, is sponsoring the proposed Pledge Protection Act, which already has nearly 200 co-sponsors.

"The words 'under God' are not just there for window dressing," Akin said in a phone interview, "but they address a central aspect of what America is all about: We believe there is a God, even though we don't agree on exactly what his name is.

"God grants basic rights to people and government's job is to protect those rights. That's why that phrase in our pledge is in need of defense."

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From: Gorsuch, Neil M
Sent: Tuesday, April 11, 2006 7:05 PM
To: Ames, Andrew
Subject: RE: 4/11/06 Civil Division News

Andrew - one more name for the list please: Brett Gerry, bgerry@who.eop.gov Many thanks

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Sent: Tuesday, April 11, 2006 10:00 AM
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Wulf, David M.

Subject:	Updated: Katrina "Lessons Learned" Recommendations--Meeting on ESF-13/SFLEO Recommendations
Location:	ATF 650 Massachussettes Ave. NW Washington, DC (Director's Conference Room)
Start:	Thursday, April 13, 2006 10:30 AM
End:	Thursday, April 13, 2006 12:00 PM
Show Time As:	Tentative
Recurrence:	(none)
Meeting Status:	Not yet responded
Organizer:	Wulf, David M.
Required Attendees:	Wulf, David M.; Hart, Rosemary; McIntosh, Brent; 'Tzitzon, Nicholas'; Mercer, Bill (ODAG); Taylor, Jeffrey (OAG); Jezierski, Crystal; 'Kim.Tilton@ic.fbi.gov'; 'Schofield, Regina'; 'Palma, Josephine'; 'Hagy, David'; 'Gillis, John'; 'Carter, Judy (USPC)'; Bouchard, Michael R.; Allen, Michael (JMD); Bradbury, Steve; Burton, Faith; Ferber, Alan L; 'G.Jones@ic.fbi.gov'; Gorsuch, Neil M; 'Rubin, Jim (ENRD)'; Rybicki, James E; Scolinos, Tasia; Vasaio, Tony; 'Vanyur, John'; 'Trono, Robert (USMS)'; 'Snelson, William (USMS)'; 'Schmitz, Fran (CTS)'; 'Roderick, Art Jr. (USMS)'; 'McManamon, Michael J'; 'Conley, Joyce'; 'Michael.Clemens@ic.fbi.gov'; 'David.Larson@ic.fbi.gov'; 'Craig.Olson@ic.fbi.gov'; 'David.Anderson@usdoj.gov'; Scavo, Tara; Rubenstein, Steve R.; Koett, Imelda M.; O'Keefe, Kevin C.; Bukovac, Michael A.; Zellers, Steven S.; McAtamney, James A; 'Charles.M.Metzger@usdoj.gov'; 'Donald.P.Augustine@usdoj.gov'
Optional Attendees:	Turner, Sandra; Graham-Wyatt, Nina; 'Metzger, C. Michael'; Vargas, Omar; 'Anderson, David (EOIR)'; Drake, Herbert W.
Importance:	High

When: Thursday, April 13, 2006 10:30 AM-12:00 PM (GMT-05:00) Eastern Time (US & Canada).
Where: ATF 650 Massachussettes Ave. NW Washington, DC (Director's Conference Room)

~~*~*~*~*~*~*~*~*~*

Someone will be waiting in the lobby at 10:25 am to escort everyone to the meeting.
Thank you.

USDOJ- Office of Public Affairs

From: USDOJ- Office of Public Affairs
Sent: Wednesday, April 12, 2006 6:29 PM
To: USDOJ- Office of Public Affairs
Subject: DOJ Daily News Wrap

PUBLIC AFFAIRS DAILY NEWS WRAP
April 12, 2006

Contact: Brian Roehrkasse, Deputy Director, Office of Public Affairs (202) 514-2007

TOMORROW'S EXPECTED NEWS STORIES:

National Security Letter Litigation
The federal government will no longer seek to enforce a gag order on Connecticut librarians who received an FBI demand for records about library patrons under the Patriot Act. The ACLU, which filed suit on behalf of the librarians, said it will identify them once court proceedings are completed in the next few weeks. Early media reports imply that the Department changed its mind in the Connecticut case to allow the recipient to identify him/herself, implying the Department did so because it is now too late for the recipient to participate in the Patriot Act reauthorization debate. Significant media coverage is expected.

Talking Points:

- The Department has not changed its position on nondisclosure. It is the law governing disclosure that has changed, allowing case-by-case decisions as to the necessity of a nondisclosure requirement.

- As part of the reauthorization legislation, Congress has determined that the FBI should exercise discretion when issuing an NSL as to whether it should be accompanied by a nondisclosure order. Congress has made it clear that the FBI should revisit its judgment in the event the nondisclosure requirement is challenged, particularly as time passes.

- Prior to the amendments made as part of the USA PATRIOT Act reauthorization legislation, the law provided that all National Security Letters automatically were accompanied by a permanent nondisclosure order. This was Congress' determination and was binding on the Department.

- In this case, exercising the discretion that Congress is now encouraging us to exercise, the FBI has determined that allowing the recipient to disclose its identity (and only its identity) will not harm the national security or interfere with an ongoing investigation. Prior to the change in the law, the Department did not have the legal authority to make that judgment.

Washington Post Story on Civil Rights Division

Dan Eggen, *Washington Post*, is planning to run a story about the essay written by Hans von Spakovsky while employed at the Department of Justice and opinion about photo IDs. Mr. Eggen's focus seems to be on whether von Spakovsky sought permission to write the article under a pseudonym, and if such an article is consistent with Department conflict-of-interest policies.

Talking Points:

- Hans von Spakovsky left the Civil Rights Division in early January 2006. We appreciate the fine service that he provided at the Department of Justice.

- Any questions concerning a personal article that he allegedly wrote should be directed to Mr. von Spakovsky.

- The Department has received the ACLU's letter concerning Mr. von Spakovsky's personal writings. As with all correspondence that we receive, it will receive our careful review and attention.

- With respect to the three new changes to the Georgia identification law, the Department is currently reviewing whether these changes would have a retrogressive effect on minority voters: (1) Adding an additional form of identification available for free; (2) making these identification cards available in many more places (at least one location in every county in the state); and (3) running a publicity campaign organized by the GA Board of Elections on voter identification and absentee voters. As with all Section 5 reviews, we will conduct a careful and thorough analysis of these changes.

Companies to Spend $30 Million on PCB Cleanup at the Lower Fox River and Green Bay Superfund Site (ENRD)

As the latest in a series of partial settlements aimed at cleaning up and restoring the Lower Fox River and Green Bay Superfund Site in northeastern Wisconsin, NCR Corp. (NCR) and Sonoco-U.S. Mills, Inc. (Sonoco) have agreed to complete an important initial phase of the cleanup, the Justice Department and Environmental Protection Agency announced today.

Talking Points:

- The two companies have agreed to spend an estimated $30 million on the expedited dredging and disposal of the most highly-contaminated sediments in the Fox River.

- This action furthers the already substantial progress made on cleanup and restoration of the entire site, which is one of the largest contaminated sediment sites in the United States.

- Under the terms of the agreement, NCR and Sonoco will design and implement the cleanup project to dredge, dewater and dispose of the contaminated sediment, removing approximately 100,000 cubic yards of highly contaminated sediment downstream and west of the De Pere Dam.

- The removal of this substantial volume of contaminated sediments from the river will reduce exposure to polychlorinated biphenyls (PCBs) and diminish downstream migration of PCBs to the bay. Dredging is scheduled to begin in the spring of 2007.

IRS Summons Pay Pal (Tax)
On February 21, 2006, a federal judge in San Jose, California, issued an order authorizing the Internal Revenue Service to serve a "John Doe" summons on PayPal, Inc., for offshore bank and credit card records. The court issued the order at the request of the Justice Department. A "John Doe" summons allows the IRS to obtain information about possible tax evasion by United States taxpayers whose identities are not known to the IRS. The "John Doe" summons to PayPal is part of the Offshore Credit Card Project, an effort by the IRS to identify taxpayers who use offshore accounts in more than 30 countries, including Bermuda, Costa Rica, Luxembourg, Liechtenstein, Panama, Singapore, Switzerland and numerous Caribbean nations, to evade their tax obligations in the United States. Courts have previously authorized service of similar summonses on VISA, MasterCard, American Express and numerous other third-party credit card processors and merchants.

DOJ Seeks to Bar Jackson-Hewitt Franchise from Preparing Improper Returns for Native Americans (Tax)
The Justice Department today asked a federal court in Miami to bar a Jackson Hewitt franchise Labib Baltagi Inc. and three others from preparing federal income tax returns that falsely claim federal-income-tax exemption for casino gaming proceeds paid to Native Americans. According to the government complaint, Labib Baltagi, Inc. operates under a franchise agreement with Jackson Hewitt Tax Services, Inc., which is headquartered in Parsipanny, N.J.

Talking Points:

- The suit does not allege wrongdoing by the New Jersey-based franchiser.

- The government complaint alleges that returns the defendants prepared for Seminole Tribe members falsely claimed that the Tribe's distributions of casino gaming proceeds to tribe members were exempt from federal tax.

- Native Americans, like all Americans, must pay federal income taxes on all income they earn or receive unless there is express language in a statute or treaty exempting the income from taxation. Moreover, the federal Indian Gaming Regulatory Act, which regulates tribes' operation of casinos, allows tribes to distribute gaming proceeds to tribe members only if the tribes treat the income as taxable and advise tribe members that the income is taxable.

Contractor Sentenced for Paying Gratuities to Former U.S. Army Director of Contracting (Criminal)
A U.S. contractor pleaded guilty and has been sentenced for paying illegal gratuities to a former U.S. Army director of contracting, and for violating the Travel Act in connection with U.S. Army contracts awarded from an Army recreational facility in Germany. Alvan Vance McQueen II, 58, of Shelbyville, Ind., pleaded guilty to a two-count criminal information and was sentenced today at U.S. District Court in the Southern District of Indiana in Indianapolis, before

U.S. District Judge David F. Hamilton. The information, which was filed Dec. 15, 2005, charged McQueen with one count of paying illegal gratuities to a former U.S. Army director of contracting and an undercover agent from the U.S. Army Criminal Investigation Division Command, and one count of violating the Travel Act by traveling from Indiana to Germany, New York, Florida and Nevada to facilitate payment of the illegal gratuities.

Two Men Indicted in Arms Export Conspiracy (USA/ICE)
Two men, an Indonesian citizen and a citizen of Singapore, were arrested on charges of conspiracy to violate the Arms Export Control Act and money laundering. The indictment, unsealed Monday in federal district court, alleges that the two men were attempting to purchase and illegally export more than $500,000 worth of military equipment. The case was investigated by special agents of U.S. Immigration and Customs Enforcement, and the Department of Defense, Criminal Investigative Service. The case is being prosecuted by Assistant U.S. Attorney for the Eastern District of Michigan Bruce Judge.

Media Inquiry into Terrorist and Criminal Investigations (FBI)
Richard Willing, *USA Today*, is planning to run a story tomorrow regarding the difference between terrorist and criminal investigations and the allocation of resources.

Media Inquiry into QE2 Threat (FBI)
Associated Press issued a story on a security threat to the UK-built cruise liner Queen Elizabeth 2. The QE2 is being guarded by police in Alexandria, Egypt.

Media Inquiry into Online Child Predators (FBI)
Ken MacGuire, *Associated Press*, is working on a story regarding the increase in child online predators and "civilian" groups who expose them.

FBI Evaluation of Forensic Analysis Technology (FBI)
FOX News story regarding new technology being evaluated by the FBI for forensic analysis of digital images will air tonight at 7:30 p.m. on "The FOX Report." FBI declined participation in this story since evaluation of this new technology is still ongoing and it is too early to draw conclusions regarding its application in the investigation and prosecution of child pornography cases.

THURSDAY'S EXPECTED EVENTS/RELEASES:

Assistant Attorney General Alice S. Fisher of the Criminal Division and FBI Acting Assistant Director James (Chip) H. Burrus, Jr. of the Criminal Investigative Division will hold an on-the-record briefing on the Campaign Finance and Ballot Fraud Initiative. (Open Press)

FBI Director Robert Mueller will make remarks entitled "The FBI: A Report to the People" to the Denver Forum. (Open Press)

The Antitrust Division is tentatively scheduled to issue a press release on a merger related matter.

USDOJ- Office of Public Affairs

From:	USDOJ- Office of Public Affairs
Sent:	Thursday, April 13, 2006 8:11 AM
To:	USDOJ- Office of Public Affairs
Subject:	Attorney General's News Briefing for Thursday, April 13, 2006
Attachments:	agnb060413.pdf; agnb060413.doc

THE ATTORNEY GENERAL'S *NEWS BRIEFING*

PREPARED FOR THE OFFICE OF PUBLIC AFFAIRS, U.S. DEPARTMENT OF JUSTICE

TO: THE ATTORNEY GENERAL AND SENIOR STAFF

DATE: THURSDAY, APRIL 13, 2006 7:45 AM EDT

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TERRORISM NEWS:

Moussaoui Jurors Hear Cockpit Recordings From Doomed Flight. Federal prosecutors rested their case against Zacarias Moussaoui yesterday, after playing dramatic recordings from United Airlines Flight 93 as the hijackers took over the plane and, later, as passengers attempted to break into the cockpit. Moussaoui's defense begins presenting its case tomorrow.

The story was the lead on each of the networks last night. ABC World News Tonight (4/12, lead story, 3:10, Vargas, 8.78M) reported, "The story of what happened on board…is well-known," but the tapes "reveal the chaos and the terror on board that day." The CBS Evening News (4/12, lead story, 3:45, Stewart, 7.66M) added that victims' family members "say the struggle proves their loved ones were heroes." They and jurors "all leaned forward intently" as the recording was played, but "I have to tell you it just made you feel cold and angry at the same time. It was not pleasant to hear." NBC Nightly News (4/12, lead story, 3:40, Williams, 9.87M) noted the tape was "previously considered private." NBC (P. Williams) added, "The entire courtroom was transfixed as the jurors heard for themselves."

The AP (4/13, Sniffen) reports, "The jurors couldn't take their eyes off the video screens — even during long silent periods — as prosecutors used a multimedia presentation to try to put them inside the Flight 93 cockpit. Slumped in his chair and impassive, Moussaoui, too, watched intently. … Later, the judge rejected prosecutors' request to display a running presentation of the names and photos of nearly all the 2,972 victims of Sept. 11. Prosecutors were instead allowed to show one large poster with the pictures of all but 92 of the victims." The Washington Times (4/13, A1, 90K) runs the AP story.

The New York Times (4/13, A1, Lewis, 1.19M) adds, "Although the general story of Flight 93…has been known for some time, listening to the audio seemed nonetheless a harrowing experience for the jurors. … After the recording, the prosecution presented two final witnesses before resting its case. One was Lorne Lyles, the husband of CeeCee Lyles, a flight attendant on Flight 93. Mr. Lyles testified about their last conversation, in which she used an airphone to proclaim her love and ask him to look after their children."

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The Washington Post (4/13, A1, Markon, Dwyer, 744K) notes, "The trial seemed an afterthought…amid the drama of the recording." In his testimony, Lyles "brought several jurors to the brink of tears" and "said he has been in and out of counseling for the past five years. … 'They say closure, but there's never any closure. It takes a piece of you.' Moussaoui looked bored, as he did when the cockpit voice recorder was played."

USA Today (4/13, 1A, Johnson, 2.31M) reports, "During the last four minutes…the flustered hijackers are heard urging each other to hold off the passengers' desperate attempt to take back the plane," and "the last recorded sounds are the roaring engines and the Arabic prayers of one of the hijackers: 'Allah is the greatest. Allah is the greatest. Allah is the greatest. Allah is the greatest.' Jurors appeared riveted as the recording and animation played." The Los Angeles Times (4/13, Serrano, 958K) also reports on Moussaoui's testimony.

The AP (4/13, Barakat) reports, "The judge sent the jury home for the day and the defense will begin its case on Thursday. Just after that, Moussaoui shouted, 'God curse you all!'" The AP adds, "The jury deciding Moussaoui's fate has already declared him eligible for the death penalty by determining that his actions caused at least one death on Sept. 111. He pleaded guilty in April 2005 to conspiring with al-Qaida to hijack airplanes and fly them into buildings. … Even though he was in jail in Minnesota at the time of the attacks, the jury ruled that lies told by Moussaoui to federal agents a month before the attacks kept them from identifying and stopping some of the hijackers."

Prosecution Case Fuels Debate About Fairness Of Presenting Victim Testimony. The Christian Science Monitor (4/13, Richey, 61K) reports that "the raw and gut-wrenching images of the 9/11 terror attacks" presented to Moussaoui trial jurors "has some analysts questioning whether anyone accused of involvement in the 9/11 attacks could receive a fair hearing in court. Much of the debate revolves around the appropriateness of permitting victims to testify about how the crime has affected their lives. Victim's rights advocates say such testimony helps the jurors gain a broader appreciation of the full impact of an accused criminal's actions. Opponents say graphic testimony from victims can corrupt jury deliberations by encouraging jurors to rely more on emotion than reason."

FBI Criminal Prosecutions Have Declined With Post-9/11 Counter-Terrorism Focus. Under the headline "FBI Cases Drop As It Focuses On Terror," USA Today (4/13, Willing, 2.31M) reports, "FBI criminal cases have fallen sharply since the 9/11 terrorist attacks as the bureau shifts its focus from drugs and white-collar offenses to anti-terrorism," according to Executive Office for U.S. Attorneys statistics. "Over the past five years, prosecutions in which the FBI acted as lead investigator have fallen about 25%," and "convictions in FBI cases are down roughly 11% during the same period," but "convictions in the FBI's national security and terrorism cases quadrupled, from 84 to 336." However, USA notes, "half of those convicted of terrorism or national security violations received sentences of 12 months or less," and former federal prosecutor Gregory Wallance "says those figures show that the Justice Department may be padding its numbers by labeling immigration and other low-level violations as terrorism cases."

Negroponte Says Reforms "Off To A Good Start." In a Time (4/12, Duffy, Burger) Web exclusive, DNI John Negroponte discussed his first year in the post, observing, "We're off to a good start. But I don't want to make exaggerated claims here because this is a job that's going to take some time." Time adds that "the real test…is whether he can bring the CIA, the FBI and the Pentagon to heel. … It is clear that the DNI's office has created something of a culture shock at CIA," and "at the Pentagon, there is an unmistakable feeling of satisfaction" the DNI "isn't as powerful as some in Congress had hoped. … Negroponte told TIME that the FBI is 'moving toward the idea of having officers writing up reports for their intelligence value, not only to make cases.' But he added that the G-men have not been quick to make the leap from law enforcement to intelligence analysts."

Lawsuit Documents Said To Show NSA-AT&T Data Mining Agreement. The New York Times (4/13, Markoff, Shane, 1.19M) reports that in 2002, veteran AT&T technician Mark Klein "began to see what he thought were suspicious connections between" the company and NSA, but "he kept quiet about it until news broke late last year that President Bush had approved an N.S.A. program to eavesdrop without court warrants on Americans suspected of ties to Al Qaeda. Now Mr. Klein and a few company documents he saved have emerged as key elements in a class-action lawsuit filed against AT&T" by the Electronic

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Frontier Foundation. The Times notes "technical experts all said that the documents showed that AT&T had an agreement with the federal government to systematically gather information flowing on the Internet," but one unnamed expert "said that the documents were consistent with administration assertions that the N.S.A. monitored only foreign communications and communications between foreign and United States locations, partly because of the location of the monitoring sites."

Terror Groups Increasingly Concerned About Internet Security. The Washington Post (4/13, A14, Noguchi, Goo, 744K) reports, "Terrorist groups…are paying more attention to addressing security and privacy concerns similar to those of other Web users, counterterrorism experts say. … Recently, postings on jihadist Web sites have expressed increasing concern about spyware, password protection, and surveillance on chat rooms and instant-messaging systems. … Increased sophistication among users creates a kind of cat-and-mouse game between terrorists and law enforcement, experts said." The Post notes, "There is no evidence that Internet companies…have cooperated with federal spy agencies to monitor terrorist communications," but "privacy groups point out that it would be fairly easy for the federal government to subpoena any of these companies' records or issue a national security letter to them, essentially requiring them to turn over the data.

Hiltzik Says Privacy Statutes Need To Be Updated. Michael Hiltzik writes in the Los Angeles Times (4/13, 958K) that a public interest group's lawsuit charging AT&T with complicity in the Bush Administration's domestic surveillance program "should wake us all up to how our casual reliance on new technology has turned privacy into an increasingly fragile principle." Hiltzik adds, "The NSA's vacuuming of terabytes of personal data from AT&T's network is an example of the government aggressively taking advantage of a tattered fabric of privacy protection. … The statutes are old and worn, and the one thing the NSA program tells us is that they need to be brought into the 21st century, fast."

Closing Arguments Made At Hamid Hayat Trial. In a widely-distributed story, the AP (4/13, Thompson) reports Assistant US Attorney Robert Tice-Raskin, presenting his closing argument at the trial of Hamid Hayat yesterday, said Hayat "'had a jihadi heart and a jihadi mind' long before he confessed to attending an al-Qaida training camp in Pakistan." Tice-Raskin "used his closing…to counter testimony that FBI agents and a government informant may have tricked…Hayat into making incriminating statements." Tice-Raskin said the conversations with FBI informant Naseem Khan "reveal 'the real Hamid Hayat.'" Hayat lawyer Wazhma Mojaddidi countered in her closing argument that "the government doesn't have a case because it has no proof that her client ever went to a terrorist training camp. … She said Khan was desperate to get Hayat to say something incriminating after other leads he followed in Lodi went nowhere. 'From the FBI's perspective, they had struck gold, and so had Naseem Khan. … You have Hamid Hayat being intimidated into saying things that the FBI wanted him to say." KXTV-TV Sacramento (4/12) notes Tice-Raskin said, "Hamid Hayat thought he could pull the wool over the eyes of the FBI. He lied. On one hand, he knew the cat was out of the bag. On the other hand, he tried to hide all that he'd done." But Mojaddidi asked, "If Hamid Hayat actually attended a terrorist training camp, why would he be so cooperative? He was willing to talk with the FBI without a lawyer. A terrorist would know better."

The Los Angeles Times (4/13, Tempest, 958K) reports, "Mojaddidi portrayed Khan as a longtime minimum-wage fast-food worker who saw the FBI as a meal ticket. 'Naseem Khan saw a financial future with the FBI. … All he had to do was lead conversations to anti-American sentiments and push "record,"' she said." Assistant US Attorney David Deitch "tried to repair what has been a constant problem for the prosecution: Naseem Khan's assertion…that he had seen senior Al Qaeda terrorist Ayman Zawahiri worshipping and lecturing at the mosque in Lodi." Deitch said, "It was clearly a mistake," but "there is no evidence" Khan lied.

Judge Releases FBI Interrogation Recordings. KGO-TV San Francisco (4/12) reports, "A federal judge released 10 hours of FBI videotapes today of agents interrogating" Hamid and Umer Hayat, and "in one section, Umer Hayat appears to admit his son attended a terror training camp in Pakistan. … Defense attorneys claim the two were tricked into making confessions by manipulative agents." KXTV-TV Sacramento (4/12) notes, "Both Hayats went to FBI headquarters voluntarily. In earlier interviews they denied any involvement or knowledge of terrorist training camps. It was only after the two men changed their stories that the FBI began recording the interviews. … Throughout his interrogation, Hamid Hayat appears at first willing to cooperate, but then he seems confused by the agents'

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questions." KTVU-TV San Francisco (4/12) also reports on the release of the interview recordings.

Terrorists Attempt To Use Campuses To Replace Training Camps. The Los Angeles Times (4/13, Rotella, 958K) reports that terrorist networks are attempting to use universities and the Internet "to replace former training camps in Afghanistan. … A number of top figures in Al Qaeda have academic backgrounds in the sciences. Khalid Shaikh Mohammed, the alleged mastermind of the Sept. 11 attacks, is an engineering graduate, as were Mohamed Atta and other members of the Hamburg cell that produced pilots for the attacks. Ramzi Ahmed Yousef, the convicted ringleader of the first World Trade Center bombing in 1993, is another engineer-turned-militant."

Outgoing Italian Justice Minister Drops Extradition Of CIA Agents Over Rendition. The New York Times (4/13, Kiefer, 1.19M) reports Italian Justice Minister Roberto Castelli "said he would not seek the extradition of 22 Central Intelligence Agency officers accused of kidnapping a Muslim cleric from the streets of Milan and flying him to Egypt for interrogation. The Milan prosecutor leading the investigation, however, pledged to resubmit the extradition request once Italy's new government is in place." The Times notes, "As minister of justice under Prime Minister Silvio Berlusconi — one of the Bush administration's most loyal supporters in Europe — Mr. Castelli's refusal to move forward with the extradition comes as no surprise." Prosecutor Armando Spataro "said that the investigation would conclude by the end of April and that he hoped then to try the agents in absentia."

Spanish Judge Finds Al Qaeda Inspired, But Did Not Direct Madrid Bombings. The Christian Science Monitor (4/13, Pingree, Abend, 61K) reports, "A report released this week by a Spanish judge illuminates one of the most pressing questions arising from both the bombings in Madrid and, later, in London: Did Al Qaeda operatives direct these assaults on Europe, or simply inspire them?" Judge Juan del Olmo's reports "indicates that the Madrid bombers were actually members of an independent network of Salafist radicals active in North Africa," and "while the summary does not argue for Al Qaeda's direct involvement, it does point to the organization's influence."

PATRIOT ACT:

DOJ Drops Appeal In Patriot Act Librarian Case. The AP (4/13, Christoffersen) reports, "Federal prosecutors said Wednesday they will no longer seek to enforce a gag order on Connecticut librarians who received an FBI demand for records about library patrons under the Patriot Act." The AP continues, "The American Civil Liberties Union, which filed the civil suit on behalf of the librarians, said it will identify them once court proceedings are completed in the next few weeks." The AP adds, "U.S. District Judge Janet Hall ruled last year that the gag order should be lifted, saying it unfairly prevented the librarians from participating in a debate over how the Patriot Act should be rewritten. … Prosecutors appealed, but U.S. Attorney Kevin O'Connor said Wednesday that the appeal no longer made sense." The AP notes, "One librarian has already been identified in news reports and the Patriot Act has been changed to include a procedure that will allow people to appeal requirements that they not disclose their involvement in a request, officials said. … 'In this case, exercising the discretion that Congress is now encouraging us to exercise, the FBI has determined that allowing the recipient to disclose its identity, and only its identity, will not harm the national security or interfere with an ongoing investigation,' said Brian Roehrkasse, a spokesman at the Justice Department. … Prosecutors have maintained that secrecy about demands for records is necessary to avoid alerting suspects and jeopardizing investigations. They contended the gag order prevented only the release of librarians' identities, not their ability to speak about the Patriot Act." The New York Times (4/13, O'Connor, 1.19M) adds, "It was unclear what impact the government's decision would have on the approximately 30,000 other such letters that are issued each year." US Attorney Kevin O'Connor "said yesterday that the government decided drop its case largely because the Patriot Act's secrecy provisions concerning national security subpoenas were changed to give the Federal Bureau of Investigation discretion in allowing recipients to identify themselves. The government was also under pressure to drop its fight after mistakenly disclosing in court records the very information it was fighting to keep secret."

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HOMELAND RESPONSE:

Judge Blocks Admission Of FBI Bomb Test Video At White Supremacist Trial. The AP (4/13) reports, "The defense attorney for a white supremacist accused of attempting to obtain explosives for an attack on federal buildings disputed the results of FBI tests on materials they seized from the defendant's home. … Prosecutors said FBI agents recovered a 12-inch pipe, a practice grenade shell, some fuses and a few grains of black powder in a search" at Demetrius 'Van' Crocker's home, and "FBI Supervisory Special Agent Thomas Mohnal used similar materials to build bombs that he successfully exploded on a test range in Quantico, Va. He said he first used duct tape on the ends of the devices in some of the tests and then later successfully tested the bombs without it. But on Wednesday, defense attorney Randolph Alden repeatedly pointed out that no duct tape was seized from Crocker's home, calling into question whether Crocker could have made a bomb with the seized materials. Alden's argument was enough for U.S. District Judge James Todd to dismiss a video of the FBI's explosive tests."

Tourism Council Calls For Easier Border Crossings Into US. The Wall Street Journal (4/13, D2, Keeton, 2.11M) reports that at its first summit to be held within the US, the World Travel and Tourism Council, meeting this week in Washington, "has called on the US government to make crossing US borders easier for workers and tourists." The Journal adds that in speaking at the summit Tuesday, Secretary Chertoff stressed "his concern for the safety and security of US borders." Though Chertoff's department "is working on technology to speed up the time visitors spend going through customs and immigration screening, the US has a long way to go, said James Wilson, CEO of Nakheel Hotels & Resorts, a start-up in Africa and the Middle East."

Worried By Post-9/11 Backlash, California Imam Seeks To Build Understanding Of Islam. The CBS Evening News (4/12, story 8, 3:00, Blackstone, 7.66M) profiled Imam Mohammed Azeez of the Salam mosque of Sacramento, California. Azeez "came from Egypt six years ago, graduated from Ohio State. His daughter was born here. His wife…seems no less modern." But "since September 11th, much has changed. The imam now worries about his wife" and is "afraid even little Zeyneb could be a target of intolerance. … His answer, though, is not to hide out; it's to speak out." At "interfaith gatherings, he tries to build bridges across chasms of misunderstanding," and he "declares that keeping this country safe from terrorists should be as much a priority for American Muslims as anybody else." The "challenge facing Imam Azeez is reflected in a new CBS News poll -- fewer than one in five Americans has a favorable view of Islam."

FEMA Releases New Flood Advisory Map For New Orleans. FEMA's release of flood advisory data for New Orleans yesterday is receiving widespread media coverage this morning, with most sources reporting the announcement as a relief for homeowners looking to move on. The New York Times (4/13, Nossiter, Schwartz, 1.19M) reports that yesterday's rebuilding guidelines were "unexpectedly lenient," and would potentially allow "tens of thousands of homeowners to return to their neighborhoods at costs far less than they had feared." Meanwhile, "huge swaths of homes might still have to be rebuilt at least three feet off the ground, or risk getting no federal reconstruction money or insurance. But the announcement, anxiously anticipated as a critical step in rebuilding this still-ravaged city, was nonetheless greeted with some relief by local officials and residents."

NBC Nightly News (4/12, story 4, 2:00, Mullen, 9.87M) reported, "It may sound bureaucratic and even boring, but the release of FEMA's new flood advisory map today is big news to tens of thousands of displaced New Orleans residents who will use it as a guide to decide how and even if they should rebuild in some areas." Donald Powell, Gulf Coast recovery coordinator: "This will enable people to get on with their lives." Mullen: "The new map and risk assessment assumes" the new levee "won't fail and predicts how vulnerable a neighborhood might be to flooding," potentially impacting "the availability and price of insurance, even mortgages." Meanwhile, "the government made it clear that residents…should share in the responsibility of flood prevention. Officials say many substantially damaged homes like those within the red area should be rebuilt three feet higher to qualify for flood insurance."

In an article focusing on the three foot guideline, USA Today (4/13, Konigsmark, 2.31M) reports raising a home by that amount "can cost $60,000." However, according to Sean Reilly, a member of the Louisiana Recovery Authority, "the 3-

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foot guideline 'is good news' for homeowners," some of whom had feared a requirement of 9 feet.

The Washington Post (4/13, A1, Whoriskey, Hsu, 744K) reports that the Bush administration also "proposed spending an additional $2.5 billion for New Orleans levee construction," which "would protect 98 percent of the population in the four-parish region with levees strong enough to meet flood insurance standards, officials said, and would protect them against the extreme event known as the '100-year flood.'" The announcement "brings certainty to some uncertain issues along the greater New Orleans area," said Powell.

The AP (4/13) reports "the announcement did not provide answers for thousands of residents of lower Plaquemine Parish, southeast of New Orleans in the lowest part of the Mississippi Delta. Decisions on funding for flood protection in that area are pending." The AP continues, "Powell said no decision has been made on whether to seek the final $1.6 billion" for levee improvements in "that hard-hit and vulnerable area. That decision will come after further consideration of environmental, engineering and economic issues, Powell said."

WSJ Not Surprised Private Sector Was Back In New Orleans Before US Postal Service. It was announced last week that the US Postal Service's New Orleans processing and distribution center would reopen, more than seven months after Katrina hit. The Wall Street Journal (4/13, 2.11M) editorializes, "Postal Service competitors fared better. Spokesmen for DHL, FedEx and United Parcel Service tell us that all three companies restored service in New Orleans on September 19, just three weeks after Katrina hit." While "we've heard a lot about government 'incompetence'" in Katrina's aftermath, "it seems likely that the private delivery companies would have outshone the Postal Service regardless of who was in the White House. Some things the private sector simply does better."

Chertoff Says Katrina Was "Wake-Up Call" For Local Governments. The AP (4/13, Jordan) reports that attending the National Hurricane Conference in Orlando yesterday, Homeland Security Secretary Michael Chertoff heard appeals from state emergency officials "for everything from evacuation routes to pet protection. The requests underscored what Homeland Security Secretary Michael Chertoff described as a 'great wake-up call' for state and local authorities following the devastation of Hurricane Katrina." Chertoff reiterated statements he made Tuesday to the AP that "the federal government should not be considered the first line of defense during disasters. But he acknowledged that parts of the Katrina-battered Gulf Coast would need more aggressive federal aid in readying for the June 1 start of the hurricane season."

The New York Times (4/13, Goodnough, 1.19M) reports Chertoff told the "audience of state and local disaster officials that his agency would not usurp authority but would 'work with you in training and exercising, so that if the bell rings, we've all gotten to know each other and we know how we're all going to perform our tasks.'" The Times adds that Chertoff "skipped" a portion of his speech that appeared in an advance copy for reporters, in which he said, "Things will be even more confused if we pull FEMA out of DHS." DHS spokesman Russ Knocke "said it was not unusual for Mr. Chertoff to 'stray a bit from prepared remarks,' adding, 'I wouldn't read anything into that.'"

King, Thompson Release Statement Calling For FEMA To Remain Within DHS. CQ (4/12, Starks) reported that in a bipartisan statement released yesterday, "Leaders of the House Homeland Security Committee stepped up a campaign…to keep the Federal Emergency Management Agency from being removed by Congress from the Department of Homeland Security." The statement, issued by Reps. Peter T. King and Bennie Thompson say, "There is no doubt that FEMA needs to be improved, but removing the agency from DHS is clearly not the answer." Meanwhile, Rep. Bill Shuster, who has "said he plans to mark up two bills in May" that will deal with FEMA and hurricane response, "has repeatedly said he believes FEMA must be removed from the Homeland Department."

Brown Cancels Trip To St. Bernard Parish. The AP (4/13, Callimachi) reports, "Under mounting criticism, former FEMA chief Michael Brown said Wednesday that he will not serve as a paid consultant to St. Bernard Parish, a New Orleans suburb hit hard by Hurricane Katrina." Following protests from residents, Brown called off a trip to the Parish, where he was to meet Thursday with officials "to help them navigate the recovery process." He "made the decision after meeting in Orlando, Fla., with parish President Henry 'Junior' Rodriguez, where both were attending a national hurricane preparedness conference."

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WAR NEWS:

White House Under Fire For Claims About Iraqi Weapons Trailers. The White House is again facing scrutiny for its use of intelligence on Iraq's weapons programs, this time over claims that Saddam Hussein's regime was using trailers as mobile weapons labs. After a Defense Department intelligence team found the trailers were not used for weapons purposes, Administration officials, including the President and Vice President, continued to say they were.

The story was covered on ABC World News Tonight (4/12, story 2, 3:00, Vargas, 8.78M), which reported, that on May 25th, 2003, "according to the Washington Post, the Defense Intelligence Agency sent a nine-member team of scientists and engineers to Iraq to determine whether the trailers were, in fact, biological labs." Two days later, "the team transmitted a report to Washington saying the trailers had nothing to do with biological weapons, calling them 'the biggest sand toilets in the world.' Two days after the report was sent to Washington…" President Bush (May 29, 2003): "We have found weapons of mass destruction. We have found biological laboratories." Raddatz: "The White House said today the President, at the time, believed his statement to be true." White House spokesman Scott McClellan: "The President was saying what the intelligence community assessed to be right, based on their intelligence-gathering." The Administration "continued to repeat the claim about the trailers. This is Vice President Cheney, four months after the report to the contrary." Vice President Cheney (September 14, 2003): "They are in our possession today, mobile biological facilities that can be used to produce anthrax or smallpox." Raddatz: "In fact, it wasn't until a month after that that a weapons inspector sent by the Administration raised public doubts about the trailers."

CNN's The Situation Room (4/12, Collins) reported that the White House "is steaming. And it's vigorously denying that the President declared the existence of biological weapons labs in Iraq three years ago, knowing the information was false. Back then, Mr. Bush touted the capture of two trailers in Iraq, declaring, we have found the weapons of mass destruction. The Washington Post, reports two days before Mr. Bush made that announcement. Weapons experts concluded the trailers had nothing to do with WMD." CNN (Malveaux) added, "The White House using very strong language today, calling this irresponsible and even reckless reporting by The Washington Post and ABC News, taking very strong exception to the suggestion that President Bush deliberately used and knew about inaccurate information to make the justification for the war in Iraq."

The Washington Post (4/13, A18, Warrick, 744K) reports that White House spokesman Scott McClellan dismissed the Post story as "'rehashing an old issue,' saying Bush has repeatedly acknowledged 'the intelligence was wrong.' The spokesman said Bush's comments on the trailers reflected the intelligence community's dominant view at the time."

The AP (4/12, Pickler) reported that McClellan said Bush "was relying on information from the Central Intelligence Agency and the Defense Intelligence Agency when he said the trailers seized after the 2003 invasion were mobile biological laboratories. That information was later discredited by the Iraq Survey Group in its 2004 report." The Post "did not say that Bush knew what he was saying was false. But ABC News did during a report on Good Morning America, and McClellan demanded an apology and an on-air retraction. ABC News said later in a clarification on its Web site that Charles Gibson had erred. McClellan said he had received an apology."

Another Former General Calls For Rumsfeld's Resignation. CNN's The Situation Room (4/12, Starr) reported, "For the first time, a general who commanded thousands of combat troops in Iraq has called for Defense Secretary Donald Rumsfeld to resign. Major General John Batiste commanded the 1st Infantry Division in Iraq before he retired five and a half months ago." CNN added, "Three other retired generals in the last month have called for Rumsfeld's resignation as well. They all say military advice was ignored."

A front page story in the Washington Post (4/13, A1, Ricks, 744K) reports that Batiste "noted that many of his peers feel the same way. … Batiste's comments resonate especially within the Army: It is widely known there that he was offered a promotion to three-star rank to return to Iraq and be the No. 2 U.S. military officer there but he declined because he no longer wished to serve under Rumsfeld." Batiste "said he believes that the administration's handling of the Iraq war has violated fundamental military principles, such as unity of command and unity of effort. In other interviews, Batiste has said he thinks the violation of another military principle -- ensuring there are enough forces -- helped create the Abu

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Ghraib abuse scandal by putting too much responsibility on incompetent officers and undertrained troops."

The Los Angeles Times (4/13, Spiegel, Richter, 958K) reports that the "recent surge in public criticism of Defense Secretary Donald H. Rumsfeld by retired military leaders is the culmination of months of intense but largely private debate among active duty officers about how best to voice dissent over Bush administration policies, according to officers involved in the discussions." The calls for Rumsfeld's resignation "are an unusual step for members of the military, who are acutely sensitive to the appearance of challenging civilian leadership of the armed forces."

Speaker Plans To Convene Iraqi Parliament Next Week. Sunni politician Adnan Pachachi, the acting speaker of Iraq's parliament, said yesterday that although the formation of a new Iraqi government remains stalled, he will convene the legislature next Monday. The New York Times (4/13, Semple, 1.19M) reports, "Iraqi officials have been desperate to convey a sense of forward motion in the moribund political process, and the announcement by the speaker…seemed as much a symbolic gesture as a goad to the Shiites."

The Washington Post (4/13, A17, Hernandez, 744K) reports that Pachachi said he was convening parliament "in the hope that the deadline would force rival Shiite, Sunni Arab and Kurdish parties to form a government that fairly represented all three groups."

Sunni Leaders Embracing US Policy As Never Before. The Washington Post (4/13, A17, Finer, 744K) reports, "Secretary of State Condoleezza Rice's trip here this month to pressure Iraqi leaders to form a new government sparked a slew of familiar complaints about U.S. meddling in Iraqi affairs. … Less familiar, however, was the source of the charges: Iraq's Shiite Muslim leaders, close U.S. allies since the 2003 invasion. Meanwhile, Sunni Arab politicians, some of whom dined with Rice on her only night in Baghdad, made a point of thanking her and Ambassador Zalmay Khalilzad for what they called their newfound evenhandedness." The Post notes, "In the zero-sum game of Iraqi politics, in which someone who applies pressure to one group can become the new friend of another, Sunni Arab political leaders are embracing American policy as never before."

Shiites Launch Offensive In Favor Of Jafari. Meanwhile, the Los Angeles Times (4/13, Roug, 958K) reports that Shiite Muslim leaders "have launched a new offensive in favor of beleaguered Prime Minister Ibrahim Jafari by trying to drive a wedge between Kurds and Sunni Arabs who oppose Jafari's winning a full term in office. Jafari and his supporters have suggested that Iraq's presidency could be awarded to a Sunni rather than a Kurd, sowing a potential rift between the two groups who, until now, have joined to fight Jafari."

State Department Slow To Rollout Iraq Reconstruction Teams. The Washington Post (4/13, A19, 744K) reports, "Earlier this year, the State Department began soliciting personnel for provincial reconstruction teams (PRTs) for Iraq, a new concept designed to take diplomats out of Baghdad and into the provinces." But the rollout of those teams "has been slowed by a debate between the Pentagon and State over whether the military or private contractors should provide security. As of April 7, job applications had been received for only 12 of 35 positions, according to the State Department's internal bid list. And, of all applicants, only one is deemed qualified based on grade level and previous expertise, according to the bid list."

Iranian Diplomat Suspected Of Undermining US Efforts In Iraq. Time (4/13, Ware) in a web exclusive reports, "What is Tehran's main man in Iraq up to? The U.S. military, which claims Iranian special forces and intelligence operatives have infiltrated Iraq, insinuates that Hassan Kazemi Ghomi, the charge d'affaires of the Iranian embassy, is intent on undermining Washington's mission in Baghdad. Indeed, U.S. military intelligence and the American-backed Iraqi National Intelligence Service told TIME that Ghomi is a member of the Iranian Revolutionary Guard Corps' elite Quds Force, a special forces outfit much like the Green Berets, with specialized skills in working with local forces and militias." But "Ghomi denied U.S. claims that his country's special forces were operating inside Iraq or that Iran's military was aiding the insurgency with ever more sophisticated weapons. He hinted at Iran's growing ambitions as a regional power with references to its ability to affect the security of the Persian Gulf, echoing the sentiments of top military commanders in Iran."

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Analysts Say Americans Could Lose Patience With War On Terrorism. The AP (4/13, Hefling) reports, "What are the implications if a nation goes to war and its people barely pay attention? Roughly 150 military leaders, policy analysts and academics gathered at the Army War College on Wednesday to address that question, with the U.S. beginning its fourth year of a conflict that has killed more than 2,300 American troops. A main concern, analysts say, is that Americans may lose patience with the fight against terrorism in Iraq and elsewhere, and ultimately decide that the fight is costing too much in money and lives." President Bush "has not asked for personal sacrifices on the scale of those made in World War II, when Americans bought war bonds and rationed sugar and other goods. Also, because the U.S. has an all-volunteer military, fewer people have a personal connection to a service member than was the case, for example, during the Vietnam War, when many soldiers were drafted."

Veteran Says Troops Support The War. Wade Zirkle, executive director of Vets for Freedom, writes in the Washington Post (4/13, A21, 744K) that Rep. John Murtha "undoubtedly knows full well that the greatest single thing that drags on morale in war is the loss of a buddy. But second to that is politicians questioning, in amplified tones, the validity of that loss to our families, colleagues, the nation and the world." Zirkle adds, "The morale of the trigger-pulling class of today's fighting force is strong. Unfortunately, we have not had a microphone or media audience willing to report our comments. Despite this frustration, our military continues to proudly dedicate itself to the mission at hand: a free, democratic and stable Iraq and a more secure America. All citizens have a right to express their views on this important national challenge, and all should be heard. Veterans ask no more, and they deserve no less."

Four US Troops, Forty Iraqis Killed In Attacks. ABC World News Tonight (4/12, story 3, :10, Vargas, 8.78M) reported, "The military announced the deaths of 4 more US troops and more than 40 Iraqis were killed in attacks across the country."

The CBS Evening News (4/12, story 5, 0:30, Schieffer, 7.66M) reported, "Three more American soldiers were killed today in Iraq in bombings south and east of Baghdad. Just 12 days into April, 35 servicemen and women have been killed in Iraq, more than during the entire month of March. Also today, a car bomb went off at a Shiite mosque in a village northeast of Baghdad, killing at least 22 worshipers and wounding about 60."

The AP (4/12) reported, "Casualties among US forces have risen in recent weeks. In March, 31 U.S. service members died in Iraq, the lowest monthly figure since February 2005, according to an Associated Press count. So far this month, the U.S. death toll stands at 35."

Shiite Cleric Says Mubarak Is Fueling Sectarian Tensions. A top Shiite cleric has accused Egyptian President Hosni Mubarak of fueling sectarian tensions in the Middle East by saying Arab Shiites in Iraq and elsewhere are more loyal to Iran than their home countries. The AP (4/12, Hendawi) reported that in an interview, Lebanon's Grand Ayatollah Mohammed Hussein Fadlallah "said 'some in the Muslim world' fear Shiite empowerment in any country." Fadlallah "was one of the highest-level Shiite figures in the region to speak out so far against Mubarak."

Shiite Iraqis Flee Sectarian Violence In Religiously Mixed Villages. The Christian Science Monitor (4/13, Enders, 61K) reports that Shiite Iraqis are "increasingly fleeing sectarian violence in religiously mixed villages. … Around Baghdad, Shiites coming in from outlying villages are living in tents provided by the Iraqi Red Crescent Society. IRCS President Said Hakki says the agency is preparing to aid some 50,000 families, and has requested aid from the US military to build sanitation facilities for camps and provide rations. Other Shiites are going south to predominantly Shiite cities such as Basra, Najaf, and Karbala."

Many Fear Iraq Will Follow Lebanon's Path To Civil War. The AP (4/13, Ghattas) reports that many are worried that Iraq, and specifically Baghdad, is head for the same fate as Lebanon, which endured a 15 year civil war. According to the AP, "For now, it's an unanswerable question. No one knows if Baghdad will continue falling ever-more into the sectarian violence that has broken out, or recover and move toward peace. But a look at the first days of civil war in 1975 in Beirut is instructive about how things might look in Iraq, if they get worse."

Former Saddam Crony Played Role In Release Of American Journalist. ABC World News Tonight (4/12, story 6, 2:45, Sciutto, 8.78M) reported, "Interviewed in his summer house outside of Amman, Sheikh

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Sattam al-Gaood, once one of Saddam Hussein's closest business associates says he is now a proud leader of the Iraqi insurgents." Al-Gaood: "They are defending their country. And they -- sometimes they do mistakes." Sciutto: "One mistake, kidnapping American journalist Jill Carroll. Al-Gaood said he used his influence to help free her, even refusing the kidnappers' demands for a huge ransom" of $8 million. Instead, "at the kidnapper kidnappers' request, he said he agreed payment to widows and orphans for fighters." Al-Gaood "did not specify how much. But says he was willing to arrange payment for as much as $1 million." Al-Gaood, "captured by US forces after the invasion, and freed last December, openly approves of attacks on American soldiers. But not on civilians." His "objective -- a new government, with a familiar head of state. President Hussein again."

Australian PM To Testify To Oil-For-Food Probe. Australian Prime Minister John Howard today will testify to a commission investigating alleged bribes to Saddam Hussein's regime in defiance of UN sanctions. The AP (4/13, Foley) reports that Howard "will answer questions from the commission probing whether Australia's monopoly wheat exporter illegally paid millions of dollars in bribes to win contracts from Saddam's regime. … The commission is investigating whether the Australian Wheat Board, now known as AWB Ltd., gave $220 million to Saddam to secure grain contracts worth more than $2.3 billion between 1997 and 2003 under the U.N. oil-for-food program." Howard "already has submitted a written statement to the commission. It was not published, but he said he will be questioned on it Thursday."

Afghan Bazaars Searched For Stolen Computer Files. The AP (4/132, Cooney) reported that shopkeepers in local Afghan bazaars have been selling computer memory drives containing seemingly sensitive military data stolen from inside the US-led coalition's headquarters. According to the AP, "The surfacing of the stolen computer devices has sparked an urgent American military probe for the source of the embarrassing security breach, which has led to disks with the personal letters and biographies of soldiers and lists of troops who completed nuclear, chemical and biological warfare training going on sale for $20 to $50. Five military investigators, surrounded by heavily armed plainclothes U.S. soldiers, searched many of the two-dozen rundown shops outside the sprawling base."

The Los Angeles Times (4/13, Watson, 958K) reports, "US commanders in Afghanistan said an investigation was underway into what shopkeepers at the bazaar describe as ongoing theft and resale of US computer equipment from the Bagram air base. The facility is the center of intelligence-gathering activities and includes a detention center for suspected members of Al Qaeda and other terrorist groups flown in from around the world. … The top US commander here, Army Lt. Gen. Karl Eikenberry, has ordered a review of policies and procedures for keeping track of computer hardware and software."

Spate Of Attacks Sparks Fear In Afghanistan. The Washington Post (4/13, A16, Constable, 744K) reports that a recent spate of terrorist attacks "is expanding a climate of insecurity across Afghanistan as NATO forces prepare to take over most military duties from the US-led coalition. Afghan officials vaguely blame the attacks on 'enemies of Afghanistan' and denounce neighboring Pakistan for harboring Islamic insurgents bent on destroying this fragile new democracy. … But a variety of foreign analysts and military officials here offer a different explanation: a vast canvas of weakly governed and unprotected territory in which drug traffickers, feuding tribesmen and opportunistic criminals -- as well as Taliban gunmen on motorbikes and mysterious suicide bombers -- operate with increasing ease, despite the presence of tens of thousands of foreign troops in the country."

Sheehan Launches Another Protest Near Bush Ranch. Peace activist Cindy Sheehan returned to Texas yesterday to mount another war protest near President Bush's ranch, although the President plans to spend the weekend at Camp David. The AP (4/13, Brown) reports, "The anti-war demonstrators accused Bush, who has spent every Easter at his Crawford ranch since he was elected, of running from them and their message to bring the US troops home from Iraq immediately. … But the White House said Bush's plans had nothing to do with the protesters and that he often spends holidays at Camp David with his family."

Brooks Says US Should Scale Back To More Realistic Expectations In Iraq. David Brooks writes in the New York Times (4/13, 1.19M), "Mr. Past: Your big problem is you don't understand the limits of what governments can achieve. … The central lesson of the past

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three years is that societies are not that malleable. Evils do not grow out of manageable defects in the environment that can be neatly fixed. We need to change our mentality, scale back to more realistic expectations. … The alternative is to develop a mind-set in which you don't try insanely to solve great historical problems, but you understand that history is one unexpected thing after another."

CORPORATE SCANDALS:

Skilling Testifies He, Lay Never Broke Law.

The AP (4/13, Hays) reports, "Former Enron Corp. CEO Jeffrey Skilling spoke up for company founder Kenneth Lay for the first time in the executives' fraud and conspiracy trial Wednesday, saying the two were a 'good team' that never knowingly broke the law." The AP continues, "The ex-CEO has focused on addressing prosecution testimony damaging to himself since he took the witness stand on Monday. … Even though most criminal counts pending against him and Lay allege crimes that occurred at different times before Enron crashed in scandal in December 2001, an overarching conspiracy count alleges they participated in a sprawling effort to portray Enron as strong when they knew accounting tricks hid bad news and weak ventures. … Skilling told jurors neither he nor Lay perpetuated such a ruse." The AP notes, "The ex-CEO, in his third day on the stand Wednesday in his fraud and conspiracy trial, continued addressing prosecution testimony that painted him as an earnings-obsessed leader so intent on wowing Wall Street that his subordinates resorted to fraud with his knowledge. … He addressed one of the most notorious elements of the scandal that included Enron's swift descent into bankruptcy protection in December 2001 - partnerships created and run by former Chief Financial Officer Andrew Fastow to conduct deals with the energy company."

The Christian Science Monitor (4/13, Axtman) reports, "One of the most enduring images of the Enron collapse is of a defiant Jeffrey Skilling testifying before Congress in February 2002, raising his right hand and defending the reputation of the Texas energy company he'd help build. … He did so, he told a jury in a Houston courtroom this week, against the advice of his lawyers, who urged him to exercise his constitutional right not to incriminate himself and to remain silent in front of Congress, the Securities and Exchange Commission, even "Larry King Live." … 'Someone had to get out and start explaining what had happened before someone else explained it incorrectly,' said Mr. Skilling in his first days on the stand in his criminal trial." The Monitor adds, "He still stands behind what he did and said, he testified. But now that he is in the witness box in his own defense, those prior statements make his path much harder. … 'Skilling made so many public pronouncements at the embryonic stage of the investigations, and all of that can be used against him,' says Christopher Bebel, a Houston securities lawyer and former federal prosecutor."

Prosecutors Set For Cross-Examination. The New York Times (4/13, Barrionuevo) reports, "After methodically laying out their case against Jeffrey K. Skilling and Kenneth L. Lay over nine weeks and 22 witnesses, the Enron prosecutors now have to start all over." The Times continues, "With Mr. Skilling emotionally proclaiming his innocence from the stand and Mr. Lay still an elusive target, the verdict, according to legal experts from both sides of the aisle, is likely to turn on the cross-examination of the two defendants, who ran Enron before it collapsed in 2001. … 'If the government plays their cross-examination of the defendants only to a draw, they lose,' said Robert A. Mintz, a white-collar criminal defense lawyer with McCarter & English. 'They have to do better than that.' … But for all that is riding on the coming showdown, do not look for a flashy Perry Mason moment. That is not the way Sean M. Berkowitz, who will cross-examine Mr. Skilling, and John C. Hueston, who is to take on Mr. Lay later this month if he decides to testify, like to operate. … 'This is an unprecedented challenge, but one that I relish,' Mr. Hueston said with characteristic understatement."

Skilling's Personality On Display. The Washington Post (4/13, D1, Johnson) reports, "In three days on the witness stand, former Enron Corp. chief executive Jeffrey K. Skilling has expressed many sides of his complex personality: his driving ambition, his emotional exhaustion, and on Wednesday -- his absentminded energy geek." The Post continues, "Skilling twice stepped down from the witness box Wednesday to give the jurors, who will decide whether he is guilty of fraud and other charges, a lesson in energy trading. He walked them through complicated charts designed to show that he did not break the law when he told analysts and investors that the company exuded health and had its risks under control. … Under the guidance of defense lawyer Daniel M. Petrocelli, who tried without success to urge Skilling to keep his explanations simple, Skilling appeared more confident than at any point during this 11-week-old trial."

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SEC Adopts New Policy On Journalist Subpoenas. The AP (4/13, Gordon) reports, "The Securities and Exchange Commission announced a new policy on subpoenaing journalists Wednesday, responding to controversy over the agency's demands for records from three online columnists." The AP continues, "On a case-by-case basis, the agency must try to strike a balance between two public interests, the policy says: the free flow of information and the effective enforcement of securities laws. SEC attorneys must first try to exhaust other means and sources of information in an investigation before turning to media subpoenas. … 'Freedom of the press is of vital importance to the mission of the Securities and Exchange Commission,' the agency said in a statement. 'Effective journalism complements the (SEC's) efforts to ensure that investors receive the full and fair disclosure that the law requires, and that they deserve. Diligent reporting is an essential means of bringing securities law violations to light and ultimately helps to deter illegal conduct.'"

Dow Jones (4/13, Hughes) reports, "The new policy calls for SEC enforcement attorneys to take a number of steps before issuing subpoenas, including being certain that journalist information is essential to an investigation and determining that the information isn't available from other sources. … 'The purpose of these policies that are in force as of today is to ensure both that the Securities and Exchange Commission can vigorously enforce the laws and rules that are in our jurisdiction, and also that we don't use journalists and journalism as our first resort source,' SEC Chairman Christopher Cox said at a briefing." Dow Jones adds, "The guidelines come after an uproar that followed revelations the SEC had subpoenaed two columnists for Dow Jones & Co. in connection with an SEC investigation. Cox said in February that he hadn't been told of the subpoenas and learned about them only after reports in the media."

The New York Times (4/13, Labaton) reports that the SEC will "issue subpoenas to journalists only in rare circumstances and only after exhausting other avenues of investigation" after adopting a new policy. Cox helped write the policy after he "complained in late February that he was blindsided by news accounts describing subpoenas issued in the investigation of a research firm, Gradient Analytics." Cox seeks to avoid using "journalists and journalism as our first source of information in our law enforcement function." The Wall Street Journal (4/13, Scannell) reports that " the commission won't specifically decide whether to issue subpoenas. Rather, the authority to issue subpoenas will be in the hands of the SEC enforcement chief, who after consulting with the general counsel, would make the final decision. The SEC chairman would be alerted after the decision had been made. The policy…was modeled after the media-subpoena guidelines in the Department of Justice's U.S. attorney manual."

Exxon Chairman's Retirement Package Worth At Least $398 Million. The New York Times (4/13, Mouawad) reports, "Last year's high oil prices not only helped Exxon Mobil report $36 billion in profit — the most ever for any corporation — they also allowed Lee R. Raymond to retire in style as chairman of Exxon Mobil." The Times continues, "Mr. Raymond received a compensation package worth about $140 million last year, including cash, stock, options and a pension plan. He is also still entitled to stock, options and long-term compensation worth at least another $258 million, according to a proxy statement filed by Exxon with the Securities and Exchange Commission yesterday." The Times adds, "The total sum for Mr. Raymond's golden years comes to at least $398 million, among the richest compensation packages ever. The record was the payout of $550 million to Michael D. Eisner, the former head of Walt Disney, in 1997. … Exxon's board also agreed to pick up Mr. Raymond's country club fees, allow him to use the company aircraft and pay him another $1 million to stay on as a consultant for another year. Mr. Raymond agreed to reimburse Exxon partly when he uses the company jet for personal travel."

Former CEOs Receive Medical Coverage. The Wall Street Journal (4/13, Schultz, Francis) reports, "At a time when companies are scaling back health benefits for other retirees, former top executives at many corporations are receiving partial or full lifetime medical coverage on top of pensions valued at millions of dollars, a Wall Street Journal analysis of dozens of recent securities filings indicates." The Journal continues, "The trend spans industries, and it is common at airlines, which have been among the most aggressive in scaling back retirement benefits for the rank and file. Continental Airlines, for example, provides health care "at no cost" for retired Chairman Gordon Bethune and his dependents, the company's proxy statement notes. That's in addition to other perks, including a lifetime of free flights and a decade of free office space, plus a lump-sum pension payout of $22 million. A Continental spokesman says other

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retired executives have to pay 20% of the cost of coverage but then declines further comment."

NYTimes Blasts "Cozy Arrangements" On Executive Pay. The New York Times (4/13) editorializes, "To fix something, first you have to understand what went wrong. That's especially true for a problem as complex yet pervasive as sky-high executive compensation. … Last Sunday The Times reported that in 2004, the average top executive at a big company earned 170 times the average worker's pay. These executives receive a dizzying combination of salaries, bonuses and stock grants. And their perks can go far beyond the use of a company car to even include infusions of cash to offset the taxes everyone else is expected to pay." The Times continues, "To make the decisions on executive pay, many companies create compensation committees, drawn from the board of directors. That committee in turn is advised by outside consultants, experts in how much others in the field are getting paid. It looks quite logical at first glance. It is in the details that the value of closer scrutiny becomes clear." The Times adds, "Runaway pay matters because top executives are snatching more than their fair share of corporate proceeds. More important, it also means that the board of directors is not performing its function as internal guardian of the company's health."

Small Businesses Say Sarbanes-Oxley Compliance Too Expensive. The Washington Post (4/13, Day) reports that "a government advisory group dominated by executives representing small businesses yesterday reaffirmed its intent to ask federal regulators to exempt half of the country's publicly traded companies from" a Sarbanes-Oxley rule that "requires executives of every publicly traded company to attest that their companies have internal controls in place to ensure financial statements filed with the Securities and Exchange Commission are accurate. The rule also requires that an outside auditor verify the controls are adequate." Critics of the request "point out that a majority of securities frauds involve small businesses."

Greenspan Predicts Changes To Sarbanes-Oxley. The Financial Times (4/12, Fifield) reports that former Federal Reserve chairman Alan Greenspan predicted that the US would "make 'changes' to the burdensome financial and corporate governance requirements driving companies out of US markets." Greenspan expressed concern because companies have "started favouring London over New York for their flotations" rather than "have their internal controls certified by auditors."

WSJournal Op-Ed Favors Reforms of Sarbanes-Oxley. Former SEC chairman Harvey Pitt argues in the Wall Street Journal (4/13) that Sarbanes-Oxley was "badly drafted" but "necessary." He suggests amending "SOX by making it part of the Securities Exchange Act of 1934," which would allow "the SEC to tailor SOX's requirements to the size and economic burden imposed upon public companies -- not to mention affording the SEC the opportunity to make distinctions between domestic and foreign registrants." Pitt notes "the serious concern that foreign companies are no longer interested in registering their securities on U.S. exchanges," which his proposal would address.

CRIMINAL LAW:

Fitzgerald Corrects Error In Libby Case Filing. Fox News' Special Report (4/12, Cameron) reported special prosecutor Patrick Fitzgerald "had to correct an embarrassing mistake in his own court filing" in the case of I. Lewis "Scooter" Libby, the former chief of staff to Vice President Cheney. The error "led some reporters to wrongly accuse the President of directing" Libby "to provide false information about Iraq's nuclear ambitions to New York Times reporter Judy Miller and to attribute it to the CIA's national intelligence estimate or NIE. Fitzgerald first wrote quote, 'Defendant,' meaning Libby, 'understood that he was to tell Miller, among other things that a key judgment of the NIE held that Iraq was vigorously trying to procure uranium.' The intelligence report did allege Iraq was aggressively seeking nuclear materials, but it was not among to so-called key judgments which carry significant weight and require broad agreement. Fitzgerald's misquote prompted some media, including the New York Times to suggest the President had directed aides to misrepresent and exaggerate the NIE in order to justify the invasion of Iraq."

Knight Ridder (4/13) reports Fitzgerald "corrected the allegation that Libby had described the suspected uranium purchase as a 'key judgment' of the CIA - a term of art in the intelligence community that gives the accusation high significance." The New York Times (4/13, Johnston, 1.19M) reports, "It was not known why Mr. Fitzgerald had sought the change, but he filed the letter after The New York Times and other news organizations published articles asserting that Mr. Libby had represented the uranium finding as a key judgment,

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when it had in fact been given much less prominence in the intelligence report."

Libby Attorneys Seek Broad Range Of Classified Documents. The New York Times (4/13, Johnston, 1.19M) reports Libby's attorneys "said in a court filing late Wednesday that he was entitled to a broad array of classified documents, in part because the prosecution had injected into the case the roles played by President Bush and Mr. Cheney in disclosing a prewar intelligence report on Iraq." Libby's lawyers "argued that prosecutors had improperly sought to restrict Mr. Libby's access to documents related only to Mr. Libby's actions, even while the prosecution, in its own briefs to the court, elaborated on wide ranging events including the disclosure of the 2002 National Intelligence Estimate on Iraq."

DOJ Seeks Death Penalty In New York Slayings. The NY Journal News (4/13, O'Connor) reports, "Federal prosecutors will seek the death penalty against the reputed leader of a violent Peekskill drug ring who is charged with two New York City homicides." The News continues, "Khalid 'Big Homie' Barnes, 30, of Greenburgh, was indicted along with five other reputed members of the gang dubbed the 'Barnes Brothers Organization' by law enforcement authorities. … Barnes is the only alleged member of the gang to face a death penalty prosecution." The News adds, "Members of the gang are implicated in six attempted murders and murder plots, as well as narcotics conspiracies that date to 1995, according to a 54-page indictment. … 'The continuing investigation into the Barnes Brothers Organization ensures that they will face justice for numerous additional acts of violence in their community,' U.S. Attorney Michael Garcia said. … The indictment was the third in the case by a federal grand jury in White Plains since Peekskill police and federal Drug Enforcement Administration agents arrested the reputed gang members March 1, 2004. Eight men have already pleaded guilty in connection with the case and are awaiting sentencing. .. Khalid Barnes is accused of shooting Demond Vaughan and Sergio Santana on Feb. 13, 2004, during a New York City drug deal, federal prosecutors said. Barnes killed the two drug dealers and stole three kilos of cocaine, prosecutors said. … The death penalty prosecution was approved by U.S. Attorney General Alberto Gonzales. There are 63 death penalty cases pending in federal courts, according to Kevin McNally of the Federal Death Penalty Resource Council in Frankfort, Ky. Another 242 cases are awaiting evaluation by the Justice Department."

Court Filings Reveal Inmate, FBI Agents To Testify Against DeVecchio. The New York Daily News (4/13, Katz, 729K) reports, "Court papers filed by prosecutors yesterday revealed the names of new witnesses in the case against an FBI agent accused of setting up a series of mob murders. Former G-man Lindley DeVecchio has been charged in four gangland murders, in part because he was picked out of a photo array by a witness identified as John Baran," who "was an inmate at the Nassau County Correctional Facility when prosecutors interviewed him Jan. 27. According to papers filed in Brooklyn Supreme Court, Baran identified the former agent, though it is unclear which crime he witnessed. … Three FBI agents who worked under DeVecchio also will testify against their former boss under threat of perjury, said a law enforcement source."

Nevada Commissioner's Lawyer Questions FBI Agent About Witness Inconsistencies. KLAS-TV Las Vegas (4/12, Allen) reports defense attorneys for former Clark County Commissioners Dario Herrera and Mary Kincaid-Chauncey began presenting their case yesterday, calling FBI Special Agent Chris Byers to testify about former strip club owner Michael Galardi's testimony he bribed the commissioners. "Byers explained that some of Galardi's inconsistent statements to the FBI three years ago could be attributed to Galardi's faulty memory. … Kincaid-Chauncey's attorney Richard Wright asked Byers why FBI interrogation sessions with former Clark County Commissioner Erin Kenny were recorded on tape but similar session with Galardi were not." Byers said, "FBI policy is we have to have special authority to record these types of things," but he "did not explain what authority wasn't sought during sessions with Galardi."

Testimony At Pennsylvania Bribery Trial Suggests Broader Corruption. The Philadelphia Inquirer (4/13, Shields, 423K) reports, "Ted LeBlanc's municipal corruption trial this week has revealed that LeBlanc wasn't Norristown's only mayor suspected of taking a bribe in exchange for borough contracts." At LeBlanc's trial Tuesday, former borough councilwoman Margaret Hunsicker "testified that, in 2002, she relayed to the FBI second-hand allegations that towing contractor Joseph Corropolese had bribed Salamone. In interviews yesterday, two lawyers familiar with the investigation of Corropolese - he became the federal government's chief informant in the federal probe of

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Norristown's government -- confirmed that Corropolese told prosecutors he paid Salamone, LeBlanc's predecessor, $400 to $500 a month to keep his lucrative towing contract with the borough."

Federal Investigators Launch Sweeping New Gambino Family Probe. Under the headline "Feds All Out To Nail The Gottis," The New York Post (4/13, Smith, 624K) reports, "The feds have launched a sweeping grand-jury probe into the Gambino crime family based on admissions by John 'Junior' Gotti and witnesses who testified in his defense at his most recent racketeering trial, sources said yesterday. Prosecutors have sent out at least 12 grand-jury subpoenas to Gotti's relatives and Gambino crime-family members and associates in recent weeks -- and plan to issue approximately two dozen more, a federal law-enforcement source said." A "law-enforcement source" said, "The secret society is no longer a secret anymore. The boss has acknowledged it once and for all." The Post adds, "The subpoenas read like a who's who of the Gambino crime family – 'everyone that Junior threw under the bus in his defense. Nobody's going to be let off,' the source said, speculating the probe could lead to congressional hearings examining the state of the Mafia. … Meanwhile, the FBI has also widened its investigation into possible perjury and obstruction of justice by witnesses for Gotti."

Alleged Russian Mobsters Charged In Unsolved Brooklyn Murders. The New York Times (4/13, Brick, 1.19M) reports suspected police informant Boris Roitman and high-stakes pool player Thien Diep "were killed in Brooklyn in 1992. The cases were never solved. … Now prosecutors say both killings were tied to Eastern European organized crime. In State Supreme Court in Brooklyn yesterday, they unsealed murder charges against two men described as ambitious young immigrants intent on impressing Boris Nayfeld, the legendary Brighton Beach heroin smuggler." Vitaly Ivanitsky and Marat Krivoi pleaded not guilty. The Times notes, "In the decade or so since the decline of the Italian crime syndicate La Cosa Nostra, prosecutors have confronted criminal enterprises established by immigrants from former Soviet bloc nations." The New York Post (4/13, Ginsberg, 624K) notes, "The NYPD and FBI teamed up to solve a pair of vicious Russian mob killings from 1992 -- nailing two Brooklyn men for the rubouts, prosecutors said yesterday."

Three Philadelphia Drug Gang Members Convicted Of Racketeering, Murder. The Philadelphia Inquirer (4/13, Anastasia, 423K) reports, "Three members of a Chester neighborhood drug gang known as the Boyle Street Boys were convicted yesterday in federal court of racketeering, drug dealing and homicide charges, including the execution-style slaying of a woman who had agreed to testify against the leader of the group. Brothers Vincent and Jamain Williams and Andre Cooper face possible death sentences following a penalty phase hearing set to begin Tuesday." The Inquirer notes, "The Boyle Street Boys trial began the same week the FBI launched a campaign to encourage crime witnesses to 'Step up, Speak up.'" Rodney Bradley, brother of slain witness Tracey Saunders, "said he hoped the guilty verdicts would encourage others to come forward in similar cases.

Racketeering Trial Of New York MS-13 Member Begins. Newsday (4/13, Topping) reports, "It's more than a street gang. It's a criminal enterprise. That was the message a federal prosecutor conveyed to jurors yesterday about the MS-13 gang as he outlined the case against alleged member and defendant, Leonel Mejida." Mejida "murdered because 'it gave him the opportunity to finally make his quota' of crimes initiating him into the gang, Assistant U.S. Attorney James McGovern said in his opening statement." Newsday notes Mejida "is the second prosecution nationally of an MS-13 member under the federal racketeering statute." He "is charged with killing Edgardo Sanchez, 18, an MS-13 member suspected of being a government informant."

US Will Not Seek Indictment Of Pellicano-Linked Law Firm. The Los Angeles Times (4/13, Krikorian, Weinstein, Guccione, 958K) reports, "Though still weighing charges against individual attorneys, federal prosecutors have decided not to seek an indictment against the largest law firm linked to the ongoing investigation of Hollywood private detective Anthony Pellicano, sources close to the case said Wednesday. The decision, recently conveyed to the firm by authorities, is significant because Pellicano had worked for a number of attorneys at the law firm of Greenberg, Glusker, Fields, Claman, Machtinger & Kinsella, notably partner Bert Fields." The Times notes, "To date, the FBI investigation has resulted in charges against 14

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people…on charges of racketeering, wiretapping, witness tampering and other crimes."

Former DeLay Aide Lobbied For Federal Funds For Firm In Which He Had Stake. The Los Angeles Times (4/13, Roche, 958K) reports Edwin A. Buckham, "onetime top aide to Rep. Tom DeLay (R-Texas) and organizer of the former majority leader's national fundraising arm, successfully lobbied for federal funding benefiting a firm in which Buckham held a financial stake." With the "assistance of Rep. Dave Weldon (R-Fla.), a DeLay political ally, Buckham had $1.55 million set aside in late 2003 in a federal appropriations bill for the U.S. Department of Labor to fund a program for small businesses. The money was awarded to the Florida Institute of Technology, which promptly signed a contract with Map Roi Inc., a client and partner of lobbyist Buckham. At the time, Buckham's lobby company, Alexander Strategy Group, held options on 500,000 shares of Map Roi stock, records show."

Chinese Engineer Indicted In Software Theft. The St. Paul Pioneer-Press (4/13, Suzukamo) reports, "A Chinese software engineer who's been working in Minnesota on a work visa has been indicted by a federal grand jury for allegedly stealing testing software from his former employer in Arden Hills." The Pioneer-Press continues, "Tim Hongguo Tian, 39, of Blaine, was charged Tuesday with a single count of unauthorized access to a protected computer and two counts each of wire fraud and 'deprivation of honest services,' a federal fraud charge, the U.S. Attorney's office said. … Tian will plead not guilty to all charges when he is arraigned April 19, his attorney, Frederick Goetz of Minneapolis, said. … 'We're aware of the allegations and look forward to thoroughly vetting them in court,' Goetz said." The Pioneer-Press notes, "Tian faces a maximum sentence of up to 20 years in prison and a $250,000 fine if convicted on each of the latter four fraud charges and five years in prison and a $250,000 fine for the computer break-in charge. He is being held without bail by the U.S. Marshals Service. If convicted, he could be deported. … Tian has been living and working in the United States for nearly six years. Parametric Technology Corp., which has a division in Arden Hills, hired him in May 2000 on a H-1B visa. Such visas, which are heavily used by the high-tech industry, allow companies to bring in foreign workers with special skills. PTC, based in Needham, Mass., makes software to help businesses manage product development."

Florida Man Arrested On Katrina Relief Fraud Charges. The Orlando Sentinel (4/12, Gutierrez, 265K) reported Scott Lee Robert of Orange County, Fla., "has been arrested and taken to Louisiana on charges he used false identities and Social Security numbers to secure more than $15,000 in Hurricane Katrina unemployment aid." Roberts "was indicted in Baton Rouge as part of a crackdown on suspected hurricane cheats" in which "at least 47 people have been charged by a special federal task force."

Miami Doctor Pleads Guilty To Medicare Fraud. The Miami Herald (4/13, 323K) reports Miami doctor Zabdy Westerburger "pleaded guilty in federal court to conspiracy to violate anti-kickback and false claims statutes in a case in which she was accused of participating in a scheme that resulted in Medicare paying out $2.3 million for unnecessary equipment and medications. … To date, more than 30 people have been convicted of Medicare fraud charges in connection with this scheme."

Judge Orders Medication For Texas Death Row Inmate. The AP (4/13) reports, "A judge who halted an execution because the inmate was mentally ill has agreed to force the man to take anti-psychotic medication so he can be put to death." The AP continues, "The inmate, Steven Kenneth Staley, 43, has refused to take his medication. A jury decided he should be put to death for the killing of a Fort Worth restaurant manager during a botched robbery. … Judge Wayne Salvant issued the forced-medication order Tuesday, while Staley picked at his unruly hair and mumbled nonsensical phrases in the courtroom." The AP adds, "The order, requested by prosecutors, drew a sharp argument from Staley's attorney. … 'The whole idea of holding somebody down and injecting them so that we can then say, with a straight face, this person is now competent so we can kill them, I think that smacks of an Orwellian-Soviet-style approach to criminal justice,' Jack Strickland told the Fort Worth Star-Telegram. … Prosecutors Chuck Mallin and Jim Gibson told the newspaper they requested the order partly so the jury's sentencing decision could be carried out."

Maryland Judge Holds Off Calling Witnesses In DC Sniper Trial. The AP (4/13) reports, "A judge will not immediately subpoena witnesses requested by Washington-area sniper John Allen Muhammad in his upcoming murder trial because prosecutors complained

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many were not relevant." The AP continues, "Muhammad, who is defending himself against six Maryland murder charges in the 2002 shootings, asked in a handwritten filing last week for 178 witnesses. He also wanted to subpoena the 354 potential witnesses identified by prosecutors." The AP adds, "Muhammad's list includes his accomplice, Lee Boyd Malvo, and some that appear on the prosecution's list. But he is vague on other names; some include no identifying or contact information. … Prosecutors said his long list included many people who did not appear to have a strong connection to the case. Prosecutors plan to call only about 100 witnesses. … Montgomery County Circuit Judge James L. Ryan agreed Friday to wait to issue subpoenas until a hearing on evidence April 24."

CIVIL LAW:

Tennessee Hospitals Sue US Over Medicare Payments. The AP (4/13) reports, "Fifteen Tennessee hospitals are embroiled in a court battle with the federal government over roughly $100 million that the hospitals say is owed to them." The AP continues, "The hospitals say the Department of Health and Human Services failed to reimburse them adequately during the 1990s for treating Medicare patients. The government contends it wasn't obligated to pay the portion the hospitals are seeking." The AP adds, "The dispute centers on a formula used under Medicare to reimburse hospitals that serve a high percentage of low-income patients. .. A federal judge in Washington sided with the Tennessee hospitals, but the government is citing a recently passed legislation in asking the judge to change his mind. … Justice Department lawyers arguing on behalf of HHS are supposed to submit a brief in their appeal to the judge next week, and a final decision could come about a month later, according to Murray Klein, a lawyer for the hospitals."

DOJ Argues Over Control Of National Guard Base, Planes. The AP (4/13, Haigh) reports, "The federal government argued Wednesday that while Connecticut Gov. M. Jodi Rell may control the fate of the state's Air National Guard base in East Granby, the Pentagon controls the planes. … And that means the Pentagon has the right to move those planes wherever it wants, said Carl Nichols, deputy assistant attorney general for the Department of Justice. … 'We are not talking about state airplanes. These are federal airplanes,' he said during a hearing at U.S. District Court in Hartford." The AP adds, "The state is asking a federal judge to block the Defense Department from removing the 15 A-10 Thunderbolts from the 103rd Fighter Wing at Bradley International Airport. … U.S. District Judge Alfred V. Covello did not rule on the matter Wednesday. His decision on the state's motion is expected in the coming months. …. The Justice Department is seeking to lift a temporary restraining order that has prevented it from removing the planes. Blumenthal is asking Covello for a summary judgment that would keep the base open."

CIVIL RIGHTS:

DOJ Warns States Over Election Law Compliance. The AP (4/13, Smyth) reports, "Ohio officials are scrambling to respond to a federal warning that the state hasn't complied with part of the Help America Vote Act, a measure packed with election mandates states must have in place this year." The AP continues, "Secretary of State Kenneth Blackwell said he is confident his office can satisfy the concerns that the Justice Department expressed in its March 31 letter. His office must respond to the Justice Department by Friday." The AP adds, "John Tanner, chief of the Justice Department's voting rights division, indicated in the letter that Ohio and 29 other states had yet to sign the required agreements with the Social Security Administration to match the last four digits of voters' Social Security numbers against federal records. Under HAVA, the numbers will be used to verify the identity of voters. … Other states got the same warning letter. … Alabama Secretary of State Nancy Worley says she has a conference call scheduled with Justice Department officials later this month to explain that the state is still working to link driver's license records to federal records. Maine expects to have computerized voter registration system operational later this year, Deputy Secretary of State Doug Dunbar said. Missouri expects to have its driver's license system fully compatible with SSA records by the end of the month, said Stacie Temple, a spokesman for the secretary of state's office. … Minnesota, like Ohio, has an agreement with the SSA in place but hasn't yet brought the system online. It will be operational in time for the next statewide election, the Sept. 12 primary, said Kent Kaiser, a spokesman for Minnesota Secretary of State Mary Kiffmeyer. … Oregon continues to wrestle with putting voting machines designed for people with disabilities in place by the

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May 16 primary. HAVA requires states to have a machine in every polling place that allows disabled people to vote independently and privately."

Federal Officials To Examine Mississippi Coast Voting Needs. The AP (4/13, Pettus) reports, "Secretary of State Eric Clark and members of the U.S. Election Assistance Commission will be on the Gulf Coast on Thursday to hear about south Mississippi's post-Katrina voting needs." The AP continues, "The public meeting in Bay St. Louis comes less than two months before Mississippi voters go to the polls for the first time since the massive hurricane blew ashore last August." The AP adds, "A party primary on June 6 will determine which Democrat will face Republican incumbent Trent Lott in the U.S. Senate race this fall. There are no party primaries for the 4th District U.S. House seat in south Mississippi. … Katrina destroyed precincts in all three coastal counties and caused widespread destruction more than 150 miles inland. In Harrison County alone, the storm wiped away 17 of the 65 polling places, said Circuit Clerk Gayle Parker. … The storm also destroyed voting equipment, but officials say that should not be a major problem. Seventy-seven of Mississippi's 82 counties - including all three on the coast - already were planning to buy new voting machines with federal money provided by the Help America Vote Act. The new touch-screen machines will be used in the primaries."

Rendell Criticized For Failing To Embrace Measures To Crack Down On Voter Fraud. In a piece in the Wall Street Journal (4/13, A13), columnist John Fund writes, "Over five years after the near meltdown of the Florida presidential recount, politicians are still arguing over how best to reform state election laws. Ground zero in that battle now is Pennsylvania, which features two close statewide races, for governor and U.S. senator." Pennsylvania's "GOP-controlled Legislature" recently passed two bills: one "would require voters show a form of official ID or a utility bill; another bill would end Philadelphia's bizarre practice of locating over 900 polling places in private venues, including bars, abandoned buildings and even the office of a local state senator." But Gov. Rendell "vetoed both bills last month," warning "that requiring an ID could disenfranchise the homeless, nursing-home residents and the poor." Rendell's "history doesn't inspire confidence that he takes fraud of any kind seriously." Rendell, in 1997, "admitted to the Journal's editorial board that Philadelphia judges had 'a rich history of corruption' that called into question how fairly city laws are enforced." Fund adds, "The integrity of the ballot box is just as important to the credibility of elections as access to it. In not closing off opportunities for fraud and chaos, Pennsylvania is inviting trouble in its fall elections that could rival that of Florida in 2000."

Special Master To Oversee Virgin Islands Prison. The St Croix (VI) Source (4/13, Shimel) reports, "The territory's prison system is expected to become subject to greater oversight with the court-ordered appointment of a special master. Attorney General Kerry Drue said a candidate has been chosen and the name will be submitted to a federal magistrate by Wednesday." The Source continues, "The special master was called for by a federal judge who recently declared the territory in contempt of a consent decree to correct deficiencies at the Golden Grove Adult Correctional Facility. Golden Grove has been termed one of the worst prison systems in the United States by the head of the American Civil Liberties Union National Prison Project." The Source adds, "U.S. Magistrate George Cannon gave the U.S. Justice Department's Civil Rights Division and the V.I. attorney general's office 20 days to choose a special master and present their choice to the court. If no agreement could be reached, the magistrate asked the two parties to produce a list of five potential candidates for the court's consideration. … 'Pursuant to Magistrate Cannon's order, the parties have met and conferred regarding the selection of a candidate for selection of a special master in the case, "USA v. Territory of the Virgin Islands." After conferring telephonically the parties were able to agree to a name. That name will be formally submitted to the court this afternoon,' the attorney general said Wednesday. … However, Drue said, it's not clear how soon the judge will signal his approval of the candidate."

SCOTUS To Consider Employers' Handling Of Harassment Complaints. The Wall Street Journal (4/13, Shellenbarger) reports, "While bans on sexual harassment and discrimination are posted in many employers' policies these days, just how much on-the-job protection is owed workers after they step up to make charges of bad behavior?" The Journal continues, "A Supreme Court case set for oral arguments Monday will shed new light on that question. The central issue in the case, Burlington Northern Santa Fe Railway v. Sheila White, will examine how much latitude employers have, after an employee complains about sexual harassment or race, religious or sex

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discrimination, to make transfers or changes in the employee's job duties without being subject to charges of retaliation." The Journal adds, "The case comes amid a rising tide of retaliation complaints to the Equal Employment Opportunity Commission. The decision not only has implications for how such claims may be handled in the future, but also for women's progress in nontraditional occupations."

Missouri State Tennis Players File Title IX Suit To Preserve Team. The AP (4/13) reports, "Four Missouri State women's tennis players are suing the university for cutting their program as part of a sports reduction, contending the move violates Title IX rules. The lawsuit asks a federal court to order the state's second-largest university to reinstate the women's tennis program and seeks a temporary injunction to keep the sport going after the planned shutdown at the end of this academic year." It also "seeks class-action status for all current and future female tennis players. It was filed in U.S. District Court in Springfield by the American Civil Liberties Union in the name of four players who contacted the group."

Romney Says Democrats Are Making A Mistake By Backing Gay Marriage. Massachusetts Gov. Mitt Romney said on MSNBC's Hardball (4/12), that "the Democratic Party, particularly in my state, has made an error by adopting a platform that supports gay marriage." Romney added that Democrats are "making a mistake because I think they fundamentally misunderstand the fact that in America people recognize that the primary purpose of marriage is the creation and the development of the next generation. And the ideal way to create and develop the next generation is to have homes with moms and dads. And that's something where traditional marriage is going to play such a key role."

Gay, Lesbian Families Plan To Attend White House Easter Egg Roll. In what the Washington Post (4/13, B3, Dvorak, 744K) calls an effort to "blanket the White House lawn with a realistic mosaic of their families," hundreds of gay and lesbian parents from around the country plan to line up overnight tomorrow to get tickets to Monday's White House Easter Egg Roll, Critics "have denounced the parents for politicizing such an iconic, American event." The Post adds, "There has been some hand-wringing at the White House over the planned gay and lesbian mobilization. White House spokesman Scott McClellan has been fielding questions about it since January."

ANTITRUST:

FCC Tightens Airwave Auction Rules. The AP (4/13, Miller) reports, "Under new rules designed to increase competitive bidding, companies that want to sell such wireless services as high-speed Internet and video will be able to buy a big chunk of airwaves at a government auction." The AP continues, "The Federal Communications Commission on Wednesday voted to require anonymous bidding at the June 29 auction to prevent companies from colluding to keep out competitors and to drive prices down. Bidding would be open, though, if the FCC determines that enough companies are seeking licenses to keep the auction competitive. … 'It is essential that we make an effort to foreclose anticompetitive bidding behavior in this auction,' said FCC Chairman Kevin Martin." The AP adds, "The Justice Department urged that all bids be anonymous, but the commissioners agreed to the modified proposal, which was suggested by T-Mobile USA."

Brokerage Firms Sued Over Naked Short-Selling Fees. Dow Jones (4/13, Bray) reports, "An antitrust lawsuit was filed Wednesday against the securities industry's largest brokerage firms over fees charged as a result of 'naked short selling.'" Dow Jones continues, "The lawsuit filed in federal court in Manhattan by Electronic Trading Group LLC alleges that the major broker-dealers charged unearned fees, commissions or interest on short sales where those broker-dealers failed to borrow or deliver the stock to back a short position." Dow Jones adds, "Naked short selling exists when a stock is sold before an arrangement has been put in place to borrow the shares. It's illegal for most investors, but legal for firms that make markets in stocks and bring liquidity to the market. … 'Defendants collusively condone and engage in these practices to their individual and collective enrichment, routinely alternating among themselves in the roles of prime broker who fails to deliver and third-party broker-dealer who permits the (failure to deliver) to persist,' the lawsuit says."

EU Official Blasts Credit Card Profits. The AP (4/13, White) reports, "Credit and debit cards such as Visa

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and MasterCard are racking up 'abnormal' and 'excessive' profits for banks, European Union antitrust chief Neelie Kroes said Wednesday. … 'Paradise is over,' she warned, telling the card industry to make changes or face antitrust investigations that could force them to reform their business or pay fines. … 'The more the payment card industry does on its own initiative, the less they are likely to face action under antitrust rules,' she said." The AP continues, "In its first report from a wide-ranging investigation into payment cards in Europe, the European Commission said customers are paying too much because the industry was still split along national lines and new card providers find it hard to set up shop. Credit cards are a 'very profitable' business, it said." The AP adds, "Kroes said consumers would get a better deal if there was more competition among card providers and if banks started to offer cards to customers in different countries. … She said the industry should also rethink the way it sets prices. 'Banks collectively set fees that tax businesses and ultimately all consumers for every card payment,' she said. 'As a consequence there is not enough market pressure on fees and retail prices are inflated due to card payments.'"

The Financial Times (4/13, Buck) reports, "A European Commission inquiry into the payment card sector found yesterday that little cross-border competition existed between providers. Every year 23bn card payments are made in the EU worth €1,350bn. … Ms Kroes predicted that cardholders could save hundreds of euros if the market was made fully competitive. … She praised Germany and the Netherlands as the countries with the lowest credit and debit card fees, while Portugal had the highest." The Times notes, "The Commission's investigation pointed to large discrepancies between fees charged in EU member states as evidence of the poor state of competition. It found that the fees retailers pay to credit card companies vary between countries by up to 500 per cent for Visa and by 650 per cent for MasterCard. … Fees paid by consumers can be twice as high depending on where the card is issued."

Nevada Man's Gambling Patent In Legal Limbo. The Las Vegas Sun (4/13, Benston) reports, "Mel Molnick is an unlikely adversary of the Internet gambling industry. … He is not a foe of gambling. But the retired contractor has spent the last several years suing dozens of online casinos." The Sun continues, "Molnick, 63, claims to own a method patent that governs live, electronic betting from a remote location. In other words, the process by which just about every Internet gambling site does business. … A method patent is a controversial and often litigated type of patent that covers a process rather than a particular product. Molnick's patent was filed with the U.S. Patent Office in 1995 and published in 1998. The patent has since been approved in other parts of the world, including Asia and Europe." The Sun adds, "Molnick has been called a kook and an opportunist for making the bold - some say ridiculous - claim that he invented and patented the idea for Internet gambling. Others say his patent will have little legal weight in the United States because of the quirks of Internet commerce and the complexities of patent law. … Internet gambling was a fledgling enterprise in 1995, a shadow of the $12 billion-plus business it is now. Web casinos operating at that time were primitive versions of the sophisticated, well-advertised brands they are today. … Yet Molnick has had some success with his patent by reaching pretrial settlements with several Web casinos, according to court documents. Those that didn't settle have disappeared into cyberspace - although it's possible they simply popped up elsewhere under different names. … Molnick has managed to do what some legal experts thought couldn't be done - proceed with a federal lawsuit against the world's largest Web casino company. … The lawsuit, filed in federal court last year, named London-based Sportingbet Plc along with many other Internet gambling sites. In contrast with previous suits, several defendants were larger, more profitable companies and included publicly traded entities."

ENVIRONMENT:

Offshore Drilling Debate Heating Up In Coastal States. The Christian Science Monitor (4/13, Knickerbocker, 61K) reports the "battle over oil and gas drilling in the US is heating up on a new front - or rather multiple fronts in coastal waters from Virginia to Florida to California to Alaska." The Bush Administration "sees offshore oil and gas drilling as a key element in its push toward energy independence. As with the debate over the Arctic National Wildlife Refuge, skeptics see the prospect as a potential pollution danger that would take years to produce what likely will be relatively insignificant amounts of oil and gas." Officials in coastal states "have mixed views on the subject, including whether to lift the present moratorium on offshore drilling along much of the US coast, which has been in place since 1981. With an eye toward potential royalties as well as

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environmental impact, many coastal state lawmakers and governors want to increase their control of such development."

N.J. Dump Returns To Superfund List. The New York Times (4/13, DePalma) reports that the "Ringwood Mines area in northern New Jersey, which the Ford Motor Company used as a dumping ground in the 1970's and then cleaned, is being put back on the list of the most polluted sites in the country." The unusual redesignation "follows several years of intense pressure from local residents who claimed that the area had never been properly cleaned and that dangerous material left over from the assembly of millions of automobiles in a plant in nearby Mahwah was endangering their health."

Mumps Outbreak Spreading Across Midwest. Health experts are trying to rein in a large mumps outbreak raging in Iowa that has spread to at least eight other Midwestern states. The Washington Post (4/13, A3, Stein, 744K) reports, "At least 515 cases have been reported in Iowa this year, far outpacing the five cases the state usually sees in a year and the 200 to 300 that typically occur nationally. The epidemic, the largest since a 1988 outbreak in Kansas, shows no sign of slowing, with at least 100 more cases in Nebraska, Kansas, Minnesota, Wisconsin, Indiana, Michigan, Missouri and Illinois." The Post adds, "As health officials work to break the chain of transmission of the viral infection, disease detectives are trying to puzzle out what is causing it. … The outbreak has underscored that old infectious diseases that most people rarely think about -- and doctors do not often encounter -- can suddenly reemerge."

FBI/DEA/ATF/USMS:

FBI Official Defends Supervisor Term Limit Directive. The Washington Times (4/13, Seper, 90K) FBI Executive Assistant Director Michael Mason "yesterday defended a much-criticized directive requiring field supervisors to move to the bureau's Washington headquarters after five years or step down, saying 'highly experienced' managers are needed to fight the war on terror and other crime here and abroad." Mason told The Times, "The program was borne out of an acknowledgement by the director, his senior staff and others that the bureau's need for a highly experienced management cadre and an increasingly large footprint overseas would require a management staff willing to move, relocate and exploit that knowledge across the bureau." Mason "said that although some veteran supervisors have criticized the program, the directive seeks to 'realize the hope that their experience will not be lost but exploited by the FBI to the benefit of many more agents.'"

Former FBI El Paso SAC Charged With Lying In Probe Of Drug Trafficker. The AP (4/13) reports former FBI El Paso SAC Hardrick Crawford Jr. "was indicted Wednesday on five counts of making a false statement in connection with the investigation into his relationship with a Mexican racetrack owner, whom Mexican officials alleged was a member of a drug cartel. Crawford's lawyer, Mary Stillinger, said Wednesday night that Crawford had done nothing wrong." Crawford is charged with "lying to federal investigators about what he knew of allegations that the racetrack owner, Jose Maria Guardia, was involved in drug trafficking and money laundering despite having been given that information several times. Crawford also is accused failing to report thousands of dollars worth of gifts from Guardia, a one-time FBI informant, and that his wife held a $5,000-a month job with Guardia."

Documents Reveal Alaska Police Officer Threatened FBI Agent During Weapons Probe. The Anchorage Daily News (4/12, Mauer, Demer) reported, "A longtime local cop angrily demanded that the FBI look the other way from the explosive, unexplained growth of Security Aviation, fearing an investigation would disrupt the money party that began in the summer of 2005. Stop 'putting your nose where it doesn't belong,' the unnamed cop growled at a federal law enforcement officer," and "the officer's statement, described as a 'veiled threat' and a reason for the FBI investigation to remain covert until it was sprung in a series of armed raids starting Feb. 2, was contained among more than 800 pages of search warrants, FBI affidavits, inventories of seized material and related documents unsealed this week in federal court." The Daily News notes Security Aviation's Rob Kane "and the company are charged with illegal possession and transportation of Soviet-era rocket launchers capable of being mounted on its fleet of Czech-made L-39 Albatross jets."

Former Massachusetts Narcotics Investigator Convicted Of Cocaine

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Trafficking. The AP (4/13) reports a former Malden police narcotics investigator "was one of two men convicted on Wednesday of federal cocaine trafficking charges. David Jordan, 45, of Stoneham, and Anthony Bucci, 43, of Wakefield, were convicted by a jury after a three-week trial of conspiracy to distribute and to possess with intent to distribute three kilograms of cocaine; possession with intent to distribute three kilograms of cocaine; and using or carrying a firearm during and in relation to a drug trafficking crime. … Jordan made false statements to DEA agents about his involvement."

The Boston Globe (4/13) reports June Stansbury, the special agent in charge of the Drug Enforcement Administration's New England office, "said, "It is regrettable that the lure of drugs and dirty money tempt a very few in the profession, but make no mistake, we treat criminals as they should be, even if they are in possession of a badge.'"

California City Council Approves New Rules For Marijuana Dispensaries. The San Luis Obispo Tribune (4/12, Curran) reports medical marijuana clubs "looking to take root in Atascadero will have to comply with a new city ordinance approved Tuesday. City Council members approved 3-1 a law governing the marijuana dispensaries inside the city limits. … Under the regulation, which allows for only one such business, a prospective owner would have to locate the business at least 1,000 feet away from schools, churches or parks."

California Supervisors Temporarily Disallow New Pot Clubs. The AP (4/12) is now reporting a story included in yesterday's briefing and writes that marijuana dispensaries "were temporarily banned in unincorporated parts of Contra Costa County to allow supervisors to develop new zoning regulations. The Board of Supervisors unanimously approved the measure Tuesday establishing a moratorium on new dispensaries. The ordinance is effective immediately and gives the county 45 days to study traffic congestion, noise and other effects of pot clubs."

The Tri-Valley Herald (4/12) also reported on the moratorium.

US Charges Four Men In Detroit Weapons-Shipping Plot. The Detroit Free Press (4/12, Ashenfelter) reports, "Four Asian businessmen plotted to buy hundreds of handguns, machine guns, Sidewinder missiles and aviation radar equipment for export to Indonesia, creating a threat to national security, federal prosecutors said Tuesday." The Free Press continues, "The four men -- who have been charged in Detroit and Honolulu -- were arrested Sunday after meeting in Hawaii with people they thought were representatives of a metro Detroit company, which authorities say the men believed would supply the military hardware. It was to be shipped to Indonesia through Singapore." The Free Press adds, "Court papers didn't say whether the men were buying the equipment for the Indonesian government or whether it was sting operation. The investigation was run by the U.S. Immigration and Customs Enforcement agency in Detroit, with the assistance of Defense Criminal Investigation Service agents from Ohio. … 'We consider this to be a serious and grave threat to our national security,' U.S. Attorney Stephen Murphy III of Detroit said Tuesday. 'The agencies involved in the case worked hard to arrest individuals who were ready, willing and able to buy American weapons and take them outside the country.' … Charged were Hadianto Djoko Djuliarso, 41, of Indonesia; Ibrahim Bin Amran, 46, of Singapore, and Ignatius Ferdinandus Soeharli and David Beecroft, whose ages and nationalities weren't disclosed." The Detroit News (4/11, Egan) also reports on the indictments.

Five Texas Aryan Brotherhood Members Indicted On Weapons Charges. The AP (4/13) reports, "Five members of the Aryan Brotherhood of Texas were indicted Wednesday on firearms violations, U.S. Attorney Richard B. Roper said." Matthew C. Courtney, Cory D. Daniel and Aaron Thompson "were each charged with conspiracy to possess and dispose of 26 stolen firearms and other charges. The indictment alleges that the firearms were stolen in a burglary. Daniel and Thompson are in state custody," and "an arrest warrant has been issued for Courtney." In additional indictments, Jeffrey Lynn Womack "was charged with one count of possession of an unregistered firearm" and John Arthur Clark "is accused of being a convicted felon in possession of a firearm."

Alaska's Governor Seeks To Restore Criminal Penalties For Marijuana. The Washington Times/AP (4/13) reports Alaska Gov. Frank Murkowski "says recreational use of marijuana no longer should be protected by Alaskans' right to privacy. He's pressing the Legislature to restore criminal penalties for marijuana possession. … The state's highest court

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concluded in 1975 that Alaskans' constitutional right to privacy outweighed any harm that might occur from using small amounts of marijuana in their homes." The AP adds that the Murkowski administration says marijuana is much more potent now than it was in the 1970s and 1980s.

DOJ Grant Funds Anti-Gun Violence DVD. The Dayton Daily News (4/13, Wynn) reports, "Seven years ago, the streets swallowed up Clifton Montgomery and spat him into an Ohio prison after he was convicted of aggravated robbery and burglary. … Instead of graduating and going to college, Montgomery said he was 'kicked out of school,' was about to be a father at 18 and was arrested after a 'home invasion.' … Money drove Montgomery, who was released from prison more than a month ago. Now he wants to steer youth away from the route he took." The News adds, "Montgomery is one of many local people featured in Peace by Peace, an anti-gun violence documentary that premiered Wednesday to community leaders and city and county officials in the Dayton Cultural and RTA Transit Center. … Members of Spirit of Peace, Inc., a faith-based nonprofit group, presented the DVD project designed to educate youths ages 12 and older about the effects of gun violence. The project was funded by a grant from the Justice Department's Project Safe Neighborhoods program."

U Of Georgia Student Detained By ATF Agents. The U of Georgia Red and Black (4/13, Ervin) reports, "Alcohol, Tobacco and Firearm agents, on (the University of Georgia) campus (in Athens, GA) Tuesday for Project Safe Neighborhoods training, detained a 'suspicious individual' near the Georgia Center, University Police Chief Jimmy Williamson said." The Red and Black continues, "Jeremiah Ransom, a sophomore from Macon, was leaving a Wesley Foundation pirate vs. ninja event when he was detained. … After being held in investigative detention, he was found to have violated no criminal laws and was not arrested."

The Atlanta Journal-Constitution (4/13, Simmons) reports, "ATF Special Agent in Charge Vanessa McLemore said the officers chased Ransom after seeing him peek around a stone pillar toward the cashier's booth in a nearby parking garage. 'They called for him to stop and he didn't,' she said. 'It was the totality of the circumstances.' … Ransom was released after 30 minutes when UGA police determined he was not a threat." The AP (4/13) also reports this story.

IMMIGRATION:

Reid Asks Frist To Return Immigration Bill To Senate Schedule. The AP (4/13, Gamboa) reports Senate Minority Leader Harry Reid "asked Majority Leader Bill Frist on Wednesday to return to work on immigration legislation immediately after the Senate completes a bill with more money for military operations in Iraq and hurricane relief." Reid said in a letter "to Frist that the need for an immigration bill was highlighted by rallies across the nation this week protesting a House bill that would subject illegal immigrants to prosecution as felons. Reid labeled as 'confusing' Frist's position on a compromise put together by Sens. Chuck Hagel, R-Neb., and Mel Martinez, R-Fla., that collapsed last Friday after Democrats refused to allow votes on several amendments to it."

LAT Poll Shows Support For Border Security And Guest Worker Plan. The Los Angeles Times (4/13, Brownstein, 958K) reports a Times/Bloomberg poll of 1.357 adults conducted April 4 through April 11 (+/-3%) showed, "Most Americans say the United States should confront the challenge of illegal immigration by both toughening border enforcement and creating a new guest-worker program rather than stiffening enforcement alone, a Los Angeles Times/Bloomberg poll has found." With "a solid 2-1 margin, those surveyed said they would prefer such a comprehensive approach, which a bipartisan group of senators has proposed, to an enforcement-only strategy, which the House of Representatives approved in December. Support for a comprehensive approach was about the same among Democrats, independents and Republicans, the poll found."

GOP Pledge To Drop Felony Provision Unlikely To Diminish Debate. CNN's The Situation Room (4/12, Collins) reported, "On Capitol Hill, a new about-face in the battle over immigration. Republican leaders vowing to strip a controversial provision approved last year by the House that would make it a felony to be in this country illegally. The announcement came late yesterday, one day after hundreds of thousands of people rallied across the nation for immigrants' rights."

USA Today (4/13, Kiely, 2.31M) reports lawmakers from both parties said the pledge "is unlikely to defuse opposition to proposed immigration and border security legislation." The House bill, which "called for making illegal immigration a felony offense, punishable by at least a year in jail," has

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"been a rallying cry for thousands of demonstrators." Rep. Mario Diaz-Balart of Florida, "one of five Hispanic Republicans in the House, hailed the promise to eliminate a plan that was 'offensive, excessive and demonized hard-working immigrants.' He and other Republicans accused Democrats of a Machiavellian move to retain the felony penalty." USA adds immigrant rights advocates "were not impressed by the promise from" Majority Leader Bill Frist and Speaker Dennis Hastert, while Sen. Edward Kennedy "dismissed the GOP statement as 'empty rhetoric.'"

King Says Democrats Created "Phony" Felony Issue. Rep. Peter King said on Fox News' The O'Reilly Factor (4/12) that the felony issues is a "totally phony issue created by Democrats and facilitated by Catholic bishops and liberal media. The original bill…said it would be a felony to enter the country and felony to stay in the country illegally. Republicans, we introduced an amendment to make it a misdemeanor because it's actually a lot harder to support someone and bring action under a felony than misdemeanor. You have to commit a grand jury and pay legal fees. No sense in making it a felony. 191 Democrats, over 90% of the Democrats, voted to keep it a felony. Over 160 Republicans, 70% of the Republicans, voted to make it a misdemeanor. It was Democrats who voted to keep it a felony. Republicans voted to keep it a misdemeanor and Democrats ever since have been saying this bill is no good because it makes every illegal immigrant a felon."

US, Canada Break Up Human Smuggling Ring. The CBS Evening News (4/12, story 2, 2:05, Schieffer, 7.66M) reported the government "announced it has broken up a human smuggling ring in Washington State." CBS (Whitaker) added, "A tip put US and Canadian agents on the trail of the Vancouver-based ring more than a year ago. They say the smugglers charged dozens of Pakistani and Indian nations as much as $35,000 each for fake US passports and illegal entry into Washington State. From there they'd fan out across the US." There were "no confirmed terror connections, but no one is breathing easy."

The Los Angeles Times/AP (4/13) reports a "federal grand jury in Seattle has indicted 14 U.S. and Canadian men for roles in the alleged scheme. Twelve had been arrested as of Wednesday." Leigh Winchell, "special agent in charge of U.S. Immigration and Customs Enforcement in Seattle, said about 50 people had been apprehended who had paid as much as $35,000 each to be smuggled into the U.S."

Some Military Subcontrators Using Illegal Immigrant Labor. The CBS Evening News (4/12, story 3, 3:40, Schieffer, 7.66M) reported some companies "with contracts from the government are hiring illegal immigrants, many of them near highly sensitive military bases." CBS (Keteyian) added US military subcontractor Gargiulo Construction, which is working at a site near the Trident sub base in Groton, Connecticut, "says its payroll is completely in order, but in reality, some workers' papers are fake. … These men, all born in Mexico, spoke in shadow because they are here illegally and fear talking to the press can get them fired. Talking about false papers and pay that is less than half what a union member makes." Despite "dozens of arrests at military bases around the country, government construction sites continue to be fertile ground for undocumented workers, something Centex, the government contractor in Groton was hesitant to discuss." Company president Gene Gargiulo "flatly denied hiring any undocumented workers but in the wake of this interview according to the Carpenters' Union, eight Hispanic workers were fired the very next day. Sparking a walkout by two dozen Hispanic workers on Gargiulo job sites."

Arizona Legislature Approves Bill To Use Criminal Trespassing Law Against Illegal Immigrants. The Los Angeles Times/AP (4/13) reports two days "after a big immigration march in Phoenix, the Arizona Legislature on Wednesday approved legislation to make illegal immigrants subject to the state's criminal trespassing law." The Senate "approved the bill on a 17-12 vote and the House followed with a 33-27 vote, with both Republican-led chambers voting nearly along party lines." Supporters of the bill "contend it would provide 'a second line of defense' behind the border patrol by enabling state and local law enforcement officers to arrest illegal immigrants."

Immigration A Hot Issue In 2006 Congressional Races. The Wall Street Journal (4/13, Solomon, 2.11M) reports while the "fight over illegal immigration roils Washington, the issue is spilling out into local, state and federal races across the country. But the response isn't monolithic." Even as "a number of House Republicans are expected to face a backlash from Hispanic and other voters for their tough approach, some candidates are adopting hard-line positions in a bid to portray incumbents as weak on illegal immigration. For now, the issue is percolating largely in Republican primaries but is expected to affect campaigns across the board as the November midterm elections

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approach." Many candidates "are taking a tough stance on the issue, in part because the public seems to support more aggressive measures. A recent Wall Street Journal/NBC News poll found that 56% of respondents don't back the type of guest-worker program favored by President Bush, while a Pew Research Center poll found that 53% say illegal immigrants should be forced to 'go home.'" The "desire for tougher treatment has become an issue in places like Utah, where Rep. Chris Cannon, a five-term Republican, is facing a fight for the nomination, in large part because of his position on immigration."

Rohrabacher Prison Labor Suggestion Criticized. In a Los Angeles Times column (4/13), Patt Morrison says, "He said it, all right: 'We do not need more people from foreign countries coming in taking the jobs of Americans…. I say let the prisoners pick the fruits.' That's Huntington Beach's Republican congressman Dana Rohrabacher, one of those fellows for whom the word 'colorful' seems wimpy." Morrison adds, "Prison labor? That's not 21st century America, is it? It reeks of the gulag — Siberia, China, political prisoners."

TAX:

DOJ Accuses Florida Firm Of Preparing False Tax Returns For Seminole Tribe Members. The AP (4/13) reports, "A Miami firm was accused by the U.S. Justice Department on Wednesday of preparing tax returns for Seminole Tribe members falsely claiming they were exempt from income taxes for gambling proceeds." The AP continues, "The Justice Department asked a federal judge in a lawsuit to halt the practice by Labib Baltagi Inc., which operates 20 Jackson Hewitt franchises in the Miami area. The lawsuit - filed only days before Monday's federal tax filing deadline - does not accuse Parsipanny, N.J.-based Jackson Hewitt Tax Services Inc. of any wrongdoing." The AP adds, "At least 32 tax returns of Seminole Tribe members have been identified by the IRS as falsely claiming that they were exempt from income taxes on casino gaming proceeds under a Native American treaty. The total in false claims is more than $222,000, according to the lawsuit. … There is in fact no such treaty. … 'The law is clear that income from the casino gaming activities of Native American tribes is taxable,' said Eileen J. O'Connor, assistant attorney general for the Justice Department tax division."

DOJ Sues California CPA Over Mariner Filings. The Los Angeles Times (4/13, Kristof) reports, "The Justice Department is accusing an El Segundo tax accountant of claiming a deduction for his oceangoing clients that isn't exactly seaworthy." The Times continues, "Martin A. Kapp specializes in handling tax returns for workers in the transportation industry, such as airline pilots and railroad engineers. But it's his self-devised method for claiming meal deductions for merchant sailors and tugboat captains that prompted the government to sue him in U.S. District Court in Los Angeles." The Times adds, "Kapp uses his so-called mariner's deduction to claim per diem meal and incidental expenses for each day his clients are at sea. Taxpayers who travel on business are allowed to deduct the cost of the trip using a standard per diem deduction instead of keeping track of their actual meal and incidental costs. … The government contends that Kapp's clients can't claim the deduction because they get free meals while at sea, and taxpayers can't claim deductions if they don't spend any money. … The Justice Department, which claims that Kapp is misreading both IRS rules and court rulings, wouldn't estimate how many of Kapp's clients had claimed the mariner's deduction or how much it had cost the government in uncollected taxes. The government is seeking an injunction barring him from claiming the deduction, although it isn't trying to prevent him from preparing returns, according to court papers filed Tuesday."

Reliability Of Income Tax Preparers Seen As Questionable. USA Today (4/13, A1, McCoy, 2.31M) reports as "paid preparers complete more than 60% of the individual tax returns filed by Americans, questions are increasingly being raised about the reliability of those preparers, as well as about the federal government's limited oversight of the tax-preparation field." A USA TODAY review "of scores of federal court proceedings against alleged problem preparers found that thousands of taxpayers have been hit with repayment demands and penalties since 2001 as the IRS moved to recover millions of dollars in tax losses. The victims, some of whom offered a rare inside look at their tax woes, often include immigrants, military recruits and others unfamiliar with the tax system." Many of the preparers "have been accused of using improper deductions and credits to inflate the size of tax refunds in apparent efforts to attract new clients and increase profits, the court records show. Others charged a percentage of the inflated refunds as

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their fees." In a "sign of the problems taxpayers may face, five of 19 tax-preparer offices selected for undercover tests in March by the Government Accountability Office, the investigative arm of Congress, produced returns that had up to nearly $2,000 in unwarranted refunds."

Withholding Seen As Leading To Indifference To Government Spending. In a USA Today op-ed (4/13), Laura Vanderkam says withholding has lead to taxpayer apathy: "That collective shrug is precisely the reason Congress implemented mandatory withholding in 1943. It feels relatively painless for the 131 million Americans who pay this way — especially when a refund check arrives. Consequently, few withholdees truly care what happens with their money. But others do. Nearly 12 million of us, the IRS reports, pay estimated taxes by writing checks to the government, usually every quarter. Often self-employed types, we deposit checks into our accounts, dream of the vacations those funds could finance, and then mail those funds to the U.S. Treasury instead. It's a painful process." One way to "slow out-of-control spending in Washington is to make everyone feel the same pain that quarterly payers experience . Ending withholding would do that — and it's not as crazy as it sounds."

Proposed IRS Rules Criticized For ID Theft Potential. ABC World News Tonight (4/12, story 8, 2:20, Vargas, 8.78M) reported, "This year's tax deadline is just days away. And an estimated $41 million people will pay someone else to fill out their returns. Most taxpayers have no idea that many tax preparers are sharing confidential information about their returns with other businesses. Now, consumer groups are warning protections proposed by the IRS are going to make the problem even worse." ABC (Muir) added, "Say you take your return to any of those big tax preparers. And you want your refund right away. Your tax preparer gives your information to a bank in order to get that instant refund. And then that bank can also use your information to market other products to you, as well. Few realize it's been the law since the mid-1970s. But so much has changed since then. Most notably, the risk of identity theft. So, the IRS is proposing new regulations. Requiring more explicit consent forms, even typed in larger fonts." IRS Commissioner Mark Everson: "So that when a taxpayer shares information with their preparer he or she is well aware that it can, in turn, be reshared, go overseas, or go to financial institutions." Muir: "But consumer advocates point to something else the IRS wants to do. It's trying to level the playing field with the big tax preparers by allowing even the smaller ones to get into this information sharing game. And once you sign on the dotted line, it's impossible for you to keep track of your private information."

WSJ Says Tax Code Is Unfixable. The Wall Street Journal (4/13, 2.11M) says in an editorial that the failure of tax preparation chains to properly prepare returns "sure sounds like incontrovertible evidence that the IRS tax code is unfixable. A rational conclusion on Capitol Hill would be to scrap the code for something that actually approaches common sense. Instead, Chuck Grassley and Max Baucus, the leading Republican and Democrat on the Senate's tax-writing Finance Committee, say that what is needed is more training requirements for tax preparers. Mr. Grassley declared that if you need a license to be a barber, why not for filling out taxes? Umm, well, we're not sure why anyone needs a government license to cut hair, but tax preparation standards would only raise the barriers to being a tax accountant and add to the costs of hapless taxpayers seeking help before April 15. Besides, even the top-trained professionals can't figure out the tax laws."

CONGRESS-ADMINISTRATION:

Bush Encourages Seniors To Sign Up For Medicare Rx Drug Plan. President Bush continued his campaign to encourage senior citizens to sign up for the new Medicare prescription drug plan in Northern Virginia, touting the millions who have signed up, its accessibility to non-English speakers and its affordability. Bush's remarks were carried by a few prominent media outlets, which also noted the problems people experienced with it, but ignored by the national network news programs. CNN's The Situation Room (4/12, Collins) reported, "President Bush staying on his Medicare message." He "has conceded glitches in the plan. He has been criticized for being too complicated, but a look at this new poll now: 74 percent of people who signed up for the prescription drug plan said it was actually easy to do. Just 24 percent said it was difficult."

The Washington Post (4/13, A6, Rein, 744K) reports, "If the content of the president's latest town-hall-style 'conversation' on Medicare this month was familiar, the setting was not. About 400 Korean, Chinese, Vietnamese and Filipino immigrants were in attendance at Northern Virginia Community College in Annandale." It "reflected the White House's effort to pitch a program that has drawn criticism for its cost and complexity to immigrant groups that under the

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best of circumstances labor to navigate government bureaucracies."

USA Today (4/13, Benedetto, 2.31M) reports, "Bush said he chose the audience to emphasize that many seniors do not speak English and need help navigating the system. He urged community groups and sons and daughters to pitch in." Bush said, "I'm trying to show that our government reaches out to people in all walks of life and in all neighborhoods. Bush "said that if seniors don't want to enroll they don't have to, but he said they should at least take a look at the program and its options."

The AP (4/13, Riechmann) reports Bush's "events are part of the administration's grass-roots effort to get eligible seniors to sign up. More than 1,000 enrollment seminars are being held across the country each week to educate seniors about their options." At the event with Bush, Labor Secretary Elaine Chao "said the government was working to educate people about the program with Asian-American groups, and non-English speakers can call government hot lines and speak with someone in their native language."

Scalia Proud Of Non-Recusal In Cheney Case. The AP (4/13, Reitz) reports, "Conservative U.S. Supreme Court Justice Antonin Scalia had some advice Wednesday for those who questioned his impartiality after he refused to recuse himself from a case involving his hunting buddy, Vice President Dick Cheney. … 'For Pete's sake, if you can't trust your Supreme Court justice more than that, get a life,' Scalia said." The AP continues, "Scalia, addressing an audience at the University of Connecticut's law school on Wednesday, said recusing himself from the 2004 case -- which focused on an energy task force that Cheney led -- would only have given fuel to newspaper editorial writers and other detractors who have said he is too close to the vice president. … 'I think the proudest thing I have done on the bench is not allowed myself to be chased off that case,' Scalia said." The AP adds, "The case in question involved Cheney's request to keep private the details of closed-door White House strategy sessions that produced the administration's energy policy. … The administration fought a lawsuit brought by watchdog and environmental groups that contended that industry executives, including former Enron chairman Ken Lay, helped shape that policy. The Supreme Court upheld the administration position on a 7-2 vote. … Scalia refused to recuse himself from the case, rejecting arguments by critics who questioned his impartiality because of a hunting vacation that he took with Cheney while the case was pending. … Scalia told the audience Wednesday that he would have stepped aside had the case involved Cheney personally, but that he viewed it differently because the vice president was named in his official capacity as head of the group."

Government Spending Reaches Record In March. The AP (4/13, Crutsinger) reports government spending "hit an all-time high for a single month in March, pushing the budget deficit up significantly from the red-ink level of a year ago." The Treasury Department reported "federal spending totaled $250 billion last month, up 13.7 percent from March 2005." Government receipts "also were up, rising 10.6 percent from a year ago, to $164.6 billion. That left a deficit for the month of $85.5 billion, a record imbalance for March." The March "outlay record of $250 billion surpassed the old mark of $232 billion set in February."

Broder Highlights 2005 Accrual Deficit Of $760 Billion. In his Washington Post column (4/13, A21), David Broder says Rep. Jim Cooper discussed with him "one of the most secretive documents in Washington -- the official Financial Report of the United States Government." The cover letter "in the report from Treasury Secretary John Snow contains the bad news. Whereas the budget deficit for fiscal 2005 was officially given as $319 billion, 'the government's accrual-based net operating cost . . . was $760 billion in 2005.' That $760 billion is the real difference between the money the government received and the obligations it added in the past year -- in other words, the unfunded costs being passed on to our children and grandchildren." David Walker, the head of the Government Accountability Office, "has been traveling the country trying to spread the alarm, said flatly that if the tax cuts now in effect are made permanent, as President Bush is requesting, and spending continues to rise at the current rate, 'the system blows up. More than half our debt is now financed by foreign countries, and they will exact a price.' Digging out of this mess 'will take 20 years,' Walker said, but the first step is simply to reassert the budget controls -- spending caps and a 'pay-go' rule that requires offsets for any new tax cuts or spending increases."

WSJ Says House GOP Refusal To Rein In Spending Could Cost Majority. The Wall Street Journal (4/13, 2.11M) says in an editorial that if Republicans "lose control of Congress in November, they might want to look back at last Thursday as the day it was lost. That's when the big spenders

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among House Republicans blew up a deal between the leadership and rank-in-file to impose some modest spending discipline." This is "all about Republicans and their refusal to give up their power to spend money at will and pass out 'earmarks' like a bartender offering drinks on the house. The chief culprits are the House Appropriators, led by Committee Chairman Jerry Lewis of California and his 13 subcommittee chairmen known as 'cardinals.' If Republicans lose the House -- and they are well on their way -- Mr. Lewis deserves the moniker of the minority maker."

Most States Close To Meeting NCLB Teacher Standards. The AP (4/13, Feller) reports, "Under federal pressure, most states are close" to meeting the No Child Left Behind Act's "highly qualified" teacher standards "or so they say." States must have 100 percent of core courses taught by "highly qualified" teachers or have made "a good-faith effort." At present, "thirty-three states claim 90 percent to 99 percent of their main classes" meet the standard and most others report "70 percent to 89 percent" do. Yet "skepticism remains over whether states have inflated their quality numbers by setting easy standards." The U.S. Department of Education will review the state reports and determine which states qualify by May 15. Those that have not are subject to loss of federal education funds.

GAO Report Says State Department Wasted Million On Airline Travel. The Washington Times (4/13, Kralev, 90K) reports the Government Accountability Office is "accusing the State Department of wasting 'tens of millions of dollars' a year on business-class airline travel." The GAO report "said two-thirds of 'premium' tickets that the department purchased between April 2003 and September 2004 -- most of them business-class tickets -- were not 'properly authorized, justified or both.'" The State Department "disputed the report's findings but said it would implement the auditors' recommendations." The GAO also reported "the department also paid about $6 million for tickets that were not used."

Watchdog Group Releases Ethics Complaint Against Jefferson. The Washington Times (4/13, Fagan, 90K) reports watchdog group Citizens for Responsibility and Ethics in Washington "released an ethics complaint yesterday against a congressman from Louisiana, charging that he played a role in a conspiracy and bribery scheme and misused federal resources in the wake of Hurricane Katrina." Jefferson is "the subject of an ongoing investigation in which his former aide, Brett Pfeffer, pleaded guilty to conspiracy to commit bribery of a public official and aiding an abetting such bribery, states the complaint released yesterday."

LAT Poll Shows Bush Approval Rating At 39 Percent. The Los Angeles Times (4/13, Brownstein, 958K) reports a Times/Bloomberg poll of 1.357 adults conducted April 4 through April 11 (+/-3%) showed that while "Bush's job approval rating was essentially unchanged from his 38% showing last month, the new poll found Democrats opening double-digit leads on the key measures of voters' early preferences for the November balloting." For example, "Democrats lead Republicans 49% to 35% among registered voters who were asked which party they intended to support in their congressional districts this fall. When registered voters were asked which party they hoped would control the House and Senate after the midterm election, 51% picked the Democrats and 38% the GOP. On both questions, independent voters preferred Democrats by ratios of about 3 to 1 or more."

The Financial Times (4/13, Pruzan) notes Bush's "job-performance figures represent a continued slump from earlier this year, before controversies erupted over immigration, government surveillance and a Dubai-based company's attempt to take over several US port container facilities. In early January an LA Times/Bloomberg poll showed 43 per cent job approval for Mr Bush." Bloomberg (4/13) also reports on the poll.

Several House Republicans Renege On Term-Limits Vows. USA Today (4/13, 51, Stone, 2.31M) reports that Arizona Rep. Jeff Flake (R), who "pledged during his first campaign for Congress in 2000 that if elected, he would serve three two-year terms," is "running again to keep his seat. … 'It was a mistake to limit my own terms,' says Flake," who "says the once-fashionable movement to limit terms in Congress has 'just petered out.'" Flake "is one of at least seven House Republicans who had vowed to leave Congress next year but will be on the ballot in November. They ran as citizen legislators -- antidotes for 'career politicians.' But after six or 12 years on Capitol Hill, they say they're just getting the hang of the job." University of California-San Diego political scientist Gary Jacobson said,

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"Since nobody [recently] has been punished for breaking the vow, I don't think anyone sees it as a serious threat."

Will Says Entitlements Could Suffer Same Crisis Facing GM. George Will writes in the Washington Post (4/13, A21, 744K) that "the accelerating crisis of private-sector welfare states such as GM prefigures the coming crisis of the public sector's entitlements. … Bankruptcy -- seeking judicial permission to shred contracts improvidently entered into -- should be so costly that it cannot become a routine management tool for private-sector welfare states. And America's welfare state cannot seek what is called 'bankruptcy protection.' Detroit today is having what Washington will eventually have -- a wrenching rendezvous with promises that seemed compassionate, or at least convenient, when originally made but that cannot be kept without ruinous consequences."

WPost Praises Lobby Reform Provision Requiring Disclosure Of "Bundlers." The Washington Post (4/13, A20, 744K) says in an editorial, "The House Judiciary Committee approved an amendment last week that would help shed light on the symbiotic relationship between lobbyists and lawmakers. Offered by Rep. Chris Van Hollen (D-Md.), the provision would require lobbyists to report not just the campaign contributions they gave directly to lawmakers but also the campaign checks they solicit for or deliver to lawmakers -- in other words, a measure of the real influence they wield. Astonishingly, this proposal passed the Judiciary Committee by a vote of 28 to 4 -- along with the underlying bill, a proposal that started out weak and was watered down from there." No other "disclosure requirement would be more useful in explaining the way Washington does business than this one."

USA Criticizes House Ethics Committee Failures. USA Today (4/13, 2.31M) says in an editorial, "Just when you think Congress' obtuseness about its tawdry image can't get any worse, its members manage to outdo themselves. And while Democrats might think the ethics scandals will work against Republicans this fall, betrayal of the public trust clearly knows no partisan boundaries." Ranking Democrat on the House ethics committee Alan Mollohan, "was reported, first by The Wall Street Journal, to have quietly directed at least $178 million in taxpayer funds to a network of home-district friends, business partners, contributors and former employees." In addition, the "moribund ethics panel, meeting in secret, again declined to investigate longstanding allegations of questionable or illegal conduct against at least three prominent members of the House: Republicans Bob Ney of Ohio and Tom DeLay of Texas and Democrat William Jefferson of Louisiana." Since Congress "has demonstrated that it can't do the job, a non-partisan independent panel ought to."

OTHER NEWS:

Stock Markets Rebound, Finish Higher. NBC Nightly News (4/12, story 5, 0:10, Williams, 9.87M) reported, "Now to Wall Street today, where stocks finished higher: The Dow was up more than 40 points [to close at 11,129.97]]. NASDAQ gained just over 4 points on the day's trading [to close at 2,314.68]."

The Wall Street Journal (4/13, Browning, 2.11M) reports, "Buoyed by hopes for strong corporate profits and by some positive economic news, investors shrugged off rising bond yields, permitting stocks to recoup some of Tuesday's losses." The market "benefited from news that the February trade deficit was narrower than expected, although that was partly because of the fact that Chinese exports were soft during the Chinese New Year period."

The Financial Times (4/13, Yuk) notes that while "crude oil futures ended slightly lower after the release of mixed weekly inventories data, lingering nervousness over Iran kept investors on the edge."

Rising Prices Of Commodities Not Seen As Threat To Economy. The Christian Science Monitor (4/13, Trumbull, 61K) reports, "Copper at $6,000 per ton. Gold at $600 an ounce. Oil persistently above $60 per barrel. The last time these key commodities enjoyed such a concurrent boom, inflation ruled, Ronald Reagan was headed to the White House, and the economy was in the tank." But "do today's run-ups in metals and oil prices signal trouble ahead?" The Monitor notes, "Quite the opposite, some economists say. In a humming world economy, supplies of some key raw materials are struggling to keep pace with demand. That's no surprise. Likewise, investors, seeking profits at a time when stocks and bonds lack luster, are plowing money into silver and gold."

Innovation Said To Keep US Industry "Humming." A front page story, the last in a four-part

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series, in the Washington Times (4/13, Sparshott, 90K) examines "the cutting-edge innovation necessary to maintain the country as one of the world's leading economies." Federal funding, "coupled with collaboration among leading universities and entrepreneurs, is critical to the US industrial base -- and has made areas around Boston, California's Silicon Valley and North Carolina's Research Triangle launching pads for startups trying to cash in on the latest technologies developed in the world's premier university labs." USA adds, "President Bush, in his State of the Union address in January, acknowledged the importance of scientific innovation when he announced an American Competitiveness Initiative. … Despite the dip in funding for basic science, US research and development spending accounts for more than a third of the global total, outstripping any other nation." Innovation "has kept US industry humming -- with new companies and new products -- even as old-line manufacturers that have failed to adapt have fallen by the wayside."

Ethanol Costs Adding To Gasoline Price Spike. The mandated use of ethanol to replace the additive MTBE is adding to the cost of gasoline, which has already been on an upward trend itself. NBC Nightly News (4/12, story 6, 2:20, Tibbles, 9.87M) reported, "Ethanol, the corn-based, clean air additive US refiners are scrambling to add to the nation's fuel supply" is a "boon for farmers." But "some analysts say for every gallon of gas, up to 20 cents is ethanol and that number is rising. So why is it so expensive? Last summer, Congress mandated the use of ethanol, and by May 5th, many refineries will switch. That new demand has pushed the price of ethanol above $2 a gallon." Ethanol also "can't be pumped down existing pipelines. It has to be transported by rail or by truck, overwhelming the transportation system causing delays, even causing hoarding, and driving up the price." Ethanol producers "maintain the industry is still in its infancy, and as it becomes more efficient, prices will come down while reducing reliance on foreign oil."

In addition to rising gasoline prices, the Wall Street Journal (4/13, Kilman, 2.11M) reports the "spot price of ethanol…has doubled over the past 12 months to about $2.65 a gallon," leaving "mutual-fund managers and well-heeled investors…grasping for any stock with the slimmest connection to ethanol." The Journal says the boom has left "some economists are wondering whether the ethanol industry is growing so fast that it could be faced with a glut before too long."

Study Finds Pension Reforms Could Reduce Companies' Value By 8%. The Financial Times (4/13, Beales) reports a new study shows "proposed changes to the way US companies account for pension obligations could knock an average of 8 per cent off the net worth of 100 of America's biggest companies." The findings "come as Congress negotiates rule changes designed to make companies more responsible for the pension promises they make to employees, amid growing concern about obligations being reneged upon or dumped on the federal government." Actuary firm Milliman "calculates that 100 big companies' pension plans remain underfunded by just under $100bn in aggregate when assumed future pay rises are considered, in spite of three years of better-than-expected investment returns. The companies made an average 11.3 per cent return last year against an expected return of 8.5 per cent."

Options To Employer Benefits Seen As Problematic. In his Wall Street Journal column (4/13), David Wessel says, "If employers pull out of the health and pension business, who takes their place? Ultimately, there are three options, all with problems. One is to make it cheaper for employers to offer benefits or force them to do so." Another is "to make workers fend for themselves." The third "is to have government pick up more of the tab." Business "resists the first option. Many individuals may find making wise decisions harder than advocates suggest. And moving toward individually purchased insurance can undermine the benefits of pooling risk. As for the government -- well, it hasn't any visible means of paying for the Social Security, Medicare and Medicaid benefits it already has promised."

NYTimes Says Pension Reform Bill A Special Interest "Grab Bag." The New York Times (4/13, 1.19M) says in an editorial that the pension reform bill under consideration in Congress is "laden with special interests" and "had ceased to be only about pensions. And as the lawmakers were preparing to go home, it became increasingly about tax cuts." So far, "the ploy has served only to highlight the extent to which the pension bill is already a grab bag of bad tax ideas."

SCOTUS To Allow Citations To Unpublished Opinions. The Legal Times (4/13, Mauro) reports, "The Supreme Court on Wednesday adopted a historic rule

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change that will allow lawyers to cite so-called unpublished opinions in federal courts starting next year. The new rule takes effect unless Congress countermands it before Dec. 1." The Times continues, "The justices' vote represents a major milestone in the long-running debate over unpublished opinions, the sometimes-cursory dispositions that resolve upward of 80 percent of cases in federal appeals courts nationwide. In some circuits these dispositions have no precedential value and cannot be cited. … 'Unpublished' is a misnomer, since most of these opinions are available now on legal databases. But some federal judges have argued that if this category of opinions can be cited and used as precedent, they will take more time to decide and write, sharply increasing the backlog of cases. Many sentencing appeals, for example, are resolved by unpublished opinions. The U.S. Courts of Appeals for the 2nd, 7th, 9th, and federal circuits ban the citation of unpublished opinions outright, while six other circuits discourage it." The Times adds, "Under the new rule, circuits will still be able to give varying precedential weight to unpublished opinions, but they can no longer keep lawyers from citing them -- in the same way lawyers cite rulings from other circuits or other authorities, such as law review articles."

State AGs Increasingly Going After Businesses. The National Law Journal (4/13, Post) reports, "State attorneys general, whether united or solo, are becoming national players … A combination of eased federal business regulation and corporate consolidation has dramatically transformed the role of state attorneys general, increasing their clout to shape national public policy through aggressive litigation." The Journal continues, "The shifting legal and corporate landscape has now made unified action among state attorneys general -- combined with creative individual actions -- a strategic necessity. … Recent victories by AGs working together have included: … A $295 million settlement among 49 states, the District of Columbia and Ameriquest over the mortgage loan company's allegedly predatory lending practices, reached in January. It is the second-largest consumer protection settlement, exceeded only by the 2002 predatory lending settlement between Household Finance Corp. and most states that ended litigation filed in state courts throughout the country. … In 2005, attorneys general from 47 states and the District of Columbia, Georgia and Hawaii's consumer protection offices reached a $40 million agreement with State Farm Mutual Insurance Co. The company had approached the states and said it could not confirm that it had given proper titles to a small percentage of vehicles that had been damaged or stolen, for which it had acquired title and then sold. None of the settling states sued. … In 2003, every state, the District of Columbia and the five U.S. territories resolved an antitrust suit against Bristol-Myers Squibb Co. that involved the cancer-fighting drug Taxol. A total of $55 million went to resolve claims of consumers and government agencies, and the company agreed to injunctive relief regarding its monopolization of Taxol and its generic equivalents. Vista Healthplan v. Bristol-Myers Squibb Co., No. 1:01CV01295 (D.D.C.)."

States Taking Responsibility For Issues Best Dealt With At Federal Level. In a New York Times op-ed (4/13), Cornell economist Robert Frank says, "In most of the world, for example, the primary responsibility for ensuring access to health care, regulating environmental quality and supporting basic scientific research is exercised by national governments. But in this country, these tasks are increasingly managed by state, and even local, governments." In "each case, there are compelling economic reasons for delegating the activities to national, rather than state or local, governments. Yet in each arena, the federal government has failed to act. It refuses to participate in international efforts to limit greenhouse gases. It makes further cuts in federal support for basic scientific research, even as the nation's share of world patents continues to decline. And about 46 million Americans currently lack any form of health insurance."

Nine States Considering Extending SOL For Suits Against Dioceses. USA Today (4/13, Willing) reports, "The Catholic Church is having early success in fighting proposals in state legislatures that would permit people claiming they were sexually abused as children to sue priests and other church officials long after the alleged offenses occurred." USA continues, "Measures proposed in nine states would suspend statutes of limitation and allow lawsuits to be filed regardless of when an alleged offense took place. The proposals are patterned on a 2003 California law that allowed a one-year window for suits to be filed there without regard to the statute of limitations." USA adds, "Since March, aggressive lobbying by the church helped to bottle up such a measure in a state Senate committee in Maryland, and to alter the language of an Ohio bill to rule out new

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lawsuits. A bill in Colorado's Legislature is being debated, but it's a long shot because of intense Catholic opposition, the bill's supporters say. The church is gearing up to fight proposals in Delaware, Hawaii, Michigan, New York, Pennsylvania and Wisconsin. … Mark Chopko, counsel to the U.S. Conference of Catholic Bishops, says the bills unfairly target Catholics and could add millions of dollars to the $1.38 billion the U.S. church has paid since 1950 to settle claims and for other expenses related to sexual abuse of minors by priests."

Bill Clinton Contrasts Foreign Policy Vision With Bush. Dana Milbank in his "Washington Sketch" column in the Washington Post (4/13, A2, 744K) writes that while former President Bill Clinton received the J. William Fulbright Prize for International Understanding he took the opportunity to contrast his foreign policy with President Bush's. Clinton's comments were not "the overt, I-told-you-so gloat; that would be unseemly for a former president." But Clinton's "words carried the subtle but unmistakable pleasure of sua culpa." Citing "the plummeting image of the United States in the Muslim world -- except in Indonesia, where Clinton himself has been helping with tsunami relief -- he said that 'it's a big argument for doing things in a cooperative way rather than in a unilateral way.'" Clinton said in Indonesia "Approval of bin Laden had gone from 58 percent to 28 percent. … They saw the military dropping food instead of bombs."

In contrast, the AP (4/13, Barrett) in an article titled "Bill Clinton Learns to Laugh at His Past" describes Clinton as self-effacing, reporting, "In recent days, Clinton has poked fun at his post-White House life working on global disaster relief and HIV/AIDS programs." Clinton has "also shown a willingness to mock the days his presidency was consumed by the Monica Lewinsky scandal and impeachment."

Hillary Clinton Criticizes Bush Economic Record. In a speech to the 78th annual dinner meeting of the Economic Club of Chicago Tuesday night, Sen. Hillary Clinton took a populist approach to criticizing President Bush's economic policies, saying they did not benefit working-class Americans. The Washington Times (4/13, Pfeiffer, 90K) quotes Clinton saying, "Tax cuts alone cannot secure the middle class. They are not the cure-all for everything that ails the American economy." She "voted against the 2001 and 2003 tax cuts and several other tax-cutting measures during her first term," and "marked a clear divide between herself and Republicans." But House Speaker J. Dennis Hastert "called Mrs. Clinton's claims baseless" saying, "The facts are pretty clear: Republican tax relief has sparked surging economic growth. In Illinois alone, the unemployment rate has dropped from 5.6 to 5.0 percent in the last six months."

Ahead Of '06 Elections, Voters Said To Be In An "Anti-Incumbency" Mood. The AP (4/13, Fournier) reports, "More and more, Americans are frustrated with politics as usual in Washington. … Analysts say the public may be getting angry enough to give the U.S. political system a jolt, one way or another. Voters could toss Republicans from power in Congress this fall, or turn the White House over to Democrats in 2008. Maverick reform-minded Democrats and Republicans might shake up their parties. Or perhaps voter unrest will fuel a credible third-party presidential campaign. 'There is certainly a lot of anti-incumbency out there and neither of these parties is doing swimmingly well,' said independent pollster Andrew Kohut of the Pew Research Center," whose "surveys suggest a throw-the-bums-out mentality is on the upswing, especially among independent voters." The AP notes, "Nearly half of independents say the Democratic and Republican parties are equally corrupt. An AP-Ipsos poll in December found nearly 90 percent of all voters believes political corruption is a serious problem.

Analysts Say Democrats Likely To Gain Seats In '06, But Not Win Control Of House. A front-page article in the Washington Post (4/13, A1, Weisman, 744K) reports that Democrats have "nearly a dozen strong candidates with the potential for unseating House Republicans, but probably not enough to take back control of the House absent a massive anti-incumbent wave this fall, according to House political experts." The Post notes that Tuesday's special election to fill the seat of ex-CA50 Rep. Randy "Duke" Cunningham (R) "showed that the Democrats face an uphill battle to pick up seats even in districts where the Republicans have their backs to the wall." Francine Busby (D), "running on a theme of ethics in government, finished first in a crowded field of 18 candidates to succeed Cunningham, who was sent to prison after pleading guilty to taking bribes in return for legislative favors." But Busby "garnered only 44 percent of the vote and was forced into a

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June 6 runoff." Busby may face ex-Congressman Brian P. Bilbray (R), "who finished second with 15 percent. State GOP leaders expect Republicans to coalesce around the eventual nominee in the runoff and retain the seat." The Post adds, "It will be up to lesser Democratic lights -- running in Republican districts with less-than-glowing résumés -- to help provide the 15 net victories Democrats need to take back control of the House. … In that context, Busby's performance" isn't "encouraging to Democrats, said Stuart Rothenberg, a congressional analyst and editor of the Rothenberg Political Report. 'There may be a wave building, but it's still off the shoreline,' he said."

Democrats Seen As Having Best Opportunity At Winning Back House Since '94. An article in the Christian Science Monitor (4/13, Feldmann, 61K) paints a different picture of Democrat's hopes of regaining control of the House, relating, "Privately, some GOP political handicappers, in a race-by-race assessment, predict that the Democrats will pull it off, as the national mood toward President Bush and the Republican-ruled Congress sours further. The two latest generic congressional polls -- testing which party voters want in charge -- favor the Democrats by large margins: 10 points in one, 16 in the other. This gap 'suggests something about the national mood, but whether it will be sustained through the fall or just how that will translate into seat swings is another question,'" said Gary Jacobson, a political scientist at the University of California, San Diego. Jacobson added, "But it's the best shot the Democrats have had since they lost the House in 1994. If they don't get it this time, they'll really have to worry."

Study Indicates Young "Religious Centrists" Emerging As Key Voting Bloc. The Washington Times (4/13, Harper, 90K) reports, "College students are becoming more religious, and it's affecting their political views, according to a new Harvard University survey of this potentially influential voting bloc. 'Religious centrists' rule, according to the university. A full 70 percent say religion plays an important part in their lives, with a quarter saying their spirituality has increased at college. Six out of 10 say they are concerned about the moral direction of the country, according to the poll of 1,200 students from across the country, conducted March 13 to 27 and released Tuesday." The Times notes, "The Harvard study advises political parties to woo the spiritually inclined, a demographic that the popular press mostly deemed the exclusive territory of the 'religious right' in the past two presidential elections. 'This analysis foreshadows the 2008 general election campaign for president where religious centrists, nearly a quarter of the student vote, will be the critical swing vote…and likely the most influential group in American politics for years,' according to the survey."

Kingston Says GOP Can Benefit From Increased Use Of Blogs. The Washington Times (4/13, Pfeiffer, 90K) reports that GA1 Rep. Jack Kingston (R) "says Republicans need to use the Internet better to connect with nontraditional voters and to monitor the concerns of constituents heading into this year's midterm elections. 'It's the new talk radio. We can connect with new people who will come out and vote for us,' said Mr. Kingston, vice chairman of the House Republican Conference, who has a blog and writes an occasional 'diary' for the popular conservative site redstate.com." Kingston on Monday "held an hourlong conference call with conservative bloggers," allowing "participants to address topics ranging from Iraq to illegal immigration. Popular conservative blogger Matt Margolis, who has participated in several of Mr. Kingston's conference calls, said such interactions provide insight and access to bloggers, and, ultimately, will help legislators get out an unfiltered message. 'Republicans need bloggers to help get their message out, while Democrats have been able to rely on the mainstream media,' said Mr. Margolis."

Nagin Faces 22 Challengers In New Orleans Mayor's Race. The Los Angeles Times (4/13, Simmons, 958K) reports, "The frustration, disillusionment and anger of life after Hurricane Katrina have compelled 22 people to declare that they can do a better job of running the city than Mayor C. Ray Nagin. The largest field of challengers in a modern New Orleans mayoral race includes marquee names such as Lt. Gov. Mitch Landrieu," but "most are relative unknowns." The Times notes, "Two candidates are widely seen as Nagin's chief challengers, primarily because of name recognition and financing: Landrieu, son of the city's last white mayor, Maurice Edwin 'Moon' Landrieu, and brother of Sen. Mary L. Landrieu (D-La.); and Ron Forman, president and chief executive of the Audubon Nature Institute. Four other candidates have made the cut to regularly participate in televised forums and debates: lawyer Virginia Boulet, entrepreneur Robert Couhig, former Councilwoman Peggy Wilson and the Rev. Tom Watson."

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Romney Signs Massachusetts Health Care Reform Law. Massachusetts Gov. Mitt Romeny signed into law a universal health insuranmce bill which was generally described as a "landmark" and groundbreaking.

CNN's The Situation Room (4/12, Collins) reported, "Massachusetts Governor Mitt Romney today signed a new health care reform plan into law. It is designed to insure nearly every resident of the state. Supporters say it could serve as a model for the rest of the nation and a possible platform for a Romney presidential campaign. A new ABC/Washington Post poll finds, 55 percent of Americans say they would support similar legislation in their own states."

The New York Times (4/13, Belluck, Zezima, 1.19M) reports, "In a ceremony full of pomp and political backpatting, Gov. Mitt Romney signed Massachusetts' landmark health care legislation Wednesday, setting the stage for the state to be the first to provide health coverage to virtually all of its citizens." Yet "the celebratory atmosphere was accompanied by some friction because Mr. Romney, a Republican, vetoed a provision some Democrats and health care advocates adamantly support: a requirement that employers who do not provide health insurance to their employees pay the state up to $295 per worker each year." Democrats "said they expected to override that veto in the next few weeks and were examining Mr. Romney's vetoes of seven other less controversial provisions."

Knight Ridder (4/13, Pugh) reports, "Romney signed groundbreaking universal health-care legislation Wednesday that promises to cover nearly all the state's 515,000 uninsured residents by 2010." Framing the signing as historic Kinght Ridder continues, "In a packed ceremony in the chambers where the doctrine of 'no taxation without representation' was born, Romney and the bipartisan leaders who crafted the bill sensed a watershed moment."

The AP (4/13, Leblanc) reports, "The program is a potential political coup for Romney as he weighs a possible run for the Republican presidential nomination in 2008."

Noting the pomp and ceremony the Washington Post (4/13, A6, Fahrenthold, 744K) notes, "the bloom on Massachusetts's first-of-its-kind policy was wearing off. Some observers have charged that the plan promises a huge array of low-cost, state-subsidized health-insurance policies for the uninsured to buy -- but provides few details about how this will be done."

And the Washington Times (4/13, A1, Lambro, 90K) in a front page story reports "the ambitious undertaking, the product of months of negotiations in Mr. Romney's last year in office, would cost more than $1 billion a year and has drawn sharp criticism from conservatives who called it "a big government" plan and another version of "Hillarycare," the ill-fated plan produced in 1993 by first lady Hillary Rodham Clinton."

Romney Says Health Care Requires A Republican Solution. Massachusetts Gov. Mitt Romney said on Fox News' Your World With Neil Cavuto (4/12), "I think health care and education are two issues the Democratic Party has held on to for a long time but they haven't had answers." Health care "takes a Democratic goal we share, getting everybody insured and solving the issue in a Republican way, which is applying a personal responsibility principle, reforming the market, and allowing people to buy private health care insurance they can take with them from job to job that's entirely portable. It's a Republican way of solving a problem we face as a nation."

Romney Says Aspects Of Massachusetts Plan Would Work Nationally. Romney was asked on MSNBC's Hardball (4/12) if the Massachusetts plan will work for the entire country. Romney said, "There are certain aspects of it that I think would work across the country, perhaps better in some states than others. Of course the great thing about federalism is you let a state try it and see how it works before you spread it out."

And the Wall Street Journal (4/13, Bulkeley, 2.11M) reports, "The Massachusetts bill is being watched widely as a possible pattern for other states and as a prime element in Mr. Romney's expected bid for the Republican presidential nomination in 2008. It reallocates existing federal and state funds and requires uninsured residents to buy health insurance, which the state would subsidize for poor people."

Rice Asks Security Council To Take "Strong Steps" To Counter Tehran's Enrichment Plan. Secretary of State Condoleezza Rice warned Iran after Iranian President Mahmood Ahmadinejad yesterday upped the ante in his country's pursuit of a nuclear program, saying Iran will now set the stage for large scale enrichment of uranium. The story was covered on each of the networks last night, and NBC ran it second in its lineup, as well as a follow-up about the potential for a US military response. Rice's "strong" warning was also featured prominently on the cable TV shows and in the major US newspapers.

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NBC Nightly News (4/12, story 2, 2:45, Williams, 9.87M) reported, "Even Russia and China joined the US and Europe in criticizing Iran's nuclear program. In the face of world criticisms, Iran's leader remained defiant today, telling a rally that all Iranians demand the benefits of nuclear technology." Secretary of State Condoleezza Rice "asked the UN's top nuclear inspector to tell Iran's leaders when he meets them tomorrow they have crossed a dangerous line." Condoleezza Rice, Secretary of State: "If the Iranians continue down this course there has to be some course of action by the Security Council." Mitchell: "The UN Security Council agrees now that Iran should not develop weapons, but Russia and China are still not willing to punish Iran." A lot is "going on behind the scenes." Secretary Rice has "certainly told Mohammed El-Baradei at his meetings in Tehran tomorrow and the next day that he's got to be very tough with Iran and he has credibility with them. Also, they are pressuring Russia, and finally Hu Jintao, the Chinese president, is coming next week for a summit, and as you can imagine, that is going to be a very important topic of their conversations."

The CBS Evening News (4/12, story 6, 2:00, Schieffer, 7.66M) quoted UN Ambassador John Bolton: "That is leaving a potential nuclear weapons capability in the hands of the world's largest state sponsor of terrorism and that is not a happy prospect." Axelrod: "All eyes now are on Mohammed El-Baradei, the head of the International Atomic Agency dispatched to Iran by the United Nations to verify if Iran's claims are true." Clearly, the US "speaks loudest and today most confrontationally. Deputy Chief of Staff Karl Rove said about Ahmadinejad..." Karl Rove, Deputy Chief of Staff: "He's not a rational human being to deal with and we're going to have use every diplomatic tool, the United Nations, the International Atomic Energy Agency, and our partners in Europe to bring pressure to bear to stop this."

ABC World News Tonight (4/12, story 4, :25, Vargas, 8.78M) reported, "One day after Iran's bombshell announcement it has begun to enrich uranium, it has unveiled plans to dramatically expand its nuclear program. A top official says there are plans to install 3,000 centrifuges at one atomic site this year. Despite some tough talk today from Secretary of State Condoleezza Rice, it is not clear what the next move by the international community will be."

CNN's The Situation Room (4/12, Collins) reported, "Secretary of State Condoleezza Rice says it is time to take what she calls strong steps against the Tehran government. She's responding today to Iran's announcement that it has successfully enriched uranium." Rice "has not called for an emergency meeting of the UN Security Council, but she is calling on the UN's top nuclear watchdog to intensify pressure on Iran during talks this Friday."

Fox News' Special Report (4/12, Rosen) reported, "Secretary Rice while calling for the Council to take strong steps also appeared eager to downplay recent reports that the Bush Administration is ramping up for military action against Iran. She said, and I quote, a concerted and cohesive diplomatic policy that the world is behind will convince Iranians that they have to come back in into compliance."

AFP (4/12) reported Secretary Rice "called Wednesday for the UN Security Council to take 'strong steps' to respond to Iran's announcement it had successfully enriched uranium," however, she "did not call for an emergency meeting of the 15-member Security Council." Rice: "I do think that the Security Council will need to take into consideration this move by Iran and that it will be time when it reconvenes on this case for strong steps to make certain that we maintain the credibility of the international community on this issue." The New York Times (4/13, Fathi, Hausner, 1.19M) adds, "Asked if Ms. Rice wanted sanctions, the White House spokesman, Scott McClellan, said the United States was consulting with Security Council members about a diplomatic course of action." A separate AFP (4/12) piece said, "Iran's growing militancy about its nuclear program has left US officials groping for a balance between diplomacy and a credible military threat if it gets near to building an atomic bomb." While the US "led a global chorus in condemning the Islamic republic," Washington "appeared no closer to nailing down an international consensus on how to respond."

The Los Angeles Times (4/13, Rubin, 958K) in an article titled "U.N. Response To Iran Nuclear Work Unclear" says the "sharpest response Wednesday came from the United States," but "Bush administration officials refused to spell out what the U.S. might demand by the world body."

The Financial Times (4/13, Khalaf, Smyth) keys on the Security Council's reaction, saying "members on Wednesday loudly criticised Iran's declaration" and noting, "Russia and China, the two council members most sympathetic towards Iran, added their voices to European Union governments, and told Tehran its actions ran counter to UN decisions." However, the Times says, Russian Foreign Minister Sergei Lavrov "warned on Wednesday against the use of force to deal with Tehran" and " said military strikes on nuclear

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facilities would create 'a dangerous explosive blaze in the Middle East, where there are already enough blazes.'"

USA Today (4/13, Slavin, 2.31M) notes, "The increased tensions coincide with the arrival in Iran of Mohamed ElBaradei, head of the International Atomic Energy Agency, the U.N. nuclear watchdog." And "Iran's public claims may be an effort to improve its bargaining position in future negotiations with Europe and the United States, said Najmeh Bozorgmehr, an analyst at the Brookings Institution." The AP (4/13, Schweid), the Washington Post (4/13, A18, Vick, 744K) report similar details and the Washington Times (4/13, A1, 90K) caries a front page story from combined dispatches.

In somewhat negative tones, the Wall Street Journal (4/13, A3, Robbins, 2.11M) says "there is growing anxiety in the U.S. and Europe that Tehran's technical mastery is far outpacing diplomatic efforts to stop it," and notes, "Two years of European-led negotiations and a threatened showdown with the United Nations have barely slowed Iran's drive to enrich uranium" for civilian or military purposes.

And Bloomberg (4/13, Alison) adds that U.S. Assistant Secretary of State for International Security and Nonproliferation in Moscow said, "Using those 50,000 centrifuges they could produce enough highly enriched uranium for a nuclear weapon in 16 days." Rademaker said Ahmadinejad's statement "was a deeply disappointing announcement."

Tehran Said To Still Lack Materials, Expertise. The New York Times (4/13, A1, Broad, Fathi, Brinkley, 1.19M) in a front page story reports, "Western nuclear analysts said yesterday that Tehran lacked the skills, materials and equipment to make good on its immediate nuclear ambitions." Some analysts called Tehran's "claims exaggerated. They said nothing had changed to alter current estimates of when Iran might be able to make a single nuclear weapon, assuming that is its ultimate goal. The United States government has put that at 5 to 10 years, and some analysts have said it could come as late as 2020." A similar AP (4/13, Buzbee) story says Tehran's "boast may mean little," and notes "diplomats and experts familiar with the program say Iran still is far from producing any weapons-grade material needed for bombs and may be exaggerating its own progress."

Options Seen As Narrow For Bush. An analysis piece in Washington Post (4/13, A18, Baker, 744K) says President Bush now "finds his options ever more constricted. The Iranians seem unfazed by U.N. statements. The Russians and Chinese won't go along with economic sanctions. And the generals at the Pentagon hate the idea of a military strike." Even though Europe, Russia and China "expressed disapproval of Iran's latest move, there were no signs of consensus on what to do about it." The Post says Bush's "central problem" is that Tehran has proven "impervious…to the diplomatic levers Washington and its partners have been willing to use. Some administration officials have grown increasingly skeptical that a solution can be found, raising the prospect that, like North Korea before it, a second member of the trio of rogue states Bush once dubbed the 'axis of evil' may ultimately develop a nuclear bomb over U.S. objections."

LAT Poll Shows US Divided On Action Against Iran. The Los Angeles Times (4/13, McManus, 958K) reports a Times/Bloomberg poll of 1.357 adults conducted April 4 through April 11 (+/-3%) showed "Americans are divided over the prospect of U.S. military action against Iran if the government in Tehran continues to pursue nuclear technology — and a majority do not trust President Bush to make the "right decision" on that issue, a Los Angeles Times/Bloomberg poll has found." Asked if "they would support military action if Iran continued to produce material that could be used to develop nuclear weapons, 48% of the poll's respondents, or almost half, said yes; 40% said no." And "In a telling reflection of Bush's erosion in public support, 54% said they did not trust him to 'make the right decision about whether we should go to war with Iran,' while 42% of respondents said they trusted him to do so."

Pentagon Officials Meeting To Discuss Military Contingency Plans. NBC Nightly News (4/12, story 3, 2:30, Miklaszewski, 9.87M) reported, "Defense Secretary Rumsfeld met with top Pentagon and military officials last week to review all military options against Iran. Pentagon officials stress however, this is very early in the process. No decisions have been made, but almost all options are on the table. Military officials tell NBC News air strikes using cruise missiles and stealth bombers tops the list of military options against Iran. The program targets would be Iran's nuclear sites, like the uranium enrichment plant at Natanz, but that could be expanded to include some military targets such as airfields and anti-aircraft defenses. But it's unlikely air strikes alone could destroy all of Iran's nuclear facilities." The Pentagon "has a standing contingency plan for attacking Iran called CON PLAN 1025. It does include the use of tactical nuclear weapons to destroy deeply buried targets. Military

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officials predict, however, it's highly unlikely the US would choose the nuclear option. At the same time, military officials pretty much rule out any possibility of invading Iran with American ground troops, because the mission would not be to occupy Iran, but to set back its nuclear weapons program." Although Pentagon officials "say they can't rule out any military options, they admit at the same time that the chance is almost zero the US would attack Iran in the foreseeable future."

Germany's Merkel To Discuss Iran In Visit Washington Next Month. The AP (4/13) reports that "President Bush will meet with German Chancellor Angela Merkel at the White House early next month to talk about Iran's nuclear program and other global issues." The AP notes that "the May 3 session will be the leaders' second Oval Office discussion in four months," a sign of warming ties after Gerhard Schroeder departure.

Armitage Says US Must Talk To Iran. The Financial Times (4/13, Sevastopulo) reports former Deputy Secretary Armitage "has urged the Bush administration to hold talks with Iran over its nuclear programme," saying "Washington would benefit from talking to Tehran on a range of issues, including Iran's nuclear aspirations." Armitage: "It merits talking to the Iranians about the full range of our relationship...everything from energy to terrorism to weapons to Iraq. We can be diplomatically astute enough to do it without giving anything away." Speaking of Iran's neighbor, Armitage said the rebuilding of Iraq was "going badly. We haven't been able to train the police and armed forces sufficiently quickly." The Times says Armitage "stressed that the US needed to 'stay the course' and give the Iraqi government time to 'stand on its own feet.'"

Annan Calls For Diplomatic Solution. And Knight Ridder (4/13, Landay, Strobel) reports, "Some experts said the Bush administration should consider a new strategy that recognized Iran as a regional power, embraced direct talks on the nuclear crisis and other issues, and dropped the threat of force." U.N. Secretary-General Kofi Annan called for "everyone to work more actively for a diplomatic solution and to cool down the rhetoric." Annan's "comments reflected assessments that Iran could have made only a minuscule amount of low-enriched uranium and is a long way from starting up an industrial-scale plant that's under construction in Natanz."

Former Iran President Warns Of Impact On Iraq. The AP (4/13, Dareini) reports, "Former Iranian President Hashemi Rafsanjani -- a powerful figure in the country's clerical regime -- warned in an interview with the Kuwaiti newspaper Al-Rai Al-Aam that pressuring Iran over enrichment 'might not have good consequences for the area and the world.'" He "said planned talks between Iran and the United States on stabilizing Iraq could lead to discussions on the nuclear dispute."

Attacking Iran Could Inflame Muslims Against US. And Claremont senior fellow Mark Helprin in an op-ed in the Washington Post (4/13, A21, 744K) writes that while the US may be able to defeat Iran militarily, if Ahmadinejad "could knock us back and put enough of our blood in the water, the real prize might come into reach. That is: to make such a fury in the Islamic world that, as it has done before and not long ago, it would throw over caution in favor of jihad. As simply as it can be said, were Egypt to close the canal, and Egypt, Saudi Arabia and Turkey to lock up their airspace -- which, with their combined modern air forces, they could -- the U.S. military in Iraq and the Gulf, bereft of adequate supply, would be beleaguered and imperiled."

Iranian Reaction Subdued. Knight Ridder (4/13, Allam) reports, "Apart from a few schoolyard rallies and celebratory newspaper headlines Wednesday, Iran's first day in the nuclear club was subdued, with workaday Iranians still more preoccupied with pollution and unemployment than possible retaliation from U.S.-led Western powers." President Ahmadinejad's speech was expected to provoke a patriotic response, yet "Iranians were clearly of two minds about the impact of the development." And in an interview before the speech Iranian political scientis Davoud Bavand "said he wasn't optimistic about the future of international negotiations over Iran's nuclear program."

WPost Advocates Stiffening Penalties On Iran. The Washington Post (4/13, A20, 744K) in an editorial says thus far threats of sanctions from the UN Security Council have been ignored by Iran and that "unless the diplomacy on Iran can be made to work, this administration or its successor may have to choose between war and accepting Iran as a nuclear power. A workable diplomacy will have to include sticks as well as carrots: It will have to show Iranians that defiance of the Security Council, and provocations such as those of Mr. Ahmadinejad, will have tangible consequences."

Hamas Warns West It Is Jeopardizing Own Interests. The Washington Times (4/13, Martin and Svelova, 90K) reports that "Palestinian Prime Minister Ismail Haniyeh warned yesterday that decisions by the U.S. and

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European Union to suspend aid to his Hamas-led government are jeopardizing Western strategic interests in the Arab and Muslim world." Haniyeh called the cutoff of aid "a cover, or green light, for the [Israeli] occupation." In the absence of US and EU funds, Palestinian officials are "scrambling to obtain loans from private Palestinian, Arab and Islamic banks."

Israel Expands Target Zone In Gaza. Knight Ridder (4/12, Nissenbaum) reports that "Israel has begun to fire retaliatory strikes into a larger zone that now comes within 100 yards of Palestinian towns and villages" after a series of rocket attacks. In addition, "Israeli officials have made veiled threats in the news media to send ground forces back into the Gaza Strip."

Muslim Families Keep Jesus' Site Open. Knight Ridder (4/12, Nissenbaum) describes how two Muslim men share the duties of administering the front door of the Church of the Holy Sepulcher in Jerusalem, which contains "the spot where Jesus was crucified and the tomb where he was buried."

Muslim Brotherhood Hopes To Win In Jordan.

The Washington Post (4/13, Williams, 744K) reports that "Islam as a political force is moving to center stage in Jordan." The Islamic Action Front envisions success through "municipal elections that are supposed to take place this year and balloting for parliament in 2007." It has observed "the blossoming of Islamic parties in Iraq, the success of Egypt's Muslim Brotherhood in parliamentary elections last year and, most of all, the recent victory by Hamas in Palestinian legislative elections."

Bush Urges China To Address Trade Issues.

As President Bush prepares to meet with Chinese President Hu Jintao in Washington next week he increased pressure on China to address concerns over trade imbalances. The Washington Times (4/13, Curl, 90K) reports Bush's pressure "came a day after China pledged to lift its ban on American beef, to crack down on the sale of pirated computer software and to consider allowing foreign firms to compete for Chinese government contracts during negotiations between top economic officials from both countries." Yesterday Bush met "with a Chinese vice prime minister, Wu Yi, on U.S.-Chinese trade issues. She assured the president that China soon plans to reopen its market to U.S. beef imports, White House spokesman Scott McClellan said."

And the AP (4/13, Crutsinger) notes the US "has won a string of commitments from China aimed at narrowing a record trade gap, but the White House put Beijing on notice Wednesday the promises must be followed by action." McClellan said "It's progress and...now we will look forward to seeing results." And Bush "pressed the same message Wednesday morning in a meeting with Chinese Vice Premier Wu Yi. … Bush thanked her for 'efforts to make U.S.-China trade more equitable' but pressed for Chinese President Hu Jintao, during his visit to the White House next week, to 'explain to the American people how China will meet the challenge of rectifying global economic imbalances,' McClellan said."

AFP (4/13) adds, "The Bush administration has pressed China in recent months to open up access to US products while lawmakers in Congress accuse Beijing of failing to protect intellectual property rights and allowing the sale of pirated US products."

US Trade Gap Narrows With China. Other stories on the narrowing US trade gap with China did not mention the White House's increased pressure and cautioned some experts note that the improvement could be influence by one-time factors. The New York Times (4/13, Bajaj, 1.19M) reports, "The country's trade deficit with China, the source of much concern in Washington, dropped a sharp 23 percent, to $13.8 billion, in the month, but analysts suggested that the decline was temporary and partly caused by the Chinese New Year, when many factories and businesses shut down to allow workers to celebrate the holidays in late January and early February. The trade figures supported that idea, as exports to China rose 17 percent and imports from the country fell by about 16 percent in the month."

The Wall Street Journal (4/13, Hitt, 2.11M) notes that "even with the improvements, the monthly gap is still one of the largest ever, putting the U.S. on pace this year to break 2005's record annual trade deficit of $723.61 billion. 'The trend still points to a larger deficit in coming months, especially given recent rises in oil prices,' said Nigel Gault, U.S. economist for Global Insight Inc."

US Economic Relationship To China Beneficial To Both. The Washington Times (4/13, A1, Hill, 90K) in a front page story reports, "The United States and China, the world's twin engines of economic growth, have a relationship that has worked well to keep the economy expanding -- but some analysts fear it could end badly." The Times notes, "The U.S. role has been to buy increasing quantities of Chinese-made

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consumer goods, amassing the largest trade deficit ever seen between two countries: $202 billion last year." In response, "China has kept up its share of the economic compact by accumulating a gigantic treasure chest of U.S. dollars from its export sales and reinvesting most of those dollars in U.S. Treasuries and corporate bonds." That "is just as essential in the economic relationship because it provides U.S. consumers and businesses with the credit they need to keep on buying Chinese and other goods." While "China is bad-mouthed regularly in Washington by politicians…the mutually dependent trade relations are credited with helping to keep the world economy afloat and enabling it to recover from the 2001 recession. Lately, it has inspired an economic boom in Asia."

Few Expect China To Shut Down Piracy. The Los Angeles Times (4/13, Lee, 958K) reports, "In recent weeks the Bush administration, under pressure from a Congress unhappy about the large U.S. trade deficit with China, has threatened to get tougher with Beijing by taking its complaint on intellectual property rights to the World Trade Organization." And "Chinese officials are eager to show that they are serious about reducing piracy, especially with President Hu Jintao preparing to visit the United States next week." But "Few believed piracy was the reason for the shuttering of Xiangyang Market. In fact, the announcement came after the city cut a lucrative deal with a Hong Kong developer who has plans to build apartments and offices on the site."

China Dampens Expectations For Yuan Revaluation. The Wall Street Journal (4/13, Browne, 2.11M) reports, "China again ruled out any sudden move to make its currency fully convertible, further damping expectations of a breakthrough on the issue days ahead of a visit to Washington by Chinese President Hu Jintao." Yet, "the yuan has been strengthening slightly and appears poised to break through 8.0 to the dollar. On Wednesday, it closed at 8.0084, representing a gain of 1.2% since the yuan was revalued upward 2.1% against the dollar last July."

China To Halve State Ownership Of Firms. The Wall Street Journal (4/13, Chen, 2.11M) reports, "China aims to cut the number of central government-owned enterprises by about half," mostly with mergers, "with some of the remaining companies then seeking to list their shares or sell stakes to foreign or private Chinese investors." Recent backlashes "against pitfalls of market-oriented policies, such as a growing wealth gap and environmental degradation, has also put a spotlight on Beijing's campaign to overhaul state companies. Many of those companies lose money and remain burdened by bloated work forces, outdated equipment and obligations to provide workers low-cost housing and medical care."

IAE Predicts China Demand For Oil To Decline. The Wall Street Journal (4/13, Pin, 2.11M) reports, "China's oil-demand growth for 2006 may be reined in by a slow start to the year and a continued decline in fuel-oil usage, the International Energy Agency said Wednesday." The IAE "predicts China's oil demand will grow 5.5%, or 360,000 barrels a day, from 6.59 million barrels a day in 2005 -- a negligible downward revision from last month. This is well off the 15% jump in 2004 that took global oil markets largely by surprise, but still the fastest rate forecast for major markets this year."

Google CEO Defends Decision To Cooperate With Chinese Censorship. The New York Times (4/13, Yardley, 1.19M) reports, "Google's chief executive, Eric E. Schmidt, whose company has been sharply criticized for complying with Chinese censorship, said on Wednesday that the company had not lobbied to change the censorship laws and, for now, had no plans to do so." He "defended the decision to cooperate with the censors, saying that accepting the restrictions of Chinese law were unavoidable for Google to enter the Chinese market. 'We had a choice to enter the country and follow the law,' Mr. Schmidt told the foreign reporters. 'Or we had a choice not to enter the country.'"

Knight Ridder (4/13, Johnson) adds, "Schmidt said Google's desire to help Chinese Internet users outweighed concerns about freedom of expression." Schmidt "added that China isn't the only nation in which certain information is barred, mentioning later restrictions in Germany on Internet links to neo-Nazi movements."

ABC World News Tonight (4/12, story 5, 2:35, Vargas, 8.78M) reported that in China, Google's "chief executive was promoting a new venture it calls Gu Ge, a Chinese version of its enormously popular search engine. There is a rush of Internet companies entering China. And sometimes there is a price of doing business there. China has 110 million Internet users."

Yahoo Confronted For Cooperation With Chinese Authorities. ABC World News Tonight (4/12, story 5, 2:35, Vargas, 8.78M) reported China is "still not an open society. And Internet companies are facing fierce criticism for making

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compromises in order to operate there. Yahoo! was most recently confronted by activists." ABC (Tapper) added, "Reporters Without Borders came to Yahoo!'s Silicon Valley headquarters to show the company what its cooperation with the Chinese government really means." Julien Pain of Reporters Without Borders "showed them this video, smuggled out of China. 'My brother is in jail because of you.' In it, the brother of Li Zhi says his brother's health in prison has deteriorated. He says Yahoo helped Chinese authorities identify Li Zhi, who had anonymously exposed government corruption on the Internet." Also imprisoned, "journalist Shi Tao, for writing about Chinese press censorship. His lawyer says Yahoo! helped the government trace e-mails to his computer and warns there are more cases. 'Yahoo! didn't only give information about Shi Tao. It has done the same to many others.'"

South Korea Promises To Level Playing Field For Foreign Investors. The Financial Times (4/13, Fifield) reports, "South Korea financial authorities on Wednesday pledged to create a level playing field for foreign and domestic investors, and to apply regulation in a reliable and rational way, as Asia's fourth largest economy pursues its goal of becoming a major financial centre in the region." South Korea "has identified financial services -- and asset management in particular -- as a key area of future growth for manufacturing-reliant Korea, and has begun liberalising its economy and promoting greater liquidity in its markets as a result." But "foreign investors have recently expressed doubts about the ability of Korea to become a hub while populist outrage against foreign takeovers and profits becomes increasingly loud."

Pakistan Will Buy F-16s. The Financial Times (4/13) reports that "Pakistan's cabinet on Wednesday gave clearance to the purchase of up to 77 F-16 fighter planes from the US, marking a significant expansion for the country's air force." The Times observes that "buying the aircraft could help General Musharraf politically. Pakistani nationalists have questioned his support for the US-led war on terror, saying the US often benefits more from the relationship than Pakistan."

US And Peru Sign Free Trade Deal. The AP (4/13, Gedda) reports that the US and Peru signed a free trade agreement. The AP notes that "once implemented, 80 percent of consumer and industrial products and more than two-thirds of current U.S. farm exports to Peru would become duty-free. Many products from Peru already enter the U.S. market without duties. The agreement ensures that this status would remain unchanged."

Garcia Of Peru Closes In On Runoff Spot. The New York Times (4/13, Forero, 1.19M) reports that former Peruvian President Alan Garcia "appears to be on his way to finishing second in the tally of Sunday's presidential election." The Times reports that "with about 88 percent of the ballots counted, the electoral authorities said Wednesday that Mr. García had 24.4 percent of the vote and that Lourdes Flores, a free-market proponent and former congresswoman, had 23.3 percent." The idea of his running against "fierce antiglobalization nationalist" Ollanta Humala is reportedly "alarming to the country's business class." Garcia's rule from 1985 to 1990 was "was characterized by 7,000 percent inflation, food shortages and widespread rights abuses."

Russia Will Claim Shared G-8 Values. The Washington Times (4/13, Dinan, 90K) reports that "Russia hopes to use this summer's G-8 summit in St. Petersburg to convince the United States and other industrialized nations it shares their values, and that it will be the world's politically safest source of oil and gas in the next few decades." Russia has been criticized for human rights practices, but an anonymous Russian official "said Moscow also wants to demonstrate that it plays a constructive role in the international community."

Ghanaian President Praises US Aid But Criticizes Delays. The AP (4/13) reports that Ghanaian President John Kufuor praised American assistance in "the fight against HIV/AIDS, childhood education, trade and agriculture." However, Kufuor said that "we need more help" in fully implementing the African Growth and Opportunity Act's provisions on "duty-free exports for more than 6,400 African products to U.S. markets" and in receiving promised money from the Millennium Challenge Account.

Kathmandu Consular Section Closed, Hastert Visit Cancelled. The New York Times (4/13, Sengupta, 1.19M) reports the US Embassy Kathmandu "on Wednesday announced the closing of its consular section and canceled a Congressional delegation's visit this week. The moves came as a fourth Nepali was killed during pro-democracy protests in the south of the country, according to a political party that called for the demonstrations." Speaker

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Dennis Hastert and seven other House Members were "scheduled to visit Katmandu this week as part of a swing through the region. The American Embassy in a statement on Wednesday said the visit had been canceled 'due to ongoing violence, curfews and widespread insecurity.'"

Italy Predicted To Tilt Away From US Under Prodi. In an analysis of the impact of this week's election on US-Italian relations, the AP (4/12, Simpson) says "a new center-left government led by Romano Prodi could bring changes in Italy's relationship with the United States, including a return to the 'old Europe' that opposed the war in Iraq and has worries about what it considers Washington's aggressive foreign policy." Prodi's "platform and public statements make clear he intends to focus on closer relations with other European countries and work for a joint European Union foreign policy, saying only the bloc as a whole can counterbalance American power."

In reporting on a potential source of tension in the bilateral relationship, the New York Times (4/13, Kiefer, 1.19M) notes, "Italy's justice minister said he would not seek the extradition of 22 Central Intelligence Agency officers accused of kidnapping a Muslim cleric from the streets of Milan and flying him to Egypt for interrogation. The Milan prosecutor leading the investigation, however, pledged to resubmit the extradition request once Italy's new government is in place." Prosecutors say Hassan Mustafa Osama, AKA Abu Omar, "was taken first to Germany, then to Egypt, and that he was tortured during the interrogations."

Berlusconi Backs Away From Allegations Of Fraud. The AP (4/13, Sanminiatelli) reports Italian Premier Silvio Berlusconi "appeared to back away from his allegation of fraud, releasing a statement late in the evening in which he said that the very thin margin of victory 'requires a scrupulous check to ascertain any possible error or irregularity.'" His "allegations apparently prompted a late-night phone call from Prodi to Interior Minister Giuseppe Pisanu, Apcom and ANSA reported, citing sources in the center-left coalition."

Prodi Confident Of Victory. The New York Times (4/13, Fisher, 1.19M) reports, "As judges began to recount the ballots in Italy's tight national elections, Romano Prodi said Wednesday that he expected that the provisional results giving him a narrow victory would stand and that he would replace" Berlusconi. The Times adds, "Since the voting, Italian politics have lapsed into a state of suspended animation, as Mr. Berlusconi, who waged an all-out campaign for a second term, has refused to concede defeat, saying the results are so close they require a recount." AFP (4/13) carries a similar story.

Political Environment In Italy Uncertain. Many newspapers characterized the political situation in Italy as uncertain. Typical of coverage, the Wall Street Journal (4/13, A6, Meichtry, 2.11M) says the government in Rome "remains in limbo" following this week's election. Prodi "may have succeeded in pulling off a razor-thin victory at the polls, but he faces an institutional logjam that could stall his ability to form a new government for as many as two months, further postponing the economic retooling many economists believe the country badly needs." The delay in forming a working government "threatens to add to a climate of political uncertainty and could further weaken Mr. Prodi's standing. Two days after the polls closed, Prime Minister Silvio Berlusconi has yet to concede defeat, and is contesting the outcome of the election."

The Financial Times (4/13, Barber) reports, "Italy braced itself for weeks of political uncertainty on Wednesday as Romano Prodi, the winner of this week's election, said he would not form a government until May and Silvio Berlusconi, prime minister, continued to challenge the result."

And the Christian Science Monitor (4/13, Celeste, 61K) notes, "Leading a government divided almost equally between left and right, Prodi could be hard-pressed to revive Italy's sagging economy -- let alone undo the laws that critics say Mr. Berlusconi…passed during his five-year term to benefit his interests." John Cabot University in Rome political science professor Franco Pavoncello said, "The future looks like an unstable government." And according to Pavoncello there are also divisions within Prodi.

Opinion analysis of the aftermath of Italy's election echoed that theme. Tony Barber in an op-ed in the Financial Times (4/13) says, "Italy's political, social and cultural divisions – that between Catholic believers and radical secularists is another, reaching deep into Mr Prodi's coalition – were supposed to become a mere historical memory under the political system that emerged in the early 1990s from the debris of Italy's so-called 'First Republic.'" And "with post-election gridlock gripping Italy, it may instead be this 'Second Republic' and its political and economic failures that await burial."

Roger Cohen in his column in the New York Times/IHT (4/12) says "Italy's anxiety after election results revealed a

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country so perfectly divided as to appear almost perfectly ungovernable."

Berlosconi May Lead After Recount. AEI fellow Michael Ledeen in an op-ed in the Wall Street Journal (4/13, 2.11M) suggests Berlosconi may eventually still win after a recount noting that a decade ago "Italians had to choose between two factions headed -- surprise! -- by Messrs. Prodi and Berlusconi. However long Mr. Prodi may govern, we undoubtedly know the name of his successor. Indeed, it is still technically possible for Mr. Berlusconi to remain in office, because the courts are required to check the tallies, which are reported telephonically to the interior ministry. There is normally a difference of 40,000 to 60,000 votes between the original results provided by the interior ministry and the final numbers. In 2001 the number was 57,000. So it is still possible that, when the courts announce the results on April 28, the center-right will have a stable majority in the Chamber. It would only require a shift of about 13,000 votes."

Prince Harry Receives Army Commission. ABC World News Tonight (4/12, story 9, :25, Vargas, 8.78M) reported, "Britain's Prince Harry is now a fully commissioned army officer. His grandmother, the Queen, and most of the royal family were there for his commission ceremony. His rank means that he could now be sent to Iraq or Afghanistan. He says he doesn't want any special treatment. Prince William, Harry's older brother, must now salute him, at least until Harry becomes an officer later this year."

LATimes Says US Should Help Reduce Misery, Unnecessary Death In The World. An editorial in the Los Angeles Times (4/13, 958K) says that "most Americans believe their nation is both too generous and too stingy." Those opposed to more foreign aid cite a 2000 survey finding "that a majority of Americans think the US should spend less on it. When respondents were asked how much of the federal budget goes to foreign aid, the median figure was 20%. When asked how much should be spent, the median was 10%. Those in favor of more foreign aid point out that the US actually spends about 1%." The Times adds, "The United States has the good fortune to be in a position to help reduce misery and unnecessary death in the world. If only the US were as generous as most Americans think it is."

US Said To Be Losing Influence In Africa To China. Raymond W. Copson, who recently retired from the Congressional Research Service, where he specialized on Africa, writes in the Los Angeles Times (4/13, 958K), "At the U.N. Security Council, China -- with Russia and Qatar -- is reportedly discouraging talk of US-backed sanctions targeted against Sudanese officials responsible for the carnage in Darfur." The scale of China's involvement in Africa "is unprecedented." The Times adds, "With China available as a partner, authoritarian rulers from Robert Mugabe in Zimbabwe to Sudan's Omar Hassan Bashir can turn their backs when the West demands improvements in governance and human rights." The US "can win friends at the grass roots by fulfilling our promise to eliminate the trade barriers that discriminate against African farmers. We can scale up legislative, technical and medical exchanges and support infrastructure projects where there would be direct benefit to Africa's poor. Through efforts such as these, we could regain some of the influence in Africa now being unnecessarily lost to China.

THE BIG PICTURE:

Headlines From Today's Front Pages.

Los Angeles Times:

"Data Leaks Persist From Afghan Base."
"Most Back Tighter Border And A Guest-Worker Plan."
"Hallowed Walls Of Hollywood."
"Terrorists Seen Turning To Campuses For Skills."
"Chaos In Flight 93's Cockpit."
"Details Of Schools Takeover Emerge."
"Housing Prices In L.A. Aren't Letting Up."
"High-Power Agency To Compete On Sports' Turf."

USA Today:

"FBI Cases Drop As It Focuses On Terror."
"Many Burned By Inept Or Corrupt Tax Preparers."
"Jurors Hear 9/11 Cockpit Battle."
"Undeterred, Iran Says It Will Expand Nuclear Activity."

New York Times:

"Lenient Rule Set For Rebuilding In New Orleans."
"Final Struggles On 9/11 Plane Fill Courtroom."
"Emergence Of Gospel Of Judas Offers Complex Tale Of Its Own."
"Analysts Say A Nuclear Iran Is Years Away."
"Nascar Fans Trade The R.V. For A Condo."
"In Villages Across India, Maoist Guerillas Widen 'People's War.'"

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Washington Post:
"Wait Ends On Rules For Katrina Rebuilding."
"At Trial, Flight 93 Myth Finally Becomes Reality."
"Rumsfeld Rebuked By Retired Generals."
"Democrats Face Uphill Battle To Retake House."
"Museum Going Dark To Add Light."
"As The Rich Ride In, Many Are Priced Out Of Homes On The Range."

Washington Times:
"'Yes, Put It In It, And Pull It Down."
"Russia, China Slam Iran's Nuke Plans."
"China Beefs Up U.S. Economy."
"Cubans' Mission To Bolivia Irks Opposition."
"Universal Health Care Law Enacted In Massachusetts."
"Harvard Study Tells Parties To Court 'Religious Centrists.'"

Detroit Free Press:
"Wage Law Could Give Overtime To Thousands."
"1 Year, 10 Cars."
"Kilpatrick Cuts Less Than Feared."

Atlanta Journal-Constitution:
"Families, Fliers Feel Delta's Uncertainty."
"'Pull It Down'"
"NASCAR Bid Open To Public, Court Says."
"Will The Real Miss Spelman Please Stand Up?"
"Nursing Home Decision Frays Families' Nerves."

Houston Chronicle:
"Moussaoui Jury Hears Cockpit Tape."
"Astronauts Recall The 'Thrilling Ride.'"
"Doctor Gets 2 Years Of Prison In Plea Bargain."
"Skilling Testifies He Wasn't Aware, Would've Called FBI."
"Mexico City Targets Traffic Chaos."

Story Lineup From Last Night's Network News:
ABC: Moussaoui Trial-Flight 93; Iraq-Mobile Weapons Labs; Iraq-US KIA; Iranian Nuclear Program; China-Internet Censorship; Carroll-Release Negotiations; Merck-Fosomax; Prince Harry-Commissioned; Children-Gyms.
CBS: Moussaoui Trial-Flight 93; Canada-Human Smuggling; Contractors-Illegal Immigrants; US KIA Honored; Iraq Violence; Iranian Nuclear Program; Coffin Obit; Sacramento-Modern Imam; NASA-Shuttle Program.
NBC: Moussaoui Trial-Flight 93; Iranian Nuclear Program; Iran-Contingency Plans; New Orleans-Flood Map; Stock Markets; Gas Prices-Ethanol; Coffin Obit; Contact Lenses-Eye Fungus; Breast Cancer-Sculptor.

Story Lineup From This Morning's Radio News Broadcasts:
ABC: Moussaoui sentencing; Zawahri Video; Iraq-Car Bomb; Delta-Pilots Union Talks.
CBS: Moussaoui Sentencing; Rice-Iran's Nuclear Program; Survey-Highest Paying Jobs; Pointer Obit.; Powerball Drawing; Louisiana-Hurricane Debris.
NPR: White House-Iraq WMD; Enron Trial; Arab League Meeting; Wall Street; France-Smoking Ban; Coffin Obit.; Pointer Obit.

WASHINGTON'S SCHEDULE:

Today's Events In Washington.
White House:

PRESIDENT BUSH — Speaks to the Small Business Week Conference, Reagan Trade Center.

VICE PRESIDENT CHENEY — No public schedule.

US Senate: No Scheduled Events.

US House: No Scheduled Events.

Other: SMALL BUSINESS _ Small Business Week events. Highlights: 10:50 a.m. President Bush addresses the conference. Reagan Trade Center. 12:30 p.m. State Small Business Awards Luncheon honoring state small business winners. Ronald Reagan International Trade Center, Atrium Hall. Speaker: Commerce Secretary Gutierrez.

ALGERIA _ 8:30 a.m. The Council on Foregin Relations holds a meeting with Algerian Foreign Minister Mohammed Bedjaoui discussing his nation and the war on terrorism. Location: The Washington Club, 15 Dupont Circle.

TELECOMMUNICATIONS-PUBLIC SAFETY _ 8:30 a.m. The Association of Public Safety Communications Officials, E911 Institute, others hold a news conferencxe to discuss issues affecting public safety telecommunications, with Wanda McCarley of APCO, Gregory Rohde of the E911 Institute, Julie Veach of the FCC and Tim Lorello of TeleCommunciations Systems, Inc. Location: National Press Club.

US-CHINA _ 9 a.m. The Center for Strategic and International Studies holds a media briefing on the upcoming visit of Chinese President Hu Jintao. Location: 4th floor conference room, CSIS, 1800 K St. NW.

MOUSSAOUI _ 9:30 a.m. Trial is scheduled to resume in the case United States v. Zacarias Moussaoui. Location:

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Albert V. Bryan U.S. Courthouse, 401 Courthouse Square, Alexandria, Va.

CHINA-LABOR CAMPS _ 12 p.m. Falun Gong followers gather to call for an immediate opening of all labor camps in China for investigations. Location: Farragut Square, 17th and K Sts. NW.

IMF REFORM _ 12 p.m. Institute for International Economics Senior Fellow Edwin Truman addresses a National Economists Club luncheon. Topic: ``A Strategy for IMF Reform." Location: Chinatown Garden Retaurant, 618 H St. NW.

ZIMBABWE _ 12:15 p.m. - 1:30 p.m. The American Enterprise Institute (AEI) hosts a presentation, ``What's the Matter with Zimbabwe? A Case Study in Economic Collapse." Presenter is Craig Richardson, Salem College. Discussants are odd Moss, Center for Global Development; and Marian Tupy, Cato Institute. The event will be moderated by Vance Serchuk, AEI. Location: Wohlstetter Conference Center, 12th Floor, AEI 1150 Seventeenth St. NW.

IRAN _ 2 p.m. Joseph Cirincione of the Carnegie Endowment for International Peace, Robert Musil of Physicians for Social Responsibility and Patrick Clawson of the Washington Institute for Near East Policy hold a Newsmakers news conference to discuss US options with Iran. Location: National Press Club.

HORN OF AFRICA _ 3 p.m. The Africa Program and the Environmental Change and Security Project at the Wilson Center, others, hold a briefing on the humanitarian crisis caused by the ongoing drought in the Horn of Africa. Location: 5th floor conference room, Wilson Center, Reagan Trade Center.

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THE ATTORNEY GENERAL'S *NEWS BRIEFING*

PREPARED FOR THE OFFICE OF PUBLIC AFFAIRS, U.S. DEPARTMENT OF JUSTICE

TO: THE ATTORNEY GENERAL AND SENIOR STAFF

DATE: THURSDAY, APRIL 13, 2006 7:45 AM EDT

TODAY'S EDITION

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TERRORISM NEWS:

Moussaoui Jurors Hear Cockpit Recordings From Doomed Flight. Federal prosecutors rested their case against Zacarias Moussaoui yesterday, after playing dramatic recordings from United Airlines Flight 93 as the hijackers took over the plane and, later, as passengers attempted to break into the cockpit. Moussaoui's defense begins presenting its case tomorrow.

The story was the lead on each of the networks last night. ABC World News Tonight (4/12, lead story, 3:10, Vargas, 8.78M) reported, "The story of what happened on board…is well-known," but the tapes "reveal the chaos and the terror on board that day." The CBS Evening News (4/12, lead story, 3:45, Stewart, 7.66M) added that victims' family members "say the struggle proves their loved ones were heroes." They and jurors "all leaned forward intently" as the recording was played, but "I have to tell you it just made you feel cold and angry at the same time. It was not pleasant to hear." NBC Nightly News (4/12, lead story, 3:40, Williams, 9.87M) noted the tape was "previously considered private." NBC (P. Williams) added, "The entire courtroom was transfixed as the jurors heard for themselves."

The AP (4/13, Sniffen) reports, "The jurors couldn't take their eyes off the video screens — even during long silent periods — as prosecutors used a multimedia presentation to try to put them inside the Flight 93 cockpit. Slumped in his chair and impassive, Moussaoui, too, watched intently. … Later, the judge rejected prosecutors' request to display a running presentation of the names and photos of nearly all the 2,972 victims of Sept. 11. Prosecutors were instead allowed to show one large poster with the pictures of all but 92 of the victims." The Washington Times (4/13, A1, 90K) runs the AP story.

The New York Times (4/13, A1, Lewis, 1.19M) adds, "Although the general story of Flight 93…has been known for some time, listening to the audio seemed nonetheless a harrowing experience for the jurors. … After the recording, the prosecution presented two final witnesses before resting its case. One was Lorne Lyles, the husband of CeeCee Lyles, a flight attendant on Flight 93. Mr. Lyles testified about their last conversation, in which she used an airphone to proclaim her love and ask him to look after their children."

The Washington Post (4/13, A1, Markon, Dwyer, 744K) notes, "The trial seemed an afterthought…amid the drama of the recording." In his testimony, Lyles "brought several jurors to the brink of tears" and "said he has been in and out of counseling for the past five years. … 'They say closure, but there's never any closure. It takes a piece of you.' Moussaoui looked bored, as he did when the cockpit voice recorder was played."

USA Today (4/13, 1A, Johnson, 2.31M) reports, "During the last four minutes…the flustered hijackers are heard urging each other to hold off the passengers' desperate attempt to take back the plane," and "the last recorded sounds are the roaring engines and the Arabic prayers of one of the hijackers: 'Allah is the greatest. Allah is the greatest. Allah is the greatest. Allah is the greatest.' Jurors appeared riveted as the recording and animation played." The Los Angeles Times (4/13, Serrano, 958K) also reports on Moussaoui's testimony.

The AP (4/13, Barakat) reports, "The judge sent the jury home for the day and the defense will begin its case on Thursday. Just after that, Moussaoui shouted, 'God curse you all!'" The AP adds, "The jury deciding Moussaoui's fate has already declared him eligible for the death penalty by determining that his actions caused at least one death on Sept. 111. He pleaded guilty in April 2005 to conspiring with al-Qaida to hijack airplanes and fly them into buildings. … Even though he was in jail in Minnesota at the time of the attacks, the jury ruled that lies told by Moussaoui to federal agents a month before the attacks kept them from identifying and stopping some of the hijackers."

Prosecution Case Fuels Debate About Fairness Of Presenting Victim Testimony. The Christian Science Monitor (4/13, Richey, 61K) reports that "the raw and gut-wrenching images of the 9/11 terror attacks" presented to Moussaoui trial jurors "has some analysts questioning whether anyone accused of involvement in the 9/11 attacks could receive a fair hearing in court. Much of the debate revolves around the appropriateness of permitting victims to testify about how the crime has affected their lives. Victim's rights advocates say such testimony helps the jurors gain a broader appreciation of the full impact of an accused criminal's actions. Opponents say graphic testimony from victims can corrupt jury deliberations by encouraging jurors to rely more on emotion than reason."

FBI Criminal Prosecutions Have Declined With Post-9/11 Counter-Terrorism Focus. Under the headline "FBI Cases Drop As It Focuses On Terror," USA Today (4/13, Willing, 2.31M) reports, "FBI criminal cases have fallen sharply since the 9/11 terrorist attacks as the bureau shifts its focus from drugs and white-collar offenses to anti-terrorism," according to Executive Office for U.S. Attorneys statistics. "Over the past five years, prosecutions in

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which the FBI acted as lead investigator have fallen about 25%," and "convictions in FBI cases are down roughly 11% during the same period," but "convictions in the FBI's national security and terrorism cases quadrupled, from 84 to 336." However, USA notes, "half of those convicted of terrorism or national security violations received sentences of 12 months or less," and former federal prosecutor Gregory Wallance "says those figures show that the Justice Department may be padding its numbers by labeling immigration and other low-level violations as terrorism cases."

Negroponte Says Reforms "Off To A Good Start." In a Time (4/12, Duffy, Burger) Web exclusive, DNI John Negroponte discussed his first year in the post, observing, "We're off to a good start. But I don't want to make exaggerated claims here because this is a job that's going to take some time." Time adds that "the real test…is whether he can bring the CIA, the FBI and the Pentagon to heel. … It is clear that the DNI's office has created something of a culture shock at CIA," and "at the Pentagon, there is an unmistakable feeling of satisfaction" the DNI "isn't as powerful as some in Congress had hoped. … Negroponte told TIME that the FBI is 'moving toward the idea of having officers writing up reports for their intelligence value, not only to make cases.' But he added that the G-men have not been quick to make the leap from law enforcement to intelligence analysts."

Lawsuit Documents Said To Show NSA-AT&T Data Mining Agreement. The New York Times (4/13, Markoff, Shane, 1.19M) reports that in 2002, veteran AT&T technician Mark Klein "began to see what he thought were suspicious connections between" the company and NSA, but "he kept quiet about it until news broke late last year that President Bush had approved an N.S.A. program to eavesdrop without court warrants on Americans suspected of ties to Al Qaeda. Now Mr. Klein and a few company documents he saved have emerged as key elements in a class-action lawsuit filed against AT&T" by the Electronic Frontier Foundation. The Times notes "technical experts all said that the documents showed that AT&T had an agreement with the federal government to systematically gather information flowing on the Internet," but one unnamed expert "said that the documents were consistent with administration assertions that the N.S.A. monitored only foreign communications and communications between foreign and United States locations, partly because of the location of the monitoring sites."

Terror Groups Increasingly Concerned About Internet Security. The Washington Post (4/13, A14, Noguchi, Goo, 744K) reports, "Terrorist groups…are paying more attention to addressing security and privacy concerns similar to those of other Web users, counterterrorism experts say. … Recently, postings on jihadist Web sites have expressed increasing concern about spyware, password protection, and surveillance on chat rooms and instant-messaging systems. … Increased sophistication among users creates a kind of cat-and-mouse game between terrorists and law enforcement, experts said." The Post notes, "There is no evidence that Internet companies…have cooperated with federal spy agencies to monitor terrorist communications," but "privacy groups point out that it would be fairly easy for the federal government to subpoena any of these companies' records or issue a national security letter to them, essentially requiring them to turn over the data.

Hiltzik Says Privacy Statutes Need To Be Updated. Michael Hiltzik writes in the Los Angeles Times (4/13, 958K) that a public interest group's lawsuit charging AT&T with complicity in the Bush Administration's domestic surveillance program "should wake us all up to how our casual reliance on new technology has turned privacy into an increasingly fragile principle." Hiltzik adds, "The NSA's vacuuming of terabytes of personal data from AT&T's network is an example of the government aggressively taking advantage of a tattered fabric of privacy protection. … The statutes are old and worn, and the one thing the NSA program tells us is that they need to be brought into the 21st century, fast."

Closing Arguments Made At Hamid Hayat Trial. In a widely-distributed story, the AP (4/13, Thompson) reports Assistant US Attorney Robert Tice-Raskin, presenting his closing argument at the trial of Hamid Hayat yesterday, said Hayat "'had a jihadi heart and a jihadi mind' long before he confessed to attending an al-Qaida training camp in Pakistan." Tice-Raskin "used his closing…to counter testimony that FBI agents and a government informant may have tricked…Hayat into making incriminating statements." Tice-Raskin said the conversations with FBI informant Naseem Khan "reveal 'the real Hamid Hayat.'" Hayat lawyer Wazhma Mojaddidi countered in her closing argument that "the government doesn't have a case because it has no proof that her client ever went to a terrorist training camp. … She said Khan was desperate to get Hayat to say something incriminating after other leads he followed in Lodi went nowhere. 'From the FBI's perspective, they had struck gold, and so had Naseem Khan. … You have Hamid Hayat being intimidated into saying things that the FBI wanted him to say." KXTV-TV Sacramento (4/12) notes Tice-Raskin said, "Hamid Hayat thought he could pull the wool over the eyes of the FBI. He lied. On one hand, he knew the cat was out of the bag. On the other hand, he tried to hide all that he'd done." But Mojaddidi asked, "If Hamid Hayat actually attended a terrorist training camp, why would he be so cooperative? He was willing to talk with the FBI without a lawyer. A terrorist would know better."

The Los Angeles Times (4/13, Tempest, 958K) reports, "Mojaddidi portrayed Khan as a longtime minimum-wage fast-food worker who saw the FBI as a meal ticket. 'Naseem

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Khan saw a financial future with the FBI. … All he had to do was lead conversations to anti-American sentiments and push "record,"' she said." Assistant US Attorney David Deitch "tried to repair what has been a constant problem for the prosecution: Naseem Khan's assertion…that he had seen senior Al Qaeda terrorist Ayman Zawahiri worshipping and lecturing at the mosque in Lodi." Deitch said, "It was clearly a mistake," but "there is no evidence" Khan lied.

Judge Releases FBI Interrogation Recordings. KGO-TV San Francisco (4/12) reports, "A federal judge released 10 hours of FBI videotapes today of agents interrogating" Hamid and Umer Hayat, and "in one section, Umer Hayat appears to admit his son attended a terror training camp in Pakistan. … Defense attorneys claim the two were tricked into making confessions by manipulative agents." KXTV-TV Sacramento (4/12) notes, "Both Hayats went to FBI headquarters voluntarily. In earlier interviews they denied any involvement or knowledge of terrorist training camps. It was only after the two men changed their stories that the FBI began recording the interviews. … Throughout his interrogation, Hamid Hayat appears at first willing to cooperate, but then he seems confused by the agents' questions." KTVU-TV San Francisco (4/12) also reports on the release of the interview recordings.

Terrorists Attempt To Use Campuses To Replace Training Camps. The Los Angeles Times (4/13, Rotella, 958K) reports that terrorist networks are attempting to use universities and the Internet "to replace former training camps in Afghanistan. … A number of top figures in Al Qaeda have academic backgrounds in the sciences. Khalid Shaikh Mohammed, the alleged mastermind of the Sept. 11 attacks, is an engineering graduate, as were Mohamed Atta and other members of the Hamburg cell that produced pilots for the attacks. Ramzi Ahmed Yousef, the convicted ringleader of the first World Trade Center bombing in 1993, is another engineer-turned-militant."

Outgoing Italian Justice Minister Drops Extradition Of CIA Agents Over Rendition. The New York Times (4/13, Kiefer, 1.19M) reports Italian Justice Minister Roberto Castelli "said he would not seek the extradition of 22 Central Intelligence Agency officers accused of kidnapping a Muslim cleric from the streets of Milan and flying him to Egypt for interrogation. The Milan prosecutor leading the investigation, however, pledged to resubmit the extradition request once Italy's new government is in place." The Times notes, "As minister of justice under Prime Minister Silvio Berlusconi — one of the Bush administration's most loyal supporters in Europe — Mr. Castelli's refusal to move forward with the extradition comes as no surprise." Prosecutor Armando Spataro "said that the investigation would conclude by the end of April and that he hoped then to try the agents in absentia."

Spanish Judge Finds Al Qaeda Inspired, But Did Not Direct Madrid Bombings. The Christian Science Monitor (4/13, Pingree, Abend, 61K) reports, "A report released this week by a Spanish judge illuminates one of the most pressing questions arising from both the bombings in Madrid and, later, in London: Did Al Qaeda operatives direct these assaults on Europe, or simply inspire them?" Judge Juan del Olmo's reports "indicates that the Madrid bombers were actually members of an independent network of Salafist radicals active in North Africa," and "while the summary does not argue for Al Qaeda's direct involvement, it does point to the organization's influence."

PATRIOT ACT:

DOJ Drops Appeal In Patriot Act Librarian Case. The AP (4/13, Christoffersen) reports, "Federal prosecutors said Wednesday they will no longer seek to enforce a gag order on Connecticut librarians who received an FBI demand for records about library patrons under the Patriot Act." The AP continues, "The American Civil Liberties Union, which filed the civil suit on behalf of the librarians, said it will identify them once court proceedings are completed in the next few weeks." The AP adds, "U.S. District Judge Janet Hall ruled last year that the gag order should be lifted, saying it unfairly prevented the librarians from participating in a debate over how the Patriot Act should be rewritten. … Prosecutors appealed, but U.S. Attorney Kevin O'Connor said Wednesday that the appeal no longer made sense." The AP notes, "One librarian has already been identified in news reports and the Patriot Act has been changed to include a procedure that will allow people to appeal requirements that they not disclose their involvement in a request, officials said. … 'In this case, exercising the discretion that Congress is now encouraging us to exercise, the FBI has determined that allowing the recipient to disclose its identity, and only its identity, will not harm the national security or interfere with an ongoing investigation,' said Brian Roehrkasse, a spokesman at the Justice Department. … Prosecutors have maintained that secrecy about demands for records is necessary to avoid alerting suspects and jeopardizing investigations. They contended the gag order prevented only the release of librarians' identities, not their ability to speak about the Patriot Act." The New York Times (4/13, O'Connor, 1.19M) adds, "It was unclear what impact the government's decision would have on the approximately 30,000 other such letters that are issued each year." US Attorney Kevin O'Connor "said yesterday that the government decided drop its case largely because the Patriot Act's secrecy provisions concerning

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national security subpoenas were changed to give the Federal Bureau of Investigation discretion in allowing recipients to identify themselves. The government was also under pressure to drop its fight after mistakenly disclosing in court records the very information it was fighting to keep secret."

HOMELAND RESPONSE:

Judge Blocks Admission Of FBI Bomb Test Video At White Supremacist Trial. The AP (4/13) reports, "The defense attorney for a white supremacist accused of attempting to obtain explosives for an attack on federal buildings disputed the results of FBI tests on materials they seized from the defendant's home. … Prosecutors said FBI agents recovered a 12-inch pipe, a practice grenade shell, some fuses and a few grains of black powder in a search" at Demetrius 'Van' Crocker's home, and "FBI Supervisory Special Agent Thomas Mohnal used similar materials to build bombs that he successfully exploded on a test range in Quantico, Va. He said he first used duct tape on the ends of the devices in some of the tests and then later successfully tested the bombs without it. But on Wednesday, defense attorney Randolph Alden repeatedly pointed out that no duct tape was seized from Crocker's home, calling into question whether Crocker could have made a bomb with the seized materials. Alden's argument was enough for U.S. District Judge James Todd to dismiss a video of the FBI's explosive tests."

Tourism Council Calls For Easier Border Crossings Into US. The Wall Street Journal (4/13, D2, Keeton, 2.11M) reports that at its first summit to be held within the US, the World Travel and Tourism Council, meeting this week in Washington, "has called on the US government to make crossing US borders easier for workers and tourists." The Journal adds that in speaking at the summit Tuesday, Secretary Chertoff stressed "his concern for the safety and security of US borders." Though Chertoff's department "is working on technology to speed up the time visitors spend going through customs and immigration screening, the US has a long way to go, said James Wilson, CEO of Nakheel Hotels & Resorts, a start-up in Africa and the Middle East."

Worried By Post-9/11 Backlash, California Imam Seeks To Build Understanding Of Islam. The CBS Evening News (4/12, story 8, 3:00, Blackstone, 7.66M) profiled Imam Mohammed Azeez of the Salam mosque of Sacramento, California. Azeez "came from Egypt six years ago, graduated from Ohio State. His daughter was born here. His wife…seems no less modern." But "since September 11th, much has changed. The imam now worries about his wife" and is "afraid even little Zeyneb could be a target of intolerance. … His answer, though, is not to hide out; it's to speak out." At "interfaith gatherings, he tries to build bridges across chasms of misunderstanding," and he "declares that keeping this country safe from terrorists should be as much a priority for American Muslims as anybody else." The "challenge facing Imam Azeez is reflected in a new CBS News poll -- fewer than one in five Americans has a favorable view of Islam."

FEMA Releases New Flood Advisory Map For New Orleans. FEMA's release of flood advisory data for New Orleans yesterday is receiving widespread media coverage this morning, with most sources reporting the announcement as a relief for homeowners looking to move on. The New York Times (4/13, Nossiter, Schwartz, 1.19M) reports that yesterday's rebuilding guidelines were "unexpectedly lenient," and would potentially allow "tens of thousands of homeowners to return to their neighborhoods at costs far less than they had feared." Meanwhile, "huge swaths of homes might still have to be rebuilt at least three feet off the ground, or risk getting no federal reconstruction money or insurance. But the announcement, anxiously anticipated as a critical step in rebuilding this still-ravaged city, was nonetheless greeted with some relief by local officials and residents."

NBC Nightly News (4/12, story 4, 2:00, Mullen, 9.87M) reported, "It may sound bureaucratic and even boring, but the release of FEMA's new flood advisory map today is big news to tens of thousands of displaced New Orleans residents who will use it as a guide to decide how and even if they should rebuild in some areas." Donald Powell, Gulf Coast recovery coordinator: "This will enable people to get on with their lives." Mullen: "The new map and risk assessment assumes" the new levee "won't fail and predicts how vulnerable a neighborhood might be to flooding," potentially impacting "the availability and price of insurance, even mortgages." Meanwhile, "the government made it clear that residents…should share in the responsibility of flood prevention. Officials say many substantially damaged homes like those within the red area should be rebuilt three feet higher to qualify for flood insurance."

In an article focusing on the three foot guideline, USA Today (4/13, Konigsmark, 2.31M) reports raising a home by that amount "can cost $60,000." However, according to Sean Reilly, a member of the Louisiana Recovery Authority, "the 3-foot guideline 'is good news' for homeowners," some of whom had feared a requirement of 9 feet.

The Washington Post (4/13, A1, Whoriskey, Hsu, 744K) reports that the Bush administration also "proposed spending an additional $2.5 billion for New Orleans levee construction,"

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which "would protect 98 percent of the population in the four-parish region with levees strong enough to meet flood insurance standards, officials said, and would protect them against the extreme event known as the '100-year flood.'" The announcement "brings certainty to some uncertain issues along the greater New Orleans area," said Powell.

The AP (4/13) reports "the announcement did not provide answers for thousands of residents of lower Plaquemine Parish, southeast of New Orleans in the lowest part of the Mississippi Delta. Decisions on funding for flood protection in that area are pending." The AP continues, "Powell said no decision has been made on whether to seek the final $1.6 billion" for levee improvements in "that hard-hit and vulnerable area. That decision will come after further consideration of environmental, engineering and economic issues, Powell said."

WSJ Not Surprised Private Sector Was Back In New Orleans Before US Postal Service. It was announced last week that the US Postal Service's New Orleans processing and distribution center would reopen, more than seven months after Katrina hit. The Wall Street Journal (4/13, 2.11M) editorializes, "Postal Service competitors fared better. Spokesmen for DHL, FedEx and United Parcel Service tell us that all three companies restored service in New Orleans on September 19, just three weeks after Katrina hit." While "we've heard a lot about government 'incompetence'" in Katrina's aftermath, "it seems likely that the private delivery companies would have outshone the Postal Service regardless of who was in the White House. Some things the private sector simply does better."

Chertoff Says Katrina Was "Wake-Up Call" For Local Governments. The AP (4/13, Jordan) reports that attending the National Hurricane Conference in Orlando yesterday, Homeland Security Secretary Michael Chertoff heard appeals from state emergency officials "for everything from evacuation routes to pet protection. The requests underscored what Homeland Security Secretary Michael Chertoff described as a 'great wake-up call' for state and local authorities following the devastation of Hurricane Katrina." Chertoff reiterated statements he made Tuesday to the AP that "the federal government should not be considered the first line of defense during disasters. But he acknowledged that parts of the Katrina-battered Gulf Coast would need more aggressive federal aid in readying for the June 1 start of the hurricane season."

The New York Times (4/13, Goodnough, 1.19M) reports Chertoff told the "audience of state and local disaster officials that his agency would not usurp authority but would 'work with you in training and exercising, so that if the bell rings, we've all gotten to know each other and we know how we're all going to perform our tasks.'" The Times adds that Chertoff "skipped" a portion of his speech that appeared in an advance copy for reporters, in which he said, "Things will be even more confused if we pull FEMA out of DHS." DHS spokesman Russ Knocke "said it was not unusual for Mr. Chertoff to 'stray a bit from prepared remarks,' adding, 'I wouldn't read anything into that.'"

King, Thompson Release Statement Calling For FEMA To Remain Within DHS. CQ (4/12, Starks) reported that in a bipartisan statement released yesterday, "Leaders of the House Homeland Security Committee stepped up a campaign…to keep the Federal Emergency Management Agency from being removed by Congress from the Department of Homeland Security." The statement, issued by Reps. Peter T. King and Bennie Thompson say, "There is no doubt that FEMA needs to be improved, but removing the agency from DHS is clearly not the answer." Meanwhile, Rep. Bill Shuster, who has "said he plans to mark up two bills in May" that will deal with FEMA and hurricane response, "has repeatedly said he believes FEMA must be removed from the Homeland Department."

Brown Cancels Trip To St. Bernard Parish. The AP (4/13, Callimachi) reports, "Under mounting criticism, former FEMA chief Michael Brown said Wednesday that he will not serve as a paid consultant to St. Bernard Parish, a New Orleans suburb hit hard by Hurricane Katrina." Following protests from residents, Brown called off a trip to the Parish, where he was to meet Thursday with officials "to help them navigate the recovery process." He "made the decision after meeting in Orlando, Fla., with parish President Henry 'Junior' Rodriguez, where both were attending a national hurricane preparedness conference."

WAR NEWS:

White House Under Fire For Claims About Iraqi Weapons Trailers. The White House is again facing scrutiny for its use of intelligence on Iraq's weapons programs, this time over claims that Saddam Hussein's regime was using trailers as mobile weapons labs. After a Defense Department intelligence team found the trailers were not used for weapons purposes, Administration officials, including the President and Vice President, continued to say they were.

The story was covered on ABC World News Tonight (4/12, story 2, 3:00, Vargas, 8.78M), which reported, that on May 25th, 2003, "according to the Washington Post, the Defense Intelligence Agency sent a nine-member team of scientists and engineers to Iraq to determine whether the trailers were, in fact, biological labs." Two days later, "the team transmitted a report to Washington saying the trailers had nothing to do with biological weapons, calling them 'the biggest sand toilets in the world.' Two days after the report

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was sent to Washington…" President Bush (May 29, 2003): "We have found weapons of mass destruction. We have found biological laboratories." Raddatz: "The White House said today the President, at the time, believed his statement to be true." White House spokesman Scott McClellan: "The President was saying what the intelligence community assessed to be right, based on their intelligence-gathering." The Administration "continued to repeat the claim about the trailers. This is Vice President Cheney, four months after the report to the contrary." Vice President Cheney (September 14, 2003): "They are in our possession today, mobile biological facilities that can be used to produce anthrax or smallpox." Raddatz: "In fact, it wasn't until a month after that that a weapons inspector sent by the Administration raised public doubts about the trailers."

CNN's The Situation Room (4/12, Collins) reported that the White House "is steaming. And it's vigorously denying that the President declared the existence of biological weapons labs in Iraq three years ago, knowing the information was false. Back then, Mr. Bush touted the capture of two trailers in Iraq, declaring, we have found the weapons of mass destruction. The Washington Post, reports two days before Mr. Bush made that announcement. Weapons experts concluded the trailers had nothing to do with WMD." CNN (Malveaux) added, "The White House using very strong language today, calling this irresponsible and even reckless reporting by The Washington Post and ABC News, taking very strong exception to the suggestion that President Bush deliberately used and knew about inaccurate information to make the justification for the war in Iraq."

The Washington Post (4/13, A18, Warrick, 744K) reports that White House spokesman Scott McClellan dismissed the Post story as "'rehashing an old issue,' saying Bush has repeatedly acknowledged 'the intelligence was wrong.' The spokesman said Bush's comments on the trailers reflected the intelligence community's dominant view at the time."

The AP (4/12, Pickler) reported that McClellan said Bush "was relying on information from the Central Intelligence Agency and the Defense Intelligence Agency when he said the trailers seized after the 2003 invasion were mobile biological laboratories. That information was later discredited by the Iraq Survey Group in its 2004 report." The Post "did not say that Bush knew what he was saying was false. But ABC News did during a report on Good Morning America, and McClellan demanded an apology and an on-air retraction. ABC News said later in a clarification on its Web site that Charles Gibson had erred. McClellan said he had received an apology."

Another Former General Calls For Rumsfeld's Resignation. CNN's The Situation Room (4/12, Starr) reported, "For the first time, a general who commanded thousands of combat troops in Iraq has called for Defense Secretary Donald Rumsfeld to resign. Major General John Batiste commanded the 1st Infantry Division in Iraq before he retired five and a half months ago." CNN added, "Three other retired generals in the last month have called for Rumsfeld's resignation as well. They all say military advice was ignored."

A front page story in the Washington Post (4/13, A1, Ricks, 744K) reports that Batiste "noted that many of his peers feel the same way. … Batiste's comments resonate especially within the Army: It is widely known there that he was offered a promotion to three-star rank to return to Iraq and be the No. 2 U.S. military officer there but he declined because he no longer wished to serve under Rumsfeld." Batiste "said he believes that the administration's handling of the Iraq war has violated fundamental military principles, such as unity of command and unity of effort. In other interviews, Batiste has said he thinks the violation of another military principle -- ensuring there are enough forces -- helped create the Abu Ghraib abuse scandal by putting too much responsibility on incompetent officers and undertrained troops."

The Los Angeles Times (4/13, Spiegel, Richter, 958K) reports that the "recent surge in public criticism of Defense Secretary Donald H. Rumsfeld by retired military leaders is the culmination of months of intense but largely private debate among active duty officers about how best to voice dissent over Bush administration policies, according to officers involved in the discussions." The calls for Rumsfeld's resignation "are an unusual step for members of the military, who are acutely sensitive to the appearance of challenging civilian leadership of the armed forces."

Speaker Plans To Convene Iraqi Parliament Next Week. Sunni politician Adnan Pachachi, the acting speaker of Iraq's parliament, said yesterday that although the formation of a new Iraqi government remains stalled, he will convene the legislature next Monday. The New York Times (4/13, Semple, 1.19M) reports, "Iraqi officials have been desperate to convey a sense of forward motion in the moribund political process, and the announcement by the speaker…seemed as much a symbolic gesture as a goad to the Shiites."

The Washington Post (4/13, A17, Hernandez, 744K) reports that Pachachi said he was convening parliament "in the hope that the deadline would force rival Shiite, Sunni Arab and Kurdish parties to form a government that fairly represented all three groups."

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Sunni Leaders Embracing US Policy As Never Before. The Washington Post (4/13, A17, Finer, 744K) reports, "Secretary of State Condoleezza Rice's trip here this month to pressure Iraqi leaders to form a new government sparked a slew of familiar complaints about U.S. meddling in Iraqi affairs. … Less familiar, however, was the source of the charges: Iraq's Shiite Muslim leaders, close U.S. allies since the 2003 invasion. Meanwhile, Sunni Arab politicians, some of whom dined with Rice on her only night in Baghdad, made a point of thanking her and Ambassador Zalmay Khalilzad for what they called their newfound evenhandedness." The Post notes, "In the zero-sum game of Iraqi politics, in which someone who applies pressure to one group can become the new friend of another, Sunni Arab political leaders are embracing American policy as never before."

Shiites Launch Offensive In Favor Of Jafari. Meanwhile, the Los Angeles Times (4/13, Roug, 958K) reports that Shiite Muslim leaders "have launched a new offensive in favor of beleaguered Prime Minister Ibrahim Jafari by trying to drive a wedge between Kurds and Sunni Arabs who oppose Jafari's winning a full term in office. Jafari and his supporters have suggested that Iraq's presidency could be awarded to a Sunni rather than a Kurd, sowing a potential rift between the two groups who, until now, have joined to fight Jafari."

State Department Slow To Rollout Iraq Reconstruction Teams. The Washington Post (4/13, A19, 744K) reports, "Earlier this year, the State Department began soliciting personnel for provincial reconstruction teams (PRTs) for Iraq, a new concept designed to take diplomats out of Baghdad and into the provinces." But the rollout of those teams "has been slowed by a debate between the Pentagon and State over whether the military or private contractors should provide security. As of April 7, job applications had been received for only 12 of 35 positions, according to the State Department's internal bid list. And, of all applicants, only one is deemed qualified based on grade level and previous expertise, according to the bid list."

Iranian Diplomat Suspected Of Undermining US Efforts In Iraq. Time (4/13, Ware) in a web exclusive reports, "What is Tehran's main man in Iraq up to? The U.S. military, which claims Iranian special forces and intelligence operatives have infiltrated Iraq, insinuates that Hassan Kazemi Ghomi, the charge d'affaires of the Iranian embassy, is intent on undermining Washington's mission in Baghdad. Indeed, U.S. military intelligence and the American-backed Iraqi National Intelligence Service told TIME that Ghomi is a member of the Iranian Revolutionary Guard Corps' elite Quds Force, a special forces outfit much like the Green Berets, with specialized skills in working with local forces and militias." But "Ghomi denied U.S. claims that his country's special forces were operating inside Iraq or that Iran's military was aiding the insurgency with ever more sophisticated weapons. He hinted at Iran's growing ambitions as a regional power with references to its ability to affect the security of the Persian Gulf, echoing the sentiments of top military commanders in Iran."

Analysts Say Americans Could Lose Patience With War On Terrorism. The AP (4/13, Hefling) reports, "What are the implications if a nation goes to war and its people barely pay attention? Roughly 150 military leaders, policy analysts and academics gathered at the Army War College on Wednesday to address that question, with the U.S. beginning its fourth year of a conflict that has killed more than 2,300 American troops. A main concern, analysts say, is that Americans may lose patience with the fight against terrorism in Iraq and elsewhere, and ultimately decide that the fight is costing too much in money and lives." President Bush "has not asked for personal sacrifices on the scale of those made in World War II, when Americans bought war bonds and rationed sugar and other goods. Also, because the U.S. has an all-volunteer military, fewer people have a personal connection to a service member than was the case, for example, during the Vietnam War, when many soldiers were drafted."

Veteran Says Troops Support The War. Wade Zirkle, executive director of Vets for Freedom, writes in the Washington Post (4/13, A21, 744K) that Rep. John Murtha "undoubtedly knows full well that the greatest single thing that drags on morale in war is the loss of a buddy. But second to that is politicians questioning, in amplified tones, the validity of that loss to our families, colleagues, the nation and the world." Zirkle adds, "The morale of the trigger-pulling class of today's fighting force is strong. Unfortunately, we have not had a microphone or media audience willing to report our comments. Despite this frustration, our military continues to proudly dedicate itself to the mission at hand: a free, democratic and stable Iraq and a more secure America. All citizens have a right to express their views on this important national challenge, and all should be heard. Veterans ask no more, and they deserve no less."

Four US Troops, Forty Iraqis Killed In Attacks. ABC World News Tonight (4/12, story 3, :10, Vargas, 8.78M) reported, "The military announced the deaths of 4 more US troops and more than 40 Iraqis were killed in attacks across the country."

The CBS Evening News (4/12, story 5, 0:30, Schieffer, 7.66M) reported, "Three more American soldiers were killed today in Iraq in bombings south and east of Baghdad. Just 12 days into April, 35 servicemen and women have been killed in Iraq, more than during the entire month of March.

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Also today, a car bomb went off at a Shiite mosque in a village northeast of Baghdad, killing at least 22 worshipers and wounding about 60."

The AP (4/12) reported, "Casualties among US forces have risen in recent weeks. In March, 31 U.S. service members died in Iraq, the lowest monthly figure since February 2005, according to an Associated Press count. So far this month, the U.S. death toll stands at 35."

Shiite Cleric Says Mubarak Is Fueling Sectarian Tensions. A top Shiite cleric has accused Egyptian President Hosni Mubarak of fueling sectarian tensions in the Middle East by saying Arab Shiites in Iraq and elsewhere are more loyal to Iran than their home countries. The AP (4/12, Hendawi) reported that in an interview, Lebanon's Grand Ayatollah Mohammed Hussein Fadlallah "said 'some in the Muslim world' fear Shiite empowerment in any country." Fadlallah "was one of the highest-level Shiite figures in the region to speak out so far against Mubarak."

Shiite Iraqis Flee Sectarian Violence In Religiously Mixed Villages. The Christian Science Monitor (4/13, Enders, 61K) reports that Shiite Iraqis are "increasingly fleeing sectarian violence in religiously mixed villages. … Around Baghdad, Shiites coming in from outlying villages are living in tents provided by the Iraqi Red Crescent Society. IRCS President Said Hakki says the agency is preparing to aid some 50,000 families, and has requested aid from the US military to build sanitation facilities for camps and provide rations. Other Shiites are going south to predominantly Shiite cities such as Basra, Najaf, and Karbala."

Many Fear Iraq Will Follow Lebanon's Path To Civil War. The AP (4/13, Ghattas) reports that many are worried that Iraq, and specifically Baghdad, is head for the same fate as Lebanon, which endured a 15 year civil war. According to the AP, "For now, it's an unanswerable question. No one knows if Baghdad will continue falling ever-more into the sectarian violence that has broken out, or recover and move toward peace. But a look at the first days of civil war in 1975 in Beirut is instructive about how things might look in Iraq, if they get worse."

Former Saddam Crony Played Role In Release Of American Journalist. ABC World News Tonight (4/12, story 6, 2:45, Sciutto, 8.78M) reported, "Interviewed in his summer house outside of Amman, Sheikh Sattam al-Gaood, once one of Saddam Hussein's closest business associates says he is now a proud leader of the Iraqi insurgents." Al-Gaood: "They are defending their country. And they -- sometimes they do mistakes." Sciutto: "One mistake, kidnapping American journalist Jill Carroll. Al-Gaood said he used his influence to help free her, even refusing the kidnappers' demands for a huge ransom" of $8 million. Instead, "at the kidnapper kidnappers' request, he said he agreed payment to widows and orphans for fighters." Al-Gaood "did not specify how much. But says he was willing to arrange payment for as much as $1 million." Al-Gaood, "captured by US forces after the invasion, and freed last December, openly approves of attacks on American soldiers. But not on civilians." His "objective -- a new government, with a familiar head of state. President Hussein again."

Australian PM To Testify To Oil-For-Food Probe. Australian Prime Minister John Howard today will testify to a commission investigating alleged bribes to Saddam Hussein's regime in defiance of UN sanctions. The AP (4/13, Foley) reports that Howard "will answer questions from the commission probing whether Australia's monopoly wheat exporter illegally paid millions of dollars in bribes to win contracts from Saddam's regime. … The commission is investigating whether the Australian Wheat Board, now known as AWB Ltd., gave $220 million to Saddam to secure grain contracts worth more than $2.3 billion between 1997 and 2003 under the U.N. oil-for-food program." Howard "already has submitted a written statement to the commission. It was not published, but he said he will be questioned on it Thursday."

Afghan Bazaars Searched For Stolen Computer Files. The AP (4/132, Cooney) reported that shopkeepers in local Afghan bazaars have been selling computer memory drives containing seemingly sensitive military data stolen from inside the US-led coalition's headquarters. According to the AP, "The surfacing of the stolen computer devices has sparked an urgent American military probe for the source of the embarrassing security breach, which has led to disks with the personal letters and biographies of soldiers and lists of troops who completed nuclear, chemical and biological warfare training going on sale for $20 to $50. Five military investigators, surrounded by heavily armed plainclothes U.S. soldiers, searched many of the two-dozen rundown shops outside the sprawling base."

The Los Angeles Times (4/13, Watson, 958K) reports, "US commanders in Afghanistan said an investigation was underway into what shopkeepers at the bazaar describe as ongoing theft and resale of US computer equipment from the Bagram air base. The facility is the center of intelligence-gathering activities and includes a detention center for suspected members of Al Qaeda and other terrorist groups flown in from around the world. … The top US commander here, Army Lt. Gen. Karl Eikenberry, has ordered a review of

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policies and procedures for keeping track of computer hardware and software."

Spate Of Attacks Sparks Fear In Afghanistan. The Washington Post (4/13, A16, Constable, 744K) reports that a recent spate of terrorist attacks "is expanding a climate of insecurity across Afghanistan as NATO forces prepare to take over most military duties from the US-led coalition. Afghan officials vaguely blame the attacks on 'enemies of Afghanistan' and denounce neighboring Pakistan for harboring Islamic insurgents bent on destroying this fragile new democracy. … But a variety of foreign analysts and military officials here offer a different explanation: a vast canvas of weakly governed and unprotected territory in which drug traffickers, feuding tribesmen and opportunistic criminals -- as well as Taliban gunmen on motorbikes and mysterious suicide bombers -- operate with increasing ease, despite the presence of tens of thousands of foreign troops in the country."

Sheehan Launches Another Protest Near Bush Ranch. Peace activist Cindy Sheehan returned to Texas yesterday to mount another war protest near President Bush's ranch, although the President plans to spend the weekend at Camp David. The AP (4/13, Brown) reports, "The anti-war demonstrators accused Bush, who has spent every Easter at his Crawford ranch since he was elected, of running from them and their message to bring the US troops home from Iraq immediately. … But the White House said Bush's plans had nothing to do with the protesters and that he often spends holidays at Camp David with his family."

Brooks Says US Should Scale Back To More Realistic Expectations In Iraq. David Brooks writes in the New York Times (4/13, 1.19M), "Mr. Past: Your big problem is you don't understand the limits of what governments can achieve. … The central lesson of the past three years is that societies are not that malleable. Evils do not grow out of manageable defects in the environment that can be neatly fixed. We need to change our mentality, scale back to more realistic expectations. … The alternative is to develop a mind-set in which you don't try insanely to solve great historical problems, but you understand that history is one unexpected thing after another."

CORPORATE SCANDALS:

Skilling Testifies He, Lay Never Broke Law. The AP (4/13, Hays) reports, "Former Enron Corp. CEO Jeffrey Skilling spoke up for company founder Kenneth Lay for the first time in the executives' fraud and conspiracy trial Wednesday, saying the two were a 'good team' that never knowingly broke the law." The AP continues, "The ex-CEO has focused on addressing prosecution testimony damaging to himself since he took the witness stand on Monday. … Even though most criminal counts pending against him and Lay allege crimes that occurred at different times before Enron crashed in scandal in December 2001, an overarching conspiracy count alleges they participated in a sprawling effort to portray Enron as strong when they knew accounting tricks hid bad news and weak ventures. … Skilling told jurors neither he nor Lay perpetuated such a ruse." The AP notes, "The ex-CEO, in his third day on the stand Wednesday in his fraud and conspiracy trial, continued addressing prosecution testimony that painted him as an earnings-obsessed leader so intent on wowing Wall Street that his subordinates resorted to fraud with his knowledge. … He addressed one of the most notorious elements of the scandal that included Enron's swift descent into bankruptcy protection in December 2001 - partnerships created and run by former Chief Financial Officer Andrew Fastow to conduct deals with the energy company."

The Christian Science Monitor (4/13, Axtman) reports, "One of the most enduring images of the Enron collapse is of a defiant Jeffrey Skilling testifying before Congress in February 2002, raising his right hand and defending the reputation of the Texas energy company he'd help build. … He did so, he told a jury in a Houston courtroom this week, against the advice of his lawyers, who urged him to exercise his constitutional right not to incriminate himself and to remain silent in front of Congress, the Securities and Exchange Commission, even "Larry King Live." … 'Someone had to get out and start explaining what had happened before someone else explained it incorrectly,' said Mr. Skilling in his first days on the stand in his criminal trial." The Monitor adds, "He still stands behind what he did and said, he testified. But now that he is in the witness box in his own defense, those prior statements make his path much harder. … 'Skilling made so many public pronouncements at the embryonic stage of the investigations, and all of that can be used against him,' says Christopher Bebel, a Houston securities lawyer and former federal prosecutor."

Prosecutors Set For Cross-Examination. The New York Times (4/13, Barrionuevo) reports, "After methodically laying out their case against Jeffrey K. Skilling and Kenneth L. Lay over nine weeks and 22 witnesses, the Enron prosecutors now have to start all over." The Times continues, "With Mr. Skilling emotionally proclaiming his innocence from the stand and Mr. Lay still an elusive target, the verdict, according to legal experts from both sides of the aisle, is likely to turn on the cross-examination of the two defendants, who ran Enron before it collapsed in 2001. … 'If the government plays their cross-examination of the defendants only to a draw, they lose,' said Robert A. Mintz, a white-collar criminal defense lawyer with McCarter & English. 'They have to do

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better than that.' … But for all that is riding on the coming showdown, do not look for a flashy Perry Mason moment. That is not the way Sean M. Berkowitz, who will cross-examine Mr. Skilling, and John C. Hueston, who is to take on Mr. Lay later this month if he decides to testify, like to operate. … 'This is an unprecedented challenge, but one that I relish,' Mr. Hueston said with characteristic understatement."

Skilling's Personality On Display. The Washington Post (4/13, D1, Johnson) reports, "In three days on the witness stand, former Enron Corp. chief executive Jeffrey K. Skilling has expressed many sides of his complex personality: his driving ambition, his emotional exhaustion, and on Wednesday -- his absentminded energy geek." The Post continues, "Skilling twice stepped down from the witness box Wednesday to give the jurors, who will decide whether he is guilty of fraud and other charges, a lesson in energy trading. He walked them through complicated charts designed to show that he did not break the law when he told analysts and investors that the company exuded health and had its risks under control. … Under the guidance of defense lawyer Daniel M. Petrocelli, who tried without success to urge Skilling to keep his explanations simple, Skilling appeared more confident than at any point during this 11-week-old trial."

SEC Adopts New Policy On Journalist Subpoenas. The AP (4/13, Gordon) reports, "The Securities and Exchange Commission announced a new policy on subpoenaing journalists Wednesday, responding to controversy over the agency's demands for records from three online columnists." The AP continues, "On a case-by-case basis, the agency must try to strike a balance between two public interests, the policy says: the free flow of information and the effective enforcement of securities laws. SEC attorneys must first try to exhaust other means and sources of information in an investigation before turning to media subpoenas. … 'Freedom of the press is of vital importance to the mission of the Securities and Exchange Commission,' the agency said in a statement. 'Effective journalism complements the (SEC's) efforts to ensure that investors receive the full and fair disclosure that the law requires, and that they deserve. Diligent reporting is an essential means of bringing securities law violations to light and ultimately helps to deter illegal conduct.'"

Dow Jones (4/13, Hughes) reports, "The new policy calls for SEC enforcement attorneys to take a number of steps before issuing subpoenas, including being certain that journalist information is essential to an investigation and determining that the information isn't available from other sources. … 'The purpose of these policies that are in force as of today is to ensure both that the Securities and Exchange Commission can vigorously enforce the laws and rules that are in our jurisdiction, and also that we don't use journalists and journalism as our first resort source,' SEC Chairman Christopher Cox said at a briefing." Dow Jones adds, "The guidelines come after an uproar that followed revelations the SEC had subpoenaed two columnists for Dow Jones & Co. in connection with an SEC investigation. Cox said in February that he hadn't been told of the subpoenas and learned about them only after reports in the media."

The New York Times (4/13, Labaton) reports that the SEC will "issue subpoenas to journalists only in rare circumstances and only after exhausting other avenues of investigation" after adopting a new policy. Cox helped write the policy after he "complained in late February that he was blindsided by news accounts describing subpoenas issued in the investigation of a research firm, Gradient Analytics." Cox seeks to avoid using "journalists and journalism as our first source of information in our law enforcement function." The Wall Street Journal (4/13, Scannell) reports that " the commission won't specifically decide whether to issue subpoenas. Rather, the authority to issue subpoenas will be in the hands of the SEC enforcement chief, who after consulting with the general counsel, would make the final decision. The SEC chairman would be alerted after the decision had been made. The policy…was modeled after the media-subpoena guidelines in the Department of Justice's U.S. attorney manual."

Exxon Chairman's Retirement Package Worth At Least $398 Million. The New York Times (4/13, Mouawad) reports, "Last year's high oil prices not only helped Exxon Mobil report $36 billion in profit — the most ever for any corporation — they also allowed Lee R. Raymond to retire in style as chairman of Exxon Mobil." The Times continues, "Mr. Raymond received a compensation package worth about $140 million last year, including cash, stock, options and a pension plan. He is also still entitled to stock, options and long-term compensation worth at least another $258 million, according to a proxy statement filed by Exxon with the Securities and Exchange Commission yesterday." The Times adds, "The total sum for Mr. Raymond's golden years comes to at least $398 million, among the richest compensation packages ever. The record was the payout of $550 million to Michael D. Eisner, the former head of Walt Disney, in 1997. … Exxon's board also agreed to pick up Mr. Raymond's country club fees, allow him to use the company aircraft and pay him another $1 million to stay on as a consultant for another year. Mr. Raymond agreed to reimburse Exxon partly when he uses the company jet for personal travel."

Former CEOs Receive Medical Coverage. The Wall Street Journal (4/13, Schultz, Francis) reports, "At a time

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when companies are scaling back health benefits for other retirees, former top executives at many corporations are receiving partial or full lifetime medical coverage on top of pensions valued at millions of dollars, a Wall Street Journal analysis of dozens of recent securities filings indicates." The Journal continues, "The trend spans industries, and it is common at airlines, which have been among the most aggressive in scaling back retirement benefits for the rank and file. Continental Airlines, for example, provides health care "at no cost" for retired Chairman Gordon Bethune and his dependents, the company's proxy statement notes. That's in addition to other perks, including a lifetime of free flights and a decade of free office space, plus a lump-sum pension payout of $22 million. A Continental spokesman says other retired executives have to pay 20% of the cost of coverage but then declines further comment."

NYTimes Blasts "Cozy Arrangements" On Executive Pay. The New York Times (4/13) editorializes, "To fix something, first you have to understand what went wrong. That's especially true for a problem as complex yet pervasive as sky-high executive compensation. … Last Sunday The Times reported that in 2004, the average top executive at a big company earned 170 times the average worker's pay. These executives receive a dizzying combination of salaries, bonuses and stock grants. And their perks can go far beyond the use of a company car to even include infusions of cash to offset the taxes everyone else is expected to pay." The Times continues, "To make the decisions on executive pay, many companies create compensation committees, drawn from the board of directors. That committee in turn is advised by outside consultants, experts in how much others in the field are getting paid. It looks quite logical at first glance. It is in the details that the value of closer scrutiny becomes clear." The Times adds, "Runaway pay matters because top executives are snatching more than their fair share of corporate proceeds. More important, it also means that the board of directors is not performing its function as internal guardian of the company's health."

Small Businesses Say Sarbanes-Oxley Compliance Too Expensive. The Washington Post (4/13, Day) reports that "a government advisory group dominated by executives representing small businesses yesterday reaffirmed its intent to ask federal regulators to exempt half of the country's publicly traded companies from" a Sarbanes-Oxley rule that "requires executives of every publicly traded company to attest that their companies have internal controls in place to ensure financial statements filed with the Securities and Exchange Commission are accurate. The rule also requires that an outside auditor verify the controls are adequate." Critics of the request "point out that a majority of securities frauds involve small businesses."

Greenspan Predicts Changes To Sarbanes-Oxley. The Financial Times (4/12, Fifield) reports that former Federal Reserve chairman Alan Greenspan predicted that the US would "make 'changes' to the burdensome financial and corporate governance requirements driving companies out of US markets." Greenspan expressed concern because companies have "started favouring London over New York for their flotations" rather than "have their internal controls certified by auditors."

WSJournal Op-Ed Favors Reforms of Sarbanes-Oxley. Former SEC chairman Harvey Pitt argues in the Wall Street Journal (4/13) that Sarbanes-Oxley was "badly drafted" but "necessary." He suggests amending "SOX by making it part of the Securities Exchange Act of 1934," which would allow "the SEC to tailor SOX's requirements to the size and economic burden imposed upon public companies -- not to mention affording the SEC the opportunity to make distinctions between domestic and foreign registrants." Pitt notes "the serious concern that foreign companies are no longer interested in registering their securities on U.S. exchanges," which his proposal would address.

CRIMINAL LAW:

Fitzgerald Corrects Error In Libby Case Filing. Fox News' Special Report (4/12, Cameron) reported special prosecutor Patrick Fitzgerald "had to correct an embarrassing mistake in his own court filing" in the case of I. Lewis "Scooter" Libby, the former chief of staff to Vice President Cheney. The error "led some reporters to wrongly accuse the President of directing" Libby "to provide false information about Iraq's nuclear ambitions to New York Times reporter Judy Miller and to attribute it to the CIA's national intelligence estimate or NIE. Fitzgerald first wrote quote, 'Defendant,' meaning Libby, 'understood that he was to tell Miller, among other things that a key judgment of the NIE held that Iraq was vigorously trying to procure uranium.' The intelligence report did allege Iraq was aggressively seeking nuclear materials, but it was not among to so-called key judgments which carry significant weight and require broad agreement. Fitzgerald's misquote prompted some media, including the New York Times to suggest the President had directed aides to misrepresent and exaggerate the NIE in order to justify the invasion of Iraq."

Knight Ridder (4/13) reports Fitzgerald "corrected the allegation that Libby had described the suspected uranium purchase as a 'key judgment' of the CIA - a term of art in the intelligence community that gives the accusation high significance." The New York Times (4/13, Johnston, 1.19M) reports, "It was not known why Mr. Fitzgerald had sought the

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change, but he filed the letter after The New York Times and other news organizations published articles asserting that Mr. Libby had represented the uranium finding as a key judgment, when it had in fact been given much less prominence in the intelligence report."

Libby Attorneys Seek Broad Range Of Classified Documents. The New York Times (4/13, Johnston, 1.19M) reports Libby's attorneys "said in a court filing late Wednesday that he was entitled to a broad array of classified documents, in part because the prosecution had injected into the case the roles played by President Bush and Mr. Cheney in disclosing a prewar intelligence report on Iraq." Libby's lawyers "argued that prosecutors had improperly sought to restrict Mr. Libby's access to documents related only to Mr. Libby's actions, even while the prosecution, in its own briefs to the court, elaborated on wide ranging events including the disclosure of the 2002 National Intelligence Estimate on Iraq."

DOJ Seeks Death Penalty In New York Slayings. The NY Journal News (4/13, O'Connor) reports, "Federal prosecutors will seek the death penalty against the reputed leader of a violent Peekskill drug ring who is charged with two New York City homicides." The News continues, "Khalid 'Big Homie' Barnes, 30, of Greenburgh, was indicted along with five other reputed members of the gang dubbed the 'Barnes Brothers Organization' by law enforcement authorities. … Barnes is the only alleged member of the gang to face a death penalty prosecution." The News adds, "Members of the gang are implicated in six attempted murders and murder plots, as well as narcotics conspiracies that date to 1995, according to a 54-page indictment. … 'The continuing investigation into the Barnes Brothers Organization ensures that they will face justice for numerous additional acts of violence in their community,' U.S. Attorney Michael Garcia said. … The indictment was the third in the case by a federal grand jury in White Plains since Peekskill police and federal Drug Enforcement Administration agents arrested the reputed gang members March 1, 2004. Eight men have already pleaded guilty in connection with the case and are awaiting sentencing. .. Khalid Barnes is accused of shooting Demond Vaughan and Sergio Santana on Feb. 13, 2004, during a New York City drug deal, federal prosecutors said. Barnes killed the two drug dealers and stole three kilos of cocaine, prosecutors said. … The death penalty prosecution was approved by U.S. Attorney General Alberto Gonzales. There are 63 death penalty cases pending in federal courts, according to Kevin McNally of the Federal Death Penalty Resource Council in Frankfort, Ky. Another 242 cases are awaiting evaluation by the Justice Department."

Court Filings Reveal Inmate, FBI Agents To Testify Against DeVecchio. The New York Daily News (4/13, Katz, 729K) reports, "Court papers filed by prosecutors yesterday revealed the names of new witnesses in the case against an FBI agent accused of setting up a series of mob murders. Former G-man Lindley DeVecchio has been charged in four gangland murders, in part because he was picked out of a photo array by a witness identified as John Baran," who "was an inmate at the Nassau County Correctional Facility when prosecutors interviewed him Jan. 27. According to papers filed in Brooklyn Supreme Court, Baran identified the former agent, though it is unclear which crime he witnessed. … Three FBI agents who worked under DeVecchio also will testify against their former boss under threat of perjury, said a law enforcement source."

Nevada Commissioner's Lawyer Questions FBI Agent About Witness Inconsistencies. KLAS-TV Las Vegas (4/12, Allen) reports defense attorneys for former Clark County Commissioners Dario Herrera and Mary Kincaid-Chauncey began presenting their case yesterday, calling FBI Special Agent Chris Byers to testify about former strip club owner Michael Galardi's testimony he bribed the commissioners. "Byers explained that some of Galardi's inconsistent statements to the FBI three years ago could be attributed to Galardi's faulty memory. … Kincaid-Chauncey's attorney Richard Wright asked Byers why FBI interrogation sessions with former Clark County Commissioner Erin Kenny were recorded on tape but similar session with Galardi were not." Byers said, "FBI policy is we have to have special authority to record these types of things," but he "did not explain what authority wasn't sought during sessions with Galardi."

Testimony At Pennsylvania Bribery Trial Suggests Broader Corruption. The Philadelphia Inquirer (4/13, Shields, 423K) reports, "Ted LeBlanc's municipal corruption trial this week has revealed that LeBlanc wasn't Norristown's only mayor suspected of taking a bribe in exchange for borough contracts." At LeBlanc's trial Tuesday, former borough councilwoman Margaret Hunsicker "testified that, in 2002, she relayed to the FBI second-hand allegations that towing contractor Joseph Corropolese had bribed Salamone. In interviews yesterday, two lawyers familiar with the investigation of Corropolese - he became the federal government's chief informant in the federal probe of Norristown's government -- confirmed that Corropolese told prosecutors he paid Salamone, LeBlanc's predecessor, $400 to $500 a month to keep his lucrative towing contract with the borough."

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Federal Investigators Launch Sweeping New Gambino Family Probe. Under the headline "Feds All Out To Nail The Gottis," The New York Post (4/13, Smith, 624K) reports, "The feds have launched a sweeping grand-jury probe into the Gambino crime family based on admissions by John 'Junior' Gotti and witnesses who testified in his defense at his most recent racketeering trial, sources said yesterday. Prosecutors have sent out at least 12 grand-jury subpoenas to Gotti's relatives and Gambino crime-family members and associates in recent weeks -- and plan to issue approximately two dozen more, a federal law-enforcement source said." A "law-enforcement source" said, "The secret society is no longer a secret anymore. The boss has acknowledged it once and for all." The Post adds, "The subpoenas read like a who's who of the Gambino crime family – 'everyone that Junior threw under the bus in his defense. Nobody's going to be let off,' the source said, speculating the probe could lead to congressional hearings examining the state of the Mafia. … Meanwhile, the FBI has also widened its investigation into possible perjury and obstruction of justice by witnesses for Gotti."

Alleged Russian Mobsters Charged In Unsolved Brooklyn Murders. The New York Times (4/13, Brick, 1.19M) reports suspected police informant Boris Roitman and high-stakes pool player Thien Diep "were killed in Brooklyn in 1992. The cases were never solved. … Now prosecutors say both killings were tied to Eastern European organized crime. In State Supreme Court in Brooklyn yesterday, they unsealed murder charges against two men described as ambitious young immigrants intent on impressing Boris Nayfeld, the legendary Brighton Beach heroin smuggler." Vitaly Ivanitsky and Marat Krivoi pleaded not guilty. The Times notes, "In the decade or so since the decline of the Italian crime syndicate La Cosa Nostra, prosecutors have confronted criminal enterprises established by immigrants from former Soviet bloc nations." The New York Post (4/13, Ginsberg, 624K) notes, "The NYPD and FBI teamed up to solve a pair of vicious Russian mob killings from 1992 -- nailing two Brooklyn men for the rubouts, prosecutors said yesterday."

Three Philadelphia Drug Gang Members Convicted Of Racketeering, Murder. The Philadelphia Inquirer (4/13, Anastasia, 423K) reports, "Three members of a Chester neighborhood drug gang known as the Boyle Street Boys were convicted yesterday in federal court of racketeering, drug dealing and homicide charges, including the execution-style slaying of a woman who had agreed to testify against the leader of the group. Brothers Vincent and Jamain Williams and Andre Cooper face possible death sentences following a penalty phase hearing set to begin Tuesday." The Inquirer notes, "The Boyle Street Boys trial began the same week the FBI launched a campaign to encourage crime witnesses to 'Step up, Speak up.'" Rodney Bradley, brother of slain witness Tracey Saunders, "said he hoped the guilty verdicts would encourage others to come forward in similar cases.

Racketeering Trial Of New York MS-13 Member Begins. Newsday (4/13, Topping) reports, "It's more than a street gang. It's a criminal enterprise. That was the message a federal prosecutor conveyed to jurors yesterday about the MS-13 gang as he outlined the case against alleged member and defendant, Leonel Mejida." Mejida "murdered because 'it gave him the opportunity to finally make his quota' of crimes initiating him into the gang, Assistant U.S. Attorney James McGovern said in his opening statement." Newsday notes Mejida "is the second prosecution nationally of an MS-13 member under the federal racketeering statute." He "is charged with killing Edgardo Sanchez, 18, an MS-13 member suspected of being a government informant."

US Will Not Seek Indictment Of Pellicano-Linked Law Firm. The Los Angeles Times (4/13, Krikorian, Weinstein, Guccione, 958K) reports, "Though still weighing charges against individual attorneys, federal prosecutors have decided not to seek an indictment against the largest law firm linked to the ongoing investigation of Hollywood private detective Anthony Pellicano, sources close to the case said Wednesday. The decision, recently conveyed to the firm by authorities, is significant because Pellicano had worked for a number of attorneys at the law firm of Greenberg, Glusker, Fields, Claman, Machtinger & Kinsella, notably partner Bert Fields." The Times notes, "To date, the FBI investigation has resulted in charges against 14 people…on charges of racketeering, wiretapping, witness tampering and other crimes."

Former DeLay Aide Lobbied For Federal Funds For Firm In Which He Had Stake. The Los Angeles Times (4/13, Roche, 958K) reports Edwin A. Buckham, "onetime top aide to Rep. Tom DeLay (R-Texas) and organizer of the former majority leader's national fundraising arm, successfully lobbied for federal funding benefiting a firm in which Buckham held a financial stake." With the "assistance of Rep. Dave Weldon (R-Fla.), a DeLay political ally, Buckham had $1.55 million set aside in late 2003 in a federal appropriations bill for the U.S. Department of Labor to fund a program for small businesses. The money was awarded to the Florida Institute of Technology, which promptly signed a contract with Map Roi Inc., a client and partner of lobbyist Buckham. At the time, Buckham's lobby

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company, Alexander Strategy Group, held options on 500,000 shares of Map Roi stock, records show."

Chinese Engineer Indicted In Software Theft. The St. Paul Pioneer-Press (4/13, Suzukamo) reports, "A Chinese software engineer who's been working in Minnesota on a work visa has been indicted by a federal grand jury for allegedly stealing testing software from his former employer in Arden Hills." The Pioneer-Press continues, "Tim Hongguo Tian, 39, of Blaine, was charged Tuesday with a single count of unauthorized access to a protected computer and two counts each of wire fraud and 'deprivation of honest services,' a federal fraud charge, the U.S. Attorney's office said. … Tian will plead not guilty to all charges when he is arraigned April 19, his attorney, Frederick Goetz of Minneapolis, said. … 'We're aware of the allegations and look forward to thoroughly vetting them in court,' Goetz said." The Pioneer-Press notes, "Tian faces a maximum sentence of up to 20 years in prison and a $250,000 fine if convicted on each of the latter four fraud charges and five years in prison and a $250,000 fine for the computer break-in charge. He is being held without bail by the U.S. Marshals Service. If convicted, he could be deported. … Tian has been living and working in the United States for nearly six years. Parametric Technology Corp., which has a division in Arden Hills, hired him in May 2000 on a H-1B visa. Such visas, which are heavily used by the high-tech industry, allow companies to bring in foreign workers with special skills. PTC, based in Needham, Mass., makes software to help businesses manage product development."

Florida Man Arrested On Katrina Relief Fraud Charges. The Orlando Sentinel (4/12, Gutierrez, 265K) reported Scott Lee Robert of Orange County, Fla., "has been arrested and taken to Louisiana on charges he used false identities and Social Security numbers to secure more than $15,000 in Hurricane Katrina unemployment aid." Roberts "was indicted in Baton Rouge as part of a crackdown on suspected hurricane cheats" in which "at least 47 people have been charged by a special federal task force."

Miami Doctor Pleads Guilty To Medicare Fraud. The Miami Herald (4/13, 323K) reports Miami doctor Zabdy Westerburger "pleaded guilty in federal court to conspiracy to violate anti-kickback and false claims statutes in a case in which she was accused of participating in a scheme that resulted in Medicare paying out $2.3 million for unnecessary equipment and medications. … To date, more than 30 people have been convicted of Medicare fraud charges in connection with this scheme."

Judge Orders Medication For Texas Death Row Inmate. The AP (4/13) reports, "A judge who halted an execution because the inmate was mentally ill has agreed to force the man to take anti-psychotic medication so he can be put to death." The AP continues, "The inmate, Steven Kenneth Staley, 43, has refused to take his medication. A jury decided he should be put to death for the killing of a Fort Worth restaurant manager during a botched robbery. … Judge Wayne Salvant issued the forced-medication order Tuesday, while Staley picked at his unruly hair and mumbled nonsensical phrases in the courtroom." The AP adds, "The order, requested by prosecutors, drew a sharp argument from Staley's attorney. … 'The whole idea of holding somebody down and injecting them so that we can then say, with a straight face, this person is now competent so we can kill them, I think that smacks of an Orwellian-Soviet-style approach to criminal justice,' Jack Strickland told the Fort Worth Star-Telegram. … Prosecutors Chuck Mallin and Jim Gibson told the newspaper they requested the order partly so the jury's sentencing decision could be carried out."

Maryland Judge Holds Off Calling Witnesses In DC Sniper Trial. The AP (4/13) reports, "A judge will not immediately subpoena witnesses requested by Washington-area sniper John Allen Muhammad in his upcoming murder trial because prosecutors complained many were not relevant." The AP continues, "Muhammad, who is defending himself against six Maryland murder charges in the 2002 shootings, asked in a handwritten filing last week for 178 witnesses. He also wanted to subpoena the 354 potential witnesses identified by prosecutors." The AP adds, "Muhammad's list includes his accomplice, Lee Boyd Malvo, and some that appear on the prosecution's list. But he is vague on other names; some include no identifying or contact information. … Prosecutors said his long list included many people who did not appear to have a strong connection to the case. Prosecutors plan to call only about 100 witnesses. … Montgomery County Circuit Judge James L. Ryan agreed Friday to wait to issue subpoenas until a hearing on evidence April 24."

CIVIL LAW:

Tennessee Hospitals Sue US Over Medicare Payments. The AP (4/13) reports, "Fifteen Tennessee hospitals are embroiled in a court battle with the federal government over roughly $100 million that the hospitals say is owed to them." The AP continues, "The hospitals say the Department of Health and Human Services failed to reimburse them adequately during the 1990s for treating Medicare patients. The government contends it wasn't obligated to pay the portion the hospitals are seeking." The AP adds, "The dispute centers on a formula used under Medicare to reimburse hospitals that serve a high percentage

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of low-income patients. .. A federal judge in Washington sided with the Tennessee hospitals, but the government is citing a recently passed legislation in asking the judge to change his mind. … Justice Department lawyers arguing on behalf of HHS are supposed to submit a brief in their appeal to the judge next week, and a final decision could come about a month later, according to Murray Klein, a lawyer for the hospitals."

DOJ Argues Over Control Of National Guard Base, Planes. The AP (4/13, Haigh) reports, "The federal government argued Wednesday that while Connecticut Gov. M. Jodi Rell may control the fate of the state's Air National Guard base in East Granby, the Pentagon controls the planes. … And that means the Pentagon has the right to move those planes wherever it wants, said Carl Nichols, deputy assistant attorney general for the Department of Justice. … 'We are not talking about state airplanes. These are federal airplanes,' he said during a hearing at U.S. District Court in Hartford." The AP adds, "The state is asking a federal judge to block the Defense Department from removing the 15 A-10 Thunderbolts from the 103rd Fighter Wing at Bradley International Airport. … U.S. District Judge Alfred V. Covello did not rule on the matter Wednesday. His decision on the state's motion is expected in the coming months. …. The Justice Department is seeking to lift a temporary restraining order that has prevented it from removing the planes. Blumenthal is asking Covello for a summary judgment that would keep the base open."

CIVIL RIGHTS:

DOJ Warns States Over Election Law Compliance. The AP (4/13, Smyth) reports, "Ohio officials are scrambling to respond to a federal warning that the state hasn't complied with part of the Help America Vote Act, a measure packed with election mandates states must have in place this year." The AP continues, "Secretary of State Kenneth Blackwell said he is confident his office can satisfy the concerns that the Justice Department expressed in its March 31 letter. His office must respond to the Justice Department by Friday." The AP adds, "John Tanner, chief of the Justice Department's voting rights division, indicated in the letter that Ohio and 29 other states had yet to sign the required agreements with the Social Security Administration to match the last four digits of voters' Social Security numbers against federal records. Under HAVA, the numbers will be used to verify the identity of voters. … Other states got the same warning letter. … Alabama Secretary of State Nancy Worley says she has a conference call scheduled with Justice Department officials later this month to explain that the state is still working to link driver's license records to federal records. Maine expects to have computerized voter registration system operational later this year, Deputy Secretary of State Doug Dunbar said. Missouri expects to have its driver's license system fully compatible with SSA records by the end of the month, said Stacie Temple, a spokesman for the secretary of state's office. … Minnesota, like Ohio, has an agreement with the SSA in place but hasn't yet brought the system online. It will be operational in time for the next statewide election, the Sept. 12 primary, said Kent Kaiser, a spokesman for Minnesota Secretary of State Mary Kiffmeyer. … Oregon continues to wrestle with putting voting machines designed for people with disabilities in place by the May 16 primary. HAVA requires states to have a machine in every polling place that allows disabled people to vote independently and privately."

Federal Officials To Examine Mississippi Coast Voting Needs. The AP (4/13, Pettus) reports, "Secretary of State Eric Clark and members of the U.S. Election Assistance Commission will be on the Gulf Coast on Thursday to hear about south Mississippi's post-Katrina voting needs." The AP continues, "The public meeting in Bay St. Louis comes less than two months before Mississippi voters go to the polls for the first time since the massive hurricane blew ashore last August." The AP adds, "A party primary on June 6 will determine which Democrat will face Republican incumbent Trent Lott in the U.S. Senate race this fall. There are no party primaries for the 4th District U.S. House seat in south Mississippi. … Katrina destroyed precincts in all three coastal counties and caused widespread destruction more than 150 miles inland. In Harrison County alone, the storm wiped away 17 of the 65 polling places, said Circuit Clerk Gayle Parker. … The storm also destroyed voting equipment, but officials say that should not be a major problem. Seventy-seven of Mississippi's 82 counties - including all three on the coast - already were planning to buy new voting machines with federal money provided by the Help America Vote Act. The new touch-screen machines will be used in the primaries."

Rendell Criticized For Failing To Embrace Measures To Crack Down On Voter Fraud. In a piece in the Wall Street Journal (4/13, A13), columnist John Fund writes, "Over five years after the near meltdown of the Florida presidential recount, politicians are still arguing over how best to reform state election laws. Ground zero in that battle now is Pennsylvania, which features two close statewide races, for governor and U.S. senator." Pennsylvania's "GOP-controlled Legislature" recently passed two bills: one "would require voters show a form of official ID or a utility bill; another bill would end Philadelphia's bizarre practice of locating over 900 polling places in private venues, including bars, abandoned buildings and even the office of a local state senator." But Gov. Rendell "vetoed both bills last month," warning "that requiring an ID could disenfranchise the homeless, nursing-home residents and the poor." Rendell's "history doesn't

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inspire confidence that he takes fraud of any kind seriously." Rendell, in 1997, "admitted to the Journal's editorial board that Philadelphia judges had 'a rich history of corruption' that called into question how fairly city laws are enforced." Fund adds, "The integrity of the ballot box is just as important to the credibility of elections as access to it. In not closing off opportunities for fraud and chaos, Pennsylvania is inviting trouble in its fall elections that could rival that of Florida in 2000."

Special Master To Oversee Virgin Islands Prison. The St Croix (VI) Source (4/13, Shimel) reports, "The territory's prison system is expected to become subject to greater oversight with the court-ordered appointment of a special master. Attorney General Kerry Drue said a candidate has been chosen and the name will be submitted to a federal magistrate by Wednesday." The Source continues, "The special master was called for by a federal judge who recently declared the territory in contempt of a consent decree to correct deficiencies at the Golden Grove Adult Correctional Facility. Golden Grove has been termed one of the worst prison systems in the United States by the head of the American Civil Liberties Union National Prison Project." The Source adds, "U.S. Magistrate George Cannon gave the U.S. Justice Department's Civil Rights Division and the V.I. attorney general's office 20 days to choose a special master and present their choice to the court. If no agreement could be reached, the magistrate asked the two parties to produce a list of five potential candidates for the court's consideration. … 'Pursuant to Magistrate Cannon's order, the parties have met and conferred regarding the selection of a candidate for selection of a special master in the case, "USA v. Territory of the Virgin Islands." After conferring telephonically the parties were able to agree to a name. That name will be formally submitted to the court this afternoon,' the attorney general said Wednesday. … However, Drue said, it's not clear how soon the judge will signal his approval of the candidate."

SCOTUS To Consider Employers' Handling Of Harassment Complaints. The Wall Street Journal (4/13, Shellenbarger) reports, "While bans on sexual harassment and discrimination are posted in many employers' policies these days, just how much on-the-job protection is owed workers after they step up to make charges of bad behavior?" The Journal continues, "A Supreme Court case set for oral arguments Monday will shed new light on that question. The central issue in the case, Burlington Northern Santa Fe Railway v. Sheila White, will examine how much latitude employers have, after an employee complains about sexual harassment or race, religious or sex discrimination, to make transfers or changes in the employee's job duties without being subject to charges of retaliation." The Journal adds, "The case comes amid a rising tide of retaliation complaints to the Equal Employment Opportunity Commission. The decision not only has implications for how such claims may be handled in the future, but also for women's progress in nontraditional occupations."

Missouri State Tennis Players File Title IX Suit To Preserve Team. The AP (4/13) reports, "Four Missouri State women's tennis players are suing the university for cutting their program as part of a sports reduction, contending the move violates Title IX rules. The lawsuit asks a federal court to order the state's second-largest university to reinstate the women's tennis program and seeks a temporary injunction to keep the sport going after the planned shutdown at the end of this academic year." It also "seeks class-action status for all current and future female tennis players. It was filed in U.S. District Court in Springfield by the American Civil Liberties Union in the name of four players who contacted the group."

Romney Says Democrats Are Making A Mistake By Backing Gay Marriage. Massachusetts Gov. Mitt Romney said on MSNBC's Hardball (4/12), that "the Democratic Party, particularly in my state, has made an error by adopting a platform that supports gay marriage." Romney added that Democrats are "making a mistake because I think they fundamentally misunderstand the fact that in America people recognize that the primary purpose of marriage is the creation and the development of the next generation. And the ideal way to create and develop the next generation is to have homes with moms and dads. And that's something where traditional marriage is going to play such a key role."

Gay, Lesbian Families Plan To Attend White House Easter Egg Roll. In what the Washington Post (4/13, B3, Dvorak, 744K) calls an effort to "blanket the White House lawn with a realistic mosaic of their families," hundreds of gay and lesbian parents from around the country plan to line up overnight tomorrow to get tickets to Monday's White House Easter Egg Roll, Critics "have denounced the parents for politicizing such an iconic, American event." The Post adds, "There has been some hand-wringing at the White House over the planned gay and lesbian mobilization. White House spokesman Scott McClellan has been fielding questions about it since January."

ANTITRUST:

FCC Tightens Airwave Auction Rules. The AP (4/13, Miller) reports, "Under new rules designed to increase competitive bidding, companies that want to sell such

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wireless services as high-speed Internet and video will be able to buy a big chunk of airwaves at a government auction." The AP continues, "The Federal Communications Commission on Wednesday voted to require anonymous bidding at the June 29 auction to prevent companies from colluding to keep out competitors and to drive prices down. Bidding would be open, though, if the FCC determines that enough companies are seeking licenses to keep the auction competitive. … 'It is essential that we make an effort to foreclose anticompetitive bidding behavior in this auction,' said FCC Chairman Kevin Martin." The AP adds, "The Justice Department urged that all bids be anonymous, but the commissioners agreed to the modified proposal, which was suggested by T-Mobile USA."

Brokerage Firms Sued Over Naked Short-Selling Fees. Dow Jones (4/13, Bray) reports, "An antitrust lawsuit was filed Wednesday against the securities industry's largest brokerage firms over fees charged as a result of 'naked short selling.'" Dow Jones continues, "The lawsuit filed in federal court in Manhattan by Electronic Trading Group LLC alleges that the major broker-dealers charged unearned fees, commissions or interest on short sales where those broker-dealers failed to borrow or deliver the stock to back a short position." Dow Jones adds, "Naked short selling exists when a stock is sold before an arrangement has been put in place to borrow the shares. It's illegal for most investors, but legal for firms that make markets in stocks and bring liquidity to the market. … 'Defendants collusively condone and engage in these practices to their individual and collective enrichment, routinely alternating among themselves in the roles of prime broker who fails to deliver and third-party broker-dealer who permits the (failure to deliver) to persist,' the lawsuit says."

EU Official Blasts Credit Card Profits. The AP (4/13, White) reports, "Credit and debit cards such as Visa and MasterCard are racking up 'abnormal' and 'excessive' profits for banks, European Union antitrust chief Neelie Kroes said Wednesday. … 'Paradise is over,' she warned, telling the card industry to make changes or face antitrust investigations that could force them to reform their business or pay fines. … 'The more the payment card industry does on its own initiative, the less they are likely to face action under antitrust rules,' she said." The AP continues, "In its first report from a wide-ranging investigation into payment cards in Europe, the European Commission said customers are paying too much because the industry was still split along national lines and new card providers find it hard to set up shop. Credit cards are a 'very profitable' business, it said." The AP adds, "Kroes said consumers would get a better deal if there was more competition among card providers and if banks started to offer cards to customers in different countries. … She said the industry should also rethink the way it sets prices. 'Banks collectively set fees that tax businesses and ultimately all consumers for every card payment,' she said. 'As a consequence there is not enough market pressure on fees and retail prices are inflated due to card payments.'"

The Financial Times (4/13, Buck) reports, "A European Commission inquiry into the payment card sector found yesterday that little cross-border competition existed between providers. Every year 23bn card payments are made in the EU worth €1,350bn. … Ms Kroes predicted that cardholders could save hundreds of euros if the market was made fully competitive. … She praised Germany and the Netherlands as the countries with the lowest credit and debit card fees, while Portugal had the highest." The Times notes, "The Commission's investigation pointed to large discrepancies between fees charged in EU member states as evidence of the poor state of competition. It found that the fees retailers pay to credit card companies vary between countries by up to 500 per cent for Visa and by 650 per cent for MasterCard. … Fees paid by consumers can be twice as high depending on where the card is issued."

Nevada Man's Gambling Patent In Legal Limbo. The Las Vegas Sun (4/13, Benston) reports, "Mel Molnick is an unlikely adversary of the Internet gambling industry. … He is not a foe of gambling. But the retired contractor has spent the last several years suing dozens of online casinos." The Sun continues, "Molnick, 63, claims to own a method patent that governs live, electronic betting from a remote location. In other words, the process by which just about every Internet gambling site does business. … A method patent is a controversial and often litigated type of patent that covers a process rather than a particular product. Molnick's patent was filed with the U.S. Patent Office in 1995 and published in 1998. The patent has since been approved in other parts of the world, including Asia and Europe." The Sun adds, "Molnick has been called a kook and an opportunist for making the bold - some say ridiculous - claim that he invented and patented the idea for Internet gambling. Others say his patent will have little legal weight in the United States because of the quirks of Internet commerce and the complexities of patent law. … Internet gambling was a fledgling enterprise in 1995, a shadow of the $12 billion-plus business it is now. Web casinos operating at that time were primitive versions of the sophisticated, well-advertised brands they are today. … Yet Molnick has had some success with his patent by reaching pretrial settlements with several Web casinos, according to court documents. Those that didn't settle have disappeared into cyberspace - although it's possible they simply popped up elsewhere under different names. … Molnick has managed to do what some legal experts thought couldn't be done - proceed with a federal

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lawsuit against the world's largest Web casino company. … The lawsuit, filed in federal court last year, named London-based Sportingbet Plc along with many other Internet gambling sites. In contrast with previous suits, several defendants were larger, more profitable companies and included publicly traded entities."

ENVIRONMENT:

Offshore Drilling Debate Heating Up In Coastal States. The Christian Science Monitor (4/13, Knickerbocker, 61K) reports the "battle over oil and gas drilling in the US is heating up on a new front - or rather multiple fronts in coastal waters from Virginia to Florida to California to Alaska." The Bush Administration "sees offshore oil and gas drilling as a key element in its push toward energy independence. As with the debate over the Arctic National Wildlife Refuge, skeptics see the prospect as a potential pollution danger that would take years to produce what likely will be relatively insignificant amounts of oil and gas." Officials in coastal states "have mixed views on the subject, including whether to lift the present moratorium on offshore drilling along much of the US coast, which has been in place since 1981. With an eye toward potential royalties as well as environmental impact, many coastal state lawmakers and governors want to increase their control of such development."

N.J. Dump Returns To Superfund List. The New York Times (4/13, DePalma) reports that the "Ringwood Mines area in northern New Jersey, which the Ford Motor Company used as a dumping ground in the 1970's and then cleaned, is being put back on the list of the most polluted sites in the country." The unusual redesignation "follows several years of intense pressure from local residents who claimed that the area had never been properly cleaned and that dangerous material left over from the assembly of millions of automobiles in a plant in nearby Mahwah was endangering their health."

Mumps Outbreak Spreading Across Midwest. Health experts are trying to rein in a large mumps outbreak raging in Iowa that has spread to at least eight other Midwestern states. The Washington Post (4/13, A3, Stein, 744K) reports, "At least 515 cases have been reported in Iowa this year, far outpacing the five cases the state usually sees in a year and the 200 to 300 that typically occur nationally. The epidemic, the largest since a 1988 outbreak in Kansas, shows no sign of slowing, with at least 100 more cases in Nebraska, Kansas, Minnesota, Wisconsin, Indiana, Michigan, Missouri and Illinois." The Post adds, "As health officials work to break the chain of transmission of the viral infection, disease detectives are trying to puzzle out what is causing it. … The outbreak has underscored that old infectious diseases that most people rarely think about -- and doctors do not often encounter -- can suddenly reemerge."

FBI/DEA/ATF/USMS:

FBI Official Defends Supervisor Term Limit Directive. The Washington Times (4/13, Seper, 90K) FBI Executive Assistant Director Michael Mason "yesterday defended a much-criticized directive requiring field supervisors to move to the bureau's Washington headquarters after five years or step down, saying 'highly experienced' managers are needed to fight the war on terror and other crime here and abroad." Mason told The Times, "The program was borne out of an acknowledgement by the director, his senior staff and others that the bureau's need for a highly experienced management cadre and an increasingly large footprint overseas would require a management staff willing to move, relocate and exploit that knowledge across the bureau." Mason "said that although some veteran supervisors have criticized the program, the directive seeks to 'realize the hope that their experience will not be lost but exploited by the FBI to the benefit of many more agents.'"

Former FBI El Paso SAC Charged With Lying In Probe Of Drug Trafficker. The AP (4/13) reports former FBI El Paso SAC Hardrick Crawford Jr. "was indicted Wednesday on five counts of making a false statement in connection with the investigation into his relationship with a Mexican racetrack owner, whom Mexican officials alleged was a member of a drug cartel. Crawford's lawyer, Mary Stillinger, said Wednesday night that Crawford had done nothing wrong." Crawford is charged with "lying to federal investigators about what he knew of allegations that the racetrack owner, Jose Maria Guardia, was involved in drug trafficking and money laundering despite having been given that information several times. Crawford also is accused failing to report thousands of dollars worth of gifts from Guardia, a one-time FBI informant, and that his wife held a $5,000-a month job with Guardia."

Documents Reveal Alaska Police Officer Threatened FBI Agent During Weapons Probe. The Anchorage Daily News (4/12, Mauer, Demer) reported, "A longtime local cop angrily demanded that the FBI look the other way from the explosive, unexplained growth of Security Aviation, fearing an investigation would disrupt the money party that began in the summer of 2005. Stop 'putting your nose where it doesn't belong,' the unnamed cop growled at a federal law enforcement officer," and "the officer's statement,

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described as a 'veiled threat' and a reason for the FBI investigation to remain covert until it was sprung in a series of armed raids starting Feb. 2, was contained among more than 800 pages of search warrants, FBI affidavits, inventories of seized material and related documents unsealed this week in federal court." The Daily News notes Security Aviation's Rob Kane "and the company are charged with illegal possession and transportation of Soviet-era rocket launchers capable of being mounted on its fleet of Czech-made L-39 Albatross jets."

Former Massachusetts Narcotics Investigator Convicted Of Cocaine Trafficking. The AP (4/13) reports a former Malden police narcotics investigator "was one of two men convicted on Wednesday of federal cocaine trafficking charges. David Jordan, 45, of Stoneham, and Anthony Bucci, 43, of Wakefield, were convicted by a jury after a three-week trial of conspiracy to distribute and to possess with intent to distribute three kilograms of cocaine; possession with intent to distribute three kilograms of cocaine; and using or carrying a firearm during and in relation to a drug trafficking crime. … Jordan made false statements to DEA agents about his involvement."

The Boston Globe (4/13) reports June Stansbury, the special agent in charge of the Drug Enforcement Administration's New England office, "said, "It is regrettable that the lure of drugs and dirty money tempt a very few in the profession, but make no mistake, we treat criminals as they should be, even if they are in possession of a badge.'"

California City Council Approves New Rules For Marijuana Dispensaries. The San Luis Obispo Tribune (4/12, Curran) reports medical marijuana clubs "looking to take root in Atascadero will have to comply with a new city ordinance approved Tuesday. City Council members approved 3-1 a law governing the marijuana dispensaries inside the city limits. … Under the regulation, which allows for only one such business, a prospective owner would have to locate the business at least 1,000 feet away from schools, churches or parks."

California Supervisors Temporarily Disallow New Pot Clubs. The AP (4/12) is now reporting a story included in yesterday's briefing and writes that marijuana dispensaries "were temporarily banned in unincorporated parts of Contra Costa County to allow supervisors to develop new zoning regulations. The Board of Supervisors unanimously approved the measure Tuesday establishing a moratorium on new dispensaries. The ordinance is effective immediately and gives the county 45 days to study traffic congestion, noise and other effects of pot clubs."

The Tri-Valley Herald (4/12) also reported on the moratorium.

US Charges Four Men In Detroit Weapons-Shipping Plot. The Detroit Free Press (4/12, Ashenfelter) reports, "Four Asian businessmen plotted to buy hundreds of handguns, machine guns, Sidewinder missiles and aviation radar equipment for export to Indonesia, creating a threat to national security, federal prosecutors said Tuesday." The Free Press continues, "The four men -- who have been charged in Detroit and Honolulu -- were arrested Sunday after meeting in Hawaii with people they thought were representatives of a metro Detroit company, which authorities say the men believed would supply the military hardware. It was to be shipped to Indonesia through Singapore." The Free Press adds, "Court papers didn't say whether the men were buying the equipment for the Indonesian government or whether it was sting operation. The investigation was run by the U.S. Immigration and Customs Enforcement agency in Detroit, with the assistance of Defense Criminal Investigation Service agents from Ohio. … 'We consider this to be a serious and grave threat to our national security,' U.S. Attorney Stephen Murphy III of Detroit said Tuesday. 'The agencies involved in the case worked hard to arrest individuals who were ready, willing and able to buy American weapons and take them outside the country.' … Charged were Hadianto Djoko Djuliarso, 41, of Indonesia; Ibrahim Bin Amran, 46, of Singapore, and Ignatius Ferdinandus Soeharli and David Beecroft, whose ages and nationalities weren't disclosed." The Detroit News (4/11, Egan) also reports on the indictments.

Five Texas Aryan Brotherhood Members Indicted On Weapons Charges. The AP (4/13) reports, "Five members of the Aryan Brotherhood of Texas were indicted Wednesday on firearms violations, U.S. Attorney Richard B. Roper said." Matthew C. Courtney, Cory D. Daniel and Aaron Thompson "were each charged with conspiracy to possess and dispose of 26 stolen firearms and other charges. The indictment alleges that the firearms were stolen in a burglary. Daniel and Thompson are in state custody," and "an arrest warrant has been issued for Courtney." In additional indictments, Jeffrey Lynn Womack "was charged with one count of possession of an unregistered firearm" and John Arthur Clark "is accused of being a convicted felon in possession of a firearm."

Alaska's Governor Seeks To Restore Criminal Penalties For Marijuana. The Washington Times/AP (4/13) reports Alaska Gov. Frank Murkowski "says recreational use of marijuana no longer should be protected by Alaskans' right to privacy. He's pressing the Legislature to restore criminal penalties for marijuana possession. … The state's highest court concluded in 1975 that Alaskans' constitutional right to privacy outweighed any harm that might

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occur from using small amounts of marijuana in their homes." The AP adds that the Murkowski administration says marijuana is much more potent now than it was in the 1970s and 1980s.

DOJ Grant Funds Anti-Gun Violence DVD. The Dayton Daily News (4/13, Wynn) reports, "Seven years ago, the streets swallowed up Clifton Montgomery and spat him into an Ohio prison after he was convicted of aggravated robbery and burglary. … Instead of graduating and going to college, Montgomery said he was 'kicked out of school,' was about to be a father at 18 and was arrested after a 'home invasion.' … Money drove Montgomery, who was released from prison more than a month ago. Now he wants to steer youth away from the route he took." The News adds, "Montgomery is one of many local people featured in Peace by Peace, an anti-gun violence documentary that premiered Wednesday to community leaders and city and county officials in the Dayton Cultural and RTA Transit Center. … Members of Spirit of Peace, Inc., a faith-based nonprofit group, presented the DVD project designed to educate youths ages 12 and older about the effects of gun violence. The project was funded by a grant from the Justice Department's Project Safe Neighborhoods program."

U Of Georgia Student Detained By ATF Agents. The U of Georgia Red and Black (4/13, Ervin) reports, "Alcohol, Tobacco and Firearm agents, on (the University of Georgia) campus (in Athens, GA) Tuesday for Project Safe Neighborhoods training, detained a 'suspicious individual' near the Georgia Center, University Police Chief Jimmy Williamson said." The Red and Black continues, "Jeremiah Ransom, a sophomore from Macon, was leaving a Wesley Foundation pirate vs. ninja event when he was detained. … After being held in investigative detention, he was found to have violated no criminal laws and was not arrested."

The Atlanta Journal-Constitution (4/13, Simmons) reports, "ATF Special Agent in Charge Vanessa McLemore said the officers chased Ransom after seeing him peek around a stone pillar toward the cashier's booth in a nearby parking garage. 'They called for him to stop and he didn't,' she said. 'It was the totality of the circumstances.' … Ransom was released after 30 minutes when UGA police determined he was not a threat." The AP (4/13) also reports this story.

IMMIGRATION:

Reid Asks Frist To Return Immigration Bill To Senate Schedule. The AP (4/13, Gamboa) reports Senate Minority Leader Harry Reid "asked Majority Leader Bill Frist on Wednesday to return to work on immigration legislation immediately after the Senate completes a bill with more money for military operations in Iraq and hurricane relief." Reid said in a letter "to Frist that the need for an immigration bill was highlighted by rallies across the nation this week protesting a House bill that would subject illegal immigrants to prosecution as felons. Reid labeled as 'confusing' Frist's position on a compromise put together by Sens. Chuck Hagel, R-Neb., and Mel Martinez, R-Fla., that collapsed last Friday after Democrats refused to allow votes on several amendments to it."

LAT Poll Shows Support For Border Security And Guest Worker Plan. The Los Angeles Times (4/13, Brownstein, 958K) reports a Times/Bloomberg poll of 1.357 adults conducted April 4 through April 11 (+/-3%) showed, "Most Americans say the United States should confront the challenge of illegal immigration by both toughening border enforcement and creating a new guest-worker program rather than stiffening enforcement alone, a Los Angeles Times/Bloomberg poll has found." With "a solid 2-1 margin, those surveyed said they would prefer such a comprehensive approach, which a bipartisan group of senators has proposed, to an enforcement-only strategy, which the House of Representatives approved in December. Support for a comprehensive approach was about the same among Democrats, independents and Republicans, the poll found."

GOP Pledge To Drop Felony Provision Unlikely To Diminish Debate. CNN's The Situation Room (4/12, Collins) reported, "On Capitol Hill, a new about-face in the battle over immigration. Republican leaders vowing to strip a controversial provision approved last year by the House that would make it a felony to be in this country illegally. The announcement came late yesterday, one day after hundreds of thousands of people rallied across the nation for immigrants' rights."

USA Today (4/13, Kiely, 2.31M) reports lawmakers from both parties said the pledge "is unlikely to defuse opposition to proposed immigration and border security legislation." The House bill, which "called for making illegal immigration a felony offense, punishable by at least a year in jail," has "been a rallying cry for thousands of demonstrators." Rep. Mario Diaz-Balart of Florida, "one of five Hispanic Republicans in the House, hailed the promise to eliminate a plan that was 'offensive, excessive and demonized hard-working immigrants.' He and other Republicans accused Democrats of a Machiavellian move to retain the felony penalty." USA adds immigrant rights advocates "were not impressed by the promise from" Majority Leader Bill Frist and Speaker Dennis Hastert, while Sen. Edward Kennedy "dismissed the GOP statement as 'empty rhetoric.'"

King Says Democrats Created "Phony" Felony Issue. Rep. Peter King said on Fox News' The O'Reilly Factor (4/12) that the felony issues is a "totally phony issue created by Democrats and facilitated by Catholic bishops and liberal media. The original bill…said it would be a felony to

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enter the country and felony to stay in the country illegally. Republicans, we introduced an amendment to make it a misdemeanor because it's actually a lot harder to support someone and bring action under a felony than misdemeanor. You have to commit a grand jury and pay legal fees. No sense in making it a felony. 191 Democrats, over 90% of the Democrats, voted to keep it a felony. Over 160 Republicans, 70% of the Republicans, voted to make it a misdemeanor. It was Democrats who voted to keep it a felony. Republicans voted to keep it a misdemeanor and Democrats ever since have been saying this bill is no good because it makes every illegal immigrant a felon."

US, Canada Break Up Human Smuggling Ring. The CBS Evening News (4/12, story 2, 2:05, Schieffer, 7.66M) reported the government "announced it has broken up a human smuggling ring in Washington State." CBS (Whitaker) added, "A tip put US and Canadian agents on the trail of the Vancouver-based ring more than a year ago. They say the smugglers charged dozens of Pakistani and Indian nations as much as $35,000 each for fake US passports and illegal entry into Washington State. From there they'd fan out across the US." There were "no confirmed terror connections, but no one is breathing easy."

The Los Angeles Times/AP (4/13) reports a "federal grand jury in Seattle has indicted 14 U.S. and Canadian men for roles in the alleged scheme. Twelve had been arrested as of Wednesday." Leigh Winchell, "special agent in charge of U.S. Immigration and Customs Enforcement in Seattle, said about 50 people had been apprehended who had paid as much as $35,000 each to be smuggled into the U.S."

Some Military Subcontrators Using Illegal Immigrant Labor. The CBS Evening News (4/12, story 3, 3:40, Schieffer, 7.66M) reported some companies "with contracts from the government are hiring illegal immigrants, many of them near highly sensitive military bases." CBS (Keteyian) added US military subcontractor Gargiulo Construction, which is working at a site near the Trident sub base in Groton, Connecticut, "says its payroll is completely in order, but in reality, some workers' papers are fake. … These men, all born in Mexico, spoke in shadow because they are here illegally and fear talking to the press can get them fired. Talking about false papers and pay that is less than half what a union member makes." Despite "dozens of arrests at military bases around the country, government construction sites continue to be fertile ground for undocumented workers, something Centex, the government contractor in Groton was hesitant to discuss." Company president Gene Gargiulo "flatly denied hiring any undocumented workers but in the wake of this interview according to the Carpenters' Union, eight Hispanic workers were fired the very next day. Sparking a walkout by two dozen Hispanic workers on Gargiulo job sites."

Arizona Legislature Approves Bill To Use Criminal Trespassing Law Against Illegal Immigrants. The Los Angeles Times/AP (4/13) reports two days "after a big immigration march in Phoenix, the Arizona Legislature on Wednesday approved legislation to make illegal immigrants subject to the state's criminal trespassing law." The Senate "approved the bill on a 17-12 vote and the House followed with a 33-27 vote, with both Republican-led chambers voting nearly along party lines." Supporters of the bill "contend it would provide 'a second line of defense' behind the border patrol by enabling state and local law enforcement officers to arrest illegal immigrants."

Immigration A Hot Issue In 2006 Congressional Races. The Wall Street Journal (4/13, Solomon, 2.11M) reports while the "fight over illegal immigration roils Washington, the issue is spilling out into local, state and federal races across the country. But the response isn't monolithic." Even as "a number of House Republicans are expected to face a backlash from Hispanic and other voters for their tough approach, some candidates are adopting hard-line positions in a bid to portray incumbents as weak on illegal immigration. For now, the issue is percolating largely in Republican primaries but is expected to affect campaigns across the board as the November midterm elections approach." Many candidates "are taking a tough stance on the issue, in part because the public seems to support more aggressive measures. A recent Wall Street Journal/NBC News poll found that 56% of respondents don't back the type of guest-worker program favored by President Bush, while a Pew Research Center poll found that 53% say illegal immigrants should be forced to 'go home.'" The "desire for tougher treatment has become an issue in places like Utah, where Rep. Chris Cannon, a five-term Republican, is facing a fight for the nomination, in large part because of his position on immigration."

Rohrabacher Prison Labor Suggestion Criticized. In a Los Angeles Times column (4/13), Patt Morrison says, "He said it, all right: 'We do not need more people from foreign countries coming in taking the jobs of Americans…. I say let the prisoners pick the fruits.' That's Huntington Beach's Republican congressman Dana Rohrabacher, one of those fellows for whom the word 'colorful' seems wimpy." Morrison adds, "Prison labor? That's not 21st century America, is it? It reeks of the gulag — Siberia, China, political prisoners."

TAX:

DOJ Accuses Florida Firm Of Preparing False Tax Returns For Seminole Tribe Members. The AP (4/13) reports, "A Miami firm was accused by the U.S. Justice Department on Wednesday of preparing tax returns for Seminole Tribe members falsely claiming they were

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exempt from income taxes for gambling proceeds." The AP continues, "The Justice Department asked a federal judge in a lawsuit to halt the practice by Labib Baltagi Inc., which operates 20 Jackson Hewitt franchises in the Miami area. The lawsuit - filed only days before Monday's federal tax filing deadline - does not accuse Parsipanny, N.J.-based Jackson Hewitt Tax Services Inc. of any wrongdoing." The AP adds, "At least 32 tax returns of Seminole Tribe members have been identified by the IRS as falsely claiming that they were exempt from income taxes on casino gaming proceeds under a Native American treaty. The total in false claims is more than $222,000, according to the lawsuit. … There is in fact no such treaty. … 'The law is clear that income from the casino gaming activities of Native American tribes is taxable,' said Eileen J. O'Connor, assistant attorney general for the Justice Department tax division."

DOJ Sues California CPA Over Mariner Filings. The Los Angeles Times (4/13, Kristof) reports, "The Justice Department is accusing an El Segundo tax accountant of claiming a deduction for his oceangoing clients that isn't exactly seaworthy." The Times continues, "Martin A. Kapp specializes in handling tax returns for workers in the transportation industry, such as airline pilots and railroad engineers. But it's his self-devised method for claiming meal deductions for merchant sailors and tugboat captains that prompted the government to sue him in U.S. District Court in Los Angeles." The Times adds, "Kapp uses his so-called mariner's deduction to claim per diem meal and incidental expenses for each day his clients are at sea. Taxpayers who travel on business are allowed to deduct the cost of the trip using a standard per diem deduction instead of keeping track of their actual meal and incidental costs. … The government contends that Kapp's clients can't claim the deduction because they get free meals while at sea, and taxpayers can't claim deductions if they don't spend any money. … The Justice Department, which claims that Kapp is misreading both IRS rules and court rulings, wouldn't estimate how many of Kapp's clients had claimed the mariner's deduction or how much it had cost the government in uncollected taxes. The government is seeking an injunction barring him from claiming the deduction, although it isn't trying to prevent him from preparing returns, according to court papers filed Tuesday."

Reliability Of Income Tax Preparers Seen As Questionable. USA Today (4/13, A1, McCoy, 2.31M) reports as "paid preparers complete more than 60% of the individual tax returns filed by Americans, questions are increasingly being raised about the reliability of those preparers, as well as about the federal government's limited oversight of the tax-preparation field." A USA TODAY review "of scores of federal court proceedings against alleged problem preparers found that thousands of taxpayers have been hit with repayment demands and penalties since 2001 as the IRS moved to recover millions of dollars in tax losses. The victims, some of whom offered a rare inside look at their tax woes, often include immigrants, military recruits and others unfamiliar with the tax system." Many of the preparers "have been accused of using improper deductions and credits to inflate the size of tax refunds in apparent efforts to attract new clients and increase profits, the court records show. Others charged a percentage of the inflated refunds as their fees." In a "sign of the problems taxpayers may face, five of 19 tax-preparer offices selected for undercover tests in March by the Government Accountability Office, the investigative arm of Congress, produced returns that had up to nearly $2,000 in unwarranted refunds."

Withholding Seen As Leading To Indifference To Government Spending. In a USA Today op-ed (4/13), Laura Vanderkam says withholding has lead to taxpayer apathy: "That collective shrug is precisely the reason Congress implemented mandatory withholding in 1943. It feels relatively painless for the 131 million Americans who pay this way — especially when a refund check arrives. Consequently, few withholdees truly care what happens with their money. But others do. Nearly 12 million of us, the IRS reports, pay estimated taxes by writing checks to the government, usually every quarter. Often self-employed types, we deposit checks into our accounts, dream of the vacations those funds could finance, and then mail those funds to the U.S. Treasury instead. It's a painful process." One way to "slow out-of-control spending in Washington is to make everyone feel the same pain that quarterly payers experience . Ending withholding would do that — and it's not as crazy as it sounds."

Proposed IRS Rules Criticized For ID Theft Potential. ABC World News Tonight (4/12, story 8, 2:20, Vargas, 8.78M) reported, "This year's tax deadline is just days away. And an estimated $41 million people will pay someone else to fill out their returns. Most taxpayers have no idea that many tax preparers are sharing confidential information about their returns with other businesses. Now, consumer groups are warning protections proposed by the IRS are going to make the problem even worse." ABC (Muir) added, "Say you take your return to any of those big tax preparers. And you want your refund right away. Your tax preparer gives your information to a bank in order to get that instant refund. And then that bank can also use your information to market other products to you, as well. Few realize it's been the law since the mid-1970s. But so much has changed since then. Most notably, the risk of identity theft. So, the IRS is proposing new regulations. Requiring more explicit consent forms, even typed in larger fonts." IRS Commissioner Mark Everson: "So that when a taxpayer shares information with their preparer he or she is well aware

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that it can, in turn, be reshared, go overseas, or go to financial institutions." Muir: "But consumer advocates point to something else the IRS wants to do. It's trying to level the playing field with the big tax preparers by allowing even the smaller ones to get into this information sharing game. And once you sign on the dotted line, it's impossible for you to keep track of your private information."

WSJ Says Tax Code Is Unfixable. The Wall Street Journal (4/13, 2.11M) says in an editorial that the failure of tax preparation chains to properly prepare returns "sure sounds like incontrovertible evidence that the IRS tax code is unfixable. A rational conclusion on Capitol Hill would be to scrap the code for something that actually approaches common sense. Instead, Chuck Grassley and Max Baucus, the leading Republican and Democrat on the Senate's tax-writing Finance Committee, say that what is needed is more training requirements for tax preparers. Mr. Grassley declared that if you need a license to be a barber, why not for filling out taxes? Umm, well, we're not sure why anyone needs a government license to cut hair, but tax preparation standards would only raise the barriers to being a tax accountant and add to the costs of hapless taxpayers seeking help before April 15. Besides, even the top-trained professionals can't figure out the tax laws."

CONGRESS-ADMINISTRATION:

Bush Encourages Seniors To Sign Up For Medicare Rx Drug Plan. President Bush continued his campaign to encourage senior citizens to sign up for the new Medicare prescription drug plan in Northern Virginia, touting the millions who have signed up, its accessibility to non-English speakers and its affordability. Bush's remarks were carried by a few prominent media outlets, which also noted the problems people experienced with it, but ignored by the national network news programs. CNN's The Situation Room (4/12, Collins) reported, "President Bush staying on his Medicare message." He "has conceded glitches in the plan. He has been criticized for being too complicated, but a look at this new poll now: 74 percent of people who signed up for the prescription drug plan said it was actually easy to do. Just 24 percent said it was difficult."

The Washington Post (4/13, A6, Rein, 744K) reports, "If the content of the president's latest town-hall-style 'conversation' on Medicare this month was familiar, the setting was not. About 400 Korean, Chinese, Vietnamese and Filipino immigrants were in attendance at Northern Virginia Community College in Annandale." It "reflected the White House's effort to pitch a program that has drawn criticism for its cost and complexity to immigrant groups that under the best of circumstances labor to navigate government bureaucracies."

USA Today (4/13, Benedetto, 2.31M) reports, "Bush said he chose the audience to emphasize that many seniors do not speak English and need help navigating the system. He urged community groups and sons and daughters to pitch in." Bush said, "I'm trying to show that our government reaches out to people in all walks of life and in all neighborhoods. Bush "said that if seniors don't want to enroll they don't have to, but he said they should at least take a look at the program and its options."

The AP (4/13, Riechmann) reports Bush's "events are part of the administration's grass-roots effort to get eligible seniors to sign up. More than 1,000 enrollment seminars are being held across the country each week to educate seniors about their options." At the event with Bush, Labor Secretary Elaine Chao "said the government was working to educate people about the program with Asian-American groups, and non-English speakers can call government hot lines and speak with someone in their native language."

Scalia Proud Of Non-Recusal In Cheney Case. The AP (4/13, Reitz) reports, "Conservative U.S. Supreme Court Justice Antonin Scalia had some advice Wednesday for those who questioned his impartiality after he refused to recuse himself from a case involving his hunting buddy, Vice President Dick Cheney. … 'For Pete's sake, if you can't trust your Supreme Court justice more than that, get a life,' Scalia said." The AP continues, "Scalia, addressing an audience at the University of Connecticut's law school on Wednesday, said recusing himself from the 2004 case -- which focused on an energy task force that Cheney led -- would only have given fuel to newspaper editorial writers and other detractors who have said he is too close to the vice president. … 'I think the proudest thing I have done on the bench is not allowed myself to be chased off that case,' Scalia said." The AP adds, "The case in question involved Cheney's request to keep private the details of closed-door White House strategy sessions that produced the administration's energy policy. … The administration fought a lawsuit brought by watchdog and environmental groups that contended that industry executives, including former Enron chairman Ken Lay, helped shape that policy. The Supreme Court upheld the administration position on a 7-2 vote. … Scalia refused to recuse himself from the case, rejecting arguments by critics who questioned his impartiality because of a hunting vacation that he took with Cheney while the case was pending. … Scalia told the audience Wednesday that he would have stepped aside had the case involved Cheney personally, but that he viewed it differently because the vice president was named in his official capacity as head of the group."

Government Spending Reaches Record In March. The AP (4/13, Crutsinger) reports government spending "hit an all-time high for a single month in March,

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pushing the budget deficit up significantly from the red-ink level of a year ago." The Treasury Department reported "federal spending totaled $250 billion last month, up 13.7 percent from March 2005." Government receipts "also were up, rising 10.6 percent from a year ago, to $164.6 billion. That left a deficit for the month of $85.5 billion, a record imbalance for March." The March "outlay record of $250 billion surpassed the old mark of $232 billion set in February."

Broder Highlights 2005 Accrual Deficit Of $760 Billion. In his Washington Post column (4/13, A21), David Broder says Rep. Jim Cooper discussed with him "one of the most secretive documents in Washington -- the official Financial Report of the United States Government." The cover letter "in the report from Treasury Secretary John Snow contains the bad news. Whereas the budget deficit for fiscal 2005 was officially given as $319 billion, 'the government's accrual-based net operating cost . . . was $760 billion in 2005.' That $760 billion is the real difference between the money the government received and the obligations it added in the past year -- in other words, the unfunded costs being passed on to our children and grandchildren." David Walker, the head of the Government Accountability Office, "has been traveling the country trying to spread the alarm, said flatly that if the tax cuts now in effect are made permanent, as President Bush is requesting, and spending continues to rise at the current rate, 'the system blows up. More than half our debt is now financed by foreign countries, and they will exact a price.' Digging out of this mess 'will take 20 years,' Walker said, but the first step is simply to reassert the budget controls -- spending caps and a 'pay-go' rule that requires offsets for any new tax cuts or spending increases."

WSJ Says House GOP Refusal To Rein In Spending Could Cost Majority. The Wall Street Journal (4/13, 2.11M) says in an editorial that if Republicans "lose control of Congress in November, they might want to look back at last Thursday as the day it was lost. That's when the big spenders among House Republicans blew up a deal between the leadership and rank-in-file to impose some modest spending discipline." This is "all about Republicans and their refusal to give up their power to spend money at will and pass out 'earmarks' like a bartender offering drinks on the house. The chief culprits are the House Appropriators, led by Committee Chairman Jerry Lewis of California and his 13 subcommittee chairmen known as 'cardinals.' If Republicans lose the House -- and they are well on their way -- Mr. Lewis deserves the moniker of the minority maker."

Most States Close To Meeting NCLB Teacher Standards. The AP (4/13, Feller) reports, "Under federal pressure, most states are close" to meeting the No Child Left Behind Act's "highly qualified" teacher standards "or so they say." States must have 100 percent of core courses taught by "highly qualified" teachers or have made "a good-faith effort." At present, "thirty-three states claim 90 percent to 99 percent of their main classes" meet the standard and most others report "70 percent to 89 percent" do. Yet "skepticism remains over whether states have inflated their quality numbers by setting easy standards." The U.S. Department of Education will review the state reports and determine which states qualify by May 15. Those that have not are subject to loss of federal education funds.

GAO Report Says State Department Wasted Million On Airline Travel. The Washington Times (4/13, Kralev, 90K) reports the Government Accountability Office is "accusing the State Department of wasting 'tens of millions of dollars' a year on business-class airline travel." The GAO report "said two-thirds of 'premium' tickets that the department purchased between April 2003 and September 2004 -- most of them business-class tickets -- were not 'properly authorized, justified or both.'" The State Department "disputed the report's findings but said it would implement the auditors' recommendations." The GAO also reported "the department also paid about $6 million for tickets that were not used."

Watchdog Group Releases Ethics Complaint Against Jefferson. The Washington Times (4/13, Fagan, 90K) reports watchdog group Citizens for Responsibility and Ethics in Washington "released an ethics complaint yesterday against a congressman from Louisiana, charging that he played a role in a conspiracy and bribery scheme and misused federal resources in the wake of Hurricane Katrina." Jefferson is "the subject of an ongoing investigation in which his former aide, Brett Pfeffer, pleaded guilty to conspiracy to commit bribery of a public official and aiding an abetting such bribery, states the complaint released yesterday."

LAT Poll Shows Bush Approval Rating At 39 Percent. The Los Angeles Times (4/13, Brownstein, 958K) reports a Times/Bloomberg poll of 1.357 adults conducted April 4 through April 11 (+/-3%) showed that while "Bush's job approval rating was essentially unchanged from his 38% showing last month, the new poll found Democrats opening double-digit leads on the key measures of voters' early preferences for the November balloting." For example, "Democrats lead Republicans 49% to 35% among registered voters who were asked which party they intended to support in their congressional districts this fall. When registered voters were asked which party they hoped would control the House and Senate after the midterm election, 51% picked the Democrats and 38% the GOP. On both questions, independent voters preferred Democrats by ratios of about 3 to 1 or more."

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The Financial Times (4/13, Pruzan) notes Bush's "job-performance figures represent a continued slump from earlier this year, before controversies erupted over immigration, government surveillance and a Dubai-based company's attempt to take over several US port container facilities. In early January an LA Times/Bloomberg poll showed 43 per cent job approval for Mr Bush." Bloomberg (4/13) also reports on the poll.

Several House Republicans Renege On Term-Limits Vows. USA Today (4/13, 51, Stone, 2.31M) reports that Arizona Rep. Jeff Flake (R), who "pledged during his first campaign for Congress in 2000 that if elected, he would serve three two-year terms," is "running again to keep his seat. … 'It was a mistake to limit my own terms,' says Flake," who "says the once-fashionable movement to limit terms in Congress has 'just petered out.'" Flake "is one of at least seven House Republicans who had vowed to leave Congress next year but will be on the ballot in November. They ran as citizen legislators -- antidotes for 'career politicians.' But after six or 12 years on Capitol Hill, they say they're just getting the hang of the job." University of California-San Diego political scientist Gary Jacobson said, "Since nobody [recently] has been punished for breaking the vow, I don't think anyone sees it as a serious threat."

Will Says Entitlements Could Suffer Same Crisis Facing GM. George Will writes in the Washington Post (4/13, A21, 744K) that "the accelerating crisis of private-sector welfare states such as GM prefigures the coming crisis of the public sector's entitlements. … Bankruptcy -- seeking judicial permission to shred contracts improvidently entered into -- should be so costly that it cannot become a routine management tool for private-sector welfare states. And America's welfare state cannot seek what is called 'bankruptcy protection.' Detroit today is having what Washington will eventually have -- a wrenching rendezvous with promises that seemed compassionate, or at least convenient, when originally made but that cannot be kept without ruinous consequences."

WPost Praises Lobby Reform Provision Requiring Disclosure Of "Bundlers." The Washington Post (4/13, A20, 744K) says in an editorial, "The House Judiciary Committee approved an amendment last week that would help shed light on the symbiotic relationship between lobbyists and lawmakers. Offered by Rep. Chris Van Hollen (D-Md.), the provision would require lobbyists to report not just the campaign contributions they gave directly to lawmakers but also the campaign checks they solicit for or deliver to lawmakers -- in other words, a measure of the real influence they wield. Astonishingly, this proposal passed the Judiciary Committee by a vote of 28 to 4 -- along with the underlying bill, a proposal that started out weak and was watered down from there." No other "disclosure requirement would be more useful in explaining the way Washington does business than this one."

USA Criticizes House Ethics Committee Failures. USA Today (4/13, 2.31M) says in an editorial, "Just when you think Congress' obtuseness about its tawdry image can't get any worse, its members manage to outdo themselves. And while Democrats might think the ethics scandals will work against Republicans this fall, betrayal of the public trust clearly knows no partisan boundaries." Ranking Democrat on the House ethics committee Alan Mollohan, "was reported, first by The Wall Street Journal, to have quietly directed at least $178 million in taxpayer funds to a network of home-district friends, business partners, contributors and former employees." In addition, the "moribund ethics panel, meeting in secret, again declined to investigate longstanding allegations of questionable or illegal conduct against at least three prominent members of the House: Republicans Bob Ney of Ohio and Tom DeLay of Texas and Democrat William Jefferson of Louisiana." Since Congress "has demonstrated that it can't do the job, a non-partisan independent panel ought to."

OTHER NEWS:

Stock Markets Rebound, Finish Higher. NBC Nightly News (4/12, story 5, 0:10, Williams, 9.87M) reported, "Now to Wall Street today, where stocks finished higher: The Dow was up more than 40 points [to close at 11,129.97]]. NASDAQ gained just over 4 points on the day's trading [to close at 2,314.68]."

The Wall Street Journal (4/13, Browning, 2.11M) reports, "Buoyed by hopes for strong corporate profits and by some positive economic news, investors shrugged off rising bond yields, permitting stocks to recoup some of Tuesday's losses." The market "benefited from news that the February trade deficit was narrower than expected, although that was partly because of the fact that Chinese exports were soft during the Chinese New Year period."

The Financial Times (4/13, Yuk) notes that while "crude oil futures ended slightly lower after the release of mixed weekly inventories data, lingering nervousness over Iran kept investors on the edge."

Rising Prices Of Commodities Not Seen As Threat To Economy. The Christian Science Monitor (4/13, Trumbull, 61K) reports, "Copper at $6,000 per ton. Gold at $600 an ounce. Oil persistently above $60 per barrel. The last time these key commodities enjoyed such a concurrent boom, inflation ruled, Ronald Reagan was headed to the

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White House, and the economy was in the tank." But "do today's run-ups in metals and oil prices signal trouble ahead?" The Monitor notes, "Quite the opposite, some economists say. In a humming world economy, supplies of some key raw materials are struggling to keep pace with demand. That's no surprise. Likewise, investors, seeking profits at a time when stocks and bonds lack luster, are plowing money into silver and gold."

Innovation Said To Keep US Industry "Humming." A front page story, the last in a four-part series, in the Washington Times (4/13, Sparshott, 90K) examines "the cutting-edge innovation necessary to maintain the country as one of the world's leading economies." Federal funding, "coupled with collaboration among leading universities and entrepreneurs, is critical to the US industrial base -- and has made areas around Boston, California's Silicon Valley and North Carolina's Research Triangle launching pads for startups trying to cash in on the latest technologies developed in the world's premier university labs." USA adds, "President Bush, in his State of the Union address in January, acknowledged the importance of scientific innovation when he announced an American Competitiveness Initiative. … Despite the dip in funding for basic science, US research and development spending accounts for more than a third of the global total, outstripping any other nation." Innovation "has kept US industry humming -- with new companies and new products -- even as old-line manufacturers that have failed to adapt have fallen by the wayside."

Ethanol Costs Adding To Gasoline Price Spike. The mandated use of ethanol to replace the additive MTBE is adding to the cost of gasoline, which has already been on an upward trend itself. NBC Nightly News (4/12, story 6, 2:20, Tibbles, 9.87M) reported, "Ethanol, the corn-based, clean air additive US refiners are scrambling to add to the nation's fuel supply" is a "boon for farmers." But "some analysts say for every gallon of gas, up to 20 cents is ethanol and that number is rising. So why is it so expensive? Last summer, Congress mandated the use of ethanol, and by May 5th, many refineries will switch. That new demand has pushed the price of ethanol above $2 a gallon." Ethanol also "can't be pumped down existing pipelines. It has to be transported by rail or by truck, overwhelming the transportation system causing delays, even causing hoarding, and driving up the price." Ethanol producers "maintain the industry is still in its infancy, and as it becomes more efficient, prices will come down while reducing reliance on foreign oil."

In addition to rising gasoline prices, the Wall Street Journal (4/13, Kilman, 2.11M) reports the "spot price of ethanol…has doubled over the past 12 months to about $2.65 a gallon," leaving "mutual-fund managers and well-heeled investors…grasping for any stock with the slimmest connection to ethanol." The Journal says the boom has left "some economists are wondering whether the ethanol industry is growing so fast that it could be faced with a glut before too long."

Study Finds Pension Reforms Could Reduce Companies' Value By 8%. The Financial Times (4/13, Beales) reports a new study shows "proposed changes to the way US companies account for pension obligations could knock an average of 8 per cent off the net worth of 100 of America's biggest companies." The findings "come as Congress negotiates rule changes designed to make companies more responsible for the pension promises they make to employees, amid growing concern about obligations being reneged upon or dumped on the federal government." Actuary firm Milliman "calculates that 100 big companies' pension plans remain underfunded by just under $100bn in aggregate when assumed future pay rises are considered, in spite of three years of better-than-expected investment returns. The companies made an average 11.3 per cent return last year against an expected return of 8.5 per cent."

Options To Employer Benefits Seen As Problematic. In his Wall Street Journal column (4/13), David Wessel says, "If employers pull out of the health and pension business, who takes their place? Ultimately, there are three options, all with problems. One is to make it cheaper for employers to offer benefits or force them to do so." Another is "to make workers fend for themselves." The third "is to have government pick up more of the tab." Business "resists the first option. Many individuals may find making wise decisions harder than advocates suggest. And moving toward individually purchased insurance can undermine the benefits of pooling risk. As for the government -- well, it hasn't any visible means of paying for the Social Security, Medicare and Medicaid benefits it already has promised."

NYTimes Says Pension Reform Bill A Special Interest "Grab Bag." The New York Times (4/13, 1.19M) says in an editorial that the pension reform bill under consideration in Congress is "laden with special interests" and "had ceased to be only about pensions. And as the lawmakers were preparing to go home, it became increasingly about tax cuts." So far, "the ploy has served only to highlight the extent to which the pension bill is already a grab bag of bad tax ideas."

SCOTUS To Allow Citations To Unpublished Opinions. The Legal Times (4/13, Mauro) reports, "The Supreme Court on Wednesday adopted a historic rule change that will allow lawyers to cite so-called unpublished opinions in federal courts starting next year. The new rule takes effect unless Congress countermands it before Dec. 1."

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The Times continues, "The justices' vote represents a major milestone in the long-running debate over unpublished opinions, the sometimes-cursory dispositions that resolve upward of 80 percent of cases in federal appeals courts nationwide. In some circuits these dispositions have no precedential value and cannot be cited. … 'Unpublished' is a misnomer, since most of these opinions are available now on legal databases. But some federal judges have argued that if this category of opinions can be cited and used as precedent, they will take more time to decide and write, sharply increasing the backlog of cases. Many sentencing appeals, for example, are resolved by unpublished opinions. The U.S. Courts of Appeals for the 2nd, 7th, 9th, and federal circuits ban the citation of unpublished opinions outright, while six other circuits discourage it." The Times adds, "Under the new rule, circuits will still be able to give varying precedential weight to unpublished opinions, but they can no longer keep lawyers from citing them -- in the same way lawyers cite rulings from other circuits or other authorities, such as law review articles."

State AGs Increasingly Going After Businesses. The National Law Journal (4/13, Post) reports, "State attorneys general, whether united or solo, are becoming national players … A combination of eased federal business regulation and corporate consolidation has dramatically transformed the role of state attorneys general, increasing their clout to shape national public policy through aggressive litigation." The Journal continues, "The shifting legal and corporate landscape has now made unified action among state attorneys general -- combined with creative individual actions -- a strategic necessity. … Recent victories by AGs working together have included: … A $295 million settlement among 49 states, the District of Columbia and Ameriquest over the mortgage loan company's allegedly predatory lending practices, reached in January. It is the second-largest consumer protection settlement, exceeded only by the 2002 predatory lending settlement between Household Finance Corp. and most states that ended litigation filed in state courts throughout the country. … In 2005, attorneys general from 47 states and the District of Columbia, Georgia and Hawaii's consumer protection offices reached a $40 million agreement with State Farm Mutual Insurance Co. The company had approached the states and said it could not confirm that it had given proper titles to a small percentage of vehicles that had been damaged or stolen, for which it had acquired title and then sold. None of the settling states sued. … In 2003, every state, the District of Columbia and the five U.S. territories resolved an antitrust suit against Bristol-Myers Squibb Co. that involved the cancer-fighting drug Taxol. A total of $55 million went to resolve claims of consumers and government agencies, and the company agreed to injunctive relief regarding its monopolization of Taxol and its generic equivalents. Vista Healthplan v. Bristol-Myers Squibb Co., No. 1:01CV01295 (D.D.C.)."

States Taking Responsibility For Issues Best Dealt With At Federal Level. In a New York Times op-ed (4/13), Cornell economist Robert Frank says, "In most of the world, for example, the primary responsibility for ensuring access to health care, regulating environmental quality and supporting basic scientific research is exercised by national governments. But in this country, these tasks are increasingly managed by state, and even local, governments." In "each case, there are compelling economic reasons for delegating the activities to national, rather than state or local, governments. Yet in each arena, the federal government has failed to act. It refuses to participate in international efforts to limit greenhouse gases. It makes further cuts in federal support for basic scientific research, even as the nation's share of world patents continues to decline. And about 46 million Americans currently lack any form of health insurance."

Nine States Considering Extending SOL For Suits Against Dioceses. USA Today (4/13, Willing) reports, "The Catholic Church is having early success in fighting proposals in state legislatures that would permit people claiming they were sexually abused as children to sue priests and other church officials long after the alleged offenses occurred." USA continues, "Measures proposed in nine states would suspend statutes of limitation and allow lawsuits to be filed regardless of when an alleged offense took place. The proposals are patterned on a 2003 California law that allowed a one-year window for suits to be filed there without regard to the statute of limitations." USA adds, "Since March, aggressive lobbying by the church helped to bottle up such a measure in a state Senate committee in Maryland, and to alter the language of an Ohio bill to rule out new lawsuits. A bill in Colorado's Legislature is being debated, but it's a long shot because of intense Catholic opposition, the bill's supporters say. The church is gearing up to fight proposals in Delaware, Hawaii, Michigan, New York, Pennsylvania and Wisconsin. … Mark Chopko, counsel to the U.S. Conference of Catholic Bishops, says the bills unfairly target Catholics and could add millions of dollars to the $1.38 billion the U.S. church has paid since 1950 to settle claims and for other expenses related to sexual abuse of minors by priests."

Bill Clinton Contrasts Foreign Policy Vision With Bush. Dana Milbank in his "Washington Sketch" column in the Washington Post (4/13, A2, 744K) writes that while former President Bill Clinton received the J. William

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Fulbright Prize for International Understanding he took the opportunity to contrast his foreign policy with President Bush's. Clinton's comments were not "the overt, I-told-you-so gloat; that would be unseemly for a former president." But Clinton's "words carried the subtle but unmistakable pleasure of sua culpa." Citing "the plummeting image of the United States in the Muslim world -- except in Indonesia, where Clinton himself has been helping with tsunami relief -- he said that 'it's a big argument for doing things in a cooperative way rather than in a unilateral way.'" Clinton said in Indonesia "Approval of bin Laden had gone from 58 percent to 28 percent. … They saw the military dropping food instead of bombs."

In contrast, the AP (4/13, Barrett) in an article titled "Bill Clinton Learns to Laugh at His Past" describes Clinton as self-effacing, reporting, "In recent days, Clinton has poked fun at his post-White House life working on global disaster relief and HIV/AIDS programs." Clinton has "also shown a willingness to mock the days his presidency was consumed by the Monica Lewinsky scandal and impeachment."

Hillary Clinton Criticizes Bush Economic Record. In a speech to the 78th annual dinner meeting of the Economic Club of Chicago Tuesday night, Sen. Hillary Clinton took a populist approach to criticizing President Bush's economic policies, saying they did not benefit working-class Americans. The Washington Times (4/13, Pfeiffer, 90K) quotes Clinton saying, "Tax cuts alone cannot secure the middle class. They are not the cure-all for everything that ails the American economy." She "voted against the 2001 and 2003 tax cuts and several other tax-cutting measures during her first term," and "marked a clear divide between herself and Republicans." But House Speaker J. Dennis Hastert "called Mrs. Clinton's claims baseless" saying, "The facts are pretty clear: Republican tax relief has sparked surging economic growth. In Illinois alone, the unemployment rate has dropped from 5.6 to 5.0 percent in the last six months."

Ahead Of '06 Elections, Voters Said To Be In An "Anti-Incumbency" Mood. The AP (4/13, Fournier) reports, "More and more, Americans are frustrated with politics as usual in Washington. … Analysts say the public may be getting angry enough to give the U.S. political system a jolt, one way or another. Voters could toss Republicans from power in Congress this fall, or turn the White House over to Democrats in 2008. Maverick reform-minded Democrats and Republicans might shake up their parties. Or perhaps voter unrest will fuel a credible third-party presidential campaign. 'There is certainly a lot of anti-incumbency out there and neither of these parties is doing swimmingly well,' said independent pollster Andrew Kohut of the Pew Research Center," whose "surveys suggest a throw-the-bums-out mentality is on the upswing, especially among independent voters." The AP notes, "Nearly half of independents say the Democratic and Republican parties are equally corrupt. An AP-Ipsos poll in December found nearly 90 percent of all voters believes political corruption is a serious problem.

Analysts Say Democrats Likely To Gain Seats In '06, But Not Win Control Of House. A front-page article in the Washington Post (4/13, A1, Weisman, 744K) reports that Democrats have "nearly a dozen strong candidates with the potential for unseating House Republicans, but probably not enough to take back control of the House absent a massive anti-incumbent wave this fall, according to House political experts." The Post notes that Tuesday's special election to fill the seat of ex-CA50 Rep. Randy "Duke" Cunningham (R) "showed that the Democrats face an uphill battle to pick up seats even in districts where the Republicans have their backs to the wall." Francine Busby (D), "running on a theme of ethics in government, finished first in a crowded field of 18 candidates to succeed Cunningham, who was sent to prison after pleading guilty to taking bribes in return for legislative favors." But Busby "garnered only 44 percent of the vote and was forced into a June 6 runoff." Busby may face ex-Congressman Brian P. Bilbray (R), "who finished second with 15 percent. State GOP leaders expect Republicans to coalesce around the eventual nominee in the runoff and retain the seat." The Post adds, "It will be up to lesser Democratic lights -- running in Republican districts with less-than-glowing résumés -- to help provide the 15 net victories Democrats need to take back control of the House. … In that context, Busby's performance" isn't "encouraging to Democrats, said Stuart Rothenberg, a congressional analyst and editor of the Rothenberg Political Report. 'There may be a wave building, but it's still off the shoreline,' he said."

Democrats Seen As Having Best Opportunity At Winning Back House Since '94. An article in the Christian Science Monitor (4/13, Feldmann, 61K) paints a different picture of Democrat's hopes of regaining control of the House, relating, "Privately, some GOP political handicappers, in a race-by-race assessment, predict that the Democrats will pull it off, as the national mood toward President Bush and the Republican-ruled Congress sours further. The two latest generic congressional polls -- testing which party voters want in charge -- favor the Democrats by large margins: 10 points in one, 16 in the other. This gap 'suggests something about the national mood, but whether it will be sustained through the fall or just how that will translate into seat swings is another question,'" said Gary Jacobson, a political scientist at the University of California, San Diego. Jacobson added, "But it's the best shot the Democrats have had since they lost

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the House in 1994. If they don't get it this time, they'll really have to worry."

Study Indicates Young "Religious Centrists" Emerging As Key Voting Bloc. The Washington Times (4/13, Harper, 90K) reports, "College students are becoming more religious, and it's affecting their political views, according to a new Harvard University survey of this potentially influential voting bloc. 'Religious centrists' rule, according to the university. A full 70 percent say religion plays an important part in their lives, with a quarter saying their spirituality has increased at college. Six out of 10 say they are concerned about the moral direction of the country, according to the poll of 1,200 students from across the country, conducted March 13 to 27 and released Tuesday." The Times notes, "The Harvard study advises political parties to woo the spiritually inclined, a demographic that the popular press mostly deemed the exclusive territory of the 'religious right' in the past two presidential elections. 'This analysis foreshadows the 2008 general election campaign for president where religious centrists, nearly a quarter of the student vote, will be the critical swing vote…and likely the most influential group in American politics for years,' according to the survey."

Kingston Says GOP Can Benefit From Increased Use Of Blogs. The Washington Times (4/13, Pfeiffer, 90K) reports that GA1 Rep. Jack Kingston (R) "says Republicans need to use the Internet better to connect with nontraditional voters and to monitor the concerns of constituents heading into this year's midterm elections. 'It's the new talk radio. We can connect with new people who will come out and vote for us,' said Mr. Kingston, vice chairman of the House Republican Conference, who has a blog and writes an occasional 'diary' for the popular conservative site redstate.com." Kingston on Monday "held an hourlong conference call with conservative bloggers," allowing "participants to address topics ranging from Iraq to illegal immigration. Popular conservative blogger Matt Margolis, who has participated in several of Mr. Kingston's conference calls, said such interactions provide insight and access to bloggers, and, ultimately, will help legislators get out an unfiltered message. 'Republicans need bloggers to help get their message out, while Democrats have been able to rely on the mainstream media,' said Mr. Margolis."

Nagin Faces 22 Challengers In New Orleans Mayor's Race. The Los Angeles Times (4/13, Simmons, 958K) reports, "The frustration, disillusionment and anger of life after Hurricane Katrina have compelled 22 people to declare that they can do a better job of running the city than Mayor C. Ray Nagin. The largest field of challengers in a modern New Orleans mayoral race includes marquee names such as Lt. Gov. Mitch Landrieu," but "most are relative unknowns." The Times notes, "Two candidates are widely seen as Nagin's chief challengers, primarily because of name recognition and financing: Landrieu, son of the city's last white mayor, Maurice Edwin 'Moon' Landrieu, and brother of Sen. Mary L. Landrieu (D-La.); and Ron Forman, president and chief executive of the Audubon Nature Institute. Four other candidates have made the cut to regularly participate in televised forums and debates: lawyer Virginia Boulet, entrepreneur Robert Couhig, former Councilwoman Peggy Wilson and the Rev. Tom Watson."

Romney Signs Massachusetts Health Care Reform Law. Massachusetts Gov. Mitt Romeny signed into law a universal health insuranmce bill which was generally described as a "landmark" and groundbreaking.

CNN's The Situation Room (4/12, Collins) reported, "Massachusetts Governor Mitt Romney today signed a new health care reform plan into law. It is designed to insure nearly every resident of the state. Supporters say it could serve as a model for the rest of the nation and a possible platform for a Romney presidential campaign. A new ABC/Washington Post poll finds, 55 percent of Americans say they would support similar legislation in their own states."

The New York Times (4/13, Belluck, Zezima, 1.19M) reports, "In a ceremony full of pomp and political backpatting, Gov. Mitt Romney signed Massachusetts' landmark health care legislation Wednesday, setting the stage for the state to be the first to provide health coverage to virtually all of its citizens." Yet "the celebratory atmosphere was accompanied by some friction because Mr. Romney, a Republican, vetoed a provision some Democrats and health care advocates adamantly support: a requirement that employers who do not provide health insurance to their employees pay the state up to $295 per worker each year." Democrats "said they expected to override that veto in the next few weeks and were examining Mr. Romney's vetoes of seven other less controversial provisions."

Knight Ridder (4/13, Pugh) reports, "Romney signed groundbreaking universal health-care legislation Wednesday that promises to cover nearly all the state's 515,000 uninsured residents by 2010." Framing the signing as historic Kinght Ridder continues, "In a packed ceremony in the chambers where the doctrine of 'no taxation without representation' was born, Romney and the bipartisan leaders who crafted the bill sensed a watershed moment."

The AP (4/13, Leblanc) reports, "The program is a potential political coup for Romney as he weighs a possible run for the Republican presidential nomination in 2008."

Noting the pomp and ceremony the Washington Post (4/13, A6, Fahrenthold, 744K) notes, "the bloom on

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Massachusetts's first-of-its-kind policy was wearing off. Some observers have charged that the plan promises a huge array of low-cost, state-subsidized health-insurance policies for the uninsured to buy -- but provides few details about how this will be done."

And the Washington Times (4/13, A1, Lambro, 90K) in a front page story reports "the ambitious undertaking, the product of months of negotiations in Mr. Romney's last year in office, would cost more than $1 billion a year and has drawn sharp criticism from conservatives who called it "a big government" plan and another version of "Hillarycare," the ill-fated plan produced in 1993 by first lady Hillary Rodham Clinton."

Romney Says Health Care Requires A Republican Solution. Massachusetts Gov. Mitt Romney said on Fox News' Your World With Neil Cavuto (4/12), "I think health care and education are two issues the Democratic Party has held on to for a long time but they haven't had answers." Health care "takes a Democratic goal we share, getting everybody insured and solving the issue in a Republican way, which is applying a personal responsibility principle, reforming the market, and allowing people to buy private health care insurance they can take with them from job to job that's entirely portable. It's a Republican way of solving a problem we face as a nation."

Romney Says Aspects Of Massachusetts Plan Would Work Nationally. Romney was asked on MSNBC's Hardball (4/12) if the Massachusetts plan will work for the entire country. Romney said, "There are certain aspects of it that I think would work across the country, perhaps better in some states than others. Of course the great thing about federalism is you let a state try it and see how it works before you spread it out."

And the Wall Street Journal (4/13, Bulkeley, 2.11M) reports, "The Massachusetts bill is being watched widely as a possible pattern for other states and as a prime element in Mr. Romney's expected bid for the Republican presidential nomination in 2008. It reallocates existing federal and state funds and requires uninsured residents to buy health insurance, which the state would subsidize for poor people."

Rice Asks Security Council To Take "Strong Steps" To Counter Tehran's Enrichment Plan.

Secretary of State Condoleezza Rice warned Iran after Iranian President Mahmood Ahmadinejad yesterday upped the ante in his country's pursuit of a nuclear program, saying Iran will now set the stage for large scale enrichment of uranium. The story was covered on each of the networks last night, and NBC ran it second in its lineup, as well as a follow-up about the potential for a US military response. Rice's "strong" warning was also featured prominently on the cable TV shows and in the major US newspapers.

NBC Nightly News (4/12, story 2, 2:45, Williams, 9.87M) reported, "Even Russia and China joined the US and Europe in criticizing Iran's nuclear program. In the face of world criticisms, Iran's leader remained defiant today, telling a rally that all Iranians demand the benefits of nuclear technology." Secretary of State Condoleezza Rice "asked the UN's top nuclear inspector to tell Iran's leaders when he meets them tomorrow they have crossed a dangerous line." Condoleezza Rice, Secretary of State: "If the Iranians continue down this course there has to be some course of action by the Security Council." Mitchell: "The UN Security Council agrees now that Iran should not develop weapons, but Russia and China are still not willing to punish Iran." A lot is "going on behind the scenes." Secretary Rice has "certainly told Mohammed El-Baradei at his meetings in Tehran tomorrow and the next day that he's got to be very tough with Iran and he has credibility with them. Also, they are pressuring Russia, and finally Hu Jintao, the Chinese president, is coming next week for a summit, and as you can imagine, that is going to be a very important topic of their conversations."

The CBS Evening News (4/12, story 6, 2:00, Schieffer, 7.66M) quoted UN Ambassador John Bolton: "That is leaving a potential nuclear weapons capability in the hands of the world's largest state sponsor of terrorism and that is not a happy prospect." Axelrod: "All eyes now are on Mohammed El-Baradei, the head of the International Atomic Agency dispatched to Iran by the United Nations to verify if Iran's claims are true." Clearly, the US "speaks loudest and today most confrontationally. Deputy Chief of Staff Karl Rove said about Ahmadinejad..." Karl Rove, Deputy Chief of Staff: "He's not a rational human being to deal with and we're going to have use every diplomatic tool, the United Nations, the International Atomic Energy Agency, and our partners in Europe to bring pressure to bear to stop this."

ABC World News Tonight (4/12, story 4, :25, Vargas, 8.78M) reported, "One day after Iran's bombshell announcement it has begun to enrich uranium, it has unveiled plans to dramatically expand its nuclear program. A top official says there are plans to install 3,000 centrifuges at one atomic site this year. Despite some tough talk today from Secretary of State Condoleezza Rice, it is not clear what the next move by the international community will be."

CNN's The Situation Room (4/12, Collins) reported, "Secretary of State Condoleezza Rice says it is time to take what she calls strong steps against the Tehran government. She's responding today to Iran's announcement that it has successfully enriched uranium." Rice "has not called for an emergency meeting of the UN Security Council, but she is calling on the UN's top nuclear watchdog to intensify pressure on Iran during talks this Friday."

Fox News' Special Report (4/12, Rosen) reported, "Secretary Rice while calling for the Council to take strong

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steps also appeared eager to downplay recent reports that the Bush Administration is ramping up for military action against Iran. She said, and I quote, a concerted and cohesive diplomatic policy that the world is behind will convince Iranians that they have to come back in into compliance."

AFP (4/12) reported Secretary Rice "called Wednesday for the UN Security Council to take 'strong steps' to respond to Iran's announcement it had successfully enriched uranium," however, she "did not call for an emergency meeting of the 15-member Security Council." Rice: "I do think that the Security Council will need to take into consideration this move by Iran and that it will be time when it reconvenes on this case for strong steps to make certain that we maintain the credibility of the international community on this issue." The New York Times (4/13, Fathi, Hausner, 1.19M) adds, "Asked if Ms. Rice wanted sanctions, the White House spokesman, Scott McClellan, said the United States was consulting with Security Council members about a diplomatic course of action." A separate AFP (4/12) piece said, "Iran's growing militancy about its nuclear program has left US officials groping for a balance between diplomacy and a credible military threat if it gets near to building an atomic bomb." While the US "led a global chorus in condemning the Islamic republic," Washington "appeared no closer to nailing down an international consensus on how to respond."

The Los Angeles Times (4/13, Rubin, 958K) in an article titled "U.N. Response To Iran Nuclear Work Unclear" says the "sharpest response Wednesday came from the United States," but "Bush administration officials refused to spell out what the U.S. might demand by the world body."

The Financial Times (4/13, Khalaf, Smyth) keys on the Security Council's reaction, saying "members on Wednesday loudly criticised Iran's declaration" and noting, "Russia and China, the two council members most sympathetic towards Iran, added their voices to European Union governments, and told Tehran its actions ran counter to UN decisions." However, the Times says, Russian Foreign Minister Sergei Lavrov "warned on Wednesday against the use of force to deal with Tehran" and " said military strikes on nuclear facilities would create 'a dangerous explosive blaze in the Middle East, where there are already enough blazes.'"

USA Today (4/13, Slavin, 2.31M) notes, "The increased tensions coincide with the arrival in Iran of Mohamed ElBaradei, head of the International Atomic Energy Agency, the U.N. nuclear watchdog." And "Iran's public claims may be an effort to improve its bargaining position in future negotiations with Europe and the United States, said Najmeh Bozorgmehr, an analyst at the Brookings Institution." The AP (4/13, Schweid), the Washington Post (4/13, A18, Vick, 744K) report similar details and the Washington Times (4/13, A1, 90K) caries a front page story from combined dispatches.

In somewhat negative tones, the Wall Street Journal (4/13, A3, Robbins, 2.11M) says "there is growing anxiety in the U.S. and Europe that Tehran's technical mastery is far outpacing diplomatic efforts to stop it," and notes, "Two years of European-led negotiations and a threatened showdown with the United Nations have barely slowed Iran's drive to enrich uranium" for civilian or military purposes.

And Bloomberg (4/13, Alison) adds that U.S. Assistant Secretary of State for International Security and Nonproliferation in Moscow said, "Using those 50,000 centrifuges they could produce enough highly enriched uranium for a nuclear weapon in 16 days." Rademaker said Ahmadinejad's statement "was a deeply disappointing announcement."

Tehran Said To Still Lack Materials, Expertise. The New York Times (4/13, A1, Broad, Fathi, Brinkley, 1.19M) in a front page story reports, "Western nuclear analysts said yesterday that Tehran lacked the skills, materials and equipment to make good on its immediate nuclear ambitions." Some analysts called Tehran's "claims exaggerated. They said nothing had changed to alter current estimates of when Iran might be able to make a single nuclear weapon, assuming that is its ultimate goal. The United States government has put that at 5 to 10 years, and some analysts have said it could come as late as 2020." A similar AP (4/13, Buzbee) story says Tehran's "boast may mean little," and notes "diplomats and experts familiar with the program say Iran still is far from producing any weapons-grade material needed for bombs and may be exaggerating its own progress."

Options Seen As Narrow For Bush. An analysis piece in Washington Post (4/13, A18, Baker, 744K) says President Bush now "finds his options ever more constricted. The Iranians seem unfazed by U.N. statements. The Russians and Chinese won't go along with economic sanctions. And the generals at the Pentagon hate the idea of a military strike." Even though Europe, Russia and China "expressed disapproval of Iran's latest move, there were no signs of consensus on what to do about it." The Post says Bush's "central problem" is that Tehran has proven "impervious…to the diplomatic levers Washington and its partners have been willing to use. Some administration officials have grown increasingly skeptical that a solution can be found, raising the prospect that, like North Korea before it, a second member of the trio of rogue states Bush once dubbed the 'axis of evil' may ultimately develop a nuclear bomb over U.S. objections."

LAT Poll Shows US Divided On Action Against Iran. The Los Angeles Times (4/13, McManus, 958K) reports a Times/Bloomberg poll of 1.357 adults conducted April 4 through April 11 (+/-3%) showed "Americans are divided over the prospect of U.S. military action against Iran if the government in Tehran continues to pursue nuclear

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technology — and a majority do not trust President Bush to make the "right decision" on that issue, a Los Angeles Times/Bloomberg poll has found." Asked if "they would support military action if Iran continued to produce material that could be used to develop nuclear weapons, 48% of the poll's respondents, or almost half, said yes; 40% said no." And "In a telling reflection of Bush's erosion in public support, 54% said they did not trust him to 'make the right decision about whether we should go to war with Iran,' while 42% of respondents said they trusted him to do so."

Pentagon Officials Meeting To Discuss Military Contingency Plans. NBC Nightly News (4/12, story 3, 2:30, Miklaszewski, 9.87M) reported, "Defense Secretary Rumsfeld met with top Pentagon and military officials last week to review all military options against Iran. Pentagon officials stress however, this is very early in the process. No decisions have been made, but almost all options are on the table. Military officials tell NBC News air strikes using cruise missiles and stealth bombers tops the list of military options against Iran. The program targets would be Iran's nuclear sites, like the uranium enrichment plant at Natanz, but that could be expanded to include some military targets such as airfields and anti-aircraft defenses. But it's unlikely air strikes alone could destroy all of Iran's nuclear facilities." The Pentagon "has a standing contingency plan for attacking Iran called CON PLAN 1025. It does include the use of tactical nuclear weapons to destroy deeply buried targets. Military officials predict, however, it's highly unlikely the US would choose the nuclear option. At the same time, military officials pretty much rule out any possibility of invading Iran with American ground troops, because the mission would not be to occupy Iran, but to set back its nuclear weapons program." Although Pentagon officials "say they can't rule out any military options, they admit at the same time that the chance is almost zero the US would attack Iran in the foreseeable future."

Germany's Merkel To Discuss Iran In Visit Washington Next Month. The AP (4/13) reports that "President Bush will meet with German Chancellor Angela Merkel at the White House early next month to talk about Iran's nuclear program and other global issues." The AP notes that "the May 3 session will be the leaders' second Oval Office discussion in four months," a sign of warming ties after Gerhard Schroeder departure.

Armitage Says US Must Talk To Iran. The Financial Times (4/13, Sevastopulo) reports former Deputy Secretary Armitage "has urged the Bush administration to hold talks with Iran over its nuclear programme," saying "Washington would benefit from talking to Tehran on a range of issues, including Iran's nuclear aspirations." Armitage: "It merits talking to the Iranians about the full range of our relationship...everything from energy to terrorism to weapons to Iraq. We can be diplomatically astute enough to do it without giving anything away." Speaking of Iran's neighbor, Armitage said the rebuilding of Iraq was "going badly. We haven't been able to train the police and armed forces sufficiently quickly." The Times says Armitage "stressed that the US needed to 'stay the course' and give the Iraqi government time to 'stand on its own feet.'"

Annan Calls For Diplomatic Solution. And Knight Ridder (4/13, Landay, Strobel) reports, "Some experts said the Bush administration should consider a new strategy that recognized Iran as a regional power, embraced direct talks on the nuclear crisis and other issues, and dropped the threat of force." U.N. Secretary-General Kofi Annan called for "everyone to work more actively for a diplomatic solution and to cool down the rhetoric." Annan's "comments reflected assessments that Iran could have made only a minuscule amount of low-enriched uranium and is a long way from starting up an industrial-scale plant that's under construction in Natanz."

Former Iran President Warns Of Impact On Iraq. The AP (4/13, Dareini) reports, "Former Iranian President Hashemi Rafsanjani -- a powerful figure in the country's clerical regime -- warned in an interview with the Kuwaiti newspaper Al-Rai Al-Aam that pressuring Iran over enrichment 'might not have good consequences for the area and the world.'" He "said planned talks between Iran and the United States on stabilizing Iraq could lead to discussions on the nuclear dispute."

Attacking Iran Could Inflame Muslims Against US. And Claremont senior fellow Mark Helprin in an op-ed in the Washington Post (4/13, A21, 744K) writes that while the US may be able to defeat Iran militarily, if Ahmadinejad "could knock us back and put enough of our blood in the water, the real prize might come into reach. That is: to make such a fury in the Islamic world that, as it has done before and not long ago, it would throw over caution in favor of jihad. As simply as it can be said, were Egypt to close the canal, and Egypt, Saudi Arabia and Turkey to lock up their airspace -- which, with their combined modern air forces, they could -- the U.S. military in Iraq and the Gulf, bereft of adequate supply, would be beleaguered and imperiled."

Iranian Reaction Subdued. Knight Ridder (4/13, Allam) reports, "Apart from a few schoolyard rallies and celebratory newspaper headlines Wednesday, Iran's first day in the nuclear club was subdued, with workaday Iranians still more preoccupied with pollution and unemployment than possible retaliation from U.S.-led Western powers." President Ahmadinejad's speech was expected to provoke a patriotic response, yet "Iranians were clearly of two minds about the impact of the development." And in an interview before the speech Iranian political scientis Davoud Bavand "said he wasn't optimistic about the future of international negotiations over Iran's nuclear program."

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WPost Advocates Stiffening Penalties On Iran. The Washington Post (4/13, A20, 744K) in an editorial says thus far threats of sanctions from the UN Security Council have been ignored by Iran and that "unless the diplomacy on Iran can be made to work, this administration or its successor may have to choose between war and accepting Iran as a nuclear power. A workable diplomacy will have to include sticks as well as carrots: It will have to show Iranians that defiance of the Security Council, and provocations such as those of Mr. Ahmadinejad, will have tangible consequences."

Hamas Warns West It Is Jeopardizing Own Interests. The Washington Times (4/13, Martin and Svelova, 90K) reports that "Palestinian Prime Minister Ismail Haniyeh warned yesterday that decisions by the U.S. and European Union to suspend aid to his Hamas-led government are jeopardizing Western strategic interests in the Arab and Muslim world." Haniyeh called the cutoff of aid "a cover, or green light, for the [Israeli] occupation." In the absence of US and EU funds, Palestinian officials are "scrambling to obtain loans from private Palestinian, Arab and Islamic banks."

Israel Expands Target Zone In Gaza. Knight Ridder (4/12, Nissenbaum) reports that "Israel has begun to fire retaliatory strikes into a larger zone that now comes within 100 yards of Palestinian towns and villages" after a series of rocket attacks. In addition, "Israeli officials have made veiled threats in the news media to send ground forces back into the Gaza Strip."

Muslim Families Keep Jesus' Site Open. Knight Ridder (4/12, Nissenbaum) describes how two Muslim men share the duties of administering the front door of the Church of the Holy Sepulcher in Jerusalem, which contains "the spot where Jesus was crucified and the tomb where he was buried."

Muslim Brotherhood Hopes To Win In Jordan. The Washington Post (4/13, Williams, 744K) reports that "Islam as a political force is moving to center stage in Jordan." The Islamic Action Front envisions success through "municipal elections that are supposed to take place this year and balloting for parliament in 2007." It has observed "the blossoming of Islamic parties in Iraq, the success of Egypt's Muslim Brotherhood in parliamentary elections last year and, most of all, the recent victory by Hamas in Palestinian legislative elections."

Bush Urges China To Address Trade Issues. As President Bush prepares to meet with Chinese President Hu Jintao in Washington next week he increased pressure on China to address concerns over trade imbalances. The Washington Times (4/13, Curl, 90K) reports Bush's pressure "came a day after China pledged to lift its ban on American beef, to crack down on the sale of pirated computer software and to consider allowing foreign firms to compete for Chinese government contracts during negotiations between top economic officials from both countries." Yesterday Bush met "with a Chinese vice prime minister, Wu Yi, on U.S.-Chinese trade issues. She assured the president that China soon plans to reopen its market to U.S. beef imports, White House spokesman Scott McClellan said."

And the AP (4/13, Crutsinger) notes the US "has won a string of commitments from China aimed at narrowing a record trade gap, but the White House put Beijing on notice Wednesday the promises must be followed by action." McClellan said "It's progress and...now we will look forward to seeing results." And Bush "pressed the same message Wednesday morning in a meeting with Chinese Vice Premier Wu Yi. … Bush thanked her for 'efforts to make U.S.-China trade more equitable' but pressed for Chinese President Hu Jintao, during his visit to the White House next week, to 'explain to the American people how China will meet the challenge of rectifying global economic imbalances,' McClellan said."

AFP (4/13) adds, "The Bush administration has pressed China in recent months to open up access to US products while lawmakers in Congress accuse Beijing of failing to protect intellectual property rights and allowing the sale of pirated US products."

US Trade Gap Narrows With China. Other stories on the narrowing US trade gap with China did not mention the White House's increased pressure and cautioned some experts note that the improvement could be influence by one-time factors. The New York Times (4/13, Bajaj, 1.19M) reports, "The country's trade deficit with China, the source of much concern in Washington, dropped a sharp 23 percent, to $13.8 billion, in the month, but analysts suggested that the decline was temporary and partly caused by the Chinese New Year, when many factories and businesses shut down to allow workers to celebrate the holidays in late January and early February. The trade figures supported that idea, as exports to China rose 17 percent and imports from the country fell by about 16 percent in the month."

The Wall Street Journal (4/13, Hitt, 2.11M) notes that "even with the improvements, the monthly gap is still one of the largest ever, putting the U.S. on pace this year to break 2005's record annual trade deficit of $723.61 billion. 'The trend still points to a larger deficit in coming months, especially given recent rises in oil prices,' said Nigel Gault, U.S. economist for Global Insight Inc."

US Economic Relationship To China Beneficial To Both. The Washington Times (4/13, A1, Hill, 90K) in a front page story reports, "The United States and China, the world's twin engines of economic growth, have a relationship that has worked well to keep the economy expanding -- but some analysts fear it could end badly." The Times notes, "The U.S.

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role has been to buy increasing quantities of Chinese-made consumer goods, amassing the largest trade deficit ever seen between two countries: $202 billion last year." In response, "China has kept up its share of the economic compact by accumulating a gigantic treasure chest of U.S. dollars from its export sales and reinvesting most of those dollars in U.S. Treasuries and corporate bonds." That "is just as essential in the economic relationship because it provides U.S. consumers and businesses with the credit they need to keep on buying Chinese and other goods." While "China is bad-mouthed regularly in Washington by politicians…the mutually dependent trade relations are credited with helping to keep the world economy afloat and enabling it to recover from the 2001 recession. Lately, it has inspired an economic boom in Asia."

Few Expect China To Shut Down Piracy. The Los Angeles Times (4/13, Lee, 958K) reports, "In recent weeks the Bush administration, under pressure from a Congress unhappy about the large U.S. trade deficit with China, has threatened to get tougher with Beijing by taking its complaint on intellectual property rights to the World Trade Organization." And "Chinese officials are eager to show that they are serious about reducing piracy, especially with President Hu Jintao preparing to visit the United States next week." But "Few believed piracy was the reason for the shuttering of Xiangyang Market. In fact, the announcement came after the city cut a lucrative deal with a Hong Kong developer who has plans to build apartments and offices on the site."

China Dampens Expectations For Yuan Revaluation. The Wall Street Journal (4/13, Browne, 2.11M) reports, "China again ruled out any sudden move to make its currency fully convertible, further damping expectations of a breakthrough on the issue days ahead of a visit to Washington by Chinese President Hu Jintao." Yet, "the yuan has been strengthening slightly and appears poised to break through 8.0 to the dollar. On Wednesday, it closed at 8.0084, representing a gain of 1.2% since the yuan was revalued upward 2.1% against the dollar last July."

China To Halve State Ownership Of Firms. The Wall Street Journal (4/13, Chen, 2.11M) reports, "China aims to cut the number of central government-owned enterprises by about half," mostly with mergers, "with some of the remaining companies then seeking to list their shares or sell stakes to foreign or private Chinese investors." Recent backlashes "against pitfalls of market-oriented policies, such as a growing wealth gap and environmental degradation, has also put a spotlight on Beijing's campaign to overhaul state companies. Many of those companies lose money and remain burdened by bloated work forces, outdated equipment and obligations to provide workers low-cost housing and medical care."

IAE Predicts China Demand For Oil To Decline. The Wall Street Journal (4/13, Pin, 2.11M) reports, "China's oil-demand growth for 2006 may be reined in by a slow start to the year and a continued decline in fuel-oil usage, the International Energy Agency said Wednesday." The IAE "predicts China's oil demand will grow 5.5%, or 360,000 barrels a day, from 6.59 million barrels a day in 2005 -- a negligible downward revision from last month. This is well off the 15% jump in 2004 that took global oil markets largely by surprise, but still the fastest rate forecast for major markets this year."

Google CEO Defends Decision To Cooperate With Chinese Censorship. The New York Times (4/13, Yardley, 1.19M) reports, "Google's chief executive, Eric E. Schmidt, whose company has been sharply criticized for complying with Chinese censorship, said on Wednesday that the company had not lobbied to change the censorship laws and, for now, had no plans to do so." He "defended the decision to cooperate with the censors, saying that accepting the restrictions of Chinese law were unavoidable for Google to enter the Chinese market. 'We had a choice to enter the country and follow the law,' Mr. Schmidt told the foreign reporters. 'Or we had a choice not to enter the country.'"

Knight Ridder (4/13, Johnson) adds, "Schmidt said Google's desire to help Chinese Internet users outweighed concerns about freedom of expression." Schmidt "added that China isn't the only nation in which certain information is barred, mentioning later restrictions in Germany on Internet links to neo-Nazi movements."

ABC World News Tonight (4/12, story 5, 2:35, Vargas, 8.78M) reported that in China, Google's "chief executive was promoting a new venture it calls Gu Ge, a Chinese version of its enormously popular search engine. There is a rush of Internet companies entering China. And sometimes there is a price of doing business there. China has 110 million Internet users."

Yahoo Confronted For Cooperation With Chinese Authorities. ABC World News Tonight (4/12, story 5, 2:35, Vargas, 8.78M) reported China is "still not an open society. And Internet companies are facing fierce criticism for making compromises in order to operate there. Yahoo! was most recently confronted by activists." ABC (Tapper) added, "Reporters Without Borders came to Yahoo!'s Silicon Valley headquarters to show the company what its cooperation with the Chinese government really means." Julien Pain of Reporters Without Borders "showed them this video, smuggled out of China. 'My brother is in jail because of you.' In it, the brother of Li Zhi says his brother's health in prison has deteriorated. He says Yahoo helped Chinese authorities identify Li Zhi, who had anonymously exposed government corruption on the Internet." Also imprisoned, "journalist Shi Tao, for writing about Chinese press censorship. His lawyer says Yahoo! helped the government trace e-mails to his

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computer and warns there are more cases. 'Yahoo! didn't only give information about Shi Tao. It has done the same to many others.'"

South Korea Promises To Level Playing Field For Foreign Investors. The Financial Times (4/13, Fifield) reports, "South Korea financial authorities on Wednesday pledged to create a level playing field for foreign and domestic investors, and to apply regulation in a reliable and rational way, as Asia's fourth largest economy pursues its goal of becoming a major financial centre in the region." South Korea "has identified financial services -- and asset management in particular -- as a key area of future growth for manufacturing-reliant Korea, and has begun liberalising its economy and promoting greater liquidity in its markets as a result." But "foreign investors have recently expressed doubts about the ability of Korea to become a hub while populist outrage against foreign takeovers and profits becomes increasingly loud."

Pakistan Will Buy F-16s. The Financial Times (4/13) reports that "Pakistan's cabinet on Wednesday gave clearance to the purchase of up to 77 F-16 fighter planes from the US, marking a significant expansion for the country's air force." The Times observes that "buying the aircraft could help General Musharraf politically. Pakistani nationalists have questioned his support for the US-led war on terror, saying the US often benefits more from the relationship than Pakistan."

US And Peru Sign Free Trade Deal. The AP (4/13, Gedda) reports that the US and Peru signed a free trade agreement. The AP notes that "once implemented, 80 percent of consumer and industrial products and more than two-thirds of current U.S. farm exports to Peru would become duty-free. Many products from Peru already enter the U.S. market without duties. The agreement ensures that this status would remain unchanged."

Garcia Of Peru Closes In On Runoff Spot. The New York Times (4/13, Forero, 1.19M) reports that former Peruvian President Alan Garcia "appears to be on his way to finishing second in the tally of Sunday's presidential election." The Times reports that "with about 88 percent of the ballots counted, the electoral authorities said Wednesday that Mr. García had 24.4 percent of the vote and that Lourdes Flores, a free-market proponent and former congresswoman, had 23.3 percent." The idea of his running against "fierce antiglobalization nationalist" Ollanta Humala is reportedly "alarming to the country's business class." Garcia's rule from 1985 to 1990 was "was characterized by 7,000 percent inflation, food shortages and widespread rights abuses."

Russia Will Claim Shared G-8 Values. The Washington Times (4/13, Dinan, 90K) reports that "Russia hopes to use this summer's G-8 summit in St. Petersburg to convince the United States and other industrialized nations it shares their values, and that it will be the world's politically safest source of oil and gas in the next few decades." Russia has been criticized for human rights practices, but an anonymous Russian official "said Moscow also wants to demonstrate that it plays a constructive role in the international community."

Ghanaian President Praises US Aid But Criticizes Delays. The AP (4/13) reports that Ghanaian President John Kufuor praised American assistance in "the fight against HIV/AIDS, childhood education, trade and agriculture." However, Kufuor said that "we need more help" in fully implementing the African Growth and Opportunity Act's provisions on "duty-free exports for more than 6,400 African products to U.S. markets" and in receiving promised money from the Millennium Challenge Account.

Kathmandu Consular Section Closed, Hastert Visit Cancelled. The New York Times (4/13, Sengupta, 1.19M) reports the US Embassy Kathmandu "on Wednesday announced the closing of its consular section and canceled a Congressional delegation's visit this week. The moves came as a fourth Nepali was killed during pro-democracy protests in the south of the country, according to a political party that called for the demonstrations." Speaker Dennis Hastert and seven other House Members were "scheduled to visit Katmandu this week as part of a swing through the region. The American Embassy in a statement on Wednesday said the visit had been canceled 'due to ongoing violence, curfews and widespread insecurity.'"

Italy Predicted To Tilt Away From US Under Prodi. In an analysis of the impact of this week's election on US-Italian relations, the AP (4/12, Simpson) says "a new center-left government led by Romano Prodi could bring changes in Italy's relationship with the United States, including a return to the 'old Europe' that opposed the war in Iraq and has worries about what it considers Washington's aggressive foreign policy." Prodi's "platform and public statements make clear he intends to focus on closer relations with other European countries and work for a joint European Union foreign policy, saying only the bloc as a whole can counterbalance American power."

In reporting on a potential source of tension in the bilateral relationship, the New York Times (4/13, Kiefer, 1.19M) notes, "Italy's justice minister said he would not seek the extradition of 22 Central Intelligence Agency officers accused of kidnapping a Muslim cleric from the streets of

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Milan and flying him to Egypt for interrogation. The Milan prosecutor leading the investigation, however, pledged to resubmit the extradition request once Italy's new government is in place." Prosecutors say Hassan Mustafa Osama, AKA Abu Omar, "was taken first to Germany, then to Egypt, and that he was tortured during the interrogations."

Berlusconi Backs Away From Allegations Of Fraud. The AP (4/13, Sanminiatelli) reports Italian Premier Silvio Berlusconi "appeared to back away from his allegation of fraud, releasing a statement late in the evening in which he said that the very thin margin of victory 'requires a scrupulous check to ascertain any possible error or irregularity.'" His "allegations apparently prompted a late-night phone call from Prodi to Interior Minister Giuseppe Pisanu, Apcom and ANSA reported, citing sources in the center-left coalition."

Prodi Confident Of Victory. The New York Times (4/13, Fisher, 1.19M) reports, "As judges began to recount the ballots in Italy's tight national elections, Romano Prodi said Wednesday that he expected that the provisional results giving him a narrow victory would stand and that he would replace" Berlusconi. The Times adds, "Since the voting, Italian politics have lapsed into a state of suspended animation, as Mr. Berlusconi, who waged an all-out campaign for a second term, has refused to concede defeat, saying the results are so close they require a recount." AFP (4/13) carries a similar story.

Political Environment In Italy Uncertain. Many newspapers characterized the political situation in Italy as uncertain. Typical of coverage, the Wall Street Journal (4/13, A6, Meichtry, 2.11M) says the government in Rome "remains in limbo" following this week's election. Prodi "may have succeeded in pulling off a razor-thin victory at the polls, but he faces an institutional logjam that could stall his ability to form a new government for as many as two months, further postponing the economic retooling many economists believe the country badly needs." The delay in forming a working government "threatens to add to a climate of political uncertainty and could further weaken Mr. Prodi's standing. Two days after the polls closed, Prime Minister Silvio Berlusconi has yet to concede defeat, and is contesting the outcome of the election."

The Financial Times (4/13, Barber) reports, "Italy braced itself for weeks of political uncertainty on Wednesday as Romano Prodi, the winner of this week's election, said he would not form a government until May and Silvio Berlusconi, prime minister, continued to challenge the result."

And the Christian Science Monitor (4/13, Celeste, 61K) notes, "Leading a government divided almost equally between left and right, Prodi could be hard-pressed to revive Italy's sagging economy -- let alone undo the laws that critics say Mr. Berlusconi…passed during his five-year term to benefit his interests." John Cabot University in Rome political science professor Franco Pavoncello said, "The future looks like an unstable government." And according to Pavoncello there are also divisions within Prodi.

Opinion analysis of the aftermath of Italy's election echoed that theme. Tony Barber in an op-ed in the Financial Times (4/13) says, "Italy's political, social and cultural divisions – that between Catholic believers and radical secularists is another, reaching deep into Mr Prodi's coalition – were supposed to become a mere historical memory under the political system that emerged in the early 1990s from the debris of Italy's so-called 'First Republic.'" And "with post-election gridlock gripping Italy, it may instead be this 'Second Republic' and its political and economic failures that await burial."

Roger Cohen in his column in the New York Times/IHT (4/12) says "Italy's anxiety after election results revealed a country so perfectly divided as to appear almost perfectly ungovernable."

Berlosconi May Lead After Recount. AEI fellow Michael Ledeen in an op-ed in the Wall Street Journal (4/13, 2.11M) suggests Berlosconi may eventually still win after a recount noting that a decade ago "Italians had to choose between two factions headed -- surprise! -- by Messrs. Prodi and Berlusconi. However long Mr. Prodi may govern, we undoubtedly know the name of his successor. Indeed, it is still technically possible for Mr. Berlusconi to remain in office, because the courts are required to check the tallies, which are reported telephonically to the interior ministry. There is normally a difference of 40,000 to 60,000 votes between the original results provided by the interior ministry and the final numbers. In 2001 the number was 57,000. So it is still possible that, when the courts announce the results on April 28, the center-right will have a stable majority in the Chamber. It would only require a shift of about 13,000 votes."

Prince Harry Receives Army Commission. ABC World News Tonight (4/12, story 9, :25, Vargas, 8.78M) reported, "Britain's Prince Harry is now a fully commissioned army officer. His grandmother, the Queen, and most of the royal family were there for his commission ceremony. His rank means that he could now be sent to Iraq or Afghanistan. He says he doesn't want any special treatment. Prince William, Harry's older brother, must now salute him, at least until Harry becomes an officer later this year."

LATimes Says US Should Help Reduce Misery, Unnecessary Death In The World. An editorial in the Los Angeles Times (4/13, 958K) says that "most Americans believe their nation is both too generous and too stingy." Those opposed to more foreign aid cite a 2000 survey finding "that a majority of Americans think the US should spend less on it. When respondents were asked how much of the federal budget goes to foreign aid, the median figure was 20%. When asked how much should be spent, the

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median was 10%. Those in favor of more foreign aid point out that the US actually spends about 1%." The Times adds, "The United States has the good fortune to be in a position to help reduce misery and unnecessary death in the world. If only the US were as generous as most Americans think it is."

US Said To Be Losing Influence In Africa To China. Raymond W. Copson, who recently retired from the Congressional Research Service, where he specialized on Africa, writes in the Los Angeles Times (4/13, 958K), "At the U.N. Security Council, China -- with Russia and Qatar -- is reportedly discouraging talk of US-backed sanctions targeted against Sudanese officials responsible for the carnage in Darfur." The scale of China's involvement in Africa "is unprecedented." The Times adds, "With China available as a partner, authoritarian rulers from Robert Mugabe in Zimbabwe to Sudan's Omar Hassan Bashir can turn their backs when the West demands improvements in governance and human rights." The US "can win friends at the grass roots by fulfilling our promise to eliminate the trade barriers that discriminate against African farmers. We can scale up legislative, technical and medical exchanges and support infrastructure projects where there would be direct benefit to Africa's poor. Through efforts such as these, we could regain some of the influence in Africa now being unnecessarily lost to China.

THE BIG PICTURE:

Headlines From Today's Front Pages.

Los Angeles Times:
"Data Leaks Persist From Afghan Base."
"Most Back Tighter Border And A Guest-Worker Plan."
"Hallowed Walls Of Hollywood."
"Terrorists Seen Turning To Campuses For Skills."
"Chaos In Flight 93's Cockpit."
"Details Of Schools Takeover Emerge."
"Housing Prices In L.A. Aren't Letting Up."
"High-Power Agency To Compete On Sports' Turf."

USA Today:
"FBI Cases Drop As It Focuses On Terror."
"Many Burned By Inept Or Corrupt Tax Preparers."
"Jurors Hear 9/11 Cockpit Battle."
"Undeterred, Iran Says It Will Expand Nuclear Activity."

New York Times:
"Lenient Rule Set For Rebuilding In New Orleans."
"Final Struggles On 9/11 Plane Fill Courtroom."
"Emergence Of Gospel Of Judas Offers Complex Tale Of Its Own."
"Analysts Say A Nuclear Iran Is Years Away."
"Nascar Fans Trade The R.V. For A Condo."
"In Villages Across India, Maoist Guerillas Widen 'People's War.'"

Washington Post:
"Wait Ends On Rules For Katrina Rebuilding."
"At Trial, Flight 93 Myth Finally Becomes Reality."
"Rumsfeld Rebuked By Retired Generals."
"Democrats Face Uphill Battle To Retake House."
"Museum Going Dark To Add Light."
"As The Rich Ride In, Many Are Priced Out Of Homes On The Range."

Washington Times:
"'Yes, Put It In It, And Pull It Down."
"Russia, China Slam Iran's Nuke Plans."
"China Beefs Up U.S. Economy."
"Cubans' Mission To Bolivia Irks Opposition."
"Universal Health Care Law Enacted In Massachusetts."
"Harvard Study Tells Parties To Court 'Religious Centrists.'"

Detroit Free Press:
"Wage Law Could Give Overtime To Thousands."
"1 Year, 10 Cars."
"Kilpatrick Cuts Less Than Feared."

Atlanta Journal-Constitution:
"Families, Fliers Feel Delta's Uncertainty."
"'Pull It Down'"
"NASCAR Bid Open To Public, Court Says."
"Will The Real Miss Spelman Please Stand Up?"
"Nursing Home Decision Frays Families' Nerves."

Houston Chronicle:
"Moussaoui Jury Hears Cockpit Tape."
"Astronauts Recall The 'Thrilling Ride.'"
"Doctor Gets 2 Years Of Prison In Plea Bargain."
"Skilling Testifies He Wasn't Aware, Would've Called FBI."
"Mexico City Targets Traffic Chaos."

Story Lineup From Last Night's Network News:
ABC: Moussaoui Trial-Flight 93; Iraq-Mobile Weapons Labs; Iraq-US KIA; Iranian Nuclear Program; China-Internet Censorship; Carroll-Release Negotiations; Merck-Fosomax; Prince Harry-Commissioned; Children-Gyms.
CBS: Moussaoui Trial-Flight 93; Canada-Human Smuggling; Contractors-Illegal Immigrants; US KIA Honored; Iraq Violence; Iranian Nuclear Program; Coffin Obit; Sacramento-Modern Imam; NASA-Shuttle Program.
NBC: Moussaoui Trial-Flight 93; Iranian Nuclear Program; Iran-Contingency Plans; New Orleans-Flood Map; Stock Markets; Gas Prices-Ethanol; Coffin Obit; Contact Lenses-Eye Fungus; Breast Cancer-Sculptor.

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Story Lineup From This Morning's Radio News Broadcasts:

ABC: Moussaoui sentencing; Zawahri Video; Iraq-Car Bomb; Delta-Pilots Union Talks.

CBS: Moussaoui Sentencing; Rice-Iran's Nuclear Program; Survey-Highest Paying Jobs; Pointer Obit.; Powerball Drawing; Louisiana-Hurricane Debris.

NPR: White House-Iraq WMD; Enron Trial; Arab League Meeting; Wall Street; France-Smoking Ban; Coffin Obit.; Pointer Obit.

WASHINGTON'S SCHEDULE:

Today's Events In Washington.

White House:

PRESIDENT BUSH — Speaks to the Small Business Week Conference, Reagan Trade Center.

VICE PRESIDENT CHENEY — No public schedule.

US Senate: No Scheduled Events.

US House: No Scheduled Events.

Other: SMALL BUSINESS _ Small Business Week events. Highlights: 10:50 a.m. President Bush addresses the conference. Reagan Trade Center. 12:30 p.m. State Small Business Awards Luncheon honoring state small business winners. Ronald Reagan International Trade Center, Atrium Hall. Speaker: Commerce Secretary Gutierrez.

ALGERIA _ 8:30 a.m. The Council on Foregin Relations holds a meeting with Algerian Foreign Minister Mohammed Bedjaoui discussing his nation and the war on terrorism. Location: The Washington Club, 15 Dupont Circle.

TELECOMMUNICATIONS-PUBLIC SAFETY _ 8:30 a.m. The Association of Public Safety Communications Officials, E911 Institute, others hold a news conferencxe to discuss issues affecting public safety telecommunications, with Wanda McCarley of APCO, Gregory Rohde of the E911 Institute, Julie Veach of the FCC and Tim Lorello of TeleCommunciations Systems, Inc. Location: National Press Club.

US-CHINA _ 9 a.m. The Center for Strategic and International Studies holds a media briefing on the upcoming visit of Chinese President Hu Jintao. Location: 4th floor conference room, CSIS, 1800 K St. NW.

MOUSSAOUI _ 9:30 a.m. Trial is scheduled to resume in the case United States v. Zacarias Moussaoui. Location: Albert V. Bryan U.S. Courthouse, 401 Courthouse Square, Alexandria, Va.

CHINA-LABOR CAMPS _ 12 p.m. Falun Gong followers gather to call for an immediate opening of all labor camps in China for investigations. Location: Farragut Square, 17th and K Sts. NW.

IMF REFORM _ 12 p.m. Institute for International Economics Senior Fellow Edwin Truman addresses a National Economists Club luncheon. Topic: ``A Strategy for IMF Reform." Location: Chinatown Garden Retaurant, 618 H St. NW.

ZIMBABWE _ 12:15 p.m. - 1:30 p.m. The American Enterprise Institute (AEI) hosts a presentation, ``What's the Matter with Zimbabwe? A Case Study in Economic Collapse." Presenter is Craig Richardson, Salem College. Discussants are odd Moss, Center for Global Development; and Marian Tupy, Cato Institute. The event will be moderated by Vance Serchuk, AEI. Location: Wohlstetter Conference Center, 12th Floor, AEI 1150 Seventeenth St. NW.

IRAN _ 2 p.m. Joseph Cirincione of the Carnegie Endowment for International Peace, Robert Musil of Physicians for Social Responsibility and Patrick Clawson of the Washington Institute for Near East Policy hold a Newsmakers news conference to discuss US options with Iran. Location: National Press Club.

HORN OF AFRICA _ 3 p.m. The Africa Program and the Environmental Change and Security Project at the Wilson Center, others, hold a briefing on the humanitarian crisis caused by the ongoing drought in the Horn of Africa. Location: 5th floor conference room, Wilson Center, Reagan Trade Center.

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Elston, Michael (ODAG)

From: Elston, Michael (ODAG)
Sent: Thursday, April 13, 2006 8:29 AM
To: McCallum, Robert (SMO); Gorsuch, Neil M; Brand, Rachel; Blomquist, Kathleen M; Vargas, Omar
Cc: Mercer, Bill (ODAG); Tenpas, Ronald J (ODAG); Meyer, Joan E (ODAG)
Subject: Association of Corporate Counsel Meeting
Attachments: USSC Statement 060405.pdf

In advance of this afternoon's meeting, I thought if may be helpful for you to have a copy of the statement I read during the Sentencing Commission's public meeting earlier this month regarding the amendment to the organizational guidelines. That amendment, effective November 1, 2006, merely removes the language discussing the waiver of the attorney-client privilege from the guideline.

Let me know if you need any additional information.

Thanks,
Mike

Michael J. Elston
Chief of Staff and Counselor
to the Deputy Attorney General
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Statement of Commissioner Michael J. Elston*
to the United States Sentencing Commission
on the Proposed Amendment to the Organizational Sentencing Guidelines
April 5, 2006

As I have said during previous meetings, the Department of Justice opposed the language at issue when it was first proposed, and the Commission adopted it over the Department's objection. I am pleased that the Department's original position may now prevail – however belatedly.

The Department appreciates the discussion about this change that has occurred over the past few months. This change today, however, does not have any impact on the standards by which the Department evaluates a company's cooperation in a criminal investigation as set forth in former Deputy Attorney General Larry Thompson's January 2003 memorandum, and I do not understand it to be the Commission's intention to advocate or promote changes in the Department's policies or practices through this amendment. The Thompson memorandum states that it is appropriate for the government to consider the company's timely and complete cooperation with the government during a criminal investigation as one factor in reviewing whether the entity itself should be charged. A company's decision to waive the attorney-client privilege is one manner in which the company can demonstrate its cooperation with the government's investigation, but, as indicated in the Thompson memorandum, it is not the only factor to be considered. It is certainly appropriate for the government to take such a waiver into account with the other factors outlined in the Thompson memorandum.

The Department of Justice fully respects the values embodied in the attorney-client privilege. The privilege, however, is not absolute, and it may be waived by the client when it is in the client's interest to do so. In many circumstances, it is in the best interests of justice -- not to mention the best interests of defrauded shareholders and other victims of the corporation's crimes -- for a company to decide that full cooperation with the government, including a waiver, where necessary, is in the best interests of the company.

The Department remains committed to using all of the tools at its disposal to investigate and prosecute corporate fraud. The hopes and dreams of millions of Americans are tied to their ownership of shares in publicly traded companies or mutual funds invested in those shares. Small and large investors alike, as well as Congress, expect vigorous enforcement of the law in this area in order to protect the integrity of the markets. We will continue to meet that expectation.

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* Michael J. Elston is the Chief of Staff and Counselor to the Deputy Attorney General. He serves as an *ex officio* member of the United States Sentencing Commission.

Senger, Jeffrey M

From: Senger, Jeffrey M
Sent: Thursday, April 13, 2006 9:38 AM
To: Gorsuch, Neil M
Subject: FW: H27, Civil Div Oversight - CIV Tstmny (Control -11195)
Attachments: CivDiv06.doc.wpd

Hi, Neil. FYI, here is Peter's proposed testimony about CIV to the House oversight committee on 4/26.
Jeff

Department of Justice

STATEMENT

OF

PETER D. KEISLER
ASSISTANT ATTORNEY GENERAL
CIVIL DIVISION
DEPARTMENT OF JUSTICE

BEFORE THE

SUBCOMMITTEE ON COMMERCIAL AND ADMINISTRATIVE LAW
COMMITTEE ON THE JUDICIARY
UNITED STATES HOUSE OF REPRESENTATIVES

CONCERNING

BUDGET AND RESOURCE NEEDS
OF THE JUSTICE DEPARTMENT CIVIL DIVISION
FOR FISCAL YEAR 2007

PRESENTED ON

APRIL 26, 2006

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STATEMENT OF
PETER D. KEISLER
ASSISTANT ATTORNEY GENERAL
CIVIL DIVISION
DEPARTMENT OF JUSTICE

BEFORE THE
SUBCOMMITTEE ON COMMERCIAL AND ADMINISTRATIVE LAW
COMMITTEE ON THE JUDICIARY
UNITED STATES HOUSE OF REPRESENTATIVES

CONCERNING
BUDGET AND RESOURCE NEEDS
OF THE JUSTICE DEPARTMENT CIVIL DIVISION
FOR FISCAL YEAR 2007

APRIL 26, 2006

Chairman Cannon, Congressman Watt, and Members of the Subcommittee:

I appreciate the opportunity to discuss the work of the Civil Division of the Department of Justice and our budget and resource needs for Fiscal Year 2007.

The Division represents the interests of the United States in a wide range of civil matters. Our cases encompass virtually every aspect of the Federal government – from defending the constitutionality of Federal statutes to recovering money defrauded from Government programs, to the administration of national compensation programs, to the representation of Federal agencies and Government employees in a host of matters that arise as part and parcel of Government operations – contract disputes, allegations of negligence and discrimination, loan defaults, and immigration matters. The Division employs 660 attorneys and 295 full and part time employees who provide essential paralegal, administrative, and clerical support.

In FY 2005, the Civil Division accomplished the following:

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- Worked with the United States Attorneys to recover more than $1 billion dollars lost through fraud against Government programs;

- Protected the public fisc from billions of dollars in claims arising from the Government's commercial activities;

- Protected the public fisc from over $1 billion dollars in tort claims arising from the Government's past and current operational programs and activities;

- Defended against challenges to Congressional and Executive exercises of power;

- Played a major role in the administration of the Vaccine Injury Compensation Program, which was established by Congress;

- Represented individual Government employees sued in connection with their performance of official duties; and

- In the period since the September 11th attacks, defended the Federal government's coordinated response to those attacks and the Administration's policies designed to prevent future acts of terrorism.

NATIONAL SECURITY

Among the laws and policies of greatest importance to the Administration, the Congress, and the public are those intended to protect our nation's security. Our leadership has committed itself to devoting all resources necessary to disrupt, weaken, and eliminate terrorist networks; to prevent terrorist operations; and to bring to justice perpetrators of terrorist attacks. And we in the Civil Division are privileged to contribute to this mission through our representation of the United States in litigation that relates to the Federal government's efforts to protect against threats to our national security. In fulfilling our litigation responsibilities, we take seriously the Attorney General's charge to address terrorism and other threats to the United States with integrity and devotion to our nation's highest ideals.

Civil cases related to the war on terrorism often raise complex issues. And the consequences are large, as litigation losses in this area could undercut policies of crucial importance to the security of our citizens. By way of example, Civil Division attorneys have defended the Government in the following matters: challenges to the USA PATRIOT Act; decisions to freeze the assets of terrorist organizations; enforcement actions involving the detention and removal of suspected alien terrorists; and designations of Specially Designated Global Terrorists.

* * * * *

While national security cases are paramount, they nonetheless represent a small fraction of the cases and matters pending with the Civil Division in FY 2006. This vast and diverse workload is handled by our trial attorneys who spend their time on the front lines of litigation – preparing motions, taking depositions, negotiating settlements, conducting trials, and pursuing

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appeals.

WORKLOAD TRENDS

Over the past four years, the Civil Division's caseload has increased by more than 70 percent. In FY 2002, we handled about 31,000 cases and matters, but by FY 2005, our caseload exceeded 52,000. This increase is attributable to two main factors: (1) significant growth in the number of claims filed with the compensation programs; and (2) a dramatic rise in appellate cases resulting from increased challenges to immigration enforcement actions.

IMMIGRATION LITIGATION

The Office of Immigration Litigation ("OIL") defends the Government's immigration laws and policies and handles challenges to immigration enforcement actions. At no time in history has this mission been so important, and never before has it consumed as many of the Department's resources as it does today.

Immigration attorneys defend the Government's efforts to detain and remove terrorists and criminal aliens. Since 9/11, OIL has handled and assisted in hundreds of cases involving aliens of national security interest. On average, OIL defends the detention and removal of approximately 1,500 criminal aliens each year. Vigorous defense of these cases is critical to our national security and the safety of our communities. OIL also provides liaison and training to all of the Government's immigration agencies, enabling enforcement efforts at and within our borders to enjoy dependable support before the courts.

Immigration litigation has been, by far, the fastest growing component of the Civil Division's docket. The Division is responsible for handling or overseeing all Federal court challenges to decisions of the Board of Immigration Appeals ("BIA"), and the number of these challenges has grown significantly in recent years. OIL's docket of pending cases has nearly tripled in the past four years, growing from 6,200 cases in FY 2002 to over 17,000 cases in FY 2005.

This growth stems from several factors. In 2003, much of the growth was attributed to the Department's streamlining reforms, which increased the productivity of the BIA and thus helped clear a sizable backlog of cases. The backlog has since been cleared. Now, the growth stems primarily from heightened immigration enforcement activities pursued by the Department of Homeland Security and the rapid increase in the rate at which aliens appeal BIA decisions to the Federal courts, which has increased from 6 percent to 29 percent over the past four years. There is no reason to expect this rate to subside. Aliens now must turn to the courts to get the delay in removal that was once reliably provided simply by an administrative appeal to the BIA.

This enormous growth has driven OIL's caseload per attorney to over 155 in FY 2005, more than doubling the historic caseload of 60 cases per attorney. Even with the Congress' favorable approval of the Division's FY 2006 request, OIL's rising caseload has negated whatever gains might have been achieved with this increase. Without additional resources in FY 2007, the attorney caseload is expected to remain at the untenable level of 155 cases per attorney. The Division and the Department have responded to this crisis, assigning immigration cases to other attorneys throughout the Department. These stopgap measures, which task attorneys who lack OIL's experience and efficiency in handling immigration matters, are not a permanent

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solution.

The Office of Immigration Litigation will continue to face an overwhelming workload in FY 2007. Therefore, the President requests in his FY 2007 budget a program increase of 114 positions (86 attorneys), 57 FTEs, and $9,566,000 for immigration litigation.

PROTECTING THE PUBLIC FISC

Our dockets are filled with cases that involve substantial monetary claims against the Government. The significance of these claims cannot be overstated.

Our responsibilities have included: (1) the 122 *Winstar* suits in which hundreds of financial institutions have sought tens of billions of dollars for alleged losses that occurred in the wake of banking reforms enacted in the 1980s; (2) the *Cobell* class action – perhaps the largest ever filed against the Government; and (3) numerous complex, sensitive, and challenging tort cases based on Federal programs and activities, including defense and national security programs, law enforcement activities, and other Government operations, in which the Civil Division has successfully protected the public fisc from approximately $1 billion in unmeritorious tort claims in the last fiscal year.

In thousands of other defensive monetary matters, our mission is to ensure that the will of Congress and the actions of the Executive branch are vigorously and fairly defended, and that meritless claims are not paid from the public fisc. Thus far, we have been largely successful. For example, seventy of the original 122 *Winstar* suits have been resolved without the Government paying any money whatsoever. And in 2005 alone, we defeated over $3.9 billion in groundless *Winstar* claims asserted against the United States.

RECOVERING FEDERAL FUNDS

In any given year, about 15 percent of our cases involve affirmative litigation on which we work with United States Attorneys to enforce Government regulations and policies, and to recover money owed the Government from commercial transactions, bankruptcy proceedings, and fraud. The bulk of affirmative monetary recoveries stem from fraud suits. As in the last several years, health care in FY2005 accounted for the lion's share of the Department's fraud settlements and judgments – more than $1.1 billion was recovered in that year alone. This number includes both whistleblower claims and those initiated by the United States in independent fraud investigations. Most of the recoveries in this area are returned to the Medicare and Medicaid programs, but substantial recoveries also are returned to the Federal Employees Health Benefits Program, the Department of Defense TRICARE program, the Department of Veterans Affairs, and the Railroad Retirement Board. The coming fiscal year promises to continue, if not exceed, this trend. Health care fraud recoveries in the first four months of this fiscal year already exceed $600 million. The following recent recoveries illustrate our efforts in this area:

We obtained $325 million from HealthSouth Corporation, the Nation's largest provider of rehabilitative medicine services. Allegations against HealthSouth included false claims for outpatient physical therapy services that were not properly supported by certified plans of care, administered by licensed physical therapists, or for one-on-one therapy as represented. Of similar magnitude was a recent settlement with Gambro Healthcare for $310 million to resolve allegations of false claims for Medicare and Medicaid in connection with dialysis

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services. Gambro Supply Corporation, the sham durable medical equipment company and a wholly owned subsidiary of Gambro Healthcare, paid a $25 million criminal fine and agreed to permanent exclusion from the Medicare program in a case handled collaboratively by our office and both the civil and criminal divisions in the Eastern District of Missouri.

One of the largest areas of the Department's health care fraud caseload are matters against pharmaceutical companies or other related entities, charging various kinds of fraud on the Medicare and Medicaid programs in the pricing or delivery of drugs. To date, there have been more than more than $4.7 billion in criminal fines and civil recoveries in these cases, much of it returned to the Medicare and Medicaid programs. Indeed, there now are more than 150 *qui tam* cases filed by whistleblowers under the False Claims Act that allege various schemes associated with government drug plans.

Just this past December, in a case jointly prosecuted with the United States Attorney's Office for the District of Massachusetts, Serono S.A., a Swiss biotechnical corporation, and its United States subsidiaries, entered into a global criminal, civil, and administrative settlement for $704 million, making it one of the largest health care fraud settlements the Department has reached. Serono Labs, one of the subsidiaries, pled guilty to two counts of conspiracy: the first, conspiring to introduce and deliver for introduction into interstate commerce, with intent to defraud or mislead, adulterated medical devices; the second, conspiring to knowingly and willfully pay illegal remuneration to health care providers to induce them to refer patients to pharmacies for the furnishing of the drug Serostim, for which payments were made in whole or in part by the Medicaid program. Serono Labs paid a criminal fine of $136.9 million and reached a civil settlement of its False Claims Act liability of $567 million. This amount was paid to the United States and to State Medicaid programs (the Federal share of which was $305 million).

Finally, in the first settlement of its kind, the pharmacy benefit manager AdvancePCS agreed in 2005 to pay $137.5 million to resolve its civil liability in connection with soliciting and receiving kickbacks from pharmaceutical manufacturers and paying kickbacks to potential customers to induce them to contract with AdvancePCS. This investigation exposed the hidden financial relationships maintained by pharmacy benefits managers with drug manufacturers and health plans that ultimately influenced the nature and the brand of drugs prescribed to Medicare beneficiaries. We think the lessons learned in this case, which was handled with the United States Attorney's Office for the Eastern District of Pennsylvania, and its progeny will be particularly instructive as we monitor potential fraudulent conduct in the Medicare prescription drug program now coming on line.

The Government's ability to handle these cases is directly linked to available resources. These cases are highly complex and resource intensive. Investigative work includes massive document collections, witness interviews, research, and interagency coordination. Millions of taxpayer dollars are lost each year to health care fraud, and any effective effort to contain the cost of Medicare and Medicaid must also incorporate strategies aimed at stopping such fraud.

ALTERNATIVES TO LITIGATION

In addition to its litigation work, the Civil Division also helps to administer alternatives to litigation. The Vaccine Injury Compensation Program, for example, was created in 1986 by the National Childhood Vaccine Injury Act to encourage childhood vaccination by providing a streamlined system for compensation in rare instances where an injury results. The Vaccine

DOJ_NMG_0026003

Injury Compensation Trust Fund, from which compensation awards are paid to eligible claimants, derives its funding from an excise tax on vaccine manufacturers and provides reimbursement to the Departments of Justice and Health and Human Services, as well as to the Court of Federal Claims, for expenses related to the administration of the Program. To date, over 1,960 families or individuals have been paid $1.58 billion.

Similarly, Congress passed the Radiation Exposure Compensation Act ("RECA") in 1990 to offer an apology and compensation to individuals who suffered disease or death as a result of the Nation's nuclear weapons testing program during the Cold War Era. In July 2000, RECA Amendments were enacted which significantly expanded the scope of the Act. Major changes included new categories of beneficiaries, expansion of eligible diseases, and geographic areas. Annual capped mandatory appropriations did not keep pace with the increased number of new claim filings and resulted in shortfalls of funds for eligible claimants. However, I am pleased to report that the Trust Fund is currently solvent. In FY 2005, Congress ensured adequate long-term funding by requiring that payments to certain RECA claimants be made from the Energy Employees Occupational Illness Trust Fund. Additional legislation conferred mandatory and indefinite funding status for the remaining RECA claimants beginning in FY 2006. To date, over 15,200 claims have been approved, representing over $1 billion paid to eligible claimants or their surviving beneficiaries.

PERFORMANCE

By concentrating on the Civil Division's top priorities, this testimony provides little elaboration on the thousands of cases and matters that form the traditional core of our work.

The Civil Division has a longstanding commitment to maximizing the effectiveness of scarce Government resources. It is with pride that I can report that performance targets across the board were met or exceeded in FY 2005, as we succeeded in recovering substantial funds owed to the Government, defeating unmeritorious claims, and prevailing in the vast majority of cases involving challenges to the programs of some 200 client agencies.

PRESIDENT'S BUDGET REQUEST

The President's FY 2007 request seeks 1,208 positions (834 attorneys); 1,176 FTEs; and $213,286,000, which includes a program increase of 114 positions (86 attorneys) and $9,566,000 for immigration litigation. Also included in this request are the base resources required to maintain the superior legal representation services that have yielded such tremendous success, and additional funds to support the Office of Immigration Litigation's important mission.

At this time, Mr. Chairman, I would be happy to address any questions you or Members of the Subcommittee may have.

DOJ_NMG_0026004

Hart, Rosemary

From: Hart, Rosemary
Sent: Thursday, April 13, 2006 9:59 AM
To: Wulf, David M.; Kim.Tilton@ic.fbi.gov; Bouchard, Michael R.; G.Jones@ic.fbi.gov; Michael.Clemens@ic.fbi.gov; David.Larson@ic.fbi.gov; Craig.Olson@ic.fbi.gov; Anderson, David (EOIR); Scavo, Tara; Rubenstein, Steve R.; Koett, Imelda M.; O'Keefe, Kevin C.; Bukovac, Michael A.; Zellers, Steven S.; McAtamney, James A; Metzger, C. Michael; Augustine, Donald P.; Vasaio, Tony; Scolinos, Tasia; Rybicki, James E; Rubin, Jim (ENRD); Gorsuch, Neil M; Ferber, Alan L; Burton, Faith; Bradbury, Steve; Allen, Michael (JMD); Carter, Judy (USPC); Gillis, John; Hagy, David; Palma, Josephine; Schofield, Regina; Jezierski, Crystal; Taylor, Jeffrey (OAG); Mercer, Bill (ODAG); Tzitzon, Nicholas; McIntosh, Brent; Conley, Joyce; McManamon, Michael J; Roderick, Art Jr. (USMS); Schmitz, Fran (CTS); Snelson, William (USMS); Trono, Robert (USMS); Vanyur, John
Cc: Turner, Sandra; Graham-Wyatt, Nina; Vargas, Omar; Drake, Herbert W.; Anderson, David (EOIR); Metzger, C. Michael
Subject: RE: Katrina "Lessons Learned" Recommendations--Meeting on ESF-13/SFLEO Recommendations

David: My apologies; I won't be able to attend the meeting. Just got pulled into something urgent that needs my immediate attention. I'll touch base later today.

Rosemary Hart

From: Wulf, David M.
Sent: Wednesday, April 12, 2006 4:22 PM
To: Hart, Rosemary; Kim.Tilton@ic.fbi.gov; Bouchard, Michael R.; G.Jones@ic.fbi.gov; Michael.Clemens@ic.fbi.gov; David.Larson@ic.fbi.gov; Craig.Olson@ic.fbi.gov; Anderson, David (EOIR); Scavo, Tara; Rubenstein, Steve R.; Koett, Imelda M.; O'Keefe, Kevin C.; Bukovac, Michael A.; Zellers, Steven S.; McAtamney, James A; Metzger, C. Michael; Augustine, Donald P.; Vasaio, Tony; Scolinos, Tasia; Rybicki, James E; Rubin, Jim (ENRD); Gorsuch, Neil M; Ferber, Alan L; Burton, Faith; Bradbury, Steve; Allen, Michael (JMD); Carter, Judy (USPC); Gillis, John; Hagy, David; Palma, Josephine; Schofield, Regina; Jezierski, Crystal; Taylor, Jeffrey (OAG); Mercer, Bill (ODAG); Tzitzon, Nicholas; McIntosh, Brent; Conley, Joyce; McManamon, Michael J; Roderick, Art Jr. (USMS); Schmitz, Fran (CTS); Snelson, William (USMS); Trono, Robert (USMS); Vanyur, John
Cc: Turner, Sandra; Graham-Wyatt, Nina; Vargas, Omar; Drake, Herbert W.; Anderson, David (EOIR); Metzger, C. Michael
Subject: Updated: Katrina "Lessons Learned" Recommendations--Meeting on ESF-13/SFLEO Recommendations
When: Thursday, April 13, 2006 10:30 AM-12:00 PM (GMT-05:00) Eastern Time (US & Canada).
Where: ATF 650 Massachussettes Ave. NW Washington, DC (Director's Conference Room)
Importance: High

Someone will be waiting in the lobby at 10:25 am to escort everyone to the meeting.
Thank you.

Gorsuch, Neil M

From: Gorsuch, Neil M
Sent: Thursday, April 13, 2006 10:20 AM
To: Senger, Jeffrey M
Subject: RE: H27, Civil Div Oversight - CIV Tstmny (Control -11195)

Thx - looks good

From: Senger, Jeffrey M
Sent: Thursday, April 13, 2006 9:38 AM
To: Gorsuch, Neil M
Subject: FW: H27, Civil Div Oversight - CIV Tstmny (Control -11195)

Hi, Neil. FYI, here is Peter's proposed testimony about CIV to the House oversight committee on 4/26.
Jeff

<< File: CivDiv06.doc.wpd >>

Ames, Andrew

From: Ames, Andrew
Sent: Thursday, April 13, 2006 10:24 AM
To: /o=USDOJ/ou=JMD/cn=Recipients/cn=Mailboxes/cn=LReyes; Agarwal, Asheesh (CIV); Ames, Andrew; Baxter, Felix (CIV); Branda, Joyce (CIV); Brett Gerry; Brody, Stephen (CIV); Bucholtz, Jeffrey (CIV); Bukvics, Jennifer (CIV); Claterbos, Barbara (CIV); Cohen, David M. (CIV); Cohn, Jonathan (CIV); Davidson, Jeanne (CIV); Fargo, John (CIV); Fielding, Gabrielle (CIV); Figley, Paul (CIV); Flentje, August (CIV); Frost, Peter (CIV); Garren, Timothy (CIV); Glynn, J.Patrick (CIV); Gorsuch, Neil M; Hertz, Michael (CIV); Hollis, Robert (CIV); Hunt, Jody (CIV); Hussey, Thom (CIV); Jennifer Brosnahan; Jeweler, James (CIV); Katsas, Gregory (CIV); Keisler, Peter D (CIV); Kohn, Chris (CIV); Kopp, Robert (CIV); Letter, Douglas (CIV); Levine, Larry (EOIR); Lindemann, Michael (CIV); Magnuson, Cynthia; McCallum, Robert (SMO); Miller, Charles S; Nichols, Carl (CIV); Nowacki, John; Pyles, Phyllis (CIV); Riley, Sharon (CIV); Rivera, Jennifer (CIV); Roehrkasse, Brian; Schiffer, Stuart (CIV); Scolinos, Tasia; Seidel, Rebecca; Senger, Jeffrey M; Spellberg, Dianne (CIV); Swenson, Lily F; Thirolf, Eugene; Wilson, Karen L; Zwick, Ken (CIV)
Subject: 4/13/2006 Civil Division News

Prosecutors drop appeal in Patriot Act librarian case

Documents Show Link Between AT&T And Agency In Eavesdropping Case

European state admits handed over terror suspects

The Associated Press

Prosecutors drop appeal in Patriot Act librarian case

Thursday, April 13, 2006

STAMFORD— Federal prosecutors said Wednesday they will no longer seek to enforce a gag order on Connecticut librarians who received an FBI demand for records about library patrons under the Patriot Act.

The American Civil Liberties Union, which filed the civil suit on behalf of the librarians, said it will identify them once court proceedings are completed in the next few weeks.

U.S. District Judge Janet Hall ruled last year that the gag order should be lifted, saying it unfairly prevented the librarians from participating in a debate over how the Patriot Act should be rewritten.

Prosecutors appealed, but U.S. Attorney Kevin O'Connor said Wednesday that the appeal no longer made sense.

One librarian has already been identified in news reports and the Patriot Act has been changed to include a procedure that will allow people to appeal requirements that they not disclose their involvement in a request, officials said.

“In this case, exercising the discretion that Congress is now encouraging us to exercise, the FBI has determined that allowing the recipient to disclose its identity, and only its identity, will not harm the national security or interfere with an ongoing investigation,” said Brian Roehrkasse, a spokesman at the Justice Department.

Prosecutors have maintained that secrecy about demands for records is necessary to avoid alerting suspects and jeopardizing investigations. They contended the gag order prevented only the release of librarians’ identities, not their ability to speak about the Patriot Act.

The change followed Congress’ reauthorization of the Patriot Act, the ACLU noted.

“Here is yet another example of how the Bush administration uses the guise of national security to play partisan politics,” said ACLU Executive Director Anthony D. Romero. “The American public should keep this in mind the next time a government official invokes national security in defense of secrecy.”

The Patriot Act, passed shortly after the Sept. 11, 2001, attacks, allows expanded surveillance of terror suspects, increased use of material witness warrants to hold suspects incommunicado and secret proceedings in immigration cases.

It also removed a requirement that any records sought in a terrorism investigation be those of someone under suspicion. Now, anyone’s records can be obtained if the FBI considers them relevant to a terrorism or spying investigation.

The FBI can issue national security letters without a judge’s approval in terrorism and espionage cases. They require telephone companies, Internet service providers, banks, credit bureaus and others to produce highly personal records about customers or subscribers.

People who receive the letters are prohibited by law from disclosing to anyone that they did so.

The Washington Post and The New York Times have reported that the FBI issued a national security letter to George Christian, executive director of Library Connection, a Windsor, Conn.-based cooperative of 26 libraries that share an automated library system.

In those letters, the FBI certifies that phone or Internet records are “relevant to an authorized investigation to protect against international terrorism or clandestine intelligence activities.”

Christian did not return telephone calls placed Wednesday.

Federal prosecutors are pursuing an appeal of a New York decision in which a U.S. District judge ruled that a similar letter received by an internet access firm violated the Constitution because it amounted to unreasonable search and seizure. He also found that the nondisclosure requirement of the Patriot Act violated free speech.

The ACLU argues that the amended Patriot Act still allows the FBI to gag recipients of the national security letters.

END

The New York Times

Documents Show Link Between AT&T And Agency In Eavesdropping Case

By John Markoff And Scott Shane

Thursday, April 13, 2006

SAN FRANCISCO— Mark Klein was a veteran AT&T technician in 2002 when he began to see what he thought were suspicious connections between that telecommunications giant and the National Security Agency.

But he kept quiet about it until news broke late last year that President Bush had approved an N.S.A. program to eavesdrop without court warrants on Americans suspected of ties to Al Qaeda.

Now Mr. Klein and a few company documents he saved have emerged as key elements in a class-action lawsuit filed against AT&T on Jan. 31 by a civil liberties group, the Electronic Frontier Foundation. The suit accuses the company of helping the security agency invade its customers' privacy.

Mr. Klein's account and the documents provide new details about how the agency works with the private sector in intercepting communications for intelligence purposes.

The documents, some of which Mr. Klein had earlier provided to reporters, describe a mysterious room at the AT&T Internet and telephone hub in San Francisco where he worked.

The documents, which were examined by four independent telecommunications and computer security experts at the request of The New York Times, describe equipment capable of monitoring a large quantity of e-mail messages, Internet phone calls, and other Internet traffic.

The equipment, which Mr. Klein said was installed by AT&T in 2003, was able to select messages that could be identified by keywords, Internet or e-mail addresses or country of origin and divert copies to another location for further analysis.

The security agency began eavesdropping without warrants on international phone calls and e-mail messages of people inside the United States suspected of terrorist links soon after the Sept. 11 attacks.

After disclosing the program last December, The New York Times also reported that the agency had gathered data from phone and e-mail traffic with the cooperation of several major telecommunications companies.

The technical experts all said that the documents showed that AT&T had an agreement with the federal government to systematically gather information flowing on the Internet through the company's network.

The gathering of such information, known as data mining, involves the use of sophisticated computer programs to detect patterns or glean useful intelligence from masses of information.

"This took expert planning and hundreds of millions of dollars to build," said Brian Reid, director of engineering at the Internet Systems Consortium in Redwood City, Calif. "This is the correct way to do high volume Internet snooping."

Another expert, who had designed large federal and commercial data networks, said that the documents were consistent with administration assertions that the N.S.A. monitored only foreign communications and communications between foreign and United States locations, partly because of the location of the monitoring sites. The network designer was granted anonymity because he believed that commenting on the operation could affect his ability to work as a consultant.

The documents referred to a second location, in Atlanta, and suggested similar rooms might exist at other AT&T switching sites.

Mr. Klein said other AT&T technicians had told him of such installations in San Jose, Calif.; Los Angeles; San Diego; and Seattle.

The Internet hubs there carry a significant amount of international traffic. The network designer and other experts said it would be a simple technical matter to reprogram the equipment to intercept purely domestic Internet traffic.

The Department of Justice initially asked the Electronic Frontier Foundation not to file Mr. Klein's documents in court, but a review determined that they were not classified and the government dropped its objection. The foundation filed the documents under seal because of concern about releasing proprietary information.

On Monday, AT&T filed a motion with a federal judge in San Francisco asking the court to order the foundation to return the documents because they were proprietary.

The documents showed that the room in San Francisco, which Mr. Klein says was off-limits to most employees but serviced by a company technician working with the security agency, contained computerized equipment that could sift through immense volumes of traffic as it passed through the cables of AT&T's WorldNet Internet service.

According to the documents, e-mail messages and other data carried by 16 other commercial Internet providers reached AT&T customers through the San Francisco hub.

One piece of filtering equipment described in the documents was manufactured by Narus, based in Mountain View, Calif.

The equipment could be programmed to identify and intercept voice or data conversations between e-mail, telephone or Internet addresses, said Steve Bannerman, the company's vice president for marketing.

Buyers included companies trying to comply with the Communications Assistance for Law Enforcement Act of 1994, which requires that communications systems have a wiretapping capability built in.

Typically, law enforcement interceptions are done on a case by case basis and require warrants.

Mr. Bannerman said he could not comment further because Narus had not announced any sales to the federal government. William P. Crowell, a former deputy director of the N.S.A, is on the Narus board.

In an interview, Mr. Klein said he did not have a security clearance but had witnessed interactions between colleagues who did have clearances and the highly secretive N.S.A. "It was strange and sort of suspicious," he said.

Mr. Klein said he learned of an agency connection to the mysterious room in 2002 when a company manager told him to expect a visit from an N.S.A. official who wanted to speak with another senior company technician about "a special job." That technician later installed the equipment in the room, he said.

Based on his observations and technical knowledge, Mr. Klein concluded that the equipment permitted "vacuum-cleaner surveillance" of Internet traffic. Mr. Klein, 60, who retired in 2004 after 23 years with AT&T and lives near Oakland, Calif., said he decided to make his observations known because he believed the government's monitoring was violating Americans' civil liberties.

An AT&T spokesman at the company's corporate headquarters in San Antonio declined to comment on Mr. Klein's statements.

"AT&T does follow all laws with respect to assistance offered to government agencies," said Walt Sharp, the AT&T spokesman. "However, we are not in a position to comment on matters of national security."

Asked to comment, Don Weber, a spokesman for the N.S.A., said, "It would be irresponsible of us to discuss actual or alleged operational issues as it would give those wishing to do harm to the United States the ability to adjust and potentially inflict harm."

END

Dakota Herald News

European state admits handed over terror suspects

Thursday April 13, 2006

By Gilbert Reilhac

STRASBOURG, France - At least one European state has admitted to handing over terrorism suspects to foreign agents, the Council of Europe said on Wednesday citing a clear breach of the country's human rights duties.

Council Secretary General Terry Davis refused to say which of the 46 members had secretly transferred suspects and said it was up to national authorities or the European Court of Human Rights to take action.

Last November, Davis gave member states a three-month deadline to hand over information relating to suspicions that the U.S. Central Intelligence Agency had run a network of secret jails in Europe for al Qaeda suspects.

He also asked them to reveal any details they had about secret CIA flights across Europe in which prisoners are alleged to have been transferred to jails in third countries where they faced torture and other abuses, a process known as rendition.

"I am now in position to say that we no longer need to speak about 'alleged' cases of rendition," Davis told a news conference in the eastern French city of Strasbourg where the human rights watchdog is based.

"I am not in a position to go into any further detail at the moment, but we have received official acknowledgment of 'handing over' individuals to foreign officials" in ways that flouted European Convention on Human Rights and other legal standards.

Davis spokesman Matjas Gruden said it was not for the council to take action.

The council had decided not to name the state that had admitted to wrongdoing in isolation, he said, but "everything will be very transparent. We will publish the responses" once all responses have been collated over the next two weeks.

Italian and German prosecutors are investigating the case of an Egyptian man they believe was snatched on a Milan street by a team of CIA agents in February 2003 and flown via Germany to Egypt, where he later said he was tortured.

A German national, Khaled el-Masri, is suing the former head of the CIA over his alleged rendition from Macedonia to Afghanistan , where he says the United States held him in jail for months as a terrorist suspect in 2004. German prosecutors are also probing that case.

And in Sweden, a parliamentary ombudsman has criticized the security services over the expulsion of two Egyptian terrorism suspects who were handed over to U.S. agents and flown home aboard a U.S. government-leased plane in 2001.

END

Gunn, Currie (SMO)

Subject:	Updated: Association of Corporate Counsel Meeting
Location:	Main Room 5710
Start:	Thursday, April 13, 2006 3:30 PM
End:	Thursday, April 13, 2006 4:30 PM
Show Time As:	Tentative
Recurrence:	(none)
Meeting Status:	Not yet responded
Organizer:	Gunn, Currie (SMO)
Required Attendees:	McCallum, Robert (SMO); Gorsuch, Neil M; Brand, Rachel; Elston, Michael (ODAG); Blomquist, Kathleen M; Vargas, Omar; McIntosh, Brent; O'Connor, Eileen J. (AAG/TAX); Murray, Fred F. (TAX)

When: Thursday, April 13, 2006 3:30 PM-4:30 PM (GMT-05:00) Eastern Time (US & Canada).
Where: Main Room 5710

~~*~*~*~*~*~*~*~*~*

Addition of Lee O'Connor and Fred Murray

TOPIC: Attorney-Client Issues.

DOJ Attendees: ASG Robert McCallum, Neil Gorsuch-OASG, Rachel Brand-OLP, Michael Elston-ODAG, Kathleen Blomquist-OIPL, Omar Vargas-OIPL, Eileen O'Connor-Tax, Fred Murray-Tax

Outside Attendees: Association of Corporate Counsel Attendees: [redacted]-Sr. VP and General Counsel, [redacted] Government Relations US Chamber of Commerce, [redacted] Sr. Counsel to the President & CEO, US Chamber of Commerce

POC: Currie x4-9500

Gunn, Currie (SMO)

Subject:	Updated: Association of Corporate Counsel Meeting
Location:	Main Room 5710
Start:	Thursday, April 13, 2006 3:30 PM
End:	Thursday, April 13, 2006 4:30 PM
Recurrence:	(none)
Meeting Status:	Accepted
Organizer:	Gunn, Currie (SMO)
Required Attendees:	McCallum, Robert (SMO); Gorsuch, Neil M; Brand, Rachel; Elston, Michael (ODAG); Blomquist, Kathleen M; Vargas, Omar; McIntosh, Brent; O'Connor, Eileen J. (AAG/TAX); Murray, Fred F. (TAX)McCallum, Robert (SMO); Gorsuch, Neil M; Brand, Rachel; Elston, Michael (ODAG); Blomquist, Kathleen M; Vargas, Omar; McIntosh, Brent; O'Connor, Eileen J. (AAG/TAX); Murray, Fred F. (TAX)

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TOPIC: Attorney-Client Issues.

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Outside Attendees: Association of Corporate Counsel Attendees: [redacted], VP and General Counsel, [redacted] -Government Relations US Chamber of Commerce, [redacted] Sr. Counsel to the President & CEO, US Chamber of Commerce

POC: Currie x4-9500

Ames, Andrew

From: Ames, Andrew
Sent: Friday, April 14, 2006 10:48 AM
To: /o=USDOJ/ou=JMD/cn=Recipients/cn=Mailboxes/cn=LReyes; Agarwal, Asheesh (CIV); Ames, Andrew; Baxter, Felix (CIV); Branda, Joyce (CIV); Brett Gerry; Brody, Stephen (CIV); Bucholtz, Jeffrey (CIV); Bukvics, Jennifer (CIV); Claterbos, Barbara (CIV); Cohen, David M. (CIV); Cohn, Jonathan (CIV); Davidson, Jeanne (CIV); Fargo, John (CIV); Fielding, Gabrielle (CIV); Figley, Paul (CIV); Flentje, August (CIV); Frost, Peter (CIV); Garren, Timothy (CIV); Glynn, J.Patrick (CIV); Gorsuch, Neil M; Hertz, Michael (CIV); Hollis, Robert (CIV); Hunt, Jody (CIV); Hussey, Thom (CIV); Jennifer Brosnahan; Jeweler, James (CIV); Katsas, Gregory (CIV); Keisler, Peter D (CIV); Kohn, Chris (CIV); Kopp, Robert (CIV); Letter, Douglas (CIV); Levine, Larry (EOIR); Lindemann, Michael (CIV); Magnuson, Cynthia; McCallum, Robert (SMO); Miller, Charles S; Nichols, Carl (CIV); Nowacki, John; Pyles, Phyllis (CIV); Riley, Sharon (CIV); Rivera, Jennifer (CIV); Roehrkasse, Brian; Schiffer, Stuart (CIV); Scolinos, Tasia; Seidel, Rebecca; Senger, Jeffrey M; Spellberg, Dianne (CIV); Swenson, Lily F; Thirolf, Eugene; Wilson, Karen L; Zwick, Ken (CIV)
Subject: 4/14/2006 Civil Division News

Durbin Blocking Ambassadorial Nomination

Government Can't Monitor All AT&T Traffic, Lawsuit Says

Patriot Act case

Cobell Trust Case Enters Critical Phase

Federal court revives lawsuit involving ND

US judge hears arguments in case of barred Islamic scholar

Miami doctor pleads guilty to Medicare kickback scheme

Associated Press

Durbin Blocking Ambassadorial Nomination

By Pete Yost

WASHINGTON - A Democratic senator is blocking Associate Attorney General Robert McCallum's nomination to be ambassador to Australia over allegations he improperly influenced the government's lawsuit against the tobacco industry.

In a letter to President Bush, Sen. Dick Durbin of Illinois said it was premature to place McCallum in a new position of trust as long as the Justice Department's Office of Professional Responsibility is conducting an ethics inquiry into the handling of the tobacco case.

Any senator may place a hold on an executive branch nominee, an act that can be overcome with 60 votes.

The civil racketeering tobacco case, filed during the Clinton administration, alleges the cigarette companies knowingly engaged in deception for decades by denying that nicotine was addictive and downplaying the dangers of smoking.

At the end of the tobacco trial last year, the Justice Department bypassed the position of one of its own witnesses and reduced the amount the Bush administration was seeking from the tobacco industry from $130 billion to $10 billion.

At that time, McCallum, the No. 3 official at the department, defended the reduction against Democrats and anti-smoking groups who said the Bush administration had caved in to the tobacco lobby.

McCallum said lowering the figure was dictated by a court ruling that went against the government.

He also said the $10 billion for a smoking cessation program could be increased if court-appointed monitors found the industry committed acts of fraud.

The controversy led the Justice Department's Office of Professional Responsibility to launch an ethics inquiry.

On Thursday, Durbin spokesman Nadeam Elshami confirmed that the senator had placed a hold on McCallum's nomination. A Justice Department spokesperson indicated that the ethics inquiry continues.

"It appears that the dramatic change in course by the Department of Justice was not the result of any new evidence about smoking cessation or the facts of the case but the result of political pressure on the career prosecutors," Durbin wrote the president. "Senators should be given an independent, unbiased assurance that he did not take any improper actions in the tobacco lawsuit before we are asked to consider his nomination."

U.S. District Judge Gladys Kessler has not yet ruled in the tobacco case.

Last July, after the department abandoned the $130 billion figure, the judge granted the request of six anti-smoking groups to join the lawsuit, saying the government "no longer adequately represents" their interests.

The government witness who proposed the $130 billion, Dr. Michael Fiore, has called it "a tragedy that the Justice Department backed away from their original cessation remedy. Can you imagine what would happen if, as we projected with this plan, 1 million additional smokers quit each year - 33 million over time?"

Another government witness, Harvard University business professor Max Bazerman, said he'd been told before he testified that McCallum and another Justice lawyer wanted him to change his testimony.

A third witness, Matt Myers, president of the Campaign for Tobacco-Free Kids, said the lead trial attorney told him that the Justice Department hierarchy wanted him to drop a proposed ban on tobacco industry marketing to young people.

Bazerman and Myers said they refused to make changes, and both testified.

END

Associated Press

Government Can't Monitor All AT&T Traffic, Lawsuit Says

Friday, April 14, 2006

SAN FRANCISCO -- AT&T Inc. and an Internet advocacy group are waging a privacy battle in federal court that could expose the reach of the Bush administration's secretive domestic wiretapping program. The Electronic Frontier Foundation said it obtained documents from a former AT&T technician showing that the National Security Agency is capable of monitoring all communications on AT&T's network.

"It appears the NSA is capable of conducting what amounts to vacuum-cleaner surveillance of all the data crossing the Internet, whether that be people's e-mail, Web surfing or any other data," whistle-blower Mark Klein, who worked for the company for 22 years, said in a statement released by his lawyers.

U.S. District Judge Vaughn Walker is considering whether to unseal documents that Klein provided and AT&T wants kept secret. EFF filed the documents under seal as a courtesy to the phone company, but is seeking to unseal them.

The EFF lawsuit, filed in U.S. District Court, seeks to stop the surveillance program that started shortly after the 2001 terror attacks. The suit is based in large part on the Klein documents, which detail secret spying rooms and electronic surveillance equipment in AT&T facilities.

The suit claims AT&T company not only provided direct access to its network, which carries voice and data, but also to its massive databases of stored telephone and Internet records that are updated constantly.

AT&T violated U.S. law and the privacy of its customers as part of the "massive and illegal program to wiretap and data-mine Americans' communications" without warrants, the EFF alleged.

Klein said the NSA built a secret room at the company's San Francisco central office in 2003, adjacent to a "switch room where the public's phone calls are routed." One of the documents under seal, Klein said, shows that a device was installed with the "ability to sift through large amounts of data looking for preprogrammed targets."

Other so-called secret rooms were constructed at AT&T sites in Seattle, San Jose, Los Angeles and San Diego, the statement said.

Other documents under seal show that fiber optic cables from the secret room tapped into WorldNet Internet subscribers, Klein said. The documents also instructed technicians how to connect cables to the secret room. Klein said he was required to connect circuits that fed information to the secret room.

The NSA declined directly to address the lawsuit or Klein's allegations, which covered activities at AT&T Corp. before SBC Communications Inc. bought it and became AT&T Inc. late last year.

"Any discussion about actual or alleged operational issues would be irresponsible as it would give our adversaries insight that would enable them to adjust and potentially inflict harm to the U.S.," NSA spokesman Don Weber said.

Michael Balmoris, an AT&T spokesman, said the San Antonio-based telecommunications company "follows all laws with respect to assistance offered to government agencies." He declined further elaboration, saying AT&T is "not in a position to comment on matters of national security or litigation." President George W. Bush confirmed in December that the NSA has been conducting the surveillance when calls and e-mails, in which at least one party is outside the United States, are thought to involve al-Qaida terrorists.

In congressional hearings last week, Attorney General Alberto Gonzales suggested the president could order the NSA to listen in on purely domestic calls without first obtaining a warrant from a secret court established nearly 30 years ago to consider such issues.

He said the administration, assuming the conversation related to al-Qaida, would have to determine if the surveillance were crucial to the nation's fight against terrorism, as authorized by Congress following the Sept. 11 attacks.

END

The Journal News (NY)

Patriot Act case

Friday, April 14, 2006

It was a limited victory, scored by just one target of the Patriot Act against just one aspect of just one of the law's overreaching provisions. Nevertheless, we can applaud while hoping for a larger celebration later.

In a few weeks, the American Civil Liberties Union will publicly introduce a client now officially known only as "Doe." The client last year received an FBI demand for information along with a Patriot Act-imposed order not to reveal that demand to anyone . . . ever. "Doe" went to the ACLU but otherwise obeyed the nondisclosure rule.

The victory came when the Justice Department, in a court filing made public this week, gave up its effort to continue silencing the recipient of what is called a "national security letter." It dropped its appeal of a federal judge's ruling that the gag order violated the First Amendment.

Actually, the Justice Department itself had already helped to out "Doe" when it failed to thoroughly edit court papers made public. The papers confirmed earlier press reports that "Doe" was the Library Connection, a 26-library consortium based in Windsor, Conn. The organization had gone to court to resist the demand that it help stifle free inquiry by supplying information about a patron's library use. More immediately, it pressed for its right to join the public debate over the extension of the Patriot Act.

That debate is over — or at least dormant — because Congress gave new life to the Patriot Act last month. In doing so, it made slight improvements to the national security letter section, which led to the government's decision to relent in the Connecticut case. The law now allows an NSL recipient to challenge the FBI's demand, and it also allows the FBI to use its own judgment about whether it is necessary to impose silence on the recipient.

Applying that newfound judgment, a Justice Department spokesman said, the FBI decided after all that disclosure of the recipient's identity "will not harm the national security or interfere with an ongoing investigation." Kevin O'Connor, U.S. attorney in Connecticut, acknowledged that the government's goof when the court papers were released contributed to the turnaround, The New York Times reported.

So, expect representatives of the library group to take a bow, and to lodge their protests against the Patriot Act, as soon as the ACLU wraps up some court paperwork.

The librarians' comments may come too late to affect the recently concluded congressional Patriot Act debate. But they will be of value if they help fuel a resolve to continue working for a better balance between security and civil liberty. Senators and representatives who were dissatisfied with the scant amount of Patriot Act reform have promised to keep fighting.

There's still plenty to fight for. The law may allow for disclosure and challenge regarding national security letters, for example, but the objectionable core of the provision remains: The government, without court approval, may fish for computer, business, health and other personal records concerning an American even though the citizen is not suspected of terrorist activity or even of associating with someone suspected of terrorist activity. The FBI need only declare that the information it wants is relevant to an undescribed anti-terrorism investigation — period — and the intrusive search is on.

A more immediate prospect for a fuller victory against that abuse-ridden authority is still alive in court.

A federal court in New York is hearing a government appeal of two lower court rulings. One is the portion of the Connecticut case involving the gag order. The other is a broader decision that struck down the entire national security letter provision, not only because the gag orders violated the First Amendment's freedom of expression, but because the probes offended other Bill of Rights protections against unwarranted investigation. The appeals court has yet to rule. Once it does, the ACLU says, the loser is sure to take this case to the Supreme Court.

The top court has previously slapped down a government grown overzealous in the post-9/11 era. Whether it will continue to detect threats to the Bill of Rights in this case will be an important test of the court's new lineup.

END

Indian Country Today

Cobell Trust Case Enters Critical Phase

Friday, April 14, 2006

WASHINGTON - The issues before the court in the *Cobell v. Norton* class action lawsuit over the Individual Indian Money trust are accounting issues. The plaintiff class has demanded that the government account for deposits and withdrawals for approximately 500,000 accounts over as many as 119 years. The accounts have been established by the federal government for individual Indians over the years.

The accounts receive revenue from the lease of property assets - oil, water, land, timber - that are also held in trust for individual Indians by the government. Billions of dollars flow through the accounts annually, depending on economic factors. The government's much-criticized management of the property assets is not before the court in *Cobell*.

Many Indians use their IIM account as a kind of bank, much as a shareholder uses stock dividends: relying on it, with plans to spend it once it comes in. But tales of delays in IIM check issuance are legion. The holders of multiple trust property assets have no way of knowing from lump-sum checks what the separate assets have produced in revenue, masking the lease rates settled on by the government. But again, while the government's mismanagement of trust assets has generated a world of media attention, the issues before the court in *Cobell* are issues of accounting for balances in the IIM trust.

The government and its delegate agency, the Department of Interior, must reform the IIM accounting systems for the future and reconcile its accounting from the past. The past or historical accounting cannot be performed in full because of missing records. The plaintiffs have therefore asked the courts for a restatement of the accounts that would restore a considerable sum to Indian beneficiaries - $27.5 billion if the plaintiffs get their way. An independent accounting firm estimated in 2002 that the government owes IIM account holders between $10 and $40 billion for its mismanagement of the accounts. Legislation now before Congress to settle the accounts may weigh in with a lesser figure, if the warning of one of its

sponsors that Indians will be disappointed by a legislated restatement of accounts holds true.

For 10 calendar years now, Judge Royce Lamberth of the District of Columbia federal circuit has presided over the case. He has held two Interior secretaries in contempt, ordered a full historical accounting, forbade the statistical accounting methods favored by Interior, ordered the disconnection of Interior computers over security concerns, ordered Interior to notify IIM beneficiaries that the figures recorded in their accounts may not be credible and routinely scolded the government for the conduct of defense attorneys, as well as Interior, for the actions (and inaction) of employees. He has been overturned on appeal on the contempt citations, the order for a historical accounting and the ban on sampling.

On April 11 in appeals court, government attorneys argued their motions to reconnect Interior computers, end the notifications and hold Lamberth accountable for his aggressive language - in other words, the government hopes to remove him from the case because his language in court orders and opinions suggests he cannot be impartial. The government made especially much of a passage from a decision in which Lamberth characterized Interior as "the morally and culturally oblivious hand-me-down of a disgracefully racist and imperialist government that should have been buried a century ago."

Keith Harper, the Native American Rights Fund attorney who has logged marathon hours on the case, argued that Lamberth's language is simply suitable to the government's conduct in the case. Dismissing the judge would send a message of exoneration for Interior, he added.

The court has not established a date for its decision, but Department of Justice attorneys said the government hopes for an urgent disposition of its three motions.

Outside the courtroom, following a march to the nearby National Museum of the American Indian, Three Affiliated Tribes Chairman Tex Hall, an IIM account holder, also brought up practical concerns, among them: How can any other judge get up to speed on the long-running case with its many complexities and almost countless documents?

"It was real difficult," he said of the hours in court, "and especially the motions to remove a judge. A judge that's been there for 10 years and understands the *Cobell* case better than ... [any] other legal person in America perhaps. And so I just think it's a bad precedent ... Judge Silberman, you know, kept reading over and over the inflammatory remarks [of Lamberth] on not being impartial [the government's allegation], and then of course Keith Harper got up and I thought did a tremendous job. And being an attorney, and stating they've lost several cases themselves, so it is a balance, he does have balanced decisions ... So again in closing I just thought that Keith just did a wonderful job as being an attorney, but also being an American Indian. When he started using the word 'we' - you know, 'we have been wronged for all this time' - and maybe the judge felt a certain reason because of all of the not complying with the court orders, that he had to use the language that he did."

He said if the judge is removed from the case, 10 years of work would be for nothing and litigation would have to begin all over again. "And also there's a piece of legislation ... before Congress. That [Lamberth's removal] could move the dollar figure [of a legislated settlement] a lot further down. There's a tremendous amount of stakes here ... But I'm hopeful. I hope and pray. I hope Indian country does the same. This is a serious time for the case ... Every Indian in America needs to get up on this, this case, because it's coming down to the fourth quarter ... fourth quarter of the game."

At the same gathering before the museum, Victoria Graves, an IIM account holder from Oklahoma, said she hopes to see Lamberth retained on the case. She also hopes Congress will pass a legislated settlement, and she's not overly particular about the settlement amount. "I think more importantly I want a healthier future, with mutual respect between governments - government to government. Native Americans' government and the federal government, state and local government ... We need justice for people. We need to set a precedent. We need to make an example of this."

At a Center for American Progress forum on *Cobell*, the case's namesake, lead plaintiff Elouise Cobell, said she supports the legislative settlement effort going forward in Congress. She renewed a call to put

Interior's IIM accounts in temporary receivership. "Drastic mismanagement, as in this case, really needs drastic measures to fix ... I'm a banker. I know how financial institutions are fixed. When there's a big problem with financial institutions, they bring in somebody from the outside to fix the system and put the other players on the bench until that is fixed. That's how it's done in the real world."

Emphasizing, however, the unreal world of IIM trust accounting, Harper said there is no accounts receivable system in place for the accounts; no way to know if lease payments have been made. It's an accounts receivable system based on trust, he said with heavy irony.

Hall related one of the heartbreaking cases of delayed trust payments from the IIM trust - an older woman with diabetes wanted to put her IIM check into the purchase of a van with a hydraulic lift to enable her to get around a little, the one thing she wanted most, according to Hall. She waited and waited as diabetes increasingly immobilized her. The long-delayed check arrived, Hall said, but not until after she had passed away.

Harper said one of the best things about a legislated settlement is that all living IIM beneficiaries would see an immediate *per capita* payment of some amount, meaning no one else would pass away without getting at least some of the money that should have been theirs all along.

END

Chicago Tribune

Federal court revives lawsuit involving ND

Friday April 14, 2006

By Jodi S. Cohen

CHICAGO -- A federal lawsuit alleging the University of Notre Dame and the U.S. Department of Education used federal money for religious purposes was ordered to proceed Wednesday by the 7th U.S. Circuit Court of Appeals in Chicago.

In a 2-1 decision to send the case back to a lower court in Indiana, a panel of judges found that the case was prematurely dismissed without deciding issues such as whether the university appropriately tracked how the money was spent.

The lawsuit sought to prevent Notre Dame from spending the money, but the district court ruled that the issue was moot and threw out the case because Notre Dame already had received and spent the grant.

Without ruling on the merits of the case, the appeals court panel said that the money could be returned to the government if the lower court finds in favor of the plaintiffs.

The $462,500 grant, given by Congress in 2000, was used by Notre Dame to expand its Alliance for Catholic Education program to four other colleges and universities. In the two-year master's degree in education program, students spend their summers at Notre Dame and two years teaching in poor Catholic schools.

The teacher-training program has both secular and religious components, including encouraging teachers to live and work "in accordance with the tenets of the Catholic faith," according to Wednesday's decision. The program is funded by government and private funds.

With the help of the federal funding, the program was expanded to Providence College in Rhode Island,

Loyola Marymount University in California, the University of Portland and Valparaiso University in Indiana.

The plaintiffs, Indiana residents Joan Laskowski and Daniel Cook, filed the taxpayer lawsuit in December 2003 against the Department of Education. The lawsuit alleges that the grant did not restrict the use of the money to nonreligious purposes, and therefore violated the First Amendment's requirement of the separation between church and state.

Notre Dame later intervened as a defendant.

"The real problem is that the money wasn't tracked in any way so you could tell that it wasn't used for religious purposes," said Jacquelyn Suess, an attorney for the American Civil Liberties Union of Indiana, who is representing the plaintiffs.

According to a legal brief from the government, Notre Dame said in its grant application that it planned to use the money for staff salaries and benefits, travel costs and to hold an annual meeting for the colleges involved. The brief also says that in applying for the grant, Notre Dame agreed not to use the money for religious purposes.

A Notre Dame spokesman and a Justice Department attorney declined to comment. The defendants could appeal the decision to the full 7th Circuit.

the money was spent. *(error on the webpage)*

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A Notre Dame spokesman and a Justice Department attorney declined to comment. The defendants could appeal the decision to the full 7th Circuit.

END

GG2.net

US judge hears arguments in case of barred Islamic scholar

Friday, April 14, 2006

US FEDERAL judge heard arguments in the case of Tariq Ramadan, a Swiss-based Islamic scholar forced to turn down a tenured position at a prestigious US university when his visa was revoked in 2004.

The case, filed by the American Civil Liberties Union (ACLU), the country`s leading civil rights organization, claims that US officials wrongfully blocked Ramadan`s entry using the US Patriot Act`s ideological exclusion provision.

The US State Department revoked the visa in July 2004 on the recommendation of officials in the Department of Homeland Security.

The move prevented him from taking up a post at Indiana`s Notre Dame University`s Kroc Institute for International Peace Studies.

According to the ACLU, Ramadan was kept out for criticizing US Mideast policy. They say there was no evidence to allegations that he was a terrorist supporter.

The 43-year-old scholar, whose grandfather founded the Muslim Brotherhood Movement, an Islamist group banned in many Arab countries, was due to teach a course on Islamic philosophy and ethics.

Ramadan is "one of Europe`s most prominent scholars" on Islamic issues, said ACLU attorney Jameel Jaffer, arguing that the government is violating the rights of Americans to hear constitutionally protected speech.

Representing the government, attorney David Jones refused to tell Judge Paul Crotty why Ramadan`s visa was revoked. Border control was the executive`s prerogative, not a legal issue, he said.

"The government is actively working on the case," said Jones, but added that he was "still unable to predict" when there would be a response to Ramadan`s second visa request.

Judge Crotty seemed unimpressed. "You`re denying those people their rights by not making a decision," he told Jones, then ruled that the government had two weeks to come up with an answer.

The author of several books, including "Western Muslims and the Future of Islam," Ramadan has called for greater assimilation of European Muslims and has been an outspoken critic of the Muslim community`s inclination towards insularity.

He has also been accused of anti-Semitism, however, notably his criticism of France`s Jewish intellectuals for what he called "blind support for Israel."

END

South Florida Business Journal

Miami doctor pleads guilty to Medicare kickback scheme

Friday, April 14, 2006

A local doctor has admitted to participating in a massive kickback scheme involving pharmacies, medical equipment companies and Medicare beneficiaries, the federal authorities said.

Zabdy Westerburger of Miami pleaded guilty, Wednesday, in federal court to one count of conspiracy to violate the anti-kickback and false claims statutes and one count of tax evasion

The plea and details of the scheme was announced by the United States Attorney for the Southern District of Florida, U.S. Department of Health and Human Services and the Federal Bureau of Investigation.

According to authorities, Westerburger had agreed to provide bogus prescriptions in return for cash kickbacks.

Since April 1999, the doctor established referral relationships with the owners of numerous medical equipment companies.

The owners would bring "patients" to Westerburger's office and specify which types of equipment and medications they wanted her to prescribe.

Westerburger would conduct a cursory examination of the patients and then sign the requested prescriptions, regardless of whether they were medically necessary.

After signing the prescriptions, Westerburger collected cash kickbacks, ranging from $50 to $200 per prescription, from the owners. The amount of the kickback was based on the reimbursement rate for the items and medications prescribed, so the higher the reimbursement rate, the bigger the kickback.

The owners would deliver the equipment prescribed by Westerburger, then submit Medicare claims seeking reimbursement for the cost of such items. The medication prescriptions were referred to Miami pharmacies in return for a referral fee. The pharmacies would provide the medications to the "patients," obtain payment from Medicare for the cost of such medications, then kickback 50 percent of the monthly Medicare payment to the owners.

As a result of this scheme, Medicare paid more than $2.3 million for unnecessary equipment and medications.

To date, more than 30 people have been convicted of Medicare fraud charges in connection with this scheme.

Sentencing is scheduled for Aug. 11 before U.S. District Court Judge James I. Cohn. Westerburger faces a maximum statutory sentence of 10 years in prison. Assistant U.S. Attorney Adrienne Rabinowitz is prosecuting this case.

END

Randall, Jenny (DHS)

From: Randall, Jenny (DHS)

Sent: Monday, April 17, 2006 8:04 AM

To: Otis, Lee L; Gorsuch, Neil M; fred_ames@ustr.eop.gov; williaa@nic.odci.gov; margot.anderson@eia.doe.gov; martin.bagley@dtra.mil; jbailey@doc.gov; nolan.barkdull@dhs.gov; marvin.barth@do.treas.gov; twbates@llnl.gov; Becker, Gary (DHS); sharon.betson@science.doe.gov; bird.ronald@dol.gov; Breuder, Jen (DHS); nsbrods@sandia.gov; brownlg@state.gov; tjbrown@sandia.gov; deeanna.burleson@northcom.mil; richard.chavez@osd.mil; dclancy@omb.eop.gov; rachel.cononi@do.treas.gov; michael.craig@dhs.gov; croddyaj@state.gov; victoria.davey@hq.med.va.gov; chrisgd@ucia.gov; smdelan@sandia.gov; angela.desmond@frb.gov; Nathan.Dickerson@dhs.gov; Domich, Paul (DHS); jerome.donlon@hhs.gov; donnellykd@state.gov; Kathleen.Downs@dhs.gov; wdunham@cea.eop.gov; tyler.duvall@dot.gov; eckstrai@nigms.nih.gov; maehlen@sandia.gov; nada.eissa@do.treas.gov; peter.estacio@hhs.gov; Finney, Tremika (DHS); kenneth.friedman@hq.doe.gov; bgellin@osophs.dhhs.gov; larry.m.granger@aphis.usda.gov; hatchettr@niaid.nih.gov; Hayes, John (DHS); david.henry@esa.doc.gov; highnamp@mail.nih.gov; john.hill@fmcsa.dot.gov; Richard.L.Hinchion1@uscg.dhs.gov; howe.susan@dol.gov; jhrubovcak@oce.usda.gov; rkalmus@cea.eop.gov; amy.kircher@northcom.mil; kknapp@doc.gov; knouse.ruth@dol.gov; edkoenig@ucia.gov; emily.lampkin@ed.gov; langdon.david@dol.gov; Lazarus, Lawrence (DHS); alice.lippert@hq.doe.gov; Maclaren, Jon (DHS); steve.malphrus@frb.gov; monique.mansoura@hhs.gov; Mares, Jan (DHS); robert.mariner@dot.gov; Martinez-fonts, Al (DHS); Laura.McClure@dot.gov; paul.mchale@osd.mil; melius1@llnl.gov; qzm4@cdc.gov; rem@lanl.gov; Jmiller@afmic.detrick.army.mil; william.miller@cen.amedd.army.mil; jlmitch@sandia.gov; jane.molloy@esa.doc.gov; francesca.music.ctr@osd.mil; john.m.nash@frb.gov; keith.nelson@hud.gov; kingram@qedllc.com; DOY.Noblitt@dhs.gov; michael.omalley@dot.gov; parrish.cayce@epa.gov; Penoyer, Brian (DHS); Sharon.Peyus@dhs.gov; sally.phillips@ahrq.hhs.gov; michael.pierce@ios.doi.gov; Purdy, Caroline (DHS); andrew.rahaman@frb.gov; Randall, Jenny (DHS); RastogiT@state.gov; timothy_l._reynolds@who.eop.gov; Jack.Richards@dhs.gov; robin.robinson@hhs.gov; ksroger@sandia.gov; anne.rothrock@dhs.gov; Runge, Jeff (DHS); Keith.Ryan@dhs.gov; Diana.Schneider@dhs.gov; Schutte, Carol (DHS); jpsmith@lanl.gov; marty_p._smith@who.eop.gov; chris.soares@do.treas.gov; stidvent.veronica@dol.gov; Kemble.stokes@mail.doc.gov; jeremy.stump@usda.gov; john.sylvester@js.pentagon.mil; joel.szabat@dot.gov; thurmanss@state.gov; michael.viola@science.doe.gov; Wall, Joel (DHS); carlene.warren@dhs.gov; tom_weimer@ios.doi.gov; jack.wells@dot.gov; william.raub@hhs.gov; jonathan_a._wolfson@cea.eop.gov; john.worth@do.treas.gov; steven.yevich@eh.doe.gov

Cc: Randall, Jenny (DHS)

Subject: Today's Meeting documents

Attachments: tmp.htm; Final DRAFT Nonmodel Questions 4_14_06.xls; Final DRAFT Model Questions 4_17_06.xls; Economic Priority Modeling Questions List 4_17_06.xls;

2003draft_cost-benefit_rpt.pdf

Importance: High

All-

Today is expected to be our last meeting of the working group. The modeling questions have been prioritized and categorized. There is a planned telecon between the epi modelers to go over technical issues about the epi models. At that point, we will present a prioritized list of modeling questions to Dr. Runge for review and approval regarding the consequence of pandemic influenza based on the input of this group.

Please note the attached documents.

* The compiled Modeling Questions matrix dated today contains additions for the epidemiological modeling efforts and as such I have added a new column called "Models Capable Information". For those who submitted the epi information, please review to ensure I captured your input as I changed the verbiage slightly. If there are questions/comments, please let me know.

* The Non-Modeling Questions reflects additions by USDA including recommendations for referral to DOI for answers.

* Treasury and Commerce prioritized the economic impact questions and they are in the third matrix.

* My thanks to Jonathan Wolfson for finding information regarding OMB's regard for the valuation of life. This is the pdf file and the OMB discussion can be found on page 31.

Thanks again to our friends in Commerce for hosting most of our meetings.

Thanks much!!!

-Jenny

Jenny Randall

Economist

Private Sector Office

O: 202.282.9801

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Federal Register

Monday,
February 3, 2003

Part VII

Office of Management and Budget

Draft 2003 Report to Congress on the Costs and Benefits of Federal Regulations; Notice

OFFICE OF MANAGEMENT AND BUDGET

Draft 2003 Report to Congress on the Costs and Benefits of Federal Regulations

AGENCY: Office of Management and Budget, Executive Office of the President.

ACTION: Notice and request for comments.

SUMMARY: OMB requests comments on the attached Draft Report to Congress on the Costs and Benefits of Federal Regulation. The Draft Report is divided into two chapters. Chapter I presents estimates of the costs and benefits of Federal regulation and paperwork with an emphasis on the major regulations issued between October 1, 2001 and September 31, 2002. Chapter II requests comments from the public in three areas: (1) Guidelines for regulatory analysis; (2) Analysis and management of emerging risks; and (3) Improving analysis of regulations to homeland security.

DATES: To ensure consideration of comments as OMB prepares this Draft Report for submission to Congress, comments must be in writing and received by OMB no later than April 3, 2003.

ADDRESSES: We are still experiencing delays in the regular mail, including first class and express mail. To ensure that your comments are received, we recommend that comments on this draft report be electronically mailed to *OIRA_BC_RPT@omb.eop.gov,* or faxed to (202) 395–7245. Comments on the OMB Draft Guidelines for the Conduct of Regulatory Analysis and the Format of Accounting Statements (Appendix C) should be e-mailed to *OIRA_ECON_GUIDE@omb.eop.gov*, or faxed, with the title ''Comments on Draft Guidelines'' identified in the transmittal page, to (202) 395–7245.

You may also submit comments to Lorraine Hunt, Office of Information and Regulatory Affairs, Office of Management and Budget, NEOB, Room 10202, 725 17th Street, NW., Washington, DC 20503.

FOR FURTHER INFORMATION CONTACT: Lorraine Hunt, Office of Information and Regulatory Affairs, Office of Management and Budget, NEOB, Room 10202, 725 17th Street, NW., Washington, DC 20503. Telephone: (202) 395–3084.

SUPPLEMENTARY INFORMATION: Congress directed the Office of Management and Budget (OMB) to prepare an annual Report to Congress on the Costs and Benefits of Federal Regulations. Specifically, Section 624 of the FY2001 Treasury and General Government Appropriations Act, also know as the ''Regulatory Right-to-Know Act,'' (the Act) requires OMB to submit a report on the costs and benefits of Federal regulations together with recommendation for reform. The Act says that the report should contain estimates of the costs and benefits of regulations in the aggregate, by agency and agency program, and by major rule, as well as an analysis of impacts of Federal regulation on State, local, and tribal government, small business, wages, and economic growth. The Act also states that the report should go through notice and comment and peer review.

John D. Graham,
Administrator, Office of Information and Regulatory Affairs.

Draft 2003 Report to Congress on the Costs and Benefits of Federal Regulation

Executive Summary

This Draft Report to Congress on regulatory policy was prepared pursuant to the Regulatory Right-to-Know Act (Section 624 of the Treasury and General Government Appropriations Act, 2001), which requires such an account each year. It provides a statement of the costs and benefits of federal regulations and recommendations for regulatory reforms. The report will be published in its final form after revisions to this draft are made based on public comment, external peer review, and interagency review.

The major feature of this report is the estimates of the total costs and benefits of regulations reviewed by OMB. Major federal regulations reviewed by OMB from October 1, 1992 to September 30, 2002 were examined to determine their quantifiable benefits and costs. The estimated annual benefits range from $135 billion to $218 billion while the estimated annual costs range from $38 billion to $44 billion.

OMB seeks public comment on all aspects of this Draft Report. OMB is specifically interested in public comment in the following three areas:

- Guidelines for regulatory analysis. In order to make continued improvements in the quality of the regulatory analyses prepared by agencies, OIRA initiated in 2002 a process to refine the OMB guidelines for regulatory analysis. The OIRA Administrator and a member of the Council of Economic Advisers (CEA) are serving as co-chairs of this effort. OMB and CEA staff have drafted proposed revised guidelines which are presented in Appendix C of this report. We are requesting comment on these draft guidelines for regulatory analysis.
- Analysis and management of emerging risks. An Interagency Work Group on Risk Management, co-chaired by the OIRA Administrator and the Chairman of the White House Council on Environmental Quality has been formed to foster Administration-wide dialogue and coordination on the management of emerging risks to public health, safety and the environment. To assist in the Work Group's efforts, OMB requests comments on current U.S. approaches to analysis and management of emerging risks.
- Improving analysis of regulations related to homeland security. In light of the significant interest in regulations related to homeland security, OMB is seeking public comment on how to more effectively evaluate the benefits and costs of these proposals, including how agencies might better forecast the anti-terrorism benefits and the direct and indirect costs of such rules, including time, convenience, privacy, and economic productivity.

Chapter I: The Costs and Benefits of Federal Regulations

Section 624 of the FY 2001 Treasury and General Government Appropriations Act, the ''Regulatory Right-to-Know Act,'' [1] requires OMB to submit ''an accounting statement and associated report'' including:

(1) An estimate of the total annual costs and benefits (including quantifiable and nonquantifiable effects) of Federal rules and paperwork, to the extent feasible:

(A) In the aggregate;

(B) By agency and agency program; and

(C) By major rule;

(2) An analysis of impacts of Federal regulation on State, local, and tribal government, small business, wages, and economic growth; and

(3) Recommendations for reform.[2]

This chapter presents the accounting statement. It revises the benefit-cost estimates in last year's report by updating the estimates to the end of fiscal year 2002 (September 30, 2002) and including new estimates from Ocotober 1, 1992 to March 31, 1995. Our new estimates are now based on the major regulations reviewed by OMB over the last ten years. All of the

[1] 31 U.S.C. 1105 note, Pub. L. 106–554, Section 1(a)(3) [Title VI, section 624], Dec. 21, 2000, 114 Stat. 2763, 2763A–161 (see Appendix F).

[2] Recommendations for reform are discussed in Chapter II.

estimates presented in this chapter are based on agency information or transparent modifications of agency information performed by OIRA. We have not provided new information on the impacts of Federal regulation on State, local, and tribal government, small businesses, wages, and economic growth in this draft report. The 2002 Report issued in December 2002 includes discussions of these issues (see pages 41 to 46). We request public comment and any additional information on these impacts for this year's final report.

We also include in this chapter a discussion of major rules issued by independent regulatory agencies, although OMB does not review these rules under Executive Order 12866. This discussion is based on data provided by these agencies to the General Accounting Office (GAO) under the Congressional Review Act.

A. Estimates of the Total Benefits and Costs of Regulations Reviewed by OMB [3]

Table 1 presents estimates by agency of the costs and benefits of major rules reviewed by OMB over the period October 1, 2001 to September 30, 2002. We reviewed 31 final major rules over that period. These 31 rules represent less than ten percent of the 330 final rules reviewed by OMB and less than one percent of the 4,153 final rules documents published in the **Federal Register** during this 12-month period. However, OIRA believes that the costs and benefits of major rules are quantitatively more important than all other rules combined.

Of the 31 rules, 25 implemented Federal budgetary programs, which caused income transfers from one group to another. The remaining six regulations were ''social regulations'', requiring substantial additional private expenditures and/or providing new social benefits.[4] Four of these six ''social regulations'' imposed mandates on State and local entities or the private sector. The other two ''social regulations'' were enabling regulations that did not impose mandates.

Of the six ''social regulations,'' we are able to present estimates of both monetized costs and benefits for three rules.[5] We did not include the 3 other rules that did not have monetized estimates for either costs or benefits or both. Three agencies, DOE, DOT, and EPA issued 3 major regulations adding a combined $2.0 billion to $6.5 billion in annual benefits and $1.6 billion to $2.0 billion in annual costs.

TABLE 1.—ESTIMATES OF THE ANNUAL BENEFITS AND COSTS OF MAJOR FEDERAL RULES, OCTOBER 1, 2001 TO SEPTEMBER 30, 2002

[Millions of 2001 dollars]

Agency	Benefits	Costs
Energy	710	636.
Transportation	409 to 944	749 to 1,206.
Environmental Protection Agency	913 to 4,818	192.
Total	2,032 to 6,472	1,577 to 2,034.

Table 2 presents an estimate of the total costs and benefits of all regulations reviewed by OMB over the ten-year period from October 1, 1992 to September 30, 2002 that met two conditions.[6] Each rule generated costs or benefits of at least $100 million annually, and a substantial portion of its costs and benefits were quantified and monetized by the agency or, in some cases, monetized by OMB. The estimates are therefore not a complete accounting of all the costs and benefits of all regulations issued by the Federal government during this period. We have expanded the number of years covered by our estimates to ten from the six and half years presented in last year's report. We provide estimates of the cost and benefits of social regulation (health, safety and environmental regulation) for each rule for the periods covering October 1, 1992 to March 31, 1995 and October 1, 2001 to September 30, 2002 in Appendix A.[7] OMB has chosen a 10-year period for aggregation because pre-regulation estimates prepared for rules adopted more than ten years ago are of questionable relevance today. The estimates of the costs and benefits of Federal regulations over the period October 1, 1992 to September 30, 2002 are based on agency analyses subject to public notice and comments and OMB review under E.O. 12866.

In last year's report, the aggregate costs of regulations fell within the range of the estimated benefits—albeit at the lower end of the range. The aggregate benefits reported in Table 2, however, are roughly three to five times the aggregate costs and are substantially larger than the aggregate benefits reported in our 2002 report. There are two reasons for this. First, the additional rules added to cover a 10-year period included EPA's rule implementing the sulfur dioxide limits of the acid rain provisions in the 1990 Amendments to the Clean Air Act. This rule adds calculated benefits of over $70 billion per year to the aggregate benefits estimate. Second, in reviewing our estimates, we inadvertently subtracted incorrect cost estimates for EPA's rules establishing National Ambient Air Quality Standards for Ozone and Particulate Matter. This correction reduces the aggregate cost of the rules covered over the 10-year period by roughly $20 billion per year.

It is important to note that four EPA rules—two rules limiting particulate matter and NO_X emissions from heavy duty highway engines, the Tier 2 rule limiting the emissions from light duty vehicles, and the Acid Rain rule cited above—account for a substantial fraction of the aggregate benefits reported in Table 2. These four EPA rules have estimated benefits of $96 to $113 billion per year and costs of $8 to

[3] In previous reports, we presented detailed discussions about the difficulty of estimating and aggregating the costs and benefits of different regulations over long time periods and across many agencies. We do not repeat those discussions here. Our previous reports are on our Web site at <*http://www.whitehouse.gov/omb/inforeg/regpol.html*>.

[4] Rules that transfer Federal dollars among parties are not included because transfers are not social costs or benefits. If included, they would add equal amounts to benefits and costs.

[5] We used agency estimates where available. If an agency quantified estimates but did not monetize, we used standard assumptions to monetize as explained in Appendix A.

[6] We calculated Table 2 estimates by adding the estimates in Table 1 above and the estimates from Table 6 in Appendix A to Table 8 of the 2002 OMB report.

[7] Agency estimates of the cost and benefits of major regulations for October 1, 1992 to March 31, 1995 are provided in Appendix B. Appendix A contains revised estimates.

$8.8 billion per year.[8] The aggregate benefits and costs for the other 103 rules are $38 to $104 billion and $30 to $35 billion, respectively. Table 3 provides additional information on aggregate benefits and costs for select agency programs.

Based on the information released in previous reports, the total costs and benefits of all Federal rules now in effect (major and non-major, including those adopted more than 10 years ago) could easily be a factor of ten or more larger than the sum of the costs and benefits reported in Table 2. More research is necessary to provide a stronger analytic foundation for comprehensive estimates of total costs and benefits by agency and program. OMB's examination of the benefits and costs of Federal regulation supports the need for a common-sense approach to modernizing Federal regulation that involves the expansion, modification, and rescission of regulatory programs as appropriate.

TABLE 2.—ESTIMATES OF THE ANNUAL BENEFITS AND COSTS OF MAJOR FEDERAL RULES, OCTOBER 1, 1992 TO SEPTEMBER 30, 2002

[Millions of 2001 dollars]

Agency	Benefits	Costs
Agriculture	3,108 to 6,203	1,649 to 1,679.
Education	658 to 816	363 to 612.
Energy	4,704 to 4,722	2,473.
Health & Human Services	8,733 to 11,724	3,168 to 3,337.
Housing & Urban Development	527 to 601	796.
Labor	1,808 to 4,200	1,057.
Transportation	6,150 to 9,465	4,313 to 6,812.
Environmental Protection Agency	108,858 to 179,757	23,867 to 27,028.
Total	134,547 to 217,539	37,686 to 43,794.

TABLE 3.—ESTIMATES OF ANNUAL BENEFITS AND COSTS OF MAJOR FEDERAL RULES: SELECT PROGRAMS AND AGENCIES, OCTOBER 1, 1992–SEPTEMBER 30, 2002

[Millions of 2001 dollars]

Agency	Benefits	Costs
Energy: Energy Efficiency and Renewable Energy	4,704 to 4,772	2,473.
Health & Human Services: Food and Drug Administration	2,021 to 4,558	482 to 651.
Labor: Occupational Safety and Health Administration	1,808 to 4,200	1,057.
Transportation:		
National Highway Traffic Safety Administration	4,330 to 7,645	2,795 to 5,295.
Coast Guard	68	1,282.
Environmental Protection Agency:		
Office of Air	106,010 to 163,893	18,362 to 20,978.
Office of Water	891 to 8,103	2,424 to 2,937.

In order for comparisons or aggregation to be meaningful, benefit and cost estimates should correctly account for all substantial effects of regulatory actions, including potentially offsetting effects, which may or may not be reflected in the available data. We have not made any changes to agency monetized estimates other than connecting them to annual equivalents. Any comparison or aggregation across rules should also consider a number of factors which our presentation does not address. To the extent that agencies have adopted different methodologies—for example, different monetized values for effects, different baselines in terms of the regulations and controls already in place, different treatments of uncertainty—these differences remain embedded in the table 2. While we have relied in many instances on agency practices in monetizing costs and benefits, our citation of or reliance on agency data in this report should not be taken as an endorsement of all the

[8] These four EPA rules will reduce ambient levels of fine particulate matter by reducing direct PM emissions and/or the emissions of precursor pollutants like SO_2 and NO_X that contribute to the formation of fine PM. Many studies show an association between both short- and long-term exposure to fine PM and a variety of adverse health effects ranging from increases in the frequency of hospital admissions to premature mortality. There are, however, important uncertainties associated with these benefit estimates. For example key assumptions underlying the benefit estimates associated with premature mortality include the following: (1) The benefits analysis assumes there is a causal association between inhalation of fine particles and such health effects as premature mortality at exposure levels near those experienced by most Americans on a daily basis. While the biological mechanisms for this effect have not yet been definitively established, EPA has concluded that the weight of the available epidemiological and toxicological evidence supports an assumption of causality; (2) The benefits analysis assumes that all fine particles, regardless of their chemical composition, are equally toxic. This is an important assumption because fine particles from power plant emissions are chemically different from those emitted from both mobile sources and other industrial facilities. However, no clear scientific grounds exist for supporting differential effects estimates by particle type; (3) The benefits analysis assumes that the concentration-response function for fine particles is approximately linear within the range of ambient concentrations under consideration. Thus, the estimates include health benefits from reducing fine particles in areas that are in attainment with the fine particle standard and those that do not meet the standard; (4) The benefits analysis assumes that the forecasts for future emissions and associated air quality modeling are valid. The EPA's analyses are based on peer-reviewed scientific literature and up-to-date assessment tools. However such models are themselves based on an evolving understanding and research continues to provide the data necessary for model evaluation; and (5) The valuation of estimated reduction in mortality risk is largely taken from studies of the tradeoff associated with the willingness to accept risk in labor markets. Alternative estimates may, however, be more relevant for rules addressing air pollution. Further information on these benefits estimates can be found at *http://www.epa.gov/air/clearskies/tech_adden.pdf, http://www.whitehouse.gov/omb/inforeg/costbenefitreport1998.pdf, http://www.whitehouse.gov/omb/inforeg/2000fedreg-report.pdf.*

varied methodologies used to derive benefits and cost estimates.

B. Estimates of Benefits and Costs of This Year's ''Major'' Rules

In this section, we examine in detail the benefits and costs of each ''major'' rule, as required by section 624(a)(1)(C). We have included in our review those final regulations on which OMB concluded review during the 12-month period October 1, 2001 through September 30, 2002.

The statutory language that categorizes the rules we consider for this report differs from the definition of ''economically significant'' in Executive Order 12866 (section 3(f)(1)). It also differs from similar statutory definitions in the Unfunded Mandates Reform Act and subtitle E of the Small Business Regulatory Enforcement Fairness Act of 1996—Congressional Review of Agency Rulemaking. Given these varying definitions, we interpreted section 624(a)(1)(C) broadly to include all final rules promulgated by an Executive branch agency that meet any one of the following three measures:

- Rules designated as ''economically significant'' under section 3(f)(1) of Executive Order 12866;
- Rules designated as ''major'' under 5 U.S.C. 804(2) (Congressional Review Act); and
- Rules designated as meeting the threshold under Title II of the Unfunded Mandates Reform Act (2 U.S.C. 1531–1538)

Of the 31 rules received by OMB, USDA submitted four; the Veterans Administration, DOE, EPA, OMB, the Social Security Administration, and SBA each submitted one; HHS eight; The Departments of Interior, Justice, Defense, and FEMA each submitted two; and DOT five.

Social Regulation

Of the 31 economically significant rules reviewed by OMB, six are regulations requiring substantial additional private expenditures and/or providing new social benefits. Table 4 summarizes the costs and benefits of these rules and provides other information taken from rule preambles and agency RIAs. Of the six regulations received by OMB, EPA and DOE each submitted one, and DOI and DOT each submitted two. Agency estimates and discussion are presented in a variety of ways, ranging from a mostly qualitative discussion—for example, the NHTSA light truck corporate average fuel economy (CAFE) standard—to a more complete benefit-cost analysis, such as DOE's central air conditioner rule.

1. Benefits Analysis

Agencies monetized at least some benefit estimates for five of the six rules. In the case of EPA's recreational engines rule, the agency provides some monetized benefit estimates, but discusses other benefits qualitatively. In one case—NHTSA's tire pressure monitoring systems (TPMS) rule—the agency did not monetize all of the quantified benefits. In another case—NHTSA's CAFE rule—the agency did not report any quantified or monetized benefit estimates.

2. Cost Analysis

For three of the six rules, agencies provided monetized cost estimates. These include DOE's air conditioner rule, NHTSA's TPMS rule and EPA's recreational vehicle rule. For the remaining three rules, both DOI migratory bird hunting rules and NHTSA's CAFE rule, the agencies did not estimate costs.

3. Net Monetized Benefits

Three of the six rules provided at least some monetized estimates of both benefits and costs. Of these, the estimated monetized benefits of both the DOE air conditioner rule and the EPA recreational engine rule exceed the estimated monetized costs. The magnitude of the net benefits varies from $75 million per year for the air conditioner rule to as much as $4.6 billion for the recreational engine rule. One rule, NHTSA's TPMS rule, has negative net monetized benefits ranging from approximately $706 to $862 million per year.

4. Rules Without Quantified Effects

One rule, NHTSA's CAFE rule, is classified as economically significant even though the agency did not provide any quantified estimates of their effects.

TABLE 4.—SUMMARY OF AGENCY ESTIMATES FOR FINAL RULES 10/01/2001–9/30/02

[As of Date of Completion of OMB Review]

Agency	Rule	Benefits	Costs	Other Information
DOE	Energy Conservation Standards for Central Air Conditions and Heat Pumps.	$9.1 billion (present value) in energy savings between 2006 and 2030.	$7.3 billion (present value) for purchases between 2006 and 2030.	Monetized benefit and cost values are obtained from the ''National Energy Savings/Net Present Value/Shipments'' spreadsheet, available on DOE's web site: *http://www.eren.doe.gov/buildings/codes_standards/applbrf/central_air_conditioner_3.html* DOE projects a cumulative reduction in nitrogen oxide emissions of 119.3 thousand metric tons (undiscounted) over the period 2006–2030 and a cumulative reduction in carbon dioxide equivalent emissions of 53.8 million metric tons (undiscounted) over the period 2006–2030 [DOE Technical Support Document Appendix M, Table M.9].
DOI	Early Season Migratory Bird Hunting Regulations 2002–2003.	$50 million to $192 million/yr.	Not estimated	The analysis was based on the 1996 National Hunting and Fishing Survey and the U.S. Department of Commerce's County Business Patterns, from which it was estimated that migratory bird hunters would spend between $429 million and $1,084 million at small businesses [67 FR 54704]. The listed benefits represent estimated consumer.
DOI	Late-Season Migratory Bird Hunting Regulations 2002–2003.	$50 million to $192 million/yr.	Not estimated	The analysis was based on the 1996 National Hunting and Fishing Survey and the U.S. Department of Commerce's County Business Patterns, from which it was estimated that migratory bird hunters would spend between $429 million and $1,084 million at small businesses [67 FR 54704]. The listed benefits represent estimated consumer.

TABLE 4.—SUMMARY OF AGENCY ESTIMATES FOR FINAL RULES 10/01/2001–9/30/02—Continued

[As of Date of Completion of OMB Review]

Agency	Rule	Benefits	Costs	Other Information
DOT	Light Truck Average Fuel Economy Standard, Model Year 2004.	Not estimated	Not estimated	''* * * [T]he agency has been operating under a restriction on the use of appropriations for the last six fiscal years. The restriction has prevented the agency from gathering and analyzing data relating to fuel economy capabilities and the costs and benefits of improving the level of fuel economy. Particularly since that restriction was lifted only on December 18, 2001, the agency has been unable to prepare a separate economic analysis for this rulemaking. The agency notes, however, that the standard it is setting for the 2004 model year will not make it necessary for the manufacturers with a substantial share of the market to change their product plans.'' [67 FR 16059]
DOT	Tire Pressure Monitoring Systems (TPMS).	79–124 fatalities and 5,176– 8,722 injuries prevented per year; $43–$344 million per year in fuel savings and reduced tire wear.	$749–$1,206 million/yr	Unquantified Benefits: ''The agency cannot quantify the benefits from a reduction in crashes associated with hydroplaning and overloading vehicles. The primary reason that the agency has been unable to quantify these benefits is the lack of crash data indicating tire pressure and how often these conditions are the cause or contributing factors in a crash. The agency does not collect tire pressure in its crash investigations. NHTSA also has not been able to quantify the benefits associated with reductions in property damage and travel delays that will result from fewer crashes or reductions in the severity of crashes.'' [67 FR 38739] Unquantified Costs: ''The agency anticipates that there may be other maintenance costs for both direct and indirect TPMS. For example, with indirect TPMSs, there may be problems with wheel speed sensors and component failures. With direct TPMSs, the pressure sensors may be broken off when tires are changed. The agency requested comments on this issue in the NPRM, but received none. Without estimates of these maintenance problems and costs, the agency is unable to quantify their impact. The agency also notes that in order to benefit from the TPMS, drivers must respond to a warning by re-inflating their tires. To accomplish this, most drivers will either make a separate trip to a service station or take additional time to inflate their tires when they are at a service station for fuel. The process of checking and re-inflating tires is relatively simple, and probably would take from three to five minutes. The time it would take to make a separate trip to a service station would vary depending on the driver's proximity to a station at the time he or she was notified.'' 67 FR 38741]
EPA	Control of Emissions From Nonroad Large Spark-Ignition Engines, and Recreational Engines.	$410 million/yr. in reduced engine operation costs; $900 million to $7.88 billion in air quality benefits in calendar year 2030.	$192 million/yr	EPA also lists a variety of other benefit categories which it was not able to quantify or monetize, ranging from infant mortality to damage to urban ornamental plants. [67 FR 68328].

Transfer Regulations

Of the 31 economically significant rules reviewed by OMB, Table 5 lists the 25 that implement Federal budgetary programs. The budget outlays associated with these rules are ''transfers'' to program beneficiaries. Of the transfer rules, HHS promulgated eight rules, most of which implement Medicare and Medicaid policy. Four are USDA rules. Of the four, three are crop assistance and disaster aids for farmers and one is a food stamp program rule. The Department of Transportation issued three transfer rules. The Departments of Defense, Justice, and the Federal Emergency Management Administration issued two each. The Social Security Administration, Veterans Administration, Small Business Administration and Office of Management and Budget each promulgated one rule.

TABLE 5.—AGENCY TRANSFER RULES: 10/01/01 TO 9/30/02

[As of date of completion of OMB review]

Office of Management and Budget (OMB)
Regulation for Air Carrier Guaranteed Loan Program.
Dept. of Agriculture (USDA)
2000 Crop Agricultural Disaster and Market Assistance.
2002 Farm Bill Regulations: Sugar Program.
Peanut Quota Buyout Program.
Work Provisions of the PRWORA of 1996 and the Food Stamp Provisions of the Balance Budget Act of 1997.
Dept. of Defense
CHAMPUS/TRICARE: Partial Implementation of Pharmacy Benefits Programs; NDAA for FY 2001.
TRICARE: Sub-Acute Care Program; Uniform Skilled Nursing Benefit; Home Healthcare Benefit; Medicare Payment Methods for Skilled Nursing Facilities.
Dept. of Health and Human Services (HHS)
Contraception and Infertility Research Loan Repayment Program.
Medicare Program: Revisions to Payment Policies and 5-Year Review and Adjustments to the Relative Value Units Under the Physician Fee Schedule for CY 2002.
Medicare Program: Prospective Payment System for Hospital Outpatient Services for CY 2002 and Pro Rata Reduction on Transitional Pass-Through Payments.
Medicaid Program: Modification of the Medicaid Upper Payment Limit for Non-State, Government-Owned or Operated Hospitals.
Medicare Program: Modifications to Managed Care Rules Based on Payment Provisions in BIPA and Technical Corrections.
Medicare Program: Notice of Modification of Beneficiary Assessment Requirements for Skilled Nursing Facilities.
Changes to Hospital Inpatient Prospective Payment Systems and FY 2003 Rate.
Medicaid Managed Care; New Provisions.
Social Security Administration
Revised Medical Criteria for Determination of Disability Musculoskeletal System and Related Criteria.
Department of Justice
Claims Under the Radiation Exposure Compensation Act Amendments of 2000.
September 11 Victim Compensation Fund of 2001.
Dept. of Transportation
Procedures for Compensation of Air Carriers.
Imposition and Collection of Passenger Civil Aviation Security Fees in the Wake of September 11.
Aviation Security Infrastructure Fees.
Veterans Administration
Diseases Specific to Radiation-Exposed Veterans.
Federal Emergency Management Administration
Assistance to Firefighters Grant Program.
Disaster Assistance; Federal Assistance to Individuals and Households.
Small Business Administration
Disaster Loan Program.

Major Rules for Independent Agencies

The congressional review provisions of the Small Business Regulatory Enforcement Fairness Act (SBREFA) require the General Accounting Office (GAO) to submit reports on major rules to the committees of jurisdiction, including rules issued by agencies not subject to Executive Order 12866 (the ''independent'' agencies). We reviewed the information on the costs and benefits of major rules contained in GAO reports for the period of October 1, 2001 to September 30, 2002. GAO reported that three independent agencies issued eight major rules during this period. Two agencies did not conduct benefit-cost analyses. One agency considered benefits and costs of the rules. OIRA lists the agencies and the type of information provided by them (as summarized by GAO) in Table 6. The Securities and Exchange Commission consistently considered benefits and costs in their rulemaking processes while the Federal Communications Commission and the Nuclear Regulatory Commission did not prepare benefit-cost analyses.

In comparison to the agencies subject to E.O. 12866, the independent agencies provided relatively little quantitative information on the costs and benefits of the major rules. As Table 6 indicates, three of the eight rules included some discussion of benefits and costs. Three of the eight regulations had monetized cost information; one regulation monetized benefits. It is difficult to discern, however, whether the rigor and the extent of the analyses conducted by the independent agencies are similar to those of the analyses performed by agencies subject to the Executive Order.

TABLE 6.—RULES FOR INDEPENDENT AGENCIES (OCTOBER, 2001–SEPTEMBER, 2002)

Agency	Rule	Information on benefits or costs	Monetized benefits	Monetized Costs
FCC	Broadcast Services; Digital Television	No	No	No.

TABLE 6.—RULES FOR INDEPENDENT AGENCIES (OCTOBER, 2001–SEPTEMBER, 2002)—Continued

Agency	Rule	Information on benefits or costs	Monetized benefits	Monetized Costs
FCC	Ultra-Wideband Transmission Systems	No	No	No.
FCC	Assessment and Collection of Regulatory Fees for Fiscal Year 2002	No	No	No.
FCC	Order to Permit Operation of NGSO FSS Systems Co-Frequency with GSO and Terrestrial Systems in the Ku-Band Frequency Range; Authorize Subsidiary Terrestrial Use of the 12.2–12.7 GHz Band by Direct Broadcast Satellite Licensees and Their Affiliates; and in Re-Applications of Broadwave USA, PDC Broadband Corporation, and Satellite Receivers, Ltd. in the 12.2–12.7 GHz Band.	No	No	No.
NRC	Revision of Fee Schedules; Fee Recovery for FY 2002	No	No	No.
SEC	Books and Records Requirements for Brokers and Dealers Under the Securities Exchange Act of 1934.	Yes	Yes	Yes.
SEC	Certification of Disclosure in Companies' Quarterly and Annual Reports	Yes	No	Yes.
SEC	Acceleration of Periodic Report Filing Dates and Disclosure Concerning Web Site Access to Reports.	Yes	No	Yes.

Chapter II. Developing Better Regulation

In addition to estimates of the cost and benefits of Federal rules and paperwork, the Regulatory Right-to-Know Act requires OMB to publish ''recommendations for reform.'' In response to this requirement, OMB seeks public comment in the following three areas.

A. Guidelines for Regulatory Analysis

The evaluation of both the benefits and costs of alternative options through regulatory analysis helps agency policymakers arrive at sound regulatory decisions and also helps the public, Congress, and the courts understand those decisions. Although the preparation of such an analysis may require significant investments of agency staff and resources, carefully completed analyses will result in well-designed regulations and larger net benefits to society as a whole. To help support the development of better analysis, OMB has provided guidance to the agencies since the 1980s on how to conduct regulatory analysis. The current OMB guidelines were issued in 1996 as a ''best practices'' document and were revised and issued as guidance in 2000.

In order to make continued improvements in the quality of the regulatory analyses prepared by agencies, OIRA initiated in 2002 a process to refine these guidance documents. The OIRA Administrator and a member of the Council of Economic Advisers (CEA) are serving as co-chairs of this effort. OMB and CEA staff have drafted proposed revised guidelines which are presented in Appendix C. Through these proposed guidelines, we seek to establish more uniform analytic guidance for the agencies to follow in preparing their regulatory analysis. We will also incorporate new insights and recent innovations in what constitutes a good analysis. Finally, we expect the guidelines to increase the transparency of the analysis of prospective regulations to both technical and nontechnical readers.

While these proposed guidelines include some additional requirements on the agencies in performing RIAs, we believe that adherence to the proposed revisions will yield improvements in the information provided by these analyses. Improved analyses will strengthen the regulatory development process, resulting in better designed regulations and potentially large net benefits to society as a whole.

The key changes in the proposed guidelines include the following:

- The proposal encourages agencies to perform both cost-effectiveness analysis and benefit-cost analysis of major rules because the two techniques offer regulators somewhat different but useful perspectives. In addition, however, we recognize that cost-effectiveness analysis will be feasible in certain situations where a benefit-cost analysis may not be feasible.
- The proposal recommends that agencies report analytic results based on two discount rates—3 percent and 7 percent—for major rules whose effects will be felt primarily within this generation (*i.e.*, the next 20 or 30 years). If benefits and costs are expected to last beyond the current generation, the proposal permits additional sensitivity analysis with discount rates as low as 1 percent.
- The proposal requires agencies to support rulemakings with formal probabilistic analysis of the key scientific and economic uncertainties regarding costs and benefits for rules with economic effects that exceed more than $1 billion per year. In particular, the analysis must present a probability distribution for the estimated benefits and costs, unless the benefits and costs are known with a high degree of certainty.

The draft guidelines are being released today for a 60-day public comment period as well as independent peer review by leading academic experts in the field of regulatory analysis. We also plan to conduct an interagency review of the draft guidelines following public and peer review comments.

We will continue to use our current guidance until we complete this review process and publish revised guidelines.

B. Request for Comment on U.S. Approaches to Analysis and Management of Emerging Risks

Regulators often must decide on an appropriate course of action to protect public health, safety or the environment before science has resolved all the key factual questions about a potential hazard. The appropriate level of precaution in risk assessment and management is complicated by the need to balance efforts to mitigate these potential risks with countervailing risks that may arise from other sources. For example, policies to facilitate the growth of the diesel-engine market may be desirable from a global environmental and energy security perspective since diesel offers significant fuel efficiency advantages over gasoline-powered vehicles, and would likely lead to less reliance on importation of foreign oil and reduce the emission of greenhouse gases. However, diesel fuels pose greater risk to public health and environment from smog and soot caused by relatively higher emission of particles and nitrogen dioxide than conventional gasoline.

U.S. regulators rely on various science-based precautionary approaches in assessing potential hazards and taking protective actions. These

approaches have evolved over time and reflect statutory requirements, agency specific policy decisions, and advancements in scientific understanding. For purposes of collecting and analyzing current risk assessment and management practices in federal agencies, with an emphasis on the role of precaution in risk policy and regulation, the Administration has formed an Interagency Work Group on Risk Management co-chaired by James L. Connaughton, Chairman of the White House Council on Environmental Quality and John D. Graham, Administrator, Office of Information and Regulatory Affairs, Office of Management and Budget. The Work Group includes representatives from the Department of Agriculture, the Department of Commerce, the Department of Health and Human Services, the Department of Interior, the Environmental Protection Agency, and the Office of Science and Technology Policy.

To assist in the Work Groups efforts, OMB requests comments for the next 60 days on current U.S. approaches to analysis and management of emerging risks. Specifically, we seek public input on:

- Ways in which ''precaution'' is embedded in current risk assessment procedures through ''conservative'' assumptions in estimation of risk, or through explicit ''protective'' measures in management decisions as required by statutory requirements as well as agency judgments.
- Examples of approaches in human and ecological risk assessment and management methods addressed by U.S. regulatory agencies (*e.g.*, consumer product safety, drug approval, pesticide registration, protection of endangered species) which appear unbalanced.
- How the U.S. balances precautionary approaches to health, safety and environmental risks with other interests such as economic growth and technological innovation.

C. Request for Comment on Improving the Analysis of Regulations Related to Homeland Security

In last year's final Report to Congress, OMB noted that 58 significant new federal regulations had been enacted in the aftermath of September 11th to protect national security and provide post-attack assistance. As an integral part of the expedited issuance of these rules, OIRA conducted its full regulatory review and coordination function under Executive Order 12866. These efforts made sure that all the rules related to September 11th received priority attention from the appropriate reviewers, and that the Administration's best solutions to respond to potential terrorist attacks were implemented.

Looking to the future, OMB expects additional homeland-security proposals from federal agencies covering concerns ranging from airline safety and immigration to food safety. For example, USDA and HHS will propose new regulations required to implement the Bioterrorism Preparedness and Control Act of 2002. Similarly, the Department of Homeland Security will face major challenges in developing sensible regulations covering many facets of American society. In light of the significant interest in these regulations, OMB is seeking public comment for the next 60 days on how to more effectively evaluate the benefits and costs of these proposals. OMB seeks comment on how agencies might assess the probability of future terrorist attacks and the likely damages, and the resulting effectiveness of new federal regulations in preventing future attacks, reducing America's vulnerability, or mitigating the damage of attacks which do occur. OMB seeks comment on how agencies might better identify, quantify and weigh the direct and indirect costs of such rules, including impacts on time, convenience, privacy and economic productivity. OMB also seeks comment on how evaluation of such regulation could include auxiliary benefits not directly related to the homeland security purpose of the regulation. OMB's request for comment is concerned with these issues as they apply to future rulemakings and is not intended to address a specific rulemaking.

Appendix A.—Calculations of Benefits and Costs: Explanation

Chapter I presents estimates of the annual costs and benefits of selected final major regulations reviewed by OMB between October 1, 1992 and September 30, 2002. The explanation of the calculations for the major rules reviewed by OMB between April 1, 1995 and March 31, 1999 can be found in Chapter IV of our 2000 report (OMB 2000). Table 19, Appendix E, of the 2002 Report presents OIRA's estimates of the benefits and costs of the 20 individual rules reviewed between April 1, 1999 and September 30, 2001. All benefit and cost estimates were adjusted to 2001 dollars.

In assembling estimates of benefits and costs, OIRA has:

(1) Applied a uniform format for the presentation of benefit and cost estimates in order to make agency estimates more closely comparable with each other (for example, annualizing benefit and cost estimates); and

(2) Monetized quantitative estimates where the agency has not done so (for example, converting Agency projections of quantified benefits, such as, estimated injuries avoided per year or tons of pollutant reductions per year to dollars using the valuation estimates discussed below).

The adoption of a uniform format for annualizing agency estimates allows, at least for purposes of illustration, the aggregation of benefit and cost estimates across rules. While OIRA has attempted to be faithful to the respective agency approaches, the reader should be cautioned that agencies have used different methodologies and valuations in quantifying and monetizing effects. Thus, this aggregation involves the assemblage of benefit and cost estimates that are not comparable.

TABLE 7.—ESTIMATE OF BENEFITS AND COSTS OF 47 MAJOR RULES OCTOBER 1, 1992 TO MARCH 31, 1995

[Millions of 2001 dollars]

Regulation	Agency	Benefits	Costs	Explanation
Nutrition Labeling of Meat and Poultry Products.	USDA—FSIS	205	25–32	Present value estimates amortized over 20 years.
Food Labeling (combined analysis of 23 individual rules).	HHS—FDA	438–2,637	159–249	Present value estimates amortized over 20 years.
Real Estate Settlement Procedures	HUD	258–332	135	
Manufactured Housing Wind Standards	HUD	79	511	
Confined Spaces	DOL–OSHA	540	250	We valued each fatality at $5 million and each lost-workday injury at $50,000. We did not value non-lost-workday injuries.

TABLE 7.—ESTIMATE OF BENEFITS AND COSTS OF 47 MAJOR RULES OCTOBER 1, 1992 TO MARCH 31, 1995—Continued

[Millions of 2001 dollars]

Regulation	Agency	Benefits	Costs	Explanation
Occupational Exposure to Asbestos	DOL–OSHA	92	448	We assumed a 20-year latency period between exposure and the onset of cancer or asbestosis and valued each death and each case of asbestosis at $5 million.
Vessel Response Plans	DOT–Coast Guard.	8	324	Present values amortized over 30 years. We valued each barrel of oil not spilled at $2,000.
Double-Hull Standards	DOT–Coast Guard.	15	641	Present values amortized over 30 years. We valued each barrel of oil not spilled at $2,000.
Controlled Substances and Alcohol Use and Testing.	DOT–FHWA	1,539	114	
Prevention of Prohibited Drug Use in Transit Operations.	DOT	107	37	Present values amortized over 10 years.
Stability Control of Medium and Heavy Vehicles During Braking.	DOT–NHTSA	1,650–2,539	694	We valued each ''equivalent fatality'' at $3 million.
Oil and Gas Extraction	EPA	35–129	35	First-year costs amortized costs over 15 years and added to annual (15th year) costs.
Acid Rain Permits Regulations	EPA	76,854–77,206	1,109–1,871	We valued SO_2 reductions at $7,300 per ton.
Vehicle Inspection and Maintenance (I/M)	EPA	219–992	671	We used the estimates of and cost and emission reductions of the new I/M program compared to the baseline of no I/M program. We valued VOC reductions at $520–$2360 per ton. We did not assign a value to CO reductions.
Evaporative Emissions from Light-Duty Vehicles, Light-Duty Trucks, and Heavy-Duty Vehicles..	EPA	243–1,104	161–248	We assumed the VOC emission reductions began in 1995 and rise linearly until 2020, after which point they remain at the 2020 level. Annualizing this stream results in an average of 468,000 tons per year. We valued these tons at $520–$2360 per ton.
Onboard Diagnostic Systems	EPA	421–2,383	226	Emission reductions and costs amortized over 15 years. We valued VOC reductions at $520–$2360 per ton and NO_X reductions at $700–$4900 per ton.
Phase II Land Disposal Restrictions	EPA	26	240–272	We valued each cancer case at $5 million.
Phase-out of Ozone-Depleting Chemicals and Listing of Methyl Bromide.	EPA	1,260–3,993	1,681	Present values amortized over 16 years.
Reformulated Gasoline	EPA	184–637	1,085–1,395	Estimates are for Phase II, which include Phase I benefits and costs. We used the benefit estimates that assume the enhanced I/M program is in place. We valued VOC reductions at $520–$2360 per ton and NO_X reductions at $700–$4900 per ton. We valued each cancer case at $5 million. We assumed the phase II aggregate costs are an additional 25 percent of the Phase I costs based on EPA's reported per-gallon cost estimates.
Acid Rain NO_X Title IV CAAA	EPA	661–4,725	372	Values are for Phase II. We valued NO_X reductions at $350–$2500 per ton.
Hazardous Organic NESHAP	EPA	520–2,360	292–333	We valued VOC emissions at $520–$2360 per ton and NO_X emissions (which are a cost in this instance) at $350–$2500 per ton. We did not value changes in CO emissions.
Refueling Emissions from Light-Duty Vehicles.	EPA	148–673	33	We assumed Stage II controls will remain in place and valued VOC emissions at $520–$2360 per ton.

TABLE 7.—ESTIMATE OF BENEFITS AND COSTS OF 47 MAJOR RULES OCTOBER 1, 1992 TO MARCH 31, 1995—Continued

[Millions of 2001 dollars]

Regulation	Agency	Benefits	Costs	Explanation
Non-Road Compression Ignition Engines	EPA	412–2,881	29–70	We annualized the NO_X emissions which yielded an average annual emission reduction of 588,000 tons beginning in 2000. We valued NO_X emissions at $700–$4900 per ton.
Bay/Delta Water Quality Standards	EPA	2–26	37–248	
Deposit Control Gasoline	EPA	374–1,480	197	We valued estimates of combined emission reductions at $520–$2360 per ton. Present value cost estimates amortized over 5 years.
Total		86,290–106,708	9,506–11,087	

TABLE 8.—ESTIMATE OF BENEFITS AND COSTS OF 3 MAJOR RULES, OCTOBER 1, 2001 TO SEPTEMBER 30, 2002

[Millions of 2001 dollars]

Regulation	Agency	Benefits	Costs	Explanation
Energy Conservation Standards for Central Air Conditioners and Heat Pumps.	DOE	710	636	Present value estimates amortized over 24 years. We valued NO_X emission reductions at $350–$2500 per ton.
Tire Pressure Monitoring Systems (TPMS)	DOT	409–944	749–1,206	We valued each equivalent fatality (see p. iv of the Executive Summary of the Final Economic Assessment) at $3 million.
Control of Emissions From Nonroad Large Spark-Ignition Engines, and Recreational Engines.	EPA	913–4,818	192	We amortized the benefit estimates in proportion to the estimated NO_X emission reductions. The lower end of the range reflects the alternative approach to valuing benefits of EPA rules discussed elsewhere.
Total		2,032–6,472	1,577–2,034	

Assumptions: 7 percent discount rate unless another rate explicitly identified by the agency. For DOL: $5 million VSL assumed for deaths averted when not already quantified. Injuries averted valued at $50,000 from Viscusi.[9] All values converted to 2001 dollars. All costs and benefits stated on a yearly basis.

[9] W. Kip Viscusi, Fatal Tradeoffs: Public & Private Responsibilities for Risk. New York, NY, Oxford University Press, 1992, p. 65.

Valuation Estimates for Regulatory Consequences [10]

Agencies continue to take different approaches to monetizing benefits for rules that affect small risks of premature death. As a general matter, we continue to defer to the individual agencies' judgment in this area. In cases where the agency both quantified and monetized fatality risks, we have made no adjustments to the agency's estimate. In cases where the agency provided a quantified estimate of fatality risk, but did not monetize it, we have monetized these estimates in order to convert these effects into a common unit.

The following is a brief discussion of OIRA's valuation estimates for other types of effects that agencies identified and quantified, but did not monetize. As a practical matter, the aggregate benefit and cost estimates are relatively insensitive to the values we have assigned for these rules because the aggregate benefit estimates are dominated by those rules where EPA provided quantified and monetized benefit and cost estimates.

Injury. For NHTSA's rules, we adopted NHTSA's approach of converting nonfatal injuries to ''equivalent fatalities.'' These ratios are based on NHTSA's estimates of the value individuals place on reducing the risk of injury of varying severity relative to that of reducing risk of death.[11] For the OSHA rules, we monetized only lost workday injuries using a value of $50,000 per injury averted.

I. Change in Gasoline Fuel Consumption. We valued reduced gasoline consumption at $.80 per gallon pre-tax. This equates to retail (at-the-pump) prices in the $1.10–$1.30 per gallon range.

II. Reduction in Barrels of Crude Oil Spilled. OIRA valued each barrel prevented from being spilled at $2,000. This is double the sum of the most likely estimates of environmental damages plus cleanup costs contained in a published journal article [Brown and Savage, ''The Economics of Double-Hulled Tankers,'' Maritime Policy and Management, Volume 23(2), 1996, pages 167–175].

III. Change in Emissions of Air Pollutants. We used estimates of the benefits per ton for reductions in hydrocarbon and nitrogen oxide emissions derived from recent EPA regulatory analyses, as follows (1996$):

Hydrocarbon: $520 and $2360 per ton

Nitrogen Oxide (stationary): $350 and $2500 per ton

Nitrogen Oxide (mobile): $700 and $4900 per ton

Sulfur Dioxide: $7300 per ton

The estimates for reductions in hydrocarbon emissions were obtained from EPA's RIA for the 1997 rule revising the primary NAAQS for ozone and fine PM. OIRA has revised the estimates for reductions in NO_X emissions to reflect a range of estimates from recent EPA analyses for several rules and for proposed legislation. In particular, OIRA has adopted different benefit transfer estimates for NO_X reductions from stationary sources (*e.g.*, electric utilities) and from mobile sources. EPA believes that there are a number of reasons to expect that reductions in NO_X emissions from utility sources achieve different air quality

[10] The following discussion updates the monetization approach used in previous reports and draws on examples from this and previous years.

[11] National Highway Traffic Safety Administration, *The Economic Cost of Motor Vehicle Crashes, 1994,* Table A–1. *http://www.nhtsa.dot.gov/people/economic/ecomvc1994.html.*

improvements relative to reductions from ground-level mobile sources. For example, mobile source tailpipe emissions are located in urban areas at ground level (with limited dispersal) while electric utilities emit NO_X from ''tall stacks'' located in rural (remote) locations with substantial geographic dispersal (Letter to Don Arbuckle, Deputy Administrator, OIRA from Tom Gibson, Associate Administrator, Office of Policy, Economics and Innovation, EPA, May 16, 2002.) There remain considerable uncertainties with the development of these estimates. The discussion below outlines the various EPA analyses serving as the basis for the NO_X benefit transfer values presented above and discusses the uncertainties that attend these estimates.

Analysis of recent EPA rules yield several estimates for the NO_X benefits per ton from electric utility sources. (See the Regulatory Impact Analyses for the ''NO_X SIP Call'' and the Section 126 rules, available on the Web at *http://www.epa.gov/ttn/ecas/econguid.html*. In addition, see Memo to NSR Docket from Bryan Hubbell, Senior Economist, Innovative Strategies and Economics Group, EPA.) Based on these studies, the upper end of the range for the benefits of NO_X reductions from stationary sources (electric utilities) is $2500 per ton. These studies also developed estimates for the benefits associated with reductions in SO_2 from electric utilities. Based on an analysis outlined in a June 20, 2001 EPA memo to the file, ''Benefits Associated with Electricity Generating Emissions Reductions Realized Under the NSR Program,'' we used $7300 per ton SO_2 emissions for the 1992 EPA Acid Rain rule.

For mobile sources, EPA recently published the final Tier 2/Gasoline Sulfur rule RIA (EPA, 1999) and Heavy Duty Engine/Diesel Fuel RIA (EPA, 2000). For the Tier 2 rule, which affects light-duty vehicles, NO_X reductions account for around 90 percent of PM precursor emissions and 86 percent of ozone precursor emissions. Based on the final Tier 2/Gasoline Sulfur RIA, EPA estimates that NO_X reductions will yield benefits of $4,900/ton (1996$). EPA believes this analysis provides a more appropriate source for the NO_X benefit transfer value for mobile sources. (Letter from Tom Gibson, pp. B2 and B3, May 16, 2002.) Additional details on the Tier 2 benefits analysis are available in the Tier 2/Sulfur Final Rulemaking RIA, available on the Web at *http://www.epa.gov/oms/fuels.htm*.

The Heavy Duty Engine/Diesel Fuel benefits analysis examined the impacts in 2030 of reducing SO_2 emissions by 141,000 tons and NO_X emissions by 2,750 thousand tons, as well as a 109,000 ton reduction in direct PM emissions. Based on this analysis, EPA estimates a value for NO_X reductions of $10,200/ton in 2030. (Letter from Tom Gibson, p. B3, May 16, 2002.) Complete details of the emissions, air quality, and benefits modeling conducted for the HD Engine/Diesel Fuel Rule can be found at *http://www.epa.gov/otaq/diesel.htm* and *http://www.epa.gov/ttn/ecas/regdata/tsdhddv8.pdf*. Because the Heavy Duty Engine/Diesel Fuel estimate includes an adjustment for income growth out to 2030 and involves reductions in several PM-related pollutants, OIRA has adopted a value of $4900 per ton from EPA's analysis of the Tier 2 rule as a benefits transfer value for reductions in NO_X emissions from mobile sources.

Reductions in the risk of premature mortality dominate the benefits estimates in all of these analyses. The size of the mortality risk estimates from the underlying epidemiological studies, the serious nature of the effect itself, and the high monetary value ascribed to prolonging life make mortality risk reduction the most important health endpoint quantified in these analyses.[12] Because of the importance of this endpoint and the considerable uncertainty among economists and policymakers as to the appropriate way to value reductions in mortality risks, EPA has developed alternative estimates for its ''Clear Skies'' legislation that show the potential importance of some of the underlying assumptions. (See ''Human Health and Environmental Benefit Achieved by the Clear Skies Initiative'' at *http://www.epa.gov/clearskies*.) OIRA has used this analysis to identify an alternative estimate of the benefits from NO_X reductions. In its Clear Skies analysis, EPA presented alternative benefits estimates of $14 billion and $96 billion per year in 2020, or a difference in the estimates of roughly a factor of seven.[13] Using this ratio, an alternative estimate of the benefits of NO_X reductions from stationary sources would be $350 per ton from stationary sources and $700 per ton from mobile sources.

OIRA recognizes that there are potential problems and significant uncertainties that are inherent in any benefits analysis based on $/ton benefit transfer techniques. The extent of these problems and the degree of uncertainty depends on the divergence between the policy situation being studied and the basic scenario providing the benefits transfer estimate. Examples of other factors include sources of emissions, meteorology, transport of emissions, initial pollutant concentrations, population density, and population demographics, such as the proportion of elderly and children and baseline incidence rates for health effects. Because of the uncertainties associated with benefits transfer, OIRA decided not to include three mobile source rules that are projected to achieve substantial reductions in SO_2 and PM emissions that OIRA included in previous years in the monetized estimates presented in Tables 5 and 6 of the 2002 Report.[14]

Adjustment for Differences in Time Frame Across These Analyses

Agency estimates of benefits and costs cover widely varying time periods. The differences in the time frames used for the various rules evaluated generally reflect the specific characteristics of individual rules such as expected capital depreciation periods or time to full realization of benefits. In order to allow us to provide an aggregate estimate of benefits and costs, we developed benefit and cost time streams for each of the rules. Where agency analyses provide annual or annualized estimates of benefits and costs, we used these estimates in developing streams of benefits and costs over time. Where the agency estimate provided only annual benefits and costs for specific years, we used a linear interpolation to represent benefits and costs in the intervening years.[15]

Further Caveats

In order for comparisons or aggregation to be meaningful, benefit and cost estimates should correctly account for all substantial effects of regulatory actions, including potentially offsetting effects, which may or may not be reflected in the available data. We have not made any changes to agency monetized estimates. To the extent that agencies have adopted different monetized values for effects—for example, different values for a statistical life or different discounting methods—these differences remain embedded in the tables. Any comparison or aggregation across rules should also consider a number of factors which our presentation does not address. For example, these analyses may adopt different baselines in terms of the regulations and controls already in place. In addition, the analyses for these rules may well treat uncertainty in different ways. In some cases,

[12] There are several key assumptions underlying the benefit estimates for reductions in NO_X emissions, including:

1. Inhalation of fine particles is causally associated with premature death at concentrations near those experienced by most Americans on a daily basis. While no definitive studies have yet established any of several potential biological mechanisms for such effects, the weight of the available epidemiological evidence supports an assumption of causality.

2. All fine particles, regardless of their chemical composition, are equally potent in causing premature mortality. This is an important assumption, because fine particles from power plant emissions are chemically different from directly emitted fine particles from both mobile sources and other industrial facilities, but no clear scientific grounds exist for supporting differential effects estimates by particle type.

3. The concentration-response function for fine particles is approximately linear within the range of outdoor concentrations under policy consideration. Thus, the estimates include health benefits from reducing fine particles in both attainment and non-attainment regions.

4. The forecasts for future emissions and associated air quality modeling are valid.

5. The valuation of the estimated reduction in mortality risk is largely taken from studies of the tradeoff associated with the willingness to accept risk in the labor market.

[13] The difference between the estimates reflects several assumptions, including differences in the estimation and valuation of mortality risk and the valuation of a reduction in the incidence of chronic bronchitis.

[14] These are: Municipal Waste Combustors (1995), Emission Standards for New Locomotives (1997) and Emission Standards for Non-Road Diesel Engines (1998).

[15] In other words, if hypothetically we had costs of $200 million in 2000 and $400 million in 2020, we would assume costs would be $250 million in 2005, $300 million in 2010, and so forth. For example, for the Regional Haze rule, EPA provided only an estimate of benefits and costs in 2015. To develop benefit and cost streams, we used a linear extrapolation of benefits and costs beginning in 2009 and scaling up to the reported 2015 estimates.

agencies may have developed alternative estimates reflecting upper- and lower-bound estimates. In other cases, the agencies may offer a midpoint estimate of benefits and costs. In still other cases the agency estimates may reflect only upper-bound estimates of the likely benefits and costs. While we have relied in many instances on agency practices in monetizing costs and benefits, our citation of or reliance on agency data in this report should not be taken as an OIRA endorsement of all the varied methodologies used to derive benefits and cost estimates.

Appendix B. Agency Estimates of Benefits and Costs

TABLE 9.—AGENCY ESTIMATES OF BENEFITS AND COSTS OF MAJOR RULES

[October 1, 1992 to September 30, 1993]

Rule	Agency	Benefits	Costs	Other information
Nutrition labeling of meat and poultry products.	USDA–FSIS	$1.75 billion (NPV)	$218–272 million (NPV)	20-year NPV discounted at 7%.
Food Labeling: Use of Nutrient Content Claims for Butter.	HHS–FDA	$4.4–$26.5 billion	$1.4–$2.3 billion plus $163 million in costs to Federal government.	HHS–FDA performed one analysis for the food labeling requirements imposed by this rule and the other 22 HHS–FDA rules in this table related to food labeling.
Food Labeling: Declaration of Ingredients.	HHS–FDA	$4.4–$26.5 billion	$1.4–$2.3 billion plus $163 million in costs to Federal government.	HHS–FDA performed one analysis for the food labeling requirements imposed by this rule and the other 22 HHS–FDA rules in this table related to food labeling.
Food Labeling, Declaration of Ingredients: Common or Usual Name Declaration for Protein Hydrolysates and Vegetable Broth in Canned Tuna ''and/or'' Labeling for Soft Drinks.	HHS–FDA	$4.4–$26.5 billion	$1.4–$2.3 billion plus $163 million in costs to Federal government.	HHS–FDA performed one analysis for the food labeling requirements imposed by this rule and the other 22 HHS–FDA rules in this table related to food labeling.
Food Labeling: Declaration of Ingredients for Dairy Products and Maple Syrup.	HHS–FDA	$4.4–$26.5 billion	$1.4–$2.3 billion plus $163 million in costs to Federal government.	HHS–FDA performed one analysis for the food labeling requirements imposed by this rule and the other 22 HHS–FDA rules in this table related to food labeling.
Food Labeling: Nutrient Content Claims, Definition of Term Healthy.	HHS–FDA	$4.4–$26.5 billion	$1.4–$2.3 billion plus $163 million in costs to Federal government.	HHS–FDA performed one analysis for the food labeling requirements imposed by this rule and the other 22 HHS–FDA rules in this table related to food labeling.
Food Labeling: Label Statements on Foods for Special Dietary Use.	HHS–FDA	$4.4–$26.5 billion	$1.4–$2.3 billion plus $163 million in costs to Federal government.	HHS–FDA performed one analysis for the food labeling requirements imposed by this rule and the other 22 HHS–FDA rules in this table related to food labeling.
Food Labeling: Health Claims, Zinc and Immune Function in the Elderly.	HHS–FDA	$4.4–$26.5 billion	$1.4–$2.3 billion plus $163 million in costs to Federal government.	HHS–FDA performed one analysis for the food labeling requirements imposed by this rule and the other 22 HHS–FDA rules in this table related to food labeling.
Food Labeling, Reference Daily Intakes and Daily Reference Values (Decision).	HHS–FDA	$4.4–$26.5 billion	$1.4–$2.3 billion plus $163 million in costs to Federal government.	HHS–FDA performed one analysis for the food labeling requirements imposed by this rule and the other 22 HHS–FDA rules in this table related to food labeling.
Food Labeling: Health Claims and Label Statements, Sodium and Hypertension.	HHS–FDA	$4.4–$26.5 billion	$1.4–$2.3 billion plus $163 million in costs to Federal government.	HHS–FDA performed one analysis for the food labeling requirements imposed by this rule and the other 22 HHS–FDA rules in this table related to food labeling.
Food Labeling: Health Claims and Label Statements: Omega-3 Fatty Acids and Coronary Heart Disease.	HHS–FDA	$4.4–$26.5 billion	$1.4–$2.3 billion plus $163 million in costs to Federal government.	HHS–FDA performed one analysis for the food labeling requirements imposed by this rule and the other 22 HHS–FDA rules in this table related to food labeling.
Food Labeling: Health Claims and Label Statements, Dietary Fat and Cancer.	HHS–FDA	$4.4–$26.5 billion	$1.4–$2.3 billion plus $163 million in costs to Federal government.	HHS–FDA performed one analysis for the food labeling requirements imposed by this rule and the other 22 HHS–FDA rules in this table related to food labeling.
Food Labeling: Health Claims, Calcium and Osteoporosis.	HHS–FDA	$4.4–$26.5 billion	$1.4–$2.3 billion plus $163 million in costs to Federal government.	HHS–FDA performed one analysis for the food labeling requirements imposed by this rule and the other 22 HHS–FDA rules in this table related to food labeling.
Food Labeling: Health Claims and Label Statement, Antioxidant Vitamins and Cancer.	HHS–FDA	$4.4–$26.5 billion	$1.4–$2.3 billion plus $163 million in costs to Federal government.	HHS–FDA performed one analysis for the food labeling requirements imposed by this rule and the other 22 HHS–FDA rules in this table related to food labeling.

TABLE 9.—AGENCY ESTIMATES OF BENEFITS AND COSTS OF MAJOR RULES—Continued

[October 1, 1992 to September 30, 1993]

Rule	Agency	Benefits	Costs	Other information
Food Labeling: Health Claims and Label Statements, Dietary Saturated Fat and Cholesterol and Coronary Heart Disease.	HHS–FDA	$4.4–$26.5 billion	$1.4–$2.3 billion plus $163 million in costs to Federal government.	HHS–FDA performed one analysis for the food labeling requirements imposed by this rule and the other 22 HHS–FDA rules in this table related to food labeling.
Regulation Impact Analysis of the Final Rules to Amend the Food Labeling Regulations.	HHS–FDA	$4.4–$26.5 billion	$1.4–$2.3 billion plus $163 million in costs to Federal government.	HHS-FDA performed one analysis for the food labeling requirements imposed by this rule and the other 22 HHS-FDA rules in this table related to food labeling.
Food Labeling: Health Claims and Label Statements, Folic Acid and Neural Tube Defects.	HHS–FDA	$4.4–$26.5 billion	$1.4–$2.3 billion plus $163 million in costs to Federal government.	HHS–FDA performed one analysis for the food labeling requirements imposed by this rule and the other 22 HHS–FDA rules in this table related to food labeling.
Food Labeling: Health Claims and Label Statements, Dietary Fiber and Cardiovascular Disease.	HHS–FDA	$4.4–$26.5 billion	$1.4–$2.3 billion plus $163 million in costs to Federal government.	HHS-FDA performed one analysis for the food labeling requirements imposed by this rule and the other 22 HHS-FDA rules in this table related to food labeling.
Food Labeling: Health Claims and Label Statements, Dietary Fiber and Cancer.	HHS–FDA	$4.4–$26.5 billion	$1.4–$2.3 billion plus $163 million in costs to Federal government.	HHS-FDA performed one analysis for the food labeling requirements imposed by this rule and the other 22 HHS-FDA rules in this table related to food labeling.
Food Labeling, General Requirements for Health Claims for Food.	HHS–FDA	$4.4–$26.5 billion	$1.4–$2.3 billion plus $163 million in costs to Federal government.	HHS-FDA performed one analysis for the food labeling requirements imposed by this rule and the other 22 HHS-FDA rules in this table related to food labeling.
Food Labeling, Mandatory Status of Nutrition Labeling and Nutrient Content Revision, Form for Nutrition Label.	HHS–FDA	$4.4–$26.5 billion	$1.4–$2.3 billion plus $163 million in costs to Federal government.	HHS-FDA performed one analysis for the food labeling requirements imposed by this rule and the other 22 HHS-FDA rules in this table related to food labeling.
Food Labeling, Nutrient Content Claims, General Principles, Petitions, Definition of Terms, Definitions of Nutrient Content Claims for the Fat, Fatty Acid, and Cholesterol.	HHS–FDA	$4.4–$26.5 billion	$1.4–$2.3 billion plus $163 million in costs to Federal government.	HHS-FDA performed one analysis for the food labeling requirements imposed by this rule and the other 22 HHS-FDA rules in this table related to food labeling.
Food Labeling Regulation Implementing the Nutrition Labeling and Education Act of 1990, Opportunity for Comments.	HHS–FDA	$4.4–$26.5 billion	$1.4–$2.3 billion plus $163 million in costs to Federal government.	HHS-FDA performed one analysis for the food labeling requirements imposed by this rule and the other 22 HHS-FDA rules in this table related to food labeling.
Food Labeling—Metric Labeling Requirements.	HHS–FDA	$4.4–$26.5 billion	$1.4–$2.3 billion plus $163 million in costs to Federal government.	HHS-FDA performed one analysis for the food labeling requirements imposed by this rule and the other 22 HHS-FDA rules in this table related to food labeling.
Real Estate Settlement Procedures Act (Regulation X), FR–1942.	HUD	$119,014,950 annually in greater competition in title insurance business; $89.1–148.5 million net benefit annually in reducing transaction costs by packaging services with affiliated services.	Cost of duplicate good-faith estimates: $56,824,627 per year; Cost of new disclosure for controlled business arrangements: $48,147,000 per year; Cost of computerized loan originations: $3,607,890 per year; Cost of two additional years for storage (discount rate = 6%): $24,305.	
Manufactured Housing Construction and Safety Standards.	HUD	Net Benefit: $300 million per year present value in energy savings; $50–160 million per year present value in reduced NO_X, SO_X, and PM emission.		

TABLE 9.—AGENCY ESTIMATES OF BENEFITS AND COSTS OF MAJOR RULES—Continued

[October 1, 1992 to September 30, 1993]

Rule	Agency	Benefits	Costs	Other information
Final frameworks for early-season migratory bird hunting regulations.	DOI	Not Estimated	Not Estimated.	
Migratory bird hunting, final frameworks for late-season migratory bird hunting regulations.	DOI	Not Estimated	Not Estimated.	
The Family and Medical Leave Act of 1993.	DOL-ESA	Not Estimated	$674 million annually	Estimate provided by U.S. General Accounting Office (Parental Leave: Estimated Costs of H.R. 925, the Family and Medical Leave Act of 1987—GAO/HRD–88–34, Nov. 10, 1987).
Permit Required Confined Spaces.	DOL–OSHA	Reduced annually: 54 fatalities; 5,931 lost-workday injury and illness cases; 5,908 non-lost-workday cases.	$202.4 million annually	''OSHA anticipates that improved worker productivity as a result of the standard will help to lower production costs and contribute to higher quality output. Although OSHA did not quantify these cost offsets, the Agency believes they will be substantial'' (RIA, pp. I–10, I–13). ''OSHA anticipates that greater use of mechanical ventilation to reduce atmospheric hazard in permit spaces may result in additional release of hazardous substances to the air. Incremental release quantities related to the permit space standard are not determinable at present, but are expected to be minor relative to current overall releases'' (RIA, pp. I–17—I–18).
Lead Exposure in Construction.	DOL–OSHA	Near-term avoided annual health effects; Reduced nerve conduction velocity: 16,199–22,831 cases; Reduced blood ALA–D levels: 130,056–164,044 cases; Increased urinary ALA: 60,389–78,676 cases; Gastrointestinal disturbances: 1,135–4,413 cases; Detected blood-lead levels above MRP trigger: 24,262–35,163 cases. Long-term avoided health effects over 10 years; Fatal/nonfatal infractions: 2,164–2,322 cases; Fatal/nonfatal stroke: 644–698 cases; Renal disease: 1,258–2,157 cases.	$365–445 million annually plus one-time start-up costs of $150–$183 million.	
Response Plans for Marine Transportation-Related Facilities.	DOT-USCG	58,838 barrels of oil not spilled (NPV).	$176,105,666 (NPV)	Timeline of the analysis: 1996–2025 Discount Rate: 7%; $1996.
Vessel Response Plans	DOT–USCG	50,312 barrels of oil not spilled (NPV).	$3,245,869,985 (NPV)	Timeline of the analysis: 1996–2025 Discount Rate: 7%; $1996.
Light Truck Average Fuel Economy Standard for Model Year 1995.	DOT	Not Estimated	Not Estimated.	

TABLE 9.—AGENCY ESTIMATES OF BENEFITS AND COSTS OF MAJOR RULES—Continued

[October 1, 1992 to September 30, 1993]

Rule	Agency	Benefits	Costs	Other information
Water quality standards regulation: Compliance with CWA Section 303(C)(2)(B) Amendments.	EPA	Not Estimated	Not Estimated	''The analysis performed was limited to assessing only the potential reduction in cancer risk; no assessment of potential reductions in risks due to reproductive, developmental, or other chronic and subchronic toxic effects was conducted. However, given the number of pollutants, there could be: (1) Decreased incidence of systemic toxicity to vital organs such as liver and kidney; (2) decreased extent of learning disability and intellectual impairment due to the exposure to such pollutants as lead; and (3) decreased risk of adverse reproductive effects and genotoxity.'' (57 FR 60848–). ''The ecological benefits that can be expected from today's rule include protection of both fresh and salt water organisms, as well as wildlife that consume aquatic organisms * * * In addition, the rule would result in the propagation and productivity of fish and other organisms, maintaining fisheries for both commercial and recreational purposes. Recreational activities such as boating, water skiing, and swimming would also be preserved along with the maintenance of an aesthetically pleasing environment'' (57 FR 60848–). ''EPA acknowledges that there will be a cost to some dischargers for complying with new water quality standards as those standards are translated into specific NPDES permit limits * * * Revised wasteload allocations may result in adjustments to individual NPDES permit limits for point source dischargers, and these adjustments could result in increased wastewater treatment costs or other pollution control activities such as recycling or process changes. The magnitude of these costs depends on the types of treatment or other pollution control, the number and type of pollutants being treated, and the level of control that can be achieved by technology-based effluent limits for each industry. Similar sources of costs and the variables affecting costs may also apply to indirect industrial dischargers to the extent that the industrial discharger is a source of toxic pollutants discharged by the POTW * * * Nonpoint sources of toxic pollutants may also incur increased costs to the extent that best management practices need to be modified or applied to more sources to reflect the revised water quality standards. Although there is no Federal permit program for nonpoint sources comparable to that for point sources, there are State regulatory programs to control nonpoint source discharges. Monitoring programs are another source of potential incremental costs to dischargers and States.'' (57 FR 60848–).

TABLE 9.—AGENCY ESTIMATES OF BENEFITS AND COSTS OF MAJOR RULES—Continued

[October 1, 1992 to September 30, 1993]

Rule	Agency	Benefits	Costs	Other information
Coastal nonpoint pollution control program development and approval guidance (EPA, NOAA), guidance specifying management measures for sources of nonpoint * * * Section 6217.	EPA	Not Estimated	$389,940,000–$590,640,000 (annualized).	The RIA identified generally the types of ''off-site benefits'' that could be related to water quality improvements, including 4 use benefits (in-stream, near stream, option value, and diversionary) and 3 non-use (intrinsic) benefits (aesthetic, bequest, and existence).
Oil and Gas Extraction Point Source Category, Offshore Subcategory, Effluent Limitations Guidelines and New Source Performance Standards (Final Rule).	EPA	$28.2–103.9 million per year.	Total annualized BAT and NSPS costs: 1st year = $122 million, 15th year = $32 million.	''Other benefits that are quantified, to the extent possible, but not monetized due to lack of appropriate data, include: (1) Human health risk reductions associated with systemics other than lead, pH-dependent leach rates, carcinogens for which there are no risk factors available, exposure to pollutants via sediment or food chair; (2) ecological risk reductions; (3) fishery benefits; and (4) intrinsic benefits * * * The non-quantified, non-monetized benefits assessed in this RIA include increased recreational fishing, increased commercial fishing, improved aesthetic quality of waters near the platform, and benefits to threatened or endangered species [the Kemp's Ridley Turtle and the Brown Pelican] in the Gulf of Mexico.'' (58 FR 12454–).
Acid Rain Permits, Allowance System, Emissions Monitoring, Excess Emissions and Appeals Regulations Under Title IV of the Clean Air Act Amendments of 1990.	EPA	10 million tons/year reduction in SO_2 emission (mandated by Title IV); Cost savings: $689–973 million (annualized).	$894–1,509 million (annualized).	SO_2 emission reductions are expected to: (1) reduce acidification of surface waters, thereby increasing the presence and diversity of aquatic species; (2) improve visibility by reducing haze; (3) may improve human health as lower SO_2 emissions reduce air concentrations of acid sulfate aerosols and thus acute and chronic exposure to the acid aerosols that adversely affect human health may even affect even mortality; (4) eliminate damage to forest soils and foliage, especially of high-elevation spruce trees in the eastern U.S. and allow recovery of previously damaged tree populations; (5) may reduce damage to auto paint, reduce soiling of buildings and monuments, and thus the life of some materials and structures may be extended and the costs of maintenance or repair reduced (RIA, pp. 1–5 to 1–6, and 6–1 to 6–3). Engineering costs associated with CEM retrofit were not analyzed (RIA, pp. 4–18). ''The annualized costs of the implementation regulations are estimated to increase the annual costs of generating electricity by 0.5 to 1.2 percent.'' (58 FR 3590–).

TABLE 9.—AGENCY ESTIMATES OF BENEFITS AND COSTS OF MAJOR RULES—Continued

[October 1, 1992 to September 30, 1993]

Rule	Agency	Benefits	Costs	Other information
Vehicle Inspection and Maintenance Requirements for State Implementation Plan (Final Rule).	EPA	Emission reductions from continuing current I/M program unchanged (baseline = no I/M program) in 2000: 116016 tons VOC, 1566395 tons CO (annual tons in 2000); Emission reductions from new I/M program in 2000 (baseline = no I/M program): 420415 tons VOC, 2845754 tons CO (annual tons in 2000).	Continuing current I/M program: NET COST = $894 million ($2000); New I/M program: NET COST = $541 million ($2000).	''These repairs have been found to produce fuel economy benefits that will at least partially offset the cost of repairs. Fuel economy improvements of 6.1% for repair of pressure test failures and 5.7% for repair of purge test failures were observed. Vehicles that failed the transient short test at the established cutpoints were found to enjoy a fuel economy improvement of 12.6% as a result of repairs.'' (57 FR 52950–). ''In conclusion, today's action may cause significant shifts in business opportunities. Small businesses that currently do both inspections and repairs in decentralized I/M programs may have to choose between the two. Significant new opportunities will exist in these areas for small businesses to continue to participate in the inspection and repair industry. This will mean shifts in jobs but an overall increase in jobs in the repair sector and a small to potentially large increase in the inspection sector, depending on state choices.'' (57 FR 52950–).
Evaporative emission regulations for gasoline-fueled and methanol-fueled light duty vehicles, light-duty trucks, and heavy-duty vehicles—SAN 2969.	EPA	Total VOC Reduction in 2020: 1,120,000 metric tons.	Annual total program cost without fuel savings: $130–200 million ($1992, NPV to the year of the sale).	''[Emission] projections are made for the year 2020 in order to provide benefit predictions for a fully turned-over fleet and to factor in other known trends, such as the effects of other new Clean Air Act programs. These new programs include high-technology inspection and maintenance and reformulated gasoline. Reformulated gasoline achieving a 25 percent overall VOC emission reduction standard is assumed to be used in 40 percent of the nation.'' (58 FR 16002–). ''[The cost] estimate does not include the offsetting fuel savings.'' (58 FR 16002–).
Control of air pollution from new motor vehicles and new motor vehicle engines, regulations requiring on-board diagnostic systems on 1994 and later model year light-duty vehicles.	EPA	4.0 million tons HC, 30.8 million tons CO, 2.5 million tons NO_X (NPV).	$16.6 billion (NPV) ($1993).	Discount rate: 7% (58 FR 9468–) Timeline: 2005–2020 (58 FR 9468–).''EPA has not been able to adequately quantify some potential cost savings not included in these estimates. Potential cost savings can accrue due to early repairs of malfunction which, if left undetected and unrepaired, could result in the need for even more costly repairs in the future. Also, improved repair effectiveness should reduce the potential for a part to be unnecessarily replaced in attempting to fix a problem. Repair facilities should also benefit from the availability of generic tools for accessing and using the OBD system in problem diagnosis and repair. These service facility benefits could be passed along to the consumer in the form of lower repair costs.'' (58 FR 9468–).

TABLE 10.—AGENCY ESTIMATES OF BENEFITS AND COSTS OF MAJOR RULES

[October 1, 1993 to September 30, 1994]

Rule	Agency	Benefits	Costs	Other information
Manufactured Home Construction and Safety Standards on Wind Standards.	HUD	$63,726,314 annually	$412,106,180 annually	The cost estimates do not include costs associated with ''out of pocket expenses related to deductibles or non-covered losses'' (RIA, pp. 1–2). Non-quantified benefits include: ''purchasers will experience less dislocation caused by damage to or destruction of their manufactured homes. Fourth, residents who choose to remain in their units during storms will suffer fewer injuries and deaths'' (RIA, p. 1) Discount rate used = 6.64 percent (RIA, p. 8) Basis for public benefit assessment: Hurricane Andrew (RIA, p. 9).
Designate critical habitat for four endangered Colorado River fishes.	DOI	Net benefit: $7.92 million.		Increase employment by 710 jobs, increase earnings by $6.62 million, increase government revenue by $3.20 million from 1995–2020 (59 FR 13374–).
Occupational Exposure to Asbestos.	DOL–OSHA	Reduction in annual cancer risk: 2.12 cancer deaths in general industry, 40.48 cancer deaths in construction industry, 14.2 cancers among building occupants. Reduction in asbestosis: 14 cases annually.	$361.4 million annually	Non-quantified benefits include: avoided cases of asbestosis for building occupants and others secondarily exposed, reduced risks of cancer and fires (from rages contaminated with solvent), more rapid building reoccupation, reduced probability of asbestos-related lawsuits (RIA, pp 52–57).
Financial Responsibility for Water Pollution (Vessels).	DOT–USCG	525,316 barrels of oil not spilled (NPV).	$451,440,918 (NPV)	Timeline of the analysis: 1996–2025; Discount Rate: 7%; $1996.
Antidrug Program for Personnel Engaged in Specified Aviation Activities.	DOT–FAA	$206.64 million (NPV)	$138.13 million (NPV)	Timeline of the analysis: 1994–2003 (RIA, p. 12); $1992 (RIA, p. 12); Discount rate = 7% (RIA, p. 20).
Controlled Substances and Alcohol Use and Testing.	DOT–FHWA	Reduced fatal accidents: $680 million in 1st year, $952 million per year in 2nd and subsequent years. Reduced injury cost: $152.4 million in 1st year, $213.4 million per year in 2nd and subsequent years assuming the highest deterrence scenario. Reduced property damage: $47.5 million in 1993, $66.5 million per year from 1994–2002. Reduced traffic delays: $3.5 million in 1993, $4.9 million per year thereafter assuming highest deterrence rate; Reduced other costs of freeway accidents: $1.9 million in 1995 and $2.7 million thereafter.	$93,947,750 in 1995, and $92,453,950 per year in 1996 and thereafter.	
Light Truck Average Fuel Economy standards, Model Years 1996–1997.	DOT	Not Estimated	Not Estimated.	
Prevention of Prohibited Drug Use in Transit Operations.	DOT	$608,520,643 (NPV)	$208,970,087 (NPV)	Timeline: 1995–2004; Discount rate: 7%; $1991.

TABLE 10.—AGENCY ESTIMATES OF BENEFITS AND COSTS OF MAJOR RULES—Continued

[October 1, 1993 to September 30, 1994]

Rule	Agency	Benefits	Costs	Other information
Land disposal restrictions phase II, universal treatment standards and treatment standards for organic toxicity, characteristic wastes, and newly listed wastes.	EPA	0.22 cancer cases per year avoided from groundwater, 0.037 cancer cases per year avoided from air; $20 million avoided property value damage (annualized).	$194–219 million (annualized).	''The timeframe to which these benefits are attributable begins 30 years following promulgation of the rule.'' (59 FR 47982–). ''However, there are some benefits which the Agency has not attempted to quantify which are potentially attributable to today's rule. For example, the agency has not attempted to quantify any potential non-use-value benefits from protection of resources through treatment of hazardous wastes. Furthermore, the risk analysis performed by the Agency for today's rule does not account for many other potential benefits from today's rule. Ecological risk reduction from treatment of wastes under today's rule has not been quantified. Nor do the Agency's air and groundwater benefit estimates account for karst terrain, complex flow situations, or other factors which could contribute to underestimates of benefits.'' (59 FR 47982–).
Accelerated phase-out of ozone depleting chemicals and listing and phase-out of methyl bromide.	EPA	Ozone depleting chemicals: $8–24 billion (NPV) Methyl Bromide: $1.6–6.4 billion (NPV).	Ozone depleting chemicals: $12 billion (NPV); Methyl Bromide: $0.8 billion (NPV).	Discount rate: 7% (58 FR 65018–). Timeline for methyl bromide cost: 1994–2010 (58 FR 65018–). Timeline for methyl bromide benefits: 1994–2001 (58 FR 65018–).
Fuel and fuel additives: standards for reformulated gasoline.	EPA	Phase I—Summertime VOC emission reduction: 90–140 thousand tons per year; Reduction in cancer incidence: 16 per year (assuming enhanced I/M in place) or 24 per year (assuming basic I/M in place). Phase II—(incremental to Phase I): Summertime VOC emission reduction: approximately 42,000 tons Summer time NO_x emission reduction: approximately 22,000 tons Number of cancer avoided: 3–4 fewer cancer incidence per year.	Phase I—Annual costs: $700–940 million. Phase II—(incremental to Phase I): Increase gasoline production cost by 1.2 cents/gallon during the VOC control period, since only the toxics standard changes, and there is not expected to be a cost for year-round toxics control above that required for Phase I; EPA doesn't expect non-production related costs, such as distribution costs, recordkeeping and reporting costs, etc., to increase isgnificantly relative to Phase I.	''Reductions in mobile source emissions of the air toxics addressed in the reformulated gasoline program (benzene, 1,3-butadiene, formaldehyde, acetaldehyde and POM) may result in fewer cancer incidences. A number of adverse noncancer health effects have also been associated with exposures experience in particular microenvironments such as parking garages and refueling stations. These other health effects include blood disorders, heart and lung diseases, and eye, nose and throat irritation. Some of the toxics may also be developmental and reproductive toxicants, while very high exposure can cause effects on the brain leading to respiratory paralysis and even death. The uses of reformulated gasoline meeting the Phase II standards will likely help to reduce some of these health effects as well.'' (59 FR 7716–). Phase I: The cost of producing reformulated gasoline is expected to increase by approximately 3–5 cents per gallon in 1995. (59 FR 7716–). The cost of testing, enforcement, and recordkeeping not reflected in the annual cost estimate. (59 FR 7716–).

TABLE 10.—AGENCY ESTIMATES OF BENEFITS AND COSTS OF MAJOR RULES—Continued

[October 1, 1993 to September 30, 1994]

Rule	Agency	Benefits	Costs	Other information
Acid Rain NO_X Regulations under Title IV of the Clean Air Act Amendments of 1990.	EPA	Phase I: 400,000 tons NO_X reduced Phase II: 1.89 million tons NO_X reduced.	Phase I: $77 million/year Phase II: $300 million/year.	Qualitative human health benefits: Lower ambient levels of NO_X (and associated lower PM and lower ozone levels) may mean fewer lost school days, fewer disability days for children; for all, less eye irritation and its associated acute and chronic health effects; for exercising asthmatics, improved pulmonary function. Also ambient concentrations of nitrates will be lower and fewer toxic nitrogenous compounds will be formed. (RIA, pp. 9–1 to 9–4) Qualitative welfare effects: reduced materials damage, increased visibility that is associated with enhanced enjoyment of vistas and fewer aircraft and motor vehicle accidents. The potential ecological effect include minimizing the adverse effects of excess nitrogen deposition in forest soils and surface waters, including the ''acid pulses'' that precede fish kills and consequently, reduced biodiversity. (RIA, pp. 9–1 to 9–4) ''Moreover, EPA expects that most or all utility expenses from meeting NO_X requirements will be passed along to ratepayers * * * Under today's rule the cost to ratepayers is very small, relative to their current expenditures on electricity. The average increase in electric rates across the United States is estimated to be only 0.03 and 0.13 percent under Phases I and II respectively.'' (59 FR 13538–).
Hazardous Organic NESHAP (HON) for the Synthetic Organic Chemical Manufacturing Industry (SOCMI) and Other Processes Subject to the Negotiated Regulation for Equipment Leaks.	EPA	HAP reduction: 510,000 tons/year; VOC reduction: 1,000,000 tons/year.	Total nationwide annual cost: $230 million/year ($1989); CO emission increase: 1,900 tons/year; NO_x emission increase: 19,000 tons/year.	''Thus, the estimates represent annual impacts occurring in the fifth year.'' (59 FR 19402–). ''As discussed in section III.B.3 of this preamble, the EPA has deferred the final decision regarding control of medium-sized storage vessels at existing sources. Therefore, emission reductions for storage vessels shown in Table 1, and consequently the total, may be slightly overstated.'' (59 FR 19402–). ''Because of the EPA's deferral of a final decision on control of medium-sized storage vessels at existing sources, as discussed in section III.B.3 of this preamble, the cost impacts for storage vessels, and consequently the total cost impact, may be slightly overstated.'' (59 FR 19402–). ''Market analyses for a subset of 21 of the chemicals estimated price increases from 0.1 percent to 3.9 percent and quantity decreases from 0.1 percent to 4 percent.'' (59 FR 19402–).
Control of air pollution from new motor vehicles and new motor vehicle engines, refueling emission regulations for light-duty vehicles and trucks and heavy-duty vehicles.	EPA	Without Stage II controls, average VOC annual emission reductions: over 420,000 tons per year; With Stage II phase-out when ORVR and Stage II would cover the same percent of fuel, average annual emission reduction: 378,000 tons; If retain Stage H controls, an incremental emission reduction: 285,000 tons.	Without Stage II controls, the average annual cost: −$6 million (1998–2020); With Stage II and phasing out at 2010, the average annual cost: $2 million (1998–2020); With Stage II and no phase out, the average annual cost: $27 million (1998–2020); In 1998 NPV, costs are $102 million, $264 million and $435 million respectively.	''It should be noted that the RIA was completed prior to EPA's decision to delay the requirements for LDTs and to exclude HDVs. These controls were included in the analysis and were assumed to begin in 1998. EPA expects that inclusion of these items in the analysis has no significant effect on the results and does not affect the conclusions which are based on the analysis.'' (59 FR 16262–). ''In the cases where costs are negative, it is because the value of the recovery credits exceeds the hardware and R, D, & T costs.'' (59 FR 16262–).

TABLE 10.—AGENCY ESTIMATES OF BENEFITS AND COSTS OF MAJOR RULES—Continued

[October 1, 1993 to September 30, 1994]

Rule	Agency	Benefits	Costs	Other information
Determination of significance for nonroad sources and emission standards for new nonroad compression ignition engines at or above 37 kilowatts, control of air pollution * * *—SAN 3112.	EPA	NO_X annual reduction in 2010: 800,000 tons; NO_x annual reduction in 2025: over 1,200,000 tons.	Average annual cost: $29–70 million (59 FR 31306).	''EPA maintains that the impact of this rule on fleet average fuel consumption will be minimal.'' (59 FR 31306–).

TABLE 11.—AGENCY ESTIMATES OF BENEFITS AND COSTS OF MAJOR RULES

Rule	Agency	Benefits	Costs	Other information
The Family and Medical Leave Act of 1993.	DOL–ESA	Not Estimated	$674 million annually	Estimate provided by U.S. General Accounting Office (Parental Leave: Estimated Costs of H.R. 925, the Family and Medical Leave Act of 1987—GAO/HRD–88–34, Nov. 10, 1987).
Double Hull Standards for Vessels Carring Oil in bulk.	DOT–USCG	94,172 barrels of oil not spilled (NPV).	$6,413,027,637 (NPV)	Timeline of the analysis: 1996–2025.
FMVSS: Stablity and Control of Medium and Heavy Vehicles During Braking.	DOT–NHTSA	Equivalent fatalities forgone: 415–683 per year; Forgone property damage: $327–394.9 million annually.	Total consumer cost = $560.5 million annually.	Discount rate: 7%.
Bay/Delta water quality standards.	EPA	$2.1–21.5 million annually in economic benefits to commercial and recretional fisheries and have associated employment gains of an estimated 145–1585 full-time equivalent jobs annually (RIA ES–7).	For the urban sector, $4.3 million/yr on average and $15.8 million/yr during dry years; $28.3 million/yr on average gains $165.3 million/yr during dry years without water transfers or waterbanks. For agriculture sector, $27 million/yr on average, $43 million/year in the driest 10% of years (RIA ES–5) If using sharing approach (spread water supply impacts to entities diverting water from the Sacramento and San Joaquin River systems), −$0.5 million/yr average years, −$5.5 million/yr for dry years for agricultural sector, −$10.5 million/yr for average years and −$54 million/yr for day years (RIA ES–6).	''Important benefits of the water quality regulations include the following: Biological productivity and health for many estuarine species are expected to increase. The decline of species is expected to be reversed and the existence of species unique to the Bay/Delta, such as Delta smelt, winter-run Chinook salmon, long fin smelt, and Sacramento splittail, will be protected. Populations of a variety of estuarine species are expected to increase; although the extent of the population increases has not been determined for all species, the increases are anticipated to benefit the recreational and commercial fisheries.'' (60 FR 4703–)

TABLE 11.—AGENCY ESTIMATES OF BENEFITS AND COSTS OF MAJOR RULES—Continued

Rule	Agency	Benefits	Costs	Other information
Water quality guidance for Great Lakes system.	EPA	Given the site-specific nature of water quality benefits and the unavailability of site-specific data across the Great Lakes Basin, only case study monetized benefits are estimated in the RIA. Average monetized benefits across the three case studies evaluated are $0.3 million per year to $6.2 million per year, with a midpoint of $2.9 million per year (in 1996 dollars); average annual costs across case studies are also $2.8 million per year (1996 dollars)..	$64.0–394.6 million ($1996, annualized).	''The benefit analysis is based on a case study approach, suing benefits transfer applied sources to three case studies . . . The case studies include: (1) the lower Fox River drainage, including Green Bay, located on Lake Michigan in northeastern Wisconsin; (2) the Saginaw River and Saginaw Bay, located on Lake Huron in Northeastern Michigan; and (3) the Black River, located on Lake Erie in north-central Ohio . . . EPA did attempt to calculate longer-term benefits to human health, wildlife, and aquatic life once the final Guidance provisions are fully implemented by nonpoint sources as well as point sources and the minimum protection levels are attained in the ambient water.'' (60 FR 15382). ''The three case studies combine to account for nearly 14 percent of the total cost of the final Guidance, nearly 17 percent of the loadings reductions, and from four percent to 10 percent of the benefits proxies (i.e.,. basin-wide population, recreational angling, nonconsumptive recreation, and commercial fishery harvest.'' (60 FR 15382). ''In addition to the cost estimates described above, EPA estimated the cost to comply with requirements consistent with the antidegradation provisions of the final Guidance. This potential future cost is expressed as a 'lost opportunity' cost for facilities impacted by the antigradation requirements. This cost could result in the addition of about $22 million each year.'' (60 FR 15381).
Interim Requirements for Deposit Control Gasoline Additives, Regulations of Fuels and Fuel Additives.	EPA	HC, CO and NO_X reduction during the 18-month interim period: 700,000 tons (59 FR 54678–); HC, CO and NO_X reduction after the interim period: 600,000 tons per year (59 FR 54678–) Fuel economy savings: 390 million gallons in 1995–2000 (59 FR 54678–).	$650 million (NPV, discount rate = 7%, 1995–2000 (59 FR 54678–)).	

Appendix C. OMB Draft Guidelines for the Conduct of Regulatory Analysis and the Format of Accounting Statements

Preface

This Circular provides OMB's guidance to federal agencies on the development of regulatory analysis as required under Executive Order No. 12866 and a variety of related authorities. The Circular also provides guidance to agencies on the regulatory accounting statements that are required under the Regulatory Right-to-Know Act.

This draft Circular refines OMB's ''best practices'' document of 1996 *http://www.whitehouse.gov/omb/inforeg/riaguide.html,* which was issued as a guidance in 2000 *http://www.whitehouse.gov/omb/memoranda/m00–08.pdf,* and reaffirmed in 2001 *http://www.whitehouse.gov/omb/memoranda/m01–23.html.* It will replace both the 1996 ''best practices'' and the 2000 guidance. Before issuing the Circular, this draft will go through a process of peer review, public comment and interagency review.

Introduction

These guidelines are designed to help analysts in the regulatory agencies by encouraging good regulatory impact analysis—called either ''regulatory analysis'' or ''analysis'' for brevity—and standardizing the way benefits and costs of Federal regulatory actions are measured and reported.

Why Analysis of Proposed[16] Regulatory Actions Is Needed

Regulatory analysis is a tool regulatory agencies use to anticipate and evaluate the likely consequences of their actions. It provides a formal way of organizing the evidence on the key effects—good and bad—of the various alternatives that should be considered in developing regulations. The motivation is to (1) learn if the benefits of an action are likely to justify the costs or (2) discover which of various possible alternatives would be the most cost-effective. By choosing actions that maximize net

[16] We use the term ''proposed'' to refer to any regulatory actions under consideration regardless of the stage of the regulatory process.

benefits, agencies direct resources to their most efficient use.

A good regulatory analysis informs the public and other parts of the Government as well as the agency conducting the analysis of the effects of alternative actions. Regulatory analysis will sometimes show that a proposed action is misguided, but it can also demonstrate that well-conceived actions are reasonable and justified.

Where all significant benefits and costs can be quantified and expressed in monetary units, benefit-cost analysis provides decisionmakers with a clear indication of the most efficient alternative, that is, the alternative that generates the largest net benefits to society ignoring distributional effects. This is useful information for the public to receive, even when economic efficiency is not the only or the overriding public policy objective.

It will not always be possible to assign monetary values to all of the important benefits and costs, and when it is not, the most efficient alternative will not necessarily be the one with the largest net-benefit estimate. In such cases, you should exercise professional judgment in determining how important the non-quantifiable benefits or costs may be in tipping the analysis one way or the other, but you should not use non-quantifiables as ''trump cards,'' especially in cases where the measured net benefits overwhelmingly favor a particular alternative. When there are other competing public policy objectives, as there often are, they must be balanced with efficiency objectives.

What Should Go Into a Regulatory Analysis?

A good regulatory analysis should include the following three basic elements:

(1) A statement of the need for the proposed action.

(2) An examination of alternative approaches.

(3) An evaluation of the benefits and costs of the proposed action and the main alternatives identified by the analysis.

To properly evaluate the benefits and costs of regulations and their alternatives, you will need to do the following:

- Explain how the actions required by the rule are linked to the expected benefits. For example, indicate how additional safety equipment will reduce safety risks. A similar analysis should be done for each of the alternatives.
- Identify a baseline. Benefits and costs are defined in comparison with a clearly stated alternative. This is normally a ''no action'' baseline, what the world would be like if the proposed rule was not adopted.
- Identify the expected undesirable side-effects and ancillary benefits of the proposed regulatory action and the alternatives. These should be added to the direct costs and benefits as appropriate.

With this information, you should be able to assess quantitatively the benefits and costs of the proposed rule and its alternatives. When your analysis is complete, you should present a summary of the benefit and cost estimates for each alternative, sometimes called a ''regulatory accounting statement,'' so that readers can evaluate them.

As you proceed through your regulatory analysis, you should seek out the opinions of those who will be directly affected by the regulation you are considering as well as the views of those individuals and organizations with special knowledge or insight into the regulatory issues. Consultation can be useful in making sure your analysis addresses all of the relevant issues and that you have access to all the pertinent data. Early consultation can be especially helpful. You should not limit consultation to the final stages of your analytical efforts.

A good analysis is transparent. It should be possible for anyone reading the report to see clearly how you arrived at your estimates and conclusions. For transparency's sake, you should state in your report what assumptions were used, such as the discount rates or the monetary value of a statistical life. It is usually helpful to provide a sensitivity analysis to reveal whether, and to what extent, the results of the analysis are influenced by plausible changes in the main assumptions.

You will find that you cannot conduct a good regulatory analysis according to a formula. The conduct of high-quality analysis requires competent professional judgment. Different regulations may call for different emphases in the analysis, depending on the nature and complexity of the regulatory issues and the sensitivity of the benefit and cost estimates to the key assumptions.

I. Why Regulatory Action is Needed

Before proceeding with a regulatory action, you must demonstrate that the proposed action is necessary. Executive Order 12866 states that ''Each agency shall identify the problem that it intends to address (including, where applicable, the failures of private markets or public institutions that warrant new agency action) as well as assess the significance of that problem.'' This means that you should try to explain whether the action is intended to address a significant market failure or to meet some other compelling public need such as improving governmental processes or promoting distributional fairness, privacy, or personal freedom. If you are trying to correct a significant market failure, the failure should be described both qualitatively and (where feasible) quantitatively, and you should show that a government intervention is likely to do more good than harm. For other interventions, you should also provide a demonstration of compelling social purpose and the likelihood of effective action.

If your regulatory intervention results from a statutory or judicial directive, you should describe the specific authority for your action, the extent of discretion available to you, and the regulatory instruments you might use.

A. There Is a Market Failure or Other Social Purpose To Address

The major types of market failure include: externality, market power, and inadequate or asymmetric information. Correcting market failures is a reason for regulation, but it is not the only reason. Other possible justifications include improving the functioning of government, removing distributional unfairness, or promoting privacy and personal freedom.

1. Externality

An externality occurs when one party's actions impose uncompensated benefits or costs on another. Environmental problems are a classic case of externality—for example, the smoke from a factory may adversely affect the health of local residents while soiling the property in nearby neighborhoods. Common property resources that may become congested or overused, such as fisheries or the broadcast spectrum, represent a second example. ''Public goods,'' such as defense or basic scientific research, provide a positive externality, where provision of the good to some individuals cannot occur without providing the same benefits free of charge to other individuals.

2. Market Power

Firms exercise market power when they reduce output below what would be offered in a competitive industry. They may exercise market power collectively or unilaterally. Government action can be a source of market power, for example, if regulatory actions exclude low-cost imports. Generally, regulations that increase market power should be avoided. However, there are some circumstances in which government may choose to validate a monopoly. If a market can be served at lowest cost only when production is limited to a single producer—local gas and electricity distribution services, for example—a natural monopoly is said to exist. In such cases, the government may choose to approve the monopoly and to regulate its prices and production decisions.

3. Inadequate or Asymmetric Information

Market failures may also result from inadequate or asymmetric information. The market will often supply less than the appropriate level of information because it is infeasible to exclude people from reaping the benefits from the information others have provided even though they have not paid for the information. The providers will not willingly supply the socially optimal quantity of information, unless they are paid for it, and that may not be possible.

Because information, like other goods, is costly, your evaluation will need to do more than demonstrate the possible existence of less than optimal or asymmetric information. Even though the market may supply a less than an optimal amount of information, the amount it does supply may be reasonably adequate and therefore not require government regulation. Sellers do have an incentive to provide information through advertising that can increase sales by highlighting distinctive characteristics of their products. Buyers may also obtain reasonably adequate information about product characteristics through other channels, for example, if a buyer's search costs are low (as when the quality of a good can be determined by inspection at the point of sale), if a buyer has previously used the product, if the seller offers a warranty, or if adequate information is provided by third parties.

In the case of uncertain information about low-probability high-consequence events,

markets may underreact or overreact depending on the rules-of-thumb and other mental assumptions that people use to cope with difficult issues. Regulators should be aware of such mental quirks and not adopt policies based on a misunderstanding of the underlying reality.

4. Other Social Purposes

There are justifications for regulations in addition to correcting market failures. A regulation may be appropriate when you have a clearly identified measure that can make government operate more efficiently. In other cases, regulation may be used to reduce unfairness. Regulatory action may also be appropriate to protect privacy or to promote civil rights or permit more personal freedom.

B. Showing That Regulation at the Federal Level Is the Best Way To Solve the Problem

Even where a market failure clearly exists, you should consider other means of dealing with the failure before turning to regulation. Alternatives to regulation include the courts acting through the product liability system, antitrust enforcement, consumer-initiated litigation, or workers' compensation systems.

In assessing whether Federal regulation is the best solution, you should also consider the possibility of regulation at the State or local level. In some cases, the nature of the market failure may itself suggest the most appropriate governmental level of regulation. For example, problems that spill across State lines (such as acid rain whose precursors are transported widely in the atmosphere) are probably best addressed by Federal regulation. More localized problems, including those that are common to many areas, may be more efficiently addressed locally.

A diversity of regulation may generate gains for the public as governmental units compete with each other to serve the public, but duplicative regulations can also be costly. Where Federal regulation is clearly appropriate, for example, to address interstate commerce issues, you should try to examine whether it would be more efficient to reduce State and local regulation. For example, the burdens on interstate commerce arising from different State and local regulations such as compliance costs for firms operating in several States, may exceed any advantages associated with the diversity of State and local regulation. Your analysis should consider the possibility of reducing as well as expanding State and local rulemaking.

The role of federal regulation in facilitating U.S. participation in global markets should also be considered. Harmonization of U.S. and international rules may require a strong Federal regulatory role. Concerns that new U.S. rules could act as non-tariff barriers to imported goods should be evaluated carefully.

C. The Presumption Against Economic Regulation

Government actions can be unintentionally harmful, and even useful regulations can impede the efficiency with which markets function. For this reason, there is a presumption against certain types of regulatory action. In light of both economic theory and actual experience, a particularly demanding burden of proof is required to demonstrate the need for any of the following types of regulations:

- Price controls in competitive markets;
- Production or sales quotas in competitive markets;
- Mandatory uniform quality standards for goods or services if the potential problem can be adequately dealt with through voluntary standards or by disclosing information of the hazard to buyers or users; or
- Controls on entry into employment or production, except (a) where indispensable to protect health and safety (*e.g.,* FAA tests for commercial pilots) or (b) to manage the use of common property resources (*e.g.,* fisheries, airwaves, Federal lands, and offshore areas).

II. Alternative Approaches To Consider

Once you have determined that Federal regulatory action is appropriate, you will need to consider alternative regulatory approaches. Ordinarily, it will be possible to eliminate some alternatives through a preliminary analysis, leaving a manageable number of alternatives to be evaluated according to the formal principles of the Executive Order. The number and choice of alternatives selected for detailed analysis is a matter of judgment. There must be some balance between thoroughness and the practical limits on your analytical capacity. With this qualification in mind, you should nevertheless explore modifications of some or all of a regulation's attributes or provisions to identify appropriate alternatives. The following is a list of alternative regulatory actions that you should consider:

A. Different Choices Defined by Statute

When a statute establishes a specific regulatory requirement and the agency plans to exercise its discretion to adopt a more stringent standard, you should examine the benefits and costs of reasonable alternatives that reflect the range of the agency's statutory discretion, including the specific statutory requirement.

B. Different Compliance Dates

The timing of a regulation may also have an important effect on its net benefits. For example, costs of a regulation may vary substantially with different compliance dates for an industry that requires a year or more to plan its production runs efficiently. In this instance, a regulation that provides sufficient lead time is likely to achieve its goals at a much lower overall cost than a regulation that is effective immediately, although delay would also typically lower the value of the benefits.

C. Different Enforcement Methods

Compliance alternatives for Federal, State, or local enforcement include on-site inspections, periodic reporting, and compliance penalties structured to provide the most appropriate incentives. When alternative monitoring and reporting methods vary in their costs and benefits, you should consider promising alternatives in identifying the most appropriate enforcement framework. For example, in some circumstances random monitoring or parametric monitoring will be less expensive and nearly as effective as continuous monitoring in achieving compliance.

D. Different Degrees of Stringency

In general, both the benefits and costs associated with a regulation will increase with the level of stringency (although marginal costs generally increase with stringency, whereas marginal benefits may decrease). You should study alternative levels of stringency to understand more fully the relationship between stringency and the size and distribution of benefits and costs among different groups.

E. Different Requirements for Different Sized Firms

You should consider setting different requirements for large and small firms basing any difference in the standards on perceptible differences in the costs of compliance or in the expected benefits. The balance of costs and benefits can shift depending on the size of the firms being regulated. Small firms may find it more costly to comply with regulation, especially if there are large fixed costs required for regulatory compliance. On the other hand, it is not efficient to place a heavier burden on one segment of a regulated industry solely because it can better afford the higher cost; this has the potential to load costs on the most productive firms, costs that are disproportionate to the damages they create.

You should also remember that a rule with a significant impact on a substantial number of small entities will trigger the requirements set forth in the Regulatory Flexibility Act.

F. Different Requirements for Different Geographic Regions

Rarely do all regions of the country benefit uniformly from government regulation and it is also unlikely that costs will be uniformly distributed across the country. Where there are significant regional variations in costs and/or benefits, you should consider the possibility of setting different requirements for the different regions.

G. Performance Standards Rather Than Design Standards

Performance standards are generally superior to engineering or design standards because performance standards give the regulated parties the flexibility to achieve regulatory objectives in the most cost-effective way. This is only possible, of course, if there is more than one feasible way to meet the performance standard. In general, you should consider setting a performance standard if performance can be measured or reasonably imputed and where controlling performance provides a scope appropriate to the problem the regulation seeks to address. For example, compliance with air emission standards can be allowed on a plant-wide, firm-wide, or region-wide basis rather than vent by vent, provided this does not produce unacceptable local air quality outcomes (such as ''hot spots'' from local pollution concentration).

H. Market-Oriented Approaches Rather Than Direct Controls

Market-oriented approaches that use economic incentives should be explored. These alternatives include fees, penalties, subsidies, marketable permits or offsets, changes in liability or property rights (including policies that alter the incentives of insurers and insured parties), and required bonds, insurance or warranties.

I. Informational Measures Rather Than Regulation

If intervention is contemplated to address a market failure that arises from inadequate or asymmetric information, informational remedies will often be the preferred approach. Measures to improve the availability of information include government establishment of a standardized testing and rating system (the use of which could be made mandatory or left voluntary), mandatory disclosure requirements (*e.g.*, by advertising, labeling, or enclosures), and government provision of information (*e.g.*, by government publications, telephone hotlines, or public interest broadcast announcements). A regulatory measure to improve the availability of information (particularly about the concealed characteristics of products) provides consumers a greater choice, than a mandatory product standard or ban.

Specific informational measures should be evaluated in terms of their benefits and with a comprehensive view of their costs. Some effects of informational measures are easily overlooked. For example, the costs of a mandatory disclosure requirement for a consumer product will include not only the cost of gathering and communicating the required information, but also the loss of net benefits of any information displaced by the mandated information, the effect of providing too much information that is ignored or information that is misinterpreted, and inefficiencies arising from the incentive that mandatory disclosure may give to overinvest in a particular characteristic of a product or service.

Where information on the benefits and costs of alternative informational measures is insufficient to provide a clear choice between them, you should consider the least intrusive informational alternative sufficient to accomplish the regulatory objective. For example, to correct an informational market failure it may be sufficient for government to establish a standardized testing and rating system without mandating its use, because competing firms that score well according to the system should thereby have an incentive to publicize the fact.

III. Analytical Approaches

Both benefit-cost analysis (BCA) and cost-effectiveness analysis (CEA) provide a systematic framework for identifying and evaluating the likely outcomes of alternative regulatory choices. A major rulemaking should be supported by both types of analysis wherever possible. Specifically, you should prepare a CEA for all major rulemakings for which the primary benefits are improved public health and safety. You should also perform a BCA for major health and safety rulemakings to the extent that valid monetary values can be assigned to the expected health and safety outcomes. For all other major rulemakings, you should carry out a BCA. If some of the primary benefit categories cannot be expressed in monetary units, you should also conduct a CEA.

A. Benefit-Cost Analysis

The distinctive feature of BCA is that both benefits and costs are expressed in monetary units, which allows you to evaluate different regulatory options with a variety of attributes using a common measure. This can be especially helpful in choosing the appropriate scope for your regulatory intervention. By measuring incremental benefits and costs of successively more stringent regulatory alternatives, you can identify the alternative that maximizes societal net benefits.

The size of net benefits, the absolute difference between total benefits and total costs, is the key to determining whether one policy is more efficient than another. That will be achieved at the point where the cost of a marginal increment in regulatory stringency is just matched by the marginal benefit. The ratio of total benefits to total costs is not a meaningful indicator of net benefits and should not be used for that purpose. It is well known that considering such ratios alone can yield misleading results.

Even when a benefit or cost cannot be expressed in monetary units, you should still try to measure it in terms of its physical units, and if it is not possible to measure the physical units, you should still describe the benefit or cost qualitatively. When important benefits and costs cannot be expressed in monetary units, BCA is less useful, and it can even be misleading, because the calculation of net benefits in such cases does not provide a full evaluation of all relevant benefits and costs.

You should exercise professional judgment in identifying the importance of non-quantifiable factors, where they exist, and assess as best you can how they might change the ranking of alternatives based on estimated net benefits. Non-quantifiable benefits or costs may be important in tipping an analysis one way or the other, but you should not use non-quantifiables as ''trump cards,'' especially in cases where the measured net benefits overwhelmingly favor a particular alternative.

B. Cost-Effectiveness Analysis (CEA)

Cost-effectiveness analysis provides a rigorous way to identify options that achieve the most effective use of the resources available without requiring you to monetize all of the relevant benefits or costs. Generally, cost-effectiveness analysis is most helpful for comparing a set of regulatory actions with the same primary outcome (*e.g.*, an increase in the acres of wetlands protected) or multiple outcomes that can be integrated into a single numerical index (*e.g.*, units of health improvement).

Cost-effectiveness results based on averages need to be treated with great care. They suffer from the same drawbacks as benefit-cost ratios. The alternative that exhibits the smallest cost-effectiveness ratio may not be the one that maximizes net benefits, just as the alternative with the highest benefit-cost ratio is not always the one that maximizes net benefits. Incremental cost-effectiveness analysis (discussed below) can help to avoid mistakes that can occur when policy choices are based on average cost-effectiveness.

CEA can also be misleading when the ''effectiveness'' measure does not weight appropriately the consequences of each of the alternatives. For example, when effectiveness is measured in tons of reduced pollutant emissions, cost-effectiveness estimates will be misleading unless the reduced emissions of diverse pollutants result in the same health and environmental benefits.

When you have identified a range of alternatives (*e.g.*, different levels of stringency), you should determine the cost-effectiveness of each option compared with the baseline as well as its incremental cost-effectiveness compared with successively more stringent requirements. Ideally, your CEA would present an array of cost-effectiveness estimates that would allow comparison across different alternatives. However, analyzing all possible combinations is not practical where there are many options (including possible interaction effects). In these cases, you should use your judgment to choose reasonable alternatives for careful consideration.

Accuracy of CEA depends on the consistency of analysis across a diverse set of possible regulatory actions. To achieve consistency, you need to construct very carefully the two key components of any CEA: The cost and the ''effectiveness'' or performance measures for the alternative policy options.

With regard to measuring costs, you should be sure to include all the relevant costs to society—whether public or private. Rulemakings may also yield cost savings (*e.g.*, energy savings associated with new technologies). The numerator in the cost-effectiveness ratio should reflect net costs, defined as the gross cost incurred in meeting the requirements (sometimes called ''total'' costs) minus any cost savings.

Where regulation may yield several different beneficial outcomes, a cost-effectiveness comparison becomes more difficult to interpret because there is more than one measure of effectiveness to incorporate in the analysis. To arrive at a single measure you will need to weigh the value of disparate benefit categories, but this computation raises some of the same difficulties you will encounter in BCA. If you can assign a reasonable monetary value to all of the regulation's different benefits, then you should do so, but in that case you will be doing BCA not CEA.

When you can estimate the monetary value of some but not all of the ancillary benefits of a regulation, but cannot assign a monetary value to the primary measure of effectiveness, you should subtract the monetary estimate of the ancillary benefits from the gross cost estimate to yield an estimated net cost. This net cost estimate for the rule may turn out to be negative—that is, the other benefits exceed the cost of the rule. If you are unable to estimate the value of

some of the ancillary benefits, the cost-effectiveness ratio will be overstated, and this should be acknowledged in your analysis. CEA does not yield an unambiguous choice when there are benefits that have not been incorporated in the net cost estimates.

You also may use CEA to compare regulatory alternatives in cases where the statute specifies the level of benefits to be achieved.

C. The Effectiveness Metric for Public Health and Safety Rulemakings

The validity of cost-effectiveness analysis depends on the application of appropriate ''effectiveness'' or performance measures that permit comparison of the regulatory options being considered. Agencies currently use a variety of methods for determining effectiveness, including number of lives saved, number of equivalent lives saved, and number of quality-adjusted life years saved. It is difficult for OMB to draw meaningful cost-effectiveness comparisons between rulemakings that employ different cost-effectiveness measurements. As a result, agencies should provide OMB with the underlying data, including mortality and morbidity data, the age distribution of the affected population, and the severity and duration of disease conditions or trauma, so that OMB can make apples-to-apples comparisons between rulemakings that employ different measures.

D. Evaluating Distributional Effects

Both benefit-cost analysis and cost-effectiveness analysis tend to focus on economic efficiency. Decision-makers may desire (or be required) to consider other values as well such as fairness. Your regulatory analysis should provide a separate description of distributional effects (*i.e.*, how both benefits and costs are distributed among sub-populations of particular concern) so that decisionmakers can properly consider them along with the effects on economic efficiency. E.O. 12866 authorizes this approach. The presentation of distributional effects is especially important when you have reason to believe that there will be significant disparities in how your regulatory actions may affect different groups of people. Effects that fall most heavily on those least able to bear the cost should be highlighted for policymakers' attention. Actions that benefit small groups at the expense of the larger public also deserve special scrutiny.

IV. Identifying and Measuring Benefits and Costs

This Section provides guidelines for your preparation of the benefit and cost estimates required by Executive Order No. 12866 and the ''Regulatory Right-to-Know Act.'' The preliminary analysis described in Sections I, II and III will help you identify a workable number of alternatives for consideration in your analysis and an appropriate analytical approach to use.

A. How To Develop a Baseline

1. General Issues

You need to measure the benefits and costs of a rule against a baseline. This baseline should be the best assessment of the way the world would look absent the proposed action. The choice of a proper baseline may require consideration of a wide range of potential factors, including:

- Evolution of the market,
- Changes in external factors affecting expected benefits and costs,
- Changes in regulations promulgated by the agency or other government entities, and the degree of compliance by regulated entities with other regulations.

You may often find it reasonable to forecast that the world absent the regulation will resemble the present. If this is the case, however, your baseline should reflect the future effect of current programs and policies. For review of an existing regulation, a baseline assuming ''no change'' in the regulatory program generally provides an appropriate basis for evaluating reasonable regulatory alternatives. When more than one baseline is reasonable and the choice of baseline will significantly affect estimated benefits and costs, you should consider measuring benefits and costs against alternative baselines. In doing so you can analyze the effects on benefits and costs of making different assumptions about other agencies' regulations, or the degree of compliance with your own existing rules. In all cases, you must evaluate benefits and costs against the same baseline. You should also discuss the reasonableness of the baselines used in these sensitivity analyses.

EPA's 1998 final PCB disposal rule provides a good example. EPA used several alternative baselines, each reflecting a different interpretation of existing regulatory requirements. In particular, one baseline reflected a literal interpretation of EPA's 1979 rule and another the actual implementation of that rule in the year immediately preceding the 1998 revision. The use of multiple baselines illustrated the substantial effect changes in EPA's implementation policy could have on the cost of a regulatory program. In the years after EPA adopted the 1979 PCB disposal rule, changes in EPA policy—especially allowing the disposal of automobile ''shredder fluff'' in municipal landfills—reduced the cost of the program by more than $500 million per year.

In some cases, substantial portions of a rule may simply restate statutory requirements that would be self-implementing even in the absence of the regulatory action. In these cases, you should use a pre-statute baseline. If you are able to separate out those areas where the agency has discretion, you may also use a post-statute baseline to evaluate the discretionary elements of the action.

2. Evaluation of Alternatives

You should decide on and describe the number and choice of alternatives available to you and discuss the reasons for your choice. Alternatives that rely on incentives and offer increased flexibility are often more cost-effective than more prescriptive approaches. For example, user fees and information dissemination may be good alternatives to direct command-and-control regulation. Within a command-and-control regulatory program, performance-based standards generally offer advantages over standards specifying design, behavior, or manner of compliance.

You should carefully consider all appropriate alternatives for the key attributes or provisions of the rule. Section II above outlines examples of appropriate alternatives.

Where there is a ''continuum'' of alternatives for a standard (for example, the level of stringency), you should generally analyze at least three options:

- The option serving as a focus for the Agency or program office regulatory initiative;
- A more stringent option that achieves additional benefits (and presumably costs more) beyond those realized by the preferred option; and
- A less stringent option that costs less (and presumably generates fewer benefits) than the preferred option.

You should choose options that are reasonable alternatives deserving careful consideration. In some cases, the regulatory program will focus on an option that is near or at the limit of technical feasibility or that fully achieves the objectives of the regulation. In these cases, the analysis would not need to examine a more stringent option. For each of the options analyzed, you should compare the anticipated benefits to the corresponding costs. It is not adequate to simply compare the Agency's preferred option to a ''do nothing'' or ''status quo'' option.

Whenever you can compare the benefits and costs of alternative options, you should present them in terms of both total and incremental benefits and costs. You must measure total benefits and costs against the same baseline. By contrast, you should present incremental benefits and costs as differences from the corresponding estimates associated with the next less-stringent alternative.[17] It is important to emphasize incremental effects are simply differences between successively more stringent alternatives.

In some cases, you may decide to analyze a wide array of options. For example, DOE's 1998 rule setting new energy efficiency standards for refrigerators and freezers analyzed a large number of options and produced a rich amount of information on their relative effects. This analysis—examining more than 20 alternative performance standards for one class of refrigerators with top-mounted freezers—enabled DOE to select an option that produced $200 more in net benefits per refrigerator than the least attractive option.

You should analyze the benefits and costs of different regulatory provisions separately when a rule includes a number of distinct provisions. If the existence of one provision affects the benefits or costs arising from another provision, the analysis becomes more complicated, but the need to examine provisions separately remains. In this case, you should evaluate each specific provision by determining the net benefits of the proposed regulation with and without it.

[17] For the least stringent alternative, you should estimate the incremental benefits and costs relative to the baseline. Thus, for this alternative, the incremental effects would be the same as the corresponding totals.

Analyzing all possible combinations of provisions in this way is impractical if their number is large and interaction effects are widespread. You need to use judgment to select the most significant or relevant provisions for such analysis.

You should also discuss the statutory requirements that affect the selection of regulatory approaches. If legal constraints prevent the selection of a regulatory action that best satisfies the philosophy and principles of Executive Order No. 12866, you should identify these constraints and estimate their opportunity cost.

B. How To Develop Benefit and Cost Estimates

1. Some General Considerations

You should discuss the expected benefits and costs of the selected regulatory option and any reasonable alternatives for each rule. How is the proposed action expected to provide the anticipated benefits and costs? What are the monetized values of the potential real incremental benefits and costs to society? To present your results, you should:

- Include separate schedules of the monetized benefits and costs that show the type and timing of benefits and costs and express the estimates in this table in constant, undiscounted dollars (for more on discounting see part C below).
- List the benefits and costs you can quantify, but cannot monetize, including their timing.
- Describe benefits and costs you cannot quantify.
- Identify or cross-reference the data or studies on which you base the benefit and cost estimates.

Similarly, you should discuss the expected cost of the selected regulatory option and any reasonable alternatives.

When benefit and cost estimates are uncertain (for more on this see part D below):

- You should calculate benefits (including benefits of risk reductions) and costs that reflect the full probability distribution of potential consequences. Where possible, present probability distributions of benefits and include the upper and lower bound estimates as complements to central tendency and other estimates.
- If fundamental scientific disagreement or lack of knowledge prevents construction of a scientifically defensible probability distribution, you should describe benefits under plausible assumptions and characterize the evidence underlying each alternative.

2. The Key Concepts Needed To Estimate Benefits and Costs

''Opportunity cost'' is the appropriate concept for valuing both benefits and costs. The principle of ''willingness-to-pay'' (WTP) captures the notion of opportunity cost by measuring what individuals are willing to forgo to enjoy a particular benefit. In general, economists tend to view WTP as the most appropriate measure of opportunity cost, but an individual's ''willingness-to-accept'' (WTA) compensation for not receiving the improvement can also provide a valid measure of opportunity cost. WTP and WTA are comparable measures when the change being evaluated is small and especially where there are reasonably close substitutes available. WTP is generally considered to be more readily measurable and to provide a more conservative measure of benefits. Adoption of WTP as the measure of value implies that individual preferences of the affected population should be a guiding factor in the regulatory decision and that the existing distribution of income is acceptable.

Market prices provide the richest data for estimating benefits based on willingness-to-pay if the goods and services affected by the regulation trade in well-functioning free markets. The opportunity cost of an alternative includes the value of the benefits forgone as a result of choosing that alternative. The opportunity cost of banning a product—a drug, food additive, or hazardous chemical—is the forgone net benefit (*i.e.*, lost consumer and producer surplus [18]) of that product, taking into account the mitigating effects of potential substitutes. The use of any resource has an opportunity cost regardless of whether the resource is already owned or has to be purchased. That opportunity cost is equal to the net benefit the resource would have provided in the absence of the requirement. For example, if regulation of an industrial plant affects the use of additional land or buildings within the existing plant boundary, the cost analysis should include the opportunity cost of using the additional land or facilities. To the extent possible, you should monetize any such forgone benefits and add them to the other costs of that alternative. You should also try to monetize any costs averted as a result of an alternative and either add it to the benefits or subtract it from the costs of that alternative.

Estimating benefits and costs when market prices are hard to measure or markets do not exist is more difficult. In these cases, regulatory analysts need to develop appropriate proxies that simulate market exchange. Estimates of willingness-to-pay based on observable and replicable behavior generally are the most reliable. As one example, analysts sometimes use ''hedonic price equations'' based on multiple regression analysis of market behavior to simulate market prices for the commodity of interest.[19] Going through the analytical process of deriving benefit estimates by simulating markets may also suggest alternative regulatory strategies that create such markets.

Other approaches may be necessary when a commodity is not directly or indirectly traded in markets. Valuation estimates developed using these approaches are less certain than estimates derived from market transactions or based on behavior that is observable and replicable. While innovative estimation methods are sometimes necessary, they increase the need for quality control to ensure that estimates conform closely to what would be observed if markets did exist.

Ultimately, the method selected to develop a monetized estimate should focus on a value for the specific attribute or end-point of interest (for example, lost school-days). As a cautionary note, the transfer of a valuation estimate from an unrelated context (say, for example, the valuation of lost work-days from labor market studies) as a measure of the value of the attribute (lost school-days) may yield an incorrect benefits estimate.

You also need to guard against double-counting, since some attributes are embedded in other broader measures. For example, when a regulation improves the quality of the environment in a community, the value of real estate in the community generally rises to reflect the greater attractiveness of living in a better environment. Simply adding the increase in property values to the estimated value of improved public health would be double counting if the increase in property values reflects the improvement in public health. To avoid this problem you should separate the embedded effects on the value of property arising from improved public health. At the same time, of course, valuation estimates that fail to incorporate the consequence of land use changes will not capture the full effects of regulation.

3. How To Use Market Data Directly

Economists ordinarily consider market prices as the most accurate measure of the value of goods and services to society. In some instances, however, market prices may not reflect the true value of goods and services. If a regulation involves changes to goods or services where the market price is not a good measure of the value to society, you should use an estimate that reflects the true value to society (often called the ''shadow price''). For example, suppose a particular air pollutant damages crops. One of the benefits of controlling that pollutant is the value of the increase in crop yield as a result of the controls. That value is typically measured by the price of the crop. If the price is held above the market price by a government program that affects supply, however, a value estimate based on this price would overstate the true benefits of controlling the pollutant. In this case, you should calculate the value to society of the increase in crop yields by estimating the

[18] Consumers' surplus is the difference between what a consumer pays for a unit of a good and the maximum amount the consumer would be willing to pay for that unit. It is measured by the area between the price and the demand curve for that unit. Producers' surplus is the difference between the amount a producer is paid for a unit of a good and the minimum amount the producer would accept to supply that unit. It is measured by the area between the price and the supply curve for that unit.

[19] The hedonic technique allows analysts to develop an estimate of the price for specific attributes associated with a product. For example, houses are a product characterized by a variety of attributes including the number of rooms, total floor area, and type of heating and cooling. If there are enough data on transactions in the housing market, it is possible to develop an estimate of the implicit price for specific attributes, such as the implicit price of an additional bathroom or for central air conditioning. This technique can be extended, as well, to develop an estimate for the implicit price of public goods that are not directly traded in markets. For example, the analyst can develop implicit price estimates for public goods like air quality and access to public parks by adding measures for these attributes to the hedonic price equation for housing.

shadow price, which reflects the value to society of the marginal use of the crop. If the marginal use is for exports, you should use the world price. If the marginal use is to add to very large surplus stockpiles, you should use the value of the last units released from storage minus storage cost. If stockpiles are large and growing, the shadow price may be low or even negative.

4. Indirect Uses of Market Data

Some benefits or costs correspond to goods or services that are indirectly traded in the marketplace. Their value is reflected in the prices of related goods that are directly traded. Examples include reductions in health and safety risks, the use-values of environmental amenities (for example, recreational fishing or hiking and camping), and the value of improved scenic visibility. You should use willingness-to-pay measures as the basis for estimating the monetary value of such indirectly traded goods. When practical obstacles prevent the use of direct ''revealed preference'' methods based on actual market behavior to measure willingness-to-pay, you may consider the use of alternative ''stated preference'' methods based on survey techniques. As discussed below, you may use alternative methods where there are practical obstacles to the accurate application of direct willingness-to-pay methodologies.

A variety of methods have been developed for estimating indirectly traded goods or services. Examples include estimates of the value of environmental amenities derived from travel-cost studies, hedonic price models that measure differences or changes in the value of land, and statistical studies of occupational-risk premiums in wage rates. Under each of these methods, care is needed in designing protocols for reliably estimating the value of these attributes. For example, the use of occupational-risk premiums can be a source of bias because the risks, when recognized, may be voluntarily rather than involuntarily assumed,[20] and the sample of individuals upon which premium estimates are based may be skewed toward more risk-tolerant people.

Many goods that are affected by regulation—such as preserving environmental or cultural amenities—are not traded directly in markets. These ''non-market'' values arise both from use and non-use. Estimation of these values is difficult because of the absence of an organized market. However, overlooking or ignoring these values in your regulatory analysis may significantly understate the benefits of regulatory actions.

a. Use Values—the value an individual derives from directly using the resource now (or in the future). Use values are associated with activities such as swimming, hunting, and hiking where the individual comes into direct contact with the environment. These values also include commercial uses of natural resources, such as fishing, and consumptive uses, such as clean air and drinking water.

[20] Distinctions between ''voluntary'' and ''involuntary'' are arbitrary and should be treated with care. These terms are merely a proxy for differences in the cost of avoiding risks.

b. Nonuse Values—the value an individual places on an environmental resource even though the individual will not use the resources now or in the future. Non-use value includes bequest, existence and option values.

Use values are typically estimated through ''revealed'' preference models, which rely on observed behavior. It is important that you utilize revealed preference models that adhere to economic criteria that are consistent with utility maximizing behavior [example of RUM study]. Examining averting or defensive expenditures (as distinct from avoided cost of compliance with other regulatory requirements) is another way to estimate use values. This approach may reveal a minimum willingness to pay, particularly if there is reason to believe the market for averting behavior is not in equilibrium.

5. Contingent Valuation

Contingent valuation (CV) methods have become increasingly common for estimating indirectly traded benefits. However, the reliance of these methods on stated preferences regarding hypothetical scenarios and the complexities of the goods being valued by this technique raise issues about its accuracy in estimating willingness to pay compared to methods based on (indirect) revealed preferences. Accordingly, value estimates derived from contingent-valuation studies require greater analytical care than studies based on observable behavior. For example, the contingent valuation instrument must portray a realistic choice situation for respondents—where the hypothetical choice situation corresponds closely with the policy context to which the estimates will be applied. Below we provide a more complete list of important criteria that affect the reliability of results from contingent valuation surveys. The practice of contingent valuation is rapidly evolving, and agencies relying upon this tool for valuation should judge the reliability of their estimates using this technique in light of advances in the state of the art.

Some types of goods, such as preserving environmental or cultural amenities apart from their use and direct enjoyment by people, are not traded directly or indirectly in markets. The practical obstacles to accurate measurement are similar to (but generally more severe than) those arising with respect to indirectly traded goods and services, principally because there are no related market transactions to provide data for willingness-to-pay estimates.

For many of these goods, particularly goods providing a substantial ''nonuse'' component of value, contingent-valuation methods may provide the only analytical approaches currently available for estimating values. The absence of observable and replicable behavior with respect to the good or service, combined with the complex and often unfamiliar nature of the goods being valued, argues for great care in the design and execution of surveys, rigorous analysis of the results, and a full characterization of the uncertainties in the estimates to meet best practices in the use of this method. Current ''best practices'' for CV surveys include the following:

Sampling, etc.

- Probability sampling: this usually requires the guidance of a professional sampling statistician;
- Low non-response rate: high non-response rates would make the results unreliable;
- Personal interview: face-to-face and telephone interviews may elicit more reliable information.

Survey Instrument Design

- Accurate description: adequate information must be provided to respondents about the good or amenity they are being asked to value;
- Reminder of substitute commodities: respondents must be reminded of substitute commodities, and this reminder should be introduced forcefully and directly prior to the main valuation question;
- Reminder of alternative expenditure possibilities: respondents must be reminded that their willingness to pay would reduce their expenditures for other goods;
- Deflection of transaction value: the survey should be designed to deflect the general ''warm glow'' of giving or a particular dislike of the source of the problem being addressed.

Transparency and Replicability of Results

- Reporting: CV studies should make clear the definition of population sampled, sampling frame used, overall sample non-response rate, and item non-response rate on all important questions; the report should also include the exact wording and sequence of questionnaire and other communications to respondents;
- Data quality: special care should be taken to ensure compliance with OMB's ''Guidelines for Ensuring and Maximizing the Quality, Objectivity, Utility, and Integrity of Information Disseminated by Federal Agencies' (''data quality guidelines'') *http://www.whitehouse.gov/omb/fedreg/reproducible.html;*
- Since there is no economic theory that can describe hypothetical behavior, it is important to assure the respondents that their decisions are consequential and may influence policy.

As with all other estimates of benefits and costs, your CV results should be consistent with economic theory. First, as price increases and the amount of the good is held constant, the number of respondents willing to pay a particular price should fall. This is akin to negative own-price elasticity for a marketed good. Second, respondents should be willing to pay more for a larger amount (or higher quality) of the good. This is often referred to as being sensitive to scope. If your only test of consistency with economic theory is a scope test, it should be an external (split sample) test rather than an internal (within sample) test.

6. Benefit Transfer Methods

In many cases, conducting an original study may not be possible due to the time and expense involved. The alternative to an original study is the use of benefit transfer methods. Benefit transfer is defined as the practice of transferring existing estimates of

non-market values from the context of study to a new context.

Although benefit transfer offers a quick, low cost approach for establishing values for goods and attributes of goods, you should consider it as a last resort option. Several studies have documented difficulties in applying benefit transfer methods. If a benefit transfer approach is necessary, you should adopt the approach of transferring the entire demand function (referred to as benefit function transfer) rather than adopting a single point estimate (referred to as benefit point transfer). The former approach has been shown to yield more precise estimates than the latter approach.

In conducting benefit transfer, the first step is to specify the value to be estimated at the policy site. The analyst should identify the relevant measure of the policy change at this initial stage. For instance, you can derive the relevant willingness-to-pay measure by specifying an indirect utility function. This identification allows an analyst to ''zero in'' on key aspects of the benefit transfer.

The next step is to identify appropriate studies to conduct benefit transfer. In selecting transfer studies for either point transfers or function transfers, you should base your choices on the following criteria:

a. The selected studies should be based on adequate data, sound empirical methods and defensible empirical techniques.

b. The selected studies should document parameter estimates of the valuation function.

c. The study context and policy context should have similar populations (*e.g.*, demographic characteristics, target population size).

d. The good, and the magnitude of change in that good, should be similar in the study and policy contexts.

e. The relevant characteristics of the study and the policy contexts should be similar. For example, are they similar in the following respects?

- The reversibility of the policy change
- The degree of embedding of other values
- The order in which the good is supplied
- The functional relationship between the consumer surplus and its determinants.

f. The distribution of property rights should be similar so that the analysis uses the same welfare measure. If the property rights in the study context support the use of willingness-to-accept (WTA) measures while the rights in the policy context support the use of willingness-to-pay (WTP) measures, benefit transfer is not appropriate.

g. The availability of substitutes across study and policy contexts should be similar.

Clearly, all of these criteria are difficult to meet. However, you should attempt to satisfy as many as possible when choosing studies from the existing economic literature. In addition to the above criteria, an analyst should keep in mind some of the difficulties in transferring benefit estimates or functions from one context to another:

- Is the policy change irreversible?
- Does the order in which the good is supplied affect valuation?
- Is the embedding problem significant?
- Is the assumed functional relationship between the consumer surplus measure and its determinants explicit and appropriate?

Finally, you should not use benefit transfer in estimating benefits if:

- Resources are unique or have unique attributes.
- If the study examines a resource that is unique or has unique attributes, you should not transfer benefit estimates or functions to value a different resource and vice versa. For example, if a study values visibility improvements at the Grand Canyons, these results should not be used to value visibility improvements in urban areas.
- There are significant problems with applying an ex ante valuation estimate to an ex post policy context. If a policy yields a significant change in the attributes of the good, you should not use the study estimates to value the change using a benefit transfer approach.
- You also should not use a value developed from a study involving, small marginal changes in a policy context involving large changes in the quantity of the good.

7. Methods for Treating Nonmonetized Benefits and Costs

Sound quantitative estimates of benefits and costs are preferable to qualitative descriptions of benefits and costs to help decision-makers understand the full effects of alternative actions. Although we prefer that agencies use acceptable monetized benefit and cost estimates, we recognize that monetizing some of the effects of regulations is difficult, and even quantifying some effects may not be feasible.

a. What To Do With Benefits and Costs That Are Difficult To Monetize?

You should monetize quantitative estimates whenever possible. Use sound and defensible values or procedures to monetize costs and benefits, and ensure that key analytical assumptions are defensible. If monetization is impossible, explain why and present all available quantitative information. For example, if you can quantify, but cannot monetize, improvements in water quality and increases in fish populations resulting from water quality regulation, you can describe benefits in terms of stream miles of improved water quality for boaters and increases in game fish populations for anglers. You should describe the timing and likelihood of such effects and avoid double-counting of benefits when estimates of monetized and physical effects are mixed in the same analysis. You should also apply the discounting procedures described above to all quantified effects, whether or not you are able to monetize them.

b. What To Do With Benefits and Costs That Are Difficult To Quantify?

If you are not even able to quantify the effects, you should present any relevant quantitative information along with a description of the unquantifiable effects. Such descriptions could include ecological gains, improvements in quality of life, and aesthetic beauty. For cases in which the presence of unquantifiable benefits or costs affects a policy choice, you should provide a clear explanation of the rationale behind the choice. Such an explanation could include detailed information on the nature, timing, likelihood, location, and distribution of the unquantified benefits and costs. Also, please include a summary table that lists all the unquantifiable benefits and costs, ordered by expected magnitude, if possible.

8. Monetizing Health and Safety Benefits and Costs

We expect you to provide a benefit and cost analysis of major health and safety rulemakings in addition to a CEA. The BCA provides additional insight because (a) it provides some indication of what the public is willing to pay for improvements in health and safety and (b) it offers additional information on preferences for health using a different research design than is used in CEA. Since the health-preference methods used to support CEA and BCA have some different strengths and drawbacks, it is important that you provide decision makers with both perspectives.

In monetizing health benefits, a willingness-to-pay measure is the conceptually appropriate measure as compared to other alternatives (*e.g.*, cost of illness or lifetime earnings), in part because it attempts to capture pain and suffering and other quality-of-life effects. Using the willingness-to-pay measure for health and safety allows you to directly compare your results to the other costs and benefits in your analysis, which will also typically be based on willingness to pay.

If well-conducted, revealed-preference studies of relevant health and safety risks are available, you should consider using them in developing your monetary estimates. If appropriate revealed-preference data are not available, you may consider whether valid and relevant data from stated-preference studies are available. You will need to use your professional judgement when you are faced with limited information on revealed preference and substantial information based on stated preference studies.

A key advantage of stated-preference and health-utility methods (compared to revealed preference) is that they can be tailored in their design to address ranges of probabilities, types of health risks and specific populations affected by your rule. In many rulemakings there will be no relevant information from revealed-preference studies. In this situation you should consider commissioning a stated-preference study or using values from published stated-preference studies. For the reasons discussed in the section above IVB5, you should be cautious about using values from stated-preference studies and describe in the analysis some of the inherent drawbacks of this approach.

a. Nonfatal Health and Safety Risks

With regard to nonfatal health and safety risks, there is enormous diversity in the nature and severity of impaired health states. A minor traumatic injury that can be treated effectively in the emergency room without hospitalization or long-term care is different from a traumatic injury resulting in paraplegia. Severity differences also are important in evaluation of chronic diseases. A severe bout of bronchitis, though perhaps less frequent, is far more painful and debilitating than the more frequent bouts of

mild bronchitis. The duration of an impaired health state, which can range from a day or two to several years or even a lifetime (*e.g.*, birth defects inducing mental retardation), need to be considered carefully. Information on both the severity and duration of an impaired health state are necessary before the task of monetization can be performed.

When monetizing nonfatal health effects, it is important to consider two components: (1) The private demand for prevention of the nonfatal health effect, to be represented by the preferences of the target population at risk, and (2) the net financial externalities associated with poor health such as net changes in public medical costs and any net changes in economic production. Revealed-preference or stated-preference studies are necessary to estimate the private demand; health economics data from published sources can typically be used to estimate the financial externalities of poor health. If you use literature values to monetize nonfatal health and safety risks, it is important to make sure that the values you have selected are appropriate for the severity and duration of health effects to be addressed by your rule.

If data are not available to support monetization, you might consider an alternative approach that makes use of health-utility studies. Although the economics literature on the monetary valuation of impaired health states is growing, there is a much larger clinical literature on how patients, providers and community residents value diverse health states. This literature typically measures health utilities based on the standard gamble, the time tradeoff or the rating scale methods. This health utility information may be combined with known monetary values for well-defined health states to estimate monetary values for a wide range of health states of different severity and duration. If you use this approach, you should be careful to acknowledge your assumptions and the limitations of your estimates.

b. Premature Mortality Risks

The adoption of a monetary value for projected reductions in premature mortality is the subject of continuing research and discussion within the economics and policy analysis communities. Although there is a substantial academic literature on this topic, the methods used and resulting estimates vary substantially. The two most widely used measures consider the number of statistical lives saved and the number of expected years of life saved and their associated monetary values. Both of these measures are applicable to settings where a rule changes small probabilities of death faced by the public.

The phrase ''statistical life'' is widely used in the technical literature but it can be misleading and easily misinterpreted. Unlike an identified life, whose name and background are known (*e.g.*, a trapped coal miner or patient dying of kidney failure), a statistical life refers to the sum of risks experienced by a population. For example, if 10,000 people each face a risk of 1 in 10,000 of immediate death, one statistical life is expected to be lost. Statistical lives that are lost are real people but, given the background rate of fatal events in the population, it is not feasible to determine which actual lives will be saved or lost by a specific rule.

The monetary value of saving a statistical life (VSL) is derived by assessing the public's willingness to pay to avert one statistical fatality. The bulk of the studies in the literature, which address wage premiums for hazardous jobs, are based on revealed preference. A small but growing number of stated-preference studies have also been used to derive VSLs. The estimates of VSL in the literature vary considerably but this is not surprising because VSL is not expected to be a universal constant. Economic theory predicts that VSLs may vary in different lifesaving contexts depending upon factors such as the magnitude of the probabilities and the health preferences of the target population.

You should not use a VSL estimate without considering whether it is appropriate for the size and type of risks addressed by your rule. Studies aimed at deriving VSL values for middle-aged populations are not necessarily applicable to rules that address lifesaving among children or the elderly. Moreover, VSL values based on fatal cancers or heart attacks are not necessarily relevant to a rule that prevents fatal causes of trauma, violence, or infectious disease. If you choose to apply a VSL derived in one setting to a different setting, you should disclose the salient differences in the lifesaving contexts and, where feasible, make appropriate quantitative adjustments to the VSL value.

Since everyone is expected to die sooner or later, it has been suggested that the VSL be replaced or augmented by the monetary value of a statistical life year (VSLY). The assumption is that the public is willing to pay more money for a rule that saves an average of 10 life years per person than a rule that saves one life year per person. A key assumption implicit in this approach is that public willingness to pay for risk reduction is strictly proportional to the number of life years at risk. This may not always be the case. For example, the elderly may have substantial willingness to pay for reductions in their mortality risk precisely because they have relatively few life years remaining. Where there is good reason to believe that these values are not strictly proportional, you should attempt to develop appropriate estimates. In all instances, whether or not you are able to develop ideal estimates, agencies should consider providing estimates of both VSL and VSLY, while recognizing the developing states of knowledge in this area.

In summary, you should use valid, relevant data and methods to assign monetary values to changes in the risk of premature death, illness or injury. Some of the key issues include:

- Whether the monetary valuations have been shown to be appropriately sensitive to the scope of the health change, considering probability, severity and longevity.
- Whether the specific data and methods used for monetization are relevant to the specific health change induced by a proposed regulation.

The valuation of fatal and nonfatal risk reduction is an evolving area in terms of research design, methods and results. You should utilize valuation methods that you consider appropriate for the regulatory circumstances. You should present estimates based on alternative approaches, and if you monetize mortality risk reduction, you should do so on a consistent basis to the extent feasible. You should clearly indicate your methodology and document your choice of a particular methodology. If you use different methodologies in different rules, you should clearly disclose the fact and explain your reasons.

C. What Discount Rate To Use

Benefits and their associated costs do not always take place in the same time period, and when they do not, it is usually incorrect simply to add up all of the expected benefits or costs without taking account of when they actually occur. If benefits or costs are delayed or otherwise separated in time from each other, the difference in timing should be reflected in your analysis.

As a first step, you should present the annual time stream of benefits and costs expected to result from the rule, clearly identifying when the benefits and costs are expected to occur. The beginning point for your stream of estimates should be the year in which the final rule will begin to have effects, even if that is expected to be some time in the future. In presenting the stream of benefits and costs, it is important to measure them in constant dollars. That way you avoid the misleading effects of inflation on your estimates. If the benefits or costs are initially measured in prices reflecting expected future inflation, you can convert them to constant dollars by dividing through by an appropriate inflation index, one that corresponds to the inflation rate underlying the initial estimates of benefits or costs.

Once these preliminaries are out of the way, you can begin to adjust your estimates for differences in timing. This is a separate calculation from the adjustment needed to remove the effects of future inflation. Whether or not inflation is expected, it is generally true that the sooner benefits occur the more valuable they are. Resources that are invested will normally earn a positive return, so current consumption is more expensive than future consumption, because you are giving up that expected return when you consume today. Looking at it another way, postponed benefits have a cost because people are impatient and generally prefer present to future consumption. Also, if consumption continues to increase over time, as it has for most of U.S. history, an increment of consumption will be less valuable in the future than it would be today, because as total consumption increases, its marginal value tends to decline. These are all reasons for valuing future costs and benefits less than those occurring in the present.

A discount factor should be used to adjust the estimated costs and benefits for differences in timing . The further in the future the costs and benefits are expected to occur, the larger is this discount factor. The discount factor can be calculated given a discount rate. The formula is $1/(1+\text{the discount rate})^t$ where ''t'' measures the number of years in the future that the benefits or costs are expected to occur. Benefits or costs that have been adjusted in

this way are called discounted present values. Once the estimated benefits and costs have been discounted, they can be combined to determine the overall value of net benefits.

OMB's basic guidance on the discount rate is provided in OMB Circular A–94. This Circular states that a real discount rate of 7 percent should be used as a base-case for regulatory analysis. The 7 percent rate is an estimate of the average before-tax rate of return to private capital in the U.S. economy. It is a broad measure that reflects the returns to real estate and small business capital as well as corporate capital. It approximates the opportunity cost of capital and is the appropriate discount rate whenever the main effect of a regulation is to displace or alter the use of capital in the private sector. OMB revised Circular A–94 in 1992 after extensive internal review and following public comment. The average rate of return to capital remains near the 7 percent rate estimated in 1992. Circular A–94 also recommends using other discount rates to show the sensitivity of the estimates to the discount rate assumption.

The effects of regulation do not always fall exclusively on the allocation of capital. When regulation primarily affects private consumption (*e.g.*, through higher consumer prices for goods and services), a lower discount rate may be appropriate. The alternative most often used is called the ''social rate of time preference.'' This simply means the rate at which ''society'' discounts future consumption flows to their present value. Economic distortions, including taxes on capital, create a divergence between this social rate and the private rate of return to capital. If we take the rate that the average saver uses to discount future consumption as our measure of the social rate of time preference, then the real rate of return on long-term government debt may provide a fair approximation. This rate has averaged around 3 percent since the mid-1950s.

For regulatory analysis, you should provide estimates of net benefits using both 7 percent and 3 percent. An example of this approach is EPA's analysis of its 1998 rule setting both effluent limits for wastewater discharges and air toxic emission limits for pulp and paper mills. In this analysis, EPA developed its present discounted value estimates using real discount rates of 3 and 7 percent applied to benefit and cost streams that extended forward for 30 years. (*See* EPA, Economic Analysis, October 1997, pages 10–3 and 10–4.) You should present a similar sensitivity analysis in your own work.

In some instances, if there is reason to expect that the regulation will cause resources to be reallocated away from private investment in the corporate sector, then the opportunity cost may be appreciably greater than the 3 to 7 percent discount rate. For example, Tresch suggests that rates in the range of 10 to 25 percent may be appropriate to reflect this opportunity cost, depending on the sector affected by the regulation. If you are uncertain about the nature of the opportunity cost, then you should present benefit and cost estimates using a higher discount rate as a sensitivity analysis as well as using 3 percent and 7 percent.

Circular A–94 points out that the analytically preferred method of handling timing differences between benefits and costs would be to adjust all the benefits and costs to reflect their value in equivalent units of consumption.[21] Due to distortions in the economy such calculations require you to value the costs and benefits using shadow prices, especially for capital goods. If all costs and benefits are measured in terms of consumption equivalents, it is appropriate to discount them using the social rate of discount. Any agency that wishes to tackle this challenging analytical task should check with OMB before proceeding.

When future benefits or costs are health-related, some have questioned whether discounting is appropriate. Although some of the rationales for discounting money may not seem to be applicable to health (*e.g.*, lives saved today cannot be invested in the bank to save more lives in the future, although the resources that would have been used to save those lives can often be saved with a higher pay-off in future lives saved). However, people do prefer health gains that occur immediately to identical health gains that occur only in the future, which would justify discounting the future gains. Also, if future health gains are not discounted while future costs are, then the following perverse result occurs: an attractive investment today in future health improvement can always be made more attractive by delaying the investment. For such reasons, there is a professional consensus that future health effects, including both benefits and costs, should be discounted at the same rate as generally used in both BCA and CEA.

A common challenge in health-related analyses is to quantify the time lag between when a rule takes effect and when the resulting physical improvements in health status will be observed in the target population. In such situations, you must carefully consider the timing of health benefits before present-value calculations are performed. It is not reasonable to assume that all of the benefits of reducing chronic diseases such as cancer and cardiovascular disease will occur immediately when the rule takes effect. For rules addressing traumatic injury, this lag period may be short while for chronic diseases it may take years or even decades for a rule to induce its full beneficial effects in the target population. When a time period between exposure to a toxin and increased probability of disease is likely (*e.g.*, a so-called latency period), it is also likely that there will be a lag between exposure reduction and reduced probability of disease. This latter period has sometimes been referred to as a ''cessation lag'' and it may or may not be the same as the latency period. As a general matter, cessation lags will apply only to populations with at least some higher-level exposure (*i.e.*, before the rule takes effect). For populations with no such prior exposure, such as those born after the rule takes effect, only the latency period will be relevant.

Ideally, your exposure-risk model would allow calculation of reduced risk for each year following exposure cessation, perhaps incorporating total cumulative exposure and age at the time of exposure reduction into the calculation as well. The present value calculation of benefits could then reflect an appropriate discount factor for each year's risk reduction. Recent analyses of the cancer benefits of reducing public exposure to radon in drinking water have adopted this approach, supported by formal risk-assessment models that allow estimates of how the timing of lung cancer incidence and mortality are affected by different radon exposure levels. In many cases, you will not have the benefit of such detailed risk assessment modeling. You will need to use your professional judgement as to the average cessation lag for the chronic diseases affected by your rule. In situations where information exists on latency but not on cessation lags, it may be reasonable to use latency as a proxy for the cessation lag, unless there is reason to believe, based on data, modeling, or knowledge of the mechanism of action, that the two are different. When the average lag time between exposures and disease is unknown, a range of alternative yet plausible values for the time lag should be used in your analysis.

Special ethical considerations arise when comparing benefits and costs across generations. Although most people demonstrate in their own consumption behavior a preference for consumption now rather than in the future, it may not be appropriate for society to demonstrate a similar preference when deciding between the well-being of current and future generations. Future citizens who are affected by such choices cannot take part in making them, and today's society must act in their interest. One way to do this would be to follow the same discounting techniques described above, but to supplement the analysis with an explicit discussion of the intergenerational concerns and how they will be affected by the regulatory decision. Policymakers would be provided with additional information when the analysis covers many generations, but without changing the general approach to discounting.

Some have argued, however, that it is ethically impermissible to discount the utility of future generations. On this view, government should treat all generations equally. Even under this approach, it would still be correct to discount future costs and consumption benefits, although perhaps at a lower rate than for intragenerational analysis. There are two reasons for thinking that a nonzero discount rate is the appropriate assumption for intergenerational analysis, even when all generations are to be treated equally. First, future generations are likely to be wealthier than those currently living, so a marginal dollar of benefits or costs will be worth less to them than it would be to those alive today, at least on average. If that holds true, it is appropriate to discount future benefits and costs relative to currently consumed benefits and costs even if the welfare of future generations is not being discounted. Estimates of the discount rate

[21] A thorough discussion of this approach to discounting is provided in Robert C. Lind (ed.), Discounting for Time and Risk in Energy Policy, Baltimore: The Johns Hopkins University Press for Resources for the Future, 1982.

appropriate in this case made in the 1990s ranged from 1 to 3 percent per annum.[22]

A second reason for discounting the benefits and costs accruing to future generations at a lower rate is increased uncertainty about the appropriate value of the discount rate, the longer the horizon for the analysis. Aversion to uncertainty discourages any such long-term investments. Private market rates provide a reliable reference for determining how society values time within a generation, but for extremely long time periods no comparable private rates exist. Symmetric uncertainty would have the effect of lowering the discount factor applied to future costs and benefits. Again the reasonable range might be expanded to include rates as low as 1 percent per annum.

If you choose to use a lower discount rate for intergenerational analysis, you should still be sure to show the calculated net benefits using discount rates of 3 and 7 percent as well. Discounting is appropriate whether you are doing a BCA or a CEA. Even costs and benefits that are not expressed in monetary units should be discounted if they are separated in time. This also includes health benefits for reasons discussed above. For example, in its 1998 rule, ''Control of Emissions from Nonroad Diesel Engines,'' EPA estimated cost-effectiveness by discounting both the monetary costs and the emission reduction benefits over the useful expected life of the engines at the 7 percent real rate recommended in OMB Circular A–94.

It may be possible in some cases to avoid discounting non-monetized benefits, if the expected flow of benefits begins as soon as the cost is incurred and if it is expected to be constant over time. In such cases, annualizing the cost stream is sufficient, and further discounting of benefits is unnecessary. As an example, such an analysis might produce an estimate of the annualized cost per ton of reducing emissions of a pollutant.

D. Treatment of Uncertainty

The precise consequences (benefits and/or costs) of regulatory options are not always known for certain, but the probability of their occurrence can often be predicted. The important uncertainties connected with your regulatory decisions need to be analyzed and presented as part of the overall regulatory analysis. Your analysis of uncertainty should consider both the quantifiable risk associated with the potential outcomes of alternative regulatory actions (for example, the expected change in the distribution of automobile accidents that might result from a change in automobile safety standards) and the incomplete knowledge or uncertainty about the relevant relationships (for example, the uncertain science of how some economic activities might affect future climate change).

The treatment of uncertainty must be guided by the same principles of full disclosure and transparency that apply to other elements of your regulatory analysis. Any data and models that you use to analyze uncertainty should be fully identified. Inferences and assumptions used in your analysis should also be identified, and your analytical choices should be explicitly evaluated and adequately justified. Your presentation should explain how your analytical choices have affected your analysis.

Uncertainty arises from various and fundamentally different sources. These include the fundamental unpredictability of various natural and social phenomena, but they also include lack of data and the lack of knowledge about key relationships resulting from limitations in fundamental scientific knowledge (both social and natural). The different sources of uncertainty suggest different approaches for dealing with it. For example, when the uncertainty is due to a lack of data, you might consider deferring the decision, as an explicit regulatory alternative, pending further study to obtain sufficient data. We recognize that delaying a decision will also have costs, as will further efforts at data gathering and analysis. You will need to weigh the benefits of delay against these costs in making your decision. Formal tools for assessing the value of additional information are now well developed in the applied decision sciences and can be used to help resolve this type of complex regulatory question.

In some cases, the level of scientific uncertainty may be so large that you can only present discrete alternative scenarios without assessing the relative likelihood of each scenario quantitatively. For example, in assessing the potential outcomes of an environmental effect, there may be a limited number of scientific studies with strongly divergent results. In such cases, you might present results from a range of plausible scenarios, together with any available information that might help in qualitatively determining which scenario is most plausible.

Your analysis should include two fundamental components: A quantitative analysis characterizing the probabilities of the relevant outcomes and an assignment of economic value to the projected outcomes. It is essential that both parts be conceptually consistent. In particular, the quantitative analysis should be conducted in a way that permits it to be applied within a more general analytical framework, such as BCA. Similarly, the general framework needs to be flexible enough to incorporate the quantitative analysis without oversimplifying the results. For example, you should address explicitly the implications for benefits and costs of any probability distributions developed in your analysis.

1. Quantitative Analysis of Uncertainty

Examples of quantitative analysis, broadly defined, would include formal estimates of the probabilities of environmental damage to soil or water, the possible loss of habitat, or risks to endangered species as well as probabilities of harm to human health and safety. There are also uncertainties associated with estimates of economic benefits and costs, *e.g.*, the cost savings associated with increased energy efficiency. Your analysis should be credible, objective, realistic, and scientifically balanced. In your presentation, you should delineate its strengths along with any lingering uncertainties about its conclusions. You should describe the assumptions and the models you used and their impact on the overall analysis. You should also discuss the quality of the available data used.

As with other elements of regulatory analysis, you will need to balance thoroughness with the practical limits on your analytical capabilities. Your analysis does not have to be exhaustive, nor is it necessary to evaluate each alternative at every step. In the absence of adequate data, you will need to make assumptions. These should be clearly identified and consistent with the relevant science. Your analysis should provide sufficient information for decision-makers to grasp the degree of scientific uncertainty and the robustness of estimated probabilities, benefits, and costs to changes in key assumptions. For major rules involving threshold costs of $1 billion, you should present a formal quantitative analysis of the relevant uncertainties.

In your analysis, you should try to provide some estimate of the probability distribution of risks with and without the regulation, and you must do this for rules that exceed the $1 billion threshold. In characterizing the probability distributions quantitatively, you should provide some estimate of the central tendency (*e.g.*, mean and median) along with any other information you think will be useful such as ranges, variances, specified low-end and high-end percentile estimates, and other characteristics of the distribution.

Your estimates cannot be more precise than their most uncertain component. Thus, your analysis should report estimates in a way that reflects the degree of uncertainty and not create a false sense of precision. Your analysis should not reflect any unstated or unsupported preferences, even for such worthy objectives as protecting public health or the environment. Unstated assumptions can affect the analysis in unsuspected ways, making it difficult for decision-makers to evaluate the true magnitude of the uncertainties involved.

Acceptable Analytical Approaches: Whenever possible, you should use appropriate statistical techniques to determine a probability distribution of the relevant outcomes, and for rules that exceed the $1 billion threshold a formal quantitative analysis is required.

You may consider the following analytical approaches. They entail increasing levels of complexity:

- Disclose qualitatively the main uncertainties in each important input to the calculation of benefits and costs. These disclosures should address the uncertainties in the data as well as in the analytical results. However, major rules above the $1 billion threshold require a formal treatment.
- Use a numerical sensitivity analysis to examine how the results of your analysis vary with plausible changes in assumptions, choices of input data, and alternative analytical approaches. Sensitivity analysis is especially valuable when the information is

[22] Approaches to discounting across generations are discussed in a recent symposium volume published by Resources for the Future. Paul R. Portney and John P. Weyant (eds.), Discounting and Intergenerational Equity, Washington, DC: Resources for the Future, 1999.

lacking to carry out a formal probabilistic simulation. Sensitivity analysis can be used to find ''switch points''—critical parameter values at which estimated net benefits change sign or the low cost alternative switches. Sensitivity analysis usually proceeds by changing one variable or assumption at a time, but it can also be done by varying a combination of variables simultaneously to learn more about the robustness of your results to widespread changes. Again, however, major rules above the $1 billion threshold require a formal treatment.

- Apply a formal probabilistic analysis of the relevant uncertainties—possibly using simulation models and/or expert judgment as revealed, for example, through Delphi methods. Such a formal analytical approach is appropriate for complex rules where there are large multiple uncertainties whose analysis raises technical challenges, or where the effects cascade, and it is required for rules that exceed the $1 billion threshold. For example, in the analysis of regulations addressing air pollution, there is uncertainty about the effects of the rule on future emissions, uncertainty about how the change in emissions will affect air quality, uncertainty about how changes in air quality will affect health, and finally uncertainty about the economic and social value of the change in health outcomes. You should make a special effort to portray the probabilistic results—in graphs and/or tables—clearly and meaningfully.
- New methods may become available in the future. This document is not intended to discourage or inhibit their use, but rather to encourage and stimulate their development.

2. Assigning Economic Values to Uncertain Outcomes

Uncertainty affects the values that you assign to the costs and benefits of regulatory actions. Because the outcome of regulatory action is not certain, but is instead best represented by a probability distribution of potential outcomes, the value assigned to the expected outcome from this probability distribution may be different from that for an expected outcome of the same magnitude that is certain to occur. In the financial world, for example, riskier instruments must generally earn a higher rate of return, and investors receive a higher expected reward for bearing uncertainty. This principle can carry over to the analysis of regulations depending on who bears the uncertainties from regulatory decisions.

When reporting benefit and cost estimates, where there is a distribution of outcomes, you will often find it useful to emphasize summary statistics or figures that can be readily understood and compared to achieve the broadest public understanding of your findings. It is a common practice to compare the ''best estimates'' of both benefits and costs with those of competing alternatives. These ''best estimates'' are usually the average or the expected value of benefits and costs. Emphasis on these expected values is appropriate as long as society is ''risk neutral'' with respect to the regulatory alternatives. This, however, may not always be the case. For a risk-averse individual, the certainty equivalent of an uncertain net benefit stream is less than its expected cash value, because the uncertainty itself is valued negatively.

E. Other Key Considerations

1. Other Cost Considerations

You should include these effects in your analysis and provide estimates of their monetary values wherever possible.

- Private-sector compliance costs;
- Government administrative costs;
- Losses in consumers' or producers' surpluses;
- Discomfort or inconvenience; and
- Loss of time.

Estimates of costs should be based on credible changes in technology over time. For example, a slowing in the rate of innovation or of adoption of new technology because of delays in the regulatory approval process or the setting of more stringent standards for new facilities than existing ones may entail significant costs. On the other hand, a shift to regulatory performance standards and incentive-based policies may lead to cost-saving innovations that should be taken into account. The weight you give to a study of past rates of cost savings resulting from innovation (including ''learning curve'' effects) should depend on both their timeliness and their direct relevance to the processes affected by the regulatory alternative under consideration. In some cases agencies are limited under statute to considering only technologies that have been demonstrated to be feasible. In these situations, it may also be useful to estimate costs and cost savings assuming a wider range of technical possibilities.

Occasionally, one or more components of the analysis address cost savings to one of the parties directly affected by the rule. For example, a requirement that manufacturers reduce emissions from engines they produce may lead to technologies that improve fuel economy. These fuel savings will normally accrue to the purchasers of the engines. There is no apparent market failure with regard to the market value of fuel saved because one would expect that consumers would be willing to pay for increased fuel economy that exceeded the cost of providing it. When these cost savings are substantial, and particularly when you estimate them to be greater than the cost associated with achieving them, it is incumbent on you to demonstrate convincingly why the market has not already captured these gains. As a general matter, any costs that are averted as a result of an alternative should be monetized wherever possible and either added to the benefits or subtracted from the costs of that alternative.

2. The Difference Between Costs (or Benefits) and Transfer Payments

Distinguishing between real costs and transfer payments is an important, but sometimes difficult, problem in cost estimation. Cost and benefit estimates should reflect real resource use. Transfer payments are monetary payments from one group to another that do not affect total resources available to society. For example, a regulation that restricts the supply of a good, causing its price to rise, produces a transfer of income from buyers to sellers. The reduction in the total value of the supply of the good is a real cost to society, but the transfer of income from buyers to sellers resulting from the higher price is not. You should not include transfers in the estimates of the benefits and costs of a regulation.[23] Instead, address them in a separate discussion of the regulation's distributional effects.

Examples of transfer payments include the following:

- Scarcity rents and monopoly profits.
- Insurance payments.
- Indirect taxes and subsidies.
- Distribution expenses.

3. Alternative Assumptions

If benefit or cost estimates depend heavily on certain assumptions, you should make those assumptions explicit and carry out sensitivity analyses using plausible alternative assumptions. If the value of net benefits changes from positive to negative (or vice versa) or if the relative ranking of regulatory options changes with alternative plausible assumptions, you should conduct further analysis to determine which of the alternative assumptions is more appropriate. Because different estimation methods may have hidden assumptions, you should analyze estimation methods carefully to make any hidden assumptions explicit.

V. Specialized Analytical Requirements

In preparing analytical support for your rulemaking, you should be aware that there are a variety of analytic requirements imposed by law and Executive order. In addition to the regulatory impact analysis requirements of E.O. 12866, you should also consider whether your rule will need specialized analysis of any of the following issues.

A. Impact on Small Businesses and Other Small Entities

Under the Regulatory Flexibility Act (5 U.S.C. chapter 6), agencies must prepare a proposed and final ''regulatory flexibility analysis'' (RFA) if the rulemaking could ''have a significant impact on a substantial number of small entities.'' Your agency should have guidelines on how to prepare an RFA and you are encouraged to consult with the Chief Counsel for Advocacy of the Small Business Administration on expectations concerning what is an adequate RFA. Executive Order 13272 (67 FR 53461, August 16, 2002) requires you to notify the Chief Counsel for Advocacy of any draft rules that might have a significant economic impact on a substantial number of small entities. E.O. 13272 also directs agencies to give every appropriate consideration to any comments provided by the Advocacy Office.

B. Analysis of Unfunded Mandates

Under the Unfunded Mandates Act (2 U.S.C. 1532), you must prepare a written statement about costs and benefits prior to issuing a proposed or final rule (for which

[23] However, transfers from the United States to other nations should be included as costs, and transfers from other nations to the United States as benefits.

your agency published a proposed rule) that may result in expenditure by State, local, and tribal governments, in the aggregate, or by the private sector, of $100,000,000 or more in any one year (adjusted annually for inflation). Your analytical requirements under Executive Order 12866 are similar to the analytical requirements under this Act, and thus the same analysis may permit you to comply with both analytical requirements.

C. Information Collection, Paperwork and Recordkeeping Burdens

Under the Paperwork Reduction Act (44 U.S.C. chapter 35), you will need to consider whether your rulemaking (or other actions) will create any additional information collection, paperwork or recordkeeping burdens. These burdens are permissible only if you can justify the practical utility of the information for the implementation of your rule. OMB approval will be required of any new requirements for a collection of information imposed on 10 or more persons and a valid OMB control number must be obtained for any covered paperwork. Your agency's CIO should be able to assist you in complying with the Paperwork Reduction Act.

D. Information Quality Guidelines

Under the Information Quality Law, agency guidelines, in conformance with the OMB government-wide guidelines (67 FR 8452, February 22, 2002), have established basic quality performance goals for all information disseminated by agencies, including information disseminated in support of proposed and final rules. The data and analysis that you use to support your rule must meet these agency and OMB quality standards. Your agency's CIO should be able to assist you in assessing information quality. The Statistical and Science Policy Branch of OMB's Office of Information and Regulatory Affairs can provide you assistance.

E. Environmental Impact Statements

The National Environmental Policy Act (42 U.S.C. 4321–4347) and related statutes and executive orders require agencies to consider the environmental impacts of agency decisions, including rulemakings. An environmental impact statement must be prepared for ''major federal actions significantly affecting the quality of the human environment.'' You must complete NEPA documentation before issuing a final rule. The White House Council on Environmental Quality has issued regulations (40 CFR 1500–1508) and associated guidance for implementation of NEPA, available through CEQ's Web site (see NEPANet).

F. Impacts on Children

Under Executive Order 13045, ''Protection of Children from Environmental Health Risks and Safety Risks,'' each agency must, with respect to its rules, ''to the extent permitted by law and appropriate, and consistent with the agency's mission,'' each agency must ''address disproportionate risks to children that result from environmental health risks or safety risks.'' For any substantive rulemaking action that ''is likely to result in'' an economically significant rule that concerns ''an environmental health risk or safety risk that an agency has reason to believe may disproportionately affect children,'' the agency must provide OMB/OIRA ''an evaluation of the environmental health or safety effects of the planned regulation on children,'' as well as ''an explanation of why the planned regulation is preferable to other potentially and reasonably feasible alternatives considered by the agency.''

G. Energy Impacts

Under Executive Order 13211 (66 FR 28355, May 22, 2001), agencies are required to prepare and submit to OMB a Statement of Energy Effects for significant energy actions, to the extent permitted by law. This Statement is to include a detailed statement of ''any adverse effects on energy supply, distribution, or use (including a shortfall in supply, price increases, and increased use of foreign supplies)'' for the action and reasonable alternatives and their effects. You need to publish the Statement or a summary in the related NPRM and final rule. For further ''Guidance on Implementing E.O. 13211,'' see OMB Memorandum 01–27 (July 13, 2001), available on OMB's Web site.

VI. Accounting Statement

You need to provide an accounting statement with tables reporting benefit and cost estimates for each major final rule for your agency. You should use the guidance outlined above to report these estimates. We have included a suggested format for your consideration.

Categories of Benefits and Costs

To the extent feasible, you should quantify all potential incremental benefits and costs. You should report benefit and cost estimates within the following three categories:

- Monetized
- Quantified, but not monetized; and
- Qualitative, but not quantified.

These categories are mutually exclusive and exhaustive. Throughout the process of listing preliminary estimates of costs and benefits, agencies should avoid double-counting. This problem may arise if more than one way exists to express the same change in social welfare.

Quantifying and Monetizing Benefits and Costs

Yes, you should develop quantitative estimate and covert them to dollar amounts if possible. In many cases, quantified estimates are readily convertible, with a little effort, into dollar equivalents.

Treatment of Benefits and Costs Over Time

You should monetize and quantify effects as real, undiscounted streams of estimates for each year over the entire period for which you have estimated them. You should also annualize these same effects using real discount rates of 3 and 7 percent. The stream of annualized estimates should begin in the year the final rule is published even if the rule does not take effect immediately. Please report all monetized effects in 2000 dollars. You may convert dollars expressed in different years to 2000 dollars using the GDP deflator.

Treatment of Risk and Uncertainty

You should provide central tendency or primary estimates as well as distributions about the estimates, where such information exists. When you provide only upper and lower bounds (in addition to best estimates), you should, if possible, use the 95 and 5 percent confidence bounds. Although we encourage you to develop estimates that capture the distribution of plausible outcomes for a particular alternative, detailed reporting of such distributions is not required.

The principles of full disclosure and transparency apply to the treatment of uncertainty. Where there is significant uncertainty and the resulting inferences and/or assumptions have a critical effect on the benefit and cost estimates, you should describe the benefits and costs under plausible alternative assumptions. You may add footnotes to the table as needed to provide documentation and references, or to express important warnings.

In our discussion in Section I above, we identified some of the issues associated with developing estimates of the value of reductions in premature mortality risk. Based on this discussion, you should present alternative primary estimates where you use alternative estimates for valuing reductions in premature mortality risk.

Precision of Estimates

Reported estimates should reflect, to the extent feasible, the precision in the analysis. For example, an estimate of $220 million implies rounding to the nearest $10 million and thus a precision of ±$5 million; similarly, an estimate of $222 million implies rounding to the nearest $1 million and thus, a precision of ±$0.5 million.

Separate Reporting of Transfers

You should report transfers separately and avoid the misclassification of transfer payments as costs or benefits. Transfers occur when wealth or income is redistributed without any direct change in aggregate social welfare. To the extent that regulatory outputs reflects transfers rather than welfare gains to society, you should identify them as transfers rather than costs or benefits. You should also distinguish transfers caused by Federal budget actions—such as those stemming from a rule affecting Social Security payments—from those that involve transfers between non-governmental parties—such as monopoly rents a rule may confer on a private party. You should use as many categories as necessary to describe the major redistributive effects of a regulatory action. If transfers have significant effects in addition to distributional effects, you should evaluate them also.

Effects on State, Local, and Tribal Governments, Small Business, Wages and Economic Growth

You need to identity the portions of benefits, cost, and transfers received by State, local, and tribal governments. To the extent feasible, you also should identify the effects of the rule or program on small businesses, wages, and economic growth. Note that rules with annual costs that are less than one

billion dollars are likely to have minimal effect on economic growth.

OMB #: *Agency/Program Office:*
Rule Title:
RIN #: *Date:*

Category	*Primary Estimate*	*Minimum Est.*	*Maximum Est.*	*Source Citation (RIA, preamble, etc.)*
BENEFITS				
Annualized monetized benefits				
Annualized quantified, but unmonetized benefits				
Qualitative (unquantified) benefits				
COSTS				
Annualized monetized costs				
Annualized quantified, but unmonetized costs				
Qualitative (unquantified) costs				
TRANSFERS				
Annualized monetized transfers: "on budget"				
from whom to whom?				
Annualized monetized transfers: "off budget"				
from whom to whom?				

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Economic and Industry Impacts	**Priority**
	1=top
Q. What might be the range of global responses (e.g., containment strategies), and what would be the resulting economic and supply chain impacts to the U.S.?	1
Q. What are the direct and indirect economic impacts of a disruption (to infrastructure) for a specified region for a given duration and intensity, by state, county, and sector of industry.	2
Q.What level of absenteeism among critical workers (such as dock workers and air traffic controller) would lead to serious economic disruptions? What is the likelihood of that level of absenteeism being reached, and how can it be prevented?	2
Q. What would be the economic effect in the U.S. if imports of live birds were prevented? How important are imports of live birds to industry output or to final consumption in the poultry sector?	3
Q. What would be the likely impact on the domestic poultry industry from bird flu? What would be the likely impact on consumers and on exports?	3
Q. Do the macroeconomic consequences differ depending on whether the human to human transmission originates in the U.S. or abroad?	3
Q. What is the likely impact of a pandemic influenza outbreak, in the absence of interventions, on the baseline levels of:	
•GDP, employment and household income (including distributional information for the latter two)	1
•Labor supply (due to illness, care giving, fear of the disease), including distributional impacts (age, region, sector, etc.) and the sensitivity of those impacts to assumed disease characteristics (e.g., age distribution of morbidity).	1
•Health care demand	1
•Health insurer outlays	2
•Health care provider finances	2
•Health care expenditures of the uninsured	2
•Financial flows to/from the U.S.	1
•Interest and exchange rates	1
•Financial instability in foreign countries	1
•Demand in various economic sectors (face-to-face services, transportation ....)	1
•Travel to and from the U.S.	1
•Travel within the U.S.	1
•Trade generally and in particular trade in 'critical' goods and services and key production inputs (we recognize all of these terms need to be defined—that's the first step)	1
•Output in 'critical' sectors such as food, healthcare, utilities, energy, banking and finance, and telecommunications, considering disruptions to labor supply and supply chains. Identifying the 'breaking point' for each critical sector would be helpful--that is, what level of disruption to a critical sector causes it to cease functioning at a minimum required level. (Analysis should include feedback effects of economic and infrastrucure disruptions on ability to contain disease spread and recover from outbreak.)	1

•Output in non-critical economic sectors.	2	
Q. What are the economic costs and health benefits of:		
•Mandatory passenger health screening at international points of entry (land, sea and air facilities separately)	1	
•Mandatory health screening at foreign ports of departure for passengers traveling to the U.S.	1	
•Restrictions on travel at international ports of entry (full ban or U.S. citizens and residents only; separately by land, sea, air)	1	
•Screening of cargo (all or targeted)	1	
•Quarantine of cargo	1	
•Screening of international cargo transportation crews (truck drivers, ship crews)	1	
•Domestic travel restrictions (in line with PCC options)	1	
•Reducing the number of international entry/exit airports (in line with PCC recommendations)	1	
•School closures (at various breadths of closure relative to outbreak area (i.e., in affected communities only? Within radius of x miles relative to identified cases? State/region-wide?)	1	
•Workplace closures (by type of workplace and breadth of closure relative to outbreak)	1	
•Maritime entry/exit procedures recommended to PCC (applying Notice of Arrival rules to all ships, health screening for all passengers and crew, restricting port access, reducing number of seaports accepting ships).	1	
•Various levels of compliance with voluntary protective measures (generic social distancing, reduction of non-essential travel...)	2	
•Changes to the priority given to (and definitions of) 'critical' sectors and occupations in vaccine distribution plans, considering different assumptions about the number of available vaccine doses?	1	Added this
•Combinations of the interventions above		
Q. How sensitive are these impacts (on baselines and due to interventions) to the key modeling assumptions (including timing of interventions)?	1	

Suggested for deletion (repeated or otherwise covered above, or not econ modeling question)

Q. What are the near-term effects on Gross Domestic Product (GDP), output and employment? What are the long-run effects?		Covered ab
Q. What percent of the workforce will have prolonged absenteeism and for what duration would that be? Can we determine the impact of paid versus unpaid absences?		Covered ab
Q. To what extent would large-scale, extended absences of air traffic controllers and dock workers disrupt supply chains and impact the U.S. economy in general?		Rephrased
Q. Which industries are the most severely affected? How does the impact on industries affect supply chain and ultimately, how does the effect on supply chain impact final demand to consumers?		Covered ab
Q. Do we expect any changes in foreign exchange rates? Will international capital fly to safe havens?		Covered ab

Q. What is the infection and morbidity distribution among the population so that we can determine civilian labor force impacts?		Covered ab
Q. How would the unemployment rate vary with the age distribution of morbidity? What are the short-term and long-term economic impacts if morbidity is concentrated among young adults, versus among the very young and very old?		Covered ab
Q. What is the impact on the travel and tourism industry?		Included in
Q. What is the impact on global and U.S. financial stability?		Covered ab
Q. Are all parts of the world affected by bird flu at the same time, or is there some understanding of how the geographical pattern may unfold?		As stated th
Q. What would be the effects on U.S. international trade and on world trade?		Covered ab
Q. What are the potential global and regional differences in response and susceptibility to disease, and 1) how may these impact the spread of disease to the U.S. population, 2) how does this affect impact to the U.S. supply chains, 3) what types of firms in what industries are impacted the most, due to absenteeism, freight disruptions, and government response strategies.		First questi
Q. Depending on the duration of the spread and severity of infection, how long can we expect an economic recovery to take?		Contained i
Q. Can we expect that the likely spread of the disease will lead to disparate regional economic impacts? Can we get a likely geographic spread of the disease in the U.S. so that we can consider regional impacts?		Covered ab
First Scenario: This would be an unconstrained scenario with people continuing to carry on their daily lives as they would without bird flu. This is, of course, an unrealistic scenario, but comparison with the second scenario, it would serve to highlight the importance of actions that families can take to lessen the severity of the disease.		This is a m
Second Scenario: This would include some of the basic social distancing measures that would be expected to be taken by households, but would <u>not</u> include the closing of schools. I think this should be categorized as the primary baseline scenario from which to estimate the impacts of policy choices.		This is a m
Third Scenario: This would include specifically the closing of schools to limit the spread of the disease. How effective would be this action?		This is a m
Fourth Scenario: This would include the government et. al. policy responses such as quarantines, anti-viral, and vaccination programs to slow the spread of the disease. How effective would this be?		This is a m
Q. How do we know the effects of social distancing? If an infected person is 3 feet away from you or 6 feet away, how does the probability of becoming infected change? How much does it change? And, how do we know that?		Epi (as in e
Q. What do the models tell would be the most effective means by which to eliminate or slow the propagation of the virus?		This is the
Q. What are impacts of uncertainties associated with differential response timing and mitigation actions?		Covered ab
Q. What is the likely impact of a pandemic influenza outbreak, in the absence of interventions, on the baseline levels of:		

•Urban transits		??
Q. How quickly will demand for health services surpass the health care infrastructures capacity?		Contained i
Q. How long would that last and would it be repeated?		
Q. How will U.S. infrastructures be impacted by a potential influenza pandemic? (Infrastructures include agriculture, food, healthcare, water and wastewater, oil and gas, electric power, banking and finance, defense industrial base, telecommunications, chemical supply chains, transportation of people and commodities.) How will these impacts affect delivery of basic services (e.g., electrical power, water, food, transportation) and affect disease spread and recovery?		Covered ab
•How much vaccine would be required to maintain a functioning infrastructure?		Contained i
•What lead times would be required to ensure that sufficient vaccines or antivirals were available		Modeling q
Q. What are the numbers, types, and locations of firms most impacted by pandemic influenza? Characterize loss of output/sales, employment, and income, by firm. What are the expected changes in regional activity and infrastructure usage due to short-run structural changes in the economy (regional infrastructure loss, regional absenteeism).		Covered ab
Potential Government Policies		
Q. What are USDA's policies to deal with Avian Flu in poultry flocks? Can the disease be contained? What are the costs and benefits associated with these policies?		Not a huma
Q. What would be the effect on transmission of restricting travel (and exit and entry screening) between affected and unaffected countries, and how effective would such measures need to be to delay spread significantly?		Covered ab
Q. If Mexico and/or Canada impose travel restrictions to and from their countries to the U.S., what would be the impact to the U.S. economy and industries and what USG policies should be activated to avoid serious disruptions?		Covered ab
Q. What are the costs and benefits associated with USG imposed social distancing measures?		Covered ab
Q. What is the best overall strategy for minimizing the impacts to human health and national economic security? A composite analysis must pull together the previous analyses' results to identify and evaluate alternative mitigation strategies that minimize human health and economic impacts in the U.S. in the event global strategies fail to contain the disease. This includes identification of regional characteristics that may influence costs and effectiveness [population density, income levels, health care system differences, transportation network characteristics] of response strategies. This also requires the assessment of a range of multiple, condition-based intervention strategies (a combination of the most effective delay and "herd immunity" tactics identified in previous questions).		Questions c

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		Required to Make Actionable Decisions/Policies	How Soon the Answer Will Be Needed	Strategic, Ops, or Tactical	Economic Implications	Model(s) Needed	Models Capable Information	Additional Comments
Pre-Pandemic								
Intense Bird-Bird Transmission								
Intense Bird-Human Transmission								
Intense Human-Human Transmission (Pandemic)								
General Characteristics of the Disease								
Q. How long will the first wave of the pandemic last? How long before the second wave, and subsequent waves, if any?		Required	Needed Immediately			Epi	MIDAS initiative is testing a suite of interventions which will reduce morbidity and mortality by reducing disease transmission and dramatically change the shape of the epi curve, probably eliminating "wave effect". Assumption is that continual seeding of communities will occur until vaccine is developed.	

		Required to Make Actionable Decisions/Policies	How Soon the Answer Will Be Needed	Strategic, Ops, or Tactical	Economic Implications	Model(s) Needed	Models Capable Information	Additional Comments
Q. How long will it take for a pandemic to run through an urban community? How long for a rural community? Is the likely path of the disease transmission more between urban areas or between urban and rural?		Required	Needed Immediately		Hundreds of Millions $		MIDAS initiative will offer some insights, especially in "unmitigated scenario" (as worst case). Recent work in Science by Viboud et al. addresses thrid question and she can weigh in on this question if necessary.	
Q. Are there parts of the country in which it is more likely to contract the disease from poultry than from human to human transmission?								
Q. Once human-to-human pandemic influenza is established in the U.S., at what point (if any) do measures to screen travelers and cargo to prevent the introduction of the virus into the United States become counterproductive?								If strategy proves to be efficacious at significantly reducing community transmission, screening should probably continue, since issue then becomes preventing introductions to unaffected communities as long as possible. It becomes "counterproductive" if all attempts at domestic containment prove futile and an uncontrolled domestic pandemic occurs.

		Required to Make Actionable Decisions/Policies	How Soon the Answer Will Be Needed	Strategic, Ops, or Tactical	Economic Implications	Model(s) Needed	Models Capable Information	Additional Comments
Q. Given current preparedness/response plans, how long will it take for the pandemic to spread from the East Coast to the West Coast? Or West Coast to East? North to South? South to North? If there are differences in time, what causes the differences?								MIDAS initiative will offer insights although not with precise directionality suggested by question.
Managing the Illness								
Q. What chance is there that intensive use of antivirals combined with measures to increase social distance might contain a pandemic in its earliest stages before widespread geographic spread beyond the source area (say in SE Asia) has occurred?		Required	Needed Immediately		Billions $			Papers already published on this topic. Hatchett will suggest to MIDAS that it consider rerunning Thai model using parameters being explored in current runs.
Q. Could antivirals be used in the early stages of a national epidemic to prevent or significantly slow spread, and how might antivirals be optimally targeted to achieve this?		Required	Needed Immediately		Billions $		MIDAS effort will definitely offer insight on this question. Likely best approach is treatment/prophylaxis in affected communities with strict community containment measures.	
Q. Are measures to increase social distance likely to significantly slow the spread of pandemic influenza nationally, e.g. through quarantines, closure of schools/workplaces, cessation of mass public gatherings, restricting travel?		Required	Needed Immediately		Tens of Billions $		MIDAS effort will definitely address this question, for both voluntary and coercive restrictions.	

		Required to Make Actionable Decisions/Policies	How Soon the Answer Will Be Needed	Strategic, Ops, or Tactical	Economic Implications	Model(s) Needed	Models Capable Information	Additional Comments
Q. Given a limited antiviral stockpile, what is the optimal strategy for using antivirals to limit mortality, morbidity and/or hospitalizations in (a) the general population, and (b) essential workers (e.g. healthcare, emergency services)?		Required	Needed Immediately		Tens of Billions $		MIDAS effort can address a) only.	
Q. Given the delays in production, what impact is vaccine likely to have on the first or second waves of a pandemic, and how best might limited early vaccine stocks be used to minimize morbidity/mortality or limit transmission?		Required	Needed Immediately		Tens of Billions $		MIDAS is looking at second part of question. If community strategy works vaccine will be the thing that allows communities confidently to lift restrictions, so it would have a very significant impact.	
Q. Assuming vaccines and antivirals are largely ineffective, what mitigation strategies can be proposed? Which of these are most effective and what are their cascading impacts? Which would be implemented at the national, regional, or local levels?		Required	Needed Immediately		Billions $			First, even partially efficacious measures can make significant contributions. Strategy makes us rethink our understanding of value of vaccines/antivirals. If they fail completely, we are left with the social distancing strategies that are being modeled.
Q. If supplies of vaccines and antivirals are limited, how would these limited resources be used most effectively?		Required	Needed Immediately		Billions $		MIDAS can address this for varying Ro's and rates of public compliance with strategy.	
Q. What strategies and resources would be available for implementing quarantines?		Required	Needed Immediately		Tens of Billions $			

		Required to Make Actionable Decisions/Policies	How Soon the Answer Will Be Needed	Strategic, Ops, or Tactical	Economic Implications	Model(s) Needed	Models Capable Information	Additional Comments
Q. With the data which is likely to be available, will it be possible in real time to assess the effectiveness of interventions during a pandemic and identify threshold points at which intervention priorities would need to change (e.g. from early containment to later protection of essential services)?		Required	Needed Immediately		Tens of Billions $		MIDAS may offer insights.	Interestingly it is low virulence scenarios where the judgment calls will be hardest.
Q. Given the uncertainty in the likely (age-specific) virulence of the next pandemic virus, how do the optimal policies of antiviral use and social distance measures change as a function of virulence?		Required	Needed Immediately		Billions $			
Q. How quickly and with what geographic pattern would an uncontrolled pandemic be expected to spread globally?								
Q. Once a pandemic virus is introduced to a country, what will be the likely speed and pattern of spread to all major conurbations/population centers?								See work by Viboud et al. in recent Science.
Q. How does the total effectiveness (in terms of reductions in transmission, morbidity or mortality) of a policy of antiviral use scale with the size of the stockpile available (e.g. equivalent of treatment courses for 1, 5, 10, 25% of the population), and does the >optimal= policy change as a function of the number of doses stockpiled?							Current MIDAS modeling suggests that current stockpiles might be adequate if Ro<3.0 and strategy applied consistently with decent (60%) compliance. Cost of adding workplace prophylaxis appears to be prohibitive in all scenarios.	

		Required to Make Actionable Decisions/Policies	How Soon the Answer Will Be Needed	Strategic, Ops, or Tactical	Economic Implications	Model(s) Needed	Models Capable Information	Additional Comments
Q. How can the following preparedness measures at 50% and 70% efficacy minimize the number of influenza cases and ergo deaths in the event of an H5N1 pandemic from SE Asia on American soil via airports (also consider morbidity, rate of spread, rate of workforce debilitation):							MIDAS is looking at 30-60-90% compliance for isolation, quarantine, and keeping kids home. MIDAS is exploring "enhanced social distancing" which would encompass masks but not at 50%-70% parameters. Can explain at length if necessary.	
▪H5N1 vaccine (20 M doses for 10 M persons in the critical workforce) Tamiflu (20 M treatment courses) for hospitalized persons (est. 8.5 M in U.S.)							MIDAS exploring various approaches to using prepandemic vaccine at anticipated stockpile levels.	
▪N95 masks (30 M)							MIDAS exploring various approaches to using prepandemic vaccine at anticipated stockpile levels.	
▪Quarantine of confirmed cases for respiratory disease							MIDAS capable	
▪6 M treatment courses of antiviral drugs at the onset of a pandemic in the U.S. for prophylactic usage in household contacts of confirmed cases as early containment measures							MIDAS capable	
▪RØ = 2							MIDAS capable	

		Required to Make Actionable Decisions/Policies	How Soon the Answer Will Be Needed	Strategic, Ops, or Tactical	Economic Implications	Model(s) Needed	Models Capable Information	Additional Comments
Q. During human-to-human stage, for unvaccinated CBP Officers and TSA screeners who interact with 300-400 travelers daily, the employees have no PPE, and encounter a passenger(s) with pandemic influenza, what is the probability they will become infected and ill? (Social distancing is not an option in the work place)								
Q.What is the probability that an infected but asymptomatic CBP/TSA person will infect subsequent travelers? (Premise being they will virus shed before they know they are ill).								
Q. Same scenario as above, adding N-95 PPE for employees?								
Q. Once human-to-human pandemic influenza is established in the U.S., at what point (if any) do measures to screen travelers and cargo to prevent the introduction of the virus into the United States become counterproductive?								If strategy proves to be efficacious at significantly reducing community transmission, screening should probably continue, since issue then becomes preventing introductions to unaffected communities as long as possible. It becomes "counterproductive" if all attempts at domestic containment prove futile and an uncontrolled domestic pandemic occurs.

		Required to Make Actionable Decisions/Policies	How Soon the Answer Will Be Needed	Strategic, Ops, or Tactical	Economic Implications	Model(s) Needed	Models Capable Information	Additional Comments
Q. Given current preparedness/response plans, how long will it take for the pandemic to spread from the East Coast to the West Coast? Or West Coast to East? North to South? South to North? If there are differences in time, what causes the differences?								If strategy proves to be efficacious at significantly reducing community transmission, screening should probably continue, since issue then becomes preventing introductions to unaffected communities as long as possible. It becomes "counterproductive" if all attempts at domestic containment prove futile and an uncontrolled domestic pandemic occurs.
Q. What level of production and distribution of protective equipment is needed to protect health care workers? The general population?		Required	Needed Immediately		Hundreds of Millions $			
Q. Is the current capacity for the production and distribution of infection-control devices (protective equipment such as surgical masks, N95 respirators, and other protective equipment) sufficient to protect workers with high risks of exposure, such as health care workers? How about teachers, retail workers, and others in direct contact with the public while at work?		Required	Needed pre-H to H and within 6 months		Hundreds of Millions $		MIDAS effort may offer insights in this regard, if we know current production capacity.	

		Required to Make Actionable Decisions/Policies	How Soon the Answer Will Be Needed	Strategic, Ops, or Tactical	Economic Implications	Model(s) Needed	Models Capable Information	Additional Comments
Q. What level of supply is needed and where should the supplies be stockpiled for most effective deployment? How should we prioritize what populations receive such supplies upon deployment?		Required	Needed Immediately		Billions $			
Q. What actions (closing ports, closing schools, etc.) best slow the spread of the disease or reduce morbidity?		Required	Needed Immediately		Tens of Billions $		MIDAS initiative will provide insight.	
Q. Would closing major portions of the transportation infrastructure reduce the severity of the pandemic in terms of morbidity, mortality, and the macroeconomic impact? What are the specific impacts from disruptions to public transportation, the rail network, trucking, air transportation, and the ports?		Required	Needed Immediately		Tens of Billions $		MIDAS effort should provide insight. Likely won't affect morbidity/mortality but macroeconomic tradeoffs need to be explored, since preventing spread of disease could spare communities the imposed cost of targeted, layered containment.	
Baselines to Measure Impacts and Effectiveness								
First Scenario: This would be an unconstrained scenario with people continuing to carry on their daily lives as they would without bird flu. This is, of course, an unrealistic scenario, but comparison with the second scenario, it would serve to highlight the importance of actions that families can take to lessen the severity of the disease.							MIDAS capable.	

		Required to Make Actionable Decisions/Policies	How Soon the Answer Will Be Needed	Strategic, Ops, or Tactical	Economic Implications	Model(s) Needed	Models Capable Information	Additional Comments
Second Scenario: This would include some of the basic social distancing measures that would be expected to be taken by households, but would not include the closing of schools. I think this should be categorized as the primary baseline scenario from which to estimate the impacts of policy choices.							MIDAS capable.	
Third Scenario: This would include specifically the closing of schools to limit the spread of the disease. How effective would be this action?							Not in absence of other interventions. MIDAS has already explored closing schools as an isolated option.	
Fourth Scenario: This would include the government et. al. policy responses such as quarantines, anti-viral, and vaccination programs to slow the spread of the disease. How effective would this be?								
Q. How do we know the effects of social distancing? If an infected person is 3 feet away from you or 6 feet away, how does the probability of becoming infected change? How much does it change? And, how do we know that?								Not in absence of other interventions.
Q. What do the models tell would be the most effective means by which to eliminate or slow the propagation of the virus?		Required	Needed Immediately		Tens of Billions $		MIDAS will offer insights.	
Q. What are impacts of uncertainties associated with differential response timing and mitigation actions?		Required	Needed Immediately		Tens of Billions $		MIDAS will offer insights.	
Q. What is the likely impact of a pandemic influenza outbreak, in the absence of interventions, on the baseline levels of:		Required	Needed Immediately					

		Required to Make Actionable Decisions/Policies	How Soon the Answer Will Be Needed	Strategic, Ops, or Tactical	Economic Implications	Model(s) Needed	Models Capable Information	Additional Comments
•GDP, employment and household income (distributional information for the last two would be very helpful)		Required	Needed Immediately				MIDAS will offer insights on possible absenteeism rates.	
•Labor supply (due to illness, care giving, fear of the disease)		Required	Needed Immediately				MIDAS will offer insights.	
•Health care demand		Required	Needed Immediately				MIDAS will offer insights on possible absenteeism rates.	
•Health insurer outlays		Required	Needed Immediately					
•Health care provider finances		Required	Needed Immediately					
•Health care expenditures of the uninsured		Required	Needed Immediately					
•Financial flows to/from the U.S.		Required	Needed Immediately					
•Financial instability in foreign countries		Required	Needed Immediately					
•Demand in various economic sectors (face-to-face services, transportation ....)		Required	Needed Immediately					
•Travel to and from the U.S.		Required	Needed Immediately					
•Travel within the U.S.		Required	Needed Immediately					
•Trade in 'critical' goods and services and key production inputs (we recognize all of these terms need to be defined—that's the first step)		Required	Needed Immediately					
Q. What are the economic costs and health benefits of (some of these overlap with the MIDAS runs and others are points being discussed in various HSC PCCs):		Required	Needed Immediately				MIDAS effort may provide input into our thinking about relative value of health screening (may increase the value)	
•Mandatory passenger health screening at international points of entry (land, sea and air facilities separately)		Required	Needed Immediately				MIDAS effort may provide input into our thinking about relative value of health screening (may increase the value)	
•Mandatory health screening at foreign ports of departure for passengers traveling to the U.S.		Required	Needed Immediately					

		Required to Make Actionable Decisions/Policies	How Soon the Answer Will Be Needed	Strategic, Ops, or Tactical	Economic Implications	Model(s) Needed	Models Capable Information	Additional Comments
•Restrictions on travel at international ports of entry (full ban or U.S. citizens and residents only; separately by land, sea, air)		Required	Needed Immediately					
•Screening of cargo (all or targeted)		Required	Needed Immediately					
•Quarantine of cargo		Required	Needed Immediately					
•Screening of international cargo transportation crews (truck drivers, ship crews)		Required	Needed Immediately					
•Domestic travel restrictions (in line with PCC options)		Required	Needed Immediately				MIDAS effort looking at voluntary (50%) and coercive (90%) reductions in travel when performed in conjunction with targeted, layered containment.	
•Reducing the number of international entry/exit airports (in line with PCC recommendations)		Required	Needed Immediately					
•School closures (at various breadths of closure relative to outbreak area (i.e., in affected communities only? Within radius of x miles relative to identified cases? State/region-wide?)		Required	Needed Immediately				MIDAS will offer insights on area closure (when virus arrives in a community) v. reactive closure (when virus documented in each school).	
•Workplace closures (by type of workplace and breadth of closure relative to outbreak)		Required	Needed Immediately				MIDAS effort designed to explore keeping workplaces open.	
•Maritime entry/exit procedures recommended to PCC (applying Notice of Arrival rules to all ships, health screening for all passengers and crew, restricting port access, reducing number of seaports accepting ships).		Required	Needed Immediately					

		Required to Make Actionable Decisions/Policies	How Soon the Answer Will Be Needed	Strategic, Ops, or Tactical	Economic Implications	Model(s) Needed	Models Capable Information	Additional Comments
•Various levels of compliance with voluntary protective measures (generic social distancing, reduction of non-essential travel...)		Required	Needed Immediately				MIDAS capable.	
•Urban transits		Required	Needed Immediately					
•Combinations of the interventions above		Required	Needed Immediately				MIDAS capable.	
Q. How sensitive are these impacts to the key modeling assumptions?		Required	Needed Immediately					MIDAS modelers may be able to perform sensitivity analyses to the extent possible. It's a combinatorial problem coupled with fact that interventions have interdependencies.
Economic and Industry Impacts								
Q. What would be the economic effect in the U.S. if imports of live birds were prevented? How important are imports of live birds to industry output or to final consumption in the poultry sector?	Ag	Useful, not required	Needed Immediately					
Q. What would be the likely impact on the domestic poultry industry from bird flu? What would be the likely impact on consumers and on exports?	Ag	In between	Needed Immediately					
Q. Do the macroeconomic consequences differ depending on whether the human to human transmission originates in the U.S. or abroad?	Econ	Required	Needed Immediately					

		Required to Make Actionable Decisions/Policies	How Soon the Answer Will Be Needed	Strategic, Ops, or Tactical	Economic Implications	Model(s) Needed	Models Capable Information	Additional Comments
Q. What are the near-term effects on Gross Domestic Product (GDP), output and employment? What are the long-run effects?	Econ/ Other	Useful, not required	Needed pre-H to H and within 6 months					
Q. What are the direct and indirect economic impacts of a disruption (to infrastructure) for a specified region for a given duration and intensity, by state, county, and sector of industry.	Econ	Required	Needed within 6-9 months					
Q. What percent of the workforce will have prolonged absenteeism and for what duration would that be? Can we determine the impact of paid versus unpaid absences?	Econ	Required	Needed Immediately					
Q. To what extent would large-scale, extended absences of air traffic controllers and dock workers disrupt supply chains and impact the U.S. economy in general?	Infra	In between	Needed Immediately		Billions $			
Q. Which industries are the most severely affected? How does the impact on industries affect supply chain and ultimately, how does the effect on supply chain impact final demand to consumers?	Infra	Required	Needed Immediately					
Q. Do we expect any changes in foreign exchange rates? Will international capital fly to safe havens?	Econ	In between	Needed pre-H to H and within 6 months					
Q. What is the infection and morbidity distribution among the population so that we can determine civilian labor force impacts?	Epi/ Econ	Required	Needed Immediately					

		Required to Make Actionable Decisions/Policies	How Soon the Answer Will Be Needed	Strategic, Ops, or Tactical	Economic Implications	Model(s) Needed	Models Capable Information	Additional Comments
Q. How would the unemployment rate vary with the age distribution of morbidity? What are the short-term and long-term economic impacts if morbidity is concentrated among young adults, versus among the very young and very old?	Epi/ Econ	In between	Needed Immediately		Billions $			
Q. What is the impact on the travel and tourism industry?	Infra	Required	Needed pre-H to H and within 6 months		Billions $			
Q. What is the impact on global and U.S. financial stability?	Econ	Required	Needed Immediately		Tens of Billions $			
Q. Are all parts of the world affected by bird flu at the same time, or is there some understanding of how the geographical pattern may unfold?	Ag	Required	Needed Immediately		Tens of Billions $			
Q. What would be the effects on U.S. international trade and on world trade?	Econ	Required	Needed Immediately		Tens of Billions $			
Q. What might be the range of global responses (e.g., containment strategies), and what would be the resulting economic and supply chain impacts to the U.S.? What are the short-term versus long-term, permanent changes to the U.S. economy?	Econ/ Infra	Required	Needed Immediately		Billions $			
Q. What are the potential global and regional differences in response and susceptibility to disease, and 1) how may these impact the spread of disease to the U.S. population, 2) how does this affect impact to the U.S. supply chains, 3) what types of firms in what industries are impacted the most, due to absenteeism, freight disruptions, and government response strategies.	Epi/ Econ/ Infra	Required	Needed Immediately		Billions $			

		Required to Make Actionable Decisions/Policies	How Soon the Answer Will Be Needed	Strategic, Ops, or Tactical	Economic Implications	Model(s) Needed	Models Capable Information	Additional Comments
Q. Depending on the duration of the spread and severity of infection, how long can we expect an economic recovery to take?	Epi/ Econ	Required	Needed Immediately		Tens of Billions $			
Q. Can we expect that the likely spread of the disease will lead to disparate regional economic impacts? Can we get a likely geographic spread of the disease in the U.S. so that we can consider regional impacts?	Econ	In between	Needed pre-H to H and within 6 months					
Stability of the Critical Infrastructure								
Q. How quickly will demand for health services surpass the health care infrastructures capacity?	Epi/ Infra	Required	Needed Immediately					
Q. How long would that last and would it be repeated?	Epi/ Infra	Required	Needed Immediately					
Q. How will U.S. infrastructures be impacted by a potential influenza pandemic? (Infrastructures include agriculture, food, healthcare, water and wastewater, oil and gas, electric power, banking and finance, defense industrial base, telecommunications, chemical supply chains, transportation of people and commodities.) How will these impacts affect delivery of basic services (e.g., electrical power, water, food, transportation) and affect disease spread and recovery?	Epi/ Infra	Required	Needed Immediately		Tens of Billions $			
•How much vaccine would be required to maintain a functioning infrastructure?	Epi/ Infra	Required	Needed Immediately		Billions $			
•What lead times would be required to ensure that sufficient vaccines or antivirals were available	Epi/ Infra	Required	Needed Immediately		Billions $			

		Required to Make Actionable Decisions/Policies	How Soon the Answer Will Be Needed	Strategic, Ops, or Tactical	Economic Implications	Model(s) Needed	Models Capable Information	Additional Comments
Q. What are the numbers, types, and locations of firms most impacted by pandemic influenza? Characterize loss of output/sales, employment, and income, by firm. What are the expected changes in regional activity and infrastructure usage due to short-run structural changes in the economy (regional infrastructure loss, regional absenteeism).	Epi/ Econ/ Infra	In between	Needed pre-H to H and within 6 months		Billions $			
Medical								
Q. Will there be enough vaccine to keep this sector operational?	Epi/ Infra	Required	Needed Immediately		Billions $			
Q. How quickly will demand for health services surpass the health care infrastructures capacity?	Epi/ Infra	Required	Needed Immediately		Billions $			
Q. How long would that last and would it be repeated?	Epi/ Infra	Required	Needed Immediately		Billions $			
Q. What is the anticipated demand for anti-viral drugs and vaccine? Is there sufficient supply available?	Epi/ Infra	Required	Needed Immediately		Billions $			
Q. What are the effects of uncertainties in disease characteristics on response effectiveness and on economic impacts? Very high levels of uncertainty exist, particularly for disease characteristics that cannot be resolved before the virus attains human to human transmission capability.	Epi/ Infra	In between	Needed pre-H to H and within 6 months		Billions $			
Q. What is the variability in global social and medical systems, and how would this impact the spread and consequences of pandemic influenza?	Epi/ Econ	Required	Needed Immediately		Billions $			

		Required to Make Actionable Decisions/Policies	How Soon the Answer Will Be Needed	Strategic, Ops, or Tactical	Economic Implications	Model(s) Needed	Models Capable Information	Additional Comments
Food Manufacturing and Agriculture								
Q. Will there be enough vaccine to keep this sector operational?	Epi/ Infra	Required	Needed Immediately		Billions $			
Q. Does there come a point when the virus causes this sector to function at a less than required rate to provide for essential needs?	Epi/ Infra	Required	Needed Immediately		Billions $			
Q. What are the impacts on the food distribution system of a pandemic (scenario 3)?	Epi/ Infra	Required	Needed Immediately		Billions $			
Q. What are the economic impacts on the poultry industry associated with a limited HPAI outbreak (a single state outbreak that is eradicated fairly quickly), a more extensive HPAI outbreak (a multiple state outbreak that is eventually eradicated), and a human-to-human outbreak. This includes the impacts from shocks to domestic supply and export and domestic demand for poultry? We differentiate between export and domestic demand shocks because trade restrictions will affect export markets even though domestic markets may be unchanged.	Ag	In between	Needed Immediately					
Q. What are upstream and downstream economic impacts associated with each of the scenarios? This includes impacts on feed and other livestock markets?	Ag	In between	Needed Immediately					
Q. What are the government costs associated with indemnity payments for the eradication of domestic poultry? What are the government costs associated with disposal of the carcasses?	Ag	Required	Needed Immediately					

		Required to Make Actionable Decisions/Policies	How Soon the Answer Will Be Needed	Strategic, Ops, or Tactical	Economic Implications	Model(s) Needed	Models Capable Information	Additional Comments
Q. What are the domestic impacts of HPAI outbreaks in other countries? This includes impacts on the domestic poultry, other livestock, and feed. We have seen a recent decline in the growth of poultry exports. How much this due to HPAI is unclear.	Ag	Useful, not required	Needed Immediately					
Transportation								
Q. Will there be enough vaccine to keep this sector operational?	Epi/ Infra	Required	Needed Immediately		Billions $			
Q. Once pandemic influenza is established in the U.S., what effects will it have on the supply and demand for transportation services, and what effects will restrictions in transportation supply have on the U.S. economy?	Epi/ Infra	Required	Needed pre-H to H and within 6 months		Billions $			
Q. What critical supplies will become unavailable in certain locations because of a shortage of transportation capacity, and what can be done to mitigate those shortages?	Epi/ Infra	Required	Needed pre-H to H and within 6 months		Billions $			
Q. What effects will domestic restrictions on passenger travel and freight transportation have on the U.S. economy, or on particular regional economies?	Epi/ Econ/ Infra	Required	Needed Immediately		Billions $			
Q. At what point could the decrease in passengers cause the air carriers to cease operations? *NOTE: These include a "fear" factor that may be estimated or may require a sensitivity analysis.*	Epi/ Infra	Required	Needed pre-H to H	Operational	Billions $			These include a "fear" factor that may be estimated or may require a sensitivity analysis.
Q. What will be the economic and operational impact of travel restrictions?	Epi/ Econ/ Infra	Required	Needed pre-H to H	Strategic	Tens of Billions $			

		Required to Make Actionable Decisions/Policies	How Soon the Answer Will Be Needed	Strategic, Ops, or Tactical	Economic Implications	Model(s) Needed	Models Capable Information	Additional Comments
Q. How will the funneling of international flights to airports with designated CDC quarantine stations affect the aviation industry including the airports losing passengers?	Epi/ Infra	Required	Needed pre-H to H and within 6 months	Operational	Hundreds of Millions $			
Q. How will a pandemic flu affect passenger enplanements?	Epi/ Infra	Required	Needed pre-H to H and within 6 months	Strategic	Tens of Billions $			
Q. Will a decrease of passengers be relatively localized or equally distributed across the nation?	Epi/ Infra	Useful, not required	Needed after first H-H	Strategic	Billions $			
Q. How will passenger fear of contracting disease affect enplanements (i.e. severe drop-off as in SARS?)	Epi/ Infra	Required	Needed pre-H to H and within 6 months	Strategic	Tens of Billions $			
Q. What effects will restrictions on international passenger and freight transportation (adopted in response to an outbreak of pandemic influenza abroad) have on the U.S. economy?	Epi/ Infra/ Econ	In between	Needed within 6-9 months					
Q. How many hours worth of PPE will be required per FTE?	Epi/ Infra	Required	Needed pre-H to H and within 6 months	Operational	Tens of Millions $			This may be more of an operational research type of issue rather than a system modeling question
Q. What is the impact of a 48-hour isolation period for air cargo arriving from economic impacted areas?	Epi/ Econ/ Infra	Required	Needed Immediately	Operational	Hundreds of Millions $			
Q. To what degree would the population shift from common carrier (aviation, rail) to individual modes of transportation (POV)?	Epi/ Infra	Required	Needed pre-H to H and within 6 months	Strategic	Billions $			
Q. What will the duration of the pandemic be?	Epi	Required	Needed Immediately	Strategic	Tens of Billions $			

		Required to Make Actionable Decisions/Policies	How Soon the Answer Will Be Needed	Strategic, Ops, or Tactical	Economic Implications	Model(s) Needed	Models Capable Information	Additional Comments
Q. What effects will a pandemic influenza have on the U.S. transportation industry that endure beyond the time period of the pandemic itself, and what can be done to help the U.S. transportation system recover from these enduring effects?	Epi/ Econ/ Infra	In between	Needed pre-H to H and within 6 months		Billions $			
Energy								
Q. Is the current capacity for the production and distribution of infection-control devices (protective equipment such as surgical masks, N95 respirators, and other protective equipment)? How might such devises be deployed by government or industry to protect workers with high risks of exposure or workers to the maintenance of key infrastructures?	Epi/ Infra	Required	Needed Immediately		Tens of Billions $			
Q. Should caches of infection-control/protective equipment and supplies be stockpiled throughout the U.S. to be available for distribution in the event of a pandemic? What level of supply is needed and where should the supplies be stockpiled for most effective deployment? What role would FEMA, DOD play in such efforts? What role might the private sector play?	Epi/ Infra	Required	Needed Immediately		Billions $			

		Required to Make Actionable Decisions/Policies	How Soon the Answer Will Be Needed	Strategic, Ops, or Tactical	Economic Implications	Model(s) Needed	Models Capable Information	Additional Comments
Q. What are the specific impacts to the energy system from disruptions to public transportation, the rail network, trucking, air transportation, and the ports? What effects will restrictions on international freight and commodity transportation (adopted in response to an outbreak of pandemic influenza abroad) have on U.S. energy supplies.	Epi/ Infra	Required	Needed Immediately		Billions $			
Q. If pandemic influenza is established in the U.S., what effects will it have on the supply and demand for fuels including transportation fuels, home heating and cooling, industry and commercial energy demand?	Epi/ Econ/ Infra	Required	Needed Immediately					
Q. To what extent would large-scale, extended absences of dock workers from ports disrupt critical petroleum and natural energy supply chains and impact the U.S. economy in general?	Epi/ Econ/ Infra	In between	Needed pre-H to H and within 6 months		Billions $			
Q. What critical supplies will become unavailable in certain locations because of energy shortages and what can be done to mitigate those shortages? What role will FEMA and DOD play in a flu pandemic?	Epi/ Infra	In between	Needed pre-H to H and within 6 months		Billions $			
Q. With the data which is likely to be available, will it be possible to assess the capacity of the energy infrastructure to maintain needed supplies and services?	Epi/ Infra	In between	Needed pre-H to H and within 6 months		Billions $			
Q. What increased vulnerabilities to other energy related types of events (e.g. terrorist or weather-related) may be caused by pandemic flu preparation or response?	Epi/ Infra	In between	Needed pre-H to H and within 6 months		Hundreds of Millions $			

		Required to Make Actionable Decisions/Policies	How Soon the Answer Will Be Needed	Strategic, Ops, or Tactical	Economic Implications	Model(s) Needed	Models Capable Information	Additional Comments
Water, Communications, Financial								
Potential Government Policies								
Q. What are USDA's policies to deal with Avian Flu in poultry flocks? Can the disease be contained? What are the costs and benefits associated with these policies?	Ag	Required	Needed Immediately					
Q. What would be the effect on transmission of restricting travel (and exit and entry screening) between affected and unaffected countries, and how effective would such measures need to be to delay spread significantly?	Epi/ Econ/ Infra	Required	Needed Immediately					
Q. After a pandemic is declared in a foreign country, we may have 2 months to prepare. If H5N1 flu were transmitted to the U.S., what impact would deployment and distribution of new H5N1 vaccine have, assuming 70% or 90% efficacy for ablation of disease and a production and distribution rate of 4, 10, and 20 M doses per week?	Epi/ Econ/ Infra	Required	Needed Immediately					
Q. If Mexico and/or Canada impose travel restrictions to and from their countries to the U.S., what would be the impact to the U.S. economy and industries and what USG policies should be activated to avoid serious disruptions?	Epi/ Econ/ Infra	Required	Needed Immediately					
Q. What are the costs and benefits associated with USG imposed social distancing measures?	Epi/ Econ	Required	Needed Immediately					

		Required to Make Actionable Decisions/Policies	How Soon the Answer Will Be Needed	Strategic, Ops, or Tactical	Economic Implications	Model(s) Needed	Models Capable Information	Additional Comments
Q. What is the best overall strategy for minimizing the impacts to human health and national economic security? A composite analysis must pull together the previous analyses' results to identify and evaluate alternative mitigation strategies that minimize human health and economic impacts in the U.S. in the event global strategies fail to contain the disease. This includes identification of regional characteristics that may influence costs and effectiveness [population density, income levels, health care system differences, transportation network characteristics] of response strategies. This also requires the assessment of a range of multiple, condition-based intervention strategies (a combination of the most effective delay and "herd immunity" tactics identified in previous questions).	Epi/ Econ/ Infra	Required	Needed Immediately		Tens of Billions $			

DROP DOWN MENUS

Required to Make Actionable Decisions/Policies	How Soon the Answer Will Be Needed	Strategic, Ops, or Tactical	Economic Implications	Model(s) Needed
Required	Needed Immediately	Strategic	Tens of Millions $	Epi
Useful, not required	Needed pre-H to H and within 6 months	Operational	Hundreds of Millions $	Ag
In between	Needed after first H-H	Tactical	Billions $	Infrastructure
		Unknown	Tens of Billions $	Economic
			Unknown	Combination
				Unknown

		Required to Make Actionable Decisions/Policies	How Soon the Answer Will Be Needed	Strategic, Ops, or Tactical	Economic Implications	Can Be Answered By: 'BOE', data, experts	Foundation For Further Analysis
Pre-Pandemic							
Q. When can we expect infected birds to appear in the U.S.?	check with DOI						
Q. If the virus is carried by migratory birds and imports of live birds, is it possible to keep these infected birds out of the country?	check with DOI						
Q. What measures should we be taking to keep infected birds from being imported?	check with DOI						
Q. What are the normal flight patterns of migratory birds? Where would they likely first appear in the U.S.? Where do they go next? Are all areas of the country likely to get inflows of migratory birds at some point, or will some areas be much less likely to get infected birds?	check with DOI					Data	Yes
Q. Is it helpful to know whether the country where the birds came from has had any cases of infection? Or do we need to trace the entire migratory path?	check with DOI						
Q. What are the types of birds that carry the virus?		Required	Needed Immediately	Strategic		Expert Judgement	Yes
Q. What is the likely proportion of birds in any given flock that might be infected?		Required	Needed Immediately	Strategic		Expert Judgement	Yes
Q. How could a person on the street tell if a bird was infected with the virus? Are there any outward symptoms?	X	Person on the street will never be able to tell.					

		Required to Make Actionable Decisions/Policies	How Soon the Answer Will Be Needed	Strategic, Ops, or Tactical	Economic Implications	Can Be Answered By: 'BOE', data, experts	Foundation For Further Analysis
Intense Bird-Bird Transmission							
Q. Do we keep track of individual groups of migratory birds?	check with DOI						
Q. Is there any way to determine whether a given flock of migratory birds has been infected?	X						
Q. Is there any way to eliminate a group of infected migratory birds before they get to the U.S. or in another country en route to the U.S.?	check with DOI/DHS						
Q. How can we target infected migratory birds after they land in the U.S.? Is this a viable strategy to slow the spread of the virus?	check with DOI						
Q. After the initial infection from migratory birds, how does the rest of the domestic poultry population become infected? Must other poultry stocks become infected from migratory birds or do the stocks inter mingle and might this be a source of the spread of the virus?	X						
Q. What are the strategies that the Department of Agriculture and the poultry industry must follow to eliminate or to slow the spread of the virus?	X						
Q. What are the costs of those strategies on the industry?		Required	Needed Immediately	Strategic	Tens of Millions $	Expert Judgement	Yes
Intense Bird-Human Transmission							
Q. Is it most likely for humans to become infected from poultry exposure? How likely is it for humans to become infected directly from migratory birds?		Useful, not required	Needed Immediately	Tactical		Expert Judgement	No
Q. What protective clothing, etc. should poultry farmers/workers have to guard against becoming infected?		Required	Needed Immediately	Operational			
Q. Are there particular states where poultry farming is concentrated, or is it more a local industry?		Required	Needed Immediately	Operational		Data	No

		Required to Make Actionable Decisions/Policies	How Soon the Answer Will Be Needed	Strategic, Ops, or Tactical	Economic Implications	Can Be Answered By: 'BOE', data, experts	Foundation For Further Analysis
Intense Human-Human Transmission (Pandemic)							
General Characteristics of the Disease							
Q. Does it matter whether the mutated virus was created in the U.S. or whether it was imported from a human host who came from abroad? Can we factor in the global variability of social and medical systems into the likely spread and consequences of a pandemic outbreak?							
Q. Is the human to human virus unique or, because it was created in different places, could there be different versions of the virus that would require different approaches/vaccines, etc.?							
Q. Can we categorize, a priori, the new virus in terms of its ease of spread, its lethality, etc. based on the biology, or must we wait for human data?							
Q. Can we determine whether the likely path of the disease will be a minimal, moderate, or worst case scenario as a function of the biology?							
Q. When would we know these things?							
Q. What information needs to get to employers and workers to help reduce the spread of the disease in the workplace?							
Q. Is there sufficient time to produce stockpiles of protective equipment and supplies to be used by the general population to reduce the spread of the disease?							
Managing the Illness							
Q. How quickly and with what geographic pattern would an uncontrolled pandemic be expected to spread globally?							
Q. Once a pandemic virus is introduced to a country, what will be the likely speed and pattern of spread to all major conurbations/population centers?							

		Required to Make Actionable Decisions/Policies	How Soon the Answer Will Be Needed	Strategic, Ops, or Tactical	Economic Implications	Can Be Answered By: 'BOE', data, experts	Foundation For Further Analysis
Q. With the data which is likely to be available, will it be possible in real time to assess the effectiveness of interventions during a pandemic and identify threshold points at which intervention priorities would need to change (e.g. from early containment to later protection of essential services)?		Required	Needed Immediately		Tens of Billions $		
Q. Given the uncertainty in the likely (age-specific) virulence of the next pandemic virus, how do the optimal policies of antiviral use and social distance measures change as a function of virulence?		Required	Needed Immediately		Billions $		
Q. What type of general guidance, technical assistance, outreach and information should be provided to employers and workers to prevent, manage, or reduce the transmission of the virus in the workplace, including for health-care workers?							
Q. Is the current capacity for the production and distribution of infection-control devices (protective equipment such as surgical masks, N95 respirators, and other protective equipment) sufficient to protect workers with high risks of exposure, such as health care workers? How about teachers, retail workers, and others in direct contact with the public while at work?							
Q. How should caches of infection-control/protective equipment and supplies be stockpiled throughout the U.S. to be available for distribution in the event of a pandemic?							
Q. Are there sufficient numbers of surgical masks available to be worn by all individuals affected by the virus in an effort to help curb its spread?							
Q. If vaccines and antivirals are largely ineffective, what mitigation strategies can be proposed?							
Baselines to Measure Impacts and Effectiveness							
Q. What are the critical elements in each of the models that will determine the basic outlines of the solution?							
Q. How should we pick a rate of infection (R0)? I ride on the bus and the subway, not to mention meetings during the day,							

		Required to Make Actionable Decisions/Policies	How Soon the Answer Will Be Needed	Strategic, Ops, or Tactical	Economic Implications	Can Be Answered By: 'BOE', data, experts	Foundation For Further Analysis
Q. How should we pick a rate of compliance for suggested social distancing? Is there any evidence on this or are we							
Q. How do we know the effects of social distancing? If an infected person is 3 feet away from you or 6 feet away, how							
Economic and Industry Impacts							
Q. Do the macroeconomic consequences differ depending on whether the human to human transmission originates in the U.S. or abroad?		Required	Needed Immediately		Billions $		
Q. Which industries are the most severely affected? How does the impact on industries affect supply chain and ultimately, how does the effect on supply chain impact final demand to consumers?		Required	Needed Immediately	Strategic		Unknown	Yes
Q. Depending on the spread of the disease in the U.S., what are the regional differences in potential impacts to industries, the supply chain, and to final demand?							
Q. Are we prepared to estimate economic impacts below the regional level, i.e., states, counties, metropolitan statistical areas, cities?							
Q. Are we prepared to estimate economic impacts below the industry level, i.e., firms and/or establishments by location?							
Q. Do we expect any changes in foreign exchange rates? Will international capital fly to safe havens?							
Q. How much different are the economic scenarios? How dependent are they on the medical scenarios?							
Q. Can we expect that the likely spread of the disease will lead to disparate regional economic impacts? Can we get a likely geographic spread of the disease in the U.S. so that we can consider regional impacts?							
Q. What is current capacity for the production and distribution of infection-control devices to protect people with high risk of exposure?							
Stability of the Critical Infrastructure							

		Required to Make Actionable Decisions/Policies	How Soon the Answer Will Be Needed	Strategic, Ops, or Tactical	Economic Implications	Can Be Answered By: 'BOE', data, experts	Foundation For Further Analysis
Q. How should we determine which sectors are critical? Essentials of life??							
Q. Can we agree that the critical sectors are 1) medical, 2) food and agriculture, 3) transportation, 4) water and waste treatment, 5) energy, 6) communications, and 7) financial?							
Medical							
Q. What are the measures of capacity in the industry? What are the number of beds, number of hospitals, etc. by state?							
Q. What is current capacity for the production and distribution of infection-control devices to protect people with high risk of exposure?							
Q. Should we be stockpiling these devices throughout the U.S. to be ready for distribution?							
Q. Is there a role for mobile health facilities?							
Food Manufacturing and Agriculture							
Q. What must be done to ensure that this does not happen?		Required	Needed Immediately	Strategic		Unknown	Yes
Q. What proportion of food supplies comes from local distributors as opposed to national distributors?		Useful, not required		Tactical		Unknown	No
Q. If consumer confidence falls, how long will it take to rebound? What alternatives are available to consumers? Historically, domestic demand for poultry has not been affected by HPAI.		Required	Needed pre-H to H and within 6 months	Strategic		Expert Judgement	Yes
Q. What is the most efficient response (e.g., culling vs. inoculation) in different disease outbreak circumstances? This includes advancing our knowledge base on disease spread and the ability to simulate the extent of outbreaks in a population of animal herds or flocks.		In between	Needed Immediately	Strategic		Data	Yes

		Required to Make Actionable Decisions/Policies	How Soon the Answer Will Be Needed	Strategic, Ops, or Tactical	Economic Implications	Can Be Answered By: 'BOE', data, experts	Foundation For Further Analysis
Q. What are the domestic impacts of HPAI outbreaks in other countries? This includes impacts on the domestic poultry, other livestock, and feed. We have seen a recent decline in the growth of poultry exports. How much this due to HPAI is unclear.		Useful, not required	Needed Immediately	Strategic		Back of the Envelope (BOE)	Yes
Transportation							
Q. What is the size of this sector in terms of employment, number of trucks (short and long haul), number of rail cars, number of planes, etc. and importance to the economy?.							
Q. What portion of each of these modes of transport carries essential food and agriculture, or medical supplies?							
Q. Will there be enough to ensure delivery of food and medical supplies?							
Q. Does there come a point when the virus causes this sector to function at a less than required rate to provide for essential needs?							
Q. What must be done to ensure that this does not happen?							
Q. Are there critical occupations such as air traffic controllers and dock workers that should be protected to ensure minimal economic impacts?							
Q. Would there be an advantage to closing major portions of the mass transportation system as one way to force social distancing?							
Q. At what point could the decrease in passengers cause the air carriers to cease operations? *Note: These include a "fear" factor that may be estimated or may require a sensitivity analysis*.		Required	Needed pre-H to H and within 6 months	Operational	Tens of Billions $		
Q. What will be the economic and operational impact of travel restrictions?		Required	Needed pre-H to H and within 6 months	Strategic	Billions $		
Q. How will the funneling of international flights to airports with designated CDC quarantine stations affect the aviation industry including the airports losing passengers?		Required	Needed pre-H to H and within 6 months	Operational	Hundreds of Millions $		

		Required to Make Actionable Decisions/Policies	How Soon the Answer Will Be Needed	Strategic, Ops, or Tactical	Economic Implications	Can Be Answered By: 'BOE', data, experts	Foundation For Further Analysis
Q. How will a pandemic flu affect passenger enplanements?		Required	Needed pre-H to H and within 6 months	Strategic	Billions $		
Q. Will a decrease of passengers be relatively localized or equally distributed across the nation?		In between	Needed pre-H to H and within 6 months	Strategic	Billions $		
Q. How will passenger fear of contracting disease affect enplanements (i.e. severe drop-off as in SARS?)		In between	Needed pre-H to H and within 6 months	Strategic	Tens of Billions $		
Q. What economic and behavioral impact will active and/or passive surveillance have on travel?		In between	Needed pre-H to H and within 6 months	Operational	Tens of Millions $		
Q. To what degree would the population shift from mass transit (aviation, rail) to individual modes of transportation (POV)?		Useful, not required	Needed pre-H to H and within 6 months	Operational	Hundreds of Millions $		
Energy							
Q. How can the USG maintain stability in the energy sector?							
Q. What would be the crisis points in energy supply disruption, e.g., breakdown of import flow of energy products into and from the Gulf Coast?							
Q. Can we identify the key Energy firms and establishments that we need to make certain have adequate inputs to production, essential workers, and means of energy delivery?							
Q. How many people are needed? How many personnel are required to perform 'essential' functions to maintain energy supplies, particularly electricity.							
Q. By energy supply source what are the key issues: coal, nuclear, electricity, natural gas, petroleum and petroleum products.							
Q. What type of general guidance, technical assistance, outreach and information should be provided to energy sector employers and workers to prevent, manage, or reduce the transmission of the virus in the workplace?							
Q. For energy sector workers what percentage of workforce can be assumed to have prolonged absenteeism, and for what average duration?							

		Required to Make Actionable Decisions/Policies	How Soon the Answer Will Be Needed	Strategic, Ops, or Tactical	Economic Implications	Can Be Answered By: 'BOE', data, experts	Foundation For Further Analysis
Q. What steps might the U.S. government take to mitigate energy supply, and delivery constraints during a pandemic flu emergency? What can be done to help the U.S. energy system recover from any potentially enduring effects?							
Q. What might the U.S. do to ensure continuing energy supplies from other countries which may be more vulnerable to a pandemic?							
Q. What are the implications of various governmental and other recommendations to the public on the U.S. economy in the near and mid-term? What can or should the government do to mitigate possible panic buying by the public in response to increasing media attention as the bird-to-bird and bird to human flu approaches the U.S.?							
Water, Communications, Financial							
Q. Will there be enough vaccine to keep these sectors operational?							
Q. What should we be concerned about for each of these sectors?							
Potential Government Policies							
Q. What types of economic preparedness plans are most effective (e.g., changes in internal and inter-firm operations), as measured by numbers of firms that survive (now and in the future) a pandemic?		In between	Needed pre-H to H and within 6 months		Billions $		
Q. What are USDA's policies to deal with Avian Flu in poultry flocks? Can the disease be contained? What are the costs and benefits associated with these policies?							

		Required to Make Actionable Decisions/Policies	How Soon the Answer Will Be Needed	Strategic, Ops, or Tactical	Economic Implications	Can Be Answered By: 'BOE', data, experts	Foundation For Further Analysis
Q. What would be the effect on transmission of restricting travel (and exit and entry screening) between affected and unaffected countries, and how effective would such measures need to be to delay spread significantly?							
Q. After a pandemic is declared in a foreign country, we may have 2 months to prepare. If H5N1 flu were transmitted to the U.S., what impact would deployment and distribution of new H5N1 vaccine have, assuming 70% or 90% efficacy for ablation of disease and a production and distribution rate of 4, 10, and 20 M doses per week?							
Q. What monetary and fiscal policies can the USG impose to help in the economic recovery?							
Q. What policies can the IMF undertake to contribute to global economic stability?							
Q. What will restrictions on domestic and international travel (passenger and freight) have on the U.S. economy and industries? What can we consider as critical supplies and what can policymakers do to ensure their delivery?							
Q. Should the USG be concerned about the possibility of a terrorist attack during this time of a weakened U.S. economy and population and what should the USG do about it?							
Q. What types of economic preparedness plans are most effective (e.g., changes in internal and inter-firm operations), as measured by numbers of firms that survive (now and in the future) a pandemic?							

		Required to Make Actionable Decisions/Policies	How Soon the Answer Will Be Needed	Strategic, Ops, or Tactical	Economic Implications	Can Be Answered By: 'BOE', data, experts	Foundation For Further Analysis
Q. What is the best overall strategy for minimizing the impacts to human health and national economic security? A composite analysis must pull together the previous analyses' results to identify and evaluate alternative mitigation strategies that minimize human health and economic impacts in the U.S. in the event global strategies fail to contain the disease. This includes identification of regional characteristics that may influence costs and effectiveness [population density, income levels, health care system differences, transportation network characteristics] of response strategies. This also requires the assessment of a range of multiple, condition-based intervention strategies (a combination of the most effective delay and "herd immunity" tactics identified in previous questions).		Required	Needed Immediately		Tens of Billions $		

Additional Comments
120 USFWS Wildlife Inspectors at 35 ports-of-entry, trained and experienced in wildlife law enforcement, smuggling techniques, and smuggling routes, to detect illegal wild bird trade.
I believe we already know much of this information. Due to antigenic drift it may not be possible to identify most likely birds.
Even experts cannot tell. That's why we ship to labs.

Additional Comments
Experts cannot tell for sure if a dead bird has AI.
Spread is usually through inter-mingling
See USDA Playbook
Odds of a human (US) of becoming infected are very small
Data is already available

Additional Comments

Additional Comments

Additional Comments

Additional Comments
Function of the size of the outbreak.
Not sure if answering this helps. No area can sustain itself for very long.

Additional Comments
These include a "fear" factor that may be estimated or may require a sensitivity analysis.

Additional Comments

Additional Comments

Additional Comments

Additional Comments

DROP DOWN MENUS

Required to Make Actionable Decisions/Policies	How Soon the Answer Will Be Needed	Strategic, Ops, or Tactical	Economic Implications	Can Be Answered By	Foundation For Further Analysis
Required	Needed Immediately	Strategic	Tens of Millions $	Back of the Envelope (BOE)	Yes
Useful, not requ	Needed pre-H to H and within 6 months	Operational	Hundreds of Millions $	Expert Judgement	No
In between	Needed after first H-H	Tactical	Billions $	Data	Unknown
		Unknown	Tens of Billions $	Unknown	

All-
Today is expected to be our last meeting of the working group. The modeling questions have been prioritized and categorized. There is a planned telecon between the epi modelers to go over technical issues about the epi models. At that point, we will present a prioritized list of modeling questions to Dr. Runge for review and approval regarding the consequence of pandemic influenza based on the input of this group.

Please note the attached documents.

- The compiled Modeling Questions matrix dated today contains additions for the epidemiological modeling efforts and as such I have added a new column called "Models Capable Information". For those who submitted the epi information, please review to ensure I captured your input as I changed the verbiage slightly. If there are questions/comments, please let me know.
- The Non-Modeling Questions reflects additions by USDA including recommendations for referral to DOI for answers.
- Treasury and Commerce prioritized the economic impact questions and they are in the third matrix.
- My thanks to Jonathan Wolfson for finding information regarding OMB's regard for the valuation of life. This is the pdf file and the OMB discussion can be found on page 31.

Thanks again to our friends in Commerce for hosting most of our meetings.

Thanks much!!!
-Jenny

Jenny Randall
Economist
Private Sector Office
O: 202.282.9801
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McAtamney, James A

From: McAtamney, James A
Sent: Monday, April 17, 2006 2:19 PM
To: Rybicki, James E
Cc: Allen, Michael (JMD); Bouchard, Michael R.; Bradbury, Steve; Burton, Faith; Carter, Judy (USPC); Conley, Joyce; Ferber, Alan L; G.Jones@ic.fbi.gov; Gillis, John; Gorsuch, Neil M; Hagy, David; Hart, Rosemary; Jezierski, Crystal; Kim.Tilton@ic.fbi.gov; McIntosh, Brent; McManamon, Michael J; Mercer, Bill (ODAG); michael.clemens@ic.fbi.gov; Palma, Josephine; Roderick, Art Jr. (USMS); Rubin, Jim (ENRD); Rybicki, James E; Schmitz, Fran (CTS); Schofield, Regina; Scolinos, Tasia; Snelson, William (USMS); Stoller, Stacy (ENRD); Taylor, Jeffrey (OAG); Trono, Robert (USMS); Tzitzon, Nicholas; Vanyur, John; Vasaio, Tony; Wulf, David M.
Subject: Katrina Lessons Learned Update
Attachments: Katrina DOJRecs Tasks.update.doc

Jim
Here's a new matrix, updated with info received as of 2:00.

Mac

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Rec. #	Pertinent Text	Update (February 15, 2017)
49	**DHS should, *in coordination with DOJ*, revise the National Response Plan to provide more effective coordination of the law enforcement response to a disaster by clarifying and expanding the role and mission of the Public Safety and Security support function and the Senior Federal Law Enforcement Officer.**	**ATF will *coordinate the drafting of an implementation plan for recommendations 49 through 49c*. FBI will *coordinate the drafting of an implementation plan for recommendation 49e*.** **Supporting components:** **FBI, USMS, DEA, EOUSA, CRM, BOP, OIPL, and OLC (as required)** **Update**: ATF hosted a meeting on Thursday, April 13, to discuss recommendations 49 and 49(a)-(c), concerning ESF-13 and the designation of the Senior Federal Law Enforcement Official. Attendees included representatives from FBI, USMS, DEA, OJP/BJA, BOP, and OIPL. OLC and OAG remain in the loop but were unable to attend Thursday's meeting. Working group members: • Ed Smith—USMS • Donald Augustine—DEA • Mike Metzger—DEA • Luke Ormandy—BOP • Jim Burch—OJP/BJA • Omar Vargas—OIPL • Kim Tilton—FBI • Craig Olson—FBI • Mike Bukovac—ATF • Dave Wulf--ATF • Jeff Taylor—OAG • Rosemary Hart—OLC There was general agreement with the notion that ESF-13 should serve as an umbrella organization for essentially all non-investigative law-enforcement response activities during an Incident of National Significance. Additionally, there was agreement that the

		implementation plan should ensure a strong link between ESF-13 and the SFLEO. Based upon the input received at Thursday's meeting, ATF is currently drafting Implementation plans.
49a	**Designate DOJ as the primary agency responsible for the ESF-13 Public Safety and Security function.**	
49b	**Finalize the drafting of Public Safety and Security policies and procedures.**	
49c	**Specify that the Attorney General will, in consultation with the Secretary of Homeland Security, designate the SFLEO.**	
49d	**Include a new position designated as the "Senior Civilian Representative of the Attorney General" (SCRAG).**	**Assigned to ODAG. The SCRAG position is one that was created for the purpose of coordinating law enforcement activities during a "Garden Plot" incident during which DoD personnel are called into service in support of law enforcement pursuant to the Insurrection Statutes. Implementation plan should examine whether all incidents will require a SCRAG in addition to the SFLEO.**
49e	**Require the establishment of a law enforcement coordination center within the Joint Field Office (JFO) to coordinate the Federal, State, and local law enforcement response during all types of emergencies.**	**Assigned to FBI.** **Update: Awaiting update.**
50	**DOJ should lead the development of the capability to surge Federal law enforcement resources in the immediate aftermath of a disaster. As outlined by the NRP, *law enforcement personnel should be drawn from the following sources, in this order:* 1) Civilian law enforcement and National Guard from affected State; 2) Civilian law enforcement and National Guard from other States; and 3) Civilian law enforcement from Federal agencies. To maximize the availability of law enforcement assets from each of these categories,**	**Except for 50b, FBI will *coordinate drafting of implementation plan for recommendations 50 – 50d*. 50b will be led by ODAG with (1) OLC input and (2) USMS as lead for long-term implementation efforts.** **Supporting components:** **ATF, DEA, USMS, EOUSA, CRM, BOP, OLC, JMD, OJP and OIPL** **Update: Awaiting update from FBI its tasks.**

	the following should be done: **a. DOJ should establish a program to review State and local plans for continuity of operations for law enforcement and the criminal justice system during a crisis.** **b. DOJ should develop a program to increase States' awareness of the procedures for requesting Federal law enforcement assistance under the Emergency Federal Law Enforcement Assistance Act.** **c. DOJ should lead an interagency effort to catalogue the Federal law enforcement assets within the Executive Branch.** This effort will serve as the basis for developing a database of assets available for use during an INS, in order to ensure appropriate use of all available Federal law enforcement assets. **d. DOJ and DHS should each develop, in coordination with the other, the capability to rapidly deploy a contingent of Federal law enforcement officers to prevent and respond to civil disorder.** Consistent with the principle that law enforcement is the responsibility of local and State governments, this force should deploy only in the event that State authorities request Federal assistance pursuant to the Emergency Federal Law Enforcement Assistance Act, or as otherwise directed by the President. However, the NRP should make clear that where, as in this case, the need for additional law enforcement resources is manifest and obvious, it should be the Attorney General's responsibility, after notifying the Secretary of Homeland Security, to make an offer of Federal law enforcement support to the affected Governor.	Recommendation 50b: Working group members: • Scott A. Sanders, USMS, Lead long term plan • Rosemary Hart, OLC, Lead short term plan • Fran Schmitz, ODAG, assisting both • Unknown, OJP (working with Hart on short term plan) Assignments: Sanders working on final long-term implementation plan for 50 b Hart finalizing short-term plan, drafting letter to Governors from AG detailing process for requesting assistance. Schmitz assisting as necessary. Status: Sanders has responsibility for combining both short-term and long-term plans in written form for submission. The final draft has been sent to the working group and still waiting for one of the members to reply. Hart awaiting response from OJP for final information to be included in AG letter.
51	**DOJ should develop procedures for streamlined deputization of qualified Federal law enforcement**	**Lead to USMS who will consult with OIPL, FBI, DEA, OLC, and ATF. Work should include deputization of state and local law**

	officers.	**enforcement employed by communities outside jurisdiction(s) impacted by the incident.** **Update**: Working Group members: • DEA: David Augustine 202 307-4211 • DEA: Michael Metzger 202 307-4226 • OIPL: Omar Vargas 202 514-3465 • OLC Rosemary Hart 202 514-2027 • ATF: David Wulf 202 927-7772 • ATF: Michael Bouchard 202 927-7970 • USMS: Steve Roque 202 307-9046 • USMS: Luis Caballero 202 307-9337 • USMS: Eva Gilbert 202 307-9146 • FBI: Kim Tilton The USMS has submitted its recommendation to the working group, which will meet on Tuesday, April 18, 2006 at 10:00 AM to discuss any additional recommendations and any associated pros and cons. Also discussed will be a proposed letter from the AG to the Governors that will facilitate the deputation of federal LE to enforce state laws.
52	**DOJ should, in coordination with DHS, further incorporate force protection into Federal response planning, to prevent disruption of Federal agencies' operations and to protect Federal personnel and property.**	**USMS will *coordinate the drafting of an implementation plan for recommendation 52*.** **Supporting components:** **ATF, DEA, FBI, BOP** **Update**: Working Group members: • USMS- Senior Inspector Edward Smith (856) 207-5022

		• ATF- SAC Luke Franey CIMB (202) 927 8020 • BOP- Chief Joseph Moorhead (202) 610 0596 • DEA- Deputy Chief Mike Metzger (CCCPS) (202) 307-4226 • FBI- A/ Chief Kim Tilton (CMU) (703) 632-4211 Tasks: USMS- Draft overall proposal for DOJ ATF, FBI, DEA, BOP- review, consult, collaborate regarding DOJ recommendations Current Status: Achieved general agreement on proposal outline. Agree this proposal should fall under ESF-13. Meeting held at ATF HQ on 4-13 to discuss ESF-13 integration. Final draft will be complete by 4-14 for sister agency review.
53	**DOJ should, in coordination with the Administrative Office of the U.S. Courts, develop a program to ensure the continuity of the Federal criminal justice system and to provide assistance to States in developing complementary plans.**	**EOUSA will *coordinate effort to develop plan with OIPL, OJP and CRM.***
54	**DOJ should develop plans to improve the accountability for persons under supervision by the Federal criminal justice system, and to provide assistance to States in developing complementary plans.**	**USMS lead, *in coordination with AOUSC, BOP, CRM, OIPL, and USPC*** **Update**: USMS has received input from USMS and AOUSC; is awaiting additional coordination with BOP, USPS, and OIPL.
55	**DOJ, in coordination with DHS, should establish a program to provide oversight and technical assistance for States' emergency plans for evacuating prisoners in the event of a disaster.**	**BOP lead, *in coordination with USMS and OIPL.*** **Update**: **Awaiting update.**
56	**DHS and DOJ should coordinate their respective grant**	**OJP in consultation with OIPL and ODAG.**

	and assistance funding programs to States and local governments to establish uniform standards and conditions of awards in furtherance of the above recommendations. If both departments should determine a need for legislation to remedy the disparate standards or criteria for different grant sources, OMB should consult with the departments to draft proposed legislation.	**Update: Awaiting update.**

Todd, Gordon (SMO)

From:	Todd, Gordon (SMO)
Sent:	Wednesday, April 19, 2006 3:59 PM
To:	Elston, Michael (ODAG)
Cc:	Gorsuch, Neil M
Subject:	Fw: New Orleans Conference

Mike - Mark Epley and I will deal with this, but I just wanted to register my concern at the tone and level of micromanagement and attepted oversight expressed in the e-mail at the bottom of this chain.

If [redacted] shop is worried that OJP is up to no good, they should really bring that to me, and otherwise should worlk through DAAG David Hagy, the faith based POC.

This level of mistrust in the ranks can't be helping the initiative.

Thanks,

Gordon

-----Original Message-----
From: [redacted]
To: Todd, Gordon (SMO)
CC: Epley, Mark D
Sent: Wed Apr 19 15:12:24 2006
Subject: FW: New Orleans Conference

I can't say I have a lot of faith in the Faith-based Taskforce but keep trying to be nice. My staff bears the brunt of the dealings with them but I am really tapped out by the ungratitude and the overbearing attitude. We would love to have a cordial relationship with them but I am really sick and tired of working with them and 1) not getting any credit for projects that are costing money, 2) [redacted] acting as if we work for them, and 3) always the threat of a red on the PMA agenda.

And you won't see very many emails for me like this, I prefer phone calls but we need some help. This is just one example of many we've had with the Taskforce. Be glad to have a longer conversation but would sincerely like some guidance and clarity on dealing with them.

-----Original Message-----
From: Hagy, David
Sent: Wednesday, April 19, 2006 3:00 PM
To: Tzitzon, Nicholas; Schofield, Regina
Cc: Fuentes, Maria
Subject: Re: New Orleans Conference

I agree. Maria and I can also mention to Dennis Grace at our meeting on Friday.

Sent from my BlackBerry Wireless Handheld

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From: Tzitzon, Nicholas <Nicholas.Tzitzon@usdoj.gov>
To: Schofield, Regina <Regina.B.Schofield@usdoj.gov>
CC: Hagy, David <David.Hagy@usdoj.gov>; Fuentes, Maria <Maria.Fuentes@usdoj.gov>
Sent: Wed Apr 19 14:03:07 2006
Subject: FW: New Orleans Conference

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Sent: Wednesday, April 19, 2006 1:30 PM
To: Hagy, David; Tzitzon, Nicholas
Cc: Roberts, Marilyn; Flores, Robert
Subject: Fw: New Orleans Conference

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From: [redacted] (ODAG) <[redacted]@usdoj.gov>
To: Costigan, Michael <Michael.J.Costigan@usdoj.gov>
CC: Flores, Robert <Robert.Flores@usdoj.gov>; McFarland, Steven T (ODAG) <Steven.T.McFarland@usdoj.gov>
Sent: Tue Apr 18 18:47:39 2006
Subject: New Orleans Conference

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I understand you're travelling a lot this month, but because the conference is almost upon us, would you find someone to answer these questions by the end of this week? We need to discuss these concerns as soon as possible. All options need to be on the table, including postponement of the New Orleans conference.

Thanks very much,
[redacted]

Gorsuch, Neil M

From: Gorsuch, Neil M
Sent: Wednesday, April 19, 2006 4:19 PM
To: Todd, Gordon (SMO)
Subject: RE: New Orleans Conference

You should be sure to alert Epley to this.

-----Original Message-----
From: Todd, Gordon (SMO)
Sent: Wednesday, April 19, 2006 3:59 PM
To: Elston, Michael (ODAG)
Cc: Gorsuch, Neil M
Subject: Fw: New Orleans Conference

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If [redacted] shop is worried that OJP is up to no good, they should really bring that to me, and otherwise should worlk through DAAG David Hagy, the faith based POC.

This level of mistrust in the ranks can't be helping the initiative.

Thanks,

Gordon

-----Original Message-----
From: [redacted]
To: Todd, Gordon (SMO)
CC: Epley, Mark D
Sent: Wed Apr 19 15:12:24 2006
Subject: FW: New Orleans Conference

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Gorsuch, Neil M

From: Gorsuch, Neil M
Sent: Wednesday, April 19, 2006 5:34 PM
To: Todd, Gordon (SMO)
Subject: RE: New Orleans Conference

Good; thanks

-----Original Message-----
From: Todd, Gordon (SMO)
Sent: Wednesday, April 19, 2006 5:32 PM
To: Gorsuch, Neil M
Subject: RE: New Orleans Conference

I spoke with him first. I've never dealt with [redacted], but the word I get is that [redacted] and [redacted] folks treat OJP like it's their own bank. Mark and I will have a sit down with [redacted].

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USDOJ- Office of Public Affairs

From:	USDOJ- Office of Public Affairs
Sent:	Thursday, April 20, 2006 7:58 AM
To:	USDOJ- Office of Public Affairs
Subject:	Attorney General's News Briefing for Thursday, April 20, 2006
Attachments:	agnb060420.pdf; agnb060420.doc

THE ATTORNEY GENERAL'S *NEWS BRIEFING*

PREPARED FOR THE OFFICE OF PUBLIC AFFAIRS, U.S. DEPARTMENT OF JUSTICE

TO: THE ATTORNEY GENERAL AND SENIOR STAFF

DATE: THURSDAY, APRIL 20, 2006 7:45 AM EDT

TODAY'S EDITION

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DOJ_NMG_0026144

TERRORISM NEWS:

9/11 Victims' Family Members Testify For Defense At Moussaoui Trial. The Washington Post (4/20, A10, Markon, Dwyer, 744K) reports that family members of 9/11 victims yesterday testified on behalf of the defense at the Zacarias Moussaoui sentencing trial. "There was no talk of punishment from the witness stand, no hint of whether family members think Moussaoui should be executed for his role in the terror attacks. … But the defense is hoping that jurors got an implicit message from yesterday's testimony: that some victims think Moussaoui's life should be spared." The Post adds, "There was limited emotion, as well as a few tears, as the family members took the stand and told of their suffering but also spoke of their hope, describing how they have tried to move beyond grief and rage and get on with their lives."

The New York Times (4/20, Lewis, 1.19M) notes witness Marilynn M. Rosenthal "testified that she and her family were determined not to be 'caught up in a whirlpool of sadness and frustration and anger' over the loss of her son, Josh, who was killed at the World Trade Center." Outside the courthouse, "she criticized the Bush administration for refusing to bring to trial several people who were indisputably planners of the Sept. 11 attacks, referring to a handful of senior members of Al Qaeda who are imprisoned overseas in the secret detention system run by the Central Intelligence Agency. Mr. Moussaoui, she said, 'was a marginal figure.'"

The AP (4/20, Sniffen) also reports on the family members' testimony and adds that earlier in the day, psychiatrist Michael First testified "Moussaoui's flight instructors said that even after 57 hours of training they would not let him fly solo 'because he couldn't focus on two things at once,'" which Frist sees as a symptom of schizophrenia. "On cross-examination, prosecutor David Novak asked how Moussaoui was able to drive a car if schizophrenics cannot do two mental tasks at once. First responded that an ex-FBI agent and pilot told him that flying a plane is 'a completely different level of magnitude.'" AFP (4/20) also reports on yesterday's testimony.

Hayat Jurors Seek Material About FBI Interviews. The Los Angeles Times (4/20, Tempest, 958K) reports that the juries in the trial of Umer and Hamid Hayat "asked for supplemental material from the court Wednesday as they continued deliberations. In a possible signal that a videotaped confession by the son, Hamid Hayat, might not be considered enough evidence for a guilty verdict, jurors in that case asked if they could also consider secretly taped conversations between an FBI informant and Hayat about sending money to Pakistan." Umer Hayat's jury asked "if it could review the testimony of three FBI agents." US District Judge Garland Burrell "said he would respond to the requests this morning, but indicated that transcripts in the Umer Hayat case would not be available until Friday." The Stockton Record (4/20, Hood) adds that the Hamid Hayat jurors sent Burrell a note "late Wednesday asking whether material support includes sending money to Hamid Hayat's uncle in Pakistan, where it potentially could be transferred to an Islamic extremist group. … He initially seemed to agree with defense attorney Wazhma Mojaddidi, who said jurors should be given instructions that mirror the indictment: The charge doesn't allege the younger Hayat supported terrorism financially."

The Lodi News-Sentinel (4/20, Bohm) also reports on the jurors' requests and notes prosecutors filed a motion yesterday asking Burrell "to seal the verdicts if one jury reaches a decision while the other is still deliberating, an issue Burrell will take up Thursday. … Citing extensive media coverage, the government said…that the jurors still deliberating could overhear news of the first verdict."

US Releases List Of 558 Enemy Combatants Held In Guantanamo Bay. The AP (4/20, Fox) reports the US government "released the first list of detainees held at the Guantanamo Bay prison on Wednesday — the most extensive accounting yet of the hundreds of people held there, nearly all of them labeled enemy combatants." The Pentagon's list names 558 people and was released "in response to a Freedom of Information lawsuit by The Associated Press." Some names "are familiar, such as David Hicks, a Muslim from Australia charged with fighting U.S. and coalition forces in Afghanistan. Lesser-known detainees on the list include Muhammed al-Qahtani, a Saudi who reportedly was supposed to be the 20th hijacker in the Sept. 11, 2001, attacks. Although his presence at Guantanamo had been reported, the military had previously declined to

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confirm it." Others, "such as an Afghan identified only as 'Commander Chaman,' remain mysterious." The detainees "on the list came from 41 countries. The largest number -- 132 -- came from Saudi Arabia. Afghanistan followed with 125, then Yemen with 107."

Trial Begins In 9/11-Related Perjury Case. The AP (4/20, Neumeister) reports that in the first day of San Diego State University student Osama Awadallah's perjury trial yesterday, Assistant US Attorney Brendan McGuire said in his opening statement that Awadallah "hampered the investigation into the Sept. 11 terrorist attacks by lying about his associations with one of two hijackers." Awadallah lawyer Jesse Berman "conceded his client denied…that he had written the name of a hijacker in a school exam book," but Berman said Awadallah "realized his mistake and fixed it five days later." The AP notes that the case "was tossed out in 2002 by Judge Shira Scheindlin, who said Awadallah's consent to FBI interviews and a lie detector test…resulted from 'duress or coercion.' Two perjury charges were reinstated by an appeals court." Testifying yesterday, FBI Special Agent Jacqueline Maguire "said investigators were anxious to learn as much as they could about the hijackers as quickly as possible to see if there were new threats. As she spoke, photographs of several hijackers in Western-style clothing and then clothing from their Middle Eastern homelands was displayed on a large screen for the jury."

The New York Times (4/20, Preston, 1.19M) adds, "The trial tests the government's practice of long detention of witnesses in terror cases. … After an interview with F.B.I. agents, Mr. Awadallah was detained as a material witness on Sept. 21. Barred from communicating with his family, he was held in solitary confinement and denied his Muslim diet, Mr. Berman said. Over the next three weeks, he was taken from San Diego through a county jail in San Bernardino, to Oklahoma City and then to the federal detention center in Manhattan. … 'This is the type of torture, for lack of a better word, that he had to endure for 20 days,' Mr. Berman said.

Rep Andrews Says US Is In Constitutional Crisis. The Philadelphia Inquirer (4/20, Ott) reports, "The nation is in the midst of its worst constitutional crisis in the last 30 years, Democratic U.S. Rep. Rob Andrews of Camden County told a group of Rutgers University-Camden law students yesterday." The Inquirer continues, "During the two-hour forum, Andrews called for congressional review of President Bush's approval of warrantless eavesdropping on Americans. … The Senate Judiciary Committee held a hearing this month on a motion to censure Bush for the eavesdropping. The resolution has a slim chance of passing the Senate. … Andrews said the hearing wasn't enough. He said the Republican-led Congress should thoroughly review the President's eavesdropping authorization. … 'The real scandal is not the executive branch intercepting private conversations,' Andrews said, 'but the criminal negligence of the Congress in not having hearings.'" The Inquirer adds, "His comments were part of a panel discussion on government wiretapping at the Rutgers Law School. Also featured were civil liberties lawyer Grayson Barber and national Federalist Society leader Falk Engel. … Engel, a Republican, commented: 'It's repugnant what's coming out of this Justice Department.' … He said the failure of Congress to act may be interpreted constitutionally as tacit approval of the expansion of presidential powers."

Al Arian Case Seen As Example Of "Less-Than-Stellar" Terror Prosecutions. Time (4/19, Malloy) reports in a Web exclusive, "When federal prosecutors earlier this week announced a plea deal that will ultimately deport…Sami Al-Arian, they hailed it as a major achievement in the war on terror. … But given all the buildup, the resolution of the Al-Arian case seems far from a clear-cut victory, and the government's triumphant tone speaks volumes about its less-than-stellar record in federal anti-terror cases." Time adds, "It's not really, however, a victory for Al-Arian either. For decades, he'd insisted that he rejected the PIJ. But both his plea and wiretap evidence brought out in his indictment and trial severely undercut his image as nothing more than an outspoken advocate for Palestinian rights."

FBI Holding Georgia Tech Student On Terror Allegations. The Atlanta Journal-Constitution (4/20, Torpy, Morris, 430K) reports, "A Georgia Tech student born in Pakistan has been in federal custody for nearly a month, apparently because authorities suspect a videotape he made of a building may have been related to terrorism, his family said." Syed Haris Ahmed, "who had become increasingly religious in his Islamic faith, was arrested by the FBI March 23 and has been held since, his family said." The AJC adds that Ahmed's sister, Samia Ahmed, "said her brother told her that authorities found a video on the Internet and apparently

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traced it to him. … Agents confiscated computer hard drives and data CDs from the family home, the family said."

California Man Pleads Guilty To Shoulder-Launched Missile Plot. The AP (4/20) reports Californian Chao Tung Wu "has admitted his role in a plot to smuggle Chinese missiles into the US, surface-to-air missiles designed to shoot down aircraft. … A second defendant goes on trial in June. According to a statement read in court, Wu and the other man told an undercover FBI agent they'd arrange the importation of hundreds of missiles from China." The AP adds, "Wu also pleaded guilty to conspiring to smuggle counterfeit hundred-dollar bills he said were made in North Korea, along with ecstacy, methamphetamines and cigarettes."

Herbert Calls Rendition "Crime Against Humanity." In his New York Times column (4/20), Bob Herbert says, "In past years, stories about torture and 'the disappeared' have been associated with sinister regimes in South and Central America. The attitude in the United States was that we were above such dirty business, that it was immoral and uncivilized, and we were better than that." But "now people are disappearing at the hands of the U.S. government." Amnesty International released a report titled, "Below the Radar: Secret Flights to Torture and 'Disappearance,'" on the "reprehensible practice of extraordinary rendition, a highly classified American program in which individuals are seized — abducted — without any semblance of due process and sent off to be interrogated by regimes that are known to engage in torture. Some of the individuals swept up by rendition simply vanish." Herbert adds, "Congress needs to step in and thoroughly investigate this program, which is nothing less than a crime against humanity. Congress needs to investigate it, document it and shut it down."

HOMELAND RESPONSE:

Army Lab Had Several Incidences Of Anthrax Contamination. The Washington Times/AP (4/20) reports the Army's "biological weapons defense laboratory at Fort Detrick probably had multiple episodes of anthrax contamination as workers strove to process a flood of samples sent there for testing in 2001 and 2002, an internal report says." The report "obtained by the Frederick News-Post contains previously undisclosed details about the sometimes sloppy practices that allowed anthrax spores to escape from biosafety containment labs at the U.S. Army Medical Research Institute of Infectious Diseases (USAMRIID). No one was infected by the released spores."

Pennsylvania Police Confiscate $500,000 Cash From Men Near Nuclear Plant. The Houston Chronicle (4/20, Kilday, 581K) reports, "Pennsylvania authorities have confiscated a half million dollars they found in the cab of a truck driven by two Houston men who tried to enter a nuclear power plant. The men have not been charged with any crime. Pennsylvania State Police seized the money because the men denied ownership and because there was an indication by a police dog that drug residue was possibly on the cash." The Chronicle adds that "members of a joint terrorism task force composed of Pennsylvania State Police and the FBI also were notified and went to where the truck was stopped," but Pittsburgh FBI Special Agent William Crowley said Wednesday, "We have no indication that there was ever any terrorism or threat to the plant." WTOV-TV Steubenville, OH (4/18) notes, "Now the FBI and Homeland Security are involved. The worry is that the money may be connected to terrorist activity." But Pennsylvania State Police Sgt. Douglas Humble said, "At this time we do not believe it was associated with the power plant." The Pittsburgh Post-Gazette (4/20, Lash, 261K) and Pittsburgh Tribune-Review (4/20) also report on the incident.

Negroponte Under Fire From Key Lawmakers Of Both Parties. The New York Times (4/20, Shane, 1.19M) reports House Intelligence Committee Chairman Peter Hoekstra and ranking Democrat Jane Harman "have disagreed publicly about many things, but on one issue they have recently come together. Both are disquieted by the first-year performance of John D. Negroponte, the director of national intelligence." They have "expressed…fear" that Negroponte "is creating just another blanket of bureaucracy, muffling rather than clarifying the dangers lurking in the world." In an April 6 report, "the Intelligence Committee warned that Mr. Negroponte's office could end up not as a streamlined coordinator but as 'another layer of large, unintended and unnecessary bureaucracy.' The committee went so far as to withhold part of Mr. Negroponte's budget request until he convinced members he had a workable plan." The Times adds intelligence officials

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"say there has been progress in information-sharing, particularly at the National Counterterrorism Center, the new hub for reports on terrorist threats. Aides to Mr. Negroponte insist that analysts are encouraged to offer divergent views to avoid the 'groupthink' blamed for past failures." Negroponte also "strongly defended his record," saying, "If there's one watchword for what we've been about, it's integration."

NBC Nightly News (4/19, story 5, 2:20, Mitchell, 9.87M) spoke with DNI Negroponte in his first TV interview. Mitchell: "It's been a year since the 16 intelligence agencies were merged into one, a response to the failures that led to 9/11 and got Iraq's weapons of mass destruction all wrong. Critics say nothing has changed. Osama bin Laden and his top deputy, Ayman al-Zawahri, are still at large. Abu Musab al-Zarqawi is still the leader of al Qaeda in Iraq, and there could be another 9/11." Negroponte: "I don't think you can ever rule out the possibility of a serious terrorist incident, because in intelligence work you have to be right almost all of the time." Mitchell: "And what keeps you up at night? What do you worry about most?" Negroponte: "It's the international terrorists. It's al Qaeda. What is it that we don't know?"

Negroponte's Office Budget Is Nearly $1 Billion. The Washington Post (4/20, A11, Pincus, 744K) reports the budget next year for Negroponte's office "and the several agencies attached to it may be near $1 billion or more, according to language buried in the report of the House intelligence committee on the fiscal 2007 intelligence authorization bill." The "exact budget total for the Office of the Director of National Intelligence (ODNI) is classified, but the report by the House Permanent Select Committee on Intelligence contains a figure by the Congressional Budget Office of $990 million for the intelligence community management account that provides the principal funding for the ODNI." The "proposed budget, which is about one-third the size of all CIA funding in years before the Sept. 11, 2001, terrorist attacks, is far larger than expected."

Critics See Privacy Officers As Half-Measure. The Wall Street Journal (4/20, Squeo, 2.11M) reports that as the "son of a U.S. aid worker stationed in Guatemala during the 1970s civil war, Alex Joel recalls being unable to tell the good guys from the bad as both armed soldiers and civilians alike would order his family out of their car to search it." Joel says those "first-hand brushes with totalitarianism" have "led him to take the rights of individuals very seriously. Given that he was recently named as the first civil-liberties protection officer for the U.S. Office of the Director of National Intelligence, such talk is reassuring to privacy advocates." In February, the Justice Department "named Jane Horvath its first chief privacy and civil-liberties officer, making her responsible for developing and ensuring compliance with privacy and civil-liberties policies, specifically as they relate to counterterrorism and law-enforcement efforts." While "even critics of the administration applaud the effort, they question what authority these officials have. Unlike inspectors general at federal agencies, these privacy officers lack the subpoena power necessary to conduct investigations and don't report to Congress."

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Advocates Hopeful Airlines Will Participate In Registered Traveler Program. USA Today (4/20, Frank, 2.31M) reports, "Proponents of an idea to speed trusted travelers through security are pushing to sign up airports and overcome skepticism of some airport officials who fear the program won't shorten lines." Companies "looking to sell Registered Traveler programs to airports say they're hopeful that interest in the idea will pick up after the federal Transportation Security Administration (TSA) announces specifics on how it will work." Larry Zmuda, "head of Registered Traveler for Pennsylvania-based Unisys, said his company has signed letters of intent with four airports to start the program. 'This appeals to a lot of smaller (airports) that are trying to get into the big game,' Zmuda said. But, he added, 'a lot are going to wait and see.'"

Allen Believes Coast Guard Has Lessons To Share With Other Parts Of Government. The Washington Post (4/20, D4, Barr, 744K) reports in its "Federal Diary" column that Vice Adm. Thad W. Allen, has been

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confirmed by the Senate become the Coast Guard's next commandant. Since Hurricane Katrina, "members of Congress and key administration officials have been eager to see if the Coast Guard can be used as a model for other parts of the Department of Homeland Security and elsewhere in government. Allen, chief of staff for the Coast Guard, thinks there are lessons to be shared."

WSJournal Denounces $27 Million Award In Alleged Airline Profiling Case. In an editorial, the Wall Street Journal (4/20, 2.11M) denounces a Texas court's decision last week to award "$27.5 million in damages for a woman of Iranian descent who claimed she was racially profiled during an altercation with Southwest Airlines flight attendants." Samantha Carrington "alleges that a Southwest Airlines employee said Ms. Carrington reminded her of a 'terrorist' during the 2003 incident," but Southwest "accuses Ms. Carrington of assaulting a flight attendant and interfering with the crew. We can't know for sure who's telling the truth here," but "even if Ms. Carrington was ill-treated, the most she deserved was some free tickets. Only in America could she hit the tort jackpot."

Texas Seeks Federal Help To Cope With Hurricane Evacuees. The New York Times (4/20, Steinhauer, 1.19M) reports, "Seven months after two powerful hurricanes blew through the Gulf Coast, elected officials, law enforcement agencies and many residents say Texas is nearing the end of its ability to play good neighbor without compensation. Houston is straining along its municipal seams from the 150,000 new residents from New Orleans, officials say." Texas "has thrown its hat in the great Congressional money game, arguing vociferously for federal money to help pay for new police officers in Houston, where the force has dwindled in recent years, and to repair homes in East Texas, where many poor residents lack the means and the insurance to do it on their own. Though the state has requested $2 billion in federal aid to pay for law enforcement, education and housing, state officials say they have received only $22 million so far."

WAR NEWS:

Bush Says Failure In Iraq "Not An Option." The AP (4/20, Hunt) reports, "President Bush said Wednesday he didn't expect to get unanimous support at home for the decision to invade Iraq and said failure there 'is not an option.'" Talking to reporters "on the White House South Lawn after a meeting with a group of governors who have returned from a visit to Iraq and Afghanistan," Bush "said he thanked the state chief executives for 'sending a message from home that we care. ... We appreciate the fact that people are willing to make sacrifices.'" Bush also said "success" in Iraq will "begin to lay the foundation of peace for generations to come."

Rice Says No Sudden Peace Will Come For Iraq. The AP (4/20, Burghart) reports that Secretary of State Condoleezza Rice said at the Chicago Council on Foreign Relations that "Even assuming Iraq forms a national government, there will be no immediate end to the violence, nothing like V-E Day marking World War II's end in Europe." Instead, she contended that "peace will come gradually to Iraq."

Rumsfeld Storm Seen As Upsetting Tenuous Bond Between Uniformed, Civilian Leaders. The Christian Science Monitor (4/20, Sappenfield, 61K) reports, "In their denouncements of Defense Secretary Donald Rumsfeld, seven retired generals have directed their criticism mostly toward his handling of the Iraq war. In some respects, however, the issue goes much deeper." It is "a matter of the military's distrust of its civilian decisionmakers, which emerged in Vietnam and has never fully dissipated." It is "concern over an administration that has sought not only to ramrod major changes through the military, but also -- some say -- to micromanage battlefield tactics." Iraq "has lit the fuse, as those who dislike the style and substance of Mr. Rumsfeld's tenure point to the war as a failure of his policy." But "a deeper concern is that Iraq is worsening the delicate relationship between the military and its civilian leaders."

US Troops In Iraq Become Aware Of Generals' Criticism. Under the headline "Generals' Criticism of Rumsfeld Gets Mixed Reaction Among Troops," the Los Angeles Times (4/20, Moore, 958K) reports, "News that six retired generals recently called for…Rumsfeld to resign has been slow to reach many of the Marines stationed in Iraq's restive and isolated Al Anbar province. … Some of those who had heard about the debate said they were unimpressed with generals who waited until retirement to speak out against their former boss." But one "high-ranking officer said he sympathized with dissenting generals who faced difficulties while in uniform. He cited Army Gen. Eric K. Shinseki, who

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resigned from the military in 2003 after clashing with Rumsfeld over troop strength in Iraq. 'You saw what happened to Shinseki,' said the officer, who requested anonymity."

Media Said To Be Missing Context Of Generals' Criticism. Stephen E. Herbits, who "has served five presidents as a military affairs adviser since 1967, including the Defense Department transition in 2001 and post-September 11 reforms," writes in today's Washington Times (4/20, 90K), "Where is the rest of the story on the recent attacks on Defense Secretary Donald Rumsfeld by a few in the retired military? The news media will better meet its obligations to the public when it seeks more depth of experience and information about these generals-turned-Rumsfeld critics. … My experience points to several relevant issues -- some of which I personally know apply to some of those making the attacks." Herbits says that "while Mr. Rumsfeld has worked within the long tradition of civilian control of the military to modernize and strengthen the promotion and assignment system for senior uniformed officers, there are some who have actively tried to obstruct his efforts and could be acting as an extension of that opposition."

USA Today Says Generals' Criticism Should Not Lead To Rumsfeld's Dismissal. USA Today (4/20, 2.31M) editorializes, "Rumsfeld's tenure as Defense secretary in many ways tracks public attitudes about the Iraq war. … Today, polls find the public weary of the Iraq war and wary of those who initiated it. Rumsfeld is seen more as a latter day Robert McNamara -- the similarly talented Vietnam-era Defense secretary who blinded himself to the realities of the war and guided the nation ever deeper into that misbegotten adventure. The parallel grew stronger in recent days as six retired generals accused Rumsfeld of mishandling the Iraq war, ignoring advice and intimidating subordinates." USA Today adds, "As culpable as Rumsfeld might be, however, criticism from former generals is the worst possible reason to dump him, potentially undermining the nation's long tradition of civilian control of the military. … Further, for all the symbolism and all the bad decisions, Rumsfeld is not the person most accountable. The president is."

After Supplemental Spending Bill, Iraq War's Cost Will Have Doubled Since Invasion. The Washington Post (4/20, A1, Weisman, 744K) reports, "With the expected passage this spring of the largest emergency spending bill in history, annual war expenditures in Iraq will have nearly doubled since the US invasion, as the military confronts the rapidly escalating cost of repairing, rebuilding and replacing equipment chewed up by three years of combat." The cost of the war "in US fatalities has declined this year, but the cost in treasure continues to rise, from $48 billion in 2003 to $59 billion in 2004 to $81 billion in 2005 to an anticipated $94 billion in 2006, according to the Center for Strategic and Budgetary Assessments." The US government "is now spending nearly $10 billion a month in Iraq and Afghanistan, up from $8.2 billion a year ago, a new Congressional Research Service report found."

Funds To Rebuild Iraqi Healthcare System Exhausted, Projects Incomplete. ABC World News Tonight (4/19, story 5, 2:25, Vargas, 8.78M) reported the money to rebuild Iraq's healthcare system is "nearly gone" and "there's not much to show for it." ABC (Karl) added $190 million "in taxpayer money has paid for empty, unfinished buildings like this one in Baghdad without windows, without doors. In March 2004, the Pentagon awarded a California-based company named Parsons Global a contract to build 150 health care centers throughout Iraq." According to "a government audit obtained by ABC, only 6 of the 150 promised health care centers have been completed. Even after spending the $190 million, the company says it couldn't complete the health centers 'due to lack of funding.' Now, the Pentagon terminated the contract, citing 'lack of sufficient progress by the contractor, due to increased security costs and other factors.'"

Al-Jafari Refuses To Step Aside. The Washington Post (4/20, A18, Hernandez, Ibrahim, 744K) reports that Iraq's Prime Minister Ibrahim al-Jafari "denied rumors Wednesday that he would give up his nomination to another term to solve a political impasse, throwing the process of forming the country's new government into new confusion on the eve of a long-delayed meeting of parliament," despite "mounting pressure on Iraqi politicians to resolve their differences, from the public, U.S. officials and the Shiite religious leadership, which issued a statement Tuesday night urging the Shiite parties to make a deal, even if concessions were necessary."

The Washington Times/AP says that "under U.S. pressure, Iraqi leaders decided Wednesday to convene parliament in a bid to jump-start formation of a new unity government," but "Shiite officials raised doubts whether the

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session — already postponed once this week — would take place Thursday as planned."

Meanwhile, the New York Times (4/20, O'Neil, Hauser, 1.19M) reports, "The pressure on Iraq's leaders increased today as President Bush called for an end to the political 'vacuum,' saying that the lack of progress in completing the Iraqi government left the field open for 'malfeasance and harm.'" Bush "pinned the success of the American mission in Iraq on political developments there." The Los Angeles Times (4/20, Wallace, 958K) and Knight Ridder (4/20, Youssef, Strobel), among other sources, run similar stories this morning.

Iraqi Government Says 65,000 Homeless Because Of Sectarian Threats. NBC Nightly News (4/19, story 7, 2:15, Engel, 9.87M) reported on the displacement of Sunni and Shiite Arabs in Iraq that is approaching ethnic cleansing in some areas. Migration officials said "at least 65,000 Iraqis made homeless by escalating sectarian violence." Dana Graber, International Organization for Migration: "They are being threatened. Their family members are being assassinated or kidnapped, and they are leaving out of fear." Engel: "The Iraqi government says 80% are Shiites forced out of Sunni villages around Baghdad." Suheilah Abed Jaffer Al-Kinani, Displacement and Migration Minister (voice of translator): "This is a national crisis that could lead to a full-blown war." Engel: "But why now? The tent cities started to crop up after the destruction in February of a Shiite shrine in Samarra. According to the US military, four times as many Iraqis were killed in March in sectarian attacks than in car bombings."

Neighborhood Militias Shooting At Iraqi Police. The Christian Science Monitor (4/20, Enders, 61K) reports, "Some call them neighborhood watches. Others call them militias." But "as sectarian violence has grown over the past two months in Iraq's capital, men in Sunni neighborhoods have begun to band together." They "have armed themselves with Kalashnikovs, heavy machine guns, and grenades, and have blocked streets with unused cars, furniture, or palm trunks, forcing would-be intruders to take a single route in and out of a neighborhood. … For weeks, residents say, members of the local militia have been shooting at Iraqi police."

Saudis Consider Electric Fence Along Iraqi Border. The Christian Science Monitor (4/20, Abou-Alsamh, 61K) reports, "Apparently concerned that fighting in Iraq could spill over into this oil-rich kingdom, Saudi Arabia is considering a major fortification of its 500-mile border with Iraq. 'The government is thinking of building an electrified fence along the whole border with Iraq in case things go really badly in Iraq, and it starts falling apart,' says a security adviser to the Saudi government, who spoke on condition of anonymity." The border with Iraq "lies mostly in barren desert. A 20-foot-tall sand berm that runs its entire length provides the first line of defense."

Experts Link Saddam To Killings In Shiite Village. USA Today (4/20, Johnson, 2.31M) reports, "Handwriting experts confirmed Saddam Hussein's signature on documents linking him to a bloody government reprisal on a Shiite village where Saddam's motorcade was attacked in 1982." Saddam and seven co-defendants "are charged with the deaths of 148 people, including women and children, from the village of Dujail. Hundreds of others were imprisoned, and the village's orchards and farmland were destroyed." The Los Angeles Times (4/20, Roug, 958K) also reports the story.

British Envoy To US Warned Blair To Prepare For War Two Months Before Invasion. The AFP (4/20) reports, "Britain's ambassador to Washington warned Prime Minister Tony Blair to prepare for war in Iraq almost two months before the US-led invasion began, the now former diplomat said." Christopher Meyer "told a committee of lawmakers that 'the die was cast for war' before Blair met US President George W. Bush on January 31, 2003."

Rocket Blast Misses US Embassy In Kabul. ABC World News Tonight (4/19, story 6, :20, Vargas, 8.78M) reported, "A massive explosion shook the US Embassy compound in the capital of Afghanistan, Kabul. It was apparently caused by a rocket that landed nearby." No Americans "were hurt, but an Afghan security contractor was wounded." The CBS Evening News (4/19, story 10, 0:20, Mitchell, 7.66M) also reported the rocket "hit just outside the embassy in Kabul on the grounds of the Afghan state television station." The AP (4/19, Garwood) reported an Embassy spokesperson "said the blast did not occur on embassy property, and no Americans were injured."

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Increased Fighting Seen As Sign Taliban, Al Qaeda Regrouping. USA Today (4/20, Boork, 2.31M) reports, "Fighting between allied forces and Afghan insurgents has spiked in 2006 as the Afghan government tries to widen its control over the country 4½ years after U.S. forces ousted the Taliban regime. … The increased fighting is a sign 'the Taliban and al-Qaeda have regrouped to a troubling extent,' said Ted Galen Carpenter, a military expert at the Cato Institute, a think tank in Washington."

Afghan Parliament To Vote On Karzai's Proposed Cabinet. The New York Times (4/20, Gall, 1.19M) reports, "Afghanistan's newly established Parliament is to vote Thursday on a 25-member cabinet proposed by President Hamid Karzai, but two weeks of confirmation hearings ended Tuesday with much uncertainty about whether many of his choices would be approved." Karzai, "who has governed for more than four years as the leader of interim and transitional governments, reshuffled his cabinet on March 22 in anticipation of harsh scrutiny by Parliament, which must for the first time vote on his choices."

CORPORATE SCANDALS:

Skilling Defends Statements On Enron's Financial Condition. The Wall Street Journal (4/20, McWilliams, Emshwiller) reports, "Jeffrey Skilling, the former president of Enron Corp., stridently defended the public statements he made about the energy giant's financial health before its 2001 collapse into bankruptcy, even as government prosecutors insisted again that he hid Enron's problems from investors." The Journal continues, "Mr. Skilling, on trial here for conspiracy and fraud along with Kenneth Lay, Enron's former chairman, argued that he adequately described to the public how much of Enron's profits came from speculative, and risky, energy trading while continuing to insist that most of the profits came from the more stable business of distributing energy and providing services. The government contends that Mr. Skilling illegally underplayed Enron's dependence on speculative trading profits, particularly during the California energy crisis in 2000 and 2001." The Journal adds, "Prosecutor Sean Berkowitz ended his questioning of the 52-year-old Mr. Skilling in midafternoon, suggesting the defendant met with a recruiter about an executive position at Lucent Technologies Inc. shortly after his Aug. 14, 2001, resignation for what he said were family reasons. Mr. Berkowitz suggested that Mr. Lay, Mr. Skilling's co-defendant in the current criminal case, was upset when he learned about his former protégé's possible interest in the Lucent job. Mr. Skilling insisted he wasn't interested in the job."

The Los Angeles Times (4/20, Mulligan) reports, "Berkowitz confronted Skilling with the previous testimony of former Enron Energy Trader Tim Belden that the company's Western Power Desk had reaped profits of $104 million in the fourth quarter of 2000, $445 million in the first quarter of 2001 and $333.5 million in the second quarter of 2001 — the lion's share of it from speculative bets on electricity prices. … Skilling insisted those large bets were offset by different positions in other parts of the country so that, on balance, Enron's stance was neutral."

Prosecutor Challenges Skilling On Reasons For Leaving Enron. The New York Times (4/20, Barrionuevo, Bajaj) reports that Berkowitz "wrapped up his cross-examination …by suggesting that Mr. Skilling had lied about the reason he resigned as Enron's chief executive." Berkowitz "asked Mr. Skilling if he had been considering taking a job as chief executive of Lucent Technologies shortly after he resigned from Enron, despite having asserted that he left primarily to spend more time with his family. … Berkowitz showed jurors a list of 11 varying reasons Mr. Skilling has given in trial and elsewhere for his departure in August 2001, after six months as chief executive. … They included his claims that he was weary from work and wanted to spend more time with his family." The Times adds, "Prosecutors have suggested that Mr. Skilling left because he knew that Enron had serious undisclosed accounting problems and losses. … Mr. Berkowitz asked Mr. Skilling on Wednesday whether he had told a friend, Dick Foster, that he was considering a chief executive opening at Lucent. … Mr. Skilling said he had been asked about the position at Lucent by an executive recruiter but did not express an interest in pursuing it."

USA Today (4/20, Farrell) reports, "According to Berkowitz, Foster chastised Skilling for even thinking about taking another CEO position, saying, 'Jeff, I thought this was all about your family.' … Berkowitz said Foster shared his concern with Lay, who had assumed the CEO title from Skilling, and another board member. … 'If Mr. Foster did that, that was a misrepresentation,' Skilling said. … 'Another person you disagree with?' Berkowitz asked, referring to the government witnesses Skilling had contradicted during his four days of direct testimony last week."

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Skilling Defiant To The End. The Washington Post (4/20, D1, Johnson) reports, "Skilling displayed contempt for the prosecutors Wednesday in the third and final day of cross-examination in his fraud trial, completing for jurors the portrait of a complex man who refused to back down from his argument that Enron was felled by a market panic -- despite testimony from a parade of corporate insiders who pleaded guilty and offered evidence against him." The Post continues, "In seven days on the witness stand during which he was alternately proud, furious, depressed and sheepish, Skilling offered the jury his own view of his role, which he hopes will supplant years of vilification following Enron's December 2001 collapse into bankruptcy protection. … The self-assertive witness refused to concede ground and challenged the government at every opportunity Wednesday, creating tension in the packed courtroom. He disagreed with…Berkowitz about nearly everything, such as the reasons Skilling left the company, the risks Enron took and the basis of stock sales he made."

Pennsylvania Tax Accountant Charged With Embezzling Millions. The AP (4/20, Dale) reports, "A tax accountant embezzled $10 million from a client, then used it to fund a lavish lifestyle - from his daughter's $74,000 bat mitzvah to a $20,000, four-day trip to London - that he largely wrote off on taxes, prosecutors alleged." The AP continues, "Prosecutors said Tuesday Denis I. Shusterman blew through the $10 million from about 1996 to 2004, spending half of it on three B-grade horror flicks he produced. As Shusterman's embezzlement and fraud trial opened in federal court, prosecutors said he gave $495,000 to one of three mistresses and $725,000 to a hospital shipping clerk who soon lost it all at the craps table. … 'He was totally enamored with the moviemaking business,' testified lead witness Leslie Edelman, who owned Kimber Mfg., a New York firearms company that lost the $10 million. 'He wanted to be part of it. He wanted the lifestyle.'" The AP adds, "Defense lawyer Elliot Cohen countered that Shusterman legitimately earned the money from Kimber and was entitled to the tax write-offs. … 'The tax laws are designed to benefit many wealthy people. We all know that,' Cohen told jurors. Prosecutors 'are trying to create the image that these deductions are fishy. They're not. They're in the tax code.' … Federal authorities started investigating Shusterman after his mother was convicted in 2002 of helping to embezzle $1.3 million from the suburban Philadelphia synagogue where she worked as a bookkeeper. Betty Shusterman, now 74, is serving a four-year federal prison term. Witnesses told federal agents that Denis Shusterman seemed to be enjoying some newfound wealth, authorities said."

Sentencing Commission Drops Privilege Waiver Policy. The ABA Journal (4/14, Carter) reports, "The U.S. Sentencing Commission's decision to abandon a policy that encourages prosecutors to seek waivers of attorney-client privilege from corporations wanting credit for their cooperation gives heart to champions of the privilege and gets a shrug from the government." The Journal continues, "When the commission adopted the policy in 2004, it noted waivers should not be sought 'unless such waiver is necessary in order to provide timely and thorough disclosure of all pertinent information known to the organization.' … But on the heels of recent surveys indicating that in-house counsel and their outside lawyers believe the U.S. Department of Justice and other federal agencies now routinely ask for the waiver, the commission revisited the issue." The Journal adds, "Opponents of the policy argued the policy itself became a tool for prosecutors to bolster their requests for waivers." The Journal notes, "At its April 5 meeting, the commission agreed and amended its guidelines, deleting commentary suggesting that waiver is in some instances a prerequisite for credit at sentencing. … The change will go into effect on Nov. 1 unless Congress votes its disapproval. … The long-simmering credit-for-waiver issue began coming to a head with the so-called Holder Memo of 1999. Then-Deputy Attorney General Eric H. Holder suggested federal prosecutors could consider waiver of attorney-client privilege in determining whether a corporate defendant cooperated. In 2001, the SEC issued the 'Seaboard Report,' in which the agency said it would not take action against a particular company because of cooperation, listing the waiver as one factor. And in 2003, then-Deputy Attorney General Larry D. Thompson issued what is now referred to as the Thompson Memo, which amplified the Holder Memo."

CRIMINAL LAW:

Second Dismissal Hearing Set For Former AIPC Lobbyists. An unusual second oral argument has been set for tomorrow on the motion by two former pro-Israel lobbyists to dismiss the spying charges against them. The

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Washington Post (4/20, A11, Pincus, 744K) reports that the two, who are accused of receiving and transmitting national defense information, "contend that the espionage statute is unconstitutionally vague and overbroad and may violate the First Amendment." In January, U.S. District Judge T.S. Ellis III "raised the possibility that the law may not be sensibly written when he sentenced a third person in the case, former Defense Department employee Lawrence A. Franklin, to 12 years in prison for giving classified information to Rosen and Weissman, former lobbyists for the American Israel Public Affairs Committee (AIPAC). Last month, after hearing oral arguments on dismissing the case against Rosen and Weissman, Ellis took the unusual step of ordering the Justice Department to respond to defense claims of unconstitutionality. Yesterday, after receiving the government's filing and the defendants' response, Ellis ordered another oral argument on the motion to dismiss."

FBI Agent Believed Ryan Was Lying From First Interview. WBBM-TV Chicago (4/19, Tucker) interviews veteran FBI Special Agent Ray Ruebenson, who interviewed former Gov. George Ryan in January 2000. Ruebenson asked Ryan about his "many trips to Jamaica and whether they were gifts to his family in exchange for political favors to his friends." He "says Ryan told investigators he paid for all the trips and showed the first signs of man who was lying." WBBM adds that "Ruebenson felt so passionate about this case that he postponed his retirement in 1999 to stay on the job. A driving force was the allegations that the License for Bribes scandal was connected to the fiery crash that killed six children in 1994. 'Dan Webb's closing arguments bothered me quite a bit, continually said, "Who cares? It's not a big deal,"' Ruebenson said. 'I took affront to that. The Willises were in the room. Why don't you tell them that it's not a big deal?'"

Four Ryan Jurors Did Not Reveal Past Court Cases. The AP (4/20) reports, "Four of the jurors who convicted former Gov. George Ryan on corruption charges failed to mention their past involvement in court cases, documents unsealed Wednesday show. Three of the jurors had arrest records and the forewoman had filed for divorce," and "the defense is all but guaranteed to bring up the issue when it asks for a new trial or appeal." The AP notes, "U.S. Attorney Patrick J. Fitzgerald issued a statement following the release of the documents saying the 'jury provided a fair and just trial to all the parties in this case.'"

Former Nevada Commissioner Denies Taking Bribes. The AP (4/20, Ritter) reports former Clark County Commissioner Dario Herrera "took the witness stand Wednesday and admitted 'recklessness' and sexual indiscretions while he was in office, but denied taking bribes from former striptease club owner Michael Galardi" through lobbyist Vince Malone. "Herrera's account of a meeting with Malone that the FBI videotaped in the parking lot of a Las Vegas restaurant in September 2001 differed from Galardi's testimony that he had Malone give Herrera $30,000 in cash. Herrera described Malone as a friend who he turned to for help in buying bedroom furniture so his young son could spend a weekend with him in his new apartment after he split from his wife." KLAS-TV Las Vegas (4/19) adds Herrera "says Mike Galardi was correct when he testified Herrera received lap dances and sexual favors from two former employees at Galardi's Cheetahs strip club, but Herrera says he did not know Galardi paid for them." He also "admitted attended dinners and golf outings where Galardi paid the bill, but said, 'There's no way a golf outing or a dinner was going to impact my judgment.'"

Street Aides Blame Each Other For Hiring Indicted Consultant. The Philadelphia Inquirer (4/20, Gelbart, 423K) reports, "Two top Street aides, one former and one current, are battling over whose decision it was to hire a $1 million consultant who oversaw a costly, failed computer project for the city -- and who was indicted in Connecticut on April 7 on charges of making payoffs to a state official there in efforts to win contracts. … In an interview Monday, Dianah Neff, the city's chief information officer, said she was not responsible for hiring Jeanette Foxworth," saying that "former city Finance Director Janice Davis brought her here." But "in an e-mail this week to The Inquirer, Davis said: 'I did NOT bring Jeanette Foxworth on. Dianah Neff hired Jeanette Foxworth through the staffing firm that brought Dianah to the City of Philadelphia.'"

Blunt Says He Has Not Been Contacted In Federal Probe. The Columbia (MO) Daily Tribune (4/20, Flory) reports, "Gov. Matt Blunt said Wednesday that neither his office nor the Department of Revenue has been contacted in connection with any federal investigation into the handling of revenue fee offices. Last week, the Kansas City Star reported that a U.S. Attorney in Arkansas is handling an investigation into how the license fee offices were awarded to

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political supporters of the Blunt administration." The Tribune notes, "The Star also reported that FBI agents have begun interviews in connection with a second investigation into lobbying practices at the Capitol. Asked whether he or anyone in his administration has ever encouraged someone to hire a particular lobbyist, Blunt said, 'I don't believe I have.'"

FBI Documents Detail Pellicano Attempt To Extort Supermarket Mogul. The New York Times (4/20, Halbfinger, Weiner, 1.19M) reports, "When the supermarket billionaire Ronald W. Burkle accused a New York Post gossip columnist of demanding hundreds of thousands of dollars for protection from nasty items in Page Six, it was not the first time that he had told authorities he was the victim of a shakedown. In 2002, Mr. Burkle has told federal investigators, the Hollywood private detective Anthony Pellicano demanded that Mr. Burkle pay him $100,000 to $250,000 in exchange for Mr. Pellicano's agreeing not to investigate him. … Mr. Burkle's account of that meeting to the Federal Bureau of Investigation, related in a summary that was reviewed by The New York Times and corroborated by Mr. Burkle in an interview this week, provides a new glimpse into Mr. Pellicano's methods of drumming up new business and holding himself out as a broker between rich and powerful adversaries — thereby drawing them into his realm at Hollywood's underbelly."

Colorado Woman Indicted On Katrina Relief Fraud Charges. The AP (4/20) reports, "A Denver woman who claimed she was a Hurricane Katrina evacuee from New Orleans to receive thousands of dollars in housing, clothing, and food assistance was indicted on 13 counts of fraud Wednesday. Chandra Donley used false pretenses to receive relief assistance from the Federal Emergency Management Agency, Colorado's Department of Local Affairs, the American Red Cross and Catholic Charities, according to the indictment.

Defense Lawyer Says Reputed Gambino Capo Too Ill For May Trial. The New York Daily News (4/20, Zambito, 729K) reports reputed Gambino family capo Greg DePalma "has been felled by a series of illnesses that have left him near death and too sick to defend himself against federal racketeering charges at his trial in May. Lawyer John Meringolo is asking Judge Alvin Hellerstein to postpone DePalma's May 8 trial, but prosecutors are expected to oppose the request at a hearing scheduled for Monday." The Daily News notes, "FBI agents have collected more than 5,000 hours of audio and video surveillance tapes of DePalma and other mobsters accused in a vast conspiracy that includes gambling and extortion charges."

New York MS-13 Member Convicted Of Racketeering Charges. Newsday (4/20, Armario) reports, "Deliberating for just a few hours yesterday in U.S. District Court in Central Islip," a federal jury found MS-13 member Leonel Mejida of Uniondale "guilty of conspiracy and murder in aid of racketeering, and two weapons charges. Prosecutors said Mejida committed the crimes to meet his 'quota' for the gang." Newsday notes that Mejida's case is "the second prosecution nationwide of an MS-13 member under the federal racketeering statute."

Actress Pleads Guilty To DHS Television Series Scam. The Los Angeles Times (4/20, Krikorian, Hanley, 958K) reports, "The purported star of a bogus television series based on the U.S. Department of Homeland Security pleaded guilty Wednesday to lying to federal agents when she said she did not know the show was part of an elaborate investment scam. In her guilty plea, Alison Ann Heruth…acknowledged making false statements to FBI and IRS agents to conceal the scheme, which authorities allege defrauded dozens of investors of more than $5.5 million over a two-year period. The alleged fraud, whose victims included many local churchgoers, surfaced last fall when federal agents arrested Joseph Medawar," who "is charged with numerous counts of wire fraud, money laundering and other crimes." KCAL-TV Los Angeles (4/19) notes Heruth "admitted that when she met with FBI and Internal Revenue Service investigators in April 2005, she lied to cover up her knowledge of Medawar's alleged investment con." She acknowledged knowing "investors' money was being used to pay the rent on a Beverly Hills mansion she lived in, and to pay for leased cars, jewelry, child care, food and entertainment, the plea agreement states."

Former Corning Employee Sentenced To Four Years For Corporate Espionage. The Elmira Star-Gazette (4/19, Wilson) reported, "Jonathan C. Sanders, who pleaded guilty in January to stealing Corning Inc. trade secrets, was sentenced Tuesday to 48 months in federal prison and ordered to pay a $20,000 fine. … Sanders

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admitted in January that he stole proprietary information from Corning Inc.'s Harrodsburg, Ky., plant on the process the company uses to manufacture liquid crystal display glass. … He sold the information to another defendant who provided it to a Taiwan company, Picvue Electronics, which was interested in competing with Corning Inc. in the liquid crystal display glass business." The Star-Gazette notes, "The arrests followed an investigation by the Federal Bureau of Investigation office in Buffalo under the direction of Special Agent in Charge Peter Ahearn." The Lexington (KY) Herald-Leader (4/19, Kocher) also reported on Sanders' sentencing.

Supreme Court Considers Insanity Defense In Arizona Case. USA Today (4/20, Biskupic, 2.31M) reports, "The Supreme Court struggled Wednesday with an appeal from an Arizona teen who killed a police officer but might have believed he was shooting a space alien. The case could affect insanity-defense laws nationwide." USA Today adds "the case tests constitutional standards for a state's consideration of a defendant's mental illness and how states may be bound to a traditional rule from 19th-century England that allows a defendant to demonstrate insanity if he did not know 'the nature and quality' of the act and that it was wrong." The Supreme Court "has never ruled that defendants have a constitutional right to make an insanity defense, but most states allow it and use the traditional two-prong test."

The New York Times (4/20, Greenhouse, 1.19M) says "much of the debate during the argument centered on whether Arizona's narrowed definition of insanity made a practical difference." The state's lawyer, Randall M. Howe, chief counsel in the Arizona attorney general's office, "asserted that nearly all those defendants who could have claimed that they did not understand the nature of their actions, the part of the definition that Arizona has eliminated, could also demonstrate that they did not know their acts were wrong." The Times adds "several justices appeared troubled" by Howe's arguments. The Washington Post (4/20, A6, Lane, 744K) and Los Angeles Times (4/20, Savage, 958K), among other sources, run similar stories this morning.

The Legal Times (4/20, Mauro) reports, "The much-maligned insanity defense was the focus of debate before the Supreme Court on Wednesday in a case that could further limit its use. … Justices seemed troubled by the case Clark v. Arizona, in which Eric Clark's plea of insanity was rejected, resulting in Clark being convicted of first-degree murder for killing a Flagstaff, Ariz., police officer, even though, his lawyer said, Clark thought he was shooting at an alien being. … But several justices seemed to accept the argument by Arizona and the Bush administration that states have broad discretion in limiting the insanity defense -- even to the point of eliminating it altogether, as several states have done."

The AP (4/20, Holland) reports, "Eric Clark thought he was being pursued by aliens before he shot and killed an Arizona police officer nearly five years ago. … Clark, a 17-year-old schizophrenic, was found guilty of first-degree murder and sentenced to life in prison. His lawyer argued that he was 'guilty except insane' and should instead be sent to a psychiatric facility." The AP adds, "The Supreme Court was reviewing Clark's appeal on Wednesday, in what may become a significant test of state insanity laws. … All but four states - Idaho, Kansas, Montana and Utah - allow insanity defenses, but the ruling in Clark's case could force legislatures to change their laws."

CNN.com (4/20, Mears) reports, "The justices appeared to have a hard time Wednesday determining whether Clark and others like him have a constitutional right to an insanity defense. … 'Eric was delusional,' Clark's appellate attorney, David Goldberg, told the justices. 'He believed he was killing an alien that occupied the officer's body, that aliens had invaded his town.' … 'What if he knew right from wrong, and knew it was wrong to kill aliens?' asked Justice David Souter, 'Would he still have (an insanity) defense?' … Justice John Paul Stevens followed up, 'Does it make a difference whether he knew it's wrong to kill aliens? Does he have to think it's wrong to kill aliens' for reasonable doubt to be raised about his culpability? … Several justices worried whether a victory for Clark would mean a wave of insanity claims by criminal defendants, where 'everybody is going to have an excuse,' as Souter put it."

Former Hockey Player Seeks Transfer To Canadian Prison. The St. Louis Post-Dispatch (4/20, Shaw) reports, "Writing out of frustration, according to his lawyer, imprisoned former Blues player Mike Danton issued a two-page, handwritten letter to the news media questioning Justice Department officials' decision to keep him in the U.S." the Post-Dispatch continues, "Last month, Danton was denied transfer to the Canadian prison system, which was a possibility –- but never a promise –- under his plea agreement with prosecutors in his murder-for-hire case. Authorities concluded that transferring Danton would "not serve the ends of justice" and that his crime was too severe to warrant a

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transfer." The Post-Dispatch adds, "The Justice Department unit that evaluates such transfers said Danton has to wait two years to reapply, and can improve his chance by being a model prisoner."

FCC Launches Payola Probes Of Four Radio Companies. The Los Angeles Times (4/20, Duhigg) reports, "The Federal Communications Commission on Wednesday launched formal investigations into pay-for-play practices at four of the nation's largest radio corporations, the biggest federal inquiry into radio bribery since the congressional payola hearings of 1960." The Times continues, "Two FCC officials with direct knowledge of the matter confirmed that the agency had requested documents from Clear Channel Communications Inc., CBS Radio Inc., Entercom Communications Corp. and Citadel Broadcasting Corp. over allegations that radio programmers had received cash, checks, clothing and other gifts in exchange for playing certain songs without revealing the deals to listeners, a violation of federal rules. … The FCC requests, known formally as 'letters of inquiry,' are the first step in investigations that could result in sanctions ranging from financial penalties to the revocation of stations' licenses." The Times adds, "In the past, radio executives at firms including Clear Channel, the nation's largest station owner, have said that company policies prohibit accepting gifts for airplay and that internal probes have not revealed widespread wrongdoing. … The four broadcasters have been negotiating with the FCC for weeks to forestall a federal inquiry by offering to discontinue certain practices and pay limited fines. But those talks stalled last month over the issue of how much the broadcasters should pay."

Report Says McKinney Struck Capitol Police Officer With Closed Fist. CNN's The Situation Room (4/19, Blitzer) reported, "There are new details emerging right now about the confrontation between Congresswoman Cynthia McKinney and a Capitol Hill police officer." CNN (Todd) added that the police report on the incident "does not list Congresswoman Cynthia McKinney by name, only as S-1, for suspect. But the document, obtained by CNN, does name the officer she allegedly hit last month. He's listed by Paul McKenna, also as C-1, or complainant. The report says officer McKenna -- quote -- 'stated that he was physically assaulted by S-1. S-1 struck C-1 in his chest with a closed fist.'" CNN added, "Capitol Hill Police would not discuss McKenna's record. Contacted by CNN, McKinney's attorneys would not comment on the police report, but stressed, she has not been charged with a crime. McKinney's aides would not comment. Earlier, McKinney accused an officer of inappropriately touching her, and the Capitol Hill Police of racial profiling -- this after McKinney went around a metal detector. Capitol Hill Police deny both accusations. And even McKinney has toned down her rhetoric."

Police Make 2nd Arrest After Carjacking Spree. The Washington Post (4/20, Wilber) reports, "Police charged a 32-year-old man [named John West] with receiving stolen property and unauthorized use of one of the vehicles taken in the carjackings. Police said they also are reviving their focus on a 16-year-old who was arrested after a car chase early Tuesday that ended near the National Zoo. Neither has been charged directly in the carjackings or robberies." The police are reinvestigating the juvenile after realizing that "a key seized from the youth belonged to another carjacked vehicle."

Court Upholds Dismissal Of DeLay Charges. An appeals court has upheld a judges ruling throwing out a felony conspiracy charge against former House Majority Leader Tom DeLay. The AP (4/20, Vertuno) reports, "A lower court judge dismissed a conspiracy charge against DeLay in December, agreeing with defense arguments that the conspiracy law did not cover election code violations in 2002; the Legislature amended the law in 2003."

Ruling Seen As Victory For DeLay. CQ (4/19, McDonald) reported that while "two more serious charges of campaign money laundering and conspiracy to launder campaign funds" stand against DeLay, the ruling "does represent a victory for DeLay, whose attorneys had argued that the conspiracy charge against him for violating the election code did not apply to state campaign law in 2002 when the crime was alleged to have taken place."

Police Arrest Illinois Rape Suspect. The Chicago Tribune (4/19, Bowean) reports, "A 21-year-old resident has been charged in two of four reported assaults" in a Riverdale community. Wesley Toney "was arrested at home Tuesday after DNA evidence linked him to the two cases, Police Chief Pete Satriano said." A judge "ordered [Toney] held in lieu of $1.5 million bail."

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Online Offender Registries Could Invite Vigilantism. The Washington Post (4/20, Fahrenthold) reports that the murders of two registered Maine sex offenders "have alarmed some defense attorneys and advocates for sexual offenders, who say this crime is among the darkest examples of the harassment and threats that have followed the rapid rise in registries that publicly identify offenders." Advocates of the registries said "they were saddened by the Maine case, but noted that many states -- including Maine -- place warnings on registry sites that harassment or intimidation of offenders is illegal. They said that removing offenders' home addresses, as some critics of the registries suggest, would leave them less useful to parents."

Boston Archdiocese Reveals Financial Books. The New York Times (4/20, Bellock) reports that the Boston Catholic archdiocese on Wednesday gave the "most detailed financial accounting any diocese has made available," which revealed a $46 million deficit. Experts called the deficit "the largest any diocese has ever had." The cardinal and lay experts attributed the deficit to "declining donations as a result of the abuse crisis, pension funds hurt by declining stock prices, skyrocketing health care costs for priests and the expensive maintenance for old parish buildings." In addition, "the archdiocese has paid out more than $150 million in legal settlements related to accusations of sexual abuse by priests."

CIVIL RIGHTS:

Florida Law Blocking Child Abuse Agency Probe Of Juvenile Camp Death. The Miami Herald (4/20, Miller, 323K) reports, "Though a surveillance video played around the country shows guards punching, kneeing and choking Martin Lee Anderson before he stopped breathing at a Panama City boot camp, Florida child abuse investigators are not looking into whether the boy died from abuse or neglect. That's because both child welfare and juvenile justice administrators are interpreting one sentence in state law as granting Florida's five juvenile boot camps an exemption to requirements that all suspected or alleged child abuse be reported to the Department of Children & Families' abuse hotline." The Herald notes, "Martin's death is being investigated by a special prosecutor appointed by Gov. Jeb Bush," and "the FBI and U.S. Attorney's Office…also are investigating whether boot camp guards violated the youth's civil rights."

Boot Camp Death Spurs Student Demonstration. The AP (4/20, Fanta) reports, "About 30 college students protested peacefully Wednesday in the foyer of Gov. Jeb Bush's office, calling for the arrest of guards who struck and kicked a teenage boy at a juvenile boot camp in Panama City. The 14-year-old boy died the next day." The AP continues, "Bush said he planned to meet with the students about the Jan. 6 death of Martin Lee Anderson but cautioned that it was premature to take action until an investigation was done. The students also want Bush to apologize to the boy's family for how the investigation has been handled. They say there is a coverup." The AP adds, 'Medical examiner Charles Siebert said in the first autopsy that the boy died of complications from sickle cell trait, a usually benign blood disorder. The boy's family said the altercation with guards killed him. Bush has appointed Hillsborough County State Attorney Mark Ober as special prosecutor to investigate. … Ober witnessed a second autopsy in Tampa in February, and his office said the boy didn't die of the blood disorder. That autopsy's findings aren't complete. Ober also removed the Florida Department of Law Enforcement from the investigation because of private e-mails the FDLE's chief sent to Bay County's sheriff, whose office ran the boot camp. … The U.S. Justice Department is investigating possible civil rights violations in the Anderson case. Bay County has closed its boot camp, and the House Judiciary Committee wants to replace camps statewide with residential programs."

Tennessee White Supremacist Candidate Questions Ballot Disqualification. The Memphis Commercial Appeal (4/20, Sullivan) reports, "James L. Hart, the racist eugenicist running for the congressional seat that includes Millington, could contest the state's decision to disqualify him by pointing out that the state law the Division of Elections relies on was not 'pre-qualified' by the Justice Department under the Voting Rights Act, his lawyer says. … But Richard Barrett, Hart's lawyer and a founder of the white supremacist Nationalist Movement, said his client is 'too principled' to make the point, in part because he doesn't support 'the so-called Voting Rights Act' or its provisions protecting minority voters from state voting laws that might dilute their strength at the polls." The Appeal continues, "State Elections Coordinator Brook K. Thompson said Barrett, who

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lives in Mississippi, where voting laws must be pre-qualified, is mistaken about Tennessee voting laws, which do not. … 'We have a statute that is presumably valid and, until somebody challenges it and has it struck down, it's valid,' Thompson said Wednesday. 'I can't just determine that that statute is unconstitutional, or even assume it is... A federal judge can.'" The Appeal adds, "The Tennessee law allows political parties to petition the state to remove candidates from primary ballots that aren't 'bona fide' party members, and the state Republican Executive Committee passed a resolution to that effect last month. Barrett points out that, as the party's unwelcome standard bearer in 2004, Hart won nearly 60,000 votes. … Barrett also suggests that the state provisions, passed in 1972, permit such an arbitrary decision to be made in a way that could, in another context, dilute the minority vote."

3rd Circuit Allows Age Bias Suit To Proceed. The Legal Intelligencer (4/20, Duffy) reports, "An employer hit with an age discrimination lawsuit in the wake of a companywide layoff is not entitled to summary judgment -- even if it offers several 'age neutral' reasons for the decision -- if the plaintiff is able to point to 'implausibilities and inconsistencies' among those reasons, the 3rd U.S. Circuit Court of Appeals has ruled." The Intelligencer continues, "The 2-1 ruling in Tomasso v. The Boeing Co. is an important victory for plaintiffs because it charts a course for surviving summary judgment in a traditionally difficult sector of employment discrimination claims stemming from a 'reduction in force,' or RIF." The Intelligencer adds, "Writing for the court, Senior 3rd Circuit Judge Edward R. Becker said he recognized that 'a decision to lay off an employee in an RIF differs from a decision to fire an employee during ordinary circumstances.' … In an RIF, Becker said, 'even qualified employees are laid off in order to reduce personnel,' while in ordinary circumstances, employees are fired for poor performance. … But in both situations, Becker said, the courts apply the McDonnell Douglas burden-shifting test."

Judge Allows Ten Commandments Monument To Remain At Ohio Courthouse. The AP (4/20) reports, "A Ten Commandments monument that has stood on the courthouse lawn (in Toledo, OH) for almost 50 years does not promote religion and can remain in place,a federal judge ruled." The AP continues, "U.S. District Judge James Carr said Tuesday that the monument can stay because the motives for placing it outside the Lucas County courthouse were secular and not an endorsement of a specific belief." The AP adds, "The American Civil Liberties Union of Ohio sued Lucas County, Ohio, in 2002 to have the display removed, saying it was unconstitutional and promoted religion. … Carr's decision followed a ruling last year by the U.S. Supreme Court that addressed displays of the Ten Commandments."

Maryland Woman Sentenced To Seven Years In Domestic Slavery Case. The AP (4/20) reports, "A woman convicted of holding a Nigerian girl in the U.S. and forcing her to work as an unpaid servant has been sentenced to seven years in federal prison and will be deported after that time." The AP continues, "U.S. District Judge Peter J. Messitte listened to a statement from the now 23-year-old victim before sentencing Adaobi Stella Udeozor on Tuesday. The victim had been taken from her family in Nigeria when she was 14 under the false belief that she was being adopted to attend school in the United States, according to evidence presented in federal court. … She was subsequently raped by the man who took her from her family and abused by his wife, according to prosecutors. … 'I want to make Stella pay the price for what she did to me,' the young woman told the judge." The AP notes, "Udeozor, a physician who lives in Darnestown, Maryland, was convicted of conspiracy and harboring an alien for financial gain in 2004. A jury acquitted her of forcing the girl to work as a domestic slave but made a special finding that the girl had been held in involuntary servitude for more than a year. … In the past six years, federal prosecutors in U.S. District Court in Greenbelt have won at least six convictions in forced labor cases. Such mistreatment is common, according to law enforcement officials and advocacy groups."

ANTITRUST:

Knight Ridder Head Expects McClatchy Sale To Go Through. The Fort Worth Star-Telegram (4/20, Fuquay) reports, "Knight Ridder Chairman Tony Ridder said Tuesday that he expects the company's pending sale to McClatchy Co. to go through, despite a steady decline in the value of the buyout and a requirement that at least 80 percent of Knight Ridder shareholders approve the deal." The Star-Telegram continues, "Sacramento, Calif.-based McClatchy, the nation's 10th-largest newspaper publisher, announced

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March 13 that it had agreed to pay $6.5 billion in cash, stock and debt for Knight Ridder, which has owned the Star-Telegram since 1997. … McClatchy has said it hopes to close the deal by July 1." The Star-Telegram adds, "During a visit to Fort Worth, Ridder told newspaper employees, 'I think it's very unlikely' that the falling value of newspaper companies' stocks would scuttle the buyout. As McClatchy's shares have slipped, the value of the buyout, which is for $40 in cash and a little more than half a share of McClatchy stock, has fallen to about $6.2 billion." The Star-Telegram notes, "Ridder also said that although the U.S. Justice Department is examining antitrust issues raised by the sale, he expects those to be resolved in the next five or six weeks. McClatchy and Knight Ridder own newspapers with overlapping distribution in three markets."

Judge Denies Class Action Status to IPO-Commission Plaintiffs. The Wall Street Journal (4/20, Smith) reports, "Judge Lawrence M. McKenna denied class-action status to one class of plaintiffs in a case first filed in 1998 alleging that companies that issued stock in the IPOs were harmed by the alleged price-fixing." The judge "said the plaintiffs named in the case couldn't represent the group of issuers of IPOs valued at $20 million to $80 million because they had acquired the rights to sue."

Dow Jones (4/20) reports, "The lawsuit was one of two brought against the major underwriters over alleged collusion since 1994 to fix underwriting fees charged to issuers of IPOs valued between $20 million and $80 million at 7% of the proceeds of those offerings. … At the same, the judge is still considering whether to grant class status to a related lawsuit brought in 1998 on behalf of purchasers of IPOs."

DOJ, FTC Grant Early End To Waiting Period For Armor Holdings' Purchase. Dow Jones (4/20) reports, "Armor Holdings Inc. said the Department of Justice and the Federal Trade Commission granted early termination of the waiting period under the Hart-Scott- Rodino Antitrust Improvements Act in connection with Armor's purchase of Stewart & Stevenson Services Inc. … The Jacksonville, Fla., vehicle armor and body armor company said Stewart & Stevenson scheduled a May 9 meeting for shareholders of record April 5 to vote on the deal."

The AP (4/20) reports, "Under the terms of the deal, Armor Holdings is acquiring Stewart & Stevenson's outstanding stock for $35 per share in cash."

German Moving Firms Fined For Antitrust Violations. The AP (4/20) reports, "Germany's antitrust regulator said Wednesday it has fined six moving companies a total of euro2.4 million (US$2.9 million) for illegally fixing the price of work for the U.S. military." The AP continues, "The Federal Cartel Office said the companies agreed among themselves a minimum price for work in 2001 and 2002 packing and helping move the personal possessions of U.S. soldiers stationed in Germany." The AP adds, "The fined companies were assigned work by a main contractor to the U.S. military which U.S. authorities have already fined more than US$10 million because of the price-fixing, it said. … It didn't identify any of the companies fined or the U.S. military bases in Germany that were involved and an agency spokesman was not immediately available for comment." The AP adds, "Cartel Office President Ulf Boege said it was the first time that his officials and their U.S. counterparts had carried out such parallel investigations."

Jury Awards $133 Million To Victim Of Microsoft, Autodesk Patent Infringement. The Wall Street Journal (4/20, Fleetwood) reports, "A Texas jury awarded a total of $133 million to a Michigan man in a patent dispute with Microsoft Corp. and Autodesk Inc. David Colvin, the founder of closely held z4 Technologies Inc., sued [them] in federal court, claiming Microsoft and Autodesk appropriated two of his antipiracy-software patents with Microsoft's Office and Windows XP and Autodesk's AutoCAD programs. Microsoft was ordered to pay $115 million, and Autodesk was required to pay $18 million." The Journal reports, "Microsoft …. said it would await resolution of all issues before it makes any decisions. Autodesk spokeswoman Caroline Kawashima said the company was disappointed with the verdict and intended to pursue its options."

Pinnacle Raises Bid For Aztar. The Wall St. Journal (4/20, Sanders) reports, "Pinnacle Entertainment Inc. raised its offer for Aztar Corp. to about $1.65 billion, or $43 a share, five weeks after its original bid of $38 set off a bidding frenzy for the casino operator." The Journal writes, "The amended bid, however, is still $4 a share lower than the April 13 offer made by the casino affiliate of closely held Columbia Sussex Corp." Observers speculate that Columbia might be "stymied in its attempts to secure casino licenses in states

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including New Jersey and Missouri where Columbia doesn't currently operate casinos but Aztar does."

Mittal Activates Clock On Bid For Arcelor. The Financial Times (4/19, Laitner) reports, "Lakshmi Mittal on Wednesday set the clock ticking for the formal unveiling of his hostile €20.2bn ($25bn) bid for for Arcelor, as the likelihood increased of a shareholder revolt against Arcelor's defence plans at its annual meeting next week." Mittal "said he planned to send detailed bid documents to Arcelor shareholders in two weeks, after which they would have seven weeks to decide whether to accept the offer." The Wall Street Journal (4/20, Fleming and Teitelbaum) reports that "two corporate-governance groups said they will recommend at next week's annual meeting that some Arcelor directors shouldn't be re-elected," because Arcelor "hurt its own shareholders" in trying to stave off Mittal.

ENVIRONMENT:

Suit Alleges Contamination Of New Jersey Drinking Water By DuPont. The AP (4/20, Chase) reports, "Drinking water supplies near a DuPont facility in New Jersey have been contaminated with chemicals, including a suspected carcinogen used in the production of Teflon, according to a federal lawsuit." The AP continues, "The lawsuit, filed Tuesday, alleges that the contamination is linked to the manufacturing, use and disposal of perfluorinated chemicals, including PFOA, at DuPont's Chambers Works plant in Salem County, New Jersey." The AP adds, "PFOA, or perfluorooctanoic acid, is a processing aid used in the manufacturing of fluoropolymers, which have a wide variety of product applications, including nonstick cookware. The chemical also can be a byproduct in the manufacturing of fluorotelomers used in surface protection products for applications such as stain-resistant textiles and grease-resistant food wrappers. … The plaintiffs are seeking class-action status and compensatory and punitive damages for what they describe as the 'intentional, knowing, reckless and negligent acts and omissions of DuPont in connection with the contamination of human drinking water supplies.' … In a statement, DuPont said the lawsuit, filed in U.S. District Court in New Jersey, is without merit."

Shenandoah Is One Of Nation's 10 Most Endangered Rivers. The Washington Post (4/20, McCrummen) reports that the Shenandoah "made its grim debut yesterday on an annual list of the nation's 10 most-endangered rivers." The group American Rivers says the river "has reached a tipping point." While American Rivers blames the Army Corps of Engineers for many other rivers' deficiencies, it attributes the Shenandoah's growing problems to "national builders and the seemingly unquenchable demands of thousands for new houses in pretty spots."

American Mercury Recycling Rules May Worsen Global Pollution. The Wall Street Journal (4/20, Fialka) reports, "Instead of being permanently removed from the environment, recycled American mercury frequently travels through a secretive and unregulated chain of processors and brokers that can often end with primitive African, Asian and Latin American gold mines." It notes, "The process [of gold extraction] sends the metal into the atmosphere where it can orbit the world as many as four times before settling in distant places, such as Maine's seemingly protected lakes."

If Bird Flu Reaches US, Focus To Be On Quick Detection. If the bird flu virus shows up in US poultry, the Wall Street Journal/AP (4/20, D6) reports, "the government will kill flocks suspected of having the virus before tests are completed," officials said. If bird flu arrives, "quick detection will be key to quickly containing it and eradicating it," said Ron DeHaven, head of the USDA's Animal and Plant Health Inspection Service. Officials also "encourage those producers to bring flocks inside and watch for signs of flu…and report them immediately to state or federal authorities." USA Today (4/20, D8, 2.31M) also reports briefly on DeHaven's comments.

Study Predicts Climate Change Will Not Be Extreme. Newly published research says that while Earth will experience a significant climate shift in the next century as a result of greenhouse gas build up, the more extreme estimates of global warming predicted by some are unlikely to occur. The Washington Post (4/20, A8, Weiss, 744K) reports, "The new work extends a difficult line of research that uses historical climate data and computer models to predict the impact of atmospheric carbon dioxide levels, which are increasing as a result of human activity, such as burning fossil fuels." The new work, described in today's issue of the

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journal Nature, "recalculates the relationship between atmospheric composition and climate, taking into account the climate-affecting impacts of sun-blocking volcanic eruptions; carbon dioxide levels derived from air bubbles trapped in Antarctic ice; and temperature data derived from tree rings. The result: Climate sensitivity almost certainly falls within the more conventional range of current predictions, with only a 5 percent chance that it will exceed 11 degrees Fahrenheit."

Case Made For Protecting Sustainable Forests. Don Melnick, a professor of conservation biology at Columbia University, and Mary Pearl, president of Wildlife Trust, write in the New York Times (4/20, 1.19M) that since the first Earth Day on April 22, 1970, "we have lost more than one billion acres of forest, with no end in sight. … Everywhere, forests prevent erosion, filter and regulate the flow of fresh water, protect coral reefs and fisheries and harbor animals that pollinate, control pests and buffer disease. That is why the single most important action we can take to protect lives and livelihoods worldwide is to protect forests. And one of the best ways to do that is to change how we think about their economics." Sustainable forests "can form the basis for the health and economic well-being of the poorest among us, while benefiting everyone else as well. What could be a more satisfying vision for Earth Day 2006?"

FBI/DEA/ATF/USMS:

Anderson Family Fighting FBI Attempt To Search Papers. The CBS Evening News (4/19, story 6, 2:15, Mitchell, 7.66M) reported, "The family of the late investigative reporter Jack Anderson is squaring off against the FBI, trying to stop the bureau from seizing his files. The issue here is secrecy." CBS (Orr) added that "the FBI believes these nearly 200 boxes holding Anderson's notes and papers may contain leaked, classified documents." George Washington University archivist Mark Feldstein "says government agents are on a fishing expedition." The FBI "insists it's a matter of national security, and wants to confiscate any secret documents among Anderson's papers before they're put on public display." CBS News "has learned even some Justice officials privately say the effort is too heavy-handed."

USA Today Says Request Reminiscent "Of The FBI's Bad Old Days." In an editorial, USA Today (4/20, 2.31M) criticizes the FBI attempt to search journalist Jack Anderson's papers, writing, "Based on what's known so far, the episode smacks of yet another excessive effort to protect supposed secrets that, in fact, the public is helped by knowing. Curiously, FBI officials say they know classified documents are in the files but won't say how they know, triggering memories of the FBI's bad old days of questionable tactics in pursuit of its own paranoid agendas." USA adds, "If the FBI has real evidence of classified government property in the Anderson files, it should be able to persuade a judge to allow a narrowly focused search. Until then, a family upholding the principles of its lost patriarch has every right and duty to resist."

WPost Says Administration Trying To "Diminish" Openness, "Criminalize" Debate. The Washington Post (4/20, 744K) editorializes that "the Bush administration is promoting a reading of an old and largely moribund law that could radically diminish the openness of U.S. government while criminalizing huge swaths of academic debate and journalism." The Post cites the AIPAC classified documents case and "the FBI's attempt to seize control of the papers of the late columnist Jack Anderson" as examples of the administration move to expand the "World War I-era statute that prohibits people who receive secret information from disclosing it further." The Anderson "case makes clear that this problem is not merely theoretical but real and immediate. … It's the same legal theory at work, as the bureau's spokesman, Bill Carter, explained: 'Under the law, no private person may possess classified documents that were illegally provided to them.'"

"Operation Wasteland" Nets At Least 30 Arrests. The Long Beach (CA) Press-Telegram (4/19) reports, "Carlos Cabrera is arrested and taken into custody by law enforcement in Norwalk during 'Operation Snow Globe,' a multiple law enforcement operation targeting gangs that finances their activities by dug trafficking. Thirty individuals were arrested and cocaine and methamphetamine was seized. … 'In October of 2003, we made a promise to the gang members who terrorize our community that we were coming for them,' said Long Beach Police Chief Anthony Batts, who spoke at a joint press conference with representatives from the Drug Enforcement Agency, the U.S. Attorney's Office and the California Department of Justice, among others." The Press-Telegram says the chief made his comments in Los Angeles Wednesday, when authorities

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detailed a two-year investigation called Operation Wasteland. The Press-Telegram says that operation included two linked investigations: Operation Daddy Day Care, targeting the Highland Park Gang and Operation Snow Globe, which focused on the East Side Wilmas.

The San Gabriel Valley Tribune (4/20) reports the alleged leader of one of two street gangs "suspected of selling 500 to 800 pounds of methamphetamine per month was arrested Wednesday in a quiet Covina neighborhood. The Drug Enforcement Administration sweep covered 12 cities and involved 22 police agencies said. Authorities say Robert Gastelum, 29, was the leader of the Highland Park Gang and quietly coordinated a drug-dealing operation from his home."

The Whittier (CA) Daily News (4/20) reports, "The investigation, spanning two years and dubbed 'Operation Wasteland,' netted 30 arrests of suspected members of the drug ring, including brothers Fernando and Carlos Cabrera, identified by officials as the drug ring's top leaders."

KCAL-TV, Los Angeles (4/19) reports on its Web site that federal agents "arrested 31 people and seized drugs, cash and firearms in a crackdown on drug-dealing gangs in the Southland. In an operation dubbed 'Operation Wasteland,' agents seized eight pounds of methamphetamine, about a pound of cocaine, 23 vehicles, 14 firearms, and approximately $90,000 cash, DEA Agent Sarah Fenno said."

Cable TV Coverage. FOX Report with Shepard Smith (4/19, 7:00 p.m.) reported, "The crackdown begins before dawn, with agents suited up in armor and armed to the teeth. The target -- two Hispanic gangs spread across southern California that are charged with trafficking cocaine and methamphetamine through the Mexican drug cartels. Then the feds say they distribute the narcotics to points throughout the United States. … Called Operation Wasteland, the gangs are said to be involved in murder, robbery, grand theft, and illegal drugs and weapons. … The numbers from this raid are still coming in, but the feds are saying that a 17-month investigation and the subsequent crackdown have broken the backs of two major gangs based here in Los Angeles that have been in operation for more than three decades." In an interview with agent Jose Martinez, Martinez said, "Our focus at the DEA was obviously the distribution of drugs. And at their level, they were mid-level wholesalers distributing to, you know, every other part of the country."

Local TV Coverage. KCBS-TV, Los Angeles (4/19, 5:00 p.m.) reported, "Dozens of gang members are out of business tonight, arrested in a huge roundup involving all kinds of law enforcement agencies. Calling it Operation Wasteland, agents seized firearms, meth, cocaine, almost two dozen vehicles and $90,000 in cash. They targeted two specific gangs with about 650 members in the LA area. Thirty-one of them have been arrested."

WITI-TV, FOX Milwaukee (4/19, 9:00 p.m.) reported, "The gangs are said to be involved in murder, robbery, grand theft and illegal drugs and weapons. And in the driveway of this modest home sits a $100,000 BMW, a 2005 AMG Mercedes, a new Lincoln Navigator, a Hummer with Gucci interior, and a Lexus."

Convicted Spokane Drug Dealer Rejects Plea Bargain, Gets Life Sentence. The Spokesman Review (4/19) reports, "A Spokane drug dealer who rejected a plea bargain for only a few years in prison was sent away Tuesday to spend the rest of his life in a federal penitentiary, without the possibility of parole. Raul S. Zavala got the harsh sentence because under federal drug laws he was deemed a 'career offender' whose two previous drug-dealing convictions were factors in his mandatory sentence. … Zavala was arrested in Spokane on April 29, 2005, by Drug Enforcement Administration task force agents who found two pounds of methamphetamine – worth an estimated $16,000 – in his car."

California City Council Extends Moratorium On Marijuana Dispensaries. The Whittier (CA) Daily News (4/20) reports the Pico Rivera City Council unanimously "agreed Tuesday to extend its temporary ban on medical marijuana dispensaries by 10 months and 15 days. Officials made the decision to extend an interim ordinance, which prohibits issuing any permits to medical marijuana dispensaries in the city, because they need more time to study the subject."

Texas Drugs Task Force Commander Accused Of Extorting Money From Traffickers. According to the Houston Chronicle (4/20), the deputy commander of a counter-narcotics task force in Laredo and a suspected accomplice allegedly "extorted tens of thousands of dollars from drug traffickers, shielded them from other agents and gave them a place to store cocaine,

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according to a federal indictment unsealed on Wednesday. … FBI agents arrested Julio Alfonso Lopez on Tuesday. His alleged accomplice, Meliton Valadez...was arrested Wednesday. Lopez is accused of accepting four bribes totaling $44,500 from Veladez."

Texas Grand Jury Indicts Man On Murder Charge Linked To Drug Deal. The Brownsville (TX) Herald (4/20) reports a Cameron County grand jury on Wednesday "indicted a suspected Mexican hitman in the slaying of San Benito resident. Benito Barrera Martinez, 42, was indicted on a murder charge in the June 1997 death of Martin Villarreal. Cameron County Sheriff's Department deputies believe that Barrera and another suspect, Juan 'El Flaco' Cardenas Castañeda, killed Villarreal because of a botched $1.5 million marijuana deal with a Mexican drug lord."

Six Branch Davidians Soon To Be Released From Prison. The AP (4/19, Brown) reports, "Thirteen years after the Branch Davidians' armed standoff with federal agents ended in an inferno that killed nearly 80 people, six sect members who were sent to prison are about to be released from custody." The AP continues, "Most of those who will be freed over the next two months escaped from the compound near Waco as it burned to the ground on April 19, 1993 — 51 days after a shootout that erupted when federal Bureau of Alcohol, Tobacco and Firearms agents tried to arrest religious leader David Koresh for stockpiling guns and explosives. … The six men went to federal prison for manslaughter, weapons offenses or both in connection with the shootout, which left four federal agents and six Davidians dead." The AP adds, "Once the men are out, they will be on supervised release for three to five years. Among other things, they will be barred from associating with one another. … A seventh Davidian is also still behind bars but is not scheduled for release until next year."

Union Wants ATF To Allow More Telework. Government Executive (4/20, Pulliam) reports, "The Justice Department's Bureau of Alcohol, Tobacco, Firearms and Explosives and a federal employee union are embroiled in a dispute over a new work-away-from-the-office policy, with the union pushing for a much more expansive program than the agency allegedly is willing to offer." GE continues, "The bureau and the National Treasury Employees Union have been negotiating for more than a year over a telework program to replace a still-existing pilot agreed to five years ago. The dispute is now before the Federal Service Impasses Panel, and NTEU claims that the bureau has forced the cancellation of at least one scheduled meeting with the panel. … An ATF spokeswoman said she cannot discuss the matter because of the ongoing litigation." GE adds, "According to NTEU, the bureau's final proposal for a new policy designates only the position of management and program analyst, held by nine people, as eligible for telework on a part-time basis. There are more than 800 employees represented in the negotiations. … The union's proposal designates that position, as well as 14 others, as eligible. Investigators and auditors, who spend a large percentage of their time in the field, would be designated as eligible for full-time telework under the union plan, and could work from home at their own discretion."

IMMIGRATION:

Federal Officials Arrest Hundreds In Immigration Raids. CNN.com (4/20, Frieden, Ahlers) reports, "Federal immigration authorities rounded up more than 1,000 illegal immigrants at dozens of sites and charged nine individuals of the firm that employed them, federal law enforcement officials announced Wednesday." CNN continues, "Seven current and former managers of IFCO Systems, which has offices in several states, were arrested and charged in connection with the employment of illegal immigrants, said U.S. Attorney Glenn Suddaby in Albany, New York. … Suddaby said two lower level employees were also charged in the case." CNN adds, "The action against IFCO Systems -- an industry leader in the manufacture of wooden pallets, crates and containers -- came as Homeland Security and Justice Department officials prepared to announce steps to toughen internal enforcement of the nation's immigration laws. … Immigration and Customs Enforcement officials said Homeland Security Secretary Michael Chertoff and other Bush administration officials and a federal prosecutor will appear at the agency's Washington headquarters Thursday. They will announce the new strategy aimed at employers and disclose the results of the enforcement actions targeting IFCO Systems."

New Jersey Woman Sentenced To Prison For Illegal Immigrant License Plot. The Knoxville News Sentinel (4/20, Satterfield) reports US District Court

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Judge Thomas Phillips yesterday sentenced Zeneida Concepcion Rivera of Lakewood, N.J., to the maximum "46 months in prison for a plot to secure Tennessee driver's licenses for illegal immigrants. … Rivera admitted at an October court hearing that she and her boyfriend ferried illegal immigrants to Knoxville bimonthly over a nine-month period." The News Sentinel notes, "The FBI's Joint Terrorism Task Force nabbed Rivera and six immigrants in July at the EconoLodge on Merchants Center Boulevard after months of investigation and surveillance. … It's not clear why Rivera's boyfriend has not been charged. … It's also not clear if the FBI is pursuing a probe of Knoxville residents who aided Rivera." The AP (4/20, Mansfield) notes Rivera "insisted she was providing a service to hardworking undocumented workers who needed one of Tennessee's unique driver's certificates so they could legally drive to their construction jobs and support their families. … But Assistant U.S. Attorney Jeffrey Theodore said the certificates turned Tennessee into a 'magnet' for undocumented immigrants seeking legitimacy.

Immigrant Advocates Divided On May 1 Boycott. The New York Times (4/20, Swarns, 1.19M) reports leaders "of the demonstrations that drew hundreds of thousands of immigrants into the streets last week announced Wednesday that they were planning voter registration and citizenship drives across the country in an effort to transform the immigrant community into a powerful, organized political force." But the immigrant advocacy group leaders "remain sharply divided over whether immigrants should demonstrate their economic strength by staying away from their jobs, schools and local shops on May 1 in what organizers are calling the Great American Boycott of 2006." In Washington, "the leaders of the National Capital Immigration Coalition, an alliance of immigrant, labor and business groups, is urging immigrants to ignore the boycott and to participate in voter registration drives and other activities after attending school or going to work."

The Washington Post (4/20, A13, Fears, 744K) reports a panel "of immigration activists said yesterday that it will not encourage workers and families to walk off the job and keep their children from school as part of a May 1 boycott, but will hold voter-recruitment and petition drives instead." The announcement "by activists from the District, Chicago and Los Angeles at a news conference in Washington underlined the split among the mostly Latino activist groups that led huge demonstrations in more than 140 cities in recent weeks, and shows that the grass-roots movement is operating at cross purposes toward the same end -- immigration reform and legal status for illegal immigrants." Their "plan for civil action is a far cry from the boycotts planned by groups in Los Angeles, Dallas and Chicago, where the largest demonstrations have occurred and where Spanish-speaking disc jockeys were instrumental in turning out crowds."

The Washington Times (4/20, Summers, 90K) reports, "D.C.-area leaders are discouraging participation in 'The Great American Boycott,' in which immigrants and illegal aliens plan to shun shops, work and public transportation to demonstrate their contribution to the U.S. economy. The boycott is being organized by Latino Movement USA and the Act Now to Stop War and End Racism (ANSWER) Coalition." DC-area leaders "said they fear a boycott may kindle resentment among lawmakers and sympathizers and create consequences for protesters who would miss yet another day of school or work."

The AP (4/20, Prengaman) reports backers "of the protest want to dramatize the importance of immigrants to the US economy by leaving construction sites and restaurants undermanned, crops untended and hotel rooms uncleaned," but "others fear such protests will make immigrants look anti-American, annoy the public and alienate lawmakers who are still wavering over how to reshape U.S. immigration policy. They worry, too, that thousands will get fired from their jobs."

Organizers Predict Chicago May 1 Rally To Top 100,000. The Chicago Tribune (4/20, 643K) reports organizers "of a May 1 march to legalize illegal immigrants predicted Wednesday that the turnout would top the March 10 event that drew at least 100,000 participants to the Loop." Jose Artemio Arreola, "a member of the organizing committee, said the number of participating organizations has doubled since the first event."

About 1,000 High School Students Protest At Colorado Capitol. The AP (4/20, Trujillo) reports, "Waving U.S. and Mexican flags, hundreds of high school students descended on the Colorado Capitol Wednesday for a rally in support of illegal immigrants." About "1,000 marchers jammed Denver's Speer Boulevard on Wednesday morning and temporarily blocked other intersections as they headed toward the Capitol, but no major problems were reported, police spokeswoman Virginia Quinones said."

ICE Agents Raid IFCO Systems Plants For Immigration Violations. NBC Nightly News (4/19, story 4, 1:55, P. Williams, 9.87M) reported, "Police and Federal

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agents moved in this morning at dozens of plants nationwide owned by a global company called IFCO Systems that supplies shipping containers and pallets to some of the nation's biggest retailers. Immigration & Customs Enforcement agents arrested suspected illegal immigrants at this facility in Houston, a scene repeated today at 40 other IFCO locations. But tonight, Federal officials say the main targets of the operation are seven current and former IFCO executives, not just workers." Julie Myers, Assistant Secretary, US Immigration & Customs Enforcement: "We're alleging for the individuals that have been charged that they knowingly assisted in the employment of illegal aliens and in some cases harboring the illegal aliens." Williams: "Homeland Security says it's using laws traditionally directed against drug smugglers and organized crime."

The CBS Evening News (4/19, story 5, 0:25, Mitchell, 7.66M) reported, "Along with the workers, Immigration & Customs agents arrested seven current and former IFCO managers for conspiracy to transport and harbor illegal immigrants."

Dean Says Border Security Is A Top Democratic Priority. The Washington Times (4/20, Hallow, 90K) reports Democratic National Committee Chairman Howard Dean "called border security his party's top immigration priority for November." Dean said, "The first thing we want is tough border control. We have to do a much better job on our borders than George Bush has done. And then we can go to the policy disagreements about how to get it done." The Times adds Republicans "reacted with surprise to Mr. Dean's announcement, which puts the DNC chief's views at odds with those of many Democrats in Congress." Dean "said his party will make immigration an issue as part of its strategy to 'nationalize' the fall elections and is opening a television advertising campaign -- beginning with Spanish-language pitches on radio stations in three Southwestern states -- that puts tougher border enforcement first."

Colorado Columnist Says Washington Shirking Responsibility On Immigration. In a Wall Street Journal op-ed (4/20), Denver Post columnist Fred Brown says the "explosion of controversy, anger and even fear about illegal immigrants flooding into the U.S. from the south has revealed a less-accepting side of the Colorado state of mind. There is a gathering concern about the tide of unassimilated newcomers, and little consensus about solutions." These "inchoate feelings are stoked by Tom Tancredo, the Republican congressman from Denver's southern suburbs and fierce anti-immigration activist." At the state legislature, both Republicans and Democrats "exploit the issue in the interest of politics, but Colorado's best interests seem to be secondary." The "one thing on which all sides agree" is that "the major responsibility is Washington's -- the problem is far larger than the states can confront one by one. Yet Capitol Hill, where reform is now suspended in the limbo between abstraction and political calculation, seems to have no understanding of the urgency of the problem."

Mexico Provides Few Protections For Latin American Migrants. The Washington Times/AP (4/20, Stevenson) reports migrants "from elsewhere in Latin America, considered felons by" the Mexican government, "fear robbery and rape at the hands of corrupt police. While immigrants in the United States have held huge demonstrations in recent weeks, the hundreds of thousands of undocumented Central Americans in Mexico suffer mostly in silence." Although Mexico "demands humane treatment for its citizens who migrate to the United States, regardless of their legal status, Mexico provides few protections for migrants on its own soil." Undocumented Central Americans "complain much more about how they are treated by Mexican officials than about authorities on the U.S. side of the border, where aliens may resent being caught but often praise the professionalism of the agents scouring the desert for their trail."

Celebrities Largely Sidestepping Immigration Debate. The Washington Post (4/20, C1, Johnson, 744K) reports, "Now the immigration debate is hot. But the celebrity squawk is, well, not." Last week, Salma Hayek "became the first Big Name to Speak Out. She told the New York Daily News: 'As a human being, I find this situation intolerable. As an immigrant, I find it offensive. And as an American citizen, I find it disheartening. The work that these immigrants do directly affects the health of the U.S. economy." Eva Longoria "has been speaking -- carefully -- about the debate," but "many famous lips have remained zipped."

Beckel, Thomas Debate Immigration Reform. USA Today (4/20, 2.31M) runs a "Common Ground" debate between liberal Bob Beckel and conservative Cal Thomas on immigration reform. Beckel said, "The thrust of the bill in the House of Representatives, though, is to make the mere presence of illegals a felony. Then we're to find the 12 million and send them home. That is not only ridiculous, it is undoable." Thomas added, "True, but at least there's a law-and-order concern in that proposal. Senate Democratic

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Minority Leader Harry Reid, on the other hand, today suggests that illegal aliens don't pose much of a criminal threat at all and should be simply ushered in. This is the same man who in 1993 introduced a bill to drastically scale down the number of immigrants allowed. … Reid takes a more liberal stance today because he thinks it will pay off politically for Democrats."

Samuelson Says Immigration Proposals Run Counter To Goal Of Assimilation. In his Washington Post (4/20, A25, 744K), Robert Samuelson says, "One of America's glories is that it has assimilated many waves of immigrants. Outsiders have become insiders" even though it "hasn't been easy." If today's "wave of immigration does not end in assimilation, it will be a failure. By this standard, I think the major contending sides in the present bitter debate are leading us astray. Their proposals, if adopted, would frustrate assimilation." The "'cop' school…adamantly opposes amnesty and would make being here illegally a felony, as opposed to a lesser crime." But the "mere threat of a crackdown stigmatizes much of the Hispanic population -- whether they're legal or illegal immigrants, or whether they've been here for generations." The "'guest worker' advocates" want "400,000 or more new foreign workers annually." But advocates "of guest workers don't acknowledge that poor, unskilled immigrants -- whether legal or illegal -- create huge social costs."

San Diego ICE Agent Profiled. The Washington Post (4/20, A23, Pomfret, 744K) profiles Miguel "Mike" Unzueta, "special agent in charge of the federal Immigration and Customs Enforcement bureau" in San Diego, whose team was responsible for finding the drug smuggler's tunnel from Tijuana known as "El Grande." The Sept. 11 terrorist attacks "were followed by an enormous bureaucratic shakeup, the creation of the Department of Homeland Security and the merger of the investigative wings of the Immigration and Naturalization Service and of Customs into ICE." For Unzueta "and many other senior Customs agents, the transition was rocky. For one, they were used to dealing with things -- drugs, money, controlled technology, child pornography -- while Immigration handled people." Unzueta "left Washington in 2002 and returned to San Diego. He was made the special agent in charge, or SAC, in 2005. Since then, the illegal-immigration issue has loomed large on his beat and around the nation."

SCOTUS To Consider Use Of RICO In Illegal Worker Disputes. The National Law Journal (4/20, Coyle) reports, "As Congress wages a battle over illegal immigration and its impact on this nation, the Supreme Court is about to enter the fray in a context involving one of the law's most powerful weapons -- RICO." The Journal continues, "In 1996, Congress expanded the reach of RICO -- the Racketeer Influenced and Corrupt Organizations Act -- to include violations of federal immigration law. A decade later, the justices this month will consider whether a corporation and its outside recruiters, alleged to have engaged in the systematic recruiting and hiring of illegal workers, can constitute an 'enterprise' under RICO. Mohawk Industries v. Williams, No. 05-465." The Journal adds, "The high court case stems from a class action against carpet giant Mohawk Industries Inc., most of whose more than 30,000 employees work in northwest Georgia. The suit was brought by Howard Foster of Chicago's Johnson & Bell, who has pioneered the use of RICO on behalf of workers who lost jobs or had wages artificially depressed because of their employers' alleged hiring and concealment of illegal immigrants. … Mohawk, which is appealing its defeat of a motion to dismiss in the 11th U.S. Circuit Court of Appeals, is urging the justices to reject that circuit's view of "enterprise," a view that will transform the powerful RICO law into a 'general civil liability statute for virtually all alleged corporate conspiracies and business disputes,' contends its high court counsel, Carter G. Phillips of Sidley Austin's Washington office. … The company has drawn support from the U.S. Chamber of Commerce, the National Association of Manufacturers and other business groups who believe that the case against Mohawk is another example of RICO run amok."

TAX:

DOJ Bars Illinois Group From Making Misleading Down-Payment Statements. Inman News (4/19) reports, "An Illinois down-payment-assistance organization and its president have been permanently barred from making false and misleading statements in promoting their program to house sellers, officials said today." Inman continues, "West Dundee, Ill.-based Partners in Charity Inc. (PIC) and its president, Charles M. Konkus of Barrington, Ill., have been permanently barred from making false and misleading statements in promoting the down-payment-

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assistance program, the Justice Department said. … According to the government's amended complaint, PIC enters into 'down-payment-assistance' contracts with house sellers. Under these contracts, PIC agrees to provide the down payment to people who buy the sellers' houses, and the sellers agree to reimburse PIC for the down payment and to pay PIC an administrative fee, the complaint says. … The suit alleges that in marketing and operating this scheme, PIC and Konkus falsely advised house sellers and others that the sellers may claim charitable deductions on their federal income tax returns for the amounts they pay PIC under these contracts." Inman adds, "Sellers' payments are not deductible charitable contributions, the Department of Justice said. The injunction requires the defendants to refrain from falsely claiming that these contributions are deductible. … 'The Tax Division of the Department of Justice has made it a high priority to put an end to the business of providing false tax advice,' said Eileen J. O'Connor, assistant attorney general for the Tax Division, in a statement. … 'Anyone receiving tax advice should verify the motives and qualifications of those giving it, even those claiming to be charitable organizations,' O'Connor said."

US Challenges E-Commerce Firm Over Tax Liabilities. The Duluth News Tribune (4/20, Brissett) reports, "E-commerce firm 50 Below Sales & Marketing Inc. of Duluth tried to keep current with its taxes last year, but was thwarted by Internal Revenue Service actions, the company president said in court filings." The Tribune continues, "Company President Mike Rollo also said in court documents that his company paid its tax liability and penalties of $308,000 for the first quarter of this year." The Tribune adds, "The U.S. Justice Department, representing the IRS, has alleged in a separate case that the company owes as much as $3.7 million in unpaid employment taxes, including money withheld from employee paychecks. … On Tuesday, Judge Ann D. Montgomery heard arguments in U.S. District Court in Minneapolis on a Department of Justice motion for a temporary restraining order prohibiting the company from failing to pay employment taxes and failing to file tax returns on time. She did not rule on the matter." The Tribune notes, "50 Below and the Justice Department are involved in two suits. In one, the Duluth company has asked the court to order the IRS to enter into an installment agreement with the company to allow it to pay back taxes. The IRS previously denied that request. … In the second case, the Justice Department asked the court to permanently enjoin Fifty Below from failing to pay taxes withheld from employee paychecks to the IRS, to pay its own employment and unemployment taxes, and to file tax returns -- all in a timely manner."

CONGRESS-ADMINISTRATION:

McClellan Resigns, Rove Drops Policy Role To Focus On Politics. In the latest White House personnel shifts, press secretary Scott McClellan announced his resignation. He also said Deputy Chief of Staff Karl Rove has relinquished role as policy coordinator. Fox News' Special Report (4/19, Cameron) reported "overall policy development and related duties including working with cabinet agencies have now been handed over to Joel Kaplan, who has been promoted to be an additional deputy chief of staff." Kaplan "served as a top deputy at White House Office of Management and Budget under Josh Bolten and expected to emerge as a top Bolten player at the White House." Media reports are describing the moves, particularly Rove's, as Josh Bolten asserting his power as the new White House Chief of Staff. On ABC World News Tonight (4/19, story 2, 1:15, Vargas, 8.78M), Washington correspondent George Stephanopoulos said Rove's new role is "a slap on the wrist. He goes back to the position he had before 2004. He was promoted after the 2004 elections. What this says is that Josh Bolten wanted to send a signal that he was in charge." Similarly, on the CBS Evening News (4/19, story 2, 1:20, Mitchell, 7.66M), national political correspondent Gloria Borger said, "I think what we see happening today is a White House that's in a much more traditional mold with a chief of staff who actually says, 'I'm going to be running things.'" CNN's The Situation Room (4/19, Quijano) calls Rove's move "another indication of the wide latitude Josh Bolten has in making changes in the West Wing."

In a front-page story titled "White House Shifts Into Survival Mode," the Washington Post (4/20, A1, Balz, 744K) says "yesterday's senior staff changes represent a frank acknowledgment of the trouble in which…Bush now finds himself. They are also a signal of how starkly Bush's second-term ambitions have shifted after a year of persistent problems at home and abroad." Rove's "shift in responsibilities" also suggests that new White House Chief of Staff Joshua B. Bolten intends to operate a different White House than his predecessor, Andrew H. Card Jr., who resigned after more than five years at the helm." Bolten "is

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likely to have clearer lines of authority and less free-lancing by powerful officials. They also expect Bolten to play a more active and influential role in shaping domestic policy" than did Andy Card. Meanwhile, the Washington Times (4/20, Curl, 90K) says Bolten "has wielded an iron fist as he overhauls the West Wing -- stripping power" from Rove. The Times quotes a "White House insider" saying, "That move shows just how savvy Bolten is, as well as his leadership ability. And there'll be more moves like this -- guaranteed."

The Los Angeles Times (4/20, Hamburger, Simon, Brownstein, 958K) reports, "A former White House official who had talked recently with Bolten said Wednesday's moves resulted from Bolten's view that he needed to address three serious problems facing Bush: deteriorating press coverage, souring relations with Congress, and increasing tensions between the White House and GOP candidates." The former official "asked not to be identified because of concern the White House might not appreciate his comments during a difficult time."

The story was the lead on each of the networks, which also ran follow-up reports on the changes for a cumulative total of about thirteen minutes. ABC World News Tonight (4/19, lead story, 2:50, Raddatz, 8.78M) reported McClellan "has been the public face for the Administration, but the more substantive change today may be Karl Rove, the architect of the President's election and reelection." Rove's decision to drop his policy role frees "him up to concentrate on the midterm elections." Norman Ornstein, American Enterprise Institute: "This is an understanding and admission in the White House, that Karl Rove needs to be there doing politics. And you can't have him doing good politics if he's also running policy."

The CBS Evening News (4/19, lead story, 3:00, Axelrod, 7.66M) said "there should be no question about the power of that new White House Chief of Staff, Josh Bolten. Anyone who has the authority to narrow the responsibilities of Karl Rove clearly has the green light to make changes around here. The architect of George Bush's political success had his job downsized today. Rove will no longer oversee policy for the White House, focusing now on big picture politics."

NBC Nightly News (4/19, lead story, 3:05, Gregory, 9.87M) reported, "Top advisors say it reflects a pretty grim mood around here, a sense that this team has got to become more assertive and, frankly, more effective if it's going to salvage this second term. The biggest change today was the one that may be harder to notice" as Rove "lost some of his duties as deputy chief of staff." The President is "close now to choosing a successor for McClellan."

The AP (4/20, Hunt) reports that "in recent months, McClellan had told people he enjoyed his job and wanted to stay for the long term. He said Wednesday he started to think about leaving in the past few weeks and concluded, with a new chief of staff, that it was a good time to go. He and Bush came to a decision in a meeting Monday in the Oval Office. 'I have given it my all, sir, and I have given you my all, sir, and I will continue to do so as we transition to a new press secretary,' McClellan said." Bush "patted McClellan on the back and they walked together across the South Lawn to the president's helicopter to begin a trip to Alabama." Another AP story (4/20, Raum) said "McClellan, "through his daily on-camera briefings, has become the face of the Bush White House. Increasingly, as Bush's poll ratings plummet and the war in Iraq drags on, that face has become more opaque and troubled, the briefings more contentious."

In its style section, the Washington Post (4/20, C1, Kurtz, 744K) says McClellan "was painful to watch at times, gamely repeating the same stock phrases under a barrage of hostile media fire, grasping for new ways to deliver the same non-answers." But "former colleagues of McClellan, an affable Texan who has worked for Bush since he was governor, say he acquitted himself well in what has become an increasingly difficult and contentious job." Ari Fleischer, "who was McClellan's boss when Fleischer held the spokesman's job, said his successor enjoyed 'the trust and confidence of the president' and 'was flawless in his performance, especially when you read the transcripts.'" But "asked about McClellan's apparent discomfort at the podium, Fleischer said: 'Whether or not a press secretary thrives in the back-and-forth, pugilistic environment of the television age is always going to be an issue.'"

The Wall Street Journal (4/20, McKinnon, 2.11M) reports, "Some Republicans have said that the affable Mr. McClellan wasn't a forceful-enough advocate of White House positions, contending that he relied too much on stock phrases and occasional stonewalling." His departure "gives the White House a chance to find a more effective voice, addressing complaints that the administration's real problem is more style than substance. … Conservative bloggers, many of whom had complained about his job performance, cheered his resignation, hoping that the White House will put a more forceful advocate at the podium for the daily televised briefing." USA Today (4/20, Jackson, Benedetto, 2.31M)

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quotes Bush media adviser Mark McKinnon saying "the new spokesman must have 'the full trust of the president,' as well as credibility with the press." McKinnon "called it 'the hardest job' imaginable: 'You need a lot of patience, a good smile, a sharp wit and iron underwear.'"

Knight Ridder (4/20, Hutcheson, Douglas) says that "like the previous personnel shifts, the latest moves are largely cosmetic and aren't likely to result in any dramatic policy changes." Bush "has resisted calls for the ouster of Defense Secretary Donald H. Rumsfeld or other dramatic shifts that could signal a new course at the White House. … Even if he wanted to make big changes, Bush faces a shrinking pool of applicants."

The Christian Science Monitor (4/20, Feldmann, 61K) reports on "the latest shake-up for a troubled presidency." Yesterday's announcements "throw more fodder into the discussion mill for the politically oriented, and give this White House another day of 'change' headlines. 'In the short run, it gives them a breather,' says Stephen Wayne, a political scientist at Georgetown University in Washington." The Financial Times (4/20, Alden, Daniel, Yeager) quotes Frank Luntz, a Republican political consultant, saying, "Finally, the White House has recognised what everyone else knew for months now – things needed to change."

Rove Says His Role In Bush Team Not Diminished As Washington Debates The Point. The New York Times (4/20, Bumiller, 1.19M) reports, "Rove has been at Mr. Bush's side since Mr. Bush entered politics, and for years his influence has been unquestioned. The decision to take away his daily control over the White House's policy-making apparatus is the first time his role has shrunk," and it is "a stark reversal from the heady aftermath of Mr. Bush's 2004 re-election victory, when Mr. Rove's portfolio was expanded to give him formal control over policy." The Times adds, "In a telephone interview Wednesday night, Mr. Rove brushed aside suggestions that the change was a diminishment of his role. 'It is something different,' he said. 'I've got a new boss,' he continued, a boss 'who says I want you to do more of this and less of that.'" Rove "will retain his title as a deputy chief of staff, as well as his catch-all designation as Mr. Bush's senior adviser."

The Washington Post (4/20, A1, Baker, VandeHei, 744K) reports, "Among people close to the White House and in Republican circles around Washington, there remained debate whether the move should be regarded as a demotion or reassignment. The answer will remain unknown until Bolten's operation has more time to prove itself. But there was agreement that the move was a negative verdict on the status quo." A "senior administration official glad to see Rove return to his strong suit" said, "He's the best thinker in our party, and in the last year he's been doing all the staffing memos and making sure the paperwork is done on time and all that."

The AP (4/20, Fournier) says that in 2005, Rove "took a promotion and added policymaking to his already jam-packed portfolio. It was a mistake -- one that may have contributed to the president's slump -- and so he's been told to focus on his old job: politics." The AP adds, "Technically, it is a demotion. But in terms of real power and influence, Rove remains virtually unmatched at the White House."

The Baltimore Sun (4/20, Davis, 296K) says Rove "remains at the forefront of Bush's team, and officials played down the notion that he had been demoted. 'Karl's voice will continue to be a crucial one in the policy process, as it has been all along,' McClellan said."

In its "Washington Wire" column on its web site, the Wall Street Journal's web site (4/19) reports that the expected shift in duties for Rove "is meant to address another problem -- the perception that too many of the administration's policy decisions are made primarily with partisan political considerations in mind." The Journal adds, "Rove allies suggest that he took the deputy chief of staff title at the beginning of the second term only to prevent Card from filling the job with one of his own loyalists, after Card nixed giving the job to Rove's choice, Jay Lefkowitz. … Rove's real function -- Bush's major political adviser and, now, burnisher of his legacy -- is not likely to change very much even if his title does."

Insiders Say Bush Had Role In Redirecting Rove's Emphasis. A separate item in the "Washington Wire" column on the Wall Street Journal (4/19, 2.11M) reports that Bush "played a role in redirecting Karl Rove's emphasis away from policy administration toward the fall election and toward strategy for the remainder of Bush's term, insiders say. At the same time Josh Bolten wanted Joel Kaplan, his budget office deputy, in new White House structure. Bolten and Rove agreed on the shift on Sunday, the day before Bolten officially started new job as chief of staff."

Snow, Nichols, Clarke, Senor Mentioned As Possible McClellan Replacements. CNN's The Situation Room (4/19, Quijano) reported, "After nearly three years on the job as the president's chief spokesman, an emotional Scott McClellan announced his resignation. … McClellan's

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announcement of his departure was not unexpected. As CNN first reported two weeks ago, Republican sources say the new White House chief of staff, Josh Bolten, is focusing on reshaping White House communications and legislative affairs. Possible names being mentioned to succeed McClellan, Fox News anchor Tony Snow, former Treasury spokesman Rob Nichols, and former Pentagon spokeswoman and CNN contributor Torie Clarke." The CBS Evening News (4/19, lead story, 3:00, Axelrod, 7.66M) called Snow the "leading candidate," and mentioned "former coalition spokesman in Iraq, Dan Senor" as a candidate. The Washington Times (4/20, Dinan, Curl, 90K) says Snow is "a longtime friend of Mr. Bolten and a White House speechwriter under the first President Bush."

Torie Clarke was asked on CNN's The Situation Room (4/19) if she would accept the job of White House Press Secretary of asked. Clarke said, "Not happening. It's not under consideration. They're not going to ask. And I'm not going to do it."

Bartlett Says McClellan's Removal Is Not An Indication Of Poor Job Performance. White House Communications Director Dan Bartlett said on MSNBC's Hardball (4/19) that McClellan "served this country and this White House very well during very difficult times. This is not an indication that he did a poor job. This is just an indication that it's time for a new team to come in and help the president sprint to the finish."

Hill Republicans Pleased With Change In Rove's Job Description. CNN's The Situation Room (4/19, Bash) reported that congressional Republicans "are very happy" Rove is going back to "putting much of his focus on politics and strategically looking at the universe this election year specifically. It goes without saying that most Republicans, especially in the leadership on Capitol Hill, are frankly scared to death about what this climate that they're in means for their prospects this November. So they say if Karl Rove is, in fact, going to spend more of his time doing that, that's great with them."

Dean Celebrates Rove's "Demotion." USA Today (4/20, Jackson, Benedetto, 2.31M) reports Democratic National Committee Chairman Howard Dean "celebrated what he called Rove's 'demotion' but added that 'the Bush White House is merely engaging in window dressing.'"

Three Top Business Leaders Reportedly Turned Down Treasury Post. The CBS Evening News (4/19, lead story, 3:00, Axelrod, 7.66M) reported Treasury Secretary John Snow "has signaled he wants to leave. The Administration reached out to at least three high-profile business leaders recently: Time Warner's Dick Parsons, Morgan Stanley's John Mack, and Henry Paulson of Goldman Sachs. None were interested."

NYTimes Says Those "Who Messed Everything Up" Remain In Office. The New York Times (4/20, 1.19M) editorializes, "Bush wants to show the nation he's shaking things up in his administration, but it is clear that the people who messed everything up will remain in place. The press secretary goes; the political-and-domestic-policy adviser is losing half his portfolio. There's a new White House chief of staff. But the folks at the Defense Department are still on the job, doing...what they've been doing." The Times also says, "The sudden exit of Scott McClellan, the press secretary, would be meaningless under normal circumstances. But in the current context, it really does send an important message." Bush "is like one of those people who pretend to apologize by saying they're sorry if they were misunderstood. He doesn't believe he's done anything wrong. It's our fault for not appreciating him. Blame the victim."

Bush Legacy Seen As Dependent On War On Terrorism, Iraq. On NBC Nightly News (4/19, story 2, 1:30 Williams, 9.87M) presidential historian said, "If we could come back in 30 years and I had one question to ask that would tell me how future Americans will think of George Bush, it would be how did the war on terrorism turn out, how did the war in Iraq turn out? If those things led to a more safe world, George Bush will be well thought of."

Bush Promotes Competitiveness Initiative.

The Los Angeles Times (4/20, Gerstenzang, 958K) reports from Tuskegee, AL, "With gas prices topping $3 a gallon and jobs continuing to move overseas, President Bush is presenting anew his long-term solution to the nation's economic anxieties: a program to boost the study of math and science and the renewal of a tax credit to encourage industrial research and development." The Times adds, "Eleven weeks after unveiling his American Competitiveness Initiative in the State of the Union address, Bush is devoting much of his public time this week to speeches -- in Maryland on Tuesday, in Alabama on Wednesday and in San Jose on Friday -- on the role that math, science and technology education and leading-edge research can play to protect the nation's economic standing." Speaking at Tuskegee University, "one of the most prominent of the nation's

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historically black colleges, he said: 'If we lose our nerve and retreat, it will make it hard for us to provide those jobs people want.'"

The AP (4/20, Pickler) reports that Bush said yesterday the US "needs to keep on the cutting edge in research in the face of growing competition over jobs and natural resources from India and China. … 'These countries are emerging nations,' Bush said in a speech at Tuskegee University. 'They are growing rapidly and they provide competition for jobs and natural resources. As these new jobs of the 21st century come into being, people are going to hire people with the skills set. … And if our folks don't have the skill set, those jobs are going to go somewhere else.'"

WSFA-TV Montgomery, Alabama (4/19) reported Bush "spoke to a packed house at Tuskegee University on Wednesday pressing his plan for bolstering U.S. technology." The President also "talked about what he termed progress under 'No Child Left Behind' and called for more than 70,000 teachers to be trained in teaching advanced placement courses." He also spoke about Academic Competitiveness Grants and Smart Grants.

NYTimes Says There Is Shortage Of Math, Science Teachers. An editorial in the New York Times (4/20, 1.19M) praises New York City's offer to pay housing subsidies of nearly $15,000 to "experienced math, science and special education teachers who agree to work in some of the city's toughest middle and high schools." The Times says the subsidy "sends the important signal that the city is dedicated to attracting the best teachers and improving its schools. But neither this program nor others like it around the country address the bedrock issue: public universities are turning out too few math and science teachers. … Elected officials must then do whatever it takes -- including raising salaries -- to make sure that more of the most talented math and science students end up in classrooms and spend their careers there."

Rolling Stone Essay Says Historians May Rate Bush As Worst President. Rolling Stone runs as its cover story (4/21) an essay by Princeton historian Sean Wilentz under the headline "The Worst President in History?" Wilentz says, "George W. Bush's presidency appears headed for colossal historical disgrace. Barring a cataclysmic event on the order of the terrorist attacks of September 11th, after which the public might rally around the White House once again, there seems to be little the administration can do to avoid being ranked on the lowest tier of U.S. presidents. And that may be the best-case scenario. Many historians are now wondering whether Bush, in fact, will be remembered as the very worst president in all of American history."

Kennedy Book Criticizes Bush, GOP. Knight Ridder (4/20, Kuhnhenn) reports that on Thursday, Sen. Edward Kennedy "launches a national publicity tour to promote a new book he's authored -- a blistering critique of President Bush and the Republican congressional leadership that makes a case for an activist government to help solve national problems." Kennedy is "trying to put a bit of a roar in his voiceless party. Yet by continuing to work with Republicans on issues that include immigration and health care, Kennedy is also openly rejecting the view held by many Democrats that they shouldn't help their opponents win legislative victories, especially now that they're stumbling. Kennedy prefers achievement."

Bush Reappoints Social Security Public Trustees. In defiance of Senate leaders from both parties, President Bush yesterday reappointed the two public representatives on the board of trustees for Social Security and Medicare. The New York Times (4/20, Pear, 1.19M) reports, "The White House announced that Mr. Bush had granted 'recess appointments' to the public trustees, John L. Palmer, former dean of the Maxwell School at Syracuse University, and Thomas R. Saving, an economist at Texas A&M. … The chairman of the Senate Finance Committee, Charles E. Grassley, Republican of Iowa, and its senior Democrat, Max Baucus of Montana, had urged Mr. Bush to find other candidates. They did not criticize Mr. Palmer or Mr. Saving, but said they wanted fresh perspectives on Social Security and Medicare."

Democrats Push For Extension Of Medicare Drug Plan Deadline. Democratic lawmakers are continuing their calls for an extension of the May 15 deadline for seniors to enroll in a Medicare prescription drug plan. CQ (4/19, Schuler) reported, "Sen. Debbie Stabenow, D-Mich., said 47 senators joined her in signing a letter…to Majority Leader Bill Frist, R-Tenn., asking him to bring up legislation to extend the deadline immediately when the Senate returns next week."

Letters Tell Thousands Drug Benefit Premiums Are Unpaid. USA Today (4/20, Appleby, 2.31M) reports,

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"Insurers have notified tens of thousands of people in Medicare's new drug benefit plan that they might be kicked out because their premiums have not been paid. But many who received the letters in the past few days insist they have already paid, have signed up for automatic Social Security deductions or qualify for free coverage, according to insurance counseling programs in California, New York, Pennsylvania and Arkansas. … The letters come as the government and insurers are encouraging people to sign up for the program before the May 15 deadline. The letters say insurers' records show no payment and warn that if payment isn't received by May 31, 'we will have to disenroll you.'"

Doctor's Study Says NIH Budget Will Fall 3.8% Next Year. The budget for NIH is expected to fall 3.8% next year, according to Dr. Joseph Loscalzo, a top US biomedical researcher. The Washington Times (4/20, Price, 90K) reports, "The Bush administration has proposed a $28.6 billion budget for NIH in fiscal 2007, a 0.1 percent reduction from last year. … An NIH spokesman said yesterday he was unable to obtain a copy of Dr. Loscalzo's essay and therefore could not comment."

Novak Says GOP's Efforts At Budget Reform To Face Test. In his syndicated column, Robert Novak (4/20) discusses the House's failure to pass a budget bill before the Easter break. Novak says that though "a budget containing spending reforms was agreed to by the new majority leader, John Boehner, and Rep. Mike Pence, head of the conservative Republican Study Committee," the bill was torpedoed by Appropriations Committee Chairman Jerry Lewis (R), who "blocked support for the rule needed to debate the budget because the bill's effort to control the earmarking epidemic would have undercut influence of the appropriators." Novak notes that next week, "a new effort will be made to pass the budget…and that means either getting the Appropriations chairman back in line or overriding him. Control of the budget is necessary for Republicans to restore credibility, as signaled by the appointment of the highly regarded Rob Portman as budget director." Novak adds that traditionally, "the leadership's next step would be to seek compromises with Lewis that dilute the reforms. But maybe not this time." Pence and Boehner's efforts "to rid Congress of its earmark addiction" will "be supported in the administration by Portman. The test comes next week."

Emerson Apologizes For Profanity In Letter To Constituent. A letter from Rep. Jo Ann Emerson to a constituent, ends with a profane insult. According to the AP (4/20, Hananel) the letter concludes with a seven latter profanity starting with a: "I think you're an a-------." Emerson "says she can't explain how the offensive language made it into the letter, which otherwise reads like a typical response to a citizen's question about last year's testimony of oil executives before the Senate Commerce Committee. 'There is no excuse for this inappropriate letter having been sent, and every apology has been made to the individual who received it,' Emerson said in a statement to The Associated Press."

Marine One Grounded By Technical Problems. NBC Nightly News (4/19, story 3, 0:40, Williams, 9.87M) reported on the "eventful morning at the Bush White House." After "Scott McClellan's resignation scene there on the lawn, the President headed for his helicopter, Marine One. He boarded, as usual, they cranked up the rotors and then it all came to a grinding halt. The President then bounded off the very familiar white top Sikorsky aircraft, which was apparently in no condition to fly today. The problem, it turned out – air-to-ground communications; the radio. And so the Secret Service threw together a motorcade and minutes later the boss was off, by land, to Andrews Air Force Base."

OTHER NEWS:

Oil Prices Reach New Record As US Gasoline Prices Continue To Climb. The price of oil reached a new record of $72.17 this afternoon, up 82 cents, as Iranian President Mahmoud Ahmadinejad said he believed the oil was undervalued. ABC World News Tonight (4/19, story 3, 2:40, Stark, 8.78M) reported geopolitics "once again dominated the oil market today. This time, it was the president of Iran, declaring oil prices were undervalued at over $70 a barrel. Americans don't get oil from Iran; Iranian oil has been embargoed for more than a decade. But it proves just how vulnerable the US is to suppliers all over the globe. The United States consumes almost 21 million barrels a day, and produces only 8 million. Foreign producers provide 60% of its needs, a dicey proposition in a fractious world." Michelle Billig, PIRA Energy Group: "And

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then you look at the top five countries that we get oil from. Four of them are particularly risky places." NBC Nightly News (4/19, story 6, 0:30, Williams, 9.87M) also reported, "It was another wild day on the oil markets today with prices surging to yet another record-high close."

The CBS Evening News (4/19, story 3, 0:30, Mitchell, 7.66M) reported, "The price of gasoline is rising about a penny a day of late, and the pennies are adding up. Two months ago, you could fill a 15-gallon tank for less then $34. Today, it's going to cost you $42. Fill up once a week and that's an increase of nearly $437 a year. In some places like this station in New York City, regular is already well over three bucks a gallon."

USA Today (4/20, Healey, 2.31M) reports on the gas prices under the headline "Drivers Curb Use As Gas Goes Up," and says "gas use last month was 0.6% less than a year ago, the American Petroleum Institute reported, because 'high fuel prices have led to decreased demand for gasoline and other refined oil products.'" The US Energy Information Administration (EIA) "said gasoline use the past four weeks was up a slight 0.6% vs. a year ago. Typical is an increase of 1.5%, and that's the growth rate assumed in many industry, analyst and government forecasts." The Wall Street Journal (4/20, 2.11M) also reports on the rising fuel prices.

Bartlett Says Administration Never Said Iraq War Would Result In Cheaper Gasoline Prices. White House Communications Director Dan Bartlett was asked on MSNBC's Hardball (4/19) about pre-war claims that the Iraq war "would help us get cheaper gas." Bartlett said, "That's not correct. The president or no one else never said that the war was going to result in cheaper gas prices." Asked again if anyone in the Administration "ever said that we would have cheaper gas because of the war in Iraq," Bartlett said, "I don't recall anybody ever saying that. What we have said is that the resources for Iraq, the oil resources there, that was not the motivation of going into Iraq. The motivation was to rid that country of a brutal dictator that was a threat to the American people and we have done that."

US Automakers Seek To Get Ahead Of Flex Fuel Vehicle Market. The CBS Evening News (4/19, story 4, 2:35, Mason, 7.66M) reported, "When GM unveiled its new Chevy Avalanche this year, they drove it through a giant box of popcorn, because like many new flexfuel GM vehicles, the Avalanche can run on either gas or E85 ethanol, a corn-based fuel. GM's even putting its money behind a national ad campaign urging Americans to live green by going yellow." GM Vice Chairman Bob Lutz: "No, we're very serious about this, and we've made the investment for the vehicles. We are prepared to convert more and more of our fleet." Mason: "Together, GM and Ford plan to make nearly 700,000 flexfuel vehicles this year. Add that to at least five million already on the road. The problem isn't production, it's where do you fill them up?" E85 "can be more expensive than gas, and less fuel efficient." Of the "165,000 gas stations in the country, only 650, mostly in the Midwest, now sell E85. That's expected to grow to 2,000 by the end of the year, but Lutz says they need more."

Fueled By Gas Prices, Inflation Gauge Higher In March. The Washington Post (4/20, D1, Henderson, 744K) reports, "Climbing gasoline prices helped push inflation higher last month, the government reported yesterday, heightening concerns that businesses may be passing more of their energy costs to consumers." The Labor Department's consumer price index, "a widely followed inflation gauge, rose 0.4 percent in March after edging up a mild 0.1 percent the month before." The report "caused analysts to reconsider predictions that the Federal Reserve will soon stop raising interest rates to keep inflation under control." The Post adds, "Much of the March increase in the CPI reflected a 3.6 percent jump in gasoline prices." USA Today (4/20, Kirchhoff, 2.31M) titles its story "March Consumer Prices Jump More Than Expected," and says the numbers could "possibly" complicate "the Federal Reserve's job as it tries to decide when to wind up its nearly two-year campaign of interest rate increases."

The Wall Street Journal (4/20, Conkey, Phillips, 2.11M) also says the Federal Reserve "may have more work to do in its effort to contain inflation." Edward McKelvey, senior economist with Goldman Sachs, "said yesterday's inflation data 'creates a perceptual issue' for the Fed. 'Markets have just sort of digested this idea that maybe they're close to done,' Mr. McKelvey said. 'This appears to send a different message.'"

Poll Finds Consumers Expect Housing Bubble to Burst. The Wall Street Journal (4/20, Morrisey, 2.11M) reports, "More than 70% of US consumers believe a national housing bubble will burst and home prices will collapse within the next year, although 56% believe it's unlikely to happen in the area where they live, according a new survey." The Experian-Gallup Personal Credit Index study, released yesterday, "found that 71% of the 1,004 adults surveyed believe a bubble exists and could burst within the next 12

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months. Only 24% believe it's unlikely to happen and 5% said they didn't know." However, "most consumers don't think it will happen where they live -- at least not in the next three years."

Stock Markets Continue Rally. NBC Nightly News (4/19, story 6, 0:30, Williams, 9.87M) reported that despite the new record oil price, "stocks managed to hang on to yesterday's big gains and add a bit. The Dow was up 10 points on the day [to close at 11,278.77]. NASDAQ gained almost 15 points [to close at 2,370.88]." USA Today (4/20, Shell, 2.31M) reports the Standard & Poor's 500 index "edged up 2.28 points, or 0.2%, to 1309.93." The Wall Street Journal (4/20, Patterson, 2.11M), among other newspapers, also reports the stock numbers.

IMF Forecast Criticizes US Budget, Trade Deficits. The Los Angeles Times (4/20, Havemann, 958K) reports, "Clearly irritating U.S. economic officials, the International Monetary Fund faulted the United States on Wednesday for its budget and trade deficits and its failure to provide universal health insurance, predicting that the dollar would inevitably decline in value against the world's other currencies." In its "semiannual report on the world economic outlook, the IMF painted a generally rosy picture, with the global economy growing by 4.9% in 2006." But the IMF "said 'global imbalances' loomed as risks to that scenario. Among the imbalances, it singled out U.S. budget and trade deficits."

Plame To Attend White House Correspondents Dinner. Editor and Publisher (4/19, Strupp) reports, "E&P has confirmed" that Valerie Plame is "slated to attend this year's" White House correspondents dinner, "along with her husband Joseph Wilson and several other notable non-journalist guests, such as Alex Trebek and Ben Rothlisberger, according to organizers." It is "unlikely she will be seated next to" columnist Robert Novak, "but perhaps Bush may have a good view of her from the dais. She and Wilson will be guests of ABC News."

Abramoff Ties Said To Be Hurting Reed's Candidacy. Georgia lieutenant governor candidate Ralph Reed's work is becoming a drag on his candidacy, according to the Wall Street Journal (4/20, 2.11M). Several surveys "show Mr. Reed still holding a narrow lead, but with high unfavorable ratings and many voters undecided. While the Abramoff scandal has affected other campaigns, such as the re-election bid of Montana Republican Sen. Conrad Burns, the Georgia race appears the most competitive. So Mr. Reed's dilemma raises the question: Will Mr. Reed, a star of the national Republican Party, become the first campaign casualty of the Abramoff scandal when he squares off with state Sen. Casey Cagle in the July 18 primary?"

Giuliani To Speak At Reed Fundraiser Next Month. CNN's The Situation Room (4/19 Snow) reported, "Just two days after Rudy Giuliani was publicly snubbed by Christian conservative leader the Reverend Jerry Falwell, Ralph Reed, former leader of the Christian Coalition, is aligning himself with the former New York City mayor. Reed is running for Georgia's lieutenant governor. And Giuliani will speak at a fund- raiser for him next month."

Nagin Seen As Frontrunner In New Orleans Mayoral Race. The Washington Post (4/20, A9, Whoriskey, 744K) reports that "to the astonishment of some who had assumed that his missteps and post-Katrina despair would doom his reelection bid," New Orleans Mayor Ray Nagin "is also counted as a front-runner as voters head to the polls on Saturday" in the New Orleans mayoral race. Nagin and others credit his post-storm performance for his standing, and many still fondly recall him telling federal authorities to 'get off their asses' as the city slipped into chaos. But one of the reasons for his recent appeal, and by some estimates the most powerful force in this historic election, is race. … Even as his white support drifts to his challengers, some of those black voters who spurned Nagin four years ago are embracing him, political analysts said."

The Washington Times (4/20, Debose, 90K) reports, "The 20 other candidates are taking shots mostly at the mayor, but many New Orleanians think he will prevail, perhaps in a squeaker."

"Delayed Recovery" Designation For Some New Orleans Neighborhoods Opposed. Susan E. Howell, a political science professor at the University of New Orleans, and John B. Vinturella, a business consultant, write in the New York Times (4/20, 1.19M) that the Bring New Orleans Back Commission "has designated parts of New Orleans East 'delayed recovery,' meaning that residents can rebuild only at their own risk, without any guarantee that there will be basic services, like working sewers or police protection, in the near future. … These are people who overcame the odds, played by the rules, broke out of the infamous 'cycle of poverty,' bought homes, built families and enjoyed a taste of

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what Americans define as success. And they are being told that their community is not on the immediate recovery list. It should come as no surprise that these residents are fighting the commission and the planners to save their neighborhood."

DNC Meeting To Begin In New Orleans Today. The Democratic National Committee will begin a three day meeting is set to begin in New Orleans today. The AP (4/20, Sidoti) reports that the choice of New Orleans for the meeting "was part of a political calculation, as is a three-day agenda for the 400 delegates that combines party business with community service." Democrats "plan to clean out hurricane-ravaged homes in this slowly recovering city, a project designed to highlight the party's criticism of the Bush administration." Democrats "hope their reconstruction work leaves an image with voters that lasts through the congressional midterm elections." The AP adds, "Republicans chalked up the Democrats' New Orleans meeting to grandstanding."

Dean Proposes Six-Point Agenda For Democrats. CQ (4/19, Giroux) reports Dean has "proposed that Democratic candidates across the country emphasize six major points: honesty and openness in government operations; a strong national defense; promoting American jobs through energy independence; building a health care system that 'works for everybody;' strengthening public education; and promoting retirement security." Dean also "said that this national agenda will include a 'values piece' that probably will be unveiled in September."

Dean Says Character Is Key Campaign Issue In 2006. The Christian Science Monitor (4/20, Cook, 61K) reports on a recent "Monitor Breakfast" with DNC Chairman Howard Dean. Dean said the biggest issues in the 2006 election "are character issues. ... They are going to go to the President's and the Republicans' trustworthiness and honesty and their competence. And they are going to lose big on both those issues. After that we get to Iraq, we get to the economy, we get to healthcare."

Attempts To Override Kaine Vetoes Fail. Attempts to override seven vetoes by Virginia Gov. Tim Kaine failed in the Virginia legislature Wednesday. The Washington Post (4/20, A1, Shear, 744K) reports, "Republicans in the House of Delegates and Senate had attempted to strip Kaine and all future governors of the power to pick members of two tobacco policy panels and the board that directs the state's transportation program. Kaine vetoed the bills, calling them an unwise shift in power to the legislative branch. Lawmakers also failed to override Kaine's veto of a gun rights measure that would have allowed Virginians to store guns unseen in their cars without a concealed weapons permit. Kaine had called the bill a danger to police. Shortly after concluding a seven-hour debate over the governor's vetoes and his amendments to other bills, both chambers gaveled right back into the special session that is now in its fourth week."

WPost Blasts Virginia GOP Lawmakers' Objection To Transportation Taxes. An editorial in the Washington Post (4/20, A24, 744K) says, "L. Scott Lingamfelter, a Republican from Prince William County in Virginia's House of Delegates, would prefer to sacrifice a possible $1.5 billion in federal matching funds for Metro rather than compromise what he ringingly calls 'our principles.' By that, he and other Republicans in the legislature mean that they will oppose any new taxation, even to improve the state's jampacked roads or expand its mass transit system, because Virginians are already overtaxed. It's a fine argument. If only it were true. … It is galling coming from Mr. Lingamfelter, whose own constituents would be among the main beneficiaries of a revenue shot in the arm for the region's roads and rails."

Bush, Hu To Discuss Trade Issues During DC Visit. The CBS Evening News (4/19, story 11, 3:00, Mitchell, 7.66M) reported, "President Bush is getting ready to welcome China's president to the White House. President Hu Jintao was in the Seattle area today before flying to Washington, DC. His talks with Mr. Bush will focus largely on trade. China enjoyed a more than $200 billion advantage over the US last year."

ABC World News Tonight (4/19, story 4, :30, Vargas, 8.78M) reported, "One more reason for the higher oil prices is the soaring demand for oil in China. China uses 6.5 million barrels of oil a day, second to only the US. This is one of the topics that President Bush and China's President, Hu Jintao will discuss tomorrow. Today, Mr. Hu toured the Boeing plant outside Seattle. He indicated China is eager to buy more jets from Boeing. It was an attempt to ease trade tensions with the US, ahead of meeting Mr. Bush."

The AP (4/20, Klug) reports, "For Bush, the success of Hu's visit will be judged largely by whatever concessions Washington wins on a long list of complaints. Those include allegations that China mistreats its citizens, that an

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undervalued currency hampers U.S. competition, that China's growing military strength could lead to conflict in the Taiwan Strait, and that Beijing has pursued energy deals with countries the United States considers tyrannical. For Hu, the visit provides a chance to burnish China's image at a time when Americans are wrestling with what China's new economic and political clout means here."

The Washington Post (4/20, A20, Kessler, 744K) reports that when Bush and Hu meet today, some of the biggest foreign policy challenges facing the United States will be on the table, including the nuclear ambitions of Iran and North Korea. Increasingly, administration officials believe, the key to these issues and other overseas problems may lie in Beijing, a reflection of the pivotal position China has come to play on the international stage."

The Financial Times (4/20, Dinmore) reports, "China's close relationship with Iran's defence industry" will be under the spotlight. Visitors "include representatives from China North Industries Corporation – Norinco – a company singled out in 2003 for the most punitive US sanctions against a Chinese entity for its alleged aid to Iran's ballistic missile programme. … Pressure from China and lobbying by big US customers for a range of Norinco products – from optical fibre to hunting rifles – led to a removal of the import ban last year."

Bush Expected To "Talk Tough" With Hu. The Washington Times (4/20, Curl, 90K) reports that President Bush "is prepared to talk tough with the communist leader, who is making his first state visit to the U.S. since taking power. Mr. Bush will urge Mr. Hu to do more to cut his country's swelling trade surplus with the United States and join efforts to isolate Iran because of its nuclear program. The talks between the leaders will be frank, one U.S. official said this week."

Pelosi Says Administration Should Stand Up To Beijing. House Minority Leader Nancy Pelosi writes in the Los Angeles Times (4/20, 958K), "Hu will receive the best welcome U. taxpayer money can buy, including full military honors and a 21-gun salute. … While open dialogue is essential, many of us on both sides of the aisle in Congress oppose the celebratory nature of this official visit." Pelosi adds, "We must have engagement with China, but it should be sustainable engagement that enables us to maintain our values, continue our economic growth and uphold our national security. … The American people want the administration to show resolve in standing up to Beijing, to demonstrate that we believe that the Chinese people deserve freedom.

Hu Tours Boeing Plant In Seattle. Hu spent the second day of his four-day visiting a Boeing plant outside Seattle. The Wall Street Journal (4/20, 2.11M) reports that in address to Boeing employees, Hu "touted China's purchase of billions of dollars of Boeing airplanes in an address to the aerospace company's employees. In a luncheon speech later to some 600 dignitaries and business leaders, Mr. Hu recited statistics highlighting the benefits of U.S. trade and investment relations with China."

The Washington Post (4/20, A20, Harden, 744K) reports that Hu "was effusive and optimistic about the importance of trade to the future of both countries. At the same time, though, he announced no new proposals for cutting his country's huge trade surplus with the United States, revaluing its currency or limiting China's oil purchases from rogue countries such as Iran."

The New York Times (4/20, Kahn, 1.19M) reports that Hu "continued a charm offensive directed mainly at commercial interests and offered an overview of economic relations that broke little new ground but displayed a prodigious memory for statistical data." The Times adds, "Mr. Hu acknowledged that some problems existed in ties between the countries, calling them 'hardly avoidable.' But unlike the Bush administration, which has laid out concerns about China's military spending, currency policy and quest for oil in considerable detail, Mr. Hu offered mostly oratorical platitudes."

A front page story in the Wall Street Journal (4/20, 2.11M) reports that China's economic growth surged ahead by 10.2% in the first quarter of 2006, adding "to US pressure on President Hu Jintao to let the yuan appreciate." Yesterday in Seattle, "Hu reiterated a pledge to gradually liberalize China's currency policy, but reaffirmed his commitment to keep its exchange rate 'basically stable at an adaptive and equilibrium level' -- underlining a reluctance to move too precipitously on currency policy."

The New York Times (4/20, Bradsher, 1.19M) reports that the topic of the yuan "is likely to be near the top of the agenda when President Hu Jintao of China meets President Bush in Washington on Thursday. A currency appreciation would make Chinese exports more expensive in foreign markets and foreign goods more competitive in China." The yuan "has risen against the dollar by 3.3 percent since July, and already there are side effects: businesses across China

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are concluding that their survival may depend on following Japanese and South Korean companies up the economic ladder as quickly as possible, selling more advanced products with fatter profit margins. As a result, China is gradually moving from competing with countries like Thailand and Indonesia to vying with South Korea, southern Europe and eventually, with the likes of Germany, Japan and the United States."

Professor Says Yuan/Dollar Rate Should Be Left Where It Is. Ronald McKinnon, a professor of economics at Stanford, writes in the Wall Street Journal (4/20, 2.11M), "Section 3004 of Public Law 100-418 requires that the secretary of the Treasury assess whether countries such as China that have global current account surpluses or large bilateral trade surpluses with the U.S. are manipulating their exchange rates to prevent effective balance of payments adjustment or to gain an unfair competitive advantage in international trade. The question of whether the beleaguered treasury secretary, John Snow, is willing to classify China as a 'currency manipulator,' with unspecified economic sanctions to follow if he does, is the current serious flashpoint in China-U.S. relations." McKinnon adds that "whether or not such a broad agreement is implemented, Secretary Snow's narrower job of interpreting Section 3004 is straightforward: China is not a currency manipulator and the yuan/dollar rate is best left more or less where it is."

China Is Fastest Growing Market For US Exports. USA Today (4/20, Lynch, 2.31M) reports that the fastest-growing market for American exports is China. Last year's "$41.8 billion in U.S. exports to China represented a 157% increase compared with 2000's $16.3 billion. Over the five-year period, exports to China grew more than five times as fast as exports to the rest of the world, making China the USA's No. 4 export market, behind only Mexico, Canada and Japan. … Companies prospering by exporting to China run the gamut from hardwood lumber suppliers to manufacturers of sophisticated coal-mining equipment."

US Families Seen As Becoming Dependent On Inexpensive Chinese Products. The CBS Evening News (4/19, story 11, 3:00, Peterson, 7.66M) reported on the Bongiorni family's experiment of not buying anything manufactured in China for a year. The goods "the Bongiorni's became so dependent on came from factories just like this one here in China and because of these factories, Americans get a bargain every time they go shopping, and these people get a chance at a better life. China's economy, at one time run by the state, is now all about private enterprise. 15 years ago, private industry contributed $5.3 billion to the economy. Now the number is more like $288 billion -- an increase of more than 5,000% and still climbing because of factories like this one."

China Said To "Trample Shamelessly" On Basic Human Rights. Rebecca MacKinnon, who was CNN's Beijing bureau chief from 1998 to 2001, and is now a research fellow at Harvard's Berkman Center for Internet & Society, writes in the Washington Post (4/20, A25, 744K) about the growing number of "state kidnappings" in China. According to MacKinnon, "Their extralegality and the lack of official records make it impossible to count them. Human rights organizations try to keep count, but the outside world generally hears about only those victims whose friends and family manage to overcome police pressure to stay quiet and who are also well-connected or savvy enough to get the story out somehow." MacKinnon adds, "With Chinese President Hu Jintao in the United States this week, Americans have an opportunity to assess his regime. What is this country to think? On the one hand his government has raised the living standards of millions of its citizens with economic reform and international trade. On the other hand his underlings trample shamelessly on his people's basic human rights."

WSJournal Says Internal Pressures Will Drive Change In China. An editorial in the Wall Street Journal (4/20, 2.11M) says that changes in China "aren't taking place because the U.S. demands it. China's burgeoning middle class, created and buoyed by economic growth, will drive internal change. That's why Congressional threats to impose tariffs or brand China a 'currency manipulator' are so dangerous. They damage American business interests, and they could also endanger the prosperity that will drive China's political change."

WPost Criticizes Lack Of Bush-Hu Press Conference. An editorial in the Washington Post (4/20, A24, 744K) faults the Bush's Administrations "acquiescence to a Chinese demand" that there be no news conference "at which American and Chinese journalists can ask unscripted questions." The Post that the lack of such a news conference means Hu will "not be subjected to possibly embarrassing queries about political prisoners, religious freedom or censorship of the Internet symbolizes a major element of Mr. Bush's policy -- his willingness to relegate China's worsening performance on political freedom and human rights to a back burner."

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NYTimes Says Bush Can't Criticize Hu On China's Oil Consumption. An editorial in the New York Times (4/20, 1.19M) says, "When President Bush welcomes the Chinese president, Hu Jintao, to the White House today, the American complaint will be that China's appetite for oil affects its stance on Iran, Sudan and other trouble spots. In other words, China is acting just like everyone else: subjugating its foreign policy to its energy concerns." The Times adds, "Clearly, Mr. Bush and Mr. Hu must tackle energy in a real and meaningful way. That can be done only if the United States both helps China find alternative energy sources and shows that America is doing the same thing itself. … Asking other countries to lay off the world's oil supply so America can continue to support its gas-guzzling Hummers doesn't really cut it."

Administration Said To Be Preparing For Possible Military Conflict With China. The Wall Street Journal (4/20, King, 2.11M) reports that the Bush Administration views China's claim that it poses no long-term threat to the US "skeptically." The Bush Administration "behind the scenes is busy preparing for a possible military conflict with China. And to better gird itself, the U.S. is reaching out to a willing partner: Japan." The Administration "is pushing what it calls a long-range 'hedging strategy.' The tactic -- essentially a bet on the safe side in case China turns hostile -- has wide support across the administration, originating in the Pentagon but extending into the White House and the State Department. … The strategy also puts a premium on bolstering Washington's decades-long military ties to Japan."

The Washington Times (4/20, Gertz, 90K) reports, "The Pentagon is engaged in an extensive buildup of military forces in Asia as part of a covert strategy to strengthen and position U.S. and allied forces to deter -- or defeat -- China. The buildup includes changes in deployments of aircraft-carrier battle groups, the conversion of nuclear-missile submarines and the regular dispatch of bombers to areas close to targets in China, according to senior Bush administration officials and a three-month investigation by The Washington Times." President Bush "approved elements of the first phase of the strategy within the past several months. The key architect is Defense Secretary Donald H. Rumsfeld. The State Department's point man on the strategy is Deputy Secretary of State Robert B. Zoellick, who has led three rounds of strategic talks with China in the past several months."

Papers Link China To Missile Smuggling Plot. Court papers made public yesterday in the case of Chao Tung Wu, a California man who pleaded guilty to trying to smuggle antiaircraft missiles into the US indicate that a Chinese general and a state-run manufacturer are linked to the crime. The Washington Times (4/20, Gertz, 90K) reports, "Wu and a second defendant who is awaiting trial, Yi Qing Chen, met an undercover FBI agent and sought to sell 200 QW-2s, as well as launcher and operational hardware for the missiles, according to court papers. A statement of facts read in court yesterday revealed that Wu had offered to provide enough missiles 'for a regiment' of soldiers. … Documents provided to the agent included a proposal for the sale from the Xinshidai company, which makes the QW-2 and other missiles."

Taiwan President Says China Errs "On The Side Of Aggression With Taiwan." Chen Shui-Ban, president of Taiwan, writes in the Wall Street Journal (4/20, 2.11M) that China's "approach to Taiwan seems to err on the side of aggression rather than caution. Politically, Beijing has refused to interact with Taiwan's democratically elected government for the past six years. … The Taiwan people can never forget that, despite skepticism and criticism from the international community as well as strong public opposition in Taiwan, the Chinese government deliberately proceeded to unilaterally change the status quo by passing legislation codifying non-peaceful measures against Taiwan." Chen adds, "We believe in democracy and uphold the principle of popular sovereignty, which means that Taiwan's future and our relations with China can only be determined by the will of Taiwan's 23 million people. We oppose the non-democratic approach that Beijing has taken against its own people and against the people of Taiwan."

US Won't Rule Out Military Option On Iran, Considers Turning To IAEA. The AP (4/20, Jahn) reports that Undersecretary of State Nicholas Burns, "echoing a statement Tuesday by President Bush, did not reject the possibility of a military response" to Iran's nuclear aspirations. Also, the United States may turn to the IAEA "to exert more pressure on Iran out of frustration with Russian and Chinese opposition to firm Security Council action." While the anonymous officials "emphasized that no decisions had been made on the idea," just "the fact that Washington was contemplating such action was significant."

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USA Today (4/20, 2.31M) reports Secretary of State Condoleezza Rice "told the Chicago Council on Foreign Relations that the international community agrees Iran should not be permitted to develop nuclear weapons. 'We are prepared to use measures at our disposal -- political, economic, others -- to dissuade Iran,' Rice said. The United States has not ruled out military action." In Moscow, US Undersecretary of State Nicholas Burns "said after meetings with the Group of Eight industrialized nations and permanent members of the United Nations Security Council that most favor sanctions against Iran in the dispute over its nuclear program." Burns "said there are differences over what action to take, but there is "a greater sense of urgency" after Iran said last week that it had enriched uranium."

The Washington Post (4/20, A19, Finn, 744K), under the headline "Envoys Remain Split On Plan Against Iran," says that "for weeks, the United States, Britain and France have been pressing for tough steps against Iran, while Russia and China have argued that a hard line might backfire. All have expressed public concern over Iran's program." Javier Solana, the European Union's foreign policy chief, "said last week that the EU was considering targeted sanctions, but he added that 'any military action is absolutely [off] the table for us.'"

Negroponte Says Iran Still Years Away From Building Nuclear Weapon. NBC Nightly News (4/19, story 5, 2:20, Mitchell, 9.87M) spoke with Director of National Intelligence John Negroponte in his first TV interview. Asked "how quickly" Iran would be capable of building a nuclear weapon, Negroponte said, "Our assessment is that the prospects of an Iranian weapon are still a number of years off and probably into the next decade." Mitchell: "But he doesn't rule out that Iran's radical leaders could be lying about their recent breakthroughs." Negroponte: "Why their leadership makes some of the statements that they make? It's conceivable that they are exaggerating their progress." Mitchell: "Now Iran is priority number one. He has added assets, spies, and analysts, as well as an Iran mission manager and put in failsafe tests to verify intelligence reports."

Iran Seen As Forming Mideast "Axis." Under the headline "Mideast 'Axis' Forms Against West," the Christian Science Monitor (4/20, Blanford, 61K) reports, "Rising tension between the West and Iran is coinciding with the emergence of a loose anti-Western alliance -- Israel now dubs it an 'axis of terror' -- spanning the Middle East, presenting a new challenge to the US's regional ambitions. Centered on Iran, this alignment has hardened in recent months, analysts say." Tehran is "shoring up old alliances and strengthening ties with countries (Syria and Iraq) and with groups (Hizbullah, Hamas, and Islamic Jihad) that share its hostility toward Israel and the US."

Annan Calls For Iranian Cooperation On Lebanon. The AP (4/20, Lederer) reports, "Secretary-General Kofi Annan has urged Iran as well as Syria to cooperate in trying to disarm Lebanese militias that still control parts of the country, the first time the U.N. chief has issued a report linking Tehran to instability in Lebanon." U.S. Ambassador John Bolton "praised Annan's remarks," saying "they showed" the effects of "Iran's financing terrorist groups in Lebanon and Syria." While "the secretary-general did not mention the financing of terrorist groups," he noted "the 'close ties, with frequent contacts and regular communication,'" between Lebanon's Hezbollah guerrillas, Syria and Iran. The Washington Post (4/20, A26, Lynch, 744K) runs a similar report under the headline "Annan Presses Syria And Iran Over Hezbollah."

Iran Urges Gulf Nations To Remain Neutral. The AP (4/20, Elias) reports that Former Iranian President Hashemi Rafsanjani "seemed to be signaling Gulf nations that they should not take sides in the U.S.-Iran standoff." He "said that if the United States ever attacked his country, he was certain that Kuwait…would not take sides," and "on Monday, Rafsanjani was even more pointed, saying Iran was certain the 'Persian Gulf countries will not help the United States to attack Iran.'" He also "called on Iran's neighbors, such as Kuwait, and all Muslims to 'defend Iran and support it.'"

Reid Blasts Bush's Efforts On Iran. The AP (4/20) reports, "The Bush administration is relying too heavily on other countries in the international effort to stop Iran from developing nuclear weapons, according to Sen. Harry Reid." Reid " said the administration should be taking the lead, but instead is relying on Germany, France and Great Britain to convince Iran to end its uranium enrichment program. 'It is hard to comprehend,' Reid said Tuesday in Reno. 'We should be involved at trying to arrive at a diplomatic solution. ... Not just these three countries.'"

UK Believes US Won't Take Military Action. However, the AFP (4/20) reports that UK Foreign Secretary Jack Straw said "he did not believe the United States would take military action against Iran." While "the United States has 'not taken any option off the table, but in practice, as both President George Bush and Secretary of State Condoleezza

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Rice say they are pursuing the diplomatic option as vigorously as the Europeans and Russia and China."

Iranian Official Entered US Using Green Card. The Washington Times (4/20, Kralev, Mcelhatton, 90K) reports, "An Iranian government official who recently entered the United States used a green card issued 13 years ago, and U.S. officials said yesterday that they were investigating whether he broke the law by accepting a position with a state sponsor of terrorism." Mohammad Nahavandian, "an economics and technology aide to Iran's top nuclear negotiator, Ali Larijani, raised questions about his immigration status when he arrived in the United States two weeks ago, apparently to attend a conference." Iranian officials "are banned from traveling to the United States, unless they are granted a special visa."

Bush Urged To Reinstitute Selective Service To Prepare US For Possible War. Paul Kane, "a Marine who served in Iraq and a fellow at the Kennedy School of Government," writes in the New York Times (4/20, 1.19M), "The American public needs to be prepared for what is shaping up to be a clash of colossal proportions between the West and Iran. President Franklin D. Roosevelt masterfully prepared Americans before the United States entered World War II by initiating a peacetime draft under the Selective Training and Service Act of 1940. Now, President Bush and Congress should reinstitute selective service under a lottery without any deferments." He adds, "This single action will send a strong message to three constituencies in the crisis over Iran's nuclear intentions -- Iran, outside powers like China and Russia and Americans at home -- and perhaps lead to a peaceful resolution."

Hamas Denies Hiding Arms In Jordan. The New York Times (4/20, Myre, 1.19M) reports, "Hamas on Wednesday denied accusations by Jordan that it had hidden a cache of weapons inside Jordan's borders." Jordan "said Tuesday that it had uncovered Hamas's weapons, prompting it to postpone a visit by the Palestinian foreign minister, Mahmoud Zahar, who is also a senior Hamas leader." Hamas, "which now controls the Palestinian government, said it regretted the decision to delay talks."

Palestinian Journalists Critical Of Hamas Rulers. The Washington Times/AP (4/20, El Deeb) reports, "The Hamas government's toughest detractors have popped up at home, criticizing the Islamic militant rulers in Palestinian newspaper cartoons, TV commentaries and radio talk shows. Such friction between the government and the press is rare for the Arab world." But "the Hamas government has proven an easy target. It's broke and internationally isolated because of its refusal to moderate its hard-line views, and has been unable to pay the salaries of tens of thousands of government employees." Hamas "remains defiant, claiming it'll be able to govern without Western aid."

Cheney To Visit Lithuania, Kazakhstan, Croatia. The AP (4/20) reports, "Vice President Dick Cheney will visit Lithuania, Kazakhstan and Croatia next month for meetings with European leaders." The Vice President "will address a summit of the leaders of the Baltic and Black Sea regions on May 4 in Vilnius, Lithuania." The White House "said Cheney would emphasize the importance of the region's democratic transformation and President Bush's goal of advancing freedom."

Responsibility For Turkish Bombings Is Unclear. The Washington Post (4/20, A16, Vick, Borg, 744K) reports that Turks are wondering who is behind the wave of recent "small explosions." While "experts do see the involvement of [Kurdish] militants in several of the attacks," the Post writes that "one scenario holds that hardened elements of the Turkish government are promoting a conflict that justifies a stern, militaristic response." The bombings and crackdown "may endanger a crucial shift by Turkey's elected government away from stern measures."

Chavez Pulls Out Of Andean Community Over Members Trade Deals With US. The AP (4/20, Rey) reports Venezuelan President Hugo Chavez "said Wednesday that his country is pulling out of the five-nation Andean Community trade bloc, calling the group 'fatally wounded' after other members Colombia and Peru finalized free-trade deals with the US." The AP calls Chavez "a staunch opponent of US free-trade deals" and says "his government was looking to leave the Andean Community, which also includes Bolivia, Ecuador, Colombia and Peru." Chavez has moved his nation towards membership in the Mercosur bloc, of which Venezuela is currently an associate member and whose members include "left-leaning governments such as Argentina, Brazil and Uruguay, as well as Paraguay."

Old Latin American Parties Lose Ground To New Populist Movements. The New York Times

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(4/20, Forero, 1.19M) reports, "Disillusioned by corruption and a failure to deliver prosperity, [Latin American] voters are increasingly captivated by new, mostly leftist movements promising to redistribute wealth, punishing traditional parties and turning political systems on their heads." The change is most drastic in "the five Andean countries." However, voters in countries like Bolivia and Peru have thus turned away from older parties that "offered stability, a clear ideology and experienced functionaries."

Cuba Will Buy More Food From Nebraska. AP (4/20, Rodriguez) reports, "Cuba agreed Wednesday to buy another $30 million in food from Nebraska, strengthening trade relations with a US farm state already selling corn, wheat, soybeans and other products to the communist island." Nebraska Lt. Gov. Rick "Sheehy said the new deal will include the export of pork, cattle, poultry, wheat, corn, soybeans, dry beans and dairy in the next 18 months." An "exception [to the US embargo] created in 2000 allows food and agricultural products to be sold directly on a cash-only basis" to Cuba.

Canada's Mad Cow Case Puts Pressure On USDA. This week's news about a new case of mad cow disease in Canada, the Christian Science Monitor (4/20, Knickerbocker, 61K) reports, "has led to calls for a ban on imports of Canadian cattle" and "also raises questions about the US Department of Agriculture's testing and tracking procedures, as well as its controversial prohibition on private testing." These disputes, the Monitor says, "point up the potential conflict between the USDA's two basic mandates: Promoting US agricultural products domestically and abroad even as it is ensuring the safety of those products, which could sometimes require revealing bad news to consumers."

Johanns To Meet With Canadian Ag Minister Thursday. The Dow Jones Newswire (4/20, Klassen) reports Agriculture Secretary Mike Johanns will meet Thursday with Canadian Agriculture Minister Chuck Strahl in Washington to "discuss a number of issues affecting the agricultural sectors in Canada and the US, including World Trade Organization agriculture negotiations, bilateral trade issues and avian influenza preparedness," as well as Canada's latest mad cow case.

Wolfowitz Fills Two Key Posts At World Bank. The Washington Post (4/20, D1, Blustein, 744K) reports that World Bank President Paul D. Wolfowitz "has selected a New Zealander and a Salvadoran to be managing directors, the topmost staff rank at the bank, according to a senior bank economist. The two are Juan Jose Daboub, a former minister of finance and head of El Salvador's largest telecommunications company, and Graeme Wheeler, the bank's acting managing director." The Post says the appointments "are by far the most important move to date by Wolfowitz to fill vacancies at senior levels. … The large number of vacancies has aroused intense concern among staffers that Wolfowitz is being too slow in giving them direction; many of them have also chafed about the influence wielded by several Americans with ties to the Bush administration, including two who worked with Wolfowitz during his years as deputy secretary of defense and were given high-ranking staff posts. The selections of Wheeler and Daboub may dampen some of that dissension."

US-Japanese Beef Dispute Could Touch Off Trade War. USA Today (4/20, Wiseman, 2.31M) reports that "a mistake at a Brooklyn meatpacking company and public hysteria in Japan about mad cow disease are raising tensions between the United States and Japan, reviving memories of the bitter trade disputes of the 1980s." Japan has banned all American beef since January 20, when a Brooklyn meatpacker "shipped to Tokyo boxes of veal containing a spinal column, considered a 'specified risk material' for mad cow disease." USA Today writes, "US lawmakers are losing patience, raising the specter of sanctions against Japanese goods and a possible trade war."

Japanese-South Korean Tensions Over Islet Group Rise. The Washington Post (4/20, A16, Faiola, 744K) reports that Japan and South Korea are disputing the ownership of "rocky outcroppings controlled by South Korea," called "Dokdo in Korean and Takeshima in Japanese." South Korea sent a "flotilla of 20 patrol ships" to confront "Japanese coast guard" vessels sent to "conduct an official survey." The Post writes that "Washington's two biggest allies in the region" are feuding evens "when they are struggling to present a united front on China's military rise and North Korea's nuclear belligerence."

Private International Aid Donors Far Surpass US Government. The Washington Times (4/20, Price, 90K) reports that "US foreign aid from private sources totaled $71.2 billion in 2004, a sum more than 3½ times greater than

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the foreign aid the US government provided that year." A Hudson Institute study found "support from foundations, charities, corporations and religious groups accounts for only a third of all the private donations made abroad. The other two-thirds comes from immigrants living in this country, who send money home."

Developing Nations Block UN Reforms. The Washington Times (4/20, Sands, Pisik, 90K) reports, "The president of the UN General Assembly yesterday defended the world body's overhaul of its human rights panel, but warned that in the days ahead, the United Nations faces an even more difficult fight over critical management reforms." Swedish diplomat Jan Eliasson "said in an interview with reporters and editors at The Washington Times. 'We have problems ahead of us. I will not hide the fact that the management issues are very difficult and we face a polarization of the membership.'" That "polarization reared its head late Tuesday, when a bloc of developing nations introduced a resolution that could postpone indefinitely the progress on reforms sought by wealthier states." UN "officials called it a 'classic blocking tactic,' and US Ambassador John R. Bolton told The Washington Times in New York yesterday that the ploy could sabotage reforms sought by the United States."

Court Ratifies Prodi's Win In Italy. The Washington Post (4/20, A22, Delaney, 744K) reports, "Italy's top court confirmed Wednesday that Romano Prodi and his opposition coalition won a majority in the lower house of Parliament in national elections last week. His rival, Prime Minister Silvio Berlusconi, continued to refuse to concede defeat in the bitterly contested balloting." The Court of Cassation "said Prodi's Union coalition had defeated the House of Liberties bloc led by Berlusconi by a mere 24,755 votes, enough to claim victory and receive extra seats that will give it a 55 percent majority in the lower house, the Chamber of Deputies." The Los Angeles Times (4/20, Wilkinson, 958K) also reports the story.

Berlusconi Said To Be Angling For Presidency. Despite the ruling, the New York Times (4/20, Fisher, 1.19M) reports Prime Minister Silvio Berlusconi "still would not concede defeat. Instead, there were strong signs that he was possibly opening a new campaign: to be named the nation's president, or at least have a strong say in the choice."

India Tries To Halt Nepalese Crisis. Under the headline, "Army Fires at Protesters as Nepal's Political Crisis Deepens," the New York Times (4/20, Sengupta, 1.19M) reports, "The Royal Nepalese Army fired at pro-democracy protesters in an eastern town on Wednesday, as the death toll climbed to at least eight in two weeks of defiant demonstrations and the country appeared headed toward a dangerous brink. The brink of what remained unclear." Political parties allied with Maoist rebels plan another set of protests today. The Post continues, "What King Gyanendra is prepared to do to ease the crisis remains a mystery," and "there was little disagreement that the king's own actions had narrowed his options, and that he would ultimately be compelled to concede more than he would have only a few weeks ago."

The Financial Times (4/20, Johnson, Bhattarai) keys on the Indian effort, saying Saran will tell Gyanendra "to restore multi-party democracy with immediate effect or risk seeing his throne swept away by the tide of protests engulfing the Himalayan kingdom."

Gazprom Warns EU Not To Interfere With Its Goals. The Financial Times (4/20, Buckley, Ostrovsky) reports that "Gazprom, Russia's state-controlled gas monopoly, on Wednesday told European Union countries not to block its international ambitions, warning that it could redirect supplies to other markets." Gazprom is bridling at efforts to thwart "its ambitions to move into downstream gas distribution in Europe," such as the British government's desire to "block a potential takeover of [Britain's] biggest gas supplier by Gazprom."

Corporate "Thugs" Intimidate Smaller Russian Businesses. Under the headline "In Russia, Corporate Thugs Use Legal Guise," the Washington Post (4/20, A1, Finn, 744K) reports that a "new breed of Russian financial predator" is targeting "small and medium-size companies. Often the goal is not the company itself, but the real estate it occupies, acquired in the privatizations of the early 1990s." The raiders work with "corrupt lawyers, accountants, judges, bureaucrats and police to exploit weaknesses in Russia's fledgling corporate legal system," causing the government to fear the growing perception "that rule of law remains illusory in the country."

"NATO-Style Oil Alliance" Predicted. Jim Pinkerton argues in the Financial Times (4/20) that "America

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is likely to lead the way" in formalizing "energy policy into national security policy." He contends, "Opec has already cartelised the producing nations; we are now likely to see a counter-cartel of consuming nations."

Hoagland Urges Quick Congressional Action In Favor Of India Nuclear Deal. Jim Hoagland writes in his column in the Washington Post (4/20, A25, 744K) that "India is a strategic maverick" in that it "has chosen this moment to forge a close partnership with Washington and to speak up positively about American power in world affairs." Now, "for me that flaws in the nuclear draft agreement are heavily outweighed by the advantages it brings in cutting global pollution, easing pressure on oil markets and bringing a substantial part of India's nuclear program under international supervision." As "India is moving from a past of shaking an angry finger in the American face to providing a helping hand for U.S. power in the future," Congress "should move expeditiously to set this transformation in motion."

WSJournal Praises Estonian Leader. An editorial in the Wall Street Journal (4/20, 2.11M) praises "former Estonian Prime Minister Mart Laar" for his stewardship of the Estonian economy. Laar has won the "biennial Milton Friedman Prize for Advancing Liberty." The Journal says, "Estonia ranks seventh among the world's freest economies in the annual Heritage Foundation/Wall Street Journal Index of Economic Freedom, the only ex-Soviet bloc country in the top 10. It has a flat-rate income tax, a currency board that pegs its kroon to the euro for stability, and a low external tariff rate."

THE BIG PICTURE:

Headlines From Today's Front Pages.

Los Angeles Times:
"The Overseas Class."
"Details On 11 Priests Missing In '04 Report."
"He's All Wet And Glad Of It."
"L.A. Schools Plan Splits Capitol."
"FCC Launches Payola Probes Of 4 Radio Giants."

USA Today:
"Drivers Curb Use As Gas Goes Up."
"Team-First, Back-To-Basics Foreigners Changing NBA."
"Medicare Payment Letters Raise Fears."

New York Times:
"Rove Is Giving Up Daily Policy Post To Focus On Vote."
"Improvising, Tram Rescuers Rigged 2 Untested Ways Out."
"Storm Evacuees Placing Strains On Texas Hosts."
"In New Job, Spymaster Draws Bipartisan Criticism."
"For Berlusconi, Defeat Isn't End Of The Campaign."
"Learning To Savor A Full Life, Love Life Included."

Washington Post:
"Rove Gives Up Policy Post In Shake-Up."
"Pepco Plan May Ease Bite, For Now."
"Bill Bulges With Unforeseen Spending For Guns, Tanks."
"In Russia, Corporate Thugs Use Legal Guise."
"Far-Flung Families Unite In Cyberspace – And Kill Monsters."

Washington Times:
"More Muscle, With Eye On China."
"Dean Calls The Border Top Priority."
"Divisive 'Problems Ahead' For U.N."
"Maryland Trims Tax Rate On Property."
"Nagin Likely To Weather Storm."
"Plunge In Death Rate Raises Eyebrows."

Detroit Free Press:
"Big Ben's Last Stand?"
"College In A Stir: It's First In Grants, Worst In Defaults."
"Funeral A Plea To Stop The Violence."

Atlanta Journal-Constitution:
"Atlanta Acquires Jewel For Beltline."
"'I Can't Believe It's Finally Over.'"
"Schools Try To Trim Fat."
"FBI Detains Tech Student, But Won't Say Why."

Houston Chronicle:
"Bush Loses Texans From Inner Circle."
"Hundreds Arrested In Immigration Raids."
"A Season To Forget."
"Prosecutor Accuses Skilling Of Lying About Reason He Left."
"Prepping For Surgery – On The Moon."

Story Lineup From Last Night's Network News:
ABC: White House Resignations; White House-Analysis; Oil Prices; China-US Trade; Iraq Reconstruction; Afghan Embassy Explosion; Life Expectancy; Severe Weather; Mumps Outbreak; Queen Elizabeth's Party; New York-Tram Malfunction.
CBS: White House Resignations; White House-Analysis; Oil Prices; Flexfuel Vehicles; ICE-Immigration Raids; FBI-Columnist's Papers; American KIA; Mumps Outbreak;

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Cancer-Heat Treatment; Afghan Embassy Explosion; US-China Trade; Pope Benedict-Anniversary; Graduation Gender Gap; Life Expectancy.

NBC: White House Resignations; White House-Analysis; Presidential Helicopter Grounded; ICE-Immigration Raids; Negroponte Interview; Oil Prices; Iraqi Refugees; Life Expectancy; Nebraska-School Segregation; New York-Disabled Tram; Chocolate-Health Benefits.

Story Lineup From This Morning's Radio News Broadcasts:

ABC: Gas Prices; Chinese President-US Visit; White House Staff Changes; Gitmo Detainee List Released.

CBS: Oil Prices; White House Staff Changes; DHS-Illegal Worker Crackdown; North Dakota-Snowstorm.

NPR: McClellan Resignation; Rove-Duty Changes; Oil Prices; Iraq-Parliament Meeting; Saddam Hussein Trial; Iran-Nuclear Program.

WASHINGTON'S SCHEDULE:

Today's Events In Washington.

White House:

PRESIDENT BUSH — South Lawn arrival ceremony for the President of China; meets with the President of China; hosts social lunch for the President of China, East Room; speaks to recipients of the President's Environmental Youth Awards, Room 450, Eisenhower EOB.

VICE PRESIDENT CHENEY — No public schedule.

US Senate: No Scheduled Events.

US House: No Scheduled Events.

Other: CHINESE PRESIDENT HU JINTAO _ Highlights: Afternoon. Meets with members of Congress and retired officials. Blair House. 9:25 a.m. Welcoming ceremony. White House. 10 a.m. Meets with President Bush. White House. 1:15 p.m. Lunch with President Bush. 7:30 p.m. Delivers speech a a dinner meeting of the U.S.-China Business Council, the National Committee on U.S.-China Relations and the U.S. Chamber of Commerce, others. Marriott Wardman Park. Note: Media registration at 6-7 p.m., 24th St. entrance.

MEDICARE PART D _ The Medicaid Health Plans of America holds a conference, ``Medicare Part D: The First 100 Days." Highlights: 9 a.m. Dr. Georges Benjamin of the American Public Health Association discusses future trends. Location: Washington Renaissance Hotel, 999 9th St. NW.

WORLD BANK-IMF _ News conference and briefing schedule for the 2006 spring meeting of the World Bank and IMF. Highlights: 11 a.m. Press briefing by World Bank Group President Paul Wolfowitz. Main Press Briefing Room, Room B-702, IMF Headquarters.

SCIENCE-TECHNOLOGY _ The American Association for the Advancement of Science holds its 31st annual Forum on Science and Technology Policy. Highlights: 9 a.m. Keynote address: John Marburger III, Director, White House Office of Science and Technology Policy. 12 p.m. Luncheon address: CDC Director Julie Gerberding. 2 p.m. Concurrent session on energy challenges of the 21st century, coping with uncertainty about pandemic flue and other health threats; security and homeland security. Location: Washington Court Hotel, 525 New Jersey Ave. NW, unless otherwise noted.

BIOETHICS _ 9 a.m. Meeting of the President's Council on Bioethics, Agenda includes children and clinical research and organ procurement and transplants. Location: Madison Hotel, 1175 15th St. NW.

JOHANNS _ 7:30 a.m. Agriculture Secretary Johanns gfives the keynote address to the Council for Agricultural Science and Technology Executive Committee and Board of Governors Group. Location: Washington Plaza Hotel, 10 Thomas Circle.

BUSH-HU _ 9:30 a.m. The Chinese Constitutionalist Association holds a news conference to call on President Bush to push the Chinese government to speed up political reforms. Location: National Press Club.

DOMESTIC SPYING _ 10 a.m. The ACLU holds a telephone news briefing to announce the filing of friend-of-the-court briefs in its lawsuit challenging the NSA's domestic spying program. Contacts: Erica Pelletreau, 212-519-7829. Notes: Callin number: 800-762-4758.

GONZALES-MISSING CHILDREN _ 10 a.m. Attorney General Alberto R. Gonzales will make remarks on the Department's efforts to combat child pornography at the National Center for Missing and Exploited Children. Prior to his remarks, the Attorney General will meet with employees and view a demonstration. Location: Charles B. Wang International Children's Building, 699 Prince St., Alexandria, Va.

HOMELAND SECURITY _ 11 a.m. Homeland Security Secretary Chertoff, and ICE Assistant Secretary Julie Myers hold a press conference to announce a comprehensive immigration enforcement strategy for the nation's interior. They will also announce results of a nationwide enforcement

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operations. Location: Garcia Conference Room, 6th floor, ICE, 425 ``Eye" St. NW.

LEBANON _ 11 a.m. Prime Minister Fuad Abdel Basset Siniora of Lebanon speaks at the Wilson Center for International Scholars on issues facing the Arab world. Location: Flom Auditorium, 6th floor, Wilson Center, Reagan Trade Building.

CHINA-ANIMALS _ 11:30 a.m. Members of In Defense of Animals and people for the Ethical Treatment of Animals screen animal cruelty video and urge China to introduce and enforce meaningful welfare standards for animals within the fur industry. Location: In front of the White House, Pennsylvania Ave. NW.

EUROPE-IMMIGRATION _ 12 p.m. The SAIS Center for Transatlantic Relations and Dutch Ambassador Boudewijn J. van Eenennaam host a luncheon on ``The Balance of Faith and State: The Challenges of Immigration in Europe," with Frits Bolkestein, a Dutch politician and former EU commissioner; Gregory Maniatis, senior European policy fellow at the Migration Policy Institute; and Zeyno Baran, director of the Center for Eurasian Policy at the Hudson Institute. Location: Dutch Ambassador's residence, 2347 S St. NW.

ELECTRONICS JOBS _ 12 p.m. - 1:15 p.m. The American Electronics Association releasies its yearly report on jobs and wages, ``Cyberstates." This state-by-state analysis includes: High-tech employment; High-tech average wages; High-tech exports ; High-tech R&D expenditures; High-tech businesses; High-tech payroll; Ranking of the states. Location: Room 1537, Longworth House Office Building.

DISASTER PREPAREDNESS-FEMA _ 12 p.m. - 1:30 p.m. FEMA's Acting Deputy Director of Operations, Deidre Lee, speaks on disaster preparedness at meeting of the Northern Virginia Government Contractors Council. Location: Sheraton Premiere Tysons Corner, Vienna, Va.

PLO _ 12:30 p.m. Amb. Afif Safieh, head of the PLO Mission to the U.S. discusses current events and challenges facing the Palestinian people, sponsored by Georgetown University. Location: CCAS Board room, ICC, room 241, on campus.

CLIMATE CHANGE _ 1:30 p.m. The Environmental and Energy Study Institute holds a briefing on recent polls on the public perceptions of climate change. Location: Room 2318, Rayburn.

IMMIGRATION-PRIVACY _ 2 p.m. The AFL-CIO and the ACLU hold a joint briefing to discuss concerns with immigration legislation that proposals would violate worker privacy. Location: 915 15th St. NW.

INTERIOR-AWARDS _ 2 p.m. Acting Secretary of the Interior Lynn Scarlett presents the 2005 Presidential Rank Awards. Location: South Penthouse, Interior Dept., 1849 C St. N.W.

PURPLE HEART CEREMONY _ 2 p.m. Deputy Secretary of Defense Gordon England and Vice Chief of Staff USA Gen. Richard Cody will participate in a unique Purple Heart Ceremony. Location: Mount Vernon, George Washington's home, located at the south end of the George Washington Memorial Parkway, 16 miles from Washington.

GONZALES-VICTIMS' RIGHTS _ 6:30 p.m. Attorney General Alberto R. Gonzales will deliver remarks following his introduction by Regina B. Schofield, Assistant Attorney General for the Office of Justice Programs, at the National Crime Victims' Rights Week Candlelight Vigil. Other participants include Kenneth L. Wainstein, United States Attorney, District of Columbia John W. Gillis, Director, Office for Victims of Crime, OJP; and Sharon Rocha, Mother of Laci Peterson and Grandmother of Conner and aauthor of ``For Laci: A Mother's Story of Love, Loss & Justice." Location: U.S. Chamber of Commerce, 1615 H St. NW.

BROKAW _ 7:30 p.m. Former NBC News anchor Tom Brokaw delivers keynote address at the Howard University Johnson School of Communications 35th Anniversary Gala. Location: J.W. Marriott.

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THE ATTORNEY GENERAL'S *NEWS BRIEFING*

PREPARED FOR THE OFFICE OF PUBLIC AFFAIRS, U.S. DEPARTMENT OF JUSTICE

TO: THE ATTORNEY GENERAL AND SENIOR STAFF

DATE: THURSDAY, APRIL 20, 2006 7:45 AM EDT

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TERRORISM NEWS:

9/11 Victims' Family Members Testify For Defense At Moussaoui Trial. The Washington Post (4/20, A10, Markon, Dwyer, 744K) reports that family members of 9/11 victims yesterday testified on behalf of the defense at the Zacarias Moussaoui sentencing trial. "There was no talk of punishment from the witness stand, no hint of whether family members think Moussaoui should be executed for his role in the terror attacks. … But the defense is hoping that jurors got an implicit message from yesterday's testimony: that some victims think Moussaoui's life should be spared." The Post adds, "There was limited emotion, as well as a few tears, as the family members took the stand and told of their suffering but also spoke of their hope, describing how they have tried to move beyond grief and rage and get on with their lives."

The New York Times (4/20, Lewis, 1.19M) notes witness Marilynn M. Rosenthal "testified that she and her family were determined not to be 'caught up in a whirlpool of sadness and frustration and anger' over the loss of her son, Josh, who was killed at the World Trade Center." Outside the courthouse, "she criticized the Bush administration for refusing to bring to trial several people who were indisputably planners of the Sept. 11 attacks, referring to a handful of senior members of Al Qaeda who are imprisoned overseas in the secret detention system run by the Central Intelligence Agency. Mr. Moussaoui, she said, 'was a marginal figure.'"

The AP (4/20, Sniffen) also reports on the family members' testimony and adds that earlier in the day, psychiatrist Michael First testified "Moussaoui's flight instructors said that even after 57 hours of training they would not let him fly solo 'because he couldn't focus on two things at once,'" which Frist sees as a symptom of schizophrenia. "On cross-examination, prosecutor David Novak asked how Moussaoui was able to drive a car if schizophrenics cannot do two mental tasks at once. First responded that an ex-FBI agent and pilot told him that flying a plane is 'a completely different level of magnitude.'" AFP (4/20) also reports on yesterday's testimony.

Hayat Jurors Seek Material About FBI Interviews. The Los Angeles Times (4/20, Tempest, 958K) reports that the juries in the trial of Umer and Hamid Hayat "asked for supplemental material from the court Wednesday as they continued deliberations. In a possible signal that a videotaped confession by the son, Hamid Hayat, might not be considered enough evidence for a guilty verdict, jurors in that case asked if they could also consider secretly taped conversations between an FBI informant and Hayat about sending money to Pakistan." Umer Hayat's jury asked "if it could review the testimony of three FBI agents." US District Judge Garland Burrell "said he would respond to the requests this morning, but indicated that transcripts in the Umer Hayat case would not be available until Friday." The Stockton Record (4/20, Hood) adds that the Hamid Hayat jurors sent Burrell a note "late Wednesday asking whether material support includes sending money to Hamid Hayat's uncle in Pakistan, where it potentially could be transferred to an Islamic extremist group. … He initially seemed to agree with defense attorney Wazhma Mojaddidi, who said jurors should be given instructions that mirror the indictment: The charge doesn't allege the younger Hayat supported terrorism financially."

The Lodi News-Sentinel (4/20, Bohm) also reports on the jurors' requests and notes prosecutors filed a motion yesterday asking Burrell "to seal the verdicts if one jury reaches a decision while the other is still deliberating, an issue Burrell will take up Thursday. … Citing extensive media coverage, the government said…that the jurors still deliberating could overhear news of the first verdict."

US Releases List Of 558 Enemy Combatants Held In Guantanamo Bay. The AP (4/20, Fox) reports the US government "released the first list of detainees held at the Guantanamo Bay prison on Wednesday — the most extensive accounting yet of the hundreds of people held there, nearly all of them labeled enemy combatants." The Pentagon's list names 558 people and was released "in response to a Freedom of Information lawsuit by The Associated Press." Some names "are familiar, such as David Hicks, a Muslim from Australia charged with fighting U.S. and coalition forces in Afghanistan. Lesser-known detainees on the list include Muhammed al-Qahtani, a Saudi who reportedly was supposed to be the 20th hijacker in the Sept. 11, 2001, attacks. Although his presence at Guantanamo had been reported, the military had previously declined to confirm it." Others, "such as an Afghan identified only as 'Commander Chaman,' remain mysterious." The detainees "on the list came from 41 countries. The largest number -- 132 -- came from Saudi Arabia. Afghanistan followed with 125, then Yemen with 107."

Trial Begins In 9/11-Related Perjury Case. The AP (4/20, Neumeister) reports that in the first day of San Diego State University student Osama Awadallah's perjury trial yesterday, Assistant US Attorney Brendan McGuire said in his opening statement that Awadallah "hampered the investigation into the Sept. 11 terrorist attacks by lying about his associations with one of two hijackers." Awadallah lawyer

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Jesse Berman "conceded his client denied…that he had written the name of a hijacker in a school exam book," but Berman said Awadallah "realized his mistake and fixed it five days later." The AP notes that the case "was tossed out in 2002 by Judge Shira Scheindlin, who said Awadallah's consent to FBI interviews and a lie detector test…resulted from 'duress or coercion.' Two perjury charges were reinstated by an appeals court." Testifying yesterday, FBI Special Agent Jacqueline Maguire "said investigators were anxious to learn as much as they could about the hijackers as quickly as possible to see if there were new threats. As she spoke, photographs of several hijackers in Western-style clothing and then clothing from their Middle Eastern homelands was displayed on a large screen for the jury."

The New York Times (4/20, Preston, 1.19M) adds, "The trial tests the government's practice of long detention of witnesses in terror cases. … After an interview with F.B.I. agents, Mr. Awadallah was detained as a material witness on Sept. 21. Barred from communicating with his family, he was held in solitary confinement and denied his Muslim diet, Mr. Berman said. Over the next three weeks, he was taken from San Diego through a county jail in San Bernardino, to Oklahoma City and then to the federal detention center in Manhattan. … 'This is the type of torture, for lack of a better word, that he had to endure for 20 days,' Mr. Berman said.

Rep Andrews Says US Is In Constitutional Crisis. The Philadelphia Inquirer (4/20, Ott) reports, "The nation is in the midst of its worst constitutional crisis in the last 30 years, Democratic U.S. Rep. Rob Andrews of Camden County told a group of Rutgers University-Camden law students yesterday." The Inquirer continues, "During the two-hour forum, Andrews called for congressional review of President Bush's approval of warrantless eavesdropping on Americans. … The Senate Judiciary Committee held a hearing this month on a motion to censure Bush for the eavesdropping. The resolution has a slim chance of passing the Senate. … Andrews said the hearing wasn't enough. He said the Republican-led Congress should thoroughly review the President's eavesdropping authorization. … 'The real scandal is not the executive branch intercepting private conversations,' Andrews said, 'but the criminal negligence of the Congress in not having hearings.'" The Inquirer adds, "His comments were part of a panel discussion on government wiretapping at the Rutgers Law School. Also featured were civil liberties lawyer Grayson Barber and national Federalist Society leader Falk Engel. … Engel, a Republican, commented: 'It's repugnant what's coming out of this Justice Department.' … He said the failure of Congress to act may be interpreted constitutionally as tacit approval of the expansion of presidential powers."

Al Arian Case Seen As Example Of "Less-Than-Stellar" Terror Prosecutions. Time (4/19, Malloy) reports in a Web exclusive, "When federal prosecutors earlier this week announced a plea deal that will ultimately deport…Sami Al-Arian, they hailed it as a major achievement in the war on terror. … But given all the buildup, the resolution of the Al-Arian case seems far from a clear-cut victory, and the government's triumphant tone speaks volumes about its less-than-stellar record in federal anti-terror cases." Time adds, "It's not really, however, a victory for Al-Arian either. For decades, he'd insisted that he rejected the PIJ. But both his plea and wiretap evidence brought out in his indictment and trial severely undercut his image as nothing more than an outspoken advocate for Palestinian rights."

FBI Holding Georgia Tech Student On Terror Allegations. The Atlanta Journal-Constitution (4/20, Torpy, Morris, 430K) reports, "A Georgia Tech student born in Pakistan has been in federal custody for nearly a month, apparently because authorities suspect a videotape he made of a building may have been related to terrorism, his family said." Syed Haris Ahmed, "who had become increasingly religious in his Islamic faith, was arrested by the FBI March 23 and has been held since, his family said." The AJC adds that Ahmed's sister, Samia Ahmed, "said her brother told her that authorities found a video on the Internet and apparently traced it to him. … Agents confiscated computer hard drives and data CDs from the family home, the family said."

California Man Pleads Guilty To Shoulder-Launched Missile Plot. The AP (4/20) reports Californian Chao Tung Wu "has admitted his role in a plot to smuggle Chinese missiles into the US, surface-to-air missiles designed to shoot down aircraft. … A second defendant goes on trial in June. According to a statement read in court, Wu and the other man told an undercover FBI agent they'd arrange the importation of hundreds of missiles from China." The AP adds, "Wu also pleaded guilty to conspiring to smuggle counterfeit hundred-dollar bills he said were made in North Korea, along with ecstacy, methamphetamines and cigarettes."

Herbert Calls Rendition "Crime Against Humanity." In his New York Times column (4/20), Bob Herbert says, "In past years, stories about torture and 'the disappeared' have been associated with sinister regimes in South and Central America. The attitude in the United States was that we were above such dirty business, that it was immoral and uncivilized, and we were better than that." But "now people are disappearing at the hands of the U.S. government." Amnesty International released a report titled,

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"Below the Radar: Secret Flights to Torture and 'Disappearance,'" on the "reprehensible practice of extraordinary rendition, a highly classified American program in which individuals are seized — abducted — without any semblance of due process and sent off to be interrogated by regimes that are known to engage in torture. Some of the individuals swept up by rendition simply vanish." Herbert adds, "Congress needs to step in and thoroughly investigate this program, which is nothing less than a crime against humanity. Congress needs to investigate it, document it and shut it down."

HOMELAND RESPONSE:

Army Lab Had Several Incidences Of Anthrax Contamination. The Washington Times/AP (4/20) reports the Army's "biological weapons defense laboratory at Fort Detrick probably had multiple episodes of anthrax contamination as workers strove to process a flood of samples sent there for testing in 2001 and 2002, an internal report says." The report "obtained by the Frederick News-Post contains previously undisclosed details about the sometimes sloppy practices that allowed anthrax spores to escape from biosafety containment labs at the U.S. Army Medical Research Institute of Infectious Diseases (USAMRIID). No one was infected by the released spores."

Pennsylvania Police Confiscate $500,000 Cash From Men Near Nuclear Plant. The Houston Chronicle (4/20, Kilday, 581K) reports, "Pennsylvania authorities have confiscated a half million dollars they found in the cab of a truck driven by two Houston men who tried to enter a nuclear power plant. The men have not been charged with any crime. Pennsylvania State Police seized the money because the men denied ownership and because there was an indication by a police dog that drug residue was possibly on the cash." The Chronicle adds that "members of a joint terrorism task force composed of Pennsylvania State Police and the FBI also were notified and went to where the truck was stopped," but Pittsburgh FBI Special Agent William Crowley said Wednesday, "We have no indication that there was ever any terrorism or threat to the plant." WTOV-TV Steubenville, OH (4/18) notes, "Now the FBI and Homeland Security are involved. The worry is that the money may be connected to terrorist activity." But Pennsylvania State Police Sgt. Douglas Humble said, "At this time we do not believe it was associated with the power plant." The Pittsburgh Post-Gazette (4/20, Lash, 261K) and Pittsburgh Tribune-Review (4/20) also report on the incident.

Negroponte Under Fire From Key Lawmakers Of Both Parties. The New York Times (4/20, Shane, 1.19M) reports House Intelligence Committee Chairman Peter Hoekstra and ranking Democrat Jane Harman "have disagreed publicly about many things, but on one issue they have recently come together. Both are disquieted by the first-year performance of John D. Negroponte, the director of national intelligence." They have "expressed…fear" that Negroponte "is creating just another blanket of bureaucracy, muffling rather than clarifying the dangers lurking in the world." In an April 6 report, "the Intelligence Committee warned that Mr. Negroponte's office could end up not as a streamlined coordinator but as 'another layer of large, unintended and unnecessary bureaucracy.' The committee went so far as to withhold part of Mr. Negroponte's budget request until he convinced members he had a workable plan." The Times adds intelligence officials "say there has been progress in information-sharing, particularly at the National Counterterrorism Center, the new hub for reports on terrorist threats. Aides to Mr. Negroponte insist that analysts are encouraged to offer divergent views to avoid the 'groupthink' blamed for past failures." Negroponte also "strongly defended his record," saying, "If there's one watchword for what we've been about, it's integration."

NBC Nightly News (4/19, story 5, 2:20, Mitchell, 9.87M) spoke with DNI Negroponte in his first TV interview. Mitchell: "It's been a year since the 16 intelligence agencies were merged into one, a response to the failures that led to 9/11 and got Iraq's weapons of mass destruction all wrong. Critics say nothing has changed. Osama bin Laden and his top deputy, Ayman al-Zawahri, are still at large. Abu Musab al-Zarqawi is still the leader of al Qaeda in Iraq, and there could be another 9/11." Negroponte: "I don't think you can ever rule out the possibility of a serious terrorist incident, because in intelligence work you have to be right almost all of the time." Mitchell: "And what keeps you up at night? What do you worry about most?" Negroponte: "It's the international terrorists. It's al Qaeda. What is it that we don't know?"

Negroponte's Office Budget Is Nearly $1 Billion. The Washington Post (4/20, A11, Pincus, 744K) reports the budget next year for Negroponte's office "and the several agencies attached to it may be near $1 billion or more, according to language buried in the report of the House intelligence committee on the fiscal 2007 intelligence authorization bill." The "exact budget total for the Office of the Director of National Intelligence (ODNI) is classified, but the report by the House Permanent Select Committee on Intelligence contains a figure by the Congressional Budget Office of $990 million for the intelligence community management account that provides the principal funding for the ODNI." The "proposed budget, which is about one-third

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the size of all CIA funding in years before the Sept. 11, 2001, terrorist attacks, is far larger than expected."

Critics See Privacy Officers As Half-Measure. The Wall Street Journal (4/20, Squeo, 2.11M) reports that as the "son of a U.S. aid worker stationed in Guatemala during the 1970s civil war, Alex Joel recalls being unable to tell the good guys from the bad as both armed soldiers and civilians alike would order his family out of their car to search it." Joel says those "first-hand brushes with totalitarianism" have "led him to take the rights of individuals very seriously. Given that he was recently named as the first civil-liberties protection officer for the U.S. Office of the Director of National Intelligence, such talk is reassuring to privacy advocates." In February, the Justice Department "named Jane Horvath its first chief privacy and civil-liberties officer, making her responsible for developing and ensuring compliance with privacy and civil-liberties policies, specifically as they relate to counterterrorism and law-enforcement efforts." While "even critics of the administration applaud the effort, they question what authority these officials have. Unlike inspectors general at federal agencies, these privacy officers lack the subpoena power necessary to conduct investigations and don't report to Congress."

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Advocates Hopeful Airlines Will Participate In Registered Traveler Program. USA Today (4/20, Frank, 2.31M) reports, "Proponents of an idea to speed trusted travelers through security are pushing to sign up airports and overcome skepticism of some airport officials who fear the program won't shorten lines." Companies "looking to sell Registered Traveler programs to airports say they're hopeful that interest in the idea will pick up after the federal Transportation Security Administration (TSA) announces specifics on how it will work." Larry Zmuda, "head of Registered Traveler for Pennsylvania-based Unisys, said his company has signed letters of intent with four airports to start the program. 'This appeals to a lot of smaller (airports) that are trying to get into the big game,' Zmuda said. But, he added, 'a lot are going to wait and see.'"

Allen Believes Coast Guard Has Lessons To Share With Other Parts Of Government. The Washington Post (4/20, D4, Barr, 744K) reports in its "Federal Diary" column that Vice Adm. Thad W. Allen, has been confirmed by the Senate become the Coast Guard's next commandant. Since Hurricane Katrina, "members of Congress and key administration officials have been eager to see if the Coast Guard can be used as a model for other parts of the Department of Homeland Security and elsewhere in government. Allen, chief of staff for the Coast Guard, thinks there are lessons to be shared."

WSJournal Denounces $27 Million Award In Alleged Airline Profiling Case. In an editorial, the Wall Street Journal (4/20, 2.11M) denounces a Texas court's decision last week to award "$27.5 million in damages for a woman of Iranian descent who claimed she was racially profiled during an altercation with Southwest Airlines flight attendants." Samantha Carrington "alleges that a Southwest Airlines employee said Ms. Carrington reminded her of a 'terrorist' during the 2003 incident," but Southwest "accuses Ms. Carrington of assaulting a flight attendant and interfering with the crew. We can't know for sure who's telling the truth here," but "even if Ms. Carrington was ill-treated, the most she deserved was some free tickets. Only in America could she hit the tort jackpot."

Texas Seeks Federal Help To Cope With Hurricane Evacuees. The New York Times (4/20, Steinhauer, 1.19M) reports, "Seven months after two powerful hurricanes blew through the Gulf Coast, elected officials, law enforcement agencies and many residents say Texas is nearing the end of its ability to play good neighbor without compensation. Houston is straining along its municipal seams from the 150,000 new residents from New Orleans, officials say." Texas "has thrown its hat in the great Congressional money game, arguing vociferously for federal money to help pay for new police officers in Houston, where the force has dwindled in recent years, and to repair homes in East Texas, where many poor residents lack the means and the insurance to do it on their own. Though the state has requested $2 billion in federal aid to pay for law enforcement, education and housing, state officials say they have received only $22 million so far."

WAR NEWS:

Bush Says Failure In Iraq "Not An Option." The AP (4/20, Hunt) reports, "President Bush said Wednesday he didn't expect to get unanimous support at home for the decision to invade Iraq and said failure there 'is not an

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option.'" Talking to reporters "on the White House South Lawn after a meeting with a group of governors who have returned from a visit to Iraq and Afghanistan," Bush "said he thanked the state chief executives for 'sending a message from home that we care. ... We appreciate the fact that people are willing to make sacrifices.'" Bush also said "success" in Iraq will "begin to lay the foundation of peace for generations to come."

Rice Says No Sudden Peace Will Come For Iraq. The AP (4/20, Burghart) reports that Secretary of State Condoleezza Rice said at the Chicago Council on Foreign Relations that "Even assuming Iraq forms a national government, there will be no immediate end to the violence, nothing like V-E Day marking World War II's end in Europe." Instead, she contended that "peace will come gradually to Iraq."

Rumsfeld Storm Seen As Upsetting Tenuous Bond Between Uniformed, Civilian Leaders. The Christian Science Monitor (4/20, Sappenfield, 61K) reports, "In their denouncements of Defense Secretary Donald Rumsfeld, seven retired generals have directed their criticism mostly toward his handling of the Iraq war. In some respects, however, the issue goes much deeper." It is "a matter of the military's distrust of its civilian decisionmakers, which emerged in Vietnam and has never fully dissipated." It is "concern over an administration that has sought not only to ramrod major changes through the military, but also -- some say -- to micromanage battlefield tactics." Iraq "has lit the fuse, as those who dislike the style and substance of Mr. Rumsfeld's tenure point to the war as a failure of his policy." But "a deeper concern is that Iraq is worsening the delicate relationship between the military and its civilian leaders."

US Troops In Iraq Become Aware Of Generals' Criticism. Under the headline "Generals' Criticism of Rumsfeld Gets Mixed Reaction Among Troops," the Los Angeles Times (4/20, Moore, 958K) reports, "News that six retired generals recently called for…Rumsfeld to resign has been slow to reach many of the Marines stationed in Iraq's restive and isolated Al Anbar province. … Some of those who had heard about the debate said they were unimpressed with generals who waited until retirement to speak out against their former boss." But one "high-ranking officer said he sympathized with dissenting generals who faced difficulties while in uniform. He cited Army Gen. Eric K. Shinseki, who resigned from the military in 2003 after clashing with Rumsfeld over troop strength in Iraq. 'You saw what happened to Shinseki,' said the officer, who requested anonymity."

Media Said To Be Missing Context Of Generals' Criticism. Stephen E. Herbits, who "has served five presidents as a military affairs adviser since 1967, including the Defense Department transition in 2001 and post-September 11 reforms," writes in today's Washington Times (4/20, 90K), "Where is the rest of the story on the recent attacks on Defense Secretary Donald Rumsfeld by a few in the retired military? The news media will better meet its obligations to the public when it seeks more depth of experience and information about these generals-turned-Rumsfeld critics. … My experience points to several relevant issues -- some of which I personally know apply to some of those making the attacks." Herbits says that "while Mr. Rumsfeld has worked within the long tradition of civilian control of the military to modernize and strengthen the promotion and assignment system for senior uniformed officers, there are some who have actively tried to obstruct his efforts and could be acting as an extension of that opposition."

USA Today Says Generals' Criticism Should Not Lead To Rumsfeld's Dismissal. USA Today (4/20, 2.31M) editorializes, "Rumsfeld's tenure as Defense secretary in many ways tracks public attitudes about the Iraq war. … Today, polls find the public weary of the Iraq war and wary of those who initiated it. Rumsfeld is seen more as a latter day Robert McNamara -- the similarly talented Vietnam-era Defense secretary who blinded himself to the realities of the war and guided the nation ever deeper into that misbegotten adventure. The parallel grew stronger in recent days as six retired generals accused Rumsfeld of mishandling the Iraq war, ignoring advice and intimidating subordinates." USA Today adds, "As culpable as Rumsfeld might be, however, criticism from former generals is the worst possible reason to dump him, potentially undermining the nation's long tradition of civilian control of the military. … Further, for all the symbolism and all the bad decisions, Rumsfeld is not the person most accountable. The president is."

After Supplemental Spending Bill, Iraq War's Cost Will Have Doubled Since Invasion. The Washington Post (4/20, A1, Weisman, 744K) reports, "With the expected passage this spring of the largest emergency spending bill in history, annual war expenditures in Iraq will have nearly doubled since the US invasion, as the military confronts the rapidly escalating cost of repairing, rebuilding and replacing equipment chewed up by three years of combat." The cost of the war "in US fatalities has declined this year, but the cost in treasure continues to rise, from $48 billion in 2003 to $59 billion in 2004 to $81 billion in 2005 to an anticipated $94 billion in 2006, according to the Center for Strategic and Budgetary Assessments." The US government "is now spending nearly $10 billion a month in Iraq and Afghanistan, up from $8.2 billion a year ago, a new Congressional Research Service report found."

Funds To Rebuild Iraqi Healthcare System Exhausted, Projects Incomplete. ABC World News Tonight (4/19, story 5, 2:25, Vargas, 8.78M) reported the money to

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rebuild Iraq's healthcare system is "nearly gone" and "there's not much to show for it." ABC (Karl) added $190 million "in taxpayer money has paid for empty, unfinished buildings like this one in Baghdad without windows, without doors. In March 2004, the Pentagon awarded a California-based company named Parsons Global a contract to build 150 health care centers throughout Iraq." According to "a government audit obtained by ABC, only 6 of the 150 promised health care centers have been completed. Even after spending the $190 million, the company says it couldn't complete the health centers 'due to lack of funding.' Now, the Pentagon terminated the contract, citing 'lack of sufficient progress by the contractor, due to increased security costs and other factors.'"

Al-Jafari Refuses To Step Aside. The Washington Post (4/20, A18, Hernandez, Ibrahim, 744K) reports that Iraq's Prime Minister Ibrahim al-Jafari "denied rumors Wednesday that he would give up his nomination to another term to solve a political impasse, throwing the process of forming the country's new government into new confusion on the eve of a long-delayed meeting of parliament," despite "mounting pressure on Iraqi politicians to resolve their differences, from the public, U.S. officials and the Shiite religious leadership, which issued a statement Tuesday night urging the Shiite parties to make a deal, even if concessions were necessary."

The Washington Times/AP says that "under U.S. pressure, Iraqi leaders decided Wednesday to convene parliament in a bid to jump-start formation of a new unity government," but "Shiite officials raised doubts whether the session — already postponed once this week — would take place Thursday as planned."

Meanwhile, the New York Times (4/20, O'Neil, Hauser, 1.19M) reports, "The pressure on Iraq's leaders increased today as President Bush called for an end to the political 'vacuum,' saying that the lack of progress in completing the Iraqi government left the field open for 'malfeasance and harm.'" Bush "pinned the success of the American mission in Iraq on political developments there." The Los Angeles Times (4/20, Wallace, 958K) and Knight Ridder (4/20, Youssef, Strobel), among other sources, run similar stories this morning.

Iraqi Government Says 65,000 Homeless Because Of Sectarian Threats. NBC Nightly News (4/19, story 7, 2:15, Engel, 9.87M) reported on the displacement of Sunni and Shiite Arabs in Iraq that is approaching ethnic cleansing in some areas. Migration officials said "at least 65,000 Iraqis made homeless by escalating sectarian violence." Dana Graber, International Organization for Migration: "They are being threatened. Their family members are being assassinated or kidnapped, and they are leaving out of fear." Engel: "The Iraqi government says 80% are Shiites forced out of Sunni villages around Baghdad." Suheilah Abed Jaffer Al-Kinani, Displacement and Migration Minister (voice of translator): "This is a national crisis that could lead to a full-blown war." Engel: "But why now? The tent cities started to crop up after the destruction in February of a Shiite shrine in Samarra. According to the US military, four times as many Iraqis were killed in March in sectarian attacks than in car bombings."

Neighborhood Militias Shooting At Iraqi Police. The Christian Science Monitor (4/20, Enders, 61K) reports, "Some call them neighborhood watches. Others call them militias." But "as sectarian violence has grown over the past two months in Iraq's capital, men in Sunni neighborhoods have begun to band together." They "have armed themselves with Kalashnikovs, heavy machine guns, and grenades, and have blocked streets with unused cars, furniture, or palm trunks, forcing would-be intruders to take a single route in and out of a neighborhood. … For weeks, residents say, members of the local militia have been shooting at Iraqi police."

Saudis Consider Electric Fence Along Iraqi Border. The Christian Science Monitor (4/20, Abou-Alsamh, 61K) reports, "Apparently concerned that fighting in Iraq could spill over into this oil-rich kingdom, Saudi Arabia is considering a major fortification of its 500-mile border with Iraq. 'The government is thinking of building an electrified fence along the whole border with Iraq in case things go really badly in Iraq, and it starts falling apart,' says a security adviser to the Saudi government, who spoke on condition of anonymity." The border with Iraq "lies mostly in barren desert. A 20-foot-tall sand berm that runs its entire length provides the first line of defense."

Experts Link Saddam To Killings In Shiite Village. USA Today (4/20, Johnson, 2.31M) reports, "Handwriting experts confirmed Saddam Hussein's signature on documents linking him to a bloody government reprisal on a Shiite village where Saddam's motorcade was attacked in 1982." Saddam and seven co-defendants "are charged with the deaths of 148 people, including women and children, from the village of Dujail. Hundreds of others were imprisoned, and the village's orchards and farmland were destroyed." The Los Angeles Times (4/20, Roug, 958K) also reports the story.

British Envoy To US Warned Blair To Prepare For War Two Months Before Invasion. The AFP (4/20) reports, "Britain's ambassador to Washington warned Prime Minister Tony Blair to prepare for war in Iraq almost two months before the US-led invasion began, the now former diplomat said." Christopher Meyer "told a committee

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of lawmakers that 'the die was cast for war' before Blair met US President George W. Bush on January 31, 2003."

Rocket Blast Misses US Embassy In Kabul. ABC World News Tonight (4/19, story 6, :20, Vargas, 8.78M) reported, "A massive explosion shook the US Embassy compound in the capital of Afghanistan, Kabul. It was apparently caused by a rocket that landed nearby." No Americans "were hurt, but an Afghan security contractor was wounded." The CBS Evening News (4/19, story 10, 0:20, Mitchell, 7.66M) also reported the rocket "hit just outside the embassy in Kabul on the grounds of the Afghan state television station." The AP (4/19, Garwood) reported an Embassy spokesperson "said the blast did not occur on embassy property, and no Americans were injured."

Increased Fighting Seen As Sign Taliban, Al Qaeda Regrouping. USA Today (4/20, Boork, 2.31M) reports, "Fighting between allied forces and Afghan insurgents has spiked in 2006 as the Afghan government tries to widen its control over the country 4½ years after U.S. forces ousted the Taliban regime. … The increased fighting is a sign 'the Taliban and al-Qaeda have regrouped to a troubling extent,' said Ted Galen Carpenter, a military expert at the Cato Institute, a think tank in Washington."

Afghan Parliament To Vote On Karzai's Proposed Cabinet. The New York Times (4/20, Gall, 1.19M) reports, "Afghanistan's newly established Parliament is to vote Thursday on a 25-member cabinet proposed by President Hamid Karzai, but two weeks of confirmation hearings ended Tuesday with much uncertainty about whether many of his choices would be approved." Karzai, "who has governed for more than four years as the leader of interim and transitional governments, reshuffled his cabinet on March 22 in anticipation of harsh scrutiny by Parliament, which must for the first time vote on his choices."

CORPORATE SCANDALS:

Skilling Defends Statements On Enron's Financial Condition. The Wall Street Journal (4/20, McWilliams, Emshwiller) reports, "Jeffrey Skilling, the former president of Enron Corp., stridently defended the public statements he made about the energy giant's financial health before its 2001 collapse into bankruptcy, even as government prosecutors insisted again that he hid Enron's problems from investors." The Journal continues, "Mr. Skilling, on trial here for conspiracy and fraud along with Kenneth Lay, Enron's former chairman, argued that he adequately described to the public how much of Enron's profits came from speculative, and risky, energy trading while continuing to insist that most of the profits came from the more stable business of distributing energy and providing services. The government contends that Mr. Skilling illegally underplayed Enron's dependence on speculative trading profits, particularly during the California energy crisis in 2000 and 2001." The Journal adds, "Prosecutor Sean Berkowitz ended his questioning of the 52-year-old Mr. Skilling in midafternoon, suggesting the defendant met with a recruiter about an executive position at Lucent Technologies Inc. shortly after his Aug. 14, 2001, resignation for what he said were family reasons. Mr. Berkowitz suggested that Mr. Lay, Mr. Skilling's co-defendant in the current criminal case, was upset when he learned about his former protégé's possible interest in the Lucent job. Mr. Skilling insisted he wasn't interested in the job."

The Los Angeles Times (4/20, Mulligan) reports, "Berkowitz confronted Skilling with the previous testimony of former Enron Energy Trader Tim Belden that the company's Western Power Desk had reaped profits of $104 million in the fourth quarter of 2000, $445 million in the first quarter of 2001 and $333.5 million in the second quarter of 2001 — the lion's share of it from speculative bets on electricity prices. … Skilling insisted those large bets were offset by different positions in other parts of the country so that, on balance, Enron's stance was neutral."

Prosecutor Challenges Skilling On Reasons For Leaving Enron. The New York Times (4/20, Barrionuevo, Bajaj) reports that Berkowitz "wrapped up his cross-examination …by suggesting that Mr. Skilling had lied about the reason he resigned as Enron's chief executive." Berkowitz "asked Mr. Skilling if he had been considering taking a job as chief executive of Lucent Technologies shortly after he resigned from Enron, despite having asserted that he left primarily to spend more time with his family. … Berkowitz showed jurors a list of 11 varying reasons Mr. Skilling has given in trial and elsewhere for his departure in August 2001, after six months as chief executive. … They included his claims that he was weary from work and wanted to spend more time with his family." The Times adds, "Prosecutors have suggested that Mr. Skilling left because he knew that Enron had serious undisclosed accounting problems and losses. … Mr. Berkowitz asked Mr. Skilling on Wednesday whether he had told a friend, Dick Foster, that he was considering a chief executive opening at Lucent. … Mr. Skilling said he had been asked about the position at Lucent by an executive recruiter but did not express an interest in pursuing it."

USA Today (4/20, Farrell) reports, "According to Berkowitz, Foster chastised Skilling for even thinking about taking another CEO position, saying, 'Jeff, I thought this was all about your family.' … Berkowitz said Foster shared his concern with Lay, who had assumed the CEO title from Skilling, and another board member. … 'If Mr. Foster did that, that was a misrepresentation,' Skilling said. … 'Another person you disagree with?' Berkowitz asked, referring to the

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government witnesses Skilling had contradicted during his four days of direct testimony last week."

Skilling Defiant To The End. The Washington Post (4/20, D1, Johnson) reports, "Skilling displayed contempt for the prosecutors Wednesday in the third and final day of cross-examination in his fraud trial, completing for jurors the portrait of a complex man who refused to back down from his argument that Enron was felled by a market panic -- despite testimony from a parade of corporate insiders who pleaded guilty and offered evidence against him." The Post continues, "In seven days on the witness stand during which he was alternately proud, furious, depressed and sheepish, Skilling offered the jury his own view of his role, which he hopes will supplant years of vilification following Enron's December 2001 collapse into bankruptcy protection. … The self-assertive witness refused to concede ground and challenged the government at every opportunity Wednesday, creating tension in the packed courtroom. He disagreed with…Berkowitz about nearly everything, such as the reasons Skilling left the company, the risks Enron took and the basis of stock sales he made."

Pennsylvania Tax Accountant Charged With Embezzling Millions. The AP (4/20, Dale) reports, "A tax accountant embezzled $10 million from a client, then used it to fund a lavish lifestyle - from his daughter's $74,000 bat mitzvah to a $20,000, four-day trip to London - that he largely wrote off on taxes, prosecutors alleged." The AP continues, "Prosecutors said Tuesday Denis I. Shusterman blew through the $10 million from about 1996 to 2004, spending half of it on three B-grade horror flicks he produced. As Shusterman's embezzlement and fraud trial opened in federal court, prosecutors said he gave $495,000 to one of three mistresses and $725,000 to a hospital shipping clerk who soon lost it all at the craps table. … 'He was totally enamored with the moviemaking business,' testified lead witness Leslie Edelman, who owned Kimber Mfg., a New York firearms company that lost the $10 million. 'He wanted to be part of it. He wanted the lifestyle.'" The AP adds, "Defense lawyer Elliot Cohen countered that Shusterman legitimately earned the money from Kimber and was entitled to the tax write-offs. … 'The tax laws are designed to benefit many wealthy people. We all know that,' Cohen told jurors. Prosecutors 'are trying to create the image that these deductions are fishy. They're not. They're in the tax code.' … Federal authorities started investigating Shusterman after his mother was convicted in 2002 of helping to embezzle $1.3 million from the suburban Philadelphia synagogue where she worked as a bookkeeper. Betty Shusterman, now 74, is serving a four-year federal prison term. Witnesses told federal agents that Denis Shusterman seemed to be enjoying some newfound wealth, authorities said."

Sentencing Commission Drops Privilege Waiver Policy. The ABA Journal (4/14, Carter) reports, "The U.S. Sentencing Commission's decision to abandon a policy that encourages prosecutors to seek waivers of attorney-client privilege from corporations wanting credit for their cooperation gives heart to champions of the privilege and gets a shrug from the government." The Journal continues, "When the commission adopted the policy in 2004, it noted waivers should not be sought 'unless such waiver is necessary in order to provide timely and thorough disclosure of all pertinent information known to the organization.' … But on the heels of recent surveys indicating that in-house counsel and their outside lawyers believe the U.S. Department of Justice and other federal agencies now routinely ask for the waiver, the commission revisited the issue." The Journal adds, "Opponents of the policy argued the policy itself became a tool for prosecutors to bolster their requests for waivers." The Journal notes, "At its April 5 meeting, the commission agreed and amended its guidelines, deleting commentary suggesting that waiver is in some instances a prerequisite for credit at sentencing. … The change will go into effect on Nov. 1 unless Congress votes its disapproval. … The long-simmering credit-for-waiver issue began coming to a head with the so-called Holder Memo of 1999. Then-Deputy Attorney General Eric H. Holder suggested federal prosecutors could consider waiver of attorney-client privilege in determining whether a corporate defendant cooperated. In 2001, the SEC issued the 'Seaboard Report,' in which the agency said it would not take action against a particular company because of cooperation, listing the waiver as one factor. And in 2003, then-Deputy Attorney General Larry D. Thompson issued what is now referred to as the Thompson Memo, which amplified the Holder Memo."

CRIMINAL LAW:

Second Dismissal Hearing Set For Former AIPC Lobbyists. An unusual second oral argument has been set for tomorrow on the motion by two former pro-Israel lobbyists to dismiss the spying charges against them. The Washington Post (4/20, A11, Pincus, 744K) reports that the two, who are accused of receiving and transmitting national defense information, "contend that the espionage statute is unconstitutionally vague and overbroad and may violate the First Amendment." In January, U.S. District Judge T.S. Ellis III "raised the possibility that the law may not be sensibly written when he sentenced a third person in the case, former Defense Department employee Lawrence A. Franklin, to 12 years in prison for giving classified information to Rosen and Weissman, former lobbyists for the American Israel Public

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Affairs Committee (AIPAC). Last month, after hearing oral arguments on dismissing the case against Rosen and Weissman, Ellis took the unusual step of ordering the Justice Department to respond to defense claims of unconstitutionality. Yesterday, after receiving the government's filing and the defendants' response, Ellis ordered another oral argument on the motion to dismiss."

FBI Agent Believed Ryan Was Lying From First Interview. WBBM-TV Chicago (4/19, Tucker) interviews veteran FBI Special Agent Ray Ruebenson, who interviewed former Gov. George Ryan in January 2000. Ruebenson asked Ryan about his "many trips to Jamaica and whether they were gifts to his family in exchange for political favors to his friends." He "says Ryan told investigators he paid for all the trips and showed the first signs of man who was lying." WBBM adds that "Ruebenson felt so passionate about this case that he postponed his retirement in 1999 to stay on the job. A driving force was the allegations that the License for Bribes scandal was connected to the fiery crash that killed six children in 1994. 'Dan Webb's closing arguments bothered me quite a bit, continually said, "Who cares? It's not a big deal,"' Ruebenson said. 'I took affront to that. The Willises were in the room. Why don't you tell them that it's not a big deal?'"

Four Ryan Jurors Did Not Reveal Past Court Cases. The AP (4/20) reports, "Four of the jurors who convicted former Gov. George Ryan on corruption charges failed to mention their past involvement in court cases, documents unsealed Wednesday show. Three of the jurors had arrest records and the forewoman had filed for divorce," and "the defense is all but guaranteed to bring up the issue when it asks for a new trial or appeal." The AP notes, "U.S. Attorney Patrick J. Fitzgerald issued a statement following the release of the documents saying the 'jury provided a fair and just trial to all the parties in this case.'"

Former Nevada Commissioner Denies Taking Bribes. The AP (4/20, Ritter) reports former Clark County Commissioner Dario Herrera "took the witness stand Wednesday and admitted 'recklessness' and sexual indiscretions while he was in office, but denied taking bribes from former striptease club owner Michael Galardi" through lobbyist Vince Malone. "Herrera's account of a meeting with Malone that the FBI videotaped in the parking lot of a Las Vegas restaurant in September 2001 differed from Galardi's testimony that he had Malone give Herrera $30,000 in cash. Herrera described Malone as a friend who he turned to for help in buying bedroom furniture so his young son could spend a weekend with him in his new apartment after he split from his wife." KLAS-TV Las Vegas (4/19) adds Herrera "says Mike Galardi was correct when he testified Herrera received lap dances and sexual favors from two former employees at Galardi's Cheetahs strip club, but Herrera says he did not know Galardi paid for them." He also "admitted attended dinners and golf outings where Galardi paid the bill, but said, 'There's no way a golf outing or a dinner was going to impact my judgment.'"

Street Aides Blame Each Other For Hiring Indicted Consultant. The Philadelphia Inquirer (4/20, Gelbart, 423K) reports, "Two top Street aides, one former and one current, are battling over whose decision it was to hire a $1 million consultant who oversaw a costly, failed computer project for the city -- and who was indicted in Connecticut on April 7 on charges of making payoffs to a state official there in efforts to win contracts. … In an interview Monday, Dianah Neff, the city's chief information officer, said she was not responsible for hiring Jeanette Foxworth," saying that "former city Finance Director Janice Davis brought her here." But "in an e-mail this week to The Inquirer, Davis said: 'I did NOT bring Jeanette Foxworth on. Dianah Neff hired Jeanette Foxworth through the staffing firm that brought Dianah to the City of Philadelphia.'"

Blunt Says He Has Not Been Contacted In Federal Probe. The Columbia (MO) Daily Tribune (4/20, Flory) reports, "Gov. Matt Blunt said Wednesday that neither his office nor the Department of Revenue has been contacted in connection with any federal investigation into the handling of revenue fee offices. Last week, the Kansas City Star reported that a U.S. Attorney in Arkansas is handling an investigation into how the license fee offices were awarded to political supporters of the Blunt administration." The Tribune notes, "The Star also reported that FBI agents have begun interviews in connection with a second investigation into lobbying practices at the Capitol. Asked whether he or anyone in his administration has ever encouraged someone to hire a particular lobbyist, Blunt said, 'I don't believe I have.'"

FBI Documents Detail Pellicano Attempt To Extort Supermarket Mogul. The New York Times (4/20, Halbfinger, Weiner, 1.19M) reports, "When the supermarket billionaire Ronald W. Burkle accused a New York Post gossip columnist of demanding hundreds of thousands of dollars for protection from nasty items in Page Six, it was not the first time that he had told authorities he was the victim of a shakedown. In 2002, Mr. Burkle has told federal investigators, the Hollywood private detective Anthony Pellicano demanded that Mr. Burkle pay him $100,000 to $250,000 in exchange for Mr. Pellicano's agreeing not to investigate him. … Mr. Burkle's account of that meeting to the Federal Bureau of Investigation, related in a summary that was reviewed by The New York Times and corroborated

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by Mr. Burkle in an interview this week, provides a new glimpse into Mr. Pellicano's methods of drumming up new business and holding himself out as a broker between rich and powerful adversaries — thereby drawing them into his realm at Hollywood's underbelly."

Colorado Woman Indicted On Katrina Relief Fraud Charges. The AP (4/20) reports, "A Denver woman who claimed she was a Hurricane Katrina evacuee from New Orleans to receive thousands of dollars in housing, clothing, and food assistance was indicted on 13 counts of fraud Wednesday. Chandra Donley used false pretenses to receive relief assistance from the Federal Emergency Management Agency, Colorado's Department of Local Affairs, the American Red Cross and Catholic Charities, according to the indictment.

Defense Lawyer Says Reputed Gambino Capo Too Ill For May Trial. The New York Daily News (4/20, Zambito, 729K) reports reputed Gambino family capo Greg DePalma "has been felled by a series of illnesses that have left him near death and too sick to defend himself against federal racketeering charges at his trial in May. Lawyer John Meringolo is asking Judge Alvin Hellerstein to postpone DePalma's May 8 trial, but prosecutors are expected to oppose the request at a hearing scheduled for Monday." The Daily News notes, "FBI agents have collected more than 5,000 hours of audio and video surveillance tapes of DePalma and other mobsters accused in a vast conspiracy that includes gambling and extortion charges."

New York MS-13 Member Convicted Of Racketeering Charges. Newsday (4/20, Armario) reports, "Deliberating for just a few hours yesterday in U.S. District Court in Central Islip," a federal jury found MS-13 member Leonel Mejida of Uniondale "guilty of conspiracy and murder in aid of racketeering, and two weapons charges. Prosecutors said Mejida committed the crimes to meet his 'quota' for the gang." Newsday notes that Mejida's case is "the second prosecution nationwide of an MS-13 member under the federal racketeering statute."

Actress Pleads Guilty To DHS Television Series Scam. The Los Angeles Times (4/20, Krikorian, Hanley, 958K) reports, "The purported star of a bogus television series based on the U.S. Department of Homeland Security pleaded guilty Wednesday to lying to federal agents when she said she did not know the show was part of an elaborate investment scam. In her guilty plea, Alison Ann Heruth…acknowledged making false statements to FBI and IRS agents to conceal the scheme, which authorities allege defrauded dozens of investors of more than $5.5 million over a two-year period. The alleged fraud, whose victims included many local churchgoers, surfaced last fall when federal agents arrested Joseph Medawar," who "is charged with numerous counts of wire fraud, money laundering and other crimes." KCAL-TV Los Angeles (4/19) notes Heruth "admitted that when she met with FBI and Internal Revenue Service investigators in April 2005, she lied to cover up her knowledge of Medawar's alleged investment con." She acknowledged knowing "investors' money was being used to pay the rent on a Beverly Hills mansion she lived in, and to pay for leased cars, jewelry, child care, food and entertainment, the plea agreement states."

Former Corning Employee Sentenced To Four Years For Corporate Espionage. The Elmira Star-Gazette (4/19, Wilson) reported, "Jonathan C. Sanders, who pleaded guilty in January to stealing Corning Inc. trade secrets, was sentenced Tuesday to 48 months in federal prison and ordered to pay a $20,000 fine. … Sanders admitted in January that he stole proprietary information from Corning Inc.'s Harrodsburg, Ky., plant on the process the company uses to manufacture liquid crystal display glass. … He sold the information to another defendant who provided it to a Taiwan company, Picvue Electronics, which was interested in competing with Corning Inc. in the liquid crystal display glass business." The Star-Gazette notes, "The arrests followed an investigation by the Federal Bureau of Investigation office in Buffalo under the direction of Special Agent in Charge Peter Ahearn." The Lexington (KY) Herald-Leader (4/19, Kocher) also reported on Sanders' sentencing.

Supreme Court Considers Insanity Defense In Arizona Case. USA Today (4/20, Biskupic, 2.31M) reports, "The Supreme Court struggled Wednesday with an appeal from an Arizona teen who killed a police officer but might have believed he was shooting a space alien. The case could affect insanity-defense laws nationwide." USA Today adds "the case tests constitutional standards for a state's consideration of a defendant's mental illness and how states may be bound to a traditional rule from 19th-century England that allows a defendant to demonstrate insanity if he did not know 'the nature and quality' of the act and that it was wrong." The Supreme Court "has never ruled that defendants have a constitutional right to make an insanity defense, but most states allow it and use the traditional two-prong test."

The New York Times (4/20, Greenhouse, 1.19M) says "much of the debate during the argument centered on whether Arizona's narrowed definition of insanity made a practical difference." The state's lawyer, Randall M. Howe, chief counsel in the Arizona attorney general's office, "asserted that nearly all those defendants who could have

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claimed that they did not understand the nature of their actions, the part of the definition that Arizona has eliminated, could also demonstrate that they did not know their acts were wrong." The Times adds "several justices appeared troubled" by Howe's arguments. The Washington Post (4/20, A6, Lane, 744K) and Los Angeles Times (4/20, Savage, 958K), among other sources, run similar stories this morning.

The Legal Times (4/20, Mauro) reports, "The much-maligned insanity defense was the focus of debate before the Supreme Court on Wednesday in a case that could further limit its use. … Justices seemed troubled by the case Clark v. Arizona, in which Eric Clark's plea of insanity was rejected, resulting in Clark being convicted of first-degree murder for killing a Flagstaff, Ariz., police officer, even though, his lawyer said, Clark thought he was shooting at an alien being. … But several justices seemed to accept the argument by Arizona and the Bush administration that states have broad discretion in limiting the insanity defense -- even to the point of eliminating it altogether, as several states have done."

The AP (4/20, Holland) reports, "Eric Clark thought he was being pursued by aliens before he shot and killed an Arizona police officer nearly five years ago. … Clark, a 17-year-old schizophrenic, was found guilty of first-degree murder and sentenced to life in prison. His lawyer argued that he was 'guilty except insane' and should instead be sent to a psychiatric facility." The AP adds, "The Supreme Court was reviewing Clark's appeal on Wednesday, in what may become a significant test of state insanity laws. … All but four states - Idaho, Kansas, Montana and Utah - allow insanity defenses, but the ruling in Clark's case could force legislatures to change their laws."

CNN.com (4/20, Mears) reports, "The justices appeared to have a hard time Wednesday determining whether Clark and others like him have a constitutional right to an insanity defense. … 'Eric was delusional,' Clark's appellate attorney, David Goldberg, told the justices. 'He believed he was killing an alien that occupied the officer's body, that aliens had invaded his town.' … 'What if he knew right from wrong, and knew it was wrong to kill aliens?' asked Justice David Souter, 'Would he still have (an insanity) defense?' … Justice John Paul Stevens followed up, 'Does it make a difference whether he knew it's wrong to kill aliens? Does he have to think it's wrong to kill aliens' for reasonable doubt to be raised about his culpability? … Several justices worried whether a victory for Clark would mean a wave of insanity claims by criminal defendants, where 'everybody is going to have an excuse,' as Souter put it."

Former Hockey Player Seeks Transfer To Canadian Prison. The St. Louis Post-Dispatch (4/20, Shaw) reports, "Writing out of frustration, according to his lawyer, imprisoned former Blues player Mike Danton issued a two-page, handwritten letter to the news media questioning Justice Department officials' decision to keep him in the U.S." the Post-Dispatch continues, "Last month, Danton was denied transfer to the Canadian prison system, which was a possibility — but never a promise — under his plea agreement with prosecutors in his murder-for-hire case. Authorities concluded that transferring Danton would "not serve the ends of justice" and that his crime was too severe to warrant a transfer." The Post-Dispatch adds, "The Justice Department unit that evaluates such transfers said Danton has to wait two years to reapply, and can improve his chance by being a model prisoner."

FCC Launches Payola Probes Of Four Radio Companies. The Los Angeles Times (4/20, Duhigg) reports, "The Federal Communications Commission on Wednesday launched formal investigations into pay-for-play practices at four of the nation's largest radio corporations, the biggest federal inquiry into radio bribery since the congressional payola hearings of 1960." The Times continues, "Two FCC officials with direct knowledge of the matter confirmed that the agency had requested documents from Clear Channel Communications Inc., CBS Radio Inc., Entercom Communications Corp. and Citadel Broadcasting Corp. over allegations that radio programmers had received cash, checks, clothing and other gifts in exchange for playing certain songs without revealing the deals to listeners, a violation of federal rules. … The FCC requests, known formally as 'letters of inquiry,' are the first step in investigations that could result in sanctions ranging from financial penalties to the revocation of stations' licenses." The Times adds, "In the past, radio executives at firms including Clear Channel, the nation's largest station owner, have said that company policies prohibit accepting gifts for airplay and that internal probes have not revealed widespread wrongdoing. … The four broadcasters have been negotiating with the FCC for weeks to forestall a federal inquiry by offering to discontinue certain practices and pay limited fines. But those talks stalled last month over the issue of how much the broadcasters should pay."

Report Says McKinney Struck Capitol Police Officer With Closed Fist. CNN's The Situation Room (4/19, Blitzer) reported, "There are new details emerging right now about the confrontation between Congresswoman Cynthia McKinney and a Capitol Hill police officer." CNN (Todd) added that the police report on the incident "does not list Congresswoman Cynthia McKinney by name, only as S-1, for suspect. But the document, obtained by CNN, does name the officer she allegedly hit last month. He's listed by Paul McKenna, also as C-1, or complainant. The report says officer McKenna -- quote -- 'stated that he was physically

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assaulted by S-1. S-1 struck C-1 in his chest with a closed fist.'" CNN added, "Capitol Hill Police would not discuss McKenna's record. Contacted by CNN, McKinney's attorneys would not comment on the police report, but stressed, she has not been charged with a crime. McKinney's aides would not comment. Earlier, McKinney accused an officer of inappropriately touching her, and the Capitol Hill Police of racial profiling -- this after McKinney went around a metal detector. Capitol Hill Police deny both accusations. And even McKinney has toned down her rhetoric."

Police Make 2nd Arrest After Carjacking Spree. The Washington Post (4/20, Wilber) reports, "Police charged a 32-year-old man [named John West] with receiving stolen property and unauthorized use of one of the vehicles taken in the carjackings. Police said they also are reviving their focus on a 16-year-old who was arrested after a car chase early Tuesday that ended near the National Zoo. Neither has been charged directly in the carjackings or robberies." The police are reinvestigating the juvenile after realizing that "a key seized from the youth belonged to another carjacked vehicle."

Court Upholds Dismissal Of DeLay Charges. An appeals court has upheld a judges ruling throwing out a felony conspiracy charge against former House Majority Leader Tom DeLay. The AP (4/20, Vertuno) reports, "A lower court judge dismissed a conspiracy charge against DeLay in December, agreeing with defense arguments that the conspiracy law did not cover election code violations in 2002; the Legislature amended the law in 2003."

Ruling Seen As Victory For DeLay. CQ (4/19, McDonald) reported that while "two more serious charges of campaign money laundering and conspiracy to launder campaign funds" stand against DeLay, the ruling "does represent a victory for DeLay, whose attorneys had argued that the conspiracy charge against him for violating the election code did not apply to state campaign law in 2002 when the crime was alleged to have taken place."

Police Arrest Illinois Rape Suspect. The Chicago Tribune (4/19, Bowean) reports, "A 21-year-old resident has been charged in two of four reported assaults" in a Riverdale community. Wesley Toney "was arrested at home Tuesday after DNA evidence linked him to the two cases, Police Chief Pete Satriano said." A judge "ordered [Toney] held in lieu of $1.5 million bail."

Online Offender Registries Could Invite Vigilantism. The Washington Post (4/20, Fahrenthold) reports that the murders of two registered Maine sex offenders "have alarmed some defense attorneys and advocates for sexual offenders, who say this crime is among the darkest examples of the harassment and threats that have followed the rapid rise in registries that publicly identify offenders." Advocates of the registries said "they were saddened by the Maine case, but noted that many states -- including Maine -- place warnings on registry sites that harassment or intimidation of offenders is illegal. They said that removing offenders' home addresses, as some critics of the registries suggest, would leave them less useful to parents."

Boston Archdiocese Reveals Financial Books. The New York Times (4/20, Bellock) reports that the Boston Catholic archdiocese on Wednesday gave the "most detailed financial accounting any diocese has made available," which revealed a $46 million deficit. Experts called the deficit "the largest any diocese has ever had." The cardinal and lay experts attributed the deficit to "declining donations as a result of the abuse crisis, pension funds hurt by declining stock prices, skyrocketing health care costs for priests and the expensive maintenance for old parish buildings." In addition, "the archdiocese has paid out more than $150 million in legal settlements related to accusations of sexual abuse by priests."

CIVIL RIGHTS:

Florida Law Blocking Child Abuse Agency Probe Of Juvenile Camp Death. The Miami Herald (4/20, Miller, 323K) reports, "Though a surveillance video played around the country shows guards punching, kneeing and choking Martin Lee Anderson before he stopped breathing at a Panama City boot camp, Florida child abuse investigators are not looking into whether the boy died from abuse or neglect. That's because both child welfare and juvenile justice administrators are interpreting one sentence in state law as granting Florida's five juvenile boot camps an exemption to requirements that all suspected or alleged child abuse be reported to the Department of Children & Families' abuse hotline." The Herald notes, "Martin's death is being investigated by a special prosecutor appointed by Gov. Jeb Bush," and "the FBI and U.S. Attorney's Office…also are investigating whether boot camp guards violated the youth's civil rights."

Boot Camp Death Spurs Student Demonstration. The AP (4/20, Fanta) reports, "About 30 college students protested peacefully Wednesday in the foyer of Gov. Jeb Bush's office, calling for the arrest of guards who struck and kicked a teenage boy at a juvenile boot camp in Panama City. The 14-year-old boy died the next day." The AP continues, "Bush said he planned to meet with the students about the Jan. 6 death of Martin Lee Anderson but cautioned that it was premature to take action until an investigation was done. The students also want Bush to apologize to the boy's

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family for how the investigation has been handled. They say there is a coverup." The AP adds, 'Medical examiner Charles Siebert said in the first autopsy that the boy died of complications from sickle cell trait, a usually benign blood disorder. The boy's family said the altercation with guards killed him. Bush has appointed Hillsborough County State Attorney Mark Ober as special prosecutor to investigate. … Ober witnessed a second autopsy in Tampa in February, and his office said the boy didn't die of the blood disorder. That autopsy's findings aren't complete. Ober also removed the Florida Department of Law Enforcement from the investigation because of private e-mails the FDLE's chief sent to Bay County's sheriff, whose office ran the boot camp. … The U.S. Justice Department is investigating possible civil rights violations in the Anderson case. Bay County has closed its boot camp, and the House Judiciary Committee wants to replace camps statewide with residential programs."

Tennessee White Supremacist Candidate Questions Ballot Disqualification. The Memphis Commercial Appeal (4/20, Sullivan) reports, "James L. Hart, the racist eugenicist running for the congressional seat that includes Millington, could contest the state's decision to disqualify him by pointing out that the state law the Division of Elections relies on was not 'pre-qualified' by the Justice Department under the Voting Rights Act, his lawyer says. … But Richard Barrett, Hart's lawyer and a founder of the white supremacist Nationalist Movement, said his client is 'too principled' to make the point, in part because he doesn't support 'the so-called Voting Rights Act' or its provisions protecting minority voters from state voting laws that might dilute their strength at the polls." The Appeal continues, "State Elections Coordinator Brook K. Thompson said Barrett, who lives in Mississippi, where voting laws must be pre-qualified, is mistaken about Tennessee voting laws, which do not. … 'We have a statute that is presumably valid and, until somebody challenges it and has it struck down, it's valid,' Thompson said Wednesday. 'I can't just determine that that statute is unconstitutional, or even assume it is... A federal judge can.'" The Appeal adds, "The Tennessee law allows political parties to petition the state to remove candidates from primary ballots that aren't 'bona fide' party members, and the state Republican Executive Committee passed a resolution to that effect last month. Barrett points out that, as the party's unwelcome standard bearer in 2004, Hart won nearly 60,000 votes. … Barrett also suggests that the state provisions, passed in 1972, permit such an arbitrary decision to be made in a way that could, in another context, dilute the minority vote."

3rd Circuit Allows Age Bias Suit To Proceed. The Legal Intelligencer (4/20, Duffy) reports, "An employer hit with an age discrimination lawsuit in the wake of a companywide layoff is not entitled to summary judgment -- even if it offers several 'age neutral' reasons for the decision -- if the plaintiff is able to point to 'implausibilities and inconsistencies' among those reasons, the 3rd U.S. Circuit Court of Appeals has ruled." The Intelligencer continues, "The 2-1 ruling in Tomasso v. The Boeing Co. is an important victory for plaintiffs because it charts a course for surviving summary judgment in a traditionally difficult sector of employment discrimination claims stemming from a 'reduction in force,' or RIF." The Intelligencer adds, "Writing for the court, Senior 3rd Circuit Judge Edward R. Becker said he recognized that 'a decision to lay off an employee in an RIF differs from a decision to fire an employee during ordinary circumstances.' … In an RIF, Becker said, 'even qualified employees are laid off in order to reduce personnel,' while in ordinary circumstances, employees are fired for poor performance. … But in both situations, Becker said, the courts apply the McDonnell Douglas burden-shifting test."

Judge Allows Ten Commandments Monument To Remain At Ohio Courthouse. The AP (4/20) reports, "A Ten Commandments monument that has stood on the courthouse lawn (in Toledo, OH) for almost 50 years does not promote religion and can remain in place,a federal judge ruled." The AP continues, "U.S. District Judge James Carr said Tuesday that the monument can stay because the motives for placing it outside the Lucas County courthouse were secular and not an endorsement of a specific belief." The AP adds, "The American Civil Liberties Union of Ohio sued Lucas County, Ohio, in 2002 to have the display removed, saying it was unconstitutional and promoted religion. … Carr's decision followed a ruling last year by the U.S. Supreme Court that addressed displays of the Ten Commandments."

Maryland Woman Sentenced To Seven Years In Domestic Slavery Case. The AP (4/20) reports, "A woman convicted of holding a Nigerian girl in the U.S. and forcing her to work as an unpaid servant has been sentenced to seven years in federal prison and will be deported after that time." The AP continues, "U.S. District Judge Peter J. Messitte listened to a statement from the now 23-year-old victim before sentencing Adaobi Stella Udeozor on Tuesday. The victim had been taken from her family in Nigeria when she was 14 under the false belief that she was being adopted to attend school in the United States, according to evidence presented in federal court. … She was subsequently raped by the man who took her from her family and abused by his wife, according to prosecutors. … 'I want to make Stella pay the price for what she did to me,' the young woman told the judge." The AP notes, "Udeozor, a physician who lives in Darnestown, Maryland, was convicted of conspiracy and

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harboring an alien for financial gain in 2004. A jury acquitted her of forcing the girl to work as a domestic slave but made a special finding that the girl had been held in involuntary servitude for more than a year. … In the past six years, federal prosecutors in U.S. District Court in Greenbelt have won at least six convictions in forced labor cases. Such mistreatment is common, according to law enforcement officials and advocacy groups."

ANTITRUST:

Knight Ridder Head Expects McClatchy Sale To Go Through. The Fort Worth Star-Telegram (4/20, Fuquay) reports, "Knight Ridder Chairman Tony Ridder said Tuesday that he expects the company's pending sale to McClatchy Co. to go through, despite a steady decline in the value of the buyout and a requirement that at least 80 percent of Knight Ridder shareholders approve the deal." The Star-Telegram continues, "Sacramento, Calif.-based McClatchy, the nation's 10th-largest newspaper publisher, announced March 13 that it had agreed to pay $6.5 billion in cash, stock and debt for Knight Ridder, which has owned the Star-Telegram since 1997. … McClatchy has said it hopes to close the deal by July 1." The Star-Telegram adds, "During a visit to Fort Worth, Ridder told newspaper employees, 'I think it's very unlikely' that the falling value of newspaper companies' stocks would scuttle the buyout. As McClatchy's shares have slipped, the value of the buyout, which is for $40 in cash and a little more than half a share of McClatchy stock, has fallen to about $6.2 billion." The Star-Telegram notes, "Ridder also said that although the U.S. Justice Department is examining antitrust issues raised by the sale, he expects those to be resolved in the next five or six weeks. McClatchy and Knight Ridder own newspapers with overlapping distribution in three markets."

Judge Denies Class Action Status to IPO-Commission Plaintiffs. The Wall Street Journal (4/20, Smith) reports, "Judge Lawrence M. McKenna denied class-action status to one class of plaintiffs in a case first filed in 1998 alleging that companies that issued stock in the IPOs were harmed by the alleged price-fixing." The judge "said the plaintiffs named in the case couldn't represent the group of issuers of IPOs valued at $20 million to $80 million because they had acquired the rights to sue."

Dow Jones (4/20) reports, "The lawsuit was one of two brought against the major underwriters over alleged collusion since 1994 to fix underwriting fees charged to issuers of IPOs valued between $20 million and $80 million at 7% of the proceeds of those offerings. … At the same, the judge is still considering whether to grant class status to a related lawsuit brought in 1998 on behalf of purchasers of IPOs."

DOJ, FTC Grant Early End To Waiting Period For Armor Holdings' Purchase. Dow Jones (4/20) reports, "Armor Holdings Inc. said the Department of Justice and the Federal Trade Commission granted early termination of the waiting period under the Hart-Scott- Rodino Antitrust Improvements Act in connection with Armor's purchase of Stewart & Stevenson Services Inc. … The Jacksonville, Fla., vehicle armor and body armor company said Stewart & Stevenson scheduled a May 9 meeting for shareholders of record April 5 to vote on the deal."

The AP (4/20) reports, "Under the terms of the deal, Armor Holdings is acquiring Stewart & Stevenson's outstanding stock for $35 per share in cash."

German Moving Firms Fined For Antitrust Violations. The AP (4/20) reports, "Germany's antitrust regulator said Wednesday it has fined six moving companies a total of euro2.4 million (US$2.9 million) for illegally fixing the price of work for the U.S. military." The AP continues, "The Federal Cartel Office said the companies agreed among themselves a minimum price for work in 2001 and 2002 packing and helping move the personal possessions of U.S. soldiers stationed in Germany." The AP adds, "The fined companies were assigned work by a main contractor to the U.S. military which U.S. authorities have already fined more than US$10 million because of the price-fixing, it said. … It didn't identify any of the companies fined or the U.S. military bases in Germany that were involved and an agency spokesman was not immediately available for comment." The AP adds, "Cartel Office President Ulf Boege said it was the first time that his officials and their U.S. counterparts had carried out such parallel investigations."

Jury Awards $133 Million To Victim Of Microsoft, Autodesk Patent Infringement. The Wall Street Journal (4/20, Fleetwood) reports, "A Texas jury awarded a total of $133 million to a Michigan man in a patent dispute with Microsoft Corp. and Autodesk Inc. David Colvin, the founder of closely held z4 Technologies Inc., sued [them] in federal court, claiming Microsoft and Autodesk appropriated two of his antipiracy-software patents with Microsoft's Office and Windows XP and Autodesk's AutoCAD programs. Microsoft was ordered to pay $115 million, and Autodesk was required to pay $18 million." The Journal reports, "Microsoft …. said it would await resolution of all issues before it makes any decisions. Autodesk spokeswoman Caroline Kawashima said the company was disappointed with the verdict and intended to pursue its options."

Pinnacle Raises Bid For Aztar. The Wall St. Journal (4/20, Sanders) reports, "Pinnacle Entertainment Inc. raised

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its offer for Aztar Corp. to about $1.65 billion, or $43 a share, five weeks after its original bid of $38 set off a bidding frenzy for the casino operator." The Journal writes, "The amended bid, however, is still $4 a share lower than the April 13 offer made by the casino affiliate of closely held Columbia Sussex Corp." Observers speculate that Columbia might be "stymied in its attempts to secure casino licenses in states including New Jersey and Missouri where Columbia doesn't currently operate casinos but Aztar does."

Mittal Activates Clock On Bid For Arcelor. The Financial Times (4/19, Laitner) reports, "Lakshmi Mittal on Wednesday set the clock ticking for the formal unveiling of his hostile €20.2bn ($25bn) bid for for Arcelor, as the likelihood increased of a shareholder revolt against Arcelor's defence plans at its annual meeting next week." Mittal "said he planned to send detailed bid documents to Arcelor shareholders in two weeks, after which they would have seven weeks to decide whether to accept the offer." The Wall Street Journal (4/20, Fleming and Teitelbaum) reports that "two corporate-governance groups said they will recommend at next week's annual meeting that some Arcelor directors shouldn't be re-elected," because Arcelor "hurt its own shareholders" in trying to stave off Mittal.

ENVIRONMENT:

Suit Alleges Contamination Of New Jersey Drinking Water By DuPont. The AP (4/20, Chase) reports, "Drinking water supplies near a DuPont facility in New Jersey have been contaminated with chemicals, including a suspected carcinogen used in the production of Teflon, according to a federal lawsuit." The AP continues, "The lawsuit, filed Tuesday, alleges that the contamination is linked to the manufacturing, use and disposal of perfluorinated chemicals, including PFOA, at DuPont's Chambers Works plant in Salem County, New Jersey." The AP adds, "PFOA, or perfluorooctanoic acid, is a processing aid used in the manufacturing of fluoropolymers, which have a wide variety of product applications, including nonstick cookware. The chemical also can be a byproduct in the manufacturing of fluorotelomers used in surface protection products for applications such as stain-resistant textiles and grease-resistant food wrappers. … The plaintiffs are seeking class-action status and compensatory and punitive damages for what they describe as the 'intentional, knowing, reckless and negligent acts and omissions of DuPont in connection with the contamination of human drinking water supplies.' … In a statement, DuPont said the lawsuit, filed in U.S. District Court in New Jersey, is without merit."

Shenandoah Is One Of Nation's 10 Most Endangered Rivers. The Washington Post (4/20, McCrummen) reports that the Shenandoah "made its grim debut yesterday on an annual list of the nation's 10 most-endangered rivers." The group American Rivers says the river "has reached a tipping point." While American Rivers blames the Army Corps of Engineers for many other rivers' deficiencies, it attributes the Shenandoah's growing problems to "national builders and the seemingly unquenchable demands of thousands for new houses in pretty spots."

American Mercury Recycling Rules May Worsen Global Pollution. The Wall Street Journal (4/20, Fialka) reports, "Instead of being permanently removed from the environment, recycled American mercury frequently travels through a secretive and unregulated chain of processors and brokers that can often end with primitive African, Asian and Latin American gold mines." It notes, "The process [of gold extraction] sends the metal into the atmosphere where it can orbit the world as many as four times before settling in distant places, such as Maine's seemingly protected lakes."

If Bird Flu Reaches US, Focus To Be On Quick Detection. If the bird flu virus shows up in US poultry, the Wall Street Journal/AP (4/20, D6) reports, "the government will kill flocks suspected of having the virus before tests are completed," officials said. If bird flu arrives, "quick detection will be key to quickly containing it and eradicating it," said Ron DeHaven, head of the USDA's Animal and Plant Health Inspection Service. Officials also "encourage those producers to bring flocks inside and watch for signs of flu…and report them immediately to state or federal authorities." USA Today (4/20, D8, 2.31M) also reports briefly on DeHaven's comments.

Study Predicts Climate Change Will Not Be Extreme. Newly published research says that while Earth will experience a significant climate shift in the next century as a result of greenhouse gas build up, the more extreme estimates of global warming predicted by some are unlikely to occur. The Washington Post (4/20, A8, Weiss, 744K) reports, "The new work extends a difficult line of research that uses historical climate data and computer models to predict the impact of atmospheric carbon dioxide levels, which are increasing as a result of human activity, such as burning fossil fuels." The new work, described in today's issue of the journal Nature, "recalculates the relationship between atmospheric composition and climate, taking into account the climate-affecting impacts of sun-blocking volcanic eruptions; carbon dioxide levels derived from air bubbles trapped in Antarctic ice; and temperature data derived from tree rings.

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The result: Climate sensitivity almost certainly falls within the more conventional range of current predictions, with only a 5 percent chance that it will exceed 11 degrees Fahrenheit."

Case Made For Protecting Sustainable Forests. Don Melnick, a professor of conservation biology at Columbia University, and Mary Pearl, president of Wildlife Trust, write in the New York Times (4/20, 1.19M) that since the first Earth Day on April 22, 1970, "we have lost more than one billion acres of forest, with no end in sight. … Everywhere, forests prevent erosion, filter and regulate the flow of fresh water, protect coral reefs and fisheries and harbor animals that pollinate, control pests and buffer disease. That is why the single most important action we can take to protect lives and livelihoods worldwide is to protect forests. And one of the best ways to do that is to change how we think about their economics." Sustainable forests "can form the basis for the health and economic well-being of the poorest among us, while benefiting everyone else as well. What could be a more satisfying vision for Earth Day 2006?"

FBI/DEA/ATF/USMS:

Anderson Family Fighting FBI Attempt To Search Papers. The CBS Evening News (4/19, story 6, 2:15, Mitchell, 7.66M) reported, "The family of the late investigative reporter Jack Anderson is squaring off against the FBI, trying to stop the bureau from seizing his files. The issue here is secrecy." CBS (Orr) added that "the FBI believes these nearly 200 boxes holding Anderson's notes and papers may contain leaked, classified documents." George Washington University archivist Mark Feldstein "says government agents are on a fishing expedition." The FBI "insists it's a matter of national security, and wants to confiscate any secret documents among Anderson's papers before they're put on public display." CBS News "has learned even some Justice officials privately say the effort is too heavy-handed."

USA Today Says Request Reminiscent "Of The FBI's Bad Old Days." In an editorial, USA Today (4/20, 2.31M) criticizes the FBI attempt to search journalist Jack Anderson's papers, writing, "Based on what's known so far, the episode smacks of yet another excessive effort to protect supposed secrets that, in fact, the public is helped by knowing. Curiously, FBI officials say they know classified documents are in the files but won't say how they know, triggering memories of the FBI's bad old days of questionable tactics in pursuit of its own paranoid agendas." USA adds, "If the FBI has real evidence of classified government property in the Anderson files, it should be able to persuade a judge to allow a narrowly focused search. Until then, a family upholding the principles of its lost patriarch has every right and duty to resist."

WPost Says Administration Trying To "Diminish" Openness, "Criminalize" Debate. The Washington Post (4/20, 744K) editorializes that "the Bush administration is promoting a reading of an old and largely moribund law that could radically diminish the openness of U.S. government while criminalizing huge swaths of academic debate and journalism." The Post cites the AIPAC classified documents case and "the FBI's attempt to seize control of the papers of the late columnist Jack Anderson" as examples of the administration move to expand the "World War I-era statute that prohibits people who receive secret information from disclosing it further." The Anderson "case makes clear that this problem is not merely theoretical but real and immediate. … It's the same legal theory at work, as the bureau's spokesman, Bill Carter, explained: 'Under the law, no private person may possess classified documents that were illegally provided to them.'"

"Operation Wasteland" Nets At Least 30 Arrests. The Long Beach (CA) Press-Telegram (4/19) reports, "Carlos Cabrera is arrested and taken into custody by law enforcement in Norwalk during 'Operation Snow Globe,' a multiple law enforcement operation targeting gangs that finances their activities by dug trafficking. Thirty individuals were arrested and cocaine and methamphetamine was seized. … 'In October of 2003, we made a promise to the gang members who terrorize our community that we were coming for them,' said Long Beach Police Chief Anthony Batts, who spoke at a joint press conference with representatives from the Drug Enforcement Agency, the U.S. Attorney's Office and the California Department of Justice, among others." The Press-Telegram says the chief made his comments in Los Angeles Wednesday, when authorities detailed a two-year investigation called Operation Wasteland. The Press-Telegram says that operation included two linked investigations: Operation Daddy Day Care, targeting the Highland Park Gang and Operation Snow Globe, which focused on the East Side Wilmas.

The San Gabriel Valley Tribune (4/20) reports the alleged leader of one of two street gangs "suspected of selling 500 to 800 pounds of methamphetamine per month was arrested Wednesday in a quiet Covina neighborhood. The Drug Enforcement Administration sweep covered 12 cities and involved 22 police agencies said. Authorities say Robert Gastelum, 29, was the leader of the Highland Park Gang and quietly coordinated a drug-dealing operation from his home."

The Whittier (CA) Daily News (4/20) reports, "The investigation, spanning two years and dubbed 'Operation Wasteland,' netted 30 arrests of suspected members of the

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drug ring, including brothers Fernando and Carlos Cabrera, identified by officials as the drug ring's top leaders."

KCAL-TV, Los Angeles (4/19) reports on its Web site that federal agents "arrested 31 people and seized drugs, cash and firearms in a crackdown on drug-dealing gangs in the Southland. In an operation dubbed 'Operation Wasteland,' agents seized eight pounds of methamphetamine, about a pound of cocaine, 23 vehicles, 14 firearms, and approximately $90,000 cash, DEA Agent Sarah Fenno said."

Cable TV Coverage. FOX Report with Shepard Smith (4/19, 7:00 p.m.) reported, "The crackdown begins before dawn, with agents suited up in armor and armed to the teeth. The target -- two Hispanic gangs spread across southern California that are charged with trafficking cocaine and methamphetamine through the Mexican drug cartels. Then the feds say they distribute the narcotics to points throughout the United States. … Called Operation Wasteland, the gangs are said to be involved in murder, robbery, grand theft, and illegal drugs and weapons. … The numbers from this raid are still coming in, but the feds are saying that a 17-month investigation and the subsequent crackdown have broken the backs of two major gangs based here in Los Angeles that have been in operation for more than three decades." In an interview with agent Jose Martinez, Martinez said, "Our focus at the DEA was obviously the distribution of drugs. And at their level, they were mid-level wholesalers distributing to, you know, every other part of the country."

Local TV Coverage. KCBS-TV, Los Angeles (4/19, 5:00 p.m.) reported, "Dozens of gang members are out of business tonight, arrested in a huge roundup involving all kinds of law enforcement agencies. Calling it Operation Wasteland, agents seized firearms, meth, cocaine, almost two dozen vehicles and $90,000 in cash. They targeted two specific gangs with about 650 members in the LA area. Thirty-one of them have been arrested."

WITI-TV, FOX Milwaukee (4/19, 9:00 p.m.) reported, "The gangs are said to be involved in murder, robbery, grand theft and illegal drugs and weapons. And in the driveway of this modest home sits a $100,000 BMW, a 2005 AMG Mercedes, a new Lincoln Navigator, a Hummer with Gucci interior, and a Lexus."

Convicted Spokane Drug Dealer Rejects Plea Bargain, Gets Life Sentence. The Spokesman Review (4/19) reports, "A Spokane drug dealer who rejected a plea bargain for only a few years in prison was sent away Tuesday to spend the rest of his life in a federal penitentiary, without the possibility of parole. Raul S. Zavala got the harsh sentence because under federal drug laws he was deemed a 'career offender' whose two previous drug-dealing convictions were factors in his mandatory sentence. … Zavala was arrested in Spokane on April 29, 2005, by Drug Enforcement Administration task force agents who found two pounds of methamphetamine – worth an estimated $16,000 – in his car."

California City Council Extends Moratorium On Marijuana Dispensaries. The Whittier (CA) Daily News (4/20) reports the Pico Rivera City Council unanimously "agreed Tuesday to extend its temporary ban on medical marijuana dispensaries by 10 months and 15 days. Officials made the decision to extend an interim ordinance, which prohibits issuing any permits to medical marijuana dispensaries in the city, because they need more time to study the subject."

Texas Drugs Task Force Commander Accused Of Extorting Money From Traffickers. According to the Houston Chronicle (4/20), the deputy commander of a counter-narcotics task force in Laredo and a suspected accomplice allegedly "extorted tens of thousands of dollars from drug traffickers, shielded them from other agents and gave them a place to store cocaine, according to a federal indictment unsealed on Wednesday. … FBI agents arrested Julio Alfonso Lopez on Tuesday. His alleged accomplice, Meliton Valadez...was arrested Wednesday. Lopez is accused of accepting four bribes totaling $44,500 from Veladez."

Texas Grand Jury Indicts Man On Murder Charge Linked To Drug Deal. The Brownsville (TX) Herald (4/20) reports a Cameron County grand jury on Wednesday "indicted a suspected Mexican hitman in the slaying of San Benito resident. Benito Barrera Martinez, 42, was indicted on a murder charge in the June 1997 death of Martin Villarreal. Cameron County Sheriff's Department deputies believe that Barrera and another suspect, Juan 'El Flaco' Cardenas Castañeda, killed Villarreal because of a botched $1.5 million marijuana deal with a Mexican drug lord."

Six Branch Davidians Soon To Be Released From Prison. The AP (4/19, Brown) reports, "Thirteen years after the Branch Davidians' armed standoff with federal agents ended in an inferno that killed nearly 80 people, six sect members who were sent to prison are about to be released from custody." The AP continues, "Most of those who will be freed over the next two months escaped from the compound near Waco as it burned to the ground on April 19, 1993 — 51 days after a shootout that erupted when federal Bureau of Alcohol, Tobacco and Firearms agents tried to arrest religious leader David Koresh for stockpiling guns and explosives. … The six men went to federal prison for manslaughter, weapons offenses or both in connection with

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the shootout, which left four federal agents and six Davidians dead." The AP adds, "Once the men are out, they will be on supervised release for three to five years. Among other things, they will be barred from associating with one another. … A seventh Davidian is also still behind bars but is not scheduled for release until next year."

Union Wants ATF To Allow More Telework. Government Executive (4/20, Pulliam) reports, "The Justice Department's Bureau of Alcohol, Tobacco, Firearms and Explosives and a federal employee union are embroiled in a dispute over a new work-away-from-the-office policy, with the union pushing for a much more expansive program than the agency allegedly is willing to offer." GE continues, "The bureau and the National Treasury Employees Union have been negotiating for more than a year over a telework program to replace a still-existing pilot agreed to five years ago. The dispute is now before the Federal Service Impasses Panel, and NTEU claims that the bureau has forced the cancellation of at least one scheduled meeting with the panel. … An ATF spokeswoman said she cannot discuss the matter because of the ongoing litigation." GE adds, "According to NTEU, the bureau's final proposal for a new policy designates only the position of management and program analyst, held by nine people, as eligible for telework on a part-time basis. There are more than 800 employees represented in the negotiations. … The union's proposal designates that position, as well as 14 others, as eligible. Investigators and auditors, who spend a large percentage of their time in the field, would be designated as eligible for full-time telework under the union plan, and could work from home at their own discretion."

IMMIGRATION:

Federal Officials Arrest Hundreds In Immigration Raids. CNN.com (4/20, Frieden, Ahlers) reports, "Federal immigration authorities rounded up more than 1,000 illegal immigrants at dozens of sites and charged nine individuals of the firm that employed them, federal law enforcement officials announced Wednesday." CNN continues, "Seven current and former managers of IFCO Systems, which has offices in several states, were arrested and charged in connection with the employment of illegal immigrants, said U.S. Attorney Glenn Suddaby in Albany, New York. … Suddaby said two lower level employees were also charged in the case." CNN adds, "The action against IFCO Systems -- an industry leader in the manufacture of wooden pallets, crates and containers -- came as Homeland Security and Justice Department officials prepared to announce steps to toughen internal enforcement of the nation's immigration laws. … Immigration and Customs Enforcement officials said Homeland Security Secretary Michael Chertoff and other Bush administration officials and a federal prosecutor will appear at the agency's Washington headquarters Thursday. They will announce the new strategy aimed at employers and disclose the results of the enforcement actions targeting IFCO Systems."

New Jersey Woman Sentenced To Prison For Illegal Immigrant License Plot. The Knoxville News Sentinel (4/20, Satterfield) reports US District Court Judge Thomas Phillips yesterday sentenced Zeneida Concepcion Rivera of Lakewood, N.J., to the maximum "46 months in prison for a plot to secure Tennessee driver's licenses for illegal immigrants. … Rivera admitted at an October court hearing that she and her boyfriend ferried illegal immigrants to Knoxville bimonthly over a nine-month period." The News Sentinel notes, "The FBI's Joint Terrorism Task Force nabbed Rivera and six immigrants in July at the EconoLodge on Merchants Center Boulevard after months of investigation and surveillance. … It's not clear why Rivera's boyfriend has not been charged. … It's also not clear if the FBI is pursuing a probe of Knoxville residents who aided Rivera." The AP (4/20, Mansfield) notes Rivera "insisted she was providing a service to hardworking undocumented workers who needed one of Tennessee's unique driver's certificates so they could legally drive to their construction jobs and support their families. … But Assistant U.S. Attorney Jeffrey Theodore said the certificates turned Tennessee into a 'magnet' for undocumented immigrants seeking legitimacy.

Immigrant Advocates Divided On May 1 Boycott. The New York Times (4/20, Swarns, 1.19M) reports leaders "of the demonstrations that drew hundreds of thousands of immigrants into the streets last week announced Wednesday that they were planning voter registration and citizenship drives across the country in an effort to transform the immigrant community into a powerful, organized political force." But the immigrant advocacy group leaders "remain sharply divided over whether immigrants should demonstrate their economic strength by staying away from their jobs, schools and local shops on May 1 in what organizers are calling the Great American Boycott of 2006." In Washington, "the leaders of the National Capital Immigration Coalition, an alliance of immigrant, labor and business groups, is urging immigrants to ignore the boycott and to participate in voter registration drives and other activities after attending school or going to work."

The Washington Post (4/20, A13, Fears, 744K) reports a panel "of immigration activists said yesterday that it will not encourage workers and families to walk off the job and keep their children from school as part of a May 1 boycott, but will hold voter-recruitment and petition drives instead." The

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announcement "by activists from the District, Chicago and Los Angeles at a news conference in Washington underlined the split among the mostly Latino activist groups that led huge demonstrations in more than 140 cities in recent weeks, and shows that the grass-roots movement is operating at cross purposes toward the same end -- immigration reform and legal status for illegal immigrants." Their "plan for civil action is a far cry from the boycotts planned by groups in Los Angeles, Dallas and Chicago, where the largest demonstrations have occurred and where Spanish-speaking disc jockeys were instrumental in turning out crowds."

The Washington Times (4/20, Summers, 90K) reports, "D.C.-area leaders are discouraging participation in 'The Great American Boycott,' in which immigrants and illegal aliens plan to shun shops, work and public transportation to demonstrate their contribution to the U.S. economy. The boycott is being organized by Latino Movement USA and the Act Now to Stop War and End Racism (ANSWER) Coalition." DC-area leaders "said they fear a boycott may kindle resentment among lawmakers and sympathizers and create consequences for protesters who would miss yet another day of school or work."

The AP (4/20, Prengaman) reports backers "of the protest want to dramatize the importance of immigrants to the US economy by leaving construction sites and restaurants undermanned, crops untended and hotel rooms uncleaned," but "others fear such protests will make immigrants look anti-American, annoy the public and alienate lawmakers who are still wavering over how to reshape U.S. immigration policy. They worry, too, that thousands will get fired from their jobs."

Organizers Predict Chicago May 1 Rally To Top 100,000. The Chicago Tribune (4/20, 643K) reports organizers "of a May 1 march to legalize illegal immigrants predicted Wednesday that the turnout would top the March 10 event that drew at least 100,000 participants to the Loop." Jose Artemio Arreola, "a member of the organizing committee, said the number of participating organizations has doubled since the first event."

About 1,000 High School Students Protest At Colorado Capitol. The AP (4/20, Trujillo) reports, "Waving U.S. and Mexican flags, hundreds of high school students descended on the Colorado Capitol Wednesday for a rally in support of illegal immigrants." About "1,000 marchers jammed Denver's Speer Boulevard on Wednesday morning and temporarily blocked other intersections as they headed toward the Capitol, but no major problems were reported, police spokeswoman Virginia Quinones said."

ICE Agents Raid IFCO Systems Plants For Immigration Violations. NBC Nightly News (4/19, story 4, 1:55, P. Williams, 9.87M) reported, "Police and Federal agents moved in this morning at dozens of plants nationwide owned by a global company called IFCO Systems that supplies shipping containers and pallets to some of the nation's biggest retailers. Immigration & Customs Enforcement agents arrested suspected illegal immigrants at this facility in Houston, a scene repeated today at 40 other IFCO locations. But tonight, Federal officials say the main targets of the operation are seven current and former IFCO executives, not just workers." Julie Myers, Assistant Secretary, US Immigration & Customs Enforcement: "We're alleging for the individuals that have been charged that they knowingly assisted in the employment of illegal aliens and in some cases harboring the illegal aliens." Williams: "Homeland Security says it's using laws traditionally directed against drug smugglers and organized crime."

The CBS Evening News (4/19, story 5, 0:25, Mitchell, 7.66M) reported, "Along with the workers, Immigration & Customs agents arrested seven current and former IFCO managers for conspiracy to transport and harbor illegal immigrants."

Dean Says Border Security Is A Top Democratic Priority. The Washington Times (4/20, Hallow, 90K) reports Democratic National Committee Chairman Howard Dean "called border security his party's top immigration priority for November." Dean said, "The first thing we want is tough border control. We have to do a much better job on our borders than George Bush has done. And then we can go to the policy disagreements about how to get it done." The Times adds Republicans "reacted with surprise to Mr. Dean's announcement, which puts the DNC chief's views at odds with those of many Democrats in Congress." Dean "said his party will make immigration an issue as part of its strategy to 'nationalize' the fall elections and is opening a television advertising campaign -- beginning with Spanish-language pitches on radio stations in three Southwestern states -- that puts tougher border enforcement first."

Colorado Columnist Says Washington Shirking Responsibility On Immigration. In a Wall Street Journal op-ed (4/20), Denver Post columnist Fred Brown says the "explosion of controversy, anger and even fear about illegal immigrants flooding into the U.S. from the south has revealed a less-accepting side of the Colorado state of mind. There is a gathering concern about the tide of unassimilated newcomers, and little consensus about solutions." These "inchoate feelings are stoked by Tom Tancredo, the Republican congressman from Denver's southern suburbs and fierce anti-immigration activist." At the state legislature, both Republicans and Democrats "exploit the issue in the interest of politics, but Colorado's best interests seem to be secondary." The "one thing on which all sides agree" is that "the major responsibility is Washington's -- the problem is far larger than the states can confront one by one. Yet Capitol Hill, where reform is now suspended in the limbo between abstraction and political calculation, seems to have no understanding of the urgency of the problem."

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Mexico Provides Few Protections For Latin American Migrants. The Washington Times/AP (4/20, Stevenson) reports migrants "from elsewhere in Latin America, considered felons by" the Mexican government, "fear robbery and rape at the hands of corrupt police. While immigrants in the United States have held huge demonstrations in recent weeks, the hundreds of thousands of undocumented Central Americans in Mexico suffer mostly in silence." Although Mexico "demands humane treatment for its citizens who migrate to the United States, regardless of their legal status, Mexico provides few protections for migrants on its own soil." Undocumented Central Americans "complain much more about how they are treated by Mexican officials than about authorities on the U.S. side of the border, where aliens may resent being caught but often praise the professionalism of the agents scouring the desert for their trail."

Celebrities Largely Sidestepping Immigration Debate. The Washington Post (4/20, C1, Johnson, 744K) reports, "Now the immigration debate is hot. But the celebrity squawk is, well, not." Last week, Salma Hayek "became the first Big Name to Speak Out. She told the New York Daily News: 'As a human being, I find this situation intolerable. As an immigrant, I find it offensive. And as an American citizen, I find it disheartening. The work that these immigrants do directly affects the health of the U.S. economy." Eva Longoria "has been speaking -- carefully -- about the debate," but "many famous lips have remained zipped."

Beckel, Thomas Debate Immigration Reform. USA Today (4/20, 2.31M) runs a "Common Ground" debate between liberal Bob Beckel and conservative Cal Thomas on immigration reform. Beckel said, "The thrust of the bill in the House of Representatives, though, is to make the mere presence of illegals a felony. Then we're to find the 12 million and send them home. That is not only ridiculous, it is undoable." Thomas added, "True, but at least there's a law-and-order concern in that proposal. Senate Democratic Minority Leader Harry Reid, on the other hand, today suggests that illegal aliens don't pose much of a criminal threat at all and should be simply ushered in. This is the same man who in 1993 introduced a bill to drastically scale down the number of immigrants allowed. … Reid takes a more liberal stance today because he thinks it will pay off politically for Democrats."

Samuelson Says Immigration Proposals Run Counter To Goal Of Assimilation. In his Washington Post (4/20, A25, 744K), Robert Samuelson says, "One of America's glories is that it has assimilated many waves of immigrants. Outsiders have become insiders" even though it "hasn't been easy." If today's "wave of immigration does not end in assimilation, it will be a failure. By this standard, I think the major contending sides in the present bitter debate are leading us astray. Their proposals, if adopted, would frustrate assimilation." The "'cop' school…adamantly opposes amnesty and would make being here illegally a felony, as opposed to a lesser crime." But the "mere threat of a crackdown stigmatizes much of the Hispanic population -- whether they're legal or illegal immigrants, or whether they've been here for generations." The "'guest worker' advocates" want "400,000 or more new foreign workers annually." But advocates "of guest workers don't acknowledge that poor, unskilled immigrants -- whether legal or illegal -- create huge social costs."

San Diego ICE Agent Profiled. The Washington Post (4/20, A23, Pomfret, 744K) profiles Miguel "Mike" Unzueta, "special agent in charge of the federal Immigration and Customs Enforcement bureau" in San Diego, whose team was responsible for finding the drug smuggler's tunnel from Tijuana known as "El Grande." The Sept. 11 terrorist attacks "were followed by an enormous bureaucratic shakeup, the creation of the Department of Homeland Security and the merger of the investigative wings of the Immigration and Naturalization Service and of Customs into ICE." For Unzueta "and many other senior Customs agents, the transition was rocky. For one, they were used to dealing with things -- drugs, money, controlled technology, child pornography -- while Immigration handled people." Unzueta "left Washington in 2002 and returned to San Diego. He was made the special agent in charge, or SAC, in 2005. Since then, the illegal-immigration issue has loomed large on his beat and around the nation."

SCOTUS To Consider Use Of RICO In Illegal Worker Disputes. The National Law Journal (4/20, Coyle) reports, "As Congress wages a battle over illegal immigration and its impact on this nation, the Supreme Court is about to enter the fray in a context involving one of the law's most powerful weapons -- RICO." The Journal continues, "In 1996, Congress expanded the reach of RICO -- the Racketeer Influenced and Corrupt Organizations Act -- to include violations of federal immigration law. A decade later, the justices this month will consider whether a corporation and its outside recruiters, alleged to have engaged in the systematic recruiting and hiring of illegal workers, can constitute an 'enterprise' under RICO. Mohawk Industries v. Williams, No. 05-465." The Journal adds, "The high court case stems from a class action against carpet giant Mohawk Industries Inc., most of whose more than 30,000 employees work in northwest Georgia. The suit was brought by Howard Foster of Chicago's Johnson & Bell, who has pioneered the use of RICO on behalf of workers who lost jobs or had wages artificially depressed because of their employers' alleged hiring and concealment of illegal immigrants. … Mohawk, which is appealing its defeat of a motion to dismiss in the 11th U.S. Circuit Court of Appeals, is urging the justices to

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reject that circuit's view of "enterprise," a view that will transform the powerful RICO law into a 'general civil liability statute for virtually all alleged corporate conspiracies and business disputes,' contends its high court counsel, Carter G. Phillips of Sidley Austin's Washington office. … The company has drawn support from the U.S. Chamber of Commerce, the National Association of Manufacturers and other business groups who believe that the case against Mohawk is another example of RICO run amok."

TAX:

DOJ Bars Illinois Group From Making Misleading Down-Payment Statements. Inman News (4/19) reports, "An Illinois down-payment-assistance organization and its president have been permanently barred from making false and misleading statements in promoting their program to house sellers, officials said today." Inman continues, "West Dundee, Ill.-based Partners in Charity Inc. (PIC) and its president, Charles M. Konkus of Barrington, Ill., have been permanently barred from making false and misleading statements in promoting the down-payment-assistance program, the Justice Department said. … According to the government's amended complaint, PIC enters into 'down-payment-assistance' contracts with house sellers. Under these contracts, PIC agrees to provide the down payment to people who buy the sellers' houses, and the sellers agree to reimburse PIC for the down payment and to pay PIC an administrative fee, the complaint says. … The suit alleges that in marketing and operating this scheme, PIC and Konkus falsely advised house sellers and others that the sellers may claim charitable deductions on their federal income tax returns for the amounts they pay PIC under these contracts." Inman adds, "Sellers' payments are not deductible charitable contributions, the Department of Justice said. The injunction requires the defendants to refrain from falsely claiming that these contributions are deductible. … 'The Tax Division of the Department of Justice has made it a high priority to put an end to the business of providing false tax advice,' said Eileen J. O'Connor, assistant attorney general for the Tax Division, in a statement. … 'Anyone receiving tax advice should verify the motives and qualifications of those giving it, even those claiming to be charitable organizations,' O'Connor said."

US Challenges E-Commerce Firm Over Tax Liabilities. The Duluth News Tribune (4/20, Brissett) reports, "E-commerce firm 50 Below Sales & Marketing Inc. of Duluth tried to keep current with its taxes last year, but was thwarted by Internal Revenue Service actions, the company president said in court filings." The Tribune continues, "Company President Mike Rollo also said in court documents that his company paid its tax liability and penalties of $308,000 for the first quarter of this year." The Tribune adds, "The U.S. Justice Department, representing the IRS, has alleged in a separate case that the company owes as much as $3.7 million in unpaid employment taxes, including money withheld from employee paychecks. … On Tuesday, Judge Ann D. Montgomery heard arguments in U.S. District Court in Minneapolis on a Department of Justice motion for a temporary restraining order prohibiting the company from failing to pay employment taxes and failing to file tax returns on time. She did not rule on the matter." The Tribune notes, "50 Below and the Justice Department are involved in two suits. In one, the Duluth company has asked the court to order the IRS to enter into an installment agreement with the company to allow it to pay back taxes. The IRS previously denied that request. … In the second case, the Justice Department asked the court to permanently enjoin Fifty Below from failing to pay taxes withheld from employee paychecks to the IRS, to pay its own employment and unemployment taxes, and to file tax returns -- all in a timely manner."

CONGRESS-ADMINISTRATION:

McClellan Resigns, Rove Drops Policy Role To Focus On Politics. In the latest White House personnel shifts, press secretary Scott McClellan announced his resignation. He also said Deputy Chief of Staff Karl Rove has relinquished role as policy coordinator. Fox News' Special Report (4/19, Cameron) reported "overall policy development and related duties including working with cabinet agencies have now been handed over to Joel Kaplan, who has been promoted to be an additional deputy chief of staff." Kaplan "served as a top deputy at White House Office of Management and Budget under Josh Bolten and expected to emerge as a top Bolten player at the White House." Media reports are describing the moves, particularly Rove's, as Josh Bolten asserting his power as the new White House Chief of Staff. On ABC World News Tonight (4/19, story 2, 1:15, Vargas, 8.78M), Washington correspondent George Stephanopoulos said Rove's new role is "a slap on the wrist. He goes back to the position he had before 2004. He was promoted after the 2004 elections. What this says is that Josh Bolten wanted to send a signal that he was in charge." Similarly, on the CBS Evening News (4/19, story 2, 1:20, Mitchell, 7.66M), national political correspondent Gloria Borger said, "I think what we see happening today is a White House that's in a much more traditional mold with a chief of staff who actually says, 'I'm going to be running things.'" CNN's The Situation Room (4/19, Quijano) calls Rove's move "another indication of the wide latitude Josh Bolten has in making changes in the West Wing."

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In a front-page story titled "White House Shifts Into Survival Mode," the Washington Post (4/20, A1, Balz, 744K) says "yesterday's senior staff changes represent a frank acknowledgment of the trouble in which…Bush now finds himself. They are also a signal of how starkly Bush's second-term ambitions have shifted after a year of persistent problems at home and abroad." Rove's "shift in responsibilities" also suggests that new White House Chief of Staff Joshua B. Bolten intends to operate a different White House than his predecessor, Andrew H. Card Jr., who resigned after more than five years at the helm." Bolten "is likely to have clearer lines of authority and less free-lancing by powerful officials. They also expect Bolten to play a more active and influential role in shaping domestic policy" than did Andy Card. Meanwhile, the Washington Times (4/20, Curl, 90K) says Bolten "has wielded an iron fist as he overhauls the West Wing -- stripping power" from Rove. The Times quotes a "White House insider" saying, "That move shows just how savvy Bolten is, as well as his leadership ability. And there'll be more moves like this -- guaranteed."

The Los Angeles Times (4/20, Hamburger, Simon, Brownstein, 958K) reports, "A former White House official who had talked recently with Bolten said Wednesday's moves resulted from Bolten's view that he needed to address three serious problems facing Bush: deteriorating press coverage, souring relations with Congress, and increasing tensions between the White House and GOP candidates." The former official "asked not to be identified because of concern the White House might not appreciate his comments during a difficult time."

The story was the lead on each of the networks, which also ran follow-up reports on the changes for a cumulative total of about thirteen minutes. ABC World News Tonight (4/19, lead story, 2:50, Raddatz, 8.78M) reported McClellan "has been the public face for the Administration, but the more substantive change today may be Karl Rove, the architect of the President's election and reelection." Rove's decision to drop his policy role frees "him up to concentrate on the midterm elections." Norman Ornstein, American Enterprise Institute: "This is an understanding and admission in the White House, that Karl Rove needs to be there doing politics. And you can't have him doing good politics if he's also running policy."

The CBS Evening News (4/19, lead story, 3:00, Axelrod, 7.66M) said "there should be no question about the power of that new White House Chief of Staff, Josh Bolten. Anyone who has the authority to narrow the responsibilities of Karl Rove clearly has the green light to make changes around here. The architect of George Bush's political success had his job downsized today. Rove will no longer oversee policy for the White House, focusing now on big picture politics."

NBC Nightly News (4/19, lead story, 3:05, Gregory, 9.87M) reported, "Top advisors say it reflects a pretty grim mood around here, a sense that this team has got to become more assertive and, frankly, more effective if it's going to salvage this second term. The biggest change today was the one that may be harder to notice" as Rove "lost some of his duties as deputy chief of staff." The President is "close now to choosing a successor for McClellan."

The AP (4/20, Hunt) reports that "in recent months, McClellan had told people he enjoyed his job and wanted to stay for the long term. He said Wednesday he started to think about leaving in the past few weeks and concluded, with a new chief of staff, that it was a good time to go. He and Bush came to a decision in a meeting Monday in the Oval Office. 'I have given it my all, sir, and I have given you my all, sir, and I will continue to do so as we transition to a new press secretary,' McClellan said." Bush "patted McClellan on the back and they walked together across the South Lawn to the president's helicopter to begin a trip to Alabama." Another AP story (4/20, Raum) said "McClellan, "through his daily on-camera briefings, has become the face of the Bush White House. Increasingly, as Bush's poll ratings plummet and the war in Iraq drags on, that face has become more opaque and troubled, the briefings more contentious."

In its style section, the Washington Post (4/20, C1, Kurtz, 744K) says McClellan "was painful to watch at times, gamely repeating the same stock phrases under a barrage of hostile media fire, grasping for new ways to deliver the same non-answers." But "former colleagues of McClellan, an affable Texan who has worked for Bush since he was governor, say he acquitted himself well in what has become an increasingly difficult and contentious job." Ari Fleischer, "who was McClellan's boss when Fleischer held the spokesman's job, said his successor enjoyed 'the trust and confidence of the president' and 'was flawless in his performance, especially when you read the transcripts.'" But "asked about McClellan's apparent discomfort at the podium, Fleischer said: 'Whether or not a press secretary thrives in the back-and-forth, pugilistic environment of the television age is always going to be an issue.'"

The Wall Street Journal (4/20, McKinnon, 2.11M) reports, "Some Republicans have said that the affable Mr. McClellan wasn't a forceful-enough advocate of White House positions, contending that he relied too much on stock phrases and occasional stonewalling." His departure "gives the White House a chance to find a more effective voice, addressing complaints that the administration's real problem is more style than substance. … Conservative bloggers, many of whom had complained about his job performance, cheered his resignation, hoping that the White House will put a more forceful advocate at the podium for the daily televised briefing." USA Today (4/20, Jackson, Benedetto, 2.31M) quotes Bush media adviser Mark McKinnon saying "the new

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spokesman must have 'the full trust of the president,' as well as credibility with the press." McKinnon "called it 'the hardest job' imaginable: 'You need a lot of patience, a good smile, a sharp wit and iron underwear.'"

Knight Ridder (4/20, Hutcheson, Douglas) says that "like the previous personnel shifts, the latest moves are largely cosmetic and aren't likely to result in any dramatic policy changes." Bush "has resisted calls for the ouster of Defense Secretary Donald H. Rumsfeld or other dramatic shifts that could signal a new course at the White House. … Even if he wanted to make big changes, Bush faces a shrinking pool of applicants."

The Christian Science Monitor (4/20, Feldmann, 61K) reports on "the latest shake-up for a troubled presidency." Yesterday's announcements "throw more fodder into the discussion mill for the politically oriented, and give this White House another day of 'change' headlines. 'In the short run, it gives them a breather,' says Stephen Wayne, a political scientist at Georgetown University in Washington." The Financial Times (4/20, Alden, Daniel, Yeager) quotes Frank Luntz, a Republican political consultant, saying, "Finally, the White House has recognised what everyone else knew for months now – things needed to change."

Rove Says His Role In Bush Team Not Diminished As Washington Debates The Point. The New York Times (4/20, Bumiller, 1.19M) reports, "Rove has been at Mr. Bush's side since Mr. Bush entered politics, and for years his influence has been unquestioned. The decision to take away his daily control over the White House's policy-making apparatus is the first time his role has shrunk," and it is "a stark reversal from the heady aftermath of Mr. Bush's 2004 re-election victory, when Mr. Rove's portfolio was expanded to give him formal control over policy." The Times adds, "In a telephone interview Wednesday night, Mr. Rove brushed aside suggestions that the change was a diminishment of his role. 'It is something different,' he said. 'I've got a new boss,' he continued, a boss 'who says I want you to do more of this and less of that.'" Rove "will retain his title as a deputy chief of staff, as well as his catch-all designation as Mr. Bush's senior adviser."

The Washington Post (4/20, A1, Baker, VandeHei, 744K) reports, "Among people close to the White House and in Republican circles around Washington, there remained debate whether the move should be regarded as a demotion or reassignment. The answer will remain unknown until Bolten's operation has more time to prove itself. But there was agreement that the move was a negative verdict on the status quo." A "senior administration official glad to see Rove return to his strong suit" said, "He's the best thinker in our party, and in the last year he's been doing all the staffing memos and making sure the paperwork is done on time and all that."

The AP (4/20, Fournier) says that in 2005, Rove "took a promotion and added policymaking to his already jam-packed portfolio. It was a mistake -- one that may have contributed to the president's slump -- and so he's been told to focus on his old job: politics." The AP adds, "Technically, it is a demotion. But in terms of real power and influence, Rove remains virtually unmatched at the White House."

The Baltimore Sun (4/20, Davis, 296K) says Rove "remains at the forefront of Bush's team, and officials played down the notion that he had been demoted. 'Karl's voice will continue to be a crucial one in the policy process, as it has been all along,' McClellan said."

In its "Washington Wire" column on its web site, the Wall Street Journal's web site (4/19) reports that the expected shift in duties for Rove "is meant to address another problem -- the perception that too many of the administration's policy decisions are made primarily with partisan political considerations in mind." The Journal adds, "Rove allies suggest that he took the deputy chief of staff title at the beginning of the second term only to prevent Card from filling the job with one of his own loyalists, after Card nixed giving the job to Rove's choice, Jay Lefkowitz. … Rove's real function -- Bush's major political adviser and, now, burnisher of his legacy -- is not likely to change very much even if his title does."

Insiders Say Bush Had Role In Redirecting Rove's Emphasis. A separate item in the "Washington Wire" column on the Wall Street Journal (4/19, 2.11M) reports that Bush "played a role in redirecting Karl Rove's emphasis away from policy administration toward the fall election and toward strategy for the remainder of Bush's term, insiders say. At the same time Josh Bolten wanted Joel Kaplan, his budget office deputy, in new White House structure. Bolten and Rove agreed on the shift on Sunday, the day before Bolten officially started new job as chief of staff."

Snow, Nichols, Clarke, Senor Mentioned As Possible McClellan Replacements. CNN's The Situation Room (4/19, Quijano) reported, "After nearly three years on the job as the president's chief spokesman, an emotional Scott McClellan announced his resignation. … McClellan's announcement of his departure was not unexpected. As CNN first reported two weeks ago, Republican sources say the new White House chief of staff, Josh Bolten, is focusing on reshaping White House communications and legislative affairs. Possible names being mentioned to succeed McClellan, Fox News anchor Tony Snow, former Treasury spokesman Rob Nichols, and former Pentagon spokeswoman and CNN contributor Torie Clarke." The CBS Evening News (4/19, lead story, 3:00, Axelrod, 7.66M) called Snow the "leading candidate," and mentioned "former coalition spokesman in Iraq, Dan Senor" as a candidate. The Washington Times (4/20, Dinan, Curl, 90K) says Snow is "a

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longtime friend of Mr. Bolten and a White House speechwriter under the first President Bush."

Torie Clarke was asked on CNN's The Situation Room (4/19) if she would accept the job of White House Press Secretary of asked. Clarke said, "Not happening. It's not under consideration. They're not going to ask. And I'm not going to do it."

Bartlett Says McClellan's Removal Is Not An Indication Of Poor Job Performance. White House Communications Director Dan Bartlett said on MSNBC's Hardball (4/19) that McClellan "served this country and this White House very well during very difficult times. This is not an indication that he did a poor job. This is just an indication that it's time for a new team to come in and help the president sprint to the finish."

Hill Republicans Pleased With Change In Rove's Job Description. CNN's The Situation Room (4/19, Bash) reported that congressional Republicans "are very happy" Rove is going back to "putting much of his focus on politics and strategically looking at the universe this election year specifically. It goes without saying that most Republicans, especially in the leadership on Capitol Hill, are frankly scared to death about what this climate that they're in means for their prospects this November. So they say if Karl Rove is, in fact, going to spend more of his time doing that, that's great with them."

Dean Celebrates Rove's "Demotion." USA Today (4/20, Jackson, Benedetto, 2.31M) reports Democratic National Committee Chairman Howard Dean "celebrated what he called Rove's 'demotion' but added that 'the Bush White House is merely engaging in window dressing.'"

Three Top Business Leaders Reportedly Turned Down Treasury Post. The CBS Evening News (4/19, lead story, 3:00, Axelrod, 7.66M) reported Treasury Secretary John Snow "has signaled he wants to leave. The Administration reached out to at least three high-profile business leaders recently: Time Warner's Dick Parsons, Morgan Stanley's John Mack, and Henry Paulson of Goldman Sachs. None were interested."

NYTimes Says Those "Who Messed Everything Up" Remain In Office. The New York Times (4/20, 1.19M) editorializes, "Bush wants to show the nation he's shaking things up in his administration, but it is clear that the people who messed everything up will remain in place. The press secretary goes; the political-and-domestic-policy adviser is losing half his portfolio. There's a new White House chief of staff. But the folks at the Defense Department are still on the job, doing...what they've been doing." The Times also says, "The sudden exit of Scott McClellan, the press secretary, would be meaningless under normal circumstances. But in the current context, it really does send an important message." Bush "is like one of those people who pretend to apologize by saying they're sorry if they were misunderstood. He doesn't believe he's done anything wrong. It's our fault for not appreciating him. Blame the victim."

Bush Legacy Seen As Dependent On War On Terrorism, Iraq. On NBC Nightly News (4/19, story 2, 1:30 Williams, 9.87M) presidential historian said, "If we could come back in 30 years and I had one question to ask that would tell me how future Americans will think of George Bush, it would be how did the war on terrorism turn out, how did the war in Iraq turn out? If those things led to a more safe world, George Bush will be well thought of."

Bush Promotes Competitiveness Initiative. The Los Angeles Times (4/20, Gerstenzang, 958K) reports from Tuskegee, AL, "With gas prices topping $3 a gallon and jobs continuing to move overseas, President Bush is presenting anew his long-term solution to the nation's economic anxieties: a program to boost the study of math and science and the renewal of a tax credit to encourage industrial research and development." The Times adds, "Eleven weeks after unveiling his American Competitiveness Initiative in the State of the Union address, Bush is devoting much of his public time this week to speeches -- in Maryland on Tuesday, in Alabama on Wednesday and in San Jose on Friday -- on the role that math, science and technology education and leading-edge research can play to protect the nation's economic standing." Speaking at Tuskegee University, "one of the most prominent of the nation's historically black colleges, he said: 'If we lose our nerve and retreat, it will make it hard for us to provide those jobs people want.'"

The AP (4/20, Pickler) reports that Bush said yesterday the US "needs to keep on the cutting edge in research in the face of growing competition over jobs and natural resources from India and China. … 'These countries are emerging nations,' Bush said in a speech at Tuskegee University. 'They are growing rapidly and they provide competition for jobs and natural resources. As these new jobs of the 21st century come into being, people are going to hire people with the skills set. … And if our folks don't have the skill set, those jobs are going to go somewhere else.'"

WSFA-TV Montgomery, Alabama (4/19) reported Bush "spoke to a packed house at Tuskegee University on Wednesday pressing his plan for bolstering U.S. technology." The President also "talked about what he termed progress under 'No Child Left Behind' and called for more than 70,000 teachers to be trained in teaching advanced placement courses." He also spoke about Academic Competitiveness Grants and Smart Grants.

NYTimes Says There Is Shortage Of Math, Science Teachers. An editorial in the New York Times (4/20, 1.19M) praises New York City's offer to pay housing subsidies of nearly $15,000 to "experienced math, science and special education teachers who agree to work in some of the city's toughest middle and high schools." The Times says the

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subsidy "sends the important signal that the city is dedicated to attracting the best teachers and improving its schools. But neither this program nor others like it around the country address the bedrock issue: public universities are turning out too few math and science teachers. … Elected officials must then do whatever it takes -- including raising salaries -- to make sure that more of the most talented math and science students end up in classrooms and spend their careers there."

Rolling Stone Essay Says Historians May Rate Bush As Worst President. Rolling Stone runs as its cover story (4/21) an essay by Princeton historian Sean Wilentz under the headline "The Worst President in History?" Wilentz says, "George W. Bush's presidency appears headed for colossal historical disgrace. Barring a cataclysmic event on the order of the terrorist attacks of September 11th, after which the public might rally around the White House once again, there seems to be little the administration can do to avoid being ranked on the lowest tier of U.S. presidents. And that may be the best-case scenario. Many historians are now wondering whether Bush, in fact, will be remembered as the very worst president in all of American history."

Kennedy Book Criticizes Bush, GOP. Knight Ridder (4/20, Kuhnhenn) reports that on Thursday, Sen. Edward Kennedy "launches a national publicity tour to promote a new book he's authored -- a blistering critique of President Bush and the Republican congressional leadership that makes a case for an activist government to help solve national problems." Kennedy is "trying to put a bit of a roar in his voiceless party. Yet by continuing to work with Republicans on issues that include immigration and health care, Kennedy is also openly rejecting the view held by many Democrats that they shouldn't help their opponents win legislative victories, especially now that they're stumbling. Kennedy prefers achievement."

Bush Reappoints Social Security Public Trustees. In defiance of Senate leaders from both parties, President Bush yesterday reappointed the two public representatives on the board of trustees for Social Security and Medicare. The New York Times (4/20, Pear, 1.19M) reports, "The White House announced that Mr. Bush had granted 'recess appointments' to the public trustees, John L. Palmer, former dean of the Maxwell School at Syracuse University, and Thomas R. Saving, an economist at Texas A&M. … The chairman of the Senate Finance Committee, Charles E. Grassley, Republican of Iowa, and its senior Democrat, Max Baucus of Montana, had urged Mr. Bush to find other candidates. They did not criticize Mr. Palmer or Mr. Saving, but said they wanted fresh perspectives on Social Security and Medicare."

Democrats Push For Extension Of Medicare Drug Plan Deadline. Democratic lawmakers are continuing their calls for an extension of the May 15 deadline for seniors to enroll in a Medicare prescription drug plan. CQ (4/19, Schuler) reported, "Sen. Debbie Stabenow, D-Mich., said 47 senators joined her in signing a letter…to Majority Leader Bill Frist, R-Tenn., asking him to bring up legislation to extend the deadline immediately when the Senate returns next week."

Letters Tell Thousands Drug Benefit Premiums Are Unpaid. USA Today (4/20, Appleby, 2.31M) reports, "Insurers have notified tens of thousands of people in Medicare's new drug benefit plan that they might be kicked out because their premiums have not been paid. But many who received the letters in the past few days insist they have already paid, have signed up for automatic Social Security deductions or qualify for free coverage, according to insurance counseling programs in California, New York, Pennsylvania and Arkansas. … The letters come as the government and insurers are encouraging people to sign up for the program before the May 15 deadline. The letters say insurers' records show no payment and warn that if payment isn't received by May 31, 'we will have to disenroll you.'"

Doctor's Study Says NIH Budget Will Fall 3.8% Next Year. The budget for NIH is expected to fall 3.8% next year, according to Dr. Joseph Loscalzo, a top US biomedical researcher. The Washington Times (4/20, Price, 90K) reports, "The Bush administration has proposed a $28.6 billion budget for NIH in fiscal 2007, a 0.1 percent reduction from last year. … An NIH spokesman said yesterday he was unable to obtain a copy of Dr. Loscalzo's essay and therefore could not comment."

Novak Says GOP's Efforts At Budget Reform To Face Test. In his syndicated column, Robert Novak (4/20) discusses the House's failure to pass a budget bill before the Easter break. Novak says that though "a budget containing spending reforms was agreed to by the new majority leader, John Boehner, and Rep. Mike Pence, head of the conservative Republican Study Committee," the bill was torpedoed by Appropriations Committee Chairman Jerry Lewis (R), who "blocked support for the rule needed to debate the budget because the bill's effort to control the earmarking epidemic would have undercut influence of the appropriators." Novak notes that next week, "a new effort will be made to pass the budget…and that means either getting the Appropriations chairman back in line or overriding him. Control of the budget is necessary for Republicans to restore credibility, as signaled by the appointment of the highly regarded Rob Portman as budget director." Novak adds that traditionally, "the leadership's next step would be to seek

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compromises with Lewis that dilute the reforms. But maybe not this time." Pence and Boehner's efforts "to rid Congress of its earmark addiction" will "be supported in the administration by Portman. The test comes next week."

Emerson Apologizes For Profanity In Letter To Constituent. A letter from Rep. Jo Ann Emerson to a constituent, ends with a profane insult. According to the AP (4/20, Hananel) the letter concludes with a seven latter profanity starting with a: "I think you're an a-------." Emerson "says she can't explain how the offensive language made it into the letter, which otherwise reads like a typical response to a citizen's question about last year's testimony of oil executives before the Senate Commerce Committee. 'There is no excuse for this inappropriate letter having been sent, and every apology has been made to the individual who received it,' Emerson said in a statement to The Associated Press."

Marine One Grounded By Technical Problems. NBC Nightly News (4/19, story 3, 0:40, Williams, 9.87M) reported on the "eventful morning at the Bush White House." After "Scott McClellan's resignation scene there on the lawn, the President headed for his helicopter, Marine One. He boarded, as usual, they cranked up the rotors and then it all came to a grinding halt. The President then bounded off the very familiar white top Sikorsky aircraft, which was apparently in no condition to fly today. The problem, it turned out – air-to-ground communications; the radio. And so the Secret Service threw together a motorcade and minutes later the boss was off, by land, to Andrews Air Force Base."

OTHER NEWS:

Oil Prices Reach New Record As US Gasoline Prices Continue To Climb. The price of oil reached a new record of $72.17 this afternoon, up 82 cents, as Iranian President Mahmoud Ahmadinejad said he believed the oil was undervalued. ABC World News Tonight (4/19, story 3, 2:40, Stark, 8.78M) reported geopolitics "once again dominated the oil market today. This time, it was the president of Iran, declaring oil prices were undervalued at over $70 a barrel. Americans don't get oil from Iran; Iranian oil has been embargoed for more than a decade. But it proves just how vulnerable the US is to suppliers all over the globe. The United States consumes almost 21 million barrels a day, and produces only 8 million. Foreign producers provide 60% of its needs, a dicey proposition in a fractious world." Michelle Billig, PIRA Energy Group: "And then you look at the top five countries that we get oil from. Four of them are particularly risky places." NBC Nightly News (4/19, story 6, 0:30, Williams, 9.87M) also reported, "It was another wild day on the oil markets today with prices surging to yet another record-high close."

The CBS Evening News (4/19, story 3, 0:30, Mitchell, 7.66M) reported, "The price of gasoline is rising about a penny a day of late, and the pennies are adding up. Two months ago, you could fill a 15-gallon tank for less then $34. Today, it's going to cost you $42. Fill up once a week and that's an increase of nearly $437 a year. In some places like this station in New York City, regular is already well over three bucks a gallon."

USA Today (4/20, Healey, 2.31M) reports on the gas prices under the headline "Drivers Curb Use As Gas Goes Up," and says "gas use last month was 0.6% less than a year ago, the American Petroleum Institute reported, because 'high fuel prices have led to decreased demand for gasoline and other refined oil products.'" The US Energy Information Administration (EIA) "said gasoline use the past four weeks was up a slight 0.6% vs. a year ago. Typical is an increase of 1.5%, and that's the growth rate assumed in many industry, analyst and government forecasts." The Wall Street Journal (4/20, 2.11M) also reports on the rising fuel prices.

Bartlett Says Administration Never Said Iraq War Would Result In Cheaper Gasoline Prices. White House Communications Director Dan Bartlett was asked on MSNBC's Hardball (4/19) about pre-war claims that the Iraq war "would help us get cheaper gas." Bartlett said, "That's not correct. The president or no one else never said that the war was going to result in cheaper gas prices." Asked again if anyone in the Administration "ever said that we would have cheaper gas because of the war in Iraq," Bartlett said, "I don't recall anybody ever saying that. What we have said is that the resources for Iraq, the oil resources there, that was not the motivation of going into Iraq. The motivation was to rid that country of a brutal dictator that was a threat to the American people and we have done that."

US Automakers Seek To Get Ahead Of Flex Fuel Vehicle Market. The CBS Evening News (4/19, story 4, 2:35, Mason, 7.66M) reported, "When GM unveiled its new Chevy Avalanche this year, they drove it through a giant box of popcorn, because like many new flexfuel GM vehicles, the Avalanche can run on either gas or E85 ethanol, a corn-based fuel. GM's even putting its money behind a national ad campaign urging Americans to live green by going yellow." GM Vice Chairman Bob Lutz: "No, we're very serious about this, and we've made the investment for the vehicles. We are prepared to convert more and more of our fleet." Mason: "Together, GM and Ford plan to make nearly 700,000 flexfuel vehicles this year. Add that to at least five million already on the road. The problem isn't production, it's where do you fill them up?" E85 "can be more expensive than gas, and less fuel efficient." Of the "165,000 gas stations in the country, only 650, mostly in the Midwest, now sell E85. That's

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expected to grow to 2,000 by the end of the year, but Lutz says they need more."

Fueled By Gas Prices, Inflation Gauge Higher In March. The Washington Post (4/20, D1, Henderson, 744K) reports, "Climbing gasoline prices helped push inflation higher last month, the government reported yesterday, heightening concerns that businesses may be passing more of their energy costs to consumers." The Labor Department's consumer price index, "a widely followed inflation gauge, rose 0.4 percent in March after edging up a mild 0.1 percent the month before." The report "caused analysts to reconsider predictions that the Federal Reserve will soon stop raising interest rates to keep inflation under control." The Post adds, "Much of the March increase in the CPI reflected a 3.6 percent jump in gasoline prices." USA Today (4/20, Kirchhoff, 2.31M) titles its story "March Consumer Prices Jump More Than Expected," and says the numbers could "possibly" complicate "the Federal Reserve's job as it tries to decide when to wind up its nearly two-year campaign of interest rate increases."

The Wall Street Journal (4/20, Conkey, Phillips, 2.11M) also says the Federal Reserve "may have more work to do in its effort to contain inflation." Edward McKelvey, senior economist with Goldman Sachs, "said yesterday's inflation data 'creates a perceptual issue' for the Fed. 'Markets have just sort of digested this idea that maybe they're close to done,' Mr. McKelvey said. 'This appears to send a different message.'"

Poll Finds Consumers Expect Housing Bubble to Burst. The Wall Street Journal (4/20, Morrisey, 2.11M) reports, "More than 70% of US consumers believe a national housing bubble will burst and home prices will collapse within the next year, although 56% believe it's unlikely to happen in the area where they live, according a new survey." The Experian-Gallup Personal Credit Index study, released yesterday, "found that 71% of the 1,004 adults surveyed believe a bubble exists and could burst within the next 12 months. Only 24% believe it's unlikely to happen and 5% said they didn't know." However, "most consumers don't think it will happen where they live -- at least not in the next three years."

Stock Markets Continue Rally. NBC Nightly News (4/19, story 6, 0:30, Williams, 9.87M) reported that despite the new record oil price, "stocks managed to hang on to yesterday's big gains and add a bit. The Dow was up 10 points on the day [to close at 11,278.77]. NASDAQ gained almost 15 points [to close at 2,370.88]." USA Today (4/20, Shell, 2.31M) reports the Standard & Poor's 500 index "edged up 2.28 points, or 0.2%, to 1309.93." The Wall Street Journal (4/20, Patterson, 2.11M), among other newspapers, also reports the stock numbers.

IMF Forecast Criticizes US Budget, Trade Deficits. The Los Angeles Times (4/20, Havemann, 958K) reports, "Clearly irritating U.S. economic officials, the International Monetary Fund faulted the United States on Wednesday for its budget and trade deficits and its failure to provide universal health insurance, predicting that the dollar would inevitably decline in value against the world's other currencies." In its "semiannual report on the world economic outlook, the IMF painted a generally rosy picture, with the global economy growing by 4.9% in 2006." But the IMF "said 'global imbalances' loomed as risks to that scenario. Among the imbalances, it singled out U.S. budget and trade deficits."

Plame To Attend White House Correspondents Dinner. Editor and Publisher (4/19, Strupp) reports, "E&P has confirmed" that Valerie Plame is "slated to attend this year's" White House correspondents dinner, "along with her husband Joseph Wilson and several other notable non-journalist guests, such as Alex Trebek and Ben Rothlisberger, according to organizers." It is "unlikely she will be seated next to" columnist Robert Novak, "but perhaps Bush may have a good view of her from the dais. She and Wilson will be guests of ABC News."

Abramoff Ties Said To Be Hurting Reed's Candidacy. Georgia lieutenant governor candidate Ralph Reed's work is becoming a drag on his candidacy, according to the Wall Street Journal (4/20, 2.11M). Several surveys "show Mr. Reed still holding a narrow lead, but with high unfavorable ratings and many voters undecided. While the Abramoff scandal has affected other campaigns, such as the re-election bid of Montana Republican Sen. Conrad Burns, the Georgia race appears the most competitive. So Mr. Reed's dilemma raises the question: Will Mr. Reed, a star of the national Republican Party, become the first campaign casualty of the Abramoff scandal when he squares off with state Sen. Casey Cagle in the July 18 primary?"

Giuliani To Speak At Reed Fundraiser Next Month. CNN's The Situation Room (4/19 Snow) reported, "Just two days after Rudy Giuliani was publicly snubbed by Christian conservative leader the Reverend Jerry Falwell, Ralph Reed, former leader of the Christian Coalition, is aligning himself with the former New York City mayor. Reed is running for Georgia's lieutenant governor. And Giuliani will speak at a fund- raiser for him next month."

Nagin Seen As Frontrunner In New Orleans Mayoral Race. The Washington Post (4/20, A9, Whoriskey, 744K) reports that "to the astonishment of some who had assumed that his missteps and post-Katrina despair would doom his reelection bid," New Orleans Mayor Ray Nagin "is also counted as a front-runner as voters head to the

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polls on Saturday" in the New Orleans mayoral race. Nagin and others credit his post-storm performance for his standing, and many still fondly recall him telling federal authorities to 'get off their asses' as the city slipped into chaos. But one of the reasons for his recent appeal, and by some estimates the most powerful force in this historic election, is race. … Even as his white support drifts to his challengers, some of those black voters who spurned Nagin four years ago are embracing him, political analysts said."

The Washington Times (4/20, Debose, 90K) reports, "The 20 other candidates are taking shots mostly at the mayor, but many New Orleanians think he will prevail, perhaps in a squeaker."

"Delayed Recovery" Designation For Some New Orleans Neighborhoods Opposed. Susan E. Howell, a political science professor at the University of New Orleans, and John B. Vinturella, a business consultant, write in the New York Times (4/20, 1.19M) that the Bring New Orleans Back Commission "has designated parts of New Orleans East 'delayed recovery,' meaning that residents can rebuild only at their own risk, without any guarantee that there will be basic services, like working sewers or police protection, in the near future. … These are people who overcame the odds, played by the rules, broke out of the infamous 'cycle of poverty,' bought homes, built families and enjoyed a taste of what Americans define as success. And they are being told that their community is not on the immediate recovery list. It should come as no surprise that these residents are fighting the commission and the planners to save their neighborhood."

DNC Meeting To Begin In New Orleans Today.

The Democratic National Committee will begin a three day meeting is set to begin in New Orleans today. The AP (4/20, Sidoti) reports that the choice of New Orleans for the meeting "was part of a political calculation, as is a three-day agenda for the 400 delegates that combines party business with community service." Democrats "plan to clean out hurricane-ravaged homes in this slowly recovering city, a project designed to highlight the party's criticism of the Bush administration." Democrats "hope their reconstruction work leaves an image with voters that lasts through the congressional midterm elections." The AP adds, "Republicans chalked up the Democrats' New Orleans meeting to grandstanding."

Dean Proposes Six-Point Agenda For Democrats. CQ (4/19, Giroux) reports Dean has "proposed that Democratic candidates across the country emphasize six major points: honesty and openness in government operations; a strong national defense; promoting American jobs through energy independence; building a health care system that 'works for everybody;' strengthening public education; and promoting retirement security." Dean also "said that this national agenda will include a 'values piece' that probably will be unveiled in September."

Dean Says Character Is Key Campaign Issue In 2006. The Christian Science Monitor (4/20, Cook, 61K) reports on a recent "Monitor Breakfast" with DNC Chairman Howard Dean. Dean said the biggest issues in the 2006 election "are character issues. ... They are going to go to the President's and the Republicans' trustworthiness and honesty and their competence. And they are going to lose big on both those issues. After that we get to Iraq, we get to the economy, we get to healthcare."

Attempts To Override Kaine Vetoes Fail.

Attempts to override seven vetoes by Virginia Gov. Tim Kaine failed in the Virginia legislature Wednesday. The Washington Post (4/20, A1, Shear, 744K) reports, "Republicans in the House of Delegates and Senate had attempted to strip Kaine and all future governors of the power to pick members of two tobacco policy panels and the board that directs the state's transportation program. Kaine vetoed the bills, calling them an unwise shift in power to the legislative branch. Lawmakers also failed to override Kaine's veto of a gun rights measure that would have allowed Virginians to store guns unseen in their cars without a concealed weapons permit. Kaine had called the bill a danger to police. Shortly after concluding a seven-hour debate over the governor's vetoes and his amendments to other bills, both chambers gaveled right back into the special session that is now in its fourth week."

WPost Blasts Virginia GOP Lawmakers' Objection To Transportation Taxes. An editorial in the Washington Post (4/20, A24, 744K) says, "L. Scott Lingamfelter, a Republican from Prince William County in Virginia's House of Delegates, would prefer to sacrifice a possible $1.5 billion in federal matching funds for Metro rather than compromise what he ringingly calls 'our principles.' By that, he and other Republicans in the legislature mean that they will oppose any new taxation, even to improve the state's jampacked roads or expand its mass transit system, because Virginians are already overtaxed. It's a fine argument. If only it were true. … It is galling coming from Mr. Lingamfelter, whose own constituents would be among the main beneficiaries of a revenue shot in the arm for the region's roads and rails."

Bush, Hu To Discuss Trade Issues During DC Visit.

The CBS Evening News (4/19, story 11, 3:00, Mitchell, 7.66M) reported, "President Bush is getting ready to welcome China's president to the White House. President Hu Jintao was in the Seattle area today before flying to Washington, DC. His talks with Mr. Bush will focus largely on trade. China enjoyed a more than $200 billion advantage over the US last year."

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ABC World News Tonight (4/19, story 4, :30, Vargas, 8.78M) reported, "One more reason for the higher oil prices is the soaring demand for oil in China. China uses 6.5 million barrels of oil a day, second to only the US. This is one of the topics that President Bush and China's President, Hu Jintao will discuss tomorrow. Today, Mr. Hu toured the Boeing plant outside Seattle. He indicated China is eager to buy more jets from Boeing. It was an attempt to ease trade tensions with the US, ahead of meeting Mr. Bush."

The AP (4/20, Klug) reports, "For Bush, the success of Hu's visit will be judged largely by whatever concessions Washington wins on a long list of complaints. Those include allegations that China mistreats its citizens, that an undervalued currency hampers U.S. competition, that China's growing military strength could lead to conflict in the Taiwan Strait, and that Beijing has pursued energy deals with countries the United States considers tyrannical. For Hu, the visit provides a chance to burnish China's image at a time when Americans are wrestling with what China's new economic and political clout means here."

The Washington Post (4/20, A20, Kessler, 744K) reports that when Bush and Hu meet today, some of the biggest foreign policy challenges facing the United States will be on the table, including the nuclear ambitions of Iran and North Korea. Increasingly, administration officials believe, the key to these issues and other overseas problems may lie in Beijing, a reflection of the pivotal position China has come to play on the international stage."

The Financial Times (4/20, Dinmore) reports, "China's close relationship with Iran's defence industry" will be under the spotlight. Visitors "include representatives from China North Industries Corporation – Norinco – a company singled out in 2003 for the most punitive US sanctions against a Chinese entity for its alleged aid to Iran's ballistic missile programme. … Pressure from China and lobbying by big US customers for a range of Norinco products – from optical fibre to hunting rifles – led to a removal of the import ban last year."

Bush Expected To "Talk Tough" With Hu. The Washington Times (4/20, Curl, 90K) reports that President Bush "is prepared to talk tough with the communist leader, who is making his first state visit to the U.S. since taking power. Mr. Bush will urge Mr. Hu to do more to cut his country's swelling trade surplus with the United States and join efforts to isolate Iran because of its nuclear program. The talks between the leaders will be frank, one U.S. official said this week."

Pelosi Says Administration Should Stand Up To Beijing. House Minority Leader Nancy Pelosi writes in the Los Angeles Times (4/20, 958K), "Hu will receive the best welcome U. taxpayer money can buy, including full military honors and a 21-gun salute. … While open dialogue is essential, many of us on both sides of the aisle in Congress oppose the celebratory nature of this official visit." Pelosi adds, "We must have engagement with China, but it should be sustainable engagement that enables us to maintain our values, continue our economic growth and uphold our national security. … The American people want the administration to show resolve in standing up to Beijing, to demonstrate that we believe that the Chinese people deserve freedom.

Hu Tours Boeing Plant In Seattle. Hu spent the second day of his four-day visiting a Boeing plant outside Seattle. The Wall Street Journal (4/20, 2.11M) reports that in address to Boeing employees, Hu "touted China's purchase of billions of dollars of Boeing airplanes in an address to the aerospace company's employees. In a luncheon speech later to some 600 dignitaries and business leaders, Mr. Hu recited statistics highlighting the benefits of U.S. trade and investment relations with China."

The Washington Post (4/20, A20, Harden, 744K) reports that Hu "was effusive and optimistic about the importance of trade to the future of both countries. At the same time, though, he announced no new proposals for cutting his country's huge trade surplus with the United States, revaluing its currency or limiting China's oil purchases from rogue countries such as Iran."

The New York Times (4/20, Kahn, 1.19M) reports that Hu "continued a charm offensive directed mainly at commercial interests and offered an overview of economic relations that broke little new ground but displayed a prodigious memory for statistical data." The Times adds, "Mr. Hu acknowledged that some problems existed in ties between the countries, calling them 'hardly avoidable.' But unlike the Bush administration, which has laid out concerns about China's military spending, currency policy and quest for oil in considerable detail, Mr. Hu offered mostly oratorical platitudes."

A front page story in the Wall Street Journal (4/20, 2.11M) reports that China's economic growth surged ahead by 10.2% in the first quarter of 2006, adding "to US pressure on President Hu Jintao to let the yuan appreciate." Yesterday in Seattle, "Hu reiterated a pledge to gradually liberalize China's currency policy, but reaffirmed his commitment to keep its exchange rate 'basically stable at an adaptive and equilibrium level' -- underlining a reluctance to move too precipitously on currency policy."

The New York Times (4/20, Bradsher, 1.19M) reports that the topic of the yuan "is likely to be near the top of the agenda when President Hu Jintao of China meets President Bush in Washington on Thursday. A currency appreciation would make Chinese exports more expensive in foreign markets and foreign goods more competitive in China." The yuan "has risen against the dollar by 3.3 percent since July, and already there are side effects: businesses across China are concluding that their survival may depend on following

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Japanese and South Korean companies up the economic ladder as quickly as possible, selling more advanced products with fatter profit margins. As a result, China is gradually moving from competing with countries like Thailand and Indonesia to vying with South Korea, southern Europe and eventually, with the likes of Germany, Japan and the United States."

Professor Says Yuan/Dollar Rate Should Be Left Where It Is. Ronald McKinnon, a professor of economics at Stanford, writes in the Wall Street Journal (4/20, 2.11M), "Section 3004 of Public Law 100-418 requires that the secretary of the Treasury assess whether countries such as China that have global current account surpluses or large bilateral trade surpluses with the U.S. are manipulating their exchange rates to prevent effective balance of payments adjustment or to gain an unfair competitive advantage in international trade. The question of whether the beleaguered treasury secretary, John Snow, is willing to classify China as a 'currency manipulator,' with unspecified economic sanctions to follow if he does, is the current serious flashpoint in China-U.S. relations." McKinnon adds that "whether or not such a broad agreement is implemented, Secretary Snow's narrower job of interpreting Section 3004 is straightforward: China is not a currency manipulator and the yuan/dollar rate is best left more or less where it is."

China Is Fastest Growing Market For US Exports. USA Today (4/20, Lynch, 2.31M) reports that the fastest-growing market for American exports is China. Last year's "$41.8 billion in U.S. exports to China represented a 157% increase compared with 2000's $16.3 billion. Over the five-year period, exports to China grew more than five times as fast as exports to the rest of the world, making China the USA's No. 4 export market, behind only Mexico, Canada and Japan. … Companies prospering by exporting to China run the gamut from hardwood lumber suppliers to manufacturers of sophisticated coal-mining equipment."

US Families Seen As Becoming Dependent On Inexpensive Chinese Products. The CBS Evening News (4/19, story 11, 3:00, Peterson, 7.66M) reported on the Bongiorni family's experiment of not buying anything manufactured in China for a year. The goods "the Bongiorni's became so dependent on came from factories just like this one here in China and because of these factories, Americans get a bargain every time they go shopping, and these people get a chance at a better life. China's economy, at one time run by the state, is now all about private enterprise. 15 years ago, private industry contributed $5.3 billion to the economy. Now the number is more like $288 billion -- an increase of more than 5,000% and still climbing because of factories like this one."

China Said To "Trample Shamelessly" On Basic Human Rights. Rebecca MacKinnon, who was CNN's Beijing bureau chief from 1998 to 2001, and is now a research fellow at Harvard's Berkman Center for Internet & Society, writes in the Washington Post (4/20, A25, 744K) about the growing number of "state kidnappings" in China. According to MacKinnon, "Their extralegality and the lack of official records make it impossible to count them. Human rights organizations try to keep count, but the outside world generally hears about only those victims whose friends and family manage to overcome police pressure to stay quiet and who are also well-connected or savvy enough to get the story out somehow." MacKinnon adds, "With Chinese President Hu Jintao in the United States this week, Americans have an opportunity to assess his regime. What is this country to think? On the one hand his government has raised the living standards of millions of its citizens with economic reform and international trade. On the other hand his underlings trample shamelessly on his people's basic human rights."

WSJournal Says Internal Pressures Will Drive Change In China. An editorial in the Wall Street Journal (4/20, 2.11M) says that changes in China "aren't taking place because the U.S. demands it. China's burgeoning middle class, created and buoyed by economic growth, will drive internal change. That's why Congressional threats to impose tariffs or brand China a 'currency manipulator' are so dangerous. They damage American business interests, and they could also endanger the prosperity that will drive China's political change."

WPost Criticizes Lack Of Bush-Hu Press Conference. An editorial in the Washington Post (4/20, A24, 744K) faults the Bush's Administrations "acquiescence to a Chinese demand" that there be no news conference "at which American and Chinese journalists can ask unscripted questions." The Post that the lack of such a news conference means Hu will "not be subjected to possibly embarrassing queries about political prisoners, religious freedom or censorship of the Internet symbolizes a major element of Mr. Bush's policy -- his willingness to relegate China's worsening performance on political freedom and human rights to a back burner."

NYTimes Says Bush Can't Criticize Hu On China's Oil Consumption. An editorial in the New York Times (4/20, 1.19M) says, "When President Bush welcomes the Chinese president, Hu Jintao, to the White House today, the American complaint will be that China's appetite for oil affects its stance on Iran, Sudan and other trouble spots. In other words, China is acting just like everyone else: subjugating its foreign policy to its energy concerns." The Times adds, "Clearly, Mr. Bush and Mr. Hu must tackle energy in a real and meaningful way. That can be done only if the United States both helps China find alternative energy sources and shows that America is doing the same thing itself. … Asking other countries to lay off the world's oil supply so America can continue to support its gas-guzzling Hummers doesn't really cut it."

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Administration Said To Be Preparing For Possible Military Conflict With China. The Wall Street Journal (4/20, King, 2.11M) reports that the Bush Administration views China's claim that it poses no long-term threat to the US "skeptically." The Bush Administration "behind the scenes is busy preparing for a possible military conflict with China. And to better gird itself, the U.S. is reaching out to a willing partner: Japan." The Administration "is pushing what it calls a long-range 'hedging strategy.' The tactic -- essentially a bet on the safe side in case China turns hostile -- has wide support across the administration, originating in the Pentagon but extending into the White House and the State Department. … The strategy also puts a premium on bolstering Washington's decades-long military ties to Japan."

The Washington Times (4/20, Gertz, 90K) reports, "The Pentagon is engaged in an extensive buildup of military forces in Asia as part of a covert strategy to strengthen and position U.S. and allied forces to deter -- or defeat -- China. The buildup includes changes in deployments of aircraft-carrier battle groups, the conversion of nuclear-missile submarines and the regular dispatch of bombers to areas close to targets in China, according to senior Bush administration officials and a three-month investigation by The Washington Times." President Bush "approved elements of the first phase of the strategy within the past several months. The key architect is Defense Secretary Donald H. Rumsfeld. The State Department's point man on the strategy is Deputy Secretary of State Robert B. Zoellick, who has led three rounds of strategic talks with China in the past several months."

Papers Link China To Missile Smuggling Plot. Court papers made public yesterday in the case of Chao Tung Wu, a California man who pleaded guilty to trying to smuggle antiaircraft missiles into the US indicate that a Chinese general and a state-run manufacturer are linked to the crime. The Washington Times (4/20, Gertz, 90K) reports, "Wu and a second defendant who is awaiting trial, Yi Qing Chen, met an undercover FBI agent and sought to sell 200 QW-2s, as well as launcher and operational hardware for the missiles, according to court papers. A statement of facts read in court yesterday revealed that Wu had offered to provide enough missiles 'for a regiment' of soldiers. … Documents provided to the agent included a proposal for the sale from the Xinshidai company, which makes the QW-2 and other missiles."

Taiwan President Says China Errs "On The Side Of Aggression With Taiwan." Chen Shui-Ban, president of Taiwan, writes in the Wall Street Journal (4/20, 2.11M) that China's "approach to Taiwan seems to err on the side of aggression rather than caution. Politically, Beijing has refused to interact with Taiwan's democratically elected government for the past six years. … The Taiwan people can never forget that, despite skepticism and criticism from the international community as well as strong public opposition in Taiwan, the Chinese government deliberately proceeded to unilaterally change the status quo by passing legislation codifying non-peaceful measures against Taiwan." Chen adds, "We believe in democracy and uphold the principle of popular sovereignty, which means that Taiwan's future and our relations with China can only be determined by the will of Taiwan's 23 million people. We oppose the non-democratic approach that Beijing has taken against its own people and against the people of Taiwan."

US Won't Rule Out Military Option On Iran, Considers Turning To IAEA. The AP (4/20, Jahn) reports that Undersecretary of State Nicholas Burns, "echoing a statement Tuesday by President Bush, did not reject the possibility of a military response" to Iran's nuclear aspirations. Also, the United States may turn to the IAEA "to exert more pressure on Iran out of frustration with Russian and Chinese opposition to firm Security Council action." While the anonymous officials "emphasized that no decisions had been made on the idea," just "the fact that Washington was contemplating such action was significant."

USA Today (4/20, 2.31M) reports Secretary of State Condoleezza Rice "told the Chicago Council on Foreign Relations that the international community agrees Iran should not be permitted to develop nuclear weapons. 'We are prepared to use measures at our disposal -- political, economic, others -- to dissuade Iran,' Rice said. The United States has not ruled out military action." In Moscow, US Undersecretary of State Nicholas Burns "said after meetings with the Group of Eight industrialized nations and permanent members of the United Nations Security Council that most favor sanctions against Iran in the dispute over its nuclear program." Burns "said there are differences over what action to take, but there is "a greater sense of urgency" after Iran said last week that it had enriched uranium."

The Washington Post (4/20, A19, Finn, 744K), under the headline "Envoys Remain Split On Plan Against Iran," says that "for weeks, the United States, Britain and France have been pressing for tough steps against Iran, while Russia and China have argued that a hard line might backfire. All have expressed public concern over Iran's program." Javier Solana, the European Union's foreign policy chief, "said last week that the EU was considering targeted sanctions, but he added that 'any military action is absolutely [off] the table for us.'"

Negroponte Says Iran Still Years Away From Building Nuclear Weapon. NBC Nightly News (4/19, story 5, 2:20, Mitchell, 9.87M) spoke with Director of National Intelligence John Negroponte in his first TV interview. Asked

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"how quickly" Iran would be capable of building a nuclear weapon, Negroponte said, "Our assessment is that the prospects of an Iranian weapon are still a number of years off and probably into the next decade." Mitchell: "But he doesn't rule out that Iran's radical leaders could be lying about their recent breakthroughs." Negroponte: "Why their leadership makes some of the statements that they make? It's conceivable that they are exaggerating their progress." Mitchell: "Now Iran is priority number one. He has added assets, spies, and analysts, as well as an Iran mission manager and put in failsafe tests to verify intelligence reports."

Iran Seen As Forming Mideast "Axis." Under the headline "Mideast 'Axis' Forms Against West," the Christian Science Monitor (4/20, Blanford, 61K) reports, "Rising tension between the West and Iran is coinciding with the emergence of a loose anti-Western alliance -- Israel now dubs it an 'axis of terror' -- spanning the Middle East, presenting a new challenge to the US's regional ambitions. Centered on Iran, this alignment has hardened in recent months, analysts say." Tehran is "shoring up old alliances and strengthening ties with countries (Syria and Iraq) and with groups (Hizbullah, Hamas, and Islamic Jihad) that share its hostility toward Israel and the US."

Annan Calls For Iranian Cooperation On Lebanon. The AP (4/20, Lederer) reports, "Secretary-General Kofi Annan has urged Iran as well as Syria to cooperate in trying to disarm Lebanese militias that still control parts of the country, the first time the U.N. chief has issued a report linking Tehran to instability in Lebanon." U.S. Ambassador John Bolton "praised Annan's remarks," saying "they showed" the effects of "Iran's financing terrorist groups in Lebanon and Syria." While "the secretary-general did not mention the financing of terrorist groups," he noted "the 'close ties, with frequent contacts and regular communication,'" between Lebanon's Hezbollah guerrillas, Syria and Iran. The Washington Post (4/20, A26, Lynch, 744K) runs a similar report under the headline "Annan Presses Syria And Iran Over Hezbollah."

Iran Urges Gulf Nations To Remain Neutral. The AP (4/20, Elias) reports that Former Iranian President Hashemi Rafsanjani "seemed to be signaling Gulf nations that they should not take sides in the U.S.-Iran standoff." He "said that if the United States ever attacked his country, he was certain that Kuwait…would not take sides," and "on Monday, Rafsanjani was even more pointed, saying Iran was certain the 'Persian Gulf countries will not help the United States to attack Iran.'" He also "called on Iran's neighbors, such as Kuwait, and all Muslims to 'defend Iran and support it.'"

Reid Blasts Bush's Efforts On Iran. The AP (4/20) reports, "The Bush administration is relying too heavily on other countries in the international effort to stop Iran from developing nuclear weapons, according to Sen. Harry Reid." Reid " said the administration should be taking the lead, but instead is relying on Germany, France and Great Britain to convince Iran to end its uranium enrichment program. 'It is hard to comprehend,' Reid said Tuesday in Reno. 'We should be involved at trying to arrive at a diplomatic solution. ... Not just these three countries.'"

UK Believes US Won't Take Military Action. However, the AFP (4/20) reports that UK Foreign Secretary Jack Straw said "he did not believe the United States would take military action against Iran." While "the United States has 'not taken any option off the table, but in practice, as both President George Bush and Secretary of State Condoleezza Rice say they are pursuing the diplomatic option as vigorously as the Europeans and Russia and China."

Iranian Official Entered US Using Green Card. The Washington Times (4/20, Kralev, Mcelhatton, 90K) reports, "An Iranian government official who recently entered the United States used a green card issued 13 years ago, and U.S. officials said yesterday that they were investigating whether he broke the law by accepting a position with a state sponsor of terrorism." Mohammad Nahavandian, "an economics and technology aide to Iran's top nuclear negotiator, Ali Larijani, raised questions about his immigration status when he arrived in the United States two weeks ago, apparently to attend a conference." Iranian officials "are banned from traveling to the United States, unless they are granted a special visa."

Bush Urged To Reinstitute Selective Service To Prepare US For Possible War. Paul Kane, "a Marine who served in Iraq and a fellow at the Kennedy School of Government," writes in the New York Times (4/20, 1.19M), "The American public needs to be prepared for what is shaping up to be a clash of colossal proportions between the West and Iran. President Franklin D. Roosevelt masterfully prepared Americans before the United States entered World War II by initiating a peacetime draft under the Selective Training and Service Act of 1940. Now, President Bush and Congress should reinstitute selective service under a lottery without any deferments." He adds, "This single action will send a strong message to three constituencies in the crisis over Iran's nuclear intentions -- Iran, outside powers like China and Russia and Americans at home -- and perhaps lead to a peaceful resolution."

Hamas Denies Hiding Arms In Jordan. The New York Times (4/20, Myre, 1.19M) reports, "Hamas on Wednesday denied accusations by Jordan that it had hidden a cache of weapons inside Jordan's borders." Jordan "said Tuesday that it had uncovered Hamas's weapons, prompting it to postpone a visit by the Palestinian foreign minister, Mahmoud Zahar, who is also a senior Hamas leader." Hamas, "which now controls the Palestinian government, said it regretted the decision to delay talks."

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Palestinian Journalists Critical Of Hamas Rulers. The Washington Times/AP (4/20, El Deeb) reports, "The Hamas government's toughest detractors have popped up at home, criticizing the Islamic militant rulers in Palestinian newspaper cartoons, TV commentaries and radio talk shows. Such friction between the government and the press is rare for the Arab world." But "the Hamas government has proven an easy target. It's broke and internationally isolated because of its refusal to moderate its hard-line views, and has been unable to pay the salaries of tens of thousands of government employees." Hamas "remains defiant, claiming it'll be able to govern without Western aid."

Cheney To Visit Lithuania, Kazakhstan, Croatia. The AP (4/20) reports, "Vice President Dick Cheney will visit Lithuania, Kazakhstan and Croatia next month for meetings with European leaders." The Vice President "will address a summit of the leaders of the Baltic and Black Sea regions on May 4 in Vilnius, Lithuania." The White House "said Cheney would emphasize the importance of the region's democratic transformation and President Bush's goal of advancing freedom."

Responsibility For Turkish Bombings Is Unclear. The Washington Post (4/20, A16, Vick, Borg, 744K) reports that Turks are wondering who is behind the wave of recent "small explosions." While "experts do see the involvement of [Kurdish] militants in several of the attacks," the Post writes that "one scenario holds that hardened elements of the Turkish government are promoting a conflict that justifies a stern, militaristic response." The bombings and crackdown "may endanger a crucial shift by Turkey's elected government away from stern measures."

Chavez Pulls Out Of Andean Community Over Members Trade Deals With US. The AP (4/20, Rey) reports Venezuelan President Hugo Chavez "said Wednesday that his country is pulling out of the five-nation Andean Community trade bloc, calling the group 'fatally wounded' after other members Colombia and Peru finalized free-trade deals with the US." The AP calls Chavez "a staunch opponent of US free-trade deals" and says "his government was looking to leave the Andean Community, which also includes Bolivia, Ecuador, Colombia and Peru." Chavez has moved his nation towards membership in the Mercosur bloc, of which Venezuela is currently an associate member and whose members include "left-leaning governments such as Argentina, Brazil and Uruguay, as well as Paraguay."

Old Latin American Parties Lose Ground To New Populist Movements. The New York Times (4/20, Forero, 1.19M) reports, "Disillusioned by corruption and a failure to deliver prosperity, [Latin American] voters are increasingly captivated by new, mostly leftist movements promising to redistribute wealth, punishing traditional parties and turning political systems on their heads." The change is most drastic in "the five Andean countries." However, voters in countries like Bolivia and Peru have thus turned away from older parties that "offered stability, a clear ideology and experienced functionaries."

Cuba Will Buy More Food From Nebraska. AP (4/20, Rodriguez) reports, "Cuba agreed Wednesday to buy another $30 million in food from Nebraska, strengthening trade relations with a US farm state already selling corn, wheat, soybeans and other products to the communist island." Nebraska Lt. Gov. Rick "Sheehy said the new deal will include the export of pork, cattle, poultry, wheat, corn, soybeans, dry beans and dairy in the next 18 months." An "exception [to the US embargo] created in 2000 allows food and agricultural products to be sold directly on a cash-only basis" to Cuba.

Canada's Mad Cow Case Puts Pressure On USDA. This week's news about a new case of mad cow disease in Canada, the Christian Science Monitor (4/20, Knickerbocker, 61K) reports, "has led to calls for a ban on imports of Canadian cattle" and "also raises questions about the US Department of Agriculture's testing and tracking procedures, as well as its controversial prohibition on private testing." These disputes, the Monitor says, "point up the potential conflict between the USDA's two basic mandates: Promoting US agricultural products domestically and abroad even as it is ensuring the safety of those products, which could sometimes require revealing bad news to consumers."

Johanns To Meet With Canadian Ag Minister Thursday. The Dow Jones Newswire (4/20, Klassen) reports Agriculture Secretary Mike Johanns will meet Thursday with Canadian Agriculture Minister Chuck Strahl in Washington to "discuss a number of issues affecting the agricultural sectors in Canada and the US, including World Trade Organization agriculture negotiations, bilateral trade issues and avian influenza preparedness," as well as Canada's latest mad cow case.

Wolfowitz Fills Two Key Posts At World Bank. The Washington Post (4/20, D1, Blustein, 744K) reports that World Bank President Paul D. Wolfowitz "has selected a New Zealander and a Salvadoran to be managing directors, the topmost staff rank at the bank, according to a senior bank economist. The two are Juan Jose Daboub, a former minister of finance and head of El Salvador's largest telecommunications company, and Graeme Wheeler, the bank's acting managing director." The Post says the appointments "are by far the most important move to date by

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Wolfowitz to fill vacancies at senior levels. … The large number of vacancies has aroused intense concern among staffers that Wolfowitz is being too slow in giving them direction; many of them have also chafed about the influence wielded by several Americans with ties to the Bush administration, including two who worked with Wolfowitz during his years as deputy secretary of defense and were given high-ranking staff posts. The selections of Wheeler and Daboub may dampen some of that dissension."

US-Japanese Beef Dispute Could Touch Off Trade War. USA Today (4/20, Wiseman, 2.31M) reports that "a mistake at a Brooklyn meatpacking company and public hysteria in Japan about mad cow disease are raising tensions between the United States and Japan, reviving memories of the bitter trade disputes of the 1980s." Japan has banned all American beef since January 20, when a Brooklyn meatpacker "shipped to Tokyo boxes of veal containing a spinal column, considered a 'specified risk material' for mad cow disease." USA Today writes, "US lawmakers are losing patience, raising the specter of sanctions against Japanese goods and a possible trade war."

Japanese-South Korean Tensions Over Islet Group Rise. The Washington Post (4/20, A16, Faiola, 744K) reports that Japan and South Korea are disputing the ownership of "rocky outcroppings controlled by South Korea," called "Dokdo in Korean and Takeshima in Japanese." South Korea sent a "flotilla of 20 patrol ships" to confront "Japanese coast guard" vessels sent to "conduct an official survey." The Post writes that "Washington's two biggest allies in the region" are feuding evens "when they are struggling to present a united front on China's military rise and North Korea's nuclear belligerence."

Private International Aid Donors Far Surpass US Government. The Washington Times (4/20, Price, 90K) reports that "US foreign aid from private sources totaled $71.2 billion in 2004, a sum more than 3½ times greater than the foreign aid the US government provided that year." A Hudson Institute study found "support from foundations, charities, corporations and religious groups accounts for only a third of all the private donations made abroad. The other two-thirds comes from immigrants living in this country, who send money home."

Developing Nations Block UN Reforms. The Washington Times (4/20, Sands, Pisik, 90K) reports, "The president of the UN General Assembly yesterday defended the world body's overhaul of its human rights panel, but warned that in the days ahead, the United Nations faces an even more difficult fight over critical management reforms." Swedish diplomat Jan Eliasson "said in an interview with reporters and editors at The Washington Times. 'We have problems ahead of us. I will not hide the fact that the management issues are very difficult and we face a polarization of the membership.'" That "polarization reared its head late Tuesday, when a bloc of developing nations introduced a resolution that could postpone indefinitely the progress on reforms sought by wealthier states." UN "officials called it a 'classic blocking tactic,' and US Ambassador John R. Bolton told The Washington Times in New York yesterday that the ploy could sabotage reforms sought by the United States."

Court Ratifies Prodi's Win In Italy. The Washington Post (4/20, A22, Delaney, 744K) reports, "Italy's top court confirmed Wednesday that Romano Prodi and his opposition coalition won a majority in the lower house of Parliament in national elections last week. His rival, Prime Minister Silvio Berlusconi, continued to refuse to concede defeat in the bitterly contested balloting." The Court of Cassation "said Prodi's Union coalition had defeated the House of Liberties bloc led by Berlusconi by a mere 24,755 votes, enough to claim victory and receive extra seats that will give it a 55 percent majority in the lower house, the Chamber of Deputies." The Los Angeles Times (4/20, Wilkinson, 958K) also reports the story.

Berlusconi Said To Be Angling For Presidency. Despite the ruling, the New York Times (4/20, Fisher, 1.19M) reports Prime Minister Silvio Berlusconi "still would not concede defeat. Instead, there were strong signs that he was possibly opening a new campaign: to be named the nation's president, or at least have a strong say in the choice."

India Tries To Halt Nepalese Crisis. Under the headline, "Army Fires at Protesters as Nepal's Political Crisis Deepens," the New York Times (4/20, Sengupta, 1.19M) reports, "The Royal Nepalese Army fired at pro-democracy protesters in an eastern town on Wednesday, as the death toll climbed to at least eight in two weeks of defiant demonstrations and the country appeared headed toward a dangerous brink. The brink of what remained unclear." Political parties allied with Maoist rebels plan another set of protests today. The Post continues, "What King Gyanendra is prepared to do to ease the crisis remains a mystery," and "there was little disagreement that the king's own actions had narrowed his options, and that he would ultimately be compelled to concede more than he would have only a few weeks ago."

The Financial Times (4/20, Johnson, Bhattarai) keys on the Indian effort, saying Saran will tell Gyanendra "to restore multi-party democracy with immediate effect or risk seeing his throne swept away by the tide of protests engulfing the Himalayan kingdom."

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Gazprom Warns EU Not To Interfere With Its Goals. The Financial Times (4/20, Buckley, Ostrovsky) reports that "Gazprom, Russia's state-controlled gas monopoly, on Wednesday told European Union countries not to block its international ambitions, warning that it could redirect supplies to other markets." Gazprom is bridling at efforts to thwart "its ambitions to move into downstream gas distribution in Europe," such as the British government's desire to "block a potential takeover of [Britain's] biggest gas supplier by Gazprom."

Corporate "Thugs" Intimidate Smaller Russian Businesses. Under the headline "In Russia, Corporate Thugs Use Legal Guise," the Washington Post (4/20, A1, Finn, 744K) reports that a "new breed of Russian financial predator" is targeting "small and medium-size companies. Often the goal is not the company itself, but the real estate it occupies, acquired in the privatizations of the early 1990s." The raiders work with "corrupt lawyers, accountants, judges, bureaucrats and police to exploit weaknesses in Russia's fledgling corporate legal system," causing the government to fear the growing perception "that rule of law remains illusory in the country."

"NATO-Style Oil Alliance" Predicted. Jim Pinkerton argues in the Financial Times (4/20) that "America is likely to lead the way" in formalizing "energy policy into national security policy." He contends, "Opec has already cartelised the producing nations; we are now likely to see a counter-cartel of consuming nations."

Hoagland Urges Quick Congressional Action In Favor Of India Nuclear Deal. Jim Hoagland writes in his column in the Washington Post (4/20, A25, 744K) that "India is a strategic maverick" in that it "has chosen this moment to forge a close partnership with Washington and to speak up positively about American power in world affairs." Now, "for me that flaws in the nuclear draft agreement are heavily outweighed by the advantages it brings in cutting global pollution, easing pressure on oil markets and bringing a substantial part of India's nuclear program under international supervision." As "India is moving from a past of shaking an angry finger in the American face to providing a helping hand for U.S. power in the future," Congress "should move expeditiously to set this transformation in motion."

WSJournal Praises Estonian Leader. An editorial in the Wall Street Journal (4/20, 2.11M) praises "former Estonian Prime Minister Mart Laar" for his stewardship of the Estonian economy. Laar has won the "biennial Milton Friedman Prize for Advancing Liberty." The Journal says, "Estonia ranks seventh among the world's freest economies in the annual Heritage Foundation/Wall Street Journal Index of Economic Freedom, the only ex-Soviet bloc country in the top 10. It has a flat-rate income tax, a currency board that pegs its kroon to the euro for stability, and a low external tariff rate."

THE BIG PICTURE:

Headlines From Today's Front Pages.

Los Angeles Times:
"The Overseas Class."
"Details On 11 Priests Missing In '04 Report."
"He's All Wet And Glad Of It."
"L.A. Schools Plan Splits Capitol."
"FCC Launches Payola Probes Of 4 Radio Giants."

USA Today:
"Drivers Curb Use As Gas Goes Up."
"Team-First, Back-To-Basics Foreigners Changing NBA."
"Medicare Payment Letters Raise Fears."

New York Times:
"Rove Is Giving Up Daily Policy Post To Focus On Vote."
"Improvising, Tram Rescuers Rigged 2 Untested Ways Out."
"Storm Evacuees Placing Strains On Texas Hosts."
"In New Job, Spymaster Draws Bipartisan Criticism."
"For Berlusconi, Defeat Isn't End Of The Campaign."
"Learning To Savor A Full Life, Love Life Included."

Washington Post:
"Rove Gives Up Policy Post In Shake-Up."
"Pepco Plan May Ease Bite, For Now."
"Bill Bulges With Unforeseen Spending For Guns, Tanks."
"In Russia, Corporate Thugs Use Legal Guise."
"Far-Flung Families Unite In Cyberspace – And Kill Monsters."

Washington Times:
"More Muscle, With Eye On China."
"Dean Calls The Border Top Priority."
"Divisive 'Problems Ahead' For U.N."
"Maryland Trims Tax Rate On Property."
"Nagin Likely To Weather Storm."
"Plunge In Death Rate Raises Eyebrows."

Detroit Free Press:
"Big Ben's Last Stand?"
"College In A Stir: It's First In Grants, Worst In Defaults."
"Funeral A Plea To Stop The Violence."

Atlanta Journal-Constitution:
"Atlanta Acquires Jewel For Beltline."
"'I Can't Believe It's Finally Over.'"
"Schools Try To Trim Fat."
"FBI Detains Tech Student, But Won't Say Why."

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Houston Chronicle:
"Bush Loses Texans From Inner Circle."
"Hundreds Arrested In Immigration Raids."
"A Season To Forget."
"Prosecutor Accuses Skilling Of Lying About Reason He Left."
"Prepping For Surgery – On The Moon."

Story Lineup From Last Night's Network News:
ABC: White House Resignations; White House-Analysis; Oil Prices; China-US Trade; Iraq Reconstruction; Afghan Embassy Explosion; Life Expectancy; Severe Weather; Mumps Outbreak; Queen Elizabeth's Party; New York-Tram Malfunction.
CBS: White House Resignations; White House-Analysis; Oil Prices; Flexfuel Vehicles; ICE-Immigration Raids; FBI-Columnist's Papers; American KIA; Mumps Outbreak; Cancer-Heat Treatment; Afghan Embassy Explosion; US-China Trade; Pope Benedict-Anniversary; Graduation Gender Gap; Life Expectancy.
NBC: White House Resignations; White House-Analysis; Presidential Helicopter Grounded; ICE-Immigration Raids; Negroponte Interview; Oil Prices; Iraqi Refugees; Life Expectancy; Nebraska-School Segregation; New York-Disabled Tram; Chocolate-Health Benefits.

Story Lineup From This Morning's Radio News Broadcasts:
ABC: Gas Prices; Chinese President-US Visit; White House Staff Changes; Gitmo Detainee List Released.
CBS: Oil Prices; White House Staff Changes; DHS-Illegal Worker Crackdown; North Dakota-Snowstorm.
NPR: McClellan Resignation; Rove-Duty Changes; Oil Prices; Iraq-Parliament Meeting; Saddam Hussein Trial; Iran-Nuclear Program.

WASHINGTON'S SCHEDULE:

Today's Events In Washington.
White House:

PRESIDENT BUSH — South Lawn arrival ceremony for the President of China; meets with the President of China; hosts social lunch for the President of China, East Room; speaks to recipients of the President's Environmental Youth Awards, Room 450, Eisenhower EOB.

VICE PRESIDENT CHENEY — No public schedule.

US Senate: No Scheduled Events.

US House: No Scheduled Events.

Other: CHINESE PRESIDENT HU JINTAO _ Highlights: Afternoon. Meets with members of Congress and retired officials. Blair House. 9:25 a.m. Welcoming ceremony. White House. 10 a.m. Meets with President Bush. White House. 1:15 p.m. Lunch with President Bush. 7:30 p.m. Delivers speech a a dinner meeting of the U.S.-China Business Council, the National Committee on U.S.-China Relations and the U.S. Chamber of Commerce, others. Marriott Wardman Park. Note: Media registration at 6-7 p.m., 24th St. entrance.

MEDICARE PART D _ The Medicaid Health Plans of America holds a conference, ``Medicare Part D: The First 100 Days." Highlights: 9 a.m. Dr. Georges Benjamin of the American Public Health Association discusses future trends. Location: Washington Renaissance Hotel, 999 9th St. NW.

WORLD BANK-IMF _ News conference and briefing schedule for the 2006 spring meeting of the World Bank and IMF. Highlights: 11 a.m. Press briefing by World Bank Group President Paul Wolfowitz. Main Press Briefing Room, Room B-702, IMF Headquarters.

SCIENCE-TECHNOLOGY _ The American Association for the Advancement of Science holds its 31st annual Forum on Science and Technology Policy. Highlights: 9 a.m. Keynote address: John Marburger III, Director, White House Office of Science and Technology Policy. 12 p.m. Luncheon address: CDC Director Julie Gerberding. 2 p.m. Concurrent session on energy challenges of the 21st century, coping with uncertainty about pandemic flue and other health threats; security and homeland security. Location: Washington Court Hotel, 525 New Jersey Ave. NW, unless otherwise noted.

BIOETHICS _ 9 a.m. Meeting of the President's Council on Bioethics, Agenda includes children and clinical research and organ procurement and transplants. Location: Madison Hotel, 1175 15th St. NW.

JOHANNS _ 7:30 a.m. Agriculture Secretary Johanns gfives the keynote address to the Council for Agricultural Science and Technology Executive Committee and Board of Governors Group. Location: Washington Plaza Hotel, 10 Thomas Circle.

BUSH-HU _ 9:30 a.m. The Chinese Constitutionalist Association holds a news conference to call on President Bush to push the Chinese government to speed up political reforms. Location: National Press Club.

DOMESTIC SPYING _ 10 a.m. The ACLU holds a telephone news briefing to announce the filing of friend-of-the-court briefs in its lawsuit challenging the NSA's domestic spying program. Contacts: Erica Pelletreau, 212-519-7829. Notes: Callin number: 800-762-4758.

GONZALES-MISSING CHILDREN _ 10 a.m. Attorney General Alberto R. Gonzales will make remarks on the Department's efforts to combat child pornography at the National Center for Missing and Exploited Children. Prior to his remarks, the Attorney General will meet with employees and view a demonstration. Location: Charles B. Wang International Children's Building, 699 Prince St., Alexandria, Va.

HOMELAND SECURITY _ 11 a.m. Homeland Security Secretary Chertoff, and ICE Assistant Secretary Julie Myers

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hold a press conference to announce a comprehensive immigration enforcement strategy for the nation's interior. They will also announce results of a nationwide enforcement operations. Location: Garcia Conference Room, 6th floor, ICE, 425 ``Eye'' St. NW.

LEBANON _ 11 a.m. Prime Minister Fuad Abdel Basset Siniora of Lebanon speaks at the Wilson Center for International Scholars on issues facing the Arab world. Location: Flom Auditorium, 6th floor, Wilson Center, Reagan Trade Building.

CHINA-ANIMALS _ 11:30 a.m. Members of In Defense of Animals and people for the Ethical Treatment of Animals screen animal cruelty video and urge China to introduce and enforce meaningful welfare standards for animals within the fur industry. Location: In front of the White House, Pennsylvania Ave. NW.

EUROPE-IMMIGRATION _ 12 p.m. The SAIS Center for Transatlantic Relations and Dutch Ambassador Boudewijn J. van Eenennaam host a luncheon on ``The Balance of Faith and State: The Challenges of Immigration in Europe,'' with Frits Bolkestein, a Dutch politician and former EU commissioner; Gregory Maniatis, senior European policy fellow at the Migration Policy Institute; and Zeyno Baran, director of the Center for Eurasian Policy at the Hudson Institute. Location: Dutch Ambassador's residence, 2347 S St. NW.

ELECTRONICS JOBS _ 12 p.m. - 1:15 p.m. The American Electronics Association releasies its yearly report on jobs and wages, ``Cyberstates.'' This state-by-state analysis includes: High-tech employment; High-tech average wages; High-tech exports ; High-tech R&D expenditures; High-tech businesses; High-tech payroll; Ranking of the states. Location: Room 1537, Longworth House Office Building.

DISASTER PREPAREDNESS-FEMA _ 12 p.m. - 1:30 p.m. FEMA's Acting Deputy Director of Operations, Deidre Lee, speaks on disaster preparedness at meeting of the Northern Virginia Government Contractors Council. Location: Sheraton Premiere Tysons Corner, Vienna, Va.

PLO _ 12:30 p.m. Amb. Afif Safieh, head of the PLO Mission to the U.S. discusses current events and challenges facing the Palestinian people, sponsored by Georgetown University. Location: CCAS Board room, ICC, room 241, on campus.

CLIMATE CHANGE _ 1:30 p.m. The Environmental and Energy Study Institute holds a briefing on recent polls on the public perceptions of climate change. Location: Room 2318, Rayburn.

IMMIGRATION-PRIVACY _ 2 p.m. The AFL-CIO and the ACLU hold a joint briefing to discuss concerns with immigration legislation that proposals would violate worker privacy. Location: 915 15th St. NW.

INTERIOR-AWARDS _ 2 p.m. Acting Secretary of the Interior Lynn Scarlett presents the 2005 Presidential Rank Awards. Location: South Penthouse, Interior Dept., 1849 C St. N.W.

PURPLE HEART CEREMONY _ 2 p.m. Deputy Secretary of Defense Gordon England and Vice Chief of Staff USA Gen. Richard Cody will participate in a unique Purple Heart Ceremony. Location: Mount Vernon, George Washington's home, located at the south end of the George Washington Memorial Parkway, 16 miles from Washington.

GONZALES-VICTIMS' RIGHTS _ 6:30 p.m. Attorney General Alberto R. Gonzales will deliver remarks following his introduction by Regina B. Schofield, Assistant Attorney General for the Office of Justice Programs, at the National Crime Victims' Rights Week Candlelight Vigil. Other participants include Kenneth L. Wainstein, United States Attorney, District of Columbia John W. Gillis, Director, Office for Victims of Crime, OJP; and Sharon Rocha, Mother of Laci Peterson and Grandmother of Conner and aauthor of ``For Laci: A Mother's Story of Love, Loss & Justice.'' Location: U.S. Chamber of Commerce, 1615 H St. NW.

BROKAW _ 7:30 p.m. Former NBC News anchor Tom Brokaw delivers keynote address at the Howard University Johnson School of Communications 35th Anniversary Gala. Location: J.W. Marriott.

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Ames, Andrew

From: Ames, Andrew
Sent: Thursday, April 20, 2006 11:26 AM
To: /o=USDOJ/ou=JMD/cn=Recipients/cn=Mailboxes/cn=LReyes; Agarwal, Asheesh (CIV); Ames, Andrew; Baxter, Felix (CIV); Branda, Joyce (CIV); Brett Gerry; Brody, Stephen (CIV); Bucholtz, Jeffrey (CIV); Bukvics, Jennifer (CIV); Claterbos, Barbara (CIV); Cohen, David M. (CIV); Cohn, Jonathan (CIV); Davidson, Jeanne (CIV); Fargo, John (CIV); Fielding, Gabrielle (CIV); Figley, Paul (CIV); Flentje, August (CIV); Frost, Peter (CIV); Garren, Timothy (CIV); Glynn, J.Patrick (CIV); Gorsuch, Neil M; Hertz, Michael (CIV); Hollis, Robert (CIV); Hunt, Jody (CIV); Hussey, Thom (CIV); Jennifer Brosnahan; Jeweler, James (CIV); Katsas, Gregory (CIV); Keisler, Peter D (CIV); Kohn, Chris (CIV); Kopp, Robert (CIV); Letter, Douglas (CIV); Levine, Larry (EOIR); Lindemann, Michael (CIV); Magnuson, Cynthia; McCallum, Robert (SMO); Miller, Charles S; Nichols, Carl (CIV); Nowacki, John; Pyles, Phyllis (CIV); Riley, Sharon (CIV); Rivera, Jennifer (CIV); Roehrkasse, Brian; Schiffer, Stuart (CIV); Scolinos, Tasia; Seidel, Rebecca; Senger, Jeffrey M; Spellberg, Dianne (CIV); Swenson, Lily F; Thirolf, Eugene; Wilson, Karen L; Zwick, Ken (CIV)
Subject: 4/20/2006 Civil Division News

US reveals names of Guantánamo detainees

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Guardian Unlimited

April 20, 2006

US reveals names of Guantánamo detainees

Thursday 20th April 2006 The US government has released its first official list of detainees at the Guantánamo Bay prison camp.

The list of 558 people comprises three-quarters of the total number of detainees who have passed through the camp, which was set up in 2002 after the end of the war in Afghanistan.

Secrecy surrounding the camp, and persistent reports of human rights violations, have attracted notoriety for the prison, in the US naval base in Guantánamo Bay, Cuba.

The people named on the detainee list come from 41 countries, although nearly two-thirds are from Afghanistan, Saudi Arabia and Yemen.

Former officials of Afghanistan's Taliban regime are particularly prominent on the tally. The Taliban's former defence ministry chief of staff Mullah Mohammed Fazil is still in custody along with intelligence officials Abdul Haq Wasiq and Gholam Ruhani.

Kabul's former ambassador to Pakistan, Abdul Salam Zaeef, is also included, although he was released from the prison camp late last year.

Also included on the list is David Hicks, an Australian for whom lawyers are currently fighting to establish British citizenship via his mother, who was born in south London.

The court of appeal last week rejected a home office claim that he was not entitled to register his citizenship on account of his previous alleged membership of al-Qaida.

The Guardian today reported that foreign secretary Jack Straw had written to US secretary of state Condoleezza Rice demanding the release from Guantánamo Bay of UK resident Bisher al-Rawi.

Mr Rawi, an Iraqi citizen, took the British government to court last month claiming he had been hired by MI5 to track an alleged Muslim extremist and was only arrested after British intelligence passed false information to the US.

Another detainee named on the list is Muhammed al-Qahtani, accused of being the 20th hijacker in the September 11 attacks. The Saudi citizen was stopped as he tried to enter the US in Orlando, Florida, shortly before the attacks.

Details of Qahtani's interrogation caused outrage and shed fresh light on the techniques used in Guantánamo Bay when a logbook was leaked to Time magazine last year.

He was frequently awoken at 4am and interrogated until after midnight, with requests for toilet breaks refused until he wet himself, while Christina Aguilera music was played at him if he dozed off.

The list has previously been seen by members of the Red Cross, but was only publicly released after the Associated Press news agency sued\l "l" US\l "l" authorities under the freedom of information act.

It numbers all the detainees who have appeared at hearings in Guantánamo Bay to determine their combatant status.

The hearings took place between July 2004 and January 2005. All detainees at the prison between those dates received a hearing, but only 38 of them were determined to be "no longer enemy combatants" by the military tribunals, and only 29 of those were released.

A total of around 750 people are believed to have passed through the camp, and 490 are currently believed to be in custody there.

Groups working for the release of detainees welcomed the release of the list. Sayeed Sharif Youssefi, an official from Afghanistan's independent peace and reconciliation commission, said it would help in his efforts to obtain the release of Afghan detainees.

"This is very good news and it helps us because now it is easy for us to identify the Afghans in Guantánamo, learn how many there are and from which provinces they come from," he said.

Bill Goodman, legal director of the Centre for Constitutional Rights said: "This is information that should have been released a long time ago, and it's a scandal that it hasn't been."

END

Inside CMS

April 20, 2006

APPEAL CONTINUES COURT FIGHT OVER CMS FEEDING ASSISTANT REGULATION

The legal battle over a CMS rule authorizing the use of semi-skilled workers to feed nursing home residents is advancing, this time in a federal appeals court where advocates are seeking to reverse a lower court ruling upholding the regulation.

Nursing home resident advocates are asking the U.S. court of Appeals for the Ninth Circuit to overturn the ruling and direct HHS to rescind the policy, which they claim violates federal Nursing Home Reform Law. The key issue in the case playing out in California is whether the help feeding assistants give residents who do not have complicated feeding problems constitutes "nursing or nursing-related services."

Under nursing home law, staff providing nursing or nursing-related services -- a term the statute does not define - must have at least 75 hours of training as a certified nurse aide. Advocates argue that this applies to the task of feeding residents but HHS and the Department\l "l" of\l "l" Justice\l "l" (DOJ) disagree.

In recent court filings, DOJ says because feeding assistants help residents who do not have complicated feeding needs they do not require the more extensive 75-hour training and, therefore, their tasks are not nursing or nursing-related.

DOJ is asking the court to uphold the U.S. District Court for the Western District of Washington's ruling last September in favor of the CMS rule, which permits Medicare and Medicaid nursing homes to hire workers with as little as eight hours of state-approved training to feed and hydrate residents without complicated needs.

But advocates say that feeding residents is a nursing or nursing-related service and therefore under nursing law requires staff training of at least 75 hours as a certified nurse aide (CNA).

"The Reform Law's purpose and structure indicate that 'nursing and nursing-related services' must be interpreted to include feeding a resident," a recent brief by the advocates states. Moreover, this applies to all residents, not just those with complicated feeding problems, they argue.

CMS' 2003 feeding assistant regulation represents a U-turn in HHS policy. Previously, the department had held that only volunteers, licensed health professionals, or CNAs with 75 hours training could help a resident eat. But the Bush administration reversed that stance, citing the success of feeding assistant programs in Wisconsin and North Dakota and the need to address the nation's shortage of CNAs.

Advocates say the administration reversed policy without adequate explanation, calling the evidence HHS referenced from Wisconsin and North Dakota as being of "dubious quality." They say Congress did not give the HHS secretary discretion to exempt the task of feeding from the more extensive 75-hour training requirement. But DOJ counters that the district court was right to uphold the regulation.

Advocates and a coalition of consumer groups supporting their appeal say the use of feeding assistants degrades the quality of care. However, the American Health Care Association (AHCA), which strongly supports the regulation, told the appeals court in an amicus brief that there is no evidence that feeding assistants degrade care. Rather, AHCA says these staffers have "dramatically enhanced" care. Advocates, however, charge that the group's assertion relies on letters and declarations almost entirely from its own members.

The consumer groups supporting the advocates' appeal is calling the use of lesser trained staff to provide

direct care an "enormous step backwards." SEIU has also written in support of the advocates' appeal.

END

Billings Gazette

Thursday, April 20, 2006

Guest Opinion: Congress needs to settle Indian account lawsuit

Some members of Congress are getting upset over how the new Iraqi government is handling its money. Rep. Rahm Emanuel, D-Ill., complained the other day that it looks as if $10 billion is missing over there.

Emanuel thinks Congress ought to investigate what happened to the money, given the billions that the United States is pouring into the country.

To anyone in Indian Country, that's hardly surprising news. We've been complaining about missing billions for decades. And not one cent of it was U.S. money sent overseas.

It was money that the U.S. government promised to hold in trust accounts for individual Indians, some of the poorest people in our country.

The trouble is few people in Congress or the Bush administration seem to care about what's been happening to these forgotten Americans. In fact, numerous studies confirm that the Interior Department did a horrible job running the trust programs.

Now the department seems determined to suggest that the Indians' money really didn't disappear at all. It was just sloppy bookkeeping by the clerks out in Indian Country, they say.

Concern in Congress

For Indians, the good news about this is that some lawmakers in Washington are beginning to care about what happened to both the money in Iraq and the money that was supposed to be held in trust by the U.S. government for the benefit of some 500,000 Native Americans.

Given the yawns that some lawmakers are expressing about the missing $10 billion in Iraq, the cost of settling the Indian dispute seems like pocket change for Uncle Sam. Indeed, it would be a great bargain for taxpayers.

Although we Indians have argued that we could be due as much as $170 billion for the money the government failed to place in our accounts, the leaders of Indian Country have offered to settle the dispute for $27.5 billion. That assumes that the government could prove it made 80 percent of the required payments to Indians on time and to the proper trust accounts.

Bargain-basement deal

Given the massive number of trust documents that are missing and the time and billions it would cost the government to attempt a reconstruction of the records, the price tag the Indians have set seems like a bargain-basement deal. It would end the 10-year-old court fight over Individual Indian Trust accounts, and it would stop bleeding taxpayers for costly repairs to the admittedly broken trust program. If left

undeterred, government bureaucrats are planning to spend $12 billion trying to re-create the long-lost trust records.

That would be yet another huge waste of government funds, one that Congress can stop now. It needs to heed the calls of a growing number of lawmakers who want to settle the dispute with the nation's first Americans.

Senate Indian Affairs Chairman John McCain, R-Ariz., and his vice chairman, Byron Dorgan, D-N.D., as well as House Resources Chairman Richard Pombo, R-Calif., and ranking member Nick Rahall, D-W.Va., are seeking to put trust back into the much-maligned Indian Trust Program.

It will cost billions of dollars to solve this disappearing-money problem. But, unlike the money disappearing in the Middle East, this money will go to needy Americans, helpless people who were robbed by their own government.

Regardless of what you think of our involvement in Iraq, solving the government's admitted decades of abuse of Indian trust beneficiaries makes sense for all Americans. And compared with Iraq, this solution is dirt cheap. A settlement by Congress will end this fighting.

Elouise Cobell, a Blackfeet tribal member from Browning, is the lead plaintiff in a class-action lawsuit filed in 1996 on behalf of 500,000 Native Americans.

END

MSN Money

Search for Altria lawsuit's outcome becoming a habit

April 20, 2006

If it is Thursday, it must be Engle-watch.

Every Thursday at 11am, tobacco lawyers, investors and journalists browse the website of the Florida Supreme Court in the hopes the justices have reached their long-awaited decision in the Engle class action lawsuit.

Altria Group, the US conglomerate that owns the Philip Morris tobacco unit and 87 per cent of Kraft Foods, has a lot riding on the outcome.

The maker of Marlboro cigarettes is preparing to restructure and spin off of its Kraft Foods division but has repeatedly said the break-up hinges on continuing improvements in the litigation environment.

This incudes three lawsuits: Engle, Price/Miles, and the government's civil racketeering case against the industry.

The Engle suit, led by Howard Engle, a retired paediatrician, was filed more than a decade ago and was the first class-action brought by smokers to go to trial.

A July 2000 verdict in the case produced the largest punitive damages award in US history - $145bn - after jurors found the five largest cigarette companies liable for the illnesses of thousands of Florida smokers.

The state's highest court is considering whether to reinstate the original ruling after an appellate court in 2003 unanimously overturned the judgment, saying the trial plan was flawed, the damages excessive, and the original trial proceedings "irretrievably tainted" by the "misconduct" of lawyers representing the smokers.

In a strongly worded ruling, the judges ordered the class be decertified, saying the individual issues were too diverse to be lumped together in one class.

A year later, however, Florida's Supreme Court unexpectedly agreed to review the case.
Oral arguments were heard 17 months ago.

Christine Farkas, analyst at Merrill Lynch, said Engle is "critical" to Altria "as a decision against tobacco could derail its promised restructuring until such time as it ultimately prevails".

In the Price/Miles "lights" class action, the Illinois Supreme Court in December threw out the $10.1bn verdict, handing cigarette makers a big win. It is now deciding whether to reconsider that decision.
Ms Farkas said both the Engle and Price/Miles claims "have the ability to delay or - in the worst case - prevent" Altria's plans.

Altria is also awaiting news on the Department of Justice's racketeering case.

US District Judge Gladys Kessler is expected to rule in the near future but the case no longer poses the crippling financial threat it once did.

Last year the government reduced its requested "remedy," should it prevail, to $14bn from $130bn.
Analysts expect the ruling to be financially manageable for the industry.

Litigation is not the only issue tobacco investors will be thinking about this Thursday.

Altria reports first quarter results this morning. The consensus forecast is for earnings of $1.27 a share. In the year ago quarter, earnings from continuing operations, including one-time items, were $1.24 a share. Investors will likely focus on Philip Morris International and challenges in Western Europe, particularly Germany and Spain.

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END

Government Computer News

Qui Tam Law: The Whistleblower's Sword

By Wilson P. Dizard III

Thursday, April 20, 2006

Frauds committed against the E-Rate program often are addressed under the federal and state qui tam, or whistleblower, laws.

The laws, which date back to common-law principles established in 13th century England, allow private citizens to recover part of the funds that a company or individual has taken from the government by fraud. Under the federal qui tam law, the government can recover triple damages.

Sometimes the defendant pays only double damages, as a result of cooperating with the government.

The whistleblower, or “relator,” can receive 10 percent to 30 percent of the funds recovered.

The main federal qui tam law—the Federal Civil False Claims Act—dates back to 1863. President Abraham Lincoln sought to enlist private citizens and their attorneys in the struggle against military contractors who sold rancid beef, broken rifles, lame horses, unseaworthy ships and other defective products.

The “Lincoln Law” spawned few cases, however, because of the legal risks and costs whistleblowers faced. Congress further weakened the law in 1943, and it fell into disuse until the military buildup of the 1980s.

By 1985, nine of the top 10 military contractors were under criminal indictment, and Uncle Sam reached for the qui tam hammer again.

With bipartisan support and President Ronald Reagan’s approval, Congress amended the law in 1986 and ushered in a new era of whistleblower activity.

Under the False Claims Act’s qui tam process, a whistleblower collects evidence about a fraud and presents it to the Justice Department in the form of a request for federal intervention in the case.

If Justice’s Civil Division or the local U.S. Attorney’s Office decides that the evidence is strong and the potential recovery large, the government joins the case and usually takes over the probe.

Once the Justice Department gets involved in the case, the investigation is sealed to protect the probe itself, the reputation of the potential defendants and the whistleblower. However, the underlying fraud is not sealed.

After the federal attorneys and the FBI gather more evidence, they generally call in the targets of the investigation for a meeting at which the government presents a summary of the case.

The defendants then have the option of rejecting the government’s offer of a plea bargain and contesting the charges in a trial.

However, defendants usually take the plea bargain, according to attorneys who specialize in the field. As a general rule, Justice attorneys and FBI investigators, as well as the whistleblowers and their lawyers, routinely have collected such conclusive evidence that a courtroom battle would be fruitless and expensive, attorneys say.

Justice does, at times, include criminal counts in its settlement agreements, to which the corporations and individuals plead guilty.

The department also sometimes specifies that corporations who are defendants adopt strict compliance programs and ethics rules.

Justice attorneys generally have their pick of qui tam cases, because the department’s resources for the civil cases are limited and many cases come over the transom. “This isn’t low-hanging fruit, it’s fallen fruit,” said one specialist in the field.

Qui Tam by the Numbers

- Between fiscal years 1987 and 2005, settlements and judgments in favor of the federal government as a result of qui tam, or whistleblower, cases brought under the Federal Civil False Claims Act amounted to $9.6 billion. The cases accounted for 64 percent of all funds recovered under the law.

- The Justice Department’s Civil Division received 5,129 qui tam False Claims Act cases between fiscal year 1987 and 2005. That figure does not include additional, typically smaller cases brought by U.S. attorneys.

- A study of 2,490 closed, unsealed cases showed that they were filed in 92 federal district courts. Health care and procurement fraud cases accounted for about 79 percent of all the cases. Total recoveries in health care cases amounted to just over $5 billion, while total recoveries in procurement cases amounted to $1.6 billion.

- The federal government recovered a median of $784,597 in qui tam cases closed and unsealed between 1987 and 2005. The mean sum recovered was $10 million, which partly reflects the fact that there were 18 cases in which settlements and judgments topped $100 million. Whistleblowers recovered a median of $123,885 from each case in the same period. The mean whistleblower share was $1.7 million.

END

Nash, Stuart (ODAG)

From: Nash, Stuart (ODAG)
Sent: Thursday, April 20, 2006 5:57 PM
To: A. J. Turner; Avergun, Jodi L.; Barrera, Staci; Baxter, John; Brand, Rachel; Braun, Michael A.; Buchanan, David; Burch, Jim; Caballero, Luis (USMS); Carroll, Carson W.; Chip Burrus; Coughlin, Robert; Crews, John (USAEO); Davis, Margaret (USANCE); Donovan, Joseph; Elston, Michael (ODAG); Epley, Mark D; Geffroy, Michael; Gorsuch, Neil M; Grider, Mark (ODAG); Hagy, David; Harris, Greg; Jezierski, Crystal; Macklin, Kristi R; Manning, John; Matz, Harry; McFarland, Steven T (ODAG); McKeown, Matt (ENRD); Mercer, Bill (ODAG); Moore, Miriam (ODAG); Nash, Stuart (ODAG); Peed, Carl; Phillips, Bob; Quinn, Timothy; Rannazzisi, Joseph T.; Roehrkasse, Brian; Roland, Sarah E; Sampson, Kyle; Scolinos, Tasia; Scott, McGregor (USACAE); Seidel, Rebecca; Shores, R. Trent (USAEO); Shults, Frank (ODAG); Sola, Stephen; Swenson, Lily F; Taylor, Jeffrey (OAG); Todd, Gordon (SMO); Toulou, Tracy (USAEO); Vargas, Omar; Voris, Natalie (USAEO); Vroegh, Jerry L.; Walther, Michael; Whitney, Claire (ENRD)
Subject: Anti-Methamphetamine Coordination Subcommittees
Attachments: Memo - Walgreens.wpd; IC Meth Best Pratices.pdf; meth.subcommittees.wpd

All,

Thank you for coming together and contributing to last week's successful Anti-Methamphetamine Coordination Committee meeting. We believe it was a good step in the right direction toward Department coordination. In order to continue this effort, please see the attached Anti-Methamphetamine Coordination Committee Update. The attached has a list of the members on the Subcommittees. Please let us know if you have any questions.

The Demand Reduction Subcommittee will have its first meeting on Friday, April 21, 2006, at 10:00 a.m. The Supply Reduction Subcommittee will have its first meeting on Thursday, May 4, 2006, at 3:00 p.m. More details will be sent out to the individual subcommittee members.

Also, please let us know as soon as possible if you would like to add information to the Department Methamphetamine Initiative. At some point, this may be a scaled-down public document, so we would like to have most--if not all--components represented in the Department Meth Initiative.

As mentioned, we are working on a DOJ Meth Accomplishments report. We need to have a short summary from each component outlining your efforts and/or accomplishments toward combating Methamphetamine. Please include this year's efforts and next year's goals. **The summary paragraphs as well as the monthly reports are needed by COB Monday, May 8, 2005.**

In addition, attached are Meth documents for your files from Greg Scott, USA EDCA and

the Office of Tribal Justice.

If you have any questions or comments please feel free to call Mark Grider at 202-514-8500. Also, on all e-mail responses please include Kristi Macklin.

Thanks.

Stuart Nash
Rachel Brand

FINDINGS AND BEST PRACTICES REGARDING METHAMPHETAMINE ISSUES IN INDIAN COUNTRY

- Federal, tribal, state and local law enforcement should collaborate and coordinate their efforts in addressing public safety issues related to methamphetamine in Indian Country (IC).

- Methamphetamine creates serious issues related to law enforcement, addiction, treatment and prevention. Public safety, public health, judicial and other federal, state and tribal officials should collaborate and coordinate their efforts to address methamphetamine problems. Regular conferences between federal and tribal government representatives regarding issues related to drugs, including methamphetamine, will enhance this effort.

- Regional multi-jurisdictional investigative task forces have proven to be very effective in addressing drug issues, including methamphetamine, in IC. Law enforcement leaders with jurisdiction in IC should consider creating such task forces as means for addressing methamphetamine. The following considerations can enhance the effectiveness of such task forces:

    - Tribal law enforcement officers, the Bureau of Indian Affairs Law Enforcement Officers (BIA) and the Drug Enforcement Agency (DEA) should be included in the task force.

    - Cross-designation of state, local and tribal members of such task forces should be seriously considered. Such cross-designation arrangements effectively overcome jurisdictional uncertainty which is common in IC investigations.

    - Law enforcement leaders should have regular meetings with tribal leaders.

    - Regular meetings should occur between the task force representatives and assigned prosecutors and the affected tribal councils.

    - Prosecutors should work, in conjunction with the task force, to develop confidentiality procedures for task force operations and task force work product.

    - Prosecutors should work, in conjunction with the task force, to develop policies and procedures addressing the sharing of asset forfeiture proceeds with the tribal law enforcement agencies.

- Methamphetamine is a national and international problem. Currently the majority of methamphetamine is manufactured in Mexico and transported from the Southwest Border into and through the rest of the United States, including IC. National intelligence sharing is essential. Law enforcement leaders should develop processes for communicating case-related intelligence to law enforcement agencies working in different jurisdictions.

- Because a successful regional task force will necessarily include law enforcement personnel not accustomed to working in IC, law enforcement leaders should conduct culturally-specific training for task force members. This is recommended so that Native American customs and culture are respected by task force members during law enforcement operations on a reservation.

- Tribal participation in the response to the methamphetamine problem is essential. In addition to the active involvement of tribal law enforcement and public health agencies, tribal courts should be encouraged to develop appropriate responses, such as Drug Courts.

- Drug quantities on reservations are generally smaller than in most non-Indian communities. Investigation and prosecution drug quantity thresholds should be based on a specific investigation or prosecution strategy. Threshold amounts should be adjusted as necessary, based on communication between investigators and prosecutors and the needs of each community.

- Many children in Indian Country and elsewhere are exposed to methamphetamine, leading to a generation of drug endangered children (DEC). These children suffer physical or psychological harm or neglect resulting from exposure to methamphetamine or exposure to dangerous environments where methamphetamine is manufactured or chemicals used to make methamphetamine are accessible. Law enforcement and public health leaders should either initiate DEC Teams in their communities or actively support existing DEC Teams.

- During the past ten years, Mexican drug trafficking organizations have become the dominant methamphetamine manufacturing and distribution group in communities in the Midwest and the West, including IC. These drug trafficking organizations are known to enlist allies from government organizations and/or agencies. Evidence of public corruption in methamphetamine cases should be aggressively investigated.

- Law enforcement leaders should develop plans for methamphetamine lab cleanup in IC and for disseminating information for lab cleanup options to tribal law enforcement.

- Chronic methamphetamine abuse can lead to psychotic behavior including intense paranoia, visual and auditory hallucinations, and out-of-control rages that can result in violent episodes. Law enforcement leaders and regional task forces should work with heath care providers, public service workers and political leaders serving IC to develop safety plans for medical providers, patients, civil servants and the public in public facilities such as hospitals and government buildings.

Thomas B. Heffelfinger
United States Attorney for the
District of Minnesota
Chair, Native American Issues Subcommittee,
Attorney General's Advisory Committee
February 20, 2006

DOJ_NMG_0026238

United States Attorney's Office
Western District of Oklahoma

Memorandum

Subject: **DRAFT** **Pseudoephedrine Case Summary** **- Walgreens Settlement**	**Date:** **August __, 2005**

To: Michael Battle
Director, EOUSA
Jeff Parras
Counsel to Director Staff
cc: Sheldon Sperling, U.S. Attorney EDOK
Dave O'Melia, U.S. Attorney NDOK
Matt Orwig, U.S. Attorney EDTX

From: Robert J. Troester
FAUSA WDOK

DRAFT

Last week at the AGAC meeting, it was mentioned that EOUSA might be putting together a list of Top 20 Cases to highlight our efforts in the fight against methamphetamine. I provide you below with the summary of our recent settlement with Walgreens Co. for possible inclusion in that list as it presents a significant story on how one case and the joint effort of four districts has changed the way the nation's largest drugstore chain and its 4,859 stores operating in 45 states handles pseudoephedrine. This case was the joint effort of the United States Attorneys from the Eastern, Northern and Western Districts of Oklahoma and the Eastern District of Texas.

1. Background

In response to the ever -increasing methamphetamine in Oklahoma, in April 2004, Oklahoma lawmakers classified pseudoephedrine as a Schedule V drug and required that pseudoephedrine-based pill and tablet products were required to be sold only in licensed pharmacies and required that these items be kept behind store counters. 63 Okla. State. Ann. § 2-212. Pill and tablets that are dispensed, sold or distributed in a pharmacy were to be sold under the supervision of a licensed pharmacist or a registered pharmacy technician. Moreover, any person purchasing such product would be required to produce photo identification showing the person's date of birth and must sign a written log, receipt, or other program or mechanism approved by the Oklahoma Bureau of Narcotics and Dangerous Drugs Control (OBN), showing the date of the transaction, name of the person, and the amount of the product purchased. In addition, no person was allowed to purchase, receive or otherwise acquire more than nine grams of a pseudoephedrine-based product within any thirty-day period (approximately 10 boxes), unless the product was prescribed by a physician. The law created a rebuttable presumption that any person possessing more than nine grams of a pseudoephedrine-based product has the intent to use the product to manufacture methamphetamine or another controlled substance. 63 Okla. State. Ann. § 2-332A. The law was passed in April 2004.

According to OBN statistics, in the 15 months prior to the passage of the Oklahoma law in April 2004, there were 1,338 meth labs were seized. In the 15 months since the law was passed, only 349 meth labs were seized – a reduction of 74%. The law was having a positive

effect.

However, one area of the state was not showing a decrease of meth activity. That area centered around Enid, Oklahoma.

2. Enid, Oklahoma - Walgreens

In July 2004, Enid Police Department Patrolman Jason Priest was called to Walgreen's Pharmacy to investigate a call of two women suspected of shoplifting. Each of the women bought a box of cold medicine containing pseudoephedrine. Priest then used the pharmacy's logbook to identify the two women and realized he recognized a lot of the names in the logbook as being involved with local meth distribution. Officer Priest realized that the log books from all local pharmacies would provide possible insight into local meth activity. After making copies of the logbooks from all pharmacies in Enid, Priest began creating a database of the names in the logbooks. By November 2004 he had identified 150 individuals who had purchased pseudoephedrine exceeding the limits allowed by the new Oklahoma law.

On January 27, 2005, the Enid police launched early morning raids based upon his logbook work, netting a total of 19 arrests with 93 felony charges and six misdemeanor charges. On June 23, 2005, another early morning raid was launched. This time the bust yielded 16 arrests and a total of 73 felony drug charges. All told, the logbook investigations have resulted in charges against 73 defendants, 101 cases, seizure of more than $10,000 and two vehicles, 16 major charges, 23 charges of possession of methamphetamine, 10 labs seized, and 10 charges of possession with intent to distribute.

What was evident from both the logbooks and statements of the arrested individuals was that the Walgreens store in Enid was not complying with the Oklahoma law to monitor the logbooks and limit pseudoephedrine sales.

In September 2004, the OBN advised a Walgreens representative that they needed to comply with the new law. In October 2004, the Deputy General Counsel for the OBN told a Walgreens representative that the company had a duty to guard against diversion by monitoring their logs. In December 2004, the Director of OBN advised Walgreens that they needed to comply with monitoring requirements. In December 2004, the Director of the Oklahoma Pharmacy Board also advised Walgreens that they were responsible for the monitoring of the sale of pseudoephedrine in their stores.

In early 2005, DEA and OBN agents began an investigation of Walgreens compliance with federal and state law. The investigation revealed the following:

a. Undercover investigations revealed that thirty-five (35) Oklahoma Walgreen's stores permitted purchases of over nine (9) grams of regulated pseudoephedrine-based products during a thirty day period.

b. A review of the pseudoephedrine purchase logs of all sixty-five (65) Oklahoma Walgreen's stores demonstrated that sixty-one (61) stores sold regulated pseudoephedrine-based products to individuals in excess of nine (9) grams during a thirty day period.

c. A review of the pseudoephedrine purchase logs of all sixty-five (65) Oklahoma

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Walgreen's stores demonstrated that fifty-eight (58) stores failed on several occasions to record the amount of pseudoephedrine sold during a regulated transaction. This failure makes it impossible to determine whether the sale resulted in a violation of the statutory standard. During a ninety day period one store failed to record the amount sold during a regulated transaction three hundred and thirty-two (332) times.

d. A review of the pseudoephedrine purchase logs of all sixty-five (65) Oklahoma Walgreen's stores demonstrated that a majority of the stores routinely omitted the date of sale or purchaser information (first or last name, ID number, date of birth).

e. A review of the pseudoephedrine purchase logs of the Walgreen 's in Enid, Oklahoma revealed numerous record keeping violations. The store omitted the quantity of sale eight hundred and eighty-four (884) times. Required purchaser identifying information was omitted on seventy-two (72)occasions. Two sales were made to individuals under the age of eighteen (18). One sale was made to an individual who signed his name as "Buggs Bunny."

f. A review of the pseudoephedrine purchase logs of all sixty-five (65) Oklahoma Walgreen's stores demonstrated that sales in violation of Oklahoma and federal regulatory limits were made to twenty-three (23) individuals with prior charges for manufacture of controlled substances and sixty-three (63) individuals with prior charges for distribution or possession of controlled substances. These individuals were in addition to the seventy-three (73) persons charged as a result of the sales in the Enid, Oklahoma Walgreens location.

g. Reflecting the corporation's reckless attitude toward the regulatory requirements and the maintenance of the pseudoephedrine purchase logs, a PowerPoint presentation produced by corporate officials in 2004, stated that "it is now no longer the responsibility of the pharmacist or pharmacy technician to attempt to ensure that persons have purchased 9gm or less within any 30-day time period."

h. During a discussion with a DEA investigator in January 2005, a Walgreen's pharmacist stated, "I was told not to enforce the law," and "I don't like the law, it's not my job to monitor cold medicine, that's what Walgreen's has told us."

i. During September 2004, the Walgreen's store in Enid, Oklahoma sold 1,604. grams of pseudoephedrine (not including 144 sales in an unrecorded amount). During the same period, similarly situated competitors in Enid, Oklahoma sold no more than 365 grams of pseudoephedrine.

3. Eastern District of Texas

At the time of the Oklahoma Walgreens investigation, an civil investigation was open in the Eastern District of Texas regarding the sale of pseudoephedrine by a Walgreens in Denton,

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Texas.

In April 2002, local Texas law enforcement and the DEA served a search warrant on a suspected clandestine lab site. Recovered from the lab site were over 50,000 tablets of pseudoephedrine and receipts from the Denton Walgreens store. The Denton Police Department obtained the surveillance video of April 4, 2002 from Walgreen #05161. The video tape showed one of the individuals who had been arrested during the service of the April search warrant entering the store on two separate occasions, once at midnight and the second time at 5:00 a.m., and making multiple purchases of pseudoephedrine, spending approximately $28,000.00 cash.

During April and May of 2002, the DEA interviewed employees of the Walgreens store. Low level employees stated that they were suspicious of the sales being made, because the cash register system notifies the cashier that an excessive purchase has been made. Employees stated when they brought this to management's attention, they were instructed to continue to make the sales as long as the customers were paying cash. Further, they were instructed, if there is not enough PSE in stock, have the customer call in advance and as much as they needed would be ordered.

Walgreens corporate management was notified that continued sales of his type would be considered violations of federal law. Walgreens assured investigators that such sales would not continue. However, on March 31, 2003, Denton Police participated in another investigation of a clandestine lab, from which approximately 50,000 tablets of pseudoephedrine had been recovered – including receipts of purchase from this Walgreens store.

4. Federal Case and Settlement

On May 3, 2005, the United States Attorney for the Western District of Oklahoma sent Walgreens a contact letter and began negotiations in reaching a civil resolution on behalf of all three districts in Oklahoma and the EDTX. The federal action was premised on a civil action alleging not less than thirty separate counts of statutory violations against Walgreens pursuant to Title 21 U.S.C. §§ 842 (a)(11), and a pattern and corporate practice of distribution of a laboratory supply (pseudoephedrine) to persons who used, or attempted to use, the laboratory supply to manufacture methamphetamine. In addition, it was alleged that Walgreen's sales of laboratory supply material were in reckless disregard for the illegal use of that laboratory supply.

On July 28, 2005, a settlement agreement was finalized between Walgreens Co. and the United States (by the U.S. Attorneys for the WDOK, EDOK, NDOK and EDTX, and the DEA) and the OBN. In that agreement, Walgreens agreed to pay a penalty of $1,333,333.00 cash payment to resolve civil claims by the United States and the State of Oklahoma that Walgreens sold pseudoephedrine products in violation of both the federal and state laws. In addition, Walgreens entered into compliance obligations to implement an electronic monitoring system for pseudoephedrine sales throughout Oklahoma and also in the EDTX estimated to cost in excess of $1 Million, to issue a revised "Pseudoephedrine Compliance Policy" to all of its stores, to provide compliance reports to the government and to arrange for an independent monitor to conduct performance checks of compliance through 2008.

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5. Change in National Practice and Policy for Walgreens

One week after the settlement, on August 5, 2005, Walgreens issued its own press release (found on the Walgreens website) announcing that it would move all products containing pseudoephedrine , including liquids and gels, behind the pharmacy counter by the end of October – **and that the policy would apply to all stores nationwide**. Walgreens cites to its own concern for the meth abuse problem facing many communities as the motivation behind this national policy change.

The Walgreens case resulted in a change of practice and policy for the nation's largest drugstore chain and its 4,859 stores operating in 45 states.

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Department of Justice Anti-Methamphetamine Coordination Committee

UPDATE

1. Demand Reduction Subcommittee

Coordinator: OLP

Kristi Macklin and John Manning (OLP)

Contributors: DEA, OJP, BOP, EOUSA, OTJ, COPS, OPA, OIPL, NDIC

Initial Meeting:

Friday, April 21, 2006 at 10:00 a.m.

2. Supply Reduction Subcommittee

Coordinator: CRM/DEA

Mike Geffroy (CRM)/Michele Leonhart, Jodi Avergun, Michael Braun, and Joe Rannazzisi (DEA)

Contributors: OJP, ENRD, FBI, ATF, BOP, EOUSA, OTJ, COPS, OIPL, USMS, USAO-EDCA, NDIC

Initial Meeting:

Thursday, May 4, 2006 at 3:00 p.m.

Macklin, Kristi R

From: Macklin, Kristi R
Sent: Thursday, April 20, 2006 7:49 PM
To: Nash, Stuart (ODAG); 'A. J. Turner'; Avergun, Jodi L.; Barrera, Staci; Baxter, John; Brand, Rachel; Braun, Michael A.; Buchanan, David; Burch, Jim; Caballero, Luis (USMS); Carroll, Carson W.; 'Chip Burrus'; Coughlin, Robert; Crews, John (USAEO); Davis, Margaret (USANCE); Donovan, Joseph; Elston, Michael (ODAG); Epley, Mark D; Geffroy, Michael; Gorsuch, Neil M; Grider, Mark (ODAG); Hagy, David; Harris, Greg; Jezierski, Crystal; Manning, John; Matz, Harry; McFarland, Steven T (ODAG); McKeown, Matt (ENRD); Mercer, Bill (ODAG); Moore, Miriam (ODAG); Peed, Carl; Phillips, Bob; Quinn, Timothy; Rannazzisi, Joseph T.; Roehrkasse, Brian; Roland, Sarah E; Sampson, Kyle; Scolinos, Tasia; Scott, McGregor (USACAE); Seidel, Rebecca; Shores, R. Trent (USAEO); Shults, Frank (ODAG); Sola, Stephen; Swenson, Lily F; Taylor, Jeffrey (OAG); Todd, Gordon (SMO); Toulou, Tracy (USAEO); Vargas, Omar; Voris, Natalie (USAEO); Vroegh, Jerry L.; Walther, Michael; Whitney, Claire (ENRD); Cooper, Mary Irene
Cc: Martinson, Wanda
Subject: RE: Anti-Methamphetamine Coordination Subcommittees

There is an error on the date of the demand reduction subcommittee. It will meet on **Friday, April 28** at 10 am. An invitation with location will be sent shortly.

From: Nash, Stuart (ODAG)
Sent: Thursday, April 20, 2006 5:58 PM
To: A. J. Turner; Avergun, Jodi L.; Barrera, Staci; Baxter, John; Brand, Rachel; Braun, Michael A.; Buchanan, David; Burch, Jim; Caballero, Luis (USMS); Carroll, Carson W.; Chip Burrus; Coughlin, Robert; Crews, John (USAEO); Davis, Margaret (USANCE); Donovan, Joseph; Elston, Michael (ODAG); Epley, Mark D; Geffroy, Michael; Gorsuch, Neil M; Grider, Mark (ODAG); Hagy, David; Harris, Greg; Jezierski, Crystal; Macklin, Kristi R; Manning, John; Matz, Harry; McFarland, Steven T (ODAG); McKeown, Matt (ENRD); Mercer, Bill (ODAG); Moore, Miriam (ODAG); Nash, Stuart (ODAG); Peed, Carl; Phillips, Bob; Quinn, Timothy; Rannazzisi, Joseph T.; Roehrkasse, Brian; Roland, Sarah E; Sampson, Kyle; Scolinos, Tasia; Scott, McGregor (USACAE); Seidel, Rebecca; Shores, R. Trent (USAEO); Shults, Frank (ODAG); Sola, Stephen; Swenson, Lily F; Taylor, Jeffrey (OAG); Todd, Gordon (SMO); Toulou, Tracy (USAEO); Vargas, Omar; Voris, Natalie (USAEO); Vroegh, Jerry L.; Walther, Michael; Whitney, Claire (ENRD)
Subject: Anti-Methamphetamine Coordination Subcommittees

All,

Thank you for coming together and contributing to last week's successful Anti-Methamphetamine Coordination Committee meeting. We believe it was a good step in the right direction toward Department coordination. In order to continue this effort, please see the attached Anti-Methamphetamine Coordination Committee Update. The attached has a list of the members on the Subcommittees. Please let us know if you have any questions.

The Demand Reduction Subcommittee will have its first meeting on Friday, April 21, 2006, at 10:00 a.m. The Supply Reduction Subcommittee will have its first meeting on Thursday, May 4, 2006, at 3:00 p.m. More details will be sent out to the individual subcommittee members.

Also, please let us know as soon as possible if you would like to add information to the Department Methamphetamine Initiative. At some point, this may be a scaled-down public document, so we would like to have most--if not all--components represented in the Department Meth Initiative.

As mentioned, we are working on a DOJ Meth Accomplishments report. We need to have a short summary from each component outlining your efforts and/or accomplishments toward combating Methamphetamine. Please include this year's efforts and next year's goals. **The summary paragraphs as well as the monthly reports are needed by COB Monday, May 8, 2005.**

In addition, attached are Meth documents for your files from Greg Scott, USA EDCA and the Office of Tribal Justice.

If you have any questions or comments please feel free to call Mark Grider at 202-514-8500. Also, on all e-mail responses please include Kristi Macklin.

Thanks.

Stuart Nash
Rachel Brand

<< File: meth.subcommittees.wpd >>

<< File: Memo - Walgreens.wpd >> << File: IC Meth Best Pratices.pdf >>

USDOJ- Office of Public Affairs

From:	USDOJ- Office of Public Affairs
Sent:	Friday, April 21, 2006 8:23 AM
To:	USDOJ- Office of Public Affairs
Subject:	Attorney General's News Briefing for Friday, April 21, 2006
Attachments:	agnb060421.pdf; agnb060421.doc

THE ATTORNEY GENERAL'S NEWS BRIEFING

PREPARED FOR THE OFFICE OF PUBLIC AFFAIRS, U.S. DEPARTMENT OF JUSTICE

TO: THE ATTORNEY GENERAL AND SENIOR STAFF

DATE: FRIDAY, APRIL 21, 2006 7:45 AM EDT

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TERRORISM NEWS:

Moussaoui Prosecutors Stipulate Reid Role In 9/11 "Highly Unlikely." At the sentencing trial of Zacarias Moussaoui yesterday, the defense rested after calling more 9/11 victims' family members to the stand, and psychiatrist Raymond Patterson testified in the government's rebuttal that Moussaoui is not a paranoid schizophrenic. However, most press coverage focused on the written stipulation in which the prosecution acknowledged that it is "highly unlikely" al Qaeda intended shoe-bomber Richard Reid to play a role in 9/11.

NBC Nightly News (4/20, story 3, 2:45, P. Williams, 9.87M) reported, "The jury has how heard from 13 family members as defense witnesses, including the sister of Jeremy Glick and the mother of Mark Bingham, two men who helped lead the passenger revolt on Flight 93." In the Reid stipulation, "the government said there's no evidence that Reid was ever instructed by al Qaeda leadership to conduct an operation with Moussaoui. Reid named Moussaoui the beneficiary in his will, something the FBI says he would not have done if the two were to be part of the same suicide operation."

Under the headline "Moussaoui, Shoe Bomber Link Called 'Highly Unlikely' by FBI," The Washington Post (4/21, A3, Markon, Dwyer, 744K) adds, "It was unclear how the FBI's analysis would resonate with jurors and whether it would raise questions about the truthfulness of Moussaoui's testimony. Jurors will start deliberating Monday." FBI spokesman Richard Kolko "would not comment beyond the stipulation. Prosecutors declined to comment." The AP (4/21, Sniffen) also notes, "Reid named Moussaoui as the beneficiary in his will and two FBI analysts concluded that was an unlikely decision for him to make if they were going to be on a joint suicide mission, the statement said.

The New York Times (4/21, Lewis, 1.19M) reports, "The significance of the document is that the Justice Department has now acknowledged that the government's principal investigators on the case are highly skeptical of an important part" of Moussaoui's testimony about his role in 9/11," which "was widely viewed as an important element in persuading the jury to find him eligible for the death penalty." CNN's The Situation Room (4/20, Blitzer) similarly noted that the stipulation about Reid "could make the difference on whether the confessed al Qaeda conspirator gets the death penalty."

The Los Angeles Times (4/21, Serrano, 958K) and Bloomberg (4/21, Arthur, Elsibai) also report on the stipulation and testimony from victims' family members.

FBI Review Raises Questions In Detroit Terror Case. The AP (4/20, Solomon) reports, "A new FBI analysis of evidence in a bungled Detroit terrorism trial undercuts the recent indictment of the former prosecutor in the case, creating fresh conflict in a legal drama that has embarrassed the Bush administration." The AP continues, "The 13-page report by FBI Agent Paul George concludes that satellite photos of a Jordanian hospital closely match hand-drawn sketches found in 2001 inside the apartment of four Detroit men who the government claimed had surveyed the site as part of a terrorist plot. … The new analysis conflicts with the Justice Department's argument that photographic evidence did not match the sketches." The AP adds, "George testified at the 2003 Detroit terrorism trial and produced the new analysis around the time he was called to testify late last year before a grand jury that eventually indicted the prosecutor for wrongdoing in the case, officials said. The agent's report was obtained by The Associated Press. … Convictions of three of the four Detroit men — arrested shortly after the Sept. 11 attacks — were tossed out in 2004 after the Justice Department told the court its own prosecutors withheld photos from defense lawyers that could have helped prove the defendants innocence. … Last month, former Assistant U.S. Attorney Richard G. Convertino and a State Department investigator were indicted on charges they conspired at the trial to withhold the pictures because they would have shown that the drawings were not surveillance sketches of the hospital, as Convertino and trial witnesses had portrayed. … Department officials said they were aware of George's report, but remained confident they could prove the ex-prosecutor and the State Department official lied about the existence of the photos, which were e-mailed to Convertino before the trial and were not turned over to defense lawyers. Convertino said he never saw the e-mail or photos. … 'The pending prosecution is not about the guilt or innocence of the defendants' in the original terror case, Justice spokesman Bryan Sierra said. 'This is about lies

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perpetrated by a federal prosecutor and a federal agent, as alleged in the indictment. It's about perjury and the integrity and fairness of the judicial system.'"

The Detroit News (4/21, Egan) notes Convertino lawyer Jeffrey Del Fuoco said, "It's extremely damaging to the government's case. They were in possession of this information prior to bringing this indictment and they brought it anyway." However, DOJ spokesman Bryan Sierra noted, "The pending prosecution is not about the guilt or innocence of the defendants. This is about lies perpetrated by a federal prosecutor and a federal agent, as alleged in the indictment."

Number Of Terror Attacks Rose "Dramatically" In 2005. Knight Ridder (4/20, Strobel) reports that the number of terrorist attacks documented by US intelligence agencies increased dramatically in 2005, according to counterterrorism officials and documents obtained by Knight Ridder. According to Knight Ridder, the number attacks crossed 10,000 for the first time in 2005. Knight Ridder adds, "Officials caution that much of the increase, due to be reported publicly next week, stems from a change last year in how terror attacks are counted, coupled with a more aggressive effort to tally such violence worldwide. But the documents say, and officials confirm, that some of the rise is traceable to the war in Iraq, where foreign terrorists, a homegrown insurgency and sectarian strife have all contributed to political bloodshed."

List Of Guantanamo Detainees Sparks Outcry. In the wake of the Pentagon's release of a secret list of names and nationalities of 558 people held at the US military prison at Guantanamo Bay, the AP (4/20, Garwood) reported that a "chorus of complaints against the Bush administration." Britain "said its citizen should be freed after being held for years without charges. Afghanistan's peace and reconciliation commission vowed to send a delegation to the prison to make sure Afghans are not being mistreated. China demanded custody of a group of Muslim separatists so it can prosecute them on terrorism charges." The AP adds, "About 490 detainees from about 40 countries are now at the base. The Red Cross — the only outside agency the United States has allowed to visit the detainees — previously had access to the list but was not allowed to make it public."

Accused Enemy Combatant's Case Gets Increased Attention. The Washington Post (4/21, A3, Eggen, 744K) says Ali Saleh Kahlah al-Marri, the last man held as an enemy combatant on US soil, "is poised to take center stage in the ongoing fight over presidential powers in a time of war." The Qatari national, who is accused of being an al Qaeda sleeper, "has been held in a military brig in South Carolina since June 2003. … He is challenging the government's right to hold him as an enemy combatant." The Post adds that "a remarkable document filed in federal court in South Carolina this month," portrays Marri "as an important terrorist soldier who trained for more than a year at al-Qaeda camps. … Marri's attorneys dismiss the newly disclosed allegations as 'triple hearsay evidence' inadmissible in court and say many of them may have been obtained through torture."

Hayat Trial Judge Tells Jurors Not To Consider Cash Transfer "Material Support." The Sacramento Bee (4/21, Korber, 301K) reports, "The federal judge in the Lodi terrorism case instructed deliberating jurors Thursday they were not to consider a proposed transfer of cash as evidence that Hamid Hayat provided material support to terrorism. … In a hearing out of the jury's presence, the judge said he had studied the indictment and concluded that the reference to 'tangible or intangible property or service' should be stricken from the instruction. Attorneys for both the prosecution and the defense agreed." The Stockton Record (4/21, Hood) also reports on the material support ruling and adds, "Hamid Hayat's jurors sent U.S. District Judge Garland E. Burrell Jr. a note Thursday asking if FBI agents were required to read Hayat his constitutional rights before questioning him at his home on June 3. According to defense attorney Wazhma Mojaddidi, Burrell replied in the telephone conference that it's not a matter for jurors to decide."

Georgia Tech Student Indicted For Allegedly Attending Pakistan Terror Camp. The Atlanta Journal-Constitution (4/21, Torpy, 430K) reports Georgia Tech engineering student Syed Haris Ahmed "has been charged with giving 'material support' to a terrorist organization," and "the FBI believes he attended a training camp in Pakistan last year, sources say. He was in religious school there, his family says." Ahmed pleaded not guilty to the charge on Wednesday, US Magistrate Joel Feldman ordered him held without bail. "Gregory Jones, FBI Special Agent in Charge of the Atlanta office, would not say what

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started the investigation." The AJC adds, "In a separate case that may be related, a 19-year-old Roswell man was arrested Monday in Bangladesh. Ehsanul Islam Sadequee was arrested by Bengali authorities after at least eight months of federal investigation of him and his family, his sister…said Thursday." The New York Times (4/21, Goodman, 1.19M) notes Jones said at a press conference yesterday, "This case will be very seminal to those goals we've set to thoroughly investigate any information brought to our attention. We want to get it well before the point that somebody puts a bomb in a car."

The AP (4/21) adds that Jones said, "Let me assure you that at no time were we aware of an immediate dangers to the Atlanta area of the United States." Although "officials said the investigation of Ahmed was unrelated to other terrorism investigations," Sadequee's family "said they had been contacted recently by a man resembling the Georgia Tech student, who said he had been questioned by the FBI." CNN.com (4/20) reports, "U.S. law enforcement sources confirmed Thursday that Sadequee's arrest was linked to Ahmed's arrest by the FBI last month."

Former Salah Attorney Testifies About Harsh Israeli Interrogation Techniques. The AP (4/21, Burghart) reports, "Suspects subjected to days of interrogation techniques used by Israeli security agents often will do whatever necessary to put a stop to their 'desperate situation,' according to an attorney who testified Thursday in a hearing in the case of his former client, Muhammad Salah," who "is accused of laundering money to finance terrorist operations by…Hamas." Israeli defense and human rights lawyer Avigdor Feldman "testified that Salah told him while in custody he was forced to wear a foul-smelling hood, deprived of sleep, made to sit in an awkward position in a tiny chair with uneven legs and kept in a cell so cold it was called 'the refrigerator.' Salah said Israeli security agents told him he could be held indefinitely if he did not confess and that FBI agents in the United States would harm his family back home, Feldman said."

EU Official Sees No Evidence Of Secret CIA Flights. The EU's anti-terrorism coordinator said yesterday that investigators have found n o evidence that the CIA moved prisoners through European airports en routs to secret detention centers. USA Today (4/21, 2.31M) reports, "Gijs de Vries told a European Parliament committee that investigators have not identified any human rights violations, despite more than 50 hours of testimony by human rights activists and individuals who claimed to have been abducted by U.S. intelligence agents."

The New York Times (4/21, Bilefsky, 1.19M) reports that de Vries "came under criticism from some legislators who called the hearing a whitewash. Kathalijne Buitenweg, a Dutch member of Parliament from the Green Party, said that even without definitive proof, 'the circumstantial evidence is stunning.'"

HOMELAND RESPONSE:

Negroponte Defends First Year As DNI. Director of National Intelligence John Negroponte yesterday defended his first year on the job, saying he has made progress integrating the 16 agencies of the US intelligence community and adding that "remaking a loose confederation into a unified enterprise" will take time. The Washington Post (4/21, A7, Pincus, 744K) reports, that Negroponte speaking at the National Press Club, "said he has instituted 'institutional innovations, most of which are system-wide procedural improvements' designed to 'optimize the community's total performance.'"

Negroponte Reveals Number Of US Intelligence Workers. ABC World News Tonight (4/20, story 8, :25, Vargas, 8.78M) reported, "We learned something today, that was previously secret about how many people work for US intelligence around the world. John Negroponte, the Director of National Intelligence, gave a speech in Washington, on his first anniversary in that newly-created post. And Negroponte revealed that the intelligence community includes almost 100,000 Americans in 16 Federal Departments and agencies. He added that public understanding is important."

Negroponte Suggests US Is No Closer To Finding Bin Laden. The Los Angeles Times (4/21, 958K) reprints a Chicago Tribune (Hedges, 643K) story that reported that Negroponte "suggested that the US government was no closer to apprehending Al Qaeda chief Osama bin Laden, although he said Bin Laden's ability to operate had been significantly reduced." The Times adds that Negroponte "declined to discuss specific criticism of his office or the agencies that report to him."

Ignatius Says Bush Administration Has Made US Intelligence Problems Worse. David Ignatius writes in the Washington Post (4/21, A23, 744K) that a reorganization of the

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US intelligence community that was "supposed to bring greater coordination has instead produced a layering of responsibilities and bureaucratic confusion. A demoralized CIA that needed professional management is chafing under a Republican former congressman who has proved to be the most political and ineffective director in the agency's history." Ignatius adds, "Look at the organizational chart of the new Office of the Director of National Intelligence and you wonder if America has become a Third World country with a rival intelligence agency for each patch of turf." Ignatius concludes, "You would have thought it was impossible to make our intelligence problems even worse, but the Bush administration has accomplished that. This is a dangerous situation for the country, and it needs to be fixed, now."

Chertoff Vows To Redirect DHS Grant Spending. Homeland Security Director Michael Chertoff has promised to redirect grant spending based on risk of a terrorist attack aid word that fire departments are using DHS grants to buy gym equipment, sponsor puppet and clown shows and turn first responders into fitness trainers. The Washington Times (4/21, Hudson, 90K) reports, "The spending choices are allowable under the guidelines of the Assistance to Firefighters grant administered by the Homeland Security Department, which has awarded nearly 250 grants since February totaling more than $25 million out of the current spending pot of $545 million. … The Bush administration has specifically asked Congress not to allow funding for physical fitness, but the members who run Congress' appropriation committees keep inserting the language into the department's budget, officials say."

TSA Says 20 Airports Will Start "Registered Traveler" Programs. The TSA said yesterday that only 20 airports will be allowed to start so-called "registered traveler" programs that speed trusted travelers through airport security. USA Today (4/21, Frank, 2.31M) reports, "The TSA imposed the limit so it can test technology needed for the program's goal: a nationwide network of airports offering pre-screened passengers a fast pass through security. Airports could start the program as early as this summer when TSA begins approving applications, agency chief Kip Hawley said. Once 20 airports are approved, no more will be added until TSA finishes a year of taking public comment on Registered Traveler and refining the program."

The Wall Street Journal (4/21, Zhang, 2.11M) repots, "Participating airports will be chosen based on factors such as passenger volume, security measures, layout of airports and checkpoint configurations. The agency expects to roll out the program by June 20 and make a final rule for its expansion nationwide next year."

Security Test Glitch Causes Massive Delays At Atlanta Airport. ABC World News Tonight (4/20, story 9, :30, Vargas, 8.78M) reported, "There were massive delays at Atlanta's Hartsfield-Jackson Airport, after security screeners spotted what looked like a bomb on an X-ray machine yesterday. The security system was shut down when she was unable to locate the bag involved. Today, officials said it was a test. But because of a computer glitch, the screener didn't know. And therefore, all the confusion and delays ensued."

Pataki Adviser Says Planned Ground Zero Memorial Is "Attractive Target." James Kallstrom New York Gov. George Pataki's senior adviser for counterterrorism has concluded that the design for a memorial at ground zero leaves is vulnerable to terrorist attack. The New York Times (4/21, Dunlap, 1.19M) reports that Kallstrom said the memorial is an "attractive target" and has "called on the architects to consider revising several critical aspects." Kallstrom's findings "were laid out in a confidential letter to the Lower Manhattan Development Corporation, dated March 3. A copy of the six-page letter was mailed anonymously to The New York Times and received this week. There was no way to assess the sender's motives."

GAO Audit Says $7.8 Million Wasted On Portable Classrooms For Katrina Zone. The AP2 (4/21, Yen) reports the government "overpaid by 20 percent on a $39.5 million, no-bid Hurricane Katrina contract for portable classrooms because the Army Corps of Engineers passed up chances to negotiate a lower price, a federal audit says." A draft Government Accountability Office report "on the contract with Akima Site Operations LLC, a subsidiary of an Alaska Native-owned firm, said the government wasted at least $7.8 million on the classrooms in Mississippi. It's the latest in a series of audits detailing waste of hundreds of millions of taxpayer dollars in the hurricane recovery effort."

GAO Report Criticizes SBA Response To Hurricane Katrina. The New York Times (4/21, Nixon, Eaton, 1.19M) reports the Government Accountability Office says "the federal

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government's main program for helping the victims of Hurricane Katrina rebuild their homes and businesses, operated by the Small Business Administration, has been plagued by inadequate leadership and poor planning." The GAO "found that the agency was hampered in its hurricane response by its failure to participate in disaster drills and to prepare for a disaster of the hurricane's magnitude, according to written testimony and briefings it has given Congressional committees." SBA says "it has approved more than $8.3 billion in loans to more than 126,000 homeowners, renters and business owners and that it has processed 90 percent of the 2.4 million loan applications it has received since the hurricanes. More than 40 percent of the applications were approved, according to agency data." But Congressional critics "say the agency actually rejected close to 70 percent of applicants, and that so far only a small amount of loan proceeds — about $336 million — has gotten into the hands of disaster victims."

NYTimes Says Katrina Highlights Need For Relocation, Medical Care. The New York Times (4/21, 1.19M) says in an editorial that the lessons of Hurricane Katrina "have highlighted two important ways that the country will need to change its disaster relief before the next hurricane season begins in June. The federal government must do a better job of relocating evacuated families into permanent homes in functional communities instead of into hotels and trailer parks. And the authorities need to provide ongoing medical care for the displaced."

New Orleans Mayoral Race Comes Down To Three Candidates, Race. USA Today (4/21, Axtman, 2.31M) reports on the "eve of the election — one of the most unusual for a major city in U.S. history — it comes down to this. The black incumbent and two white challengers are locked in a tight contest where race is playing a dominant role." The outcome is "unpredictable. About the only thing that political observers agree on is that a runoff election looks inevitable." Two Tulane University political scientists "released a poll this week. It showed Louisiana Lt. Gov. Mitch Landrieu leading with 25.9% of the respondents' vote. Mayor Ray Nagin was second with 21.4%." Ron Forman, "president of the Audubon Nature Institute, took third with 17.9%." What is "making things difficult, says Brian Brox, one of the Tulane pollsters, is that over 17% of respondents say they are still undecided. Another 17.3% are voting for one of the other 20 candidates who are also on the ballot. Most of those candidates are political newcomers." Political experts "predict that no one will get a majority vote and the race will end up in a runoff on May 20."

The Wall Street Journal (4/21, Dade, 2.11M) reports "efforts to bus thousands of displaced African-American voters from Atlanta, Houston and other southern cities back to their hometown appear to be faltering -- a development that could hurt incumbent Ray Nagin in a tightly contested mayoral race." Whether Nagin "advances to a potential runoff next month could well turn on which and how many displaced residents return to vote. If Mr. Nagin fails, the margin of defeat may be found in the missing votes of those who were too consumed with piecing their lives together elsewhere to make the trek back to New Orleans." The Journal also reports the results of the Tulane University poll.

DNC Members To Repair Hurricane Damage During New Orleans Meeting. The AP (4/20, Sidoti) reports members of the Democratic National Committee "plan to clean out hurricane-ravaged homes in this slowly recovering city, a project designed to highlight the party's criticism of the Bush administration." The choice "of New Orleans for the Democratic National Committee meeting that begins Thursday was part of a political calculation, as is a three-day agenda for the 400 delegates that combines party business with community service." Democratic strategist Steve McMahon said, "It's reinforcing an impression that is widely held among the public and one that will be a critical theme for Democrats across the country — namely that this administration is dangerously incompetent."

WAR NEWS:

Al-Jaafari Drops Bid To Remain Iraqi Prime Minister. In a move that potentially could break the logjam preventing the formation of the Iraqi government, Shiite politician Ibrahim al-Jaafari announced he would not seek an additional term as prime minister. The CBS Evening News (4/20, story 6, 0:15, Schieffer, 7.66M) reported, "The political logjam that has blocked formation of a unity government in Iraq may have finally broken today." ABC World News Tonight (4/20, story 2, :30, Vargas, 8.78M) says "there's one giant note of caution. At times, in the past, al-Jaafari has not kept his word."

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USA Today (4/21, Johnson, 2.31M) reports Jaafari said in a televised address, "The one thing I cannot compromise is my dedication to this heroic people. … I cannot allow myself to be an obstacle, or appear to be an obstacle to that." The Washington Times (4/21, Behn, 90K) reports Jaafari's "change of heart came after a series of meetings with Iraq's most powerful Shi'ite cleric Grand Ayatollah Ali al-Husseini al-Sistani, United Nations envoy Ashraf Qazi and radical cleric Muqtada al-Sadr."

The Financial Times (4/21, Negus) notes the announcement "was followed by the postponement of a planned session of parliament, delayed until Saturday, to allow members of the UIA to vote for leadership candidates, including a prime minister." President Jalal Talabani "predicted that key posts could be filled within days." The New York Times (4/21, Semple, Oppel, 1.19M) says "leaders from each of Iraq's main factions -- Sunni Arab, Shiite and Kurd -- called the decision a breakthrough."

The Washington Post (4/21, A14, Hernandez, Sebti, Ibrahim, 744K) reports, "Among the people mentioned as alternatives to Jafari are two members of his Dawa party: Jawad al-Maliki, its spokesman, and Ali al-Adeeb, a prominent politician whose ties to Iran disturb many Sunni Arabs." The AP (4/21, Reid), Los Angeles Times (4/21, Wallace, 958K) and Knight Ridder (4/21, Fadel) run similar reports.

Meanwhile the New York Times (4/21, 1.19M), in an editorial titled "A Glimmer Of Hope In Iraq," says "the most likely replacement nominees now being talked about are far from ideal. But the only conceivable path to a better future than civil war and chaos in Iraq is lined with distasteful compromise and leaps of faith. No one believes that success is certain. … A new start is desperately needed."

US Iraq War Death Toll, Costs Continue To Rise. The CBS Evening News (4/20, story 7, 0:30, Schieffer, 7.66M) reported, "As the Iraqis have continued to wrangle over forming a government, the price the United States is paying for the war just keeps going up. At least 2,374 American servicemen and women have now been killed. And in a new study, a Washington think tank reports US military spending on the war has skyrocketed. The report estimates the cost this year at $94 billion. That is nearly twice what it was the year the United States invaded Iraq."

Kennedy Says Vote Against Iraq War Is Best Senate Vote He Ever Cast. Sen. Ted Kennedy was asked on CNN's Larry King Live (4/20) about his vote against the Iraq war. Kennedy said, "The best vote, best vote I cast in the United States Senate. … I'm on the Armed Services Committee and I was inclined to support the Administration when we started the hearings in the Armed Services Committee. And, it was enormously interesting to me that those that had been -- that were in the armed forces that had served in combat were universally opposed to going. … And the second point that influenced me was in the time that we were having the briefings and these were classified. They've been declassified now. Secretary Rumsfeld came up and said 'There are weapons of mass destruction north, south, east and west of Baghdad.' This was his testimony in the Armed Services Committee. And at that time Senator Levin, who is an enormously gifted, talented member of the Armed Services Committee said, 'Well, we're now providing this information to the inspectors aren't we?' This is just before the war. "Oh, yes, we're providing that.' 'But are they finding anything?' 'No.'"

Iraqi Special Forces Recruits Take Great Risks. The CBS Evening News (4/20, story 8, 3:15, Logan, 7.66M) reported, "They are Iraq's Green Berets, in training, and the Special Forces instructors taking them through their paces are all Iraqis. That's a long way from where they were nearly three years ago, when this elite unit was first formed by American Green Berets." Quitting is "still an option for these new recruits on the Special Forces selection course. It's day 5 and of the 400 who signed up, 121 have already dropped out. The day after these pictures were taken, one of these recruits would end up in detention after they discovered he's a member of a militia that's been targeting the Special Forces commandos."

Afghan Parliament Backs Karzai's Cabinet Picks. The New York Times (4/21, Gall, 1.19M) reports, "President Hamid Karzai won broad approval from Parliament for his reshuffled cabinet in daylong voting Thursday, with only 5 of the 25 ministerial nominees rejected. Some members of Parliament raised objections about the way three of the ministers were confirmed, and their cases may be re-examined on Saturday." This year "for the first time Mr. Karzai's cabinet appointments are subject to confirmation by Parliament."

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Mount Vernon Hosts Purple Heart Ceremony. The Washington Post (4/21, B1, Morello, 744K) reports a "journey of pain and loss, beginning with roadside bombs in Iraq and pausing at Walter Reed Army Medical Center, brought seven soldiers to Mount Vernon yesterday in a Purple Heart ceremony filled with reminders of war's sacrifice." The "dusty, clamorous war zones of Iraq seemed a distant memory and yet achingly close as the six men and one woman arrived by bus at a lawn dappled by sunlight. All seven soldiers and a four-star general who spoke came dressed in desert camouflage uniforms that contrasted sharply with the expanse of green grass and flowering shrubs. Three soldiers were in wheelchairs, although one, Spec. Sergio Lopez of Bolingbrook, Ill., had a cane, which he used for support as he struggled to his feet to receive his medal."

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Columnist Questions McNally Testimony In Ryan Case. In a column for the Chicago Tribune (4/20), John Kass writes, "U.S. Senators Richard Durbin and Barack Obama have asked the Bush Justice Department to investigate federal prosecutor Ed McNally, until recently the U.S. attorney for the Southern District of Illinois, for circumstances surrounding his testimony on behalf of convicted former Republican Gov. George Ryan." Kass continues, "Durbin's letter to the Justice Department's Office of Professional Responsibility, and Obama's statement--both released to me on Wednesday--demanded to know the following: … Whether McNally violated procedure by failing to disclose a serious apparent financial conflict of interest with Winston & Strawn, the law firm that gave Ryan an estimated $20 million in free legal defense work. … And whether McNally, as suggested by prosecutors in the Ryan trial, illegally taped a crucial interview between Ryan and federal investigators, when McNally was Ryan's lawyer." Kass adds, "The letter from Durbin, who is on the Senate Judiciary Committee, is just the thing to chill McNally's morning coffee and the lattes sipped at Winston & Strawn, which is run by Ryan's buddy, former Republican Gov. Big Jim Thompson. … McNally is not penny ante. The former Ryan defense lawyer with Republican clout was a partner in now-defunct firm Altheimer & Gray. He left before it went bankrupt and started working for the Department of Justice after the Sept. 11, 2001, terrorist attacks. He was made the interim U.S. attorney for the Southern District in November 2005 just in time. … You know, just in time to testify." Kass concludes, "In a response faxed to me late Wednesday, McNally, speaking as a private citizen, said he sought extensive legal advice before testifying and that any investigation 'will demonstrate I acted in compliance with legal, ethical and other obligations.' … Justice Department spokesmen would not confirm an investigation. They would not say who recommended McNally for the Southern District post, just in time for Ryan's trial. … I have a hard time believing in coincidences. Do you?"

CORPORATE SCANDALS:

Prosecutor Attacks Skilling's Credibility As Testimony Ends. The Wall Street Journal (4/21, Emshwiller, McWilliams) reports, "During eight grueling days on the witness stand here, former Enron Corp. President Jeffrey Skilling battled old friends and new enemies in a bid to win over 12 strangers to his version of what happened at the fallen energy giant. … If he is convicted of the conspiracy and fraud charges against him, he might look back and wonder if he was undone by an ex-girlfriend." The Journal continues, "Having waited years to defend himself against the government's charges, Mr. Skilling did better than expected, given his reputation for outbursts, some observers say. Though he frequently sparred with prosecutor Sean Berkowitz over three days of cross-examination, Mr. Skilling largely kept his cool. He often appeared to be earnestly trying to explain Enron's complexities and conveyed a sense of pride in Enron. … By the time he finished his testimony Thursday morning, Mr. Skilling and his attorney, Daniel Petrocelli, had used reams of data and charts aimed at neutralizing the prosecution and a string of government witnesses. … Many of those witnesses were Mr. Skilling's former Enron colleagues, who were testifying as part of criminal plea bargains. At the least, the Skilling defense team succeeded, in many instances, in presenting alternative, innocent interpretations of activities that prosecutors maintain were part of a criminal conspiracy at Enron. … But given the complexities of Enron's finances and operations, 'everything comes down to credibility,' says Jacob Zamansky, a New York attorney, who sat through much of Mr. Skilling's testimony. 'If the jury doesn't think Skilling is credible, his whole testimony goes down the drain.'"

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USA Today (4/21, Farrell) reports that Skilling "first admitted on cross-examination Monday that he invested $180,000 in a company run by a woman he dated in 1997 and 1998 — a company that did almost half a million dollars in business with Enron. … He confessed that, according to Enron's code of ethics manual, he probably should have done a better job of notifying the company's board about the apparent conflict of interest. But Wednesday, after the government's original round of cross-examination ended, Skilling's lead attorney, Dan Petrocelli, found another portion of the ethics manual that appeared to exempt Skilling from presenting the matter formally to the board: Given that Skilling had alerted Enron chairman Ken Lay of the situation, there was no need for a written notice. … But Thursday morning, in his last opportunity to confront Skilling directly …Berkowitz revisited the topic. He displayed two checks Skilling wrote to his then-girlfriend, Jennifer Binder, worth $10,000 each, one dated in December 1997 and another in March 1998. … Although the checks were three months apart, they were both cashed on March 13, 1998, and bore consecutive numbers, indicating that one had been written right after the other. When Berkowitz displayed the check immediately preceding the December payment, it was dated in March of 1998, suggesting that Skilling had backdated a check to avoid having to pay taxes on gifts exceeding $10,000 in one year. … Skilling insisted that he paid all his taxes, and that he simply had no memory of the checks or why they were written."

The Washington Post (4/21, Johnson) reports, "Skilling's character was the issue for most of Thursday, as his lawyers called half a dozen witnesses to attest to his integrity and to counter the government portrayal of a man who they say led a plot to deceive investors about Enron's financial health. … One such witness, Carol Baxter, is the widow of Skilling's best friend, dealmaker Cliff Baxter, who committed suicide in early 2002, as investigations of the company's collapse into bankruptcy protection heightened. Carol Baxter said she discussed Skilling's exhaustion with him three months before he abruptly resigned from Enron in August 2001 -- offering a measure of support for Skilling's statement that he departed for personal reasons, not because he knew the company was on the verge of disaster, as prosecutors contend. … Skilling's former wife, Susan Skilling Lowe, took the witness stand to tell jurors that she sold $14 million worth of Enron options in November 2000 without talking to Skilling about the sale. Prosecutors pointed out that Skilling sold $21 million in Enron stock a month earlier and that his current wife, Rebecca Carter, sold $1.65 million one month later -- all around the time a deal to sell Enron's underperforming international assets cratered. Lowe disputed the idea of a link, saying she rarely talked with Skilling except on issues related to their three children."

The New York Times (4/21, Barrionuevo) reports that during his testimony "Skilling accomplished much of what he needed to do in front of the jury hearing his criminal case, avoiding any major gaffes while staunchly maintaining his innocence. … But in the end, the performance by Enron's former chief executive was far from perfect, and may have revealed to the jury more than he and his lawyer wanted." The Times continues, "The portrait of Mr. Skilling that emerged in his criminal fraud trial here was more complex than the caricature frequently drawn of him as the greedy, arrogant executive with a Darwinian view of the world who transformed Enron from a humdrum pipeline company into a renowned energy-trading colossus. … Instead, Mr. Skilling showed himself to be a vulnerable, emotional, even affable character who saves his hostility, these days, for the government that charged him with defrauding Enron's investors. … But jurors in the federal trial also saw a side of him that had increasingly bothered managers at Enron. This was a man who did not like to be questioned, to be told he was wrong, to be asked, even, just to listen. … And whether Mr. Skilling helped himself on the stand more than he hurt his defense will ultimately depend on how the jury weighs those two sides of his personality."

The Houston Chronicle (4/21, Roper, Fowler) reports, "The gamble by the defense to put Jeff Skilling on the stand as its key weapon to fight the 28 charges against him may have paid off, legal observers said. … 'Did it work? Absolutely,' said Houston criminal defense attorney Brian Wice, who has been monitoring the trial daily, including Skilling's final day on the stand today." The Chronicle adds, "Still, some believe prosecutors did exactly what they needed to do — give the strong-willed Skilling just enough room to outsmart himself. … 'For days he's been arguing two-plus-two is not really four, that everything was not as it appeared on its face and that only a very few smart people could understand,' said Michael Wynne, a former federal prosecutor who also is a regular observer of the trial."

Sentencing Of Former Qwest Official Delayed. The AP (4/21, Shore) reports, "A federal judge agreed Wednesday to a three-month delay in sentencing ex-

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Qwest finance chief Robin Szeliga for insider trading but rejected a prosecutor's request to put it off until year end." The AP continues, "U.S. Attorney Bill Leone sought the postponement because of Szeliga's ongoing cooperation with an insider trading case against former Chief Executive Officer Joe Nacchio, which has yet to be set for trial. Under the terms of her plea agreement, Szeliga's prison term could be reduced if her cooperation is deemed substantial." The AP adds, "U.S. District Judge Walker Miller told Leone the case needed to completed in a timely manner and refused to delay Szeliga's sentencing past July, a deadline set in her plea agreement. … Szeliga pleaded guilty July 14 to a single count of insider trading amid the multibillion-dollar accounting scandal at Denver-based Qwest Communications International Inc. She admitted improperly selling 10,000 shares of Qwest stock in 2001 for a net profit of $125,000. … Prosecutors alleged Szeliga sold the stock based on nonpublic information that some Qwest business units would fail to meet revenue targets and that nonrecurring revenue was improperly used to meet those goals. … Szeliga faces up to 10 years in prison and $1 million fine, although sentencing guidelines recommend a term of 15 months to 21 months."

Freddie Mac Settles Shareholder Lawsuit For $410 Million. The New York Times (4/21, 1.19M) reports, "Freddie Mac, the mortgage financer, agreed yesterday to pay $410 million in cash to settle a shareholder lawsuit over accounting mistakes that led it to restate three years of earnings." The settlement "will reduce first-quarter net income for 2005 by about $220 million after tax, Freddie Mac, a government-chartered company, said yesterday." Shareholders "sued Freddie Mac after the company's directors found executives had manipulated accounting rules to reduce earnings volatility." The Washington Post (4/21, Day, Shin, 744K) also reports the story.

Rate Of CEO Pay Increases Slowing Despite Raymond, McGuire Earnings. NBC Nightly News (4/20, story 7, 2:25, Williams, 9.87M) reported on the "stratospheric sums that some CEOs make in this country," such as Lee Raymond, "ExxonMobil's recently retired CEO -- his salary alone was over $51 million last year; then there's William McGuire, CEO of United Health Group -- he received stock options that could end up totaling a staggering $1.6 billion." NBC (Thompson) added, "Though both Exxon and United Health Care prospered, and so did their shareholders under Raymond and McGuire's leadership, some still see their huge compensation packages as CEO pay run amok." Prof. Rakesh Khurana, Harvard Business School: "We've seen in the cases of Exxon for example that the compensation of CEO is largely being determined by events that are outside of the CEO's control, in this case the price for oil." Thompson: "And those who determine the CEO's pay, the board of directors, are all too often people chosen by the CEO." But "the rate of pay has slowed. A shareholder advocacy group reports CEO packages went up by a median of 11% last year, compared to 30% the year before. Still, the outrage remains, with the average CEO taking home by one estimate 431 times what the average worker does."

CRIMINAL LAW:

Gonzales Provides Graphic Description Of Online Child Porn. Attorney General used what the AP (4/21, Sherman) calls "strikingly graphic language" to "focus attention on online child pornography and said Internet services companies are not doing enough to combat the problem." In a speech at the National Center for Missing and Exploited Children in Alexandria, Gonzales said that while his descriptions "could make people uncomfortable" he wanted "to make sure people knew what was going on." After describing some of the material he has seen, Gonzales noted, "Viewing this was shocking and it makes my stomach turn." Gonzales said "said some investigations have been hampered by the failure of Internet service providers to retain certain records long enough to help authorities identify purveyors of child pornography. He did not propose a remedy Thursday."

CNN.com (4/21, Frieden) reports, "To highlight the Justice Department's growing concern, (Gonzales) traveled to the National Center for Missing and Exploited Children in Alexandria, Virginia, to deliver his speech. … Gonzales praised the center for its help, but said the public 'does not yet appreciate the scope, the nature and the import of this criminal activity and the threat it poses to our kids.'" CNN adds, "The attorney general said one of every five children online is now solicited. He cited a recent estimate that 50,000 predators are online at any given time prowling for children. … Gonzales said the public must not consider child porn a victimless crime. … 'There are images of graphic sexual and

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physical abuse of innocent children, even babies,' he said. 'It is brutal; it is heinous, and it is criminal.'"

CNET News (4/21, Broache) reports, "The failure of some Internet service providers to retain user logs for a 'reasonable amount of time' is hampering investigations into gruesome online sex crimes," Gonzales said. "'The investigation and prosecution of child predators depends critically on the availability of evidence that is often in the hands of Internet service providers,' Gonzales said … 'Record retention by Internet service providers (that is) consistent with the legitimate privacy rights of Americans is an issue that must be addressed,' he added." CNET adds, "Congress is now considering policy changes … At least one U.S. House of Representatives leader indicated he is mulling legislation that would require data retention. The topic surfaced at two hearings--convened recently by a House subcommittee--about online sexual exploitation and child pornography. Investigators of Internet sex crimes said they would like to see at least several months--and ideally, a year or more--of mandatory records retention. … The Justice Department and the Federal Bureau of Investigation took heat from subcommittee politicians for failing to send representatives to either hearing. Gonzales' talk was likely an attempt to show that the Bush administration is serious about taking new steps to root out child pornography. His remarks focused largely on what he termed an 'epidemic' in the movies and images depicting the sexual abuse of children, exacerbated by the Internet's ability to create an anonymous haven for pedophiles."

IDG News Service (4/21, Gross) reports that the Justice Department "will push for new legislation that requires all commercial Web sites to label every page that includes adult material in an effort to protect Web surfers from pornography, the agency announced today. … The Justice Department, in an initiative aimed at child pornography, also wants legislation that would prohibit commercial Web sites from initially displaying sexually explicit material without further action, such as an additional click, by the viewer. " IDG adds, "Gonzales also called for the U.S. Congress to triple current criminal fines levied against Internet service providers that knowingly fail to report child pornography on their systems. The new fines would be $150,000 for the initial violation and $300,000 for each additional violation. … The Justice Department wants Congress to add the new provisions to the Children's Safety and Violent Crime Reduction Act, passed by the House of Representatives in March. The bill, now pending in the Senate, is a wide-ranging proposal targeting sex offenders, gangs, and child pornography. The bill requires local law enforcement agencies to make sex offender registries available online, and it increases the penalties of sex offenses against children."

AIPAC Classified Documents Case Raises Concerns Among Lobbyists, Journalists. In a front-page story, the Washington Post (4/21, Birnbaum, 744K) that the prosecution of former AIPAC officials Steven Rosen and Lawrence Weissman "has roiled official Washington" and "spotlighted a murky type of advocacy that Rosen helped create -- an amalgam of intelligence gathering and lobbying on behalf of a narrow interest. Lobbyists who routinely pass along sensitive information wonder how much leeway they will have to do their jobs if Rosen is convicted. The case has also angered some journalists who worry that it could further cool their already strained relationships with national security sources in the aftermath of the CIA leak probe." The Post notes that defense lawyers "have enlisted a surprising ally: Viet D. Dinh, former head of the Justice Department's Office of Legal Policy and an author of the Bush administration's USA Patriot Act. Dinh helped write a memorandum that called for the dismissal of the Espionage Act charges against the lobbyists."

Despite Potential Violence, Sex Offender Registries Seen As Here To Stay. The AP (4/21, Crary) reports, "The killings of two men listed on the state of Maine's Internet sex offender registry may offer a grim lesson about the consequences of such registry laws, but defense lawyers and crime researchers question whether a thoughtful national debate on the subject is possible." The AP continues, "In a climate where politicians seek ever-tougher punishment and ostracism of sex offenders, they say, few are willing to examine the fairness and risks of registry requirements. … 'We've basically dehumanized these people with words such as "predator,"' said psychiatrist Fred Berlin, founder of the Johns Hopkins Sexual Disorders Clinic in Baltimore. … 'Every decent human being wants to protect children,' he said, but even suggesting that criminals who have done their time are entitled to rebuild their lives can tarnish a politician. … 'It's close to heresy,' Berlin said." The AP notes, "Every U.S. state has an online registry with photographs and personal information about convicted sex offenders, often to be posted for at least 20 years and

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sometimes for life. Many states, including Maine, provide offenders' exact street address; that information apparently was used by a Canadian man to locate and fatally shoot two registered sex offenders Sunday. … There have been many cases of vigilantism in the past, ranging from harassment and arson to the slayings of two convicted child rapists in Washington state. A man mistaken for his sex-offender brother was nearly beaten to death with a baseball bat in New Jersey - the state where the 1994 killing of 7-year-old Megan Kanka by a neighbor gave rise to the nationwide trend of 'Megan's Law' registries."

Prosecutor Grills Former Nevada Commissioner For Second Day. The AP (4/21, Ritter) reports, "Former Clark County Commissioner Dario Herrera finished a grueling second day of testimony Thursday, declaring himself not guilty of federal corruption charges. … Prosecutor Daniel Schiess spent the day chipping away at Herrera's story…as he tried to shake Herrera's insistence that he never traded votes for money from strip club operator Michael Galardi or Galardi's lobbyist, Lance Malone." The AP adds, "Schiess led Herrera through detailed accounting of his personal and campaign finances, and got Herrera to admit that while he knew Galardi paid for golf outings and lap dances, Herrera never reported them. In one FBI telephone wiretap recording, Galardi offers to give Herrera a Lincoln Navigator. … In another, Herrera solicits thousands of dollars in campaign contributions from Galardi and Galardi employees."

Chicago FBI Shifting Resources To Corruption Probes. The Northwest Indiana Times/Medill News Service (4/20, McEvoy) reported that over the past two years, "the Chicago FBI has moved agents and money from its other law enforcement branches, including drug enforcement and organized crime, in the fight against public corruption, an agency spokesman said Wednesday. But no cuts were made in the anti-terrorism unit, said Ross Rice, special agent spokesman for the Chicago FBI." The Times noted, "Despite former Gov. George H. Ryan's guilty verdict, the FBI says it isn't resting on its laurels. 'I don't see it letting up any time soon,' said Marshall Stone, supervisory special agent for the Springfield FBI. When asked how many Chicago agents are presently working on public corruption cases, Rice said, 'Not enough.' Robert D. Grant, special agent-in-charge of the Chicago FBI, on Monday said he hoped the Ryan verdict would signal the end of politics-as-usual in Illinois. … But Rice was unsure it will change a culture of political corruption."

Ryan Lawyers Sought Dismissal Of Six Jurors. The Chicago Tribune (4/21, Higgins, 643K) reports, "Lawyers for former Gov. George Ryan argued that jurors who failed to disclose arrests, including some that occurred more than 20 years ago, were liars who could not be trusted to render a fair verdict, according to newly unsealed court filings. Ryan's defense team said that five such jurors — and another juror who failed to disclose her involvement in civil litigation — should have been removed from the case, which would have left fewer than 12 jurors to deliberate and triggered a mistrial. But in a key legal victory, federal prosecutors persuaded U.S. District Judge Rebecca Pallmeyer to use a more delicate calculus to decide each juror's fate."

Squitieri Pleads Guilty To Racketeering, But Not To Running Gambino Family. The AP (4/21, Neumeister) reports, "The reputed head of the Gambino crime family pleaded guilty Thursday to racketeering and extortion charges after getting an assurance from a judge that he was not saying he was a Gambino." Arnold Squitieri "entered the plea in U.S. District Court in Manhattan in a deal that calls for a sentence ranging from seven years and three months to nine years." The AP notes, "The indictment was brought last year, when prosecutors announced that they had built a case with the help of an undercover FBI agent who infiltrated the Gambino organization and became so well trusted that he was offered membership. The indictment charged 32 defendants…with engaging in racketeering crimes for more than a decade." The New York Daily News (4/21, 729K) reports the story under the headline "Gambino? What's a Gambino?"

Leader Of Violent New Jersey Gang Sentenced To 18 Years In Prison. The Newark Star-Ledger (4/19, Coscarelli, 420K) reported, "The head of a violent Jersey City gang was sentenced yesterday to 18 years in federal prison for conspiring to assault and murder his rivals. 'I'm not sure that anything less than keeping you off the streets for as long as I can is going to be a deterrence,' Senior U.S. District Judge William Bassler told Tommy Terrell Thompson," and Assistant US Attorney Karl Buch "described Thompson, founder and five-star general of the Sex, Money, Murder faction of the Bloods gang, as a 'ruthless leader.'"

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The Star Ledger noted, "In July, Thompson pleaded guilty to conspiracy and related charges, including ordering the December 2003, shooting of a wheelchair-dependent man who he thought had cooperated with the FBI and Hudson County law enforcement."

Former President Of Kansas City Charter School Indicted For Embezzlement, Fraud. The Kansas City Business Journal (4/21) reports James Elliott Coleman, former head of Westport Allen Village School "was indicted Thursday on a charge of embezzling" $47,368 from the charter school. A federal grand jury also indicted him "on a separate charge of engaging in mortgage and investment fraud schemes." Coleman had held "a variety of positions for the school, including business manager, treasurer and president. He resigned as president in May 2003." The school opened under the sponsorship of the University of Missouri-Kansas City and was operated by Edison Schools. It "continues to operate and had 2005 enrollment of 422 students." Coleman is accused of making "unauthorized withdrawals from the school's account." The mortgage and investment fraud indictment accuses him of using "proceeds from the investment fraud scheme to repay money embezzled from the charter school."

MySpace Posting Leads Kansas Police To Thwart School Shooting Plot. In a story including a comment by FBI Spokesman Richard Kolko about the response to school attack threats, ABC World News Tonight (4/20, story 10, 2:20, Vargas, 8.78M) reported, "It was seven years ago today that students went on a murderous rampage at Colorado's Columbine high school. Today, there is breaking news from rural Southeast Kansas, with an alleged plot with chilling echoes to that tragedy. Five high school boys have been arrested, accused of plotting to kill fellow classmates. Law enforcement was tipped off to the plot after one of the teens revealed it on" MySpace.com. ABC (Thomas) added that "Cherokee County sheriffs say they discovered guns, knives and ammunition in the bedroom of one of the suspects. According to a recent Justice Department study, school shootings have been declining. … The primary reason, according to authorities: parents, teachers and law enforcement are much more sensitive to any warning signs." FBI Spokesman Richard Kolko: "Anytime information is reported with any threat-type information, whether it's related to schools or any other areas, that law enforcement and its partners, FBI, domestic, state and local, has to take these very seriously." NBC Nightly News (4/20, story 8, 0:25, Williams, 9.87M) and the AP (4/21) also reported on the thwarted Kansas plot.

FBI Assisting Investigation Of Threat At Minnesota School. The Grand Forks (MN) Herald (4/21, Lee) reports, "FBI agents are assisting Red Lake Tribal Police in an investigation involving reported threats made by students at the Red Lake school," where student Jeffrey Weise killed nine people in March 2005. "Paul McCabe, spokesman for the FBI, said today that the agents are assisting Red Lake police but said he could not comment on the situation. McCabe referred a Herald reporter to the Red Lake police." The Herald adds, "A school employee said the schools, including a separate building for kindergarten and Head Start about a mile from the high school and middle school, have been in 'lockdown' since Tuesday because of the reported threats."

Robberies On DC-Area Latino Communities On The Rise. The Washington Post (4/21, Vargas) reports on the growing incidence of street robberies among Latino communities in the DC area. The Post reports, "For the Latino community in Prince William County, street robberies have become almost commonplace, so much so that even the most brutal are spoken of in a monotone reserved for the mundane." The Post continues, "Like some of their Asian counterparts who have fallen victim to home invasions because of a tendency to keep their money in their homes instead of banks, Latino immigrants, who often carry large amounts of cash instead of depositing it, have become a growing target in the region, according to police. … Even as Prince William police announced this week that the county's overall crime rate for 2005 dipped to its lowest level in five years, robberies against Hispanics doubled in the county last year. Manassas also experienced a 50 percent increase in robberies, with Latinos being the victims in most cases. … 'These folks, for the most part, make absolutely the perfect victims,' said Maj. Don McKinnon of the Manassas police. 'You have a perfect formula -- a victim who wants no contact with police, who has a lot of money [on him] and who is there on the street.'" The Post notes, "Many area police departments said they do not distinguish robbery victims by ethnicity and could not say whether there have been increases. But Latino day laborers working on homes in Northeast Washington were targeted recently, D.C. police

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said. And in Prince George's County, 448 Hispanics were robbed last year, compared with 289 the year before."

Police Take Evidence From Duke Dorm. USA Today (4/21, Dorell) reports, "Investigators seized an envelope and a news article from the dorm room of one of two suspects arrested in the Duke University lacrosse team rape case." A cab driver "told MSNBC that he was '100%' sure he picked up [Reade] Seligmann and other players at 12:19 a.m., took them to a bank and a hamburger stand, then dropped them off at a Duke dormitory," a timeline that apparently supports Seligmann's innocence.

Sales Of Team Merchandise Boom. The Washington Times (4/21, Lemke) reports that sales of Duke lacrosse merchandise "increased in the past month." Sales have reportedly "more than tripled" in the on-campus stores.

Few Men Contract HIV In Prison. The Washington Post (4/21, Brown) reports, "Although male prisoners have a relatively high rate of HIV infection, very few of them acquire the virus while behind bars." A CDC study reported this finding, which contradicts the stereotype that "prisons are hotbeds of the AIDS epidemic." The Post notes that the study found that, of those inmates who contracted HIV in prison and admitted to having gay sex in prison, "half reported that their partners were prison staff members, not other inmates."

NYTimes Op-Ed Explains Provenzano's Long Success In Eluding Capture. Author Andrea Camillari in the New York Times (4/21) writes that Sicilian mob boss Bernardo Provenzano escaped arrest for 43 years because of a "vast, intricate, durable and invisible web of protection that had been created around him. Much of this network consisted of supporters above suspicion, including prominent politicians, high-level businessmen and successful professionals." She adds that, as original protectors died, the duties of shielding Provenzano passed on to "sons, grandsons, relatives, friends and associates." Until some high-ranking accomplices are caught, "a successor to Mr. Provenzano might use them to similar ends."

Op-Ed Deplores Violent Youth. College instructor Adrienne Washington writes in the Washington Times (4/21) that the DC carjacking spree illustrates that "criminals are getting bolder -- and younger." A security expert in her piece pleads for a "focus on a comprehensive, balanced approach of intervention, prevention and arrest and incarceration." Washington concludes, "No jobs, no skills, no moral compass and the lack of political will is an unsavory recipe for real and random acts of 'Grand Theft Auto.'"

CIVIL LAW:

Judge Rules Air Force Ignored FOIA. The AP (4/21, Locy) reports, "The U.S. Air Force engaged in a pattern of ignoring requests for the release of classified documents dating to the Vietnam War, establishing a response rate that is worse than the CIA's, a federal judge ruled." The AP continues, "U.S. District Judge Rosemary M. Collyer ruled Wednesday in favor of the Washington-based National Security Archive, the largest non-governmental library of declassified documents, in significant parts of a lawsuit the group filed against the Air Force in 2005." The AP adds, "Collyer found that the Air Force had no defense - or essentially conceded - that it had failed to respond to requests under the Freedom of Information Act for up to 18 years in at least one case. The Air Force also ignored appeals of its denials of access to records for up to nine years, she said. … But the judge refused to order the Air Force to immediately turn over records pertaining to 82 pending requests by the National Security Archive. Instead, she ordered the Air Force to determine which portions of the documents could be declassified and released to the archive. … She also ordered the service to send an officer to a court hearing on May 22 who has authority "to order that things be done." … Attorney David P. Dean, who represents the archive, said Collyer's message is clear: 'The time for the Air Force to comply with FOIA has finally arrived, and this court is watching.'"

Judge Reduces Amount General Dynamics Must Pay For Breaking Contract. The Washington Post (4/21, Merle) reports, "A federal judge has reduced from $137.9 million to $19.87 million the amount that General Dynamics Corp. must pay for breaking a contract with onetime partner Final Analysis Communication Services Inc., a small Lanham satellite firm." The Post continues, "The case centered on whether General Dynamics, which has headquarters in Falls Church, violated agreements to help Final Analysis develop a $400 million project to launch low-flying satellites for data transmission, including paging and text-message services. A jury ruled in favor of Final Analysis after a seven-week trial in September."

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The Post adds, "In his ruling Monday, U.S. District Judge Peter J. Messitte also certified the jury's decision that Final Analysis pay General Dynamics $8 million from a countersuit, reducing the total amount due the smaller firm to $11.87 million, according to the court documents. An appeal of the judge's ruling is expected, the company said in a Securities and Exchange Commission filing yesterday."

NCLB Has Produced Windfall For Contractors. The AP (4/21, Feller, Welsh-Huggins) reports that the No Child Left Behind law has "benefited an industry of vendors, who collect public money and help schools meet the law's requirements. Revenues for products and services sold to public schools hit almost $22 billion in 2004-05, according to Eduventures, a market research company. That was up 6 percent from the year before, and revenues are expected to keep growing at that kind of rate. … In particular, money is flowing to testing, tutoring and teacher training. All three areas have direct ties to deadlines under the No Child law."

CIVIL RIGHTS:

Indiana SAC Touts FBI Civil Rights Investigations. The Northwest Indian Times (4/20, Robinson) reported, "Investigating civil rights violations is a higher priority for the FBI than violent crimes and the agency wants the area to know all about it." FBI Indiana SAC Keith Lordeau "came on Wednesday to Merrillville to speak to media representatives about the different aspects of civil rights violations. If anyone suspects their civil rights have been violated, they don't have to wait for another law enforcement agency to contact the FBI. The victim can do that directly by calling the Merrillville office…Lordeau said." The Times notes, "Local FBI investigator Michael Prendergast said he's involved with the shooting in Gary that sparked several citizen protests," and "Lordeau said in 2005, the FBI nationwide looked into 1,124 color-of-law cases, which represent 67 percent of all civil rights investigations."

The Northwest Indiana Post-Tribune (4/20, Quinn) also reports on Lourdreau's appearance in Merryville and adds that Special Agent Tom Gancarz said that "the FBI has also turned its sights to involuntary servitude or slavery, otherwise known as human trafficking." Gancarz noted that "as many as 18,000 to 20,000 people per year are brought into the United States not only illegally, but against their will. 'We need to be concerned,' he said, pointing out that there have been reports of human trafficking in Northwest Indiana."

Governor Bush Talks To Protestors About Boot Camp Death. The AP (4/21, Fanta) reports, "A group of college students ended a two-day sit-in at (Florida) Gov. Jeb Bush's office Thursday after he met with the parents of a teenage boy who was beaten at a boot camp and later died." The AP continues, "Parents Gina Jones and Robert Anderson said they were happy to talk with Bush about their grief over their son's death in January. The boy died a day after guards were videotaped beating, kicking and dragging him at a juvenile boot camp. … 'I was shocked he wanted to talk to me, after four months,' Jones said after the hourlong meeting." The AP adds, "The parents have criticized officials for what they say is a cover-up of the events leading to the death of 14-year-old Martin Lee Anderson. … Benjamin Crump, the family's attorney, said the governor reported that he was pressing investigators. … Bay County has closed its boot camp, and the House Justice Appropriations committee wants to replace camps statewide with residential programs. The U.S. Justice Department is also investigating possible civil rights violations in the case."

The Los Angeles Times (4/21, Hollis, 958K) reported, "An apologetic Gov. Jeb Bush met privately Thursday with the parents of a teen who died after a beating by guards at a Panama City boot camp, and rejected criticism he hasn't done enough to bring justice in a case that has inflamed Florida's black community." Benjamin Crump, the family's attorney, said, "He offered his condolences and apologized. He assured us they [governor's office employees] were every day calling down to the special prosecutor's office, [offering] all the resources of the state of Florida … to get the justice sooner than later." The Times adds that although "the governor's remorseful pose with Anderson's parents and their attorneys was intended to ease tensions, it had little effect on some black political leaders throughout the state. Bush made no statements after the hourlong meeting."

Court Upholds School Ban On Anti-Gay T-Shirt. In a 2-1 decision the 9th US Circuit Court of Appeals has ruled that schools in the western US can forbid students from wearing T-shirts denigrating gay and lesbian students. The Los Angeles Times (4/21, Weinstein, 958K) reports that the "sharply divided" court "said that a T-shirt that proclaimed "Be Ashamed, Our School Embraced What God Has

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Condemned' on the front and 'Homosexuality Is Shameful' on the back was 'injurious to gay and lesbian students and interfered with their right to learn.' The court said that the shirt can be barred on a public high school campus without violating the 1st Amendment."

Neuarth Says South Dakota Is National Battleground For Abortion. Al Neuarth writes in USA Today (4/21, 2.31M) that South Dakota "has become the nation's battleground over whether abortion is the answer for women with unwanted pregnancies. … The outcome ultimately may have national impact on the 1973 Roe v. Wade U.S. Supreme Court decision giving women the right to terminate pregnancy." Neuarth adds, "My lifelong belief is that a woman's right of privacy includes abortion. But my wife Rachel and I are the adoptive parents of six precious chosen children. From those two perspectives, the best possible outcome of this issue would be encouragement and support for pregnant women everywhere who are willing to carry an unwanted embryo to birth, and then finding proper adoptive parents."

ANTITRUST:

Former South Carolina School Employee Indicted For E-Rate Fraud. The AP (4/21) reports, "A former Bamberg District 1 employee has been indicted on charges she defrauded a federal program that helps poor schools and libraries connect to the Internet out of nearly half a million dollars, U.S. Justice Department officials announced Thursday." The AP continues, "Cynthia Ayer is the former director of technology for the district. Between 1999 and 2003, she used her position to submit fraudulent applications for the E-Rate program and award technology contracts to her own company, Go Between Communications, according to an indictment returned Wednesday. … E-Rate is managed by the Federal Communications Commission's Universal Service Company. During that time, Ayer submitted applications to that agency for more than $3.5 million to and received $468,496 in payments." The AP adds, "If she is found guilty, Ayer faces a maximum of five years for each count of mail fraud committed before July 30, 2002, and 20 years for each count committed on or after that date, as well as a $250,000 fine, officials said. Each count of wire fraud carries a maximum penalty of 20 years and a $250,000 fine. … A total of 11 individuals and 10 companies have been charged as part of an ongoing federal investigation into the E-Rate program, officials said. So far, six companies and three individuals have either pleaded guilty, agreed to plead guilty or have entered civil settlements. The defendants have agreed to pay fines and restitution totaling more than $40 million, and two people have been sentenced to six years of prison time, officials said."

The Internet News (4/21, Mark) reports, "According to a 12-count indictment returned by a Columbia, S.C., federal grand jury, Cynthia K. Ayer used her position as the technology director of the school district to award $3.5 million of E-rate contracts to her company, Go Between Communications, without competitive bidding. … 'Committing fraud upon the E-Rate program harms already underprivileged school districts,' Thomas O. Barnett, assistant attorney general in charge of the DoJ's Antitrust Division, said in a statement. 'The Antitrust Division will continue to vigorously pursue those who cheat the competitive process and take advantage of this federal program.'"

FTC Conditionally Approves Boston Scientific-Guidant Deal. The New York Times (4/21, Meier, Bajaj) reports, "Boston Scientific, which paid top dollar in January for the Guidant Corporation, the troubled maker of heart devices, may not have the luxury of sitting back and enjoying its purchase. … Since January, when it offered $27 billion to wrest Guidant from a competing bidder, Johnson & Johnson, Boston Scientific has seen warning signs that the market for heart defibrillators, Guidant's main revenue generator, may be cooling off." The Times adds, "The Federal Trade Commission approved the deal yesterday with certain conditions, and Boston Scientific said it expected to close the transaction today."

The AP (4/21, Press) reports, "The FTC voted 4-0, with one member recusing herself, to consent to conditions imposed on the deal by the commission staff in an agreement announced April 6. The approval also clears the way for a related third-party deal involving Abbott Laboratories Inc." The AP notes, "Boston Scientific has said the FTC's conditions did not require substantial changes to the deal the Natick-based company reached in January to end a nearly two-month bidding war for Guidant with Johnson & Johnson. … The combined company is expected to surpass Fridley, Minn.-

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based Medtronic Inc. as the world's largest maker of cardiovascular devices."

Dow Jones (4/21, Kamp) reports, "The FTC required Boston Scientific to sell all assets, including intellectual property, related to Guidant's vascular business to a third party - Abbott - enabling that third party to sell multiple vascular products, including a key stent device. … Boston Scientific and Abbott plan to jointly market Guidant's 'Xience' stent, and Boston Scientific said Tuesday it expects to launch the device in Europe at the end of the third quarter or the beginning of the fourth quarter. Stents are tiny mesh tubes used to prop open arteries."

Bloomberg (4/21, Goldstein) reports, "Boston Scientific, already the biggest maker of stents for the U.S., would immediately become the second-biggest producer of heart-rhythm devices behind Minneapolis-based Medtronic Inc. Doctors annually implant about $10 billion of the silver dollar-sized devices, including pacemakers for speeding up heart rates that are too slow and defibrillators for electrically shocking faltering hearts into a healthy rhythm."

JP Morgan Settles IPO Case For $425 Million. The Wall Street Journal (4/21, Smith and Sidel) reports, "J.P. Morgan Chase & Co. agreed to pay $425 million to settle civil charges of improperly awarding hot new stock issues during the market bubble." The Journal writes, "The lawsuit accused underwriters of improperly pumping extra air into the stock-market bubble in 1999 and 2000 by requiring investors who got shares of hot initial public offerings to buy more shares at higher prices once trading began." The New York Times (4/21, Dash and Anderson) writes that Morgan "is the first" of 55 investment bank defendants to settle. The Times adds that the large amount "could set the stage for a multibillion-dollar total settlement." It theorizes that Morgan settled so soon because of "lessons learned" from paying "$2 billion, the most of any bank, as the last to resolve a class action stemming from the collapse of WorldCom" in 2005.

Bloomberg (4/21) reports, "JPMorgan, the No. 3 U.S. bank by assets, would be the first to resolve the allegations, leaving Morgan Stanley, Credit Suisse, and Goldman Sachs Group Inc. among the remaining defendants. The agreement may pressure more banks to settle, as happened in suits against Enron Corp. and WorldCom Inc." Bloomberg notes, "Seventeen banks that were sued over the WorldCom accounting fraud paid a total of more than $6 billion after Citigroup Inc. was first to settle. The largest payment in a similar class- action was the $7.2 billion accord in a securities-fraud case brought by Enron investors. Most was paid by Enron's banks."

The AP (4/21, Powell) reports, "The civil suits against JPMorgan Chase are among more than 300 brought by Milberg Weiss alleging that companies that went public and the underwriters who helped them do it manipulated the market. … The suits allege that JPMorgan Chase and 54 other underwriters induced customers who received allocations of IPOs to place orders for additional shares in the aftermarket, artificially inflating the share prices. They also allege that the compensation received by the underwriters was concealed."

Schumer Says Congress Should Consider Breaking Up Oil Giants. The Buffalo News (4/21, Turner) reports, "Sen. Charles E. Schumer says competition in the gasoline business has been undermined by mergers and Congress should consider breaking up the combines." The News continues, "The New York Democrat also asked the Federal Trade Commission to monitor the relationship between U.S. refining capacity and gasoline prices to ensure that the new oil conglomerates artificially drive up prices. … 'In general, after oil companies switch to producing their summer blends refineries typically operate at or above 90 percent,' Schumer said. 'This is a regular occurrence.' … 'This year however, refining capacity is still hovering at 85 percent which leads some experts to believe that the oil companies may be dragging this along to drive up prices.'" The News adds, "Schumer, a member of the Judiciary Subcommittee on antitrust issues, said 'oil companies should be using their maximum refining capacity instead of possibly minimizing it, and the FTC needs to make sure this process is completely transparent so that prices don't continue to shoot up.' … He said he hopes that either the Senate Commerce Committee headed by Ted Stevens, R-Alaska, or the Energy Committee chaired by Sen. Pete V. Domenici, R-N.M., would call hearings on the surge in gasoline prices and summon the FTC in to explain what it is doing about it. … The commission has not cited an oil company for anti-competitive behavior since 2001. That resulted from an investigation started during the Clinton administration."

Sprint Will Buy UbiquiTel. The Wall St. Journal (4/21, Sharma) writes, "U.S. wireless carrier Sprint Nextel Corp. agreed to acquire regional affiliate UbiquiTel Inc. for

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about $1 billion, ending litigation between the companies." Sprint merged with Nextel in 2004. The Journal writes, "Several affiliates, including UbiquiTel, sued Sprint after the Nextel merger was announced, saying the deal would violate Sprint's pledge not to compete with affiliates in their territories. By acquiring UbiquiTel, Sprint will bring its litigation with that company to an end."

New York Court Quashes Microsoft Bid For IBM Documents In EU Case. The AP (4/21) reports, "A U.S. court in New York on Thursday quashed a Microsoft Corp. subpoena for International Business Machines Corp.'s documents related to the software company's European antitrust case." The AP continues, "Judge Colleen McMahon said Microsoft's subpoena amounted to a "blatant end run" on the European Commission's authority. The judge said that the Brussels-based regulator strongly opposed Microsoft's request, and that enforcing such a subpoena could harm U.S. sovereignty if a foreign court were used to obtain documents in a U.S. proceeding." The AP adds, "Redmond, Wash.-based Microsoft says the commission is colluding with Armonk, N.Y.-based IBM and other rivals, and denying the company a fair chance to review key evidence. The regulator has refused to give Microsoft access to some documents, citing confidentiality concerns and rivals' 'fear of retaliation,' according to a Boston court ruling earlier this week in which a judge quashed a similar Microsoft request for documents held by Novell Inc. … Last month, a U.S. federal court in California rejected Microsoft's request for documents from Oracle Corp. and Sun Microsystems Inc. Microsoft appealed that decision, but then withdrew the appeal following the New York court's ruling."

ENVIRONMENT:

US Fines Louisiana Refinery For Pollution Violation. The AP (4/21) reports, "Chalmette Refining was ordered to pay a $200,000 fine stemming from a water pollution violation in 2000." The AP continues, "The refinery pleaded guilty on Jan. 25 to a one-count violation of the Clean Water Act. The case stemmed from a benzene discharge into the Mississippi River that appeared to be affecting the water at the St. Bernard Parish Water Treatment Plant." The AP adds, "A treatment plant worker noticed the uptick in benzene in the water coming into the plant from the river and was the first to notify the Louisiana Department of Environmental Quality. Water plant workers shut down the treatment plant's intake quickly to minimize the threat the benzene leak posed to residents, authorities said. … U.S. Attorney Jim Letten said Wednesday that when Chalmette Refining engineers discovered the leak they repaired it right away, but the discharge of benzene into the river and the fact that a water treatment worker reported it before the company meant a violation still took place."

Man Pleads Guilty To Violating Endangered Species Law. The Palm Beach Post (FL) (4/21, Prohaska) reports, "A former Port St. Lucie (FL) man who admitted to using a Web site called Deadzoo.com to sell such items as baby tiger mounts and leopard skins in violation of federal endangered species laws was sentenced Thursday to more than two years in prison." The Post continues, "After he spends 25 months in federal prison, Kevin McMaster, 35, then must serve three years of supervised release, U.S. District Judge Donald Graham ordered Thursday during a hearing in Miami. … McMaster has shut down his Web site and no longer works at a Port St. Lucie store on Bayshore Boulevard called Exotic and Unique Gifts." The Post adds, "McMaster, who now lives in Pennsylvania, pleaded no contest in January to two counts of violating the endangered species act by selling or offering for sale endangered or threatened wildlife through interstate commerce. He also pleaded no contest to two counts of transporting endangered or threatened species that was knowingly sold in violation of federal law. … Federal prosecutors and attorneys with the U.S. Justice Department alleged that in 2003 and 2004, McMaster either sold or offered for sale across state lines more than $200,000 worth of endangered species, including tiger, snow leopard and jaguar skins, an elephant trunk, gorilla and tiger skulls and baby tiger mounts. … Federal agents began investigating after an undercover U.S. Fish and Wildlife Service investigator received an unsolicited email from McMaster offering 'cat skins for sale,' according to prosecutors."

Spanish Fishing Magnate Charged With Illegally Importing Protected Seabass. The AP (4/21, Anderson) reports, "A Spanish fishing magnate charged with illegally importing more than 26 tons of protected Chilean seabass pleaded not guilty Thursday in his first appearance in a U.S. courtroom (in Miami)." The AP continues, "A federal magistrate judge set bond at $500,000

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for Antonio Vidal Pego, who was indicted along with the Uruguayan company Fadilur S.A. by a U.S. grand jury last September. Vidal, who owns a large commercial fishing fleet, was likely to be released later Thursday or Friday, his attorney said. … The indictment in September marked the first time the United States has brought criminal charges for illegal importation and sale of the Chilean seabass, also known as the Patagonian and Antarctic toothfish - a species that has been overfished and is the subject of international protection efforts." The AP adds, "Vidal faces up to 35 years in prison and $1 million in fines if convicted on all counts, according to the U.S. Justice Department. … Vidal and Fadilur S.A. attempted to import about 53,000 pounds of seabass valued at nearly $315,000 from Singapore to Miami, according to the indictment. Vidal is also charged with obstruction of justice and false labeling. … Vidal was arrested Wednesday after arriving at Miami International Airport. He had been an international fugitive before that, with authorities on three continents searching for him and a warrant for his arrest circulated on Interpol."

New Research Shows Global Warming Will Not Be As Severe As Predicted. Duke University scientists announced yesterday announced that the effects of global warming may not be as dramatic as some have predicted. The Washington Times (4/21, Harper, 90K) reports, "Using temperature readings from the past 100 years, 1,000 computer simulations and the evidence left in ancient tree rings," the scientists found that "the magnitude of future global warming will likely fall well short of current highest predictions." The Times adds, "Supported by the National Oceanic and Atmospheric Administration, the Department of Energy and the National Science Foundation, the Duke researchers noted that some observational studies predicted that the Earth's temperature could rise as much as 16 degrees in this century because of an increase in carbon dioxide or other so-called greenhouse gases. The Duke estimates show the chances that the planet's temperature will rise even by 11 degrees is only 5 percent, which falls in line with previous, less-alarming predictions that meteorologists made almost three decades ago."

Friedman Urges College Students To Be "Greenest Generation." In his column in the New York Times (4/21, 1.19M), Thomas Freidman urges college students to become "the Greenest Generation," and "build the institutions, alliances and programs that will turn back the black tide of climate change and petro-authoritarianism, which, if unchecked, will surely poison your world and your future as much as fascism once threatened to do to your parents' world and future."

WPost Says Federal Flu Pandemic Plans Are Inadequate. An editorial in the Washington Post (4/21, A22, 744K) notes that none of the flu pandemic plans the federal government has announced "has honestly confronted the central question of any pandemic: what to do with hundreds -- or hundreds of thousands -- of sick people. No one has produced an effective flu vaccine. Until someone does, any contagious flu virus -- or bioengineered virus -- will make many people ill. And neither America's hospitals nor any other part of the medical system is ready to deal with them." The Post concludes, "Until this central question has been dealt with, almost all other federal government 'preparations,' however impressive-sounding, are of lesser importance."

NYTimes Urges Federal Regulators To Check Effectiveness Of Mumps Vaccine. An editorial in the New York Times (4/21, 1.19M) says that the striking thing about the recent mumps outbreak in Iowa "is that it is affecting mainly relatively young and healthy people, a vast majority of whom have been vaccinated at least once with a mumps-containing vaccine, and usually twice. Federal health officials say there is no reason to suspect any problems with the vaccine. … Even so, federal and state health officials will need to look hard for any signs that the mumps vaccine is less effective than we previously thought or that its effectiveness diminishes over time."

FBI/DEA/ATF/USMS:

Miller Defends FBI Request To Search Anderson Papers. NPR's All Things Considered (4/20, Folkenflik) reported, "The Federal Bureau of Investigation wants to comb through thousands of documents from the professional papers of the late investigative reporter Jack Anderson to see whether they contain classified documents. … Some journalists and lawyers say this is the latest effort by the government to intimidate sources and choke the flow of information to the public." But FBI Assistant Director of Public Affairs John Miller "tells NPR the search has nothing to do

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with the media." Miller said, "The discussion in the public front, particularly among journalists, has become a little shrill. I think a number of them want to make this a showdown at high noon between the big, bad FBI and the first amendment and a free press. It has very little to do with that." NPR added, "Despite the resistance from Anderson's family, Miller says the FBI is still in negotiations to inspect the documents and fully expects to do so. Former federal prosecutor Jim Martin says the FBI is on solid ground," but former New York Times general counsel James Goodale "says the FBI's interest is sinister," comparing it to the Nixon administration's attempt to block publication of the Pentagon Papers.

Meanwhile, The (UK) Guardian (4/21, Goldenberg) reports that "the FBI wants to rifle through" Anderson's papers. "Amid a widening crackdown on leaks by the Bush administration, the attempt to investigate a journalist who stopped reporting in 1990 and who has been dead since December caused outrage yesterday from civil libertarians and from Anderson's family." The Guardian adds, "The FBI maintains that it is unlawful for individuals to possess classified documents, and that the material belongs to the government."

FDA Rejects Using Marijuana For Medical Treatment. The FDA's statement on the use of marijuana for medical purposes received wide coverage, with news outlets making nearly 200 references to the story. For example, the AP (4/21) reports the FDA "said Thursday that it does not support the use of marijuana for medical purposes. The FDA said in a statement that it and other agencies with the Health and Human Services Department had 'concluded that no sound scientific studies supported medical use of marijuana for treatment in the United States, and no animal or human data supported the safety or efficacy of marijuana for general medical use.' … The statement contradicts a 1999 finding from the Institute of Medicine, part of the National Academy of Sciences, which reported that 'marijuana's active components are potentially effective in treating pain, nausea, the anorexia of AIDS wasting and other symptoms, and should be tested rigorously in clinical trials.'" The Washington Post, San Francisco Chronicle, Miami Herald, USA Today, Forbes, and Cleveland Plain Dealer are among the news outlets that published in newspapers and/or posted on Web sites the AP story.

The New York Times (4/21, Harris) reports, "Eleven states have legalized medicinal use of marijuana, but the Drug Enforcement Administration and the director of national drug control policy, John P. Walters, have opposed those laws. … Tom Riley, a spokesman for Mr. Walters, hailed the food and drug agency's statement, saying it would put to rest what he called 'the bizarre public discussion' that has led to some legalization of medical marijuana." The Times also reports that Representative Maurice D. Hinchey of New York "said the statement reflected the influence of the Drug Enforcement Administration, which he said had long pressured the FDA to help in its fight against marijuana." The New York Times story also was published in newspapers and/or posted on the Web sites of the South Florida Sun-Sentinel, Arizona Daily Star, Detroit News, Indianapolis Star, and Salt Lake Tribune.

The Washington Times/ UPI (4/21) writes, "Citing conclusions by the U.S. Drug Enforcement Agency, which administers the Controlled Substances Act, the FDA said there is 'sound evidence that smoked marijuana is harmful.'"

Local TV Coverage. KTVU-TV, San Francisco-Oakland-San Jose (4/20, 10:00 p.m.) reported, "Those attending the San Francisco marijuana [conference] will be disappoint today to learn that the Bush administration today dismissed claims of marijuana's medical benefits. The Food and Drug Administration issued a statement saying that no sound scientific study supports the use of medical marijuana. The statement contradicts [a] 1999 finding by the Institute of Medicine. That review found marijuana could help treat nausea and vomiting."

Hells Angels Arrested In San Francisco In Drugs, Money Laundering Investigation. The San Francisco Chronicle (4/21, Van Derbeken) reports two leaders of the San Francisco chapter of the Hells Angels motorcycle club "were arrested Thursday along with several associates of the gang in raids conducted as part of a six-month federal and local investigation into drug trafficking and money laundering in the Bay Area. … The club's president, Joseph Wilson, 35, was arrested along with Jason Peterson, 32, according to sources close to the investigation. … The FBI led the raid, but investigators took part from the Drug Enforcement Administration, San Francisco police, and narcotics task force agents from San Mateo County and West Contra Costa County."

Police Commander Killed In Mexico Following Death Threats. The Los Angeles Times

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(4/21) reports, "The drug war in southern Mexico took a gruesome turn Thursday with the discovery of the decapitated head of a police commander who had resigned his post just days earlier in the face of death threats. 'So that you learn to respect,' read a message scrawled on a red sheet attached to a Guerrero state government building in Acapulco, where passersby in the early morning hours discovered the heads of two men. One was determined to be that of former Cmdr. Mario Nuñez Magana, 35, of the Acapulco Municipal Preventive Police; the other man was not immediately identified."

Canadian Troops Avoid Confrontation With Opium Poppy Farmers In Afghanistan. According to the Canadian Press (4/20), when the commander of Canadian troops in southern Afghanistan's poppy-rich Helmand province "gives his word to village elders that his soldiers are not there to rip up their fields, he means it. In fact, Maj. Bill Fletcher takes great care to ensure his armored vehicles don't wreck the green pastures, or generally cause damage to the plants that produce a scourge of drug addiction in the West. … So far the farmers, whose livelihood depends on the opium crop, haven't caught on to the fact that the Canadian, British and U.S. governments support the eradication efforts with money, training and alternative crop programs."

Number Of Drug Addicts Increases In Afghanistan. The Kashar News (4/20) reports the number of drug addicts "is increasing in northern Kapisa Province, where there is no drug rehabilitation centre to provide them with treatment and bring them out of the quagmire of narcotics. … Chief of the Counter-Narcotics Department Col Abdol Fatah said that the number of druggies went up to 290 from 200 in the last six months. … Director of Public Health Department Mirza Mohammad said the number of addicts was far more than the registered."

Chicago Police Say Tainted Heroin Did Not Deter Drug Users. The Chicago Tribune (4/21, Noel) reports police said that as word "circulated this week of people passing out from potent heroin on Chicago's South Side, drug users didn't recoil with fear. They turned out in droves for a taste. By the end of Wednesday, 25 people between the ages of 17 and 73 had overdosed, including a 51-year-old woman who died at her home."

The Chicago Sun-Times (4/20) writes police "announced Thursday that several suspects are in custody regarding the passing out of tainted heroin to drug users. Chicago Police Supt. Philip Cline met with officials of local health and law enforcement agencies to discuss the recent outbreak of heroin overdoses that have resulted in at least 10 fatalities since early February."

The AP (4/20, Johnson) reports witnesses "told police that dealers in some neighborhoods gave free samples of drugs to entice users. … Victims suffered immediate difficulty breathing after injecting the drug."

Colorado Firefighter Pleads Not Guilty To New Weapons Charges. The Rocky Mountain News (4/21) reports Denver firefighter Stan Ford, "who also faces charges of selling illegal machine guns in another case," pleaded not guilty yesterday "to a 19-count federal indictment accusing him of selling guns without a license," and US Magistrate Judge Michael Watanabe set a tentative trial date of June 12. "In the machine gun case, Ford is scheduled to go on trial May 8. He was accused of selling three illegal machine guns to an undercover FBI informant in 2005."

Tennessee Man Sentenced To Five Years For Weapons Violations. The Cleveland (TN) Daily Banner (4/21, Kaylor) reports, "A Bradley County (TN) man who had a cache of weapons when federal law enforcement authorities searched his home last year, entered a guilty plea to two counts in U.S. District Court in January." The Banner continues, "He was sentenced to spend five-years in a federal prison Wednesday. Donald Pippenger will also be on three-years probation after his release. … When agents served the warrants, they found approximately 20 weapons, including M-16 and M-1 rifles along with ammunition, during their search at Pippenger's residence and those of a relative and an acquaintance. … Also found during the search were components of a meth lab and a fuseless hand grenade, according to reports." The Banner adds, "Pippenger, 50, was arrested in July after Bradley County Sheriff's officers, agents of the Bureau of Alcohol, Tobacco, Firearms and Explosives Division and Cleveland Police officers executed three search warrants in the eastern section of the county."

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IMMIGRATION:

US Signals Aggressive Crackdown On Hiring Of Illegal Aliens. The Washington Post/AP (4/21, A6) reports, "The government plans to crack down ever harder on employers who harbor and hire illegal immigrants, pursuing companies that ignore the law so they can exploit cheap labor." Federal agents Wednesday "arrested seven current and former managers of IFCO Systems, a manufacturer of crates and pallets, on criminal charges, and more than 1,100 people were arrested on administrative immigration charges at more than 40 IFCO sites in the United States." Homeland Security Secretary Michael Chertoff, appearing on ABC News' Nightline (4/20), said the raids were "part of our effort to be strategic in striking at those people who are systematically employing illegal workers as their business model." Chertoff added, "We don't want to go after small-time, ones and twos. We want to look at high impact businesses."

The CBS Evening News (4/20, story 3, 2:20, Pitts, 7.66M) ran a follow-up report on Wednesday's raids on IFCO systems. CBS reported that "mixed in" with the "nearly 1200 undocumented workers busted in a nationwide raid were their employers, 7 corporate executives of IFCO systems -- a manufacturing company. Men who in the past might only face fines now could serve up to ten years in Federal prison." Chertoff was shown sating, "We use intelligence to define the scope of the organization and then we use all of the tools we have, whether it's criminal enforcement or the immigration laws, to make sure we come down as hard as possible and break the back of those organizations." Pitts: "It's all part of a new get tough policy aimed at the 11 million illegal immigrants in the US, but it's a crackdown with consequences. Detention centers nationwide are already at, near, and in some cases over capacity."

The Financial Times (4/21, Alden) says the arrests "were used to highlight renewed efforts by the Bush administration to enforce existing laws against companies hiring undocumented workers." The White House "is urging Congress to pass an immigration reform bill that would permit more legal guest workers, but is facing opposition from many Republicans demanding aggressive enforcement of existing laws." The action "drew immediate praise from Tom Tancredo, the Colorado Republican congressman who has led demands for tougher enforcement against illegal immigrants."

The Christian Science Monitor (4/21, Jonsson, 61K) says, "To critics of the administration's immigration policies, the Department of Homeland Security sent out a strong message this week: Current laws can discourage illegal immigrants and those who hire them." However, "few observers believe this week's action represents more than a drop in the bucket in the battle to stem the flow of illegal immigration." Moreover, the Wall Street Journal (4/21, Kronholz, 2.11M) reports, DHS' "aggressive new stance faces a tough political future, though, and depends on Congress's willingness to finance a crackdown on some industries that are fueling the economic boom."

The Los Angeles Times (4/21, Gauette, 958K) says "Wednesday's raids, the culmination of a yearlong investigation, came at a sensitive time. Congress is returning from spring recess next week deeply divided on how to overhaul immigration laws." The Times adds, "Reaction to the raids reflected the well-drawn lines in the debate. Senate Minority Leader Harry Reid (D-Nev.) said in a statement, ' photo-op crackdown by [the Bush administration's Homeland Security Department] to prove a political point won't erase its failed record.'" But "conservative Republicans hailed the action."

The Philadelphia Inquirer (4/21, Montgomery) reports, "Chertoff said the roundup surpassed the 2005 total of 1,125 work-site arrests. ICE agents, assisted by the Justice Department, executed search warrants at 40 plant sites, including one in Burlington, N.J., that opened in 2004 and makes recycled plastic containers and wooden pallets."

The New York Times (4/21, Lipton, 1.19M) also notes "the arrests took place just days before the Senate reconvenes with immigration laws on its agenda. Earlier this month, the Senate faltered in its efforts to develop a proposal that would have given most illegal immigrants a chance to become citizens while intensifying border patrol and deportation efforts. And in recent weeks, hundreds of thousands of immigrants and their supporters have demonstrated in response to a bill passed in the House in December that would speed deportations, tighten border security and criminalize illegal immigrants." The Times adds, "As part of the campaign against illegal hiring, Mr. Chertoff and Julie L. Myers, assistant secretary at Immigration and Customs Enforcement, plan to hire 171 more work-site enforcement agents. … Separately, the department is adding 17 special teams of investigators, for a total of 52, to search for some of the 590,000 immigrants in the country who have

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ignored orders to leave." The Washington Times (4/21, Seper, 90K) reports Myers, who heads ICE, "said the agency will seek to build a 'strong compliance and enforcement system for employers,' adding that the agency will continue to 'find creative ways to partner with employers' who want to avoid hiring illegal aliens."

DHS Looking For Access To Social Security Data. The Wall Street Journal (4/21, Kronholz, 2.11M) reports, "The Department of Homeland Security is asking Congress for access to Social Security data in its effort to crack down on illegal immigration by going after employers who accept counterfeit identity and work documents." Chertoff's plans depend "on gaining authority from Congress to look at lists of 'no-match' Social Security numbers. Those occur when a new hire gives the employer a name or Social Security number that doesn't match names or numbers on file with the agency."

Immigration Reform Said To Be A Huge Challenge For Rove. The White House Bulletin/US News (4/20) reported, "One of Karl Rove's biggest challenges now is how to deal with the deeply divisive immigration issue, which is expected to come up when Congress returns from its spring recess next week. It is a long-standing belief of Rove's that Bush needs, above all, to maintain his popularity with his conservative base as the cornerstone of his political strategy. But the base is strongly in favor of tough border enforcement policies and rejects the kind of guest-worker program that Bush has endorsed." Many conservatives "consider that guest-worker program a form of amnesty that they cannot accept. But Rove and many moderate Republicans are worried that the get-tough border-security approach contained in the House immigration bill will alienate Latino voters and turn them against the GOP for a generation. Many GOP strategists prefer the evolving Senate version, which is considered closer to the President's wishes up to now."

Increased Number Of Border Patrol Officers Hasn't Boosted Arrests. USA Today (4/21, Kiely, 2.31M) reports, "The US Border Patrol is poised to become the federal government's largest law enforcement agency, but it's not clear that more agents have slowed illegal immigration." The Border Patrol "will soon rival the FBI in terms of the number of agents each agency has in the field. By the end of September, the Border Patrol will have 12,100 agents, according to spokesman Salvador Zamora. As of March, the FBI had 12,515. A 2004 law calls for expanding the Border Patrol to 21,000 agents by the end of the decade." However, "a recent analysis by Transactional Records Access Clearinghouse, a Syracuse University-based data research center, found that increasing the size of the Border Patrol has not yielded more arrests." In 1995, "the agency reported apprehending more than 1.3 million illegal immigrants. In 2005, with more than twice the number of agents as in 1995, the Border Patrol apprehended just under 1.2 million illegal immigrants."

State Legislators Seek To Address Costs Of Illegal Immigration. The Washington Times (4/21, Seper, 90K) reports, "State lawmakers across the nation are grappling with how to control the rising cost and effect of illegal aliens, with 368 bills pending or being debated in 42 states." The bills, "with more expected, target a number of constituency concerns, including the rising costs of education and medical care for illegal aliens, exploding crime, punishment for employers who exploit illegal aliens and the federal government's inability to secure the US border."

Minutemen To Build Border Fence On Private Land. The Washington Times (4/21, Seper, 90K) reports, "The Minuteman Civil Defense Corps (MCDC), which has placed hundreds of civilian volunteers on the Southwest border to stop illegal aliens from entering the country, announced plans yesterday to build a high-security fence on private land along the US-Mexico border." MCDC President Chris Simcox "said six landowners and two construction companies have partnered with the organization to break ground and begin construction on a state-of-the-art security fence similar to one proposed last year by a Pennsylvania-based advocacy group."

Immigration Officials Arrest 52 Convicted Child Sex Offenders. The CBS Evening News (4/20, story 4, 0:20, Schieffer, 7.66M) reported, "It turns out that immigration laws are also useful tools for getting sexual predators off the streets. Seen in this exclusive CBS News video, Immigration & Customs enforcement agents in New York arrested 52 convicted child sex offenders today from 14 countries. They'll all be deported for immigration violations."

TAX:

Symantec Fights $1 Billion Tax Bill. The Wall St. Journal (4/21, Boessenkool) reports that Symantec intends to fight a $1 billion bill from the IRS. The Journal notes, "Symantec and other companies grant licenses for a fee to foreign subsidiaries, and those licenses generate profits

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overseas. The Symantec dispute is over whether the company got fair value -- and paid taxes for that value -- on the licenses it granted." The IRS is disputing the value of licenses possessed by two Symantec subsidiaries in Ireland.

Polygamists Fight Property Taxes. The New York Times (4/21, Johnson) reports that a $1.3 million property tax bill faces "8,000 or so adherents of the Fundamentalist Church of Jesus Christ of Latter Day Saints, an offshoot of the Mormon Church that had long paid the property taxes of its members." Their system of tax collection is "in shambles" after the founder fled sex-related charges and after "the church's remaining leaders have told people living in the houses not to pay." Threatened with possible eviction, the members "could disperse to other parts of the West or to Canada, taking a page from the Mormons of old who came to Utah in 1847 to avoid persecution. Others fear violence."

CONGRESS-ADMINISTRATION:

Bush-Hu Summit Said To Have Accomplished Little. President Bush yesterday hosted Chinese President Hu Jintao at the White House for talks on energy, trade, and human rights. Most print reports state the summit produced virtually no tangible results on those issues. The Washington Post (4/21, A1, Baker, Kessler, 744K), for example, headlines its report "Bush, Hu Produce Summit of Symbols," and says Bush "came away with no specific agreements in a summit emphasizing symbolism over breakthroughs." CNN's The Situation Room (4/20, Blitzer) reported there was "a lot of talk but no real breakthroughs." The Wall Street Journal (4/21, King, Solomon, Dean, 2.11M) reports Hu "offered cooperation on issues from trade to nuclear proliferation," but he also "pointedly declined to give…Bush concrete promises on key economic and foreign-policy disputes." Likewise, The New York Times (4/21, Kahn, 1.19M) says the two leaders "broke no new ground," and the meeting "underscored the intractable nature of a long list of grievances."

The New York Times (4/21, Sanger, 1.19M) also runs an analysis piece titled "An Old Presidential Predicament: China Proves Tough To Influence," in which it says "just about every American president since Richard M. Nixon has confronted the fact that his influence over China is far more limited than he once hoped." Bush "is now facing that reality midway through his second term, at a moment when the Chinese clearly sense his weakness." Hu "apparently no longer feels, as past Chinese leaders did, that he must come to the United States bearing gifts." The AP (4/21, Loven) says Bush and Hu "made little measurable headway," and AFP (4/21) reports the leaders "showed little progress in healing rifts dividing the two powers." Likewise, Knight Ridder (4/21, Hutcheson) reports "some analysts expressed frustration that Bush and Hu failed to make significant progress."

A similar Chicago Tribune story (4/21, Silva) reports, "The fact that the two leaders had scant progress to cite after their meeting is emblematic of the strain that permeates US-Chinese relations," and it is "likely to spur new interest among members of Congress already pursuing trade sanctions against China, according to American experts on US-Chinese relations." Along those same lines, the Wall Street Journal (4/21, Harwood, 2.11M) reports in its "Washington Wire" column, "Sens. Grassley and Baucus will gauge outcome of Hu's visit and Treasury's currency report before deciding whether to press China trade legislation."

The Washington Times (4/21, Curl, 90K) also reports "there was little to show for the daylong talks," and adds "perhaps the biggest achievement of the day was an assurance by Mr. Hu to work to make the Chinese currency more 'flexible.'" The Times also reports, "The two leaders failed to find common ground on how to deal with Iran's nuclear ambitions." Focusing on the Iran issue, the Los Angeles Times (4/21, Richter, 958K) titles its story "Hu Keeps Cards Close to His Vest," and says it was "clear that Hu left Bush unsatisfied on his request for help to restrain the nuclear ambitions of Iran and North Korea." Hu "said little about China's intentions on the Iranian nuclear issue, except to repeat statements that Beijing intends to work through diplomacy." Meanwhile, the Financial Times (4/21, McGregor, Daniel) reports, "A senior White House official said Mr Bush had made an 'impassioned plea' to Mr Hu to support international efforts to pressure Sudan, a major supplier of oil to China, but without success."

On the network newscasts, the story was the lead on each show, which also ran follow-up reports later in their newscasts for a total of approximately 17 minutes of airtime. The networks offered similar assessments of the apparent lack of progress in key issues, but they focused their attention on two incidents that were described as marring the event. During the leaders' joint appearance on the White House lawn, a Falun Gong protester was able to get press

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credentials and cause a commotion during Hu's remarks. In a second incident, an announcer mistakenly referred to the People's Republic of China by using the formal name for Taiwan, which China regards as a renegade province. The embarrassing images were censored on Chinese TV reports, as were reports on the censorship itself. ABC World News Tonight (4/20, lead story, 4:10, Raddatz, 8.78M) reported, "The visit was meant to improve ties between the two countries on energy, trade and nuclear proliferation." But "just as the Chinese President was talking about deepening trust with the US," a "lone but very loud voice coming from the press area, shouting 'President Bush, stop him from killing. President Bush, stop him from persecuting Falun Gong.'" President Bush "appears irritated. President Hu, confused. But with the encouragement of President Bush, the Chinese leader continued. It took nearly three minutes before the Secret Service removed the woman." The two Presidents "did meet privately this afternoon, with Mr. Bush spending much of the meeting urging the Chinese leader to use his influence to curb North Korea's nuclear proliferation and to support UN sanctions against Iran for its nuclear program. But there were no agreements announced." The CBS Evening News (4/20, lead story, 2:40, Schieffer, 7.66M) led its report with the two gaffes, saying, "This was not the best day the White House ever had." NBC Nightly News (4/20, lead story, 3:10, Gregory, 9.87M) said the Falon Gong protest was "considered to the President a major embarrassment." The "outburst was a major irritant to the Chinese leader since the White House gave" the Falon Gong dissenter "a day pass to attend the event." A "veteran diplomat who was on hand today said there's no way that the Chinese won't think that this was an intentional move by the Administration."

The Washington Times (4/21, Curl, 90K) runs a story on the Falun Gong incident, the Washington Post (4/21, A2, Milbank, 744K), in its "Washington Sketch" section, also focuses on the "protocol breach," noting "Bush and Hu looked…stunned. It took so long to silence her -- a full three minutes -- that Bush aides began to wonder if the Secret Service's strategy was to let her scream herself hoarse. … 'You're okay,' Bush gently reassured Hu." But "he wasn't okay, not really. The protocol-obsessed Chinese leader suffered a day full of indignities -- some intentional, others just careless."

Chinese Feel "Slighted" By Lack Of State Dinner For Hu. The New York Times (4/21, Sanger, 1.19M) reports "the Chinese, ever sensitive to questions of status, made clear they felt slighted by Mr. Bush's decision not to offer up a full state dinner for the leader of 1.3 billion people." The Washington Post (4/21, A18, Kessler, 744K) says the "subtext" of the summit "was the future -- and how these two countries will share the international stage. At every turn, Hu sought to stress the equality between the two nations, which, as he put it in a luncheon toast, are the 'largest developing country and the largest developed country.'" For his part, "Bush tried to signal that China is not all that equal. The White House would not grant Hu the state dinner he dearly wanted, offering instead a lunch that fell just short of the pomp and circumstance for close allies. Meeting with reporters, Bush simply said, 'It's a very important relationship.'"

USA Today (4/21, Jackson, 2.31M) notes "US and Chinese officials disputed the very description of the meeting. The Chinese called it a 'state visit,' the most formal and prestigious welcome, while the administration referred to it as an 'official visit.'" Hu "did not receive an evening, black-tie state dinner, but was guest of honor at a special luncheon featuring a performance by the Nashville Bluegrass Band." The Washington Post's "Reliable Source" column (4/21, C3, Argetsinger, Roberts) also addresses that issue, reporting "the delicate compromise was a very fancy luncheon in the East Room for more than 150, complete with a receiving line and the requisite number of prominent Chinese Americans and celebrity guests: figure skater Michelle Kwan, who sat next to President Bush , former secretary of state Henry Kissinger , designer Derek Lam , NBC's Tim Russert , Chicago Mayor Richard Daley , actor Ron Silver , concert pianist Lang Lang -- not to mention Dick Cheney , Condoleezza Rice , Don Rumsfeld, first daughter Barbara Bush and a slew of business types including the heads of Ford, Citibank, FedEx, Goldman Sachs, Pepsi, Motorola and Wal-Mart." Guests "dined on corn broth with dumpling, halibut and melon, then were entertained by the Nashville Bluegrass Band."

China Said To Have Been Involved In Iran's Nuclear Program For Over A Decade. The Washington Times (4/21, Gertz, Scarborough, 90K) reports in its "Inside the Ring" column that as President Bush seeks help from Chinese President Hu Jintao to resolve the issue of Iran's nuclear program, US officials are "playing down" the fact that China "has been directly involved in Iran's nuclear and missile programs for more than a decade. National security officials tell us the effort to enlist Beijing's support on Iran is like Samuel Johnson's quip about a second marriage: the triumph of hope over experience. Classified U.S. intelligence reports dating from the early 1990s reveal that Beijing has

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been covertly backing Iranian nuclear efforts, as it did in Pakistan, with training and equipment."

Hadley Says Bush, Hu Agree That Nuclear Iran Isn't In Interest Of Regional Stability. National Security Adviser Stephen Hadley said on CNN's The Situation Room (4/20) that President Bush and President Hu "have the same strategic view that a nuclear Iran is not in the interest of regional stability, not in the interest of the nonproliferation structure. So, there was an agreement on a need to -- a common strategic assessment of the situation, and agreement that we needed to work together towards trying to convince Iran to listen to the clear message of the entire international community and step back from this nuclear program that they are pursuing."

Hadley Says US Will Keep Human Rights Issue At Forefront With China. Hadley was also asked on CNN's The Situation Room (4/20) if President Bush made any progress on the human rights issue with Hu. Hadley said, "We've been raising this issue for a while. The President gave a list of about six people who are in detention in China that he hoped would be released. We've talked about other issues, focusing heavily on freedom of religion, the right of people to worship in their homes, and educate their children, and the like. These are issues that are ongoing with China. We have raised those issues. There are a couple things that the Chinese have indicated they will be trying to do in the next weeks ahead. It's important for us to keep these issues on the forefront."

Pentagon Speaks About Hedging China As Hu Visits White House. The AFP (4/21) reports that even "as Chinese President Hu Jintao was at the White House to meet with President George W. Bush on a range of trade and security issues, and to assure US leaders they have nothing to fear from China's rising might," Pentagon spokesman Bryan Whitman said "the United States is shifting its military might to the Asia-Pacific region and equipping its forces for high-tech warfare as a hedge against China's military buildup," adding that "there is also a lack of transparency and some uncertainty surrounding China's future path."

Demonstrators Protest Hu's Visit. The Washington Times (4/21, Emerling, 90K) reports, "Hundreds of demonstrators from across the country yesterday lined Lafayette Park and areas near the White House to protest the first US visit by Hu Jintao." An "estimated 500 protesters massed outside the iron gates near Lafayette Park and another 500 protesters gathered along the west side of 17th Street in Northwest." Both groups "held signs bearing slogans like 'China Lies People Die' and 'China's New Era Begins When the Communist Party Ends.'" The Wall Street Journal (4/21, Harwood, 2.11M) reports in its "Washington Wire" column, "Yale braces for demonstrations today as President Hu visits New Haven. Security precautions close several city streets and part of the campus near Sprague Hall, where he is to speak."

China Seen As Driving Increase In Oil Prices. The CBS Evening News (4/20, story 2, 2:05, Schieffer, 7.66M) reported, "Fred Bergsten, author of a book on the Chinese economy, says the US remains the largest consumer of crude, 20 million barrels a day. But China is now the second-largest using 6.5 million barrels daily, and the Energy Department predicts China's demand will more than double by 2025." OPEC "can't meet that kind of demand, so prices are surging in the trading pits and at the pumps. According to a new congressional report, China's demand could add between 19 and 33 cents to the cost of a gallon of gas over the next five years."

NBC Nightly News (4/20, story 2, 2:15, Mitchell, 9.87M) reported, "By 2020, its energy needs will increase by 150 percent, so China is buying oil anywhere it can find it." John Kilduff, oil trader: "They are willing to do business with a lot of countries that the US would find repugnant." Mitchell: "Hot spots like Iran, Venezuela, Nigeria, and Sudan." China's "extraordinary growth is one reason oil supplies are now razor-thin. What used to be a worldwide cushion of 6 million barrels a day 4 years ago is now down to 1 million barrels, not enough to withstand a crisis in oil-producing countries. And who's doing more to conserve, China or the US?" Elizabeth Economy, China expert: "They have much more ambitious plans than we here in the United States do. They want to have 15% of all their energy come from renewable energy sources by 2020."

China Exporting More High-End Goods. ABC World News Tonight (4/20, story 6, 2:30, Vargas, 8.78M) reported, "Americans bought $243 billion in Chinese goods last year. We're all familiar with the low-priced clothing and electronics pouring into this country, helping to fuel China's $202 billion trade surplus. But there's been quite an effort by Chinese companies, recently, to conquer the markets for many high-end products, as well." ABC (Litke) added, "Quality is fast becoming the norm with Chinese products, from high fashion to high-tech. And" musical instrument manufacturer Eastman "is no exception. Most of Eastman's workers are peasants

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from the countryside. Yet, they're well-trained and very dedicated."

Roberts Taps Duff To Head US Courts Office.

The Washington Post/Bloomberg (4/21, A21, Stohr) reports that Chief Justice John Roberts yesterday selected Washington lawyer James Duff as director of the Administrative Office of the US Courts. Roberts said the appointment "represents a 'fresh start' in the judiciary's sometimes stormy relations with Congress." Duff "will head a 900-person office that provides support for courts around the country and serves as the judiciary's liaison with Congress."

The Legal Times (4/21, Mauro) reports, "Duff, 53, is a popular and familiar face at the sprawling judiciary, having served as administrative assistant to the late Chief Justice William Rehnquist from 1996 to 2000. There, Duff won praise as a low-key team player and a skillful behind-the-scenes negotiator. Duff was a close witness to history when he served as aide-de-camp to Rehnquist while the chief justice presided over the 1999 Senate impeachment trial of President Bill Clinton." The Times adds, "Duff will replace Leonidas Ralph Mecham, who has held the job for 20 years with a sometimes-combative style. Mecham, who is retiring when Duff takes over, was given a standing ovation. … Members of both houses, mostly Republicans, have been critical of the judiciary in recent years for exerting too much power over the elected branches and for operating with little or no accountability. For varying reasons, bills that are unappealing to many in the judiciary have gained support if not passage in recent years, including one that would bar citation of foreign law in cases and another that would hasten camera access into federal court proceedings. Congress also controls the $5 billion-plus budget of the judiciary."

Bolten Raises Possibility Of Replacing Miers As Counsel.

The New York Times (4/21, Bumiller, Rutenberg, 1.19M) reports White House Chief of Staff Joshua Bolten "has raised the possibility of moving Harriet E. Miers from her job as President Bush's counsel as part of a continuing shake-up of the West Wing, an influential Republican with close ties to Mr. Bolten said Thursday." The Republicans source said Bolten "had floated the idea among confidants, but that it was unclear whether he would follow through or if the move would be acceptable to Mr. Bush, who has a longtime personal bond with Ms. Miers." Meanwhile, Republicans said that Fox News commentator Tony Snow "was in negotiations for the job of White House press secretary." Snow "had surgery for colon cancer last year and is awaiting an clearance from doctors before making a deal." The White House "has also been interested in a communications job for Dan Senor, the former spokesman for the United States in Iraq who is now a Republican consultant and Fox News analyst. But Republicans said Mr. Senor was cool to the idea and faced complications because of his wife, Campbell Brown, sometimes fills in as anchor of the 'NBC Nightly News' and is the co-host of 'Weekend Today.'"

In Press Secretary, Bolten Looking For More Than A Fresh Face. The White House Bulletin/US News (4/20) reported, "Credibility and a strong intellectual background are the leading drivers in White House Chief of Staff Josh Bolten's search for a new press secretary. Insiders today said that Bolten's apparent decision to look outside the administration was an indication that he felt credibility had suffered in recent months and that a new person from the outside, such as frontrunner Tony Snow of Fox News and Dan Senor, a Fox analyst who used to be the administration's spokesman in Iraq, would revive the standing of the White House in the public's eyes." By "turning to an outsider like Snow, however, Bolten gets more than a fresh face, said those following the job search."

Snow Discusses Possibility Of Replacing McClellan. Tony Snow was asked on Fox News' The O'Reilly Factor (4/20) if he is interested in replacing Scott McClellan as White house spokesman. Snow said, "Look, it's very interesting. I am trying to balance two sets of things. On the one hand, you have a White House press spokesman as a piñata. And the other side of the ledger is family time. My kids need to see more of me. And you have a massive cut in pay. You have a lot of inconvenience. You don't have as much time to yourself. There's a lot of stuff going on, plus there are no guarantees after you get out of the White House whether there is any landing place. We have seen lots of people who went out to glory in the White Houses and came out with tin cups filled with pencils."

Website Taking Bets On Replacement For McClellan. The Washington Post (4/21, C3, Argetsinger, Roberts, 744K) reports in its "Reliable Source" column that the Scott McClellan "replacement odds are posted, for those too wonky for those highbrow 'American Idol' elimination wagers. Since Wednesday afternoon, BetUS.com has taken 186 bets with an average of $70 per bet (maximum is $100):

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Deputy Press Secretary Dana Perino is tied with presidential counselor Dan Bartlett (6-5), followed by Fox News host Tony Snow (4-1), perpetual presidential adviser David Gergen (8-1) and former Pentagon spokeswoman Torie Clark and former Iraq occupation spokesman Dan Senor (both 12-1). Perino has the lead with almost 60 percent of all bets placed, Bartlett is the runner-up with almost 25 percent, and four delusional guys are hoping to make more than $20,000 with former Clinton buddy George Stephanopoulos (80-1)."

Republicans Looking For More "New Blood" In White House Shuffle. The White House Bulletin/US News (4/20) reported, "'Where's the fresh thinking, the new blood?' asks a senior Republican who advised past GOP presidents." This official "described the changes so far as a 'botox injection' for the West Wing that will change its appearance but not alter the underlying reality -- of a president who has adopted unpopular or controversial policies on Iraq, immigration, Social Security, and other issues and so far can't find a way to improve his job-approval ratings." "What President Bush wants is the symbolism of change but not the substance," this prominent Republican tells US News and the Bulletin. Another concern inside the GOP is that Bush has yet to reach outside his tight group of loyalists for a senior adviser.

Leader Of Effort To Create National Health Information Network Resigning. The Financial Times (4/21, Timmins) reports, "Dr David Brailer, the man charged by President Bush with ensuring that half of all Americans have a portable electronic health record within a decade, is to step down two years after taking on the job." Brailer "said on Thursday he was leaving his job as national co-ordinator for health information technology for family reasons and because the programme 'is now mature and moving in the right direction.'" He "has commissioned a string of initiatives aimed at getting hospitals, doctors, health plans and IT vendors working together to deliver an initiative intended to improve the quality of care and potentially lower its cost." The Wall Street Journal (4/21, Harwood, 2.11M) in its "Washington Wire" column briefly notes the move, "Bush's health-technology czar David Brailer resigns, but will keep assisting with national health-information network."

NYTimes Says Bush Choice Of Schwab For USTR Undercuts WTO Negotiations. The New York Times (4/21, 1.19M) says in an editorial that former US Trade Representative Charlene Barshefsky "commanded respect internationally, particularly from China," while Robert Portman "made up for his lack of international clout with political expertise." Susan Schwab, "the woman President Bush has nominated to succeed Mr. Portman, has neither asset. That lack does not bode well for the crucial trade talks that are now under way at the WTO." The "most important byproduct of President Bush's much-discussed White House shake-up may be the torpedoing of any real progress in these critical trade negotiations."

Dionne Says Rove "Demotion" Shows Shift In Administration Goals. In his Washington Post column (4/21, A23), E.J. Dionne says the "real meaning of the White House shake-up and the redefinition of Karl Rove's role in the Bush presidency" is that the Administration's "one and only domestic priority in 2006 is hanging on to control of Congress." Rove is "simply moving to where all the action will, of necessity, be."

Kennedy Says Second Term Staff Changes Are Not Untypical. Sen. Ted Kennedy said on CNN's Larry King Live (4/20), "I think it's not untypical that a president in the second term is going to make these adjustments and I think particularly given the kind of conditions that he's facing in terms of the support that he has here at home and generally around the world that he's going to make some shifts and some changes. I think the real overarching issue does this really mean a change of policy, a change in direction and priorities here at home? And, I think those are real legitimate questions and I doubt whether it will make much of a change in policy with regards to Iraq, which is the overarching issue of our time." Kennedy added, "I don't think we're going to get much of a change of a direction on domestic policies or in foreign policy but we'll have to see."

Rumsfeld Critics Turn His Praise Of Change Against Him. The New York Times (4/21, Gordon, 1.19M) reports Defense Secretary Donald H. Rumsfeld "has described himself as an agent of change and suggested that the complaints come from old thinkers who oppose reforming the military." Convinced that "the generals were locked in a cold-war mindset -- 'legacy thinking,' he dubbed it -- Mr. Rumsfeld promoted the virtues of relying on precision weapons and fast-paced operations instead of huge numbers of troops." But "as a half-dozen retired Army and Marine generals have called for Mr. Rumsfeld's resignation, some criticize him in his own terms. The change-agent defense secretary, they say, is resistant to change." Rumsfeld, "the critics assert, was slow to acknowledge a growing insurgency in Iraq and to counter it. The military is overstretched by the

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occupations of Iraq and Afghanistan, but Mr. Rumsfeld has also resisted expanding the Army and Marines."

Kennedy Says Rumsfeld Is Not Incompetent. Sen. Ted Kennedy was asked on CNN's Larry Ling Live (4/20) if Rumsfeld is incompetent. Kennedy said, "No, I don't think he's incompetent. I think that there was a rush to war. … There was a thirst to go to war. There was no question about it. And they carefully selected and picked intelligence and off it was. And, I think that that was a catastrophic mistake."

Murtha Says Rumsfeld Should Take Blame For Iraq Mistakes. CNN's The Situation Room (4/20, Blitzer) reported that Rep. John Murtha says Defense Secretary Donald Rumsfeld "should take the blame for mistakes in Iraq."

Schieffer Unsure Rumsfeld Will Remain At Defense For Long. The Daily Record (NJ) (4/21, Jennings) reports that in remarks at a Drew University forum attended by 275 this week, CBS anchor Bob Schieffer "said he wasn't sure that Defense Secretary Donald Rumsfeld, under fire for his handling of the war in Iraq, would endure much longer in his post. He didn't put much stock in President Bush's recent declaration of support for Rumsfeld." Schieffer said, "t was also this president who said, 'Brownie, you're doing a heckuva job,' and that was just before Brownie got canned." Schieffer was "not optimistic about U.S. prospects in Iraq."

Krauthammer Says Uniformed Rumsfeld Critics Have Set "Dangerous Precedent." In his Washington Post column (4/21, A23), Charles Krauthammer comments on the retired generals who have come forth to criticize Secretary Rumsfeld, saying, "We've always had discontented officers in every war and in every period of our history. But they rarely coalesce into factions. That happens in places such as Hussein's Iraq, Pinochet's Chile or your run-of-the-mill banana republic. And when it does, outsiders (including the United States) do their best to exploit it, seeking out the dissident factions to either stage a coup or force the government to change policy." It is "precisely this kind of division that our tradition of military deference to democratically elected civilian superiors was meant to prevent. Today it suits the antiwar left to applaud the rupture of that tradition. But it is a disturbing and very dangerous precedent that even the left will one day regret."

Editorial Opinion On Rumsfeld Varied. USA Today (4/21, 2.31M) runs an "Opinionline" sampler of editorial opinion around the country on the retired generals who have called on Secretary Rumsfeld to resign. On one end of the spectrum, the Beaver County (Pa.) Times editorializes, "The American people need to listen to them before it is too late. Our military might is being squandered because of this administration's lethal combination of arrogance and bungling." On the end, the Amarillo (Texas) Globe News says, "What's missing in this discussion, though, has been a keen understanding of the nature of the relationship between senior military officers and their civilian bosses. It is filled with friction. It always has been that way and likely always will be."

Administration Says It Has Exceeded Enrollment Goal For Drug Benefit. The AP (4/21, Abrams) reports, "Another 1.7 million seniors have signed up for the new Medicare prescription drug benefit in the past month, and administration officials said Thursday they have exceeded their goal for the year with 25 days left before the enrollment deadline." The officials "rejected demands from some lawmakers that the May 15 deadline be extended to give people more time to study the plan alternatives, saying that would only lead to fewer enrollees." Health and Human Services Secretary Mike Leavitt said in a telephone news conference that "more than 30 million Medicare beneficiaries are new receiving prescription drug coverage, surpassing projections of 28 million to 30 million enrollees in the first year of the program."

The Wall Street Journal (4/21, Lueck, 2.11M) casts doubt on the government's numbers, "At first glance, information released Thursday by Medicare seems to indicate that 30 million people are getting prescription-drug insurance from the federal health program for the elderly and disabled. Not exactly." While the government claims 30 million seniors are receiving coverage, "a smaller number is actually enrolled in the new program, and some of that group had coverage before. As of April 18, 19.7 million beneficiaries are getting drug insurance from Medicare. Of that group, 5.8 million already had coverage from Medicaid, the state-federal program for the poor. An additional 6.8 million people are getting drug coverage from former employers; the coverage is partially subsidized by Medicare." That "means a total of 26.5 million people now are benefiting from the Medicare drug program." To get to 30 million, government officials also "counted 3.5 million people who have drug coverage from the military's TRICARE program or federal-employee benefits, but aren't signed up for the Medicare benefit."

Beneficiaries Could Pay As Mush As 7% More Next Year. The Los Angeles Times (4/21, Alonso-Zaldivar, 958K)

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reports, "With the deadline for signing up for the Medicare prescription benefit approaching, the government has announced that seniors and disabled beneficiaries may pay as much as 7% more next year for their benefit."

Large Insurers Seen As Biggest Winners So Far. The Wall Street Journal (4/21, 2.11M) reports that while the deadline is 25 days away, "the massive effort has produced clear winners and losers among businesses and seniors. The early winners include some of the nation's largest health plans, which are peddling the drug coverage. … Also buoyed: drug makers, which are reporting increased demand for some products used by seniors, such as drugs for chronic conditions. Many seniors are also giving the benefit good reviews, despite initial confusion about which plan to choose. … Dozens of smaller health insurers, meanwhile, are seeing only minimal enrollment gains, and independent pharmacists are criticizing the lower payments and suffering cash-flow problems." The Journal adds, "By far, the biggest winner in the race to sign up seniors is UnitedHealth Group Inc."

Congress Returns With Broad Agenda As Public Anger Deepens. The Washington Post (4/21, A5, Weisman, 744K) reports Congress returns "next week to face deep challenges including a budget morass in the House and an immigration quagmire in the Senate, while new polls indicate that voters increasingly view the legislative branch as dysfunctional." Republican leaders' success in navigating "their way through the legislative mess could greatly influence the outcome of the midterm elections in November, suggests a poll released yesterday by the nonpartisan Pew Research Center for the People and the Press." Republican leaders "have laid out an ambitious agenda for the coming months, from health-care legislation to the most sweeping immigration changes in a generation. But they will have just 72 legislative days to achieve it before the scheduled date of adjournment. And they will have to overcome divisions in their own ranks to secure even the basics, such as a budget."

Congress Not Following Through With E-911 Funding. After authorizing $250 million a year to pay for "E-911," enhanced 911 service for cellular telephone systems, Congress has failed to appropriate the money, leaving the project stalled. The CBS Evening News (4/20, story 9, 2:55, Brzezinski, 7.66M) reported, "911 centers around the country are driving blind, unable to identify cell phone caller's locations because they haven't upgraded their call tracking technology. Here's how it is supposed to work. When someone dials 911 on a cell phone, satellites pick up and relay the data to the nearest 911 call center, where computers display the caller's location within about a city block for margin of error. But if that call came on an old cell phone or if the 911 center doesn't have the technology upgrade, all bets are off." Sen. Hillary Clinton, New York: "Well, our 911 system is stuck in the 20th century." Brzezinski: "Since the attacks of 9/11, New York Sen. Hillary Clinton has worked to get the entire country's 911 system up to par, but still, more than 40% of country's call centers, known as PSAPS, are poorly equipped. If there were another terrorist attack right now, would we be in the same situation we were in 9/11?" Sen. Clinton: "That would depend upon what cell phone you used, what part of the country you were in, whether the PSAP answering your call had the capacity to locate you." Brzezinski: "A congressional study just out found that at least four states collected the money to fix the problem through phone bill surcharges but instead spent it elsewhere."

Board Strives To "Practice Merit" Under New Federal Pay Systems. The Washington Post (4/21, D4, Barr, 744K) reports in its "Federal Diary" column that the US Merit Systems Protection Board "strives to ensure fair treatment for civil service employees and hears appeals of major disciplinary actions when workers believe they have not received a square deal from their agencies. But the government's workplace rules are in flux. Congress has freed a number of agencies over the years from civil service law and most recently launched the departments of Defense and Homeland Security on efforts to shake up their pay and personnel systems. The changes in pay rules raise the question of 'how to practice merit' when operating outside civil service law, MSPB Chairman Neil A.G. McPhie said yesterday."

Kennedy Book Called "Blistering Critique" Of Bush Administration. Eric Pianin reviews Sen. Edward Kennedy's new book "America Back on Track" in the Washington Post (4/21 ,A21, 744K). Pianin says the book is "Kennedy's blistering critique of the Bush administration and his prescriptions for what ails the country. … Kennedy asserts that President Bush has systematically and ruthlessly chipped away at constitutional protections in the name of national security and the war on terrorism." Pianin adds that the book

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"plows a lot of familiar ground, and many of Kennedy's proposals seem more like liberal cant than pragmatic programs that might actually bridge the huge partisan and ideological divide in Washington."

OTHER NEWS:

Dow Industrials Close At Six-Year High. ABC World News Tonight (4/20, story 4, :15, Vargas, 8.78M) reported, "Blue chip stocks closed at more than a six-year high today. The Dow Jones Industrial Average gained 64 points to close at 11,342. The last time the Dow was this high was in January of 2000." NBC Nightly News (4/20, story 6, 0:15, Williams, 9.87M) also noted the Dow reached "a 6-year high in fact." The Nasdaq "lost a bit of ground, however, down just over 8 points on the day [to close at 2,362.55]."

The Wall Street Journal (4/21, Karmin, 2.11M) reports the Dow "powered to a six-year high, supported by easing crude-oil prices and upbeat earnings news from several blue-chip stocks including beleaguered General Motors Corp. … Crude-oil prices, falling from recent highs, finished at $71.95 a barrel, down 22 cents." USA Today (4/21, Shell, 2.31M), however, titles its story "Stocks Rise In Spite Of Increasing Price Of Oil,"

Jobless Claims Down Sharply. The Wall Street Journal (4/21, Blackstone, 2.11M) reports, "The number of US workers filing initial claims for unemployment benefits fell more sharply than expected last week, suggesting that underlying job fundamentals remain strong. Initial jobless claims declined by 10,000 to a seasonally adjusted 303,000 in the week ended April 15, the Labor Department said Thursday." Last week's "decline in unemployment claims was more pronounced than Wall Street expectations. The median estimate of 13 economists surveyed by Dow Jones Newswires and CNBC projected jobless claims would fall by just 5,000 in the April 15 week to 308,000."

Economy Seen As Likely To Hurt GOP In Fall. Under the headline "Why A Strong Economy Is No GOP Asset," the Christian Science Monitor (4/21, Feldmann, 61K) reports, "Of all the problems Republicans face heading into the fall political season, one of the most exasperating is the economy. In many ways, they say, these are the best of times: Unemployment is at 4.7 percent, lower than the averages of the 1970s, '80s, and '90s. The economy is showing strong, consistent growth, without significant inflation. And the stock market is roaring along." Yet "many Americans just aren't impressed. A majority tell pollsters they trust the Democrats more than the GOP to handle the economy. … Independent pollster John Zogby sees the public's skepticism over the economy as part of a larger picture of overall concern over the direction of the nation and a president struggling to recapture Americans' confidence."

Mortgage Rates Reach Four-Year High. ABC World News Tonight (4/20, story 3, 1:25, Vargas, 8.78M) reported, "Mortgage rates have risen to a nearly four-year high. The average rate for a 30-year fixed rate mortgage is above 6.5%." ABC (B. Stark) added, "There are now 30% more homes for sale this month than last. That means that buyers should have more bargaining power in some markets." The higher rates mean "for sure a slower economy in the second half of the year."

Foreign Firms Reducing Spending In US. The Wall Street Journal (4/21, Conkey, 2.11M) reports, "Amid political controversy over foreign investment in the US, new data suggest that foreign companies steadily reduced their work forces and capital spending in the U.S. from 2001 to 2004 despite rising sales here." In an annual report on its survey of multinational corporations, the US Commerce Department "said foreign firms other than banks doing business in the U.S. employed nearly 5.1 million employees in 2004 -- slightly less than one of every 20 workers in the private sector." That was "down 10% from 5.6 million in 2001."

Democrats Using Rising Gasoline Prices As Political Issue Against GOP Opponents. The New York Times (4/21, Janofsky, 1.19M) reports, "Democrats running for Congress are moving quickly to use the most recent surge in oil and gasoline prices to bash Republicans over energy policy, and more broadly, the direction of the country. … To varying degrees, Democrats around the country are following a similar script that touches on economic anxiety and populist resentment against oil companies." Sen. Charles E. Schumer of New York, chairman of the Democratic Senatorial Campaign Committee, said, "It's a metaphor for an economy that keeps biting people despite overall good numbers." Schumer also "said Democratic candidates in 10 of the 34 Senate races this year had scheduled campaign events this week focusing on gasoline prices."

The Washington Post (4/21, A1, Mufson, 744K) says that "in the absence of a clear explanation" for the rising prices, "members of Congress have jumped into the fray.

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'These major oil companies have hooked their hose up to the pocketbooks of American citizens and are sucking money from ordinary Americans into the treasury of the giant oil companies,' said Sen. Byron L. Dorgan (D-N.D.), a member of both the Senate Commerce and Energy committees." Schumer on Tuesday "called on the Federal Trade Commission to make sure the major oil companies weren't intentionally keeping refinery capacity offline to jack up prices. He cited a 5-percentage-point decline in refinery utilization rates."

Price Tops $3 A Gallon In California. The Los Angeles Times (4/21, Sanchez, 958K) reports, "The average price of a gallon of gasoline in California topped $3 for the first time this year, and motorists are not expected to see any relief from spiking prices until after Memorial Day, according to industry observers." California pump prices "are rapidly closing in on the record high reached in September, when a gallon of regular unleaded peaked at $3.054, according to AAA." USA Today (4/21, Hagenbaugh, 2.31M) says California "became the first state in the continental USA to see average gasoline prices go above $3 a gallon in 2006, while the price at the pump in Los Angeles hit an all-time high." The average price for a gallon of regular gas in California "hit $3.015 Thursday, up 3 cents from the day before and up 34 cents from a month ago."

Democratic Ad Targets GOP On Homeland Security. The AP (4/21, Sidoti) reports Democrats "believe they can turn a Republican political strength — homeland security — into a vulnerability. They are testing that theory with a television ad that accuses the Bush administration and the president's GOP supporters of disregarding port security." Americans United, a group "with close ties to congressional Democrats, is spending at least $500,000 to run the ad, starting Thursday, on cable news channels and during NBC's 'Meet the Press,' which airs Sundays." The 30-second ad "shows a longshoreman involved in port security in Long Beach, Calif., talking about the thousands of containers that move through U.S. ports each day."

Democrats Said To Lack Consensus On Message. The AP (4/20, Sidoti) reports that if you ask Democratic leaders "to identify their party's election-year message," you "get everything but consensus. Ahead in polls, Democrats are divided over whether they already have – or even need – a national theme that tells voters exactly where the party stands." In "more than a dozen interviews, Democrats who gathered here for the DNC's spring meeting rattled off lists of what they believe to be their party's message in 2006. Each had a different take." Some said "their party stands for affordable health care, lobbying reform, lower federal deficits. Others mentioned human rights, the well-being of families and the search for new energy sources. Still others cited education money, Medicare that works, a reliable Social Security program and world peace. Lots of issues. No single message."

Eleven States, DC, Competing For Early Primary Slots At DNC Meeting. The Washington Post (4/21, A4, Balz, 744K) reports Democratic state delegations are arriving in New Orleans to "compete for the chance to help start the presidential nominating process in 2008." Nevada Democrats "distributed a costly and colorful brochure, and aired the slickest video of the day to promote their state's rapidly changing electorate as an ideal testing ground for candidates." Arkansas Democrats "touted their many venues for retail politicking, including VIP toad races at the annual Toad Suck Daze festival. Hawaii offered perfect weather for winter campaigning." The states were "scrambling to take advantage of coming changes to the Democratic primary and caucus calendar in 2008, which will alter a system that long has given top early billing to Iowa's caucuses and New Hampshire's primary." In 2008, Iowa "will still have the first caucus and New Hampshire the first primary. But as many as four other states will be added to early weeks of the season -- one or two between Iowa and New Hampshire, and one or two immediately after. On Thursday, Democratic leaders from 11 states and the District began bidding for the available slots."

The AP (4/21, Sidoti) reports the DNC's "rules and bylaws panel heard pitches from the District of Columbia and 10 states that have applied to move up their contests to select the presidential nominee. Nebraska also applied but did not make a presentation." The states that "applied for early status" are "Alabama, Arizona, Arkansas, Colorado, Washington, D.C., Michigan, Mississippi, Nebraska, Nevada, South Carolina, West Virginia and Hawaii."

Senate Democrats Outraise Republicans, Have 2-1 Cash-On-Hand Advantage. The Washington Post (4/21, A4, Edsall, 744K) reports FEC data show the Democratic Senatorial Campaign Committee "continued to outpace the National Republican Senatorial

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Committee in fundraising, bringing in more contributions and finishing the quarter with twice as much money in the bank." There have been "growing complaints in Republican circles about the chairmanship of Sen. Elizabeth Dole (N.C.), who was elected to the post in part because of her reputation as a fundraiser." The DSCC reported raising $6.9 million in March for a total of $56.4 million in the 2005-06 cycle, and $32.1 million cash on hand. The NRSC "reported raising $5 million in March, bringing its total to $50.4 million for the cycle, with $16.5 million in the bank." In an "equally significant development, the Democratic Congressional Campaign Committee reported having $23 million in the bank, almost equaling -- for the first time in memory -- the cash balance of the National Republican Congressional Committee, which was $24.4 million."

CNN's The Situation Room (4/20, Blitzer) reported, "New financial reports in this midterm election year show that Senate Democrats still hold a 2-1 advantage over their Republican counterparts. The Democrats have about $32 million in the bank. The Republicans have about $16 million. But the Republican Party still holds a huge fund-raising edge over the Democratic Party. The RNC has about $43 million in the bank. The DNC has about $10 million on hand."

Democrats' Advantage On Generic Ballot Said To Be Overstated. The Washington Times (4/21, Lambro, 90K) reports pollsters are "churning out a stream of voter surveys that show Republicans trailing by 10 percent or more in congressional elections, although they acknowledge these 'generic' polls overstate the Democratic vote." The latest USA Today/Gallup poll, "conducted from April 7 to April 9, found that the Democrats lead Republicans by 52 percent to 42 percent among all registered voters surveyed." But Gallup "and other election pollsters who conduct generic polls acknowledge that the turnout rate for registered voters is much less than it is for Americans who say they are 'regular voters.' When Gallup polled a subgroup of people who say they vote on a regular basis, the Democratic lead fell to seven points, 51 percent to 44 percent." Republican pollsters "often complain that the results of generic surveys are tilted in favor of the Democrats and do not accurately reflect the partisan division among people who actually vote in their states and districts. It is a complaint that the Gallup Poll itself acknowledges in an analysis of its latest polling results."

Pew Poll Finds Anti-Incumbent Mood Strongest Since 1994. The AP (4/21, Sidoti) reports the "anti-incumbent mood of the public is as high as it has been since the midterm elections of 1994. A majority of people in this country say they do not want to see most members of Congress re-elected this November, and almost three in 10 say that about their own representative to Congress, according to a poll by the Pew Research Center for the People & the Press." Fifty-three percent "said they do not want most members of Congress re-elected, the poll found. In October 1994, 56 percent felt that way. Also, 28 percent said they want to see their own representative defeated in the midterm elections, compared with 29 percent in October 1994."

"Dysfunctional" Democrats Seen As Unlikely To Exploit GOP's Weakness. In an editorial, The Economist (4/20) says in a leader that the Democrats "hope to win this year's congressional elections in November and, on the back of those, to capture the White House in 2008. They need a net gain of 15 seats to take over the House and six seats to take over the Senate." With "two-thirds of Americans convinced that their country is heading in the wrong direction, this might appear to be easy. It isn't. First, various technical factors -- from the power of incumbency to gerrymandering -- will help the Republicans in November. More important, if the Republicans reek of decay, the Democrats ooze dysfunctionality: Divided, beholden to interest-groups and without a coherent policy on anything that matters to America and the world." Since 2004, the "Republican incompetence has exceeded even our worst fears. How depressing to report that Democratic incoherence has soared too. America deserves better."

Ehrlich, BGE Reach Deal On Rate Hike. Maryland Gov. Robert Ehrlich and Baltimore Gas and Electric Co. have reached a deal to phase in a 72 percent electricity rate increase over 18 months, Ehrlich announced Thursday. The Washington Times (4/21, Miller, 90K) reports, "By making the deal with BGE officials, Mr. Ehrlich avoided having to call a special session of the Democrat-controlled General Assembly, which ended its regular session last week without reaching an agreement on the electricity-rate issue."

The Washington Post (4/21, B1, Mosk, Wagner, 744K) reports, "The deal described yesterday is similar to one Pepco announced two days earlier. Under the terms, which state regulators must approve, 1 million Baltimore Gas and

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Electric customers will be given an option of shouldering the entire 72 percent increase starting in July or phasing it in over 18 months. Those who choose to phase in the increase will have to pay additional charges of about $15 a month extra for the average customer over two years. An additional $600 million in relief -- about $4 a month for the average customer -- would hinge on whether BGE's parent company, Constellation Energy Group, gets approval for a merger with a Florida power company. If not, customers who deferred rate increases would have to pay more interest."

Betty Ford Hospitalized. NBC Nightly News (4/20, story 5, 0:15, Williams, 9.87M) reported, "In other news tonight, we got word this morning that former First Lady Betty Ford was hospitalized for tests today. A family spokesperson said the visit to Eisenhower Medical Center in Rancho Mirage, California was routine and that the 88-year-old is in good health."

Krugman Says Conservative Tide Is Receding. Paul Krugman writes in the New York Times (4/21, 1.19M) that President Bush's "temporarily sky-high approval ratings were the aberration; the public never supported his real policy agenda." Krugman adds that Democrats "will almost surely make gains" this fall. Krugman concludes that the 2004 election 'looks like the high-water mark of a conservative tide that is now receding."

WSJournal Opposes Restoring Dues-Checkoff Privilege For NYC Transit Union. An editorial in the Wall Street Journal (4/21, 2.11M) says New York City may be bucking the trend of unions representing government employees getting "whatever they want, and with little accountability." The Journal notes that last December, the city's Transit Worker's Union "struck for three days in violation of the law." As penalty for the illegal strike, a judge rules that the union's right "to the automatic deduction of dues from workers' paychecks should be suspended for 90 days, and possibly longer." The Journal adds, "We wonder why the TWU should have its dues-checkoff privileges restored at all. Let it raise its money the old-fashioned way -- by providing a service that its members are willing to pay for."

Hamas Appoints Militant As Head Of New Security Force. The AP (4/21, Barzak) reports, "The Hamas government on Thursday named a Palestinian whose group has attacked Israel and was blamed for bombing a U.S. convoy to head a new security force made up of Islamic militants." The move "is a direct challenge to the authority of President Mahmoud Abbas, and was quickly denounced by Israel and the United States." Hamas Interior Minister Said Siyam "issued a decree appointing Jamal Abu Samhadana, the head of the Popular Resistance Committees, as director general of his ministry." His group "is responsible for many of the homemade rockets launched at Israel in recent weeks." It also is "suspected by some of involvement in the attack on a US Embassy convoy in Gaza that killed three Marine security guards in October 2003." The Washington Post (4/21, A16, 744K) runs a similar AP story on the appointment, while Knight Ridder (4/21, Nissenbaum) reports Samhadana is "one of Israel's most wanted militants," and notes he "an Israeli assassination attempt ."

The New York Times (4/21, Myre, 1.19M) says the move is "likely to increase friction between the Hamas-led Palestinian government and…Abbas." The Washington Times (4/21, Mitnick, 90K) also refers to the "tug of war between Hamas and…Abbas for control of the Palestinian security services." In recent weeks Abbas "has made several appointments aimed at consolidating his authority over multiple paramilitary police forces that he controls." The Los Angeles Times (4/21, King, 958K) runs a similar report.

US Diplomats' Union Says "Risk-Averse Culture" Stymies Award Nominations. The Washington Times (4/21, Kralev, 90K) reports the American Foreign Service Association, "the union representing American diplomats," said yesterday "it has had a difficult time soliciting nominations for its annual awards for 'constructive dissent'in the Foreign Service because its members are reluctant to be perceived as mavericks." Barbara Berger, coordinator for the awards, "said the Foreign Service is a risk-averse culture and its members are preoccupied with important daily responsibilities around the world." The Times adds, "None of the nominations this year is related to a controversial foreign policy issue such as Iraq, Iran, North Korea or the Israeli-Palestinian conflict."

White House Backs Lebanon On Territorial Dispute With Syria. The AP (4/21, Schweid) reports, "The Bush administration urged Syria on Thursday to negotiate with Lebanon on the future of a strip of disputed territory occupied by Israel." Israel seized Chebaa Farms in the Six-Day War. However, "The United Nations has

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determined the area is Syrian and has called for Syria and Israel to determine its fate in negotiations. But Syria says the area is Lebanese, and Lebanon has claimed Chebaa Farms." The US is calling for a "negotiated solution" and "normal diplomatic relations" between Syria and Lebanon.

Iranian Official Who Entered US Is Permanent Resident. The Washington Times (4/21, Kralev, 90K) reports, ""Mohammad Nahavandian, an economics and technology aide to Iran's top nuclear negotiator, Ali Larijani" who entered the US last month, is a "legal permanent US resident." However, DHS is now investigating him for "suspected violations that could result in revoking his green card." Nahavandian reportedly flew into Philadelphia on March 25. One official said "there were no records" that Nahavandian had left the US, "although he noted that such records would exist only if he departed by air."

Young Iranians Are Frustrated. The Washington Post (4/21, A1, Vick, 744K) reports, "While the world focuses on Iran's nuclear ambitions, Iranians focus on the unmet aspirations of the two-thirds of the population that is younger than 30." Iranians have "seen average income shrink under a religious government that has cultivated an elite of its own atop a profoundly dysfunctional economy"; problems include 15% inflation and 80% of the population working in the private sector, which is only 20% of the economy.

WSJournal Urges Bush To Prepare For Tough Iranian Situation. An editorial in the Wall Street Journal (4/21, 2.11M) tells President Bush to "begin to educate the American public about what is at stake in Iran and what the U.S. might be prepared to do about it." The editorial argues that "the chances of the international community imposing sanctions -- and sticking to them -- are vanishingly small" and that the president faces "a revolutionary regime seeking to spread its ideology and power by force and intimidation." It warns that offering concessions to Iran will likely fail, as they did with North Korea.

IADE Study To Suggest Greater Global Use Of Nuclear Power. The Financial Times (4/21, Hoyos) reports, "The International Energy Agency, which represents 26 developed countries, is to support a study highly likely to make the case for greater reliance on nuclear power." The study by the West's "energy watchdog" comes "amid growing fears about the reliability of natural gas supplies, particularly out of Iran and Russia." Greater use of nuclear power would end "the decades of moratoriums and stalled reactor programmes that followed the Chernobyl accident 20 years ago."

Uzbek Nuclear Waste Returned To Russia. The Washington Post (4/21, A15, Kole, 744K) reports, "Spent nuclear fuel containing enough weapons-grade uranium to produce at least two bombs was safely returned to Russia from Uzbekistan this week in a high-security and classified operation." The guarded shipments were "part of the Global Threat Reduction Initiative, an effort to ensure that high-risk nuclear and radiological materials do not fall into the wrong hands."

DOJ Investigates Russian Gas Supplier. The Wall Street Journal (4/21, 2.11M) reports, "The Justice Department is investigating Rosukrenergo AG, the company that supplies billions of dollars in Russian and Central Asian natural gas to Ukraine." Ruskrenergo's "cloudy workings and ownership structure have been attacked as a threat to Europe's energy security and Ukraine's political stability." The secretive company "is now reconsidering plans for a public share offering that would have required disclosure of the company's true owners."

Kurdish Satellite TV From Denmark Angers Turkey. The Christian Science Monitor (4/21, Schleifer, 61K) reports, "The Turkish government is lobbying Denmark to rein in Roj, accusing the two-year-old station of being nothing more than a mouthpiece for Kurdish terrorists." Based in Denmark, Roj "frequently airs footage provided by the [PKK] of its guerrillas in action against Turkish security forces." Turkey accuses Roj of being "part of the PKK," while Denmark calls the controversy "a matter for the courts." Kurdish viewers in southeastern Turkey have "added to the list of grievances" the Turkish government's efforts to shut down Roj.

US Troop Presence Creating Angst In Dominican Republic. The Los Angeles Times (4/21, Williams, 958K) reports anyone "casting a glance across the acres of armored vehicles, aircraft and olive-drab shelters arrayed around an abandoned airstrip" in the Dominican Republic "might be forgiven for assuming the U.S. armed forces have come to stay." The seaside territory "is abuzz with Black Hawk helicopter sorties and successive waves of arriving soldiers, all part of a four-month humanitarian and training mission under a Pentagon program known as

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Operation New Horizons." The US military "aims to build four prefabricated medical clinics and train 3,500 troops, mostly reservists, shuttling into this remote western port in two-week rotations." But the "scale of the operation and a U.S. aircraft carrier group's deployment to the Caribbean for two months of maneuvers have raised eyebrows and protests among those who see the American military presence as a threat to their sovereignty, or a show of force against leftist Latin American leaders."

Berlusconi Refuses To Leave Scene. The New York Times (4/21, Fisher, 1.19M) reports that defeated Prime Minister Silvio Berlusconi is not likely to plan a "quiet retirement." The Times reports, "Staying in politics brings an unquestionable bounty of advantages for a man like Mr. Berlusconi." He can protect his business empire and use parliamentary immunity to ward off "allegations of bribes and corruption over many years." Berlusconi has already vowed "to work to bring down the government as quickly as possible."

Nepalese Police Shoot Three Demonstrators. The Washington Post (4/21, A14, Lancaster, 744K) reports, "Police opened fire on pro-democracy demonstrators in the capital Thursday, killing three and wounding scores of others. The Post reports that the most recent protests in Kathmandu are the largest "since the parties launched their campaign" to bring back democratic rule. Diplomatic efforts by India, the US, and others are characterized as "intensive but apparently inconclusive." ABC World News Tonight (4/20, story 7, :25, Vargas, 8.78M) reported that in Nepal, "100,000 pro-democracy demonstrators defied a curfew to demand an end to the king and his dictatorship … Diplomats said there are signs the king may make concessions, possibly appointing a prime minister or reinstating parliament."

Chadian President Fights To Stay In Power. The New York Times (4/21, Lacey, 1.19M) reports that Chadian President Idriss Déby is beset by relatives and outsiders seeking his ouster: "Two of Mr. Déby's uncles, for example, defected from their positions as top military commanders in February to become rebels, and two of his nephews, once top presidential aides, broke ranks a few months … Some speak against Mr. Déby from opposition parties while others pick up arms against him. The government of Sudan has taken advantage of this popular disaffection, analysts say, by aiding some of the roughly 12 Chadian groups trying to unseat Mr. Déby." Diplomats worry that if Déby goes, a new government could favor Sudan's Darfur-tainted government or could sell oil to China.

US Tourists Can Visit North Korea This Summer. USA Today (4/21, Clark, 2.31M) reports, "Tours of North Korea being offered late this summer are, as one tour operator puts it, 'selling like hotcakes.'" USA Today writes, "The so-called Hermit Kingdom will grant visas to Americans during its annual Grand Mass Gymnastic and Artistic Performance, or Arirang festival, for select dates from August to October." The rare opportunity for Americans comes with restrictions: "Two North Korean guides [are] assigned to foreign travel groups. …Travel is arranged through a government agency (akin to the former Soviet Intourist), and Americans are charged more than other foreigners."

Snow Says Addressing Global Imbalances A Shared Responsibility. Treasury Secretary John Snow writes in the Washington Post (4/21, A23, 744K), "Today the International Monetary Fund is hosting a conference on global imbalances, the popular catchphrase for the capital and trade flows that have resulted from uneven regional growth, inflexible exchange rates and some regions' overdependence on exports -- especially to the United States -- to fuel their growth. … Too many discussions of this topic have labeled the United States the sole cause of, and solution to, the challenge." Snow adds, "Addressing global imbalances is a shared responsibility. The United States is doing its part -- we have adopted policies to reduce our fiscal deficit and increase national savings -- but the other major economies must do their parts as well. … Today's conference provides an opportunity for my colleagues and me to begin an intellectually honest debate on the responsibility we all share."

Bush Urged To Be Tough With Aliyev. In the Financial Times (4/21), columnist Philip Stephens urges President Bush to advocate human rights and democratization with Azeri leader Ilham Aliyev: "If Mr Bush's words are to mean anything at all, they must be shown to have substance precisely in places like this." Stephens argues that Aliyev is "susceptible" to pressure because his country needs "the west's approval and investment." However, Stephens pessimistically expects Washington to do no more than "a few

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gentle admonitions about trying to make the country's next elections a little bit fairer than the last."

O'Grady Criticizes "Rerun" of Venezuela In Bolivia. In the Wall Street Journal (4/21, 2.11M), columnist Mary O'Grady writes, "Military ambition is not the only threat that [Hugo] Chávez presents to hemispheric security. There is also his obsession with ending pluralistic democracy around the region." O'Grady argues that "Bolivia is his most advanced project," where President Evo Morales has taken Chavez-like steps such as purging "the top generals in the Bolivian military and [promising] to nationalize the country's natural resources." Morales has another policy meant to eliminate potential opposition: "a draconian salary cut for legislators, judges and commissioners."

WPost Hails Opening Of Nazi Archive. An editorial in the Washington Post (4/21, A22, 744K) hails the German decision to open "the archives of the International Tracing Service, a vast collection of documents thought to contain information on more than 17 million victims of the Holocaust, Nazi slave labor camps and postwar camps for displaced persons." The editorial takes a cautious tone, saying, "The test, now, is whether and how fast the Germans will make good on their promise." It urges rapid digitization and reproduction to benefit "survivors and historians, some of whom have been waiting more than 60 years."

THE BIG PICTURE:

Headlines From Today's Front Pages.

Los Angeles Times:
"A Haven's Sex And Sensibility."
"From Russia With Glove."
"Court Lets Schools Ban Inflammatory T-Shirts."
"Nationwide Raids Intensify Focus On The Employment Of Illegal Immigrants."
"Gov. Acts Quickly To Name Chief Of Prisons."
"Jafari Says He'll Quit If Shiite Bloc Wishes."
"Chronic Fatigue Is In The Genes, Study Finds."

USA Today:
"Arrests Stay Flat As Border Bolstered."
"On Queen's 80th, Britons Ask: Is Monarchy Licked?"
"Gas Price Average Tops $3 In Calif."

New York Times:
"Shiite Drops Bid To Keep His Post As Iraqi Premier."
"F.D.A. Dismisses Medical Benefit From Marijuana."
"Bush And Hu Vow New Cooperation."
"Democrats Eager To Exploit Anger Over Gas Prices."
"U.S. Crackdown Set Over Hiring Of Immigrants."
"27% Of Public Housing Tenants Face More Rent Under City Plan."

Washington Post:
"Bush, Hu Produce Summit Of Symbols."
"Drowsy, Distracted And Driving."
"The Battle Over The Blame For Gas Prices."
"As Iran Presses Its Ambitions, Its Young See Theirs Denied."
"The Power Player Who Faces Charges For Talking."
"A Teen's Passions, Writ Small."

Washington Times:
"Chertoff Gets Tough With Employers Of Illegals."
"Small Steps For Bush, Hu."
"Ehrlich Reaches Deal On Energy."
"Foreign Service Lacks 'Constructive Dissent.'"
"Scientists Cool Outlook On Global Warming."
"Duke Lacrosse Merchandise Is Hot, Hot, Hot."

Detroit Free Press:
"The Captain's Time."
"GM Wows Wall Street."
"Road Deal Paves Way For M-59, I-96 Work."
"Muslim Women Fight To Exercise Away From Men."

Atlanta Journal-Constitution:
"Terror Charge For Student."
"2 Suitors Could Be Near Deal For Braves."
"'Right Stuff' Pilot Killed In Georgia."
"Scandal Forces Another Delay For Kia Plant."
"Loss Turns Real As Troops Come Home."

Houston Chronicle:
"Business Warned Of Illegal Labor Crackdown."
"2 Seats, 1 Dream."
"How Did He Do?"
"Bush, Hu Agree To Joint Space Exploration."
"Battle For DeLay's Seat: Sekula-Gibbs In, Eckels Out."

Story Lineup From Last Night's Network News:
ABC: Bush, Hu Meeting; Iraq-Government; Mortgage Rates; Stock Markets; East African Famine; Chinese Imports; Nepal Democracy Protests; Negroponte-Intelligence Community; Atlanta Security Snafu; Kansas School Plot; Distracted Driving.

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CBS: Bush, Hu Meeting; China-Oil Consumption; Illegal Immigration Crackdown; NY-Sex Offenders Bust; Distracted Driving; Iraq Government; Iraq War-US Costs; Iraqi Special Forces; Cell Phones-911 Calls; Queen Elizabeth-80th Birthday.
NBC: Bush, Hu Meeting; China-Oil Consumption; Moussaoui Trial; New Orleans-Violent Crime; Betty Ford Hospitalized; Stock Markets; CEO Compensation; Kansas School Plot; Distracted Driving; Crossfield Obit; Beverly Hills-Historic Homes.

Story Lineup From This Morning's Radio News Broadcasts:
ABC: KS-High School Attack Plot; Hu-US Visit; Russia-Earthquake.
CBS: Hu-US Visit; Gas Prices; Study-Traffic Accidents; NC-Execution; Moussaoui Sentencing; KS-High School Attack Plot.
NPR: Moussaoui Sentencing; Hu-US Visit; Oil Prices; Wall Street; Iraq-Prime Minister Selection; Study-Traffic Accidents.

WASHINGTON'S SCHEDULE:

Today's Events In Washington.
White House:

PRESIDENT BUSH — Participates in a panel discussion on the American Competitiveness Initiative. Cisco Systems, Inc., San Jose, Calif.; the president will overnight in St. Helena, Calif.

VICE PRESIDENT CHENEY — Arrives at Indianapolis International Airport; departs Indianapolis International Airport; arrives at airport from local events, Morgantown, W.Va.

US Senate: No Scheduled Events.

US House: No Scheduled Events.

Other: CHINESE PRESIDENT HU JINTAO _ Highlights: Morning. Departs Washington.

CANADIAN FINANCE MINISTER JAMES FLAHERTY _ Highlights: 11 a.m. Meeting with World Bank President Paul Wolfowitz; 11:45 a.m. Meeting with U.S. Treasury Secretary John W. Snow.

COUNTERTERRORISM _ The Fifth Annual International Counterrrorism Conference, focusing on private and public partnerships, is held. Highlights: 9 a.m. Session on critical infrastructure, Patricia Hassard of the Canadian Public Safety and Emergency Preparedness Agency, Morgan Wright of Cisco Systems, others. 11 a.m. Keynote address on bioterrorism, with James Young, advisor, Public Safety and Emergency Preparedness Canada. 11:30 a.m. Assistant DHS Secretary Stewart Baker. 1:15 p.m. Session on port security, Gerry Frappier of Transport Canada, Shawn James of Lockheed Martin, others. 4 p.m. Keynote address - former DHS Secretary Tom Ridge. Location: Ritz-Carlton Hotel, 1150 22nd St. NW.

SCIENCE-TECHNOLOGY _ The American Association for the Advancement of Science holds its 31st annual Forum on Science and Technology Policy. Highlights: 7:45 a.m. Breakfast address by John Hamre, President, Center for Strategic and International Studies. 9 a.m. Shirley Ann Jackson, President of Rensselaer Polytechnic Institute, moderates plenary session on the global innovation challenge. 12 p.m. Luncheon address by Energy Secretary Bodman. Location: Washington Court Hotel, 525 New Jersey Ave. NW, unless otherwise noted.

BIOETHICS _ 9 a.m. Meeting of the President's Council on Bioethics, Agenda includes children and clinical research and organ procurement and transplants. Location: Madison Hotel, 1175 15th St. NW.

G-7 MEETING _ Annual G-7 meeting. Highlights: 7:30 p.m. Treasury Secretary Snow holds the G-7 news conference. Location: St. Regis Hotel, 16th and K Sts. NW.

NATIONAL SECURITY LAW _ 9:30 a.m. American University's Washington College of Law holds first annual Conference on Professional Issues in National Security. Participants include attorney Mark Zaid, Krieger and Zaid; Bruce Fein, The Lichfield Group; Tony Lord, British Embassy; former CIA officer Burton Gerber; and former 9/11 Commission counsel Daniel Marcus. Location: Room 401, 4801 Massachusetts Ave. NW.

PENTAGON-IRAQ _ 9 a.m. Army Colonel David R. Gray, commander of the 1st Brigade, 101st Airborne Division, will brief live from Iraq to provide an update on ongoing security operations in Iraq. Location: DOD Briefing Studio, Pentagon 2E579.

IRAQ STRATEGY _ 9:30 a.m. The Middle East Policy Council holds a forum on a responsible exit strategy from Iraq, with Lawrence Korb of the Center for American Progress, Barry Posen of MIT, others. Location: Room HC-5, Capitol.

ECONOMIC GROWTH-PROSPERITY _ 10:30 a.m. The Heritage Foundation holds a discussion on promoting economic growth and prosperity, with Lawrence Lindsey, former OMB Director James Miller, others. Location:

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Lehrman Auditorium, Heritage Foundation, 214 Massachusetts Ave. NE.

NATIONAL SECURITY-INVESTMENT _ 10:30 a.m. The American Enterprise Institute holds a forum on reform of the Committee on Foreign Investment in the U.S. and the Exon-Florio provisions of the Defense Production Act, with Clark Ervin of the Aspen Institute, Kristin Forbes of MIT, others. Location: 12th floor, AEI, 1150 17th St. NW.

MOUSSAOUI _ 11 a.m. The case United States v. Zacarias Moussaoui resumes. Location: Albert V. Bryan U.S. Courthouse, 401 Courthouse Square, Alexandria, Va.

CHINA _ 12:30 p.m. The School of Advanced International Studies holds a discussion with Peng Zhongying of the China Reform Forum on China's Role in Asia and beyond. Location: Room 812, 1619 Massachusetts Ave. NW.

DOHA ROUND _ 12:30 p.m. The School of Advanced International Studies holds a discussion with Sandra Polaski of the Carnegie Endowment for International Peace on the winners and losers in the Doha Round of trade talks. Location: Room 200, 1619 Massachusetts Ave. NW.

CLIMATE CHANGE _ 1 p.m. The Earth Day Network holds a discussion on climate change, with Vicki Arroyo of the Pew Center on Global Climate Change, David Battisti of the University of Washington, John Harte of UC Berkeley; John Reilly of MIT, and Daniel Schrag of Harvard. Location: AARP Broadcast Center, 601 E St. NW.

CRIME VICTIMS _ 2:30 p.m. National Crime Victims' Rights Week Awards ceremony, with Attorney General Gonzales, others. Location: Mellon Auditorium, 13th St. and Constitution Ave. NW.

EUROPE-HUMAN RIGHTS _ 5:30 p.m. Judge Luzius Wildhaber, president of the European Court of Human Rights, speaks at American University on the present and the future of the European Court of Human Rights. Introduction by Supreme Court Justice Stephen Breyer. Location: Room 603, Washington College of Law, 4801 Massachusetts Ave. NW.

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THE ATTORNEY GENERAL'S *NEWS BRIEFING*

PREPARED FOR THE OFFICE OF PUBLIC AFFAIRS, U.S. DEPARTMENT OF JUSTICE

TO: THE ATTORNEY GENERAL AND SENIOR STAFF

DATE: FRIDAY, APRIL 21, 2006 7:45 AM EDT

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TERRORISM NEWS:

Moussaoui Prosecutors Stipulate Reid Role In 9/11 "Highly Unlikely." At the sentencing trial of Zacarias Moussaoui yesterday, the defense rested after calling more 9/11 victims' family members to the stand, and psychiatrist Raymond Patterson testified in the government's rebuttal that Moussaoui is not a paranoid schizophrenic. However, most press coverage focused on the written stipulation in which the prosecution acknowledged that it is "highly unlikely" al Qaeda intended shoe-bomber Richard Reid to play a role in 9/11.

NBC Nightly News (4/20, story 3, 2:45, P. Williams, 9.87M) reported, "The jury has how heard from 13 family members as defense witnesses, including the sister of Jeremy Glick and the mother of Mark Bingham, two men who helped lead the passenger revolt on Flight 93." In the Reid stipulation, "the government said there's no evidence that Reid was ever instructed by al Qaeda leadership to conduct an operation with Moussaoui. Reid named Moussaoui the beneficiary in his will, something the FBI says he would not have done if the two were to be part of the same suicide operation."

Under the headline "Moussaoui, Shoe Bomber Link Called 'Highly Unlikely' by FBI," The Washington Post (4/21, A3, Markon, Dwyer, 744K) adds, "It was unclear how the FBI's analysis would resonate with jurors and whether it would raise questions about the truthfulness of Moussaoui's testimony. Jurors will start deliberating Monday." FBI spokesman Richard Kolko "would not comment beyond the stipulation. Prosecutors declined to comment." The AP (4/21, Sniffen) also notes, "Reid named Moussaoui as the beneficiary in his will and two FBI analysts concluded that was an unlikely decision for him to make if they were going to be on a joint suicide mission, the statement said.

The New York Times (4/21, Lewis, 1.19M) reports, "The significance of the document is that the Justice Department has now acknowledged that the government's principal investigators on the case are highly skeptical of an important part" of Moussaoui's testimony about his role in 9/11," which "was widely viewed as an important element in persuading the jury to find him eligible for the death penalty." CNN's The Situation Room (4/20, Blitzer) similarly noted that the stipulation about Reid "could make the difference on whether the confessed al Qaeda conspirator gets the death penalty."

The Los Angeles Times (4/21, Serrano, 958K) and Bloomberg (4/21, Arthur, Elsibai) also report on the stipulation and testimony from victims' family members.

FBI Review Raises Questions In Detroit Terror Case. The AP (4/20, Solomon) reports, "A new FBI analysis of evidence in a bungled Detroit terrorism trial undercuts the recent indictment of the former prosecutor in the case, creating fresh conflict in a legal drama that has embarrassed the Bush administration." The AP continues, "The 13-page report by FBI Agent Paul George concludes that satellite photos of a Jordanian hospital closely match hand-drawn sketches found in 2001 inside the apartment of four Detroit men who the government claimed had surveyed the site as part of a terrorist plot. … The new analysis conflicts with the Justice Department's argument that photographic evidence did not match the sketches." The AP adds, "George testified at the 2003 Detroit terrorism trial and produced the new analysis around the time he was called to testify late last year before a grand jury that eventually indicted the prosecutor for wrongdoing in the case, officials said. The agent's report was obtained by The Associated Press. … Convictions of three of the four Detroit men — arrested shortly after the Sept. 11 attacks — were tossed out in 2004 after the Justice Department told the court its own prosecutors withheld photos from defense lawyers that could have helped prove the defendants innocence. … Last month, former Assistant U.S. Attorney Richard G. Convertino and a State Department investigator were indicted on charges they conspired at the trial to withhold the pictures because they would have shown that the drawings were not surveillance sketches of the hospital, as Convertino and trial witnesses had portrayed. … Department officials said they were aware of George's report, but remained confident they could prove the ex-prosecutor and the State Department official lied about the existence of the photos, which were e-mailed to Convertino before the trial and were not turned over to defense lawyers. Convertino said he never saw the e-mail or photos. … 'The pending prosecution is not about the guilt or innocence of the defendants' in the original terror case, Justice spokesman Bryan Sierra said. 'This is about lies perpetrated by a federal prosecutor and a federal agent, as alleged in the indictment. It's about perjury and the integrity and fairness of the judicial system.'"

The Detroit News (4/21, Egan) notes Convertino lawyer Jeffrey Del Fuoco said, "It's extremely damaging to the government's case. They were in possession of this information prior to bringing this indictment and they brought it anyway." However, DOJ spokesman Bryan Sierra noted, "The pending prosecution is not about the guilt or innocence of the defendants. This is about lies perpetrated by a federal prosecutor and a federal agent, as alleged in the indictment."

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Number Of Terror Attacks Rose "Dramatically" In 2005. Knight Ridder (4/20, Strobel) reports that the number of terrorist attacks documented by US intelligence agencies increased dramatically in 2005, according to counterterrorism officials and documents obtained by Knight Ridder. According to Knight Ridder, the number attacks crossed 10,000 for the first time in 2005. Knight Ridder adds, "Officials caution that much of the increase, due to be reported publicly next week, stems from a change last year in how terror attacks are counted, coupled with a more aggressive effort to tally such violence worldwide. But the documents say, and officials confirm, that some of the rise is traceable to the war in Iraq, where foreign terrorists, a homegrown insurgency and sectarian strife have all contributed to political bloodshed."

List Of Guantanamo Detainees Sparks Outcry. In the wake of the Pentagon's release of a secret list of names and nationalities of 558 people held at the US military prison at Guantanamo Bay, the AP (4/20, Garwood) reported that a "chorus of complaints against the Bush administration." Britain "said its citizen should be freed after being held for years without charges. Afghanistan's peace and reconciliation commission vowed to send a delegation to the prison to make sure Afghans are not being mistreated. China demanded custody of a group of Muslim separatists so it can prosecute them on terrorism charges." The AP adds, "About 490 detainees from about 40 countries are now at the base. The Red Cross — the only outside agency the United States has allowed to visit the detainees — previously had access to the list but was not allowed to make it public."

Accused Enemy Combatant's Case Gets Increased Attention. The Washington Post (4/21, A3, Eggen, 744K) says Ali Saleh Kahlah al-Marri, the last man held as an enemy combatant on US soil, "is poised to take center stage in the ongoing fight over presidential powers in a time of war." The Qatari national, who is accused of being an al Qaeda sleeper, "has been held in a military brig in South Carolina since June 2003. … He is challenging the government's right to hold him as an enemy combatant." The Post adds that "a remarkable document filed in federal court in South Carolina this month," portrays Marri "as an important terrorist soldier who trained for more than a year at al-Qaeda camps. … Marri's attorneys dismiss the newly disclosed allegations as 'triple hearsay evidence' inadmissible in court and say many of them may have been obtained through torture."

Hayat Trial Judge Tells Jurors Not To Consider Cash Transfer "Material Support." The Sacramento Bee (4/21, Korber, 301K) reports, "The federal judge in the Lodi terrorism case instructed deliberating jurors Thursday they were not to consider a proposed transfer of cash as evidence that Hamid Hayat provided material support to terrorism. … In a hearing out of the jury's presence, the judge said he had studied the indictment and concluded that the reference to 'tangible or intangible property or service' should be stricken from the instruction. Attorneys for both the prosecution and the defense agreed." The Stockton Record (4/21, Hood) also reports on the material support ruling and adds, "Hamid Hayat's jurors sent U.S. District Judge Garland E. Burrell Jr. a note Thursday asking if FBI agents were required to read Hayat his constitutional rights before questioning him at his home on June 3. According to defense attorney Wazhma Mojaddidi, Burrell replied in the telephone conference that it's not a matter for jurors to decide."

Georgia Tech Student Indicted For Allegedly Attending Pakistan Terror Camp. The Atlanta Journal-Constitution (4/21, Torpy, 430K) reports Georgia Tech engineering student Syed Haris Ahmed "has been charged with giving 'material support' to a terrorist organization," and "the FBI believes he attended a training camp in Pakistan last year, sources say. He was in religious school there, his family says." Ahmed pleaded not guilty to the charge on Wednesday, US Magistrate Joel Feldman ordered him held without bail. "Gregory Jones, FBI Special Agent in Charge of the Atlanta office, would not say what started the investigation." The AJC adds, "In a separate case that may be related, a 19-year-old Roswell man was arrested Monday in Bangladesh. Ehsanul Islam Sadequee was arrested by Bengali authorities after at least eight months of federal investigation of him and his family, his sister…said Thursday." The New York Times (4/21, Goodman, 1.19M) notes Jones said at a press conference yesterday, "This case will be very seminal to those goals we've set to thoroughly investigate any information brought to our attention. We want to get it well before the point that somebody puts a bomb in a car."

The AP (4/21) adds that Jones said, "Let me assure you that at no time were we aware of an immediate dangers to the Atlanta area of the United States." Although "officials said the investigation of Ahmed was unrelated to other terrorism investigations," Sadequee's family "said they had been contacted recently by a man resembling the Georgia Tech student, who said he had been questioned by the FBI." CNN.com (4/20) reports, "U.S. law enforcement sources confirmed Thursday that Sadequee's arrest was linked to Ahmed's arrest by the FBI last month."

Former Salah Attorney Testifies About Harsh Israeli Interrogation Techniques. The AP (4/21,

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Burghart) reports, "Suspects subjected to days of interrogation techniques used by Israeli security agents often will do whatever necessary to put a stop to their 'desperate situation,' according to an attorney who testified Thursday in a hearing in the case of his former client, Muhammad Salah," who "is accused of laundering money to finance terrorist operations by…Hamas." Israeli defense and human rights lawyer Avigdor Feldman "testified that Salah told him while in custody he was forced to wear a foul-smelling hood, deprived of sleep, made to sit in an awkward position in a tiny chair with uneven legs and kept in a cell so cold it was called 'the refrigerator.' Salah said Israeli security agents told him he could be held indefinitely if he did not confess and that FBI agents in the United States would harm his family back home, Feldman said."

EU Official Sees No Evidence Of Secret CIA Flights. The EU's anti-terrorism coordinator said yesterday that investigators have found n o evidence that the CIA moved prisoners through European airports en routs to secret detention centers. USA Today (4/21, 2.31M) reports, "Gijs de Vries told a European Parliament committee that investigators have not identified any human rights violations, despite more than 50 hours of testimony by human rights activists and individuals who claimed to have been abducted by U.S. intelligence agents."

The New York Times (4/21, Bilefsky, 1.19M) reports that de Vries "came under criticism from some legislators who called the hearing a whitewash. Kathalijne Buitenweg, a Dutch member of Parliament from the Green Party, said that even without definitive proof, 'the circumstantial evidence is stunning.'"

HOMELAND RESPONSE:

Negroponte Defends First Year As DNI. Director of National Intelligence John Negroponte yesterday defended his first year on the job, saying he has made progress integrating the 16 agencies of the US intelligence community and adding that "remaking a loose confederation into a unified enterprise" will take time. The Washington Post (4/21, A7, Pincus, 744K) reports, that Negroponte speaking at the National Press Club, "said he has instituted 'institutional innovations, most of which are system-wide procedural improvements' designed to 'optimize the community's total performance.'"

Negroponte Reveals Number Of US Intelligence Workers. ABC World News Tonight (4/20, story 8, :25, Vargas, 8.78M) reported, "We learned something today, that was previously secret about how many people work for US intelligence around the world. John Negroponte, the Director of National Intelligence, gave a speech in Washington, on his first anniversary in that newly-created post. And Negroponte revealed that the intelligence community includes almost 100,000 Americans in 16 Federal Departments and agencies. He added that public understanding is important."

Negroponte Suggests US Is No Closer To Finding Bin Laden. The Los Angeles Times (4/21, 958K) reprints a Chicago Tribune (Hedges, 643K) story that reported that Negroponte "suggested that the US government was no closer to apprehending Al Qaeda chief Osama bin Laden, although he said Bin Laden's ability to operate had been significantly reduced." The Times adds that Negroponte "declined to discuss specific criticism of his office or the agencies that report to him."

Ignatius Says Bush Administration Has Made US Intelligence Problems Worse. David Ignatius writes in the Washington Post (4/21, A23, 744K) that a reorganization of the US intelligence community that was "supposed to bring greater coordination has instead produced a layering of responsibilities and bureaucratic confusion. A demoralized CIA that needed professional management is chafing under a Republican former congressman who has proved to be the most political and ineffective director in the agency's history." Ignatius adds, "Look at the organizational chart of the new Office of the Director of National Intelligence and you wonder if America has become a Third World country with a rival intelligence agency for each patch of turf." Ignatius concludes, "You would have thought it was impossible to make our intelligence problems even worse, but the Bush administration has accomplished that. This is a dangerous situation for the country, and it needs to be fixed, now."

Chertoff Vows To Redirect DHS Grant Spending. Homeland Security Director Michael Chertoff has promised to redirect grant spending based on risk of a terrorist attack aid word that fire departments are using DHS grants to buy gym equipment, sponsor puppet and clown shows and turn first responders into fitness trainers. The Washington Times (4/21, Hudson, 90K) reports, "The spending choices are allowable under the guidelines of the Assistance to Firefighters grant administered by the Homeland Security Department, which has awarded nearly 250 grants since February totaling more than $25 million out of the current spending pot of $545 million. … The Bush administration has specifically asked Congress not to allow funding for physical fitness, but the members who run Congress' appropriation committees keep inserting the language into the department's budget, officials say."

TSA Says 20 Airports Will Start "Registered Traveler" Programs. The TSA said yesterday that only 20 airports will be allowed to start so-called "registered traveler" programs that speed trusted travelers through

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airport security. USA Today (4/21, Frank, 2.31M) reports, "The TSA imposed the limit so it can test technology needed for the program's goal: a nationwide network of airports offering pre-screened passengers a fast pass through security. Airports could start the program as early as this summer when TSA begins approving applications, agency chief Kip Hawley said. Once 20 airports are approved, no more will be added until TSA finishes a year of taking public comment on Registered Traveler and refining the program."

The Wall Street Journal (4/21, Zhang, 2.11M) repots, "Participating airports will be chosen based on factors such as passenger volume, security measures, layout of airports and checkpoint configurations. The agency expects to roll out the program by June 20 and make a final rule for its expansion nationwide next year."

Security Test Glitch Causes Massive Delays At Atlanta Airport. ABC World News Tonight (4/20, story 9, :30, Vargas, 8.78M) reported, "There were massive delays at Atlanta's Hartsfield-Jackson Airport, after security screeners spotted what looked like a bomb on an X-ray machine yesterday. The security system was shut down when she was unable to locate the bag involved. Today, officials said it was a test. But because of a computer glitch, the screener didn't know. And therefore, all the confusion and delays ensued."

Pataki Adviser Says Planned Ground Zero Memorial Is "Attractive Target." James Kallstrom New York Gov. George Pataki's senior adviser for counterterrorism has concluded that the design for a memorial at ground zero leaves is vulnerable to terrorist attack. The New York Times (4/21, Dunlap, 1.19M) reports that Kallstrom said the memorial is an "attractive target" and has "called on the architects to consider revising several critical aspects." Kallstrom's findings "were laid out in a confidential letter to the Lower Manhattan Development Corporation, dated March 3. A copy of the six-page letter was mailed anonymously to The New York Times and received this week. There was no way to assess the sender's motives."

GAO Audit Says $7.8 Million Wasted On Portable Classrooms For Katrina Zone. The AP2 (4/21, Yen) reports the government "overpaid by 20 percent on a $39.5 million, no-bid Hurricane Katrina contract for portable classrooms because the Army Corps of Engineers passed up chances to negotiate a lower price, a federal audit says." A draft Government Accountability Office report "on the contract with Akima Site Operations LLC, a subsidiary of an Alaska Native-owned firm, said the government wasted at least $7.8 million on the classrooms in Mississippi. It's the latest in a series of audits detailing waste of hundreds of millions of taxpayer dollars in the hurricane recovery effort."

GAO Report Criticizes SBA Response To Hurricane Katrina. The New York Times (4/21, Nixon, Eaton, 1.19M) reports the Government Accountability Office says "the federal government's main program for helping the victims of Hurricane Katrina rebuild their homes and businesses, operated by the Small Business Administration, has been plagued by inadequate leadership and poor planning." The GAO "found that the agency was hampered in its hurricane response by its failure to participate in disaster drills and to prepare for a disaster of the hurricane's magnitude, according to written testimony and briefings it has given Congressional committees." SBA says "it has approved more than $8.3 billion in loans to more than 126,000 homeowners, renters and business owners and that it has processed 90 percent of the 2.4 million loan applications it has received since the hurricanes. More than 40 percent of the applications were approved, according to agency data." But Congressional critics "say the agency actually rejected close to 70 percent of applicants, and that so far only a small amount of loan proceeds — about $336 million — has gotten into the hands of disaster victims."

NYTimes Says Katrina Highlights Need For Relocation, Medical Care. The New York Times (4/21, 1.19M) says in an editorial that the lessons of Hurricane Katrina "have highlighted two important ways that the country will need to change its disaster relief before the next hurricane season begins in June. The federal government must do a better job of relocating evacuated families into permanent homes in functional communities instead of into hotels and trailer parks. And the authorities need to provide ongoing medical care for the displaced."

New Orleans Mayoral Race Comes Down To Three Candidates, Race. USA Today (4/21, Axtman, 2.31M) reports on the "eve of the election — one of the most unusual for a major city in U.S. history — it comes down to this. The black incumbent and two white challengers are locked in a tight contest where race is playing a dominant role." The outcome is "unpredictable. About the only thing that political observers agree on is that a runoff election looks inevitable." Two Tulane University political scientists "released a poll this week. It showed Louisiana Lt. Gov. Mitch Landrieu leading with 25.9% of the respondents' vote. Mayor Ray Nagin was second with 21.4%." Ron Forman, "president of the Audubon Nature Institute, took third with 17.9%." What is "making things difficult, says Brian Brox, one of the Tulane pollsters, is that over 17% of respondents say they are still undecided. Another 17.3% are voting for one of the other 20 candidates who are also on the ballot. Most of those candidates are political newcomers." Political experts

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"predict that no one will get a majority vote and the race will end up in a runoff on May 20."

The Wall Street Journal (4/21, Dade, 2.11M) reports "efforts to bus thousands of displaced African-American voters from Atlanta, Houston and other southern cities back to their hometown appear to be faltering -- a development that could hurt incumbent Ray Nagin in a tightly contested mayoral race." Whether Nagin "advances to a potential runoff next month could well turn on which and how many displaced residents return to vote. If Mr. Nagin fails, the margin of defeat may be found in the missing votes of those who were too consumed with piecing their lives together elsewhere to make the trek back to New Orleans." The Journal also reports the results of the Tulane University poll.

DNC Members To Repair Hurricane Damage During New Orleans Meeting. The AP (4/20, Sidoti) reports members of the Democratic National Committee "plan to clean out hurricane-ravaged homes in this slowly recovering city, a project designed to highlight the party's criticism of the Bush administration." The choice "of New Orleans for the Democratic National Committee meeting that begins Thursday was part of a political calculation, as is a three-day agenda for the 400 delegates that combines party business with community service." Democratic strategist Steve McMahon said, "It's reinforcing an impression that is widely held among the public and one that will be a critical theme for Democrats across the country — namely that this administration is dangerously incompetent."

WAR NEWS:

Al-Jaafari Drops Bid To Remain Iraqi Prime Minister. In a move that potentially could break the logjam preventing the formation of the Iraqi government, Shiite politician Ibrahim al-Jaafari announced he would not seek an additional term as prime minister. The CBS Evening News (4/20, story 6, 0:15, Schieffer, 7.66M) reported, "The political logjam that has blocked formation of a unity government in Iraq may have finally broken today." ABC World News Tonight (4/20, story 2, :30, Vargas, 8.78M) says "there's one giant note of caution. At times, in the past, al-Jaafari has not kept his word."

USA Today (4/21, Johnson, 2.31M) reports Jaafari said in a televised address, "The one thing I cannot compromise is my dedication to this heroic people. … I cannot allow myself to be an obstacle, or appear to be an obstacle to that." The Washington Times (4/21, Behn, 90K) reports Jaafari's "change of heart came after a series of meetings with Iraq's most powerful Shi'ite cleric Grand Ayatollah Ali al-Husseini al-Sistani, United Nations envoy Ashraf Qazi and radical cleric Muqtada al-Sadr."

The Financial Times (4/21, Negus) notes the announcement "was followed by the postponement of a planned session of parliament, delayed until Saturday, to allow members of the UIA to vote for leadership candidates, including a prime minister." President Jalal Talabani "predicted that key posts could be filled within days." The New York Times (4/21, Semple, Oppel, 1.19M) says "leaders from each of Iraq's main factions -- Sunni Arab, Shiite and Kurd -- called the decision a breakthrough."

The Washington Post (4/21, A14, Hernandez, Sebti, Ibrahim, 744K) reports, "Among the people mentioned as alternatives to Jafari are two members of his Dawa party: Jawad al-Maliki, its spokesman, and Ali al-Adeeb, a prominent politician whose ties to Iran disturb many Sunni Arabs." The AP (4/21, Reid), Los Angeles Times (4/21, Wallace, 958K) and Knight Ridder (4/21, Fadel) run similar reports.

Meanwhile the New York Times (4/21, 1.19M), in an editorial titled "A Glimmer Of Hope In Iraq," says "the most likely replacement nominees now being talked about are far from ideal. But the only conceivable path to a better future than civil war and chaos in Iraq is lined with distasteful compromise and leaps of faith. No one believes that success is certain. … A new start is desperately needed."

US Iraq War Death Toll, Costs Continue To Rise. The CBS Evening News (4/20, story 7, 0:30, Schieffer, 7.66M) reported, "As the Iraqis have continued to wrangle over forming a government, the price the United States is paying for the war just keeps going up. At least 2,374 American servicemen and women have now been killed. And in a new study, a Washington think tank reports US military spending on the war has skyrocketed. The report estimates the cost this year at $94 billion. That is nearly twice what it was the year the United States invaded Iraq."

Kennedy Says Vote Against Iraq War Is Best Senate Vote He Ever Cast. Sen. Ted Kennedy was asked on CNN's Larry King Live (4/20) about his vote against the Iraq war. Kennedy said, "The best vote, best vote I cast in the United States Senate. … I'm on the Armed Services Committee and I was inclined to support the Administration when we started the hearings in the Armed Services Committee. And, it was enormously interesting to me that those that had been -- that were in the armed forces that had served in combat were universally opposed to going. … And the second point that influenced me was in the time that we were having the briefings and these were classified. They've been declassified now. Secretary Rumsfeld came up and said 'There are weapons of mass destruction north, south, east and west of Baghdad.' This was his testimony in the Armed Services Committee. And at that time Senator Levin,

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who is an enormously gifted, talented member of the Armed Services Committee said, 'Well, we're now providing this information to the inspectors aren't we?' This is just before the war. "Oh, yes, we're providing that.' 'But are they finding anything?' 'No.'"

Iraqi Special Forces Recruits Take Great Risks. The CBS Evening News (4/20, story 8, 3:15, Logan, 7.66M) reported, "They are Iraq's Green Berets, in training, and the Special Forces instructors taking them through their paces are all Iraqis. That's a long way from where they were nearly three years ago, when this elite unit was first formed by American Green Berets." Quitting is "still an option for these new recruits on the Special Forces selection course. It's day 5 and of the 400 who signed up, 121 have already dropped out. The day after these pictures were taken, one of these recruits would end up in detention after they discovered he's a member of a militia that's been targeting the Special Forces commandos."

Afghan Parliament Backs Karzai's Cabinet Picks. The New York Times (4/21, Gall, 1.19M) reports, "President Hamid Karzai won broad approval from Parliament for his reshuffled cabinet in daylong voting Thursday, with only 5 of the 25 ministerial nominees rejected. Some members of Parliament raised objections about the way three of the ministers were confirmed, and their cases may be re-examined on Saturday." This year "for the first time Mr. Karzai's cabinet appointments are subject to confirmation by Parliament."

Mount Vernon Hosts Purple Heart Ceremony. The Washington Post (4/21, B1, Morello, 744K) reports a "journey of pain and loss, beginning with roadside bombs in Iraq and pausing at Walter Reed Army Medical Center, brought seven soldiers to Mount Vernon yesterday in a Purple Heart ceremony filled with reminders of war's sacrifice." The "dusty, clamorous war zones of Iraq seemed a distant memory and yet achingly close as the six men and one woman arrived by bus at a lawn dappled by sunlight. All seven soldiers and a four-star general who spoke came dressed in desert camouflage uniforms that contrasted sharply with the expanse of green grass and flowering shrubs. Three soldiers were in wheelchairs, although one, Spec. Sergio Lopez of Bolingbrook, Ill., had a cane, which he used for support as he struggled to his feet to receive his medal."

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Columnist Questions McNally Testimony In Ryan Case. In a column for the Chicago Tribune (4/20), John Kass writes, "U.S. Senators Richard Durbin and Barack Obama have asked the Bush Justice Department to investigate federal prosecutor Ed McNally, until recently the U.S. attorney for the Southern District of Illinois, for circumstances surrounding his testimony on behalf of convicted former Republican Gov. George Ryan." Kass continues, "Durbin's letter to the Justice Department's Office of Professional Responsibility, and Obama's statement--both released to me on Wednesday--demanded to know the following: … Whether McNally violated procedure by failing to disclose a serious apparent financial conflict of interest with Winston & Strawn, the law firm that gave Ryan an estimated $20 million in free legal defense work. … And whether McNally, as suggested by prosecutors in the Ryan trial, illegally taped a crucial interview between Ryan and federal investigators, when McNally was Ryan's lawyer." Kass adds, "The letter from Durbin, who is on the Senate Judiciary Committee, is just the thing to chill McNally's morning coffee and the lattes sipped at Winston & Strawn, which is run by Ryan's buddy, former Republican Gov. Big Jim Thompson. … McNally is not penny ante. The former Ryan defense lawyer with Republican clout was a partner in now-defunct firm Altheimer & Gray. He left before it went bankrupt and started working for the Department of Justice after the Sept. 11, 2001, terrorist attacks. He was made the interim U.S. attorney for the Southern District in November 2005 just in time. … You know, just in time to testify." Kass concludes, "In a response faxed to me late Wednesday, McNally, speaking as a private citizen, said he sought extensive legal advice before testifying and that any investigation 'will demonstrate I acted in compliance with legal, ethical and other obligations.' … Justice Department spokesmen would not confirm an investigation. They would not say who recommended McNally for the Southern District post, just in time for Ryan's trial. … I have a hard time believing in coincidences. Do you?"

CORPORATE SCANDALS:

Prosecutor Attacks Skilling's Credibility As Testimony Ends. The Wall Street Journal (4/21, Emshwiller, McWilliams) reports, "During eight grueling days on the witness stand here, former Enron Corp. President Jeffrey Skilling battled old friends and new enemies in a bid to win over 12 strangers to his version of what happened at the fallen energy giant. … If he is convicted of the conspiracy and fraud charges against him, he might look back and wonder if he was undone by an ex-girlfriend." The Journal continues, "Having waited years to defend himself against the government's charges, Mr. Skilling did better than expected, given his reputation for outbursts, some observers say. Though he frequently sparred with prosecutor Sean

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Berkowitz over three days of cross-examination, Mr. Skilling largely kept his cool. He often appeared to be earnestly trying to explain Enron's complexities and conveyed a sense of pride in Enron. … By the time he finished his testimony Thursday morning, Mr. Skilling and his attorney, Daniel Petrocelli, had used reams of data and charts aimed at neutralizing the prosecution and a string of government witnesses. … Many of those witnesses were Mr. Skilling's former Enron colleagues, who were testifying as part of criminal plea bargains. At the least, the Skilling defense team succeeded, in many instances, in presenting alternative, innocent interpretations of activities that prosecutors maintain were part of a criminal conspiracy at Enron. … But given the complexities of Enron's finances and operations, 'everything comes down to credibility,' says Jacob Zamansky, a New York attorney, who sat through much of Mr. Skilling's testimony. 'If the jury doesn't think Skilling is credible, his whole testimony goes down the drain.'"

USA Today (4/21, Farrell) reports that Skilling "first admitted on cross-examination Monday that he invested $180,000 in a company run by a woman he dated in 1997 and 1998 — a company that did almost half a million dollars in business with Enron. … He confessed that, according to Enron's code of ethics manual, he probably should have done a better job of notifying the company's board about the apparent conflict of interest. But Wednesday, after the government's original round of cross-examination ended, Skilling's lead attorney, Dan Petrocelli, found another portion of the ethics manual that appeared to exempt Skilling from presenting the matter formally to the board: Given that Skilling had alerted Enron chairman Ken Lay of the situation, there was no need for a written notice. … But Thursday morning, in his last opportunity to confront Skilling directly …Berkowitz revisited the topic. He displayed two checks Skilling wrote to his then-girlfriend, Jennifer Binder, worth $10,000 each, one dated in December 1997 and another in March 1998. … Although the checks were three months apart, they were both cashed on March 13, 1998, and bore consecutive numbers, indicating that one had been written right after the other. When Berkowitz displayed the check immediately preceding the December payment, it was dated in March of 1998, suggesting that Skilling had backdated a check to avoid having to pay taxes on gifts exceeding $10,000 in one year. … Skilling insisted that he paid all his taxes, and that he simply had no memory of the checks or why they were written."

The Washington Post (4/21, Johnson) reports, "Skilling's character was the issue for most of Thursday, as his lawyers called half a dozen witnesses to attest to his integrity and to counter the government portrayal of a man who they say led a plot to deceive investors about Enron's financial health. … One such witness, Carol Baxter, is the widow of Skilling's best friend, dealmaker Cliff Baxter, who committed suicide in early 2002, as investigations of the company's collapse into bankruptcy protection heightened. Carol Baxter said she discussed Skilling's exhaustion with him three months before he abruptly resigned from Enron in August 2001 -- offering a measure of support for Skilling's statement that he departed for personal reasons, not because he knew the company was on the verge of disaster, as prosecutors contend. … Skilling's former wife, Susan Skilling Lowe, took the witness stand to tell jurors that she sold $14 million worth of Enron options in November 2000 without talking to Skilling about the sale. Prosecutors pointed out that Skilling sold $21 million in Enron stock a month earlier and that his current wife, Rebecca Carter, sold $1.65 million one month later -- all around the time a deal to sell Enron's underperforming international assets cratered. Lowe disputed the idea of a link, saying she rarely talked with Skilling except on issues related to their three children."

The New York Times (4/21, Barrionuevo) reports that during his testimony "Skilling accomplished much of what he needed to do in front of the jury hearing his criminal case, avoiding any major gaffes while staunchly maintaining his innocence. … But in the end, the performance by Enron's former chief executive was far from perfect, and may have revealed to the jury more than he and his lawyer wanted." The Times continues, "The portrait of Mr. Skilling that emerged in his criminal fraud trial here was more complex than the caricature frequently drawn of him as the greedy, arrogant executive with a Darwinian view of the world who transformed Enron from a humdrum pipeline company into a renowned energy-trading colossus. … Instead, Mr. Skilling showed himself to be a vulnerable, emotional, even affable character who saves his hostility, these days, for the government that charged him with defrauding Enron's investors. … But jurors in the federal trial also saw a side of him that had increasingly bothered managers at Enron. This was a man who did not like to be questioned, to be told he was wrong, to be asked, even, just to listen. … And whether Mr. Skilling helped himself on the stand more than he hurt his defense will ultimately depend on how the jury weighs those two sides of his personality."

The Houston Chronicle (4/21, Roper, Fowler) reports, "The gamble by the defense to put Jeff Skilling on the stand as its key weapon to fight the 28 charges against him may have paid off, legal observers said. … 'Did it work? Absolutely,' said Houston criminal defense attorney Brian Wice, who has been monitoring the trial daily, including Skilling's final day on the stand today." The Chronicle adds, "Still, some believe prosecutors did exactly what they needed to do — give the strong-willed Skilling just enough room to outsmart himself. … 'For days he's been arguing two-plus-two is not really four, that everything was not as it appeared on its face and that only a very few smart people could

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understand,' said Michael Wynne, a former federal prosecutor who also is a regular observer of the trial."

Sentencing Of Former Qwest Official Delayed. The AP (4/21, Shore) reports, "A federal judge agreed Wednesday to a three-month delay in sentencing ex-Qwest finance chief Robin Szeliga for insider trading but rejected a prosecutor's request to put it off until year end." The AP continues, "U.S. Attorney Bill Leone sought the postponement because of Szeliga's ongoing cooperation with an insider trading case against former Chief Executive Officer Joe Nacchio, which has yet to be set for trial. Under the terms of her plea agreement, Szeliga's prison term could be reduced if her cooperation is deemed substantial." The AP adds, "U.S. District Judge Walker Miller told Leone the case needed to completed in a timely manner and refused to delay Szeliga's sentencing past July, a deadline set in her plea agreement. … Szeliga pleaded guilty July 14 to a single count of insider trading amid the multibillion-dollar accounting scandal at Denver-based Qwest Communications International Inc. She admitted improperly selling 10,000 shares of Qwest stock in 2001 for a net profit of $125,000. … Prosecutors alleged Szeliga sold the stock based on nonpublic information that some Qwest business units would fail to meet revenue targets and that nonrecurring revenue was improperly used to meet those goals. … Szeliga faces up to 10 years in prison and $1 million fine, although sentencing guidelines recommend a term of 15 months to 21 months."

Freddie Mac Settles Shareholder Lawsuit For $410 Million. The New York Times (4/21, 1.19M) reports, "Freddie Mac, the mortgage financer, agreed yesterday to pay $410 million in cash to settle a shareholder lawsuit over accounting mistakes that led it to restate three years of earnings." The settlement "will reduce first-quarter net income for 2005 by about $220 million after tax, Freddie Mac, a government-chartered company, said yesterday." Shareholders "sued Freddie Mac after the company's directors found executives had manipulated accounting rules to reduce earnings volatility." The Washington Post (4/21, Day, Shin, 744K) also reports the story.

Rate Of CEO Pay Increases Slowing Despite Raymond, McGuire Earnings. NBC Nightly News (4/20, story 7, 2:25, Williams, 9.87M) reported on the "stratospheric sums that some CEOs make in this country," such as Lee Raymond, "ExxonMobil's recently retired CEO -- his salary alone was over $51 million last year; then there's William McGuire, CEO of United Health Group -- he received stock options that could end up totaling a staggering $1.6 billion." NBC (Thompson) added, "Though both Exxon and United Health Care prospered, and so did their shareholders under Raymond and McGuire's leadership, some still see their huge compensation packages as CEO pay run amok." Prof. Rakesh Khurana, Harvard Business School: "We've seen in the cases of Exxon for example that the compensation of CEO is largely being determined by events that are outside of the CEO's control, in this case the price for oil." Thompson: "And those who determine the CEO's pay, the board of directors, are all too often people chosen by the CEO." But "the rate of pay has slowed. A shareholder advocacy group reports CEO packages went up by a median of 11% last year, compared to 30% the year before. Still, the outrage remains, with the average CEO taking home by one estimate 431 times what the average worker does."

CRIMINAL LAW:

Gonzales Provides Graphic Description Of Online Child Porn. Attorney General used what the AP (4/21, Sherman) calls "strikingly graphic language" to "focus attention on online child pornography and said Internet services companies are not doing enough to combat the problem." In a speech at the National Center for Missing and Exploited Children in Alexandria, Gonzales said that while his descriptions "could make people uncomfortable" he wanted "to make sure people knew what was going on." After describing some of the material he has seen, Gonzales noted, "Viewing this was shocking and it makes my stomach turn." Gonzales said "said some investigations have been hampered by the failure of Internet service providers to retain certain records long enough to help authorities identify purveyors of child pornography. He did not propose a remedy Thursday."

CNN.com (4/21, Frieden) reports, "To highlight the Justice Department's growing concern, (Gonzales) traveled to the National Center for Missing and Exploited Children in Alexandria, Virginia, to deliver his speech. … Gonzales praised the center for its help, but said the public 'does not yet appreciate the scope, the nature and the import of this criminal activity and the threat it poses to our kids.'" CNN adds, "The attorney general said one of every five children online is now solicited. He cited a recent estimate that 50,000 predators are online at any given time prowling for children. … Gonzales said the public must not consider child porn a victimless crime. … 'There are images of graphic sexual and physical abuse of innocent children, even babies,' he said. 'It is brutal; it is heinous, and it is criminal.'"

CNET News (4/21, Broache) reports, "The failure of some Internet service providers to retain user logs for a 'reasonable amount of time' is hampering investigations into gruesome online sex crimes," Gonzales said. "'The investigation and prosecution of child predators depends critically on the availability of evidence that is often in the

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hands of Internet service providers,' Gonzales said … 'Record retention by Internet service providers (that is) consistent with the legitimate privacy rights of Americans is an issue that must be addressed,' he added." CNET adds, "Congress is now considering policy changes … At least one U.S. House of Representatives leader indicated he is mulling legislation that would require data retention. The topic surfaced at two hearings--convened recently by a House subcommittee--about online sexual exploitation and child pornography. Investigators of Internet sex crimes said they would like to see at least several months--and ideally, a year or more--of mandatory records retention. … The Justice Department and the Federal Bureau of Investigation took heat from subcommittee politicians for failing to send representatives to either hearing. Gonzales' talk was likely an attempt to show that the Bush administration is serious about taking new steps to root out child pornography. His remarks focused largely on what he termed an 'epidemic' in the movies and images depicting the sexual abuse of children, exacerbated by the Internet's ability to create an anonymous haven for pedophiles."

IDG News Service (4/21, Gross) reports that the Justice Department "will push for new legislation that requires all commercial Web sites to label every page that includes adult material in an effort to protect Web surfers from pornography, the agency announced today. … The Justice Department, in an initiative aimed at child pornography, also wants legislation that would prohibit commercial Web sites from initially displaying sexually explicit material without further action, such as an additional click, by the viewer. " IDG adds, "Gonzales also called for the U.S. Congress to triple current criminal fines levied against Internet service providers that knowingly fail to report child pornography on their systems. The new fines would be $150,000 for the initial violation and $300,000 for each additional violation. … The Justice Department wants Congress to add the new provisions to the Children's Safety and Violent Crime Reduction Act, passed by the House of Representatives in March. The bill, now pending in the Senate, is a wide-ranging proposal targeting sex offenders, gangs, and child pornography. The bill requires local law enforcement agencies to make sex offender registries available online, and it increases the penalties of sex offenses against children."

AIPAC Classified Documents Case Raises Concerns Among Lobbyists, Journalists. In a front-page story, the Washington Post (4/21, Birnbaum, 744K) that the prosecution of former AIPAC officials Steven Rosen and Lawrence Weissman "has roiled official Washington" and "spotlighted a murky type of advocacy that Rosen helped create -- an amalgam of intelligence gathering and lobbying on behalf of a narrow interest. Lobbyists who routinely pass along sensitive information wonder how much leeway they will have to do their jobs if Rosen is convicted. The case has also angered some journalists who worry that it could further cool their already strained relationships with national security sources in the aftermath of the CIA leak probe." The Post notes that defense lawyers "have enlisted a surprising ally: Viet D. Dinh, former head of the Justice Department's Office of Legal Policy and an author of the Bush administration's USA Patriot Act. Dinh helped write a memorandum that called for the dismissal of the Espionage Act charges against the lobbyists."

Despite Potential Violence, Sex Offender Registries Seen As Here To Stay. The AP (4/21, Crary) reports, "The killings of two men listed on the state of Maine's Internet sex offender registry may offer a grim lesson about the consequences of such registry laws, but defense lawyers and crime researchers question whether a thoughtful national debate on the subject is possible." The AP continues, "In a climate where politicians seek ever-tougher punishment and ostracism of sex offenders, they say, few are willing to examine the fairness and risks of registry requirements. … 'We've basically dehumanized these people with words such as "predator,"' said psychiatrist Fred Berlin, founder of the Johns Hopkins Sexual Disorders Clinic in Baltimore. … 'Every decent human being wants to protect children,' he said, but even suggesting that criminals who have done their time are entitled to rebuild their lives can tarnish a politician. … 'It's close to heresy,' Berlin said." The AP notes, "Every U.S. state has an online registry with photographs and personal information about convicted sex offenders, often to be posted for at least 20 years and sometimes for life. Many states, including Maine, provide offenders' exact street address; that information apparently was used by a Canadian man to locate and fatally shoot two registered sex offenders Sunday. … There have been many cases of vigilantism in the past, ranging from harassment and arson to the slayings of two convicted child rapists in Washington state. A man mistaken for his sex-offender brother was nearly beaten to death with a baseball bat in New Jersey - the state where the 1994 killing of 7-year-old Megan Kanka by a neighbor gave rise to the nationwide trend of 'Megan's Law' registries."

Prosecutor Grills Former Nevada Commissioner For Second Day. The AP (4/21, Ritter) reports, "Former Clark County Commissioner Dario Herrera finished a grueling second day of testimony Thursday, declaring himself not guilty of federal corruption charges. … Prosecutor Daniel Schiess spent the day chipping away at Herrera's story…as he tried to shake Herrera's insistence that he never traded votes for money

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from strip club operator Michael Galardi or Galardi's lobbyist, Lance Malone." The AP adds, "Schiess led Herrera through detailed accounting of his personal and campaign finances, and got Herrera to admit that while he knew Galardi paid for golf outings and lap dances, Herrera never reported them. In one FBI telephone wiretap recording, Galardi offers to give Herrera a Lincoln Navigator. … In another, Herrera solicits thousands of dollars in campaign contributions from Galardi and Galardi employees."

Chicago FBI Shifting Resources To Corruption Probes. The Northwest Indiana Times/Medill News Service (4/20, McEvoy) reported that over the past two years, "the Chicago FBI has moved agents and money from its other law enforcement branches, including drug enforcement and organized crime, in the fight against public corruption, an agency spokesman said Wednesday. But no cuts were made in the anti-terrorism unit, said Ross Rice, special agent spokesman for the Chicago FBI." The Times noted, "Despite former Gov. George H. Ryan's guilty verdict, the FBI says it isn't resting on its laurels. 'I don't see it letting up any time soon,' said Marshall Stone, supervisory special agent for the Springfield FBI. When asked how many Chicago agents are presently working on public corruption cases, Rice said, 'Not enough.' Robert D. Grant, special agent-in-charge of the Chicago FBI, on Monday said he hoped the Ryan verdict would signal the end of politics-as-usual in Illinois. … But Rice was unsure it will change a culture of political corruption."

Ryan Lawyers Sought Dismissal Of Six Jurors. The Chicago Tribune (4/21, Higgins, 643K) reports, "Lawyers for former Gov. George Ryan argued that jurors who failed to disclose arrests, including some that occurred more than 20 years ago, were liars who could not be trusted to render a fair verdict, according to newly unsealed court filings. Ryan's defense team said that five such jurors — and another juror who failed to disclose her involvement in civil litigation — should have been removed from the case, which would have left fewer than 12 jurors to deliberate and triggered a mistrial. But in a key legal victory, federal prosecutors persuaded U.S. District Judge Rebecca Pallmeyer to use a more delicate calculus to decide each juror's fate."

Squitieri Pleads Guilty To Racketeering, But Not To Running Gambino Family. The AP (4/21, Neumeister) reports, "The reputed head of the Gambino crime family pleaded guilty Thursday to racketeering and extortion charges after getting an assurance from a judge that he was not saying he was a Gambino." Arnold Squitieri "entered the plea in U.S. District Court in Manhattan in a deal that calls for a sentence ranging from seven years and three months to nine years." The AP notes, "The indictment was brought last year, when prosecutors announced that they had built a case with the help of an undercover FBI agent who infiltrated the Gambino organization and became so well trusted that he was offered membership. The indictment charged 32 defendants…with engaging in racketeering crimes for more than a decade." The New York Daily News (4/21, 729K) reports the story under the headline "Gambino? What's a Gambino?"

Leader Of Violent New Jersey Gang Sentenced To 18 Years In Prison. The Newark Star-Ledger (4/19, Coscarelli, 420K) reported, "The head of a violent Jersey City gang was sentenced yesterday to 18 years in federal prison for conspiring to assault and murder his rivals. 'I'm not sure that anything less than keeping you off the streets for as long as I can is going to be a deterrence,' Senior U.S. District Judge William Bassler told Tommy Terrell Thompson," and Assistant US Attorney Karl Buch "described Thompson, founder and five-star general of the Sex, Money, Murder faction of the Bloods gang, as a 'ruthless leader.'" The Star Ledger noted, "In July, Thompson pleaded guilty to conspiracy and related charges, including ordering the December 2003, shooting of a wheelchair-dependent man who he thought had cooperated with the FBI and Hudson County law enforcement."

Former President Of Kansas City Charter School Indicted For Embezzlement, Fraud. The Kansas City Business Journal (4/21) reports James Elliott Coleman, former head of Westport Allen Village School "was indicted Thursday on a charge of embezzling" $47,368 from the charter school. A federal grand jury also indicted him "on a separate charge of engaging in mortgage and investment fraud schemes." Coleman had held "a variety of positions for the school, including business manager, treasurer and president. He resigned as president in May 2003." The school opened under the sponsorship of the University of Missouri-Kansas City and was operated by Edison Schools. It "continues to operate and had 2005 enrollment of 422 students." Coleman is accused of making "unauthorized withdrawals from the school's account." The mortgage and investment fraud indictment accuses him of using "proceeds from the investment fraud scheme to repay money embezzled from the charter school."

MySpace Posting Leads Kansas Police To Thwart School Shooting Plot. In a story including a comment by FBI Spokesman Richard Kolko about the response to school attack threats, ABC World News Tonight (4/20, story 10, 2:20, Vargas, 8.78M) reported, "It was seven years ago today that students went on a murderous rampage at Colorado's Columbine high school. Today, there is

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breaking news from rural Southeast Kansas, with an alleged plot with chilling echoes to that tragedy. Five high school boys have been arrested, accused of plotting to kill fellow classmates. Law enforcement was tipped off to the plot after one of the teens revealed it on" MySpace.com. ABC (Thomas) added that "Cherokee County sheriffs say they discovered guns, knives and ammunition in the bedroom of one of the suspects. According to a recent Justice Department study, school shootings have been declining. … The primary reason, according to authorities: parents, teachers and law enforcement are much more sensitive to any warning signs." FBI Spokesman Richard Kolko: "Anytime information is reported with any threat-type information, whether it's related to schools or any other areas, that law enforcement and its partners, FBI, domestic, state and local, has to take these very seriously." NBC Nightly News (4/20, story 8, 0:25, Williams, 9.87M) and the AP (4/21) also reported on the thwarted Kansas plot.

FBI Assisting Investigation Of Threat At Minnesota School. The Grand Forks (MN) Herald (4/21, Lee) reports, "FBI agents are assisting Red Lake Tribal Police in an investigation involving reported threats made by students at the Red Lake school," where student Jeffrey Weise killed nine people in March 2005. "Paul McCabe, spokesman for the FBI, said today that the agents are assisting Red Lake police but said he could not comment on the situation. McCabe referred a Herald reporter to the Red Lake police." The Herald adds, "A school employee said the schools, including a separate building for kindergarten and Head Start about a mile from the high school and middle school, have been in 'lockdown' since Tuesday because of the reported threats."

Robberies On DC-Area Latino Communities On The Rise. The Washington Post (4/21, Vargas) reports on the growing incidence of street robberies among Latino communities in the DC area. The Post reports, "For the Latino community in Prince William County, street robberies have become almost commonplace, so much so that even the most brutal are spoken of in a monotone reserved for the mundane." The Post continues, "Like some of their Asian counterparts who have fallen victim to home invasions because of a tendency to keep their money in their homes instead of banks, Latino immigrants, who often carry large amounts of cash instead of depositing it, have become a growing target in the region, according to police. … Even as Prince William police announced this week that the county's overall crime rate for 2005 dipped to its lowest level in five years, robberies against Hispanics doubled in the county last year. Manassas also experienced a 50 percent increase in robberies, with Latinos being the victims in most cases. … 'These folks, for the most part, make absolutely the perfect victims,' said Maj. Don McKinnon of the Manassas police. 'You have a perfect formula -- a victim who wants no contact with police, who has a lot of money [on him] and who is there on the street.'" The Post notes, "Many area police departments said they do not distinguish robbery victims by ethnicity and could not say whether there have been increases. But Latino day laborers working on homes in Northeast Washington were targeted recently, D.C. police said. And in Prince George's County, 448 Hispanics were robbed last year, compared with 289 the year before."

Police Take Evidence From Duke Dorm. USA Today (4/21, Dorell) reports, "Investigators seized an envelope and a news article from the dorm room of one of two suspects arrested in the Duke University lacrosse team rape case." A cab driver "told MSNBC that he was '100%' sure he picked up [Reade] Seligmann and other players at 12:19 a.m., took them to a bank and a hamburger stand, then dropped them off at a Duke dormitory," a timeline that apparently supports Seligmann's innocence.

Sales Of Team Merchandise Boom. The Washington Times (4/21, Lemke) reports that sales of Duke lacrosse merchandise "increased in the past month." Sales have reportedly "more than tripled" in the on-campus stores.

Few Men Contract HIV In Prison. The Washington Post (4/21, Brown) reports, "Although male prisoners have a relatively high rate of HIV infection, very few of them acquire the virus while behind bars." A CDC study reported this finding, which contradicts the stereotype that "prisons are hotbeds of the AIDS epidemic." The Post notes that the study found that, of those inmates who contracted HIV in prison and admitted to having gay sex in prison, "half reported that their partners were prison staff members, not other inmates."

NYTimes Op-Ed Explains Provenzano's Long Success In Eluding Capture. Author Andrea Camillari in the New York Times (4/21) writes that Sicilian mob boss Bernardo Provenzano escaped arrest for 43 years because of a "vast, intricate, durable and invisible web of protection that had been created around him. Much of this network consisted of supporters above suspicion, including prominent politicians, high-level businessmen and successful professionals." She adds that, as original protectors died, the duties of shielding Provenzano passed on to "sons, grandsons, relatives, friends and associates." Until some high-ranking accomplices are caught, "a successor to Mr. Provenzano might use them to similar ends."

Op-Ed Deplores Violent Youth. College instructor Adrienne Washington writes in the Washington Times (4/21) that the DC carjacking spree illustrates that "criminals are

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getting bolder -- and younger." A security expert in her piece pleads for a "focus on a comprehensive, balanced approach of intervention, prevention and arrest and incarceration." Washington concludes, "No jobs, no skills, no moral compass and the lack of political will is an unsavory recipe for real and random acts of 'Grand Theft Auto.'"

CIVIL LAW:

Judge Rules Air Force Ignored FOIA. The AP (4/21, Locy) reports, "The U.S. Air Force engaged in a pattern of ignoring requests for the release of classified documents dating to the Vietnam War, establishing a response rate that is worse than the CIA's, a federal judge ruled." The AP continues, "U.S. District Judge Rosemary M. Collyer ruled Wednesday in favor of the Washington-based National Security Archive, the largest non-governmental library of declassified documents, in significant parts of a lawsuit the group filed against the Air Force in 2005." The AP adds, "Collyer found that the Air Force had no defense - or essentially conceded - that it had failed to respond to requests under the Freedom of Information Act for up to 18 years in at least one case. The Air Force also ignored appeals of its denials of access to records for up to nine years, she said. … But the judge refused to order the Air Force to immediately turn over records pertaining to 82 pending requests by the National Security Archive. Instead, she ordered the Air Force to determine which portions of the documents could be declassified and released to the archive. … She also ordered the service to send an officer to a court hearing on May 22 who has authority "to order that things be done." … Attorney David P. Dean, who represents the archive, said Collyer's message is clear: 'The time for the Air Force to comply with FOIA has finally arrived, and this court is watching.'"

Judge Reduces Amount General Dynamics Must Pay For Breaking Contract. The Washington Post (4/21, Merle) reports, "A federal judge has reduced from $137.9 million to $19.87 million the amount that General Dynamics Corp. must pay for breaking a contract with onetime partner Final Analysis Communication Services Inc., a small Lanham satellite firm." The Post continues, "The case centered on whether General Dynamics, which has headquarters in Falls Church, violated agreements to help Final Analysis develop a $400 million project to launch low-flying satellites for data transmission, including paging and text-message services. A jury ruled in favor of Final Analysis after a seven-week trial in September." The Post adds, "In his ruling Monday, U.S. District Judge Peter J. Messitte also certified the jury's decision that Final Analysis pay General Dynamics $8 million from a countersuit, reducing the total amount due the smaller firm to $11.87 million, according to the court documents. An appeal of the judge's ruling is expected, the company said in a Securities and Exchange Commission filing yesterday."

NCLB Has Produced Windfall For Contractors. The AP (4/21, Feller, Welsh-Huggins) reports that the No Child Left Behind law has "benefited an industry of vendors, who collect public money and help schools meet the law's requirements. Revenues for products and services sold to public schools hit almost $22 billion in 2004-05, according to Eduventures, a market research company. That was up 6 percent from the year before, and revenues are expected to keep growing at that kind of rate. … In particular, money is flowing to testing, tutoring and teacher training. All three areas have direct ties to deadlines under the No Child law."

CIVIL RIGHTS:

Indiana SAC Touts FBI Civil Rights Investigations. The Northwest Indian Times (4/20, Robinson) reported, "Investigating civil rights violations is a higher priority for the FBI than violent crimes and the agency wants the area to know all about it." FBI Indiana SAC Keith Lordeau "came on Wednesday to Merrillville to speak to media representatives about the different aspects of civil rights violations. If anyone suspects their civil rights have been violated, they don't have to wait for another law enforcement agency to contact the FBI. The victim can do that directly by calling the Merrillville office…Lordeau said." The Times notes, "Local FBI investigator Michael Prendergast said he's involved with the shooting in Gary that sparked several citizen protests," and "Lordeau said in 2005, the FBI nationwide looked into 1,124 color-of-law cases, which represent 67 percent of all civil rights investigations."

The Northwest Indiana Post-Tribune (4/20, Quinn) also reports on Lourdreau's appearance in Merryville and adds that Special Agent Tom Gancarz said that "the FBI has also turned its sights to involuntary servitude or slavery, otherwise known as human trafficking." Gancarz noted that "as many as 18,000 to 20,000 people per year are brought into the United States not only illegally, but against their will. 'We need to be concerned,' he said, pointing out that there have been reports of human trafficking in Northwest Indiana."

Governor Bush Talks To Protestors About Boot Camp Death. The AP (4/21, Fanta) reports, "A group of college students ended a two-day sit-in at (Florida) Gov. Jeb Bush's office Thursday after he met with the parents of a teenage boy who was beaten at a boot camp and later died." The AP continues, "Parents Gina Jones and Robert Anderson said they were happy to talk with Bush about their

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grief over their son's death in January. The boy died a day after guards were videotaped beating, kicking and dragging him at a juvenile boot camp. … 'I was shocked he wanted to talk to me, after four months,' Jones said after the hourlong meeting." The AP adds, "The parents have criticized officials for what they say is a cover-up of the events leading to the death of 14-year-old Martin Lee Anderson. … Benjamin Crump, the family's attorney, said the governor reported that he was pressing investigators. … Bay County has closed its boot camp, and the House Justice Appropriations committee wants to replace camps statewide with residential programs. The U.S. Justice Department is also investigating possible civil rights violations in the case."

The Los Angeles Times (4/21, Hollis, 958K) reported, "An apologetic Gov. Jeb Bush met privately Thursday with the parents of a teen who died after a beating by guards at a Panama City boot camp, and rejected criticism he hasn't done enough to bring justice in a case that has inflamed Florida's black community." Benjamin Crump, the family's attorney, said, "He offered his condolences and apologized. He assured us they [governor's office employees] were every day calling down to the special prosecutor's office, [offering] all the resources of the state of Florida … to get the justice sooner than later." The Times adds that although "the governor's remorseful pose with Anderson's parents and their attorneys was intended to ease tensions, it had little effect on some black political leaders throughout the state. Bush made no statements after the hourlong meeting."

Court Upholds School Ban On Anti-Gay T-Shirt. In a 2-1 decision the 9th US Circuit Court of Appeals has ruled that schools in the western US can forbid students from wearing T-shirts denigrating gay and lesbian students. The Los Angeles Times (4/21, Weinstein, 958K) reports that the "sharply divided" court "said that a T-shirt that proclaimed "Be Ashamed, Our School Embraced What God Has Condemned' on the front and 'Homosexuality Is Shameful' on the back was 'injurious to gay and lesbian students and interfered with their right to learn.' The court said that the shirt can be barred on a public high school campus without violating the 1st Amendment."

Neuarth Says South Dakota Is National Battleground For Abortion. Al Neuarth writes in USA Today (4/21, 2.31M) that South Dakota "has become the nation's battleground over whether abortion is the answer for women with unwanted pregnancies. … The outcome ultimately may have national impact on the 1973 Roe v. Wade U.S. Supreme Court decision giving women the right to terminate pregnancy." Neuarth adds, "My lifelong belief is that a woman's right of privacy includes abortion. But my wife Rachel and I are the adoptive parents of six precious chosen children. From those two perspectives, the best possible outcome of this issue would be encouragement and support for pregnant women everywhere who are willing to carry an unwanted embryo to birth, and then finding proper adoptive parents."

ANTITRUST:

Former South Carolina School Employee Indicted For E-Rate Fraud. The AP (4/21) reports, "A former Bamberg District 1 employee has been indicted on charges she defrauded a federal program that helps poor schools and libraries connect to the Internet out of nearly half a million dollars, U.S. Justice Department officials announced Thursday." The AP continues, "Cynthia Ayer is the former director of technology for the district. Between 1999 and 2003, she used her position to submit fraudulent applications for the E-Rate program and award technology contracts to her own company, Go Between Communications, according to an indictment returned Wednesday. … E-Rate is managed by the Federal Communications Commission's Universal Service Company. During that time, Ayer submitted applications to that agency for more than $3.5 million to and received $468,496 in payments." The AP adds, "If she is found guilty, Ayer faces a maximum of five years for each count of mail fraud committed before July 30, 2002, and 20 years for each count committed on or after that date, as well as a $250,000 fine, officials said. Each count of wire fraud carries a maximum penalty of 20 years and a $250,000 fine. … A total of 11 individuals and 10 companies have been charged as part of an ongoing federal investigation into the E-Rate program, officials said. So far, six companies and three individuals have either pleaded guilty, agreed to plead guilty or have entered civil settlements. The defendants have agreed to pay fines and restitution totaling more than $40 million, and two people have been sentenced to six years of prison time, officials said."

The Internet News (4/21, Mark) reports, "According to a 12-count indictment returned by a Columbia, S.C., federal grand jury, Cynthia K. Ayer used her position as the technology director of the school district to award $3.5 million of E-rate contracts to her company, Go Between Communications, without competitive bidding. … 'Committing fraud upon the E-Rate program harms already underprivileged school districts,' Thomas O. Barnett, assistant attorney general in charge of the DoJ's Antitrust Division, said in a statement. 'The Antitrust Division will continue to vigorously pursue those who cheat the competitive process and take advantage of this federal program.'"

FTC Conditionally Approves Boston Scientific-Guidant Deal. The New York Times (4/21, Meier, Bajaj)

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reports, "Boston Scientific, which paid top dollar in January for the Guidant Corporation, the troubled maker of heart devices, may not have the luxury of sitting back and enjoying its purchase. … Since January, when it offered $27 billion to wrest Guidant from a competing bidder, Johnson & Johnson, Boston Scientific has seen warning signs that the market for heart defibrillators, Guidant's main revenue generator, may be cooling off." The Times adds, "The Federal Trade Commission approved the deal yesterday with certain conditions, and Boston Scientific said it expected to close the transaction today."

The AP (4/21, Press) reports, "The FTC voted 4-0, with one member recusing herself, to consent to conditions imposed on the deal by the commission staff in an agreement announced April 6. The approval also clears the way for a related third-party deal involving Abbott Laboratories Inc." The AP notes, "Boston Scientific has said the FTC's conditions did not require substantial changes to the deal the Natick-based company reached in January to end a nearly two-month bidding war for Guidant with Johnson & Johnson. … The combined company is expected to surpass Fridley, Minn.-based Medtronic Inc. as the world's largest maker of cardiovascular devices."

Dow Jones (4/21, Kamp) reports, "The FTC required Boston Scientific to sell all assets, including intellectual property, related to Guidant's vascular business to a third party - Abbott - enabling that third party to sell multiple vascular products, including a key stent device. … Boston Scientific and Abbott plan to jointly market Guidant's 'Xience' stent, and Boston Scientific said Tuesday it expects to launch the device in Europe at the end of the third quarter or the beginning of the fourth quarter. Stents are tiny mesh tubes used to prop open arteries."

Bloomberg (4/21, Goldstein) reports, "Boston Scientific, already the biggest maker of stents for the U.S., would immediately become the second-biggest producer of heart-rhythm devices behind Minneapolis-based Medtronic Inc. Doctors annually implant about $10 billion of the silver dollar-sized devices, including pacemakers for speeding up heart rates that are too slow and defibrillators for electrically shocking faltering hearts into a healthy rhythm."

JP Morgan Settles IPO Case For $425 Million. The Wall Street Journal (4/21, Smith and Sidel) reports, "J.P. Morgan Chase & Co. agreed to pay $425 million to settle civil charges of improperly awarding hot new stock issues during the market bubble." The Journal writes, "The lawsuit accused underwriters of improperly pumping extra air into the stock-market bubble in 1999 and 2000 by requiring investors who got shares of hot initial public offerings to buy more shares at higher prices once trading began." The New York Times (4/21, Dash and Anderson) writes that Morgan "is the first" of 55 investment bank defendants to settle. The Times adds that the large amount "could set the stage for a multibillion-dollar total settlement." It theorizes that Morgan settled so soon because of "lessons learned" from paying "$2 billion, the most of any bank, as the last to resolve a class action stemming from the collapse of WorldCom" in 2005.

Bloomberg (4/21) reports, "JPMorgan, the No. 3 U.S. bank by assets, would be the first to resolve the allegations, leaving Morgan Stanley, Credit Suisse, and Goldman Sachs Group Inc. among the remaining defendants. The agreement may pressure more banks to settle, as happened in suits against Enron Corp. and WorldCom Inc." Bloomberg notes, "Seventeen banks that were sued over the WorldCom accounting fraud paid a total of more than $6 billion after Citigroup Inc. was first to settle. The largest payment in a similar class- action was the $7.2 billion accord in a securities-fraud case brought by Enron investors. Most was paid by Enron's banks."

The AP (4/21, Powell) reports, "The civil suits against JPMorgan Chase are among more than 300 brought by Milberg Weiss alleging that companies that went public and the underwriters who helped them do it manipulated the market. … The suits allege that JPMorgan Chase and 54 other underwriters induced customers who received allocations of IPOs to place orders for additional shares in the aftermarket, artificially inflating the share prices. They also allege that the compensation received by the underwriters was concealed."

Schumer Says Congress Should Consider Breaking Up Oil Giants. The Buffalo News (4/21, Turner) reports, "Sen. Charles E. Schumer says competition in the gasoline business has been undermined by mergers and Congress should consider breaking up the combines." The News continues, "The New York Democrat also asked the Federal Trade Commission to monitor the relationship between U.S. refining capacity and gasoline prices to ensure that the new oil conglomerates artificially drive up prices. … 'In general, after oil companies switch to producing their summer blends refineries typically operate at or above 90 percent,' Schumer said. 'This is a regular occurrence.' … 'This year however, refining capacity is still hovering at 85 percent which leads some experts to believe that the oil companies may be dragging this along to drive up prices.'" The News adds, "Schumer, a member of the Judiciary Subcommittee on antitrust issues, said 'oil companies should be using their maximum refining capacity instead of possibly minimizing it, and the FTC needs to make sure this process is completely transparent so that prices don't continue to shoot up.' … He said he hopes that either the Senate Commerce Committee headed by Ted Stevens, R-Alaska, or the Energy Committee chaired by Sen. Pete V. Domenici, R-N.M., would call hearings on the surge in gasoline prices and summon the

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FTC in to explain what it is doing about it. … The commission has not cited an oil company for anti-competitive behavior since 2001. That resulted from an investigation started during the Clinton administration."

Sprint Will Buy UbiquiTel. The Wall St. Journal (4/21, Sharma) writes, "U.S. wireless carrier Sprint Nextel Corp. agreed to acquire regional affiliate UbiquiTel Inc. for about $1 billion, ending litigation between the companies." Sprint merged with Nextel in 2004. The Journal writes, "Several affiliates, including UbiquiTel, sued Sprint after the Nextel merger was announced, saying the deal would violate Sprint's pledge not to compete with affiliates in their territories. By acquiring UbiquiTel, Sprint will bring its litigation with that company to an end."

New York Court Quashes Microsoft Bid For IBM Documents In EU Case. The AP (4/21) reports, "A U.S. court in New York on Thursday quashed a Microsoft Corp. subpoena for International Business Machines Corp.'s documents related to the software company's European antitrust case." The AP continues, "Judge Colleen McMahon said Microsoft's subpoena amounted to a "blatant end run" on the European Commission's authority. The judge said that the Brussels-based regulator strongly opposed Microsoft's request, and that enforcing such a subpoena could harm U.S. sovereignty if a foreign court were used to obtain documents in a U.S. proceeding." The AP adds, "Redmond, Wash.-based Microsoft says the commission is colluding with Armonk, N.Y.-based IBM and other rivals, and denying the company a fair chance to review key evidence. The regulator has refused to give Microsoft access to some documents, citing confidentiality concerns and rivals' 'fear of retaliation,' according to a Boston court ruling earlier this week in which a judge quashed a similar Microsoft request for documents held by Novell Inc. … Last month, a U.S. federal court in California rejected Microsoft's request for documents from Oracle Corp. and Sun Microsystems Inc. Microsoft appealed that decision, but then withdrew the appeal following the New York court's ruling."

ENVIRONMENT:

US Fines Louisiana Refinery For Pollution Violation. The AP (4/21) reports, "Chalmette Refining was ordered to pay a $200,000 fine stemming from a water pollution violation in 2000." The AP continues, "The refinery pleaded guilty on Jan. 25 to a one-count violation of the Clean Water Act. The case stemmed from a benzene discharge into the Mississippi River that appeared to be affecting the water at the St. Bernard Parish Water Treatment Plant." The AP adds, "A treatment plant worker noticed the uptick in benzene in the water coming into the plant from the river and was the first to notify the Louisiana Department of Environmental Quality. Water plant workers shut down the treatment plant's intake quickly to minimize the threat the benzene leak posed to residents, authorities said. … U.S. Attorney Jim Letten said Wednesday that when Chalmette Refining engineers discovered the leak they repaired it right away, but the discharge of benzene into the river and the fact that a water treatment worker reported it before the company meant a violation still took place."

Man Pleads Guilty To Violating Endangered Species Law. The Palm Beach Post (FL) (4/21, Prohaska) reports, "A former Port St. Lucie (FL) man who admitted to using a Web site called Deadzoo.com to sell such items as baby tiger mounts and leopard skins in violation of federal endangered species laws was sentenced Thursday to more than two years in prison." The Post continues, "After he spends 25 months in federal prison, Kevin McMaster, 35, then must serve three years of supervised release, U.S. District Judge Donald Graham ordered Thursday during a hearing in Miami. … McMaster has shut down his Web site and no longer works at a Port St. Lucie store on Bayshore Boulevard called Exotic and Unique Gifts." The Post adds, "McMaster, who now lives in Pennsylvania, pleaded no contest in January to two counts of violating the endangered species act by selling or offering for sale endangered or threatened wildlife through interstate commerce. He also pleaded no contest to two counts of transporting endangered or threatened species that was knowingly sold in violation of federal law. … Federal prosecutors and attorneys with the U.S. Justice Department alleged that in 2003 and 2004, McMaster either sold or offered for sale across state lines more than $200,000 worth of endangered species, including tiger, snow leopard and jaguar skins, an elephant trunk, gorilla and tiger skulls and baby tiger mounts. … Federal agents began investigating after an undercover U.S. Fish and Wildlife Service investigator received an unsolicited email from McMaster offering 'cat skins for sale,' according to prosecutors."

Spanish Fishing Magnate Charged With Illegally Importing Protected Seabass. The AP (4/21, Anderson) reports, "A Spanish fishing magnate charged with illegally importing more than 26 tons of protected Chilean seabass pleaded not guilty Thursday in his first appearance in a U.S. courtroom (in Miami)." The AP continues, "A federal magistrate judge set bond at $500,000 for Antonio Vidal Pego, who was indicted along with the Uruguayan company Fadilur S.A. by a U.S. grand jury last September. Vidal, who owns a large commercial fishing fleet, was likely to be released later Thursday or Friday, his

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attorney said. … The indictment in September marked the first time the United States has brought criminal charges for illegal importation and sale of the Chilean seabass, also known as the Patagonian and Antarctic toothfish - a species that has been overfished and is the subject of international protection efforts." The AP adds, "Vidal faces up to 35 years in prison and $1 million in fines if convicted on all counts, according to the U.S. Justice Department. … Vidal and Fadilur S.A. attempted to import about 53,000 pounds of seabass valued at nearly $315,000 from Singapore to Miami, according to the indictment. Vidal is also charged with obstruction of justice and false labeling. … Vidal was arrested Wednesday after arriving at Miami International Airport. He had been an international fugitive before that, with authorities on three continents searching for him and a warrant for his arrest circulated on Interpol."

New Research Shows Global Warming Will Not Be As Severe As Predicted. Duke University scientists announced yesterday announced that the effects of global warming may not be as dramatic as some have predicted. The Washington Times (4/21, Harper, 90K) reports, "Using temperature readings from the past 100 years, 1,000 computer simulations and the evidence left in ancient tree rings," the scientists found that "the magnitude of future global warming will likely fall well short of current highest predictions." The Times adds, "Supported by the National Oceanic and Atmospheric Administration, the Department of Energy and the National Science Foundation, the Duke researchers noted that some observational studies predicted that the Earth's temperature could rise as much as 16 degrees in this century because of an increase in carbon dioxide or other so-called greenhouse gases. The Duke estimates show the chances that the planet's temperature will rise even by 11 degrees is only 5 percent, which falls in line with previous, less-alarming predictions that meteorologists made almost three decades ago."

Friedman Urges College Students To Be "Greenest Generation." In his column in the New York Times (4/21, 1.19M), Thomas Freidman urges college students to become "the Greenest Generation," and "build the institutions, alliances and programs that will turn back the black tide of climate change and petro-authoritarianism, which, if unchecked, will surely poison your world and your future as much as fascism once threatened to do to your parents' world and future."

WPost Says Federal Flu Pandemic Plans Are Inadequate. An editorial in the Washington Post (4/21, A22, 744K) notes that none of the flu pandemic plans the federal government has announced "has honestly confronted the central question of any pandemic: what to do with hundreds -- or hundreds of thousands -- of sick people. No one has produced an effective flu vaccine. Until someone does, any contagious flu virus -- or bioengineered virus -- will make many people ill. And neither America's hospitals nor any other part of the medical system is ready to deal with them." The Post concludes, "Until this central question has been dealt with, almost all other federal government 'preparations,' however impressive-sounding, are of lesser importance."

NYTimes Urges Federal Regulators To Check Effectiveness Of Mumps Vaccine. An editorial in the New York Times (4/21, 1.19M) says that the striking thing about the recent mumps outbreak in Iowa "is that it is affecting mainly relatively young and healthy people, a vast majority of whom have been vaccinated at least once with a mumps-containing vaccine, and usually twice. Federal health officials say there is no reason to suspect any problems with the vaccine. … Even so, federal and state health officials will need to look hard for any signs that the mumps vaccine is less effective than we previously thought or that its effectiveness diminishes over time."

FBI/DEA/ATF/USMS:

Miller Defends FBI Request To Search Anderson Papers. NPR's All Things Considered (4/20, Folkenflik) reported, "The Federal Bureau of Investigation wants to comb through thousands of documents from the professional papers of the late investigative reporter Jack Anderson to see whether they contain classified documents. … Some journalists and lawyers say this is the latest effort by the government to intimidate sources and choke the flow of information to the public." But FBI Assistant Director of Public Affairs John Miller "tells NPR the search has nothing to do with the media." Miller said, "The discussion in the public front, particularly among journalists, has become a little shrill. I think a number of them want to make this a showdown at high noon between the big, bad FBI and the first amendment and a free press. It has very little to do with that." NPR added, "Despite the resistance from Anderson's family, Miller says the FBI is still in negotiations to inspect the documents and fully expects to do so. Former federal prosecutor Jim Martin says the FBI is on solid ground," but former New York Times general counsel James Goodale "says the FBI's interest is sinister," comparing it to the Nixon administration's attempt to block publication of the Pentagon Papers.

Meanwhile, The (UK) Guardian (4/21, Goldenberg) reports that "the FBI wants to rifle through" Anderson's papers. "Amid a widening crackdown on leaks by the Bush administration, the attempt to investigate a journalist who

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stopped reporting in 1990 and who has been dead since December caused outrage yesterday from civil libertarians and from Anderson's family." The Guardian adds, "The FBI maintains that it is unlawful for individuals to possess classified documents, and that the material belongs to the government."

FDA Rejects Using Marijuana For Medical Treatment. The FDA's statement on the use of marijuana for medical purposes received wide coverage, with news outlets making nearly 200 references to the story. For example, the AP (4/21) reports the FDA "said Thursday that it does not support the use of marijuana for medical purposes. The FDA said in a statement that it and other agencies with the Health and Human Services Department had 'concluded that no sound scientific studies supported medical use of marijuana for treatment in the United States, and no animal or human data supported the safety or efficacy of marijuana for general medical use.' … The statement contradicts a 1999 finding from the Institute of Medicine, part of the National Academy of Sciences, which reported that 'marijuana's active components are potentially effective in treating pain, nausea, the anorexia of AIDS wasting and other symptoms, and should be tested rigorously in clinical trials.'" The Washington Post, San Francisco Chronicle, Miami Herald, USA Today, Forbes, and Cleveland Plain Dealer are among the news outlets that published in newspapers and/or posted on Web sites the AP story.

The New York Times (4/21, Harris) reports, "Eleven states have legalized medicinal use of marijuana, but the Drug Enforcement Administration and the director of national drug control policy, John P. Walters, have opposed those laws. … Tom Riley, a spokesman for Mr. Walters, hailed the food and drug agency's statement, saying it would put to rest what he called 'the bizarre public discussion' that has led to some legalization of medical marijuana." The Times also reports that Representative Maurice D. Hinchey of New York "said the statement reflected the influence of the Drug Enforcement Administration, which he said had long pressured the FDA to help in its fight against marijuana." The New York Times story also was published in newspapers and/or posted on the Web sites of the South Florida Sun-Sentinel, Arizona Daily Star, Detroit News, Indianapolis Star, and Salt Lake Tribune.

The Washington Times/ UPI (4/21) writes, "Citing conclusions by the U.S. Drug Enforcement Agency, which administers the Controlled Substances Act, the FDA said there is 'sound evidence that smoked marijuana is harmful.'"

Local TV Coverage. KTVU-TV, San Francisco-Oakland-San Jose (4/20, 10:00 p.m.) reported, "Those attending the San Francisco marijuana [conference] will be disappoint today to learn that the Bush administration today dismissed claims of marijuana's medical benefits. The Food and Drug Administration issued a statement saying that no sound scientific study supports the use of medical marijuana. The statement contradicts [a] 1999 finding by the Institute of Medicine. That review found marijuana could help treat nausea and vomiting."

Hells Angels Arrested In San Francisco In Drugs, Money Laundering Investigation. The San Francisco Chronicle (4/21, Van Derbeken) reports two leaders of the San Francisco chapter of the Hells Angels motorcycle club "were arrested Thursday along with several associates of the gang in raids conducted as part of a six-month federal and local investigation into drug trafficking and money laundering in the Bay Area. … The club's president, Joseph Wilson, 35, was arrested along with Jason Peterson, 32, according to sources close to the investigation. … The FBI led the raid, but investigators took part from the Drug Enforcement Administration, San Francisco police, and narcotics task force agents from San Mateo County and West Contra Costa County."

Police Commander Killed In Mexico Following Death Threats. The Los Angeles Times (4/21) reports, "The drug war in southern Mexico took a gruesome turn Thursday with the discovery of the decapitated head of a police commander who had resigned his post just days earlier in the face of death threats. 'So that you learn to respect,' read a message scrawled on a red sheet attached to a Guerrero state government building in Acapulco, where passersby in the early morning hours discovered the heads of two men. One was determined to be that of former Cmdr. Mario Nuñez Magana, 35, of the Acapulco Municipal Preventive Police; the other man was not immediately identified."

Canadian Troops Avoid Confrontation With Opium Poppy Farmers In Afghanistan. According to the Canadian Press (4/20), when the commander of Canadian troops in southern Afghanistan's poppy-rich Helmand province "gives his word to village elders that his soldiers are not there to rip up their fields, he means it. In fact, Maj. Bill Fletcher takes great care to ensure his armored vehicles don't wreck the green pastures, or generally cause damage to the plants that produce a scourge of drug addiction in the West. … So far the farmers, whose livelihood depends on the opium crop, haven't caught on to the fact that the Canadian, British and U.S. governments support the eradication efforts with money, training and alternative crop programs."

Number Of Drug Addicts Increases In Afghanistan. The Kashar News (4/20) reports the number of drug addicts "is increasing in northern Kapisa Province, where there is no

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drug rehabilitation centre to provide them with treatment and bring them out of the quagmire of narcotics. … Chief of the Counter-Narcotics Department Col Abdol Fatah said that the number of druggies went up to 290 from 200 in the last six months. … Director of Public Health Department Mirza Mohammad said the number of addicts was far more than the registered."

Chicago Police Say Tainted Heroin Did Not Deter Drug Users. The Chicago Tribune (4/21, Noel) reports police said that as word "circulated this week of people passing out from potent heroin on Chicago's South Side, drug users didn't recoil with fear. They turned out in droves for a taste. By the end of Wednesday, 25 people between the ages of 17 and 73 had overdosed, including a 51-year-old woman who died at her home."

The Chicago Sun-Times (4/20) writes police "announced Thursday that several suspects are in custody regarding the passing out of tainted heroin to drug users. Chicago Police Supt. Philip Cline met with officials of local health and law enforcement agencies to discuss the recent outbreak of heroin overdoses that have resulted in at least 10 fatalities since early February."

The AP (4/20, Johnson) reports witnesses "told police that dealers in some neighborhoods gave free samples of drugs to entice users. … Victims suffered immediate difficulty breathing after injecting the drug."

Colorado Firefighter Pleads Not Guilty To New Weapons Charges. The Rocky Mountain News (4/21) reports Denver firefighter Stan Ford, "who also faces charges of selling illegal machine guns in another case," pleaded not guilty yesterday "to a 19-count federal indictment accusing him of selling guns without a license," and US Magistrate Judge Michael Watanabe set a tentative trial date of June 12. "In the machine gun case, Ford is scheduled to go on trial May 8. He was accused of selling three illegal machine guns to an undercover FBI informant in 2005."

Tennessee Man Sentenced To Five Years For Weapons Violations. The Cleveland (TN) Daily Banner (4/21, Kaylor) reports, "A Bradley County (TN) man who had a cache of weapons when federal law enforcement authorities searched his home last year, entered a guilty plea to two counts in U.S. District Court in January." The Banner continues, "He was sentenced to spend five-years in a federal prison Wednesday. Donald Pippenger will also be on three-years probation after his release. … When agents served the warrants, they found approximately 20 weapons, including M-16 and M-1 rifles along with ammunition, during their search at Pippenger's residence and those of a relative and an acquaintance. … Also found during the search were components of a meth lab and a fuseless hand grenade, according to reports." The Banner adds, "Pippenger, 50, was arrested in July after Bradley County Sheriff's officers, agents of the Bureau of Alcohol, Tobacco, Firearms and Explosives Division and Cleveland Police officers executed three search warrants in the eastern section of the county."

IMMIGRATION:

US Signals Aggressive Crackdown On Hiring Of Illegal Aliens. The Washington Post/AP (4/21, A6) reports, "The government plans to crack down ever harder on employers who harbor and hire illegal immigrants, pursuing companies that ignore the law so they can exploit cheap labor." Federal agents Wednesday "arrested seven current and former managers of IFCO Systems, a manufacturer of crates and pallets, on criminal charges, and more than 1,100 people were arrested on administrative immigration charges at more than 40 IFCO sites in the United States." Homeland Security Secretary Michael Chertoff, appearing on ABC News' Nightline (4/20), said the raids were "part of our effort to be strategic in striking at those people who are systematically employing illegal workers as their business model." Chertoff added, "We don't want to go after small-time, ones and twos. We want to look at high impact businesses."

The CBS Evening News (4/20, story 3, 2:20, Pitts, 7.66M) ran a follow-up report on Wednesday's raids on IFCO systems. CBS reported that "mixed in" with the "nearly 1200 undocumented workers busted in a nationwide raid were their employers, 7 corporate executives of IFCO systems -- a manufacturing company. Men who in the past might only face fines now could serve up to ten years in Federal prison." Chertoff was shown sating, "We use intelligence to define the scope of the organization and then we use all of the tools we have, whether it's criminal enforcement or the immigration laws, to make sure we come down as hard as possible and break the back of those organizations." Pitts: "It's all part of a new get tough policy aimed at the 11 million illegal immigrants in the US, but it's a crackdown with consequences. Detention centers nationwide are already at, near, and in some cases over capacity."

The Financial Times (4/21, Alden) says the arrests "were used to highlight renewed efforts by the Bush administration to enforce existing laws against companies hiring undocumented workers." The White House "is urging Congress to pass an immigration reform bill that would permit more legal guest workers, but is facing opposition from many Republicans demanding aggressive enforcement of existing laws." The action "drew immediate praise from Tom Tancredo, the Colorado Republican congressman who has

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led demands for tougher enforcement against illegal immigrants."

The Christian Science Monitor (4/21, Jonsson, 61K) says, "To critics of the administration's immigration policies, the Department of Homeland Security sent out a strong message this week: Current laws can discourage illegal immigrants and those who hire them." However, "few observers believe this week's action represents more than a drop in the bucket in the battle to stem the flow of illegal immigration." Moreover, the Wall Street Journal (4/21, Kronholz, 2.11M) reports, DHS' "aggressive new stance faces a tough political future, though, and depends on Congress's willingness to finance a crackdown on some industries that are fueling the economic boom."

The Los Angeles Times (4/21, Gauette, 958K) says "Wednesday's raids, the culmination of a yearlong investigation, came at a sensitive time. Congress is returning from spring recess next week deeply divided on how to overhaul immigration laws." The Times adds, "Reaction to the raids reflected the well-drawn lines in the debate. Senate Minority Leader Harry Reid (D-Nev.) said in a statement, ' photo-op crackdown by [the Bush administration's Homeland Security Department] to prove a political point won't erase its failed record.'" But "conservative Republicans hailed the action."

The Philadelphia Inquirer (4/21, Montgomery) reports, "Chertoff said the roundup surpassed the 2005 total of 1,125 work-site arrests. ICE agents, assisted by the Justice Department, executed search warrants at 40 plant sites, including one in Burlington, N.J., that opened in 2004 and makes recycled plastic containers and wooden pallets."

The New York Times (4/21, Lipton, 1.19M) also notes "the arrests took place just days before the Senate reconvenes with immigration laws on its agenda. Earlier this month, the Senate faltered in its efforts to develop a proposal that would have given most illegal immigrants a chance to become citizens while intensifying border patrol and deportation efforts. And in recent weeks, hundreds of thousands of immigrants and their supporters have demonstrated in response to a bill passed in the House in December that would speed deportations, tighten border security and criminalize illegal immigrants." The Times adds, "As part of the campaign against illegal hiring, Mr. Chertoff and Julie L. Myers, assistant secretary at Immigration and Customs Enforcement, plan to hire 171 more work-site enforcement agents. … Separately, the department is adding 17 special teams of investigators, for a total of 52, to search for some of the 590,000 immigrants in the country who have ignored orders to leave." The Washington Times (4/21, Seper, 90K) reports Myers, who heads ICE, "said the agency will seek to build a 'strong compliance and enforcement system for employers,' adding that the agency will continue to 'find creative ways to partner with employers' who want to avoid hiring illegal aliens."

DHS Looking For Access To Social Security Data. The Wall Street Journal (4/21, Kronholz, 2.11M) reports, "The Department of Homeland Security is asking Congress for access to Social Security data in its effort to crack down on illegal immigration by going after employers who accept counterfeit identity and work documents." Chertoff's plans depend "on gaining authority from Congress to look at lists of 'no-match' Social Security numbers. Those occur when a new hire gives the employer a name or Social Security number that doesn't match names or numbers on file with the agency."

Immigration Reform Said To Be A Huge Challenge For Rove. The White House Bulletin/US News (4/20) reported, "One of Karl Rove's biggest challenges now is how to deal with the deeply divisive immigration issue, which is expected to come up when Congress returns from its spring recess next week. It is a long-standing belief of Rove's that Bush needs, above all, to maintain his popularity with his conservative base as the cornerstone of his political strategy. But the base is strongly in favor of tough border enforcement policies and rejects the kind of guest-worker program that Bush has endorsed." Many conservatives "consider that guest-worker program a form of amnesty that they cannot accept. But Rove and many moderate Republicans are worried that the get-tough border-security approach contained in the House immigration bill will alienate Latino voters and turn them against the GOP for a generation. Many GOP strategists prefer the evolving Senate version, which is considered closer to the President's wishes up to now."

Increased Number Of Border Patrol Officers Hasn't Boosted Arrests. USA Today (4/21, Kiely, 2.31M) reports, "The US Border Patrol is poised to become the federal government's largest law enforcement agency, but it's not clear that more agents have slowed illegal immigration." The Border Patrol "will soon rival the FBI in terms of the number of agents each agency has in the field. By the end of September, the Border Patrol will have 12,100 agents, according to spokesman Salvador Zamora. As of March, the FBI had 12,515. A 2004 law calls for expanding the Border Patrol to 21,000 agents by the end of the decade." However, "a recent analysis by Transactional Records Access Clearinghouse, a Syracuse University-based data research center, found that increasing the size of the Border Patrol has not yielded more arrests." In 1995, "the agency reported apprehending more than 1.3 million illegal immigrants. In 2005, with more than twice the number of agents as in 1995, the Border Patrol apprehended just under 1.2 million illegal immigrants."

State Legislators Seek To Address Costs Of Illegal Immigration. The Washington Times (4/21, Seper, 90K)

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reports, "State lawmakers across the nation are grappling with how to control the rising cost and effect of illegal aliens, with 368 bills pending or being debated in 42 states." The bills, "with more expected, target a number of constituency concerns, including the rising costs of education and medical care for illegal aliens, exploding crime, punishment for employers who exploit illegal aliens and the federal government's inability to secure the US border."

Minutemen To Build Border Fence On Private Land. The Washington Times (4/21, Seper, 90K) reports, "The Minuteman Civil Defense Corps (MCDC), which has placed hundreds of civilian volunteers on the Southwest border to stop illegal aliens from entering the country, announced plans yesterday to build a high-security fence on private land along the US-Mexico border." MCDC President Chris Simcox "said six landowners and two construction companies have partnered with the organization to break ground and begin construction on a state-of-the-art security fence similar to one proposed last year by a Pennsylvania-based advocacy group."

Immigration Officials Arrest 52 Convicted Child Sex Offenders. The CBS Evening News (4/20, story 4, 0:20, Schieffer, 7.66M) reported, "It turns out that immigration laws are also useful tools for getting sexual predators off the streets. Seen in this exclusive CBS News video, Immigration & Customs enforcement agents in New York arrested 52 convicted child sex offenders today from 14 countries. They'll all be deported for immigration violations."

TAX:

Symantec Fights $1 Billion Tax Bill. The Wall St. Journal (4/21, Boessenkool) reports that Symantec intends to fight a $1 billion bill from the IRS. The Journal notes, "Symantec and other companies grant licenses for a fee to foreign subsidiaries, and those licenses generate profits overseas. The Symantec dispute is over whether the company got fair value -- and paid taxes for that value -- on the licenses it granted." The IRS is disputing the value of licenses possessed by two Symantec subsidiaries in Ireland.

Polygamists Fight Property Taxes. The New York Times (4/21, Johnson) reports that a $1.3 million property tax bill faces "8,000 or so adherents of the Fundamentalist Church of Jesus Christ of Latter Day Saints, an offshoot of the Mormon Church that had long paid the property taxes of its members." Their system of tax collection is "in shambles" after the founder fled sex-related charges and after "the church's remaining leaders have told people living in the houses not to pay." Threatened with possible eviction, the members "could disperse to other parts of the West or to Canada, taking a page from the Mormons of old who came to Utah in 1847 to avoid persecution. Others fear violence."

CONGRESS-ADMINISTRATION:

Bush-Hu Summit Said To Have Accomplished Little. President Bush yesterday hosted Chinese President Hu Jintao at the White House for talks on energy, trade, and human rights. Most print reports state the summit produced virtually no tangible results on those issues. The Washington Post (4/21, A1, Baker, Kessler, 744K), for example, headlines its report "Bush, Hu Produce Summit of Symbols," and says Bush "came away with no specific agreements in a summit emphasizing symbolism over breakthroughs." CNN's The Situation Room (4/20, Blitzer) reported there was "a lot of talk but no real breakthroughs." The Wall Street Journal (4/21, King, Solomon, Dean, 2.11M) reports Hu "offered cooperation on issues from trade to nuclear proliferation," but he also "pointedly declined to give…Bush concrete promises on key economic and foreign-policy disputes." Likewise, The New York Times (4/21, Kahn, 1.19M) says the two leaders "broke no new ground," and the meeting "underscored the intractable nature of a long list of grievances."

The New York Times (4/21, Sanger, 1.19M) also runs an analysis piece titled "An Old Presidential Predicament: China Proves Tough To Influence," in which it says "just about every American president since Richard M. Nixon has confronted the fact that his influence over China is far more limited than he once hoped." Bush "is now facing that reality midway through his second term, at a moment when the Chinese clearly sense his weakness." Hu "apparently no longer feels, as past Chinese leaders did, that he must come to the United States bearing gifts." The AP (4/21, Loven) says Bush and Hu "made little measurable headway," and AFP (4/21) reports the leaders "showed little progress in healing rifts dividing the two powers." Likewise, Knight Ridder (4/21, Hutcheson) reports "some analysts expressed frustration that Bush and Hu failed to make significant progress."

A similar Chicago Tribune story (4/21, Silva) reports, "The fact that the two leaders had scant progress to cite after their meeting is emblematic of the strain that permeates US-Chinese relations," and it is "likely to spur new interest among members of Congress already pursuing trade sanctions against China, according to American experts on US-Chinese relations." Along those same lines, the Wall Street Journal (4/21, Harwood, 2.11M) reports in its "Washington Wire" column, "Sens. Grassley and Baucus will gauge outcome of Hu's visit and Treasury's currency report before deciding whether to press China trade legislation."

The Washington Times (4/21, Curl, 90K) also reports "there was little to show for the daylong talks," and adds

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"perhaps the biggest achievement of the day was an assurance by Mr. Hu to work to make the Chinese currency more 'flexible.'" The Times also reports, "The two leaders failed to find common ground on how to deal with Iran's nuclear ambitions." Focusing on the Iran issue, the Los Angeles Times (4/21, Richter, 958K) titles its story "Hu Keeps Cards Close to His Vest," and says it was "clear that Hu left Bush unsatisfied on his request for help to restrain the nuclear ambitions of Iran and North Korea." Hu "said little about China's intentions on the Iranian nuclear issue, except to repeat statements that Beijing intends to work through diplomacy." Meanwhile, the Financial Times (4/21, McGregor, Daniel) reports, "A senior White House official said Mr Bush had made an 'impassioned plea' to Mr Hu to support international efforts to pressure Sudan, a major supplier of oil to China, but without success."

On the network newscasts, the story was the lead on each show, which also ran follow-up reports later in their newscasts for a total of approximately 17 minutes of airtime. The networks offered similar assessments of the apparent lack of progress in key issues, but they focused their attention on two incidents that were described as marring the event. During the leaders' joint appearance on the White House lawn, a Falun Gong protester was able to get press credentials and cause a commotion during Hu's remarks. In a second incident, an announcer mistakenly referred to the People's Republic of China by using the formal name for Taiwan, which China regards as a renegade province. The embarrassing images were censored on Chinese TV reports, as were reports on the censorship itself. ABC World News Tonight (4/20, lead story, 4:10, Raddatz, 8.78M) reported, "The visit was meant to improve ties between the two countries on energy, trade and nuclear proliferation." But "just as the Chinese President was talking about deepening trust with the US," a "lone but very loud voice coming from the press area, shouting 'President Bush, stop him from killing. President Bush, stop him from persecuting Falun Gong.'" President Bush "appears irritated. President Hu, confused. But with the encouragement of President Bush, the Chinese leader continued. It took nearly three minutes before the Secret Service removed the woman." The two Presidents "did meet privately this afternoon, with Mr. Bush spending much of the meeting urging the Chinese leader to use his influence to curb North Korea's nuclear proliferation and to support UN sanctions against Iran for its nuclear program. But there were no agreements announced." The CBS Evening News (4/20, lead story, 2:40, Schieffer, 7.66M) led its report with the two gaffes, saying, "This was not the best day the White House ever had." NBC Nightly News (4/20, lead story, 3:10, Gregory, 9.87M) said the Falon Gong protest was "considered to the President a major embarrassment." The "outburst was a major irritant to the Chinese leader since the White House gave" the Falon Gong dissenter "a day pass to attend the event." A "veteran diplomat who was on hand today said there's no way that the Chinese won't think that this was an intentional move by the Administration."

The Washington Times (4/21, Curl, 90K) runs a story on the Falun Gong incident, the Washington Post (4/21, A2, Milbank, 744K), in its "Washington Sketch" section, also focuses on the "protocol breach," noting "Bush and Hu looked…stunned. It took so long to silence her -- a full three minutes -- that Bush aides began to wonder if the Secret Service's strategy was to let her scream herself hoarse. … 'You're okay,' Bush gently reassured Hu." But "he wasn't okay, not really. The protocol-obsessed Chinese leader suffered a day full of indignities -- some intentional, others just careless."

Chinese Feel "Slighted" By Lack Of State Dinner For Hu. The New York Times (4/21, Sanger, 1.19M) reports "the Chinese, ever sensitive to questions of status, made clear they felt slighted by Mr. Bush's decision not to offer up a full state dinner for the leader of 1.3 billion people." The Washington Post (4/21, A18, Kessler, 744K) says the "subtext" of the summit "was the future -- and how these two countries will share the international stage. At every turn, Hu sought to stress the equality between the two nations, which, as he put it in a luncheon toast, are the 'largest developing country and the largest developed country.'" For his part, "Bush tried to signal that China is not all that equal. The White House would not grant Hu the state dinner he dearly wanted, offering instead a lunch that fell just short of the pomp and circumstance for close allies. Meeting with reporters, Bush simply said, 'It's a very important relationship.'"

USA Today (4/21, Jackson, 2.31M) notes "US and Chinese officials disputed the very description of the meeting. The Chinese called it a 'state visit,' the most formal and prestigious welcome, while the administration referred to it as an 'official visit.'" Hu "did not receive an evening, black-tie state dinner, but was guest of honor at a special luncheon featuring a performance by the Nashville Bluegrass Band." The Washington Post's "Reliable Source" column (4/21, C3, Argetsinger, Roberts) also addresses that issue, reporting "the delicate compromise was a very fancy luncheon in the East Room for more than 150, complete with a receiving line and the requisite number of prominent Chinese Americans and celebrity guests: figure skater Michelle Kwan, who sat next to President Bush , former secretary of state Henry Kissinger , designer Derek Lam , NBC's Tim Russert , Chicago Mayor Richard Daley , actor Ron Silver , concert pianist Lang Lang -- not to mention Dick Cheney , Condoleezza Rice , Don Rumsfeld, first daughter Barbara Bush and a slew of business types including the heads of Ford, Citibank, FedEx, Goldman Sachs, Pepsi, Motorola and Wal-Mart." Guests "dined on corn broth with dumpling,

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halibut and melon, then were entertained by the Nashville Bluegrass Band."

China Said To Have Been Involved In Iran's Nuclear Program For Over A Decade. The Washington Times (4/21, Gertz, Scarborough, 90K) reports in its "Inside the Ring" column that as President Bush seeks help from Chinese President Hu Jintao to resolve the issue of Iran's nuclear program, US officials are "playing down" the fact that China "has been directly involved in Iran's nuclear and missile programs for more than a decade. National security officials tell us the effort to enlist Beijing's support on Iran is like Samuel Johnson's quip about a second marriage: the triumph of hope over experience. Classified U.S. intelligence reports dating from the early 1990s reveal that Beijing has been covertly backing Iranian nuclear efforts, as it did in Pakistan, with training and equipment."

Hadley Says Bush, Hu Agree That Nuclear Iran Isn't In Interest Of Regional Stability. National Security Adviser Stephen Hadley said on CNN's The Situation Room (4/20) that President Bush and President Hu "have the same strategic view that a nuclear Iran is not in the interest of regional stability, not in the interest of the nonproliferation structure. So, there was an agreement on a need to -- a common strategic assessment of the situation, and agreement that we needed to work together towards trying to convince Iran to listen to the clear message of the entire international community and step back from this nuclear program that they are pursuing."

Hadley Says US Will Keep Human Rights Issue At Forefront With China. Hadley was also asked on CNN's The Situation Room (4/20) if President Bush made any progress on the human rights issue with Hu. Hadley said, "We've been raising this issue for a while. The President gave a list of about six people who are in detention in China that he hoped would be released. We've talked about other issues, focusing heavily on freedom of religion, the right of people to worship in their homes, and educate their children, and the like. These are issues that are ongoing with China. We have raised those issues. There are a couple things that the Chinese have indicated they will be trying to do in the next weeks ahead. It's important for us to keep these issues on the forefront."

Pentagon Speaks About Hedging China As Hu Visits White House. The AFP (4/21) reports that even "as Chinese President Hu Jintao was at the White House to meet with President George W. Bush on a range of trade and security issues, and to assure US leaders they have nothing to fear from China's rising might," Pentagon spokesman Bryan Whitman said "the United States is shifting its military might to the Asia-Pacific region and equipping its forces for high-tech warfare as a hedge against China's military buildup," adding that "there is also a lack of transparency and some uncertainty surrounding China's future path."

Demonstrators Protest Hu's Visit. The Washington Times (4/21, Emerling, 90K) reports, "Hundreds of demonstrators from across the country yesterday lined Lafayette Park and areas near the White House to protest the first US visit by Hu Jintao." An "estimated 500 protesters massed outside the iron gates near Lafayette Park and another 500 protesters gathered along the west side of 17th Street in Northwest." Both groups "held signs bearing slogans like 'China Lies People Die' and 'China's New Era Begins When the Communist Party Ends.'" The Wall Street Journal (4/21, Harwood, 2.11M) reports in its "Washington Wire" column, "Yale braces for demonstrations today as President Hu visits New Haven. Security precautions close several city streets and part of the campus near Sprague Hall, where he is to speak."

China Seen As Driving Increase In Oil Prices. The CBS Evening News (4/20, story 2, 2:05, Schieffer, 7.66M) reported, "Fred Bergsten, author of a book on the Chinese economy, says the US remains the largest consumer of crude, 20 million barrels a day. But China is now the second-largest using 6.5 million barrels daily, and the Energy Department predicts China's demand will more than double by 2025." OPEC "can't meet that kind of demand, so prices are surging in the trading pits and at the pumps. According to a new congressional report, China's demand could add between 19 and 33 cents to the cost of a gallon of gas over the next five years."

NBC Nightly News (4/20, story 2, 2:15, Mitchell, 9.87M) reported, "By 2020, its energy needs will increase by 150 percent, so China is buying oil anywhere it can find it." John Kilduff, oil trader: "They are willing to do business with a lot of countries that the US would find repugnant." Mitchell: "Hot spots like Iran, Venezuela, Nigeria, and Sudan." China's "extraordinary growth is one reason oil supplies are now razor-thin. What used to be a worldwide cushion of 6 million barrels a day 4 years ago is now down to 1 million barrels, not enough to withstand a crisis in oil-producing countries. And who's doing more to conserve, China or the US?" Elizabeth Economy, China expert: "They have much more ambitious plans than we here in the United States do. They want to have 15% of all their energy come from renewable energy sources by 2020."

China Exporting More High-End Goods. ABC World News Tonight (4/20, story 6, 2:30, Vargas, 8.78M) reported, "Americans bought $243 billion in Chinese goods last year. We're all familiar with the low-priced clothing and electronics pouring into this country, helping to fuel China's $202 billion trade surplus. But there's been quite an effort by Chinese companies, recently, to conquer the markets for many high-end products, as well." ABC (Litke) added, "Quality is fast becoming the norm with Chinese products, from high fashion to high-tech. And" musical instrument manufacturer Eastman "is no exception. Most of Eastman's workers are peasants

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from the countryside. Yet, they're well-trained and very dedicated."

Roberts Taps Duff To Head US Courts Office. The Washington Post/Bloomberg (4/21, A21, Stohr) reports that Chief Justice John Roberts yesterday selected Washington lawyer James Duff as director of the Administrative Office of the US Courts. Roberts said the appointment "represents a 'fresh start' in the judiciary's sometimes stormy relations with Congress." Duff "will head a 900-person office that provides support for courts around the country and serves as the judiciary's liaison with Congress."

The Legal Times (4/21, Mauro) reports, "Duff, 53, is a popular and familiar face at the sprawling judiciary, having served as administrative assistant to the late Chief Justice William Rehnquist from 1996 to 2000. There, Duff won praise as a low-key team player and a skillful behind-the-scenes negotiator. Duff was a close witness to history when he served as aide-de-camp to Rehnquist while the chief justice presided over the 1999 Senate impeachment trial of President Bill Clinton." The Times adds, "Duff will replace Leonidas Ralph Mecham, who has held the job for 20 years with a sometimes-combative style. Mecham, who is retiring when Duff takes over, was given a standing ovation. … Members of both houses, mostly Republicans, have been critical of the judiciary in recent years for exerting too much power over the elected branches and for operating with little or no accountability. For varying reasons, bills that are unappealing to many in the judiciary have gained support if not passage in recent years, including one that would bar citation of foreign law in cases and another that would hasten camera access into federal court proceedings. Congress also controls the $5 billion-plus budget of the judiciary."

Bolten Raises Possibility Of Replacing Miers As Counsel. The New York Times (4/21, Bumiller, Rutenberg, 1.19M) reports White House Chief of Staff Joshua Bolten "has raised the possibility of moving Harriet E. Miers from her job as President Bush's counsel as part of a continuing shake-up of the West Wing, an influential Republican with close ties to Mr. Bolten said Thursday." The Republicans source said Bolten "had floated the idea among confidants, but that it was unclear whether he would follow through or if the move would be acceptable to Mr. Bush, who has a longtime personal bond with Ms. Miers." Meanwhile, Republicans said that Fox News commentator Tony Snow "was in negotiations for the job of White House press secretary." Snow "had surgery for colon cancer last year and is awaiting an clearance from doctors before making a deal." The White House "has also been interested in a communications job for Dan Senor, the former spokesman for the United States in Iraq who is now a Republican consultant and Fox News analyst. But Republicans said Mr. Senor was cool to the idea and faced complications because of his wife, Campbell Brown, sometimes fills in as anchor of the 'NBC Nightly News' and is the co-host of 'Weekend Today.'"

In Press Secretary, Bolten Looking For More Than A Fresh Face. The White House Bulletin/US News (4/20) reported, "Credibility and a strong intellectual background are the leading drivers in White House Chief of Staff Josh Bolten's search for a new press secretary. Insiders today said that Bolten's apparent decision to look outside the administration was an indication that he felt credibility had suffered in recent months and that a new person from the outside, such as frontrunner Tony Snow of Fox News and Dan Senor, a Fox analyst who used to be the administration's spokesman in Iraq, would revive the standing of the White House in the public's eyes." By "turning to an outsider like Snow, however, Bolten gets more than a fresh face, said those following the job search."

Snow Discusses Possibility Of Replacing McClellan. Tony Snow was asked on Fox News' The O'Reilly Factor (4/20) if he is interested in replacing Scott McClellan as White house spokesman. Snow said, "Look, it's very interesting. I am trying to balance two sets of things. On the one hand, you have a White House press spokesman as a piñata. And the other side of the ledger is family time. My kids need to see more of me. And you have a massive cut in pay. You have a lot of inconvenience. You don't have as much time to yourself. There's a lot of stuff going on, plus there are no guarantees after you get out of the White House whether there is any landing place. We have seen lots of people who went out to glory in the White Houses and came out with tin cups filled with pencils."

Website Taking Bets On Replacement For McClellan. The Washington Post (4/21, C3, Argetsinger, Roberts, 744K) reports in its "Reliable Source" column that the Scott McClellan "replacement odds are posted, for those too wonky for those highbrow 'American Idol' elimination wagers. Since Wednesday afternoon, BetUS.com has taken 186 bets with an average of $70 per bet (maximum is $100): Deputy Press Secretary Dana Perino is tied with presidential counselor Dan Bartlett (6-5), followed by Fox News host Tony Snow (4-1), perpetual presidential adviser David Gergen (8-1) and former Pentagon spokeswoman Torie Clark and former Iraq occupation spokesman Dan Senor (both 12-1). Perino has the lead with almost 60 percent of all bets placed, Bartlett is the runner-up with almost 25 percent, and four delusional guys are hoping to make more than $20,000 with former Clinton buddy George Stephanopoulos (80-1)."

Republicans Looking For More "New Blood" In White House Shuffle. The White House Bulletin/US News (4/20) reported, "'Where's the fresh thinking, the new blood?' asks a senior Republican who advised past GOP presidents." This official "described the changes so far as a 'botox injection' for the West Wing that will change its appearance

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but not alter the underlying reality -- of a president who has adopted unpopular or controversial policies on Iraq, immigration, Social Security, and other issues and so far can't find a way to improve his job-approval ratings." "What President Bush wants is the symbolism of change but not the substance," this prominent Republican tells US News and the Bulletin. Another concern inside the GOP is that Bush has yet to reach outside his tight group of loyalists for a senior adviser.

Leader Of Effort To Create National Health Information Network Resigning. The Financial Times (4/21, Timmins) reports, "Dr David Brailer, the man charged by President Bush with ensuring that half of all Americans have a portable electronic health record within a decade, is to step down two years after taking on the job." Brailer "said on Thursday he was leaving his job as national co-ordinator for health information technology for family reasons and because the programme 'is now mature and moving in the right direction.'" He "has commissioned a string of initiatives aimed at getting hospitals, doctors, health plans and IT vendors working together to deliver an initiative intended to improve the quality of care and potentially lower its cost." The Wall Street Journal (4/21, Harwood, 2.11M) in its "Washington Wire" column briefly notes the move, "Bush's health-technology czar David Brailer resigns, but will keep assisting with national health-information network."

NYTimes Says Bush Choice Of Schwab For USTR Undercuts WTO Negotiations. The New York Times (4/21, 1.19M) says in an editorial that former US Trade Representative Charlene Barshefsky "commanded respect internationally, particularly from China," while Robert Portman "made up for his lack of international clout with political expertise." Susan Schwab, "the woman President Bush has nominated to succeed Mr. Portman, has neither asset. That lack does not bode well for the crucial trade talks that are now under way at the WTO." The "most important byproduct of President Bush's much-discussed White House shake-up may be the torpedoing of any real progress in these critical trade negotiations."

Dionne Says Rove "Demotion" Shows Shift In Administration Goals. In his Washington Post column (4/21, A23), E.J. Dionne says the "real meaning of the White House shake-up and the redefinition of Karl Rove's role in the Bush presidency" is that the Administration's "one and only domestic priority in 2006 is hanging on to control of Congress." Rove is "simply moving to where all the action will, of necessity, be."

Kennedy Says Second Term Staff Changes Are Not Untypical. Sen. Ted Kennedy said on CNN's Larry King Live (4/20), "I think it's not untypical that a president in the second term is going to make these adjustments and I think particularly given the kind of conditions that he's facing in terms of the support that he has here at home and generally around the world that he's going to make some shifts and some changes. I think the real overarching issue does this really mean a change of policy, a change in direction and priorities here at home? And, I think those are real legitimate questions and I doubt whether it will make much of a change in policy with regards to Iraq, which is the overarching issue of our time." Kennedy added, "I don't think we're going to get much of a change of a direction on domestic policies or in foreign policy but we'll have to see."

Rumsfeld Critics Turn His Praise Of Change Against Him. The New York Times (4/21, Gordon, 1.19M) reports Defense Secretary Donald H. Rumsfeld "has described himself as an agent of change and suggested that the complaints come from old thinkers who oppose reforming the military." Convinced that "the generals were locked in a cold-war mindset -- 'legacy thinking,' he dubbed it -- Mr. Rumsfeld promoted the virtues of relying on precision weapons and fast-paced operations instead of huge numbers of troops." But "as a half-dozen retired Army and Marine generals have called for Mr. Rumsfeld's resignation, some criticize him in his own terms. The change-agent defense secretary, they say, is resistant to change." Rumsfeld, "the critics assert, was slow to acknowledge a growing insurgency in Iraq and to counter it. The military is overstretched by the occupations of Iraq and Afghanistan, but Mr. Rumsfeld has also resisted expanding the Army and Marines."

Kennedy Says Rumsfeld Is Not Incompetent. Sen. Ted Kennedy was asked on CNN's Larry Ling Live (4/20) if Rumsfeld is incompetent. Kennedy said, "No, I don't think he's incompetent. I think that there was a rush to war. … There was a thirst to go to war. There was no question about it. And they carefully selected and picked intelligence and off it was. And, I think that that was a catastrophic mistake."

Murtha Says Rumsfeld Should Take Blame For Iraq Mistakes. CNN's The Situation Room (4/20, Blitzer) reported that Rep. John Murtha says Defense Secretary Donald Rumsfeld "should take the blame for mistakes in Iraq."

Schieffer Unsure Rumsfeld Will Remain At Defense For Long. The Daily Record (NJ) (4/21, Jennings) reports that in remarks at a Drew University forum attended by 275 this week, CBS anchor Bob Schieffer "said he wasn't sure that Defense Secretary Donald Rumsfeld, under fire for his handling of the war in Iraq, would endure much longer in his post. He didn't put much stock in President Bush's recent declaration of support for Rumsfeld." Schieffer said, "t was also this president who said, 'Brownie, you're doing a heckuva job,' and that was just before Brownie got canned." Schieffer was "not optimistic about U.S. prospects in Iraq."

Krauthammer Says Uniformed Rumsfeld Critics Have Set "Dangerous Precedent." In his Washington Post column (4/21, A23), Charles Krauthammer comments on the retired generals who have come forth to criticize Secretary

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Rumsfeld, saying, "We've always had discontented officers in every war and in every period of our history. But they rarely coalesce into factions. That happens in places such as Hussein's Iraq, Pinochet's Chile or your run-of-the-mill banana republic. And when it does, outsiders (including the United States) do their best to exploit it, seeking out the dissident factions to either stage a coup or force the government to change policy." It is "precisely this kind of division that our tradition of military deference to democratically elected civilian superiors was meant to prevent. Today it suits the antiwar left to applaud the rupture of that tradition. But it is a disturbing and very dangerous precedent that even the left will one day regret."

Editorial Opinion On Rumsfeld Varied. USA Today (4/21, 2.31M) runs an "Opinionline" sampler of editorial opinion around the country on the retired generals who have called on Secretary Rumsfeld to resign. On one end of the spectrum, the Beaver County (Pa.) Times editorializes, "The American people need to listen to them before it is too late. Our military might is being squandered because of this administration's lethal combination of arrogance and bungling." On the end, the Amarillo (Texas) Globe News says, "What's missing in this discussion, though, has been a keen understanding of the nature of the relationship between senior military officers and their civilian bosses. It is filled with friction. It always has been that way and likely always will be."

Administration Says It Has Exceeded Enrollment Goal For Drug Benefit. The AP (4/21, Abrams) reports, "Another 1.7 million seniors have signed up for the new Medicare prescription drug benefit in the past month, and administration officials said Thursday they have exceeded their goal for the year with 25 days left before the enrollment deadline." The officials "rejected demands from some lawmakers that the May 15 deadline be extended to give people more time to study the plan alternatives, saying that would only lead to fewer enrollees." Health and Human Services Secretary Mike Leavitt said in a telephone news conference that "more than 30 million Medicare beneficiaries are new receiving prescription drug coverage, surpassing projections of 28 million to 30 million enrollees in the first year of the program."

The Wall Street Journal (4/21, Lueck, 2.11M) casts doubt on the government's numbers, "At first glance, information released Thursday by Medicare seems to indicate that 30 million people are getting prescription-drug insurance from the federal health program for the elderly and disabled. Not exactly." While the government claims 30 million seniors are receiving coverage, "a smaller number is actually enrolled in the new program, and some of that group had coverage before. As of April 18, 19.7 million beneficiaries are getting drug insurance from Medicare. Of that group, 5.8 million already had coverage from Medicaid, the state-federal program for the poor. An additional 6.8 million people are getting drug coverage from former employers; the coverage is partially subsidized by Medicare." That "means a total of 26.5 million people now are benefiting from the Medicare drug program." To get to 30 million, government officials also "counted 3.5 million people who have drug coverage from the military's TRICARE program or federal-employee benefits, but aren't signed up for the Medicare benefit."

Beneficiaries Could Pay As Mush As 7% More Next Year. The Los Angeles Times (4/21, Alonso-Zaldivar, 958K) reports, "With the deadline for signing up for the Medicare prescription benefit approaching, the government has announced that seniors and disabled beneficiaries may pay as much as 7% more next year for their benefit."

Large Insurers Seen As Biggest Winners So Far. The Wall Street Journal (4/21, 2.11M) reports that while the deadline is 25 days away, "the massive effort has produced clear winners and losers among businesses and seniors. The early winners include some of the nation's largest health plans, which are peddling the drug coverage. … Also buoyed: drug makers, which are reporting increased demand for some products used by seniors, such as drugs for chronic conditions. Many seniors are also giving the benefit good reviews, despite initial confusion about which plan to choose. … Dozens of smaller health insurers, meanwhile, are seeing only minimal enrollment gains, and independent pharmacists are criticizing the lower payments and suffering cash-flow problems." The Journal adds, "By far, the biggest winner in the race to sign up seniors is UnitedHealth Group Inc."

Congress Returns With Broad Agenda As Public Anger Deepens. The Washington Post (4/21, A5, Weisman, 744K) reports Congress returns "next week to face deep challenges including a budget morass in the House and an immigration quagmire in the Senate, while new polls indicate that voters increasingly view the legislative branch as dysfunctional." Republican leaders' success in navigating "their way through the legislative mess could greatly influence the outcome of the midterm elections in November, suggests a poll released yesterday by the nonpartisan Pew Research Center for the People and the Press." Republican leaders "have laid out an ambitious agenda for the coming months, from health-care legislation to the most sweeping immigration changes in a generation. But they will have just 72 legislative days to achieve it before the scheduled date of adjournment. And they will have to overcome divisions in their own ranks to secure even the basics, such as a budget."

Congress Not Following Through With E-911 Funding. After authorizing $250 million a year to pay for "E-911," enhanced 911 service for cellular telephone

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systems, Congress has failed to appropriate the money, leaving the project stalled. The CBS Evening News (4/20, story 9, 2:55, Brzezinski, 7.66M) reported, "911 centers around the country are driving blind, unable to identify cell phone caller's locations because they haven't upgraded their call tracking technology. Here's how it is supposed to work. When someone dials 911 on a cell phone, satellites pick up and relay the data to the nearest 911 call center, where computers display the caller's location within about a city block for margin of error. But if that call came on an old cell phone or if the 911 center doesn't have the technology upgrade, all bets are off." Sen. Hillary Clinton, New York: "Well, our 911 system is stuck in the 20th century." Brzezinski: "Since the attacks of 9/11, New York Sen. Hillary Clinton has worked to get the entire country's 911 system up to par, but still, more than 40% of country's call centers, known as PSAPS, are poorly equipped. If there were another terrorist attack right now, would we be in the same situation we were in 9/11?" Sen. Clinton: "That would depend upon what cell phone you used, what part of the country you were in, whether the PSAP answering your call had the capacity to locate you." Brzezinski: "A congressional study just out found that at least four states collected the money to fix the problem through phone bill surcharges but instead spent it elsewhere."

Board Strives To "Practice Merit" Under New Federal Pay Systems. The Washington Post (4/21, D4, Barr, 744K) reports in its "Federal Diary" column that the US Merit Systems Protection Board "strives to ensure fair treatment for civil service employees and hears appeals of major disciplinary actions when workers believe they have not received a square deal from their agencies. But the government's workplace rules are in flux. Congress has freed a number of agencies over the years from civil service law and most recently launched the departments of Defense and Homeland Security on efforts to shake up their pay and personnel systems. The changes in pay rules raise the question of 'how to practice merit' when operating outside civil service law, MSPB Chairman Neil A.G. McPhie said yesterday."

Kennedy Book Called "Blistering Critique" Of Bush Administration. Eric Pianin reviews Sen. Edward Kennedy's new book "America Back on Track" in the Washington Post (4/21 ,A21, 744K). Pianin says the book is "Kennedy's blistering critique of the Bush administration and his prescriptions for what ails the country. … Kennedy asserts that President Bush has systematically and ruthlessly chipped away at constitutional protections in the name of national security and the war on terrorism." Pianin adds that the book "plows a lot of familiar ground, and many of Kennedy's proposals seem more like liberal cant than pragmatic programs that might actually bridge the huge partisan and ideological divide in Washington."

OTHER NEWS:

Dow Industrials Close At Six-Year High. ABC World News Tonight (4/20, story 4, :15, Vargas, 8.78M) reported, "Blue chip stocks closed at more than a six-year high today. The Dow Jones Industrial Average gained 64 points to close at 11,342. The last time the Dow was this high was in January of 2000." NBC Nightly News (4/20, story 6, 0:15, Williams, 9.87M) also noted the Dow reached "a 6-year high in fact." The Nasdaq "lost a bit of ground, however, down just over 8 points on the day [to close at 2,362.55]."

The Wall Street Journal (4/21, Karmin, 2.11M) reports the Dow "powered to a six-year high, supported by easing crude-oil prices and upbeat earnings news from several blue-chip stocks including beleaguered General Motors Corp. … Crude-oil prices, falling from recent highs, finished at $71.95 a barrel, down 22 cents." USA Today (4/21, Shell, 2.31M), however, titles its story "Stocks Rise In Spite Of Increasing Price Of Oil,"

Jobless Claims Down Sharply. The Wall Street Journal (4/21, Blackstone, 2.11M) reports, "The number of US workers filing initial claims for unemployment benefits fell more sharply than expected last week, suggesting that underlying job fundamentals remain strong. Initial jobless claims declined by 10,000 to a seasonally adjusted 303,000 in the week ended April 15, the Labor Department said Thursday." Last week's "decline in unemployment claims was more pronounced than Wall Street expectations. The median estimate of 13 economists surveyed by Dow Jones Newswires and CNBC projected jobless claims would fall by just 5,000 in the April 15 week to 308,000."

Economy Seen As Likely To Hurt GOP In Fall. Under the headline "Why A Strong Economy Is No GOP Asset," the Christian Science Monitor (4/21, Feldmann, 61K) reports, "Of all the problems Republicans face heading into the fall political season, one of the most exasperating is the economy. In many ways, they say, these are the best of times: Unemployment is at 4.7 percent, lower than the averages of the 1970s, '80s, and '90s. The economy is showing strong, consistent growth, without significant inflation. And the stock market is roaring along." Yet "many Americans just aren't impressed. A majority tell pollsters they trust the Democrats more than the GOP to handle the economy. … Independent pollster John Zogby sees the public's skepticism over the economy as part of a larger picture of overall concern over the direction of the nation and a president struggling to recapture Americans' confidence."

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Mortgage Rates Reach Four-Year High. ABC World News Tonight (4/20, story 3, 1:25, Vargas, 8.78M) reported, "Mortgage rates have risen to a nearly four-year high. The average rate for a 30-year fixed rate mortgage is above 6.5%." ABC (B. Stark) added, "There are now 30% more homes for sale this month than last. That means that buyers should have more bargaining power in some markets." The higher rates mean "for sure a slower economy in the second half of the year."

Foreign Firms Reducing Spending In US. The Wall Street Journal (4/21, Conkey, 2.11M) reports, "Amid political controversy over foreign investment in the US, new data suggest that foreign companies steadily reduced their work forces and capital spending in the U.S. from 2001 to 2004 despite rising sales here." In an annual report on its survey of multinational corporations, the US Commerce Department "said foreign firms other than banks doing business in the U.S. employed nearly 5.1 million employees in 2004 -- slightly less than one of every 20 workers in the private sector." That was "down 10% from 5.6 million in 2001."

Democrats Using Rising Gasoline Prices As Political Issue Against GOP Opponents. The New York Times (4/21, Janofsky, 1.19M) reports, "Democrats running for Congress are moving quickly to use the most recent surge in oil and gasoline prices to bash Republicans over energy policy, and more broadly, the direction of the country. … To varying degrees, Democrats around the country are following a similar script that touches on economic anxiety and populist resentment against oil companies." Sen. Charles E. Schumer of New York, chairman of the Democratic Senatorial Campaign Committee, said, "It's a metaphor for an economy that keeps biting people despite overall good numbers." Schumer also "said Democratic candidates in 10 of the 34 Senate races this year had scheduled campaign events this week focusing on gasoline prices."

The Washington Post (4/21, A1, Mufson, 744K) says that "in the absence of a clear explanation" for the rising prices, "members of Congress have jumped into the fray. 'These major oil companies have hooked their hose up to the pocketbooks of American citizens and are sucking money from ordinary Americans into the treasury of the giant oil companies,' said Sen. Byron L. Dorgan (D-N.D.), a member of both the Senate Commerce and Energy committees." Schumer on Tuesday "called on the Federal Trade Commission to make sure the major oil companies weren't intentionally keeping refinery capacity offline to jack up prices. He cited a 5-percentage-point decline in refinery utilization rates."

Price Tops $3 A Gallon In California. The Los Angeles Times (4/21, Sanchez, 958K) reports, "The average price of a gallon of gasoline in California topped $3 for the first time this year, and motorists are not expected to see any relief from spiking prices until after Memorial Day, according to industry observers." California pump prices "are rapidly closing in on the record high reached in September, when a gallon of regular unleaded peaked at $3.054, according to AAA." USA Today (4/21, Hagenbaugh, 2.31M) says California "became the first state in the continental USA to see average gasoline prices go above $3 a gallon in 2006, while the price at the pump in Los Angeles hit an all-time high." The average price for a gallon of regular gas in California "hit $3.015 Thursday, up 3 cents from the day before and up 34 cents from a month ago."

Democratic Ad Targets GOP On Homeland Security. The AP (4/21, Sidoti) reports Democrats "believe they can turn a Republican political strength — homeland security — into a vulnerability. They are testing that theory with a television ad that accuses the Bush administration and the president's GOP supporters of disregarding port security." Americans United, a group "with close ties to congressional Democrats, is spending at least $500,000 to run the ad, starting Thursday, on cable news channels and during NBC's 'Meet the Press,' which airs Sundays." The 30-second ad "shows a longshoreman involved in port security in Long Beach, Calif., talking about the thousands of containers that move through U.S. ports each day."

Democrats Said To Lack Consensus On Message. The AP (4/20, Sidoti) reports that if you ask Democratic leaders "to identify their party's election-year message," you "get everything but consensus. Ahead in polls, Democrats are divided over whether they already have – or even need – a national theme that tells voters exactly where the party stands." In "more than a dozen interviews, Democrats who gathered here for the DNC's spring meeting rattled off lists of what they believe to be their party's message in 2006. Each had a different take." Some said "their party stands for affordable health care, lobbying reform, lower federal deficits. Others mentioned human rights, the well-being of families and the search for new energy sources. Still others cited education money, Medicare that works, a reliable Social Security program and world peace. Lots of issues. No single message."

Eleven States, DC, Competing For Early Primary Slots At DNC Meeting. The Washington Post (4/21, A4, Balz, 744K) reports Democratic state delegations are arriving in New Orleans to "compete for the chance to help start the presidential nominating process in 2008." Nevada Democrats "distributed a costly and colorful brochure, and aired the slickest video of the day to promote their state's rapidly changing electorate as an ideal testing ground for

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candidates." Arkansas Democrats "touted their many venues for retail politicking, including VIP toad races at the annual Toad Suck Daze festival. Hawaii offered perfect weather for winter campaigning." The states were "scrambling to take advantage of coming changes to the Democratic primary and caucus calendar in 2008, which will alter a system that long has given top early billing to Iowa's caucuses and New Hampshire's primary." In 2008, Iowa "will still have the first caucus and New Hampshire the first primary. But as many as four other states will be added to early weeks of the season -- one or two between Iowa and New Hampshire, and one or two immediately after. On Thursday, Democratic leaders from 11 states and the District began bidding for the available slots."

The AP (4/21, Sidoti) reports the DNC's "rules and bylaws panel heard pitches from the District of Columbia and 10 states that have applied to move up their contests to select the presidential nominee. Nebraska also applied but did not make a presentation." The states that "applied for early status" are "Alabama, Arizona, Arkansas, Colorado, Washington, D.C., Michigan, Mississippi, Nebraska, Nevada, South Carolina, West Virginia and Hawaii."

Senate Democrats Outraise Republicans, Have 2-1 Cash-On-Hand Advantage. The Washington Post (4/21, A4, Edsall, 744K) reports FEC data show the Democratic Senatorial Campaign Committee "continued to outpace the National Republican Senatorial Committee in fundraising, bringing in more contributions and finishing the quarter with twice as much money in the bank." There have been "growing complaints in Republican circles about the chairmanship of Sen. Elizabeth Dole (N.C.), who was elected to the post in part because of her reputation as a fundraiser." The DSCC reported raising $6.9 million in March for a total of $56.4 million in the 2005-06 cycle, and $32.1 million cash on hand. The NRSC "reported raising $5 million in March, bringing its total to $50.4 million for the cycle, with $16.5 million in the bank." In an "equally significant development, the Democratic Congressional Campaign Committee reported having $23 million in the bank, almost equaling -- for the first time in memory -- the cash balance of the National Republican Congressional Committee, which was $24.4 million."

CNN's The Situation Room (4/20, Blitzer) reported, "New financial reports in this midterm election year show that Senate Democrats still hold a 2-1 advantage over their Republican counterparts. The Democrats have about $32 million in the bank. The Republicans have about $16 million. But the Republican Party still holds a huge fund-raising edge over the Democratic Party. The RNC has about $43 million in the bank. The DNC has about $10 million on hand."

Democrats' Advantage On Generic Ballot Said To Be Overstated. The Washington Times (4/21, Lambro, 90K) reports pollsters are "churning out a stream of voter surveys that show Republicans trailing by 10 percent or more in congressional elections, although they acknowledge these 'generic' polls overstate the Democratic vote." The latest USA Today/Gallup poll, "conducted from April 7 to April 9, found that the Democrats lead Republicans by 52 percent to 42 percent among all registered voters surveyed." But Gallup "and other election pollsters who conduct generic polls acknowledge that the turnout rate for registered voters is much less than it is for Americans who say they are 'regular voters.' When Gallup polled a subgroup of people who say they vote on a regular basis, the Democratic lead fell to seven points, 51 percent to 44 percent." Republican pollsters "often complain that the results of generic surveys are tilted in favor of the Democrats and do not accurately reflect the partisan division among people who actually vote in their states and districts. It is a complaint that the Gallup Poll itself acknowledges in an analysis of its latest polling results."

Pew Poll Finds Anti-Incumbent Mood Strongest Since 1994. The AP (4/21, Sidoti) reports the "anti-incumbent mood of the public is as high as it has been since the midterm elections of 1994. A majority of people in this country say they do not want to see most members of Congress re-elected this November, and almost three in 10 say that about their own representative to Congress, according to a poll by the Pew Research Center for the People & the Press." Fifty-three percent "said they do not want most members of Congress re-elected, the poll found. In October 1994, 56 percent felt that way. Also, 28 percent said they want to see their own representative defeated in the midterm elections, compared with 29 percent in October 1994."

"Dysfunctional" Democrats Seen As Unlikely To Exploit GOP's Weakness. In an editorial, The Economist (4/20) says in a leader that the Democrats "hope to win this year's congressional elections in November and, on the back of those, to capture the White House in 2008. They need a net gain of 15 seats to take over the House and six seats to take over the Senate." With "two-thirds of Americans convinced that their country is heading in the wrong direction, this might appear to be easy. It isn't. First, various technical factors -- from the power of incumbency to gerrymandering -- will help the Republicans in November. More important, if the Republicans reek of decay, the Democrats ooze dysfunctionality: Divided, beholden to interest-groups and without a coherent policy on anything that matters to America and the world." Since 2004, the "Republican incompetence has exceeded even our worst fears. How depressing to report that Democratic incoherence has soared too. America deserves better."

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Ehrlich, BGE Reach Deal On Rate Hike. Maryland Gov. Robert Ehrlich and Baltimore Gas and Electric Co. have reached a deal to phase in a 72 percent electricity rate increase over 18 months, Ehrlich announced Thursday. The Washington Times (4/21, Miller, 90K) reports, "By making the deal with BGE officials, Mr. Ehrlich avoided having to call a special session of the Democrat-controlled General Assembly, which ended its regular session last week without reaching an agreement on the electricity-rate issue."

The Washington Post (4/21, B1, Mosk, Wagner, 744K) reports, "The deal described yesterday is similar to one Pepco announced two days earlier. Under the terms, which state regulators must approve, 1 million Baltimore Gas and Electric customers will be given an option of shouldering the entire 72 percent increase starting in July or phasing it in over 18 months. Those who choose to phase in the increase will have to pay additional charges of about $15 a month extra for the average customer over two years. An additional $600 million in relief -- about $4 a month for the average customer -- would hinge on whether BGE's parent company, Constellation Energy Group, gets approval for a merger with a Florida power company. If not, customers who deferred rate increases would have to pay more interest."

Betty Ford Hospitalized. NBC Nightly News (4/20, story 5, 0:15, Williams, 9.87M) reported, "In other news tonight, we got word this morning that former First Lady Betty Ford was hospitalized for tests today. A family spokesperson said the visit to Eisenhower Medical Center in Rancho Mirage, California was routine and that the 88-year-old is in good health."

Krugman Says Conservative Tide Is Receding. Paul Krugman writes in the New York Times (4/21, 1.19M) that President Bush's "temporarily sky-high approval ratings were the aberration; the public never supported his real policy agenda." Krugman adds that Democrats "will almost surely make gains" this fall. Krugman concludes that the 2004 election 'looks like the high-water mark of a conservative tide that is now receding."

WSJournal Opposes Restoring Dues-Checkoff Privilege For NYC Transit Union. An editorial in the Wall Street Journal (4/21, 2.11M) says New York City may be bucking the trend of unions representing government employees getting "whatever they want, and with little accountability." The Journal notes that last December, the city's Transit Worker's Union "struck for three days in violation of the law." As penalty for the illegal strike, a judge rules that the union's right "to the automatic deduction of dues from workers' paychecks should be suspended for 90 days, and possibly longer." The Journal adds, "We wonder why the TWU should have its dues-checkoff privileges restored at all. Let it raise its money the old-fashioned way -- by providing a service that its members are willing to pay for."

Hamas Appoints Militant As Head Of New Security Force. The AP (4/21, Barzak) reports, "The Hamas government on Thursday named a Palestinian whose group has attacked Israel and was blamed for bombing a U.S. convoy to head a new security force made up of Islamic militants." The move "is a direct challenge to the authority of President Mahmoud Abbas, and was quickly denounced by Israel and the United States." Hamas Interior Minister Said Siyam "issued a decree appointing Jamal Abu Samhadana, the head of the Popular Resistance Committees, as director general of his ministry." His group "is responsible for many of the homemade rockets launched at Israel in recent weeks." It also is "suspected by some of involvement in the attack on a US Embassy convoy in Gaza that killed three Marine security guards in October 2003." The Washington Post (4/21, A16, 744K) runs a similar AP story on the appointment, while Knight Ridder (4/21, Nissenbaum) reports Samhadana is "one of Israel's most wanted militants," and notes he "an Israeli assassination attempt ."

The New York Times (4/21, Myre, 1.19M) says the move is "likely to increase friction between the Hamas-led Palestinian government and…Abbas." The Washington Times (4/21, Mitnick, 90K) also refers to the "tug of war between Hamas and…Abbas for control of the Palestinian security services." In recent weeks Abbas "has made several appointments aimed at consolidating his authority over multiple paramilitary police forces that he controls." The Los Angeles Times (4/21, King, 958K) runs a similar report.

US Diplomats' Union Says "Risk-Averse Culture" Stymies Award Nominations. The Washington Times (4/21, Kralev, 90K) reports the American Foreign Service Association, "the union representing American diplomats," said yesterday "it has had a difficult time soliciting nominations for its annual awards for 'constructive dissent'in the Foreign Service because its members are reluctant to be perceived as mavericks." Barbara Berger, coordinator for the awards, "said the Foreign Service is a risk-averse culture and its members are preoccupied with important daily responsibilities around the world." The Times adds, "None of the nominations this year is related to a controversial foreign policy issue such as Iraq, Iran, North Korea or the Israeli-Palestinian conflict."

White House Backs Lebanon On Territorial Dispute With Syria. The AP (4/21, Schweid) reports, "The Bush administration urged Syria on Thursday to negotiate with Lebanon on the future of a strip of disputed territory occupied by Israel." Israel seized Chebaa Farms in

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the Six-Day War. However, "The United Nations has determined the area is Syrian and has called for Syria and Israel to determine its fate in negotiations. But Syria says the area is Lebanese, and Lebanon has claimed Chebaa Farms." The US is calling for a "negotiated solution" and "normal diplomatic relations" between Syria and Lebanon.

Iranian Official Who Entered US Is Permanent Resident. The Washington Times (4/21, Kralev, 90K) reports, ""Mohammad Nahavandian, an economics and technology aide to Iran's top nuclear negotiator, Ali Larijani" who entered the US last month, is a "legal permanent US resident." However, DHS is now investigating him for "suspected violations that could result in revoking his green card." Nahavandian reportedly flew into Philadelphia on March 25. One official said "there were no records" that Nahavandian had left the US, "although he noted that such records would exist only if he departed by air."

Young Iranians Are Frustrated. The Washington Post (4/21, A1, Vick, 744K) reports, "While the world focuses on Iran's nuclear ambitions, Iranians focus on the unmet aspirations of the two-thirds of the population that is younger than 30." Iranians have "seen average income shrink under a religious government that has cultivated an elite of its own atop a profoundly dysfunctional economy"; problems include 15% inflation and 80% of the population working in the private sector, which is only 20% of the economy.

WSJournal Urges Bush To Prepare For Tough Iranian Situation. An editorial in the Wall Street Journal (4/21, 2.11M) tells President Bush to "begin to educate the American public about what is at stake in Iran and what the U.S. might be prepared to do about it." The editorial argues that "the chances of the international community imposing sanctions -- and sticking to them -- are vanishingly small" and that the president faces "a revolutionary regime seeking to spread its ideology and power by force and intimidation." It warns that offering concessions to Iran will likely fail, as they did with North Korea.

IADE Study To Suggest Greater Global Use Of Nuclear Power. The Financial Times (4/21, Hoyos) reports, "The International Energy Agency, which represents 26 developed countries, is to support a study highly likely to make the case for greater reliance on nuclear power." The study by the West's "energy watchdog" comes "amid growing fears about the reliability of natural gas supplies, particularly out of Iran and Russia." Greater use of nuclear power would end "the decades of moratoriums and stalled reactor programmes that followed the Chernobyl accident 20 years ago."

Uzbek Nuclear Waste Returned To Russia. The Washington Post (4/21, A15, Kole, 744K) reports, "Spent nuclear fuel containing enough weapons-grade uranium to produce at least two bombs was safely returned to Russia from Uzbekistan this week in a high-security and classified operation." The guarded shipments were "part of the Global Threat Reduction Initiative, an effort to ensure that high-risk nuclear and radiological materials do not fall into the wrong hands."

DOJ Investigates Russian Gas Supplier. The Wall Street Journal (4/21, 2.11M) reports, "The Justice Department is investigating Rosukrenergo AG, the company that supplies billions of dollars in Russian and Central Asian natural gas to Ukraine." Ruskrenergo's "cloudy workings and ownership structure have been attacked as a threat to Europe's energy security and Ukraine's political stability." The secretive company "is now reconsidering plans for a public share offering that would have required disclosure of the company's true owners."

Kurdish Satellite TV From Denmark Angers Turkey. The Christian Science Monitor (4/21, Schleifer, 61K) reports, "The Turkish government is lobbying Denmark to rein in Roj, accusing the two-year-old station of being nothing more than a mouthpiece for Kurdish terrorists." Based in Denmark, Roj "frequently airs footage provided by the [PKK] of its guerrillas in action against Turkish security forces." Turkey accuses Roj of being "part of the PKK," while Denmark calls the controversy "a matter for the courts." Kurdish viewers in southeastern Turkey have "added to the list of grievances" the Turkish government's efforts to shut down Roj.

US Troop Presence Creating Angst In Dominican Republic. The Los Angeles Times (4/21, Williams, 958K) reports anyone "casting a glance across the acres of armored vehicles, aircraft and olive-drab shelters arrayed around an abandoned airstrip" in the Dominican Republic "might be forgiven for assuming the U.S. armed forces have come to stay." The seaside territory "is abuzz with Black Hawk helicopter sorties and successive waves of arriving soldiers, all part of a four-month humanitarian and training mission under a Pentagon program known as Operation New Horizons." The US military "aims to build four prefabricated medical clinics and train 3,500 troops, mostly reservists, shuttling into this remote western port in two-week rotations." But the "scale of the operation and a U.S. aircraft carrier group's deployment to the Caribbean for two months of maneuvers have raised eyebrows and protests among those who see the American military presence as a threat to their sovereignty, or a show of force against leftist Latin American leaders."

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Berlusconi Refuses To Leave Scene. The New York Times (4/21, Fisher, 1.19M) reports that defeated Prime Minister Silvio Berlusconi is not likely to plan a "quiet retirement." The Times reports, "Staying in politics brings an unquestionable bounty of advantages for a man like Mr. Berlusconi." He can protect his business empire and use parliamentary immunity to ward off "allegations of bribes and corruption over many years." Berlusconi has already vowed "to work to bring down the government as quickly as possible."

Nepalese Police Shoot Three Demonstrators. The Washington Post (4/21, A14, Lancaster, 744K) reports, "Police opened fire on pro-democracy demonstrators in the capital Thursday, killing three and wounding scores of others. The Post reports that the most recent protests in Kathmandu are the largest "since the parties launched their campaign" to bring back democratic rule. Diplomatic efforts by India, the US, and others are characterized as "intensive but apparently inconclusive." ABC World News Tonight (4/20, story 7, :25, Vargas, 8.78M) reported that in Nepal, "100,000 pro-democracy demonstrators defied a curfew to demand an end to the king and his dictatorship … Diplomats said there are signs the king may make concessions, possibly appointing a prime minister or reinstating parliament."

Chadian President Fights To Stay In Power. The New York Times (4/21, Lacey, 1.19M) reports that Chadian President Idriss Déby is beset by relatives and outsiders seeking his ouster: "Two of Mr. Déby's uncles, for example, defected from their positions as top military commanders in February to become rebels, and two of his nephews, once top presidential aides, broke ranks a few months … Some speak against Mr. Déby from opposition parties while others pick up arms against him. The government of Sudan has taken advantage of this popular disaffection, analysts say, by aiding some of the roughly 12 Chadian groups trying to unseat Mr. Déby." Diplomats worry that if Déby goes, a new government could favor Sudan's Darfur-tainted government or could sell oil to China.

US Tourists Can Visit North Korea This Summer. USA Today (4/21, Clark, 2.31M) reports, "Tours of North Korea being offered late this summer are, as one tour operator puts it, 'selling like hotcakes.'" USA Today writes, "The so-called Hermit Kingdom will grant visas to Americans during its annual Grand Mass Gymnastic and Artistic Performance, or Arirang festival, for select dates from August to October." The rare opportunity for Americans comes with restrictions: "Two North Korean guides [are] assigned to foreign travel groups. …Travel is arranged through a government agency (akin to the former Soviet Intourist), and Americans are charged more than other foreigners."

Snow Says Addressing Global Imbalances A Shared Responsibility. Treasury Secretary John Snow writes in the Washington Post (4/21, A23, 744K), "Today the International Monetary Fund is hosting a conference on global imbalances, the popular catchphrase for the capital and trade flows that have resulted from uneven regional growth, inflexible exchange rates and some regions' overdependence on exports -- especially to the United States -- to fuel their growth. … Too many discussions of this topic have labeled the United States the sole cause of, and solution to, the challenge." Snow adds, "Addressing global imbalances is a shared responsibility. The United States is doing its part -- we have adopted policies to reduce our fiscal deficit and increase national savings -- but the other major economies must do their parts as well. … Today's conference provides an opportunity for my colleagues and me to begin an intellectually honest debate on the responsibility we all share."

Bush Urged To Be Tough With Aliyev. In the Financial Times (4/21), columnist Philip Stephens urges President Bush to advocate human rights and democratization with Azeri leader Ilham Aliyev: "If Mr Bush's words are to mean anything at all, they must be shown to have substance precisely in places like this." Stephens argues that Aliyev is "susceptible" to pressure because his country needs "the west's approval and investment." However, Stephens pessimistically expects Washington to do no more than "a few gentle admonitions about trying to make the country's next elections a little bit fairer than the last."

O'Grady Criticizes "Rerun" of Venezuela In Bolivia. In the Wall Street Journal (4/21, 2.11M), columnist Mary O'Grady writes, "Military ambition is not the only threat that [Hugo] Chávez presents to hemispheric security. There is also his obsession with ending pluralistic democracy around the region." O'Grady argues that "Bolivia is his most advanced project," where President Evo Morales has taken Chavez-like steps such as purging "the top generals in the Bolivian military and [promising] to nationalize the country's natural resources." Morales has another policy meant to eliminate potential opposition: "a draconian salary cut for legislators, judges and commissioners."

WPost Hails Opening Of Nazi Archive. An editorial in the Washington Post (4/21, A22, 744K) hails the German decision to open "the archives of the International Tracing Service, a vast collection of documents thought to contain information on more than 17 million victims of the Holocaust, Nazi slave labor camps and postwar camps for displaced

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persons." The editorial takes a cautious tone, saying, "The test, now, is whether and how fast the Germans will make good on their promise." It urges rapid digitization and reproduction to benefit "survivors and historians, some of whom have been waiting more than 60 years."

THE BIG PICTURE:

Headlines From Today's Front Pages.

Los Angeles Times:
"A Haven's Sex And Sensibility."
"From Russia With Glove."
"Court Lets Schools Ban Inflammatory T-Shirts."
"Nationwide Raids Intensify Focus On The Employment Of Illegal Immigrants."
"Gov. Acts Quickly To Name Chief Of Prisons."
"Jafari Says He'll Quit If Shiite Bloc Wishes."
"Chronic Fatigue Is In The Genes, Study Finds."

USA Today:
"Arrests Stay Flat As Border Bolstered."
"On Queen's 80th, Britons Ask: Is Monarchy Licked?"
"Gas Price Average Tops $3 In Calif."

New York Times:
"Shiite Drops Bid To Keep His Post As Iraqi Premier."
"F.D.A. Dismisses Medical Benefit From Marijuana."
"Bush And Hu Vow New Cooperation."
"Democrats Eager To Exploit Anger Over Gas Prices."
"U.S. Crackdown Set Over Hiring Of Immigrants."
"27% Of Public Housing Tenants Face More Rent Under City Plan."

Washington Post:
"Bush, Hu Produce Summit Of Symbols."
"Drowsy, Distracted And Driving."
"The Battle Over The Blame For Gas Prices."
"As Iran Presses Its Ambitions, Its Young See Theirs Denied."
"The Power Player Who Faces Charges For Talking."
"A Teen's Passions, Writ Small."

Washington Times:
"Chertoff Gets Tough With Employers Of Illegals."
"Small Steps For Bush, Hu."
"Ehrlich Reaches Deal On Energy."
"Foreign Service Lacks 'Constructive Dissent.'"
"Scientists Cool Outlook On Global Warming."
"Duke Lacrosse Merchandise Is Hot, Hot, Hot."

Detroit Free Press:
"The Captain's Time."
"GM Wows Wall Street."
"Road Deal Paves Way For M-59, I-96 Work."
"Muslim Women Fight To Exercise Away From Men."

Atlanta Journal-Constitution:
"Terror Charge For Student."
"2 Suitors Could Be Near Deal For Braves."
"'Right Stuff' Pilot Killed In Georgia."
"Scandal Forces Another Delay For Kia Plant."
"Loss Turns Real As Troops Come Home."

Houston Chronicle:
"Business Warned Of Illegal Labor Crackdown."
"2 Seats, 1 Dream."
"How Did He Do?"
"Bush, Hu Agree To Joint Space Exploration."
"Battle For DeLay's Seat: Sekula-Gibbs In, Eckels Out."

Story Lineup From Last Night's Network News:
ABC: Bush, Hu Meeting; Iraq-Government; Mortgage Rates; Stock Markets; East African Famine; Chinese Imports; Nepal Democracy Protests; Negroponte-Intelligence Community; Atlanta Security Snafu; Kansas School Plot; Distracted Driving.
CBS: Bush, Hu Meeting; China-Oil Consumption; Illegal Immigration Crackdown; NY-Sex Offenders Bust; Distracted Driving; Iraq Government; Iraq War-US Costs; Iraqi Special Forces; Cell Phones-911 Calls; Queen Elizabeth-80th Birthday.
NBC: Bush, Hu Meeting; China-Oil Consumption; Moussaoui Trial; New Orleans-Violent Crime; Betty Ford Hospitalized; Stock Markets; CEO Compensation; Kansas School Plot; Distracted Driving; Crossfield Obit; Beverly Hills-Historic Homes.

Story Lineup From This Morning's Radio News Broadcasts:
ABC: KS-High School Attack Plot; Hu-US Visit; Russia-Earthquake.
CBS: Hu-US Visit; Gas Prices; Study-Traffic Accidents; NC-Execution; Moussaoui Sentencing; KS-High School Attack Plot.
NPR: Moussaoui Sentencing; Hu-US Visit; Oil Prices; Wall Street; Iraq-Prime Minister Selection; Study-Traffic Accidents.

WASHINGTON'S SCHEDULE:

Today's Events In Washington.

White House:

PRESIDENT BUSH — Participates in a panel discussion on the American Competitiveness Initiative. Cisco Systems, Inc., San Jose, Calif.; the president will overnight in St. Helena, Calif.

VICE PRESIDENT CHENEY — Arrives at Indianapolis International Airport; departs Indianapolis International Airport; arrives at airport from local events, Morgantown, W.Va.

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US Senate: No Scheduled Events.

US House: No Scheduled Events.

Other: CHINESE PRESIDENT HU JINTAO _ Highlights: Morning. Departs Washington.

CANADIAN FINANCE MINISTER JAMES FLAHERTY _ Highlights: 11 a.m. Meeting with World Bank President Paul Wolfowitz; 11:45 a.m. Meeting with U.S. Treasury Secretary John W. Snow.

COUNTERTERRORISM _ The Fifth Annual International Counterrrorism Conference, focusing on private and public partnerships, is held. Highlights: 9 a.m. Session on critical infrastructure, Patricia Hassard of the Canadian Public Safety and Emergency Preparedness Agency, Morgan Wright of Cisco Systems, others. 11 a.m. Keynote address on bioterrorism, with James Young, advisor, Public Safety and Emergency Preparedness Canada. 11:30 a.m. Assistant DHS Secretary Stewart Baker. 1:15 p.m. Session on port security, Gerry Frappier of Transport Canada, Shawn James of Lockheed Martin, others. 4 p.m. Keynote address - former DHS Secretary Tom Ridge. Location: Ritz-Carlton Hotel, 1150 22nd St. NW.

SCIENCE-TECHNOLOGY _ The American Association for the Advancement of Science holds its 31st annual Forum on Science and Technology Policy. Highlights: 7:45 a.m. Breakfast address by John Hamre, President, Center for Strategic and International Studies. 9 a.m. Shirley Ann Jackson, President of Rensselaer Polytechnic Institute, moderates plenary session on the global innovation challenge. 12 p.m. Luncheon address by Energy Secretary Bodman. Location: Washington Court Hotel, 525 New Jersey Ave. NW, unless otherwise noted.

BIOETHICS _ 9 a.m. Meeting of the President's Council on Bioethics, Agenda includes children and clinical research and organ procurement and transplants. Location: Madison Hotel, 1175 15th St. NW.

G-7 MEETING _ Annual G-7 meeting. Highlights: 7:30 p.m. Treasury Secretary Snow holds the G-7 news conference. Location: St. Regis Hotel, 16th and K Sts. NW.

NATIONAL SECURITY LAW _ 9:30 a.m. American University's Washington College of Law holds first annual Conference on Professional Issues in National Security. Participants include attorney Mark Zaid, Krieger and Zaid; Bruce Fein, The Lichfield Group; Tony Lord, British Embassy; former CIA officer Burton Gerber; and former 9/11 Commission counsel Daniel Marcus. Location: Room 401, 4801 Massachusetts Ave. NW.

PENTAGON-IRAQ _ 9 a.m. Army Colonel David R. Gray, commander of the 1st Brigade, 101st Airborne Division, will brief live from Iraq to provide an update on ongoing security operations in Iraq. Location: DOD Briefing Studio, Pentagon 2E579.

IRAQ STRATEGY _ 9:30 a.m. The Middle East Policy Council holds a forum on a responsible exit strategy from Iraq, with Lawrence Korb of the Center for American Progress, Barry Posen of MIT, others. Location: Room HC-5, Capitol.

ECONOMIC GROWTH-PROSPERITY _ 10:30 a.m. The Heritage Foundation holds a discussion on promoting economic growth and prosperity, with Lawrence Lindsey, former OMB Director James Miller, others. Location: Lehrman Auditorium, Heritage Foundation, 214 Massachusetts Ave. NE.

NATIONAL SECURITY-INVESTMENT _ 10:30 a.m. The American Enterprise Institute holds a forum on reform of the Committee on Foreign Investment in the U.S. and the Exon-Florio provisions of the Defense Production Act, with Clark Ervin of the Aspen Institute, Kristin Forbes of MIT, others. Location: 12th floor, AEI, 1150 17th St. NW.

MOUSSAOUI _ 11 a.m. The case United States v. Zacarias Moussaoui resumes. Location: Albert V. Bryan U.S. Courthouse, 401 Courthouse Square, Alexandria, Va.

CHINA _ 12:30 p.m. The School of Advanced International Studies holds a discussion with Peng Zhongying of the China Reform Forum on China's Role in Asia and beyond. Location: Room 812, 1619 Massachusetts Ave. NW.

DOHA ROUND _ 12:30 p.m. The School of Advanced International Studies holds a discussion with Sandra Polaski of the Carnegie Endowment for International Peace on the winners and losers in the Doha Round of trade talks. Location: Room 200, 1619 Massachusetts Ave. NW.

CLIMATE CHANGE _ 1 p.m. The Earth Day Network holds a discussion on climate change, with Vicki Arroyo of the Pew Center on Global Climate Change, David Battisti of the University of Washington, John Harte of UC Berkeley; John Reilly of MIT, and Daniel Schrag of Harvard. Location: AARP Broadcast Center, 601 E St. NW.

CRIME VICTIMS _ 2:30 p.m. National Crime Victims' Rights Week Awards ceremony, with Attorney General Gonzales, others. Location: Mellon Auditorium, 13th St. and Constitution Ave. NW.

EUROPE-HUMAN RIGHTS _ 5:30 p.m. Judge Luzius Wildhaber, president of the European Court of Human Rights, speaks at American University on the present and the future of the European Court of Human Rights. Introduction by Supreme Court Justice Stephen Breyer. Location: Room 603, Washington College of Law, 4801 Massachusetts Ave. NW.

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Sampson, Kyle

From: Sampson, Kyle
Sent: Friday, April 21, 2006 2:43 PM
To: '/o=USDOJ/ou=COAR/cn=Recipients/cn=WT/cn=DavidWHagy'; '/o=USDOJ/ou=COAR/cn=Recipients/cn=WT/cn=EdwardMcNally2'; Agarwal, Asheesh (CIV); Akers, Eric J.; Ames, Andrew; Barnett, Thomas O.; Battle, Michael (USAEO); Beach, Andrew; Becker, Grace Chung (CRT); Block, Jonathan; Blomquist, Kathleen M; Boardman, Michelle; Boote, John; Bottner, Andrea; Bounds, Ryan W (OLP); Bradbury, Steve; Chambers, Shane P; Clinger, James H; Cohen, Brian; Cohn, Jonathan (CIV); Comisac, Rena (CRT); Cook, Elisebeth C; Cooperstein, Theodore M; Coppenger, Chesed L. (TAX); Costigan, Michael; Coughlin, Robert; Curtis, O. Benton; Daley, Cybele; Dhillon, Uttam; Dummermuth, Matt (USAVAE); Eisenberg, John; Elwood, Courtney; Elwood, John; Flaherty, Connor; Flores, Robert; Friedrich, Matthew; Garre, Gregory G; Gillis, John; Goodling, Monica; Gorsuch, Neil M; Hagle, Timothy; Harris, Greg; Herraiz, Domingo S.; Hertling, Richard; Hoisington, Jana; Holland, Eric W; Irving, John (ODAG); Jaffer, Jamil N; Jungeblut, Neal P.; Katsas, Gregory (CIV); Keehner, Laura; Lesch, Jaclyn; Little, Kimani (CRT); Longlet, Benjamin; Lonick, Saundra; Luckinbill, Trent W.; Macklin, Kristi R; MacLean, Alex (CRT); Magnuson, Cynthia; Marshall, C. Kevin; Martinson, Wanda; Masoudi, Gerald; McArthur, Patrick; McDonald, Bruce; McFarland, Steven T (ODAG); McIntosh, Brent; McKeown, Matt (ENRD); McKnight, Cynthia M (CRT); McNeil, Tucker (OPA); Meron, Daniel (CIV); Miranda, Matthew; Mitchell, Cranston J. (USPC); Monheim, Thomas; Moore, Miriam (ODAG); Morrison, Richard T. (TAX); Murphy, Sean; Murray, Fred F. (TAX); Nelson, Carrie; Nelson, Ryan (ENRD); Nichols, Carl (CIV); Nichols, Grant W; Nowacki, John; OConnell, James; Otis, Lee L; Otis, William G.; Pagliocca, Theresa; Parsky, Laura; Peabody, Payson R. (TAX); Peterson, Evan; Potter, Janet; Roehrkasse, Brian; Rowe, Kiri; Sampson, Kyle; Schlozman, Brad (CRT); Schmitt, Glenn; Schwartz, Arthur; Seidel, Rebecca; Selim, George (CRS); Sellers, Kiahna (OAG); Smith, Kimberly A; Sours, Raquel; Spagnoli, Deborah A. (USPC); Strug, Kerri; Swenson, Lily F; Taylor, Bruce A.; Tenpas, Ronald J (ODAG); Todd, Gordon (SMO); Tzitzon, Nicholas; Underhill, Deborah; Vargas, Omar (CRT); Warren, Julie; Woodruff, William; Brand, Rachel; Clark, John (USMS); Clement, Paul D; Cushmac, Anne Marie; Cushwa, Patricia (USPC); Davis, Michael; Elston, Michael (ODAG); Epley, Mark D; Fisher, Alice; Freeman, Sharee (CRT); Fuentes, Maria; Fulwood, Isaac (USPC); Geffroy, Michael; Giordano, John (ENRD); Horvath, Jane (ODAG); Jezierski, Crystal; Keisler, Peter D (CIV); Kim, Wan (CRT); King, Stephen C; Lewis, Matthew; Masugi, Ken (OPA); McCallum, Robert (SMO); McNeil, Tucker (OPA); McNulty, Paul J; Mercer, Bill (ODAG); Moschella, William; Mueller, Robert S (LEO); O'Connor, Eileen J. (AAG/TAX); Paulose, Rachel (USAMN); Peed, Carl; Quinn, Cameron (CRT); Reilly, Edward F. (USPC); Schofield, Regina; Scolinos, Tasia; Scudder, Michael (ODAG); Stuart, Diane; Tamargo, Mauricio J; Thigpen, Morris; Trono, Robert (USMS); Wooldridge, Sue Ellen

(ENRD)

Subject: Personnel Announcement

Importance: High

FYI, I wanted you all to know that **Monica Goodling**, in addition to continuing to serve as Senior Counsel to the Attorney General, has been named White House Liaison. As such, Monica will take on additional responsibilities for all non-career appointments and be the Department's primary interface with the White House Office's of Presidential Personnel and Cabinet Liaison. Go Monica!

Gorsuch, Neil M

From: Gorsuch, Neil M
Sent: Friday, April 21, 2006 2:45 PM
To: Goodling, Monica
Subject: FW: Personnel Announcement
Importance: High

Monica, Congratulations! A very well deserved honor. Now that you're doing two jobs, does that mean you receive two govt salaries? (Right!) All the best, NMG

From: Sampson, Kyle
Sent: Friday, April 21, 2006 2:43 PM
To: '/o=USDOJ/ou=COAR/cn=Recipients/cn=WT/cn=DavidWHagy'; '/o=USDOJ/ou=COAR/cn=Recipients/cn=WT/cn=EdwardMcNally2'; Agarwal, Asheesh (CIV); Akers, Eric J.; Ames, Andrew; Barnett, Thomas O.; Battle, Michael (USAEO); Beach, Andrew; Becker, Grace Chung (CRT); Block, Jonathan; Blomquist, Kathleen M; Boardman, Michelle; Boote, John; Bottner, Andrea; Bounds, Ryan W (OLP); Bradbury, Steve; Chambers, Shane P; Clinger, James H; Cohen, Brian; Cohn, Jonathan (CIV); Comisac, Rena (CRT); Cook, Elisebeth C; Cooperstein, Theodore M; Coppenger, Chesed L. (TAX); Costigan, Michael; Coughlin, Robert; Curtis, O. Benton; Daley, Cybele; Dhillon, Uttam; Dummermuth, Matt (USAVAE); Eisenberg, John; Elwood, Courtney; Elwood, John; Flaherty, Connor; Flores, Robert; Friedrich, Matthew; Garre, Gregory G; Gillis, John; Goodling, Monica; Gorsuch, Neil M; Hagle, Timothy; Harris, Greg; Herraiz, Domingo S.; Hertling, Richard; Hoisington, Jana; Holland, Eric W; Irving, John (ODAG); Jaffer, Jamil N; Jungeblut, Neal P.; Katsas, Gregory (CIV); Keehner, Laura; Lesch, Jaclyn; Little, Kimani (CRT); Longlet, Benjamin; Lonick, Saundra; Luckinbill, Trent W.; Macklin, Kristi R; MacLean, Alex (CRT); Magnuson, Cynthia; Marshall, C. Kevin; Martinson, Wanda; Masoudi, Gerald; McArthur, Patrick; McDonald, Bruce; McFarland, Steven T (ODAG); McIntosh, Brent; McKeown, Matt (ENRD); McKnight, Cynthia M (CRT); McNeil, Tucker (OPA); Meron, Daniel (CIV); Miranda, Matthew; Mitchell, Cranston J. (USPC); Monheim, Thomas; Moore, Miriam (ODAG); Morrison, Richard T. (TAX); Murphy, Sean; Murray, Fred F. (TAX); Nelson, Carrie; Nelson, Ryan (ENRD); Nichols, Carl (CIV); Nichols, Grant W; Nowacki, John; OConnell, James; Otis, Lee L; Otis, William G.; Pagliocca, Theresa; Parsky, Laura; Peabody, Payson R. (TAX); Peterson, Evan; Potter, Janet; Roehrkasse, Brian; Rowe, Kiri; Sampson, Kyle; Schlozman, Brad (CRT); Schmitt, Glenn; Schwartz, Arthur; Seidel, Rebecca; Selim, George (CRS); Sellers, Kiahna (OAG); Smith, Kimberly A; Sours, Raquel; Spagnoli, Deborah A. (USPC); Strug, Kerri; Swenson, Lily F; Taylor, Bruce A.; Tenpas, Ronald J (ODAG); Todd, Gordon (SMO); Tzitzon, Nicholas; Underhill, Deborah; Vargas, Omar (CRT); Warren, Julie; Woodruff, William; Brand, Rachel; Clark, John (USMS); Clement, Paul D; Cushmac, Anne Marie; Cushwa, Patricia (USPC); Davis, Michael; Elston, Michael (ODAG); Epley, Mark D; Fisher, Alice; Freeman, Sharee (CRT); Fuentes, Maria; Fulwood, Isaac (USPC); Geffroy, Michael; Giordano, John (ENRD); Horvath, Jane (ODAG); Jezierski, Crystal; Keisler, Peter D (CIV); Kim, Wan (CRT); King, Stephen C; Lewis, Matthew; Masugi, Ken (OPA); McCallum, Robert (SMO); McNeil, Tucker (OPA); McNulty, Paul J; Mercer, Bill (ODAG); Moschella, William; Mueller, Robert S (LEO); O'Connor, Eileen J. (AAG/TAX); Paulose, Rachel (USAMN); Peed, Carl; Quinn, Cameron (CRT); Reilly, Edward F. (USPC); Schofield, Regina; Scolinos, Tasia; Scudder, Michael (ODAG); Stuart, Diane; Tamargo, Mauricio J; Thigpen, Morris; Trono, Robert (USMS); Wooldridge, Sue Ellen (ENRD)
Subject: Personnel Announcement
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FYI, I wanted you all to know that **Monica Goodling**, in addition to continuing to serve as Senior Counsel to the Attorney General, has been named White House Liaison. As such, Monica will take on additional responsibilities for all non-career appointments and be the Department's primary interface with the White House Office's of Presidential Personnel and Cabinet Liaison. Go Monica!

Nichols, Carl (CIV)

From:	Nichols, Carl (CIV)
Sent:	Friday, April 21, 2006 4:52 PM
To:	Gorsuch, Neil M; Salmons, David B; Keisler, Peter D (CIV); Katsas, Gregory (CIV); Bucholtz, Jeffrey (CIV)
Subject:	FW: Omar: Petitioners' Latest Motion
Attachments:	Motion-4-21-06.pdf

FYI

-----Original Message-----
From: White, Ned (CIV)
Sent: Friday, April 21, 2006 12:52 PM
To: 'michael.meier@js.pentagon.mil'; 'craig.williams@js.pentagon.mil'; 'jimenezf@dodgc.osd.mil'
; 'Heckerk@dodgc.osd.mil'; 'reheusem@dodgc.osd.mil'
; 'choic@dodgc.osd.mil'; 'frenchc@dodgc.osd.mil'; Keegan,
Michael; 'PelofskyEJ@state.gov'; 'DeeksAS@state.gov'; 'PadmanabhanVM@state.gov'; Letter, Douglas (CIV); Frank, Steven (CIV)
Cc: Nichols, Carl (CIV); Hunt, Jody (CIV); Garvey, Vincent (CIV); Warden, Andrew (CIV)
Subject: Omar: Petitioners' Latest Motion

All: Attached, please find petitioners' Emergency Renewed Request for Access and Motion for Records filed today in Omar v. Harvey. Petitioners' counsel allege that Omar was beaten, subjected to electric shocks, and photographed afterwards. Counsel renew their request for in-person access to Omar and also want the court to order the production of Omar's medical records and all photographs taken of Omar's body. The attached document includes exhibits attached to petitioners' motion. Our opposition is due May 5, 2006. Please let me know if you have any questions.

Ned White
U.S. Department of Justice
Civil Division, Federal Programs Branch
20 Massachusetts Ave., N.W.
Washington, D.C. 20530
Tel: (202) 514-5108
Fax: (202) 318-4268

IN THE UNITED STATES DISTRICT COURT
FOR THE DISTRICT OF COLUMBIA

SANDRA K. OMAR, *et. al.*, **Petitioners,** **v.** **FRANCIS J. HARVEY, *et. al.*,** **Respondents.**	))))))))))	**CIVIL ACTION NO. 05-2374 (RMU)**

EMERGENCY RENEWED REQUEST FOR ACCESS AND
MOTION FOR RECORDS

Undersigned counsel recently learned that Shawqi Omar was beaten and subjected to electric shocks during his confinement. Mr. Omar's body was photographed shortly after being subjected to this abuse. Counsel therefore renew on an emergency basis their request for immediate, in-person access to Mr. Omar. Counsel further move the Court to order Respondents to produce Mr. Omar's medical records and all photographs of Mr. Omar's body. Such an order is squarely permitted by 28 U.S.C. §§2241, 2243, 2246, the Fifth and Eighth Amendments to the United States Constitution, and Rules 6(a) of the Rules Governing §2254 Cases.

INTRODUCTION

The United States government is holding Shawqi Omar, an American citizen, in a U.S. prison facility in Iraq. Since his arrest October 29, 2004, he has been held without charge and without access to counsel. The government maintains that this condition may continue indefinitely, and that it may ignore Mr. Omar's constitutional rights, including his right to

counsel, with impunity. *See, e.g., Respondent's Opposition to Petitioners' Memorandum and Proposed Order Concerning Conference and Discovery Order at 2-4.*

On April 13, 2006, one of the counsel for Petitioners, Susan L. Burke, received an unexpected telephone call from Mr. Omar. *See Exhibit A, Declaration of Susan L. Burke, at ¶ 3*. The telephone call was limited to fifteen minutes and was constantly monitored by Staff Sgt. Obiaooro. *Id.* at ¶ 4.

During the call, Mr. Omar reported that Americans claiming to be agents with the Federal Bureau of Investigation beat him severely and applied electric shocks to his body.[1] *Id.* at ¶ 6.[2] Mr. Omar protested that he was an American citizen, and asked for a lawyer. *Id.* In response, the American agents told Mr. Omar they believed his passport was fake and that they could kill him if they wanted. *Id.* The American agents also threatened to rape Mr. Omar's son. *Id.* A translator whom Mr. Omar believed was Moroccan threatened to rape Mr. Omar's wife, who was in U.S. custody at the time.[3] *Id.*

---

[1] In August 2003, army intelligence officials developed a "wish list" of interrogation techniques to be used in Iraq, which included the use of "low voltage electrocution." *See* Alternative Interrogation Techniques (Wish List), 4th Infantry Division, ICE, Bates Nos. DOD002854-DOD002856, attached as Exhibit B (available at http://www.aclu.org/torturefoia/released/041905/6570_6668.pdf); *see also* Sworn Statements from CID interviews, produced for ACLU FOIA litigation, attached as Exhibit C, Bates DOD000860 ("One reported being electrocuted by an Egyptian interpreter who was working for a civilian agency."); Bates DODDOACID-005096 ("During the interrogation, Mr. [redacted] was beaten with wooden sticks, punched, electrocuted, forcibly sodomized, and made to drink urine."); Bates DODDOACID-004951 (reporting detainee "describing being slapped in the right cheek and shocked with a 'tazer' on his right arm"); Bates DODDOACID-004954-004956 (detainee statement saying that an American soldier "hit me with the electric gun twice in my arm with two wire needles, and they took me to the doctor who picked up the two wire needles from my arm" and agent report determining that photograph of injuries were consistent with tazer burns).

[2] It is of course possible these were military interrogators posing as FBI agents, as was true at the Guantánamo Bay Navel Base prison facility. *See, e.g.,* E-mail from [redacted] to Gary Bald, et al. Re: Fwd: Impersonating FBI at GTMO (Dec. 5, 2003 9:53 a.m.), attached as Exhibit D (also available at http://www.aclu.org/torturefoia/released/122004.html). The American agents showed Mr. Omar their badges. He could not read them, however, because his eyes were swollen from the beatings. *See Burke Decl.* at ¶ 7. One agent was a blonde man. The other was approximately six feet tall with a small beard and claimed to have sixteen years experience. *Id.*

[3] Threats to family members are well-documented at a number of U.S.-run detention facilities. *See, e.g.,* Army Regulation 15-6, Final Report: Investigation into FBI Allegations of Detainee Abuse at Guantánamo Bay,

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Three military officials, known to Mr. Omar only as Corporal Cohen, Sgt. Major Adams and Sgt. First Class Stewart, photographed Mr. Omar's body shortly after he had been beaten and subjected to electrical shocks. *Id.* at ¶ 8. Mr. Omar heard these men discussing whether the photographs should be stored on a floppy disk or computer. *Id.* Later, Mr. Omar was examined by a military physician with the rank of lieutenant colonel, whose name is unknown to Mr. Omar. This officer informed him that burn marks on his body were the result of being subjected to electric shocks. *Id.* ¶ 9.

ARGUMENT

Undersigned counsel are justifiably concerned about Mr. Omar's physical and mental well-being. He has been held without charge and without access to counsel for more than eighteen months. Relatives report that Mr. Omar has hypertension and high blood pressure, suffers knee pain, and has lost a significant amount of weight while in prison. *See Decl. of Sandra K. Omar, ex. 1 to Petition for Writ of Habeas Corpus, at ¶ 29*. Now, however, we learn in addition that Mr. Omar has been beaten and subjected to electric shocks.

I. RESPONDENT SHOULD BE ORDERED TO PROVIDE COUNSEL WITH IMMEDIATE IN-PERSON ACCESS TO THEIR CLIENT.

Mr. Omar has provided compelling evidence of mistreatment during his confinement in U.S. custody. Mr. Omar has begged his captors to allow him to meet with a lawyer almost from the moment of his arrest eighteen months ago. Without immediate and in-person access to counsel, Mr. Omar's access to this Court is meaningless. The Supreme Court has held that prisoner access to the courts must be "adequate, effective, and meaningful." *Bounds v. Smith*,

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Cuba Detention Facility (Apr. 1, 2005, amended June 9, 2005) ("Schmidt Report") at 24-26 (finding that a military interrogator threatened the detainee and his family), attached as Exhibit E (also available at http://www.defenselink.mil/news/Jul2005/d20050714report.pdf); Sworn Statement from CID interview, produced for ACLU FOIA litigation, attached as Exhibit F, Bates DOD-DOACID001257 ("At the end they threatened me that they would bring my wife and my mother and that they would rape them if I did not confess.").

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430 U.S. 817, 821-22 (1977); *see also Al-Joudi v. Bush,* 406 F. Supp. 2d 13, 22 (D.D.C. 2005) (J. Kessler) (citing *Bounds* for these underlying principles in the context of a habeas action of a non-citizen detainee held at Guantánamo Bay to allow in-person access to counsel). Access to counsel is essential to secure Mr. Omar's right to "present the facts surrounding [his] confinement to the Court." *Al Odah v. United* States, 346 F. Supp. 2d 1, 6 (D.D.C. 2004). The government has leveled serious accusations against Mr. Omar. Without access to counsel, it is simply impossible for Mr. Omar to defend himself against these allegations.

Respondents have no valid reason to continue denying Mr. Omar access to counsel. Federal courts routinely order attorney access to non-American-citizen clients who are being held at Guantánamo Bay, Cuba. *See, e.g., Adem v. Bush,* ___F. Supp. 2d ____, 2006 WL 751309, at *7 (D.D.C. 2006) (M.J. Kay) (noting that the protective order and procedures for counsel visits to Guantánamo first ordered by Senior Judge Joyce Hens Green in November 2004 in *In re Guantanamo Detainee Cases,* 344 F.Supp.2d 174 (D.D.C. 2004), "have since been entered in the vast majority of Guantánamo *habeas* cases currently pending in the District Court."); *see also Al-Joudi*, 406 F. Supp. 2d at 22 ("In these circumstances in particular, access to the Court means nothing without access to counsel."); *Al-Shabany v. Bush*, No. 05-CV-2029, 2005 WL 3211407 (D.D.C. Nov. 17 2005) (J. Bates) (entering the protective order providing for in-person and unmonitored access to counsel); *Al-Joudi v. Bush*, No. 05-CV-301 (Sept. 16, 2005) (J. Robertson) (same); *Batarfi v. Bush*, No. 05-CV-409 (May 19, 2005) (J. Sullivan) (same); *Al-Anazi v. Bush*, No. 05-CV-345 (Apr. 21, 2005) (J. Bates) (same); *Al-Wazan v. Bush*, No. 05-CV-329 (March 23, 2005) (J. Friedman) (same).

Respondents, moreover, can honor Mr. Omar's right to immediate in-person access to counsel in myriad ways. Respondents could permit counsel to meet with Mr. Omar at Camp

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Bucca, near Kuwait. Respondents could also make Mr. Omar available at any United States military installation, either in the United States, the Middle East, or Europe. In short, there is no reason why Respondents should continue to refuse to grant undersigned counsel access to their American client. And, it is "clear that the Court is authorized to craft the procedures necessary to make this possible, in order that [it] might fully consider [Mr. Omar's] challenge to [his] detention." *Al Odah*, 346 F. Supp. 2d at 6.

II. RESPONDENTS SHOULD BE ORDERED TO PRODUCE MR. OMAR'S MEDICAL RECORDS AND THE PHOTOGRAPHS OF HIS CONDITION TAKEN AFTER THE BEATINGS AND ELECTRIC SHOCKS.

Respondents should be ordered to release immediately to counsel Mr. Omar's medical records and the photographs taken of him after the beatings and electric shocks.

This Court unquestionably has the power to order such productions in the context of a habeas proceeding. "Where specific allegations before the court show reason to believe that the petitioner may, if the facts are fully developed, be able to demonstrate that he is . . . entitled to relief, it is the duty of the court to provide the necessary facilities and procedures for an adequate inquiry." *Bracy v. Gramley*, 520 U.S. 899, 908-09 (1997) (ellipsis in original; *quoting Harris v. Nelson*, 394 U.S. 286, 300 (1969)); *see also Harris,* 394 U.S. at 289 (discovery appropriate to demonstrate that convicted prisoner's search and arrest had been based on an unreliable informant); *Banks v. Dretke*, 540 U.S. 668, 684-85 (2004) (discovery ordered by district courton habeas yielded exculpatory evidence). Once the petitioner establishes good cause, the Court should grant the necessary discovery "to fully develop the facts of a claim." *Teague v. Scott*, 60 F.3d 1167, 1172 (5th Cir. 1995); *East v. Scott*, 55 F.3d 996, 1001-02 (5th Cir. 1995) (when facial allegations are "facially sufficient to establish a due process claim," petitioner is entitled to discovery "to fully develop the facts."). Indeed, a blanket denial of discovery is an abuse of

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discretion whenever discovery is "indispensable to a fair, rounded, development of the material facts." *Toney v. Gammon*, 79 F.3d 693, 700 (8th Cir. 1996); *East v. Scott*, 55 F.3d 996, 1001-02 (5th Cir. 1995) (same).

Courts routinely order Respondents to produce information in their custody or control. *See, e.g., Rice v. Clark*, 923 F.2d 117, 118-19 (8th Cir. 1991) (noting district court order granting discovery of FBI records); *McKenzie v. Risley*, 915 F.2d 1396, 1398 (9th Cir. 1990) (remand for discovery of *ex parte* communications between prosecutor and judge); *Payne v. Bell*, 89 F. Supp. 2d 967, 970, 971-76 (W.D. Tenn. 2000) (granting request for discovery of documents in state's possession and to depose assistant district attorney); *United States ex rel. Pecoraro v. Page*, No. 97 C 5361, 1998 U.S. Dist. LEXIS 15746 at *21 (N.D. Ill. Sept. 30, 1998) (granting request to depose trial counsel, two prosecutors, and two detectives); *United States ex rel. Brisbon v. Gilmore*, No. 95 C 5033, 1997 U.S. Dist. LEXIS 8314 at *8 -*9 (N.D. Ill. June 10, 1997) (granting request for discovery of inmate prison and parole records). If discovery is appropriate in post-conviction proceedings, it is certainly appropriate – indeed, required – here, where Mr. Omar has been detained by the Executive for eighteen months without any judicial process whatsoever.

Not surprisingly, courts often order Respondents to produce a habeas petitioner's medical records pertaining to a petitioner. *See, e.g., Sherman v. McDaniel*, 333 F. Supp. 2d 960, 970-71 (D. Nev. 2004) (ordering discovery of petitioner's medical records in custody of state and municipal health providers); *Cowans v. Bagley*, No. C-1-00-618, 2002 U.S. Dist. LEXIS 21884 at *41–*46 (S.D. Ohio Sep 30, 2002) (ordering disclosure of "[a]ny and all psychological or medical records related to petitioner, in the possession of the state, the Ohio Department of Rehabilitation and Correction and/or the Ohio Adult Parole Authority, including mental health

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records"); *see also United States ex rel. Kennedy v. Page*, No. 99 C 6067,1999 U.S. Dist. LEXIS 17905 at *7-*8 (N.D. Ill. Nov 16, 1999) (in lieu of ordering formal discovery, court directs Respondent and Illinois Department of Corrections to provide petitioner with his medical records to facilitate development of claim); *United States ex rel. Madej v. Gilmore*, No. 98 C 1866,1999 U.S. Dist. LEXIS 4086 at *9 (N.D. Ill. March 24, 1999) (though granting habeas petitioner other discovery, court declines to grant discovery to obtain medical records because "the petitioner's own medical records are already available to the petitioner."). Indeed, courts in this District grant similar requests for non-citizen detainees held at the U.S. Naval Base at Guantanamo Bay, Cuba. For example, Judge Kessler recently ordered the United States government to produce the medical records of prisoners at Guantánamo who were being force-fed by military personnel. *See Al-Joudi*, 406 F. Supp. 2d at 13.

Mr. Omar's medical records, as well as photographs of his condition immediately after the beatings and electric shocks, are undoubtedly relevant to the lawfulness of his continued detention. For instance, if the Government relies on statements purportedly made by Mr. Omar—a fact which cannot be ascertained with precision because the Government has so far refused to disclose the basis for its inflammatory allegations—the Court and counsel need to know whether and to what extent these statements were literally burned from Mr. Omar against his will. This Court should, accordingly, order Respondents to produce these records without delay.[4]

---

[4] On April 14, 2006, the Respondents appealed the preliminary injunction entered by this Court sixty days earlier preventing the Government from removing Mr. Omar to Iraqi custody. It is axiomatic that the appeal of a preliminary injunction does not diminish this Court's power to proceed with the litigation. *See*, e.g., Act of March 3, 1891, 26 Stat. 826 § 7 (declaring that "proceedings in other respects in the court below shall not be stayed unless otherwise ordered by that court during the pendency of the appeal"); *Soc'y for Animal Rights, Inc. v. Schlesinger*, 512 F.2d 915, 918 (D.C. Cir. 1975); *see also Webb v. GAF Corp.*, 78 F.3d 53, 55 (2d Cir. 1996) ("Although the filing of a notice of appeal ordinarily divests the district court of jurisdiction over issues decided in the order being appealed, jurisdiction is retained where, as here, the appeal is from an order granting or denying a preliminary injunction."); *Railway Labor Executives' Ass'n v. Galveston*, 898 F.2d 481, 481 (5th Cir. 1990); *West Pub. Co. v.*

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CONCLUSION

Respondents should be ordered to grant undersigned counsel immediate in-person access to their client. Such access is required by law and necessary to make access to this Court meaningful. Respondents should also be ordered to produce Mr. Omar's medical records and the photographs of his condition after the beatings and electric shocks. Such records bear directly on the lawfulness of his detention.

Dated: April 20, 2006

Respectfully submitted,

/s/ Susan L. Burke

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BRENNAN CENTER FOR JUSTICE, NEW
YORK UNIVERSITY LAW SCHOOL

Mead Data Cent., Inc., 799 F.2d 1219, 1229 (8th Cir. 1986); *United States v. Price*, 688 F.2d 204, 215 (3d Cir. 1982); *Berne Corp. v. Government of the Virgin Islands*, 2000 WL 1689787, at *1 (D.V.I. 2000) ("It is well-established that 'an interlocutory injunction appeal . . . does not defeat the power of the trial court to proceed further with the case'"); 16 Charles Alan Wright, Arthur R. Miller & Edward H. Cooper, Federal Practice and Procedure § 3921.2 (3d ed. 2005) (noting that it is "accepted that the district court retains power to act on the case pending appeal."). A magistrate in this District recently enforced the protective order allowing counsel access to detainees at Guantánamo even though the case was stayed pending resolution in the Circuit and Supreme Courts. *Adem v. Bush*, ___F. Supp. 2d ____,2006 WL 751309, at *8 (D.D.C. 2006) (J. Kay).

DOJ_NMG_0026336

161 Avenue of the Americas, 12th Floor
New York, NY 10013
Telephone: (212) 998-6730
Facsimile: (212) 995-4550

Counsel for Petitioners

DOJ_NMG_0026337

CERTIFICATE OF SERVICE

I, Heather L. Allred, hereby certify that on April 21, 2006, I caused to be served a true and correct copy of the foregoing Emergency Request for Access and Motion for Records via electronic mail and U.S. First Class Mail, postage prepaid, upon the following individual at the address indicated:

Edward H. White, Esq.
U.S. Department of Justice
Civil Division, Federal Programs Branch
20 Massachusetts Avenue, N.W., Room 6110
Washington, D.C. 20530

ned.white@usdoj.gov

Heather L. Allred

Heather L. Allred

IN THE UNITED STATES DISTRICT COURT
FOR THE DISTRICT OF COLUMBIA

SANDRA K. OMAR, *et. al.*, **Petitioners,** **v.** **FRANCIS J. HARVEY, *et. al.*,** **Respondents.**	))))))))))	**CIVIL ACTION NO. 05-2374 (RMU)**

EXHIBIT LIST

A Declaration of Susan L. Burke

B Alternative Interrogation Techniques (Wish List), 4th Infantry Division, ICE, Bates Nos. DOD002854-DOD002856

C Sworn Statements from CID interviews, produced for ACLU FOIA litigation, Bates DOD000860, Bates DODDOACID-005096, Bates DODDOACID-004951, Bates DODDOACID-004954-004956.

D E-mail from [redacted] to Gary Bald, et al. Re: Fwd: Impersonating FBI at GTMO (Dec. 5, 2003 9:53 a.m.)

E Army Regulation 15-6, Final Report: Investigation into FBI Allegations of Detainee Abuse at Guantánamo Bay, Cuba Detention Facility (Apr. 1, 2005, amended June 9, 2005) ("Schmidt Report")

F Sworn Statement from CID interview, produced for ACLU FOIA litigation, Bates DOD-DOACID001257

IN THE UNITED STATES DISTRICT COURT
FOR THE DISTRICT OF COLUMBIA

SANDRA K. OMAR, *et. al.*, **Petitioners,** **v.** **FRANCIS J. HARVEY, *et. al.*,** **Respondents.**	))))))))))	**CIVIL ACTION NO. 05-2374 (RMU)**

[PROPOSED] ORDER

It is, this __ day of April, 2006,

ORDERED that Respondents shall forthwith, but in no more than seven (7) calendar days, grant Shawqi Omar access to counsel.

FURTHER ORDERED that Respondents shall produce to Petitioners' counsel all medical records of Shawqi Omar, detainee number 200165, kept since Mr. Omar's arrest in October 2004. Provision of medical records shall continue on at least a monthly basis until further order of the Court.

FURTHER ORDERED that Respondents shall produce to Petitioners' counsel all photographs taken of Mr. Omar since his arrest in October 2004.

Date: _____

_____
Ricardo M. Urbina
United States District Judge

IN THE UNITED STATES DISTRICT COURT
FOR THE DISTRICT OF COLUMBIA

SANDRA K. OMAR, *et. al.*, **Petitioners,**	)	**CIVIL ACTION NO. 05-2374 (RMU)**
v.	)	
FRANCIS J. HARVEY, *et. al.*, **Respondents.**	)	

DECLARATION OF SUSAN L. BURKE

I declare under penalty of perjury that the following is true and correct:

1. My name is Susan L. Burke. I have been a member of the bar of the District of Columbia since 1987. I practiced with Covington & Burling for fourteen years. I also served as a Trial Attorney in Civil Frauds, Department of Justice. I now have my own firm, Burke Pyle LLC, which, along with the McArthur Justice Center at the University of Chicago Law School and the Brennan Center for Justice at the New York University School of Law, serves as attorney of record for Shawqi Omar and next friends Sandra K. Omar and Ahmed S. Omar.

2. The United States government has held Shawqi Omar, an American citizen, in prison for more than eighteen months. The United States government has taken the position that it is free to violate Mr. Omar's constitutional rights, including his right to counsel. *See, e.g., Respondent's Opposition to Petitioners' Memorandum and Proposed Order Concerning Conference and Discovery Order at 2-4* .

3. During the afternoon of April 13, 2006, I received – without any advance notice – a telephone call from our client Shawqi Omar.

4. Mr. Omar's call to me was limited to fifteen minutes and was constantly monitored by Staff Sgt. Obiaooro, who audibly provided the spelling of his name upon my request.

5. The following sets forth the information I believe was provided by Mr. Omar during the telephone call based on my contemporaneous notes. Although I have striven to be as accurate as possible, Mr. Omar spoke quite rapidly during the call, and I may have misunderstood certain remarks. Given that the call was monitored and likely recorded, there should be a tape recording available to the United States that may be used to confirm the accuracy of my records.

6. Mr. Omar reported that, upon his arrest on October 29, 2004, Americans claiming to be Federal Bureau of Investigation agents beat him severely and applied electric shocks to his body. Mr. Omar told the agents he was an American citizen, and asked for a lawyer. In response, the American agents stated his passport was fake. The American agents claimed that they could kill him if they wanted to do so. The American agents threatened to rape his son if Mr. Omar failed to provide information. A translator believed by Mr. Omar to be Moroccan threatened to rape Mr. Omar's wife, who was also in United States military custody at that time.

7. Mr. Omar reported that the American agents showed him badges but he could not read the names on the badges because his eyes were swollen from the beatings. One agent was blonde man. The other agent was approximately six feet tall with a small beard. That agent claimed he had sixteen years experience.

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8. Mr. Omar reported that Corporal Cohen, Sgt. Major Adams and Sgt. First Class Stewart photographed his body shortly after he had been beaten and subjected to electrical shocks. Mr. Omar heard – immediately before he fainted from the beatings and shocks – the aforementioned military personnel discussing whether the photographs that they had just taken of him should be stored on a floppy disk or computer.

9. Mr. Omar reported that a military physician with the rank of lieutenant colonel examined him and informed him that the burn marks on his body were the result of being subjected to electric shocks. Mr. Omar does not know the name of that physician.

10. On or about August 4, 2005, ten months after his arrest, Mr. Omar was interviewed for approximately five hours by agents from the Army Criminal Investigative Division. Although Mr. Omar asked for the names of the agents, they refused to provide their names.

11. On a separate occasion, in response to Mr. Omar's repeated entreaties for counsel and for release, a person thought by Mr. Omar to be a Defense Department investigator named "Adam" told Mr. Omar that he could not be released because his imprisonment was being "hidden."

12. Mr. Omar has had conversations with another prisoner who informed him that he too was a United States citizen who had been imprisoned without charge and without access to counsel . This prisoner's number is 20019. I gave Mr. Omar permission to give my name and telephone number to this prisoner.

DOJ_NMG_0026343

Date: April 21, 2006

Susan L. Burke

DOJ_NMG_0026344

Alternative Interrogation Techniques (Wish List)
4Th Infantry Division, ICE

Open Hand Strikes (face and midsection) (no distance greater than 24 inches)

Fairly self-explanatory.

Pressure Point Manipulation

Manipulation of specific points on the human body can cause acute temporary pain but cause no long term effects or damage.

Close Quarter Confinement

Confinement of subject in extremely close quarters. Discomfort induces compliance and cooperation.

White Noise Exposure

Overexposure of subject to noise found to be meaningless and many times monotonous to subject. Often used in conjunction with Sleep Deprivation.

Sleep Deprivation

An initial period of total deprivation (usually 12 to 24 hours) followed by regular and irregular sleep patterns over several days.

Stimulus Deprivation

The human mind requires stimulation, however small, to maintain resistance to suggestion, mental and emotional manipulation and self will. Subject is deprived of this stimulation for 12 to 24 hours during initial stages. Effects on subject's resistance are monitored with short intense interrogations (15-60 minutes at most). Subject's resistance will usually rapidly decay after 36 to 48 hours. This technique requires no physical pressure to be applied. However, subject must be carefully monitored.

***There are a number of "coercive" techniques that may be employed that cause no permanent harm to the subject. These techniques, however, often call for medical personnel to be on call for unforeseen complications. They include but are not limited to the following:**

Phone Book Strikes
Low Voltage Electrocution
Closed-Fist Strikes
Muscle Fatigue Inducement

EXHIBIT D

[redacted]

From: [redacted]
Sent: Monday, August 18, 2003 2:16 AM b2-2
To: [redacted]
Subject: RE: Taskers

Alternative Interrogation Tech...

The attached document is the 4th Infantry Division's ICE suggestions if alternative interrogation techniques are authorized. All techniques not listed as "coercive" cause no lasting effects on the subject.

I apologize for tardiness, but my SIPRNET has been down for the last few hours.

[redacted] b65-7c5

TF IH CCP, Tikrit, IZ

-----Original Message-----
From: [redacted] b2-2
Sent: Thursday, August 14, 2003 3:51 AM
To: [redacted] b62
Subject: FW: Taskers

Sounds crazy, but we're just passing this on.

-----Original Message-----
From: [redacted] b6-2
[mailto: [redacted]
Sent: Thursday, August 14, 2003 1:51 AM
To: [redacted]
Cc: [redacted]
Subject: Taskers

ALCON

Just wanted to make sure we are all clear on the taskers at hand

1- A list identifying individuals who we have in detention that fall under
the category of "unlawful combatants" I've included a definition form the
SJA folks:

In order to properly address your request for a legal definition of the term "unlawful combatant," I must first provide you with a framework
of definitions with which to work. According to the Law of Land Warfare,
the term "combatant" is defined as anyone engaging in hostilities in an armed conflict on behalf of a party to the conflict. Combatants are

EXHIBIT E

6629

lawful targets, unless out of combat. With that said, "lawful combatants" receive protections of the Geneva Conventions and gain combat immunity for their warlike acts, as well as become prisoners of war if captured. In comparison, "unprivileged belligerents," commonly referred to as "unlawful combatants," may be treated as criminals under the domestic law of the captor. Unprivileged belligerents may include spies, saboteurs, or civilians who are participating in the hostilities. The term "unlawful combatant" is not referenced, nor is it defined. The term that properly described these type of individuals is "unprivileged belligerents," and as stated before they may be treated as criminals under domestic law.

As far as an ROE that addresses the treatment of enemy combatants, specifically, unprivileged belligerents, we are unaware of any but we will continue to research the issue for you. I hope this information has been helpful.

2- An additional list identifying who we have detained who are "Islamic extremist"

3- Immediately seek input from interrogation elements (Division/Corps) concerning what their special interrogation knowledge base is and more importantly, what techniques would they feel would be effective techniques that SJA could review (basically provide a list).

Provide interrogation techniques "wish list" by 17 AUG 03.

The gloves are coming off gentleman regarding these detainees, [redacted] has made it clear that we want these individuals broken. Casualties are mounting and we need to start gathering info to help protect our fellow soldiers from any further attacks. I thank you for your hard work and your dedication.

b62

MI ALWAYS OUT FRONT!

V/r

[redacted]

b62

6629

PRIVACY ACT STATEMENT

AUTHORITY:	Title 10 USC Section 301; Title 5 USC Section 2951; E.O. 9397 dated November 22, 1943 (SSN).
PRINCIPAL PURPOSE:	To provide commanders and law enforcement officials with means by which information may be accurately identified.
ROUTINE USES:	Your social security number is used as an additional/alternate means of identification to facilitate filing and retrieval.
DISCLOSURE:	Disclosure of your social security number is voluntary.

1. LOCATION	2. DATE (YYYYMMDD)	3. TIME	4. FILE NUMBER
ARMY G2 PENTAGON, WASHINGTON DC	2004/05/18[redacted]	12:30[redacted]	

5. LAST NAME, FIRST NAME, MIDDLE NAME	6. SSN	7. GRADE/STATUS
[redacted]	633-22-9845	SGT

8. ORGANIZATION OR ADDRESS
B/CO 470TH MILITARY INTELLIGENCE GROUP, CAMP BULLIS, TX 78254

9. [redacted], WANT TO MAKE THE FOLLOWING STATEMENT UNDER OATH:

I arrived at Abu Ghraib as an Individual Augmentee from the 470th MI Group on or about 16 October 2003. I was assigned to the Detainee Assessment Board (DAB). My DAB Supervisor was [redacted] When I first arrived, we didn't receive any training for working in the DAB. We received the IROEs and I believe I signed them. The IROEs I would say were only vaguely understood due to the speed at which operations had to be conducted. Since the focus of the initial groups was on maintaining a steady stream of intelligence reports answering PIR's, methodology took second stage to volume of output. The IROE's were clarified three months later when we received updated IROEs which we signed again. We were shown the Geneva Conventions and told to adhere to them. They were on the wall along with the IROEs and other memorandums from various commanders within theater for the perusal of anyone who wished to review them. There was some controversy in relation to what the school taught and the environment we were in. The school is an environment where you have some overwatch and where the ambience wherein interrogations are being conducted in a safe place with no additional stresses involved, but at Abu Ghraib, we were so busy there was no oversight on most of the interrogations being conducted as everyone was busy trying to hold up their part of the process. Most individuals arrived one day and were conducting operations the following day. Additionally, because of the additional stresses and due to the detainee's cultural and religious upbringing, many of the things taught at the school house were nearly useless or even irrelevant, which is why experienced or flexible interrogators were so absolutely necessary. Many of the interrogators should not have been conducting interrogations on their own. Most were young, inexperienced, and reservists who did not have the sufficient training nor the experience needed to achieve the necessary mindset of an interrogator in a combat zone. They did not know what to do so they reverted to screaming and throwing things, in other words, harsh approaches. After they didn't get what they wanted, they could send the detainee to isolation for thirty days or more as long as they wrote the right memo. The focus was on intelligence, and the fast tempo dictated that oftentimes the individual interrogator or direct line supervisor had to be trusted to make the right judgment, but unfortunately not everyone was equipped to make the right decisions. The memos were being approved by COL PAPPAS or whatever individual had the authority at the time. No one was checking to ensure the recommendations were sound with any sort of regularity. At the beginning even a memo was not required as far as I knew but as I was not there during the first few weeks of the reorganization of Abu Ghuraib into an interrogation facility, I cannot speak with any certainty. We were standing up the JIDC, being mortared daily, and the gate guards were being attacked. The DAB was not part of the Interrogation Control Element (ICE) and there was no SOP in place on how to run one. We began developing one based on the GTMO concept, but the environment was different than GTMO. We were in a combat environment and the numbers of detainees requiring processing was higher so we had to make a lot of changes to the SOP. We were responsible for debriefing all detainees interrogated by the ICE. When a detainee arrived, he was screened and was either identified as being of intelligence value or not. Those with intelligence value were placed in CAMP VIGILANT. Eventually, CAMP VIGILANT became overcrowded some detainees having intelligence value were sent to one of the GANCI camps. A lot would go into isolation to prevent them from corruption of intelligence. I would say that the DAB identified about 85% to 90% of detainees were of either no intelligence value or were of value but innocent and therefore should be not have remained in captivity. We debriefed all the detainees considered to having some intelligence value to ensure intelligence was not getting lost and determined if detainees required to be held longer or recommend release of detainee. At the beginning, the initial group at Abu Ghraib became overwhelmed with the number of detainee being delivered by lower echelon units. The prison went from 200 one day to thousands during the following days. We did not have enough personnel to conduct the screenings and interrogations and determine the value of each detainee on a timely manner. When a detainee was able to answer a Priority Intelligence Requirement (PIR), he would get interrogated numerous times and therefore, others would go without being interrogated for months. The DAB would identify those who had not been interrogated and question the JIDC why it hadn't been done. An interrogation would then be conducted but this didn't always occur because of the shortage of interrogators and due to their focus on detainees of intelligence value. This of course changed for the better after the JIDC was more established and more direct oversight began to be conducted by higher echelon commanders. We would then get the detainee once the interrogator finished with the detainee. We would conduct a thorough debriefing of the detainee. The

10. EXHIBIT	11. INITIALS OF PERSON MAKING STATEMENT	PAGE 1 OF [redacted] PAGES
	[redacted]	

ADDITIONAL PAGES MUST CONTAIN THE HEADING "STATEMENT OF _____ TAKEN AT _____ DATED _____

THE BOTTOM OF EACH ADDITIONAL PAGE MUST BEAR THE INITIALS OF THE PERSON MAKING THE STATEMENT, AND PAGE NUMBER MUST BE BE INDICATED.

DA FORM 2823, DEC 1998 DA FORM 2823, JUL 72, IS OBSOLETE USAPA V1.00

STATEMENT OF [redacted] TAKEN AT Army G2, Pentagon DATED 2005/05/18

9. STATEMENT *(Continued)*

In November, we also began to ask all detainees we debriefed if they had ever been mistreated while in the custody of the U.S. Several individuals stated they had. One general stated that while at Abu Ghraib, some drunk MPs had gathered the him and five other generals from the General Population and taken them in to the Hard Site. They were tied up, blind folded and placed in a circle and were punched by the MPs. After the MPs were finished beating them, they were placed back into the general population. I wrote this on my DAB report and reported it to my [redacted] 66th MI. She told [redacted] and it was reported to a warrant officer (do not know his name. He is part of the unit who is there now). He received a copy of the report and thanked us for reporting it. Another detainee stated he was stripped naked, made to stand on a box with his arms spread out and bag over his head while he was hit on his legs by the MPs. There were also two other instances where detainees reported being abused before they arrived to Abu Ghraib. One reported being electrocuted by an Egyptian interpreter who was working for a civilian agency. This had occurred four to five months prior to us speaking to him. Another detainee stated the capturing MPs threw him to the ground and pour dirt all over him. He said he was diabetic and was trying to tell the MPs and he went into diabetic shock. More prevalent than any abuse while in U.S. Custody were the reports that the detainee's had been abused by the Iraqi police and the BADR Corp. I never witnessed any detainee abuse except when I saw a naked detainee walking in the Hard Site. But that is all I saw. I was pretty far away and could not tell who it was and do not know the circumstances. I do know that when criminals were placed in isolation they were often stripped. I was in the hard site at that time picking up a detainee to debrief. IN reference to humiliation, I know that some interrogators would insult the detainee's religion and family. They did not physically abuse them, but humiliated them with words. The use of words was kind of questionable. We didn't know how far they could go with words. In reference to dogs, One of my friends, I do not remember who, said someone used the dog for an interrogation. That is all I know about dogs. We did not know what the MPs could do with the dogs or maybe the MPs did not know what we could do with the dogs, some things appeared to be in gray areas and often the individual interrogator or MP may have thought they had to make the decision themselves. In reference to OGA detainees, all I know was that some were not processed and we could not talk to them. They (OGA) came and went as they pleased for the most part though some coordination was required. The operations section of the JIDC would know more as they were the POC for these agencies. I never saw or knew of any photos or videos of detainees until after the CID investigation began. [redacted] a fellow DAB member, stated that [redacted] CACI employee pushed a detainee against the wall once. This was reported in the written report and reported up the chain. [redacted] spoke to [redacted] and told him that was not acceptable. We told [redacted] spoke to [redacted] then became my partner. I was not pleased with his work. He made comments which were unnecessary. I did not allow the interpreter to translate the comments. He would insult their religion and would state that this was the time for them to show their loyalty to the U.S. I reported to my supervisor that I did not want to work with [redacted] He left a few days later to go work as an escort. I wrote about the incidents on a memorandum that I believe was submitted by my supervisors to [redacted] I believe [redacted] the CACI supervisor on the ground in Abu Ghraib, was very leery about doing anything to his guys. Another incident I was made aware of (I believe it may have been [redacted] who told me but cannot say with any degree of certainty) was of a female linguist or interrogator (If linguist I believe it to be the female on the photo shown in photo #11 on file named [redacted] who was asked to humiliate male detainees by making comments as to their manhood by talking about the size of their genitals. My personal opinion is that of all the female linguists, she was the only one that would have agreed to something of that nature. I believe I heard this right before the CID investigation, but cannot say for sure. She was a bit more open than the other female linguists. I personally know of one female linguist and a male linguist that quit because they did not agree with the way interrogators spoke to detainees. My assumption on the CACI personnel is that a lot of them were being hired on the basis of their experience in law enforcement and other such areas but that no true determination of their abilities as interrogators/screeners, etc. was done by the civilian company that hired them. Most of them were not properly trained on questioning and interrogation methodology but due to the fact that a lot of them were as much as twice as old as the interrogators leading Tiger Teams, they were not willing to listen. The focus on numbers (i.e. output) was so great that non-qualified individuals, both military and civilian, were allowed to have positions that gave them what seemed at times full powers over another persons life, namely detainees. Because these individuals (U.S. Personnel) were not screened or trained properly and not properly supervised, detainee's suffered incarceration and varied other discomforts, from mild to major, which were completely unnecessary in my estimation. Various reports were made of interrogators, linguists, and civilians treading the gray line between harsh interrogation and violation of the Geneva Conventions/IROE, but as far as was apparent no particular importance was placed upon them until the advent of the CID investigation. Some of the civilians thought that they were exempted from the rules of conduct which governed the soldiers and some of the interrogators seemed to feel the same. This, I believe, led to some of the misconduct that occurred, since the civilians didn't fear negative action and the soldiers could honestly say they were not personally involved in the actual misconduct. These statements are conjecture based upon my personal observations and conversations with other individuals and do not reflect any but my own opinions. I also think that U.S. personnel, especially civilian contractors, allowed their personal biases to color their reports, leading to detainee's being placed in isolation and being incarcerated for a longer period of time though no proof of wrongdoing was apparent. Often enough, the conclusion at the end of a report which the determined a detainee's future disposition (release/further incarceration), was more a matter of personal opinion than actual analysis of information given. People were afraid to take personal responsibility of recommending release of detainee's, even when obviously innocent, and often this would lead to condemning statements such as "the detainee told the same story seven times but is lying because he should know such and such information and was therefore uncooperative. Recommend detainee be held in U.S. custody for the duration of the conflict." [redacted]

INITIALS OF PERSON MAKING STATEMENT [redacted]

Statements such as these were insufficient of themselves to commit detainee's to longer incarceration but couple that with supervisors fear of releasing anybody, and what came out was detainee's being held for months on nothing but an interrogators personal opinion for which no substantiate information was given. The biggest issues that lead to the inefficiency in the collection process, I believe arose from the actions of lower echelon interrogation facilities and the capturing units themselves. The capturing units themselves were often not accompanied by appropriately trained individuals, namely members of THT or interrogators, able to make quick determinations of the value of a detainee and the appropriateness of detaining an innocent individual even if he did have information of intelligence value. Since the detainees were not properly screened on the spot and the capturing units were often not even qualified to conduct those types of operations, anyone who was in the area or looked out of place was detained regardless of culpability. When these individuals were taken to a brigade or division level facility, they were screened by civilians or military personnel who were not sufficiently or properly trained, or even sufficiently staffed, to render intelligent judgments as to the detainee's suitability to the information exploitation process. This resulted in the glutting of Abu Ghraib, a facility, which should have been housing only individuals necessary to the interrogation process, and not innocent individuals who should have never been taken from their homes, much less gone through two or three different interrogations facilities. Reports from lower echelon facilities were often not available and even when available, spotty at best. This led to a lot of duplication of effort at Abu Ghraib, which in turn meant an unnecessary delay in the detainee exploitation process. This was also true however of interrogators in Abu Ghraib, as stated above, who were also often not qualified or experienced enough for the job they were doing. The failure to ID those that could help us out in the communities instead of holding them in detention is a major cause, as far as I'm concerned, for the political instability/anti-U.S. sentiment existent in Iraq at the moment. I personal interviewed several individuals who were influential in their communities, military, religions, etc. but who had done nothing wrong or had previously voluntarily cooperated with U.S. agencies but were detained anyways. Some had letters from U.S. officials detailing the extent of [redacted]

[redacted] [redacted]

Initials of Person making Statement

[redacted]

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9. STATEMENT *(Continued)*

their participation and a request to not arrest these particular individuals. These papers were ignored and the detainee's held for months without any particular care paid to these documents. These detainees's, who had the potential to be great friends to the U.S./Coalition efforts in Iraq, would have very little reason to stay their hand, and every reason to become implacable enemies of the U.S. once released. The detainee assessment branch functioned as a checks and balances for the JIDC interrogators who were constantly being pressured to produce and thus had no real opportunity to check their work or pay attention to the detainee's themselves. Individuals within the ICE attempted to do away with the DAB, stating that the interrogators themselves were qualified to make final decisions as to a detainee's final disposition, but as evinced in the statements I made above and in the actual reports present in Abu Ghraib, oversight from a section not directly involved in the Interrogation Collection Element was necessary to avoid not only missing information of possible intelligence value, but also to prevent the needless incarceration of innocent people who may have never even talked to an interrogator before their fate was decided upon. A comprehensive report was necessary to ensure that the proper disposition of detainee's was being enacted and that interrogators did not recommend further incarceration of detainee's who had done no wrong but had been unlucky enough to be present at the scene of a raid. Beyond that, I believe a system of checks and balances was sadly lacking at the lower echelon interrogation facilities, and someone should have been given the task of spot-checking every facility occasionally to ensure the proper implementation of the IROES as well as adherence to the Geneva Conventions. We received a training class by a linguist who taught us what type of words to use to humiliate the detainees. His name was [redacted] was also requested by those interrogators who used more aggressive techniques. Although this does not necessarily entail any wrongdoing on his part or on the part of those interrogators who used him, the fact that the class occurred at all was indicative I believe of the notion that it was OK to humiliate detainees, to curse their mothers and daughters, to deride their religious practices, all unnecessary to a truly professional interrogator. I was shown some photos and was able to identify some of the military intelligence personnel. Photo #6 and #7 in file named Mark 5 show [redacted] observing some detainees on the floor. Photo #23 show an analyst in PT uniform and [redacted] is leaning against the wall to the left. Photo #11 in file named [redacted] shows a female interpreter (name unknown) and a CACI interrogator who I believe was a member of a special interrogation team. Though this is probably of little relevancy, I would also like to comment that I was personally present at the general population camps in Abu Ghuraib at one of the riots that occurred in November and which resulted in the deaths of some detainee's(number unknown) and the injury of several. The riots were a constant threat to the MP's during that time period due to the Muslim religious holiday of Ramadan. Many of the detainee's, especially the innocent ones with families, and who had been there a long time, felt like it was extremely unfair to them and were easy prey to the leaders amongst them who called for riots and such forms of violent expression.

Q. Do you have anything else to add to this statement? [redacted]

A. No [redacted]

//End of Statement//

Nothing

Follows 506

AFFIDAVIT

[redacted] HAVE READ OR HAVE HAD READ TO ME THIS STATEMENT WHICH BEGINS ON PAGE 1, AND ENDS ON PAGE [redacted]. I FULLY UNDERSTAND THE CONTENTS OF THE ENTIRE STATEMENT MADE BY ME. THE STATEMENT IS TRUE. I HAVE INITIALED ALL CORRECTIONS AND HAVE INITIALED THE BOTTOM OF EACH PAGE CONTAINING THE STATEMENT. I HAVE MADE THIS STATEMENT FREELY WITHOUT HOPE OF BENEFIT OR REWARD, WITHOUT THREAT OF PUNISHMENT, AND WITHOUT COERCION, UNLAWFUL INFLUENCE, OR UNLAWFUL INDUCEMENT.

[redacted]

(Signature of Person Making Statement)

WITNESSES:

ORGANIZATION OR ADDRESS

ORGANIZATION OR ADDRESS

Subscribed and sworn to before me, a person authorized by law to administer oaths, this 18th day of MAY, 2004

at ARMY PENTAGON, WASHINGTON DC

[redacted]

(Signature of Person Administering Oath)

[redacted]

(Typed Name of Person Administering Oath)

UCMJ, ARTICLE 136

(Authority To Administer Oaths)

INITIALS OF PERSON MAKING STATEMENT [redacted]

PAGE 4 OF 4 PAGES

PAGE 3, DA FORM 2823, DEC 1998

USAPA V1.00

AG0000775

DOD 000862

DOJ_NMG_0026351

AGENT'S INVESTIGATIVE REPORT

CID Regulation 195-1

ROI NUMBER 0085-04-CID519-

DETAILS

BASIS FOR INVESTIGATION: About 1000, 19 Jun 04, this office was notified by CPT [redacted] 7C3 b63 Magistrate/Command Advocate, 160th MP Battalion, Camp Bucca, Iraq, of an Aggravated Assault, Forcible Sodomy and Cruelty and Maltreatment of a detainee.

Agent's Comment: Review of emails and statements this office received revealed the following: two unknown individuals detained Mr. [redacted] 7F 7C b64, Internment Facility (IF), Camp Bucca, Iraq, and began to interrogate him about his involvement with attacks on Coalition Forces in Iraq. During the interrogation Mr. [redacted] was beaten with wooden sticks, punched, electrocuted, forcibly sodomized, and made to drink urine.

About 1000, 19 Jun 04, SA [redacted] 7C1 b61 this office interviewed COL [redacted] 7F 7C b64 7C3 b63 Physician [redacted], 160th MP Battalion, Camp Bucca, Iraq, who related that during his examation of Mr. [redacted] he observed the following; Mr. [redacted] did have a scar on his right wrist which was indicative of him being pulled by his handcuffs or being hung by handcuffs. Further COL [redacted] 7C3 b63 stated that Mr. [redacted] was bleeding from his anus and this injury could of occurred when Mr. [redacted] was forcibly sodomized. (See Sworn Statement for details) 7F 7C b64

Agent' Comment: COL [redacted] 7C3 b63 7F 7C b64 stated that they were unable to conduct any x-rays of Mr. [redacted] 7F 7C b64 person due to the equipment and personnel located at Camp Bucca, Iraq. COL [redacted] 7C3 b63 further stated the exam showed no signs that Mr. [redacted] 7F 7C b64 had any broken bones at the time or the exam.

About 1410, 19 Jun 04, SA [redacted] 7C1 b61 interviewed SSG [redacted] 7C3 b63 160th MP Battalion, Camp Bucca, Iraq, who stated he interviewed Mr. [redacted] on 16 Jun 04, and prepared an investigator's statement to document the interview and the facts which Mr. [redacted] stated occurred after he was captured in Baghdad, Iraq. (See Investigator's Statement for details) 7F 7C b64

About 1505, 19 Jun 04, SA [redacted] 7C1 b61 interviewed Mr. [redacted] 7F 7C b64 who stated that he was captured on 05 May 04, by two males wearing green t-shirts, cargo pants and tan vest, who stated they worked for the "Criminal Investigations". The two males then placed a hood over his head and transported him to their headquarters in Baghdad, Iraq, where he was interrogated. During interrogation Mr. [redacted] 7F 7C b64 stated he was punched numerous times and struck with large wooden sticks all over his body, forcibly sodomized and made to drink urine. Mr. [redacted] stated this abuse occurred over a period of 4 days and he was transported to Abu Grihab, Iraq. Mr. [redacted] stated a week later he was transported to Camp Bucca, Iraq where he is currently located. (See Sworn Statement for details) 7F 7C b64 7F 7C b64

Agent's Comment: During the interview of Mr. [redacted] he stated that he was beaten badly and when SA [redacted] 7C1 b61 introduced himself Mr. to [redacted] was very stiff and moved like he was in pain.

TYPED AGENT'S NAME AND SEQUENCE NUMBER	ORGANIZATION
SA [redacted] 7C1 b61	78th Military Police Detachment (CID), (FWD) Camp Arifjan, Kuwait APO AE 09366

SIGNATURE	DATE	EXHIBIT
[redacted] 7C1 b61	19 Jun 04	

AGENT'S INVESTIGATIVE REPORT

CID Regulation 195-1

ROI NUMBER 0085-04-CID519-

DETAILS

7C1 b6l 7C3 b6 3

About 1530, 19 Jun 04, SA [redacted] coordinated with COL [redacted] who provided the patient screening record in reference to Mr. [redacted] (See records for details)

7C1 b6l 7F 7C b6 4 7F 7C b6 4

About 1520, 19 Jun 04, SA [redacted] photographed Mr. [redacted] chest, back, legs and face to document any bruises that he may still have on his person. Visual exam of Mr. [redacted] person showed no bruises or scars except for the small scar on his wrist. (See compact disc for details)

STATUS: This investigation is being terminated within this office and no further investigative activity is anticipated. ///Last Entry///

7C1 b6l b2

TYPED AGENT'S NAME AND SEQUENCE NUMBER	ORGANIZATION	
SA [redacted]	78th Military Police Detachment (CID), (FWD) Camp Arifjan, Kuwait APO AE 09366	
SIGNATURE 7C1 b6l [redacted]	DATE 19 Jun 04	EXHIBIT

0084-04-CID519-81169

SWORN STATEMENT

For use of this form, see AR 190-45; the proponent agency is Office of The Deputy Chief of Staff for Personnel.

LOCATION	DATE	TIME	FILE NUMBER
BCCF b7C-4 b6-4	7 Jul 04	0938 [redacted]	0099-04-CID789
LAST NAME, FIRST NAME, MIDDLE NAME	**SOCIAL SECURITY NUMBER**		**GRADE/STATUS**
[redacted]	NORS [redacted]		Detainee
ORGANIZATION OR ADDRESS			
BCCF b7C-4 b6-4	b7C-4 b6-4		

[redacted] WANT TO MAKE THE FOLLOWING STATEMENT UNDER OATH:

Foreign Language

DODDOACID-004952

EXHIBIT	INITIALS OF PERSON MAKING STATEMENT	PAGE 1 OF 2 PAGES
	[redacted]	

ADDITIONAL PAGES MUST CONTAIN THE HEADING "STATEMENT OF ____ TAKEN AT ____ DATED ____ CONTINUED." THE BOTTOM OF EACH ADDITIONAL PAGE MUST BEAR THE INITIALS OF THE PERSON MAKING THE STATEMENT AND BE INITIALED AS "PAGE ____ OF ____ PAGES." WHEN ADDITIONAL PAGES ARE UTILIZED, THE BACK OF PAGE 1 WILL BE LINED OUT, AND THE STATEMENT WILL BE CONCLUDED ON THE REVERSE SIDE OF ANOTHER COPY OF THIS FORM.

DA FORM 2823
1 JUL 72

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0084-04-CID579-81165

FILE NUMBER: 0099-04-CID789

STATEMENT OF b7c-4, b6-4 [redacted] TAKEN AT BCCF DATED 7 Jul 04 CONTINUED:

STATEMENT *(Continued)*

b7c-4, b6-4 [redacted]

DODDOACID-004953

AFFIDAVIT

I, [redacted], HAVE READ OR HAVE HAD READ TO ME THIS STATEMENT WHICH BEGINS ON PAGE 1 AND ENDS ON PAGE 2. I FULLY UNDERSTAND THE CONTENTS OF THE ENTIRE STATEMENT MADE BY ME. THE STATEMENT IS TRUE. I HAVE INITIALED ALL CORRECTIONS AND HAVE INITIALED THE BOTTOM OF EACH PAGE CONTAINING THE STATEMENT. I HAVE MADE THIS STATEMENT FREELY WITHOUT HOPE OF BENEFIT OR REWARD, WITHOUT THREAT OF PUNISHMENT, AND WITHOUT COERCION, UNLAWFUL INFLUENCE, OR UNLAWFUL INDUCEMENT.

b7c-4, b6-4 [redacted]

(Signature of Person Making Statement)

WITNESSES:

ORGANIZATION OR ADDRESS

Subscribed and sworn to before me, a person authorized by law to administer oaths, this 7 day of July, 20 04 at BCCF b7c-1, b6-1

[redacted]

(Signature of Person Administering Oath)

b7c-1, b6-1, b2

SA [redacted]

(Typed Name of Person Administering Oath)

ORGANIZATION OR ADDRESS

Art 136 (b)(4) UCMJ

(Authority To Administer Oaths)

INITIALS OF PERSON MAKING STATEMENT b7c-4, b6-4 [redacted]

PAGE 2 OF 2 PAGES

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EXHIBIT 9

TRANSLATION OF STATEMENT PROVIDED BY DETAINEE [redacted] b7c-4, b6-4
#[redacted] 07Jul 04/0938

We were 18 persons in Camp Bucca, and there was a fight between the members of the group, and the Americans hit them with tear gases in order to disengage them, and they ordered us to sit down, and I sat down, and there was a person who was talking to me but I did not talk to him, then an American soldier who had an electric gun in his hand, came and slapped me on my face, and I said to him, "why do you hit me?". Then he hit me with the electric gun twice in my arm with two wire needles , and they took me to the doctor who picked up the two wire needles from my arm.

Q: Did they hit you with open hand or with the fist?
A: Open hand.
Q: How was the shape of the gun they hit you with?
A: Black and has a yellow head and it was almost seven inches.
Q: Can you describe to us the American soldier who slapped you and hit you with the electric gun?
A: He was tan and tall, and has a short hair and black eyes, and he was almost 25 years old.
Q: Do you think that the soldier who hit you has his reasons to do that?
A: He has no reasons to hit me.
Q: Why did you tell the interrogators in CID that you have not been assaulted?
A: I told them the same story I told you.
Q: Was there any witness saw what happened? b7c-3, b6-3 b7c-3, b6-3
A: Yes, there was a person called [redacted] from [redacted]
Q: Are you sure that the fight between the detainees was over when the American came and slapped you?
A: The fight was over since three to four minutes.
Q: What was the name of the American soldier who slapped you?
A: His name seems to be [redacted] b7c-3, b6-3
Q: Do you wish to add anything to this statement?
A: No. ///End of Statement///

TRANSLATED BY: [redacted] b7c-8, b6-8

Mr. [redacted]
Translator, Category II
Titan Corporation

VERIFIED BY: [redacted] b7c-8, b6-8

Mr. [redacted]
Translator, Category II
Titan Corporation

Assigned to:
Prisoner Interrogation Team (PIT)(CID)
75th Military Police (MP) Det. (CID)(FWD)(-)
Baghdad Central Confinement Facility (BCCF)
Abu Ghraib, Iraq APO AE 09342

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AGENT'S INVESTIGATION REPORT

CID Regulation 195-1

ROI NUMBER 0099-04-CID789

DETAILS

BASIS FOR INVESTIGATION: On 11 Jul 04, this office received a supplemental Request for Assistance (RFA) from the 78th Military Police (MP) Det. (BN), Camp Arifjan, Iraq, to re-interview Detainee [redacted], National Detainee Reporting System (NDRS) #[redacted], in reference to the incident in which SFC [redacted], 160th MP BN, Camp Bucca, Iraq, was accused of slapping [redacted] in the head, while detained at Camp Bucca, Iraq. b7c-4,b6-4

AGENT'S COMMENT: This office received this request after being provided additional documentation.

About 0820, 12 Jul 04, SA [redacted] b7c-1,b6-1, with the assistance of Linguist [redacted] b7c-8,b6-8, this office, re-interviewed [redacted] stated that on the day of the alleged incident, a black, male soldier, called "[redacted]" slapped him in the face and tazzed him in the right arm, as stated in his previous statement. [redacted] clarified that a fight between several detainees had just occurred. After the fight, [redacted] was squatting on the ground with his elbows on his knees with his back to another detainee, who was sitting on the ground with his hands tied behind his back. He explained that he and the other detainee were talking, when [redacted] walked up from behind him and slapped him in the right cheek with the back of [redacted] hand, but not hard. [redacted] then started to get up because it made him angry. When he started to stand up, [redacted] jumped back and shot him with the tazer from about eight feet. When asked if he thought the slapped in the face was abuse or to get him to quit talking, he stated that it was not abuse, but it was to stop him from talking. [redacted] stated that no one yelled, "What are you looking at?" at him. [redacted] stated he did not see any other detainee get slapped by a white, male soldier. b7c-4,b6-4

AGENT'S COMMENT: [redacted] b7c-4,b6-4 could not read or write Arabic. [redacted] b7c-4,b6-4 demonstrated on this Agent how the incident occurred, to include slapping this Agent with same amount of force. The amount of force was consistent with that of getting someone's attention by slapping him or her on the shoulder.

AGENT'S COMMENT: [redacted] b7c-4,b6-4 is very temperamental. During this interview, he became very belligerent at this Agent and Mr. [redacted] b7c-8,b6-8

About 0855, 12 Jul 04, SA [redacted] b7c-4,b6-4 exposed Photographs of [redacted] b7c-4,b6-4 alleged tazer marks using a Vivitar Digital Camera. (See Photographs)

AGENT'S COMMENT: This Agent has been tazzed before as part of Police Training and determined the marks depicted in the photographs were consistent with a tazer.

About 0910, 12 Jul 04, SA [redacted] b7c-1,b6-1 coordinated with SGT [redacted] b7c-3,b6-3, 391st Military Police (MP) Battalion (BN), Detainee Aid Station (DAS), BCCF, AGI, who estimated the scar above [redacted] b7c-4,b6-4 right elbow was approximately four weeks old.

DODDOACID-004955

TYPE AGENT'S NAME AND SEQUENCE NUMBER	ORGANIZATION	
SA [redacted] b7c-1,b6-1,b2	PRISONER INTERROGATION TEAM (PIT)(CID) Baghdad Central Confinement Facility, Abu Ghraib 09342	
SIGNATURE [redacted]	DATE 12 Jul 04	EXHIBIT Exh 32

CID FORM 94

AGENT'S INVESTIGATION REPORT

CID Regulation 195-1

ROI NUMBER 0099-04-CID789

DETAILS

AGENT'S COMMENT: No medical doctor was available. SGT [redacted] b7c-3, b6-3 evaluates detainees on a daily basis as part of her duty.

About 1300, 12 Jul 04, SA [redacted] b7c-1, b6-1 coordinated with SGT [redacted] b7c-3, b6-3 [redacted], 301st MP Co, BCCF, AGI, Certified Tazer Instructor, who stated the marks in the photographs could be consistent with a tazer, but was not sure. He further stated that to employ a tazer, it must be used from a distance of 7-15 feet.

Status: Your RFA has been completed in the attached enclosures. No further investigative activity was anticipated by this office.

//LAST ENTRY//

DODDOACID-004956

TYPE AGENT'S NAME AND SEQUENCE NUMBER	ORGANIZATION	
SA [redacted] b7c-1, b6-1, b2	PRISONER INTERROGATION TEAM (PIT)(CID) Baghdad Central Confinement Facility, Abu Ghraib 09342	
SIGNATURE [redacted]	DATE 12 Jul 04	EXHIBIT Ex. 32

CID FORM 94

Encl 1

AGENT'S INVESTIGATION REPORT

CID Regulation 195-1

ROI NUMBER 0099-04-CID789

PAGE 1 OF 1 PAGES

DETAILS

BASIS FOR INVESTIGATION: On 13 Jul 04, this office received a supplemental Request for Assistance (RFA) from the 78th Military Police (MP) Det. (BN), Camp Arifjan, Iraq, to re-interview MSG [redacted], 418th MP Det, 391st MP BN, Baghdad Central Confinement Facility (BCCF), AGI, in reference to the incident in which SFC [redacted], 160th MP BN, Camp Bucca, Iraq, was accused of slapping [redacted] in the head, while detained at Camp Bucca, Iraq. b7c-4, b6-4

AGENT'S COMMENT: This office received this request after determining that MSG [redacted] had been transferred to BCCF. b7c-4, b6-4

About 1440, 14 Jul 04, SA [redacted] re-interviewed MSG [redacted] who confirmed the facts given in his previous statement. He also provided a sketch of the area where the incident was alleged to have happened. In addition, he viewed a photograph of [redacted] could not positively identify [redacted] as the detainee he saw get slapped, although he was fairly sure. (See Sworn Statement, Sketch, and Agent Created Sketch) b7c-1, b6-1 b7c-4, b6-4

AGENT'S COMMENT: This Agent created the additional sketch to clarify details in the sketch drawn by MSG [redacted] b7c-4, b6-4

Status: Your RFA has been completed in the attached enclosures. No further investigative activity was anticipated by this office.

//LAST ENTRY//

DODDOACID-004957

TYPE AGENT'S NAME AND SEQUENCE NUMBER	ORGANIZATION	
SA [redacted] b7c-1, b6-1, b2	PRISONER INTERROGATION TEAM (PIT)(CID) Baghdad Central Confinement Facility, Abu Ghraib 09342	
SIGNATURE [redacted]	DATE 14 Jul 04	EXHIBIT 12.33

CID FORM 94

Enc 1

AGENT'S INVESTIGATION REPORT

CID Regulation 195-1

ROI NUMBER 0099-04-CID789

PAGE 1 OF 1 PAGES

DETAILS

BASIS FOR INVESTIGATION: On 6 Jul 04, this office received a Request for Assistance (RFA) from the Operations Officer, 22nd Military Police (MP) Battalion (BN), Camp Victory, Baghdad, Iraq, to re-interview Detainee [redacted], National Detainee Reporting System (NDRS) # [redacted] in reference to the incident in which SFC [redacted], 160th MP BN, Camp Bucca, Iraq, was accused of slapping [redacted] in the head, while detained at Camp Bucca, Iraq.

AGENT'S COMMENT: No medical records exist for [redacted] at Baghdad Central Confinement Facility (BCCF).

About 0938, 7 Jul 04, SA [redacted] with the assistance of Linguist [redacted], this office, interviewed [redacted] who provided a verbal sworn statement, which was recorded in Arabic by Linguist [redacted] and verified by [redacted] describing being slapped in the right cheek and shocked with a "tazer" on his right arm by a dark skinned, male soldier, called "[redacted]". (See Sworn Statement)

Status: Your RFA has been completed in the attached enclosures. No further investigative activity was anticipated by this office.

//LAST ENTRY//

DODDOACID-004951

TYPE AGENT'S NAME AND SEQUENCE NUMBER	ORGANIZATION	
SA [redacted]	PRISONER INTERROGATION TEAM (PIT)(CID) Baghdad Central Confinement Facility, Abu Ghraib 09342	
SIGNATURE [redacted]	DATE 7 Jul 04	EXHIBIT 8

FORM 94

b6 -1
b7C -1

b6 -1 **From:**
b7C -1 **To:** Bald, Gary, BATTLE, FRANKIE, CUMMINGS, ARTHUR, ...
Date: Fri, Dec 5, 2003 9:53 AM
Subject: Fwd: Impersonating FBI at GTMO

b6 -1
b7C -1

Frank

I am forwarding this EC up the CTD chain of command. MLDU requested this information be documented to protect the FBI. MLDU has had a long standing and documented position against use of some of DOD's interrogation practices, however, we were not aware of these latest techniques until recently.

b2 -3
b6 -4
b7C -4
b7E -1
b7F -1

Of concern, DOD interrogators impersonating Supervisory Special Agents of the FBI told a detainee that These same interrogation teams then The detainee was also told by this interrogation team

These tactics have produced no intelligence of a threat neutralization nature to date and CITF believes that techniques have destroyed any chance of prosecuting this detainee.

If this detainee is ever released or his story made public in any way, DOD interrogators will not be held accountable because these torture techniques were done the "FBI" interrogators. The FBI will left holding the bag before the public.

b6 -1
b7C -1

SSA
CTD/MLDU

CC:

b6 -1
b7C -1

ALL INFORMATION CONTAINED
HEREIN IS UNCLASSIFIED
DATE 11-05-2004 BY 61578DMH/ECB/ldc 04-CV-4151

Army Regulation 15-6: Final Report

Investigation into FBI Allegations of Detainee Abuse at Guantanamo Bay, Cuba Detention Facility

EXECUTIVE SUMMARY

Detention and interrogation operations at Joint Task Force Guantanamo (JTF-GTMO) cover a three-year period and over 24,000 interrogations. This AR 15-6 investigation found only three interrogation acts in violation of interrogation techniques authorized by Army Field Manual 34-52 and DoD guidance. The AR 15-6 also found that the Commander of JTF-GTMO failed to monitor the interrogation of one high value detainee in late 2002. The AR 15-6 found that the interrogation of this same high value detainee resulted in degrading and abusive treatment but did not rise to the level of being inhumane treatment. Finally, the AR 15-6 found that the communication of a threat to another high value detainee was in violation of SECDEF guidance and the UCMJ. The AR 15-6 found no evidence of torture or inhumane treatment at JTF-GTMO.

INTRODUCTION

In June 2004, the Federal Bureau of Investigation (FBI) began an internal investigation to determine if any of its personnel had observed mistreatment or aggressive behavior towards detainees at Guantanamo Bay, Cuba (GTMO). On 9 Jul 04, the FBI – Inspection Division (INSD), sent an e-mail message to all FBI personnel who had served in any capacity at GTMO. The e-mail stated in relevant part:

"You have been identified as having conducted an assignment at GTMO, Cuba since 9/11/2001. The Inspection Division has been tasked with contacting those employees who have served in any capacity at GTMO and obtain information regarding the treatment of detainees. Employees should immediately respond to the following:

1) Employees who observed aggressive treatment, which was not consistent with Bureau interview policy guidelines, should respond via e-mail for purposes of a follow-up interview.

2) Employees who worked at GTMO and observed no aggressive treatment of detainees should respond via an EC documenting a negative response…"

The above e-mail message was sent by INSD to 493 FBI personnel who had served in GTMO between 9 Sep 01 and 9 Jul 04. INSD received 434 total

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responses, and 26 agents stated that they had observed aggressive treatment of detainees at GTMO.

In response to FBI agent allegations of aggressive interrogation techniques at Joint Task Force Guantanamo Bay (JTF-GTMO) Cuba, that were disclosed in Dec 04 as a result of FOIA releases, General (GEN) Bantz J. Craddock, Commander United States Southern Command (USSOUTHCOM), ordered an AR 15-6 investigation and appointed Brigadier General (BG) John T. Furlow, United States Army South Deputy Commander for Support, as the investigating officer. BG Furlow was directed to address the following allegations:

a. That military interrogators improperly used military working dogs during interrogation sessions to threaten detainees, or for some other purpose;

b. That military interrogators improperly used duct tape to cover a detainee's mouth and head;

c. That DoD interrogators improperly impersonated FBI agents and Department of State officers during the interrogation of detainees;

d. That, on several occasions, DoD interrogators improperly played loud music and yelled loudly at detainees;

e. That military personnel improperly interfered with FBI interrogators in the performance of their FBI duties;

f. That military interrogators improperly used sleep deprivation against detainees;

g. That military interrogators improperly chained detainees and placed them in a fetal position on the floor, and denied them food and water for long periods of time;

h. That military interrogators improperly used extremes of heat and cold during their interrogation of detainees.

Subsequent to the initial appointment, GEN Craddock directed BG Furlow to investigate two additional allegations concerning a female military interrogator performing a "lap dance" on a detainee and the use of faux "menstrual blood" during an interrogation. Finally, the appointment letter directed BG Furlow to not limit himself to the listed allegations.

On 28 Feb 05, after two months of investigation, BG Furlow advised GEN Craddock that he needed to interview officers senior in grade to himself. On 28 Feb 05 GEN Craddock appointed Lieutenant General (Lt Gen) Randall M. Schmidt, United States Southern Command Air Forces Commander, Davis-

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Monthan AFB, AZ, as the senior investigating officer. This report reflects the combined findings and conclusions of the initial investigative efforts and the combined investigative efforts of both BG Furlow and Lt Gen Schmidt.

After submission of the AR15-6 Report of Investigation on 1 Apr 05, CDR USSOUTHCOM directed on 5 May 2005 that the investigation be reopened to consider memos dated 11 Dec 04 and 24 Dec 04, that had recently been discovered, regarding the subject of the second Special Interrogation Plan. Prior to completion of the follow-up, CDR USSOUTHCOM directed on 2 Jun 05 that the investigation should also address new allegations made by the subject of the first Special Interrogation Plan.

SCOPE OF REVIEW

This investigation was directed and accomplished under the "informal procedures" provisions of Army Regulation 15-6, Procedures for Investigating Officers and Boards of Officers, dated 30 Sep 96, (AR 15-6). This AR 15-6 investigation centered on alleged abuses occurring during interrogation operations. This AR 15-6 found incidents of abuse during detention operations; all of which were appropriately addressed by the command. The investigation team conducted a comprehensive review of thousands of documents and statements pertaining to any allegations of abuse occurring at GTMO, to include the complete medical records of the subjects of the first and second Special Interrogation Plan. The team interviewed 30 FBI agents, conducted interviews of over 100 personnel from 6 Jan 05 to 24 Mar 05 and had access to hundreds of interviews conducted by several recent investigations. These interviews included personnel assigned to GTMO, USSOUTHCOM, and OSD during the tenure of JTFs 160, 170, and GTMO. It included nine DIA personnel, including every Joint Intelligence Group Chief and every Intelligence Control Element Chief. It included 76 DoD personnel, to include every General Officer who commanded Joint Task Force 160, Joint Task Force 170 and Joint Task Force GTMO. DoD personnel interviewed also included personnel who served as interrogators at GTMO and instructors at the US Army Intelligence School and Center. During the course of the investigation, the team visited Birmingham, AL; Chicago, IL; Ft Bragg, NC; Ft Devens, MA; Ft Huachuca, AZ; GTMO (twice); Los Angeles, CA; Miami, FL; and Washington D.C. (five times).

The investigation team attempted to determine if the allegations alleged by the FBI, in fact, occurred. During the course of the follow up investigation the AR15-6 also considered allegations raised specifically by detainees the subject of the first and second Special Interrogation Plans. The investigating team applied a preponderance standard of proof consistent with the guidance contained in AR15-6. The team also applied guidance contained in FM 34-52, CDR USSOUTHCOM, and SECDEF memorandums authorizing special interrogation techniques in deciding if a particular interrogation approach fell properly within an authorized technique. In those cases in which the team concluded that the

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allegation had in fact occurred, the team then considered whether the incident was in compliance with interrogation techniques that were approved either at the time of the incident or subsequent to the incident. In those cases where it was determined the allegation occurred and to have not been an authorized technique, the team then reviewed whether disciplinary action had already been taken and the propriety of that action. On 28 Mar 05, GEN Craddock, as the investigation appointing authority, asked Lt Gen Schmidt to determine accountability for those substantiated violations that had no command action taken.

The team did not review the legal validity of the various interrogation techniques outlined in Army Field Manual 34-52, or those approved by the Secretary of Defense.

BACKGROUND

On 7 Mar 05 Vice Admiral A.T. Church, III submitted his final report of detention operations and detainee interrogation techniques in the Global War on Terror to the Secretary of Defense. (hereinafter "Church Report") That report included a thorough background discussion of detainee operations at GTMO. Our investigation independently researched the genesis and adjustments to policy and interrogation techniques from the origination of GTMO to the present. Our independently derived findings regarding the development and adjustments to policy and interrogation techniques are identical to the Church report. Therefore, I have adopted relevant portions of the Church report to show the development of permissible interrogation techniques.

Interrogation operations at GTMO began in January 2002. Initially interrogators relied upon the interrogation techniques contained in FM 34-52. These techniques were ineffective against detainees who had received interrogation resistance training. On 11 Oct 2002, Major General Michael E. Dunlavey, the Commander of Joint Task Force (JTF) 170, the intelligence task force at GTMO, requested that the CDR USSOUTHCOM, GEN James T. Hill, approve 19 counter resistance techniques that were not specifically listed in FM 34-52. The techniques were broken down into Categories I, II, and III, with the third category containing the most aggressive techniques. On 25 Oct 02 CDR USSOUTHCOM forwarded the request to the Chairman of the Joint Chiefs of Staff, General Richard B. Myers. On 2 Dec 02, the Secretary of Defense approved the use of all Category I and II techniques, but only one of the Category III techniques (which authorized mild, non-injurious physical contact such as grabbing, poking in the chest with a finger, and light pushing). In the approval memorandum, the SECDEF approved the techniques for use by CDR USSOUTHCOM, who subsequently verbally delegated the authority to approve and apply these techniques to CDR JTF-GTMO.

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On 15 Jan 03, SECDEF rescinded his approval of all Category II techniques and the one Category III technique leaving only Category I techniques in effect. The SECDEF memo permitted use of Category II and III techniques only with SECDEF approval. No approval was requested or granted.

On 16 Apr 03, the Secretary of Defense issued a new policy accepting 24 techniques, most of which were taken directly from or closely resembled those in FM 34-52. The Secretary's guidance remains in effect today. This policy memorandum placed several requirements on CDR USSOUTHCOM. First, it required all detainees to continue to be treated humanely. Second, it required SECDEF notification prior to the implementation of any of the following aggressive Interrogation techniques: Incentive/Removal of Incentive; Pride and Ego Down; Mutt and Jeff; and Isolation. Third, it specifically limited the use of these aggressive techniques to circumstances required by "military necessity." The memorandum did not attempt to define the parameters of "humane treatment" or "military necessity."

The CDR USSOUTHCOM issued a memorandum on 2 Jun 03 providing further guidance on the implementation of the 16 Apr 03 SECDEF approved techniques. This guidance provided that prior to the use of any of the specified aggressive techniques, the JTF Commander would submit the request in writing to CDR USSOUTHCOM for submission to SECDEF. The guidance also stated that "specific implementation guidance with respect to techniques A-Q is provided in Army Field Manual 34-52. Further implementation guidance with respect to techniques R-X will need to be developed by the appropriate authority." GTMO standard operating procedure on interrogations provides guidance for interrogations.

In addition, the CDR USSOUTHCOM guidance provided the following clarification to the SECDEF's 16 Apr 03 memorandum: **(quoting)**

(a) Reference Technique B, the Working Group was most concerned about removal of the Koran from a detainee—something we no longer do. Because providing incentives (e.g., McDonald's Fish Sandwiches or cigarettes) is an integral part of interrogations, you will notify me in writing when the provided incentive would exceed that contemplated by interrogation doctrine contained in Army FM 34-52, or when the interrogators intend to remove an incentive from a detainee;

(b) Reference Techniques I and O, you will notify me in writing when use of these standard interrogation techniques goes beyond the doctrinal application described in Army FM 34-52. When use of the technique is consistent with FM 34-52, you do not need to notify me;

(c) I define "sleep deprivation", referenced in Technique V, as keeping a detainee awake for more that 16 hrs, or allowing a detainee to rest

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briefly and then repeatedly awakening him, not to exceed four days in succession;

(d) Reference Technique X, I do not consider the use of maximum-security units as isolation. A detainee placed in a maximum-security unit is segregated, but not truly isolated;

(e) I define the "least intrusive method" as the technique that has the least impact on a detainee's standard of treatment, while evoking the desired response from the detainee during interrogations;

(f) Except in the case of Techniques B, I, O, and X, I have determined that the first 0-6/GG-15 in the chain of command or supervision, is the "appropriate specified senior approval authority," unless approval authority is withheld from that individual by higher authority.

Lastly, I have told the Secretary of Defense his 16 April guidance applies to all interagency elements assigned or attached to JTF GTMO. **(end quote)**

There have been over 24,000 interrogation sessions at GTMO since the beginning of interrogation operations.

FINDINGS

GENERAL DETAINEE POPULATION

Allegation: That DoD interrogators improperly impersonated FBI agents or Department of State officers during the interrogation of detainees.

Finding #1: On several occasions in 2003 various DoD interrogators impersonated agents of the FBI and the Department of State.

Technique: Authorized: FM 34-52 (p. 3-13); Category I technique approved by SECDEF – Deceiving interrogator identity

Discussion: The Chief of the Special Interrogation Team directed two interrogators to pose as US State Department representatives during an interrogation. In addition another interrogator posed as an FBI agent on one occasion. This impersonation came to the attention of the Senior Supervisory Agent (SSA) of the FBI at Guantanamo Bay when several other agents advised him that detainees were complaining during interviews that the FBI had already asked them the same questions. The SSA approached the Joint Interrogation Group (JIG) Chief, with his agents' concerns. According to the SSA, the JIG Chief did not contest the FBI agents' accusations. In fact, the JIG Chief knew of at least one military interrogator who had impersonated an FBI agent. After the

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meeting, the JIG Chief agreed to stop the practice of DoD interrogators impersonating FBI agents without prior FBI approval. The SSA made it clear to the investigation team that he did not believe the impersonation interfered with FBI operations and was pleased with the JIG Chief's rapid and thorough response to the situation.

Organizational response: Immediately stopped the practice.

Recommendation #1: The allegation should be closed. The technique, while authorized, was undermining the inter-agency working relationship. No additional corrective action is necessary or appropriate.

Allegation: That a female military interrogator performed a "lap dance" on a detainee during an interrogation. I have expanded this allegation to "That female military interrogators performed acts designed to take advantage of their gender in relation to Muslim males."

Finding #2a: On one occasion between October 2002 and January 2003, a female interrogator put perfume on a detainee by touching the detainee on his arm with her hand;

Technique: Authorized: FM 34-52 (p. 3-11); Category III technique approved by SECDEF – Mild, non-injurious physical touching

Discussion: a. On at least one occasion in late 2002, a female interrogator rubbed perfume on a detainee. The Interrogation Control Element (ICE) Chief stated that he specifically directed the interrogator to go to the PX and purchase rose oil with the intent of rubbing a portion of the perfume on the detainee's arm to distract the detainee. The interrogator admitted to using this approach with a detainee. At the time of the event the detainee responded by attempting to bite the interrogator and lost his balance, fell out of his chair, and chipped his tooth. He received immediate and appropriate medical attention and did not suffer permanent injury.

Organizational response: a. The interrogator was not disciplined for rubbing perfume on a detainee since this was an authorized technique.

Finding #2b: During the month of March 2003, a female interrogator approached a detainee from behind, rubbed against his back, leaned over the detainee touching him on his knee and shoulder and whispered in his ear that his situation was futile, and ran her fingers through his hair.

Technique: Authorized: FM 34-52 technique – Futility – Act used to highlight futility of the detainee's situation.

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Discussion: b. On 17 Apr 03, An interrogation supervisor supervised a female interrogator as she interrogated a detainee with her BDU top off[1], and subsequently the interrogator ran her fingers through the detainee's hair. The interrogator also approached the detainee from behind, touched him on his knee and shoulder, leaned over him, and placed her face near the side of his in an effort to create stress and break his concentration during interrogation.

Organizational response: b. The interrogation supervisor was given a written letter of admonishment for failure to document the techniques to be implemented by the interrogator prior to the interrogation. There is no evidence that either activity ever occurred again.

Recommendation #2: Command action was effective and sufficient with respect to the individual interrogators. AR 15-6 recommends that the approval authority for the use of gender coercion as futility technique be withheld to the JTF GTMO-CG.

<u>Allegation</u>: That a female military interrogator wiped "menstrual blood" on a detainee during an interrogation.

Finding #3: In March 2003, a female interrogator told a detainee that red ink on her hand was menstrual blood and then wiped her hand on the detainee's arm.

Technique: Authorized: FM 34-52 technique – Futility – act used to highlight futility of the detainee's situation

Discussion: The female interrogator is no longer in military service and has declined to be interviewed. According to a former ICE Deputy the incident occurred when a detainee spat in the interrogator's face. According to the former ICE Deputy, the interrogator left the interrogation room and was crying outside the booth. She developed a plan to psychologically get back at him. She touched the detainee on his shoulder, showed him the red ink on her hand and said; by the way, I am menstruating. The detainee threw himself on the floor and started banging his head. This technique was not in an approved interrogation plan.

Organizational response: The ICE Deputy verbally reprimanded the interrogator for this incident. No formal disciplinary action was taken. There is no evidence that this happened again.

Recommendation #3: Command action was inadequate with respect to the individual interrogator. The interrogator should have been formally admonished or reprimanded for using a technique that was not approved in advance. Advance approval ensures that retaliatory techniques are not

[1] It was common practice at GTMO to conduct interrogations in a t-shirt with the BDU top removed because of the heat and humidity.

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employed on impulse. Considering the lapse in time, recommend this allegation be closed.

<u>Allegation</u>: That DoD interrogators improperly played loud music and yelled loudly at detainees.

Finding #4: On numerous occasions between July 2002 and October 2004, detainees were yelled at or subjected to loud music during interrogation.

Technique: Authorized: FM 34-52 technique – Incentive and Futility – acts used as reward for cooperating or to create futility if not cooperating.

Discussion: Almost every interviewee stated that yelling and the use of loud music were used for interrogations at GTMO. On a few occasions, detainees were left alone in the interrogation booth for an indefinite period of time while loud music played and strobe lights flashed. The vast majority of yelling and music was accomplished with interrogators in the room. The volume of the music was never loud enough to cause any physical injury. Interrogators stated that cultural music would be played as an incentive. Futility technique included the playing of Metallica, Britney Spears, and Rap music.

Organizational response: None.

Recommendation #4: The allegation should be closed. Recommend JTF-GTMO develop specific guidance on the length of time that a detainee may be subjected to futility music. Placement of a detainee in the interrogation booth and subjecting him to loud music and strobe lights should be limited and conducted within clearly prescribed limits.

<u>Allegation</u>: That military interrogators improperly used extremes of heat and cold during their interrogation of detainees.

Finding #5: On several occasions during 2002 and 2003, interrogators would adjust the air conditioner to make the detainee uncomfortable.

Technique: Unauthorized prior to 16 Apr 03: SECDEF did not approve exposure to cold in his 2 Dec 02 list of approved techniques

Technique: Authorized after 16 Apr 03: SECDEF approved technique. This technique was officially permitted under 16 Apr 03 SECDEF Memorandum – Environmental Manipulation

Discussion: Two FBI agents indicated that they were aware of DoD interrogators using temperature adjustment as an interrogation technique. Many interviewees, FBI agents and military interrogators, believed the hot climate at GTMO and the detainee's comfort in a hot climate caused a differing in opinions

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regarding the use of the air conditioning units in the interrogation booths. There were several individuals who were interviewed who acknowledged that certain military interrogators would adjust the air conditioning down (cool) in an attempt to make the detainee uncomfortable for the interrogation. Several witnesses indicated that the practice of adjusting the temperature ceased when CDR JTF-GTMO directed that the practice no longer be employed. The current GTMO SOP still permits interrogators to adjust the temperature. In addition, one interrogator supervisor stated that detainees were interrogated at Camp X-Ray, where the "booths" were not air-conditioned, to make the detainees uncomfortable.

Organizational response: No disciplinary action required.

Recommendation #5: The allegation should be closed.

Allegation: That military interrogators improperly used sleep deprivation against detainees.

Finding #6: During 2003 and 2004 some detainees were subjected to cell moves every few hours to disrupt sleep patterns and lower the ability to resist interrogation. Each case differed as to length and frequency of the cell moves.

Technique: Unauthorized prior to 2 Dec 02 and between 15 Jan 03 and 16 Apr 03: Neither sleep disruption or deprivation is an authorized FM 34-52 technique

Technique: Authorized between 2 Dec 02 and 15 Jan 03 and after 16 Apr 03: The exact parameters of this technique remained undefined until 2 Jun 03 when CDR USSOUTHCOM established clear guidance on the use of sleep adjustment. His guidance prohibited the practice of keeping a detainee awake for "more than 16 hours or allowing a detainee to rest briefly and then repeatedly awakening him, not to exceed four days in succession."

Discussion: Only one FBI agent alleged sleep deprivation; his complaint was that an individual was subjected to 16 hours of interrogation followed by four-hour breaks. He says he was told about these sessions by DoD interrogators and they implied that these 16 hour interrogations were repeated on a 20 hour cycle, but he did not know for certain what in fact occurred. The FBI agent was at GTMO from 2 Jun 03 to 17 Jul 03. Under CDR USSOUTHCOM's 2 Jun 03 guidance, 16 hour interrogations were permitted and do not constitute sleep deprivation if done on a 24 hour cycle. During the course of the investigation of the FBI allegation, the AR 15-6 did conduct a review of the interrogation records to see if there was any evidence that corroborated this allegation. While not directly supporting the FBI's allegation, records indicated that some interrogators recommended detainees for the "frequent flyer program." A current GTMO interrogation analyst indicated that this was a program in effect throughout 2003

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and until March 2004 to move detainees every few hours from one cell to another to disrupt their sleep. Documentation on one detainee indicated that he was subjected to this practice as recently as March 2004.

Organizational response: None. Current JTF-GTMO Commander terminated the frequent flyer cell movement program upon his arrival in March 04.

Recommendation #6: The allegation should be closed. Recommend USSOUTHCOM clarify policy on sleep deprivation.

Allegation: That military interrogators improperly used duct tape to cover a detainee's mouth and head.

Finding #7: Sometime in October 2002 duct tape was used to "quiet" a detainee.

Technique: Unauthorized

Discussion: In his testimony, the ICE Chief testified that he had a situation in which a detainee was screaming resistance messages and potentially provoking a riot. At the time of the incident there were 10 detainees in the interrogation section and the ICE Chief was concerned about losing control of the situation. He directed the MPs to quiet the detainee down. The MP mentioned that he had duct tape. The ICE Chief says he ultimately approved the use of duct tape to quiet the detainee. The MP then placed a single strand of duct tape around the detainee's mouth. The single strand proved ineffective because the detainee was soon yelling again. This time the MPs wrapped a single strand of duct tape around the mouth and head of the detainee. The detainee removed the duct tape again. Fed up and concerned that the detainee's yelling might cause a riot in the interrogation trailer, The ICE Chief ordered the MPs to wrap the duct tape twice around the head and mouth and three times under the chin and around the top of the detainee's head. According to an FBI agent, he and another FBI agent were approached by the ICE Chief who was laughing and told the agents that they needed to see something. When the first agent went to the interrogation room he saw that the detainee's head had been wrapped in duct tape over his beard and his hair. An interrogator testified that another interrogator admitted to him that he had duct taped the head of a detainee. According to the first agent, the ICE Chief said the interrogator wrapped the detainee's head with duct tape because the detainee refused to stop "chanting" passages from the Koran.

Organizational response: The JTF-170 JAG testified that she became aware of the incident and personally counseled the ICE Chief. The counseling session consisted of a verbal admonishment.[2] The ICE Chief did not receive any formal

[2] While the ICE Chief testified that he was counseled by the JTF-GTMO Commander this is not possible. The Commander in question did not arrive until the month following the event. The previous Commander has no recollection of the event.

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discipline action. We have no evidence that duct tape was ever used again on a detainee.

Recommendation #7: Command action was inadequate with respect to the ICE Chief. He should be formally admonished or reprimanded for directing an inappropriate restraint to be used on a detainee.

Allegation: That military interrogators improperly chained detainees and placed them in a fetal position on the floor

Finding #8: On at least two occasions between February 2002 and February 2003, two detainees were "short shackled" to the eye-bolt on the floor in the interrogation room.

Technique: Unauthorized.

Discussion: Two FBI agents each stated that they witnessed a detainee in an interrogation room that had been "short shackled" to the floor. Short shackling is the process by which the detainee's hand restraints are connected directly to an eyebolt in the floor requiring the detainee to either crouch very low or lay in a fetal position on the floor. The FBI agents indicated that each of the detainees was clothed. Another FBI agent stated she witnessed a detainee short shackled and lying in his own excrement. The AR 15-6 was unable to find any documentation, testimony, or other evidence corroborating the third agent's recollection, to this allegation or her email allegation that one of the detainees had pulled his hair out while short shackled. We also found that 'short shackling' was initially authorized as a force protection measure during the in processing of detainees.[3]

Organizational response: None. JTF-GTMO has implemented SOPs that prohibit short shackling.

Recommendation #8: The allegation should be closed. The AR 15-6 was not able to find any evidence to adequately assign responsibility for these actions. This practice is now specifically prohibited by current GTMO interrogation policy.

Allegation: That military personnel improperly interfered with FBI interrogators in the performance of their FBI duties.

Finding #9: We discovered no evidence to support this allegation.

[3] During the course of a site visit to GTMO several detention operations personnel indicated that they understood that short shackling was permitted in the early days of GTMO as a force protection measure. They all stated that it was no longer authorized as either a detention measure or during interrogations.

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Discussion: This allegation stems from an FBI agent objections to a proposed Special Interrogation Plan. The dispute resulted in a DoD official being rude to the FBI agent. The team did not find any evidence of "interference" with FBI interrogations that extended beyond the dispute over which techniques worked best in interrogation. During the infancy of interrogation operations at GTMO, it was obvious that the different investigative agencies had different interrogation objectives. Law enforcement agencies were primarily interested in interviews that would produce voluntary confessions that would be admissible in U.S. Federal District Courts. Conversely, DoD interrogators were interested in actionable intelligence and thus had greater latitude on the techniques used during the interrogations. These different goals created friction.

Recommendation #9: The allegation should be closed.

Allegation: That military interrogators denied detainees food and water for long periods of time.

Finding #10: We discovered no evidence to support the allegation that the detainees were denied food and water.

Discussion: This allegation stems from the statement of an FBI Agent. She reports two incidents of observing two detainees in "the fetal position and lying on the floor of interview rooms." And that there were was no "evidence of any food or water." The Agent admits in her statement that she made an assumption that the detainees were denied food and water based solely upon their appearance. The Agent was unable to provide any specific information as to the day she made these observations to permit additional proof or assignment of responsibility.

Recommendation #10: The allegation should be closed.

SPECIAL INTERROGATION PLANS

During the course of interrogations certain detainees exhibited refined resistance techniques to interrogations. These detainees were suspected to possess significant current intelligence regarding planned future terrorist attacks against the United States. For these reasons Special Interrogation Plans were proposed and approved for the detainees. A total of two Special Interrogation Plans were carried out. They are referred to herein as the "First Special Interrogation Plan" and the "Second Special Interrogation Plan".

THE FIRST SPECIAL INTERROGATION PLAN

On 23 Nov 02 interrogators initiated the first Special Interrogation Plan. The interrogation plan was designed to counter resistance techniques of the subject

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of the first Special Interrogation Plan. The memo authorizing the techniques for this interrogation was signed by SECDEF on 2 Dec 02. These techniques supplemented techniques already permitted under the provisions of FM 34-52.

Allegation: That military interrogators improperly used military working dogs (MWD) during interrogation sessions to threaten detainees, or for some other purpose.

Finding #11a: On one occasion in October 2002 a military working dog was brought into the interrogation room and directed to growl, bark, and show his teeth at the subject of the first Special Interrogation Plan.

Technique: Unauthorized prior to 12 Nov 02.

Discussion: a. October 2002 incident: GTMO records indicate that on 01 Oct 02, the Commander of JTF-170 requested Joint Detention Operations Group (JDOG) support for interrogation operations to interrogate the subject of the first Special Interrogation Plan. The dog was requested to assist in the movement of the subject of the first Special Interrogation Plan between Camp X-ray and the GTMO Naval Brig to "discourage the detainee from attempting to escape." The interrogation plan (IP) indicates that the interrogation would begin on the 2nd or 3rd of October 2002. One FBI agent in his statement recalls the MWD being used on or about 05 Oct 02. He indicated that the events were notable for several reasons. He had recently purchased a German Shepard and wanted to get some "tips" from the dog handlers. The FBI agent noticed that there were two working dog teams (one Navy and one Army) present for the interrogation of the subject of the first Special Interrogation Plan. Finally, the FBI agent recalled that he and his partner left the observation room when the MWD was introduced into the interrogation room. The FBI agent's partner corroborates this statement.

In addition an interrogator indicated that she recalled a MWD being brought into the interrogation room during interrogation of the subject of the first Special Interrogation Plan at Camp X-ray, between 02-10 Oct 02. She stated that the dogs were used only "briefly." She stated that the use of the dog was documented on the IP and approved by the ICE Chief and CDR, JTF-GTMO

Finding #11b: In November 2002 a military working dog was brought into the interrogation room and directed to growl, bark, and show his teeth at the subject of the first Special Interrogation Plan.

Technique: Authorized: SECDEF approved the use of Category I and II techniques for the subject of the first Special Interrogation Plan. Category II technique permits the use of dogs to exploit "individual phobias" during interrogations.

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Discussion: b. An interrogator testified that the MWD was in the booth on one occasion for the subject of the first Special Interrogation Plan. He testified that he was approached by another interrogator and discussed the use of a MWD in an interrogation session. Specifically, the first interrogator stated that the second interrogator told him that a MWD was brought into the doorway of the interrogation room and ordered by the dog handler to growl, show teeth and bark at the detainee. In addition a psychologist assigned to the Behavioral Science Consultation Team (BSCT) for JTF-170/JTF-GTMO witnessed the use of a MWD named "Zeus" during a military interrogation of the subject of the first Special Interrogation Plan during the November 2002 time period. In his interview, the ICE Chief acknowledged that an MWD had entered the interrogation room of the subject of the first Special Interrogation Plan under the authority of a "special IP" for the subject of the first Special Interrogation Plan. The unsigned but approved interrogation plan for the subject of the first Special Interrogation Plan is from 12 Nov 02. (Church p. 115) It indicates dogs will only be used in interrogation if approved in writing, in advance. Both JTF-GTMO Commanders who were in charge during the execution of the special interrogation plan deny that they authorized the use of MWDs in the interrogation room.

Organizational response: a. and b. None. Current SOPs expressly prohibit the use of MWDs in the interrogation room. There is no evidence that this has ever happened again.

Recommendation #11: The allegation should be closed. While the ICE Chief was aware of and condoned the first use of the MWD, additional corrective action is not necessary. The event occurred on two occasions and was expressly approved after the first occasion for this detainee. This practice is now specifically prohibited by current GTMO interrogation policy.

<u>Allegation</u>: That a female military interrogator performed a "lap dance" on a detainee during an interrogation. I have expanded this allegation to "That female military interrogators performed acts designed to take advantage of their gender in relation to Muslim males."

Finding #12a: On 21 and 23 Dec 02, MPs held down a detainee while a female interrogator straddled the detainee without placing weight on the detainee;

Technique: Authorized: FM 34-52 technique – Futility – Act used to highlight futility of the detainee's situation.

Finding #12b: On 04 Dec 02, a female interrogator massaged the detainee's back and neck over his clothing;

Technique: Authorized: FM 34-52 technique – Futility – Act used to highlight futility of the detainee's situation.

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Finding #12c: On various occasions between October 2002 and January 2003, a female interrogator invaded the private space of a detainee to disrupt his concentration during interrogation;

Technique: Authorized: FM 34-52 technique – Futility – act used to highlight futility of the detainee's situation.

Discussion: Interrogation logs and MFRs for the subject of the first Special Interrogation Plan document that on both 21 and 23 Dec 02, a female interrogator straddled, without putting any weight on the detainee, the subject of the first Special Interrogation Plan while he was being held down by MPs. During these incidents a female interrogator would tell the detainee about the deaths of fellow Al-Qaeda members. During the straddling, the detainee would attempt to raise and bend his legs to prevent the interrogator from straddling him and prayed loudly. Interrogation MFRs also indicate that on 04 Dec 02, a female interrogator began to enter the personal space of the subject of the first Special Interrogation Plan, touch him, and ultimately massage his back while whispering or speaking near his ear. Throughout this event, the subject of the first Special Interrogation Plan prayed, swore at the interrogator that she was going to Hell, and attempted to get away from her. The female interrogator admitted in her interview that she personally prepared portions of the MFRs of the the subject of the first Special Interrogation Plan interrogations. She asserts that she had permission to employ all these techniques. We have found no evidence of a lap dance ever occurring.

Organizational response: No disciplinary action taken. The ICE Chief approved these techniques at the time.

Recommendation #12: The allegation should be closed. No command action is necessary with respect to the individual interrogators. Their supervisor acknowledged that he approved the approaches at the time of the interrogation. AR 15-6 recommends that the approval authority for the use of gender coercion as futility technique be withheld to the JTF GTMO-CG.

<u>Allegation</u>: That DoD interrogators improperly played loud music and yelled loudly at detainees.

Finding #13: On numerous occasions between November 2002 and 15 Jan 03, the subject of the first Special Interrogation Plan was yelled at or subjected to loud music during interrogation.

Technique: Authorized: FM 34-52 technique – Incentive and Futility – acts used as reward for cooperating or to create futility in not cooperating.

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Discussion: See above discussion for Finding #4.

Organizational response: No disciplinary action required; technique authorized.

Recommendation #13: The allegation should be closed. Recommend JTF-GTMO develop specific guidance on the length of time that a detainee may be subjected to futility music. Placement of a detainee in the interrogation booth and subjecting him to loud music and strobe lights should be limited and conducted within clearly prescribed limits.

Allegation: That military interrogators improperly used extremes of heat and cold during their interrogation of detainees.

Finding #14: On several occasions between November 2002 and January 2003 interrogators would adjust the air conditioner to make the subject of the first Special Interrogation Plan uncomfortable.

Technique: Unauthorized prior to 16 Apr 03: SECDEF did not approve exposure to cold in his 2 Dec 02 list of approved techniques

Discussion. There are no medical entries indicating the subject of the first Special Interrogation Plan ever experienced medical problems related to low body temperature. The subject of the first Special Interrogation Plan's medical records do indicate that he did have a body temperature between 95 and 97 degrees twice. The subject of the first Special Interrogation Plan's medical records do indicate that from 7-9 Dec 02 he was hospitalized for observation after an episode of bradycardia. He was released within forty-eight hours, after the bradycardia resolved without intervention and he maintained stable hemodynamics.[4] He experienced a second episode of bradycardia in Feb 03.

Organizational response: None

Recommendation #14: The allegation should be closed.

Allegation: That military interrogators improperly used sleep deprivation against detainees.

Finding #15: From 23 Nov 02 to 16 Jan 03, the subject of the first Special Interrogation Plan was interrogated for 18-20 hours per day for 48 of the 54 days, with the opportunity for a minimum of four hours rest per day.

Technique: Authorized: SECDEF approved technique. This technique was officially permitted under 2 Dec 02 SECDEF Memorandum – The use of 20-hour interrogations

[4] Bradycardia is a relatively slow heart; hemo dynamics are mechanics of blood circulation.

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Discussion: SECDEF approved 20 hour interrogations for every 24-hour cycle for the subject of the first Special Interrogation Plan on 12 Nov 02. Later, CDR USSOUTHCOM formalized the definition of sleep deprivation in his 02 Jun 03 memorandum "promulgating" SECDEF's interrogation techniques of 16 Apr 03. He defined sleep deprivation as keeping a detainee awake for more than 16 hours, or allowing a detainee to rest briefly and then repeatedly awakening him, not to exceed four days in succession.

Organizational response: None. This was an authorized interrogation technique approved by SECDEF.

Recommendation #15: The allegation should be closed. Recommend USSOUTHCOM clarify policy on sleep deprivation.

Additional Allegations, Re: The subject of the first Special Interrogation Plan: In addition to the FBI allegations addressed above, the following additional interrogation techniques (not all inclusive) were used in the interrogation of the subject of the first Special Interrogation Plan. Each act is documented in the interrogation MFRs maintained on the subject of the first Special Interrogation Plan.

Finding #16a: That the subject of the first Special Interrogation Plan was separated from the general population from 8 Aug 02 to 15 Jan 03.

Technique: Unauthorized prior to 12 Nov 02: SECDEF did not approve movement of detainee to an "isolation facility" for interrogation purposes prior to approval of Category II techniques for the subject of the first Special Interrogation Plan on 12 Nov 02.

Technique: Authorized after 12 Nov 02:

Discussion: The subject of the first Special Interrogation Plan was never isolated from human contact. The subject of the first Special Interrogation Plan was however placed in an "isolation facility" where he was separated from the general detainee population from 8 Aug 02 to 15 Jan 03. The subject of the first Special Interrogation Plan routinely had contact with interrogators and MPs while in the "isolation facility." The SECDEF did not define "isolation facility" when he approved the use of an "isolation facility" for up to 30 days with additional isolation beyond 30 days requiring CDR JTF-GTMO approval on 12 Nov 02. Prior to the SECDEF's approval, placement in an "isolation facility" was not an authorized interrogation technique.

Organizational response to Additional Allegations, Re: The subject of the first Special Interrogation Plan: None taken.

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Eight Techniques Below: Authorized: FM 34-52 technique – Ego down and Futility.

Finding #16b: On 06 Dec 02, the subject of the first Special Interrogation Plan was forced to wear a woman's bra and had a thong placed on his head during the course of the interrogation.

Finding #16c: On 17 Dec 02, the subject of the first Special Interrogation Plan was told that his mother and sister were whores.

Finding #16d: On 17 Dec 02, the subject of the first Special Interrogation Plan was told that he was a homosexual, had homosexual tendencies, and that other detainees had found out about these tendencies

Finding #16e: On 20 Dec 02, an interrogator tied a leash to the subject of the first Special Interrogation Plan's chains, led him around the room, and forced him to perform a series of dog tricks.

Finding #16f: On 20 Dec 02, an interrogator forced the subject of the first Special Interrogation Plan to dance with a male interrogator.

Finding #16g: On several occasions in Dec 02, the subject of the first Special Interrogation Plan was subject to strip searches.[5] These searches, conducted by the prison guards during interrogation, were done as a control measure on direction of the interrogators.

Finding #16h: On one occasion in Dec 02, the subject of the first Special Interrogation Plan was forced to stand naked for five minutes with females present. This incident occurred during the course of a strip search.

Finding #16i: On three occasions in Nov 02 and Dec 02, the subject of the first Special Interrogation Plan was prevented from praying during interrogation

Finding #16j: Once in Nov 02, the subject of the first Special Interrogation Plan became upset when two Korans were put on a TV, as a control measure during interrogation, and in Dec 02 when an interrogator got up on the desk in front of the subject of the first Special Interrogation Plan and squatted down in front of the subject of the first Special Interrogation Plan in an aggressive manner and unintentionally squatted over the detainee's Koran.

Finding #16k: On seventeen occasions, between 13 Dec 02 and 14 Jan 03, interrogators, during interrogations, poured water over the subject of the first Special Interrogation Plan head.

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[5] The subject of the first Special Interrogation Plan alleges that he was subject to "cavity searches." During the course of interrogation, the subject of the first Special Interrogation Plan was strip searched. The AR 15-6 was unable to determine the scope of these strip searches.

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Discussion: the subject of the first Special Interrogation Plan was a high value detainee that ultimately provided extremely valuable intelligence. His ability to resist months of standard interrogation in the summer of 2002 was the genesis for the request to have authority to employ additional counter resistance interrogation techniques. The techniques used against the subject of the first Special Interrogation Plan were done in an effort to establish complete control and create the perception of futility and reduce his resistance to interrogation. For example, this included the use of strip searches, the control of prayer, the forced wearing of a woman's bra, and other techniques noted above. It is clear based upon the completeness of the interrogation logs that the interrogation team believed that they were acting within existing guidance. Despite the fact that the AR 15-6 concluded that every technique employed against the subject of the first Special Interrogation Plan was legally permissible under the existing guidance, the AR 15-6 finds that the creative, aggressive, and persistent interrogation of the subject of the first Special Interrogation Plan resulted in the cumulative effect being degrading and abusive treatment. Particularly troubling is the combined impact of the 160 days of segregation from other detainees, 48 of 54 consecutive days of 18 to 20-hour interrogations, and the creative application of authorized interrogation techniques. Requiring the subject of the first Special Interrogation Plan to be led around by a leash tied to his chains, placing a thong on his head, wearing a bra, insulting his mother and sister, being forced to stand naked in front of a female interrogator for five minutes, and using strip searches as an interrogation technique the AR 15-6 found to be abusive and degrading, particularly when done in the context of the 48 days of intense and long interrogations.[6] While this treatment did not rise to the level of prohibited inhumane treatment the JTF-GTMO CDR was responsible for the interrogation of the subject of the first Special Interrogation Plan and had a responsibility to provide strategic guidance to the interrogation team. He failed to monitor the interrogation and exercise commander discretion by placing limits on the application of otherwise authorized techniques and approaches used in that interrogation. The Commander stated he was unaware of the specific details or impacts of the techniques on the detainee for this important interrogation. His failure to supervise the interrogation of the subject of the first Special Interrogation Plan allowed subordinates to make creative decisions in an environment requiring extremely tight controls[7].

Recommendation #16: The Commander JTF-GTMO should be held accountable for failing to supervise the interrogation of the subject of the first Special Interrogation Plan and should be admonished for that failure.

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[6] The AR 15-6 found no evidence that the subject of the first Special Interrogation Plan was ever physically assaulted. His medical records show no evidence of any physical assaults. A medical examination completed on the subject of the first Special Interrogation Plan on 16 Jan 03 found no medical conditions of note.

[7] The JTF-GTMO Commander's testimony that he was unaware of the creative approaches taken in the interrogation is inconsistent with his 21 Jan 03 letter to CDR USSOUTHCOM in which he asserts that the CJTF approved the interrogation plan in place and it was followed "relentlessly by the command."

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Allegation: In addition to the allegations above, the AR 15-6 also considered additional allegations raised specifically by the subject of the first Special Interrogation Plan.

Finding #17: The AR 15-6 was unable to corroborate the subject of the first Special Interrogation Plan's allegations to the point of concluding that they had occurred by a preponderance of the evidence. Specific findings include:

The AR 15-6 did find that the subject of the first Special Interrogation Plan was required to stand for periods of time which he may have interpreted as forced positions.

There is evidence that the subject of the first Special Interrogation Plan regularly had water poured on his head. The interrogation logs indicate that this was done as a control measure only.

There is no evidence that the subject of the first Special Interrogation Plan was subjected to humiliation intentionally directed at his religion. It is however possible that the subject of the first Special Interrogation Plan interpreted many of the interrogation techniques employed to be religious humiliation.

The AR 15-6 found no evidence that the subject of the first Special Interrogation Plan was threatened with homosexual rape. He was told on 17 Dec 02 that he was a homosexual but not threatened in any manner.

There is no evidence, to include entries in his medical records, that either occurred regarding the subject of the first Special Interrogation Plan or any other detainee.

Discussion: In reaching conclusions on the treatment of the subject of the first Special Interrogation Plan the AR 15-6 relied heavily on the interrogations logs. The level of specificity of the logs strongly supports their credibility regarding the interrogation of the subject of the first Special Interrogation Plan and thus they carried considerable weight on the findings.

Recommendation #17: The allegation should be closed

THE SECOND SPECIAL INTERROGATION PLAN

In July 03 interrogators initiated a request for approval of a Special Interrogation Plan for a detainee. This plan was approved by SECDEF on 13 Aug 03. Interrogation logs indicate that the techniques were never implemented because the subject of the second special interrogation plan began to cooperate prior to the approval.

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In addition to the interrogation logs, the AR 15-6 also considered allegations of abuse raised by the subject of the second special interrogation, himself. Specifically, after months of cooperation with interrogators, on 11 Dec 04, the subject of the second special interrogation notified his interrogator that he had been "subject to torture" by past interrogators during the months of July to October 2003.[8]

Allegation: That military interrogators improperly used extremes of heat and cold during their interrogation of detainees.

Finding #18: During the summer of 2003, interrogators would adjust the air conditioner to make the subject of the second special interrogation uncomfortable.

Technique: Authorized: SECDEF approved technique. This technique was officially permitted under 16 Apr 03 SECDEF Memorandum – Environmental Manipulation.

Discussion: The interrogation logs of the subject of the second Special Interrogation Plan indicate that on at least two occasions on 10 and 11 Jul 03 the air conditioner was turned off to heat up the room. In addition the subject of the second special interrogation alleges that on repeated occasions from Jul 03 to Oct 03, he was subjected to placement in a room referred to as the "freezer."

Organizational response: No disciplinary action required. Environmental manipulation was expressly permitted in the 16 Apr 03 SECDEF Memorandum. There is no evidence in the medical records of the subject of the second special interrogation being treated for hypothermia or any other condition related to extreme exposure.

Recommendation #18: The allegation should be closed.

Allegation: The subject of the second special interrogation alleges that female military interrogators removed their BDU tops and rubbed themselves against the detainee, fondled his genitalia, and made lewd sexual comments, noises, and gestures.

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[8] He reported these allegations to an interrogator. The interrogator was a member of the interrogation team at the time of the report. The interrogator reported the allegations to her supervisor. Shortly after being advised of the alleged abuse, the supervisor interviewed the subject of the second special interrogation, with the interrogator present, regarding the allegations. Based upon this interview, and notes taken by the interrogator, the supervisor prepared an 11 Dec 04 MFR addressed to JTF – GTMO JIG & ICE. The supervisor forwarded his MFR to the JTF – GTMO JIG. The JIG then forwarded the complaint to the JAG for processing IAW normal GTMO procedures for investigating allegations of abuse. The JAG by email on 22 Dec 04 tasked the JDOG, the JIG, and the JMG with a review of the complaint summarized in the 11 Dec 04 MFR and directed them to provide any relevant information. The internal GTMO investigation was never completed.

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Finding #19: The AR 15-6 was unable to corroborate the allegations to the point of concluding that they had occurred by a preponderance of the evidence.

Discussion: The interrogation logs for the subject of the second special interrogation indicate that on a number of occasions female interrogators used their status as females to distract the subject of the second special interrogation during the interrogation but there is nothing to corroborate the allegation of the subject of the second special interrogation.

Organizational response: No disciplinary action taken.

Recommendation #19: The allegation should be closed.

Allegation: The subject of the second Special Interrogation Plan alleges that in late summer of 2003 he was hit by guards and an interrogator "very hard" and "with all their strength" he was hit "all over."

Finding #20: The AR 15-6 was unable to corroborate the allegations to the point of concluding that they had occurred by a preponderance of the evidence.

Discussion: The interrogation logs contain no reference to any physical violence against the subject of the second Special Interrogation Plan. His medical records indicate that in August 2003 the subject of the second special interrogation reported "rib contusions" from an altercation with MPs when moved between camps. During this examination the physician also noted an "edema of the lower lip" and a "small laceration" on his head. There are no other medical entries of any other physical injuries. There are no indications of swelling or contusions to support a conclusion that the subject of the second special interrogation was hit "very hard all over."

Organizational response: No disciplinary action taken. The allegation was not substantiated.

Recommendation #20: The allegation should be closed. There is no evidence to support the subject of the second special interrogation's allegation of physical abuse.

Allegation: A DoD interrogator improperly impersonated a Navy Captain assigned to the White House.

Finding #21: The Special Team Chief impersonated a USN Captain assigned to the White House during interrogation of the subject of the second special interrogation.

Technique: Authorized: This technique is permitted under FM 34-52 – Deception.

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Discussion: On 2 Aug 03 the Special Team Chief presented himself to the subject of the second special interrogation dressed as a Captain in the USN and indicated he was from the White House in an effort to convince the subject of the second special interrogation that he needed to cooperate with his interrogators. The Special Team Chief presented a letter to the subject of the second special interrogation, which indicated that because of the subject of the second special interrogation's lack of cooperation, U.S. authorities in conjunction with authorities from the country of origin of the subject of the second Special Interrogation Plan would interrogate the mother of the subject of the second Special Interrogation Plan. The letter further indicated that if his mother was uncooperative she would be detained and transferred to U.S. custody at GTMO for long term detention. While the JTF-GTMO Commander acknowledges that he was aware of the intent by the interrogator to wear Captain's rank and purport to be from the White House, he stated that he was not aware of the intention to convey a threat or the plan to use a fictitious letter.

Organizational response: None taken.

Recommendation #21: The allegation should be closed. No further action necessary.

<u>Allegation</u>: That Military interrogators threatened the subject of the second special interrogation and his family.

Finding #22: The Special Team Chief threatened the subject of the second special interrogation and his family in July, August and September 2003.

Technique: Unauthorized: This technique was rejected by SECDEF on 2 Dec 2002

Discussion: During the interrogation of the subject of the second special interrogation, a masked interrogator was used to interrogate the subject of the second special interrogation [9]. On 17 Jul 03 the masked interrogator told that he had a dream about the subject of the second special interrogation dying. Specifically he told the subject of the second special interrogation that in the dream he "saw four detainees that were chained together at the feet. They dug a hole that was six-feet long, six-feet deep, and four-feet wide. Then he observed the detainees throw a plain, pine casket with the detainee's identification number painted in orange lowered into the ground." The masked interrogator told the detainee that his dream meant that he was never going to leave GTMO unless he started to talk, that he would indeed die here from old age and be buried on "Christian… sovereign American soil." On 20 Jul 03 the masked interrogator, "Mr.

[9] The interrogator was a DoD interrogator who was masked so as to preserve the identity of the interrogator. This was done in case the interrogation team wanted to use that interrogator later in another role.

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X", told the subject of the second Special Interrogation Plan that his family was "incarcerated." On 2 Aug 03, the Special Team Chief, while impersonating a USN Captain from the White House, told the subject of the second special interrogation that he had a letter indicating that the subject of the second special interrogation's family had been captured by the United States and that they were in danger.[10] He went on to tell the subject of the second special interrogation that if he wanted to help his family he should tell them everything they wanted to know. The MFR dated 02 Aug 03 indicates that the subject of the second special interrogation had a messenger that day there to "deliver a message to him". The MFR goes on to state:

> "That message was simple: Interrogator's colleagues are sick of hearing the same lies over and over and are seriously considering washing their hands of him. Once they do so, he will disappear and never be heard from again. Interrogator assured detainee again to use his imagination to think of the worst possible scenario he could end up in. He told Detainee that beatings and physical pain are not the worst thing in the world. After all, after being beaten for a while, humans tend to disconnect the mind from the body and make it through. However, there are worse things than physical pain. Interrogator assured Detainee that, eventually, he will talk, because everyone does. But until then, he will very soon disappear down a very dark hole. His very existence will become erased. His electronic files will be deleted from the computer, his paper files will be packed up and filed away, and his existence will be forgotten by all. No one will know what happened to him and, eventually, no one will care."

Finally, interrogator MFRs dated 08 Sep 03 indicate that the subject of the second special interrogation wanted to see "Captain Collins" and that they "understood that detainee had made an important decision and that the interrogator was anxious to hear what Detainee had to say. Detainee stated he understood and will wait for interrogator's [Captain Collins] return and that the subject of the second Special Interrogation Plan "…was not willing to continue to protect others to the detriment of himself and his family."

In investigating the actions above, the AR 15-6 focused on the threat made by the Special Team Chief.[11] When questioned about the threats to the subject of the second special interrogation, the Special Team Chief indicated that prior to the "threat" to detainee the subject of the second special interrogation he cleared the proposal and the letter with the senior judge advocate who approved the technique as a "deception." As written the letter does contain a threat to detain the subject of the second special interrogation's mother but does not contain any threat on her life or that of her family. The SJA indicated in his initial interview

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[10] The actual content of the letter simply indicates that his mother will be taken into custody and questioned.

[11] Mr. X's dream story does not rise to the level of a threat. It appears to be a staged prelude to the direct threat made by the Special Team Chief.

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that he did not recall the letter. He subsequently elected to exercise his Article 31 rights and declined to answer direct questions about the letter and the threats. The Special Team Chief also indicated that both JIG Chiefs in charge during the promulgation of the Special Interrogation Plan[12] were also aware of the threat letter. The first JIG Chief has retired and was unwilling to cooperate with this investigation. The second JIG Chief indicated under oath that he was unaware of the interrogation events discussed above. He recognizes, that read in conjunction with each other, they indicate a threat. He believes that the Commander of JTF-GTMO was not aware of the threat since the second JIG Chief was not aware of the threat. The second JIG Chief stated that they had weekly meetings with the Commander to discuss interrogations but they would not have covered this level of detail in that meeting. Neither he nor the Commander read interrogation MFRs on a regular basis. Finally, the Commander denies any knowledge of the existence of the threat or the letter. He does not recall ever discussing the issue of threats with the interrogators. He is aware that this is a prohibited practice and would not have permitted it if he had been aware of the plan.

Taken as a whole, it appears that the decision to threaten the subject of the second Special Interrogation Plan was made by the Special Team Chief. He claims that he cleared the plan with the senior judge advocate but not with his supervisors. Considering the actual content of the letter, it is reasonable to conclude that the JAG advised that the letter was a proper deception and therefore additional approval was not required. The Special Team Chief knew that under FM 34-52 deception did not require additional approval.

Despite the fact that the letter may be a proper deception technique under FM 34-52, the interrogation logs clearly indicate that the interrogation went well beyond the "threat to detain" made in the letter, and in fact was a threat to the subject of the second special interrogation and his family that violated the UCMJ, Article 134 Communicating a threat.

Organizational Response: None taken.

Recommendation #22: While the threats do not rise to the level of torture as defined under U.S. law, the facts support a conclusion that the Special Team Chief violated the UCMJ, Article 134, by communicating a threat. Recommend his current commander discipline the Special Team Chief.

[12] The first JIG Chief was in charge during the approval process for the second Special Interrogation Plan and then rotated out of JTF-GTMO. The second JIG Chief was in charge during the execution of the second Special Interrogation Plan

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SUMMARY OF FINDINGS

The findings above fall into three categories: Techniques that were authorized throughout the interrogation periods; techniques that were never authorized and finally, techniques that were originally unauthorized, and then subsequently authorized. The summary below only outlines the latter two categories of techniques to address whether the findings violated the UCMJ, international law, U.S. Law, regulations or directives.

Techniques that were never authorized: AR 15-6 determined the following acts were NEVER authorized under any interrogation guidance:

a) On at least two occasions between February 2002 and February 2003, two detainees were "short shackled" to the eye-bolt on the floor in the interrogation room;

b) Sometime in October 2002 duct tape was used to "quiet" a detainee.

c) Military interrogators threatened the subject of the second special interrogation and his family;

Techniques that became authorized after the fact: AR 15-6 determined the following acts were initially not authorized under existing interrogation guidance but later authorized as an approved technique.

a) On several occasions during 2002 and 2003, interrogators would adjust the air conditioner to make the detainees, to include the subject of the first Special Interrogation Plan, uncomfortable. This technique is now permitted under the SECDEF 16 Apr 03 guidance.

b) On several occasions prior to 2 Dec 02 and between 15 Jan 03 and 16 Apr 03 interrogators had detainees moved from one cell to another every few hours to disrupt sleep patterns and lower the ability to resist interrogation. This technique is now permitted under the SECDEF 16 Apr 03 guidance.

c) In October 2002 a Military Working Dog was brought into the interrogation room during the course of interrogation of the subject of the first Special Interrogation Plan and directed to growl, bark, and show his teeth at the detainee. This technique is subsequently approved for the interrogation of the subject of the first Special Interrogation Plan by SECDEF on 12 Nov 02.

d) The subject of the first Special Interrogation Plan was separated from other detainees in an isolation facility away from the general population from 8 Aug 02 to 12 Nov 02. This technique was subsequently approved

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for the interrogation of the subject of the first Special Interrogation Plan by SECDEF on 12 Nov 02.

In each of the incidents above the violations can best be characterized as violations of policy. The SECDEF's subsequent approval of each of the techniques clearly establishes the ultimate legitimacy of that technique and thus additional corrective action is not necessary.

Additional Matters: In addition to findings outlined above it is important to document some additional findings:

a) The team found no evidence that any detainee at GTMO was improperly documented or unaccounted for at any time. Every agency interviewee clearly indicated that they never knew of any "ghost detainees" at GTMO;

b) Several past interrogators at GTMO declined to be interviewed. In the case of personnel who are currently in a civilian status we had extremely limited authority to compel the individuals to cooperate with this investigation; of particular note was former SGT Erik Saar who has written a book into "activities" at GTMO. Despite repeated requests he declined to be interviewed;

c) During the course of this investigation, JTF-GTMO CG investigated and took action for personal misconduct of senior DoD personnel on GTMO. These allegations were reviewed and it was determined that they were not relevant to this investigation, and did not rise to a level to suggest a leadership environment with any impact on interrogation or detainee operations.

ADDITIONAL RECOMMENDATIONS

This AR15-6 recommends consideration of the following:

a) ***Recommendation #23*** Recommend a policy-level review and determination of the status and treatment of all detainees, when not classified as EPWs. This review needs to particularly focus on the definitions of humane treatment, military necessity, and proper employment of interrogation techniques. (e.g. boundaries or extremes);

b) ***Recommendation #24*** Recommend study of the DoD authorized interrogation techniques to establish a framework for evaluating their cumulative impact in relation to the obligation to treat detainees humanely;

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c) ***Recommendation #25*** Recommend a reevaluation of the DoD and Inter-agency interrogation training consistent with the new realities of the requirements of the global war on terror;

d) ***Recommendation #26*** Recommend a policy-level determination on role of Military Police in "setting the conditions" for intelligence gathering and interrogation of detainees at both the tactical level and strategic level facilities;

e) ***Recommendation #27*** Recommend an Inter-Agency policy review to establish "standards" for interrogations when multiple agencies and interrogation objectives are involved. Particular emphasis should be placed on setting policy for who has priority as the lead agency, the specific boundaries for the authorized techniques in cases with multiple agencies involved, a central "data-base" for all intelligence gathered at a detention facility, and procedures for record keeping to include historical, litigation support, lessons learned, and successful/unsuccessful intelligence gathering techniques.

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TRANSLATION OF STATEMENT PROVIDED BY DETAINEE [redacted] b7e-4, b6-4
NDRS [redacted] 19 Jun 04/1040

On Nov.11, 2004, I was captured while I was doing my daily work in my private office, which is specialized in agriculture services, and that was at 11:00 AM, and at that time I was selling agriculture pump to another person, while almost four Bajero cars stopped, and American civilian persons mounted from the cars. They were armed white persons and some of them had a goatee. One of them ordered me to lay on the ground and he put a plastic piece in my mouth and hooded me and tied my hands to my back, and took me to the car, and when the car started moving, and after a little period of time, one of them tried to break my right thumb, and when he heard the sound of my finger twisting, he started laughing loudly. One of them asked me, "Are you [redacted] I said, "Yes." After b7e-4, b6-4 a little time I heard a call in the radio telling them that there a suspicious orange and white taxi, and they might be attacked, and after a little time they had another call which told them that the danger was vanished, then one of them hit me six times on my neck back with the lower part of his weapon, and the other person who was sitting with me in the rear of the car and keeping my head down, kicked me on my back with his neck. When we arrived at the detaining camp, they stripped me and put water on my body, and that continued for seven days night and day. One of the persons, I think he was Iraqi, hit me several time on my head with his hand, and they turned on a very loud recorder near my head, and that continued for all the detaining period. That way continued for continuous seven days, where I had no sleep except for two limited periods, and that was done by the recorder and cold water, and there was no place assigned for sleep as well, and the weather was too cold, and I was completely naked, as well as I got only eight pieces of biscuits along with the first seven days, which resulted in quick prostration of my body. There was an Iraqi translator, who was the only person who practiced hitting me using his hands, and once he used his legs, but the Americans were practicing other ways of torturing, as two persons were pressing my joints in a way resulted in paralyzing its functions, which caused severe pains and incredible exhaustion starting with my feet up to my neck. When my health situation collapsed, specially my feet which were swelling too much, and I found difficulty in walking and keeping my balance, and that because once one of them was pulling my hood back and pushing my back with his foot and my feet were dragging back, he pulled the hood which resulted in that American's fall back, while my head was hit to the cemented wall, and the blood started bleeding from my nose and mouth, and since that accident I couldn't keep my balance while I am standing. After that I was transferred to the camp of detainees in Al Mosel air port, as a result of my health collapse, and when I entered the camp, they transferred me immediately to the hospital where I was medically treated for almost five to six days, and then I was returned back to the camp of detainees, and after two days I was taken by the same persons for six hours and I had the same ways of previous torturing, as well as pouring hot liquid on my back, and sitting me close to fire, which resulted in burning a part of my right leg, and they put a very hot lamp on my thigh for a very short time. At the end they threatened me that they would bring my wife and my mother and that they would rape them if I did not confess. When I asked them to bring a paper and write whatever they want, I would sign it without any objection. At the end they apologized and said that there is no personal thing and we only doing our job, and they returned me back to the camp of detainees for

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Elwood, Courtney

From: Elwood, Courtney
Sent: Friday, April 21, 2006 4:55 PM
To: Gorsuch, Neil M
Subject: Read: Omar: Petitioners' Latest Motion

Murphy, Stephen J. (USAMIE)

From:	Murphy, Stephen J. (USAMIE)
Sent:	Monday, April 24, 2006 5:29 PM
To:	Berg, Terrence (USAMIE)
Subject:	Annual Report, 2005
Attachments:	tmp.htm; Annual Report 06.pdf

Friends and Colleagues --

Attached please find an annual report on the 2005 activities of the USAO for EDMi. Please call if you would like a hard copy.

Best wishes,
Stephen J. Murphy
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(313) 226-4609 (fax)
stephen.j.murphy@usdoj.gov

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Annual Report 2005

United States Attorney's Office
Eastern District of Michigan

U.S. Attorney's Office - Eastern District of Michigan
211 W. Fort Street, Detroit, Michigan 48226

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Dedication

The 2005 Annual Report is dedicated to the memory of Michele Tomsho, who served as Administrative Officer for this office from 1994 to May 2005, and served the Department of Justice for 25 years. Michele twice received the Department's prestigious Director's Award, personally presented by the U.S. Attorney General, during her career. She received a third Director's Award, posthumously, on October 28, 2005.

Letter from the U.S. Attorney

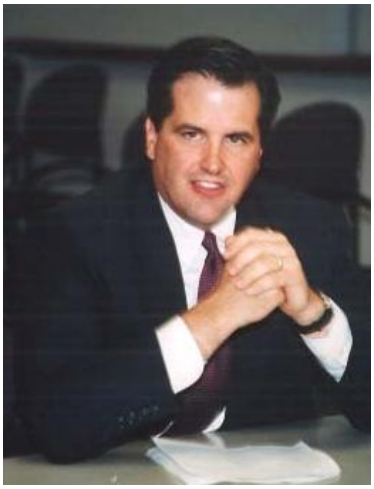

To All Those Interested in the Work of the Offi ce:

Greetings. I am pleased to present this 2005 Annual Report on the progress and activities of the Offi ce of United States Attorney for the Eastern District of Michigan over the past year. Many varying accomplishments are described in these pages, and the consummation of that effort is a tribute to the hard work, professionalism, and dedication of the attorneys and supporting personnel who make our offi ce the excellent one it is.

Since I became United States Attorney in March 2005, I have had the privilege of observing, participating in, and supervising some truly remarkable prosecution efforts and some highly signifi cant civil cases. In a wide variety of areas, from dismantling large-scale drug-traffi cking organizations, to prosecuting material support for terrorism cases; from human traffi cking and trade secret theft to violence and corruption, this offi ce has pursued, and is continuing to pursue, signifi cant investigations, prosecutions and other matters. I am proud that we have also successfully brought several cases that ensure security for the disabled and others who need and have the protections of federal civil rights laws.

In addition to these signifi cant cases, we had some exciting developments in other important areas as well. We continue to work hard to be present and, in fact, a positive presence, in all facets of our large and diverse community. In the areas of personnel and training, some new managers were welcomed onboard in April, and three new Assistant U.S. Attorneys were hired at the end of the year. Formal training and continuing legal education efforts aimed at furthering the development of all AUSAs is in the works.

We've also developed a written media relations manual for our AUSAs to rely upon and we hosted a management training retreat for our leaders. I believe we should see ourselves not only as attorneys and prosecutors in the district, but as effective leaders, both in our offi ce and in our community at large. A number of men and women have gone above and beyond the call of duty to truly lead this offi ce, and I think you will see that leadership on full display in the accomplishments described in this report.

In 2006, we will continue to pursue our number one priority, fi ghting domestic and international terrorism, both to protect our community and to prevent future attacks. We will also work hard on our other priority areas, including pursuing public corruption, drug traffi cking, violent and repeat fi rearms offenders, corporate and health care fraud, and continued community outreach. I look forward to working with you to meet these daily challenges.

Sincerely,

Stephen J. Murphy
United States Attorney

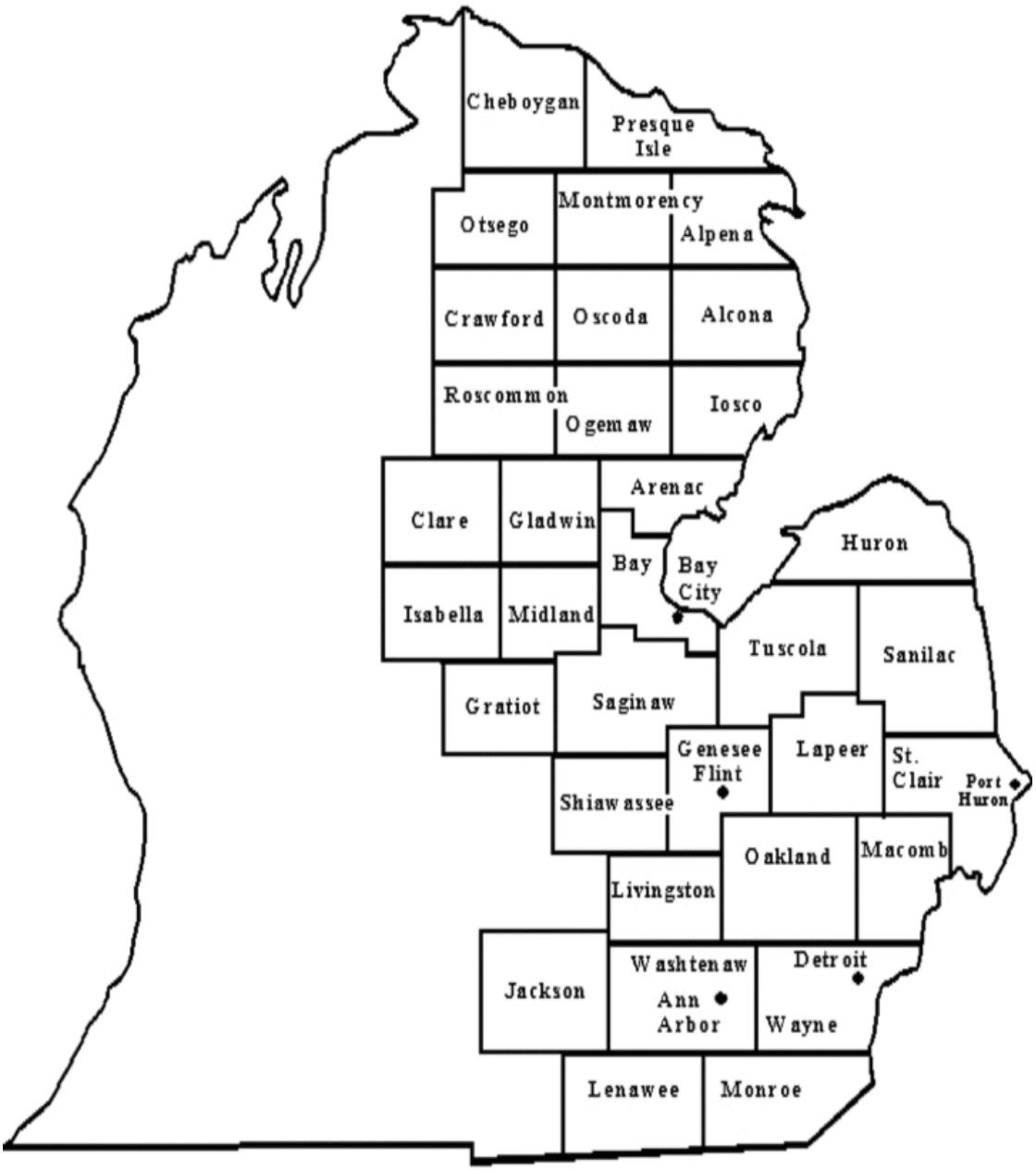

Map of Counties in the Eastern District of Michigan

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US Attorney's Biography - Stephen J. Murphy, III

Stephen J. Murphy, III, was nominated by President George W. Bush for the position of United States Attorney for the Eastern District of Michigan on February 17, 2005, and confirmed by unanimous consent of the U.S. Senate on June 8, 2005.

As U.S. Attorney, Mr. Murphy oversees offices in Detroit, Flint and Bay City, which comprise approximately 100 Assistant U.S. Attorneys and a similar number of support staff. He has identified office prosecutorial priorities in the areas of counter-terrorism, public corruption, illegal narcotics enforcement, and violent crime. The U.S. Attorney has also developed strategies for partnering with citizens in educational efforts to reduce crime and to develop highly effective firearms and violent crime initiatives under the President's Project Safe Neighborhood program.

Prior to his service as United States Attorney, Mr. Murphy was an attorney with the General Motors Legal Staff in Detroit, where he specialized in litigation, internal investigations, counseling on various business law issues and other "white collar" matters. Mr. Murphy was previously with the U.S. Department of Justice for more than twelve years: first as a trial attorney with the Civil and Tax Divisions in Washington, D.C. (hired by Attorney General Meese under the prestigious Honors Program), and then as a federal prosecutor in Detroit from 1992-2000. During his tenure as an Assistant U.S. Attorney, Mr. Murphy prosecuted and tried various violent, narcotics and white-collar criminal cases in Detroit. He has served as a public arbitrator for the National Association of Securities Dealers.

A 1987 graduate of the St. Louis University School of Law (where he helped edit the Law Review), Mr. Murphy is also active in legal and community affairs: he served as a member of the Michigan State Bar Board of Commissioners and sat on a committee appointed by the Michigan Supreme Court to revise the Michigan Rules of Criminal Procedure.

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Mission Statement

United States Attorney's Office
Eastern District of Michigan

Our mission is to serve justice by prosecuting federal crimes and representing the United States of America in federal court with diligence, fairness, and integrity. For us, doing right and upholding the letter and spirit of the Constitution and laws of the land are not only more important than prevailing in any single case, they are the standards by which we measure the success of every case.

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Office of the United States Attorney

Executive Office

The United States Attorneys serve as the nation's principal litigators under the direction of the Attorney General. There are 93 United States Attorneys stationed throughout the United States, Puerto Rico, the Virgin Islands, Guam, and the Northern Mariana Islands. United States Attorneys are appointed by, and serve at the discretion of, the President of the United States, with advice and consent of the United States Senate. One United States Attorney is assigned to each of the judicial districts, with the exception of Guam and the Northern Mariana Islands, where a single United States Attorney serves in both districts. The United States Attorney is the chief federal law enforcement officer of the United States within his or her particular jurisdiction.

United States Attorneys conduct most of the trial work in which the United States is a party. The United States Attorneys have three statutory responsibilities under Title 28, Section 507 of the United States Code:

- the prosecution of criminal cases brought by the federal government;
- the prosecution and defense of civil cases in which the United States is a party; and
- the collection of debts owed the federal government which are administratively uncollectible.

Although the distribution of caseloads varies between districts, each has every category of cases and handles a mixture of simple and complex litigation. Each United States Attorney exercises wide discretion in the use of his/her resources to further the priorities of the local jurisdictions and the needs of their communities. United States Attorneys have been delegated authority and control in the areas of personnel management, financial management, and procurement for their offices.

~ ~ ~

A Retrospective View: History of the United States Attorney's Office, Eastern District of Michigan

Like everything else on the Michigan frontier, the United States Attorney's Office was born of humble beginnings. In 1815 the Office consisted of one man, Solomon Sibley, and a small room where he prepared his legal pleadings and interminable correspondence with a quill pen. Being a pioneer lawyer in the Michigan territory could be a physically challenging and dangerous profession. Most of the time, Sibley and his successor "District Attorneys," as they were then known, appeared in court at the modest Second Council House, at the southwest corner of Jefferson and Randolph in Detroit. But they also were required to appear at other territorial courts in Cincinnati, Marietta or Chillicothe, Ohio. Since there were no roads and few lodging places, this meant braving the weather in a horseback trip on Indian trails through the wilderness, with legal papers in saddlebags and a long cloak as protection from snow and rain.

For most of the first century of the nation's history, the District Attorneys, particularly those in the territories, received very limited guidance or supervision from Washington, D.C. There was no Justice Department until 1870, and the Attorney General had no responsibility for monitoring

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the District Attorneys or their cases in the lower courts. The District Attorneys were relatively independent, especially in criminal matters. Along with the United States Marshal Service and local law enforcement, they were responsible for maintaining law and order for a developing nation. There were no criminal investigators until late in the century. The District Attorneys had to glean the evidence themselves to present to grand juries and at trial, sometimes with the help of private parties. Given the limitations on transportation and communication, prosecuting an undeveloped case on the frontier was a challenging task.

Throughout the 1800s the District Attorneys filled in the legal and procedural interstices in their federal litigation, either by ingenuity or by advice from others. They prosecuted criminal cases involving assaults and murders, timber depredation and gambling. Most of the civil cases involved either the collection of debts owed to the United States or matters stemming from the sale of land to the torrential migration of pioneers into the territory and, after 1837, the State of Michigan.

Solomon Sibley

During the Civil War, it was the United States Attorney's responsibility to enforce the nation's first draft law, which was quite unpopular, as well as to support the Union's war effort. After the war, the crime wave which swept across the country and the explosive growth of commercial activity resulted in a severe case backlog in the federal courts. The federal district in Michigan was split into the Eastern and Western Districts. These factors led to the acceptance by Congress that consolidation of the nation's legal business was needed. In 1870 the Attorney General was made chief legal officer and advisor, and the Justice Department was created to supervise the nation's law officers.

During the next few decades the Justice Department fostered three important developments: the creation of a permanent force of federal criminal investigators, the construction of a federal prison system, and the codification of the federal civil and criminal law. The Department also struggled among the competing legal departments of a growing number of federal agencies to define its authority and assume chief responsibility for the nation's legal affairs.

At the beginning of the twentieth century, the budget for the entire United States Attorney's Office here in Detroit was about $5,000. The United States Attorney had one Assistant United States Attorney and one Clerk. There were annually about 65 federal criminal cases, involving customs, tax and postal offenses and 41 civil cases, mostly customs cases. Judgments entered in favor of the United States totaled $944.46 and, of this amount, $197.24 was actually realized. World War I greatly increased the Office's legal responsibilities, which included draft registration enforcement, espionage prosecutions and litigation in support of the war effort.

The ramifications of the 18th Amendment prohibiting liquor indelibly changed the Office and, indeed, all of federal law enforcement. Treasury agents from Washington, D.C. focused on the Eastern District of Michigan, where gangs of booze-running mobsters competed in sometimes deadly fashion to smuggle the alcohol across the Detroit River from Canada to gang members waiting in warehouses on the Detroit side. The liquor was then loaded in trucks which distributed it throughout the Midwest. In Michigan, Prohibition was not only a failed social experiment but one which fostered the creation of organized, and often violent, groups of criminals and led to the

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corruption of public offi cials, massive congestion in federal courts, and, worst of all, a pervasive disrespect for the law.

In 1932 Prohibition ended, but the increased function of the federal government and the United States Attorney's Offi ce in public life continued. In virtually every signifi cant development in the history of Eastern Michigan, the United States Attorney's Offi ce has had a role in the form of representing the United States in court and enforcing the nation's laws. When President Roosevelt created a host of new, federal programs to respond to the country's economic crisis, the United States Attorney's Offi ce was responsible for supporting these efforts in litigation and providing advice to the local offi ces of the administrative departments. During World War II, the Offi ce's ten attorneys and twelve support staff worked twelve-hour days handling cases involving selective service, alien registration, and land condemnation for military purposes, as well as criminal prosecutions for harboring the enemy and other, more routine, criminal offenses.

First Federal Building in Detroit

A nineteenth century United States Attorney would be shocked at the increase in the size and complexity of the Offi ce during the last half of the twentieth century. The enforcement of federal law and the assertion and defense of federal interests in civil litigation takes a wide variety of forms and has required increased specialization and improved technology. The increased sophistication of the Offi ce's cases required the division of the Offi ce into Civil, Appellate, and Criminal Divisions. The Civil Division was subdivided into Defensive and Affi rmative Litigation Units. The Criminal Division was composed of the General Crimes, Economic Crime, Controlled Substance, Special Prosecutions, and Organized Crime Strike Force units. More recently, the Organized Crime Strike Force has merged with the Special Prosecutions Unit, and, in response to the attacks of September 11, 2001, a Counter-Terrorism Unit has been established.

During the 185 years of the Offi ce's existence in this District, the 53 United States Attorneys and hundreds of Assistant United States Attorneys and staff members have promoted a tradition of uniform treatment for all those whose interests have been affected in criminal and civil cases. They have sought to protect every person's right to fair procedures and a meaningful day in court and to a result which is reasoned and based on the rule of law of this nation. As the Offi ce moves into the new century, this tradition of integrity and dedication will sustain the next generation of attorneys and staff members who are privileged to represent, and to be accountable to, the citizens of the District.

Excerpted from *The History of the United States Attorney's Offi ce*,
by Assistant United States Attorney Ross Parker

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OFFICE STRUCTURE

Criminal Division

Assistant U.S. Attorneys in the Criminal Division are assigned to one of five units, each responsible for prosecuting certain categories of federal crimes.

The largest single unit is the Controlled Substance Unit which prosecutes major narcotics traffickers with an emphasis on conspiracies responsible for importation and distribution of substantial quantities of illegal drugs. The majority of attorneys in this unit are members of the Great Lakes Region of the Organized Crime and Drug Enforcement Task Force. The task force conducts investigations of selected conspiracies with the emphasis on detecting and seizing the financial assets of major drug traffickers.

The Economic Crimes Unit conducts investigations and prosecutions of a wide variety of white collar crimes, including large-scale fraud upon businesses and individuals, large-scale fraud involving identity theft, fraud upon government programs, health care fraud, corporate fraud, computer crime, and criminal intellectual property violations. The cases handled by this unit frequently involve lengthy investigations, complex financial analysis, and voluminous document examination.

The General Crimes Unit is responsible for a wide variety of offense categories, including firearms, immigration, bank robbery, embezzlement, counterfeiting, smuggling, food and drug, and Postal Violations. It is a higher volume unit, and many of the newer prosecutors are assigned to this component.

The Special Prosecutions Unit prosecutes corruption by public officials, offenses committed by traditional organized crime networks and emerging organized groups involved in criminal activity, environmental offenses, criminal violations of civil rights laws, and non-drug money laundering.

The Counter-Terrorism Unit investigates and prosecutes matters involving national security including individuals and organizations that engage in foreign counter-intelligence, espionage, and those who plan, financially support, or carry out international and domestic terrorist activities. The unit also has primary responsibility for coordinating the investigation and prosecution of certain transnational organized crime groups involved in alien smuggling, cash smuggling and the operation of illegal unlicensed money transmitting businesses.

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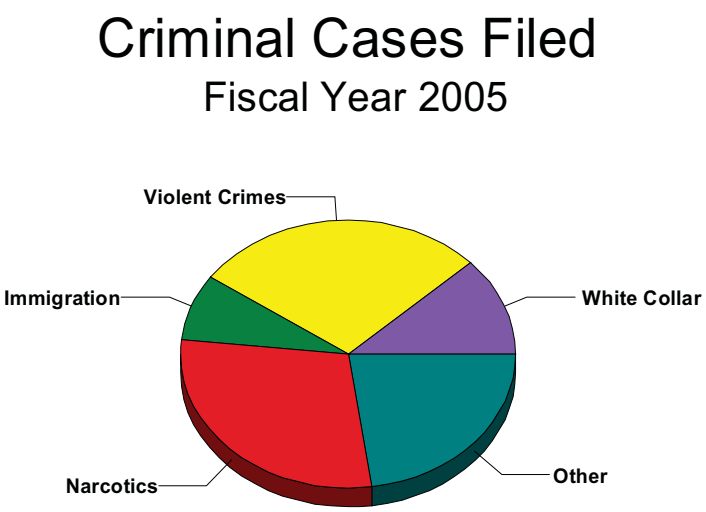

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Civil Division

The Civil Division handles an extensive civil case load consisting of the largest number of actively pending federal litigation fi les to be found among the major law fi rms in the metropolitan area. The Civil Division is divided into two components.

The Affi rmative Litigation Section is responsible for all civil cases in which the United States is seeking some type of monetary recovery and/or compliance with federal program requirements. This component handles judgment enforcement, civil penalty cases brought by various federal agencies, bankruptcy, asset forfeiture, environmental enforcement, and various civil fraud cases.

The Defensive Litigation Section defends lawsuits brought against the federal government. These suits include Constitutional torts, medical malpractice, and other tort actions, defense of federal programs and agency decisions, employment discrimination cases, information law cases, immigration cases, and commercial, social security, prisoner, environmental, civil rights, and tax litigation.

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Civil Cases Filed
Fiscal Year 2005

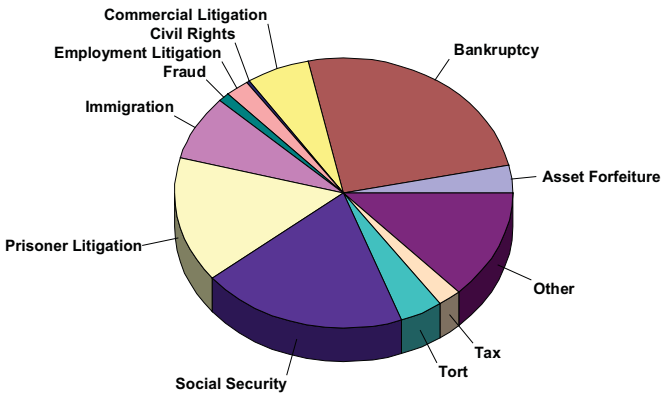

Appellate Division

Appellate Division Staff

The Appellate Division serves as the editorial board of review for the entire offi ce. The Assistant originally assigned to a case generally remains responsible for that case during its entire life in the offi ce. In criminal cases, this means from the onset of an investigation through the grand jury investigation, indictment, trial, appeal, and even post-conviction claims. In the Civil Division, it means from the beginning of the lawsuit through judgment enforcement and appeal. All appellate briefs, however, are reviewed by the Appellate Division both for soundness of legal analysis and for correctness and effectiveness of form. Assistants in the Appellate Division also directly handle both criminal and civil appeals in sensitive or diffi cult cases. In addition, the Appellate Division acts as “house counsel” to the U.S. Attorney and other Assistants on complex or unusual legal issues.

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Administrative Division

The Administrative Division is responsible for planning and executing a comprehensive range of administrative services that support offi ce operations. These services include overseeing the offi ce’s budget allocation, providing comprehensive personnel services to employees, maintaining information technology systems, coordinating automated litigation support

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Administrative Division Staff

services, procuring supplies and equipment, and managing property and facilities at three separate staffed office locations (Detroit, Flint and Bay City).

The Fiscal Unit manages the office's operating budget. This entails executing, monitoring and reporting quarterly on budget activity and ensuring that any unexpected expenditures are funded through special one time funding requests. The unit manages the office's credit card programs for both travel and small purchases. The unit also is responsible for managing the payroll budget to ensure that hiring decisions are within allocated funding levels. On an ongoing basis, the budget is closely monitored to ensure that payments are made in a timely manner and that funds are allocated in the best way to meet the office's operational needs, especially in the area of litigation.

The Human Resources Unit provides a myriad of personnel services to support a staff of approximately 200 employees. The scope of the office HR program includes the following: staffing and placement; classification and position management; employee benefits and services; performance management; pay administration; personnel action processing, records maintenance and associated legal reporting requirements; pre-appointment security clearances; overall monitoring of employee orientation, training and development; development and implementation of AA/EEO programs; advisory services for supervisors and managers.

The Information Technology Unit oversees operation of this office's computer systems. A large local area network that connects almost 200 PCs in the office is maintained by the unit. A help desk is staffed to assist users with hardware, software and telecommunications difficulties. The IT unit's webmaster maintains an internal intranet to provide on-line resources to the entire staff, as well as the District's Internet site. The Information Technology unit provides technical oversight of the office's case management system. This information database (also known as the "LIONS" system) tracks defendants coming into the federal legal system.

The Automated Litigation Support Unit is responsible for recommending, supporting, and educating employees on the use of technology to further the Eastern District of Michigan's efforts in various criminal and civil matters. The goal is to increase efficiency, decrease costs, and facilitate user-friendly data management and presentation. One of the unit's essential functions is consulting with Assistant U.S. Attorneys, paralegals, legal assistants, and federal agents/investigators to understand and address their software and hardware needs in managing and presenting documents and evidence. The ALS unit balances the requests of the litigation team with its capabilities, and provides a reasonable, automated approach to litigation management.

The Office Services Unit manages any necessary redesign of existing space and is responsible for ensuring that every square foot of space in the office is used with maximum efficiency. Staff assigned to Office Services assist in the acquisition, operation and maintenance of all non-computer equipment, supplies and services, control an extensive property inventory, and coordinate records management functions. The unit also manages the receipt/delivery of mail and reception services. Finally, the unit provides direct support to the District's Security Manager and ensures that all physical security systems are maintained and all personal and records security requirements are met.

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Branch Offices

Branch offi ces in Bay City and Flint represent the offi ce in litigation for the Eastern District north

Bay City, Michigan Office

of Metropolitan Detroit. The operations of each branch offi ce are under the supervision of a senior supervisory AUSA. The Assistant U.S. Attorneys in Flint and Bay City are responsible for a range of civil, criminal and appellate matters.

The Bay City Branch Offi ce is responsible for the Northern Division of the Eastern District. The Northern Division includes 21 counties in the northeastern portion of the lower peninsula of the state that extends from Saginaw County at the southern end to Cheboygan County at the northern end. The criminal cases range from petty offenses committed in the Huron National Forest to any homicides that occur in the Saginaw-Chippewa Indian Reservation located near Mt. Pleasant, and includes any other federal crimes committed within its geographical area. The Bay City offi ce is staffed by three AUSAs and four support personnel.

Located approximately an hour and a half north of Detroit, the Flint Branch Offi ce represents the government in all criminal and civil litigation arising in Genesee, Lapeer, Shiawassee and Livingston counties. The most frequent prosecutions are controlled substance offenses and general crimes. In recent years, the Flint offi ce has prosecuted an increasing number of fi nancial institution frauds; prescription drug mills; medical billing frauds; and Internet child pornography offenses. The Flint Branch also supports two "Weed & Seed" programs, and is active in Project Safe Neighborhoods. The offi ce is staffed by four AUSAs; three support staff and a student trainee. Two Genesee County Assistant Prosecutors have been appointed as Special Assistant United States Attorneys to prosecute illegal fi rearms offenses.

United States Courthouse, Flint, Michigan

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2005 CASE HIGHLIGHTS

COUNTER-TERRORISM

Hizballah Fund-raiser Sentenced to 54 Months for Providing Material Support to a Foreign Terrorist Organization

Mahmoud Youssef Kourani pleaded guilty to charges of conspiracy to provide material support to Hizballah, which has been designated as a foreign terrorist organization. Kourani was sentenced to 54 months' imprisonment. The evidence showed that the defendant organized and hosted meetings at his Dearborn residence, featuring speakers from Lebanon, during which the participants were solicited to make donations to Hizballah. The money solicited by Kourani was intended to support Hizballah's "Orphans of Martyrs" program to benefit the families of those killed in Hizballah terrorist operations or by Hizballah's enemies. *United States v. Kourani*

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Baggage Screener Convicted of False Statements During Background Check

Sadeq Naji Ahmed, a baggage screener at Detroit Metropolitan Airport, was convicted by a jury on charges of making false statements on his security background investigation, and was sentenced to 18 months' imprisonment. The defendant falsely stated that he had never had a security clearance suspended, when in fact, his clearance and his access to classified information were suspended in 2001 when he was a member of the U.S. Air Force at Elgin Air Force Base in Florida. He was also found guilty of falsely stating that he had not left a job under unfavorable conditions when, in fact, he had left the Air Force because he had made statements that U.S. aircraft flying over Iraq should crash, that he supported Usama bin Laden, that he was neither for nor against the September 11, 2001 terrorist attacks, and that he would not fight with the U.S. military if the United States took action against Iraq. His employment with the Transportation Security Administration was terminated. *United States v. Ahmed*

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Father and Son Sentenced in Bank Fraud, Money Laundering Scheme

Ahmad Musa Jebril and Musa Abdallah Jebril, son and father, were sentenced to 70 and 58 months' imprisonment, respectively. Both were convicted at trial in November 2004 on charges of conspiracy, bank fraud, mail fraud, wire fraud, Social Security fraud, money laundering, failure to file income tax returns, and being felons in possession of firearms and ammunition. The jury also issued a special verdict finding 13 real properties were forfeitable and entered a money judgement of $200,000. Both defendants were later charged with jury tampering in connection with their trial. Evidence presented to the Court at the time of sentencing showed that the defendants had supported violence against the United States. *United States v. Jebril*

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Man Convicted of Threatening to Bomb Federal Courthouse

Defendant Vassalo K. Russell pleaded guilty to charges of threatening to use a weapon of mass destruction against U.S. government

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property. In the summer of 2004, the defendant made three separate bomb threats against the Theodore Levin U.S. Courthouse, the same building in which he later pleaded guilty. The defendant made the threats in an effort to avoid appearing at his court hearings scheduled on those dates on a probation violation for a prior bank fraud conviction. *United States v. Russell*

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Two Charged in Separate Threat Cases Targeting Muslims

Defendants pleaded guilty in separate cases to charges of sending threatening email messages to the Islamic Center of America in Detroit. John Barnett pleaded guilty to sending a message that threatened to "hunt" and "kill" those attending the mosque based on their religion. Michael Bratisax pleaded guilty to sending a message stating that he would "pray to get the opportunity to kill a Muslim." Both were awaiting sentencing at the end of 2005. *United States v. Barnett* and *United States v. Bratisax*

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MAJOR NARCOTICS CASES

Three Physicians and a Pharmacist Face Charges for Illicit Drug Distribution

Stuart Bilyeu, Elena Perry-Thornton, and Mukunda Mukherjee all licensed physicians, and Oliver Obi, a licensed pharmacist, were all charged in separate indictments for illegal drug distribution. Obi was convicted and sentenced; the others are awaiting trial.

Bilyeu, a medical doctor, was indicted in 2005 for knowingly dispensing and prescribing controlled substances for other than legitimate medical reasons during the operation of his medical practice at the Down River Pain Clinic. Bilyeu is alleged to have prescribed and dispensed hundreds of thousands of dosage units of frequently abused pain medications such as Vicodin, OxyContin, morphine and Dilaudid. In 2003, Bilyeu was the second largest physician purchaser of Vicodin in the State of Michigan, and the following year he was again the number one physician purchaser of Vicodin in Michigan and ranked number 14 in the entire United States. According to the indictment, Bilyeu repeatedly prescribed controlled substances to an undercover patient with minimal or no examination, without significant complaints of pain, after learning that the patient was trading the pills for sex. Patients and relatives of patients have complained that Bilyeu was involved in more than one patient overdose and one patient overdose death. Trial is scheduled for 2006. *United States v. Bilyeu*

Elena Perry-Thorton, M.D., was indicted in 2005 on 20 counts of illegally prescribing prescription drugs, including OxyContin. Contrary to law, at various times Perry-Thornton allegedly operated her office out of an apartment in the Harbortown Apartment complex, her residence, and also out of a used car lot on Junction Street, all in the City of Detroit. In eight months, Perry-Thornton prescribed approximately 80,464 dosage units of OxyContin, 164,379 dosage units of Vicodin, and 71,282 dosage units of Xanax – the OxyContin alone having a minimum street value of approximately $3,200,000. Perry-

Controlled Substance Unit

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Thornton's "patients," according to the indictment, were receiving and/or filling consecutive prescriptions for OxyContin on the same day or within a few days, as well as using different pharmacies. Perry-Thornton is also alleged to have written multiple prescriptions for controlled substances to "runners" in the names of "patients" without ever having either met or examined such "patients." Perry-Thornton is scheduled for trial in 2006. *United States v. Perry-Thornton*

Licensed pharmacist Oliver Obi, owner of the Sherwood Community Pharmacy, pleaded guilty and was sentenced to 87 months in prison for illegally selling millions of dosage units of prescription drugs from his pharmacy. Obi worked with a small number of trusted pill dealers and would take orders for thousands of dosage units of controlled substances. Obi never required a prescription, but would simply sell the drugs in bulk in the original manufacturer's bottles. In 2001, the investigation showed, Obi ordered and received 173,003 dosage units of 60 milligram doses of acetaminophen with codeine. This order was more than 70 times the national average for a pharmacy to dispense. Obi also ordered 1,012,600 7.5 milligram dosage units of hydrocodone, commonly known as Vicodin. This purchase pattern was more than 65 times the national average for a pharmacy to dispense. Obi ranked 3rd in the entire United States for the purchase of these two drugs, which are commonly diverted from legitimate use to illegal street sale. One witness described using a duffel bag to carry the drugs out of the defendant's pharmacy. The court ordered Obi to forfeit approximately $1.6 million in cash, real estate and cars. The case is currently on appeal. *United States v. Obi*

Mukunda Mukherjee, M.D., was determined to have written more prescriptions for 80mg OxyContin than any other physician or hospital in the state of Michigan for an 18-month period in 2003-04. He was indicted in 2004 for distributing schedule II, III, and IV prescription drugs for no legitimate purpose, and has been in custody since June 29, 2004. Forfeiture of assets worth about $169,000 was also charged in the indictment. Trial is set for early 2006. *United States v. Mukherjee*

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"Black Mafia Family" Drug Organization Charged in Large Scale Drug Ring

Terry Flenory, Demetrius Flenory, and 23 other defendants were indicted on various federal drug and money laundering charges. According to the indictment, the Flenorys have allegedly been operating a drug organization, sometimes known as the "Black Mafia Family" (BMF), which dealt in multi-kilo quantities of cocaine in the Detroit metropolitan area beginning in the early 1990's. The organization is alleged to have distributed in excess of 476 kilograms of cocaine and laundered in excess of $270,000,000 in U.S. currency. By the mid-1990's, the organization extended into other parts of the country. As part of the conspiracy, BMF would use vehicles equipped with traps and hidden compartments to conceal and transport cocaine and the cash generated from the sale of cocaine. Drug proceeds were laundered through the purchase of luxury vehicles, real property, cashier's checks, and, in an unusual scheme, over $1 million in winning lottery tickets. Law enforcement officers from across the country have seized over $5 million in

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cash from the Flenorys' drug organization. This case is awaiting trial. *United States v. Flenory et al.*

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Cocaine and Marijuana Multi-Million Dollar Criminal Enterprise Taken Down

Alleged drug kingpin Quesand Lewis and 22 others were indicted in July 2005 on various drug trafficking and money laundering charges. Twenty-two of those individuals are charged with conspiracy to distribute marijuana and cocaine, and with money laundering from 1994 through the present. According to the indictment, the organization was responsible for two attempted murders in Detroit during the course of its operation. Quesand Lewis is charged as the principal supervisor operating a continuing criminal enterprise involving the distribution of marijuana and cocaine in Detroit and elsewhere, including more than 30,000 kilograms of marijuana, and generating illegal drug proceeds well in excess of $10 million. The grand jury further charged Lewis with a forfeiture count in the amount of $178,115,820, which was alleged to represent the gross proceeds he obtained from the sale and distribution of marijuana during a one-year period. This case first came to light in March of 2004, when the Novi Police Department seized approximately $4.8 million in narcotics proceeds from a Novi hotel and from a residence in Northville. As a result of that seizure, Alexander Tam and Leonardo Montalvo were charged with participating in a conspiracy to distribute marijuana. Both men were convicted and sentenced to incarceration in a federal correctional institution. Evidence seized in Novi lead to the initiation of a court-ordered wiretap investigation involving more than twenty telephones utilized by the co-conspirators. Several defendants have already pleaded guilty and others are awaiting trial. *United States v. Lewis et al.*

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"Canadian Connection" High Potency Marijuana Ring Busted

During 2005, ten members of the Canadian-based Trong Nguyen organization were convicted and sentenced for conspiracy to distribute marijuana, money laundering and bulk cash smuggling. Extradition is being sought for five additional defendants, including Trong Nguyen, who have been arrested in Canada. U.S. and Canadian law enforcement authorities have also seized and forfeited in excess of $5 million in drug proceeds from this organization. In 2003 and 2004, law enforcement officials tracked a steady increase in the volume of marijuana smuggled into the United States from Canada, much of it across the Ambassador Bridge, the Windsor-Detroit tunnel and the Sarnia Blue Water Bridge. This marijuana – often referred to as "B.C. Bud" – is hydroponically grown at locations in Ontario, British Columbia and elsewhere. Because of its potency, Canadian-grown hydroponic marijuana can sell for over $2,500 a pound in the United States. Canadian and U.S. law enforcement

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officials also determined that elements of organized crime - in this case an Asian criminal organization made up primarily of Vietnamese nationals – were playing a central role in the sale and distribution of hydroponically grown marijuana, a highly lucrative business through which they generated millions of dollars per month in criminal proceeds. The target organization – headed by Trong Nguyen of Missassaugua, Ontario – was able to coordinate the distribution and sale of over $1 million of marijuana per month through associates located in Detroit, Minneapolis, Boston, Pittsburgh, Philadelphia and other locations across the United States. *United States v. Nguyen et al.*

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Saginaw Cocaine Traffickers Convicted After Gun Battle

James Sylvester, Fred Wyatt, Calvin Ayers and Corine Sylvester were indicted on cocaine trafficking charges after an investigation uncovered a multi-kilogram cocaine distribution conspiracy involving the shipment of the drug from California to Saginaw, Michigan using couriers who would travel by bus. On the final five-kilo shipment, a controlled delivery of the cocaine was made by Sylvester and he was arrested at the bus station. Officers then proceeded to the house that was the ultimate destination to conduct a search, and upon entering the house they were met by a hail of bullets. Two officers were wounded and two of the three shooters inside the house were killed. The surviving defendant was convicted by the state, while defendants Wyatt, Ayers and Corine Sylvester pleaded guilty in federal court.

Ayres was sentenced to ten years, but that sentence was reduced to 6 years based on his cooperation. Corine Sylvester was placed on probation for two years. James Sylvester was convicted by a jury of twelve felony offenses relating to cocaine, crack cocaine, marijuana, prescription drugs and firearms violations. Sylvester and Wyatt are currently awaiting sentencing. *United States v. Sylvester et al.*

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Seventeen Convicted in Scheme Involving Cocaine-Packed "Candles" Smuggled Via UPS

Riley Graham and sixteen others were indicted and convicted on charges arising from a large scale, long term cocaine distribution and money laundering operation involving in excess of 150 kilograms of cocaine and over $1.5 million in proceeds. From about 1991 through 1998, the defendants would travel to and from California, Georgia, Pennsylvania, West Virginia, Tennessee, Ohio and Michigan to distribute large amounts of cocaine. To avoid detection, the defendants encased the cocaine in wax, compressed to hockey puck size, so that it looked like a large candle. The "candles" would then be shipped as a "special gift" with a box full of clothing to various clothing stores in the greater Detroit area that were purchased as business fronts. Later, they would place the cocaine "candles" in wicker gift baskets along with other such items to disguise them. A United Parcel Service (UPS) employee, who had been hired by the drug organization, would intercept the packages containing the drugs and deliver them. As part of the plan to hide the drug proceeds, top leader Riley Graham had various members of his organization transport or wire large amounts of drug money to an associate in Saint Lucia, West Indies, in an effort to build and develop the first casino resort on the island of Saint Lucia. *United States v. Graham et al.*

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"Joy Boys" Drug Gang Put Out of Business

Fourteen members of a Detroit drug gang called the "Joy Boys" were indicted on cocaine distribution charges. The "Joy Boys" specialized in selling crack cocaine on a "24/7" basis to customers who would call a "customer service" telephone number and arrange to meet at a particular street location on the west side of Detroit or in a near western suburb. The sale would be conducted while both the sellers and the buyers were in their cars. The method of operation has been referred to as a "mobile crack house." Undercover buys, aerial surveillance, video, search warrants and court-ordered wiretaps were used to investigate the gang. During the peak operating times, between October of 2002 and December 2003, almost seven thousand customer service calls per week were made to the organization, generating approximately $30,000 daily in narcotics proceeds. As of October 2005, eleven defendants had plead guilty, one defendant is pending trial and two defendants are fugitives. *United States v. Smith ("Joy Boys" Drug Organization)*

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Combatting the Influx of "Ecstasy" from Canada

The Eastern District of Michigan has seen a dramatic increase in the importation of the powerful designer drug "Ecstasy" from Canada through the use of ports of entry at Detroit and Port Huron. In August alone, agents of the Immigration and Customs Enforcement seized approximately eight million dollars worth of Ecstasy pills. To combat this problem, the office has pursued an aggressive prosecution posture. The following are a few examples of significant prosecutions.

- In August, 2005, Barbara Williams, Nicholas Williams and Kandy Reeleder were all charged with conspiracy to possess with the intent to distribute Ecstasy. The Williams' had taken their automobile across from Canada on a small ferry in order to enter at the Algonac, Michigan port of entry. Inspecting ICE agents found that the back seat had been hollowed out and stuffed with approximately 21 vacuum-sealed bags containing over 200,000 Ecstacy pills with a street value of $5,000,000. The defendants are detained pending their trial. *United States v. Reeleder et al.*
- In August 2005, Phi Lau was arrested at the Ambassador Bridge in Detroit after ICE agents found his fuel tank filled with 25 zip-loc bags filled with Ecstasy pills. The total number of pills was 2,000, with an estimated street value of approximately $500,000. Mr. Lau is currently detained pending his trial. *United States v. Lau*
- Matthew Kachman and nine other individuals were indicted for smuggling tens of thousands of Ecstasy pills into Mid-Michigan from an Asian connection in Toronto, Canada. The pills were brought over the Blue Water Bridge to Port Huron by numerous individuals in private vehicles. All defendants have pleaded guilty and have been or are awaiting sentence. *United States v. Kachman et al.*
- In 2005, Chanh Chan Lao, a significant importer and distributor of Ecstasy into Michigan from Canada, was sentenced to 20 years in prison after being convicted by a jury in Bay City, Michigan. After a lengthy investigation by ICE and DEA, Lao, a Toronto resident, was arrested when he entered the United States. This case involved approximately 600,000 Ecstasy pills. *United States v. Lao*

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WHITE COLLAR CRIME PROSECUTIONS

Economic Crimes Unit

MCA Execs Convicted in $256 Million Corporate Fraud

Seven former high-level executives of MCA Financial Corporation (MCA) have been convicted of fraud for falsifying MCA's books and records and misleading investors, lenders, and regulators, resulting in losses to investors and lenders of over $256 million. The main defendant, Chief Executive Offi cer Patrick Quinlan, was sentenced to ten years in prison in 2005. MCA, operating in Southfi eld, Michigan was a privately held mortgage company that made conventional and subprime loans to individual homebuyers in Michigan and several other states. These loans were sold to investors. From 1993 until its seizure by state regulators in January 1999, MCA engaged in a scheme to defraud by misrepresenting its true fi nancial condition through the preparation and use of false and fraudulent fi nancial statements that were regularly fi led with the SEC and made available to brokers, investors, banks and other institutional lenders. As the result of paper transactions involving low-income housing in the City of Detroit between MCA and numerous off-book partnerships controlled by MCA's executives, millions of dollars in sham assets and revenues were created and included in MCA's balance sheets and statements of income. Losses to the victims of the MCA fraud – individual investors, banks, the pension fund for police offi cers and fi re fi ghters of the City of Detroit, and other institutional lenders – totaled about $256 million. In 2001 and 2002, seven former MCA executive offi cers were charged with federal crimes. All seven have pleaded guilty to various combinations of wire fraud, mail fraud, making false statements to the SEC, conspiracy, and misprision of felony. Four have been sentenced to sentences ranging from two to ten years. The remaining three executives will be sentenced in early 2006. *United States v. Quinlan et al. (MCA)*

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Lason Officials Charged with Falsifying Records, Defrauding Investors

Three top executives from Lason, Inc., a publicly traded company headquartered in Troy, Michigan, were charged in 2003 in an indictment alleging that, from 1997 to 2000, they defrauded investors and potential investors, institutional lenders, and others of tens of millions of dollars by overstating and fabricating company revenues, understating its expenses, and fraudulently boosting its earnings per share numbers for the purpose of meeting or exceeding the quarterly consensus estimates of stock analysts. Lason, Inc. provided printing services, mail-processing service, and electronic information management services to hundreds of business customers, including automobile manufacturers, and operated units located throughout the United States and other countries. In August 2004, one of the defendants, Lason's former chief operating offi cer, pleaded guilty to participating in the fi ling of a false and fraudulent quarterly report (10-Q) for Lason with the SEC. He has also agreed to cooperate. The trial of the remaining two defendants is scheduled to begin in June 2006. *United States v. Monroe et al. (Lason)*

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Operation "Broken Loan": FBI Undercover Sting Busts Mortgage Fraud Scheme

Six defendants were indicted and fourteen others charged in criminal complaints charging them with fraud in connection with home mortgage loans. The losses involved over $2.7 million. A two-year undercover operation run by the Macomb FBI uncovered several complex and extensive networks of individuals working within real estate markets to defraud lending institutions through the submission of fraudulent mortgage applications. These schemes include the use of false employment and asset information, straw buyers and collusive appraisers willing to create fraudulently inflated property appraisals. Most of the schemes were coordinated by mortgage brokers who recruit the participants and split the illegal proceeds, in various amounts between them. *United States v. Hooker, et al.*

Owner of Title Insurance Company Embezzles Nearly $2 Million

Thom Hopper owned Klear Title, which held escrow monies in trust for Commonwealth Land Title Insurance Company. From January through April 2002 Hopper took about $1,829,000 from this trust account; wired it to a personal account he controlled in Ottawa, Canada; and used it to purchase items for himself, including a Canadian race course and a down payment on the Tampa Bay Storm, an Arena Football team. Hopper pleaded guilty April 14, 2005, and is awaiting sentencing. *United States v. Hopper*

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Phony "Credit Repair" Company's Officers Indicted

Four defendants were charged with 30 counts of mail fraud in connection with a phony "credit repair" company called ICR Services. They claimed to have a "magic disk" that could access the computer data bases of the credit reporting services and erase all negative and derogatory information from the client's report. Over the course of the scheme approximately $60 million was received from clients. No trial date is set. *United States v. Pavone et al.*

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Two Arrested for Economic Espionage - Trade Secrets Theft

On February 1, 2005, two former executives from Metaldyne, Inc. were arrested on a criminal complaint charging them with stealing trade secrets relating to Metaldyne's proprietary powdered metal manufacturing process for making large auto parts, such as connecting rods. Metaldyne, Inc. of Plymouth, Michigan is one of only two companies in the world that has perfected this manufacturing process. According to the complaint, former Executive Vice President, Anne Lockwood and former Technology Director, Fu Ping Liu, unlawfully obtained secret computer files crucial to this powdered metal process in order to assist a Chinese parts manufacturer. *United States v. Lockwood, et al.*

Brothers Charged in Medicare Fraud, Bribery Scheme

Two brothers are charged in various counts of an indictment charging health care fraud; mail and wire fraud; conspiracy; making false statements related to a health care matter; and attempting to bribe federal law enforcement agents. According to the indictment, the defendants illegally sought reimbursement from Medicare for the salaries of their homemaker spouses who were falsely listed as health care provider managerial executives

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on annual cost reports submitted to Medicare, as well as for marketers they paid to seek patient referrals from physicians' offi ces, but who were falsely described as performing reimbursable roles such as nursing and quality assurance. The defendants are charged with receiving Medicare reimbursements exceeding $2,500,000 to which they were not entitled. In addition, the United States brought a civil case against one of the defendants who fl ed to Pakistan rather than face arraignment. As a result of this action, brought under the Federal Debt Collection Procedures Act, the United States was able to seize nearly $1 million of the defendant's assets, prompting him to return to the United States and face prosecution. A jury trial is scheduled for early 2006. *United States v. Khan*

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Attorney Indicted in Commodity Futures Trading Investment Fraud

Northville attorney and real estate broker Charles Mady was indicted for mail and wire fraud; embezzlement from a commodity pool; being an unregistered commodity pool operator; and money laundering. According to the indictment, during a 28-month period, Mady solicited over $12,000,000 from at least 30 people for the purpose of pooling their funds and using the money to trade in the commodity futures markets.

Mady allegedly lied about his trading record (his consistent losses eventually exceeded $4,000,000) and also took over $3,000,000 of investor funds for his own personal use, while giving false documents to his investors. The indictment alleges that, as a result of these acts, defendant caused his investors to lose a total of over $8,000,000. While awaiting trial on these charges, Mady was re-indicted for making various false statements to another victim, causing him to grant Mady access to the individual's private electronic security trading account, and allowing Mady to incur over $1,000,000 in trading losses in the victim's account. *United States v. Mady*

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Doctor and Eight Others Charged with Defrauding Blue Cross-Blue Shield

Detroit doctor Zack Brown, M.D., and eight others were indicted for health care fraud in connection with a scheme to recruit at least 34 "phony patients" that bilked Blue Cross-Blue Shield of Michigan (BCBSM) out of more than $1 million. The "phony patients" would allow Dr. Brown to bill their BCBSM cards for treatments they never received, then take a share of the reimbursement paid by BCBSM. In addition to Dr. Brown, others acted as recruiters who were paid to fi nd the "phony patients." Defendants billed BCBSM for more than 20,000 physical therapy services and injections between 1999 and 2003 that were never actually provided to patients. Seven other defendants have already pleaded guilty and 19 have signed pre-trial diversion agreements and begun paying back more than $100,000 in restitution. *United States v. Brown et al.*

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Federal - State - Local Task Force Fights Identity Theft

The Detroit Metro Identity Fraud - Task Force (DMIF-TF) was formed in 1999 with the goal of maximizing law enforcement and prosecution resources to target individuals and organizations involved in the production and use of counterfeit means of identifi cation, identity theft and account takeovers. The Federal Bureau of Investigation, the United States Postal Inspection Service, the United States Secret Service, and the Social Security Administration - Offi ce of Investigations

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have joined with state and local agencies, including the Michigan State Police, the City of Troy Police Department and the City of Auburn Hills Police Department to create a powerful law enforcement response to ID theft crimes. Other state and local law enforcement agencies provide investigative assistance on a case by case basis. Target Corporation also provides a full-time fraud investigator to the task force. Since its inception in 1999 through September 2005, DMIF has executed over 114 search warrants, brought 110 indictments, and arrested 293 defendants.

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VIOLENT CRIMES

General Crimes Unit

Six Charged in Murder of Armored Security Guard

In October 2005, six men, Timothy Dennis O'Reilly, Norman Duncan, Kevin Watson, Earl Johnson, Archie Broom and Khayyam Wilson, were indicted for a number of crimes including premeditated murder with a firearm during and in relation to a crime of violence, to wit: Bank Robbery. The indictment alleges that these individuals ambushed and shot Norman Anthony Stevens, a Total Armored Service guard and a father of six while he was restocking the ATM machine at a Dearborn Michigan Credit Union. Approximately $204,000 was taken during the robbery. Defendants are also charged with a second robbery of a Guardian Armored Security Services vehicle in a similar manner. This time, however, the victim driver was able to run to safety after having been shot at. The defendants used a stolen minivan as a getaway vehicle and netted approximately $170,000. All defendants are currently detained and are awaiting trial. *United States v. O'Reilly et al.*

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Ypsilanti Drug Ring Charged with Murder and Conspiracy

Ten defendants have been charged with conspiracy to distribute controlled substances and use of a firearm during drug trafficking offenses, resulting in murder. The indictment alleges that the charged individuals conspired to run a drug organization which operated in the Ypsilanti area from 1998 through 2004. As part of the conspiracy and in an effort to protect their profits, seven of the defendants, were charged with killing Seth Thompson, a rival drug trafficker, as a means of eliminating competition. All defendants are currently awaiting trial. *United States v. Taylor et al.*

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Latin Counts Street Gang Charged with Drug Trafficking and Murder

Twenty-nine members of the Mario Mendez crew, part of the Latin Counts street gang, were indicted on charges of drug conspiracy and firearms violations related to six home invasions which occurred in Southwest Detroit. The Latin Counts is a gang organization which has long operated in Southwest Detroit. These activities include the killing of rival gang members or drug dealers, armed home invasions at locations alleged to have large amounts of drugs stored in them and numerous other forms of criminal activity, including witness intimidation. All

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defendants have either pleaded guilty and/or are awaiting sentencing. *United States v. Mendez et al. (Latin Counts)*

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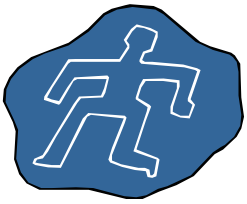

Seven Indicted on Methamphetamine, Murder, and Firearms Charges

Seven individuals were indicted by a federal grand jury in Bay City, Michigan in July, 2005 on charges of trafficking in over 500 grams of methamphetamine, in addition to firearm offenses and a drug-related homicide. Named in the 27-count indictment were Donald Norton York, David Warren Tice, Jr., Shelli Tice, Jonathan Patrick Rose, Sergio Coria, Matthew Tyler, and James Laughton. The indictment charges that York, Tice, and Laughton conspired to murder Brian "Lefty" Langdon in March of 2002 and that Rose violated federal firearm laws. Shelli Tice is charged with illegally possessing drugs. *United States v. York et al.*

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PROJECT SAFE NEIGHBORHOODS

Protecting neighborhoods from armed criminals is at the top of our public safety agenda. Project Safe Neighborhoods is designed to focus federal law enforcement and prosecution resources on serious offenders who present the most imminent threat to society based on their prior criminal history or the proclivity toward violence.

The following two cases are examples of the excellent results from Project Safe Neighborhoods:

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Defendant Sentenced to 151 Months on Firearms Conviction

Omar Vaughn pleaded guilty on July 15, 2005, to one count of felon in possession of a firearm and one count of possession with Intent to distribute marijuana. The charges arose following an investigation and execution of search warrants by the DEA and Southfield Police Department at three locations. Three firearms (one stolen), and approximately 8,180 grams of marijuana, along with ammunition and narcotics paraphernalia were recovered during the execution of the warrants. Approximately $32,000 in U.S. currency was seized and was forfeited in connection with this matter. Vaughn was sentenced to 151 months incarceration. *United States v.Vaughn*

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Lifetime Probationer Sentenced to 420 Months Incarceration for Gun and Drug Convictions

Vincent Thompson was arrested following the execution of a search warrant by the Detroit Police Department at a residence in Detroit where suspected drug activity was occurring. Two days before the warrant was executed, Detroit Police Officers made a controlled purchase of narcotics from the location. Officers found 11.34 grams of crack cocaine, 33.28 grams of marijuana and a loaded 357 handgun. Thompson was on "lifetime probation" at the time of his arrest, and due to his significant criminal history, was sentenced to 420 months. *United States v. Thompson*

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PROTECTING CHILDREN FROM EXPLOITATION

Man Charged in Connection with Commercial Exploitation of Children

On April 26, 2005, Karl Kaechele was arrested at Detroit Metropolitan Airport after returning to the United States from Vietnam and Cambodia. Following his arrest, illegal prescription drugs and a series of notebooks chronicling two or more years of child sexual assault and prostitution offenses were seized from his luggage. A subsequent search of his Florida home revealed additional evidence of international travel for the purpose of abusing children. Kaechele was indicted in May 2005 and is currently detained pending trial. *United States v. Kaechele*

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Couple Convicted of Abducting Minor and Coercing Prostitution

Clarence Brown and his girlfriend Holly Marie Hollis, under the pretenses of transporting a 14-year-old minor to her home, abducted the victim and transported her to Fort Wayne, Indiana, where she was forced into prostitution at a truck stop. In order to instill fear in the child, Brown raped the victim twice and otherwise physically abused her. The victim eventually escaped after a female truck driver befriended her and agreed to take her home. Hollis pleaded guilty to her role in the case and was sentenced to 46 months in prison. Brown was found guilty after trial and is currently awaiting sentencing. *United States v. Brown et al.*

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Child Predator Travels from Chicago to Abuse "Minor"

Karthikenyan Ramachandran, a resident of Chicago, Illinois engaged in a series of online conversations with an undercover Deputy of the Macomb County Sheriff's Department whom he believed to be a 15-year-old girl. Ramachandran indicated his desire to engage in sexual activities with the girl as well as smoke marijuana. During one of the online conversations, Ramachandran sent an image of his genitals using a webcam connected to his computer. As a result of the online conversations, Ramachandran traveled from Chicago to a park in Mount Clemens, Michigan to meet who he thought would be a 15-year-old girl. Instead, Ramachandran was met by officers of the Sheriff's Department who arrested him. Ramachandran had in his possession at the time of his arrest a bottle of wine, a quantity of marijuana and condoms. Ramachandran is currently awaiting trial. *United States v. Ramachandran*

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Indiana Man Indicted for Attempted Sexual Conduct with a Minor

Kent Guest, a Frankfort, Indiana resident was indicted on charges of interstate travel for the purpose of engaging in illicit sexual conduct with a minor in 2005. According to the indictment, Guest began communicating through instant messages and email with an undercover FBI agent who was posing as a 39-year-old divorced female interested in a relationship that would involve sexual activity with her daughters, ages three and five. During some of the online conversations, Guest made references to his sexual interest in children as well as discussing preparing a child for intercourse. Guest made

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arrangements to meet with the person he thought was the divorced female. Instead, Guest was arrested by FBI agents once he arrived at the agreed upon destination. During an inventory search, agents discovered a bag containing the prescription sexual potency drug Cialis, a bottle of herbal sexual potency compound called "HGH Extreme" and three images emailed to Guest by the UC agent. Guest is currently awaiting trial. *United States v. Guest*

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Utah Child Sexual Predator Convicted

Jonathan Owens, a Roy, Utah resident pleaded guilty to charges involving interstate travel for the purpose of engaging in illicit sexual conduct with a minor and for interstate distribution of child pornography. In March and April of 2005, Owens engaged in a series of online conversations with an undercover FBI agent whom he believed to be a single mother of two young daughters, ages three and fi ve. He indicated a desire to engage in sexual contact with the children, as well as their mother. During the series of online conversations, Owens, on one occasion, sent images of child pornography to the undercover agent. As a result of the conversations Owen, in connection with a business trip to Oklahoma, planned to travel to Detroit, Michigan to meet with the woman and her daughters. Upon his arrival at the Detroit Metropolitan Airport, Owens was arrested by FBI agents. Owens is currently awaiting sentencing. *United States v. Owens*

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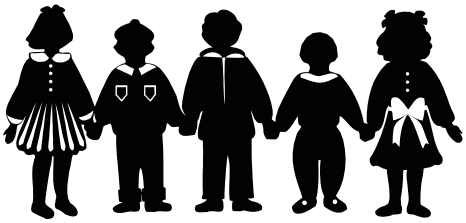

CHILD PORNOGRAPHY

Man Convicted on Child Pornography Charges

Kirk Surant was convicted by guilty plea to interstate shipment/receipt of child pornography and possession of child pornography. Surant used Yahoo groups to communicate with Angela Larkin of Williamsport, Pennsylvania, who sent Surant child pornographic images of Larkin's daughter, age two. Surant's seized computers were found to contain these images as well as more than 600 other images that depicted children less than 12 years of age, as well as images of violence and sado-masochism. Surant is currently awaiting sentencing. *United States v. Surant*

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Defendant Pleads Guilty to Using Yahoo Group to Distribute of Child Porn

Daniel Floied pleaded guilty to interstate distribution of child pornography. In October 2003, Floied joined various Yahoo groups that permitted him to purchase, upload and download child pornographic images. While participating in the group titled "tnl 24", Floied uploaded 35 child pornographic images and made them available to other members of that group. The images contained depictions of children less than 12 years of age. Floied is currently awaiting sentencing. *United States v. Floied*

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Royal Oak Man Awaits Trial for Possession of over 10,000 Child Porn Images

Robert Kent was indicted on a charge of possession of child pornography. A search of Kent's residence in Royal Oak, Michigan yielded one computer, one floppy disk and 38 compact disks. More than 12,000 images of child pornography or images belonging to a child pornography series were found in allocated space on Kent's computer and on the other examined media. The images primarily consisted of prepubescent female children posing nude and engaging in sexually explicit acts, alone and with other adults and children. Additionally, Kent's computer directory structure displayed a high level of organization, categorizing all of the child pornography images into specific, descriptive folders by age and picture series. Kent is currently awaiting trial. *United States v. Kent*

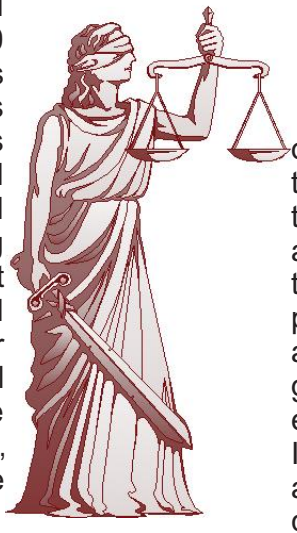

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TAX FRAUD

Mobile Home Park Owner Convicted of Tax Fraud

Timothy Wirth was involved in the mobile home park business. He submitted a series of false bank loan statements to different lending institutions in order to obtain ever-increasing amounts of credit. Included in the false submissions were IRS returns Wirth had supposedly filed, but hadn't. On at least one occasion he forged the signature of an income tax preparer on such a return. He also forged the signatures of individuals he had a land contract with, as well as the signature of two bank officials and a notary on various real property instruments. He then recorded the instruments in order to create a false impression as to his real estate holdings and financial status. He has pleaded guilty and is currently awaiting sentencing. *United States v. Wirth*

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Tax Preparer Sentenced in Multiple False Return Scheme

April Jones was convicted by a jury on 31 counts of aiding and assisting in the preparation of false federal income tax returns. Jones gained larger refunds and minimized tax liabilities through her tax service for co-workers at a local auto plant and their referrals. She did this by adding fictitious job search deductions, gifts to charity, and un-reimbursed employee expenses, causing the Internal Revenue Service to suffer a tax loss of over $70,000. In most cases, Jones failed to sign the returns as the preparer even though she was collecting a fee. At sentencing, the court determined that her relevant conduct, involving 58 additional tax returns, led to a total tax loss of over $244,000. Internal Revenue Service Criminal Investigation Division became aware of Jones' activities during their investigation of Maquilla Yvonne Squire, of Detroit, Michigan, another local auto plant employee. During questioning, many of the taxpayers who utilized Squire's services, identified Jones as the return preparer on their subsequent tax returns. Squire was sentenced to 27 months' imprisonment as the result of pleading guilty to two counts of aiding and assisting in the preparation of false and fraudulent tax returns, after creating over $730,000 in false deductions. April Jones was sentenced to 35 months in prison followed by one year supervised release. *United States v. Jones et al.*

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PUBLIC CORRUPTION and SPECIAL PROSECUTIONS

Special Prosecutions Unit

Former County Prosecutors, Police Chief Charged with Firearms Offenses

A Bay City grand jury returned indictments against three former local officials charging them with abusing their offices in order to personally obtain and possess machine guns and silencers. Fred MacKinnon and Gary Theunick used their positions as county prosecutor and chief assistant prosecutor, respectively, to buy several such firearms by claiming that the purchases were being made by the prosecutor's office as a law enforcement agency rather than in their personal capacity. Maxwell Garnett, who was then the chief of police of Rose City in Ogemaw County, likewise claimed that the machine guns and silencers were being purchased by and for the police department when he was actually buying the firearms for himself and his associates. All are awaiting trial. *United States v. Theunick et al.*

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Wayne County Former Official Sentenced in Bribery Scheme

Wilbourne A. Kelley, III, of Detroit was sentenced to 44 months in prison, a fine of $30,000, and restitution of $113,413.66 to Wayne County as a result of his 2004 convictions for conspiracy, extortion, federal program bribery, and making false statements to federal agents. Kelley's wife, Barbara Kelley, 57, of Detroit, was also sentenced to 41 months in prison, a fine of $30,000, and restitution of $91,516 to Wayne County for her convictions on conspiracy, extortion, federal program bribery, money laundering, and making false statements to federal agents. From 1987 until 1999 Wilbourne Kelley was Wayne County's Deputy Chief Operating Officer assigned to the Office of the County Executive, responsible for the operation of Detroit Metropolitan Airport. The evidence at trial showed that Kelley and his wife conspired to wrongfully obtain money and property from companies which did business with the airport. *United States v. Kelley*

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Former Federal Immigration Official Convicted of Stealing From Detainees

Patrick M. Wynne, a former detention officer responsible for housing illegal immigrants, entered a plea of guilty to stealing cash and other property from hundreds of illegal immigrants between 2000 and 2004. During that time Wynne was also the property officer for the INS/ICE detention facility in Monroe, Michigan. In that position, Wynne had been entrusted with maintaining property belonging to hundreds of individuals who were kept in custody pending deportation from the United States. It was Mr. Wynne's duty to ensure that the property was secure and was returned to the rightful owner at the time he or she was released from custody. Instead, Mr. Wynne stole as much as $290,000 from more than 500

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detainees. The underlying investigation resulted in a review and a restructuring of the procedures used by the Detroit Office of the Immigration and Customs Enforcement Division to document, maintain and return property seized from illegal immigrants. *United States v. Wynne*

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Detroit Police Officer Found Guilty of Stealing Cocaine from Property Room, Sentenced to 220 Months in Prison

Former Detroit Police officer Donald Hynes was convicted in March 2005 for his part in the theft of over 100 kilograms of cocaine from the Detroit Police Department evidence vault, and associated money laundering and obstruction of justice offenses. Seven codefendants pled guilty in 2004, including the main coconspirator, John Cole. The evidence at Hynes's trial showed that Hynes had access to the computer password of a Narcotics Division lieutenant, which he used to change the computer records of seized cocaine to designate that it should be destroyed rather than retained. John Cole then picked up the cocaine for "destruction," but instead sold it and used the proceeds to buy houses and other properties. Cole concealed his ownership of the properties by putting them in the names of relatives and associates. Cole, who testified against Hynes, was sentenced to 180 months in prison. Hynes was sentenced to 220 months. In addition, eighteen properties (valued at over $700,000) as well as cash and automobiles were forfeited. The case was investigated jointly by the FBI and the Internal Revenue Service Criminal Investigation Division. *United States v. Hynes*

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19 Convicted in Large-scale Public Corruption Schemes in East Detroit and Clintondale School Districts

Nineteen defendants involved in a corrupt payment scheme were sentenced in connection with charges brought relating to a pattern of corrupt practices involving both the East Detroit Public Schools and the Clintondale Community Schools. The investigation began with the complaints of two newly elected board members at East Detroit Public Schools who perceived a corrupt relationship between Hudson Construction – the construction manager on a $30,000,000 bond project – and the district superintendent, several administrators and fellow board members. The execution of several search warrants revealed a pattern of corrupt activities, including kick backs and payments for work that was not performed. As a result of this investigation 19 defendants, including numerous school administrators, elected board members and building and service contractors either pleaded guilty or were convicted of various federal law violations. These included seven school administrators, three school board members, seven contractors, one revenue officer employed by the Internal Revenue Service, and one inspector employed by Macomb County. *United States v. Hudson et al.*

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Chippewa Valley Principal Convicted of Stealing $400,000

Former Chippewa School District elementary school principal Richard Zaranek pled guilty in October 2005, to embezzlement and money laundering for funneling approximately $400,000 from the school's child care and parent teacher organizations into his personal accounts. The plea agreement requires Zaranek to serve at least 27 months in prison and forfeit property, including equity in his primary residence, to repay the school. *United States v. Zaranek*

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Three River Rouge School Administrators Convicted for Stealing from Employees, School

River Rouge Schools Superintendent Benjamin Benford pleaded guilty to extorting approximately $23,000 from school administrators working under him in the school district. Benford did so by requiring that each administrator pay him a certain amount of cash on his birthday, at Christmas, at the time of school board elections, and on Bosses' Day. Benford was sentenced to 15 months' imprisonment and ordered to pay full restitution to the affected administrative staff members. While Benford was superintendent, he hired his friend Joseph Hudson to assist in running the school's television studio. Hudson then used that position to steal over $200,000 from the school district between 2000 and 2002. Hudson went to trial and was convicted of all counts. Hudson is awaiting sentence. His sentencing guideline range is 27 to 33 months. Codefendant Leon Higgins, who assisted Hudson in defrauding the district of over $100,000, pleaded guilty and cooperated in the investigation. Based upon his cooperation, he received a sentence of probation and was ordered to pay full restitution, even though he only received $10,000 from the fraud – the balance was retained by Hudson. *United States v. Benford, et al.*

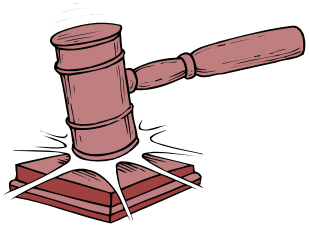

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Police Officer Convicted for Selling Drugs to Addicts, Webcasting Drug Usage

Detroit Police officer Ceiere Campbell was convicted by a jury in December 2004 for distributing crack cocaine and heroin. The evidence at trial showed that Campbell provided the drugs to addicts he found on the streets of Detroit, in exchange for the addicts allowing Campbell to film them as they used the drugs. Campbell then used the video footage on a pay-for-view website he created called "Streets Illustrated." In April 2005, Campbell was sentenced to 24 months in prison. *United States v. Campbell*

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"Asian Spas" Charged in Prostitution Ring

After a lengthy undercover investigation led by the FBI, eight indictments were returned by a Flint grand jury against 13 defendants, including the principal operators of Asian "Spas" operated as fronts for prostitution activities in Genesee, Saginaw, and Midland counties. Charges included conspiracy; money laundering; and interstate travel in aid of racketeering, and each indictment also included counts seeking criminal forfeiture of assets. The prostitutes at these spas were not indicted; all were Asian nationals, some illegally in the United States. Charges were dismissed against one defendant who was mentally ill, and

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another who died. Forfeitures totaling $297,000 in cash and two residences were ordered by the court. *United States v. Kim, et. al.*

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CIVIL RIGHTS – CRIMINAL ENFORCEMENT

Human Trafficking Ring: Ukranian Women Coerced to Work as Exotic Dancers

Michail Aronov, a Lithuanian citizen, pleaded guilty to charges that he conspired with others to compel Eastern European women to serve as exotic dancers in the metropolitan Detroit area in violation of federal law. Aronov also pled guilty to engaging in an immigration conspiracy involving the women, which included illegal recruitment, transportation, and harboring of the women. Finally, Aronov pled guilty to conspiring to launder the proceeds of the compelled servitude and immigration crimes. At the time of his plea, Aronov admitted that he and his partners operated a business enterprise from 2001 through 2005 called "Beauty Search, Inc.," premised on importing, brokering and managing Eastern European women who served as dancers at exotic dance clubs in the Southeast Michigan area, and that he and his partners held the women in a condition of compelled service and collected their earnings. Aronov admitted that he and his partners employed a number of coercive methods to compel and maintain the continued service of the dancers. Aronov's sentencing guidelines range of imprisonment is 13½ to 16½ years. He agreed to pay restitution and forfeit at least $537,043. *United States v. Aronov, et al.*

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Former Taylor Man Sentenced to Four Years for Arson Hate Crime

In July 2002, Lori and Reginald Doster bought and renovated a house in Taylor, Michigan. Just as they were finishing the renovations and about to move in, the house was subjected to an arson attempt. A rear bedroom window was broken, gasoline was poured in, and the gas was lit. The house suffered significant damage. The fire was part of a campaign to drive the Dosters, who are African American, from the neighborhood because of their race, as demonstrated by various other incidents such as "KKK" being spray-painted on their door. Michael Richardson, a former resident of the neighborhood, told acquaintances that he knew who set the fire, but when he was interviewed by the FBI, he denied having any such knowledge. He was charged with making a false statement and in July 2005 was sentenced to 48 months' imprisonment. Richardson was allowed by the court to turn himself in, and when he failed to do so on the designated date he was charged with failure to surrender. Trial on that charge is scheduled for early next year. *United States v. Richardson*

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Five Mt. Clemens Officers Convicted on Excessive Force/ Obstruction Charges

In July, 2002, five uniformed Mt. Clemens police officers were involved in the traffic stop of a vehicle operated by Robert Paxton. Paxton had just engaged in a "road-rage" incident with an off-duty Mt. Clemens officer, and the five on-duty officers stopped Paxton a few minutes later. They

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pulled Paxton from his vehicle, threw him to the ground and pinned him. He was then kicked and punched repeatedly, before being thrown into a police car and taken back to the police station. When the officers returned to the station, they agreed to concoct a false story of what happened so as to legitimize their use of force on Paxton. All of the officers involved, including the off-duty officer from the road rage incident who came to the scene to watch, were charged with various civil rights and obstruction of justice offenses. Two officers were convicted of using excessive force against Paxton. The five officers were convicted of obstructing the investigation. The lead defendant, Patrick Carson, was sentenced to 33 months in prison. Duane Poucher pleaded guilty to the same charges, testified at trial, and received a sentence of two years' probation. The remaining defendants were each convicted of obstruction of justice offenses and were sentenced to terms of probation which include home confinement. The convictions and sentences are now on appeal. *United States v. Carson, et al.*

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LABOR RACKETEERING

Two Union Leaders Charged in Construction Discount Scheme

Walter Mabry is the Executive Secretary-Treasurer of the Michigan Regional Council of Carpenters (MRCC). Anthony Michael is the former President and Executive Director of the MRCC. Mabry and Michael are charged with conspiring to solicit and receive prohibited payments in the form of discounts from a number of construction companies whose employees were represented, or would have been admitted to membership in, the MRCC, and with solicitation and receipt of a prohibited payment (discount) from one of the companies. According to the indictment, between approximately January 1998 and December 1999 Mabry and Michael, using

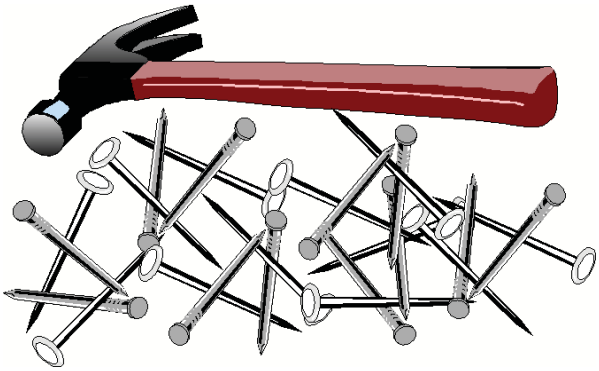

their union positions, conspired to solicit and obtain extraordinary discounts (that is, discounts beyond those typically given to customers) totaling over $120,000 on building materials, labor, and related costs, from a number of area construction companies whose employees were members of the union, in order to reduce the cost to Mabry of constructing a new personal residence in Grosse Pointe Park, Michigan. Trial is in 2006. *United States v. Mabry et al.*

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Former UAW Officials Indicted for Extortion and Mail Fraud

Donny Douglas and Jay Campbell are charged in a three-count indictment with conspiracy to violate the Labor-Management Relations Act, conspiracy to extort, and mail fraud. According to the indictment, Douglas and Campbell conspired to require General Motors to hire two persons for positions to which they were not entitled, as a condition of resolving a labor dispute between General Motors and UAW Local 594. The indictment charges that this conduct was intended to defraud the members of Local 594 of a duty of fair representation by Douglas and Campbell, who were union officials at the time. A jury trial is scheduled for March 2006. *United States v. Douglas et al.*

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ORGANIZED CRIME

Albanian Organization Charged in Murder-Racketeering Ring

Florian Carcani pleaded guilty in state court to second degree murder, and has agreed to testify against his codefendants. In addition, Carcani has agreed to plead guilty to committing a violent crime in aid of racketeering in federal court. The remaining defendants – Oliger Merko, Ketjol Manikou and Edmond Zoica – await trial for first degree murder. In addition, Edmond Zoica has been indicted federally with committing violent acts in aid of racketeering. His federal case has been held in abeyance until the conclusion of the state court prosecution. *United States v. Carcani, et al.*

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ENVIRONMENTAL CRIMES

Waste Disposal Executive Sentenced to 27 Months for Illegal Dumping

Ghazi George was the vice president of City Environmental in Detroit. City Environmental was in the business of accepting hazardous waste from industries for proper disposal. Rather than incur the expense of proper disposal, George directed the employees of City Environmental to simply flush hazardous wastes down the drain and into the city sewer system, or caused the wastes to be sent to a landfill that was not equipped to handle them. In order to conceal what City Environmental was doing, George ordered his employees to tamper with monitoring equipment on which the Detroit Water & Sewer Department relied to verify that City Environmental was complying with limitations on what it could put down the sewer. In March of 2005, George was sentenced to 27 months in prison and a $60,000 fine after pleading guilty to violating the Resource Conservation & Recovery Act and the Clean Water Act. The case was investigated by the Environmental Protection Agency and the FBI. *United States v. George*

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Paint Company Owner Convicted for Improper Storage of Hazardous Waste

Norman Solomon was the president and owner of Michigan Industrial Finishes, a paint manufacturing facility in Hamtramck. Between 1997 and 2004, at Solomon's direction, Michigan Industrial Finishes stored at least one metric ton of hazardous paint waste per month. The waste included xylene, toluene and methyl-ethyl-ketone. The waste was stored in violation of a cease and desist order from the State of Michigan. EPA removed more than 3,300 drums of waste from the facility at a total cost of $4 million. Solomon was sentenced to four months in a halfway house, four months' home detention and $1 million restitution. The case was investigated by the EPA and FBI. *United States v. Solomon*

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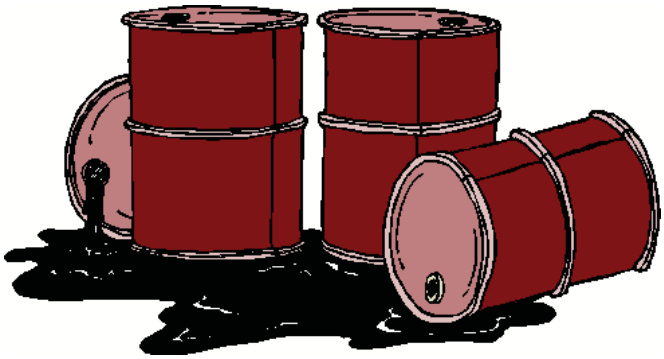

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CIVIL DIVISION CASES – DEFENSIVE LITIGATION

Civil - Defensive Litigation Unit

Office Defends the No Child Left Behind Act

This was the first lawsuit, filed on behalf of the National Education Association and eight school districts in Michigan, Texas and Vermont, to challenge the No Child Left Behind Act. The Department of Education is alleged to have violated the Act by forcing the states to spend their own money to meet federal regulatory requirements issued under the Act. The complaint seeks a declaratory judgment that the states are not required to spend their own money to comply with the federal requirements. The case was filed on April 20, 2005 and the government's motion to dismiss was argued on October 19, 2005. *School District of the City of Pontiac v. Margaret Spellings, U.S. Secretary of Education*

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ACLU Files Lawsuit against PATRIOT Act

This is a case filed by the ACLU on behalf of several Muslim organizations in August of 2003 challenging the constitutionality of Section 215 of the USA PATRIOT Act. That section authorizes the Foreign Intelligence Surveillance Court to order the production of records relevant to certain investigations, including those intended to prevent international terrorism. The plaintiffs challenge Section 215 on the grounds that it violates their privacy, due process and free speech rights. In October of 2003, the government filed a motion to dismiss the case, arguing: 1) the plaintiffs lack standing to challenge Section 215 since they have not and cannot argue that Section 215 has been used against them or any of their members, and 2) even if the plaintiffs had standing, their constitutional arguments are without merit. The motion to dismiss has been pending for about almost two years. *Muslim Community Association of Ann Arbor, et al. v. Ashcroft*

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Civil Rights Suit Causes Retrofitting of over 5,000 Apartments To Accommodate Persons with Disabilities

This is a disability discrimination case brought against a large-scale apartment developer and its architectural firms for discriminating against persons with disabilities in the design and construction of apartment complexes, in violation of the Fair Housing Act and Americans with Disabilities Act. Many of the apartment buildings were designed and constructed so that the first floor apartments could be reached only by going down stairs. On September 30, 2005, a consent decree was reached that resolved both matters. Under the consent decree, the developer and architects have agreed to retrofit 49 apartment complexes in seven states to make over 5,400 ground floor apartments accessible, and to pay a $110,000 civil penalty and up to $950,000 to victims harmed by the lack of accessible features at the properties. *United States v. Edward Rose & Sons et al.*

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Woman Sues TSA over Screening at Airport

A woman with a prosthetic leg brought suit claiming that she has been subjected to unreasonable searches by TSA screeners at various airports across the country. The plaintiff originally sought an injunction prohibiting TSA from searching her at all, and allowing her "unencumbered access" to boarding gates. She subsequently changed her request to an injunction requiring TSA to strictly follow its own procedures. The plaintiff's motion for preliminary injunction and the government's motion to dismiss have been pending since July 20, 2005. *Thomson v. Stone*

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Citizenship and Immigration Services Prevails in Suit Brought by Employers

These two cases involve identical issues. In both cases the plaintiff employers are challenging Citizenship and Immigration Services' (CIS) denial of I-140 employment-based visa petitions filed on behalf of alien workers who the employers seek to hire in a computer-related capacity. The issue in both cases is whether CIS acted arbitrarily and capriciously in determining that the aliens do not meet the requirements for a "professional" worker because they do not hold a U.S. baccalaureate or a foreign equivalent degree. The court ruled favorably for the government. One employer appealed to the Sixth Circuit. *Whale Corporation v. United States Citizenship and Immigration Services; W.C. Software Services v. United States Citizenship and Immigration Services*

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HUD Settles Old Racial Discrimination Class Action Suit

This is a class action racial discrimination suit filed in 1968 against the City of Hamtramck and HUD involving removal of black residents through urban renewal. Judge Keith, sitting by special designation, continues to handle the case as trial judge. Plaintiffs prevailed at trial against both Hamtramck and HUD. After appeals, which significantly cut back on HUD's joint liability secondary to Hamtramck's primary liability, there was a partial consent judgment in 1980 between Hamtramck and plaintiffs that contemplated the building or rehabilitation of 200 units of subsidized and affordable housing for plaintiff class and 150 units of elderly housing. On October 5, 2005, HUD and plaintiffs filed a stipulated settlement setting aside 25 Section 8 (HCV) housing subsidies for the most needy class members that will be transferable to the remedial housing, including a rent-to-buy feature, once it becomes available (building has just begun). On December 14, 2005, Judge Keith approved the HUD settlement as fair, reasonable, and adequate after a Rule 23(e) hearing. *Garrett, et al. v. City of Hamtramck, et al.*

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Government Prevails in Suit Over "No-Pet" Rule

On February 18, 2005, a jury returned a verdict of $314,209 for the United States and plaintiff-intervener in a suit alleging that the defendants violated the Fair Housing Act by refusing to waive a no-pets rule to allow the complainant to keep an emotional support dog in her unit. The case was referred to our office after the Department of Housing and Urban Development (HUD) received a complaint,

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conducted an investigation and issued a charge of discrimination. *United States v. Royalwood Cooperative Apts, Inc., et al.*

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Verdict Against Drug Dealer Shot During Undercover Deal Upheld on Appeal

Two drug traffickers were shot during their attempt to rob two undercover DEA agents during a $48,000 controlled delivery. Suit was brought against the DEA under the Federal Tort Claims Act because one of the robbers was killed and the other was rendered a quadriplegic. The one who is quadriplegic sued the United States for wrongful use of deadly force. In May, 2003, the case was tried, and the court found for the government, issuing a no cause verdict. The plaintiff appealed, and on May 27, 2005, the Sixth Circuit affirmed in a published decision. *Morales v. United States*

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Government Prevails in Suit Brought by Retired ATF Agent

This was an age discrimination suit brought under the ADEA by a retired ATF Special Agent who claimed age discrimination. The agent had unsuccessfully applied for at least 40 merit promotions after he was 40 years of age. At issue in this case were his unsuccessful applications for four vacancies in the Detroit Division office. A five-day bench trial held in February, 2005, resulted in a favorable verdict for the government. *Griffith v. Ashcroft*

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Cause of Death At Issue in VA Medical Center Malpractice Case

The survivors of a Saginaw VA Medical Center patient who died after taking an excessive amount of the steroid dexamethasone have sued claiming negligence. The government did not dispute that, due to the negligence of personnel at the Saginaw VAMC, this occurred. The issues litigated involved whether the dexamethasone overdose caused the patient's death and, if so, how long he was likely to survive with hormone refractory metastatic prostate cancer. This case settled for $300,000 in late 2005. *Krcmarik v. United States*

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Dissatisfied Bidder's Suit Against HUD Dismissed

This was a disappointed bidder case brought by LaSalle Group, a general contractor who, despite being the lowest bidder, was not awarded the general construction contract for a project called the Mexicantown Project. The Mexicantown Project is an effort by the Mexicantown Community Development Corporation (MCDC), a non-profit corporation that is funded heavily by grant monies from HUD and the Treasury Department's Economic Development Administration (EDA). MCDC awarded the bid to the second-lowest bidder at least in part because of its partial minority ownership (LaSalle Group had no minority owners). LaSalle's claims against HUD and EDA were brought under the Administrative Procedure Act and 42 U.S.C. § 1983. The court granted the federal defendants' motion to dismiss on grounds of lack of subject matter jurisdiction. Plaintiff did not appeal. *LaSalle Group, Inc. v. Mexicantown Community Development Corporation*

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Government Wins Trial in Case Brought Against Postal Service

A contract driver for the Postal Service alleged that he was permanently disabled when he lifted a ramp at the direction of a postal employee. At trial, the postal employee testified that he did not direct the plaintiff to assist him, but rather the plaintiff grabbed the ramp to remove it because he was in a hurry to get underway. After trial, a verdict was entered for the government. *Grugan v. United States*

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CIVIL DIVISION CASES – AFFIRMATIVE LITIGATION

Civil - Affirmative Litigation Unit

TRO Issued Against Durable Medical Equipment Provider

In an investigation resulting from the filing of a *qui tam* action, Rodney Cooper, Scott Cooper and related entities, of Birmingham, Michigan, were found to be improperly billing Medicare for medically unnecessary durable medical equipment, including diabetic shoes, knee braces and back braces for nursing home patients, some of which was never delivered to beneficiaries. The United States successfully argued to the court that there was probable cause to believe that the defendants fraudulently received about $3 million from Medicare and Blue Cross and Blue Shield. Pursuant to 18 U.S.C. § 1345, the court enjoined the defendants from selling, transferring or disposing of any assets, from the continued violation of any health care statutes, and the destruction of business, financial, patient, and accounting records. *United States ex rel v. Cooper, et al.*

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Forfeiture Returns Money to Victims of Commodity Trading Fraud

The Commodity Futures Trading Commission ("CFTC") seized approximately $4.2 million from the account of a fraudulent commodity futures trader, Todd J. Snively. A civil forfeiture complaint *in rem* was filed against $4.2 million seized by the CFTC, and the United States prevailed in that civil action. As a result, 845 victim-investors each received two-thirds of their investment monies back, via the federal forfeiture remission process. Subsequently, Snively was charged criminally and pled guilty to mail fraud. Snively was sentenced to the statutory maximum of five years of incarceration. This office has been granted the authority to direct the United States Marshals Service to disburse an additional $140,000, representing the amount forfeited by Snively in the criminal case, to the 845 victim-investors on the same pro-rata basis utilized in the civil forfeiture case. Snively was also ordered to pay restitution to the 845 victim-investors in the total amount of $1,973.432.29. *United States v. Snively* and *United States v. $4.2 Million* (Civil and criminal forfeiture – remission and restoration to fraud victims)

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Medicare Fraud Proceeds Seized From Home Health Care Agency Owners

Elena and David Szilvagyi, owners of Prime Care Services Inc., a home health care agency (and several other related corporations) defrauded Medicare of an estimated $836,000 pursuant to the submission of false annual cost reports. Falsely obtained Medicare payments were used by defendants to build their lavish private residence in Clarkston, Michigan. Pursuant to the False Claims Act, the government brought suit seeking treble damages and seized approximately $650,000 in a pre-judgment garnishment action under the Federal Debt Collection Procedures Act. Defendants entered guilty pleas in a parallel criminal proceeding brought in the Western District of Michigan and are currently serving 48- and 30-month respective prison sentences. In October, the court ordered the couple to pay $2.5 million after granting the government's motion for summary judgment in the civil case in the Eastern District, based upon defendants' guilty pleas. *United States v. Szilvagyi, et al.*

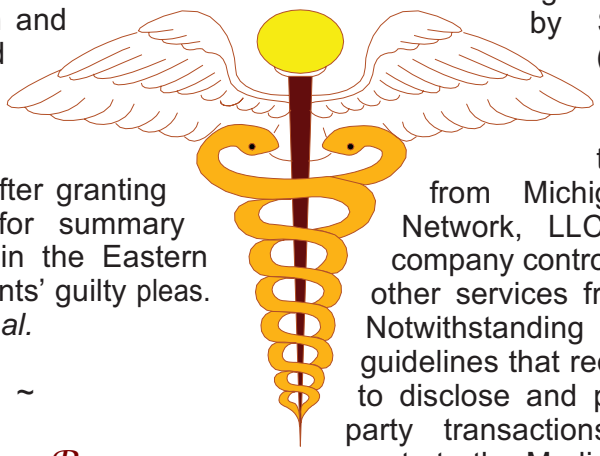

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Forfeiture Forces Power Wheelchair Company Owner to Give Up $1 Million in Fraudulent Medicare Payments

This was a civil False Claims Act proceeding parallel to a criminal action. Defendant Hussein Amr, sole owner of U.S. Medical Supply, Inc., billed Medicare for unnecessary power wheelchairs and their accessories, and also engaged in up coding and submitting infl ated repair bills. Amr was found guilty in the parallel criminal case, and signifi cant forfeiture of approximately $1 million was obtained. The civil division further obtained a judgment in the amount of $864,818.68, which was collected through an administrative offset. *United States v. Amr and U.S. Medical Supply, Inc.*

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Doctor, Companies, Sued for $1 Million Fraud for Failing to Disclose Common Ownership, Control Relationships

Aurora Healthcare, Inc. (Aurora), was a non-profit hospital that provided psychiatric services to Medicare and Medicaid patients. The United States intervened in this case. Defendant Soon K. Kim, M.D., controlled the operations of Aurora through a management team provided by Salem Service Company (Salem), a company which he owned. Kim and Salem reportedly caused Aurora to lease hospital premises from Michigan Mental Health Care Network, LLC (the "Network"), another company controlled by Kim, and to purchase other services from Kim-related companies. Notwithstanding Medicare and Medicaid guidelines that required participating hospitals to disclose and properly account for related party transactions, Aurora submitted cost reports to the Medicare and Medicaid programs during the 1998 through 2000 cost years which failed to disclose Salem and the Network as related parties. Fraud against the Medicare and Medicaid programs reached nearly $1 million. *United States ex rel. Clark v. Aurora Healthcare, Inc.*

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Assets Frozen, $ 500,000 Seized in False Billing Investigation

Agents uncovered evidence that Rebecca Sharp was buying and selling home health care and physical therapy patient lists, engaging in kickbacks from home health care entities and also falsely billing Medicare for medically unnecessary services. Agents executed seizure warrants, netting approximately $500,000 in fraud proceeds, most of which will be included in forfeiture counts. In addition, the government successfully obtained a TRO under the Fraud Injunction Statute, 18 U.S.C. § 1345, which prevents defendant from dissipating her assets during the pendency of the False Claims action. It is anticipated that damages will be in excess of $1 million. *United States v. Sharp*

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Defendant in Metro Airport Fraud Case Seeks Chapter 11 Protection

This is a *qui tam* case alleging fraud in Wayne County contracts to oversee construction projects at the Detroit Metropolitan Airport. The United States intervened in part and declined to intervene in part. The United States intervened against defendants American International, Frank Vallecorsa, Robert Meredith, and also added Wilbourne Kelley as a defendant. Single damages are approximately $19 million. American International filed for bankruptcy protection on March 14, 2005. On August 26, 2005, the Bankruptcy Court ruled that the government's False Claims Act suit is not subject to the Bankruptcy Code's automatic stay provision. On August 24, 2005, American International filed its Chapter 11 Plan of Reorganization which was orchestrated by Frank Vallecorsa. The United States successfully objected to the confirmation of the Chapter 11 plan proposed by Vallecorsa. These cases were subsequently converted to Chapter 7 and a trustee appointed to liquidate the assets. *United States ex rel. v. American International, Frank Vallecorsa, et al.*

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Special Verdict Orders $500,000 Forfeiture in Mortgage Fraud Case

Defendants were charged with 42 federal violations arising out of a mortgage fraud scheme. The Indictment contained forfeiture allegations seeking forfeiture of approximately $200,000 in United States currency and twelve real properties valued at approximately $300,000 based on their involvement in defendants' fraudulent activities. On November 24, 2004, following a trial, a jury rendered a verdict finding defendants guilty on all counts. The jury also issued a Special Verdict ordering all forfeiture sought by the government. The total value of the forfeiture is approximately $500,000. *United States v. Jebril*

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COMMUNITY PARTNERSHIPS

Law Enforcement Coordinating Committee

The Law Enforcement Coordinating Committee (LECC) provides an informational network for law enforcement managers and executives committed to the ideal of cooperation and coordination at all levels of local, state and federal law enforcement.

The LECC of the Eastern District of Michigan sponsors or co-sponsors no or low-cost training seminars addressing the professional needs of more than 100 local and state law enforcement agencies. The program has become the cornerstone of joint federal, state and local law enforcement efforts. Robert Poikey, our LECC coordinator, has an extensive background in law enforcement. He can be contacted at 313-226-9120.

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Project Safe Neighborhoods – Community Outreach Initiatives

On May 14, 2001 President George W. Bush announced the implementation of Project Safe Neighborhoods, a national initiative that targets gun crime and violent offenders in an effort to make our streets and communities safer. Despite an overall decline in the number of gun homicides during the last fi fteen years, the incidence of gun violence remains intolerably high. Our nation's violent crime rate is among the highest in the industrialized world; our teenagers are more likely to die from a gunshot than from all natural causes of death combined.

Project Safe Neighborhoods seeks to address the problem of gun violence by establishing partnerships between federal, state and local law enforcement authorities as well as partnerships with community and faith based groups. The United States Attorney has been charged with the responsibility for bringing together the law enforcement agencies and the community to ensure a uniform and comprehensive approach to reduce gun violence. Project Safe Neighborhoods has three components: 1) enforcement, 2) prevention and 3) public awareness/community outreach.

In the Eastern District of Michigan the centerpiece of the enforcement component are the gun case referral agreements with local prosecutors, which operate to assure swift prosecutions and maximum sentences for those who commit crimes with guns. In 2005, 134 gun cases were referred for federal prosecution. The average sentence for those cases is 79 months. In 2004, the average sentence was 95 months.

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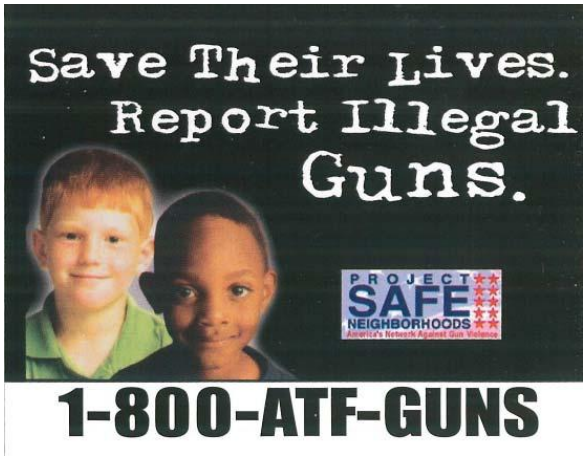

Operation "Weed and Seed"

Operation Weed and Seed is a community development initiative of the Department of Justice that is coordinated in the Eastern District of Michigan under the leadership of the U.S. Attorney. Weed and Seed uses a community driven strategy which seeks to "weed" out crime and "seed" in needed resources designed to strengthen the community, its residences and

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businesses. There are currently seven Weed and Seed sites in the Eastern District of Michigan that have proven to be a valuable asset to the District. The sites are located in the east, west and northwest areas of Detroit as well as the cities of Inkster, Highland Park and Flint.

The Weed and Seed sites continue to be officially recognized and funded by the Department of Justice. The sites assist the U.S. Attorney's Office in the Eastern District by fostering relationships between local residents, neighborhoods and businesses along with federal, state and local law enforcement. These relationships have proven to be key in assisting the office with community outreach efforts.

The sites continue their two-prong strategy. This strategy includes working with law enforcement within their respective sites to weed out violent firearm and drug offenders. At the same time, working with local businesses, churches and schools to seed in human service programs.

Our Weed and Seed directors conduct Project Sentry, a three-day workshop for middle school youth regarding the dangers of guns and violence. It is designed to educate students about the medical, legal, emotional and societal consequences of gun violence. The program is unique in that the program is taught by students, doctors and nurses, lawyers, law enforcement and other community groups.

Project Sentry also offers Sentry Clubs, which are designed to teach middle school students life skills through the game of chess. The program is 15 weeks, one hour per week, designed to teach children how to plan ahead, think strategically, peacefully resolving conflicts, and increasing their attention span, while at the same time showing them how to play the game of chess.

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DEFY
(Drug Education for Youth) Camp

The office launched its first DEFY (Drug Education For Youth) Camp in the summer of 1997. DEFY is a drug education and personal development program for youth which is being implemented across the country by Weed and Seed sites. The DEFY program is designed to expose the youth participants to a structured and disciplined environment. Phase I of the DEFY program consists of a five-day nonresidential camp at neighboring Selfridge Air National Guard Base. More than 90 youths participated in the camp, ranging in ages from 10 through 12. Young people living on the base with their families also participated daily in the DEFY activities. The DEFY curriculum consists of information related to the dangers of drugs and gun violence. Recreational activities including swimming, bowling, fishing, boating and aerobics are provided daily. The curriculum is presented by local, state and federal law enforcement agencies and the Weed and Seed directors. Additionally, the youth are in the daily care of mentors and group leaders composed of active duty and reserve military personnel, military spouses, base youth services personnel, and a host of other volunteers. For many youth (and some of the adults) the camp was their first exposure to life on the base.

Phase II is consists of a ten-month mentoring program. The mentoring programs are built around the life skill modules that were taught

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during Phase I. DEFY graduates continue to receive support and encouragement to continue active participation in schools and neighborhoods within their communities.

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Anti-Terrorism Advisory Council

As part of our mission to disrupt and prevent terrorism, the United States Attorney chairs the district's Anti-Terrorism Advisory Council (ATAC). The ATAC, which comprises members of federal, state and local law enforcement agencies, emergency responders, the medical and public health communities, and the private sector, is designed to make the district a seamless collaboration of all of the agencies working to prevent terrorism. The ATAC meets quarterly to bring all of our partner agencies together and facilitates information sharing on a daily basis. The ATAC provides guidance on criminal trends and developments in the law, initiates training opportunities, and coordinates special counter-terrorism projects, such as improving communication capabilities and preparing for the Major League Baseball All-Star Game and Super Bowl XL. As a result of the coordination developed through the ATAC, some successful counter-terrorism prosecutions have begun with information provided by one of our partner agencies.

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BRIDGES

The United States Attorney also participates in "BRIDGES," ("Building Respect in Diverse Groups to Enhance Sensitivity") a successful partnership between federal law enforcement agencies and leaders in the Arab American and Middle Eastern communities in the Metro-Detroit region. BRIDGES is the outgrowth of an alliance formed shortly after 9-11 to address the potential for backlash against the local Arab American and Middle Eastern communities. From this alliance evolved BRIDGES, which now meets on a regular basis to provide a forum to address issues of mutual concern and to foster better understanding. BRIDGES addresses issues such as the Iraqi out-of-country voting held in the Eastern District of Michigan, border crossings, no-fl y lists, cultural sensitivity, hate crimes, law enforcement policies and procedures, and immigration.

During 2005, BRIDGES hosted a public forum on terrorism fi nancing through charitable giving and a town hall meeting on enforcement of civil rights laws to protect the Arab American and Middle Eastern communities. Based on the success of BRIDGES, Deborah Ramirez, a law professor at Northeastern University, who conducted a study on law enforcement/ community relationships, has stated that "the Dearborn/Detroit area is the 'gold standard' for law enforcement partnerships with the Arab, Muslim, and Sikh Communities." The success of BRIDGES has inspired other districts to form their own BRIDGES chapters.

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Michigan Alliance Against Hate Crimes (MIAAHC)

This Offi ce continues to have a leadership role in the Michigan Alliance Against Hate Crimes (MIAAHC), which we co-chair with the United States Attorney's Offi ce for the Western District of Michigan and the Michigan Department of Civil Rights. MIAAHC is designed to unify the resources of federal, state and local law enforcement agencies, as well as community leaders, in a coordinated fashion to ensure a complete and effective response to hate crime in Michigan. The membership includes community and civil rights groups as well as representatives from federal, state and local law enforcement. Meetings are held quarterly, with standing

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subcommittees (Enforcement and Training, Data Collection/Trend Analysis, Victim Support, Education and Public Awareness and Community Response) generally meeting on a monthly basis. Activities include: providing guidance and assistance in the investigation and prosecution of individuals who commit hate crimes; training federal, state and local law enforcement offi cers in hate crimes enforcement; educating communities on the scope of the problem and the strategies needed to combat such criminals conduct

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Advocates and Leaders for Police and Community Trust (ALPACT)

Our community outreach efforts include our continuing leadership role in Advocates and Leaders for Police and Community Trust (ALPACT), a coalition of law enforcement and community advocacy groups that meets monthly to discuss issues of mutual concern, including racial profi ling, post 9/11 discriminatory backlash issues, and more. This year, ALPACT has held important training and discussion related to use of force decision-making, the use of Tasers by law enforcement, diversity and the rise in hate crimes in southeast Michigan.

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12th Annual Great Lakes Native American Conference

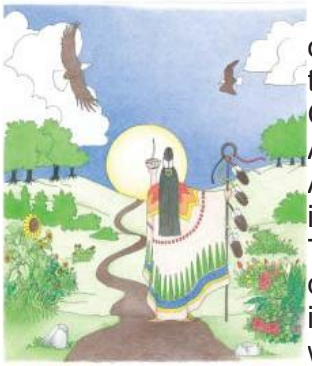

The Eastern District of Michigan was host to the 12th Annual Great Lakes Native American Conference, August 22 - 24, 2005 in Bay City, Michigan. This annual multi-disciplinary conference is intended for individuals who provide services to

Native Americans, such as representatives from human services, schools, clergy, victim services, the medical profession, probation offi cers, prosecutors offi ces, law enforcement, judges and Tribal leaders. The goal of this conference is to provide these individuals with skills that will enable them to provide an improved response to victims of family violence and other violent crimes. This year's conference was attended by 133 individuals who gave rave reviews about the quality of speakers, knowledge obtained and workshop topics. This conference is a collaborative effort of the United States Attorney's Offi ces for the Eastern and Western District of Michigan, the Eastern and Western District of Wisconsin and the District of Minnesota. These offi ces continue to work together to make this annual event a useful educational experience.

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VICTIM AND WITNESS SERVICES

The United States Attorney's Office for the Eastern District of Michigan is committed to the protection of the rights of crime victims and witnesses and ensures that they are treated with dignity and respect.

This has been accomplished through our Victim-Witness program. This program will assist eligible federal crime victims and witnesses with the following:

- Provide information about the status of the case;
- Provide referrals for victims to crisis intervention, counseling and other assistance services;
- Provide information on victim compensation to victims of violent crime;
- Provide information about submitting written or oral victim impact statements at the time of a defendants sentencing;
- Accompany victims to court for trial and sentencing;
- Register victims with the Victim Notification System database and provide notification;
- Provide logistical information and assistance to witnesses with respect to directions, transportation, parking, witness fees and travel reimbursement (assistance with airline and lodging arrangements is provided for out-of-state witnesses); and,
- Provide notification, upon request, to the employer of the victim/witness if cooperation in the prosecution of the crime causes absence from work.

The program also provides training in victims issues to federal, state and local service providers. The training included courses on the new Justice for All Act, drug-endangered children, Native American victim issues, and Internet child exploitation. The Victim-Witness Program Coordinator is Sandra Palazzolo. She can be contacted at 313-226-9510 for assistance.

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Friends and Colleagues --

Attached please find an annual report on the 2005 activities of the USAO for EDMi. Please call if you would like a hard copy.

Best wishes,

Stephen J. Murphy
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From: USDOJ- Office of Public Affairs
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To: USDOJ- Office of Public Affairs
Subject: DOJ Daily News Wrap

PUBLIC AFFAIRS DAILY NEWS WRAP
April 24, 2006

Contact: Brian Roehrkasse, Deputy Director, Office of Public Affairs (202) 514-2007

Moussaoui (OPA)
The jury began deliberating today in the death penalty trial of Zacarias Moussaoui after the conclusion of closing arguments. Prosecutors requested the death penalty, and the defense implored jurors to send Moussaoui to prison for life so he would not become a martyr. A verdict is expected sometime this week.

L.A. Times Torture Story (OPA)
DOJ Public Affairs was notified that the *LA Times* is writing that one of their reporters in Afghanistan purchased or looked at a disk taken from the laundry at Agram Air Base in Afghanistan as recently as this weekend. The disk reportedly contained names and phone numbers, as well as police methods to use pain (pressure points) to control prisoners. The Department of Defense Public Affairs office has been contacted for comment.

Michigan Couple Charged with Obscenity and Child Pornography Violations (CRM)
A Brutus, Mich., couple—John Mart Messer and Deborah Messer—has been indicted on charges of operating an obscenity distribution business and related offenses. The indictment, returned April 20, 2006, by a federal grand jury in Grand Rapids, Mich., was unsealed and the couple was arrested in Michigan today. John Messer was charged with one count of engaging in the business of selling obscene matter, one count of mailing obscene matter, one count of transporting obscene matter via common carrier, six counts of receiving child pornography, and one count of possession of child pornography. Deborah Messer was charged with aiding and abetting the operation of a business of selling obscene matter. If convicted, the defendants face maximum penalties of five years in prison on each of the obscenity counts, 20 years in prison on the receipt of child pornography count and 10 years in prison on the possession of child pornography count.

North Dakota Region Utilities to Spend Over $100 Million Under Clean Air Act Settlement (ENRD)
The Department of Justice and the U.S. Environmental Protection Agency today announced settlement of a case alleging violations of the New Source Review (NSR) provisions of the Clean Air Act against Minnkota Power Cooperative and Square Butte Electric Cooperative—member-owned rural utilities—that will reduce emissions of sulfur dioxide (SO2) by about 23,600 tons per year and nitrogen oxides (NOx) by more than 9,400 tons annually from

the Milton R. Young Station—a lignite coal-fired power plant near Center, North Dakota. This is the first NSR settlement with a power plant utility in the Western United States.

***Cook v. Rumsfeld* Dismissed "Don't Ask, Don't Tell" Policy Upheld (Civil)**
A federal judge in Massachusetts on Monday dismissed a lawsuit filed by 12 service members challenging the military's "don't ask, don't tell" policy. The service members had argued the policy violates their constitutional rights to privacy, free speech and equal protection under the law. However, the Bush administration in court documents argued that Congress, in approving "don't ask, don't tell," recognized that the military is characterized by its own rules and traditions, including some restrictions that would not be accepted in civilian society.

GOP Leaders Urge Price-Gouging Probe on Gas (Antitrust)
CNN is reporting that Congressional GOP leaders on Monday formally called on President Bush to launch an investigation into possible price gouging by oil companies, as gas costs shot up nearly 25 cents per gallon in two weeks. According to CNN, Speaker of the House Dennis Hastert and Senate Majority Leader Bill Frist asked the President to direct the Justice Department and Federal Trade Commission to investigate the rising oil prices and also will request that certain areas be exempt from having to use a more expensive but cleaner blend of gasoline. The Justice Department is not commeting on this matter.

Director Mueller visits FBI Field Offices (FBI)
Director Mueller visited the Charlotte and Atlanta FBI field offices today. The Director hosted a press availability at both sites that were well attended by media. The line of questions included innocent images, GA Tech arrests-IT matter, restructuring of the FBI, FBI hiring trends for next year, and comments on the USA PATRIOT Act. Stories regarding these matters are expected in local media.

Tomorrow's Expected Releases/Events:

The Antitrust Division is tentatively scheduled to issue a release on a merger matter. (Talamona)

The Tax Division will tentatively issue a release on a civil injunction. (Magnuson)

The Environment and Natural Resources Division will issue a release. (Magnuson)

9:00 A.M. CDT Deputy Attorney General Paul J. McNulty will make remarks at the National Association of Attorneys General Conference on Public Corruption
Hyatt Regency Hotel
Crystal Ballroom
151 Wacker Drive
Chicago, Illinois

Press inquiries regarding logistics should be directed to Chris Toth of the National Association of Attorneys General at 410-948-5261.

10:00 A.M. EDT Senior ATF officials will hold an on-the-record briefing to discuss ATF's U.S. Bomb Data Center and its programs, strategies, and successes.
ATF National Headquarters
650 Massachusetts Ave, N.W.
Room 3400
Washington, D.C.

Press inquiries regarding logistics should be directed to Richard Marianos/Sheree Mixell at 202-927-8500.

From: Ames, Andrew
Sent: Tuesday, April 25, 2006 11:09 AM
To: /o=USDOJ/ou=JMD/cn=Recipients/cn=Mailboxes/cn=LReyes; Agarwal, Asheesh (CIV); Ames, Andrew; Baxter, Felix (CIV); Branda, Joyce (CIV); Brett Gerry; Brody, Stephen (CIV); Bucholtz, Jeffrey (CIV); Bukvics, Jennifer (CIV); Claterbos, Barbara (CIV); Cohen, David M. (CIV); Cohn, Jonathan (CIV); Davidson, Jeanne (CIV); Fargo, John (CIV); Fielding, Gabrielle (CIV); Figley, Paul (CIV); Flentje, August (CIV); Frost, Peter (CIV); Garren, Timothy (CIV); Glynn, J.Patrick (CIV); Gorsuch, Neil M; Hertz, Michael (CIV); Hollis, Robert (CIV); Hunt, Jody (CIV); Hussey, Thom (CIV); Jennifer Brosnahan; Jeweler, James (CIV); Katsas, Gregory (CIV); Keisler, Peter D (CIV); Kohn, Chris (CIV); Kopp, Robert (CIV); Letter, Douglas (CIV); Levine, Larry (EOIR); Lindemann, Michael (CIV); Magnuson, Cynthia; McCallum, Robert (SMO); Miller, Charles S; Nichols, Carl (CIV); Nowacki, John; Pyles, Phyllis (CIV); Riley, Sharon (CIV); Rivera, Jennifer (CIV); Roehrkasse, Brian; Schiffer, Stuart (CIV); Scolinos, Tasia; Seidel, Rebecca; Senger, Jeffrey M; Spellberg, Dianne (CIV); Swenson, Lily F; Thirolf, Eugene; Wilson, Karen L; Zwick, Ken (CIV)
Subject: 4/25/06 Civil Division News

'Don't ask, don't tell' suit dismissed; Judge says military can exclude gays

Federal judge throws out suit challenging 'don't ask, don't tell'

Suit Claims DoD Data Use Illegal

Boeing nears settlement with US to resolve probes - report

FAMS Settles Free-Speech Suit, But Its Legal Troubles Continue

Insight settles small-biz suit

Alleged Medicare fraud ring busted in LA area

Counterterrorism: Our Dirty War

Boston Globe

April 25, 2006

'Don't ask, don't tell' suit dismissed; Judge says military can exclude gays

By Shelley Murphy, Globe Staff

A federal judge in Boston yesterday dismissed a lawsuit challenging the military's "don't ask, don't tell" policy, ruling that Congress has the authority to exclude gays from the armed services.

US District Judge George A. O'Toole Jr. found that Congress made a rational decision to adopt the policy in 1993 after holding lengthy hearings and concluding that openly homosexual service members would have a negative impact on the military. The policy prohibits the military from asking about sexual orientation, but orders the dismissal of personnel who disclose that they are gay, engage in homosexual activity, or are outed by someone else.

"The legitimacy of the end Congress sought to serve -- maintaining effective military capability by maintaining high standards of morale, good order and discipline, and unit cohesion -- cannot be doubted," O'Toole wrote.

But, in his 41-page decision, O'Toole added that "deciding that Congress has made a rational choice is not the same as deciding it has made a wise choice."

O'Toole wrote that "the remedy for bad decision-making by the Political Branches is to be found in the working of the political process."

The judge concluded that the 12 former service members who filed the suit had failed to prove that their constitutional rights were violated because they were forced to leave the service after their sexual orientation was known.

DOJ_NMG_0026446

The Servicemembers Legal Defense Network, which filed the suit on behalf of the 12 people, won't make a decision on whether to appeal the decision until its lawyers have a chance to review the ruling and talk with the plaintiffs, a spokesman for the group said yesterday.

"We continue to believe that "don't ask, don't tell" is unconstitutional and that there is no good reason to exclude lesbian, gay, and bisexual Americans from the armed services," said Steve Ralls, the spokesman for the group. "The plaintiffs in this lawsuit are among the best and brightest that America has to offer. They're fighting to be included in the services as other Americans are fighting to leave the services and so we should welcome their commitment to our country and not turn away their offer to serve."

Charles Miller, a spokesman for the Department of Justice, would not comment on the specifics of the case, but said, "We're pleased with the court's decision."

The suit, filed in December 2002, marks the ninth time that the policy has been challenged unsuccessfully in courts throughout the country. The plaintiffs had hoped that a 2003 US Supreme Court ruling that struck down a Texas law that made gay sex criminal had opened the door to new challenges.

The "don't ask, don't tell" policy replaced a ban on gays in the military.

The suit estimates that there are 65,000 gays, lesbians, and bisexuals in the military. Each of the 12 plaintiffs served in the war on terrorism, some in Iraq and Afghanistan, according to the suit.

Laura Galaburda of Jamaica Plain, who was the only one of the 12 plaintiffs from Massachusetts, resigned from the Air Force in 2002 after telling her commander she is a lesbian.

In an interview with the Globe after the suit was filed, Galaburda said she was in her fourth year of medical school and working at Andrews Air Force Base in Maryland when she felt she could no longer stay silent about her sexual orientation.

Messages left at telephone numbers listed for two of the plaintiffs were not returned yesterday.

Ralph Ranalli of the Globe staff contributed to this report.

END

Associated Press

Federal judge throws out suit challenging 'don't ask, don't tell'

BOSTON -- A group representing service members who sued the federal government challenging the military's "don't ask, don't tell" policy says it'll likely appeal a decision by a federal judge who threw out the case.

U.S. District Judge George A. O'Toole Jr. on Monday dismissed the lawsuit filed by the Servicemembers Legal Defense Network, citing the authority given to Congress in establishing the country's military policies.

"In Congress, there were hearings by committees of both Houses at which the arguments for and against the policy were aired and debated. The resulting legislation was the end product of a focused process of debate and deliberation," the judge wrote in his ruling.

Established in 1993 under the Clinton administration, the "don't ask, don't tell" policy prohibits the military from asking about the sexual orientation of service members. It requires those who acknowledge being gay or engaging in homosexual activity to be discharged.

The 12 service members argued the policy violates their constitutional rights to privacy, free speech and equal protection under the law.

But the Bush administration argued in court documents that it "rationally furthers the government's interest in maintaining unit cohesion, reducing sexual tensions and promoting personal privacy."

Steven Ralls, a spokesman for the Servicemembers Legal Defense Network said the group would likely appeal the ruling, although a final decision has not yet been made.

"We continue to believe the military's ban is unconstitutional, and there is no reason lesbian, gay and bisexual Americans should be prohibited form serving our country," Ralls said.

In their lawsuit, the service members claimed that the policy violates their First Amendment rights because it forces them to remain silent about their true sexual identity.

O'Toole rejected that argument.

"The policy .... is, by its terms, directed at homosexual conduct or the propensity or intention to engage in such conduct. The fact that one might speak about one's conduct, or one's propensity or intention to engage in certain conduct, does not

mean that a governmental regulation pertaining to the conduct is also an impermissible restriction on speaking about it," O'Toole said.

Charles Miller, a spokesman for the U.S. Department of Justice, said the government was pleased with O'Toole's ruling.

"Don't ask, don't tell" has been upheld by appeals courts in several other jurisdictions. One of the reasons the service members filed the lawsuit in Boston is because the appeals.

END

Associated Press

April 25, 2006

Suit Claims DoD Data Use Illegal

NEW YORK - The Defense Department is violating the privacy of millions of high school students nationwide with a detailed database it uses for military recruitment, a federal lawsuit filed Monday claims.

The New York Civil Liberties Union sued on behalf of six high schoolers, saying the department is ignoring privacy rules set by Congress regarding the collection and distribution of students' personal information.

Military officials have said they have about 30 million names in the database. The Pentagon said last year the list includes high school students ages 16-18 and college students, and includes such information as the students' Social Security numbers, gender and race.

Hope Reichbach, a 17-year-old senior at Hunter College High School in Manhattan and a plaintiff, said she contacted the NYCLU after she had tried unsuccessfully to get her name removed from lists and databases that she said subjected her to repeated phone calls from military recruiters.

"I want them to leave me and other students alone," Reichbach said.

The department is flouting a 1982 military recruitment law that specifies that it refrain from collecting information on students under 17, that it store the information for no more than three years and that the information be kept private, the lawsuit said.

The current database includes information on 16-year-olds, is storing the information for five years and is being shared with law enforcement and other agencies, the lawsuit said.

Megan Gaffney, a spokesman for the U.S. Attorney's office, declined to comment on the lawsuit Monday.

The plaintiffs are six 16- and 17-year-old students who don't know if they are included in the database, but who object to it, lawyers said.

"Our clients don't wish to join the military," said Corey Stoughton, NYCLU attorney. "And they don't want their genders, ethnicities and social security numbers collected and distributed."

END

AFX News Limited
4/25/06

Boeing nears settlement with US to resolve probes - report

LONDON (AFX) - Boeing Co and federal prosecutors have reached a preliminary agreement to resolve a pair of high-profile criminal investigations, but the company is balking at calls by some Justice Department officials for roughly 750 mln usd in fines as part of a comprehensive settlement, the Wall Street Journal Europe reported, citing unnamed sources.

Based on the talks so far, Boeing would avoid pleading guilty to any specific charges in both cases while admitting

wrongdoing under what is known as a deferred prosecution agreement, the sources said.

Boeing has signaled that it may be willing to pay about 500 mln usd to simultaneously settle related civil claims, the paper cited the sources as saying. The government is seeking significantly more, but negotiations aimed at a compromise are heating up, they added.

A settlement would resolve allegations that Boeing improperly acquired Lockheed Martin Corp proprietary documents dealing with rocket programs and illegally recruited a senior US Air Force acquisition official while she still had oversight of billions of dollars in other Boeing contracts.

A Boeing spokesman said 'the company has stayed engaged' in discussions with the Justice Department.

END

Air Safety Week

April 24, 2006

FAMS Settles Free-Speech Suit, But Its Legal Troubles Continue

While last week's settlement agreement between the Federal Air Marshall Service (FAMS) and the American Civil Liberties Union (ACLU\l "I") of Southern California could bolster the cause of FAMS'

While last week's settlement agreement between the Federal Air Marshall Service (FAMS) and the American Civil Liberties Union (ACLU\l "I") of Southern California could bolster the cause of FAMS' employees free-speech rights, the agency insists that its policy on this issue really isn't being revised again.

As part of the agreement reached on April 13, in response to Frank Terreri vs. Michael Chertoff et al., no. 05-320 ER (C.D. Cal.), filed April 21, 2005, in the U.S. District Court for the Central District of California-Eastern Division, FAMS agreed to send a broadcast email to all its employees within a week that clarifies their rights to make public statements about the agency. The resulting one-page memo, which FAMS actually sent to its staff on April 18, mostly appears to excerpt and rearrange language from an internal July 26, 2005, memo (coded as "OMS 3700").

OMS 3700, in turn, was a revision of an August 9, 2002, FAMS memo on the same subject (coded as "ADM 3700"). While ACLU\l "I" describes OMS 3700 as an improvement on ADM 3700, it says the former should have been clearer. So ACLU\l "I" continued pressing its lawsuit.

Along with the new email, FAMS employees also were sent additional copies of both OMS 3700 and ADM 3700 last week.

It also may be significant that the release of OMS 3700 followed the original filing of the Terreri suit\l "I" by only four months. But FAMS will not officially admit that the lawsuit influenced, or quickened, the release of the new policy memo. An agency spokesman simply tells Air Safety Week that OMS 3700 was already under development when ACLU's\l "I" suit\l "I" was filed.

Because most of the email's language is not new, FAMS may have a point when it insists that it is only clarifying, and not further revising, its existing policy.

One of the ACLU\l "I" attorneys directly involved in Terrieri, Peter Eliasberg, doesn't dispute that interpretation. But, he adds, whenever an employee free-speech policy is at issue, particularly involving an agency that does not have a sterling reputation in the area, "clarifications are incredibly important," he tells Air Safety Week.

About the same time FAMS released OMS-3700 in mid-2005, the agency also came back under the jurisdiction of the Transportation Security Administration (TSA). The latter also has had public-relations problems on the employee free-speech issue. But it is unclear whether the new settlement agreement will induce renewed bouts of soul-searching at TSA. Eliasberg, for one, is hopeful that it will. By press time, TSA did not respond to Air Safety Week's repeated requests for comment.

In Terreri, it is alleged that FAMS's earlier memo on employee conduct and speech, ADM 3700, was unconstitutional. It not only prohibited air marshals from any form of expression criticizing or ridiculing the agency, but prohibited them from making "any public statements concerning" the agency.

Besides the new email, another interesting provision of the ACLU\l "I" settlement prohibits the plaintiff, Frank Terreri, who is a current federal air marshal and a member of the Federal Law Enforcement Officers Association (FLEOA), from taking any further legal action against FAMS "arising out of the facial validity of ADM 3700 and/or OMS 3700."

But that didn't stop Terrari, six days after the settlement was reached, from filing a new legal petition against FAMS with the U.S. Office of Special Counsel (OSC). The new action accuses FAMS of "gross mismanagement" and threatening air safety by making repeated disclosures of operational tactics and the identity of individual air marshals, according to FLEOA.

Indeed, this allegation of improper disclosure was the "complaint within the complaint" of the ACLU\l "l" lawsuit against FAMS. In several instances in recent years, the suit\l "l" alleges, FAMS officials have cooperated with several major media
outlets in doing "day-in-the-life" stories on currently employed air marshals, including how they are directed by the agency to publicly act, dress, and groom themselves; and what operational procedures they follow.

In the petition to OSC, Terreri alleges that these news stories have revealed the exact weapon marshals carry with them on the flights they're assigned to, as well as the methods that marshals are prepared to use in the event of a hijacking.

END

Washington Technology

Insight settles small-biz suit

By Ethan Butterfield

If allegations were true, penalty is light, observers said
Complaints that large companies steal government work from small businesses may no longer be falling on deaf ears. In what is believed to be the first-ever False Claims Act settlement between a company allegedly posed as a small business and the U.S. government, Insight Public Sector Inc. has agreed to pay $1 million for misrepresenting itself as a small business.

The alleged improper activity began in 1996 when the company, then known as Comark Government and Education Services Inc., won a General Services Administration multiple-award schedule contract as a small business.

In 2002, Insight Enterprise Inc., a Fortune 1000 company with 2005 revenue of $3.3 billion, acquired Comark, which continued to operate as a small business until 2005.

The settlement was the result of a two-year investigation by GSA, the Justice Department and the Small Business Administration that concluded Comark was not a small business when it won the contract and, therefore, was given preferential treatment and contracts it should not have received.

Insight of Tempe, Ariz., declined to be interviewed for this story.

Glenn Harris, an attorney in SBA's inspector general's office who worked on the investigation, said between 1996 and 2005, the company won roughly 250 small-business set asides worth about $4.2 million.

Harris could specify neither the total number of task orders nor their value, but, he said, there were "many other contracts."

Allegations of fraud
Lloyd Chapman, president and founder of the small-business advocacy group American Small Business League, began looking into Insight in 2002 after hearing repeated complaints from small companies that were losing contracts to Insight.

Later that year, he turned Insight and two other companies over to SBA for misrepresenting themselves as small businesses. Chapman claims Insight won more than $50 million worth of small-business contracts, and called the $1 million settlement inappropriate.

"It is a joke and an insult to the American people and to small businesses, and it serves to encourage fraud and abuse," he said. "That's like having the fine for bank robbery be that you have to pay a percentage of what you stole."

Under the Small Business Act, companies found guilty of misrepresenting themselves as small businesses face punishment of up to 10 years in prison, a fine of $500,000 per infraction and debarment from government contracting.

Harris, while not acknowledging whether criminal prosecution was ever recommended against Insight, said the

government considered all its options, but that the final settlement was the result of extensive negotiations with the company's legal team. He called it a "good settlement for the government."

In a statement announcing the agreement, SBA Administrator Hector Barreto went even further.

"This should act as a deterrent to such activity," he said.

But the agreement lets Insight stay on the 20-year GSA schedule contract and does not include any admission of wrongdoing on the company's behalf. Taken in combination with a fine that is a fraction of what the company won in awards, small-business advocates fail to see the deterrent.

Guy Timberlake, CEO and chief visionary officer for the American Small Business Coalition, lauded the government for taking action, but disagreed with the severity of the punishment.

"Fraud is what it is, and it should be treated as harshly as fraud, as a federal offense," he said.

Lack of oversight

The problem of large companies winning small-business contracts is an institutional one and is not limited to one company under one contract, SBA and industry officials said.

In a report from Feb. 24, 2005, then SBA IG Harold Damelin called the issue one of the most important challenges facing SBA and federal government.

"Large businesses are receiving small-business procurement awards, and agencies are receiving credit for these awards," he wrote.

Among the bones of contention is the way government contracting officers search for vendors. Using the Central Contractor Registry's (CCR) search function, contracting officers access a complete list of companies that have been certified by SBA as members of its 8(a) Business Development, HUBZone Empowerment Contracting and Small Disadvantaged Business programs.

However, the registry lists any businesses that claim to qualify as small, not solely those certified by SBA. The registry is largely an honor system; companies enter their own information with no oversight and are expected to update it regularly and accurately, SBA's Harris said.

"There are a lot of problems with that in terms of data accuracy," he said.

In a series of reports over the last two years, the SBA IG has urged the agency to make changes to the registry. As of yet, no changes have been made, although SBA officials claim to be working with the Defense Department on a solution.

Skirting requirements

The IG also has taken issue with the practice, on governmentwide acquisition contracts, of vendors maintaining their small-business status for the life of the contract — 20 years in some cases — even if the company outgrows its designation or is purchased by a large corporation.

The IG wants this practice stopped, but SBA has declined to do so.

A rule enacted in 2004 forced recertification of companies on multiple-award schedule contracts every five years as options are picked up. But companies are allowed to grow out of the small-business category during those five years.

SBA in April 2003 issued a proposed rule change that would require annual recertifications, but the rule has yet to be adopted.

That may not be enough, Harris said. To ensure that the contract winner is a small business, the certification should be done before each task order award, he said.

Yet another problem exists in government agencies themselves; some contracting officers selectively pick North American Industrial Classification System codes for procurements to let companies win small-business contracts, Timberlake said. Procure- ments often are tagged with NAICS codes, each of which has its own size standard.

Some NAICS codes are revenue-based; others are based on number of employees. Contracts often have several NAICS

codes, which lets companies that do not qualify under one code qualify as small under another code. NAICS codes each company qualifies for are listed on the CCR, and are entered by the company.

In the case of Insight winning awards under the 1996 GSA contract, it is likely that each contract awarded to the company, set-aside or not, was counted by the awarding government agency toward its small-business contracting goal, Harris said.

“They try to do everything they can to take as much credit as possible, so I would think it quite likely that they did,” he said.

Staff Writer Ethan Butterfield can be reached at ebutterfield@postnewsweektech.com.

END

The Associated Press

Alleged Medicare fraud ring busted in LA area

LOS ANGELES-Five members of a Russian-Armenian organized crime ring have been indicted for allegedly bilking Medicare of more than $20 million, authorities said.

The group operated medical clinics and laboratories in Los Angeles, Glendale and Pasadena that paid marketers for patient referrals and billed Medicare for tests that were unnecessary or were not done, Assistant U.S. Attorney Bruce Searby wrote in court papers. The alleged fraud took place between 1997 and 2005.

The defendants, who were indicted Thursday, have been charged with conspiracy, health care fraud, Medicare kickbacks, making false statements to Medicare and money laundering.

The group allegedly was led by Konstantin Grigoryan, 56, of Altadena, a former colonel in the Soviet army; his wife, Mayya Leonidovna Grigoryan, 54; the Grigoryans' son-in-law, Eduard Gershelis, 34, of Los Angeles; Mayya Grigoryan's brother-in-law, Aleksandr Treynker, 48, of Canoga Park; and Haroutyun Gulderyan, 36, of Tujunga.

The Grigoryans and Gershelis have been in federal custody since their March 21 arrests. Gulderyan and Treynker have been released on bond. The five are scheduled to appear in court June 13.

Gershelis' attorney, Jerome Mooney, described the episode as "a very unfortunate circumstance." Attorneys for the other defendants did not return phone calls from the Los Angeles Daily News seeking comment.

Last December, three operators of an Orange County clinic pleaded guilty to charges they bilked insurers out of nearly $15 million by operating on healthy people, authorities said.

END

The Argus (CA)

Counterterrorism: Our Dirty War

Bob Herbert

Isaid, "Some of these folks have never been heard from again, right?"

"Yup," said Curt Goering. "That's right."

Goering is the senior deputy executive director for policy and programs at Amnesty International USA. We were discussing a subject — government-sanctioned disappearances — that ordinarily would repel most Americans.

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In past years, stories about torture and "the disappeared" have been associated with sinister regimes in South and Central America. The attitude in the United States was that we were above such dirty business, that it was immoral and uncivilized, and we were better than that.

But times change, and we've lowered our moral standards several notches since then. Now people are disappearing at the hands of the U.S. government.

"Below the Radar: Secret Flights to Torture and 'Disappearance'" is the title of a recent Amnesty International report on the reprehensible practice of extraordinary rendition, a highly classified American program in which individuals are seized — abducted — without due process and sent off to be interrogated by regimes that are known to engage in torture.

Some of the individuals swept up by rendition simply vanish.

"This is a kind of netherworld that people disappear into and don't frequently emerge from," said Goering. "It's a world that's outside the reach of law. These individuals might as well be on another planet."

There is no way to know how many people have been seized, tortured or killed. Since there are no official proceedings, there is no way to know whether a particular individual who is taken into custody is a legitimate terror suspect or someone who is innocent of any wrongdoing. But we have learned, after the fact, that mistakes have been made.

You may not be familiar with the name Khaled el-Masri, but the Bush administration sure knows who he is. Masri, a German citizen of Lebanese descent, was arrested while visiting Macedonia in December 2003. A few weeks later, he was handed over to a group of masked men dressed all in black — in the so-called ninja outfits frequently worn by the rendition cowboys.

Masri's clothes were cut off and he was drugged, put aboard a plane and flown to Afghanistan, where he was held in a squalid basement cell for five months.

It turned out, as noted by Dana Priest of The Washington Post, who was awarded a Pulitzer Prize this week for her reporting on the government's covert counterterrorism programs, that "the CIA had imprisoned the wrong man."

Priest wrote:

"Masri was held for five months largely because the head of the CIA's counterterrorist center's al-Qaida unit 'believed he was someone else,' one former CIA official said. 'She didn't really know. She just had a hunch.'"

Someone had a hunch that Maher Arar was a terrorist, too. A Canadian citizen who had been born in Syria, he was snatched by American authorities at Kennedy Airport in New York on Sept. 26, 2002, and shipped off to a nightmare in Syria that lasted nearly a year. He was held for most of that time in an underground, rat-infested cell about the size of a grave.

No one, not even among the Syrians who tortured him, was ever able to come up with any evidence linking Arar to terrorism. He was released and returned to his family in Ottawa. Shunned and emotionally shattered, he seems a ruined man at just 35 years of age.

The cases of Khaled el-Masri and Maher Arar are among the handful that we know about. Most cases remain concealed in the lawless netherworld that Goering spoke of.

The Amnesty International report describes various acts of torture and other forms of mistreatment that are alleged to have been inflicted on victims of rendition. According to the report, Vincent Cannistraro, a former director of the CIA's Counterterrorism Center, said the following about a detainee who had been rendered to Egypt:

"They promptly tore his fingernails out and he started telling things."

The Bush administration will never do the right thing when it comes to rendition. Congress needs to step in and thoroughly investigate this program, which is nothing less than a crime against humanity. Congress needs to investigate it, document it, and shut it down.

END

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Gorsuch, Neil M

From: Gorsuch, Neil M
Sent: Tuesday, April 25, 2006 2:38 PM
To: Comisac, Rena (CRT); Kim, Wan (CRT)
Subject: Few items

Rena and Wan,

1 - did you give any further thought to what we might be able to announce publicly in connection w the May 1 human trafficking raids? I need to get back to odag and oag on this tomorrow am and meant to raise this w you this am.

2 - in terms of manpower for home sweet home, have we tapped usaos? How abt local bars and pro bono grps? Omar in oipl is offering to help approach grps you deem appropriate.

3 - could we meet monday early (say 9) to go over the drafts on the two initiatives we discussed today? I ask bc I'd like wan to join me mon at 130 to present the docs to the strat initiatives panel so we can get these ready for ag review asap. If we meet at 9 thatd give us plenty of time to edit them before the 130.

Thanks so much,

NMG

Mercer, Bill (ODAG)

From:	Mercer, Bill (ODAG)
Sent:	Tuesday, April 25, 2006 2:45 PM
To:	Henderson, Charles V
Cc:	Gorsuch, Neil M; Vargas, Omar
Subject:	Can you calendar a mtg with us and Lee Lofthus on Monday AM

Issue: money for Human Trafficking Center.

Sent from my BlackBerry Wireless Handheld

Gorsuch, Neil M

From: Gorsuch, Neil M
Sent: Tuesday, April 25, 2006 2:57 PM
To: Comisac, Rena (CRT)
Subject: FW: Few items

Sorry to add to the list, but one item for the initiative memos we didn't discuss is an appropriate venue/event for rolling out each of the two initiatives. Thanks.

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Comisac, Rena (CRT)

From: Comisac, Rena (CRT)
Sent: Tuesday, April 25, 2006 7:52 PM
To: Gorsuch, Neil M
Cc: Kim, Wan (CRT)
Subject: RE: Few items

Neil -- here are my thoughts:

1 - there is a planning meeting this Friday. We will of course have a better idea of the state of play after that meeting, but our recommendation as it now stands is that we determine whether there will likely be any criminal complaints filed as a result of the raid. We are much more comfortable doing a press event -- even if it is just a statement -- once we have filed criminal charges, in large part because of the uncertainty regarding what we will find during the raids. Part of the problem with Gilded Cage (the SF takedown) was that virtually every speaker at the press conference talked about what a great trafficking case it was. It has turned out to be a good smuggling case, but not such a good trafficking case. We want to avoid a repeat of that problem here. The one thing that will be emphasized at Friday's meeting is no freelancing -- i.e., everybody should be on the same page in terms of press. That means USAOs, FBI, and ICE. If we think we need ODAG's help to reinforce that message after Friday's meeting, we'll definitely pass that along.

2 - HCE has a pool of about 500 volunteer testers, all DOJ employees. They are seeking to expand that pool, so we have drafted a memo for the AG to send out encouraging volunteers. Wan specifically raised HSH at the USA conference in Orlando, so the USAs won't be surprised to see a solicitation for help. HCE has historically been cautious about going to outside groups for testing volunteers, although they have definitely done so where there has been a specific niche to be filled (e.g., blind testers, testers of a particular racial or ethnic background). There are obvious issues pertaining to liability and confidentiality that must be worked through whenever we use non-DOJ employees for testing, but that doesn't mean that we shouldn't explore those resources.

3 - sure. I will send out a calendar invitation. We'll make sure that our memos cover roll-out suggestions.

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Thanks so much,

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Gorsuch, Neil M

From: Gorsuch, Neil M
Sent: Wednesday, April 26, 2006 7:59 AM
To: Comisac, Rena (CRT)
Cc: Kim, Wan (CRT)
Subject: Re: Few items

Rena, thanks so much. I will pass your msg on the may 1 raid to mercer. If he wants to press the issue further I will suggest he speak w you and wan personally but your reasoning seems unassailable. nmg

-----Original Message-----
From: Comisac, Rena (CRT)
To: Gorsuch, Neil M
CC: Kim, Wan (CRT)
Sent: Tue Apr 25 19:52:15 2006
Subject: RE: Few items

Neil -- here are my thoughts:

1 - there is a planning meeting this Friday. We will of course have a better idea of the state of play after that meeting, but our recommendation as it now stands is that we determine whether there will likely be any criminal complaints filed as a result of the raid. We are much more comfortable doing a press event -- even if it is just a statement -- once we have filed criminal charges, in large part because of the uncertainty regarding what we will find during the raids. Part of the problem with Gilded Cage (the SF takedown) was that virtually every speaker at the press conference talked about what a great trafficking case it was. It has turned out to be a good smuggling case, but not such a good trafficking case. We want to avoid a repeat of that problem here. The one thing that will be emphasized at Friday's meeting is no freelancing -- i.e., everybody should be on the same page in terms of press. That means USAOs, FBI, and ICE. If we think we need ODAG's help to reinforce that message after Friday's meeting, we'll definitely pass that along.

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Thanks so much,

NMG

Goodling, Monica

From: Goodling, Monica
Sent: Wednesday, April 26, 2006 9:13 AM
Subject: White House Morning Update: 4/26/06

<http://www.whitehouse.gov/>

APRIL 26, 2006

This morning, President Bush will participate in a briefing for members of the House of Representatives on ongoing operations in the War on Terror.

In the afternoon, the President and Mrs. Bush will recognize the 2006 National and State Teachers of the Year. Strengthening America's education system is one of the President's top priorities. While improving the quality of education requires good laws and policies, success ultimately depends on good teachers. The dedication and commitment to excellence demonstrated by these teachers, and numerous teachers across the country, have helped their students learn critical knowledge and succeed.

10:30 am:
EDT

THE PRESIDENT participates in a Briefing for Members of the House of Representatives on the War on Terror The White House | Washington, DC

1:15 pm:
EDT

THE PRESIDENT and Mrs. Bush participate in a Photo Opportunity with the 2006 National and State Teachers of the Year The White House | Washington, DC

1:30 pm:
EDT

THE PRESIDENT and Mrs. Bush make Remarks to the 2006 National and State Teachers of the Year The White House | Washington, DC

President Bush Announces Plan To Address Gasoline Prices. "Under pressure to curb soaring gasoline prices, President Bush announced he would suspend deposits to the U.S. Strategic Petroleum Reserve to boost consumer supplies and also seek to relax some antipollution rules. ...
Yesterday, Mr. Bush, facing an outcry from his own party leaders, called high gas prices 'a hidden tax on the working people' and said he would stop purchases and deposits to the reserve in order to increase supplies for consumer use. ... The president said his administration would seek to get tougher

increase supplies for consumer use." The president said his administration would seek to get tougher on enforcing antigouging rules on suppliers. He also announced moves to ease fuel-formulation requirements at the state and federal levels, saying the government must 'ensure that there are not needless restrictions on our ability to get gasoline to the pump.' <http://online.wsj.com/article/SB114597325132735281.html?mod=home_whats_news_us> " (John D. McKinnon, John Fialka And Jeffrey Ball, "Bush Takes Steps To Expand Oil Supplies," The Wall Street Journal, 4/26/06)

DaimlerChrysler AG Pledges To Produce More Ethanol-Fuel Vehicles. " DaimlerChrysler AG pledged to build 500,000 ethanol-fuel vehicles annually, or a quarter of its U.S. production, by 2008 <http://www.washingtonpost.com/wp-dyn/content/article/2006/04/25/AR2006042501737_pf.html> , as automakers try to address concerns over heavy foreign oil consumption and high gas prices. Thomas W. LaSorda, chief executive of Chrysler, made the pledge yesterday at a meeting of the Renewable Fuels Association in Washington, where President Bush announced measures aimed at reducing the country's dependence on foreign oil. He encouraged production of ethanol-powered cars and gasoline-electric hybrid vehicles. Bush and some lawmakers have promoted ethanol as a way to trim imports of oil and help farmers." (Sholnn Freeman, "Chrysler Expanding Its Ethanol Model Line," The Washington Post, 4/26/06)

President Bush Meets With A Bipartisan Group Of Senators To Urge Passage Of Comprehensive Immigration Reform. "President Bush urged the Senate on Tuesday to approve stalled, sweeping immigration legislation by Memorial Day, and lawmakers from both parties expressed optimism they could succeed. Bush convened a bipartisan meeting at the White House as part of an effort to free the legislation from Senate gridlock. ... Bush said after the session that he can 'report to the American people that there is a common desire' for an immigration overhaul. 'I want to thank both Republicans and Democrats for taking on this really hard, hard assignment,' Bush said. 'I assured the members that I look forward to working with them as they try to get a bill out of the Senate by Memorial Day. <http://news.yahoo.com/s/ap/20060425/ap_on_go_co/senate_immigration&printer=1;_ylt=AvIl_IhcWvGOLatSnfvK6AKMwfIE;_ylu=X3oDMTA3MXN1bHE0BHNlYwN0bWE -> '" (Laurie Kellman, "Bush Urges Senate To OK Bill By Summer," The Associated Press, 4/25/06)

Seniors Benefiting From The Medicare Prescription Drug Program. ABC'S LISA STARK: "Back in January, Dallas pharmacist Milton Chapman spent hours trying to get medications approved. Seniors were lost in the system. Now..." MILTON CHAPMAN, PHARMACIST: "We're starting to see a lot of coordination between the insurance companies and the pharmacies, and things seem to be going a little bit smoother than they were back in January." STARK: "Medicare says most insurance companies are now answering calls within five minutes, and the Medicare hotline picks up in less than 36 seconds. ... Most seniors seem pleased. An ABC News poll found 63% of those enrolled are saving money, 60% think the costs are reasonable. Gloria Massey says she's saving hundreds of dollars a year." GLORIA MASSEY: "The first time, I had to only pay that $5 co-pay I couldn't believe it. I felt like running out of the drugstore because I thought I didn't want them to change their mind." DR. EDWARD LANGSTON, AMERICAN MEDICAL ASSOCIATION BOARD MEMBER: "In most cases, there are a very generous and large number of options that we can use.
It just takes some time, and it takes some effort." (ABC's "World News Tonight," 4/25/06)

Consumer Confidence Rises To Highest Level In Four Years. "In two surprising signs of the economy's resilience, sales of existing homes rose slightly in March and consumer confidence strengthened. <http://online.wsj.com/article/SB114597328832535283.html?mod=economy_lead_story_lsc> ... Meanwhile, the Conference Board announced that its consumer-confidence index for April rose to its highest level in four years. The 109.6 reading this month was up from 107.5 in March. The survey continues to show consumers are more optimistic about the current economic situation

than they are about future conditions. 'Recent improvements in the labor market have been a major driver behind the rise in confidence,' said Lynn Franco, director of the survey." (Christopher Conkey, "Confidence Index And Home Sales Display Strength," The Wall Street Journal, 4/26/06)

The Administration Asks Congress To Approve Additional Funding To Improve New Orleans' Levees. "The Bush administration Tuesday formally asked Congress to approve the additional $2.2 billion experts say is needed to improve storm protection for much of southeast Louisiana, but with the caveat that state and local taxpayers come up with $270 million. <http://www.nola.com/news/t-p/frontpage/index.ssf?/base/news-5/114603507 4198660.xml> ... The money would go to raise and strengthen levees to a level to protect against a so-called 100-year flood. Powell said he hopes the Senate will add the financing request to an emergency supplemental spending bill pending in Congress." (Bruce Alpert, "La. Required To Chip In $270 Million On Levees," The Times-Picayune, 4/26/06)

President Bush Threatens Veto On Spending Bill Unless Cost To Taxpayers Is Scaled Back. "The White House promises to veto a huge Senate bill to pay for the rising costs of the war in Iraq and Afghanistan and to repair Hurricane Katrina damage unless the cost to taxpayers is scaled back to President Bush's original requests. ... 'The administration is seriously concerned with the overall funding level and the numerous unrequested items included in the Senate bill that are unrelated to the war or emergency hurricane relief needs,' said an official White House statement issued Tuesday. 'The final version of the legislation must remain focused on addressing urgent national priorities while maintaining fiscal discipline.' <http://news.yahoo.com/s/ap/20060425/ap_on_go_co/congress_spending&print er=1;_ylt=AiYYJ2OE3qdykOVezawzSTSMwfIE;_ylu=X3oDMTA3MXN1bHE0BHNlYwN0bWE> " (Andrew Taylor, "White House Vows Veto Of Spending Bill," The Associated Press, 4/25/06)

Secretary Chertoff Announces New Port Security Measures. "The government will do background checks on 400,000 seaport workers in an effort to protect the nation's ports from terrorism, the Homeland Security Department announced Tuesday. Port workers and others will also be given 'tamper-proof' identification cards to tighten security in areas where millions of metal cargo containers are taken off ships each year and loaded onto trucks headed for stores across the country. The checks and IDs 'will assure our citizens that those people who regularly come and go in the ports have been checked to make sure that they are not a security threat,' <http://www.usatoday.com/prin tedition/news/20060426/a_idcards26.art.htm> Homeland Security Secretary Michael Chertoff said." (Mimi Hall, "400,000 Port Workers To Undergo ID Checks," USA Today, 4/26/06)

Secretaries Rice And Rumsfeld Arrive In Baghdad To Meet With New Iraqi Leaders. "The United States' diplomatic and military chiefs both flew in to Baghdad on Wednesday to meet Iraq's new prime minister, emphasizing the importance Washington attaches to his success in forming a national unity government. ... Returning to the capital just three weeks after a visit aimed at breaking deadlock over the choice of Maliki's predecessor, Rice said Iraq was at a 'turning point' and that a focus of meetings she and Rumsfeld planned would be pressing for a new cabinet free of divisive 'sectarian' figures." <http://news.yahoo.com/s/nm/iraq_dc&printer=1;_ylt=AloSF51SN4OCO5yIaumJG Hxg.3QA;_ylu=X3oDMTA3MXN1bHE0BHNlYwN0bWE> (Stuart Grudgings, "Rice, Rumsfeld Fly In To Meet New Iraq Leader," Reuters, 4/26/06)

Iraqis Condemn Zarqawi's Threats. "Iraqis on Wednesday condemned terror mastermind Abu Musab al-Zarqawi as a foreigner determined to destroy their country, saying his new video promising more attacks may have surfaced in response to the breakthrough in the formation of a unity government. ... Sheik Khalid al-Attiyah, the Iraqi parliament's newly appointed first deputy speaker, said the video shows that al-Zarqawi remains determined 'to inflame a civil war' in Iraq. But al-Attiyah said it also

indicates the insurgent leader, an outsider to many Iraqis, fears the country's new government will unify Shiites, Sunnis and Kurds.
... 'I believe that al-Zarqawi was caught off guard by the new government taking shape because it will be very strong one representing all Iraqis, <http://news.yahoo.com/s/ap/iraq&printer=1;_ylt=AgZTH5SQN2MFEbiPIK8H7aMUewgF;_ylu=X3oDMTA3MXN1bHE0BHNlYwN0bWE-> ' al-Attiyah said." (Thomas Wagner, "Iraqis Condemn Al-Zarqawi Video," The Associated Press, 4/26/06)

Afghanistan Is "Open For Business." "After decades of conflict and the crippling legacies of communism and fundamentalism, Afghanistan is finally open for business <http://online.wsj.com/article/SB114601791310536097.html?mod=opinion_main_commentaries> . The signs are everywhere, from Kabul's traffic jams to Mazar-i-Sharif's building boom; from the opening of a Coca-Cola bottling plant to the country's first private university, the American University of Afghanistan, offering programs in business administration and information technology." (Ann Marlowe, Op-Ed, "A Virgin Market," The Wall Street Journal, 4/26/06)

President Discusses Energy Policy
<http://www.whitehouse.gov/news/releases/2006/04/20060425.html>

* Fact Sheet: President Bush's Four-Part Plan To Confront High Gasoline Prices <http://www.whitehouse.gov/news/releases/2006/04/20060425-2.html>
* In Focus: Energy <http://www.whitehouse.gov/infocus/energy/>

President Bush Presents Commander-In-Chief's Trophy To The United States Naval Academy
<http://www.whitehouse.gov/news/releases/2006/04/20060425-5.html>

President Discusses Immigration Reform With Members Of The Senate <http://www.whitehouse.gov/news/releases/2006/04/20060425-8.html>

* In Focus: Immigration
<http://www.whitehouse.gov/infocus/immigration/>

Briefing By Al Hubbard, National Economic Council Director, On The President's Four-Point Energy Plan
<http://www.whitehouse.gov/news/releases/2006/04/20060425-9.html>

Text Of A Letter From The President To The Speaker Of The House Of Representatives
<http://www.whitehouse.gov/news/releases/2006/04/20060425-7.html>

Ask The White House - Samuel Bodman, Secretary Of Energy, Discusses Energy Policy
<http://www.whitehouse.gov/ask/20060425.html>

Press Briefing By Scott McClellan
<http://www.whitehouse.gov/news/releases/2006/04/20060425-4.html>

Henderson, Charles V

Subject:	Updated: Meeting: Trafficking in Persons / Funds for Center
Location:	ODAG Conference Room 4135
Start:	Thursday, April 27, 2006 3:30 PM
End:	Thursday, April 27, 2006 4:00 PM
Show Time As:	Tentative
Recurrence:	(none)
Meeting Status:	Not yet responded
Organizer:	Henderson, Charles V
Required Attendees:	Gorsuch, Neil M; Vargas, Omar; Lofthus, Lee J

When: Thursday, April 27, 2006 3:30 PM-4:00 PM (GMT-05:00) Eastern Time (US & Canada).
Where: ODAG Conference Room 4135

~~*~*~*~*~*~*~*~*~*

Please note: Changing this meeting to Monday, May 1, at 10:30.
-Bill Mercer
-Neil Gorsuch
-Lee Lofthus
-Omar Vargas

Henderson, Charles V

Subject:	Updated: Meeting: Trafficking in Persons / Funds for Center
Location:	ODAG Conference Room 4135
Start:	Monday, May 1, 2006 10:30 AM
End:	Monday, May 1, 2006 11:00 AM
Show Time As:	Tentative
Recurrence:	(none)
Meeting Status:	Not yet responded
Organizer:	Henderson, Charles V
Required Attendees:	Gorsuch, Neil M; Vargas, Omar; Lofthus, Lee J

When: Monday, May 01, 2006 10:30 AM-11:00 AM (GMT-05:00) Eastern Time (US & Canada).
Where: ODAG Conference Room 4135

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-Bill Mercer
-Neil Gorsuch
-Lee Lofthus
-Omar Vargas

USDOJ- Office of Public Affairs

From:	USDOJ- Office of Public Affairs
Sent:	Thursday, April 27, 2006 8:19 AM
To:	USDOJ- Office of Public Affairs
Subject:	Attorney General's News Briefing for Thursday, April 27, 2006
Attachments:	agnb060427.pdf; agnb060427.doc

THE ATTORNEY GENERAL'S *NEWS BRIEFING*

PREPARED FOR THE OFFICE OF PUBLIC AFFAIRS, U.S. DEPARTMENT OF JUSTICE

TO: THE ATTORNEY GENERAL AND SENIOR STAFF

DATE: THURSDAY, APRIL 27, 2006 7:45 AM EDT

TODAY'S EDITION

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TERRORISM NEWS:

Moussaoui Jury Ends Third Day Of Deliberations. The AP (4/27) reports, "Jurors in the Zacarias Moussaoui case completed a third day of deliberations Wednesday without deciding whether the Sept. 11 conspirator should be executed or imprisoned for life." The AP continues, "After 6 1/4 hours of work on Wednesday, the nine men and three women had deliberated for 16 hours over three days. They were to return Thursday morning. … Jurors have asked only one question - a request on Tuesday for a dictionary. U.S. District Judge Leonie Brinkema denied the request, saying that giving them a dictionary would be like placing extraneous evidence in the jury room. She said jurors could submit a written question if they needed specific definitions."

Judge Denies Reporters' Request For Juror Interviews. The AP (4/27, Ohlemacher) reports, "The judge in the Zacarias Moussaoui trial turned down a request from reporters from 14 news organizations Wednesday to ask jurors to discuss their verdict once the trial ends. … 'I do not believe it is appropriate for the court to serve as an intermediary between the media and the jurors,' U.S. District Judge Leonie Brinkema said in a letter to the news organizations. 'Accordingly, I will not communicate your request to the jurors.'" The AP adds, "The reporters, backed by a half-dozen other news organizations, delivered a letter to the judge early Wednesday asking her to tell jurors - whose identities have remained secret - of the public's interest in knowing how the jury reached its verdict. They requested that the message be delivered as the jurors prepare to leave the courthouse at the end of the trial. … The reporters' letter offered willing jurors a place away from the courthouse for interviews and, for those concerned about their safety, the possibility of doing it off-camera."

Report Finds Hundreds Of Detainees Abused. Knight Ridder (4/27, Brown) reports, "Three human rights groups said Wednesday that they had found credible evidence that U.S. troops and government civilians in Iraq, Afghanistan and Guantanamo Bay, Cuba, had abused, tortured or killed at least 460 detainees." Knight Ridder continues, "The researchers said they had found 330 cases of abuse and that only about half of them had been fully investigated, and one-third never were investigated or remained unresolved. The findings are in a report by New York University's Center for Human Rights and Global Justice,

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Human Rights First and Human Rights Watch. … At least 600 U.S. service members or civilians have been implicated in the cases of abuse. About 400 of them have been investigated, and only one-third of those who have been investigated have faced punishment of any kind, researchers said." Knight Ridder adds, "The report by the human rights groups is the first full independent accounting of credible allegations of torture and abuse at American detention facilities in Iraq, Afghanistan and the U.S. naval base at Guantanamo Bay, according to the researchers. … It shows that detainee abuse has been more widespread that government officials have admitted and the American military and other government agencies have made only limited attempts to investigate and punish those responsible, the rights groups charged."

Judge Won't Block Detainees' Confinement To Maximum Security, Solitary. The Los Angeles Times (4/27, Williams, 958K) reports that a war crimes tribunal judge has decided "against second-guessing detention camp authorities in their decision to confine to maximum security and solitary confinement the 10 terrorism suspects who have been charged. Navy Capt. Daniel O'Toole rejected a request by the Army defense lawyer for accused bomb maker Sufyian Barhoumi that his handicapped client be returned to the communal detention camp where he had been living until four weeks ago in recognition of his good behavior."

Gitmo Called A "Great Lie." P. Sabin Willett, a Boston lawyer who represents Saddiq Ahmad Turkistani, who is about to begin his fifth year of imprisonment at Guantanamo Bay, writes in the Washington Post (4/27, A27, 744K), "One day the sordid history of Guantanamo will be written. There will be chapters on torture, chapters on the how the courts turned a blind eye, chapters on cruelties large and petty, on the massive stupidity and uselessness of the place. Many pages will illustrate the great lie of Guantanamo -- that it is a 'terrorist detention facility' -- with accounts of goatherds and chicken farmers and stray foreigners sold by Pakistani grifters to the United States for bounties."

UK Studies Saudi's Use Of Clerics To Moderate Terror Prisoners. The Washington Times (4/27, Guardia, 90K) reports, "British security chiefs are studying a novel Saudi approach to combating terror -- using clerics to debate 'jihad' with imprisoned militants and convert them to more moderate beliefs. The Saudi authorities said about 400 of 700 extremists had been re-educated and released from prison. The Islamic 'counseling' program is part of what British experts regard as Saudi Arabia's 'model counterterrorism campaign.'"

US Seeks To Combat Terrorism Financing. Voice of America (4/27, Ferdinando) reports, "Money laundering and terrorist financing are global problems that transcend borders. Terrorist supporters funnel money through charities and international criminal gangs constantly adapt their techniques, while law enforcement agencies try to stay one step ahead." VOA continues, "Terrorists are financed by smuggled funds, criminal activities or any other number of ways -- even by governments themselves, according to U.S. officials. … Targeting that support is a key action for law enforcement, as top U.S. Treasury Department official Daniel Glaser explains: 'By taking the steps that we're taking by disrupting, dismantling these financial networks that are supporting these activities, we are degrading the ability of these organizations to get to the stage where they only have a few more dollars to spend to complete a terrorist attack.' … But it's impossible to say how much money goes into terrorism each year. And stopping that flow is extremely challenging, according to David Caruso, founder of the Virginia-based Dominion Advisory Group, an anti-money laundering consulting firm. … And terrorists are constantly looking for new methods to avoid detection and secure funding, says Jeffrey Breinholt, deputy counterterrorism chief at the U.S. Department of Justice. … 'It's important to view terrorists as being organized criminals,' says Breinholt. 'Terrorists are nothing if not adaptable and opportunistic. And so if we accept that as a notion, that large terrorist groups that we are targeting -- al-Qaida, Hezbollah, Hamas -- they will be ones that will pay very much attention to things that arise that are new opportunistic crimes.'"

Mueller Says Decentralized Terror Cells Emerging As US Disrupts Al Qaeda. The AP (4/27, Milton) reports that since 9/11, "law enforcement has witnessed the emergence of a new threat, homegrown terrorist cells, FBI Director Robert Mueller said Wednesday" in a speech at the James M. Fox memorial lecture series in New York City. Mueller noted, "What we see is a new threat that is decentralized. We have seen homegrown terrorist cells not answerable to a particular leader but to an ideology." Mueller said that US "success in driving terrorists from Afghanistan, cutting off their funding and disrupting their

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operations has forced them to change" and caused "law enforcement to adapt its traditional strategy of pursuing terrorists." Still, Mueller added, "We cannot forget that people overseas are plotting against the United States and would want nothing more than to replicate September 11th."

US Attorney, FBI Say Lodi Terror Investigation Continues. The AP (4/27, Thompson) reports Lodi, Calif. residents "had hoped to set aside the suspicions that divided them in the 11 months since federal agents arrested" Hamid and Umer Hayat on terrorism charges, but US Attorney McGregor Scott "said Wednesday that the investigation is continuing." FBI Sacramento SAC Drew Parenti added, "There are aspects of this (case) which remain under investigation." But Lodi Mayor Susan Hitchcock said that "Scott's comment about a continuing investigation 'reopens an old wound,' aggravating suspicions of and within the Muslim community that had just begun to heal, said Hitchcock."

Legal Experts Say Hamid Hayat Conviction Likely To Be Overturned. The New York Times (4/27, Broder, 1.19M) reports US Attorney McGregor Scott "said in a telephone interview Wednesday that the conviction…showed that the government was capable of winning a jury trial on terrorism charges after a number of high-profile failures elsewhere. … But legal experts said the prosecution's celebration might be short-lived because a federal appeals court had twice ruled unconstitutional some aspects" of the material support law "on which Mr. Hayat was convicted. They also said Mr. Hayat's reported confessions to F.B.I. agents could be challenged on the ground they were coerced from a frightened suspect with a limited command of English."

Foreman Says Jury Voted Overwhelmingly For Conviction. The Los Angeles Times (4/27, Tempest, Bailey, 958K) reports that in the Hamid Hayat jury deliberations, "the scorecard read like an NBA blowout. By the time the jury finished voting on each piece of evidence, the score was 135-40 for the prosecution." Hamid Hayat jury foreman Joe Cote said that "key to the jury's decision…were Hayat's own words on an FBI videotape that he had attended a camp, his comments secretly recorded by an undercover informant that indicated Hayat's 'willingness' to go for training and a handwritten warrior's prayer in Arabic found in his wallet." Regarding the one undecided juror last week, who prompted a letter to the judge Friday warning of a possible deadlock, "Cote and others denied any ganging up. … She came to her guilty verdict simply by 'thinking about it over the weekend.'"

Juror Says She Hopes Verdict Deters Terrorism. The Los Angeles Times (4/27, Tempest, Bailey, 958K) also reports that juror Starr Scaccia "said she hoped the jury verdict would be a deterrent in the war on terrorism. 'I hope it gets the message out: Don't mess with the United States,' she said. 'It's not worth it.'"

CIA Dismisses Allegations It Has Warned Former Agents Against Contacts With Media. The Financial Times (4/27, Sevastopulo) reports, "The Central Intelligence Agency has warned former employees not to have unapproved contacts with reporters, as part of a mounting campaign by the administration to crack down on officials who leak information on national security issues." One "former official said the CIA recently warned several retired employees who have consulting contracts with the agency that they could lose their pensions by talking to reporters without permission. He added that while the threats might be legally 'hollow,' they were having a chilling effect on former employees." But the CIA "called the allegations 'rubbish'. Jennifer Millerwise Dyke, spokeswoman for CIA director Porter Goss, said former employees with consulting deals could lose their contracts for violating the CIA secrecy agreement by having unauthorised conversations with reporters. But she stressed that under current law, 'termination of a contract does not affect pensions.'"

Broder Blames Bush For Tension Between Administration, Reporters. David Broder in his column in the Washington Post (4/27, A27, 744K) writes, "The tension between the legitimate claims of secrecy and the need for public accountability remains, however, and in many respects has grown worse. The main reason is the reluctance of this president and his administration to accept a broad and continuing responsibility to keep the public and the press informed on the reasons for the policies they have adopted." His "approach has been one of announcing a policy after it has been completed in his relatively closed circle of decision makers and then simply reiterating that policy in any number of prearranged settings. His news conferences and interviews are infrequent, and they rarely offer insights into the reasoning behind his conclusions."

European Investigators Allege CIA Made Rendition Flights. The New York Times (4/27,

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Bilefsky, 1.19M) reports, "Investigators for the European Parliament said Wednesday that data gathered from air safety regulators and others found that the Central Intelligence Agency had flown 1,000 undeclared flights over European territory since 2001. Sometimes the planes stopped to pick up terrorism suspects who had been kidnapped to take them to countries that use torture, the investigators added." Butt "hey could not say how many flights involved the transport of suspects" and "the new report offered no hard evidence" about alleged secret detention centers in Europe.

The AP (4/27, Sliva) reports, "Cases of terror suspects being secretly handed over to U.S. agents did not appear to be isolated, the lawmakers said in a preliminary report on their inquiry. European human rights treaties prohibit sending suspects to states known to torture prisoners."

The Washington Post (4/27, A20, Whitlock, 744K) adds, "The preliminary report also criticized several European countries -- including Sweden, Italy and Macedonia -- saying they had allowed CIA officers to apprehend or detain terrorism suspects on their soil and then covered up their presence."

HOMELAND RESPONSE:

Jurors Hear More Informant Tapes At NYC Subway Bomb Plot Trial. The New York Times (4/27, Rashbaum, 1.19M) reports, "A fuller picture emerged yesterday of an alleged plot to bomb the Herald Square subway station and of the Pakistani immigrant charged as its prime author, as prosecutors again played secretly recorded conversations between the man and a police informer." In the recordings, Shahawar Matin Siraj told "the informer he expected that the blast in the subway station would bring down the Manhattan Mall on the street above," but in another conversation, "he said he wanted to bomb the station in the early morning hours to cause only economic damage and kill as few people as possible." The Times adds, "On the tapes…Siraj seemed to alternate between shrewd, bumbling and bizarre."

Closing Arguments Made At 9/11 Perjury Trial. The New York Times (4/27, Confessore, Baranauckas, 1.19M) reports, "A tangled four-and-half-year legal battle drew toward an end yesterday as prosecutors and defense lawyers made closing arguments in the case of a Jordanian college student accused of lying to a federal grand jury about his relationship with two Sept. 11 hijackers. Prosecutors say the student, Osama Awadallah…lied when he testified under oath at an October 2001 grand jury hearing that he did not know…Khalid al-Midhar, and denied having written his name in a school notebook before conceding during a later hearing that he had met Mr. Midhar." But defense attorney Jesse Berman "painted a very different picture, that of a young immigrant…with limited English, disoriented after nearly three weeks of solitary confinement and with no reason to mislead the grand jury."

Van Hollen Says Terrorists Training In Wisconsin. The Milwaukee Journal Sentinel (4/2, Forster, 266K) reports, "There are terrorists training and raising money in Wisconsin, Republican attorney general candidate J.B. Van Hollen said Wednesday in a Capitol news conference. … Van Hollen said that based on information he had access to as U.S. attorney, he was aware that the FBI and other law enforcement officials were monitoring potential threats, but that there wasn't enough activity or information to act." Milwaukee FBI Supervisory Special Agent Mike Johnson "said Van Hollen's comment about the FBI was 'completely inappropriate' because Van Hollen doesn't speak for the agency." The AP (4/27) notes that Van Hollen's Republican and Democratic "opponents immediately demanded that he give up what he knows."

House Panel Passes Port Security Bill. One day after Secretary Chertoff announced that the Department of Homeland Security will begin conducting background checks on 400,000 seaport workers, the House Homeland Security Committee unanimously passed a $2.4 billion bill yesterday that would increase random cargo inspections. The Washington Times (4/27, Hudson, 90K) reports that the bill "requires…98 percent of all containers be screened for nuclear materials." Democrats, whose proposal that all containers be screened for nuclear devices within five years was rejected by a 18-16 vote, "say the nuclear screening requirement is weak," but the "legislation has bipartisan support."

The AP (4/27, Barrett) reports Republicans said the five year deadline amendment, offered by Rep. Edward Markey, "was unrealistic and the scanner technology is still too faulty to deploy through a mammoth port system that handles 20,000 cargo containers every day. At that, some Democrats erupted." Rep. Peter DeFazio accused "GOP leaders of buckling to pressure from business groups that oppose

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greater regulation. Republicans denied any influence from lobbyists."

Meanwhile, the New York Times (4/27, Hulse, Lipton, 1.19M) reports that "a little-noticed provision added to a spending measure last year" by Rep. Harold Rogers designated an arm of a "trade group with which he has longstanding ties as the central operator of a new federal program to perform background checks on 750,000 maritime workers." Rogers argued yesterday that the American Association of Airport Executives' Transportation Security Clearinghouse "had already performed 2 million background checks on airport workers" and that he saw "no reason to waste more time and money reinventing the wheel," but the Bush administration says "that the earmark is threatening to further delay a program to issue new tamper-proof identification cards to the nation's port workers." Secretary Chertoff said yesterday that "he intends to start the new program by the end of this year," though "the administration, in proposing the 2007 federal budget, made clear that it opposed the requirement by Mr. Rogers, asking Congress to strike it."

New Hampshire Taking Lead In Opposition To Real ID. The Washington Times/AP (4/27) reports, "New Hampshire suddenly has become a battleground in the fight over privacy rights versus homeland security, with state legislators voting against strict new federal standards for issuing driver's licenses." New Hampshire's "Republican-controlled" House "voted overwhelmingly" last month to block the state from participating in the Real ID. "A vote in the Republican-dominated Senate is expected in two weeks after a committee endorsement yesterday. Gov. John Lynch, a Democrat, remains undecided." The state's bill is the toughest measure making real progress anywhere," according to Barry Steinhardt, director of the Technology and Liberty Program of the ACLU.

Number Of TSA Fines Declined Last Year. USA Today (4/27, Levin, Frank, 2.31M) reports, "The number of passengers fined for security violations at airports fell dramatically last year as the federal government focused on more serious threats, according to records and government officials. The Transportation Security Administration issued 4,459 fines against passengers in 2005, a 54% decrease from 2004. The vast majority of fines are doled out to people trying to bring weapons and other dangerous items on planes."

Since 9/11, Pentagon Has Stepped Up Domestic Surveillance. A front page story in the Wall Street Journal (4/27, Block, Solomon, 2.11M) reports that the 9/11 terror attacks "have sparked a broad effort by the Pentagon to gather intelligence within US borders. Its goals are both to protect military facilities and keep an eye out for any threat on American soil." The Journal reports that "several parts of the vast Pentagon bureaucracy are building large databases of information from sources including local police, military personnel and the Internet. In doing so, the military is edging toward a sensitive area that has been off-limits to it since the 1970s: domestic surveillance and law enforcement." The Journal adds, "The broad Pentagon effort comes amid a surge of popular support after the 9/11 attacks for more vigilant efforts to prevent terrorism."

Questions Raised About Use Of Private Security Firms On Military Bases. The Christian Science Monitor (4/27, Marks, 61K) reports that since the 9/11 attacks, some of America's most sensitive military installations have been guarded by private security companies. The installations include "Fort Bragg in North Carolina, the White Sands Missile Range in New Mexico, and the Picatinny Arsenal in New Jersey. Now, concerns about accountability and the caliber of the private guards are leading some critics, both inside and outside government, to ask whether this is a job too vital for the military to outsource to civilians." A recent GAO report found that some of the private contractors "had hired felons, had missing and incomplete records, and in one case, had falsified records on weapons and training. … The GAO's conclusion: The Army's screening procedures for the private guards are 'inadequate and put the Army at risk,' despite previous agency warnings about such problems during the past three years."

Bill Would Provide Nearly $1 Billion For Negroponte's Office. The house yesterday passed an intelligence bill that would increase the money available to National Intelligence director John Negroponte. The AP (4/27, Shrader) reports, "Democrats made an unsuccessful, last-minute push to block the bill to protest that Republicans wouldn't allow adequate debate on the legality of the National Security Agency's warrantless surveillance program. The

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legislation was nevertheless approved 327-96. It provides budgeting guidelines for 16 U.S. spy agencies and the office of National Intelligence Director John Negroponte. The bill's total cost is classified, but intelligence agencies' spending is believed to top $40 billion a year. Under the legislation, Negroponte's office would get nearly $1 billion."

Rizzo Hearing Likely To Become Forum To Discuss CIA Practices. Newsweek (4/27, Hosenball) reports, "John Rizzo's upcoming confirmation hearing should offer administration critics a forum to discuss controversial practices by the CIA. It's not exactly the full-scale congressional inquiry Bush critics have long demanded. But some time fairly soon, members of the Senate Intelligence Committee are going to have an opportunity to grill a senior Central Intelligence Agency official in public and private about the agency's controversial procedures for handling high-level terrorist suspects—and about the CIA's efforts to thwart media leaks." Newsweek adds that "officials on Capitol Hill and inside the intelligence community said that everyone involved in the confirmation process is aware that the hearings are likely to become a forum in which administration critics, particularly Senate Democrats, can question a senior agency official in detail about contentious CIA procedures for detaining and interrogating prisoners, as well as the agency's practice of 'rendition,' in which terror suspects are transported by undercover agency operatives to foreign countries."

Developer, State Reach Deal On WTC Site. The AP (4/27, Westfeldt) reports that developer Larry Silverstein reached an agreement with New York state officials under which he will give up control over the planned, 1,776-foot Freedom Tower at the World Trade Center cite in New York City. The AP reports, "Officials with the Port Authority of New York and New Jersey, which owns the property, had been pressing Silverstein, who holds the 99-year lease on the site, to give up some control over the project. City and state officials had argued that Silverstein lacked the money to build it all and was running the risk of an embarrassing failure. … Silverstein agreed to give control of the $2.1 billion Freedom Tower and another planned skyscraper to the Port Authority. He will still build three other towers at the site."

NYTimes Praises Silverstein Deal. An editorial in the New York Times (4/27, 1.19M) calls Silverstein's acceptance of a deal that will reduce his role at ground zero "some of the best news" New York City "had about Lower Manhattan in the past four years." The Times adds, "The widespread relief over this agreement is a perfect testament to how badly blocked the redevelopment effort in Lower Manhattan has been in the last two years. There have been many obstructions, including Mr. Silverstein himself."

Questions Raised About Plans For Ground Zero. The New York Times (4/27, Bagli, 1.19M) reports, "The new plan for ground zero calls for the accelerated construction of a sprawling commercial complex: 8.8 million square feet of office space in four towers 58 to 70 stories high. All would open within a year of each other, by 2012. Gov. George E. Pataki and others say the conceptual plan, officially approved yesterday by the Port Authority of New York and New Jersey after months of gridlock, will rejuvenate Lower Manhattan and ensure that it remains the financial capital of the world." However some construction and real estate industry executives "are questioning whether the rapid building of so much speculative office space would have the same destabilizing consequences for the downtown market as the twin towers had in the 1970's."

Film On United Flight 93 Premieres. NBC Nightly News (4/26, story 9, 1:30, Williams, 9.87M) reported, "Something extraordinary happened a few blocks from here in New York City last night. It was the premiere at the Ziegfeld Theater of the new film called 'United 93.' First, an important point here -- the film's distributor is Universal and our parent company is NBC Universal and this could not be less about selling tickets." When "the film came to its jolting stop, the theater was filled with the eerie and awful and achingly sad sound of people crying, heaving with emotion, the sobs and moans from those who were overpowered by what they had just seen. A thousand people then left the theater in silence."

Father Of Flight 93 Passenger Praises "United 93." David Beamer, father of Todd Beamer, a passenger on United Airlines Flight 93, writes in the Wall Street Journal (4/27, 2.11M) that the makers of "United 93," the film about the passengers and crew of United Flight 93 who fought back against the terrorists who hijacked their plane on 9/11, "set about the task of telling this story with a genuine intent to get it right -- the actions of those on board and honor their memory. Their extensive research included reaching out to all the families who had lost loved ones on United Flight 93 as the first casualties of this war. And Paul and his team got it right."

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Beamer adds, "This film further reminds us of the nature of the enemy we face. An enemy who will stop at nothing to achieve world domination and force a life devoid of freedom upon all. … I encourage my fellow Americans and free people everywhere to see 'United 93.'"

Senate Panel Says FEMA Should Be Dismantled, Rebuilt. The Washington Post (4/27, Hsu, 744K) reports the final report on the response to Hurricane Katrina by the Senate Homeland Security and Governmental Affairs Committee, titled "Hurricane Katrina: A Nation Still Unprepared," finds that the storm "exposed flaws in the Federal Emergency Management Agency and the Department of Homeland Security that are 'too substantial to mend,' and FEMA should be dismantled and rebuilt inside the troubled department." It "makes 86 recommendations that would undo major changes made when President Bush and Congress launched the department in 2003, and would reverse parts of a reorganization ordered by Secretary Michael Chertoff last summer." Meanwhile, Sen. Joseph I. Lieberman "added a written statement excoriating Bush and his aides for being 'surprisingly detached' before and just after the storm and for not cooperating with Senate investigators, who he said should have subpoenaed the White House."

The Baton Rouge Advocate (4/27, Shields) reports that "FEMA spokesman Russ Knocke" said the agency is "intensely focused on the coming storm season." Meanwhile, White House spokesman Blair C. Jones "disagreed" with Lieberman's statement that Bush and his aides were "surprisingly detached," "noting that administration officials such as Department of Homeland Security Secretary Michael Chertoff appeared before the committee."

The AP (4/27) reports that the report is "short on specifics, such as funding levels," but suggests "the US is still woefully unprepared for a disaster of Katrina's magnitude." It "urges yet another overhaul of the beleaguered Homeland Security Department -- FEMA's parent agency -- which was created three years ago and already has undergone major restructuring of duties and responsibilities. It proposes creating a new agency, called the National Preparedness and Response Authority, that would plan and carry out relief missions for domestic disasters" and have "a direct line of communication with the president during major crises."

A separate AP (4/27, Jordan) report says the report's "86 proposed reforms charge the United States is still woefully unprepared for a disaster such as Katrina with the start of the hurricane season a little more than month away. 'The United States was, and is, ill-prepared to respond to a catastrophic event of the magnitude of Hurricane Katrina,' the recommendations warn."

USA Today (4/27, Hall, 2.31M) reports, "Homeland Security said a new agency is not needed. 'It is time to stop playing around with organizational charts and start focusing on how governments at all levels are preparing for the fast-approaching storm season,' spokesman Russ Knocke said. Sen. Joe Lieberman of Connecticut, the top Democrat on the committee, said the investigation revealed broad leadership lapses." The same quote from Knocke appears in the New York Times, Jordan's AP piece and the Los Angeles Times.

The Los Angeles Times (4/27, Neuman, 958K) adds that "FEMA had been an independent -- and highly regarded -- agency until March 2003, when the Department of Homeland Security was created in the aftermath of the Sept. 11 attacks." The Times notes, "The release of the Senate committee's 800-page report comes as Bush travels to Louisiana on Thursday and as agencies grapple with being ready for the official start of hurricane season on June 1."

The New York Times (4/27, Lipton, 1.19M) reports, "Bruce Baughman, the director of emergency management for the state of Alabama and the president of the National Emergency Management Association, said that despite the bureaucratic-sounding nature of the Senate committee's draft recommendations, he believed they would create a more capable agency. 'Whatever the hell you call it, FEMA or National Preparedness and Response Authority, it does not matter,' Mr. Baughman said. 'But what this does is it ties all the pieces together.'" USA Today (4/27, Hall, 2.31M) and the Los Angeles Times (4/27, Neuman, 958K) file a similar reports.

GAO Says FEMA Is Likely To Repeat Disaster Aid Mistakes. GAO Investigators say FEMA is likely to repeat mistakes of disaster aid waste and fraud this hurricane season unless it can establish controls for verifying names and addresses. The AP (4/27, Yen) reports that the GAO's managing director of special investigations Gregory Kurtz "said he has little confidence that FEMA will be ready by June 1 to safeguard taxpayer dollars should a major disaster like Hurricane Katrina strike again." The AP adds, "Responding to the audit, FEMA spokesman Aaron Walker

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said Wednesday that FEMA officials have been working hard to improve and tighten controls in its disaster aid program."

FEMA Ending Housing Grants For Many Evacuees. The New York Times (4/27, Dewan, 1.19M) reports that FEMA is telling thousands of hurricane evacuees that they are no longer eligible for free housing and utilities and must either begin paying rent themselves or leave. According to the Times, "Of about 55,000 families who were given long-term housing vouchers, nearly a third are receiving notices that they no longer qualify, FEMA officials said. For the rest, benefits are also being cut: they will have to sign new leases, pay their own gas and electric bills and requalify for rental assistance every three months." The Times notes that many had been counting on "a year of free housing and utilities."

Nagin, FEMA Reach Agreement On Trailers. The AP (4/27) reports that New Orleans Mayor Ray Nagin and federal officials have revived efforts "to place thousands of trailers throughout the city as stopgap housing for people who lost their homes during Hurricane Katrina. Three weeks ago Nagin halted work on new trailer sites, complaining that the Federal Emergency Management Agency used 'bullying' tactics and built a site outside a gated community without the proper permits. On Wednesday, Nagin and FEMA officials announced that they had bridged their differences." The AP adds, "Officials hope to install about 8,000 trailers by the end of June."

Insurers Canceling Homeowners' Policies In Hurricane Vulnerable Areas. The CBS Evening News (4/26, story 10, 0:25, Schieffer, 7.66M) reported, "Last year's disastrous hurricane season cost insurers a record $60 billion. Now, with a new season approaching, they're looking to cut their risk. In Florida, insurers are serving notice they plan to cancel 500,000 policies. In New York State, Allstate is canceling 28,000 policies and won't write new policies in New York and its suburbs. And in Texas, Allstate says no new policies in 14 coastal counties."

Hurricane Victims Claim Mistreatment By Mortgage Lenders. The Wall Street Journal (4/27, Bauerlein, 2.11M) reports, "As homeowners along the Gulf Coast try to recover from the devastation of hurricanes Katrina and Rita, some say mortgage lenders are refusing to turn over insurance proceeds while demanding immediate payment on overdue loans. Hurricane victims in Louisiana and Mississippi have filed nearly 1,000 complaints with state regulators claiming mistreatment by mortgage lenders. About 800 of the complaints have been resolved, often as a result of mediation initiated by regulators."

Democrats Blast FEMA's Handling Of Gulf Coast Schools. The Washington Times (4/27, Bellantoni, 90K) reports, "Putting the Federal Emergency Management Agency in charge of rebuilding and reopening schools on the Gulf Coast after Hurricane Katrina was a critical mistake, congressional Democrats on the House Education and the Workforce Committee said yesterday. … The Democrats issued a report asserting that eight months after the storm hit the region, its schools remain in crisis. The lawmakers called for the creation of an education-recovery czar to oversee the reopening of Gulf Coast schools and colleges."

Army Corps Of Engineers Surveying New Orleans Levees For Weaknesses. The CBS Evening News (4/26, story 11, 2:25, Schieffer, 7.66M) reported, "In New Orleans, engineers are doing a risk assessment of their own, trying to determine whether the levees will hold." CBS (Strassmann) added, "Only now, just five weeks before New Orleans faces another hurricane season, the US Army Corps of Engineers is finally doing what thousands of residents have demanded ever since Katrina hit seven months ago: A detailed survey of every inch of the levees and floodwalls that are this city's only hope." Just last week, "the Corps discovered more trouble: A floodwall supposed to protect the city's airport. It's being replaced like miles of levees damaged by Katrina. But design flaws may compromise the entire system, including 181 miles of levees and floodwalls that held during Katrina. Even the American Society of Civil Engineers says the system is 'open to question' and 'too close to the margin' to protect human life."

WAR NEWS:

Rice, Rumsfeld Offer Support To New Iraqi Government. Secretary of State Condoleezza Rice and Secretary of Defense Donald Rumsfeld yesterday made an unannounced visit to Baghdad in a show of support for the new Iraqi government led by Prime Minister-designate Nouri al-Malaki. The story was reported on both ABC and CBS in

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full segments, while NBC mentioned it in a brief. Their trip was also covered in the major US newspapers.

ABC World News Tonight (4/26, story 3, 2:00, Brown, 8.78M) reported, "Secretaries Rumsfeld and Rice praised the political progress there." Secretary Rice: "We are focused on the success of this Iraqi government." Brown: "And they said there is progress on the military front, as well. Secretary Rumsfeld started the day at a training center for Iraqi army recruits." Secretary Rumsfeld: "It's appropriate for us to begin the discussions with the new government, about the conditions on the ground and the pace at which we'll be able to turn over responsibility." Brown: "Privately, officials at the Pentagon tell ABC News, they hope is to reduce the number of US troops in Iraq to 100,000 by the end of the year."

The CBS Evening News (4/26, story 8, 2:00, Schieffer, 7.66M) reported, "It was a show of support for the government Iraqi leaders are trying to put together. Otherwise, it was a day like so many other days in Iraq. At least 20 civilians and police died in bombings and other violence, and American forces killed 13 people when they raided what was described as a an insurgent hideout." CBS (Assuras) added, "The top two US foreign policy officials made surprise landings in Baghdad only a few hours apart, and then joined up in a well-choreographed show of support for Iraq's emerging government." NBC Nightly News (4/26, story 5, 0:20, Williams, 9.87M) reported, "Both were there to show support for Iraq's new designated prime minister."

The New York Times (4/27, Weisman, Cloud, 1.19M) reports that the two sought to "press the prime minister-designate to re-establish public confidence in the government and rid the country's security forces of infiltration by sectarian militias." While Rice said that removing the militias' influence is "clearly one of the high priorities for the government," she added, "How they go about that I think is something they will have to work through." In her entourage, "there was an atmosphere that the joint visit might offer a last chance to reverse some of the mistakes of the past three years." Rice and Rumsfeld sought to "put the past differences between the departments behind them by emphasizing that they would be working more cooperatively to bolster the Iraqi government."

The Wall Street Journal (4/27, A4, Dreazen, 2.11M) calls the visit "a concerted diplomatic effort to capitalize on the selection of Iraq's new prime minister." The Washington Post (4/27, A16, Kessler, 744K) says the visit aimed to make clear "that the sometimes disjointed U.S. political and military operations are working seamlessly during the transition to a permanent government." Rice called "the creation of a permanent government…a turning point in the war and 'an important message to the American people.'" Government officials "indicated that they were embracing perhaps the last chance the Bush administration had to turn around public opinion at home and to ensure that Iraq has a viable political future."

The AP (4/27, Gearan, Burns) adds that the two secretaries "embraced the country's fledgling leaders as independent and focused on the future." Rice said that al-Maliki's priorities and commitment are "refreshing and really heartening." The story also notes that the visit "was meant to resonate in Iraq and among Americans."

The Washington Times (4/27, Kralev, 90K) reports, "The unprecedented joint visit by the top two Cabinet officials demonstrated Washington's full backing of Nouri al-Maliki." Rumsfeld said, "I came away most encouraged." Rice said, "I found him to be very focused and very clear that he understood his role and the role of the new government to really demonstrate that it is a government of national unity."

The Los Angeles Times (4/27, Roug, Richter, 958K) reports that the visit by Rice and Rumsfeld "drew criticism from Iraqi politicians who said they feared the unannounced visit might do more harm than good." The Times notes, "'We didn't invite them,' said Kamal Saadi, a Shiite legislator close to the new prime minister-designate, Nouri Maliki." He "said Iraqi leaders had not been given advance notice of the visit, which came just days after Iraqi politicians broke through a months-long impasse on the selection of a prime minister."

Rice Says US Is Prepared To Support Iraq's Government. Secretary of State Condoleezza Rice discussed her trip to Iraq on CNN's The Situation Room (4/26), saying, "We first wanted to bring a message that President Bush asked us to bring, which is that we are ready to support this government and support it fully. But supporting it fully means that we have to make certain that the United States government is really ready to do that, and so we are here to look at those issues that are at that nexus of political and military. There are many now. The security issues here even have both a political element and a military element. We are here to look at Defense Department operations, and I'm looking at embassy operations to make sure that we're really properly organized to help this government hit the ground running, because, clearly, they are ready to show the Iraqi people that it's going to be a different day."

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GOP Lawmakers Resigned To Dealing With Rumsfeld. The Los Angeles Times/AP (4/27, Sidoti) reports, "Senate Republican critics of Defense Secretary Donald H. Rumsfeld are deferring to President Bush's support for the Pentagon chief, mindful that his fate is out of their hands." Yet "those GOP lawmakers remain uncomfortable with him. Given the chance, they offer no words of support." Sen. John McCain said, "He still is in the confidence of the president. The president reiterated that the other day, so I'll continue to try to work with him."

Iraqis Complain Little To Show For US Reconstruction Effort. The CBS Evening News (4/26, story 9, 2:35, Schieffer, 7.66M) reported, "After security and a stable government, what Iraq needs most is rebuilding. Since the US invasion, infrastructure that was neglected by Saddam Hussein has been battered by constant attack and American reconstruction efforts have been hampered by mismanagement and corruption." CBS (Dozier) added, "Plenty has been done in many parts of Iraq, thanks to $20 billion US tax dollars. Almost half of that has already been spent, but Iraqis complain there is little to show for it: $1.6 billion has gone to electricity projects, but there's less daily power now than before the war; $390 million has gone to water projects, but fewer Iraqis have clean water now than before; and half a billion dollars has gone to oil infrastructure, but production has stagnated, mostly because of terrorist attacks. So much for the Bush Administration's promise that oil revenues would pay for the rebuilding of Iraq. Twenty five percent of the US construction budget now goes to security, which means the money is running out faster."

NYTimes Criticizes No Bid Halliburton Contract In Iraq. An editorial in the New York Times (4/27, 1.19M) says, "The Bush administration's promise that Iraq's reconstruction could be paid for with the country's own oil revenues was one of the many false assertions and assurances that ushered in the invasion. But unlike the predictions of weapons of mass destruction and streets filled with cheering Iraqis, this claim might have been at least partly true -- if the administration had more carefully supervised the lucrative no-bid oil industry repair contract it awarded to a subsidiary of Halliburton, the firm formerly headed by Vice President Dick Cheney." The Times adds, "On the Fatah pipeline crossing project, American taxpayers got a particularly raw deal. The repair work they originally paid for wasn't done. The government agency that was supposed to supervise the work did not do an effective job. And the oil exports that could have helped pay Iraq's reconstruction bills never made it through the pipeline."

Many Iraqis Believe Zarqawi Is Trying To Destroy Iraq. The Christian Science Monitor (4/27, Murphy, 61K) reports that Abu Musab al-Zarqawi, who "stepped out of the shadows with a video released on the Internet Tuesday," is "seen as a mythical figure by many Iraqis, a fiction designed to spread fear and put a face on the Sunni Arab insurgents who have spread so much terror here." Thalib Jabbar, a businessman in Baghdad said, "Zarqawi wants to show his power and frighten people. But in reality, he's the one who should be afraid. We want him dead." According to the Monitor, that is "a common sentiment among many ordinary Iraqis, one played on by Iraqi officials Wednesday who condemned Zarqawi as a foreigner trying to destroy their country. Their strong response highlights the risk such a video poses for Zarqawi: The effort to show his strength within the insurgency also puts a foreign face on the movement, leaving an opening for his opponents to appeal to national unity."

The AP (4/27, Frayer) reports that Zarqawi's latest video "marks a shift by the leader of al-Qaida in Iraq toward a less radical image, one that might appeal to the Iraqi insurgency more than the beheadings for which he's become notorious, analysts said Wednesday."

WPost Says Video Is A Sign Of Good News In War On Terror. An editorial in the Washington Post (4/27, A26, 744K) says, "The appearance of an al-Qaeda video on the Internet more often than not is a sign of good news in the war on terrorism. Tuesday's posting by Iraqi commander Abu Musab al-Zarqawi is the latest example: The 34-minute show by the newly unhooded extremist is in part a bid for advantage in factional feuding that has curtailed al-Qaeda's visibility and effectiveness." The Post adds, "The administration and U.S. commanders are clearly eager to find reasons to draw down troops from the current total of 132,500 by the fall. … But so far Iraq's slow political progress has had no impact on the violence, which has been growing steadily worse. Before welcoming Iraq's new government by pulling out tens of thousands of soldiers, President Bush ought to carefully consider whether that is the best way to achieve the victory he says he seeks."

Hamas, Sudan Distance Themselves From Bin Laden. The Palestinian group Hamas and the

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government of Sudan both sought to distance themselves from Osama bin Laden in the wake of his latest audio tape. The Christian Science Monitor (4/27, Bright, 61K) reports, "Al Jazeera reports that shortly after it broadcast bin Laden's message on Sunday, Sami Abu Zuhri, a spokesman for Hamas, declared that Hamas's ideology was 'totally different' from bin Laden's. … The Associated Press reports that, like Hamas, the Sudanese government distanced itself from bin Laden's statements, saying, 'We are not concerned with such statements, or any other statement that comes from foreign quarters about the crisis in Darfur.'"

US Forces Strike Suspected Insurgent Safehouse. The AP (4/27, Keath) reports that the US military said Wednesday that US forces truck a suspected safehouse of foreign insurgents, "killing 12 militants and a woman in a raid near the site where an American helicopter crashed." Coalition forces 'hit the suspected safehouse Tuesday in Youssifiyah, 12 miles south of Baghdad, near where a U.S. Apache helicopter crashed April 1. The U.S. command said the helicopter was believed to have been shot down."

Baghdad Residents Construct Makeshift Roadblocks. The AP (4/27, Castaneda) reports that Baghdad residents have become to construct makeshift roadblocks in an effort to protect their homes from makeshift violence. The AP notes that in some areas, "the majority of streets are blocked off or protected by homemade barriers that slow traffic. Some barriers have been in place for over a year in both Shiite and Sunni neighborhoods. But many more have appeared since the Feb. 22 bombing of a Shiite shrine in Samarra that ignited a wave of sectarian violence and left the country struggling to defuse another crisis." The AP adds, "Some of the barriers are sophisticated, built in curved 'serpentine' shapes that allow traffic to pass at a reduced speed. Residents said this would allow them to fire back at roaming militants trying to gun down pedestrians."

Questions Raised About Battle In Baghdad's Adhamiya District. Time (4/26, Ware) reports, "When Baghdad's notorious Adhamiya district exploded in vicious gun battles last week, few were really surprised. … The basic facts of the battle are not in dispute. … The question is exactly what triggered this battle and who fought it. Sunni community leaders claim that local residents grabbed whatever weapons they had to defend their homes from a sectarian attack by Shi'ite militias in government uniforms. … However, American officers say the men they ended up fighting weren't mere homeowners. They used the fire and movement techniques of trained soldiers."

Abuse Charges Expected Against Abu Ghraib Colonel. The AP (4/27, Jelinek) reports that the Army is expected to formally charge Lt. Col. Steven Jordan with criminal offenses in connection with the abuse of prisoners at the Abu Ghraib prison in Iraq. Formal charges are expected against Jordan next week. The AP reports that charges against Jordan "would make him the highest-ranking officer charged in the case, three defense officials said. They spoke only on condition of anonymity because Jordan had not yet been charged. They did not say specifically what the charges might be."

Report Says Hundreds Of Iraqi Detainees Were Abused. A report issued yesterday by New York University's Center for Human Rights and Global Justice, Human Rights First and Human Rights Watch has found credible evidence that at least 460 detainees were abused, tortured or killed by US troops and government civilians in Iraq. Knight Ridder (4/27, Brown) reports, "The researchers said they had found 330 cases of abuse and that only about half of them had been fully investigated, and one-third never were investigated or remained unresolved." Knight Ridder adds, "The report by the human rights groups is the first full independent accounting of credible allegations of torture and abuse at American detention facilities in Iraq, Afghanistan and the U.S. naval base at Guantanamo Bay, according to the researchers."

Iraqis Move To Hide Sunni Names. USA Today (4/27, Jervis, Sabah, 2.31M) reports, "Iraqis in Baghdad named Omar or Othman — two of the most recognizable names identified with Sunni Islam — are getting fake IDs, changing their names legally in court, even teaching their young children to say more neutral-sounding names if asked." USA adds, "The rush to mask identities underscores the increased sectarian tensions in Iraq since February's bombing of a sacred Shiite mosque in Samarra. The attack led to reprisals by Shiite gunmen and continuing violence between Sunnis and Shiites."

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Shanghai Cooperation Organization To Conduct Anti-Terror Exercises. The Washington Post (4/27, A20, Cody, 744K) reports that China, Russia, Kazakhstan, Kyrgyzstan, Tajikistan and Uzbekistan yesterday announced plans to hold "joint anti-terrorism exercises next year, emphasizing a desire to balance U.S. military influence in Asia with stepped-up preparations of their own." The activities of the regional security grouping, known as the Shanghai Cooperation Organization, said in a communiqué that "next year's exercises will be held in Russia. They did not detail what activities were planned."

US Seeks To Improve Security At Afghan Base. The Los Angeles Times (4/27, Barnes, 958K) reports, "The Army's chief of staff said Wednesday that he was frustrated by security lapses at Bagram air base in Afghanistan that led to the loss of potentially sensitive data, and that the military must learn how to be more careful with new technology." Gen. Peter J. Schoomaker "said the Army was trying to improve how soldiers used and secured flash drives." The Times adds, "U.S. military officials have been vague about the steps they are taking to improve security practices in Afghanistan and throughout the armed forces."

Slain Reporter's Family Says US Targeted Journalists. The Los Angeles Times (4/27, Wilkinson, Zucchino, 958K) reports on a Spanish cameraman who was killed by US fire in Baghdad. Jose Couso was killed when a US tank fired a high-explosive round into the side of his hotel believing an enemy spotter was on the balcony. The tank gunner "said he had been stung by Couso family contentions that his unit targeted journalists, and by their lawsuit accusing him and two officers of war crimes and murder. His wife received threatening phone calls after the incident, he said."

Lawsuit Alleges DOD Is Illegally Using A Recruitment Database. The AP (4/27) reports the New York Civil Liberties Union, in a federal lawsuit, claims that "the Defense Department is violating the privacy of millions of high school students nationwide with a detailed database it uses for military recruitment." It says they are "ignoring privacy rules set by Congress regarding the collection and distribution of students' personal information" by "flouting a 1982 military recruitment law that specifies that it refrain from collecting information on students under 17, that it store the information for no more than three years and that the information be kept private."

DOJ:

Gonzales Announces Anti-Gang Grant For Tampa. The Tampa Tribune (4/27, McCartney) reports, "Saying gangs represent a threat to the 'American dream,' U.S. Attorney General Alberto Gonzales announced a $2.5 million grant to combat the spread of gangs in Hillsborough County." The Tribune continues, "Gonzales spent about half a day in Tampa and Hillsborough County, touring the site of a suspected gang shooting that killed two people in February and the shooting of a deputy with a BB gun days later. … But Gonzales' tour of Tampa and northwest Hillsborough County touched on numerous other topics, including opportunity, education and immigration. … He spoke to a group of students at Leto High School, who he said were curious about his security detail, immigration and whether he had any presidential ambitions. (He didn't indicate any to a group of reporters later.)" … Gonzales acknowledged that the Tampa Bay area is not a hub of gang activity that other cities awarded the grant are, but said even one gang member poses a threat to the community."

WUSF AM , Tampa (4/27, Ingram) reports, "Gonzales also met with local law enforcement and community leaders. … He says the anti gang grant will be used on education, law enforcement and community re-integration programs for former felons."

Heaton Named US Attorney For Central Illinois. The Springfield (IL) State Journal-Register (4/27, Schoenburg) reports, "Rodger Heaton, interim U.S. attorney for the Central District of Illinois, is President Bush's choice to continue as the top prosecutor in the region, The State Journal-Register has learned. … 'The White House has made the decision,' according to a local Republican source." The Journal-Register continues, "Copley News Service reported last week that the three people whose names had been forwarded to the White House by House Speaker Dennis Hastert and GOP congressional colleagues were: Heaton; Darin LaHood, the son of U.S. Rep. Ray LaHood, R-Peoria; and John Michelich, an Auburn native who works for the U.S. Department of Justice." The Journal-Register adds, "Sharon Paul, spokeswoman for the U.S. attorney's office in Springfield, said Heaton considers it a privilege to be serving

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in his current position. He is 'hopeful he'll be nominated, but as yet he hasn't been notified of any decision,' she said Tuesday. … Heaton, 46, was appointed to the interim post as of Dec. 1 by Attorney General Alberto Gonzales. Heaton replaced U.S. Attorney Jan Paul Miller, who took a job with a St. Louis law firm."

DOJ Moves Toward More Inclusive Case Management System. Government Computer News (4/27, Miller) reports, "While the Justice Department was bogged down in awarding a $305 million contract for its do-over case management system called Sentinel, the Line of Business Consolidation initiative for a similar effort was treading water. … But with Sentinel awarded earlier this year to Lockheed Martin Corp., the Office of Management and Budget is pushing Justice to include all agencies under the LOB umbrella." GCN continues, "For litigation case management, Justice, which completed the target architecture in fiscal 2005, now will work with any agency that is involved with litigation, according to an administration official familiar with the LOB. … These agencies include the Environmental Protection Agency, IRS, Securities and Exchange Commission and many more. … 'We know it's more than just the Justice Department and we want to make sure whoever is going forward with a litigation system either builds onto or adds to the Justice system,' the official said. 'If we are going to build many times, we want to use a similar architecture so the systems can share information and components easily.' … Justice and OMB held a meeting last week to develop the plan with new LOB program manger Paul Garrett, who took over for Price Roe in March."

CORPORATE SCANDALS:

Angry Lay Trades Barbs With Federal Prosecutor At Enron Trial. The Wall Street Journal (4/27, Emshwiller, McWilliams) reports, "Under hard questioning by a federal prosecutor, former Enron Corp. Chairman Kenneth Lay admitted that he probably violated the company's code of ethics and had to fend off accusations of hypocrisy and attempted witness tampering." The Journal continues, "The confrontation with prosecutor John Hueston came as the government began its questioning after Mr. Lay spent nearly three days testifying in his own defense. The two men clashed sharply as Mr. Hueston pushed to ruffle the usually affable Mr. Lay. … The witness angrily denied Mr. Hueston's allegations that calls he made as recently as this month to potential trial witnesses were attempts to improperly influence them to agree with his version of events. 'You are distorting the phrase "in agreement with my story,"; Mr. Lay shot back, adding that, 'I don't have a story.' Mr. Lay said he made the calls to educate himself and confirm his own recollections of events." The Journal notes, "The possible ethics-code violation concerned a $120,000 investment Mr. Lay made in a private Internet company called PhotoFete.com Inc. The PhotoFete issue first arose during the testimony of Mr. Lay's co-defendant, Jeffrey Skilling, who had made about a $160,000 investment in the firm, which did about $450,000 of business with Enron. Messrs. Lay and Skilling were supposed to notify Enron's board about the potential conflict of interest."

The Washington Post (4/27, D1, Johnson) reports that Lay "grew furious at the government attack, pointing his finger and answering questions from…Hueston in an increasingly aggressive tone." The Post continues, "Hueston began his presentation by throwing back at Lay a quote from his own lawyer's opening statement three months ago: 'By our deeds we are known.' The prosecutor followed up with unrelenting questions designed to cast doubt on actions Lay took before the energy trader hurtled into bankruptcy protection in December 2001."

The New York Times (4/27, Barrionuevo, Romero) reports that Lay "lost his legendary cool on the witness stand Wednesday." The Times continues, "Just minutes into his cross-examination by… Hueston, Mr. Lay…testily accused…Hueston of personally preventing him from repaying a company credit line Mr. Lay had used to shore up his personal finances. … 'Mr. Hueston, you know you blocked it,' Mr. Lay said, his voice booming. 'It's a simple answer.'" The Times notes, "Before he took the stand, a number of legal experts had predicted that Mr. Lay would use the same folksy charm he employed during his heyday as the public face of Enron to seek to win over the 12 jurors deciding his fate in the criminal fraud trial here. But during his three days so far as a witness, Mr. Lay has found it harder and harder to maintain a kindly grandfatherly image. … Instead, Mr. Lay,… has become increasingly agitated, at times reacting impatiently even to his own lawyer, George McCall Secrest Jr., and lashing out at what Mr. Lay portrayed as a cabal of former Enron executives, investors and journalists whom he repeatedly blamed for the company's downfall in late 2001."

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The AP (4/27, Hays) reports that Lay "dropped his affable persona as his cross-examination began Wednesday, snarling at a prosecutor who accused him of witness tampering when Lay called several potential witnesses during his fraud and conspiracy trial. … Jurors who had been listening impassively snapped to attention. … 'Did you have any conversations to get your story straight for trial?' asked prosecutor John Hueston. … 'Can you elaborate on that Mr. Hueston?' Lay shot back. 'I'm not sure what story you're talking about.' … The prosecutor noted that Lay called two Goldman Sachs & Co. executives during the trial regarding a September 2001 meeting about Enron. … Former Enron Chief Financial Officer Andrew Fastow - whom Lay has dubbed a traitor, liar and crook - testified that he and Lay met with the executives to discuss restructuring Enron at the same time Lay was telling employees and reporters that the company was sound. Lay says the executives called the meeting to discuss Enron's vulnerability to a takeover. … Lay said he called the executives in March - the same month Fastow testified - but he said he did not try to align their memories of the meeting with his."

CRIMINAL LAW:

Rove Makes Fifth Grand Jury Appearance In Plame Investigation. Deputy White House Chief of Staff Karl Rove yesterday appeared before the grand jury investigating the leak of undercover CIA operative Valerie Plame's identity for the fifth time. The story was the lead on CBS and NBC, bumping coverage of the announcement Fox News commentator Tony Snow was joining the Administration as press secretary, while ABC ran a brief mention later in its newscast. It also garnered front page coverage in the Washington Post and New York Times.

The Washington Post (4/27, A1, Vandehei, 744K) in a front page story offers the most new details on Rove's testimony and says that he left the court house "unsure whether he would be indicted, according to a source close to the presidential aide." He "spent considerable time arguing that it would have been foolish for him to knowingly mislead investigators about his role in the disclosure of the identity of undercover CIA officer Valerie Plame to the media, the source said. His grand jury appearance, which was kept secret even from Rove's closest White House colleagues until shortly before he went to court yesterday, suggests that prosecutor Patrick J. Fitzgerald remains keenly interested in Rove's role in the case." And "Rove for the first time partly waived his attorney-client privilege to detail conversations he had with his attorney, Robert Luskin, about the leak and his knowledge of it, the source said."

The CBS Evening News (4/26, lead story, 2:45, Axelrod, 7.66M) reported Rove's appearance "makes it crystal clear that the special prosecutor's investigation is still very much alive, and that Karl Rove is very much under a cloud of suspicion." But his attorney, Robert Luskin, "said prosecutors had assured them that in connection with this appearance, Rove was not a target of investigation. Special prosecutor Patrick Fitzgerald apparently wanted to question Rove more about his conversations with reporters right before CIA operative Valerie Plame's identity was revealed in the press." The news "just couldn't come at a worse time for the President."

NBC Nightly News (4/26, lead story, 3:00, Gregory, 9.87M) reported, "The question is whether Rove only remembered the conversation later in this investigation or whether he tried to hide it. A former prosecutor says special counsel Patrick Fitzgerald remains skeptical." Tom Connolly, former Federal prosecutor: "I think it means that Fitzgerald is unwilling to take Mr. Rove's lawyer's word that Mr. Rove made a mistake in previous testimony." Gregory: "His lawyer said today Rove testified 'voluntarily' at the request of the special prosecutor, adding that Fitzgerald said Rove 'is not a target of the investigation.'"

On ABC World News Tonight (4/26, story 4, 2:35, Vargas, 8.78M), Washington correspondent George Stephanopoulos said, "Well, fifth time. That's the key. Criminal lawyers will tell you that five appearances before a grand jury is highly unusual. And a sign that you're in some legal jeopardy. But Rove's lawyer, Robert Luskin, told me that Fitzgerald assured him his client is not a target. He's made no decisions yet."

CNN's The Situation Room (4/25, Blitzer) reported Rove's fifth appearance is "spurring new speculation that Rove could become the second White House figure possibly to be indicted in the leak case." CNN (King) added that it is "highly unusual to be called for a fifth time before the federal grand jury. Sources sympathetic to Rove are saying they believe this could lead to the resolution. From their accounts, they say the special prosecutor has a few lingering questions in their view about Rove's account of exactly why he didn't tell the full story in his first grand jury testimony about conversations with reporters."

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The New York Times (4/27, A1, Kornblut, 1.19M) in a front page story reports Fitzgerald "did not comment about calling Mr. Rove to testify, and no one involved in the case said they clearly understood its status. It did not appear that there would be any immediate resolution for Mr. Rove, who has spent months defending himself against assertions that his legal troubles are distracting him from his White House duties." Meanwhile, "Democrats pounced on the turn of events, one of several controversies they hope to capitalize on in the fall elections." Sen. Charles Schumer said, "This additional Rove visit clearly shows that the Plame investigation is far from over and that Patrick Fitzgerald is living up to his reputation as an impartial, dedicated prosecutor determined to turn over every stone."

The Los Angeles Times (4/27, Schmitt, Hamburger, 958K) notes, "As the White House was introducing a new press secretary in an effort to put a new face on a troubled administration, Rove testified for three hours before the grand jury." The shift in Rove's portfolio "helped inoculate the White House against Rove's latest appearance before the grand jury. If Rove is indicted and forced to resign, the White House can say that Rove's substantive policy responsibilities have already been transferred."

The AP (4/27, Yost) says "Rove appeared at ease as he left the U.S. courthouse." The Wall Street Journal (4/27, Squeo, 2.11M) reports similar details on Rove's testimony.

Lawyer Says Rove Is Not A Target Of Fitzgerald's Investigation. CNN's The Situation Room (4/26, King) reported, "We do, though, have a statement from Rove attorney Robert Luskin. He says this: 'Karl Rove appeared today before the grand jury investigating the disclosure of a CIA agent's identity. He testified voluntarily and unconditionally at the request of special counsel Patrick Fitzgerald to explore a matter raised since Mr. Rove's last appearance in October 2005. In connection with his appearance, the special counsel has advised Mr. Rove that he is not a target of the investigation. Mr. Fitzgerald has affirmed that he has made no decision concerning charges. At the request of the special counsel, Mr. Rove will not discuss the substance of his testimony."

Allen Downplays Concerns That Rove Is A Liability. Sen. George Allen was asked on MSNBC's Hardball (4/26) if he is concerned that Rove will be a liability for the White House going into this year's elections. Allen said, "Karl Rove has a proven track record of success for this President as well as for other candidates, and so I think he's going to be focused on politics and campaigns and he's been awfully good at it and he has a great track record of winning." Asked if Rove's fifth appearance before the grand jury is a distraction for Republicans and the White House, Allen said, "Karl Rove is somebody who I've worked with in the past when I was chairman of the Republican Senate Campaign Committee, and I really do admire his knowledge and I think the President also has a great deal of confidence invested in him."

Defense Lawyer Accuses Federal Investigators Of Spying On Pellicano. The Los Angeles Times (4/27, Krikorian, Weinstein, Blankstein, 958K) reports Hollywood private investigator Anthony Pellicano "has accused the federal government of spying on him in prison through a secret arrangement with his then-girlfriend." Pellicano lawyer Steven Gruel "filed motions this week in federal court saying Sandra Wil Carradine provided FBI agents and prosecutors with a 'fountain of information' after a series of jailhouse visits late last year, giving them insights into the lawyer's legal strategy and violating his attorney-client privilege." The Times adds, "In mid-December, Gruel says in the motions, Carradine told FBI Special Agent Stan Ornellas…that Pellicano was attempting to hire the attorney, making it 'likely that the government knew of Mr. Pellicano's interest in my representation even before I did.' Carradine also told Ornellas of Pellicano's interest in calling a particular defense witness, enabling the FBI to contact the person before Pellicano's defense did, according to Gruel." The California Recorder (4/27, Scheck) notes, "Based on discovery turned over by prosecutors and evidence gathered on his own, Gruel's filings challenge the FBI's reasons for initially searching the detective's office. … The warrant, which was obtained in connection with a threat made to former L.A. Times reporter Anita Busch, 'was a subterfuge,' Gruel wrote. … He argues that agents were actually seeking evidence of illegal wiretaps -- particularly a recording of an FBI agent -- but didn't have probable cause to get a warrant for such material."

The California Recorder (4/27, Scheck) reports, "Steven Gruel has long contended that the feds were out to get his client, the celebrity private eye Anthony Pellicano, well before they executed a 2003 search warrant that resulted in Pellicano's conviction on explosives charges -- and a protracted federal investigation aimed at some of Hollywood's biggest lawyers." The Recorder continues, "In court papers

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filed late Tuesday, Gruel, a former San Francisco federal prosecutor, gave the most detailed peek yet into how he plans to support that claim. He also outlined his contention that prosecutors improperly used Pellicano's girlfriend as an informant to pry into the detective's defense strategy. … All of the arguments are aimed at getting more discovery out of Los Angeles federal prosecutors and ultimately, Gruel said, getting the indictment tossed." The Recorder adds, "Based on discovery turned over by prosecutors and evidence gathered on his own, Gruel's filings challenge the FBI's reasons for initially searching the detective's office. … The warrant, which was obtained in connection with a threat made to former L.A. Times reporter Anita Busch, 'was a subterfuge,' Gruel wrote. … He argues that agents were actually seeking evidence of illegal wiretaps -- particularly a recording of an FBI agent -- but didn't have probable cause to get a warrant for such material."

Kidman-Cruise Recording Among Items Found By FBI At Pellicano Office. The New York Daily News (4/27, 729K) reports, "A recording of a phone call between Nicole Kidman and Tom Cruise was just one of the treasures the FBI found in the 'War Room' of jailed private eye Anthony Pellicano, according to the June Vanity Fair, now online. Kidman took to joking to friends during calls, 'So, Tom, are you listening? Am I saying what you want me to say?' … Both stars have been questioned by the FBI, according to the story by top investigators Bryan Burrough and John Connolly, who is writing a book about the P.I."

Thirteen-Year FBI International Manhunt Led To Fugitive Molester's Arrest. The Los Angeles Times (4/27, Griggs, 958K) reports, "For nearly 13 years, law enforcement officials tried to bring convicted child molester Channa Pryia Ruberoe to justice. Now, Ruberoe, convicted in Ventura in 1993 of three counts of lewd acts against his stepdaughter, is behind bars." Ruberoe's "circuitous route through Europe and southern Asia and the dogged pursuit by investigators with the Ventura County district attorney's office and the local FBI office rival the plot of a spy novel." The Times adds that Superior Court Judge Don Coleman said yesterday, "The FBI and their international law enforcement contacts are the real heroes in this story." The Times notes, "Last week, Ruberoe was given the maximum sentence of 12 years."

Federal Prosecutors Considering New Charges Against Gotti. The New York Daily News (4/26, Zambito, 729K) reported that on Tuesday, "the feds raised the ante against John (Junior) Gotti…by telling a judge they may yet charge the mob scion -- and his little brother -- with new crimes. Prosecutors say they're looking into Gotti's transfer of ownership of his Long Island mansion to his wife, Kim, at a time when the government was trying to seize the property because it was bought with mob money. The government also is taking aim at brother Peter, citing testimony at Junior's recent trial that prosecutors believe could link the younger Gotti to possible crimes." The New York Post (4/26, Cornell, 624K) noted, "Prosecutors publicly disclosed that admissions by Gotti are 'a basis' for their sweeping investigation in a letter to Manhattan Federal Judge Shira Scheindlin…as they defended sending subpoenas to witnesses who recently testified for Gotti. … Defense lawyer Charles Carnesi declined to comment, but the letter from prosecutors shows Gotti's attorneys have privately denied he 'admitted significant information about criminal activity in which he and others were involved.'"

Prosecutors Say Reputed Gambino Capo Exaggerating Illnesses To Avoid Trial. The New York Post (4/27, Cornell, 624K) reports, "Reputed Gambino acting capo Greg DePalma has borrowed a page from the notorious Mafia boss Vincent 'Chin' Gigante by pretending he's too sick to stand trial, prosecutors charge. Defense lawyer John Meringolo is expected to argue in Manhattan federal court today that DePalma, 73, is near death due to lung cancer, heart disease and other ailments -- and incapacitated by more than 20 medications he takes daily. But prosecutors are skeptical and have asked Judge Alvin Hellerstein to keep his racketeering trial scheduled for May 8." The Post notes, "The feds' court papers claim DePalma 'exaggerated the severity' of his illness to get a reduced sentence in 1999 and to 'garner sympathy' at a 2001 murder conspiracy trial. … As soon as DePalma hit the streets in February 2003, after finishing out a prison term, he got right back to mob business, prosecutors say."

Judge Bars Juror Background Checks In Chicago Corruption Trial. The AP (4/27, Robinson) reports, "A federal judge barred prosecutors Wednesday from conducting criminal background checks on prospective jurors in the upcoming trial of Mayor Richard M. Daley's one-

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time patronage chief and three other former city officials." The AP continues, "Prosecutors notified the judge that they planned to make such checks before jury selection gets under way May 10. But U.S. District Judge David H. Coar said such checks could have a 'coercive effect' if jurors found out. … 'Absent some showing that it would be appropriate or necessary, I don't think as a matter of policy any party ought to be allowed to conduct criminal background checks of the jurors,' the judge said." The AP notes, "Federal prosecutors planned to look into the prospective jurors' backgrounds following the corruption trial of former Illinois Gov. George Ryan. In the Ryan case, two jurors were removed in the middle of deliberations after The Chicago Tribune disclosed that they failed to indicate on a court questionnaire that they had arrest records. … Later, the judge in the Ryan case declined to dismiss four other jurors who failed to indicate that they had experiences with the court system, including a divorce and a theft charge."

South Carolina Administrator Faces Federal Charges. The Myrtle Beach (SC) Sun News (4/27, Reports) reports, "Surfside Beach Town Administrator Clyde Merryman was indicted by a federal grand jury in Florence today on seven criminal counts in connection with an investigation into Asian-owned spas in Myrtle Beach in 2002." The News continues, "The indictment was returned today against 60-year-old Merryman, a retired FBI agent. He is facing charges of mail fraud and theft of honest services, concealment of a material fact from a U.S. agency, falsification of records in a federal investigation, and obstruction of justice." The News adds, "Merryman launched the investigation as a FBI Special Agent in January 2002 into Asian-owned spas in Myrtle Beach. The indictment says that the investigation questioned whether the spas used Korean women who were illegally in the United States for the purpose of prostitution. … According to the U.S. Justice Department, the indictment accuses Merryman of developing an ongoing 'personal relationship' with a woman who was a confidential witness of the investigation."

DOJ Will Not Seek Death Penalty In Alabama Carjacking Death. The Mobile Register (4/27, Kirby) reports, "Federal prosecutors will not seek the death penalty against a pair of Mobile men accused of committing a fatal carjacking last year." The Register continues, "Prosecutors last year announced they would seek permission from the Justice Department to try to execute Alexander L. Bohannon, 23, and Sebastian Sanchez Dubose, 25, for the March 2005 slaying of Michael Lee Rodgers outside of his home in south Mobile." The Register adds, "Lawyers on both sides of the case made presentations in Washington to Justice Department officials, who last month denied permission to go for the death penalty. Both men are scheduled to stand trial in June, and could get life prison terms if convicted. … The Justice Department did not explain its rationale, and federal prosecutors in Mobile did not return phone calls seeking comment."

FBI Seized Documents, Computers In San Diego Pension Probe. The AP (4/27) reports, "The FBI has seized computers and documents from the workplace of San Diego's former pension system president as part of a two-year investigation into the city finances. It's the first known time federal investigators probing the pension problems have sought information outside City Hall and the pension offices. FBI agents arrived unannounced earlier this month at the San Diego State University Foundation office where Frederick Pierce IV works as a developer. The FBI has not released further details of the search because the search warrant is sealed and Pierce said he was out of town when the FBI went to his office." The San Diego Union-Tribune (4/26, Hall, Petrillo, 353K) noted, "San Diego FBI Chief Dan Dzwilewski confirmed that agents searched Pierce's office, but declined further comment because the search warrant is sealed. Pierce and foundation spokeswoman Theresa Nakata would not say whether the scope of the search extended beyond the pension fund and its $1.43 billion deficit.

High Court Hears Challenge To Execution By Lethal Injection. Knight Ridder (4/27, Henderson) reports, "The Supreme Court appeared split Wednesday over how a lower court should handle a Florida death row inmate's contention that the state's method of lethal injection is unconstitutional because it could cause him great pain." Knight Ridder continues, "Clarence Hill, who shot and killed a Pensacola police officer in 1982, has exhausted the appeals regularly afforded to inmates who challenge their sentences. But his lawyers say his complaint about the lethal injection procedure is a civil rights claim that doesn't directly challenge his sentence, just the way it's going to be carried out. The state says essentially that Hill's claim is a ruse, an indirect way

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back into court to stop the state from taking his life. … Two lower courts have rejected Hill's claims, but that has happened against the backdrop of a mounting national debate over how cruel or humane lethal injection is. Eight executions have been delayed this year to consider the issue, thanks in part to medical studies that suggest some inmates may feel terrible pain when intravenous drugs are used to end their lives."

The Wall Street Journal/AP (4/27) reports, "The justices had a wide-ranging discussion about the way executions are carried out, and how they can be contested. Justice Antonin Scalia said that if they allow Florida death-row inmate Clarence Hill to pursue claims, that could drag out a case that has already been pending for more than two decades. … Justices have never ruled on the constitutionality of lethal injection, which is used by the federal government and every state that has capital punishment except Nebraska."

The Washington Post (4/27, A10, Lane) reports, ""With questions and comments from the justices revealing an even split along liberal-conservative lines, the outcome could depend on Justice Anthony M. Kennedy, the centrist who is the court's swing voter now that Sandra Day O'Connor has retired." The Post notes that "the precise issue before the court is not whether lethal injection is unconstitutional. Rather, it is a related procedural question: Should courts treat a prisoner's assertion that a particular method of execution is unconstitutional as a federal civil rights lawsuit, as Hill argues, or as a petition for habeas corpus, as Florida says? … The question is critical, because Congress has put strict limits on habeas corpus claims but not on civil rights suits."

The Legal Times (4/27, Mauro) reports that "the justices appeared reluctant to give states carte blanche to use any combination of death-dealing chemicals they choose. … At one point in oral arguments in Hill v. McDonough, Justice Anthony Kennedy suggested that states have 'some minimal obligation' to ensure that the chemicals used in legal executions employ the 'most humane method' available."

McDermott Appeals Ruling In Case Involving Illegally Taped Phone Call. The AP (4/27, Daly) reports that WA7 Rep. Jim McDermott (D) "on Wednesday asked a full nine-member appeals court to hear an appeal of a case involving an illegally taped telephone call that was leaked to reporters nearly a decade ago." The AP notes, "In court papers filed Wednesday, McDermott asked all nine members of the appeals court to hear the case, saying it involved a crucial First Amendment issue." McDermott's "petition said the full court should hear arguments in the case 'because the divided panel decided a constitutional issue of exceptional importance in a manner inconsistent with on-point Supreme Court precedent.'"

Moore's Son Jailed For Slashing Tires On Election Day 2004. The Washington Times (4/27, Pierce, 90K) reports in its "Inside Politics" column, "A Wisconsin congresswoman's son and three Democratic campaign workers were sentenced yesterday to four to six months in jail for slashing tires outside a Bush-Cheney campaign office in Milwaukee on Election Day 2004. … Among those sentenced yesterday were Sowande A. Omokunde, the son of U.S. Rep. Gwen Moore, Wisconsin Democrat, and Michael Pratt, the son of former acting Milwaukee Mayor Marvin Pratt."

CIVIL LAW:

Pennsylvania County Settles INS Inmate Cost Dispute With DOJ. The AP (4/27, Walters) reports, "York County (AP) will pay the federal government $16 million to settle a dispute over how much its prison charged to house immigration detainees." The AP continues, "The Department of Justice alleged that the county knowingly understated the overall number of inmates at the prison, resulting in a higher rate being charged for federal immigration detainees being housed there between October 1999 and March 2003. … The county, however, does not admit any wrongdoing under the settlement reached Wednesday. … 'We disagree with their characterization concerning that agreement,' said Michael Flannelly, York County solicitor, adding that the county settled to avoid expensive litigation. 'Given the level of risk that we were facing, we believe it's an appropriate settlement.'" The AP adds, "In 2000, the now-defunct U.S. Immigration and Naturalization Service agreed to increase the rate to $60 a day for each federal detainee based on York's statement of prison operating costs and the inmate population. … But York reported that the average daily population of the prison was 996 inmates for the applicable period, rather than the 1,544 it reported to the state, according to the U.S. government. … The difference in those figures led to the U.S. government being charged an inflated rate for detainees at York, one of

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the nation's largest immigration detention centers, federal officials said. … Charles Miller, a Justice Department spokesman, said he considered the legal matter closed."

Federal Contractor To Pay For Misrepresenting Size. Government Executive (4/27, Hardy) reports, "Insight Enterprises has agreed to pay the government $1 million to settle claims that its subsidiary, Insight Public Sector, fraudulently misrepresented itself as a small business to get a federal contract." GE continues, "Insight, an information technology solutions provider based in Tempe, Ariz., admitted no wrongdoing in agreeing to the settlement. Lloyd Chapman, president of the American Small Business League, initially pursued the case against Insight in a Small Business Administration complaint." GE adds, "Chapman believes that large companies often represent themselves as small businesses and that SBA and the General Services Administration rarely take action. … Insight's troubles arose after it acquired Comark and Comark Government and Education Services in 2002. CGES, which is now Insight Public Sector, had won a place on the GSA schedule as a small business in 1996. After investigating, the Justice Department and SBA contended that CGES had not been a small business in 1996 and had later received preference on some orders through the GSA schedule because of its reported size status. … The company disputes that claim, but agreed to settle to avoid the risk and expense of litigation, said Richard Fennessy, Insight's president and chief executive officer, in a statement issued late last month."

Archive Auditors Say Classified Files Wrongly Kept Secret. The Washington Post (4/27, A25, Lee, 744K) reports, "The CIA and other agencies wrongly kept secret about a third of the records they pulled from public shelves at the National Archives during reclassification efforts that were far more extensive than previously disclosed, according to an audit released yesterday." National Archives auditors "who reviewed a representative sample of thousands of formerly public records found that 24 percent were pulled despite being 'clearly inappropriate' for reclassification, and another 12 percent were 'questionable' as candidates for reclassification."

The New York Times (4/27, Shane, 1.19M) reports, "Calling the exposure of the hidden effort to reclassify records a 'turning-point moment,' Allen Weinstein, the head of the National Archives, announced a new effort to set consistent standards for deciding what records should be protected." The Times continues, "The pilot National Declassification Initiative, overseen by the archives, will seek to reduce what Mr. Weinstein called an 'unconscionable backlog' of historical records not yet released and to avoid unnecessary classification in the future." The AP (4/27, Yen) also reports on this story.

Tobacco Company Seeks Reversal Of Anti-Smoking Ad Ruling. Dow Jones (4/27) reports, "Lorillard Tobacco Co. Wednesday asked the Delaware Supreme Court to overturn a ruling that the 'truth' series of anti- smoking ads does not 'vilify' the tobacco industry." Dow Jones continues, "The maker of Newport, Kent, True and Old Gold cigarette brands says the ad campaign, which is targeted at children and teenagers, violates the bargain tobacco companies made in 1998 to settle lawsuits from 46 state attorneys general, an agreement that called for the industry to pay for anti-smoking ads. … Lorillard wants to strip funding from American Legacy Foundation, the non- profit organization behind the 'truth' ads and the recipient of $1.5 billion in funds under the settlement. According to the company, the ads breach restrictions against vilification and personal attacks contained in the settlement. … American Legacy says that the ads have to be edgy to reach the defiant youngsters most at risk of smoking but that the campaign is tailored to avoid personal attacks and vilification, which it defines as abusive and unfair portrayals of tobacco companies."

CIVIL RIGHTS:

Michigan Court To Rule On Voter ID Law. The AP (4/27, Eggert) reports that the Michigan Supreme Court "agreed Wednesday to decide whether Michigan can require voters to show photo ID, entering a decade-long political fray over issues such as election fraud and voter intimidation." The AP continues, "The court voted 5-2 to issue an advisory opinion on the constitutionality of a 1997 state law requiring voters to show photo identification to get a ballot. A court spokeswoman said the ruling will be binding, though it could be appealed to the U.S. Supreme Court." The AP adds, "Former Attorney General Frank Kelley, a Democrat, ruled nine years ago that the law violated the equal protection clause of the 14th Amendment of the U.S. Constitution, which guarantees U.S. citizens the right to vote. … Opponents of the

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law say the requirement would keep poor people, non-drivers and others away from the polls. But supporters say it's needed to prevent election fraud. … The U.S. Justice Department, for example, has been investigating allegations that Detroit votes were cast last year in the names of dead people."

Virginia Activists Gearing Up Campaigns Ahead Of Vote On Gay Marriage Ban. The Washington Post (4/27, B9, Jenkins, 744K) that "beginnings of a statewide political campaign" are underway "over the proposed amendment to the Virginia Bill of Rights that would ban same-sex marriages and civil unions." The initiative "will be on the ballot statewide Nov. 7. … More than six months before Election Day, supporters and opponents have formed coalitions they hope will raise hundreds of thousands of dollars and lure scores of volunteers to their voter outreach efforts." The Post notes, "Organizers on both sides said they hope to raise enough money to fill the airwaves with radio and television ads. And they vowed to send volunteers to as many county fairs, clambakes and cookouts as needed to get the vote out."

Study Gauges Likelihood Of Gays Marrying. The AP (4/27, Crary) reports, "A new study attempts to gauge the percentage of gays and lesbians who have chosen to marry in places where that option is legal, with estimates ranging from as little as 2 percent to more than 16 percent, depending on the location." The AP continues, "A co-author of the report, released Wednesday, said both sides in the gay marriage debate may take heart from the findings. … The Institute for Marriage and Public Policy, which opposes gay marriage, reviewed data from the Netherlands, Belgium, Canada and Massachusetts, all of which allow same-sex partners to wed. … In each case, the study offered a range of estimates of the percentage of gays who had married, based on varying approximations - from 1 percent to 5 percent - of how many gays were in the general population." The AP notes, "The study estimated that between 2 percent and 5 percent of Belgium's gays and lesbians, and 5.9 percent to 16.7 percent of those in Massachusetts had married. Same-sex marriage became legal in Massachusetts in May 2004, and 7,341 gay and lesbians couples had wed there through last December."

"Don't Ask, Don't Tell" Protesters Detained At West Point. The AP (4/27, Virtanen) reports, "Twenty-one gay rights activists were detained at the U.S. Military Academy and issued federal citations Wednesday while protesting the Pentagon's 'don't ask, don't tell' policy." The academy was the last stop for the Soulforce Equality Riders' " 20-stop, cross-country tour of conservative Christian and military colleges that protest organizers say discriminate against gay, bisexual and transgendered people."

Brooks Says Democrats Moving Away From Multiculturalism. David Brooks writes in his column in the New York Times (4/27, 1.19M), "Over the past few years, multiculturalism has faded away. A different sort of liberalism is taking over the Democratic Party." This "rebirth of liberal American nationalism is a significant event. Democrats are purging the last vestiges of the New Left and returning to the older civic liberalism of the 1950's and early 1960's." It happened because "the identity groups have ossified" even as "the intellectual energy on the left is now with the economists." Also, "the Democrats have come to understand that they need to pay less attention to minorities and more to the white working class," even as 9/11 "aroused feelings of national solidarity" which "discredited the multiculturalists' tribalism."

ANTITRUST:

Senate To Examine Oil Firms' Tax Records As Industry Reports Record Profits. With oil companies again reporting record profits, the Senate Finance Committee has asked the IRS for the firms' tax returns. The committee last requested corporate tax records during its investigation into the collapse of Enron. The story was reported on each of the networks last night, which devoted over 11 minutes to the issue of higher gas and oil prices; ABC led with a report on the industry's profits.

The CBS Evening News (4/26, story 2, 0:25, Schieffer, 7.66M) reported, "A Senate committee opened an investigation today into whether America's oil companies making record profits are paying all the taxes they should. The panel asked the IRS for the companies' tax returns. One of those oil companies, Conoco Phillips, today became the first of the big three to report their first-quarter profits. They were up 13% to nearly $33 billion."

The Washington Post/AP (4/27, A10) says the Senate committee's request is "highly unusual" and "came as Congress showed increasing concern amid political fallout over high gasoline prices and oil industry profits. Lawmakers began moving on various fronts to eliminate loopholes and

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some tax provisions that save oil companies billions of dollars." A more extensive version of the AP (4/27, Hebert) article notes, "Bush on Wednesday urged Congress to remove those tax provisions, worth $2 billion over 10 years. He said people should not pay for such subsidies when the industry is wallowing in cash."

Bloomberg (4/27, Efstathiou) adds, "Bush, in a speech on energy issues yesterday in Washington, said the American people expect oil companies to plough more of their profits into investments in refineries and production projects that might eventually ease prices. He also said Congress should roll back incentives to the oil industry that will cost the U.S. about $2 billion over 10 years."

The Financial Times (4/27, Yeager) notes, "A spokesman for the American Petroleum Institute, which represents the US industry, said the review of documents was within the committee's power, but added, 'I don't think there is anything in there that would have any bearing on gas prices. Gas prices are set by the law of supply and demand.'"

Gonzales Urges Consumers To Use Less Gas. The AP (4/27, Davis) reports, "U.S. Attorney General Alberto Gonzales said federal and state investigations aren't a substitute for consumer belt-tightening to combat soaring gas prices across the nation. … 'If the gas companies are colluding together or committing fraud, we have an obligation to investigate that,' Gonzales said Wednesday during a visit to Florida to kickoff an anti-gang program. 'Obviously, this is not something that can be solved solely by law enforcement efforts. It requires, perhaps, a change in behavior by consumers. There are things we can do at a federal level, but also it's going to require a collective effort.' … Gonzales declined to comment on what evidence, if any, his agency has of price fixing in the gasoline market." The AP adds, "President Bush is trying to calm Americans' outrage over soaring gas prices by ordering the Department of Justice to investigate whether the price of gasoline is being illegally manipulated. Gas prices are hovering near $3 a gallon and polls give Bush low marks in handling the crisis. … On Monday, Gonzales shifted some of the focus to local authorities with a letter asking all 50 state attorneys general to be vigilant for price gouging. State authorities have primary authority in policing gouging. … 'We're all working together looking into this,' Gonzales said."

Oil Companies' Large Profits Draw Attention. ABC World News Tonight (4/26, lead story, 2:15, Vargas, 8.78M) reported, "We begin with overflowing profits for the oil industry, as Americans struggle to pay rising prices at the pump. We have had a glimpse, our first glimpse, of how much the big oil companies are earning right now. And all indications are, new records are on the way. In the first three months of this year, Conoco Phillips said it made $3.3 billion in profits. BP, more than $5.5 billion. The windfalls are breathtaking. And larger ones are expected in the coming days." ABC (B. Stark) added, "Analysts expect the top five oil companies to make a whopping $27 billion in the first three months of 2006."

ABC World News Tonight (4/26, story 2, 2:10, Vargas, 8.78M) also examined other beneficiaries of rising energy prices, such as Saudi Arabia, "the world's number one oil producer is expected to make $154 billion this year, fueling a building boom. Venezuela, which provides the US with more than 10% of its oil, is expected to make $34 billion. Its president is using those profits to support anti-US politicians across Latin America. There's no question, however, that US oil companies have hit a profits gusher, too."

The CBS Evening News (4/26, story 3, 2:20, Schieffer, 7.66M) reported Red Cavaney of the American Petroleum Institute "explains it this way: For every $1 spent on gas, 55 cents is the cost of crude, which the big oil companies really can't control. Twenty six cents goes to refining and distribution, where the bulk of their money is made; the last 19 cents in taxes. Why can't the industry simply lower their profits to help lower the price of gas?" Cavaney: "All of the companies here in the US that deal with the consumer are investor-owned companies. The responsibility of the management there is to ensure that they're providing for shareholder return." Pitts: "But surging oil profits aren't shared by gas station owners."

Justin Lahart in his "Ahead of the Tape" column in the Wall Street Journal (4/27, C1, 2.11M) notes, "Energy companies are in a bind most companies can only envy: They are doing so well that they have been at pains lately to convince others -- and themselves -- that things aren't as good as they seem." And experts expect Exxon Mobil to report it "earned $1.50 in the first quarter, up 30% from a year ago, when things weren't all that bad. In 2005, Exxon recorded the highest annual profit ever for a publicly traded company, $36 billion, on sales of $371 billion that surpassed Wal-Mart Stores'."

The New York Times/AP (4/27) also notes ConocoPhillips, Exxon Mobil and Chevron "are expected to report a total of more than $16 billion in first-quarter profit. James J. Mulva, chief executive at ConocoPhillips, said in a

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conference call with analysts and investors that the company would spend about $18 billion this year in capital investments, up from the $10 billion announced in December."

Oil Industry Warns Windfall Taxes Not The Answer. In response to the increased congressional attention on Capitol Hill, the Financial Times (4/27, Swann) notes American Petroleum Institute president Red Caverney said, "Windfall taxes were tried between 1980 and 1986 and it increased out dependence on foreign oil and reduced domestic production. … There is nothing good that comes of it."

Oil Industry Launches Counteroffensive. The Los Angeles Times (4/27, Douglass, 958K) reports, "Oil executives have launched their own offensive to win American hearts and minds. In full-page advertisements and media interviews, they argue that the millions of Americans who own shares in oil concerns are winners too. Exxon Mobil, the world's biggest company with $1 billion a day in sales, insisted Wednesday that it was too small to influence the global oil market." Spokesman Mark Boudreaux said, "As big as we are, we are only 3% of the crude oil production in the world."

Lawmakers Follow Bush Lead On Examining Tax Breaks. The New York Times (4/27, A1, Andrews, Janofsky, 1.19M) in a front page story reports, "Leading Republicans echoed President Bush's call Tuesday to trim about $2 billion in tax breaks Congress passed as part of the energy bill last August. Several prominent Democrats, not to be outdone, pushed for repealing oil and gas tax breaks worth more than $10 billion over the next five years." But "experts contend that the government has few options that would quickly reduce gasoline prices, and competing party agendas could block Congressional agreement on any meaningful legislation." Legislators "have introduced more than 30 energy bills in the last several months. But they reflect often -conflicting goals of reducing prices, increasing production and soothing consumer anger about oil industry profits."

Policy Makers Have Few Options To Ease Price Pressure. NBC Nightly News (4/26, story 3, 2:05, Thompson, 9.87M) reported in a "reality check" segment that President Bush "wants to delay filling the Strategic Petroleum Reserve to put more oil on the market because he says every little bit helps." Phil Flynn, oil analyst: "Every little bit does help, but it doesn't get any littler than this." Thompson: "Oil analyst Phil Flynn says the move would only add 15,000 barrels a day, a drop in the bucket compared to the almost 21 million barrels a day we use." Thompson: "Experts say the cries to break up these behemoths ignore the reality that the US imports two-thirds of its oil, and these companies have little control over price. Market manipulation is what the Federal Trade Commission is investigating, but prior investigations found no evidence of price fixing or collusion." NBC Nightly News (4/26, story 8, 2:00, Williams, 9.87M) also examined how the increase in gas prices has affected driver behavior.

Democrats Hold Press Conferences To Highlight Gas Prices. CNN's The Situation Room (4/26, Koppel) reported, "Yesterday Democrats both in the House and the Senate held back-to-back news conferences to get their message out. Today Democrats I guess you could say took their message on the road. Or at least down the road from the Hill. Senate Democrats made a point of walking to a nearby gas station, a sign with the latest gas prices, another chance to drill away at the White House and Republicans. … Democrats intend to call on Congress this week to spend $350 million so the federal government can better monitor oil companies and crack down on possible price gouging." CNN added that "a House leadership Republican aide tells CNN, Wolf, that the House speaker, Dennis Hastert, and other Republicans plan to take their message to the pumps tomorrow as well, to try to lay out some of the ideas that they say they have in store for lowering those prices."

Senate Ag Committee To Consider Alternative Fuel Options. The AP (4/27, Frommer) reports, "A day after President Bush touted the increased use of renewable fuels to help offset rising gas prices," the Senate Agriculture Committee "looked at ways to promote the use of such fuels." Committee chairman Saxby Chambliss "said that the energy bill passed by Congress last year has helped spur the renewable fuels industry by creating a national renewable fuel standard, and by extending the biodiesel tax credit."

Alternative Energy Programs Not Expected To Offer Short Term Relief. The Christian Science Monitor (4/27, Scherer, 61K) reports, "Prospects for alternative energy got a boost this week when President Bush spoke to the Renewable Energy Association. 'What we are seeing is more creativity,' says John McLennan, a director of technical services at ASRC Energy Services E&T, Inc. in Salt Lake City." But "don't expect to see changes overnight. 'As the oil price rises, it doesn't mean that we're all going to turn a switch on and be awash in alternative fuels,' says Aaron Brady, an energy analyst at Cambridge Energy Research Associates. 'There is no one technology that is the silver bullet that will

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overturn the dominance of petroleum, but a lot of efforts will become part of the mix that increases the supply of liquid fuels for the world.'"

Alternative Energy Companies Expect Stocks To Rise. The Washington Times/AP (4/27, Seewer) reports, "Investors are betting that new energy regulations and high gas prices could lead to an earnings bonanza for companies such as Andersons, ADM and Pacific Ethanol that produce the fuel additive made from fermented corn that allows cars to run more cleanly." For example, Pacific Ethanol shares "nearly doubled in January, the same month that President Bush touted ethanol in his State of the Union speech. Its shares fell 30 cents yesterday to close at $33.00 on the Nasdaq Stock Market."

Milbank Says Lawmakers Rhetoric On Gas Prices Does Not Match Personal Behavior. Dana Milbank in his "Washington Sketch" column in the Washington Post (4/27, A2, 744K) faults lawmakers for trading jabs over responsibility for high gas prices while driving gas guzzling cars noting that the US "may be addicted to oil, as President Bush puts it. But America is in the denial phase of this addiction -- as evidenced by the behavior of its lawmakers. They have proposed all kinds of solutions to high gas prices: taxes on oil companies, domestic oil drilling and releasing petroleum reserves. But they ignore the obvious: that Americans drive too much in too-big cars."

SEC System For Measuring Oil Reserves Seen As Outdated. Cambridge Energy Research Associates chairman Daniel Yergin in an op-ed in the Wall Street Journal (4/27, 2.11M) questions the accuracy of SEC "proved reserves" reporting system saying it "has become antique, and the information it provides to investors increasingly diverges from the actual resource position of many companies. Nor does it serve the original intent of disclosure -- energy security." Yerges states, "The result is a disconnect between the mandated reserves disclosure and the reality of companies' plans, strategies and activities -- and how they are spending many billions of dollars. Owing to the current rules, much of what they are working on, though particularly relevant to their futures, cannot be counted. That divergence hardly helps investors understand the position of a company and its future prospects."

MediaNews To Purchase Four McClatchy Newspapers. The AP (4/27) reports, "MediaNews Group Inc., publisher of the Denver Post and other newspapers, is buying four newspapers from McClatchy Co. for $1 billion in cash with backing from Hearst Corp." The AP continues, "The four papers -- the San Jose Mercury News, the Contra Costa (Calif.) Times, the Monterey (Calif.) County Herald and the St. Paul (Minn.) Pioneer Press -- currently are owned by Knight Ridder Inc., which McClatchy is buying. … The deal announced late yesterday would strengthen MediaNews's presence in Northern California, where it already owns several papers in the San Francisco Bay area." The AP adds, "The four papers are among the 12 Knight Ridder properties that McClatchy has said it intends to sell since they do not meet McClatchy's acquisition criteria, which include being located in rapidly growing markets. … MediaNews' interest in the newspapers had been widely known. The three Northern California papers would complement the company's existing holdings, which include the Oakland Tribune and the Marin Independent Journal. MediaNews owns a number of newspapers in geographic clusters, which helps reduce production and other costs and allows for group advertising sales. … McClatchy said yesterday that the Justice Department told the company that it would seek additional information regarding the Minneapolis-St. Paul area, indicating that regulators did not see other antitrust concerns with the Knight Ridder takeover."

TheStreet (4/27, Brown) reports, "McClatchy got a Justice Department request for additional information on its planned acquisition of Knight-Ridder. … The Sacramento-based newspaper company says the government wants information about papers in Minnesota." TheStreet continues, "McClatchy is owner of the Star Tribune in Minneapolis, and with the Knight-Ridder deal it gains control of the Pioneer Press in nearby St. Paul. … 'The scope of the DOJ's request is limited to information concerning the Minneapolis -- St. Paul, Minnesota area. McClatchy has previously announced its intention to divest the St. Paul Pioneer Press newspaper, currently owned by Knight-Ridder Inc., to a third party,' a company statement read."

The St. Paul Pioneer-Press (4/27, Welbes) reports, "MediaNews Group Inc. is buying the St. Paul Pioneer Press in a complex transaction that involves the Hearst Corp., three other papers and a $1 billion price tag." The Pioneer-Press continues, "The proposed deal, announced Wednesday by MediaNews and the McClatchy Co., the owner of the Minneapolis-based Star Tribune, would end more than five months of speculation about who eventually would own the Pioneer Press. … Regulators are taking a close look at how

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the shuffling of ownership will affect competition in the Twin Cities and in the California markets where MediaNews will gain considerable strength."

The Minneapolis Star Tribune (4/27, Phelps, Fiedler) reports, "The announcement capped a whirlwind spring for the St. Paul newspaper, the state's oldest. … It was put on the market along with 11 other Knight Ridder papers right after McClatchy bought the chain last month. Helping drive the sale of the Pioneer Press were antitrust concerns that regulators wouldn't be comfortable with two major papers under the ownership of one company in the Twin Cities market."

The Contra Costa Times (4/27, Avalos, Temple) reports, "The McClatchy Co. announced an agreement to sell the Times and three other newspapers for $1 billion to two parties. … Denver-based MediaNews, publisher of the Oakland Tribune and other East Bay papers, will purchase the Times and San Jose Mercury News." The Times adds, "The sale of the Times became increasingly certain starting last October when several big shareholders rebelled at the lackluster stock performance of its parent, San Jose-based Knight Ridder, and eventually forced Knight Ridder to put itself on the block. … Sacramento-based McClatchy announced it had won the sparsely contested auction on March 12, in a stock and cash deal then worth $4.5 billion. The news was greeted with optimism by Times reporters and employees, given McClatchy's reputation for quality journalism and financial stability." The Times notes, "Separately on Wednesday, McClatchy Corp. said that the U.S. Department of Justice is seeking additional information regarding its pending purchase of Knight-Ridder.The DOJ's request is limited to the St. Paul Pioneer-Press, but McClatchy said it extends the waiting period under antitrust law, giving the government additional time to review the transaction -- and potentially holding up any deal."

Newspaper Guild Seeks Revocation Of York, PA, JOA. Editor & Publisher (4/27) reports, "The Newspaper Guild-Communications Workers of America filed a petition with the U.S. Attorney General's office claiming that MediaNews Group violated the Newspaper Preservation Act with two York, Pa., daily papers." E&P continues, "The Guild, along with York/Adams County Central Labor Council and City Council President Cameron Texter, charge that MediaNews Group has 'hidden the fact that it now is sole owner and publisher of both papers.'" E&P adds, "In 1989 the Justice Department approved a JOA between MediaNews, publisher of the York Dispatch, and Buckner News Alliance, publisher of the York Daily Record. … The union groups and city council president claim that 'the two publishers engaged in deception in 2004 by reporting that they had swapped ownership of the two papers' when in fact MediaNews bought the Daily Record from Buckner while retaining the Dispatch."

Microsoft Claims EU Ruling Undermines Trade Secrets. The AP (4/27, White, Moore) reports, "Microsoft Corp. complained Wednesday that the European Commission forced it to hand over trade secrets to rivals, effectively giving them a 'free ride' on the work the software maker did to acquire new customers and develop new technologies. … But Anthony Whelan, the Commission's lawyer, said that the 'super-dominant' software maker had managed to strangle its rivals' innovation and was unlikely to face 'an attack of the clones' if it gave companies the information they needed to make their programs work more smoothly with the Windows operating system. … 'Microsoft's alarmist claims about duplication have been made for your consideration only,' he told the panel of 13 judges who are considering the company's challenge to the Commission's 2004 antitrust order and record 497 million euro ($613 million) fine." The AP adds, "The weeklong hearing was in its third day Wednesday, and the focus shifted from media player software to the EU regulators' order that Microsoft give interoperability information to makers of rival server operating systems. … Whelan said Novell Inc. and Sun Microsystems Inc. were reduced to catering to network servers with 'last century's technology' -- Windows NT -- because Microsoft withheld the code needed to allow them to work smoothly with PCs running the world's most-used desktop software."

Dow Jones (4/27) reports, "Microsoft is appealing a landmark antitrust punishment before a European court in Luxembourg. In 2004, the Commission found the company cripples rival software makers by withholding key 'interoperability' information. The regulator also said Microsoft illegally bundles its Media Player program with Windows. On these two counts, the Commission fined the company a record EUR497 million and ordered it to change its some of its business practices. … During the first two days of hearings, Microsoft defended its bundled Media Player software, claiming the Commission made 'serious errors' in its decision. Wednesday and Thursday, Microsoft is arguing that Windows isn't designed to hamper rivals' products."

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ENVIRONMENT:

Wehrum Approved For EPA Assistant Administrator. CQ Today (4/27, Tollefson) reports, "A divided Senate Environment and Public Works Committee approved" William L. Wehrum's nomination as assistant EPA administrator for air and radiation "on a straight party-line vote, as moderate Lincoln Chafee, R-R.I., upheld the president's prerogative to choose his administration." The nomination has been "controversial," as Democrats and environmentalists…say Wehrum played a crucial role in developing rules that they contend undercut EPA's statutory authority to cut smokestack pollution from power plants. "

SCOTUS Rules Arkansas Wrongfully Seized Home. The New York Times (4/27, Greenhouse) reports that the Supreme Court ruled on Wednesday "that Arkansas violated a homeowner's right to due process when it sold his house for nonpayment of taxes after sending him two certified letters that came back 'unclaimed.' … Writing for a 5-to-3 majority, Chief Justice John G. Roberts Jr. said that 'it is not too much to insist that the state do a bit more' before using its 'extraordinary power' to take and sell a person's house." The Times adds, "Justices Clarence Thomas, Antonin Scalia and Anthony M. Kennedy dissented, the latter two signing a dissenting opinion by Justice Thomas. The state did all that was constitutionally required, Justice Thomas said, adding that it was the homeowner's responsibility to make sure that the authorities knew how to contact him. The court was imposing a 'burdensome' and 'impractical' requirement on the government, he said. … Justice Samuel A. Alito Jr. did not vote in the case, which was argued shortly before he joined the court in January. … For anyone watching the emergence of the Roberts court, the case provided intriguing tea leaves. It was the chief justice's fourth majority opinion, and the first to provoke any dissenting votes. "

National Parks Feel Budget Pinch. The Christian Science Monitor (4/27, Knickerbocker, 61K) reports that while "nothing tops national parks as a popular government program," the "expenses for war in Iraq, hurricane cleanup, and other activities continue to push the federal deficit ever higher, parks around the country are facing a budget crunch." Managers at 12 national parks "told GAO officials that they do not have the financial resources to keep up with increasing costs," and parks advocates and former park service employees are "predicting reduced visitor services and increased fees."

WPost Rebukes EPA Over Anacostia River Monitoring. The Washington Post (4/27, A26, 744K) editorializes, "Barely a month ago, the U.S. Court of Appeals for the D.C. Circuit issued a stinging rebuke to the Environmental Protection Agency's efforts to rewrite federal clean air law to weaken rules concerning power companies upgrading old coal-fired equipment. This week, a cross-ideological panel of the court unanimously accused the agency, once again, of defying federal environmental law -- this time concerning efforts to clean up the Anacostia River." The "strong, derisive language should send a message to the agency to take congressional enactments seriously, as written." Still, "federal regulators shouldn't need such judicial reminders that the law means what it says."

FBI/DEA/ATF/USMS:

9th Circuit Overturns Pot Guru's Conviction. The San Francisco Chronicle (4/27, Egelko) reports, "The federal marijuana cultivation convictions of noted pot advocate Ed Rosenthal were overturned by a federal appeals court (Wednesday) because of a juror's phone call to an attorney friend, who told her to follow the judge's instructions or she could get in trouble." The Chronicle continues, "The juror's unauthorized contact on the eve of the verdict in January 2003 was an 'improper influence' that denied Rosenthal a trial before an impartial jury, the Ninth U.S. Circuit Court of Appeals said in a 3-0 ruling granting him a new trial. … 'Jurors cannot fairly determine the outcome of a case if they believe they will face "trouble" for a conclusion they reach as jurors,' said the opinion by Judge Betty Fletcher. 'The threat of punishment works a coercive influence on the jury's independence.'"

The AP (4/27, Kravets) reports, "Rosenthal was convicted in 2003 for cultivating hundreds of marijuana plants for a city of Oakland medical marijuana program. U.S. District Judge Charles Breyer sentenced him to one day in prison, saying Rosenthal reasonably believed he was immune from prosecution because he was acting on behalf of city officials. … The government sought a two-year prison term and appealed. Rosenthal cross-appealed." The AP adds, "The case drew national attention, in part, because of Rosenthal's status as a leading author and proponent of marijuana. It also

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underscored the federal government's position that medical marijuana is illegal, it has no medical value and the will of California voters has no effect on nationwide drug laws. … U.S. Attorney's spokesman Luke Macaulay said the office was considering whether to appeal or go ahead with a new trial."

BankAtlantic Agrees To Forfeit $10 Million In Money-Laundering Settlement. The AP (4/27, Anderson) reports, "BankAtlantic agreed Wednesday to forfeit $10 million to the U.S. government to avoid criminal charges that it permitted millions of dollars in suspected drug money to be laundered through its accounts over a nearly seven-year period." The AP continues, "Under an agreement with the U.S. Justice Department filed in federal court, prosecution against the Fort Lauderdale-based bank will be deferred for at least 12 months in return for the payment. The charges will be dismissed altogether if BankAtlantic continues taking action to remedy the situation. … The investigation, led by the U.S. Drug Enforcement Administration and federal bank regulators, identified more than $50 million in suspicious transactions between July 1997 and April 2004, according to court documents." The AP adds, "DEA agents working undercover as operatives for supposed Colombian drug lords found that drug money was being wire transferred to a handful of BankAtlantic accounts overseen by a specific branch manager. That led to the discovery of other BankAtlantic accounts being used to launder illicit drug proceeds. … BankAtlantic admitted in the agreement that it did not identify and report the suspicious transactions as required by the Bank Secrecy Act. Court papers say there were numerous "red flags" about the transactions, such as a high volume of both incoming and outgoing wire transfers to unrelated people and corporations."

Dow Jones (4/27) reports, "In the agreement, the Justice Department and Drug Enforcement Agency alleged that BankAtlantic allowed millions of dollars to illegally flow through its accounts from 1997 through April 2004. This included 'the deposit and transfer of more than $10 million in suspected drug proceeds originating from U.S. undercover law enforcement operations.' … Court records show that undercover drug enforcement officials made deals with suspected drug traffickers to help deposit drug proceeds into U.S. banks. On multiple occasions, money couriers handed undercover agents bags or briefcases with between $150,000 and $500,000 in cash. The agents then deposited the money into a secret government account and were asked by the suspected drug traffickers to wire the money to accounts at BankAtlantic."

Federal Grand Jury Indicts 12 In South Carolina On Meth Charges. The Charlotte Observer (4/27, Lyttle) reports, "Federal officials have indicted a dozen people from Burke and McDowell counties in a methamphetamine crackdown. … All but one of the 12 suspects have been apprehended, and 10 remain in federal custody." The Observer continues, "Suellen Pierce, a spokeswoman for the U.S. Justice Department, said the indictments are the result of an investigation that involved the Drug Enforcement Administration, the N.C. State Bureau of Investigation, the McDowell County Sheriff's Office, and the Marion Police Department. … Pierce did not give additional information on how the investigation and arrests took place." The Observer adds, "Each of the 12 faces one count of conspiracy to manufacture and possess, with the intent to distribute, methamphetamine. The indictments were returned by a federal grand jury in Asheville on April 4. The charge carries a penalty of 10 years or more in prison, plus a fine of up to $4 million."

San Francisco Man Found Dead May Have Stored Meth For Hells Angels. The AP (4/26) reports police said a man "suspected of storing methamphetamine for the ringleaders of an alleged Hells Angels drug ring was found shot to death at Ocean Beach. Michael Demetrescu Sr., 46, was wanted on federal drug trafficking charges after agents raided 19 Hells Angels locations last week and found a pound of methamphetamine in the garage of Demetrescu's home in San Francisco. … Investigators believe Demetrescu was storing drugs for his neighbor, Jason Peterson, 32, a top Hells Angels official who was arrested in the raids Thursday along with the San Francisco chapter president, 35-year-old Joseph Wilson."

The San Francisco Chronicle (4/26, Van Derbeken) reports Demetrescu is believed to have committed suicide and that he had told his girlfriend he was going to turn himself in, following the raids. Demetrescu "had faced 40 years to life in prison if convicted of federal methamphetamine trafficking charges that had been lodged against him after the raids Thursday."

15 Arrested In San Francisco Crack Cocaine Sweep. The San Francisco Chronicle (4/26, Van

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Derbeken, Writer) reports San Francisco police "trying to gain control over crime in the Western Addition have secured warrants for at least two dozen suspected crack cocaine dealers and have arrested 15 of them. Although none of those named in the warrants is wanted on murder charges, police said they were optimistic that taking crack dealers off the streets would reduce violent crime in the Western Addition. … The sweep was conducted by the narcotics detail, with assistance from the gang task force, officers from Northern Station, and agents with the federal Drug Enforcement Administration."

Texas Gym Owner Pleads Guilty To Cocaine Charge. The Brownsville (TX) Herald (4/27) reports the owner of a Brownsville gym pleaded guilty to a federal drug trafficking charge Wednesday morning. Powerhouse Gym owner Jose Alfredo DeLeon had maintained his innocence on the conspiracy to possess with the intent to distribute more than 5 kilograms of cocaine charge until the Wednesday morning hearing where he told U.S. District Judge Andrew S. Hanen that he had a 'cocaine habit.' The 39-year-old man, who was arrested by Drug Enforcement Administration agents in January, told Hanen that he last used cocaine three days before his arrest."

Man Gets 3-Year Sentence Following Cocaine Deal With DEA Informant. The Journal News (4/26) in White Plains, New York reports a New Rochelle man "was sentenced to more than three years in prison for cocaine trafficking. Victor M. Frias-Valencia…pleaded guilty in November in U.S. District Court in Bridgeport to possessing and intending to distribute a kilogram of cocaine. Agents with the Drug Enforcement Administration arrested Frias-Valencia in Greenwich on Sept. 29, 2004, after he struck a deal with a DEA informant to sell the cocaine, roughly 2.2 pounds, according to court documents and Frias-Valencia's plea."

Massachusetts Man Found Guilty In Cocaine Case. The AP (4/26) reports, "A jury finds a Massachusetts man guilty of conspiring to deal cocaine. Domingo Gonzales was arrested last year after agents from the federal Drug Enforcement Administration raided a Providence [Rhode Island] house and interrupted a cocaine deal. … He was arrested after DEA agents found him hiding under a pile of rubbish in the basement."

Massachusetts Man Gets 5-Year Sentence For Role In Oxycodone Ring. The Salem (MA) News (4/27) reports a Peabody man "will spend more than five years behind bars for his part in a ring that peddled [oxycodone] on Cape Ann. Jose Melo…was sentenced to more than five years (63 months) for distribution. During an undercover drug raid in 2004, Melo was arrested along with a dozen others, most from Gloucester. … Deputies and the DEA said they purchased 1,096 80 milligram pills between October 2003 and June 2004."

Student, Teen Charged In Michigan Gun Case. The Detroit News (4/27) reports, "A 16-year-old student at the Academy of Business and Technology (in Melvindale, MI) and a 15-year old who formerly attended the school were charged Wednesday with carrying a concealed weapon and with making a terrorist threat in separate incidents at the school." The News continues, "Melvindale police were at the school Tuesday investigating an e-mail in which someone threatened to shoot up the school when a student approached the officers and told them they saw a student with a gun, said Chief Rick Cadez. … When officers located the 16-year-old, a Detroit resident, he was carrying an unloaded .25-caliber hand gun, the chief said. Police were not able to learn where he got the gun, as his parents refused to allow police to interview him." The News adds, "The gun was given to the Bureau of Alcohol, Tobacco and Firearms (ATF) which will trace its ownership. The youth was turned over to Wayne County juvenile authorities. Wayne County Prosecutor Kym L. Worthy issued a warrant charging him with carrying a concealed weapon."

South Carolina Man Given Probation For Bomb Possession. The Georgetown (SC) Times (4/27, Harper) reports, "An Andrews (SC) man arrested last year for possessing homemade bombs will not go to jail after it was determined he had no criminal intentions." The Times continues, "Norman Weaver, 30, pled guilty to multiple counts of possession of a destructive device and was sentenced to 18 months probation Tuesday. … He was arrested in October after Georgetown County deputies went to his Big Dam Swamp home to investigate another matter." The Times adds, "Deputy Solicitor Matthew Modica told Judge Edward Cottingham while the officers were at the home they found eight bombs made of PCP pipe that were packed with black powder. … He said South Carolina Law Enforcement

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Division and federal ATF agents were called in to assist with the investigation. He said after the inquest, it was decided the matter did not warrant federal prosecution.Modica said Weaver's name did not appear on any intelligence watch lists and the ATF agents 'did not believe he posed a threat.' … However, Modica noted, 'it is against the law in South Carolina to possess' such devices."

ATF Search In Michigan Called Politically Motivated. The Saginaw News (4/27, Bohn) reports, "Time will tell if federal agents will return with arrest warrants after carting away numerous firearms from the home of an embattled Brady Township official whose husband is a convicted felon. … Federal law says felons cannot own firearms." The News continues, "While Clerk Melissa Alcorn is at odds with the township supervisor, the Bureau of Alcohol, Tobacco, Firearms and Explosives on Tuesday morning focused on her husband, Douglas A. Alcorn, 41, who served a month in jail and four years of probation, the first two on electronic tether. … He pleaded no contest in 1993 to a charge of second-degree child abuse. In return, prosecutors dismissed a count of first-degree child abuse, court records show." The News adds, "Court documents show his first wife filed the charges two months into their marriage. … Arnold D. Dunchock of Corunna, an attorney for the Alcorns, said the firearms were in a gun safe in the home and Douglas Alcorn 'did not have access to them.' … Dunchock said the family is incensed that agents 'apprehended' Melissa Alcorn while she was driving home after dropping one of her four children off to school and conducted the search of their home in front of their other three children. … She has bickered for months with Brady Township Supervisor John Schoch, who faces a recall election Tuesday. … While Schoch blames Alcorn for orchestrating the recall, the timing of the raid prompted the Alcorns' attorney to complain about political motivations. … Dunchock suggested that Schoch prompted the ATF search on the couple in retaliation for the recall effort, but Schoch said he knew nothing about the raid until it happened."

IMMIGRATION:

Former Nazi Guard Seeks Review Of Citizenship Revocation. The AP (4/27, Wilson) reports, "A lawyer for a former Nazi concentration camp guard has asked a federal appeals court to review its ruling to revoke the man's U.S. citizenship." The AP continues, "Lisa Mattson, a lawyer for John Hansl, filed documents with the U.S. 8th Circuit Court of Appeals last week, seeking a review by the entire court. … A three-judge panel of the St. Louis-based court ruled March 7 that a U.S. District Court judge was correct in revoking the citizenship of Hansl, 81, who lives in Des Moines." The AP adds, "The U.S. Department of Justice filed a complaint against Hansl in July 2003, claiming he hid his service with the Waffen SS when he applied for a visa to come the United States in 1955. He was granted a visa and became a U.S. citizen in 1960. … The case revolved around a 1953 law designed to control the flow of immigrants to the U.S. after World War II. … Mattson claimed the law required a person to have 'personally assisted' in the persecution of others before they could be denied a visa. … U.S. District Court Judge Robert Pratt revoked Hansl's citizenship in April 2005, ruling that Hansl's conduct as a Nazi concentration camp guard left 'no room for factual dispute whether he personally advocated or assisted in persecution.'"

Justices Appear Reluctant To Allow Use Of RICO In Immigration Case. The Legal Times (4/27, Mauro) reports, "The Supreme Court appeared sympathetic to pleas by business advocates not to 'RICO-ize' all types of business relationships, as Justice Stephen Breyer put it, during oral arguments Wednesday." The Times continues, "The Court heard debate in Mohawk Industries v. Williams, a class action brought against Georgia carpet manufacturer Mohawk Industries under the civil portion of RICO, the Racketeer Influenced and Corrupt Organizations Act. Current and former employees of Mohawk claimed that its hiring of illegal aliens -- in concert with outside recruiting and temp agencies -- depressed wages and amounted to racketeering as defined under RICO. If the suit fits under RICO and the plaintiffs prevail, Mohawk would be exposed to treble damages and could be forced to pay plaintiffs' attorney fees. … 'These are enormous penalties that are imposed,' Mohawk's lawyer, Carter Phillips, told the justices. Congress passed RICO to target organized crime, he asserted, not ordinary dealings between businesses and their agents and contractors. 'It is not free for the government or anyone else' to broaden the law unilaterally, said Phillips, a partner in the D.C. office of Sidley Austin. … In advance billing it appeared that the Mohawk case would draw the high court into some of the immigration issues causing controversy across the nation, including the contention that the corporate hiring of illegal aliens has had the indirect effect of keeping wages low for

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American citizens. … Instead immigration was barely mentioned, as oral arguments devolved quickly into a dense debate over the ambiguous wording of the RICO statute and whether a corporation like Mohawk can be part of a separate 'enterprise' covered by the law."

TAX:

Negotiators Hopeful Deal On Tax Cut Package Near. CQ (4/26, Van Dongen) reports negotiators "said they hope to announce a deal Thursday on a long-delayed $70 billion tax cut package, but the top tax writers in the House and Senate continued to squabble over strategy." Ways and Means Chairman Bill Thomas "said that a meeting late Wednesday in the office of Speaker J. Dennis Hastert, R-Ill., allowed conferees to 'move forward.' The bill (HR 4297) is expected to include a two-year extension of cuts to capital gains and dividend taxes, as well as a provision to extend for 2006 an adjustment to the alternative minimum tax (AMT) to blunt its effect on middle-class taxpayers." CQ adds that despite "pressure from Bush and House and Senate GOP leaders to finish the tax package, Thomas and Senate Finance Chairman Charles E. Grassley, R-Iowa, have yet to strike a final deal." Conferees still "were sparring Wednesday over the costs and content of a separate package of tax breaks expected to contain business tax breaks, including extending the research-and-development tax credit, which has bipartisan support."

CONGRESS-ADMINISTRATION:

Poll Shows Bush Approval At 36% Over Concerns About Gas Prices, Iraq. The Wall Street Journal (4/27, Harwood, 2.11M) reports, "Rising gas prices have intensified discontent with Washington and handed Congress a frightening midterm election backdrop: a deeply pessimistic electorate, despite a robust economy." The latest "Wall Street Journal/NBC News poll underscores a striking gap between Americans' mood and the nation's economic performance. Fully 77% call themselves uneasy about the state of the economy rather than confident, even as data showed new-home sales and factory orders remain strong." The public is concerned about "the prolonged and unpopular Iraq war. But it also shows the impact of pump prices topping $3 a gallon in many places, passing Iraq to become the nation's highest-priority issue." The low poll numbers represent "a powerful source of frustration for Republicans, who want Mr. Bush and Congress to get more credit for the economy. Doing just that is a top priority of new White House Chief of Staff Josh Bolten and congressional Republican leaders, who are aiming to take a first step by accelerating House-Senate negotiations on tax-cut legislation that would extend the current 15% rates on capital gains and dividends." Bush's 36% approval rating is "the lowest he has ever received in the Journal/NBC survey."

On NBC Nightly News (4/26, story 2, 2:35, 9.87M), anchor Brian Williams and Washington bureau chief Tim Russert discussed the results of the NBC News/Wall Street Journal poll. Williams: "For this President during our polling this is an all-time low. The approval-disapproval number – 36% approval rating for the President, 57% disapprove." Russert added, "This is an unsettled country. Look at this -- wrong track, right track -- 67% of the American people, two-thirds, now believe we're on the wrong track. Why? The economy is a huge reason. Only 19% are confident about the direction of the economy. 77%, three out of four, uneasy about the economy. And what are the top concerns that create this unease? Gas prices at $3, 45% of our respondees; Iran nuclear weapon 33%; illegal immigration, 26. Gas prices have people hopping mad."

Similarly the Washington Post (4/27, A1, Whoriskey, 744K) in a front page story says "Anger over gas prices is gaining traction in many midterm races around the nation as Democrats attack Republicans for being too close to oil companies. With many in the GOP growing uneasy, President Bush this week called for price-fixing investigations. Political analysts say the rising prices could dovetail with growing public concern over the war in Iraq to give Democrats an opening in several key races."

Bartlett Says White House Is Not Demoralized By Low Poll Numbers. White House Communications Director Dan Bartlett was asked on Fox News' The O'Reilly Factor (4/26) if the White House is "demoralized" because Bush is at "33% in the polls." Bartlett said, "No," adding that President Bush "has made some very difficult decisions, decisions that he feels in his heart of hearts were the right decisions to make, but he understands it makes people anxious." Asked if he attributes the low poll numbers to press coverage, Bartlett said, "Not always. I do think the media, particularly on Iraq, are trying to do the right thing. It is a newsworthy event any time there's a loss of life but it's a complex story to cover."

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Bush To Address Fuel Efficiency, Pension Concerns With US Automakers. The New York Times (4/27, Maynard, 1.19M) reports, "President Bush, who touched a nerve this year when he told Detroit carmakers to build 'relevant' vehicles, will meet with the companies' leaders" May 18th. The meeting is expected to "focus on three areas: energy and the environment; costs like pensions and health care premiums that add hundreds of dollars to the price of a Detroit car; and how currency issues affect the Japanese automakers."

Bush Administration Pushing For Revived Nuclear Industry. Under the headline "Warming Up To Nuclear Power," the Washington Post (4/27, D1, Mufson, 744K) reports that while the nuclear industry has for years "lived in the shadow of Chernobyl," now "the Bush administration is pushing for a revival of nuclear power both abroad and in the United States, saying it wants to promote a domestic unlimited energy source. The Bush-backed Energy Policy Act of 2005 included a bevy of incentives for domestic nuclear power, and the administration has laid aside nuclear-proliferation issues to urge India to build nuclear power plants." The Post adds that new DOE assistant secretary for nuclear energy, Dennis Spurgeon, considers himself the "chief salesman for nuclear energy," and noted that Spurgeon believes that getting a "new US nuclear plant built is his 'number one priority.'"

WPost Faults Bush Policies, Says He Should Focus On Changing Consumer's Behavior. The Washington Post (4/27, A26, 744K) in an editorial writes, "No doubt it makes everyone feel better when the president states his concern for Americans. … Unfortunately, the measures President Bush chose to announce this week to combat high prices are either meaningless or possibly dangerous in the long run, even if they do offer a bit of temporary relief." Accusing Bush of also failing to pursue a more rational energy policy," while in office, the Post states that if Bush "were completely honest, the president would tell Americans that the main reason fuel prices are higher in this country is because demand is growing -- and one reason for growing demand is that people drive inefficient cars. They drive inefficient cars because public policy, long shaped by the president and by Congress, has made it advantageous to do so. Until that changes, little else will."

USA Today Faults Bush Response To High Gas Prices. USA Today (4/27, 2.31M) editorializes, "Bush's plan to suspend deposits into the National Petroleum Reserve and to push for more lenient pollution standards would have little impact. Just as useless are calls for a tax on oil company profits and the partisanfinger-pointing of many in Congress." And "it is also perhaps the most visible measure of the inability of the nation's leaders to speak the truth about long-term problems -- Social Security, health care and runaway spending to name three others. Today's high oil prices are the result of a quarter-century of low prices coupled with robust worldwide growth and instability in the world's oil-producing regions. Any meaningful energy polices will take years to unfold."

Snow To Replace McClellan As White House Press Secretary. President Bush yesterday announced Fox News commentator Tony Snow will join the Administration as press secretary. Snow was portrayed in media reports as likeable, independent, open, frank, and optimistic. While observers said these qualities would serve him well in establishing a better relationship between the White House and the press corps, some noted that Snow may find it difficult to adjust to the new position.

On ABC World News Tonight (4/26, story 4, 2:35, Vargas, 8.78M), chief Washington correspondent George Stephanopoulos said Snow is "going to do very well. He's made his living communicating. He's a smart and very likable guy, so he should lower the temperature in the briefing room and also increase the star power. Also, by picking him, President Bush has already helped himself by going outside his circle, picking someone of independent stature. He shows he's not afraid of having big people of with independent opinions in the White House." But he added the "toughest part of the job" will be the "psychological adjustment. As you showed, he's been out there for a long time, voicing his own opinions. Now, he's going to have to squelch those private opinions and deliver the party line with conviction. That's going to take some getting used to."

The CBS Evening News (4/26, lead story, 2:45, Schieffer, 7.66M) reported, "Interestingly enough, Mr. Snow has been rather critical of the President while he's been in the commentary business. Mr. Bush actually made light of that, said that he asked Mr. Snow about that during the job interview, said you've been quite critical of me. And Tony Snow said, 'Mr. President, you should have heard what I said about the other guy.'"

NBC Nightly News (4/26, lead story, 3:00, Gregory, 9.87M) reported, "The President appeared to welcome those

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knocks today as proof he wants advisors to give him unvarnished advice." Snow is "a reliable conservative and now he is expected to aggressively defend the President. Brian, also worth noting, that he is the first TV personality to be in the job since Gerald Ford hired away Ron Nessen from NBC News back in the 70s."

CNN's The Situation Room (4/26, Blitzer) reported that President Bush "announced today that the FOX News anchor Tony Snow has agreed to replace Scott McClellan as the press secretary." CNN (Quijano) added, "Snow actually met with President Bush last Thursday in the residence. He accepted the job we are told yesterday after talking with Dan Bartlett, the counselor to the president, also the new White House chief-of-staff, Josh Bolten. Now Republican sources had said that before this, Snow had wanted and received assurances that he would play an active role in major policy debates. Nevertheless, Mr. Bush made it clear that ultimately, any decisions are still his to make."

The Washington Times (4/27, Curl, Dinan, 90K) reports that Snow "took the job after insisting that he be not just a spokesman, but a participant in administration policy debates. Yet Mr. Bush, in introducing Mr. Snow to reporters gathered in the White House briefing room yesterday, made clear the chain of command. 'My job is to make decisions, and his job is to help explain those decisions to the press corps and the American people,' the president said, with a smiling Mr. Snow next to him."

The AP (4/26, Loven) reported that Snow's hiring "was intended in part to help improve the White House's frayed relationship with the press corps."

Knight Ridder (4/27, Hutcheson) reports that the selection of Snow "broke Bush's pattern of filling top jobs with trusted loyalists." Knight Ridder adds, "The job will give Snow a chance to put into practice his advice that Bush should be much more aggressive in confronting his critics. His appointment pleased Republicans who share that view, but skeptics questioned Snow's ability to influence an organization known for buttoned-down discipline and devotion to the president."

A front page story in the New York Times (4/27, Rutenberg, 1.19M) reports that in naming Snow to be his press secretary, Bush "completed a decade-long transformation of the role of the presidential spokesman from behind-the-scenes functionary to daily on-camera personality. Mr. Snow is something the White House briefing room has not yet had at the lectern: a star of the opinionated cable news era. But he is also something Mr. Bush has never had: a free-wheeling outsider in a very public position, and one with a history of sharing critical opinions of the president." The Times also notes, "Mr. Snow's career change also might not be what Fox News executives want in terms of their public relations defense against criticism that their network is philosophically sympathetic to Mr. Bush."

A front page story in the Washington Post (4/27, A1, VandeHei, Fletcher, 744K) reports that the decision to hire Snow "reflects a consensus among the president and his top advisers that his White House operation has been too insular and needs to be more aggressive in engaging with the news media and other Washington constituencies, according to Bush aides and outside advisers."

An analysis by the AP (4/27, Fournier) says, "Naming conservative commentator Tony Snow as White House press secretary puts a fresh face on the administration and may help mend relations with the Washington press corps. But the move underscores how far Bush has fallen in the eyes of his allies -- conservative leaders and voters who helped elect him in 2000 and re-elect him in 2004." Bush "cannot rebound politically without regaining the faith of conservative voters whose support has waned in recent months. If conservatives are too frustrated to vote on Election Day, Republicans could lose control of Congress, and the final two years of Bush's presidency could be filled with Democratic-led investigations."

A separate AP (4/27, Raum) story notes, "If his party loses control of one, or both chambers of Congress, the next two years could be a political nightmare for Bush and his GOP allies on Capitol Hill. With poll numbers at the lowest of his presidency, Bush has had trouble enough winning support for his priorities in his second term even with a Republican-led Congress. That helped lead to a recent reshuffling of the White House staff. A Democratic House or Senate and presidential stubbornness could spell legislative gridlock."

Democrats Note Snow's Past Criticism Of Bush. CNN's The Situation Room (4/26, Blitzer) reported, "Today some Democrats are gleefully pointing out Tony Snow's past criticism of President Bush. And even circulating e-mail with some of his most pointed comments. Snow wrote this about Mr. Bush on a Web site called townhall.com in November of 2005: 'His wavering conservatism' -- referring to the president -- 'has become an active concern among Republicans. The newly passive George Bush has become something of an embarrassment.'"

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The AP (4/26, Benac) reported that although Snow is a strong supporter of the President, he "has used his column to label the president 'something of an embarrassment,' cast his domestic policy as 'listless' and compare him to 'the boy who can't say no' when it comes to federal spending." However, Snow has also "been a strong defender of Bush on many an occasion, applauding his 'brilliant' foreign policy, his stick-to-his-guns persistence in Iraq, his 'delicious disdain for the Beltway culture,' his 'visionary' Social Security plan. 'On the seminal issues of national security and global destiny, he positively dwarfs the political opposition,' he has written of Bush."

The Los Angeles Times (4/27, Gold, 958K) reports that "Snow's White House appointment reinforces for some the perception that Fox News is the go-to network for the administration, media observers said."

Snow Says He Will Express Differing Opinions To Bush. Tony Snow was asked on Fox News' Special Report (4/26) how he is going to deal with your past criticism of the President. Bush said, "Pretty simple answer. There's probably a lot of people who said I wish I hadn't written or said that. Here's the key, when I give advice to the President, it will be my advice. If I have differing opinions with some people, I will press express them. The job is not to come in as a surrogate President and say what I believe matters because frankly what matters is what the Administration has decided to do and that I will express as forcefully as I possibly can."

The Los Angeles Times (4/27, Wallsten, Havemann, 958K) reports, "Snow said he intended to continue expressing strong views. 'Look, they want people to express their opinions,' he said. 'You're not coming here to drink the Kool Aid, you're coming here to serve the president. And at this particular juncture, I think what you want is as much honest counsel as you can get. So when I agree, I agree, and when I disagree, I disagree. But on any opinion his vote's the tie-breaker.'"

USA Today (4/27, Jackson, Benedetto, 2.31M) reports, "Snow said that he has been promised sufficient access to Bush and that he'll express his views privately to the president. However, he said, Bush always has final say: 'The president is the guy who runs the place.'"

The Los Angeles Times (4/27, Gerstenzang, Brownstein, 958K) reports that Snow will be "one of the few officials with unscheduled access to the president and Chief of Staff Joshua B. Bolten. The arrangement could be helpful as Snow, 50, attempts to build trust with a White House press corps that had an adversarial relationship with his predecessor and as he tries to help Bush recover from low public approval ratings."

Richard Wolffe and Holly Bailey wrote on Newsweek's (4/26) web site, "One GOP official privy to the negotiations told NEWSWEEK that Snow had pressed administration officials for a job that extended beyond simply being Bush's guy behind the podium and had successfully argued for increased access to the president. Additionally, Snow also argued for and won the ability to make staffing decisions within the press office, including the ability to hire or fire staffers."

Officials Say White House Shake Up Is Nearing Completion. Bloomberg News (4/27) notes that Snow's hiring "is part of an effort by Bush's new Chief of Staff Joshua Bolten to reorganize the White House team amid job approval ratings for the president that are at or near record lows.

Fox News' Special Report (4/26, Cameron) reported, "Senior administration officials say the White House shakeup is nearing completion. There are still a few more changes they'd like to make. For instance, replacing the Treasury Secretary, but that will likely come after the appointment of a new domestic policy adviser to the President, a position that's currently vacant, sometime in the next week or two, by which time Tony should be at the podium and the new face and voice of the Bush White House."

Fleischer Says White House Press Briefing Has Become A TV Show. Ari Fleischer, who was President Bush's press secretary from January 2001 to July 2003, writes in the Washington Post (4/27, A27, 744K) that the daily White House press briefing has become "a TV show. Gone are the days when this daily session was a serious affair, with mostly serious questions asked and mostly serious answers given. Instead, the public is now treated to a spectacle in which the media do their best to pressure the White House, regardless of which party is in power, into admitting that much of what the president is doing is wrong, and the White House pushes back. The two sides talk past each other, and the viewing public gets to watch a good fight."

Senate Diverts Funds From Iraq Supplemental Bill To Border Security. CNN's The Situation Room (4/26, Blitzer) reported, "The Senate voted today to divert some of the money President Bush requested for the war in Iraq and the war on terror to efforts to increase US border security. The move only intensified a

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battle over pork that spurred President Bush to issue a veiled veto threat." CNN (Bash) added, "Republicans offered to add that money to border security, as an effort to lure conservatives on the issue of immigration." But "because Republicans are really under the gun from conservatives, very angry at them about the amount of government spending, they had to cut it somewhere. And this is an emergency spending bill primarily to fund Iraq. So, that's where it was cut in this particular bill. And Democrats went to the Senate floor and called it outrageous."

The Washington Times (4/27, A1, Hurt, 90K) reports, "Republicans "turned back an effort by Minority Leader Harry Reid to grant the same expenditures for border security but without making cuts elsewhere in the emergency spending bill, which has ballooned to a $106.5 billion proposal. The Nevada Democrat, whose amendment failed on a mostly party-line 54-44 vote, said the Republican amendment would hurt the military." The Washington Post (4/27, A16, Weisman, 744K) reports that when "some Democrats said the move would take money from needed combat funds, Sen. Judd Gregg (R-N.H.), the bill's sponsor, called the criticism 'pure poppycock.'"

The Baltimore Sun/AP (4/27, Taylor) reports the Senate "voted today to divert some of the money President Bush requested for the war in Iraq to instead increase patrols against illegal immigrants on the nation's borders and provide the Coast Guard with new boats and helicopters." The Wall Street Journal (4/27, Rogers, 2.11M) reports, "Most of the funds would go to buying patrol boats, aircraft and other equipment for Coast Guard and Customs and Border Protection operations. Senate Majority Leader Bill Frist (R., Tenn.) hopes to burnish the Republican image on border issues before again tackling immigration."

The AFP (4/27) reports the Senate voted 59-39 to approve the amendment "by Republican Senator Judd Gregg that would free up 1.9 billion dollars in credits for surveillance planes and building a fence near San Diego, California, along the border with Mexico."

Bloomberg (4/27, Faler) reports Democrats "denounced the border-security plan, saying it forced lawmakers to choose between supporting American troops and protecting the country's Southwestern border." Sen. Hillary Clinton said, "Border security is an urgent need and it should and must be addressed by this Congress. But our security and our values are not served by choosing between protecting our troops and protecting our homeland."

Gregg, Clinton Spar Over War-Funding Bill. The New Hampshire Union Leader (4/27) reports, "A war of words broke out yesterday between Sens. Judd Gregg and Hillary Clinton after the Senate approved Gregg's proposal to divert some of the money President Bush requested for the war in Iraq to instead bolster U.S. border security." Clinton "said Gregg's cuts would 'take money from troop pay, body armor and even joint improvised explosive device defeat fund. Now that is a false choice, and it is a wrong choice.' Gregg responded heatedly, arguing that the cuts eventually would come from other parts of the massive Pentagon budget rather than U.S. forces in Iraq. 'To come down here and allege that these funds are going to come out of the needs of the people on the front lines in Iraq or Afghanistan is pure poppycock,' he said.

Bush Position On Senate Compromise Ambiguous. CQ (4/26, Sandler, Crowley) reports supporters "of putting most of the 11 million to 12 million illegal immigrants on a path to earned citizenship are all but certain" that President Bush "is on board with that concept. They met with the president April 25, and though he refrained from expressing outright support for the proposal, they left feeling secure about his position." But Republicans "who have labeled the earned citizenship approach as offering 'amnesty,' however, cautioned that view may be an overzealous interpretation." Sen. John Cornyn said, "The president didn't endorse the compromise."

Anti-Immigrant Group Says Marches Have Helped Recruitment. The AP (4/27, Flaccus) reports "Minuteman organizers say this spring's marches" by advocate for undocumented immigrants in the US "have proved to be an unexpected recruitment tool for Americans who feel uneasy about the burgeoning immigration movement but may have considered the organization a pack of gun-toting vigilantes." Executive director Stephen Eichler said, "We're not trying to be more mainstream — mainstream has found us." The AP adds, "Since this spring's huge pro-immigrant rallies, 300 people nationwide have applied to start local chapters, according to Eichler. The group's goal is 500 chapters by December and a membership of 1 million within 1 1/2 years, Eichler said."

Immigrant Advocate Groups Split Over Business Boycott. The Washington Post (4/27, B1, Brulliard, Williams, 744K) reports, "Disagreement over whether immigrants should walk off the job and boycott businesses Monday

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appeared to deepen yesterday as one immigrant group mustered support for the protest while another group cautioned immigrants that it might put their jobs at risk." Although "groups in Dallas and Los Angeles say momentum is building for a major May 1 boycott," the Washington-area coalition "that organized the recent rally on the Mall has discouraged participation for fear it could lead to firings and create a negative climate as Congress debates immigration legislation."

The Washington Times (4/27, Summers, 90K) reports, "Local Hispanic elected officials yesterday discouraged participation in Monday's nationwide immigrant boycott of work and school and instead urged immigrants to show solidarity with American citizens." The Hispanic leaders "were responding to calls for a nationwide immigrant boycott organized by the California-based Latino Movement USA and Act Now to Stop War & End Racism (ANSWER) coalition."

US Business Group Criticizes Call For Mexican Boycott Of US Goods. The AP (4/27, Clendenning) reports US lobbyists "lashed out Wednesday at the Mexican 'Nothing Gringo' campaign timed for May 1 to coincide with the 'Day Without Immigrants' boycott in the United States." The American Chamber of Commerce in Mexico "said organizers are risking a backlash and foolishly targeting some of their best allies, since U.S. corporations have actively lobbied the U.S. Congress for immigration reform including legalization for many of the estimated 11 million undocumented migrants." Chamber president Larry Rubin said Mexicans' "refusal to 'buy American' on May 1 could further polarize the debate and make reform supporters seem anti-American at the very moment that lobbyists are trying to persuade lawmakers in Washington to pass a bill that would benefit migrants."

The Los Angeles Times (4/27, Tobar, Sánchez, 958K) reports, "Spreading now by word of mouth as well as through cyberspace, the campaign calls for a 24-hour boycott Monday of American businesses in Mexico and other Latin American countries. The idea is to show solidarity with immigrant rights protests scheduled in several U.S. cities that day." This week, "a growing number of business groups, trade unions and political leaders in Mexico said they planned to join the boycott, which will be on the traditional May Day holiday here." There is a "growing sense among Mexicans that proposals being debated by the U.S. Congress could hurt millions of compatriots who crossed over illegally." But for "some Mexicans, however, the talk of a boycott is worrisome. In the Mexico City neighborhood of Anzures, Carlos Torres pointed out that his McDonald's franchise was the joint investment of 'many families that are completely Mexican.'"

Anti-Immigrant Group Seeks To Limit Immigrant Rights In San Bernardino, California. The Los Angeles Times (4/27, Powers, 958K) reports the "founder of an anti-illegal immigrant group is pushing for San Bernardino to outlaw day labor sites and bar the undocumented from renting property." Joseph Turner, "executive director of the group Save Our State, submitted voter petition signatures this week that would force a City Council vote or a citywide election on the measure, which would also deny city permits, contracts and grants to businesses that employ illegal immigrants, and require that city business be done in English." The "reaction to the proposal in San Bernardino has already ignited a fiery local debate."

Supreme Court Hears RICO Lawsuit Against Employer's Use Of Immigrant Labor. The Washington Times (4/27, Taylor, 90K) reports the lawyers "for employees of a Georgia-based manufacturer yesterday urged the Supreme Court to allow a lawsuit that accuses the flooring company of suppressing workers' wages by recruiting illegal aliens." The case "involves the politically explosive matter of illegal labor," but it "arrived before the justices because of a dispute over the lawsuit's use of the Racketeering Influenced Corrupt Organizations Act (RICO) -- a law traditionally used to prosecute organized crime." Winning parties "in RICO cases can be awarded triple damages -- notably higher awards than winners in non-racketeering criminal cases." The group "of current and former Mohawk employees say the company violated RICO by systematically contracting outside recruiting firms to hire illegals. The lawsuit says Mohawk provided identification cards to illegal aliens, which helped them avoid detection by immigration authorities."

The Los Angeles Times (4/27, Gaouette, 958K) reports the case "could provide a new way to crack down on firms that hire undocumented immigrants." The justices "focused on narrow questions: Whether a firm and an outside contractor fit the definition of an 'enterprise' under the Racketeer Influenced and Corrupt Organizations statute, or RICO, and whether corporations could be sued at all under a law originally meant to chase down the mob." But with "a handful of similar cases already in the courts, a decision for the Mohawk employees could generate numerous civil suits against businesses reliant on immigrants. The decision

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could also affect the use of RICO in criminal cases. The Justice Department, which had a lawyer in court to support the employees' argument, uses the law to send corrupt union leaders to prison and win financial damages from pension funds."

Gingrich Blasts Current Immigration Reform Proposals. The Washington Times (4/27, Pfeiffer, 90K) reports former House Speaker Newt Gingrich "said the government's failure to enforce immigration laws resembles its handling of Hurricane Katrina, and described current reform proposals in Congress as a 'con.'" In a speech at the American Enterprise Institute, Gingrich said "he sympathizes with illegal aliens participating in protests and placed blame for the illegal immigration problem on businesses and the federal government." Gingrich said, "I do not blame someone who leaves poverty to seek prosperity. They showed up here to work under a social contract and then [the government] tried to change the terms. We need to quit lying about who is hiring illegals -- it's Americans." The AP adds Gingrich's "own immigration reform plan, 'Ending the Dishonesty: The Way Forward on Border Control and Patriotic Immigration,' calls first for gaining control of America's borders, followed by a worker-visa program."

Most Say Immigrant's Nationality Should Not Be Factor. The Wall Street Journal (4/27, 2.11M) reports that with "immigration reform a hot-button issue in Washington, a strong majority of Americans say nationality shouldn't be a factor in U.S. immigration policy, according to a new Harris Interactive poll." Nearly "three-quarters of those polled said children of U.S. citizens should receive favorable treatment in order to immigrate into the U.S. and 67% said spouses should receive favorable treatment. But "about two-thirds of those polled said U.S. immigration policy shouldn't give preference to people from some countries over people from other countries, compared with 21% who said the U.S. policy should give preference."

Senate GOP Claims Votes To Sustain Veto Of Supplemental Spending Bill. The Washington Times (4/27, Fagan, 90K) reports, "Thirty-five Senate Republicans signed a letter yesterday assuring President Bush they will back his veto of the emergency-spending bill for war efforts and hurricane relief if the final version exceeds his requested budget level." Majority Leader Bill Frist said, "The Senate's willingness to support a veto reflects that we're not kidding about fiscal restraint and responsibility." The Times adds the "signatures indicate there are more than enough votes to prevent the Senate from securing the two-thirds vote needed to override a veto." But the "first few tests of senators' willingness to cut the bill didn't go well. Senators voted 49-48 to kill a proposal that would have stripped a highly contentious $700 million plan to reroute a railroad in Mississippi -- dubbed by critics as 'the railroad to nowhere.'"

But the Los Angeles Times (4/27, Simon, Reynolds, 958K) reports that despite the "veto threat, the Republican-controlled Senate on Wednesday refused to pare back an emergency spending bill sought by President Bush that lawmakers had expanded to include their own pet projects, which included items as diverse as aid for farmers and money to reroute a Mississippi railroad." The vote "was a direct rebuff of Bush by a number of GOP senators and underscored a growing party rift at a time when the president's popularity has sunk to new lows in public opinion polls." Sen. Trent Lott said, "I might be intimidated by my constituents, but not the president." The Times adds the Senate 'vote against cutting the $106.5-billion bill was a lopsided 72-26, more than enough to override a veto."

NBC Nightly News (4/26, story 4, 1:50, Reid, 9.87M) reported, "Many senators want taxpayers to pay another $700 million to tear" up the Mississippi railroad "and move it inland to make room for a highway. What's worse, critics say, is that the money has been tacked on to an emergency spending bill for the war in Iraq and victims of Katrina." Sen. Tom Coburn, Oklahoma: "Think how much $700 million could do for the victims of Katrina, how many classrooms could be opened."

CQ (4/26, Higa, Plummer) reports the Senate's "fiscal conservatives trumpeted a promise by 35 Republican senators to back a veto if the total price tag is not much closer to the president's original $92.2 billion request for war funds and hurricane relief." But the "full Senate's repeated votes against major cuts likely mean that cutting the bill enough to avoid a veto would have to take place in a House-Senate conference on the legislation (HR 4939)."

CRS Estimates Iraq Costs To Double Before War Ends. The Washington Post (4/27, A16, Weisman, 744K) reports the Congressional Research Service estimated this week that the "cost of the war in Iraq will reach $320 billion after the expected passage next month of an emergency spending bill currently before the Senate, and that total is likely to more than double before the war ends." The analysis "provides the most official cost estimate yet of a war

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whose price tag will rise by nearly 17 percent this year. Just last week, independent defense analysts looking only at Defense Department costs put the total at least $7 billion below the CRS figure." Once the "war spending bill is passed, military and diplomatic costs will have reached $101.8 billion this fiscal year, up from $87.3 billion in 2005, $77.3 billion in 2004 and $51 billion in 2003, the year of the invasion, congressional analysts said." When "factoring in costs of the war in Afghanistan, the $811 billion total for both wars would have far exceeded the inflation-adjusted $549 billion cost of the Vietnam War."

Schoomaker Laments Complaints About Size Of Defense Budget. The AP (4/27, Jelinek) reports Army chief of staff Gen. Peter Schoomaker said "Americans spent as much on 'plastic Santa Clauses,' tinsel and other holiday purchases last year as they will for defense in the coming year…lamenting complaints about the military's budget requests." Schoomaker said "the defense budget the Bush administration requested for the fiscal year starting in October — nearly $440 billion — plus the costs of war in Iraq and Afghanistan, is 3.9 percent of the nation's nearly $13 trillion overall economy." The AP adds Schoomaker "was discussing his concern that it might take a fight to get enough money from Congress to rebuild the Army's equipment and supplies worn down in Iraq and Afghanistan."

House Democrats Demand Hearings On Iraq Reconstruction Waste. The AP (4/27, Schweid) reports the 23 Democrats on the House International Relations Committee "demanded congressional hearings on what they said was waste and fraud in reconstruction efforts." But panel Chairman Henry Hyde, R-Ill., "said he had held nine hearings on Iraq, and Rep. Dana Rohrabacher, R-Calif., said 'many committees including ours' had reviewed the Iraq situation." Tempers "flared as Democrats accused President Bush of failure and the GOP-controlled committee of shirking its responsibilities."

Coburn Praised For Effort To Cut Mississippi Railroad Reroute Funding. The Wall Street Journal (4/27, 2.11M) praises Sen. Tom Coburn in an editorial for forcing "an up-or-down vote on whether to strip the bill of $700 million for the proposed 'Railroad to Nowhere.' This pet project of Mississippi Republicans Trent Lott and Thad Cochran would reroute railroad tracks that CSX spent $250 million to repair after Hurricane Katrina." Is "this a good use of tax dollars? Mississippians don't think so. Last year Governor Haley Barbour's commission on recovery from Hurricane Katrina rejected the project as 'no longer seen as practical' because of the steep price tag. If Mississippians don't want to foot the bill, why should federal taxpayers?"

NYTimes Criticizes Bush For Supplemental Veto Threat. The New York Times (4/27, 1.19M) says in an editorial, "President Bush is threatening to veto this year's emergency budget supplement for the Iraq war and hurricane recovery efforts — he's suddenly shocked, shocked that his own Republican-led Senate has steadily inflated it with $14 billion in unrelated goodies. As if this sort of fiscal mayhem is not the now-familiar fallout from the administration's own signature fecklessness in adding to the record debt and deficit for future generations to handle."

Medicare Policy Offers Stability In Prescription Drug Coverage. The New York Times (4/27, Pear, 1.19M) reports the Bush Administration "issued a new policy on Wednesday that protects Medicare beneficiaries against the sudden loss of coverage for drugs they are taking under the prescription drug program." Insurers can "still change their lists of covered drugs, known as formularies. But if they drop any drugs or impose new restrictions, they must exempt beneficiaries who are now taking those drugs."

About 20% Hurt Financially By Participating In Medicare Drug Plan. USA Today (4/27, Wolf, Appleby, 2.31M) reports on those Medicare recipients "hurt, rather than helped" by the Medicare prescription drug plan. Most of the program's beneficiaries "have saved money since it began Jan. 1. But for others, perhaps about 20%, the much-heralded program has meant higher costs, and in some cases greater pain and more worry." Before Medicare, 6.4 million of them "had drug coverage through Medicaid. Others had state help or free drugs from drug companies." On Wednesday, "two advocacy groups and three patients sued the federal government in an effort to improve the plight of the 6.4 million people transferred from Medicaid to the Medicare plan."

The Los Angeles Times (4/27, Lin, 958K) reports a "class-action lawsuit filed in federal court Wednesday alleges that Medicare has failed to properly enroll millions of low-income seniors and disabled beneficiaries into its new prescription drug plan." The suit, "filed in Oakland on behalf of three women and two senior-advocacy groups, also alleges that some low-income beneficiaries eligible for a subsidy were not properly notified about it or not receiving it.

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As a result of the problems, many seniors and others who qualify for the program are going without critical medication, said lead attorney Jeanne Finberg of the National Senior Citizens Law Center."

USA Today (4/27, Wolf, 2.31M) reports although "most of the more than 30 million beneficiaries enrolled in the program are saving money, two recent surveys suggest a substantial minority of seniors and people with disabilities are not." A Kaiser Family Foundation poll "taken April 6-11 found 55% of 154 seniors who had enrolled said the plan would save them money, 19% said it would cost more, and another 19% said they would break even." A KRC Research poll "taken March 15-20 for the Medicare Rx Education Network, a consortium of groups working to implement the law, found 59% of 201 enrolled seniors saved money, but 23% did not."

House Panel To Investigate Title Insurance Industry. The Wall Street Journal (4/27, 2.11M) reports that in the "wake of recent state and federal investigations into title insurance," Washington lawmakers "are turning critical toward the industry." A subcommittee of the House Financial Services Committee "met yesterday, with an eye toward pushing for more consumer friendly competition in the title business." Officials "in Colorado, California and Washington, D.C., have investigated the industry in recent years, in some cases alleging that title companies paid what amounted to kickbacks to get business."

Mollohan Denies Impropriety In Purchase Of Farm With Contractor. The Washington Post (4/27, A6, 744K) reports Rep. Alan B. Mollohan "said this week that his purchase of farm property with a corporate chief executive has no relationship to his support for legislation providing a $2.1 million defense contract to the CEO's company. Responding to a Wall Street Journal report published Tuesday, Mollohan said he and Dale R. McBride, head of FMW Composite Systems Inc. of Bridgeport, W.Va., have been close friends for 50 years." The Post adds, "Mollohan said he supported the $2.1 million contract for FMW after asking the same questions he applies to all decisions concerning money going to his home state: 'Is it a good project, and does it mean jobs and economic development for West Virginia?'"

House Members Say Ethics Reform Has Low Priority For Constituents. The Washington Post (4/27, A6, Birnbaum, Edsall, 744K) reports the "scandal surrounding disgraced lobbyist Jack Abramoff has been a Washington obsession for months, but Republican lawmakers who returned from a two-week recess this week said they felt free to pass a relatively tepid ethics bill because their constituents rarely mention the issue." The House votes today "on ethics legislation to increase lobbyists' disclosures and require lawmakers to own up to the earmarks, or narrow projects, that they insert into appropriations bills. But the measure would not restrict the gifts or meals provided by lobbyists as House Speaker J. Dennis Hastert (R-Ill.) had proposed in January, nor would it expand the number of enforcers of lobbying rules and laws." Lawmakers "acknowledge that the bill is more limited in its scope and impact than the provisions promised by congressional leaders immediately after Abramoff's guilty plea to federal charges of bribery, conspiracy, tax evasion and mail fraud nearly four months ago. But they say they do not feel compelled to push more stringent measures partly because voters do not appear to be demanding them."

Knight Ridder (4/27, Kuhnhenn) reports, "Just weeks after declaring themselves fiscal and ethical reformers, lawmakers are adding billions of dollars in special projects to a spending bill for the Iraq war while retreating from some of the lobbying restrictions they'd once touted as the antidote to a spate of scandals." Congress' "continued appetite for unchecked spending and backpedaling on ethics illustrates how hard it is to change behavior that's ingrained in Washington's political culture."

The AP (4/27, Abrams) reports House approval the ethics overhaul "was complicated Wednesday by a Republican split over how to deal with the issue of earmarks, those narrow and often wasteful pet projects that make their way into bigger bills." With a "vote on the lobbying package scheduled for Thursday, the GOP leadership was trying to resolve concerns, coming mainly from Republicans on the House Appropriations Committee." The bill "allows lawmakers to raise points of order against appropriations, or spending bills, that do not properly identify earmarks. But Appropriations Committee Chairman Jerry Lewis, R-Calif., said it was unfair that the crackdown on earmarks was limited to spending bills, and did not apply to tax and authorization, or policy, bills."

CQ (4/26, Dennis, Poole) reports appropriators had been "holding firm in their threat to block floor action on the wide-ranging lobbying overhaul (HR 4975) unless a new

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earmark proposal was applied equally to authorizing legislation and tax bills, creating an uncertain environment for Thursday's scheduled floor vote." But authorizing committee chairmen "have resisted the appropriators' proposal, and conservatives who have waged a long battle to get earmark rule changes suggested appropriators were trying to affix a 'poison pill' to the lobbying measure to ensure its defeat."

Stabenow Campaign Moves To Correct "Glitch" In Campaign Finance Reports. The AP (4/27, Thomas) reports that Michigan Sen. Debbie Stabenow's (D) "campaign has corrected her campaign finance reports to show that some donations from 2002 and 2003 came from an Indian tribe then represented by now-disgraced lobbyist Jack Abramoff, not an individual as she reported at the time. Stabenow's campaign originally reported that $4,000 in donations came from Christopher Petras, who was the Saginaw Chippewa Indian Tribe's legislative director at the time. The donations came during a period in which Stabenow and other Michigan lawmakers sought funding for the tribe and wrote letters to federal regulators on the tribe's behalf." O

House Veterans Affairs Democrats Seek Probe Into Principi Firm's Contract. The Los Angeles Times (4/27, Roche, 958K) reports House Veterans Affairs Committee Democrats are calling for hearings into a "multimillion-dollar contract awarded to a firm now headed by former Veterans Affairs Secretary Anthony J. Principi." Principi's QTC Management "administers medical exams under contract for the VA." In a letter to committee chairman Steve Buyer, "seven Democrats asked for investigations into exam costs by the company and into possible conflicts of interest in awarding the contract." The letter requests a hearing date no later than October 6. Principi "previously told The Times that he fully complied with federal ethics laws, and that as VA secretary for four years he played no role whatsoever in the awarding or administration of the contracts."

Columnist Claims Bush Legacy One Of Ineptitude. Bob Herbert in his column in the New York Times (4/27, 1.19M) writes, "The nation seems, very belatedly, to be catching on to the tragic failures and monumental ineptitude of its president. Mr. Bush's poll numbers are abysmal. Republicans up for re-election are running from him as if he were the bogyman." For example, in the face of global warming warnings, "Bush took his cues from the honchos in the oil and gasoline industry, the very people who were setting the planet on fire. Now he talks about overcoming the nation's addiction to oil! This is amazing. Here's the president of the United States scaling the very heights of chutzpah. The Bush people and the oil people are indistinguishable. Condoleezza Rice, a former Chevron director, even had an oil tanker named after her."

WSJournal Argues Administration Must Act In Restricting Freddie Mac, Fannie Mae. The Wall Street Journal (4/27, 2.11M) editorializes, "Last week the Federal Election Commission shed some light on how Freddie Mac rewarded its friends," as "admitted to illegally raising $1.7 million for candidates from both parties between 2000 and 2003." While "Freddie agreed to fork over $3.8 million in fines," it "probably figures it also got its money's worth," as reform is stalled in Congress. "The Bush Administration has been forceful in calling for Congress to reform how Fannie and Freddie are regulated and run," but it "could itself take the opportunity to rein in Freddie and Fannie," as "An overlooked provision of the laws that founded the two companies already gives the Treasury Secretary the power to restrict the duo's mortgage portfolios that now threaten the U.S. financial system." If the Administration wants reform "to succeed, it is going to have to show Fan and Fred and their friends on the Hill that Treasury will act if Congress doesn't."

OTHER NEWS:

Reports On Manufacturing, Housing Indicate Economy Expanding At Healthy Pace. The Washington Times/AP (4/27) reports, "A jump in demand for commercial aircraft pushed orders for big-ticket manufactured goods higher last month while sales of new homes shot up at the fastest pace in 13 years, reflecting a rebound from bad weather in February." The AP notes, "The Fed's 12 regional banks used words such as 'solid' and 'steady' to describe the economy's performance last month and early this month. The Fed did note that 'higher energy prices were at the forefront of most districts' mention of cost pressures,' and that was before crude oil soared to a record $75.17 per barrel Friday."

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Bloomberg (4/27, Torres) adds, "Labor markets are 'tightening"and companies are struggling with higher energy prices because they're finding it difficult to pass those costs on to their customers, the central bank said today in its regional survey of the economy." The US economy "probably expanded at a 4.9 percent pace in the first quarter, the fastest since the third quarter of 2003, according to economists surveyed by Bloomberg."

The Financial Times (4/27, Swann) says "The figures suggest that US industry remains in extremely strong shape and increase the chances that the Federal Reserve may need to continue raising interest rates beyond 5 per cent."

But questioning the future of the US economy, the Wall Street Journal (4/27, Conkey, lp, 2.11M) reports, "The latest readings suggest the nation's economy is carrying significant momentum into the second quarter, raising new questions about when a slowdown might come after a torrid start to the year." After an expected growth of roughly 5% in the first quarter, "over the rest of the year, Federal Reserve officials expect growth to moderate to a long-term rate of 3% to 3.5%, slow enough to keep inflation at bay but fast enough to keep unemployment from rising. That would permit the Fed to stop the campaign of interest-rate increases it began in June 2004." Yet recently "the economy has been sending signals that it might not be ready to settle down. The housing market, though softer, is holding up better than many skeptics predicted and consumer confidence remains surprisingly strong, despite soaring gasoline prices, and concerns about President Bush's handling of the economy. Meanwhile, solid job creation and wage gains are providing a cushion for consumer spending, and orders for capital equipment are picking up."

Similarly, the New York Times (4/27, Bajaj, 1.19M) reports that "economists cautioned that higher energy costs and interest rates might sap some of that vitality."

Stock Market Sends Mixed Signals On Strong Economic Data. The Wall Street Journal (4/27, Patterson, 2.11M) reports, "Wall Street can't seem to make up its mind about interest rates. New signs that the economy is on solid footing have caused investors to rethink expectations about the future course of interest rates in recent days -- and what higher rates mean for stocks." Recently, "the Dow Jones Industrial Average surged to a six-year high amid hopes the Federal Reserve would stop raising its target rate after one more quarter-point increase to 5% at their May meeting. Now, after several reports indicating the economy is stronger than previously thought, more investors think the Fed is likely to increase rates to 5.25% or more."

Bloomberg (4/27, Lawrence) adds, "The Dow average rose 71.24, or 0.6 percent, to 11,354.49, its highest since Jan. 19, 2000. The Dow, which first reached a six-year high last week, got an added lift from General Motors Corp. after Merrill Lynch & Co. said the carmaker has enough cash to pay workers who accept buyout offers. The Standard & Poor's 500 Index added 3.67, or 0.3 percent, to 1305.41, while the Nasdaq Composite Index gained 3.33, or 0.1 percent, to 2333.63. It was the first time all three indexes rose this week." The Financial Times (4/27John O', Doherty) also reports on the stock market.

Bernanke Not Expected To Reveal Plans On Interest Rates. The Washington Post (4/27, D1, Henderson, 744K) reports, "Federal Reserve Chairman Ben S. Bernanke is going to disappoint a lot of listeners when he addresses Congress today and provides no guidance on when the central bank will stop raising interest rates to keep inflation under control." Observers "have longed for such a signal and thought they saw it last week when a summary of Fed officials' last policymaking meeting in March suggested they might be done after lifting their benchmark short-term rate once more in May." Yet, "that expectation has wilted as several new government reports have shown the economy is growing briskly and inflation may be moving higher. Fed policymakers almost certainly will raise their benchmark rate again at their May 10 meeting but will be unable to indicate then whether they are done or see more increases in store."

Democrats' Generic Ballot Advantage Shrinks By Seven Points To 45%-39%. On NBC Nightly News (4/26, story 2, 2:35, 9.87M), Washington bureau chief Tim Russert discussed the results of the NBC News/Wall Street Journal poll. Russert said, "65% of the American people disapprove the job Congress is doing. Only 22% approve. That disapproval rate is up 12 points." But "when asked who do you want to control Congress, 39% say Republicans, 45% say Democrats, a six point plus fro the Dems. But a month ago, look at this, Brian, it was 13 points. So the people seem to be saying we're mad at both parties. We prefer the Democrats a little bit but we prefer to hear some viable alternatives coming from them."

Professor Says Discontent With War May Cost GOP Control Of Congress. Rutgers University professor

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Ross Baker in an op-ed in USA Today (4/27, 2.31M) writes, "A pattern emerges from all elections of the past century conducted in wartime: The contest turns into an expression of discontent with war." And "a war of uncertain duration, even one in which the trend lines are promising, might be too great a surge for members of the president's party to withstand. Combat fatigue is not a condition found only on the battlefield; it is also an affliction that has often been diagnosed in the voting booth."

Poll Says Only 12% Of Democrats Believe Clinton Can Win White House. AFP (4/26) reported that New York Sen. Hillary Clinton (D) "is the favorite among Democratic voters to be the party's candidate in the 2008 presidential election, according to a poll. But only 12 percent of Democrat electors believe" she "can overcome the hostility of US Republicans to take the White House, according to the Financial Dynamics poll for The Hotline political newsletter." Clinton "had support from 38 percent of Democrats, a 24 percentage point lead over nearest rival," Massachusetts Sen. John Kerry (D). On the GOP side, Arizona Sen. John McCain (R) "was the leading Republican candidate among Democrats. Fifty-five percent of the 603 people questioned had a favorable view of" McCain, "a higher rating than many Democratic party chiefs received. The poll, carried out April 19-23, had a margin of error of four percentage points."

Study Finds Increasing Proportion Of Uninsured Americans. ABC World News Tonight (4/26, story 6, :20, Vargas, 8.78M) reported, "A new study out today shows a sharp increase in the number of middle income workers who lack health insurance. Last year 41% of this group was uninsured for at least part of the year, up from 28% in 2001. There were also more likely to skip health screenings such as mammograms."

The AP (4/27, Agovino) reports that a report by the Commonwealth Fund, a New York-based private, health care policy foundation "paints a bleak health care picture for the uninsured." It found that "the percentage of working-age Americans with moderate to middle incomes who lacked health insurance for at least part of the year rose to 41 percent in 2005, a dramatic increase from the 28 percent in 2001." Also, "more than half of the uninsured adults said they were having problems paying their medical bills or had incurred debt to cover their expenses."

Electricity Consumers Face Massive Rate Hikes In Fifteen States. The CBS Evening News (4/26, story 4, 2:25, Andrews, 7.66M) reported, "Fifteen states, all of them states that deregulated electricity years ago, are facing major electrical price shocks, including a 100% hike in parts of Delaware. Here's what happened: Under deregulation, utilities like Baltimore Gas and Electric, BG&E, would sell off their power plants, buy power wholesale and let the market determine the true price of electricity. But in return, consumers were supposed to be allowed to buy their electricity from different suppliers who would compete to lower the prices. That part has not happened. Ratepayers, in other words, were supposed to have a choice, not a 'take it or leave it' electric bill." At BG&E, "officials point out that electric rates have been capped for seven years, years in which fuel costs for natural gas, for oil, and even for coal have shot skyward. Welcome, they are saying, to the real price of energy."

Khamenei Threatens Retaliation If Attacked. Iran's leader, Ayatollah Ali Khamenei, warned that his country would attack U.S. targets world wide if Iran is attacked for continuing its nuclear program. In a front page story, the Washington Post (4/27, A1, Moore, Ricks, 744K) reports that the Ayatollah is "escalating the threats between Washington and Tehran" and is part of "a campaign of defiance by senior Iranian officials." Besides this threat, "in a spate of statements this week, Iranian officials have also threatened to cut oil production, export nuclear technology, bar international nuclear monitors, make their nuclear program entirely secret and withdraw from the nuclear Non-Proliferation Treaty." The AP (4/27, Karimi) quotes Khamenei: "Iran will respond twofold to any attack."

The Christian Science Monitor (4/27, LaFranchi, 61K) reports, "With neither side blinking, Iran and the international community are preparing to take the next step in their showdown over Tehran's nuclear ambitions." The dispute "returns Friday to the United Nations Security Council, where the Iranian regime is hoping a divide-and-conquer strategy will prevent the UN body from taking any coercive action to limit its nuclear program. It may be a bold gambit: Just a month ago, the Council acted - unanimously - to give Iran 30 days to show it had ceased uranium enrichment." Yet, "the Security Council, in fact, is split over the need for action against a defiant Tehran."

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House Passes Bill To Toughen Sanctions On Iran. The Washington Times (4/27, Bellantoni, 90K) reports, "The House yesterday overwhelmingly passed a bipartisan bill" by a vote of 397-21 "that toughens sanctions against Iran until the country dismantles its nuclear programs, with supporters saying the move is a "key component of our war on terror." It "sends the message 'the United States expects Iran to be a responsible member of the international community,' said House Majority Leader John A. Boehner, Ohio Republican."

The AP (4/27, Abrams) adds, "Supporters emphasized that the legislation does not authorize the use of force in Iran and was a proper response to the Tehran government's nuclear ambitions. A nuclear Iran, said Rep. Christopher Smith (news, bio, voting record), R-N.J. 'will be a devastating blow to peace and security, not only in the Middle East, but in the entire world.'"

Chinese Leader Not Expected To Support Sanctions. The Washington Times (4/27, Gertz, 90K) reports, "President Bush directly appealed to Chinese President Hu Jintao last week to support economic sanctions on Iran for not abiding by international controls on its nuclear program, but Mr. Hu refused to do so now, Bush administration officials said." One source said, "They left open the possibility that they could support sanctions in the future."

Azerbaijan Will Not Host US Strikes Against Iran. The start of Azeri President Ilham Aliev's US visit was sparsely covered. However, the AP (4/26, Schweid) reported Aliev "opened a three-day visit to the United States on Wednesday by saying he would not allow his country to be used by the U.S. for any operations against neighboring Iran. Aliev, scheduled to meet with President Bush on Friday, cited a 'very clear' agreement with Iran that the two countries would not permit their territory to be used for operations against the other." Aliev "said he would remain at arms' length from" any military action against Tehran. "Azerbaijan wants to remain an 'island of stability' in the region, Aliev said." On a key regional issue, Aliev "said Azerbaijan's recovery of the" Nagorno-Karabakh enclave, currently controlled by Armenia, "was not subject to negotiations."

Poll Shows Rice Is The Most Popular Of Top Administration Officials. CNN's The Situation Room (4/26, Blitzer)) reported, "Our new CNN poll conducted by Opinion Research Corporation shows, Rice is the most popular of the top Bush administration officials. She's rated favorably by more than 57 percent of respondents. President Bush is next at 40 percent, although 57 percent viewed him unfavorably. Thirty-five percent view Vice President Cheney favorably, while Defense Secretary Donald Rumsfeld finds favor with just 33 percent."

Rice To Attend ASEAN Regional Forum. AFP (4/26) reported Secretary Rice "has confirmed she will attend Southeast Asia's annual security meeting here in [Kuala Lumpur], Malaysian Foreign Minister Syed Hamid Albar said." Hamid noted Bangladesh will attend for the first time as an observer, and "discussions will focus on issues including global terrorism and energy prices." AFP adds, "Rice shunned the ARF meeting in Laos last year, instead sending her deputy in what was seen as an attempt to pressure ASEAN into pushing its recalcitrant member Myanmar to introduce democratic reforms."

Latin American Leaders Unhappy With US Trade Deals. The AP (4/27, Goodman) reports, "Since 2003, when attempts to secure a hemispheric-wide free trade zone broke down, U.S. negotiators have signed bilateral, free trade agreements with nine Latin American nations. Two more, with Ecuador and Panama, are in the pipeline." The deals "have been an unqualified success for American exporters. For example, U.S. exports to Chile have almost doubled, to $5.2 billion last year, in the two years since the two countries signed a deal, the Office of the U.S. Trade Representative said." Yet "among Latin Americans, the dollar diplomacy has left a bitter taste."

US Targets UN Peacekeeping Operations. The Washington Times (4/27, Pisik, 90K) reports, "The United Nations confirmed yesterday the U.S. Attorney's Office is investigating suspected wrongdoing in the office that handles procurement for U.N. peacekeeping operations." And a GAO report "to be delivered to Congress today describes the procurement office as understaffed, poorly trained and badly lacking the oversight that would uncover corruption, fraud and waste."

Suicide Bombers Target Peacekeepers In Egypt. Two days after the Egyptian resort bombings, suicide bombers targeted a multinational peacekeeping force, but killed only themselves. The New York Times (4/27, Slackman, 1.19M) reports that the bombers' timing "and the location in one of the Egypt's highest security zones raised

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concerns that the country might again be faced with the kind of sustained terrorist threat it struggled to suppress a decade ago," and the government "appeared stumped over to how to safeguard its tourist industry in the Sinai, one of the pillars of the nation's economy." Coming after Monday's attacks, these "added to a general sense of anxiety, both inside and outside the government, over challenges facing" Egypt. The Washington Post (4/27, A14, Williams, 744K) adds that the bombings "displayed the Egyptian government's continuing difficulty in pacifying the rugged Sinai region."

The CBS Evening News (4/26, story 6, 0:10, Schieffer, 7.66M) reported, "There was another bomb attack today in Egypt's Sinai Desert. Two suicide bombers struck international peacekeepers near the Gaza border, but only blew themselves up."

Egypt Blames Resort Bombings On Bedouin Tribesmen. The CBS Evening News (4/26, story 7, 0:15, Schieffer, 7.66M) reported, "Also today, Egypt said its investigation of Monday's bombings in the Sinai tourist town of Dahab has turned up a link to Bedouin tribesmen who are blamed for earlier attacks on resorts in the same area."

Putin Warns Europe Russian Oil Could Go East. The New York Times (4/27, Kramer, 1.19M) reports that "President Vladimir V. Putin said Wednesday that Russia should direct future oil and natural gas exports to Asia because 'unprincipled competition' had blocked its energy companies from expanding elsewhere." The comments "seemed to reflect, in part, unhappiness at Gazprom," as, "outside of Germany, Gazprom's business is not progressing smoothly." Putin's "swagger…suggests his government believes it now has a strong negotiating hand with Europe on energy issues." However, "energy analysts say it is unlikely that Russia could intentionally curtail exports to Europe because of the high cost of unused export capacity."

The Wall Street Journal (4/27, A6, Chazan, 2.11M) runs a headline calling the warning a "power play" and agrees that "many analysts say that for the time being, Gazprom's threat to sell its gas elsewhere is empty rhetoric." It says that the comments are "ratcheting up the tension in an escalating row over Russia's international energy ambitions."

Putin Reverses Pipeline Decision. The New York Times (4/27, Myers, 1.19M) reports that, in a decision that "underscored Mr. Putin's highly centralized power and his penchant for dramatic gestures," he "reversed a controversial government decision" and ordered "that an oil pipeline being built across Siberia be rerouted away from the northern shore of Lake Baikal." The "unexpected reversal" that "appeared choreographed for state television networks," followed "rare public protests."

Sudan's Bashir Rejects UN Peacekeepers In Darfur. The Washington Post (4/27, A21, Lynch, 744K) reports Sudanese President Omar Bashir "rejected a U.N. appeal to allow its peacekeepers into the Darfur region to help stem" the "tide of violence" there. It "represented a setback for a U.S.-backed proposal to send more than 15,000 U.N. and NATO peacekeepers to Darfur to replace an underequipped African Union force of more than 6,000 troops." Continued denial of access to the UN assessment team will, UN officials have said, prevent UN planning for the mission takeover to proceed. The Post says "the Bush administration accused Khartoum of stalling. 'This is just delaying and delaying and delaying, and it's consistent with the pattern that the Sudanese government has followed for years in this,' said" US Ambassador John Bolton.

In a dim assessment of diplomatic options to resolve the Darfur conflict, the New York Times (4/27, Brinkley, 1.19M) reports, "As the violence…grows ever more deadly, Bush administration officials now acknowledge that they have few if any promising policy options for containing the carnage. If there is no agreement by Sunday on a way to resolve the crisis, the long-running peace talks are to be disbanded. But hopes for an agreement are low. … For the administration, the greatest hope centers on the peace talks in Abuja, Nigeria, which have limped along for almost two years." Deputy Secretary Zoellick "said in an interview on Wednesday, 'There's a fighting chance' to reach agreement by Sunday. … 'If there is no peace accord, then it becomes a different mission.'"

Maoists Declare Truce In Nepal, Show Signs Of Inner Conflict. The Financial Times (4/27, Bhattarai) reports, "Maoist rebels in Nepal declared a unilateral three-month truce on Thursday ahead of the country's first parliamentary meeting" and "lifted their blockades on highways following assurances by the leaders of the seven parties that they would hold a constituent assembly election." Maoist party chairman Prachanda said it is "an attempt to 'encourage' the seven parties to declare an 'unconditional' constituent assembly election to re-write the constitution for a 'democratic republic.'"

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The Washington Post (4/27, A19, Lancaster, 744K) adds that the Maoists have a dilemma in they want "to retain a voice in above-ground politics but not at the price of abandoning its weapons or dreams of communist utopia." Their "struggle to reconcile its hard-line ideology with popular will was evident in its muddled response to Gyanendra's announcement" he would reinstate politics. However, "some analysts…say they believe that the tumult of recent weeks could open the way for an end to the insurgency, by creating a new political framework in which the Maoists can work peacefully."

Series Of Challenges Said To Tax Blair's Survival Skills. In highly pessimistic tones, the AP (4/26, Gardiner) reports, "In a single disastrous day, one of Prime Minister Tony Blair's closest allies came under fire over a prisoner release scandal, his deputy admitted an extramarital fling, and his health secretary endured jeers from nurses. The headaches are piling up for Blair and his Labour Party ahead of local elections that could reduce the British leader's chances of hanging on to power if they go badly." Although Blair's Labor government routinely faces criticism, the AP notes, "crime and immigration are key political issues, so the disclosures have the potential to do real damage to Blair. Clarke is a crucial ally in Blair's power struggle with Treasury chief Gordon Brown, who is eager for the prime minister to step aside so he can take over."

THE BIG PICTURE:

Headlines From Today's Front Pages.

Los Angeles Times:
"Panel Says To Scrap FEMA."
"A Tank Shot And Its Echo."
"It's White-Knuckle Time For College Officials Too."
"Fox Commentator Named Bush's Press Secretary."
"Rove Again Testifies To Jury In CIA Leak Case."
"Migrants' Boycott Plan Is Crossing The Border."
"Lay Admits Witness Contacts."

USA Today:
"Some Pay More In Medicare Rx Plan."
"Illegal Trade In Bodies Shakes Loved Ones."
"Texas Schools Battle 'Starter Heroin.'"

New York Times:
"Grand Jury Gets Rove Testimony Over C.I.A. Leak."
"Evacuees Find Housing Grants Will End Soon."
"Rice Visits Iraq With Rumsfeld To Press Leader."
"Second Thoughts In Congress On Oil Tax Breaks."
"Senate Committee Leaders Urge FEMA Dismantling."
"First, Idea, Plot and Characters. Then, A Book Needs An Author.
"Web Sites Set Up To Celebrate Life Recall Lives Lost."

Washington Post:
"Iranian Leader Warns U.S. Of Reprisal."
"Rove Testifies 5th Time On Leak."
"Pain At Pumps May Be Felt At Polls."
"Finding Little Solace In Sharing Of Long-Guarded Secret."
"Snow Pick May Signal Less Insular White House."
"Black Executives Seek Stake In Nats' Future."

Washington Times:
"Senate OKs $2 Billion To Stop Illegals."
"Rice, Rumsfeld Visit Iraq."
"California Aviation Comes In For A Landing."
"Rat Eradicator Roots Out Vile Varmints."
"Stay Tuned: TV Forces Viewers To Watch Ads."

Detroit Free Press:
"'I Don't Hate Tom Wellinger.'"
"Make Children's Wishes Come True."
"Free Press, Local 4 Join News Forces, Plan Michigan Polling."
"Water Rates Aren't As Random As They Seem."

Atlanta Journal-Constitution:
"Senate Adds Funds For Border Security."
"UGA Tightens Rules On Student Alcohol."
"Braves Talks Are Strictly Business."
"Slow-Smoked Tradition Gets Gassed Up."

Houston Chronicle:
"Microscope On Oil Firms' Tax Returns."
"The Landscape Of A Pandemic."
"Lay Gets Loud And Angry With Prosecutor."
"Texans' Rejection Still Held A Sting For Young."
"Latino Media Grapple With Issue."

Story Lineup From Last Night's Network News:
ABC: Oil Industry Profits; Oil Profits-Beneficiaries; Rice, Rumsfeld-Iraq; Bush Spokesman-Snow; Injured Soldiers-Debt; Uninsured Middle Income Workers; Ukraine-Chernobyl Anniversary; Needy Students-Food.

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CBS: CIA Probe-Rove; Senate-Oil Companies; Oil Company Profits; Increased Electric Bills; Iraq-US KIA; Egypt-Suicide Bombers; Egyptian Resort Bombings; Rice, Rumsfeld-Iraq; Iraq-Rebuilding; Insurers-Policy Cancellations; New Orleans-Levees; Armored Marathon Runner.

NBC: CIA Probe-Rove; Bush-Approval Ratings; Gas Prices-Policy; Senate-Emergency Spending; Rice, Rumsfeld-Iraq; Chernobyl Anniversary; Iraq Veterans-Brain Injuries; Gas Prices- Drivers; United 93 Film Premiere.

Story Lineup From This Morning's Radio News Broadcasts:

ABC: Senate Panel Calls For Abolishing FEMA; IN-Highway Crash; Oil Company Profits; Oil Prices; Bonds-Home Run Record Chase; Rove-Grand Jury Testimony; Jolie-Education Program; Internet Use.

CBS: Senate Panel Calls For Abolishing FEMA; Gas Prices; Senate-Border Security; Rove-Grand Jury Testimony; IN-Highway Crash.

NPR: Rove-Grand Jury Testimony; Gas Prices; Enron Trial; Senate Panel Calls For Abolishing FEMA; Wall Street; Chirac-high Tech Development; Archives-Reclassifying Documents.

WASHINGTON'S SCHEDULE:

Today's Events In Washington.

White House:

PRESIDENT BUSH — Participates in a National Volunteer Week Service Project, TBA location, Louisiana; participates in National Volunteer Week Service Project, Location TBA, Mississippi.

VICE PRESIDENT CHENEY — No public schedule.

US Senate: FLOOR SCHEDULE _ 9:30 a.m. The Senate reconvenes.

10 a.m. JOINT ECONOMIC _ Full Committee. Hearing on the economic outlook. FTB Chairman Ben Bernanke. Location: Room 216, Hart.

9:30 a.m. APPROPRIATIONS _ Transportation, Treasury, the Judiciary and HUD Subcommittee. Hearing on FY07 appropriations for the IRS. Commissioner Mark Everson, IRS Oversight Board Chairman Raymond Wagner, Russell George of the Treasury OIG Office, and Nina Olsen of the Taxpayer Advocate Service. Location: Room 138, Dirksen.

9:30 a.m. JUDICIARY _ Full Committee. Markup of S.2454 - Security America's Borders Act. Location: Room 226, Dirksen.

10 a.m. ARMED SERVICES _ Full Committee. Closed briefing on operations and intelligence. Location: Room 222, Russell.

10 a.m. COMMERCE, SCIENCE AND TRANSPORTATION _ Disaster Prevention and Prediction Subcommittee. Hearing on drought. former Wyoming Gov. Jim Geringer, Donald Wilhite of the National Drought Mitigation Center, Chet Koblinsky, NOAA. Location: Room 562, Dirksen.

10:30 a.m. APPROPRIATIONS _ Legislative Branch Subcommittee. Oversight hearing on the Capitol Visitor Center. Architect of the Capitol Alan Hantman; Bernard Ungar, GAO; Terrell Dorn, GAO; Robert Hixon, Jr., Capitol Visitor Center Project. Location: Room 138, Dirksen.

2:30 p.m. FOREIGN RELATIONS _ Full Committee. Hearing on implementation of the Western Hemisphere Travel Initiative. Deputy Assistant Secretary of State Frank E. Moss; Acting Assistant DHS Secretary Paul Rosenzweig; Ken Oplinger, president and CEO, Bellingham/Whatcom Chamber of Commerce and Industry, Bellingham, Wash.; Brian Sage, Landowners Association of the Northwest Angle and Islands, Angle Inlet, Minn.; Howard Zemsky, Board of Directors, Buffalo Niagara Partnership, Buffalo, N.Y. Location: Room 419, Dirksen.

2:30 p.m. JUDICIARY _ Fulol Committee. Hearing on renewal of the Voting Rights Act. Location: Room 226, Dirksen.

2:30 p.m. SELECT INTELLIGENCE _ Full Committee. Closed. Hearing on pending matters. Location: Room 219, Hart.

US House: FLOOR SCHEDULE _ 9 a.m. Meets for Former Members Day. Takes up legislative business at 10:30 a.m.

10 a.m. JOINT ECONOMIC _ Full Committee. Hearing on the economic outlook. FTB Chairman Ben Bernanke. Location: Room 216, Hart.

9 a.m. ARMED SERVICES _ Readiness Subcommittee. Markup portions of the defense authorization bill. Location: Rpoom 2118, Rayburn.

9 a.m. ENERGY AND COMMERCE _ Health Subcommittee. Hearing on reauthorization of the Ryan White CARE Act. Administrator Elizabeth Duke, Health Resources and Services Administration; Director Kevin Fenton, National

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Center for HIV, STD and TV Prevention; Marcia Crosse, GAO. Location: Room 2123, Rayburn.

9 a.m. JUDICIARY _ Courts, the Internet and Intellectual Property Subcommittee. Oversight hearing on patent harmonization. Q. Todd Dickinson, General Electric Co.; Robert A. Armitage, Eli Lilly and Co.; Gary Mueller, Digital Now Inc., Herndon, Va.; Pat Choate, political economist. Location: Room 2141, Rayburn.

9 a.m. SELECT INTELLIGENCE _ Full Committee. Closed, members-only briefing on pending matters. Location: Room H-405, Capitol.

9:30 a.m. SCIENCE _ Full Committee. Hearing on H.R. 5143 - The H-Prize Act of 2006. Phillip Baxley, Shell Hydrogen; David Bodde, Clemon University; Peter Diamandis, X Prize Foundation; David Greene, Oak Ridge National Lab. Location: Room 2318, Rayburn.

10 a.m. AGRICULTURE _ Full Committee. Hearing on the futures market and gasoline prices. Location: Room 1300, Longworth.

10 a.m. APPROPRIATIONS _ Science, State, Justice, Commerce and Related Agencies Subcommittee. Hearingon the SEC FY07 budget. Chairman Christopher Cox. Location: Room H-309, Capitol.

10 a.m. ENERGY AND COMMERCE _ Energy and Air Quality Subcommittee. Hearing on improvements made in pipeline safety. Brigham McCown, Acting Administrator, Pipeline and Hazardous Materials Administration; Theodore Alves, Principal Assistant Inspector General for Audit and Evaluation, DOT Inspector General; Robert Chipkevich, National Transportation Safety Board; Katherine Siggerud, GAO; Ohio Public Utilities Commissioner Donald L. Mason; Massoud Tahamtani, Virginia State Corporation Commission; Edmund F. Bender, Jr., Baltimore Gas and Electric Company; Jeryl L. Mohn, Panhandle Energy, Houston; Timothy C. Felt, Explorer Pipeline Company, Tulsa; Lois N. Epstein, Cook Inlet Keeper, Anchorage; Bob Kipp, Common Ground Alliance, Alexandria, Va. Location: Room 2322, Rayburn.

10 a.m. GOVERNMENT REFORM _ Full Committee. Hearing on ``Financial Friendly Fire: A Review of Persistent Military Pay Problems." Gregory D. Kutz, GAO; Lt. Col. John M. Lovejoy, U.S. Army Reserve, Portland, Ore.; Spc. Frank Mangum, former Alabama Army National Guard; Spc. Brandy Taylor, former U.S. Army Reserve, Brookhaven, Miss.; David Patterson, principal deputy under secretary of Defense; Nelson Ford, principal deputy assistant secretary of the Army; Zach E. Gaddy, director, Defense Finance Accounting Service; Mark R. Lewis, assistant deputy chief of staff, G-1, Army; Col. Mark McAlister, finance officer, 18th Airborne Corps, Fort Bragg. Location: Room 2154, Rayburn.

10 a.m. HOMELAND SECURITY _ Intelligence, Information Sharing, and Terrrorism Risk Assessment Subcommittee. Closed briefing on a GAO report on information sharing within the federal government. Location: Room 311, Cannon.

10 a.m. INTERNATIONAL RELATIONS _ Asia and the Pacific Subcommittee and the Africa, Global Human Rights and International Operations Subcommittee. Joint hearing on North Korea. Jay Lefkowitz, special envoy for human rights in North Korea; Sakie Yokota, mother of Japanese abductee; Koh Myung Sup - South Korean abductee; Yoichi Shimada, vice chairman, National Association for the Rescue of Japanese Kidnapped by North Korea; Cho Chang-Ho, former South Korean officer and prisoner of war held in North Korea for 43 years; Lee Mi-Il, Korean War Abductees Family Union. Location: Room 2172, Rayburn.

10 a.m. RESOURCES _ Full Committee. Oversight hearing on the status of Puerto Rico. Ruben Barrales, c-chairman, President's Task Force on Puerto Rico's Status; C. Kevin Marshall, co-chairman, President's Task Force on Puerto Rico's; Gov. Anibal Acevedo Vila, Popular Democrat-Puerto Rico; Pedro Rossello, president, New Progressive Party; Ruben Berrios, president, Puerto Rican Independence Party; Rafael Hernandez Colon, former governor of Puerto Rico; Carlos A. Romero-Barcelo, former governor of Puerto Rico. Location: Room 1324, Rayburn.

10 a.m. TRANSPORTATION AND INFRASTRUCTURE _ Coasat Guard and Maritime Transportation Subcommittee. Hearing on implementation of the Oil Pollution Act. Assistant Coast Guard Commandant Rear Adm. Thomas H. Gilmour, Jan Lane, director, National Pollution Funds Center, Coast Guard; David Kennedy, director, Office of Response and Restoration, NOAA. Location: Room 2167, Rayburn.

10:30 a.m. EDUCATION AND THE WORKFORCE _ Workforce Protection Subcommittee. Hearing on use of non-consensus standards in workplace health and safety. Attorney Henry Chajet, Washington; Elizabeth Marcucci, Safety Director, Gonnella Baking Company, Chicago; Dr. Frank Mirer, Director of Health and Safety, United Auto Workers; Jim Ruddell, Director of Environment and Safety, Franklin

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Industrial Minerals, Nashville. Location: Room 2175, Rayburn.

10:30 a.m. SMALL BUSINESS _ Workforce, Empowerment and Government Programs Subcommittee. Hearing on proposals to help lower healthcare costs for small businesses. Location: Room 2360, Rayburn.

11 a.m. ARMED SERVICES _ Projection Forces Subcommittee. Markup the defense authorization bill. Location: Room 2212, Rayburn.

11 a.m. FINANCIAL SERVICES _ Domestic and International Monetary Policy, Trade and Technology Subcommittee. Hearing on the Committee on Foreign Investments in the U.S. Donald L. Evans, former secretary of Commerce; Paul Vikner, president and CEO, Mack Trucks Inc.; Jeffrey M. Anderson, executive director, Virginia Economic Development Partnership; Daniel K. Tarullo, Georgetown University Law Center. Location: Room 2128, Rayburn.

1 p.m. ARMED SERVICES _ Terrorism, Unconventional Threats and Capabilities Subcommittee. Markup portions of the defense authorization bill. Location: Room 2118, Rayburn.

1 p.m. INTERNATIONAL RELATIONS _ Full Committee. Hearing on UN reform. Comptroller General David Walker. Location: Room 2172, Rayburn.

1 p.m. RESOURCES _ Forests and Forest Health Subcommittee. Hearing on a GAO report on the use of woody biomass for energy and other purposes. Robin M. Nazzaro, GAO; Marcia Patton-Mallory, USDA; Richard Moorer ,deputy assistant secretary of Energy; Wade Mosby, Collins Cos., Portland, Ore.; Ryan Temple, Healthy Forests Healthy Communities Partnership, Sustainable Northwest, Portland, Ore. Location: Room 1334, Longworth.

1:30 p.m. VETERANS AFFAIRS _ Economic Opportunity Subcommittee. Hearing on pending legislation. Location: Room 334, Cannon.

2 p.m. JUDICIARY _ Constitution Subcommittee. Oversight hearing on the line item veto. Location: Room 2141, Rayburn.

2:30 p.m. RESOURCES _ National Parks Subcommittee. Hearing on pending legislation. Location: Room 1324, Longworth.

Other: GOVERNMENT SECURITY _ The homeland security event GovSec, U.S. Law and Ready! will be held in Washington. Some 9,000 homeland security professionals who work in the federal government; federal, state and local law enforcement; and others will attend. Highlights: 3 p.m. Closing keynote address by Rep. Curt Weldon, R-Pa. Location: Washington Convention Center, Mt. Vernon Square.

HARBOR SAFETY _ The Transportation Research Board of the National Academies holds the 8th annual Harbor Safety Committee Conference. Highlights: 12 p.m. Pre-lunch speaker - NTSB Acting chairman Mark Rosenker. Location: NAS, 2101 Constitution Ave. NW.

FEDERAL PREEMPTION _ The American Enterprise Institute holds a session on federal preemption of state law. Highlights: 6:30 p.m. Dinner keynote speaker: Kenneth Starr. Location: 12th floor, AEI, 1150 17th St. NW.

INSURANCE AGENTS CONFERENCE _ The Independent Insurance Agents and Brokers of America holds its national legislative conference. Highlights: 8 a.m. Sen. Mark Pryor, D-Ark., speaks to conference. Grand Hyatt Hotel 8:45 a.m. House Majority Leader John Boehner, R-Ohio, speaks. Grand Hyatt. Location: Grand Hyatt Hotel, 1000 H St. NW. and Washington Convention Center.

MOUSSAOUI _ 8:30 a.m. - 4 p.m. Jury deliberations continue in the penalty phase of U.S. v. Zacarias Moussaoui. Location: Albert V. Bryan U.S. Courthouse, 401 Courthouse Square, Alexandria, Va.

IMMIGRATION-TRADE _ 9 a.m. The Washington International Trade Association holds a discussion on immigration and trade policy with Rep. Jim Kolbe. Location: JW Marriott, 1331 Pennsylvania Ave, NW.

IRAQ _ 9 a.m. Reps. Lynn Woolsey, Barbara Lee, Maurice Hinchey and Maxine Waters co-chair a forum on ending U.S. military operations in Iraq. Participants include former National Intelligence Officer Paul Pillar, Faiza Al-Arji of Iraq, others. Location: Room 2325, Rayburn.

IMMIGRATION-BOYCOTT _ 9:30 a.m. Organizers of immigration rights demonstrations hold a news conference to announce ``The Great May 1 Boycott." Location: National Press Club.

FAITH-IMMIGRATION _ 9:30 a.m. - 12:15 p.m. The Family Research Council will host a panel discussion titled, ``Faith, Culture, and Law in the Immigration Debate." The panel will discuss how to approach the controversy surrounding the immigration debate from differing religious, cultural, and political perspectives. Participants are: Tony Perkins, president of the Family Research Council; Sen. Sam Brownback, R-Kansas; Rep. Tom Tancredo, R-Colo.; Rev. Samuel Rodriguez, Jr., National Hispanic Christian Leadership Conference; Richard Land, Southern Baptist

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Convention; Joan M. Maruskin, Church World Service - Immigration and Refugee Program; John O'Sullivan, Hudson Institute; Brent A. Wilkes, League of United Latin American Citizens (LULAC); and Mark Krikorian, Center for Immigration Studies. Location: Family Research Council, 801 G St. NW.

KATRINA REPORT _ 10 a.m. Senators Collins and Lieberman hold a news briefing on a Hurricane Katrina report. Location: Senate Gallery Studio.

DRUGS-TERRORISM _ 10:30 a.m. The Royal Canadian Mounted Police and the Drug Enforcement Administration hold a briefing on efforts to deal with illegal drugs, money laundering and terrorism. Location: National Press Club.

MEDICARE-PRESCRIPTIONS _ 10:30 a.m. Reps. Deborah Pryce, Joe Barton, Tom Price, others, hold a news conference with seniors on the Medicare prescription drug benefit rally. Location: Cannon Terrace.

PUBLIC CITIZEN-LOBBYING _ 11 a.m. Public Citizen activists will gather near the Capitol to protest this bill by posing in the ``See No Evil, Hear No Evil, Speak No Evil" pose (hands over eyes, ears and mouth) with a large sign reading ``Congress on Ethics: See No Evil" to complain that lobbying reform legislation pending in the House is so weak as to be meaningless. Location: Steps of the Ulysses S. Grant statue, immediately west of the Capitol grounds.

VOLUNTEER WEEK-JACKSON _ 11:30 a.m. HUD Secretary Jackson helps serve lunch to promote National Volunteer Week. Location: So Others Might Eat, 71 O St. NW.

EXXON VALDEZ _ 11:45 a.m. Members of Congress hold a news conference with victims of the Exxon Valdez oil spill to call on the company to pay the damages it has been assessed in the courts. Location: Cannon Terrace.

GOLDMAN PRIZE _ 12 p.m. Sens. Hillary Clinton and Dianne Feinstein and House Minority Leader Nancy Pelosi host luncheon for six international winners of the $750,000 Goldman Environmental Prize, the world's largest grassroots environmental prize. Location: Mansfield Room, Capitol.

MEDICARE _ 12 p.m. Sens. Max Baucus, Ron Wyden and Blanche Lincoln hold a news conference to discuss legislation to correct problems in the Medicare drug benefit. Location: Senate Radio-TV Gallery.

SARBANES-OXLEY _ 12 p.m. The Free Enterprise Fund holds a luncheon on the Sarbanes-Oxley Act of 2002, with Reps. tom Feeney, Mark Kirk, Jeb Hensarling, Jeff Flake, Pete Sessions, Gregory Meeks, and House Democratic Leader Nancy Pelosi. Location: Phoenix Hotel, 520 N. Capitol St.

SPACE RESEARCH _ 12 p.m. The U.S. Chamber of Commerce holds a congressional staff briefing on the technological advances and economic benefits of space research and exploration. Location: Room 2325, Rayburn.

IMMIGRATION _ 12 p.m. - 1:30 p.m. The National Economists Club holds its weekly luncheon with an address By Dr. Jeffrey Passel, Senior Research Associate, Pew Hispanic Center, who will discuss ``U.S. Immigration: Myth and Reality." Location: Chinatown Garden Restaurant, 618 H St. NW.

DARFUR _ 12:15 p.m. Sens. Sam Brownback, R-Kans., and Barack Obama, D-Ill., and actor George Clooney discuss congressional efforts to stop the genocide in Darfur and Clooney's recent visit to the region. Location: National Press Club, 13th floor Conference Room.

CHERTOFF _ 1 p.m. Homeland Security Secretary Chertoff speaks a a public forum on a wide range of issues, including immmigration, border security, storm preparedness and other issues. Location: Dewberry Hall, Johnson Center, George Mason University.

IMMIGRATION _ 1 p.m. The Rights Working Group holds a news conference on provisions of the Senate immigration bill. Participants include Kevin Appleby of the U.S. Conference of Catholic Bishops, Magdaleno Rose-Avila of the Northwest Immigrant Rights Project, Hilary Shelton of the NAACP, Kareen Shora of the American-Arab Anti Discrimination Committee. Location: National Press Club.

DEMOCRATS-GAS PRICES _ 1:15 p.m. DSCC Chairman Charles Schumer and DCCC Chairman Rahm Emanuel hold a press conference to detail the effect of rising gas prices on Republican congressional candidates this year and to release a list of what they say are the ten worst votes on gas prices that Republicans have cast. Location: Democratic National Headquarters (DNC Building), Wasserman Room, 430 South Capitol St. SE.

PELOSI _ 1:30 p.m. House Democratic Leader Nancy Pelosi holds her weekly press conference. Immediately following Pelosi's weekly, she will answer questions from reporters' children as part of Take Your Daughters and Sons to Work Day. Location: Room H-206, Capitol.

CHERNOBYL _ 2 p.m. Congressional briefing on Chernobyl, hosted by Reps. Marcy Kaptur, Roscoe Bartlett and Curt Weldon. Location: Room HC-6, Capitol.

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CIVIL RIGHTS _ 2 p.m. Sen. Jim Talent and Rep. John Lewis hold a news conference to announce a plan to create two new offices in the Justice Department to focus on Civil Rights-era murders. Location: Senate Radio-TV Gallery.

HEALTH CARE _ 2 p.m. CEOs Lynn Nicholas of the American Diabetes Association, Bill Novelli of AARP, and John Seffrin of the American Cancer Society hold a telephone briefing to discuss joint efforts to defeat a bill to eliminate key health care protections and make it harder for older workers and people with chronic illnesses to get a job that has health insurance. Contacts: Heidi Sternheim, 202-434-2550.

NORTH KOREA _ 2:30 p.m. News conference with announcements by North Korea defectors, joined by witnesses from the morning congressional hearing. Location: Room 2168, Rayburn.

PENTAGON-PLANNERS _ 2:30 p.m. Director for Strategic Plans and Policy, Joint Staff J-5, Lt. Gen. Victor Renuart, will conduct an on-the-record media round table. He will discuss the Multilateral Planners Conference that over 90 countries attended. Its primary focus was current global operations and collaborations on the War on Terrorism. Renuart and his J-5 equivalents worldwide wrapped up the bi-annual two-day conference held at Ft McNair 25-26 April. Location: Pentagon Press Briefing Studio, 2E579.

CHINA _ 3:30 p.m. The Asia Program and the Jamestown Foundation hold a presentation, ``Is Hu Jintao a Reformer? Prospects for Liberalization in China," with Willy Wo-Lap Lam of the foundation. Location: 5th floor conference room, Wilson International Center for Scholars, Reagan Trade Building.

KOREA-WREATH LAYING _ 4 p.m. Wreath laying ceremony by the Exile Committee for North Korea Democracy to pay tribute to U.S. soldiers who died fighting for South Korea's freedom. Location: Korean War Memorial.

NAFTA-LUMBER DISPUTE _ 5 p.m. - 7 p.m. Discussion on the US-Canadian Softwood Lumber Dispute and the recent challenges to NAFTA and Chapter 19. Location: Washington College of Law, 4810 Massachusetts Ave., NW.

NORTH KOREA _ 5:30 p.m. Freedom House will co-host a reception to welcome participants of North Korea Freedom Week and acknowledge the contributions US Congressional leaders, visiting Japanese Parliamentarians, and NGO leaders from the US, Japan, and South Korea have made to the issue of human rights in North Korea. Location: Rayburn House Office Building Cafeteria.

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THE ATTORNEY GENERAL'S *NEWS BRIEFING*

PREPARED FOR THE OFFICE OF PUBLIC AFFAIRS, U.S. DEPARTMENT OF JUSTICE

TO: THE ATTORNEY GENERAL AND SENIOR STAFF

DATE: THURSDAY, APRIL 27, 2006 7:45 AM EDT

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TERRORISM NEWS:

Moussaoui Jury Ends Third Day Of Deliberations. The AP (4/27) reports, "Jurors in the Zacarias Moussaoui case completed a third day of deliberations Wednesday without deciding whether the Sept. 11 conspirator should be executed or imprisoned for life." The AP continues, "After 6 1/4 hours of work on Wednesday, the nine men and three women had deliberated for 16 hours over three days. They were to return Thursday morning. … Jurors have asked only one question - a request on Tuesday for a dictionary. U.S. District Judge Leonie Brinkema denied the request, saying that giving them a dictionary would be like placing extraneous evidence in the jury room. She said jurors could submit a written question if they needed specific definitions."

Judge Denies Reporters' Request For Juror Interviews. The AP (4/27, Ohlemacher) reports, "The judge in the Zacarias Moussaoui trial turned down a request from reporters from 14 news organizations Wednesday to ask jurors to discuss their verdict once the trial ends. … 'I do not believe it is appropriate for the court to serve as an intermediary between the media and the jurors,' U.S. District Judge Leonie Brinkema said in a letter to the news organizations. 'Accordingly, I will not communicate your request to the jurors.'" The AP adds, "The reporters, backed by a half-dozen other news organizations, delivered a letter to the judge early Wednesday asking her to tell jurors - whose identities have remained secret - of the public's interest in knowing how the jury reached its verdict. They requested that the message be delivered as the jurors prepare to leave the courthouse at the end of the trial. … The reporters' letter offered willing jurors a place away from the courthouse for interviews and, for those concerned about their safety, the possibility of doing it off-camera."

Report Finds Hundreds Of Detainees Abused. Knight Ridder (4/27, Brown) reports, "Three human rights groups said Wednesday that they had found credible evidence that U.S. troops and government civilians in Iraq, Afghanistan and Guantanamo Bay, Cuba, had abused, tortured or killed at least 460 detainees." Knight Ridder continues, "The researchers said they had found 330 cases of abuse and that only about half of them had been fully investigated, and one-third never were investigated or remained unresolved. The findings are in a report by New York University's Center for Human Rights and Global Justice, Human Rights First and Human Rights Watch. … At least 600 U.S. service members or civilians have been implicated in the cases of abuse. About 400 of them have been investigated, and only one-third of those who have been investigated have faced punishment of any kind, researchers said." Knight Ridder adds, "The report by the human rights groups is the first full independent accounting of credible allegations of torture and abuse at American detention facilities in Iraq, Afghanistan and the U.S. naval base at Guantanamo Bay, according to the researchers. … It shows that detainee abuse has been more widespread that government officials have admitted and the American military and other government agencies have made only limited attempts to investigate and punish those responsible, the rights groups charged."

Judge Won't Block Detainees' Confinement To Maximum Security, Solitary. The Los Angeles Times (4/27, Williams, 958K) reports that a war crimes tribunal judge has decided "against second-guessing detention camp authorities in their decision to confine to maximum security and solitary confinement the 10 terrorism suspects who have been charged. Navy Capt. Daniel O'Toole rejected a request by the Army defense lawyer for accused bomb maker Sufyian Barhoumi that his handicapped client be returned to the communal detention camp where he had been living until four weeks ago in recognition of his good behavior."

Gitmo Called A "Great Lie." P. Sabin Willett, a Boston lawyer who represents Saddiq Ahmad Turkistani, who is about to begin his fifth year of imprisonment at Guantanamo Bay, writes in the Washington Post (4/27, A27, 744K), "One day the sordid history of Guantanamo will be written. There will be chapters on torture, chapters on the how the courts turned a blind eye, chapters on cruelties large and petty, on the massive stupidity and uselessness of the place. Many pages will illustrate the great lie of Guantanamo -- that it is a 'terrorist detention facility' -- with accounts of goatherds and chicken farmers and stray foreigners sold by Pakistani grifters to the United States for bounties."

UK Studies Saudi's Use Of Clerics To Moderate Terror Prisoners. The Washington Times (4/27, Guardia, 90K) reports, "British security chiefs are studying a novel Saudi approach to combating terror -- using clerics to debate 'jihad' with imprisoned militants and convert them to more moderate beliefs. The Saudi authorities said about 400 of 700 extremists had been re-educated and released from prison. The Islamic 'counseling' program is part of what British experts regard as Saudi Arabia's 'model counterterrorism campaign.'"

US Seeks To Combat Terrorism Financing. Voice of America (4/27, Ferdinando) reports, "Money laundering and terrorist financing are global problems that transcend borders. Terrorist supporters funnel money through charities and international criminal gangs constantly adapt their techniques, while law enforcement agencies try to stay one step ahead." VOA continues, "Terrorists are financed by smuggled funds, criminal activities or any other number of

ways -- even by governments themselves, according to U.S. officials. … Targeting that support is a key action for law enforcement, as top U.S. Treasury Department official Daniel Glaser explains: 'By taking the steps that we're taking by disrupting, dismantling these financial networks that are supporting these activities, we are degrading the ability of these organizations to get to the stage where they only have a few more dollars to spend to complete a terrorist attack.' … But it's impossible to say how much money goes into terrorism each year. And stopping that flow is extremely challenging, according to David Caruso, founder of the Virginia-based Dominion Advisory Group, an anti-money laundering consulting firm. … And terrorists are constantly looking for new methods to avoid detection and secure funding, says Jeffrey Breinholt, deputy counterterrorism chief at the U.S. Department of Justice. … 'It's important to view terrorists as being organized criminals,' says Breinholt. 'Terrorists are nothing if not adaptable and opportunistic. And so if we accept that as a notion, that large terrorist groups that we are targeting -- al-Qaida, Hezbollah, Hamas -- they will be ones that will pay very much attention to things that arise that are new opportunistic crimes.'"

Mueller Says Decentralized Terror Cells Emerging As US Disrupts Al Qaeda. The AP (4/27, Milton) reports that since 9/11, "law enforcement has witnessed the emergence of a new threat, homegrown terrorist cells, FBI Director Robert Mueller said Wednesday" in a speech at the James M. Fox memorial lecture series in New York City. Mueller noted, "What we see is a new threat that is decentralized. We have seen homegrown terrorist cells not answerable to a particular leader but to an ideology." Mueller said that US "success in driving terrorists from Afghanistan, cutting off their funding and disrupting their operations has forced them to change" and caused "law enforcement to adapt its traditional strategy of pursuing terrorists." Still, Mueller added, "We cannot forget that people overseas are plotting against the United States and would want nothing more than to replicate September 11th."

US Attorney, FBI Say Lodi Terror Investigation Continues. The AP (4/27, Thompson) reports Lodi, Calif. residents "had hoped to set aside the suspicions that divided them in the 11 months since federal agents arrested" Hamid and Umer Hayat on terrorism charges, but US Attorney McGregor Scott "said Wednesday that the investigation is continuing." FBI Sacramento SAC Drew Parenti added, "There are aspects of this (case) which remain under investigation." But Lodi Mayor Susan Hitchcock said that "Scott's comment about a continuing investigation 'reopens an old wound,' aggravating suspicions of and within the Muslim community that had just begun to heal, said Hitchcock."

Legal Experts Say Hamid Hayat Conviction Likely To Be Overturned. The New York Times (4/27, Broder, 1.19M) reports US Attorney McGregor Scott "said in a telephone interview Wednesday that the conviction…showed that the government was capable of winning a jury trial on terrorism charges after a number of high-profile failures elsewhere. … But legal experts said the prosecution's celebration might be short-lived because a federal appeals court had twice ruled unconstitutional some aspects" of the material support law "on which Mr. Hayat was convicted. They also said Mr. Hayat's reported confessions to F.B.I. agents could be challenged on the ground they were coerced from a frightened suspect with a limited command of English."

Foreman Says Jury Voted Overwhelmingly For Conviction. The Los Angeles Times (4/27, Tempest, Bailey, 958K) reports that in the Hamid Hayat jury deliberations, "the scorecard read like an NBA blowout. By the time the jury finished voting on each piece of evidence, the score was 135-40 for the prosecution." Hamid Hayat jury foreman Joe Cote said that "key to the jury's decision…were Hayat's own words on an FBI videotape that he had attended a camp, his comments secretly recorded by an undercover informant that indicated Hayat's 'willingness' to go for training and a handwritten warrior's prayer in Arabic found in his wallet." Regarding the one undecided juror last week, who prompted a letter to the judge Friday warning of a possible deadlock, "Cote and others denied any ganging up. … She came to her guilty verdict simply by 'thinking about it over the weekend.'"

Juror Says She Hopes Verdict Deters Terrorism. The Los Angeles Times (4/27, Tempest, Bailey, 958K) also reports that juror Starr Scaccia "said she hoped the jury verdict would be a deterrent in the war on terrorism. 'I hope it gets the message out: Don't mess with the United States,' she said. 'It's not worth it.'"

CIA Dismisses Allegations It Has Warned Former Agents Against Contacts With Media. The Financial Times (4/27, Sevastopulo) reports, "The Central Intelligence Agency has warned former employees not to have unapproved contacts with reporters, as part of a mounting campaign by the administration to crack down on officials who leak information on national security issues." One "former official said the CIA recently warned several retired employees who have consulting contracts with the agency that they could lose their pensions by talking to reporters without permission. He added that while the threats might be legally 'hollow,' they were having a chilling effect on former employees." But the CIA "called the allegations 'rubbish'. Jennifer Millerwise Dyke, spokeswoman for CIA director Porter Goss, said former employees with consulting deals could lose their contracts for violating the CIA secrecy

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agreement by having unauthorised conversations with reporters. But she stressed that under current law, 'termination of a contract does not affect pensions.'"

Broder Blames Bush For Tension Between Administration, Reporters. David Broder in his column in the Washington Post (4/27, A27, 744K) writes, "The tension between the legitimate claims of secrecy and the need for public accountability remains, however, and in many respects has grown worse. The main reason is the reluctance of this president and his administration to accept a broad and continuing responsibility to keep the public and the press informed on the reasons for the policies they have adopted." His "approach has been one of announcing a policy after it has been completed in his relatively closed circle of decision makers and then simply reiterating that policy in any number of prearranged settings. His news conferences and interviews are infrequent, and they rarely offer insights into the reasoning behind his conclusions."

European Investigators Allege CIA Made Rendition Flights. The New York Times (4/27, Bilefsky, 1.19M) reports, "Investigators for the European Parliament said Wednesday that data gathered from air safety regulators and others found that the Central Intelligence Agency had flown 1,000 undeclared flights over European territory since 2001. Sometimes the planes stopped to pick up terrorism suspects who had been kidnapped to take them to countries that use torture, the investigators added." Butt "hey could not say how many flights involved the transport of suspects" and "the new report offered no hard evidence" about alleged secret detention centers in Europe.

The AP (4/27, Sliva) reports, "Cases of terror suspects being secretly handed over to U.S. agents did not appear to be isolated, the lawmakers said in a preliminary report on their inquiry. European human rights treaties prohibit sending suspects to states known to torture prisoners."

The Washington Post (4/27, A20, Whitlock, 744K) adds, "The preliminary report also criticized several European countries -- including Sweden, Italy and Macedonia -- saying they had allowed CIA officers to apprehend or detain terrorism suspects on their soil and then covered up their presence."

HOMELAND RESPONSE:

Jurors Hear More Informant Tapes At NYC Subway Bomb Plot Trial. The New York Times (4/27, Rashbaum, 1.19M) reports, "A fuller picture emerged yesterday of an alleged plot to bomb the Herald Square subway station and of the Pakistani immigrant charged as its prime author, as prosecutors again played secretly recorded conversations between the man and a police informer." In the recordings, Shahawar Matin Siraj told "the informer he expected that the blast in the subway station would bring down the Manhattan Mall on the street above," but in another conversation, "he said he wanted to bomb the station in the early morning hours to cause only economic damage and kill as few people as possible." The Times adds, "On the tapes…Siraj seemed to alternate between shrewd, bumbling and bizarre."

Closing Arguments Made At 9/11 Perjury Trial. The New York Times (4/27, Confessore, Baranauckas, 1.19M) reports, "A tangled four-and-half-year legal battle drew toward an end yesterday as prosecutors and defense lawyers made closing arguments in the case of a Jordanian college student accused of lying to a federal grand jury about his relationship with two Sept. 11 hijackers. Prosecutors say the student, Osama Awadallah…lied when he testified under oath at an October 2001 grand jury hearing that he did not know…Khalid al-Midhar, and denied having written his name in a school notebook before conceding during a later hearing that he had met Mr. Midhar." But defense attorney Jesse Berman "painted a very different picture, that of a young immigrant…with limited English, disoriented after nearly three weeks of solitary confinement and with no reason to mislead the grand jury."

Van Hollen Says Terrorists Training In Wisconsin. The Milwaukee Journal Sentinel (4/2, Forster, 266K) reports, "There are terrorists training and raising money in Wisconsin, Republican attorney general candidate J.B. Van Hollen said Wednesday in a Capitol news conference. … Van Hollen said that based on information he had access to as U.S. attorney, he was aware that the FBI and other law enforcement officials were monitoring potential threats, but that there wasn't enough activity or information to act." Milwaukee FBI Supervisory Special Agent Mike Johnson "said Van Hollen's comment about the FBI was 'completely inappropriate' because Van Hollen doesn't speak for the agency." The AP (4/27) notes that Van Hollen's Republican and Democratic "opponents immediately demanded that he give up what he knows."

House Panel Passes Port Security Bill. One day after Secretary Chertoff announced that the Department of Homeland Security will begin conducting background checks on 400,000 seaport workers, the House Homeland Security Committee unanimously passed a $2.4 billion bill yesterday that would increase random cargo inspections. The Washington Times (4/27, Hudson, 90K) reports that the bill "requires…98 percent of all containers be screened for nuclear materials." Democrats, whose proposal that all containers be screened for nuclear devices within five years was rejected by a 18-16 vote, "say the nuclear screening

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requirement is weak," but the "legislation has bipartisan support."

The AP (4/27, Barrett) reports Republicans said the five year deadline amendment, offered by Rep. Edward Markey, "was unrealistic and the scanner technology is still too faulty to deploy through a mammoth port system that handles 20,000 cargo containers every day. At that, some Democrats erupted." Rep. Peter DeFazio accused "GOP leaders of buckling to pressure from business groups that oppose greater regulation. Republicans denied any influence from lobbyists."

Meanwhile, the New York Times (4/27, Hulse, Lipton, 1.19M) reports that "a little-noticed provision added to a spending measure last year" by Rep. Harold Rogers designated an arm of a "trade group with which he has longstanding ties as the central operator of a new federal program to perform background checks on 750,000 maritime workers." Rogers argued yesterday that the American Association of Airport Executives' Transportation Security Clearinghouse "had already performed 2 million background checks on airport workers" and that he saw "no reason to waste more time and money reinventing the wheel," but the Bush administration says "that the earmark is threatening to further delay a program to issue new tamper-proof identification cards to the nation's port workers." Secretary Chertoff said yesterday that "he intends to start the new program by the end of this year," though "the administration, in proposing the 2007 federal budget, made clear that it opposed the requirement by Mr. Rogers, asking Congress to strike it."

New Hampshire Taking Lead In Opposition To Real ID. The Washington Times/AP (4/27) reports, "New Hampshire suddenly has become a battleground in the fight over privacy rights versus homeland security, with state legislators voting against strict new federal standards for issuing driver's licenses." New Hampshire's "Republican-controlled" House "voted overwhelmingly" last month to block the state from participating in the Real ID. "A vote in the Republican-dominated Senate is expected in two weeks after a committee endorsement yesterday. Gov. John Lynch, a Democrat, remains undecided." The state's bill is the toughest measure making real progress anywhere," according to Barry Steinhardt, director of the Technology and Liberty Program of the ACLU.

Number Of TSA Fines Declined Last Year. USA Today (4/27, Levin, Frank, 2.31M) reports, "The number of passengers fined for security violations at airports fell dramatically last year as the federal government focused on more serious threats, according to records and government officials. The Transportation Security Administration issued 4,459 fines against passengers in 2005, a 54% decrease from 2004. The vast majority of fines are doled out to people trying to bring weapons and other dangerous items on planes."

Since 9/11, Pentagon Has Stepped Up Domestic Surveillance. A front page story in the Wall Street Journal (4/27, Block, Solomon, 2.11M) reports that the 9/11 terror attacks "have sparked a broad effort by the Pentagon to gather intelligence within US borders. Its goals are both to protect military facilities and keep an eye out for any threat on American soil." The Journal reports that "several parts of the vast Pentagon bureaucracy are building large databases of information from sources including local police, military personnel and the Internet. In doing so, the military is edging toward a sensitive area that has been off-limits to it since the 1970s: domestic surveillance and law enforcement." The Journal adds, "The broad Pentagon effort comes amid a surge of popular support after the 9/11 attacks for more vigilant efforts to prevent terrorism."

Questions Raised About Use Of Private Security Firms On Military Bases. The Christian Science Monitor (4/27, Marks, 61K) reports that since the 9/11 attacks, some of America's most sensitive military installations have been guarded by private security companies. The installations include "Fort Bragg in North Carolina, the White Sands Missile Range in New Mexico, and the Picatinny Arsenal in New Jersey. Now, concerns about accountability and the caliber of the private guards are leading some critics, both inside and outside government, to ask whether this is a job too vital for the military to outsource to civilians." A recent GAO report found that some of the private contractors "had hired felons, had missing and incomplete records, and in one case, had falsified records on weapons and training. … The GAO's conclusion: The Army's screening procedures for the private guards are 'inadequate and put the Army at risk,' despite previous agency warnings about such problems during the past three years."

Bill Would Provide Nearly $1 Billion For Negroponte's Office. The house yesterday passed an intelligence bill that would increase the money available to National Intelligence director John Negroponte. The AP (4/27, Shrader) reports, "Democrats made an unsuccessful, last-minute push to block the bill to protest that Republicans wouldn't allow adequate debate on the legality of the National Security Agency's warrantless surveillance program. The legislation was nevertheless approved 327-96. It provides budgeting guidelines for 16 U.S. spy agencies and the office of National Intelligence Director John Negroponte. The bill's total cost is classified, but intelligence agencies' spending is

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believed to top $40 billion a year. Under the legislation, Negroponte's office would get nearly $1 billion."

Rizzo Hearing Likely To Become Forum To Discuss CIA Practices. Newsweek (4/27, Hosenball) reports, "John Rizzo's upcoming confirmation hearing should offer administration critics a forum to discuss controversial practices by the CIA. It's not exactly the full-scale congressional inquiry Bush critics have long demanded. But some time fairly soon, members of the Senate Intelligence Committee are going to have an opportunity to grill a senior Central Intelligence Agency official in public and private about the agency's controversial procedures for handling high-level terrorist suspects—and about the CIA's efforts to thwart media leaks." Newsweek adds that "officials on Capitol Hill and inside the intelligence community said that everyone involved in the confirmation process is aware that the hearings are likely to become a forum in which administration critics, particularly Senate Democrats, can question a senior agency official in detail about contentious CIA procedures for detaining and interrogating prisoners, as well as the agency's practice of 'rendition,' in which terror suspects are transported by undercover agency operatives to foreign countries."

Developer, State Reach Deal On WTC Site. The AP (4/27, Westfeldt) reports that developer Larry Silverstein reached an agreement with New York state officials under which he will give up control over the planned, 1,776-foot Freedom Tower at the World Trade Center cite in New York City. The AP reports, "Officials with the Port Authority of New York and New Jersey, which owns the property, had been pressing Silverstein, who holds the 99-year lease on the site, to give up some control over the project. City and state officials had argued that Silverstein lacked the money to build it all and was running the risk of an embarrassing failure. … Silverstein agreed to give control of the $2.1 billion Freedom Tower and another planned skyscraper to the Port Authority. He will still build three other towers at the site."

NYTimes Praises Silverstein Deal. An editorial in the New York Times (4/27, 1.19M) calls Silverstein's acceptance of a deal that will reduce his role at ground zero "some of the best news" New York City "had about Lower Manhattan in the past four years." The Times adds, "The widespread relief over this agreement is a perfect testament to how badly blocked the redevelopment effort in Lower Manhattan has been in the last two years. There have been many obstructions, including Mr. Silverstein himself."

Questions Raised About Plans For Ground Zero. The New York Times (4/27, Bagli, 1.19M) reports, "The new plan for ground zero calls for the accelerated construction of a sprawling commercial complex: 8.8 million square feet of office space in four towers 58 to 70 stories high. All would open within a year of each other, by 2012. Gov. George E. Pataki and others say the conceptual plan, officially approved yesterday by the Port Authority of New York and New Jersey after months of gridlock, will rejuvenate Lower Manhattan and ensure that it remains the financial capital of the world." However some construction and real estate industry executives "are questioning whether the rapid building of so much speculative office space would have the same destabilizing consequences for the downtown market as the twin towers had in the 1970's."

Film On United Flight 93 Premieres. NBC Nightly News (4/26, story 9, 1:30, Williams, 9.87M) reported, "Something extraordinary happened a few blocks from here in New York City last night. It was the premiere at the Ziegfeld Theater of the new film called 'United 93.' First, an important point here -- the film's distributor is Universal and our parent company is NBC Universal and this could not be less about selling tickets." When "the film came to its jolting stop, the theater was filled with the eerie and awful and achingly sad sound of people crying, heaving with emotion, the sobs and moans from those who were overpowered by what they had just seen. A thousand people then left the theater in silence."

Father Of Flight 93 Passenger Praises "United 93." David Beamer, father of Todd Beamer, a passenger on United Airlines Flight 93, writes in the Wall Street Journal (4/27, 2.11M) that the makers of "United 93," the film about the passengers and crew of United Flight 93 who fought back against the terrorists who hijacked their plane on 9/11, "set about the task of telling this story with a genuine intent to get it right -- the actions of those on board and honor their memory. Their extensive research included reaching out to all the families who had lost loved ones on United Flight 93 as the first casualties of this war. And Paul and his team got it right." Beamer adds, "This film further reminds us of the nature of the enemy we face. An enemy who will stop at nothing to achieve world domination and force a life devoid of freedom upon all. … I encourage my fellow Americans and free people everywhere to see 'United 93.'"

Senate Panel Says FEMA Should Be Dismantled, Rebuilt. The Washington Post (4/27, Hsu, 744K) reports the final report on the response to Hurricane Katrina by the Senate Homeland Security and Governmental Affairs Committee, titled "Hurricane Katrina: A Nation Still Unprepared," finds that the storm "exposed flaws in the Federal Emergency Management Agency and the Department of Homeland Security that are 'too substantial to mend,' and FEMA should be dismantled and rebuilt inside the troubled department." It "makes 86 recommendations that would undo major changes made when President Bush and Congress launched the department in 2003, and would reverse parts of a reorganization ordered by Secretary

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Michael Chertoff last summer." Meanwhile, Sen. Joseph I. Lieberman "added a written statement excoriating Bush and his aides for being 'surprisingly detached' before and just after the storm and for not cooperating with Senate investigators, who he said should have subpoenaed the White House."

The Baton Rouge Advocate (4/27, Shields) reports that "FEMA spokesman Russ Knocke" said the agency is "intensely focused on the coming storm season." Meanwhile, White House spokesman Blair C. Jones "disagreed" with Lieberman's statement that Bush and his aides were "surprisingly detached," "noting that administration officials such as Department of Homeland Security Secretary Michael Chertoff appeared before the committee."

The AP (4/27) reports that the report is "short on specifics, such as funding levels," but suggests "the US is still woefully unprepared for a disaster of Katrina's magnitude." It "urges yet another overhaul of the beleaguered Homeland Security Department -- FEMA's parent agency -- which was created three years ago and already has undergone major restructuring of duties and responsibilities. It proposes creating a new agency, called the National Preparedness and Response Authority, that would plan and carry out relief missions for domestic disasters" and have "a direct line of communication with the president during major crises."

A separate AP (4/27, Jordan) report says the report's "86 proposed reforms charge the United States is still woefully unprepared for a disaster such as Katrina with the start of the hurricane season a little more than month away. 'The United States was, and is, ill-prepared to respond to a catastrophic event of the magnitude of Hurricane Katrina,' the recommendations warn."

USA Today (4/27, Hall, 2.31M) reports, "Homeland Security said a new agency is not needed. 'It is time to stop playing around with organizational charts and start focusing on how governments at all levels are preparing for the fast-approaching storm season,' spokesman Russ Knocke said. Sen. Joe Lieberman of Connecticut, the top Democrat on the committee, said the investigation revealed broad leadership lapses." The same quote from Knocke appears in the New York Times, Jordan's AP piece and the Los Angeles Times.

The Los Angeles Times (4/27, Neuman, 958K) adds that "FEMA had been an independent -- and highly regarded -- agency until March 2003, when the Department of Homeland Security was created in the aftermath of the Sept. 11 attacks." The Times notes, "The release of the Senate committee's 800-page report comes as Bush travels to Louisiana on Thursday and as agencies grapple with being ready for the official start of hurricane season on June 1."

The New York Times (4/27, Lipton, 1.19M) reports, "Bruce Baughman, the director of emergency management for the state of Alabama and the president of the National Emergency Management Association, said that despite the bureaucratic-sounding nature of the Senate committee's draft recommendations, he believed they would create a more capable agency. 'Whatever the hell you call it, FEMA or National Preparedness and Response Authority, it does not matter,' Mr. Baughman said. 'But what this does is it ties all the pieces together.'" USA Today (4/27, Hall, 2.31M) and the Los Angeles Times (4/27, Neuman, 958K) file a similar reports.

GAO Says FEMA Is Likely To Repeat Disaster Aid Mistakes. GAO Investigators say FEMA is likely to repeat mistakes of disaster aid waste and fraud this hurricane season unless it can establish controls for verifying names and addresses. The AP (4/27, Yen) reports that the GAO's managing director of special investigations Gregory Kurtz "said he has little confidence that FEMA will be ready by June 1 to safeguard taxpayer dollars should a major disaster like Hurricane Katrina strike again." The AP adds, "Responding to the audit, FEMA spokesman Aaron Walker said Wednesday that FEMA officials have been working hard to improve and tighten controls in its disaster aid program."

FEMA Ending Housing Grants For Many Evacuees. The New York Times (4/27, Dewan, 1.19M) reports that FEMA is telling thousands of hurricane evacuees that they are no longer eligible for free housing and utilities and must either begin paying rent themselves or leave. According to the Times, "Of about 55,000 families who were given long-term housing vouchers, nearly a third are receiving notices that they no longer qualify, FEMA officials said. For the rest, benefits are also being cut: they will have to sign new leases, pay their own gas and electric bills and requalify for rental assistance every three months." The Times notes that many had been counting on "a year of free housing and utilities."

Nagin, FEMA Reach Agreement On Trailers. The AP (4/27) reports that New Orleans Mayor Ray Nagin and federal officials have revived efforts "to place thousands of trailers throughout the city as stopgap housing for people who lost their homes during Hurricane Katrina. Three weeks ago Nagin halted work on new trailer sites, complaining that the Federal Emergency Management Agency used 'bullying' tactics and built a site outside a gated community without the proper permits. On Wednesday, Nagin and FEMA officials announced that they had bridged their differences." The AP adds, "Officials hope to install about 8,000 trailers by the end of June."

Insurers Canceling Homeowners' Policies In Hurricane Vulnerable Areas. The CBS Evening News (4/26, story 10, 0:25, Schieffer, 7.66M) reported, "Last year's disastrous hurricane season cost insurers a record $60

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billion. Now, with a new season approaching, they're looking to cut their risk. In Florida, insurers are serving notice they plan to cancel 500,000 policies. In New York State, Allstate is canceling 28,000 policies and won't write new policies in New York and its suburbs. And in Texas, Allstate says no new policies in 14 coastal counties."

Hurricane Victims Claim Mistreatment By Mortgage Lenders. The Wall Street Journal (4/27, Bauerlein, 2.11M) reports, "As homeowners along the Gulf Coast try to recover from the devastation of hurricanes Katrina and Rita, some say mortgage lenders are refusing to turn over insurance proceeds while demanding immediate payment on overdue loans. Hurricane victims in Louisiana and Mississippi have filed nearly 1,000 complaints with state regulators claiming mistreatment by mortgage lenders. About 800 of the complaints have been resolved, often as a result of mediation initiated by regulators."

Democrats Blast FEMA's Handling Of Gulf Coast Schools. The Washington Times (4/27, Bellantoni, 90K) reports, "Putting the Federal Emergency Management Agency in charge of rebuilding and reopening schools on the Gulf Coast after Hurricane Katrina was a critical mistake, congressional Democrats on the House Education and the Workforce Committee said yesterday. … The Democrats issued a report asserting that eight months after the storm hit the region, its schools remain in crisis. The lawmakers called for the creation of an education-recovery czar to oversee the reopening of Gulf Coast schools and colleges."

Army Corps Of Engineers Surveying New Orleans Levees For Weaknesses. The CBS Evening News (4/26, story 11, 2:25, Schieffer, 7.66M) reported, "In New Orleans, engineers are doing a risk assessment of their own, trying to determine whether the levees will hold." CBS (Strassmann) added, "Only now, just five weeks before New Orleans faces another hurricane season, the US Army Corps of Engineers is finally doing what thousands of residents have demanded ever since Katrina hit seven months ago: A detailed survey of every inch of the levees and floodwalls that are this city's only hope." Just last week, "the Corps discovered more trouble: A floodwall supposed to protect the city's airport. It's being replaced like miles of levees damaged by Katrina. But design flaws may compromise the entire system, including 181 miles of levees and floodwalls that held during Katrina. Even the American Society of Civil Engineers says the system is 'open to question' and 'too close to the margin' to protect human life."

WAR NEWS:

Rice, Rumsfeld Offer Support To New Iraqi Government. Secretary of State Condoleezza Rice and Secretary of Defense Donald Rumsfeld yesterday made an unannounced visit to Baghdad in a show of support for the new Iraqi government led by Prime Minister-designate Nouri al-Malaki. The story was reported on both ABC and CBS in full segments, while NBC mentioned it in a brief. Their trip was also covered in the major US newspapers.

ABC World News Tonight (4/26, story 3, 2:00, Brown, 8.78M) reported, "Secretaries Rumsfeld and Rice praised the political progress there." Secretary Rice: "We are focused on the success of this Iraqi government." Brown: "And they said there is progress on the military front, as well. Secretary Rumsfeld started the day at a training center for Iraqi army recruits." Secretary Rumsfeld: "It's appropriate for us to begin the discussions with the new government, about the conditions on the ground and the pace at which we'll be able to turn over responsibility." Brown: "Privately, officials at the Pentagon tell ABC News, they hope is to reduce the number of US troops in Iraq to 100,000 by the end of the year."

The CBS Evening News (4/26, story 8, 2:00, Schieffer, 7.66M) reported, "It was a show of support for the government Iraqi leaders are trying to put together. Otherwise, it was a day like so many other days in Iraq. At least 20 civilians and police died in bombings and other violence, and American forces killed 13 people when they raided what was described as a an insurgent hideout." CBS (Assuras) added, "The top two US foreign policy officials made surprise landings in Baghdad only a few hours apart, and then joined up in a well-choreographed show of support for Iraq's emerging government." NBC Nightly News (4/26, story 5, 0:20, Williams, 9.87M) reported, "Both were there to show support for Iraq's new designated prime minister."

The New York Times (4/27, Weisman, Cloud, 1.19M) reports that the two sought to "press the prime minister-designate to re-establish public confidence in the government and rid the country's security forces of infiltration by sectarian militias." While Rice said that removing the militias' influence is "clearly one of the high priorities for the government," she added, "How they go about that I think is something they will have to work through." In her entourage, "there was an atmosphere that the joint visit might offer a last chance to reverse some of the mistakes of the past three years." Rice and Rumsfeld sought to "put the past differences between the departments behind them by emphasizing that they would be working more cooperatively to bolster the Iraqi government."

The Wall Street Journal (4/27, A4, Dreazen, 2.11M) calls the visit "a concerted diplomatic effort to capitalize on the selection of Iraq's new prime minister." The Washington

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Post (4/27, A16, Kessler, 744K) says the visit aimed to make clear "that the sometimes disjointed U.S. political and military operations are working seamlessly during the transition to a permanent government." Rice called "the creation of a permanent government…a turning point in the war and 'an important message to the American people.'" Government officials "indicated that they were embracing perhaps the last chance the Bush administration had to turn around public opinion at home and to ensure that Iraq has a viable political future."

The AP (4/27, Gearan, Burns) adds that the two secretaries "embraced the country's fledgling leaders as independent and focused on the future." Rice said that al-Maliki's priorities and commitment are "refreshing and really heartening." The story also notes that the visit "was meant to resonate in Iraq and among Americans."

The Washington Times (4/27, Kralev, 90K) reports, "The unprecedented joint visit by the top two Cabinet officials demonstrated Washington's full backing of Nouri al-Maliki." Rumsfeld said, "I came away most encouraged." Rice said, "I found him to be very focused and very clear that he understood his role and the role of the new government to really demonstrate that it is a government of national unity."

The Los Angeles Times (4/27, Roug, Richter, 958K) reports that the visit by Rice and Rumsfeld "drew criticism from Iraqi politicians who said they feared the unannounced visit might do more harm than good." The Times notes, "'We didn't invite them,' said Kamal Saadi, a Shiite legislator close to the new prime minister-designate, Nouri Maliki." He "said Iraqi leaders had not been given advance notice of the visit, which came just days after Iraqi politicians broke through a months-long impasse on the selection of a prime minister."

Rice Says US Is Prepared To Support Iraq's Government. Secretary of State Condoleezza Rice discussed her trip to Iraq on CNN's The Situation Room (4/26), saying, "We first wanted to bring a message that President Bush asked us to bring, which is that we are ready to support this government and support it fully. But supporting it fully means that we have to make certain that the United States government is really ready to do that, and so we are here to look at those issues that are at that nexus of political and military. There are many now. The security issues here even have both a political element and a military element. We are here to look at Defense Department operations, and I'm looking at embassy operations to make sure that we're really properly organized to help this government hit the ground running, because, clearly, they are ready to show the Iraqi people that it's going to be a different day."

GOP Lawmakers Resigned To Dealing With Rumsfeld. The Los Angeles Times/AP (4/27, Sidoti) reports, "Senate Republican critics of Defense Secretary Donald H. Rumsfeld are deferring to President Bush's support for the Pentagon chief, mindful that his fate is out of their hands." Yet "those GOP lawmakers remain uncomfortable with him. Given the chance, they offer no words of support." Sen. John McCain said, "He still is in the confidence of the president. The president reiterated that the other day, so I'll continue to try to work with him."

Iraqis Complain Little To Show For US Reconstruction Effort. The CBS Evening News (4/26, story 9, 2:35, Schieffer, 7.66M) reported, "After security and a stable government, what Iraq needs most is rebuilding. Since the US invasion, infrastructure that was neglected by Saddam Hussein has been battered by constant attack and American reconstruction efforts have been hampered by mismanagement and corruption." CBS (Dozier) added, "Plenty has been done in many parts of Iraq, thanks to $20 billion US tax dollars. Almost half of that has already been spent, but Iraqis complain there is little to show for it: $1.6 billion has gone to electricity projects, but there's less daily power now than before the war; $390 million has gone to water projects, but fewer Iraqis have clean water now than before; and half a billion dollars has gone to oil infrastructure, but production has stagnated, mostly because of terrorist attacks. So much for the Bush Administration's promise that oil revenues would pay for the rebuilding of Iraq. Twenty five percent of the US construction budget now goes to security, which means the money is running out faster."

NYTimes Criticizes No Bid Halliburton Contract In Iraq. An editorial in the New York Times (4/27, 1.19M) says, "The Bush administration's promise that Iraq's reconstruction could be paid for with the country's own oil revenues was one of the many false assertions and assurances that ushered in the invasion. But unlike the predictions of weapons of mass destruction and streets filled with cheering Iraqis, this claim might have been at least partly true -- if the administration had more carefully supervised the lucrative no-bid oil industry repair contract it awarded to a subsidiary of Halliburton, the firm formerly headed by Vice President Dick Cheney." The Times adds, "On the Fatah pipeline crossing project, American taxpayers got a particularly raw deal. The repair work they originally paid for wasn't done. The government agency that was supposed to supervise the work did not do an effective job. And the oil exports that could have helped pay Iraq's reconstruction bills never made it through the pipeline."

Many Iraqis Believe Zarqawi Is Trying To Destroy Iraq. The Christian Science Monitor (4/27, Murphy, 61K) reports that Abu Musab al-Zarqawi, who "stepped out of the shadows with a video released on the

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Internet Tuesday," is "seen as a mythical figure by many Iraqis, a fiction designed to spread fear and put a face on the Sunni Arab insurgents who have spread so much terror here." Thalib Jabbar, a businessman in Baghdad said, "Zarqawi wants to show his power and frighten people. But in reality, he's the one who should be afraid. We want him dead." According to the Monitor, that is "a common sentiment among many ordinary Iraqis, one played on by Iraqi officials Wednesday who condemned Zarqawi as a foreigner trying to destroy their country. Their strong response highlights the risk such a video poses for Zarqawi: The effort to show his strength within the insurgency also puts a foreign face on the movement, leaving an opening for his opponents to appeal to national unity."

The AP (4/27, Frayer) reports that Zarqawi's latest video "marks a shift by the leader of al-Qaida in Iraq toward a less radical image, one that might appeal to the Iraqi insurgency more than the beheadings for which he's become notorious, analysts said Wednesday."

WPost Says Video Is A Sign Of Good News In War On Terror. An editorial in the Washington Post (4/27, A26, 744K) says, "The appearance of an al-Qaeda video on the Internet more often than not is a sign of good news in the war on terrorism. Tuesday's posting by Iraqi commander Abu Musab al-Zarqawi is the latest example: The 34-minute show by the newly unhooded extremist is in part a bid for advantage in factional feuding that has curtailed al-Qaeda's visibility and effectiveness." The Post adds, "The administration and U.S. commanders are clearly eager to find reasons to draw down troops from the current total of 132,500 by the fall. … But so far Iraq's slow political progress has had no impact on the violence, which has been growing steadily worse. Before welcoming Iraq's new government by pulling out tens of thousands of soldiers, President Bush ought to carefully consider whether that is the best way to achieve the victory he says he seeks."

Hamas, Sudan Distance Themselves From Bin Laden. The Palestinian group Hamas and the government of Sudan both sought to distance themselves from Osama bin Laden in the wake of his latest audio tape. The Christian Science Monitor (4/27, Bright, 61K) reports, "Al Jazeera reports that shortly after it broadcast bin Laden's message on Sunday, Sami Abu Zuhri, a spokesman for Hamas, declared that Hamas's ideology was 'totally different' from bin Laden's. … The Associated Press reports that, like Hamas, the Sudanese government distanced itself from bin Laden's statements, saying, 'We are not concerned with such statements, or any other statement that comes from foreign quarters about the crisis in Darfur.'"

US Forces Strike Suspected Insurgent Safehouse. The AP (4/27, Keath) reports that the US military said Wednesday that US forces truck a suspected safehouse of foreign insurgents, "killing 12 militants and a woman in a raid near the site where an American helicopter crashed." Coalition forces 'hit the suspected safehouse Tuesday in Youssifiyah, 12 miles south of Baghdad, near where a U.S. Apache helicopter crashed April 1. The U.S. command said the helicopter was believed to have been shot down."

Baghdad Residents Construct Makeshift Roadblocks. The AP (4/27, Castaneda) reports that Baghdad residents have become to construct makeshift roadblocks in an effort to protect their homes from makeshift violence. The AP notes that in some areas, "the majority of streets are blocked off or protected by homemade barriers that slow traffic. Some barriers have been in place for over a year in both Shiite and Sunni neighborhoods. But many more have appeared since the Feb. 22 bombing of a Shiite shrine in Samarra that ignited a wave of sectarian violence and left the country struggling to defuse another crisis." The AP adds, "Some of the barriers are sophisticated, built in curved 'serpentine' shapes that allow traffic to pass at a reduced speed. Residents said this would allow them to fire back at roaming militants trying to gun down pedestrians."

Questions Raised About Battle In Baghdad's Adhamiya District. Time (4/26, Ware) reports, "When Baghdad's notorious Adhamiya district exploded in vicious gun battles last week, few were really surprised. … The basic facts of the battle are not in dispute. … The question is exactly what triggered this battle and who fought it. Sunni community leaders claim that local residents grabbed whatever weapons they had to defend their homes from a sectarian attack by Shi'ite militias in government uniforms. … However, American officers say the men they ended up fighting weren't mere homeowners. They used the fire and movement techniques of trained soldiers."

Abuse Charges Expected Against Abu Ghraib Colonel. The AP (4/27, Jelinek) reports that the Army is expected to formally charge Lt. Col. Steven Jordan with criminal offenses in connection with the abuse of prisoners at the Abu Ghraib prison in Iraq. Formal charges are expected against Jordan next week. The AP reports that charges against Jordan "would make him the highest-ranking officer charged in the case, three defense officials said. They spoke only on condition of anonymity because Jordan had not yet been charged. They did not say specifically what the charges might be."

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Report Says Hundreds Of Iraqi Detainees Were Abused. A report issued yesterday by New York University's Center for Human Rights and Global Justice, Human Rights First and Human Rights Watch has found credible evidence that at least 460 detainees were abused, tortured or killed by US troops and government civilians in Iraq. Knight Ridder (4/27, Brown) reports, "The researchers said they had found 330 cases of abuse and that only about half of them had been fully investigated, and one-third never were investigated or remained unresolved." Knight Ridder adds, "The report by the human rights groups is the first full independent accounting of credible allegations of torture and abuse at American detention facilities in Iraq, Afghanistan and the U.S. naval base at Guantanamo Bay, according to the researchers."

Iraqis Move To Hide Sunni Names. USA Today (4/27, Jervis, Sabah, 2.31M) reports, "Iraqis in Baghdad named Omar or Othman — two of the most recognizable names identified with Sunni Islam — are getting fake IDs, changing their names legally in court, even teaching their young children to say more neutral-sounding names if asked." USA adds, "The rush to mask identities underscores the increased sectarian tensions in Iraq since February's bombing of a sacred Shiite mosque in Samarra. The attack led to reprisals by Shiite gunmen and continuing violence between Sunnis and Shiites."

Shanghai Cooperation Organization To Conduct Anti-Terror Exercises. The Washington Post (4/27, A20, Cody, 744K) reports that China, Russia, Kazakhstan, Kyrgyzstan, Tajikistan and Uzbekistan yesterday announced plans to hold "joint anti-terrorism exercises next year, emphasizing a desire to balance U.S. military influence in Asia with stepped-up preparations of their own." The activities of the regional security grouping, known as the Shanghai Cooperation Organization, said in a communiqué that "next year's exercises will be held in Russia. They did not detail what activities were planned."

US Seeks To Improve Security At Afghan Base. The Los Angeles Times (4/27, Barnes, 958K) reports, "The Army's chief of staff said Wednesday that he was frustrated by security lapses at Bagram air base in Afghanistan that led to the loss of potentially sensitive data, and that the military must learn how to be more careful with new technology." Gen. Peter J. Schoomaker "said the Army was trying to improve how soldiers used and secured flash drives." The Times adds, "U.S. military officials have been vague about the steps they are taking to improve security practices in Afghanistan and throughout the armed forces."

Slain Reporter's Family Says US Targeted Journalists. The Los Angeles Times (4/27, Wilkinson, Zucchino, 958K) reports on a Spanish cameraman who was killed by US fire in Baghdad. Jose Couso was killed when a US tank fired a high-explosive round into the side of his hotel believing an enemy spotter was on the balcony. The tank gunner "said he had been stung by Couso family contentions that his unit targeted journalists, and by their lawsuit accusing him and two officers of war crimes and murder. His wife received threatening phone calls after the incident, he said."

Lawsuit Alleges DOD Is Illegally Using A Recruitment Database. The AP (4/27) reports the New York Civil Liberties Union, in a federal lawsuit, claims that "the Defense Department is violating the privacy of millions of high school students nationwide with a detailed database it uses for military recruitment." It says they are "ignoring privacy rules set by Congress regarding the collection and distribution of students' personal information" by "flouting a 1982 military recruitment law that specifies that it refrain from collecting information on students under 17, that it store the information for no more than three years and that the information be kept private."

DOJ:

Gonzales Announces Anti-Gang Grant For Tampa. The Tampa Tribune (4/27, McCartney) reports, "Saying gangs represent a threat to the 'American dream,' U.S. Attorney General Alberto Gonzales announced a $2.5 million grant to combat the spread of gangs in Hillsborough County." The Tribune continues, "Gonzales spent about half a day in Tampa and Hillsborough County, touring the site of a suspected gang shooting that killed two people in February and the shooting of a deputy with a BB gun days later. … But Gonzales' tour of Tampa and northwest Hillsborough County touched on numerous other topics, including opportunity, education and immigration. … He spoke to a group of students at Leto High School, who he said were curious about his security detail, immigration and whether he had any presidential ambitions. (He didn't indicate any to a group of reporters later.)" … Gonzales acknowledged that the Tampa Bay area is not a hub of gang activity that other cities awarded the grant are, but said even one gang member poses a threat to the community."

WUSF AM , Tampa (4/27, Ingram) reports, "Gonzales also met with local law enforcement and community leaders. … He says the anti gang grant will be used on education, law enforcement and community re-integration programs for former felons."

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Heaton Named US Attorney For Central Illinois. The Springfield (IL) State Journal-Register (4/27, Schoenburg) reports, "Rodger Heaton, interim U.S. attorney for the Central District of Illinois, is President Bush's choice to continue as the top prosecutor in the region, The State Journal-Register has learned. … 'The White House has made the decision,' according to a local Republican source." The Journal-Register continues, "Copley News Service reported last week that the three people whose names had been forwarded to the White House by House Speaker Dennis Hastert and GOP congressional colleagues were: Heaton; Darin LaHood, the son of U.S. Rep. Ray LaHood, R-Peoria; and John Michelich, an Auburn native who works for the U.S. Department of Justice." The Journal-Register adds, "Sharon Paul, spokeswoman for the U.S. attorney's office in Springfield, said Heaton considers it a privilege to be serving in his current position. He is 'hopeful he'll be nominated, but as yet he hasn't been notified of any decision,' she said Tuesday. … Heaton, 46, was appointed to the interim post as of Dec. 1 by Attorney General Alberto Gonzales. Heaton replaced U.S. Attorney Jan Paul Miller, who took a job with a St. Louis law firm."

DOJ Moves Toward More Inclusive Case Management System. Government Computer News (4/27, Miller) reports, "While the Justice Department was bogged down in awarding a $305 million contract for its do-over case management system called Sentinel, the Line of Business Consolidation initiative for a similar effort was treading water. … But with Sentinel awarded earlier this year to Lockheed Martin Corp., the Office of Management and Budget is pushing Justice to include all agencies under the LOB umbrella." GCN continues, "For litigation case management, Justice, which completed the target architecture in fiscal 2005, now will work with any agency that is involved with litigation, according to an administration official familiar with the LOB. … These agencies include the Environmental Protection Agency, IRS, Securities and Exchange Commission and many more. … 'We know it's more than just the Justice Department and we want to make sure whoever is going forward with a litigation system either builds onto or adds to the Justice system,' the official said. 'If we are going to build many times, we want to use a similar architecture so the systems can share information and components easily.' … Justice and OMB held a meeting last week to develop the plan with new LOB program manger Paul Garrett, who took over for Price Roe in March."

CORPORATE SCANDALS:

Angry Lay Trades Barbs With Federal Prosecutor At Enron Trial. The Wall Street Journal (4/27, Emshwiller, McWilliams) reports, "Under hard questioning by a federal prosecutor, former Enron Corp. Chairman Kenneth Lay admitted that he probably violated the company's code of ethics and had to fend off accusations of hypocrisy and attempted witness tampering." The Journal continues, "The confrontation with prosecutor John Hueston came as the government began its questioning after Mr. Lay spent nearly three days testifying in his own defense. The two men clashed sharply as Mr. Hueston pushed to ruffle the usually affable Mr. Lay. … The witness angrily denied Mr. Hueston's allegations that calls he made as recently as this month to potential trial witnesses were attempts to improperly influence them to agree with his version of events. 'You are distorting the phrase "in agreement with my story,"; Mr. Lay shot back, adding that, 'I don't have a story.' Mr. Lay said he made the calls to educate himself and confirm his own recollections of events." The Journal notes, "The possible ethics-code violation concerned a $120,000 investment Mr. Lay made in a private Internet company called PhotoFete.com Inc. The PhotoFete issue first arose during the testimony of Mr. Lay's co-defendant, Jeffrey Skilling, who had made about a $160,000 investment in the firm, which did about $450,000 of business with Enron. Messrs. Lay and Skilling were supposed to notify Enron's board about the potential conflict of interest."

The Washington Post (4/27, D1, Johnson) reports that Lay "grew furious at the government attack, pointing his finger and answering questions from…Hueston in an increasingly aggressive tone." The Post continues, "Hueston began his presentation by throwing back at Lay a quote from his own lawyer's opening statement three months ago: 'By our deeds we are known.' The prosecutor followed up with unrelenting questions designed to cast doubt on actions Lay took before the energy trader hurtled into bankruptcy protection in December 2001."

The New York Times (4/27, Barrionuevo, Romero) reports that Lay "lost his legendary cool on the witness stand Wednesday." The Times continues, "Just minutes into his cross-examination by… Hueston, Mr. Lay…testily accused…Hueston of personally preventing him from repaying a company credit line Mr. Lay had used to shore up his personal finances. … 'Mr. Hueston, you know you blocked it,' Mr. Lay said, his voice booming. 'It's a simple answer.'" The Times notes, "Before he took the stand, a number of legal experts had predicted that Mr. Lay would use the same folksy charm he employed during his heyday as the public face of Enron to seek to win over the 12 jurors deciding

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his fate in the criminal fraud trial here. But during his three days so far as a witness, Mr. Lay has found it harder and harder to maintain a kindly grandfatherly image. … Instead, Mr. Lay,… has become increasingly agitated, at times reacting impatiently even to his own lawyer, George McCall Secrest Jr., and lashing out at what Mr. Lay portrayed as a cabal of former Enron executives, investors and journalists whom he repeatedly blamed for the company's downfall in late 2001."

The AP (4/27, Hays) reports that Lay "dropped his affable persona as his cross-examination began Wednesday, snarling at a prosecutor who accused him of witness tampering when Lay called several potential witnesses during his fraud and conspiracy trial. … Jurors who had been listening impassively snapped to attention. … 'Did you have any conversations to get your story straight for trial?' asked prosecutor John Hueston. … 'Can you elaborate on that Mr. Hueston?' Lay shot back. 'I'm not sure what story you're talking about.' … The prosecutor noted that Lay called two Goldman Sachs & Co. executives during the trial regarding a September 2001 meeting about Enron. … Former Enron Chief Financial Officer Andrew Fastow - whom Lay has dubbed a traitor, liar and crook - testified that he and Lay met with the executives to discuss restructuring Enron at the same time Lay was telling employees and reporters that the company was sound. Lay says the executives called the meeting to discuss Enron's vulnerability to a takeover. … Lay said he called the executives in March - the same month Fastow testified - but he said he did not try to align their memories of the meeting with his."

CRIMINAL LAW:

Rove Makes Fifth Grand Jury Appearance In Plame Investigation. Deputy White House Chief of Staff Karl Rove yesterday appeared before the grand jury investigating the leak of undercover CIA operative Valerie Plame's identity for the fifth time. The story was the lead on CBS and NBC, bumping coverage of the announcement Fox News commentator Tony Snow was joining the Administration as press secretary, while ABC ran a brief mention later in its newscast. It also garnered front page coverage in the Washington Post and New York Times.

The Washington Post (4/27, A1, Vandehei, 744K) in a front page story offers the most new details on Rove's testimony and says that he left the court house "unsure whether he would be indicted, according to a source close to the presidential aide." He "spent considerable time arguing that it would have been foolish for him to knowingly mislead investigators about his role in the disclosure of the identity of undercover CIA officer Valerie Plame to the media, the source said. His grand jury appearance, which was kept secret even from Rove's closest White House colleagues until shortly before he went to court yesterday, suggests that prosecutor Patrick J. Fitzgerald remains keenly interested in Rove's role in the case." And "Rove for the first time partly waived his attorney-client privilege to detail conversations he had with his attorney, Robert Luskin, about the leak and his knowledge of it, the source said."

The CBS Evening News (4/26, lead story, 2:45, Axelrod, 7.66M) reported Rove's appearance "makes it crystal clear that the special prosecutor's investigation is still very much alive, and that Karl Rove is very much under a cloud of suspicion." But his attorney, Robert Luskin, "said prosecutors had assured them that in connection with this appearance, Rove was not a target of investigation. Special prosecutor Patrick Fitzgerald apparently wanted to question Rove more about his conversations with reporters right before CIA operative Valerie Plame's identity was revealed in the press." The news "just couldn't come at a worse time for the President."

NBC Nightly News (4/26, lead story, 3:00, Gregory, 9.87M) reported, "The question is whether Rove only remembered the conversation later in this investigation or whether he tried to hide it. A former prosecutor says special counsel Patrick Fitzgerald remains skeptical." Tom Connolly, former Federal prosecutor: "I think it means that Fitzgerald is unwilling to take Mr. Rove's lawyer's word that Mr. Rove made a mistake in previous testimony." Gregory: "His lawyer said today Rove testified 'voluntarily' at the request of the special prosecutor, adding that Fitzgerald said Rove 'is not a target of the investigation.'"

On ABC World News Tonight (4/26, story 4, 2:35, Vargas, 8.78M), Washington correspondent George Stephanopoulos said, "Well, fifth time. That's the key. Criminal lawyers will tell you that five appearances before a grand jury is highly unusual. And a sign that you're in some legal jeopardy. But Rove's lawyer, Robert Luskin, told me that Fitzgerald assured him his client is not a target. He's made no decisions yet."

CNN's The Situation Room (4/25, Blitzer) reported Rove's fifth appearance is "spurring new speculation that Rove could become the second White House figure possibly to be indicted in the leak case." CNN (King) added that it is "highly unusual to be called for a fifth time before the federal grand jury. Sources sympathetic to Rove are saying they believe this could lead to the resolution. From their accounts, they say the special prosecutor has a few lingering questions in their view about Rove's account of exactly why he didn't tell the full story in his first grand jury testimony about conversations with reporters."

The New York Times (4/27, A1, Kornblut, 1.19M) in a front page story reports Fitzgerald "did not comment about calling Mr. Rove to testify, and no one involved in the case said they clearly understood its status. It did not appear that

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there would be any immediate resolution for Mr. Rove, who has spent months defending himself against assertions that his legal troubles are distracting him from his White House duties." Meanwhile, "Democrats pounced on the turn of events, one of several controversies they hope to capitalize on in the fall elections." Sen. Charles Schumer said, "This additional Rove visit clearly shows that the Plame investigation is far from over and that Patrick Fitzgerald is living up to his reputation as an impartial, dedicated prosecutor determined to turn over every stone."

The Los Angeles Times (4/27, Schmitt, Hamburger, 958K) notes, "As the White House was introducing a new press secretary in an effort to put a new face on a troubled administration, Rove testified for three hours before the grand jury." The shift in Rove's portfolio "helped inoculate the White House against Rove's latest appearance before the grand jury. If Rove is indicted and forced to resign, the White House can say that Rove's substantive policy responsibilities have already been transferred."

The AP (4/27, Yost) says "Rove appeared at ease as he left the U.S. courthouse." The Wall Street Journal (4/27, Squeo, 2.11M) reports similar details on Rove's testimony.

Lawyer Says Rove Is Not A Target Of Fitzgerald's Investigation. CNN's The Situation Room (4/26, King) reported, "We do, though, have a statement from Rove attorney Robert Luskin. He says this: 'Karl Rove appeared today before the grand jury investigating the disclosure of a CIA agent's identity. He testified voluntarily and unconditionally at the request of special counsel Patrick Fitzgerald to explore a matter raised since Mr. Rove's last appearance in October 2005. In connection with his appearance, the special counsel has advised Mr. Rove that he is not a target of the investigation. Mr. Fitzgerald has affirmed that he has made no decision concerning charges. At the request of the special counsel, Mr. Rove will not discuss the substance of his testimony."

Allen Downplays Concerns That Rove Is A Liability. Sen. George Allen was asked on MSNBC's Hardball (4/26) if he is concerned that Rove will be a liability for the White House going into this year's elections. Allen said, "Karl Rove has a proven track record of success for this President as well as for other candidates, and so I think he's going to be focused on politics and campaigns and he's been awfully good at it and he has a great track record of winning." Asked if Rove's fifth appearance before the grand jury is a distraction for Republicans and the White House, Allen said, "Karl Rove is somebody who I've worked with in the past when I was chairman of the Republican Senate Campaign Committee, and I really do admire his knowledge and I think the President also has a great deal of confidence invested in him."

Defense Lawyer Accuses Federal Investigators Of Spying On Pellicano. The Los Angeles Times (4/27, Krikorian, Weinstein, Blankstein, 958K) reports Hollywood private investigator Anthony Pellicano "has accused the federal government of spying on him in prison through a secret arrangement with his then-girlfriend." Pellicano lawyer Steven Gruel "filed motions this week in federal court saying Sandra Wil Carradine provided FBI agents and prosecutors with a 'fountain of information' after a series of jailhouse visits late last year, giving them insights into the lawyer's legal strategy and violating his attorney-client privilege." The Times adds, "In mid-December, Gruel says in the motions, Carradine told FBI Special Agent Stan Ornellas…that Pellicano was attempting to hire the attorney, making it 'likely that the government knew of Mr. Pellicano's interest in my representation even before I did.' Carradine also told Ornellas of Pellicano's interest in calling a particular defense witness, enabling the FBI to contact the person before Pellicano's defense did, according to Gruel." The California Recorder (4/27, Scheck) notes, "Based on discovery turned over by prosecutors and evidence gathered on his own, Gruel's filings challenge the FBI's reasons for initially searching the detective's office. … The warrant, which was obtained in connection with a threat made to former L.A. Times reporter Anita Busch, 'was a subterfuge,' Gruel wrote. … He argues that agents were actually seeking evidence of illegal wiretaps -- particularly a recording of an FBI agent -- but didn't have probable cause to get a warrant for such material."

The California Recorder (4/27, Scheck) reports, "Steven Gruel has long contended that the feds were out to get his client, the celebrity private eye Anthony Pellicano, well before they executed a 2003 search warrant that resulted in Pellicano's conviction on explosives charges -- and a protracted federal investigation aimed at some of Hollywood's biggest lawyers." The Recorder continues, "In court papers filed late Tuesday, Gruel, a former San Francisco federal prosecutor, gave the most detailed peek yet into how he plans to support that claim. He also outlined his contention that prosecutors improperly used Pellicano's girlfriend as an informant to pry into the detective's defense strategy. … All of the arguments are aimed at getting more discovery out of Los Angeles federal prosecutors and ultimately, Gruel said, getting the indictment tossed." The Recorder adds, "Based on discovery turned over by prosecutors and evidence gathered on his own, Gruel's filings challenge the FBI's reasons for initially searching the detective's office. … The warrant, which was obtained in connection with a threat made to former L.A. Times reporter Anita Busch, 'was a subterfuge,' Gruel wrote. … He argues that agents were actually seeking evidence of illegal wiretaps -- particularly a recording of an

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FBI agent -- but didn't have probable cause to get a warrant for such material."

Kidman-Cruise Recording Among Items Found By FBI At Pellicano Office. The New York Daily News (4/27, 729K) reports, "A recording of a phone call between Nicole Kidman and Tom Cruise was just one of the treasures the FBI found in the 'War Room' of jailed private eye Anthony Pellicano, according to the June Vanity Fair, now online. Kidman took to joking to friends during calls, 'So, Tom, are you listening? Am I saying what you want me to say?' … Both stars have been questioned by the FBI, according to the story by top investigators Bryan Burrough and John Connolly, who is writing a book about the P.I."

Thirteen-Year FBI International Manhunt Led To Fugitive Molester's Arrest. The Los Angeles Times (4/27, Griggs, 958K) reports, "For nearly 13 years, law enforcement officials tried to bring convicted child molester Channa Pryia Ruberoe to justice. Now, Ruberoe, convicted in Ventura in 1993 of three counts of lewd acts against his stepdaughter, is behind bars." Ruberoe's "circuitous route through Europe and southern Asia and the dogged pursuit by investigators with the Ventura County district attorney's office and the local FBI office rival the plot of a spy novel." The Times adds that Superior Court Judge Don Coleman said yesterday, "The FBI and their international law enforcement contacts are the real heroes in this story." The Times notes, "Last week, Ruberoe was given the maximum sentence of 12 years."

Federal Prosecutors Considering New Charges Against Gotti. The New York Daily News (4/26, Zambito, 729K) reported that on Tuesday, "the feds raised the ante against John (Junior) Gotti…by telling a judge they may yet charge the mob scion -- and his little brother -- with new crimes. Prosecutors say they're looking into Gotti's transfer of ownership of his Long Island mansion to his wife, Kim, at a time when the government was trying to seize the property because it was bought with mob money. The government also is taking aim at brother Peter, citing testimony at Junior's recent trial that prosecutors believe could link the younger Gotti to possible crimes." The New York Post (4/26, Cornell, 624K) noted, "Prosecutors publicly disclosed that admissions by Gotti are 'a basis' for their sweeping investigation in a letter to Manhattan Federal Judge Shira Scheindlin…as they defended sending subpoenas to witnesses who recently testified for Gotti. … Defense lawyer Charles Carnesi declined to comment, but the letter from prosecutors shows Gotti's attorneys have privately denied he 'admitted significant information about criminal activity in which he and others were involved.'"

Prosecutors Say Reputed Gambino Capo Exaggerating Illnesses To Avoid Trial. The New York Post (4/27, Cornell, 624K) reports, "Reputed Gambino acting capo Greg DePalma has borrowed a page from the notorious Mafia boss Vincent 'Chin' Gigante by pretending he's too sick to stand trial, prosecutors charge. Defense lawyer John Meringolo is expected to argue in Manhattan federal court today that DePalma, 73, is near death due to lung cancer, heart disease and other ailments -- and incapacitated by more than 20 medications he takes daily. But prosecutors are skeptical and have asked Judge Alvin Hellerstein to keep his racketeering trial scheduled for May 8." The Post notes, "The feds' court papers claim DePalma 'exaggerated the severity' of his illness to get a reduced sentence in 1999 and to 'garner sympathy' at a 2001 murder conspiracy trial. … As soon as DePalma hit the streets in February 2003, after finishing out a prison term, he got right back to mob business, prosecutors say."

Judge Bars Juror Background Checks In Chicago Corruption Trial. The AP (4/27, Robinson) reports, "A federal judge barred prosecutors Wednesday from conducting criminal background checks on prospective jurors in the upcoming trial of Mayor Richard M. Daley's one-time patronage chief and three other former city officials." The AP continues, "Prosecutors notified the judge that they planned to make such checks before jury selection gets under way May 10. But U.S. District Judge David H. Coar said such checks could have a 'coercive effect' if jurors found out. … 'Absent some showing that it would be appropriate or necessary, I don't think as a matter of policy any party ought to be allowed to conduct criminal background checks of the jurors,' the judge said." The AP notes, "Federal prosecutors planned to look into the prospective jurors' backgrounds following the corruption trial of former Illinois Gov. George Ryan. In the Ryan case, two jurors were removed in the middle of deliberations after The Chicago Tribune disclosed that they failed to indicate on a court questionnaire that they had arrest records. … Later, the judge in the Ryan case declined to dismiss four other jurors who failed to indicate that they had experiences with the court system, including a divorce and a theft charge."

South Carolina Administrator Faces Federal Charges. The Myrtle Beach (SC) Sun News (4/27, Reports) reports, "Surfside Beach Town Administrator Clyde Merryman was indicted by a federal grand jury in Florence today on seven criminal counts in connection with an investigation into Asian-owned spas in Myrtle Beach in 2002." The News continues, "The indictment was returned today against 60-year-old Merryman, a retired FBI agent. He is facing charges of mail fraud and theft of honest services,

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concealment of a material fact from a U.S. agency, falsification of records in a federal investigation, and obstruction of justice." The News adds, "Merryman launched the investigation as a FBI Special Agent in January 2002 into Asian-owned spas in Myrtle Beach. The indictment says that the investigation questioned whether the spas used Korean women who were illegally in the United States for the purpose of prostitution. … According to the U.S. Justice Department, the indictment accuses Merryman of developing an ongoing 'personal relationship' with a woman who was a confidential witness of the investigation."

DOJ Will Not Seek Death Penalty In Alabama Carjacking Death. The Mobile Register (4/27, Kirby) reports, "Federal prosecutors will not seek the death penalty against a pair of Mobile men accused of committing a fatal carjacking last year." The Register continues, "Prosecutors last year announced they would seek permission from the Justice Department to try to execute Alexander L. Bohannon, 23, and Sebastian Sanchez Dubose, 25, for the March 2005 slaying of Michael Lee Rodgers outside of his home in south Mobile." The Register adds, "Lawyers on both sides of the case made presentations in Washington to Justice Department officials, who last month denied permission to go for the death penalty. Both men are scheduled to stand trial in June, and could get life prison terms if convicted. … The Justice Department did not explain its rationale, and federal prosecutors in Mobile did not return phone calls seeking comment."

FBI Seized Documents, Computers In San Diego Pension Probe. The AP (4/27) reports, "The FBI has seized computers and documents from the workplace of San Diego's former pension system president as part of a two-year investigation into the city finances. It's the first known time federal investigators probing the pension problems have sought information outside City Hall and the pension offices. FBI agents arrived unannounced earlier this month at the San Diego State University Foundation office where Frederick Pierce IV works as a developer. The FBI has not released further details of the search because the search warrant is sealed and Pierce said he was out of town when the FBI went to his office." The San Diego Union-Tribune (4/26, Hall, Petrillo, 353K) noted, "San Diego FBI Chief Dan Dzwilewski confirmed that agents searched Pierce's office, but declined further comment because the search warrant is sealed. Pierce and foundation spokeswoman Theresa Nakata would not say whether the scope of the search extended beyond the pension fund and its $1.43 billion deficit.

High Court Hears Challenge To Execution By Lethal Injection. Knight Ridder (4/27, Henderson) reports, "The Supreme Court appeared split Wednesday over how a lower court should handle a Florida death row inmate's contention that the state's method of lethal injection is unconstitutional because it could cause him great pain." Knight Ridder continues, "Clarence Hill, who shot and killed a Pensacola police officer in 1982, has exhausted the appeals regularly afforded to inmates who challenge their sentences. But his lawyers say his complaint about the lethal injection procedure is a civil rights claim that doesn't directly challenge his sentence, just the way it's going to be carried out. The state says essentially that Hill's claim is a ruse, an indirect way back into court to stop the state from taking his life. … Two lower courts have rejected Hill's claims, but that has happened against the backdrop of a mounting national debate over how cruel or humane lethal injection is. Eight executions have been delayed this year to consider the issue, thanks in part to medical studies that suggest some inmates may feel terrible pain when intravenous drugs are used to end their lives."

The Wall Street Journal/AP (4/27) reports, "The justices had a wide-ranging discussion about the way executions are carried out, and how they can be contested. Justice Antonin Scalia said that if they allow Florida death-row inmate Clarence Hill to pursue claims, that could drag out a case that has already been pending for more than two decades. … Justices have never ruled on the constitutionality of lethal injection, which is used by the federal government and every state that has capital punishment except Nebraska."

The Washington Post (4/27, A10, Lane) reports, ""With questions and comments from the justices revealing an even split along liberal-conservative lines, the outcome could depend on Justice Anthony M. Kennedy, the centrist who is the court's swing voter now that Sandra Day O'Connor has retired." The Post notes that "the precise issue before the court is not whether lethal injection is unconstitutional. Rather, it is a related procedural question: Should courts treat a prisoner's assertion that a particular method of execution is unconstitutional as a federal civil rights lawsuit, as Hill argues, or as a petition for habeas corpus, as Florida says? … The question is critical, because Congress has put strict limits on habeas corpus claims but not on civil rights suits."

The Legal Times (4/27, Mauro) reports that "the justices appeared reluctant to give states carte blanche to use any combination of death-dealing chemicals they choose. … At one point in oral arguments in Hill v. McDonough, Justice Anthony Kennedy suggested that states have 'some minimal obligation' to ensure that the chemicals used in legal executions employ the 'most humane method' available."

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McDermott Appeals Ruling In Case Involving Illegally Taped Phone Call. The AP (4/27, Daly) reports that WA7 Rep. Jim McDermott (D) "on Wednesday asked a full nine-member appeals court to hear an appeal of a case involving an illegally taped telephone call that was leaked to reporters nearly a decade ago." The AP notes, "In court papers filed Wednesday, McDermott asked all nine members of the appeals court to hear the case, saying it involved a crucial First Amendment issue." McDermott's "petition said the full court should hear arguments in the case 'because the divided panel decided a constitutional issue of exceptional importance in a manner inconsistent with on-point Supreme Court precedent.'"

Moore's Son Jailed For Slashing Tires On Election Day 2004. The Washington Times (4/27, Pierce, 90K) reports in its "Inside Politics" column, "A Wisconsin congresswoman's son and three Democratic campaign workers were sentenced yesterday to four to six months in jail for slashing tires outside a Bush-Cheney campaign office in Milwaukee on Election Day 2004. … Among those sentenced yesterday were Sowande A. Omokunde, the son of U.S. Rep. Gwen Moore, Wisconsin Democrat, and Michael Pratt, the son of former acting Milwaukee Mayor Marvin Pratt."

CIVIL LAW:

Pennsylvania County Settles INS Inmate Cost Dispute With DOJ. The AP (4/27, Walters) reports, "York County (AP) will pay the federal government $16 million to settle a dispute over how much its prison charged to house immigration detainees." The AP continues, "The Department of Justice alleged that the county knowingly understated the overall number of inmates at the prison, resulting in a higher rate being charged for federal immigration detainees being housed there between October 1999 and March 2003. … The county, however, does not admit any wrongdoing under the settlement reached Wednesday. … 'We disagree with their characterization concerning that agreement,' said Michael Flannelly, York County solicitor, adding that the county settled to avoid expensive litigation. 'Given the level of risk that we were facing, we believe it's an appropriate settlement.'" The AP adds, "In 2000, the now-defunct U.S. Immigration and Naturalization Service agreed to increase the rate to $60 a day for each federal detainee based on York's statement of prison operating costs and the inmate population. … But York reported that the average daily population of the prison was 996 inmates for the applicable period, rather than the 1,544 it reported to the state, according to the U.S. government. … The difference in those figures led to the U.S. government being charged an inflated rate for detainees at York, one of the nation's largest immigration detention centers, federal officials said. … Charles Miller, a Justice Department spokesman, said he considered the legal matter closed."

Federal Contractor To Pay For Misrepresenting Size. Government Executive (4/27, Hardy) reports, "Insight Enterprises has agreed to pay the government $1 million to settle claims that its subsidiary, Insight Public Sector, fraudulently misrepresented itself as a small business to get a federal contract." GE continues, "Insight, an information technology solutions provider based in Tempe, Ariz., admitted no wrongdoing in agreeing to the settlement. Lloyd Chapman, president of the American Small Business League, initially pursued the case against Insight in a Small Business Administration complaint." GE adds, "Chapman believes that large companies often represent themselves as small businesses and that SBA and the General Services Administration rarely take action. … Insight's troubles arose after it acquired Comark and Comark Government and Education Services in 2002. CGES, which is now Insight Public Sector, had won a place on the GSA schedule as a small business in 1996. After investigating, the Justice Department and SBA contended that CGES had not been a small business in 1996 and had later received preference on some orders through the GSA schedule because of its reported size status. … The company disputes that claim, but agreed to settle to avoid the risk and expense of litigation, said Richard Fennessy, Insight's president and chief executive officer, in a statement issued late last month."

Archive Auditors Say Classified Files Wrongly Kept Secret. The Washington Post (4/27, A25, Lee, 744K) reports, "The CIA and other agencies wrongly kept secret about a third of the records they pulled from public shelves at the National Archives during reclassification efforts that were far more extensive than previously disclosed, according to an audit released yesterday." National Archives auditors "who reviewed a representative sample of thousands of formerly public records found that 24 percent were pulled despite being 'clearly inappropriate' for reclassification, and another 12 percent were 'questionable' as candidates for reclassification."

The New York Times (4/27, Shane, 1.19M) reports, "Calling the exposure of the hidden effort to reclassify records a 'turning-point moment,' Allen Weinstein, the head of the National Archives, announced a new effort to set consistent standards for deciding what records should be protected." The Times continues, "The pilot National Declassification Initiative, overseen by the archives, will seek to reduce what Mr. Weinstein called an 'unconscionable backlog' of historical

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records not yet released and to avoid unnecessary classification in the future." The AP (4/27, Yen) also reports on this story.

Tobacco Company Seeks Reversal Of Anti-Smoking Ad Ruling. Dow Jones (4/27) reports, "Lorillard Tobacco Co. Wednesday asked the Delaware Supreme Court to overturn a ruling that the 'truth' series of anti- smoking ads does not 'vilify' the tobacco industry." Dow Jones continues, "The maker of Newport, Kent, True and Old Gold cigarette brands says the ad campaign, which is targeted at children and teenagers, violates the bargain tobacco companies made in 1998 to settle lawsuits from 46 state attorneys general, an agreement that called for the industry to pay for anti-smoking ads. … Lorillard wants to strip funding from American Legacy Foundation, the non-profit organization behind the 'truth' ads and the recipient of $1.5 billion in funds under the settlement. According to the company, the ads breach restrictions against vilification and personal attacks contained in the settlement. … American Legacy says that the ads have to be edgy to reach the defiant youngsters most at risk of smoking but that the campaign is tailored to avoid personal attacks and vilification, which it defines as abusive and unfair portrayals of tobacco companies."

CIVIL RIGHTS:

Michigan Court To Rule On Voter ID Law. The AP (4/27, Eggert) reports that the Michigan Supreme Court "agreed Wednesday to decide whether Michigan can require voters to show photo ID, entering a decade-long political fray over issues such as election fraud and voter intimidation." The AP continues, "The court voted 5-2 to issue an advisory opinion on the constitutionality of a 1997 state law requiring voters to show photo identification to get a ballot. A court spokeswoman said the ruling will be binding, though it could be appealed to the U.S. Supreme Court." The AP adds, "Former Attorney General Frank Kelley, a Democrat, ruled nine years ago that the law violated the equal protection clause of the 14th Amendment of the U.S. Constitution, which guarantees U.S. citizens the right to vote. … Opponents of the law say the requirement would keep poor people, non-drivers and others away from the polls. But supporters say it's needed to prevent election fraud. … The U.S. Justice Department, for example, has been investigating allegations that Detroit votes were cast last year in the names of dead people."

Virginia Activists Gearing Up Campaigns Ahead Of Vote On Gay Marriage Ban. The Washington Post (4/27, B9, Jenkins, 744K) that "beginnings of a statewide political campaign" are underway "over the proposed amendment to the Virginia Bill of Rights that would ban same-sex marriages and civil unions." The initiative "will be on the ballot statewide Nov. 7. … More than six months before Election Day, supporters and opponents have formed coalitions they hope will raise hundreds of thousands of dollars and lure scores of volunteers to their voter outreach efforts." The Post notes, "Organizers on both sides said they hope to raise enough money to fill the airwaves with radio and television ads. And they vowed to send volunteers to as many county fairs, clambakes and cookouts as needed to get the vote out."

Study Gauges Likelihood Of Gays Marrying. The AP (4/27, Crary) reports, "A new study attempts to gauge the percentage of gays and lesbians who have chosen to marry in places where that option is legal, with estimates ranging from as little as 2 percent to more than 16 percent, depending on the location." The AP continues, "A co-author of the report, released Wednesday, said both sides in the gay marriage debate may take heart from the findings. … The Institute for Marriage and Public Policy, which opposes gay marriage, reviewed data from the Netherlands, Belgium, Canada and Massachusetts, all of which allow same-sex partners to wed. … In each case, the study offered a range of estimates of the percentage of gays who had married, based on varying approximations - from 1 percent to 5 percent - of how many gays were in the general population." The AP notes, "The study estimated that between 2 percent and 5 percent of Belgium's gays and lesbians, and 5.9 percent to 16.7 percent of those in Massachusetts had married. Same-sex marriage became legal in Massachusetts in May 2004, and 7,341 gay and lesbians couples had wed there through last December."

"Don't Ask, Don't Tell" Protesters Detained At West Point. The AP (4/27, Virtanen) reports, "Twenty-one gay rights activists were detained at the U.S. Military Academy and issued federal citations Wednesday while protesting the Pentagon's 'don't ask, don't tell' policy." The academy was the last stop for the Soulforce Equality Riders' " 20-stop, cross-country tour of conservative Christian and military colleges that protest organizers say discriminate against gay, bisexual and transgendered people."

Brooks Says Democrats Moving Away From Multiculturalism. David Brooks writes in his column in the New York Times (4/27, 1.19M), "Over the past few years, multiculturalism has faded away. A different sort of liberalism is taking over the Democratic Party." This "rebirth of liberal American nationalism is a significant event. Democrats are purging the last vestiges of the New Left and returning to the older civic liberalism of the 1950's and early 1960's." It happened because "the identity groups have ossified" even

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as "the intellectual energy on the left is now with the economists." Also, "the Democrats have come to understand that they need to pay less attention to minorities and more to the white working class," even as 9/11 "aroused feelings of national solidarity" which "discredited the multiculturalists' tribalism."

ANTITRUST:

Senate To Examine Oil Firms' Tax Records As Industry Reports Record Profits. With oil companies again reporting record profits, the Senate Finance Committee has asked the IRS for the firms' tax returns. The committee last requested corporate tax records during its investigation into the collapse of Enron. The story was reported on each of the networks last night, which devoted over 11 minutes to the issue of higher gas and oil prices; ABC led with a report on the industry's profits.

The CBS Evening News (4/26, story 2, 0:25, Schieffer, 7.66M) reported, "A Senate committee opened an investigation today into whether America's oil companies making record profits are paying all the taxes they should. The panel asked the IRS for the companies' tax returns. One of those oil companies, Conoco Phillips, today became the first of the big three to report their first-quarter profits. They were up 13% to nearly $33 billion."

The Washington Post/AP (4/27, A10) says the Senate committee's request is "highly unusual" and "came as Congress showed increasing concern amid political fallout over high gasoline prices and oil industry profits. Lawmakers began moving on various fronts to eliminate loopholes and some tax provisions that save oil companies billions of dollars." A more extensive version of the AP (4/27, Hebert) article notes, "Bush on Wednesday urged Congress to remove those tax provisions, worth $2 billion over 10 years. He said people should not pay for such subsidies when the industry is wallowing in cash."

Bloomberg (4/27, Efstathiou) adds, "Bush, in a speech on energy issues yesterday in Washington, said the American people expect oil companies to plough more of their profits into investments in refineries and production projects that might eventually ease prices. He also said Congress should roll back incentives to the oil industry that will cost the U.S. about $2 billion over 10 years."

The Financial Times (4/27, Yeager) notes, "A spokesman for the American Petroleum Institute, which represents the US industry, said the review of documents was within the committee's power, but added, 'I don't think there is anything in there that would have any bearing on gas prices. Gas prices are set by the law of supply and demand.'"

Gonzales Urges Consumers To Use Less Gas. The AP (4/27, Davis) reports, "U.S. Attorney General Alberto Gonzales said federal and state investigations aren't a substitute for consumer belt-tightening to combat soaring gas prices across the nation. … 'If the gas companies are colluding together or committing fraud, we have an obligation to investigate that,' Gonzales said Wednesday during a visit to Florida to kickoff an anti-gang program. 'Obviously, this is not something that can be solved solely by law enforcement efforts. It requires, perhaps, a change in behavior by consumers. There are things we can do at a federal level, but also it's going to require a collective effort.' … Gonzales declined to comment on what evidence, if any, his agency has of price fixing in the gasoline market." The AP adds, "President Bush is trying to calm Americans' outrage over soaring gas prices by ordering the Department of Justice to investigate whether the price of gasoline is being illegally manipulated. Gas prices are hovering near $3 a gallon and polls give Bush low marks in handling the crisis. … On Monday, Gonzales shifted some of the focus to local authorities with a letter asking all 50 state attorneys general to be vigilant for price gouging. State authorities have primary authority in policing gouging. … 'We're all working together looking into this,' Gonzales said."

Oil Companies' Large Profits Draw Attention. ABC World News Tonight (4/26, lead story, 2:15, Vargas, 8.78M) reported, "We begin with overflowing profits for the oil industry, as Americans struggle to pay rising prices at the pump. We have had a glimpse, our first glimpse, of how much the big oil companies are earning right now. And all indications are, new records are on the way. In the first three months of this year, Conoco Phillips said it made $3.3 billion in profits. BP, more than $5.5 billion. The windfalls are breathtaking. And larger ones are expected in the coming days." ABC (B. Stark) added, "Analysts expect the top five oil companies to make a whopping $27 billion in the first three months of 2006."

ABC World News Tonight (4/26, story 2, 2:10, Vargas, 8.78M) also examined other beneficiaries of rising energy prices, such as Saudi Arabia, "the world's number one oil producer is expected to make $154 billion this year, fueling a building boom. Venezuela, which provides the US with more than 10% of its oil, is expected to make $34 billion. Its president is using those profits to support anti-US politicians across Latin America. There's no question, however, that US oil companies have hit a profits gusher, too."

The CBS Evening News (4/26, story 3, 2:20, Schieffer, 7.66M) reported Red Cavaney of the American Petroleum Institute "explains it this way: For every $1 spent on gas, 55 cents is the cost of crude, which the big oil companies really can't control. Twenty six cents goes to refining and distribution, where the bulk of their money is made; the last 19 cents in taxes. Why can't the industry simply lower their profits to help lower the price of gas?" Cavaney: "All of the companies here in the US that deal with the consumer are

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investor-owned companies. The responsibility of the management there is to ensure that they're providing for shareholder return." Pitts: "But surging oil profits aren't shared by gas station owners."

Justin Lahart in his "Ahead of the Tape" column in the Wall Street Journal (4/27, C1, 2.11M) notes, "Energy companies are in a bind most companies can only envy: They are doing so well that they have been at pains lately to convince others -- and themselves -- that things aren't as good as they seem." And experts expect Exxon Mobil to report it "earned $1.50 in the first quarter, up 30% from a year ago, when things weren't all that bad. In 2005, Exxon recorded the highest annual profit ever for a publicly traded company, $36 billion, on sales of $371 billion that surpassed Wal-Mart Stores'."

The New York Times/AP (4/27) also notes ConocoPhillips, Exxon Mobil and Chevron "are expected to report a total of more than $16 billion in first-quarter profit. James J. Mulva, chief executive at ConocoPhillips, said in a conference call with analysts and investors that the company would spend about $18 billion this year in capital investments, up from the $10 billion announced in December."

Oil Industry Warns Windfall Taxes Not The Answer. In response to the increased congressional attention on Capitol Hill, the Financial Times (4/27, Swann) notes American Petroleum Institute president Red Caverney said, "Windfall taxes were tried between 1980 and 1986 and it increased out dependence on foreign oil and reduced domestic production. … There is nothing good that comes of it."

Oil Industry Launches Counteroffensive. The Los Angeles Times (4/27, Douglass, 958K) reports, "Oil executives have launched their own offensive to win American hearts and minds. In full-page advertisements and media interviews, they argue that the millions of Americans who own shares in oil concerns are winners too. Exxon Mobil, the world's biggest company with $1 billion a day in sales, insisted Wednesday that it was too small to influence the global oil market." Spokesman Mark Boudreaux said, "As big as we are, we are only 3% of the crude oil production in the world."

Lawmakers Follow Bush Lead On Examining Tax Breaks. The New York Times (4/27, A1, Andrews, Janofsky, 1.19M) in a front page story reports, "Leading Republicans echoed President Bush's call Tuesday to trim about $2 billion in tax breaks Congress passed as part of the energy bill last August. Several prominent Democrats, not to be outdone, pushed for repealing oil and gas tax breaks worth more than $10 billion over the next five years." But "experts contend that the government has few options that would quickly reduce gasoline prices, and competing party agendas could block Congressional agreement on any meaningful legislation." Legislators "have introduced more than 30 energy bills in the last several months. But they reflect often - conflicting goals of reducing prices, increasing production and soothing consumer anger about oil industry profits."

Policy Makers Have Few Options To Ease Price Pressure. NBC Nightly News (4/26, story 3, 2:05, Thompson, 9.87M) reported in a "reality check" segment that President Bush "wants to delay filling the Strategic Petroleum Reserve to put more oil on the market because he says every little bit helps." Phil Flynn, oil analyst: "Every little bit does help, but it doesn't get any littler than this." Thompson: "Oil analyst Phil Flynn says the move would only add 15,000 barrels a day, a drop in the bucket compared to the almost 21 million barrels a day we use." Thompson: "Experts say the cries to break up these behemoths ignore the reality that the US imports two-thirds of its oil, and these companies have little control over price. Market manipulation is what the Federal Trade Commission is investigating, but prior investigations found no evidence of price fixing or collusion." NBC Nightly News (4/26, story 8, 2:00, Williams, 9.87M) also examined how the increase in gas prices has affected driver behavior.

Democrats Hold Press Conferences To Highlight Gas Prices. CNN's The Situation Room (4/26, Koppel) reported, "Yesterday Democrats both in the House and the Senate held back-to-back news conferences to get their message out. Today Democrats I guess you could say took their message on the road. Or at least down the road from the Hill. Senate Democrats made a point of walking to a nearby gas station, a sign with the latest gas prices, another chance to drill away at the White House and Republicans. … Democrats intend to call on Congress this week to spend $350 million so the federal government can better monitor oil companies and crack down on possible price gouging." CNN added that "a House leadership Republican aide tells CNN, Wolf, that the House speaker, Dennis Hastert, and other Republicans plan to take their message to the pumps tomorrow as well, to try to lay out some of the ideas that they say they have in store for lowering those prices."

Senate Ag Committee To Consider Alternative Fuel Options. The AP (4/27, Frommer) reports, "A day after President Bush touted the increased use of renewable fuels to help offset rising gas prices," the Senate Agriculture Committee "looked at ways to promote the use of such fuels." Committee chairman Saxby Chambliss "said that the energy bill passed by Congress last year has helped spur the renewable fuels industry by creating a national renewable fuel standard, and by extending the biodiesel tax credit."

Alternative Energy Programs Not Expected To Offer Short Term Relief. The Christian Science Monitor (4/27, Scherer, 61K) reports, "Prospects for alternative energy got a boost this week when President Bush spoke to the Renewable Energy Association. 'What we are seeing is more creativity,' says John McLennan, a director of technical

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services at ASRC Energy Services E&T, Inc. in Salt Lake City." But "don't expect to see changes overnight. 'As the oil price rises, it doesn't mean that we're all going to turn a switch on and be awash in alternative fuels,' says Aaron Brady, an energy analyst at Cambridge Energy Research Associates. 'There is no one technology that is the silver bullet that will overturn the dominance of petroleum, but a lot of efforts will become part of the mix that increases the supply of liquid fuels for the world.'"

Alternative Energy Companies Expect Stocks To Rise. The Washington Times/AP (4/27, Seewer) reports, "Investors are betting that new energy regulations and high gas prices could lead to an earnings bonanza for companies such as Andersons, ADM and Pacific Ethanol that produce the fuel additive made from fermented corn that allows cars to run more cleanly." For example, Pacific Ethanol shares "nearly doubled in January, the same month that President Bush touted ethanol in his State of the Union speech. Its shares fell 30 cents yesterday to close at $33.00 on the Nasdaq Stock Market."

Milbank Says Lawmakers Rhetoric On Gas Prices Does Not Match Personal Behavior. Dana Milbank in his "Washington Sketch" column in the Washington Post (4/27, A2, 744K) faults lawmakers for trading jabs over responsibility for high gas prices while driving gas guzzling cars noting that the US "may be addicted to oil, as President Bush puts it. But America is in the denial phase of this addiction -- as evidenced by the behavior of its lawmakers. They have proposed all kinds of solutions to high gas prices: taxes on oil companies, domestic oil drilling and releasing petroleum reserves. But they ignore the obvious: that Americans drive too much in too-big cars."

SEC System For Measuring Oil Reserves Seen As Outdated. Cambridge Energy Research Associates chairman Daniel Yergin in an op-ed in the Wall Street Journal (4/27, 2.11M) questions the accuracy of SEC "proved reserves" reporting system saying it "has become antique, and the information it provides to investors increasingly diverges from the actual resource position of many companies. Nor does it serve the original intent of disclosure -- energy security." Yerges states, "The result is a disconnect between the mandated reserves disclosure and the reality of companies' plans, strategies and activities -- and how they are spending many billions of dollars. Owing to the current rules, much of what they are working on, though particularly relevant to their futures, cannot be counted. That divergence hardly helps investors understand the position of a company and its future prospects."

MediaNews To Purchase Four McClatchy Newspapers. The AP (4/27) reports, "MediaNews Group Inc., publisher of the Denver Post and other newspapers, is buying four newspapers from McClatchy Co. for $1 billion in cash with backing from Hearst Corp." The AP continues, "The four papers -- the San Jose Mercury News, the Contra Costa (Calif.) Times, the Monterey (Calif.) County Herald and the St. Paul (Minn.) Pioneer Press -- currently are owned by Knight Ridder Inc., which McClatchy is buying. … The deal announced late yesterday would strengthen MediaNews's presence in Northern California, where it already owns several papers in the San Francisco Bay area." The AP adds, "The four papers are among the 12 Knight Ridder properties that McClatchy has said it intends to sell since they do not meet McClatchy's acquisition criteria, which include being located in rapidly growing markets. … MediaNews' interest in the newspapers had been widely known. The three Northern California papers would complement the company's existing holdings, which include the Oakland Tribune and the Marin Independent Journal. MediaNews owns a number of newspapers in geographic clusters, which helps reduce production and other costs and allows for group advertising sales. … McClatchy said yesterday that the Justice Department told the company that it would seek additional information regarding the Minneapolis-St. Paul area, indicating that regulators did not see other antitrust concerns with the Knight Ridder takeover."

TheStreet (4/27, Brown) reports, "McClatchy got a Justice Department request for additional information on its planned acquisition of Knight-Ridder. … The Sacramento-based newspaper company says the government wants information about papers in Minnesota." TheStreet continues, "McClatchy is owner of the Star Tribune in Minneapolis, and with the Knight-Ridder deal it gains control of the Pioneer Press in nearby St. Paul. … 'The scope of the DOJ's request is limited to information concerning the Minneapolis -- St. Paul, Minnesota area. McClatchy has previously announced its intention to divest the St. Paul Pioneer Press newspaper, currently owned by Knight-Ridder Inc., to a third party,' a company statement read."

The St. Paul Pioneer-Press (4/27, Welbes) reports, "MediaNews Group Inc. is buying the St. Paul Pioneer Press in a complex transaction that involves the Hearst Corp., three other papers and a $1 billion price tag." The Pioneer-Press continues, "The proposed deal, announced Wednesday by MediaNews and the McClatchy Co., the owner of the Minneapolis-based Star Tribune, would end more than five months of speculation about who eventually would own the Pioneer Press. … Regulators are taking a close look at how the shuffling of ownership will affect competition in the Twin Cities and in the California markets where MediaNews will gain considerable strength."

The Minneapolis Star Tribune (4/27, Phelps, Fiedler) reports, "The announcement capped a whirlwind spring for the St. Paul newspaper, the state's oldest. … It was put on the market along with 11 other Knight Ridder papers right after McClatchy bought the chain last month. Helping drive

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the sale of the Pioneer Press were antitrust concerns that regulators wouldn't be comfortable with two major papers under the ownership of one company in the Twin Cities market."

The Contra Costa Times (4/27, Avalos, Temple) reports, "The McClatchy Co. announced an agreement to sell the Times and three other newspapers for $1 billion to two parties. … Denver-based MediaNews, publisher of the Oakland Tribune and other East Bay papers, will purchase the Times and San Jose Mercury News." The Times adds, "The sale of the Times became increasingly certain starting last October when several big shareholders rebelled at the lackluster stock performance of its parent, San Jose-based Knight Ridder, and eventually forced Knight Ridder to put itself on the block. … Sacramento-based McClatchy announced it had won the sparsely contested auction on March 12, in a stock and cash deal then worth $4.5 billion. The news was greeted with optimism by Times reporters and employees, given McClatchy's reputation for quality journalism and financial stability." The Times notes, "Separately on Wednesday, McClatchy Corp. said that the U.S. Department of Justice is seeking additional information regarding its pending purchase of Knight-Ridder.The DOJ's request is limited to the St. Paul Pioneer-Press, but McClatchy said it extends the waiting period under antitrust law, giving the government additional time to review the transaction -- and potentially holding up any deal."

Newspaper Guild Seeks Revocation Of York, PA, JOA. Editor & Publisher (4/27) reports, "The Newspaper Guild-Communications Workers of America filed a petition with the U.S. Attorney General's office claiming that MediaNews Group violated the Newspaper Preservation Act with two York, Pa., daily papers." E&P continues, "The Guild, along with York/Adams County Central Labor Council and City Council President Cameron Texter, charge that MediaNews Group has 'hidden the fact that it now is sole owner and publisher of both papers.'" E&P adds, "In 1989 the Justice Department approved a JOA between MediaNews, publisher of the York Dispatch, and Buckner News Alliance, publisher of the York Daily Record. … The union groups and city council president claim that 'the two publishers engaged in deception in 2004 by reporting that they had swapped ownership of the two papers' when in fact MediaNews bought the Daily Record from Buckner while retaining the Dispatch."

Microsoft Claims EU Ruling Undermines Trade Secrets. The AP (4/27, White, Moore) reports, "Microsoft Corp. complained Wednesday that the European Commission forced it to hand over trade secrets to rivals, effectively giving them a 'free ride' on the work the software maker did to acquire new customers and develop new technologies. … But Anthony Whelan, the Commission's lawyer, said that the 'super-dominant' software maker had managed to strangle its rivals' innovation and was unlikely to face 'an attack of the clones' if it gave companies the information they needed to make their programs work more smoothly with the Windows operating system. … 'Microsoft's alarmist claims about duplication have been made for your consideration only,' he told the panel of 13 judges who are considering the company's challenge to the Commission's 2004 antitrust order and record 497 million euro ($613 million) fine." The AP adds, "The weeklong hearing was in its third day Wednesday, and the focus shifted from media player software to the EU regulators' order that Microsoft give interoperability information to makers of rival server operating systems. … Whelan said Novell Inc. and Sun Microsystems Inc. were reduced to catering to network servers with 'last century's technology' -- Windows NT -- because Microsoft withheld the code needed to allow them to work smoothly with PCs running the world's most-used desktop software."

Dow Jones (4/27) reports, "Microsoft is appealing a landmark antitrust punishment before a European court in Luxembourg. In 2004, the Commission found the company cripples rival software makers by withholding key 'interoperability' information. The regulator also said Microsoft illegally bundles its Media Player program with Windows. On these two counts, the Commission fined the company a record EUR497 million and ordered it to change its some of its business practices. … During the first two days of hearings, Microsoft defended its bundled Media Player software, claiming the Commission made 'serious errors' in its decision. Wednesday and Thursday, Microsoft is arguing that Windows isn't designed to hamper rivals' products."

ENVIRONMENT:

Wehrum Approved For EPA Assistant Administrator. CQ Today (4/27, Tollefson) reports, "A divided Senate Environment and Public Works Committee approved" William L. Wehrum's nomination as assistant EPA administrator for air and radiation "on a straight party-line vote, as moderate Lincoln Chafee, R-R.I., upheld the president's prerogative to choose his administration." The nomination has been "controversial," as Democrats and environmentalists…say Wehrum played a crucial role in developing rules that they contend undercut EPA's statutory authority to cut smokestack pollution from power plants. "

SCOTUS Rules Arkansas Wrongfully Seized Home. The New York Times (4/27, Greenhouse) reports that the Supreme Court ruled on Wednesday "that Arkansas violated a homeowner's right to due process when it sold his house for nonpayment of taxes after sending him two certified

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letters that came back 'unclaimed.' … Writing for a 5-to-3 majority, Chief Justice John G. Roberts Jr. said that 'it is not too much to insist that the state do a bit more' before using its 'extraordinary power' to take and sell a person's house." The Times adds, "Justices Clarence Thomas, Antonin Scalia and Anthony M. Kennedy dissented, the latter two signing a dissenting opinion by Justice Thomas. The state did all that was constitutionally required, Justice Thomas said, adding that it was the homeowner's responsibility to make sure that the authorities knew how to contact him. The court was imposing a 'burdensome' and 'impractical' requirement on the government, he said. … Justice Samuel A. Alito Jr. did not vote in the case, which was argued shortly before he joined the court in January. … For anyone watching the emergence of the Roberts court, the case provided intriguing tea leaves. It was the chief justice's fourth majority opinion, and the first to provoke any dissenting votes. "

National Parks Feel Budget Pinch. The Christian Science Monitor (4/27, Knickerbocker, 61K) reports that while "nothing tops national parks as a popular government program," the "expenses for war in Iraq, hurricane cleanup, and other activities continue to push the federal deficit ever higher, parks around the country are facing a budget crunch." Managers at 12 national parks "told GAO officials that they do not have the financial resources to keep up with increasing costs," and parks advocates and former park service employees are "predicting reduced visitor services and increased fees."

WPost Rebukes EPA Over Anacostia River Monitoring. The Washington Post (4/27, A26, 744K) editorializes, "Barely a month ago, the U.S. Court of Appeals for the D.C. Circuit issued a stinging rebuke to the Environmental Protection Agency's efforts to rewrite federal clean air law to weaken rules concerning power companies upgrading old coal-fired equipment. This week, a cross-ideological panel of the court unanimously accused the agency, once again, of defying federal environmental law -- this time concerning efforts to clean up the Anacostia River." The "strong, derisive language should send a message to the agency to take congressional enactments seriously, as written." Still, "federal regulators shouldn't need such judicial reminders that the law means what it says."

FBI/DEA/ATF/USMS:

9th Circuit Overturns Pot Guru's Conviction. The San Francisco Chronicle (4/27, Egelko) reports, "The federal marijuana cultivation convictions of noted pot advocate Ed Rosenthal were overturned by a federal appeals court (Wednesday) because of a juror's phone call to an attorney friend, who told her to follow the judge's instructions or she could get in trouble." The Chronicle continues, "The juror's unauthorized contact on the eve of the verdict in January 2003 was an 'improper influence' that denied Rosenthal a trial before an impartial jury, the Ninth U.S. Circuit Court of Appeals said in a 3-0 ruling granting him a new trial. … 'Jurors cannot fairly determine the outcome of a case if they believe they will face "trouble" for a conclusion they reach as jurors,' said the opinion by Judge Betty Fletcher. 'The threat of punishment works a coercive influence on the jury's independence.'"

The AP (4/27, Kravets) reports, "Rosenthal was convicted in 2003 for cultivating hundreds of marijuana plants for a city of Oakland medical marijuana program. U.S. District Judge Charles Breyer sentenced him to one day in prison, saying Rosenthal reasonably believed he was immune from prosecution because he was acting on behalf of city officials. … The government sought a two-year prison term and appealed. Rosenthal cross-appealed." The AP adds, "The case drew national attention, in part, because of Rosenthal's status as a leading author and proponent of marijuana. It also underscored the federal government's position that medical marijuana is illegal, it has no medical value and the will of California voters has no effect on nationwide drug laws. … U.S. Attorney's spokesman Luke Macaulay said the office was considering whether to appeal or go ahead with a new trial."

BankAtlantic Agrees To Forfeit $10 Million In Money-Laundering Settlement. The AP (4/27, Anderson) reports, "BankAtlantic agreed Wednesday to forfeit $10 million to the U.S. government to avoid criminal charges that it permitted millions of dollars in suspected drug money to be laundered through its accounts over a nearly seven-year period." The AP continues, "Under an agreement with the U.S. Justice Department filed in federal court, prosecution against the Fort Lauderdale-based bank will be deferred for at least 12 months in return for the payment. The charges will be dismissed altogether if BankAtlantic continues taking action to remedy the situation. … The investigation, led by the U.S. Drug Enforcement Administration and federal bank regulators, identified more than $50 million in suspicious transactions between July 1997 and April 2004, according to court documents." The AP adds, "DEA agents working undercover as operatives for supposed Colombian drug lords found that drug money was being wire transferred to a handful of BankAtlantic accounts overseen by a specific branch manager. That led to the discovery of other BankAtlantic accounts being used to launder illicit drug proceeds. … BankAtlantic admitted in the agreement that it did not identify and report the suspicious transactions as required by the Bank Secrecy Act. Court papers say there

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were numerous "red flags" about the transactions, such as a high volume of both incoming and outgoing wire transfers to unrelated people and corporations."

Dow Jones (4/27) reports, "In the agreement, the Justice Department and Drug Enforcement Agency alleged that BankAtlantic allowed millions of dollars to illegally flow through its accounts from 1997 through April 2004. This included 'the deposit and transfer of more than $10 million in suspected drug proceeds originating from U.S. undercover law enforcement operations.' … Court records show that undercover drug enforcement officials made deals with suspected drug traffickers to help deposit drug proceeds into U.S. banks. On multiple occasions, money couriers handed undercover agents bags or briefcases with between $150,000 and $500,000 in cash. The agents then deposited the money into a secret government account and were asked by the suspected drug traffickers to wire the money to accounts at BankAtlantic."

Federal Grand Jury Indicts 12 In South Carolina On Meth Charges. The Charlotte Observer (4/27, Lyttle) reports, "Federal officials have indicted a dozen people from Burke and McDowell counties in a methamphetamine crackdown. … All but one of the 12 suspects have been apprehended, and 10 remain in federal custody." The Observer continues, "Suellen Pierce, a spokeswoman for the U.S. Justice Department, said the indictments are the result of an investigation that involved the Drug Enforcement Administration, the N.C. State Bureau of Investigation, the McDowell County Sheriff's Office, and the Marion Police Department. … Pierce did not give additional information on how the investigation and arrests took place." The Observer adds, "Each of the 12 faces one count of conspiracy to manufacture and possess, with the intent to distribute, methamphetamine. The indictments were returned by a federal grand jury in Asheville on April 4. The charge carries a penalty of 10 years or more in prison, plus a fine of up to $4 million."

San Francisco Man Found Dead May Have Stored Meth For Hells Angels. The AP (4/26) reports police said a man "suspected of storing methamphetamine for the ringleaders of an alleged Hells Angels drug ring was found shot to death at Ocean Beach. Michael Demetrescu Sr., 46, was wanted on federal drug trafficking charges after agents raided 19 Hells Angels locations last week and found a pound of methamphetamine in the garage of Demetrescu's home in San Francisco. … Investigators believe Demetrescu was storing drugs for his neighbor, Jason Peterson, 32, a top Hells Angels official who was arrested in the raids Thursday along with the San Francisco chapter president, 35-year-old Joseph Wilson."

The San Francisco Chronicle (4/26, Van Derbeken) reports Demetrescu is believed to have committed suicide and that he had told his girlfriend he was going to turn himself in, following the raids. Demetrescu "had faced 40 years to life in prison if convicted of federal methamphetamine trafficking charges that had been lodged against him after the raids Thursday."

15 Arrested In San Francisco Crack Cocaine Sweep. The San Francisco Chronicle (4/26, Van Derbeken, Writer) reports San Francisco police "trying to gain control over crime in the Western Addition have secured warrants for at least two dozen suspected crack cocaine dealers and have arrested 15 of them. Although none of those named in the warrants is wanted on murder charges, police said they were optimistic that taking crack dealers off the streets would reduce violent crime in the Western Addition. … The sweep was conducted by the narcotics detail, with assistance from the gang task force, officers from Northern Station, and agents with the federal Drug Enforcement Administration."

Texas Gym Owner Pleads Guilty To Cocaine Charge. The Brownsville (TX) Herald (4/27) reports the owner of a Brownsville gym pleaded guilty to a federal drug trafficking charge Wednesday morning. Powerhouse Gym owner Jose Alfredo DeLeon had maintained his innocence on the conspiracy to possess with the intent to distribute more than 5 kilograms of cocaine charge until the Wednesday morning hearing where he told U.S. District Judge Andrew S. Hanen that he had a 'cocaine habit.' The 39-year-old man, who was arrested by Drug Enforcement Administration agents in January, told Hanen that he last used cocaine three days before his arrest."

Man Gets 3-Year Sentence Following Cocaine Deal With DEA Informant. The Journal News (4/26) in White Plains, New York reports a New Rochelle man "was sentenced to more than three years in prison for cocaine trafficking. Victor M. Frias-Valencia…pleaded guilty in November in U.S. District Court in Bridgeport to possessing and intending to distribute a kilogram of cocaine. Agents with the Drug Enforcement Administration arrested Frias-Valencia in Greenwich on Sept. 29, 2004, after he struck a deal with a DEA informant to sell the cocaine, roughly 2.2 pounds, according to court documents and Frias-Valencia's plea."

Massachusetts Man Found Guilty In Cocaine Case. The AP (4/26) reports, "A jury finds a Massachusetts man guilty of conspiring to deal cocaine. Domingo Gonzales was arrested last year after agents from the federal Drug Enforcement Administration raided a Providence [Rhode

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Island] house and interrupted a cocaine deal. … He was arrested after DEA agents found him hiding under a pile of rubbish in the basement."

Massachusetts Man Gets 5-Year Sentence For Role In Oxycodone Ring. The Salem (MA) News (4/27) reports a Peabody man "will spend more than five years behind bars for his part in a ring that peddled [oxycodone] on Cape Ann. Jose Melo…was sentenced to more than five years (63 months) for distribution. During an undercover drug raid in 2004, Melo was arrested along with a dozen others, most from Gloucester. … Deputies and the DEA said they purchased 1,096 80 milligram pills between October 2003 and June 2004."

Student, Teen Charged In Michigan Gun Case. The Detroit News (4/27) reports, "A 16-year-old student at the Academy of Business and Technology (in Melvindale, MI) and a 15-year old who formerly attended the school were charged Wednesday with carrying a concealed weapon and with making a terrorist threat in separate incidents at the school." The News continues, "Melvindale police were at the school Tuesday investigating an e-mail in which someone threatened to shoot up the school when a student approached the officers and told them they saw a student with a gun, said Chief Rick Cadez. … When officers located the 16-year-old, a Detroit resident, he was carrying an unloaded .25-caliber hand gun, the chief said. Police were not able to learn where he got the gun, as his parents refused to allow police to interview him." The News adds, "The gun was given to the Bureau of Alcohol, Tobacco and Firearms (ATF) which will trace its ownership. The youth was turned over to Wayne County juvenile authorities. Wayne County Prosecutor Kym L. Worthy issued a warrant charging him with carrying a concealed weapon."

South Carolina Man Given Probation For Bomb Possession. The Georgetown (SC) Times (4/27, Harper) reports, "An Andrews (SC) man arrested last year for possessing homemade bombs will not go to jail after it was determined he had no criminal intentions." The Times continues, "Norman Weaver, 30, pled guilty to multiple counts of possession of a destructive device and was sentenced to 18 months probation Tuesday. … He was arrested in October after Georgetown County deputies went to his Big Dam Swamp home to investigate another matter." The Times adds, "Deputy Solicitor Matthew Modica told Judge Edward Cottingham while the officers were at the home they found eight bombs made of PCP pipe that were packed with black powder. … He said South Carolina Law Enforcement Division and federal ATF agents were called in to assist with the investigation. He said after the inquest, it was decided the matter did not warrant federal prosecution.Modica said Weaver's name did not appear on any intelligence watch lists and the ATF agents 'did not believe he posed a threat.' … However, Modica noted, 'it is against the law in South Carolina to possess' such devices."

ATF Search In Michigan Called Politically Motivated. The Saginaw News (4/27, Bohn) reports, "Time will tell if federal agents will return with arrest warrants after carting away numerous firearms from the home of an embattled Brady Township official whose husband is a convicted felon. … Federal law says felons cannot own firearms." The News continues, "While Clerk Melissa Alcorn is at odds with the township supervisor, the Bureau of Alcohol, Tobacco, Firearms and Explosives on Tuesday morning focused on her husband, Douglas A. Alcorn, 41, who served a month in jail and four years of probation, the first two on electronic tether. … He pleaded no contest in 1993 to a charge of second-degree child abuse. In return, prosecutors dismissed a count of first-degree child abuse, court records show." The News adds, "Court documents show his first wife filed the charges two months into their marriage. … Arnold D. Dunchock of Corunna, an attorney for the Alcorns, said the firearms were in a gun safe in the home and Douglas Alcorn 'did not have access to them.' … Dunchock said the family is incensed that agents 'apprehended' Melissa Alcorn while she was driving home after dropping one of her four children off to school and conducted the search of their home in front of their other three children. … She has bickered for months with Brady Township Supervisor John Schoch, who faces a recall election Tuesday. … While Schoch blames Alcorn for orchestrating the recall, the timing of the raid prompted the Alcorns' attorney to complain about political motivations. … Dunchock suggested that Schoch prompted the ATF search on the couple in retaliation for the recall effort, but Schoch said he knew nothing about the raid until it happened."

IMMIGRATION:

Former Nazi Guard Seeks Review Of Citizenship Revocation. The AP (4/27, Wilson) reports, "A lawyer for a former Nazi concentration camp guard has asked a federal appeals court to review its ruling to revoke the man's U.S. citizenship." The AP continues, "Lisa Mattson, a lawyer for John Hansl, filed documents with the U.S. 8th Circuit Court of Appeals last week, seeking a review by the entire court. … A three-judge panel of the St. Louis-based court ruled March 7 that a U.S. District Court judge was correct in revoking the citizenship of Hansl, 81, who lives in Des Moines." The AP adds, "The U.S. Department of Justice filed a complaint against Hansl in July 2003, claiming he hid his service with the Waffen SS when he applied for a visa to come the United States in 1955. He was granted a

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visa and became a U.S. citizen in 1960. … The case revolved around a 1953 law designed to control the flow of immigrants to the U.S. after World War II. … Mattson claimed the law required a person to have 'personally assisted' in the persecution of others before they could be denied a visa. … U.S. District Court Judge Robert Pratt revoked Hansl's citizenship in April 2005, ruling that Hansl's conduct as a Nazi concentration camp guard left 'no room for factual dispute whether he personally advocated or assisted in persecution.'"

Justices Appear Reluctant To Allow Use Of RICO In Immigration Case. The Legal Times (4/27, Mauro) reports, "The Supreme Court appeared sympathetic to pleas by business advocates not to 'RICO-ize' all types of business relationships, as Justice Stephen Breyer put it, during oral arguments Wednesday." The Times continues, "The Court heard debate in Mohawk Industries v. Williams, a class action brought against Georgia carpet manufacturer Mohawk Industries under the civil portion of RICO, the Racketeer Influenced and Corrupt Organizations Act. Current and former employees of Mohawk claimed that its hiring of illegal aliens -- in concert with outside recruiting and temp agencies -- depressed wages and amounted to racketeering as defined under RICO. If the suit fits under RICO and the plaintiffs prevail, Mohawk would be exposed to treble damages and could be forced to pay plaintiffs' attorney fees. … 'These are enormous penalties that are imposed,' Mohawk's lawyer, Carter Phillips, told the justices. Congress passed RICO to target organized crime, he asserted, not ordinary dealings between businesses and their agents and contractors. 'It is not free for the government or anyone else' to broaden the law unilaterally, said Phillips, a partner in the D.C. office of Sidley Austin. … In advance billing it appeared that the Mohawk case would draw the high court into some of the immigration issues causing controversy across the nation, including the contention that the corporate hiring of illegal aliens has had the indirect effect of keeping wages low for American citizens. … Instead immigration was barely mentioned, as oral arguments devolved quickly into a dense debate over the ambiguous wording of the RICO statute and whether a corporation like Mohawk can be part of a separate 'enterprise' covered by the law."

TAX:

Negotiators Hopeful Deal On Tax Cut Package Near. CQ (4/26, Van Dongen) reports negotiators "said they hope to announce a deal Thursday on a long-delayed $70 billion tax cut package, but the top tax writers in the House and Senate continued to squabble over strategy." Ways and Means Chairman Bill Thomas "said that a meeting late Wednesday in the office of Speaker J. Dennis Hastert, R-Ill., allowed conferees to 'move forward.' The bill (HR 4297) is expected to include a two-year extension of cuts to capital gains and dividend taxes, as well as a provision to extend for 2006 an adjustment to the alternative minimum tax (AMT) to blunt its effect on middle-class taxpayers." CQ adds that despite "pressure from Bush and House and Senate GOP leaders to finish the tax package, Thomas and Senate Finance Chairman Charles E. Grassley, R-Iowa, have yet to strike a final deal." Conferees still "were sparring Wednesday over the costs and content of a separate package of tax breaks expected to contain business tax breaks, including extending the research-and-development tax credit, which has bipartisan support."

CONGRESS-ADMINISTRATION:

Poll Shows Bush Approval At 36% Over Concerns About Gas Prices, Iraq. The Wall Street Journal (4/27, Harwood, 2.11M) reports, "Rising gas prices have intensified discontent with Washington and handed Congress a frightening midterm election backdrop: a deeply pessimistic electorate, despite a robust economy." The latest "Wall Street Journal/NBC News poll underscores a striking gap between Americans' mood and the nation's economic performance. Fully 77% call themselves uneasy about the state of the economy rather than confident, even as data showed new-home sales and factory orders remain strong." The public is concerned about "the prolonged and unpopular Iraq war. But it also shows the impact of pump prices topping $3 a gallon in many places, passing Iraq to become the nation's highest-priority issue." The low poll numbers represent "a powerful source of frustration for Republicans, who want Mr. Bush and Congress to get more credit for the economy. Doing just that is a top priority of new White House Chief of Staff Josh Bolten and congressional Republican leaders, who are aiming to take a first step by accelerating House-Senate negotiations on tax-cut legislation that would extend the current 15% rates on capital gains and dividends." Bush's 36% approval rating is "the lowest he has ever received in the Journal/NBC survey."

On NBC Nightly News (4/26, story 2, 2:35, 9.87M), anchor Brian Williams and Washington bureau chief Tim Russert discussed the results of the NBC News/Wall Street Journal poll. Williams: "For this President during our polling this is an all-time low. The approval-disapproval number – 36% approval rating for the President, 57% disapprove." Russert added, "This is an unsettled country. Look at this -- wrong track, right track -- 67% of the American people, two-thirds, now believe we're on the wrong track. Why? The economy is a huge reason. Only 19% are confident about the direction of the economy. 77%, three out of four, uneasy

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about the economy. And what are the top concerns that create this unease? Gas prices at $3, 45% of our respondees; Iran nuclear weapon 33%; illegal immigration, 26. Gas prices have people hopping mad."

Similarly the Washington Post (4/27, A1, Whoriskey, 744K) in a front page story says "Anger over gas prices is gaining traction in many midterm races around the nation as Democrats attack Republicans for being too close to oil companies. With many in the GOP growing uneasy, President Bush this week called for price-fixing investigations. Political analysts say the rising prices could dovetail with growing public concern over the war in Iraq to give Democrats an opening in several key races."

Bartlett Says White House Is Not Demoralized By Low Poll Numbers. White House Communications Director Dan Bartlett was asked on Fox News' The O'Reilly Factor (4/26) if the White House is "demoralized" because Bush is at "33% in the polls." Bartlett said, "No," adding that President Bush "has made some very difficult decisions, decisions that he feels in his heart of hearts were the right decisions to make, but he understands it makes people anxious." Asked if he attributes the low poll numbers to press coverage, Bartlett said, "Not always. I do think the media, particularly on Iraq, are trying to do the right thing. It is a newsworthy event any time there's a loss of life but it's a complex story to cover."

Bush To Address Fuel Efficiency, Pension Concerns With US Automakers. The New York Times (4/27, Maynard, 1.19M) reports, "President Bush, who touched a nerve this year when he told Detroit carmakers to build 'relevant' vehicles, will meet with the companies' leaders" May 18th. The meeting is expected to "focus on three areas: energy and the environment; costs like pensions and health care premiums that add hundreds of dollars to the price of a Detroit car; and how currency issues affect the Japanese automakers."

Bush Administration Pushing For Revived Nuclear Industry. Under the headline "Warming Up To Nuclear Power," the Washington Post (4/27, D1, Mufson, 744K) reports that while the nuclear industry has for years "lived in the shadow of Chernobyl," now "the Bush administration is pushing for a revival of nuclear power both abroad and in the United States, saying it wants to promote a domestic unlimited energy source. The Bush-backed Energy Policy Act of 2005 included a bevy of incentives for domestic nuclear power, and the administration has laid aside nuclear-proliferation issues to urge India to build nuclear power plants." The Post adds that new DOE assistant secretary for nuclear energy, Dennis Spurgeon, considers himself the "chief salesman for nuclear energy," and noted that Spurgeon believes that getting a "new US nuclear plant built is his 'number one priority.'"

WPost Faults Bush Policies, Says He Should Focus On Changing Consumer's Behavior. The Washington Post (4/27, A26, 744K) in an editorial writes, "No doubt it makes everyone feel better when the president states his concern for Americans. … Unfortunately, the measures President Bush chose to announce this week to combat high prices are either meaningless or possibly dangerous in the long run, even if they do offer a bit of temporary relief." Accusing Bush of also failing to pursue a more rational energy policy," while in office, the Post states that if Bush "were completely honest, the president would tell Americans that the main reason fuel prices are higher in this country is because demand is growing -- and one reason for growing demand is that people drive inefficient cars. They drive inefficient cars because public policy, long shaped by the president and by Congress, has made it advantageous to do so. Until that changes, little else will."

USA Today Faults Bush Response To High Gas Prices. USA Today (4/27, 2.31M) editorializes, "Bush's plan to suspend deposits into the National Petroleum Reserve and to push for more lenient pollution standards would have little impact. Just as useless are calls for a tax on oil company profits and the partisanfinger-pointing of many in Congress." And "it is also perhaps the most visible measure of the inability of the nation's leaders to speak the truth about long-term problems -- Social Security, health care and runaway spending to name three others. Today's high oil prices are the result of a quarter-century of low prices coupled with robust worldwide growth and instability in the world's oil-producing regions. Any meaningful energy polices will take years to unfold."

Snow To Replace McClellan As White House Press Secretary. President Bush yesterday announced Fox News commentator Tony Snow will join the Administration as press secretary. Snow was portrayed in media reports as likeable, independent, open, frank, and optimistic. While observers said these qualities would serve him well in establishing a better relationship between the White House and the press corps, some noted that Snow may find it difficult to adjust to the new position.

On ABC World News Tonight (4/26, story 4, 2:35, Vargas, 8.78M), chief Washington correspondent George Stephanopoulos said Snow is "going to do very well. He's made his living communicating. He's a smart and very likable guy, so he should lower the temperature in the briefing room and also increase the star power. Also, by picking him, President Bush has already helped himself by going outside his circle, picking someone of independent stature. He shows he's not afraid of having big people of with independent opinions in the White House." But he added the "toughest part of the job" will be the "psychological adjustment. As you showed, he's been out there for a long time, voicing his own opinions. Now, he's going to have to

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squelch those private opinions and deliver the party line with conviction. That's going to take some getting used to."

The CBS Evening News (4/26, lead story, 2:45, Schieffer, 7.66M) reported, "Interestingly enough, Mr. Snow has been rather critical of the President while he's been in the commentary business. Mr. Bush actually made light of that, said that he asked Mr. Snow about that during the job interview, said you've been quite critical of me. And Tony Snow said, 'Mr. President, you should have heard what I said about the other guy.'"

NBC Nightly News (4/26, lead story, 3:00, Gregory, 9.87M) reported, "The President appeared to welcome those knocks today as proof he wants advisors to give him unvarnished advice." Snow is "a reliable conservative and now he is expected to aggressively defend the President. Brian, also worth noting, that he is the first TV personality to be in the job since Gerald Ford hired away Ron Nessen from NBC News back in the 70s."

CNN's The Situation Room (4/26, Blitzer) reported that President Bush "announced today that the FOX News anchor Tony Snow has agreed to replace Scott McClellan as the press secretary." CNN (Quijano) added, "Snow actually met with President Bush last Thursday in the residence. He accepted the job we are told yesterday after talking with Dan Bartlett, the counselor to the president, also the new White House chief-of-staff, Josh Bolten. Now Republican sources had said that before this, Snow had wanted and received assurances that he would play an active role in major policy debates. Nevertheless, Mr. Bush made it clear that ultimately, any decisions are still his to make."

The Washington Times (4/27, Curl, Dinan, 90K) reports that Snow "took the job after insisting that he be not just a spokesman, but a participant in administration policy debates. Yet Mr. Bush, in introducing Mr. Snow to reporters gathered in the White House briefing room yesterday, made clear the chain of command. 'My job is to make decisions, and his job is to help explain those decisions to the press corps and the American people,' the president said, with a smiling Mr. Snow next to him."

The AP (4/26, Loven) reported that Snow's hiring "was intended in part to help improve the White House's frayed relationship with the press corps."

Knight Ridder (4/27, Hutcheson) reports that the selection of Snow "broke Bush's pattern of filling top jobs with trusted loyalists." Knight Ridder adds, "The job will give Snow a chance to put into practice his advice that Bush should be much more aggressive in confronting his critics. His appointment pleased Republicans who share that view, but skeptics questioned Snow's ability to influence an organization known for buttoned-down discipline and devotion to the president."

A front page story in the New York Times (4/27, Rutenberg, 1.19M) reports that in naming Snow to be his press secretary, Bush "completed a decade-long transformation of the role of the presidential spokesman from behind-the-scenes functionary to daily on-camera personality. Mr. Snow is something the White House briefing room has not yet had at the lectern: a star of the opinionated cable news era. But he is also something Mr. Bush has never had: a free-wheeling outsider in a very public position, and one with a history of sharing critical opinions of the president." The Times also notes, "Mr. Snow's career change also might not be what Fox News executives want in terms of their public relations defense against criticism that their network is philosophically sympathetic to Mr. Bush."

A front page story in the Washington Post (4/27, A1, VandeHei, Fletcher, 744K) reports that the decision to hire Snow "reflects a consensus among the president and his top advisers that his White House operation has been too insular and needs to be more aggressive in engaging with the news media and other Washington constituencies, according to Bush aides and outside advisers."

An analysis by the AP (4/27, Fournier) says, "Naming conservative commentator Tony Snow as White House press secretary puts a fresh face on the administration and may help mend relations with the Washington press corps. But the move underscores how far Bush has fallen in the eyes of his allies -- conservative leaders and voters who helped elect him in 2000 and re-elect him in 2004." Bush "cannot rebound politically without regaining the faith of conservative voters whose support has waned in recent months. If conservatives are too frustrated to vote on Election Day, Republicans could lose control of Congress, and the final two years of Bush's presidency could be filled with Democratic-led investigations."

A separate AP (4/27, Raum) story notes, "If his party loses control of one, or both chambers of Congress, the next two years could be a political nightmare for Bush and his GOP allies on Capitol Hill. With poll numbers at the lowest of his presidency, Bush has had trouble enough winning support for his priorities in his second term even with a Republican-led Congress. That helped lead to a recent reshuffling of the White House staff. A Democratic House or Senate and presidential stubbornness could spell legislative gridlock."

Democrats Note Snow's Past Criticism Of Bush. CNN's The Situation Room (4/26, Blitzer) reported, "Today some Democrats are gleefully pointing out Tony Snow's past criticism of President Bush. And even circulating e-mail with some of his most pointed comments. Snow wrote this about Mr. Bush on a Web site called townhall.com in November of 2005: 'His wavering conservatism' -- referring to the president -- 'has become an active concern among Republicans. The newly passive George Bush has become something of an embarrassment.'"

The AP (4/26, Benac) reported that although Snow is a strong supporter of the President, he "has used his column to label the president 'something of an embarrassment,' cast his

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domestic policy as 'listless' and compare him to 'the boy who can't say no' when it comes to federal spending." However, Snow has also "been a strong defender of Bush on many an occasion, applauding his 'brilliant' foreign policy, his stick-to-his-guns persistence in Iraq, his 'delicious disdain for the Beltway culture,' his 'visionary' Social Security plan. 'On the seminal issues of national security and global destiny, he positively dwarfs the political opposition,' he has written of Bush."

The Los Angeles Times (4/27, Gold, 958K) reports that "Snow's White House appointment reinforces for some the perception that Fox News is the go-to network for the administration, media observers said."

Snow Says He Will Express Differing Opinions To Bush. Tony Snow was asked on Fox News' Special Report (4/26) how he is going to deal with your past criticism of the President. Bush said, "Pretty simple answer. There's probably a lot of people who said I wish I hadn't written or said that. Here's the key, when I give advice to the President, it will be my advice. If I have differing opinions with some people, I will press express them. The job is not to come in as a surrogate President and say what I believe matters because frankly what matters is what the Administration has decided to do and that I will express as forcefully as I possibly can."

The Los Angeles Times (4/27, Wallsten, Havemann, 958K) reports, "Snow said he intended to continue expressing strong views. 'Look, they want people to express their opinions,' he said. 'You're not coming here to drink the Kool Aid, you're coming here to serve the president. And at this particular juncture, I think what you want is as much honest counsel as you can get. So when I agree, I agree, and when I disagree, I disagree. But on any opinion his vote's the tie-breaker.'"

USA Today (4/27, Jackson, Benedetto, 2.31M) reports, "Snow said that he has been promised sufficient access to Bush and that he'll express his views privately to the president. However, he said, Bush always has final say: 'The president is the guy who runs the place.'"

The Los Angeles Times (4/27, Gerstenzang, Brownstein, 958K) reports that Snow will be "one of the few officials with unscheduled access to the president and Chief of Staff Joshua B. Bolten. The arrangement could be helpful as Snow, 50, attempts to build trust with a White House press corps that had an adversarial relationship with his predecessor and as he tries to help Bush recover from low public approval ratings."

Richard Wolffe and Holly Bailey wrote on Newsweek's (4/26) web site, "One GOP official privy to the negotiations told NEWSWEEK that Snow had pressed administration officials for a job that extended beyond simply being Bush's guy behind the podium and had successfully argued for increased access to the president. Additionally, Snow also argued for and won the ability to make staffing decisions within the press office, including the ability to hire or fire staffers."

Officials Say White House Shake Up Is Nearing Completion. Bloomberg News (4/27) notes that Snow's hiring "is part of an effort by Bush's new Chief of Staff Joshua Bolten to reorganize the White House team amid job approval ratings for the president that are at or near record lows.

Fox News' Special Report (4/26, Cameron) reported, "Senior administration officials say the White House shakeup is nearing completion. There are still a few more changes they'd like to make. For instance, replacing the Treasury Secretary, but that will likely come after the appointment of a new domestic policy adviser to the President, a position that's currently vacant, sometime in the next week or two, by which time Tony should be at the podium and the new face and voice of the Bush White House."

Fleischer Says White House Press Briefing Has Become A TV Show. Ari Fleischer, who was President Bush's press secretary from January 2001 to July 2003, writes in the Washington Post (4/27, A27, 744K) that the daily White House press briefing has become "a TV show. Gone are the days when this daily session was a serious affair, with mostly serious questions asked and mostly serious answers given. Instead, the public is now treated to a spectacle in which the media do their best to pressure the White House, regardless of which party is in power, into admitting that much of what the president is doing is wrong, and the White House pushes back. The two sides talk past each other, and the viewing public gets to watch a good fight."

Senate Diverts Funds From Iraq Supplemental Bill To Border Security. CNN's The Situation Room (4/26, Blitzer) reported, "The Senate voted today to divert some of the money President Bush requested for the war in Iraq and the war on terror to efforts to increase US border security. The move only intensified a battle over pork that spurred President Bush to issue a veiled veto threat." CNN (Bash) added, "Republicans offered to add that money to border security, as an effort to lure conservatives on the issue of immigration." But "because Republicans are really under the gun from conservatives, very angry at them about the amount of government spending, they had to cut it somewhere. And this is an emergency spending bill primarily to fund Iraq. So, that's where it was cut in this particular bill. And Democrats went to the Senate floor and called it outrageous."

The Washington Times (4/27, A1, Hurt, 90K) reports, "Republicans "turned back an effort by Minority Leader Harry Reid to grant the same expenditures for border security but without making cuts elsewhere in the emergency spending bill, which has ballooned to a $106.5 billion proposal. The Nevada Democrat, whose amendment failed on a mostly

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party-line 54-44 vote, said the Republican amendment would hurt the military." The Washington Post (4/27, A16, Weisman, 744K) reports that when "some Democrats said the move would take money from needed combat funds, Sen. Judd Gregg (R-N.H.), the bill's sponsor, called the criticism 'pure poppycock.'"

The Baltimore Sun/AP (4/27, Taylor) reports the Senate "voted today to divert some of the money President Bush requested for the war in Iraq to instead increase patrols against illegal immigrants on the nation's borders and provide the Coast Guard with new boats and helicopters." The Wall Street Journal (4/27, Rogers, 2.11M) reports, "Most of the funds would go to buying patrol boats, aircraft and other equipment for Coast Guard and Customs and Border Protection operations. Senate Majority Leader Bill Frist (R., Tenn.) hopes to burnish the Republican image on border issues before again tackling immigration."

The AFP (4/27) reports the Senate voted 59-39 to approve the amendment "by Republican Senator Judd Gregg that would free up 1.9 billion dollars in credits for surveillance planes and building a fence near San Diego, California, along the border with Mexico."

Bloomberg (4/27, Faler) reports Democrats "denounced the border-security plan, saying it forced lawmakers to choose between supporting American troops and protecting the country's Southwestern border." Sen. Hillary Clinton said, "Border security is an urgent need and it should and must be addressed by this Congress. But our security and our values are not served by choosing between protecting our troops and protecting our homeland."

Gregg, Clinton Spar Over War-Funding Bill. The New Hampshire Union Leader (4/27) reports, "A war of words broke out yesterday between Sens. Judd Gregg and Hillary Clinton after the Senate approved Gregg's proposal to divert some of the money President Bush requested for the war in Iraq to instead bolster U.S. border security." Clinton "said Gregg's cuts would 'take money from troop pay, body armor and even joint improvised explosive device defeat fund. Now that is a false choice, and it is a wrong choice.' Gregg responded heatedly, arguing that the cuts eventually would come from other parts of the massive Pentagon budget rather than U.S. forces in Iraq. 'To come down here and allege that these funds are going to come out of the needs of the people on the front lines in Iraq or Afghanistan is pure poppycock,' he said.

Bush Position On Senate Compromise Ambiguous. CQ (4/26, Sandler, Crowley) reports supporters "of putting most of the 11 million to 12 million illegal immigrants on a path to earned citizenship are all but certain" that President Bush "is on board with that concept. They met with the president April 25, and though he refrained from expressing outright support for the proposal, they left feeling secure about his position." But Republicans "who have labeled the earned citizenship approach as offering 'amnesty,' however, cautioned that view may be an overzealous interpretation." Sen. John Cornyn said, "The president didn't endorse the compromise."

Anti-Immigrant Group Says Marches Have Helped Recruitment. The AP (4/27, Flaccus) reports "Minuteman organizers say this spring's marches" by advocate for undocumented immigrants in the US "have proved to be an unexpected recruitment tool for Americans who feel uneasy about the burgeoning immigration movement but may have considered the organization a pack of gun-toting vigilantes." Executive director Stephen Eichler said, "We're not trying to be more mainstream — mainstream has found us." The AP adds, "Since this spring's huge pro-immigrant rallies, 300 people nationwide have applied to start local chapters, according to Eichler. The group's goal is 500 chapters by December and a membership of 1 million within 1 1/2 years, Eichler said."

Immigrant Advocate Groups Split Over Business Boycott. The Washington Post (4/27, B1, Brulliard, Williams, 744K) reports, "Disagreement over whether immigrants should walk off the job and boycott businesses Monday appeared to deepen yesterday as one immigrant group mustered support for the protest while another group cautioned immigrants that it might put their jobs at risk." Although "groups in Dallas and Los Angeles say momentum is building for a major May 1 boycott," the Washington-area coalition "that organized the recent rally on the Mall has discouraged participation for fear it could lead to firings and create a negative climate as Congress debates immigration legislation."

The Washington Times (4/27, Summers, 90K) reports, "Local Hispanic elected officials yesterday discouraged participation in Monday's nationwide immigrant boycott of work and school and instead urged immigrants to show solidarity with American citizens." The Hispanic leaders "were responding to calls for a nationwide immigrant boycott organized by the California-based Latino Movement USA and Act Now to Stop War & End Racism (ANSWER) coalition."

US Business Group Criticizes Call For Mexican Boycott Of US Goods. The AP (4/27, Clendenning) reports US lobbyists "lashed out Wednesday at the Mexican 'Nothing Gringo' campaign timed for May 1 to coincide with the 'Day Without Immigrants' boycott in the United States." The American Chamber of Commerce in Mexico "said organizers are risking a backlash and foolishly targeting some of their best allies, since U.S. corporations have actively lobbied the U.S. Congress for immigration reform including legalization for many of the estimated 11 million undocumented migrants." Chamber president Larry Rubin said Mexicans' "refusal to 'buy American' on May 1 could further polarize the

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debate and make reform supporters seem anti-American at the very moment that lobbyists are trying to persuade lawmakers in Washington to pass a bill that would benefit migrants."

The Los Angeles Times (4/27, Tobar, Sánchez, 958K) reports, "Spreading now by word of mouth as well as through cyberspace, the campaign calls for a 24-hour boycott Monday of American businesses in Mexico and other Latin American countries. The idea is to show solidarity with immigrant rights protests scheduled in several U.S. cities that day." This week, "a growing number of business groups, trade unions and political leaders in Mexico said they planned to join the boycott, which will be on the traditional May Day holiday here." There is a "growing sense among Mexicans that proposals being debated by the U.S. Congress could hurt millions of compatriots who crossed over illegally." But for "some Mexicans, however, the talk of a boycott is worrisome. In the Mexico City neighborhood of Anzures, Carlos Torres pointed out that his McDonald's franchise was the joint investment of 'many families that are completely Mexican.'"

Anti-Immigrant Group Seeks To Limit Immigrant Rights In San Bernardino, California. The Los Angeles Times (4/27, Powers, 958K) reports the "founder of an anti-illegal immigrant group is pushing for San Bernardino to outlaw day labor sites and bar the undocumented from renting property." Joseph Turner, "executive director of the group Save Our State, submitted voter petition signatures this week that would force a City Council vote or a citywide election on the measure, which would also deny city permits, contracts and grants to businesses that employ illegal immigrants, and require that city business be done in English." The "reaction to the proposal in San Bernardino has already ignited a fiery local debate."

Supreme Court Hears RICO Lawsuit Against Employer's Use Of Immigrant Labor. The Washington Times (4/27, Taylor, 90K) reports the lawyers "for employees of a Georgia-based manufacturer yesterday urged the Supreme Court to allow a lawsuit that accuses the flooring company of suppressing workers' wages by recruiting illegal aliens." The case "involves the politically explosive matter of illegal labor," but it "arrived before the justices because of a dispute over the lawsuit's use of the Racketeering Influenced Corrupt Organizations Act (RICO) -- a law traditionally used to prosecute organized crime." Winning parties "in RICO cases can be awarded triple damages -- notably higher awards than winners in non-racketeering criminal cases." The group "of current and former Mohawk employees say the company violated RICO by systematically contracting outside recruiting firms to hire illegals. The lawsuit says Mohawk provided identification cards to illegal aliens, which helped them avoid detection by immigration authorities."

The Los Angeles Times (4/27, Gaouette, 958K) reports the case "could provide a new way to crack down on firms that hire undocumented immigrants." The justices "focused on narrow questions: Whether a firm and an outside contractor fit the definition of an 'enterprise' under the Racketeer Influenced and Corrupt Organizations statute, or RICO, and whether corporations could be sued at all under a law originally meant to chase down the mob." But with "a handful of similar cases already in the courts, a decision for the Mohawk employees could generate numerous civil suits against businesses reliant on immigrants. The decision could also affect the use of RICO in criminal cases. The Justice Department, which had a lawyer in court to support the employees' argument, uses the law to send corrupt union leaders to prison and win financial damages from pension funds."

Gingrich Blasts Current Immigration Reform Proposals. The Washington Times (4/27, Pfeiffer, 90K) reports former House Speaker Newt Gingrich "said the government's failure to enforce immigration laws resembles its handling of Hurricane Katrina, and described current reform proposals in Congress as a 'con.'" In a speech at the American Enterprise Institute, Gingrich said "he sympathizes with illegal aliens participating in protests and placed blame for the illegal immigration problem on businesses and the federal government." Gingrich said, "I do not blame someone who leaves poverty to seek prosperity. They showed up here to work under a social contract and then [the government] tried to change the terms. We need to quit lying about who is hiring illegals -- it's Americans." The AP adds Gingrich's "own immigration reform plan, 'Ending the Dishonesty: The Way Forward on Border Control and Patriotic Immigration,' calls first for gaining control of America's borders, followed by a worker-visa program."

Most Say Immigrant's Nationality Should Not Be Factor. The Wall Street Journal (4/27, 2.11M) reports that with "immigration reform a hot-button issue in Washington, a strong majority of Americans say nationality shouldn't be a factor in U.S. immigration policy, according to a new Harris Interactive poll." Nearly "three-quarters of those polled said children of U.S. citizens should receive favorable treatment in order to immigrate into the U.S. and 67% said spouses should receive favorable treatment. But "about two-thirds of those polled said U.S. immigration policy shouldn't give preference to people from some countries over people from other countries, compared with 21% who said the U.S. policy should give preference."

Senate GOP Claims Votes To Sustain Veto Of Supplemental Spending Bill. The Washington Times (4/27, Fagan, 90K) reports, "Thirty-five Senate Republicans signed a letter yesterday assuring President Bush they will back his veto of the emergency-spending bill for war efforts and hurricane relief if the final version exceeds his requested budget level." Majority Leader Bill Frist said, "The Senate's

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willingness to support a veto reflects that we're not kidding about fiscal restraint and responsibility." The Times adds the "signatures indicate there are more than enough votes to prevent the Senate from securing the two-thirds vote needed to override a veto." But the "first few tests of senators' willingness to cut the bill didn't go well. Senators voted 49-48 to kill a proposal that would have stripped a highly contentious $700 million plan to reroute a railroad in Mississippi -- dubbed by critics as 'the railroad to nowhere.'"

But the Los Angeles Times (4/27, Simon, Reynolds, 958K) reports that despite the "veto threat, the Republican-controlled Senate on Wednesday refused to pare back an emergency spending bill sought by President Bush that lawmakers had expanded to include their own pet projects, which included items as diverse as aid for farmers and money to reroute a Mississippi railroad." The vote "was a direct rebuff of Bush by a number of GOP senators and underscored a growing party rift at a time when the president's popularity has sunk to new lows in public opinion polls." Sen. Trent Lott said, "I might be intimidated by my constituents, but not the president." The Times adds the Senate 'vote against cutting the $106.5-billion bill was a lopsided 72-26, more than enough to override a veto."

NBC Nightly News (4/26, story 4, 1:50, Reid, 9.87M) reported, "Many senators want taxpayers to pay another $700 million to tear" up the Mississippi railroad "and move it inland to make room for a highway. What's worse, critics say, is that the money has been tacked on to an emergency spending bill for the war in Iraq and victims of Katrina." Sen. Tom Coburn, Oklahoma: "Think how much $700 million could do for the victims of Katrina, how many classrooms could be opened."

CQ (4/26, Higa, Plummer) reports the Senate's "fiscal conservatives trumpeted a promise by 35 Republican senators to back a veto if the total price tag is not much closer to the president's original $92.2 billion request for war funds and hurricane relief." But the "full Senate's repeated votes against major cuts likely mean that cutting the bill enough to avoid a veto would have to take place in a House-Senate conference on the legislation (HR 4939)."

CRS Estimates Iraq Costs To Double Before War Ends. The Washington Post (4/27, A16, Weisman, 744K) reports the Congressional Research Service estimated this week that the "cost of the war in Iraq will reach $320 billion after the expected passage next month of an emergency spending bill currently before the Senate, and that total is likely to more than double before the war ends." The analysis "provides the most official cost estimate yet of a war whose price tag will rise by nearly 17 percent this year. Just last week, independent defense analysts looking only at Defense Department costs put the total at least $7 billion below the CRS figure." Once the "war spending bill is passed, military and diplomatic costs will have reached $101.8 billion this fiscal year, up from $87.3 billion in 2005, $77.3 billion in 2004 and $51 billion in 2003, the year of the invasion, congressional analysts said." When "factoring in costs of the war in Afghanistan, the $811 billion total for both wars would have far exceeded the inflation-adjusted $549 billion cost of the Vietnam War."

Schoomaker Laments Complaints About Size Of Defense Budget. The AP (4/27, Jelinek) reports Army chief of staff Gen. Peter Schoomaker said "Americans spent as much on 'plastic Santa Clauses,' tinsel and other holiday purchases last year as they will for defense in the coming year…lamenting complaints about the military's budget requests." Schoomaker said "the defense budget the Bush administration requested for the fiscal year starting in October — nearly $440 billion — plus the costs of war in Iraq and Afghanistan, is 3.9 percent of the nation's nearly $13 trillion overall economy." The AP adds Schoomaker "was discussing his concern that it might take a fight to get enough money from Congress to rebuild the Army's equipment and supplies worn down in Iraq and Afghanistan."

House Democrats Demand Hearings On Iraq Reconstruction Waste. The AP (4/27, Schweid) reports the 23 Democrats on the House International Relations Committee "demanded congressional hearings on what they said was waste and fraud in reconstruction efforts." But panel Chairman Henry Hyde, R-Ill., "said he had held nine hearings on Iraq, and Rep. Dana Rohrabacher, R-Calif., said 'many committees including ours' had reviewed the Iraq situation." Tempers "flared as Democrats accused President Bush of failure and the GOP-controlled committee of shirking its responsibilities."

Coburn Praised For Effort To Cut Mississippi Railroad Reroute Funding. The Wall Street Journal (4/27, 2.11M) praises Sen. Tom Coburn in an editorial for forcing "an up-or-down vote on whether to strip the bill of $700 million for the proposed 'Railroad to Nowhere.' This pet project of Mississippi Republicans Trent Lott and Thad Cochran would reroute railroad tracks that CSX spent $250 million to repair after Hurricane Katrina." Is "this a good use of tax dollars? Mississippians don't think so. Last year Governor Haley Barbour's commission on recovery from Hurricane Katrina rejected the project as 'no longer seen as practical' because of the steep price tag. If Mississippians don't want to foot the bill, why should federal taxpayers?"

NYTimes Criticizes Bush For Supplemental Veto Threat. The New York Times (4/27, 1.19M) says in an editorial, "President Bush is threatening to veto this year's emergency budget supplement for the Iraq war and hurricane recovery efforts — he's suddenly shocked, shocked that his own Republican-led Senate has steadily inflated it with $14 billion in unrelated goodies. As if this sort of fiscal mayhem is

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not the now-familiar fallout from the administration's own signature fecklessness in adding to the record debt and deficit for future generations to handle."

Medicare Policy Offers Stability In Prescription Drug Coverage. The New York Times (4/27, Pear, 1.19M) reports the Bush Administration "issued a new policy on Wednesday that protects Medicare beneficiaries against the sudden loss of coverage for drugs they are taking under the prescription drug program." Insurers can "still change their lists of covered drugs, known as formularies. But if they drop any drugs or impose new restrictions, they must exempt beneficiaries who are now taking those drugs."

About 20% Hurt Financially By Participating In Medicare Drug Plan. USA Today (4/27, Wolf, Appleby, 2.31M) reports on those Medicare recipients "hurt, rather than helped" by the Medicare prescription drug plan. Most of the program's beneficiaries "have saved money since it began Jan. 1. But for others, perhaps about 20%, the much-heralded program has meant higher costs, and in some cases greater pain and more worry." Before Medicare, 6.4 million of them "had drug coverage through Medicaid. Others had state help or free drugs from drug companies." On Wednesday, "two advocacy groups and three patients sued the federal government in an effort to improve the plight of the 6.4 million people transferred from Medicaid to the Medicare plan."

The Los Angeles Times (4/27, Lin, 958K) reports a "class-action lawsuit filed in federal court Wednesday alleges that Medicare has failed to properly enroll millions of low-income seniors and disabled beneficiaries into its new prescription drug plan." The suit, "filed in Oakland on behalf of three women and two senior-advocacy groups, also alleges that some low-income beneficiaries eligible for a subsidy were not properly notified about it or not receiving it. As a result of the problems, many seniors and others who qualify for the program are going without critical medication, said lead attorney Jeanne Finberg of the National Senior Citizens Law Center."

USA Today (4/27, Wolf, 2.31M) reports although "most of the more than 30 million beneficiaries enrolled in the program are saving money, two recent surveys suggest a substantial minority of seniors and people with disabilities are not." A Kaiser Family Foundation poll "taken April 6-11 found 55% of 154 seniors who had enrolled said the plan would save them money, 19% said it would cost more, and another 19% said they would break even." A KRC Research poll "taken March 15-20 for the Medicare Rx Education Network, a consortium of groups working to implement the law, found 59% of 201 enrolled seniors saved money, but 23% did not."

House Panel To Investigate Title Insurance Industry. The Wall Street Journal (4/27, 2.11M) reports that in the "wake of recent state and federal investigations into title insurance," Washington lawmakers "are turning critical toward the industry." A subcommittee of the House Financial Services Committee "met yesterday, with an eye toward pushing for more consumer friendly competition in the title business." Officials "in Colorado, California and Washington, D.C., have investigated the industry in recent years, in some cases alleging that title companies paid what amounted to kickbacks to get business."

Mollohan Denies Impropriety In Purchase Of Farm With Contractor. The Washington Post (4/27, A6, 744K) reports Rep. Alan B. Mollohan "said this week that his purchase of farm property with a corporate chief executive has no relationship to his support for legislation providing a $2.1 million defense contract to the CEO's company. Responding to a Wall Street Journal report published Tuesday, Mollohan said he and Dale R. McBride, head of FMW Composite Systems Inc. of Bridgeport, W.Va., have been close friends for 50 years." The Post adds, "Mollohan said he supported the $2.1 million contract for FMW after asking the same questions he applies to all decisions concerning money going to his home state: 'Is it a good project, and does it mean jobs and economic development for West Virginia?'"

House Members Say Ethics Reform Has Low Priority For Constituents. The Washington Post (4/27, A6, Birnbaum, Edsall, 744K) reports the "scandal surrounding disgraced lobbyist Jack Abramoff has been a Washington obsession for months, but Republican lawmakers who returned from a two-week recess this week said they felt free to pass a relatively tepid ethics bill because their constituents rarely mention the issue." The House votes today "on ethics legislation to increase lobbyists' disclosures and require lawmakers to own up to the earmarks, or narrow projects, that they insert into appropriations bills. But the measure would not restrict the gifts or meals provided by lobbyists as House Speaker J. Dennis Hastert (R-Ill.) had proposed in January, nor would it expand the number of enforcers of lobbying rules and laws." Lawmakers "acknowledge that the bill is more limited in its scope and impact than the provisions promised by congressional leaders immediately after Abramoff's guilty plea to federal charges of bribery, conspiracy, tax evasion and mail fraud nearly four months ago. But they say they do not feel compelled to push more stringent measures partly because voters do not appear to be demanding them."

Knight Ridder (4/27, Kuhnhenn) reports, "Just weeks after declaring themselves fiscal and ethical reformers,

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lawmakers are adding billions of dollars in special projects to a spending bill for the Iraq war while retreating from some of the lobbying restrictions they'd once touted as the antidote to a spate of scandals." Congress' "continued appetite for unchecked spending and backpedaling on ethics illustrates how hard it is to change behavior that's ingrained in Washington's political culture."

The AP (4/27, Abrams) reports House approval the ethics overhaul "was complicated Wednesday by a Republican split over how to deal with the issue of earmarks, those narrow and often wasteful pet projects that make their way into bigger bills." With a "vote on the lobbying package scheduled for Thursday, the GOP leadership was trying to resolve concerns, coming mainly from Republicans on the House Appropriations Committee." The bill "allows lawmakers to raise points of order against appropriations, or spending bills, that do not properly identify earmarks. But Appropriations Committee Chairman Jerry Lewis, R-Calif., said it was unfair that the crackdown on earmarks was limited to spending bills, and did not apply to tax and authorization, or policy, bills."

CQ (4/26, Dennis, Poole) reports appropriators had been "holding firm in their threat to block floor action on the wide-ranging lobbying overhaul (HR 4975) unless a new earmark proposal was applied equally to authorizing legislation and tax bills, creating an uncertain environment for Thursday's scheduled floor vote." But authorizing committee chairmen "have resisted the appropriators' proposal, and conservatives who have waged a long battle to get earmark rule changes suggested appropriators were trying to affix a 'poison pill' to the lobbying measure to ensure its defeat."

Stabenow Campaign Moves To Correct "Glitch" In Campaign Finance Reports. The AP (4/27, Thomas) reports that Michigan Sen. Debbie Stabenow's (D) "campaign has corrected her campaign finance reports to show that some donations from 2002 and 2003 came from an Indian tribe then represented by now-disgraced lobbyist Jack Abramoff, not an individual as she reported at the time. Stabenow's campaign originally reported that $4,000 in donations came from Christopher Petras, who was the Saginaw Chippewa Indian Tribe's legislative director at the time. The donations came during a period in which Stabenow and other Michigan lawmakers sought funding for the tribe and wrote letters to federal regulators on the tribe's behalf." O

House Veterans Affairs Democrats Seek Probe Into Principi Firm's Contract. The Los Angeles Times (4/27, Roche, 958K) reports House Veterans Affairs Committee Democrats are calling for hearings into a "multimillion-dollar contract awarded to a firm now headed by former Veterans Affairs Secretary Anthony J. Principi." Principi's QTC Management "administers medical exams under contract for the VA." In a letter to committee chairman Steve Buyer, "seven Democrats asked for investigations into exam costs by the company and into possible conflicts of interest in awarding the contract." The letter requests a hearing date no later than October 6. Principi "previously told The Times that he fully complied with federal ethics laws, and that as VA secretary for four years he played no role whatsoever in the awarding or administration of the contracts."

Columnist Claims Bush Legacy One Of Ineptitude. Bob Herbert in his column in the New York Times (4/27, 1.19M) writes, "The nation seems, very belatedly, to be catching on to the tragic failures and monumental ineptitude of its president. Mr. Bush's poll numbers are abysmal. Republicans up for re-election are running from him as if he were the bogyman." For example, in the face of global warming warnings, "Bush took his cues from the honchos in the oil and gasoline industry, the very people who were setting the planet on fire. Now he talks about overcoming the nation's addiction to oil! This is amazing. Here's the president of the United States scaling the very heights of chutzpah. The Bush people and the oil people are indistinguishable. Condoleezza Rice, a former Chevron director, even had an oil tanker named after her."

WSJournal Argues Administration Must Act In Restricting Freddie Mac, Fannie Mae. The Wall Street Journal (4/27, 2.11M) editorializes, "Last week the Federal Election Commission shed some light on how Freddie Mac rewarded its friends," as "admitted to illegally raising $1.7 million for candidates from both parties between 2000 and 2003." While "Freddie agreed to fork over $3.8 million in fines," it "probably figures it also got its money's worth," as reform is stalled in Congress. "The Bush Administration has been forceful in calling for Congress to reform how Fannie and Freddie are regulated and run," but it "could itself take the opportunity to rein in Freddie and Fannie," as "An overlooked provision of the laws that founded the two companies already gives the Treasury Secretary the power to restrict the duo's mortgage portfolios that now threaten the U.S. financial system." If the Administration wants reform "to succeed, it is going to have to show Fan and Fred and their friends on the Hill that Treasury will act if Congress doesn't."

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OTHER NEWS:

Reports On Manufacturing, Housing Indicate Economy Expanding At Healthy Pace. The Washington Times/AP (4/27) reports, "A jump in demand for commercial aircraft pushed orders for big-ticket manufactured goods higher last month while sales of new homes shot up at the fastest pace in 13 years, reflecting a rebound from bad weather in February." The AP notes, "The Fed's 12 regional banks used words such as 'solid' and 'steady' to describe the economy's performance last month and early this month. The Fed did note that 'higher energy prices were at the forefront of most districts' mention of cost pressures,' and that was before crude oil soared to a record $75.17 per barrel Friday."

Bloomberg (4/27, Torres) adds, "Labor markets are 'tightening"and companies are struggling with higher energy prices because they're finding it difficult to pass those costs on to their customers, the central bank said today in its regional survey of the economy." The US economy "probably expanded at a 4.9 percent pace in the first quarter, the fastest since the third quarter of 2003, according to economists surveyed by Bloomberg."

The Financial Times (4/27, Swann) says "The figures suggest that US industry remains in extremely strong shape and increase the chances that the Federal Reserve may need to continue raising interest rates beyond 5 per cent."

But questioning the future of the US economy, the Wall Street Journal (4/27, Conkey, Ip, 2.11M) reports, "The latest readings suggest the nation's economy is carrying significant momentum into the second quarter, raising new questions about when a slowdown might come after a torrid start to the year." After an expected growth of roughly 5% in the first quarter, "over the rest of the year, Federal Reserve officials expect growth to moderate to a long-term rate of 3% to 3.5%, slow enough to keep inflation at bay but fast enough to keep unemployment from rising. That would permit the Fed to stop the campaign of interest-rate increases it began in June 2004." Yet recently "the economy has been sending signals that it might not be ready to settle down. The housing market, though softer, is holding up better than many skeptics predicted and consumer confidence remains surprisingly strong, despite soaring gasoline prices, and concerns about President Bush's handling of the economy. Meanwhile, solid job creation and wage gains are providing a cushion for consumer spending, and orders for capital equipment are picking up."

Similarly, the New York Times (4/27, Bajaj, 1.19M) reports that "economists cautioned that higher energy costs and interest rates might sap some of that vitality."

Stock Market Sends Mixed Signals On Strong Economic Data. The Wall Street Journal (4/27, Patterson, 2.11M) reports, "Wall Street can't seem to make up its mind about interest rates. New signs that the economy is on solid footing have caused investors to rethink expectations about the future course of interest rates in recent days -- and what higher rates mean for stocks." Recently, "the Dow Jones Industrial Average surged to a six-year high amid hopes the Federal Reserve would stop raising its target rate after one more quarter-point increase to 5% at their May meeting. Now, after several reports indicating the economy is stronger than previously thought, more investors think the Fed is likely to increase rates to 5.25% or more."

Bloomberg (4/27, Lawrence) adds, "The Dow average rose 71.24, or 0.6 percent, to 11,354.49, its highest since Jan. 19, 2000. The Dow, which first reached a six-year high last week, got an added lift from General Motors Corp. after Merrill Lynch & Co. said the carmaker has enough cash to pay workers who accept buyout offers. The Standard & Poor's 500 Index added 3.67, or 0.3 percent, to 1305.41, while the Nasdaq Composite Index gained 3.33, or 0.1 percent, to 2333.63. It was the first time all three indexes rose this week." The Financial Times (4/27John O', Doherty) also reports on the stock market.

Bernanke Not Expected To Reveal Plans On Interest Rates. The Washington Post (4/27, D1, Henderson, 744K) reports, "Federal Reserve Chairman Ben S. Bernanke is going to disappoint a lot of listeners when he addresses Congress today and provides no guidance on when the central bank will stop raising interest rates to keep inflation under control." Observers "have longed for such a signal and thought they saw it last week when a summary of Fed officials' last policymaking meeting in March suggested they might be done after lifting their benchmark short-term rate once more in May." Yet, "that expectation has wilted as several new government reports have shown the economy is growing briskly and inflation may be moving higher. Fed policymakers almost certainly will raise their benchmark rate again at their May 10 meeting but will be unable to indicate then whether they are done or see more increases in store."

Democrats' Generic Ballot Advantage Shrinks By Seven Points To 45%-39%. On NBC Nightly News (4/26, story 2, 2:35, 9.87M), Washington bureau chief Tim Russert discussed the results of the NBC News/Wall Street Journal poll. Russert said, "65% of the American people disapprove the job Congress is doing. Only 22% approve. That disapproval rate is up 12 points." But "when asked who do you want to control Congress, 39% say Republicans, 45% say Democrats, a six point plus fro the Dems. But a month ago, look at this, Brian, it was 13 points.

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So the people seem to be saying we're mad at both parties. We prefer the Democrats a little bit but we prefer to hear some viable alternatives coming from them."

Professor Says Discontent With War May Cost GOP Control Of Congress. Rutgers University professor Ross Baker in an op-ed in USA Today (4/27, 2.31M) writes, "A pattern emerges from all elections of the past century conducted in wartime: The contest turns into an expression of discontent with war." And "a war of uncertain duration, even one in which the trend lines are promising, might be too great a surge for members of the president's party to withstand. Combat fatigue is not a condition found only on the battlefield; it is also an affliction that has often been diagnosed in the voting booth."

Poll Says Only 12% Of Democrats Believe Clinton Can Win White House. AFP (4/26) reported that New York Sen. Hillary Clinton (D) "is the favorite among Democratic voters to be the party's candidate in the 2008 presidential election, according to a poll. But only 12 percent of Democrat electors believe" she "can overcome the hostility of US Republicans to take the White House, according to the Financial Dynamics poll for The Hotline political newsletter." Clinton "had support from 38 percent of Democrats, a 24 percentage point lead over nearest rival," Massachusetts Sen. John Kerry (D). On the GOP side, Arizona Sen. John McCain (R) "was the leading Republican candidate among Democrats. Fifty-five percent of the 603 people questioned had a favorable view of" McCain, "a higher rating than many Democratic party chiefs received. The poll, carried out April 19-23, had a margin of error of four percentage points."

Study Finds Increasing Proportion Of Uninsured Americans. ABC World News Tonight (4/26, story 6, :20, Vargas, 8.78M) reported, "A new study out today shows a sharp increase in the number of middle income workers who lack health insurance. Last year 41% of this group was uninsured for at least part of the year, up from 28% in 2001. There were also more likely to skip health screenings such as mammograms."

The AP (4/27, Agovino) reports that a report by the Commonwealth Fund, a New York-based private, health care policy foundation "paints a bleak health care picture for the uninsured." It found that "the percentage of working-age Americans with moderate to middle incomes who lacked health insurance for at least part of the year rose to 41 percent in 2005, a dramatic increase from the 28 percent in 2001." Also, "more than half of the uninsured adults said they were having problems paying their medical bills or had incurred debt to cover their expenses."

Electricity Consumers Face Massive Rate Hikes In Fifteen States. The CBS Evening News (4/26, story 4, 2:25, Andrews, 7.66M) reported, "Fifteen states, all of them states that deregulated electricity years ago, are facing major electrical price shocks, including a 100% hike in parts of Delaware. Here's what happened: Under deregulation, utilities like Baltimore Gas and Electric, BG&E, would sell off their power plants, buy power wholesale and let the market determine the true price of electricity. But in return, consumers were supposed to be allowed to buy their electricity from different suppliers who would compete to lower the prices. That part has not happened. Ratepayers, in other words, were supposed to have a choice, not a 'take it or leave it' electric bill." At BG&E, "officials point out that electric rates have been capped for seven years, years in which fuel costs for natural gas, for oil, and even for coal have shot skyward. Welcome, they are saying, to the real price of energy."

Khamenei Threatens Retaliation If Attacked. Iran's leader, Ayatollah Ali Khamenei, warned that his country would attack U.S. targets world wide if Iran is attacked for continuing its nuclear program. In a front page story, the Washington Post (4/27, A1, Moore, Ricks, 744K) reports that the Ayatollah is "escalating the threats between Washington and Tehran" and is part of "a campaign of defiance by senior Iranian officials." Besides this threat, "in a spate of statements this week, Iranian officials have also threatened to cut oil production, export nuclear technology, bar international nuclear monitors, make their nuclear program entirely secret and withdraw from the nuclear Non-Proliferation Treaty." The AP (4/27, Karimi) quotes Khamenei: "Iran will respond twofold to any attack."

The Christian Science Monitor (4/27, LaFranchi, 61K) reports, "With neither side blinking, Iran and the international community are preparing to take the next step in their showdown over Tehran's nuclear ambitions." The dispute "returns Friday to the United Nations Security Council, where the Iranian regime is hoping a divide-and-conquer strategy will prevent the UN body from taking any coercive action to limit its nuclear program. It may be a bold gambit: Just a month ago, the Council acted - unanimously - to give Iran 30 days to show it had ceased uranium enrichment." Yet, "the Security Council, in fact, is split over the need for action against a defiant Tehran."

House Passes Bill To Toughen Sanctions On Iran. The Washington Times (4/27, Bellantoni, 90K) reports, "The House yesterday overwhelmingly passed a bipartisan bill" by a vote of 397-21 "that toughens sanctions against Iran until the country dismantles its nuclear programs, with supporters saying the move is a "key component of our war on terror." It "sends the message 'the United States expects Iran to be a

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responsible member of the international community,' said House Majority Leader John A. Boehner, Ohio Republican."

The AP (4/27, Abrams) adds, "Supporters emphasized that the legislation does not authorize the use of force in Iran and was a proper response to the Tehran government's nuclear ambitions. A nuclear Iran, said Rep. Christopher Smith (news, bio, voting record), R-N.J. 'will be a devastating blow to peace and security, not only in the Middle East, but in the entire world.'"

Chinese Leader Not Expected To Support Sanctions. The Washington Times (4/27, Gertz, 90K) reports, "President Bush directly appealed to Chinese President Hu Jintao last week to support economic sanctions on Iran for not abiding by international controls on its nuclear program, but Mr. Hu refused to do so now, Bush administration officials said." One source said, "They left open the possibility that they could support sanctions in the future."

Azerbaijan Will Not Host US Strikes Against Iran. The start of Azeri President Ilham Aliev's US visit was sparsely covered. However, the AP (4/26, Schweid) reported Aliev "opened a three-day visit to the United States on Wednesday by saying he would not allow his country to be used by the U.S. for any operations against neighboring Iran. Aliev, scheduled to meet with President Bush on Friday, cited a 'very clear' agreement with Iran that the two countries would not permit their territory to be used for operations against the other." Aliev "said he would remain at arms' length from" any military action against Tehran. "Azerbaijan wants to remain an 'island of stability' in the region, Aliev said." On a key regional issue, Aliev "said Azerbaijan's recovery of the" Nagorno-Karabakh enclave, currently controlled by Armenia, "was not subject to negotiations."

Poll Shows Rice Is The Most Popular Of Top Administration Officials. CNN's The Situation Room (4/26, Blitzer)) reported, "Our new CNN poll conducted by Opinion Research Corporation shows, Rice is the most popular of the top Bush administration officials. She's rated favorably by more than 57 percent of respondents. President Bush is next at 40 percent, although 57 percent viewed him unfavorably. Thirty-five percent view Vice President Cheney favorably, while Defense Secretary Donald Rumsfeld finds favor with just 33 percent."

Rice To Attend ASEAN Regional Forum. AFP (4/26) reported Secretary Rice "has confirmed she will attend Southeast Asia's annual security meeting here in [Kuala Lumpur], Malaysian Foreign Minister Syed Hamid Albar said." Hamid noted Bangladesh will attend for the first time as an observer, and "discussions will focus on issues including global terrorism and energy prices." AFP adds, "Rice shunned the ARF meeting in Laos last year, instead sending her deputy in what was seen as an attempt to pressure ASEAN into pushing its recalcitrant member Myanmar to introduce democratic reforms."

Latin American Leaders Unhappy With US Trade Deals. The AP (4/27, Goodman) reports, "Since 2003, when attempts to secure a hemispheric-wide free trade zone broke down, U.S. negotiators have signed bilateral, free trade agreements with nine Latin American nations. Two more, with Ecuador and Panama, are in the pipeline." The deals "have been an unqualified success for American exporters. For example, U.S. exports to Chile have almost doubled, to $5.2 billion last year, in the two years since the two countries signed a deal, the Office of the U.S. Trade Representative said." Yet "among Latin Americans, the dollar diplomacy has left a bitter taste."

US Targets UN Peacekeeping Operations. The Washington Times (4/27, Pisik, 90K) reports, "The United Nations confirmed yesterday the U.S. Attorney's Office is investigating suspected wrongdoing in the office that handles procurement for U.N. peacekeeping operations." And a GAO report "to be delivered to Congress today describes the procurement office as understaffed, poorly trained and badly lacking the oversight that would uncover corruption, fraud and waste."

Suicide Bombers Target Peacekeepers In Egypt. Two days after the Egyptian resort bombings, suicide bombers targeted a multinational peacekeeping force, but killed only themselves. The New York Times (4/27, Slackman, 1.19M) reports that the bombers' timing "and the location in one of the Egypt's highest security zones raised concerns that the country might again be faced with the kind of sustained terrorist threat it struggled to suppress a decade ago," and the government "appeared stumped over to how to safeguard its tourist industry in the Sinai, one of the pillars of the nation's economy." Coming after Monday's attacks, these "added to a general sense of anxiety, both inside and outside the government, over challenges facing" Egypt. The Washington Post (4/27, A14, Williams, 744K) adds that the bombings "displayed the Egyptian government's continuing difficulty in pacifying the rugged Sinai region."

The CBS Evening News (4/26, story 6, 0:10, Schieffer, 7.66M) reported, "There was another bomb attack today in Egypt's Sinai Desert. Two suicide bombers struck international peacekeepers near the Gaza border, but only blew themselves up."

Egypt Blames Resort Bombings On Bedouin Tribesmen. The CBS Evening News (4/26, story 7, 0:15, Schieffer, 7.66M) reported, "Also today, Egypt said its investigation of Monday's bombings in the Sinai tourist town

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of Dahab has turned up a link to Bedouin tribesmen who are blamed for earlier attacks on resorts in the same area."

Putin Warns Europe Russian Oil Could Go East. The New York Times (4/27, Kramer, 1.19M) reports that "President Vladimir V. Putin said Wednesday that Russia should direct future oil and natural gas exports to Asia because 'unprincipled competition' had blocked its energy companies from expanding elsewhere." The comments "seemed to reflect, in part, unhappiness at Gazprom," as, "outside of Germany, Gazprom's business is not progressing smoothly." Putin's "swagger…suggests his government believes it now has a strong negotiating hand with Europe on energy issues." However, "energy analysts say it is unlikely that Russia could intentionally curtail exports to Europe because of the high cost of unused export capacity."

The Wall Street Journal (4/27, A6, Chazan, 2.11M) runs a headline calling the warning a "power play" and agrees that "many analysts say that for the time being, Gazprom's threat to sell its gas elsewhere is empty rhetoric." It says that the comments are "ratcheting up the tension in an escalating row over Russia's international energy ambitions."

Putin Reverses Pipeline Decision. The New York Times (4/27, Myers, 1.19M) reports that, in a decision that "underscored Mr. Putin's highly centralized power and his penchant for dramatic gestures," he "reversed a controversial government decision" and ordered "that an oil pipeline being built across Siberia be rerouted away from the northern shore of Lake Baikal." The "unexpected reversal" that "appeared choreographed for state television networks," followed "rare public protests."

Sudan's Bashir Rejects UN Peacekeepers In Darfur. The Washington Post (4/27, A21, Lynch, 744K) reports Sudanese President Omar Bashir "rejected a U.N. appeal to allow its peacekeepers into the Darfur region to help stem" the "tide of violence" there. It "represented a setback for a U.S.-backed proposal to send more than 15,000 U.N. and NATO peacekeepers to Darfur to replace an underequipped African Union force of more than 6,000 troops." Continued denial of access to the UN assessment team will, UN officials have said, prevent UN planning for the mission takeover to proceed. The Post says "the Bush administration accused Khartoum of stalling. 'This is just delaying and delaying and delaying, and it's consistent with the pattern that the Sudanese government has followed for years in this,' said" US Ambassador John Bolton.

In a dim assessment of diplomatic options to resolve the Darfur conflict, the New York Times (4/27, Brinkley, 1.19M) reports, "As the violence…grows ever more deadly, Bush administration officials now acknowledge that they have few if any promising policy options for containing the carnage. If there is no agreement by Sunday on a way to resolve the crisis, the long-running peace talks are to be disbanded. But hopes for an agreement are low. … For the administration, the greatest hope centers on the peace talks in Abuja, Nigeria, which have limped along for almost two years." Deputy Secretary Zoellick "said in an interview on Wednesday, 'There's a fighting chance' to reach agreement by Sunday. … 'If there is no peace accord, then it becomes a different mission.'"

Maoists Declare Truce In Nepal, Show Signs Of Inner Conflict. The Financial Times (4/27, Bhattarai) reports, "Maoist rebels in Nepal declared a unilateral three-month truce on Thursday ahead of the country's first parliamentary meeting" and "lifted their blockades on highways following assurances by the leaders of the seven parties that they would hold a constituent assembly election." Maoist party chairman Prachanda said it is "an attempt to 'encourage' the seven parties to declare an 'unconditional' constituent assembly election to re-write the constitution for a 'democratic republic.'"

The Washington Post (4/27, A19, Lancaster, 744K) adds that the Maoists have a dilemma in they want "to retain a voice in above-ground politics but not at the price of abandoning its weapons or dreams of communist utopia." Their "struggle to reconcile its hard-line ideology with popular will was evident in its muddled response to Gyanendra's announcement" he would reinstate politics. However, "some analysts…say they believe that the tumult of recent weeks could open the way for an end to the insurgency, by creating a new political framework in which the Maoists can work peacefully."

Series Of Challenges Said To Tax Blair's Survival Skills. In highly pessimistic tones, the AP (4/26, Gardiner) reports, "In a single disastrous day, one of Prime Minister Tony Blair's closest allies came under fire over a prisoner release scandal, his deputy admitted an extramarital fling, and his health secretary endured jeers from nurses. The headaches are piling up for Blair and his Labour Party ahead of local elections that could reduce the British leader's chances of hanging on to power if they go badly." Although Blair's Labor government routinely faces criticism, the AP notes, "crime and immigration are key political issues, so the disclosures have the potential to do real damage to Blair. Clarke is a crucial ally in Blair's power struggle with Treasury chief Gordon Brown, who is eager for the prime minister to step aside so he can take over."

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THE BIG PICTURE:

Headlines From Today's Front Pages.

Los Angeles Times:
"Panel Says To Scrap FEMA."
"A Tank Shot And Its Echo."
"It's White-Knuckle Time For College Officials Too."
"Fox Commentator Named Bush's Press Secretary."
"Rove Again Testifies To Jury In CIA Leak Case."
"Migrants' Boycott Plan Is Crossing The Border."
"Lay Admits Witness Contacts."

USA Today:
"Some Pay More In Medicare Rx Plan."
"Illegal Trade In Bodies Shakes Loved Ones."
"Texas Schools Battle 'Starter Heroin.'"

New York Times:
"Grand Jury Gets Rove Testimony Over C.I.A. Leak."
"Evacuees Find Housing Grants Will End Soon."
"Rice Visits Iraq With Rumsfeld To Press Leader."
"Second Thoughts In Congress On Oil Tax Breaks."
"Senate Committee Leaders Urge FEMA Dismantling."
"First, Idea, Plot and Characters. Then, A Book Needs An Author.
"Web Sites Set Up To Celebrate Life Recall Lives Lost."

Washington Post:
"Iranian Leader Warns U.S. Of Reprisal."
"Rove Testifies 5th Time On Leak."
"Pain At Pumps May Be Felt At Polls."
"Finding Little Solace In Sharing Of Long-Guarded Secret."
"Snow Pick May Signal Less Insular White House."
"Black Executives Seek Stake In Nats' Future."

Washington Times:
"Senate OKs $2 Billion To Stop Illegals."
"Rice, Rumsfeld Visit Iraq."
"California Aviation Comes In For A Landing."
"Rat Eradicator Roots Out Vile Varmints."
"Stay Tuned: TV Forces Viewers To Watch Ads."

Detroit Free Press:
"'I Don't Hate Tom Wellinger.'"
"Make Children's Wishes Come True."
"Free Press, Local 4 Join News Forces, Plan Michigan Polling."
"Water Rates Aren't As Random As They Seem."

Atlanta Journal-Constitution:
"Senate Adds Funds For Border Security."
"UGA Tightens Rules On Student Alcohol."
"Braves Talks Are Strictly Business."
"Slow-Smoked Tradition Gets Gassed Up."

Houston Chronicle:
"Microscope On Oil Firms' Tax Returns."
"The Landscape Of A Pandemic."
"Lay Gets Loud And Angry With Prosecutor."
"Texans' Rejection Still Held A Sting For Young."
"Latino Media Grapple With Issue."

Story Lineup From Last Night's Network News:
ABC: Oil Industry Profits; Oil Profits-Beneficiaries; Rice, Rumsfeld-Iraq; Bush Spokesman-Snow; Injured Soldiers-Debt; Uninsured Middle Income Workers; Ukraine-Chernobyl Anniversary; Needy Students-Food.
CBS: CIA Probe-Rove; Senate-Oil Companies; Oil Company Profits; Increased Electric Bills; Iraq-US KIA; Egypt-Suicide Bombers; Egyptian Resort Bombings; Rice, Rumsfeld-Iraq; Iraq-Rebuilding; Insurers-Policy Cancellations; New Orleans-Levees; Armored Marathon Runner.
NBC: CIA Probe-Rove; Bush-Approval Ratings; Gas Prices-Policy; Senate-Emergency Spending; Rice, Rumsfeld-Iraq; Chernobyl Anniversary; Iraq Veterans-Brain Injuries; Gas Prices- Drivers; United 93 Film Premiere.

Story Lineup From This Morning's Radio News Broadcasts:
ABC: Senate Panel Calls For Abolishing FEMA; IN-Highway Crash; Oil Company Profits; Oil Prices; Bonds-Home Run Record Chase; Rove-Grand Jury Testimony; Jolie-Education Program; Internet Use.
CBS: Senate Panel Calls For Abolishing FEMA; Gas Prices; Senate-Border Security; Rove-Grand Jury Testimony; IN-Highway Crash.
NPR: Rove-Grand Jury Testimony; Gas Prices; Enron Trial; Senate Panel Calls For Abolishing FEMA; Wall Street; Chirac-high Tech Development; Archives-Reclassifying Documents.

WASHINGTON'S SCHEDULE:

Today's Events In Washington.

White House:

PRESIDENT BUSH — Participates in a National Volunteer Week Service Project, TBA location, Louisiana; participates in National Volunteer Week Service Project, Location TBA, Mississippi.

VICE PRESIDENT CHENEY — No public schedule.

US Senate: FLOOR SCHEDULE _ 9:30 a.m. The Senate reconvenes.

10 a.m. JOINT ECONOMIC _ Full Committee. Hearing on the economic outlook. FTB Chairman Ben Bernanke. Location: Room 216, Hart.

9:30 a.m. APPROPRIATIONS _ Transportation, Treasury, the Judiciary and HUD Subcommittee. Hearing on FY07 appropriations for the IRS. Commissioner Mark

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Everson, IRS Oversight Board Chairman Raymond Wagner, Russell George of the Treasury OIG Office, and Nina Olsen of the Taxpayer Advocate Service. Location: Room 138, Dirksen.

9:30 a.m. JUDICIARY _ Full Committee. Markup of S.2454 - Security America's Borders Act. Location: Room 226, Dirksen.

10 a.m. ARMED SERVICES _ Full Committee. Closed briefing on operations and intelligence. Location: Room 222, Russell.

10 a.m. COMMERCE, SCIENCE AND TRANSPORTATION _ Disaster Prevention and Prediction Subcommittee. Hearing on drought. former Wyoming Gov. Jim Geringer, Donald Wilhite of the National Drought Mitigation Center, Chet Koblinsky, NOAA. Location: Room 562, Dirksen.

10:30 a.m. APPROPRIATIONS _ Legislative Branch Subcommittee. Oversight hearing on the Capitol Visitor Center. Architect of the Capitol Alan Hantman; Bernard Ungar, GAO; Terrell Dorn, GAO; Robert Hixon, Jr., Capitol Visitor Center Project. Location: Room 138, Dirksen.

2:30 p.m. FOREIGN RELATIONS _ Full Committee. Hearing on implementation of the Western Hemisphere Travel Initiative. Deputy Assistant Secretary of State Frank E. Moss; Acting Assistant DHS Secretary Paul Rosenzweig; Ken Oplinger, president and CEO, Bellingham/Whatcom Chamber of Commerce and Industry, Bellingham, Wash.; Brian Sage, Landowners Association of the Northwest Angle and Islands, Angle Inlet, Minn.; Howard Zemsky, Board of Directors, Buffalo Niagara Partnership, Buffalo, N.Y. Location: Room 419, Dirksen.

2:30 p.m. JUDICIARY _ Fulol Committee. Hearing on renewal of the Voting Rights Act. Location: Room 226, Dirksen.

2:30 p.m. SELECT INTELLIGENCE _ Full Committee. Closed. Hearing on pending matters. Location: Room 219, Hart.

US House: FLOOR SCHEDULE _ 9 a.m. Meets for Former Members Day. Takes up legislative business at 10:30 a.m.

10 a.m. JOINT ECONOMIC _ Full Committee. Hearing on the economic outlook. FTB Chairman Ben Bernanke. Location: Room 216, Hart.

9 a.m. ARMED SERVICES _ Readiness Subcommittee. Markup portions of the defense authorization bill. Location: Rpoom 2118, Rayburn.

9 a.m. ENERGY AND COMMERCE _ Health Subcommittee. Hearing on reauthorization of the Ryan White CARE Act. Administrator Elizabeth Duke, Health Resources and Services Administration; Director Kevin Fenton, National Center for HIV, STD and TV Prevention; Marcia Crosse, GAO. Location: Room 2123, Rayburn.

9 a.m. JUDICIARY _ Courts, the Internet and Intellectual Property Subcommittee. Oversight hearing on patent harmonization. Q. Todd Dickinson, General Electric Co.; Robert A. Armitage, Eli Lilly and Co.; Gary Mueller, Digital Now Inc., Herndon, Va.; Pat Choate, political economist. Location: Room 2141, Rayburn.

9 a.m. SELECT INTELLIGENCE _ Full Committee. Closed, members-only briefing on pending matters. Location: Room H-405, Capitol.

9:30 a.m. SCIENCE _ Full Committee. Hearing on H.R. 5143 - The H-Prize Act of 2006. Phillip Baxley, Shell Hydrogen; David Bodde, Clemon University; Peter Diamandis, X Prize Foundation; David Greene, Oak Ridge National Lab. Location: Room 2318, Rayburn.

10 a.m. AGRICULTURE _ Full Committee. Hearing on the futures market and gasoline prices. Location: Room 1300, Longworth.

10 a.m. APPROPRIATIONS _ Science, State, Justice, Commerce and Related Agencies Subcommittee. Hearingon the SEC FY07 budget. Chairman Christopher Cox. Location: Room H-309, Capitol.

10 a.m. ENERGY AND COMMERCE _ Energy and Air Quality Subcommittee. Hearing on improvements made in pipeline safety. Brigham McCown, Acting Administrator, Pipeline and Hazardous Materials Administration; Theodore Alves, Principal Assistant Inspector General for Audit and Evaluation, DOT Inspector General; Robert Chipkevich, National Transportation Safety Board; Katherine Siggerud, GAO; Ohio Public Utilities Commissioner Donald L. Mason; Massoud Tahamtani, Virginia State Corporation Commission; Edmund F. Bender, Jr., Baltimore Gas and Electric Company; Jeryl L. Mohn, Panhandle Energy, Houston; Timothy C. Felt, Explorer Pipeline Company, Tulsa; Lois N. Epstein, Cook Inlet Keeper, Anchorage; Bob Kipp, Common Ground Alliance, Alexandria, Va. Location: Room 2322, Rayburn.

10 a.m. GOVERNMENT REFORM _ Full Committee. Hearing on ``Financial Friendly Fire: A Review of Persistent Military Pay Problems." Gregory D. Kutz, GAO; Lt. Col. John M. Lovejoy, U.S. Army Reserve, Portland, Ore.; Spc. Frank Mangum, former Alabama Army National Guard; Spc. Brandy Taylor, former U.S. Army Reserve, Brookhaven, Miss.; David Patterson, principal deputy under secretary of Defense; Nelson Ford, principal deputy assistant secretary of the Army; Zach E. Gaddy, director, Defense Finance Accounting Service; Mark R. Lewis, assistant deputy chief of staff, G-1, Army; Col. Mark McAlister, finance officer, 18th Airborne Corps, Fort Bragg. Location: Room 2154, Rayburn.

10 a.m. HOMELAND SECURITY _ Intelligence, Information Sharing, and Terrrorism Risk Assessment Subcommittee. Closed briefing on a GAO report on information sharing within the federal government. Location: Room 311, Cannon.

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10 a.m. INTERNATIONAL RELATIONS _ Asia and the Pacific Subcommittee and the Africa, Global Human Rights and International Operations Subcommittee. Joint hearing on North Korea. Jay Lefkowitz, special envoy for human rights in North Korea; Sakie Yokota, mother of Japanese abductee; Koh Myung Sup - South Korean abductee; Yoichi Shimada, vice chairman, National Association for the Rescue of Japanese Kidnapped by North Korea; Cho Chang-Ho, former South Korean officer and prisoner of war held in North Korea for 43 years; Lee Mi-Il, Korean War Abductees Family Union. Location: Room 2172, Rayburn.

10 a.m. RESOURCES _ Full Committee. Oversight hearing on the status of Puerto Rico. Ruben Barrales, c-chairman, President's Task Force on Puerto Rico's Status; C. Kevin Marshall, co-chairman, President's Task Force on Puerto Rico's; Gov. Anibal Acevedo Vila, Popular Democrat-Puerto Rico; Pedro Rossello, president, New Progressive Party; Ruben Berrios, president, Puerto Rican Independence Party; Rafael Hernandez Colon, former governor of Puerto Rico; Carlos A. Romero-Barcelo, former governor of Puerto Rico. Location: Room 1324, Rayburn.

10 a.m. TRANSPORTATION AND INFRASTRUCTURE _ Coasat Guard and Maritime Transportation Subcommittee. Hearing on implementation of the Oil Pollution Act. Assistant Coast Guard Commandant Rear Adm. Thomas H. Gilmour, Jan Lane, director, National Pollution Funds Center, Coast Guard; David Kennedy, director, Office of Response and Restoration, NOAA. Location: Room 2167, Rayburn.

10:30 a.m. EDUCATION AND THE WORKFORCE _ Workforce Protection Subcommittee. Hearing on use of non-consensus standards in workplace health and safety. Attorney Henry Chajet, Washington; Elizabeth Marcucci, Safety Director, Gonnella Baking Company, Chicago; Dr. Frank Mirer, Director of Health and Safety, United Auto Workers; Jim Ruddell, Director of Environment and Safety, Franklin Industrial Minerals, Nashville. Location: Room 2175, Rayburn.

10:30 a.m. SMALL BUSINESS _ Workforce, Empowerment and Government Programs Subcommittee. Hearing on proposals to help lower healthcare costs for small businesses. Location: Room 2360, Rayburn.

11 a.m. ARMED SERVICES _ Projection Forces Subcommittee. Markup the defense authorization bill. Location: Room 2212, Rayburn.

11 a.m. FINANCIAL SERVICES _ Domestic and International Monetary Policy, Trade and Technology Subcommittee. Hearing on the Committee on Foreign Investments in the U.S. Donald L. Evans, former secretary of Commerce; Paul Vikner, president and CEO, Mack Trucks Inc.; Jeffrey M. Anderson, executive director, Virginia Economic Development Partnership; Daniel K. Tarullo, Georgetown University Law Center. Location: Room 2128, Rayburn.

1 p.m. ARMED SERVICES _ Terrorism, Unconventional Threats and Capabilities Subcommittee. Markup portions of the defense authorization bill. Location: Room 2118, Rayburn.

1 p.m. INTERNATIONAL RELATIONS _ Full Committee. Hearing on UN reform. Comptroller General David Walker. Location: Room 2172, Rayburn.

1 p.m. RESOURCES _ Forests and Forest Health Subcommittee. Hearing on a GAO report on the use of woody biomass for energy and other purposes. Robin M. Nazzaro, GAO; Marcia Patton-Mallory, USDA; Richard Moorer ,deputy assistant secretary of Energy; Wade Mosby, Collins Cos., Portland, Ore.; Ryan Temple, Healthy Forests Healthy Communities Partnership, Sustainable Northwest, Portland, Ore. Location: Room 1334, Longworth.

1:30 p.m. VETERANS AFFAIRS _ Economic Opportunity Subcommittee. Hearing on pending legislation. Location: Room 334, Cannon.

2 p.m. JUDICIARY _ Constitution Subcommittee. Oversight hearing on the line item veto. Location: Room 2141, Rayburn.

2:30 p.m. RESOURCES _ National Parks Subcommittee. Hearing on pending legislation. Location: Room 1324, Longworth.

Other: GOVERNMENT SECURITY _ The homeland security event GovSec, U.S. Law and Ready! will be held in Washington. Some 9,000 homeland security professionals who work in the federal government; federal, state and local law enforcement; and others will attend. Highlights: 3 p.m. Closing keynote address by Rep. Curt Weldon, R-Pa. Location: Washington Convention Center, Mt. Vernon Square.

HARBOR SAFETY _ The Transportation Research Board of the National Academies holds the 8th annual Harbor Safety Committee Conference. Highlights: 12 p.m. Pre-lunch speaker - NTSB Acting chairman Mark Rosenker. Location: NAS, 2101 Constitution Ave. NW.

FEDERAL PREEMPTION _ The American Enterprise Institute holds a session on federal preemption of state law. Highlights: 6:30 p.m. Dinner keynote speaker: Kenneth Starr. Location: 12th floor, AEI, 1150 17th St. NW.

INSURANCE AGENTS CONFERENCE _ The Independent Insurance Agents and Brokers of America holds its national legislative conference. Highlights: 8 a.m. Sen. Mark Pryor, D-Ark., speaks to conference. Grand Hyatt Hotel 8:45 a.m. House Majority Leader John Boehner, R-Ohio, speaks. Grand Hyatt. Location: Grand Hyatt Hotel, 1000 H St. NW. and Washington Convention Center.

MOUSSAOUI _ 8:30 a.m. - 4 p.m. Jury deliberations continue in the penalty phase of U.S. v. Zacarias Moussaoui.

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Location: Albert V. Bryan U.S. Courthouse, 401 Courthouse Square, Alexandria, Va.

IMMIGRATION-TRADE _ 9 a.m. The Washington International Trade Association holds a discussion on immigration and trade policy with Rep. Jim Kolbe. Location: JW Marriott, 1331 Pennsylvania Ave, NW.

IRAQ _ 9 a.m. Reps. Lynn Woolsey, Barbara Lee, Maurice Hinchey and Maxine Waters co-chair a forum on ending U.S. military operations in Iraq. Participants include former National Intelligence Officer Paul Pillar, Faiza Al-Arji of Iraq, others. Location: Room 2325, Rayburn.

IMMIGRATION-BOYCOTT _ 9:30 a.m. Organizers of immigration rights demonstrations hold a news conference to announce ``The Great May 1 Boycott." Location: National Press Club.

FAITH-IMMIGRATION _ 9:30 a.m. - 12:15 p.m. The Family Research Council will host a panel discussion titled, ``Faith, Culture, and Law in the Immigration Debate." The panel will discuss how to approach the controversy surrounding the immigration debate from differing religious, cultural, and political perspectives. Participants are: Tony Perkins, president of the Family Research Council; Sen. Sam Brownback, R-Kansas; Rep. Tom Tancredo, R-Colo.; Rev. Samuel Rodriguez, Jr., National Hispanic Christian Leadership Conference; Richard Land, Southern Baptist Convention; Joan M. Maruskin, Church World Service - Immigration and Refugee Program; John O'Sullivan, Hudson Institute; Brent A. Wilkes, League of United Latin American Citizens (LULAC); and Mark Krikorian, Center for Immigration Studies. Location: Family Research Council, 801 G St. NW.

KATRINA REPORT _ 10 a.m. Senators Collins and Lieberman hold a news briefing on a Hurricane Katrina report. Location: Senate Gallery Studio.

DRUGS-TERRORISM _ 10:30 a.m. The Royal Canadian Mounted Police and the Drug Enforcement Administration hold a briefing on efforts to deal with illegal drugs, money laundering and terrorism. Location: National Press Club.

MEDICARE-PRESCRIPTIONS _ 10:30 a.m. Reps. Deborah Pryce, Joe Barton, Tom Price, others, hold a news conference with seniors on the Medicare prescription drug benefit rally. Location: Cannon Terrace.

PUBLIC CITIZEN-LOBBYING _ 11 a.m. Public Citizen activists will gather near the Capitol to protest this bill by posing in the ``See No Evil, Hear No Evil, Speak No Evil" pose (hands over eyes, ears and mouth) with a large sign reading ``Congress on Ethics: See No Evil" to complain that lobbying reform legislation pending in the House is so weak as to be meaningless. Location: Steps of the Ulysses S. Grant statue, immediately west of the Capitol grounds.

VOLUNTEER WEEK-JACKSON _ 11:30 a.m. HUD Secretary Jackson helps serve lunch to promote National Volunteer Week. Location: So Others Might Eat, 71 O St. NW.

EXXON VALDEZ _ 11:45 a.m. Members of Congress hold a news conference with victims of the Exxon Valdez oil spill to call on the company to pay the damages it has been assessed in the courts. Location: Cannon Terrace.

GOLDMAN PRIZE _ 12 p.m. Sens. Hillary Clinton and Dianne Feinstein and House Minority Leader Nancy Pelosi host luncheon for six international winners of the $750,000 Goldman Environmental Prize, the world's largest grassroots environmental prize. Location: Mansfield Room, Capitol.

MEDICARE _ 12 p.m. Sens. Max Baucus, Ron Wyden and Blanche Lincoln hold a news conference to discuss legislation to correct problems in the Medicare drug benefit. Location: Senate Radio-TV Gallery.

SARBANES-OXLEY _ 12 p.m. The Free Enterprise Fund holds a luncheon on the Sarbanes-Oxley Act of 2002, with Reps. tom Feeney, Mark Kirk, Jeb Hensarling, Jeff Flake, Pete Sessions, Gregory Meeks, and House Democratic Leader Nancy Pelosi. Location: Phoenix Hotel, 520 N. Capitol St.

SPACE RESEARCH _ 12 p.m. The U.S. Chamber of Commerce holds a congressional staff briefing on the technological advances and economic benefits of space research and exploration. Location: Room 2325, Rayburn.

IMMIGRATION _ 12 p.m. - 1:30 p.m. The National Economists Club holds its weekly luncheon with an address By Dr. Jeffrey Passel, Senior Research Associate, Pew Hispanic Center, who will discuss ``U.S. Immigration: Myth and Reality." Location: Chinatown Garden Restaurant, 618 H St. NW.

DARFUR _ 12:15 p.m. Sens. Sam Brownback, R-Kans., and Barack Obama, D-Ill., and actor George Clooney discuss congressional efforts to stop the genocide in Darfur and Clooney's recent visit to the region. Location: National Press Club, 13th floor Conference Room.

CHERTOFF _ 1 p.m. Homeland Security Secretary Chertoff speaks a a public forum on a wide range of issues, including immmigration, border security, storm preparedness and other issues. Location: Dewberry Hall, Johnson Center, George Mason University.

IMMIGRATION _ 1 p.m. The Rights Working Group holds a news conference on provisions of the Senate immigration bill. Participants include Kevin Appleby of the U.S. Conference of Catholic Bishops, Magdaleno Rose-Avila of the Northwest Immigrant Rights Project, Hilary Shelton of the NAACP, Kareen Shora of the American-Arab Anti Discrimination Committee. Location: National Press Club.

DEMOCRATS-GAS PRICES _ 1:15 p.m. DSCC Chairman Charles Schumer and DCCC Chairman Rahm Emanuel hold a press conference to detail the effect of rising gas prices on Republican congressional candidates this year and to release a list of what they say are the ten worst votes

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on gas prices that Republicans have cast. Location: Democratic National Headquarters (DNC Building), Wasserman Room, 430 South Capitol St. SE.

PELOSI _ 1:30 p.m. House Democratic Leader Nancy Pelosi holds her weekly press conference. Immediately following Pelosi's weekly, she will answer questions from reporters' children as part of Take Your Daughters and Sons to Work Day. Location: Room H-206, Capitol.

CHERNOBYL _ 2 p.m. Congressional briefing on Chernobyl, hosted by Reps. Marcy Kaptur, Roscoe Bartlett and Curt Weldon. Location: Room HC-6, Capitol.

CIVIL RIGHTS _ 2 p.m. Sen. Jim Talent and Rep. John Lewis hold a news conference to announce a plan to create two new offices in the Justice Department to focus on Civil Rights-era murders. Location: Senate Radio-TV Gallery.

HEALTH CARE _ 2 p.m. CEOs Lynn Nicholas of the American Diabetes Association, Bill Novelli of AARP, and John Seffrin of the American Cancer Society hold a telephone briefing to discuss joint efforts to defeat a bill to eliminate key health care protections and make it harder for older workers and people with chronic illnesses to get a job that has health insurance. Contacts: Heidi Sternheim, 202-434-2550.

NORTH KOREA _ 2:30 p.m. News conference with announcements by North Korea defectors, joined by witnesses from the morning congressional hearing. Location: Room 2168, Rayburn.

PENTAGON-PLANNERS _ 2:30 p.m. Director for Strategic Plans and Policy, Joint Staff J-5, Lt. Gen. Victor Renuart, will conduct an on-the-record media round table. He will discuss the Multilateral Planners Conference that over 90 countries attended. Its primary focus was current global operations and collaborations on the War on Terrorism. Renuart and his J-5 equivalents worldwide wrapped up the bi-annual two-day conference held at Ft McNair 25-26 April. Location: Pentagon Press Briefing Studio, 2E579.

CHINA _ 3:30 p.m. The Asia Program and the Jamestown Foundation hold a presentation, ``Is Hu Jintao a Reformer? Prospects for Liberalization in China," with Willy Wo-Lap Lam of the foundation. Location: 5th floor conference room, Wilson International Center for Scholars, Reagan Trade Building.

KOREA-WREATH LAYING _ 4 p.m. Wreath laying ceremony by the Exile Committee for North Korea Democracy to pay tribute to U.S. soldiers who died fighting for South Korea's freedom. Location: Korean War Memorial.

NAFTA-LUMBER DISPUTE _ 5 p.m. - 7 p.m. Discussion on the US-Canadian Softwood Lumber Dispute and the recent challenges to NAFTA and Chapter 19. Location: Washington College of Law, 4810 Massachusetts Ave., NW.

NORTH KOREA _ 5:30 p.m. Freedom House will co-host a reception to welcome participants of North Korea Freedom Week and acknowledge the contributions US Congressional leaders, visiting Japanese Parliamentarians, and NGO leaders from the US, Japan, and South Korea have made to the issue of human rights in North Korea. Location: Rayburn House Office Building Cafeteria.

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DEPARTMENT OF JUSTICE *NEWS CLIPS*

PREPARED FOR THE OFFICE OF PUBLIC AFFAIRS, US DEPARTMENT OF JUSTICE

TO: THE ATTORNEY GENERAL AND SENIOR STAFF

DATE: THURSDAY, APRIL 27, 2006 7:45 AM EDT

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TERRORISM NEWS:

Moussaoui Jury Ends 3rd Day, No Verdict (AP)

AP, April 27, 2006

(AP) - ALEXANDRIA, Va.-Jurors in the Zacarias Moussaoui case completed a third day of deliberations Wednesday without deciding whether the Sept. 11 conspirator should be executed or imprisoned for life.

After 6 1/4 hours of work on Wednesday, the nine men and three women had deliberated for 16 hours over three days. They were to return Thursday morning.

Jurors have asked only one question - a request on Tuesday for a dictionary. U.S. District Judge Leonie Brinkema denied the request, saying that giving them a dictionary would be like placing extraneous evidence in the jury room. She said jurors could submit a written question if they needed specific definitions.

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The jury has only two choices: death or life in prison without possibility of release. If jurors cannot reach a unanimous decision, Brinkema automatically will sentence him to life.

The 37-year-old Frenchman of Moroccan descent is the only person in this country charged in al-Qaida's Sept. 11, 2001, suicide-hijacking attacks on the World Trade Center and the Pentagon.

Earlier this month, this jury found Moussaoui eligible for execution. Although Moussaoui was in jail on immigration charges on Sept. 11, the jury ruled that lies he told federal agents in the month before Sept. 11 kept them from identifying and stopping some of the hijackers.

Moussaoui pleaded guilty in April 2005 to conspiring with al-Qaida to fly jetliners into U.S. buildings. But he denied, as he had for four years, having any role in the Sept. 11 attacks. At his guilty plea, he said he was to fly a 747 jetliner into the White House at some later date if the U.S. refused to release a radical Egyptian sheik imprisoned for other terrorist crimes.

During the trial, Moussaoui stunned the courtroom by testifying for the first time that he was to have hijacked a fifth plane on Sept. 11 and flown it into the White House.

On the Net:

Court documents: http://notablecases.vaed.uscourts.gov/1:01-cr-00455/DocketSheet1.html

Judge Nixes Moussaoui Juror Interviews (AP)

By Stepehen Ohlemacher, Associated Press Writer

AP, April 27, 2006

(AP) - WASHINGTON-The judge in the Zacarias Moussaoui trial turned down a request from reporters from 14 news organizations Wednesday to ask jurors to discuss their verdict once the trial ends.

"I do not believe it is appropriate for the court to serve as an intermediary between the media and the jurors," U.S. District Judge Leonie Brinkema said in a letter to the news organizations. "Accordingly, I will not communicate your request to the jurors."

The reporters, backed by a half-dozen other news organizations, delivered a letter to the judge early Wednesday asking her to tell jurors - whose identities have remained secret - of the public's interest in knowing how the jury reached its verdict. They requested that the message be delivered as the jurors prepare to leave the courthouse at the end of the trial.

The reporters' letter offered willing jurors a place away from the courthouse for interviews and, for those concerned about their safety, the possibility of doing it off-camera.

The letter was signed by reporters from The Associated Press, Agence France Presse, Bloomberg News, CNN, Hearst Newspapers, the Los Angeles Times, the Minneapolis Star Tribune/McClatchy Newspapers, National Public Radio, Newsday, the New York Times, Radio France, Reuters, the Richmond Times-Dispatch and the Washington Post.

The jury ended its third day of deliberations Wednesday without reaching a decision on whether Moussaoui should be executed or spend life in prison for his role in the Sept. 11, 2001, terrorist attacks.

Brinkema has kept a tight lid on the jury, warning journalists against interviewing or photographing jurors while the trial is in progress. She assured jurors that their names will never be made public by the court.

On Monday, as she finished giving the jury instructions for deliberations, Brinkema warned jurors that reporters might try to contact them once the trial is over.

"Under the First Amendment of the Constitution, we cannot prevent the media from trying to interview you, except they don't know who you are," Brinkema told the jurors. "You are not required to speak. But I am not gagging you because I can't. You have got a First Amendment right to speak as well."

Hundreds Of Detainees Abused, Report Finds (KRT)

By Drew Brown

Knight Ridder, April 27, 2006

WASHINGTON - Three human rights groups said Wednesday that they had found credible evidence that U.S. troops and government civilians in Iraq, Afghanistan and Guantanamo Bay, Cuba, had abused, tortured or killed at least 460 detainees.

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The researchers said they had found 330 cases of abuse and that only about half of them had been fully investigated, and one-third never were investigated or remained unresolved. The findings are in a report by New York University's Center for Human Rights and Global Justice, Human Rights First and Human Rights Watch.

At least 600 U.S. service members or civilians have been implicated in the cases of abuse. About 400 of them have been investigated, and only one-third of those who have been investigated have faced punishment of any kind, researchers said.

Also Wednesday, Army officials confirmed that criminal charges were being considered against Lt. Col. Steven L. Jordan for his role in the Abu Ghraib prison scandal. Col. Joe Curtin, an Army spokesman, said no decision had been made.

Jordan is the former head of the interrogation center at Abu Ghraib. If he's charged, he would be the highest-ranking officer charged in a case of detainee abuse.

The report by the human rights groups is the first full independent accounting of credible allegations of torture and abuse at American detention facilities in Iraq, Afghanistan and the U.S. naval base at Guantanamo Bay, according to the researchers.

It shows that detainee abuse has been more widespread that government officials have admitted and the American military and other government agencies have made only limited attempts to investigate and punish those responsible, the rights groups charged.

"Our findings show that the abuses and torture revealed in the Abu Ghraib photos were not the isolated acts of individual soldiers," said Meg Satterwhite, the faculty director of the Center for Human Rights and Global Justice.

The Pentagon wouldn't address specific findings in the report. A spokesman said the Defense Department had investigated more than 600 allegations of abuse and had held more than 250 service members responsible.

Of the 12 major reviews of U.S. military detention operations that have been conducted, "none of them found that the department directed, sanctioned, encouraged or condoned abuse," said Lt. Col. Mark Ballesteros, a Pentagon spokesman.

"When there have been allegations of wrongdoing, they are taken seriously, investigated thoroughly and individuals are held accountable when appropriate," he said.

Tom Malinowski, the Washington advocacy director for Human Rights Watch, said recent interviews with troops suggested that detainee abuse was less widespread than it was two years ago. But he and other researchers said civilian and military leaders needed to send a strong message that abuse wouldn't be tolerated and would be punished.

The 27-page report was based primarily on government documents, interviews with witnesses and victims, military investigation reports, court documents, detainee accounts provided by attorneys, official military statements and news accounts.

It said the alleged abuses included assault, humiliation, sexual assault or abuse, and stress techniques.

According to the report:

-Fifty-four military service members have been convicted by courts-martial in prisoner abuse cases. Of these, 40 were sentenced to prison time. The average sentence was four months. Ten of those sentenced received terms of more than a year.

More important, according to the researchers, only three officers have been convicted by courts-martial for detainee abuse. The highest-ranking was a major. No officers have been held accountable for any criminal acts committed by troops under their command.

-Of the 20 civilians referred to the Justice Department for criminal prosecution in cases of abuse, only one - a contractor - has been indicted.

-Most of the punishments meted out have been administrative, such as reduction of rank, fines or temporary confinement to base.

The researchers charged that their findings illustrated a lack of accountability over detainee abuse throughout the military and the civilian chain of command.

View the report online at http://www.hrw.org/

Judge Allows Detainee's Transfer To Harsher Prison (LAT)

By Carol J. Williams

The Los Angeles Times, April 27, 2006

DOJ_NMG_0026606

GUANTANAMO BAY NAVAL STATION, Cuba — A war crimes tribunal judge decided Wednesday against second-guessing detention camp authorities in their decision to confine to maximum security and solitary confinement the 10 terrorism suspects who have been charged.

Navy Capt. Daniel O'Toole rejected a request by the Army defense lawyer for accused bomb maker Sufyian Barhoumi that his handicapped client be returned to the communal detention camp where he had been living until four weeks ago in recognition of his good behavior.

The defense lawyer, Capt. Wade Faulkner, had argued that the unexplained move of the 32-year-old Algerian to the harshest of the seven prison camps here had so upset Barhoumi that it undermined their lawyer-client relationship and had prevented them from preparing for trial.

Barhoumi's case offered the first witness testimony in the 4-year-old tribunal.

Barhoumi lost most of his left hand to a mine explosion in Afghanistan in 1999, and because of that has had trouble using the sink and toilet in his Camp 5 cell. He had previously been in Camp 4, along with other cooperative inmates. There are 490 detainees scattered across the archipelago of prisons at Guantanamo Bay.

"There is a huge difference between Camp 4 and Camp 5," Barhoumi told the tribunal, holding up his mangled left hand to show the scarred, blistered stump with only one finger.

He said the strong air-conditioning and limited time outdoors in Camp 5 had adversely affected his physical and psychological condition and had worsened the pain in his hand.

An official of the military joint task force that administers the prisons was the tribunal's first witness. Court rules prohibit him from being identified by anything other than "Colonel B." He said he was following Geneva Convention and Army regulations on the treatment of pretrial prisoners by holding them in closed, concrete cells at the maximum security Camp 5.

He conceded that Barhoumi and two other defendants moved at the same time might lament their lost freedom of movement and recreation time. But he said his first priority was to ensure that a detainee wasn't exposed to harm by himself or by other prisoners.

"The real baseline for my whole motivation in everything is running a peaceful, safe and secure camp," the colonel said. "I have to ensure his safety."

The Navy lieutenant prosecuting Barhoumi agreed it would be risky to leave pretrial detainees in the medium security camp where they might be vulnerable to prisoners who feared they would provide testimony detrimental to their own interests.

"You don't know that there's a threat to the detainees in Camp 4 until he's lying in a pool of blood," warned the prosecutor, who also cannot be identified.

Colonel B said that since he had taken command of the detention group he had expanded the time a compliant Camp 5 inmate was allowed outdoors to exercise from 30 minutes to two hours. The 175 detainees housed at Camp 4 can play sports and commune with others for as much as 14 hours a day.

Barhoumi said he interpreted the move as punitive and an effort to discourage his cooperation.

"Camp 5 is known for being a punishment place. Everybody knows that," said the tall, bearded defendant, who wore a wrinkled plaid shirt and blue pants.

"Don't you see why he might be upset and perceive it as punishment?" Faulkner asked Colonel B, who saw it as a possibility with some prisoners and not with others.

The prison official said moving Barhoumi and two others also previously at Camp 4 was part of his plan for consolidating Guantanamo Bay prisoners into three main camps. The wire-mesh pens used as cells at Camps 2 and 3 are gradually being emptied. Two other sparsely populated camps, Echo and Iguana, are used for visits between lawyers and their clients and to house detainees pending their release.

One of the 10 charged detainees remains at a disciplinary unit at Camp 1.

Barhoumi showed no reaction to O'Toole's ruling, which found no evidence that the transfer was punitive or damaging to his relationship with his lawyer. U.S. courts traditionally accord "wide-ranging deference" to corrections authorities in determining how best to detain prisoners ahead of trial, O'Toole said.

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The chief defense lawyer, Marine Col. Dwight Sullivan, criticized what he said was another example of the tribunal officers' "legal cherry-picking."

Sullivan, other defense lawyers and human rights watchdogs have said the court set up by the Bush administration to prosecute suspected Al Qaeda figures refuses to consistently accord detainees rights assured by any recognized legal system, such as the Geneva Convention, the U.S. Constitution or the Uniform Code of Military Justice.

Barhoumi was arrested with two Saudi detainees also appearing before the tribunal this week — as well as with senior Al Qaeda figure Abu Zubaydah — in a March 28, 2002, raid in Faisalabad, Pakistan.

Barhoumi, Jabran Said bin al Qahtani and Ghassan Abdullah al Sharbi have been charged with conspiracy to commit terrorism by plotting to build remote-controlled bombs to attack U.S. forces that had invaded Afghanistan in October 2001.

Qahtani boycotted his initial hearing Tuesday after a brief appearance before O'Toole to condemn the United States as "the enemy of God" and to say he would rather be killed than cooperate.

Sharbi's first court hearing is set for today, but he is reportedly refusing to cooperate with his military attorney.

Wilting Dreams At Gitmo (WP)

By P. Sabin Willett

The Washington Post, April 27, 2006

I brought flowers to the isolation cell when I visited Saddiq this month. He likes to draw roses and often asks for gardening magazines.

Saddiq is one of the many mistakes at Guantanamo Bay. In 2005 our military admitted that he was not an enemy combatant, but the government hasn't been able to repatriate him. (By a curious irony, Saddiq's opposition to Osama bin Laden makes him too hot to handle in his native Saudi Arabia.) So he lives behind razor wire in Camp Iguana, with eight other men whom the military cleared long ago but who are nevertheless forbidden newspapers, visits from loved ones, English-language dictionaries -- and flowers.

For some time we lawyers have been asking the military for a garden. Gardens are commonplace in prisoner-of-war camps, and these men aren't even enemies. They live in a pen, but it has a small patch of ground. Why not? The military refused.

I was trying to explain this to Saddiq, along with other inexplicable things (such as how it is that innocent men can be held for years in an American prison), when he said, "We planted a garden. We have some small plants -- watermelon, peppers, garlic, cantaloupe. No fruit yet. There's a lemon tree about two inches tall, though it's not doing well."

"The guards gave you tools?"

He shook his head.

"Then -- how do you dig?" I was struggling to grasp this.

"Spoons," he said. "And a mop handle."

The soil in Camp Iguana is dry and brittle as flint. And I've seen the spoons they give our clients.

"But the spoons are plastic -- aren't they?"

Saddiq nodded. "At night we poured water on the ground. In the morning, we pounded it with the mop handle and scratched it with the spoons. You can loosen about this much." He held his thumb and forefinger about a half-inch apart. "The next day, we did it again. And so on until we had a bed for planting." He shrugged. "We have lots of time, here."

"But the seeds?" I asked. "Did they give you seeds?"

After four years at Guantanamo, Saddiq rarely smiles, but his face seemed to brighten then. "Sometimes, with the meal, they give us a bit of watermelon or cantaloupe to eat. We save the seeds."

One day the sordid history of Guantanamo will be written. There will be chapters on torture, chapters on the how the courts turned a blind eye, chapters on cruelties large and petty, on the massive stupidity and uselessness of the place. Many pages will illustrate the great lie of Guantanamo -- that it is a "terrorist detention facility" -- with accounts of goatherds and chicken farmers and stray foreigners sold by Pakistani grifters to the United States for bounties. Saddiq may have one of the oddest chapters of all: jailed first by the Taliban as an enemy of its regime, then by us.

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For all that, as the poet Gerard Manley Hopkins wrote, "There lives the dearest freshness deep down things." Maybe the History of Guantanamo will have a few uplifting footnotes. America denied them seeds and trowels and they created life anyway. We tried to withhold beauty, but from the grim earth of Guantanamo they scratched a few square meters of garden -- with spoons. Guantanamo is ugly, but man's instinct for beauty lives deep down things.

When our meeting was over, the flowers had wilted. Saddiq picked up the little nosegay. "May I take these back to Camp Iguana?"

But flowers are contraband. He wasn't allowed to keep them.

The writer, a Boston lawyer with Bingham McCutchen, represents Saddiq Ahmad Turkistani, who is about to begin his fifth year of imprisonment at Guantanamo Bay.

Jailed Islamists Get 'Counseling' (WT)

By Anton La Guardia, London Daily Telegraph

The Washington Times, April 27, 2006

RIYADH, Saudi Arabia -- British security chiefs are studying a novel Saudi approach to combating terror -- using clerics to debate "jihad" with imprisoned militants and convert them to more moderate beliefs.

The Saudi authorities said about 400 of 700 extremists had been re-educated and released from prison.

The Islamic "counseling" program is part of what British experts regard as Saudi Arabia's "model counterterrorism campaign."

Senior British officials, including Eliza Manningham-Buller, the chief of MI5 intelligence agency, have visited the kingdom to devise a similar "counter-radicalization" strategy for Britain.

Saudi Arabia is one of the few countries where the fight against terrorism has yielded real success with a softer approach.

Al Qaeda's campaign in Saudi Arabia, Osama bin Laden's birthplace, started spectacularly with suicide bombings against Western compounds in Riyadh three years ago, but has abated.

Saudi security forces say they have killed or captured 25 of 26 persons on their original 2003 list of "most wanted" terrorists, including local leaders of al Qaeda.

Only four persons on a follow-up list of 36 militants are thought to be still at large in the kingdom. The rest have been killed or captured or have fled, mostly to Iraq.

"Every day, their numbers, capability and resources are less and less," said Gen. Mansour al-Turki, spokesman for the Saudi Ministry of Interior. "Terrorism in Saudi Arabia has been degraded."

The government has fired about 1,000 hard-line clerics, prevented Saudis from going to fight in Iraq and invested heavily in technology, such as a new control room for security forces in Riyadh.

Now more than 100 Muslim clerics, psychiatrists and psychologists help counsel inmates across the country.

The counseling is offered only to militants who have not been directly involved in terrorist acts, but are thought to sympathize with or provide support to extremists.

After a psychological assessment, they have one-on-one sessions with clerics to debate radical ideology, including the meaning of jihad, or holy war, and the doctrine of "takfir," which declares Muslims who disagree with them to be infidels.

Prisoners in the program are given more access to their family, who sometimes have transportation and lodging paid for by the government. If deemed suitable for release, they are then offered more help, for instance, in finding work.

"These people are very isolated in their cells. They are encouraged not to deal with anybody outside the cells. That is how their minds are controlled," Gen. al-Turki said.

"When they are arrested, we give them a chance to think for themselves, and most of them realize they chose the wrong path."

Money Laundering And Terrorist Financing Transcend Borders (VOA)

By Lisa Ferdinando

Voice of America, April 27, 2006

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Money laundering and terrorist financing are global problems that transcend borders. Terrorist supporters funnel money through charities and international criminal gangs constantly adapt their techniques, while law enforcement agencies try to stay one step ahead.

Osama bin Laden. Terrorists use smuggled money to finance their operations.Terror groups are often fed by a rhetoric of hatred. But like many organizations, they rely on money to keep their operations going. Terrorists are financed by smuggled funds, criminal activities or any other number of ways -- even by governments themselves, according to U.S. officials.

Targeting that support is a key action for law enforcement, as top U.S. Treasury Department official Daniel Glaser explains: "By taking the steps that we're taking by disrupting, dismantling these financial networks that are supporting these activities, we are degrading the ability of these organizations to get to the stage where they only have a few more dollars to spend to complete a terrorist attack."

But it's impossible to say how much money goes into terrorism each year. And stopping that flow is extremely challenging, according to David Caruso, founder of the Virginia-based Dominion Advisory Group, an anti-money laundering consulting firm.

According to Caruso, "Governments and the private sector have really not been able to determine how much funds are used to finance terror. For example, the 9/11 [i.e., September 11, 2001] tragedy did not take relatively a lot of money. So it's very difficult for governments and financial institutions to detect."

New Methods of Financing

And terrorists are constantly looking for new methods to avoid detection and secure funding, says Jeffrey Breinholt, deputy counterterrorism chief at the U.S. Department of Justice.

"It's important to view terrorists as being organized criminals," says Breinholt. "Terrorists are nothing if not adaptable and opportunistic. And so if we accept that as a notion, that large terrorist groups that we are targeting -- al-Qaida, Hezbollah, Hamas -- they will be ones that will pay very much attention to things that arise that are new opportunistic crimes."

Financial support for terrorism can also come from charities, front companies or couriers who smuggle money across international borders. Other avenues include diverted aid money or exploiting informal, cash-based money exchanging venues, which are popular in the Middle East and South Asia.

Treasury Under-Secretary Stuart Levey recently told a U.S. Senate committee that individual donors in Saudi Arabia are funding terrorists outside of that country. In an exchange with committee Chairman Richard Shelby, Levey said, "Is money leaving Saudi Arabia to fund terrorism abroad? Yes." Senator Shelby asked, "Some of that money going to Iraq?" Levey replied, "Undoubtedly, some of that money is going to Iraq. And it's going to Southeast Asia and it's going to any other place where there are terrorists."

Vincent Cannistraro, a former CIA counterterrorism officer explains the appeal to individuals. "The kinds of operations that are conducted mostly by al-Qaida but by similar groups, whether in Morocco, Algeria, whether they do it through affiliates in Europe, they are not terribly expensive operations to conduct. Where do they get the money? Contributions from people who believe in them. There is certainly a tendency for some wealthy Islamic businessmen to write checks," says Cannistraro.

Tracking Money

But while many governments are working hard to fight terrorism and stop terror

The illegal flow of money buys terrorists arms.financing, Under-Secretary Levey says some are doing just the opposite. He says, "State sponsors of terrorism, like Iran and Syria, present a difficult problem because they provide not only money and safe haven to terrorists, but also a financial infrastructure through which terrorists can move, store and launder their funds."

Treasury official Daniel Glaser says Iraq is one country where the United States is working to build a transparent system that is safe from exploitation. He says, "When you have a modern payment system, it decreases the reliance on cash. And cash, for obvious reasons, facilitates anonymous transactions."

Money laundering expert Caruso describes the enormous challenges in tracking the illicit flow of money. "Simply the size and complexity of the global financial system, just what occurs on a daily basis, legitimately, it's 24 hours a day, when you look at Asia, Europe, Latin America, the U.S. And to track all that, it's an impossibility," says Caruso.

Patrick O'Sullivan, a money laundering advisor at the United Nations Office on Drugs and Crime in Vienna, says money launderers have used new technologies to their benefit and have evolved their techniques. He says, "Over the last 10, 15 years,

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really, a lot has been done worldwide to put systems in place to prevent and detect money laundering. So that has made it more difficult to launder money in traditional ways. So methods have tended to become more sophisticated."

Though stopping those bent on terrorism and wrongdoing poses a huge challenge, Justice Department official Breinholt says law enforcement must evolve with the changes. "The trick is not necessarily having laws in place to eliminate all of that, but being flexible enough to enact new laws in response to what we see from our experience," says Breinholt.

He also notes that as progress is made and officials close one channel, terrorists and other criminals open new ones in every corner of the globe. And success in closing those avenues depends on how quickly authorities adapt to the new challenges.

In our next report on terrorism, we'll examine how terrorists use the Internet to spread their beliefs and coordinate their operations.

This story was first broadcast on the English news program, VOA News Now.

Boss: FBI Adapting To Fight Terrorists With No Central Command (NSDY/AP)

By Pat Milton, Associated Press Writer

Long Island Newsday, April 27, 2006

NEW YORK -- Since the Sept. 11 attacks law enforcement has witnessed the emergence of a new threat, homegrown terrorist cells, FBI Director Robert Mueller said Wednesday.

The self-generating terrorist is not trained in the camps of Afghanistan, doesn't receive orders from a central hub and is not financed by sympathizing terrorist nations, Mueller said.

"What we see is a new threat that is decentralized," Mueller said. "We have seen homegrown terrorist cells not answerable to a particular leader but to an ideology."

Mueller was speaking to a group at the luncheon of the annual James M. Fox memorial lecture series.

Fox, a veteran agent known as a spy-catcher, was head of the New York FBI office during the 1993 bombing of the World Trade Center. He left the FBI in 1993, a year and a half after nailing mob boss John Gotti on racketeering and murder charges. He died May 16, 1997, at age 59.

Mueller told those at the lecture luncheon that the United States' success in driving terrorists from Afghanistan, cutting off their funding and disrupting their operations has forced them to change. He said homegrown terrorists are recruiting friends, financing through street crime and self-executing.

The shift has forced law enforcement to adapt its traditional strategy of pursuing terrorists: identifying the leaders, tracking them and eventually uncovering a plot's operators.

Now investigators must rely more than ever on community outreach, intelligence and cooperation with local police departments, Mueller said.

"I cannot emphasize enough the importance of local law enforcement; from Los Angeles to New York it remains a key factor," he said, noting that the New York Police Department has 1,000 people assigned to terrorism investigations.

A terrorist's goal today is more likely a soft target such as a bus or shopping mall rather than a well-protected government building, Mueller said.

But Mueller said he believes the disruption of al-Qaida, the terrorist organization led by Osama bin Laden, intelligence sharing and law enforcement cooperation has the United States safer from an attack.

Still, as law enforcers adapt to the homegrown terrorists, they have not written off al-Qaida or any other terrorist organization.

"We cannot forget," he said, "that people overseas are plotting against the United States and would want nothing more than to replicate September 11th."

Lodi Terror Probe Continues After Verdict, Mistrial, Prosecutor Says (AP)

By Don Thompson

AP, April 27, 2006

LODI, Calif. - Residents in this Central Valley town had hoped to set aside the suspicions that divided them in the 11 months since federal agents arrested a young man, his father and two Muslim religious leaders amid terrorism allegations.

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But the government's chief prosecutor said Wednesday that the investigation is continuing - a day after a federal jury convicted 23-year-old Hamid Hayat of providing material support to terrorists by attending a training camp in Pakistan in 2003 and lying about it to the FBI.

U.S. Attorney McGregor Scott is considering seeking a new trial for Hayat's father, Umer, 48, after a separate jury deadlocked Tuesday on whether he lied to FBI agents to protect his son.

The investigation has also resulted in two clerics and another man being deported to Pakistan for immigration violations.

But that might not be the last of the charges facing Lodi residents, Scott said after Hamid Hayat's conviction and Umer Hayat's mistrial were announced.

"Certainly there are people of interest to us," Scott said, declining to elaborate in a telephone interview Wednesday. He referred questions to FBI agents, who also said the probe was continuing but refused to give more details.

"There are aspects of this (case) which remain under investigation," said Drew Parenti, the agent in charge of the Sacramento office.

Lodi Mayor Susan Hitchcock and police Capt. Gary Benincasa said the FBI has not shared any additional suspicions with them, and neither has seen indications of terror-related activity.

Scott's comment about a continuing investigation "reopens an old wound," aggravating suspicions of and within the Muslim community that had just begun to heal, said Hitchcock.

"This is going to cause everyone unease," she said. "I hope they're speaking from real knowledge, not just hearsay or something like that, because the city of Lodi is ready to move on. This is not something we want to be known for. We want to be known for our fine wines."

The FBI began looking at Lodi Muslims because of the activities of two clerics at the local mosque.

"The original, the first thing that drew our interest was the two religious leaders in Lodi," Scott said. One had given anti-American speeches after 9-11, the other's father led a suspicious religious school in Pakistan.

"Now, whether there was some plan afoot directly linked to them, I don't know that we'll ever know that," Scott said. "But I do know that they were there, they had extremist views, (and) we now have a jury that has found beyond a reasonable doubt that a member of that mosque went to Pakistan and took training and came back to this country with the intent to kill Americans."

The Hayats were secondary targets of the investigation, developed after the FBI recruited an informant to infiltrate the 2,500-member Pakistani community in Lodi, 35 miles south of Sacramento.

Both U.S. citizens, Umer Hayat sold ice cream from a battered van while his son held a seasonal job packing cherries.

"We just want them both to come home. His (Hamid's) mom has cried too much," Sahana Khatab, Umer Hayat's sister-in-law, said at the family's home in a converted garage. "We're just sad. The whole family's sad. We're just sitting down and praying for them."

Some Lodi residents said they were relieved by the verdicts but disconcerted that there might be other terrorism-related activity in their quiet agricultural community.

"I strongly believe that there are (terrorist) ties here. But I think there are ties all over - they just got caught here," said Holli Eddy outside a local supermarket.

Grocery stores, along with banks and hospitals, were among places Hamid Hayat said he might target as he gave an hours-long videotaped statement to the FBI in June.

Mac Garcia, who retired as a Lodi policeman and San Joaquin County investigator, said he doesn't believe there is a terrorist cell, but he can't help but be suspicious of his neighbors nonetheless.

"You see a Muslim person and just think twice because of this. It's going to linger for a long time," Garcia said.

While investigators need to be thorough, "I'm kind of concerned it might make it look like there's a lot of them (terrorists) here, and I just don't believe that. There might be some sympathizers, but I don't believe there's that kind of activity."

Malik Mukhtiar Ahmad, a member of the mosque's board, welcomed a continuing investigation because he said there is nothing to hide.

"That's their job, that's what they're paid for," he said, referring to FBI agents. "If they want to dig deeper, that's their right."

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Basim Elkarra, executive director of the Sacramento office of the Council on American-Islamic Relations, said if there were terrorist activity in Lodi, the FBI's 4 1/2-year probe would have found it.

He is concerned that the continuing investigation could include covert surveillance of innocent Muslims, sending another informant to infiltrate the community or the sort of interrogation he believes entrapped Hamid Hayat into making incriminating admissions while seeking to please FBI agents.

"Given the current fear and hysteria, it's not surprising that someone was convicted without any material proof," Elkarra said. "You've got someone who was naive and gullible.... The informant took him down a path and there was no turning back."

Defense attorney Wazhma Mojaddidi said she will seek a new trial before Hayat's July 14 sentencing, when he faces at least 30 years in prison if prosecutors prevail on legal issues that will determine his sentence.

"Hamid Hayat never attended a terrorist training camp. This fight is not over," Mojaddidi said.

Federal Victory In Terror Case May Prove Brief, Experts Say (NYT)

By John M. Broder

The New York Times, April 27, 2006

LOS ANGELES, April 26 — Despite predictions that their victory might not hold up on appeal, federal prosecutors on Wednesday savored their victory in a Sacramento courtroom, where a jury a day earlier convicted an American born in Pakistan of providing support to a terrorist group and lying to investigators.

McGregor W. Scott, the United States attorney who oversaw the prosecution, said in a telephone interview Wednesday that the conviction of the man, Hamid Hayat, 23, showed that the government was capable of winning a jury trial on terrorism charges after a number of high-profile failures elsewhere.

"In this post-9/11 context, those of us in law enforcement have been tasked with preventing new acts of terrorism, trying to stop something from happening, rather than after the fact trying to establish what happened," Mr. Scott said. "This is a difficult task and a new mission. We have shown in this case and this trial and conviction that we can succeed in that mission."

But legal experts said the prosecution's celebration might be short-lived because a federal appeals court had twice ruled unconstitutional some aspects of the law on which Mr. Hayat was convicted. They also said Mr. Hayat's reported confessions to F.B.I. agents could be challenged on the ground they were coerced from a frightened suspect with a limited command of English.

Mr. Hayat's lawyer, Wazhma Mojaddidi, told reporters after the verdict on Tuesday that she would appeal, citing unspecified "outside influences" that affected the jury. She did not return telephone calls on Wednesday seeking comment.

Eric M. Freedman, a constitutional law expert at Hofstra University who has consulted with defense lawyers in terrorism cases, said the government's record of prosecuting terror cases since the attacks of Sept. 11, 2001, had been mixed, in part because several cases hinged on confessions rather than hard evidence.

"This conviction bears all the hallmarks of one that is eventually overturned as being unsupported," Professor Freedman said.

A potentially greater threat to the conviction lies in the statute on which Mr. Hayat was charged, which makes it a crime to provide "material support" for a terrorist group.

The government charged that Mr. Hayat attended a terrorist training camp in Pakistan in 2003 or 2004, returning to the United States in the spring of 2005 with the intent of waging religious war. Upon his return, he was arrested and questioned. The government said he lied repeatedly to the F.B.I. about his training and intentions before confessing to plotting against the United States.

The government never presented evidence that Mr. Hayat had participated in or planned any terrorist act. His crime, apart from lying to investigators, was providing support to violent extremist groups by attending their training camp.

That law has helped win convictions in the so-called Lackawanna Six terrorism case and the prosecution of John Walker Lindh, the American who fought alongside the Taliban in Afghanistan. But prosecutions based on the law collapsed in Tampa, Fla., where a jury last year acquitted a former professor charged with supporting extremist Palestinian groups, and in Idaho, where a college student was acquitted two years ago after being accused of aiding terrorists in Chechnya and Israel.

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David Cole, a Georgetown University law professor and critic of the administration's application of antiterrorism laws, said that charging people under the material-support provision of a federal law was a "thin reed" on which to base prosecution.

"It's a conviction," Professor Cole said of the Hayat case, "and to that extent it's a victory for the government. But has this made the United States one iota safer? I don't see any evidence of it. This is very likely to be overturned on appeal."

Professor Cole said the United States Court of Appeals for the Ninth Circuit, which sits in San Francisco and covers the Sacramento federal court district, had twice ruled the material-support law unconstitutionally vague because it did not require proof of any overt act.

The government also charged Mr. Hayat's father, Umer Hayat, 48, an ice-cream truck driver in Lodi, Calif., of lying to investigators to conceal his son's activities. A separate jury deadlocked on two charges against the father, and the judge declared a mistrial. Mr. Scott said he had not decided on a new trial.

Lodi Terrorism Conviction Was A Rout, Jury Says (LAT)

By Rone Tempest And Eric Bailey, Times Staff Writers

The Los Angeles Times, April 27, 2006

SACRAMENTO — The scorecard read like an NBA blowout.

By the time the jury finished voting on each piece of evidence, the score was 135-40 for the prosecution.

Hamid Hayat, the 23-year-old Lodi man charged with attending a terrorist training camp in Pakistan and lying about it, was convicted on all four counts.

The systematic way the jurors moved through the charges during nine days of deliberation was detailed Wednesday by jury foreman Joe Cote, a 64-year-old retired medical equipment salesman from Folsom.

"We scored the entire evidence and testimony," Cote said the day after the conviction, "and it was overwhelmingly in favor of guilt."

Key to the jury's decision, Cote said, were Hayat's own words on an FBI videotape that he had attended a camp, his comments secretly recorded by an undercover informant that indicated Hayat's "willingness" to go for training and a handwritten warrior's prayer in Arabic found in his wallet.

"He got himself in pretty deep. He buried himself," said juror Starr Scaccia, 53, an administrative assistant from Roseville, in describing the five-hour videotaped interrogation.

Scaccia said she was also swayed by an Urdu language scrapbook that Hayat kept with news about militant Pakistani political parties, many of them strongly anti-American.

Despite the unanimous verdict, Cote and other jurors interviewed Wednesday said that outcome was far from certain when they began deliberations April 12.

What tipped the balance, Cote said, was when the jury had a second opportunity to review the videotaped interrogation.

The videotape was first shown early in the nine-week trial. Cote and others said that at the time they had some concerns about the leading questions and pressure tactics used by the FBI interrogators.

By the second viewing last week, he said, the jurors had been able to digest all of the other evidence. They had also received an instruction from U.S. District Judge Garland E. Burrell stating that "the government may utilize a broad range of schemes and ploys to ferret out criminal activity."

Going into the end of deliberations Friday, there was still one juror holding out for acquittal on the most important charge: that Hamid Hayat provided material support for terrorism by attending a terrorism training camp in Pakistan in late 2003.

Shortly after 4 p.m. Friday, Cote sent Burrell a note about the dissenting juror.

"There is impasse with a juror who does not seem to fully comprehend the deliberation process. I'm available to discuss this with you and counsel at any time," Cote wrote.

After consulting with attorneys from both sides, Burrell ordered the note sealed and instructed the jury to continue deliberations.

Cote would not identify the balky juror but said that the note was a mistake on his part, born out of fatigue. "I think I may have chosen the wrong language," Cote said. "That was the end of the day, end of the week. My God, my brain was fried."

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On Monday, the holdout juror joined the others for conviction. By Tuesday, they reached a unanimous verdict, guilty on all four counts.

That the panel went from a possible deadlock to a unanimous verdict so quickly caused Hayat's lawyer Wazhma Mojaddidi to cry foul, suggesting undue pressure. "It is suspect that after only two days of deliberation," she said, "that this juror suddenly decided to convict. Especially since the only response was to continue deliberations."

But Cote and others denied any ganging up. No one put any pressure on the juror, Cote said. She came to her guilty verdict simply by "thinking about it over the weekend."

Scaccia agreed, saying the reluctant juror "was trying to do it her own way. She was working it through. She was still processing it. You've got to live with what you end up deciding. She had to take her time."

In the end, said juror Lori Macias, 46, a Fairfield real estate agent, the panel tallied up their scorecard and sided overwhelmingly with the government.

But there were times, Macias said, when watching the videotaped interrogation that jurors wondered why Hayat, instead of subjecting himself to hours of exhaustive questioning, didn't ask for a lawyer. "What person in their right mind does all that and doesn't ask for a lawyer?" Macias said. "I mean, we wouldn't have been there if he had."

Cote said the jury reached its verdict with "a heavy heart."

"There was no happiness in it," Cote said. "We all felt bad about it. But we had to do it. It's like a life wasted."

The tall, broad-shouldered foreman acknowledged he didn't believe, judging by Hayat's mild demeanor in court and his recent marriage, that the young Lodi resident posed much of a danger. But then he thought of the faces of the terrorists caught on video before last summer's London bombings. He thought they looked just as nonthreatening.

Scaccia said she hoped the jury verdict would be a deterrent in the war on terrorism. "I hope it gets the message out: Don't mess with the United States," she said. "It's not worth it."

CIA Warns Ex-agents Over Talking To Media (FT)

By Demetri Sevastopulo

Financial Times, April 27, 2006

The Central Intelligence Agency has warned former employees not to have unapproved contacts with reporters, as part of a mounting campaign by the administration to crack down on officials who leak information on national security issues.

A former official said the CIA recently warned several retired employees who have consulting contracts with the agency that they could lose their pensions by talking to reporters without permission. He added that while the threats might be legally "hollow," they were having a chilling effect on former employees.

The CIA called the allegations "rubbish". Jennifer Millerwise Dyke, spokeswoman for CIA director Porter Goss, said former employees with consulting deals could lose their contracts for violating the CIA secrecy agreement by having unauthorised conversations with reporters. But she stressed that under current law, "termination of a contract does not affect pensions".

The clampdown represents the latest move in what observers describe as the most aggressive government campaign against leaks in years. The Justice Department is investigating the disclosure to the media of secret overseas CIA prisons and a highly classified National Security Agency domestic spying programme authorised by President George W. Bush. Last week, the CIA fired Mary McCarthy, an intelligence officer, for allegedly leaking classified information and having undisclosed contacts with reporters.

Mr Goss has increased the number of "single issue" polygraphs – lie detector tests aimed at ferreting out leaking employees. A second former official said Mr Goss was trying to "scare everybody" by using polygraphs aggressively.

Elizabeth Rindskopf Parker, former CIA general counsel, said Mr Goss was "obviously taking a much more forward-leaning stance than any of us have seen for years". But another former intelligence official said the agency was simply returning to a "more conservative regimen" to remind employees that they work for a secret organisation.

The House intelligence committee has asked John Negroponte, the director for national intelligence who oversees the 16 intelligence agencies, to study whether retirees could lose their pensions for disclosing classified information even when not prosecuted.

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The attempt to silence former employees extends beyond those who still have consulting contracts. Larry Johnson, a former CIA official who blogs at www.TPMCafe.com, said he recently received a "threatening" letter reminding him about his confidentiality agreements.

Mr Johnson – who has criticised the White House for not aggressively investigating the outing of Valerie Plame, a former covert operative, said it was the first such letter he had received despite regularly commenting in the media on intelligence matters since his retirement in 1989. He said other former employees also received letters.

He said the CIA was also "very forceful" in intimidating a retired official who maintains ties to the agency after he signed a letter criticising the administration over the Plame leak.

Mr Gimigliano said CIA staff officers and contractors must sign a secrecy agreement which compelled them to seek prepublication permission for anything they wrote involving the CIA, intelligence matters, and classified material.

Mr Gimigliano added: "When a former officer or contractor fails to honour the legally binding agreement … our Publications Review Board may send the individual a written reminder. That reminder includes the statement that 'permission to publish will not be denied solely because information may be embarrassing to or critical of the agency' ... Obviously, such letters contain no threats."

But Mr Johnson and other critics say the campaign is also intended to crack down on politically embarrassing comments from former officials.

"They are trying to intimidate the press and trying to intimidate employees," said Mr Johnson. "Anybody who has been critical of the Bush administration is getting letters."

Another former CIA employee who maintains links to the agency said it did not need to be blatant about threats because contractors and retirees who had relationships with agency officials understood that talking to reporters could have repercussions for future work.

"People at the agency are bright enough to see that is going on, they don't need to be reminded," the former official said.

Stanley Sporkin, former CIA general counsel during the Reagan administration and a retired judge, said it was "ridiculous" that the agency was trying to limit contacts with the media.

He said the only restriction should be that they do not reveal classified information. Something has got to be done to address this. These days it is almost like a witch hunt," said Mr Sporkin.

Tension Over Press Leaks (WP)

By David S. Broder

The Washington Post, April 27, 2006

Two events in the past week have thrown the spotlight on the troubled relationship between the Bush administration and the news media, raising questions that are worrisome on both sides of the divide.

The resignation of Scott McClellan as the White House press secretary was followed within days by the announcement that a senior Central Intelligence Agency employee, later identified as Mary McCarthy, had been fired for improper contacts with reporters.

Neither incident is entirely clear in its origins. McClellan said he asked to be relieved, but his stepping down was part of a continuing reshuffle ordered by the new White House chief of staff, Josh Bolten, who had made it clear he regarded press relations as a trouble area.

The firing of McCarthy, a veteran intelligence officer who had held sensitive administrative posts, came after CIA Director Porter Goss and his White House superiors had ordered an intensive crackdown on leaks to the press.

McCarthy had already initiated steps toward retirement and was apparently only days away from ending her career when she and others were asked to take lie detector tests -- and then she was dismissed.

For the first few days after the action was announced, the agency and the White House let stand the impression that McCarthy had been a source for the stories about secret U.S. detention centers in Europe that won a Pulitzer Prize for The Post's Dana Priest on April 17. But when McCarthy's lawyer said she had no part in that transaction, CIA officials confirmed that was the case -- leaving it unclear exactly what she had done to bring down the punishment.

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Priest, of course, has said nothing about her sources beyond the generic description that the information came from current and former intelligence officials.

This is a troubling case for those of us in journalism. Our view is that it's the government's responsibility to keep its secrets secret and that it's our responsibility to ferret out information so the public is aware of the actions being taken in its name.

We recognize there are sometimes legitimate national security considerations for withholding information. In the case of Priest's stories, The Post agreed to the government's request not to identify the countries where the secret prisons were located.

But we also know that administrations of both parties tend to restrict information -- and that the only way for the public to learn of questionable policies or actions is for conscientious individuals to break that official code of silence.

Government has a legitimate claim to enforce the promise of confidentiality that officials sign when they go to work for an agency such as the CIA. The tool of enforcement can be humiliating and distasteful -- and a lie detector test is both. But its use is not unprecedented. When there was talk of polygraphs for top officials in the Reagan administration, the secretary of state, George Shultz, said he was prepared to resign -- and the prospect disappeared.

The tension between the legitimate claims of secrecy and the need for public accountability remains, however, and in many respects has grown worse. The main reason is the reluctance of this president and his administration to accept a broad and continuing responsibility to keep the public and the press informed on the reasons for the policies they have adopted.

President Bush's approach has been one of announcing a policy after it has been completed in his relatively closed circle of decision makers and then simply reiterating that policy in any number of prearranged settings. His news conferences and interviews are infrequent, and they rarely offer insights into the reasoning behind his conclusions.

That is why McClellan suffered both burnout and a loss of credibility in his job. Under tight orders from the top, he could do little to satisfy the curiosity -- or assuage the doubts -- of the reporters who sit frustrated in the briefing room, knowing full well that the real decision making in the White House is shielded from their view.

Unless the president comes to understand that it is in his interest -- as well as the country's -- to conduct a more open governing process, the new press secretary, Tony Snow, will find himself inevitably as much of a punching bag as McClellan became. Only George Bush can signal to the White House staff and administration that he wants a government ready and eager to explain itself to the people it is trying to lead.

When he has given that signal, there may be fewer Mary McCarthys contemplating the costs -- and burdens -- of leaking to the press.

European Inquiry Says C.I.A. Flew 1,000 Flights In Secret (NYT)

By Dan Bilefsky

The New York Times, April 27, 2006

BRUSSELS, April 26 — Investigators for the European Parliament said Wednesday that data gathered from air safety regulators and others found that the Central Intelligence Agency had flown 1,000 undeclared flights over European territory since 2001.

Sometimes the planes stopped to pick up terrorism suspects who had been kidnapped to take them to countries that use torture, the investigators added.

The operation used the same American agents and the same planes over and over, they said, though they could not say how many flights involved the transport of suspects.

The investigation, by a committee looking into C.I.A. counterterrorism activities in Europe, also concluded that European countries, including Italy, Sweden and Bosnia and Herzegovina, were aware of the abductions or transfers and therefore might have been complicit.

"The European Parliament deplores the fact that the C.I.A. has on several occasions clearly been responsible for kidnapping and illegally detaining alleged terrorists on the territory of member states, as well for extraordinary renditions" to third countries, wrote Giovanni Fava of Italy, a Socialist member of the European Parliament who led the committee.

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The report, the first of several planned by the Parliament, grew out of three months of hearings, including testimony by human rights advocates and individuals who said they had been kidnapped by United States agents and flown to other countries, including Egypt and Afghanistan, where they were tortured.

As for the question of secret C.I.A. detention centers in Europe, the new report offered no hard evidence.

Its estimate of 1,000 undeclared flights exceeds the numbers previously discussed, including those in an analysis by The New York Times late last year that said the agency operated about 300 flights in Europe between November 2001 and the summer of 2005.

The report's conclusions are likely to heighten trans-Atlantic tensions at a time when Europe and the United States are already at odds over how to balance civil liberties with the fight against terrorists.

The inquiry was opened in January after The Washington Post reported that the C.I.A. had hidden and interrogated suspected members of Al Qaeda at secret prisons in Eastern Europe.

Mr. Fava said the committee hoped to send a fact-finding mission to Poland and Romania in September. Both countries have been cited as possible locations for prisons.

Mr. Fava said the investigation showed that agency planes had made hundreds of flights and several secret stopovers in Europe, violating a treaty that requires airlines to declare routes for police missions.

The C.I.A. declined to comment on the specifics, but an agency spokesman defended the practice of taking suspects to third countries, a process known as rendition.

"Renditions are an antiterror tool that the United States has used for years, consistent with its laws and treaty obligations," said the spokesman, Paul Gimigliano. "The C.I.A does not condone or tolerate torture, transport individuals to other countries for the purpose of torture or knowingly receive intelligence obtained by torture."

Mr. Fava emphasized that it was most likely that some authorities in Europe had been aware that suspects were being detained on their territories. He pointed to testimony by a senior prosecutor in Milan, Italy, Armando Spataro, that a C.I.A. team had abducted a suspect, Abu Omar, in February 2003 in broad daylight before he was flown to Egypt.

Mr. Fava also criticized Sweden for handing over two Egyptian suspects, Muhammad al-Zary and Ahmed Agiza, to American agents who flew them to Egypt in December 2001. Their case was brought to light by Swedish television in 2004.

"Sweden has been criticized for this on numerous occasions, and we have taken a number of steps in order for it not to happen again," Barbro Holmberg, the minister for migration and asylum policy, said.

Mr. Fava said the Parliament found that Bosnian authorities had handed over six suspects of Algerian origin to C.I.A. agents without assurances that they would not be tortured, and in defiance of a ruling by the human rights court in Bosnia and Herzegovina.

EU Lawmakers Allege Numerous CIA Flights (AP-Y2)

By Jan Sliva

AP2, April 26, 2006

The CIA has conducted more than 1,000 clandestine flights in Europe since 2001, and some of them secretly took away terror suspects to countries where they could face torture, European Union lawmakers said Wednesday.

Legislators selected to look into allegations of questionable CIA activities in Europe said flight data showed a pattern of hidden operations by American agents, and they accused some European governments of knowing about it but remaining silent.

Cases of terror suspects being secretly handed over to U.S. agents did not appear to be isolated, the lawmakers said in a preliminary report on their inquiry. European human rights treaties prohibit sending suspects to states known to torture prisoners.

"The committee deplores the fact that, as established during the committee's investigation, the CIA has used aircraft registered under fictitious company names or with private companies to secretly transfer terror suspects to other countries including Egypt, Jordan, Syria and Afghanistan," according to a copy of the report obtained by The Associated Press.

The CIA declined to comment, as did European Union officials, who have said previously that there was no irrefutable proof of such hand-overs, which are known as "extraordinary renditions."

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The investigation began in January after news reports that U.S. agents had interrogated al-Qaida suspects at secret prisons in eastern Europe. But the focus shifted after people gave detailed accounts of being abducted by U.S. agents in Europe and whisked away to jails in the Middle East, Asia and North Africa.

Few of those who testified at the committee hearings touched on the alleged secret prisons in eastern Europe first reported by The Washington Post in November. Italian lawmaker Giovanni Fava, who wrote the report, said the committee would look into those allegations later.

The lawmakers based their initial report on data provided by Eurocontrol, the EU's air safety agency, and more than 50 hours of testimony by EU officials, rights groups and individuals who said they were kidnapped and tortured by U.S. agents.

Eurocontrol said the number of clandestine CIA flights over Europe was likely to be higher than 1,000 because the agency checked only flight plans for fewer than 50 aircraft used by the CIA.

"We were requested by EU Parliament to make an analysis of the flight routes for these planes. There may be others," said Jean-Jacques Sauvage, a senior official of the Brussels-based agency. He said Eurocontrol did not keep track of who was on the planes.

The report said that on a number of occasions the CIA was clearly responsible for detaining terror suspects on European territory and transferring them to countries where they could face torture.

Fava told the AP it was unclear how many people were transferred by the CIA on undeclared flights. He also said there was no evidence proving complicity by European officials, but called it unlikely that some governments, such as in Italy, Bosnia and Sweden, knew nothing about the CIA operations.

He accused the CIA of breaching the Chicago Convention, an international treaty governing air traffic. It requires aircraft used in military, customs and police operations to seek special authorization to land in signatory states.

U.S. officials previously said that as of late December, some 100 to 150 people had been seized in "rendition" operations involving detaining terror suspects in one country and flying them to their home country or another where they were wanted for a crime or questioning.

The officials, who agreed to discuss the operations only if not quoted by name, said the action was reserved for people considered by the CIA to be the most serious terror suspects. But they conceded mistakes had been made and were being investigated by the CIA's inspector general.

Fava cited as one example of "extraordinary rendition" the case of an Egyptian cleric, Osama Moustafa Hassan Nasr, who allegedly was abducted by U.S. agents on a street in Milan, Italy, in 2003 and returned to his homeland, where he says he was tortured.

Another case involved German citizen Khalid al-Masri. Documents provided by Eurocontrol indicated he was taken to Afghanistan in 2004 by a plane that originated in Algeria and flew via Palma de Mallorca, Spain; Skopje, Macedonia; and Baghdad, Iraq.

Al-Masri, who was born in Kuwait, told the committee that he was arrested by U.S. agents on the Macedonian border while on vacation. He said he was kept at a hotel in Skopje for several weeks before being flown to Afghanistan and jailed for five months. He said he was flown back to Europe in May 2004 and released in Albania.

Fava said the bulk of the clandestine CIA flights passed through Germany and Spain, where the United States has several air bases. Neither government had any comment.

The European Union also declined to address the committee's preliminary report.

"We have no comment. We will wait for the investigation to finish," said Friso Roscam Abbing, spokesman for EU Justice Commissioner Franco Frattini.

Probe Of Detainee Transfers Finds Many CIA Flights (WP)

By Craig Whitlock

The Washington Post, April 27, 2006

DOJ_NMG_0026619

BERLIN, April 26 -- European Parliament investigators said Wednesday they had uncovered evidence that the CIA has organized more than 1,000 flights through European airspace since 2001 as part of a secret program to transfer and detain terrorism suspects.

A parliamentary committee investigating CIA counterterrorism tactics in Europe reported that it had obtained records of the flights from Eurocontrol, the continent's primary air traffic management agency. The flights were by U.S.-registered aircraft that investigators believe were chartered by the CIA or owned by front companies working for the agency.

Investigators acknowledged that they had no idea how many of the flights were actually used to transport terrorism suspects. But they accused the CIA of violating human rights conventions and European law by concealing the purpose of the flights and not reporting passenger manifests to local authorities.

"The routes for some of these flights seem to be quite suspect," Italian lawmaker Giovanni Claudio Fava, head of the Parliament committee, told reporters in Brussels. "They are rather strange routes for flights to take. It is hard to imagine those stopovers were simply for providing fuel."

The preliminary report also criticized several European countries -- including Sweden, Italy and Macedonia -- saying they had allowed CIA officers to apprehend or detain terrorism suspects on their soil and then covered up their presence.

"No one among the national security authorities -- save for a few exceptions -- has ever cared to verify what was the real aim of those flights, who were in their crew and passengers, or rather prisoners," Fava said.

The European Parliament has been investigating the CIA flights as well as reports that the CIA detained suspected high-ranking al-Qaeda members in secret prisons in Eastern Europe.

The Washington Post reported in November that the CIA had been interrogating some of its most important al-Qaeda captives at a Soviet-era compound in Eastern Europe as part of a covert prison system that at various times has included sites in several democracies in Eastern Europe. The Post did not identify the Eastern European countries at the request of senior U.S. officials, who said the disclosure could disrupt counterterrorism efforts in those countries and elsewhere and could make them targets of possible terrorist retaliation.

The Parliament has few powers to compel testimony or obtain documents, but is scheduled to hold hearings throughout Europe during the rest of the year. On Thursday, the committee is scheduled to question authorities in Macedonia about the case of a German citizen, Khaled al-Masri, who has said he was kidnapped by security officials in Macedonia in early 2004, handed over to the CIA and taken to Afghanistan.

The committee is also scheduled to hold a hearing in Washington next month and has invited former CIA officials to testify.

HOMELAND RESPONSE:

Terror Case Hears Talk Of Bombing Subway Stop (NYT)

By William K. Rashbaum

The New York Times, April 27, 2006

A fuller picture emerged yesterday of an alleged plot to bomb the Herald Square subway station and of the Pakistani immigrant charged as its prime author, as prosecutors again played secretly recorded conversations between the man and a police informer.

The conversations, played for a jury in federal District Court in Brooklyn, captured the immigrant, Shahawar Matin Siraj, 23, telling the informer he expected that the blast in the subway station would bring down the Manhattan Mall on the street above.

But in another conversation, he seems to suggest to the informer that the bomb could be as small as a bottle of soda, tossed into a garbage can on the subway station's platform. He said he wanted to bomb the station in the early morning hours to cause only economic damage and kill as few people as possible, but he was willing to let the explosion kill the homeless people who spend the night there.

These contradictions were among several that emerged from Mr. Siraj's sometimes rambling, disjointed and often angry statements, which also suggested that he has a grandiose view of his own talents as a terrorist plotter. In fact, he offered a critical assessment of al Qaeda, saying its members carry out suicide attacks because they are poor planners.

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"That is what I don't like about them," he said on Aug. 18, 2004, just nine days before he and a co-conspirator, James Elshafay, were arrested and charged in the plot. Mr. Elshafay, 21, has pleaded guilty and is expected to testify.

Yesterday, jurors listened attentively to the recorded conversations between Mr. Siraj and the police informer, Osama Eldawoody, 50. It was the second day that prosecutors have played selections from more than 30 hours of digital recordings from the summer of 2004.

Using government transcripts, the jurors seemed to follow the heavily accented conversations carefully, and then one of the prosecutors, Todd Harrison, would question Mr. Eldawoody about the recorded discussions.

The government has sought to portray Mr. Siraj as a dangerous man bent on carrying out a devastating attack. His lawyers, however, contend that the young man, who came to New York from Karachi, Pakistan, in 1999 to join his parents, was duped.

They have said that when a fuller picture is presented, it will be clear that Mr. Siraj was manipulated by the police informer, who they contend orchestrated the plot for money, nearly $100,000 that the Police Department paid him over two years and nine months, much of it while he was working on this case.

One of Mr. Siraj's lawyers, Martin R. Stolar, has called him "not the brightest bulb on the chandelier."

On the tapes played yesterday, Mr. Siraj seemed to alternate between shrewd, bumbling and bizarre. In one conversation, he told Mr. Eldawoody that he had masqueraded as a homeless man to examine the security in the subway station. He looked for surveillance cameras and, though he saw none, he told Mr. Eldawoody that he could not believe there was not a tighter security cordon.

"I cannot find no security over there, it's impossible," he said. "If there is no security, it means there is a high security over there. No security means high security. That's a trap."

He also said he would shave his beard and wear New York Yankee apparel to disguise himself for a later surveillance mission.

At another point in the conversation, he seemed convinced that some sort of plot had been set in motion against a mosque at East 96th Street and Third Avenue in Manhattan.

Final Arguments In Trial Of Man Who Knew Two 9/11 Hijackers (NYT)

By Nicholas Confessore And Carla Baranauckas

The New York Times, April 27, 2006

A tangled four-and-half-year legal battle drew toward an end yesterday as prosecutors and defense lawyers made closing arguments in the case of a Jordanian college student accused of lying to a federal grand jury about his relationship with two Sept. 11 hijackers.

Prosecutors say the student, Osama Awadallah, on trial in Manhattan federal court, lied when he testified under oath at an October 2001 grand jury hearing that he did not know one of the hijackers, Khalid al-Midhar, and denied having written his name in a school notebook before conceding during a later hearing that he had met Mr. Midhar.

"Mr. Awadallah lied repeatedly and deliberately," said Karl Metzner, an assistant United States attorney.

Mr. Midhar and Nawaf al-Hazmi, another hijacker, had been living in San Diego until about a year before they boarded American Airlines Flight 77, the plane that crashed into the Pentagon. Mr. Awadallah was arrested on Sept. 21, 2001, after F.B.I. agents found a scrap of paper with the name "Osama" and Mr. Awadallah's old phone number in a car that Mr. Hazmi had left at Dulles International Airport, near Washington.

Mr. Awadallah's lawyer, Jesse Berman, painted a very different picture, that of a young immigrant, 21 at the time of the attacks, with limited English, disoriented after nearly three weeks of solitary confinement and with no reason to mislead the grand jury.

"We're not saying this gave him license to lie," Mr. Berman said. The defendant, he said, was "exhausted and confused."

The two sides met yesterday in a courtroom less than half a mile from ground zero, imagery that the prosecutors invoked repeatedly as they argued that Mr. Awadallah had lied, presenting transcripts of his testimony and a detailed chronology of how his account had changed during several hearings and interviews with law enforcement.

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"He didn't just lie deliberately. He lied before the federal grand jury investigating the worst terrorist attack in this country's history," Mr. Metzner said.

Mr. Awadallah has never been charged with conspiring in the 9/11 attacks or knowing about them in advance, and the outcome of his trial may rest on whether the jury remains focused on the relatively narrow perjury charge against him.

In his first grand jury appearance, Mr. Awadallah repeatedly denied knowing anyone named Khalid. But prosecutors showed him an examination booklet they discovered at his college, in which was written: "One of the quietest people I have met is Nawaf. Another one, his name is Khalid."

Mr. Awadallah at first said that some of the handwriting was not his. When he returned to the grand jury on Oct. 15, 2001, he said that he recognized it as his writing and that on several occasions he had met a friend of Mr. Hazmi's named Khalid.

Mr. Berman argued that the first photocopy of the examination booklet that Mr. Awadallah was shown was smudged, and that reading it was all the more difficult because his client had not had his eyeglasses while in custody or on the stand.

"He gave a ridiculous answer," Mr. Berman added, "but not intentionally. He had nothing to gain by lying to prosecutors."

The prosecutor, Mr. Metzner, dismissed the defense's contention that Mr. Awadallah was confused after being physically mistreated while in detention.

"You can still tell the truth if your arms hurt," he said.

If convicted, Mr. Awadallah, now 25, faces a maximum sentence of five years on each of two counts of perjury, as well as deportation. He has waited — free on bail for much of the time — as his fiercely contested case made its way through the courts.

In recent years, Mr. Awadallah has been a student at San Diego State University, where he is scheduled to graduate next month.

Terrorists In State, Candidate Says (MJS)

By Stacy Forster Sforster@journalsentinel.com

Milwaukee Journal Sentinel, April 27, 2006

Opponents call his remarks irresponsible

Madison - There are terrorists training and raising money in Wisconsin, Republican attorney general candidate J.B. Van Hollen said Wednesday in a Capitol news conference.

But Van Hollen declined to provide any specifics about what kind of terrorist activity law enforcement was tracking in Wisconsin. He cited confidentiality, adding that his knowledge of such activity dates back to January 2005, when he resigned as U.S. attorney for the Western District of Wisconsin.

A spokesman for incumbent Attorney General Peg Lautenschlager and Van Hollen's opponent in the Republican primary, Waukesha County District Attorney Paul Bucher, both called Van Hollen's comments "irresponsible."

Mike Bauer, legal services administrator for the state Department of Justice, and Mike Johnson, a supervisory special agent for the Milwaukee FBI office, declined to comment on the status of any investigations in Wisconsin. The U.S. Department of Homeland Security did not return a call for comment.

Van Hollen and Bucher will face off in the September Republican primary. The winner will go up against the Democratic victor, either Lautenschlager or Dane County Executive Kathleen Falk, in the November general election.

Van Hollen has pledged to make fighting terrorism a top priority if elected; he proposes teams of law enforcement officials from all levels to train and share information.

While arguing that the state Department of Justice could be doing more to guard against terrorist threats, Van Hollen added that Wisconsin residents should know about terrorist activity taking place here so they can be vigilant about reporting suspicious activity.

"We have in Wisconsin terrorists who are training and raising funds," Van Hollen said. "We don't need to be paranoid, but we need to be vigilant."

After the news conference, Van Hollen said he didn't think his comments would raise fear among Wisconsin residents.

"If people believe that we do not have terrorists in Wisconsin, and they believe we're not at risk for terrorist attacks in Wisconsin, they're uninformed," Van Hollen said. "Do we need to be paranoid about it? I don't think so."

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Van Hollen said that based on information he had access to as U.S. attorney, he was aware that the FBI and other law enforcement officials were monitoring potential threats, but that there wasn't enough activity or information to act.

The FBI's Johnson said Van Hollen's comment about the FBI was "completely inappropriate" because Van Hollen doesn't speak for the agency.

Bauer of the Justice Department said Van Hollen's criticism of Lautenschlager's track record on fighting terrorism was wrong. Under Lautenschlager, Justice Department officials have been involved in several state and federal task forces with officials from across jurisdictions, Bauer said.

"It's a joint role with the federal government," Bauer said of the department's place in fighting terrorism.

The department's Division of Criminal Investigation also developed a statewide intelligence center for law enforcement, emergency services and disaster response experts to share information, the department said.

Bucher said he was "shocked" that Van Hollen had chosen to provide such information without backing it up.

"Why would you say to the citizens of the state that, 'There are terrorists training in this state, but I can't say anything about it or do anything about it?' " Bucher said.

Bucher added that he would soon introduce a plan for dealing with terrorism that is likely to include steps to foster cooperation with federal prosecutors and investigators. But Bucher said the state attorney general's role in fighting terrorism is limited because the department doesn't have primary enforcement authority for terrorism.

"The attorney general does have a responsibility to work in a cooperative atmosphere with the agencies that have the lead on this issue," he said.

Falk campaign spokeswoman Melissa Mulliken said in an e-mail that Van Hollen should provide credible information to back up his comments - "otherwise it is a political scare tactic."

From the April 27, 2006 editions of the Milwaukee Journal Sentinel

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Van Hollen Claims Terrorists Are In Wisconsin (DULNT)

By Todd Richmond

The Duluth News Tribune, April 27, 2006

MADISON, Wis. - Terrorists are operating in Wisconsin, state attorney general candidate J.B. Van Hollen claimed Wednesday.

Van Hollen accused Attorney General Peg Lautenschlager during a Capitol news conference of not doing enough to fight terrorism, and he followed up with a comment that, "We have in Wisconsin terrorists who are training and raising funds."

He said he learned the information while he was U.S. attorney for the Western District of Wisconsin - a post he resigned in 2005 to run for attorney general - but the terrorists weren't doing anything he could act upon.

He declined to elaborate, saying divulging any information would make him guilty of a felony. But he added Wisconsin has targets such as power plants.

Mike Johnson, a spokesman for the FBI's Milwaukee office, declined to comment. Messages The Associated Press left at the U.S. Department of Justice and at the office of Stephen Sinnot, who now serves as U.S. attorney for western Wisconsin, weren't immediately returned.

"He can't talk about specifics that he dealt with ... as U.S. attorney," said Van Hollen campaign spokesman Brian Fraley. "He can't breach the confidentiality of that office. (But) it would be naive to think there aren't terrorists in Wisconsin."

Van Hollen's opponents immediately demanded that he give up what he knows. Van Hollen and Waukesha County District Attorney Paul Bucher face each other in a Republican primary in September. The winner will face either Lautenschlager or Dane County Executive Kathleen Falk, who will square off in the Democratic primary, in November.

"If Mr. Van Hollen has indicated he has knowledge of terrorist training in this state, he better ... get a good lawyer to help him get that information to the authorities," Bucher said. "I hope he's done that. That's what I would do."

Lautenschlager campaign spokesman Dan Bachhuber accused Van Hollen of grandstanding.

"If J.B. has some information he should provide it," Bachhuber said. "I just don't know where he might be getting his information."

Falk campaign spokeswoman Melissa Mulliken issued a statement calling on Van Hollen to reveal what he knows.

"It is irresponsible for a candidate for AG to make claims he won't substantiate regarding our national security. If he has credible information he should provide it; otherwise it is a political scare tactic," the statement said.

Fraley insisted Van Hollen can't reveal any information that might hinder a federal investigation or reveal information about investigations that began when he ran the U.S. attorney's office.

State Department of Justice spokesman Mike Bauer declined to comment on terrorist activities in Wisconsin or whether the agency is probing them.

He said the head of the department's criminal investigation unit, Jim Warren, sits on the governor's Homeland Security Council, Justice agents work full time on joint terrorism task forces headed by the FBI and the agency has highly trained investigators ready to help with domestic security issues.

House Panel OKs Tougher Port Rules (WT)

By Audrey Hudson

The Washington Times, April 27, 2006

A measure to secure U.S. ports from a nuclear attack and to increase the number of random cargo inspections won full committee approval in the House yesterday.

The $2.4 billion bill to track and protect cargo containers shipped from foreign ports passed the House Homeland Security Committee unanimously, and requires that 98 percent of all containers be screened for nuclear materials.

A Democratic proposal that would require in five years that all containers be screened for nuclear devices was rejected by a 18-16 vote.

Republicans say the timetable should be more flexible to allow radiation portal monitor technology to improve. Some critics of the technology question whether it can effectively identify nuclear materials if they are is protected by lead shielding.

"We must do everything in our power to prevent another terrorist attack on U.S. soil," said Rep. Peter T. King, New York Republican and chairman of the House Homeland Security Committee.

"That means continuing to strengthen our domestic and international security efforts through measures like the SAFE Port Act. As long as our ports remain vulnerable, so do the American people," Mr. King said. "Passing a comprehensive, bipartisan port security bill is one of the most important things we'll do this year."

The Security and Accountability For Every Port Act requires Homeland Security Department officials to collect data from importers before cargo is loaded at foreign ports.

The legislation also calls for a Transportation Worker Identification Credential program, which the Bush administration put into motion Tuesday.

Homeland Security Secretary Michael Chertoff says background checks, including an immigration status check, will be required for all U.S. ports.

Nearly a half-million current port workers and longshoremen will be screened initially and cleared to access secure areas.

Security gaps were highlighted last month after a deal to turn over terminal operations at six major U.S. ports to a Dubai-owned company fell apart amid a congressional firestorm.

Although Democrats say the nuclear screening requirement is weak, the legislation has bipartisan support. It is sponsored by Rep. Dan Lungren, California Republican, and Rep. Jane Harman, California Democrat.

"Though the vulnerability of our seaports has become an important issue in recent months, the reality is that this legislation is long overdue," Mr. Lungren said.

In the Senate, a measure adding $1.9 billion for border and port security was attached to an emergency spending bill. The amendment sponsored by Sen. Judd Gregg, New Hampshire Republican and chairman of the Senate Appropriations subcommittee on homeland security, passed 59-39.

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Mr. Gregg said the Senate measure would "basically give the people who are defending us on our borders ... the tools they need to do their job right."

Lawmakers Spar Over Cargo Radiation Tests (AP-Y2)

By Devlin Barrett

AP2, April 26, 2006

An effort to shore up the nation's port security cleared a House committee Wednesday after Republicans beat back a Democratic attempt to screen all cargo for radioactive material.

Lawmakers once united in opposition to a proposed U.S. ports deal with Dubai sparred at the hearing over Democrats' demands for 100 percent radiation screening of shipping containers.

The bill, headed for a vote on the House floor next week, would require the Homeland Security Department to give a timetable for placing radiation portal monitors at U.S. seaports that don't already have them, and assess the security implications of screening programs for foreign ports.

Reps. Dan Lungren, R-Calif., and Jane Harman, D-Calif., sponsored the broad port security measure last month as Congress was in an uproar over now-abandoned plans by DP World to manage terminals at ports in New Jersey, New York, Baltimore, New Orleans, Miami and Philadelphia.

The panel rejected along party lines an amendment offered by Rep. Edward Markey (news, bio, voting record), D-Mass., which would require within five years radiation screening for every container coming into the U.S.

Republicans said the deadline was unrealistic and the scanner technology is still too faulty to deploy through a mammoth port system that handles 20,000 cargo containers every day.

At that, some Democrats erupted.

Rep. Peter DeFazio (news, bio, voting record), D-Ore., slammed his fist as he called current port security programs "a joke."

"We have a faith-based honor system. People could ship a nuclear bomb here today," he said, accusing GOP leaders of buckling to pressure from business groups that oppose greater regulation.

Republicans denied any influence from lobbyists.

"Somebody said we're lackeys for the industry. I'm not a lackey for anybody," said Lungren.

Committee chairman Peter King urged both sides to cut back partisan accusations.

"Any implication that anyone on either side of the aisle is not concerned about homeland security, is not concerned about the loss of human life, it demeans and cheapens the debate," said King, R-N.Y.

Trade Group's Role In Security Program Is Challenged (NYT)

By Carl Hulse And Eric Lipton

The New York Times, April 27, 2006

WASHINGTON, April 26 — When Representative Harold Rogers of Kentucky decided to try to get a new transportation security project off the ground, he turned to a familiar name: the American Association of Airport Executives.

In a little-noticed provision added to a spending measure last year, Mr. Rogers, a Republican who doles out money for national security projects, designated an arm of the trade group with which he has longstanding ties as the central operator of a new federal program to perform background checks on 750,000 maritime workers.

"There is absolutely no reason to waste more time and money reinventing the wheel," Mr. Rogers, chairman of the Appropriations Subcommittee on Homeland Security, said Wednesday in explaining his decision. He said the trade organization's Transportation Security Clearinghouse had already performed 2 million background checks on airport workers.

But the Bush administration and others are now trying to undo Mr. Rogers's handiwork, which is coming to light as Congress puts new scrutiny on the special-interest provisions, known as earmarks, that are sometimes added to measures with little debate.

They say that the earmark is threatening to further delay a program to issue new tamper-proof identification cards to the nation's port workers, a program that could eventually cover millions of transportation workers nationwide. The cards for the port workers were supposed to be available by August 2004.

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Industry officials said the provision devised by Mr. Rogers leaves unclear what work would be done by the American Association of Airport Executives and what work could be bid on by contractors with expertise in issuing high-tech biometric cards.

"It is clearly an earmark, and it is very broadly defined," said Walter Hamilton, chairman of the International Biometric Industry Association. He said his group believes that other companies in the industry should be allowed to compete for the entire ID card project, estimated to be worth hundreds of millions of dollars.

Mr. Rogers has a record of close association with the aviation trade group, receiving thousands of dollars in contributions for his election campaigns over the years as. He has also accepted trips to the group's annual meetings in Hawaii, California and Ireland, which are popular with many lawmakers and aides.

But an aide to Mr. Rogers said the political relationship had no bearing on his support for the provision, which the lawmaker said was intended to jump-start the stalled identification program.

Homeland Security Secretary Michael Chertoff announced Tuesday that in an effort to enhance port security, he intends to start the new program by the end of this year. But the administration, in proposing the 2007 federal budget, made clear that it opposed the requirement by Mr. Rogers, asking Congress to strike it.

"This provision is proposed for deletion in order to provide sufficient flexibility in implementing this program," a memorandum submitted to Congress by the administration said. "Restrictions on such critical programs serve only to limit their effectiveness and efficiency."

The administration effort could find some support on Capitol Hill, where lawmakers who oversee national security are beginning to raise questions about it as well.

"It may be that this association could do a competent job, but it seems to me it would be preferable to have that determination made through a full and open competition rather than a directive from the Appropriations Committee," said Senator Susan Collins, Republican of Maine, who heads the Senate Homeland Security and Governmental Affairs Committee.

Since 2002, the aviation association, under a contract with the federal government, has been involved in background checks for airport employees nationwide, an arrangement that has been credited with accelerating the hiring process.

Under the current system, before hiring new employees, the airlines or airports send fingerprints to the association's clearinghouse unit, which then forwards them electronically at a rate of about 1,100 a week to federal authorities. They compile a terrorist watch list and check criminal history, looking for offenses like forgery and unlawful possession of a weapon or explosive material. Job applicants pay a $29 fee for the background check, $7 of which goes to the clearinghouse.

Carter Morris, senior vice president for transportation security policy at the association, said it was still unclear what role his organization might play in the issuance of the new cards for port workers.

Mr. Morris said it was up to the federal Transportation Security Administration to decide what role the association would play concerning the Transportation Worker Identification Credential, as the worker identity card is known.

Todd Hauptli, the airport group's senior executive vice president and its chief lobbyist, decline to comment.

Former government officials and industry executives, despite satisfaction with the trade group's performance on the aviation background checks, said that officials at the Homeland Security Department tried to stop members of Congress in 2005 from mandating that the arrangement be extended to the much larger transportation credential program.

The concern, the former officials said, is that the sole-source contract could complicate the process of competitively hiring companies to handle other necessary tasks.

Mr. Rogers and his staff had been trying for about two years to expand the work assigned to the trade association, trying to persuade the T.S.A. to use the association to process background checks on drivers of trucks carrying hazardous materials.

Lawmakers Reject Real ID (WT/AP)

By The Associated Press

The Washington Times, April 27, 2006

CONCORD, N.H. (AP) -- New Hampshire suddenly has become a battleground in the fight over privacy rights versus homeland security, with state legislators voting against strict new federal standards for issuing driver's licenses.

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At issue is the federal Real ID Act, which is intended to keep terrorists from obtaining fake IDs. It requires states by 2008 to verify documents such as birth certificates, Social Security cards and passports when people apply for driver's licenses. State databases with driver information and photos also will be linked.

Last month, the Republican-controlled New Hampshire House voted overwhelmingly to bar the state from participating in the program. A vote in the Republican-dominated Senate is expected in two weeks after a committee endorsement yesterday. Gov. John Lynch, a Democrat, remains undecided.

The legislation has won backing from the American Civil Liberties Union (ACLU) as well as conservative privacy advocates and Christian fundamentalists.

"I think New Hampshire will set the dominoes falling in the states," said Barry Steinhardt, director of the Technology and Liberty Program of the ACLU, who testified against Real ID at a recent state Senate hearing alongside a member of the conservative Cato Institute.

Legislation in other states would condemn Real ID, but New Hampshire's bill is the toughest measure making real progress anywhere, Mr. Steinhardt said.

Republican state Rep. Neal Kurk, author of the bill against Real ID, gave a stirring speech during the debate.

"We care more for our liberties than to meekly hand over to the federal government the potential to enumerate, track, identify and eventually control," Mr. Kurk told the House.

A weekend rally featuring Real ID opponents in Nazi uniforms attracted lawmakers from both parties, and worried members of Congress dispatched a staff member from the House Judiciary Committee to meet one-on-one with state senators in advance of the committee vote yesterday.

Supporters of Real ID say blocking it will isolate New Hampshire, requiring residents to obtain a passport if they want to board an airplane or enter a federal building. The state also would lose a $3 million federal grant to update driver's license computers.

Jeff Lungren, spokesman for the U.S. House Judiciary Committee, said Real ID closes loopholes that allowed a September 11 terrorist with a six-month tourist visa to obtain driver's licenses in multiple states good for five years or longer.

He said it sprang from a finding of the National Commission on Terrorist Attacks Upon the United States that "for terrorists, travel documents are as important as weapons."

Many governors and some state motor vehicle directors oppose Real ID. Most state legislatures are waiting to see regulations for implementing the law from the federal Department of Homeland Security before acting.

"It's not going to promote national security. It's not going to help us prevent illegal immigration. It's just going to help the government keep tabs on ordinary citizens," Mr. Kurk said. "Remember, the 9/11 terrorists were in this country legally and had legally obtained documents."

Fewer Fined By Airport Security In '05 (USAT)

By Alan Levin And Thomas Frank

USA Today, April 27, 2006

WASHINGTON — The number of passengers fined for security violations at airports fell dramatically last year as the federal government focused on more serious threats, according to records and government officials.

The Transportation Security Administration issued 4,459 fines against passengers in 2005, a 54% decrease from 2004. The vast majority of fines are doled out to people trying to bring weapons and other dangerous items on planes.

“The public has been getting better about what not to bring to the checkpoints,” said Salomon Gomez, the Transportation Security Administration's assistant chief council for civil enforcement. “TSA has also gotten better. We've focused more on what will really take down a plane.”

In 2004, the TSA adopted a zero-tolerance policy for passengers caught with prohibited items at airport screening checkpoints. The number of fines against passengers soared from 3,426 in 2003 to 9,741 in 2004. The policy prompted complaints from Congress about unequal enforcement and heavy-handedness.

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Early last year, TSA altered its policy in an attempt to refocus on what the agency believes are greater threats to planes, such as explosives that can bring down a flight. Previously, most people who brought a small knife in a suitcase received a fine.

Those people now receive warning letters unless they have attempted to conceal the knife or exhibited threatening behavior, TSA spokeswoman Yolanda Clark said.

Fines range from $250 for minor infractions to $10,000 for passengers with explosives.

Three screeners told USA TODAY that fewer passengers are trying to carry items such as knives and tools on planes.

"The flying public is just realizing they shouldn't be carrying this stuff," said Cris Soulia, a screener at San Diego International Airport.

The TSA bans 68 items, including flammables, martial-arts weapons, tools such as hammers and drills, and sporting equipment such as hockey and lacrosse sticks and pool cues. Most of those items can be packed in checked luggage.

The TSA is also seizing fewer of the items considered most threatening at checkpoints. For example, TSA security officers in 2004 seized nearly 700,000 incendiary items, such as ammunition or dangerous flammable materials. Last year, the total fell to about 372,000 such items. The number of seized knives, other cutting devices and clubs (baseball bats, nightsticks, etc.) also fell.

The overall number of seized items rose last year because the TSA began barring lighters.

Some security analysts say that the TSA still goes too far in what it bans on flights. Charles Slepian, a New York aviation security expert and founder of the Foreseeable Risk Analysis Center, said the TSA allows passengers to carry things such as knitting needles and canes that can do just as much harm as banned items such as sharp knives and bats.

Rep. Peter DeFazio, D-Ore., a longtime critic of the TSA's fines, applauded the decrease. "I'm not hearing complaints from consumers as we were hearing a few years ago."

Neighborhood Watch Pentagon Steps Up Intelligence Efforts Inside U.S. Borders (WSJ)

By Robert Block And Jay Solomon

The Wall Street Journal, April 27, 2006

AKRON, Ohio -- On March 19, 2005, about 200 mainly middle-aged peace marchers made their way through the streets of this city, stopping outside a Marine Corps recruiting center and a Federal Bureau of Investigation office to listen to speeches against the Iraq war. Close behind, police in unmarked cars followed them -- acting on a tip from the Pentagon.

For weeks prior to the demonstration, analysts at the Army's 902nd Military Intelligence Group in Fort Meade, Md., were downloading information from activist Web sites, intercepting emails and cross-referencing this with information in police databases.

The Army's conclusion, contained in an alert to Akron police: "Even though these demonstrations are advertised as 'peaceful,' they are assessed to present a potential force protection threat."

The Akron protest and seven others monitored by the Army that month turned out to be nonviolent. Pentagon officials later issued an apology, admitting that some of the information in military databases shouldn't have been there. But they called that a minor slip in a critical program to protect Americans.

The government's monitoring of the protests is one example of how the 9/11 terror attacks have sparked a broad effort by the Pentagon to gather intelligence within U.S. borders. Its goals are both to protect military facilities and keep an eye out for any threat on American soil.

After 9/11, the Bush administration declared the continental U.S. a theater of military operations for the first time since the Civil War, creating a demand to better research potential threats to American forces at home. Now several parts of the vast Pentagon bureaucracy are building large databases of information from sources including local police, military personnel and the Internet. In doing so, the military is edging toward a sensitive area that has been off-limits to it since the 1970s: domestic surveillance and law enforcement.

One widely reported part of the new information battle is the National Security Agency's wiretapping of calls without a warrant between people in the U.S. and suspected terrorists overseas. The agency is part of the Defense Department. That practice is just one piece of a larger, less-discussed effort.

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The military justifies the gathering of domestic intelligence in part by relying on a key distinction between "receiving" information and "collecting" it. Military regulations over the past few decades have generally barred using soldiers to gather information on American citizens. Officials have interpreted the rules to mean that receiving information from the police or federal agencies is acceptable.

"We are receiving information lawfully gathered by other agencies and then following up on it to make an assessment," says Cmdr. Greg Hicks, a Pentagon spokesman.

Further, the military says it doesn't order civilian law-enforcement officials such as the police or the FBI to do anything. Military officials say they may point out items of concern such as the Akron march but it's up to police whether to listen.

The broad Pentagon effort comes amid a surge of popular support after the 9/11 attacks for more vigilant efforts to prevent terrorism. Polls continue to show backing for aggressive moves. In a March Wall Street Journal/NBC News poll1, 52% of those surveyed said they supported the NSA wiretaps without a warrant, while 46% said they were opposed.

The military moves nonetheless face both political and practical objections. Civil libertarians fear a return to the Vietnam era, when military personnel collected information on more than 100,000 Americans, infiltrated church youth groups and posed as reporters to interview activists, according to a 1975 Senate investigation. Critics say the receiving-versus-collecting distinction makes little sense if the Pentagon is taking in huge amounts of data, organizing it, analyzing it and using it to influence law enforcement.

"Today military spies can compile more information about antiwar protesters by 'receiving' it off the Web than its gumshoes used to collect by watching demonstrations," says Christopher Pyle, a former Army intelligence officer who disclosed the military's surveillance of civilian politics in the 1960s to Congress and worked to end it. Mr. Pyle is now a professor of politics at Mt. Holyoke College in Massachusetts.

Because of the secrecy surrounding the programs, the results of the Pentagon's efforts -- including any possible successes in preventing terrorism -- are unknown. President Bush and other officials have said that Americans often don't see such successes because revealing them would help terrorists. Mr. Bush's critics, aside from their civil-liberties concerns, say monitoring antiwar activities may turn out to be a waste of resources by diverting attention from known terrorists.

According to documents seen by The Wall Street Journal, the Pentagon has monitored more than 20 antiwar groups' activities around the country over the past three years. It has reviewed photographs and records of vehicles and protesters at marches to see if different activities were being organized by the same instigators. Cmdr. Hicks says the point of this monitoring is to keep military personnel away from places where they might provoke demonstrators, not to interfere with anyone's right to protest.

The peace activists don't like being watched. About 300 activists gathered at Akron's public library this February to complain to elected representatives at a public hearing. They had watched an NBC News report in December that said the Pentagon included peace group activities in a database of potential terrorist threats. Documents viewed by The Wall Street Journal show that, as the activists suspected, their Quaker-organized rally in March 2005 was on the Pentagon's watch list. Those documents show a broader effort to gather information for databases and analyze it.

'Eerie Feeling'

Pat Carano, a veteran of Ohio peace marches since the Vietnam War, told the meeting of the "eerie feeling" of being watched when he saw the unmarked police cars. "It's ridiculous," said Donna Schapps, a grandmother of four from Stow, Ohio. "Quakers are not terrorists. We believe in peace."

Strict limits on soldiers doing the work of police date back to the Posse Comitatus Act of 1878, enacted in response to a public backlash against troops maintaining civil order in the South during Reconstruction. The act generally prohibits the military from domestic law-enforcement activities.

The military's secret monitoring of dissidents during the Vietnam War led to a slew of laws, regulations and executive orders that pushed the military out of domestic spying and created walls between domestic and foreign intelligence.

After Sept. 11, 2001, those walls came in for criticism from a broad range of experts. The bipartisan 9/11 Commission concluded that U.S. intelligence agencies needed to do a better job of coordinating and connecting leads. The Pentagon itself

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believed it might have prevented the attacks if its ability to operate within the U.S. were less circumscribed, and decided to take a fresh look at the post-Vietnam rules.

On Nov. 5, 2001, Lt. Gen. Robert W. Noonan Jr., then the Army's deputy chief of staff for intelligence, sent a memo to Army commanders titled, "Collecting Information on U.S. Persons3."

"Contrary to popular belief, there is no absolute ban on intelligence components collecting U.S. person information," it said. Gen. Noonan noted that while the military was normally barred from using its own assets to collect information about people living in the U.S., military intelligence "may receive information from anyone, anytime...if only to determine its intelligence value.

"Remember," the memo stressed, "merely receiving information does not constitute 'collection' " under Army regulations.

Michael Varhola, an official in the Army inspector general's office, repeated the message in a January 2002 article in the quarterly Military Intelligence Professional Bulletin. Even though many types of information gathering were perfectly legal, Mr. Varhola wrote, "unfortunately some individuals find it easier or safer to avoid the issue altogether by simply not collecting the data on citizens they may need to do their complete jobs."

As such views spread, several parts of the Pentagon empire soon swung into action to formalize information-gathering efforts, though they weren't all necessarily acting in concert. In February 2002, Paul Wolfowitz, then the deputy defense secretary, formed a unit at Pentagon headquarters to manage all military counterintelligence programs. Its name was Counter Intelligence Field Activity. CIFA, whose exact size and budget remain secret, has grown to include nine directorates. Its main focus is on protecting defense facilities and personnel from terrorist attacks.

Some of the raw data feeding into CIFA headquarters comes from a reporting process called Talon (short for "Threat and Local Observation Notice"). Talon started out as an Air Force reporting form that airmen could fill out and hand in if they noticed anything unusual around the base. In May 2003, the Pentagon made Talon the standard method for service members in all the armed forces to report "nonvalidated" information about possible terrorist activity. Talon reports can now be filled out online.

Connecting the Dots

Pentagon officials compare the process to a neighborhood-watch program. Cmdr. Hicks says Talon is the place where the Department of Defense "initially stores the 'dots' of information, which, if validated, might later be connected before an attack occurs."

To connect the dots, the Pentagon has turned to data mining, the science of extracting patterns from large volumes of raw information. In theory, reports of unusual incidents such as those collected by Talon could be added to electronic records of business transactions, Internet usage and police activity to deduce where terrorists are gearing up for an attack.

A December 2002 report issued by Sen. Richard Shelby, then vice chairman of the Senate Intelligence Committee, said CIFA was working with the Justice Department to develop "deep access data-mining techniques" to discover potential threats to the U.S. from terrorists.

As Mr. Wolfowitz was starting up CIFA, researchers at a separate Pentagon unit, the Defense Advanced Research Projects Agency, began work on a massive data-capturing program known as Total Information Awareness. This program, too, envisioned mining government databases and personal records of individuals for patterns that would predict a terrorist attack. A huge public outcry over the project led Congress to cancel it in October 2003 -- but Congress created a specific exemption for tools that might aid "counterterrorism foreign intelligence."

Many computer programs and techniques developed during the Total Information Awareness project quietly survived. Some were taken up by the Army's 902nd Military Intelligence Group. The 902nd, established during World War II and known as the "Deuce," is part of the Army command structure and separate from CIFA at Pentagon headquarters. Nonetheless, the 902nd plays an important military-wide role because it is the military's largest counterintelligence unit and has hundreds of soldiers stationed around the country.

Charles Harlan, who heads the 902nd's analysis center, published an article in the Military Intelligence Professional Bulletin in January 2005 describing how his unit processed information to help the Pentagon predict attacks against the military in the U.S. He described three data-mining and artificial-intelligence programs as key to the effort -- all three of which were components of the defunct Total Information Awareness project.

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The 902nd has access to Talon, but it also makes extensive use of another information system created after 9/11. This system, called the Joint Regional Information Exchange System, gathers information collected by civilian law enforcement agencies around the country. The Pentagon and local authorities including the New York Police Department and California's justice department set it up in December 2002. The idea was to give military personnel access to terror-related information on U.S. residents without violating any prohibitions on the military collecting domestic intelligence.

The Pentagon's regional information-exchange system got a boost when the Department of Homeland Security took it over and expanded it to include information from all 50 states and major urban areas.

The system doesn't just serve military personnel. A police department in one place can put a query out to other cities or states seeking information on, say, license plates or phone numbers of terrorist suspects. Many police departments purchase commercially available information about individuals, such as credit data and online viewing habits, as part of investigations. They can post this information on the exchange system.

Military members can also issue a query seeking information on any topic they like, but they can't command any civilian participant to do anything. In theory they could ask for personal data on individuals via the exchange system, but it isn't clear whether they do so and if so under what circumstances.

All of these strands came together to prompt the police's shadowing of peace protesters in the spring of 2005. Defense Secretary Donald Rumsfeld told the Senate last month that the Department of Homeland Security was the source of information in Pentagon databases about at least three antiwar protests at military recruiting centers -- two in Vermont and one in Washington, D.C.

A number of leads also came from the Talon reports. The two-page alert from the 902nd Military Intelligence Group that prompted the Akron police to follow the Quaker-organized rally attaches a nine-digit Army Talon number to that protest. It also gives separate numbers for each of seven other protests organized for the second anniversary of the Iraq war. The memo says officials at the 902nd had used some of their data-analysis techniques to look for signs of hidden coordination between the protests.

Analysts at the 902nd's headquarters in Ft. Meade also scrutinized antiwar Web sites looking for threats, including the possibility that protesters might attack military personnel.

The alert memo, signed by Army official Claude G. Benner Jr., portrayed the imminent demonstrations as "threats." It gave a detailed description of activists' Web sites, noting that some featured a "help desk" where would-be protesters could get tips on organizing a demonstration. The memo also raised the possibility that military supporters might assault the protesters. Mr. Benner warned that "the potential for a spontaneous, unprovoked attack against either the demonstrators or pro-US Military persons is assessed as HIGH."

In the end the Akron march was peaceful. A report compiled by the Army and presented last May to the U.S. Northern Command, which is in charge of joint military operations in the continental United States, threw cold water on the idea that hidden provocateurs might be organizing multiple protests around the country. "We have not noted a significant connection between incidents (i.e. reoccurring instigators at protests, vehicle descriptions)," said the report.

Cmdr. Hicks at the Pentagon says the assessment that the Akron protest posed a threat "was based on the best information available at the time, which was lawfully received from another federal agency." He declines to name the agency. Cmdr. Hicks adds: "The fact that the marches proceeded peacefully is irrelevant to leveling criticisms against the Army in this instance. Hindsight is always 20/20."

Security At Military Bases: A Job For Private Firms? (CSM)

By Alexandra Marks

The Christian Science Monitor, April 27, 2006

NEW YORK - Since 9/11, private security companies have been guarding some of America's most sensitive military installations, such as Fort Bragg in North Carolina, the White Sands Missile Range in New Mexico, and the Picatinny Arsenal in New Jersey.

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Now, concerns about accountability and the caliber of the private guards are leading some critics, both inside and outside government, to ask whether this is a job too vital for the military to outsource to civilians.

Concern has escalated since the Government Accountability Office, the investigative arm of Congress, reported this month that some private contractors had hired felons, had missing and incomplete records, and in one case, had falsified records on weapons and training. At two military bases, the GAO report found, a total of 89 private guards with criminal records were working.

The GAO's conclusion: The Army's screening procedures for the private guards are "inadequate and put the Army at risk," despite previous agency warnings about such problems during the past three years.

The Army, for its part, has pledged to improve management and oversight of private guards.

Those who see merit in contracting out military-base security say the problems are solvable and that, overall, private security guards are as professional and competent as the Army's own personnel. Private guards, they note, are supervised by the Army and trained according to Department of Defense specifications. With Army and National Guard personnel stretched thin by deployments to Iraq and Afghanistan, the private companies provide an invaluable service, say supporters of the current system.

Critics, though, doubt the Army's beefed-up oversight will be sufficient, because some of the contract guards work for American subsidiaries of foreign-owned companies. In this age of terrorism and after the Dubai ports flap, they say, American military personnel should provide security at US military bases.

Some homeland security experts see a more fundamental problem. The need to outsource and the subsequent management problems, they say, are indications of the overall stresses the nation's military, security, and law-enforcement agencies face daily as they adapt to the increased demands of the post-9/11 world.

"Security resources are thin in the country right now. They're in demand, and those with advanced skill sets are drawn to the money, and they're going overseas where they can make 100 to 140 percent more," says Edward Clark, founder of Executive Interface, a homeland security risk-management company in Garden City, Mo. "The system is fairly stressed."

Beginning in the 1970s, the US government began to outsource some of its functions - from designing computer systems to selling food in federal buildings - to private contractors. The intent is to save taxpayers' money and make the government more efficient.

But Congress drew the line at military security. In 1982, it prohibited the Defense Department from hiring private security firms at military bases in the United States. Lawmakers were concerned about the "uncertain quality and reliability of private security guard services, base commanders' potential lack of control over contractor personnel, and the right of contractor personnel to strike," according to the GAO.

That changed in the wake of 9/11. Commanders ordered that entrances to all domestic bases, many of which were open to the public, had to be secured. At the same time, military engagement in Afghanistan and then Iraq strained military personnel resources.

In 2003, Congress temporarily lifted its restriction against private security guards. To hire new guards as quickly as possible, especially for the Army, the Defense Department did not put the contracts out to competitive bid, as is usually required to ensure that the government gets the lowest price.

Currently, 57 Army installations use private guards, and 46 of these hired the guards under such sole-source contracts. The GAO concluded these contracts cost 25 percent more than contracts later put out to bid.

Army officials defend sole-source contracts as the fastest way to meet a crucial need, but say that all future contracts will be put out to bid. They also suggest that the GAO report exaggerated the seriousness of the problems it found with screening and training.

"Their overall record has been outstanding," says Ned Christensen, a spokesman for the US Army Installation Management Agency.

Wackenhut Services Inc., a company working under a no-bid contract, insists that most problems the GAO cited were with firms that won the competitive bids, not those who received the sole-source contracts.

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"The comments that are in that report - all of the misrepresentation, all of the failure to properly train - pertain almost specifically and uniquely to the competitively bid piece," says Wackenhut CEO James Long. "My guess is they hopelessly underbid it, couldn't run it without losing their tail, and had to start cutting corners."

But the GAO said it found problems with each company's work.

"The problems were across the board," says Michele Mackin of the GAO. "We found a lack of oversight. The Army really relied on what the contractors said they were doing and provided very little monitoring."

House Weighs Boost In Spy Chief's Budget (AP-Y2)

By Katherine Shrader

AP2, April 26, 2006

The House passed an intelligence bill Wednesday that would dramatically boost the money available to the new spy chief and require the Bush administration to consider blocking the pensions of government leakers.

Democrats made an unsuccessful, last-minute push to block the bill to protest that Republicans wouldn't allow adequate debate on the legality of the National Security Agency's warrantless surveillance program.

The legislation was nevertheless approved 327-96. It provides budgeting guidelines for 16 U.S. spy agencies and the office of National Intelligence Director John Negroponte.

The bill's total cost is classified, but intelligence agencies' spending is believed to top $40 billion a year. Under the legislation, Negroponte's office would get nearly $1 billion.

Democrats expressed outrage that Republicans would not allow any of their five proposed amendments to be considered by the full House, including measures to expand congressional oversight of the NSA program and the intelligence on Iran.

California Rep. Jane Harman (news, bio, voting record), the intelligence committee's top Democrat, supported the bill during the panel's deliberations. Yet she ultimately voted against it, saying intelligence officers aren't served by a bill "that does not protect the Constitution they are fighting to defend."

Republicans insisted on the legality of Bush's surveillance program. House Intelligence Chairman Peter Hoekstra, R-Mich., said allegations that the operations are abusive or unconstitutional are "absolutely outrageous."

He said he is committed to active oversight on both the NSA and Iran. Hoekstra also said the bill sends a signal that the vision of the intelligence overhaul law in late 2004 "was about building qualitative, better intelligence establishment — and not building a bureaucracy."

One of the Democratic amendments would have required Negroponte to submit to Congress information about Americans who have been the subject of surveillance by the National Security Agency. A second stated that all such surveillance would comply with the Constitution.

A third would have required Negroponte's office to provide the intelligence committees with classified updates on Iran's nuclear program every three months.

The bill provides more than $990 million in the primary account that funds Negroponte's office, which was created to organize the spy agencies under one leader. It is possible other dollars for his office are elsewhere in the bill. Last year, the House approved $446 million for his office, but the bill never became law.

The legislation would limit growth of Negroponte's staff until he explains new personnel needs to Congress. He requested 1,539 people for 2007.

In a bleak assessment, Harman said, "Our intelligence reorganization is in a slow startup, and the CIA is in a free fall," adding that employees with a combined 300 years of experience have left or been pushed out.

The bill would require Negroponte to study administrative punishments for government employees who leak classified information, including the revocation of their pensions.

The administration is trying to crack down on leaks, as seen by last week's firing of CIA officer Mary McCarthy for unauthorized contact with the media. The fate of her pension, after two decades in government, is not clear.

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Rep. Rick Renzi (news, bio, voting record), R-Ariz., offered a resolution that condemns media organizations that profit from disclosures and calls on the president to use his constitutional powers to act against leakers of classified information. The makes made no substantive or practical changes to current law.

Lucy Dalglish, executive director of the Reporters Committee for Freedom of the Press, said, "I think it is obnoxious, but I don't think it will have much of an impact."

The bill also would:

• Expand funding and makes recommendations for intelligence analysis, billion-dollar satellite programs, counterterrorism and training for traditional spycraft. The details were classified.

• Allow the security officers protecting CIA and NSA officials to make arrests when they believe a felony has been committed. The Washington-based Project on Government Oversight raised concerns about potential abuses in domestic law enforcement.

Harman said such powers are comparable to those given to Secret Service and other organizations that protect government officials. Still, Harman said, she hoped more safeguards would be added to prevent possible abuses.

• Require Negroponte's office to provide the intelligence committees with an inventory of all the government's most sensitive operations, such as the NSA's warrantless surveillance program.

The provision, which the House also passed last year but was never made law, comes after Republicans and Democrats complained they were not briefed on the existence or details of the NSA program.

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On the Net:

Information on the bill, H.R. 5020, can be found at http://thomas.loc.gov/

Question Time (NSWK)

By Mark Hosenball

Newsweek, April 27, 2006

It's not exactly the full-scale congressional inquiry Bush critics have long demanded. But some time fairly soon, members of the Senate Intelligence Committee are going to have an opportunity to grill a senior Central Intelligence Agency official in public and private about the agency's controversial procedures for handling high-level terrorist suspects—and about the CIA's efforts to thwart media leaks.

Congressional staffers are already preparing for hearings the committee is expected to hold on whether the Senate should confirm John Rizzo, a veteran CIA attorney, as the agency's general counsel. President Bush nominated Rizzo to the CIA's top legal post in mid-March. Currently the CIA's senior deputy general counsel, Rizzo has been acting as the agency's top legal adviser after the previous chief lawyer left the agency in August 2004.

Congressional aides said a date for Rizzo's confirmation hearings has not yet been set. However, officials on Capitol Hill and inside the intelligence community said that everyone involved in the confirmation process is aware that the hearings are likely to become a forum in which administration critics, particularly Senate Democrats, can question a senior agency official in detail about contentious CIA procedures for detaining and interrogating prisoners, as well as the agency's practice of "rendition," in which terror suspects are transported by undercover agency operatives to foreign countries. (Domestic and foreign critics say the Bush administration's rendition policies have amounted to the "outsourcing" of torture.)

Senate critics are also likely to ask Rizzo about CIA investigations into alleged media leaks, including the probe that led to the recent firing of veteran CIA analyst Mary McCarthy for alleged unauthorized contacts and discussions of classified information with Washington Post reporter Dana Priest and at least one other journalist. Rizzo could also be asked about whether Congress should take action to plug perceived loopholes in the law currently governing unauthorized disclosures of classified information.

In his current position as CIA senior deputy general counsel, and in his previous job as deputy general counsel for the agency's Operations Division, which conducts clandestine and covert espionage activities, Rizzo was privy to key decisions and legal opinions rendered by CIA and other government lawyers regarding potentially contentious counterterror operations involving the agency, particularly following the 9/11 attacks. Aside from rendition, these operations include the CIA's own use of aggressive,

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or "enhanced" interrogation techniques—including some alleged techniques that human-rights activists describe as torture—and the agency's operation of what amounts to a secret network of detention centers where it is believed to be holding two to three dozen high-level Al Qaeda detainees, including Khalid Shaikh Mohammed, alleged mastermind of the 9/11 attacks.

More than a year ago, Jay Rockefeller, the top Democrat on the Senate Intelligence Committee, demanded that the panel conduct a thorough investigation into the administration's detention, interrogation and rendition policies. However, Senate Republicans, including committee chairman Pat Roberts, have used their majority voting power to block an inquiry.

Republicans now expect Democrats will use the anticipated hearings not only as a forum to question Rizzo about agency practices but also to pressure the administration to make broader disclosures of key legal documents relating to terrorist-prisoner handling procedures. At present, according to one official familiar with the issue, the documents have been sent to the Senate Intelligence Committee on condition that only top committee leaders—Sens. Roberts and Rockefeller—are allowed access to them. Some GOP sources predict Democrats may try to hold up the hearings, or a subsequent vote on Rizzo's confirmation, until more senators are given access to the documentation.

Both Republican and Democratic congressional sources said that despite the top-secret nature of most CIA antiterror operations, at least some of the Rizzo confirmation process is likely to include public hearings at which Rizzo is expected to be questioned on the agency's handling of terror suspects. Although the CIA has never publicly admitted that it engages in rendition, that it has any terror suspects in its custody or that it has been operating secret airlines and detention facilities to hold them, these alleged agency practices have been the subject of extensive news coverage in both U.S. and foreign media.

Alleged CIA leaks are another issue that could produce heated discussions during Rizzo's confirmation proceedings, though much of any questioning on leaks—as well as discussion of the fine detail of agency antiterror operations—is likely to be held by the committee in closed session. One main reason why the committee would deal with the leak question behind closed doors is that while the CIA publicly confirmed the firing of a senior official for alleged unauthorized media contacts and disclosures, the agency has not publicly identified the official for legal reasons. Even though the fired official's lawyer and friends now have confirmed that she is former senior CIA analyst Mary McCarthy, privacy legislation prohibits officials from publicly confirming her identity, and congressional sources said Senate investigators are likely to respect this convention.

One issue related to the administrations antileak campaign that Rizzo may also be questioned about is whether loopholes in current law make it difficult for the government to prosecute officials who leak information about CIA covert actions. According to several official and private legal experts, existing espionage and disclosure laws explicitly provide for the prosecution of people involved in unauthorized disclosure of classified information related to nuclear weapons, communications eavesdropping or the identity of undercover CIA operatives.

Federal espionage law also broadly bans the unauthorized disclosure of classified information relating to "national defense," particularly when there is evidence a foreign power might benefit. But some legal experts say that there is a serious legal question mark over whether details of undercover CIA operations constitute "national defense" information.

In an effort to plug this perceived loophole, both houses of Congress approved an intelligence-bill provision during the final months of the Clinton administration tightening the law to make it clear that prosecutors should be able to go after people involved in the leak of any "properly classified" information. After media organizations protested that approving such legislation would amount to the institution of an American version of Britain's notorious Official Secrets Act—which has allowed authorities to prosecute both government officials who leak and journalists who receive leaks—Clinton vetoed the measure.

Some House Intelligence Committee members have talked recently about reviving the antileak legislation, though congressional sources say that senators—including majority Republicans—are less enthusiastic about moving on this issue. It remains unclear whether the McCarthy firing will add more or less momentum to demands for tighter antileak legislation. Official sources familiar with the McCarthy case say, however, that the vagueness of current espionage law is one reason why they believe prosecutors may have serious problems producing any kind of criminal leak case against McCarthy; it is unclear whether she is even facing a serious criminal investigation.

Even some human-rights advocates acknowledge the current law regarding protection of CIA operations may be too vague. "If they wanted [a new law] on covert operations, they're probably entitled to one," said Morton Halperin, a long-time civil-liberties campaigner and former Clinton White House official.

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Deal Reached To End WTC Project Impasse (AP-Y2)

By Amy Westfeldt

AP2, April 26, 2006

Breaking an impasse that threatened to hold up the rebuilding at ground zero, state officials and developer Larry Silverstein reached an agreement Wednesday under which Silverstein gave up control over the planned, 1,776-foot Freedom Tower.

The deal came after months of sometimes-bitter negotiations over the future of the World Trade Center site.

Officials with the Port Authority of New York and New Jersey, which owns the property, had been pressing Silverstein, who holds the 99-year lease on the site, to give up some control over the project. City and state officials had argued that Silverstein lacked the money to build it all and was running the risk of an embarrassing failure.

"With today's agreement, we can now move forward with rebuilding the World Trade Center," Silverstein said. He said the construction trucks will start rolling on Thursday.

Silverstein agreed to give control of the $2.1 billion Freedom Tower and another planned skyscraper to the Port Authority. He will still build three other towers at the site.

Officials said the deal ensures all five planned towers will be built by 2012.

"We have an agreed-upon framework and we can move forward," Gov. George Pataki said. "This is the last stumbling block to putting shovels in the ground" on the Freedom Tower, the skyscraper that will rise on the site of the twin towers.

Pataki said the plan "will make certain that the rebuilt World Trade Center will anchor the financial capital of the world and make our nation proud."

A Change Of Course At Ground Zero (NYT)

The New York Times, April 27, 2006

On Tuesday, New York City heard some of the best news it's had about Lower Manhattan in the past four years. Larry Silverstein, the developer who held the lease on the World Trade Center when it was attacked, announced that he would accept a deal that would reduce his role at ground zero and clear the way for the Port Authority to build some version of the Freedom Tower.

The devil, as always, is in the details, but the Port Authority affirmed yesterday that it, too, was ready to sign the agreement, in which Mr. Silverstein cedes control over a third of the site but retains the right to build on three of the most valuable parcels.

The widespread relief over this agreement is a perfect testament to how badly blocked the redevelopment effort in Lower Manhattan has been in the last two years. There have been many obstructions, including Mr. Silverstein himself. After months of negotiations, the mayor and the governors of New York and New Jersey lined up solidly against the developer last week and offered him two good options and one solid deadline. Mr. Silverstein did the right thing by accepting one of these options, which should turn out to be a profitable deal, not only for his own company but also for the public.

And now for the Freedom Tower. In a sense, this agreement brings us full circle — not to Sept. 11, 2001, but to the early 1960's, when the Port Authority was preparing to build the World Trade Center. Nothing seems to come easily at ground zero, yet it's possible now to hope that the public's interests and the interests of the developer of the Freedom Tower — whatever form that building finally takes — are likely to be roughly synonymous. The Port Authority's new role will also help clarify and perhaps speed up the financing for the 9/11 memorial, which should be the top priority for us all.

A Plan To Rebuild By 2012, And Doubts On The Big Rush (NYT)

By Charles V. Bagli

The New York Times, April 27, 2006

The new plan for ground zero calls for the accelerated construction of a sprawling commercial complex: 8.8 million square feet of office space in four towers 58 to 70 stories high. All would open within a year of each other, by 2012.

Gov. George E. Pataki and others say the conceptual plan, officially approved yesterday by the Port Authority of New York and New Jersey after months of gridlock, will rejuvenate Lower Manhattan and ensure that it remains the financial capital of the world.

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But some construction and real estate industry executives, and some urban planners, hear echoes of the hoopla surrounding the original World Trade Center project more than 30 years ago. They are questioning whether the rapid building of so much speculative office space would have the same destabilizing consequences for the downtown market as the twin towers had in the 1970's.

Some experts are even wondering whether there will be enough steel, concrete and curtain wall to build the four towers by 2012 at the same time that two baseball stadiums, the $2 billion Goldman Sachs headquarters, the $1.7 billion expansion of the Jacob K. Javits Convention Center, Moynihan Station, 10,000 apartments and various subway projects are under construction.

Yesterday, the influential Regional Plan Association and the Fiscal Policy Institute welcomed the plan, but they, like many developers, continued to question the wisdom of building the tallest of the skyscrapers, the 1,776-foot Freedom Tower, intended to be a symbol of the city's resilience.

They said the tower would stand too far from public transportation and was unlikely to attract corporate tenants, who view it as a potential terrorist target. Some government officials suggested that the site be brought up to street level and then put into mothballs next year.

"The Freedom Tower is a disastrous idea that should be scratched," said Susan S. Fainstein, a professor of urban planning at Columbia University.

Kathryn S. Wylde, president of the Partnership for New York City, was far more upbeat. "This agreement will provide a significant boost to the economy of Lower Manhattan by eliminating much of the uncertainty regarding the area's economic future," she said, adding that businesses would be lured by the neighborhood's comparatively low business costs.

But one thing is certain: the cost of the buildings, now estimated at $6.3 billion, is going to jump. Jones Lang LaSalle, the real estate company advising the Port Authority, has built inflation into the numbers. Construction costs are continuing to escalate, at the rate of 1 percent a month.

"I don't know how long it'll continue," said Frank J. Sciame, the former chairman of the New York Building Congress, "but that's the case for the next year or two."

The World Trade Center, a 10 million-square-foot office complex built by the Port Authority, opened in late 1970 during one of the worst real estate markets since the Depression. To provide anchor tenants for the 110-story towers, state agencies moved into two million square feet of space in one tower, and the Port Authority took 900,000 square feet in the second.

The trade center also offered subsidized rents to lure tenants out of surrounding buildings, angering local landlords.

It was not until the mid-1980's that the state began relocating to other buildings. And a breakthrough came in 1985, when Dean Witter Financial Services leased 24 floors in Tower 2, opening the way for other financial firms. Still, occupancy fluctuated wildly until 1998, when companies fleeing high rents in Midtown pushed the occupancy rate to 98 percent.

In late 2002, Mayor Michael R. Bloomberg outlined his vision for downtown and drew on some of the lessons of the trade center. He said that it made no sense to rush ahead to rebuild the 10 million square feet of lost office space.

"If we are honest with ourselves," he said, "we will recognize that the impact on our city was not all positive. The twin towers' voracious appetite for tenants weakened the entire downtown market."

But last fall, Mr. Bloomberg started calling for the ground zero project to accelerate. And the plan approved yesterday moves the completion date for the four office towers to 2012, from 2015.

Government agencies — city, state, federal and the Port Authority — are expected to account for 25 percent of the 8.8 million square feet, only slightly less space than they took up in the twin towers in 1972.

"The need to relocate government offices to the World Trade Center in the 1970's was a sign of the economic failure of that project," said David Dyssegaard Kallick, a senior fellow at the Fiscal Policy Institute. "It would make more sense to ensure that we fully fund the public spaces, like the memorial and the performing arts center. Then, allow for the gradual development of the office space with market demand."

One downtown landlord, who expects to lose his government tenant to the new trade center complex, said, "They're about to make the same mistake they did in the 1970's."

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The executive, who was granted anonymity because he did not want to damage his relationship with his largest tenant, a government agency, predicted: "They'll pull all the city, state and federal agencies out of other buildings and put them in there. It'll take a long time for other owners to relet their buildings."

Barry M. Gosin, chief executive of Newmark Knight Frank, a real estate firm, also said the timetable was too short. "They'll be competing with themselves," he said. "They should leave a few sites zoned and ready to go when demand dictates."

But Bill Rudin, a third-generation developer and a major downtown landlord, said that his family was one of the few in real estate who supported the trade center in 1970, and that he supported the new ground zero plan. He said that while a few downtown companies would move to the new towers, most would come from outside the area.

"There is a need for this type of space," he said. "In the last year or so, we've seen Midtown tighten and companies being priced out. Where are they going to but downtown?"

Mayor Bloomberg said yesterday that he was still concerned about building all four towers simultaneously, which "may very well lead to too much office space coming on the market at one time." But, he added, the empty holes at the trade center site have become a "great disincentive to rent downtown."

"On balance," the mayor said, "I'd just as soon get everything going."

Still, it may be physically impossible to build all four towers by 2012, as well as the memorial, the museum, the $2 billion PATH terminal and other nearby projects. Even before the accelerated schedule, Charles J. Maikish, executive director of the Lower Manhattan Construction Command Center, estimated that there would be 10,000 to 15,000 construction workers a day on ground zero projects over the next three to five years.

The trade center site will be competing for materials and labor with a dozen other major projects, including the extension of the No. 7 subway line on the West Side and the construction of the Second Avenue Subway on the East Side.

United 93 (WSJ)

By David Beamer

The Wall Street Journal, April 27, 2006

The calendar says it's April 25, 2006. At noon, my wife, Peggy, and I are walking around Battery Park -- near the Tribeca area -- in New York. It is our first time. The flowers are blooming; kids are fishing; people boarding the ferry to Ellis Island and the Statue of Liberty. Kids are laughing and noisy. The sun is shining. The vendors are hawking T-shirts, pretzels and some "designer" wares. And just up the street there is a hole in the skyline and in the ground.

In the park, there is a memorial with walls standing tall. Walls filled with so many names of those who gave their all in the Atlantic in World War II. How fitting that the names are here to honor those who gave their lives to enable this fun, this laughter -- on this sunny day. The sights and sounds of freedom continue.

Fast forward -- it is 10:30 p.m., April 25. We have just seen a movie premiere at the fifth annual Tribeca Film Festival. A film festival that has done so much to energize and revitalize the city, its people and especially the area that has that hole in the skyline and in the ground. This year the movie that had its worldwide premiere at the festival is titled "United 93." It is about the day when the hole in the skyline of New York was made -- the day when a hole was made in the side of the Pentagon near Washington, D.C. -- the day when a hole was made in a quiet mountain meadow in Pennsylvania. The day that our nation was attacked; the day when the war came home -- Sept. 11, 2001. The day our son Todd boarded United 93.

Paul Greengrass and Universal set out to tell the story of United Flight 93 on that terrible day in our nation's history. They set about the task of telling this story with a genuine intent to get it right -- the actions of those on board and honor their memory. Their extensive research included reaching out to all the families who had lost loved ones on United Flight 93 as the first casualties of this war. And Paul and his team got it right.

There are those who question the timing of this project and the painful memories it evokes. Clearly, the film portrays the reality of the attack on our homeland and its terrible consequences. Often we attend movies to escape reality and fantasize a bit. In this case and at this time, it is appropriate to get a dose of reality about this war and the real enemy we face. It is not too soon for this story to be told, seen and heard. But it is too soon for us to become complacent. It is too soon for us to think of this war in only national terms. We need to be mindful that this enemy, who made those holes in our landscape and caused the deaths of

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some 3,000 of our fellow free people, has a vision to personally kill or convert each and every one of us. This film reminds us that this war is personal. This enemy is on a fanatical mission to take away our lives and liberty -- the liberty that has been secured for us by those whose names are on those walls in Battery Park and so many other walls and stones throughout this nation. This enemy seeks to take away the free will that our Creator has endowed in us. Patrick Henry got it right some 231 years ago. Living without liberty is not living at all.

The passengers and crew of United 93 had the blessed opportunity to understand the nature of the attack and to launch a counterattack against the enemy. This was our first successful counterattack in our homeland in this new global war -- World War III.

This film further reminds us of the nature of the enemy we face. An enemy who will stop at nothing to achieve world domination and force a life devoid of freedom upon all. Their methods are inhumane and their targets are the innocent and unsuspecting. We call this conflict the "War on Terror." This film is a wake-up call. And although we abhor terrorism as a tactic, we are at war with a real enemy and it is personal.

There are those who would hope to escape the pain of war. Can't we just live and let live and pretend everything is OK? Let's discuss, negotiate, reason together. The film accurately shows an enemy who will stop at nothing in a quest for control. This enemy does not seek our resources, our land or our materials, but rather to alter our very way of life.

I encourage my fellow Americans and free people everywhere to see "United 93."

Be reminded of our very real enemy. Be inspired by a true story of heroic actions taken by ordinary people with victorious consequences. Be thankful for each precious day of life with a loved one and make the most of it. Resolve to take the right action in the situations of life, whatever they may be. Resolve to give thanks and support to those men, women, leaders and commanders who to this day (1,687 days since Sept. 11, 2001) continue the counterattacks on our enemy and in so doing keep us safe and our freedoms intact.

May the taste of freedom for people of the Middle East hasten victory. The enemy we face does not have the word "surrender" in their dictionary. We must not have the word "retreat" in ours. We surely want our troops home as soon as possible. That said, they cannot come home in retreat. They must come home victoriously. Pray for them.

Mr. Beamer is the father of Todd Beamer, a passenger on United Airlines Flight 93.

Senate Report Urges Dismantling Of FEMA (WP)

By Spencer S. Hsu

The Washington Post, April 27, 2006

Hurricane Katrina exposed flaws in the Federal Emergency Management Agency and the Department of Homeland Security that are "too substantial to mend," and FEMA should be dismantled and rebuilt inside the troubled department, according to the final report by Senate investigators.

The report, to be released to key senators today and to the public next week, makes 86 recommendations that would undo major changes made when President Bush and Congress launched the department in 2003, and would reverse parts of a reorganization ordered by Secretary Michael Chertoff last summer. It stops short of restoring FEMA to independent, Cabinet-level status, as many in Congress and former agency directors want, but would promote its chief to confer directly with the president in a crisis, according to a summary released to news organizations.

The 800-plus-page report, "Hurricane Katrina: A Nation Still Unprepared," incorporates many findings by earlier House and White House investigations but goes further in recommending structural changes in how all levels of government -- especially the Homeland Security Department -- respond to catastrophes.

It would replace FEMA with a new National Preparedness and Response Authority whose head would report to the secretary but serve as the president's top adviser for national emergency management, akin to the military role served by the chairman of the Joint Chiefs of Staff. It would reunify disaster preparedness and response activities that Chertoff decoupled, and restore grant-making authority taken away by Congress in redefining a stronger national preparedness system with regional coordinators, a larger role for the National Guard and the Defense Department and more money for training, planning and exercises.

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"We have concluded that FEMA is in shambles and beyond repair, and that it should be abolished," Chairman Susan Collins (R-Maine) said in a written statement released by the Senate Homeland Security and Governmental Affairs Committee, which held 22 hearings, interviewed more than 320 people and reviewed more than 838,000 pages of documents.

The report by the 16-member panel formally kicks off a frenzied effort by Congress to make fixes before the June 1 start of hurricane season. By framing the debate around FEMA's fate, the report defers to President Bush's request to not carve it out of the Homeland Security Department even as it faults his administration, among 24 findings, for failing to fund and coordinate disaster readiness efforts after the Sept. 11, 2001, terrorist attacks, and for emphasizing terrorism at the expense of natural disaster preparedness. The administration was also faulted for bungling the storm response by neglecting warnings, failing to grasp Katrina's destructiveness, doing too little or taking the wrong steps before the Aug. 29 landfall. The report also found design flaws in New Orleans levees and failures by city and state leaders.

The Senate report said making FEMA independent would "do nothing to solve the key problems that Katrina has revealed, including a lack of resources and weak and ineffective leadership," and could lead to wasteful duplication.

The Senate report is the only bipartisan national inquiry into the storm, which killed 1,330 people, displaced 1 million families, swamped 80 percent of New Orleans and led to a $100 billion federal response. House Democrats boycotted their chamber's effort, fearing a partisan whitewash, and called for an independent panel styled after the one that investigated the Sept. 11 attacks. Afterward, several Democrats said its findings were complete, but should have called for Chertoff's removal.

Yesterday, the ranking Democrat on Collins's committee, Joseph I. Lieberman (Conn.) added a written statement excoriating Bush and his aides for being "surprisingly detached" before and just after the storm and for not cooperating with Senate investigators, who he said should have subpoenaed the White House.

"The President failed to provide critical leadership when it was most needed, and that contributed to a grossly ineffective federal response to Hurricane Katrina," Lieberman said.

As Bush headed to the Gulf Coast today, White House spokesman Scott McClellan reiterated the administration's stance to keep FEMA "where it is."

Rep. David G. Reichert (R-Wash.), who chairs a House Homeland Security subcommittee, has proposed reuniting disaster preparedness and response functions within FEMA, which Chertoff split up in a reorganization of the Homeland Security Department. A bipartisan group of committee leaders warned April 12 that "removing FEMA from DHS would only exacerbate the agency's problems" with hurricane season starting June 1.

But Rep. William Shuster (R-Pa.), chairman of a House Transportation and Infrastructure subcommittee, would make FEMA independent, as would Rep. Thomas M. Davis III (R-Va.), head of the Government Reform Committee.

Panel Urges Ending FEMA (BRA)

By Gerard Shields

Baton Rouge Advocate, April 27, 2006

WASHINGTON — After what is considered an exhaustive investigation into the federal government's response to Hurricane Katrina, a Senate committee is recommending abolishing the Federal Emergency Management Agency.

Over the past seven months, the Senate Homeland Security and Government Affairs Committee has examined 830,000 documents, interviewed 320 witnesses and held 22 hearings involving the testimony of 85 people.

In a copy of a report to be released today and obtained by The Advocate, the committee makes 86 recommendations, including the establishment of a new federal disaster agency.

"We have concluded that FEMA is in shambles and beyond repair and that it should be abolished," Committee Chairwoman Susan Collins, R-Maine, says in a statement.

FEMA officials dismissed the recommendation.

"It's time to stop playing with (organizational) charts," FEMA spokesman Russ Knocke said. "We're intensely focused on the coming storm season."

The ranking Democrat on the committee, U.S. Sen. Joseph Lieberman, D-Conn., accused President Bush of failing to provide critical leadership in the days after the hurricane and of being "surprisingly detached" from the disaster.

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Lieberman, in a statement, also criticizes the Bush administration for failing to cooperate with the committee probe, saying that the White House should have been subpoenaed.

White House spokesman Blair C. Jones disagreed, noting that administration officials such as Department of Homeland Security Secretary Michael Chertoff appeared before the committee.

"The president said he was not satisfied with the federal response to Hurricane Katrina," Jones said. "He demanded that we learn from the lessons of the response and take every action to make sure America is better prepared."

The White House will consider the committee's recommendations, Jones said.

The new agency called for by the committee would be named the National Preparedness and Response Authority and would be an independent entity within the U.S. Department of Homeland Security, similar to the U.S. Coast Guard or U.S. Secret Service.

The committee resisted taking FEMA out of DHS and restoring it to a Cabinet position as some former FEMA directors have called for.

"Katrina has made it clear that we need more integration in federal preparedness and response, not less," the report says.

The agency director would serve as a deputy secretary but with a direct line of communication to the president during catastrophes. The director and three deputies should also have emergency-management backgrounds, the report recommends. Former FEMA Director Michael Brown was criticized for lacking emergency-management experience.

The agency would have 10 regional offices responsible for creating regional strike forces to handle natural disasters. "Most of the essential work of emergency management does not happen in Washington, D.C.," the report says.

The report calls on the U.S. Army Corps of Engineers to coordinate responsibility for maintaining the levee system surrounding New Orleans. The levees breached after Hurricane Katrina struck on Aug. 29, causing widespread flooding and the deaths of an estimated 1,300 people.

Citing poor information relayed to the Homeland Security Operations Center, particularly when the New Orleans levees broke, the report recommends a consolidation of the center with the National Response Coordination Center and the Interagency Incident Management Group into a National Operations Center.

The report also recommends:

Establishing local advisory councils to the new national agency.

Encouraging the federal government to tap into private-sector resources. "After Katrina struck, private companies and their employees provided important and even life-saving relief to citizens across the Gulf Coast region."

Better coordination between the Department of Defense and DHS, including their inventories of assets. "Such assets may include, for example, utility and heavy-lift helicopters, medium-lift helicopters capable of performing search and rescue."

Having DHS establish data-sharing agreements with other federal agencies to ensure that disaster victims registering for assistance use a valid Social Security number.

Establishing pre-arranged contracts to procure goods such as food, ice and water.

Having the new agency implement regional interoperable communications networks to enable crippled radios to operate off towers that have survived a disaster.

Having the federal Department of Transportation play a larger role in evacuations when state and local capabilities are hampered.

Having the Department of Defense establish an officer in the new agency. Although criticizing federal agencies, the report notes that state and local communities remain the front lines of disaster response.

"The pattern over the last three years of steadily declining funds for homeland security and local preparedness needs to be reversed," the report says. It also recommends:

Having state emergency preparedness officials complete an audit once a year, reporting to the governor, and develop estimates of populations that will require short-term shelter, particularly for special-needs residents.

Having state agencies responsible for licensing hospitals and nursing homes ensure that the facilities have evacuation plans, and audit them annually.

Having state responders invest in satellite phones that can operate in disasters.

DOJ_NMG_0026641

Senate Inquiry Concludes FEMA Should Be Abolished (WSJ/AP)

By Associated Press

The Wall Street Journal, April 27, 2006

WASHINGTON -- The nation's disaster response agency should be abolished and rebuilt from scratch to avoid a repeat of multiple government failures exposed by Hurricane Katrina, a Senate inquiry has concluded.

Crippled by years of poor leadership and inadequate funding, the Federal Emergency Management Agency cannot be fixed, a bipartisan investigation says in recommendations to be released Thursday.

Though short on specifics, such as funding levels, the 86 proposed reforms suggest the U.S. is still woefully unprepared for a disaster of Katrina's magnitude.

The recommendations, obtained Wednesday by The Associated Press, are the product of a seven-month investigation to be detailed in a Senate report to released next week. It follows similar inquiries by the House and White House and comes in an election year in which Democrats have seized on Katrina to attack the Bush administration.

President Bush will visit Louisiana and Mississippi -- which bore the brunt of Katrina's wrath -- on Thursday.

"The United States was, and is, ill-prepared to respond to a catastrophic event of the magnitude of Hurricane Katrina," the recommendations warned. "Catastrophic events are, by their nature, difficult to imagine and to adequately plan for, and the existing plans and training proved inadequate in Katrina."

The inquiry urges yet another overhaul of the beleaguered Homeland Security Department -- FEMA's parent agency -- which was created three years ago and already has undergone major restructuring of duties and responsibilities.

It proposes creating a new agency, called the National Preparedness and Response Authority, that would plan and carry out relief missions for domestic disasters. Unlike now, the authority would have a direct line of communication with the president during major crises, and any dramatic cuts to its budget or staffing levels would have to be approved by Congress.

It would also oversee efforts to protect critical infrastructure such as buildings, roads and power systems, as well as Homeland Security's medical officer. But the inquiry calls for keeping the agency within Homeland Security, waning that making it an independent office would cut it off from resources the larger department could provide.

Senate Panel Recommends Abolishing FEMA (AP)

By Lara Jakes Jordan

The Associated Press, April 27, 2006

WASHINGTON -- The nation's beleaguered disaster response agency should be abolished and rebuilt from scratch to avoid a repeat of multiple government failures exposed by Hurricane Katrina, a Senate inquiry has concluded.

Crippled by years of poor leadership and inadequate funding, the Federal Emergency Management Agency cannot be fixed, a bipartisan investigation says in recommendations to be released Thursday.

Taken together, the 86 proposed reforms charge the United States is still woefully unprepared for a disaster such as Katrina with the start of the hurricane season a little more than month away.

"The United States was, and is, ill-prepared to respond to a catastrophic event of the magnitude of Hurricane Katrina," the recommendations warn. "Catastrophic events are, by their nature, difficult to imagine and to adequately plan for, and the existing plans and training proved inadequate in Katrina."

The recommendations, obtained Wednesday by The Associated Press, are the product of a seven-month investigation detailed in a Senate report to be released next week. It follows similar inquiries by the House and White House and comes in an election year in which Democrats have seized on Katrina to attack the Bush administration.

President Bush will visit Louisiana and Mississippi _ which bore the brunt of Katrina's wrath _ on Thursday.

Katrina, which hit last Aug. 29, was one of the worst natural disasters in U.S. history. The storm and its aftershocks killed more than 1,300 people in Louisiana, Mississippi and Alabama, left hundreds of thousands of people homeless and caused tens of billions of dollars in damage.

The Senate report urges yet another overhaul of the embattled Homeland Security Department _ FEMA's parent agency _ which was created three years ago and already has undergone major restructuring of duties.

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It chiefly calls for a new agency, called the National Preparedness and Response Authority, to plan and carry out relief missions for domestic disasters. Unlike now, the authority would communicate directly with the president during major crises, and any dramatic cuts to budget or staffing levels would have to be approved by Congress. But it would remain within Homeland Security to continue receiving resources provided by the larger department.

The proposal drew disdain from Homeland Security and its critics, both sides questioning the need for another bureaucratic shuffling that they said wouldn't accomplish much.

"It's time to stop playing around with the organizational charts and to start focusing on government, at all levels, that are preparing for this storm season," said Homeland Security spokesman Russ Knocke.

Former FEMA director Michael Brown said the new agency would basically have the same mission FEMA had a year ago, before its disaster planning responsibilities were taken away to focus solely on responding to calls for help.

"It sounds like they're just re-creating the wheel and making it look like they're calling for change," Brown said. "If indeed that's all they're doing, they owe more than that to the American public."

But Sen. Susan Collins, R-Maine, who led the Senate Homeland Security and Governmental Affairs Committee inquiry, said the new agency would be "better equipped with the tools to prepare for and respond to a disaster."

Describing FEMA as a "shambles and beyond repair," she said the reforms "will help ensure that we do not have a repeat of the failures following Hurricane Katrina."

Written in matter-of-fact terms, the recommendations do not place blame on any official or government agency. But a spokeswoman for Sen. Joe Lieberman of Connecticut, the top Democrat on the Senate panel, said he will file "additional views" to the report accusing Bush of failing "to provide critical leadership when it was most needed."

"That contributed to a grossly ineffective federal response to Hurricane Katrina," Lieberman said in a statement.

The House report, issued in February, similarly criticized Bush, Homeland Security Secretary Michael Chertoff and FEMA's Brown for moving too slowly to trigger federal relief. The White House report, which came a week later, took a softer tone and singled out the Homeland Security Department for most of the breakdowns.

Many of the rest of the Senate recommendations were far less dramatic, ranging from creating a Homeland Security Academy to encouraging plans to evacuate and shelter pets during a disaster.

Without specifying where the money would come from or how much was needed, the recommendations call for more funding for disaster planning and response at all levels of government. They also urge clarifying levee maintenance responsibilities _ a concern because of structural weaknesses of the New Orleans' flood walls that spawned deadly floods after Katrina hit_ and suggested better contracting procedures to avoid waste or fraud in the rush to get aid to disaster victims.

The Senate plans were issued as Congress' investigative arm predicted FEMA is destined to repeat million-dollar mistakes of disaster aid waste and fraud unless it quickly can establish controls for verifying names and addresses.

Gregory Kutz, managing director of special investigations for the Government Accountability Office, said he has little confidence that FEMA will be ready by June 1 start of the hurricane season to safeguard taxpayer dollars should a disaster like Katrina strike again.

A FEMA spokesman said agency officials are working hard to improve and tighten controls in its disaster aid program.

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On the Net:

Senate Homeland Security and Governmental Affairs Committee: http://hsgac.senate.gov/

'Abolish' FEMA, Says Bipartisan Senate Panel (USAT)

By Mimi Hall, Usa Today

USA Today, April 27, 2006

WASHINGTON — A Senate report coming out today says the Federal Emergency Management Agency is a failure and should be replaced with a more powerful disaster-response agency.

"FEMA is in shambles and beyond repair," Sen. Susan Collins, R-Maine, chairwoman of the homeland security committee, said in a statement. "It should be abolished."

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That's the top recommendation of Collins' committee, which held 22 hearings and reviewed 838,000 pages of documents in a seven-month probe of the government's response to Hurricane Katrina. USA TODAY received a copy of the report's recommendations, to be made public today.

The committee is proposing that a new National Preparedness and Response Authority (NPRA) be created in the Homeland Security Department with a leader who answers directly to the department secretary.

The NPRA would be "a powerful new organization that can confront the challenges of manmade or natural catastrophes," the Senate report says.

Homeland Security said a new agency is not needed.

"It is time to stop playing around with organizational charts and start focusing on how governments at all levels are preparing for the fast-approaching storm season," spokesman Russ Knocke said.

Sen. Joe Lieberman of Connecticut, the top Democrat on the committee, said the investigation revealed broad leadership lapses.

"The president failed to provide critical leadership when it was most needed," he said. "And that contributed to a grossly ineffective federal response to Hurricane Katrina."

The Senate report follows others from the House and the White House. Those reports criticized FEMA but did not suggest abolishing the agency.

Among the Senate report's 86 recommendations:

• Create regional "strike teams" to respond to disasters.

• Build a governmentwide operations center to coordinate disaster response.

• Develop more full-time staff and contracts with companies to provide goods and services when storms hit.

Dismantle FEMA, Senate Investigators Conclude (LAT)

By Johanna Neuman

The Los Angeles Times, April 27, 2006

WASHINGTON — The Federal Emergency Management Agency botched the response to Hurricane Katrina so badly that it should be dismantled, Senate investigators have determined after a seven-month inquiry.

"We have concluded that FEMA is in shambles and beyond repair and that it should be abolished," Sen. Susan Collins, R-Maine, chairman of the Senate Homeland Security and Governmental Affairs Committee said Wednesday night in a written statement.

Sen. Joe Lieberman of Connecticut, the committee's ranking Democrat, also faulted President Bush for his lack of action during the crisis and for not cooperating with the committee's investigation.

"For Hurricane Katrina, the president failed to provide critical leadership when it was most needed, and that contributed to a grossly ineffective federal response," he said in a statement.

The committee's report, scheduled for release to senators Thursday and to the public next week, recommends replacing FEMA with a new National Preparedness and Response Authority, which would remain in the Department of Homeland Security. Its director would have direct access to the president during disasters, much as the chairman of the Joint Chiefs of Staff provides information and advice during times of military crisis.

FEMA had been an independent -- and highly regarded -- agency until March 2003, when the Department of Homeland Security was created in the aftermath of the Sept. 11 attacks. Designed to get all domestic security programs under one department, it combined 22 disparate agencies with more than 170,000 employees.

Although the Senate inquiry calls for a restructuring of disaster operations, it concludes that keeping such an relief agency within Homeland Security is necessary because it "allows the new organization to take full advantage of the substantial range of resources DHS has at its disposal," including the Coast Guard and national communications systems.

Restoring FEMA to its independent role -- as many critics of the Katrina response have advocated -- "would do nothing to solve the key problems that Katrina has revealed, including a lack of resources and weak and ineffective leadership," the committee found.

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Several House members -- including Rep. Tom Davis, R-Va., chairman of the House Government Reform Committee -- have called for FEMA to stand alone. Asked about their proposal, White House press secretary Scott McClellan told reporters Wednesday that "we support (FEMA) being where it is."

Department of Homeland Security spokesman Russ Knocke also rejected the idea of separation. "It's time to stop playing around with the organizational charts and to start focusing on government, at all levels, that are preparing for this storm season," he said Wednesday night.

The Senate committee is the only bipartisan panel to investigate the failure of the government response to Hurricane Katrina, which killed more than 1,300 people along the Gulf Coast, left hundreds of thousands homeless and caused tens of billions of dollars in damages in Louisiana, Mississippi and Alabama. The committee conducted 22 hearings, interviewed more than 300 people involved in the response to the storm and reviewed nearly 1 million pages of documents.

Fearing that it would be a whitewash, Democrats boycotted a similar House committee inquiry, though two Louisiana Democratic congressmen participated informally and the results were generally agreed to be thorough. The White House also conducted its own in-house investigation, which placed much of the blame for the failed response on state officials.

The release of the Senate committee's 800-page report comes as Bush travels to Louisiana on Thursday and as agencies grapple with being ready for the official start of hurricane season on June 1.

The committee is issuing 86 recommendations for righting the fissures exposed by the Katrina response. The recommendations, obtained by The Times, include:

--Creating regional strike teams and operations to better coordinate with federal agencies.

--Building "a true, government-wide operations center " to provide up-to-date information.

--Fully funding the emergency agency "commensurate with the significance of its mission."

--Developing mass evacuation plans.

Among its 24 findings, the Senate report accuses the Bush administration of focusing on terrorism at the expense of disaster preparedness and of failing to adequately fund disaster response plans following the terrorist attacks.

The committee lays blame in all directions -- faulting the design and construction of the levees in New Orleans as well as the failure of officials at all levels, including Homeland Security Secretary Michael Chertoff and then-FEMA director Michael Brown, to grasp the severity of the storm.

"Secretary Chertoff himself should have been more engaged in preparations over the weekend before landfall," says the report, adding that had he invoked the Catastrophic Incident Annex, which puts federal response to a catastrophe into overdrive, it would have triggered a more robust response.

As for Brown, whom Bush first complimented -- "Brownie, you're doing a heck of a job" -- and later fired, the committee finds that he "lacked the leadership skills that were needed for his critical position."

Senate Committee Leaders Urge FEMA Dismantling (NYT)

By Eric Lipton

The New York Times, April 27, 2006

WASHINGTON, April 26 —The Federal Emergency Management Agency was so fundamentally dysfunctional during Hurricane Katrina that Congress should abolish it and create a new disaster response agency from scratch, according to a draft of bipartisan recommendations proposed by a Senate committee.

The new agency, which would still be part of the Department of Homeland Security, should be more powerful, with additional components that would give it a budget twice as big as FEMA's, the report's draft recommendations say.

It would assume functions spread throughout the department, like preparing for disasters or terrorist attacks, protecting the nation's infrastructure and distributing grants to state and local governments.

And during major catastrophes like Hurricane Katrina, the agency's director would report directly to the president.

FEMA today has a budget of $4.8 billion, and 2,600 full-time employees.

Senator Susan Collins, the Maine Republican who is chairwoman of the Senate Homeland Security and Governmental Affairs Committee, said the new agency would be "better equipped with the tools to prepare for and respond to a disaster."

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The committee's ranking Democrat, Senator Joseph I. Lieberman of Connecticut, also endorsed creation of what would be called the National Preparedness and Response Authority. But the full committee has not yet debated or voted on the draft recommendations.

The report has also not yet been shared with the Bush administration. But officials at the Department of Homeland Security said that from what they had already heard, they were not impressed.

"It is time to stop rearranging organization charts and start focusing on how governments at all levels are preparing for the fast-approaching storm season," said Russ Knocke, the department press secretary.

Since Hurricane Katrina hit, Michael Chertoff, the secretary of homeland security, has been working on his own alternative to the agency's current structure, which he has described as "retooling" FEMA. That has meant bringing in professional disaster managers to replace the former director Michael D. Brown and other senior officials, many of whom had little emergency management experience.

Mr. Chertoff has also moved to fill hundreds of other vacant jobs, establish a better disaster-resistant communications system and set up a way to ensure that the agency can more rapidly deliver emergency supplies.

The proposal by the Senate committee leaders will join others now before Congress. Bills are pending that would keep FEMA intact, but remove it from the Homeland Security Department and have the director report directly to the president, as was the case before the department was created after the 2001 terrorist attacks.

Separately, Frances Fragos Townsend, the president's homeland security adviser, in a report released in February called for other agencies to pick up certain responsibilities now assigned to homeland security, like providing temporary housing to disaster victims.

Bruce Baughman, the director of emergency management for the state of Alabama and the president of the National Emergency Management Association, said that despite the bureaucratic-sounding nature of the Senate committee's draft recommendations, he believed they would create a more capable agency.

"Whatever the hell you call it, FEMA or National Preparedness and Response Authority, it does not matter," Mr. Baughman said. "But what this does is it ties all the pieces together."

Mr. Lieberman, in a statement, said the Senate investigation, which was based on 22 hearings with testimony by 85 witnesses and the assembly of 830,000 pages of documents, reached the same conclusion as a separate House investigation: that the response to Hurricane Katrina was flawed at all levels of government.

"For years, government officials at all levels neglected their duties to prepare for a forewarned catastrophe," he said, adding, "These failures cost lives and multiplied the anguish of the storm's survivors."

The draft recommendations also call for the creation of "strike teams" that would be set up in 10 regional offices now run by FEMA that would be made up of disaster experts from the new national preparedness agency, as well as officials from the Defense Department and other federal agencies that would train together with local and state governments to prepare for a possible natural disaster or terrorist strike.

Ms. Collins and Mr. Lieberman, who in 2004 helped lead a similar restructuring of the management of the nation's intelligence agencies, said the recreated agency at homeland security would have the authority and resources needed to lead a response by the full federal government to a disaster, instead of seeing itself pushed to the side, as FEMA was after Hurricane Katrina.

FEMA was created in 1979 by President Jimmy Carter in an effort to better unify the nation's fragmented disaster response programs. Today, it is charged with providing food, water and cash aid to victims and then helping people figure out temporary living arrangements while they rebuild their homes.

It is also supposed to lead the recovery effort by helping state and local governments rebuild roads, bridges, hospitals and other government buildings, preferably in a way that makes the new neighborhoods less prone to similar disasters in the future.

In about 20,000 communities, FEMA also runs the federal government's flood insurance program, which is supposed to be self-sufficient, but which the government now must bail out because the claims from Hurricane Katrina are so enormous.

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Mr. Lieberman, in remarks that have not been endorsed by Ms. Collins, said the investigation only further documented how the White House was not fully focused when Hurricane Katrina hit the Gulf Coast, with the president on vacation in Texas and traveling on the West Coast.

"Before landfall, the president should have returned to Washington, D.C., convened the cabinet, taken stock of the federal government's readiness for Katrina, made sure key White House staff were at their posts before landfall, and directly addressed the people of the Gulf Coast," Mr. Lieberman said in a statement.

Senators: FEMA Can't Be Fixed, So Replace It (USAT)

By Mimi Hall

USA Today, April 27, 2006

WASHINGTON — A Senate report coming out today says the Federal Emergency Management Agency is a failure and should be replaced with a more powerful disaster-response agency.

"FEMA is in shambles and beyond repair," Sen. Susan Collins, R-Maine, chairwoman of the homeland security committee, said in a statement. "It should be abolished."

That's the top recommendation of Collins' committee, which held 22 hearings and reviewed 838,000 pages of documents in a seven-month probe of the government's response to Hurricane Katrina. USA TODAY received a copy of the report's recommendations, to be made public today.

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"The president failed to provide critical leadership when it was most needed," he said. "And that contributed to a grossly ineffective federal response to Hurricane Katrina."

The Senate report follows others from the House and the White House. Those reports criticized FEMA but did not suggest abolishing the agency.

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•Develop more full-time staff and contracts with companies to provide goods and services when storms hit.

GAO: FEMA Still Not Set To Stop Aid Waste (AP-Y2)

By Hope Yen

AP2, April 26, 2006

With hurricane season approaching, FEMA is destined to repeat million-dollar mistakes of disaster aid waste and fraud unless it can quickly establish controls for verifying names and addresses, congressional investigators say.

Gregory Kutz, managing director of special investigations for the Government Accountability Office, said he has little confidence that FEMA will be ready by June 1 to safeguard taxpayer dollars should a major disaster like Hurricane Katrina strike again.

"They're not close to where they need to be," Kutz said this week in a telephone interview that previewed a GAO report. The report, which covers FEMA's $2,000 debit cards and other emergency cash assistance, is to be released next month.

"There's a lot of heavy lifting required to put an effective fraud prevention system in place by this summer. It will take years," said Kutz, who is heading the audit. "You need to have a mechanism in place and field test it. FEMA doesn't have one."

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Responding to the audit, FEMA spokesman Aaron Walker said Wednesday that FEMA officials have been working hard to improve and tighten controls in its disaster aid program.

In the past, the agency has said its procedures were necessary to expedite aid and that it would be "extremely disingenuous" to suggest aid is distributed without housing inspections and several other layers of verification.

"We are confident in our ability to verify disaster victims' identities," Walker said.

The GAO's recommendations include:

_Install a reliable system to match Social Security numbers with names of people who apply for aid over the phone and Internet.

In a preliminary audit released in February, the GAO found that up to 900,000 of the 2.5 million applicants who received aid under the emergency cash assistance program after Katrina hit Aug. 29 were based on duplicate or invalid Social Security numbers, or false addresses and names.

Kutz said the GAO's review determined the contractor hired by FEMA to verify identities — ChoicePoint Inc. of Alpharetta, Ga. — was ineffective. That was partly because its system didn't keep track of people who applied over the Internet with false information and were rejected, allowing many of them to try again and get the aid when they applied over the phone.

Responding to the GAO, ChoicePoint spokesman Matt Furman said his company's contract is limited to verifying applications over the Internet and not by telephone. "That criticism should not be directed toward us," he said.

_Establish a system that can quickly and effectively verify property addresses to see if they match up with the accompanying name and Social Security number as well as whether they fall within the disaster-stricken area. In several cases, individuals applied for Katrina aid under several different bogus addresses to fraudulently obtain multiple payments.

_Provide instructions and guidelines to recipients who receive aid through debit cards on how the money should be used. Such information is already provided with the traditional form of aid payment through checks, according to the GAO.

The GAO's previous audit found that recipients improperly used their debit cards intended for food and shelter for $400 massages, a $450 tattoo, a $1,100 diamond engagement ring and $150 worth of products at "Condoms to Go."

In recent weeks, FEMA has sought to crack down on those who received erroneous payments, sending letters to thousands of Gulf Coast residents demanding repayment of amounts ranging from $2,000 to $26,200 for aid that it said was excessive or unjustified.

While Kutz praised the move, he said efforts to recoup the money are no substitute for internal controls since they generally recover no more than 1 percent to 2 percent of the wasted aid. He said the agency must first identify the fraudulent payments, then locate the recipients and hope they do the right thing and return the money.

In the coming months, the GAO plans to expand its waste review to FEMA's housing assistance as well as aid improperly paid out for damage already covered by property insurance. He believes millions of dollars of additional waste have yet to be found.

In February, the GAO estimated the waste so far in roughly $7 billion in disaster aid alone could be in the hundreds of millions of dollars.

"Any projection we make will probably understate the actual waste," Kutz said.

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On the Net:

Government Accountability Office: http://www.gao.gov

Federal Emergency Management Agency: http://www.fema.gov

Evacuees Find Housing Grants Will End Soon (NYT)

By Shaila Dewan

The New York Times, April 27, 2006

HOUSTON, April 21 — Thousands of hurricane evacuees who counted on a year of free housing and utilities are being told by the Federal Emergency Management Agency that they are no longer eligible for such help and must either pay the rent themselves or leave.

DOJ_NMG_0026648

Of about 55,000 families who were given long-term housing vouchers, nearly a third are receiving notices that they no longer qualify, FEMA officials said. For the rest, benefits are also being cut: they will have to sign new leases, pay their own gas and electric bills and requalify for rental assistance every three months.

The process has been marked by sharp disagreements between the agency and local officials, and conflicting information given to evacuees about their futures. Although agency officials say they never promised a full year of free housing, many local officials around the country say yearlong vouchers were exactly what FEMA agreed to provide.

[The agency was sharply criticized in draft bipartisan recommendations to be released Thursday by a Senate committee, which said the agency functioned so poorly during Hurricane Katrina that Congress should abolish it and rebuild a more powerful agency. Page A22.]

In the desperate weeks after Hurricane Katrina, the vouchers helped stabilize the lives of evacuees who had bounced from place to place while trying to find missing family members and deal with mysterious skin rashes, shellshocked children and reams of red tape. At least, the vouchers promised, they would not have to worry about shelter.

Now, eight months later, the notices have panicked evacuees and raised the ire of local officials and landlords, who say FEMA is reneging on a promise and dismantling a program that is helping more people and is far less expensive than other housing solutions like trailers.

To make matters worse, advocates and local officials say, many evacuees either do not know why they have been found ineligible or have been given spurious reasons. Many notices do not even give a deadline, saying only, "You will not be asked to leave before April 30."

"We believe that many of the people who received notice that they're ineligible are eligible," said Mayor Bill White of Houston, where more than 9,000 of the 35,000 families on vouchers have been determined to be unqualified, raising fears of mass homelessness.

In an effort to persuade FEMA to reconsider, Mr. White has gone so far as to send teams of building inspectors to New Orleans to photograph evacuees' destroyed homes.

David Garrett, FEMA's acting director of recovery, said the agency had promised only to reimburse for "up to" 12 months of housing. But the cities that actually issued the vouchers, including Houston, Memphis and Little Rock, Ark., said the agency had agreed in negotiations to pay for the full term.

Although the paperwork accompanying the vouchers in Houston did say they were good for "up to" 12 months, local officials in all three cities said evacuees had been told, without contradiction from FEMA, that they would last a year.

"They knew exactly what we were doing," said Buddy Grantham, the chief operating officer of the Joint Hurricane Housing Task Force for Houston, which issued the 12-month vouchers in anticipation of being reimbursed by FEMA. "We were totally transparent."

Agency officials say fairness and the law prevent them from leaving the voucher system in place. The programs were hurriedly set up by state and local governments under FEMA guidelines for emergency housing, which is available to virtually anyone from a disaster-stricken area but is not intended to be used for extended periods.

Now, the agency is converting the families to its more traditional, and stricter, long-term housing program, the individual assistance program. Many people who qualified for emergency housing do not meet the requirements for long-term assistance, and the agency says it cannot ask taxpayers to continue to bankroll those families, although an agency spokesman, Aaron Walker, was unable to provide an estimate of how much money would be saved.

Mr. Garrett said the program was not fair to families who did not get vouchers, but instead went directly from shelters or hotels into the stricter program, under which they receive rent money every three months. The payments count against the total each family can legally receive from FEMA, $26,200, while rent and utilities under the voucher program do not. (FEMA trailers do not count either, agency officials said, because they are not as comfortable as apartments.)

The emergency housing program covers utilities, but the individual assistance program will not, unless Congress approves a request from President Bush to change the regulations.

The movement away from long-term vouchers has created widespread confusion among evacuees. A disabled evacuee in Little Rock said that when she called FEMA to ask why her rent was no longer being paid she was informed, erroneously, that she

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had never had a voucher. In Memphis, where there are 1,500 families on vouchers, FEMA initially asked those running the program to reclaim the furniture and basic kitchen items issued to evacuees, backing down after strenuous objections, said Susan Adams, the executive director of the Memphis and Shelby County Community Services Agency.

"It feels like a total lack of compassion," Ms. Adams said. "A total lack of humanity."

FEMA has no record of the furniture request, a spokesman for the agency said.

In interviews with more a dozen evacuees, some said they had been told they were ineligible because their home in New Orleans had not suffered enough damage, or they had insurance covering living expenses, or their paperwork lacked a signature, or they had not appeared in person for an inspection of their damaged home. FEMA recently agreed to review its findings for mistakes.

Mr. Garrett emphasized that evacuees could appeal any decision. But according to written guidelines, the agency will not continue to pay rent while a case is on appeal.

FEMA itself has difficulty explaining the ineligibility findings. The agency told Houston officials that about 1,200 of 8,500 families had insufficient damage to their homes and that 1,600 were in a category called "ineligible — other." Some 1,050 were denied on appeal, but the original reason for the denial was not given. More than 2,300 were described as being eligible only for an initial $2,000, with no further explanation.

Some evacuees said they had planned their lives around the security of the 12-month voucher. Erica Stevens, 26, said the promise of housing had drawn her and her three children to Houston after Hurricane Rita destroyed her home in Beaumont, Tex. She did not receive much other assistance, she said, because her landlord filed a FEMA claim on the house before she did, making her ineligible.

Karen Douglas, an evacuee living with two sons in a pleasant house in a Houston suburb, said that amid enrolling the elder son in school, battling insurance adjusters and looking for a job, she had managed to put the insurance proceeds from her destroyed house into investments that would mature in November, when her voucher was to expire. "It's stressful, but I thought I had it together," she said.

Then, on April 15, Ms. Douglas too got a letter. She would like to appeal but does not know why she was found ineligible. The letter says only that she had been previously notified of the reason. "I was expecting FEMA to honor the agreement," she said. "I wasn't expecting them to go midstream and pull the rug out from underneath us."

Trailer Plan Is Revived

NEW ORLEANS, April 26 (AP) — Mayor C. Ray Nagin and federal officials on Wednesday revived the effort to place thousands of trailers throughout the city as stopgap housing for people who lost their homes .

Three weeks ago Mr. Nagin halted work on new trailer sites, saying FEMA had used "bullying" tactics and built a site outside a gated community without the proper permits. But Mr. Nagin and FEMA officials now say they have bridged their differences. Officials hope to install about 8,000 trailers by the end of June. Before the impasse, FEMA had placed about 1,500 travel trailers at enclosed sites around the city.

Nagin, Officials Come To Trailer Agreement (NYT/AP)

By The Associated Press

The New York Times, April 27, 2006

NEW ORLEANS (AP) -- Mayor Ray Nagin and federal officials on Wednesday revived the effort to place thousands of trailers throughout the city as stopgap housing for people who lost their homes during Hurricane Katrina.

Three weeks ago Nagin halted work on new trailer sites, complaining that the Federal Emergency Management Agency used "bullying" tactics and built a site outside a gated community without the proper permits.

On Wednesday, Nagin and FEMA officials announced that they had bridged their differences. Nagin said he changed his mind after "frank, productive discussions" with Homeland Security Director Michael Chertoff. He did not elaborate.

Nagin's decision is "permitting us to move forward," said Gil Jamieson, FEMA's deputy director of Gulf Coast Recovery.

Officials hope to install about 8,000 trailers by the end of June. Before the impasse, FEMA had placed about 1,500 travel trailers at enclosed sites around the city. Most occupants of those trailers had rented before the storm.

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In addition, there are about 10,000 trailers sitting in yards and side-lots occupied by homeowners. Another 10,000 homeowners are still waiting for trailers, and officials said those, too, should be in place by the end of June.

For months the process to establish trailer parks has been slowed as Nagin, FEMA, the City Council and neighborhood groups have weighed in.

Hurricane Victims Battle Banks (WSJ)

By Valerie Bauerlein

The Wall Street Journal, April 27, 2006

As homeowners along the Gulf Coast try to recover from the devastation of hurricanes Katrina and Rita, some say mortgage lenders are refusing to turn over insurance proceeds while demanding immediate payment on overdue loans.

Hurricane victims in Louisiana and Mississippi have filed nearly 1,000 complaints with state regulators claiming mistreatment by mortgage lenders. About 800 of the complaints have been resolved, often as a result of mediation initiated by regulators.

Jim Wolf of Pass Christian, Miss., a DuPont Co. technician currently living in a company trailer, for example, wanted to use proceeds of an insurance settlement for a down payment on a new home. On Dec. 10, he sent his $40,000 insurance settlement check to giant Countrywide Financial Corp. to pay off $5,000 remaining on the mortgage of his destroyed home, expecting to get $35,000 back. He said he called Countrywide, based in Calabasas, Calif., every business day for a month, spoke to a dozen representatives and couldn't get the balance returned.

Only after "an angel" in the Mississippi Department of Banking and Consumer Finance intervened, he says, did he get his money back. No one in California seemed to understand the desperation on the Gulf Coast, he says. "I knew other people in the same boat," Mr. Wolf said. "They kept a lot of people hung out to dry a long time."

"We had to have a serious talking-to" with some lenders, said John S. Allison, the Mississippi banking commissioner, in an interview. Still, while roughly 200 cases are open, no lenders have been fined or lost their licenses to operate in the two hurricane-ravaged states.

Following more than 40 accusations of wrongdoing by Countrywide, Louisiana Attorney General Charles C. Foti Jr. launched a probe of the company in December. Most complaints involved alleged delays in forwarding insurance-settlement checks to storm victims so they could rebuild or repair their damaged properties.

Countrywide said it received a letter from Mr. Foti earlier this month saying the probe had been closed. In an interview, Mr. Foti said he is satisfied with Countrywide's response to his probe.

A Countrywide spokesman denied any wrongdoing by the lender and said the unprecedented damage from Katrina and Rita had resulted in "unfortunate and unusual delays."

Last month, the company started canvassing cities with large numbers of hurricane evacuees to encourage borrowers to seek payment-postponement options and other assistance. Countrywide also said the company and its employees have contributed about $2 million to hurricane-recovery programs on the Gulf Coast.

Mr. Foti's office has received about 400 storm-related complaints, while 547 additional complaints were reported to the Louisiana Office of Financial Institutions, which regulates state-chartered banks, thrifts and credit unions. The financial-services agency wouldn't identify which lenders triggered complaints. It said about 25% of the cases haven't been resolved.

Most lenders have ended initial grace periods encouraged by federal regulators that allowed borrowers to stop making regular monthly payments on their loans, and they now are working out procedures on a case-by-case basis. Some homeowners are using insurance proceeds to cover outstanding payments on destroyed homes, but because the insurance checks typically are made out to both the homeowner and the mortgage holder, homeowners often must send the full proceeds to the lender and wait for the balance to be returned.

In some instances, accusations of wrongdoing have been resolved through agreements giving borrowers more time to catch up on past-due payments. Donald E. Powell, federal coordinator for Gulf Coast rebuilding, said most problems appear to reflect the widespread destruction that displaced residents and initially overwhelmed most lenders and insurers in hard-hit areas.

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Many homeowners are battling lenders on one front and insurers on another. State Rep. John Read, of Gautier, Miss., said he got calls from the mortgage arm of Citigroup Inc. asking when he was going to catch up on his payments almost a month after he'd sent an insurance settlement check to pay off the $160,000 balance.

Mr. Read, who is living in a trailer with his wife and daughter, has resolved his dispute with Citi but is in court against his insurance carrier, disputing the payout on his home and contents. "You do what you have to do and go from there, but it has not been easy," he said.

Citi has made "deep and substantive loan concessions" to more than 100,000 customers in the affected area and there were only "a handful" of formal complaints, a spokesman said. In Mr. Read's case, Citi said misunderstandings on both sides contributed to the delay.

As of Dec. 31, the most recent data available, nearly 76,000 homeowners in Louisiana and Mississippi had fallen at least 90 days behind on mortgage payments or were facing foreclosure, according to the Mortgage Bankers Association, a trade group.

FEMA Handling Of Gulf Schools Criticized (WT)

By Christina Bellantoni

The Washington Times, April 27, 2006

Putting the Federal Emergency Management Agency in charge of rebuilding and reopening schools on the Gulf Coast after Hurricane Katrina was a critical mistake, congressional Democrats on the House Education and the Workforce Committee said yesterday.

"Now we realize FEMA has to step aside," said Rep. Betty McCollum, Minnesota Democrat.

The Democrats issued a report asserting that eight months after the storm hit the region, its schools remain in crisis. The lawmakers called for the creation of an education-recovery czar to oversee the reopening of Gulf Coast schools and colleges.

"FEMA is operating out of a very old playbook" and deserves a large heap of the blame for slowing down rebuilding efforts with an extra layer of bureaucracy, said Rep. George Miller of California, the ranking Democrat on the committee.

"We heard repeatedly that FEMA gave out contradictory guidance, lacked one single point of contact for schools and colleges, and displayed near-total unwillingness to give local educators the flexibility they need to rebuild and reopen their schools quickly and efficiently," Mr. Miller said. "The people of New Orleans and the Gulf states, they deserve better than that. FEMA is just the wrong agency at the wrong time."

In the New Orleans public school system, 20 of the 130 schools are open.

The schools that are open are crowded, and students must take classes in cramped trailers. School officials are being forced to lay off teachers and borrow money as they wait for payments from the federal government. Some are facing bankruptcy.

Colleges are in an equally difficult position, the report says. Several schools were destroyed, and thousands of students were left without a learning institution or a place to live in.

Democrats argued that adequately funding schools so they can rehire teachers and faculty will stimulate the economy as students return. The report blamed President Bush for assigning FEMA to handle recovery efforts at schools in Louisiana and Mississippi. Democrats say the Department of Education should assume the rebuilding role and ensure that schools in the region get more funding.

Less than 2 percent of the $87 billion in federal money sent to the Gulf Coast was used for education, the Democrats said.

Mr. Miller said it would cost several billion dollars to properly rebuild schools.

"It's expensive, but it has to be done. There really is no alternative," he said. "We have made a decision as a nation that we are going to rebuild and recover this area. Education is critical to that mission. It can't be done without it."

Meanwhile, school officials from the Gulf Coast testified before the committee, and members heard many of the same complaints.

Officials testified that federal money has been slow to trickle in because of red tape at the state level.

"Today's hearing has highlighted the fact that many local schools have not received one penny in the federal aid we have approved. This is unacceptable," said Rep. Charles Boustany Jr., Louisiana Republican.

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Father William F. Maestri, superintendent of Catholic Schools for the Archdiocese of New Orleans, told the committee to consider public-private school partnerships to make the transition easier.

"The old divisions that have too long divided us must be laid aside so we can move forward together," he said.

WAR NEWS:

Bush Team Visits Iraq, Pushes For Unity Government (WSJ)

By Yochi J. Dreazen

The Wall Street Journal, April 27, 2006

BAGHDAD, Iraq -- The Bush administration mounted a concerted diplomatic effort to capitalize on the selection of Iraq's new prime minister, sending its two top national-security officials here to push for the completion of a national-unity government and to continue setting the stage for a possible U.S. military withdrawal this year.

The unannounced trips by Defense Secretary Donald Rumsfeld and Secretary of State Condoleezza Rice marked the first time two U.S. cabinet officials were in Iraq simultaneously. The visits highlighted the administration's hope that the selection of a new candidate for prime minister could clear the way for a permanent Iraqi government to take power.

Millions of Iraqis voted Dec. 15, but the country's political leaders have spent months squabbling over posts, dissipating the optimism generated by the election and contributing to a worsening cycle of sectarian violence.

Mr. Rumsfeld and Ms. Rice met with prime minister nominee Nouri al-Maliki, a Shiite Muslim, as well as other incoming Iraqi leaders. American officials here and in the U.S. had been instrumental in pressuring interim Iraqi Prime Minister Ibrahim al-Jaafari to step down, a step demanded by leaders of Sunni Muslim and ethnic Kurdish groups.

Mr. Jaafari's critics, including U.S. Ambassador to Iraq Zalmay Khalilzad, had derided him as a weak-willed leader who was unable to prevent Iraq's Shiite-dominated security forces from abducting, torturing and, in some cases, assassinating Sunnis suspected of links to the insurgency. They praised Mr. Maliki as a strong leader who understood the importance of forming a broad government of national unity. Mr. Maliki, who had adopted the name Jawad al-Maliki while in exile during the regime of Saddam Hussein, yesterday announced he will go by his birth name, Nouri al-Maliki.

Mr. Maliki's first and most pressing task will be to stamp out sectarian militias. Thousands of Shiite fighters have infiltrated the country's police and security forces, while large and heavily armed militias affiliated with the country's biggest Shiite political parties operate openly across the country.

In nearly all of his recent public remarks, Mr. Maliki has stressed the need to gradually disarm the militias. Iraq's nascent security forces will almost certainly be unable to do so without heavy U.S. military support, however, and Mr. Rumsfeld seemed to rule out such assistance.

In a joint appearance with Ms. Rice, Mr. Rumsfeld said it was a mistake to assume the militias had to be forcibly disarmed. Instead, he said the militia problem required a political solution under which the fighters were peacefully persuaded to lay down arms.

U.S. officials stressed that the purpose of the visits was to give Iraq's political process a high-profile endorsement, but the trips also signaled the White House's hopes that the formation of a permanent new Iraqi government could help reverse weeks of bad news from Iraq that have pushed domestic support for the war to new lows and fueled a continuing decline in Mr. Bush's standing at home.

U.S. officials said the installation of Mr. Maliki and other Iraqi leaders into key cabinet posts could help set the stage for the withdrawal of a substantial portion of the 132,000 American troops in Iraq. Gen. George Casey, the top American commander in Iraq, said the selection of the new government leaders was "a major step in the process."

Gen. Casey has said in the past that a "fairly substantial" drawdown could begin this year if Iraq was able to cobble together a stable coalition government and continue making progress in fielding effective military and paramilitary forces. In the meantime, American commanders on the ground have continued to lay the foundation for a drawdown by turning dozens of smaller military posts over to the Iraqis and consolidating American forces here into a handful of massive military installations.

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The U.S. is seeking a new legal agreement with the Iraqi government allowing for the maintenance of a reduced number of American military bases here. The United Nations resolution giving U.S.-led forces formal permission to maintain a military presence in Iraq expires this year. Mr. Rumsfeld said he had opened discussions with Iraqi leaders about a new agreement centered on the future of the remaining U.S. military bases and the continued push to transfer primary security responsibility for many parts of the country to Iraqi troops.

In Iraq, A Joint Show Of Support (WP)

By Glenn Kessler

The Washington Post, April 27, 2006

BAGHDAD, April 26 -- Secretary of State Condoleezza Rice and Defense Secretary Donald H. Rumsfeld made an unannounced joint visit to Iraq on Wednesday to bolster the emerging leadership and to suggest that the sometimes disjointed U.S. political and military operations are working seamlessly during the transition to a permanent government.

President Bush -- whose approval ratings have sunk to new lows, in large part because of the war -- secretly directed Rice and Rumsfeld to undertake the unusual mission as soon as the four-month impasse over the selection of Iraqi's prime minister ended last week, officials said. The visit came several weeks after the two secretaries had an unusual public tiff over whether the Bush administration has made mistakes in Iraq.

U.S. officials indicated that they were embracing perhaps the last chance the Bush administration had to turn around public opinion at home and to ensure that Iraq has a viable political future. The administration had previously pointed to the drafting of a constitution and the election of a transitional government as watershed moments in Iraq, even as violence has continued to rage. The new government will last four years and administration officials say they expect it to become increasingly independent of U.S. influence.

Rice said the creation of a permanent government should be seen as a turning point in the war and "an important message to the American people" because "it gives Iraq a real chance to deal with the obviously vexing problems that it has faced."

Rice and Rumsfeld stayed inside the heavily fortified enclave known as the Green Zone during their entire visit. They spent much of the day in meetings with top Iraqi leaders, including the prime minister-designate, Nouri al-Maliki; Rice also held a second late-night one-on-one session with him. Maliki emerged as an unexpected compromise choice to lead Iraq for the next four years and was largely unknown to Washington officials.

During a meal of Sayadieh fish and Arab salads, Rice and Rumsfeld were briefed by Planning Minister Barham Salih on details for putting together the new government. He said that "success depends on our competency," one participant in the meeting said. Iraqi officials also told the visiting Americans that fixing the unstable security in the capital was a key objective.

Earlier, in a meeting at the residence of U.S. Ambassador Zalmay Khalilzad, Maliki, speaking in Arabic, told Rice and Rumsfeld that while terrorism was the major problem, his first goal was to address the "mistrust" among religious and ethnic groups, a U.S. official said. Resolving this issue would in turn help reduce the violence. His second priority was making electricity supplies reliable. Three years after the invasion, sporadic electricity continues to be a symbol for many Iraqis of the failure of the U.S. occupation. "The people need electricity," he said.

Maliki and the U.S. visitors also held a lengthy discussion on staffing for government ministries, with Maliki saying the ministers should be "ministers for Iraq," not ministers for Sunni Arabs, Shiite Arabs or Kurds. The Interior Ministry is believed to be infiltrated by Shiite militia groups that are targeting Sunnis, and Maliki said he was looking for technocrats who were competent.

"We wanted to say how important it was that the ministries would be ministries of national unity, just as the government is a government of national unity," Rice said later. "But before we could say that, the leaders said that to us."

Maliki's office announced Wednesday that he would begin to use his birth name, Nouri, rather than Jawad, which he adopted while in exile during Saddam Hussein's rule. He has a long career as a legislator but has never held an executive position. He does not even have a secretary, though he has promised the U.S. Embassy he would hire one this week.

Rice and Rumsfeld also presided over a working lunch of about 30 senior U.S. political and military officials that, in the spirit of a presidential campaign, was listed on Rice's itinerary as: "First 100 days: Government Formation, Security and non-

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Security Priorities." The lunch did not cover a specific 100-day plan but focused mainly on such issues as helping establish effective ministries.

The State Department and Pentagon earlier this year differed over how to provide security for reconstruction teams in Iraqi provinces, slowing the implementation of plans. The dispute was largely resolved this month, and Rice in recent days has cabled Foreign Service officers to say she has crafted a special incentive program to make tours on the teams more attractive.

"Clearly the new Iraqi government must perform on behalf of the Iraqi people," said Jim Wilkinson, Rice's senior adviser. "But the new government also gives us a chance to correct our mistakes and do our part to make Iraq work.

"This is an opportunity to be seized," he added. "The Iraqis must seize it, but the U.S. government must organize itself to help the Iraqis do so."

Rice, in a trip to Baghdad three weeks ago, personally pushed for transitional Prime Minister Ibrahim al-Jafari to give up his nomination to a new term. During a meeting with him Wednesday, however, she and Rumsfeld were "very relaxed," according to Adnan Ali Kadhimi, a Jafari aide. Jafari "appreciated the visit, and he said that no matter what has happened, we still appreciate what America has done for us," Kadhimi said.

Rice and Rumsfeld made no public statements in their meetings with Iraqis, though they jointly met with Iraqi reporters traveling on their aircraft. Earlier this month, Rice said the administration had made possibly "thousands" of "tactical errors," prompting Rumsfeld to declare that anyone making such a statement did not understand the nature of warfare. In Baghdad, Rumsfeld minimized the dispute, saying he "wasn't aware of what she meant," while Rice told Fox News that she and Rumsfeld have "an excellent relationship."

Rice, Rumsfeld Tout New Iraq Government (AP)

By Anne Gearan And Robert Burns, Associated Press Writers

AP, April 27, 2006

Success in forming a new Iraqi government may let some U.S. troops leave the war zone within months, the top American military commander in Iraq said Wednesday. Paying a surprise visit, Secretary of State Condoleezza Rice and Defense Secretary Donald H. Rumsfeld embraced the country's fledgling leaders as independent and focused on the future.

"I came away most encouraged," Rumsfeld said after he and Rice spent a day meeting with Iraqi politicians and U.S. military and diplomatic advisers in the capital city.

Rice called the priorities and commitment of Iraq's newly selected prime minister, Nouri al-Maliki, "refreshing and really heartening."

The double-barreled show of support for Iraq's first permanent democratic government was meant to resonate in Iraq and among Americans, whose frustration with the war effort has helped drive President Bush's poll numbers to new lows.

A four-month political stalemate had sapped support for U.S. involvement in Iraq. The administration remains under election-year pressure from the public and many in Congress to draw down its forces there.

"There is no question but that as the new government is formed and the ministers are in place, that it's appropriate for us to begin discussions with the new government about the conditions on the ground and the pace at which we'll be able to turn over responsibility in the provinces," Rumsfeld said.

Army Gen. George Casey, the top U.S. military commander, said selection of government leaders marked a major step toward creating conditions that could allow a partial withdrawal.

"I'm still on my general timeline" for a possible withdrawal, he told reporters after meeting with Rumsfeld.

Casey used no figures. There are about 130,000 U.S. troops in Iraq, and military officials have spoken before of their hopes of reducing that number below 100,000 by the end of the year if the insurgency does not grow worse and if Iraq makes continued progress on political and security fronts.

Casey said breakthrough agreements last weekend to name al-Maliki as prime minister and to fill six other top government posts "certainly is a major step in the process" of reducing troop levels this year. He said more must be done on the political side, particularly filling key government ministry jobs.

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The Pentagon has not said when it expects to make decisions about further troop reductions. Casey had said late last year that he expected to submit his recommendation this spring.

"We are seeing the situation a little clearer, I'd say," as a result of the latest political progress, Casey said. "And the clearer I see it the better I can make my recommendations."

Bush said last month that U.S. troops would stay in Iraq for years. Administration hopes for a major pullout soon have been tempered by the ongoing insurgency and the increase since February in sectarian violence.

"I think we're fairly resolved on the military side to understand that this is going to take time," Gen. Peter Schoomaker, the Army chief of staff, told reporters Wednesday. He added that political leaders would make the key decisions about how long U.S. troops remain deployed.

Rice said the United States has an obligation to be ready to do what will best help the emerging Iraqi leadership tackle persistent violence and such grinding problems as petty corruption and poor electricity.

The secrecy surrounding the two leaders' visit and the omnipresent security precautions inside the fortified U.S. government complex underscored the dangers and difficulties the Iraqi leaders inherit.

The trip also came after recent calls by a half-dozen retired generals for Rumsfeld, 73, to resign. Asked by a reporter whether this visit — his 12th — would be his last trip to Iraq as Pentagon chief, an unsmiling Rumsfeld replied, "No."

Rice refused to second-guess the course of U.S. involvement in Iraq more than three years into a war that two-thirds of Americans now say the president is handling badly.

"Have we made mistakes? I'm sure we have," Rice told reporters with Rumsfeld beside her. "In a big historical circumstance like this you're going to do some things well and you're going to do some things not well."

Last month, Rice said the United States had made thousands of tactical errors in Iraq, a remark Rumsfeld said confused him. Their unusual joint appearance was also intended to show the sometimes feuding U.S. diplomatic and military branches engaged side by side.

Al-Maliki was largely unknown outside Iraq before he emerged last week as a compromise candidate to break a four-month political logjam. Neither Rice nor Rumsfeld had met him before Wednesday's session, and Rice met with him a second time privately.

Al-Maliki opposed both Saddam Hussein and the U.S.-led invasion that overthrew the dictator more than three years ago. He has been described as a hardline Shiite partisan and by U.S. officials as an Iraqi patriot who stood up to attempted political meddling by neighboring Iran.

He has a month to form Iraq's first permanent democratic government, and U.S. officials are direct about the high stakes.

"This new Iraqi government must perform on behalf of the Iraqi people, but the new government also gives us a chance to correct our mistakes and do our part to make Iraq work," said Jim Wilkinson, a senior adviser to Rice.

The American ambassador in Baghdad, Zalmay Khalilzad, has said Iraq risks civil war if its political leadership falters.

Rice, Rumsfeld Visit Iraq (WT)

By Nicholas Kralev

The Washington Times, April 27, 2006

BAGHDAD -- Secretary of State Condoleezza Rice and Defense Secretary Donald H. Rumsfeld flew to Iraq yesterday to meet with the prime minister-designate and emphasize the importance of a "nonsectarian" government.

The unprecedented joint visit by the top two Cabinet officials demonstrated Washington's full backing of Nouri al-Maliki, who has been selected to head a new government.

"I came away most encouraged," Mr. Rumsfeld told reporters after he and Miss Rice met with Mr. al-Maliki, who announced yesterday he would use his given name, "Nouri," rather than Jawad, a name he adopted for security reasons while being sought by Saddam Hussein's regime.

"I found him to be very focused and very clear that he understood his role and the role of the new government to really demonstrate that it is a government of national unity," Miss Rice added.

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Gen. George Casey, the commander of the U.S.-led coalition forces, said that the agreement on Iraq's top government leaders last week would help create conditions to reduce American troop levels.

Miss Rice said that ministerial appointments should begin with the ministries of interior and defense, so they can take control of security and public order and disband sectarian militias. The ministers, she said, must be nonpartisan and unifying figures.

"I think they understand that the importance of appointing ministers and subordinates who have a reputation for technical competence and a mind-set that is nonsectarian," Miss Rice said of Mr. al-Maliki, President Jalal Talabani and other leaders she and Mr. Rumsfeld met yesterday.

In addition to security and providing "essential services," such as electricity and water, Mr. al-Maliki told his guests that his top priorities include building trust among different ethnic groups, Miss Rice said.

She dismissed the statement by terrorist leader Abu Musab Zarqawi, made on a tape posted on the Internet on Tuesday, that Mr. al-Maliki was a U.S. puppet.

"We know that he has not always agreed with us, or we with him, but he's somebody who's always had the interests of the Iraqis at heart," Miss Rice said.

Iraqis voted for parliament on Jan. 30, but the formation of the country's first democratically elected government was delayed for months because Sunnis and Kurds would not support interim Prime Minister Ibrahim al-Jaafari's bid to retain his post.

Miss Rice added the Baghdad stop to a trip she's making to the Balkans, while Mr. Rumsfeld flew in from Washington.

Gen. Casey, who has said in the past that he would recommend "fairly substantial" reduction of the 132,000 U.S. forces this year if the insurgency did not worsen and if Iraq made political progress, noted yesterday, "I'm still on my general timeline."

Mr. Rumsfeld said that no one in yesterday's meetings "suggested that there should be lower [troop] levels than currently existed."

In fighting yesterday, U.S. troops backed by a helicopter and jets struck a suspected safe house of foreign insurgents, killing 12 militants and a woman in a raid near the site where an American helicopter crashed, the U.S. military said, according to the Associated Press.

In Baghdad, a bomb ripped through a minibus carrying passengers to their Shi'ite neighborhood, killing four persons, who were among at least 12 Iraqis killed in violence. Police also found 11 bodies dumped in Baghdad and elsewhere, the apparent victims of sectarian killings, the AP reported from Baghdad.

Visit By Rumsfeld, Rice Sets Off Criticism In Iraq (LAT)

By Louise Roug And Paul Richter, Times Staff Writers

The Los Angeles Times, April 27, 2006

Some leaders worry that the Americans' surprise trip could hurt talks on forming a government.

BAGHDAD — Secretary of State Condoleezza Rice and Defense Secretary Donald H. Rumsfeld paid a surprise visit to Baghdad on Wednesday to express support for Iraq's new leaders, but drew criticism from Iraqi politicians who said they feared the unannounced visit might do more harm than good.

"We didn't invite them," said Kamal Saadi, a Shiite legislator close to the new prime minister-designate, Nouri Maliki.

Saadi said Iraqi leaders had not been given advance notice of the visit, which came just days after Iraqi politicians broke through a months-long impasse on the selection of a prime minister.

"Maybe Rumsfeld's visit can be justified" because of American troop presence, "but I can't see a clear reason behind Rice's visit," Saadi said. "The crisis is over and negotiations are taking place."

Since parliamentary elections in December, American officials have pushed Iraqi legislators to form a national unity government. During the nearly four-month delay, the country has been rocked by violence with increasingly sectarian overtones, raising the specter of full-blown civil war.

Iraq's Shiite coalition broke the deadlock last week when it withdrew the nomination of interim Prime Minister Ibrahim Jafari to lead the new government and substituted Maliki, whose nomination was approved Saturday by parliament. (Maliki said this

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week he was reverting to his original first name, Nouri. He said he had adopted the name Jawad during his time in exile, to protect his family in Iraq.)

During a news conference with Rumsfeld, Rice said that Maliki and others had made it clear in meetings that "Iraqis are taking responsibility for their own future."

"We can be partners. We can support. We can help. But this is Iraq's time and the time for Iraq's newly elected leaders to take on these responsibilities."

Some observers and Iraqi politicians speculated that the visit had more to do with the U.S. domestic audience than the creation of an inclusive and sustainable government in Iraq.

In Washington, the visit was seen as an attempt by the White House to shore up U.S. public opinion about the war and as the first foreign policy calling card of the new chief of staff, Joshua B. Bolten.

"I actually think it's completely aimed at American public opinion," said Brian Katulis, Middle East analyst at the Center for American Progress, a liberal think tank. "What's going on here is part of Bolten's plan to signal to the American public that we're not staying there forever."

Ivo H. Daalder, a foreign policy analyst at the Brookings Institution, said the visit was "all about us."

"We are trying to demonstrate that there is positive direction. How better to do that than having the chief horses of the State Department and the Defense Department make this joint and dramatic appearance. Every newspaper will quote them as saying this is a new turning point."

Lee Feinstein, a senior fellow with the Council of Foreign Relations in Washington, saw nuances in the White House mission.

"This is an opportunity for Secretary Rice to greet the new prime minister after criticizing Jafari very pointedly in her last visit just three weeks ago," he said.

In an unusual public display of divisions within the administration, Rice and Rumsfeld traded barbs this month over post-invasion mistakes in Iraq. On Wednesday, Rice sent a more harmonious message about State Department-Pentagon relations.

"We're working very hard together," she said. "We're actually having a great time here in Iraq. I think it's very stimulating for us both to be in these meetings with Iraq's leaders together."

Some Iraqi politicians thought the visit could backfire on the sensitive negotiations. Similar concerns were raised recently about the statements and actions of U.S. Ambassador Zalmay Khalilzad and about Rice's April 2 visit with her British counterpart, Jack Straw.

"It would be more appropriate if they would leave us alone," said Mahmoud Othman, a senior Kurdish legislator. "Let us solve our problems by ourselves."

"Enough is enough," said Sheik Mahmoud Sudani, a politician affiliated with radical Shiite cleric Muqtada Sadr. "Rice's trip to Iraq at this critical time is just another desperate move by the Americans to try to impose themselves on our new government. But they have lost their influence."

There has been grumbling among some Iraqi officials as U.S. officials pressed them to form a new government and eventually urged Jafari to step aside in the face of opposition from Sunni Arabs, Kurds and secular Shiite Muslims.

The most positive reaction to the visits was among Sunni leaders, who fear their minority will lose political clout in the democratic setup.

Americans can help coordinate and speed the process, "which will benefit everyone," said Azhar Samarrai, a Sunni legislator with the Iraqi Islamic Party.

Rice said U.S. officials were hearing "loud and clear" that the new Iraqi leadership intended to be nonsectarian in its decisions on who should head ministries, particularly Interior and Defense, which oversee police and armed forces respectively.

"I think they understand … the importance of appointing ministers and subordinates who have a reputation for technical competence and a mind-set that is nonsectarian," Rice said.

Meanwhile, another sibling of Sunni Vice President Tariq Hashimi was slain in the country's continuing violence. Gunmen killed Maysoon Hashimi and a bodyguard this morning in Baghdad. Mahmoud Hashimi was shot to death April 13.

Tuesday, a civilian was killed by a roadside bomb near the city of Kirkuk, police said.

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In the capital, a bomb on a bus exploded, killing four people and injuring 21.

In a western district of the city, two people were killed and four injured in a roadside bombing aimed at police.

Police also recovered 15 bodies from various Baghdad neighborhoods.

Just north of Baqubah, a roadside bomb exploded in the Shiite village of Kharnabat, killing three people and injuring 10, local police said.

The U.S. military announced that American-led forces killed a dozen suspected rebels during a raid Tuesday in Yousifiya.

Times staff writers Saif Hameed, Caesar Ahmed and Shamil Aziz in Baghdad and Johanna Neuman in Washington contributed to this report.

GOP Critics Resigned To Life With Rumsfeld (LAT/AP)

By Liz Sidoti, Associated Press Writer

The Los Angeles Times, April 27, 2006

WASHINGTON — Senate Republican critics of Defense Secretary Donald H. Rumsfeld are deferring to President Bush's support for the Pentagon chief, mindful that his fate is out of their hands.

But in the aftermath of calls by several retired generals for Rumsfeld's ouster, those GOP lawmakers remain uncomfortable with him. Given the chance, they offer no words of support.

"He still is in the confidence of the president. The president reiterated that the other day, so I'll continue to try to work with him," Sen. John McCain, R-Ariz., said Wednesday.

"There really is only one person he needs to please, and that's the president," added Sen. Susan Collins, R-Maine. "The president's made clear that the secretary is his choice and that really ends it."

"Is he still here?" joked Sen. Trent Lott, R-Miss.

Yes. Should he not be?

"That's up to him and the president. I don't see that his performance has changed," said Lott, who has said he's "not a fan" of Rumsfeld.

Hardly glowing endorsements.

In Baghdad on Wednesday, Rumsfeld was asked by a reporter whether this visit -- his 12th -- would be his last trip to Iraq as Pentagon chief.

"No," responded Rumsfeld.

Last week, Bush used a Rose Garden appearance to declare, "I'm the decider and I decide what's best. And what's best is for Don Rumsfeld to remain as the secretary of defense."

In recent weeks, at least six retired generals have publicly criticized Rumsfeld's handling of the Iraq war and his management style, an extraordinary rebuke of a civilian military leader from uniformed officers who recently served at his behest.

As the White House sought to quell the uproar, Democrats pounced.

Sen. Dick Durbin of Illinois, the No. 2 Senate Democrat, called for a Senate vote of no confidence on Rumsfeld, and Sen. Hillary Rodham Clinton, D-N.Y., sought a Senate Armed Services Committee hearing on the matter. She suggested hearing testimony from retired generals -- those who have been critical as well as those with different opinions -- and administration officials.

But neither of those efforts appear to be going anywhere anytime soon, if at all.

Senate Democratic leader Harry Reid of Nevada has said Democrats won't push for a no-confidence vote. Some Democrats are privately expressing concern that weighing in on the debate could diminish the power of the retired generals' remarks and invite criticism from Republicans that they are politicizing the war.

On Clinton's request, Sen. John Warner, chairman of the Senate Armed Services Committee, said he would consult with his 23 other committee members about whether a hearing is warranted, as he does with every such request. But the Virginia Republican indicated he was in no hurry to hold a hearing. He said the committee schedule was packed through Memorial Day, by which time the uproar over Rumsfeld could further subside.

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A congressional hearing would give Rumsfeld's critics a high-profile national platform while keeping alive a controversy the White House wants to put to rest.

Striking a careful balance, Warner issued a statement this week calling the debate among retired generals about Rumsfeld "an important exercise of the right to freedom of speech."

But Warner noted that Bush has decided to retain Rumsfeld in his Cabinet and said: "I support the president's right to make this decision."

Notably missing was praise for Rumsfeld. There wasn't even lukewarm support.

Sen. Carl Levin of Michigan, top Democrat on the Armed Services Committee, is urging that Warner hold a hearing. But Levin also suggested he was somewhat indifferent about Rumsfeld's future at the Pentagon's helm.

"If I felt his departure would change policy, I'd be all for it. But I think the policy would stay the same," Levin said.

Other Democrats renewed their calls for Rumsfeld's departure.

"He should have been gone two years ago. There's no more to say," said Sen. Joseph Biden of Delaware, the lead Democrat on the Senate Foreign Relations Committee.

Republicans recognize that getting rid of Rumsfeld now, three years into the Iraq war, could signal failure, not to mention give Democrats ammunition for this fall's congressional election as they try to wrest control of the House and Senate from the GOP.

Seeking to counter the mounting criticism and head off a hearing, Sen. Jeff Sessions, R-Ala., held a rally-around-Rumsfeld breakfast on Capitol Hill on Tuesday for the secretary and his Republican backers.

Sen. John Thune, R-S.D., was among those who attended. Even though he has clashed with Rumsfeld in the past, Thune said getting rid of Rumsfeld now would hurt the overall effort in Iraq.

"It's the wrong message to send," Thune said.

Plus, he said, Congress' hands are tied even if it wants a fresh face leading the Pentagon for one reason: "He serves at the pleasure of the president."

The Iraqi Oil Pipeline Fiasco (NYT)

The New York Times, April 27, 2006

The Bush administration's promise that Iraq's reconstruction could be paid for with the country's own oil revenues was one of the many false assertions and assurances that ushered in the invasion. But unlike the predictions of weapons of mass destruction and streets filled with cheering Iraqis, this claim might have been at least partly true — if the administration had more carefully supervised the lucrative no-bid oil industry repair contract it awarded to a subsidiary of Halliburton, the firm formerly headed by Vice President Dick Cheney.

Part of that contract involved repairing a crucial pipeline link that American bombing had severed in the course of the invasion. Had the repair been done right the first time, Iraq would have been able to export much more oil from its northern oil fields in the past few years, making it far less dependent on American reconstruction aid, which has amounted to about $30 billion so far.

How this costly and unnecessary failure came about was spelled out by James Glanz in a compelling investigative report in Tuesday's Times. He described the easily avoidable engineering errors that delayed the reopening of the crucial Fatah pipeline link while the contracted funds ran out and the security situation for reconstruction workers deteriorated drastically. It is instructive to recall the circumstances in which Halliburton was awarded this contract just prior to the Iraq invasion — with no competitive bidding. Later, when Democrats in Congress began raising questions, the Pentagon pointed to Halliburton's special expertise in oil-field management and its long experience working under Army Corps of Engineers' supervision.

But neither the expertise nor the supervision were much in evidence on the Fatah repair job. The Halliburton subsidiary managing the project ignored the clear warnings of its own consultants and let the drilling begin without any rigorous testing of the ground it needed to work in, which turned out to be a geological fault zone. As a result, drill bits repeatedly snapped and drill holes kept collapsing. It took an unconscionably long time for the corps to find out about the problems. By then, months had passed and almost all of the roughly $75 million allocated for the project had been spent.

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There are crucial lessons to be learned here about the rarely justified practice of awarding no-bid contracts based on presumed special expertise. There are lessons as well for the Corps of Engineers, which is also supervising much of the Katrina rebuilding effort — some of the reconstruction work there is also being done by Halliburton.

On the Fatah pipeline crossing project, American taxpayers got a particularly raw deal. The repair work they originally paid for wasn't done. The government agency that was supposed to supervise the work did not do an effective job. And the oil exports that could have helped pay Iraq's reconstruction bills never made it through the pipeline.

Zarqawi Message: 'I'm Still Here' (CSM)

By Dan Murphy

The Christian Science Monitor, April 27, 2006

BAGHDAD - After years of operating in Iraq as a shadowy force who was sometimes heard but never seen, the Jordanian-born militant Abu Musab al-Zarqawi stepped out of the shadows with a video released on the Internet Tuesday that showed him planning operations against US forces and walking freely about the desert of what was claimed to be Iraq's Anbar Province.

Mr. Zarqawi, whom Iraqi officials blame for dozens of suicide attacks inside Iraq as well as terrorist attacks in his native Jordan, was even at this late date seen as a mythical figure by many Iraqis, a fiction designed to spread fear and put a face on the Sunni Arab insurgents who have spread so much terror here.

"Before, I thought there was no Zarqawi, he was just a fiction. But now I believe in him. He's really out there," says Thalib Jabbar, a businessman in Baghdad. "Zarqawi wants to show his power and frighten people. But in reality, he's the one who should be afraid. We want him dead."

That's a common sentiment among many ordinary Iraqis, one played on by Iraqi officials Wednesday who condemned Zarqawi as a foreigner trying to destroy their country. Their strong response highlights the risk such a video poses for Zarqawi: The effort to show his strength within the insurgency also puts a foreign face on the movement, leaving an opening for his opponents to appeal to national unity.

Yet experts say he remains hugely popular among hard-core insurgents particularly in Sunni-dominated Anbar Province - and point out that the video shows him as calm and in control, despite a massive US manhunt for him.

At its most basic level, analysts say the point of the slickly produced half-hour video was for Zarqawi to say "I'm still here," much like the audiotape released Sunday by Osama bin Laden. US military propaganda and some Iraqi sheikhs have claimed recently that many of Zarqawi's past admirers had turned on him, and that he was on the run.

Most Iraqis, particularly the Shiites and Kurds whom he reviles, view him with loathing. "This terrorist is bombing all of the Iraqis. He never discriminates between any people. Christians, Muslims, women, children," says Mohammed Jemaah, a 24-year-old policeman in Baghdad. "If he was a real man, he would fight like a man, show himself, and not use car bombs."

Zarqawi is shown in the video, claimed to have been made last Friday, strolling among dozens of masked followers, pouring over maps and tactics with masked insurgents said to be from the Anbar city of Ramadi, and in a Rambo-moment emptying round after round from a bulky large-caliber machine gun into the desert.

"He shows himself as healthy and able to walk around outside, surrounded by loyal legions of followers, which counters the rumors that he's afraid, he's running and hiding and has no friends left," says Evan Kohlmann, author of "Al-Qaida's Jihad in Europe" and a terrorism consultant. "There was a lot of speculation that he was out of the picture. And he needed to respond to that, to show that he's still there, still in charge, and there's nothing to stop him from putting together military operations."

Also noteworthy is the ease with which he can get his message out. While analysts speculate it takes weeks for Mr. bin Laden to transmit tapes or other messages to the outside world, Iraq's urban battleground makes logistics for terrorists much easier.

Zarqawi's tape was released less than a day before US Defense Secretary Donald Rumsfeld and Secretary of State Condoleezza Rice flew into Baghdad for surprise visits designed to show support for Iraq's newly named Prime Minister Jawad al-Maliki. Mr. Maliki, a religious Shiite who fought hard for Islamic law provisions to be included in Iraq's Constitution, told Ms. Rice that his top priority is reducing ethnic and sectarian animosities.

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But those old hatreds are precisely what Zarqawi and his followers have been trying to stoke, in the hopes of sparking a full-scale civil war that would destabilize Iraq for years to come and give him what he imagines is his best chance at eventual success.

In his video, the powerful and chipmunk-cheeked Zarqawi said the Iraqi government, "whether made up of the hated Shiites or the secular Zionist Kurds or the collaborators among the Sunnis, will be tools of the crusaders and a poison dagger in the heart of the Islamic nation."

Speculation that Zarqawi's role in the insurgency was weakening has grown since Jan. 15, when a statement posted on insurgent websites announced the formation of the Majilis Shura al-Mujahdin, or the Mujahidin Shura Council (MSC), as an umbrella for Sunni insurgent groups who share Al Qaeda's ideology and goal of turning Iraq into a state governed by Sunni religious law.

Subsequent statements named an Iraqi militant with the nom de guerre of Abdullah Rashid al-Baghdadi as the group's leader, which some took to mean that Zarqawi had lost stature.

But insurgent sources say the move was mostly to put an Iraqi face on the operations of the self-styled holy warriors, and to counter US claims that foreign fighters, not Iraqis, were leading much of the violence, particularly in the volatile Anbar Province. They say Zarqawi has all along been their most respected operational commander.

The new group also makes it harder for him to be painted as a meddling foreigner, while also giving more face and respect to his Iraqi comrades. Zarqawi's video begins with a full screen shot of the MSC logo, and a smaller version remains on screen for the whole tape.

"It seems pretty clear that he's still the boss," says Mr. Kohlmann. "When the MSC chose to highlight their leadership, guess who's the star? It's an indication that the MSC is a propaganda front."

Kohlmann argues the MSC, which has at least eight member organizations, is sort of like a jihadi NATO.

"When we've got a coalition operation, we go under the NATO flag, because it helps the smaller nations feel they belong, it creates a sense of equality, and that's what the MSC is for: It gives the Iraqi [fighters] the sense that they're in control of their own jihad."

Video Shows Another Side Of Al-Zarqawi (AP)

By Lauren Frayer

AP, April 26, 2006

Abu Musab al-Zarqawi's new video marks a shift by the leader of al-Qaida in Iraq toward a less radical image, one that might appeal to the Iraqi insurgency more than the beheadings for which he's become notorious, analysts said Wednesday.

The video released Tuesday, the first by al-Zarqawi that shows his face, features scenes of the black-garbed terrorist firing a gun and hunkered over a map plotting strategy. The Sunni Muslim extremist, 39, looks youthful and healthy in the springtime desert.

"It's a departure from the past. There's no strident anti-Shiite rhetoric and no beheadings," said Joost Hiltermann, Middle East project director at the International Crisis Group, based in Amman, Jordan.

"He wants to be a `good' insurgent in a more moderate sense — an Iraqi sense — to appeal to Iraqis," Hiltermann said.

Iraqi government officials, however, condemned the Jordanian-born al-Zarqawi as a foreigner determined to destroy Iraq. They said his promise to launch more attacks may have been in response to the appointment of a new prime minister, a major step toward a unity government including Shiites, Sunnis and Kurds.

"I believe that al-Zarqawi was caught off guard by the new government taking shape because it will be very strong one representing all Iraqis," said Sheik Khalid al-Attiyah, the Iraqi parliament's new first deputy speaker. He added that al-Zarqawi is determined "to inflame a civil war."

"He feels very worried that he's losing popularity inside Iraq," Maysoon al-Damluji, a member of the Iraqi parliament, told CNN. "This is a change of strategy. He feels that he needs to make himself visible more in order to get support."

The video comes at a time when Arabs have voiced distaste for Islamic extremists' tactics such as beheadings and bombings, including deadly hotel attacks in Jordan that caused widespread protests.

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"He is often seen as more extreme than even (Osama) bin Laden," said Jeremy Binnie, an analyst with Jane's Terrorism and Insurgency Center in London. "In reality their ideology isn't that different."

Binnie said the video shows a "softer image" of al-Zarqawi. It suggests he "isn't just the leader of a fanatical band, but a more general-like figure, and also an action man himself."

Al-Zarqawi has done audiotapes, including one in January. But he has kept a relatively low profile since then, when his group merged with five other Iraqi insurgent groups to form the Mujahedeen Shura Council.

The new video was stamped with the logo of the Mujahedeen Shura Council as well as the black flag logo of al-Zarqawi's al-Qaida in Iraq.

Al-Zarqawi has claimed responsibility for some of the bloodiest suicide bombings in Iraq since the 2003 fall of Saddam Hussein and for the beheadings and killings of at least 10 foreign hostages, including three Americans and a Briton.

The last time al-Zarqawi made a video was the 2004 beheading of American Nick Berg. In that one, al-Zarqawi's face was masked.

"He appeared to have a sense of mystique by never showing his face. In choosing to come out of the shadows, he may be changing tack," said London-based security consultant Charles Shoebridge.

Shoebridge, a former counterterrorism officer with London's Metropolitan police and a former British army officer, said the tape suggests al-Zarqawi is working to shore up his position within the insurgency.

Added Hiltermann: "Osama bin Laden is sitting somewhere in a cave, but al-Zarqawi is showing he is carrying out jihad in front of the world."

The tape was posted on the Internet two days after an audiotape of bin Laden appeared on Arab television. However, the al-Zarqawi tape is dated Friday, meaning it was made before bin Laden's was released.

In one scene in the tape, al-Zarqawi is pictured in a flat desert of dried, cracked mud with sprouts of vegetation similar to that in Iraq's western Anbar province. Although his whereabouts can't be definitively discerned, Binnie called it "extremely likely" al-Zarqawi was in Anbar or someplace close to it.

The United States has put a $25 million bounty on his head.

A Dagger To Al-Qaeda (WP)

The Washington Post, April 27, 2006

THE APPEARANCE of an al-Qaeda video on the Internet more often than not is a sign of good news in the war on terrorism. Tuesday's posting by Iraqi commander Abu Musab al-Zarqawi is the latest example: The 34-minute show by the newly unhooded extremist is in part a bid for advantage in factional feuding that has curtailed al-Qaeda's visibility and effectiveness. More important, the terrorist acknowledges that the agreement of Iraq's leading Shiite, Sunni and Kurdish parties on the country's first permanent postwar government last week was, as he bluntly put it, "a dagger in the heart." The Zarqawi movement has spent the past several years trying to ignite a sectarian war between Iraq's Sunnis and Shiites; the new "unity" government, if it takes hold, could be the turning point toward defeating that strategy.

Iraq's insurgents and terrorists are a long way from beaten, as the daily toll of killings tragically demonstrates. But the nominee for prime minister, Nouri al-Maliki, has made an encouraging start. Although he has yet to form a cabinet -- that may take another month -- Mr. Maliki was on Iraqi television Tuesday night appealing for national unity. Though he has been thought of as a relatively uncompromising Shiite partisan, Mr. Maliki promised to appoint nonsectarian ministers and said he believed the participation of "our Sunni brothers" in the government would "dry up the sources" of the insurgency. He appears focused on pragmatic results, saying his top priority after fostering national accord is increasing electricity supplies.

Another sign that this is good news was the appearance in Baghdad yesterday of Defense Secretary Donald H. Rumsfeld and Secretary of State Condoleezza Rice. President Bush was said to have ordered them to Iraq to boost the emerging new government and demonstrate the administration's intent "to correct our mistakes and do our part to make Iraq work," as one of Ms. Rice's aides put it. That's a good aim, and Mr. Maliki certainly deserves high-profile support. Still, a lingering question is whether Mr. Rumsfeld and Ms. Rice were in Iraq to revitalize the U.S. mission or to seize on a rare positive moment to inaugurate its retreat.

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The administration and U.S. commanders are clearly eager to find reasons to draw down troops from the current total of 132,500 by the fall. Both Mr. Rumsfeld and Gen. George W. Casey Jr. seized on the government breakthrough: "I'm still on my general timeline," Gen. Casey told reporters yesterday. Of course, if U.S. forces can be drawn down without damaging the new government or undermining its ability to fight the insurgency, that will be welcomed by both Americans and Iraqis. But so far Iraq's slow political progress has had no impact on the violence, which has been growing steadily worse. Before welcoming Iraq's new government by pulling out tens of thousands of soldiers, President Bush ought to carefully consider whether that is the best way to achieve the victory he says he seeks.

GIs Kill 13 In Raid On Iraq Safehouse (AP)

By Lee Keath

AP, April 26, 2006

U.S. troops backed by a helicopter and jets struck a suspected safehouse of foreign insurgents, killing 12 militants and a woman in a raid near the site where an American helicopter crashed, the U.S. military said Wednesday.

In Baghdad, a bomb ripped through a minibus carrying passengers to their Shiite neighborhood, killing four people, who were among at least 12 Iraqis killed in violence Wednesday. Police also found 11 bodies dumped in Baghdad and elsewhere, the apparent victims of sectarian killings.

The violence came as Shiite, Sunni and Kurdish politicians haggled over forming a new government aimed at stopping the bloodshed.

The new Sunni vice president, Tariq al-Hashimi, made a show of unity with his Kurdish and Shiite colleagues, calling for Iraq's insurgency to be put down by force.

Al-Hashimi shrugged off a videotape by Abu Musab al-Zarqawi in which the al-Qaida in Iraq leader tried to rally Sunni Arabs to fight the new government and denounced Sunnis who cooperate with it as "agents" of the Americans.

"I say, yes, we're agents. We're agents for Islam, for the oppressed. We have to defend the future of our people," al-Hashimi said at a news conference with President Jalal Talabani, a Kurd, and his fellow vice president, Shiite Adil Abdul-Mahdi.

"We believe that Iraq's interest now is to normalize the situation and maintain stability, as well as to impose security and peace by force," he said.

The three spoke after meeting with Secretary of State Condoleezza Rica and Defense Secretary Donald H. Rumsfeld, who made an unannounced visit to Iraq for talks on the new government.

U.S. officials are hoping Sunni participation in a national unity government led by Shiite Prime Minister Nouri al-Maliki will undermine the Sunni-led insurgency as well as reduce Shiite-Sunni violence that has flared in the past two months.

Coalition forces hit the suspected safehouse Tuesday in Youssifiyah, 12 miles south of Baghdad, near where a U.S. Apache helicopter crashed April 1. The U.S. command said the helicopter was believed to have been shot down.

The Mujahedeen Shura Council, purportedly a new umbrella organization that includes al-Qaida in Iraq and smaller insurgent groups, claimed responsibility for that attack, and Al-Jazeera TV aired footage provided by the insurgents which they claimed showed parts of the wreckage.

The U.S. military did not say whether the suspected militants killed in the raid were believed to have been involved in the helicopter crash. The area is part of the infamous "triangle of death" and scene of numerous ambushes against U.S. and Iraqi troops, foreigners and Shiite civilians.

According to the U.S. statement, intelligence led coalition forces to the safe house, and when they reached it they came under direct fire.

The soldiers fought back with the support of a coalition helicopter and jets, killing five militants outside the safe house, including one armed with a shoulder-fired rocket, and destroying the building, the U.S. military statement said.

A search of the wreckage found the bodies of seven heavily armed insurgents and an unidentified woman, the military said.

The troops also discovered suicide notes on one of the militants, explosives vests used by suicide bombers, hand grenades and ammunition, the statement said.

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In Baghdad on Wednesday, a bomb exploded aboard a minibus, killing four Iraqi passengers and wounding two, police said. The bomb, hidden in a shopping bag, exploded as the minibus was driving from the center of the capital to a Shiite neighborhood, said police Maj. Mahir Hamad.

Such privately owned minibuses are frequently used as public transport in the capital.

The bodies of five Iraqis who had been kidnapped and killed were found in Baghdad, and six bodies were discovered in Karbala, 50 miles south of the Iraqi capital, police said. All the Karbala victims had been shot in the right eye, said police.

In southwest Baghdad, police received a tip that two men were traveling in the area with explosives hidden beneath their clothes, said police Capt. Jamil Hussein. After a brief gunbattle, the explosives detonated, killing both men, he said.

In other violence, five roadside bombs, two mortars and an attack by gunmen killed two Iraqis and wounded 17, six of them policemen, authorities said.

A string of shootings in Baghdad on Wednesday evening killed six more Iraqis — including a Sunni cleric and an army officer whose home was stormed by gunmen.

That raised to 108 the number of Iraqi civilians or police who have been killed in insurgency- or sectarian-related violence since al-Maliki was tapped as Iraq's prime minister designate on Saturday and asked to form a national unity government.

Iraqis Building Makeshift Roadblocks (AP)

By Antonio Castaneda

AP, April 26, 2006

They're set up on roads all around the Iraqi capital, sometimes rusty car skeletons, washing machines or home appliances piled together, sometimes piles of garbage or dirt. Often a gunman or two keeps watch for any strangers.

Desperate to protect their homes from sectarian violence, Baghdad's residents have turned to makeshift roadblocks. In some areas, the majority of streets are blocked off or protected by homemade barriers that slow traffic.

Some barriers have been in place for over a year in both Shiite and Sunni neighborhoods. But many more have appeared since the Feb. 22 bombing of a Shiite shrine in Samarra that ignited a wave of sectarian violence and left the country struggling to defuse another crisis.

"They increased twofold after Samarra," said 1st Lt. Brian Murphy of Eastchester, N.Y., assigned to the 8th Squadron, 10th Cavalry Regiment, 4th Infantry Division. "They're everywhere, in Shiite neighborhoods, Sunni ones."

Some of the barriers are sophisticated, built in curved "serpentine" shapes that allow traffic to pass at a reduced speed. Residents said this would allow them to fire back at roaming militants trying to gun down pedestrians.

Gunmen "would be surrounded if they did anything. We would be happy if we could have more" road barriers, said Sheik Nassar Khazal, a neighborhood leader in a cluster of apartment buildings in the religiously mixed neighborhood of Dora in south Baghdad.

As he spoke, two neighborhood guards dressed in black quietly watched a passing U.S. patrol. U.S. soldiers have received reports that some of the guards are Shiite militiamen led by radical anti-American cleric Muqtada al-Sadr, whom Sunni leaders accuse of instigating much of the sectarian violence.

But some of the guards were thought to be Iraqis simply trying to protect their families as Iraqi troops remain overwhelmed by the insurgency. U.S. soldiers said some guards would quickly throw down their weapons as U.S. patrols approached, while other lookouts would keep their AK-47s in nearby homes.

In the wave of violence that has struck everything from elementary schools to marketplaces, the barriers have sprouted up around nearly every facility that could be a target.

"A lot of times they'll put them up in defense of their mosques or schools, or to slow down a (car bomb)," said 1st Lt. Chuck Williams of Laurel, Miss., assigned to the 2nd Battalion, 506th Regimental Combat Team, 101st Airborne Division. Some mosques in the area that Williams patrolled also had sandbagged rooftop positions.

American soldiers complained the barriers also had the unintended consequence of slowing down U.S. vehicles trying to catch insurgents or those responsible for sectarian killings.

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As U.S. soldiers picked up concertina wire along a street and told bystanders not to build any more barriers, one resident responded: "We want to protect our areas from Sunnis." Graffiti threatening Shiite residents was all along the street.

"Well, tell them it doesn't allow us to protect them. It takes forever to weave through this," said Sgt. Nolan Dawson of Boise, Idaho, speaking to an Iraqi interpreter. "They don't understand."

Some soldiers, however, sympathized with residents.

"If you're not from the area and you're looking to start trouble, you might look at the barriers and figure everyone is watching," said Murphy.

Many residents gave much thought to the barriers, unpredictably moving them around to confuse possible attackers — a tactic apparently adopted from U.S. soldiers who guard bases and outposts.

"Tonight there are no barriers (on this street). But tomorrow another patrol may come by and they'll have to zigzag through here," said Sgt. 1st Class Charles Ilaoa of Tafuna, American Samoa, assigned to the 8th Squadron.

In some poorer Shiite slums, the barriers were simple mounds of rubbish piled four feet high. Elsewhere, large concrete barriers — the type that surround U.S. bases — were lined up on the roads. Soldiers said Iraqi police and paramilitary commandos had even helped residents put some in place.

"You know people want to keep people away when they use the washing machines," said Ilaoa.

For now, residents said the barriers were here to stay, or at least until they felt safe again in front of their own homes.

"Some strangers' vehicles come into our neighborhood and do crimes, so we put this here," explained Hassan Iman Hashem, a smiling Shiite man who used dirt and concrete blocks to cut off the road in front of his home. His children milled around the barrier as they watched a U.S. Humvee climb around the mound.

Behind The Chaotic Battle Lines In Iraq (TIME)

By Micahel Ware

Time, April 26, 2006

When Baghdad's notorious Adhamiya district exploded in vicious gun battles last week, few were really surprised. The area, rich with former army, intelligence and secret police officers from Saddam's regime, had been trumpeted by the U.S. military as a former insurgent hot spot brought under control — a success story in the effort to hand over more of the responsibilities for keeping order to the Iraqis. Yet most on the ground knew that beneath the suburb's surface, trouble still brewed. U.S. military intelligence believed the town was still being used by the Ba'ath insurgents as a command headquarters and logistics base, and American officers suspected that Iraqi commanders they're allied with had struck an accord with the guerrilla leadership, promising not to interfere as long as their troops were not attacked.

But all that came apart in the early hours of April 17 when a two-day firefight between local insurgents on one side and Iraqi soldiers and American GIs on the other broke out. Though the encounter was minimized by top U.S. military officials, the battle appears to have been a more serious outbreak of sectarian violence, between well-organized units of the insurgency and what military sources suspect was a Shi'ite death squad linked to the U.S.-backed Iraqi government.

The basic facts of the battle are not in dispute. Some time between 1 a.m. and 3 a.m. on April 17 a well-known Iraqi army checkpoint at a prominent Adhamiya intersection came under intense fire from insurgent forces in the town. Other Iraqi units responded and a blazing battle ensued. American advisors from a Military Transition Team (MiTT) with the 101st Airborne, embedded within the battalion under attack, were called out and were soon fighting for their lives. A coalition quick-reaction force was summoned.

Though the severity of the battle was played down by official U.S. military spokesmen, officers on the ground tell a different story. "It lasted for about seven hours after we arrived, so the enemy was pretty determined. They did not just fade away," says the MiTT team chief Major Chuck Markos, whose men were hit with flurries of rocket propelled grenades and small arms fire. "It was significant." The exchanges lasted until shortly before lunch. By mid-day, the district was boarded up, bereft of traffic or life, but quiet. The next morning at about 6 a.m., hostilities started again, with several more hours of fighting before quiet finally returned. By week's end, the scene was tense but trouble free. Cars are back on the street, but many shops remain closed.

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The question is exactly what triggered this battle and who fought it. Sunni community leaders claim that local residents grabbed whatever weapons they had to defend their homes from a sectarian attack by Shi'ite militias in government uniforms. They say night guards, akin to an armed neighborhood watch, fired back at roaming gunmen strafing them as they stood watch. However, American officers say the men they ended up fighting weren't mere homeowners. They used the fire and movement techniques of trained soldiers. "These guys who stood and fought were not just neighborhood types," says Markos, a steely artillery officer from Chattanooga, Tenn. Intelligence officer Capt. Joshua Brandon notes that "a lot of [insurgent] command and logistics comes out of here" and that, along with posters for the locals who died in the fight, "we see lists of martyrs who were not local residents."

One of those insurgent fighters confirmed these suspicions in a clandestine interview with TIME. Abu Marwan, an insurgent footsoldier from the Ansar al-Sunnah network, said that once the fighting broke out, his cell, along with those from other guerrilla groups, was brought in from surrounding quarters as reinforcements. Adhamiya is a safe haven for any number of anti-American organizations, which share intelligence and weapons and coordinate their activities. According to insurgent sources, the groups agreed that only sparing attacks would be launched locally so as not to attract U.S. attention. American brigade commander Col. Thomas Vail says the district's concentration of working poor made it easy for insurgents to hide. "It was easy sanctuary," he says.

Abu Marwan and his cell arrived in the afternoon of the first day's fighting, he says, but there was a lull while they waited for a counterattack that night. His job was to help defend the Abu Hanifa mosque, he says, and when combat resumed the next morning that's what he did. "We heard they were coming," he says of the Iraqi troops, "so we took our positions and started shooting at them from near the mosque. We used PKC [machine guns], RPGs, grenades, everything." The men of the 101st Airborne's MiTT have no reason to doubt him. A U.S. soldier told TIME days later of how RPG rounds had whizzed past his humvee, with one sliding right under it.

Though the insurgents admit to attacking the checkpoint identified by the Americans as ground zero, they claim they did not start the battle. Local clerics, municipal officials, community leaders and the insurgents themselves all say the hostilities were started by a raid from a "death squad" backed by the Ministry of Interior (MOI) — carloads of men in MOI uniforms and irregular forces in civilian clothes who entered Adhamiya after passed through the Iraqi army checkpoints. Indeed, sources within one prominent Shi'ite militia say their men were part of the Adhamiya raid, which was targeting top insurgent leaders holed up in a building. A report prepared by the local council for the Iraqi army claims the men arrived in police and civilian cars and that another group of men in military uniforms attacked from a second direction. The report claims it took 90 minutes before the army units stationed in the area intervened. By then the battle was in full fury, and it was left for the American and Iraqi soldiers to bear the onslaught.

The death squad claims are not far-fetched. Maj. Markos told TIME his men have previously "encountered unauthorized MOI elements" in Adhamiya conducting illegal "snatch and grab type activities." He says, "The bottom line is I can't tell you definitely [what started last week's battle]. But nothing is black and white here and I would be lying to say the MOI is never here." He adds, "We're definitely going to look into" the charges of death-squad involvement. Intelligence officer Brandon admits the fusion of legitimate government forces with militia is a problem. "So many players are tied to the government and to armed militias, and a lot of the time the interests overlap," he says. Major General Rick Lynch sums it up: "We don't know what happened yet." With the Iraqis set to assume more control of the war, and with newly anointed Prime Minister Jawad al-Maliki calling for more militias to be integrated into government forces, the murky battle at Adhamiya could be a harbinger of more troubles to come.

Army Plans To Charge Abu Ghraib Officer (AP-Y2)

By Pauline Jelinek

AP2, April 26, 2006

The Army is planning to charge a colonel with criminal offenses in connection with the abuse of prisoners at the Abu Ghraib prison in Iraq, officials said Wednesday.

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Formal charges are expected next week against Lt. Col. Steven L. Jordan, which would make him the highest-ranking officer charged in the case, three defense officials said. They spoke only on condition of anonymity because Jordan had not yet been charged. They did not say specifically what the charges might be.

The abuse scandal broke in April 2004 when pictures of prisoner abuse were leaked to the news media. Prisoners had been beaten, sexually humiliated and forced to assume painful positions while being photographed.

Publication of the photos led to condemnation worldwide and triggered months of investigations, recriminations and a re-examination of U.S. policy on prisoners.

In Wednesday editions, The New York Times and The Washington Post quoted Jordan's former attorney Samuel Spitzberg as saying he expected the charges as early as this week. The lawyer said Jordan, a reservist who has remained on active duty for three years, is currently stationed in the Washington area.

Army spokesman Col. Joseph Curtin told The Associated Press on Tuesday that Jordan had not been charged. After any charges, the next step would be a preliminary hearing to determine whether a court-martial or other action was warranted.

Nearly a dozen soldiers have been convicted in connection with Abu Ghraib, many of them contending they were following orders aimed at preparing prisoners for interrogation. The U.S. military has also opened at least 400 investigations of prisoner abuse allegations.

Meanwhile, human rights groups said Wednesday that allegations of detainee abuse, torture and killings have now implicated at least 600 U.S. military and civilian personnel deployed to the wars in Iraq and Afghanistan, as well as to the Guantanamo Bay, Cuba, prison for terrorist suspects.

Those findings counter the Pentagon's assertion that Abu Ghraib was an aberration, according to a report compiled by the Center for Human Rights and Global Justice, Human Rights Watch and Human Rights First.

"Two years ago, U.S. officials said the abuses at Abu Ghraib were aberrations and that people who abused detainees would be brought to justice," said Meg Satterthwaite, a professor at the Center for Human Rights and Global Justice at New York University Law School.

"Our research shows that detainee abuses were widespread ... and few people have truly been brought to justice," she said in a statement.

In response to similar criticism over the past two years, Pentagon officials have defended the Defense Department's response to the Abu Ghraib abuse, calling it one of the most closely scrutinized matters in the history of the military.

The groups said they researched and analyzed tens of thousands of pages of government documents, interviews with witnesses and victims and previous Pentagon probes into the abuse.

"We've seen a series of halfhearted investigations and slaps on the wrist," said Tom Malinowski of Human Rights Watch. "The government seems more interested in managing the detainee abuse scandal than in addressing the underlying problems that caused it."

Hundreds Of Detainees Abused, Report Finds (KRT)

By Drew Brown

Knight Ridder, April 26, 2006

WASHINGTON - Three human rights groups said Wednesday that they had found credible evidence that U.S. troops and government civilians in Iraq, Afghanistan and Guantanamo Bay, Cuba, had abused, tortured or killed at least 460 detainees.

The researchers said they had found 330 cases of abuse and that only about half of them had been fully investigated, and one-third never were investigated or remained unresolved. The findings are in a report by New York University's Center for Human Rights and Global Justice, Human Rights First and Human Rights Watch.

At least 600 U.S. service members or civilians have been implicated in the cases of abuse. About 400 of them have been investigated, and only one-third of those who have been investigated have faced punishment of any kind, researchers said.

Also Wednesday, Army officials confirmed that criminal charges were being considered against Lt. Col. Steven L. Jordan for his role in the Abu Ghraib prison scandal. Col. Joe Curtin, an Army spokesman, said no decision had been made.

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Jordan is the former head of the interrogation center at Abu Ghraib. If he's charged, he would be the highest-ranking officer charged in a case of detainee abuse.

The report by the human rights groups is the first full independent accounting of credible allegations of torture and abuse at American detention facilities in Iraq, Afghanistan and the U.S. naval base at Guantanamo Bay, according to the researchers.

It shows that detainee abuse has been more widespread that government officials have admitted and the American military and other government agencies have made only limited attempts to investigate and punish those responsible, the rights groups charged.

"Our findings show that the abuses and torture revealed in the Abu Ghraib photos were not the isolated acts of individual soldiers," said Meg Satterwhite, the faculty director of the Center for Human Rights and Global Justice.

The Pentagon wouldn't address specific findings in the report. A spokesman said the Defense Department had investigated more than 600 allegations of abuse and had held more than 250 service members responsible.

Of the 12 major reviews of U.S. military detention operations that have been conducted, "none of them found that the department directed, sanctioned, encouraged or condoned abuse," said Lt. Col. Mark Ballesteros, a Pentagon spokesman.

"When there have been allegations of wrongdoing, they are taken seriously, investigated thoroughly and individuals are held accountable when appropriate," he said.

Tom Malinowski, the Washington advocacy director for Human Rights Watch, said recent interviews with troops suggested that detainee abuse was less widespread than it was two years ago. But he and other researchers said civilian and military leaders needed to send a strong message that abuse wouldn't be tolerated and would be punished.

The 27-page report was based primarily on government documents, interviews with witnesses and victims, military investigation reports, court documents, detainee accounts provided by attorneys, official military statements and news accounts.

It said the alleged abuses included assault, humiliation, sexual assault or abuse, and stress techniques.

According to the report:

-Fifty-four military service members have been convicted by courts-martial in prisoner abuse cases. Of these, 40 were sentenced to prison time. The average sentence was four months. Ten of those sentenced received terms of more than a year.

More important, according to the researchers, only three officers have been convicted by courts-martial for detainee abuse. The highest-ranking was a major. No officers have been held accountable for any criminal acts committed by troops under their command.

-Of the 20 civilians referred to the Justice Department for criminal prosecution in cases of abuse, only one - a contractor - has been indicted.

-Most of the punishments meted out have been administrative, such as reduction of rank, fines or temporary confinement to base.

The researchers charged that their findings illustrated a lack of accountability over detainee abuse throughout the military and the civilian chain of command.

View the report online at http://www.hrw.org/

Danger Attaches To Sunni Names (USAT)

By Rick Jervis And Zaid Sabah

USA Today, April 27, 2006

BAGHDAD — Omar Ali al-Dulaimi had always been proud of his first name. It's a strong, Sunni-sounding name that honors a seventh-century caliph and revered figure in Sunni Muslim history.

Last week, however, he paid $60 to get a fake ID card and become “Mohammed.” Lately, it's too dangerous to sound Sunni, he says.

“It's a form of stolen freedom,” says al-Dulaimi, 34, a mobile phone sales representative who lives in Baghdad with his wife and two young children. “But we need to be cautious. Each day I go to work, my family doesn't know if I'll return.”

DOJ_NMG_0026669

Iraqis in Baghdad named Omar or Othman — two of the most recognizable names identified with Sunni Islam — are getting fake IDs, changing their names legally in court, even teaching their young children to say more neutral-sounding names if asked, al-Dulaimi says.

Some names, such as Ali, Mohammed and Ahmed, are common among both Sunnis and Shiite Muslims. But Omar and Othman are linked mostly with Sunnis.

The rush to mask identities underscores the increased sectarian tensions in Iraq since February's bombing of a sacred Shiite mosque in Samarra. The attack led to reprisals by Shiite gunmen and continuing violence between Sunnis and Shiites.

Bullet-ridden bodies are regularly found around Baghdad. Some are victims of sectarian killings. Hussam al-Jubouri, a human rights officer with the Sunni Iraqi Islamic Party, says his office has counted 544 Sunnis killed since the bombing Feb. 22. Those numbers could not be independently verified.

"Many of them were named Omar, and others were killed because of their Sunni tribal names," he says. "Every day, there are 10 to 15 Sunnis killed."

Ali al-Obeidi had long been known to clients and friends as "Abu Omar," or "Father of Omar." It is common among Iraqis to take the name of one's eldest son in this fashion. But shortly after the shrine attack in Samarra, customers at his money-exchange shop in Baghdad's al-Khadra neighborhood stopped calling him Abu Omar. His 13-year-old son, Omar, was taunted at school for his name, al-Obeidi says.

He got scared after reading about Sunnis being targeted for their names, he says. So he took his son to the registry office downtown and had his name legally changed from Omar to the more neutral-sounding Samir.

"These problems did not exist before, but they will continue for years," al-Obeidi says. "I just needed to protect my son from future sectarian threats."

Gen. Ali Ghaleb, deputy interior minister for police affairs, acknowledges that some people are targeted because of their names and says it is not surprising that people would want to conceal their identities. "A human being has the right to protect himself by all means," he says. "Even our officers don't always carry their police IDs on them to protect themselves."

Omar and Othman represent two of the most revered figures in Sunni history: Omar Bin Al-Khattab and Othman Bin Affan, seventh-century caliphs revered by Sunnis but considered illegitimate by many Shiites.

Sunni Arabs represent about 20% of Iraq's 26 million people, but they have long dominated Iraq's ruling class. Shiites, about 60% of the population, were oppressed under Saddam Hussein, particularly after the Gulf War of 1991 when Kurds and Shiites unsuccessfully rose up against the regime.

In Baghdad and other parts of Iraq, secular Shiites and Sunnis have lived together for years. Some tribes or extended families have both Sunni and Shiite branches.

Al-Dulaimi says he first noticed targeted killings of Sunnis and Shiites last summer, about the time Shiites gained control of the Interior Ministry, which handles internal security. In July, his cousin, also a Sunni, was arrested in a raid in Baghdad's predominantly Sunni Adamiyah neighborhood and was never seen again, al-Dulaimi says.

After the Samarra bombing, the violence intensified. Shortly after the attack, he says, he and a friend were stopped at a police checkpoint in southwestern Baghdad on their way to work and made to show their identity cards. Commenting on their names and neighborhoods, the officers forced them out of their car and searched it for weapons, al-Dulaimi says. Though they had taken that route many times, they had never been searched or questioned, he says.

They were released, al-Dulaimi says, but he made up his mind to change his name. Many of his friends are doing the same, he says.

He says he doesn't expect improvement with the new government. "They've already planted the seeds of sectarian violence," he says. "It could never go back to how it was."

Six-Nation Bloc Plans Anti-Terror Maneuvers (WP)

By Edward Cody

The Washington Post, April 27, 2006

DOJ_NMG_0026670

BEIJING, April 26 -- China, Russia and four Central Asian nations announced Wednesday that they will hold joint anti-terrorism exercises next year, emphasizing a desire to balance U.S. military influence in Asia with stepped-up preparations of their own.

The regional security grouping, known as the Shanghai Cooperation Organization, includes Kazakhstan, Kyrgyzstan, Tajikistan and Uzbekistan. Its activities have centered mainly on guarding against cross-border threats to internal stability, particularly from militant Islamic groups.

Guo Boxiong, vice chairman of the Chinese Communist Party's Central Military Commission, said the plans for joint drills demonstrate the group's growing role in maintaining security in the region, the official New China News Agency said. He vowed that defense ministers from the six nations will work together to combat what China calls the "three forces" -- separatism, terrorism and extremism -- that threaten to provoke unrest in the area.

In a communique, the six nations said next year's exercises will be held in Russia. They did not detail what activities were planned. But the Russian defense minister, Sergei Ivanov, told reporters here that the exercises will be designed by a group of military and anti-terrorism experts to enhance regional security coordination and are not aimed at any third country.

In China's case, the threat has mainly come from Uighur separatists in the heavily Muslim Xinjiang autonomous region of western China. Through common Turkic languages and history, the estimated 8 million Uighur people have maintained ties to their Central Asian neighbors even as the region increasingly is populated by China's Han majority. As a result, Beijing is eager to cultivate influence with the governments of those nations, lest Uighur militants find support and encouragement from across the borders.

China also has a growing stake in maintaining a stable environment in Central Asia, which is a source of oil and gas for the energy-hungry Chinese economy. Although Russia traditionally has played a leading role in the region -- the nations of Central Asia were Soviet satellites -- Chinese diplomacy and trade have established a significant presence in recent years. The Shanghai Cooperation Organization was formally organized in 2001 under Chinese leadership.

The first joint anti-terrorism maneuvers by the group were held in 2003, although Uzbekistan did not participate. They included some exercises in the Xinjiang region.

Separately, China and Russia held bilateral military exercises last August. They were billed as a drill against ethnic unrest but also were interpreted as a demonstration that Beijing and Moscow want the United States to understand it is not the only guarantor of security in the region despite its dominant role since World War II.

Army Moving To Secure Data At Afghan Base (LAT)

By Julian E. Barnes, Times Staff Writer

The Los Angeles Times, April 27, 2006

After reports of thefts, the chief of staff says troops are being trained in the proper use and protection of computer memory drives.

WASHINGTON — The Army's chief of staff said Wednesday that he was frustrated by security lapses at Bagram air base in Afghanistan that led to the loss of potentially sensitive data, and that the military must learn how to be more careful with new technology.

Weeks after revelations that flash drives carrying sensitive and classified information have turned up for sale in a bazaar outside Bagram, Gen. Peter J. Schoomaker said the Army was trying to improve how soldiers used and secured flash drives.

"We have been working hard to educate the force to develop policies to make sure everyone understands what the vulnerabilities are," he said.

A market for used computer memory drives has sprung up outside the Bagram base. On April 10, The Times reported that drives being sold at a marketplace just outside the base gate contained documents and files labeled as secret. Although some of the information had been deleted, it was easily reconstructed with software available on the Internet.

Documents on some of the drives appeared to contain the names, photographs and telephone numbers of Afghan informants aiding U.S. forces.

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After the disclosure, the military began a criminal investigation and tightened security at the base. But last weekend, more drives with sensitive data were again being sold at the Bagram bazaar. One smuggler told The Times that he sold four memory drives to a local shopkeeper after a shift change Sunday afternoon.

At the request of military officials, The Times on Wednesday returned the flash drives it had purchased at the Bagram bazaar.

U.S. military officials have been vague about the steps they are taking to improve security practices in Afghanistan and throughout the armed forces.

The military is "making all attempts to protect the identities of people who are helping us to defeat the enemy," Col. Thomas Collins, a spokesman for the U.S. military in Afghanistan, wrote in an e-mail.

Collins and other officers familiar with the situation in Bagram said they believed the security improvements made after the first disclosures of stolen drives were working.

Schoomaker's comments came as members of Congress said this week that they wanted to learn more about what commanders were doing to stop the security lapses. Sen. Jack Reed, a Rhode Island Democrat and a member of the Senate Armed Services Committee, said it was disconcerting to learn information was still being stolen, even after the original security crackdown by the military.

"I have to be concerned," he said. "It seems that materials of varying degrees of sensitivity are being pilfered from the base and sold in the markets of Bagram."

Lawmakers say they are having difficulty assessing the extent of potential damage from the sale of the drives from Bagram, which houses a detention and interrogation center for terrorism suspects flown in from around the world.

Reed said he was waiting to hear more from the military about the steps officials were taking to protect Afghans who had been aiding U.S. forces.

Rep. Vic Snyder (D-Ark.), a member of the House Armed Services Committee, said the thefts had shown the Army one of the "perils of modern warfare."

"The more you are dependent on computers, the more you are at risk of some of the hazards of computers," he said. "You can really have a lot of stuff walk off in something just 3 inches by an inch [long]."

Flash memory drives, also called thumb drives or jump drives, are as common in the military as they are in civilian life. Soldiers are supposed to treat drives that hold classified information as sensitively as a file folder marked "top secret."

Last year, the Army formed an organization called the OpSec Support Element, which has been assigned to renew attention on security. Army officials said that Schoomaker had begun pushing for a new emphasis on operational security, particularly with electronic data.

Speaking at a breakfast meeting of defense writers on Wednesday, Schoomaker said it was not realistic to stop using technology such as flash drives.

"Cellphones, cellphones that take pictures, all of this stuff including things like thumb drives and flash drives, these are great innovations," he said. "But they have tremendous liabilities."

The general, who is known for occasional folksy metaphors, suggested the military must learn to be more careful with what it puts on the drives, and where the drives are left. "You don't put the family cat," he said, "into the microwave."

Reed, who visited Afghanistan in January, said the military was trying to balance security with economic development. Keeping Afghans off the base would cut them off from an important source of jobs, he said. Nevertheless, Reed said the command needed to find a way to prevent loss of military secrets.

"You have this impetus to employ indigenous workers," Reed said. "But then you have the problem if some of them are engaging in theft. That poses a dilemma. And that is the situation we face right now."

Suit Claims Illegal Use Of Recruitment Database (AP)

AP, April 27, 2006

NEW YORK (AP) -- The Defense Department is violating the privacy of millions of high school students nationwide with a detailed database it uses for military recruitment, a federal lawsuit filed Monday claims.

The New York Civil Liberties Union sued on behalf of six high schoolers, saying the department is ignoring privacy rules set by Congress regarding the collection and distribution of students' personal information.

Military officials have said they have about 30 million names in the database. The Pentagon said last year the list includes high school students ages 16-18 and college students, and includes such information as the students' Social Security numbers, gender and race.

Hope Reichbach, a 17-year-old senior at Hunter College High School in Manhattan and a plaintiff, said she contacted the NYCLU after she had tried unsuccessfully to get her name removed from lists and databases that she said subjected her to repeated phone calls from military recruiters.

"I want them to leave me and other students alone," Reichbach said.

The department is flouting a 1982 military recruitment law that specifies that it refrain from collecting information on students under 17, that it store the information for no more than three years and that the information be kept private, the lawsuit said.

The current database includes information on 16-year-olds, is storing the information for five years and is being shared with law enforcement and other agencies, the lawsuit said.

Megan Gaffney, a spokesman for the U.S. Attorney's office, declined to comment on the lawsuit Monday.

The plaintiffs are six 16- and 17-year-old students who don't know if they are included in the database, but who object to it, lawyers said.

"Our clients don't wish to join the military," said Corey Stoughton, an NYCLU attorney. "And they don't want their genders, ethnicities and social security numbers collected and distributed."

DOJ:

Gang Activity Brings Attorney General To Tampa (TAMPTRIB)

By Anthony McCartney

Tampa Tribune, April 27, 2006

TAMPA â€“ Saying gangs represent a threat to the â€œAmerican dream,â€• U.S. Attorney General Alberto Gonzales announced a $2.5 million grant to combat the spread of gangs in Hillsborough County.

Gonzales spent about half a day in Tampa and Hillsborough County, touring the site of a suspected gang shooting that killed two people in February and the shooting of a deputy with a BB gun days later.

But Gonzalesâ€™ tour of Tampa and northwest Hillsborough County touched on numerous other topics, including opportunity, education and immigration.

He spoke to a group of students at Leto High School, who he said were curious about his security detail, immigration and whether he had any presidential ambitions. (He didnâ€™t indicate any to a group of reporters later.)

During the session, Gonzales said he sought to draw parallels between the studentsâ€™ lives and his own. â€œTheir high school looked like my high school,â€• he said.

Gonzales acknowledged that the Tampa Bay area is not a hub of gang activity that other cities awarded the grant are, but said even one gang member poses a threat to the community.

â€œOne gang member represents a productive member of society â€¦ who may be lost,â€• Gonzales said.

He said the county presented the Department of Justice a thorough and â€œâ€•well-thought-out planâ€• that would prevent further gang encroachment.

The other areas awarded Justice Department grants were Los Angeles, Dallas-Forth Worth, Milwaukee, Cleveland and a corridor that stretches from Easton to Lancaster, Pa.

Gonzales said the $2.5 million would be divided this way: $1 million for education programs, $1 million for enforcement and $500,000 to try to prevent suspected gang members who are arrested or convicted from returning to a life of crime.

US Attorney General Says Tampa Will Get Money To Combat Gang Activity (WUSF)

By VALERIE INGRAM

WUSF AM , Tampa, April 27, 2006

US Attorney General Alberto Gonzales TAMPA (2006-04-26) Tampa is one of six U.S. cities receiving a $2.5-million grant from the Department of Justice. Earlier this year two former Leto High School students were killed during a gang related gun battle in Town and Country.

U.S. Attorney General Alberto Gonzales visited the school and spoke with students like 17 year old Saed El-Hadri.

SAED: He talked about gang related things around our neighborhood and how we needed to stay in school and don't be associated with gangs cause you won't go notwhere in life.

Gonzales also met with local law enforcement and community leaders.

GONZALES: My general impression is that people understand that they want to focus on this as an issue and they've developed a good plan to deal with it, so I'm optimistic that working together we'll see success here in dealing with this issue.

He says the anti gang grant will be used on education, law enforcement and community re-integration programs for former felons.

Heaton Picked For U.S. Attorney (SSJR)

By BERNARD SCHOENBURG, POLITICAL WRITER

Springfield (IL) State Journal-Register, April 27, 2006

Bush sticks with interim holder of the position

Rodger Heaton, interim U.S. attorney for the Central District of Illinois, is President Bush's choice to continue as the top prosecutor in the region, The State Journal-Register has learned.

"The White House has made the decision," according to a local Republican source.

Copley News Service reported last week that the three people whose names had been forwarded to the White House by House Speaker Dennis Hastert and GOP congressional colleagues were: Heaton; Darin LaHood, the son of U.S. Rep. Ray LaHood, R-Peoria; and John Michelich, an Auburn native who works for the U.S. Department of Justice.

A White House spokesman said Tuesday that no decision on the prosecutor has been announced. Senate confirmation is required.

The U.S. attorney for the 46-county central region oversees prosecution of federal crimes in the area.

Sharon Paul, spokeswoman for the U.S. attorney's office in Springfield, said Heaton considers it a privilege to be serving in his current position. He is "hopeful he'll be nominated, but as yet he hasn't been notified of any decision," she said Tuesday.

Heaton, 46, was appointed to the interim post as of Dec. 1 by Attorney General Alberto Gonzales. Heaton replaced U.S. Attorney Jan Paul Miller, who took a job with a St. Louis law firm.

Heaton began his career as a federal prosecutor in Indianapolis in 1989 before transferring to the U.S. attorney's office in central Illinois. He was an assistant U.S. attorney from July 1990 to December 2000. From January 2001 to April 2003, he was a litigation partner with Kirkland & Ellis in Chicago. He returned to the federal prosecutor's office in May 2003 as chief of the civil division.

From September 1997 to July 1998, he was assigned to help independent counsel Kenneth Starr in the Whitewater investigation. In that capacity, he handled the tax-evasion prosecution of former Arkansas Gov. Jim Guy Tucker, who resigned his office.

Also in 1997, Heaton was a prosecutor in the case of Management Services of Illinois, in which a jury in Springfield found the company, a co-owner and a former state Department of Public Aid administrator guilty of mail fraud and bribery.

Heaton has been an adjunct professor at the University of Illinois College of Law, where he taught courses in white-collar crime. He was on the Rochester School Board from 1995 to 1999.

Darin LaHood recently moved to Peoria from Las Vegas, where he was lead terrorism prosecutor. He now works in the law firm of Miller, Hall and Triggs.

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Michelich has worked in a variety of roles with the Department of Justice since 1988, including time in The Hague, helping with investigation and prosecution of war crimes in the former Yugoslavia. He is a former assistant state's attorney in Sangamon County.

State Sen. Rick Winkel, R-Urbana, was also a candidate for the job. And Kent Gray, chairman of the Lincoln Land Community College board and an attorney with the Springfield firm of Giffin, Winning, Cohen & Bodewes, said Tuesday that he, too, applied for the job and was interviewed by Hastert and others in Washington.

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Justice To Make Case Management More Inclusive (GCN)

By Jason Miller, GCN Staff

Government Computer News, April 27, 2006

While the Justice Department was bogged down in awarding a $305 million contract for its do-over case management system called Sentinel, the Line of Business Consolidation initiative for a similar effort was treading water.

But with Sentinel awarded earlier this year to Lockheed Martin Corp., the Office of Management and Budget is pushing Justice to include all agencies under the LOB umbrella.

For litigation case management, Justice, which completed the target architecture in fiscal 2005, now will work with any agency that is involved with litigation, according to an administration official familiar with the LOB.

These agencies include the Environmental Protection Agency, IRS, Securities and Exchange Commission and many more.

“We know it’s more than just the Justice Department and we want to make sure whoever is going forward with a litigation system either builds onto or adds to the Justice system,” the official said. “If we are going to build many times, we want to use a similar architecture so the systems can share information and components easily.”

Justice and OMB held a meeting last week to develop the plan with new LOB program manger Paul Garrett, who took over for Price Roe in March.

For the federal investigative case management system, the second piece of the LOB—of which Sentinel is one part—the official said the goal is to get Justice, the Homeland Security Department and any other agency that does investigations to work more closely together. Justice also developed the target architecture for the case management system and held an industry day last fall.

CORPORATE SCANDALS:

Prosecutors Get First Shot At Lay (WSJ)

By John R. Emshwiller And Gary McWilliams

The Wall Street Journal, April 27, 2006

HOUSTON -- Under hard questioning by a federal prosecutor, former Enron Corp. Chairman Kenneth Lay1 admitted that he probably violated the company's code of ethics and had to fend off accusations of hypocrisy and attempted witness tampering.

The confrontation with prosecutor John Hueston came as the government began its questioning after Mr. Lay spent nearly three days testifying in his own defense. The two men clashed sharply as Mr. Hueston pushed to ruffle the usually affable Mr. Lay.

The witness angrily denied Mr. Hueston's allegations that calls he made as recently as this month to potential trial witnesses were attempts to improperly influence them to agree with his version of events. "You are distorting the phrase 'in agreement with my story,' " Mr. Lay shot back, adding that, "I don't have a story." Mr. Lay said he made the calls to educate himself and confirm his own recollections of events.

The possible ethics-code violation concerned a $120,000 investment Mr. Lay made in a private Internet company called PhotoFete.com Inc. The PhotoFete issue first arose during the testimony of Mr. Lay's co-defendant, Jeffrey Skilling2, who had made about a $160,000 investment in the firm, which did about $450,000 of business with Enron. Messrs. Lay and Skilling were supposed to notify Enron's board about the potential conflict of interest.

The government has accused the two of allowing former Enron Chief Financial Officer Andrew Fastow3 to run conflict-laden private partnerships that helped manipulate company results. However, neither defendant is charged with wrongdoing in connection with PhotoFete or approaches to potential witnesses.

Mr. Hueston also attempted to portray Mr. Lay as a hypocrite. The prosecutor said that Mr. Lay stood by as one of his attorneys, outside the courthouse, disparaged a government witness, former Enron Treasurer Ben Glisan4 Jr., as a "monkey." (The attorney's full phrase was "performing monkey.") Mr. Hueston asked whether Mr. Lay later approached the witness in private and offered him sympathy. "One message for the outside world and one message for the inside world," said the prosecutor.

Mr. Lay said he was merely trying to comfort Mr. Glisan in a tough situation. Mr. Hueston shot back, "You made him feel better by calling him a monkey?" Mr. Lay said he didn't recall what his attorney said. "I can't take full responsibility for what my lawyers say or do," he added.

Under questioning by his own attorney, Mr. Lay defended his decision not to disclose in 2001 that he cashed in some $70 million of Enron stock. He said such disclosure wasn't required and that such news "would not have been a positive event in the marketplace." Mr. Lay isn't accused of insider trading, but has received much public criticism for cashing in the stock before Enron's December 2001 bankruptcy filing.

Prosecutors contend that Mr. Lay misled Enron employees in September 2001 about the transactions. Mr. Lay said he didn't mention cashing in his shares because he viewed them as "forced sales" and "not indicative of my optimism in Enron." Mr. Lay said he cashed in the stock only to meet pressing margin calls on personal loans.

To charges that he misled the public in 2001, Mr. Lay said that he relied in good faith on a variety of accountants, lawyers and company subordinates when he made upbeat statements about Enron.

Enron Founder's Testimony Is Fiery (WP)

By Carrie Johnson

The Washington Post, April 27, 2006

HOUSTON, April 26 -- A federal prosecutor accused Enron Corp. founder Kenneth L. Lay of trying to influence the testimony of witnesses in Lay's fraud trial and blasted him for failing to disclose a conflict of interest in the scorching start to his cross-examination Wednesday.

Lay, 64, grew furious at the government attack, pointing his finger and answering questions from Assistant U.S. Attorney John C. Hueston in an increasingly aggressive tone.

Hueston began his presentation by throwing back at Lay a quote from his own lawyer's opening statement three months ago: "By our deeds we are known." The prosecutor followed up with unrelenting questions designed to cast doubt on actions Lay took before the energy trader hurtled into bankruptcy protection in December 2001.

Government lawyers contend that Lay misrepresented Enron's health in a series of public statements to employees and investors in its waning months -- accusations that Lay, who once stood at the center of Houston society and hobnobbed with the Bush family, denied vehemently as a form of character assassination.

Hueston also presented quotes from one of Lay's defense lawyers, who told reporters earlier in the trial that former Enron treasurer Ben F. Glisan Jr. was "a performing monkey" who "contradicted the theory of intelligent design." Glisan, who pleaded guilty and is serving a five-year prison sentence, testified that he informed Lay about Enron's dire financial problems, providing some of the most potentially damaging testimony against him.

"Did you engage in character assassination of witnesses?" the prosecutor asked.

Lay replied sharply, "Are you considering yourself? I just want to make sure I understand who's on that list."

Hueston, who has drawn Lay's ire for years as the main investigator in the case against him, shot back: "Mr. Lay, I'm an assistant U.S. attorney. This is my job. You may call me anything you want."

A clutch of Lay's relatives and friends, including his pastor, spilled over into a second bench of the courtroom Wednesday, and spectators vied for a better view of what could be the pivotal moment in a case that launched an era of business scandals. How the eight-woman, four-man jury assesses the credibility of Lay and his fellow defendant, Jeffrey K. Skilling, who finished his

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own testimony last week, could be a decisive factor in its verdict. Both Lay and Skilling, 52, face more than a decade behind bars if they are convicted.

Hueston asserted that Lay had placed several phone calls to friends at Goldman Sachs Group Inc. in the course of the trial, seeking to find witnesses who would discredit the account of a Sept. 6, 2001, meeting given by former finance chief Andrew S. Fastow, one of the government's key witnesses. The prosecutor also claimed Lay had tried to reach another witness, risk analyst Vincent J. Kaminski, through an intermediary just days before he began his testimony. Lay said he "did not recall" whether Kaminski was a likely government witness, even though his name appeared on lists provided to the defense.

"You were trying to recruit people to say what you wanted them to say," Hueston charged. Lay retorted that he didn't have a "story" he was trying to get straight, as prosecutors claimed.

The prosecutor noted that Lay, who resumed day-to-day control of Enron after Skilling resigned abruptly in August 2001, received frequent updates on the company's finances. Lay said he did not recall those documents, partly because he said he depended on Skilling to notify him about trouble spots. Lay also said he performed only brief reviews of securities filings and scripts of presentations to investment analysts, an issue the government is likely to revisit.

Hueston also asserted that Lay violated the company's code of ethics by not disclosing to the board of directors his $120,000 personal investment in Photofete Inc., an online photography company that won about $400,000 in contracts from Enron. Lay said he had "forgotten about this investment altogether" until prosecutors used it against Skilling, who also invested in the company, in cross-examination last week. Lay conceded that he did not get board approval for his investment, which he characterized as small.

The afternoon's verbal fireworks stood in stark contrast to Lay's 2 1/2 days of more deferential direct questioning by defense lawyer George "Mac" Secrest. Lay, who has called himself a decentralized manager, repeatedly interrupted his own lawyer to correct him on minor points and to offer extended lectures about business issues, even as jurors' attention wandered and they failed to respond to his jokes. The defense drew emphatic warnings from the judge this week to accelerate the pace and focus on relevant information.

Hueston, who is likely to continue questioning Lay into next week, has yet to focus in depth on one of the most inflammatory issues in the case: Lay's use of an Enron credit line to sell $77 million worth of stock back to the company in its final weeks.

Earlier Wednesday, jurors heard Lay talk about mounting financial pressures as banks sought to call in tens of millions of dollars in loans he used to buy stock. Lay testified he could not unload his $4 million Houston penthouse; three Aspen, Colo., homes; and properties in Galveston, Tex., quickly enough, leading him into "forced sales" of stock back to the company in late 2001. Lay said he received advice that the sales comported with the law, and his lawyer pointed out twice that he had not been charged with insider trading. He testified that he had tried to reach a settlement over the $7.5 million he still owed Enron but added in an impassioned tone, "it was not finalized because John Hueston blocked that deal."

Even so, the sales could prove inflammatory, as underscored by a loud whisper by one spectator to his wife when the numbers were unveiled. "Seventy-seven million dollars!" he exclaimed.

On a positive note for Lay, the judge indicated that he is likely to reject a government proposal to argue that Lay engaged in a pattern of turning a blind eye to trouble, based on a 1987 trading scandal in Enron's New York operations. Also Wednesday, jurors unanimously agreed to extend court hours after the judge warned them the case was likely to eat up at least three more weeks. The jurors used the words "bear hug" to describe their decision, a joking reference to illegal, unwritten agreements prosecutors say Enron insiders employed.

Lay Loses His Cool On Stand (NYT)

By Alexei Barrionuevo And Simon Romero

The New York Times, April 27, 2006

HOUSTON, April 26 — After waiting 13 weeks to respond to his accusers, Kenneth L. Lay lost his legendary cool on the witness stand Wednesday.

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Just minutes into his cross-examination by a prosecutor, John Hueston, Mr. Lay, Enron's founder and former chief executive, testily accused Mr. Hueston of personally preventing him from repaying a company credit line Mr. Lay had used to shore up his personal finances.

"Mr. Hueston, you know you blocked it," Mr. Lay said, his voice booming. "It's a simple answer."

Mr. Lay also struggled Wednesday to restrain his agitation when Mr. Hueston suggested that Mr. Lay had tried to tamper with potential government witnesses.

Before he took the stand, a number of legal experts had predicted that Mr. Lay would use the same folksy charm he employed during his heyday as the public face of Enron to seek to win over the 12 jurors deciding his fate in the criminal fraud trial here. But during his three days so far as a witness, Mr. Lay has found it harder and harder to maintain a kindly grandfatherly image.

Instead, Mr. Lay, 64, has become increasingly agitated, at times reacting impatiently even to his own lawyer, George McCall Secrest Jr., and lashing out at what Mr. Lay portrayed as a cabal of former Enron executives, investors and journalists whom he repeatedly blamed for the company's downfall in late 2001.

The contrast to his fellow defendant, Jeffrey K. Skilling, was particularly striking. Despite a much harsher reputation for arrogance, Mr. Skilling, in his two weeks on the stand, generally maintained his composure with only a few exceptions.

In the first 90 minutes of a cross-examination that is expected to continue at least to Monday, Mr. Lay also found himself on the defensive over a matter that tripped up Mr. Skilling as well. Mr. Lay acknowledged that he had violated Enron's code of ethics by investing $120,000 in Photofête, the same photo-sharing company that Mr. Skilling had supported, in part because it was run by Mr. Skilling's girlfriend at the time.

In testimony critical to his defense, Mr. Lay also insisted on Wednesday that he borrowed $77.5 million from Enron in the months before it collapsed to pay personal bank debts, not because he knew that the company was about to implode. Mr. Lay was under pressure to repay the loans from banks, which were issuing margin calls because of Enron's falling stock price. The margin calls required Mr. Lay to pay his debt in cash or face the prospect that the banks would sell the Enron shares he was using as collateral. He was seeking to counter government suggestions that his stock sales showed he knew Enron had serious problems.

Mr. Lay said Wednesday that he was "fighting off bankruptcy myself" at the time.

Mr. Lay boiled over even before Mr. Hueston began his cross-examination Wednesday. In a long discussion of his deteriorating personal financial situation, Mr. Lay lashed out when questioned by Mr. Secrest about efforts Mr. Lay said he had made to repay several million dollars owed on an Enron credit line.

Mr. Lay testified that he used the final $1 million he borrowed from the line, which was backed by his Enron shares, to pay the mortgage on his $4 million Houston condominium. At the time plaintiffs' lawyers were seeking to freeze the assets of Enron executives and, Mr. Lay said, he was concerned that he would be "left without a place to live." Mr. Lay said he tried to work out a deal with Enron's creditors after the company declared bankruptcy. When asked by Mr. Secrest why a deal was not consummated, Mr. Lay nearly jumped out of the witness box.

"It was not finished because John Hueston blocked that deal," he said loudly as he pointed with an outstretched arm at Mr. Hueston.

When Mr. Hueston took over, he challenged Mr. Lay over whether he had ever repaid the last $7.5 million he owed on the Enron credit line, evoking a response that it was the prosecutor himself who had prevented him from paying the debt.

When Mr. Hueston pressed, Mr. Lay retorted: "Mr. Hueston, when I was sworn in here it was to tell the whole truth, not just in part."

Mr. Hueston then drew Mr. Lay's ire by asking him about efforts to reach out to potential government witnesses and what the prosecutor described as "character assassination" of government witnesses.

Mr. Lay, his voice rising, responded, "Are you considering yourself?"

Mr. Hueston questioned Mr. Lay about comments by Mr. Lay's lawyers, who described the former Enron treasurer, Ben F. Glisan Jr., as a "monkey" and a "liar" to reporters after Mr. Glisan testified last month about fraudulent activities at Enron. "I can't take full responsibility for what my attorneys do," Mr. Lay said.

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Mr. Lay acknowledged that he had tried to meet with some of the witnesses against him, including Vincent J. Kaminski, the former Enron risk management specialist. Under questioning, Mr. Lay said he sought Mr. Kaminski out in a bid to arrange a private chat over coffee just nine days before he testified in the government's case.

Mr. Hueston also suggested that Mr. Lay was trying to tamper with a witness when he spoke with an executive and longtime friend in the Houston office of Goldman Sachs, which was one of Enron's most prominent former investment banks. Mr. Hueston asked whether Mr. Lay was trying to "recruit people" at the bank to convey Mr. Lay's version of events in the trial, a suggestion that Mr. Lay angrily denied.

Earlier Wednesday, Mr. Lay described the deterioration of his personal finances, saying his net worth had dwindled to "about a quarter of a million dollars negative." Mr. Lay earned $223 million in total compensation from 1999 to 2001 but was $100 million in debt by early 2001, he said.

"Where does $100 million go?" Mr. Secrest asked.

Mr. Lay said he was forced to sell his three homes in Aspen, Colo., and three others in Galveston, Tex., to pay legal fees and other debts. What remains are his Houston condominium and three cars. But he acknowledged that he had lived very well for a long time.

"Happily," he said, "we achieved the American dream."

That comment drew a muffled laugh from a spectator in the courtroom, which was packed with ordinary Houston citizens on Wednesday.

Mr. Lay said his investment advisers and his wife had urged him to diversify his holdings — roughly 80 percent of his net worth was tied up in Enron shares or stock options. "But very simply," he testified, "I had great confidence in Enron and Enron stock."

Lay Denies Accusation Of Witness Tampering In Enron Trial (FINDLAW/AP)

By Kristen Hays, Ap Business Writer

AP, April 27, 2006

(AP) - HOUSTON-Enron Corp. founder Kenneth Lay dropped his affable persona as his cross-examination began Wednesday, snarling at a prosecutor who accused him of witness tampering when Lay called several potential witnesses during his fraud and conspiracy trial.

Jurors who had been listening impassively snapped to attention.

"Did you have any conversations to get your story straight for trial?" asked prosecutor John Hueston.

"Can you elaborate on that Mr. Hueston?" Lay shot back. "I'm not sure what story you're talking about."

The prosecutor noted that Lay called two Goldman Sachs & Co. executives during the trial regarding a September 2001 meeting about Enron.

Former Enron Chief Financial Officer Andrew Fastow - whom Lay has dubbed a traitor, liar and crook - testified that he and Lay met with the executives to discuss restructuring Enron at the same time Lay was telling employees and reporters that the company was sound. Lay says the executives called the meeting to discuss Enron's vulnerability to a takeover.

Lay said he called the executives in March - the same month Fastow testified - but he said he did not try to align their memories of the meeting with his.

"I was trying to make sure some facts I had about a meeting we had in the fall of 2001 was right. I was just trying to make sure that all of my facts were as accurate as they could be," he declared, noting further that Fastow "gave a fake version of that meeting."

Hueston noted that Goldman Sachs attorneys warned Lay to stop calling the executives directly, a fact to which Lay glumly replied, "Uh, yeah."

Lay, known in Houston for his avuncular, polite persona and who frequently headlined charity events, shed any pretenses to his usual diplomacy when faced with the prosecutor who secured his indictment in July 2004. Lay's visible anger and Hueston's rapid-fire questioning produced an electricity that has been absent from the trial, even during almost eight days of testimony from his far scrappier co-defendant, former Chief Executive Jeffrey Skilling.

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After a short afternoon break, Lay appeared to calm down.

Lay also acknowledged he tried to contact Vince Kaminski, a former top risk analyst for Enron, nine days before Kaminski testified for the prosecution. Kaminski told jurors he got a cold reaction when he told Lay and other executives in October 2001 that Enron needed to "come clean" on questionable financial structures in the weeks before it crashed into bankruptcy proceedings.

"I was trying to reach Vince Kaminski a long time ago before I even knew he would testify. I was trying to reconnect with Vince, to talk to him about some issues I wanted to talk to him about," Lay said.

Kaminski has been on the prosecution's witness list since the government released its first version in November. Lay acknowledged trying to reach Kaminski March 6 through one of his colleagues. He did not say, nor did Hueston ask, whether he reached Kaminski.

Lay recalled that he has said he endured some character assassination. Hueston asked if he had engaged in character assassination of others during the trial.

"Are you considering yourself in that league?" the ex-chairman said slyly.

"I am a United States attorney. This is my job, and you can call me anything you want," Hueston retorted. He then pressed Lay on whether he denounced former Enron Treasurer Ben Glisan Jr. as he testified for the government that he warned Lay the company was in dire straits throughout the fall of 2001.

"I don't recall what I said," Lay said. "I do think Mr. Glisan lied."

During Glisan's testimony, Lay told reporters, "I've never heard so many lies in one day in my whole life."

Lay then acknowledged that he approached Glisan near a bathroom and a witness area during a break in the ex-treasurer's testimony and tried to soothe him.

Lay said Wednesday he thought Glisan, who is serving a prison term for creating one of the structures Kaminski complained about, has been under "enormous pressure" from federal prosecutors.

The ex-chairman also snapped, "I can't take full responsibility for what my lawyers say and do" when Hueston asked about lead Lay lawyer Michael Ramsey calling Glisan a "monkey." Ramsey has been absent from the trial since early April, recovering from cardiac procedures.

Under questioning earlier in the day from defense lawyer George Secrest, Lay insisted he borrowed $77.5 million (â,¬62.37 million) from Enron in the months before the company imploded to pay personal debt - not because he knew disaster loomed.

Prosecutors have highlighted through witnesses that Lay, 64, repaid $70 million (â,¬56.34 million) of those company loans with Enron stock. But the ex-chairman didn't tell employees or investors about that activity even as he encouraged workers to buy more shares two months before the energy giant sought bankruptcy protection in December 2001.

Lay told jurors he tried to repay the rest, but Hueston blocked him from doing so shortly before he was indicted.

Hueston took up that mantle.

"As of today, you have not repaid one dime of the principle loan of that $7.5 million (â,¬6.04 million) ?" Hueston asked.

"We tried and you blocked it," Lay snapped, adding later, "Mr. Hueston, you know you blocked it" - though he didn't explain how.

"It's a simple question," Hueston pressed.

"It's a simple answer," Lay retorted. "Mr. Hueston, when I was sworn in here, I swore to tell the truth and the whole truth, not the partial truth."

Lay faces six counts of fraud and conspiracy from when he reprised the role of CEO following Skilling's abrupt resignation in mid-August 2001. Skilling faces 28 counts of fraud, conspiracy, insider trading and lying to auditors related to his activities from 1999 to 2001.

Once jurors in the Lay-Skilling case begin deliberating, Lay faces a trial without a jury before Lake on bank fraud charges for allegedly reneging on an agreement with banks not to use $75 million (â,¬60.36 million) in loans to buy Enron stock on margin.

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CRIMINAL LAW:

Rove Testifies 5th Time On Leak (WP)

By Jim Vandehei

The Washington Post, April 27, 2006

White House Deputy Chief of Staff Karl Rove sought to convince a federal grand jury yesterday that he did not provide false statements in the CIA leak case, testifying for more than three hours before leaving a federal courthouse unsure whether he would be indicted, according to a source close to the presidential aide.

In his fifth appearance before the grand jury, Rove spent considerable time arguing that it would have been foolish for him to knowingly mislead investigators about his role in the disclosure of the identity of undercover CIA officer Valerie Plame to the media, the source said. His grand jury appearance, which was kept secret even from Rove's closest White House colleagues until shortly before he went to court yesterday, suggests that prosecutor Patrick J. Fitzgerald remains keenly interested in Rove's role in the case.

Rove for the first time partly waived his attorney-client privilege to detail conversations he had with his attorney, Robert Luskin, about the leak and his knowledge of it, the source said.

Rove's testimony focused almost exclusively on his conversation about Plame with Time magazine reporter Matthew Cooper in 2003 and whether the top aide later tried to conceal it, the source said. Rove testified, in essence, that "it would have been a suicide mission" to "deliberately lie" about his conversation with Cooper because he knew beforehand that it eventually would be revealed, the source said. Lawyers involved in the case said yesterday that they expect a decision on Rove's fate soon.

The source's account could not be corroborated by the prosecutor's office, which has declined to discuss the case.

Luskin said in a statement that the top Bush strategist testified "voluntarily and unconditionally" at Fitzgerald's behest.

"In connection with this appearance, the special counsel has advised Mr. Rove that he is not a target of the investigation," Luskin said in a statement. "Mr. Fitzgerald has affirmed that he has made no decision concerning charges." Regarding Rove's testimony, Luskin said that it centered on information that has surfaced since he last testified, in October 2005. A spokesman for Fitzgerald declined to comment on the case.

The leak investigation, which led to the indictment last year of Vice President Cheney's former chief of staff, I. Lewis "Scooter" Libby, began after administration officials were accused of disclosing Plame's identity as part of a broader White House effort to discredit critics of the administration's justification for the Iraq war.

Specifically, Fitzgerald began investigating in late 2003 whether administration officials illegally disclosed Plame's post at the CIA to discredit allegations made by her husband, former ambassador Joseph C. Wilson IV. In the summer of 2003, Wilson publicly charged that President Bush had twisted intelligence about Iraq's efforts to obtain nuclear weapons material to justify the invasion.

The disclosure of Plame's name was used to argue that because she had helped set up a trip Wilson took to Niger to investigate Iraq's efforts to obtain nuclear material, that mission was little more than a boondoggle.

Fitzgerald has not charged anyone with the original crime. But in October 2005, a grand jury indicted Libby on charges of perjury, making false statements and obstructing justice in the course of the investigation. Libby's trial is scheduled to begin early next year. He has denied the charges, and his lawyers say that he is guilty of nothing more than a faulty memory and that he is the victim of an overzealous prosecutor.

The Libby case has served as a constant distraction for the White House and comes at a politically turbulent time for the president. A court filing by Fitzgerald earlier this month, for instance, provided the new and politically damaging revelation that Bush had authorized Libby to disclose previously classified information about Iraq's weapons programs. The president did not authorize Libby to leak information about Plame, however, according to Libby's legal team.

Rove, who recently gave up his role in White House policy as part of a staff shake-up, testified only hours after Bush named Tony Snow as his new press secretary. Snow replaces Scott McClellan, who has come under fire for initially telling the media that Rove was not involved in the Plame leak.

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In grand jury appearances and other conversations with federal investigators, Rove has testified that he discussed Wilson's wife briefly with columnist Robert D. Novak and Cooper before she was publicly unmasked in July 2003, according to lawyers in the case. Fitzgerald zeroed in on Rove's contact with Cooper yesterday, according to the source who provided Rove's version of events.

The source said Rove testified in February 2004 that he did not recall discussing Plame with Cooper. Rove told the prosecutor that at the time he had no recollection of that short conversation with one of the scores of reporters he talks to in his job.

Cooper later testified and then a wrote a first-person account that Rove told him that Wilson's wife was in the CIA and had authorized her husband's CIA mission.

Rove would later tell the grand jury that he had forgotten that conversation and remembered it only after his legal team unearthed a crucial e-mail. The e-mail -- written by Rove to then-deputy national security adviser Stephen J. Hadley shortly after the Cooper conversation -- shows Rove saying he waved the Time reporter off Wilson's claim. Luskin found the e-mail as part of a document search he conducted before Rove testified a second time in October 2004, telling the grand jury that the conversation must have taken place.

All the while, Fitzgerald suspected that Rove was acknowledging what had happened only because new evidence was surfacing, according to lawyers in the case. But Rove and his lawyer have presented an alternative explanation: that Rove genuinely did not remember his conversation with Cooper, and testified to that effect even though he was aware of rumors that he was one of Cooper's sources.

The new information Luskin cited in his statement yesterday relates to this part of the saga. After agreeing to a partial waiver of attorney-client privilege, Rove testified yesterday about a conversation Luskin had with former Time magazine reporter Viveca Novak, the source said. (Viveca Novak is not related to Robert Novak, the columnist who first revealed Plame's identity in 2003.) Luskin had informed Fitzgerald about that conversation last October, a few days before Libby was indicted, in a last-ditch effort to save Rove from the same fate.

Luskin told the prosecutor that Viveca Novak had informed him that she had heard from other Time reporters that Rove was Cooper's source for a July 2003 story on Plame. Luskin shared this information with Rove -- before Rove testified that he did not recall his conversation with Cooper.

Yesterday, Rove told the grand jury that it would make no sense for him to lie in February, knowing that all of this would so on be public, the source said.

But the timing of that Luskin-Novak conversation is in dispute. Novak has said she testified that the conversation took place between January and May of 2004 -- which could place it either before or after Rove's initial grand jury testimony. Moreover, Rove did not know at that point that Cooper would later be forced to testify and reveal him as a source, according to lawyers who follow the case.

Rove also testified that he was aware that several aides had been subpoenaed in the case before that first grand jury appearance and that they would be forced to turn over documents.

Grand Jury Gets Rove Testimony Over C.I.A. Leak (NYT)

By Anne E. Kornblut

The New York Times, April 27, 2006

WASHINGTON, April 26 — Karl Rove, the senior counselor to President Bush, testified for several hours on Wednesday before the federal grand jury in the C.I.A. leak case, in an appearance that was a sign of renewed attention by the special prosecutor in a matter that has lingered unresolved for months.

It was the fifth time Mr. Rove has appeared before a federal grand jury in the case. The appearance came at a politically sensitive time for Mr. Rove, who was relieved of his policy portfolio at the White House in a staff reshuffling earlier this month and now faces the challenge of helping Republicans maintain their primacy in the midterm elections this fall.

Mr. Rove last appeared before the grand jury in October, and his lawyer has said he is not a major figure in the leak inquiry and will ultimately be exonerated.

To date, the only criminal charges in the case, which involves the exposure of a C.I.A. operative's identity, have been brought against I. Lewis Libby Jr., the former chief of staff to Vice President Dick Cheney, who was charged with lying and obstruction last November and is preparing for trial. The prosecutor, Patrick J. Fitzgerald, has declined to comment on Mr. Rove's status, saying publicly only that he is continuing to explore outstanding issues in the case.

The White House declined to comment on Wednesday about Mr. Rove's appearance. White House officials have said the recent personnel moves inside the West Wing have been unrelated to Mr. Rove's legal status. It was unclear on Wednesday whether the decision by the new chief of staff, Joshua B. Bolten, to remove domestic policy from Mr. Rove's portfolio preceded the scheduling of his latest grand jury testimony.

On Wednesday, Mr. Rove spent about four hours inside the federal courthouse after entering through a side door shortly before 12:30 p.m. He emerged beaming as usual at the end of his testimony. He declined to comment, but his lawyer, Robert D. Luskin, issued a statement declaring that Mr. Rove had testified "voluntarily and unconditionally" about "a matter" that had arisen since Mr. Rove's last grand jury appearance.

The unresolved matter appears to involve the testimony of Viveca Novak, a former reporter at Time magazine, who told Mr. Fitzgerald last fall that she may have unwittingly helped Mr. Rove by telling Mr. Luskin he had played a bigger role in the case than he had initially admitted. Since Mr. Libby's indictment, Mr. Fitzgerald has summoned both Ms. Novak and Mr. Luskin to provide grand jury testimony about their conversations, and he also summoned Bob Woodward of The Washington Post to discuss conversations related to the C.I.A. leak matter with an administration official who has still not been publicly identified.

Mr. Rove's appearance suggests that Mr. Fitzgerald remains interested in learning more about why, in his initial testimony to the grand jury, in February 2004, Mr. Rove failed to disclose that he had ever discussed the issue of Valerie Wilson, the C.I.A. operative, with any reporters. Mr. Rove came forward months later to change his story, acknowledging that he had a phone conversation with Matthew Cooper of Time magazine in the summer of 2003 that eventually turned to the subject of Ambassador Joseph C. Wilson IV, the C.I.A. operative's husband. Mr. Rove said he had forgotten the call, one of hundreds he participates in each day.

Lawyers for Mr. Rove have maintained that he will be exonerated in the case, in part because he volunteered details of his conversation with Mr. Cooper.

Since then, however, Ms. Novak, who worked alongside Mr. Cooper at the magazine, has said that she told Mr. Rove's lawyer, in several conversations in early 2004, that she believed his client had been a source for Mr. Cooper.

Ms. Novak said the lawyer, Mr. Luskin, appeared surprised to hear of Mr. Rove's involvement, raising questions about whether Ms. Novak effectively tipped off Mr. Rove to come forward with evidence about himself.

In a telephone interview on Wednesday, Ms. Novak, who no longer works for Time, said she had not had any contact with Mr. Fitzgerald since her deposition in December. She left the magazine after a dispute over her role in the case, taking a buyout package last month. Mr. Cooper also recently moved from his position as a White House correspondent to become the political editor of the magazine's Web site.

Mr. Fitzgerald, continuing to conduct the case in the utmost secrecy, did not comment about calling Mr. Rove to testify, and no one involved in the case said they clearly understood its status. It did not appear that there would be any immediate resolution for Mr. Rove, who has spent months defending himself against assertions that his legal troubles are distracting him from his White House duties.

Potentially complicating the case further still is the criminal trial of Mr. Libby, scheduled to begin early next year. The pretrial activity by Mr. Libby and Mr. Fitzgerald has raised several significant political and substantive questions, including whether Mr. Bush may have played a role in authorizing the leak of classified material.

Mr. Libby has pleaded not guilty and is expected to call Mr. Rove, among other witnesses.

According to court documents filed by the prosecutor, Mr. Libby has testified that Mr. Cheney told him the president had authorized the release of some information contained in a classified National Intelligence Estimate chronicling the efforts of Saddam Hussein to purchase uranium from Niger. That revelation has thrust both the president and vice president into the center of the leak case, which had otherwise simmered at lower levels of the administration since 2003.

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Even before Mr. Rove arrived at the courthouse, Democrats pounced on the turn of events, one of several controversies they hope to capitalize on in the fall elections.

"This additional Rove visit clearly shows that the Plame investigation is far from over and that Patrick Fitzgerald is living up to his reputation as an impartial, dedicated prosecutor determined to turn over every stone," Senator Charles E. Schumer said in a statement.

No one has been charged with the underlying crime of revealing classified material. Mr. Fitzgerald is seeking to establish whether any crimes were committed with the disclosure of Mrs. Wilson's identity, which first appeared in a column by Robert D. Novak — no relation to Ms. Novak — in July 2003. The identity of Mr. Novak's original source for the column that triggered the entire case is still unknown, at least to the public. Mr. Novak has testified to the grand jury since Mr. Rove's last appearance in October 2005.

Rove Again Testifies To Jury In CIA Leak Case (LAT)

By Richard B. Schmitt And Tom Hamburger, Times Staff Writers

The Los Angeles Times, April 27, 2006

WASHINGTON — Presidential advisor Karl Rove was called again before a federal grand jury Wednesday, a surprise appearance signaling that a perjury and obstruction investigation into his role in a CIA leak case remained alive.

As the White House was introducing a new press secretary in an effort to put a new face on a troubled administration, Rove testified for three hours before the grand jury. Special Prosecutor Patrick J. Fitzgerald is investigating whether Rove lied to investigators in connection with the summer 2003 disclosure of CIA operative Valerie Plame's identity.

The appearance — Rove's fifth before a grand jury in the case — comes six months after a previous grand jury expired without indicting Rove, raising expectations among his supporters that he would not be charged in the case.

That grand jury indicted another top Bush administration aide, I. Lewis "Scooter" Libby, whose trial on perjury and obstruction charges is to begin in January.

Robert D. Luskin, Rove's lawyer, said Wednesday that Fitzgerald had made no decision on whether to bring charges against Rove.

Some legal experts said the timing and circumstances of Rove's latest testimony, which Luskin said was given "voluntarily and unconditionally," suggested that an indictment might not be imminent and that the development could be viewed as positive for Rove.

Luskin said the subject of Rove's testimony Wednesday involved a matter that had arisen since he last testified in October. It is believed to involve the chain of events that followed a belatedly disclosed conversation between Luskin and a Time magazine reporter about Rove's contact with another Time reporter.

The lawyer added that Fitzgerald had continued to advise Rove that he was not an investigation "target," a legal distinction that refers to a formal notification prosecutors give suspects about to be charged.

Fitzgerald declined to talk to reporters as he left the courthouse.

The grand jury appearance comes a week after the presidential advisor was relieved of his policy responsibilities at the White House to focus on electoral politics.

At the time of the change in Rove's portfolio, White House aides said it was part of a broader reorganization and unrelated to Rove's ongoing legal vulnerability. But the request for him to testify again is believed to have come several weeks ago, and the White House may have been aware that his legal troubles were likely to flare again.

Coincidentally or not, last week's action helped inoculate the White House against Rove's latest appearance before the grand jury. If Rove is indicted and forced to resign, the White House can say that Rove's substantive policy responsibilities have already been transferred.

White House Press Secretary Scott McClellan, whose resignation was announced as part of last week's White House reorganization, declined to answer any questions about the grand jury appearance.

"I have no new information on that matter, and even if I did have new information, I wouldn't be in a position to share it with you," McClellan said. Fox News commentator Tony Snow was named Wednesday as McClellan's successor.

Fitzgerald's investigation has led to a series of embarrassing disclosures about White House efforts to discredit an Iraq war critic who is married to Plame.

The White House initially denied any involvement in the unmasking of Plame, who was first identified by syndicated columnist Robert Novak in a July 2003 article. But Fitzgerald found that Rove and Libby had actively talked with reporters about Plame at the time, although both deny they broke any laws. It is a crime under federal law to knowingly disclose the name of a covert agent.

Fitzgerald's probe also turned up an organized White House effort to rebut allegations made at the time by Plame's husband, former envoy Joseph C. Wilson IV, that the Bush administration had twisted intelligence to justify the invasion of Iraq. According to a court filing, Libby testified that President Bush had ordered the leaking of a classified document to counter Wilson's criticism.

Rove has been a focus for Fitzgerald because he initially told a grand jury in February 2004 that he had not spoken about Plame with Time magazine correspondent Matthew Cooper.

When later presented with a document indicating the men had talked, Rove — who had previously acknowledged to investigators that he had been a source for the Novak article — said he had forgotten the conversation with Cooper.

A person briefed on Wednesday's testimony described the examination by Fitzgerald as "an exploration of the back story" of what Rove knew about Cooper and when, including an explanation that Rove's attorney had offered up for the delay. The person declined to be identified because of the ongoing investigation.

Fitzgerald suspects Rove may have deliberately misled the grand jury about his conversation with Cooper. Among other things, the prosecutor is exploring whether another Time magazine reporter, Viveca Novak, tipped off Luskin to the fact that Cooper had spoken with Rove, and led Rove to change his testimony. (Robert Novak is not related to Viveca Novak.)

Eventually, Luskin turned up a July 2003 e-mail referring to Cooper that Rove had sent to then-White House national security aide Stephen J. Hadley. Luskin has said that the e-mail refreshed Rove's memory, and Rove subsequently amended his testimony during a grand jury appearance in October 2004.

Fitzgerald is also believed to have been exploring inconsistencies in the stories that Cooper and Rove have told the grand jury about their conversation. Rove reportedly testified that they mostly talked about welfare reform; Cooper has said the conversation focused on Wilson and Plame.

Though some observers viewed Rove's being called Wednesday to testify as a negative for the White House insider, others said that Fitzgerald may simply be addressing unfinished business in the case without an agenda in mind.

The prosecutor has been embroiled in a fierce dispute in the Libby case over access to classified documents and other information. The judge in that case has recently resolved some of those issues, which might have freed up Fitzgerald to start focusing anew on Rove.

Some lawyers involved in the case said the appearance could be construed as a welcome development for Rove.

"Rove showed up voluntarily and his lawyer is able to say that he is not a target. If he was about to be indicted, I don't think you would see it unfolding like this; grand juries aren't typically used in that fashion," said a lawyer who has been engaged with the long-running inquiry. "This is a positive development for Rove, I think." The lawyer spoke on condition of anonymity because he represents a client who has been a subject of the investigation.

Fitzgerald has yet to publicly identify a second source used by Robert Novak in writing his column.

The prosecutor is also believed to be interested in who provided Washington Post reporter Bob Woodward with information about Plame; Woodward has said his source provided the information several weeks before Novak learned of Plame's identity.

Rove Testifies Again In CIA Leak Case (AP-Y2)

By Pete Yost

AP2, April 26, 2006

Top White House aide Karl Rove made his fifth grand jury appearance in the Valerie Plame affair Wednesday, undergoing several hours of questioning about a new issue that has come to light since the last time he testified.

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Special Counsel Patrick Fitzgerald declined to comment at the conclusion of the grand jury session. Rove appeared at ease as he left the U.S. courthouse, joking to journalists to "move to the back" as the White House aide, his lawyers and several reporters entered an elevator to leave the building.

A week ago, Rove, the architect of Bush's election victories, gave up his policy duties at the White House. He is returning to a full-time focus on politics with Republicans facing major problems in the upcoming midterm elections.

Wednesday's session is believed to be only the second time Fitzgerald has met with a new grand jury examining questions left unanswered in the leaking of Plame's CIA identity. The only other time Fitzgerald was seen going before the new panel was Dec. 7.

The previous grand jury looking into the CIA leak expired Oct. 28, the day it indicted Vice President Dick Cheney's chief of staff on five counts of perjury, obstruction and lying to the FBI.

The only new issue in the CIA leak probe known to involve Rove is a contact his lawyer, Robert Luskin, had with Time magazine reporter Viveca Novak.

The contact is important because during it, the Time reporter told Luskin that Rove might have disclosed Plame's CIA status in 2003 to another Time reporter, Matt Cooper.

The Luskin-Novak conversation occurred many months before Rove belatedly revealed to the prosecutor that he had spoken with Cooper. Rove says he'd forgotten about his conversation with Cooper.

Rove's legal problems stem from the fact that it was more than a year into the CIA leak investigation before he revealed the Cooper conversation.

Rove "testified voluntarily and unconditionally at the request of Special Counsel Patrick Fitzgerald to explore a matter raised since Mr. Rove's last appearance," Luskin said in a statement. "Mr. Fitzgerald has affirmed that he has made no decision concerning charges."

Several days after Rove's conversations with conservative columnist Robert Novak and Cooper in July 2003, both the columnist and Cooper wrote stories identifying Plame as a CIA officer.

The exposure of her CIA employment came little more than a week after her husband, former U.S. Ambassador Joseph Wilson, accused the Bush administration of manipulating prewar intelligence to exaggerate an Iraqi nuclear threat.

Robert Novak is not related to Viveca Novak.

Other unfinished business in the probe focuses on the source who provided Washington Post reporter Bob Woodward information about Plame, whose CIA identity was leaked to Novak in July 2003.

Woodward says his source, who he has not publicly identified, provided the information about Wilson's wife, several weeks before Novak learned of Plame's identity. The Post reporter, who never wrote a story, was interviewed by Fitzgerald late last year.

Rove Testifies For The Fifth Time Before Grand Jury In Leak Case (WSJ)

By Anne Marie Squeo

The Wall Street Journal, April 27, 2006

WASHINGTON -- White House Deputy Chief of Staff Karl Rove testified for the fifth time yesterday before a grand jury investigating whether Bush administration officials purposely leaked the identity of a Central Intelligence Agency operative.

Mr. Rove's attorney, Robert Luskin, confirmed his client's appearance, saying it was done "voluntarily and unconditionally at the request of Special Counsel Patrick Fitzgerald to explore a matter raised since Mr. Rove's last appearance in October 2005." Mr. Luskin said Mr. Fitzgerald hasn't made any decisions about charging Mr. Rove, who remains a subject of the investigation. White House spokesman Scott McClellan declined to comment on Mr. Rove's grand-jury appearance, which lasted just over three hours.

Former Vice Presidential Chief of Staff I. Lewis Libby has been indicted on charges of lying and obstruction in the probe, which began in September 2003. Mr. Libby has pleaded not guilty. His trial is expected to start in January.

Mr. Fitzgerald has focused on whether Mr. Rove initially lied about his contact with reporters concerning CIA agent Valerie Plame, whose husband, former ambassador Joseph Wilson, publicly criticized the Bush administration's prewar intelligence on

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Iraq. Mr. Rove previously testified he hadn't discussed the matter with Time magazine reporter Matthew Cooper, who told a grand jury last July that they had.

In December 2005, another Time magazine reporter, Viveca Novak, said she had told Mr. Luskin about a phone call between Messrs. Rove and Cooper. Mr. Luskin then found an email that referenced that conversation, which he brought to the attention of his client and the prosecutor. Ms. Novak, who has since left the magazine, testified about the matter to Mr. Fitzgerald.

Whether Mr. Rove may face charges remains an open question. Also outstanding is what, if any, charges might be brought against the Bush administration official who leaked Ms. Plame's identity to columnist Robert Novak, who is no relation to Ms. Novak. Mr. Novak was the first to publicly disclose Ms. Plame's CIA role in July 2003, about a week after Mr. Wilson accused the administration of inflating information that Iraq had tried to obtain nuclear bomb-making material from Niger.

Mr. Novak is believed to have the same source as Washington Post Assistant Managing Editor Bob Woodward, who testified earlier this year that a senior administration official told him about Ms. Plame's CIA job before other reporters. Mr. Fitzgerald has refused to publicly identify this person and so far hasn't charged anyone with the crime of purposely blowing the cover of a U.S. intelligence operative.

Pellicano Says U.S. Spied On Him (LAT)

By Greg Krikorian, Henry Weinstein And Andrew Blankstein, Times Staff Writers

The Los Angeles Times, April 27, 2006

The PI's then-girlfriend fed the FBI information gained during prison visits, his attorney says.

In a twist to a wiretapping scandal captivating Hollywood, the private eye indicted for allegedly bugging celebrities and other high-profile targets has accused the federal government of spying on him in prison through a secret arrangement with his then-girlfriend.

Anthony Pellicano's attorney filed motions this week in federal court saying Sandra Wil Carradine provided FBI agents and prosecutors with a "fountain of information" after a series of jailhouse visits late last year, giving them insights into the lawyer's legal strategy and violating his attorney-client privilege.

As she met with Pellicano at the Taft Correctional Institute in Bakersfield, where Pellicano was finishing up a sentence for possession of explosives, the private detective did not know that Carradine had secretly begun cooperating with the government in July or that he had already been indicted in the wiretapping scandal, said Pellicano's attorney, Steven Gruel, in court documents. Both her cooperation and his indictment remained under seal until February.

"According to the indictment, the government alleges that Anthony Pellicano engaged in conduct for clients to gain an unfair advantage in litigation," Gruel said in an interview.

"My initial review of the legal and factual landscape suggest that is what the government did here," he said.

In motions filed to force the government to produce additional information in the case, Gruel says Carradine, the ex-wife of actor Keith Carradine, acted as a "go-between" between the lawyer and Pellicano in December when they were still negotiating the terms of Gruel's legal representation.

Gruel said Sandra Carradine solicited his "thoughts, opinions and general observations about the government's case."

In mid-December, Gruel says in the motions, Carradine told FBI Special Agent Stan Ornellas, the bureau's lead investigator in the case, that Pellicano was attempting to hire the attorney, making it "likely that the government knew of Mr. Pellicano's interest in my representation even before I did."

Carradine also told Ornellas of Pellicano's interest in calling a particular defense witness, enabling the FBI to contact the person before Pellicano's defense did, according to Gruel.

His motions also say information he has already received from the government as part of the legal discovery process shows that Carradine has given Ornellas "Mr. Pellicano's correspondence to several attorneys."

The motions were filed late Tuesday and represent Gruel's most aggressive attack against the government's case, filed in February, which has led to charges against Pellicano and 13 others.

Six defendants have pleaded guilty. Those include Carradine, who admitted in January that she lied to a grand jury about her knowledge that Pellicano had wiretapped the home of Keith Carradine during a dispute over child support.

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The U.S. attorney's office and FBI declined to comment on Gruel's assertions and said they would soon file formal responses. Carradine's lawyer, Peter Knecht, said his client had not breached any attorney-client relationship or acted improperly in her dealings with Pellicano or Gruel.

Knecht said that at the time of Carradine's prison visits, Pellicano had not retained counsel in the wiretapping case. The lawyer added that Pellicano knew Carradine was being looked at by federal authorities and encouraged her to protect herself.

"He told her, 'Remember, take care of No. 1.' So, in effect, he gave her permission to do whatever was necessary to benefit herself," Knecht said.

He also said the government told Carradine that she was visiting Pellicano in prison, not being sent there as a government informant. It is unclear how Gruel's allegations could affect the prosecution of Pellicano.

Gordon Greenberg, a Los Angeles defense lawyer, said that any time a prosecutor obtains information he knows is covered by the attorney-client privilege, "you are not on firm ground; you have an issue" to confront.

With a potential mountain of evidence in the Pellicano case, Greenberg and Loyola Law School professor Laurie Levenson said the government has taken special precautions to avoid problems with evidence by setting up "clean" and "dirty" teams of prosecutors and investigators. They have been created to ensure that those who will try the case are walled off from information that they are not legally entitled to see, such as conversations between defendants and their attorneys.

In the Pellicano case, members of the "dirty" team have reviewed tapes of attorney-client conversations so "clean" team members have not been privy to information they should not have seen.

"The prosecutors knew that Carradine was talking to Pellicano," Levenson said, "so to the extent they knew about this, the 'dirty' team is supposed to screen that information, so the prosecutors do not have any privileged confidential information."

Gruel, in his motions, says that "the sensitive information provided by defendant Carradine … appears to have gone directly to case agent Ornellas and, presumably, the prosecution team."

In other action related to the Pellicano case, five people named in the government's indictment as having been allegedly victimized by his illegal searches of their confidential records filed civil damage claims against the city of Los Angeles.

The claims allege that the Los Angeles Police Department acted improperly by allowing former Sgt. Mark Arneson, one of Pellicano's co-defendants, to run their names through confidential criminal databases.

Both Pellicano and Arneson have pleaded not guilty.

The civil damage claims, which allege emotional suffering and invasion of privacy, are precursors to what attorney Neville L. Johnson said would be lawsuits against Los Angeles and, ultimately, Beverly Hills, where another former officer also allegedly accessed confidential records without authorization.

Among those filing claims was model Monika Zsibrita, who allegedly became a target for Pellicano and his associates after she asserted a paternity claim against comedian Chris Rock in 1999.

In a brief interview with The Times this week, Zsibrita refused to discuss the paternity action or who was involved. But she did say that two years ago, an FBI agent called her and alleged that she had been one of Pellicano's victims.

Earlier this year, she said, she learned from the indictment that Pellicano had allegedly used his LAPD contact to access her confidential records.

"They wiretapped me and they followed me around. I was afraid," she said in the interview. "It was very unsettling. I felt violated."

On Tuesday, a spokesman for Rock acknowledged that representatives for the comedian hired Pellicano after Zsibrita alleged in 1999 that she was pregnant with Rock's child.

But neither Rock nor any of his representatives, the spokesman said, knew that Pellicano had allegedly broken the law to obtain information about Zsibrita.

In a separate legal action Wednesday, the company behind the yet-to-be-released film "Crash Bandits" sued director John McTiernan for breach of contract and damages of more than $2 million for failing to disclose during pre-production that he had been targeted by federal authorities in the Pellicano investigation and was negotiating a guilty plea.

McTiernan, whose film credits include "Predator" and "Die Hard," admitted earlier this month that he lied to the FBI about hiring Pellicano to wiretap veteran film producer Charles Roven in the summer of 2000.

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Pellicano Brief Lobs Grenade At Feds' Methods (LAW)

By Justin Scheck, The Recorder

California Recorder, April 27, 2006

Steven Gruel has long contended that the feds were out to get his client, the celebrity private eye Anthony Pellicano, well before they executed a 2003 search warrant that resulted in Pellicano's conviction on explosives charges -- and a protracted federal investigation aimed at some of Hollywood's biggest lawyers.

In court papers filed late Tuesday, Gruel, a former San Francisco federal prosecutor, gave the most detailed peek yet into how he plans to support that claim. He also outlined his contention that prosecutors improperly used Pellicano's girlfriend as an informant to pry into the detective's defense strategy.

All of the arguments are aimed at getting more discovery out of Los Angeles federal prosecutors and ultimately, Gruel said, getting the indictment tossed.

Based on discovery turned over by prosecutors and evidence gathered on his own, Gruel's filings challenge the FBI's reasons for initially searching the detective's office.

The warrant, which was obtained in connection with a threat made to former L.A. Times reporter Anita Busch, "was a subterfuge," Gruel wrote.

He argues that agents were actually seeking evidence of illegal wiretaps -- particularly a recording of an FBI agent -- but didn't have probable cause to get a warrant for such material.

He supports his claim by pointing out that in 2002, FBI agents had issued a subpoena to Pellicano asking for "any audio or video recordings in your custody or control which were obtained from investigative services" relating to a separate criminal case in which Pellicano worked for a defendant. The government asked for "recordings or photographs of any federal or state law enforcement personnel."

The Pellicano search warrant has already been upheld by the 9th U.S. Circuit Court of Appeals in connection with the explosives case. But Gruel said he believes the warrant -- along with a handful of follow-up searches and seizures of the detective's computers and storage locker -- are open to new challenges.

"I'm trying to figure out whether there was bad faith," he said in a Tuesday phone interview shortly after visiting Pellicano in jail.

That charge is one of several that Gruel has made in an attempt to discredit the conduct of FBI agents and prosecutors working the case.

Daniel Saunders and Kevin Lally, the lead prosecutors in the case, did not return calls by press time. "We will respond in writing in due course," said Thom Mrozek, a spokesman for the U.S. Attorney's Office.

Gruel also said he plans to argue that the lead FBI agent in the case, Stanley Ornellas, provided misleading testimony and should be deposed.

Perhaps most significantly, Gruel is aiming to show that the government used Sandra Carradine -- Pellicano's ex-girlfriend, who had a cooperation deal with prosecutors -- to plumb the jailed detective for information about his defense late last year and early this year.

Citing discovery turned over by the government, Gruel wrote that "Carradine would speak with Mr. Pellicano in the morning and report the conversation to agent Ornellas later that same day."

He charges that the government used Carradine to gain strategic information on Pellicano that may have violated attorney-client privilege. For example, he wrote, Pellicano late last year told Carradine about a potential defense witness in the case.

"That information, as well as the content of the defense witness' possible assistance, was then reported to FBI agent Ornalles [sic]," Gruel wrote. "Later, in February 2006, I was contacted by that possible defense witness who said that agent Ornellas contacted him in late December or January 2006 concerning this case."

Gruel also said Carradine provided the government with information about Pellicano's legal representation and that "she acted as a 'go-between' for me and Mr. Pellicano in December 2005 with respect to messages about the case. My recollection is that during this time she would solicit my thoughts, opinions and general observations about the government's case," Gruel wrote.

"I am concerned that she provided the government with information pertaining to my involvement in the case," he added.

The questions about Carradine's role in the case are aimed at arguing that prosecutors engaged in outrageous conduct, Gruel said. Such a finding -- which can be extremely difficult to prove -- could justify dismissing the case.

"The standard is high," Gruel said Wednesday. "It says the government has to shock the standards of society."

Gruel took a separate tack in seeking to question Ornellas, arguing that a contention made by the detective in obtaining the 2002 warrant -- that he knew from his "own personal experience" what would be in a PI's office -- is less than kosher.

The problem, Gruel said, is that while Ornellas had a private investigator's license, "the government has conceded that although passing the written test for a private investigator's license, agent Ornellas really has no experience as a private investigator."

Gruel also claims that in a 2003 case, Ornellas "may have, at a minimum, provided inconsistent or troubling testimony." Taking aim at the FBI could result in a Franks hearing, in which a defense lawyer may directly question an agent.

Patrick Robbins, a partner at Shearman & Sterling who worked with Gruel in the San Francisco U.S. Attorney's Office, said all of Gruel's efforts seemed aimed at forcing the government to cough up information to defend its conduct.

"Steve appears to be trying to obtain as much discovery as possible on all these fronts," Robbins said.

Cruise-Kidman Call Said To Be On Tap In H'wood P.I. Case (NYDN)

New York Daily News, April 27, 2006

A recording of a phone call between Nicole Kidman and Tom Cruise was just one of the treasures the FBI found in the "War Room" of jailed private eye Anthony Pellicano, according to the June Vanity Fair, now online.

Kidman took to joking to friends during calls, "So, Tom, are you listening? Am I saying what you want me to say?" Stories that could have come only from Kidman's phone soon started appearing in The National Enquirer. Both stars have been questioned by the FBI, according to the story by top investigators Bryan Burrough and John Connolly, who is writing a book about the P.I.

Pellicano, who allegedly spied on Hollywood's top stars while working for its biggest executives and lawyers, including Cruise's lawyer Bert Fields, had apartments in all five L.A. area codes so he could wiretap their phones and learn their credit card numbers. (Investigators also found hand grenades and a wedge of C-4 plastic explosive; Pellicano's now in jail on weapons charges.)

The mag also reports:

Pellicano found the exhumed body of Liz Taylor's late husband Mike Todd in an area that cops had swept many times, a coincidence police found fishy.

A very rich Beverly Hills woman, Sarit Shafrir, whom Pellicano had talked into spying on her own husband, became so afraid of him that she flew from L.A. to Israel just to make a phone call to the F.B.I. about him.

Pellicano's ex-wife Kat tells VF, "Six or seven years ago, Anthony comes home one night and tells me we are going to become Jewish and that Bert Fields has arranged conversion classes for both of us. ... I said, 'Anthony, why the hell do you want us to become Jewish?' He tells me, 'Because Bert thinks it will be good for my business. Most of the lawyers out here are Jews, so it would be a good thing.'"

Michael Jackson paid Pellicano $2 million in his child-abuse case; Steven Bing paid Pellicano at least $100,000 at the time of his paternity case with Liz Hurley. Pellicano also helped Stevie Wonder, James Woods and Kevin Costner, among many others.

A former Brillstein-Grey executive says Brad Grey used Pellicano for work on behalf of any number of his clients, including Brad Pitt and Adam Sandler. FBI agents also found a trove of info on Garry Shandling, whom Grey had to pay $10 million after a lawsuit. And when James Gandolfini walked off the set of "The Sopranos" in a pay dispute, Grey was going to replace the HBO hit with a show on Pellicano's life, but the acting great came back.

Whew.

A little diss 'n' dat from Cam'ron

Beyoncé may be regretting the day Cam'ron got the address of her two-way.

"Cam has been text-messaging Beyoncé like crazy," our tipster says. "He's been asking her out, and dissing Jay[-Z]. He's been telling her she should be with a real man like him."

Yes, Cam'ron, who was linked with Mariah Carey, has cred on field and street: He was an All-American football player before becoming a drug dealer in his native Harlem. But few would say Jay-Z isn't a "real man": He pulled himself up from Brooklyn's Marcy Houses projects to become a platinum-selling rapper; he started Roc-A-Fella Records with Damon Dash, and now he's Def Jam CEO and part owner of the New Jersey Nets.

It's not the first time Cam'ron has jousted with the rap royals. After splitting with the mogul's former label, Cam'ron said in his song "You Got It" that Jay-Z looked like the puppets in "Fraggle Rock." "I open up the Daily News," he raps. "How's the 'King of New York' rockin' sandals with jeans?/Open-toed sandals? You talk about you a '80s baby/you 37 years old/you was born in 1968," (actually 1969) taunts the 30-years-young upstart, whose real name is Cameron Giles.

Reps for Beyoncé and Cam'ron didn't return calls for comment.

Side Dish

Lauren Bacall isn't afraid of "The Sopranos." Even though the screen legend got decked on last Sunday's episode, Michael Imperioli - whose character, Christopher, issued the beatdown - tells WKTU's Balthazar and Goumba Johnny she wants to come back on the show. ... Kate Moss is out, Keira Knightley in as the face of Chanel's Coco Mademoiselle perfume, according to Women's Wear Daily. ... "Fear Factor" star Joe Rogan says that incident in Las Vegas with Penthouse Pet Cassia Riley isn't what it seems. And now, apparently, she agrees. The sinewy siren told Chaunce Hayden while posing for his Steppin' Out mag that Rogan had invited her to sit - and not on a chair. We then got a call from Rogan's publicist, Amy Zvi, and Riley denying the encounter. "She obviously has the situation confused and that's understandable, because when I saw her that night, she was extremely intoxicated," Rogan told us. "From what I recall, it was actually the other way around - she asked me to come over there and feel her d- . Lesson learned, you hang out with dogs, you get fleas." ... Comedienne Sarena Wedig just saw the trailer for "Mission: Impossible III" and said, "Oh yeah! I forgot Tom Cruise is an actor - not just a weirdo talking about placentas in the supermarket tabloids!" The best antidote to weird celebrities, we feel, is great movies, and there have never been more than now at the Tribeca Film Festival, Robert De Niro and Jane Rosenthal's gift to downtown. The flicks are 12 bucks, and there's a free kid's fair May 6. ... George Clooney and his dad, Nick, just got back from a trip to the Sudan and Chad, where they visited some of the 2 million refugees. "These folks are helpless out there. There's nobody between them and very bad people," Nick Clooney, who called it ethnic cleansing, told the Cincinnati Post. The Clooneys head to D.C. Sunday for a Sudan support rally.

Surveillance

Russell Simmons and estranged wife Kimora Lee looked anything but when they hosted a fete for the Foundation for Ethnic Understanding at the upper East Side home of L.A. Reid and his wife, Erica. The Baby Phat empress thanked "my husband" when she picked up an award from the group, which promotes better relations between races and religions. Other honorees Clive Davis and Aviv Nevo were applauded by the likes of Harvey Weinstein, Lenny Kravitz and Ron Perelman ...

Laurence Fishburne, Ludacris, Jill Hennessy, Sela Ward and Anna Kournikova will hit Bloomberg LLP's fete after the White House Correspondents Association Dinner Saturday in D.C. ...

"West Wing" creator Aaron Sorkin and "Wicked" star Kristin Chenoweth have rekindled their romance. The pair, who have been apart working for about six months, Krazy Glued their lips together on the red carpet for Chenoweth's new flick, "RV"...

Spike Lee was courtside as usual Tuesday night - but at the Nets game, where the Brooklyn-bound team pounded the Indiana Pacers in Game 2 of the NBA playoffs.

With Jo Piazza and Chris Rovzar

Fugitive Molester Back In County (LAT)

By Gregory W. Griggs, Times Staff Writer

The Los Angeles Times, April 27, 2006

The 13-year saga of a Ventura man ends with his arrest in France and a 12-year prison term.

For nearly 13 years, law enforcement officials tried to bring convicted child molester Channa Pryia Ruberoe to justice.

Now, Ruberoe, convicted in Ventura in 1993 of three counts of lewd acts against his stepdaughter, is behind bars.

Ruberoe, a native of Sri Lanka, was spotted in at least four countries and arrested several times before he was returned to Southern California in February. His circuitous route through Europe and southern Asia and the dogged pursuit by investigators with the Ventura County district attorney's office and the local FBI office rival the plot of a spy novel.

Gary G. Auer, the district attorney's chief investigator, was the supervising agent in the Ventura FBI office in 1993 when Ruberoe fled. Auer called it "most unusual" for a sexual assault case to turn into a global manhunt.

"The investigation went very well," said Auer, who left the FBI in 1998. "We followed him all over the world, but actually getting him out of Sri Lanka, and later Paris, was quite an effort. It required a lot of cooperation by agencies in the Sri Lankan government, the U.S. government and later the French government."

Ruberoe, now 40, was convicted July 23, 1993, in Ventura County Superior Court on three counts of molesting a child under 14. He was married to Ventura resident Nikki Lynn Ruberoe, who had a 13-year-old daughter and 10-year-old son from a previous marriage. He sexually assaulted his stepdaughter in April 1992, according to court records.

After Ruberoe's conviction, his wife arranged for him to be released on a $75,000 bond and he did not show up for his sentencing. Authorities determined that Ruberoe fled to Spain four days after his scheduled sentencing date. Three months later, on Nov. 7, Ruberoe flew from Paris to Sri Lanka.

Meanwhile, Nikki Ruberoe lost custody of her children to their father but rather than give them up, she took them to Paris the same week their stepfather fled there. Nikki Ruberoe reportedly had relatives in Paris.

Nikki Ruberoe kept the children in Paris until Nov. 16, 1993, when she sent them back to their father in Virginia. She joined her husband in Sri Lanka, where she was arrested and deported. She pleaded guilty to child abduction, conspiracy to jump bail and assisting her husband to flee the country. Because Nikki Ruberoe didn't have a criminal record, she was given probation and a six-month suspended sentence.

Superior Court Judge Don Coleman, who was a county prosecutor who oversaw child abuse cases at the time, said Wednesday he was surprised at how long it took to capture Channa Ruberoe.

"I guess it's true: You can run, but you can't hide," Coleman said. "The FBI and their international law enforcement contacts are the real heroes in this story."

Nearly two years after he fled the United States, Channa Ruberoe was arrested by Sri Lankan police on May 30, 1995, on the child abuse charges. He remained in custody until December 1996, when he was released on house arrest while he appealed his extradition. About 13 months later, that nation's Supreme Court upheld the extradition, but Ruberoe again missed his court appearance.

Sri Lankan officials began their own manhunt and learned Ruberoe had fled using a false identity and passport. He turned up in Bulgaria on June 28, 1999, and was seeking a visa to enter Russia.

He was next arrested in August 2004, this time by French police in Versailles, but he again appealed his extradition. Ruberoe exhausted his final appeal in February and French authorities alerted the U.S. Marshals Service, which sent agents to escort him back to Ventura County.

Last week, Ruberoe was given the maximum sentence of 12 years and must serve at least 85% of his sentence, minus the nearly three years he had already been incarcerated in Sri Lanka and France.

Feds May Hit Gottis With New Charges (NYDN)

By Thomas Zambito, Daily News Staff Writer

New York Daily News, April 27, 2006

The feds raised the ante against John (Junior) Gotti yesterday by telling a judge they may yet charge the mob scion - and his little brother - with new crimes.

Prosecutors say they're looking into Gotti's transfer of ownership of his Long Island mansion to his wife, Kim, at a time when the government was trying to seize the property because it was bought with mob money.

The government also is taking aim at brother Peter, citing testimony at Junior's recent trial that prosecutors believe could link the younger Gotti to possible crimes.

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In August 2005, Junior Gotti shifted ownership of his $1.3million Oyster Bay Cove, L.I., home to his wife, presumably to shield it from government seizure.

A 4.35-acre property in Milford Township, Pa., where Gotti's pals used to go hunting, was turned over to mom, Victoria, and sister Vicki in February 2005.

All this comes as the 42-year-old mobster mulls a plea deal that would require he serve up to five years in prison to resolve racketeering charges that include the 1992 kidnapping of radio host Curtis Sliwa.

Peter Gotti, 31, has never been charged with a crime.

But business failures and gambling losses have forced him to move his wife and kids into his mother's house in Howard Beach, Queens, once the domain of his late father, John (Dapper Don) Gotti.

Junior's defense lawyers have been trying to squash a subpoena that would require Peter Gotti to appear before a grand jury to answer questions about his ties to known mobsters and his brother's business dealings.

They have complained about the dozens of federal subpoenas sent out to possible defense witnesses in the mob scion's third trial, set for July.

Prosecutors said Peter Gotti's testimony at his brother's last trial raised questions about the wiseguy-laden guest list for Peter's 1997 wedding and a $96,000 loan from his brother to open a Howard Beach bakery called Uncle Crumm's.

"The government is entitled to and would be remiss if it did not inquire further of Peter Gotti about the criminal conduct of his brother and other suspected criminals with whom Peter Gotti was close," prosecutors Victor Hou and Miriam Rocah wrote in papers filed in Manhattan Federal Court.

Junior's lawyer did not return calls for comment.

'JUNIOR' RATTED ON SELF: FEDS (NYPOST)

By Kati Cornell

The New York Post, April 27, 2006

A new grand-jury probe targeting John "Junior" Gotti and the Gambino crime family was sparked by admissions the former Mafia boss made about his underworld activity and crimes committed by other mobsters, court papers show.

Prosecutors publicly disclosed that admissions by Gotti are "a basis" for their sweeping investigation in a letter to Manhattan Federal Judge Shira Scheindlin yesterday - as they defended sending subpoenas to witnesses who recently testified for Gotti.

The specific subject of Gotti's admissions - and when they were made - are unclear, as the feds indicated they would address the topic in a second letter filed under seal, which is not public.

Gotti's defense has centered on his claim that he once ran the Gambino crime family for his late father, John "Dapper Don" Gotti, but that he left the mob in 1999.

Defense lawyer Charles Carnesi declined to comment, but the letter from prosecutors shows Gotti's attorneys have privately denied he "admitted significant information about criminal activity in which he and others were involved."

"Gotti knows full well that such admissions do exist, as discussed in the sealed letter," Assistant U.S. Attorneys Victor Hou and Miriam Rocah wrote.

On July 5, Gotti is facing a third trial for racketeering charges, including the sensational 1992 kidnapping of radio host Curtis Sliwa, after two previous juries failed to reach a verdict.

The feds have offered Gotti a plea deal that would put him behind bars for less than four years and force him to fork over just $500,000, but the mob scion has yet to accept it.

WACKO CAPO FAKING IT: FEDS (NYPOST)

By Kati Cornell

The New York Post, April 27, 2006

Reputed Gambino acting capo Greg DePalma has borrowed a page from the notorious Mafia boss Vincent "Chin" Gigante by pretending he's too sick to stand trial, prosecutors charge.

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Defense lawyer John Meringolo is expected to argue in Manhattan federal court today that DePalma, 73, is near death due to lung cancer, heart disease and other ailments - and incapacitated by more than 20 medications he takes daily.

But prosecutors are skeptical and have asked Judge Alvin Hellerstein to keep his racketeering trial scheduled for May 8.

"DePalma has a history of exaggerating his medical problems and feigning medical symptoms when confronted with criminal prosecutions," Assistant U.S. Attorneys Edward O'Callaghan and Scott Marrah wrote to the judge.

The feds' court papers claim DePalma "exaggerated the severity" of his illness to get a reduced sentence in 1999 and to "garner sympathy" at a 2001 murder conspiracy trial.

"DePalma told an associate that prior to his 1999 sentencing, which took place in his hospital room, DePalma did not shave for a week and lay a particular way in bed in order to worsen his appearance," the prosecution says.

"DePalma also boasted that he was 'faking' when he appeared in a wheelchair for his 2001 trial in this courthouse."

As soon as DePalma hit the streets in February 2003, after finishing out a prison term, he got right back to mob business, prosecutors say.

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III. Judge Bars Juror Background Checks (FINDLAW/AP)

By Mike Robinson, Associated Press Writer

AP, April 27, 2006

(AP) - CHICAGO-A federal judge barred prosecutors Wednesday from conducting criminal background checks on prospective jurors in the upcoming trial of Mayor Richard M. Daley's one-time patronage chief and three other former city officials.

Prosecutors notified the judge that they planned to make such checks before jury selection gets under way May 10. But U.S. District Judge David H. Coar said such checks could have a "coercive effect" if jurors found out.

"Absent some showing that it would be appropriate or necessary, I don't think as a matter of policy any party ought to be allowed to conduct criminal background checks of the jurors," the judge said.

Federal prosecutors planned to look into the prospective jurors' backgrounds following the corruption trial of former Illinois Gov. George Ryan. In the Ryan case, two jurors were removed in the middle of deliberations after The Chicago Tribune disclosed that they failed to indicate on a court questionnaire that they had arrest records.

Later, the judge in the Ryan case declined to dismiss four other jurors who failed to indicate that they had experiences with the court system, including a divorce and a theft charge.

Ryan, 72, was convicted of taking payoffs to steer business to friends and political insiders. His attorneys have said the situation with the jurors represents grounds for appeal.

In the City Hall case, former patronage chief Robert Sorich and three other men are charged with fraud. They are accused of faking job interview scores and taking other steps to get around a court order barring political patronage in city hiring.

Surfside Administrator Facing 7 Criminal Charges (MBSN)

By From Staff Reports

Myrtle Beach (SC) Sun News, April 27, 2006

Surfside Beach Town Administrator Clyde Merryman was indicted by a federal grand jury in Florence today on seven criminal counts in connection with an investigation into Asian-owned spas in Myrtle Beach in 2002.

The indictment was returned today against 60-year-old Merryman, a retired FBI agent. He is facing charges of mail fraud and theft of honest services, concealment of a material fact from a U.S. agency, falsification of records in a federal investigation, and obstruction of justice.

Merryman launched the investigation as a FBI Special Agent in January 2002 into Asian-owned spas in Myrtle Beach. The indictment says that the investigation questioned whether the spas used Korean women who were illegally in the United States for the purpose of prostitution.

According to the U.S. Justice Department, the indictment accuses Merryman of developing an ongoing "personal relationship" with a woman who was a confidential witness of the investigation.

An official summons was also issued today ordering Merryman to make an initial appearance to answer the charges at a later date, which has not yet been set.

Feds Will Not Seek Death Penalty In Fatal Carjacking (MR)

By Brendan Kirby, Staff Reporter

Mobile Register, April 27, 2006

Federal prosecutors will not seek the death penalty against a pair of Mobile men accused of committing a fatal carjacking last year.

Prosecutors last year announced they would seek permission from the Justice Department to try to execute Alexander L. Bohannon, 23, and Sebastian Sanchez Dubose, 25, for the March 2005 slaying of Michael Lee Rodgers outside of his home in south Mobile.

Lawyers on both sides of the case made presentations in Washington to Justice Department officials, who last month denied permission to go for the death penalty. Both men are scheduled to stand trial in June, and could get life prison terms if convicted.

Defense lawyers said Tuesday they are happy their clients will not face possible execution as they prepare for trial.

"It was entirely due to the efforts of Carlos (Williams, the federal defender). He did an outstanding job," said Donald E. "Skip" Brutkiewicz, who represented Dubose until the Justice Department made its decision. "He deserves all the credit."

In the federal system, the attorney general must sign off on any death penalty prosecution. Rarely granted, it is an arduous process that involves both sides presenting evidence to the Justice Department's Capital Case Unit Committee.

Dennis Knizley, who represents Dubose, said he does not like the system because it forces the defense to tip its hand months before a trial.

"I always found it somewhat offensive to be talking about what penalty someone should get before we've had the trial," he said.

Williams, who represents Bohannon, argued that his client has low intelligence and other mental health issues that make him ineligible for capital punishment. Brutkiewicz said the allegations do not fit the definition of carjacking since Rodgers' vehicle was taken as an after-thought following the shooting.

The Justice Department did not explain its rationale, and federal prosecutors in Mobile did not return phone calls seeking comment.

"One is never confident, because we have no way of knowing what they were thinking or why they did it," Williams said. "We thought we had some good arguments."

Law enforcement authorities have accused Bohannon and Dubose of going to Rodgers' home in the 1300 block of Windsor St. in Mobile's Maysville community as part of a robbery. Bohannon accidentally shot himself in the leg as he and Rodgers struggled for the gun during an altercation, according to an affidavit filed by the FBI.

At that point, Dubose shot Rodgers twice at close range, according to the FBI. The affidavit accuses Bohannon of shooting Rodgers' mother, Lois Ligon, in the arm as they drove off in Rodgers' car.

But Brutkiewicz insisted his client was not even present during the shooting.

"I'm convinced he had nothing to do with it," he said. "The government's case is that Dubose appeared out of nowhere and fired the shots."

Brutkiewicz said the government's case depends on an unreliable witness who told authorities she saw Dubose at the shooting. But he said the woman who took Bohannon to the hospital shortly after the shooting told authorities that he showed up alone.

Brutkiewicz said the altercation between Bohannon and Rodgers apparently was drug-related. As they were fighting, Ligon bit Bohannon in the neck "much like a vampire would," he said.

Bohannon already has been sentenced to life for an unrelated carjacking he committed in Prichard in January 2005. Dubose was charged with murder in a separate incident in 2002 but won acquittal from a jury.

FBI Seizes Computers As Part Of Pension-Fund Probe (AP)

AP, April 27, 2006

8 People Face Charges In Connection To Pension Woes

SAN DIEGO -- The FBI has seized computers and documents from the workplace of San Diego's former pension system president as part of a two-year investigation into the city finances.

It's the first known time federal investigators probing the pension problems have sought information outside City Hall and the pension offices.

FBI agents arrived unannounced earlier this month at the San Diego State University Foundation office where Frederick Pierce IV works as a developer. The FBI has not released further details of the search because the search warrant is sealed and Pierce said he was out of town when the FBI went to his office.

Pierce, 43, has not been charged with any wrongdoing and said he has received other federal requests for information and has always cooperated.

"It has always been my policy to provide any information that I am requested to provide," Pierce said.

The pension system is under federal scrutiny after the city cut contributions to its pension fund and -- at the same time -- increased retirement benefits, once in 1996 and again in 2002. The moves helped create a pension deficit of at least $1.4 billion.

In all, eight people face criminal charges in connection with the pension probe.

FBI Searches Pension Fund Ex-chief's Office (SDUT)

By Matthew T. Hall And Lisa Petrillo, Union-tribune Staff Writers

The San Diego Union-Tribune, April 27, 2006

A two-year FBI investigation into San Diego's embattled pension system grew this month to include its former president, Frederick Pierce IV, when federal agents seized computers and unspecified documents from his workplace.

The search marks the first known case where federal investigators probing the city's fiscal failures have sought information outside City Hall and the pension offices.

Agents arrived unannounced two or three weeks ago at the San Diego State University Foundation office where Pierce works as a developer, Pierce and an SDSU Foundation spokeswoman said yesterday.

San Diego FBI Chief Dan Dzwilewski confirmed that agents searched Pierce's office, but declined further comment because the search warrant is sealed.

Pierce and foundation spokeswoman Theresa Nakata would not say whether the scope of the search extended beyond the pension fund and its $1.43 billion deficit.

Pierce said he was out of town when the FBI appeared at his office.

“I received a written request for information, and I complied with that request,” Pierce said. “It has always been my policy to provide any information that I am requested to provide.”

He said it wasn't the first time that prosecutors have sought documents from him related to the pension fund and added that he has cooperated when questioned about fund-related investigations.

An FBI spokeswoman referred calls to the U.S. Attorney's Office, where a spokeswoman said she could not comment unless charges have been filed.

Pierce, 43, has not been charged with any wrongdoing in the pension scandal.

Federal investigators have papered City Hall with subpoenas since early 2004, when they began digging into the pension deficit and allegations of possible corruption and securities fraud by city officials.

The deficit stems mainly from City Council decisions to underfund the system while increasing benefits in 1996 and 2002.

Pierce was appointed to the San Diego City Employees Retirement System board in 1997 under Mayor Susan Golding, then reappointed to a second six-year term in 2003 under Mayor Dick Murphy.

Pierce, a well-connected developer and development consultant, is a former president of the SDSU Alumni Association as well as an ex-trustee of the California State University System, the largest public university system in the nation.

He has been one of the highest-profile developers on the SDSU Foundation's $350 million Paseo retail-housing complex. The project has been in the works for 18 years and was recently taken over by San Diego State.

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Pierce has worked for several years with the foundation. His contract ends Sunday because the foundation is shifting its focus away from development.

The foundation is a 60-year-old nonprofit with a $160 million annual budget to handle research funding, scholarships and real estate dealings for the 33,000-student university.

Pierce left the 13-member pension board in March 2005 as the council overhauled its makeup and membership with a slew of new appointees.

He had been president of the board for five of the eight years he served on it.

In January, he became the first witness called by defense attorneys representing six board members charged in San Diego Superior Court with violating state conflict-of-interest laws.

In all, eight people face criminal charges in pension probes.

In January 2005, a federal grand jury indicted the system's former administrator, its attorney and three former board members on conspiracy and fraud charges, contending that they illegally boosted their retirement benefits while condoning the underfunding of the system.

Four months later, District Attorney Bonnie Dumanis filed charges against six past and present pension board members – including three who face federal charges – alleging that each improperly benefited from votes as city employees to let San Diego pay less into the pension fund.

Justices Hear Challenge To Lethal Injection (KRT)

By Stephen Henderson

Knight Ridder, April 26, 2006

WASHINGTON - The Supreme Court appeared split Wednesday over how a lower court should handle a Florida death row inmate's contention that the state's method of lethal injection is unconstitutional because it could cause him great pain.

Clarence Hill, who shot and killed a Pensacola police officer in 1982, has exhausted the appeals regularly afforded to inmates who challenge their sentences. But his lawyers say his complaint about the lethal injection procedure is a civil rights claim that doesn't directly challenge his sentence, just the way it's going to be carried out. The state says essentially that Hill's claim is a ruse, an indirect way back into court to stop the state from taking his life.

Two lower courts have rejected Hill's claims, but that has happened against the backdrop of a mounting national debate over how cruel or humane lethal injection is. Eight executions have been delayed this year to consider the issue, thanks in part to medical studies that suggest some inmates may feel terrible pain when intravenous drugs are used to end their lives.

The debate is laced with a bit of irony: Most states voluntarily abandoned other forms of execution - the gas chamber, electrocution, even hangings - in favor of lethal injection because it was seen as more humane. Florida, in particular, was notorious for its "flaming" electric chair, which set at least one inmate ablaze.

Those states now find themselves defending lethal injection against claims that the drugs used don't always kill painlessly and instead may simply prevent prisoners from writhing or screaming. One brief in Hill's case notes that in Florida, dogs and cats couldn't be put down the way inmates are.

The justices are jumping into the debate on somewhat oblique terms, to decide whether Hill can get a hearing on his claims and under what conditions. The justices so far have declined to get involved in cases that would require them to decide directly whether lethal injection is unconstitutionally cruel.

During arguments, the justices seemed split largely along ideological lines. Several more-conservative justices jumped quickly on Hill's lawyer, D. Todd Doss, pressing him to demonstrate that Hill's claims weren't a delay tactic that could be repeated.

They wondered why Hill hadn't suggested an alternative means for execution.

"So if the state comes up with another means, you can then object to that, too, right?" Justice Antonin Scalia asked. "You could challenge that method, too, so another few years would go by" before the execution.

Doss said he disagreed that there was a risk of "perpetual litigation."

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Justice Samuel Alito tried to get Doss to be more specific about his objections: Are they about Florida's procedures or the death penalty in general?

"Is there any method used that's not a violation of the Eighth Amendment?" Alito asked, referring to the constitutional protection against cruel and unusual punishment.

Doss said if the sedatives administered during lethal injection work and an inmate feels no pain, then it would be constitutional.

Scalia focused on Doss' idea of "no pain."

"Is excruciating pain the standard, or any pain?" Scalia asked.

Doss said the court has outlawed executions that inflict "wanton or gratuitous" pain on inmates.

Chief Justice John G. Roberts Jr. quizzed Doss on why Hill's claim was raised just a few days before his execution. Presumably, the procedure was set long before that, Roberts said.

Doss said Florida had no set procedures for lethal injection nor rules to administer those procedures. He said that despite many attempts, he was rebuffed when he asked for information about which drugs would be used during Hill's execution. He found out only at the last minute.

"This is shrouded in secrecy," Doss said.

Carolyn M. Snurkowski, Florida's assistant deputy attorney general, weathered heavy questioning from many of the court's more liberal justices and Justice Anthony Kennedy, a conservative who appeared to hold the decisive vote in the case.

Snurkowski insisted that unless Hill and his lawyers offered an alternative method of execution, Hill's claims shouldn't be treated any differently from routine challenges to his sentence. She said the court's rulings required Hill to offer an alternative.

"What is the legal source for that? What case? What principle?" Kennedy demanded.

Snurkowski pointed to a 2004 high court ruling that allowed an Alabama prisoner to pursue similar claims. In that case, she said, the court relied on the fact that the prisoner had suggested alternative methods.

Justice David Souter objected to that assertion. He said the court mentioned the suggested alternative methods in that case, but didn't hinge the ruling on it. "I don't know what would elevate that to a principle," he said. "I don't know why the state doesn't have the obligation to not execute without causing gratuitous pain."

The case should be decided by late June.

Supreme Court Enters Lethal-Injection Debate (WSJ/AP)

By Associated Press

The Wall Street Journal, April 27, 2006

WASHINGTON – The Supreme Court heard arguments Wednesday in a capital-punishment case that focuses on whether a lethal-injection method used in Florida and most other states causes excruciating pain for death-row inmates.

"Your procedure would be prohibited if applied to dogs and cats," Justice John Paul Stevens told Florida Assistant Deputy Attorney General Carolyn Snurkowski.

Justice Stephen Breyer said that a medical journal study found that inmates can suffer pain under the three-drug combination drugs and it "doesn't seem too difficult" to alter the medicines.

Ms. Snurkowski said that it would be up to the inmate to detail a new method, an argument that seemed to anger several court members. "Doesn't the state have a minimal obligation on its own" to investigate whether its executions cause gratuitous pain, asked Justice Anthony M. Kennedy.

The high court is delving into a limited part of the subject: whether inmates can file special last-minute challenges to the chemicals used in lethal injection even if they've exhausted all their regular appeals.

The justices had a wide-ranging discussion about the way executions are carried out, and how they can be contested. Justice Antonin Scalia said that if they allow Florida death-row inmate Clarence Hill to pursue claims, that could drag out a case that has already been pending for more than two decades.

Mr. Hill, convicted of killing Pensacola Police Officer Stephen Taylor in 1982, was strapped to a gurney with lines running into his arms to deliver the drugs when the Supreme Court in January intervened and blocked the execution. He claims that the

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chemicals -- sodium pentothal, pancuronium bromide and potassium chloride -- used in Florida executions and by many other states can cause excruciating pain. The first drug is a painkiller. The second one paralyzes the inmate and the third causes a fatal heart attack.

Justices have never ruled on the constitutionality of lethal injection, which is used by the federal government and every state that has capital punishment except Nebraska.

In this case, they can give inmates new authority to challenge lethal injection as unconstitutionally cruel. The court's decision to hear the case renewed legal efforts around the country on behalf of death-row inmates, and executions have been stopped in California, Maryland and Missouri.

Retired Justice Sandra Day O'Connor wrote the court's 2004 ruling in its last lethal injection case. Justices said that Alabama death-row inmate David Larry Nelson could pursue a last-ditch claim that his death by lethal injection would be unconstitutionally cruel because of his damaged veins. He argued that prison staff would have to cut into his flesh to get to a vein.

Kent Scheidegger, legal director of the pro-death penalty Criminal Justice Legal Foundation, said, "Hill's failure to follow the rules governing that process should not be rewarded by the opportunity to delay his well-deserved execution with a last-minute challenge in the form of a civil rights lawsuit." (Hill v. McDonough)

High Court Rules on Forfeiture Sales

Justices ruled Wednesday that states must work harder to inform homeowners that their homes will be sold for back taxes.

By a 5-3 vote, justices reversed an Arkansas Supreme Court's decision in the case of Gary Jones, a Little Rock man whose home was sold by the state because of delinquent taxes.

Chief Justice John Roberts, writing for the majority, said Arkansas officials should have done more when certified letters mailed to Mr. Jones's home were returned as unclaimed and when he failed to respond to a newspaper ad announcing the sale.

Justice Roberts said many states require authorities to post notices on the doors of the homes up for sale or to send letters via regular mail that don't require signatures and can be left at the address. States don't spare efforts to collect taxes, Justice Roberts wrote. So, he said, they also shouldn't spare efforts to track down owners of homes about to be sold off to pay delinquent taxes.

Justice Roberts said states must take "additional reasonable" steps to provide notice. But he declined to define what those steps should be. "In this case, the state is exerting extraordinary power -- taking and selling a house," the chief justice wrote. "It is not too much to insist that the state do a bit more to attempt to let [a homeowner] know about it when the notice letter addressed to him is returned unclaimed."

In the dissent, Justice Clarence Thomas said Arkansas officials had done more than enough to try to locate Mr. Jones, who was legally obligated to make sure tax authorities had his correct address on file. "The state cannot be charged to correct a problem of [Mr. Jones's] own creation and of which it was not aware," wrote Justice Thomas, who was joined by Justices Antonin Scalia and Kennedy.

Justice Samuel Alito didn't participate in the decision because he was not yet a member of the court when the case was argued. (Jones v. Flowers)

Court Weighs Procedural Issue In Death Row Lawsuit (WP)

By Charles Lane

The Washington Post, April 27, 2006

Few issues test the Supreme Court's unity more than the death penalty, and the justices' deep disagreements were evident yesterday during oral argument on the rights of death row inmates to challenge lethal injection as a cruel and unusual punishment.

With questions and comments from the justices revealing an even split along liberal-conservative lines, the outcome could depend on Justice Anthony M. Kennedy, the centrist who is the court's swing voter now that Sandra Day O'Connor has retired.

Kennedy was in no mood for joking as he weighed Florida death row inmate Clarence E. Hill's contention that the three-drug injection used by Florida, 36 other states and the federal system risks harsh but undetectable pain.

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When his colleagues engaged in some light banter, as they often do during oral arguments, Kennedy interrupted: "This is a death case. It's not that amusing."

The case comes at a time when the three-drug lethal injection is under renewed legal attack. Death row inmates' attorneys have won stays of execution based on what they say is new medical information showing a risk of great pain if poorly trained personnel mishandle the anesthetic that is supposed to render inmates unconscious.

The anesthetic precedes a dose of a paralyzing agent; then comes potassium chloride, which burns the lining of the veins on its way to the heart. But if a prisoner is still conscious when the potassium chloride arrives, he will feel excruciating pain; paralyzed, he will be unable to show it, the lawyers note.

But the precise issue before the court is not whether lethal injection is unconstitutional. Rather, it is a related procedural question: Should courts treat a prisoner's assertion that a particular method of execution is unconstitutional as a federal civil rights lawsuit, as Hill argues, or as a petition for habeas corpus, as Florida says?

The question is critical, because Congress has put strict limits on habeas corpus claims but not on civil rights suits.

If the court agrees with Hill, death row inmates could engage states in time-consuming litigation over the particulars of their lethal-injection protocols, even if the prisoners, like Hill, have already used up their habeas corpus petitions.

But if the court accepts Florida's position that Hill's true purpose is to evade a death sentence through protracted litigation, then it will bar his claim as the equivalent of a belated habeas corpus suit -- thus affirming the states' wide discretion in execution methods.

D. Todd Doss, Hill's attorney, insisted that a victory for his client "would not leave open a total series of challenges." He accepted Justice David H. Souter's proposal to amend Hill's lawsuit "so everything can be resolved in this one case."

Kennedy did not seem entirely satisfied, noting that, if Hill wins, a state might risk a new lawsuit each time it changes its protocol, even if its goal is a less painful death. That might create "a disincentive for states to try to make the process less painful," Kennedy said.

Even members of the court sympathetic to Hill sought reassurances yesterday that he is not out to game the system, probing Doss on why he did not sue until shortly before Hill's Jan. 25 execution date.

"You did know there was a lethal-injection procedure for another prisoner, but you didn't challenge it then," said Justice Ruth Bader Ginsburg. "So why did you wait?"

Doss said he had no choice because the state refused to say precisely what would be done during the execution.

But Ginsburg was even tougher on Florida's assistant deputy attorney general, Carolyn M. Snurkowski, noting that nothing in the state's laws "binds" it to a promise of a humane execution.

When Snurkowski suggested that Hill's claim is weakened by the fact that he has not proposed an alternative method, Souter pounced: "Why does he have an obligation under the Eighth Amendment or any other ground to tell the state how to execute people?"

Snurkowski's inability to satisfy Souter irked Kennedy.

"You're not being forthcoming with your answer," he snapped.

Hill's failure to offer an alternative to Florida's lethal-injection protocol was key to the Bush administration's brief supporting Florida. But during the presentation of Kannon K. Shanmugam, an assistant to the solicitor general, Kennedy seconded Souter's point, observing that "if there are other methods that might be used, it seems to me the state has a minimum obligation to investigate those."

The case is Hill v. McDonough , No. 05-8794. A decision is expected by July.

Supreme Court Looks At Humaneness Of Lethal Injections (LAW)

By Tony Mauro, Legal Times

Legal Times, April 27, 2006

The Supreme Court on Wednesday seemed reluctant to place too many procedural barriers in the path of death row inmates who want to make last-minute challenges to a state's method of execution.

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Exploring for the first time the humaneness of lethal injections -- the method of choice for almost all states that use the death penalty -- the justices appeared reluctant to give states carte blanche to use any combination of death-dealing chemicals they choose.

At one point in oral arguments in Hill v. McDonough, Justice Anthony Kennedy suggested that states have "some minimal obligation" to ensure that the chemicals used in legal executions employ the "most humane method" available.

Justice John Paul Stevens, citing a brief filed in the case by three veterinarians, noted that the combination of drugs used by Florida would be prohibited for use in euthanizing dogs and cats.

The case before the Court was brought by Clarence Hill, who was convicted in the 1982 murder of a Pensacola, Fla., police officer during a bank robbery. Decades of appeals were intermittently successful in reversing the sentence, but each time the sentence was restored.

In 2000, Florida changed its method of execution from the electric chair to lethal injection. But Hill did not challenge the procedure until weeks before his scheduled execution date of Jan. 24, 2006. Florida courts denied the challenge, and four days before the execution date, Hill's lawyers went to federal court, invoking 42 U.S.C. §1983 and claiming that lethal injection would violate their client's civil rights.

The 11th U.S. Circuit Court of Appeals treated his 1983 claim as the equivalent of a habeas corpus petition and denied it as an improper second or successive petition under the 1996 law that Congress passed limiting habeas. Hours before the scheduled execution, Justice Kennedy granted a stay to allow the appeal over whether and how Hill could challenge the method of execution.

Hill's lawyer D. Todd Doss of Lake City, Fla., argued that the challenge should be allowed because the execution method was new in the state and questions about its humaneness only recently emerged. He also said the state left him "in the dark" as to precisely what combination of drugs would be used in the execution.

Several justices seemed worried that if an eleventh-hour §1983 suit is allowed, that device could be abused to delay executions every time the state adopts a new combination of chemicals. "I'd be willing to bet," said Chief Justice John Roberts Jr., that successive civil rights claims would be brought.

Doss said that would not be the case "if the sedative works" and the state's new formula is constitutional. Doss and other death penalty opponents say the current sequence of drugs used in executions could result in severe pain for inmates.

Florida Assistant Deputy Attorney General Carolyn Snurkowski ran into a buzz saw of harsh questioning when she argued that inmates who challenge a method of execution under §1983 should be required to suggest an alternative procedure.

Justices Kennedy, David Souter and Ruth Bader Ginsburg pressed her repeatedly on the legal source for her assertion. She apologized for seeming "disingenuous" but did not have an answer until Roberts bailed her out with a justification. If an inmate is not required to offer an alternative, Roberts said, the claim would amount to a habeas corpus challenge to the sentence itself.

But several justices seemed to believe that it was not unreasonable for an inmate to invoke the civil rights laws to challenge an execution method, no matter when it occurs in the appeals process.

First developed in Oklahoma in 1977, the three-drug injection method has been adopted in 37 of 38 death penalty states. Though it has been viewed as a more humane alternative to the electric chair and previous execution methods, Human Rights Watch last week issued a report asserting that in fact "there is mounting evidence that prisoners may have experienced excruciating pain during their executions."

A separate case directly testing the constitutionality of lethal injections is pending before the Court in Abdur'Rahman v. Bredesen. A death row inmate is appealing a decision last October by the Tennessee Supreme Court that upheld lethal injections as constitutional.

McDermott Files Appeal In Taped Call Case (AP-Y2)

By Matthew Daly

AP2, April 26, 2006

DOJ_NMG_0026701

Rep. Jim McDermott (news, bio, voting record) on Wednesday asked a full nine-member appeals court to hear an appeal of a case involving an illegally taped telephone call that was leaked to reporters nearly a decade ago.

A three-judge appeals court panel ruled last month that McDermott, D-Wash., violated federal law by giving the news media a tape recording of a 1996 call involving then-House Speaker Newt Gingrich, R-Ga.

The 2-1 opinion, by judges from the U.S. Court of Appeals for the District of Columbia Circuit, upheld a lower court ruling that McDermott violated the rights of Rep. John Boehner (news, bio, voting record), R-Ohio, who was heard on the 1996 call. Boehner was then a Gingrich lieutenant and is now House majority leader.

The appeals court ordered McDermott to pay Boehner about $700,000 for leaking the taped conversation. The figure includes $60,000 in damages and more than $600,000 in legal costs.

In court papers filed Wednesday, McDermott asked all nine members of the appeals court to hear the case, saying it involved a crucial First Amendment issue.

"The First Amendment cannot be subverted if we are to remain a free nation," McDermott said in a statement.

McDermott's petition said the full court should hear arguments in the case "because the divided panel decided a constitutional issue of exceptional importance in a manner inconsistent with on-point Supreme Court precedent."

He called the March 28 ruling "both unsound in principle and unworkable in practice," adding that it "will chill the disclosure of truthful information on matters of public concern. Clear and authoritative legal guidance here is imperative, especially for the media, which routinely receive information in all sorts of ways, from all sorts of sources."

Kevin Madden, a spokesman for Boehner, said McDermott's case was weak.

"Everyone expects political adversaries to disagree, but unfortunately Jim McDermott took it a step too far, and he broke federal law in pursuit of his political opponents."

A Florida couple last year pleaded guilty to illegally taping portions of the call, and said they provided the tape to McDermott, who has admitted disclosing the tape.

Inside Politics (WT)

By Greg Pierce

The Washington Times, April 27, 2006

Rove testifies

Top White House aide Karl Rove made his fifth grand jury appearance in the Valerie Plame affair yesterday, undergoing several hours of questioning about a new issue that has come to light since the last time he testified, the Associated Press reports.

Special Counsel Patrick Fitzgerald declined to comment at the conclusion of the grand jury session. Mr. Rove appeared at ease as he left the U.S. courthouse, joking to journalists to "move to the back" as the White House aide, his attorney and several reporters entered an elevator to leave the building.

Wednesday's session is believed to be only the second time Mr. Fitzgerald has met with a new grand jury examining questions left unanswered in the leaking of Mrs. Plame's name. The only other time Mr. Fitzgerald was seen going before the new panel was Dec. 7.

The previous grand jury looking into the CIA leak expired Oct. 28, the day it indicted Vice President Dick Cheney's chief of staff on five counts of perjury, obstruction and lying to the FBI. The only new issue in the CIA leak probe known to involve Mr. Rove is a contact his attorney, Robert Luskin, had with Time magazine reporter Viveca Novak.

Mr. Rove "testified voluntarily and unconditionally at the request of Special Counsel Patrick Fitzgerald to explore a matter raised since Mr. Rove's last appearance," Mr. Luskin said in a statement. "Mr. Fitzgerald has affirmed that he has made no decision concerning charges."

According to Mr. Luskin, the prosecutor has advised that Mr. Rove is not a target of the investigation.

CIVIL LAW:

DOJ_NMG_0026702

York County To Pay $16 Million To Settle Dispute Over INS Housing (AP)

By PATRICK WALTERS, The Associated Press

AP, April 27, 2006

PHILADELPHIA (AP) — York County will pay the federal government $16 million to settle a dispute over how much its prison charged to house immigration detainees.

The Department of Justice alleged that the county knowingly understated the overall number of inmates at the prison, resulting in a higher rate being charged for federal immigration detainees being housed there between October 1999 and March 2003.

The county, however, does not admit any wrongdoing under the settlement reached Wednesday.

"We disagree with their characterization concerning that agreement," said Michael Flannelly, York County solicitor, adding that the county settled to avoid expensive litigation. "Given the level of risk that we were facing, we believe it's an appropriate settlement."

In 2000, the now-defunct U.S. Immigration and Naturalization Service agreed to increase the rate to $60 a day for each federal detainee based on York's statement of prison operating costs and the inmate population.

But York reported that the average daily population of the prison was 996 inmates for the applicable period, rather than the 1,544 it reported to the state, according to the U.S. government.

The difference in those figures led to the U.S. government being charged an inflated rate for detainees at York, one of the nation's largest immigration detention centers, federal officials said.

Flannelly said, however, that while some of the information provided by Warden Thomas H. Hogan "may have been inaccurate as a technical matter," the $60 figure was a fair price and the immigration service got what it paid for.

Charles Miller, a Justice Department spokesman, said he considered the legal matter closed.

The county expects to pay the money over the next six years and the extra cost is not expected to lead to any tax increase, Flannelly said. He said the federal government is currently between $3.5 million and $4 million behind in its payments, and that money could be put toward what the county owes.

Now that the dispute is resolved, the county also plans to ask for an increase in the current per diem that would help pay much of the remaining amount owed, Flannelly said.

Miller said he could not comment on how much the U.S. government may owe in back fees or what the new per diem rate would be.

A $20 million prison addition several years ago gave the federal government one of its largest prison detention centers in the country, complete with immigration courtrooms and office space for staff members of the since-renamed agency.

But a 2001 audit by the federal government said the prison charged too much to house detainees and urged the immigration service to seek a better deal.

Contractor To Pay For Allegedly Misrepresenting Size Status (GOVEXEC)

By Michael Hardy

Government Executive, April 27, 2006

Insight Enterprises has agreed to pay the government $1 million to settle claims that its subsidiary, Insight Public Sector, fraudulently misrepresented itself as a small business to get a federal contract.

Insight, an information technology solutions provider based in Tempe, Ariz., admitted no wrongdoing in agreeing to the settlement. Lloyd Chapman, president of the American Small Business League, initially pursued the case against Insight in a Small Business Administration complaint.

Chapman believes that large companies often represent themselves as small businesses and that SBA and the General Services Administration rarely take action.

Insight's troubles arose after it acquired Comark and Comark Government and Education Services in 2002. CGES, which is now Insight Public Sector, had won a place on the GSA schedule as a small business in 1996. After investigating, the Justice

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Department and SBA contended that CGES had not been a small business in 1996 and had later received preference on some orders through the GSA schedule because of its reported size status.

The company disputes that claim, but agreed to settle to avoid the risk and expense of litigation, said Richard Fennessy, Insight's president and chief executive officer, in a statement issued late last month.

Chapman said he had hoped that former SBA Administrator Hector Barreto, who resigned yesterday, would be followed by a reformer willing to tackle the problem of fraud in small-business contracting. However, the Bush administration announced yesterday that the nominee to follow Barreto is Steven Preston, executive vice president of strategic services at ServiceMaster.

Chapman said Preston is an unknown quantity.

"I predict that we will not see Mr. Preston do anything to address the 11 federal investigations that have found billions of dollars in small-business contracts have been diverted to large firms as a result of fraud, abuse and lack of oversight," Chapman said in a written statement. "If Preston is approved, he will likely foster policies that will act as barriers to small firms doing business with the federal government and continue to allow awards to Fortune 1000 companies to be reported as small-business contracts."

Some Archives Files Wrongly Kept Secret (WP)

By Christopher Lee

The Washington Post, April 27, 2006

The CIA and other agencies wrongly kept secret about a third of the records they pulled from public shelves at the National Archives during reclassification efforts that were far more extensive than previously disclosed, according to an audit released yesterday.

Auditors for the Archives who reviewed a representative sample of thousands of formerly public records found that 24 percent were pulled despite being "clearly inappropriate" for reclassification, and another 12 percent were "questionable" as candidates for reclassification.

"In short, more than one of every three documents removed from the open shelves and barred to researchers should not have been tampered with," said Allen Weinstein, the archivist of the United States, who ordered the audit and imposed a moratorium on the reclassification efforts last month.

The moratorium and audit represented an about-face for the Archives, which in 2001 and 2002 entered into secret pacts with the CIA and Air Force in which Archives officials agreed to help hide the multiyear reclassification efforts.

Weinstein, who joined the agency last year, announced last week that the Archives would no longer enter into such agreements. Yesterday, he lifted the moratorium on reclassification efforts and announced new procedures that he said would ensure that withdrawals of records are rare and that the public would be notified when they occur. The Archives also plans to launch a pilot National Declassification Initiative to bring new standards and more accountability to executive branch declassification efforts.

Even as he pledged increased transparency, Weinstein said that he could not disclose examples of the documents that agencies inappropriately pulled from public view, referring the question to the specific agencies.

Independent historian Matthew M. Aid uncovered the reclassification efforts last summer when his requests for documents formerly available at the Archives were delayed or denied. The program dates to the Clinton administration, when the CIA and other agencies began recalling documents they believed were improperly released under a 1995 executive order requiring declassification of many historical records at least 25 years old.

In February, the Archives estimated that about 9,500 records totaling more than 55,000 pages had been withdrawn and reclassified since 1999. The new audit shows the real haul was much larger -- at least 25,515 records were removed by five different agencies, including the CIA, Air Force, Department of Energy, the Federal Emergency Management Agency and the Archives.

J. William Leonard, director of the Archives' Information Security Oversight Office, said 64 percent of audited records did contain information that met standards for continuing classification. In some cases, it was the name of a CIA agent in a decades-

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old document that otherwise could have remained public, he said. In other cases, records had been published elsewhere, and in still other cases withdrawing a document might counterproductively draw attention to it, he said.

Auditors also found that the CIA withdrew a "considerable number" of records it knew should be unclassified "in order to obfuscate" other records it was trying to protect.

"We hold people accountable, and rightfully so, when they engage in unauthorized disclosures of information," said Leonard, who led the audit. "But we also have that affirmative responsibility, each and every one of us, to challenge inappropriate classification decisions. And it's not done. It's simply not done with any degree of regularity in this government."

Aid praised Weinstein for ordering the audit but said lifting the moratorium before finalizing the new procedures was a mistake. "The decision to let these people go back and do the reclassification again makes no sense to me whatsoever," he said.

Steven Aftergood, director of the Federation of American Scientists' Project on Government Secrecy, said, "It's too early to say whether this will solve the problem, but it brings the matter out into the open where it belongs."

National Archives Says Records Were Wrongly Classified (NYT)

By Scott Shane

The New York Times, April 27, 2006

WASHINGTON, April 26 — An audit by the National Archives of more than 25,000 historical documents withdrawn from public access since 1999 found that more than a third did not contain sensitive information justifying classification, archives officials announced Wednesday.

They said the removal of the remaining two-thirds was technically justified, though many had already been published or contained old secrets with little practical import.

Even withdrawing those documents that included truly significant secrets may have done more harm than good by calling new attention to the sensitivity of records that researchers had read and photocopied for years, the officials said.

"The irony is that some of these reviews have actually exacerbated any possible damage to national security," said J. William Leonard, head of the archives' Information Security Oversight Office and the government's overseer of classification of records.

Calling the exposure of the hidden effort to reclassify records a "turning-point moment," Allen Weinstein, the head of the National Archives, announced a new effort to set consistent standards for deciding what records should be protected.

The pilot National Declassification Initiative, overseen by the archives, will seek to reduce what Mr. Weinstein called an "unconscionable backlog" of historical records not yet released and to avoid unnecessary classification in the future.

"We're in the access business, not the classification business," Mr. Weinstein said. He said all the agencies that had withdrawn records, including the Air Force and the Central Intelligence Agency, had agreed to drop the practice of secretly reclassifying documents and to operate under new standards of transparency.

Paul Gimigliano, a C.I.A. spokesman, said the reclassification of documents had been necessary because other agencies had released C.I.A. intelligence without allowing the spy agency to review it.

"Once classified material is made accessible to the public, there are few good options to protect that information," Mr. Gimigliano said Wednesday. "That said, the C.I.A. has worked very closely with the archives to improve the process and ensure that the public has maximum access to properly declassified records."

In announcing the results of the audit, both Mr. Weinstein and Mr. Leonard said it raised unsettling questions about the overall quality of decisions by the three million Americans who hold security clearances about what should be secret. "To be effective, the classification process is a tool that must be wielded with precision," Mr. Leonard said.

The audit found that 25,315 documents were withdrawn from public access, far more than the 9,000 they estimated in February, and that 64 percent met the minimal criteria for classification. The Air Force was responsible for the largest share — 17,702 — followed by the C.I.A., the Department of Energy, the Federal Emergency Management Agency and the presidential libraries, which are part of the National Archives system.

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The auditors discovered that C.I.A. reviewers deliberately classified some "purely unclassified" documents simply to obscure the removal of other documents they judged to be genuinely sensitive. In addition, the audit showed, some records that had always been unclassified were classified by C.I.A. reviewers — "often 50 years later" — because they contained a name of a C.I.A. official who had received a copy.

At the same time, the audit noted that more than one billion pages of previously secret government documents have been declassified since 1995, four times more than in the 15 years before that. It praised the C.I.A. for placing millions of pages of documents into a searchable computer system that is accessible to researchers at the archives.

The reclassification of documents began after some agencies found that their records had been improperly declassified in the mid-1990's in a process the audit admitted was "replete with errors." The review took place largely hidden from public view, and researchers found entire boxes of records missing from the shelves with only vague notations about "restricted status" as an explanation.

A few months ago, a number of historians led by Matthew M. Aid, a Washington writer on intelligence, discovered that documents they had copied at the archives long ago had been removed. In February, they confronted archives officials, who suspended all reclassifications and ordered the audit.

The withdrawal of documents was governed in part by secret agreements the National Archives signed with the C.I.A., in 2001, and the Air Force, in 2002, before Mr. Weinstein's tenure. Mr. Weinstein said Wednesday that such agreements were improper and should never have been signed.

Reaction to the audit and the planned overhaul of declassification from the affected government agencies, as well as from historians who had complained about the reclassification, was generally positive.

Mr. Aid, the historian who first uncovered the reclassifications, said he found the audit professional and its results "shocking."

"The various reclassification programs were, in my opinion, a massive waste of time and the taxpayers' money in a time of war, and did not enhance or improve U.S. national security at all," Mr. Aid said.

An Air Force spokeswoman, First Lt. Christy A. Stravolo, said: "This audit was a good thing. In the long run, it will improve the consistency of declassification processes across the board."

Archives: 1 In 3 Records Wrongly Resealed (AP-Y2)

By Hope Yen

AP2, April 26, 2006

The government improperly sealed hundreds of previously public CIA, Pentagon and other records by reclassifying them as secret on questionable grounds, an internal review said Wednesday.

The National Archives' audit of thousands of records withdrawn from public view since 1995 contends that one of every three was resealed without justification.

The investigation covered historical records held by the National Archives. But it comes amid broader debate on classifying records on national security grounds, which critics say is often done based on political expediency.

The Associated Press reported earlier this month that the National Archives agreed to seal previously public records — many of them more than 50 years old — despite concerns about whether it was justified.

On the other hand, Democrats have decried the timing of President Bush's 2003 decision to declassify sensitive intelligence and authorize its disclosure to rebut Iraq war critics. In recent weeks, the CIA has fired an employee accused of sharing classified information with news media.

"The ability and authority to classify national security information is a critical tool at the disposal of the government and its leaders," said William Leonard, head of the Archives' information security oversight office, in a briefing with reporters.

Such a system, Leonard said, is only effective if the 3 million federal workers who decide whether to seal records on national security grounds each day follow clear standards and are kept honest.

While the audit found numerous instances of improper reclassification, the National Archives declined to release details of what those documents contained, saying it was still working with the agencies to make them public again.

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According to the audit:

_At least 32,315 publicly available records were reclassified since 1995, primarily by the U.S. Air Force (17,702), CIA (3,147) and Energy Department (2,164). Based on a sampling of 1,353 of those documents, 24 percent were resealed on clearly inappropriate grounds, while another 12 percent were questionable.

_Poor oversight by the agencies and the National Archives was to blame, primarily due to a lack of clear standards and protocol for reclassification.

_In many cases where a previously public document was resealed on national security grounds, the decision didn't make sense because the material had been published elsewhere.

National Archivist Allen Weinstein said at the news briefing that he was implementing new procedures to curtail abuses and ensure that resealing of documents is rare. The procedures require that the public be informed on a regular basis when records are withdrawn from public access.

The archives also will boost training, seek more federal funding to speed declassification and launch a longer-term study of how it handles materials that are deemed classified.

The archives' secret agreements with government agencies were made public earlier this month in response to a 3-year-old Freedom of Information Act request by The Associated Press. They provided new details on the efforts of the nation's chief historical repository to hide the fact that U.S. intelligence was secretly trying to reclassify approximately 55,500 pages of previously public documents.

The revelation drew widespread anger on Capitol Hill, and the agreement was even disowned by a former head of the archives. John Carlin, a former Kansas governor who served as chief archivist from 1995 to 2004, said the agreement was kept secret even from him.

"I was shocked by the content, particularly the language that it was in the best interest of the National Archives to keep the public in the dark," he said in a statement last week. "I spent most of my tenure stating that NARA is a public trust — this (agreement) undermines that trust."

Archives officials have been criticized for keeping the agreements secret. But internal NARA reports obtained by the AP under the Freedom of Information Act show archivists were concerned about the reclassification scheme as early as January 2003. As boxes of documents were pulled from shelves, historians and other researchers who regularly use archival materials were beginning to notice their absence.

"Researchers continue to question why records, some of which have been open for years, are not readily available for research in 2003," archivists said in a January 2003 report. "The exceptional efforts of the (staff) ... have worked to placate most of the impacted researchers, and complaints are amazingly few in number."

Two years later, NARA officials appeared frustrated by the reclassification effort.

"The amount of disruption to timely reference service wreaked by ... declassification (sic!) teams is growing," a NARA official said in an April 2005 report. "The Air Force team seems particularly bent on expanding their mandate to series of records well beyond recognized rationality considering the sort of information they are allegedly seeking to identify."

Lorillard Seeks To Reverse Anti-Smoking Ads Decision (DOW)

Dow Jones, April 27, 2006

WILMINGTON, Del. -(Dow Jones)- Lorillard Tobacco Co. Wednesday asked the Delaware Supreme Court to overturn a ruling that the "truth" series of anti- smoking ads does not "vilify" the tobacco industry.

The maker of Newport, Kent, True and Old Gold cigarette brands says the ad campaign, which is targeted at children and teenagers, violates the bargain tobacco companies made in 1998 to settle lawsuits from 46 state attorneys general, an agreement that called for the industry to pay for anti-smoking ads.

Lorillard wants to strip funding from American Legacy Foundation, the non- profit organization behind the "truth" ads and the recipient of $1.5 billion in funds under the settlement. According to the company, the ads breach restrictions against vilification and personal attacks contained in the settlement.

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"We are pursuing this lawsuit because we want to get what we bargained for," Ronald Milstein, general counsel for Lorillard, a unit of the Loews Corp. (LTR) (LTR), told Dow Jones Newswires in an interview after the hearing.

American Legacy says that the ads have to be edgy to reach the defiant youngsters most at risk of smoking but that the campaign is tailored to avoid personal attacks and vilification, which it defines as abusive and unfair portrayals of tobacco companies.

Last year, a Delaware judge sided with American Legacy and against Lorillard in a legal battle over the "truth" ads.

Lorillard appealed the decision, and the Delaware Supreme Court is expected to rule later this year on whether American Legacy's "truth" ad campaign crossed the line by tackling evils in tobacco industry profiteering along with the evils of smoking.

Wednesday, a five-judge panel in Delaware viewed some "truth" ads, including a commercial showing young people piling body bags outside the headquarters of an unidentified tobacco company to illustrate the daily death toll from smoking.

That ad breached the deal, said John Parkins, attorney for Lorillard.

Another ad, which showed passers-by reacting to what seemed to be an abandoned, crying infant in a baby carriage, did not transgress, he said.

"They can run an effective, hard-hitting campaign without vilifying or personally attacking tobacco companies," Parkins said.

The dispute in Delaware is focused on the meaning of a very few words in the settlement in which tobacco companies agreed to fund anti-smoking ads, a settlement that created American Legacy.

But it's a fight that the foundation says could mean an end to the only anti- smoking ad campaign not controlled by cigarette makers.

"If they (Lorillard) were to have an all-out win in this court, that would basically shut us down," American Legacy Chief Executive Cheryl Healton told Dow Jones Newswires in an interview before Wednesday's debate before the Delaware Supreme Court.

The foundation points to academic studies that show the "truth" campaigns accomplish their goal of preventing youth smoking. Industry-funded ads are tailored to portray smoking as an adults-only activity and are thus more likely to make cigarettes attractive to rebellious teens, American Legacy's CEO said.

Healton said tobacco companies know the "truth" ads are costing them customers. Instead of dealing with American Legacy, she said, Lorillard is asking the Delaware court for a ruling that will let cigarette makers "start over with some well-behaved entity that won't cut their market share."

Lorillard's top lawyer says tobacco companies are not out to kill anti-smoking ad campaigns but they do not want to pay for ads that show them as profiteers at the expense of public health.

"Ads do not cause people to want to smoke," Milstein said.

Wednesday's arguments came just days after Delaware and a number of other states sued Lorillard and R.J. Reynolds Tobacco Co. for allegedly shortchanging them in this year's settlement payments.

Lorillard and R.J. Reynolds say they have placed more than $750 million in escrow pending a resolution of how much they owe in 2006 on the settlement.

Vermont Attorney General William H. Sorrell, who also filed a suit over the 2006 shortfall, was in the Dover, Del., courtroom Wednesday as a member of American Legacy's board.

"We need to be able to continue an ad campaign that speaks to kids," Sorrell said in an interview. However, he said, American Legacy screens ads carefully to make sure they don't violate the covenant against personal attacks or abusive characterization.

"We've taken it very, very seriously that we can't throw just anything out there," Sorrell said. "That word vilification is there for a reason."

The Delaware Supreme Court arguments also come as American Legacy awaits a ruling from a federal judge in Washington, D.C., in the U.S. Department of Justice's case against tobacco companies. The Justice Department has recommended that $4 billion of any settlement in the case be earmarked for American Legacy, to expand its award-winning advertising effort.

-By Peg Brickley, Dow Jones Newswires; 302-521-2266; peg.brickley@dowjones.com

CIVIL RIGHTS:

Supreme Court To Decide Whether It's OK To Require ID To Vote (AP)

By DAVID EGGERT, ASSOCIATED PRESS

AP, April 27, 2006

LANSING, Mich. (AP) -- The state Supreme Court agreed Wednesday to decide whether Michigan can require voters to show photo ID, entering a decade-long political fray over issues such as election fraud and voter intimidation.

The court voted 5-2 to issue an advisory opinion on the constitutionality of a 1997 state law requiring voters to show photo identification to get a ballot. A court spokeswoman said the ruling will be binding, though it could be appealed to the U.S. Supreme Court.

Former Attorney General Frank Kelley, a Democrat, ruled nine years ago that the law violated the equal protection clause of the 14th Amendment of the U.S. Constitution, which guarantees U.S. citizens the right to vote.

Opponents of the law say the requirement would keep poor people, non-drivers and others away from the polls. But supporters say it's needed to prevent election fraud.

The U.S. Justice Department, for example, has been investigating allegations that Detroit votes were cast last year in the names of dead people.

In February, the Republican-controlled state House passed a resolution asking the Supreme Court for an opinion after the 1997 law was amended to make an array of election-related changes. Five Republican nominees on the court agreed with the request, while two Democratic nominees opposed it.

"We can ensure the sanctity of the voting process," House Speaker Craig DeRoche, R-Novi, said of requiring ID to vote.

The high court asked Republican Attorney General Mike Cox to submit separate briefs within 84 days -- one arguing that the law is constitutional and the other arguing it is unconstitutional. The court also invited the state Bureau of Elections, Michigan Democratic Party and Michigan Republican Party to file arguments. It will hear oral arguments later.

Kelley appeared before the Attorney General Opinion Review Board last November to argue that his opinion should be left standing.

The board was considering a July request from state Rep. Chris Ward, R-Brighton, that Cox issue a new opinion on the law. A Cox spokesman said Wednesday that Cox will not issue a legal ruling because the matter is now pending before the Supreme Court.

Jason Moon, spokesman for the state Democratic Party, said requiring a photo ID is an illegal poll tax. But Ward has said would-be voters who don't have an ID could get a state-issued card free of charge.

Marcia McBrien, spokeswoman for the Michigan Supreme Court, said the court will decide whether the state law is constitutional on its face. She added that parties could challenge the state law in federal court.

Court rulings have been mixed regarding voter ID requirements.

Earlier this month, a federal judge upheld an Indiana law requiring voters to present photo identification, saying it places reasonable restrictions on casting a ballot.

But last year, a federal judge held that a Georgia law amounted to an unconstitutional poll tax and issued a temporary injunction blocking enforcement while the government appealed.

In January, the Republican-led Legislature amended the law to provide free photo IDs to any Georgian who needed one, and the U.S. Department of Justice signed off on the law last week.

Marriage Battle Gears Up For Fall (WP)

By Chris L. Jenkins

The Washington Post, April 27, 2006

DOJ_NMG_0026709

RICHMOND -- At the Shad Planking in Wakefield, the traditional kickoff to Virginia's political campaign season, activists passed around chunks of pearl-white wedding cake and handed out yellow and black stickers that read, "Vote Yes 4 Marriage."

Days earlier, outside a post office in Fredericksburg, another group stood with clipboards and fliers and held up pumpkin-orange signs written in block letters to promote their cause. It was tax day, and one man held a sign that said, "No Taxation With Discrimination."

These are the beginnings of a statewide political campaign not for an individual candidate but for an idea. The groups represent the two sides of the debate over the proposed amendment to the Virginia Bill of Rights that would ban same-sex marriages and civil unions and will be on the ballot statewide Nov. 7.

"The campaign is in its infancy . . . we're finding that a lot of people don't even know about the constitutional amendment," said Doug Pfaff, a landscape designer from Fredericksburg who was among about 20 people opposed to the amendment who rallied last week along Princess Anne Street downtown. "Our job between now and November is trying to not only get people educated, but get them mobilized."

More than six months before Election Day, supporters and opponents have formed coalitions they hope will raise hundreds of thousands of dollars and lure scores of volunteers to their voter outreach efforts.

"This is a campaign that has similar attributes to a campaign as if we were electing a candidate," Chris Freund, director of communications for the Family Foundation, told a group of black ministers last week. The foundation is helping to lead the effort to pass the amendment. "Except here, we're electing marriage. We're voting on marriage."

Organizers on both sides said they hope to raise enough money to fill the airwaves with radio and television ads. And they vowed to send volunteers to as many county fairs, clambakes and cookouts as needed to get the vote out.

Since the adoption of the modern constitution of Virginia in 1971, the document has been altered more than 40 times, but proposed amendments have rarely engendered passionate campaigns. The last time the state's 230-year-old Bill of Rights was amended was 1996, with a new section that addressed the rights of crime victims.

"This will certainly be unique," said A.E. Dick Howard, a University of Virginia law professor who helped draft the state's modern constitution. "In most cases the amendments are so . . . technical that the first time people have heard of them is at the voting booth."

Nineteen states have passed constitutional amendments barring same-sex marriage, and six others will place the issue before voters this year. No such amendment put to voters has been defeated, but the issue continues to roil statehouses across the country. In Maryland, lawmakers debated the topic this year after a circuit court judge found the state's 33-year-old ban on same-sex marriages to be unconstitutional.

Opponents of the marriage amendment will try to convince voters that the measure is about more than "electing marriage" and might also affect unwed heterosexual couples because it says the state should not recognize "a legal status for relationships of unmarried individuals." Organizers said that although they will tell voters that they should not "write discrimination" into the state constitution and that gay couples deserve civil benefits, they will largely seek to raise the specter that the amendment could harm some heterosexual couples.

"Once people understand that this is about more than just marriage, their support for it plummets," said Claire Guthrie Gastanaga, campaign director for the Commonwealth Coalition, which is fighting the ballot question.

Proponents say the amendment will protect Virginia from judges who might interpret the constitution to allow such unions. And they say there is no evidence that the amendment will void contracts between unwed heterosexual couples, as opponents have warned it will.

"Our job is to make sure that the misinformation doesn't stick," said Del. Robert G. Marshall (R-Prince William), chief sponsor of the constitutional amendment. He predicted that opponents will have a difficult time grabbing voters' attention with what he termed a complicated legal argument.

Meanwhile, proponents have aimed their message at church pastors across the state. At Saturday's meeting with the black ministers, Freund handed out DVDs titled "Why not Gay Marriage?" He also announced a "Marriage Protection Sunday" on Nov. 5, when proponents will urge pastors across the state to get their flocks to vote yes on the amendment.

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The marriage amendment will be on the ballot the same day U.S. Sen. George Allen (R-Va.) hopes to win reelection. In 2004, when 11 states passed similar measures, political observers said the amendments helped drive conservative Republicans to the polls and to President Bush, particularly in swing states such as Ohio. Allen includes support for the amendment in his stump speeches, and a spokesman predicted that the senator's position will help him on Election Day.

"We think Senator Allen is on the same side as the majority of Virginians," said campaign consultant Dick Wadhams.

Aides for the two Democrats vying to defeat Allen, former high-tech lobbyist Harris Miller and former Navy secretary James Webb, said their candidates oppose the amendment. Taylor West, press secretary for Miller, called the ballot question a "cynical attempt to divide Virginians" and said her candidate will focus on "the real issues" that affect voters, such as health care and jobs.

Study Assesses How Many Gays Marry If Legal (AP)

By David Crary, Ap National Writer

AP, April 27, 2006

(AP) - NEW YORK-A new study attempts to gauge the percentage of gays and lesbians who have chosen to marry in places where that option is legal, with estimates ranging from as little as 2 percent to more than 16 percent, depending on the location.

A co-author of the report, released Wednesday, said both sides in the gay marriage debate may take heart from the findings.

The Institute for Marriage and Public Policy, which opposes gay marriage, reviewed data from the Netherlands, Belgium, Canada and Massachusetts, all of which allow same-sex partners to wed.

In each case, the study offered a range of estimates of the percentage of gays who had married, based on varying approximations - from 1 percent to 5 percent - of how many gays were in the general population.

In the Netherlands, where 8,127 same-sex couples married from April 1, 2001, through last December, the study said this represented between 2.6 percent and 6.3 percent of the country's gays and lesbians.

The study estimated that between 2 percent and 5 percent of Belgium's gays and lesbians, and 5.9 percent to 16.7 percent of those in Massachusetts had married. Same-sex marriage became legal in Massachusetts in May 2004, and 7,341 gay and lesbians couples had wed there through last December.

The institute study said calculations for Canada were difficult because the country allowed nonresidents to marry, but it estimated that as many as 14.3 percent of the gays and lesbians in the western province of British Columbia had married.

The report does not draw any major conclusions, saying it is too early to assess long-term trends.

"Whether same-sex marriage will emerge as commonplace or normative among gays and lesbians, or fade as time and novelty passes, cannot yet be determined," it said.

However, Maggie Gallagher, president of the Institute for Marriage and co-author of the study, said interpretations of the findings might vary according to one's views on gay marriage.

One faction, she said, might conclude that opposition to gay marriage was an overreaction given that seemingly modest numbers of people were choosing it. Another faction, she said, might look at the same numbers and contend that they did not justify overturning the long-standing concept of marriage as exclusively heterosexual.

"That's why the debate is so contentious," Gallagher said. "In one view, if you treat gay couples any differently, that's akin to racism. There's another view that there's something special about the unions of husbands and wives."

Gary Gates, a specialist in gay demography at the UCLA School of Law's Williams Institute, was given an advance look at the study. He disagreed with Gallagher's suggestion that relatively few gays and lesbians were opting for marriage.

Looking specifically at the Massachusetts data, and noting the limited time period of 20 months, he contended that a sharply higher percentage of gays and lesbians were deciding marry than heterosexuals of marrying age.

"Numerically, same-sex couples will never comprise a major portion of the married population," Gates said in a telephone interview. "But gay people do seem to be really interested in getting married - it's kind of a compliment to the institution of marriage."

On the Net:

Institute site: http://www.marriagedebate.com/

DOJ_NMG_0026711

Activists Visit West Point On Gay Policy (AP-Y2)

By Michael Virtanen

AP2, April 26, 2006

Twenty-one gay rights activists were detained at the U.S. Military Academy and issued federal citations Wednesday while protesting the Pentagon's "don't ask, don't tell" policy.

The academy was their last stop on a 20-stop, cross-country tour of conservative Christian and military colleges that protest organizers say discriminate against gay, bisexual and transgendered people.

Members of the protest group Soulforce Equality Riders have faced charges for protests at five of the campuses. Ten were handcuffed and charged with disorderly conduct after demonstrating April 14 at the U.S. Air Force Academy in Colorado Springs, Colo.

On Wednesday, about 50 protesters arrived on buses at the gate that separates the storied U.S. Military Academy from the village of Highland Falls. The 21 detained had entered campus grounds and were warned they risked federal charges if they continued to try to protest inside the post.

After several trips through the gate, they were cited by military police for entry to military property for unlawful purposes, a misdemeanor. Federal law prohibits protests on military installations.

"I felt it was definitely something I should be doing," said protester Chad Grandy, 20, of Mount Pleasant, Mich., who was among those ticketed. "To see government-sanctioned discrimination, it really bothers me."

The "don't ask, don't tell" policy for the U.S. military and its service academies, set by Congress and signed by President Clinton, allows gays to serve in the armed forces if they abstain from homosexual activity and do not disclose their sexual orientation.

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On the Net:

http://www.equalityride.com

http://usma.edu

The Death Of Multiculturalism (NYT)

By David Brooks

The New York Times, April 27, 2006

In 1994 multiculturalism was at its high-water mark, and Richard Bernstein wrote "Dictatorship of Virtue," describing its excesses: the campus speech codes, the forced sensitivity training, the purging of dead white males from curriculums, the people who had their careers ruined by dubious charges of racism, sexism and ethnocentrism.

Then two years later, the liberal writer Michael Tomasky published "Left for Dead," which argued that the progressive movement was being ruined by multicultural identity politics. Democrats have lost the ability to talk to Americans collectively, Tomasky wrote, and seem to be a collection of aggrieved out-groups: feminists, blacks, gays and so on.

At the time, Bernstein and Tomasky were lonely voices on the left, and the multiculturalists struck back. For example, Martin Duberman slammed Tomasky's book in The Nation, and defended multiculturalism:

"The radical redefinitions of gender and sexuality that are under discussion in feminist and queer circles contain a potentially transformative challenge to all 'regimes of the normal.' The work of theorists like Eve Kosofsky Sedgwick, Jeffrey Weeks, Marjorie Garber and Judith Butler represents a deliberate systemic affront to fixed modes of being and patterns of power. They offer brilliant (if not incontrovertible) postulates about such universal matters as the historicity and fluidity of sexual desire, the performative nature of gender, and the multiplicity of impulses, narratives and loyalties that lie within us all."

Duberman insisted that postmodern multicultural theorizing would transform politics, but today his gaseous review reads as if it came from a different era, like an embarrassing glimpse of leisure suits in an old home movie.

That's because over the past few years, multiculturalism has faded away. A different sort of liberalism is taking over the Democratic Party.

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Multiculturalism is in decline for a number of reasons. First, the identity groups have ossified. The feminist organizations were hypocritical during the Clinton impeachment scandal, and both fevered and weak during the Roberts and Alito hearings. Meanwhile, the civil rights groups have become stale and uninteresting.

Second, the Democrats have come to understand that they need to pay less attention to minorities and more to the white working class if they ever want to become the majority party again. Third, the intellectual energy on the left is now with the economists. People who write about inequality are more vibrant than people who write about discrimination.

Fourth and most important, 9/11 happened. The attacks aroused feelings of national solidarity, or a longing for national solidarity, that discredited the multiculturalists' tribalism.

Tomasky is now back with an essay in The American Prospect in which he argues that it is time Democrats cohered around a big idea — not diversity, and not individual rights, but the idea of the common good. The Democrats' central themes, Tomasky advises, should be that we're all in this together; we are all part of a larger national project; we all need to make some shared sacrifices and look beyond our narrow self-interest. Tomasky is hoping for a candidate who will ignore the demands of the single-issue groups and argue that all Americans have a stake in reducing economic fragmentation and social division.

Coincidentally, two other liberal writers, John Halpin and Ruy Teixeira, have just finished a long study that comes out in exactly the same place. Surveying mountains of polling data, they conclude that the Democrats' chief problem is that people don't think they stand for anything. Halpin and Teixeira argue that the message voters respond to best is the notion of shared sacrifice for the common good. After years of individualism from right and left, they observe, people are ready for an appeal to citizenship.

Naturally, this approach has weaknesses. Unlike in 1964, most Americans no longer trust government to be the altruistic champion of the common good, even if they wish it could. And while writers and voters talk about the common good, politicians are wired to think about their team. Harry Reid and Chuck Schumer will never ask their people to make sacrifices, but until they do, the higher talk of common good will sound like bilge.

Nonetheless, the decline of multiculturalism and the rebirth of liberal American nationalism is a significant event. Democrats are purging the last vestiges of the New Left and returning to the older civic liberalism of the 1950's and early 1960's.

Goodbye, Jesse Jackson. Goodbye, Gloria Steinem. Hello, Harry Truman.

ANTITRUST:

Committee Will Probe Oil Industry Tax Records (WP/AP)

By Associated Press

The Washington Post, April 27, 2006

A Senate committee yesterday announced an investigation into taxes paid by major oil companies and asked the Internal Revenue Service for the companies' tax returns.

The Senate Finance Committee promised "a comprehensive review of the federal taxes paid" by the 15 largest oil and gas companies. The panel said it wants to inspect their tax returns for the past five years.

Sen. Charles E. Grassley (R-Iowa), the committee's chairman, said the panel is concerned about high profits and executive compensation at oil companies.

With gasoline prices soaring and oil companies announcing record profits, "it's relevant to know what the real financial picture is for this industry," said Sen. Max Baucus (Mont.), the ranking Democrat on the committee.

It is highly unusual for the Senate committee to seek corporate tax records. The last time it was done was when the panel asked the IRS for the tax records of Enron Corp.

The committee announcement came as Congress showed increasing concern amid political fallout over high gasoline prices and oil industry profits. Lawmakers began moving on various fronts to eliminate loopholes and some tax provisions that save oil companies billions of dollars.

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In their request, the senators noted not only the industry profits but also "an extremely lucrative retirement plan by one oil and gas industry executive." The compensation package given by Exxon Mobil Corp. to outgoing Chairman Lee Raymond is said to total $400 million when all pension payoffs and stock options are included.

Senate Panel Demands Oil Co. Tax Records (AP-Y2)

By H. Josef Hebert

AP2, April 26, 2006

A Senate committee Wednesday announced an investigation into taxes paid by major oil companies and asked the Internal Revenue Service for the companies' tax returns.

The Senate Finance Committee promised "a comprehensive review of the federal taxes paid" by the 15 largest oil and gas companies. The committee said it wanted to inspect their tax returns for the last five years.

Sen. Charles Grassley (news, bio, voting record), R-Iowa, the committee's chairman, said the panel was concerned about high profits and executive compensation at oil companies.

"I want to make sure the oil companies aren't taking a speed pass by the tax man," said Grassley in a statement.

With gasoline prices soaring and oil companies announcing record profits, "it's relevant to know what the real financial picture is for this industry," Montana Sen. Max Baucus (news, bio, voting record), the ranking Democrat on the committee, said.

It's highly unusual for the Senate committee to seek corporate tax records. The last time it was done was when the panel asked the IRS for the tax records of Enron Corp.

The committee announcement came as Congress showed increasing concern amid political fallout over high gasoline prices and oil industry profits. Lawmakers began moving on various fronts to eliminate loopholes and some tax provisions that save oil companies billions of dollars.

In a letter to the IRS, Grassley and Baucus said the tax records of the major oil companies are needed to conduct "a comprehensive review" of the companies' compliance with tax laws.

"As pressure mounts to address extraordinarily high gas prices that consumers are facing at the pump, we feel we should better understand the federal tax posture of the industry," the two senators wrote IRS Commissioner Mark Everson.

In their request, the senators noted not only the industry profits, but "an extremely lucrative retirement plan by one oil and gas industry executive, benefits which may have been subsidized in part by the taxpayers."

The retirement compensation package given by Exxon Mobil Corp. to outgoing Chairman Lee Raymond is said to total $400 million when all pension payoffs and stock options are included.

Anger over soaring gasoline prices and record oil profits is putting pressure on Congress to eliminate loopholes and some tax provisions that save oil companies billions of dollars.

A House-Senate conference, negotiating a large tax bill, is considering a provision that would change accounting rules for oil inventories and require the five biggest oil companies to pay $4.3 billion more in taxes.

The measure passed the Senate but was viewed as essentially dead this week because of opposition from House GOP lawmakers. The White House opposed the idea, too, when it surfaced in November and threatened to veto the entire bill because of it.

Grassley said Wednesday that high fuel prices revived the inventory tax plan and it "is still being negotiated."

His House counterpart in the negotiations, Ways and Means Committee Chairman Bill Thomas, R-Calif., said the issue has not been decided. He denied he had rejected it.

Additionally, there is broad bipartisan support for scuttling other breaks given to oil companies only eight months ago when President Bush signed an energy bill.

Bush on Wednesday urged Congress to remove those tax provisions, worth $2 billion over 10 years. He said people should not pay for such subsidies when the industry is wallowing in cash.

Sen. Pete Domenici (news, bio, voting record), chairman of the Senate Energy and Natural Resources Committee, promised to press hard to repeal the subsidies. Domenici, R-N.M., said he cannot support tax breaks for oil companies "while some American families are searching their budgets for the extra cash they need to fill their gas tanks."

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Sen. John Kerry, D-Mass., said he intended to offer legislation repealing the tax breaks. They included subsidies for exploration in deep waters of the Gulf of Mexico and in geologically or politically difficult regions of the world, as well as royalty relief for certain oil and gas exploration.

Executives of the major oil companies said at a recent hearing they do not need those tax breaks.

"They feel they are not necessary. We are not involved in trying to hold them in place," Red Cavaney, president of the American Petroleum Institute, said Wednesday at a news conference.

Cavaney criticized the proposed changes on oil inventory accounting, calling them "equivalent to a windfall profits tax" for the five largest U.S. oil companies.

The Senate-passed plan would change accounting rules for oil kept in inventory. The changes would raise $4.3 billion in additional taxes from the companies over five years, according to a congressional analysis.

Cavaney said it was unfair to single out the five companies — Exxon Mobil Corp., Chevron, BP, Shell and ConocoPhillips — for an accounting practice widely used both in and outside the oil industry.

Congressional Democrats see the uproar over the surge in gasoline costs as a chance to renew their push for a windfall profits tax.

"When Exxon Mobil can realize billions of dollars of profits at the expense of millions of American families, it's time to step up" and tax more of those earnings, said Sen. Richard Durbin (news, bio, voting record), D-Ill.

A few Republicans, including Sen. Arlen Specter (news, bio, voting record) of Pennsylvania, have said a windfall profits tax ought to be examined, but most GOP lawmakers — and Bush — strongly oppose it.

It "failed miserably" when it was tried in the early 1980s and there is no reason to try it again, House Majority Leader John Boehner, R-Ohio, told reporters.

US Senate Seeks Oil Co. Tax Returns As Gasoline Rises (Update1) (BLOOM)

By Jim Efstathiou Jr.

Bloomberg, April 27, 2006

April 26 (Bloomberg) -- The U.S. Senate is seeking tax returns from Exxon Mobil Corp., Chevron Corp. and others among the 15 largest oil and gas companies in the U.S. to ensure they are paying the full amount due on record profits.

In a letter today to Internal Revenue Service Commissioner Mark Everson, Senator Charles Grassley, the Republican chairman of the Senate Finance Committee and Senator Max Baucus, the committee's ranking Democrat, said they need the information to ``better understand the federal tax posture of the industry."

The request is for federal corporate tax returns for the last five years of the 15 largest companies based on sales. President George W. Bush and Republicans in Congress face growing pressure from voters with crude oil and gasoline near all-time highs. A CNN poll released this week found 69 percent of U.S. adults say higher fuel costs are causing financial hardship.

``The whole country is trying to figure out what should be done about record high gasoline prices at a time of record oil company profits," Baucus said in a statement. Congress needs to know ``what the real financial picture is for this industry, because the financial picture for American consumers is pretty bleak."

Profit for Irving, Texas-based Exxon Mobil Corp., the world's biggest oil company, climbed last year to $36.1 billion, a record for any U.S. company. The combined 2005 earnings of Exxon Mobil, BP Plc, Royal Dutch Shell Plc, Chevron and ConocoPhillips, topped $111 billion.

Reducing Incentives?

Bush, in a speech on energy issues yesterday in Washington, said the American people expect oil companies to plough more of their profits into investments in refineries and production projects that might eventually ease prices. He also said Congress should roll back incentives to the oil industry that will cost the U.S. about $2 billion over 10 years.

While Grassley's committee has scrapped a proposal to boost oil company taxes by $5 billion through an accounting rule change, Democratic Senator Byron Dorgan of North Dakota is proposing a 50 percent excise tax on profits from oil sold at more than $40 a barrel.

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Republican Senator Arlen Specter said Congress should consider taxing the ``windfall profits" reaped by oil companies as a result of surging crude oil prices. Specter, of Pennsylvania, earlier this month introduced legislation to strengthen antitrust enforcement of the oil and natural gas industry to counter the consolidation of production and refining operations.

Soaring Prices

The average U.S. pump price for regular gasoline rose to its highest since Oct. 3, climbing 13.1 cents to $2.914 a gallon in the week ended April 24, the U.S. Energy Department said. Crude oil, which accounts for about 60 percent of the price of gasoline, fell 95 cents, or 1.3 percent, to close at $71.90 a barrel on the New York Mercantile Exchange. Prices are 33 percent higher than a year ago.

The request for information refers to record industry profits and recent press reports of ``an extremely lucrative retirement plan by one oil and gas industry executive." Lee Raymond, who retired at the end of last year as chairman of Exxon Mobil, will receive stock and benefits worth $357 million.

The package, which Raymond said was justified by his performance, includes a $98.4 million lump-sum payment of pension benefits and the year-end valuation of the stock and stock options accumulated in more than 40 years with the company.

``We're seeing record profits and significant executive compensation in the oil and gas industry," Grassley said in a statement. ``We all know there can be a slip between cup and lip on corporate profits made and taxes paid. I want to make sure the oil companies aren't taking a speed pass by the tax man."

The 15 largest oil companies aren't identified in the request.

US Senate Seeks Tax Records Of Oil Companies (FT)

By Holly Yeager

Financial Times, April 27, 2006

The leaders of a Senate committee demanded the tax records of the 15 largest US oil and gas companies on Wednesday, opening a new front in the politically charged battle over high petrol prices.

The unusual demand for sensitive financial information underscores the pressure among politicians to show they are responding to record fuel prices. A CNN poll this week found that 69 per cent of adults said high fuel prices had caused financial hardship.

Chuck Grassley, Republican chairman of the finance committee, and Max Baucus, his Democratic counterpart, asked the Internal Revenue Service to provide the tax records of the oil and gas giants for the last five years, so they could “better understand the federal tax posture of the industry”. A committee aide said the committee rarely makes such requests, but had done so occasionally, including in the case of Enron, the bankrupt energy trader.

A spokesman for the American Petroleum Institute, which represents the US industry, said the review of documents was within the committee’s power, but added, “I don’t think there is anything in there that would have any bearing on gas prices. Gas prices are set by the law of supply and demand.”

The oil industry has been on the defensive in recent days. President George W. Bush has ordered the Federal Trade Commission and the Justice Department to investigate whether oil companies have been overcharging consumers and Republican leaders of Congress have pledged close scrutiny of the industry and its profits.

But Red Caverney, API president, said 30 previous investigations over the past 20 years had cleared the industry of any wrongdoing. Despite a jump in companies’ profits, The API said that as a percentage of sales the industry’s profits were in line with those of other sectors. At 5.9 cents in the dollar, the figure for profits compared with sales for the oil companies is only slightly higher than the average of 5.6 cents for US industry as a whole.

But in their letter, the senators said the were concerned that the record profits -- and a highly publicized $400m retirement package for Lee Raymond, former Exxon Mobil chief executive -- “may have been subsidised in part by the taxpayers”.

Gonzales: Belt-tightening Must Accompany Gas Price Probe (AP)

By PHIL DAVIS, Associated Press Writer

AP, April 27, 2006

DOJ_NMG_0026716

TAMPA, Fla. - U.S. Attorney General Alberto Gonzales said federal and state investigations aren't a substitute for consumer belt-tightening to combat soaring gas prices across the nation.

"If the gas companies are colluding together or committing fraud, we have an obligation to investigate that," Gonzales said Wednesday during a visit to Florida to kickoff an anti-gang program. "Obviously, this is not something that can be solved solely by law enforcement efforts. It requires, perhaps, a change in behavior by consumers. There are things we can do at a federal level, but also it's going to require a collective effort."

Gonzales declined to comment on what evidence, if any, his agency has of price fixing in the gasoline market.

President Bush is trying to calm Americans' outrage over soaring gas prices by ordering the Department of Justice to investigate whether the price of gasoline is being illegally manipulated. Gas prices are hovering near $3 a gallon and polls give Bush low marks in handling the crisis.

On Monday, Gonzales shifted some of the focus to local authorities with a letter asking all 50 state attorneys general to be vigilant for price gouging. State authorities have primary authority in policing gouging.

"We're all working together looking into this," Gonzales said.

The attorney general came to Tampa to announce a $2.5 million anti-gang grant for local law enforcement and education efforts.

Tampa is one of six areas selected in the $15 million national gang initiative. The other areas, each getting $2.5 million, are Los Angeles, Cleveland, Dallas-Fort Worth, Milwaukee and the "222 corridor" near Philadelphia.

Gonzales and his entourage visited the scene of a recent double homicide, a high school and a neighborhood community center in a daylong tour of Tampa. He said the grant money will be split between education, law enforcement and rehabilitation efforts.

"We're not a gang city like south Los Angeles, but gangs are starting to get a foothold here," Hillsborough County Sheriff David Gee said. "If we don't get out in front of it, we will have a problem."

ConocoPhillips Posts 13% Profit Increase (NYT/AP)

By The Associated Press

The New York Times, April 27, 2006

ConocoPhillips said yesterday that its first-quarter profit rose 13 percent on stronger results from exploration and production of oil and gas.

Net income increased to $3.29 billion, or $2.34 a share, from $2.91 billion, or $2.05 a share, in the year-earlier period. Those results were in line with analysts' expectations, according to Thomson Financial.

Revenue at ConocoPhillips grew to $47.9 billion in the first quarter from $38.9 billion last year. The company said higher oil prices were partly tempered by lower natural gas prices compared with the fourth quarter.

The company's shares fell $1.10, or 1.6 percent, to close at $67.15.

ConocoPhillips, which is based in Houston, is the first of the three largest United States oil companies to report results this week. Exxon Mobil will report today and Chevron tomorrow. The three are expected to report a total of more than $16 billion in first-quarter profit. James J. Mulva, chief executive at ConocoPhillips, said in a conference call with analysts and investors that the company would spend about $18 billion this year in capital investments, up from the $10 billion announced in December.

A detailed breakout of the spending was not disclosed. But the increase, the company said, comes in part from the recent acquisitions of the natural gas producer Burlington Resources and a German refinery. Additionally, the company will earmark $1 billion for loans to affiliates, and complete its planned 20 percent purchase of Lukoil of Russia.

"This company has more investment opportunity on its plate than resources to fund them,'' said Fadel Gheit, an analyst for Oppenheimer & Company. "Everybody else has the problem of too much cash."

Analysts asked during the call how ConocoPhillips would handle the Venezuelan government's plans to increase government control of some of that nation's most lucrative oil projects.

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Mr. Mulva said he planned to meet with Venezuela's oil minister, Rafael RamírezÖ, within in a few weeks. "That's a big concern because they do have a lot investment opportunities there," said Gene Gillespie, analyst with Howard Weil Inc., in an interview. "Unfortunately, they could be unfulfilled."

Critics Of Oil Profits Rebutted (FT)

By Christopher Swann

Financial Times, April 27, 2006

The US oil industry struck back on Wednesday at criticisms over rising profits and soaring fuel costs, warning that a windfall tax on profits would lead to lower domestic production and higher imports.

With the political temperature rising over higher fuel costs, President George W. Bush has ordered a Federal Trade Commission and Justice Department inquiry into whether oil companies have been overcharging consumers.

Red Caverney, the president of the American Petroleum Institute, which represents the US industry, said that 30 previous investigations over the past 20 years had cleared the industry of any wrongdoing. Despite the jump in companies' profits, the API said that as a percentage of sales the industry's profits were in line with other sectors. At 5.9 cents in the dollar, the figure for profits compared to sales for the oil companies is only slightly higher than the average of 5.6 cents for US industry as a whole.

In addition, while the price of refined petroleum products have risen by 70 per cent since 1982, the price of pharmaceuticals has climbed by 209 per cent and the price of concrete by 100 per cent.

In January Exxon Mobil Corp reported profits of $36.13bn - the highest corporate profits in US history. The Democrats in Congress have called for the closing of tax breaks for the industry that would raise around $5bn over five years.

"Windfall taxes were tried between 1980 and 1986 and it increased out dependence on foreign oil and reduced domestic production, " Mr Caverney said. "There is nothing good that comes of it."

Oil Firms Cast As Villains (LAT)

By Elizabeth Douglass

The Los Angeles Times, April 27, 2006

Oil company earnings have never been sweeter. Stock prices are up. Shareholders are pocketing ever-bigger dividends. By nearly every measure, the petroleum industry is in its heyday.

But in the realm of public opinion, things could hardly be worse.

Motorists paying up to $3.50 a gallon for gasoline castigate oil companies and their executives with a growing list of high-octane epithets: Greedy. Un-American. The new robber barons.

On Wednesday, Sen. John McCain (R-Ariz.) invoked the harshest image yet. "I think they have the least PR sensitivity of any group outside of satanic cults," he said.

Responding to public outrage, the Senate Finance Committee on Wednesday asked the Internal Revenue Service to hand over the tax returns of the 15 largest oil and gas companies, saying they were concerned about excessive profit and outsize executive pay.

The news got even better — or worse — for the industry Wednesday with the news that Wall Street analysts expect the three largest oil and gas companies to report combined quarterly earnings of more than $16 billion, a 24% increase from last year.

Instead of celebrating their windfall, oil companies are battling demands for a tax on "windfall" profits, President Bush's call for an investigation into allegations of price gouging and mounting consumer resentment.

Oil executives have launched their own offensive to win American hearts and minds. In full-page advertisements and media interviews, they argue that the millions of Americans who own shares in oil concerns are winners too. Exxon Mobil, the world's biggest company with $1 billion a day in sales, insisted Wednesday that it was too small to influence the global oil market.

"As big as we are, we are only 3% of the crude oil production in the world," said spokesman Mark Boudreaux.

Any public relations blitzkrieg may fail to appease angry motorists who continue to feel pain at the pump.

Ron Perkins, a Blythe, Calif., resident who drives more than 23 miles to his prison guard job, said he saw a station's price jump 10 cents to $3.49 a gallon Wednesday. "It stinks … and their profit margin is outlandish," he said. "They're kicking consumers when we're down."

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Oil companies are flush because the price they get for each barrel of crude is rising much faster than the cost to extract it. In refining, profit margins are rising because the wholesale and retail prices for gasoline and diesel are far outpacing the additional costs of the resource they process.

In the end, the major oil companies can take solace in the fact that dozens of price-fixing investigations into the industry have come to naught and that public hatred does not amount to a criminal conviction.

Big Oil's top executives have appeared before congressional committees twice since the summer — once to explain the high prices that followed Hurricane Katrina and again in March to explain their record-setting 2005 earnings. Those included Exxon Mobil's $36.1-billion profit, the biggest ever at a U.S. company.

Exxon Mobil further inflamed the furor by awarding longtime Chairman and Chief Executive Lee Raymond, who retired at the end of last year, a 2005 pay package worth more than $400 million.

Today, oil futures are hovering above $72 a barrel, and retail gasoline nationwide is approaching last year's post-hurricane peak of more than $3 a gallon. On Wednesday, the average cost of self-serve regular in California set another record high of $3.15 a gallon, according to AAA.

Exxon Mobil, based in Irving, Texas, is expected to post first-quarter earnings topping $9 billion. Industry analysts expect the company's full-year income to surpass the record set in 2005.

Analysts expect San Ramon, Calif.-based Chevron Corp., the nation's second-largest oil company, to report first-quarter net income of $4.1 billion on Friday. No. 3 ConocoPhillips of Houston on Wednesday reported profit of $3.3 billion.

Michael Smith, a communications professor at La Salle University in Philadelphia, said the earnings could have "investors doing cartwheels…. For them, this is really good news," he said. "For everybody else, and for consumers especially, it's going to be another sign of greedy oil companies taking advantage of the little guys."

Boudreaux, the Exxon Mobil spokesman, acknowledged that "there are a lot of questions out there about what we do with our earnings and how we invest them."

He said the company hopes its current advertising and public relations efforts will help quell the outrage and "do a better job of helping people understand what goes behind providing the energy that they use…. This is a commodity business. It's cyclical, and there are ups and there will be downs in the cycle. We have to look through the highs and lows.

"Obviously, some consumers are upset with energy companies … because gasoline prices are high. We understand that," he said. "We have a strong image with those people who understand our business and with investors."

Exxon Mobil and its peers are banding together to defend their riches.

After last year's hurricanes, the American Petroleum Institute, the primary public voice for oil companies, launched a campaign to improve the industry's image.

Red Cavaney, the group's president, said the Institute was spending millions of dollars — he wouldn't specify — on advertising and to target opinion makers and state and federal officials to dissuade them from enacting legislation harmful to oil companies.

"We'd obviously like people to like us," Cavaney said. "But it's a matter of priority…. It doesn't help to have a good image if you can't get it done sufficiently to get enough votes to swing the policy."

Tom Brown, senior consultant with Power Decisions Group Inc. of San Francisco, which helps companies polish their brands and images, said the oil majors could be fighting a losing battle.

Their message is a "stockholder message: 'Hey, we're good guys, and all this is good for you.' "

But that, he said, is evading the issue. Nothing the industry says can erase what people see at the pump: more than $3 a gallon and climbing.

Second Thoughts In Congress On Oil Tax Breaks (NYT)

By Edmund L. Andrews And Michael Janofsky

The New York Times, April 27, 2006

WASHINGTON, April 26 — As anxiety spread in Congress on Wednesday over soaring oil prices, lawmakers in both parties said they were ready to take a tough look at oil and gas incentives they passed as recently as eight months ago.

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Citing record industry profits and huge executive pay packages, the top Republican and top Democrat on the Senate Finance Committee asked the Internal Revenue Service to turn over tax returns for the nation's 15 biggest oil and gas companies.

Leading Republicans echoed President Bush's call Tuesday to trim about $2 billion in tax breaks Congress passed as part of the energy bill last August. Several prominent Democrats, not to be outdone, pushed for repealing oil and gas tax breaks worth more than $10 billion over the next five years.

"Nobody has any sympathy for oil companies on Capitol Hill right now," said Representative Jack Kingston, Republican of Georgia and vice chairman of the House Republican Conference. "You talk to someone driving to work in an F-150 pickup and paying $75 to fill up his tank, and everybody's on his side."

Both parties jockeyed for political advantage even as they were grasping for ideas. Most experts contend that the government has few options that would quickly reduce gasoline prices, and competing party agendas could block Congressional agreement on any meaningful legislation.

Lawmakers have introduced more than 30 energy bills in the last several months. But they reflect often-conflicting goals of reducing prices, increasing production and soothing consumer anger about oil industry profits.

Democrats called for a 60-day halt on collecting federal gasoline taxes, which are 18.4 cents a gallon, but they were openly split about the more radical step of imposing a windfall profits tax on major oil companies. For their part, many Republicans are torn between wanting to show their sympathy for consumers and maintaining their long standing support for the oil industry.

"Nobody's happy with gasoline prices being where they are," said Representative Joe L. Barton, Republican of Texas and chairman of the House Energy and Commerce Committee, who last year championed scores of new tax breaks for the industry.

Congressional Republican leaders are negotiating with White House officials over a bill to expand on Mr. Bush's proposals for alternative fuels and conservation, but disarray among lawmakers was evident across Capitol Hill.

The energy industry is also politically divided. Most big integrated oil companies, like Exxon Mobil and Chevron, have shown no interest in defending the $2.7 billion in tax breaks in last year's energy bill.

But the hundreds of smaller independent producers want to preserve as many incentives as possible. In singling out tax and spending incentives to be eliminated, Mr. Bush did not criticize a new expansion of tax write-offs for smaller oil refineries.

"The big companies don't want them, don't need them and are not asking for them," said J. Robinson West, chairman of PFC Energy, an oil industry consulting firm. But the smaller independents, he said, "are not going to give up easily."

The Congressional Joint Committee on Taxation estimated Tuesday that oil and gas companies would receive about $10 billion in tax breaks over the next five years that are specifically aimed at their industry.

Most of those tax breaks have been around for many years. They allow energy companies to take substantial write-offs on their investments in new equipment and hefty "depletion allowances" as companies use up the oil and gas in a particular field.

Neither Mr. Bush nor Republican leaders in Congress have suggested an attack on the industry's main tax breaks. Nor are they proposing to trim back tax incentives written primarily for industry in general that also benefit major oil companies.

One obscure tax cut, for example, included in a 2004 law to promote domestic manufacturing, is expected to save energy companies at least $3.6 billion over the next decade. ConocoPhillips, which earned $13.5 billion in 2005, saved $106 million last year on that provision, which reduces the corporate tax rate on profits on goods produced in the United States.

President Bush and Congressional leaders are focusing on about $2 billion in tax breaks in last year's energy bill. Among other things, those tax breaks let companies write off in just two years the geology studies associated with exploration. For decades, the courts and the I.R.S. have said that these are capital investments that can be written off only slowly, as oil is produced from the fields.

Mr. Bush also called for repealing several hundred million dollars in subsidies, also in the energy bill, for an industry-run deepwater drilling research center in Sugar Land, Tex. That project's biggest champion was Representative Tom DeLay, the former House majority leader whose district includes Sugar Land.

Many Democrats had opposed the new tax breaks all along, and Senate Democrats pushed for a provision that would trim them in a broader tax bill that the Senate passed last fall. But that provision was not approved by the House.

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On Wednesday, leading Republicans made it clear they were now willing and even eager to eliminate some of those tax breaks.

"I am happy to repeal tax breaks for the development of oil in foreign countries," said Senator Pete V. Domenici, Republican of New Mexico and chairman of the Senate Energy and Natural Resources Committee. "I cannot support the concept of tax breaks for oil companies while some American families are searching their budgets for the extra cash they need to fill their gas tanks."

But Republican lawmakers want to combine their seemingly tough new stance with measures to increase production. High on the list is a new attempt to open the Arctic National Wildlife Refuge to exploration.

Democrats are focusing more on taking things away from the industry. Senator John Kerry of Massachusetts proposed legislation this week to repeal all tax breaks for oil drilling and production — about $10 billion over the next five years.

Senator Ron Wyden, Democrat of Oregon, proposed a measure to force energy companies to pay royalties to the government on all oil and gas they produce on federal leases in the Gulf of Mexico, if the price of crude oil is above $55 a barrel. Some energy companies are now allowed "royalty relief" expected to total about $7 billion over the next five years.

The mounting suspicion of oil companies was apparent in a letter to the I.R.S. from Senator Charles E. Grassley, the Iowa Republican who is chairman of the Finance Committee, and Senator Max Baucus of Montana, the committee's senior Democrat. They demanded that the I.R.S. let them review the past five years of tax returns filed by the nation's 15 biggest oil companies.

The senators pointedly noted an "extremely lucrative retirement plan by one oil and gas industry executive" — an allusion to Lee R. Raymond, former chairman of Exxon Mobil, who received $398 million in compensation on retiring last year.

"We're seeing record profits and significant executive compensation in the oil and gas industry," Mr. Grassley said. "I want to make sure the oil companies aren't taking a speed pass by the tax man."

Red Caveney, president of the American Petroleum Institute, which represents the large oil companies, said his group would not fight to retain the newest tax breaks.

"We understand the frustration that consumers have expressed about energy prices," Mr. Caveney told reporters on Wednesday.

Senate Committee Looks At Increasing Renewable Fuels (AP)

By Frederic J. Frommer

AP, April 26, 2006

WASHINGTON - A day after President Bush touted the increased use of renewable fuels to help offset rising gas prices, a Senate committee looked at ways to promote the use of such fuels.

"I am pleased the alarm bell has gone off and the American people are taking a hard look at the way we consume fuel in this country and around the world," said Sen. Pat Roberts, R-Kan., at a Senate Agriculture Committee hearing Wednesday.

The committee chairman, Georgia Republican Saxby Chambliss, said that the energy bill passed by Congress last year has helped spur the renewable fuels industry by creating a national renewable fuel standard, and by extending the biodiesel tax credit.

Jay Debertin, executive vice president of CHS Inc., an Inver Grove Heights, Minn., farmers cooperative, said Congress can help continue the growth by providing tax incentives and improving infrastructure to ship the fuel, among other things.

"The renewable fuels industry is still a very young and growing industry," he said.

Bob Dinneen, president of the Renewable Fuels Association, the group Bush addressed on Tuesday, noted that demand for corn-based ethanol is on the rise. He said he was confident that the industry will be able to meet demand.

Sen. Jim Talent, R-Mo., touted the benefits of E85 fuel, which blends 15 percent gasoline with 85 percent ethanol. At some stations in Missouri, he said., E85 is selling for 50 cents less than regular unleaded gas.

"Renewable fuels are already moderating the price of gasoline as more ethanol and biodiesel plants come online," Talent said.

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But Sen. Mark Dayton, a Minnesota Democrat and longtime backer of E85, said he was troubled that recent prices of E85 are not even lower. Dayton, who drives a vehicle with an E85 "flex fuel" engine, said he saw E85 selling for 40 cents cheaper than unleaded gasoline during a trip to Minnesota.

Dayton said that E85 needs to be priced more competitively because a car can't go as far on a gallon of E85 as it can on gasoline.

"It's not based on the cost; frankly, it's as much profiteering, somewhere along the line, as I fear is happening with gasoline," Dayton said. "And I think it's going to be the destruction of the industry."

On Tuesday, Chrysler's chief executive announced that by 2008, the company would offer 500,000 alternative-fuel vehicles that run on E85 and clean diesel - representing one quarter of its production.

Only about 685 fueling stations across the country offer ethanol blends out of 165,000 stations nationally - less than 1 percent of stations, according to the National Ethanol Vehicle Coalition. Most pumps are concentrated in Iowa, Illinois and Minnesota.

"We have a real chicken-and-egg problem," Roberts said, arguing that people are reluctant to buy flex fuel cars if stations don't sell it, and stations won't want to offer it without enough cars that use it.

With Oil At $70 A Barrel, Firms Try Coal, Shale, Even Turkeys (CSM)

By Ron Scherer

The Christian Science Monitor, April 27, 2006

NEW YORK - At more than $70 a barrel, the price of oil is causing angst for millions of Americans. But for some others it's an opportunity to move the United States beyond conventional oil:

• In Carthage, Mo., a company is turning the inedible parts of Butterball turkeys into up to 350 barrels of biodiesel per day.

• In Gilberton, Pa., businessman John Rich is planning to convert huge piles of low-quality coal into diesel. The state has promised to buy the production of 5,000 barrels per day, once it starts.

• In Utah and Colorado, four companies are preparing environmental assessments to show the feasibility of producing oil from shale.

With gas now becoming as pricey as a gallon of milk in some places, the economics of energy production is changing. Processes that didn't make any sense in the good old days of $30-a-0barrel oil are now being pulled out of filing cabinets. From the tundra of Alaska to the depths of the Gulf of Mexico, energy dreamers are trying to tap into new frontiers.

Prospects for alternative energy got a boost this week when President Bush spoke to the Renewable Energy Association. "What we are seeing is more creativity," says John McLennan, a director of technical services at ASRC Energy Services E&T, Inc. in Salt Lake City.

The potential reserves in some cases are gigantic. The Bureau of Land Management has estimated the potential US recoverable oil shale reserves at 800 billion barrels of oil, three times the proven oil reserves of Saudi Arabia. In some cases, there is already a significant production: tar sands in Canada are currently producing about 1 million barrels of oil per day and expanding rapidly.

However, don't expect to see changes overnight. "As the oil price rises, it doesn't mean that we're all going to turn a switch on and be awash in alternative fuels," says Aaron Brady, an energy analyst at Cambridge Energy Research Associates. "There is no one technology that is the silver bullet that will overturn the dominance of petroleum, but a lot of efforts will become part of the mix that increases the supply of liquid fuels for the world."

Some of the most promising large-scale efforts are the tar sands of Canada. Mr. Brady says they are in the process of "ramping up quite rapidly" and could increase their output to several million barrels of oil per day. But he also points out that there are limits to their development. "There are shortages of natural gas [needed to heat the bitumen] and it's pretty low-quality oil, so you need refineries that can chew up this stuff."

Some of the attempts to produce new liquid fuels resemble those of the 1970s and '80s. That's the case with oil shale, rock that is infused with kerogen, a bituminous material that, when heated, may produce oil.

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But, unlike the earlier era, there are now more water, air, and waste restrictions. In fact, a significant amount of the shale is in highly sensitive park lands. "There are too many eco groups ready to mobilize and the deposits are in very beautiful places," says Steven Schamel, a principal at GeoX Consulting and formerly a professor of chemical engineering at the University of Utah in Salt Lake City. "And, much of it is on arid lands, which are very tough to reclaim."

Despite the potential problems, the state of Utah says it would like to press ahead. "Our governor's position is strongly supportive of economic development," says John Baza of the Utah Department of Oil, Gas and Mining. "Something must break loose or oil prices won't ease much."

Currently, much of the work being done in the oil shale is on relatively small parcels of land. Shell Oil is reportedly working on a process that heats the shale to 700 degrees F for two to three years while it's in the ground. But, like much of the shale work, it's secret. "Shell claims to be producing oil, but I don't know anyone who knows for sure," says Mr. Schamel. Shell itself says it is in a "quiet" period prior to the sale of securities and cannot comment.

Many of the efforts maintain they can now produce fuel at a cost well under the current market price. That's the case in Gilberton, Pa. where Waste Management and Processors Inc. (WMPI) says it can make diesel fuel out of waste coal for $1 a gallon less than the current price. The WMPI effort utilizes technology developed in South Africa to produce fuel during the apartheid boycott. "As we scale up, we can drive down the cost even more," says Mr. Rich, the president of the company, which received a $100 million federal grant in 2003.

Yet scores of other efforts are finding ways to convert biomass to diesel. In Carthage, Mo., Changing World Technologies, Inc. has set up a plant adjacent to a Butterball turkey processing facility. Using heat, the company breaks the organic products down similar to how the earth produces oil, but in in two hours, not hundreds of thousands of years, says Julie Gross Gelfand, a company spokesman. "The beauty is that this can be expanded to any carbon-based material so stuff that used to go a landfill can be made into oil."

Industry's Cup Runneth Over (WT/AP)

By John Seewer, Associated Press

The Washington Times, April 27, 2006

TOLEDO, Ohio

few months ago, only a few investors knew about Andersons Inc. and its grain-storage and rail-car businesses. Even in its hometown of Maumee, Ohio, the company is better known for stores that feature microbrews, fresh breads and garden supplies.

But the company's recent entry into the burgeoning ethanol industry has sent its stock soaring. Investors are betting that new energy regulations and high gas prices could lead to an earnings bonanza for companies such as Andersons, ADM and Pacific Ethanol that produce the fuel additive made from fermented corn that allows cars to run more cleanly.

"Right now, making ethanol is almost like having a money machine," said Spencer Kelly, an ethanol analyst for the Oil Price Information Service in Rockville, Md. "Ethanol looks strong as long as gasoline prices stay strong and corn prices are low."

Andersons, founded by Harold Anderson in 1947, turned a grain mill into an agribusiness that had $1 billion in sales by 1995 and went public a year later. The company's move into ethanol production is a natural step given its network of grain elevators and its large rail fleet, which account for most of its profits.

Chairman Richard Anderson and former Chairman Thomas Anderson, two of the founder's sons, remain among the company's biggest shareholders. Richard Anderson's shares were worth $6.5 million two years ago and now are worth $28.5 million.

The surge of interest in ethanol was fueled in July when Congress passed an energy bill requiring the United States to use 7.5 billion gallons of renewable fuels by 2012. Ethanol producers now have the capacity to generate about 4.3 billion gallons.

U.S. refiners are clamoring for more ethanol also because of the phaseout of a natural-gas derivative called methyl tertiary-butyl ether, or MTBE, that allows gasoline to burn more cleanly but also has some health risks. Refiners are stopping use of MTBE because Congress refused to grant them protection from lawsuits.

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Private investments in ethanol plants also have soared in the past year. Farmer-owned co-ops built most of the plants during the 1990s, but now only six of the 42 new or expanded ethanol plants under construction nationwide are farmer-owned, the Renewable Fuels Association trade group reports.

Those new plants will be able to produce 2 billion gallons each year.

Individual investors, though, can put money into only a few public companies making ethanol.

Shares of Decatur, Ill.-based Archer Daniels Midland Co., the nation's biggest ethanol maker, have been trading at 52-week highs in recent weeks. They gained another 26 cents yesterday to close at $36.93 on the New York Stock Exchange. Shares of Pacific Ethanol, which plans to open its first plants this year, nearly doubled in January, the same month that President Bush touted ethanol in his State of the Union speech. Its shares fell 30 cents yesterday to close at $33.00 on the Nasdaq Stock Market.

Pacific Ethanol, based in Fresno, Calif., should be making a profit by next year, said Paul Resnik, an analyst with Dutton Associates, an equity research firm based in El Dorado Hills, Calif.

"Their first plant is still in the future, but the long-term strategy is sound," he said.

Andersons stock has been rising since 2001, when it traded below $8 a share. But the stock really took off in November, when it was trading at about $40 a share, after posting strong earnings from its rail-car operations and announcing plans for a second ethanol plant. Its shares gained an additional $7.33 yesterday to close at $115.03 on the Nasdaq.

Mr. Resnik also warned that alternative-energy company stocks are likely to be volatile.

"These stocks have moved a long way in a short time," he said.

The cost of ethanol's main ingredient, corn, can move up and down based on the weather's effect on the crop. A sharp increase in corn prices would translate to higher production costs for ethanol makers.

Analysts say a drop in oil prices also could cut into the profits of ethanol makers because ethanol's cost is tied directly to gas prices at the pump. A rush in demand for fuel-efficient cars or a decision to drop government incentives for ethanol also could spell trouble.

"There's too many factors out of their control," said Mark Hughes, an analyst with Lafayette Investments in Ashton, Md.

His firm sold its stake in Andersons at the end last month when shares jumped to $78. He noted that the company has yet to give any profit projections on its two ethanol plants under construction.

"I would take a pause and see how it goes," Mr. Hughes said. "I think the big move has been made already."

Andersons is investing about $250 million in two ethanol plants in Michigan and Indiana, which will be supplied with corn it already gets from farmers. The plant in Michigan should open in August.

Andersons said April 6 it planned to build a third ethanol plant next to one of its grain elevators in Dunkirk, Ind.

Heather Jones, an analyst with BB&T Capital Markets, predicted that Andersons will maintain "very nice margins for a sustained period." She lists it as a "buy" with a $96 price target.

"It looks like they will be profitable into the next year or year and a half," she said. "The economics of ethanol are incredibly compelling at this time."

Going A Short Way To Make A Point (WP)

By Dana Milbank

The Washington Post, April 27, 2006

Ladies and gentlemen, start your engines.

Gas prices have gone above $3 a gallon again, and that means it's time for another round of congressional finger-pointing.

"Since George Bush and Dick Cheney took over as president and vice president, gas prices have doubled!" charged Sen. Barbara Boxer (D-Calif.), standing at an Exxon station on Capitol Hill where regular unleaded hit $3.10. "They are too cozy with the oil industry."

She then hopped in a waiting Chrysler LHS (18 mpg) -- even though her Senate office was only a block away.

Sen. Charles Schumer (D-N.Y.) used a Hyundai Elantra to take the one-block journey to and from the gas-station news conference. He posed in front of the fuel prices and gave them a thumbs-down. "Get tough on big oil!" he demanded of the Bush administration.

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By comparison, Sen. Maria Cantwell (D-Wash.) was a model of conservation. She told a staffer idling in a Jetta to leave without her, then ducked into a sushi restaurant for lunch before making the journey back to work.

At about the same time, House Republicans were meeting in the Capitol for their weekly caucus (Topic A: gas). The House driveway was jammed with cars, many idling, including eight Chevrolet Suburbans (14 mpg).

America may be addicted to oil, as President Bush puts it. But America is in the denial phase of this addiction -- as evidenced by the behavior of its lawmakers. They have proposed all kinds of solutions to high gas prices: taxes on oil companies, domestic oil drilling and releasing petroleum reserves. But they ignore the obvious: that Americans drive too much in too-big cars.

Senators were debating a war spending bill yesterday, but the subject invariably turned to gas prices. Senate Minority Leader Harry Reid (D-Nev.) engaged his deputy, Dick Durbin (Ill.), in a riveting colloquy. "Is the senator aware that the L.A. Times headline reads today, 'Bush's Proposals Viewed as a Drop in the Bucket'?"

"I'm aware of that," Durbin replied.

Sen. Pete Domenici (R-N.M.) responded with an economics lesson. "Oil is worth what people pay for it," he argued.

Sen. Hillary Clinton (D-N.Y.) sounded the alarms. "We are one accident or one terrorist attack away from oil at $100 a barrel!"

Sen. Lisa Murkowski (R-Alaska) made a plea for conservation. "We have to move quickly to increase our fuel efficiency," she urged.

But not too quickly. After lunchtime votes, senators emerged from the Capitol for the drive across the street to their offices.

Sen. John Sununu (R-N.H.) hopped in a GMC Yukon (14 mpg). Sen. Jim DeMint (R-S.C.) climbed aboard a Nissan Pathfinder (15). Sen. Ben Nelson (D-Neb.) stepped into an eight-cylinder Ford Explorer (14). Sen. Dianne Feinstein (D-Calif.) disappeared into a Lincoln Town Car (17). Sen. Edward Kennedy (D-Mass.) met up with an idling Chrysler minivan (18).

Next came Sen. Bob Menendez (D-N.J.), greeted by a Ford Explorer XLT. On the Senate floor Tuesday, Menendez had complained that Bush "remains opposed to higher fuel-efficiency standards."

Also waiting: three Suburbans, a Nissan Armada V8, two Cadillacs and a Lexus. The greenest senator was Richard Lugar (R-Ind.), who was picked up by his hybrid Toyota Prius (60 mpg), at quadruple the fuel efficiency of his Indiana counterpart Evan Bayh (D), who was met by a Dodge Durango V8 (14).

As a political matter, Democrats clearly sense that they have the advantage on the high gas prices, judging from the number of speeches and news conferences. "The cost of Republican corruption when it comes to energy is hitting home very clearly for America's middle class," House Minority Leader Nancy Pelosi (D-Calif.) exulted yesterday morning.

Sen. Debbie Stabenow (D-Mich.) introduced an amendment to repeal oil-company tax breaks and distribute $500 tax rebates to consumers. It was quickly ruled out of order.

But Republicans were clearly feeling defensive. "We passed an energy bill last year, last July," House Speaker Dennis Hastert (Ill.) pleaded at a morning news conference. "It changes CAFE [corporate average fuel economy] standards. It changes some of the things that we can do -- I'm sorry, changes not the CAFE standards, but changes some of the supply issues, boutique fuels, all these things."

Only Sen. Mark Dayton (D-Minn.), who can speak freely because he is retiring, was willing to note the disconnect between rhetoric and action. "People say, understandably, 'Solve our energy problems right now, but don't make us do anything differently,' " he said on the Senate floor.

If the politics of gasoline favor Democrats at the moment, the insincerity is universal. A surreptitious look at the cars in the senators-only spots inside and outside the Senate office buildings found an Escort and a Sentra (super-rich Wisconsin Democrat Herb Kohl's spot had a Chevy Lumina), but far more Jaguars, Cadillacs and Lexuses and a fleet of SUVs made by Ford, Honda, BMW and Lexus.

A sampling of senators' and staff cars parked along Delaware Avenue NE found that those displaying Democratic campaign bumper stickers had a somewhat higher average fuel economy (23 mpg) than those displaying GOP stickers (18 mpg). A fuel-efficiency rating could not be found for the 1970s-era Volkswagen "Thing" owned by Sen. Richard Burr (R-N.C.).

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Maybe, lawmakers are starting to learn. When GOP senators had a lunch Tuesday a couple of blocks from the Capitol, many took cars. Sen. John McCain (R-Ariz.) emerged from the lunch looking for his ride when he spied The Washington Post's Shailagh Murray. Reconsidering, he set out on foot. "I need the exercise," he reasoned.

How Much Oil Is Really Down There? (WSJ)

By Daniel Yergin

The Wall Street Journal, April 27, 2006

The disclosure of "proved reserves" has been one of the great rituals of the reporting season for oil and gas companies, and one carefully monitored by investors. It's recently taken on even more significance with high and jittery prices, concerns about energy security and plain fear of running out. In a world of uncertainty, these disclosures seem to provide direct, quantitative information on the future oil "inventory" -- at least for companies reporting to the SEC -- and a basis on which investors can evaluate companies.

The reality is different. The current system mandated by the SEC for reporting "proved reserves" has become antique, and the information it provides to investors increasingly diverges from the actual resource position of many companies. Nor does it serve the original intent of disclosure -- energy security. The issue should not be confused with recent cases and settlements involving the practices of certain companies. The significant problem is generic and it is with the rules themselves, which need to be modernized if they are to regain their relevance. The current system is roughly analogous to a doctor restricted to making a diagnosis only on the basis of invasive surgery rather than with a CAT scan. * * *

Surprising as it might be, the current rules for reporting reserves -- what might be called the "1978 System" -- essentially insist on 1970s technology and methodologies. Back then there was no digital revolution, and the frontier for offshore development was 600 feet of water; today it is 12,000 feet. The rules do not recognize the vast technical progress over the last 30 years, and as a result, standard techniques used today by companies to set multibillion investment programs are not approved, or only partly approved, for use in describing proved reserves for disclosure purposes to investors.

In addition, the rules simply have not kept up with the globalization of the industry. They were devised for onshore operations in "Texlahoma," the "oil patch" of Texas, Louisiana and Oklahoma that was the center of industry activity in the '50s and '60s. Today more than 80% of the total of companies' proved reserves are outside the U.S.; and differences among the fiscal regimes in several countries make it harder, not easier, to compare domestic and international reserves. As perverse as it may sound, under the "production sharing agreements" that are common in many oil-producing countries, when the price goes up, proved reserves go down.

Major projects today dwarf those in the past, both in size and complexity. "Non-traditional projects" are drawing an increasing share of capital, but they are not adequately accommodated under the "1978 System." This includes a significant part of Canadian oil sands, gas-to-liquids and projects in what's called the "ultra-deep water." And yet these "non-traditional liquids" will account for as much as 45% of oil production capacity in North America by 2010. Nor does the current system fully account for the larger, commodity-driven liquefied natural gas business that will be critical to future U.S. natural gas supplies.

The current rules were laid out in response to the 1973 oil embargo that shook not only world politics and global economy, but also American confidence. How much oil was left in the U.S.? This was an urgent matter of energy security, and Congress told the SEC to implement a system for reporting on the resource base. The SEC in turn viewed its mandate through the lens of investor protection.

Though the word "audit" is customarily used for these evaluations, oil and gas reserves cannot be "audited" in the conventional sense of a warehouse inventory or a company's cash balances. Rather, "proved reserves" are an approximation about formations thousands and even tens of thousands of feet below ground. Their size, shape, content and production potential are estimated in a complex combination of direct evidence and expert interpretation from a variety of scientific disciplines and methodologies. Added to the science is economics; if it costs more to produce oil from a reservoir than one can sell it for profitably, then one cannot "book it" as a reserve. Reserves are "proved" if there is a 90% chance that ultimate recovery will exceed that level.

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In the face of such complexity, the SEC adopted technical definitions developed by an independent group, the Society of Petroleum Engineers (SPE), the key technical and professional group whose members are experts from both the academy and industry. Specifically, in setting its own standards, the SEC relied on SPE definitions promulgated in 1965 and consultations in the 1970s. This became the basis of the "1978 System." And that is the system still in place today, despite the fact that the SPE has revised the definitions three times since in response to major advances in measuring reservoirs, and is in the process of doing so once again. For the most part, however, the SEC continues to rely on the technology and "best practices" of the '60s and '70s.

The rules describe proved reserves in terms of "reasonable certainty" -- but ties this to direct physical measurement for estimating the volume of oil or gas in a specific reservoir. That works for onshore or shallow-water wells, but is not effective for large offshore projects, where the reservoirs may lie below 7,000 feet of water and another 20,000 feet beneath the seabed, and where gathering the SEC-mandated direct physical data is immensely expensive, and also poses physical risks. Yet in the meantime, the industry has expanded the standard for "reasonable certainty" to include noninvasive means of measure and estimation. Think CAT scan. And very large amounts of money are invested on the basis of these methods.

The result is a disconnect between the mandated reserves disclosure and the reality of companies' plans, strategies and activities -- and how they are spending many billions of dollars. Owing to the current rules, much of what they are working on, though particularly relevant to their futures, cannot be counted. That divergence hardly helps investors understand the position of a company and its future prospects.

An example: One company judged that it had 658 million barrels of oil classified as proved, or reportable, under current SPE guidelines using a widely accepted technique called the "pressure gradient" method. Under SEC guidelines, based on the older technological approach, it could only disclose 261 million barrels of proved reserve. At $50 a barrel, this represents a $20 billion difference in future reserves. On the pure science, it is generally agreed that over the 20- or 30-year life of the field, it will bring to market a volume much closer to 650 million barrels.

The current system also insists on using year-end prices to calculate whether oil and gas reserves count as "economic" and thus as proved, rather than some kind of average. But this is no sure guide either to what happened during the year, or what will happen in the coming year -- or even what happened on that particular day. The price for Canadian heavy oil dipped at the very end of 2004, owing to particular short-term pricing conditions, and so a substantial amount of heavy Canadian oils lost their standing as proved because they were temporarily no longer profitable and thus two billion barrels had to be "debooked." Yet the price quickly bounced back, and those reserves once again counted as "proved."

Current estimates are that the oil and gas industry will spend some $6 trillion over the next 25 years to meet the future demand for oil and gas. The accuracy and reliability of reserves data are at the heart of the industry's capabilities and its funding of these projects. The real beneficiaries from reforming the system for disclosing proved reserves will be investors, of course -- and the consumers who are counting on the availability of future supplies. And as recent events remind us, it will also be important for energy security.

Mr. Yergin, chairman of Cambridge Energy Research Associates, is co-author of the new CERA study, "Modernizing Oil and Gas Reserves Disclosure."

MediaNews Buys 4 McClatchy Papers (AP)

AP, April 27, 2006

NEW YORK (AP) -- MediaNews Group Inc., publisher of the Denver Post and other newspapers, is buying four newspapers from McClatchy Co. for $1 billion in cash with backing from Hearst Corp.

The four papers -- the San Jose Mercury News, the Contra Costa (Calif.) Times, the Monterey (Calif.) County Herald and the St. Paul (Minn.) Pioneer Press -- currently are owned by Knight Ridder Inc., which McClatchy is buying.

The deal announced late yesterday would strengthen MediaNews's presence in Northern California, where it already owns several papers in the San Francisco Bay area.

The four papers are among the 12 Knight Ridder properties that McClatchy has said it intends to sell since they do not meet McClatchy's acquisition criteria, which include being located in rapidly growing markets.

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MediaNews' interest in the newspapers had been widely known. The three Northern California papers would complement the company's existing holdings, which include the Oakland Tribune and the Marin Independent Journal. MediaNews owns a number of newspapers in geographic clusters, which helps reduce production and other costs and allows for group advertising sales.

"These were the newspapers that excited us the most about Knight Ridder," MediaNews Chief Executive Officer William Dean Singleton said, calling the deal "a wonderful opportunity at a fair price."

McClatchy would have faced antitrust difficulties owning the St. Paul, Minn., paper since it already owns the Star Tribune in neighboring Minneapolis.

McClatchy said yesterday that the Justice Department told the company that it would seek additional information regarding the Minneapolis-St. Paul area, indicating that regulators did not see other antitrust concerns with the Knight Ridder takeover.

The agreement calls for MediaNews to acquire the San Jose Mercury News and the Contra Costa Times, which then would be folded into the California Newspaper Partnership, an entity in which it has a 54 percent stake.

The other two stakeholders in the partnership, industry leader Gannett Co. and the privately held Stephens Media Group, have agreed to contribute their share of paying for the two papers, according to a joint statement from McClatchy and MediaNews.

Separately, Hearst, publisher of the San Francisco Chronicle, will buy the Monterey County Herald in California and the St. Paul Pioneer Press and then transfer them to MediaNews in exchange for a stake in all newspapers that MediaNews owns outside the Bay Area.

Once the deal closes, MediaNews would become the fourth-largest newspaper company in the country in terms of circulation, with about 2.7 million daily circulation and 53 daily newspapers.

Justice Asks McClatchy About Twin Cities (STREET)

By Sandy Brown, TheStreet.com Staff Reporter

TheStreet, April 27, 2006

McClatchy got a Justice Department request for additional information on its planned acquisition of Knight-Ridder (KRI:NYSE - commentary - research - Cramer's Take).

The Sacramento-based newspaper company says the government wants information about papers in Minnesota.

McClatchy is owner of the Star Tribune in Minneapolis, and with the Knight-Ridder deal it gains control of the Pioneer Press in nearby St. Paul.

"The scope of the DOJ's request is limited to information concerning the Minneapolis -- St. Paul, Minnesota area. McClatchy has previously announced its intention to divest the St. Paul Pioneer Press newspaper, currently owned by Knight-Ridder Inc., to a third party," a company statement read.

It added that a second request extends the waiting period under the Hart-Scott-Rodino Antitrust Act.

Knight-Ridder, the publisher of the Philadelphia Inquirerand Miami Herald, agreed to sell itself to smaller rival McClatchy for $4.5 billion in cash and stock last month. McClatchy said it would try to sell 12 of the 32 papers involved in the deal.

"This represents a step forward in our effort to close our deal with Knight Ridder in a timely manner," said McClatchy lawyer Karole Morgan-Prager. "We are delighted that the Department of Justice review confirms our belief that there would be no antitrust concerns other than in the twin cities of Minneapolis and St. Paul, where we intend to sell the Pioneer Press to remove any concern."

McClatchy shares traded down 7 cents to $44.71 on Wednesday.

MediaNews Acquiring Pioneer Press, Three Other Newspapers (STPPP)

By John Welbes

The St. Paul Pioneer-Press, April 27, 2006

MediaNews Group Inc. is buying the St. Paul Pioneer Press in a complex transaction that involves the Hearst Corp., three other papers and a $1 billion price tag.

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The proposed deal, announced Wednesday by MediaNews and the McClatchy Co., the owner of the Minneapolis-based Star Tribune, would end more than five months of speculation about who eventually would own the Pioneer Press.

"I think this is a good outcome to a lousy situation," Par Ridder, the publisher of the Pioneer Press, told more than 150 employees who gathered for a late-afternoon meeting Wednesday.

The four newspapers, which also include the San Jose Mercury News, Contra Costa Times and Monterey County Herald, are owned by Knight Ridder. They are among the 12 "orphaned" Knight Ridder papers that McClatchy will resell after it closes its $6.5 billion deal for the Pioneer Press' parent company, likely by midsummer.

Regulators are taking a close look at how the shuffling of ownership will affect competition in the Twin Cities and in the California markets where MediaNews will gain considerable strength.

Employees, meanwhile, say they'd like more answers about their future.

William Dean Singleton, the CEO of MediaNews Group, said in an interview Wednesday that he plans to compete vigorously with the Star Tribune and will not seek any type of cooperative agreements with the Minneapolis paper. (MediaNews owns papers in Detroit and Denver that are part of joint operating agreements with rivals.)

He also said he plans to retain Ridder as publisher.

Singleton added that he likes the east metro market that the Pioneer Press serves and its long-term prospects.

The structure of the transaction doesn't require Singleton to honor existing labor contracts. Almost 90 percent of the newspaper's 960 workers are union members, and they received no answers at Wednesday's hastily called meeting.

"The part that makes me nervous is that nobody came right out and said that local contracts would be honored," said Bill Weyandt, who works in information technology at the newspaper.

Asked about the contracts, Singleton said "we will sit down with the local management team and let local management determine what their labor strategy should be," referring to Ridder's management team. "All of our labor strategies are done at the local level."

Ridder said he hasn't discussed labor strategy with Singleton and declined to comment.

Singleton said the Pioneer Press' "cost structure is high for a newspaper its size, but we knew that when we made the acquisitions."

As he looks at the newspaper's operations, he said, "there will be areas that need more investment, and we'll move resources around or add resources. I've read all these stories about the (Pioneer Press') profit margins being lower than everybody else's, but we knew that when we made the decision to buy."

Singleton also said he expects to continue the four newspapers' relationship with CareerBuilder, a national, online job search service.

Singleton will be in St. Paul today and plans to meet with the newspaper's employees.

Thom Fladung, editor of the Pioneer Press, said he wants to know more about Singleton's plan for the paper.

"I hope it will be what we're doing now," which is aggressive, local news coverage, Fladung said. "Because I think it works."

He said the paper needs to fill six to eight jobs in the newsroom, which would get the newsroom close to a total of 220 workers, a level he believes allows the paper to do its job.

Antitrust concerns remain with the Pioneer Press sale, as the McClatchy Co. is essentially picking who will run the rival for its largest paper, the Star Tribune.

On Wednesday, McClatchy said the U.S. Justice Department, which reviews sales with potential antitrust issues, requested information about the Twin Cities newspaper market. The request gives the Justice Department more time to review the proposed transaction, though the deal could still close by midsummer.

A task force set up by the St. Paul Area Chamber of Commerce to monitor the Pioneer Press' sale has been contacted by Justice Department officials, said Larry Dowell, president of the chamber. Advertisers in the area also have been contacted as part of the inquiry.

A California private equity group, the Yucaipa Cos., had bid for all 12 of the Knight Ridder papers up for resale. In addition, a group of local business people had hoped to make a bid for the Pioneer Press.

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The announcement Wednesday "just smacks so much of cartel-like behavior," said Linda Foley, president the Newspaper Guild-Communications Workers of America, which was partnering with Yucaipa in its "worker-friendly" bid for the 12 newspapers.

"It's pretty clear that this was something that was done in a back room somewhere, that it wasn't an open process," she said. "This goes contrary to what (McClatchy CEO) Gary Pruitt was saying a month ago," when he said it would be in his company's best interest to consider all bids for the 12 papers.

John Wodele, the spokesman for the local group that was never able to submit a bid for the Pioneer Press, said he hopes the new owner will respect the paper's long tradition in the community after the deal is done.

"I don't know if they'll get rich doing it," Wodele said, "but if they get rich doing it, I hope they'll have a product we can all be proud of."

In a release Wednesday, Pruitt said the "transaction highlights our ability to deliver quickly on our divestiture plan, and we are delighted with the sales price."

The sale of the Pioneer Press is also getting attention from Minnesota Attorney General Mike Hatch, who said he plans to ask McClatchy for more information about its terms for the deal with MediaNews.

"The concern is whether these are real agreements or just a lot of paper being exchanged to put a paper out of business," Hatch said.

The future of the Pioneer Press has drawn the attention of local leaders, who urged McClatchy to seek a buyer who would continue to offer a strong competitor in a two-newspaper market.

"My concern is that St. Paul continue to have a newspaper, and a strong one that's dedicated to real journalism," St. Paul Mayor Chris Coleman said. "The history there (at MediaNews) is a mixed bag, but I think it's possible, and I'm hopeful."

The four papers are being sold for 11.5 times 2005 earnings before other expenses, a multiple that's in the range of other big newspaper deals of recent years, though higher than what some analysts had anticipated.

McClatchy is paying 10.2 times earnings for the entire Knight Ridder chain.

The price that MediaNews is paying for the Pioneer Press and the California papers "does say that he believes, and I believe, that St. Paul and the Bay Area papers have a bright future," Ridder said.

John Morton, head of Morton Research, a media consultancy in Silver Springs, Md., said he was "a little bit" surprised that the Pioneer Press was included in the four-paper package.

"You can't really see the strategy there except that he has shown, in the past, a weakness, you might say, for owning big-city newspapers," Morton said. "I suspect he thinks it's a feather in his cap to have St. Paul. The strategy there is not so clear-cut."

The deal is structured so that Hearst will acquire the Pioneer Press and the Monterey paper, and then "contribute" the papers back to MediaNews as part of an equity investment in other MediaNews papers outside the San Francisco area.

Hearst, which owns the San Francisco Chronicle, is acting as a source of equity for the purchase of the four newspapers, Singleton said. MediaNews, which is privately held, will issue private stock to Hearst as part of the deal. The Pioneer Press' pass through Hearst in the sale process will have no significance for the paper, he said.

Singleton, whose holdings include the Detroit News and Denver Post, has a mixed record with the newspapers he has acquired. In years past, he has shut down newspapers in Texas, including the Houston Post, and taken the Long Beach (Calif.) Press-Telegram through deep cost cutting after acquiring that paper in the late 1990s. In his more recent big-city acquisitions in Denver and Detroit, he has honored union contracts and kept the operations largely intact.

After hearing word of Wednesday's deal, Martin Demgen, acting executive officer for the Minnesota Newspaper Guild, which represents some 470 Pioneer Press workers, said the union is concerned.

"We can't be sure what it means because the sale isn't final," he said.

Staff reporters Jennifer Bjorhus and Sheryl Jean contributed to this story. John Welbes can be reached at 651-228-2175 or jwelbes@pioneerpress.com.

Complex Deal Ends Uncertainty (MINNST)

By David Phelps and Terry Fiedler, Star Tribune

Minneapolis Star Tribune, April 27, 2006

DOJ_NMG_0026730

The $1 billion acquisition of the Pioneer Press also includes three California newspapers and puts the St. Paul paper under control of MediaNews. It's set to close this summer.

The complex $1 billion transaction that will put the St. Paul Pioneer Press in the hands of Denver-based MediaNews Group Inc. includes three California newspapers and turns prospective MediaNews rival Hearst into a partner in the deal.

The three-way transaction is expected to close this summer after the McClatchy Co., parent of the Star Tribune, completes its acquisition of the Pioneer Press' current owner, Knight Ridder Inc., for about $6.5 billion.

McClatchy said net proceeds of about $700 million from the MediaNews transaction will be used to help pay down its debt from the Knight Ridder acquisition.

As part of Wednesday's deal, Hearst Corp. agreed to temporarily purchase the Pioneer Press as well as the Monterey County (Calif.) Herald and then contribute both papers to MediaNews in return for an equity investment in MediaNews' non-San Francisco Bay-area assets.

MediaNews also agreed to buy two California newspapers, the San Jose Mercury News and the Contra Costa Times, from McClatchy in the deal.

The announcement capped a whirlwind spring for the St. Paul newspaper, the state's oldest.

It was put on the market along with 11 other Knight Ridder papers right after McClatchy bought the chain last month. Helping drive the sale of the Pioneer Press were antitrust concerns that regulators wouldn't be comfortable with two major papers under the ownership of one company in the Twin Cities market.

Employee rallies and a failed effort by the Newspaper Guild to broker a bid by California buyout firm Yucaipa Companies underscored the anxiety of workers about who their next owner would be. But in recent days, it appeared that MediaNews was the leading candidate to buy the paper.

MediaNews Chief Executive Dean Singleton said the acquisition "will expand our reach in California as well as enter a new and growing market in St. Paul."

MediaNews has 40 newspapers in nine states, radio stations in Texas and a TV station in Alaska. After the transaction closes, it will be the nation's fourth-largest newspaper company in daily circulation, at about 2.7 million.

McClatchy Chief Executive Gary Pruitt said that his Sacramento-based company was "delighted" with the purchase price and that the $1 billion sticker "demonstrates that these are strong newspapers with great value to companies whose strategies fit them."

Reaction in Minnesota

A St. Paul-based investor group, which also wanted to take a run at owning the Pioneer Press, expressed hope that MediaNews would be committed to quality journalism and not just the bottom line.

"Our hope was to make a little money at it, but our hope was also to do good journalism," said John Wodele, a member of the group, whose 10 investors were never publicly identified. "We hope the new owners understand the tradition of the Pioneer Press in Minnesota, the Twin Cities and western Wisconsin, and build on a long time of sometimes extraordinary journalism."

Minnesota Attorney General Mike Hatch said his office will be requesting details of the transaction from McClatchy, Hearst and MediaNews so that his staff can scrutinize the deal to make sure "it results in a viable competitor." He said: "My concern is this: I want to make sure in the end that whoever acquires the Pioneer Press is a true competitor that's viable and not acquiring it solely for the purpose of stripping it down."

Hearst role a surprise

The structure of the transaction, with the involvement of Hearst, was a surprise to most who had followed the deal's developments.

Hearst basically provides MediaNews with cash in exchange for equity by buying the Pioneer Press and the Monterey paper, and then turning the keys over to MediaNews. "Hearst is acting as a guarantor for MediaNews," Hearst spokesman Paul Luthringer said.

In the event that the Hearst equity transaction is not completed, MediaNews has agreed to buy the Pioneer Press and Monterey paper from Hearst.

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David Cole, publisher of the industry newsletter News Inc., said the structure of the deal ensures MediaNews that Hearst will not raise objections on antitrust grounds because of MediaNews' concentration of properties in Northern California.

"As I've always said, Dean doesn't have competitors, just partners he hasn't done business with," Cole said.

MediaNews intends to contribute the San Jose Mercury News and the Contra Costa Times to the California Newspapers Partnership, owned 54.23 percent by MediaNews. Gannett Co. and Stephens Media, the remaining partners, have committed to contribute their share of the purchase price.

The purchase price represents a multiple of approximately 11.5 times 2005 earnings before interest, taxes and other charges, McClatchy reported.

Pruitt said the transaction "highlights our ability to deliver quickly on our divestiture plan, and we are delighted with the sales price." He said the 11.5 multiple is two "full turns" higher than the 9.5 multiple paid for all of Knight Ridder.

But Wall Street has been a little wary of the Knight Ridder deal, based on the size of debt that McClatchy will incur. Shares of McClatchy closed Wednesday at $44.71, two days after hitting a six-month low of $44.11. News of the MediaNews deal came after the markets closed.

McClatchy agreed in March to acquire Knight Ridder, which has 32 daily papers. McClatchy said it would keep the 20 Knight Ridder dailies in the fastest-growing markets and sell the other 12. The Pioneer Press sale also is taking place to address antitrust issues.

The California papers fit with MediaNews' strategy of clustering newspapers and sharing advertising and production resources. MediaNews already owns nine papers in the Bay Area.

The company's interest in the Pioneer Press doesn't fit that profile -- MediaNews owns no papers in the Upper Midwest. But the Pioneer Press is profitable: Analysts estimate that it had a 10 percent operating profit margin last year, or about $12 million profit on revenue of about $120 million. By comparison, the Star Tribune had operating earnings of about $90 million.

McClatchy hopes to raise more than $2.15 billion through the sale of the Knight Ridder papers that it will divest. McClatchy agreed to assume $2 billion in debt and pay about $4.5 billion in stock and cash for Knight Ridder.

McClatchy expects to close the Knight Ridder deal in July.

Times Sold To MediaNews (CCT)

By George Avalos And James Temple

The Contra Costa Times, April 27, 2006

The McClatchy Co. announced an agreement to sell the Times and three other newspapers for $1 billion to two parties.

Denver-based MediaNews, publisher of the Oakland Tribune and other East Bay papers, will purchase the Times and San Jose Mercury News.

In a visit to the Times newsroom in Walnut Creek, MediaNews CEO William Dean Singleton said that both of the papers will continue to operate independently. He did not anticipate layoffs as a result of the deal.

Singleton, a media mogul who has earned a reputation for slashing costs and jobs at some newspapers he acquires and increasing salaries and staffing at others, said the deal will provide MediaNews with a big piece of Bay Area market. Indeed, the combined circulation of the company's regional papers will exceed 700,000, compared to the San Francisco Chronicle's 419,000.

"We still have a competitor across the Bay that is very fierce in the Chronicle," Singleton said. "They're the big bad metro and we're the little guys chipping at their heels. I just hope we can chip a little harder now."

New York City-based Hearst Corp., owner of the San Francisco Chronicle, will buy the Monterey Herald and St. Paul Pioneer Press in St. Paul, Minn, as part of the transaction.

Hearst has agreed to "contribute" the St. Paul Pioneer Press and Monterey Herald to MediaNews in return for an equity investment in MediaNews assets outside of the Bay Area. If the transacton isn't completed, for regulatory issues or otherwise, MediaNews has agreed to acquire the two newspapers from Hearst.

In either case, Singleton said MediaNews will continue to compete vigorously with the San Francisco Chronicle locally: "In the Bay Area, they are the enemy."

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The four newspapers are owned by Knight-Ridder Inc., which McClatchy agreed to acquire in March. The parties expect to close the transaction soon after the close of McClatchy's purchase, which is expected this summer.

The sale of the Times became increasingly certain starting last October when several big shareholders rebelled at the lackluster stock performance of its parent, San Jose-based Knight Ridder, and eventually forced Knight Ridder to put itself on the block.

Sacramento-based McClatchy announced it had won the sparsely contested auction on March 12, in a stock and cash deal then worth $4.5 billion. The news was greeted with optimism by Times reporters and employees, given McClatchy's reputation for quality journalism and financial stability.

But the following day, the company announced plans to discard a dozen papers, including the Times and Mercury News, that did not fit McClatchy's strategy. McClatchy has been seeking buyers for the papers since the first deal was announced.

With the deal, which would include the Contra Costa Times, Valley Times, San Ramon Valley Times, East County Times, West County Times, and other East Bay publications, Denver-based MediaNews would be able to encircle the San Francisco Chronicle.

MediaNews would have more than 700,000 paid subscribers to about 419,000 for the Chronicle, enabling MediaNews to assault the Chronicle with an array of editorial, advertising, circulation and marketing resources.

Separately on Wednesday, McClatchy Corp. said that the U.S. Department of Justice is seeking additional information regarding its pending purchase of Knight-Ridder.The DOJ's request is limited to the St. Paul Pioneer-Press, but McClatchy said it extends the waiting period under antitrust law, giving the government additional time to review the transaction -- and potentially holding up any deal.

The DOJ inquiry follows an announcement last week by California Attorney General Bill Lockyer that his office is launching an antitrust review of the Knight Ridder sale to McClatchy Co.

McClatchy said it intends to respond promptly to the DOJ request.

"This represents a step forward in our effort to close our deal with Knight Ridder in a timely manner," said Karole Morgan-Prager, vice president and general counsel of McClatchy, in a prepared statement. "We are delighted that the Department of Justice review confirms our belief that there would be no antitrust concerns other than in the twin cities of Minneapolis and St. Paul, where we intend to sell the Pioneer Press to remove any concern."

Soon after the divestiture was announced, Knight Ridder Chairman and CEO Tony Ridder expressed shock that McClatchy planned to jettison the papers. Gary Pruitt, the chairman and chief executive of the McClatchy Co., defended the decision, saying the papers did not fit into the company's strategy to focus on high-growth communities.

Reports quickly pegged MediaNews as a serious contender for the California publications, given its existing Bay Area presence and known strategy of clustering in geographic regions.

Other interested parties included Los Angeles-based investment firm Yucaipa Cos., which made a bid for all 12 papers in partnership with the Newspaper Guild-Communications Workers of America. Knight Ridder Chairman and Chief Executive Tony Ridder also reportedly began raising funds to buy the California papers, but dropped the effort at the urging of his lawyers and bankers.

Wall Street hasn't reacted kindly to McClatchy's deal. Late last month, Moody's Investors Service lowered McClatchy's credit rating the lowest investment-grade rating and threatened to drop it into junk-bond status. Since the deal was announced, McClatchy's stock has fallen 18.5 percent, which has sliced several hundred million off the value of the deal.

MediaNews had also expressed interest in the initial Knight-Ridder deal. It teamed up with several private equity firms and Singleton himself toured several papers including the Times. Several private equity bidders also failed to follow through on offers.

The only other actual bid came from a private equity group comprised of Texas Pacific Group, Thomas H. Lee Partners, Hellman & Friedman, though its offer was reportedly lower.

Newspaper Guild Petitions To Revoke JOA In York, Pa. (E&P)

Editor & Publisher, April 27, 2006

DOJ_NMG_0026733

NEW YORK The Newspaper Guild-Communications Workers of America filed a petition with the U.S. Attorney General's office claiming that MediaNews Group violated the Newspaper Preservation Act with two York, Pa., daily papers.

The Guild, along with York/Adams County Central Labor Council and City Council President Cameron Texter, charge that MediaNews Group has "hidden the fact that it now is sole owner and publisher of both papers."

In 1989 the Justice Department approved a JOA between MediaNews, publisher of the York Dispatch, and Buckner News Alliance, publisher of the York Daily Record.

The union groups and city council president claim that "the two publishers engaged in deception in 2004 by reporting that they had swapped ownership of the two papers" when in fact MediaNews bought the Daily Record from Buckner while retaining the Dispatch.

The parties charge that MediaNews "failed to file an application for approval of material changes to the agreement or provide public notice."

Linda Foley, Newspaper Guild president, said in a statement: "The whole intent of joint operating agreements is to preserve vigorous news reporting and diversity of editorial opinions through maintaining newspaper competition -- not to provide a loophole for monopoly publishing."

Microsoft, EU Debate Access For Rivals (AP)

By Aoife White and Matt Moore, AP Business Writers

AP, April 27, 2006

Microsoft Complains That European Commission Forced It to Hand Over Trade Secrets to Rivals

LUXEMBOURG (AP) -- Microsoft Corp. complained Wednesday that the European Commission forced it to hand over trade secrets to rivals, effectively giving them a "free ride" on the work the software maker did to acquire new customers and develop new technologies.

But Anthony Whelan, the Commission's lawyer, said that the "super-dominant" software maker had managed to strangle its rivals' innovation and was unlikely to face "an attack of the clones" if it gave companies the information they needed to make their programs work more smoothly with the Windows operating system.

"Microsoft's alarmist claims about duplication have been made for your consideration only," he told the panel of 13 judges who are considering the company's challenge to the Commission's 2004 antitrust order and record 497 million euro ($613 million) fine.

The weeklong hearing was in its third day Wednesday, and the focus shifted from media player software to the EU regulators' order that Microsoft give interoperability information to makers of rival server operating systems.

Whelan said Novell Inc. and Sun Microsystems Inc. were reduced to catering to network servers with "last century's technology" -- Windows NT -- because Microsoft withheld the code needed to allow them to work smoothly with PCs running the world's most-used desktop software.

"In network computing, the client is king and the client speaks Windows," he said.

Microsoft's refusal to supply server protocols from 1998 onward meant most servers had to use more time-consuming and costly techniques to supply software people wanted, keeping them a generation behind Microsoft's software, he said.

The company broke with standard practice in the technology industry by refusing to supply interoperability information, he said.

Microsoft insisted that the survival of its rivals and the emergence of new companies proved the competition was strong. The Commission argued the degree of interoperability Microsoft allowed was simply not viable for most customers and "effective competition" no longer existed.

Microsoft lawyer Ian Forrester said the Commission's order has been an attempt "to handicap the (market) leader in perpetuity" by forcing it to hand over trade secrets.

He said Microsoft's server software was compatible with products made by other companies, such as those from Novell and Sun and using Linux and UNIX-based servers.

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"Microsoft spends an enormous amount of effort attempting to achieve interoperability," said Microsoft executive John Shewchuk.

Thomas Vinje, a lawyer for an industry group supporting the Commission -- the European Committee for Interoperable Systems -- said Microsoft was trying to blow its patent rights out of proportion and skirt the key issue of the company's monopoly power.

"This is a case about abuse of a dominant position, about refusing to provide information to vendors," he said.

Microsoft broke an informal agreement with EU advocates when it dragged up the recent dispute over the company's compliance with the order -- earning them a stern reprimand from Judge Bo Vesterdorf, who told Forrester to stick to the issue at stake.

Forrester claimed that Microsoft was being threatened with 2 million euro ($2.4 million) daily fines, backdated to Dec. 15, for not creating "a new copyright work" derived from Windows secret source code.

EU regulators asked Microsoft to supply a "complete and accurate" support manual for developers to help them make compatible software.

Last December, they charged Microsoft with not obeying the order after an independent monitor branded Microsoft's 12,650-page technical manual as "unfit at this stage for its intended purpose."

The world's largest software maker says it has the right to guard its valuable intellectual property, and maintains that it has worked strenuously to comply with the 2004 EU ruling.

It was handed down after a five-year investigation concluded that Microsoft had taken advantage of its position as the leading supplier of operating systems to damage rivals who offered server software and media player programs.

While a ruling on the challenge is not due for months, a decision backing the Commission could force Microsoft to change the way it does business in the future and endorse the EU's ability to hold back aggressive corporate behavior.

An appeal of any decision, however, is not certain since Microsoft would need strong legal arguments to protest the ruling to the EU's highest court, the European Court of Justice.

Microsoft Says EU Undermines Its Property (DOW)

Dow Jones, April 27, 2006

LUXEMBOURG -(Dow Jones)- Microsoft Corp. (MSFT) (MSFT) Wednesday attacked a European regulators' orders to help rivals write software that works smoothly with its Windows operating system, saying that they violate its intellectual property.

On the third day of a week-long court hearing, the software giant claimed the European Commission is giving rivals license to clone its products. The software industry and the future of technological innovation are at stake, the company's lawyers contended.

Microsoft (MSFT) is appealing a landmark antitrust punishment before a European court in Luxembourg. In 2004, the Commission found the company cripples rival software makers by withholding key "interoperability" information. The regulator also said Microsoft (MSFT) illegally bundles its Media Player program with Windows. On these two counts, the Commission fined the company a record EUR497 million and ordered it to change its some of its business practices.

During the first two days of hearings, Microsoft (MSFT) defended its bundled Media Player software, claiming the Commission made "serious errors" in its decision. Wednesday and Thursday, Microsoft (MSFT) is arguing that Windows isn't designed to hamper rivals' products.

The Commission's decision "is an attempt to alter how the marketplace works," said Microsoft (MSFT) lawyer Ian Forrester Wednesday. This is "an immense encroachment on Microsoft's (MSFT) interests."

Forrester said Microsoft's (MSFT) software is "widely known, widely used, and not at all secret." He added that the company still faces strong competition.

Microsoft (MSFT) engineer John Shewchuk gave a presentation designed to show that servers all over the globe work well with Windows. "Microsoft (MSFT) spends an enormous amount of effort achieving interoperability and providing interoperability" with systems all over the world.

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Microsoft (MSFT) supporters backed up his testimony. Tom Kemp, CEO of Centrify Corporation, said his company made software that allowed different operating systems to communicate. "Seamless interoperability between disparate, heterogeneous systems and applications is possible and easy using Centrify's technology," Kemp said. In the afternoon session, rivals defended the Commission's 2004 decision. printed on paper, it would take up 12,650 pages. Thomas Vinje, a lawyer for the European Committee for Interoperable Systems, which includes Sun Microsystems Inc. (SUNW) (SUNW), International Business Machines Corp. (IBM) (IBM (IBM)), and Oracle Corp. (ORCL) (ORCL). said Microsoft (MSFT) was blowing its patent rights out of proportion.

"This morning's Microsoft (MSFT) presentation confirms the March 2004 conclusions of the Commission," Vinje said. "Microsoft (MSFT) determines if and how computer server systems will interoperate with Microsoft's (MSFT) desktop monopoly. So long as it is in Microsoft's (MSFT) business interest, it will provide necessary interoperability information."

In his presentation Commission lawyer Anthony Whelan attempted to demonstrate why Microsoft's (MSFT) technical information made it difficult or to expensive to achieve interoperability. He denied Microsoft's (MSFT) assertion that competitors wanted to copy or steal its intellectual property.

"There is no evidence Microsoft's (MSFT) competitors want to clone its product," Whelan said. He added they only wanted to make sure their products communicate with Windows.

Microsoft's (MSFT) direct rivals are keeping a low profile during the hearing to avoid a public confrontation with the company, lawyers familiar with the case say. IBM (IBM) and Oracle won't present information directly to the court, preferring to let Vinje speak for them.

Sun Microsystems (SUNW) propelled Microsoft's (MSFT) European antitrust case with a 1998 complaint about ill-defined instructions for making software work with Windows. Based on later complaints from RealNetworks Inc. (RNWK) (RNWK), the Commission expanded its case to include the Media Player charges. Sun Microsystems (SUNW) and RealNetworks (RNWK)aren't present at the Luxembourg hearing, however, since both companies settled their disputes with Microsoft (MSFT). Microsoft (MSFT) paid Sun Microsystems (SUNW) $1.95 billion in 2004 and RealNetworks (RNWK) received a $761 million payout last year.

With Microsoft's (MSFT) appeal pending, the Luxembourg court in December 2004 ordered Microsoft (MSFT) to comply immediately with the regulator's decision. Since then, the Commission has battled Microsoft (MSFT) over compliance issues.

Last summer, Microsoft (MSFT) released a version of Windows without Media Player, a product known as Windows N. Earlier this week Microsoft (MSFT) said limited demand for the product - it has sold only 1,787 copies - proves consumers want built-in music and video capabilities. The company's rivals claim limited demand for Windows N confirms Microsoft (MSFT) has created an invincible monopoly.

Over the past few months, the regulator has pressed Microsoft (MSFT) to comply with its interoperability orders. Microsoft (MSFT) has provided a set of protocols, also known as a road map, for rivals to use. But an independent software expert overseeing the company's compliance, U.K. computer scientist Neil Barrett, last year told the Commission that these protocols were "totally unusable."

The regulator is threatening to fine the company up to EUR2 million a day for not complying with its orders.

-By Adam Cohen and Caitlin Dean, Dow Jones Newswires; +322 741 1486; adam.cohen@dowjones.com

ENVIRONMENT:

More Than A Letter Needed To Take House, Court Says (NYT)

By Linda Greenhouse

The New York Times, April 27, 2006

WASHINGTON, April 26 — "An elementary and fundamental requirement of due process," the Supreme Court ruled many years ago, is that the government must provide "notice" and an opportunity to be heard before it seizes property.

On Wednesday, the court added teeth to that requirement, ruling that Arkansas violated a homeowner's right to due process when it sold his house for nonpayment of taxes after sending him two certified letters that came back "unclaimed."

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Writing for a 5-to-3 majority, Chief Justice John G. Roberts Jr. said that "it is not too much to insist that the state do a bit more" before using its "extraordinary power" to take and sell a person's house.

The Constitution does not require "actual notice" like personally handing the letter to the homeowner, the chief justice observed. But he said that once the state became aware, as in this case, that an effort at notice had failed, it must take "additional reasonable steps to attempt to provide notice to the property owner before selling his property, if it is practicable to do so."

Justices Clarence Thomas, Antonin Scalia and Anthony M. Kennedy dissented, the latter two signing a dissenting opinion by Justice Thomas. The state did all that was constitutionally required, Justice Thomas said, adding that it was the homeowner's responsibility to make sure that the authorities knew how to contact him. The court was imposing a "burdensome" and "impractical" requirement on the government, he said.

After a separation from his wife, the homeowner, Gary K. Jones, had moved out, continuing to pay the mortgage while his wife remained in the house. The mortgage company paid the property taxes. But once Mr. Jones paid off the mortgage, the taxes went unpaid.

Justice Samuel A. Alito Jr. did not vote in the case, which was argued shortly before he joined the court in January. The decision, Jones v. Flowers, No. 04-1477, overturned a ruling by the Supreme Court of Arkansas.

For anyone watching the emergence of the Roberts court, the case provided intriguing tea leaves. It was the chief justice's fourth majority opinion, and the first to provoke any dissenting votes. That the dissenters included the court's two best-known conservatives was interesting, of course.

Equally intriguing was the choice by Justice Kennedy, seen by many as the justice most likely to assume the central position on the court previously held by Justice Sandra Day O'Connor, to join Justices Thomas and Scalia in an almost paradigmatic case pitting an individual against the state.

While this was hardly the most high-profile case on the court's docket, no case that requires the justices to express their views on the meaning of constitutional due process is insignificant.

Further, the federal government raised the stakes by entering the case to argue that the notice Arkansas provided to Mr. Jones was adequate. Given that many federal agencies have authority to seize property, "the United States has a substantial interest in the question presented," the solicitor general's office told the court in a 29-page brief.

The most recent Supreme Court case to touch on a related issue was in 2002, when the court ruled, 5 to 4, that the Federal Bureau of Investigation had satisfied due process by mailing a notice to a prisoner that his property was about to be forfeited. The bureau was unaware at the time that the prisoner had not received its letter.

William H. Rehnquist, then the chief justice, wrote the majority opinion in that case, Dusenbery v. United States, joined by Justices Thomas, Scalia, Kennedy and O'Connor. The dissenters then, all of whom joined Chief Justice Roberts in the new case, were Justices John Paul Stevens, David H. Souter, Ruth Bader Ginsburg and Stephen G. Breyer.

In his majority opinion, Chief Justice Roberts acknowledged the Dusenbery case but said the "new wrinkle" was that in the new case the government was aware by the time it seized the property that it had failed to notify the owner.

Offering an analogy, the chief justice said that if the Arkansas tax commissioner had "prepared a stack of letters to mail to delinquent taxpayers, handed them to a postman and then watched as the departing postman accidentally dropped the letters down a storm drain, one would certainly expect the commission's office to prepare a new stack of letters and send them again" rather than "simply shrug his shoulders as the letters disappeared and say 'I tried.' "

Among the additional "reasonable steps" the chief justice said the state might have taken was to send the notice by regular mail, so that a signature was not required, or to post a notice on the front door.

In a second decision on Wednesday, the court set a new rule for people seeking to bring a lawsuit that accuses government officials of fomenting a criminal prosecution as retaliation for criticizing a government agency.

By a vote of 5 to 2, the court held that such a "retaliatory prosecution" suit could proceed only if the plaintiff could demonstrate an absence of probable cause for the prosecution.

The decision overturned a ruling by the federal appeals court here, which had not imposed that requirement in permitting a lawsuit against five postal inspectors to proceed.

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The plaintiff, William G. Moore Jr., had been engaged in a business dispute with the Postal Service. He contended in his suit that the postal inspectors had persuaded a federal prosecutor to bring criminal charges against him, charges that were dismissed after a federal district judge found a "complete lack of evidence."

Under the court's precedents, prosecutors themselves have absolute immunity for a decision to prosecute, meaning that such suits must be brought against the officials who influenced the prosecutor to bring the case.

In his majority opinion on Wednesday in Hartman v. Moore, No. 04-1495, Justice Souter said that showing an absence of probable cause was the most reliable way to make the necessary link "between the retaliatory animus of one person and the action of another."

Justices Ginsburg and Breyer dissented. Chief Justice Roberts, who was on the appeals court when the case was decided there, and Justice Alito, who was not on the Supreme Court when it was argued in January, did not vote.

America's Parks Feel Strain Of A Budget Crunch (CSM)

By Brad Knickerbocker

The Christian Science Monitor, April 27, 2006

ASHLAND, ORE. - In the eyes of Americans, nothing tops national parks as a popular government program. Not defense or education. Not Social Security or fighting crime, public opinion polls say. That's one reason President Bush declared this week to be "National Park Week."

But as the wear and tear of all that love takes its toll on nearly 400 park units around the country, and as Uncle Sam's expenses for war in Iraq, hurricane cleanup, and other activities continue to push the federal deficit ever higher, parks around the country are facing a budget crunch.

From Joshua Tree in the southern California desert to Acadia on the coast of Maine, national parks are tightening their budget belts - shortening some facility hours, increasing fees for camping and other activities, recruiting retirees and other unpaid volunteers to conduct education and interpretation programs, sharing archaeologists and other specialists, and seeking financial support from corporations.

"These are challenging times," says Elaine Sevy, deputy chief of communications for the National Park Service. "I'm not going to deny that."

Will this affect the park experience for vacationers this summer? Parks advocates and former park service employees say so, predicting reduced visitor services and increased fees.

"It very definitely is belt- tightening or more," says Bill Wade, chairman of the executive council of the Coalition of National Park Service Retirees and former superintendent of Shenandoah National Park in Virginia. "We are in the process right now of surveying some parks to find out how the quality of park experiences and protection of resources are likely to be impacted, this summer and beyond."

The Government Accountability Office (the investigative arm of Congress) recently visited 12 park units. Managers there told GAO officials that they do not have the financial resources to keep up with increasing costs, including congressionally authorized salary and benefits for employees, rising utility costs, maintenance needs, and required law enforcement levels, including back-country patrols.

"In response to daily operations allocation trends, increased costs, and new policy requirements, parks reported that they either eliminated or reduced some services," the GAO recently reported. "They also relied on other authorized funding sources and volunteers to pay for activities that have historically been paid for from the allocations for daily operations."

This worries park advocates.

"The GAO report confirms that America's national parks are losing ground, and straining to survive shrinking budgets," says Tom Kiernan, president of the National Parks Conservation Association (NPCA), an advocacy group in Washington.

A year ago, the Congressional Research Service estimated that the Park Service backlog in maintenance and resource protection totals from $4.5 billion to $9.7 billion - upkeep for some 8,000 miles of roads, 1,500 bridges, 400 dams, and 30,000 structures at 388 national park sites (parks, monuments, battlefields, historic sites, lakeshores, recreation areas, scenic rivers and trails, and the White House).

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Then there's the cost of paying park rangers, keeping the lights on, running thousands of vehicles and hundreds of visitor centers, and the other necessities required to handle nearly 300 million visitors a year. As the NPCA sees it, there's a "chronic annual operating shortfall," exceeding $600 million a year.

Aside from the politics of who's responsible for such growing needs, the Park Service has to make do with the budget put forth by the president and approved by Congress.

What that means, says Ms. Sevy, is having each park superintendent work to keep operating costs at about 80 percent of his or her annual budget, leaving the rest for special projects like natural resource studies or restoration of trails.

"It's not a cut," says Sevy. "It's just to get them to manage their budgets more efficiently."

To advocacy groups, that sounds a lot like a budget cut - $100 million less in the fiscal year 2007 overall parks budget now being reviewed by Congress, as the NPCA sees it. In any case, Sevy acknowledges, "there's no way around" the need for some parks to reduce some services and hours of operation.

In Congress, 70 representatives and senators are sponsoring the bipartisan National Park Centennial Act. Using federal treasury money plus a voluntary check-off on income tax returns, the bill would increase funding for maintenance as well as natural and cultural preservation projects through 2016 - the 100th anniversary of the National Park Service.

The debate over national parks funding goes back several years to when US Park Police Chief Teresa Chambers was fired for talking with a reporter about staff reductions. Ms. Chambers' legal dispute with the federal government over her termination continues. But since then, the park service has directed its employees to be more open with the public over budget challenges.

More Lawlessness At EPA (WP)

The Washington Post, April 27, 2006

BARELY A MONTH ago, the U.S. Court of Appeals for the D.C. Circuit issued a stinging rebuke to the Environmental Protection Agency's efforts to rewrite federal clean air law to weaken rules concerning power companies upgrading old coal-fired equipment. This week, a cross-ideological panel of the court unanimously accused the agency, once again, of defying federal environmental law -- this time concerning efforts to clean up the Anacostia River. The panel's strong, derisive language should send a message to the agency to take congressional enactments seriously, as written, not as the agency wishes Congress had written them.

Decades after the passage of the Clean Water Act, the Anacostia remains one of the dirtiest rivers in the country. To redress such problems, the law requires the EPA to identify pollutants and set what the law calls "total maximum daily loads" -- the daily dumping the river can take for each of these pollutants, measured at a level adequate to "implement the applicable water quality standards." The trouble for the Anacostia, and for a lot of dirty rivers, is that measuring the maximum load by the day requires expensive changes. Heavy rains can cause sewage to overflow into the river day, killing fish and blotting out sunlight necessary for plant life. Instead of forcing the D.C. government and the D.C. Water and Sewer Authority to create systems to prevent this, the EPA read the word "daily" to mean -- as it put it in one brief -- "non-daily" and measured the total maximum load for different pollutants on a seasonal and annual basis. This effectively allows big dumps now and then, as long as the total over time stays within specific limits.

This move was not, as was the power-plant rule, a crude effort by the Bush administration to rewrite the law to favor polluters. For one thing, the EPA seems to have adopted this reading of the statute long before the current administration; what's more, one federal court of appeals actually adopted it. That said, it is plainly erroneous, as was argued by the D.C. Circuit panel, which included controversial Bush-appointed Judges Janice Rogers Brown and Thomas B. Griffith. Wrote Judge David S. Tatel for the panel, " 'Daily' connotes 'every day.' Doctors making daily rounds would be of little use to their patients if they appeared seasonally or annually. And no one thinks of '[g]ive us this day our daily bread' as a prayer for sustenance on a seasonal or annual basis." Federal regulators shouldn't need such judicial reminders that the law means what it says.

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FBI/DEA/ATF/USMS:

Oakland Pot Growing Conviction Overturned But Ruling Means New Trial For Marijuana Advocate (SFC)

By Bob Egelko, Chronicle Staff Writer

San Francisco Chronicle, April 27, 2006

(04-26) 13:48 PDT SAN FRANCISCO -- The federal marijuana cultivation convictions of noted pot advocate Ed Rosenthal were overturned by a federal appeals court today because of a juror's phone call to an attorney friend, who told her to follow the judge's instructions or she could get in trouble.

The juror's unauthorized contact on the eve of the verdict in January 2003 was an "improper influence" that denied Rosenthal a trial before an impartial jury, the Ninth U.S. Circuit Court of Appeals said in a 3-0 ruling granting him a new trial.

"Jurors cannot fairly determine the outcome of a case if they believe they will face 'trouble' for a conclusion they reach as jurors," said the opinion by Judge Betty Fletcher. "The threat of punishment works a coercive influence on the jury's independence."

Rosenthal, a magazine columnist and author of books on marijuana-growing who is known as the "Guru of Ganja," was convicted of three felony charges in connection with plants he was growing in 2002 for patients served by the Harm Reduction Center, a San Francisco dispensary.

He faced a sentence of at least five years in prison under federal law, but U.S. District Judge Charles Breyer gave him only a day in jail, finding unusual circumstances. Breyer said Rosenthal had believed, mistakenly but reasonably, that he was not violating federal law because Oakland had named him an official agent in its drug program.

Rosenthal, who had already served his one-day sentence after his arrest, appealed his convictions. The Justice Department, which had sought a 6 1/2-year prison term, appealed the sentence. Because the convictions were overturned, the court did not rule on the government's appeal, but Fletcher said the panel was not inclined to change Rosenthal's sentence.

During the trial, Breyer refused to allow evidence about the intended medical use of the marijuana or about its possible legality under California's Proposition 215, a 1996 initiative that allowed patients to use the drug with their doctor's approval. Seven of the 12 jurors disavowed their guilty verdicts after the trial when they learned about the evidence that had been excluded -- that Rosenthal was growing marijuana for medical patients, and that he had been designated as an agent by the city of Oakland in its medical marijuana program.

Similar qualms about the jury's inability to consider the drug's medical use led to the pre-verdict phone call that was the basis of today's ruling.

In a sworn declaration, the juror said she had been troubled by the absence of evidence about medical marijuana and by the judge's instructions that jurors must consider only federal law. She said she telephoned a lawyer she knew and asked if she had to follow the instructions or if she had any leeway for independent thought.

She said the lawyer replied that she had to follow the instructions or she could "get into trouble." The juror said she shared the advice with another juror who shared her confusion.

9th Circuit Overturns Marijuana Cultivation Conviction Of 'Guru Of Ganja' (AP)

By David Kravets, The Associated Press

AP, April 27, 2006

A federal appeals court Wednesday overturned the pot-growing conviction of the self-proclaimed "Guru of Ganja," a marijuana advocate who has written books on how to grow pot and avoid getting caught.

The court cited jury misconduct in overturning Ed Rosenthal's conviction, but it otherwise upheld federal powers to charge marijuana growers.

Rosenthal was convicted in 2003 for cultivating hundreds of marijuana plants for a city of Oakland medical marijuana program. U.S. District Judge Charles Breyer sentenced him to one day in prison, saying Rosenthal reasonably believed he was immune from prosecution because he was acting on behalf of city officials.

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The government sought a two-year prison term and appealed. Rosenthal cross-appealed.

The case drew national attention, in part, because of Rosenthal's status as a leading author and proponent of marijuana. It also underscored the federal government's position that medical marijuana is illegal, it has no medical value and the will of California voters has no effect on nationwide drug laws.

A three-judge panel of the San Francisco-based appeals court, in overturning the verdict, said a juror had had inappropriate communication with an attorney.

"Juror A" had asked a friend who is an attorney whether she had to follow the law or could vote her conscience because she suspected Rosenthal was growing marijuana for medicinal uses. The attorney told her she must follow the judge's instructions to follow federal law or she would get in "trouble."

"We hold that here the communication was an improper influence upon Juror A's decision to acquit or convict," the appeals court wrote.

The court rejected Rosenthal's argument that he should have been allowed to tell jurors he was growing marijuana for the city for medicinal uses.

While the case was on appeal, and despite Rosenthal's claims, the Supreme Court ruled again that the federal government can prosecute medical marijuana growers and users despite California's medical marijuana law.

Rosenthal once wrote the "Ask Ed" column for High Times magazine and has written books with titles including "The Big Book of Buds" and "Ask Ed: Marijuana Law. Don't Get Busted."

Reached by phone Wednesday, he declined immediate comment on the ruling, saying he had not yet read the decision.

U.S. Attorney's spokesman Luke Macaulay said the office was considering whether to appeal or go ahead with a new trial.

BankAtlantic To Forfeit $10M To U.S. (AP)

By Curt Anderson, Associated Press Writer

AP, April 27, 2006

BankAtlantic Agrees to Forfeit $10 Million to U.S. to Avoid Money-Laundering Charge

MIAMI (AP) -- BankAtlantic agreed Wednesday to forfeit $10 million to the U.S. government to avoid criminal charges that it permitted millions of dollars in suspected drug money to be laundered through its accounts over a nearly seven-year period.

Under an agreement with the U.S. Justice Department filed in federal court, prosecution against the Fort Lauderdale-based bank will be deferred for at least 12 months in return for the payment. The charges will be dismissed altogether if BankAtlantic continues taking action to remedy the situation.

The investigation, led by the U.S. Drug Enforcement Administration and federal bank regulators, identified more than $50 million in suspicious transactions between July 1997 and April 2004, according to court documents.

BankAtlantic operates 79 branch offices in Florida. It is a subsidiary of BankAtlantic Bancorp Inc., a financial services holding company whose stock fell 2 cents Wednesday to close at $15.32 a share.

Alan B. Levan, BankAtlantic's chairman and CEO, said that since problems were found in 2004 "we have worked tirelessly" to improve compliance with anti-money laundering laws and regulations.

"We are happy to put these issues behind us," Levan said.

DEA agents working undercover as operatives for supposed Colombian drug lords found that drug money was being wire transferred to a handful of BankAtlantic accounts overseen by a specific branch manager. That led to the discovery of other BankAtlantic accounts being used to launder illicit drug proceeds.

"While a weak link at BankAtlantic let this money in, DEA is committed to following it where we often see it lead: right to the pockets of drug kingpins," said DEA Administrator Karen P. Tandy.

BankAtlantic admitted in the agreement that it did not identify and report the suspicious transactions as required by the Bank Secrecy Act. Court papers say there were numerous "red flags" about the transactions, such as a high volume of both incoming and outgoing wire transfers to unrelated people and corporations.

Although the unidentified branch manager was to blame for many of the problems, the investigation also revealed "serious and systemic" failures by BankAtlantic to comply with anti-money laundering laws over several years.

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But the court agreement gives BankAtlantic credit for cooperating with the investigation, firing employees responsible for the problems and closing down accounts used for the suspicious transactions. The bank also created a new anti-money laundering and Bank Secrecy Act department to beef up compliance and improved audits, training and software used to detect such transactions.

US Drug Money Sting Leads To $10 Million Fine For BankAtlantic (DOW)

Dow Jones, April 27, 2006

WASHINGTON -(Dow Jones)- An undercover money-laundering sting has netted an unusual catch - a medium-size bank - and Wednesday BankAtlantic Bancorp Inc. (BBX) agreed to pay federal officials a $10 million fine.

In its agreement with the U.S. Justice Department and bank regulators, BankAtlantic, based in Fort Lauderdale, Fla., agreed to ramp up its anti-money- laundering controls. If major changes are made in the next 12 months, law enforcement officials have agreed to drop the charges, but not the fine.

This arrangement is called a deferred prosecution agreement.

The $6 billion Fort Lauderdale-based thrift "accepted and acknowledged responsibility for its behavior," the Justice Department said in a press release. A BankAtlantic spokeswoman didn't return a call for comment.

In the agreement, the Justice Department and Drug Enforcement Agency alleged that BankAtlantic allowed millions of dollars to illegally flow through its accounts from 1997 through April 2004. This included "the deposit and transfer of more than $10 million in suspected drug proceeds originating from U.S. undercover law enforcement operations."

Court records show that undercover drug enforcement officials made deals with suspected drug traffickers to help deposit drug proceeds into U.S. banks. On multiple occasions, money couriers handed undercover agents bags or briefcases with between $150,000 and $500,000 in cash. The agents then deposited the money into a secret government account and were asked by the suspected drug traffickers to wire the money to accounts at BankAtlantic.

The Office of Thrift Supervision, which regulates BankAtlantic, issued a cease and desist order against the thrift Wednesday, requiring it to improve its anti- money- laundering protections.

This isn't the first time the Justice Department has sanctioned a bank for weak money-laundering controls.

In the last several years, the Justice Department has fined Riggs National Corp. $16 million and AmSouth Bancorp (ASO). (ASO) $40 million.

-By Damian Paletta, Dow Jones Newswires; 202-862-9241; Damian.Paletta@ dowjones.com

10:10 Am | 12 Indicted In Meth Bust (CO)

By Steve Lyttle

The Charlotte Observer, April 27, 2006

Federal officials have indicted a dozen people from Burke and McDowell counties in a methamphetamine crackdown.

All but one of the 12 suspects have been apprehended, and 10 remain in federal custody.

Suellen Pierce, a spokeswoman for the U.S. Justice Department, said the indictments are the result of an investigation that involved the Drug Enforcement Administration, the N.C. State Bureau of Investigation, the McDowell County Sheriff's Office, and the Marion Police Department.

Pierce did not give additional information on how the investigation and arrests took place.

Each of the 12 faces one count of conspiracy to manufacture and possess, with the intent to distribute, methamphetamine. The indictments were returned by a federal grand jury in Asheville on April 4. The charge carries a penalty of 10 years or more in prison, plus a fine of up to $4 million.

Those indicted:

Tracy Allen, 37, of Marion.

Robert McCoy Bradley Jr., 49, of Nebo.

Martha Byrd, 35, of Marion.

Danny Hall, 33, of Nebo.

Jonathan Harrison, 24, of Marion.

Arvin Hicks III, 41, of Morganton.
Tosha Hollifield, 31, of Marion.
Michael Honeycutt, 37, of Marion.
Janet Mosteller, 30, of Marion.
Michael Rose, 29, of Marion.
Tristan Whitesides, 21, of Nebo.
Mark Christopher Watkins, 33, residence not listed.
All but Whitesides and Watkins are in federal custody, and Whitesides faces a custody hearing at 2 p.m. today in Asheville.
Watkins has not been arrested yet.

News In Brief From The San Francisco Bay Area (AP)

AP, April 26, 2006

SAN FRANCISCO - A man suspected of storing methamphetamine for the ringleaders of an alleged Hells Angels drug ring was found shot to death at Ocean Beach, police said.

Michael Demetrescu Sr., 46, was wanted on federal drug trafficking charges after agents raided 19 Hells Angels locations last week and found a pound of methamphetamine in the garage of Demetrescu's home in San Francisco, said police Inspector Joe Toomey.

Demetrescu told his girlfriend a day before his death that he planned to turn himself in, police said. His death is being treated as a suicide.

Investigators believe Demetrescu was storing drugs for his neighbor, Jason Peterson, 32, a top Hells Angels official who was arrested in the raids Thursday along with the San Francisco chapter president, 35-year-old Joseph Wilson.

A total of 12 people were arrested on suspicion of methamphetamine trafficking and other charges. All have denied the allegations.

Authorities said they found more than 100 pounds of cocaine, eight pounds of methamphetamine and numerous weapons including a grenade in the raids and earlier seizures.

SAN FRANCISCO Hells Angel Possible Suicide At Beach Fugitive In Drug Raids Had Bullet In Head, Gun At Side (SFC)

By Jaxon Van Derbeken, Chronicle Staff Writer

San Francisco Chronicle, April 26, 2006

A man sought after last week's federal raids targeting the Hells Angels motorcycle club in San Francisco was found shot to death Tuesday at Ocean Beach, a day after telling his girlfriend he was going to turn himself in, authorities said.

Authorities say Michael Demetrescu Sr., 46, was found about 8:15 a.m. in the sand dunes on Ocean Beach near the Great Highway and Kirkham and Lawton streets, a handgun by his side. He had been shot in the head.

Police say they suspect Demetrescu committed suicide but are awaiting the outcome of tests and a review of other evidence before making any conclusions.

Demetrescu had faced 40 years to life in prison if convicted of federal methamphetamine trafficking charges that had been lodged against him after the raids Thursday. The agents who conducted the raids said they had found a pound of methamphetamine in the garage of his home in the Dogpatch neighborhood.

Inspector Joe Toomey of the homicide detail said Demetrescu was last seen Monday night leaving the Hells Angels' clubhouse on Tennessee Street. After his body was found, his live-in girlfriend, Nancy Deemer, told police that Demetrescu had said he was going to turn himself in Tuesday, Toomey said.

"She didn't know where he was going to turn himself in or to whom," Toomey said. "She said he was a little depressed."

Demetrescu lived at 1199 Tennessee St. in a home that abuts the Hells Angels Frisco chapter clubhouse. Authorities who raided his residence allegedly found marijuana in addition to the methamphetamine.

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Federal agents suspected that Demetrescu stored drugs for Jason Peterson, 32, who lived in a unit that shares a wall with the Tennessee Street clubhouse.

Peterson, the sergeant at arms for the group, is in federal custody, as is the chapter's president, Joseph "Joey" Wilson, 35, of Visitacion Valley.

Demetrescu was not originally indicted, but was named as a defendant after agents allegedly found the methamphetamine.

Federal authorities used an undercover agent and eight months of wiretaps to build a case against the Hells Angels. They documented several drug deals -- including one for 100 pounds of cocaine -- allegedly orchestrated by Wilson and Peterson, according to a search warrant affidavit.

The two men and 10 associates were arraigned Friday before U.S. Magistrate James Larson. All denied the allegations. They are set to appear for hearings this week.

The defendants were involved in a well-organized, multimillion-dollar criminal enterprise involving methamphetamine, cocaine and marijuana, federal authorities said.

In the raids Thursday and in earlier seizures, agents found more than 100 pounds of cocaine, eight pounds of methamphetamine, $145,000 in cash and numerous weapons, including a grenade, authorities said.

FBI agents and local law enforcement raided 19 locations Thursday, knocking down doors in some cases to gain entry.

SAN FRANCISCO 15 Suspected Crack Dealers Arrested In Western Addition Roundup Will Cut Violent Crime There, Police Say (SFC)

By Jaxon Van Derbeken, Chronicle Staff Writer

San Francisco Chronicle, April 26, 2006

San Francisco police trying to gain control over crime in the Western Addition have secured warrants for at least two dozen suspected crack cocaine dealers and have arrested 15 of them, authorities said Tuesday.

Although none of those named in the warrants is wanted on murder charges, police said they were optimistic that taking crack dealers off the streets would reduce violent crime in the Western Addition.

At least 20 people have been slain in the neighborhood since the beginning of last year, and investigators suspect many of the killings were connected to the drug trade.

"We know of the nexus between drugs and homicides," said Deputy Chief Morris Tabak, who oversees police investigations and the narcotics detail.

The alleged crack dealers were identified during a two-month undercover investigation, Tabak said. Officers posing as customers made one to three purchases of crack in videotaped transactions from each of the alleged street dealers, investigators said.

All the suspects are accused of felony drug crimes, mainly crack cocaine dealing. Police were still seeking some suspects as of late Tuesday, but refused to say exactly how many.

Investigators said many of those arrested Tuesday were repeat offenders who were either out on bail or on probation. Their past convictions include gang violence and weapons possession charges, said Capt. Tim Hettrich of the narcotics unit.

"These people have committed robberies, they have shot people, they are terrorizing the neighborhood," Hettrich said.

Hettrich said most of the 15 suspects arrested Tuesday had been found on the street in the Western Addition. The arrest warrants carry bail amounts of $35,000 to $125,000, he said.

The sweep was conducted by the narcotics detail, with assistance from the gang task force, officers from Northern Station, and agents with the federal Drug Enforcement Administration.

"We target the areas where we have the violence," Hettrich said.

District Attorney Kamala Harris said her office had filed the drug charges against roughly two dozen suspects -- including the 15 under arrest -- as part of an overall crackdown on drug dealing and violent felons.

"It was a collaborative law enforcement effort," she said. "That's 15 bodies off the street who were dealing drugs and posing a threat to the neighborhood."

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"Good job -- we need more of it," said Supervisor Ross Mirkarimi, who represents the Western Addition. He has called loudly for police to do something about homicides there.

"There is a very plausible link between the drug dealing and the spikes of homicides and violence," Mirkarimi said. "The homicides where I have been to the scene have often been the results of drug deals gone bad or turf wars over those who are selling drugs."

Mirkarimi noted that the homicide rate has dropped recently. Two killings have happened in the neighborhood since Jan. 1, compared with six by this time last year.

"We've had a bit of a respite in the homicides, thank heavens to all the good work everybody is doing," Mirkarimi said. But given the trend of gang and drug activity, he said, "it's just a matter of time" before the rate rises again, unless more is done.

Powerhouse Gym Owner Pleads Guilty To Drug Charge (BHE)

By SERGIO CHAPA

Brownsville (TX) Herald, April 27, 2006

The owner of a Brownsville gym pleaded guilty to a federal drug trafficking charge Wednesday morning.

Powerhouse Gym owner Jose Alfredo DeLeon had maintained his innocence on the conspiracy to possess with the intent to distribute more than 5 kilograms of cocaine charge until the Wednesday morning hearing where he told U.S. District Judge Andrew S. Hanen that he had a “cocaine habit.”

The 39-year-old man, who was arrested by Drug Enforcement Administration agents in January, told Hanen that he last used cocaine three days before his arrest and requested to be placed in a drug treatment program.

The gym owner faces 10 years to life in prison after pleading guilty to selling bulk amounts of the dietary supplement inositol to cocaine traffickers and then instructing them how to use it to “cut” their shipments.

Prosecutor Terra Bay said in open court that federal agents found a hand-written ledger of inositol sales, a cocaine pharmacology book, scales, 25 pounds of marijuana and a small amount of cocaine inside DeLeon’s North Brownsville home.

Court records show that DeLeon is the next-to-the-last defendant to be arrested in a five-count, 16-person indictment that included convicted drug trafficker Juan Carlos Sanchez-Vasquez in January 2005.

Bay said in open court that DeLeon sold the dietary supplement to Sanchez-Vasquez as well as convicted drug traffickers Andres Garza and Rolando Curiel.

Federal court records show that Sanchez-Vasquez, Garza and Curiel each bribed former Sheriff Conrado Cantu to protect their drug trafficking organizations.

DeLeon is expected to be sentenced July 31.

New Rochelle Drug Trafficker Sentenced To 38 Months In Prison (JNE)

By TIMOTHY O'CONNOR

Journal News, April 26, 2006

A New Rochelle man was sentenced yesterday to more than three years in prison for cocaine trafficking.

Victor M. Frias-Valencia, 27, of 40 Park Place pleaded guilty in November in U.S. District Court in Bridgeport to possessing and intending to distribute a kilogram of cocaine.

Agents with the Drug Enforcement Administration arrested Frias-Valencia in Greenwich on Sept. 29, 2004, after he struck a deal with a DEA informant to sell the cocaine, roughly 2.2 pounds, according to court documents and Frias-Valencia's plea.

Frias-Valencia showed the informant the cocaine that he had stashed in a cooler outside a Greenwich apartment building. The informant went back to his car to get money and signaled the DEA agents that the deal was happening.

DEA agents approached Frias-Valencia, who fled up the stairs and into an apartment. DEA agents entered the apartment after him and found the cooler in the bathroom, the cocaine on a roof outside the bathroom window. Frias-Valencia admitted to DEA agents the cocaine was his and he intended to sell it, according to court documents.

At the time of his arrest, Frias-Valencia was in the United States illegally. He was sentenced yesterday to 38 months in a federal prison. He will be deported to Mexico upon completion of his prison sentence, U.S. Attorney Kevin O'Connor said.

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As part of the plea agreement he signed Nov. 3 with federal prosecutors, Frias-Valencia agreed to forfeit the Lexus IS 300 he was in possession of at the time of his arrest. Frias-Valencia's lawyer did not return calls seeking comment.

Man Guilty Of Conspiracy In Cocaine Trafficking Case (AP/WPRI)

WPRI/AP, April 27, 2006

PROVIDENCE, R.I. (AP) -- A jury finds a Massachusetts man guilty of conspiring to deal cocaine.

Domingo Gonzales was arrested last year after agents from the federal Drug Enforcement Administration raided a Providence house and interrupted a cocaine deal. Investigators say they found a handgun and 97 grams of cocaine in the car Gonzales arrived in.

He was arrested after DEA agents found him hiding under a pile of rubbish in the basement. Gonzales lives in Lawrence, Massachusetts. He was convicted of conspiring to distribute cocaine and possessing more than 500 grams of the drug.

He was acquitted of a gun charge. According to the U.S. Attorney's office, five other defendants in the case have already pleaded guilty to conspiracy charges.

City Man Gets 5 Years For Role In Opiates Ring (SNE)

By Douglas A. Moser

Salem News, April 27, 2006

BOSTON — A Peabody man will spend more than five years behind bars for his part in a ring that peddled highly addictive painkillers on Cape Ann.

Jose Melo of 20 Tracey St., Peabody, was sentenced to more than five years (63 months) for distribution yesterday. During an undercover drug raid in 2004, Melo was arrested along with a dozen others, most from Gloucester. He pleaded guilty last month to the charges in U.S. District Court. He was sentenced yesterday at the John Joseph Moakley Courthouse in South Boston.

Judge Rya Zobel ordered Melo to serve 63 months in prison and three years' supervision after release. After his sentence, she ordered Melo, who is not an American citizen, to leave the country. His defense attorney, Stephen Neyman, did not say what country Melo is from, saying only that Melo would return to the Azores islands, off the coast of Portugal.

Thirteen men — most of whom were from Gloucester — were arrested June 29, 2004, and the next day after an eight-month undercover operation from a Riverdale Park apartment involving Gloucester police, the Cape Ann Drug Task Force, Essex County sheriff's deputies and the federal Drug Enforcement Agency.

Deputies and the DEA said they purchased 1,096 80 milligram pills between October 2003 and June 2004. Two of the men sold the drugs from a Gloucester apartment, as well as at the Bugaboo Creek Steak House in Peabody and in the Northshore Mall.

All 13 were indicted by a grand jury in September 2004 for distribution and conspiracy to distribute oxycodone.

Oxycodone is a powerful opiate-based prescription pain reliever that carries a significant risk of addiction. In recent years, it has become a popular street drug.

Student, Teen Charged In Gun Case, Threat At Melvindale Charter School (DEN)

Detroit News, April 27, 2006

MELVINDALE -- A 16-year-old student at the Academy of Business and Technology and a 15-year old who formerly attended the school were charged Wednesday with carrying a concealed weapon and with making a terrorist threat in separate incidents at the school.

Melvindale police were at the school Tuesday investigating an e-mail in which someone threatened to shoot up the school when a student approached the officers and told them they saw a student with a gun, said Chief Rick Cadez.

When officers located the 16-year-old, a Detroit resident, he was carrying an unloaded .25-caliber hand gun, the chief said. Police were not able to learn where he got the gun, as his parents refused to allow police to interview him.

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The gun was given to the Bureau of Alcohol, Tobacco and Firearms (ATF) which will trace its ownership. The youth was turned over to Wayne County juvenile authorities. Wayne County Prosecutor Kym L. Worthy issued a warrant charging him with carrying a concealed weapon.

The threatening e-mail was traced to a 15-year-old from Taylor. He was charged with making a threat of terrorism, a felony that carries a 20-year maximum prison sentence. He is also being held by juvenile authorities.

Cadez said the incidents should not be seen as a reflection on the school.

"These were just a couple of dumb kids acting stupid," he said. Cadez said "I am going to notify our schools about what happened here so they can let kids know what the consequences can be for acting stupid."

You can reach Norman Sinclair at (313) 222-2034 or nsinclair@detnews.com.

Man Gets Probation For Having Bombs (GTT)

By Scott Harper

Georgetown (SC) Times, April 27, 2006

An Andrews man arrested last year for possessing homemade bombs will not go to jail after it was determined he had no criminal intentions.

Norman Weaver, 30, pled guilty to multiple counts of possession of a destructive device and was sentenced to 18 months probation Tuesday.

He was arrested in October after Georgetown County deputies went to his Big Dam Swamp home to investigate another matter.

Deputy Solicitor Matthew Modica told Judge Edward Cottingham while the officers were at the home they found eight bombs made of PCP pipe that were packed with black powder.

He said South Carolina Law Enforcement Division and federal ATF agents were called in to assist with the investigation. He said after the inquest, it was decided the matter did not warrant federal prosecution.Modica said Weaver's name did not appear on any intelligence watch lists and the ATF agents "did not believe he posed a threat."

However, Modica noted, "it is against the law in South Carolina to possess" such devices.

He also pointed out that the bombs could not have been exploded as they were at the time they were discovered. He said more work, including the adding of wicks, would have had to occur on the bombs before they could be detonated.

Weaver's attorney, Stephen Schmitz, said his client, who now lives in Beaufort, had a good, non-violent reason for having the bombs. He said Weaver travels the country as a Civil War reenactor and he made the devices five years ago to possibly use in one of the performances.

Schmitz said Weaver planned to blow up the bombs in the Edisto River but had not done it before they were found.

That story is different from the one Weaver reportedly told investigators when he was arrested. According to the Sheriff's Office, during Weaver's initial interview he said he bought a box of ammunition at a gun show and had no idea the bombs were in the box until he got home. He said he had planned to cut each of the pipes open with a saw to dispose of the powder.

The bombs were not the only things authorities confiscated. They also removed bullets and guns as well as two books — "The Complete Book of Witchcraft" and "The Magus: The Complete System of Occult Philosophy."

Although Modica said he now believes Weaver meant no harm, Cottingham said the Sheriff's Office did the right thing by pressing charges. He said after the Sept. 11 attacks on America no one can be too careful.

"I congratulate the Sheriff's Department for bringing this out," Cottingham said. He then sentenced Weaver to five years on each count but suspended the sentence to probation.

Search By ATF Called Politics (SANEWS)

By DEAN BOHN, THE SAGINAW NEWS

The Saginaw News, April 27, 2006

Time will tell if federal agents will return with arrest warrants after carting away numerous firearms from the home of an embattled Brady Township official whose husband is a convicted felon.

Federal law says felons cannot own firearms.

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While Clerk Melissa Alcorn is at odds with the township supervisor, the Bureau of Alcohol, Tobacco, Firearms and Explosives on Tuesday morning focused on her husband, Douglas A. Alcorn, 41, who served a month in jail and four years of probation, the first two on electronic tether.

He pleaded no contest in 1993 to a charge of second-degree child abuse. In return, prosecutors dismissed a count of first-degree child abuse, court records show.

Court documents show his first wife filed the charges two months into their marriage.

The Alcorns refused comment. William A. Temple, special agent in charge of the ATF's Detroit office who supervised the raid at Alcorn's home, also would not comment.

Arnold D. Dunchock of Corunna, an attorney for the Alcorns, said the firearms were in a gun safe in the home and Douglas Alcorn "did not have access to them."

"They were not arrested," Dunchock said. "If this is so terrible, why were they not taken away?"

However, Dunchock acknowledged, "this doesn't mean they might not be (arrested) in the future."

Dunchock said the family is incensed that agents "apprehended" Melissa Alcorn while she was driving home after dropping one of her four children off to school and conducted the search of their home in front of their other three children.

She has bickered for months with Brady Township Supervisor John Schoch, who faces a recall election Tuesday.

While Schoch blames Alcorn for orchestrating the recall, the timing of the raid prompted the Alcorns' attorney to complain about political motivations.

"This happened one week before the recall election," Dunchock said. "It's not like these were weapons of mass destruction. This (situation) was stable for years. Why now?

"It's obviously politically motivated. The family is being victimized, especially with the recall election on Tuesday."

Dunchock suggested that Schoch prompted the ATF search on the couple in retaliation for the recall effort, but Schoch said he knew nothing about the raid until it happened.

"They're slinging mud," Schoch said. "He's a felon, he's got guns in the house, and somehow they want to say all this is my fault."

The recall election follows months of arguing between Alcorn and Schoch. A Saginaw County Sheriff's Department report shows the Alcorns accused Police Chief Larry Briggs and Schoch of separately swiping their mail, including money from children's birthday cards and a government check.

Schoch and Briggs deny the claim, and no evidence of such offenses exists beyond the Alcorns' allegations, deputies concluded. Briggs was not present at the ATF raid.

A U.S. Army veteran, Douglas Alcorn makes and sells knives. The entrance to his 40-acre home at 14687 Fordney is framed with a "Fort Alcorn" sign above the driveway.

Behind his home he has a shooting range accentuated with a large pavilion. v

Dean Bohn is a staff writer for The Saginaw News. You may reach him at 776-9679.

IMMIGRATION:

Attorney For Former Nazi Guard Seeks Review Of Ruling (AP)

By MIKE WILSON, Associated Press Writer

AP, April 27, 2006

DES MOINES, Iowa (AP) A lawyer for a former Nazi concentration camp guard has asked a federal appeals court to review its ruling to revoke the man's U.S. citizenship.

Lisa Mattson, a lawyer for John Hansl, filed documents with the U.S. 8th Circuit Court of Appeals last week, seeking a review by the entire court.

A three-judge panel of the St. Louis-based court ruled March 7 that a U.S. District Court judge was correct in revoking the citizenship of Hansl, 81, who lives in Des Moines.

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The U.S. Department of Justice filed a complaint against Hansl in July 2003, claiming he hid his service with the Waffen SS when he applied for a visa to come the United States in 1955. He was granted a visa and became a U.S. citizen in 1960.

The case revolved around a 1953 law designed to control the flow of immigrants to the U.S. after World War II.

Mattson claimed the law required a person to have ``personally assisted'' in the persecution of others before they could be denied a visa.

U.S. District Court Judge Robert Pratt revoked Hansl's citizenship in April 2005, ruling that Hansl's conduct as a Nazi concentration camp guard left ``no room for factual dispute whether he personally advocated or assisted in persecution.''

In documents filed with the federal appeals court last week, Mattson argued that the decision by the appeals court panel did not take into account evidence by the government that would have shown Hansl was eligible for a visa.

The documents include justice department records on other post World War II visa applicants, and were turned over previously in a ``highly redacted form as to be meaningless,'' Mattson said.

By doing so, ``the government violated the defendant's due process right to a fundamentally fair hearing,'' she said.

She said the documents would show that it was national immigration policy to issue visas to former concentration camp guards unless they were directly involved in committing atrocities.

Mattson said Hansl does not deny that he was a guard at the Sachsenhausen and Natzweiler concentration camps but does not believe he personally assisted in the persecution of others.

Mattson said submitting the redacted evidence ``unfairly shaded and misdirected the court's focus.''

The government later came forward with five documents in their unredacted form, Mattson said in court records.

``Had the evidence been produced in its unadulterated form, and allowed to be presented to the court ... it should have made a difference in the outcome of this case,'' Mattson said.

High Court Avoids Immigration, Focuses On RICO's Application To Business Relationships (LAW)

By Tony Mauro, Legal Times

Legal Times, April 27, 2006

The Supreme Court appeared sympathetic to pleas by business advocates not to "RICO-ize" all types of business relationships, as Justice Stephen Breyer put it, during oral arguments Wednesday.

The Court heard debate in Mohawk Industries v. Williams, a class action brought against Georgia carpet manufacturer Mohawk Industries under the civil portion of RICO, the Racketeer Influenced and Corrupt Organizations Act. Current and former employees of Mohawk claimed that its hiring of illegal aliens -- in concert with outside recruiting and temp agencies -- depressed wages and amounted to racketeering as defined under RICO. If the suit fits under RICO and the plaintiffs prevail, Mohawk would be exposed to treble damages and could be forced to pay plaintiffs' attorney fees.

"These are enormous penalties that are imposed," Mohawk's lawyer, Carter Phillips, told the justices. Congress passed RICO to target organized crime, he asserted, not ordinary dealings between businesses and their agents and contractors. "It is not free for the government or anyone else" to broaden the law unilaterally, said Phillips, a partner in the D.C. office of Sidley Austin.

In advance billing it appeared that the Mohawk case would draw the high court into some of the immigration issues causing controversy across the nation, including the contention that the corporate hiring of illegal aliens has had the indirect effect of keeping wages low for American citizens.

Instead immigration was barely mentioned, as oral arguments devolved quickly into a dense debate over the ambiguous wording of the RICO statute and whether a corporation like Mohawk can be part of a separate "enterprise" covered by the law.

The tedium left at least two justices, Ruth Bader Ginsburg and Clarence Thomas, struggling to stay awake, with mixed success. That is not unusual for Thomas, but it is not as common for Ginsburg, 73, though in recent months she has often appeared fatigued on the bench.

Responding to a Legal Times inquiry about the episode late Wednesday, Ginsburg said, through Court spokeswoman Kathy Arberg, that she "experienced an eye irritation during oral argument that was probably exacerbated by allergies."

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Wednesday was the final day for regularly scheduled oral arguments this term.

Though originally aimed at organized crime, the RICO law was amended by Congress in 1996 to include the hiring of illegal aliens among the "predicate acts" that can trigger a RICO claim. So the employees asserted that Mohawk, by associating with outside recruiters to hire the illegal aliens, fit the requirements to make out a civil RICO claim. The 11th U.S. Circuit Court of Appeals held that the employees had stated a valid RICO claim. The Bush administration has also sided with the plaintiffs in favor of a broad view of RICO's scope.

Phillips, in a brief for Mohawk, said the circuit's definition of a RICO enterprise "would allow virtually every alleged corporate conspiracy, including most fraud claims and other business torts, to be pled as civil RICO claims."

Breyer appeared to agree, expressing concern that "vast amounts of ordinary activity" by companies would come under the law, even though the companies have nothing to do with organized crime.

Howard Foster of Johnson & Bell in Chicago, representing the plaintiffs, told the Court that Mohawk committed hundreds if not thousands of immigration-related felonies "in very close cooperation" with outside recruiters, all of which are well within the scope of RICO.

Foster also told the justices that all circuit courts that have ruled on the issue have adopted the broader scope of RICO that would include corporations like Mohawk. "There is no dispute in the lower courts that a corporation can be part of an enterprise," said Foster.

Business lawyers warn that if the Court rules against Mohawk, RICO will become another tool for attacking employers. "Employers located in areas with a large immigrant-worker population may be potential targets for civil RICO class actions," says Steptoe & Johnson partner Lynda Zengerle, who recommends that employers use hiring methods that clearly document efforts by companies and their recruiters to abide by immigration laws.

But some business advocates have sounded a broader alarm about the case. "If the Supreme Court sides with the plaintiffs in this case, there is no doubt that we will see many more civil RICO cases filed on a broad range of subject matters, not just immigration," says Karen Hirschman, a partner at Vinson & Elkins.

CONGRESS-ADMINISTRATION:

Republicans Sag In New Poll (WSJ)

By John Harwood

The Wall Street Journal, April 27, 2006

Rising gas prices have intensified discontent with Washington and handed Congress a frightening midterm election backdrop: a deeply pessimistic electorate, despite a robust economy.

A new Wall Street Journal/NBC News poll underscores a striking gap between Americans' mood and the nation's economic performance. Fully 77% call themselves uneasy about the state of the economy rather than confident, even as data showed new-home sales and factory orders remain strong. Economists expect a similar message tomorrow when the government reports on first-quarter growth.

Public unease partly reflects fallout from the prolonged and unpopular Iraq war. But it also shows the impact of pump prices topping $3 a gallon in many places, passing Iraq to become the nation's highest-priority issue. The upshot: Two-thirds of Americans say the nation is "off on the wrong track," President Bush's approval rating has fallen to 36% and Congress fares even worse at 22% approval.

"There's almost nothing that the public is satisfied with," says Democratic pollster Peter Hart, who conducts the Journal/NBC poll with Republican counterpart Bill McInturff. "What they're telling you is, they want change on every front."

That is a worrisome sign for Republicans, who are seeking to defend their House and Senate majorities with little more than six months remaining before Election Day. Continuing a trend that has persisted for a year, Democrats lead -- beyond the poll's 3.1 percentage point margin of error -- in public preference for which party should control Congress. The survey of 1,005 adults was conducted April 21-24.

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And in the run-up to November, Democrats also enjoy an edge in intensity; by 11 percentage points, their partisans are more likely to express high interest in the midterm campaigns. The biggest bright spot for Republicans is that Democrats have made no progress improving their national image, an indication that they aren't yet positioned to take advantage of their opportunity for far-reaching November gains.

Public unhappiness with government is strongly at odds with bullishness on Wall Street, as new data underscored the economy's current strength. The Commerce Department yesterday reported sales of new single-family homes rose 13.8% in March, the largest increase in 13 years.

Orders for big-ticket manufactured goods rose 6.1% in March, the largest increase in nearly a year. Indeed, that data fueled bond-market worries the economy is so strong that the Fed will be reluctant to stop lifting short-term interest rates after May, when the central bank is expected to bump rates up a notch.

Public unhappiness also represents a powerful source of frustration for Republicans, who want Mr. Bush and Congress to get more credit for the economy. Doing just that is a top priority of new White House Chief of Staff Josh Bolten and congressional Republican leaders, who are aiming to take a first step by accelerating House-Senate negotiations on tax-cut legislation that would extend the current 15% rates on capital gains and dividends.

Yet worries about gasoline prices, offshoring of jobs, rising health-care costs and precarious private pension plans are creating anxiety even among workers who do have jobs. Moreover, the fruits of the economy's recent strength aren't evenly shared: Workers at the bottom and the middle are benefiting less than those at the top.

Richard Curtin, who oversees the University of Michigan's consumer-confidence surveys, says the gap between views of the economy among those who make more than $50,000 and those who make less is wider than it has ever been in the university's polling. Especially for those with moderate incomes, says Mr. Hart, the Journal/NBC pollster, gas prices "are the real numbers that people are living with."

That helps explain why just 19% of Americans say the strong employment picture, rising stock prices and low inflation rate leave them feeling confident about the nation's economic health. Four times that many respondents said that gas prices, rising interest rates and the federal budget deficit have them feeling uneasy.

The poll also explains why oil companies suddenly find themselves in the cross hairs of political debates over potential price-gouging and even windfall-profits taxes. In the wake of record oil-industry profits, some 60% of Americans find oil companies responsible for rising gas prices -- far outpacing the proportion who blame oil-producing nations, President Bush or Congress.

Yet the toll on Mr. Bush is reflected in his 36% approval rating, the lowest he has ever received in the Journal/NBC survey, and the 35% positive mark on handling the economy. Amid continued violence in Iraq and a looming confrontation with Iran over its nuclear ambitions, Americans disapprove of Mr. Bush's handling of foreign policy by roughly 2 to 1.

Approval of the job Congress is doing has plummeted to 22%, from 33% just last month. That's worse than the marks a Democratic-controlled Congress received at a similar point in 1994, the year Newt Gingrich led Republicans back to power on Capitol Hill.

In particular, Americans who don't approve of Congress blame their sour mood on partisan contention and gridlock in Washington. Some 44% call themselves "tired of Republicans and Democrats fighting each other"; 36% say "nothing seems to get done" on important issues. A further 34% cite corruption among lawmakers. Among all Americans, a 39% plurality say the single most important thing for Congress to accomplish this year is curtailing budgetary "earmarks" benefiting only certain constituents.

Ranking just behind ending "earmarks" is congressional action on immigration overhaul, the top priority of 32%. By 61%-35%, Americans say illegal immigrants within the U.S. should be allowed to stay rather than be deported so long as they pay taxes and pass security checks. By 68%-28%, they express support for a potential Senate compromise that would allow for different treatment of those who have been in the U.S. at least five years, those here for two to five years, and those in the U.S. for less than two years.

Americans take dim views of both parties, giving Democrats a positive rating of just 33% and Republicans 35%. But they have different expectations for the minority and for the party that controls Congress and the White House. If no progress is made

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on key issues, the Journal/NBC poll shows, 51% would blame either Mr. Bush or congressional Republicans, compared with 16% who would blame congressional Democrats. One in four voters would blame all parties.

Pain At Pumps May Be Felt At Polls (WP)

By Peter Whoriskey

The Washington Post, April 27, 2006

FORT LAUDERDALE, Fla., April 26 -- One of the soaring bridges to the beach here is named for longtime Republican congressman E. Clay Shaw Jr., and at its foot is a gas station where drivers on Wednesday were filling up, wincing at the tally and wondering whom to blame.

Gasoline prices have reached $3 a gallon in the area, and for Shaw, a former mayor and a political institution here, the rising bipartisan disgruntlement at the pumps is a troubling sign. Here and in other swing districts across the country, the Democratic challenger is attacking the Republican incumbent for inaction -- or worse -- on gas prices and other energy woes.

"This is ridiculous," said Jackie Tarone, a retired homemaker and Bush voter who was filling up a Mercedes SL500. "The oil companies keep giving money to the politicians to keep them in there -- that's the way the system works. It's a shame."

Although she has voted for Shaw in the past, she said, she isn't sure about next time.

"I don't know which is the lesser of two evils anymore," she said.

Anger over gas prices is gaining traction in many midterm races around the nation as Democrats attack Republicans for being too close to oil companies. With many in the GOP growing uneasy, President Bush this week called for price-fixing investigations. Political analysts say the rising prices could dovetail with growing public concern over the war in Iraq to give Democrats an opening in several key races.

In Virginia, one of two candidates in the Democratic primary for Senate, Harris Miller, accused Sen. George Allen (R) of siding with oil companies instead of backing legislation to protect consumers. "Looking to George Allen and George Bush to solve the gas crisis is like asking Bonnie and Clyde to solve the crime problem," Miller said.

Allen campaign manager Dick Wadhams said in response that Democrats in the Senate had obstructed the passage of an energy bill in Congress for more than five years. He said Allen fought successfully for the bill's passage in 2005. "Had Harris Miller's friends not obstructed that bill for years, we would be a lot closer to energy independence and developing renewable sources of fuel," Wadhams said.

In the Maryland governor's race, incumbent Robert L. Ehrlich Jr. (R) took fire from his Democratic challengers, Baltimore Mayor Martin O'Malley and Montgomery County Executive Douglas M. Duncan. They accused him of failing consumers by not putting his clout behind anti-gouging legislation that died during the recently concluded legislative session.

Ehrlich dismissed the attacks as "whining" and told reporters he is realistic about his limited ability to exert pressure on gas prices. He did say he is seeking permission to temporarily halt the use of cleaner-burning gas additives in the Washington suburbs and Baltimore area.

In Minnesota, Democratic Senate candidate Amy Klobuchar has stopped at stations to hear from consumers. In Pennsylvania's 6th District, where Democrat Lois Murphy is trying to unseat Rep. Jim Gerlach, Murphy has been swinging through the state all week for rallies at gas stations. In Arizona, Democratic Senate candidate Jim Pederson proposed a tax rebate to families funded by eliminating oil companies' tax breaks.

George Gonzalez, an assistant professor of political science at the University of Miami, said the issue gives the Democrats leverage against Republican incumbents. "It certainly creates a bias against the Republicans," he said.

At the pumps, it was clear that incumbents had something to worry about.

Thomas Fortino said of Shaw: "I voted for him before, but now I want change -- but not just because of gas prices." The retired picture-framing-store owner was filling up in Fort Lauderdale.

Florida's 22nd District stretches across coastal communities from Fort Lauderdale through Boca Raton and Palm Beach. Shaw is being challenged by state Sen. Ron Klein, who is well financed and also focused now on energy issues.

This week, Klein proposed suspending Florida's sales tax on gasoline during August, noting that "there is a lot of frustration out there -- Congress has done nothing."

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In criticizing Shaw for "generally voting with the Republican leadership to prop up the oil companies," he echoed other Democratic candidates whose national leaders have advised them to depict the problem, at least partly, as a product of Republican coziness with the oil industry. At least among motorists filling up here, suspicion regarding the oil companies was rife, with several citing the record profits recorded by Exxon Mobil Corp.

"I'm boycotting Exxon Mobil right now," said Deborah Shuart, a 53-year-old Republican who was putting $41.70 worth of gas into her car. The entrepreneur said her family of five is considering carpooling for the first time. "It's been tough."

Shaw said he anticipates being the target of some of the anger.

In a letter to constituents who ask about the issue, Shaw reminds them that he voted in favor of a measure to increase fuel-efficiency standards, which failed. In August, he sent a letter to Attorney General Alberto R. Gonzales, calling for scrutiny of potential profiteering and price gouging.

Noting that any "challenger will blame the incumbent" for the economic situation, he said he expects that gas prices, if they continue to rise, "will have some effect" on the election.

At the pumps here, the oil companies may have been the most commonly cited target of consumer ire, but not the only one.

Many said they blamed the government and car manufacturers for failing to develop alternative sources of energy -- particularly after the oil crisis in the 1970s.

"The government is definitely to blame for making oil our number one energy source," said Inna Shapovalov, 35, an immigration lawyer who was putting $35 into her Hyundai Santa Fe. "I wish we could all drive electric cars."

In a district that contains some of the most affluent portions of the state and large numbers of gas-guzzling luxury vehicles, none blamed motorists themselves for buying cars that use so much gas. National figures show that though the average vehicle mileage improved dramatically through much of the '80s, it has since dipped or held constant.

John Holzberg, 64, a Republican banker from Boca Raton, put gas into a Cadillac and cursed when the total of $43 came into view.

"I can't seem to figure out who's responsible," said Holzberg, who "doesn't like George Bush anymore." But he was sure it was making the electorate grumpy. "The economy is humming along, but nobody cares because everyone is focused -- like I am -- on Iraq and oil prices."

Bush To Meet Big 3 For Talks On Fuel Issues And Pensions (NYT)

By Micheline Maynard

The New York Times, April 27, 2006

DEARBORN, Mich., April 26 — President Bush, who touched a nerve this year when he told Detroit carmakers to build "relevant" vehicles, will meet with the companies' leaders next month, William Clay Ford Jr., the chief executive of Ford Motor, said Wednesday.

People involved in planning the meeting, who spoke on condition of anonymity because of the high level of the talks, said it would focus on three areas: energy and the environment; costs like pensions and health care premiums that add hundreds of dollars to the price of a Detroit car; and how currency issues affect the Japanese automakers.

The meeting is expected to take place on May 18 at the White House. It would be the first time during his presidency that Mr. Bush has met collectively with Mr. Ford, Rick Wagoner of General Motors and Thomas W. LaSorda of Chrysler.

A White House spokeswoman, Dana Perino, said she could not confirm or deny that the meeting would take place, adding that Mr. Bush's schedule was generally not final that far in advance. Officials at G.M. and Chrysler, a unit of DaimlerChrysler, declined comment.

Toyota Motor, which ranks fourth in American sales behind Chrysler, and which is considering sites for its eighth North American assembly plant, said it was not invited.

Mr. Ford, who is known for his interest in the environment, said in an interview that he wanted to use the meeting to lobby the government to finance a national delivery system for ethanol, the grain alcohol fuel made from corn.

Together, the three companies have sold millions of flexible-fuel vehicles, which can run on either gasoline or a gasoline-ethanol mixture.

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G.M. has introduced a campaign to promote the use of E85, a mixture of 85 percent ethanol and 15 percent gasoline, blanketing billboards and the sides of buses with the slogan, "Live green, go yellow."

But Mr. Ford said many of the 1.5 million buyers who own Ford's flexible-fuel vehicles either do not know they are able to run on both fuels, or are unable to find ethanol-based fuel that could help lessen the country's dependence on oil.

"If the goal is to drive ethanol, you have to have it priced attractively," Mr. Ford said. That is a problem because the United States has only 600 stations that dispense ethanol-based fuel, versus about 176,000 gasoline stations. Still, the number of ethanol stations doubled last year and should grow further because of tax credits passed by Congress last year that are meant to promote the installation of E85 pumps.

The discussion over ethanol comes amid rising gasoline prices, which threaten to hurt recovery efforts at Ford and G.M. Each lost market share and billions of dollars in North America last year, while Chrysler gained market share and made money.

Together, G.M. and Ford have announced plans to cut 60,000 jobs and close more than two dozen plants through 2012.

After Ford announced its cutbacks in January, Mr. Bush said the solution to reversing the automakers' problems lay in developing "a product that's relevant." Rather than having the government bail them out, as Congress did in 1979 to save Chrysler from bankruptcy, "I think it's very important that the market should function," Mr. Bush added.

Robert A. Lutz, the vice chairman of G.M., who is known for his candor, criticized Mr. Bush's comments this month. Speaking in New York, Mr. Lutz said: "I'm a lifelong Republican, by the way, but next time around, Hillary, here I come. I'm a protest vote."

Mr. Ford said the discussion of a bailout would not be on the agenda for the meeting with Mr. Bush, whose former chief of staff, Andrew H. Card Jr., served as G.M.'s lobbyist before joining the White House.

Although this would be their first collective session with Mr. Bush, the three Detroit chief executives held two high-profile meetings with President Clinton. The first, in early 1993, took place in Little Rock, Ark., shortly before Mr. Clinton was inaugurated, in what was seen as an unusual show of support for an industry.

The second, in May of that year, provided an opportunity for the companies to show off their cars. They lined up 120 automobiles in an event called "Drive American Quality." Mr. Clinton, a car buff, strolled among the gleaming vehicles, stroking the side panels of some and gazing avidly at others. There are no plans for any kind of auto show this time, officials at the companies said.

Warming Up To Nuclear Power (WP)

By Steven Mufson

Washington Post, April 27, 2006

Twenty years ago yesterday, at 5 in the morning in Moscow, Mikhail Gorbachev got a phone call telling him that there had been an accident followed by a fire in the fourth block of the Chernobyl nuclear power plant. "I was astounded: How was such a thing possible?" Gorbachev said in an interview published earlier this year. "Nuclear scientists had always assured the country's leadership that our nuclear reactors were completely safe."

For years the nuclear industry has lived in the shadow of Chernobyl, which discouraged many nations from pushing ahead with nuclear power plants. A referendum in Italy banned plants shortly after the accident. Sweden, which first reported that something had happened in the former Soviet Union after sensors at its own nuclear plants detected elevated radiation levels, said it would close down the ones it had. In the United States, the Soviet reactor accident compounded questions over safety issues. Since the incident at the Three Mile Island plant in Pennsylvania in 1979, there has not been a single new order for the construction of a U.S. nuclear plant.

But now the Bush administration is pushing for a revival of nuclear power both abroad and in the United States, saying it wants to promote a domestic unlimited energy source. The Bush-backed Energy Policy Act of 2005 included a bevy of incentives for domestic nuclear power, and the administration has laid aside nuclear-proliferation issues to urge India to build nuclear power plants.

"What I view myself as is the chief salesman for nuclear energy," said Dennis Spurgeon, the new assistant secretary for nuclear energy at the Energy Department and the first person to hold that job in a decade. Spurgeon, who most recently was the

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chief operating officer of Bethesda-based USEC Inc., an international supplier of enriched uranium for nuclear plants, said, "There's a great story to tell."

Spurgeon said getting a new U.S. nuclear plant built is his "number one priority." But at an initial cost of $1.5 billion to $2 billion for a 1,000-megawatt plant, and with uncertainty about costs linked to nuclear waste that lasts for centuries, most companies remain cautious. Critics of nuclear power say that plants would cost even more without government subsidies and that, in an age of terrorism, they carry grave security risks.

Nuclear power fans have gotten unexpected support from a handful of prominent environmentalists who are more worried about global warming than nuclear accidents or waste disposal. While Greenpeace says that "safe nuclear power is a myth," the organization's founder, Patrick Moore, riled the environmental community by declaring, "Nuclear energy is the only large-scale, cost-effective energy source that can reduce these emissions while continuing to satisfy a growing demand for power. And these days it can do so safely."

Many environmentalists still disagree. "Nuclear power would be a great solution to greenhouse gases but for the four problems that have been mentioned: It's uneconomical, it has a safety problem, it has a horrendous proliferation problem on the global level, and it has a long-term waste problem that hasn't been solved," Thomas Cochran, a nuclear policy expert at the Natural Resources Defense Council, said at a meeting last fall.

But electric power companies aren't going to make big nuclear investments out of concern for the environment. Companies have been encouraged recently by the high price of natural gas and the rising cost of coal, nuclear power's biggest (and cheaper) competitor in the electricity business. If a new system of penalties and credits tied to carbon emissions takes hold, that could further raise the cost of using coal. There are 10 U.S. nuclear projects under consideration, but no company has applied yet for construction or operating licenses or decided to move ahead.

To nudge them along, the Energy Policy Act provides $1.6 billion of spending on research and infrastructure, tax credits of 1.8 cents per kilowatt-hour for eight years, protection against the risks of regulatory delay for six new plants, and $1.25 billion to fund a prototype for a new generation of nuclear plants. It also plans a pilot project to use nuclear power to produce hydrogen for cars that can burn it.

Realizing that waste disposal is a key financial issue, the Energy Department is also looking for ways to cut those costs. The administration continues to push the idea of a giant disposal site at Yucca Mountain in Nevada, and some preparations have been made there. But a coalition of environmentalists, Nevada residents, agencies and nuclear waste experts are still challenging the project. Nuclear power supporters say that new reprocessing technologies could reduce the size of the waste problem by reusing some parts of the spent fuel.

Another lure for companies looking at nuclear power: Companies that gambled on nuclear plants that no one wanted just five to seven years ago are making good profit on those plants now.

Take Constellation Energy Group, the parent of Baltimore Gas and Electric. Constellation took control of the Calvert Cliffs, Md., nuclear plant from BGE at a time when the value of the plant was thought to be a fraction of its book market value. That assessment was an important part of rate negotiations in 1999, and state officials and consumer groups balked at the chance to have a new assessment done in 2001, for fear that the nuclear plant would fail to get relicensed, be worth even less or require unforeseen repairs.

Today, power generation at Calvert Cliffs looks relatively cheap. After investing substantially in the plant, Constellation is running it much more efficiently than BGE did. With deregulation of prices, Constellation should earn more. The company's acquisition of two other nuclear plants also looks smart today.

Nationwide the story is similar. The 103 U.S. nuclear plants run at around 90.5 percent of capacity, up from 56.3 percent in 1979, according to the Nuclear Energy Institute. They account for 20 percent of the nation's electricity. (Their output has kept pace with growing U.S. demand. So has coal-fired electricity, while hydropower hasn't kept pace and oil is rarely used.)

But taking over an existing plant is better business than building one from scratch, many say.

That has been less of a problem in other countries. There are more than 30 nuclear plants under construction around the world. China, which has nine plants, might build as many as 30 more over the next 15 years.

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Countries with existing nuclear plants have done little to pare them back. France gets three-quarters of its electricity from its 56 nuclear plants and emits much lower quantities of greenhouse gases than the United States. Even Sweden, which planned to shut down all of its reactors after Chernobyl, has shut down only one. Russia hasn't needed any new plants; its economy contracted after the Soviet Union collapsed and it has plentiful coal, oil and natural gas reserves.

The biggest costs of Chernobyl came in Ukraine, where the reactor was, and neighboring Belarus. Both have borne costs for treating illnesses, decontaminating the plant and surrounding towns and resettling people, in addition to losing industrial output. The International Atomic Energy Agency says that Belarus alone spent $13 billion dealing with the aftermath of Chernobyl from 1991 to 2003. The toll in lives, while hard to measure, has been big, too. The IAEA estimates the accident will have caused 4,000 deaths from radiation and radiation-induced cancers when all is said and done. Greenpeace puts the number closer to 200,000, and there are others in between.

Many nuclear defenders say that such a disaster couldn't happen again, blaming the Soviet reactor model and pointing to more recent improvements in reactor designs.

"People say reactors can't blow up, but Chernobyl blew up," said Victor Gilinsky, a consultant who served on the Nuclear Regulatory Commission from 1975 to 1984. "It was a real explosion." He said people were "too quick" to blame Soviet design and procedures. "There's a tremendous worldwide PR campaign" for new nuclear power plants, he said, "but I guess the acid test will be whether electric companies buy them or not. We can only wait and see."

Phony War On Gas (WP)

The Washington Post, April 27, 2006

NO DOUBT IT makes everyone feel better when the president states his concern for Americans, who are now paying more than $3 a gallon for gasoline. Unfortunately, the measures President Bush chose to announce this week to combat high prices are either meaningless or possibly dangerous in the long run, even if they do offer a bit of temporary relief. For example, just talking publicly about "price gouging" can spook gasoline providers into slightly lowering prices. And maybe it's useful to inspire state officials to start looking harder for crooks, given that price gouging is defined at the state level, not by the federal government. But in the long term, such talk encourages the public to believe that evil price gougers are responsible for higher pump prices, when the real culprits are global economic growth, increased demand and Americans' own large cars.

The president's other tactics seem no less dubious. Stopping the filling of the Strategic Petroleum Reserve won't increase supply by much, and it sets a bad precedent: The reserve, after all, is meant for national emergencies, which this is not. Temporarily waiving fuel blend or environmental requirements could help with spot shortages in a few places but won't have much effect on the long-term price. Calling for the construction of more refineries is unnecessary. Although the president is right to state that "there hasn't been a new refinery built in 30 years," it is also true that the oil companies have expanded refineries every year since 1996 and are expected to continue doing so through 2025, according to Energy Department statistics.

The president has, of course, had plenty of opportunities over the past five years to shape a more rational energy policy, one that would have provided incentives to move away from oil and toward other energy sources. He could have lobbied harder to remove the oil industry tax benefits from the energy bill he signed. He could have insisted that Congress add more tax breaks for hybrid cars, as he now says he wishes it had done. He could lift the tariffs on Brazilian ethanol, which would help address some of the ethanol shortages across the country. He could have endorsed a tax on oil and coal, which of course would not lower the price of gasoline but would, again, begin to reduce demand while encouraging investment in new technologies.

And he could have used his statutory authority to raise automobile fuel economy standards or persuaded Congress to find other ways to improve mileage per gallon of U.S. vehicles. Again, if he were completely honest, the president would tell Americans that the main reason fuel prices are higher in this country is because demand is growing -- and one reason for growing demand is that people drive inefficient cars. They drive inefficient cars because public policy, long shaped by the president and by Congress, has made it advantageous to do so. Until that changes, little else will.

39 Million Reasons Why $3 Gas May Change America (USAT)

USA Today, April 27, 2006

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Just how big a deal is $3 gasoline? For those with six-figure household incomes it's an annoyance, but little more. Evian spring water goes about $6.80 a gallon when purchased in one-liter bottles.

For those in the tap-water brackets, the situation is a bit different. For many of the 39 million households making less than $30,000 a year, the difference between $2 gas and $3 gas is the difference between spending 10% of income on gas and 15%. In a word: Ouch!

It's hardly surprising, then, that politicians from President Bush on down to local legislators are popping up with quick-fix proposals. Bush's plan to suspend deposits into the National Petroleum Reserve and to push for more lenient pollution standards would have little impact. Just as useless are calls for a tax on oil company profits and the partisanfinger-pointing of many in Congress.

It's easy to chalk this up as the inevitable political posturing that follows economic stress. But it is also perhaps the most visible measure of the inability of the nation's leaders to speak the truth about long-term problems — Social Security, health care and runaway spending to name three others. Today's high oil prices are the result of a quarter-century of low prices coupled with robust worldwide growth and instability in the world's oil-producing regions. Any meaningful energy polices will take years to unfold.

If all the posturing seems inevitable, it is because the truth — that everyone will need to adjust to a new reality — is politically unpalatable. But people will learn that truth anyway, and perhaps what follows can give rise to leaders with a longer vision. Or, in a darker view, to a more ominous national division.

In a society with acute differences of wealth, it's not hard to see other economic developments becoming political flashpoints. The surging cost of health care — and its unavailability to many — could easily trigger a hostile class fight. In many areas, housing costs are creating a wealth divide between those who own and those who can no longer afford to buy in. And, in the long run, the unsustainable amounts of money the government spends on retirees could trigger more generational resentment than sound policy discussion could.

Demagogic politics go hand-in-hand with class division. And those divisions are bad and getting worse. According to a Federal Reserve study last month, the 56 million households that make up the bottom half of the economic ladder owns just 2.6% of the nation's wealth. That's down from 3.6% a decade ago. The top 10%, meanwhile, accounts for almost 70% of the wealth.

That will likely fuel contentious debates for many years to come. You can hear the shouts beginning when people pay $3 a gallon at the pump.

Snow Seen As Key To Improved Press Ties (WT)

By Joseph Curl And Stephen Dinan

The Washington Times, April 27, 2006

President Bush yesterday named Fox News host Tony Snow as his new White House press secretary, a move geared toward shoring up relations with the Washington press corps and breathing new life into a sixth-year administration that is dropping in the polls.

Mr. Snow, 50, a journalist, writer and political pundit who was the editorial page editor of The Washington Times during the administration of the president's father, took the job after insisting that he be not just a spokesman, but a participant in administration policy debates.

Yet Mr. Bush, in introducing Mr. Snow to reporters gathered in the White House briefing room yesterday, made clear the chain of command.

"My job is to make decisions, and his job is to help explain those decisions to the press corps and the American people," the president said, with a smiling Mr. Snow next to him.

Mr. Snow displayed his knack for ad-libbing -- a trait not often exhibited by his predecessor, Scott McClellan -- by speaking after the president without a prepared speech or notes.

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"One of the things I want to do is just make it clear that ... one of the reasons I took the job is not only because I believe in the president, [but] because, believe it or not, I want to work with you," he said to mild laughter from the reporters who will badger him daily for information.

"These are times that are going to be very challenging. We've got a lot of big issues ahead, and we've got a lot of important things that all of us are going to be covering together. ... I want to thank you, Mr. President, for the honor, and thank all you guys for your forbearance."

Although Mr. Snow was widely speculated to be the choice for more than a week -- he is a longtime friend of new Chief of Staff Joshua B. Bolten -- his decision to take the post was delayed briefly by health concerns. He had his colon removed last year and underwent six months of chemotherapy. But he had a CT scan last week and has a clean bill of health.

Mr. Snow is well-regarded among reporters in Washington, having worked in newspapers, television and radio. He has criticized the Bush administration as a political commentator and nationally syndicated columnist, which prompted the president to offer a humorous read.

"For those of you who have read his columns and listened to his radio show, he sometimes has disagreed with me," Mr. Bush said. "I asked him about those comments, and he said, 'You should have heard what I said about the other guy.' "

In a jab at reporters, Mr. Bush joked, "Tony already knows most of you, and he's agreed to take the job anyway."

Democrats immediately deluged White House reporters with e-mails cataloging some of what Mr. Snow has said about the Bush administration. In one, Democrats cited a Nov. 11 column after Democratic electoral gains in which he wrote that "George Bush has become something of an embarrassment."

In a piece from September, Mr. Snow said, "No president has looked this impotent this long when it comes to defending presidential powers."

Other e-mails fired out to reporters by Democrats cited columns in which the new spokesman said "racism isn't that big a deal anymore" and called the theory of evolution "pure hypothesis."

Although the newly named spokesman did not explain his earlier criticisms yesterday, one former administration official said he expects Mr. Snow to lay down a marker the first day he takes the podium.

"I expect he will say that he will not talk about his opinion -- or prior opinion -- because he is now the president's spokesman. If he sticks to that, the issue will disappear fairly quickly," the former aide said.

Mr. Snow will start May 8, but said yesterday that he won't conduct his first briefing until later that week to give him time to learn the job.

"You know how to talk, but you don't know how to brief. You've got to learn this stuff," he told reporters yesterday morning as he walked through the briefing room to introduce himself. He apologized to several reporters whose phone calls and e-mails he had not returned as he pondered whether to take the job. Mr. Snow demurred when asked how he will be different from Mr. McClellan.

"Just watch and see. I hate to be coy about it, but I'm going to be coy," he said.

"You're not coming here to drink the Kool-Aid; you're coming here to serve the president," he said.

White House Hopes Snow Will Aid Media Ties (AP-Y2)

By Jennifer Loven

AP2, April 26, 2006

President Bush gave his presidency a facelift Wednesday, tapping a smooth-talking, telegenic conservative commentator as the new White House press secretary.

The appointment of Fox News pundit Tony Snow as Bush's third chief spokesman was intended in part to help improve the White House's frayed relationship with the press corps. Bush paired the announcement of his choice with some friendly jabs at reporters, and a serving of respect for their craft.

"Tony already knows most of you, and he's agreed to take the job anyway," the president said, Snow laughing at his side in the briefing room where he will start holding court in about two weeks. "He understands like I understand that the press is vital to our democracy."

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Snow, a 50-year-old Ohio native, plans to take over from current press secretary Scott McClellan the week of May 8. He will hold off conducting the daily press briefings for several days while the two overlap.

The choice of Snow was also part of a White House effort — under the leadership of new chief of staff Joshua Bolten and with Bush at his lowest-ever approval ratings — to reach out to conservatives who made up the base of support for Bush's two presidential victories but have been disaffected by government spending and other issues.

Democrats, though, seized on remarks and writings Snow has produced in nearly 25 years in the media that have been critical of Bush, and often provocative. Snow held several print journalism positions, mostly working for newspaper opinion pages, and lately has been the host of the "Tony Snow Show" on Fox News Radio and "Weekend Live with Tony Snow" on the Fox News Channel.

Though usually aggressively supportive of the president as a GOP pundit, Snow has also shown a confrontational side. In a syndicated column, for instance, Snow has called the president "something of an embarrassment," a leader who has "lost control of the federal budget," the architect of a "listless domestic policy" and a man who has "a habit of singing from the political correctness hymnal."

The Democratic National Committee said Snow's appointment shows "truth still snowed in" in the Bush administration.

The White House — led by Bush — said Snow's candor and colorful talk will be an asset, not a liability.

"I asked him about those comments, and he said, `You should have heard what I said about the other guy,'" the president said. "I like his perspective, I like the perspective he brings to this job, and I think you're going to like it, too."

Snow, who took a hiatus from the media in the late 1990s to work in the White House under Bush's father as a speechwriting director and spokesman for regional issues, spoke only briefly. Neither he nor Bush took questions, though he later told The Associated Press he hasn't yet determined what changes would make the White House press operation work better. "I'm still trying to figure it out," he said.

Snow had been openly interested in acquiring a role in developing White House policy — not just talking about it. But Wednesday, he told Fox News Channel, his soon-to-be ex-employer, that "I'm just going to have to wait and see" whether that will come to pass.

Earlier, to reporters in the briefing room, Snow said: "Believe it or not, I want to work with you. ... We've got a lot of big issues ahead and we've got a lot of important things that all of us are going to be covering together."

Snow had delayed a decision about taking the job to consult with his family — he and his wife have three young children — and his doctors — he had his colon removed last year and underwent six months of chemotherapy after being diagnosed with cancer. But his detailed on-air deliberations over recent days raised eyebrows among White House staff who are normally tightlipped and loath to run afoul of Bush's dislike for any public airing of internal thinking.

Bush seemed unaffected. He concluded his introduction of Snow by calling him "buddy."

Bush Selects Outspoken Outsider To Serve As New Spokesman (KRT)

By Ron Hutcheson

Knight Ridder, April 26, 2006

WASHINGTON - President Bush reached outside his inner circle Wednesday for the first time in his staff shakeup, naming a new White House spokesman who recently called the president "something of an embarrassment."

The selection of Tony Snow, a conservative Fox News commentator, broke Bush's pattern of filling top jobs with trusted loyalists. As the public face of the administration, Snow will take a leading role in White House efforts to reverse Bush's slide in the polls.

The job will give Snow a chance to put into practice his advice that Bush should be much more aggressive in confronting his critics. His appointment pleased Republicans who share that view, but skeptics questioned Snow's ability to influence an organization known for buttoned-down discipline and devotion to the president.

Bush said he was well aware of Snow's past criticism and welcomed his willingness to speak out.

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"He's not afraid to express his own opinions," he said in introducing Snow to reporters at the White House. "He sometimes has disagreed with me. I asked him about those comments, and he said, `You should have heard what I said about the other guy.'"

Snow, 50, acknowledged that he'd have to show more deference to the president in his new job, but he said he would continue to make his views known in internal policy debates.

"They want people to express their opinions. You're not coming here to drink the Kool-Aid. You're coming here to serve the president," he said.

Snow's genial personality masks a fighter's instinct. He's repeatedly chided Bush for straying from conservative orthodoxy. His criticism of Bush, delivered in the tone of a friend, is mild compared with his disdain for Democrats.

"A party that projects confidence and good cheer will thrash a Chicken Little party any day," he wrote in a column last November that urged Bush to "stop cowering under the bed." Snow said Bush had become an embarrassment by losing his "swagger factor."

Snow will take on one of the toughest jobs in Washington when Bush's popularity is at the lowest point of his presidency. Paul Levinson, chairman of the department of communication and media studies at Fordham University in New York, said Snow's ability to influence public opinion is limited by the facts he has to deal with.

"You can only spin so much. In the end, people see the reality behind the presentation," Levinson said. "It doesn't matter what a press secretary says if you're paying $3.50 at the (gasoline) pump."

Snow, who won't take over from current White House spokesman Scott McClellan until early next month, survived a cancer scare last year that resulted in the removal of his colon. His doctors have declared him cancer free.

He comes to the White House with extensive journalistic experience as a conservative editorialist for newspapers and Fox News, which sets him apart from other recent presidential press secretaries. Having earned a national reputation on his own may free him to speak up in ways beyond that of McClellan, who owed his career to Bush.

Snow is the first working journalist to take the job since Ron Nessen left NBC to work for President Gerald Ford in 1974. Nessen replaced another journalist, Jerald terHorst, who resigned after a month to protest Ford's decision to pardon former President Richard Nixon.

A colorful personality, Snow is also an avid musician. He plays the flute, saxophone and guitar for Beats Workin', a rock band that specializes in songs from the `60s, `70s and `80s.

Some of Snow's associates at Fox wondered whether he'd be able to maintain his independent streak in his new job.

"You can go in there with the idea that you're going to be an aggressive and effective advocate of the policies of the president of the United States, or you can go in there with the attitude that you want to be the honest broker between the news media and the White House," Fox colleague Brit Hume said. "It's a good question as to whether this will work."

NAME: Tony Snow

AGE: 50

HOMETOWN: Cincinnati

EDUCATION: B.A. philosophy, Davidson College. Graduate work in philosophy and economics at the University of Chicago.

WORK HISTORY: Editorial writer or columnist, with stints at the Greensboro Record (1979-81), The Virginian-Pilot (1981-82), The Daily Press in Newport News, Va. (1982-84), The Detroit News (1984-87, 1993-2000), and The Washington Times (1987-90). White House speechwriter (1991-1993). Host at Fox News or Fox News Radio (1996-present). Also taught in Kenya and served as an advocate for the mentally ill in North Carolina.

FAMILY LIFE: Married wife Jill in 1987. One son, two daughters, plus three dogs, a cat and three guinea pigs.

MISC.: Survived colon cancer last year. Plays flute, saxophone and guitar in Beats Workin', a rock band. Sings a unique rendition of the SpongeBob SquarePants theme song on his Fox Web site, www.foxnews.com/tonysnow

Bush Hires A Loyal Critic As Spokesman (NYT)

By Jim Rutenberg

The New York Times, April 27, 2006

WASHINGTON, April 26 — In formally naming the Fox News commentator Tony Snow to be his press secretary on Wednesday, President Bush completed a decade-long transformation of the role of the presidential spokesman from behind-the-scenes functionary to daily on-camera personality.

Mr. Snow is something the White House briefing room has not yet had at the lectern: a star of the opinionated cable news era. But he is also something Mr. Bush has never had: a free-wheeling outsider in a very public position, and one with a history of sharing critical opinions of the president.

While making the much anticipated announcement that Mr. Snow would be his spokesman, Mr. Bush acknowledged that "he sometimes has disagreed with me," a reference to recent columns Mr. Snow has written calling Mr. Bush's domestic policy "lackluster" and the president "something of an embarrassment" to his conservative backers.

"I asked him about those comments," Mr. Bush said in the White House briefing room, "and he said, 'You should have heard what I said about the other guy.' "

Even as Democratic groups sent out e-mail messages highlighting some of Mr. Snow's harsher analyses of the president, they said it should not mask his loyalty to his party and his new boss.

The groups were also quick to note Mr. Snow's connection to the Fox News Channel, which is where administration officials tend to show up for interviews in times of trouble, as Vice President Dick Cheney did after he accidentally shot a hunting partner last winter.

Mr. Snow's career change also might not be what Fox News executives want in terms of their public relations defense against criticism that their network is philosophically sympathetic to Mr. Bush. As Karen Finney, the Democratic National Committee spokeswoman, put it Wednesday, "To our mind he is just moving from one part of the conservative infrastructure to another."

Fox executives have dismissed such statements as partisan sniping at the network's conservative opinion makers — Mr. Snow among them — who operate separately from its news division.

But allies of the president said Mr. Snow's criticism and his Fox News commentator stripes provided Mr. Bush with the total package he needed as the administration's public face. Mr. Bush's new chief of staff, Joshua B. Bolten, hired Mr. Snow as part of the White House shake-up.

"Yeah, he's a conservative commentator journalist; that makes sense if he's reflecting a conservative president," said Mark McKinnon, the president's campaign media consultant.

But, citing Mr. Snow's critical columns, Mr. McKinnon said: "Tony has huge street cred. It gives him credibility, and that's the most important thing for a press secretary."

Mr. Snow's appointment has been described by Democrats and Republicans as an acknowledgment by the White House that it needs, among other things, a whole new approach to dealing with the national press corps after years of trying to keep it at a distance.

As White House press secretary, Scott McClellan, Mr. Snow's predecessor, stuck to a careful script, a style that the White House initially wanted and that seemed to serve its ends through much of a war and a winning re-election campaign.

The president and Mr. Snow seemed to acknowledge Wednesday that with the president's opinion ratings at all-time lows, and with Democrats daily questioning his credibility, the White House could use, if not a new message, at least a new messenger with a bolder, flashier style.

White House officials also said Mr. Snow had been given leeway to be looser and to make more of a show of the daily news briefings, while trying to make nice to a press corps that has grown increasingly assertive as Mr. Bush's political strength has ebbed.

"He understands like I understand that the press is vital to our democracy," said Mr. Bush, who did not, however, take questions. "He's going to work hard to provide you with timely information about my philosophy, my priorities, and the actions we're taking to implement our agenda."

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Mr. Snow toured the White House briefing room after the announcement, and told reporters that he looked forward to sitting down with them "to figure out what you think we can do better."

"One of the reasons I took the job," he told them, "is not only because I believe in the president, but because, believe it or not, I want to work with you."

If anything, Mr. Snow embraced his recent criticism of the White House, which has boiled down to the idea that Mr. Bush is a great leader who is not living up to his potential, as a net positive.

"You're not coming in here to drink the Kool-Aid; you're coming here to serve the president," Mr. Snow said. "At this particular juncture, I think what you want is as much honest counsel as you can get."

Kenneth M. Duberstein, who served as chief of staff in the Reagan White House, said he believed that Mr. Snow would keep an outsider perspective that the president could use these days.

"He may bring a new sense of how things stand on the ground outside the grounds at the White House," Mr. Duberstein said, "And that's an important addition."

But Democrats and Republicans agreed that far more important than how the White House communicated was what it said as the president tried to salvage his second term agenda.

Snow Pick May Signal Less Insular White House (WP)

By Jim Vandehei And Michael A. Fletcher

The Washington Post, April 27, 2006

President Bush's decision to hire conservative commentator Tony Snow as his chief spokesman reflects a consensus among the president and his top advisers that his White House operation has been too insular and needs to be more aggressive in engaging with the news media and other Washington constituencies, according to Bush aides and outside advisers.

Snow, who in his roles as a pundit on Fox News and elsewhere has rapped Bush on several occasions, joined the White House only after extracting a promise that he would become an adviser to the president on day-to-day strategy. If Bush and his team follow through on that commitment, the former columnist will be the first outsider to become part of Bush's revamped inner circle.

"We want fresh thinking, to charge the batteries, and passionate participation," said Dan Bartlett, a top Bush adviser. "There is a lot of value added in Tony coming on board and helping us internally with his own views and ideas. It fits into the mold."

Bush aides said at least one more well-known Republican will join the White House as early as next week as part of a shake-up also aimed at improving the president's lower-than-ever approval ratings and limiting GOP losses in congressional elections this fall.

The emerging team -- which includes Chief of Staff Joshua B. Bolten, budget chief Rob Portman and now Snow -- has the task of salvaging Bush's floundering second-term agenda and repairing relations with Congress, the media and an increasingly skeptical public. But it is unclear whether Bush, who has resisted change and outside advice in the past, will adjust his style and policies enough to satisfy Republicans on Capitol Hill who have said his White House operation needs a major overhaul.

White House aides are hoping Bush will get what they call the "Bolten bounce" in light of recent political progress in Iraq, his new plan to hold down gasoline prices and progress on an overhaul of immigration laws. Even the Snow news, however, served as a metaphor for the long roster of Bush's troubles: A few hours after the president hoped to make a splash by announcing the new hire, sources close to Deputy Chief of Staff Karl Rove leaked word that Rove would testify again in the CIA leak case.

White House aides said there is now broad agreement that the first-term strategy of largely ignoring the mainstream Washington media was a mistake. At the beginning, the Bush White House pioneered a strategy of circumventing Washington and communicating directly with what it considered more friendly regional and local media outlets and niche publications that served as a pipeline to supporters. The strategy worked well for a long while, but aides said it eventually undercut their credibility with reporters and impeded the administration's ability to receive fair treatment from the media when Bush's popularity began to fade.

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Mark McKinnon, a Bush political adviser, predicted that Snow's long experience in Washington would give him more credibility with the White House press corps.

A variety of Bush advisers suggested that the president is not interested in altering his major decisions or philosophy, but that he recognizes he needs to do a better job communicating in Washington and beyond.

"The president's message and vision are firmly in place and are not going to change," McKinnon said. "But it still helps to have a new messenger. It helps to wipe the slate clean."

Snow, 50, worked most recently as a commentator for Fox News and as host of his own radio talk show. He was a director of speechwriting for President George H.W. Bush and has worked as a USA Today columnist, editorial page editor of the Washington Times, deputy editorial page editor of the Detroit News and frequent substitute for radio host Rush Limbaugh.

Snow is an outspoken Republican, but he has not hesitated to pound Bush in writing and on air for his handling of the budget, as well as immigration and other domestic policies. He even poked fun at Bush's speaking style, saying in 2000 that he sometimes sounds like "a soul tortured with Tourette's."

Bush said Snow's selection is proof that he is open to dissenting opinions. "For those of you who have read his columns and listened to his radio show, he sometimes has disagreed with me," Bush said. "I asked him about those comments, and he said, 'You should have heard what I said about the other guy.' " Snow's first assignment will be to improve relations with the media, which have deteriorated over the past five years during disputes over access to Bush and senior officials and the accuracy of information released from the White House. Many reporters viewed outgoing White House press secretary Scott McClellan as out of the loop on many of the big policy and political debates.

"I know there is a perception that we disdain the media as a whole," Bartlett said. "I do not believe that. There have been some issues that strained the relationship, particularly when it comes at a time of war." He said the Snow pick was part of an effort to "improve our relationship with the press."

Snow will begin working at the White House on Monday and will hold his first on-air news conference by the end of next week or the following Monday. Bush hopes Snow can do for media relations what he anticipates Portman will do for congressional relations. Portman, a former GOP House leader who has close ties to many senior members, will be responsible for not only overseeing the budget but also providing insight into winning over lawmakers and better navigating Congress.

"Tony Snow should provide a smooth presence at the podium," said Martha Joynt Kumar, a Towson University professor who studies presidential communication. "But the problems that presidents have are political problems and policy problems, not press problems. But it is often the press problems that get addressed."

Analysis: Bush's New Effort, Old Problems (AP)

By Ron Fournier

The Associated Press, April 26, 2006

WASHINGTON - A new press secretary for the White House. A new leader for Iraq. A new ray of hope for immigration overhaul. New promises to curb gasoline prices.

Same old problems for President Bush.

He's getting credit for trying to save his ailing presidency. But is it beyond the point of political recovery?

"It takes a lot more than one day of good news or two days of good news to turn polls around," says Charles Franklin, political science professor at the University of Wisconsin-Madison. "It doesn't take much bad news to keep the polls down. You keeping getting hit."

And that is the rub for Bush. For every good piece of news that comes his way or is generated by his actions, there is a fresh reminder of how tough it will be to rehabilitate his presidency.

Naming conservative commentator Tony Snow as White House press secretary puts a fresh face on the administration and may help mend relations with the Washington press corps. But the move underscores how far Bush has fallen in the eyes of his allies - conservative leaders and voters who helped elect him in 2000 and re-elect him in 2004.

As a GOP pundit, Snow called the president "something of an embarrassment," a leader who has "lost control of the federal budget," the architect of a "listless domestic policy."

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With friends like that, Bush hardly needs the Democrats to carp about him.

On Iraq, his signature issue, Bush had reason to crow when the nation's parliament elected a top national leadership, ending months of political deadlock. It was a step, if a small one, toward Bush's goal of easing U.S. troops out of Iraq as the nation matures politically.

But the killing continues in Iraq, and al-Qaida's Abu Musab al-Zarqawi released a video Tuesday that dismissed the new Iraqi government as an American "stooge" and a "poisoned dagger" in the heart of the Muslim world.

He warned of more attacks to come.

Polls suggest the war in Iraq is the biggest drag on Bush's approval ratings, undermining voters' views of his credibility, competence and leadership skills - all traits that were key to his 2004 re-election campaign against Democrat John Kerry.

Republican strategist Rich Galen said he thinks Bush may be turning his presidency around by working harder to connect with voters and lawmakers.

"They got into a mind-set that they were so right on Iraq - and I agree with them on Iraq, by the way - that they didn't have to explain themselves," Galen said.

Soaring gasoline prices have emerged as another political problem for Bush and his party. He moved to show voters he understood their plight, announcing several initiatives Tuesday aimed at curbing the high price of filling up.

But energy is another issue that is substantially out of the president's control. Bush conceded his plan would do little to curb costs this summer.

He seemed to make headway Tuesday on another tough issue by convening a bipartisan meeting on immigration. After the president urged senators to approve stalled legislation giving illegal immigrants a path toward citizenship, Democratic Sen. Edward Kennedy compared Bush's role to President Lyndon Johnson stepping into the 1964 stalemate over civil rights legislation.

But immigration legislation is fraught with political problems, and an endorsement from Kennedy is the last thing Bush needs to keep hard-line conservatives in line. Many conservatives already oppose what they say is a promise of amnesty in the Senate bill backed by Bush and Kennedy.

Bush cannot rebound politically without regaining the faith of conservative voters whose support has waned in recent months.

If conservatives are too frustrated to vote on Election Day, Republicans could lose control of Congress, and the final two years of Bush's presidency could be filled with Democratic-led investigations.

Bush and his chief strategist, Karl Rove, believe the key to reviving the conservative voting bloc is to pass a budget with serious spending restraints, give voice to cultural issues such as abortion and stem cell research and push to make his tax cuts permanent. That is their midterm playbook.

Bush promised this week to veto a Senate spending bill unless the price tag was cut. That should be welcome news to conservative voters who bristle at runaway government spending in GOP-controlled Washington.

Still, so much is out of Bush's control - Iraq, gas prices and even Rove.

Just as Snow put a new face on the presidency, word came that Bush's adviser would testify for a fifth time before a grand jury investigating the leak of a CIA officer's identity.

Nobody - not even Bush - knows how much more political damage this case could produce.

"I've been hoping for a year that he had hit bottom and was moving up," Galen said. "But the bottom kept moving."

Bush's Fortune May Rest With GOP Congress (AP-Y2)

By Tom Raum

AP2, April 26, 2006

President Bush is not on the ballot in November, but he might as well be. Republican losses could make an already difficult situation in Congress almost untenable for him.

If his party loses control of one, or both chambers of Congress, the next two years could be a political nightmare for Bush and his GOP allies on Capitol Hill.

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With poll numbers at the lowest of his presidency, Bush has had trouble enough winning support for his priorities in his second term even with a Republican-led Congress. That helped lead to a recent reshuffling of the White House staff.

A Democratic House or Senate and presidential stubbornness could spell legislative gridlock.

Democratic control of either chamber could rearrange priorities. Bush's programs and spending requests would come under increased scrutiny. Congress could even take tentative steps toward bringing troops home from Iraq or reducing funds.

Democratic control of committees in either chamber could lead to investigative hearings on Iraq, awarding of government contracts, the role of lobbyists, fraud and abuse, Pentagon divisions, any number of activities.

"You name the issue. There would be a lot of oversight hearings," said James Thurber, director of the American University Center for Congressional and Presidential Studies. "He will be a true lame duck."

History suggests the party holding the White House will loose congressional seats this year, even without Bush's basement poll ratings. Strategists in both parties are keenly aware of this trend.

The recent surge in gasoline prices just adds to the GOP's midterm woes.

Thus Democrats are portraying the November elections as a referendum on Bush, while Republicans are insisting it's a series of state and local races, each with different issues.

In a recent poll by the Pew Research Center, some 56 percent of voters said the issue of party control would be a factor in their vote in the midterm congressional elections. "More independents, in particular, say partisan control will be a factor," said Carroll Doherty, Pew's associate director.

Two recent two-term presidents — Reagan and Clinton — lost party control of one or both chambers.

Under Reagan, the Republican Senate went Democratic in 1986. Soon his presidency became engulfed in the Iran-Contra arms and money affair.

After two years of Democratic control, Clinton saw both chambers go Republican in 1994 and remain there for the remaining six years of his term.

Energized by their 1994 victories, Republican congressional leaders blocked an array of presidential spending proposals, leading to impasse and the actual shutdown of many government services.

Both Reagan and Clinton found ways to cope. Reagan shook up his staff, reached out to Congress and left office with his legacy mostly repaired.

Clinton successfully managed to blame the government shutdown on Republicans, survived impeachment by the House in a Senate trial, co-opted once-GOP issues like welfare overhaul and saw his approval ratings surge.

Bush starts further back in terms of popularity. And the Iraq war has become a drag on all Republican candidates. Bush seems less able to correct his listing presidency or rebound from a loss of the House or Senate as either Reagan or Clinton, analysts in both parties suggest.

Republicans hold 231 of the 435 House seats. Democrats have 201. There is one independent and two vacancies. In the Senate, Republicans have 55 seats to 44 for Democrats. There is one independent.

Ed Rogers, a GOP consultant, recognizes a GOP vulnerability this year. But he said Democrats "would have to draw an inside straight" to win back the Senate "when you look at it race by race." House races, meanwhile, are usually settled on local issues, although sometimes a national economic downturn can have an impact, Rogers said.

"The national election could become so corrosive that it suppresses turnout. But usually what suppresses turnout is a bad economy," Rogers said. "And the economy is the Republican safety net here."

Still, with gasoline prices recently rising to over $3 a gallon in some areas, it may be only a matter of time before soaring energy costs drag down other well-performing parts of the economy. And the summer driving season has yet to begin.

Democrats have seized on this to mount a new attack on Republican rule.

"It's very clear that it's America's number one issue today," said Senate Democratic leader Harry Reid of Nevada.

Departing White House spokesman Scott McClellan countered Wednesday that, "there's a lot of good economic news out there. But high energy prices and rising health care costs do put a strain on family budgets." McClellan noted there remained some 1,000 days in the Bush presidency and "we are getting things done."

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Bush on Tuesday tackled rising gasoline prices himself, suspending environmental rules for gas additives, ordering an investigation into whether price gouging is taking place and temporarily stopping government purchases of crude for the nation's emergency reserve.

His political reserve, meanwhile, is almost empty, even for many Republicans unhappy about his strained dealings with Congress, suggested Ross Baker, a political scientist at Rutgers University.

Baker said that, while a divided Congress may not be good for Bush, "there is some research that indicates that a divided government works. And oddly enough, sometimes it can work even better than a unified government."

Just don't expect Bush or his GOP allies to agree.

New Bush Spokesman Not Blind To Boss' Flaws (AP-Y2)

By Nancy Benac

AP2, April 26, 2006

Tony Snow hasn't even started his new job as White House press secretary and already he is learning a lot — about himself. He says he's been called "a BushBot, a puppet, a force of evil in the modern world, a White House mouthpiece-toady-stenographer." And more.

But the good-natured columnist and Fox News commentator — named Wednesday as Bush's new spokesman — can give as good as he gets. Although a strong supporter of President Bush, Snow has used his column to label the president "something of an embarrassment," cast his domestic policy as "listless" and compare him to "the boy who can't say no" when it comes to federal spending.

The 50-year-old conservative commentator has done an even tougher Snow job on Democrats.

He's dismissed them as "reduced to a state of unshakable hysteria" and faulted their "righteous ignorance." He's labeled Democratic leaders like Nancy Pelosi and Harry Reid "wheezy prophets of the Defeatocrat Party."

He also has been a strong defender of Bush on many an occasion, applauding his "brilliant" foreign policy, his stick-to-his-guns persistence in Iraq, his "delicious disdain for the Beltway culture," his "visionary" Social Security plan.

"On the seminal issues of national security and global destiny, he positively dwarfs the political opposition," he has written of Bush.

To put it mildly, Snow does not come from the cautious culture of some press secretaries of the past — the ones who make an art form of saying as little as possible.

All of that gives Republicans hope that Snow's fresh voice — and star quality as a polished media figure — will help reinvigorate the beleaguered White House and jolt it out of a defensive crouch.

"Tony's sympathetic to the president, obviously, in terms of policy and philosophy, but he's not a Bush insider and I think that could be healthy," said William Kristol, who worked with Snow in the first Bush administration and was a regular panelist on Snow's TV show on Fox News. He describes Snow as "a happy-go-lucky guy" with a relaxed attitude that could do the tightly wound Bush team good.

Snow wrote in a February column that over time, even the best presidential aides burn out "or worse, lose their capacity to tell the boss, 'Sir, that idea stinks.'"

In an Associated Press interview Wednesday, he rejected the notion that his past criticism of the president could be an impediment as he becomes the public face of the Bush administration. He said it would be a mistake for people to "waste their time on old columns," diverting attention from the real issues.

Former White House press secretary Marlin Fitzwater, who worked with Snow in the first Bush administration, said the commentator "has a good personality for bringing together contentious people and contentious issues," and the independent stature to help him prod the White House staff toward better press relations.

Snow, who served the first President Bush as a speechwriting director and in media affairs, also has shown a healthy perspective on White House service. In a 2001 column, he offered some advice to members of the new administration, including a reminder to keep their humility in check because "you are just a visitor to the history factory" that is the White House.

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"People will kiss up to you in ways you cannot imagine," he wrote. "In 1991, while I was a minor grandee in that same White House, I received more than 400 Christmas and holiday cards at the office. The following year, following Mr. Bush's defeat, I received 25."

Snow's biography reflects both his standing as a longtime Washington insider and more eclectic elements of his background. He hosted "Fox News Sunday" from 1996 to 2003 and held a string of print journalism positions earlier in his career.

He also has served as an advocate for the mentally ill, taught school in Kenya and Cincinnati and is an avid musician, playing guitars, saxophone and flute. He plays in what he calls "an old-farts rock 'n' roll band" called Beats Workin', attended a rock band "fantasy camp" in New York three years ago, and admits he's a SportsCenter junkie.

Fitzwater said Snow's main concerns about the job focused on health and family,

Snow, who had his colon removed last year after being diagnosed with cancer, delayed a decision on taking the job while he consulted with his doctors and had a CAT scan. Snow and his wife, Jill have three children, 9, 10 and 13.

He said Wednesday he hopes to operate as efficiently as possible and "get as much time off as I can," working from home on the weekends.

Why give up a comfortable job with a much bigger salary for such a pressure-cooker job?

Said Fitzwater: "I always tell people you may lose your health, your wealth and your family but it'll still be the greatest job you'll ever have in your life."

Guffaws About A Fox Guarding The White House (LAT)

By Matea Gold

The Los Angeles Times, April 27, 2006

NEW YORK — The selection of Fox News host Tony Snow on Wednesday as the next White House press secretary reignited a debate about the network's political leanings.

The liberal blogosphere chortled about the choice. "Snow, like everybody else on the payroll at Fox, is already a White House spokesman," the blog Reclusive Leftist read, one of many liberal sites that mocked the move. "Is there really a need to give him an office in the West Wing and pay him a government salary?"

The Democratic National Committee took a swipe at the cable network as well, with spokeswoman Karen Finney calling Snow's hiring "an interdepartmental move from one part of the conservative infrastructure to another."

Fox News anchors responded to the chatter about the White House tapping one of the network's own.

"The joke has been all along, we've been hearing it all day on the radio and stuff, 'Tony's not really changing jobs; he's just changing buildings,' " Shepard Smith said on-air Wednesday afternoon. "The conspiracy theories abound. They're baseless, of course. I promise."

In the decade since Fox News Channel launched and then overtook CNN as the top-rated rated cable news network, it has contended with criticism that it leans to the right, despite its "fair and balanced" slogan.

Fox News vigorously rejects that notion, saying that its format mirrors that of many newspapers, which provide news stories as well as editorials. Though many of its best-known personalities such as Sean Hannity and Brit Hume — to whom Snow gave his only television interview Wednesday — offer outspoken conservative views, straight news programming dominates much of the network's daytime schedule.

Fox has taken pains to shield its news coverage from charges of bias. In 2000, network officials reprimanded Snow, then a political analyst and host of "Fox News Sunday," for speaking to a GOP youth group during the Republican National Convention in Philadelphia.

But Snow's White House appointment reinforces for some the perception that Fox News is the go-to network for the administration, media observers said.

"Much of the public will say, 'Suspicions confirmed,' " said Robert Zelnick, chairman of Boston University's journalism department, adding that such sentiments understandably ruffle the network. "The essence of journalism is independence and not hewing to any particular line."

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Fox News said in a statement, "We're proud of the work Tony did for Fox as a commentator, and we wish him all the best in his second stint at the White House." Snow previously was a speechwriter to President George H.W. Bush.

Network officials declined to comment further.

Snow's hiring comes as the cable channel, whose ratings overwhelmingly beat CNN and MSNBC, has sought to burnish its news credentials. For example, Smith recently spent two days in Jerusalem covering the Israeli elections, and anchor Bill Hemmer reported from Iraq for a week in March.

But it hasn't helped matters that Vice President Dick Cheney — who in February gave Hume an exclusive interview about his accidental shooting of a hunting companion — has indicated that Fox News is his favorite news outlet, a fact that he joked about at a recent Radio and Television Correspondents Assn. dinner.

Snow's selection to replace Scott McClellan only gives critics more fodder.

Weekly Standard editor and network analyst Bill Kristol acknowledged as much, joking to Smith that "Fox News will just take over the Bush White House now," and quipping that "On the Record's" Greta Van Susteren could be named White House counsel.

"This is what the world is going be saying, though," Smith replied. "You know, we're in bed with the White House, whatever."

Kristol said: "That will end quickly enough — the moment we all criticize the White House and Tony's there defending it."

New Bush Hire Has An Outspoken Past (LAT)

By Peter Wallsten And Joel Havemann, Times Staff Writers

The Los Angeles Times, April 27, 2006

Some say Tony Snow's bluntness in matters such as race may be a risk as press secretary.

WASHINGTON — Three months ago, when Sen. Hillary Rodham Clinton (D-N.Y.) told a mostly black audience that Republicans were running the U.S. House like a "plantation," conservatives accused her of racial divisiveness. But no one put it quite like Tony Snow, the man President Bush has chosen to be his new press secretary. "Had she proceeded to distribute fried chicken and watermelon," Snow wrote, "she would have achieved perfect condescension."

It was vintage Snow: turning a routine shot at a liberal politician into a dance on thin ice. Linking fried chicken and watermelon to African Americans is something few public figures would dare to do no matter what point they were making.

His voice is quiet and authoritative. Even critics concede he has a talent for articulating policy issues and political philosophy. What has set Snow apart, however, is his penchant for making his points by walking close to the line in areas where others play it safe, including race.

In 1991, Snow, then a speechwriter for President George H.W. Bush, defended some ideas of Louisiana gubernatorial candidate David Duke at a time when Republicans were trying to distance themselves from the former Ku Klux Klan leader. Snow suggested that Duke was espousing some good conservative ideals, including family values and opposition to welfare dependency.

In 2001, Snow wrote a column defending another former klansman, Sen. Robert C. Byrd (D-W.Va.), for his use of a racial epithet.

As a conservative commentator, Snow's job was to be provocative and fire up the faithful. Sometimes that led him to level blunt criticism of Bush, whose policy agenda he recently derided as "listless." Snow also said his future boss appeared "impotent" in defending his presidential powers.

But how will Snow adapt those sharp-tongued skills to his new role at the White House, where his predecessor, Scott McClellan, seemed to make it his goal to appear as sedate and non-provocative as possible? Bush and his aides on Wednesday tried to put a positive spin on Snow's bluntness, offering his past words as evidence that the White House was not as averse to dissent, as critics had alleged.

"For those of you who have read his columns and listened to his radio show, he sometimes has disagreed with me," Bush said as he introduced Snow to a packed West Wing press room. "I asked him about those comments, and he said, 'You should have heard what I said about the other guy.' "

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Asked if the White House had reviewed Snow's record of commentary as part of the vetting process, McClellan said: "He has strong views. That's a good thing."

For his part, Snow said he intended to continue expressing strong views.

"Look, they want people to express their opinions," he said. "You're not coming here to drink the Kool Aid, you're coming here to serve the president. And at this particular juncture, I think what you want is as much honest counsel as you can get. So when I agree, I agree, and when I disagree, I disagree. But on any opinion his vote's the tie-breaker."

Snow deflected a question about his potential differences with Bush on Iraq and other issues. "The president's the guy who runs the place," he said. "So I'll speak for him and at some other point I'll speak for myself."

As early as Tuesday night, when rumors began circulating about Snow's appointment, Democrats began circulating e-mails detailing his history of controversial statements.

David Brock, head of the watchdog group Media Matters, said that Snow's record underscored a risk for the White House in picking a celebrity for a post that had traditionally been filled by a loyal foot soldier.

"It's all fair game because it's all on the record," Brock said. "But it makes him something of a target.... And it's counterproductive in terms of what the administration is trying to do here."

Snow's record of provocative treatment of racial subjects could become especially sensitive for GOP political strategists. They have worked to build alliances among African American voters and to offset the political damage from the government's faltering response to Hurricane Katrina, which affected blacks disproportionately.

Snow has a paper trail on that topic too. And his words do not exactly mesh with the past rhetoric of the president. Bush has spoken of the need to rebuild a "great American city." Snow, chastising Mayor C. Ray Nagin for his pledge to keep New Orleans a "chocolate" city, wrote this year that Nagin was "more an entertainment figure than a statesman, just as New Orleans now is more a theme park with a port than a city of consequence — although both aspire to greater things in years to come."

One of the most frequently cited quotes in Democratic e-mails Wednesday was a 1991 comment by Snow, quoted by syndicated columnist Clarence Page, explaining why many conservatives might support Duke.

"You can't write off Duke's voters as racists," Snow was quoted as saying. "Duke is talking about things people really care about: high taxes, crummy schools, crime-ridden streets, welfare dependency, equal opportunity. A lot of politicians aren't talking about these things."

Ten years after that, he wrote that Byrd had appeared on Fox News to apologize for using a term which Byrd said he had learned not as a racial epithet but as a reference to white racists.

"This is not an unusual term for people of his generation or region," Snow wrote. "Some of my relatives used it from time to time when I was a child, usually as an epithet to describe what we might now call 'racist white trash.' "

Snow contended at the time that Byrd's critics were ignoring a central tenet of the senator's argument: that racism was becoming a figment of the past.

Snow echoed that sentiment in a 2003 commentary on Fox News Sunday. "Racism isn't that big a deal anymore," he said. "No sensible person supports it. Nobody of importance preaches it. It's rapidly and thankfully becoming an ugly memory."

White House aides seemed unconcerned on Wednesday that race might become an issue for Snow. "An overall look at Tony's record on race shows someone who has a long record of reconciliation and acceptance," spokeswoman Erin Healy said in an e-mail.

And one of the Democrats' most prominent African American strategists, former Al Gore campaign manager Donna Brazile, defended Snow against suggestions that he had been insensitive on racial matters.

"The vast majority of Americans don't know how to talk about race without stepping on somebody's toes," she said. "But Tony's somebody who has been at my house, he's been part of the larger political family. He has strong ties to people of color."

Times staff writer Nick Timiraos and researcher Robin Cochran contributed to this report.

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(INFOBOX BELOW)

In the words of Tony Snow

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"A Republican president and a Republican Congress have lost control of the federal budget and cannot resist the temptation to stop raiding the public fisc. George W. Bush and his colleagues have become not merely the custodians of the largest government in the history of humankind, but also exponents of its vigorous expansion."

— Townhall.com, March 17, 2006

"No president has looked this impotent this long when it comes to defending presidential powers and prerogatives. Nearly 57 months into his administration, President Bush has yet to veto a single bill of any type. The only other presidents never to issue a veto — William Henry Harrison and James Garfield — died within months of taking office."

— Townhall.com, Sept. 30, 2005

"Racism isn't that big a deal anymore. No sensible person supports it. Nobody of importance preaches it. It's rapidly and thankfully becoming an ugly memory."

— Fox News Sunday, Oct. 5, 2003

"The Bush presidency hinges on the confrontation with Saddam Hussein, and so does the moral grandeur of the United States…. If we vanquish Iraq and discover afterward that we merely beat up a lesser power, we will have surrendered moral capital we built up nobly over two centuries."

— Fox News Sunday, March 2, 2003

"Bush, for all his personal appeal, ultimately bolstered his detractors' claims that he didn't have the drive and work ethic to succeed."

— Townhall.com, Nov. 16, 2000

Source: WordNet, Princeton University

Bush Touts Spokesman's Media Savvy (USAT)

By David Jackson And Richard Benedetto

USA Today, April 27, 2006

WASHINGTON — In naming Tony Snow as his new press secretary Wednesday, President Bush lauded the radio talk show host for his experience in the media and government.

Media experience, however, means little if Snow doesn't get consistent access to Bush and other high-level administration officials, said Ron Nessen, the last presidential spokesman to jump into the job from the media.

“The key to being a good press secretary is getting the information firsthand and not having someone inside the White House have to tell it to you,” said Nessen, who went from NBC to the Ford administration in 1974.

Snow, 50, a Fox News Talk host, joins Bush as the president struggles to improve the lowest poll ratings of his tenure. Snow replaces Scott McClellan, who resigned as part of an administration shake-up that started last month when Joshua Bolten replaced Andy Card as White House chief of staff.

Nessen said there was an increasingly “hostile” relationship between the White House press corps and McClellan. They engaged in heated exchanges over such issues as Iraq and an investigation into the leak of the name of an undercover CIA officer.

Snow said that he has been promised sufficient access to Bush and that he'll express his views privately to the president. However, he said, Bush always has final say: “The president is the guy who runs the place.”

The chief speechwriter for the first President Bush, Snow is also a former newspaper editorial writer and has written for The Forum in USA TODAY. He hosted Fox News Sunday on TV from 1996 to 2003 before moving to his radio show.

Snow recently survived a bout with colon cancer and received a medical clearance to take on the time-consuming job of press secretary.

Snow's background gives him “good insight into what it is reporters need,” Nessen said.

Bush said his “job is to make decisions” and Snow's “is to help explain those decisions to the press corps and the American people.”

Snow said he took the job because he believes in Bush, and “we've got a lot of big issues ahead.”

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Taking a spin around the press room, Snow said he knows how “to talk” but needs to learn how “to brief.” He won't start doing White House briefings until next month.

Stephen Hess, author of Organizing the Presidency, said, “We've never had a journalist of opinion” as press secretary.

Some of Snow's published opinions have been critical of Bush, including a column after this year's State of the Union address in which Snow called Bush's domestic policy “listless.” In that same column, however, Snow also called Bush's foreign policy “brilliant.”

In November, Snow wrote that “the newly passive George Bush has become something of an embarrassment.”

Bush said Wednesday that he had asked Snow about some of his criticisms, “and he said, ‘You should have heard what I said about the other guy.' ”

Frank Donatelli, political director for President Reagan, said Snow's conservative credentials could help Bush with a wavering constituency. “The challenge for the administration is to soften the criticism from his Republican and conservative base,” Donatelli said.

He and other analysts said Snow's ideology is less important than his access to the president and ability to disseminate his message fully.

W. Dale Nelson, author of Who Speaks for the President?: The White House Press Secretary from Cleveland to Clinton, said Snow must be careful not to sound like a commentator when he conducts White House briefings.

“By picking Snow, even though he has criticized him, Bush knows that Snow was just doing his job,” Nelson said. “Now that's all different. … He's the president's man.”

Fox Commentator Named Bush's Press Secretary (LAT)

By James Gerstenzang And Ronald Brownstein

The Los Angeles Times, April 27, 2006

WASHINGTON — President Bush appointed Fox News commentator Tony Snow as his press secretary Wednesday, signaling that in its final 1,000 days, his White House plans significant changes in the way it reaches the American people.

Before taking the job, Snow — who was a speechwriter in the George H.W. Bush administration — sought and was given "walk-in" privileges in the Oval Office and the chief of staff's office, according to a veteran Republican advisor who asked not to be named because his conversation with Snow was confidential. That would make Snow one of the few officials with unscheduled access to the president and Chief of Staff Joshua B. Bolten.

The arrangement could be helpful as Snow, 50, attempts to build trust with a White House press corps that had an adversarial relationship with his predecessor and as he tries to help Bush recover from low public approval ratings.

Bush presented Snow on Wednesday morning as his choice to replace Scott McClellan.

"My job is to make decisions," Bush said, "and his job is to help explain those decisions to the press corps and the American people…. He's going to work hard to provide you with timely information about my philosophy, my priorities and the actions we're taking to implement our agenda."

Snow's appointment was unusual for a White House that has prized loyalty and long-standing relationships with Bush. He has worked for Fox for the last decade, and has criticized Bush — calling him "impotent" and "something of an embarrassment" in recent commentary.

He also is the first outsider given a top position during the White House shake-up engineered by Bolten, who has been chief of staff for less than two weeks. But Snow's selection fits a historical pattern.

At low moments in their terms, other presidents have sought to bolster their credibility by hiring press secretaries seen less as administration loyalists than as independent operators with their own authority and stature.

Suggesting that Snow would present himself as the latter, Tom Rosenstiel — director of the Project for Excellence in Journalism, a nonprofit group that studies the media — said: "One thing we know is that Tony Snow has to eat lunch in this town again. He is going to serve the president, but not sacrifice his reputation while he's doing it."

Moments after Bush introduced him, Snow walked through the White House press briefing room, pledging to work with reporters — "to figure out what you think we can do better."

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"It's clear they are bringing in someone to do better marketing," said David Gergen, a former White House communications aide for both Republican and Democratic presidents who now is a professor of public service at Harvard University's John F. Kennedy School of Government. "Whether they are bringing in someone to bring more complete information to the public is very much an open question."

Snow, who is expected to take over in the next two or three weeks, will be Bush's third press secretary. McClellan succeeded Ari Fleischer in July 2003.

The new spokesman brings a "fresh perspective" because he did not serve during the administration's first five years, said Kenneth M. Duberstein, who took a senior position in the White House at a similarly challenging moment — as President Reagan sought to emerge from the Iran-Contra scandal in 1987.

But, Duberstein said, the question remains whether Snow can overcome the Bush administration's aversion to outsiders and get information from the White House that he will need to be an effective spokesman.

Most fundamentally, the appointment of a prominent media figure may indicate that the White House is focused on shaping the way Bush is portrayed in the mainstream media.

Many analysts agree that this White House has appeared less concerned than previous administrations about influencing newspapers and network television — placing greater emphasis on reaching its core conservative supporters through such outlets as talk radio and cable TV.

They said that the appointment of an accomplished TV personality reflected a White House conclusion that — with fewer than 40% of the voters approving of Bush's performance — it needs to win over a broader segment of the population through the traditional national news media.

"What they've done before is use their back-channel media to get their message out to their base supporters .... And when times were good and bills were passing and things were going well, there was less of a concern of dealing with the mainstream media overall," said a senior Republican congressional aide who was not authorized to speak publicly on the subject and requested anonymity. "Now it becomes critical that they apply a different strategy ... on a daily basis, and they have chosen a guy who can do that."

Republicans inside and outside the administration said they believed Snow would approach the job with a more proactive agenda than did his predecessors, who often seemed to view the daily press briefings more as an exercise in damage control than as an opportunity to drive a strong political message. A senior White House official acknowledged that the administration was looking to rethink the way it communicated with the public.

"I think it's fair to say that there is no panic in the White House, but there is concern about the numbers and a real attempt to make these changes an opportunity to relaunch our public message," said the official, who was not authorized to speak on the record.

But others said Snow's selection could indicate more continuity than change in Bush's approach to the media.

Gergen, for instance, praised Snow as a "person of integrity," but noted that he came to the job as a conservative advocate. "Coming from Fox, it will send a good message to their base," Gergen said. "They are not going out and getting an Associated Press reporter. This is a commentator with a conservative point of view."

Indeed, several Republicans said the White House may hope one benefit of Snow's appointment will be to signal that Bush hears the complaints of conservatives who believe he has not done enough to restrain federal spending — a charge Snow often leveled against the administration.

It has been more than 30 years since a journalist served as the White House press secretary. Ron Nessen, who had worked for NBC News, was President Ford's spokesman.

Snow has largely made his living in the news business, but his experience has been as a commentator and editorial writer, not as a news reporter.

He launched the public affairs talk show "Fox News Sunday." For several years, he has hosted the news program "Weekend Live," along with "The Tony Snow Show," a daily talk show on Fox News Radio.

He grew up in Cincinnati, wrote editorials for the Greensboro (N.C.) Record and the Norfolk Virginian-Pilot, and for four years was editorial page editor of the Washington Times.

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He has also, Bush said, taught in Kenya. His biography on the Fox News website said he taught physics and geography. He plays flute, saxophone and guitar, and is in a rock band called Beats Workin'.

"The only thing more embarrassing than my old columns is my old music recordings," Snow said during his walk through the briefing room.

Snow recently underwent surgery for colon cancer. He and his wife live in Virginia with their three children.

Times staff writers Matea Gold in New York and Peter Wallsten and Tom Hamburger in Washington contributed to this report.

*

(INFOBOX BELOW)

Tony Snow

Born: June 1, 1955; grew up in Cincinnati

Education: Bachelor's degree in philosophy, Davidson College in North Carolina; graduate work in philosophy and economics, University of Chicago

Experience: Host, "The Tony Snow Show" on Fox News Radio; host, "Weekend Live with Tony Snow" on Fox News Channel; host, "Fox News Sunday," 1996-2003; syndicated columnist, the Detroit News, 1993-2001; columnist, USA Today, 1994-2000; deputy assistant to the president for communications and director of speechwriting, and later deputy assistant to the president for media affairs, for President George H.W. Bush

Family: Wife, Jill, married 1987; one son and two daughters

Source: Associated Press

Into The Lion's Den (NSWK)

By Richard Wolffe And Holly Bailey

Newsweek, April 26, 2006

It was all smiles in the White House briefing room Wednesday as George Bush introduced his new press secretary, Fox News commentator Tony Snow, to an excitable press corps. But Snow knows this isn't a happy situation he's walking into, even though his predecessor Scott McClellan was beaming at the cameras as the president walked in. After all, Snow knows just what it's like to be in McClellan's position.

In 1991, Snow gave up his job as editor of The Washington Times editorial page to head up the first President Bush's troubled speechwriting operation. A year later, during Bush's re-election campaign, Snow was forced out. Looking back on the experience, three years later, Snow sounded rueful. When President Clinton hired former U.S. News editor Don Baer in a similar shake-up, Snow offered some insight into his own experience as a journalist turned White House staffer. "I've been in this movie," Snow told National Journal. "He's stepping out of a nice secure journalism job to run an embattled speechwriting shop at the White House." Snow offered some blunt advice to Baer. "Make sure you have plenty of high-ranking defenders," he told the magazine. "When things go bad at the White House, the first person they come looking for is the speechwriter. The policy is never bad."

While Snow isn't being hired as a speechwriter, he's walking back into the lion's den. The White House press operation has been under fire for months, particularly from congressional Republicans who say administration officials haven't been effective in talking about the war, the economy and other policy issues. As a key public face of the White House, McClellan felt the brunt of much of that criticism, as some GOP officials complained that the White House's strained relationship with reporters wasn't helpful in helping Bush regain much-needed momentum this second term. Others called for a complete shake-up of the entire press operation and communications staff.

On Wednesday, Snow's appointment, which had been rumored for days, got positive reviews by Republicans on the Hill, including from one senior GOP leadership aide who told NEWSWEEK it was "great news." "He'll give some good outside-the-box thinking for the White House," said the Republican aide, who declined to be quoted by name so as not to upset other administration officials. "He also may be a bull in a china shop. It will be fun to watch him at the podium."

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In some respects, Snow's pick was a no-brainer for an administration. The Fox News pundit has already been a go-to guy for administration officials to get their message out. Vice President Dick Cheney has been a frequent guest on Snow's radio show, most recently in March when he phoned in a defense of the administration's handling of national-security issues and the war. When congressional Republicans were in open revolt over the Dubai Ports World deal, Karl Rove called into Snow's program to dial back Bush's threat to veto legislation that would block the deal.

Yet Democrats offered a curious reaction to Snow's appointment. On one hand, some Democrats billed the Fox News analyst as someone who had already been an unofficial messenger of White House talking points. "Truth Still Snowed in at the White House," declared a Wednesday-morning press release from the Democratic National Committee. At the same time, Democrats also flooded reporters with e-mails citing Snow's public criticism of Bush and the White House--including excerpts from a recent syndicated column in which Snow described the president's domestic policy as "listless" and that Bush's "wavering conservatism" and his decision not to fight back against Democrats was "something of an embarrassment."

In announcing his pick of Snow, Bush acknowledged he was aware of his new press secretary's public gripes, telling reporters, "I asked him about those comments, and he said, 'You should have heard what I said about the other guy'." By embracing someone outside his Texas inner circle, Bush suggested that he is also hearing complaints that he needs fresh advice. Indeed, Snow made it publicly clear that if he took the job he would do so only if he could take a seat within Bush's inner circle and have the ability to shape policy. "The upside is that for someone like me who's been a pundit for many years, you sit around and you think about the way the world should be," Snow said in an interview with Fox's Bill O'Reilly last Thursday. "You become part of something that's very rare, which is an inner White House circle where you've got to make decisions." Citing the difficulties of being the president's spokesman, Snow said, "That has [a] sort of perverse attraction, which is it's a meaty substantive job with real responsibilities."

One GOP official privy to the negotiations told NEWSWEEK that Snow had pressed administration officials for a job that extended beyond simply being Bush's guy behind the podium and had successfully argued for increased access to the president. Additionally, Snow also argued for and won the ability to make staffing decisions within the press office, including the ability to hire or fire staffers. "He won't be a lightweight," said the Republican official, who declined to be named.

The Oily Slope

George W. Bush has traveled many long roads since he entered the Oval Office in January 2001. But few are quite so long as his personal journey on the energy issue--arguably the single subject he and his veep know more about than anyone else in their administration.

In 2000 Bush campaigned against Al Gore's green-tinged policies by lampooning them, suggesting that hybrid vehicles were some kind of alien life form. Now the president tours hybrid-vehicle facilities like they are a second home, laying out his vision for a nation of electric- and hydrogen-powered cars. This isn't, as some critics have suggested, a superficial move: Bush is sold on the new technologies of the auto industry.

But that's not Bush's only reversal on energy. This week's four-point plan on gas prices marked the end of another of the president's signature positions. In 2000, he campaigned as a Reagan-style free-marketer who opposed what he saw as the regulatory excesses of the Clinton years. Reagan wanted to get government off the back of business. This week Bush urged his own Justice Department to get on the back of the oil industry, launching an investigation into possible market collusion or price-fixing of gasoline.

Such investigations are notoriously difficult, and the bar is high when it comes to litigation. In the early 1980s, the Justice Department sued American Airlines' Robert Crandall for his attempt to raise prices together with his counterpart at Braniff Airlines. Crandall was secretly tape-recorded as he phoned Braniff, saying that if the company raised its prices by 20 per cent, "I'll raise mine in the morning." It would be hard to come up with a clearer attempt to manipulate prices, but the lawsuit ended with a slap on the wrist: Crandall merely agreed to stop having such conversations about fares.

In the case of the oil industry, there's no suggestion of behavior like that. When asked if there were any suspicions of market manipulation, the outgoing White House Press Secretary Scott McClellan came up with nothing. "It's important to make sure that there's not any price gouging," he simply stated.

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In fact, President Bush has repeatedly explained why gas prices are high for a host of reasons other than price gouging. “We live in a global marketplace, and when the demand for crude oil goes up in China or India, fast-growing economies, if the corresponding supply doesn't meet that demand, the price of gasoline is going to go up here in America,” he told an audience in West Sacramento, Calif., on Earth Day last weekend. “The American people have got to understand what happens elsewhere in the world affects the price of gasoline you pay here.”

President Bush is of course feeling the intense political pressure of high gas prices, which his aides have blamed for a steady decline in his approval numbers for the last 15 months. That pressure led to another energy reversal this week, as Bush fiddled with the Strategic Petroleum Reserve. Bush dismissed as a political stunt Bill Clinton’s release of oil from the reserve in 2000, and he repeated the same charge against John Kerry in 2004. This week, he followed Clinton and Kerry with an even less significant move--suspending shipments to the reserve.

What does Tony Snow think of the price-gouging story? Not much. Speaking to Bill O’Reilly last week, Snow rejected his fellow pundit’s protests about price gouging and about excessive pay for oil executives. Snow said gas prices were high because of “jitters about the stability of the Middle East.” As for the role of oil executives in setting gas prices, Snow insisted it was irrelevant. “The fact is, it doesn’t matter who’s running these companies,” he told O’Reilly. “As long as you’ve got $70 a barrel oil, you’re going to be paying that price.”

Bush Picks Fox News's Snow As White House Spokesman (Update2) (BLOOM)

By Brendan Murray Catherine Dodge

Bloomberg, April 27, 2006

April 26 (Bloomberg) -- President George W. Bush picked Tony Snow, a Fox News radio host and former presidential speechwriter, as the White House press secretary, replacing Scott McClellan.

``He's not afraid to express his own opinions," Bush said, appearing with Snow and McClellan in the White House briefing room. ``I like the perspective he brings to this job, and I think you're going to like it, too."

Snow's hiring -- Bush's third spokesman in six years -- is part of an effort by Bush's new Chief of Staff Joshua Bolten to reorganize the White House team amid job approval ratings for the president that are at or near record lows. McClellan, who held the job for almost three years, announced his resignation last week and today told reporters that Snow would likely start at the White House the week of May 8.

Snow, 50, prefaced his remarks by saying that one reason he's taking the job is that ``I believe in the president."

``These are going to be times that are very challenging," he said. ``We've got a lot of big issues ahead and we've got a lot of important things that all of us are going to be covering together."

Snow didn't take any questions after the announcement.

Snow has been the host of Fox News Channel's ``Weekend Live With Tony Snow" on Saturday and a daily radio show for Fox News Radio. Before joining Fox in 1996, Snow worked as a syndicated columnist for the Detroit News and a columnist for USA Today.

Former Speechwriter

He served as a speechwriter and deputy assistant for media affairs for President George H.W. Bush from 1991 to 1993 after a career in newspapers, according to his biography on the Fox News Web site.

Snow would bring credibility to the White House post and is comfortable in front of the cameras, Joe Lockhart, who served as press secretary to President Bill Clinton, said yesterday, before the announcement was made.

``Tony is very bright, personable and has a good sense of humor, and that's a lot of what you need to be successful in the job," Lockhart said. ``The real issue for him is will the president and the White House let him do his job? There needs to be a fundamental shift in thinking in the White House on the role of the press, not just another new face."

Opinions

On his radio show, Snow has voiced strong opinions on a range of topics in a tone that contrasts with the measured approach traditionally taken by White House press secretaries. He also has occasionally criticized Bush.

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The Web site for his show provides recordings of his broadcasts, including one in which he summarizes Bush's January State of the Union address as marked by ``brilliant foreign policy and listless domestic policy."

He described Iranian President Mahmoud Ahmadinejad as ``Iran's Nutjob-in-chief" and Pennsylvania Democratic Representative John Murtha, who has advocated pulling U.S. troops out of Iraq, as a leader of ``the cut-and-run crowd."

His show has also featured U.S. military leaders critical of Defense Secretary Donald Rumsfeld's job performance.

Bush noted Snow's past criticisms. ``For those of you who have read his columns and listened to his radio show, he sometimes has disagreed with me," Bush said. ``I asked him about those comments, and he said, `You should have heard what I said about the other guy.'"

Lockhart said he expected the news media would highlight the more controversial comments Snow has made on the air at Fox. That may actually work to the administration's benefit if Republican voters conclude ``liberal reporters are attacking the press secretary," he said.

Snow's appointment is likely to be popular with the core of the president's supporters and may ``charge them up" for the November congressional elections, Lockhart said.

In his spare time, Snow plays guitar, saxophone and the flute in an amateur rock-n-roll band called ``Beats Workin'," a group that bills itself on a Web site as a combination of ``four lawyers, a realtor, a business executive, and a radio and TV political commentator."

Showtime At The White House (WP)

By Ari Fleischer

The Washington Post, April 27, 2006

The Washington press corps -- working in an industry that's been transformed by talk radio, 24-hour cable news and the Internet -- still views the White House briefing room as it was back in the 1950s -- or the '60s, '70s, '80s or even early '90s. Despite dramatic changes forged by live coverage and instant analysis, the press fondly adheres to the notion that the briefing can be conducted the way it used to be.

But as Tony Snow, the new White House press secretary, will soon discover, the briefing is no longer a briefing, it's a TV show.

Gone are the days when this daily session was a serious affair, with mostly serious questions asked and mostly serious answers given. Instead, the public is now treated to a spectacle in which the media do their best to pressure the White House, regardless of which party is in power, into admitting that much of what the president is doing is wrong, and the White House pushes back. The two sides talk past each other, and the viewing public gets to watch a good fight.

Before 24-hour cable news and the Internet, reporters at the briefings asked tough questions and generally received straight answers. Because the quantity of coverage was limited and the quality was driven by the next day's newspapers and the 6:30 evening news, with major figures such as Walter Cronkite delivering it, press secretaries didn't have to worry that their every word or thought would instantly be reported live on the North Lawn of the White House.

There was only one news cycle, and it lasted about 24 hours. Today there's no telling when a news cycle begins and ends. It's 24 hours a day, and reporters are under constant pressure from editors to update their stories a dozen times a day. Reporters are in endless pursuit of "the latest development" or "this just in," even if there are no developments of late or even if what's "just in" is barely news at all.

Press secretaries realize that their audience isn't only the couple of dozen reporters in the room. It's also the hundreds of thousands of people who tune in to watch, giving the press secretary a forum to "get out the message."

Not so long ago, when Marlin Fitzwater was press secretary to the first President Bush, TV cameras weren't permitted to cover the briefing live. One of President Bill Clinton's press secretaries, Mike McCurry, in an effort to accommodate the new 24-hour-a-day cable news programs, allowed his briefings to be open to TV coverage. Poor Mike. The first briefing the press covered live was on the day the Monica Lewinsky story broke. Since then the briefing room has never been the same.

In addition to the televised session, I used to brief the press every morning in something called "the gaggle." It was on the record, but no TV cameras were allowed. The gaggle was more informative and serious than the briefing. Reporters didn't

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posture as much for their colleagues and editors, since their reporting wasn't on the air. If I ducked a question at the gaggle -- such as the ones I was asked immediately after Sept. 11, 2001, about whether a military strike was "coming within hours, days, weeks or months" (I was asked that actual question) -- the reporters didn't attempt to ask me the same thing 17 different ways, as they did at the televised briefing. They got the point: The White House wasn't answering.

Of course, the reporters aren't the only ones who behave differently before the cameras. I acted differently, too. At the televised briefing I would sometimes lean into the podium, raise my hand and do my best to deliver a sound bite for the evening news. I liked mixing it up with reporters. I enjoyed a good intellectual televised argument. But the briefing always had an air of theater to it -- on both sides of the podium. It was easier to give thoughtful explanations of controversial issues at the gaggle or during the numerous times a day reporters strolled into my office to talk with me.

It may not be the briefing it once was, but it is still an important show.

The writer was President Bush's press secretary from January 2001 to July 2003.

Senate OKs $2 Billion To Stop Illegals (WT)

By Charles Hurt

The Washington Times, April 27, 2006

The Senate yesterday approved immediately spending nearly $2 billion to stop illegal immigration, the largest such infusion of emergency cash for the effort in recent years.

Nearly every member of the Senate voted in favor of the new spending, but Democrats and Republicans split over whether to find cuts elsewhere in the massive spending bill to offset the border security expenditures. Republicans ultimately prevailed and roughly 3 percent will be cut from defense spending contained in the same bill.

"Porous borders are a threat to our national security, and the Senate has acted today to provide vital funding that will increase our border defenses," Majority Leader Bill Frist, Tennessee Republican, said after the vote.

Republicans turned back an effort by Minority Leader Harry Reid to grant the same expenditures for border security but without making cuts elsewhere in the emergency spending bill, which has ballooned to a $106.5 billion proposal. The Nevada Democrat, whose amendment failed on a mostly party-line 54-44 vote, said the Republican amendment would hurt the military.

"Democrats offered a way to secure our borders and support our troops," he said. "Instead, Senate Republicans chose to slash $2 billion desperately needed by our troops in Iraq, Afghanistan and elsewhere in order to offset the costs of additional border security."

Yesterday's action -- if approved by the House -- would make a comprehensive immigration bill like President Bush wants more difficult to pass through Congress. Border security unites virtually all lawmakers, while the guest-worker program is disliked by liberals who say it creates unfair competition for American workers, and a path to citizenship is disliked by conservatives who view it as amnesty.

The 59-39 vote came one day after Mr. Bush appeared to endorse a Senate proposal that would give many illegal aliens already in the country a path to citizenship.

After meeting at the White House with more than a dozen senators Tuesday, Mr. Bush told reporters that there was a broad and bipartisan consensus for immigration reform legislation that "recognizes we must have a temporary worker program, a bill that does not grant automatic amnesty to people, but a bill that says somebody who is working here on a legal basis has the right to get in line to become a citizen."

By yesterday, however, there was some dispute about whether Mr. Bush had actually endorsed the Senate proposal hatched early this month by Republican Sens. Chuck Hagel of Nebraska and Mel Martinez of Florida.

Under that plan, illegal aliens who have been in the U.S. five years or more could apply for citizenship without leaving the country while those who have been here between two and five years would have to apply at a point of entry. Those here less than two years would have to return to their home country to apply for citizenship.

"I'm extremely confident that there was no endorsement," said Sen. John Cornyn, Texas Republican, who didn't attend the White House meeting because he thinks the Hagel-Martinez proposal amounts to amnesty. "Matter of fact, I'm extremely confident that they were told, 'I'm not endorsing the bill.' "

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Mr. Cornyn, one of Mr. Bush's most ardent supporters in Congress, said his information was from a "highly placed source in the White House" but he declined to elaborate.

"That's not true at all," said Mr. Martinez, who attended the meeting. "That was clearly discussed yesterday and clarified in about three different ways with clear questions and answers and he said as long as there's not automatic citizenship, as long as there's not amnesty."

Asked if he had any doubts that Mr. Bush supported the Hagel-Martinez proposal, Sen. Lindsey Graham, South Carolina Republican, replied, "Not really. But he has not committed to what 'automatic' means."

In any case, Mr. Bush was cautious.

Mr. Graham said he asked Mr. Bush if he defined "amnesty" as any program that doesn't force illegals to leave the country altogether before applying for citizenship -- a question that gets to the very heart of the debate.

"You don't want me to answer that question," Mr. Bush replied, according to Mr. Graham.

Other Republicans on Capitol Hill said Mr. Bush is either misinformed or just flat wrong if he supports Hagel-Martinez.

"I know he wants to move something forward," Sen. Jeff Sessions, Alabama Republican, said. "I think they need to study the language carefully because I do not believe that language in the bill comes close to meeting his standards that he's set forth."

Sen. George Allen, Virginia Republican, denounced the proposal.

"I feel very strongly that we should not reward illegal behavior with amnesty," he said. "I think this convoluted three-tiered approach rewards illegal behavior and I don't think that's the right policy for this country, notwithstanding what the president had to say."

Rep. Tom Tancredo, Colorado Republican and longtime advocate for immigration reform, said he was glad to see the new spending for border security, but he still has a big question.

"Will the president actually enforce the law?" wondered the Republican. "I know he says he will, but he has demonstrated over and over again that he will not."

Projected Iraq War Costs Soar (WP)

By Jonathan Weisman

The Washington Post, April 27, 2006

The cost of the war in Iraq will reach $320 billion after the expected passage next month of an emergency spending bill currently before the Senate, and that total is likely to more than double before the war ends, the Congressional Research Service estimated this week.

The analysis, distributed to some members of Congress on Tuesday night, provides the most official cost estimate yet of a war whose price tag will rise by nearly 17 percent this year. Just last week, independent defense analysts looking only at Defense Department costs put the total at least $7 billion below the CRS figure.

Once the war spending bill is passed, military and diplomatic costs will have reached $101.8 billion this fiscal year, up from $87.3 billion in 2005, $77.3 billion in 2004 and $51 billion in 2003, the year of the invasion, congressional analysts said. Even if a gradual troop withdrawal begins this year, war costs in Iraq and Afghanistan are likely to rise by an additional $371 billion during the phaseout, the report said, citing a Congressional Budget Office study. When factoring in costs of the war in Afghanistan, the $811 billion total for both wars would have far exceeded the inflation-adjusted $549 billion cost of the Vietnam War.

"The costs are exceeding even the worst-case scenarios," said Rep. John M. Spratt Jr. (S.C.), the ranking Democrat on the House Budget Committee.

Such cost estimates may be producing sticker shock on Capitol Hill. This year, the wars will consume nearly as much money as the departments of Education, Justice and Homeland Security combined, a total that is more than a quarter of this year's projected budget deficit. Yesterday, as the Senate debated a $106.5 billion bill to fund the wars in Iraq and Afghanistan and ongoing hurricane relief, 59 senators voted to divert $1.9 billion from President Bush's war-funding request to pay for new border patrol agents, aircraft and some fencing at border crossings widely used by illegal immigrants.

When some Democrats said the move would take money from needed combat funds, Sen. Judd Gregg (R-N.H.), the bill's sponsor, called the criticism "pure poppycock."

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In another challenge to Bush, the Senate moved, in a veto-proof 72 to 26 vote, to shelve an amendment that would have struck spending on all items -- from farm drought assistance to a $700 million measure to move a Mississippi railroad away from the Gulf Coast -- not requested by the administration. The White House has threatened to veto the bill if it much exceeds the $92.2 billion Bush requested in February.

Because of the controversy surrounding the railroad funding, the Senate held a separate vote, 49 to 48, to retain the funding, which critics have singled out as a non-emergency. But advocates of the project, including Senate Appropriations Committee Chairman Thad Cochran and Sen. Trent Lott, both Mississippi Republicans, defended it as part of a vital economic development effort along the Gulf Coast.

"It's built on marshes and on sand," Lott said of the railroad, displaying on the Senate floor enlarged photos of the tracks, which run along the coastline. "It will not stand."

But for a bill devoted largely to funding the war, the cost of the Iraq conflict so far has played little part in a political debate focused mainly on energy prices, immigration and pork-barrel spending.

Defense specialist Amy Belasco, the CRS study's author, stressed that the price tag is only an estimate because the Defense Department has declined to break out the cost of Iraqi operations from the larger $435 billion cost of what the administration has labeled the global war on terrorism. That larger cost applies to military, diplomatic and foreign aid operations in Iraq and Afghanistan, enhanced security efforts begun after the Sept. 11, 2001, attacks and related medical costs of the Department of Veterans Affairs.

"Although DOD has a financial system that tracks funds for each operation once they are obligated -- as pay or contractual costs -- DOD has not sent Congress the semiannual reports with cumulative and current obligations for [Iraq] and [Afghanistan], or estimates for the next year, or for the next five years that are required by statute," the CRS noted.

The report goes on to outline a series of "key war cost questions" for Congress to pursue and "major unknowns" that CRS has not been able to answer: How much has Congress appropriated for each theater of war? How much has the Pentagon obligated for each mission per month? What will future costs be? How much will it cost to repair and replace equipment? And how can Congress receive accurate information on past and future troop levels?

Such questions are highly unusual for a congressional research agency report, congressional budget aides said yesterday, and they point to growing frustration in Congress with a Pentagon that has held war-cost information close to the vest.

Lt. Col. Brian Maka, a spokesman for the Defense Department's comptroller, said the Pentagon will study the report before commenting on it.

The report details how operations, maintenance and procurement costs have surged from $50 billion in 2004 to $88 billion this year, citing rising expenditures for body armor, oil and gasoline; equipment maintenance; and training and equipping Afghan and Iraqi security forces.

"These factors, however, are not enough to explain a 50-percent increase of over $20 billion in operating costs," the report states.

War-related investment costs have more than tripled since 2003, from $7 billion to $24 billion, as money has been spent on armored vehicles, radios, sensors and night-vision goggles, as well as on equipment for reorganized Army and Marine Corps units.

"These reasons are not sufficient, however, to explain the level of increases," the report states again.

Other analysts are also scratching their heads. Michael E. O'Hanlon, a defense budget expert at the Brookings Institution, suggested that the military may be slightly padding its request for fear that Congress will be less giving on future emergency spending bills.

"I don't think these guys would make things up, but there is an assumption in the military that these supplementals might dry up, and if there are things that might be considered even Iraq-related, they should get them funded right now," he said.

Of the total war spending, the CRS analysis found $4 billion that could not be tracked. It did identify $2.5 billion diverted from other spending authorizations in 2001 and 2002 to prepare for the invasion.

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That discovery helped push the CRS cost estimate higher than estimates from independent budget analysts. The CRS total also includes expenditures on foreign aid and diplomacy not counted in the military cost tallies by groups such as the Center for Strategic and Budgetary Assessments.

Senate Cuts War Funding To Tighten Border Control (AP)

By Andrew Taylor

The Associated Press, April 27, 2006

WASHINGTON -- The Senate voted today to divert some of the money President Bush requested for the war in Iraq to instead increase patrols against illegal immigrants on the nation's borders and provide the Coast Guard with new boats and helicopters.

An amendment was adopted, 59-39, to cut Bush's Iraq request by $1.9 billion to pay for new aircraft, patrol boats and other vehicles, as well as border checkpoints and a fence along the Mexico border crossing near San Diego.

Later, the Senate voted by a veto-proof 72-26 margin to kill an attempt by conservatives to cut the overall bill back to Bush's request -- just a day after the White House issued a toughly worded promise to veto the $106.5 billion bill unless it is cut back to below $95 billion.

Appropriations Committee Chairman Thad Cochran, R-Ill. -- the key architect of the bill -- is unhappy with the veto threat and easily beat back a move by Craig Thomas, R-Wyo., to kill $12 billion in add-ons such as $4 billion in farm aid, $1.1 billion for Gulf Coast fisheries and money for a much-criticized $700 million relocation of a Mississippi freight rail line.

While the border security funds had broad support, Democrats and Republicans argued over whether the cuts to Pentagon war spending would harm troops in Iraq. The cuts, offered by Judd Gregg, R-N.H., would trim Bush's request for the war by almost 3 percent but don't specify how.

Sen. Hillary Clinton, D-N.Y., said Gregg's cuts would "take money from troop pay, body armor and even the joint improvised explosive device defeat fund. Now that is a false choice and it is a wrong choice."

Gregg responded heatedly, arguing that the cuts eventually would come from other parts of the massive Pentagon budget rather than U.S. forces in Iraq.

"To come down here and allege that these funds are going to come out of the needs of the people on the front lines in Iraq or Afghanistan is pure poppycock," he said.

An amendment by Democratic Leader Harry Reid of Nevada to add the border security funds but not tap the Pentagon for them failed by a 54-44 vote.

In its veto statement, the White House said the bill contains too many items that are "unrelated to the war or emergency hurricane relief needs." It said a final House-Senate compromise "must remain focused on addressing urgent national priorities while maintaining fiscal discipline."

The bill is sure to be carved back in House-Senate negotiations next month, and Bush may very well not have to follow through on his veto promise.

To accommodate the White House's objections would require the Senate to shed numerous projects. That would represent a departure from the way a disaster aid bill was handled in December, when Congress added $12 billion in new spending not requested by Bush.

Even as the White House raised the potential of a first-ever Bush veto, the administration on Tuesday asked the Senate for $2.2 billion more to repair and strengthen levees in and around New Orleans. The request wouldn't add to the overall cost of the bill since it was accompanied by a decrease in Federal Emergency Management Agency disaster funds.

The White House acknowledges that FEMA coffers would have to be replenished again in the fall instead of next year under the proposal.

Bush insists that total spending in the bill be capped at his $92.2 billion request for Iraq and hurricane relief, though he is willing to accept $2.3 billion in the bill to prevent an outbreak of avian flu. His February budget anticipated the funding, but the White House has been slow to follow up with a detailed request.

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Gregg chairs the Appropriations Homeland Security Subcommittee. His border security plan focuses used on the capital needs of the Border Patrol and the Coast Guard, including new planes, helicopters, ships, communications equipment and a project to build a fence along the Mexico border near San Diego.

Gregg said his plan would "give the people who are defending us on our borders, the border security agents, the Custom agents, the Coast Guard, the tools they need to do their job right -- the unmanned vehicles, the cars, the helicopters which are a critical part of our fight in the war on terrorism. It has to be done now."

The underlying bill contains $67.6 billion for Pentagon war operations and $27.1 billion for hurricane relief, including grants to states to build and repair housing and $2.1 billion for levees and flood control projects. The funding for hurricane relief exceeds Bush's request by $7.4 billion.

To date, Congress has provided about $315 billion for the war in Iraq and anti-terror spending since September 2001.

On the Net

White House: http://www.whitehouse.gov

Tax Reduction, Border Security Proceed In Senate (WSJ)

By David Rogers

The Wall Street Journal, April 27, 2006

WASHINGTON -- Republicans neared agreement on a $70 billion tax-reduction bill even as the Senate Finance Committee told the Internal Revenue Service that it wants to inspect five years of returns from the top 15 oil and gas companies.

"The goal is we need some information," said Finance Chairman Charles Grassley (R., Iowa). At this stage no clear legislative agenda is attached to the request, which also was signed by the panel's ranking Democrat, Sen. Max Baucus of Montana.

But in writing the tax bill now being negotiated, Senate tax writers were more aggressive than the House in looking for revenue offsets from the oil industry. And amid the outcry over record profits and high gas prices, the level of detail in the request makes it one of the broadest of the IRS in recent memory.

"We understand the frustration of members of the committee, and that they have a role to perform. But gas prices are set by market forces, not any manipulation by producers or refiners," said John Bisney, a spokesman for the American Petroleum Institute. "Some of these documents go back five years, and in that period we haven't heard a peep out of them [the IRS]."

Relatively small oil industry-related provisions were still in play last night as negotiators tried to pin down an estimated $4 billion in final offsets for the tax package. Speaker Dennis Hastert (R., Ill.) and House Ways and Means Committee Chairman Bill Thomas (R., Cal.) were hopeful that an agreement in principle could be announced today.

The core elements will include a one-year patch to protect middle-income taxpayers threatened by the alternative minimum tax and a two-year extension of the favorable 15% rate for capital gains and dividends, due to expire at the end of 2008.

As part of the package, the financial-services industry appears certain of getting an extension of the "active financing exemption," important to multinationals. The exemption, which dates back to 1997 and is due to expire this year, says that U.S.-based firms shouldn't be taxed on the active business income earned abroad by their foreign subsidiaries until the income is returned to the American parent.

But major provisions, approved by the House or Senate, will be left out in anticipation of a second tax bill. Mr. Grassley said he didn't think the second package, which would include the research and development tax credit and more AMT relief for 2007, needed to be announced today, but "we have to have some consensus."

The progress on the tax front came as the Senate Republicans won approval of $1.9 billion in emergency spending for border security designed, in part, to ease conservatives' concerns and lay the groundwork for a second try at passing immigration legislation next month.

Most of the funds would go to buying patrol boats, aircraft and other equipment for Coast Guard and Customs and Border Protection operations. Senate Majority Leader Bill Frist (R., Tenn.) hopes to burnish the Republican image on border issues before again tackling immigration.

DOJ_NMG_0026781

The action follows a White House meeting Tuesday at which President Bush urged senators in both parties to try again to complete a proposal that stalled before the spring recess. Republicans say he is clearly sympathetic to provisions that authorize expanded guest-worker programs and a path toward legalizing millions of undocumented workers in the U.S.

"I think he is really going to lean into this one," said Sen. Sam Brownback (R., Kan.), who said Mr. Bush had read -- and urged him to get -- the book "Judgment Days" by Nick Kotz, which details the relationship between another Texan, Lyndon Johnson, and Martin Luther King Jr. running up to the Voting Rights Act of 1965.

Mr. Brownback said that just as President Johnson went against Southern forces in the Democratic Party, Mr. Bush appeared prepared to tackle conservatives in his own. "I think Bush sees [immigration] somewhat in that category," Mr. Brownback said. "I think the president really wants to get something. He thinks this is the issue of this year's legislature ... I think this is Bush's time as far as affecting millions of people."

The $1.9 billion for border security would be wrapped into a $106.5 billion appropriations bill to continue paying for the war in Iraq and hurricane recovery efforts along the Gulf Coast. Emergency defense funds would be reduced so the net cost of the package wouldn't increase. But the underlying bill remains $14.3 billion above the administration's request and is already the target of White House veto threats.

Mr. Frist said that he has 35 votes to sustain any future veto, but when put to the test yesterday, his party was more likely to support Senate Appropriations Committee Chairman Thad Cochran (R., Miss.) who argues more money is needed for the Gulf Coast.

On a 72-26 roll call, with a majority of Republicans on his side, Mr. Cochran easily tabled a first conservative effort to roll back the cost of the bill to the president's request of $92.2 billion. And with the help of Mississippi Gov. Haley Barbour, a former Republican national chairman, Mr. Cochran won a 49-48 vote blocking efforts to strip out $700 million to help relocate a CSX Corp. rail line in the state.

US Senate Frees Up Two Billion Dollars For Border Security (AFP-Y2)

AFP, April 26, 2006

The US Senate voted to set aside nearly two billion dollars for improving border security, in a move hailed as an important first step toward immigration reform.

By a vote of 59 to 39, the Senate approved an amendment by Republican Senator Judd Gregg that would free up 1.9 billion dollars in credits for surveillance planes and building a fence near San Diego, California, along the border with Mexico.

"Securing our border is the first step for any action that we need to take in terms of more comprehensive reform in immigration, ... an issue that we will come back to," said Senate Majority Leader Bill Frist.

Immigration has risen to the top of the national political agenda ahead of November's mid-term legislative elections.

The issue has divided the Republican Party, with some members of Congress pushing for strict penalties against illegal immigrants and those who employ or assist them.

For the past two years, President George W. Bush has been asking for a sweeping reform of border security procedures and a "guest worker" program.

The debate has spurred hundreds of thousands of immigrants and rights advocates to protest in Los Angeles, New York, Houston, Washington and dozens of other US cities, with a massive nationwide protest and boycott planned for May 1.

Senate Adds $1.9 Bln In Spending On Border Security (Update2) (BLOOM)

By Brian Faler

Bloomberg, April 27, 2006

April 26 (Bloomberg) -- The U.S. Senate voted to cut $1.9 billion from Defense Department programs so it can spend the money on aircraft, patrol boats and other equipment to boost border security.

The Senate approved the border-security changes in a 59 to 39 vote on an amendment to a $106 billion emergency spending measure for military operations and hurricane recovery.

Under the amendment, $1.9 billion will be used to replace surveillance aircraft, patrol boats, ``outdated'' vehicles, communications equipment and other improvements that lawmakers said were urgently needed to secure the nation's borders.

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``The purpose of this amendment is to basically give the people who are defending us on our borders -- the border security agents, the Customs agents, the Coast Guard -- the tools they need to their job right," said Senator Judd Gregg, a New Hampshire Republican. ``We can bring the border under control and we're on a path to do that."

Democrats denounced the border-security plan, saying it forced lawmakers to choose between supporting American troops and protecting the country's Southwestern border.

`Urgent Need'

``Border security is an urgent need and it should and must be addressed by this Congress," said Senator Hillary Clinton, a Democrat from New York. ``But our security and our values are not served by choosing between protecting our troops and protecting our homeland."

A Democratic alternative proposal, which would have made paid for the border security equipment without cutting defense programs, was rejected on a 54-44 vote.

Republicans said their plan would cut non-emergency defense programs, not funds for troops, and was more fiscally responsible because it wouldn't increase the overall size of the spending measure.

The legislation includes money to replace the U.S. border protection agency's only unmanned surveillance aircraft, which crashed yesterday in Arizona.

The chamber also rejected, by 72 to 26, a proposal to cut the $106 billion spending bill by more than $10 billion as the Bush administration has demanded. The White House Office of Management and Budget yesterday said President George W. Bush would veto any legislation spending more than $94.5 billion.

Senator Craig Thomas, a Wyoming Republican who sponsored the proposal, said it would have cut billions in unnecessary spending. After the vote Thomas said he was confident the Senate would reduce the total cost of the measure.

`Reduced'

``I think when it's all over you'll see a lot more people being opposed to it unless it's reduced quite a bit," he said.

The House has approved legislation that closely tracks the president's request, capping the spending at about $92 billion.

Differences between the House and Senate measures will have to be resolved by a conference committee.

The border security spending is part of an effort by Majority Leader Bill Frist to gain support for pending legislation, now stalled in the Senate, to overhaul the nation's immigration laws.

The immigration measure would beef-up border security, create a temporary worker program and allow millions of illegal immigrants to gain legal status has stalled in the Senate over disagreements on a number of proposed amendments to the plan. The House has approved legislation that would crack down on the hiring of undocumented workers while calling for the construction of a 700-mile fence along the border. The Bush administration has called for overhauling U.S. immigration laws, including the creation of a guest-worker program.

Gregg, Clinton Face Off (NHUL)

By From Staff And Wire Reports

New Hampshire Union Leader, April 27, 2006

WASHINGTON – A war of words broke out yesterday between Sens. Judd Gregg and Hillary Clinton after the Senate approved Gregg's proposal to divert some of the money President Bush requested for the war in Iraq to instead bolster U.S. border security.

Sen. Clinton, D-N.Y., said Gregg's cuts would "take money from troop pay, body armor and even joint improvised explosive device defeat fund. Now that is a false choice, and it is a wrong choice."

Gregg responded heatedly, arguing that the cuts eventually would come from other parts of the massive Pentagon budget rather than U.S. forces in Iraq.

"To come down here and allege that these funds are going to come out of the needs of the people on the front lines in Iraq or Afghanistan is pure poppycock," he said.

DOJ_NMG_0026783

The Senate passed Gregg's amendment yesterday by a vote of 59-39. The amendment cuts President Bush's Iraq request by $1.9 billion to pay for new Border Patrol agents, aircraft and some fencing at border crossings widely used by illegal immigrants.

"Yes, fighting the war in Iraq is critical to this war on terrorism," Gregg said on the Senate floor Tuesday. "Fighting the war in Afghanistan is critical to this war on terrorism. But I have to think equally important is making sure that our borders are secure."

While the border security funds had sweeping support, Democrats and Republicans argued over whether the cuts to Pentagon war funds would harm troops on the ground in Iraq.

Gregg's proposed cuts trim Bush's request for the war by almost 3 percent but don't specify how. Yesterday, his press secretary said the money could be drawn from portions of the President's request that would not affect current U.S. troops in Iraq.

In his floor statement, Gregg said the majority of dollars in the amendment — more than $700 million — would go to improving the air fleet used to patrol U.S. borders. Some of the planes are 40 years past their useful life, he said.

Gregg said the United States has had just one unmanned aerial vehicle conducting surveillance along the border. On Tuesday, he said, it crashed.

Other portions of Gregg's amendment would go to new cars and helicopters. Gregg said he also hoped to buy new boats for the Coast Guard.

Gregg chairs the Appropriations Homeland Security Subcommittee. His plan, he said, would "give the people who are defending us on our borders, the border security agents, the Custom agents, the Coast Guard, the tools they need to do their job right — the unmanned vehicles, the cars, the helicopters, which are a critical part of our fight in the war on terrorism. It has to be done now."

Yesterday's vote came in the wake of a toughly worded promise by the White House to veto the $106.5 billion measure unless it is cut back to below $95 billion.

In its veto statement, the White House said the bill contains too many items that are "unrelated to the war or emergency hurricane relief needs." It said a final House-Senate compromise on it "must remain focused on addressing urgent national priorities while maintaining fiscal discipline."

The move is likely to force senators to drop most of their $14 billion in add-ons for farm aid, highway repairs, aid to the Gulf Coast fishing industry and other projects. The additional money had won the ire of the White House and GOP congressional leaders and scorn from conservative allies whose support is crucial on Election Day.

The bill is sure to be carved back in House-Senate negotiations next month, and Bush may very well not have to follow through on his veto promise.

The White House statement said farm aid in the bill is unnecessary after a booming 2005 crop year and that a controversial $700 million relocation of a Mississippi freight rail line would unfairly put taxpayers on the hook for privately owned infrastructure.

To accommodate the White House's objections would require the Senate to shed numerous projects. That would represent a departure from how a disaster aid bill was handled in December, when Congress added $12 billion in new spending not requested by Bush.

Even as the White House raised the potential of a first-ever Bush veto, the administration on Tuesday asked the Senate for $2.2 billion more to repair and strengthen levees in and around New Orleans. The request wouldn't add to the overall cost of the bill since it was accompanied by a decrease in Federal Emergency Management Agency disaster funds.

The White House acknowledges that FEMA coffers would have to be replenished again in the fall instead of next year under the proposal.

Bush insists that total spending in the bill be capped at his $92.2 billion request for Iraq and hurricane relief, though he is willing to accept $2.3 billion in the bill to prevent an outbreak of avian flu. His February budget anticipated the funding, but the White House has been slow to follow up with a detailed request.

To date, Congress has provided about $315 billion for the war in Iraq and anti-terror spending since September 2001.

Minutemen Gaining In Immigration Debate (AP-Y2)

By Gillian Flaccus

DOJ_NMG_0026784

AP2, April 26, 2006

Laurie Lisonbee worried about illegal immigration but figured it was somebody else's issue — until she saw hundreds of thousands of immigrants and their supporters marching across her TV screen.

Soon, Lisonbee had recruited several friends to attend a demonstration by the Minuteman Project, a volunteer group that patrols the border to keep out illegal immigrants. Now, the 51-year-old art professor checks the group's Web site daily and plans a summer trip to the Mexican border to help build a fence.

Minuteman organizers say this spring's marches have proved to be an unexpected recruitment tool for Americans who feel uneasy about the burgeoning immigration movement but may have considered the organization a pack of gun-toting vigilantes.

"We're not trying to be more mainstream — mainstream has found us," said Stephen Eichler, the group's executive director. "They're saying, 'These guys actually have teeth, they don't all chew tobacco, they don't all have a gun rack in the back of their truck.' They're saying, `They believe what I believe,' and they're joining us."

Lisonbee, a registered Republican, said only one issue matters to her now.

"My vote will go to the candidate who's the toughest on immigration, whether they're Democrat or Republican," she said from her home in Orem, Utah. "Before, we were pretty much the types of people who would call our congressmen and not take to the streets. But that's all changed now."

The Minuteman Project first gained attention last year when Orange County resident and former tax accountant Jim Gilchrist helped lead its first 30-day patrol of the border in Arizona. The group has added mainstream political tools, including a network of local chapters and e-mail lobbying campaigns.

In December, Gilchrist, a former Republican, ran as a third-party candidate in a special House election in Orange County, Calif., finished a respectable third with 25 percent of the vote.

Since this spring's huge pro-immigrant rallies, 300 people nationwide have applied to start local chapters, according to Eichler. The group's goal is 500 chapters by December and a membership of 1 million within 1 1/2 years, Eichler said.

Eichler claimed the organization's membership has climbed to more than 200,000.

But Heidi Beirich, deputy director of the Southern Poverty Law Center's Intelligence Project, which monitors the Minuteman Project for racist rhetoric, said that estimate appears to be ridiculously high. She offered no estimate of her own.

"At the border during this last outing, they had maybe 50 people. If they have 200,000 people, it doesn't seem right," she said.

Beirich also questioned the premise that pro-immigrant rallies will help the Minuteman Project. She said many recruits may attend one or two rallies, but leave after they discover what she called the group's extremist attitudes.

"They get in there and they're like, `My God, I didn't sign on for this,'" she said.

In the coming weeks, the Minuteman Project plans to set out in a caravan from Los Angeles to Washington, with stops in 13 cities, including President Bush's vacation haven of Crawford, Texas. It is also raising money to build a private fence along parts of the California-Mexico border.

Increased security along the border is a popular idea on Capitol Hill, where the immigration debate will soon resume. How to treat the approximately 11 million illegal immigrants now here is where Congress splits — a House bill would criminalize the immigrants, a Senate bill would offer guest worker status and a potential path to citizenship.

David S. Meyer, a professor of sociology and political science at the University of California, Irvine, said the growing Minuteman movement has "stiffened the spine" of conservative politicians who might otherwise be wary of publicly identifying with the organization's views.

He said the recent workplace crackdown at a pallet manufacturer that resulted in 1,100 arrests at 40 U.S. sites was part of an attempt by the Bush administration to appease the Minuteman Project and its congressional supporters. Bush supports a guest worker program.

"The debate has kind of come to them, and they're clever enough politically to realize that," Meyer said. "People in mainstream politics who are not associated with the Minuteman Project are essentially voicing their position, which is a victory itself."

DOJ_NMG_0026785

Immigrants Divided On Boycott (WP)

By Karin Brulliard And Krissah Williams

The Washington Post, April 27, 2006

Disagreement over whether immigrants should walk off the job and boycott businesses Monday appeared to deepen yesterday as one immigrant group mustered support for the protest while another group cautioned immigrants that it might put their jobs at risk.

The controversy over what has been called "a day without immigrants" has exposed a rift in the immigration reform movement over the best course of action after successful demonstrations April 10 in cities across the nation.

Although groups in Dallas and Los Angeles say momentum is building for a major May 1 boycott, the coalition that organized the recent rally on the Mall has discouraged participation for fear it could lead to firings and create a negative climate as Congress debates immigration legislation.

"We don't want to be the ones telling people to risk your job, risk your well-being," said Maryland Del. Ana Sol Gutierrez (D-Wheaton), who was joined yesterday by other Latino officials at a news conference.

Rather than protest, the officials said, workers who are excused from their jobs Monday should engage in such civic activities as cleaning parks and supporting voter registration efforts.

An opposing vision for the day was presented at a second news conference called by a group that was part of the April 10 effort -- Mexicans Without Borders -- and several smaller immigrant groups. They said a walkout and business boycott would up the ante in response to a congressional deadlock on immigration reform and multi-state raids in which 1,000 illegal immigrants were arrested last week.

"We want to show that our absence will leave an emptiness that cannot be filled," said Ricardo Juarez, coordinator of Mexicans Without Borders.

Speakers at both events emphasized that although they disagree over the boycott, they remain unified in their quest for legal status for immigrants who entered the country illegally.

"Not even in the civil rights movement did you have just one strategy," said Mario Cristaldo, the general coordinator for Voting Rights for DC Coalition, one of the groups that advocated a boycott yesterday. "This is a democratic system, and people agree and disagree."

That thought was echoed by Gutierrez, who was joined by Arlington County Board member Walter Tejada (D), Prince George's County Council member William A. Campos (D-Hyattsville), Montgomery County Council member Tom Perez (D-Silver Spring) and officials from two Prince George's municipalities.

"I don't know why there is the expectation that all of the Hispanic community would be on the same page or act monolithically," Gutierrez said. "We are not as organized as groups on the West Coast. There is not going to be a single leader or a single organization telling people what to do. This is coming from the bottom up."

The six groups backing the boycott -- including the National Association of Indigenous Salvadorans and the Latino Media Collective -- said they think the immigrant community supports the idea. Juarez said a recent survey by his group of more than 2,000 immigrants in the Washington region found that 97 percent said they would participate in the boycott even if it meant losing their jobs.

"For us, this poll was the voice of the people," Juarez said. "We are with the people and the voice of the people."

But most unions, chambers of commerce, churches and immigrant groups in the Washington area have been lukewarm to the idea of a boycott. The National Capital Immigration Coalition, the April 10 umbrella group, is planning Monday gatherings in the District, Baltimore and Prince George's County in the late afternoon and evening so people can attend after work or school. In Virginia, activists will stand on the corners of major intersections in Herndon, Alexandria and Baileys Crossroads, waving large banners advocating immigration reform.

"We have been trying to come out to educate the American community that we are immigrants who come just to work. . . . That has been very successful for us so far," said Juan Carlos Ruiz, a coordinator with the coalition. "We believe that if there is a need for a strike, we should use it, but we don't think it should be done right now."

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Jorge Ribas, president of the Western Maryland Hispanic Chamber of Commerce, said that his group has taken no official position on the issue but that he does not believe many Hispanic business owners will participate.

"Hispanics are too pragmatic. They are not going to shut down just for that," he said. "Most are start-up businesses, and the owner is the sole employee."

The AFL-CIO, the Service Employees International Union and other unions that supported the April marches for immigrant rights do not support the boycott. Unions said authorizing what amounts to a strike for a day could be considered a breach of their contract agreements.

The support of mainstream business groups for immigration reform also influences those who oppose the boycott.

"Business is on our side. I'm thinking, why hurt business?" said Manuel Hidalgo, executive director of the Latino Economic Development Corp. in Washington and a member of the immigration coalition.

Some observers said immigrants seem unsure what to do about the boycott. Giovanna Tassi, manager of Radio Latina (950 AM), said that May 1 is a constant topic of discussion on the station's morning talk shows and that many callers express enthusiasm for the idea -- until, she said, she explains that most local immigrant advocates are not behind it.

The Rev. Jose E. Hoyos, director of the Arlington Catholic Diocese's Spanish Apostolate, said he has been bombarded with calls from immigrants asking questions and seeking advice. He has told them to continue with business as usual and attend community events in the evening, he said.

"That's like we are against the system," Hoyos said of a work stoppage. "We want to be part of the system."

D.C.-area Hispanics Oppose Boycott (WT)

By Keyonna Summers

The Washington Times, April 27, 2006

Local Hispanic elected officials yesterday discouraged participation in Monday's nationwide immigrant boycott of work and school and instead urged immigrants to show solidarity with American citizens.

"We encourage all residents of the Washington metro region to participate in activities on May 1 ... that are peaceful, educational and raise awareness of the contributions immigrants make to our nation," said Arlington County Board member J. Walter Tejada, a leading immigrant advocate.

Prince George's County Council member Will Campos issued a plea to all immigrants: "Please do not boycott anything on May 1."

"We are trying to establish relationships with our federal leaders for comprehensive immigration reform and a boycott, especially of this magnitude, could damage that relationship," said Mr. Campos, Hyattsville Democrat.

The Hispanic leaders were responding to calls for a nationwide immigrant boycott organized by the California-based Latino Movement USA and Act Now to Stop War & End Racism (ANSWER) coalition.

Called "a day without an immigrant," the proposed boycott aims to highlight immigrants' place in the economy by having them close their businesses, skip school and work and avoid spending money.

Last week, local leaders of pro-immigration rallies held April 10 withdrew their support of Monday's boycott.

Officials from Arlington, Montgomery and Prince George's counties yesterday said they fear that holding a boycott so soon after the rallies, which drew hundreds of thousands of immigrants and demonstrators across the country, might generate a backlash against immigration and result in lost jobs.

Instead, they encouraged immigrants to register to vote and begin petition drives Monday -- activities that Maryland state Delegate Ana Sol Gutierrez said are as "American as apple pie."

"We want to form alliances with our American friends," the Montgomery County Democrat said.

Meanwhile, the U.S. Senate this week returned to work on an immigration reform bill -- the focus of this month's rallies.

The United States is home to an estimated 12 million illegal aliens, about two-thirds of whom arrived in the past 10 years, according to the Pew Hispanic Center, a nonprofit research group.

Illegal aliens cost the country and localities millions of dollars each year in unpaid income and Social Security taxes and in education and health care benefits, several state and federal leaders have said.

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"We believe that all these [immigration] issues that we confront at our local government can be resolved by the federal government taking a comprehensive approach to our immigration crisis today," said Mr. Tejada, former chairman of the Virginia Latino Advisory Commission, which compiled a report on a state law denying illegal aliens' access to public benefits.

Advocacy groups on the West Coast, particularly in the border state of California, said immigrants and illegal aliens plan to participate en masse in the boycott. But other groups have expressed reservations about the effort.

Juan Jose Gutierrez, director of Latino Movement USA, said he will be satisfied with any kind of participation Monday.

"The fact that most of the people are in fact doing different activities on May 1 [is] in itself is a major step forward in the struggle for comprehensive immigration reform," Mr. Gutierrez said in a telephone interview from California. "Without the boycott, they probably wouldn't be doing anything at all."

However, the Virginia-based group Mexicans Without Borders said it has withdrawn its support of the boycott, after having endorsed the event last week, said Manuel Hidalgo, executive director of the Latino Economic Development Corp.

Some small-business owners plan to close their doors early to attend evening events but cannot afford to shut down completely, said Mr. Hidalgo, whose group trains Hispanic workers and provides loans to Hispanic businesses.

U.S. Lobbyists Lash Out At Mexican Boycott (AP)

By Alan Clendenning

AP, April 26, 2006

U.S. lobbyists lashed out Wednesday at the Mexican "Nothing Gringo" campaign timed for May 1 to coincide with the "Day Without Immigrants" boycott in the United States.

The American Chamber of Commerce in Mexico said organizers are risking a backlash and foolishly targeting some of their best allies, since U.S. corporations have actively lobbied the U.S. Congress for immigration reform including legalization for many of the estimated 11 million undocumented migrants.

Mexicans' refusal to "buy American" on May 1 could further polarize the debate and make reform supporters seem anti-American at the very moment that lobbyists are trying to persuade lawmakers in Washington to pass a bill that would benefit migrants, worries Larry Rubin, the chamber's president.

"This is like shooting oneself in the foot," Rubin said. "U.S. companies have been the first to lobby, launching a huge lobbying effort for immigration reform. ... Why hurt something that is helping you?"

Migrants and their supporters in the United States are being encouraged to skip work and school and not spend money for one day to demonstrate the migrants' importance to the U.S. economy.

South of the border, Mexicans are targeting American stores and chain restaurants — "That means no Dunkin' Donuts, no McDonald's, Burger King, Starbucks, Sears, Krispy Kreme or Wal-Mart," reads one e-mail making the rounds.

But even activists are confused about which companies are U.S.-owned. Sears is cited by boycott organizers, despite the fact that Sears' Mexico stores were bought by Mexican billionaire Carlos Slim in 1997. And few organizers mention Vips — the chain of ubiquitous Mexican diners — even though they are owned by Wal-Mart Stores Inc.

A quarter of Mexico's formal private-sector jobs with regular pay are provided by U.S. firms, according to the chamber, including Walmex, the Mexican Wal-Mart subsidiary that is the nation's biggest private employer with 140,000 workers. Delphi Corp., the U.S. auto parts maker, is second with 70,000 workers.

"Certainly, companies could be hurt," Rubin said at a news conference Wednesday.

The chamber represents more than 2,000 American and other foreign companies doing business in Mexico, and says its members are responsible for $100 billion of investment in the country.

The companies say they're helping Mexico by providing jobs, but activists counter they pay so little that Mexicans have little choice but to head north.

Backers of the Mexican boycott insisted Wednesday that the protest could send a message that American companies should offer better pay and benefits to their Mexican workers.

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"They continue to exploit Mexicans with badly paid jobs and no labor rights," said Roberto Vigil, who works in the Mexico City office of the California-based immigrants rights group Hermandad Mexicana. "They're kind of two-faced: they support, but they exploit."

Unskilled workers at U.S. companies usually start with Mexico's minimum wage of $4.35 a day. While many earn more, such as seamstresses making an average of $5.89 a day — even these wages pale in comparison to paychecks offered by the same companies north of the border, conceded the chamber's Humberto Banuelos.

A cashier at Subway (or "sandwich artist," as the company refers to them) earns about $189 a month in Mexico City. In Colorado, Subway cashiers make four times that — $824.

Companies also often hire workers for three-month periods to avoid paying health insurance or other benefits, activists say.

"Yes, we are aware that they are the largest employers in the Mexican republic, but they are paying crumbs," said Martha Suarez Cantu, coordinator of Alianza Braceroproa, a Mexican labor-rights group helping organize the boycott.

The only way to stem immigration is to narrow the income gap between the two countries, said Robert Pastor, director of the Center for North American Studies at American University in Washington. He pointed to the European Union, where migration slowed after heavy investment reduced the income gap in its poorer countries.

Washington does not invest directly in job creation in Mexico. The U.S. Agency for International Development gave Mexico $31 million last year, but it went toward scholarships, tuberculosis, AIDS prevention and advice to lending institutions.

But raising wages would cause Mexico to lose ground to countries with cheaper labor, such as China and India. Felix Boni, director of equity research at Scotiabank's Mexican brokerage firm, suggested boosting Mexico's productivity and job growth.

"U.S. aid is not going to do it," Boni said. "It doesn't make sense to pour money into something that's broken. Mexico needs to make structural changes."

Migrants' Boycott Plan Is Crossing The Border (LAT)

By Héctor Tobar And Cecilia Sánchez, Times Staff Writers

The Los Angeles Times, April 27, 2006

MEXICO CITY — It began as a series of e-mails bouncing around Mexico and Central America, the kind of chain letter a lot of people think of as a nuisance.

"Send this message to as many people as possible!" read one sent by a video-rental shop owner in San Salvador to more than 200 clients. "Don't buy anything North American … No Dunkin' Donuts, McDonald's, Burguer [sic] King, Starbucks, Sears, Crispy Cream [sic], Wal-Mart…. "

Spreading now by word of mouth as well as through cyberspace, the campaign calls for a 24-hour boycott Monday of American businesses in Mexico and other Latin American countries. The idea is to show solidarity with immigrant rights protests scheduled in several U.S. cities that day.

This week, a growing number of business groups, trade unions and political leaders in Mexico said they planned to join the boycott, which will be on the traditional May Day holiday here.

Even though Internet access is still a luxury in Mexico (only 9% of households have it), word of the boycott is quickly spreading.

Teresa Garcia Hernandez, a 44-year-old nurse in Mexico City who doesn't surf the Internet, heard about the boycott from her teenage children.

"They're really excited about it and they're telling all their friends, cousins and uncles," she said. "They told me, 'Mama, since your friends don't have this thing called the Internet, you tell them in person not to buy anything gringo that day.' "

Many Mexicans are closely following the immigration debate in the United States. There is a growing sense among Mexicans that proposals being debated by the U.S. Congress could hurt millions of compatriots who crossed over illegally.

In Ciudad Juarez, across the border from El Paso, the Chamber of Commerce announced that its 5,000 members would neither buy nor sell U.S. products that day. And leaders of a Chihuahua state peasant group said they planned to block the bridges that link Ciudad Juarez and El Paso.

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"For those of us who live on the border, it's to our advantage to shop in El Paso, but one day isn't going to hurt us," Ciudad Juarez resident Adriana Olague told the newspaper El Universal. "And this way we help the paisanos [countrymen] over there who are looking to get better treatment."

For some Mexicans, however, the talk of a boycott is worrisome.

In the Mexico City neighborhood of Anzures, Carlos Torres pointed out that his McDonald's franchise was the joint investment of "many families that are completely Mexican."

"With this boycott we could have serious losses," Torres said. "Just because it's an American brand doesn't mean the owners are gringos. This is our source of employment. The workers here are all Mexicans."

The growing clamor to buy "nothing gringo" on Monday has also caused concern among members of the U.S. Chamber of Commerce in Mexico.

Larry Rubin, president of the group, noted that 40% of the Mexican workforce is employed by U.S. companies. The chamber has lobbied for changes in U.S. immigration laws that would allow millions of Mexicans in the United States to gain legal status.

"Our members have been very vocal in support of a positive immigration reform in the U.S.," Rubin said. Boycotting American products "is not a good way for Mexicans to pay back this support," he said. "It's like shooting oneself in the foot."

Immigration groups in the U.S. conceived of their protest as "A Day Without Latinos," a name derived from a 2004 mockumentary in which California descends into chaos when it is mysteriously emptied of its Mexican population. Latin American activists quickly picked up on the slogan. One of the e-mails circulating through the region gleefully tells its recipients: "We can make the movie 'A Day Without a Mexican' into reality!"

Elmer Escobar, the owner of four Evolution Video stores in El Salvador's capital, San Salvador, got the "Day Without a Mexican" e-mail from a friend and promptly sent it to the 288 clients in his database.

In a country where nearly every family has a relative who has migrated to the U.S., joining the boycott feels a bit like an obligation, Escobar said.

"I have family in Los Angeles and San Francisco, relatives who came up from the bottom like I did," Escobar said. "We've all suffered to improve our lives. And the others who've migrated from Mexico, Guatemala and Honduras, they've come up from the bottom too. That's why we have to stick together."

A professor at the National University in San Salvador printed out the e-mail and posted it across the campus.

In Guatemala, activists who work with Maya Indians are planning to use community radio stations to spread word of the boycott to rural areas.

"We want to send the message to the towns and settlements, asking people to tell their relatives in the U.S. not to send remittances [to Guatemala] on that day," said Ignacio Ochoa, director of the Nahual Foundation. "We believe that just boycotting American products won't have as big an impact."

Members of the Chamber of Commerce in the central Mexican state of Guanajuato have said they plan to join the boycott too, as have officials in the border states of Tamaulipas, Chihuahua and Coahuila. Sonora state, which borders Arizona, is not supporting the boycott.

But Mexican diplomats and President Vicente Fox are said to be afraid that the boycott could backfire.

"The Mexican government will not join boycotts of this nature," Foreign Minister Luis Ernesto Derbez said last week. All Mexican embassies and consulates in the U.S. will remain open.

On Tuesday, supporters of leftist presidential candidate Andres Manuel Lopez Obrador passed out fliers in support of the boycott at a campaign rally in Mexico City. But center-right candidate Felipe Calderon said he opposed the action.

"I've felt the temptation to show solidarity with the movement," Calderon said in an interview. But "it's important to understand that the immigration problem can't and shouldn't become a conflict between countries."

Calderon said he worried that the boycott would lead to an even greater "anti-Mexican" sentiment in the U.S.

Ernesto Zamora, a 65-year-old Mexico City retiree, said his family would honor the boycott even though it didn't buy many American-made products. His son, who left for Los Angeles to work in construction some years back, called to tell his father about the boycott.

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"We can show the support of Mexico for the Mexicans who are over there," Zamora said of the boycott. "They're good workers and it's not right that they want to send them back."

Times special correspondent Alex Renderos in San Salvador contributed to this report.

Voters May Target Illegal Status (LAT)

By Ashley Powers

The Los Angeles Times, April 27, 2006

As Congress debates the polarizing issue of immigration, the founder of an anti-illegal immigrant group is pushing for San Bernardino to outlaw day labor sites and bar the undocumented from renting property.

Joseph Turner, executive director of the group Save Our State, submitted voter petition signatures this week that would force a City Council vote or a citywide election on the measure, which would also deny city permits, contracts and grants to businesses that employ illegal immigrants, and require that city business be done in English.

The proposal comes as Congress tries to hash out its plan for immigration reform — a debate that has sparked rallies large and small around the country and rekindled the dispute over how best to deal with the nation's estimated 11 million to 12 million illegal immigrants.

The federal fight has trickled down to cities, including Maywood in Los Angeles County and Coachella in Riverside County, where officials have declared their towns sanctuaries for illegal immigrants. Costa Mesa was recently thrust into the national spotlight when it decided to allow police to check the immigration status of suspected felons.

The reaction to the proposal in San Bernardino has already ignited a fiery local debate.

"This is bigoted and I don't think Latinos will be the only ones who suffer. They're going to pick certain parts of the population to run out of town," said Marianna Gonzales of the National Alliance for Human Rights, a Riverside-based immigrant advocacy group.

City Councilman Chas A. Kelley praised the ordinance as creative lawmaking needed to cope with the city's undocumented residents.

"Most people obey the law and the law says you come to this country legally. Period," he said. "It's not cruel. It's not about being racist. It's obeying the law."

The Pew Hispanic Center estimates that Riverside and San Bernardino counties have about 215,000 illegal immigrants.

Latinos account for nearly half of the city of San Bernardino's 200,000 people, and city voters elected Judith Valles, the country's first Latina mayor of a city with a population over 100,000, to two terms in office. Josie Gonzales, the sole Latina on the county Board of Supervisors, represents a district dominated by San Bernardino.

The Southern California town that most recently waded into the immigration debate is Costa Mesa, a city of 110,000 whose council endorsed using its police officers to check the immigration status of suspected felons. The decision divided the city, triggered protests and may have played a role in the police chief's recent resignation.

"Local [immigration] legislation can often polarize a city, and you see that now in Costa Mesa," said UC Irvine professor Louis DeSipio, who specializes in ethnic politics.

"My suspicion is that it may create a long-term distrust between the immigrant community and native citizens."

DeSipio called city attempts at immigration law largely symbolic, since enforcement tends to be spotty. "It's a reaction to the perception that the feds are failing," the professor said.

Indeed, the San Bernardino proposal stemmed from Turner's view that larger government bodies were doing little to combat illegal immigration. Local leaders, in turn, were "aiding and abetting illegal aliens to get jobs and reside in our city," he said.

Turner also acted to prevent creation of a city-run day labor center, which San Bernardino leaders had discussed but never approved.

Under a rarely used provision of the city charter, Turner needs only 2,216 approved signatures for the proposal to be sent to the seven-member City Council, which would have to vote on the plan but could not alter it. If the council rejects the ordinance, a special citywide election must be held in 90 to 135 days.

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Turner this week submitted about 3,100 signatures, which the county registrar of voters has to certify by May 4, three days after a planned national boycott of schools, workplaces and stores to protest congressional proposals against illegal immigrants.

"Is it divisive? Yeah. Is democracy divisive? Yeah," said City Councilman Neil Derry, who said he agreed with some of the proposal's tenets but questioned how they would be implemented.

The far-reaching ordinance would ban illegal immigrants from renting or leasing property, allow police to seize vehicles used to pick them up and punish businesses that employ them.

It would also preclude the city from funding or building day labor centers and force privately run centers to verify the immigration status of anyone using their sites, according to an analysis by the city attorney, who added that the law would be vulnerable to a court challenge.

"It's going to be a laughingstock," said Jesse Diaz, an organizer for the March 25 Coalition, which headed a rally for immigrant rights in downtown Los Angeles that drew an estimated 500,000 people.

"Something like that is not going to pass in a city that once elected a Latina mayor," he said.

Outside a San Bernardino Home Depot, day laborer Jose Enriquez, 29, said he relied on construction jobs to support his 10-year-old son in El Salvador. Any such crackdown would make it far harder for him to earn money, he said.

"I'm not looking to bother people or anyone," said Enriquez. "Police should go after drug dealers or people with guns, not people who are just looking for work."

*

(INFOBOX BELOW)

Provisions

Main points of an anti-illegal immigration petition filed in San Bernardino:

• The city of San Bernardino would be prohibited from operating, constructing, maintaining or funding any day labor agencies. Any day labor agency would be prohibited from finding work for undocumented workers.

• Any person who solicits a day laborer from a vehicle would have the vehicle seized and impounded.

• Any business that employs ("aids and abets") a day laborer would have its business permit denied for five years.

• Undocumented immigrants would be prohibited from renting or leasing property in the city. Any property owner renting to such an immigrant would be fined a minimum of $1,000.

• All official city business, including forms and documents, would be in English only, except as required by federal, state or county laws.

Source: San Bernardino

Court To Decide Whether To Let Illegals Suit Proceed (WT)

By Guy Taylor

The Washington Times, April 27, 2006

Lawyers for employees of a Georgia-based manufacturer yesterday urged the Supreme Court to allow a lawsuit that accuses the flooring company of suppressing workers' wages by recruiting illegal aliens.

Even though the case involves the politically explosive matter of illegal labor, it arrived before the justices because of a dispute over the lawsuit's use of the Racketeering Influenced Corrupt Organizations Act (RICO) -- a law traditionally used to prosecute organized crime.

Chief Justice John G. Roberts Jr. asked the lawyer representing the employees, who are backed by the Bush administration, why their accusations against Mohawk Industries, which appear to fit under general criminal conspiracy law, had been brought under RICO.

"I'm trying to give you an opportunity to tell why this case constitutes RICO, and you're telling me 'interstate commerce' and that it happened with more than one person," the chief justice said. "Those are things that can be handled by criminal conspiracy law."

Justice Stephen G. Breyer said allowing the case to go forward could effectively "RICO-ize vast amounts of commercial activities" that have "nothing to do with organized crime."

Winning parties in RICO cases can be awarded triple damages -- notably higher awards than winners in non-racketeering criminal cases. Congress expanded RICO in 1996 to include violations of immigration law.

The group of current and former Mohawk employees say the company violated RICO by systematically contracting outside recruiting firms to hire illegals. The lawsuit says Mohawk provided identification cards to illegal aliens, which helped them avoid detection by immigration authorities.

The case stalled after Mohawk filed a preliminary motion to have it dismissed, arguing that it was improperly filed under RICO on grounds the company's activities did not constitute a racketeering "enterprise" as described by the language of the law.

Carter G. Phillips, the lawyer who represented the company yesterday, told the justices that providing ID cards to workers was part of the company's regular personnel practices, not a racketeering enterprise.

Mohawk denies knowing that it had illegal aliens on its payroll.

The high court agreed to weigh in after two lower federal courts denied Mohawk's motion.

Court observers noted the greater immigration underpinnings of the case likely will not come to the forefront until the justices decide whether to allow the case to go forward under RICO or order it to be refiled under another criminal law.

Yesterday's debate "was only to discuss the motion to dismiss," said Lynda S. Zengerle, a prominent immigration lawyer in the District, who predicted the case would not be dismissed.

"It was basically like Clinton's 'what is the definition of is,' " she said, referring to the former president's grand jury testimony.

Justice David H. Souter was critical of Mohawk's effort to dismiss the case yesterday, saying the deeper issue at hand centered on whether the company was "providing cover for the illegal status of the aliens" it hired.

Justices Debate Illegal Hiring Case (LAT)

By Nicole Gaouette

The Los Angeles Times, April 27, 2006

WASHINGTON — In a case that could provide a new way to crack down on firms that hire undocumented immigrants, the Supreme Court on Wednesday considered whether companies could be charged with racketeering if they used contractors to hire undocumented employees.

The case was brought by employees of Mohawk Industries Inc., a Georgia carpet maker, who say the company depressed their wages by hiring undocumented immigrants.

The justices focused on narrow questions: Whether a firm and an outside contractor fit the definition of an "enterprise" under the Racketeer Influenced and Corrupt Organizations statute, or RICO, and whether corporations could be sued at all under a law originally meant to chase down the mob.

But with a handful of similar cases already in the courts, a decision for the Mohawk employees could generate numerous civil suits against businesses reliant on immigrants. The decision could also affect the use of RICO in criminal cases. The Justice Department, which had a lawyer in court to support the employees' argument, uses the law to send corrupt union leaders to prison and win financial damages from pension funds.

Some business groups say they are worried by the prospect of new RICO cases. "We don't think it's a proper use of the RICO statutes, frankly," said Laura Foote Reiff of the Essential Worker Immigration Coalition, a business alliance.

"Unless we get an immigration reform bill, we're going to see more and more RICO cases, and that's a huge problem for business and a misuse of the RICO statutes," Reiff said.

Congress is considering an overhaul of immigration laws that could include measures to allow more foreign workers to take jobs legally in the U.S.

Michael Hethmon, an attorney with the Federation for American Immigration Reform, which favors restrictions on all forms of immigration, said the case showed the federal government was unable to enforce immigration law.

"What we're seeing is a devolution of enforcement onto state and local officials and the citizens themselves through private actions," said Hethmon, who favors the use of the RICO law in immigration cases. "Congress intended this [RICO statute] to be a powerful tool. The needs for these kinds of tools are critical and the problems that are triggering this will only get worse."

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The RICO statute was written in 1970 to prosecute the Mafia. In 1996, Congress expanded it to include immigration law violations and specifically included the hiring of undocumented workers. As a legal tool, it has the attraction of allowing plaintiffs to claim triple damages.

RICO laws can only be applied if an enterprise separate from the defendant exists. Currently, these enterprises are described mostly as groupings of individuals. On Wednesday, the justices considered whether a corporation and an outside contractor recruiting illegal immigrants qualified as an enterprise under the law.

A few of the justices indicated an unwillingness to interpret the RICO statutes in ways that could expand their use.

Justice Stephen G. Breyer asked if Congress meant for the 1996 expansion to "RICO-ize with criminal penalties … vast amounts of ordinary commercial activity." Justice Antonin Scalia said he did not want a decision that would let lower courts probe the way corporations conduct their daily business.

But Justice David H. Souter questioned Mohawk's lawyer about whether "a scheme to provide phony IDs" for workers brought by a contractor fit the RICO definition of an enterprise.

The defense counsel, Carter G. Phillips, argued that an alleged practice of issuing false IDs was "simply Mohawk conducting its own affairs." He argued that it could not be guilty of a RICO violation because it was conducting its regular business.

Justice Department attorney Malcolm L. Stewart countered that businesses being used as a front for drug dealing could argue that they should not be sued under RICO, as they too were simply conducting their normal business. Stewart also told the justices that appeals courts had ruled unanimously in favor of a plaintiff's use of RICO in immigration-related cases.

The Mohawk case is currently on hold while the company appeals a trial court judge's refusal to dismiss the case.

Other RICO cases in the works include a lawsuit against Tyson Foods Inc., brought by the same Chicago-based lawyer, Howard Foster, representing the Mohawk employees. That case will be heard in 2007.

Foster also represents Canyon County, Idaho, in a RICO suit against local employers that is now under appeal.

The case before the Supreme Court is Mohawk Industries Inc. vs. Shirley Williams, et al. A decision is expected by the end of June.

Gingrich Slams Immigration Plans (WT)

By Eric Pfeiffer

The Washington Times, April 27, 2006

Former House Speaker Newt Gingrich yesterday said the government's failure to enforce immigration laws resembles its handling of Hurricane Katrina, and described current reform proposals in Congress as a "con."

Mr. Gingrich said he sympathizes with illegal aliens participating in protests and placed blame for the illegal immigration problem on businesses and the federal government.

"I do not blame someone who leaves poverty to seek prosperity," Mr. Gingrich said during a speech at the American Enterprise Institute. "They showed up here to work under a social contract and then [the government] tried to change the terms.

"We need to quit lying about who is hiring illegals -- it's Americans," said the Georgia Republican who is considered a potential presidential candidate in 2008.

Mr. Gingrich's own immigration reform plan, "Ending the Dishonesty: The Way Forward on Border Control and Patriotic Immigration," calls first for gaining control of America's borders, followed by a worker-visa program.

Mr. Gingrich said private companies such as American Express should run the worker-visa program. Worker cards would include a biometric identification system and require immigrant workers to pay taxes.

"There's zero reason to believe the federal government can run this program," Mr. Gingrich said.

In addition, Mr. Gingrich said a worker-visa program would allow prospective citizens currently obeying immigration laws to come to America immediately.

Mr. Gingrich said he favors the deployment of security fences at points of high traffic flow along the U.S.-Mexico border supplemented by electronic security and surveillance at areas of lower traffic flow.

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In the past two weeks, Sen. Hillary Rodham Clinton, New York Democrat and potential presidential candidate in 2008, and Democratic National Committee Chairman Howard Dean have called for increased border security.

Mr. Gingrich conceded he previously fell prey to amnesty compromises during his time in Congress. "I voted for the '86 bill," Mr. Gingrich said. "It sounded fantastic."

The House last year passed an immigration enforcement bill that calls for nearly 700 miles of new fences on the U.S.-Mexico border and requires employers to check Social Security numbers to ensure employees are legal workers.

The Senate is heading in a different direction, with leaders saying they have a general agreement on a broader bill that would create a program for future foreign workers and would legalize many current illegal aliens, offering them a path to citizenship.

Majority Says Nationality Shouldn't Be A Factor In Immigration Policy (WSJ)

By The Wall Street Journal Online

The Wall Street Journal, April 27, 2006

With immigration reform a hot-button issue in Washington, a strong majority of Americans say nationality shouldn't be a factor in U.S. immigration policy, according to a new Harris Interactive poll.

Many Americans support favorable treatment of immigrants under certain conditions. For example, nearly three-quarters of those polled said children of U.S. citizens should receive favorable treatment in order to immigrate into the U.S. and 67% said spouses should receive favorable treatment.

Likewise, half of the 2,377 U.S. adults surveyed said they support favorable treatment of immigrants who "might be punished, imprisoned or tortured if they are sent home."

But about two-thirds of those polled said U.S. immigration policy shouldn't give preference to people from some countries over people from other countries, compared with 21% who said the U.S. policy should give preference.

Among the factors to be considered when admitting immigrants to the U.S., 56% said fluency in English should be considered, and 51% said job skills should be taken into account. About a third of those polled said level of education and country of origin should be factors, and only 6% said religion should be considered.

However, respondents were divided when asked if they think immigrants from some countries make "a bigger contribution" than others. A third of those polled said some make a bigger contribution, 34% said they "all equally contribute" and 33% said "not sure."

Here are full results of the poll:

* * *

"When admitting immigrants into the U.S., which of the following factors should be considered?"

Base: All Adults

Total

Fluency in English 56%

Job skills 51%

Level of education 35%

Country of origin 33%

Religion 6%

None of these 27%

* * *

"Which of the following types of people do you think should be given favorable treatment so that it is easier for them to immigrate into the U.S.?"

Base: All Adults

Total

Children of American citizens 73%

Spouses of American citizens 67%

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Asylum seekers who might be punished, imprisoned or tortured if they are sent home 50%
People with specialized technical skills where there are shortages 46%
Professional people like doctors, nurses or teachers 35%
Business people who are willing to invest in starting new businesses here 31%
People with graduate degrees 23%
Agricultural workers 22%
People willing to do unpleasant, low paying jobs Americans don't want to do 20%
Factory workers 12%
Sports stars 9%
None of these 16%
* * *

"Do you think that immigrants from some countries make a bigger contribution here than others, or do they all equally contribute?"

Base: All Adults
Total
Immigrants from some countries make a bigger contribution 33%
It makes no difference where they come from, they will all equally contribute 34%
Not sure 33%
* * *

"Do you think that the U.S. immigration policy should give preference to people from some countries over people from other countries?"

Base: All Adults
Total
Yes, should give preference 21%
No, should not give preference 62%
Not sure 17%
Methodology:

Harris Interactive conducted this online survey in the U.S., April 11-17, 2006, among a nationwide cross section of 2,377 adults. Figures for age, gender, race/ethnicity, education, income and region were weighted where necessary to align with population proportions. Propensity score weighting was also used to adjust for respondents' propensity to be online. In theory, with probability samples of this size, one can say with 95% certainty that the overall results have a sampling error of +/- 3 percentage points of what they would be if the entire U.S. adult population had been polled with complete accuracy. This online sample is not a probability sample.

About Harris Interactive

Harris Interactive is a world-wide market research and consulting firm, best known for The Harris Poll and its use of the Internet to conduct scientifically accurate market research. For more information, see www.harrisinteractive.com. To become a participant in The Harris Poll Online and join future online surveys, see www.harrispollonline.com.

35 Senators Vow To Back Spending Veto (WT)

By Amy Fagan

The Washington Times, April 27, 2006

Thirty-five Senate Republicans signed a letter yesterday assuring President Bush they will back his veto of the emergency-spending bill for war efforts and hurricane relief if the final version exceeds his requested budget level.

"The Senate's willingness to support a veto reflects that we're not kidding about fiscal restraint and responsibility," said Senate Majority Leader Bill Frist, Tennessee Republican.

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The signatures indicate there are more than enough votes to prevent the Senate from securing the two-thirds vote needed to override a veto.

Mr. Bush threatened this week to veto the emergency-spending bill if it goes beyond his requested level of $92.2 billion, plus an extra $2.3 billion the Senate added for pandemic flu preparation. Many conservatives had privately urged Mr. Bush to step up and make the threat, since the Senate version currently stands at $106.5 billion and contains many extra, unrelated spending items they want out.

But the first few tests of senators' willingness to cut the bill didn't go well. Senators voted 49-48 to kill a proposal that would have stripped a highly contentious $700 million plan to reroute a railroad in Mississippi -- dubbed by critics as "the railroad to nowhere."

And 72 senators voted to kill an amendment that would have immediately stripped the Senate bill down to Mr. Bush's level. Sen. Craig Thomas, Wyoming Republican, offered this proposal, which 26 Republicans supported.

When asked about the seeming inconsistency between the Republicans' letter and the refusal by some to cut the bill, a Senate Republican aide noted that the letter refers to the final House-Senate version of the bill.

Mr. Thomas said most members "want to reduce the total" cost, but are still discussing what to cut, so he wasn't surprised his proposal failed.

Sen. Tom Coburn, Oklahoma Republican, offered the railroad-stripping proposal as one of 19 separate proposals to cut items from the bill.

"Mississippi will win if this happens, but the future of our country loses," he said of the railroad plan. "It's not an emergency."

Mississippi's two Republican senators vigorously defended the plan and lobbied fellow members to keep it in the bill. They argued the rail must be moved north, out of the path of future hurricanes. Sen. Arlen Specter, Pennsylvania Republican, was the deciding vote that allowed the measure to remain.

Mr. Coburn's time-consuming crusade didn't sit well with everyone. Sen. Christopher S. Bond, Missouri Republican, was overheard sarcastically complaining to an aide "That's just what I want to do -- vote on his 19 amendments."

As Republicans struggled over what and whether to cut, Democrats accused Mr. Bush of hypocrisy yesterday for his veto threat, saying he and Republicans have plunged the nation into debt over the past five years.

"We had a surplus five years ago," Sen. Hillary Rodham Clinton of New York said yesterday, referring to the end of her husband's tenure. "But the combination of this White House and this Republican majority has blown all of that to smithereens. This president has never vetoed anything, and now we finally get a veto threat on an emergency supplemental."

Mrs. Clinton, widely seen as a 2008 presidential hopeful, compared Republicans' call for spending restraint to a boy killing his parents and then asking the judge for leniency because he's an orphan.

But Republicans dismissed the hypocrisy charge as politics. Sen. Johnny Isakson, Georgia Republican, said Democrats "proposed a whole lot more spending than we did" over the past few years.

GOP Senators Spurn Bush's Order To Cut Bill (LAT)

By Richard Simon And Maura Reynolds

The Los Angeles Times, April 27, 2006

WASHINGTON — Defying a White House veto threat, the Republican-controlled Senate on Wednesday refused to pare back an emergency spending bill sought by President Bush that lawmakers had expanded to include their own pet projects, which included items as diverse as aid for farmers and money to reroute a Mississippi railroad.

The vote was a direct rebuff of Bush by a number of GOP senators and underscored a growing party rift at a time when the president's popularity has sunk to new lows in public opinion polls.

"I might be intimidated by my constituents, but not the president," Sen. Trent Lott (R-Miss.) said in an interview.

The Senate vote against cutting the $106.5-billion bill was a lopsided 72-26, more than enough to override a veto.

About half of the chamber's Republicans joined most of its Democrats to reject the reduction proposal.

The bulk of the measure's money would pay for the ongoing expenses for the conflicts in Iraq and Afghanistan and for Hurricane Katrina recovery efforts.

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But earlier this week, Bush said he would veto the bill if its bottom line was not trimmed.

Last month, the House passed a $91.9-billion spending bill, which closely tracked with Bush's initial request.

Despite the Senate vote, several GOP lawmakers pledged to continue to try to cut the bill's cost.

They included Senate Majority Leader Bill Frist (R-Tenn.), who had encouraged Bush to issue his veto threat — an unusual step, given that the bill was crafted by other Republicans.

Bush has yet to veto a bill during his presidency.

Ultimately, Congress may send him a measure stripped of much of the funding he opposes.

"The bill we are debating is supposed to be about emergency spending — it's not an invitation to go on a shopping spree," Sen. Craig Thomas (R-Wyo.) said, pressing the case for cuts.

Still, the willingness of so many other Republicans to stand by the added spending requests starkly reflected the new political reality on Capitol Hill.

Until recently, Republicans almost always marched behind Bush's priorities — especially on issues involving the war on terrorism.

But Wednesday's vote illustrated his diminished clout, as well as lawmakers' differing political pressures.

Although Bush is not on the ballot this year, many GOP incumbents are. And they want to show constituents they are tending to their needs, even if that means running afoul of the White House.

The Mississippi railroad project has emerged as the most controversial addition to the spending bill.

Lott and the state's other senator, Republican Thad Cochran, said the railroad needed to be relocated for safety reasons. The tracks run along the Gulf Coast and could be easily damaged in another hurricane, they said.

The White House budget office has objected to using taxpayer funds to relocate a privately owned rail line. Officials have noted that the railroad owner, CSX Corp., has been using its own money to repair damage to the tracks caused by Hurricane Katrina.

But Lott, who served in the House for 16 years before winning his Senate seat in 1988, made clear he would not be swayed by such arguments.

"The very idea that presidents, Republican or Democrat, have the only say over what is in a budget is outrageous," Lott told reporters. "I got elected. I was here when Bush got here, and I'll probably be here when he's gone."

Lott dismissed Bush's veto threat as "totally irrelevant at this point," given that any bill the Senate passed would have to be reconciled with the version that the House approved.

"I guess he's under pressure to veto something," Lott said. He added, "Thank you for your input, Mr. President."

The emergency spending measure also became the latest battleground in Congress' debate on overhauling the nation's immigration system when the Senate approved, 59-39, a provision that would allocate $1.9 billion to tighten border security.

The new money aimed at stemming the flow of illegal immigration into the U.S. would not increase the bill's cost because it would be offset by cuts to defense-related spending in other parts of the measure.

Some Republicans said the provision could improve the prospects for passing separate legislation to toughen border enforcement while creating a guest-worker program and a potential path to citizenship for many of the estimated 12 million illegal immigrants now in the country.

The immigration bill has stalled in part because Republicans disagree about whether it should focus solely on border security.

Sen. John McCain (R-Ariz.) said the spending approved Wednesday could help build support for the broader approach to immigration, "because then we can convince our constituents that our first and most important priority is border security."

Democrats were skeptical that the spending provision for border security would affect the immigration stalemate.

"We hope it works, but it's too soon to tell," said a senior Democratic leadership aide who requested anonymity when discussing the legislative jockeying.

A number of Democrats opposed the border provision, saying that paying for it could harm U.S. troops by reducing defense-related funding. The foes included Sen. Barbara Boxer (D-Calif.).

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But Sen. Dianne Feinstein (D-Calif.) broke with party colleagues to support the $1.9-billion proposal. "This is what people are calling my office and saying — that we need to secure the border."

Army Chief Laments Defense Budget Fights (AP-Y2)

By Pauline Jelinek

AP2, April 26, 2006

Americans spent as much on "plastic Santa Clauses," tinsel and other holiday purchases last year as they will for defense in the coming year, the Army's top general said Wednesday, lamenting complaints about the military's budget requests.

Gen. Peter Schoomaker, the Army chief of staff, told reporters: "I just don't understand. ... What's the problem?"

Schoomaker said the defense budget the Bush administration requested for the fiscal year starting in October — nearly $440 billion — plus the costs of war in Iraq and Afghanistan, is 3.9 percent of the nation's nearly $13 trillion overall economy.

During World War II, military expenditures accounted for more than one-third of the economy, he said, calling today's piece of the pie the "lowest percent ... that we've ever spent in wartime."

"Here's what is amazing to me. ... What do you think we spent on plastic Santa Clauses and tinsel and all this stuff for Christmas last year ... the holidays?" Schoomaker asked during a meeting with reporters. "The answer is $438.5 billion, roughly equivalent to the defense budget."

The general said he got the figure on Christmas spending from a newspaper clipping quoting the National Retail Association.

The actual number from the National Retail Federation was a few billion less — $435.3 billion — and it was a projection for "winter holidays," meaning it included Thanksgiving turkeys and other seasonal spending, said federation spokeswoman Kathy Grannis.

Even so, the general's point was clear: America is a rich country, and he thinks it needs to spend more on defense.

Schoomaker was discussing his concern that it might take a fight to get enough money from Congress to rebuild the Army's equipment and supplies worn down in Iraq and Afghanistan. Officials have said the military would continue to submit requests for such money for at least two years after the last troops come home — which President Bush has said will probably be years from now.

"I've told Congress this," he said to a defense writers group. "I've told everybody this: What's the problem?"

"I mean I don't get it," Schoomaker said. "We've got a lot to be thankful for in this country, and we've got a lot to lose. And one of the first responsibilities of government is to defend the country. The Constitution says that."

Asked about Schoomaker's remarks, the No. 2 House Democratic leader, Rep. Steny Hoyer (news, bio, voting record) of Maryland, said he believed the general was frustrated over the budget pressures his agency is facing.

"My gut is, his real problem is he knows we're spending a very large amount on Iraq and Afghanistan and, at the same time, spending is squeezed very tightly in other areas" like training and equipment, Hoyer said.

The Bush administration recently requested an additional $68 billion for those wars for 2006. That would bring the total proposed for approval for this year for the wars to $118 billion.

Congress Democrats Eye Iraq Spending Talks (AP-Y2)

By Barry Schweid

AP2, April 26, 2006

Accusing the Bush administration of a failed policy in Iraq, all 23 Democrats on the House International Relations Committee on Wednesday demanded congressional hearings on what they said was waste and fraud in reconstruction efforts.

"No one has been held accountable," said Rep. Adam Schiff (news, bio, voting record), D-Calif. "More than $9 billion transferred to the CPA is missing," said Rep. William Delahunt (news, bio, voting record), D-Mass., referring to the interim U.S. occupation institution, the Coalition Provisional Authority.

"We know nothing," said Diane Watson, D-Calif., at a hearing that several Democrats said was the first the committee held on Iraq this year. "We as decision-makers get nothing."

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But panel Chairman Henry Hyde, R-Ill., said he had held nine hearings on Iraq, and Rep. Dana Rohrabacher (news, bio, voting record), R-Calif., said "many committees including ours" had reviewed the Iraq situation.

Tempers flared as Democrats accused President Bush of failure and the GOP-controlled committee of shirking its responsibilities. Only a few Republicans attended the session.

"It's a quagmire, it's a mess," said Rep. Betty McCollum (news, bio, voting record), D-Minn. "We should take our responsibilities seriously and hold Bush accountable."

There was no immediate decision on the Democrats' request, which was coupled with charges of "waste, fraud and abuse" in a letter to Hyde circulated by Rep. Tom Lantos (news, bio, voting record) of California, the committee's senior Democrat.

Mississippi Burning Tax Dollars (WSJ)

The Wall Street Journal, April 27, 2006

Just when you thought Republicans had sworn off pork spending, along comes an emergency appropriations bill that has Capitol Hill engulfed in the unmistakable aroma of bacon. President Bush has requested $92.2 billion for Iraq and hurricane relief, to which GOP Senators have added $14 billion or more in earmarks to benefit casino operators, condo developers, the shrimp and oyster industry, defense contractors, cotton and corn farmers and other urgent priorities. Mr. Bush threatens his first-ever veto unless the spending bill is cut back to below $95 billion.

Running to the taxpayers' rescue is Senate pork-buster Tom Coburn, last seen battling Alaska's infamous $233 million Bridge to Nowhere. As early as today the Oklahoma Republican will force an up-or-down vote on whether to strip the bill of $700 million for the proposed "Railroad to Nowhere." This pet project of Mississippi Republicans Trent Lott and Thad Cochran would reroute railroad tracks that CSX spent $250 million to repair after Hurricane Katrina. The Senators wish to make room for a new road that would just happen to service the gambling and beachfront condominium district of Biloxi.

Is this a good use of tax dollars? Mississippians don't think so. Last year Governor Haley Barbour's commission on recovery from Hurricane Katrina rejected the project as "no longer seen as practical" because of the steep price tag. If Mississippians don't want to foot the bill, why should federal taxpayers?

Fiscal-Conservatives-Come-Lately (NYT)

The New York Times, April 27, 2006

President Bush is threatening to veto this year's emergency budget supplement for the Iraq war and hurricane recovery efforts — he's suddenly shocked, shocked that his own Republican-led Senate has steadily inflated it with $14 billion in unrelated goodies. As if this sort of fiscal mayhem is not the now-familiar fallout from the administration's own signature fecklessness in adding to the record debt and deficit for future generations to handle.

This year's $92 billion "must pass" measure, while supposedly restricted to the pressing costs of the war and the post-Katrina Gulf Coast repairs, has been turned into a fiscal Christmas tree. Billions have been added for extra farm subsidies, highway repairs, higher education, veterans' health care and forest maintenance, and even a $15 million bauble for something that's called a "seafood promotion strategy."

Taxpayers interested in fiscal sanity should first wonder why, three years into the war, its costs are still being rushed through Congress by administration planners who are obviously wary of detailed accountability. No less irresponsible is the growing penchant of members of Congress to bypass the harsher tests of the regular budget process in favor of giving their pet projects a ride aboard the White House's annual "emergency" express. The $4 billion the Senate ponied up for extra farm subsidies certainly deserves a more serious look, considering that farm incomes have been booming, in part because of a record $23 billion in crop subsidies.

What's at the heart of the veto threat is an intramural Republican war over a feared mutiny by voters this November. House Republicans running as fiscal "hawks" (after years of cheerleading for the costly Bush tax cuts for the affluent) back the president's budget request; the Senate Republicans who are more concerned about popular spending programs opt for the add-ons. No one mentions the responsibility to find revenues to someday pay for all this, plus debt costs.

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With his eye on a run for the White House, the Senate majority leader, Bill Frist, one of the enablers of the administration's ongoing budget mess, scolded his colleagues to take care "not to blow the bank on the back of war." But the bank's already been blown.

Tony Snow, the new White House press secretary, made that point last month in his previous role as a conservative polemicist: "A Republican president and a Republican Congress have lost control of the federal budget."

Medicare Rule Guarantees Continuity Of Drugs (NYT)

By Robert Pear

The New York Times, April 27, 2006

WASHINGTON, April 26 — The Bush administration issued a new policy on Wednesday that protects Medicare beneficiaries against the sudden loss of coverage for drugs they are taking under the prescription drug program.

Under the policy, insurers can still change their lists of covered drugs, known as formularies. But if they drop any drugs or impose new restrictions, they must exempt beneficiaries who are now taking those drugs.

Dr. Mark B. McClellan, administrator of the Centers for Medicare and Medicaid Services, summarized the policy this way: "In general, a plan cannot change your coverage for the drugs you are using during the year. The stability of drug formularies is extremely important for many of our beneficiaries."

The policy addresses one of the chief criticisms of the Medicare drug benefit. Democrats and a few Republicans in Congress had said it was unfair that drug plans could change their formularies at will while most beneficiaries were locked into a drug plan for the full year. This disparity was a major concern for many consumer advocates and for some beneficiaries.

The new policy says, "No beneficiaries will be subject to a discontinuation or reduction in coverage of the drugs they are currently using," with some limited exceptions.

An insurer could, for example, remove a drug from its formulary if new research showed that the drug was unsafe for some patients, or if a new low-cost generic version of a brand-name product became available.

The Bush administration issued the policy with less than three weeks remaining before the May 15 deadline for people to sign up for Medicare drug coverage. People who miss the deadline will generally not have another opportunity until November and will then face higher premiums as a penalty for late enrollment. People can switch plans at the end of each year without penalty.

Karen M. Ignagni, president of America's Health Insurance Plans, an industry trade group, said her organization supported the new federal requirement even though "it does not reflect common practice in the private sector," where employers provide drug coverage to millions of workers and retirees.

Ms. Ignagni said the federal policy "will have a financial impact," increasing costs for insurers under Medicare. But, she said, "you need to balance that with the goal of providing continuity of drug coverage and peace of mind to beneficiaries."

In most states, 40 or more drug plans are available. They differ in premiums, co-payments, deductibles and other details. Some plans cover fewer than 800 drugs. Some cover more than 1,800.

Insurers have many tools to manage use of prescription drugs. They can, for example, require doctors to get prior approval for prescriptions and can limit the number of pills given to a patient each month.

The policy says that an insurer can remove a drug from its formulary, increase co-payments or impose new restrictions "only if enrollees currently taking the affected drug are exempt from the formulary change for the remainder of the plan year."

Dr. McClellan, the Medicare administrator, said his agency had received 4,600 requests from drug plans that wanted to change their formularies. About 3,100, he said, involve the addition of drugs or relatively minor changes. About 1,500 requests involve more significant changes that will be covered by the new requirement, he said.

In a memorandum being sent to insurers, the Bush administration says the policy is needed to protect beneficiaries against "bait and switch" tactics in the drug benefit program, known as Part D of Medicare.

"Medicare beneficiaries select Part D plans, in part, based on the formulary that is marketed during annual open enrollment and therefore have a legitimate expectation that they will have continuing access to coverage of the Part D drugs they are using throughout the plan year," the memorandum says.

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Nothing in the new policy fills the gap in coverage found in most plans. After incurring $2,250 in drug costs, beneficiaries typically must pay all of the next $2,850, until catastrophic coverage kicks in.

The policy was issued just as Senator Max Baucus of Montana and other Democrats were putting the final touches on a bill to increase protections for Medicare beneficiaries.

Dr. McClellan said insurers had legitimate reasons for changing formularies because "drug therapies are constantly evolving as new drugs are developed and new medical knowledge becomes available."

Tough Choices Can Be Side Effects Of Medicare Plan (USAT)

By Richard Wolf And Julie Appleby

USA Today, April 27, 2006

WASHINGTON — They are poor or near-poor, old, disabled or both. Some have cancer or AIDS, schizophrenia or bipolar disorder, spinal cord injuries or multiple sclerosis. Others have lists of medications as long as the alphabet.

They're paying more for their drugs, perhaps as little as $1 per prescription, but often thousands of dollars a year. Some buy on credit without knowing how they'll pay it off. Others scrimp on food and utilities or rely on the charity of family and friends.

When things get really bad, they space out their pills or injections, risking medical setbacks. They lose weight or swell up or get nauseated. Some wind up in emergency rooms.

They are the people that Medicare's new prescription-drug program has hurt, rather than helped. Most of the program's beneficiaries have saved money since it began Jan. 1. But for others, perhaps about 20%, the much-heralded program has meant higher costs, and in some cases greater pain and more worry.

“The people who need this the most can fight the least,” says Victoria D'Angelo of Denver, a former legal secretary now living on Social Security disability payments while battling bipolar disorder, asthma, high blood pressure and other ailments. “We don't have the strength. We don't have the mental ability.”

Before Medicare, 6.4 million of them had drug coverage through Medicaid. Others had state help or free drugs from drug companies. “They had good coverage before this program began,” says Ron Pollack of Families USA, a liberal health care advocacy group. Now, “there's a sizeable group that is actually worse off.”

On Wednesday, two advocacy groups and three patients sued the federal government in an effort to improve the plight of the 6.4 million people transferred from Medicaid to the Medicare plan.

“Our clients are poor, frail and disabled. They cannot afford to pay for their medicines or to go without them,” said Vicki Gottlich of the Center for Medicare Advocacy, which joined the National Senior Citizens Law Center in filing the lawsuit.

Since the Medicare program went into effect, many states have dropped their drug-assistance programs. Many drug companies have stopped accepting Medicare enrollees into programs that last year donated 35 million prescriptions to low-income people, according to the industry's trade group.

Among the manufacturers cutting back are Eli Lilly, AstraZeneca, Bristol-Myers Squibb and Wyeth. Ed Sagebiel, spokesman for Eli Lilly, says the program was “a bridge” to Medicare's drug benefit.

Companies such as Schering-Plough, Merck and Novartis have continued to provide free drugs to Medicare beneficiaries, due in part to an advisory opinion from the Department of Health and Human Services.

Medicare Administrator Mark McClellan has urged others to join them, “so beneficiaries can have the Medicare program and the assistance programs.”

Across the country, many low-income people face rising costs and dwindling health:

•In Denver, D'Angelo, 56, saw her drug costs under Medicare rise to more than $500 a month. Now they're even higher, because she has reached the “doughnut hole,” a period during which Medicare beneficiaries with high drug costs must pay for 100% of their prescriptions. Although she has cut back on her 22 medications, she recently put $2,679.19 on her credit card for a three-month supply. “I have no idea how I'm going to pay for it,” she says.

•In Jacksonville, mentally ill residents of Doug Atkins' assisted-living facility are refusing to spend part of their $54 monthly personal allowance on $1 and $3 drug co-payments. “They're saying they'll just go to the emergency room,” Atkins says.

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•In Lafayette, La., Dorothy Broussard, 58, went a week in February without her arthritis and multiple sclerosis drugs because she was in the "doughnut hole." Her prescriptions came to about $1,400 per month. "I almost passed out in the pharmacy."

Class-Action Suit Targets Medicare (LAT)

By Rong-gong Lin li

The Los Angeles Times, April 27, 2006

A class-action lawsuit filed in federal court Wednesday alleges that Medicare has failed to properly enroll millions of low-income seniors and disabled beneficiaries into its new prescription drug plan.

The suit, filed in Oakland on behalf of three women and two senior-advocacy groups, also alleges that some low-income beneficiaries eligible for a subsidy were not properly notified about it or not receiving it. As a result of the problems, many seniors and others who qualify for the program are going without critical medication, said lead attorney Jeanne Finberg of the National Senior Citizens Law Center.

"The system simply isn't working," Finberg said. "Clients are falling through the cracks."

More than 6 million low-income senior and disabled beneficiaries, who had received drug coverage under Medicaid, the government health program for the poor, were required to be automatically enrolled into Medicare Part D plans Jan. 1. But that transfer was plagued by errors because databases to verify eligibility weren't ready or contained conflicting information.

Though he declined to comment directly on the suit, Medicare spokesman Peter Ashkenaz said the agency has resolved the enrollment problems it faced at the beginning of the year.

The lawsuit seeks a federal judge to issue a permanent injunction forcing Medicare to resolve the enrollment problems, inform drug plans that low-income beneficiaries are eligible for subsidies, and "take any and all other steps to ensure that plaintiffs and class members receive the full benefits of the Part D program."

1 In 5 Pay More In Medicare Rx Plan (USAT)

By Richard Wolf

USA Today, April 27, 2006

WASHINGTON — Medicare's new prescription-drug program has increased out-of-pocket costs for about one in five participants, causing some to risk their health by reducing or eliminating medications.

Though most of the more than 30 million beneficiaries enrolled in the program are saving money, two recent surveys suggest a substantial minority of seniors and people with disabilities are not:

•A Kaiser Family Foundation poll taken April 6-11 found 55% of 154 seniors who had enrolled said the plan would save them money, 19% said it would cost more, and another 19% said they would break even.

•A KRC Research poll taken March 15-20 for the Medicare Rx Education Network, a consortium of groups working to implement the law, found 59% of 201 enrolled seniors saved money, but 23% did not.

Both polls rely on small samples of beneficiaries and have large margins of error: +/-8 percentage points for the Kaiser poll, for example. But they confirm what had been predicted about the program since it went into effect Jan. 1: There are millions for whom the plan is increasing drug costs.

Among them: most of the 6.4 million low-income people transferred from state Medicaid drug programs. Most had no co-payments for drugs under Medicaid but now pay $1 to $5 per drug.

Others include those who used to get drugs for free from drug companies or at reduced cost in state programs; those who had less expensive employer retiree coverage; and those with little or no current drug expenses who signed up for a Medicare plan as a hedge against future costs. That last group is paying premiums but getting little or no benefit. Premiums will rise after the May 15 sign-up deadline for those not yet enrolled.

Medicare officials acknowledge that many low-income seniors and disabled Americans are paying more. They are urging drug companies and states to continue assistance to the poor who rely on expensive medications. "Any extra help they need can and should be provided by those other sources," says Kathleen Harrington, director of external affairs at the Centers for Medicare and Medicaid Services.

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In one case, a 59-year-old Newburgh, N.Y., man died in March after he stopped taking medications he could no longer afford, according to his pharmacist and his cousin. Eddie Rosa, whose death was first reported by the Middletown, N.Y., Times Herald-Record, lived alone and suffered from heart disease, diabetes, seizures and other mental and physical conditions.

Despite those illnesses, his pharmacist, Marty Irons, says, "I really think he'd be alive today if he had all his medicines." Adds his cousin, Dolores Reano, "When Medicare came in, it just blew him away."

When the Medicare drug program went into effect, Steve Worrell, 53, of Black Hawk, Colo., lost the free medications he had been getting from a drug company for his disabling arthritis. Faced with a $5,400 annual bill under Medicare, he spaced out his injections. His condition worsened. "You start swelling up, and you start twisting more," he says.

Maria Oranje of Oakley, Calif., who turned 100 on Wednesday, is luckier. She takes 26 medications, but since she was switched from Medicaid to the Medicare program in January, her co-payments have been picked up by her daughter, Greta Heartfill, 62.

"If it wasn't for her living with me (and me) taking care of all this stuff," Heartfill says of her mother, "she would not have been able to make it."

Congress Is Studying Title-Insurer Practices (WSJ)

By A Wall Street Journal Staff Reporter

The Wall Street Journal, April 27, 2006

WASHINGTON -- In the wake of recent state and federal investigations into title insurance, lawmakers here are turning critical toward the industry.

A subcommittee of the House Financial Services Committee met yesterday, with an eye toward pushing for more consumer friendly competition in the title business.

Millions of Americans need title insurance in order to obtain a mortgage, because lenders want to be sure the properties that back their loans are free of outstanding claims or liens. Title insurers work to uncover such encumbrances, and issue policies that can protect the buyer or lender if any do turn up later.

Home buyers, however, are often unfamiliar with title insurance. A preliminary report by the Government Accountability Office notes consumers often rely on real-estate lenders and agents to find their title insurers. As a result, title agents normally market to those professionals, "creating a form of competition from which the benefit to consumers is not always clear."

Officials in Colorado, California and Washington, D.C., have investigated the industry in recent years, in some cases alleging that title companies paid what amounted to kickbacks to get business. Industry representatives contend there is competition, and prices properly reflect the cost of doing title searches.

Michael Oxley, chairman of the Financial Services Committee, indicated that Congress can do more to foment competition and said the investigations showed an "endemic problem."

"Consumers are paying home-purchase costs that are artificially high because of the lack of competition in real-estate services," he said. Erin Toll, the deputy insurance commissioner in Colorado, who has investigated the industry, told the panel, "The playing field is not level."

No Quid Pro Quo In Land Deal, Says W.Va. Democrat (WP)

By The Washington Post

The Washington Post, April 27, 2006

Rep. Alan B. Mollohan (D-W.Va.) said this week that his purchase of farm property with a corporate chief executive has no relationship to his support for legislation providing a $2.1 million defense contract to the CEO's company.

Responding to a Wall Street Journal report published Tuesday, Mollohan said he and Dale R. McBride, head of FMW Composite Systems Inc. of Bridgeport, W.Va., have been close friends for 50 years.

Mollohan, who recently resigned from his position as the ranking Democrat on the House ethics committee because of a controversy over other investments, said he and McBride plan to use the 300-acre property for personal recreation, not for development.

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Mollohan contended that he and McBride are equally at risk and equally responsible for paying off the eight-year, $900,000 mortgage they obtained from the previous owner, a widow.

"This has everything to do with friendship," he said, referring to the land acquisition. "This is totally 50-50," he added, saying that he received no special treatment from McBride.

Mollohan said he supported the $2.1 million contract for FMW after asking the same questions he applies to all decisions concerning money going to his home state: "Is it a good project, and does it mean jobs and economic development for West Virginia?"

The conservative National Legal and Policy Center filed a 500-page complaint against Mollohan with a U.S. attorney in February, challenging the accuracy of Mollohan's financial disclosure forms and detailing the run-up in Mollohan's wealth in recent years.

From 2000 to 2004, the congressman's holdings in real estate and other assets shot up in value from $562,000 to at least $6.3 million. Mollohan has argued that there is nothing untoward in the growth of his net worth, and that he has benefited from the surge in real estate values across the country.

In addition to winning approval of the contract for McBride's company, Mollohan used his position on the House Appropriations Committee to secure more than $150 million in appropriations for five nonprofit groups in his congressional district, including one run by a former congressional aide who, along with her husband, bought $2 million worth of property with Mollohan and his wife, according to an April 8 report in the Journal.

No Outcry About Lobby Scandal, Lawmakers Say (WP)

By Jeffrey H. Birnbaum And Thomas B. Edsall

The Washington Post, April 27, 2006

The scandal surrounding disgraced lobbyist Jack Abramoff has been a Washington obsession for months, but Republican lawmakers who returned from a two-week recess this week said they felt free to pass a relatively tepid ethics bill because their constituents rarely mention the issue.

The House is scheduled to vote today on ethics legislation to increase lobbyists' disclosures and require lawmakers to own up to the earmarks, or narrow projects, that they insert into appropriations bills. But the measure would not restrict the gifts or meals provided by lobbyists as House Speaker J. Dennis Hastert (R-Ill.) had proposed in January, nor would it expand the number of enforcers of lobbying rules and laws.

Lawmakers acknowledge that the bill is more limited in its scope and impact than the provisions promised by congressional leaders immediately after Abramoff's guilty plea to federal charges of bribery, conspiracy, tax evasion and mail fraud nearly four months ago. But they say they do not feel compelled to push more stringent measures partly because voters do not appear to be demanding them. "We're all being rushed into a bill," said Rep. David L. Hobson (R-Ohio). "We panicked, and we let the media get us panicked."

Rep. Nancy L. Johnson (R-Conn.), a former ethics committee chairwoman, said passage of the bill will have no political consequences because "people are quite convinced that the rhetoric of reform is just political."

Some Republican leaders assert that lawmakers are hearing little from constituents about the congressional corruption scandal, even though it has received considerable media attention. Jo Maney, spokeswoman for Rep. David Dreier (R-Calif.), a chief architect of the House ethics bill, said: "Many members have told him [Dreier] that they are not hearing about corruption and lobbying reform at home. They hear more about immigration, gas prices." Still, Dreier and Hastert "feel strongly" that the ethics bill "is the right thing to do" and that it will "improve the public's perception of the integrity of the House of Representatives," Maney added.

A Washington Post-ABC News poll this month showed that 63 percent of Americans called "corruption in Washington" important to their vote. Democrats are eager to use the lobbying controversy as part of their campaign to win back control of Congress this year, and they contend that the corruption issue can be a powerful Election Day weapon.

A poll this month by the Pew Research Center for the People and the Press showed the public giving Democrats an edge on the ethics issue. Twenty-eight percent of Americans said they think the Republican Party governs in an honest and ethical

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way, compared with 36 percent who said the Democrats are more ethical, according to the survey. By a ratio of 45 percent to 28 percent, respondents said that Republicans are influenced more by lobbyists and special interests than are Democrats.

Democratic strategists say that the ethics issue does not carry a lot of weight by itself. They say that, to win over voters, they must link Republicans' alleged coziness with lobbyists to failures in Washington to address specific public needs, such as health-care coverage and economic security. "It is up to us to show the public what this means to them," said House Minority Leader Nancy Pelosi (D-Calif.). For example, she said: "If [we] want to reduce our dependence on foreign oil, and therefore improve our national security situation, you can't do it if you are a Republican because you are too wedded to the oil companies."

Republicans won back control of the House and the Senate in 1994 after making Democratic political corruption part of the larger issue of arrogance of power and poor performance in government, according to Michael J. Malbin, executive director of the nonpartisan Campaign Finance Institute. The Democrats' burden now, he said, is to make that larger connection to voters.

Republicans counter that Democrats have ethical problems of their own that blunt their effort to portray the GOP as the party of corruption. Two Democratic congressmen are facing separate, official inquiries about their connections to private pleaders: Reps. Alan B. Mollohan (W.Va.) and William J. Jefferson (La.). Both say they have done nothing wrong.

"The Democrat party runs a real risk here of being the pot that calls the kettle black," said Tracey Schmitt, press secretary of the Republican National Committee.

Some lawmakers and political analysts believe that voters could punish incumbents during the November elections if Congress passes a minimalist ethics bill. The chances of such a backlash could rise, these critics say, if there are more indictments or guilty pleas later this year. Abramoff and two former aides to Rep. Tom DeLay (R-Tex.) are cooperating with federal authorities in a wide-ranging investigation of political favors done in return for gifts, trips, payments and campaign contributions. DeLay, a once-powerful House majority leader, is fighting a criminal indictment in Texas on charges of political money laundering.

Some congressional historians assert that GOP leaders would be taking a risk in assuming that the lobbying bill is of such low voter priority that they could push through a modest plan without paying a political cost. "When you combine [the ethics issue] with the general dissatisfaction with the way in which we are governed," said L. Sandy Maisel, a professor of government at Colby College, "I think the breaking point might be near."

Today, the House plans to vote on a bill that would require lobbyists to file quarterly instead of semiannual disclosures and to include in those reports the donations they give to federal candidates and political action committees. Lobbyists would also have to make public the amount of any gift that they give to lawmakers or congressional aides. In addition, appropriations bills would have to list any earmarks that they contain, as well as the sponsors of those projects. Ethics training would become mandatory in the House under the legislation.

Government watchdog groups have complained that the legislation would not change much about how lawmakers and lobbyists interact. "It's a reform bill in name only, and they're hoping no one will notice," said Melanie Sloan, executive director of Citizens for Responsibility and Ethics in Washington.

Tom Fitton, president of Judicial Watch, a conservative public interest organization, said one reason for the bill's weakness is that the public is not riled up about lobbying abuses. "The American people take the view that both parties are involved and there's not much surprising about it," he said.

Lawmakers Backtrack On Spending, Ethics Reforms (BSH/KRT)

By James Kuhnhenn, Knight Ridder

Biloxi Sun Herald, April 26, 2006

WASHINGTON - Just weeks after declaring themselves fiscal and ethical reformers, lawmakers are adding billions of dollars in special projects to a spending bill for the Iraq war while retreating from some of the lobbying restrictions they'd once touted as the antidote to a spate of scandals.

The House of Representatives is scheduled to vote Thursday on a package of ethics rules and measures designed to cut back on "earmarks," the special pork-barrel spending projects that routinely festoon congressional appropriations.

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Government watchdog groups dismiss the House ethics proposals as cosmetic changes, but because some senior Republicans oppose even those as too binding, the outcome of the vote remained in doubt Wednesday.

In the Senate, lawmakers are working their way through a $106.5 billion bill that would pay for the war in Iraq and for hurricane-related costs. But the Senate version is $14.5 billion more than President Bush requested and could grow even bigger, larded with money for lawmakers' pet causes.

The White House this week threatened to veto the bill if it exceeded Bush's request. It made a special point of objecting to a $700 million railroad relocation in Mississippi added by the state's two Republican senators, Trent Lott and Thad Cochran. On Wednesday, 35 Senate Republicans sent a letter to Bush pledging to vote to sustain his veto if he casts it, enough to ensure that it would stick.

Yet Congress' continued appetite for unchecked spending and backpedaling on ethics illustrates how hard it is to change behavior that's ingrained in Washington's political culture. Many lawmakers believe that changing ethics rules would criminalize innocent conduct. Many lawmakers also believe that they - not government bureaucrats - know best how to spend federal money back home.

"My leadership doesn't think we have an ethics problem and doesn't believe in reform," said Rep. Christopher Shays, R-Conn., one of the leading Republican advocates for tighter ethics rules. The pending legislation, Shays said, "has no redeeming feature."

Recent guilty pleas by lobbyist Jack Abramoff and former Rep. Randy "Duke" Cunningham, R-Calif., have spotlighted the crossroads of ethics and special-interest spending.

"Earmarks are the currency of corruption," said Rep. Jeff Flake, R-Ariz.

The House bill would give lawmakers new powers to challenge legislation that contains earmarks, but advocates of more sweeping changes wanted to block members altogether from being able to add such individual spending items to bills. The proposed restrictions would apply only to appropriations bills, not tax or policy legislation, which also often contains special-interest favors.

The Republican chairman of the House Appropriations Committee, Jerry Lewis of California, objects to restrictions on earmarks that affect only appropriations bills. Appropriators point out that another infamous spending proposal - the so-called $230 million "bridge to nowhere" in Alaska - was inserted into a massive transportation policy bill. It was eliminated only after a deluge of national publicity led the Senate to strike it.

Critics of the House bill say it also falls short on restricting lawmakers' access to privately paid travel and to corporate jets. The House legislation temporarily bans privately funded travel through the November election, but provides no permanent remedy.

Lawmakers currently reimburse corporations for use of their aircraft at a rate equal to that of a first-class ticket. But the cost of a corporate jet is significantly higher, amounting to a contribution to members of Congress. The legislation simply prohibits a company lobbyist from accompanying a lawmaker on such a flight.

Rep. David Dreier, R-Calif., the chairman of the House Rules Committee and lead author of the House bill, defended it as a "bold package of reform." He noted that former members of Congress who are lobbyists would no longer be allowed in the House gym or on the House floor and that lobbyists would have to disclose their clients and issues of interest with more frequency.

In the Senate, the spending bill for the Iraq war and the hurricane aftermath is considered "must pass" emergency legislation. That means it can't be blocked easily through parliamentary maneuvers. As a result, the bill has become a popular bipartisan vehicle for additional spending.

One of the biggest extra provisions was inserted by Sen. Conrad Burns, R-Mont., whose ties to Abramoff have made his race for re-election difficult. Burns inserted $3.9 billion to help farmers hurt by any natural disaster, not just last year's hurricanes. The money includes aid to offset the high costs of oil, making agriculture one of the few industries to get energy-related assistance.

"No other industry in this country buys retail, sells wholesale and pays freight both ways," Burns said.

The Senate did manage to show a bit of restraint Wednesday. It tacked on to the bill $1.9 billion for border security while reducing military spending by a similar amount, but that was an exception.

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Mississippi Gov. Haley Barbour was in the Capitol on Wednesday lobbying for the $700 million to relocate a railroad line inland from the coast and build a highway to correct coastal bottlenecks. Critics have come to call the project "the railroad to nowhere."

"A lot of people get focused on the railroad who don't understand the purpose of moving the railroad is so we can replace it with a highway," Barbour said.

Sen. Tom Coburn, R-Okla., a staunch critic of earmarks, offered an amendment Wednesday to eliminate 19 earmarks from the bill.

"This is a good plan in Mississippi," he said. "It's just not a plan that the people of the rest of the country ... ought to be asked to do."

But the Senate voted 49-48 early Wednesday evening to kill Coburn's bid to knock out the $700 million for Mississippi's project. And among those voting against Coburn were several of the 35 senators who had pledged earlier in the day to back Bush's veto if he cast it.

GOP Split Over Earmarks In Ethics Bill (AP-Y2)

By Jim Abrams

AP2, April 26, 2006

House approval of legislation to tighten lobbying and ethics rules was complicated Wednesday by a Republican split over how to deal with the issue of earmarks, those narrow and often wasteful pet projects that make their way into bigger bills.

With a vote on the lobbying package scheduled for Thursday, the GOP leadership was trying to resolve concerns, coming mainly from Republicans on the House Appropriations Committee.

The lobbying bill, which requires lobbyists to report more frequently on their work to influence lawmakers and temporarily bans privately sponsored travel by House members, allows lawmakers to raise points of order against appropriations, or spending bills, that do not properly identify earmarks.

But Appropriations Committee Chairman Jerry Lewis, R-Calif., said it was unfair that the crackdown on earmarks was limited to spending bills, and did not apply to tax and authorization, or policy, bills.

A reform bill that "does not touch on the 'Bridge to Nowhere' is not really reform," Lewis said Wednesday. Two proposed bridge projects with a cost of some $450 million, in sparsely populated areas of Alaska, were highlighted as among the more egregious of thousands of earmarks that made their way into a major highway bill the Congress passed last year.

Appropriations Committee spokesman John Scofield said appropriators were not out to defeat the lobbying bill, only to improve it.

House Majority Leader John Boehner, R-Ohio, said they would continue working on the differences over earmarks. "Going after those earmarks, bringing more transparency and more accountability to that process, will in fact lead to less numbers of earmarks," he said.

"We're trying to open the process," said House Speaker Dennis Hastert, R-Ill. "And anytime you do that, people have their own views. It's hard to change things around here, but that's what we're committed to do."

The Senate overwhelmingly passed its version of lobbying reform last month, but the House measure has hit much more resistance, with Democrats and good government groups arguing that the bill is too weak to have any real effect on lobbying practices that led to the scandal of disgraced former lobbyist Jack Abramoff and the bribery conviction of former Rep. Randy "Duke" Cunningham, R-Calif.

The Senate bill bans all gifts and meals from lobbyists and doubles to two years the waiting period before a retiring lawmaker can take a job lobbying Congress. It also requires lobbyists to disclose their participation in grassroots lobbying campaigns, where the general public is encouraged to contact lawmakers through phone calls and ads.

The House leadership has also decided to attach to the lobbying bill a measure passed by the House earlier this month that limits donations to nonprofit political groups known as 527s. Such groups tended to back Democrats in the 2004 presidential election, and Senate Democrats have said they will oppose any lobbying bill that includes the campaign finance measure.

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The House bill is H.R. 4975.

On the Net:

Congress: http://thomas.loc.gov/

Stabenow Campaign Corrects Finance Records (AP)

By Ken Thomas

The Associated Press, April 27, 2006

WASHINGTON -- Sen. Debbie Stabenow's campaign has corrected her campaign finance reports to show that some donations from 2002 and 2003 came from an Indian tribe then represented by now-disgraced lobbyist Jack Abramoff, not an individual as she reported at the time.

Stabenow's campaign originally reported that $4,000 in donations came from Christopher Petras, who was the Saginaw Chippewa Indian Tribe's legislative director at the time. The donations came during a period in which Stabenow and other Michigan lawmakers sought funding for the tribe and wrote letters to federal regulators on the tribe's behalf.

The campaign wrote the Federal Election Commission on April 14 to correct the report to show the donations came from the tribe. Records originally listed Petras as giving Stabenow's campaign $2,000 on March 6, 2002, and an equal amount on June 30, 2003. Copies of the checks showed the first was dated Feb. 20, 2002, and the second June 2, 2003.

Stabenow campaign manager Tom Russell said Wednesday the tribe made the contributions and the error was "a glitch in filing the report which was corrected" as soon as it learned of the problem. He said the computer system attached Petras' name to the donations because he was listed as a contact for the tribe.

The wealthy Mount Pleasant, Mich., tribe, which operates a casino, contributed $308,980 during the 2002 campaign cycle and $564,480 during the 2004 campaign, according to campaign finance watchdog group PoliticalMoneyLine.com.

The tribe received $3 million in funding approved in November 2003 to build a school on the reservation. Earlier this month, tribal leaders asked that the funding be redirected to other federal programs.

Abramoff, who pleaded guilty in January to federal charges of conspiracy, tax evasion and mail fraud, turned to Republicans, including Sen. Conrad Burns of Montana, to overcome the Bush administration's objection to providing the school funding for the tribe.

Stabenow, Sen. Carl Levin, D-Mich., and Rep. Dave Camp, R-Mich., wrote the Interior Department on Jan. 23, 2003, and again on July 14, 2003, regarding the funding. The tribe made campaign donations to the three lawmakers, but they have said there was no connection between the letters and the donations.

Burns has said he acted at the Michigan lawmakers' request and wasn't influenced by Abramoff. His campaign has returned or donated to charity about $150,000 linked to the lobbyist.

Brian Nick, a National Republican Senatorial Committee spokesman, said it appeared that "Stabenow received thousands of dollars just before taking actions on behalf of a close associate of convicted felon Jack Abramoff, and now years later has gone back and doctored her campaign report in an attempt to avoid scrutiny."

Democrats Urge Hearings Into VA Contract (LAT)

By Walter F. Roche

Los Angeles Times, April 27, 2006

WASHINGTON — Democrats on the House Veterans Affairs Committee called for hearings Wednesday into a multimillion-dollar contract awarded to a firm now headed by former Veterans Affairs Secretary Anthony J. Principi.

Principi is chairman of the board of QTC Management Inc., a Diamond Bar company that administers medical exams under contract for the VA. In a two-page letter to Rep. Stephen E. Buyer (R-Ind.), chairman of the House panel that oversees the VA, seven Democrats asked for investigations into exam costs by the company and into possible conflicts of interest in awarding the contract.

"Our committee should review the facts and circumstances involving Mr. Principi and the QTC contracts to determine if there was any wrongdoing," the letter said. It sought a hearing date no later than Oct. 6.

Buyer could not be reached for a response Wednesday.

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Principi previously told The Times that he fully complied with federal ethics laws, and that as VA secretary for four years he played no role whatsoever in the awarding or administration of the contracts. Under the contracts, QTC conducts exams on veterans applying for disability benefits.

Principi, who was the president of QTC when he was nominated for the top VA job in late 2000, said he divested himself of all interests in the firm before being sworn in as secretary. He also said he had never heard of QTC until mid-1999, when he was recruited for the top job at the company by a headhunting firm. Principi had served as a top VA official under former President George H.W. Bush.

Officials of the American Federation of Government Employees issued a statement criticizing the contract.

"This is a conflict of interest in the most extreme form," said union President John Gage, adding that the exams could be performed by VA staffers at a far lower cost.

Gage called award of a contract to a firm connected to a political appointee "flat wrong," and said the case "should definitely raise red flags with members of Congress."

The Times reported Sunday that data compiled by a consulting firm in 1999 estimated that the cost of the QTC exams was as much as 400% higher than in-house exams. The consultants recommended that the VA do a follow-up study to get more precise cost data on the in-house costs. It was never conducted.

In their letter to Buyer, the seven House Democrats, including ranking member Lane Evans (D-Ill.), said the full committee "should address if the leader of an organization who has essentially divested himself from a prior business interest can, even unintentionally, influence the award of a business contract or provide an advantage to his former firm."

As Principi has pointed out, he was not at the VA or QTC when the firm first won a contract from the VA in 1998. The firm won a second contract in 2003, while Principi was running the VA. It has been revised by amendments and remains in effect today.

Congressional Budget Office projections show the firm's VA contract could be worth as much as $1.2 billion in fees if fully funded by Congress through 2008.

VA officials said the agency complied with bidding requirements by publicly advertising for bids 30 days before an October 2002 deadline. QTC was the only firm to submit a proposal. Officials of other firms said they were not aware the contract was up for bid, though they had previously expressed interest to the VA.

Stuck With Bush (NYT)

By Bob Herbert

The New York Times, April 27, 2006

If George W. Bush could have been removed from office for being a bad president, he would have been sent back to his ranch a long time ago.

If incompetence were a criminal offense, he'd be behind bars.

But that's just daydreaming. The reality is that there are more than two and a half years left in the long dark night of the Bush presidency — nearly as long as the entire time John Kennedy was in office.

The nation seems, very belatedly, to be catching on to the tragic failures and monumental ineptitude of its president. Mr. Bush's poll numbers are abysmal. Republicans up for re-election are running from him as if he were the bogyman.

Callers to conservative talk radio programs who were once ecstatic about the president and his policies are now deeply disillusioned.

The libertarian Cato Institute is about to release a study titled "Power Surge: The Constitutional Record of George W. Bush." It says, "Unfortunately, far from defending the Constitution, President Bush has repeatedly sought to strip out the limits the document places on federal power." While I disagree with parts of the study, I certainly agree with that particular comment.

In the current issue of Rolling Stone, Sean Wilentz, a distinguished historian and the director of the American Studies program at Princeton University, takes a serious look at the possibility that Mr. Bush may be the worst president in the nation's history.

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What in the world took so long? Some of us have known since the moment he hopped behind the wheel that this reckless president was driving the nation headlong toward a cliff.

The worst thing he did, of course, was to employ a massive campaign of deceit to lead the nation into a catastrophic war in Iraq — a war with no end in sight that has already claimed tens of thousands of lives and inflicted scores of thousands of crippling injuries.

When he was a young man, Mr. Bush used the Air National Guard to hide out from the draft in a time of war. Then, as president, he's suddenly G. I. George, strutting around in a flight suit, threatening to wage war on all and sundry, and taunting the insurgents in Iraq with a cry of "bring them on."

When the nation needed leadership on the critical problem of global warming, Mr. Bush took his cues from the honchos in the oil and gasoline industry, the very people who were setting the planet on fire. Now he talks about overcoming the nation's addiction to oil! This is amazing. Here's the president of the United States scaling the very heights of chutzpah. The Bush people and the oil people are indistinguishable. Condoleezza Rice, a former Chevron director, even had an oil tanker named after her.

Among the complaints in the Cato study is that the Bush administration has taken the position that despite validly enacted laws to the contrary, the president cannot be restrained "from pursuing any tactic he believes to be effective in the war on terror."

This view has led to activities that I believe have brought great shame to the nation: the warrantless spying on Americans, the abuses at Abu Ghraib, the creation of the C.I.A.'s network of secret prisons, extraordinary rendition and the barbaric encampment at Guantánamo Bay, Cuba, in which detainees are held, without regard to guilt or innocence, in a nightmarish no man's land beyond the reach of any reasonable judicial process.

The sins of the Bush administration are so extensive and so egregious, they could never be adequately addressed in a newspaper column. History will be the final judge. But I've no doubt about the ultimate verdict.

Remember the Clinton budget surplus?

It was the largest in American history. President Bush and his cronies went after it like vultures feasting in a field of carcasses. They didn't invest the surplus. They devoured it.

Remember how most of the world responded with an extraordinary outpouring of sympathy and support for America in the immediate aftermath of Sept. 11?

Mr. Bush had no idea how to seize that golden opportunity to build new alliances and strengthen existing ones. Much of that solidarity with America has morphed into outright hostility.

Remember Katrina?

The major task of Congress and the voters for the remainder of the Bush presidency is to curtail the destructive impulses of this administration, and to learn the lessons that will prevent similar horrors from ever happening again.

Freddie's Friends On The Hill (WSJ)

The Wall Street Journal, April 27, 2006

It's well-known that Fannie Mae and Freddie Mac have good friends on Capitol Hill. But last week the Federal Election Commission shed some light on how Freddie Mac rewarded its friends. In a settlement with the FEC, Freddie admitted to illegally raising $1.7 million for candidates from both parties between 2000 and 2003. In 2001 alone, Freddie Mac's Senior Vice President for Government Affairs boasted of holding 40 fund-raisers for House Financial Services Committee Chairman Michael Oxley.

Unfortunately for Freddie, it is explicitly barred by law from political fund-raising. In the settlement, Freddie agreed to fork over $3.8 million in fines. Yet Freddie probably figures it also got its money's worth. Genuine reform of the two giant "government-sponsored enterprises" is now stalled on Capitol Hill, thanks in large part to Mr. Oxley's dutiful service.

Which means it's time for reformers to turn to Plan B. The Bush Administration could itself take the opportunity to rein in Freddie and Fannie. An overlooked provision of the laws that founded the two companies already gives the Treasury Secretary the power to restrict the duo's mortgage portfolios that now threaten the U.S. financial system.

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First, some background. Fan and Fred have lower costs of capital than their competitors because of the market perception that the government stands behind their debt. This, in turn, is indispensable to their business model. Fannie and Freddie between them hold more than $1 trillion worth of mortgage-backed securities that they've bought with this cheaper credit.

To make it all work, Fannie and Freddie must carefully balance the risks that arise from interest-rate movements, mortgage prepayments and the different maturities of their debts and assets. The monumental accounting troubles that both companies have had in recent years centered around how they account for those risks and the hedges they use to mitigate them. The danger that those portfolios could melt down has led critics such as Alan Greenspan and his successor at the Federal Reserve, Ben Bernanke, to warn that Fan and Fred pose a "systemic risk" to the financial system if the size of their portfolios is not reduced.

It took Congress just weeks to pass Sarbanes-Oxley in 2002. But -- perhaps because Mr. Oxley has been spending so much time at Freddie's fund-raisers -- it can't seem to deal with the far larger financial problems at Fan and Fred. A watered-down reform bill has passed the House, but a stronger bill in the Senate shows no sign of being brought up for a vote anytime soon. Securities analysts have been telling investors they believe the drive to rein in the duo is losing momentum. Freddie Mac's president and COO recently concurred in public. He added that strict limits on retained portfolios would not be in the "best interest of the housing finance industry." By which he meant the best interest of Fannie and Freddie.

Portfolio limits are, however, in the interest of American taxpayers and the integrity of the financial system. The law requires that the bonds that Fannie and Freddie issue explicitly deny that they are backed by the federal government, but plainly no one believes that. Otherwise, who in their right mind would purchase the debt of Fannie Mae, a company with no financial statements and $11 billion in overstated profit?

This type of situation was foreseen when Fan and Fred were chartered. Which is why the same sections of the U.S. Code that require Fannie and Freddie to disavow any government backing of their debts also require the companies to get the approval of the Treasury Secretary before issuing any debt.

Specifically, the law pertaining to Fannie reads: "[T]he corporation is authorized to issue, upon the approval of the Secretary of the Treasury, and have outstanding at any one time obligations having such maturities and bearing such rate or rates of interest as may be determined by the corporation with the approval of the Secretary of the Treasury . . ." (our emphases). The section of the law dealing with Freddie Mac has similar language.

As we read that, Treasury already has the power to limit Fannie's and Freddie's borrowing. What's more, that authority appears to have been granted specifically out of concern that the debts of the pair might someday be laid at Treasury's doorstep. But without massive borrowing, neither Fannie nor Freddie could afford to hold the hundreds of billions of securities that they currently do. So limiting their borrowing would require them to decrease the size of their portfolios -- and hence the risk to the economy of a blow-up. Meanwhile, their regular business of securitizing mortgages and selling them would be unaffected. It is their repurchase of those mortgages with subsidized credit that needs to be limited.

The Bush Administration has been forceful in calling for Congress to reform how Fannie and Freddie are regulated and run. But if it wants its effort to succeed, it is going to have to show Fan and Fred and their friends on the Hill that Treasury will act if Congress doesn't.

OTHER NEWS:

Sales Of New Homes, Factory Orders Surge (WT/AP)

By The Associated Press

The Washington Times, April 27, 2006

A jump in demand for commercial aircraft pushed orders for big-ticket manufactured goods higher last month while sales of new homes shot up at the fastest pace in 13 years, reflecting a rebound from bad weather in February.

Both reports depicted an economy continuing to expand at a healthy pace, a view supported by a survey of business conditions across the country released yesterday by the Federal Reserve.

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The Fed's 12 regional banks used words such as "solid" and "steady" to describe the economy's performance last month and early this month. The Fed did note that "higher energy prices were at the forefront of most districts' mention of cost pressures," and that was before crude oil soared to a record $75.17 per barrel Friday.

Some analysts said the strong growth plus rising inflation pressures will mean the central bank's rate-setting Federal Open Market Committee (FOMC) will raise rates for a 16th time at its next meeting in May and will keep going after that.

"The U.S. economy is firing on all cylinders right now, and there is little to no slack left," said Sherry Cooper, chief economist at Harris Bank. "This makes it increasingly unlikely that the Fed will pause after the May 10 FOMC meeting."

The Commerce Department reported that sales of new single-family homes rose 13.8 percent last month to a seasonally adjusted annual sales rate of 1.213 million units. The increase represented a recovery from a 10.9 percent February sales plunge.

But the median price of homes sold last month dropped to $224,200, down 2.2 percent from the market prices of March 2005. It marked the first time home prices dropped over a 12-month period since December 2003.

Home prices last year were soaring as eager buyers bid more to get into a sizzling home market. However, analysts think sales, which set records for five straight years, will decline this year by about 10 percent under the impact of rising mortgage rates.

"With interest rates continuing to rise, all signs point to a further weakening in sales just down the road," said Patrick Newport, an economist at forecasting firm Global Insight.

Rates on 30-year mortgages rose last week to 6.53 percent, the highest level in nearly four years, with economists forecasting that they could be about 7 percent by the end of this year.

Home sales were up in all areas of the country last month, led by a 35.7 percent surge in the West and followed by gains of 10.9 percent in the Midwest, 6.9 percent in the South and 4.7 percent in the Northeast.

The government also reported that orders to U.S. factories for big-ticket manufactured goods soared by 6.1 percent last month, the biggest gain in 10 months. Two-thirds of the increase reflected a 71.1 percent jump in demand for commercial aircraft.

The overall increase, which followed a 3.4 percent February advance, was more than three times the advance Wall Street had been expecting. Manufacturing is expected to remain strong in coming months as businesses restock lean inventories and boost spending to expand and modernize.

"Businesses remain confident in the economic outlook and are committing to significant capital investments," said David Huether, the National Association of Manufacturers' chief economist.

In contrast to the big surge in new home sales last month, sales of previously owned homes edged up a much smaller 0.3 percent, the National Association of Realtors reported Tuesday.

Both reports, however, showed that the number of unsold homes on the market at the end of the month rose to record levels, a development that was expected to depress price gains in coming months.

The number of new homes remaining on the market last month rose to a record 555,000, up 2.8 percent from February.

More on the Fed's thinking may be known after Fed Chairman Ben S. Bernanke testifies on the economic outlook today before Congress' Joint Economic Committee.

U.S. Economy: Durable Goods Orders, Home Sales Surge (Update4) (BLOOM)

By Carlos Torres

Bloomberg, April 27, 2006

April 26 (Bloomberg) -- The U.S. economy powered ahead in March as manufacturing orders surged and new home sales rose by the most in more than a decade.

Orders for durable goods rose 6.1 percent, the Commerce Department said in Washington today, more than three times the median forecast of economists surveyed by Bloomberg News. Home sales increased 13.8 percent, the most since April 1993, to an annual rate of 1.213 million.

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The reports sent yields on 10-year Treasury notes to the highest since 2002 and traders increased bets the Federal Reserve will lift interest rates twice more before the end of June. Improving business demand and little slowdown in housing run counter to the Fed's forecast that growth will moderate after the first quarter.

``The numbers we're getting all indicate that the economy has maintained a large amount of momentum and that's obviously a concern to the Fed and will likely force their hand," said Joel Naroff, president of Naroff Economic Advisors in Holland, Pennsylvania.

Labor markets are ``tightening" and companies are struggling with higher energy prices because they're finding it difficult to pass those costs on to their customers, the central bank said today in its regional survey of the economy. Three of the 12 regional Fed banks described the economic expansion as ``solid," while others said the rate of growth was ``modest, moderate or steady."

First Quarter

The durable goods report, which measures bookings for items made to last at least several years, is one of the final pieces of information feeding into economists' forecasts for economic growth in the first quarter, which will be reported on April 28. Excluding transportation equipment, orders rose 2.8 percent.

The world's biggest economy probably expanded at a 4.9 percent pace in the first quarter, the fastest since the third quarter of 2003, according to economists surveyed by Bloomberg.

Today's figures come on the heels of data yesterday that showed consumer confidence at a four-year high and an unexpected increase in sales of previously owned dwellings.

``If one were looking for additional weakness in the economy, it's not going to come from housing," said Gerald Zukowski, deputy chief economist at Nomura Securities International Inc. in New York. ``We are seeing the economy generate a fair amount of momentum."

Shares of U.S. homebuilders advanced. The Standard and Poor's index of 16 homebuilding companies rose 1.5 percent, compared with rise in the S&P 500 of 0.3 percent.

New Home Sales

New home sales, recorded when a contract is signed, are considered by economists a leading indicator of the housing market. Economists expected new home sales to rise to a 1.11 million rate from February's originally reported 1.08 million, according to the median of forecasts in a Bloomberg News survey.

At the same time, the median price of new homes sold dropped 2.2 percent to $224,200 from the same month last year, marking the first such year-on-year drop since December 2003.

American companies are using growing profits to replace outmoded equipment and add factory space. They are also likely to increase production and orders to replenish stockpiles that have dwindled to near-record lows, helping sustain economic growth as consumer spending moderates, economists said.

``It looks like second-quarter business spending will be gang-busters," said Chris Rupkey, senior financial economist at Bank of Tokyo-Mitsubishi UFJ Ltd. in New York.

Aircraft

Boeing Co., the world's second-biggest maker of commercial aircraft, received orders for 112 planes in March, up from 25 the previous month. Boeing today said first-quarter earnings rose 29 percent, helped by the biggest jump in airliner deliveries in five years.

Caterpillar Inc., the world's largest maker of earthmoving equipment, reported yesterday that profit jumped 45 percent in the first quarter compared with the same time last year as sales rose 17 percent in North America. The company has raised prices as much as 13 percent in the past two years as their plants ran at full capacity to keep up with orders.

Economists expected orders to rise 1.8 percent in March, based on the median of 68 forecasts. Estimates ranged from no change to a 4.8 percent rise. The increase in durable goods orders for February was revised to 3.4 percent from 2.7 percent.

Treasury notes fell, pushing the yield on the 10-year note up 3 basis points to 5.10 percent, as investors speculated the Fed will raise its benchmark rate to 5.25 percent by the end of June. Fed Chairman Ben S. Bernanke testifies to Congress on the economic outlook tomorrow.

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Forecasts

Business spending probably rose at an annual rate of 13 percent in the first three months of the year, helping the economy expand 5 percent, according to a forecast by economists at JPMorgan Chase Bank in New York. The increase in investment would be the biggest since the second quarter of 2004.

Inventories of durable goods increased 0.7 percent after a 0.4 percent drop in February. Unfilled orders, a gauge of future production, jumped 2.8 percent, the biggest increase since last November.

``We are seeing substantial orders," Robert Akins, chief executive officer of Cymer Inc., a maker of lasers used in producing semiconductors, said in an interview last week.

Chipmakers ``have finally reached the maximum capacity of their factories and they are ordering new equipment to equip the old factories as well as the new ones," he said.

Cymer said on April 18 that its first-quarter profit jumped almost fourfold. The following day, its biggest customer, Veldhoven, Netherlands-based ASML Holding NV, forecast increased shipments of chip-making machines this quarter on rising demand for processors used in cell phones and music players.

Durable Goods Orders In US Beat Forecasts (FT)

By Christopher Swann

Financial Times, April 27, 2006

US durable goods orders surged by 6.1 per cent in March, more than three times faster than analysts had been expecting.

The figures suggest that US industry remains in extremely strong shape and increase the chances that the Federal Reserve may need to continue raising interest rates beyond 5 per cent.

The Federal Reserve's Beige Book, a summary of reports on economic activity by regional agents, said that orders or revenues in the manufacturing sector continued to come in ahead of levels seen a year ago. In addition: "A majority of districts note that labour markets, at least for skilled workers, are tight or tightening."

The Fed said retail sales – excluding the vehicle sector – also appeared firmer. Activity in the service sector had also been expanding, the Fed added.

But it continued to say that higher energy costs were not feeding through into broader inflation. "Businesses continue to have limited ability to raise their selling prices," the Fed said.

The bulk of the rise in durable goods orders was due to a 14 per cent increase in transport orders, with civil aircraft sales climbing 71 per cent. Boeing reported bookings for 112 aircraft in March, up from 25 in February.

Excluding the volatile transport sector, orders rose by 2.8 per cent. Economists had expected a rise of just 1 per cent.

"Overall this is nothing but good news," said Paul Ashworth, an analyst at Capital Economics.

Economy's Surge Stirs Questions About When Slowdown May Come (WSJ)

By Christopher Conkey And Greg Ip

The Wall Street Journal, April 27, 2006

The latest readings suggest the nation's economy is carrying significant momentum into the second quarter, raising new questions about when a slowdown might come after a torrid start to the year.

By most accounts, the economy surged in the first quarter after a brief lull late last year. When the government releases its first estimate tomorrow, economists expect it to say the economy grew at a roughly 5% annual rate in the quarter.

But over the rest of the year, Federal Reserve officials expect growth to moderate to a long-term rate of 3% to 3.5%, slow enough to keep inflation at bay but fast enough to keep unemployment from rising. That would permit the Fed to stop the campaign of interest-rate increases it began in June 2004.

This week, however, the economy has been sending signals that it might not be ready to settle down. The housing market, though softer, is holding up better than many skeptics predicted and consumer confidence remains surprisingly strong, despite soaring gasoline prices, and concerns about President Bush's handling of the economy. Meanwhile, solid job creation and wage gains are providing a cushion for consumer spending, and orders for capital equipment are picking up.

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Yesterday, the Commerce Department said new-home sales jumped 13.8% in March from a month earlier, erasing much of the 15.8% decline seen over the two previous months. It also reported that orders for durable goods -- items such as tractors and washing machines that are meant to last three years or more -- rose 6.1% last month on the back of strong aircraft orders at Boeing Co. More important, orders for capital goods, excluding aircraft and defense, usually a good indicator of future business spending, broke out of a recent slump last month to post a 3% gain.

"What we're seeing now is telling us about the momentum going into the second quarter," said Julia Coronado, senior economist at Barclays Capital. "It seems to be pretty strong."

The flow of indicators these days is particularly important because the Fed has said that prospects for further increases in short-term interest rates -- beyond an expected quarter-point increase next month to 5% from 4.75% -- will depend on what new economic data show. At their last meeting in March, Fed officials appeared to think they could pause after rates reached 5%.

But the spate of strong data has prompted futures markets to raise the probability of further increases to more than 50%, and the inflation-wary bond market has sold off recently. Yesterday, bond prices fell again, and the yield on the benchmark 10-year Treasury note rose to 5.107%.

The Fed's latest roundup of business conditions, also released yesterday, suggested no slowdown is yet under way. "Economic activity continued to expand in March and the first half of April," the Fed said in its "beige book" report. Only one of the 12 Fed districts -- New York -- said growth slowed. Even so, evidence of broader inflationary pressure remained scant. The Cleveland district said many raw-material prices had risen, but "retail prices remained relatively flat."

Fed Chairman Ben Bernanke testifies on the economy to the Joint Economic Committee of Congress today, but he isn't expected to give clear signals about what the Fed's next interest-rate move is likely to be.

To be sure, despite the recent robust data, economists say a strong finish to the first quarter is more likely to be a prelude to slower growth in the second. Oil prices and interest rates are rising, and the extent of the housing market's correction is still uncertain. As a result, few analysts are willing to raise their growth forecasts.

Joshua Shapiro, chief U.S. economist at New York consulting firm MFR Inc., said he still expects growth to slow to a 3% annual rate in the current quarter. "Could the second quarter be a little stronger than that? Yes, but not way higher," he said.

Businesses are helping to spur the economy. On their way to record corporate profits last year, businesses increased their investment at a 16% annual pace in the fourth quarter, the fastest clip since mid-2004. Ms. Coronado of Barclays expects that spending on equipment and software, a closely watched measure of investment, rose at an 11% annual rate in the first quarter and will grow at a 9% rate in the current quarter.

Google Inc. recently said that its capital spending, which was $838 million in 2005, will grow even faster than its revenue this year. Manufacturing bellwether Caterpillar Inc. recently raised its profit forecast for 2006 to between $4.85 and $5.20 a share, up from $4.04 a share in 2005. Announcing the sunnier outlook, Caterpillar Chief Executive James Owens said "strong underlying fundamentals are in place, and we believe this is a business cycle that has staying power."

In yesterday's Fed report, business investment appeared to be strong. "Production capacity for mining equipment in the Chicago district is reportedly booked through 2007," the report said.

With prospects on the business side looking solid, one of the major assumptions built into forecasts for slower growth has been that consumers will cut back on spending. Peter Hooper, chief U.S. economist at Deutsche Bank, said, "We really do need to see some slowing in consumer-spending growth in the second quarter to give the Fed room to pause" its rate raising at 5%. He predicted that would happen thanks to the combined impact of higher gasoline prices and slowing home-price appreciation, "although the risks have risen" that the Fed will raise rates beyond 5%.

The housing market has yet to show signs of a prolonged slump, but even with March's upturn a slowdown is still apparent. New-home sales in March, while up from February, were 11.5% below their peak last July. Sales of existing homes, which make up 80% of the housing market, are only 4.8% lower than when they topped out last June.

However, inventories of new homes on the market rose to 555,000 in March, up 24% from a year ago, and the unadjusted median sales price for a new home actually fell 2% from a year earlier, suggesting builders have used discounts to get homes sold. Existing-home prices have declined slightly so far this year, giving consumers less home equity to finance other purchases.

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In another sign of weakness in the housing market, Dallas-based home builder Centex Corp. yesterday said orders fell 11% in the fiscal quarter ended March 31. CEO Timothy Eller said cancellations were up, too. The company slashed its earnings outlook for fiscal 2007 to a range of $8.50 to $10 a share, down from an earlier estimate of $10.75 to $11.25.

Still, the strong labor market, which has lowered the unemployment rate to 4.7% and shows few signs of reversing course, is likely to reassure consumers. Yesterday's Fed report found that job markets were still tightening, and wage pressures were rising. The Dallas district cited "reports of difficultly finding workers who meet basic qualifications of employment, such as background checks and drug tests."

One New York-district employment agency said "salaries are up at least 15% from a year ago for experienced office workers," and a Boston district firm said there was a "war for talent."

Growth Accelerated In March, But A Slowdown Is Expected (NYT)

By Vikas Bajaj

The New York Times, April 27, 2006

The economy ended the first quarter on a high note, according to two Commerce Department reports released yesterday, but economists cautioned that higher energy costs and interest rates might sap some of that vitality.

Two measures of housing and manufacturing activity rose sharply in March, the Commerce Department said, indicating that the economy picked up steam. The Federal Reserve's beige book report presented a similar upbeat view but noted that higher energy prices were hurting businesses and that home sales were cooling in much of the country.

Analysts said the reports suggested that the economy grew at about a 5 percent annual rate in the first quarter, after a 1.7 percent increase in the fourth quarter. The Commerce Department will release its estimate of gross domestic product for the first quarter tomorrow.

"Neither the economy, nor the housing market has gone flat," said Stuart G. Hoffman, chief economist for the PNC Financial Services Group. "But it will continue to deflate a little bit."

New-home sales rose to an annual pace of 1.21 million in March, up from 1.07 million the month before and 1.2 million in January. Sales increased in all four regions of the country.

But the market was weaker when compared with a year ago. The selling rate in March was down from a pace of 1.31 million in March 2005, while the median price — meaning half the homes sold for more and half for less — slipped 2.2 percent from a year ago, to $224,200.

And the number of unsold homes on the market has grown, rising by 24.4 percent over the last 12 months, to 555,000. At the current sales pace it would take five and a half months to sell those properties, up from 4.2 months a year ago.

The jump in inventories was the biggest in 33 years, and the drop in prices the steepest since January 2003, said Ian C. Shepherdson, chief United States economist at High Frequency Economics.

Sales "are going to drop in the next couple of months," he said, noting that mortgage applications, an early indicator for the housing market, have fallen 22 percent in 12 months.

Orders for durable goods, big-ticket products that are meant to last for more than three years, increased by 6.1 percent, to $230.6 billion, after a rise of 3.4 percent in February and a decline of 8.9 percent in January.

A 71.1 percent increase in orders for civilian airplanes and related parts accounted for a big part of the gain, but the increase in orders was a robust 2.8 percent excluding the transportation sector, which is heavily influenced by the month in which customers place orders for planes with Boeing. Other sectors that showed increases were capital goods, machinery and communications equipment.

If businesses continue to show such strength they could offset some slowdown that analysts expect in housing and consumer spending, but not all of it, economists said.

They note that oil prices have risen 18 percent since the start of the year, to $71.93 a barrel, and that the national average price for a gallon of unleaded gasoline has increased sharply, to $2.92, from $2.50 a month ago, according to the American Automobile Association. The average interest rate on a 30-year fixed mortgage topped 6.5 percent last week, up from 6.21 percent at the start of the year, according to Freddie Mac.

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"The economy has shown tremendous resilience in the face of energy prices so far," said David Greenlaw, an economist at Morgan Stanley. "But this latest spike will have a noticeable effect in the next couple of months."

An economic slowdown could force the Federal Reserve to end its nearly two-year campaign to raise short-term interest rates, now at 4.75 percent, after just one increase to 5 percent at its meeting on May 10.

Bond investors believe a second increase, in June, is likely. The yield on the 10-year United States Treasury note rose to 5.10 percent yesterday, from 5.07 percent on Tuesday.

Strong Data Good For Stocks (WSJ)

By Scott Patterson

The Wall Street Journal, April 27, 2006

Wall Street can't seem to make up its mind about interest rates.

New signs that the economy is on solid footing have caused investors to rethink expectations about the future course of interest rates in recent days -- and what higher rates mean for stocks.

Last week, the Dow Jones Industrial Average surged to a six-year high amid hopes the Federal Reserve would stop raising its target rate after one more quarter-point increase to 5% at their May meeting. Now, after several reports indicating the economy is stronger than previously thought, more investors think the Fed is likely to increase rates to 5.25% or more.

Fed-funds futures contracts show a 64% chance policy makers will boost rates to 5.25%, up from 40% on Monday.

Wall Street's response to the new landscape this week has been erratic. Stocks tumbled Tuesday as investors worried that higher rates could slow the economy too much and hurt corporate profits. Wednesday, investors seemed more receptive to the notion that the economy is strong enough to withstand more than one rate increase.

The Dow industrials gained 71.24 points to 11354.49, a fresh six-year high, buoyed by an 8% pop in General Motors after Merrill Lynch, upbeat about the auto maker's turnaround plan, upgraded the stock to "neutral" from "sell." The Standard & Poor's 500-stock index rose 3.67 to 1305.41, and the Nasdaq Composite Index added 3.33 to 2333.63.

Investors clung to the idea that the economy will stay resilient despite the prospects for more rate increases than previously thought. "People have been getting prematurely bearish because of rising rates," said James Paulsen, chief investment strategist at Wells Capital Management. "They've been looking at how much rates have come up instead of how low they still are."

The Fed has increased rates 15 times in the past two years, and the yield on the 10-year Treasury bond has moved to its highest level in nearly four years. But rates on the 10-year note, at 5.1%, are still below their historical average of about 5.5% to 6%, said Mr. Paulsen, and aren't high enough to tamp down growth spurred by years of cheap money.

Some analysts aren't as sanguine about higher rates, though, largely due to two weak spots in the economy: housing and the consumer. Despite a report Wednesday that new-home sales surged in March, "the primary weakness right now is the housing market, and that is going to have an impact on consumers and the rate at which they plan to spend," said Stuart Freeman, chief equity strategist at A.G. Edwards & Sons, since consumers tend to feel wealthier when the value of their homes is on the rise.

Higher mortgage rates later in the year will cause the housing market to cool even more, putting more pressure on a consumer struggling with high levels of debt and gasoline prices hovering near $3 a gallon.

A Commerce Department report Wednesday showing that new-home sales in March surged 13.8%7 to an annualized rate of 1.213 million units, the biggest increase in 13 years, raised questions about whether the housing market was cooling.

But a look inside the report showed new-home sales, which slid 10.9% in February, weren't as hot as the headline number indicated. Sales were down 7.2% from a year ago. And a factor driving the jump was a dip in prices. The median home price slid to $224,200 in March from $239,900 the previous month and down from $229,300 a year ago.

In another report, the Commerce Department said orders for new durable goods8 jumped 6.1% in March, far exceeding the 1.6% gain expected by economists. Excluding the 14% rise in volatile transportation goods, new orders rose 2.8% in March, the biggest since August.

Treasury bonds slumped on the reports, sending yields to their highest level since June 2002. The 10-year Treasury bond slid 6/32 point, or $1.88 per $1,000 invested, to yield 5.107%. Crude-oil futures slid 95 cents to $71.93 a barrel on the New York

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Mercantile Exchange after a report by the Energy Information Administration showed petroleum inventories fell less than expected last week.

Investors also weighed the Fed's latest "beige book" report, which said the economy's growth is "solid" and "moderate" and that the labor market is "tight or tightening." The report also found that the housing market is cooling off in most of the central bank's 12 regions.

In major market action:

Stocks rose9. On the New York Stock Exchange, where 1.8 billion shares traded, 1,832 stocks rose and 1,471 fell. On the Nasdaq Stock Market, where 2.2 billion shares traded, 1,523 rose and 1,540 declined.

Bonds slipped10. The benchmark 10-year Treasury fell 6/32 point, or $1.88 per $1,000 invested, to yield 5.107%. The 30-year bond lost 5/32 to yield 5.178%. Yields move inversely to prices.

The dollar fell.11 It traded at 114.73 yen, down from 114.82 yen late Tuesday, and the euro fell to $1.2454 from $1.2432.

U.S. Stocks Rise On Earnings; Dow Average Reaches 6-Year High (BLOOM)

By Dune Lawrence

Bloomberg, April 27, 2006

April 26 (Bloomberg) -- The Dow Jones Industrial Average climbed to a six-year high, leading gains in U.S. stocks, as earnings at Anheuser-Busch Cos. and Colgate-Palmolive Co. beat analysts' forecasts and sales of new homes surged.

Hovnanian Enterprises Inc. and Pulte Homes Inc. set the pace as homebuilders rallied on a government report showing the biggest monthly jump in sales since 1993.

``Earnings have been quite positive, and I think that's the number one reason to buy stocks and the number one reason why this market has held together," said Alfred Goldman, chief market strategist at A.G. Edwards in St. Louis.

Energy stocks declined as oil prices fell for a third day. Rising interest rates also hampered the advance, as the housing data and a jump in durable-goods orders sent the yield on 10- year Treasury notes to its highest since June 2002.

The Dow average rose 71.24, or 0.6 percent, to 11,354.49, its highest since Jan. 19, 2000. The Dow, which first reached a six-year high last week, got an added lift from General Motors Corp. after Merrill Lynch & Co. said the carmaker has enough cash to pay workers who accept buyout offers.

The Standard & Poor's 500 Index added 3.67, or 0.3 percent, to 1305.41, while the Nasdaq Composite Index gained 3.33, or 0.1 percent, to 2333.63. It was the first time all three indexes rose this week.

The market's advance on higher earnings had stalled as increases in consumer confidence and sales of previously owned homes reignited concern that the Federal Reserve would keep lifting interest rates.

Earnings Scorecard

About 72 percent of S&P 500 companies that have reported first-quarter profit have beaten analyst estimates, more than the 57 percent average since 1992, data from Thomson Financial show. More companies will release earnings this week than any other week during the so-called reporting season.

Anheuser-Busch climbed $2.27 to $44.90. The world's largest brewer reported better-than-expected first-quarter profit on the biggest sales gain in more than a year. Net income was 64 cents a share. JPMorgan analyst John Faucher, who is top-ranked by StarMine, estimated 54 cents a share, including a 2-cent cost for stock-option expenses.

Colgate-Palmolive, the world's largest toothpaste maker, rallied $1.60 to $58.95. The company said first-quarter profit, excluding some items, increased to 70 cents a share as new brands lifted sales in Latin America. The average estimate of analysts surveyed by Thomson was 66 cents.

Sales of new homes in the U.S. jumped the most since April 1993, up 13.8 percent to an annual rate of 1.213 million, the Commerce Department said. Economists expected sales at a 1.11 million rate, according to a Bloomberg News survey.

Builders Soar

The Bloomberg U.S. Homebuilders Index rose 1.6 percent. Pulte, the country's second-largest builder, gained $1.14 to $39.04. Hovnanian, New Jersey's largest homebuilder, added 92 cents to $40.63. D.R. Horton Inc., No. 1 U.S. homebuilder, added 51 cents to $31.33.

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The durable goods report showed orders jumped 6.1 percent last month as businesses invested in new equipment to meet demand. The increase in bookings for expensive items made to last at least several years was the most since May 2005 and up from a gain of 3.4 percent in February, the Commerce Department said. Excluding transportation equipment, orders rose 2.8 percent. Economists expected gains of 1.8 percent and 1 percent, respectively in a Bloomberg survey.

Beige Book

A regional survey of the economy by the Fed added to concern over accelerating inflation. Labor markets across the U.S. are ``tightening" as most of the country expands, said the Fed's dozen regional banks in the so-called beige book report.

The yield on the benchmark 10-year Treasury note climbed 3 basis points, or 0.03 percentage point, to 5.10 percent in New York, according to bond broker Cantor Fitzgerald LP. Higher yields may make fixed-income investments a more attractive alternative to equities and raise borrowing costs for companies.

``Solid earnings reports are helping to put in a bit of a floor in the market," said Jeff Kleintop, who helps manage $50 billion as chief investment strategist at PNC Advisors in Philadelphia. ``But the sensitivity here to the economic data given the question about the outlook for Fed tightening, that seems to be the overriding influence."

GM, Oil Stocks

GM, the world's largest automaker, advanced $1.74, or 8.1 percent, to $23.15 for the top gain in the Dow average and highest price since Feb. 6. Merrill raised its rating to ``neutral" from ``sell,' saying GM has enough money in its pension and retiree health-care funds to pay workers who accept its buyout offers. GM may get 50 percent of 63,000 union workers eligible for full or early retirement to leave, analyst John Murphy wrote in a report.

About four stocks rose for every three that fell on the New York Stock Exchange. Some 1.77 billion shares changed hands on the Big Board, 8.4 percent more than the three-month average.

Oil for June delivery slid 1.3 percent to $71.90 a barrel in New York, bringing the loss this week to 4.3 percent. The Energy Department said U.S. refineries increased output of gasoline and other fuels.

Energy shares weighed on the market for a third day after reversing earlier gains. An S&P 500 measure slid 1.4 percent. Valero Energy Corp., the No. 1 U.S. refiner, slumped $3.20 to $63.10. Exxon Mobil Corp., the world's largest publicly traded oil company, lost 85 cents to $63.10.

Baker Hughes Inc. was the exception among energy stocks. The No. 3 oilfield-services provider said first-quarter profit soared 89 percent to $339.2 million as customers spent more searching for oil and gas. The company also raised its 2006 profit and sales growth forecast. Baker Hughes advanced $3.07 to $79.

PepsiCo, AT&T Earnings

PepsiCo Inc., the world's No. 2 soft-drink maker, added 36 cents to $57.86. The company said first-quarter profit rose 12 percent to $1.02 billion, or 60 cents a share, on demand for Frito-Lay snacks and Gatorade sports drinks. UBS Securities LLC analyst Caroline Levy, who is top-ranked by StarMine Corp., estimated earnings of 59 cents a share.

AT&T Inc., the largest U.S. telephone company, rose for a second day after reporting profit that exceeded analysts' estimates. The stock gained 56 cents to $26.16 today.

Sprint Nextel Corp., the third-largest U.S. wireless services company, dropped 68 cents to $24.35. Sprint said first- quarter profit, excluding some costs, was 35 cents a share, missing the 37 cents expected by analysts in a Thomson survey. The company added fewer customers than analysts estimated.

Bank of America Corp., the second-biggest U.S. bank, rose 62 cents to $47.71. The company said it will repurchase up to $12 billion of its shares within the next 18 months to help boost a stock price that has lagged peers.

Buffett's Day

The earnings news was mixed for Warren Buffett's Berkshire Hathaway Inc., which was the biggest shareholder in both Moody's Corp. and Anheuser-Busch as of December.

Moody's slid $7.65 to $62.78. The company, whose founder created credit ratings, said first-quarter revenue rose 13 percent to $407.9 million, the slowest pace since December 2004.

Berkshire Hathaway shares still jumped the most in seven months, adding $1750, or 2 percent, to $88,700.

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Wall Street Gains After Positive Earnings Reports (FT)

By John O'Doherty

Financial Times, April 27, 2006

US stocks enjoyed a strong day, after positive earnings reports offset fears of higher interest rates following strong economic data.

At the close, the S&P 500 was up 3.67 points, or 0.3 per cent, at 1,305.41. The Nasdaq barely moved, gaining 3.3 points, or 0.1 per cent, at 2,333.63, while the Dow Jones Industrial Average finished the day 71.24 points, or 0.6 per cent higher at 11,354.49.

"We're in a reverse-psychology market," said Alfred Goldman, chief market strategist at AG Edwards, who commented that prices were declining on strong economic data and rising on weaker news.

"The question investors will ask is whether this 43 month old bull-market is running out of energy," he said. "I'm still optimistic, but I'm starting to lose sleep at night."

General Motors clawed back its losses of earlier in the week after Merrill Lynch upgraded the company's stock to 'neutral' from 'sell.' It gave a sanguine assessment of GM's ability to complete a restructuring plan. GM jumped 8.1 per cent to $23.15.

Anheuser-Busch was also a strong gainer. The brewer reported quarterly earnings per share of 64 cents, beating analysts' forecasts of 56 cents. The news pushed its shares up 5.3 per cent to $44.90 Berkshire Hathaway, the largest shareholder in Anheuser-Busch, rose 2 per cent to $88,700.

Office Depot soared to an all-time high following the company's announcement that sales for the first quarter grew 3 per cent. This raised earnings per share to 48 cents, above analysts' forecast of 44 cents per share. The stock jumped 8.7 per cent to $41.52 on the news

Despite an increase in first quarter profit of 23 per cent, Moody's suffered losses on Wednesday. The company that operates the credit-rating service of the same name dipped 12 per cent to $62 as expenses rose and revenue growth slowed below analyst expectations.

Sprint-Nextel was one of the most heavily traded stocks after the telecommunications company announced a fall in first-quarter net income from $472bn to $419bn after merger-related costs and higher marketing expenses.

The shares fell 2.7 per cent to $24.35, bucking the trend in an otherwise buoyant communications sector.

One company leading the positive trend in the sector was American Tower which gained 4.4 per cent to $34.65 after it announced that quarterly losses had been reduced.

The company, which leases space on its communications towers to the likes of Cingular, said that sales gained 74 per cent in the first quarter compared with the same period last year.

Monster Worldwide, the owner of online jobs recruitment website Monster.com, rose on quarterly results that were significantly stronger than expected, up to $42.3m from $20.6m in the same period last year. Monster shot up 6.9 per cent to $55.86.

Bernanke Won't Hint At Ending Rise In Rates (WP)

By Nell Henderson

The Washington Post, April 27, 2006

Federal Reserve Chairman Ben S. Bernanke is going to disappoint a lot of listeners when he addresses Congress today and provides no guidance on when the central bank will stop raising interest rates to keep inflation under control.

Financial market analysts and investors have longed for such a signal and thought they saw it last week when a summary of Fed officials' last policymaking meeting in March suggested they might be done after lifting their benchmark short-term rate once more in May.

But that expectation has wilted as several new government reports have shown the economy is growing briskly and inflation may be moving higher. Fed policymakers almost certainly will raise their benchmark rate again at their May 10 meeting but will be unable to indicate then whether they are done or see more increases in store.

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"Anyone looking for clues about when the Fed will stop tightening is bound to be disappointed" by Bernanke's testimony today, said Ed McKelvey of Goldman Sachs U.S. Economics Research. "He simply does not know."

Rather, Fed officials will need to see how the economy and inflationary pressures behave after the May meeting before they decide whether to raise interest rates in June. Bernanke, testifying before Congress's Joint Economic Committee for the first time as Fed chairman, is likely to lay out the economic and inflationary risks he sees while keeping his interest rate options open, several analysts predicted yesterday.

Just yesterday, the Commerce Department reported that new orders for big-ticket durable goods -- items such as computers, cars and appliances -- rose 6.1 percent in March.

And sales of new homes surged 13.8 percent in March, after slumping in February, the National Association of Realtors said yesterday.

"The strong momentum undermines the notion that the Fed might be able to halt its rate hikes after just one more move," said Nigel Gault, an economist at Global Insight Inc.

The figures released yesterday prompted several analysts to estimate that the economy grew at faster than a 5 percent annual rate in the first three months of the year, a robust rebound from its weak finish at the end of last year.

"The economy is pumping on all cylinders," Richard W. Fisher, president of the Federal Reserve Bank of Dallas said in an interview yesterday. But, he added, economic growth in "the second half [of the year] probably will be a little slower."

Fed officials are raising interest rates to make sure strong economic growth doesn't cause inflation to take off. Higher rates make it harder for consumers and businesses to borrow, which restrains their spending, slowing growth and making it harder for businesses to raise prices.

The Fed has raised its benchmark federal funds rate -- the interest rate charged on overnight loans between banks -- 15 times since June 2004, to 4.75 percent last month. The rate has caused other short-term rates, such as those on home-equity loans, adjustable mortgages and credit cards, to rise as well.

But long-term interest rates, such as mortgages, are determined by global financial markets. Mortgage rates have risen in recent weeks but remain low by historical standards.

The housing market has already started to cool a bit, with price appreciation slowing, inventories of unsold homes growing and mortgage applications dropping, which implies that sales will droop as well. Many Fed officials expect this will help slow overall economic growth in coming months to an annual rate below 3.5 percent, which should keep the lid on inflation. But some policymakers don't see much of a slowdown yet, with consumer spending, business investment and exports all rising.

Housing is sending "mixed signals," Fisher said. But, "the rest of the economy is doing so well, it's mitigating the fall-off in one sector."

Meanwhile, inflation flared higher in March, in part because of higher energy prices. But other prices rose as well, for housing, clothing, medical care, recreation, air travel and education.

Fed officials cannot use interest rates to keep oil and gasoline prices from rising, since they are largely determined in global markets according to supply and demand pressures. But Fed policy can make it harder for businesses to pass their energy costs to consumers through higher prices.

Looking for signs of such pass-through inflation, economists look at core inflation measures, which exclude prices for energy and food. The Labor Department's core consumer price index rose 0.3 percent in March, the largest increase in a year.

"The March CPI was a mite disturbing . . . as pressures in the core index were not easily isolated to one or two troublesome items and were therefore consistent with the possibility of a pickup in this [energy price] pass through," McKelvey said.

"However, one month does not make a trend," he added, implying that core inflation could recede in following months. But several analysts say that is unlikely because of trends in rental housing prices, which are rising.

Rents fell dramatically while the Fed was cutting interest rates during and after the 2001 recession. Lower rates induced more renters to become homeowners, which fueled the housing boom and lowered demand for rentals. Now, with mortgages rising, rents are climbing, as well.

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Much of the increase in the March core CPI reflected rising shelter costs for renters and homeowners, a senior Labor Department economist said. The "shelter" category, which also includes rising hotel rates, accounts for 42 percent of the core CPI.

Because of rising rents, "we suspect the markets could be negatively surprised as core CPI hangs higher longer than current expectations," wrote David Shulman, in a recent forecast published by the Anderson School of Management at the University of California at Los Angeles. And, he said, the higher-than-expected core CPI "will likely put upward pressure on U.S. interest rates."

Why War Is Hell On President's Party (USAT)

By Ross K. Baker

USA Today, April 27, 2006

Though the midterm congressional elections are seven months away, speculation has already reached a fever pitch about how the public, half a year from now, will evaluate the record of the Bush administration and the GOP on everything from the Iraq war to changes in Medicare.

Congressional experts point to the relatively small number of seats in the House of Representatives — less than 10% of them by some reckoning — likely to be in play because of a combination of partisan gerrymandering and the formidable advantages enjoyed by incumbents. Larry Sabato, a respected election analyst, concluded recently that in their quest to take control of Congress, “Democrats are facing an uphill struggle.” Coupled with these tactical advantages enjoyed by the GOP, critics also downplay Democratic chances because of that party's lack of clear alternatives to the president's policies.

If there were not battles raging in Afghanistan and Iraq in which Americans were dying and being wounded, perhaps the experts' predictions of token GOP losses would be on solid footing. But this midterm must be judged not by peacetime elections, but by those that have taken place with armed conflict as a backdrop. In those elections, the party of the president has suffered major losses. It will again in November if no clear end to our Iraq engagement is on the horizon. Even if success is within our grasp this fall, war fatigue alone might unhorse the Republicans.

The party of Franklin Roosevelt, the architect of the nation's recovery from the Depression and the author of victory in World War II, suffered such a humiliating defeat in the elections of 1942, the first midterm after Pearl Harbor. To add to the humiliation, just before elections FDR had made a cross-country trip to boost morale and gave one of his “fireside chats” brimming with optimism, in much the same fashion as President Bush's recent forays to shore up support for the war.

The reason for the Democrats' loss was straightforward: The war was not going well. The battle for the contested island of Guadalcanal in the Pacific was still in doubt. The Japanese were still entrenched on the Aleutians, in Alaska, and were battling for control of Southeast Asia's island of New Guinea. Like the current situation in Iraq, there was some encouraging news as well, such as the raid by U.S. bombers on Tokyo in April 1942 and the Battle of Midway in June. But our allies were struggling. The Russians were still on the defensive around Stalingrad, and the British were reeling from a failed large-scale raid on German-occupied France.

Unlike today's White House officials, some people high up in Roosevelt's administration were openly pessimistic. FDR's assistant secretary of the Navy warned, “We could lose the war;” his director of military manpower lamented, “The tide is running against us.” FDR lashed out at the press whose reports on the war, he said, “had done the country a great deal of harm.”

The conventional wisdom then held that the Republicans would make modest gains. Pollster George Gallup predicted that the Democrats would probably not lose more than a single House seat. But when the votes were counted, the Republicans had won 44 House seats and nine in the Senate. The Democrats retained control but suffered a severe setback. The Democratic defeat put Time magazine in mind of the previous wartime midterm, in 1918, when, on the very threshold of armistice, Woodrow Wilson's Democrats lost 19 House seats and six in the Senate.

A pattern emerges from all elections of the past century conducted in wartime: The contest turns into an expression of discontent with war.

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Harry Truman's Democrats suffered a loss of 29 House seats and six Senate seats in 1950, the first midterm after U.S. involvement in Korea; Lyndon Johnson's Democrats lost heavily in 1966, the first U.S. midterm elections during the Vietnam War; and Richard Nixon's midterm in 1970, while the Vietnam War still raged, saw losses for his Republicans in Congress.

Each war is different, and the political circumstances around each election are distinctive. Dissatisfaction in 1942 did not carry with it the threat of a pullout from Europe or the Pacific. We had been attacked by the Japanese and had war declared on us by the Germans. In 1918, the Democrats lost their majority in Congress with victory in sight, according to John Dos Passos in his history of the Wilson years — because of the president's appeal to the voters to show their support of his war policies by electing a Democratic Congress. Here again, the experts, notably The New York Times, were wrong in their prediction of a victory for the president's party.

For Americans, war weariness sets in early. Lightning campaigns such as the ejection of Iraq from Kuwait or the invasions of Grenada and Panama do not test the patience of the public. But even those wars that are ultimately successful but protracted impose a dreadful political cost on the incumbent.

Today, the very many safe congressional seats do provide a buffer for Republicans that might stand up under Democratic attacks on corruption, immigration, health care, or a bungled response to a hurricane that struck a year before the elections.

But a war of uncertain duration, even one in which the trend lines are promising, might be too great a surge for members of the president's party to withstand. Combat fatigue is not a condition found only on the battlefield; it is also an affliction that has often been diagnosed in the voting booth.

Ross K. Baker is a political science professor at Rutgers University. He also is a member of USA TODAY's board of contributors.

Clinton Is Democrats' Favourite For White House But .... (AFP)

AFP, April 26, 2006

Senator Hillary Clinton is the favourite among Democratic voters to be the party's candidate in the 2008 presidential election, according to a poll.

But only 12 percent of Democrat electors believe the wife of ex-president Bill Clinton can overcome the hostility of US Republicans to take the White House, according to the Financial Dynamics poll for The Hotline political newsletter.

The New York senator had support from 38 percent of Democrats, a 24 percentage point lead over nearest rival, Senator John Kerry, the losing Democratic candidate in the 2004 election.

"The depth and breadth of Hillary Clinton's support among Democrats is daunting for other potential Democratic candidates in 2008, especially coupled with her enormous fundraising edge," said The Hotline editor Chuck Todd.

But Clinton is divisive figure. Many conservatives dislike her because of her attempts to influence policy while her husband was president.

The poll said that Senator John McCain was the leading Republican candidate among Democrats.

Fifty-five percent of the 603 people questioned had a favourable view of the Vietnam War veteran who fought George W. Bush for the Republican candidacy in 2000, a higher rating than many Democratic party chiefs received.

The poll, carried out April 19-23, had a margin of error of four percentage points.

Percentage Of Uninsured Americans Rising (AP-Y2)

By Theresa Agovino

AP2, April 26, 2006

The percentage of working-age Americans with moderate to middle incomes who lacked health insurance for at least part of the year rose to 41 percent in 2005, a dramatic increase from the 28 percent in 2001 without coverage, a study released on Wednesday found.

Moreover, more than half of the uninsured adults said they were having problems paying their medical bills or had incurred debt to cover their expenses, according to a report by the Commonwealth Fund, a New York-based private, health care policy foundation. The study of 4,350 adults also found that people without insurance were more likely to forgo recommended health

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screenings such as mammograms than those with coverage, and were less likely to have a regular doctor than their insured counterparts.

The report paints a bleak health care picture for the uninsured. "It represents an explosion of the insurance crisis into those with moderate incomes," said Sara Collins, a senior program officer at the Commonwealth Fund.

Collins said the study also illustrates how more employers are dropping coverage or are offering plans that are just too expensive for many people.

About 45.8 million Americans did not have health insurance in 2004, according to the U.S. Census Bureau.

The percentage of individuals earning less than $20,000 a year without insurance rose to 53 percent, up from 49 percent in 2001. Overall, the percentage of people without insurance rose to 28 percent in 2005 from 24 percent in 2001.

The study also found that 59 percent of uninsured with chronic conditions such as asthma or diabetes either skipped a dose of their medicine or went without it because it was too expensive. One-third of them

One-third of those in that group visited an emergency room or stayed in a hospital overnight or did both, compared to 15 percent of their insured counterparts.

Collins said those statistics are significant because giving up medicines typically leads to more expensive health problems later. Treating people in expensive settings such emergency rooms places a financial burden on the health care system, she added.

"People not being able to take care of themselves should send out a big red flag," said Collins.

HCA Inc. hoisted a red flag on Tuesday, when the the nation's largest for-profit hospital operator said its earnings fell 8.5 percent in the first quarter after an increase in the uninsured admissions cut into revenue gains. Uninsured admissions rose 13 percent during the quarter, and the company said its provision for "doubtful accounts" rose to $852 million from $683 million a year earlier.

The Commonwealth Fund's study was bolstered by analysis of government data funded and released by the Robert Wood Johnson Foundation, a private organization that provides health care grants.

That study found that cost prevented 41.1 percent of uninsured adults from seeing a doctor, compared to 9.2 percent of individuals with coverage.

Meanwhile, 51 percent of women without health insurance haven't had a mammogram in two years, compared to 22.8 percent of women with insurance.

And 76.3 percent of uninsured men between the ages of 40 to 64 haven't had the PSA test, which detects prostate cancer, in two years. That compares to 52.2 percent of their insured counterparts.

Researchers at the University of Minnesota School of Public Health used data from the U.S. Centers for Disease Control and Prevention to reach the study's conclusion.

Iranian Leader Warns U.S. Of Reprisal (WP)

By Molly Moore And Thomas E. Ricks

The Washington Post, April 27, 2006

PARIS, April 26 -- Escalating the threats between Washington and Tehran, Iran's supreme leader, Ayatollah Ali Khamenei, warned Wednesday that his country would strike U.S. targets around the world in the event it is attacked over its refusals to curb its nuclear program.

"If the U.S. ventured into any aggression on Iran, Iran will retaliate by damaging U.S. interests worldwide twice as much as the U.S. may inflict on Iran," Khamenei said in a speech to a workers' assembly, according to the official news agency IRNA.

His statement adds to a campaign of defiance by senior Iranian officials in advance of a report expected Friday by the U.N. atomic watchdog agency, which analysts predict will cite Iran for defying U.N. Security Council demands to halt its uranium enrichment program.

The heightened tensions between the United States and Iran have helped drive oil prices to record highs and have set in motion intense diplomatic meetings aimed at heading off greater destabilization in the Middle East.

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In a spate of statements this week, Iranian officials have also threatened to cut oil production, export nuclear technology, bar international nuclear monitors, make their nuclear program entirely secret and withdraw from the nuclear Non-Proliferation Treaty.

While Bush administration officials have said they have no plans to attack Iran, they have repeatedly said they have not ruled out that step.

U.S. military experts are confident that U.S. forces could carry out extensive airstrikes against Iranian targets, but there is disagreement about how much of a setback such raids could impose on the Iranian nuclear program, much of which is housed underground.

Two main options are under consideration, say people familiar with Air Force thinking. The first would be a quick series of strikes against several dozen nuclear-related facilities, lasting only a few days and followed by a U.S. statement that the bombing would resume if Iran retaliated.

The second option envisions a lengthier, more ambitious campaign of waves of strikes by bombers and cruise missiles aimed at hundreds of targets, hitting not just nuclear-related facilities but also the headquarters of intelligence agencies, the Revolutionary Guard and other key government offices.

Many experts worry that Iran, dominated by Shiite Muslims, would retaliate against U.S. and British forces in neighboring Iraq by mobilizing Iraqi Shiites. It might also attack U.S. and British installations in Saudi Arabia and Bahrain through the help of Shiites in those countries. In other scenarios, Iranian agents would stage terrorist strikes against civilians in the United States, Europe and elsewhere.

The recent statements are "a war of words," said Gary G. Sick, a professor of Middle East policy at Columbia University and longtime monitor of Iranian politics. "Neither side has anything to gain by an attack on the other, but there is a chance of an accident triggering something and that's what makes the situation so dangerous."

The Vienna-based International Atomic Energy Agency's report due Friday to the U.N. Security Council on the status of Iran's uranium enrichment program will shape debate in the council that could begin as early as next week. At issue would be possible international responses to Tehran. An IAEA official declined to comment on the contents of the pending report.

Iran dispatched an envoy to Vienna on Wednesday to meet with representatives of the IAEA, but neither side expressed optimism about a last-minute breakthrough. Iranian leaders have said they will not stop their uranium enrichment efforts, but rather plan to expand them.

"I think it's pretty clear what that report is going to say," White House spokesman Scott McClellan told reporters Wednesday, "which is that this is a regime that is in noncompliance with its obligations; this is a regime that is not abiding by the agreement it made with the Europeans to suspend all its enrichment and enrichment-related activities."

Under an agreement reached with Britain, France and Germany, Iran had suspended enrichment work while negotiations continued toward an agreement under which Iran would receive economic and political incentives in exchange for a permanent shutdown of controversial aspects of its nuclear program. It recently restarted enrichment.

Iran says its nuclear program is exclusively directed toward generating electricity. But U.S. officials accuse it of using the program as a cover to develop nuclear weapons. The Security Council has instructed Iran to stop its uranium enrichment program out of concern that it puts the country a step closer in the years-long process of building a nuclear bomb.

Iranian authorities, playing to a domestic political audience, have cast the U.N. demands as an effort by the West to trample on its sovereign right to develop a civilian nuclear program. "The Iranian nation and its officials are peace-seekers and the Islamic republic would not invade anybody," Khamenei said Wednesday.

Iranian President Mahmoud Ahmadinejad has also created concern abroad by repeatedly calling for the end of the Jewish state. On Monday, Ahmadinejad said the "fake" state "cannot survive" and urged Israeli immigrants to return to their home countries. He has often called the Holocaust a myth.

"Of all the threats we face, Iran is the biggest," Israeli Defense Minister Shaul Mofaz said Tuesday as Israel observed Holocaust Remembrance Day. "The world must not wait. It must do everything necessary on a diplomatic level in order to stop its nuclear activity."

He added, "Since Hitler we have not faced such a threat."

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Iran Leader Warns U.S. Against Attacking (AP)

By Nasser Karimi

AP, April 26, 2006

Iran's supreme leader warned the United States on Wednesday that his nation would hit back twice as hard if America attacked its nuclear sites.

Even as it threatened to ravage U.S. global interests, Iran sent its top nuclear official to Vienna, Austria, for talks with the U.N.'s nuclear watchdog agency ahead of a Friday Security Council deadline for Tehran to halt its uranium enrichment activities.

"The Americans should know that if they invade Iran, their interests around the world would be harmed," supreme leader Ayatollah Ali Khamenei told workers gathered ahead of May Day, the international workers' holiday, state television reported.

"Iran will respond twofold to any attack," Khamenei said.

The United States repeatedly has said it has no plans to attack Iran but all options remain on the table as it pursues a diplomatic solution to Iran's insistence on enriching uranium — a process that can produce fuel for generators or fissile material for nuclear bombs.

Britain on Wednesday ruled out military force against Iran. "This is not Iraq. Nobody is talking about military action," Foreign Secretary Jack Straw said in a speech in London.

But Straw said how the world deals with the standoff over Tehran's nuclear program will be a test for the relevance of international diplomacy.

The Security Council has given Iran until Friday to suspend enrichment. If it does not, the council is likely to consider punitive measures against the Islamic republic.

Iran has rejected the ultimatum, but senior negotiator Gholamreza Aghazadeh was discussing the issue in talks Wednesday with the International Atomic Energy Agency, which is preparing a report on Iran's compliance with the Security Council demand.

In Vienna, diplomats were skeptical of any proposals that Aghazadeh was carrying, saying they were unlikely to alter the negative tone of the IAEA report to the Security Council. Still, one of the diplomats — who demanded anonymity because he was not supposed to be discussing the confidential talks — said the two sides agreed to a second round of talks in the evening after an afternoon meeting attended by IAEA chief Mohamed ElBaradei.

The chief U.S. delegate to the IAEA, Gregory L. Schulte, has said he expects a negative report from ElBaradei.

Iranian President Mahmoud Ahmadinejad shrugged off the possibility of the council's penalizing Iran.

"The enemies could not impose their wrong decision against us under cover of the Security Council and the IAEA," Ahmadinejad said, according to state television.

Ahmadinejad said Iran remained committed to negotiations.

"We are ready to discuss (the nuclear program) to show that it has not been diverted" to military purposes, the president said.

The United States has asked for the Security Council to meet May 3 to discuss how to respond to the report.

While the IAEA has found no "smoking gun" proving Iran wants nuclear arms, a series of IAEA reports have revealed worrying clandestine activities such as plutonium processing and documents including drawings of how to mold weapons-grade uranium metal into the shape of a warhead.

Iran deepened international concerns by announcing April 11 that it had enriched uranium with 164 centrifuges. It has informed the IAEA that it plans to install 3,000 centrifuges in the last quarter of 2006 and later 54,000 centrifuges for large-scale enrichment of uranium.

While tens of thousands of centrifuges need to be running in "cascades" for a full-fledged enrichment programs, experts estimate that Iran could produce enough nuclear material for one bomb if it had at least 1,000 centrifuges working for over a year.

On Tuesday, Iran issued its toughest warning on the issue. Nuclear negotiator Ali Larijani said that if the Security Council imposes sanctions, Iran would stop cooperating with the IAEA and conceal its nuclear activities.

"If you take harsh measures, we will hide this program. If you use the language of force, you should not expect us to act transparently," Larijani said.

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Iran appears to be drawing strength for its defiance from the evident reluctance of Russia and China to endorse sanctions. The two powers hold vetoes on the Security Council.

"We see no alternative to the negotiations process," Russian Defense Minister Sergei Ivanov said Tuesday. China has repeatedly urged all parties to show flexibility and pursue a peaceful settlement.

A Defiant Iran Banks On A Split At UN (CSM)

By Howard LaFranchi

The Christian Science Monitor, April 27, 2006

WASHINGTON - With neither side blinking, Iran and the international community are preparing to take the next step in their showdown over Tehran's nuclear ambitions.

The confrontation returns Friday to the United Nations Security Council, where the Iranian regime is hoping a divide-and-conquer strategy will prevent the UN body from taking any coercive action to limit its nuclear program. It may be a bold gambit: Just a month ago, the Council acted - unanimously - to give Iran 30 days to show it had ceased uranium enrichment.

But the Security Council, in fact, is split over the need for action against a defiant Tehran - increasing the likelihood that steps such as economic sanctions will be taken not by the UN, but by a "coalition of the willing" of the US and equally adamant allies.

"Of course we have a strong preference for action by the Security Council, for legal reasons ... and [because] it sends a clear message to the Iranian people that action is against the regime and not them," says a French diplomat who requested anonymity because of the delicate nature of the negotiations. "But at the same time, we can't remain forever doing nothing in the case Iran goes forward with its process."

The United States as well has been emphasizing its preference for united Security Council action against Iran. But it is also floating with allies the possibility of steps outside the UN if the Security Council proves unable to bridge its differences - essentially with the US, Britain, and France on one side, and Russia and China on the other.

Beginning Thursday, Secretary of State Condoleezza Rice is to attend a two-day meeting of NATO foreign ministers in Sofia, Bulgaria, where the issue of Iran and its relevance to the Atlantic alliance is expected to be raised, according to NATO officials.

The 30-day pause in deliberations on Iran was designed to give the Iranian government an opportunity to cease uranium enrichment, reassure the world that it is not proceeding along a path to nuclear armament, and stave off further international action.

But if anything, Iran has used the days preceding a return to the Security Council to rattle the international community: not only to boast of a perfected enrichment process, but to do it with veiled references to secret enrichment sites and to accelerated nuclear development.

The Iranian game plan appears to be to set up a confrontation with the West that not only divides the international community but shatters any consensus against its nuclear program, analysts say.

"They seem to be trying to replay the good-cop-bad-cop strategy the US and EU [European Union] used against them, but in their own way where they play both the good cop and the bad cop," says Ray Takeyh, an Iran expert with the Council on Foreign Relations in Washington.

He points to Iran's diplomatic forays to Russia and Persian Gulf states, as well as toward Sudan, even as Iranian President Mahmoud Ahmadinejad taunts the West. And he says Iran is trying to look reasonable and cooperative to friends (like Russia) and Muslim countries, while also appearing to stand up to Western powers.

The Iranian strategy may be working, both at home and when it comes to the UN. Domestically, the outspoken Mr. Ahmadinejad is winning points with his anti-Western stance, even as he fails to deliver on the bread-and-butter issues that brought him to power.

"This could be part of his domestic political calculations," says Joseph Cirincione, director for nonproliferation at the Carnegie Endowment for International Peace in Washington. "The more he postures as standing up to a US positioning itself for war, the more he consolidates his power."

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Then there's the UN: A month after the Security Council approved a watered-down statement on Iran, world powers seem no closer to consensus on diplomatic action, such as "smart" sanctions aimed at Iranian officials.

Initially, the US, Britain, and France are set on seeking something more from the Council than the simple "presidential statement" that was approved a month ago. This time they want a so-called "Chapter 7 resolution," which would designate Iran a threat to international security - a step that would open the door to sanctions and eventually even military action.

In the days leading up to Council deliberations, the US is reiterating that it is not seeking sanctions at this time. "The resolution we are contemplating ... would not be a sanctions resolution," the US ambassador to the UN, John Bolton, said Tuesday. "So from our perspective, we are going to take it one step at a time."

But for China and Russia, a Chapter 7 resolution puts the Council on a course of action, including sanctions, even if the text does not specifically call for it. And it also starts looking increasingly like the diplomatic road the US took before going to war with Iraq, some experts say.

That helps explain why neither veto-wielding nation is likely to go along with a tough new resolution. "I think the Chapter 7 route is dead on arrival," says Mr. Cirincione. "The US can keep talking about it, but our own policies have doomed it."

Specifically, he says the US appears to be "following the playbook on Iraq," by insisting it wants a diplomatic solution even as it continues to hold out the possibility of military action. "That may not be what's happening," he says, "but to a number of countries out there, it looks that way."

US officials appear to be aware of this perception. Secretary Rice this week said the US is "aware Iran is not Iraq." But at the same time, she warned that the Security Council's relevance to international security is on the line in the Iranian issue.

"We're starting to hear the US use the Iraq language - that if the Security Council doesn't act, it becomes an irrelevant organization," says Mr. Takeyh of the Council on Foreign Relations. "The strategy may be to put together a coalition of the willing to apply sanctions, but you can't go that route without denigrating the Security Council first."

House OKs Tighter Sanctions Against Iran's Nuclear Aims (WT)

By Christina Bellantoni

The Washington Times, April 27, 2006

The House yesterday overwhelmingly passed a bipartisan bill that toughens sanctions against Iran until the country dismantles its nuclear programs, with supporters saying the move is a "key component of our war on terror."

Lawmakers voted 397-21 for the Iran Freedom Support Act, created "to hold the current regime in Iran accountable for its threatening behavior and to support a transition to democracy in Iran."

The bill sends the message "the United States expects Iran to be a responsible member of the international community," said House Majority Leader John A. Boehner, Ohio Republican.

But opponents from both parties argued the bill undermines diplomacy and is a first step to war with Iran.

Rep. Ron Paul, Texas Republican, said the measure reminds him of a 1998 congressional resolution that called for regime change in Iraq, which he thinks was the first step to the "very unpopular, expensive" Iraq war.

Rep. Earl Blumenauer, Oregon Democrat, noted all lawmakers "hate this regime," but he favors "strong, smart, constructive, diplomatic efforts" -- characteristics that he says are not present in the bill.

"I am very worried about where this all ends," he said.

Supporters repeatedly said the bill "does not authorize the use of force."

"If the U.S. fails to act with clarity ... the potential consequences of inaction could be catastrophic," said Rep. Mike Pence, Indiana Republican. "This is real."

Several supporters mentioned Iranian President Mahmoud Ahmadinejad's recent statement that Israel "must be wiped off the map."

Rep. Eric Cantor, who is Jewish, said Congress must take such threats seriously. "This bill should be the first step and not the last," the Virginia Republican said.

That's what opponents fear.

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"It is bad for Iran to have a nuclear weapon, but there are things that are worse," such as giving the country a reason to use one, said Rep. Jim Leach, Iowa Republican.

Rep. Dennis J. Kucinich said the Bush administration has "made a mess of international relations," with the war in Iraq.

"Don't we have enough problems in Iraq to clean up before setting the stage for another conflict with Iran?" the Ohio Democrat asked.

Under the bill, the mandatory sanctions must remain in place until Iran dismantles its weapons programs and presents no threat to the national security of this country or its allies.

It also calls for sanctions against countries that supply Iran with materials for weapons of mass destruction and denies U.S. assistance to countries invested in Iran's energy sector.

Bush administration officials previously said the sanctions bill could harm its own negotiations with Iran.

Mr. Pence said the president is not opposed to the resolution, sponsored by Rep. Ileana Ros-Lehtinen, Florida Republican.

A Senate version is pending in the Foreign Relations Committee.

House Backs Tighter Iran Sanctions (AP-Y2)

By Jim Abrams

AP2, April 26, 2006

The House on Wednesday approved legislation to tighten sanctions against Iran, rejecting administration arguments that tougher sanctions could be an obstacle to international efforts to prevent the Tehran government from developing nuclear weapons.

The bill, said House Majority Leader John Boehner, R-Ohio, sends "a strong message that the United States expects Iran to be a responsible member of the international community."

The vote was overwhelming, 397-21 in favor, but there was also a vocal minority in opposition who drew comparisons to a 1998 congressional resolution calling for regime change in Iraq.

Many voted in good faith for that resolution, said Rep. Dennis Kucinich, D-Ohio, "not knowing that later on it would be invoked as a cause for the prosecution of war against Iraq."

Supporters emphasized that the legislation does not authorize the use of force in Iran and was a proper response to the Tehran government's nuclear ambitions. A nuclear Iran, said Rep. Christopher Smith (news, bio, voting record), R-N.J. "will be a devastating blow to peace and security, not only in the Middle East, but in the entire world."

The legislation, sponsored by Rep. Ileana Ros-Lehtinen (news, bio, voting record), R-Fla., in effect alters the Iran-Libya Sanctions Act of 10 years ago by strengthening sanctions against Iran while taking away restrictions on Libya, which is now cooperating with the West in eliminating weapons of mass destruction.

It states that weapons of mass destruction-related sanctions against Iran remain in effect until Iran has verified that it is dismantling its WMD programs. It requires that sanctions be imposed on any person who exports or supplies to Iran goods or technology that help Iran obtain WMDs.

The measure also states that the names of individuals, governments and companies that have invested at least $20 million in Iran's energy sector be published in the Federal Register. It denies U.S. aid to countries that are invested in Iran's energy sector, but gives the president the authority to waive such a ban on national security grounds.

It also authorizes the president to provide assistance to peaceful pro-democracy and human rights groups in Iran.

The administration, in a letter to House International Relations Committee Chairman Henry Hyde, R-Ill., last month, said the bill could limit the flexibility needed to reach a diplomatic solution to the deadlock over Iran's nuclear program.

The State Department's legislative affairs chief, Jeffrey Bergner, wrote that it could inhibit the administration's ability "to build and maintain an international consensus to confront Iran's violations collectively."

"By sanctioning foreign countries and companies that have economic relations with Iran, this bill sanctions the very countries we need for a strong diplomatic effort," said Rep. Earl Blumenauer (news, bio, voting record), D-Ore.

Rep. Mike Pence (news, bio, voting record), R-Ind., a supporter of the legislation, said the bill had since been changed to give the administration more of the flexibility it sought.

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The bill must still be taken up in the Senate, where prospects are unclear.

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The bill is H.R. 282

On the Net:

Congress: http://thomas.loc.gov/

Hu Refuses To Back Iran Sanctions (WT)

By Bill Gertz

The Washington Times, April 27, 2006

President Bush directly appealed to Chinese President Hu Jintao last week to support economic sanctions on Iran for not abiding by international controls on its nuclear program, but Mr. Hu refused to do so now, Bush administration officials said.

"They left open the possibility that they could support sanctions in the future," said one official familiar with the summit discussions between the two leaders at the White House last Thursday.

Some administration officials were encouraged by Mr. Hu's response. Others said it was typical of Beijing's lack of support for the United States on the issue.

On Capitol Hill yesterday, the House voted to tighten sanctions against Iran until it complies international nuclear controls. The bill urges holding Iran "accountable for its threatening behavior and to support a transition to democracy in Iran."

The bill received overwhelming support, with a vote of 397-21, despite opposition from the White House, which thinks unilateral action could inhibit the administration's ability to build an international coalition.

The high-level request of Mr. Hu was part of the administration's push within the United Nations and the international community to gather support for sanctions against Iran. U.S. officials say Iran has violated agreements by enriching uranium, although it is short of the level needed to create nuclear weapons.

A report to the U.N. Security Council from Mohamed ElBaradei, director of the International Atomic Energy Agency (IAEA), will be sent to council members as early as today.

Officials said the report is expected to repeat earlier appeals for Iran to come into compliance with IAEA controls. The report also will not provide any language that could be used by Tehran to claim that its uranium enrichment outside of those controls has been permitted.

Submission of the IAEA report then is expected to set off a U.S.-led effort within the Security Council for a Chapter 7 resolution that could be passed within the next three months. The resolution would set the stage for economic sanctions or possibly even the use of force in the future to force Iran's compliance with international controls.

Officials said Russia is leading international opposition to sanctions and that China continues to support Moscow's position. The Russian government does not want to impose sanctions because of its sales of technology and military goods to Iran.

Moscow agreed earlier this month to send Tor-M1 anti-aircraft missiles to Iran that U.S. officials say could be used against U.S. or allied aircraft, if force is used to knock out Iran's nuclear facilities.

Moscow also has signed an agreement with Iran to upgrade Iran's Kilo-class submarines with the addition of SSN-27 anti-ship cruise missiles, weapons that could be used against U.S. Navy ships in the Persian Gulf, or that could also be used by Iran to disrupt oil shipments through the Hormuz Strait.

The administration hopes to persuade China to support the Chapter 7 resolution or at least to abstain from voting against it, the officials said.

However, Iran is using its oil sales to China to influence Beijing's political posture on the Iranian nuclear program, the officials said. China is buying regular shipments of Iranian oil that are needed to keep China's modernization effort going.

The governments of Britain, France and Germany, along with some other European states, appear ready to support sanctions, as a result of the failure of the talks with the Iranian government to resolve the standoff diplomatically, the officials said.

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The House legislation, sponsored by Rep. Ileana Ros-Lehtinen, Florida Republican, in effect alters the Iran-Libya Sanctions Act of 10 years ago by strengthening sanctions against Iran while taking away restrictions on Libya, which is now cooperating with the West in eliminating weapons of mass destruction.

It states that weapons of mass destruction-related sanctions against Iran remain in effect until Iran has verified that it is dismantling its programs. It requires that sanctions be imposed on any person who exports or supplies to Iran goods or technology that help Iran obtain weapons of mass destruction.

Azerbaijan Leader Staying Out Of Iran Fray (AP)

By Barry Schweid

AP, April 27, 2006

President Ilham Aliev of Azerbaijan opened a three-day visit to the United States on Wednesday by saying he would not allow his country to be used by the U.S. for any operations against neighboring Iran.

Aliev, scheduled to meet with President Bush on Friday, cited a "very clear" agreement with Iran that the two countries would not permit their territory to be used for operations against the other.

His visit comes at a time of rising U.S. tensions with Iran over its nuclear program, and Aliev said he would remain at arms' length from that conflict.

"Azerbaijan will not be engaged in any kind of potential operation against Iran," he said in remarks at the private Council on Foreign Relations.

The Caspian nation, which shares a border with Iran and Russia, is strategically important to the U.S. because of its location and its role in supplying the West with oil.

Azerbaijan wants to remain an "island of stability" in the region, Aliev said. At the same time, he said Azerbaijan had sent troops to Iraq, Afghanistan and Kosovo, and would "do its best to stand shoulder-to-shoulder" with the United States on security.

The president, who took office in October 2003, has the potential to be an intermediary between the Bush administration and Iran. Iranian Defense Minister Mustafa Mohammad Najjar, on a visit to Baku last week, said Aliev could use his talks in Washington to "explain" Iran's views to the United States.

Aliev said he did not think Iran would be a "major aspect" of his talks in Washington, which are due to include a meeting with Vice President Dick Cheney. But he said "if the question of regional security arises we will discuss it."

Azerbaijan is committed to peace in the region, he said. "We need to try to provide peace and stability."

"At this time," he said, "it is best to concentrate on a peaceful resolution" of the dispute over Iran's nuclear programs, which the United States and European allies say seek development of a nuclear bomb.

On another issue, Aliev conceded there was need for political reform in his country, a former Soviet republic that became independent 16 years ago. Referring to Azerbaijan's energy boom, Aliev said "economic reform without political reform will lead to severe problems." He said his country was moving forward on both fronts.

Human rights groups have criticized the nation for restricting political and human rights and questioned whether U.S. criticism would be muted due to Azerbaijan's role in supplying the West with oil.

Freedom House on Tuesday said Azerbaijan restricts political and human rights and is among the lowest-ranked countries in the private rights group's annual surveys.

"President Bush has made democracy promotion a priority of his presidency," Freedom House executive director Jennifer Windsor said in a statement. "His upcoming meeting with President Aliev presents an important opportunity for him to discuss Azerbaijan's democracy deficit."

Aliev, in response to questions Wednesday, rejected the description of his government as a "regime" and said, "We have all the major freedoms."

In his remarks, Aliev spoke most about a dispute with Armenia over the Nagorno-Karabakh enclave of Azerbaijian. Ethnic Armenian forces occupy the region, in what Aliev called an occupation. He said Azerbaijan's recovery of the territory was not subject to negotiations.

Rice Confirmed To Attend Southeast Asia Security Meet (AFP)

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AFP, April 27, 2006

US Secretary of State Condoleezza Rice has confirmed she will attend Southeast Asia's annual security meeting here in July, Malaysian Foreign Minister Syed Hamid Albar said.

Syed Hamid said that Bangladesh would also make its first appearance as an observer at the regional meeting, where discussions will focus on issues including global terrorism and energy prices.

"I spoke to Condoleezza twice. She confirmed that she will be coming and is looking forward to attending the meeting. There will be full attendance by all the participants," the minister told reporters.

"There will also be a new member attending the ARF, that is Bangladesh," he said of the ASEAN Regional Forum which brings together the Association of Southeast Asian Nations and its key partners including China, Russia and Japan.

Rice shunned the ARF meeting in Laos last year, instead sending her deputy in what was seen as an attempt to pressure ASEAN into pushing its recalcitrant member Myanmar to introduce democratic reforms.

Under pressure from the international community, ASEAN at its annual summit last December signalled its impatience with Myanmar and sent Syed Hamid on an inspection visit there as its envoy.

Syed Hamid said this year's meeting will look at security and economic issues, as well as efforts to create a sense of regional unity among nations with different cultural, linguistic and religious backgrounds.

"Especially the question of energy will be discussed at great length because of the soaring prices of fuel, how it impacts the economies of ASEAN as well as our dialogue partners," he said.

"There is a desire on the part of ASEAN to be seen as cohesive and united. Of course the problem of Myanmar is there but I think this should not in any way impair ASEAN progress."

U.S. Trade Deals Embitter Latin Americans (AP)

By Joshua Goodman

AP, April 26, 2006

With the rise of China and stiff competition from Europe, the United States has been flexing its economic muscle in its own backyard.

Since 2003, when attempts to secure a hemispheric-wide free trade zone broke down, U.S. negotiators have signed bilateral, free trade agreements with nine Latin American nations. Two more, with Ecuador and Panama, are in the pipeline.

Despite skepticism among U.S. labor groups and Congress, those agreements have been an unqualified success for American exporters. For example, U.S. exports to Chile have almost doubled, to $5.2 billion last year, in the two years since the two countries signed a deal, the Office of the U.S. Trade Representative said.

But among Latin Americans, the dollar diplomacy has left a bitter taste.

"Nobody who sat across the negotiating table from the United States came out of the talks feeling they got a fair deal," said Peter Hakim, president of the nonpartisan Inter-American Dialogue think tank in Washington. "And many feel they've been outright cheated."

Part of the failure to impress is attributable to a surge of leftist leaders in Latin America, who've deftly capitalized on the region's traditional protectionism and mistrust of Washington.

But even economists concede that free trade has barely helped the region reduce widespread poverty, which has remained stagnant for decades.

Moreover, the pacts may end up hurting farmers and rural peasants who make up almost half of Latin America's 500 million people. By permanently locking in trade preferences, countries entering trade deals are effectively turning a blind eye to the $17 billion that U.S. farmers receive annually in government subsidies, making it extremely tough to compete.

Not surprisingly, support for U.S. free trade deals in Latin America may be turning.

In Ecuador, Indian protesters last month paralyzed much of the country for nearly two weeks demanding that President Alfredo Palacio suspend trade talks with the United States that have been ongoing for years.

And even the signing of a deal is no guarantee of its implementation. Legislatures in Costa Rica and Peru have stubbornly refused to rubber stamp recent deals even as calls by opposition politicians for national referendums have grown louder.

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Still, despite the push by Argentina and Brazil to create a South American trade zone, for much of the region the price of saying no to Uncle Sam remains too high. Even if that means betraying popular goals of regional solidarity.

The experience of the Andean Community trade bloc — comprised of Bolivia, Colombia, Ecuador, Peru and Venezuela — is a case in point.

The recent trade deals by Colombia and Peru with the United States sounded the death knell for the 39-year-old trade bloc, at least in spirit. For example, in providing a quota for American soy products, Colombia effectively shut out Bolivia from what has been until now its top soy market, worth $170 million a year.

Citing Peru and Colombia's defections, President Hugo Chavez of Venezuela, a staunch opponent of U.S. free-trade deals, announced last week that he was pulling out of the trade bloc.

It remains to be seen how strongly the Venezuelan pullout could affect the $8 billion in annual trade among bloc members, and Venezuela's commerce minister said over the weekend that the withdrawal would be gradual, over five years.

The Andean Community says that trade among member countries has risen on average by 13.5 percent a year since 1990, when it began gradually lifting tariffs and liberalizing trade.

U.S. Probe Targets U.N. Department (WT)

By Betsy Pisik

The Washington Times, April 27, 2006

NEW YORK -- The United Nations confirmed yesterday the U.S. Attorney's Office is investigating suspected wrongdoing in the office that handles procurement for U.N. peacekeeping operations.

In a further blow to the troubled peacekeeping department, a report by the Government Accountability Office (GAO) to be delivered to Congress today describes the procurement office as understaffed, poorly trained and badly lacking the oversight that would uncover corruption, fraud and waste.

Eight senior staff members were suspended with pay earlier this year, after an inquiry by the U.N. inspector general's office uncovered lax management and possible corruption.

Each will be reinstated or disciplined after a U.N. task force investigates nearly 500 procurement-related tips.

"The United Nations currently has an aggressive internal investigation into all aspects of the U.N. global procurement operations," said Undersecretary General for Management Christopher B. Burnham.

"There is also an ongoing investigation by the [U.S. Attorney for the] Southern District [of New York] into the procurement office, and the United Nations is cooperating fully."

The officials involved likely have diplomatic immunity, but Mr. Burnham said U.N. Secretary-General Kofi Annan would lift that protection if authorities request it.

Reports by the GAO will be presented today to the House International Relations Committee, where the United Nations is likely to draw sharp criticism from lawmakers who are exasperated by the Iraq oil-for-food scandal and frustrated by the slow pace of management reforms.

The United States last year contributed about $8 billion to the U.N. regular and peacekeeping budgets, and the Bush administration and lawmakers are intent on improving the international organization's accountability.

"Brazen corruption in procurement shocks the conscience of everyone paying attention," said Rep. Henry J. Hyde, Illinois Republican and chairman of the House International Relations Committee. "The January release of a [U.N. Office of Internal Oversight] peacekeeping procurement report illustrates that corruption has risen to crisis levels."

The 56-page review by the GAO finds deep flaws in the management, coordination, and oversight in the procurement office that spent about $1.6 billion last year on everything from trash disposal in the Balkans to fresh food rations in Sudan to helicopters and cargo planes in the Democratic Republic of the Congo.

The research was conducted over a 10-month period with U.N. assistance.

The GAO audit found key procurement departments understaffed. Although eight missions have been added in seven years and the peacekeeping budget has tripled, the procurement staff and related oversight bodies remained stable.

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"U.N. resources are unnecessarily vulnerable to mismanagement, waste, fraud and abuse," the GAO report says, "because the procurement process is improperly managed; has not committed to maintaining a professional, trained work force; and has failed to adopt a full range of ethical guidelines."

An audit by Deloitte Consulting late last year also revealed shortcomings in peacekeeping procurement. Some of the deficiencies were identified as far back as 1992, when Mr. Annan ran the peacekeeping department.

The Bush administration lately has been pressing for reforms in the procurement and management divisions, but according to the GAO report, its efforts are long-delayed.

The U.S. Mission to the United Nations was without an ambassador-level officer for administration and management for 13 months, until Mark Wallace arrived in March.

The GAO auditors said that left meetings unstaffed, or attended by diplomats of a lower rank who lack "impact and influence."

"This key vacancy represents a missed opportunity for the United States in the formation of the U.N. management reform agenda agreed upon at the World Summit in 2005," the GAO report says.

The report recommends several reforms, including stronger oversight of the field, a database with contractors' performance histories and better mechanisms for vendors to report the irregularities that might indicate patterns of bid-rigging or influence.

There are 270 U.N. procurement officers spread over 19 far-flung peacekeeping missions, many of those in conflict areas with limited local resources.

Peacekeepers Targets Of New Sinai Attacks (NYT)

By Michael Slackman

The New York Times, April 27, 2006

EL ARISH, Egypt, April 26 — Two suicide bombers attacked members of a multinational peacekeeping force in the northern Egyptian Sinai on Wednesday, two days after a triple bomb attack killed nearly two dozen in a resort south of here.

The suicide blasts were small, officials said, killing only the attackers while damaging two security vehicles. But their timing — so soon after Monday's attacks — and the location in one of the Egypt's highest security zones raised concerns that the country might again be faced with the kind of sustained terrorist threat it struggled to suppress a decade ago.

The bombings on Wednesday — against members of a multinational peacekeeping force established in 1982 after a peace treaty between Egypt and Israel — came as investigators rounded up suspects and sorted through evidence in the triple bomb attack on the southern Sinai resort town of Dahab.

The latest attacks added to a general sense of anxiety, both inside and outside the government, over challenges facing the Arab world's most populated country. The government has been buffeted on multiple fronts, from sectarian strife in Alexandria, where a Muslim resident recently attacked three Coptic Christian churches, sparking days of riots, to a protest by thousands of judges demanding independence from the executive branch, to the emergence of the fundamentalist Muslim Brotherhood as the only organized political opposition.

The string of bombings in the Sinai — at a time when the government has increasingly moved to stifle political opposition — has also prompted many people to charge that the authorities are so focused on political control they have undermined their ability to fight terrorism.

"The problem is you cannot separate what's happening now from the general atmosphere in Egypt," said Dr. Emad Gad, an analyst at the government-financed Ahram Center for Political and Strategic Studies in Cairo. "There is a state of apprehension. Part of the problem rests in the fact that the Egyptian security agencies are concerned about confronting civil society interactions."

While the government insists it has made every effort to combat domestic terrorism, it has appeared stumped over to how to safeguard its tourist industry in the Sinai, one of the pillars of the nation's economy.

Magdy Rady, the chief government spokesman, said Wednesday night that the government recognized that it needed to address security in the Sinai in a comprehensive way — from improving roads to building schools — and said the government

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had developed a master plan to address the many concerns of the region. But he disputed the notion that the spate of attacks suggested a government failure, saying they occurred as tourism and the economy had begun to improve.

"The prime minister said something very true, that it seems like there are some people who do not like for Egypt to wake up," Mr. Rady said. "We were approaching a record in tourism. We are heading to a 6 or 7 percent growth rate, part of it because of investment, part because of tourism, and all this terrorism will affect this."

The aftermath of the Dahab attack demonstrated the nearly impossible task the government faced in trying to deter terrorism. While security at hotels has been tightened around the country, those responsible for Dahab went after the softest of targets — the middle of a crowded pedestrian walkway. Men, women and children were killed and maimed.

There have been multiple bombings in the Sinai in the last two years, and investigators say that what is worrisome is that they all appear connected — including Dahab and the suicide blasts.

Investigators said the attacks seemed to be the work of locals, mostly people from the Northern Sinai region who know the area and can avoid the intense security and checkpoints that are routine here, and have decided that they are willing to kill to undermine the government. An Interior Ministry statement said it had information that the attackers in Dahab and Northern Sinai were Sinai Bedouins.

"It is obvious that there is a link, especially since there are still suspects at large from the first attacks," said a top security official who asked not to be identified because he was not authorized to speak publicly.

The first attack on Wednesday occurred about 11 a.m. when a suicide bomber exploded a device near a van carrying two Egyptian officials and two peacekeepers with the multinational force, not far from their base in Al Gorah, about 15 miles west of the Gaza Strip.

The second bomb blew up five minutes later beside an Egyptian police vehicle responding to the first attack, officials with the multinational force said, adding that the bombers were the only ones injured in either attack.

But the bombings, while far less bloody than those in Dahab, sent a chill through Cairo.

For the first time since Hosni Mubarak became president, Egyptians are pressing his government in ways they have never dared to before, and the protests continue despite beatings and arrests by the security forces. As the suicide bombers were attacking the peacekeeping forces, for example, some of Egypt's most prominent judges were in the eighth day of a Cairo sit-in to demand independence from the executive branch.

"There are cracks everywhere, and what we have seen in the recent weeks are symptoms of deeper cracks in the regime," said Saad Eddin Ibrahim, who was once jailed for his own democracy work.

"The people are no longer as afraid of the regime as they used to be," he said. "Part of it is because of their ineptitude of handling big problems in the country whether social, political, or economic."

Mr. Rady, the government spokesman disagrees, saying that it is because of Egypt's successes that it has been the target of attacks.

"Even though there are some trespasses, we are heading the right way in many things, and every time we are about to accomplish something, there is a hit that brings us back a bit," he said. "We are adamant to head for our target despite all these problems. But there is someone trying to pull us back."

Two Bombers Target Forces In Egypt (WP)

By Daniel Williams

The Washington Post, April 27, 2006

CAIRO, April 26 -- Bombers targeting Egyptian police and a U.S.-led multinational peacekeeping force killed only themselves in a pair of attacks Wednesday in northern Sinai, two days after blasts at a resort in the southern part of the peninsula left at least 18 civilians dead.

The attacks displayed the Egyptian government's continuing difficulty in pacifying the rugged Sinai region, which has become a stronghold for violent groups, government officials said.

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In the first attack Wednesday, a man approached a vehicle operated by the Multinational Force and Observers or MFO, which has monitored the Sinai as an element of the 1979 Israeli-Egyptian peace treaty. The bomber blew himself up, perhaps as he tossed an explosive at the vehicle, according to Mahmoud Fishawy, a spokesman for the Interior Ministry.

The blast broke a window of the vehicle, which was carrying two police agents and soldiers from the Norwegian and New Zealand contingents. Neither the Egyptian police officers nor the peacekeepers were injured, Fishawy said.

A second bomber was riding a bicycle and tried to block a police car carrying two Egyptian police officers on their way to investigate the first explosion. The bomber also blew himself up, said Fishawy, labeling it a suicide attack. Neither of the police officers was hurt.

The peacekeeping force has operated largely in safety. Last August, however, a roadside bomb detonated near an MFO vehicle and slightly wounded two Canadian peacekeepers.

The Wednesday attacks followed the deployment of extra police officers and soldiers and additional checkpoints in the Sinai after Monday's explosions in the town of Dahab, where three bombs exploded on a seaside promenade.

The Egyptian interior minister, Habib al-Adli, said the bombings this week were linked to an attack last July in Sharm el-Sheikh, which killed 64 people, and to one in 2004 in Taba and another nearby resort close to the Israeli border, which killed 34 people.

Egyptian officials have blamed the bombings on Islamic extremists who have their roots in a disaffected Bedouin population that has complained of government repression and neglect. Massive police roundups of suspects that followed the Taba and Sharm el-Sheikh bombings also stirred discontent, officials said. In an announcement about Wednesday's bombings, the Interior Ministry specified that the second attacker was Bedouin.

"Sinai is a place where the government has not been present," a senior government official acknowledged. "Bedouins know the area better than any security official."

President Hosni Mubarak, a longtime U.S. ally, recently hinted he would extend emergency laws that have been in force since 1981, on the grounds that easing them would pose "a serious danger." The laws, originally justified as a means to fight terrorism, permit authorities to detain Egyptians indefinitely without charges, try civilians in military courts and restrict public gatherings, speech and political activity. Opposition groups and pro-democracy forces say the laws are used to buttress Mubarak's 25-year reign and stifle reform in advance of a move to transfer power to his son, Gamal.

In addition to the Sinai attacks, Egypt has recently experienced a spike in violence between Muslims and Coptic Christians, a minority in Egypt. Two weekends ago, the fatal stabbing of an elderly Coptic man by a Muslim assailant ignited three days of sectarian street battles in the Mediterranean port city of Alexandria.

Moreover, police killed at least 10 Egyptians during parliamentary elections last year when security agents blocked access to several polling stations, and on Dec. 30 last year, 23 Sudanese migrants were killed when police cleared an encampment in Cairo set up to protest refugee repatriations.

The bombings Wednesday took place near the peacekeeping force's base near the town of Rafah, on Egypt's border with the Gaza Strip.

A statement from the force's headquarters in Rome said the first assault took place at 11 a.m., as a peacekeeping vehicle left the el-Gorah base. The Egyptian police had visited the base to handle travel paperwork for the peacekeepers, the Interior Ministry said. The second bombing attempt took place 35 minutes later on a road between Rafah and el-Gorah.

The multinational force includes 1,800 troops from 10 countries: the United States, Canada, Australia, New Zealand, Italy, France, Colombia, Hungary, Uruguay and Fiji. Although not technically a member, Norway provides the force with three officers.

Putin Talks Of Sending Oil To Asia, Not Europe (NYT)

By Andrew E. Kramer

The New York Times, April 27, 2006

MOSCOW, April 26 — President Vladimir V. Putin said Wednesday that Russia should direct future oil and natural gas exports to Asia because "unprincipled competition" had blocked its energy companies from expanding elsewhere.

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With the bold warning that Russia has other export options, Mr. Putin waded into a debate in Europe over the plans of Gazprom, the natural gas monopoly, which is trying to enter the retail gas market.

Mr. Putin couched his words in a discussion of a new Siberian pipeline to ship oil to China, Japan and other Pacific Rim markets. He spoke before a meeting on energy issues with Chancellor Angela Merkel of Germany in the Siberian city of Tomsk.

This week, the Russian oil pipeline operator Transneft said that it would break ground on Friday on a 1,400-mile pipeline from eastern Siberia to the Pacific Ocean. The pipeline, which will be able to carry 1.5 million barrels a day, could divert exports to Asia that now go to Europe.

The swagger in Mr. Putin's remark suggests his government believes it now has a strong negotiating hand with Europe on energy issues.

After Gazprom briefly cut natural gas exports to Ukraine in January, European leaders questioned Russia's reliability as a supplier.

It is certainly a large one. At the end of trading on Wednesday, the stock market value of Gazprom was $267 billion, more than BP, Europe's largest energy company. The value put Gazprom in second place after Exxon Mobil of the United States. Gazprom is now the fourth-largest company in the world after Exxon, General Electric and Microsoft.

"We often encounter unfair competition on international markets," Mr. Putin told a business forum held before the summit with Ms. Merkel.

"Despite the great demand for energy resources, attempts are made, under all sorts of pretexts, to restrict us," he said. "Remember that the nations of the Asia-Pacific region are developing at an enormous rate, and they need our cooperation."

Ms. Merkel, who was brought up in East Germany, has taken a firmer line with Mr. Putin than her predecessor, Gerhard Shröder. Still, the German companies E.On and BASF were expected to sign a big natural gas deal with Gazprom at Tomsk.

Outside of Germany, Gazprom's business is not progressing smoothly. British news media reported this month that regulators had held eight meetings on how to block a possible bid by Gazprom to buy Centrica, Britain's largest gas distributor.

Thus, Mr. Putin's comments about "unprincipled competition" seemed to reflect, in part, unhappiness at Gazprom, though Prime Minister Tony Blair's office said Wednesday saying that it would not interfere in a Gazprom bid for Centrica.

Gazprom's deputy director, Aleksandr I. Medvedev, said Tuesday on the BBC "Hardball" program that Gazprom was considering buying Centrica but was not in talks with it.

Because of Gazprom's wealth from high energy prices, "it is very difficult to find a company which is not on our watch list," Mr. Medvedev said. Gazprom says there are many companies in Europe it would like to acquire: "Let me calculate," said Mr. Medvedev. "It will not be enough to have all the fingers on my hand."

Across Europe, Gazprom has found its association with the Russian government a liability in making acquisitions, analysts say.

As the Centrica plans soured, Gazprom's chief executive, Aleksei B. Miller, warned European ambassadors that Gazprom would turn to Asia if it felt unwelcome in Europe.

Still, energy analysts say it is unlikely that Russia could intentionally curtail exports to Europe because of the high cost of unused export capacity. Instead, Europe's supply after the Siberian pipeline opens will hinge on whether Russia pumps enough oil to satisfy both markets.

Putin Uses Asia In Power Play On EU (WSJ)

By Guy Chazan

The Wall Street Journal, April 27, 2006

MOSCOW -- President Vladimir Putin warned that Moscow would shift its energy focus to Asia if Europe resisted its expansion plans, ratcheting up the tension in an escalating row over Russia's international energy ambitions.

His comments come amid growing concerns in European countries about becoming overly dependent on Russian energy, as natural-gas giant OAO Gazprom looks to acquire distribution and marketing assets across Europe. Last week, Gazprom officials told European Union ambassadors that it would redirect exports to other markets if its European ambitions were thwarted.

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"People are using various pretexts to limit us to the north, the south and the west," Mr. Putin told a meeting of regional governors in Tomsk, Siberia. "Unfortunately, we are very often coming across methods of unfair competition in world markets." The countries of the Asia-Pacific region "need cooperation with us," he added.

Russia has long said it wants to diversify its energy exports. Last month Gazprom announced plans to build two pipelines that could eventually supply China with 60 billion to 80 billion cubic meters of gas a year, with first deliveries in about five years.

But many analysts say that for the time being, Gazprom's threat to sell its gas elsewhere is empty rhetoric. Most of its pipelines flow westward; indeed, it recently started building one under the Baltic Sea to Germany, in partnership with BASF AG and E.On AG. A Gazprom official said this week that the company's share of the European market was set to grow to 33% by 2010 from 26% now.

"If you take into consideration where world gas reserves are, Europe will remain Russia's core gas market for the foreseeable future," said Kakha Kiknavelidze, an analyst at Brunswick UBS bank in Moscow.

The president's comments came hours before a summit in Tomsk with German Chancellor Angela Merkel, who represents Russia's biggest natural-gas customer. Ms. Merkel is expected to press Mr. Putin on the security of Russian energy supplies, an issue that has become contentious since Russia briefly shut off natural-gas supplies to Ukraine in January over a pricing dispute.

Gazprom's warning to the EU last week followed reports in British media that the United Kingdom government had considered changing merger rules to stop Gazprom from taking over Centrica PLC, Britain's biggest natural-gas supplier, a move Gazprom said it might consider. U.K. officials later said authorities wouldn't try to block such a bid.

The storm over Centrica prompted accusations by Gazprom that Europe was trying to politicize the energy issue. Gazprom made a similar charge over the International Energy Charter, which the EU wants Russia to ratify. That would break Gazprom's monopoly by requiring it to allow third-party access to its export pipeline network. So far, Gazprom remains opposed.

Putin Reroutes Oil Line To Avoid Landmark Lake (NYT)

By Steven Lee Myers

The New York Times, April 27, 2006

MOSCOW, April 26 — President Vladimir V. Putin ordered Wednesday that an oil pipeline being built across Siberia be rerouted away from the northern shore of Lake Baikal, one of the world's natural landmarks.

Mr. Putin's edict reversed a controversial government decision last month to allow Russia's pipeline monopoly, Transneft, to build the line within a half mile of Lake Baikal, the world's most voluminous body of fresh water.

The pipeline, a $11.5 billion, 2,500-mile project, will pump Russian oil to markets in Asia.

Rare public protests followed the approval in March of the initial route, with rallies from Moscow to Irkutsk, the Siberian region bordering the lake.

"It was not a huge wave," Aleksandr Shuvalov, deputy executive director of Greenpeace Russia, said of the protests, "but it was a wave."

The pipeline's route, so close to Lake Baikal, had raised concerns that any accident in a remote, seismically active region could send oil spilling into a lake holding more than 20 percent of the world's fresh water and an abundance of unique wildlife species. Not only environmental groups, but also Russian scientists opposed Transneft's planned route.

A commission of specialists from the Russian Academy of Sciences initially opposed the route on environmental grounds. Its recommendation was rejected and a new review ordered with new specialists.

Mr. Putin's decision on Wednesday was an unexpected reversal and appeared choreographed for state television networks. Meeting with federal and regional officials in Tomsk, a Siberian city, he publicly chided Transneft's director, Semyon M. Vainshtok, after asking if there was an alternative to the contested route.

"Since you hesitate, it means that there is such a possibility," Mr. Putin told a visibly uncomfortable Mr. Vainshtok. "If there had not been such a possibility, you would have said 'no' without any doubt."

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Mr. Putin then ordered that the route hew more closely to one previously recommended by the Academy of Sciences but rejected by a regulatory agency. He said a new route should be charted at least 40 kilometers, or nearly 25 miles, from Lake Baikal. That would put it outside of Baikal's watershed, environmental groups said.

Mr. Shuvalov called it "a victory of common sense."

The reversal underscored Mr. Putin's highly centralized power and his penchant for dramatic gestures. Wielding a pen in front of an oversize map of the Baikal region, he swept aside decisions by several government agencies, as well as those by Transneft, which had warned that finding another route would be prohibitively expensive.

Mr. Vainshtok and other officials from Transneft could not be reached for comment. They had said that the planned route would be safe and that moving it could add nearly $1 billion to the cost of the pipeline. When Mr. Vainshtok, in the televised exchange, suggested that the pipeline would have to move "much farther north," Mr. Putin responded curtly.

"If there is at least a tiny chance of polluting Baikal," he said, "we, thinking of future generations, must do everything not only to minimize this threat, but to exclude it."

Natalya Podkovyrzina, a leader of Baikal Wave, an environmental group in Irkutsk, said it was not yet clear if the pipeline could easily be built where Mr. Putin said. "Forty kilometers to the north is a mountainous area, highlands and impassable taiga," she said. Mr. Putin decided to move the pipeline as Russia, with Ukraine and Belarus, commemorated the 20th anniversary of the nuclear accident at Chernobyl. The authorities broke up a protest against nuclear energy in Moscow, briefly detaining a dozen Greenpeace protesters who had chained themselves to a fence at St. Basil's Cathedral, in Red Square.

Sudan's Bashir Rebuffs U.N. On Peacekeepers (WP)

By Colum Lynch

The Washington Post, April 27, 2006

UNITED NATIONS, April 26 -- Sudan's president has rejected a U.N. appeal to allow its peacekeepers into the Darfur region to help stem a tide of violence that has left more than 100,000 dead and more than 2 million displaced over the past three years, a senior U.N. official told the Security Council on Wednesday.

The remarks represented a setback for a U.S.-backed proposal to send more than 15,000 U.N. and NATO peacekeepers to Darfur to replace an underequipped African Union force of more than 6,000 troops. The Bush administration has accused Sudan and a government-backed militia of committing genocide in Darfur.

Hedi Annabi, the United Nations' second-ranking peacekeeping official, told the 15-nation council in a closed session that Khartoum formally rejected a request to send an assessment mission there. "Such an assessment remains an indispensable step in the planning process," said Annabi, who briefed the council on a recent meeting with Sudan's president, Lt. Gen. Omar Hassan Bashir, in Khartoum.

Annabi warned that Sudan's opposition could doom U.N. peacekeeping plans. He suggested the council look outside the United Nations for troops if it decides to intervene in Darfur without an invitation from the government.

"The government of Sudan remains opposed to a transition to a United Nations operation in Darfur and has so far been unwilling to cooperate with our planning efforts," Annabi told the council.

The Bush administration accused Khartoum of stalling. "This is just delaying and delaying and delaying, and it's consistent with the pattern that the Sudanese government has followed for years in this," said John R. Bolton, the U.S. ambassador to the United Nations.

Annabi said the Sudanese leader left open the possibility of some U.N. role in assisting peace efforts if Khartoum makes peace with two Darfurian rebel groups. Peace talks underway in Abuja, Nigeria, are to conclude Sunday.

If those talks fail, and the Security Council were to decide to intervene without Khartoum's approval, Annabi said that "such a mission is better undertaken by means other than a U.N. operation." The Bush administration has secured NATO approval for a plan to send several hundred NATO advisers to bolster the African Union peacekeeping mission, as a first step in the transition to a U.N. mission, officials said. The Bush administration also sponsored a resolution Tuesday imposing a travel ban and freezing the assets of a senior Sudanese air force officer and three other Sudanese nationals for committing war crimes or impeding the peace process in Darfur.

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Darfur's two main rebel groups, the Sudan Liberation Army and the Justice and Equality Movement, launched an insurgency in early 2003, alleging Khartoum was discriminating against the region's black African tribes. In an effort to quell the uprising, Sudan recruited, trained and supported local Arab militia, known as the Janjaweed, who have murdered, raped and terrorized hundreds of thousands of civilians suspected of backing the rebels.

While the death toll is unknown, U.N. officials and outside analysts estimate that 100,000 to 400,000 may have died from violence, disease and hunger.

Senior U.N. officials say that violence in Darfur has escalated in recent months, forcing more than 200,000 civilians from their homes since December. New York-based Human Rights Watch reported last week that the Sudanese government has launched a new military offensive in South Darfur, targeting villages in rebel controlled territory. On Monday, Sudanese Antonov aircraft and helicopter gunships fired indiscriminately at civilians during a raid in South Darfur, according to the rights group.

"Khartoum's new attacks on civilians show the Security Council needs to move quickly on a U.N. protection force for Darfur," said Peter Takirambudde, Africa director for Human Rights Watch. "They also show that the sanctions, while welcome, may not hit hard enough -- or high enough -- and civilians will continue to pay the price."

U.S. Options On Darfur Are Running Out (NYT)

By Joel Brinkley

The New York Times, April 27, 2006

WASHINGTON, April 26 — As the violence in the Darfur region of Sudan grows ever more deadly, Bush administration officials now acknowledge that they have few if any promising policy options for containing the carnage.

If there is no agreement by Sunday on a way to resolve the crisis, the long-running peace talks are to be disbanded. But hopes for an agreement are low.

One proposal, to send 20,000 United Nations peacekeepers to Sudan, has been stymied by Khartoum's adamant opposition. Without the government's agreement, the Bush administration acknowledges, dispatching troops to Darfur would rightly be viewed as an invasion.

"Sudan policy has run off the road into a ditch," said John Prendergast, a former senior Africa specialist for the government.

This comes as public outrage, sporadic before, is growing over the continuing bloodshed in Darfur, which the United States characterizes as genocide. States, including Maine, New Jersey and Illinois, and cities and private groups across the United States are cutting financial ties to companies that do business with Sudan.

A coalition of advocacy groups called SaveDarfur.org has organized a large rally in Washington for this weekend featuring speakers from Congress, the administration, Hollywood and religious organizations.

An estimated 200,000 people have died in Darfur since the violence began three years ago, and more than two million others have been driven from their homes. For the administration, the greatest hope centers on the peace talks in Abuja, Nigeria, which have limped along for almost two years.

The United Nations and the African Union, sponsor of the talks, have given the government of Sudan and the Darfur rebels until Sunday to reach agreement on a draft treaty that the mediators wrote and handed to both parties on Tuesday.

Both sides agreed to look at it but were otherwise noncommittal. While the two sides have agreed on some issues during previous sessions, the remaining disagreements are thick with complexity and emotion.

"We will respect the deadline, and if there are no indications that a deal is possible, we will wind up" the talks, said Sam Ibok, leader of the African Union mediating team.

Robert B. Zoellick, the deputy secretary of state, said in an interview on Wednesday, "There's a fighting chance" to reach agreement by Sunday. Jan Pronk, the chief United Nations envoy in Sudan, said the mediators might be willing to extend the talks a few days if significant progress was being made, but probably not much more than that. "It's now or never," he said.

Mr. Zoellick added, "If there is no peace accord, then it becomes a different mission."

The plan to send up to 20,000 United Nations peacekeepers to Darfur, to replace the 7,000 African Union soldiers stationed there now, presents formidable obstacles.

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The United States and Europe have largely financed the African Union mission, but both have concluded that it is inadequate for the job. In February, the Security Council agreed to begin planning to send United Nations troops. The Bush administration said at the time that it would support the idea of having NATO take the lead in overseeing an interim African Union force until the arrival of United Nations troops.

But Sudan has remained opposed, and Khartoum has lobbied other African states, with some success, to view the idea as an affront to Sudanese sovereignty. Some of those other states would have to take part in any United Nations mission.

Now the Sudanese government is refusing even to grant visas to the United Nations team that wants to visit Darfur to assess the possible mission. But Sudan said it might change its mind if a Darfur peace agreement was reached.

Mr. Zoellick, in a speech this month to the Brookings Institution, said, "Either you get approval of the government," or "you invade, and that's a very big, serious challenge."

In an interview on Wednesday, Mr. Pronk said Sudan was even more opposed to President Bush's NATO proposal.

"Wise diplomacy," Mr. Pronk said, means "you don't talk about NATO. It is viewed here as intervention, new colonialism."

What is more, few countries have expressed any willingness to send forces or equipment as part of the United Nations mission — and then only if Khartoum agrees. The State Department says Morocco, Pakistan, Ukraine, Russia and others have made tentative commitments.

"The United Nations has been flummoxed at every juncture," said Mr. Prendergast, who was director for African affairs in the National Security Council during the Clinton administration. Now he is a senior adviser for the International Crisis Group, a nonprofit organization.

The conflict in Darfur began in February 2003, when rebel groups attacked government positions, accusing the leaders in Khartoum of ignoring their region. The government struck back with a fury, enlisting local militias to massacre civilians and destroy entire villages. The world was slow to acknowledge the problem, but in September 2004, the Bush administration stated that the carnage constituted genocide.

African Union troops began arriving in Darfur last year, and for a while the violence diminished. But in recent months it has picked up with new ferocity and has spread to Chad, where Sudanese militias are raiding Chadian villages along the border. Sudan, a senior administration official said, had also supplied weapons to rebels that attacked Ndjamena, the capital of Chad, earlier this month.

As he gave the warring groups a copy of the draft Darfur agreement on Tuesday evening, Salim Ahmed Salim, the chief mediator, said: "This is decision time. No more procrastination, no more antics, no more delaying tactics. The eyes of the world are on you."

But a senior United Nations official noted another serious problem, even if the parties agreed: the proposed agreement calls for an immediate cease-fire, but the African Union troops in Darfur have already shown they are incapable of enforcing a cease-fire.

"If there are violations on the ground," the official said, "the whole thing could fall apart."

Maoists Declare Three-month Truce In Nepal (FT)

By Binod Bhattarai In Kathmandu

Financial Times, April 27, 2006

Maoist rebels in Nepal declared a unilateral three-month truce on Thursday ahead of the country's first parliamentary meeting since King Gyanendra handed over power to a seven-party alliance on Monday.

The Maoist party chairman Prachanda said the ceasefire was an attempt to "encourage" the seven parties to declare an "unconditional" constituent assembly election to re-write the constitution for a "democratic republic".

"The people's liberation army will not engage in offensive actions during the ceasefire and will remain in defensive positions," the Maoist chief said in an emailed statement.

On Wednesday, the Maoists lifted their blockades on highways following assurances by the leaders of the seven parties that they would hold a constituent assembly election.

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The parties are organising a formal “victory rally” in the centre of Kathmandu later on Thursday when top leaders are expected to publicly articulate their commitment to such a move when parliament convenes on Friday.

Crumbling under three weeks of relentless anti-monarchy protests, the king ended 14 months of direct rule on Monday and agreed to let the seven parties implement their road map for peace in Nepal.

This road map is a result of the November 2005 “understanding” between the seven parties – that collectively control 90 per cent seats in parliament – and the Maoists. It is an agreement to end “absolute monarchy” and hold a constituent assembly election for writing a new constitution.

On Wednesday, the Maoists warned that they would re-impose the blockades if the parties do not declare a constituent assembly election on Friday when the parliament meets after a four-year “recess”.

The Maoists had returned to war in January after the royal government did not reciprocate a unilateral ceasefire they declared in September 2005. Over 13,200 people have been killed after the Maoists began their bloody campaign to topple the monarchy in February 1996.

Nepal’s parliament was dissolved in May 2002 and the king sacked the elected prime minister. Since February 2005, the country had been under the king’s direct rule after he sacked the third prime minister he hand-picked, citing the government’s failure to control the Maoist rebellion.

Nepal's Rebels Now Face Difficult Choices (WP)

By John Lancaster

The Washington Post, April 27, 2006

KATHMANDU, Nepal, April 26 -- From the grounds of Nakhu prison here, Matrika Yadav watched with a sense of elation, he said, as protesters streamed down a nearby road, chanting slogans against King Gyanendra. The Maoist ideologue was convinced that the end of the country's monarchy, nearly 2 1/2 centuries old, was near.

Now, he said, he's not so sure.

Earlier this week, Gyanendra capitulated to the protesters, agreeing to reinstate parliament in a decision that turned the streets of the capital into a huge victory party on Tuesday. His retreat opened the door for the writing of a new constitution that could eliminate the monarchy.

That is the goal of Maoist rebels whose 10-year insurgency has claimed at least 12,000 lives. But for Yadav and other leaders of the rebellion, Gyanendra's eleventh-hour concession to an alliance of mainstream parties, which had orchestrated weeks of protests in loose cooperation with the rebels, was cause for suspicion, not celebration.

"The parties were caught in his trap, against the will of the people," said Yadav, 48, the highest-ranking Maoist in government custody in Nepal. "If they would have waited for a few more days, the downfall of the monarchy was inevitable."

The writers of the new constitution could agree to retain the monarchy in some form.

Yadav's conflicted reaction to the massive display of people power, which brought the Himalayan kingdom to the brink of anarchy, illustrates the dilemma of a rebel movement that wants to retain a voice in above-ground politics but not at the price of abandoning its weapons or dreams of communist utopia.

Some analysts here say they believe that the tumult of recent weeks could open the way for an end to the insurgency, by creating a new political framework in which the Maoists can work peacefully. On Wednesday, the rebels declared a three-month unilateral cease-fire, to start Thursday, saying they wanted to facilitate a constituent assembly that will draft the constitution.

In a 90-minute interview at the prison Wednesday afternoon, Yadav, a slight, boyish-looking man in rimless eyeglasses and blue windbreaker, denounced the mainstream parties as "status quo-ist and feudal" and said some Nepalis could be forced to undergo "reculturization" in labor camps following the inevitable triumph of the revolution.

At the same time, he insisted that the Maoists were still willing to work with the mainstream parties -- "synergy is a must" -- and would cooperate, up to a point, in holding elections for a constituent assembly.

"We strongly honor the opinion of the people, and what we are saying is the opinion of the people," he said.

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The Maoist party's struggle to reconcile its hard-line ideology with popular will was evident in its muddled response to Gyanendra's announcement late Monday that he would meet the seven-party alliance's demand to reinstate parliament, dissolved nearly four years ago.

On Tuesday, the Maoists' leader, who goes by the name Prachanda, denounced the king's proclamation as "a sham and a conspiracy against the Nepali people" and called for the protest movement to continue. By Wednesday, the rebel leader had softened his stance and agreed to suspend a blockade against the capital, at least until the parliament holds its first meeting on Friday.

In a statement, Prachanda said the decision came in response to an appeal from the incoming prime minister, G.P. Koirala, who earlier Wednesday promised that the new parliament was committed to holding elections for the constituent assembly. In writing a new constitution, the assembly could decide, among other issues, the future of the monarchy.

Although Maoist leaders have at times professed respect for democratic principles, their actions and ideology have not been consistent with that path. After Nepal became a constitutional monarchy in 1990, the Maoist party took part in mainstream politics until 1996, when its leadership proclaimed the experiment with democracy a failure and took the movement underground.

Maoist leaders now espouse "the Prachanda path," which blends the teachings of Chinese revolutionary leader Mao Zedong with homegrown remedies tailored to the specific social conditions of Nepal, such as caste discrimination.

The party's armed wing, equipped with homemade bombs and rifles looted from police, is thought to consist of about 7,000 full-time fighters, with as many as 25,000 militia supporters. They have the run of Nepal's mountainous countryside and at times have staged mass attacks on army outposts and other government installations.

At the same time, Maoist ideologues have retained their links to mainstream parties. At a meeting in New Delhi last November, the rebels and the parties formed a loose alliance aimed at rolling back Gyanendra's "royal coup" of Feb. 1, 2005, when the monarch assumed dictatorial powers that he said were needed to defeat the rebels.

About 70 Maoists are behind bars at Nakhu prison, a dingy single-story building surrounded by razor wire and sandbagged sentry posts on the capital's hilly outskirts. The most prominent inmate is Yadav, a grain trader's son with an eighth-grade education who joined the Maoist party at 19 and eventually rose to membership in its 27-member politburo.

During a cease-fire in 2003, he was part of a five-man team that tried unsuccessfully to negotiate a peace settlement with the government. He was arrested the following year in India and turned over to Nepali authorities.

On Wednesday afternoon, Yadav sat behind a wire-mesh screen in the visitors area of the prison, good-naturedly fielding questions from two American journalists as a fellow inmate translated his words into English.

While acknowledging the success of the mainstream parties' efforts to generate turnout for the protests, he said the Maoists deserve most of the credit for the king's capitulation because it was only under threat of rebel violence that Gyanendra agreed to go as far as he did. "To say this is the outcome of peaceful demonstrations, peaceful movement, is nothing but an illusion," he said.

Yadav described prison life as cramped but bearable, with frequent games of chess and table tennis interspersed with classes on communist ideology. The prisoners are permitted televisions and radios.

Yadav's time behind bars has apparently done nothing to cool his revolutionary ardor. "Marxism has failed nowhere," he said. "It has only been defeated for some time."

Headaches Piling Up For Britain's Blair (AP)

By Beth Gardiner

AP, April 26, 2006

In a single disastrous day, one of Prime Minister Tony Blair's closest allies came under fire over a prisoner release scandal, his deputy admitted an extramarital fling, and his health secretary endured jeers from nurses.

The headaches are piling up for Blair and his Labour Party ahead of local elections that could reduce the British leader's chances of hanging on to power if they go badly.

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"There's an accumulation, a silting up of problems," said Patrick Dunleavy, a political scientist at the London School of Economics. "It's a very bad dynamic for Labour."

Conservative Party leader David Cameron pounced on Blair after the nation's top law enforcement official admitted officials released more than 1,000 foreign convicts from prison without considering whether they should be deported.

Calling for Home Secretary Charles Clarke's resignation, Cameron said Wednesday: "He has presided over systemic failure, he's failed to deal with it and he ... misled people about the scale of the problem."

"I don't agree with that," Blair responded, although he failed to offer a staunch defense of Clarke and hustled out of the room as the home secretary rose to speak.

Clarke disclosed Tuesday that 1,023 foreigners who should have been considered for deportation had instead completed prison sentences and gone free between February 1999 and March 2006, without officials considering whether they should have been ejected from Britain. He said 288 were freed even after top officials were alerted to the problem last summer.

Blair said the system for reviewing foreign prisoners' cases "has been seriously and fundamentally at fault" but is now functioning properly.

Crime and immigration are key political issues, so the disclosures have the potential to do real damage to Blair. Clarke is a crucial ally in Blair's power struggle with Treasury chief Gordon Brown, who is eager for the prime minister to step aside so he can take over.

The government has been badly damaged by Labour's admission last month that it secretly received nearly $25 million in undisclosed loans from wealthy backers. Blair denies he nominated some supporters to the House of Lords in exchange for financial support of the party.

Support for Labour hit 32 percent, its lowest point in 19 years, in a poll published Tuesday.

Deputy Prime Minister John Prescott's acknowledgment of an extramarital affair with a secretary 25 years his junior was another blow, adding a sordid element to the government's problems.

Prescott's office confirmed the Daily Mirror newspaper had accurately reported his admission that "I did have a relationship with her which I regret."

The newspaper printed photos showing Prescott, 67, with his arm around Tracey Temple, 43, and Temple unbuttoning his shirt at an office Christmas party.

Things failed to improve as Wednesday wore on. Health Secretary Patricia Hewitt faced loud jeers of "Shame!" and "Resign!" as she spoke at a convention of nurses furious about changes the government is pushing through the National Health Service.

Health workers blame Blair's introduction of private contractors and financing deals into the public service for its big budget gaps and layoffs. The prime minister has said he will not back down.

Dunleavy said he believed Clarke would ultimately be forced to resign over the foreign prisoner releases.

Combined with a poor Labour showing in the vote next week for local council members, a Clarke resignation could increase pressure on Blair to step down this summer, Dunleavy said. However, he said he thought the prime minister was unlikely to do so unless his problems get a lot worse.

Clarke said he offered to quit last year over the releases of the foreign prisoners. The prime minister's office said Clarke repeated the offer this week, but Blair felt he should stay on.

Conservative lawmakers booed and jeered as Clarke stood in the House of Commons to make a statement Wednesday.

"I do apologize, I have apologized, I continue to do so," he said.

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DEPARTMENT OF JUSTICE *NEWS CLIPS*

PREPARED FOR THE OFFICE OF PUBLIC AFFAIRS, US DEPARTMENT OF JUSTICE

TO: THE ATTORNEY GENERAL AND SENIOR STAFF

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TERRORISM NEWS:

Moussaoui Jury Ends 3rd Day, No Verdict (AP)

AP, April 27, 2006

(AP) - ALEXANDRIA, Va.-Jurors in the Zacarias Moussaoui case completed a third day of deliberations Wednesday without deciding whether the Sept. 11 conspirator should be executed or imprisoned for life.

After 6 1/4 hours of work on Wednesday, the nine men and three women had deliberated for 16 hours over three days. They were to return Thursday morning.

Jurors have asked only one question - a request on Tuesday for a dictionary. U.S. District Judge Leonie Brinkema denied the request, saying that giving them a dictionary would be like placing extraneous evidence in the jury room. She said jurors could submit a written question if they needed specific definitions.

The jury has only two choices: death or life in prison without possibility of release. If jurors cannot reach a unanimous decision, Brinkema automatically will sentence him to life.

The 37-year-old Frenchman of Moroccan descent is the only person in this country charged in al-Qaida's Sept. 11, 2001, suicide-hijacking attacks on the World Trade Center and the Pentagon.

Earlier this month, this jury found Moussaoui eligible for execution. Although Moussaoui was in jail on immigration charges on Sept. 11, the jury ruled that lies he told federal agents in the month before Sept. 11 kept them from identifying and stopping some of the hijackers.

Moussaoui pleaded guilty in April 2005 to conspiring with al-Qaida to fly jetliners into U.S. buildings. But he denied, as he had for four years, having any role in the Sept. 11 attacks. At his guilty plea, he said he was to fly a 747 jetliner into the White House at some later date if the U.S. refused to release a radical Egyptian sheik imprisoned for other terrorist crimes.

During the trial, Moussaoui stunned the courtroom by testifying for the first time that he was to have hijacked a fifth plane on Sept. 11 and flown it into the White House.

On the Net:

Court documents: http://notablecases.vaed.uscourts.gov/1:01-cr-00455/DocketSheet1.html

Judge Nixes Moussaoui Juror Interviews (AP)

By Stepehen Ohlemacher, Associated Press Writer

AP, April 27, 2006

(AP) - WASHINGTON-The judge in the Zacarias Moussaoui trial turned down a request from reporters from 14 news organizations Wednesday to ask jurors to discuss their verdict once the trial ends.

"I do not believe it is appropriate for the court to serve as an intermediary between the media and the jurors," U.S. District Judge Leonie Brinkema said in a letter to the news organizations. "Accordingly, I will not communicate your request to the jurors."

The reporters, backed by a half-dozen other news organizations, delivered a letter to the judge early Wednesday asking her to tell jurors - whose identities have remained secret - of the public's interest in knowing how the jury reached its verdict. They requested that the message be delivered as the jurors prepare to leave the courthouse at the end of the trial.

The reporters' letter offered willing jurors a place away from the courthouse for interviews and, for those concerned about their safety, the possibility of doing it off-camera.

The letter was signed by reporters from The Associated Press, Agence France Presse, Bloomberg News, CNN, Hearst Newspapers, the Los Angeles Times, the Minneapolis Star Tribune/McClatchy Newspapers, National Public Radio, Newsday, the New York Times, Radio France, Reuters, the Richmond Times-Dispatch and the Washington Post.

The jury ended its third day of deliberations Wednesday without reaching a decision on whether Moussaoui should be executed or spend life in prison for his role in the Sept. 11, 2001, terrorist attacks.

Brinkema has kept a tight lid on the jury, warning journalists against interviewing or photographing jurors while the trial is in progress. She assured jurors that their names will never be made public by the court.

On Monday, as she finished giving the jury instructions for deliberations, Brinkema warned jurors that reporters might try to contact them once the trial is over.

"Under the First Amendment of the Constitution, we cannot prevent the media from trying to interview you, except they don't know who you are," Brinkema told the jurors. "You are not required to speak. But I am not gagging you because I can't. You have got a First Amendment right to speak as well."

Hundreds Of Detainees Abused, Report Finds (KRT)

By Drew Brown

Knight Ridder, April 27, 2006

WASHINGTON - Three human rights groups said Wednesday that they had found credible evidence that U.S. troops and government civilians in Iraq, Afghanistan and Guantanamo Bay, Cuba, had abused, tortured or killed at least 460 detainees.

The researchers said they had found 330 cases of abuse and that only about half of them had been fully investigated, and one-third never were investigated or remained unresolved. The findings are in a report by New York University's Center for Human Rights and Global Justice, Human Rights First and Human Rights Watch.

At least 600 U.S. service members or civilians have been implicated in the cases of abuse. About 400 of them have been investigated, and only one-third of those who have been investigated have faced punishment of any kind, researchers said.

Also Wednesday, Army officials confirmed that criminal charges were being considered against Lt. Col. Steven L. Jordan for his role in the Abu Ghraib prison scandal. Col. Joe Curtin, an Army spokesman, said no decision had been made.

Jordan is the former head of the interrogation center at Abu Ghraib. If he's charged, he would be the highest-ranking officer charged in a case of detainee abuse.

The report by the human rights groups is the first full independent accounting of credible allegations of torture and abuse at American detention facilities in Iraq, Afghanistan and the U.S. naval base at Guantanamo Bay, according to the researchers.

It shows that detainee abuse has been more widespread that government officials have admitted and the American military and other government agencies have made only limited attempts to investigate and punish those responsible, the rights groups charged.

"Our findings show that the abuses and torture revealed in the Abu Ghraib photos were not the isolated acts of individual soldiers," said Meg Satterwhite, the faculty director of the Center for Human Rights and Global Justice.

The Pentagon wouldn't address specific findings in the report. A spokesman said the Defense Department had investigated more than 600 allegations of abuse and had held more than 250 service members responsible.

Of the 12 major reviews of U.S. military detention operations that have been conducted, "none of them found that the department directed, sanctioned, encouraged or condoned abuse," said Lt. Col. Mark Ballesteros, a Pentagon spokesman.

"When there have been allegations of wrongdoing, they are taken seriously, investigated thoroughly and individuals are held accountable when appropriate," he said.

Tom Malinowski, the Washington advocacy director for Human Rights Watch, said recent interviews with troops suggested that detainee abuse was less widespread than it was two years ago. But he and other researchers said civilian and military leaders needed to send a strong message that abuse wouldn't be tolerated and would be punished.

The 27-page report was based primarily on government documents, interviews with witnesses and victims, military investigation reports, court documents, detainee accounts provided by attorneys, official military statements and news accounts.

It said the alleged abuses included assault, humiliation, sexual assault or abuse, and stress techniques.

According to the report:

-Fifty-four military service members have been convicted by courts-martial in prisoner abuse cases. Of these, 40 were sentenced to prison time. The average sentence was four months. Ten of those sentenced received terms of more than a year.

More important, according to the researchers, only three officers have been convicted by courts-martial for detainee abuse. The highest-ranking was a major. No officers have been held accountable for any criminal acts committed by troops under their command.

-Of the 20 civilians referred to the Justice Department for criminal prosecution in cases of abuse, only one - a contractor - has been indicted.

-Most of the punishments meted out have been administrative, such as reduction of rank, fines or temporary confinement to base.

The researchers charged that their findings illustrated a lack of accountability over detainee abuse throughout the military and the civilian chain of command.

View the report online at http://www.hrw.org/

Judge Allows Detainee's Transfer To Harsher Prison (LAT)

DOJ_NMG_0026850

By Carol J. Williams

The Los Angeles Times, April 27, 2006

GUANTANAMO BAY NAVAL STATION, Cuba — A war crimes tribunal judge decided Wednesday against second-guessing detention camp authorities in their decision to confine to maximum security and solitary confinement the 10 terrorism suspects who have been charged.

Navy Capt. Daniel O'Toole rejected a request by the Army defense lawyer for accused bomb maker Sufyian Barhoumi that his handicapped client be returned to the communal detention camp where he had been living until four weeks ago in recognition of his good behavior.

The defense lawyer, Capt. Wade Faulkner, had argued that the unexplained move of the 32-year-old Algerian to the harshest of the seven prison camps here had so upset Barhoumi that it undermined their lawyer-client relationship and had prevented them from preparing for trial.

Barhoumi's case offered the first witness testimony in the 4-year-old tribunal.

Barhoumi lost most of his left hand to a mine explosion in Afghanistan in 1999, and because of that has had trouble using the sink and toilet in his Camp 5 cell. He had previously been in Camp 4, along with other cooperative inmates. There are 490 detainees scattered across the archipelago of prisons at Guantanamo Bay.

"There is a huge difference between Camp 4 and Camp 5," Barhoumi told the tribunal, holding up his mangled left hand to show the scarred, blistered stump with only one finger.

He said the strong air-conditioning and limited time outdoors in Camp 5 had adversely affected his physical and psychological condition and had worsened the pain in his hand.

An official of the military joint task force that administers the prisons was the tribunal's first witness. Court rules prohibit him from being identified by anything other than "Colonel B." He said he was following Geneva Convention and Army regulations on the treatment of pretrial prisoners by holding them in closed, concrete cells at the maximum security Camp 5.

He conceded that Barhoumi and two other defendants moved at the same time might lament their lost freedom of movement and recreation time. But he said his first priority was to ensure that a detainee wasn't exposed to harm by himself or by other prisoners.

"The real baseline for my whole motivation in everything is running a peaceful, safe and secure camp," the colonel said. "I have to ensure his safety."

The Navy lieutenant prosecuting Barhoumi agreed it would be risky to leave pretrial detainees in the medium security camp where they might be vulnerable to prisoners who feared they would provide testimony detrimental to their own interests.

"You don't know that there's a threat to the detainees in Camp 4 until he's lying in a pool of blood," warned the prosecutor, who also cannot be identified.

Colonel B said that since he had taken command of the detention group he had expanded the time a compliant Camp 5 inmate was allowed outdoors to exercise from 30 minutes to two hours. The 175 detainees housed at Camp 4 can play sports and commune with others for as much as 14 hours a day.

Barhoumi said he interpreted the move as punitive and an effort to discourage his cooperation.

"Camp 5 is known for being a punishment place. Everybody knows that," said the tall, bearded defendant, who wore a wrinkled plaid shirt and blue pants.

"Don't you see why he might be upset and perceive it as punishment?" Faulkner asked Colonel B, who saw it as a possibility with some prisoners and not with others.

The prison official said moving Barhoumi and two others also previously at Camp 4 was part of his plan for consolidating Guantanamo Bay prisoners into three main camps. The wire-mesh pens used as cells at Camps 2 and 3 are gradually being emptied. Two other sparsely populated camps, Echo and Iguana, are used for visits between lawyers and their clients and to house detainees pending their release.

One of the 10 charged detainees remains at a disciplinary unit at Camp 1.

Barhoumi showed no reaction to O'Toole's ruling, which found no evidence that the transfer was punitive or damaging to his relationship with his lawyer. U.S. courts traditionally accord "wide-ranging deference" to corrections authorities in determining how best to detain prisoners ahead of trial, O'Toole said.

The chief defense lawyer, Marine Col. Dwight Sullivan, criticized what he said was another example of the tribunal officers' "legal cherry-picking."

Sullivan, other defense lawyers and human rights watchdogs have said the court set up by the Bush administration to prosecute suspected Al Qaeda figures refuses to consistently accord detainees rights assured by any recognized legal system, such as the Geneva Convention, the U.S. Constitution or the Uniform Code of Military Justice.

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Barhoumi was arrested with two Saudi detainees also appearing before the tribunal this week — as well as with senior Al Qaeda figure Abu Zubaydah — in a March 28, 2002, raid in Faisalabad, Pakistan.

Barhoumi, Jabran Said bin al Qahtani and Ghassan Abdullah al Sharbi have been charged with conspiracy to commit terrorism by plotting to build remote-controlled bombs to attack U.S. forces that had invaded Afghanistan in October 2001.

Qahtani boycotted his initial hearing Tuesday after a brief appearance before O'Toole to condemn the United States as "the enemy of God" and to say he would rather be killed than cooperate.

Sharbi's first court hearing is set for today, but he is reportedly refusing to cooperate with his military attorney.

Wilting Dreams At Gitmo (WP)

By P. Sabin Willett

The Washington Post, April 27, 2006

I brought flowers to the isolation cell when I visited Saddiq this month. He likes to draw roses and often asks for gardening magazines.

Saddiq is one of the many mistakes at Guantanamo Bay. In 2005 our military admitted that he was not an enemy combatant, but the government hasn't been able to repatriate him. (By a curious irony, Saddiq's opposition to Osama bin Laden makes him too hot to handle in his native Saudi Arabia.) So he lives behind razor wire in Camp Iguana, with eight other men whom the military cleared long ago but who are nevertheless forbidden newspapers, visits from loved ones, English-language dictionaries -- and flowers.

For some time we lawyers have been asking the military for a garden. Gardens are commonplace in prisoner-of-war camps, and these men aren't even enemies. They live in a pen, but it has a small patch of ground. Why not? The military refused.

I was trying to explain this to Saddiq, along with other inexplicable things (such as how it is that innocent men can be held for years in an American prison), when he said, "We planted a garden. We have some small plants -- watermelon, peppers, garlic, cantaloupe. No fruit yet. There's a lemon tree about two inches tall, though it's not doing well."

"The guards gave you tools?"

He shook his head.

"Then -- how do you dig?" I was struggling to grasp this.

"Spoons," he said. "And a mop handle."

The soil in Camp Iguana is dry and brittle as flint. And I've seen the spoons they give our clients.

"But the spoons are plastic -- aren't they?"

Saddiq nodded. "At night we poured water on the ground. In the morning, we pounded it with the mop handle and scratched it with the spoons. You can loosen about this much." He held his thumb and forefinger about a half-inch apart. "The next day, we did it again. And so on until we had a bed for planting." He shrugged. "We have lots of time, here."

"But the seeds?" I asked. "Did they give you seeds?"

After four years at Guantanamo, Saddiq rarely smiles, but his face seemed to brighten then. "Sometimes, with the meal, they give us a bit of watermelon or cantaloupe to eat. We save the seeds."

One day the sordid history of Guantanamo will be written. There will be chapters on torture, chapters on the how the courts turned a blind eye, chapters on cruelties large and petty, on the massive stupidity and uselessness of the place. Many pages will illustrate the great lie of Guantanamo -- that it is a "terrorist detention facility" -- with accounts of goatherds and chicken farmers and stray foreigners sold by Pakistani grifters to the United States for bounties. Saddiq may have one of the oddest chapters of all: jailed first by the Taliban as an enemy of its regime, then by us.

For all that, as the poet Gerard Manley Hopkins wrote, "There lives the dearest freshness deep down things." Maybe the History of Guantanamo will have a few uplifting footnotes. America denied them seeds and trowels and they created life anyway. We tried to withhold beauty, but from the grim earth of Guantanamo they scratched a few square meters of garden -- with spoons. Guantanamo is ugly, but man's instinct for beauty lives deep down things.

When our meeting was over, the flowers had wilted. Saddiq picked up the little nosegay. "May I take these back to Camp Iguana?"

But flowers are contraband. He wasn't allowed to keep them.

The writer, a Boston lawyer with Bingham McCutchen, represents Saddiq Ahmad Turkistani, who is about to begin his fifth year of imprisonment at Guantanamo Bay.

Jailed Islamists Get 'Counseling' (WT)

By Anton La Guardia, London Daily Telegraph

DOJ_NMG_0026852

The Washington Times, April 27, 2006

RIYADH, Saudi Arabia -- British security chiefs are studying a novel Saudi approach to combating terror -- using clerics to debate "jihad" with imprisoned militants and convert them to more moderate beliefs.

The Saudi authorities said about 400 of 700 extremists had been re-educated and released from prison.

The Islamic "counseling" program is part of what British experts regard as Saudi Arabia's "model counterterrorism campaign."

Senior British officials, including Eliza Manningham-Buller, the chief of MI5 intelligence agency, have visited the kingdom to devise a similar "counter-radicalization" strategy for Britain.

Saudi Arabia is one of the few countries where the fight against terrorism has yielded real success with a softer approach.

Al Qaeda's campaign in Saudi Arabia, Osama bin Laden's birthplace, started spectacularly with suicide bombings against Western compounds in Riyadh three years ago, but has abated.

Saudi security forces say they have killed or captured 25 of 26 persons on their original 2003 list of "most wanted" terrorists, including local leaders of al Qaeda.

Only four persons on a follow-up list of 36 militants are thought to be still at large in the kingdom. The rest have been killed or captured or have fled, mostly to Iraq.

"Every day, their numbers, capability and resources are less and less," said Gen. Mansour al-Turki, spokesman for the Saudi Ministry of Interior. "Terrorism in Saudi Arabia has been degraded."

The government has fired about 1,000 hard-line clerics, prevented Saudis from going to fight in Iraq and invested heavily in technology, such as a new control room for security forces in Riyadh.

Now more than 100 Muslim clerics, psychiatrists and psychologists help counsel inmates across the country.

The counseling is offered only to militants who have not been directly involved in terrorist acts, but are thought to sympathize with or provide support to extremists.

After a psychological assessment, they have one-on-one sessions with clerics to debate radical ideology, including the meaning of jihad, or holy war, and the doctrine of "takfir," which declares Muslims who disagree with them to be infidels.

Prisoners in the program are given more access to their family, who sometimes have transportation and lodging paid for by the government. If deemed suitable for release, they are then offered more help, for instance, in finding work.

"These people are very isolated in their cells. They are encouraged not to deal with anybody outside the cells. That is how their minds are controlled," Gen. al-Turki said.

"When they are arrested, we give them a chance to think for themselves, and most of them realize they chose the wrong path."

Money Laundering And Terrorist Financing Transcend Borders (VOA)

By Lisa Ferdinando

Voice of America, April 27, 2006

Money laundering and terrorist financing are global problems that transcend borders. Terrorist supporters funnel money through charities and international criminal gangs constantly adapt their techniques, while law enforcement agencies try to stay one step ahead.

Osama bin Laden. Terrorists use smuggled money to finance their operations.Terror groups are often fed by a rhetoric of hatred. But like many organizations, they rely on money to keep their operations going. Terrorists are financed by smuggled funds, criminal activities or any other number of ways -- even by governments themselves, according to U.S. officials.

Targeting that support is a key action for law enforcement, as top U.S. Treasury Department official Daniel Glaser explains: "By taking the steps that we're taking by disrupting, dismantling these financial networks that are supporting these activities, we are degrading the ability of these organizations to get to the stage where they only have a few more dollars to spend to complete a terrorist attack."

But it's impossible to say how much money goes into terrorism each year. And stopping that flow is extremely challenging, according to David Caruso, founder of the Virginia-based Dominion Advisory Group, an anti-money laundering consulting firm.

According to Caruso, "Governments and the private sector have really not been able to determine how much funds are used to finance terror. For example, the 9/11 [i.e., September 11, 2001] tragedy did not take relatively a lot of money. So it's very difficult for governments and financial institutions to detect."

New Methods of Financing

And terrorists are constantly looking for new methods to avoid detection and secure funding, says Jeffrey Breinholt, deputy counterterrorism chief at the U.S. Department of Justice.

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"It's important to view terrorists as being organized criminals," says Breinholt. "Terrorists are nothing if not adaptable and opportunistic. And so if we accept that as a notion, that large terrorist groups that we are targeting -- al-Qaida, Hezbollah, Hamas -- they will be ones that will pay very much attention to things that arise that are new opportunistic crimes."

Financial support for terrorism can also come from charities, front companies or couriers who smuggle money across international borders. Other avenues include diverted aid money or exploiting informal, cash-based money exchanging venues, which are popular in the Middle East and South Asia.

Treasury Under-Secretary Stuart Levey recently told a U.S. Senate committee that individual donors in Saudi Arabia are funding terrorists outside of that country. In an exchange with committee Chairman Richard Shelby, Levey said, "Is money leaving Saudi Arabia to fund terrorism abroad? Yes." Senator Shelby asked, "Some of that money going to Iraq?" Levey replied, "Undoubtedly, some of that money is going to Iraq. And it's going to Southeast Asia and it's going to any other place where there are terrorists."

Vincent Cannistraro, a former CIA counterterrorism officer explains the appeal to individuals. "The kinds of operations that are conducted mostly by al-Qaida but by similar groups, whether in Morocco, Algeria, whether they do it through affiliates in Europe, they are not terribly expensive operations to conduct. Where do they get the money? Contributions from people who believe in them. There is certainly a tendency for some wealthy Islamic businessmen to write checks," says Cannistraro.

Tracking Money

But while many governments are working hard to fight terrorism and stop terror

The illegal flow of money buys terrorists arms.financing, Under-Secretary Levey says some are doing just the opposite. He says, "State sponsors of terrorism, like Iran and Syria, present a difficult problem because they provide not only money and safe haven to terrorists, but also a financial infrastructure through which terrorists can move, store and launder their funds."

Treasury official Daniel Glaser says Iraq is one country where the United States is working to build a transparent system that is safe from exploitation. He says, "When you have a modern payment system, it decreases the reliance on cash. And cash, for obvious reasons, facilitates anonymous transactions."

Money laundering expert Caruso describes the enormous challenges in tracking the illicit flow of money. "Simply the size and complexity of the global financial system, just what occurs on a daily basis, legitimately, it's 24 hours a day, when you look at Asia, Europe, Latin America, the U.S. And to track all that, it's an impossibility," says Caruso.

Patrick O'Sullivan, a money laundering advisor at the United Nations Office on Drugs and Crime in Vienna, says money launderers have used new technologies to their benefit and have evolved their techniques. He says, "Over the last 10, 15 years, really, a lot has been done worldwide to put systems in place to prevent and detect money laundering. So that has made it more difficult to launder money in traditional ways. So methods have tended to become more sophisticated."

Though stopping those bent on terrorism and wrongdoing poses a huge challenge, Justice Department official Breinholt says law enforcement must evolve with the changes. "The trick is not necessarily having laws in place to eliminate all of that, but being flexible enough to enact new laws in response to what we see from our experience," says Breinholt.

He also notes that as progress is made and officials close one channel, terrorists and other criminals open new ones in every corner of the globe. And success in closing those avenues depends on how quickly authorities adapt to the new challenges.

In our next report on terrorism, we'll examine how terrorists use the Internet to spread their beliefs and coordinate their operations.

This story was first broadcast on the English news program,VOA News Now.

Boss: FBI Adapting To Fight Terrorists With No Central Command (NSDY/AP)

By Pat Milton, Associated Press Writer

Long Island Newsday, April 27, 2006

NEW YORK -- Since the Sept. 11 attacks law enforcement has witnessed the emergence of a new threat, homegrown terrorist cells, FBI Director Robert Mueller said Wednesday.

The self-generating terrorist is not trained in the camps of Afghanistan, doesn't receive orders from a central hub and is not financed by sympathizing terrorist nations, Mueller said.

"What we see is a new threat that is decentralized," Mueller said. "We have seen homegrown terrorist cells not answerable to a particular leader but to an ideology."

Mueller was speaking to a group at the luncheon of the annual James M. Fox memorial lecture series.

Fox, a veteran agent known as a spy-catcher, was head of the New York FBI office during the 1993 bombing of the World Trade Center. He left the FBI in 1993, a year and a half after nailing mob boss John Gotti on racketeering and murder charges. He died May 16, 1997, at age 59.

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Mueller told those at the lecture luncheon that the United States' success in driving terrorists from Afghanistan, cutting off their funding and disrupting their operations has forced them to change. He said homegrown terrorists are recruiting friends, financing through street crime and self-executing.

The shift has forced law enforcement to adapt its traditional strategy of pursuing terrorists: identifying the leaders, tracking them and eventually uncovering a plot's operators.

Now investigators must rely more than ever on community outreach, intelligence and cooperation with local police departments, Mueller said.

"I cannot emphasize enough the importance of local law enforcement; from Los Angeles to New York it remains a key factor," he said, noting that the New York Police Department has 1,000 people assigned to terrorism investigations.

A terrorist's goal today is more likely a soft target such as a bus or shopping mall rather than a well-protected government building, Mueller said.

But Mueller said he believes the disruption of al-Qaida, the terrorist organization led by Osama bin Laden, intelligence sharing and law enforcement cooperation has the United States safer from an attack.

Still, as law enforcers adapt to the homegrown terrorists, they have not written off al-Qaida or any other terrorist organization.

"We cannot forget," he said, "that people overseas are plotting against the United States and would want nothing more than to replicate September 11th."

Lodi Terror Probe Continues After Verdict, Mistrial, Prosecutor Says (AP)

By Don Thompson

AP, April 27, 2006

LODI, Calif. - Residents in this Central Valley town had hoped to set aside the suspicions that divided them in the 11 months since federal agents arrested a young man, his father and two Muslim religious leaders amid terrorism allegations.

But the government's chief prosecutor said Wednesday that the investigation is continuing - a day after a federal jury convicted 23-year-old Hamid Hayat of providing material support to terrorists by attending a training camp in Pakistan in 2003 and lying about it to the FBI.

U.S. Attorney McGregor Scott is considering seeking a new trial for Hayat's father, Umer, 48, after a separate jury deadlocked Tuesday on whether he lied to FBI agents to protect his son.

The investigation has also resulted in two clerics and another man being deported to Pakistan for immigration violations.

But that might not be the last of the charges facing Lodi residents, Scott said after Hamid Hayat's conviction and Umer Hayat's mistrial were announced.

"Certainly there are people of interest to us," Scott said, declining to elaborate in a telephone interview Wednesday. He referred questions to FBI agents, who also said the probe was continuing but refused to give more details.

"There are aspects of this (case) which remain under investigation," said Drew Parenti, the agent in charge of the Sacramento office.

Lodi Mayor Susan Hitchcock and police Capt. Gary Benincasa said the FBI has not shared any additional suspicions with them, and neither has seen indications of terror-related activity.

Scott's comment about a continuing investigation "reopens an old wound," aggravating suspicions of and within the Muslim community that had just begun to heal, said Hitchcock.

"This is going to cause everyone unease," she said. "I hope they're speaking from real knowledge, not just hearsay or something like that, because the city of Lodi is ready to move on. This is not something we want to be known for. We want to be known for our fine wines."

The FBI began looking at Lodi Muslims because of the activities of two clerics at the local mosque.

"The original, the first thing that drew our interest was the two religious leaders in Lodi," Scott said. One had given anti-American speeches after 9-11, the other's father led a suspicious religious school in Pakistan.

"Now, whether there was some plan afoot directly linked to them, I don't know that we'll ever know that," Scott said. "But I do know that they were there, they had extremist views, (and) we now have a jury that has found beyond a reasonable doubt that a member of that mosque went to Pakistan and took training and came back to this country with the intent to kill Americans."

The Hayats were secondary targets of the investigation, developed after the FBI recruited an informant to infiltrate the 2,500-member Pakistani community in Lodi, 35 miles south of Sacramento.

Both U.S. citizens, Umer Hayat sold ice cream from a battered van while his son held a seasonal job packing cherries.

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"We just want them both to come home. His (Hamid's) mom has cried too much," Sahana Khatab, Umer Hayat's sister-in-law, said at the family's home in a converted garage. "We're just sad. The whole family's sad. We're just sitting down and praying for them."

Some Lodi residents said they were relieved by the verdicts but disconcerted that there might be other terrorism-related activity in their quiet agricultural community.

"I strongly believe that there are (terrorist) ties here. But I think there are ties all over - they just got caught here," said Holli Eddy outside a local supermarket.

Grocery stores, along with banks and hospitals, were among places Hamid Hayat said he might target as he gave an hours-long videotaped statement to the FBI in June.

Mac Garcia, who retired as a Lodi policeman and San Joaquin County investigator, said he doesn't believe there is a terrorist cell, but he can't help but be suspicious of his neighbors nonetheless.

"You see a Muslim person and just think twice because of this. It's going to linger for a long time," Garcia said.

While investigators need to be thorough, "I'm kind of concerned it might make it look like there's a lot of them (terrorists) here, and I just don't believe that. There might be some sympathizers, but I don't believe there's that kind of activity."

Malik Mukhtiar Ahmad, a member of the mosque's board, welcomed a continuing investigation because he said there is nothing to hide.

"That's their job, that's what they're paid for," he said, referring to FBI agents. "If they want to dig deeper, that's their right."

Basim Elkarra, executive director of the Sacramento office of the Council on American-Islamic Relations, said if there were terrorist activity in Lodi, the FBI's 4 1/2-year probe would have found it.

He is concerned that the continuing investigation could include covert surveillance of innocent Muslims, sending another informant to infiltrate the community or the sort of interrogation he believes entrapped Hamid Hayat into making incriminating admissions while seeking to please FBI agents.

"Given the current fear and hysteria, it's not surprising that someone was convicted without any material proof," Elkarra said. "You've got someone who was naive and gullible.... The informant took him down a path and there was no turning back."

Defense attorney Wazhma Mojaddidi said she will seek a new trial before Hayat's July 14 sentencing, when he faces at least 30 years in prison if prosecutors prevail on legal issues that will determine his sentence.

"Hamid Hayat never attended a terrorist training camp. This fight is not over," Mojaddidi said.

Federal Victory In Terror Case May Prove Brief, Experts Say (NYT)

By John M. Broder

The New York Times, April 27, 2006

LOS ANGELES, April 26 — Despite predictions that their victory might not hold up on appeal, federal prosecutors on Wednesday savored their victory in a Sacramento courtroom, where a jury a day earlier convicted an American born in Pakistan of providing support to a terrorist group and lying to investigators.

McGregor W. Scott, the United States attorney who oversaw the prosecution, said in a telephone interview Wednesday that the conviction of the man, Hamid Hayat, 23, showed that the government was capable of winning a jury trial on terrorism charges after a number of high-profile failures elsewhere.

"In this post-9/11 context, those of us in law enforcement have been tasked with preventing new acts of terrorism, trying to stop something from happening, rather than after the fact trying to establish what happened," Mr. Scott said. "This is a difficult task and a new mission. We have shown in this case and this trial and conviction that we can succeed in that mission."

But legal experts said the prosecution's celebration might be short-lived because a federal appeals court had twice ruled unconstitutional some aspects of the law on which Mr. Hayat was convicted. They also said Mr. Hayat's reported confessions to F.B.I. agents could be challenged on the ground they were coerced from a frightened suspect with a limited command of English.

Mr. Hayat's lawyer, Wazhma Mojaddidi, told reporters after the verdict on Tuesday that she would appeal, citing unspecified "outside influences" that affected the jury. She did not return telephone calls on Wednesday seeking comment.

Eric M. Freedman, a constitutional law expert at Hofstra University who has consulted with defense lawyers in terrorism cases, said the government's record of prosecuting terror cases since the attacks of Sept. 11, 2001, had been mixed, in part because several cases hinged on confessions rather than hard evidence.

"This conviction bears all the hallmarks of one that is eventually overturned as being unsupported," Professor Freedman said.

A potentially greater threat to the conviction lies in the statute on which Mr. Hayat was charged, which makes it a crime to provide "material support" for a terrorist group.

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The government charged that Mr. Hayat attended a terrorist training camp in Pakistan in 2003 or 2004, returning to the United States in the spring of 2005 with the intent of waging religious war. Upon his return, he was arrested and questioned. The government said he lied repeatedly to the F.B.I. about his training and intentions before confessing to plotting against the United States.

The government never presented evidence that Mr. Hayat had participated in or planned any terrorist act. His crime, apart from lying to investigators, was providing support to violent extremist groups by attending their training camp.

That law has helped win convictions in the so-called Lackawanna Six terrorism case and the prosecution of John Walker Lindh, the American who fought alongside the Taliban in Afghanistan. But prosecutions based on the law collapsed in Tampa, Fla., where a jury last year acquitted a former professor charged with supporting extremist Palestinian groups, and in Idaho, where a college student was acquitted two years ago after being accused of aiding terrorists in Chechnya and Israel.

David Cole, a Georgetown University law professor and critic of the administration's application of antiterrorism laws, said that charging people under the material-support provision of a federal law was a "thin reed" on which to base prosecution.

"It's a conviction," Professor Cole said of the Hayat case, "and to that extent it's a victory for the government. But has this made the United States one iota safer? I don't see any evidence of it. This is very likely to be overturned on appeal."

Professor Cole said the United States Court of Appeals for the Ninth Circuit, which sits in San Francisco and covers the Sacramento federal court district, had twice ruled the material-support law unconstitutionally vague because it did not require proof of any overt act.

The government also charged Mr. Hayat's father, Umer Hayat, 48, an ice-cream truck driver in Lodi, Calif., of lying to investigators to conceal his son's activities. A separate jury deadlocked on two charges against the father, and the judge declared a mistrial. Mr. Scott said he had not decided on a new trial.

Lodi Terrorism Conviction Was A Rout, Jury Says (LAT)

By Rone Tempest And Eric Bailey, Times Staff Writers

The Los Angeles Times, April 27, 2006

SACRAMENTO — The scorecard read like an NBA blowout.

By the time the jury finished voting on each piece of evidence, the score was 135-40 for the prosecution.

Hamid Hayat, the 23-year-old Lodi man charged with attending a terrorist training camp in Pakistan and lying about it, was convicted on all four counts.

The systematic way the jurors moved through the charges during nine days of deliberation was detailed Wednesday by jury foreman Joe Cote, a 64-year-old retired medical equipment salesman from Folsom.

"We scored the entire evidence and testimony," Cote said the day after the conviction, "and it was overwhelmingly in favor of guilt."

Key to the jury's decision, Cote said, were Hayat's own words on an FBI videotape that he had attended a camp, his comments secretly recorded by an undercover informant that indicated Hayat's "willingness" to go for training and a handwritten warrior's prayer in Arabic found in his wallet.

"He got himself in pretty deep. He buried himself," said juror Starr Scaccia, 53, an administrative assistant from Roseville, in describing the five-hour videotaped interrogation.

Scaccia said she was also swayed by an Urdu language scrapbook that Hayat kept with news about militant Pakistani political parties, many of them strongly anti-American.

Despite the unanimous verdict, Cote and other jurors interviewed Wednesday said that outcome was far from certain when they began deliberations April 12.

What tipped the balance, Cote said, was when the jury had a second opportunity to review the videotaped interrogation.

The videotape was first shown early in the nine-week trial. Cote and others said that at the time they had some concerns about the leading questions and pressure tactics used by the FBI interrogators.

By the second viewing last week, he said, the jurors had been able to digest all of the other evidence. They had also received an instruction from U.S. District Judge Garland E. Burrell stating that "the government may utilize a broad range of schemes and ploys to ferret out criminal activity."

Going into the end of deliberations Friday, there was still one juror holding out for acquittal on the most important charge: that Hamid Hayat provided material support for terrorism by attending a terrorism training camp in Pakistan in late 2003.

Shortly after 4 p.m. Friday, Cote sent Burrell a note about the dissenting juror.

"There is impasse with a juror who does not seem to fully comprehend the deliberation process. I'm available to discuss this with you and counsel at any time," Cote wrote.

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After consulting with attorneys from both sides, Burrell ordered the note sealed and instructed the jury to continue deliberations.

Cote would not identify the balky juror but said that the note was a mistake on his part, born out of fatigue. "I think I may have chosen the wrong language," Cote said. "That was the end of the day, end of the week. My God, my brain was fried."

On Monday, the holdout juror joined the others for conviction. By Tuesday, they reached a unanimous verdict, guilty on all four counts.

That the panel went from a possible deadlock to a unanimous verdict so quickly caused Hayat's lawyer Wazhma Mojaddidi to cry foul, suggesting undue pressure. "It is suspect that after only two days of deliberation," she said, "that this juror suddenly decided to convict. Especially since the only response was to continue deliberations."

But Cote and others denied any ganging up. No one put any pressure on the juror, Cote said. She came to her guilty verdict simply by "thinking about it over the weekend."

Scaccia agreed, saying the reluctant juror "was trying to do it her own way. She was working it through. She was still processing it. You've got to live with what you end up deciding. She had to take her time."

In the end, said juror Lori Macias, 46, a Fairfield real estate agent, the panel tallied up their scorecard and sided overwhelmingly with the government.

But there were times, Macias said, when watching the videotaped interrogation that jurors wondered why Hayat, instead of subjecting himself to hours of exhaustive questioning, didn't ask for a lawyer. "What person in their right mind does all that and doesn't ask for a lawyer?" Macias said. "I mean, we wouldn't have been there if he had."

Cote said the jury reached its verdict with "a heavy heart."

"There was no happiness in it," Cote said. "We all felt bad about it. But we had to do it. It's like a life wasted."

The tall, broad-shouldered foreman acknowledged he didn't believe, judging by Hayat's mild demeanor in court and his recent marriage, that the young Lodi resident posed much of a danger. But then he thought of the faces of the terrorists caught on video before last summer's London bombings. He thought they looked just as nonthreatening.

Scaccia said she hoped the jury verdict would be a deterrent in the war on terrorism. "I hope it gets the message out: Don't mess with the United States," she said. "It's not worth it."

CIA Warns Ex-agents Over Talking To Media (FT)

By Demetri Sevastopulo

Financial Times, April 27, 2006

The Central Intelligence Agency has warned former employees not to have unapproved contacts with reporters, as part of a mounting campaign by the administration to crack down on officials who leak information on national security issues.

A former official said the CIA recently warned several retired employees who have consulting contracts with the agency that they could lose their pensions by talking to reporters without permission. He added that while the threats might be legally “hollow,” they were having a chilling effect on former employees.

The CIA called the allegations “rubbish”. Jennifer Millerwise Dyke, spokeswoman for CIA director Porter Goss, said former employees with consulting deals could lose their contracts for violating the CIA secrecy agreement by having unauthorised conversations with reporters. But she stressed that under current law, “termination of a contract does not affect pensions”.

The clampdown represents the latest move in what observers describe as the most aggressive government campaign against leaks in years. The Justice Department is investigating the disclosure to the media of secret overseas CIA prisons and a highly classified National Security Agency domestic spying programme authorised by President George W. Bush. Last week, the CIA fired Mary McCarthy, an intelligence officer, for allegedly leaking classified information and having undisclosed contacts with reporters.

Mr Goss has increased the number of “single issue” polygraphs – lie detector tests aimed at ferreting out leaking employees. A second former official said Mr Goss was trying to “scare everybody” by using polygraphs aggressively.

Elizabeth Rindskopf Parker, former CIA general counsel, said Mr Goss was “obviously taking a much more forward-leaning stance than any of us have seen for years”. But another former intelligence official said the agency was simply returning to a “more conservative regimen” to remind employees that they work for a secret organisation.

The House intelligence committee has asked John Negroponte, the director for national intelligence who oversees the 16 intelligence agencies, to study whether retirees could lose their pensions for disclosing classified information even when not prosecuted.

The attempt to silence former employees extends beyond those who still have consulting contracts. Larry Johnson, a former CIA official who blogs at www.TPMCafe.com, said he recently received a “threatening” letter reminding him about his confidentiality agreements.

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Mr Johnson – who has criticised the White House for not aggressively investigating the outing of Valerie Plame, a former covert operative, said it was the first such letter he had received despite regularly commenting in the media on intelligence matters since his retirement in 1989. He said other former employees also received letters.

He said the CIA was also "very forceful" in intimidating a retired official who maintains ties to the agency after he signed a letter criticising the administration over the Plame leak.

Mr Gimigliano said CIA staff officers and contractors must sign a secrecy agreement which compelled them to seek prepublication permission for anything they wrote involving the CIA, intelligence matters, and classified material.

Mr Gimigliano added: "When a former officer or contractor fails to honour the legally binding agreement ... our Publications Review Board may send the individual a written reminder. That reminder includes the statement that 'permission to publish will not be denied solely because information may be embarrassing to or critical of the agency' ... Obviously, such letters contain no threats."

But Mr Johnson and other critics say the campaign is also intended to crack down on politically embarrassing comments from former officials.

"They are trying to intimidate the press and trying to intimidate employees," said Mr Johnson. "Anybody who has been critical of the Bush administration is getting letters."

Another former CIA employee who maintains links to the agency said it did not need to be blatant about threats because contractors and retirees who had relationships with agency officials understood that talking to reporters could have repercussions for future work.

"People at the agency are bright enough to see that is going on, they don't need to be reminded," the former official said.

Stanley Sporkin, former CIA general counsel during the Reagan administration and a retired judge, said it was "ridiculous" that the agency was trying to limit contacts with the media.

He said the only restriction should be that they do not reveal classified information. Something has got to be done to address this. These days it is almost like a witch hunt," said Mr Sporkin.

Tension Over Press Leaks (WP)

By David S. Broder

The Washington Post, April 27, 2006

Two events in the past week have thrown the spotlight on the troubled relationship between the Bush administration and the news media, raising questions that are worrisome on both sides of the divide.

The resignation of Scott McClellan as the White House press secretary was followed within days by the announcement that a senior Central Intelligence Agency employee, later identified as Mary McCarthy, had been fired for improper contacts with reporters.

Neither incident is entirely clear in its origins. McClellan said he asked to be relieved, but his stepping down was part of a continuing reshuffle ordered by the new White House chief of staff, Josh Bolten, who had made it clear he regarded press relations as a trouble area.

The firing of McCarthy, a veteran intelligence officer who had held sensitive administrative posts, came after CIA Director Porter Goss and his White House superiors had ordered an intensive crackdown on leaks to the press.

McCarthy had already initiated steps toward retirement and was apparently only days away from ending her career when she and others were asked to take lie detector tests -- and then she was dismissed.

For the first few days after the action was announced, the agency and the White House let stand the impression that McCarthy had been a source for the stories about secret U.S. detention centers in Europe that won a Pulitzer Prize for The Post's Dana Priest on April 17. But when McCarthy's lawyer said she had no part in that transaction, CIA officials confirmed that was the case -- leaving it unclear exactly what she had done to bring down the punishment.

Priest, of course, has said nothing about her sources beyond the generic description that the information came from current and former intelligence officials.

This is a troubling case for those of us in journalism. Our view is that it's the government's responsibility to keep its secrets secret and that it's our responsibility to ferret out information so the public is aware of the actions being taken in its name.

We recognize there are sometimes legitimate national security considerations for withholding information. In the case of Priest's stories, The Post agreed to the government's request not to identify the countries where the secret prisons were located.

But we also know that administrations of both parties tend to restrict information -- and that the only way for the public to learn of questionable policies or actions is for conscientious individuals to break that official code of silence.

Government has a legitimate claim to enforce the promise of confidentiality that officials sign when they go to work for an agency such as the CIA. The tool of enforcement can be humiliating and distasteful -- and a lie detector test is both. But its use is

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not unprecedented. When there was talk of polygraphs for top officials in the Reagan administration, the secretary of state, George Shultz, said he was prepared to resign -- and the prospect disappeared.

The tension between the legitimate claims of secrecy and the need for public accountability remains, however, and in many respects has grown worse. The main reason is the reluctance of this president and his administration to accept a broad and continuing responsibility to keep the public and the press informed on the reasons for the policies they have adopted.

President Bush's approach has been one of announcing a policy after it has been completed in his relatively closed circle of decision makers and then simply reiterating that policy in any number of prearranged settings. His news conferences and interviews are infrequent, and they rarely offer insights into the reasoning behind his conclusions.

That is why McClellan suffered both burnout and a loss of credibility in his job. Under tight orders from the top, he could do little to satisfy the curiosity -- or assuage the doubts -- of the reporters who sit frustrated in the briefing room, knowing full well that the real decision making in the White House is shielded from their view.

Unless the president comes to understand that it is in his interest -- as well as the country's -- to conduct a more open governing process, the new press secretary, Tony Snow, will find himself inevitably as much of a punching bag as McClellan became. Only George Bush can signal to the White House staff and administration that he wants a government ready and eager to explain itself to the people it is trying to lead.

When he has given that signal, there may be fewer Mary McCarthys contemplating the costs -- and burdens -- of leaking to the press.

European Inquiry Says C.I.A. Flew 1,000 Flights In Secret (NYT)

By Dan Bilefsky

The New York Times, April 27, 2006

BRUSSELS, April 26 — Investigators for the European Parliament said Wednesday that data gathered from air safety regulators and others found that the Central Intelligence Agency had flown 1,000 undeclared flights over European territory since 2001.

Sometimes the planes stopped to pick up terrorism suspects who had been kidnapped to take them to countries that use torture, the investigators added.

The operation used the same American agents and the same planes over and over, they said, though they could not say how many flights involved the transport of suspects.

The investigation, by a committee looking into C.I.A. counterterrorism activities in Europe, also concluded that European countries, including Italy, Sweden and Bosnia and Herzegovina, were aware of the abductions or transfers and therefore might have been complicit.

"The European Parliament deplores the fact that the C.I.A. has on several occasions clearly been responsible for kidnapping and illegally detaining alleged terrorists on the territory of member states, as well for extraordinary renditions" to third countries, wrote Giovanni Fava of Italy, a Socialist member of the European Parliament who led the committee.

The report, the first of several planned by the Parliament, grew out of three months of hearings, including testimony by human rights advocates and individuals who said they had been kidnapped by United States agents and flown to other countries, including Egypt and Afghanistan, where they were tortured.

As for the question of secret C.I.A. detention centers in Europe, the new report offered no hard evidence.

Its estimate of 1,000 undeclared flights exceeds the numbers previously discussed, including those in an analysis by The New York Times late last year that said the agency operated about 300 flights in Europe between November 2001 and the summer of 2005.

The report's conclusions are likely to heighten trans-Atlantic tensions at a time when Europe and the United States are already at odds over how to balance civil liberties with the fight against terrorists.

The inquiry was opened in January after The Washington Post reported that the C.I.A. had hidden and interrogated suspected members of Al Qaeda at secret prisons in Eastern Europe.

Mr. Fava said the committee hoped to send a fact-finding mission to Poland and Romania in September. Both countries have been cited as possible locations for prisons.

Mr. Fava said the investigation showed that agency planes had made hundreds of flights and several secret stopovers in Europe, violating a treaty that requires airlines to declare routes for police missions.

The C.I.A. declined to comment on the specifics, but an agency spokesman defended the practice of taking suspects to third countries, a process known as rendition.

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"Renditions are an antiterror tool that the United States has used for years, consistent with its laws and treaty obligations," said the spokesman, Paul Gimigliano. "The C.I.A does not condone or tolerate torture, transport individuals to other countries for the purpose of torture or knowingly receive intelligence obtained by torture."

Mr. Fava emphasized that it was most likely that some authorities in Europe had been aware that suspects were being detained on their territories. He pointed to testimony by a senior prosecutor in Milan, Italy, Armando Spataro, that a C.I.A. team had abducted a suspect, Abu Omar, in February 2003 in broad daylight before he was flown to Egypt.

Mr. Fava also criticized Sweden for handing over two Egyptian suspects, Muhammad al-Zary and Ahmed Agiza, to American agents who flew them to Egypt in December 2001. Their case was brought to light by Swedish television in 2004.

"Sweden has been criticized for this on numerous occasions, and we have taken a number of steps in order for it not to happen again," Barbro Holmberg, the minister for migration and asylum policy, said.

Mr. Fava said the Parliament found that Bosnian authorities had handed over six suspects of Algerian origin to C.I.A. agents without assurances that they would not be tortured, and in defiance of a ruling by the human rights court in Bosnia and Herzegovina.

EU Lawmakers Allege Numerous CIA Flights (AP-Y2)

By Jan Sliva

AP2, April 26, 2006

The CIA has conducted more than 1,000 clandestine flights in Europe since 2001, and some of them secretly took away terror suspects to countries where they could face torture, European Union lawmakers said Wednesday.

Legislators selected to look into allegations of questionable CIA activities in Europe said flight data showed a pattern of hidden operations by American agents, and they accused some European governments of knowing about it but remaining silent.

Cases of terror suspects being secretly handed over to U.S. agents did not appear to be isolated, the lawmakers said in a preliminary report on their inquiry. European human rights treaties prohibit sending suspects to states known to torture prisoners.

"The committee deplores the fact that, as established during the committee's investigation, the CIA has used aircraft registered under fictitious company names or with private companies to secretly transfer terror suspects to other countries including Egypt, Jordan, Syria and Afghanistan," according to a copy of the report obtained by The Associated Press.

The CIA declined to comment, as did European Union officials, who have said previously that there was no irrefutable proof of such hand-overs, which are known as "extraordinary renditions."

The investigation began in January after news reports that U.S. agents had interrogated al-Qaida suspects at secret prisons in eastern Europe. But the focus shifted after people gave detailed accounts of being abducted by U.S. agents in Europe and whisked away to jails in the Middle East, Asia and North Africa.

Few of those who testified at the committee hearings touched on the alleged secret prisons in eastern Europe first reported by The Washington Post in November. Italian lawmaker Giovanni Fava, who wrote the report, said the committee would look into those allegations later.

The lawmakers based their initial report on data provided by Eurocontrol, the EU's air safety agency, and more than 50 hours of testimony by EU officials, rights groups and individuals who said they were kidnapped and tortured by U.S. agents.

Eurocontrol said the number of clandestine CIA flights over Europe was likely to be higher than 1,000 because the agency checked only flight plans for fewer than 50 aircraft used by the CIA.

"We were requested by EU Parliament to make an analysis of the flight routes for these planes. There may be others," said Jean-Jacques Sauvage, a senior official of the Brussels-based agency. He said Eurocontrol did not keep track of who was on the planes.

The report said that on a number of occasions the CIA was clearly responsible for detaining terror suspects on European territory and transferring them to countries where they could face torture.

Fava told the AP it was unclear how many people were transferred by the CIA on undeclared flights. He also said there was no evidence proving complicity by European officials, but called it unlikely that some governments, such as in Italy, Bosnia and Sweden, knew nothing about the CIA operations.

He accused the CIA of breaching the Chicago Convention, an international treaty governing air traffic. It requires aircraft used in military, customs and police operations to seek special authorization to land in signatory states.

U.S. officials previously said that as of late December, some 100 to 150 people had been seized in "rendition" operations involving detaining terror suspects in one country and flying them to their home country or another where they were wanted for a crime or questioning.

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The officials, who agreed to discuss the operations only if not quoted by name, said the action was reserved for people considered by the CIA to be the most serious terror suspects. But they conceded mistakes had been made and were being investigated by the CIA's inspector general.

Fava cited as one example of "extraordinary rendition" the case of an Egyptian cleric, Osama Moustafa Hassan Nasr, who allegedly was abducted by U.S. agents on a street in Milan, Italy, in 2003 and returned to his homeland, where he says he was tortured.

Another case involved German citizen Khalid al-Masri. Documents provided by Eurocontrol indicated he was taken to Afghanistan in 2004 by a plane that originated in Algeria and flew via Palma de Mallorca, Spain; Skopje, Macedonia; and Baghdad, Iraq.

Al-Masri, who was born in Kuwait, told the committee that he was arrested by U.S. agents on the Macedonian border while on vacation. He said he was kept at a hotel in Skopje for several weeks before being flown to Afghanistan and jailed for five months. He said he was flown back to Europe in May 2004 and released in Albania.

Fava said the bulk of the clandestine CIA flights passed through Germany and Spain, where the United States has several air bases. Neither government had any comment.

The European Union also declined to address the committee's preliminary report.

"We have no comment. We will wait for the investigation to finish," said Friso Roscam Abbing, spokesman for EU Justice Commissioner Franco Frattini.

Probe Of Detainee Transfers Finds Many CIA Flights (WP)

By Craig Whitlock

The Washington Post, April 27, 2006

BERLIN, April 26 -- European Parliament investigators said Wednesday they had uncovered evidence that the CIA has organized more than 1,000 flights through European airspace since 2001 as part of a secret program to transfer and detain terrorism suspects.

A parliamentary committee investigating CIA counterterrorism tactics in Europe reported that it had obtained records of the flights from Eurocontrol, the continent's primary air traffic management agency. The flights were by U.S.-registered aircraft that investigators believe were chartered by the CIA or owned by front companies working for the agency.

Investigators acknowledged that they had no idea how many of the flights were actually used to transport terrorism suspects. But they accused the CIA of violating human rights conventions and European law by concealing the purpose of the flights and not reporting passenger manifests to local authorities.

"The routes for some of these flights seem to be quite suspect," Italian lawmaker Giovanni Claudio Fava, head of the Parliament committee, told reporters in Brussels. "They are rather strange routes for flights to take. It is hard to imagine those stopovers were simply for providing fuel."

The preliminary report also criticized several European countries -- including Sweden, Italy and Macedonia -- saying they had allowed CIA officers to apprehend or detain terrorism suspects on their soil and then covered up their presence.

"No one among the national security authorities -- save for a few exceptions -- has ever cared to verify what was the real aim of those flights, who were in their crew and passengers, or rather prisoners," Fava said.

The European Parliament has been investigating the CIA flights as well as reports that the CIA detained suspected high-ranking al-Qaeda members in secret prisons in Eastern Europe.

The Washington Post reported in November that the CIA had been interrogating some of its most important al-Qaeda captives at a Soviet-era compound in Eastern Europe as part of a covert prison system that at various times has included sites in several democracies in Eastern Europe. The Post did not identify the Eastern European countries at the request of senior U.S. officials, who said the disclosure could disrupt counterterrorism efforts in those countries and elsewhere and could make them targets of possible terrorist retaliation.

The Parliament has few powers to compel testimony or obtain documents, but is scheduled to hold hearings throughout Europe during the rest of the year. On Thursday, the committee is scheduled to question authorities in Macedonia about the case of a German citizen, Khaled al-Masri, who has said he was kidnapped by security officials in Macedonia in early 2004, handed over to the CIA and taken to Afghanistan.

The committee is also scheduled to hold a hearing in Washington next month and has invited former CIA officials to testify.

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HOMELAND RESPONSE:

Terror Case Hears Talk Of Bombing Subway Stop (NYT)

By William K. Rashbaum

The New York Times, April 27, 2006

A fuller picture emerged yesterday of an alleged plot to bomb the Herald Square subway station and of the Pakistani immigrant charged as its prime author, as prosecutors again played secretly recorded conversations between the man and a police informer.

The conversations, played for a jury in federal District Court in Brooklyn, captured the immigrant, Shahawar Matin Siraj, 23, telling the informer he expected that the blast in the subway station would bring down the Manhattan Mall on the street above.

But in another conversation, he seems to suggest to the informer that the bomb could be as small as a bottle of soda, tossed into a garbage can on the subway station's platform. He said he wanted to bomb the station in the early morning hours to cause only economic damage and kill as few people as possible, but he was willing to let the explosion kill the homeless people who spend the night there.

These contradictions were among several that emerged from Mr. Siraj's sometimes rambling, disjointed and often angry statements, which also suggested that he has a grandiose view of his own talents as a terrorist plotter. In fact, he offered a critical assessment of al Qaeda, saying its members carry out suicide attacks because they are poor planners.

"That is what I don't like about them," he said on Aug. 18, 2004, just nine days before he and a co-conspirator, James Elshafay, were arrested and charged in the plot. Mr. Elshafay, 21, has pleaded guilty and is expected to testify.

Yesterday, jurors listened attentively to the recorded conversations between Mr. Siraj and the police informer, Osama Eldawoody, 50. It was the second day that prosecutors have played selections from more than 30 hours of digital recordings from the summer of 2004.

Using government transcripts, the jurors seemed to follow the heavily accented conversations carefully, and then one of the prosecutors, Todd Harrison, would question Mr. Eldawoody about the recorded discussions.

The government has sought to portray Mr. Siraj as a dangerous man bent on carrying out a devastating attack. His lawyers, however, contend that the young man, who came to New York from Karachi, Pakistan, in 1999 to join his parents, was duped.

They have said that when a fuller picture is presented, it will be clear that Mr. Siraj was manipulated by the police informer, who they contend orchestrated the plot for money, nearly $100,000 that the Police Department paid him over two years and nine months, much of it while he was working on this case.

One of Mr. Siraj's lawyers, Martin R. Stolar, has called him "not the brightest bulb on the chandelier."

On the tapes played yesterday, Mr. Siraj seemed to alternate between shrewd, bumbling and bizarre. In one conversation, he told Mr. Eldawoody that he had masqueraded as a homeless man to examine the security in the subway station. He looked for surveillance cameras and, though he saw none, he told Mr. Eldawoody that he could not believe there was not a tighter security cordon.

"I cannot find no security over there, it's impossible," he said. "If there is no security, it means there is a high security over there. No security means high security. That's a trap."

He also said he would shave his beard and wear New York Yankee apparel to disguise himself for a later surveillance mission.

At another point in the conversation, he seemed convinced that some sort of plot had been set in motion against a mosque at East 96th Street and Third Avenue in Manhattan.

Final Arguments In Trial Of Man Who Knew Two 9/11 Hijackers (NYT)

By Nicholas Confessore And Carla Baranauckas

The New York Times, April 27, 2006

A tangled four-and-half-year legal battle drew toward an end yesterday as prosecutors and defense lawyers made closing arguments in the case of a Jordanian college student accused of lying to a federal grand jury about his relationship with two Sept. 11 hijackers.

Prosecutors say the student, Osama Awadallah, on trial in Manhattan federal court, lied when he testified under oath at an October 2001 grand jury hearing that he did not know one of the hijackers, Khalid al-Midhar, and denied having written his name in a school notebook before conceding during a later hearing that he had met Mr. Midhar.

"Mr. Awadallah lied repeatedly and deliberately," said Karl Metzner, an assistant United States attorney.

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Mr. Midhar and Nawaf al-Hazmi, another hijacker, had been living in San Diego until about a year before they boarded American Airlines Flight 77, the plane that crashed into the Pentagon. Mr. Awadallah was arrested on Sept. 21, 2001, after F.B.I. agents found a scrap of paper with the name "Osama" and Mr. Awadallah's old phone number in a car that Mr. Hazmi had left at Dulles International Airport, near Washington.

Mr. Awadallah's lawyer, Jesse Berman, painted a very different picture, that of a young immigrant, 21 at the time of the attacks, with limited English, disoriented after nearly three weeks of solitary confinement and with no reason to mislead the grand jury.

"We're not saying this gave him license to lie," Mr. Berman said. The defendant, he said, was "exhausted and confused."

The two sides met yesterday in a courtroom less than half a mile from ground zero, imagery that the prosecutors invoked repeatedly as they argued that Mr. Awadallah had lied, presenting transcripts of his testimony and a detailed chronology of how his account had changed during several hearings and interviews with law enforcement.

"He didn't just lie deliberately. He lied before the federal grand jury investigating the worst terrorist attack in this country's history," Mr. Metzner said.

Mr. Awadallah has never been charged with conspiring in the 9/11 attacks or knowing about them in advance, and the outcome of his trial may rest on whether the jury remains focused on the relatively narrow perjury charge against him.

In his first grand jury appearance, Mr. Awadallah repeatedly denied knowing anyone named Khalid. But prosecutors showed him an examination booklet they discovered at his college, in which was written: "One of the quietest people I have met is Nawaf. Another one, his name is Khalid."

Mr. Awadallah at first said that some of the handwriting was not his. When he returned to the grand jury on Oct. 15, 2001, he said that he recognized it as his writing and that on several occasions he had met a friend of Mr. Hazmi's named Khalid.

Mr. Berman argued that the first photocopy of the examination booklet that Mr. Awadallah was shown was smudged, and that reading it was all the more difficult because his client had not had his eyeglasses while in custody or on the stand.

"He gave a ridiculous answer," Mr. Berman added, "but not intentionally. He had nothing to gain by lying to prosecutors."

The prosecutor, Mr. Metzner, dismissed the defense's contention that Mr. Awadallah was confused after being physically mistreated while in detention.

"You can still tell the truth if your arms hurt," he said.

If convicted, Mr. Awadallah, now 25, faces a maximum sentence of five years on each of two counts of perjury, as well as deportation. He has waited — free on bail for much of the time — as his fiercely contested case made its way through the courts.

In recent years, Mr. Awadallah has been a student at San Diego State University, where he is scheduled to graduate next month.

Terrorists In State, Candidate Says (MJS)

By Stacy Forster Sforster@journalsentinel.com

Milwaukee Journal Sentinel, April 27, 2006

Opponents call his remarks irresponsible

Madison - There are terrorists training and raising money in Wisconsin, Republican attorney general candidate J.B. Van Hollen said Wednesday in a Capitol news conference.

But Van Hollen declined to provide any specifics about what kind of terrorist activity law enforcement was tracking in Wisconsin. He cited confidentiality, adding that his knowledge of such activity dates back to January 2005, when he resigned as U.S. attorney for the Western District of Wisconsin.

A spokesman for incumbent Attorney General Peg Lautenschlager and Van Hollen's opponent in the Republican primary, Waukesha County District Attorney Paul Bucher, both called Van Hollen's comments "irresponsible."

Mike Bauer, legal services administrator for the state Department of Justice, and Mike Johnson, a supervisory special agent for the Milwaukee FBI office, declined to comment on the status of any investigations in Wisconsin. The U.S. Department of Homeland Security did not return a call for comment.

Van Hollen and Bucher will face off in the September Republican primary. The winner will go up against the Democratic victor, either Lautenschlager or Dane County Executive Kathleen Falk, in the November general election.

Van Hollen has pledged to make fighting terrorism a top priority if elected; he proposes teams of law enforcement officials from all levels to train and share information.

While arguing that the state Department of Justice could be doing more to guard against terrorist threats, Van Hollen added that Wisconsin residents should know about terrorist activity taking place here so they can be vigilant about reporting suspicious activity.

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"We have in Wisconsin terrorists who are training and raising funds," Van Hollen said. "We don't need to be paranoid, but we need to be vigilant."

After the news conference, Van Hollen said he didn't think his comments would raise fear among Wisconsin residents.

"If people believe that we do not have terrorists in Wisconsin, and they believe we're not at risk for terrorist attacks in Wisconsin, they're uninformed," Van Hollen said. "Do we need to be paranoid about it? I don't think so."

Van Hollen said that based on information he had access to as U.S. attorney, he was aware that the FBI and other law enforcement officials were monitoring potential threats, but that there wasn't enough activity or information to act.

The FBI's Johnson said Van Hollen's comment about the FBI was "completely inappropriate" because Van Hollen doesn't speak for the agency.

Bauer of the Justice Department said Van Hollen's criticism of Lautenschlager's track record on fighting terrorism was wrong. Under Lautenschlager, Justice Department officials have been involved in several state and federal task forces with officials from across jurisdictions, Bauer said.

"It's a joint role with the federal government," Bauer said of the department's place in fighting terrorism.

The department's Division of Criminal Investigation also developed a statewide intelligence center for law enforcement, emergency services and disaster response experts to share information, the department said.

Bucher said he was "shocked" that Van Hollen had chosen to provide such information without backing it up.

"Why would you say to the citizens of the state that, 'There are terrorists training in this state, but I can't say anything about it or do anything about it?' " Bucher said.

Bucher added that he would soon introduce a plan for dealing with terrorism that is likely to include steps to foster cooperation with federal prosecutors and investigators. But Bucher said the state attorney general's role in fighting terrorism is limited because the department doesn't have primary enforcement authority for terrorism.

"The attorney general does have a responsibility to work in a cooperative atmosphere with the agencies that have the lead on this issue," he said.

Falk campaign spokeswoman Melissa Mulliken said in an e-mail that Van Hollen should provide credible information to back up his comments - "otherwise it is a political scare tactic."

From the April 27, 2006 editions of the Milwaukee Journal Sentinel

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Van Hollen Claims Terrorists Are In Wisconsin (DULNT)

By Todd Richmond

The Duluth News Tribune, April 27, 2006

MADISON, Wis. - Terrorists are operating in Wisconsin, state attorney general candidate J.B. Van Hollen claimed Wednesday.

Van Hollen accused Attorney General Peg Lautenschlager during a Capitol news conference of not doing enough to fight terrorism, and he followed up with a comment that, "We have in Wisconsin terrorists who are training and raising funds."

He said he learned the information while he was U.S. attorney for the Western District of Wisconsin - a post he resigned in 2005 to run for attorney general - but the terrorists weren't doing anything he could act upon.

He declined to elaborate, saying divulging any information would make him guilty of a felony. But he added Wisconsin has targets such as power plants.

Mike Johnson, a spokesman for the FBI's Milwaukee office, declined to comment. Messages The Associated Press left at the U.S. Department of Justice and at the office of Stephen Sinnot, who now serves as U.S. attorney for western Wisconsin, weren't immediately returned.

"He can't talk about specifics that he dealt with ... as U.S. attorney," said Van Hollen campaign spokesman Brian Fraley. "He can't breach the confidentiality of that office. (But) it would be naive to think there aren't terrorists in Wisconsin."

Van Hollen's opponents immediately demanded that he give up what he knows. Van Hollen and Waukesha County District Attorney Paul Bucher face each other in a Republican primary in September. The winner will face either Lautenschlager or Dane County Executive Kathleen Falk, who will square off in the Democratic primary, in November.

"If Mr. Van Hollen has indicated he has knowledge of terrorist training in this state, he better ... get a good lawyer to help him get that information to the authorities," Bucher said. "I hope he's done that. That's what I would do."

Lautenschlager campaign spokesman Dan Bachhuber accused Van Hollen of grandstanding.

"If J.B. has some information he should provide it," Bachhuber said. "I just don't know where he might be getting his information."

Falk campaign spokeswoman Melissa Mulliken issued a statement calling on Van Hollen to reveal what he knows.

"It is irresponsible for a candidate for AG to make claims he won't substantiate regarding our national security. If he has credible information he should provide it; otherwise it is a political scare tactic," the statement said.

Fraley insisted Van Hollen can't reveal any information that might hinder a federal investigation or reveal information about investigations that began when he ran the U.S. attorney's office.

State Department of Justice spokesman Mike Bauer declined to comment on terrorist activities in Wisconsin or whether the agency is probing them.

He said the head of the department's criminal investigation unit, Jim Warren, sits on the governor's Homeland Security Council, Justice agents work full time on joint terrorism task forces headed by the FBI and the agency has highly trained investigators ready to help with domestic security issues.

House Panel OKs Tougher Port Rules (WT)

By Audrey Hudson

The Washington Times, April 27, 2006

A measure to secure U.S. ports from a nuclear attack and to increase the number of random cargo inspections won full committee approval in the House yesterday.

The $2.4 billion bill to track and protect cargo containers shipped from foreign ports passed the House Homeland Security Committee unanimously, and requires that 98 percent of all containers be screened for nuclear materials.

A Democratic proposal that would require in five years that all containers be screened for nuclear devices was rejected by a 18-16 vote.

Republicans say the timetable should be more flexible to allow radiation portal monitor technology to improve. Some critics of the technology question whether it can effectively identify nuclear materials if they are is protected by lead shielding.

"We must do everything in our power to prevent another terrorist attack on U.S. soil," said Rep. Peter T. King, New York Republican and chairman of the House Homeland Security Committee.

"That means continuing to strengthen our domestic and international security efforts through measures like the SAFE Port Act. As long as our ports remain vulnerable, so do the American people," Mr. King said. "Passing a comprehensive, bipartisan port security bill is one of the most important things we'll do this year."

The Security and Accountability For Every Port Act requires Homeland Security Department officials to collect data from importers before cargo is loaded at foreign ports.

The legislation also calls for a Transportation Worker Identification Credential program, which the Bush administration put into motion Tuesday.

Homeland Security Secretary Michael Chertoff says background checks, including an immigration status check, will be required for all U.S. ports.

Nearly a half-million current port workers and longshoremen will be screened initially and cleared to access secure areas.

Security gaps were highlighted last month after a deal to turn over terminal operations at six major U.S. ports to a Dubai-owned company fell apart amid a congressional firestorm.

Although Democrats say the nuclear screening requirement is weak, the legislation has bipartisan support. It is sponsored by Rep. Dan Lungren, California Republican, and Rep. Jane Harman, California Democrat.

"Though the vulnerability of our seaports has become an important issue in recent months, the reality is that this legislation is long overdue," Mr. Lungren said.

In the Senate, a measure adding $1.9 billion for border and port security was attached to an emergency spending bill. The amendment sponsored by Sen. Judd Gregg, New Hampshire Republican and chairman of the Senate Appropriations subcommittee on homeland security, passed 59-39.

Mr. Gregg said the Senate measure would "basically give the people who are defending us on our borders ... the tools they need to do their job right."

Lawmakers Spar Over Cargo Radiation Tests (AP-Y2)

By Devlin Barrett

AP2, April 26, 2006

An effort to shore up the nation's port security cleared a House committee Wednesday after Republicans beat back a Democratic attempt to screen all cargo for radioactive material.

Lawmakers once united in opposition to a proposed U.S. ports deal with Dubai sparred at the hearing over Democrats' demands for 100 percent radiation screening of shipping containers.

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The bill, headed for a vote on the House floor next week, would require the Homeland Security Department to give a timetable for placing radiation portal monitors at U.S. seaports that don't already have them, and assess the security implications of screening programs for foreign ports.

Reps. Dan Lungren, R-Calif., and Jane Harman, D-Calif., sponsored the broad port security measure last month as Congress was in an uproar over now-abandoned plans by DP World to manage terminals at ports in New Jersey, New York, Baltimore, New Orleans, Miami and Philadelphia.

The panel rejected along party lines an amendment offered by Rep. Edward Markey (news, bio, voting record), D-Mass., which would require within five years radiation screening for every container coming into the U.S.

Republicans said the deadline was unrealistic and the scanner technology is still too faulty to deploy through a mammoth port system that handles 20,000 cargo containers every day.

At that, some Democrats erupted.

Rep. Peter DeFazio (news, bio, voting record), D-Ore., slammed his fist as he called current port security programs "a joke."

"We have a faith-based honor system. People could ship a nuclear bomb here today," he said, accusing GOP leaders of buckling to pressure from business groups that oppose greater regulation.

Republicans denied any influence from lobbyists.

"Somebody said we're lackeys for the industry. I'm not a lackey for anybody," said Lungren.

Committee chairman Peter King urged both sides to cut back partisan accusations.

"Any implication that anyone on either side of the aisle is not concerned about homeland security, is not concerned about the loss of human life, it demeans and cheapens the debate," said King, R-N.Y.

Trade Group's Role In Security Program Is Challenged (NYT)

By Carl Hulse And Eric Lipton

The New York Times, April 27, 2006

WASHINGTON, April 26 — When Representative Harold Rogers of Kentucky decided to try to get a new transportation security project off the ground, he turned to a familiar name: the American Association of Airport Executives.

In a little-noticed provision added to a spending measure last year, Mr. Rogers, a Republican who doles out money for national security projects, designated an arm of the trade group with which he has longstanding ties as the central operator of a new federal program to perform background checks on 750,000 maritime workers.

"There is absolutely no reason to waste more time and money reinventing the wheel," Mr. Rogers, chairman of the Appropriations Subcommittee on Homeland Security, said Wednesday in explaining his decision. He said the trade organization's Transportation Security Clearinghouse had already performed 2 million background checks on airport workers.

But the Bush administration and others are now trying to undo Mr. Rogers's handiwork, which is coming to light as Congress puts new scrutiny on the special-interest provisions, known as earmarks, that are sometimes added to measures with little debate.

They say that the earmark is threatening to further delay a program to issue new tamper-proof identification cards to the nation's port workers, a program that could eventually cover millions of transportation workers nationwide. The cards for the port workers were supposed to be available by August 2004.

Industry officials said the provision devised by Mr. Rogers leaves unclear what work would be done by the American Association of Airport Executives and what work could be bid on by contractors with expertise in issuing high-tech biometric cards.

"It is clearly an earmark, and it is very broadly defined," said Walter Hamilton, chairman of the International Biometric Industry Association. He said his group believes that other companies in the industry should be allowed to compete for the entire ID card project, estimated to be worth hundreds of millions of dollars.

Mr. Rogers has a record of close association with the aviation trade group, receiving thousands of dollars in contributions for his election campaigns over the years as. He has also accepted trips to the group's annual meetings in Hawaii, California and Ireland, which are popular with many lawmakers and aides.

But an aide to Mr. Rogers said the political relationship had no bearing on his support for the provision, which the lawmaker said was intended to jump-start the stalled identification program.

Homeland Security Secretary Michael Chertoff announced Tuesday that in an effort to enhance port security, he intends to start the new program by the end of this year. But the administration, in proposing the 2007 federal budget, made clear that it opposed the requirement by Mr. Rogers, asking Congress to strike it.

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"This provision is proposed for deletion in order to provide sufficient flexibility in implementing this program," a memorandum submitted to Congress by the administration said. "Restrictions on such critical programs serve only to limit their effectiveness and efficiency."

The administration effort could find some support on Capitol Hill, where lawmakers who oversee national security are beginning to raise questions about it as well.

"It may be that this association could do a competent job, but it seems to me it would be preferable to have that determination made through a full and open competition rather than a directive from the Appropriations Committee," said Senator Susan Collins, Republican of Maine, who heads the Senate Homeland Security and Governmental Affairs Committee.

Since 2002, the aviation association, under a contract with the federal government, has been involved in background checks for airport employees nationwide, an arrangement that has been credited with accelerating the hiring process.

Under the current system, before hiring new employees, the airlines or airports send fingerprints to the association's clearinghouse unit, which then forwards them electronically at a rate of about 1,100 a week to federal authorities. They compile a terrorist watch list and check criminal history, looking for offenses like forgery and unlawful possession of a weapon or explosive material. Job applicants pay a $29 fee for the background check, $7 of which goes to the clearinghouse.

Carter Morris, senior vice president for transportation security policy at the association, said it was still unclear what role his organization might play in the issuance of the new cards for port workers.

Mr. Morris said it was up to the federal Transportation Security Administration to decide what role the association would play concerning the Transportation Worker Identification Credential, as the worker identity card is known.

Todd Hauptli, the airport group's senior executive vice president and its chief lobbyist, decline to comment.

Former government officials and industry executives, despite satisfaction with the trade group's performance on the aviation background checks, said that officials at the Homeland Security Department tried to stop members of Congress in 2005 from mandating that the arrangement be extended to the much larger transportation credential program.

The concern, the former officials said, is that the sole-source contract could complicate the process of competitively hiring companies to handle other necessary tasks.

Mr. Rogers and his staff had been trying for about two years to expand the work assigned to the trade association, trying to persuade the T.S.A. to use the association to process background checks on drivers of trucks carrying hazardous materials.

Lawmakers Reject Real ID (WT/AP)

By The Associated Press

The Washington Times, April 27, 2006

CONCORD, N.H. (AP) -- New Hampshire suddenly has become a battleground in the fight over privacy rights versus homeland security, with state legislators voting against strict new federal standards for issuing driver's licenses.

At issue is the federal Real ID Act, which is intended to keep terrorists from obtaining fake IDs. It requires states by 2008 to verify documents such as birth certificates, Social Security cards and passports when people apply for driver's licenses. State databases with driver information and photos also will be linked.

Last month, the Republican-controlled New Hampshire House voted overwhelmingly to bar the state from participating in the program. A vote in the Republican-dominated Senate is expected in two weeks after a committee endorsement yesterday. Gov. John Lynch, a Democrat, remains undecided.

The legislation has won backing from the American Civil Liberties Union (ACLU) as well as conservative privacy advocates and Christian fundamentalists.

"I think New Hampshire will set the dominoes falling in the states," said Barry Steinhardt, director of the Technology and Liberty Program of the ACLU, who testified against Real ID at a recent state Senate hearing alongside a member of the conservative Cato Institute.

Legislation in other states would condemn Real ID, but New Hampshire's bill is the toughest measure making real progress anywhere, Mr. Steinhardt said.

Republican state Rep. Neal Kurk, author of the bill against Real ID, gave a stirring speech during the debate.

"We care more for our liberties than to meekly hand over to the federal government the potential to enumerate, track, identify and eventually control," Mr. Kurk told the House.

A weekend rally featuring Real ID opponents in Nazi uniforms attracted lawmakers from both parties, and worried members of Congress dispatched a staff member from the House Judiciary Committee to meet one-on-one with state senators in advance of the committee vote yesterday.

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Supporters of Real ID say blocking it will isolate New Hampshire, requiring residents to obtain a passport if they want to board an airplane or enter a federal building. The state also would lose a $3 million federal grant to update driver's license computers.

Jeff Lungren, spokesman for the U.S. House Judiciary Committee, said Real ID closes loopholes that allowed a September 11 terrorist with a six-month tourist visa to obtain driver's licenses in multiple states good for five years or longer.

He said it sprang from a finding of the National Commission on Terrorist Attacks Upon the United States that "for terrorists, travel documents are as important as weapons."

Many governors and some state motor vehicle directors oppose Real ID. Most state legislatures are waiting to see regulations for implementing the law from the federal Department of Homeland Security before acting.

"It's not going to promote national security. It's not going to help us prevent illegal immigration. It's just going to help the government keep tabs on ordinary citizens," Mr. Kurk said. "Remember, the 9/11 terrorists were in this country legally and had legally obtained documents."

Fewer Fined By Airport Security In '05 (USAT)

By Alan Levin And Thomas Frank

USA Today, April 27, 2006

WASHINGTON — The number of passengers fined for security violations at airports fell dramatically last year as the federal government focused on more serious threats, according to records and government officials.

The Transportation Security Administration issued 4,459 fines against passengers in 2005, a 54% decrease from 2004. The vast majority of fines are doled out to people trying to bring weapons and other dangerous items on planes.

“The public has been getting better about what not to bring to the checkpoints,” said Salomon Gomez, the Transportation Security Administration's assistant chief council for civil enforcement. “TSA has also gotten better. We've focused more on what will really take down a plane.”

In 2004, the TSA adopted a zero-tolerance policy for passengers caught with prohibited items at airport screening checkpoints. The number of fines against passengers soared from 3,426 in 2003 to 9,741 in 2004. The policy prompted complaints from Congress about unequal enforcement and heavy-handedness.

Early last year, TSA altered its policy in an attempt to refocus on what the agency believes are greater threats to planes, such as explosives that can bring down a flight. Previously, most people who brought a small knife in a suitcase received a fine.

Those people now receive warning letters unless they have attempted to conceal the knife or exhibited threatening behavior, TSA spokeswoman Yolanda Clark said.

Fines range from $250 for minor infractions to $10,000 for passengers with explosives.

Three screeners told USA TODAY that fewer passengers are trying to carry items such as knives and tools on planes.

“The flying public is just realizing they shouldn't be carrying this stuff,” said Cris Soulia, a screener at San Diego International Airport.

The TSA bans 68 items, including flammables, martial-arts weapons, tools such as hammers and drills, and sporting equipment such as hockey and lacrosse sticks and pool cues. Most of those items can be packed in checked luggage.

The TSA is also seizing fewer of the items considered most threatening at checkpoints. For example, TSA security officers in 2004 seized nearly 700,000 incendiary items, such as ammunition or dangerous flammable materials. Last year, the total fell to about 372,000 such items. The number of seized knives, other cutting devices and clubs (baseball bats, nightsticks, etc.) also fell.

The overall number of seized items rose last year because the TSA began barring lighters.

Some security analysts say that the TSA still goes too far in what it bans on flights. Charles Slepian, a New York aviation security expert and founder of the Foreseeable Risk Analysis Center, said the TSA allows passengers to carry things such as knitting needles and canes that can do just as much harm as banned items such as sharp knives and bats.

Rep. Peter DeFazio, D-Ore., a longtime critic of the TSA's fines, applauded the decrease. “I'm not hearing complaints from consumers as we were hearing a few years ago.”

Neighborhood Watch Pentagon Steps Up Intelligence Efforts Inside U.S. Borders (WSJ)

By Robert Block And Jay Solomon

The Wall Street Journal, April 27, 2006

AKRON, Ohio -- On March 19, 2005, about 200 mainly middle-aged peace marchers made their way through the streets of this city, stopping outside a Marine Corps recruiting center and a Federal Bureau of Investigation office to listen to speeches against the Iraq war. Close behind, police in unmarked cars followed them -- acting on a tip from the Pentagon.

For weeks prior to the demonstration, analysts at the Army's 902nd Military Intelligence Group in Fort Meade, Md., were downloading information from activist Web sites, intercepting emails and cross-referencing this with information in police databases.

The Army's conclusion, contained in an alert to Akron police: "Even though these demonstrations are advertised as 'peaceful,' they are assessed to present a potential force protection threat."

The Akron protest and seven others monitored by the Army that month turned out to be nonviolent. Pentagon officials later issued an apology, admitting that some of the information in military databases shouldn't have been there. But they called that a minor slip in a critical program to protect Americans.

The government's monitoring of the protests is one example of how the 9/11 terror attacks have sparked a broad effort by the Pentagon to gather intelligence within U.S. borders. Its goals are both to protect military facilities and keep an eye out for any threat on American soil.

After 9/11, the Bush administration declared the continental U.S. a theater of military operations for the first time since the Civil War, creating a demand to better research potential threats to American forces at home. Now several parts of the vast Pentagon bureaucracy are building large databases of information from sources including local police, military personnel and the Internet. In doing so, the military is edging toward a sensitive area that has been off-limits to it since the 1970s: domestic surveillance and law enforcement.

One widely reported part of the new information battle is the National Security Agency's wiretapping of calls without a warrant between people in the U.S. and suspected terrorists overseas. The agency is part of the Defense Department. That practice is just one piece of a larger, less-discussed effort.

The military justifies the gathering of domestic intelligence in part by relying on a key distinction between "receiving" information and "collecting" it. Military regulations over the past few decades have generally barred using soldiers to gather information on American citizens. Officials have interpreted the rules to mean that receiving information from the police or federal agencies is acceptable.

"We are receiving information lawfully gathered by other agencies and then following up on it to make an assessment," says Cmdr. Greg Hicks, a Pentagon spokesman.

Further, the military says it doesn't order civilian law-enforcement officials such as the police or the FBI to do anything. Military officials say they may point out items of concern such as the Akron march but it's up to police whether to listen.

The broad Pentagon effort comes amid a surge of popular support after the 9/11 attacks for more vigilant efforts to prevent terrorism. Polls continue to show backing for aggressive moves. In a March Wall Street Journal/NBC News poll1, 52% of those surveyed said they supported the NSA wiretaps without a warrant, while 46% said they were opposed.

The military moves nonetheless face both political and practical objections. Civil libertarians fear a return to the Vietnam era, when military personnel collected information on more than 100,000 Americans, infiltrated church youth groups and posed as reporters to interview activists, according to a 1975 Senate investigation. Critics say the receiving-versus-collecting distinction makes little sense if the Pentagon is taking in huge amounts of data, organizing it, analyzing it and using it to influence law enforcement.

"Today military spies can compile more information about antiwar protesters by 'receiving' it off the Web than its gumshoes used to collect by watching demonstrations," says Christopher Pyle, a former Army intelligence officer who disclosed the military's surveillance of civilian politics in the 1960s to Congress and worked to end it. Mr. Pyle is now a professor of politics at Mt. Holyoke College in Massachusetts.

Because of the secrecy surrounding the programs, the results of the Pentagon's efforts -- including any possible successes in preventing terrorism -- are unknown. President Bush and other officials have said that Americans often don't see such successes because revealing them would help terrorists. Mr. Bush's critics, aside from their civil-liberties concerns, say monitoring antiwar activities may turn out to be a waste of resources by diverting attention from known terrorists.

According to documents seen by The Wall Street Journal, the Pentagon has monitored more than 20 antiwar groups' activities around the country over the past three years. It has reviewed photographs and records of vehicles and protesters at marches to see if different activities were being organized by the same instigators. Cmdr. Hicks says the point of this monitoring is to keep military personnel away from places where they might provoke demonstrators, not to interfere with anyone's right to protest.

The peace activists don't like being watched. About 300 activists gathered at Akron's public library this February to complain to elected representatives at a public hearing. They had watched an NBC News report in December that said the Pentagon included peace group activities in a database of potential terrorist threats. Documents viewed by The Wall Street Journal show that, as the activists suspected, their Quaker-organized rally in March 2005 was on the Pentagon's watch list. Those documents show a broader effort to gather information for databases and analyze it.

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'Eerie Feeling'

Pat Carano, a veteran of Ohio peace marches since the Vietnam War, told the meeting of the "eerie feeling" of being watched when he saw the unmarked police cars. "It's ridiculous," said Donna Schapps, a grandmother of four from Stow, Ohio. "Quakers are not terrorists. We believe in peace."

Strict limits on soldiers doing the work of police date back to the Posse Comitatus Act of 1878, enacted in response to a public backlash against troops maintaining civil order in the South during Reconstruction. The act generally prohibits the military from domestic law-enforcement activities.

The military's secret monitoring of dissidents during the Vietnam War led to a slew of laws, regulations and executive orders that pushed the military out of domestic spying and created walls between domestic and foreign intelligence.

After Sept. 11, 2001, those walls came in for criticism from a broad range of experts. The bipartisan 9/11 Commission concluded that U.S. intelligence agencies needed to do a better job of coordinating and connecting leads. The Pentagon itself believed it might have prevented the attacks if its ability to operate within the U.S. were less circumscribed, and decided to take a fresh look at the post-Vietnam rules.

On Nov. 5, 2001, Lt. Gen. Robert W. Noonan Jr., then the Army's deputy chief of staff for intelligence, sent a memo to Army commanders titled, "Collecting Information on U.S. Persons3."

"Contrary to popular belief, there is no absolute ban on intelligence components collecting U.S. person information," it said. Gen. Noonan noted that while the military was normally barred from using its own assets to collect information about people living in the U.S., military intelligence "may receive information from anyone, anytime...if only to determine its intelligence value.

"Remember," the memo stressed, "merely receiving information does not constitute 'collection' " under Army regulations.

Michael Varhola, an official in the Army inspector general's office, repeated the message in a January 2002 article in the quarterly Military Intelligence Professional Bulletin. Even though many types of information gathering were perfectly legal, Mr. Varhola wrote, "unfortunately some individuals find it easier or safer to avoid the issue altogether by simply not collecting the data on citizens they may need to do their complete jobs."

As such views spread, several parts of the Pentagon empire soon swung into action to formalize information-gathering efforts, though they weren't all necessarily acting in concert. In February 2002, Paul Wolfowitz, then the deputy defense secretary, formed a unit at Pentagon headquarters to manage all military counterintelligence programs. Its name was Counter Intelligence Field Activity. CIFA, whose exact size and budget remain secret, has grown to include nine directorates. Its main focus is on protecting defense facilities and personnel from terrorist attacks.

Some of the raw data feeding into CIFA headquarters comes from a reporting process called Talon (short for "Threat and Local Observation Notice"). Talon started out as an Air Force reporting form that airmen could fill out and hand in if they noticed anything unusual around the base. In May 2003, the Pentagon made Talon the standard method for service members in all the armed forces to report "nonvalidated" information about possible terrorist activity. Talon reports can now be filled out online.

Connecting the Dots

Pentagon officials compare the process to a neighborhood-watch program. Cmdr. Hicks says Talon is the place where the Department of Defense "initially stores the 'dots' of information, which, if validated, might later be connected before an attack occurs."

To connect the dots, the Pentagon has turned to data mining, the science of extracting patterns from large volumes of raw information. In theory, reports of unusual incidents such as those collected by Talon could be added to electronic records of business transactions, Internet usage and police activity to deduce where terrorists are gearing up for an attack.

A December 2002 report issued by Sen. Richard Shelby, then vice chairman of the Senate Intelligence Committee, said CIFA was working with the Justice Department to develop "deep access data-mining techniques" to discover potential threats to the U.S. from terrorists.

As Mr. Wolfowitz was starting up CIFA, researchers at a separate Pentagon unit, the Defense Advanced Research Projects Agency, began work on a massive data-capturing program known as Total Information Awareness. This program, too, envisioned mining government databases and personal records of individuals for patterns that would predict a terrorist attack. A huge public outcry over the project led Congress to cancel it in October 2003 -- but Congress created a specific exemption for tools that might aid "counterterrorism foreign intelligence."

Many computer programs and techniques developed during the Total Information Awareness project quietly survived. Some were taken up by the Army's 902nd Military Intelligence Group. The 902nd, established during World War II and known as the "Deuce," is part of the Army command structure and separate from CIFA at Pentagon headquarters. Nonetheless, the 902nd plays an important military-wide role because it is the military's largest counterintelligence unit and has hundreds of soldiers stationed around the country.

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Charles Harlan, who heads the 902nd's analysis center, published an article in the Military Intelligence Professional Bulletin in January 2005 describing how his unit processed information to help the Pentagon predict attacks against the military in the U.S. He described three data-mining and artificial-intelligence programs as key to the effort -- all three of which were components of the defunct Total Information Awareness project.

The 902nd has access to Talon, but it also makes extensive use of another information system created after 9/11. This system, called the Joint Regional Information Exchange System, gathers information collected by civilian law enforcement agencies around the country. The Pentagon and local authorities including the New York Police Department and California's justice department set it up in December 2002. The idea was to give military personnel access to terror-related information on U.S. residents without violating any prohibitions on the military collecting domestic intelligence.

The Pentagon's regional information-exchange system got a boost when the Department of Homeland Security took it over and expanded it to include information from all 50 states and major urban areas.

The system doesn't just serve military personnel. A police department in one place can put a query out to other cities or states seeking information on, say, license plates or phone numbers of terrorist suspects. Many police departments purchase commercially available information about individuals, such as credit data and online viewing habits, as part of investigations. They can post this information on the exchange system.

Military members can also issue a query seeking information on any topic they like, but they can't command any civilian participant to do anything. In theory they could ask for personal data on individuals via the exchange system, but it isn't clear whether they do so and if so under what circumstances.

All of these strands came together to prompt the police's shadowing of peace protesters in the spring of 2005. Defense Secretary Donald Rumsfeld told the Senate last month that the Department of Homeland Security was the source of information in Pentagon databases about at least three antiwar protests at military recruiting centers -- two in Vermont and one in Washington, D.C.

A number of leads also came from the Talon reports. The two-page alert from the 902nd Military Intelligence Group that prompted the Akron police to follow the Quaker-organized rally attaches a nine-digit Army Talon number to that protest. It also gives separate numbers for each of seven other protests organized for the second anniversary of the Iraq war. The memo says officials at the 902nd had used some of their data-analysis techniques to look for signs of hidden coordination between the protests.

Analysts at the 902nd's headquarters in Ft. Meade also scrutinized antiwar Web sites looking for threats, including the possibility that protesters might attack military personnel.

The alert memo, signed by Army official Claude G. Benner Jr., portrayed the imminent demonstrations as "threats." It gave a detailed description of activists' Web sites, noting that some featured a "help desk" where would-be protesters could get tips on organizing a demonstration. The memo also raised the possibility that military supporters might assault the protesters. Mr. Benner warned that "the potential for a spontaneous, unprovoked attack against either the demonstrators or pro-US Military persons is assessed as HIGH."

In the end the Akron march was peaceful. A report compiled by the Army and presented last May to the U.S. Northern Command, which is in charge of joint military operations in the continental United States, threw cold water on the idea that hidden provocateurs might be organizing multiple protests around the country. "We have not noted a significant connection between incidents (i.e. reoccurring instigators at protests, vehicle descriptions)," said the report.

Cmdr. Hicks at the Pentagon says the assessment that the Akron protest posed a threat "was based on the best information available at the time, which was lawfully received from another federal agency." He declines to name the agency. Cmdr. Hicks adds: "The fact that the marches proceeded peacefully is irrelevant to leveling criticisms against the Army in this instance. Hindsight is always 20/20."

Security At Military Bases: A Job For Private Firms? (CSM)

By Alexandra Marks

The Christian Science Monitor, April 27, 2006

NEW YORK - Since 9/11, private security companies have been guarding some of America's most sensitive military installations, such as Fort Bragg in North Carolina, the White Sands Missile Range in New Mexico, and the Picatinny Arsenal in New Jersey.

Now, concerns about accountability and the caliber of the private guards are leading some critics, both inside and outside government, to ask whether this is a job too vital for the military to outsource to civilians.

Concern has escalated since the Government Accountability Office, the investigative arm of Congress, reported this month that some private contractors had hired felons, had missing and incomplete records, and in one case, had falsified records on

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weapons and training. At two military bases, the GAO report found, a total of 89 private guards with criminal records were working.

The GAO's conclusion: The Army's screening procedures for the private guards are "inadequate and put the Army at risk," despite previous agency warnings about such problems during the past three years.

The Army, for its part, has pledged to improve management and oversight of private guards.

Those who see merit in contracting out military-base security say the problems are solvable and that, overall, private security guards are as professional and competent as the Army's own personnel. Private guards, they note, are supervised by the Army and trained according to Department of Defense specifications. With Army and National Guard personnel stretched thin by deployments to Iraq and Afghanistan, the private companies provide an invaluable service, say supporters of the current system.

Critics, though, doubt the Army's beefed-up oversight will be sufficient, because some of the contract guards work for American subsidiaries of foreign-owned companies. In this age of terrorism and after the Dubai ports flap, they say, American military personnel should provide security at US military bases.

Some homeland security experts see a more fundamental problem. The need to outsource and the subsequent management problems, they say, are indications of the overall stresses the nation's military, security, and law-enforcement agencies face daily as they adapt to the increased demands of the post-9/11 world.

"Security resources are thin in the country right now. They're in demand, and those with advanced skill sets are drawn to the money, and they're going overseas where they can make 100 to 140 percent more," says Edward Clark, founder of Executive Interface, a homeland security risk-management company in Garden City, Mo. "The system is fairly stressed."

Beginning in the 1970s, the US government began to outsource some of its functions - from designing computer systems to selling food in federal buildings - to private contractors. The intent is to save taxpayers' money and make the government more efficient.

But Congress drew the line at military security. In 1982, it prohibited the Defense Department from hiring private security firms at military bases in the United States. Lawmakers were concerned about the "uncertain quality and reliability of private security guard services, base commanders' potential lack of control over contractor personnel, and the right of contractor personnel to strike," according to the GAO.

That changed in the wake of 9/11. Commanders ordered that entrances to all domestic bases, many of which were open to the public, had to be secured. At the same time, military engagement in Afghanistan and then Iraq strained military personnel resources.

In 2003, Congress temporarily lifted its restriction against private security guards. To hire new guards as quickly as possible, especially for the Army, the Defense Department did not put the contracts out to competitive bid, as is usually required to ensure that the government gets the lowest price.

Currently, 57 Army installations use private guards, and 46 of these hired the guards under such sole-source contracts. The GAO concluded these contracts cost 25 percent more than contracts later put out to bid.

Army officials defend sole-source contracts as the fastest way to meet a crucial need, but say that all future contracts will be put out to bid. They also suggest that the GAO report exaggerated the seriousness of the problems it found with screening and training.

"Their overall record has been outstanding," says Ned Christensen, a spokesman for the US Army Installation Management Agency.

Wackenhut Services Inc., a company working under a no-bid contract, insists that most problems the GAO cited were with firms that won the competitive bids, not those who received the sole-source contracts.

"The comments that are in that report - all of the misrepresentation, all of the failure to properly train - pertain almost specifically and uniquely to the competitively bid piece," says Wackenhut CEO James Long. "My guess is they hopelessly underbid it, couldn't run it without losing their tail, and had to start cutting corners."

But the GAO said it found problems with each company's work.

"The problems were across the board," says Michele Mackin of the GAO. "We found a lack of oversight. The Army really relied on what the contractors said they were doing and provided very little monitoring."

House Weighs Boost In Spy Chief's Budget (AP-Y2)

By Katherine Shrader

AP2, April 26, 2006

The House passed an intelligence bill Wednesday that would dramatically boost the money available to the new spy chief and require the Bush administration to consider blocking the pensions of government leakers.

Democrats made an unsuccessful, last-minute push to block the bill to protest that Republicans wouldn't allow adequate debate on the legality of the National Security Agency's warrantless surveillance program.

The legislation was nevertheless approved 327-96. It provides budgeting guidelines for 16 U.S. spy agencies and the office of National Intelligence Director John Negroponte.

The bill's total cost is classified, but intelligence agencies' spending is believed to top $40 billion a year. Under the legislation, Negroponte's office would get nearly $1 billion.

Democrats expressed outrage that Republicans would not allow any of their five proposed amendments to be considered by the full House, including measures to expand congressional oversight of the NSA program and the intelligence on Iran.

California Rep. Jane Harman (news, bio, voting record), the intelligence committee's top Democrat, supported the bill during the panel's deliberations. Yet she ultimately voted against it, saying intelligence officers aren't served by a bill "that does not protect the Constitution they are fighting to defend."

Republicans insisted on the legality of Bush's surveillance program. House Intelligence Chairman Peter Hoekstra, R-Mich., said allegations that the operations are abusive or unconstitutional are "absolutely outrageous."

He said he is committed to active oversight on both the NSA and Iran. Hoekstra also said the bill sends a signal that the vision of the intelligence overhaul law in late 2004 "was about building qualitative, better intelligence establishment — and not building a bureaucracy."

One of the Democratic amendments would have required Negroponte to submit to Congress information about Americans who have been the subject of surveillance by the National Security Agency. A second stated that all such surveillance would comply with the Constitution.

A third would have required Negroponte's office to provide the intelligence committees with classified updates on Iran's nuclear program every three months.

The bill provides more than $990 million in the primary account that funds Negroponte's office, which was created to organize the spy agencies under one leader. It is possible other dollars for his office are elsewhere in the bill. Last year, the House approved $446 million for his office, but the bill never became law.

The legislation would limit growth of Negroponte's staff until he explains new personnel needs to Congress. He requested 1,539 people for 2007.

In a bleak assessment, Harman said, "Our intelligence reorganization is in a slow startup, and the CIA is in a free fall," adding that employees with a combined 300 years of experience have left or been pushed out.

The bill would require Negroponte to study administrative punishments for government employees who leak classified information, including the revocation of their pensions.

The administration is trying to crack down on leaks, as seen by last week's firing of CIA officer Mary McCarthy for unauthorized contact with the media. The fate of her pension, after two decades in government, is not clear.

Rep. Rick Renzi (news, bio, voting record), R-Ariz., offered a resolution that condemns media organizations that profit from disclosures and calls on the president to use his constitutional powers to act against leakers of classified information. The makes made no substantive or practical changes to current law.

Lucy Dalglish, executive director of the Reporters Committee for Freedom of the Press, said, "I think it is obnoxious, but I don't think it will have much of an impact."

The bill also would:

· Expand funding and makes recommendations for intelligence analysis, billion-dollar satellite programs, counterterrorism and training for traditional spycraft. The details were classified.

· Allow the security officers protecting CIA and NSA officials to make arrests when they believe a felony has been committed. The Washington-based Project on Government Oversight raised concerns about potential abuses in domestic law enforcement.

Harman said such powers are comparable to those given to Secret Service and other organizations that protect government officials. Still, Harman said, she hoped more safeguards would be added to prevent possible abuses.

· Require Negroponte's office to provide the intelligence committees with an inventory of all the government's most sensitive operations, such as the NSA's warrantless surveillance program.

The provision, which the House also passed last year but was never made law, comes after Republicans and Democrats complained they were not briefed on the existence or details of the NSA program.

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On the Net:

Information on the bill, H.R. 5020, can be found at http://thomas.loc.gov/

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Question Time (NSWK)

By Mark Hosenball

Newsweek, April 27, 2006

It's not exactly the full-scale congressional inquiry Bush critics have long demanded. But some time fairly soon, members of the Senate Intelligence Committee are going to have an opportunity to grill a senior Central Intelligence Agency official in public and private about the agency's controversial procedures for handling high-level terrorist suspects—and about the CIA's efforts to thwart media leaks.

Congressional staffers are already preparing for hearings the committee is expected to hold on whether the Senate should confirm John Rizzo, a veteran CIA attorney, as the agency's general counsel. President Bush nominated Rizzo to the CIA's top legal post in mid-March. Currently the CIA's senior deputy general counsel, Rizzo has been acting as the agency's top legal adviser after the previous chief lawyer left the agency in August 2004.

Congressional aides said a date for Rizzo's confirmation hearings has not yet been set. However, officials on Capitol Hill and inside the intelligence community said that everyone involved in the confirmation process is aware that the hearings are likely to become a forum in which administration critics, particularly Senate Democrats, can question a senior agency official in detail about contentious CIA procedures for detaining and interrogating prisoners, as well as the agency's practice of "rendition," in which terror suspects are transported by undercover agency operatives to foreign countries. (Domestic and foreign critics say the Bush administration's rendition policies have amounted to the "outsourcing" of torture.)

Senate critics are also likely to ask Rizzo about CIA investigations into alleged media leaks, including the probe that led to the recent firing of veteran CIA analyst Mary McCarthy for alleged unauthorized contacts and discussions of classified information with Washington Post reporter Dana Priest and at least one other journalist. Rizzo could also be asked about whether Congress should take action to plug perceived loopholes in the law currently governing unauthorized disclosures of classified information.

In his current position as CIA senior deputy general counsel, and in his previous job as deputy general counsel for the agency's Operations Division, which conducts clandestine and covert espionage activities, Rizzo was privy to key decisions and legal opinions rendered by CIA and other government lawyers regarding potentially contentious counterterror operations involving the agency, particularly following the 9/11 attacks. Aside from rendition, these operations include the CIA's own use of aggressive, or "enhanced" interrogation techniques—including some alleged techniques that human-rights activists describe as torture—and the agency's operation of what amounts to a secret network of detention centers where it is believed to be holding two to three dozen high-level Al Qaeda detainees, including Khalid Shaikh Mohammed, alleged mastermind of the 9/11 attacks.

More than a year ago, Jay Rockefeller, the top Democrat on the Senate Intelligence Committee, demanded that the panel conduct a thorough investigation into the administration's detention, interrogation and rendition policies. However, Senate Republicans, including committee chairman Pat Roberts, have used their majority voting power to block an inquiry.

Republicans now expect Democrats will use the anticipated hearings not only as a forum to question Rizzo about agency practices but also to pressure the administration to make broader disclosures of key legal documents relating to terrorist-prisoner handling procedures. At present, according to one official familiar with the issue, the documents have been sent to the Senate Intelligence Committee on condition that only top committee leaders—Sens. Roberts and Rockefeller—are allowed access to them. Some GOP sources predict Democrats may try to hold up the hearings, or a subsequent vote on Rizzo's confirmation, until more senators are given access to the documentation.

Both Republican and Democratic congressional sources said that despite the top-secret nature of most CIA antiterror operations, at least some of the Rizzo confirmation process is likely to include public hearings at which Rizzo is expected to be questioned on the agency's handling of terror suspects. Although the CIA has never publicly admitted that it engages in rendition, that it has any terror suspects in its custody or that it has been operating secret airlines and detention facilities to hold them, these alleged agency practices have been the subject of extensive news coverage in both U.S. and foreign media.

Alleged CIA leaks are another issue that could produce heated discussions during Rizzo's confirmation proceedings, though much of any questioning on leaks—as well as discussion of the fine detail of agency antiterror operations—is likely to be held by the committee in closed session. One main reason why the committee would deal with the leak question behind closed doors is that while the CIA publicly confirmed the firing of a senior official for alleged unauthorized media contacts and disclosures, the agency has not publicly identified the official for legal reasons. Even though the fired official's lawyer and friends now have confirmed that she is former senior CIA analyst Mary McCarthy, privacy legislation prohibits officials from publicly confirming her identity, and congressional sources said Senate investigators are likely to respect this convention.

One issue related to the administrations antileak campaign that Rizzo may also be questioned about is whether loopholes in current law make it difficult for the government to prosecute officials who leak information about CIA covert actions. According

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to several official and private legal experts, existing espionage and disclosure laws explicitly provide for the prosecution of people involved in unauthorized disclosure of classified information related to nuclear weapons, communications eavesdropping or the identity of undercover CIA operatives.

Federal espionage law also broadly bans the unauthorized disclosure of classified information relating to "national defense," particularly when there is evidence a foreign power might benefit. But some legal experts say that there is a serious legal question mark over whether details of undercover CIA operations constitute "national defense" information.

In an effort to plug this perceived loophole, both houses of Congress approved an intelligence-bill provision during the final months of the Clinton administration tightening the law to make it clear that prosecutors should be able to go after people involved in the leak of any "properly classified" information. After media organizations protested that approving such legislation would amount to the institution of an American version of Britain's notorious Official Secrets Act—which has allowed authorities to prosecute both government officials who leak and journalists who receive leaks—Clinton vetoed the measure.

Some House Intelligence Committee members have talked recently about reviving the antileak legislation, though congressional sources say that senators—including majority Republicans—are less enthusiastic about moving on this issue. It remains unclear whether the McCarthy firing will add more or less momentum to demands for tighter antileak legislation. Official sources familiar with the McCarthy case say, however, that the vagueness of current espionage law is one reason why they believe prosecutors may have serious problems producing any kind of criminal leak case against McCarthy; it is unclear whether she is even facing a serious criminal investigation.

Even some human-rights advocates acknowledge the current law regarding protection of CIA operations may be too vague. "If they wanted [a new law] on covert operations, they're probably entitled to one," said Morton Halperin, a long-time civil-liberties campaigner and former Clinton White House official.

Deal Reached To End WTC Project Impasse (AP-Y2)

By Amy Westfeldt

AP2, April 26, 2006

Breaking an impasse that threatened to hold up the rebuilding at ground zero, state officials and developer Larry Silverstein reached an agreement Wednesday under which Silverstein gave up control over the planned, 1,776-foot Freedom Tower.

The deal came after months of sometimes-bitter negotiations over the future of the World Trade Center site.

Officials with the Port Authority of New York and New Jersey, which owns the property, had been pressing Silverstein, who holds the 99-year lease on the site, to give up some control over the project. City and state officials had argued that Silverstein lacked the money to build it all and was running the risk of an embarrassing failure.

"With today's agreement, we can now move forward with rebuilding the World Trade Center," Silverstein said. He said the construction trucks will start rolling on Thursday.

Silverstein agreed to give control of the $2.1 billion Freedom Tower and another planned skyscraper to the Port Authority. He will still build three other towers at the site.

Officials said the deal ensures all five planned towers will be built by 2012.

"We have an agreed-upon framework and we can move forward," Gov. George Pataki said. "This is the last stumbling block to putting shovels in the ground" on the Freedom Tower, the skyscraper that will rise on the site of the twin towers.

Pataki said the plan "will make certain that the rebuilt World Trade Center will anchor the financial capital of the world and make our nation proud."

A Change Of Course At Ground Zero (NYT)

The New York Times, April 27, 2006

On Tuesday, New York City heard some of the best news it's had about Lower Manhattan in the past four years. Larry Silverstein, the developer who held the lease on the World Trade Center when it was attacked, announced that he would accept a deal that would reduce his role at ground zero and clear the way for the Port Authority to build some version of the Freedom Tower.

The devil, as always, is in the details, but the Port Authority affirmed yesterday that it, too, was ready to sign the agreement, in which Mr. Silverstein cedes control over a third of the site but retains the right to build on three of the most valuable parcels.

The widespread relief over this agreement is a perfect testament to how badly blocked the redevelopment effort in Lower Manhattan has been in the last two years. There have been many obstructions, including Mr. Silverstein himself. After months of negotiations, the mayor and the governors of New York and New Jersey lined up solidly against the developer last week and

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offered him two good options and one solid deadline. Mr. Silverstein did the right thing by accepting one of these options, which should turn out to be a profitable deal, not only for his own company but also for the public.

And now for the Freedom Tower. In a sense, this agreement brings us full circle — not to Sept. 11, 2001, but to the early 1960's, when the Port Authority was preparing to build the World Trade Center. Nothing seems to come easily at ground zero, yet it's possible now to hope that the public's interests and the interests of the developer of the Freedom Tower — whatever form that building finally takes — are likely to be roughly synonymous. The Port Authority's new role will also help clarify and perhaps speed up the financing for the 9/11 memorial, which should be the top priority for us all.

A Plan To Rebuild By 2012, And Doubts On The Big Rush (NYT)

By Charles V. Bagli

The New York Times, April 27, 2006

The new plan for ground zero calls for the accelerated construction of a sprawling commercial complex: 8.8 million square feet of office space in four towers 58 to 70 stories high. All would open within a year of each other, by 2012.

Gov. George E. Pataki and others say the conceptual plan, officially approved yesterday by the Port Authority of New York and New Jersey after months of gridlock, will rejuvenate Lower Manhattan and ensure that it remains the financial capital of the world.

But some construction and real estate industry executives, and some urban planners, hear echoes of the hoopla surrounding the original World Trade Center project more than 30 years ago. They are questioning whether the rapid building of so much speculative office space would have the same destabilizing consequences for the downtown market as the twin towers had in the 1970's.

Some experts are even wondering whether there will be enough steel, concrete and curtain wall to build the four towers by 2012 at the same time that two baseball stadiums, the $2 billion Goldman Sachs headquarters, the $1.7 billion expansion of the Jacob K. Javits Convention Center, Moynihan Station, 10,000 apartments and various subway projects are under construction.

Yesterday, the influential Regional Plan Association and the Fiscal Policy Institute welcomed the plan, but they, like many developers, continued to question the wisdom of building the tallest of the skyscrapers, the 1,776-foot Freedom Tower, intended to be a symbol of the city's resilience.

They said the tower would stand too far from public transportation and was unlikely to attract corporate tenants, who view it as a potential terrorist target. Some government officials suggested that the site be brought up to street level and then put into mothballs next year.

"The Freedom Tower is a disastrous idea that should be scratched," said Susan S. Fainstein, a professor of urban planning at Columbia University.

Kathryn S. Wylde, president of the Partnership for New York City, was far more upbeat. "This agreement will provide a significant boost to the economy of Lower Manhattan by eliminating much of the uncertainty regarding the area's economic future," she said, adding that businesses would be lured by the neighborhood's comparatively low business costs.

But one thing is certain: the cost of the buildings, now estimated at $6.3 billion, is going to jump. Jones Lang LaSalle, the real estate company advising the Port Authority, has built inflation into the numbers. Construction costs are continuing to escalate, at the rate of 1 percent a month.

"I don't know how long it'll continue," said Frank J. Sciame, the former chairman of the New York Building Congress, "but that's the case for the next year or two."

The World Trade Center, a 10 million-square-foot office complex built by the Port Authority, opened in late 1970 during one of the worst real estate markets since the Depression. To provide anchor tenants for the 110-story towers, state agencies moved into two million square feet of space in one tower, and the Port Authority took 900,000 square feet in the second.

The trade center also offered subsidized rents to lure tenants out of surrounding buildings, angering local landlords.

It was not until the mid-1980's that the state began relocating to other buildings. And a breakthrough came in 1985, when Dean Witter Financial Services leased 24 floors in Tower 2, opening the way for other financial firms. Still, occupancy fluctuated wildly until 1998, when companies fleeing high rents in Midtown pushed the occupancy rate to 98 percent.

In late 2002, Mayor Michael R. Bloomberg outlined his vision for downtown and drew on some of the lessons of the trade center. He said that it made no sense to rush ahead to rebuild the 10 million square feet of lost office space.

"If we are honest with ourselves," he said, "we will recognize that the impact on our city was not all positive. The twin towers' voracious appetite for tenants weakened the entire downtown market."

But last fall, Mr. Bloomberg started calling for the ground zero project to accelerate. And the plan approved yesterday moves the completion date for the four office towers to 2012, from 2015.

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Government agencies — city, state, federal and the Port Authority — are expected to account for 25 percent of the 8.8 million square feet, only slightly less space than they took up in the twin towers in 1972.

"The need to relocate government offices to the World Trade Center in the 1970's was a sign of the economic failure of that project," said David Dyssegaard Kallick, a senior fellow at the Fiscal Policy Institute. "It would make more sense to ensure that we fully fund the public spaces, like the memorial and the performing arts center. Then, allow for the gradual development of the office space with market demand."

One downtown landlord, who expects to lose his government tenant to the new trade center complex, said, "They're about to make the same mistake they did in the 1970's."

The executive, who was granted anonymity because he did not want to damage his relationship with his largest tenant, a government agency, predicted: "They'll pull all the city, state and federal agencies out of other buildings and put them in there. It'll take a long time for other owners to relet their buildings."

Barry M. Gosin, chief executive of Newmark Knight Frank, a real estate firm, also said the timetable was too short. "They'll be competing with themselves," he said. "They should leave a few sites zoned and ready to go when demand dictates."

But Bill Rudin, a third-generation developer and a major downtown landlord, said that his family was one of the few in real estate who supported the trade center in 1970, and that he supported the new ground zero plan. He said that while a few downtown companies would move to the new towers, most would come from outside the area.

"There is a need for this type of space," he said. "In the last year or so, we've seen Midtown tighten and companies being priced out. Where are they going to but downtown?"

Mayor Bloomberg said yesterday that he was still concerned about building all four towers simultaneously, which "may very well lead to too much office space coming on the market at one time." But, he added, the empty holes at the trade center site have become a "great disincentive to rent downtown."

"On balance," the mayor said, "I'd just as soon get everything going."

Still, it may be physically impossible to build all four towers by 2012, as well as the memorial, the museum, the $2 billion PATH terminal and other nearby projects. Even before the accelerated schedule, Charles J. Maikish, executive director of the Lower Manhattan Construction Command Center, estimated that there would be 10,000 to 15,000 construction workers a day on ground zero projects over the next three to five years.

The trade center site will be competing for materials and labor with a dozen other major projects, including the extension of the No. 7 subway line on the West Side and the construction of the Second Avenue Subway on the East Side.

United 93 (WSJ)

By David Beamer

The Wall Street Journal, April 27, 2006

The calendar says it's April 25, 2006. At noon, my wife, Peggy, and I are walking around Battery Park -- near the Tribeca area -- in New York. It is our first time. The flowers are blooming; kids are fishing; people boarding the ferry to Ellis Island and the Statue of Liberty. Kids are laughing and noisy. The sun is shining. The vendors are hawking T-shirts, pretzels and some "designer" wares. And just up the street there is a hole in the skyline and in the ground.

In the park, there is a memorial with walls standing tall. Walls filled with so many names of those who gave their all in the Atlantic in World War II. How fitting that the names are here to honor those who gave their lives to enable this fun, this laughter -- on this sunny day. The sights and sounds of freedom continue.

Fast forward -- it is 10:30 p.m., April 25. We have just seen a movie premiere at the fifth annual Tribeca Film Festival. A film festival that has done so much to energize and revitalize the city, its people and especially the area that has that hole in the skyline and in the ground. This year the movie that had its worldwide premiere at the festival is titled "United 93." It is about the day when the hole in the skyline of New York was made -- the day when a hole was made in the side of the Pentagon near Washington, D.C. -- the day when a hole was made in a quiet mountain meadow in Pennsylvania. The day that our nation was attacked; the day when the war came home -- Sept. 11, 2001. The day our son Todd boarded United 93.

Paul Greengrass and Universal set out to tell the story of United Flight 93 on that terrible day in our nation's history. They set about the task of telling this story with a genuine intent to get it right -- the actions of those on board and honor their memory. Their extensive research included reaching out to all the families who had lost loved ones on United Flight 93 as the first casualties of this war. And Paul and his team got it right.

There are those who question the timing of this project and the painful memories it evokes. Clearly, the film portrays the reality of the attack on our homeland and its terrible consequences. Often we attend movies to escape reality and fantasize a bit. In this case and at this time, it is appropriate to get a dose of reality about this war and the real enemy we face. It is not too soon for this story to be told, seen and heard. But it is too soon for us to become complacent. It is too soon for us to think of this war in

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only national terms. We need to be mindful that this enemy, who made those holes in our landscape and caused the deaths of some 3,000 of our fellow free people, has a vision to personally kill or convert each and every one of us. This film reminds us that this war is personal. This enemy is on a fanatical mission to take away our lives and liberty -- the liberty that has been secured for us by those whose names are on those walls in Battery Park and so many other walls and stones throughout this nation. This enemy seeks to take away the free will that our Creator has endowed in us. Patrick Henry got it right some 231 years ago. Living without liberty is not living at all.

The passengers and crew of United 93 had the blessed opportunity to understand the nature of the attack and to launch a counterattack against the enemy. This was our first successful counterattack in our homeland in this new global war -- World War III.

This film further reminds us of the nature of the enemy we face. An enemy who will stop at nothing to achieve world domination and force a life devoid of freedom upon all. Their methods are inhumane and their targets are the innocent and unsuspecting. We call this conflict the "War on Terror." This film is a wake-up call. And although we abhor terrorism as a tactic, we are at war with a real enemy and it is personal.

There are those who would hope to escape the pain of war. Can't we just live and let live and pretend every thing is OK? Let's discuss, negotiate, reason together. The film accurately shows an enemy who will stop at nothing in a quest for control. This enemy does not seek our resources, our land or our materials, but rather to alter our very way of life.

I encourage my fellow Americans and free people everywhere to see "United 93."

Be reminded of our very real enemy. Be inspired by a true story of heroic actions taken by ordinary people with victorious consequences. Be thankful for each precious day of life with a loved one and make the most of it. Resolve to take the right action in the situations of life, whatever they may be. Resolve to give thanks and support to those men, women, leaders and commanders who to this day (1,687 days since Sept. 11, 2001) continue the counterattacks on our enemy and in so doing keep us safe and our freedoms intact.

May the taste of freedom for people of the Middle East hasten victory. The enemy we face does not have the word "surrender" in their dictionary. We must not have the word "retreat" in ours. We surely want our troops home as soon as possible. That said, they cannot come home in retreat. They must come home victoriously. Pray for them.

Mr. Beamer is the father of Todd Beamer, a passenger on United Airlines Flight 93.

Senate Report Urges Dismantling Of FEMA (WP)

By Spencer S. Hsu

The Washington Post, April 27, 2006

Hurricane Katrina exposed flaws in the Federal Emergency Management Agency and the Department of Homeland Security that are "too substantial to mend," and FEMA should be dismantled and rebuilt inside the troubled department, according to the final report by Senate investigators.

The report, to be released to key senators today and to the public next week, makes 86 recommendations that would undo major changes made when President Bush and Congress launched the department in 2003, and would reverse parts of a reorganization ordered by Secretary Michael Chertoff last summer. It stops short of restoring FEMA to independent, Cabinet-level status, as many in Congress and former agency directors want, but would promote its chief to confer directly with the president in a crisis, according to a summary released to news organizations.

The 800-plus-page report, "Hurricane Katrina: A Nation Still Unprepared," incorporates many findings by earlier House and White House investigations but goes further in recommending structural changes in how all levels of government -- especially the Homeland Security Department -- respond to catastrophes.

It would replace FEMA with a new National Preparedness and Response Authority whose head would report to the secretary but serve as the president's top adviser for national emergency management, akin to the military role served by the chairman of the Joint Chiefs of Staff. It would reunify disaster preparedness and response activities that Chertoff decoupled, and restore grant-making authority taken away by Congress in redefining a stronger national preparedness system with regional coordinators, a larger role for the National Guard and the Defense Department and more money for training, planning and exercises.

"We have concluded that FEMA is in shambles and beyond repair, and that it should be abolished," Chairman Susan Collins (R-Maine) said in a written statement released by the Senate Homeland Security and Governmental Affairs Committee, which held 22 hearings, interviewed more than 320 people and reviewed more than 838,000 pages of documents.

The report by the 16-member panel formally kicks off a frenzied effort by Congress to make fixes before the June 1 start of hurricane season. By framing the debate around FEMA's fate, the report defers to President Bush's request to not carve it out of the Homeland Security Department even as it faults his administration, among 24 findings, for failing to fund and coordinate

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disaster readiness efforts after the Sept. 11, 2001, terrorist attacks, and for emphasizing terrorism at the expense of natural disaster preparedness. The administration was also faulted for bungling the storm response by neglecting warnings, failing to grasp Katrina's destructiveness, doing too little or taking the wrong steps before the Aug. 29 landfall. The report also found design flaws in New Orleans levees and failures by city and state leaders.

The Senate report said making FEMA independent would "do nothing to solve the key problems that Katrina has revealed, including a lack of resources and weak and ineffective leadership," and could lead to wasteful duplication.

The Senate report is the only bipartisan national inquiry into the storm, which killed 1,330 people, displaced 1 million families, swamped 80 percent of New Orleans and led to a $100 billion federal response. House Democrats boycotted their chamber's effort, fearing a partisan whitewash, and called for an independent panel styled after the one that investigated the Sept. 11 attacks. Afterward, several Democrats said its findings were complete, but should have called for Chertoff's removal.

Yesterday, the ranking Democrat on Collins's committee, Joseph I. Lieberman (Conn.) added a written statement excoriating Bush and his aides for being "surprisingly detached" before and just after the storm and for not cooperating with Senate investigators, who he said should have subpoenaed the White House.

"The President failed to provide critical leadership when it was most needed, and that contributed to a grossly ineffective federal response to Hurricane Katrina," Lieberman said.

As Bush headed to the Gulf Coast today, White House spokesman Scott McClellan reiterated the administration's stance to keep FEMA "where it is."

Rep. David G. Reichert (R-Wash.), who chairs a House Homeland Security subcommittee, has proposed reuniting disaster preparedness and response functions within FEMA, which Chertoff split up in a reorganization of the Homeland Security Department. A bipartisan group of committee leaders warned April 12 that "removing FEMA from DHS would only exacerbate the agency's problems" with hurricane season starting June 1.

But Rep. William Shuster (R-Pa.), chairman of a House Transportation and Infrastructure subcommittee, would make FEMA independent, as would Rep. Thomas M. Davis III (R-Va.), head of the Government Reform Committee.

Panel Urges Ending FEMA (BRA)

By Gerard Shields

Baton Rouge Advocate, April 27, 2006

WASHINGTON — After what is considered an exhaustive investigation into the federal government's response to Hurricane Katrina, a Senate committee is recommending abolishing the Federal Emergency Management Agency.

Over the past seven months, the Senate Homeland Security and Government Affairs Committee has examined 830,000 documents, interviewed 320 witnesses and held 22 hearings involving the testimony of 85 people.

In a copy of a report to be released today and obtained by The Advocate, the committee makes 86 recommendations, including the establishment of a new federal disaster agency.

"We have concluded that FEMA is in shambles and beyond repair and that it should be abolished," Committee Chairwoman Susan Collins, R-Maine, says in a statement.

FEMA officials dismissed the recommendation.

"It's time to stop playing with (organizational) charts," FEMA spokesman Russ Knocke said. "We're intensely focused on the coming storm season."

The ranking Democrat on the committee, U.S. Sen. Joseph Lieberman, D-Conn., accused President Bush of failing to provide critical leadership in the days after the hurricane and of being "surprisingly detached" from the disaster.

Lieberman, in a statement, also criticizes the Bush administration for failing to cooperate with the committee probe, saying that the White House should have been subpoenaed.

White House spokesman Blair C. Jones disagreed, noting that administration officials such as Department of Homeland Security Secretary Michael Chertoff appeared before the committee.

"The president said he was not satisfied with the federal response to Hurricane Katrina," Jones said. "He demanded that we learn from the lessons of the response and take every action to make sure America is better prepared."

The White House will consider the committee's recommendations, Jones said.

The new agency called for by the committee would be named the National Preparedness and Response Authority and would be an independent entity within the U.S. Department of Homeland Security, similar to the U.S. Coast Guard or U.S. Secret Service.

The committee resisted taking FEMA out of DHS and restoring it to a Cabinet position as some former FEMA directors have called for.

"Katrina has made it clear that we need more integration in federal preparedness and response, not less," the report says.

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The agency director would serve as a deputy secretary but with a direct line of communication to the president during catastrophes. The director and three deputies should also have emergency-management backgrounds, the report recommends. Former FEMA Director Michael Brown was criticized for lacking emergency-management experience.

The agency would have 10 regional offices responsible for creating regional strike forces to handle natural disasters. “Most of the essential work of emergency management does not happen in Washington, D.C.,” the report says.

The report calls on the U.S. Army Corps of Engineers to coordinate responsibility for maintaining the levee system surrounding New Orleans. The levees breached after Hurricane Katrina struck on Aug. 29, causing widespread flooding and the deaths of an estimated 1,300 people.

Citing poor information relayed to the Homeland Security Operations Center, particularly when the New Orleans levees broke, the report recommends a consolidation of the center with the National Response Coordination Center and the Interagency Incident Management Group into a National Operations Center.

The report also recommends:

Establishing local advisory councils to the new national agency.

Encouraging the federal government to tap into private-sector resources. “After Katrina struck, private companies and their employees provided important and even life-saving relief to citizens across the Gulf Coast region.”

Better coordination between the Department of Defense and DHS, including their inventories of assets. “Such assets may include, for example, utility and heavy-lift helicopters, medium-lift helicopters capable of performing search and rescue.”

Having DHS establish data-sharing agreements with other federal agencies to ensure that disaster victims registering for assistance use a valid Social Security number.

Establishing pre-arranged contracts to procure goods such as food, ice and water.

Having the new agency implement regional interoperable communications networks to enable crippled radios to operate off towers that have survived a disaster.

Having the federal Department of Transportation play a larger role in evacuations when state and local capabilities are hampered.

Having the Department of Defense establish an officer in the new agency. Although criticizing federal agencies, the report notes that state and local communities remain the front lines of disaster response.

“The pattern over the last three years of steadily declining funds for homeland security and local preparedness needs to be reversed,” the report says. It also recommends:

Having state emergency preparedness officials complete an audit once a year, reporting to the governor, and develop estimates of populations that will require short-term shelter, particularly for special-needs residents.

Having state agencies responsible for licensing hospitals and nursing homes ensure that the facilities have evacuation plans, and audit them annually.

Having state responders invest in satellite phones that can operate in disasters.

Senate Inquiry Concludes FEMA Should Be Abolished (WSJ/AP)

By Associated Press

The Wall Street Journal, April 27, 2006

WASHINGTON -- The nation's disaster response agency should be abolished and rebuilt from scratch to avoid a repeat of multiple government failures exposed by Hurricane Katrina, a Senate inquiry has concluded.

Crippled by years of poor leadership and inadequate funding, the Federal Emergency Management Agency cannot be fixed, a bipartisan investigation says in recommendations to be released Thursday.

Though short on specifics, such as funding levels, the 86 proposed reforms suggest the U.S. is still woefully unprepared for a disaster of Katrina's magnitude.

The recommendations, obtained Wednesday by The Associated Press, are the product of a seven-month investigation to be detailed in a Senate report to released next week. It follows similar inquiries by the House and White House and comes in an election year in which Democrats have seized on Katrina to attack the Bush administration.

President Bush will visit Louisiana and Mississippi -- which bore the brunt of Katrina's wrath -- on Thursday.

"The United States was, and is, ill-prepared to respond to a catastrophic event of the magnitude of Hurricane Katrina," the recommendations warned. "Catastrophic events are, by their nature, difficult to imagine and to adequately plan for, and the existing plans and training proved inadequate in Katrina."

The inquiry urges yet another overhaul of the beleaguered Homeland Security Department -- FEMA's parent agency -- which was created three years ago and already has undergone major restructuring of duties and responsibilities.

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It proposes creating a new agency, called the National Preparedness and Response Authority, that would plan and carry out relief missions for domestic disasters. Unlike now, the authority would have a direct line of communication with the president during major crises, and any dramatic cuts to its budget or staffing levels would have to be approved by Congress.

It would also oversee efforts to protect critical infrastructure such as buildings, roads and power systems, as well as Homeland Security's medical officer. But the inquiry calls for keeping the agency within Homeland Security, waning that making it an independent office would cut it off from resources the larger department could provide.

Senate Panel Recommends Abolishing FEMA (AP)

By Lara Jakes Jordan

The Associated Press, April 27, 2006

WASHINGTON -- The nation's beleaguered disaster response agency should be abolished and rebuilt from scratch to avoid a repeat of multiple government failures exposed by Hurricane Katrina, a Senate inquiry has concluded.

Crippled by years of poor leadership and inadequate funding, the Federal Emergency Management Agency cannot be fixed, a bipartisan investigation says in recommendations to be released Thursday.

Taken together, the 86 proposed reforms charge the United States is still woefully unprepared for a disaster such as Katrina with the start of the hurricane season a little more than month away.

"The United States was, and is, ill-prepared to respond to a catastrophic event of the magnitude of Hurricane Katrina," the recommendations warn. "Catastrophic events are, by their nature, difficult to imagine and to adequately plan for, and the existing plans and training proved inadequate in Katrina."

The recommendations, obtained Wednesday by The Associated Press, are the product of a seven-month investigation detailed in a Senate report to be released next week. It follows similar inquiries by the House and White House and comes in an election year in which Democrats have seized on Katrina to attack the Bush administration.

President Bush will visit Louisiana and Mississippi _ which bore the brunt of Katrina's wrath _ on Thursday.

Katrina, which hit last Aug. 29, was one of the worst natural disasters in U.S. history. The storm and its aftershocks killed more than 1,300 people in Louisiana, Mississippi and Alabama, left hundreds of thousands of people homeless and caused tens of billions of dollars in damage.

The Senate report urges yet another overhaul of the embattled Homeland Security Department _ FEMA's parent agency _ which was created three years ago and already has undergone major restructuring of duties.

It chiefly calls for a new agency, called the National Preparedness and Response Authority, to plan and carry out relief missions for domestic disasters. Unlike now, the authority would communicate directly with the president during major crises, and any dramatic cuts to budget or staffing levels would have to be approved by Congress. But it would remain within Homeland Security to continue receiving resources provided by the larger department.

The proposal drew disdain from Homeland Security and its critics, both sides questioning the need for another bureaucratic shuffling that they said wouldn't accomplish much.

"It's time to stop playing around with the organizational charts and to start focusing on government, at all levels, that are preparing for this storm season," said Homeland Security spokesman Russ Knocke.

Former FEMA director Michael Brown said the new agency would basically have the same mission FEMA had a year ago, before its disaster planning responsibilities were taken away to focus solely on responding to calls for help.

"It sounds like they're just re-creating the wheel and making it look like they're calling for change," Brown said. "If indeed that's all they're doing, they owe more than that to the American public."

But Sen. Susan Collins, R-Maine, who led the Senate Homeland Security and Governmental Affairs Committee inquiry, said the new agency would be "better equipped with the tools to prepare for and respond to a disaster."

Describing FEMA as a "shambles and beyond repair," she said the reforms "will help ensure that we do not have a repeat of the failures following Hurricane Katrina."

Written in matter-of-fact terms, the recommendations do not place blame on any official or government agency. But a spokeswoman for Sen. Joe Lieberman of Connecticut, the top Democrat on the Senate panel, said he will file "additional views" to the report accusing Bush of failing "to provide critical leadership when it was most needed."

"That contributed to a grossly ineffective federal response to Hurricane Katrina," Lieberman said in a statement.

The House report, issued in February, similarly criticized Bush, Homeland Security Secretary Michael Chertoff and FEMA's Brown for moving too slowly to trigger federal relief. The White House report, which came a week later, took a softer tone and singled out the Homeland Security Department for most of the breakdowns.

Many of the rest of the Senate recommendations were far less dramatic, ranging from creating a Homeland Security Academy to encouraging plans to evacuate and shelter pets during a disaster.

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Without specifying where the money would come from or how much was needed, the recommendations call for more funding for disaster planning and response at all levels of government. They also urge clarifying levee maintenance responsibilities _ a concern because of structural weaknesses of the New Orleans' flood walls that spawned deadly floods after Katrina hit_ and suggested better contracting procedures to avoid waste or fraud in the rush to get aid to disaster victims.

The Senate plans were issued as Congress' investigative arm predicted FEMA is destined to repeat million-dollar mistakes of disaster aid waste and fraud unless it quickly can establish controls for verifying names and addresses.

Gregory Kutz, managing director of special investigations for the Government Accountability Office, said he has little confidence that FEMA will be ready by June 1 start of the hurricane season to safeguard taxpayer dollars should a disaster like Katrina strike again.

A FEMA spokesman said agency officials are working hard to improve and tighten controls in its disaster aid program.

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On the Net:

Senate Homeland Security and Governmental Affairs Committee: http://hsgac.senate.gov/

'Abolish' FEMA, Says Bipartisan Senate Panel (USAT)

By Mimi Hall, Usa Today

USA Today, April 27, 2006

WASHINGTON — A Senate report coming out today says the Federal Emergency Management Agency is a failure and should be replaced with a more powerful disaster-response agency.

"FEMA is in shambles and beyond repair," Sen. Susan Collins, R-Maine, chairwoman of the homeland security committee, said in a statement. "It should be abolished."

That's the top recommendation of Collins' committee, which held 22 hearings and reviewed 838,000 pages of documents in a seven-month probe of the government's response to Hurricane Katrina. USA TODAY received a copy of the report's recommendations, to be made public today.

The committee is proposing that a new National Preparedness and Response Authority (NPRA) be created in the Homeland Security Department with a leader who answers directly to the department secretary.

The NPRA would be "a powerful new organization that can confront the challenges of manmade or natural catastrophes," the Senate report says.

Homeland Security said a new agency is not needed.

"It is time to stop playing around with organizational charts and start focusing on how governments at all levels are preparing for the fast-approaching storm season," spokesman Russ Knocke said.

Sen. Joe Lieberman of Connecticut, the top Democrat on the committee, said the investigation revealed broad leadership lapses.

"The president failed to provide critical leadership when it was most needed," he said. "And that contributed to a grossly ineffective federal response to Hurricane Katrina."

The Senate report follows others from the House and the White House. Those reports criticized FEMA but did not suggest abolishing the agency.

Among the Senate report's 86 recommendations:

· Create regional "strike teams" to respond to disasters.

· Build a governmentwide operations center to coordinate disaster response.

· Develop more full-time staff and contracts with companies to provide goods and services when storms hit.

Dismantle FEMA, Senate Investigators Conclude (LAT)

By Johanna Neuman

The Los Angeles Times, April 27, 2006

WASHINGTON — The Federal Emergency Management Agency botched the response to Hurricane Katrina so badly that it should be dismantled, Senate investigators have determined after a seven-month inquiry.

"We have concluded that FEMA is in shambles and beyond repair and that it should be abolished," Sen. Susan Collins, R-Maine, chairman of the Senate Homeland Security and Governmental Affairs Committee said Wednesday night in a written statement.

Sen. Joe Lieberman of Connecticut, the committee's ranking Democrat, also faulted President Bush for his lack of action during the crisis and for not cooperating with the committee's investigation.

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"For Hurricane Katrina, the president failed to provide critical leadership when it was most needed, and that contributed to a grossly ineffective federal response," he said in a statement.

The committee's report, scheduled for release to senators Thursday and to the public next week, recommends replacing FEMA with a new National Preparedness and Response Authority, which would remain in the Department of Homeland Security. Its director would have direct access to the president during disasters, much as the chairman of the Joint Chiefs of Staff provides information and advice during times of military crisis.

FEMA had been an independent -- and highly regarded -- agency until March 2003, when the Department of Homeland Security was created in the aftermath of the Sept. 11 attacks. Designed to get all domestic security programs under one department, it combined 22 disparate agencies with more than 170,000 employees.

Although the Senate inquiry calls for a restructuring of disaster operations, it concludes that keeping such an relief agency within Homeland Security is necessary because it "allows the new organization to take full advantage of the substantial range of resources DHS has at its disposal," including the Coast Guard and national communications systems.

Restoring FEMA to its independent role -- as many critics of the Katrina response have advocated -- "would do nothing to solve the key problems that Katrina has revealed, including a lack of resources and weak and ineffective leadership," the committee found.

Several House members -- including Rep. Tom Davis, R-Va., chairman of the House Government Reform Committee -- have called for FEMA to stand alone. Asked about their proposal, White House press secretary Scott McClellan told reporters Wednesday that "we support (FEMA) being where it is."

Department of Homeland Security spokesman Russ Knocke also rejected the idea of separation. "It's time to stop playing around with the organizational charts and to start focusing on government, at all levels, that are preparing for this storm season," he said Wednesday night.

The Senate committee is the only bipartisan panel to investigate the failure of the government response to Hurricane Katrina, which killed more than 1,300 people along the Gulf Coast, left hundreds of thousands homeless and caused tens of billions of dollars in damages in Louisiana, Mississippi and Alabama. The committee conducted 22 hearings, interviewed more than 300 people involved in the response to the storm and reviewed nearly 1 million pages of documents.

Fearing that it would be a whitewash, Democrats boycotted a similar House committee inquiry, though two Louisiana Democratic congressmen participated informally and the results were generally agreed to be thorough. The White House also conducted its own in-house investigation, which placed much of the blame for the failed response on state officials.

The release of the Senate committee's 800-page report comes as Bush travels to Louisiana on Thursday and as agencies grapple with being ready for the official start of hurricane season on June 1.

The committee is issuing 86 recommendations for righting the fissures exposed by the Katrina response. The recommendations, obtained by The Times, include:

--Creating regional strike teams and operations to better coordinate with federal agencies.

--Building "a true, government-wide operations center " to provide up-to-date information.

--Fully funding the emergency agency "commensurate with the significance of its mission."

--Developing mass evacuation plans.

Among its 24 findings, the Senate report accuses the Bush administration of focusing on terrorism at the expense of disaster preparedness and of failing to adequately fund disaster response plans following the terrorist attacks.

The committee lays blame in all directions -- faulting the design and construction of the levees in New Orleans as well as the failure of officials at all levels, including Homeland Security Secretary Michael Chertoff and then-FEMA director Michael Brown, to grasp the severity of the storm.

"Secretary Chertoff himself should have been more engaged in preparations over the weekend before landfall," says the report, adding that had he invoked the Catastrophic Incident Annex, which puts federal response to a catastrophe into overdrive, it would have triggered a more robust response.

As for Brown, whom Bush first complimented -- "Brownie, you're doing a heck of a job" -- and later fired, the committee finds that he "lacked the leadership skills that were needed for his critical position."

Senate Committee Leaders Urge FEMA Dismantling (NYT)

By Eric Lipton

The New York Times, April 27, 2006

WASHINGTON, April 26 —The Federal Emergency Management Agency was so fundamentally dysfunctional during Hurricane Katrina that Congress should abolish it and create a new disaster response agency from scratch, according to a draft of bipartisan recommendations proposed by a Senate committee.

The new agency, which would still be part of the Department of Homeland Security, should be more powerful, with additional components that would give it a budget twice as big as FEMA's, the report's draft recommendations say.

It would assume functions spread throughout the department, like preparing for disasters or terrorist attacks, protecting the nation's infrastructure and distributing grants to state and local governments.

And during major catastrophes like Hurricane Katrina, the agency's director would report directly to the president.

FEMA today has a budget of $4.8 billion, and 2,600 full-time employees.

Senator Susan Collins, the Maine Republican who is chairwoman of the Senate Homeland Security and Governmental Affairs Committee, said the new agency would be "better equipped with the tools to prepare for and respond to a disaster."

The committee's ranking Democrat, Senator Joseph I. Lieberman of Connecticut, also endorsed creation of what would be called the National Preparedness and Response Authority. But the full committee has not yet debated or voted on the draft recommendations.

The report has also not yet been shared with the Bush administration. But officials at the Department of Homeland Security said that from what they had already heard, they were not impressed.

"It is time to stop rearranging organization charts and start focusing on how governments at all levels are preparing for the fast-approaching storm season," said Russ Knocke, the department press secretary.

Since Hurricane Katrina hit, Michael Chertoff, the secretary of homeland security, has been working on his own alternative to the agency's current structure, which he has described as "retooling" FEMA. That has meant bringing in professional disaster managers to replace the former director Michael D. Brown and other senior officials, many of whom had little emergency management experience.

Mr. Chertoff has also moved to fill hundreds of other vacant jobs, establish a better disaster-resistant communications system and set up a way to ensure that the agency can more rapidly deliver emergency supplies.

The proposal by the Senate committee leaders will join others now before Congress. Bills are pending that would keep FEMA intact, but remove it from the Homeland Security Department and have the director report directly to the president, as was the case before the department was created after the 2001 terrorist attacks.

Separately, Frances Fragos Townsend, the president's homeland security adviser, in a report released in February called for other agencies to pick up certain responsibilities now assigned to homeland security, like providing temporary housing to disaster victims.

Bruce Baughman, the director of emergency management for the state of Alabama and the president of the National Emergency Management Association, said that despite the bureaucratic-sounding nature of the Senate committee's draft recommendations, he believed they would create a more capable agency.

"Whatever the hell you call it, FEMA or National Preparedness and Response Authority, it does not matter," Mr. Baughman said. "But what this does is it ties all the pieces together."

Mr. Lieberman, in a statement, said the Senate investigation, which was based on 22 hearings with testimony by 85 witnesses and the assembly of 830,000 pages of documents, reached the same conclusion as a separate House investigation: that the response to Hurricane Katrina was flawed at all levels of government.

"For years, government officials at all levels neglected their duties to prepare for a forewarned catastrophe," he said, adding, "These failures cost lives and multiplied the anguish of the storm's survivors."

The draft recommendations also call for the creation of "strike teams" that would be set up in 10 regional offices now run by FEMA that would be made up of disaster experts from the new national preparedness agency, as well as officials from the Defense Department and other federal agencies that would train together with local and state governments to prepare for a possible natural disaster or terrorist strike.

Ms. Collins and Mr. Lieberman, who in 2004 helped lead a similar restructuring of the management of the nation's intelligence agencies, said the recreated agency at homeland security would have the authority and resources needed to lead a response by the full federal government to a disaster, instead of seeing itself pushed to the side, as FEMA was after Hurricane Katrina.

FEMA was created in 1979 by President Jimmy Carter in an effort to better unify the nation's fragmented disaster response programs. Today, it is charged with providing food, water and cash aid to victims and then helping people figure out temporary living arrangements while they rebuild their homes.

It is also supposed to lead the recovery effort by helping state and local governments rebuild roads, bridges, hospitals and other government buildings, preferably in a way that makes the new neighborhoods less prone to similar disasters in the future.

In about 20,000 communities, FEMA also runs the federal government's flood insurance program, which is supposed to be self-sufficient, but which the government now must bail out because the claims from Hurricane Katrina are so enormous.

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Mr. Lieberman, in remarks that have not been endorsed by Ms. Collins, said the investigation only further documented how the White House was not fully focused when Hurricane Katrina hit the Gulf Coast, with the president on vacation in Texas and traveling on the West Coast.

"Before landfall, the president should have returned to Washington, D.C., convened the cabinet, taken stock of the federal government's readiness for Katrina, made sure key White House staff were at their posts before landfall, and directly addressed the people of the Gulf Coast," Mr. Lieberman said in a statement.

Senators: FEMA Can't Be Fixed, So Replace It (USAT)

By Mimi Hall

USA Today, April 27, 2006

WASHINGTON — A Senate report coming out today says the Federal Emergency Management Agency is a failure and should be replaced with a more powerful disaster-response agency.

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"The president failed to provide critical leadership when it was most needed," he said. "And that contributed to a grossly ineffective federal response to Hurricane Katrina."

The Senate report follows others from the House and the White House. Those reports criticized FEMA but did not suggest abolishing the agency.

Among the Senate report's 86 recommendations:

·Create regional "strike teams" to respond to disasters.

·Build a governmentwide operations center to coordinate disaster response.

·Develop more full-time staff and contracts with companies to provide goods and services when storms hit.

GAO: FEMA Still Not Set To Stop Aid Waste (AP-Y2)

By Hope Yen

AP2, April 26, 2006

With hurricane season approaching, FEMA is destined to repeat million-dollar mistakes of disaster aid waste and fraud unless it can quickly establish controls for verifying names and addresses, congressional investigators say.

Gregory Kutz, managing director of special investigations for the Government Accountability Office, said he has little confidence that FEMA will be ready by June 1 to safeguard taxpayer dollars should a major disaster like Hurricane Katrina strike again.

"They're not close to where they need to be," Kutz said this week in a telephone interview that previewed a GAO report. The report, which covers FEMA's $2,000 debit cards and other emergency cash assistance, is to be released next month.

"There's a lot of heavy lifting required to put an effective fraud prevention system in place by this summer. It will take years," said Kutz, who is heading the audit. "You need to have a mechanism in place and field test it. FEMA doesn't have one."

Responding to the audit, FEMA spokesman Aaron Walker said Wednesday that FEMA officials have been working hard to improve and tighten controls in its disaster aid program.

In the past, the agency has said its procedures were necessary to expedite aid and that it would be "extremely disingenuous" to suggest aid is distributed without housing inspections and several other layers of verification.

"We are confident in our ability to verify disaster victims' identities," Walker said.

The GAO's recommendations include:

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_Install a reliable system to match Social Security numbers with names of people who apply for aid over the phone and Internet.

In a preliminary audit released in February, the GAO found that up to 900,000 of the 2.5 million applicants who received aid under the emergency cash assistance program after Katrina hit Aug. 29 were based on duplicate or invalid Social Security numbers, or false addresses and names.

Kutz said the GAO's review determined the contractor hired by FEMA to verify identities — ChoicePoint Inc. of Alpharetta, Ga. — was ineffective. That was partly because its system didn't keep track of people who applied over the Internet with false information and were rejected, allowing many of them to try again and get the aid when they applied over the phone.

Responding to the GAO, ChoicePoint spokesman Matt Furman said his company's contract is limited to verifying applications over the Internet and not by telephone. "That criticism should not be directed toward us," he said.

_Establish a system that can quickly and effectively verify property addresses to see if they match up with the accompanying name and Social Security number as well as whether they fall within the disaster-stricken area. In several cases, individuals applied for Katrina aid under several different bogus addresses to fraudulently obtain multiple payments.

_Provide instructions and guidelines to recipients who receive aid through debit cards on how the money should be used. Such information is already provided with the traditional form of aid payment through checks, according to the GAO.

The GAO's previous audit found that recipients improperly used their debit cards intended for food and shelter for $400 massages, a $450 tattoo, a $1,100 diamond engagement ring and $150 worth of products at "Condoms to Go."

In recent weeks, FEMA has sought to crack down on those who received erroneous payments, sending letters to thousands of Gulf Coast residents demanding repayment of amounts ranging from $2,000 to $26,200 for aid that it said was excessive or unjustified.

While Kutz praised the move, he said efforts to recoup the money are no substitute for internal controls since they generally recover no more than 1 percent to 2 percent of the wasted aid. He said the agency must first identify the fraudulent payments, then locate the recipients and hope they do the right thing and return the money.

In the coming months, the GAO plans to expand its waste review to FEMA's housing assistance as well as aid improperly paid out for damage already covered by property insurance. He believes millions of dollars of additional waste have yet to be found.

In February, the GAO estimated the waste so far in roughly $7 billion in disaster aid alone could be in the hundreds of millions of dollars.

"Any projection we make will probably understate the actual waste," Kutz said.

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On the Net:

Government Accountability Office: http://www.gao.gov

Federal Emergency Management Agency: http://www.fema.gov

Evacuees Find Housing Grants Will End Soon (NYT)

By Shaila Dewan

The New York Times, April 27, 2006

HOUSTON, April 21 — Thousands of hurricane evacuees who counted on a year of free housing and utilities are being told by the Federal Emergency Management Agency that they are no longer eligible for such help and must either pay the rent themselves or leave.

Of about 55,000 families who were given long-term housing vouchers, nearly a third are receiving notices that they no longer qualify, FEMA officials said. For the rest, benefits are also being cut: they will have to sign new leases, pay their own gas and electric bills and requalify for rental assistance every three months.

The process has been marked by sharp disagreements between the agency and local officials, and conflicting information given to evacuees about their futures. Although agency officials say they never promised a full year of free housing, many local officials around the country say yearlong vouchers were exactly what FEMA agreed to provide.

[The agency was sharply criticized in draft bipartisan recommendations to be released Thursday by a Senate committee, which said the agency functioned so poorly during Hurricane Katrina that Congress should abolish it and rebuild a more powerful agency. Page A22.]

In the desperate weeks after Hurricane Katrina, the vouchers helped stabilize the lives of evacuees who had bounced from place to place while trying to find missing family members and deal with mysterious skin rashes, shellshocked children and reams of red tape. At least, the vouchers promised, they would not have to worry about shelter.

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Now, eight months later, the notices have panicked evacuees and raised the ire of local officials and landlords, who say FEMA is reneging on a promise and dismantling a program that is helping more people and is far less expensive than other housing solutions like trailers.

To make matters worse, advocates and local officials say, many evacuees either do not know why they have been found ineligible or have been given spurious reasons. Many notices do not even give a deadline, saying only, "You will not be asked to leave before April 30."

"We believe that many of the people who received notice that they're ineligible are eligible," said Mayor Bill White of Houston, where more than 9,000 of the 35,000 families on vouchers have been determined to be unqualified, raising fears of mass homelessness.

In an effort to persuade FEMA to reconsider, Mr. White has gone so far as to send teams of building inspectors to New Orleans to photograph evacuees' destroyed homes.

David Garrett, FEMA's acting director of recovery, said the agency had promised only to reimburse for "up to" 12 months of housing. But the cities that actually issued the vouchers, including Houston, Memphis and Little Rock, Ark., said the agency had agreed in negotiations to pay for the full term.

Although the paperwork accompanying the vouchers in Houston did say they were good for "up to" 12 months, local officials in all three cities said evacuees had been told, without contradiction from FEMA, that they would last a year.

"They knew exactly what we were doing," said Buddy Grantham, the chief operating officer of the Joint Hurricane Housing Task Force for Houston, which issued the 12-month vouchers in anticipation of being reimbursed by FEMA. "We were totally transparent."

Agency officials say fairness and the law prevent them from leaving the voucher system in place. The programs were hurriedly set up by state and local governments under FEMA guidelines for emergency housing, which is available to virtually anyone from a disaster-stricken area but is not intended to be used for extended periods.

Now, the agency is converting the families to its more traditional, and stricter, long-term housing program, the individual assistance program. Many people who qualified for emergency housing do not meet the requirements for long-term assistance, and the agency says it cannot ask taxpayers to continue to bankroll those families, although an agency spokesman, Aaron Walker, was unable to provide an estimate of how much money would be saved.

Mr. Garrett said the program was not fair to families who did not get vouchers, but instead went directly from shelters or hotels into the stricter program, under which they receive rent money every three months. The payments count against the total each family can legally receive from FEMA, $26,200, while rent and utilities under the voucher program do not. (FEMA trailers do not count either, agency officials said, because they are not as comfortable as apartments.)

The emergency housing program covers utilities, but the individual assistance program will not, unless Congress approves a request from President Bush to change the regulations.

The movement away from long-term vouchers has created widespread confusion among evacuees. A disabled evacuee in Little Rock said that when she called FEMA to ask why her rent was no longer being paid she was informed, erroneously, that she had never had a voucher. In Memphis, where there are 1,500 families on vouchers, FEMA initially asked those running the program to reclaim the furniture and basic kitchen items issued to evacuees, backing down after strenuous objections, said Susan Adams, the executive director of the Memphis and Shelby County Community Services Agency.

"It feels like a total lack of compassion," Ms. Adams said. "A total lack of humanity."

FEMA has no record of the furniture request, a spokesman for the agency said.

In interviews with more a dozen evacuees, some said they had been told they were ineligible because their home in New Orleans had not suffered enough damage, or they had insurance covering living expenses, or their paperwork lacked a signature, or they had not appeared in person for an inspection of their damaged home. FEMA recently agreed to review its findings for mistakes.

Mr. Garrett emphasized that evacuees could appeal any decision. But according to written guidelines, the agency will not continue to pay rent while a case is on appeal.

FEMA itself has difficulty explaining the ineligibility findings. The agency told Houston officials that about 1,200 of 8,500 families had insufficient damage to their homes and that 1,600 were in a category called "ineligible — other." Some 1,050 were denied on appeal, but the original reason for the denial was not given. More than 2,300 were described as being eligible only for an initial $2,000, with no further explanation.

Some evacuees said they had planned their lives around the security of the 12-month voucher. Erica Stevens, 26, said the promise of housing had drawn her and her three children to Houston after Hurricane Rita destroyed her home in Beaumont, Tex. She did not receive much other assistance, she said, because her landlord filed a FEMA claim on the house before she did, making her ineligible.

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Karen Douglas, an evacuee living with two sons in a pleasant house in a Houston suburb, said that amid enrolling the elder son in school, battling insurance adjusters and looking for a job, she had managed to put the insurance proceeds from her destroyed house into investments that would mature in November, when her voucher was to expire. "It's stressful, but I thought I had it together," she said.

Then, on April 15, Ms. Douglas too got a letter. She would like to appeal but does not know why she was found ineligible. The letter says only that she had been previously notified of the reason. "I was expecting FEMA to honor the agreement," she said. "I wasn't expecting them to go midstream and pull the rug out from underneath us."

Trailer Plan Is Revived

NEW ORLEANS, April 26 (AP) — Mayor C. Ray Nagin and federal officials on Wednesday revived the effort to place thousands of trailers throughout the city as stopgap housing for people who lost their homes .

Three weeks ago Mr. Nagin halted work on new trailer sites, saying FEMA had used "bullying" tactics and built a site outside a gated community without the proper permits. But Mr. Nagin and FEMA officials now say they have bridged their differences. Officials hope to install about 8,000 trailers by the end of June. Before the impasse, FEMA had placed about 1,500 travel trailers at enclosed sites around the city.

Nagin, Officials Come To Trailer Agreement (NYT/AP)

By The Associated Press

The New York Times, April 27, 2006

NEW ORLEANS (AP) -- Mayor Ray Nagin and federal officials on Wednesday revived the effort to place thousands of trailers throughout the city as stopgap housing for people who lost their homes during Hurricane Katrina.

Three weeks ago Nagin halted work on new trailer sites, complaining that the Federal Emergency Management Agency used "bullying" tactics and built a site outside a gated community without the proper permits.

On Wednesday, Nagin and FEMA officials announced that they had bridged their differences. Nagin said he changed his mind after "frank, productive discussions" with Homeland Security Director Michael Chertoff. He did not elaborate.

Nagin's decision is "permitting us to move forward," said Gil Jamieson, FEMA's deputy director of Gulf Coast Recovery.

Officials hope to install about 8,000 trailers by the end of June. Before the impasse, FEMA had placed about 1,500 travel trailers at enclosed sites around the city. Most occupants of those trailers had rented before the storm.

In addition, there are about 10,000 trailers sitting in yards and side-lots occupied by homeowners. Another 10,000 homeowners are still waiting for trailers, and officials said those, too, should be in place by the end of June.

For months the process to establish trailer parks has been slowed as Nagin, FEMA, the City Council and neighborhood groups have weighed in.

Hurricane Victims Battle Banks (WSJ)

By Valerie Bauerlein

The Wall Street Journal, April 27, 2006

As homeowners along the Gulf Coast try to recover from the devastation of hurricanes Katrina and Rita, some say mortgage lenders are refusing to turn over insurance proceeds while demanding immediate payment on overdue loans.

Hurricane victims in Louisiana and Mississippi have filed nearly 1,000 complaints with state regulators claiming mistreatment by mortgage lenders. About 800 of the complaints have been resolved, often as a result of mediation initiated by regulators.

Jim Wolf of Pass Christian, Miss., a DuPont Co. technician currently living in a company trailer, for example, wanted to use proceeds of an insurance settlement for a down payment on a new home. On Dec. 10, he sent his $40,000 insurance settlement check to giant Countrywide Financial Corp. to pay off $5,000 remaining on the mortgage of his destroyed home, expecting to get $35,000 back. He said he called Countrywide, based in Calabasas, Calif., every business day for a month, spoke to a dozen representatives and couldn't get the balance returned.

Only after "an angel" in the Mississippi Department of Banking and Consumer Finance intervened, he says, did he get his money back. No one in California seemed to understand the desperation on the Gulf Coast, he says. "I knew other people in the same boat," Mr. Wolf said. "They kept a lot of people hung out to dry a long time."

"We had to have a serious talking-to" with some lenders, said John S. Allison, the Mississippi banking commissioner, in an interview. Still, while roughly 200 cases are open, no lenders have been fined or lost their licenses to operate in the two hurricane-ravaged states.

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Following more than 40 accusations of wrongdoing by Countrywide, Louisiana Attorney General Charles C. Foti Jr. launched a probe of the company in December. Most complaints involved alleged delays in forwarding insurance-settlement checks to storm victims so they could rebuild or repair their damaged properties.

Countrywide said it received a letter from Mr. Foti earlier this month saying the probe had been closed. In an interview, Mr. Foti said he is satisfied with Countrywide's response to his probe.

A Countrywide spokesman denied any wrongdoing by the lender and said the unprecedented damage from Katrina and Rita had resulted in "unfortunate and unusual delays."

Last month, the company started canvassing cities with large numbers of hurricane evacuees to encourage borrowers to seek payment-postponement options and other assistance. Countrywide also said the company and its employees have contributed about $2 million to hurricane-recovery programs on the Gulf Coast.

Mr. Foti's office has received about 400 storm-related complaints, while 547 additional complaints were reported to the Louisiana Office of Financial Institutions, which regulates state-chartered banks, thrifts and credit unions. The financial-services agency wouldn't identify which lenders triggered complaints. It said about 25% of the cases haven't been resolved.

Most lenders have ended initial grace periods encouraged by federal regulators that allowed borrowers to stop making regular monthly payments on their loans, and they now are working out procedures on a case-by-case basis. Some homeowners are using insurance proceeds to cover outstanding payments on destroyed homes, but because the insurance checks typically are made out to both the homeowner and the mortgage holder, homeowners often must send the full proceeds to the lender and wait for the balance to be returned.

In some instances, accusations of wrongdoing have been resolved through agreements giving borrowers more time to catch up on past-due payments. Donald E. Powell, federal coordinator for Gulf Coast rebuilding, said most problems appear to reflect the widespread destruction that displaced residents and initially overwhelmed most lenders and insurers in hard-hit areas.

Many homeowners are battling lenders on one front and insurers on another. State Rep. John Read, of Gautier, Miss., said he got calls from the mortgage arm of Citigroup Inc. asking when he was going to catch up on his payments almost a month after he'd sent an insurance settlement check to pay off the $160,000 balance.

Mr. Read, who is living in a trailer with his wife and daughter, has resolved his dispute with Citi but is in court against his insurance carrier, disputing the payout on his home and contents. "You do what you have to do and go from there, but it has not been easy," he said.

Citi has made "deep and substantive loan concessions" to more than 100,000 customers in the affected area and there were only "a handful" of formal complaints, a spokesman said. In Mr. Read's case, Citi said misunderstandings on both sides contributed to the delay.

As of Dec. 31, the most recent data available, nearly 76,000 homeowners in Louisiana and Mississippi had fallen at least 90 days behind on mortgage payments or were facing foreclosure, according to the Mortgage Bankers Association, a trade group.

FEMA Handling Of Gulf Schools Criticized (WT)

By Christina Bellantoni

The Washington Times, April 27, 2006

Putting the Federal Emergency Management Agency in charge of rebuilding and reopening schools on the Gulf Coast after Hurricane Katrina was a critical mistake, congressional Democrats on the House Education and the Workforce Committee said yesterday.

"Now we realize FEMA has to step aside," said Rep. Betty McCollum, Minnesota Democrat.

The Democrats issued a report asserting that eight months after the storm hit the region, its schools remain in crisis. The lawmakers called for the creation of an education-recovery czar to oversee the reopening of Gulf Coast schools and colleges.

"FEMA is operating out of a very old playbook" and deserves a large heap of the blame for slowing down rebuilding efforts with an extra layer of bureaucracy, said Rep. George Miller of California, the ranking Democrat on the committee.

"We heard repeatedly that FEMA gave out contradictory guidance, lacked one single point of contact for schools and colleges, and displayed near-total unwillingness to give local educators the flexibility they need to rebuild and reopen their schools quickly and efficiently," Mr. Miller said. "The people of New Orleans and the Gulf states, they deserve better than that. FEMA is just the wrong agency at the wrong time."

In the New Orleans public school system, 20 of the 130 schools are open.

The schools that are open are crowded, and students must take classes in cramped trailers. School officials are being forced to lay off teachers and borrow money as they wait for payments from the federal government. Some are facing bankruptcy.

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Colleges are in an equally difficult position, the report says. Several schools were destroyed, and thousands of students were left without a learning institution or a place to live in.

Democrats argued that adequately funding schools so they can rehire teachers and faculty will stimulate the economy as students return. The report blamed President Bush for assigning FEMA to handle recovery efforts at schools in Louisiana and Mississippi. Democrats say the Department of Education should assume the rebuilding role and ensure that schools in the region get more funding.

Less than 2 percent of the $87 billion in federal money sent to the Gulf Coast was used for education, the Democrats said.

Mr. Miller said it would cost several billion dollars to properly rebuild schools.

"It's expensive, but it has to be done. There really is no alternative," he said. "We have made a decision as a nation that we are going to rebuild and recover this area. Education is critical to that mission. It can't be done without it."

Meanwhile, school officials from the Gulf Coast testified before the committee, and members heard many of the same complaints.

Officials testified that federal money has been slow to trickle in because of red tape at the state level.

"Today's hearing has highlighted the fact that many local schools have not received one penny in the federal aid we have approved. This is unacceptable," said Rep. Charles Boustany Jr., Louisiana Republican.

Father William F. Maestri, superintendent of Catholic Schools for the Archdiocese of New Orleans, told the committee to consider public-private school partnerships to make the transition easier.

"The old divisions that have too long divided us must be laid aside so we can move forward together," he said.

WAR NEWS:

Bush Team Visits Iraq, Pushes For Unity Government (WSJ)

By Yochi J. Dreazen

The Wall Street Journal, April 27, 2006

BAGHDAD, Iraq -- The Bush administration mounted a concerted diplomatic effort to capitalize on the selection of Iraq's new prime minister, sending its two top national-security officials here to push for the completion of a national-unity government and to continue setting the stage for a possible U.S. military withdrawal this year.

The unannounced trips by Defense Secretary Donald Rumsfeld and Secretary of State Condoleezza Rice marked the first time two U.S. cabinet officials were in Iraq simultaneously. The visits highlighted the administration's hope that the selection of a new candidate for prime minister could clear the way for a permanent Iraqi government to take power.

Millions of Iraqis voted Dec. 15, but the country's political leaders have spent months squabbling over posts, dissipating the optimism generated by the election and contributing to a worsening cycle of sectarian violence.

Mr. Rumsfeld and Ms. Rice met with prime minister nominee Nouri al-Maliki, a Shiite Muslim, as well as other incoming Iraqi leaders. American officials here and in the U.S. had been instrumental in pressuring interim Iraqi Prime Minister Ibrahim al-Jaafari to step down, a step demanded by leaders of Sunni Muslim and ethnic Kurdish groups.

Mr. Jaafari's critics, including U.S. Ambassador to Iraq Zalmay Khalilzad, had derided him as a weak-willed leader who was unable to prevent Iraq's Shiite-dominated security forces from abducting, torturing and, in some cases, assassinating Sunnis suspected of links to the insurgency. They praised Mr. Maliki as a strong leader who understood the importance of forming a broad government of national unity. Mr. Maliki, who had adopted the name Jawad al-Maliki while in exile during the regime of Saddam Hussein, yesterday announced he will go by his birth name, Nouri al-Maliki.

Mr. Maliki's first and most pressing task will be to stamp out sectarian militias. Thousands of Shiite fighters have infiltrated the country's police and security forces, while large and heavily armed militias affiliated with the country's biggest Shiite political parties operate openly across the country.

In nearly all of his recent public remarks, Mr. Maliki has stressed the need to gradually disarm the militias. Iraq's nascent security forces will almost certainly be unable to do so without heavy U.S. military support, however, and Mr. Rumsfeld seemed to rule out such assistance.

In a joint appearance with Ms. Rice, Mr. Rumsfeld said it was a mistake to assume the militias had to be forcibly disarmed. Instead, he said the militia problem required a political solution under which the fighters were peacefully persuaded to lay down arms.

U.S. officials stressed that the purpose of the visits was to give Iraq's political process a high-profile endorsement, but the trips also signaled the White House's hopes that the formation of a permanent new Iraqi government could help reverse weeks of

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bad news from Iraq that have pushed domestic support for the war to new lows and fueled a continuing decline in Mr. Bush's standing at home.

U.S. officials said the installation of Mr. Maliki and other Iraqi leaders into key cabinet posts could help set the stage for the withdrawal of a substantial portion of the 132,000 American troops in Iraq. Gen. George Casey, the top American commander in Iraq, said the selection of the new government leaders was "a major step in the process."

Gen. Casey has said in the past that a "fairly substantial" drawdown could begin this year if Iraq was able to cobble together a stable coalition government and continue making progress in fielding effective military and paramilitary forces. In the meantime, American commanders on the ground have continued to lay the foundation for a drawdown by turning dozens of smaller military posts over to the Iraqis and consolidating American forces here into a handful of massive military installations.

The U.S. is seeking a new legal agreement with the Iraqi government allowing for the maintenance of a reduced number of American military bases here. The United Nations resolution giving U.S.-led forces formal permission to maintain a military presence in Iraq expires this year. Mr. Rumsfeld said he had opened discussions with Iraqi leaders about a new agreement centered on the future of the remaining U.S. military bases and the continued push to transfer primary security responsibility for many parts of the country to Iraqi troops.

In Iraq, A Joint Show Of Support (WP)

By Glenn Kessler

The Washington Post, April 27, 2006

BAGHDAD, April 26 -- Secretary of State Condoleezza Rice and Defense Secretary Donald H. Rumsfeld made an unannounced joint visit to Iraq on Wednesday to bolster the emerging leadership and to suggest that the sometimes disjointed U.S. political and military operations are working seamlessly during the transition to a permanent government.

President Bush -- whose approval ratings have sunk to new lows, in large part because of the war -- secretly directed Rice and Rumsfeld to undertake the unusual mission as soon as the four-month impasse over the selection of Iraqi's prime minister ended last week, officials said. The visit came several weeks after the two secretaries had an unusual public tiff over whether the Bush administration has made mistakes in Iraq.

U.S. officials indicated that they were embracing perhaps the last chance the Bush administration had to turn around public opinion at home and to ensure that Iraq has a viable political future. The administration had previously pointed to the drafting of a constitution and the election of a transitional government as watershed moments in Iraq, even as violence has continued to rage. The new government will last four years and administration officials say they expect it to become increasingly independent of U.S. influence.

Rice said the creation of a permanent government should be seen as a turning point in the war and "an important message to the American people" because "it gives Iraq a real chance to deal with the obviously vexing problems that it has faced."

Rice and Rumsfeld stayed inside the heavily fortified enclave known as the Green Zone during their entire visit. They spent much of the day in meetings with top Iraqi leaders, including the prime minister-designate, Nouri al-Maliki; Rice also held a second late-night one-on-one session with him. Maliki emerged as an unexpected compromise choice to lead Iraq for the next four years and was largely unknown to Washington officials.

During a meal of Sayadieh fish and Arab salads, Rice and Rumsfeld were briefed by Planning Minister Barham Salih on details for putting together the new government. He said that "success depends on our competency," one participant in the meeting said. Iraqi officials also told the visiting Americans that fixing the unstable security in the capital was a key objective.

Earlier, in a meeting at the residence of U.S. Ambassador Zalmay Khalilzad, Maliki, speaking in Arabic, told Rice and Rumsfeld that while terrorism was the major problem, his first goal was to address the "mistrust" among religious and ethnic groups, a U.S. official said. Resolving this issue would in turn help reduce the violence. His second priority was making electricity supplies reliable. Three years after the invasion, sporadic electricity continues to be a symbol for many Iraqis of the failure of the U.S. occupation. "The people need electricity," he said.

Maliki and the U.S. visitors also held a lengthy discussion on staffing for government ministries, with Maliki saying the ministers should be "ministers for Iraq," not ministers for Sunni Arabs, Shiite Arabs or Kurds. The Interior Ministry is believed to be infiltrated by Shiite militia groups that are targeting Sunnis, and Maliki said he was looking for technocrats who were competent.

"We wanted to say how important it was that the ministries would be ministries of national unity, just as the government is a government of national unity," Rice said later. "But before we could say that, the leaders said that to us."

Maliki's office announced Wednesday that he would begin to use his birth name, Nouri, rather than Jawad, which he adopted while in exile during Saddam Hussein's rule. He has a long career as a legislator but has never held an executive position. He does not even have a secretary, though he has promised the U.S. Embassy he would hire one this week.

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Rice and Rumsfeld also presided over a working lunch of about 30 senior U.S. political and military officials that, in the spirit of a presidential campaign, was listed on Rice's itinerary as: "First 100 days: Government Formation, Security and non-Security Priorities." The lunch did not cover a specific 100-day plan but focused mainly on such issues as helping establish effective ministries.

The State Department and Pentagon earlier this year differed over how to provide security for reconstruction teams in Iraqi provinces, slowing the implementation of plans. The dispute was largely resolved this month, and Rice in recent days has cabled Foreign Service officers to say she has crafted a special incentive program to make tours on the teams more attractive.

"Clearly the new Iraqi government must perform on behalf of the Iraqi people," said Jim Wilkinson, Rice's senior adviser. "But the new government also gives us a chance to correct our mistakes and do our part to make Iraq work.

"This is an opportunity to be seized," he added. "The Iraqis must seize it, but the U.S. government must organize itself to help the Iraqis do so."

Rice, in a trip to Baghdad three weeks ago, personally pushed for transitional Prime Minister Ibrahim al-Jafari to give up his nomination to a new term. During a meeting with him Wednesday, however, she and Rumsfeld were "very relaxed," according to Adnan Ali Kadhimi, a Jafari aide. Jafari "appreciated the visit, and he said that no matter what has happened, we still appreciate what America has done for us," Kadhimi said.

Rice and Rumsfeld made no public statements in their meetings with Iraqis, though they jointly met with Iraqi reporters traveling on their aircraft. Earlier this month, Rice said the administration had made possibly "thousands" of "tactical errors," prompting Rumsfeld to declare that anyone making such a statement did not understand the nature of warfare. In Baghdad, Rumsfeld minimized the dispute, saying he "wasn't aware of what she meant," while Rice told Fox News that she and Rumsfeld have "an excellent relationship."

Rice, Rumsfeld Tout New Iraq Government (AP)

By Anne Gearan And Robert Burns, Associated Press Writers

AP, April 27, 2006

Success in forming a new Iraqi government may let some U.S. troops leave the war zone within months, the top American military commander in Iraq said Wednesday. Paying a surprise visit, Secretary of State Condoleezza Rice and Defense Secretary Donald H. Rumsfeld embraced the country's fledgling leaders as independent and focused on the future.

"I came away most encouraged," Rumsfeld said after he and Rice spent a day meeting with Iraqi politicians and U.S. military and diplomatic advisers in the capital city.

Rice called the priorities and commitment of Iraq's newly selected prime minister, Nouri al-Maliki, "refreshing and really heartening."

The double-barreled show of support for Iraq's first permanent democratic government was meant to resonate in Iraq and among Americans, whose frustration with the war effort has helped drive President Bush's poll numbers to new lows.

A four-month political stalemate had sapped support for U.S. involvement in Iraq. The administration remains under election-year pressure from the public and many in Congress to draw down its forces there.

"There is no question but that as the new government is formed and the ministers are in place, that it's appropriate for us to begin discussions with the new government about the conditions on the ground and the pace at which we'll be able to turn over responsibility in the provinces," Rumsfeld said.

Army Gen. George Casey, the top U.S. military commander, said selection of government leaders marked a major step toward creating conditions that could allow a partial withdrawal.

"I'm still on my general timeline" for a possible withdrawal, he told reporters after meeting with Rumsfeld.

Casey used no figures. There are about 130,000 U.S. troops in Iraq, and military officials have spoken before of their hopes of reducing that number below 100,000 by the end of the year if the insurgency does not grow worse and if Iraq makes continued progress on political and security fronts.

Casey said breakthrough agreements last weekend to name al-Maliki as prime minister and to fill six other top government posts "certainly is a major step in the process" of reducing troop levels this year. He said more must be done on the political side, particularly filling key government ministry jobs.

The Pentagon has not said when it expects to make decisions about further troop reductions. Casey had said late last year that he expected to submit his recommendation this spring.

"We are seeing the situation a little clearer, I'd say," as a result of the latest political progress, Casey said. "And the clearer I see it the better I can make my recommendations."

Bush said last month that U.S. troops would stay in Iraq for years. Administration hopes for a major pullout soon have been tempered by the ongoing insurgency and the increase since February in sectarian violence.

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"I think we're fairly resolved on the military side to understand that this is going to take time," Gen. Peter Schoomaker, the Army chief of staff, told reporters Wednesday. He added that political leaders would make the key decisions about how long U.S. troops remain deployed.

Rice said the United States has an obligation to be ready to do what will best help the emerging Iraqi leadership tackle persistent violence and such grinding problems as petty corruption and poor electricity.

The secrecy surrounding the two leaders' visit and the omnipresent security precautions inside the fortified U.S. government complex underscored the dangers and difficulties the Iraqi leaders inherit.

The trip also came after recent calls by a half-dozen retired generals for Rumsfeld, 73, to resign. Asked by a reporter whether this visit — his 12th — would be his last trip to Iraq as Pentagon chief, an unsmiling Rumsfeld replied, "No."

Rice refused to second-guess the course of U.S. involvement in Iraq more than three years into a war that two-thirds of Americans now say the president is handling badly.

"Have we made mistakes? I'm sure we have," Rice told reporters with Rumsfeld beside her. "In a big historical circumstance like this you're going to do some things well and you're going to do some things not well."

Last month, Rice said the United States had made thousands of tactical errors in Iraq, a remark Rumsfeld said confused him. Their unusual joint appearance was also intended to show the sometimes feuding U.S. diplomatic and military branches engaged side by side.

Al-Maliki was largely unknown outside Iraq before he emerged last week as a compromise candidate to break a four-month political logjam. Neither Rice nor Rumsfeld had met him before Wednesday's session, and Rice met with him a second time privately.

Al-Maliki opposed both Saddam Hussein and the U.S.-led invasion that overthrew the dictator more than three years ago. He has been described as a hardline Shiite partisan and by U.S. officials as an Iraqi patriot who stood up to attempted political meddling by neighboring Iran.

He has a month to form Iraq's first permanent democratic government, and U.S. officials are direct about the high stakes.

"This new Iraqi government must perform on behalf of the Iraqi people, but the new government also gives us a chance to correct our mistakes and do our part to make Iraq work," said Jim Wilkinson, a senior adviser to Rice.

The American ambassador in Baghdad, Zalmay Khalilzad, has said Iraq risks civil war if its political leadership falters.

Rice, Rumsfeld Visit Iraq (WT)

By Nicholas Kralev

The Washington Times, April 27, 2006

BAGHDAD -- Secretary of State Condoleezza Rice and Defense Secretary Donald H. Rumsfeld flew to Iraq yesterday to meet with the prime minister-designate and emphasize the importance of a "nonsectarian" government.

The unprecedented joint visit by the top two Cabinet officials demonstrated Washington's full backing of Nouri al-Maliki, who has been selected to head a new government.

"I came away most encouraged," Mr. Rumsfeld told reporters after he and Miss Rice met with Mr. al-Maliki, who announced yesterday he would use his given name, "Nouri," rather than Jawad, a name he adopted for security reasons while being sought by Saddam Hussein's regime.

"I found him to be very focused and very clear that he understood his role and the role of the new government to really demonstrate that it is a government of national unity," Miss Rice added.

Gen. George Casey, the commander of the U.S.-led coalition forces, said that the agreement on Iraq's top government leaders last week would help create conditions to reduce American troop levels.

Miss Rice said that ministerial appointments should begin with the ministries of interior and defense, so they can take control of security and public order and disband sectarian militias. The ministers, she said, must be nonpartisan and unifying figures.

"I think they understand that the importance of appointing ministers and subordinates who have a reputation for technical competence and a mind-set that is nonsectarian," Miss Rice said of Mr. al-Maliki, President Jalal Talabani and other leaders she and Mr. Rumsfeld met yesterday.

In addition to security and providing "essential services," such as electricity and water, Mr. al-Maliki told his guests that his top priorities include building trust among different ethnic groups, Miss Rice said.

She dismissed the statement by terrorist leader Abu Musab Zarqawi, made on a tape posted on the Internet on Tuesday, that Mr. al-Maliki was a U.S. puppet.

"We know that he has not always agreed with us, or we with him, but he's somebody who's always had the interests of the Iraqis at heart," Miss Rice said.

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Iraqis voted for parliament on Jan. 30, but the formation of the country's first democratically elected government was delayed for months because Sunnis and Kurds would not support interim Prime Minister Ibrahim al-Jaafari's bid to retain his post.

Miss Rice added the Baghdad stop to a trip she's making to the Balkans, while Mr. Rumsfeld flew in from Washington.

Gen. Casey, who has said in the past that he would recommend "fairly substantial" reduction of the 132,000 U.S. forces this year if the insurgency did not worsen and if Iraq made political progress, noted yesterday, "I'm still on my general timeline."

Mr. Rumsfeld said that no one in yesterday's meetings "suggested that there should be lower [troop] levels than currently existed."

In fighting yesterday, U.S. troops backed by a helicopter and jets struck a suspected safe house of foreign insurgents, killing 12 militants and a woman in a raid near the site where an American helicopter crashed, the U.S. military said, according to the Associated Press.

In Baghdad, a bomb ripped through a minibus carrying passengers to their Shi'ite neighborhood, killing four persons, who were among at least 12 Iraqis killed in violence. Police also found 11 bodies dumped in Baghdad and elsewhere, the apparent victims of sectarian killings, the AP reported from Baghdad.

Visit By Rumsfeld, Rice Sets Off Criticism In Iraq (LAT)

By Louise Roug And Paul Richter, Times Staff Writers

The Los Angeles Times, April 27, 2006

Some leaders worry that the Americans' surprise trip could hurt talks on forming a government.

BAGHDAD — Secretary of State Condoleezza Rice and Defense Secretary Donald H. Rumsfeld paid a surprise visit to Baghdad on Wednesday to express support for Iraq's new leaders, but drew criticism from Iraqi politicians who said they feared the unannounced visit might do more harm than good.

"We didn't invite them," said Kamal Saadi, a Shiite legislator close to the new prime minister-designate, Nouri Maliki.

Saadi said Iraqi leaders had not been given advance notice of the visit, which came just days after Iraqi politicians broke through a months-long impasse on the selection of a prime minister.

"Maybe Rumsfeld's visit can be justified" because of American troop presence, "but I can't see a clear reason behind Rice's visit," Saadi said. "The crisis is over and negotiations are taking place."

Since parliamentary elections in December, American officials have pushed Iraqi legislators to form a national unity government. During the nearly four-month delay, the country has been rocked by violence with increasingly sectarian overtones, raising the specter of full-blown civil war.

Iraq's Shiite coalition broke the deadlock last week when it withdrew the nomination of interim Prime Minister Ibrahim Jafari to lead the new government and substituted Maliki, whose nomination was approved Saturday by parliament. (Maliki said this week he was reverting to his original first name, Nouri. He said he had adopted the name Jawad during his time in exile, to protect his family in Iraq.)

During a news conference with Rumsfeld, Rice said that Maliki and others had made it clear in meetings that "Iraqis are taking responsibility for their own future."

"We can be partners. We can support. We can help. But this is Iraq's time and the time for Iraq's newly elected leaders to take on these responsibilities."

Some observers and Iraqi politicians speculated that the visit had more to do with the U.S. domestic audience than the creation of an inclusive and sustainable government in Iraq.

In Washington, the visit was seen as an attempt by the White House to shore up U.S. public opinion about the war and as the first foreign policy calling card of the new chief of staff, Joshua B. Bolten.

"I actually think it's completely aimed at American public opinion," said Brian Katulis, Middle East analyst at the Center for American Progress, a liberal think tank. "What's going on here is part of Bolten's plan to signal to the American public that we're not staying there forever."

Ivo H. Daalder, a foreign policy analyst at the Brookings Institution, said the visit was "all about us."

"We are trying to demonstrate that there is positive direction. How better to do that than having the chief horses of the State Department and the Defense Department make this joint and dramatic appearance. Every newspaper will quote them as saying this is a new turning point."

Lee Feinstein, a senior fellow with the Council of Foreign Relations in Washington, saw nuances in the White House mission.

"This is an opportunity for Secretary Rice to greet the new prime minister after criticizing Jafari very pointedly in her last visit just three weeks ago," he said.

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In an unusual public display of divisions within the administration, Rice and Rumsfeld traded barbs this month over post-invasion mistakes in Iraq. On Wednesday, Rice sent a more harmonious message about State Department-Pentagon relations.

"We're working very hard together," she said. "We're actually having a great time here in Iraq. I think it's very stimulating for us both to be in these meetings with Iraq's leaders together."

Some Iraqi politicians thought the visit could backfire on the sensitive negotiations. Similar concerns were raised recently about the statements and actions of U.S. Ambassador Zalmay Khalilzad and about Rice's April 2 visit with her British counterpart, Jack Straw.

"It would be more appropriate if they would leave us alone," said Mahmoud Othman, a senior Kurdish legislator. "Let us solve our problems by ourselves."

"Enough is enough," said Sheik Mahmoud Sudani, a politician affiliated with radical Shiite cleric Muqtada Sadr. "Rice's trip to Iraq at this critical time is just another desperate move by the Americans to try to impose themselves on our new government. But they have lost their influence."

There has been grumbling among some Iraqi officials as U.S. officials pressed them to form a new government and eventually urged Jafari to step aside in the face of opposition from Sunni Arabs, Kurds and secular Shiite Muslims.

The most positive reaction to the visits was among Sunni leaders, who fear their minority will lose political clout in the democratic setup.

Americans can help coordinate and speed the process, "which will benefit everyone," said Azhar Samarrai, a Sunni legislator with the Iraqi Islamic Party.

Rice said U.S. officials were hearing "loud and clear" that the new Iraqi leadership intended to be nonsectarian in its decisions on who should head ministries, particularly Interior and Defense, which oversee police and armed forces respectively.

"I think they understand … the importance of appointing ministers and subordinates who have a reputation for technical competence and a mind-set that is nonsectarian," Rice said.

Meanwhile, another sibling of Sunni Vice President Tariq Hashimi was slain in the country's continuing violence. Gunmen killed Maysoon Hashimi and a bodyguard this morning in Baghdad. Mahmoud Hashimi was shot to death April 13.

Tuesday, a civilian was killed by a roadside bomb near the city of Kirkuk, police said.

In the capital, a bomb on a bus exploded, killing four people and injuring 21.

In a western district of the city, two people were killed and four injured in a roadside bombing aimed at police.

Police also recovered 15 bodies from various Baghdad neighborhoods.

Just north of Baqubah, a roadside bomb exploded in the Shiite village of Kharnabat, killing three people and injuring 10, local police said.

The U.S. military announced that American-led forces killed a dozen suspected rebels during a raid Tuesday in Yousifiya.

Times staff writers Saif Hameed, Caesar Ahmed and Shamil Aziz in Baghdad and Johanna Neuman in Washington contributed to this report.

GOP Critics Resigned To Life With Rumsfeld (LAT/AP)

By Liz Sidoti, Associated Press Writer

The Los Angeles Times, April 27, 2006

WASHINGTON — Senate Republican critics of Defense Secretary Donald H. Rumsfeld are deferring to President Bush's support for the Pentagon chief, mindful that his fate is out of their hands.

But in the aftermath of calls by several retired generals for Rumsfeld's ouster, those GOP lawmakers remain uncomfortable with him. Given the chance, they offer no words of support.

"He still is in the confidence of the president. The president reiterated that the other day, so I'll continue to try to work with him," Sen. John McCain, R-Ariz., said Wednesday.

"There really is only one person he needs to please, and that's the president," added Sen. Susan Collins, R-Maine. "The president's made clear that the secretary is his choice and that really ends it."

"Is he still here?" joked Sen. Trent Lott, R-Miss.

Yes. Should he not be?

"That's up to him and the president. I don't see that his performance has changed," said Lott, who has said he's "not a fan" of Rumsfeld.

Hardly glowing endorsements.

In Baghdad on Wednesday, Rumsfeld was asked by a reporter whether this visit -- his 12th -- would be his last trip to Iraq as Pentagon chief.

"No," responded Rumsfeld.

Last week, Bush used a Rose Garden appearance to declare, "I'm the decider and I decide what's best. And what's best is for Don Rumsfeld to remain as the secretary of defense."

In recent weeks, at least six retired generals have publicly criticized Rumsfeld's handling of the Iraq war and his management style, an extraordinary rebuke of a civilian military leader from uniformed officers who recently served at his behest.

As the White House sought to quell the uproar, Democrats pounced.

Sen. Dick Durbin of Illinois, the No. 2 Senate Democrat, called for a Senate vote of no confidence on Rumsfeld, and Sen. Hillary Rodham Clinton, D-N.Y., sought a Senate Armed Services Committee hearing on the matter. She suggested hearing testimony from retired generals -- those who have been critical as well as those with different opinions -- and administration officials.

But neither of those efforts appear to be going anywhere anytime soon, if at all.

Senate Democratic leader Harry Reid of Nevada has said Democrats won't push for a no-confidence vote. Some Democrats are privately expressing concern that weighing in on the debate could diminish the power of the retired generals' remarks and invite criticism from Republicans that they are politicizing the war.

On Clinton's request, Sen. John Warner, chairman of the Senate Armed Services Committee, said he would consult with his 23 other committee members about whether a hearing is warranted, as he does with every such request. But the Virginia Republican indicated he was in no hurry to hold a hearing. He said the committee schedule was packed through Memorial Day, by which time the uproar over Rumsfeld could further subside.

A congressional hearing would give Rumsfeld's critics a high-profile national platform while keeping alive a controversy the White House wants to put to rest.

Striking a careful balance, Warner issued a statement this week calling the debate among retired generals about Rumsfeld "an important exercise of the right to freedom of speech."

But Warner noted that Bush has decided to retain Rumsfeld in his Cabinet and said: "I support the president's right to make this decision."

Notably missing was praise for Rumsfeld. There wasn't even lukewarm support.

Sen. Carl Levin of Michigan, top Democrat on the Armed Services Committee, is urging that Warner hold a hearing. But Levin also suggested he was somewhat indifferent about Rumsfeld's future at the Pentagon's helm.

"If I felt his departure would change policy, I'd be all for it. But I think the policy would stay the same," Levin said.

Other Democrats renewed their calls for Rumsfeld's departure.

"He should have been gone two years ago. There's no more to say," said Sen. Joseph Biden of Delaware, the lead Democrat on the Senate Foreign Relations Committee.

Republicans recognize that getting rid of Rumsfeld now, three years into the Iraq war, could signal failure, not to mention give Democrats ammunition for this fall's congressional election as they try to wrest control of the House and Senate from the GOP.

Seeking to counter the mounting criticism and head off a hearing, Sen. Jeff Sessions, R-Ala., held a rally-around-Rumsfeld breakfast on Capitol Hill on Tuesday for the secretary and his Republican backers.

Sen. John Thune, R-S.D., was among those who attended. Even though he has clashed with Rumsfeld in the past, Thune said getting rid of Rumsfeld now would hurt the overall effort in Iraq.

"It's the wrong message to send," Thune said.

Plus, he said, Congress' hands are tied even if it wants a fresh face leading the Pentagon for one reason: "He serves at the pleasure of the president."

The Iraqi Oil Pipeline Fiasco (NYT)

The New York Times, April 27, 2006

The Bush administration's promise that Iraq's reconstruction could be paid for with the country's own oil revenues was one of the many false assertions and assurances that ushered in the invasion. But unlike the predictions of weapons of mass destruction and streets filled with cheering Iraqis, this claim might have been at least partly true — if the administration had more carefully supervised the lucrative no-bid oil industry repair contract it awarded to a subsidiary of Halliburton, the firm formerly headed by Vice President Dick Cheney.

Part of that contract involved repairing a crucial pipeline link that American bombing had severed in the course of the invasion. Had the repair been done right the first time, Iraq would have been able to export much more oil from its northern oil fields in the past few years, making it far less dependent on American reconstruction aid, which has amounted to about $30 billion so far.

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How this costly and unnecessary failure came about was spelled out by James Glanz in a compelling investigative report in Tuesday's Times. He described the easily avoidable engineering errors that delayed the reopening of the crucial Fatah pipeline link while the contracted funds ran out and the security situation for reconstruction workers deteriorated drastically. It is instructive to recall the circumstances in which Halliburton was awarded this contract just prior to the Iraq invasion — with no competitive bidding. Later, when Democrats in Congress began raising questions, the Pentagon pointed to Halliburton's special expertise in oil-field management and its long experience working under Army Corps of Engineers' supervision.

But neither the expertise nor the supervision were much in evidence on the Fatah repair job. The Halliburton subsidiary managing the project ignored the clear warnings of its own consultants and let the drilling begin without any rigorous testing of the ground it needed to work in, which turned out to be a geological fault zone. As a result, drill bits repeatedly snapped and drill holes kept collapsing. It took an unconscionably long time for the corps to find out about the problems. By then, months had passed and almost all of the roughly $75 million allocated for the project had been spent.

There are crucial lessons to be learned here about the rarely justified practice of awarding no-bid contracts based on presumed special expertise. There are lessons as well for the Corps of Engineers, which is also supervising much of the Katrina rebuilding effort — some of the reconstruction work there is also being done by Halliburton.

On the Fatah pipeline crossing project, American taxpayers got a particularly raw deal. The repair work they originally paid for wasn't done. The government agency that was supposed to supervise the work did not do an effective job. And the oil exports that could have helped pay Iraq's reconstruction bills never made it through the pipeline.

Zarqawi Message: 'I'm Still Here' (CSM)

By Dan Murphy

The Christian Science Monitor, April 27, 2006

BAGHDAD - After years of operating in Iraq as a shadowy force who was sometimes heard but never seen, the Jordanian-born militant Abu Musab al-Zarqawi stepped out of the shadows with a video released on the Internet Tuesday that showed him planning operations against US forces and walking freely about the desert of what was claimed to be Iraq's Anbar Province.

Mr. Zarqawi, whom Iraqi officials blame for dozens of suicide attacks inside Iraq as well as terrorist attacks in his native Jordan, was even at this late date seen as a mythical figure by many Iraqis, a fiction designed to spread fear and put a face on the Sunni Arab insurgents who have spread so much terror here.

"Before, I thought there was no Zarqawi, he was just a fiction. But now I believe in him. He's really out there," says Thalib Jabbar, a businessman in Baghdad. "Zarqawi wants to show his power and frighten people. But in reality, he's the one who should be afraid. We want him dead."

That's a common sentiment among many ordinary Iraqis, one played on by Iraqi officials Wednesday who condemned Zarqawi as a foreigner trying to destroy their country. Their strong response highlights the risk such a video poses for Zarqawi: The effort to show his strength within the insurgency also puts a foreign face on the movement, leaving an opening for his opponents to appeal to national unity.

Yet experts say he remains hugely popular among hard-core insurgents particularly in Sunni-dominated Anbar Province - and point out that the video shows him as calm and in control, despite a massive US manhunt for him.

At its most basic level, analysts say the point of the slickly produced half-hour video was for Zarqawi to say "I'm still here," much like the audiotape released Sunday by Osama bin Laden. US military propaganda and some Iraqi sheikhs have claimed recently that many of Zarqawi's past admirers had turned on him, and that he was on the run.

Most Iraqis, particularly the Shiites and Kurds whom he reviles, view him with loathing. "This terrorist is bombing all of the Iraqis. He never discriminates between any people. Christians, Muslims, women, children," says Mohammed Jemaah, a 24-year-old policeman in Baghdad. "If he was a real man, he would fight like a man, show himself, and not use car bombs."

Zarqawi is shown in the video, claimed to have been made last Friday, strolling among dozens of masked followers, pouring over maps and tactics with masked insurgents said to be from the Anbar city of Ramadi, and in a Rambo-moment emptying round after round from a bulky large-caliber machine gun into the desert.

"He shows himself as healthy and able to walk around outside, surrounded by loyal legions of followers, which counters the rumors that he's afraid, he's running and hiding and has no friends left," says Evan Kohlmann, author of "Al-Qaida's Jihad in Europe" and a terrorism consultant. "There was a lot of speculation that he was out of the picture. And he needed to respond to that, to show that he's still there, still in charge, and there's nothing to stop him from putting together military operations."

Also noteworthy is the ease with which he can get his message out. While analysts speculate it takes weeks for Mr. bin Laden to transmit tapes or other messages to the outside world, Iraq's urban battleground makes logistics for terrorists much easier.

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Zarqawi's tape was released less than a day before US Defense Secretary Donald Rumsfeld and Secretary of State Condoleezza Rice flew into Baghdad for surprise visits designed to show support for Iraq's newly named Prime Minister Jawad al-Maliki. Mr. Maliki, a religious Shiite who fought hard for Islamic law provisions to be included in Iraq's Constitution, told Ms. Rice that his top priority is reducing ethnic and sectarian animosities.

But those old hatreds are precisely what Zarqawi and his followers have been trying to stoke, in the hopes of sparking a full-scale civil war that would destabilize Iraq for years to come and give him what he imagines is his best chance at eventual success.

In his video, the powerful and chipmunk-cheeked Zarqawi said the Iraqi government, "whether made up of the hated Shiites or the secular Zionist Kurds or the collaborators among the Sunnis, will be tools of the crusaders and a poison dagger in the heart of the Islamic nation."

Speculation that Zarqawi's role in the insurgency was weakening has grown since Jan. 15, when a statement posted on insurgent websites announced the formation of the Majilis Shura al-Mujahdin, or the Mujahidin Shura Council (MSC), as an umbrella for Sunni insurgent groups who share Al Qaeda's ideology and goal of turning Iraq into a state governed by Sunni religious law.

Subsequent statements named an Iraqi militant with the nom de guerre of Abdullah Rashid al-Baghdadi as the group's leader, which some took to mean that Zarqawi had lost stature.

But insurgent sources say the move was mostly to put an Iraqi face on the operations of the self-styled holy warriors, and to counter US claims that foreign fighters, not Iraqis, were leading much of the violence, particularly in the volatile Anbar Province. They say Zarqawi has all along been their most respected operational commander.

The new group also makes it harder for him to be painted as a meddling foreigner, while also giving more face and respect to his Iraqi comrades. Zarqawi's video begins with a full screen shot of the MSC logo, and a smaller version remains on screen for the whole tape.

"It seems pretty clear that he's still the boss," says Mr. Kohlmann. "When the MSC chose to highlight their leadership, guess who's the star? It's an indication that the MSC is a propaganda front."

Kohlmann argues the MSC, which has at least eight member organizations, is sort of like a jihadi NATO.

"When we've got a coalition operation, we go under the NATO flag, because it helps the smaller nations feel they belong, it creates a sense of equality, and that's what the MSC is for: It gives the Iraqi [fighters] the sense that they're in control of their own jihad."

Video Shows Another Side Of Al-Zarqawi (AP)

By Lauren Frayer

AP, April 26, 2006

Abu Musab al-Zarqawi's new video marks a shift by the leader of al-Qaida in Iraq toward a less radical image, one that might appeal to the Iraqi insurgency more than the beheadings for which he's become notorious, analysts said Wednesday.

The video released Tuesday, the first by al-Zarqawi that shows his face, features scenes of the black-garbed terrorist firing a gun and hunkered over a map plotting strategy. The Sunni Muslim extremist, 39, looks youthful and healthy in the springtime desert.

"It's a departure from the past. There's no strident anti-Shiite rhetoric and no beheadings," said Joost Hiltermann, Middle East project director at the International Crisis Group, based in Amman, Jordan.

"He wants to be a `good' insurgent in a more moderate sense — an Iraqi sense — to appeal to Iraqis," Hiltermann said.

Iraqi government officials, however, condemned the Jordanian-born al-Zarqawi as a foreigner determined to destroy Iraq. They said his promise to launch more attacks may have been in response to the appointment of a new prime minister, a major step toward a unity government including Shiites, Sunnis and Kurds.

"I believe that al-Zarqawi was caught off guard by the new government taking shape because it will be very strong one representing all Iraqis," said Sheik Khalid al-Attiyah, the Iraqi parliament's new first deputy speaker. He added that al-Zarqawi is determined "to inflame a civil war."

"He feels very worried that he's losing popularity inside Iraq," Maysoon al-Damluji, a member of the Iraqi parliament, told CNN. "This is a change of strategy. He feels that he needs to make himself visible more in order to get support."

The video comes at a time when Arabs have voiced distaste for Islamic extremists' tactics such as beheadings and bombings, including deadly hotel attacks in Jordan that caused widespread protests.

"He is often seen as more extreme than even (Osama) bin Laden," said Jeremy Binnie, an analyst with Jane's Terrorism and Insurgency Center in London. "In reality their ideology isn't that different."

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Binnie said the video shows a "softer image" of al-Zarqawi. It suggests he "isn't just the leader of a fanatical band, but a more general-like figure, and also an action man himself."

Al-Zarqawi has done audiotapes, including one in January. But he has kept a relatively low profile since then, when his group merged with five other Iraqi insurgent groups to form the Mujahedeen Shura Council.

The new video was stamped with the logo of the Mujahedeen Shura Council as well as the black flag logo of al-Zarqawi's al-Qaida in Iraq.

Al-Zarqawi has claimed responsibility for some of the bloodiest suicide bombings in Iraq since the 2003 fall of Saddam Hussein and for the beheadings and killings of at least 10 foreign hostages, including three Americans and a Briton.

The last time al-Zarqawi made a video was the 2004 beheading of American Nick Berg. In that one, al-Zarqawi's face was masked.

"He appeared to have a sense of mystique by never showing his face. In choosing to come out of the shadows, he may be changing tack," said London-based security consultant Charles Shoebridge.

Shoebridge, a former counterterrorism officer with London's Metropolitan police and a former British army officer, said the tape suggests al-Zarqawi is working to shore up his position within the insurgency.

Added Hiltermann: "Osama bin Laden is sitting somewhere in a cave, but al-Zarqawi is showing he is carrying out jihad in front of the world."

The tape was posted on the Internet two days after an audiotape of bin Laden appeared on Arab television. However, the al-Zarqawi tape is dated Friday, meaning it was made before bin Laden's was released.

In one scene in the tape, al-Zarqawi is pictured in a flat desert of dried, cracked mud with sprouts of vegetation similar to that in Iraq's western Anbar province. Although his whereabouts can't be definitively discerned, Binnie called it "extremely likely" al-Zarqawi was in Anbar or someplace close to it.

The United States has put a $25 million bounty on his head.

A Dagger To Al-Qaeda (WP)

The Washington Post, April 27, 2006

THE APPEARANCE of an al-Qaeda video on the Internet more often than not is a sign of good news in the war on terrorism. Tuesday's posting by Iraqi commander Abu Musab al-Zarqawi is the latest example: The 34-minute show by the newly unhooded extremist is in part a bid for advantage in factional feuding that has curtailed al-Qaeda's visibility and effectiveness. More important, the terrorist acknowledges that the agreement of Iraq's leading Shiite, Sunni and Kurdish parties on the country's first permanent postwar government last week was, as he bluntly put it, "a dagger in the heart." The Zarqawi movement has spent the past several years trying to ignite a sectarian war between Iraq's Sunnis and Shiites; the new "unity" government, if it takes hold, could be the turning point toward defeating that strategy.

Iraq's insurgents and terrorists are a long way from beaten, as the daily toll of killings tragically demonstrates. But the nominee for prime minister, Nouri al-Maliki, has made an encouraging start. Although he has yet to form a cabinet -- that may take another month -- Mr. Maliki was on Iraqi television Tuesday night appealing for national unity. Though he has been thought of as a relatively uncompromising Shiite partisan, Mr. Maliki promised to appoint nonsectarian ministers and said he believed the participation of "our Sunni brothers" in the government would "dry up the sources" of the insurgency. He appears focused on pragmatic results, saying his top priority after fostering national accord is increasing electricity supplies.

Another sign that this is good news was the appearance in Baghdad yesterday of Defense Secretary Donald H. Rumsfeld and Secretary of State Condoleezza Rice. President Bush was said to have ordered them to Iraq to boost the emerging new government and demonstrate the administration's intent "to correct our mistakes and do our part to make Iraq work," as one of Ms. Rice's aides put it. That's a good aim, and Mr. Maliki certainly deserves high-profile support. Still, a lingering question is whether Mr. Rumsfeld and Ms. Rice were in Iraq to revitalize the U.S. mission or to seize on a rare positive moment to inaugurate its retreat.

The administration and U.S. commanders are clearly eager to find reasons to draw down troops from the current total of 132,500 by the fall. Both Mr. Rumsfeld and Gen. George W. Casey Jr. seized on the government breakthrough: "I'm still on my general timeline," Gen. Casey told reporters yesterday. Of course, if U.S. forces can be drawn down without damaging the new government or undermining its ability to fight the insurgency, that will be welcomed by both Americans and Iraqis. But so far Iraq's slow political progress has had no impact on the violence, which has been growing steadily worse. Before welcoming Iraq's new government by pulling out tens of thousands of soldiers, President Bush ought to carefully consider whether that is the best way to achieve the victory he says he seeks.

GIs Kill 13 In Raid On Iraq Safehouse (AP)

DOJ_NMG_0026900

By Lee Keath

AP, April 26, 2006

U.S. troops backed by a helicopter and jets struck a suspected safehouse of foreign insurgents, killing 12 militants and a woman in a raid near the site where an American helicopter crashed, the U.S. military said Wednesday.

In Baghdad, a bomb ripped through a minibus carrying passengers to their Shiite neighborhood, killing four people, who were among at least 12 Iraqis killed in violence Wednesday. Police also found 11 bodies dumped in Baghdad and elsewhere, the apparent victims of sectarian killings.

The violence came as Shiite, Sunni and Kurdish politicians haggled over forming a new government aimed at stopping the bloodshed.

The new Sunni vice president, Tariq al-Hashimi, made a show of unity with his Kurdish and Shiite colleagues, calling for Iraq's insurgency to be put down by force.

Al-Hashimi shrugged off a videotape by Abu Musab al-Zarqawi in which the al-Qaida in Iraq leader tried to rally Sunni Arabs to fight the new government and denounced Sunnis who cooperate with it as "agents" of the Americans.

"I say, yes, we're agents. We're agents for Islam, for the oppressed. We have to defend the future of our people," al-Hashimi said at a news conference with President Jalal Talabani, a Kurd, and his fellow vice president, Shiite Adil Abdul-Mahdi.

"We believe that Iraq's interest now is to normalize the situation and maintain stability, as well as to impose security and peace by force," he said.

The three spoke after meeting with Secretary of State Condoleezza Rica and Defense Secretary Donald H. Rumsfeld, who made an unannounced visit to Iraq for talks on the new government.

U.S. officials are hoping Sunni participation in a national unity government led by Shiite Prime Minister Nouri al-Maliki will undermine the Sunni-led insurgency as well as reduce Shiite-Sunni violence that has flared in the past two months.

Coalition forces hit the suspected safehouse Tuesday in Youssifiyah, 12 miles south of Baghdad, near where a U.S. Apache helicopter crashed April 1. The U.S. command said the helicopter was believed to have been shot down.

The Mujahedeen Shura Council, purportedly a new umbrella organization that includes al-Qaida in Iraq and smaller insurgent groups, claimed responsibility for that attack, and Al-Jazeera TV aired footage provided by the insurgents which they claimed showed parts of the wreckage.

The U.S. military did not say whether the suspected militants killed in the raid were believed to have been involved in the helicopter crash. The area is part of the infamous "triangle of death" and scene of numerous ambushes against U.S. and Iraqi troops, foreigners and Shiite civilians.

According to the U.S. statement, intelligence led coalition forces to the safe house, and when they reached it they came under direct fire.

The soldiers fought back with the support of a coalition helicopter and jets, killing five militants outside the safe house, including one armed with a shoulder-fired rocket, and destroying the building, the U.S. military statement said.

A search of the wreckage found the bodies of seven heavily armed insurgents and an unidentified woman, the military said.

The troops also discovered suicide notes on one of the militants, explosives vests used by suicide bombers, hand grenades and ammunition, the statement said.

In Baghdad on Wednesday, a bomb exploded aboard a minibus, killing four Iraqi passengers and wounding two, police said. The bomb, hidden in a shopping bag, exploded as the minibus was driving from the center of the capital to a Shiite neighborhood, said police Maj. Mahir Hamad.

Such privately owned minibuses are frequently used as public transport in the capital.

The bodies of five Iraqis who had been kidnapped and killed were found in Baghdad, and six bodies were discovered in Karbala, 50 miles south of the Iraqi capital, police said. All the Karbala victims had been shot in the right eye, said police.

In southwest Baghdad, police received a tip that two men were traveling in the area with explosives hidden beneath their clothes, said police Capt. Jamil Hussein. After a brief gunbattle, the explosives detonated, killing both men, he said.

In other violence, five roadside bombs, two mortars and an attack by gunmen killed two Iraqis and wounded 17, six of them policemen, authorities said.

A string of shootings in Baghdad on Wednesday evening killed six more Iraqis — including a Sunni cleric and an army officer whose home was stormed by gunmen.

That raised to 108 the number of Iraqi civilians or police who have been killed in insurgency- or sectarian-related violence since al-Maliki was tapped as Iraq's prime minister designate on Saturday and asked to form a national unity government.

Iraqis Building Makeshift Roadblocks (AP)

By Antonio Castaneda

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AP, April 26, 2006

They're set up on roads all around the Iraqi capital, sometimes rusty car skeletons, washing machines or home appliances piled together, sometimes piles of garbage or dirt. Often a gunman or two keeps watch for any strangers.

Desperate to protect their homes from sectarian violence, Baghdad's residents have turned to makeshift roadblocks. In some areas, the majority of streets are blocked off or protected by homemade barriers that slow traffic.

Some barriers have been in place for over a year in both Shiite and Sunni neighborhoods. But many more have appeared since the Feb. 22 bombing of a Shiite shrine in Samarra that ignited a wave of sectarian violence and left the country struggling to defuse another crisis.

"They increased twofold after Samarra," said 1st Lt. Brian Murphy of Eastchester, N.Y., assigned to the 8th Squadron, 10th Cavalry Regiment, 4th Infantry Division. "They're everywhere, in Shiite neighborhoods, Sunni ones."

Some of the barriers are sophisticated, built in curved "serpentine" shapes that allow traffic to pass at a reduced speed. Residents said this would allow them to fire back at roaming militants trying to gun down pedestrians.

Gunmen "would be surrounded if they did anything. We would be happy if we could have more" road barriers, said Sheik Nassar Khazal, a neighborhood leader in a cluster of apartment buildings in the religiously mixed neighborhood of Dora in south Baghdad.

As he spoke, two neighborhood guards dressed in black quietly watched a passing U.S. patrol. U.S. soldiers have received reports that some of the guards are Shiite militiamen led by radical anti-American cleric Muqtada al-Sadr, whom Sunni leaders accuse of instigating much of the sectarian violence.

But some of the guards were thought to be Iraqis simply trying to protect their families as Iraqi troops remain overwhelmed by the insurgency. U.S. soldiers said some guards would quickly throw down their weapons as U.S. patrols approached, while other lookouts would keep their AK-47s in nearby homes.

In the wave of violence that has struck everything from elementary schools to marketplaces, the barriers have sprouted up around nearly every facility that could be a target.

"A lot of times they'll put them up in defense of their mosques or schools, or to slow down a (car bomb)," said 1st Lt. Chuck Williams of Laurel, Miss., assigned to the 2nd Battalion, 506th Regimental Combat Team, 101st Airborne Division. Some mosques in the area that Williams patrolled also had sandbagged rooftop positions.

American soldiers complained the barriers also had the unintended consequence of slowing down U.S. vehicles trying to catch insurgents or those responsible for sectarian killings.

As U.S. soldiers picked up concertina wire along a street and told bystanders not to build any more barriers, one resident responded: "We want to protect our areas from Sunnis." Graffiti threatening Shiite residents was all along the street.

"Well, tell them it doesn't allow us to protect them. It takes forever to weave through this," said Sgt. Nolan Dawson of Boise, Idaho, speaking to an Iraqi interpreter. "They don't understand."

Some soldiers, however, sympathized with residents.

"If you're not from the area and you're looking to start trouble, you might look at the barriers and figure everyone is watching," said Murphy.

Many residents gave much thought to the barriers, unpredictably moving them around to confuse possible attackers — a tactic apparently adopted from U.S. soldiers who guard bases and outposts.

"Tonight there are no barriers (on this street). But tomorrow another patrol may come by and they'll have to zigzag through here," said Sgt. 1st Class Charles Ilaoa of Tafuna, American Samoa, assigned to the 8th Squadron.

In some poorer Shiite slums, the barriers were simple mounds of rubbish piled four feet high. Elsewhere, large concrete barriers — the type that surround U.S. bases — were lined up on the roads. Soldiers said Iraqi police and paramilitary commandos had even helped residents put some in place.

"You know people want to keep people away when they use the washing machines," said Ilaoa.

For now, residents said the barriers were here to stay, or at least until they felt safe again in front of their own homes.

"Some strangers' vehicles come into our neighborhood and do crimes, so we put this here," explained Hassan Iman Hashem, a smiling Shiite man who used dirt and concrete blocks to cut off the road in front of his home. His children milled around the barrier as they watched a U.S. Humvee climb around the mound.

Behind The Chaotic Battle Lines In Iraq (TIME)

By Micahel Ware

Time, April 26, 2006

When Baghdad's notorious Adhamiya district exploded in vicious gun battles last week, few were really surprised. The area, rich with former army, intelligence and secret police officers from Saddam's regime, had been trumpeted by the U.S.

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military as a former insurgent hot spot brought under control — a success story in the effort to hand over more of the responsibilities for keeping order to the Iraqis. Yet most on the ground knew that beneath the suburb's surface, trouble still brewed. U.S. military intelligence believed the town was still being used by the Ba'ath insurgents as a command headquarters and logistics base, and American officers suspected that Iraqi commanders they're allied with had struck an accord with the guerrilla leadership, promising not to interfere as long as their troops were not attacked.

But all that came apart in the early hours of April 17 when a two-day firefight between local insurgents on one side and Iraqi soldiers and American GIs on the other broke out. Though the encounter was minimized by top U.S. military officials, the battle appears to have been a more serious outbreak of sectarian violence, between well-organized units of the insurgency and what military sources suspect was a Shi'ite death squad linked to the U.S.-backed Iraqi government.

The basic facts of the battle are not in dispute. Some time between 1 a.m. and 3 a.m. on April 17 a well-known Iraqi army checkpoint at a prominent Adhamiya intersection came under intense fire from insurgent forces in the town. Other Iraqi units responded and a blazing battle ensued. American advisors from a Military Transition Team (MiTT) with the 101st Airborne, embedded within the battalion under attack, were called out and were soon fighting for their lives. A coalition quick-reaction force was summoned.

Though the severity of the battle was played down by official U.S. military spokesmen, officers on the ground tell a different story. "It lasted for about seven hours after we arrived, so the enemy was pretty determined. They did not just fade away," says the MiTT team chief Major Chuck Markos, whose men were hit with flurries of rocket propelled grenades and small arms fire. "It was significant." The exchanges lasted until shortly before lunch. By mid-day, the district was boarded up, bereft of traffic or life, but quiet. The next morning at about 6 a.m., hostilities started again, with several more hours of fighting before quiet finally returned. By week's end, the scene was tense but trouble free. Cars are back on the street, but many shops remain closed.

The question is exactly what triggered this battle and who fought it. Sunni community leaders claim that local residents grabbed whatever weapons they had to defend their homes from a sectarian attack by Shi'ite militias in government uniforms. They say night guards, akin to an armed neighborhood watch, fired back at roaming gunmen strafing them as they stood watch. However, American officers say the men they ended up fighting weren't mere homeowners. They used the fire and movement techniques of trained soldiers. "These guys who stood and fought were not just neighborhood types," says Markos, a steely artillery officer from Chattanooga, Tenn. Intelligence officer Capt. Joshua Brandon notes that "a lot of [insurgent] command and logistics comes out of here" and that, along with posters for the locals who died in the fight, "we see lists of martyrs who were not local residents."

One of those insurgent fighters confirmed these suspicions in a clandestine interview with TIME. Abu Marwan, an insurgent footsoldier from the Ansar al-Sunnah network, said that once the fighting broke out, his cell, along with those from other guerrilla groups, was brought in from surrounding quarters as reinforcements. Adhamiya is a safe haven for any number of anti-American organizations, which share intelligence and weapons and coordinate their activities. According to insurgent sources, the groups agreed that only sparing attacks would be launched locally so as not to attract U.S. attention. American brigade commander Col. Thomas Vail says the district's concentration of working poor made it easy for insurgents to hide. "It was easy sanctuary," he says.

Abu Marwan and his cell arrived in the afternoon of the first day's fighting, he says, but there was a lull while they waited for a counterattack that night. His job was to help defend the Abu Hanifa mosque, he says, and when combat resumed the next morning that's what he did. "We heard they were coming," he says of the Iraqi troops, "so we took our positions and started shooting at them from near the mosque. We used PKC [machine guns], RPGs, grenades, everything." The men of the 101st Airborne's MiTT have no reason to doubt him. A U.S. soldier told TIME days later of how RPG rounds had whizzed past his humvee, with one sliding right under it.

Though the insurgents admit to attacking the checkpoint identified by the Americans as ground zero, they claim they did not start the battle. Local clerics, municipal officials, community leaders and the insurgents themselves all say the hostilities were started by a raid from a "death squad" backed by the Ministry of Interior (MOI) — carloads of men in MOI uniforms and irregular forces in civilian clothes who entered Adhamiya after passed through the Iraqi army checkpoints. Indeed, sources within one prominent Shi'ite militia say their men were part of the Adhamiya raid, which was targeting top insurgent leaders holed up in a building. A report prepared by the local council for the Iraqi army claims the men arrived in police and civilian cars and that another group of men in military uniforms attacked from a second direction. The report claims it took 90 minutes before the army units stationed in the area intervened. By then the battle was in full fury, and it was left for the American and Iraqi soldiers to bear the onslaught.

The death squad claims are not far-fetched. Maj. Markos told TIME his men have previously "encountered unauthorized MOI elements" in Adhamiya conducting illegal "snatch and grab type activities." He says, "The bottom line is I can't tell you definitely [what started last week's battle]. But nothing is black and white here and I would be lying to say the MOI is never here."

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He adds, "We're definitely going to look into" the charges of death-squad involvement. Intelligence officer Brandon admits the fusion of legitimate government forces with militia is a problem. "So many players are tied to the government and to armed militias, and a lot of the time the interests overlap," he says. Major General Rick Lynch sums it up: "We don't know what happened yet." With the Iraqis set to assume more control of the war, and with newly anointed Prime Minister Jawad al-Maliki calling for more militias to be integrated into government forces, the murky battle at Adhamiya could be a harbinger of more troubles to come.

Army Plans To Charge Abu Ghraib Officer (AP-Y2)

By Pauline Jelinek

AP2, April 26, 2006

The Army is planning to charge a colonel with criminal offenses in connection with the abuse of prisoners at the Abu Ghraib prison in Iraq, officials said Wednesday.

Formal charges are expected next week against Lt. Col. Steven L. Jordan, which would make him the highest-ranking officer charged in the case, three defense officials said. They spoke only on condition of anonymity because Jordan had not yet been charged. They did not say specifically what the charges might be.

The abuse scandal broke in April 2004 when pictures of prisoner abuse were leaked to the news media. Prisoners had been beaten, sexually humiliated and forced to assume painful positions while being photographed.

Publication of the photos led to condemnation worldwide and triggered months of investigations, recriminations and a re-examination of U.S. policy on prisoners.

In Wednesday editions, The New York Times and The Washington Post quoted Jordan's former attorney Samuel Spitzberg as saying he expected the charges as early as this week. The lawyer said Jordan, a reservist who has remained on active duty for three years, is currently stationed in the Washington area.

Army spokesman Col. Joseph Curtin told The Associated Press on Tuesday that Jordan had not been charged. After any charges, the next step would be a preliminary hearing to determine whether a court-martial or other action was warranted.

Nearly a dozen soldiers have been convicted in connection with Abu Ghraib, many of them contending they were following orders aimed at preparing prisoners for interrogation. The U.S. military has also opened at least 400 investigations of prisoner abuse allegations.

Meanwhile, human rights groups said Wednesday that allegations of detainee abuse, torture and killings have now implicated at least 600 U.S. military and civilian personnel deployed to the wars in Iraq and Afghanistan, as well as to the Guantanamo Bay, Cuba, prison for terrorist suspects.

Those findings counter the Pentagon's assertion that Abu Ghraib was an aberration, according to a report compiled by the Center for Human Rights and Global Justice, Human Rights Watch and Human Rights First.

"Two years ago, U.S. officials said the abuses at Abu Ghraib were aberrations and that people who abused detainees would be brought to justice," said Meg Satterthwaite, a professor at the Center for Human Rights and Global Justice at New York University Law School.

"Our research shows that detainee abuses were widespread ... and few people have truly been brought to justice," she said in a statement.

In response to similar criticism over the past two years, Pentagon officials have defended the Defense Department's response to the Abu Ghraib abuse, calling it one of the most closely scrutinized matters in the history of the military.

The groups said they researched and analyzed tens of thousands of pages of government documents, interviews with witnesses and victims and previous Pentagon probes into the abuse.

"We've seen a series of halfhearted investigations and slaps on the wrist," said Tom Malinowski of Human Rights Watch. "The government seems more interested in managing the detainee abuse scandal than in addressing the underlying problems that caused it."

Hundreds Of Detainees Abused, Report Finds (KRT)

By Drew Brown

Knight Ridder, April 26, 2006

WASHINGTON - Three human rights groups said Wednesday that they had found credible evidence that U.S. troops and government civilians in Iraq, Afghanistan and Guantanamo Bay, Cuba, had abused, tortured or killed at least 460 detainees.

The researchers said they had found 330 cases of abuse and that only about half of them had been fully investigated, and one-third never were investigated or remained unresolved. The findings are in a report by New York University's Center for Human Rights and Global Justice, Human Rights First and Human Rights Watch.

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At least 600 U.S. service members or civilians have been implicated in the cases of abuse. About 400 of them have been investigated, and only one-third of those who have been investigated have faced punishment of any kind, researchers said.

Also Wednesday, Army officials confirmed that criminal charges were being considered against Lt. Col. Steven L. Jordan for his role in the Abu Ghraib prison scandal. Col. Joe Curtin, an Army spokesman, said no decision had been made.

Jordan is the former head of the interrogation center at Abu Ghraib. If he's charged, he would be the highest-ranking officer charged in a case of detainee abuse.

The report by the human rights groups is the first full independent accounting of credible allegations of torture and abuse at American detention facilities in Iraq, Afghanistan and the U.S. naval base at Guantanamo Bay, according to the researchers.

It shows that detainee abuse has been more widespread that government officials have admitted and the American military and other government agencies have made only limited attempts to investigate and punish those responsible, the rights groups charged.

"Our findings show that the abuses and torture revealed in the Abu Ghraib photos were not the isolated acts of individual soldiers," said Meg Satterwhite, the faculty director of the Center for Human Rights and Global Justice.

The Pentagon wouldn't address specific findings in the report. A spokesman said the Defense Department had investigated more than 600 allegations of abuse and had held more than 250 service members responsible.

Of the 12 major reviews of U.S. military detention operations that have been conducted, "none of them found that the department directed, sanctioned, encouraged or condoned abuse," said Lt. Col. Mark Ballesteros, a Pentagon spokesman.

"When there have been allegations of wrongdoing, they are taken seriously, investigated thoroughly and individuals are held accountable when appropriate," he said.

Tom Malinowski, the Washington advocacy director for Human Rights Watch, said recent interviews with troops suggested that detainee abuse was less widespread than it was two years ago. But he and other researchers said civilian and military leaders needed to send a strong message that abuse wouldn't be tolerated and would be punished.

The 27-page report was based primarily on government documents, interviews with witnesses and victims, military investigation reports, court documents, detainee accounts provided by attorneys, official military statements and news accounts.

It said the alleged abuses included assault, humiliation, sexual assault or abuse, and stress techniques.

According to the report:

-Fifty-four military service members have been convicted by courts-martial in prisoner abuse cases. Of these, 40 were sentenced to prison time. The average sentence was four months. Ten of those sentenced received terms of more than a year.

More important, according to the researchers, only three officers have been convicted by courts-martial for detainee abuse. The highest-ranking was a major. No officers have been held accountable for any criminal acts committed by troops under their command.

-Of the 20 civilians referred to the Justice Department for criminal prosecution in cases of abuse, only one - a contractor - has been indicted.

-Most of the punishments meted out have been administrative, such as reduction of rank, fines or temporary confinement to base.

The researchers charged that their findings illustrated a lack of accountability over detainee abuse throughout the military and the civilian chain of command.

View the report online at http://www.hrw.org/

Danger Attaches To Sunni Names (USAT)

By Rick Jervis And Zaid Sabah

USA Today, April 27, 2006

BAGHDAD — Omar Ali al-Dulaimi had always been proud of his first name. It's a strong, Sunni-sounding name that honors a seventh-century caliph and revered figure in Sunni Muslim history.

Last week, however, he paid $60 to get a fake ID card and become “Mohammed.” Lately, it's too dangerous to sound Sunni, he says.

“It's a form of stolen freedom,” says al-Dulaimi, 34, a mobile phone sales representative who lives in Baghdad with his wife and two young children. “But we need to be cautious. Each day I go to work, my family doesn't know if I'll return.”

Iraqis in Baghdad named Omar or Othman — two of the most recognizable names identified with Sunni Islam — are getting fake IDs, changing their names legally in court, even teaching their young children to say more neutral-sounding names if asked, al-Dulaimi says.

Some names, such as Ali, Mohammed and Ahmed, are common among both Sunnis and Shiite Muslims. But Omar and Othman are linked mostly with Sunnis.

The rush to mask identities underscores the increased sectarian tensions in Iraq since February's bombing of a sacred Shiite mosque in Samarra. The attack led to reprisals by Shiite gunmen and continuing violence between Sunnis and Shiites.

Bullet-ridden bodies are regularly found around Baghdad. Some are victims of sectarian killings. Hussam al-Jubouri, a human rights officer with the Sunni Iraqi Islamic Party, says his office has counted 544 Sunnis killed since the bombing Feb. 22. Those numbers could not be independently verified.

"Many of them were named Omar, and others were killed because of their Sunni tribal names," he says. "Every day, there are 10 to 15 Sunnis killed."

Ali al-Obeidi had long been known to clients and friends as "Abu Omar," or "Father of Omar." It is common among Iraqis to take the name of one's eldest son in this fashion. But shortly after the shrine attack in Samarra, customers at his money-exchange shop in Baghdad's al-Khadra neighborhood stopped calling him Abu Omar. His 13-year-old son, Omar, was taunted at school for his name, al-Obeidi says.

He got scared after reading about Sunnis being targeted for their names, he says. So he took his son to the registry office downtown and had his name legally changed from Omar to the more neutral-sounding Samir.

"These problems did not exist before, but they will continue for years," al-Obeidi says. "I just needed to protect my son from future sectarian threats."

Gen. Ali Ghaleb, deputy interior minister for police affairs, acknowledges that some people are targeted because of their names and says it is not surprising that people would want to conceal their identities. "A human being has the right to protect himself by all means," he says. "Even our officers don't always carry their police IDs on them to protect themselves."

Omar and Othman represent two of the most revered figures in Sunni history: Omar Bin Al-Khattab and Othman Bin Affan, seventh-century caliphs revered by Sunnis but considered illegitimate by many Shiites.

Sunni Arabs represent about 20% of Iraq's 26 million people, but they have long dominated Iraq's ruling class. Shiites, about 60% of the population, were oppressed under Saddam Hussein, particularly after the Gulf War of 1991 when Kurds and Shiites unsuccessfully rose up against the regime.

In Baghdad and other parts of Iraq, secular Shiites and Sunnis have lived together for years. Some tribes or extended families have both Sunni and Shiite branches.

Al-Dulaimi says he first noticed targeted killings of Sunnis and Shiites last summer, about the time Shiites gained control of the Interior Ministry, which handles internal security. In July, his cousin, also a Sunni, was arrested in a raid in Baghdad's predominantly Sunni Adamiyah neighborhood and was never seen again, al-Dulaimi says.

After the Samarra bombing, the violence intensified. Shortly after the attack, he says, he and a friend were stopped at a police checkpoint in southwestern Baghdad on their way to work and made to show their identity cards. Commenting on their names and neighborhoods, the officers forced them out of their car and searched it for weapons, al-Dulaimi says. Though they had taken that route many times, they had never been searched or questioned, he says.

They were released, al-Dulaimi says, but he made up his mind to change his name. Many of his friends are doing the same, he says.

He says he doesn't expect improvement with the new government. "They've already planted the seeds of sectarian violence," he says. "It could never go back to how it was."

Six-Nation Bloc Plans Anti-Terror Maneuvers (WP)

By Edward Cody

The Washington Post, April 27, 2006

BEIJING, April 26 -- China, Russia and four Central Asian nations announced Wednesday that they will hold joint anti-terrorism exercises next year, emphasizing a desire to balance U.S. military influence in Asia with stepped-up preparations of their own.

The regional security grouping, known as the Shanghai Cooperation Organization, includes Kazakhstan, Kyrgyzstan, Tajikistan and Uzbekistan. Its activities have centered mainly on guarding against cross-border threats to internal stability, particularly from militant Islamic groups.

Guo Boxiong, vice chairman of the Chinese Communist Party's Central Military Commission, said the plans for joint drills demonstrate the group's growing role in maintaining security in the region, the official New China News Agency said. He vowed that defense ministers from the six nations will work together to combat what China calls the "three forces" -- separatism, terrorism and extremism -- that threaten to provoke unrest in the area.

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In a communique, the six nations said next year's exercises will be held in Russia. They did not detail what activities were planned. But the Russian defense minister, Sergei Ivanov, told reporters here that the exercises will be designed by a group of military and anti-terrorism experts to enhance regional security coordination and are not aimed at any third country.

In China's case, the threat has mainly come from Uighur separatists in the heavily Muslim Xinjiang autonomous region of western China. Through common Turkic languages and history, the estimated 8 million Uighur people have maintained ties to their Central Asian neighbors even as the region increasingly is populated by China's Han majority. As a result, Beijing is eager to cultivate influence with the governments of those nations, lest Uighur militants find support and encouragement from across the borders.

China also has a growing stake in maintaining a stable environment in Central Asia, which is a source of oil and gas for the energy-hungry Chinese economy. Although Russia traditionally has played a leading role in the region -- the nations of Central Asia were Soviet satellites -- Chinese diplomacy and trade have established a significant presence in recent years. The Shanghai Cooperation Organization was formally organized in 2001 under Chinese leadership.

The first joint anti-terrorism maneuvers by the group were held in 2003, although Uzbekistan did not participate. They included some exercises in the Xinjiang region.

Separately, China and Russia held bilateral military exercises last August. They were billed as a drill against ethnic unrest but also were interpreted as a demonstration that Beijing and Moscow want the United States to understand it is not the only guarantor of security in the region despite its dominant role since World War II.

Army Moving To Secure Data At Afghan Base (LAT)

By Julian E. Barnes, Times Staff Writer

The Los Angeles Times, April 27, 2006

After reports of thefts, the chief of staff says troops are being trained in the proper use and protection of computer memory drives.

WASHINGTON — The Army's chief of staff said Wednesday that he was frustrated by security lapses at Bagram air base in Afghanistan that led to the loss of potentially sensitive data, and that the military must learn how to be more careful with new technology.

Weeks after revelations that flash drives carrying sensitive and classified information have turned up for sale in a bazaar outside Bagram, Gen. Peter J. Schoomaker said the Army was trying to improve how soldiers used and secured flash drives.

"We have been working hard to educate the force to develop policies to make sure everyone understands what the vulnerabilities are," he said.

A market for used computer memory drives has sprung up outside the Bagram base. On April 10, The Times reported that drives being sold at a marketplace just outside the base gate contained documents and files labeled as secret. Although some of the information had been deleted, it was easily reconstructed with software available on the Internet.

Documents on some of the drives appeared to contain the names, photographs and telephone numbers of Afghan informants aiding U.S. forces.

After the disclosure, the military began a criminal investigation and tightened security at the base. But last weekend, more drives with sensitive data were again being sold at the Bagram bazaar. One smuggler told The Times that he sold four memory drives to a local shopkeeper after a shift change Sunday afternoon.

At the request of military officials, The Times on Wednesday returned the flash drives it had purchased at the Bagram bazaar.

U.S. military officials have been vague about the steps they are taking to improve security practices in Afghanistan and throughout the armed forces.

The military is "making all attempts to protect the identities of people who are helping us to defeat the enemy," Col. Thomas Collins, a spokesman for the U.S. military in Afghanistan, wrote in an e-mail.

Collins and other officers familiar with the situation in Bagram said they believed the security improvements made after the first disclosures of stolen drives were working.

Schoomaker's comments came as members of Congress said this week that they wanted to learn more about what commanders were doing to stop the security lapses. Sen. Jack Reed, a Rhode Island Democrat and a member of the Senate Armed Services Committee, said it was disconcerting to learn information was still being stolen, even after the original security crackdown by the military.

"I have to be concerned," he said. "It seems that materials of varying degrees of sensitivity are being pilfered from the base and sold in the markets of Bagram."

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Lawmakers say they are having difficulty assessing the extent of potential damage from the sale of the drives from Bagram, which houses a detention and interrogation center for terrorism suspects flown in from around the world.

Reed said he was waiting to hear more from the military about the steps officials were taking to protect Afghans who had been aiding U.S. forces.

Rep. Vic Snyder (D-Ark.), a member of the House Armed Services Committee, said the thefts had shown the Army one of the "perils of modern warfare."

"The more you are dependent on computers, the more you are at risk of some of the hazards of computers," he said. "You can really have a lot of stuff walk off in something just 3 inches by an inch [long]."

Flash memory drives, also called thumb drives or jump drives, are as common in the military as they are in civilian life. Soldiers are supposed to treat drives that hold classified information as sensitively as a file folder marked "top secret."

Last year, the Army formed an organization called the OpSec Support Element, which has been assigned to renew attention on security. Army officials said that Schoomaker had begun pushing for a new emphasis on operational security, particularly with electronic data.

Speaking at a breakfast meeting of defense writers on Wednesday, Schoomaker said it was not realistic to stop using technology such as flash drives.

"Cellphones, cellphones that take pictures, all of this stuff including things like thumb drives and flash drives, these are great innovations," he said. "But they have tremendous liabilities."

The general, who is known for occasional folksy metaphors, suggested the military must learn to be more careful with what it puts on the drives, and where the drives are left. "You don't put the family cat," he said, "into the microwave."

Reed, who visited Afghanistan in January, said the military was trying to balance security with economic development. Keeping Afghans off the base would cut them off from an important source of jobs, he said. Nevertheless, Reed said the command needed to find a way to prevent loss of military secrets.

"You have this impetus to employ indigenous workers," Reed said. "But then you have the problem if some of them are engaging in theft. That poses a dilemma. And that is the situation we face right now."

Suit Claims Illegal Use Of Recruitment Database (AP)

AP, April 27, 2006

NEW YORK (AP) -- The Defense Department is violating the privacy of millions of high school students nationwide with a detailed database it uses for military recruitment, a federal lawsuit filed Monday claims.

The New York Civil Liberties Union sued on behalf of six high schoolers, saying the department is ignoring privacy rules set by Congress regarding the collection and distribution of students' personal information.

Military officials have said they have about 30 million names in the database. The Pentagon said last year the list includes high school students ages 16-18 and college students, and includes such information as the students' Social Security numbers, gender and race.

Hope Reichbach, a 17-year-old senior at Hunter College High School in Manhattan and a plaintiff, said she contacted the NYCLU after she had tried unsuccessfully to get her name removed from lists and databases that she said subjected her to repeated phone calls from military recruiters.

"I want them to leave me and other students alone," Reichbach said.

The department is flouting a 1982 military recruitment law that specifies that it refrain from collecting information on students under 17, that it store the information for no more than three years and that the information be kept private, the lawsuit said.

The current database includes information on 16-year-olds, is storing the information for five years and is being shared with law enforcement and other agencies, the lawsuit said.

Megan Gaffney, a spokesman for the U.S. Attorney's office, declined to comment on the lawsuit Monday.

The plaintiffs are six 16- and 17-year-old students who don't know if they are included in the database, but who object to it, lawyers said.

"Our clients don't wish to join the military," said Corey Stoughton, an NYCLU attorney. "And they don't want their genders, ethnicities and social security numbers collected and distributed."

DOJ:

Gang Activity Brings Attorney General To Tampa (TAMPTRIB)

By Anthony McCartney

Tampa Tribune, April 27, 2006

TAMPA â€“ Saying gangs represent a threat to the â€œAmerican dream,â€ U.S. Attorney General Alberto Gonzales announced a $2.5 million grant to combat the spread of gangs in Hillsborough County.

Gonzales spent about half a day in Tampa and Hillsborough County, touring the site of a suspected gang shooting that killed two people in February and the shooting of a deputy with a BB gun days later.

But Gonzalesâ€™ tour of Tampa and northwest Hillsborough County touched on numerous other topics, including opportunity, education and immigration.

He spoke to a group of students at Leto High School, who he said were curious about his security detail, immigration and whether he had any presidential ambitions. (He didnâ€™t indicate any to a group of reporters later.)

During the session, Gonzales said he sought to draw parallels between the studentsâ€™ lives and his own. â€œTheir high school looked like my high school,â€ he said.

Gonzales acknowledged that the Tampa Bay area is not a hub of gang activity that other cities awarded the grant are, but said even one gang member poses a threat to the community.

â€œOne gang member represents a productive member of society â€¦ who may be lost,â€ Gonzales said.

He said the county presented the Department of Justice a thorough and â€œâ€ well-thought-out planâ€ that would prevent further gang encroachment.

The other areas awarded Justice Department grants were Los Angeles, Dallas-Forth Worth, Milwaukee, Cleveland and a corridor that stretches from Easton to Lancaster, Pa.

Gonzales said the $2.5 million would be divided this way: $1 million for education programs, $1 million for enforcement and $500,000 to try to prevent suspected gang members who are arrested or convicted from returning to a life of crime.

US Attorney General Says Tampa Will Get Money To Combat Gang Activity (WUSF)

By VALERIE INGRAM

WUSF AM , Tampa, April 27, 2006

US Attorney General Alberto Gonzales TAMPA (2006-04-26) Tampa is one of six U.S. cities receiving a $2.5-million grant from the Department of Justice. Earlier this year two former Leto High School students were killed during a gang related gun battle in Town and Country.

U.S. Attorney General Alberto Gonzales visited the school and spoke with students like 17 year old Saed El-Hadri.

SAED: He talked about gang related things around our neighborhood and how we needed to stay in school and don't be associated with gangs cause you won't go notwhere in life.

Gonzales also met with local law enforcement and community leaders.

GONZALES: My general impression is that people understand that they want to focus on this as an issue and they've developed a good plan to deal with it, so I'm optimistic that working together we'll see success here in dealing with this issue.

He says the anti gang grant will be used on education, law enforcement and community re-integration programs for former felons.

Heaton Picked For U.S. Attorney (SSJR)

By BERNARD SCHOENBURG, POLITICAL WRITER

Springfield (IL) State Journal-Register, April 27, 2006

Bush sticks with interim holder of the position

Rodger Heaton, interim U.S. attorney for the Central District of Illinois, is President Bush's choice to continue as the top prosecutor in the region, The State Journal-Register has learned.

"The White House has made the decision," according to a local Republican source.

Copley News Service reported last week that the three people whose names had been forwarded to the White House by House Speaker Dennis Hastert and GOP congressional colleagues were: Heaton; Darin LaHood, the son of U.S. Rep. Ray LaHood, R-Peoria; and John Michelich, an Auburn native who works for the U.S. Department of Justice.

A White House spokesman said Tuesday that no decision on the prosecutor has been announced. Senate confirmation is required.

The U.S. attorney for the 46-county central region oversees prosecution of federal crimes in the area.

Sharon Paul, spokeswoman for the U.S. attorney's office in Springfield, said Heaton considers it a privilege to be serving in his current position. He is "hopeful he'll be nominated, but as yet he hasn't been notified of any decision," she said Tuesday.

Heaton, 46, was appointed to the interim post as of Dec. 1 by Attorney General Alberto Gonzales. Heaton replaced U.S. Attorney Jan Paul Miller, who took a job with a St. Louis law firm.

Heaton began his career as a federal prosecutor in Indianapolis in 1989 before transferring to the U.S. attorney's office in central Illinois. He was an assistant U.S. attorney from July 1990 to December 2000. From January 2001 to April 2003, he was a litigation partner with Kirkland & Ellis in Chicago. He returned to the federal prosecutor's office in May 2003 as chief of the civil division.

From September 1997 to July 1998, he was assigned to help independent counsel Kenneth Starr in the Whitewater investigation. In that capacity, he handled the tax-evasion prosecution of former Arkansas Gov. Jim Guy Tucker, who resigned his office.

Also in 1997, Heaton was a prosecutor in the case of Management Services of Illinois, in which a jury in Springfield found the company, a co-owner and a former state Department of Public Aid administrator guilty of mail fraud and bribery.

Heaton has been an adjunct professor at the University of Illinois College of Law, where he taught courses in white-collar crime. He was on the Rochester School Board from 1995 to 1999.

Darin LaHood recently moved to Peoria from Las Vegas, where he was lead terrorism prosecutor. He now works in the law firm of Miller, Hall and Triggs.

Michelich has worked in a variety of roles with the Department of Justice since 1988, including time in The Hague, helping with investigation and prosecution of war crimes in the former Yugoslavia. He is a former assistant state's attorney in Sangamon County.

State Sen. Rick Winkel, R-Urbana, was also a candidate for the job. And Kent Gray, chairman of the Lincoln Land Community College board and an attorney with the Springfield firm of Giffin, Winning, Cohen & Bodewes, said Tuesday that he, too, applied for the job and was interviewed by Hastert and others in Washington.

Bernard Schoenburg can be reached at 788-1540 or bernard.schoenburg@sj-r.com.

Justice To Make Case Management More Inclusive (GCN)

By Jason Miller, GCN Staff

Government Computer News, April 27, 2006

While the Justice Department was bogged down in awarding a $305 million contract for its do-over case management system called Sentinel, the Line of Business Consolidation initiative for a similar effort was treading water.

But with Sentinel awarded earlier this year to Lockheed Martin Corp., the Office of Management and Budget is pushing Justice to include all agencies under the LOB umbrella.

For litigation case management, Justice, which completed the target architecture in fiscal 2005, now will work with any agency that is involved with litigation, according to an administration official familiar with the LOB.

These agencies include the Environmental Protection Agency, IRS, Securities and Exchange Commission and many more.

"We know it's more than just the Justice Department and we want to make sure whoever is going forward with a litigation system either builds onto or adds to the Justice system," the official said. "If we are going to build many times, we want to use a similar architecture so the systems can share information and components easily."

Justice and OMB held a meeting last week to develop the plan with new LOB program manger Paul Garrett, who took over for Price Roe in March.

For the federal investigative case management system, the second piece of the LOB—of which Sentinel is one part—the official said the goal is to get Justice, the Homeland Security Department and any other agency that does investigations to work more closely together. Justice also developed the target architecture for the case management system and held an industry day last fall.

CORPORATE SCANDALS:

Prosecutors Get First Shot At Lay (WSJ)

By John R. Emshwiller And Gary McWilliams

The Wall Street Journal, April 27, 2006

HOUSTON -- Under hard questioning by a federal prosecutor, former Enron Corp. Chairman Kenneth Lay1 admitted that he probably violated the company's code of ethics and had to fend off accusations of hypocrisy and attempted witness tampering.

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The confrontation with prosecutor John Hueston came as the government began its questioning after Mr. Lay spent nearly three days testifying in his own defense. The two men clashed sharply as Mr. Hueston pushed to ruffle the usually affable Mr. Lay.

The witness angrily denied Mr. Hueston's allegations that calls he made as recently as this month to potential trial witnesses were attempts to improperly influence them to agree with his version of events. "You are distorting the phrase 'in agreement with my story,' " Mr. Lay shot back, adding that, "I don't have a story." Mr. Lay said he made the calls to educate himself and confirm his own recollections of events.

The possible ethics-code violation concerned a $120,000 investment Mr. Lay made in a private Internet company called PhotoFete.com Inc. The PhotoFete issue first arose during the testimony of Mr. Lay's co-defendant, Jeffrey Skilling2, who had made about a $160,000 investment in the firm, which did about $450,000 of business with Enron. Messrs. Lay and Skilling were supposed to notify Enron's board about the potential conflict of interest.

The government has accused the two of allowing former Enron Chief Financial Officer Andrew Fastow3 to run conflict-laden private partnerships that helped manipulate company results. However, neither defendant is charged with wrongdoing in connection with PhotoFete or approaches to potential witnesses.

Mr. Hueston also attempted to portray Mr. Lay as a hypocrite. The prosecutor said that Mr. Lay stood by as one of his attorneys, outside the courthouse, disparaged a government witness, former Enron Treasurer Ben Glisan4 Jr., as a "monkey." (The attorney's full phrase was "performing monkey.") Mr. Hueston asked whether Mr. Lay later approached the witness in private and offered him sympathy. "One message for the outside world and one message for the inside world," said the prosecutor.

Mr. Lay said he was merely trying to comfort Mr. Glisan in a tough situation. Mr. Hueston shot back, "You made him feel better by calling him a monkey?" Mr. Lay said he didn't recall what his attorney said. "I can't take full responsibility for what my lawyers say or do," he added.

Under questioning by his own attorney, Mr. Lay defended his decision not to disclose in 2001 that he cashed in some $70 million of Enron stock. He said such disclosure wasn't required and that such news "would not have been a positive event in the marketplace." Mr. Lay isn't accused of insider trading, but has received much public criticism for cashing in the stock before Enron's December 2001 bankruptcy filing.

Prosecutors contend that Mr. Lay misled Enron employees in September 2001 about the transactions. Mr. Lay said he didn't mention cashing in his shares because he viewed them as "forced sales" and "not indicative of my optimism in Enron." Mr. Lay said he cashed in the stock only to meet pressing margin calls on personal loans.

To charges that he misled the public in 2001, Mr. Lay said that he relied in good faith on a variety of accountants, lawyers and company subordinates when he made upbeat statements about Enron.

Enron Founder's Testimony Is Fiery (WP)

By Carrie Johnson

The Washington Post, April 27, 2006

HOUSTON, April 26 -- A federal prosecutor accused Enron Corp. founder Kenneth L. Lay of trying to influence the testimony of witnesses in Lay's fraud trial and blasted him for failing to disclose a conflict of interest in the scorching start to his cross-examination Wednesday.

Lay, 64, grew furious at the government attack, pointing his finger and answering questions from Assistant U.S. Attorney John C. Hueston in an increasingly aggressive tone.

Hueston began his presentation by throwing back at Lay a quote from his own lawyer's opening statement three months ago: "By our deeds we are known." The prosecutor followed up with unrelenting questions designed to cast doubt on actions Lay took before the energy trader hurtled into bankruptcy protection in December 2001.

Government lawyers contend that Lay misrepresented Enron's health in a series of public statements to employees and investors in its waning months -- accusations that Lay, who once stood at the center of Houston society and hobnobbed with the Bush family, denied vehemently as a form of character assassination.

Hueston also presented quotes from one of Lay's defense lawyers, who told reporters earlier in the trial that former Enron treasurer Ben F. Glisan Jr. was "a performing monkey" who "contradicted the theory of intelligent design." Glisan, who pleaded guilty and is serving a five-year prison sentence, testified that he informed Lay about Enron's dire financial problems, providing some of the most potentially damaging testimony against him.

"Did you engage in character assassination of witnesses?" the prosecutor asked.

Lay replied sharply, "Are you considering yourself? I just want to make sure I understand who's on that list."

Hueston, who has drawn Lay's ire for years as the main investigator in the case against him, shot back: "Mr. Lay, I'm an assistant U.S. attorney. This is my job. You may call me anything you want."

A clutch of Lay's relatives and friends, including his pastor, spilled over into a second bench of the courtroom Wednesday, and spectators vied for a better view of what could be the pivotal moment in a case that launched an era of business scandals. How the eight-woman, four-man jury assesses the credibility of Lay and his fellow defendant, Jeffrey K. Skilling, who finished his own testimony last week, could be a decisive factor in its verdict. Both Lay and Skilling, 52, face more than a decade behind bars if they are convicted.

Hueston asserted that Lay had placed several phone calls to friends at Goldman Sachs Group Inc. in the course of the trial, seeking to find witnesses who would discredit the account of a Sept. 6, 2001, meeting given by former finance chief Andrew S. Fastow, one of the government's key witnesses. The prosecutor also claimed Lay had tried to reach another witness, risk analyst Vincent J. Kaminski, through an intermediary just days before he began his testimony. Lay said he "did not recall" whether Kaminski was a likely government witness, even though his name appeared on lists provided to the defense.

"You were trying to recruit people to say what you wanted them to say," Hueston charged. Lay retorted that he didn't have a "story" he was trying to get straight, as prosecutors claimed.

The prosecutor noted that Lay, who resumed day-to-day control of Enron after Skilling resigned abruptly in August 2001, received frequent updates on the company's finances. Lay said he did not recall those documents, partly because he said he depended on Skilling to notify him about trouble spots. Lay also said he performed only brief reviews of securities filings and scripts of presentations to investment analysts, an issue the government is likely to revisit.

Hueston also asserted that Lay violated the company's code of ethics by not disclosing to the board of directors his $120,000 personal investment in Photofete Inc., an online photography company that won about $400,000 in contracts from Enron. Lay said he had "forgotten about this investment altogether" until prosecutors used it against Skilling, who also invested in the company, in cross-examination last week. Lay conceded that he did not get board approval for his investment, which he characterized as small.

The afternoon's verbal fireworks stood in stark contrast to Lay's 2 1/2 days of more deferential direct questioning by defense lawyer George "Mac" Secrest. Lay, who has called himself a decentralized manager, repeatedly interrupted his own lawyer to correct him on minor points and to offer extended lectures about business issues, even as jurors' attention wandered and they failed to respond to his jokes. The defense drew emphatic warnings from the judge this week to accelerate the pace and focus on relevant information.

Hueston, who is likely to continue questioning Lay into next week, has yet to focus in depth on one of the most inflammatory issues in the case: Lay's use of an Enron credit line to sell $77 million worth of stock back to the company in its final weeks.

Earlier Wednesday, jurors heard Lay talk about mounting financial pressures as banks sought to call in tens of millions of dollars in loans he used to buy stock. Lay testified he could not unload his $4 million Houston penthouse; three Aspen, Colo., homes; and properties in Galveston, Tex., quickly enough, leading him into "forced sales" of stock back to the company in late 2001. Lay said he received advice that the sales comported with the law, and his lawyer pointed out twice that he had not been charged with insider trading. He testified that he had tried to reach a settlement over the $7.5 million he still owed Enron but added in an impassioned tone, "it was not finalized because John Hueston blocked that deal."

Even so, the sales could prove inflammatory, as underscored by a loud whisper by one spectator to his wife when the numbers were unveiled. "Seventy-seven million dollars!" he exclaimed.

On a positive note for Lay, the judge indicated that he is likely to reject a government proposal to argue that Lay engaged in a pattern of turning a blind eye to trouble, based on a 1987 trading scandal in Enron's New York operations. Also Wednesday, jurors unanimously agreed to extend court hours after the judge warned them the case was likely to eat up at least three more weeks. The jurors used the words "bear hug" to describe their decision, a joking reference to illegal, unwritten agreements prosecutors say Enron insiders employed.

Lay Loses His Cool On Stand (NYT)

By Alexei Barrionuevo And Simon Romero

The New York Times, April 27, 2006

HOUSTON, April 26 — After waiting 13 weeks to respond to his accusers, Kenneth L. Lay lost his legendary cool on the witness stand Wednesday.

Just minutes into his cross-examination by a prosecutor, John Hueston, Mr. Lay, Enron's founder and former chief executive, testily accused Mr. Hueston of personally preventing him from repaying a company credit line Mr. Lay had used to shore up his personal finances.

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"Mr. Hueston, you know you blocked it," Mr. Lay said, his voice booming. "It's a simple answer."

Mr. Lay also struggled Wednesday to restrain his agitation when Mr. Hueston suggested that Mr. Lay had tried to tamper with potential government witnesses.

Before he took the stand, a number of legal experts had predicted that Mr. Lay would use the same folksy charm he employed during his heyday as the public face of Enron to seek to win over the 12 jurors deciding his fate in the criminal fraud trial here. But during his three days so far as a witness, Mr. Lay has found it harder and harder to maintain a kindly grandfatherly image.

Instead, Mr. Lay, 64, has become increasingly agitated, at times reacting impatiently even to his own lawyer, George McCall Secrest Jr., and lashing out at what Mr. Lay portrayed as a cabal of former Enron executives, investors and journalists whom he repeatedly blamed for the company's downfall in late 2001.

The contrast to his fellow defendant, Jeffrey K. Skilling, was particularly striking. Despite a much harsher reputation for arrogance, Mr. Skilling, in his two weeks on the stand, generally maintained his composure with only a few exceptions.

In the first 90 minutes of a cross-examination that is expected to continue at least to Monday, Mr. Lay also found himself on the defensive over a matter that tripped up Mr. Skilling as well. Mr. Lay acknowledged that he had violated Enron's code of ethics by investing $120,000 in Photofête, the same photo-sharing company that Mr. Skilling had supported, in part because it was run by Mr. Skilling's girlfriend at the time.

In testimony critical to his defense, Mr. Lay also insisted on Wednesday that he borrowed $77.5 million from Enron in the months before it collapsed to pay personal bank debts, not because he knew that the company was about to implode. Mr. Lay was under pressure to repay the loans from banks, which were issuing margin calls because of Enron's falling stock price. The margin calls required Mr. Lay to pay his debt in cash or face the prospect that the banks would sell the Enron shares he was using as collateral. He was seeking to counter government suggestions that his stock sales showed he knew Enron had serious problems.

Mr. Lay said Wednesday that he was "fighting off bankruptcy myself" at the time.

Mr. Lay boiled over even before Mr. Hueston began his cross-examination Wednesday. In a long discussion of his deteriorating personal financial situation, Mr. Lay lashed out when questioned by Mr. Secrest about efforts Mr. Lay said he had made to repay several million dollars owed on an Enron credit line.

Mr. Lay testified that he used the final $1 million he borrowed from the line, which was backed by his Enron shares, to pay the mortgage on his $4 million Houston condominium. At the time plaintiffs' lawyers were seeking to freeze the assets of Enron executives and, Mr. Lay said, he was concerned that he would be "left without a place to live." Mr. Lay said he tried to work out a deal with Enron's creditors after the company declared bankruptcy. When asked by Mr. Secrest why a deal was not consummated, Mr. Lay nearly jumped out of the witness box.

"It was not finished because John Hueston blocked that deal," he said loudly as he pointed with an outstretched arm at Mr. Hueston.

When Mr. Hueston took over, he challenged Mr. Lay over whether he had ever repaid the last $7.5 million he owed on the Enron credit line, evoking a response that it was the prosecutor himself who had prevented him from paying the debt.

When Mr. Hueston pressed, Mr. Lay retorted: "Mr. Hueston, when I was sworn in here it was to tell the whole truth, not just in part."

Mr. Hueston then drew Mr. Lay's ire by asking him about efforts to reach out to potential government witnesses and what the prosecutor described as "character assassination" of government witnesses.

Mr. Lay, his voice rising, responded, "Are you considering yourself?"

Mr. Hueston questioned Mr. Lay about comments by Mr. Lay's lawyers, who described the former Enron treasurer, Ben F. Glisan Jr., as a "monkey" and a "liar" to reporters after Mr. Glisan testified last month about fraudulent activities at Enron. "I can't take full responsibility for what my attorneys do," Mr. Lay said.

Mr. Lay acknowledged that he had tried to meet with some of the witnesses against him, including Vincent J. Kaminski, the former Enron risk management specialist. Under questioning, Mr. Lay said he sought Mr. Kaminski out in a bid to arrange a private chat over coffee just nine days before he testified in the government's case.

Mr. Hueston also suggested that Mr. Lay was trying to tamper with a witness when he spoke with an executive and longtime friend in the Houston office of Goldman Sachs, which was one of Enron's most prominent former investment banks. Mr. Hueston asked whether Mr. Lay was trying to "recruit people" at the bank to convey Mr. Lay's version of events in the trial, a suggestion that Mr. Lay angrily denied.

Earlier Wednesday, Mr. Lay described the deterioration of his personal finances, saying his net worth had dwindled to "about a quarter of a million dollars negative." Mr. Lay earned $223 million in total compensation from 1999 to 2001 but was $100 million in debt by early 2001, he said.

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"Where does $100 million go?" Mr. Secrest asked.

Mr. Lay said he was forced to sell his three homes in Aspen, Colo., and three others in Galveston, Tex., to pay legal fees and other debts. What remains are his Houston condominium and three cars. But he acknowledged that he had lived very well for a long time.

"Happily," he said, "we achieved the American dream."

That comment drew a muffled laugh from a spectator in the courtroom, which was packed with ordinary Houston citizens on Wednesday.

Mr. Lay said his investment advisers and his wife had urged him to diversify his holdings — roughly 80 percent of his net worth was tied up in Enron shares or stock options. "But very simply," he testified, "I had great confidence in Enron and Enron stock."

Lay Denies Accusation Of Witness Tampering In Enron Trial (FINDLAW/AP)

By Kristen Hays, Ap Business Writer

AP, April 27, 2006

(AP) - HOUSTON-Enron Corp. founder Kenneth Lay dropped his affable persona as his cross-examination began Wednesday, snarling at a prosecutor who accused him of witness tampering when Lay called several potential witnesses during his fraud and conspiracy trial.

Jurors who had been listening impassively snapped to attention.

"Did you have any conversations to get your story straight for trial?" asked prosecutor John Hueston.

"Can you elaborate on that Mr. Hueston?" Lay shot back. "I'm not sure what story you're talking about."

The prosecutor noted that Lay called two Goldman Sachs & Co. executives during the trial regarding a September 2001 meeting about Enron.

Former Enron Chief Financial Officer Andrew Fastow - whom Lay has dubbed a traitor, liar and crook - testified that he and Lay met with the executives to discuss restructuring Enron at the same time Lay was telling employees and reporters that the company was sound. Lay says the executives called the meeting to discuss Enron's vulnerability to a takeover.

Lay said he called the executives in March - the same month Fastow testified - but he said he did not try to align their memories of the meeting with his.

"I was trying to make sure some facts I had about a meeting we had in the fall of 2001 was right. I was just trying to make sure that all of my facts were as accurate as they could be," he declared, noting further that Fastow "gave a fake version of that meeting."

Hueston noted that Goldman Sachs attorneys warned Lay to stop calling the executives directly, a fact to which Lay glumly replied, "Uh, yeah."

Lay, known in Houston for his avuncular, polite persona and who frequently headlined charity events, shed any pretenses to his usual diplomacy when faced with the prosecutor who secured his indictment in July 2004. Lay's visible anger and Hueston's rapid-fire questioning produced an electricity that has been absent from the trial, even during almost eight days of testimony from his far scrappier co-defendant, former Chief Executive Jeffrey Skilling.

After a short afternoon break, Lay appeared to calm down.

Lay also acknowledged he tried to contact Vince Kaminski, a former top risk analyst for Enron, nine days before Kaminski testified for the prosecution. Kaminski told jurors he got a cold reaction when he told Lay and other executives in October 2001 that Enron needed to "come clean" on questionable financial structures in the weeks before it crashed into bankruptcy proceedings.

"I was trying to reach Vince Kaminski a long time ago before I even knew he would testify. I was trying to reconnect with Vince, to talk to him about some issues I wanted to talk to him about," Lay said.

Kaminski has been on the prosecution's witness list since the government released its first version in November. Lay acknowledged trying to reach Kaminski March 6 through one of his colleagues. He did not say, nor did Hueston ask, whether he reached Kaminski.

Lay recalled that he has said he endured some character assassination. Hueston asked if he had engaged in character assassination of others during the trial.

"Are you considering yourself in that league?" the ex-chairman said slyly.

"I am a United States attorney. This is my job, and you can call me anything you want," Hueston retorted. He then pressed Lay on whether he denounced former Enron Treasurer Ben Glisan Jr. as he testified for the government that he warned Lay the company was in dire straits throughout the fall of 2001.

"I don't recall what I said," Lay said. "I do think Mr. Glisan lied."

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During Glisan's testimony, Lay told reporters, "I've never heard so many lies in one day in my whole life."

Lay then acknowledged that he approached Glisan near a bathroom and a witness area during a break in the ex-treasurer's testimony and tried to soothe him.

Lay said Wednesday he thought Glisan, who is serving a prison term for creating one of the structures Kaminski complained about, has been under "enormous pressure" from federal prosecutors.

The ex-chairman also snapped, "I can't take full responsibility for what my lawyers say and do" when Hueston asked about lead Lay lawyer Michael Ramsey calling Glisan a "monkey." Ramsey has been absent from the trial since early April, recovering from cardiac procedures.

Under questioning earlier in the day from defense lawyer George Secrest, Lay insisted he borrowed $77.5 million (â,¬62.37 million) from Enron in the months before the company imploded to pay personal debt - not because he knew disaster loomed.

Prosecutors have highlighted through witnesses that Lay, 64, repaid $70 million (â,¬56.34 million) of those company loans with Enron stock. But the ex-chairman didn't tell employees or investors about that activity even as he encouraged workers to buy more shares two months before the energy giant sought bankruptcy protection in December 2001.

Lay told jurors he tried to repay the rest, but Hueston blocked him from doing so shortly before he was indicted.

Hueston took up that mantle.

"As of today, you have not repaid one dime of the principle loan of that $7.5 million (â,¬6.04 million) ?" Hueston asked.

"We tried and you blocked it," Lay snapped, adding later, "Mr. Hueston, you know you blocked it" - though he didn't explain how.

"It's a simple question," Hueston pressed.

"It's a simple answer," Lay retorted. "Mr. Hueston, when I was sworn in here, I swore to tell the truth and the whole truth, not the partial truth."

Lay faces six counts of fraud and conspiracy from when he reprised the role of CEO following Skilling's abrupt resignation in mid-August 2001. Skilling faces 28 counts of fraud, conspiracy, insider trading and lying to auditors related to his activities from 1999 to 2001.

Once jurors in the Lay-Skilling case begin deliberating, Lay faces a trial without a jury before Lake on bank fraud charges for allegedly reneging on an agreement with banks not to use $75 million (â,¬60.36 million) in loans to buy Enron stock on margin.

CRIMINAL LAW:

Rove Testifies 5th Time On Leak (WP)

By Jim Vandehei

The Washington Post, April 27, 2006

White House Deputy Chief of Staff Karl Rove sought to convince a federal grand jury yesterday that he did not provide false statements in the CIA leak case, testifying for more than three hours before leaving a federal courthouse unsure whether he would be indicted, according to a source close to the presidential aide.

In his fifth appearance before the grand jury, Rove spent considerable time arguing that it would have been foolish for him to knowingly mislead investigators about his role in the disclosure of the identity of undercover CIA officer Valerie Plame to the media, the source said. His grand jury appearance, which was kept secret even from Rove's closest White House colleagues until shortly before he went to court yesterday, suggests that prosecutor Patrick J. Fitzgerald remains keenly interested in Rove's role in the case.

Rove for the first time partly waived his attorney-client privilege to detail conversations he had with his attorney, Robert Luskin, about the leak and his knowledge of it, the source said.

Rove's testimony focused almost exclusively on his conversation about Plame with Time magazine reporter Matthew Cooper in 2003 and whether the top aide later tried to conceal it, the source said. Rove testified, in essence, that "it would have been a suicide mission" to "deliberately lie" about his conversation with Cooper because he knew beforehand that it eventually would be revealed, the source said. Lawyers involved in the case said yesterday that they expect a decision on Rove's fate soon.

The source's account could not be corroborated by the prosecutor's office, which has declined to discuss the case.

Luskin said in a statement that the top Bush strategist testified "voluntarily and unconditionally" at Fitzgerald's behest.

"In connection with this appearance, the special counsel has advised Mr. Rove that he is not a target of the investigation," Luskin said in a statement. "Mr. Fitzgerald has affirmed that he has made no decision concerning charges." Regarding Rove's

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testimony, Luskin said that it centered on information that has surfaced since he last testified, in October 2005. A spokesman for Fitzgerald declined to comment on the case.

The leak investigation, which led to the indictment last year of Vice President Cheney's former chief of staff, I. Lewis "Scooter" Libby, began after administration officials were accused of disclosing Plame's identity as part of a broader White House effort to discredit critics of the administration's justification for the Iraq war.

Specifically, Fitzgerald began investigating in late 2003 whether administration officials illegally disclosed Plame's post at the CIA to discredit allegations made by her husband, former ambassador Joseph C. Wilson IV. In the summer of 2003, Wilson publicly charged that President Bush had twisted intelligence about Iraq's efforts to obtain nuclear weapons material to justify the invasion.

The disclosure of Plame's name was used to argue that because she had helped set up a trip Wilson took to Niger to investigate Iraq's efforts to obtain nuclear material, that mission was little more than a boondoggle.

Fitzgerald has not charged anyone with the original crime. But in October 2005, a grand jury indicted Libby on charges of perjury, making false statements and obstructing justice in the course of the investigation. Libby's trial is scheduled to begin early next year. He has denied the charges, and his lawyers say that he is guilty of nothing more than a faulty memory and that he is the victim of an overzealous prosecutor.

The Libby case has served as a constant distraction for the White House and comes at a politically turbulent time for the president. A court filing by Fitzgerald earlier this month, for instance, provided the new and politically damaging revelation that Bush had authorized Libby to disclose previously classified information about Iraq's weapons programs. The president did not authorize Libby to leak information about Plame, however, according to Libby's legal team.

Rove, who recently gave up his role in White House policy as part of a staff shake-up, testified only hours after Bush named Tony Snow as his new press secretary. Snow replaces Scott McClellan, who has come under fire for initially telling the media that Rove was not involved in the Plame leak.

In grand jury appearances and other conversations with federal investigators, Rove has testified that he discussed Wilson's wife briefly with columnist Robert D. Novak and Cooper before she was publicly unmasked in July 2003, according to lawyers in the case. Fitzgerald zeroed in on Rove's contact with Cooper yesterday, according to the source who provided Rove's version of events.

The source said Rove testified in February 2004 that he did not recall discussing Plame with Cooper. Rove told the prosecutor that at the time he had no recollection of that short conversation with one of the scores of reporters he talks to in his job.

Cooper later testified and then a wrote a first-person account that Rove told him that Wilson's wife was in the CIA and had authorized her husband's CIA mission.

Rove would later tell the grand jury that he had forgotten that conversation and remembered it only after his legal team unearthed a crucial e-mail. The e-mail -- written by Rove to then-deputy national security adviser Stephen J. Hadley shortly after the Cooper conversation -- shows Rove saying he waved the Time reporter off Wilson's claim. Luskin found the e-mail as part of a document search he conducted before Rove testified a second time in October 2004, telling the grand jury that the conversation must have taken place.

All the while, Fitzgerald suspected that Rove was acknowledging what had happened only because new evidence was surfacing, according to lawyers in the case. But Rove and his lawyer have presented an alternative explanation: that Rove genuinely did not remember his conversation with Cooper, and testified to that effect even though he was aware of rumors that he was one of Cooper's sources.

The new information Luskin cited in his statement yesterday relates to this part of the saga. After agreeing to a partial waiver of attorney-client privilege, Rove testified yesterday about a conversation Luskin had with former Time magazine reporter Viveca Novak, the source said. (Viveca Novak is not related to Robert Novak, the columnist who first revealed Plame's identity in 2003.) Luskin had informed Fitzgerald about that conversation last October, a few days before Libby was indicted, in a last-ditch effort to save Rove from the same fate.

Luskin told the prosecutor that Viveca Novak had informed him that she had heard from other Time reporters that Rove was Cooper's source for a July 2003 story on Plame. Luskin shared this information with Rove -- before Rove testified that he did not recall his conversation with Cooper.

Yesterday, Rove told the grand jury that it would make no sense for him to lie in February, knowing that all of this would soon be public, the source said.

But the timing of that Luskin-Novak conversation is in dispute. Novak has said she testified that the conversation took place between January and May of 2004 -- which could place it either before or after Rove's initial grand jury testimony. Moreover,

Rove did not know at that point that Cooper would later be forced to testify and reveal him as a source, according to lawyers who follow the case.

Rove also testified that he was aware that several aides had been subpoenaed in the case before that first grand jury appearance and that they would be forced to turn over documents.

Grand Jury Gets Rove Testimony Over C.I.A. Leak (NYT)

By Anne E. Kornblut

The New York Times, April 27, 2006

WASHINGTON, April 26 — Karl Rove, the senior counselor to President Bush, testified for several hours on Wednesday before the federal grand jury in the C.I.A. leak case, in an appearance that was a sign of renewed attention by the special prosecutor in a matter that has lingered unresolved for months.

It was the fifth time Mr. Rove has appeared before a federal grand jury in the case. The appearance came at a politically sensitive time for Mr. Rove, who was relieved of his policy portfolio at the White House in a staff reshuffling earlier this month and now faces the challenge of helping Republicans maintain their primacy in the midterm elections this fall.

Mr. Rove last appeared before the grand jury in October, and his lawyer has said he is not a major figure in the leak inquiry and will ultimately be exonerated.

To date, the only criminal charges in the case, which involves the exposure of a C.I.A. operative's identity, have been brought against I. Lewis Libby Jr., the former chief of staff to Vice President Dick Cheney, who was charged with lying and obstruction last November and is preparing for trial. The prosecutor, Patrick J. Fitzgerald, has declined to comment on Mr. Rove's status, saying publicly only that he is continuing to explore outstanding issues in the case.

The White House declined to comment on Wednesday about Mr. Rove's appearance. White House officials have said the recent personnel moves inside the West Wing have been unrelated to Mr. Rove's legal status. It was unclear on Wednesday whether the decision by the new chief of staff, Joshua B. Bolten, to remove domestic policy from Mr. Rove's portfolio preceded the scheduling of his latest grand jury testimony.

On Wednesday, Mr. Rove spent about four hours inside the federal courthouse after entering through a side door shortly before 12:30 p.m. He emerged beaming as usual at the end of his testimony. He declined to comment, but his lawyer, Robert D. Luskin, issued a statement declaring that Mr. Rove had testified "voluntarily and unconditionally" about "a matter" that had arisen since Mr. Rove's last grand jury appearance.

The unresolved matter appears to involve the testimony of Viveca Novak, a former reporter at Time magazine, who told Mr. Fitzgerald last fall that she may have unwittingly helped Mr. Rove by telling Mr. Luskin he had played a bigger role in the case than he had initially admitted. Since Mr. Libby's indictment, Mr. Fitzgerald has summoned both Ms. Novak and Mr. Luskin to provide grand jury testimony about their conversations, and he also summoned Bob Woodward of The Washington Post to discuss conversations related to the C.I.A. leak matter with an administration official who has still not been publicly identified.

Mr. Rove's appearance suggests that Mr. Fitzgerald remains interested in learning more about why, in his initial testimony to the grand jury, in February 2004, Mr. Rove failed to disclose that he had ever discussed the issue of Valerie Wilson, the C.I.A. operative, with any reporters. Mr. Rove came forward months later to change his story, acknowledging that he had a phone conversation with Matthew Cooper of Time magazine in the summer of 2003 that eventually turned to the subject of Ambassador Joseph C. Wilson IV, the C.I.A. operative's husband. Mr. Rove said he had forgotten the call, one of hundreds he participates in each day.

Lawyers for Mr. Rove have maintained that he will be exonerated in the case, in part because he volunteered details of his conversation with Mr. Cooper.

Since then, however, Ms. Novak, who worked alongside Mr. Cooper at the magazine, has said that she told Mr. Rove's lawyer, in several conversations in early 2004, that she believed his client had been a source for Mr. Cooper.

Ms. Novak said the lawyer, Mr. Luskin, appeared surprised to hear of Mr. Rove's involvement, raising questions about whether Ms. Novak effectively tipped off Mr. Rove to come forward with evidence about himself.

In a telephone interview on Wednesday, Ms. Novak, who no longer works for Time, said she had not had any contact with Mr. Fitzgerald since her deposition in December. She left the magazine after a dispute over her role in the case, taking a buyout package last month. Mr. Cooper also recently moved from his position as a White House correspondent to become the political editor of the magazine's Web site.

Mr. Fitzgerald, continuing to conduct the case in the utmost secrecy, did not comment about calling Mr. Rove to testify, and no one involved in the case said they clearly understood its status. It did not appear that there would be any immediate resolution for Mr. Rove, who has spent months defending himself against assertions that his legal troubles are distracting him from his White House duties.

Potentially complicating the case further still is the criminal trial of Mr. Libby, scheduled to begin early next year. The pretrial activity by Mr. Libby and Mr. Fitzgerald has raised several significant political and substantive questions, including whether Mr. Bush may have played a role in authorizing the leak of classified material.

Mr. Libby has pleaded not guilty and is expected to call Mr. Rove, among other witnesses.

According to court documents filed by the prosecutor, Mr. Libby has testified that Mr. Cheney told him the president had authorized the release of some information contained in a classified National Intelligence Estimate chronicling the efforts of Saddam Hussein to purchase uranium from Niger. That revelation has thrust both the president and vice president into the center of the leak case, which had otherwise simmered at lower levels of the administration since 2003.

Even before Mr. Rove arrived at the courthouse, Democrats pounced on the turn of events, one of several controversies they hope to capitalize on in the fall elections.

"This additional Rove visit clearly shows that the Plame investigation is far from over and that Patrick Fitzgerald is living up to his reputation as an impartial, dedicated prosecutor determined to turn over every stone," Senator Charles E. Schumer said in a statement.

No one has been charged with the underlying crime of revealing classified material. Mr. Fitzgerald is seeking to establish whether any crimes were committed with the disclosure of Mrs. Wilson's identity, which first appeared in a column by Robert D. Novak — no relation to Ms. Novak — in July 2003. The identity of Mr. Novak's original source for the column that triggered the entire case is still unknown, at least to the public. Mr. Novak has testified to the grand jury since Mr. Rove's last appearance in October 2005.

Rove Again Testifies To Jury In CIA Leak Case (LAT)

By Richard B. Schmitt And Tom Hamburger, Times Staff Writers

The Los Angeles Times, April 27, 2006

WASHINGTON — Presidential advisor Karl Rove was called again before a federal grand jury Wednesday, a surprise appearance signaling that a perjury and obstruction investigation into his role in a CIA leak case remained alive.

As the White House was introducing a new press secretary in an effort to put a new face on a troubled administration, Rove testified for three hours before the grand jury. Special Prosecutor Patrick J. Fitzgerald is investigating whether Rove lied to investigators in connection with the summer 2003 disclosure of CIA operative Valerie Plame's identity.

The appearance — Rove's fifth before a grand jury in the case — comes six months after a previous grand jury expired without indicting Rove, raising expectations among his supporters that he would not be charged in the case.

That grand jury indicted another top Bush administration aide, I. Lewis "Scooter" Libby, whose trial on perjury and obstruction charges is to begin in January.

Robert D. Luskin, Rove's lawyer, said Wednesday that Fitzgerald had made no decision on whether to bring charges against Rove.

Some legal experts said the timing and circumstances of Rove's latest testimony, which Luskin said was given "voluntarily and unconditionally," suggested that an indictment might not be imminent and that the development could be viewed as positive for Rove.

Luskin said the subject of Rove's testimony Wednesday involved a matter that had arisen since he last testified in October. It is believed to involve the chain of events that followed a belatedly disclosed conversation between Luskin and a Time magazine reporter about Rove's contact with another Time reporter.

The lawyer added that Fitzgerald had continued to advise Rove that he was not an investigation "target," a legal distinction that refers to a formal notification prosecutors give suspects about to be charged.

Fitzgerald declined to talk to reporters as he left the courthouse.

The grand jury appearance comes a week after the presidential advisor was relieved of his policy responsibilities at the White House to focus on electoral politics.

At the time of the change in Rove's portfolio, White House aides said it was part of a broader reorganization and unrelated to Rove's ongoing legal vulnerability. But the request for him to testify again is believed to have come several weeks ago, and the White House may have been aware that his legal troubles were likely to flare again.

Coincidentally or not, last week's action helped inoculate the White House against Rove's latest appearance before the grand jury. If Rove is indicted and forced to resign, the White House can say that Rove's substantive policy responsibilities have already been transferred.

White House Press Secretary Scott McClellan, whose resignation was announced as part of last week's White House reorganization, declined to answer any questions about the grand jury appearance.

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"I have no new information on that matter, and even if I did have new information, I wouldn't be in a position to share it with you," McClellan said. Fox News commentator Tony Snow was named Wednesday as McClellan's successor.

Fitzgerald's investigation has led to a series of embarrassing disclosures about White House efforts to discredit an Iraq war critic who is married to Plame.

The White House initially denied any involvement in the unmasking of Plame, who was first identified by syndicated columnist Robert Novak in a July 2003 article. But Fitzgerald found that Rove and Libby had actively talked with reporters about Plame at the time, although both deny they broke any laws. It is a crime under federal law to knowingly disclose the name of a covert agent.

Fitzgerald's probe also turned up an organized White House effort to rebut allegations made at the time by Plame's husband, former envoy Joseph C. Wilson IV, that the Bush administration had twisted intelligence to justify the invasion of Iraq. According to a court filing, Libby testified that President Bush had ordered the leaking of a classified document to counter Wilson's criticism.

Rove has been a focus for Fitzgerald because he initially told a grand jury in February 2004 that he had not spoken about Plame with Time magazine correspondent Matthew Cooper.

When later presented with a document indicating the men had talked, Rove — who had previously acknowledged to investigators that he had been a source for the Novak article — said he had forgotten the conversation with Cooper.

A person briefed on Wednesday's testimony described the examination by Fitzgerald as "an exploration of the back story" of what Rove knew about Cooper and when, including an explanation that Rove's attorney had offered up for the delay. The person declined to be identified because of the ongoing investigation.

Fitzgerald suspects Rove may have deliberately misled the grand jury about his conversation with Cooper. Among other things, the prosecutor is exploring whether another Time magazine reporter, Viveca Novak, tipped off Luskin to the fact that Cooper had spoken with Rove, and led Rove to change his testimony. (Robert Novak is not related to Viveca Novak.)

Eventually, Luskin turned up a July 2003 e-mail referring to Cooper that Rove had sent to then-White House national security aide Stephen J. Hadley. Luskin has said that the e-mail refreshed Rove's memory, and Rove subsequently amended his testimony during a grand jury appearance in October 2004.

Fitzgerald is also believed to have been exploring inconsistencies in the stories that Cooper and Rove have told the grand jury about their conversation. Rove reportedly testified that they mostly talked about welfare reform; Cooper has said the conversation focused on Wilson and Plame.

Though some observers viewed Rove's being called Wednesday to testify as a negative for the White House insider, others said that Fitzgerald may simply be addressing unfinished business in the case without an agenda in mind.

The prosecutor has been embroiled in a fierce dispute in the Libby case over access to classified documents and other information. The judge in that case has recently resolved some of those issues, which might have freed up Fitzgerald to start focusing anew on Rove.

Some lawyers involved in the case said the appearance could be construed as a welcome development for Rove.

"Rove showed up voluntarily and his lawyer is able to say that he is not a target. If he was about to be indicted, I don't think you would see it unfolding like this; grand juries aren't typically used in that fashion," said a lawyer who has been engaged with the long-running inquiry. "This is a positive development for Rove, I think." The lawyer spoke on condition of anonymity because he represents a client who has been a subject of the investigation.

Fitzgerald has yet to publicly identify a second source used by Robert Novak in writing his column.

The prosecutor is also believed to be interested in who provided Washington Post reporter Bob Woodward with information about Plame; Woodward has said his source provided the information several weeks before Novak learned of Plame's identity.

Rove Testifies Again In CIA Leak Case (AP-Y2)

By Pete Yost

AP2, April 26, 2006

Top White House aide Karl Rove made his fifth grand jury appearance in the Valerie Plame affair Wednesday, undergoing several hours of questioning about a new issue that has come to light since the last time he testified.

Special Counsel Patrick Fitzgerald declined to comment at the conclusion of the grand jury session. Rove appeared at ease as he left the U.S. courthouse, joking to journalists to "move to the back" as the White House aide, his lawyers and several reporters entered an elevator to leave the building.

A week ago, Rove, the architect of Bush's election victories, gave up his policy duties at the White House. He is returning to a full-time focus on politics with Republicans facing major problems in the upcoming midterm elections.

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Wednesday's session is believed to be only the second time Fitzgerald has met with a new grand jury examining questions left unanswered in the leaking of Plame's CIA identity. The only other time Fitzgerald was seen going before the new panel was Dec. 7.

The previous grand jury looking into the CIA leak expired Oct. 28, the day it indicted Vice President Dick Cheney's chief of staff on five counts of perjury, obstruction and lying to the FBI.

The only new issue in the CIA leak probe known to involve Rove is a contact his lawyer, Robert Luskin, had with Time magazine reporter Viveca Novak.

The contact is important because during it, the Time reporter told Luskin that Rove might have disclosed Plame's CIA status in 2003 to another Time reporter, Matt Cooper.

The Luskin-Novak conversation occurred many months before Rove belatedly revealed to the prosecutor that he had spoken with Cooper. Rove says he'd forgotten about his conversation with Cooper.

Rove's legal problems stem from the fact that it was more than a year into the CIA leak investigation before he revealed the Cooper conversation.

Rove "testified voluntarily and unconditionally at the request of Special Counsel Patrick Fitzgerald to explore a matter raised since Mr. Rove's last appearance," Luskin said in a statement. "Mr. Fitzgerald has affirmed that he has made no decision concerning charges."

Several days after Rove's conversations with conservative columnist Robert Novak and Cooper in July 2003, both the columnist and Cooper wrote stories identifying Plame as a CIA officer.

The exposure of her CIA employment came little more than a week after her husband, former U.S. Ambassador Joseph Wilson, accused the Bush administration of manipulating prewar intelligence to exaggerate an Iraqi nuclear threat.

Robert Novak is not related to Viveca Novak.

Other unfinished business in the probe focuses on the source who provided Washington Post reporter Bob Woodward information about Plame, whose CIA identity was leaked to Novak in July 2003.

Woodward says his source, who he has not publicly identified, provided the information about Wilson's wife, several weeks before Novak learned of Plame's identity. The Post reporter, who never wrote a story, was interviewed by Fitzgerald late last year.

Rove Testifies For The Fifth Time Before Grand Jury In Leak Case (WSJ)

By Anne Marie Squeo

The Wall Street Journal, April 27, 2006

WASHINGTON -- White House Deputy Chief of Staff Karl Rove testified for the fifth time yesterday before a grand jury investigating whether Bush administration officials purposely leaked the identity of a Central Intelligence Agency operative.

Mr. Rove's attorney, Robert Luskin, confirmed his client's appearance, saying it was done "voluntarily and unconditionally at the request of Special Counsel Patrick Fitzgerald to explore a matter raised since Mr. Rove's last appearance in October 2005." Mr. Luskin said Mr. Fitzgerald hasn't made any decisions about charging Mr. Rove, who remains a subject of the investigation. White House spokesman Scott McClellan declined to comment on Mr. Rove's grand-jury appearance, which lasted just over three hours.

Former Vice Presidential Chief of Staff I. Lewis Libby has been indicted on charges of lying and obstruction in the probe, which began in September 2003. Mr. Libby has pleaded not guilty. His trial is expected to start in January.

Mr. Fitzgerald has focused on whether Mr. Rove initially lied about his contact with reporters concerning CIA agent Valerie Plame, whose husband, former ambassador Joseph Wilson, publicly criticized the Bush administration's prewar intelligence on Iraq. Mr. Rove previously testified he hadn't discussed the matter with Time magazine reporter Matthew Cooper, who told a grand jury last July that they had.

In December 2005, another Time magazine reporter, Viveca Novak, said she had told Mr. Luskin about a phone call between Messrs. Rove and Cooper. Mr. Luskin then found an email that referenced that conversation, which he brought to the attention of his client and the prosecutor. Ms. Novak, who has since left the magazine, testified about the matter to Mr. Fitzgerald.

Whether Mr. Rove may face charges remains an open question. Also outstanding is what, if any, charges might be brought against the Bush administration official who leaked Ms. Plame's identity to columnist Robert Novak, who is no relation to Ms. Novak. Mr. Novak was the first to publicly disclose Ms. Plame's CIA role in July 2003, about a week after Mr. Wilson accused the administration of inflating information that Iraq had tried to obtain nuclear bomb-making material from Niger.

Mr. Novak is believed to have the same source as Washington Post Assistant Managing Editor Bob Woodward, who testified earlier this year that a senior administration official told him about Ms. Plame's CIA job before other reporters. Mr.

Fitzgerald has refused to publicly identify this person and so far hasn't charged anyone with the crime of purposely blowing the cover of a U.S. intelligence operative.

Pellicano Says U.S. Spied On Him (LAT)

By Greg Krikorian, Henry Weinstein And Andrew Blankstein, Times Staff Writers

The Los Angeles Times, April 27, 2006

The PI's then-girlfriend fed the FBI information gained during prison visits, his attorney says.

In a twist to a wiretapping scandal captivating Hollywood, the private eye indicted for allegedly bugging celebrities and other high-profile targets has accused the federal government of spying on him in prison through a secret arrangement with his then-girlfriend.

Anthony Pellicano's attorney filed motions this week in federal court saying Sandra Wil Carradine provided FBI agents and prosecutors with a "fountain of information" after a series of jailhouse visits late last year, giving them insights into the lawyer's legal strategy and violating his attorney-client privilege.

As she met with Pellicano at the Taft Correctional Institute in Bakersfield, where Pellicano was finishing up a sentence for possession of explosives, the private detective did not know that Carradine had secretly begun cooperating with the government in July or that he had already been indicted in the wiretapping scandal, said Pellicano's attorney, Steven Gruel, in court documents. Both her cooperation and his indictment remained under seal until February.

"According to the indictment, the government alleges that Anthony Pellicano engaged in conduct for clients to gain an unfair advantage in litigation," Gruel said in an interview.

"My initial review of the legal and factual landscape suggest that is what the government did here," he said.

In motions filed to force the government to produce additional information in the case, Gruel says Carradine, the ex-wife of actor Keith Carradine, acted as a "go-between" between the lawyer and Pellicano in December when they were still negotiating the terms of Gruel's legal representation.

Gruel said Sandra Carradine solicited his "thoughts, opinions and general observations about the government's case."

In mid-December, Gruel says in the motions, Carradine told FBI Special Agent Stan Ornellas, the bureau's lead investigator in the case, that Pellicano was attempting to hire the attorney, making it "likely that the government knew of Mr. Pellicano's interest in my representation even before I did."

Carradine also told Ornellas of Pellicano's interest in calling a particular defense witness, enabling the FBI to contact the person before Pellicano's defense did, according to Gruel.

His motions also say information he has already received from the government as part of the legal discovery process shows that Carradine has given Ornellas "Mr. Pellicano's correspondence to several attorneys."

The motions were filed late Tuesday and represent Gruel's most aggressive attack against the government's case, filed in February, which has led to charges against Pellicano and 13 others.

Six defendants have pleaded guilty. Those include Carradine, who admitted in January that she lied to a grand jury about her knowledge that Pellicano had wiretapped the home of Keith Carradine during a dispute over child support.

The U.S. attorney's office and FBI declined to comment on Gruel's assertions and said they would soon file formal responses. Carradine's lawyer, Peter Knecht, said his client had not breached any attorney-client relationship or acted improperly in her dealings with Pellicano or Gruel.

Knecht said that at the time of Carradine's prison visits, Pellicano had not retained counsel in the wiretapping case. The lawyer added that Pellicano knew Carradine was being looked at by federal authorities and encouraged her to protect herself.

"He told her, 'Remember, take care of No. 1.' So, in effect, he gave her permission to do whatever was necessary to benefit herself," Knecht said.

He also said the government told Carradine that she was visiting Pellicano in prison, not being sent there as a government informant. It is unclear how Gruel's allegations could affect the prosecution of Pellicano.

Gordon Greenberg, a Los Angeles defense lawyer, said that any time a prosecutor obtains information he knows is covered by the attorney-client privilege, "you are not on firm ground; you have an issue" to confront.

With a potential mountain of evidence in the Pellicano case, Greenberg and Loyola Law School professor Laurie Levenson said the government has taken special precautions to avoid problems with evidence by setting up "clean" and "dirty" teams of prosecutors and investigators. They have been created to ensure that those who will try the case are walled off from information that they are not legally entitled to see, such as conversations between defendants and their attorneys.

In the Pellicano case, members of the "dirty" team have reviewed tapes of attorney-client conversations so "clean" team members have not been privy to information they should not have seen.

"The prosecutors knew that Carradine was talking to Pellicano," Levenson said, "so to the extent they knew about this, the 'dirty' team is supposed to screen that information, so the prosecutors do not have any privileged confidential information."

Gruel, in his motions, says that "the sensitive information provided by defendant Carradine … appears to have gone directly to case agent Ornellas and, presumably, the prosecution team."

In other action related to the Pellicano case, five people named in the government's indictment as having been allegedly victimized by his illegal searches of their confidential records filed civil damage claims against the city of Los Angeles.

The claims allege that the Los Angeles Police Department acted improperly by allowing former Sgt. Mark Arneson, one of Pellicano's co-defendants, to run their names through confidential criminal databases.

Both Pellicano and Arneson have pleaded not guilty.

The civil damage claims, which allege emotional suffering and invasion of privacy, are precursors to what attorney Neville L. Johnson said would be lawsuits against Los Angeles and, ultimately, Beverly Hills, where another former officer also allegedly accessed confidential records without authorization.

Among those filing claims was model Monika Zsibrita, who allegedly became a target for Pellicano and his associates after she asserted a paternity claim against comedian Chris Rock in 1999.

In a brief interview with The Times this week, Zsibrita refused to discuss the paternity action or who was involved. But she did say that two years ago, an FBI agent called her and alleged that she had been one of Pellicano's victims.

Earlier this year, she said, she learned from the indictment that Pellicano had allegedly used his LAPD contact to access her confidential records.

"They wiretapped me and they followed me around. I was afraid," she said in the interview. "It was very unsettling. I felt violated."

On Tuesday, a spokesman for Rock acknowledged that representatives for the comedian hired Pellicano after Zsibrita alleged in 1999 that she was pregnant with Rock's child.

But neither Rock nor any of his representatives, the spokesman said, knew that Pellicano had allegedly broken the law to obtain information about Zsibrita.

In a separate legal action Wednesday, the company behind the yet-to-be-released film "Crash Bandits" sued director John McTiernan for breach of contract and damages of more than $2 million for failing to disclose during pre-production that he had been targeted by federal authorities in the Pellicano investigation and was negotiating a guilty plea.

McTiernan, whose film credits include "Predator" and "Die Hard," admitted earlier this month that he lied to the FBI about hiring Pellicano to wiretap veteran film producer Charles Roven in the summer of 2000.

Pellicano Brief Lobs Grenade At Feds' Methods (LAW)

By Justin Scheck, The Recorder

California Recorder, April 27, 2006

Steven Gruel has long contended that the feds were out to get his client, the celebrity private eye Anthony Pellicano, well before they executed a 2003 search warrant that resulted in Pellicano's conviction on explosives charges -- and a protracted federal investigation aimed at some of Hollywood's biggest lawyers.

In court papers filed late Tuesday, Gruel, a former San Francisco federal prosecutor, gave the most detailed peek yet into how he plans to support that claim. He also outlined his contention that prosecutors improperly used Pellicano's girlfriend as an informant to pry into the detective's defense strategy.

All of the arguments are aimed at getting more discovery out of Los Angeles federal prosecutors and ultimately, Gruel said, getting the indictment tossed.

Based on discovery turned over by prosecutors and evidence gathered on his own, Gruel's filings challenge the FBI's reasons for initially searching the detective's office.

The warrant, which was obtained in connection with a threat made to former L.A. Times reporter Anita Busch, "was a subterfuge," Gruel wrote.

He argues that agents were actually seeking evidence of illegal wiretaps -- particularly a recording of an FBI agent -- but didn't have probable cause to get a warrant for such material.

He supports his claim by pointing out that in 2002, FBI agents had issued a subpoena to Pellicano asking for "any audio or video recordings in your custody or control which were obtained from investigative services" relating to a separate criminal case in which Pellicano worked for a defendant. The government asked for "recordings or photographs of any federal or state law enforcement personnel."

The Pellicano search warrant has already been upheld by the 9th U.S. Circuit Court of Appeals in connection with the explosives case. But Gruel said he believes the warrant -- along with a handful of follow-up searches and seizures of the detective's computers and storage locker -- are open to new challenges.

"I'm trying to figure out whether there was bad faith," he said in a Tuesday phone interview shortly after visiting Pellicano in jail.

That charge is one of several that Gruel has made in an attempt to discredit the conduct of FBI agents and prosecutors working the case.

Daniel Saunders and Kevin Lally, the lead prosecutors in the case, did not return calls by press time. "We will respond in writing in due course," said Thom Mrozek, a spokesman for the U.S. Attorney's Office.

Gruel also said he plans to argue that the lead FBI agent in the case, Stanley Ornellas, provided misleading testimony and should be deposed.

Perhaps most significantly, Gruel is aiming to show that the government used Sandra Carradine -- Pellicano's ex-girlfriend, who had a cooperation deal with prosecutors -- to plumb the jailed detective for information about his defense late last year and early this year.

Citing discovery turned over by the government, Gruel wrote that "Carradine would speak with Mr. Pellicano in the morning and report the conversation to agent Ornellas later that same day."

He charges that the government used Carradine to gain strategic information on Pellicano that may have violated attorney-client privilege. For example, he wrote, Pellicano late last year told Carradine about a potential defense witness in the case.

"That information, as well as the content of the defense witness' possible assistance, was then reported to FBI agent Ornalles [sic]," Gruel wrote. "Later, in February 2006, I was contacted by that possible defense witness who said that agent Ornellas contacted him in late December or January 2006 concerning this case."

Gruel also said Carradine provided the government with information about Pellicano's legal representation and that "she acted as a 'go-between' for me and Mr. Pellicano in December 2005 with respect to messages about the case. My recollection is that during this time she would solicit my thoughts, opinions and general observations about the government's case," Gruel wrote.

"I am concerned that she provided the government with information pertaining to my involvement in the case," he added.

The questions about Carradine's role in the case are aimed at arguing that prosecutors engaged in outrageous conduct, Gruel said. Such a finding -- which can be extremely difficult to prove -- could justify dismissing the case.

"The standard is high," Gruel said Wednesday. "It says the government has to shock the standards of society."

Gruel took a separate tack in seeking to question Ornellas, arguing that a contention made by the detective in obtaining the 2002 warrant -- that he knew from his "own personal experience" what would be in a PI's office -- is less than kosher.

The problem, Gruel said, is that while Ornellas had a private investigator's license, "the government has conceded that although passing the written test for a private investigator's license, agent Ornellas really has no experience as a private investigator."

Gruel also claims that in a 2003 case, Ornellas "may have, at a minimum, provided inconsistent or troubling testimony." Taking aim at the FBI could result in a Franks hearing, in which a defense lawyer may directly question an agent.

Patrick Robbins, a partner at Shearman & Sterling who worked with Gruel in the San Francisco U.S. Attorney's Office, said all of Gruel's efforts seemed aimed at forcing the government to cough up information to defend its conduct.

"Steve appears to be trying to obtain as much discovery as possible on all these fronts," Robbins said.

Cruise-Kidman Call Said To Be On Tap In H'wood P.I. Case (NYDN)

New York Daily News, April 27, 2006

A recording of a phone call between Nicole Kidman and Tom Cruise was just one of the treasures the FBI found in the "War Room" of jailed private eye Anthony Pellicano, according to the June Vanity Fair, now online.

Kidman took to joking to friends during calls, "So, Tom, are you listening? Am I saying what you want me to say?" Stories that could have come only from Kidman's phone soon started appearing in The National Enquirer. Both stars have been questioned by the FBI, according to the story by top investigators Bryan Burrough and John Connolly, who is writing a book about the P.I.

Pellicano, who allegedly spied on Hollywood's top stars while working for its biggest executives and lawyers, including Cruise's lawyer Bert Fields, had apartments in all five L.A. area codes so he could wiretap their phones and learn their credit card numbers. (Investigators also found hand grenades and a wedge of C-4 plastic explosive; Pellicano's now in jail on weapons charges.)

The mag also reports:

Pellicano found the exhumed body of Liz Taylor's late husband Mike Todd in an area that cops had swept many times, a coincidence police found fishy.

A very rich Beverly Hills woman, Sarit Shafrir, whom Pellicano had talked into spying on her own husband, became so afraid of him that she flew from L.A. to Israel just to make a phone call to the F.B.I. about him.

Pellicano's ex-wife Kat tells VF, "Six or seven years ago, Anthony comes home one night and tells me we are going to become Jewish and that Bert Fields has arranged conversion classes for both of us. ... I said, 'Anthony, why the hell do you want us to become Jewish?' He tells me, 'Because Bert thinks it will be good for my business. Most of the lawyers out here are Jews, so it would be a good thing.'"

Michael Jackson paid Pellicano $2 million in his child-abuse case; Steven Bing paid Pellicano at least $100,000 at the time of his paternity case with Liz Hurley. Pellicano also helped Stevie Wonder, James Woods and Kevin Costner, among many others.

A former Brillstein-Grey executive says Brad Grey used Pellicano for work on behalf of any number of his clients, including Brad Pitt and Adam Sandler. FBI agents also found a trove of info on Garry Shandling, whom Grey had to pay $10 million after a lawsuit. And when James Gandolfini walked off the set of "The Sopranos" in a pay dispute, Grey was going to replace the HBO hit with a show on Pellicano's life, but the acting great came back.

Whew.

A little diss 'n' dat from Cam'ron

Beyoncé may be regretting the day Cam'ron got the address of her two-way.

"Cam has been text-messaging Beyoncé like crazy," our tipster says. "He's been asking her out, and dissing Jay[-Z]. He's been telling her she should be with a real man like him."

Yes, Cam'ron, who was linked with Mariah Carey, has cred on field and street: He was an All-American football player before becoming a drug dealer in his native Harlem. But few would say Jay-Z isn't a "real man": He pulled himself up from Brooklyn's Marcy Houses projects to become a platinum-selling rapper; he started Roc-A-Fella Records with Damon Dash, and now he's Def Jam CEO and part owner of the New Jersey Nets.

It's not the first time Cam'ron has jousted with the rap royals. After splitting with the mogul's former label, Cam'ron said in his song "You Got It" that Jay-Z looked like the puppets in "Fraggle Rock." "I open up the Daily News," he raps. "How's the 'King of New York' rockin' sandals with jeans?/Open-toed sandals? You talk about you a '80s baby/you 37 years old/you was born in 1968," (actually 1969) taunts the 30-years-young upstart, whose real name is Cameron Giles.

Reps for Beyoncé and Cam'ron didn't return calls for comment.

Side Dish

Lauren Bacall isn't afraid of "The Sopranos." Even though the screen legend got decked on last Sunday's episode, Michael Imperioli - whose character, Christopher, issued the beatdown - tells WKTU's Balthazar and Goumba Johnny she wants to come back on the show. ... Kate Moss is out, Keira Knightley in as the face of Chanel's Coco Mademoiselle perfume, according to Women's Wear Daily. ... "Fear Factor" star Joe Rogan says that incident in Las Vegas with Penthouse Pet Cassia Riley isn't what it seems. And now, apparently, she agrees. The sinewy siren told Chaunce Hayden while posing for his Steppin' Out mag that Rogan had invited her to sit - and not on a chair. We then got a call from Rogan's publicist, Amy Zvi, and Riley denying the encounter. "She obviously has the situation confused and that's understandable, because when I saw her that night, she was extremely intoxicated," Rogan told us. "From what I recall, it was actually the other way around - she asked me to come over there and feel her d- . Lesson learned, you hang out with dogs, you get fleas." ... Comedienne Sarena Wedig just saw the trailer for "Mission: Impossible III" and said, "Oh yeah! I forgot Tom Cruise is an actor - not just a weirdo talking about placentas in the supermarket tabloids!" The best antidote to weird celebrities, we feel, is great movies, and there have never been more than now at the Tribeca Film Festival, Robert De Niro and Jane Rosenthal's gift to downtown. The flicks are 12 bucks, and there's a free kid's fair May 6. ... George Clooney and his dad, Nick, just got back from a trip to the Sudan and Chad, where they visited some of the 2 million refugees. "These folks are helpless out there. There's nobody between them and very bad people," Nick Clooney, who called it ethnic cleansing, told the Cincinnati Post. The Clooneys head to D.C. Sunday for a Sudan support rally.

Surveillance

Russell Simmons and estranged wife Kimora Lee looked anything but when they hosted a fete for the Foundation for Ethnic Understanding at the upper East Side home of L.A. Reid and his wife, Erica. The Baby Phat empress thanked "my husband" when she picked up an award from the group, which promotes better relations between races and religions. Other honorees Clive Davis and Aviv Nevo were applauded by the likes of Harvey Weinstein, Lenny Kravitz and Ron Perelman ...

Laurence Fishburne, Ludacris, Jill Hennessy, Sela Ward and Anna Kournikova will hit Bloomberg LLP's fete after the White House Correspondents Association Dinner Saturday in D.C. ...

DOJ_NMG_0026924

"West Wing" creator Aaron Sorkin and "Wicked" star Kristin Chenoweth have rekindled their romance. The pair, who have been apart working for about six months, Krazy Glued their lips together on the red carpet for Chenoweth's new flick, "RV"...

Spike Lee was courtside as usual Tuesday night - but at the Nets game, where the Brooklyn-bound team pounded the Indiana Pacers in Game 2 of the NBA playoffs.

With Jo Piazza and Chris Rovzar

Fugitive Molester Back In County (LAT)

By Gregory W. Griggs, Times Staff Writer

The Los Angeles Times, April 27, 2006

The 13-year saga of a Ventura man ends with his arrest in France and a 12-year prison term.

For nearly 13 years, law enforcement officials tried to bring convicted child molester Channa Pryia Ruberoe to justice.

Now, Ruberoe, convicted in Ventura in 1993 of three counts of lewd acts against his stepdaughter, is behind bars.

Ruberoe, a native of Sri Lanka, was spotted in at least four countries and arrested several times before he was returned to Southern California in February. His circuitous route through Europe and southern Asia and the dogged pursuit by investigators with the Ventura County district attorney's office and the local FBI office rival the plot of a spy novel.

Gary G. Auer, the district attorney's chief investigator, was the supervising agent in the Ventura FBI office in 1993 when Ruberoe fled. Auer called it "most unusual" for a sexual assault case to turn into a global manhunt.

"The investigation went very well," said Auer, who left the FBI in 1998. "We followed him all over the world, but actually getting him out of Sri Lanka, and later Paris, was quite an effort. It required a lot of cooperation by agencies in the Sri Lankan government, the U.S. government and later the French government."

Ruberoe, now 40, was convicted July 23, 1993, in Ventura County Superior Court on three counts of molesting a child under 14. He was married to Ventura resident Nikki Lynn Ruberoe, who had a 13-year-old daughter and 10-year-old son from a previous marriage. He sexually assaulted his stepdaughter in April 1992, according to court records.

After Ruberoe's conviction, his wife arranged for him to be released on a $75,000 bond and he did not show up for his sentencing. Authorities determined that Ruberoe fled to Spain four days after his scheduled sentencing date. Three months later, on Nov. 7, Ruberoe flew from Paris to Sri Lanka.

Meanwhile, Nikki Ruberoe lost custody of her children to their father but rather than give them up, she took them to Paris the same week their stepfather fled there. Nikki Ruberoe reportedly had relatives in Paris.

Nikki Ruberoe kept the children in Paris until Nov. 16, 1993, when she sent them back to their father in Virginia. She joined her husband in Sri Lanka, where she was arrested and deported. She pleaded guilty to child abduction, conspiracy to jump bail and assisting her husband to flee the country. Because Nikki Ruberoe didn't have a criminal record, she was given probation and a six-month suspended sentence.

Superior Court Judge Don Coleman, who was a county prosecutor who oversaw child abuse cases at the time, said Wednesday he was surprised at how long it took to capture Channa Ruberoe.

"I guess it's true: You can run, but you can't hide," Coleman said. "The FBI and their international law enforcement contacts are the real heroes in this story."

Nearly two years after he fled the United States, Channa Ruberoe was arrested by Sri Lankan police on May 30, 1995, on the child abuse charges. He remained in custody until December 1996, when he was released on house arrest while he appealed his extradition. About 13 months later, that nation's Supreme Court upheld the extradition, but Ruberoe again missed his court appearance.

Sri Lankan officials began their own manhunt and learned Ruberoe had fled using a false identity and passport. He turned up in Bulgaria on June 28, 1999, and was seeking a visa to enter Russia.

He was next arrested in August 2004, this time by French police in Versailles, but he again appealed his extradition. Ruberoe exhausted his final appeal in February and French authorities alerted the U.S. Marshals Service, which sent agents to escort him back to Ventura County.

Last week, Ruberoe was given the maximum sentence of 12 years and must serve at least 85% of his sentence, minus the nearly three years he had already been incarcerated in Sri Lanka and France.

Feds May Hit Gottis With New Charges (NYDN)

By Thomas Zambito, Daily News Staff Writer

New York Daily News, April 27, 2006

The feds raised the ante against John (Junior) Gotti yesterday by telling a judge they may yet charge the mob scion - and his little brother - with new crimes.

DOJ_NMG_0026925

Prosecutors say they're looking into Gotti's transfer of ownership of his Long Island mansion to his wife, Kim, at a time when the government was trying to seize the property because it was bought with mob money.

The government also is taking aim at brother Peter, citing testimony at Junior's recent trial that prosecutors believe could link the younger Gotti to possible crimes.

In August 2005, Junior Gotti shifted ownership of his $1.3million Oyster Bay Cove, L.I., home to his wife, presumably to shield it from government seizure.

A 4.35-acre property in Milford Township, Pa., where Gotti's pals used to go hunting, was turned over to mom, Victoria, and sister Vicki in February 2005.

All this comes as the 42-year-old mobster mulls a plea deal that would require he serve up to five years in prison to resolve racketeering charges that include the 1992 kidnapping of radio host Curtis Sliwa.

Peter Gotti, 31, has never been charged with a crime.

But business failures and gambling losses have forced him to move his wife and kids into his mother's house in Howard Beach, Queens, once the domain of his late father, John (Dapper Don) Gotti.

Junior's defense lawyers have been trying to squash a subpoena that would require Peter Gotti to appear before a grand jury to answer questions about his ties to known mobsters and his brother's business dealings.

They have complained about the dozens of federal subpoenas sent out to possible defense witnesses in the mob scion's third trial, set for July.

Prosecutors said Peter Gotti's testimony at his brother's last trial raised questions about the wiseguy-laden guest list for Peter's 1997 wedding and a $96,000 loan from his brother to open a Howard Beach bakery called Uncle Crumm's.

"The government is entitled to and would be remiss if it did not inquire further of Peter Gotti about the criminal conduct of his brother and other suspected criminals with whom Peter Gotti was close," prosecutors Victor Hou and Miriam Rocah wrote in papers filed in Manhattan Federal Court.

Junior's lawyer did not return calls for comment.

'JUNIOR' RATTED ON SELF: FEDS (NYPOST)

By Kati Cornell

The New York Post, April 27, 2006

A new grand-jury probe targeting John "Junior" Gotti and the Gambino crime family was sparked by admissions the former Mafia boss made about his underworld activity and crimes committed by other mobsters, court papers show.

Prosecutors publicly disclosed that admissions by Gotti are "a basis" for their sweeping investigation in a letter to Manhattan Federal Judge Shira Scheindlin yesterday - as they defended sending subpoenas to witnesses who recently testified for Gotti.

The specific subject of Gotti's admissions - and when they were made - are unclear, as the feds indicated they would address the topic in a second letter filed under seal, which is not public.

Gotti's defense has centered on his claim that he once ran the Gambino crime family for his late father, John "Dapper Don" Gotti, but that he left the mob in 1999.

Defense lawyer Charles Carnesi declined to comment, but the letter from prosecutors shows Gotti's attorneys have privately denied he "admitted significant information about criminal activity in which he and others were involved."

"Gotti knows full well that such admissions do exist, as discussed in the sealed letter," Assistant U.S. Attorneys Victor Hou and Miriam Rocah wrote.

On July 5, Gotti is facing a third trial for racketeering charges, including the sensational 1992 kidnapping of radio host Curtis Sliwa, after two previous juries failed to reach a verdict.

The feds have offered Gotti a plea deal that would put him behind bars for less than four years and force him to fork over just $500,000, but the mob scion has yet to accept it.

WACKO CAPO FAKING IT: FEDS (NYPOST)

By Kati Cornell

The New York Post, April 27, 2006

Reputed Gambino acting capo Greg DePalma has borrowed a page from the notorious Mafia boss Vincent "Chin" Gigante by pretending he's too sick to stand trial, prosecutors charge.

Defense lawyer John Meringolo is expected to argue in Manhattan federal court today that DePalma, 73, is near death due to lung cancer, heart disease and other ailments - and incapacitated by more than 20 medications he takes daily.

But prosecutors are skeptical and have asked Judge Alvin Hellerstein to keep his racketeering trial scheduled for May 8.

"DePalma has a history of exaggerating his medical problems and feigning medical symptoms when confronted with criminal prosecutions," Assistant U.S. Attorneys Edward O'Callaghan and Scott Marrah wrote to the judge.

The feds' court papers claim DePalma "exaggerated the severity" of his illness to get a reduced sentence in 1999 and to "garner sympathy" at a 2001 murder conspiracy trial.

"DePalma told an associate that prior to his 1999 sentencing, which took place in his hospital room, DePalma did not shave for a week and lay a particular way in bed in order to worsen his appearance," the prosecution says.

"DePalma also boasted that he was 'faking' when he appeared in a wheelchair for his 2001 trial in this courthouse."

As soon as DePalma hit the streets in February 2003, after finishing out a prison term, he got right back to mob business, prosecutors say.

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Ill. Judge Bars Juror Background Checks (FINDLAW/AP)

By Mike Robinson, Associated Press Writer

AP, April 27, 2006

(AP) - CHICAGO-A federal judge barred prosecutors Wednesday from conducting criminal background checks on prospective jurors in the upcoming trial of Mayor Richard M. Daley's one-time patronage chief and three other former city officials.

Prosecutors notified the judge that they planned to make such checks before jury selection gets under way May 10. But U.S. District Judge David H. Coar said such checks could have a "coercive effect" if jurors found out.

"Absent some showing that it would be appropriate or necessary, I don't think as a matter of policy any party ought to be allowed to conduct criminal background checks of the jurors," the judge said.

Federal prosecutors planned to look into the prospective jurors' backgrounds following the corruption trial of former Illinois Gov. George Ryan. In the Ryan case, two jurors were removed in the middle of deliberations after The Chicago Tribune disclosed that they failed to indicate on a court questionnaire that they had arrest records.

Later, the judge in the Ryan case declined to dismiss four other jurors who failed to indicate that they had experiences with the court system, including a divorce and a theft charge.

Ryan, 72, was convicted of taking payoffs to steer business to friends and political insiders. His attorneys have said the situation with the jurors represents grounds for appeal.

In the City Hall case, former patronage chief Robert Sorich and three other men are charged with fraud. They are accused of faking job interview scores and taking other steps to get around a court order barring political patronage in city hiring.

Surfside Administrator Facing 7 Criminal Charges (MBSN)

By From Staff Reports

Myrtle Beach (SC) Sun News, April 27, 2006

Surfside Beach Town Administrator Clyde Merryman was indicted by a federal grand jury in Florence today on seven criminal counts in connection with an investigation into Asian-owned spas in Myrtle Beach in 2002.

The indictment was returned today against 60-year-old Merryman, a retired FBI agent. He is facing charges of mail fraud and theft of honest services, concealment of a material fact from a U.S. agency, falsification of records in a federal investigation, and obstruction of justice.

Merryman launched the investigation as a FBI Special Agent in January 2002 into Asian-owned spas in Myrtle Beach. The indictment says that the investigation questioned whether the spas used Korean women who were illegally in the United States for the purpose of prostitution.

According to the U.S. Justice Department, the indictment accuses Merryman of developing an ongoing "personal relationship" with a woman who was a confidential witness of the investigation.

An official summons was also issued today ordering Merryman to make an initial appearance to answer the charges at a later date, which has not yet been set.

Feds Will Not Seek Death Penalty In Fatal Carjacking (MR)

By Brendan Kirby, Staff Reporter

Mobile Register, April 27, 2006

Federal prosecutors will not seek the death penalty against a pair of Mobile men accused of committing a fatal carjacking last year.

DOJ_NMG_0026927

Prosecutors last year announced they would seek permission from the Justice Department to try to execute Alexander L. Bohannon, 23, and Sebastian Sanchez Dubose, 25, for the March 2005 slaying of Michael Lee Rodgers outside of his home in south Mobile.

Lawyers on both sides of the case made presentations in Washington to Justice Department officials, who last month denied permission to go for the death penalty. Both men are scheduled to stand trial in June, and could get life prison terms if convicted.

Defense lawyers said Tuesday they are happy their clients will not face possible execution as they prepare for trial.

"It was entirely due to the efforts of Carlos (Williams, the federal defender). He did an outstanding job," said Donald E. "Skip" Brutkiewicz, who represented Dubose until the Justice Department made its decision. "He deserves all the credit."

In the federal system, the attorney general must sign off on any death penalty prosecution. Rarely granted, it is an arduous process that involves both sides presenting evidence to the Justice Department's Capital Case Unit Committee.

Dennis Knizley, who represents Dubose, said he does not like the system because it forces the defense to tip its hand months before a trial.

"I always found it somewhat offensive to be talking about what penalty someone should get before we've had the trial," he said.

Williams, who represents Bohannon, argued that his client has low intelligence and other mental health issues that make him ineligible for capital punishment. Brutkiewicz said the allegations do not fit the definition of carjacking since Rodgers' vehicle was taken as an after-thought following the shooting.

The Justice Department did not explain its rationale, and federal prosecutors in Mobile did not return phone calls seeking comment.

"One is never confident, because we have no way of knowing what they were thinking or why they did it," Williams said. "We thought we had some good arguments."

Law enforcement authorities have accused Bohannon and Dubose of going to Rodgers' home in the 1300 block of Windsor St. in Mobile's Maysville community as part of a robbery. Bohannon accidentally shot himself in the leg as he and Rodgers struggled for the gun during an altercation, according to an affidavit filed by the FBI.

At that point, Dubose shot Rodgers twice at close range, according to the FBI. The affidavit accuses Bohannon of shooting Rodgers' mother, Lois Ligon, in the arm as they drove off in Rodgers' car.

But Brutkiewicz insisted his client was not even present during the shooting.

"I'm convinced he had nothing to do with it," he said. "The government's case is that Dubose appeared out of nowhere and fired the shots."

Brutkiewicz said the government's case depends on an unreliable witness who told authorities she saw Dubose at the shooting. But he said the woman who took Bohannon to the hospital shortly after the shooting told authorities that he showed up alone.

Brutkiewicz said the altercation between Bohannon and Rodgers apparently was drug-related. As they were fighting, Ligon bit Bohannon in the neck "much like a vampire would," he said.

Bohannon already has been sentenced to life for an unrelated carjacking he committed in Prichard in January 2005. Dubose was charged with murder in a separate incident in 2002 but won acquittal from a jury.

FBI Seizes Computers As Part Of Pension-Fund Probe (AP)

AP, April 27, 2006

8 People Face Charges In Connection To Pension Woes

SAN DIEGO -- The FBI has seized computers and documents from the workplace of San Diego's former pension system president as part of a two-year investigation into the city finances.

It's the first known time federal investigators probing the pension problems have sought information outside City Hall and the pension offices.

FBI agents arrived unannounced earlier this month at the San Diego State University Foundation office where Frederick Pierce IV works as a developer. The FBI has not released further details of the search because the search warrant is sealed and Pierce said he was out of town when the FBI went to his office.

Pierce, 43, has not been charged with any wrongdoing and said he has received other federal requests for information and has always cooperated.

"It has always been my policy to provide any information that I am requested to provide," Pierce said.

The pension system is under federal scrutiny after the city cut contributions to its pension fund and -- at the same time -- increased retirement benefits, once in 1996 and again in 2002. The moves helped create a pension deficit of at least $1.4 billion.

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In all, eight people face criminal charges in connection with the pension probe.

FBI Searches Pension Fund Ex-chief's Office (SDUT)

By Matthew T. Hall And Lisa Petrillo, Union-tribune Staff Writers

The San Diego Union-Tribune, April 27, 2006

A two-year FBI investigation into San Diego's embattled pension system grew this month to include its former president, Frederick Pierce IV, when federal agents seized computers and unspecified documents from his workplace.

The search marks the first known case where federal investigators probing the city's fiscal failures have sought information outside City Hall and the pension offices.

Agents arrived unannounced two or three weeks ago at the San Diego State University Foundation office where Pierce works as a developer, Pierce and an SDSU Foundation spokeswoman said yesterday.

San Diego FBI Chief Dan Dzwilewski confirmed that agents searched Pierce's office, but declined further comment because the search warrant is sealed.

Pierce and foundation spokeswoman Theresa Nakata would not say whether the scope of the search extended beyond the pension fund and its $1.43 billion deficit.

Pierce said he was out of town when the FBI appeared at his office.

"I received a written request for information, and I complied with that request," Pierce said. "It has always been my policy to provide any information that I am requested to provide."

He said it wasn't the first time that prosecutors have sought documents from him related to the pension fund and added that he has cooperated when questioned about fund-related investigations.

An FBI spokeswoman referred calls to the U.S. Attorney's Office, where a spokeswoman said she could not comment unless charges have been filed.

Pierce, 43, has not been charged with any wrongdoing in the pension scandal.

Federal investigators have papered City Hall with subpoenas since early 2004, when they began digging into the pension deficit and allegations of possible corruption and securities fraud by city officials.

The deficit stems mainly from City Council decisions to underfund the system while increasing benefits in 1996 and 2002.

Pierce was appointed to the San Diego City Employees Retirement System board in 1997 under Mayor Susan Golding, then reappointed to a second six-year term in 2003 under Mayor Dick Murphy.

Pierce, a well-connected developer and development consultant, is a former president of the SDSU Alumni Association as well as an ex-trustee of the California State University System, the largest public university system in the nation.

He has been one of the highest-profile developers on the SDSU Foundation's $350 million Paseo retail-housing complex. The project has been in the works for 18 years and was recently taken over by San Diego State.

Pierce has worked for several years with the foundation. His contract ends Sunday because the foundation is shifting its focus away from development.

The foundation is a 60-year-old nonprofit with a $160 million annual budget to handle research funding, scholarships and real estate dealings for the 33,000-student university.

Pierce left the 13-member pension board in March 2005 as the council overhauled its makeup and membership with a slew of new appointees.

He had been president of the board for five of the eight years he served on it.

In January, he became the first witness called by defense attorneys representing six board members charged in San Diego Superior Court with violating state conflict-of-interest laws.

In all, eight people face criminal charges in pension probes.

In January 2005, a federal grand jury indicted the system's former administrator, its attorney and three former board members on conspiracy and fraud charges, contending that they illegally boosted their retirement benefits while condoning the underfunding of the system.

Four months later, District Attorney Bonnie Dumanis filed charges against six past and present pension board members – including three who face federal charges – alleging that each improperly benefited from votes as city employees to let San Diego pay less into the pension fund.

Justices Hear Challenge To Lethal Injection (KRT)

By Stephen Henderson

Knight Ridder, April 26, 2006

DOJ_NMG_0026929

WASHINGTON - The Supreme Court appeared split Wednesday over how a lower court should handle a Florida death row inmate's contention that the state's method of lethal injection is unconstitutional because it could cause him great pain.

Clarence Hill, who shot and killed a Pensacola police officer in 1982, has exhausted the appeals regularly afforded to inmates who challenge their sentences. But his lawyers say his complaint about the lethal injection procedure is a civil rights claim that doesn't directly challenge his sentence, just the way it's going to be carried out. The state says essentially that Hill's claim is a ruse, an indirect way back into court to stop the state from taking his life.

Two lower courts have rejected Hill's claims, but that has happened against the backdrop of a mounting national debate over how cruel or humane lethal injection is. Eight executions have been delayed this year to consider the issue, thanks in part to medical studies that suggest some inmates may feel terrible pain when intravenous drugs are used to end their lives.

The debate is laced with a bit of irony: Most states voluntarily abandoned other forms of execution - the gas chamber, electrocution, even hangings - in favor of lethal injection because it was seen as more humane. Florida, in particular, was notorious for its "flaming" electric chair, which set at least one inmate ablaze.

Those states now find themselves defending lethal injection against claims that the drugs used don't always kill painlessly and instead may simply prevent prisoners from writhing or screaming. One brief in Hill's case notes that in Florida, dogs and cats couldn't be put down the way inmates are.

The justices are jumping into the debate on somewhat oblique terms, to decide whether Hill can get a hearing on his claims and under what conditions. The justices so far have declined to get involved in cases that would require them to decide directly whether lethal injection is unconstitutionally cruel.

During arguments, the justices seemed split largely along ideological lines. Several more-conservative justices jumped quickly on Hill's lawyer, D. Todd Doss, pressing him to demonstrate that Hill's claims weren't a delay tactic that could be repeated.

They wondered why Hill hadn't suggested an alternative means for execution.

"So if the state comes up with another means, you can then object to that, too, right?" Justice Antonin Scalia asked. "You could challenge that method, too, so another few years would go by" before the execution.

Doss said he disagreed that there was a risk of "perpetual litigation."

Justice Samuel Alito tried to get Doss to be more specific about his objections: Are they about Florida's procedures or the death penalty in general?

"Is there any method used that's not a violation of the Eighth Amendment?" Alito asked, referring to the constitutional protection against cruel and unusual punishment.

Doss said if the sedatives administered during lethal injection work and an inmate feels no pain, then it would be constitutional.

Scalia focused on Doss' idea of "no pain."

"Is excruciating pain the standard, or any pain?" Scalia asked.

Doss said the court has outlawed executions that inflict "wanton or gratuitous" pain on inmates.

Chief Justice John G. Roberts Jr. quizzed Doss on why Hill's claim was raised just a few days before his execution. Presumably, the procedure was set long before that, Roberts said.

Doss said Florida had no set procedures for lethal injection nor rules to administer those procedures. He said that despite many attempts, he was rebuffed when he asked for information about which drugs would be used during Hill's execution. He found out only at the last minute.

"This is shrouded in secrecy," Doss said.

Carolyn M. Snurkowski, Florida's assistant deputy attorney general, weathered heavy questioning from many of the court's more liberal justices and Justice Anthony Kennedy, a conservative who appeared to hold the decisive vote in the case.

Snurkowski insisted that unless Hill and his lawyers offered an alternative method of execution, Hill's claims shouldn't be treated any differently from routine challenges to his sentence. She said the court's rulings required Hill to offer an alternative.

"What is the legal source for that? What case? What principle?" Kennedy demanded.

Snurkowski pointed to a 2004 high court ruling that allowed an Alabama prisoner to pursue similar claims. In that case, she said, the court relied on the fact that the prisoner had suggested alternative methods.

Justice David Souter objected to that assertion. He said the court mentioned the suggested alternative methods in that case, but didn't hinge the ruling on it. "I don't know what would elevate that to a principle," he said. "I don't know why the state doesn't have the obligation to not execute without causing gratuitous pain."

The case should be decided by late June.

Supreme Court Enters Lethal-Injection Debate (WSJ/AP)

By Associated Press

The Wall Street Journal, April 27, 2006

WASHINGTON – The Supreme Court heard arguments Wednesday in a capital-punishment case that focuses on whether a lethal-injection method used in Florida and most other states causes excruciating pain for death-row inmates.

"Your procedure would be prohibited if applied to dogs and cats," Justice John Paul Stevens told Florida Assistant Deputy Attorney General Carolyn Snurkowski.

Justice Stephen Breyer said that a medical journal study found that inmates can suffer pain under the three-drug combination drugs and it "doesn't seem too difficult" to alter the medicines.

Ms. Snurkowski said that it would be up to the inmate to detail a new method, an argument that seemed to anger several court members. "Doesn't the state have a minimal obligation on its own" to investigate whether its executions cause gratuitous pain, asked Justice Anthony M. Kennedy.

The high court is delving into a limited part of the subject: whether inmates can file special last-minute challenges to the chemicals used in lethal injection even if they've exhausted all their regular appeals.

The justices had a wide-ranging discussion about the way executions are carried out, and how they can be contested. Justice Antonin Scalia said that if they allow Florida death-row inmate Clarence Hill to pursue claims, that could drag out a case that has already been pending for more than two decades.

Mr. Hill, convicted of killing Pensacola Police Officer Stephen Taylor in 1982, was strapped to a gurney with lines running into his arms to deliver the drugs when the Supreme Court in January intervened and blocked the execution. He claims that the chemicals -- sodium pentothal, pancuronium bromide and potassium chloride -- used in Florida executions and by many other states can cause excruciating pain. The first drug is a painkiller. The second one paralyzes the inmate and the third causes a fatal heart attack.

Justices have never ruled on the constitutionality of lethal injection, which is used by the federal government and every state that has capital punishment except Nebraska.

In this case, they can give inmates new authority to challenge lethal injection as unconstitutionally cruel. The court's decision to hear the case renewed legal efforts around the country on behalf of death-row inmates, and executions have been stopped in California, Maryland and Missouri.

Retired Justice Sandra Day O'Connor wrote the court's 2004 ruling in its last lethal injection case. Justices said that Alabama death-row inmate David Larry Nelson could pursue a last-ditch claim that his death by lethal injection would be unconstitutionally cruel because of his damaged veins. He argued that prison staff would have to cut into his flesh to get to a vein.

Kent Scheidegger, legal director of the pro-death penalty Criminal Justice Legal Foundation, said, "Hill's failure to follow the rules governing that process should not be rewarded by the opportunity to delay his well-deserved execution with a last-minute challenge in the form of a civil rights lawsuit." (Hill v. McDonough)

High Court Rules on Forfeiture Sales

Justices ruled Wednesday that states must work harder to inform homeowners that their homes will be sold for back taxes.

By a 5-3 vote, justices reversed an Arkansas Supreme Court's decision in the case of Gary Jones, a Little Rock man whose home was sold by the state because of delinquent taxes.

Chief Justice John Roberts, writing for the majority, said Arkansas officials should have done more when certified letters mailed to Mr. Jones's home were returned as unclaimed and when he failed to respond to a newspaper ad announcing the sale.

Justice Roberts said many states require authorities to post notices on the doors of the homes up for sale or to send letters via regular mail that don't require signatures and can be left at the address. States don't spare efforts to collect taxes, Justice Roberts wrote. So, he said, they also shouldn't spare efforts to track down owners of homes about to be sold off to pay delinquent taxes.

Justice Roberts said states must take "additional reasonable" steps to provide notice. But he declined to define what those steps should be. "In this case, the state is exerting extraordinary power -- taking and selling a house," the chief justice wrote. "It is not too much to insist that the state do a bit more to attempt to let [a homeowner] know about it when the notice letter addressed to him is returned unclaimed."

In the dissent, Justice Clarence Thomas said Arkansas officials had done more than enough to try to locate Mr. Jones, who was legally obligated to make sure tax authorities had his correct address on file. "The state cannot be charged to correct a problem of [Mr. Jones's] own creation and of which it was not aware," wrote Justice Thomas, who was joined by Justices Antonin Scalia and Kennedy.

Justice Samuel Alito didn't participate in the decision because he was not yet a member of the court when the case was argued. (Jones v. Flowers)

DOJ_NMG_0026931

Court Weighs Procedural Issue In Death Row Lawsuit (WP)

By Charles Lane

The Washington Post, April 27, 2006

Few issues test the Supreme Court's unity more than the death penalty, and the justices' deep disagreements were evident yesterday during oral argument on the rights of death row inmates to challenge lethal injection as a cruel and unusual punishment.

With questions and comments from the justices revealing an even split along liberal-conservative lines, the outcome could depend on Justice Anthony M. Kennedy, the centrist who is the court's swing voter now that Sandra Day O'Connor has retired.

Kennedy was in no mood for joking as he weighed Florida death row inmate Clarence E. Hill's contention that the three-drug injection used by Florida, 36 other states and the federal system risks harsh but undetectable pain.

When his colleagues engaged in some light banter, as they often do during oral arguments, Kennedy interrupted: "This is a death case. It's not that amusing."

The case comes at a time when the three-drug lethal injection is under renewed legal attack. Death row inmates' attorneys have won stays of execution based on what they say is new medical information showing a risk of great pain if poorly trained personnel mishandle the anesthetic that is supposed to render inmates unconscious.

The anesthetic precedes a dose of a paralyzing agent; then comes potassium chloride, which burns the lining of the veins on its way to the heart. But if a prisoner is still conscious when the potassium chloride arrives, he will feel excruciating pain; paralyzed, he will be unable to show it, the lawyers note.

But the precise issue before the court is not whether lethal injection is unconstitutional. Rather, it is a related procedural question: Should courts treat a prisoner's assertion that a particular method of execution is unconstitutional as a federal civil rights lawsuit, as Hill argues, or as a petition for habeas corpus, as Florida says?

The question is critical, because Congress has put strict limits on habeas corpus claims but not on civil rights suits.

If the court agrees with Hill, death row inmates could engage states in time-consuming litigation over the particulars of their lethal-injection protocols, even if the prisoners, like Hill, have already used up their habeas corpus petitions.

But if the court accepts Florida's position that Hill's true purpose is to evade a death sentence through protracted litigation, then it will bar his claim as the equivalent of a belated habeas corpus suit -- thus affirming the states' wide discretion in execution methods.

D. Todd Doss, Hill's attorney, insisted that a victory for his client "would not leave open a total series of challenges." He accepted Justice David H. Souter's proposal to amend Hill's lawsuit "so everything can be resolved in this one case."

Kennedy did not seem entirely satisfied, noting that, if Hill wins, a state might risk a new lawsuit each time it changes its protocol, even if its goal is a less painful death. That might create "a disincentive for states to try to make the process less painful," Kennedy said.

Even members of the court sympathetic to Hill sought reassurances yesterday that he is not out to game the system, probing Doss on why he did not sue until shortly before Hill's Jan. 25 execution date.

"You did know there was a lethal-injection procedure for another prisoner, but you didn't challenge it then," said Justice Ruth Bader Ginsburg. "So why did you wait?"

Doss said he had no choice because the state refused to say precisely what would be done during the execution.

But Ginsburg was even tougher on Florida's assistant deputy attorney general, Carolyn M. Snurkowski, noting that nothing in the state's laws "binds" it to a promise of a humane execution.

When Snurkowski suggested that Hill's claim is weakened by the fact that he has not proposed an alternative method, Souter pounced: "Why does he have an obligation under the Eighth Amendment or any other ground to tell the state how to execute people?"

Snurkowski's inability to satisfy Souter irked Kennedy.

"You're not being forthcoming with your answer," he snapped.

Hill's failure to offer an alternative to Florida's lethal-injection protocol was key to the Bush administration's brief supporting Florida. But during the presentation of Kannon K. Shanmugam, an assistant to the solicitor general, Kennedy seconded Souter's point, observing that "if there are other methods that might be used, it seems to me the state has a minimum obligation to investigate those."

The case is Hill v. McDonough , No. 05-8794. A decision is expected by July.

Supreme Court Looks At Humaneness Of Lethal Injections (LAW)

By Tony Mauro, Legal Times

DOJ_NMG_0026932

Legal Times, April 27, 2006

The Supreme Court on Wednesday seemed reluctant to place too many procedural barriers in the path of death row inmates who want to make last-minute challenges to a state's method of execution.

Exploring for the first time the humaneness of lethal injections -- the method of choice for almost all states that use the death penalty -- the justices appeared reluctant to give states carte blanche to use any combination of death-dealing chemicals they choose.

At one point in oral arguments in Hill v. McDonough, Justice Anthony Kennedy suggested that states have "some minimal obligation" to ensure that the chemicals used in legal executions employ the "most humane method" available.

Justice John Paul Stevens, citing a brief filed in the case by three veterinarians, noted that the combination of drugs used by Florida would be prohibited for use in euthanizing dogs and cats.

The case before the Court was brought by Clarence Hill, who was convicted in the 1982 murder of a Pensacola, Fla., police officer during a bank robbery. Decades of appeals were intermittently successful in reversing the sentence, but each time the sentence was restored.

In 2000, Florida changed its method of execution from the electric chair to lethal injection. But Hill did not challenge the procedure until weeks before his scheduled execution date of Jan. 24, 2006. Florida courts denied the challenge, and four days before the execution date, Hill's lawyers went to federal court, invoking 42 U.S.C. §1983 and claiming that lethal injection would violate their client's civil rights.

The 11th U.S. Circuit Court of Appeals treated his 1983 claim as the equivalent of a habeas corpus petition and denied it as an improper second or successive petition under the 1996 law that Congress passed limiting habeas. Hours before the scheduled execution, Justice Kennedy granted a stay to allow the appeal over whether and how Hill could challenge the method of execution.

Hill's lawyer D. Todd Doss of Lake City, Fla., argued that the challenge should be allowed because the execution method was new in the state and questions about its humaneness only recently emerged. He also said the state left him "in the dark" as to precisely what combination of drugs would be used in the execution.

Several justices seemed worried that if an eleventh-hour §1983 suit is allowed, that device could be abused to delay executions every time the state adopts a new combination of chemicals. "I'd be willing to bet," said Chief Justice John Roberts Jr., that successive civil rights claims would be brought.

Doss said that would not be the case "if the sedative works" and the state's new formula is constitutional. Doss and other death penalty opponents say the current sequence of drugs used in executions could result in severe pain for inmates.

Florida Assistant Deputy Attorney General Carolyn Snurkowski ran into a buzz saw of harsh questioning when she argued that inmates who challenge a method of execution under §1983 should be required to suggest an alternative procedure.

Justices Kennedy, David Souter and Ruth Bader Ginsburg pressed her repeatedly on the legal source for her assertion. She apologized for seeming "disingenuous" but did not have an answer until Roberts bailed her out with a justification. If an inmate is not required to offer an alternative, Roberts said, the claim would amount to a habeas corpus challenge to the sentence itself.

But several justices seemed to believe that it was not unreasonable for an inmate to invoke the civil rights laws to challenge an execution method, no matter when it occurs in the appeals process.

First developed in Oklahoma in 1977, the three-drug injection method has been adopted in 37 of 38 death penalty states. Though it has been viewed as a more humane alternative to the electric chair and previous execution methods, Human Rights Watch last week issued a report asserting that in fact "there is mounting evidence that prisoners may have experienced excruciating pain during their executions."

A separate case directly testing the constitutionality of lethal injections is pending before the Court in Abdur'Rahman v. Bredesen. A death row inmate is appealing a decision last October by the Tennessee Supreme Court that upheld lethal injections as constitutional.

McDermott Files Appeal In Taped Call Case (AP-Y2)

By Matthew Daly

AP2, April 26, 2006

Rep. Jim McDermott (news, bio, voting record) on Wednesday asked a full nine-member appeals court to hear an appeal of a case involving an illegally taped telephone call that was leaked to reporters nearly a decade ago.

A three-judge appeals court panel ruled last month that McDermott, D-Wash., violated federal law by giving the news media a tape recording of a 1996 call involving then-House Speaker Newt Gingrich, R-Ga.

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The 2-1 opinion, by judges from the U.S. Court of Appeals for the District of Columbia Circuit, upheld a lower court ruling that McDermott violated the rights of Rep. John Boehner (news, bio, voting record), R-Ohio, who was heard on the 1996 call. Boehner was then a Gingrich lieutenant and is now House majority leader.

The appeals court ordered McDermott to pay Boehner about $700,000 for leaking the taped conversation. The figure includes $60,000 in damages and more than $600,000 in legal costs.

In court papers filed Wednesday, McDermott asked all nine members of the appeals court to hear the case, saying it involved a crucial First Amendment issue.

"The First Amendment cannot be subverted if we are to remain a free nation," McDermott said in a statement.

McDermott's petition said the full court should hear arguments in the case "because the divided panel decided a constitutional issue of exceptional importance in a manner inconsistent with on-point Supreme Court precedent."

He called the March 28 ruling "both unsound in principle and unworkable in practice," adding that it "will chill the disclosure of truthful information on matters of public concern. Clear and authoritative legal guidance here is imperative, especially for the media, which routinely receive information in all sorts of ways, from all sorts of sources."

Kevin Madden, a spokesman for Boehner, said McDermott's case was weak.

"Everyone expects political adversaries to disagree, but unfortunately Jim McDermott took it a step too far, and he broke federal law in pursuit of his political opponents."

A Florida couple last year pleaded guilty to illegally taping portions of the call, and said they provided the tape to McDermott, who has admitted disclosing the tape.

Inside Politics (WT)

By Greg Pierce

The Washington Times, April 27, 2006

Rove testifies

Top White House aide Karl Rove made his fifth grand jury appearance in the Valerie Plame affair yesterday, undergoing several hours of questioning about a new issue that has come to light since the last time he testified, the Associated Press reports.

Special Counsel Patrick Fitzgerald declined to comment at the conclusion of the grand jury session. Mr. Rove appeared at ease as he left the U.S. courthouse, joking to journalists to "move to the back" as the White House aide, his attorney and several reporters entered an elevator to leave the building.

Wednesday's session is believed to be only the second time Mr. Fitzgerald has met with a new grand jury examining questions left unanswered in the leaking of Mrs. Plame's name. The only other time Mr. Fitzgerald was seen going before the new panel was Dec. 7.

The previous grand jury looking into the CIA leak expired Oct. 28, the day it indicted Vice President Dick Cheney's chief of staff on five counts of perjury, obstruction and lying to the FBI. The only new issue in the CIA leak probe known to involve Mr. Rove is a contact his attorney, Robert Luskin, had with Time magazine reporter Viveca Novak.

Mr. Rove "testified voluntarily and unconditionally at the request of Special Counsel Patrick Fitzgerald to explore a matter raised since Mr. Rove's last appearance," Mr. Luskin said in a statement. "Mr. Fitzgerald has affirmed that he has made no decision concerning charges."

According to Mr. Luskin, the prosecutor has advised that Mr. Rove is not a target of the investigation.

CIVIL LAW:

York County To Pay $16 Million To Settle Dispute Over INS Housing (AP)

By PATRICK WALTERS, The Associated Press

AP, April 27, 2006

PHILADELPHIA (AP) — York County will pay the federal government $16 million to settle a dispute over how much its prison charged to house immigration detainees.

The Department of Justice alleged that the county knowingly understated the overall number of inmates at the prison, resulting in a higher rate being charged for federal immigration detainees being housed there between October 1999 and March 2003.

The county, however, does not admit any wrongdoing under the settlement reached Wednesday.

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"We disagree with their characterization concerning that agreement," said Michael Flannelly, York County solicitor, adding that the county settled to avoid expensive litigation. "Given the level of risk that we were facing, we believe it's an appropriate settlement."

In 2000, the now-defunct U.S. Immigration and Naturalization Service agreed to increase the rate to $60 a day for each federal detainee based on York's statement of prison operating costs and the inmate population.

But York reported that the average daily population of the prison was 996 inmates for the applicable period, rather than the 1,544 it reported to the state, according to the U.S. government.

The difference in those figures led to the U.S. government being charged an inflated rate for detainees at York, one of the nation's largest immigration detention centers, federal officials said.

Flannelly said, however, that while some of the information provided by Warden Thomas H. Hogan "may have been inaccurate as a technical matter," the $60 figure was a fair price and the immigration service got what it paid for.

Charles Miller, a Justice Department spokesman, said he considered the legal matter closed.

The county expects to pay the money over the next six years and the extra cost is not expected to lead to any tax increase, Flannelly said. He said the federal government is currently between $3.5 million and $4 million behind in its payments, and that money could be put toward what the county owes.

Now that the dispute is resolved, the county also plans to ask for an increase in the current per diem that would help pay much of the remaining amount owed, Flannelly said.

Miller said he could not comment on how much the U.S. government may owe in back fees or what the new per diem rate would be.

A $20 million prison addition several years ago gave the federal government one of its largest prison detention centers in the country, complete with immigration courtrooms and office space for staff members of the since-renamed agency.

But a 2001 audit by the federal government said the prison charged too much to house detainees and urged the immigration service to seek a better deal.

Contractor To Pay For Allegedly Misrepresenting Size Status (GOVEXEC)

By Michael Hardy

Government Executive, April 27, 2006

Insight Enterprises has agreed to pay the government $1 million to settle claims that its subsidiary, Insight Public Sector, fraudulently misrepresented itself as a small business to get a federal contract.

Insight, an information technology solutions provider based in Tempe, Ariz., admitted no wrongdoing in agreeing to the settlement. Lloyd Chapman, president of the American Small Business League, initially pursued the case against Insight in a Small Business Administration complaint.

Chapman believes that large companies often represent themselves as small businesses and that SBA and the General Services Administration rarely take action.

Insight's troubles arose after it acquired Comark and Comark Government and Education Services in 2002. CGES, which is now Insight Public Sector, had won a place on the GSA schedule as a small business in 1996. After investigating, the Justice Department and SBA contended that CGES had not been a small business in 1996 and had later received preference on some orders through the GSA schedule because of its reported size status.

The company disputes that claim, but agreed to settle to avoid the risk and expense of litigation, said Richard Fennessy, Insight's president and chief executive officer, in a statement issued late last month.

Chapman said he had hoped that former SBA Administrator Hector Barreto, who resigned yesterday, would be followed by a reformer willing to tackle the problem of fraud in small-business contracting. However, the Bush administration announced yesterday that the nominee to follow Barreto is Steven Preston, executive vice president of strategic services at ServiceMaster.

Chapman said Preston is an unknown quantity.

"I predict that we will not see Mr. Preston do anything to address the 11 federal investigations that have found billions of dollars in small-business contracts have been diverted to large firms as a result of fraud, abuse and lack of oversight," Chapman said in a written statement. "If Preston is approved, he will likely foster policies that will act as barriers to small firms doing business with the federal government and continue to allow awards to Fortune 1000 companies to be reported as small-business contracts."

Some Archives Files Wrongly Kept Secret (WP)

By Christopher Lee

The Washington Post, April 27, 2006

DOJ_NMG_0026935

The CIA and other agencies wrongly kept secret about a third of the records they pulled from public shelves at the National Archives during reclassification efforts that were far more extensive than previously disclosed, according to an audit released yesterday.

Auditors for the Archives who reviewed a representative sample of thousands of formerly public records found that 24 percent were pulled despite being "clearly inappropriate" for reclassification, and another 12 percent were "questionable" as candidates for reclassification.

"In short, more than one of every three documents removed from the open shelves and barred to researchers should not have been tampered with," said Allen Weinstein, the archivist of the United States, who ordered the audit and imposed a moratorium on the reclassification efforts last month.

The moratorium and audit represented an about-face for the Archives, which in 2001 and 2002 entered into secret pacts with the CIA and Air Force in which Archives officials agreed to help hide the multiyear reclassification efforts.

Weinstein, who joined the agency last year, announced last week that the Archives would no longer enter into such agreements. Yesterday, he lifted the moratorium on reclassification efforts and announced new procedures that he said would ensure that withdrawals of records are rare and that the public would be notified when they occur. The Archives also plans to launch a pilot National Declassification Initiative to bring new standards and more accountability to executive branch declassification efforts.

Even as he pledged increased transparency, Weinstein said that he could not disclose examples of the documents that agencies inappropriately pulled from public view, referring the question to the specific agencies.

Independent historian Matthew M. Aid uncovered the reclassification efforts last summer when his requests for documents formerly available at the Archives were delayed or denied. The program dates to the Clinton administration, when the CIA and other agencies began recalling documents they believed were improperly released under a 1995 executive order requiring declassification of many historical records at least 25 years old.

In February, the Archives estimated that about 9,500 records totaling more than 55,000 pages had been withdrawn and reclassified since 1999. The new audit shows the real haul was much larger -- at least 25,515 records were removed by five different agencies, including the CIA, Air Force, Department of Energy, the Federal Emergency Management Agency and the Archives.

J. William Leonard, director of the Archives' Information Security Oversight Office, said 64 percent of audited records did contain information that met standards for continuing classification. In some cases, it was the name of a CIA agent in a decades-old document that otherwise could have remained public, he said. In other cases, records had been published elsewhere, and in still other cases withdrawing a document might counterproductively draw attention to it, he said.

Auditors also found that the CIA withdrew a "considerable number" of records it knew should be unclassified "in order to obfuscate" other records it was trying to protect.

"We hold people accountable, and rightfully so, when they engage in unauthorized disclosures of information," said Leonard, who led the audit. "But we also have that affirmative responsibility, each and every one of us, to challenge inappropriate classification decisions. And it's not done. It's simply not done with any degree of regularity in this government."

Aid praised Weinstein for ordering the audit but said lifting the moratorium before finalizing the new procedures was a mistake. "The decision to let these people go back and do the reclassification again makes no sense to me whatsoever," he said.

Steven Aftergood, director of the Federation of American Scientists' Project on Government Secrecy, said, "It's too early to say whether this will solve the problem, but it brings the matter out into the open where it belongs."

National Archives Says Records Were Wrongly Classified (NYT)

By Scott Shane

The New York Times, April 27, 2006

WASHINGTON, April 26 — An audit by the National Archives of more than 25,000 historical documents withdrawn from public access since 1999 found that more than a third did not contain sensitive information justifying classification, archives officials announced Wednesday.

They said the removal of the remaining two-thirds was technically justified, though many had already been published or contained old secrets with little practical import.

Even withdrawing those documents that included truly significant secrets may have done more harm than good by calling new attention to the sensitivity of records that researchers had read and photocopied for years, the officials said.

"The irony is that some of these reviews have actually exacerbated any possible damage to national security," said J. William Leonard, head of the archives' Information Security Oversight Office and the government's overseer of classification of records.

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Calling the exposure of the hidden effort to reclassify records a "turning-point moment," Allen Weinstein, the head of the National Archives, announced a new effort to set consistent standards for deciding what records should be protected.

The pilot National Declassification Initiative, overseen by the archives, will seek to reduce what Mr. Weinstein called an "unconscionable backlog" of historical records not yet released and to avoid unnecessary classification in the future.

"We're in the access business, not the classification business," Mr. Weinstein said. He said all the agencies that had withdrawn records, including the Air Force and the Central Intelligence Agency, had agreed to drop the practice of secretly reclassifying documents and to operate under new standards of transparency.

Paul Gimigliano, a C.I.A. spokesman, said the reclassification of documents had been necessary because other agencies had released C.I.A. intelligence without allowing the spy agency to review it.

"Once classified material is made accessible to the public, there are few good options to protect that information," Mr. Gimigliano said Wednesday. "That said, the C.I.A. has worked very closely with the archives to improve the process and ensure that the public has maximum access to properly declassified records."

In announcing the results of the audit, both Mr. Weinstein and Mr. Leonard said it raised unsettling questions about the overall quality of decisions by the three million Americans who hold security clearances about what should be secret. "To be effective, the classification process is a tool that must be wielded with precision," Mr. Leonard said.

The audit found that 25,315 documents were withdrawn from public access, far more than the 9,000 they estimated in February, and that 64 percent met the minimal criteria for classification. The Air Force was responsible for the largest share — 17,702 — followed by the C.I.A., the Department of Energy, the Federal Emergency Management Agency and the presidential libraries, which are part of the National Archives system.

The auditors discovered that C.I.A. reviewers deliberately classified some "purely unclassified" documents simply to obscure the removal of other documents they judged to be genuinely sensitive. In addition, the audit showed, some records that had always been unclassified were classified by C.I.A. reviewers — "often 50 years later" — because they contained a name of a C.I.A. official who had received a copy.

At the same time, the audit noted that more than one billion pages of previously secret government documents have been declassified since 1995, four times more than in the 15 years before that. It praised the C.I.A. for placing millions of pages of documents into a searchable computer system that is accessible to researchers at the archives.

The reclassification of documents began after some agencies found that their records had been improperly declassified in the mid-1990's in a process the audit admitted was "replete with errors." The review took place largely hidden from public view, and researchers found entire boxes of records missing from the shelves with only vague notations about "restricted status" as an explanation.

A few months ago, a number of historians led by Matthew M. Aid, a Washington writer on intelligence, discovered that documents they had copied at the archives long ago had been removed. In February, they confronted archives officials, who suspended all reclassifications and ordered the audit.

The withdrawal of documents was governed in part by secret agreements the National Archives signed with the C.I.A., in 2001, and the Air Force, in 2002, before Mr. Weinstein's tenure. Mr. Weinstein said Wednesday that such agreements were improper and should never have been signed.

Reaction to the audit and the planned overhaul of declassification from the affected government agencies, as well as from historians who had complained about the reclassification, was generally positive.

Mr. Aid, the historian who first uncovered the reclassifications, said he found the audit professional and its results "shocking."

"The various reclassification programs were, in my opinion, a massive waste of time and the taxpayers' money in a time of war, and did not enhance or improve U.S. national security at all," Mr. Aid said.

An Air Force spokeswoman, First Lt. Christy A. Stravolo, said: "This audit was a good thing. In the long run, it will improve the consistency of declassification processes across the board."

Archives: 1 In 3 Records Wrongly Resealed (AP-Y2)

By Hope Yen

AP2, April 26, 2006

The government improperly sealed hundreds of previously public CIA, Pentagon and other records by reclassifying them as secret on questionable grounds, an internal review said Wednesday.

The National Archives' audit of thousands of records withdrawn from public view since 1995 contends that one of every three was resealed without justification.

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The investigation covered historical records held by the National Archives. But it comes amid broader debate on classifying records on national security grounds, which critics say is often done based on political expediency.

The Associated Press reported earlier this month that the National Archives agreed to seal previously public records — many of them more than 50 years old — despite concerns about whether it was justified.

On the other hand, Democrats have decried the timing of President Bush's 2003 decision to declassify sensitive intelligence and authorize its disclosure to rebut Iraq war critics. In recent weeks, the CIA has fired an employee accused of sharing classified information with news media.

"The ability and authority to classify national security information is a critical tool at the disposal of the government and its leaders," said William Leonard, head of the Archives' information security oversight office, in a briefing with reporters.

Such a system, Leonard said, is only effective if the 3 million federal workers who decide whether to seal records on national security grounds each day follow clear standards and are kept honest.

While the audit found numerous instances of improper reclassification, the National Archives declined to release details of what those documents contained, saying it was still working with the agencies to make them public again.

According to the audit:

_At least 32,315 publicly available records were reclassified since 1995, primarily by the U.S. Air Force (17,702), CIA (3,147) and Energy Department (2,164). Based on a sampling of 1,353 of those documents, 24 percent were resealed on clearly inappropriate grounds, while another 12 percent were questionable.

_Poor oversight by the agencies and the National Archives was to blame, primarily due to a lack of clear standards and protocol for reclassification.

_In many cases where a previously public document was resealed on national security grounds, the decision didn't make sense because the material had been published elsewhere.

National Archivist Allen Weinstein said at the news briefing that he was implementing new procedures to curtail abuses and ensure that resealing of documents is rare. The procedures require that the public be informed on a regular basis when records are withdrawn from public access.

The archives also will boost training, seek more federal funding to speed declassification and launch a longer-term study of how it handles materials that are deemed classified.

The archives' secret agreements with government agencies were made public earlier this month in response to a 3-year-old Freedom of Information Act request by The Associated Press. They provided new details on the efforts of the nation's chief historical repository to hide the fact that U.S. intelligence was secretly trying to reclassify approximately 55,500 pages of previously public documents.

The revelation drew widespread anger on Capitol Hill, and the agreement was even disowned by a former head of the archives. John Carlin, a former Kansas governor who served as chief archivist from 1995 to 2004, said the agreement was kept secret even from him.

"I was shocked by the content, particularly the language that it was in the best interest of the National Archives to keep the public in the dark," he said in a statement last week. "I spent most of my tenure stating that NARA is a public trust — this (agreement) undermines that trust."

Archives officials have been criticized for keeping the agreements secret. But internal NARA reports obtained by the AP under the Freedom of Information Act show archivists were concerned about the reclassification scheme as early as January 2003. As boxes of documents were pulled from shelves, historians and other researchers who regularly use archival materials were beginning to notice their absence.

"Researchers continue to question why records, some of which have been open for years, are not readily available for research in 2003," archivists said in a January 2003 report. "The exceptional efforts of the (staff) ... have worked to placate most of the impacted researchers, and complaints are amazingly few in number."

Two years later, NARA officials appeared frustrated by the reclassification effort.

"The amount of disruption to timely reference service wreaked by ... declassification (sic!) teams is growing," a NARA official said in an April 2005 report. "The Air Force team seems particularly bent on expanding their mandate to series of records well beyond recognized rationality considering the sort of information they are allegedly seeking to identify."

Lorillard Seeks To Reverse Anti-Smoking Ads Decision (DOW)

Dow Jones, April 27, 2006

WILMINGTON, Del. -(Dow Jones)- Lorillard Tobacco Co. Wednesday asked the Delaware Supreme Court to overturn a ruling that the "truth" series of anti- smoking ads does not "vilify" the tobacco industry.

DOJ_NMG_0026938

The maker of Newport, Kent, True and Old Gold cigarette brands says the ad campaign, which is targeted at children and teenagers, violates the bargain tobacco companies made in 1998 to settle lawsuits from 46 state attorneys general, an agreement that called for the industry to pay for anti-smoking ads.

Lorillard wants to strip funding from American Legacy Foundation, the non- profit organization behind the "truth" ads and the recipient of $1.5 billion in funds under the settlement. According to the company, the ads breach restrictions against vilification and personal attacks contained in the settlement.

"We are pursuing this lawsuit because we want to get what we bargained for," Ronald Milstein, general counsel for Lorillard, a unit of the Loews Corp. (LTR) (LTR), told Dow Jones Newswires in an interview after the hearing.

American Legacy says that the ads have to be edgy to reach the defiant youngsters most at risk of smoking but that the campaign is tailored to avoid personal attacks and vilification, which it defines as abusive and unfair portrayals of tobacco companies.

Last year, a Delaware judge sided with American Legacy and against Lorillard in a legal battle over the "truth" ads.

Lorillard appealed the decision, and the Delaware Supreme Court is expected to rule later this year on whether American Legacy's "truth" ad campaign crossed the line by tackling evils in tobacco industry profiteering along with the evils of smoking.

Wednesday, a five-judge panel in Delaware viewed some "truth" ads, including a commercial showing young people piling body bags outside the headquarters of an unidentified tobacco company to illustrate the daily death toll from smoking.

That ad breached the deal, said John Parkins, attorney for Lorillard.

Another ad, which showed passers-by reacting to what seemed to be an abandoned, crying infant in a baby carriage, did not transgress, he said.

"They can run an effective, hard-hitting campaign without vilifying or personally attacking tobacco companies," Parkins said.

The dispute in Delaware is focused on the meaning of a very few words in the settlement in which tobacco companies agreed to fund anti-smoking ads, a settlement that created American Legacy.

But it's a fight that the foundation says could mean an end to the only anti- smoking ad campaign not controlled by cigarette makers.

"If they (Lorillard) were to have an all-out win in this court, that would basically shut us down," American Legacy Chief Executive Cheryl Healton told Dow Jones Newswires in an interview before Wednesday's debate before the Delaware Supreme Court.

The foundation points to academic studies that show the "truth" campaigns accomplish their goal of preventing youth smoking. Industry-funded ads are tailored to portray smoking as an adults-only activity and are thus more likely to make cigarettes attractive to rebellious teens, American Legacy's CEO said.

Healton said tobacco companies know the "truth" ads are costing them customers. Instead of dealing with American Legacy, she said, Lorillard is asking the Delaware court for a ruling that will let cigarette makers "start over with some well-behaved entity that won't cut their market share."

Lorillard's top lawyer says tobacco companies are not out to kill anti-smoking ad campaigns but they do not want to pay for ads that show them as profiteers at the expense of public health.

"Ads do not cause people to want to smoke," Milstein said.

Wednesday's arguments came just days after Delaware and a number of other states sued Lorillard and R.J. Reynolds Tobacco Co. for allegedly shortchanging them in this year's settlement payments.

Lorillard and R.J. Reynolds say they have placed more than $750 million in escrow pending a resolution of how much they owe in 2006 on the settlement.

Vermont Attorney General William H. Sorrell, who also filed a suit over the 2006 shortfall, was in the Dover, Del., courtroom Wednesday as a member of American Legacy's board.

"We need to be able to continue an ad campaign that speaks to kids," Sorrell said in an interview. However, he said, American Legacy screens ads carefully to make sure they don't violate the covenant against personal attacks or abusive characterization.

"We've taken it very, very seriously that we can't throw just anything out there," Sorrell said. "That word vilification is there for a reason."

The Delaware Supreme Court arguments also come as American Legacy awaits a ruling from a federal judge in Washington, D.C., in the U.S. Department of Justice's case against tobacco companies. The Justice Department has recommended that $4 billion of any settlement in the case be earmarked for American Legacy, to expand its award-winning advertising effort.

-By Peg Brickley, Dow Jones Newswires; 302-521-2266; peg.brickley@dowjones.com

DOJ_NMG_0026939

CIVIL RIGHTS:

Supreme Court To Decide Whether It's OK To Require ID To Vote (AP)

By DAVID EGGERT, ASSOCIATED PRESS

AP, April 27, 2006

LANSING, Mich. (AP) -- The state Supreme Court agreed Wednesday to decide whether Michigan can require voters to show photo ID, entering a decade-long political fray over issues such as election fraud and voter intimidation.

The court voted 5-2 to issue an advisory opinion on the constitutionality of a 1997 state law requiring voters to show photo identification to get a ballot. A court spokeswoman said the ruling will be binding, though it could be appealed to the U.S. Supreme Court.

Former Attorney General Frank Kelley, a Democrat, ruled nine years ago that the law violated the equal protection clause of the 14th Amendment of the U.S. Constitution, which guarantees U.S. citizens the right to vote.

Opponents of the law say the requirement would keep poor people, non-drivers and others away from the polls. But supporters say it's needed to prevent election fraud.

The U.S. Justice Department, for example, has been investigating allegations that Detroit votes were cast last year in the names of dead people.

In February, the Republican-controlled state House passed a resolution asking the Supreme Court for an opinion after the 1997 law was amended to make an array of election-related changes. Five Republican nominees on the court agreed with the request, while two Democratic nominees opposed it.

"We can ensure the sanctity of the voting process," House Speaker Craig DeRoche, R-Novi, said of requiring ID to vote.

The high court asked Republican Attorney General Mike Cox to submit separate briefs within 84 days -- one arguing that the law is constitutional and the other arguing it is unconstitutional. The court also invited the state Bureau of Elections, Michigan Democratic Party and Michigan Republican Party to file arguments. It will hear oral arguments later.

Kelley appeared before the Attorney General Opinion Review Board last November to argue that his opinion should be left standing.

The board was considering a July request from state Rep. Chris Ward, R-Brighton, that Cox issue a new opinion on the law. A Cox spokesman said Wednesday that Cox will not issue a legal ruling because the matter is now pending before the Supreme Court.

Jason Moon, spokesman for the state Democratic Party, said requiring a photo ID is an illegal poll tax. But Ward has said would-be voters who don't have an ID could get a state-issued card free of charge.

Marcia McBrien, spokeswoman for the Michigan Supreme Court, said the court will decide whether the state law is constitutional on its face. She added that parties could challenge the state law in federal court.

Court rulings have been mixed regarding voter ID requirements.

Earlier this month, a federal judge upheld an Indiana law requiring voters to present photo identification, saying it places reasonable restrictions on casting a ballot.

But last year, a federal judge held that a Georgia law amounted to an unconstitutional poll tax and issued a temporary injunction blocking enforcement while the government appealed.

In January, the Republican-led Legislature amended the law to provide free photo IDs to any Georgian who needed one, and the U.S. Department of Justice signed off on the law last week.

Marriage Battle Gears Up For Fall (WP)

By Chris L. Jenkins

The Washington Post, April 27, 2006

RICHMOND -- At the Shad Planking in Wakefield, the traditional kickoff to Virginia's political campaign season, activists passed around chunks of pearl-white wedding cake and handed out yellow and black stickers that read, "Vote Yes 4 Marriage."

Days earlier, outside a post office in Fredericksburg, another group stood with clipboards and fliers and held up pumpkin-orange signs written in block letters to promote their cause. It was tax day, and one man held a sign that said, "No Taxation With Discrimination."

These are the beginnings of a statewide political campaign not for an individual candidate but for an idea. The groups represent the two sides of the debate over the proposed amendment to the Virginia Bill of Rights that would ban same-sex marriages and civil unions and will be on the ballot statewide Nov. 7.

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"The campaign is in its infancy . . . we're finding that a lot of people don't even know about the constitutional amendment," said Doug Pfaff, a landscape designer from Fredericksburg who was among about 20 people opposed to the amendment who rallied last week along Princess Anne Street downtown. "Our job between now and November is trying to not only get people educated, but get them mobilized."

More than six months before Election Day, supporters and opponents have formed coalitions they hope will raise hundreds of thousands of dollars and lure scores of volunteers to their voter outreach efforts.

"This is a campaign that has similar attributes to a campaign as if we were electing a candidate," Chris Freund, director of communications for the Family Foundation, told a group of black ministers last week. The foundation is helping to lead the effort to pass the amendment. "Except here, we're electing marriage. We're voting on marriage."

Organizers on both sides said they hope to raise enough money to fill the airwaves with radio and television ads. And they vowed to send volunteers to as many county fairs, clambakes and cookouts as needed to get the vote out.

Since the adoption of the modern constitution of Virginia in 1971, the document has been altered more than 40 times, but proposed amendments have rarely engendered passionate campaigns. The last time the state's 230-year-old Bill of Rights was amended was 1996, with a new section that addressed the rights of crime victims.

"This will certainly be unique," said A.E. Dick Howard, a University of Virginia law professor who helped draft the state's modern constitution. "In most cases the amendments are so . . . technical that the first time people have heard of them is at the voting booth."

Nineteen states have passed constitutional amendments barring same-sex marriage, and six others will place the issue before voters this year. No such amendment put to voters has been defeated, but the issue continues to roil statehouses across the country. In Maryland, lawmakers debated the topic this year after a circuit court judge found the state's 33-year-old ban on same-sex marriages to be unconstitutional.

Opponents of the marriage amendment will try to convince voters that the measure is about more than "electing marriage" and might also affect unwed heterosexual couples because it says the state should not recognize "a legal status for relationships of unmarried individuals." Organizers said that although they will tell voters that they should not "write discrimination" into the state constitution and that gay couples deserve civil benefits, they will largely seek to raise the specter that the amendment could harm some heterosexual couples.

"Once people understand that this is about more than just marriage, their support for it plummets," said Claire Guthrie Gastanaga, campaign director for the Commonwealth Coalition, which is fighting the ballot question.

Proponents say the amendment will protect Virginia from judges who might interpret the constitution to allow such unions. And they say there is no evidence that the amendment will void contracts between unwed heterosexual couples, as opponents have warned it will.

"Our job is to make sure that the misinformation doesn't stick," said Del. Robert G. Marshall (R-Prince William), chief sponsor of the constitutional amendment. He predicted that opponents will have a difficult time grabbing voters' attention with what he termed a complicated legal argument.

Meanwhile, proponents have aimed their message at church pastors across the state. At Saturday's meeting with the black ministers, Freund handed out DVDs titled "Why not Gay Marriage?" He also announced a "Marriage Protection Sunday" on Nov. 5, when proponents will urge pastors across the state to get their flocks to vote yes on the amendment.

The marriage amendment will be on the ballot the same day U.S. Sen. George Allen (R-Va.) hopes to win reelection. In 2004, when 11 states passed similar measures, political observers said the amendments helped drive conservative Republicans to the polls and to President Bush, particularly in swing states such as Ohio. Allen includes support for the amendment in his stump speeches, and a spokesman predicted that the senator's position will help him on Election Day.

"We think Senator Allen is on the same side as the majority of Virginians," said campaign consultant Dick Wadhams.

Aides for the two Democrats vying to defeat Allen, former high-tech lobbyist Harris Miller and former Navy secretary James Webb, said their candidates oppose the amendment. Taylor West, press secretary for Miller, called the ballot question a "cynical attempt to divide Virginians" and said her candidate will focus on "the real issues" that affect voters, such as health care and jobs.

Study Assesses How Many Gays Marry If Legal (AP)

By David Crary, Ap National Writer

AP, April 27, 2006

(AP) - NEW YORK-A new study attempts to gauge the percentage of gays and lesbians who have chosen to marry in places where that option is legal, with estimates ranging from as little as 2 percent to more than 16 percent, depending on the location.

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A co-author of the report, released Wednesday, said both sides in the gay marriage debate may take heart from the findings.

The Institute for Marriage and Public Policy, which opposes gay marriage, reviewed data from the Netherlands, Belgium, Canada and Massachusetts, all of which allow same-sex partners to wed.

In each case, the study offered a range of estimates of the percentage of gays who had married, based on varying approximations - from 1 percent to 5 percent - of how many gays were in the general population.

In the Netherlands, where 8,127 same-sex couples married from April 1, 2001, through last December, the study said this represented between 2.6 percent and 6.3 percent of the country's gays and lesbians.

The study estimated that between 2 percent and 5 percent of Belgium's gays and lesbians, and 5.9 percent to 16.7 percent of those in Massachusetts had married. Same-sex marriage became legal in Massachusetts in May 2004, and 7,341 gay and lesbians couples had wed there through last December.

The institute study said calculations for Canada were difficult because the country allowed nonresidents to marry, but it estimated that as many as 14.3 percent of the gays and lesbians in the western province of British Columbia had married.

The report does not draw any major conclusions, saying it is too early to assess long-term trends.

"Whether same-sex marriage will emerge as commonplace or normative among gays and lesbians, or fade as time and novelty passes, cannot yet be determined," it said.

However, Maggie Gallagher, president of the Institute for Marriage and co-author of the study, said interpretations of the findings might vary according to one's views on gay marriage.

One faction, she said, might conclude that opposition to gay marriage was an overreaction given that seemingly modest numbers of people were choosing it. Another faction, she said, might look at the same numbers and contend that they did not justify overturning the long-standing concept of marriage as exclusively heterosexual.

"That's why the debate is so contentious," Gallagher said. "In one view, if you treat gay couples any differently, that's akin to racism. There's another view that there's something special about the unions of husbands and wives."

Gary Gates, a specialist in gay demography at the UCLA School of Law's Williams Institute, was given an advance look at the study. He disagreed with Gallagher's suggestion that relatively few gays and lesbians were opting for marriage.

Looking specifically at the Massachusetts data, and noting the limited time period of 20 months, he contended that a sharply higher percentage of gays and lesbians were deciding marry than heterosexuals of marrying age.

"Numerically, same-sex couples will never comprise a major portion of the married population," Gates said in a telephone interview. "But gay people do seem to be really interested in getting married - it's kind of a compliment to the institution of marriage."

On the Net:

Institute site: http://www.marriagedebate.com/

Activists Visit West Point On Gay Policy (AP-Y2)

By Michael Virtanen

AP2, April 26, 2006

Twenty-one gay rights activists were detained at the U.S. Military Academy and issued federal citations Wednesday while protesting the Pentagon's "don't ask, don't tell" policy.

The academy was their last stop on a 20-stop, cross-country tour of conservative Christian and military colleges that protest organizers say discriminate against gay, bisexual and transgendered people.

Members of the protest group Soulforce Equality Riders have faced charges for protests at five of the campuses. Ten were handcuffed and charged with disorderly conduct after demonstrating April 14 at the U.S. Air Force Academy in Colorado Springs, Colo.

On Wednesday, about 50 protesters arrived on buses at the gate that separates the storied U.S. Military Academy from the village of Highland Falls. The 21 detained had entered campus grounds and were warned they risked federal charges if they continued to try to protest inside the post.

After several trips through the gate, they were cited by military police for entry to military property for unlawful purposes, a misdemeanor. Federal law prohibits protests on military installations.

"I felt it was definitely something I should be doing," said protester Chad Grandy, 20, of Mount Pleasant, Mich., who was among those ticketed. "To see government-sanctioned discrimination, it really bothers me."

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The "don't ask, don't tell" policy for the U.S. military and its service academies, set by Congress and signed by President Clinton, allows gays to serve in the armed forces if they abstain from homosexual activity and do not disclose their sexual orientation.

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On the Net:
http://www.equalityride.com
http://usma.edu

The Death Of Multiculturalism (NYT)

By David Brooks
The New York Times, April 27, 2006

In 1994 multiculturalism was at its high-water mark, and Richard Bernstein wrote "Dictatorship of Virtue," describing its excesses: the campus speech codes, the forced sensitivity training, the purging of dead white males from curriculums, the people who had their careers ruined by dubious charges of racism, sexism and ethnocentrism.

Then two years later, the liberal writer Michael Tomasky published "Left for Dead," which argued that the progressive movement was being ruined by multicultural identity politics. Democrats have lost the ability to talk to Americans collectively, Tomasky wrote, and seem to be a collection of aggrieved out-groups: feminists, blacks, gays and so on.

At the time, Bernstein and Tomasky were lonely voices on the left, and the multiculturalists struck back. For example, Martin Duberman slammed Tomasky's book in The Nation, and defended multiculturalism:

"The radical redefinitions of gender and sexuality that are under discussion in feminist and queer circles contain a potentially transformative challenge to all 'regimes of the normal.' The work of theorists like Eve Kosofsky Sedgwick, Jeffrey Weeks, Marjorie Garber and Judith Butler represents a deliberate systemic affront to fixed modes of being and patterns of power. They offer brilliant (if not incontrovertible) postulates about such universal matters as the historicity and fluidity of sexual desire, the performative nature of gender, and the multiplicity of impulses, narratives and loyalties that lie within us all."

Duberman insisted that postmodern multicultural theorizing would transform politics, but today his gaseous review reads as if it came from a different era, like an embarrassing glimpse of leisure suits in an old home movie.

That's because over the past few years, multiculturalism has faded away. A different sort of liberalism is taking over the Democratic Party.

Multiculturalism is in decline for a number of reasons. First, the identity groups have ossified. The feminist organizations were hypocritical during the Clinton impeachment scandal, and both fevered and weak during the Roberts and Alito hearings. Meanwhile, the civil rights groups have become stale and uninteresting.

Second, the Democrats have come to understand that they need to pay less attention to minorities and more to the white working class if they ever want to become the majority party again. Third, the intellectual energy on the left is now with the economists. People who write about inequality are more vibrant than people who write about discrimination.

Fourth and most important, 9/11 happened. The attacks aroused feelings of national solidarity, or a longing for national solidarity, that discredited the multiculturalists' tribalism.

Tomasky is now back with an essay in The American Prospect in which he argues that it is time Democrats cohered around a big idea — not diversity, and not individual rights, but the idea of the common good. The Democrats' central themes, Tomasky advises, should be that we're all in this together; we are all part of a larger national project; we all need to make some shared sacrifices and look beyond our narrow self-interest. Tomasky is hoping for a candidate who will ignore the demands of the single-issue groups and argue that all Americans have a stake in reducing economic fragmentation and social division.

Coincidentally, two other liberal writers, John Halpin and Ruy Teixeira, have just finished a long study that comes out in exactly the same place. Surveying mountains of polling data, they conclude that the Democrats' chief problem is that people don't think they stand for anything. Halpin and Teixeira argue that the message voters respond to best is the notion of shared sacrifice for the common good. After years of individualism from right and left, they observe, people are ready for an appeal to citizenship.

Naturally, this approach has weaknesses. Unlike in 1964, most Americans no longer trust government to be the altruistic champion of the common good, even if they wish it could. And while writers and voters talk about the common good, politicians are wired to think about their team. Harry Reid and Chuck Schumer will never ask their people to make sacrifices, but until they do, the higher talk of common good will sound like bilge.

Nonetheless, the decline of multiculturalism and the rebirth of liberal American nationalism is a significant event. Democrats are purging the last vestiges of the New Left and returning to the older civic liberalism of the 1950's and early 1960's.

Goodbye, Jesse Jackson. Goodbye, Gloria Steinem. Hello, Harry Truman.

DOJ_NMG_0026943

ANTITRUST:

Committee Will Probe Oil Industry Tax Records (WP/AP)

By Associated Press

The Washington Post, April 27, 2006

A Senate committee yesterday announced an investigation into taxes paid by major oil companies and asked the Internal Revenue Service for the companies' tax returns.

The Senate Finance Committee promised "a comprehensive review of the federal taxes paid" by the 15 largest oil and gas companies. The panel said it wants to inspect their tax returns for the past five years.

Sen. Charles E. Grassley (R-Iowa), the committee's chairman, said the panel is concerned about high profits and executive compensation at oil companies.

With gasoline prices soaring and oil companies announcing record profits, "it's relevant to know what the real financial picture is for this industry," said Sen. Max Baucus (Mont.), the ranking Democrat on the committee.

It is highly unusual for the Senate committee to seek corporate tax records. The last time it was done was when the panel asked the IRS for the tax records of Enron Corp.

The committee announcement came as Congress showed increasing concern amid political fallout over high gasoline prices and oil industry profits. Lawmakers began moving on various fronts to eliminate loopholes and some tax provisions that save oil companies billions of dollars.

In their request, the senators noted not only the industry profits but also "an extremely lucrative retirement plan by one oil and gas industry executive." The compensation package given by Exxon Mobil Corp. to outgoing Chairman Lee Raymond is said to total $400 million when all pension payoffs and stock options are included.

Senate Panel Demands Oil Co. Tax Records (AP-Y2)

By H. Josef Hebert

AP2, April 26, 2006

A Senate committee Wednesday announced an investigation into taxes paid by major oil companies and asked the Internal Revenue Service for the companies' tax returns.

The Senate Finance Committee promised "a comprehensive review of the federal taxes paid" by the 15 largest oil and gas companies. The committee said it wanted to inspect their tax returns for the last five years.

Sen. Charles Grassley (news, bio, voting record), R-Iowa, the committee's chairman, said the panel was concerned about high profits and executive compensation at oil companies.

"I want to make sure the oil companies aren't taking a speed pass by the tax man," said Grassley in a statement.

With gasoline prices soaring and oil companies announcing record profits, "it's relevant to know what the real financial picture is for this industry," Montana Sen. Max Baucus (news, bio, voting record), the ranking Democrat on the committee, said.

It's highly unusual for the Senate committee to seek corporate tax records. The last time it was done was when the panel asked the IRS for the tax records of Enron Corp.

The committee announcement came as Congress showed increasing concern amid political fallout over high gasoline prices and oil industry profits. Lawmakers began moving on various fronts to eliminate loopholes and some tax provisions that save oil companies billions of dollars.

In a letter to the IRS, Grassley and Baucus said the tax records of the major oil companies are needed to conduct "a comprehensive review" of the companies' compliance with tax laws.

"As pressure mounts to address extraordinarily high gas prices that consumers are facing at the pump, we feel we should better understand the federal tax posture of the industry," the two senators wrote IRS Commissioner Mark Everson.

In their request, the senators noted not only the industry profits, but "an extremely lucrative retirement plan by one oil and gas industry executive, benefits which may have been subsidized in part by the taxpayers."

The retirement compensation package given by Exxon Mobil Corp. to outgoing Chairman Lee Raymond is said to total $400 million when all pension payoffs and stock options are included.

Anger over soaring gasoline prices and record oil profits is putting pressure on Congress to eliminate loopholes and some tax provisions that save oil companies billions of dollars.

A House-Senate conference, negotiating a large tax bill, is considering a provision that would change accounting rules for oil inventories and require the five biggest oil companies to pay $4.3 billion more in taxes.

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The measure passed the Senate but was viewed as essentially dead this week because of opposition from House GOP lawmakers. The White House opposed the idea, too, when it surfaced in November and threatened to veto the entire bill because of it.

Grassley said Wednesday that high fuel prices revived the inventory tax plan and it "is still being negotiated."

His House counterpart in the negotiations, Ways and Means Committee Chairman Bill Thomas, R-Calif., said the issue has not been decided. He denied he had rejected it.

Additionally, there is broad bipartisan support for scuttling other breaks given to oil companies only eight months ago when President Bush signed an energy bill.

Bush on Wednesday urged Congress to remove those tax provisions, worth $2 billion over 10 years. He said people should not pay for such subsidies when the industry is wallowing in cash.

Sen. Pete Domenici (news, bio, voting record), chairman of the Senate Energy and Natural Resources Committee, promised to press hard to repeal the subsidies. Domenici, R-N.M., said he cannot support tax breaks for oil companies "while some American families are searching their budgets for the extra cash they need to fill their gas tanks."

Sen. John Kerry, D-Mass., said he intended to offer legislation repealing the tax breaks. They included subsidies for exploration in deep waters of the Gulf of Mexico and in geologically or politically difficult regions of the world, as well as royalty relief for certain oil and gas exploration.

Executives of the major oil companies said at a recent hearing they do not need those tax breaks.

"They feel they are not necessary. We are not involved in trying to hold them in place," Red Cavaney, president of the American Petroleum Institute, said Wednesday at a news conference.

Cavaney criticized the proposed changes on oil inventory accounting, calling them "equivalent to a windfall profits tax" for the five largest U.S. oil companies.

The Senate-passed plan would change accounting rules for oil kept in inventory. The changes would raise $4.3 billion in additional taxes from the companies over five years, according to a congressional analysis.

Cavaney said it was unfair to single out the five companies — Exxon Mobil Corp., Chevron, BP, Shell and ConocoPhillips — for an accounting practice widely used both in and outside the oil industry.

Congressional Democrats see the uproar over the surge in gasoline costs as a chance to renew their push for a windfall profits tax.

"When Exxon Mobil can realize billions of dollars of profits at the expense of millions of American families, it's time to step up" and tax more of those earnings, said Sen. Richard Durbin (news, bio, voting record), D-Ill.

A few Republicans, including Sen. Arlen Specter (news, bio, voting record) of Pennsylvania, have said a windfall profits tax ought to be examined, but most GOP lawmakers — and Bush — strongly oppose it.

It "failed miserably" when it was tried in the early 1980s and there is no reason to try it again, House Majority Leader John Boehner, R-Ohio, told reporters.

US Senate Seeks Oil Co. Tax Returns As Gasoline Rises (Update1) (BLOOM)

By Jim Efstathiou Jr.

Bloomberg, April 27, 2006

April 26 (Bloomberg) -- The U.S. Senate is seeking tax returns from Exxon Mobil Corp., Chevron Corp. and others among the 15 largest oil and gas companies in the U.S. to ensure they are paying the full amount due on record profits.

In a letter today to Internal Revenue Service Commissioner Mark Everson, Senator Charles Grassley, the Republican chairman of the Senate Finance Committee and Senator Max Baucus, the committee's ranking Democrat, said they need the information to ``better understand the federal tax posture of the industry."

The request is for federal corporate tax returns for the last five years of the 15 largest companies based on sales. President George W. Bush and Republicans in Congress face growing pressure from voters with crude oil and gasoline near all-time highs. A CNN poll released this week found 69 percent of U.S. adults say higher fuel costs are causing financial hardship.

``The whole country is trying to figure out what should be done about record high gasoline prices at a time of record oil company profits," Baucus said in a statement. Congress needs to know ``what the real financial picture is for this industry, because the financial picture for American consumers is pretty bleak."

Profit for Irving, Texas-based Exxon Mobil Corp., the world's biggest oil company, climbed last year to $36.1 billion, a record for any U.S. company. The combined 2005 earnings of Exxon Mobil, BP Plc, Royal Dutch Shell Plc, Chevron and ConocoPhillips, topped $111 billion.

Reducing Incentives?

DOJ_NMG_0026945

Bush, in a speech on energy issues yesterday in Washington, said the American people expect oil companies to plough more of their profits into investments in refineries and production projects that might eventually ease prices. He also said Congress should roll back incentives to the oil industry that will cost the U.S. about $2 billion over 10 years.

While Grassley's committee has scrapped a proposal to boost oil company taxes by $5 billion through an accounting rule change, Democratic Senator Byron Dorgan of North Dakota is proposing a 50 percent excise tax on profits from oil sold at more than $40 a barrel.

Republican Senator Arlen Specter said Congress should consider taxing the ``windfall profits" reaped by oil companies as a result of surging crude oil prices. Specter, of Pennsylvania, earlier this month introduced legislation to strengthen antitrust enforcement of the oil and natural gas industry to counter the consolidation of production and refining operations.

Soaring Prices

The average U.S. pump price for regular gasoline rose to its highest since Oct. 3, climbing 13.1 cents to $2.914 a gallon in the week ended April 24, the U.S. Energy Department said. Crude oil, which accounts for about 60 percent of the price of gasoline, fell 95 cents, or 1.3 percent, to close at $71.90 a barrel on the New York Mercantile Exchange. Prices are 33 percent higher than a year ago.

The request for information refers to record industry profits and recent press reports of ``an extremely lucrative retirement plan by one oil and gas industry executive." Lee Raymond, who retired at the end of last year as chairman of Exxon Mobil, will receive stock and benefits worth $357 million.

The package, which Raymond said was justified by his performance, includes a $98.4 million lump-sum payment of pension benefits and the year-end valuation of the stock and stock options accumulated in more than 40 years with the company.

``We're seeing record profits and significant executive compensation in the oil and gas industry," Grassley said in a statement. ``We all know there can be a slip between cup and lip on corporate profits made and taxes paid. I want to make sure the oil companies aren't taking a speed pass by the tax man."

The 15 largest oil companies aren't identified in the request.

US Senate Seeks Tax Records Of Oil Companies (FT)

By Holly Yeager

Financial Times, April 27, 2006

The leaders of a Senate committee demanded the tax records of the 15 largest US oil and gas companies on Wednesday, opening a new front in the politically charged battle over high petrol prices.

The unusual demand for sensitive financial information underscores the pressure among politicians to show they are responding to record fuel prices. A CNN poll this week found that 69 per cent of adults said high fuel prices had caused financial hardship.

Chuck Grassley, Republican chairman of the finance committee, and Max Baucus, his Democratic counterpart, asked the Internal Revenue Service to provide the tax records of the oil and gas giants for the last five years, so they could “better understand the federal tax posture of the industry”. A committee aide said the committee rarely makes such requests, but had done so occasionally, including in the case of Enron, the bankrupt energy trader.

A spokesman for the American Petroleum Institute, which represents the US industry, said the review of documents was within the committee’s power, but added, “I don’t think there is anything in there that would have any bearing on gas prices. Gas prices are set by the law of supply and demand.”

The oil industry has been on the defensive in recent days. President George W. Bush has ordered the Federal Trade Commission and the Justice Department to investigate whether oil companies have been overcharging consumers and Republican leaders of Congress have pledged close scrutiny of the industry and its profits.

But Red Caverney, API president, said 30 previous investigations over the past 20 years had cleared the industry of any wrongdoing. Despite a jump in companies’ profits, The API said that as a percentage of sales the industry’s profits were in line with those of other sectors. At 5.9 cents in the dollar, the figure for profits compared with sales for the oil companies is only slightly higher than the average of 5.6 cents for US industry as a whole.

But in their letter, the senators said the were concerned that the record profits -- and a highly publicized $400m retirement package for Lee Raymond, former Exxon Mobil chief executive -- “may have been subsidised in part by the taxpayers”.

Gonzales: Belt-tightening Must Accompany Gas Price Probe (AP)

By PHIL DAVIS, Associated Press Writer

AP, April 27, 2006

DOJ_NMG_0026946

TAMPA, Fla. - U.S. Attorney General Alberto Gonzales said federal and state investigations aren't a substitute for consumer belt-tightening to combat soaring gas prices across the nation.

"If the gas companies are colluding together or committing fraud, we have an obligation to investigate that," Gonzales said Wednesday during a visit to Florida to kickoff an anti-gang program. "Obviously, this is not something that can be solved solely by law enforcement efforts. It requires, perhaps, a change in behavior by consumers. There are things we can do at a federal level, but also it's going to require a collective effort."

Gonzales declined to comment on what evidence, if any, his agency has of price fixing in the gasoline market.

President Bush is trying to calm Americans' outrage over soaring gas prices by ordering the Department of Justice to investigate whether the price of gasoline is being illegally manipulated. Gas prices are hovering near $3 a gallon and polls give Bush low marks in handling the crisis.

On Monday, Gonzales shifted some of the focus to local authorities with a letter asking all 50 state attorneys general to be vigilant for price gouging. State authorities have primary authority in policing gouging.

"We're all working together looking into this," Gonzales said.

The attorney general came to Tampa to announce a $2.5 million anti-gang grant for local law enforcement and education efforts.

Tampa is one of six areas selected in the $15 million national gang initiative. The other areas, each getting $2.5 million, are Los Angeles, Cleveland, Dallas-Fort Worth, Milwaukee and the "222 corridor" near Philadelphia.

Gonzales and his entourage visited the scene of a recent double homicide, a high school and a neighborhood community center in a daylong tour of Tampa. He said the grant money will be split between education, law enforcement and rehabilitation efforts.

"We're not a gang city like south Los Angeles, but gangs are starting to get a foothold here," Hillsborough County Sheriff David Gee said. "If we don't get out in front of it, we will have a problem."

ConocoPhillips Posts 13% Profit Increase (NYT/AP)

By The Associated Press

The New York Times, April 27, 2006

ConocoPhillips said yesterday that its first-quarter profit rose 13 percent on stronger results from exploration and production of oil and gas.

Net income increased to $3.29 billion, or $2.34 a share, from $2.91 billion, or $2.05 a share, in the year-earlier period. Those results were in line with analysts' expectations, according to Thomson Financial.

Revenue at ConocoPhillips grew to $47.9 billion in the first quarter from $38.9 billion last year. The company said higher oil prices were partly tempered by lower natural gas prices compared with the fourth quarter.

The company's shares fell $1.10, or 1.6 percent, to close at $67.15.

ConocoPhillips, which is based in Houston, is the first of the three largest United States oil companies to report results this week. Exxon Mobil will report today and Chevron tomorrow. The three are expected to report a total of more than $16 billion in first-quarter profit. James J. Mulva, chief executive at ConocoPhillips, said in a conference call with analysts and investors that the company would spend about $18 billion this year in capital investments, up from the $10 billion announced in December.

A detailed breakout of the spending was not disclosed. But the increase, the company said, comes in part from the recent acquisitions of the natural gas producer Burlington Resources and a German refinery. Additionally, the company will earmark $1 billion for loans to affiliates, and complete its planned 20 percent purchase of Lukoil of Russia.

"This company has more investment opportunity on its plate than resources to fund them," said Fadel Gheit, an analyst for Oppenheimer & Company. "Everybody else has the problem of too much cash."

Analysts asked during the call how ConocoPhillips would handle the Venezuelan government's plans to increase government control of some of that nation's most lucrative oil projects.

Mr. Mulva said he planned to meet with Venezuela's oil minister, Rafael RamírezÖ, within in a few weeks. "That's a big concern because they do have a lot investment opportunities there," said Gene Gillespie, analyst with Howard Weil Inc., in an interview. "Unfortunately, they could be unfulfilled."

Critics Of Oil Profits Rebutted (FT)

By Christopher Swann

Financial Times, April 27, 2006

The US oil industry struck back on Wednesday at criticisms over rising profits and soaring fuel costs, warning that a windfall tax on profits would lead to lower domestic production and higher imports.

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With the political temperature rising over higher fuel costs, President George W. Bush has ordered a Federal Trade Commission and Justice Department inquiry into whether oil companies have been overcharging consumers.

Red Caverney, the president of the American Petroleum Institute, which represents the US industry, said that 30 previous investigations over the past 20 years had cleared the industry of any wrongdoing. Despite the jump in companies' profits, the API said that as a percentage of sales the industry's profits were in line with other sectors. At 5.9 cents in the dollar, the figure for profits compared to sales for the oil companies is only slightly higher than the average of 5.6 cents for US industry as a whole.

In addition, while the price of refined petroleum products have risen by 70 per cent since 1982, the price of pharmaceuticals has climbed by 209 per cent and the price of concrete by 100 per cent.

In January Exxon Mobil Corp reported profits of $36.13bn - the highest corporate profits in US history. The Democrats in Congress have called for the closing of tax breaks for the industry that would raise around $5bn over five years.

"Windfall taxes were tried between 1980 and 1986 and it increased out dependence on foreign oil and reduced domestic production, " Mr Caverney said. "There is nothing good that comes of it."

Oil Firms Cast As Villains (LAT)

By Elizabeth Douglass

The Los Angeles Times, April 27, 2006

Oil company earnings have never been sweeter. Stock prices are up. Shareholders are pocketing ever-bigger dividends. By nearly every measure, the petroleum industry is in its heyday.

But in the realm of public opinion, things could hardly be worse.

Motorists paying up to $3.50 a gallon for gasoline castigate oil companies and their executives with a growing list of high-octane epithets: Greedy. Un-American. The new robber barons.

On Wednesday, Sen. John McCain (R-Ariz.) invoked the harshest image yet. "I think they have the least PR sensitivity of any group outside of satanic cults," he said.

Responding to public outrage, the Senate Finance Committee on Wednesday asked the Internal Revenue Service to hand over the tax returns of the 15 largest oil and gas companies, saying they were concerned about excessive profit and outsize executive pay.

The news got even better — or worse — for the industry Wednesday with the news that Wall Street analysts expect the three largest oil and gas companies to report combined quarterly earnings of more than $16 billion, a 24% increase from last year.

Instead of celebrating their windfall, oil companies are battling demands for a tax on "windfall" profits, President Bush's call for an investigation into allegations of price gouging and mounting consumer resentment.

Oil executives have launched their own offensive to win American hearts and minds. In full-page advertisements and media interviews, they argue that the millions of Americans who own shares in oil concerns are winners too. Exxon Mobil, the world's biggest company with $1 billion a day in sales, insisted Wednesday that it was too small to influence the global oil market.

"As big as we are, we are only 3% of the crude oil production in the world," said spokesman Mark Boudreaux.

Any public relations blitzkrieg may fail to appease angry motorists who continue to feel pain at the pump.

Ron Perkins, a Blythe, Calif., resident who drives more than 23 miles to his prison guard job, said he saw a station's price jump 10 cents to $3.49 a gallon Wednesday. "It stinks … and their profit margin is outlandish," he said. "They're kicking consumers when we're down."

Oil companies are flush because the price they get for each barrel of crude is rising much faster than the cost to extract it. In refining, profit margins are rising because the wholesale and retail prices for gasoline and diesel are far outpacing the additional costs of the resource they process.

In the end, the major oil companies can take solace in the fact that dozens of price-fixing investigations into the industry have come to naught and that public hatred does not amount to a criminal conviction.

Big Oil's top executives have appeared before congressional committees twice since the summer — once to explain the high prices that followed Hurricane Katrina and again in March to explain their record-setting 2005 earnings. Those included Exxon Mobil's $36.1-billion profit, the biggest ever at a U.S. company.

Exxon Mobil further inflamed the furor by awarding longtime Chairman and Chief Executive Lee Raymond, who retired at the end of last year, a 2005 pay package worth more than $400 million.

Today, oil futures are hovering above $72 a barrel, and retail gasoline nationwide is approaching last year's post-hurricane peak of more than $3 a gallon. On Wednesday, the average cost of self-serve regular in California set another record high of $3.15 a gallon, according to AAA.

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Exxon Mobil, based in Irving, Texas, is expected to post first-quarter earnings topping $9 billion. Industry analysts expect the company's full-year income to surpass the record set in 2005.

Analysts expect San Ramon, Calif.-based Chevron Corp., the nation's second-largest oil company, to report first-quarter net income of $4.1 billion on Friday. No. 3 ConocoPhillips of Houston on Wednesday reported profit of $3.3 billion.

Michael Smith, a communications professor at La Salle University in Philadelphia, said the earnings could have "investors doing cartwheels…. For them, this is really good news," he said. "For everybody else, and for consumers especially, it's going to be another sign of greedy oil companies taking advantage of the little guys."

Boudreaux, the Exxon Mobil spokesman, acknowledged that "there are a lot of questions out there about what we do with our earnings and how we invest them."

He said the company hopes its current advertising and public relations efforts will help quell the outrage and "do a better job of helping people understand what goes behind providing the energy that they use…. This is a commodity business. It's cyclical, and there are ups and there will be downs in the cycle. We have to look through the highs and lows.

"Obviously, some consumers are upset with energy companies … because gasoline prices are high. We understand that," he said. "We have a strong image with those people who understand our business and with investors."

Exxon Mobil and its peers are banding together to defend their riches.

After last year's hurricanes, the American Petroleum Institute, the primary public voice for oil companies, launched a campaign to improve the industry's image.

Red Cavaney, the group's president, said the Institute was spending millions of dollars — he wouldn't specify — on advertising and to target opinion makers and state and federal officials to dissuade them from enacting legislation harmful to oil companies.

"We'd obviously like people to like us," Cavaney said. "But it's a matter of priority…. It doesn't help to have a good image if you can't get it done sufficiently to get enough votes to swing the policy."

Tom Brown, senior consultant with Power Decisions Group Inc. of San Francisco, which helps companies polish their brands and images, said the oil majors could be fighting a losing battle.

Their message is a "stockholder message: 'Hey, we're good guys, and all this is good for you.' "

But that, he said, is evading the issue. Nothing the industry says can erase what people see at the pump: more than $3 a gallon and climbing.

Second Thoughts In Congress On Oil Tax Breaks (NYT)

By Edmund L. Andrews And Michael Janofsky

The New York Times, April 27, 2006

WASHINGTON, April 26 — As anxiety spread in Congress on Wednesday over soaring oil prices, lawmakers in both parties said they were ready to take a tough look at oil and gas incentives they passed as recently as eight months ago.

Citing record industry profits and huge executive pay packages, the top Republican and top Democrat on the Senate Finance Committee asked the Internal Revenue Service to turn over tax returns for the nation's 15 biggest oil and gas companies.

Leading Republicans echoed President Bush's call Tuesday to trim about $2 billion in tax breaks Congress passed as part of the energy bill last August. Several prominent Democrats, not to be outdone, pushed for repealing oil and gas tax breaks worth more than $10 billion over the next five years.

"Nobody has any sympathy for oil companies on Capitol Hill right now," said Representative Jack Kingston, Republican of Georgia and vice chairman of the House Republican Conference. "You talk to someone driving to work in an F-150 pickup and paying $75 to fill up his tank, and everybody's on his side."

Both parties jockeyed for political advantage even as they were grasping for ideas. Most experts contend that the government has few options that would quickly reduce gasoline prices, and competing party agendas could block Congressional agreement on any meaningful legislation.

Lawmakers have introduced more than 30 energy bills in the last several months. But they reflect often -conflicting goals of reducing prices, increasing production and soothing consumer anger about oil industry profits.

Democrats called for a 60-day halt on collecting federal gasoline taxes, which are 18.4 cents a gallon, but they were openly split about the more radical step of imposing a windfall profits tax on major oil companies. For their part, many Republicans are torn between wanting to show their sympathy for consumers and maintaining their longstanding support for the oil industry.

"Nobody's happy with gasoline prices being where they are," said Representative Joe L. Barton, Republican of Texas and chairman of the House Energy and Commerce Committee, who last year championed scores of new tax breaks for the industry.

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Congressional Republican leaders are negotiating with White House officials over a bill to expand on Mr. Bush's proposals for alternative fuels and conservation, but disarray among lawmakers was evident across Capitol Hill.

The energy industry is also politically divided. Most big integrated oil companies, like Exxon Mobil and Chevron, have shown no interest in defending the $2.7 billion in tax breaks in last year's energy bill.

But the hundreds of smaller independent producers want to preserve as many incentives as possible. In singling out tax and spending incentives to be eliminated, Mr. Bush did not criticize a new expansion of tax write-offs for smaller oil refineries.

"The big companies don't want them, don't need them and are not asking for them," said J. Robinson West, chairman of PFC Energy, an oil industry consulting firm. But the smaller independents, he said, "are not going to give up easily."

The Congressional Joint Committee on Taxation estimated Tuesday that oil and gas companies would receive about $10 billion in tax breaks over the next five years that are specifically aimed at their industry.

Most of those tax breaks have been around for many years. They allow energy companies to take substantial write-offs on their investments in new equipment and hefty "depletion allowances" as companies use up the oil and gas in a particular field.

Neither Mr. Bush nor Republican leaders in Congress have suggested an attack on the industry's main tax breaks. Nor are they proposing to trim back tax incentives written primarily for industry in general that also benefit major oil companies.

One obscure tax cut, for example, included in a 2004 law to promote domestic manufacturing, is expected to save energy companies at least $3.6 billion over the next decade. ConocoPhillips, which earned $13.5 billion in 2005, saved $106 million last year on that provision, which reduces the corporate tax rate on profits on goods produced in the United States.

President Bush and Congressional leaders are focusing on about $2 billion in tax breaks in last year's energy bill. Among other things, those tax breaks let companies write off in just two years the geology studies associated with exploration. For decades, the courts and the I.R.S. have said that these are capital investments that can be written off only slowly, as oil is produced from the fields.

Mr. Bush also called for repealing several hundred million dollars in subsidies, also in the energy bill, for an industry-run deepwater drilling research center in Sugar Land, Tex. That project's biggest champion was Representative Tom DeLay, the former House majority leader whose district includes Sugar Land.

Many Democrats had opposed the new tax breaks all along, and Senate Democrats pushed for a provision that would trim them in a broader tax bill that the Senate passed last fall. But that provision was not approved by the House.

On Wednesday, leading Republicans made it clear they were now willing and even eager to eliminate some of those tax breaks.

"I am happy to repeal tax breaks for the development of oil in foreign countries," said Senator Pete V. Domenici, Republican of New Mexico and chairman of the Senate Energy and Natural Resources Committee. "I cannot support the concept of tax breaks for oil companies while some American families are searching their budgets for the extra cash they need to fill their gas tanks."

But Republican lawmakers want to combine their seemingly tough new stance with measures to increase production. High on the list is a new attempt to open the Arctic National Wildlife Refuge to exploration.

Democrats are focusing more on taking things away from the industry. Senator John Kerry of Massachusetts proposed legislation this week to repeal all tax breaks for oil drilling and production — about $10 billion over the next five years.

Senator Ron Wyden, Democrat of Oregon, proposed a measure to force energy companies to pay royalties to the government on all oil and gas they produce on federal leases in the Gulf of Mexico, if the price of crude oil is above $55 a barrel. Some energy companies are now allowed "royalty relief" expected to total about $7 billion over the next five years.

The mounting suspicion of oil companies was apparent in a letter to the I.R.S. from Senator Charles E. Grassley, the Iowa Republican who is chairman of the Finance Committee, and Senator Max Baucus of Montana, the committee's senior Democrat. They demanded that the I.R.S. let them review the past five years of tax returns filed by the nation's 15 biggest oil companies.

The senators pointedly noted an "extremely lucrative retirement plan by one oil and gas industry executive" — an allusion to Lee R. Raymond, former chairman of Exxon Mobil, who received $398 million in compensation on retiring last year.

"We're seeing record profits and significant executive compensation in the oil and gas industry," Mr. Grassley said. "I want to make sure the oil companies aren't taking a speed pass by the tax man."

Red Caveney, president of the American Petroleum Institute, which represents the large oil companies, said his group would not fight to retain the newest tax breaks.

"We understand the frustration that consumers have expressed about energy prices," Mr. Caveney told reporters on Wednesday.

Senate Committee Looks At Increasing Renewable Fuels (AP)

By Frederic J. Frommer

DOJ_NMG_0026950

AP, April 26, 2006

WASHINGTON - A day after President Bush touted the increased use of renewable fuels to help offset rising gas prices, a Senate committee looked at ways to promote the use of such fuels.

"I am pleased the alarm bell has gone off and the American people are taking a hard look at the way we consume fuel in this country and around the world," said Sen. Pat Roberts, R-Kan., at a Senate Agriculture Committee hearing Wednesday.

The committee chairman, Georgia Republican Saxby Chambliss, said that the energy bill passed by Congress last year has helped spur the renewable fuels industry by creating a national renewable fuel standard, and by extending the biodiesel tax credit.

Jay Debertin, executive vice president of CHS Inc., an Inver Grove Heights, Minn., farmers cooperative, said Congress can help continue the growth by providing tax incentives and improving infrastructure to ship the fuel, among other things.

"The renewable fuels industry is still a very young and growing industry," he said.

Bob Dinneen, president of the Renewable Fuels Association, the group Bush addressed on Tuesday, noted that demand for corn-based ethanol is on the rise. He said he was confident that the industry will be able to meet demand.

Sen. Jim Talent, R-Mo., touted the benefits of E85 fuel, which blends 15 percent gasoline with 85 percent ethanol. At some stations in Missouri, he said., E85 is selling for 50 cents less than regular unleaded gas.

"Renewable fuels are already moderating the price of gasoline as more ethanol and biodiesel plants come online," Talent said.

But Sen. Mark Dayton, a Minnesota Democrat and longtime backer of E85, said he was troubled that recent prices of E85 are not even lower. Dayton, who drives a vehicle with an E85 "flex fuel" engine, said he saw E85 selling for 40 cents cheaper than unleaded gasoline during a trip to Minnesota.

Dayton said that E85 needs to be priced more competitively because a car can't go as far on a gallon of E85 as it can on gasoline.

"It's not based on the cost; frankly, it's as much profiteering, somewhere along the line, as I fear is happening with gasoline," Dayton said. "And I think it's going to be the destruction of the industry."

On Tuesday, Chrysler's chief executive announced that by 2008, the company would offer 500,000 alternative-fuel vehicles that run on E85 and clean diesel - representing one quarter of its production.

Only about 685 fueling stations across the country offer ethanol blends out of 165,000 stations nationally - less than 1 percent of stations, according to the National Ethanol Vehicle Coalition. Most pumps are concentrated in Iowa, Illinois and Minnesota.

"We have a real chicken-and-egg problem," Roberts said, arguing that people are reluctant to buy flex fuel cars if stations don't sell it, and stations won't want to offer it without enough cars that use it.

With Oil At $70 A Barrel, Firms Try Coal, Shale, Even Turkeys (CSM)

By Ron Scherer

The Christian Science Monitor, April 27, 2006

NEW YORK - At more than $70 a barrel, the price of oil is causing angst for millions of Americans. But for some others it's an opportunity to move the United States beyond conventional oil:

· In Carthage, Mo., a company is turning the inedible parts of Butterball turkeys into up to 350 barrels of biodiesel per day.

· In Gilberton, Pa., businessman John Rich is planning to convert huge piles of low-quality coal into diesel. The state has promised to buy the production of 5,000 barrels per day, once it starts.

· In Utah and Colorado, four companies are preparing environmental assessments to show the feasibility of producing oil from shale.

With gas now becoming as pricey as a gallon of milk in some places, the economics of energy production is changing. Processes that didn't make any sense in the good old days of $30-a-0barrel oil are now being pulled out of filing cabinets. From the tundra of Alaska to the depths of the Gulf of Mexico, energy dreamers are trying to tap into new frontiers.

Prospects for alternative energy got a boost this week when President Bush spoke to the Renewable Energy Association. "What we are seeing is more creativity," says John McLennan, a director of technical services at ASRC Energy Services E&T, Inc. in Salt Lake City.

The potential reserves in some cases are gigantic. The Bureau of Land Management has estimated the potential US recoverable oil shale reserves at 800 billion barrels of oil, three times the proven oil reserves of Saudi Arabia. In some cases, there is already a significant production: tar sands in Canada are currently producing about 1 million barrels of oil per day and expanding rapidly.

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However, don't expect to see changes overnight. "As the oil price rises, it doesn't mean that we're all going to turn a switch on and be awash in alternative fuels," says Aaron Brady, an energy analyst at Cambridge Energy Research Associates. "There is no one technology that is the silver bullet that will overturn the dominance of petroleum, but a lot of efforts will become part of the mix that increases the supply of liquid fuels for the world."

Some of the most promising large-scale efforts are the tar sands of Canada. Mr. Brady says they are in the process of "ramping up quite rapidly" and could increase their output to several million barrels of oil per day. But he also points out that there are limits to their development. "There are shortages of natural gas [needed to heat the bitumen] and it's pretty low-quality oil, so you need refineries that can chew up this stuff."

Some of the attempts to produce new liquid fuels resemble those of the 1970s and '80s. That's the case with oil shale, rock that is infused with kerogen, a bituminous material that, when heated, may produce oil.

But, unlike the earlier era, there are now more water, air, and waste restrictions. In fact, a significant amount of the shale is in highly sensitive park lands. "There are too many eco groups ready to mobilize and the deposits are in very beautiful places," says Steven Schamel, a principal at GeoX Consulting and formerly a professor of chemical engineering at the University of Utah in Salt Lake City. "And, much of it is on arid lands, which are very tough to reclaim."

Despite the potential problems, the state of Utah says it would like to press ahead. "Our governor's position is strongly supportive of economic development," says John Baza of the Utah Department of Oil, Gas and Mining. "Something must break loose or oil prices won't ease much."

Currently, much of the work being done in the oil shale is on relatively small parcels of land. Shell Oil is reportedly working on a process that heats the shale to 700 degrees F for two to three years while it's in the ground. But, like much of the shale work, it's secret. "Shell claims to be producing oil, but I don't know anyone who knows for sure," says Mr. Schamel. Shell itself says it is in a "quiet" period prior to the sale of securities and cannot comment.

Many of the efforts maintain they can now produce fuel at a cost well under the current market price. That's the case in Gilberton, Pa. where Waste Management and Processors Inc. (WMPI) says it can make diesel fuel out of waste coal for $1 a gallon less than the current price. The WMPI effort utilizes technology developed in South Africa to produce fuel during the apartheid boycott. "As we scale up, we can drive down the cost even more," says Mr. Rich, the president of the company, which received a $100 million federal grant in 2003.

Yet scores of other efforts are finding ways to convert biomass to diesel. In Carthage, Mo., Changing World Technologies, Inc. has set up a plant adjacent to a Butterball turkey processing facility. Using heat, the company breaks the organic products down similar to how the earth produces oil, but in in two hours, not hundreds of thousands of years, says Julie Gross Gelfand, a company spokesman. "The beauty is that this can be expanded to any carbon-based material so stuff that used to go a landfill can be made into oil."

Industry's Cup Runneth Over (WT/AP)

By John Seewer, Associated Press

The Washington Times, April 27, 2006

TOLEDO, Ohio

few months ago, only a few investors knew about Andersons Inc. and its grain-storage and rail-car businesses. Even in its hometown of Maumee, Ohio, the company is better known for stores that feature microbrews, fresh breads and garden supplies.

But the company's recent entry into the burgeoning ethanol industry has sent its stock soaring. Investors are betting that new energy regulations and high gas prices could lead to an earnings bonanza for companies such as Andersons, ADM and Pacific Ethanol that produce the fuel additive made from fermented corn that allows cars to run more cleanly.

"Right now, making ethanol is almost like having a money machine," said Spencer Kelly, an ethanol analyst for the Oil Price Information Service in Rockville, Md. "Ethanol looks strong as long as gasoline prices stay strong and corn prices are low."

Andersons, founded by Harold Anderson in 1947, turned a grain mill into an agribusiness that had $1 billion in sales by 1995 and went public a year later. The company's move into ethanol production is a natural step given its network of grain elevators and its large rail fleet, which account for most of its profits.

Chairman Richard Anderson and former Chairman Thomas Anderson, two of the founder's sons, remain among the company's biggest shareholders. Richard Anderson's shares were worth $6.5 million two years ago and now are worth $28.5 million.

The surge of interest in ethanol was fueled in July when Congress passed an energy bill requiring the United States to use 7.5 billion gallons of renewable fuels by 2012. Ethanol producers now have the capacity to generate about 4.3 billion gallons.

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U.S. refiners are clamoring for more ethanol also because of the phaseout of a natural-gas derivative called methyl tertiary-butyl ether, or MTBE, that allows gasoline to burn more cleanly but also has some health risks. Refiners are stopping use of MTBE because Congress refused to grant them protection from lawsuits.

Private investments in ethanol plants also have soared in the past year. Farmer-owned co-ops built most of the plants during the 1990s, but now only six of the 42 new or expanded ethanol plants under construction nationwide are farmer-owned, the Renewable Fuels Association trade group reports.

Those new plants will be able to produce 2 billion gallons each year.

Individual investors, though, can put money into only a few public companies making ethanol.

Shares of Decatur, Ill.-based Archer Daniels Midland Co., the nation's biggest ethanol maker, have been trading at 52-week highs in recent weeks. They gained another 26 cents yesterday to close at $36.93 on the New York Stock Exchange. Shares of Pacific Ethanol, which plans to open its first plants this year, nearly doubled in January, the same month that President Bush touted ethanol in his State of the Union speech. Its shares fell 30 cents yesterday to close at $33.00 on the Nasdaq Stock Market.

Pacific Ethanol, based in Fresno, Calif., should be making a profit by next year, said Paul Resnik, an analyst with Dutton Associates, an equity research firm based in El Dorado Hills, Calif.

"Their first plant is still in the future, but the long-term strategy is sound," he said.

Andersons stock has been rising since 2001, when it traded below $8 a share. But the stock really took off in November, when it was trading at about $40 a share, after posting strong earnings from its rail-car operations and announcing plans for a second ethanol plant. Its shares gained an additional $7.33 yesterday to close at $115.03 on the Nasdaq.

Mr. Resnik also warned that alternative-energy company stocks are likely to be volatile.

"These stocks have moved a long way in a short time," he said.

The cost of ethanol's main ingredient, corn, can move up and down based on the weather's effect on the crop. A sharp increase in corn prices would translate to higher production costs for ethanol makers.

Analysts say a drop in oil prices also could cut into the profits of ethanol makers because ethanol's cost is tied directly to gas prices at the pump. A rush in demand for fuel-efficient cars or a decision to drop government incentives for ethanol also could spell trouble.

"There's too many factors out of their control," said Mark Hughes, an analyst with Lafayette Investments in Ashton, Md.

His firm sold its stake in Andersons at the end last month when shares jumped to $78. He noted that the company has yet to give any profit projections on its two ethanol plants under construction.

"I would take a pause and see how it goes," Mr. Hughes said. "I think the big move has been made already."

Andersons is investing about $250 million in two ethanol plants in Michigan and Indiana, which will be supplied with corn it already gets from farmers. The plant in Michigan should open in August.

Andersons said April 6 it planned to build a third ethanol plant next to one of its grain elevators in Dunkirk, Ind.

Heather Jones, an analyst with BB&T Capital Markets, predicted that Andersons will maintain "very nice margins for a sustained period." She lists it as a "buy" with a $96 price target.

"It looks like they will be profitable into the next year or year and a half," she said. "The economics of ethanol are incredibly compelling at this time."

Going A Short Way To Make A Point (WP)

By Dana Milbank

The Washington Post, April 27, 2006

Ladies and gentlemen, start your engines.

Gas prices have gone above $3 a gallon again, and that means it's time for another round of congressional finger-pointing.

"Since George Bush and Dick Cheney took over as president and vice president, gas prices have doubled!" charged Sen. Barbara Boxer (D-Calif.), standing at an Exxon station on Capitol Hill where regular unleaded hit $3.10. "They are too cozy with the oil industry."

She then hopped in a waiting Chrysler LHS (18 mpg) -- even though her Senate office was only a block away.

Sen. Charles Schumer (D-N.Y.) used a Hyundai Elantra to take the one-block journey to and from the gas-station news conference. He posed in front of the fuel prices and gave them a thumbs-down. "Get tough on big oil!" he demanded of the Bush administration.

By comparison, Sen. Maria Cantwell (D-Wash.) was a model of conservation. She told a staffer idling in a Jetta to leave without her, then ducked into a sushi restaurant for lunch before making the journey back to work.

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At about the same time, House Republicans were meeting in the Capitol for their weekly caucus (Topic A: gas). The House driveway was jammed with cars, many idling, including eight Chevrolet Suburbans (14 mpg).

America may be addicted to oil, as President Bush puts it. But America is in the denial phase of this addiction -- as evidenced by the behavior of its lawmakers. They have proposed all kinds of solutions to high gas prices: taxes on oil companies, domestic oil drilling and releasing petroleum reserves. But they ignore the obvious: that Americans drive too much in too-big cars.

Senators were debating a war spending bill yesterday, but the subject invariably turned to gas prices. Senate Minority Leader Harry Reid (D-Nev.) engaged his deputy, Dick Durbin (Ill.), in a riveting colloquy. "Is the senator aware that the L.A. Times headline reads today, 'Bush's Proposals Viewed as a Drop in the Bucket'?"

"I'm aware of that," Durbin replied.

Sen. Pete Domenici (R-N.M.) responded with an economics lesson. "Oil is worth what people pay for it," he argued.

Sen. Hillary Clinton (D-N.Y.) sounded the alarms. "We are one accident or one terrorist attack away from oil at $100 a barrel!"

Sen. Lisa Murkowski (R-Alaska) made a plea for conservation. "We have to move quickly to increase our fuel efficiency," she urged.

But not too quickly. After lunchtime votes, senators emerged from the Capitol for the drive across the street to their offices.

Sen. John Sununu (R-N.H.) hopped in a GMC Yukon (14 mpg). Sen. Jim DeMint (R-S.C.) climbed aboard a Nissan Pathfinder (15). Sen. Ben Nelson (D-Neb.) stepped into an eight-cylinder Ford Explorer (14). Sen. Dianne Feinstein (D-Calif.) disappeared into a Lincoln Town Car (17). Sen. Edward Kennedy (D-Mass.) met up with an idling Chrysler minivan (18).

Next came Sen. Bob Menendez (D-N.J.), greeted by a Ford Explorer XLT. On the Senate floor Tuesday, Menendez had complained that Bush "remains opposed to higher fuel-efficiency standards."

Also waiting: three Suburbans, a Nissan Armada V8, two Cadillacs and a Lexus. The greenest senator was Richard Lugar (R-Ind.), who was picked up by his hybrid Toyota Prius (60 mpg), at quadruple the fuel efficiency of his Indiana counterpart Evan Bayh (D), who was met by a Dodge Durango V8 (14).

As a political matter, Democrats clearly sense that they have the advantage on the high gas prices, judging from the number of speeches and news conferences. "The cost of Republican corruption when it comes to energy is hitting home very clearly for America's middle class," House Minority Leader Nancy Pelosi (D-Calif.) exulted yesterday morning.

Sen. Debbie Stabenow (D-Mich.) introduced an amendment to repeal oil-company tax breaks and distribute $500 tax rebates to consumers. It was quickly ruled out of order.

But Republicans were clearly feeling defensive. "We passed an energy bill last year, last July," House Speaker Dennis Hastert (Ill.) pleaded at a morning news conference. "It changes CAFE [corporate average fuel economy] standards. It changes some of the things that we can do -- I'm sorry, changes not the CAFE standards, but changes some of the supply issues, boutique fuels, all these things."

Only Sen. Mark Dayton (D-Minn.), who can speak freely because he is retiring, was willing to note the disconnect between rhetoric and action. "People say, understandably, 'Solve our energy problems right now, but don't make us do anything differently,' " he said on the Senate floor.

If the politics of gasoline favor Democrats at the moment, the insincerity is universal. A surreptitious look at the cars in the senators-only spots inside and outside the Senate office buildings found an Escort and a Sentra (super-rich Wisconsin Democrat Herb Kohl's spot had a Chevy Lumina), but far more Jaguars, Cadillacs and Lexuses and a fleet of SUVs made by Ford, Honda, BMW and Lexus.

A sampling of senators' and staff cars parked along Delaware Avenue NE found that those displaying Democratic campaign bumper stickers had a somewhat higher average fuel economy (23 mpg) than those displaying GOP stickers (18 mpg). A fuel-efficiency rating could not be found for the 1970s-era Volkswagen "Thing" owned by Sen. Richard Burr (R-N.C.).

Maybe, lawmakers are starting to learn. When GOP senators had a lunch Tuesday a couple of blocks from the Capitol, many took cars. Sen. John McCain (R-Ariz.) emerged from the lunch looking for his ride when he spied The Washington Post's Shailagh Murray. Reconsidering, he set out on foot. "I need the exercise," he reasoned.

How Much Oil Is Really Down There? (WSJ)

By Daniel Yergin

The Wall Street Journal, April 27, 2006

The disclosure of "proved reserves" has been one of the great rituals of the reporting season for oil and gas companies, and one carefully monitored by investors. It's recently taken on even more significance with high and jittery prices, concerns about energy security and plain fear of running out. In a world of uncertainty, these disclosures seem to provide direct,

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quantitative information on the future oil "inventory" -- at least for companies reporting to the SEC -- and a basis on which investors can evaluate companies.

The reality is different. The current system mandated by the SEC for reporting "proved reserves" has become antique, and the information it provides to investors increasingly diverges from the actual resource position of many companies. Nor does it serve the original intent of disclosure -- energy security. The issue should not be confused with recent cases and settlements involving the practices of certain companies. The significant problem is generic and it is with the rules themselves, which need to be modernized if they are to regain their relevance. The current system is roughly analogous to a doctor restricted to making a diagnosis only on the basis of invasive surgery rather than with a CAT scan. * * *

Surprising as it might be, the current rules for reporting reserves -- what might be called the "1978 System" -- essentially insist on 1970s technology and methodologies. Back then there was no digital revolution, and the frontier for offshore development was 600 feet of water; today it is 12,000 feet. The rules do not recognize the vast technical progress over the last 30 years, and as a result, standard techniques used today by companies to set multibillion investment programs are not approved, or only partly approved, for use in describing proved reserves for disclosure purposes to investors.

In addition, the rules simply have not kept up with the globalization of the industry. They were devised for onshore operations in "Texlahoma," the "oil patch" of Texas, Louisiana and Oklahoma that was the center of industry activity in the '50s and '60s. Today more than 80% of the total of companies' proved reserves are outside the U.S.; and differences among the fiscal regimes in several countries make it harder, not easier, to compare domestic and international reserves. As perverse as it may sound, under the "production sharing agreements" that are common in many oil-producing countries, when the price goes up, proved reserves go down.

Major projects today dwarf those in the past, both in size and complexity. "Non-traditional projects" are drawing an increasing share of capital, but they are not adequately accommodated under the "1978 System." This includes a significant part of Canadian oil sands, gas-to-liquids and projects in what's called the "ultra-deep water." And yet these "non-traditional liquids" will account for as much as 45% of oil production capacity in North America by 2010. Nor does the current system fully account for the larger, commodity-driven liquefied natural gas business that will be critical to future U.S. natural gas supplies.

The current rules were laid out in response to the 1973 oil embargo that shook not only world politics and global economy, but also American confidence. How much oil was left in the U.S.? This was an urgent matter of energy security, and Congress told the SEC to implement a system for reporting on the resource base. The SEC in turn viewed its mandate through the lens of investor protection.

Though the word "audit" is customarily used for these evaluations, oil and gas reserves cannot be "audited" in the conventional sense of a warehouse inventory or a company's cash balances. Rather, "proved reserves" are an approximation about formations thousands and even tens of thousands of feet below ground. Their size, shape, content and production potential are estimated in a complex combination of direct evidence and expert interpretation from a variety of scientific disciplines and methodologies. Added to the science is economics; if it costs more to produce oil from a reservoir than one can sell it for profitably, then one cannot "book it" as a reserve. Reserves are "proved" if there is a 90% chance that ultimate recovery will exceed that level.

In the face of such complexity, the SEC adopted technical definitions developed by an independent group, the Society of Petroleum Engineers (SPE), the key technical and professional group whose members are experts from both the academy and industry. Specifically, in setting its own standards, the SEC relied on SPE definitions promulgated in 1965 and consultations in the 1970s. This became the basis of the "1978 System." And that is the system still in place today, despite the fact that the SPE has revised the definitions three times since in response to major advances in measuring reservoirs, and is in the process of doing so once again. For the most part, however, the SEC continues to rely on the technology and "best practices" of the '60s and '70s.

The rules describe proved reserves in terms of "reasonable certainty" -- but ties this to direct physical measurement for estimating the volume of oil or gas in a specific reservoir. That works for onshore or shallow-water wells, but is not effective for large offshore projects, where the reservoirs may lie below 7,000 feet of water and another 20,000 feet beneath the seabed, and where gathering the SEC-mandated direct physical data is immensely expensive, and also poses physical risks. Yet in the meantime, the industry has expanded the standard for "reasonable certainty" to include noninvasive means of measure and estimation. Think CAT scan. And very large amounts of money are invested on the basis of these methods.

The result is a disconnect between the mandated reserves disclosure and the reality of companies' plans, strategies and activities -- and how they are spending many billions of dollars. Owing to the current rules, much of what they are working on, though particularly relevant to their futures, cannot be counted. That divergence hardly helps investors understand the position of a company and its future prospects.

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An example: One company judged that it had 658 million barrels of oil classified as proved, or reportable, under current SPE guidelines using a widely accepted technique called the "pressure gradient" method. Under SEC guidelines, based on the older technological approach, it could only disclose 261 million barrels of proved reserve. At $50 a barrel, this represents a $20 billion difference in future reserves. On the pure science, it is generally agreed that over the 20- or 30-year life of the field, it will bring to market a volume much closer to 650 million barrels.

The current system also insists on using year-end prices to calculate whether oil and gas reserves count as "economic" and thus as proved, rather than some kind of average. But this is no sure guide either to what happened during the year, or what will happen in the coming year -- or even what happened on that particular day. The price for Canadian heavy oil dipped at the very end of 2004, owing to particular short-term pricing conditions, and so a substantial amount of heavy Canadian oils lost their standing as proved because they were temporarily no longer profitable and thus two billion barrels had to be "debooked." Yet the price quickly bounced back, and those reserves once again counted as "proved."

Current estimates are that the oil and gas industry will spend some $6 trillion over the next 25 years to meet the future demand for oil and gas. The accuracy and reliability of reserves data are at the heart of the industry's capabilities and its funding of these projects. The real beneficiaries from reforming the system for disclosing proved reserves will be investors, of course -- and the consumers who are counting on the availability of future supplies. And as recent events remind us, it will also be important for energy security.

Mr. Yergin, chairman of Cambridge Energy Research Associates, is co-author of the new CERA study, "Modernizing Oil and Gas Reserves Disclosure."

MediaNews Buys 4 McClatchy Papers (AP)

AP, April 27, 2006

NEW YORK (AP) -- MediaNews Group Inc., publisher of the Denver Post and other newspapers, is buying four newspapers from McClatchy Co. for $1 billion in cash with backing from Hearst Corp.

The four papers -- the San Jose Mercury News, the Contra Costa (Calif.) Times, the Monterey (Calif.) County Herald and the St. Paul (Minn.) Pioneer Press -- currently are owned by Knight Ridder Inc., which McClatchy is buying.

The deal announced late yesterday would strengthen MediaNews's presence in Northern California, where it already owns several papers in the San Francisco Bay area.

The four papers are among the 12 Knight Ridder properties that McClatchy has said it intends to sell since they do not meet McClatchy's acquisition criteria, which include being located in rapidly growing markets.

MediaNews' interest in the newspapers had been widely known. The three Northern California papers would complement the company's existing holdings, which include the Oakland Tribune and the Marin Independent Journal. MediaNews owns a number of newspapers in geographic clusters, which helps reduce production and other costs and allows for group advertising sales.

"These were the newspapers that excited us the most about Knight Ridder," MediaNews Chief Executive Officer William Dean Singleton said, calling the deal "a wonderful opportunity at a fair price."

McClatchy would have faced antitrust difficulties owning the St. Paul, Minn., paper since it already owns the Star Tribune in neighboring Minneapolis.

McClatchy said yesterday that the Justice Department told the company that it would seek additional information regarding the Minneapolis-St. Paul area, indicating that regulators did not see other antitrust concerns with the Knight Ridder takeover.

The agreement calls for MediaNews to acquire the San Jose Mercury News and the Contra Costa Times, which then would be folded into the California Newspaper Partnership, an entity in which it has a 54 percent stake.

The other two stakeholders in the partnership, industry leader Gannett Co. and the privately held Stephens Media Group, have agreed to contribute their share of paying for the two papers, according to a joint statement from McClatchy and MediaNews.

Separately, Hearst, publisher of the San Francisco Chronicle, will buy the Monterey County Herald in California and the St. Paul Pioneer Press and then transfer them to MediaNews in exchange for a stake in all newspapers that MediaNews owns outside the Bay Area.

Once the deal closes, MediaNews would become the fourth-largest newspaper company in the country in terms of circulation, with about 2.7 million daily circulation and 53 daily newspapers.

Justice Asks McClatchy About Twin Cities (STREET)

By Sandy Brown, TheStreet.com Staff Reporter

TheStreet, April 27, 2006

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McClatchy got a Justice Department request for additional information on its planned acquisition of Knight-Ridder (KRI:NYSE - commentary - research - Cramer's Take).

The Sacramento-based newspaper company says the government wants information about papers in Minnesota.

McClatchy is owner of the Star Tribune in Minneapolis, and with the Knight-Ridder deal it gains control of the Pioneer Press in nearby St. Paul.

"The scope of the DOJ's request is limited to information concerning the Minneapolis -- St. Paul, Minnesota area. McClatchy has previously announced its intention to divest the St. Paul Pioneer Press newspaper, currently owned by Knight-Ridder Inc., to a third party," a company statement read.

It added that a second request extends the waiting period under the Hart-Scott-Rodino Antitrust Act.

Knight-Ridder, the publisher of the Philadelphia Inquirerand Miami Herald, agreed to sell itself to smaller rival McClatchy for $4.5 billion in cash and stock last month. McClatchy said it would try to sell 12 of the 32 papers involved in the deal.

"This represents a step forward in our effort to close our deal with Knight Ridder in a timely manner," said McClatchy lawyer Karole Morgan-Prager. "We are delighted that the Department of Justice review confirms our belief that there would be no antitrust concerns other than in the twin cities of Minneapolis and St. Paul, where we intend to sell the Pioneer Press to remove any concern."

McClatchy shares traded down 7 cents to $44.71 on Wednesday.

MediaNews Acquiring Pioneer Press, Three Other Newspapers (STPPP)

By John Welbes

The St. Paul Pioneer-Press, April 27, 2006

MediaNews Group Inc. is buying the St. Paul Pioneer Press in a complex transaction that involves the Hearst Corp., three other papers and a $1 billion price tag.

The proposed deal, announced Wednesday by MediaNews and the McClatchy Co., the owner of the Minneapolis-based Star Tribune, would end more than five months of speculation about who eventually would own the Pioneer Press.

"I think this is a good outcome to a lousy situation," Par Ridder, the publisher of the Pioneer Press, told more than 150 employees who gathered for a late-afternoon meeting Wednesday.

The four newspapers, which also include the San Jose Mercury News, Contra Costa Times and Monterey County Herald, are owned by Knight Ridder. They are among the 12 "orphaned" Knight Ridder papers that McClatchy will resell after it closes its $6.5 billion deal for the Pioneer Press' parent company, likely by midsummer.

Regulators are taking a close look at how the shuffling of ownership will affect competition in the Twin Cities and in the California markets where MediaNews will gain considerable strength.

Employees, meanwhile, say they'd like more answers about their future.

William Dean Singleton, the CEO of MediaNews Group, said in an interview Wednesday that he plans to compete vigorously with the Star Tribune and will not seek any type of cooperative agreements with the Minneapolis paper. (MediaNews owns papers in Detroit and Denver that are part of joint operating agreements with rivals.)

He also said he plans to retain Ridder as publisher.

Singleton added that he likes the east metro market that the Pioneer Press serves and its long-term prospects.

The structure of the transaction doesn't require Singleton to honor existing labor contracts. Almost 90 percent of the newspaper's 960 workers are union members, and they received no answers at Wednesday's hastily called meeting.

"The part that makes me nervous is that nobody came right out and said that local contracts would be honored," said Bill Weyandt, who works in information technology at the newspaper.

Asked about the contracts, Singleton said "we will sit down with the local management team and let local management determine what their labor strategy should be," referring to Ridder's management team. "All of our labor strategies are done at the local level."

Ridder said he hasn't discussed labor strategy with Singleton and declined to comment.

Singleton said the Pioneer Press' "cost structure is high for a newspaper its size, but we knew that when we made the acquisitions."

As he looks at the newspaper's operations, he said, "there will be areas that need more investment, and we'll move resources around or add resources. I've read all these stories about the (Pioneer Press') profit margins being lower than everybody else's, but we knew that when we made the decision to buy."

Singleton also said he expects to continue the four newspapers' relationship with CareerBuilder, a national, online job search service.

Singleton will be in St. Paul today and plans to meet with the newspaper's employees.

Thom Fladung, editor of the Pioneer Press, said he wants to know more about Singleton's plan for the paper.

"I hope it will be what we're doing now," which is aggressive, local news coverage, Fladung said. "Because I think it works."

He said the paper needs to fill six to eight jobs in the newsroom, which would get the newsroom close to a total of 220 workers, a level he believes allows the paper to do its job.

Antitrust concerns remain with the Pioneer Press sale, as the McClatchy Co. is essentially picking who will run the rival for its largest paper, the Star Tribune.

On Wednesday, McClatchy said the U.S. Justice Department, which reviews sales with potential antitrust issues, requested information about the Twin Cities newspaper market. The request gives the Justice Department more time to review the proposed transaction, though the deal could still close by midsummer.

A task force set up by the St. Paul Area Chamber of Commerce to monitor the Pioneer Press' sale has been contacted by Justice Department officials, said Larry Dowell, president of the chamber. Advertisers in the area also have been contacted as part of the inquiry.

A California private equity group, the Yucaipa Cos., had bid for all 12 of the Knight Ridder papers up for resale. In addition, a group of local business people had hoped to make a bid for the Pioneer Press.

The announcement Wednesday "just smacks so much of cartel-like behavior," said Linda Foley, president the Newspaper Guild-Communications Workers of America, which was partnering with Yucaipa in its "worker-friendly" bid for the 12 newspapers.

"It's pretty clear that this was something that was done in a back room somewhere, that it wasn't an open process," she said. "This goes contrary to what (McClatchy CEO) Gary Pruitt was saying a month ago," when he said it would be in his company's best interest to consider all bids for the 12 papers.

John Wodele, the spokesman for the local group that was never able to submit a bid for the Pioneer Press, said he hopes the new owner will respect the paper's long tradition in the community after the deal is done.

"I don't know if they'll get rich doing it," Wodele said, "but if they get rich doing it, I hope they'll have a product we can all be proud of."

In a release Wednesday, Pruitt said the "transaction highlights our ability to deliver quickly on our divestiture plan, and we are delighted with the sales price."

The sale of the Pioneer Press is also getting attention from Minnesota Attorney General Mike Hatch, who said he plans to ask McClatchy for more information about its terms for the deal with MediaNews.

"The concern is whether these are real agreements or just a lot of paper being exchanged to put a paper out of business," Hatch said.

The future of the Pioneer Press has drawn the attention of local leaders, who urged McClatchy to seek a buyer who would continue to offer a strong competitor in a two-newspaper market.

"My concern is that St. Paul continue to have a newspaper, and a strong one that's dedicated to real journalism," St. Paul Mayor Chris Coleman said. "The history there (at MediaNews) is a mixed bag, but I think it's possible, and I'm hopeful."

The four papers are being sold for 11.5 times 2005 earnings before other expenses, a multiple that's in the range of other big newspaper deals of recent years, though higher than what some analysts had anticipated.

McClatchy is paying 10.2 times earnings for the entire Knight Ridder chain.

The price that MediaNews is paying for the Pioneer Press and the California papers "does say that he believes, and I believe, that St. Paul and the Bay Area papers have a bright future," Ridder said.

John Morton, head of Morton Research, a media consultancy in Silver Springs, Md., said he was "a little bit" surprised that the Pioneer Press was included in the four-paper package.

"You can't really see the strategy there except that he has shown, in the past, a weakness, you might say, for owning big-city newspapers," Morton said. "I suspect he thinks it's a feather in his cap to have St. Paul. The strategy there is not so clear-cut."

The deal is structured so that Hearst will acquire the Pioneer Press and the Monterey paper, and then "contribute" the papers back to MediaNews as part of an equity investment in other MediaNews papers outside the San Francisco area.

Hearst, which owns the San Francisco Chronicle, is acting as a source of equity for the purchase of the four newspapers, Singleton said. MediaNews, which is privately held, will issue private stock to Hearst as part of the deal. The Pioneer Press' pass through Hearst in the sale process will have no significance for the paper, he said.

Singleton, whose holdings include the Detroit News and Denver Post, has a mixed record with the newspapers he has acquired. In years past, he has shut down newspapers in Texas, including the Houston Post, and taken the Long Beach (Calif.) Press-Telegram through deep cost cutting after acquiring that paper in the late 1990s. In his more recent big-city acquisitions in Denver and Detroit, he has honored union contracts and kept the operations largely intact.

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After hearing word of Wednesday's deal, Martin Demgen, acting executive officer for the Minnesota Newspaper Guild, which represents some 470 Pioneer Press workers, said the union is concerned.

"We can't be sure what it means because the sale isn't final," he said.

Staff reporters Jennifer Bjorhus and Sheryl Jean contributed to this story. John Welbes can be reached at 651-228-2175 or jwelbes@pioneerpress.com.

Complex Deal Ends Uncertainty (MINNST)

By David Phelps and Terry Fiedler, Star Tribune

Minneapolis Star Tribune, April 27, 2006

The $1 billion acquisition of the Pioneer Press also includes three California newspapers and puts the St. Paul paper under control of MediaNews. It's set to close this summer.

The complex $1 billion transaction that will put the St. Paul Pioneer Press in the hands of Denver-based MediaNews Group Inc. includes three California newspapers and turns prospective MediaNews rival Hearst into a partner in the deal.

The three-way transaction is expected to close this summer after the McClatchy Co., parent of the Star Tribune, completes its acquisition of the Pioneer Press' current owner, Knight Ridder Inc., for about $6.5 billion.

McClatchy said net proceeds of about $700 million from the MediaNews transaction will be used to help pay down its debt from the Knight Ridder acquisition.

As part of Wednesday's deal, Hearst Corp. agreed to temporarily purchase the Pioneer Press as well as the Monterey County (Calif.) Herald and then contribute both papers to MediaNews in return for an equity investment in MediaNews' non-San Francisco Bay-area assets.

MediaNews also agreed to buy two California newspapers, the San Jose Mercury News and the Contra Costa Times, from McClatchy in the deal.

The announcement capped a whirlwind spring for the St. Paul newspaper, the state's oldest.

It was put on the market along with 11 other Knight Ridder papers right after McClatchy bought the chain last month. Helping drive the sale of the Pioneer Press were antitrust concerns that regulators wouldn't be comfortable with two major papers under the ownership of one company in the Twin Cities market.

Employee rallies and a failed effort by the Newspaper Guild to broker a bid by California buyout firm Yucaipa Companies underscored the anxiety of workers about who their next owner would be. But in recent days, it appeared that MediaNews was the leading candidate to buy the paper.

MediaNews Chief Executive Dean Singleton said the acquisition "will expand our reach in California as well as enter a new and growing market in St. Paul."

MediaNews has 40 newspapers in nine states, radio stations in Texas and a TV station in Alaska. After the transaction closes, it will be the nation's fourth-largest newspaper company in daily circulation, at about 2.7 million.

McClatchy Chief Executive Gary Pruitt said that his Sacramento-based company was "delighted" with the purchase price and that the $1 billion sticker "demonstrates that these are strong newspapers with great value to companies whose strategies fit them."

Reaction in Minnesota

A St. Paul-based investor group, which also wanted to take a run at owning the Pioneer Press, expressed hope that MediaNews would be committed to quality journalism and not just the bottom line.

"Our hope was to make a little money at it, but our hope was also to do good journalism," said John Wodele, a member of the group, whose 10 investors were never publicly identified. "We hope the new owners understand the tradition of the Pioneer Press in Minnesota, the Twin Cities and western Wisconsin, and build on a long time of sometimes extraordinary journalism."

Minnesota Attorney General Mike Hatch said his office will be requesting details of the transaction from McClatchy, Hearst and MediaNews so that his staff can scrutinize the deal to make sure "it results in a viable competitor." He said: "My concern is this: I want to make sure in the end that whoever acquires the Pioneer Press is a true competitor that's viable and not acquiring it solely for the purpose of stripping it down."

Hearst role a surprise

The structure of the transaction, with the involvement of Hearst, was a surprise to most who had followed the deal's developments.

Hearst basically provides MediaNews with cash in exchange for equity by buying the Pioneer Press and the Monterey paper, and then turning the keys over to MediaNews. "Hearst is acting as a guarantor for MediaNews," Hearst spokesman Paul Luthringer said.

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In the event that the Hearst equity transaction is not completed, MediaNews has agreed to buy the Pioneer Press and Monterey paper from Hearst.

David Cole, publisher of the industry newsletter News Inc., said the structure of the deal ensures MediaNews that Hearst will not raise objections on antitrust grounds because of MediaNews' concentration of properties in Northern California.

"As I've always said, Dean doesn't have competitors, just partners he hasn't done business with," Cole said.

MediaNews intends to contribute the San Jose Mercury News and the Contra Costa Times to the California Newspapers Partnership, owned 54.23 percent by MediaNews. Gannett Co. and Stephens Media, the remaining partners, have committed to contribute their share of the purchase price.

The purchase price represents a multiple of approximately 11.5 times 2005 earnings before interest, taxes and other charges, McClatchy reported.

Pruitt said the transaction "highlights our ability to deliver quickly on our divestiture plan, and we are delighted with the sales price." He said the 11.5 multiple is two "full turns" higher than the 9.5 multiple paid for all of Knight Ridder.

But Wall Street has been a little wary of the Knight Ridder deal, based on the size of debt that McClatchy will incur. Shares of McClatchy closed Wednesday at $44.71, two days after hitting a six-month low of $44.11. News of the MediaNews deal came after the markets closed.

McClatchy agreed in March to acquire Knight Ridder, which has 32 daily papers. McClatchy said it would keep the 20 Knight Ridder dailies in the fastest-growing markets and sell the other 12. The Pioneer Press sale also is taking place to address antitrust issues.

The California papers fit with MediaNews' strategy of clustering newspapers and sharing advertising and production resources. MediaNews already owns nine papers in the Bay Area.

The company's interest in the Pioneer Press doesn't fit that profile -- MediaNews owns no papers in the Upper Midwest. But the Pioneer Press is profitable: Analysts estimate that it had a 10 percent operating profit margin last year, or about $12 million profit on revenue of about $120 million. By comparison, the Star Tribune had operating earnings of about $90 million.

McClatchy hopes to raise more than $2.15 billion through the sale of the Knight Ridder papers that it will divest. McClatchy agreed to assume $2 billion in debt and pay about $4.5 billion in stock and cash for Knight Ridder.

McClatchy expects to close the Knight Ridder deal in July.

Times Sold To MediaNews (CCT)

By George Avalos And James Temple

The Contra Costa Times, April 27, 2006

The McClatchy Co. announced an agreement to sell the Times and three other newspapers for $1 billion to two parties.

Denver-based MediaNews, publisher of the Oakland Tribune and other East Bay papers, will purchase the Times and San Jose Mercury News.

In a visit to the Times newsroom in Walnut Creek, MediaNews CEO William Dean Singleton said that both of the papers will continue to operate independently. He did not anticipate layoffs as a result of the deal.

Singleton, a media mogul who has earned a reputation for slashing costs and jobs at some newspapers he acquires and increasing salaries and staffing at others, said the deal will provide MediaNews with a big piece of Bay Area market. Indeed, the combined circulation of the company's regional papers will exceed 700,000, compared to the San Francisco Chronicle's 419,000.

"We still have a competitor across the Bay that is very fierce in the Chronicle," Singleton said. "They're the big bad metro and we're the little guys chipping at their heels. I just hope we can chip a little harder now."

New York City-based Hearst Corp., owner of the San Francisco Chronicle, will buy the Monterey Herald and St. Paul Pioneer Press in St. Paul, Minn, as part of the transaction.

Hearst has agreed to "contribute" the St. Paul Pioneer Press and Monterey Herald to MediaNews in return for an equity investment in MediaNews assets outside of the Bay Area. If the transacton isn't completed, for regulatory issues or otherwise, MediaNews has agreed to acquire the two newspapers from Hearst.

In either case, Singleton said MediaNews will continue to compete vigorously with the San Francisco Chronicle locally: "In the Bay Area, they are the enemy."

The four newspapers are owned by Knight-Ridder Inc., which McClatchy agreed to acquire in March. The parties expect to close the transaction soon after the close of McClatchy's purchase, which is expected this summer.

The sale of the Times became increasingly certain starting last October when several big shareholders rebelled at the lackluster stock performance of its parent, San Jose-based Knight Ridder, and eventually forced Knight Ridder to put itself on the block.

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Sacramento-based McClatchy announced it had won the sparsely contested auction on March 12, in a stock and cash deal then worth $4.5 billion. The news was greeted with optimism by Times reporters and employees, given McClatchy's reputation for quality journalism and financial stability.

But the following day, the company announced plans to discard a dozen papers, including the Times and Mercury News, that did not fit McClatchy's strategy. McClatchy has been seeking buyers for the papers since the first deal was announced.

With the deal, which would include the Contra Costa Times, Valley Times, San Ramon Valley Times, East County Times, West County Times, and other East Bay publications, Denver-based MediaNews would be able to encircle the San Francisco Chronicle.

MediaNews would have more than 700,000 paid subscribers to about 419,000 for the Chronicle, enabling MediaNews to assault the Chronicle with an array of editorial, advertising, circulation and marketing resources.

Separately on Wednesday, McClatchy Corp. said that the U.S. Department of Justice is seeking additional information regarding its pending purchase of Knight-Ridder.The DOJ's request is limited to the St. Paul Pioneer-Press, but McClatchy said it extends the waiting period under antitrust law, giving the government additional time to review the transaction -- and potentially holding up any deal.

The DOJ inquiry follows an announcement last week by California Attorney General Bill Lockyer that his office is launching an antitrust review of the Knight Ridder sale to McClatchy Co.

McClatchy said it intends to respond promptly to the DOJ request.

"This represents a step forward in our effort to close our deal with Knight Ridder in a timely manner," said Karole Morgan-Prager, vice president and general counsel of McClatchy, in a prepared statement. "We are delighted that the Department of Justice review confirms our belief that there would be no antitrust concerns other than in the twin cities of Minneapolis and St. Paul, where we intend to sell the Pioneer Press to remove any concern."

Soon after the divestiture was announced, Knight Ridder Chairman and CEO Tony Ridder expressed shock that McClatchy planned to jettison the papers. Gary Pruitt, the chairman and chief executive of the McClatchy Co., defended the decision, saying the papers did not fit into the company's strategy to focus on high-growth communities.

Reports quickly pegged MediaNews as a serious contender for the California publications, given its existing Bay Area presence and known strategy of clustering in geographic regions.

Other interested parties included Los Angeles-based investment firm Yucaipa Cos., which made a bid for all 12 papers in partnership with the Newspaper Guild-Communications Workers of America. Knight Ridder Chairman and Chief Executive Tony Ridder also reportedly began raising funds to buy the California papers, but dropped the effort at the urging of his lawyers and bankers.

Wall Street hasn't reacted kindly to McClatchy's deal. Late last month, Moody's Investors Service lowered McClatchy's credit rating the lowest investment-grade rating and threatened to drop it into junk-bond status. Since the deal was announced, McClatchy's stock has fallen 18.5 percent, which has sliced several hundred million off the value of the deal.

MediaNews had also expressed interest in the initial Knight-Ridder deal. It teamed up with several private equity firms and Singleton himself toured several papers including the Times. Several private equity bidders also failed to follow through on offers.

The only other actual bid came from a private equity group comprised of Texas Pacific Group, Thomas H. Lee Partners, Hellman & Friedman, though its offer was reportedly lower.

Newspaper Guild Petitions To Revoke JOA In York, Pa. (E&P)

Editor & Publisher, April 27, 2006

NEW YORK The Newspaper Guild-Communications Workers of America filed a petition with the U.S. Attorney General's office claiming that MediaNews Group violated the Newspaper Preservation Act with two York, Pa., daily papers.

The Guild, along with York/Adams County Central Labor Council and City Council President Cameron Texter, charge that MediaNews Group has "hidden the fact that it now is sole owner and publisher of both papers."

In 1989 the Justice Department approved a JOA between MediaNews, publisher of the York Dispatch, and Buckner News Alliance, publisher of the York Daily Record.

The union groups and city council president claim that "the two publishers engaged in deception in 2004 by reporting that they had swapped ownership of the two papers" when in fact MediaNews bought the Daily Record from Buckner while retaining the Dispatch.

The parties charge that MediaNews "failed to file an application for approval of material changes to the agreement or provide public notice."

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Linda Foley, Newspaper Guild president, said in a statement: "The whole intent of joint operating agreements is to preserve vigorous news reporting and diversity of editorial opinions through maintaining newspaper competition -- not to provide a loophole for monopoly publishing."

Microsoft, EU Debate Access For Rivals (AP)

By Aoife White and Matt Moore, AP Business Writers

AP, April 27, 2006

Microsoft Complains That European Commission Forced It to Hand Over Trade Secrets to Rivals

LUXEMBOURG (AP) -- Microsoft Corp. complained Wednesday that the European Commission forced it to hand over trade secrets to rivals, effectively giving them a "free ride" on the work the software maker did to acquire new customers and develop new technologies.

But Anthony Whelan, the Commission's lawyer, said that the "super-dominant" software maker had managed to strangle its rivals' innovation and was unlikely to face "an attack of the clones" if it gave companies the information they needed to make their programs work more smoothly with the Windows operating system.

"Microsoft's alarmist claims about duplication have been made for your consideration only," he told the panel of 13 judges who are considering the company's challenge to the Commission's 2004 antitrust order and record 497 million euro ($613 million) fine.

The weeklong hearing was in its third day Wednesday, and the focus shifted from media player software to the EU regulators' order that Microsoft give interoperability information to makers of rival server operating systems.

Whelan said Novell Inc. and Sun Microsystems Inc. were reduced to catering to network servers with "last century's technology" -- Windows NT -- because Microsoft withheld the code needed to allow them to work smoothly with PCs running the world's most-used desktop software.

"In network computing, the client is king and the client speaks Windows," he said.

Microsoft's refusal to supply server protocols from 1998 onward meant most servers had to use more time-consuming and costly techniques to supply software people wanted, keeping them a generation behind Microsoft's software, he said.

The company broke with standard practice in the technology industry by refusing to supply interoperability information, he said.

Microsoft insisted that the survival of its rivals and the emergence of new companies proved the competition was strong. The Commission argued the degree of interoperability Microsoft allowed was simply not viable for most customers and "effective competition" no longer existed.

Microsoft lawyer Ian Forrester said the Commission's order has been an attempt "to handicap the (market) leader in perpetuity" by forcing it to hand over trade secrets.

He said Microsoft's server software was compatible with products made by other companies, such as those from Novell and Sun and using Linux and UNIX-based servers.

"Microsoft spends an enormous amount of effort attempting to achieve interoperability," said Microsoft executive John Shewchuk.

Thomas Vinje, a lawyer for an industry group supporting the Commission -- the European Committee for Interoperable Systems -- said Microsoft was trying to blow its patent rights out of proportion and skirt the key issue of the company's monopoly power.

"This is a case about abuse of a dominant position, about refusing to provide information to vendors," he said.

Microsoft broke an informal agreement with EU advocates when it dragged up the recent dispute over the company's compliance with the order -- earning them a stern reprimand from Judge Bo Vesterdorf, who told Forrester to stick to the issue at stake.

Forrester claimed that Microsoft was being threatened with 2 million euro ($2.4 million) daily fines, backdated to Dec. 15, for not creating "a new copyright work" derived from Windows secret source code.

EU regulators asked Microsoft to supply a "complete and accurate" support manual for developers to help them make compatible software.

Last December, they charged Microsoft with not obeying the order after an independent monitor branded Microsoft's 12,650-page technical manual as "unfit at this stage for its intended purpose."

The world's largest software maker says it has the right to guard its valuable intellectual property, and maintains that it has worked strenuously to comply with the 2004 EU ruling.

It was handed down after a five-year investigation concluded that Microsoft had taken advantage of its position as the leading supplier of operating systems to damage rivals who offered server software and media player programs.

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While a ruling on the challenge is not due for months, a decision backing the Commission could force Microsoft to change the way it does business in the future and endorse the EU's ability to hold back aggressive corporate behavior.

An appeal of any decision, however, is not certain since Microsoft would need strong legal arguments to protest the ruling to the EU's highest court, the European Court of Justice.

Microsoft Says EU Undermines Its Property (DOW)

Dow Jones, April 27, 2006

LUXEMBOURG -(Dow Jones)- Microsoft Corp. (MSFT) (MSFT) Wednesday attacked a European regulators' orders to help rivals write software that works smoothly with its Windows operating system, saying that they violate its intellectual property.

On the third day of a week-long court hearing, the software giant claimed the European Commission is giving rivals license to clone its products. The software industry and the future of technological innovation are at stake, the company's lawyers contended.

Microsoft (MSFT) is appealing a landmark antitrust punishment before a European court in Luxembourg. In 2004, the Commission found the company cripples rival software makers by withholding key "interoperability" information. The regulator also said Microsoft (MSFT) illegally bundles its Media Player program with Windows. On these two counts, the Commission fined the company a record EUR497 million and ordered it to change its some of its business practices.

During the first two days of hearings, Microsoft (MSFT) defended its bundled Media Player software, claiming the Commission made "serious errors" in its decision. Wednesday and Thursday, Microsoft (MSFT) is arguing that Windows isn't designed to hamper rivals' products.

The Commission's decision "is an attempt to alter how the marketplace works," said Microsoft (MSFT) lawyer Ian Forrester Wednesday. This is "an immense encroachment on Microsoft's (MSFT) interests."

Forrester said Microsoft's (MSFT) software is "widely known, widely used, and not at all secret." He added that the company still faces strong competition.

Microsoft (MSFT) engineer John Shewchuk gave a presentation designed to show that servers all over the globe work well with Windows. "Microsoft (MSFT) spends an enormous amount of effort achieving interoperability and providing interoperability" with systems all over the world.

Microsoft (MSFT) supporters backed up his testimony. Tom Kemp, CEO of Centrify Corporation, said his company made software that allowed different operating systems to communicate. "Seamless interoperability between disparate, heterogeneous systems and applications is possible and easy using Centrify's technology," Kemp said. In the afternoon session, rivals defended the Commission's 2004 decision. printed on paper, it would take up 12,650 pages. Thomas Vinje, a lawyer for the European Committee for Interoperable Systems, which includes Sun Microsystems Inc. (SUNW) (SUNW), International Business Machines Corp. (IBM) (IBM (IBM)), and Oracle Corp. (ORCL) (ORCL). said Microsoft (MSFT) was blowing its patent rights out of proportion.

"This morning's Microsoft (MSFT) presentation confirms the March 2004 conclusions of the Commission," Vinje said. "Microsoft (MSFT) determines if and how computer server systems will interoperate with Microsoft's (MSFT) desktop monopoly. So long as it is in Microsoft's (MSFT) business interest, it will provide necessary interoperability information."

In his presentation Commission lawyer Anthony Whelan attempted to demonstrate why Microsoft's (MSFT) technical information made it difficult or to expensive to achieve interoperability. He denied Microsoft's (MSFT) assertion that competitors wanted to copy or steal its intellectual property.

"There is no evidence Microsoft's (MSFT) competitors want to clone its product," Whelan said. He added they only wanted to make sure their products communicate with Windows.

Microsoft's (MSFT) direct rivals are keeping a low profile during the hearing to avoid a public confrontation with the company, lawyers familiar with the case say. IBM (IBM) and Oracle won't present information directly to the court, preferring to let Vinje speak for them.

Sun Microsystems (SUNW) propelled Microsoft's (MSFT) European antitrust case with a 1998 complaint about ill-defined instructions for making software work with Windows. Based on later complaints from RealNetworks Inc. (RNWK) (RNWK), the Commission expanded its case to include the Media Player charges. Sun Microsystems (SUNW) and RealNetworks (RNWK)aren't present at the Luxembourg hearing, however, since both companies settled their disputes with Microsoft (MSFT). Microsoft (MSFT) paid Sun Microsystems (SUNW) $1.95 billion in 2004 and RealNetworks (RNWK) received a $761 million payout last year.

With Microsoft's (MSFT) appeal pending, the Luxembourg court in December 2004 ordered Microsoft (MSFT) to comply immediately with the regulator's decision. Since then, the Commission has battled Microsoft (MSFT) over compliance issues.

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Last summer, Microsoft (MSFT) released a version of Windows without Media Player, a product known as Windows N. Earlier this week Microsoft (MSFT) said limited demand for the product - it has sold only 1,787 copies - proves consumers want built-in music and video capabilities. The company's rivals claim limited demand for Windows N confirms Microsoft (MSFT) has created an invincible monopoly.

Over the past few months, the regulator has pressed Microsoft (MSFT) to comply with its interoperability orders. Microsoft (MSFT) has provided a set of protocols, also known as a road map, for rivals to use. But an independent software expert overseeing the company's compliance, U.K. computer scientist Neil Barrett, last year told the Commission that these protocols were "totally unusable."

The regulator is threatening to fine the company up to EUR2 million a day for not complying with its orders.

-By Adam Cohen and Caitlin Dean, Dow Jones Newswires; +322 741 1486; adam.cohen@dowjones.com

ENVIRONMENT:

More Than A Letter Needed To Take House, Court Says (NYT)

By Linda Greenhouse

The New York Times, April 27, 2006

WASHINGTON, April 26 — "An elementary and fundamental requirement of due process," the Supreme Court ruled many years ago, is that the government must provide "notice" and an opportunity to be heard before it seizes property.

On Wednesday, the court added teeth to that requirement, ruling that Arkansas violated a homeowner's right to due process when it sold his house for nonpayment of taxes after sending him two certified letters that came back "unclaimed."

Writing for a 5-to-3 majority, Chief Justice John G. Roberts Jr. said that "it is not too much to insist that the state do a bit more" before using its "extraordinary power" to take and sell a person's house.

The Constitution does not require "actual notice" like personally handing the letter to the homeowner, the chief justice observed. But he said that once the state became aware, as in this case, that an effort at notice had failed, it must take "additional reasonable steps to attempt to provide notice to the property owner before selling his property, if it is practicable to do so."

Justices Clarence Thomas, Antonin Scalia and Anthony M. Kennedy dissented, the latter two signing a dissenting opinion by Justice Thomas. The state did all that was constitutionally required, Justice Thomas said, adding that it was the homeowner's responsibility to make sure that the authorities knew how to contact him. The court was imposing a "burdensome" and "impractical" requirement on the government, he said.

After a separation from his wife, the homeowner, Gary K. Jones, had moved out, continuing to pay the mortgage while his wife remained in the house. The mortgage company paid the property taxes. But once Mr. Jones paid off the mortgage, the taxes went unpaid.

Justice Samuel A. Alito Jr. did not vote in the case, which was argued shortly before he joined the court in January. The decision, Jones v. Flowers, No. 04-1477, overturned a ruling by the Supreme Court of Arkansas.

For anyone watching the emergence of the Roberts court, the case provided intriguing tea leaves. It was the chief justice's fourth majority opinion, and the first to provoke any dissenting votes. That the dissenters included the court's two best-known conservatives was interesting, of course.

Equally intriguing was the choice by Justice Kennedy, seen by many as the justice most likely to assume the central position on the court previously held by Justice Sandra Day O'Connor, to join Justices Thomas and Scalia in an almost paradigmatic case pitting an individual against the state.

While this was hardly the most high-profile case on the court's docket, no case that requires the justices to express their views on the meaning of constitutional due process is insignificant.

Further, the federal government raised the stakes by entering the case to argue that the notice Arkansas provided to Mr. Jones was adequate. Given that many federal agencies have authority to seize property, "the United States has a substantial interest in the question presented," the solicitor general's office told the court in a 29-page brief.

The most recent Supreme Court case to touch on a related issue was in 2002, when the court ruled, 5 to 4, that the Federal Bureau of Investigation had satisfied due process by mailing a notice to a prisoner that his property was about to be forfeited. The bureau was unaware at the time that the prisoner had not received its letter.

William H. Rehnquist, then the chief justice, wrote the majority opinion in that case, Dusenbery v. United States, joined by Justices Thomas, Scalia, Kennedy and O'Connor. The dissenters then, all of whom joined Chief Justice Roberts in the new case, were Justices John Paul Stevens, David H. Souter, Ruth Bader Ginsburg and Stephen G. Breyer.

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In his majority opinion, Chief Justice Roberts acknowledged the Dusenbery case but said the "new wrinkle" was that in the new case the government was aware by the time it seized the property that it had failed to notify the owner.

Offering an analogy, the chief justice said that if the Arkansas tax commissioner had "prepared a stack of letters to mail to delinquent taxpayers, handed them to a postman and then watched as the departing postman accidentally dropped the letters down a storm drain, one would certainly expect the commission's office to prepare a new stack of letters and send them again" rather than "simply shrug his shoulders as the letters disappeared and say 'I tried.' "

Among the additional "reasonable steps" the chief justice said the state might have taken was to send the notice by regular mail, so that a signature was not required, or to post a notice on the front door.

In a second decision on Wednesday, the court set a new rule for people seeking to bring a lawsuit that accuses government officials of fomenting a criminal prosecution as retaliation for criticizing a government agency.

By a vote of 5 to 2, the court held that such a "retaliatory prosecution" suit could proceed only if the plaintiff could demonstrate an absence of probable cause for the prosecution.

The decision overturned a ruling by the federal appeals court here, which had not imposed that requirement in permitting a lawsuit against five postal inspectors to proceed.

The plaintiff, William G. Moore Jr., had been engaged in a business dispute with the Postal Service. He contended in his suit that the postal inspectors had persuaded a federal prosecutor to bring criminal charges against him, charges that were dismissed after a federal district judge found a "complete lack of evidence."

Under the court's precedents, prosecutors themselves have absolute immunity for a decision to prosecute, meaning that such suits must be brought against the officials who influenced the prosecutor to bring the case.

In his majority opinion on Wednesday in Hartman v. Moore, No. 04-1495, Justice Souter said that showing an absence of probable cause was the most reliable way to make the necessary link "between the retaliatory animus of one person and the action of another."

Justices Ginsburg and Breyer dissented. Chief Justice Roberts, who was on the appeals court when the case was decided there, and Justice Alito, who was not on the Supreme Court when it was argued in January, did not vote.

America's Parks Feel Strain Of A Budget Crunch (CSM)

By Brad Knickerbocker

The Christian Science Monitor, April 27, 2006

ASHLAND, ORE. - In the eyes of Americans, nothing tops national parks as a popular government program. Not defense or education. Not Social Security or fighting crime, public opinion polls say. That's one reason President Bush declared this week to be "National Park Week."

But as the wear and tear of all that love takes its toll on nearly 400 park units around the country, and as Uncle Sam's expenses for war in Iraq, hurricane cleanup, and other activities continue to push the federal deficit ever higher, parks around the country are facing a budget crunch.

From Joshua Tree in the southern California desert to Acadia on the coast of Maine, national parks are tightening their budget belts - shortening some facility hours, increasing fees for camping and other activities, recruiting retirees and other unpaid volunteers to conduct education and interpretation programs, sharing archaeologists and other specialists, and seeking financial support from corporations.

"These are challenging times," says Elaine Sevy, deputy chief of communications for the National Park Service. "I'm not going to deny that."

Will this affect the park experience for vacationers this summer? Parks advocates and former park service employees say so, predicting reduced visitor services and increased fees.

"It very definitely is belt- tightening or more," says Bill Wade, chairman of the executive council of the Coalition of National Park Service Retirees and former superintendent of Shenandoah National Park in Virginia. "We are in the process right now of surveying some parks to find out how the quality of park experiences and protection of resources are likely to be impacted, this summer and beyond."

The Government Accountability Office (the investigative arm of Congress) recently visited 12 park units. Managers there told GAO officials that they do not have the financial resources to keep up with increasing costs, including congressionally authorized salary and benefits for employees, rising utility costs, maintenance needs, and required law enforcement levels, including back-country patrols.

"In response to daily operations allocation trends, increased costs, and new policy requirements, parks reported that they either eliminated or reduced some services," the GAO recently reported. "They also relied on other authorized funding sources and volunteers to pay for activities that have historically been paid for from the allocations for daily operations."

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This worries park advocates.

"The GAO report confirms that America's national parks are losing ground, and straining to survive shrinking budgets," says Tom Kiernan, president of the National Parks Conservation Association (NPCA), an advocacy group in Washington.

A year ago, the Congressional Research Service estimated that the Park Service backlog in maintenance and resource protection totals from $4.5 billion to $9.7 billion - upkeep for some 8,000 miles of roads, 1,500 bridges, 400 dams, and 30,000 structures at 388 national park sites (parks, monuments, battlefields, historic sites, lakeshores, recreation areas, scenic rivers and trails, and the White House).

Then there's the cost of paying park rangers, keeping the lights on, running thousands of vehicles and hundreds of visitor centers, and the other necessities required to handle nearly 300 million visitors a year. As the NPCA sees it, there's a "chronic annual operating shortfall," exceeding $600 million a year.

Aside from the politics of who's responsible for such growing needs, the Park Service has to make do with the budget put forth by the president and approved by Congress.

What that means, says Ms. Sevy, is having each park superintendent work to keep operating costs at about 80 percent of his or her annual budget, leaving the rest for special projects like natural resource studies or restoration of trails.

"It's not a cut," says Sevy. "It's just to get them to manage their budgets more efficiently."

To advocacy groups, that sounds a lot like a budget cut - $100 million less in the fiscal year 2007 overall parks budget now being reviewed by Congress, as the NPCA sees it. In any case, Sevy acknowledges, "there's no way around" the need for some parks to reduce some services and hours of operation.

In Congress, 70 representatives and senators are sponsoring the bipartisan National Park Centennial Act. Using federal treasury money plus a voluntary check-off on income tax returns, the bill would increase funding for maintenance as well as natural and cultural preservation projects through 2016 - the 100th anniversary of the National Park Service.

The debate over national parks funding goes back several years to when US Park Police Chief Teresa Chambers was fired for talking with a reporter about staff reductions. Ms. Chambers' legal dispute with the federal government over her termination continues. But since then, the park service has directed its employees to be more open with the public over budget challenges.

More Lawlessness At EPA (WP)

The Washington Post, April 27, 2006

BARELY A MONTH ago, the U.S. Court of Appeals for the D.C. Circuit issued a stinging rebuke to the Environmental Protection Agency's efforts to rewrite federal clean air law to weaken rules concerning power companies upgrading old coal-fired equipment. This week, a cross-ideological panel of the court unanimously accused the agency, once again, of defying federal environmental law -- this time concerning efforts to clean up the Anacostia River. The panel's strong, derisive language should send a message to the agency to take congressional enactments seriously, as written, not as the agency wishes Congress had written them.

Decades after the passage of the Clean Water Act, the Anacostia remains one of the dirtiest rivers in the country. To redress such problems, the law requires the EPA to identify pollutants and set what the law calls "total maximum daily loads" -- the daily dumping the river can take for each of these pollutants, measured at a level adequate to "implement the applicable water quality standards." The trouble for the Anacostia, and for a lot of dirty rivers, is that measuring the maximum load by the day requires expensive changes. Heavy rains can cause sewage to overflow into the river day, killing fish and blotting out sunlight necessary for plant life. Instead of forcing the D.C. government and the D.C. Water and Sewer Authority to create systems to prevent this, the EPA read the word "daily" to mean -- as it put it in one brief -- "non-daily" and measured the total maximum load for different pollutants on a seasonal and annual basis. This effectively allows big dumps now and then, as long as the total over time stays within specific limits.

This move was not, as was the power-plant rule, a crude effort by the Bush administration to rewrite the law to favor polluters. For one thing, the EPA seems to have adopted this reading of the statute long before the current administration; what's more, one federal court of appeals actually adopted it. That said, it is plainly erroneous, as was argued by the D.C. Circuit panel, which included controversial Bush-appointed Judges Janice Rogers Brown and Thomas B. Griffith. Wrote Judge David S. Tatel for the panel, " 'Daily' connotes 'every day.' Doctors making daily rounds would be of little use to their patients if they appeared seasonally or annually. And no one thinks of '[g]ive us this day our daily bread' as a prayer for sustenance on a seasonal or annual basis." Federal regulators shouldn't need such judicial reminders that the law means what it says.

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FBI/DEA/ATF/USMS:

Oakland Pot Growing Conviction Overturned But Ruling Means New Trial For Marijuana Advocate (SFC)

By Bob Egelko, Chronicle Staff Writer

San Francisco Chronicle, April 27, 2006

(04-26) 13:48 PDT SAN FRANCISCO -- The federal marijuana cultivation convictions of noted pot advocate Ed Rosenthal were overturned by a federal appeals court today because of a juror's phone call to an attorney friend, who told her to follow the judge's instructions or she could get in trouble.

The juror's unauthorized contact on the eve of the verdict in January 2003 was an "improper influence" that denied Rosenthal a trial before an impartial jury, the Ninth U.S. Circuit Court of Appeals said in a 3-0 ruling granting him a new trial.

"Jurors cannot fairly determine the outcome of a case if they believe they will face 'trouble' for a conclusion they reach as jurors," said the opinion by Judge Betty Fletcher. "The threat of punishment works a coercive influence on the jury's independence."

Rosenthal, a magazine columnist and author of books on marijuana-growing who is known as the "Guru of Ganja," was convicted of three felony charges in connection with plants he was growing in 2002 for patients served by the Harm Reduction Center, a San Francisco dispensary.

He faced a sentence of at least five years in prison under federal law, but U.S. District Judge Charles Breyer gave him only a day in jail, finding unusual circumstances. Breyer said Rosenthal had believed, mistakenly but reasonably, that he was not violating federal law because Oakland had named him an official agent in its drug program.

Rosenthal, who had already served his one-day sentence after his arrest, appealed his convictions. The Justice Department, which had sought a 6 1/2-year prison term, appealed the sentence. Because the convictions were overturned, the court did not rule on the government's appeal, but Fletcher said the panel was not inclined to change Rosenthal's sentence.

During the trial, Breyer refused to allow evidence about the intended medical use of the marijuana or about its possible legality under California's Proposition 215, a 1996 initiative that allowed patients to use the drug with their doctor's approval. Seven of the 12 jurors disavowed their guilty verdicts after the trial when they learned about the evidence that had been excluded -- that Rosenthal was growing marijuana for medical patients, and that he had been designated as an agent by the city of Oakland in its medical marijuana program.

Similar qualms about the jury's inability to consider the drug's medical use led to the pre-verdict phone call that was the basis of today's ruling.

In a sworn declaration, the juror said she had been troubled by the absence of evidence about medical marijuana and by the judge's instructions that jurors must consider only federal law. She said she telephoned a lawyer she knew and asked if she had to follow the instructions or if she had any leeway for independent thought.

She said the lawyer replied that she had to follow the instructions or she could "get into trouble." The juror said she shared the advice with another juror who shared her confusion.

9th Circuit Overturns Marijuana Cultivation Conviction Of 'Guru Of Ganja' (AP)

By David Kravets, The Associated Press

AP, April 27, 2006

A federal appeals court Wednesday overturned the pot-growing conviction of the self-proclaimed "Guru of Ganja," a marijuana advocate who has written books on how to grow pot and avoid getting caught.

The court cited jury misconduct in overturning Ed Rosenthal's conviction, but it otherwise upheld federal powers to charge marijuana growers.

Rosenthal was convicted in 2003 for cultivating hundreds of marijuana plants for a city of Oakland medical marijuana program. U.S. District Judge Charles Breyer sentenced him to one day in prison, saying Rosenthal reasonably believed he was immune from prosecution because he was acting on behalf of city officials.

The government sought a two-year prison term and appealed. Rosenthal cross-appealed.

The case drew national attention, in part, because of Rosenthal's status as a leading author and proponent of marijuana. It also underscored the federal government's position that medical marijuana is illegal, it has no medical value and the will of California voters has no effect on nationwide drug laws.

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A three-judge panel of the San Francisco-based appeals court, in overturning the verdict, said a juror had had inappropriate communication with an attorney.

"Juror A" had asked a friend who is an attorney whether she had to follow the law or could vote her conscience because she suspected Rosenthal was growing marijuana for medicinal uses. The attorney told her she must follow the judge's instructions to follow federal law or she would get in "trouble."

"We hold that here the communication was an improper influence upon Juror A's decision to acquit or convict," the appeals court wrote.

The court rejected Rosenthal's argument that he should have been allowed to tell jurors he was growing marijuana for the city for medicinal uses.

While the case was on appeal, and despite Rosenthal's claims, the Supreme Court ruled again that the federal government can prosecute medical marijuana growers and users despite California's medical marijuana law.

Rosenthal once wrote the "Ask Ed" column for High Times magazine and has written books with titles including "The Big Book of Buds" and "Ask Ed: Marijuana Law. Don't Get Busted."

Reached by phone Wednesday, he declined immediate comment on the ruling, saying he had not yet read the decision.

U.S. Attorney's spokesman Luke Macaulay said the office was considering whether to appeal or go ahead with a new trial.

BankAtlantic To Forfeit $10M To U.S. (AP)

By Curt Anderson, Associated Press Writer

AP, April 27, 2006

BankAtlantic Agrees to Forfeit $10 Million to U.S. to Avoid Money-Laundering Charge

MIAMI (AP) -- BankAtlantic agreed Wednesday to forfeit $10 million to the U.S. government to avoid criminal charges that it permitted millions of dollars in suspected drug money to be laundered through its accounts over a nearly seven-year period.

Under an agreement with the U.S. Justice Department filed in federal court, prosecution against the Fort Lauderdale-based bank will be deferred for at least 12 months in return for the payment. The charges will be dismissed altogether if BankAtlantic continues taking action to remedy the situation.

The investigation, led by the U.S. Drug Enforcement Administration and federal bank regulators, identified more than $50 million in suspicious transactions between July 1997 and April 2004, according to court documents.

BankAtlantic operates 79 branch offices in Florida. It is a subsidiary of BankAtlantic Bancorp Inc., a financial services holding company whose stock fell 2 cents Wednesday to close at $15.32 a share.

Alan B. Levan, BankAtlantic's chairman and CEO, said that since problems were found in 2004 "we have worked tirelessly" to improve compliance with anti-money laundering laws and regulations.

"We are happy to put these issues behind us," Levan said.

DEA agents working undercover as operatives for supposed Colombian drug lords found that drug money was being wire transferred to a handful of BankAtlantic accounts overseen by a specific branch manager. That led to the discovery of other BankAtlantic accounts being used to launder illicit drug proceeds.

"While a weak link at BankAtlantic let this money in, DEA is committed to following it where we often see it lead: right to the pockets of drug kingpins," said DEA Administrator Karen P. Tandy.

BankAtlantic admitted in the agreement that it did not identify and report the suspicious transactions as required by the Bank Secrecy Act. Court papers say there were numerous "red flags" about the transactions, such as a high volume of both incoming and outgoing wire transfers to unrelated people and corporations.

Although the unidentified branch manager was to blame for many of the problems, the investigation also revealed "serious and systemic" failures by BankAtlantic to comply with anti-money laundering laws over several years.

But the court agreement gives BankAtlantic credit for cooperating with the investigation, firing employees responsible for the problems and closing down accounts used for the suspicious transactions. The bank also created a new anti-money laundering and Bank Secrecy Act department to beef up compliance and improved audits, training and software used to detect such transactions.

US Drug Money Sting Leads To $10 Million Fine For BankAtlantic (DOW)

Dow Jones, April 27, 2006

WASHINGTON -(Dow Jones)- An undercover money-laundering sting has netted an unusual catch - a medium-size bank - and Wednesday BankAtlantic Bancorp Inc. (BBX) agreed to pay federal officials a $10 million fine.

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In its agreement with the U.S. Justice Department and bank regulators, BankAtlantic, based in Fort Lauderdale, Fla., agreed to ramp up its anti-money- laundering controls. If major changes are made in the next 12 months, law enforcement officials have agreed to drop the charges, but not the fine.

This arrangement is called a deferred prosecution agreement.

The $6 billion Fort Lauderdale-based thrift "accepted and acknowledged responsibility for its behavior," the Justice Department said in a press release. A BankAtlantic spokeswoman didn't return a call for comment.

In the agreement, the Justice Department and Drug Enforcement Agency alleged that BankAtlantic allowed millions of dollars to illegally flow through its accounts from 1997 through April 2004. This included "the deposit and transfer of more than $10 million in suspected drug proceeds originating from U.S. undercover law enforcement operations."

Court records show that undercover drug enforcement officials made deals with suspected drug traffickers to help deposit drug proceeds into U.S. banks. On multiple occasions, money couriers handed undercover agents bags or briefcases with between $150,000 and $500,000 in cash. The agents then deposited the money into a secret government account and were asked by the suspected drug traffickers to wire the money to accounts at BankAtlantic.

The Office of Thrift Supervision, which regulates BankAtlantic, issued a cease and desist order against the thrift Wednesday, requiring it to improve its anti- money- laundering protections.

This isn't the first time the Justice Department has sanctioned a bank for weak money-laundering controls.

In the last several years, the Justice Department has fined Riggs National Corp. $16 million and AmSouth Bancorp (ASO). (ASO) $40 million.

-By Damian Paletta, Dow Jones Newswires; 202-862-9241; Damian.Paletta@ dowjones.com

10:10 Am | 12 Indicted In Meth Bust (CO)

By Steve Lyttle

The Charlotte Observer, April 27, 2006

Federal officials have indicted a dozen people from Burke and McDowell counties in a methamphetamine crackdown.

All but one of the 12 suspects have been apprehended, and 10 remain in federal custody.

Suellen Pierce, a spokeswoman for the U.S. Justice Department, said the indictments are the result of an investigation that involved the Drug Enforcement Administration, the N.C. State Bureau of Investigation, the McDowell County Sheriff's Office, and the Marion Police Department.

Pierce did not give additional information on how the investigation and arrests took place.

Each of the 12 faces one count of conspiracy to manufacture and possess, with the intent to distribute, methamphetamine. The indictments were returned by a federal grand jury in Asheville on April 4. The charge carries a penalty of 10 years or more in prison, plus a fine of up to $4 million.

Those indicted:

Tracy Allen, 37, of Marion.

Robert McCoy Bradley Jr., 49, of Nebo.

Martha Byrd, 35, of Marion.

Danny Hall, 33, of Nebo.

Jonathan Harrison, 24, of Marion.

Arvin Hicks III, 41, of Morganton.

Tosha Hollifield, 31, of Marion.

Michael Honeycutt, 37, of Marion.

Janet Mosteller, 30, of Marion.

Michael Rose, 29, of Marion.

Tristan Whitesides, 21, of Nebo.

Mark Christopher Watkins, 33, residence not listed.

All but Whitesides and Watkins are in federal custody, and Whitesides faces a custody hearing at 2 p.m. today in Asheville.

Watkins has not been arrested yet.

News In Brief From The San Francisco Bay Area (AP)

AP, April 26, 2006

SAN FRANCISCO - A man suspected of storing methamphetamine for the ringleaders of an alleged Hells Angels drug ring was found shot to death at Ocean Beach, police said.

DOJ_NMG_0026969

Michael Demetrescu Sr., 46, was wanted on federal drug trafficking charges after agents raided 19 Hells Angels locations last week and found a pound of methamphetamine in the garage of Demetrescu's home in San Francisco, said police Inspector Joe Toomey.

Demetrescu told his girlfriend a day before his death that he planned to turn himself in, police said. His death is being treated as a suicide.

Investigators believe Demetrescu was storing drugs for his neighbor, Jason Peterson, 32, a top Hells Angels official who was arrested in the raids Thursday along with the San Francisco chapter president, 35-year-old Joseph Wilson.

A total of 12 people were arrested on suspicion of methamphetamine trafficking and other charges. All have denied the allegations.

Authorities said they found more than 100 pounds of cocaine, eight pounds of methamphetamine and numerous weapons including a grenade in the raids and earlier seizures.

SAN FRANCISCO Hells Angel Possible Suicide At Beach Fugitive In Drug Raids Had Bullet In Head, Gun At Side (SFC)

By Jaxon Van Derbeken, Chronicle Staff Writer

San Francisco Chronicle, April 26, 2006

A man sought after last week's federal raids targeting the Hells Angels motorcycle club in San Francisco was found shot to death Tuesday at Ocean Beach, a day after telling his girlfriend he was going to turn himself in, authorities said.

Authorities say Michael Demetrescu Sr., 46, was found about 8:15 a.m. in the sand dunes on Ocean Beach near the Great Highway and Kirkham and Lawton streets, a handgun by his side. He had been shot in the head.

Police say they suspect Demetrescu committed suicide but are awaiting the outcome of tests and a review of other evidence before making any conclusions.

Demetrescu had faced 40 years to life in prison if convicted of federal methamphetamine trafficking charges that had been lodged against him after the raids Thursday. The agents who conducted the raids said they had found a pound of methamphetamine in the garage of his home in the Dogpatch neighborhood.

Inspector Joe Toomey of the homicide detail said Demetrescu was last seen Monday night leaving the Hells Angels' clubhouse on Tennessee Street. After his body was found, his live-in girlfriend, Nancy Deemer, told police that Demetrescu had said he was going to turn himself in Tuesday, Toomey said.

"She didn't know where he was going to turn himself in or to whom," Toomey said. "She said he was a little depressed."

Demetrescu lived at 1199 Tennessee St. in a home that abuts the Hells Angels Frisco chapter clubhouse. Authorities who raided his residence allegedly found marijuana in addition to the methamphetamine.

Federal agents suspected that Demetrescu stored drugs for Jason Peterson, 32, who lived in a unit that shares a wall with the Tennessee Street clubhouse.

Peterson, the sergeant at arms for the group, is in federal custody, as is the chapter's president, Joseph "Joey" Wilson, 35, of Visitacion Valley.

Demetrescu was not originally indicted, but was named as a defendant after agents allegedly found the methamphetamine.

Federal authorities used an undercover agent and eight months of wiretaps to build a case against the Hells Angels. They documented several drug deals -- including one for 100 pounds of cocaine -- allegedly orchestrated by Wilson and Peterson, according to a search warrant affidavit.

The two men and 10 associates were arraigned Friday before U.S. Magistrate James Larson. All denied the allegations. They are set to appear for hearings this week.

The defendants were involved in a well-organized, multimillion-dollar criminal enterprise involving methamphetamine, cocaine and marijuana, federal authorities said.

In the raids Thursday and in earlier seizures, agents found more than 100 pounds of cocaine, eight pounds of methamphetamine, $145,000 in cash and numerous weapons, including a grenade, authorities said.

FBI agents and local law enforcement raided 19 locations Thursday, knocking down doors in some cases to gain entry.

SAN FRANCISCO 15 Suspected Crack Dealers Arrested In Western Addition Roundup Will Cut Violent Crime There, Police Say (SFC)

By Jaxon Van Derbeken, Chronicle Staff Writer

San Francisco Chronicle, April 26, 2006

DOJ_NMG_0026970

San Francisco police trying to gain control over crime in the Western Addition have secured warrants for at least two dozen suspected crack cocaine dealers and have arrested 15 of them, authorities said Tuesday.

Although none of those named in the warrants is wanted on murder charges, police said they were optimistic that taking crack dealers off the streets would reduce violent crime in the Western Addition.

At least 20 people have been slain in the neighborhood since the beginning of last year, and investigators suspect many of the killings were connected to the drug trade.

"We know of the nexus between drugs and homicides," said Deputy Chief Morris Tabak, who oversees police investigations and the narcotics detail.

The alleged crack dealers were identified during a two-month undercover investigation, Tabak said. Officers posing as customers made one to three purchases of crack in videotaped transactions from each of the alleged street dealers, investigators said.

All the suspects are accused of felony drug crimes, mainly crack cocaine dealing. Police were still seeking some suspects as of late Tuesday, but refused to say exactly how many.

Investigators said many of those arrested Tuesday were repeat offenders who were either out on bail or on probation. Their past convictions include gang violence and weapons possession charges, said Capt. Tim Hettrich of the narcotics unit.

"These people have committed robberies, they have shot people, they are terrorizing the neighborhood," Hettrich said.

Hettrich said most of the 15 suspects arrested Tuesday had been found on the street in the Western Addition. The arrest warrants carry bail amounts of $35,000 to $125,000, he said.

The sweep was conducted by the narcotics detail, with assistance from the gang task force, officers from Northern Station, and agents with the federal Drug Enforcement Administration.

"We target the areas where we have the violence," Hettrich said.

District Attorney Kamala Harris said her office had filed the drug charges against roughly two dozen suspects -- including the 15 under arrest -- as part of an overall crackdown on drug dealing and violent felons.

"It was a collaborative law enforcement effort," she said. "That's 15 bodies off the street who were dealing drugs and posing a threat to the neighborhood."

"Good job -- we need more of it," said Supervisor Ross Mirkarimi, who represents the Western Addition. He has called loudly for police to do something about homicides there.

"There is a very plausible link between the drug dealing and the spikes of homicides and violence," Mirkarimi said. "The homicides where I have been to the scene have often been the results of drug deals gone bad or turf wars over those who are selling drugs."

Mirkarimi noted that the homicide rate has dropped recently. Two killings have happened in the neighborhood since Jan. 1, compared with six by this time last year.

"We've had a bit of a respite in the homicides, thank heavens to all the good work everybody is doing," Mirkarimi said. But given the trend of gang and drug activity, he said, "it's just a matter of time" before the rate rises again, unless more is done.

Powerhouse Gym Owner Pleads Guilty To Drug Charge (BHE)

By SERGIO CHAPA

Brownsville (TX) Herald, April 27, 2006

The owner of a Brownsville gym pleaded guilty to a federal drug trafficking charge Wednesday morning.

Powerhouse Gym owner Jose Alfredo DeLeon had maintained his innocence on the conspiracy to possess with the intent to distribute more than 5 kilograms of cocaine charge until the Wednesday morning hearing where he told U.S. District Judge Andrew S. Hanen that he had a “cocaine habit.”

The 39-year-old man, who was arrested by Drug Enforcement Administration agents in January, told Hanen that he last used cocaine three days before his arrest and requested to be placed in a drug treatment program.

The gym owner faces 10 years to life in prison after pleading guilty to selling bulk amounts of the dietary supplement inositol to cocaine traffickers and then instructing them how to use it to “cut” their shipments.

Prosecutor Terra Bay said in open court that federal agents found a hand-written ledger of inositol sales, a cocaine pharmacology book, scales, 25 pounds of marijuana and a small amount of cocaine inside DeLeon’s North Brownsville home.

Court records show that DeLeon is the next-to-the-last defendant to be arrested in a five-count, 16-person indictment that included convicted drug trafficker Juan Carlos Sanchez-Vasquez in January 2005.

Bay said in open court that DeLeon sold the dietary supplement to Sanchez-Vasquez as well as convicted drug traffickers Andres Garza and Rolando Curiel.

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Federal court records show that Sanchez-Vasquez, Garza and Curiel each bribed former Sheriff Conrado Cantu to protect their drug trafficking organizations.

DeLeon is expected to be sentenced July 31.

New Rochelle Drug Trafficker Sentenced To 38 Months In Prison (JNE)

By TIMOTHY O'CONNOR

Journal News, April 26, 2006

A New Rochelle man was sentenced yesterday to more than three years in prison for cocaine trafficking.

Victor M. Frias-Valencia, 27, of 40 Park Place pleaded guilty in November in U.S. District Court in Bridgeport to possessing and intending to distribute a kilogram of cocaine.

Agents with the Drug Enforcement Administration arrested Frias-Valencia in Greenwich on Sept. 29, 2004, after he struck a deal with a DEA informant to sell the cocaine, roughly 2.2 pounds, according to court documents and Frias-Valencia's plea.

Frias-Valencia showed the informant the cocaine that he had stashed in a cooler outside a Greenwich apartment building. The informant went back to his car to get money and signaled the DEA agents that the deal was happening.

DEA agents approached Frias-Valencia, who fled up the stairs and into an apartment. DEA agents entered the apartment after him and found the cooler in the bathroom, the cocaine on a roof outside the bathroom window. Frias-Valencia admitted to DEA agents the cocaine was his and he intended to sell it, according to court documents.

At the time of his arrest, Frias-Valencia was in the United States illegally. He was sentenced yesterday to 38 months in a federal prison. He will be deported to Mexico upon completion of his prison sentence, U.S. Attorney Kevin O'Connor said.

As part of the plea agreement he signed Nov. 3 with federal prosecutors, Frias-Valencia agreed to forfeit the Lexus IS 300 he was in possession of at the time of his arrest. Frias-Valencia's lawyer did not return calls seeking comment.

Man Guilty Of Conspiracy In Cocaine Trafficking Case (AP/WPRI)

WPRI/AP, April 27, 2006

PROVIDENCE, R.I. (AP) -- A jury finds a Massachusetts man guilty of conspiring to deal cocaine.

Domingo Gonzales was arrested last year after agents from the federal Drug Enforcement Administration raided a Providence house and interrupted a cocaine deal. Investigators say they found a handgun and 97 grams of cocaine in the car Gonzales arrived in.

He was arrested after DEA agents found him hiding under a pile of rubbish in the basement. Gonzales lives in Lawrence, Massachusetts. He was convicted of conspiring to distribute cocaine and possessing more than 500 grams of the drug.

He was acquitted of a gun charge. According to the U.S. Attorney's office, five other defendants in the case have already pleaded guilty to conspiracy charges.

City Man Gets 5 Years For Role In Opiates Ring (SNE)

By Douglas A. Moser

Salem News, April 27, 2006

BOSTON — A Peabody man will spend more than five years behind bars for his part in a ring that peddled highly addictive painkillers on Cape Ann.

Jose Melo of 20 Tracey St., Peabody, was sentenced to more than five years (63 months) for distribution yesterday. During an undercover drug raid in 2004, Melo was arrested along with a dozen others, most from Gloucester. He pleaded guilty last month to the charges in U.S. District Court. He was sentenced yesterday at the John Joseph Moakley Courthouse in South Boston.

Judge Rya Zobel ordered Melo to serve 63 months in prison and three years' supervision after release. After his sentence, she ordered Melo, who is not an American citizen, to leave the country. His defense attorney, Stephen Neyman, did not say what country Melo is from, saying only that Melo would return to the Azores islands, off the coast of Portugal.

Thirteen men — most of whom were from Gloucester — were arrested June 29, 2004, and the next day after an eight-month undercover operation from a Riverdale Park apartment involving Gloucester police, the Cape Ann Drug Task Force, Essex County sheriff's deputies and the federal Drug Enforcement Agency.

Deputies and the DEA said they purchased 1,096 80 milligram pills between October 2003 and June 2004. Two of the men sold the drugs from a Gloucester apartment, as well as at the Bugaboo Creek Steak House in Peabody and in the Northshore Mall.

All 13 were indicted by a grand jury in September 2004 for distribution and conspiracy to distribute oxycodone.

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Oxycodone is a powerful opiate-based prescription pain reliever that carries a significant risk of addiction. In recent years, it has become a popular street drug.

Student, Teen Charged In Gun Case, Threat At Melvindale Charter School (DEN)

Detroit News, April 27, 2006

MELVINDALE -- A 16-year-old student at the Academy of Business and Technology and a 15-year old who formerly attended the school were charged Wednesday with carrying a concealed weapon and with making a terrorist threat in separate incidents at the school.

Melvindale police were at the school Tuesday investigating an e-mail in which someone threatened to shoot up the school when a student approached the officers and told them they saw a student with a gun, said Chief Rick Cadez.

When officers located the 16-year-old, a Detroit resident, he was carrying an unloaded .25-caliber hand gun, the chief said. Police were not able to learn where he got the gun, as his parents refused to allow police to interview him.

The gun was given to the Bureau of Alcohol, Tobacco and Firearms (ATF) which will trace its ownership. The youth was turned over to Wayne County juvenile authorities. Wayne County Prosecutor Kym L. Worthy issued a warrant charging him with carrying a concealed weapon.

The threatening e-mail was traced to a 15-year-old from Taylor. He was charged with making a threat of terrorism, a felony that carries a 20-year maximum prison sentence. He is also being held by juvenile authorities.

Cadez said the incidents should not be seen as a reflection on the school.

"These were just a couple of dumb kids acting stupid," he said. Cadez said "I am going to notify our schools about what happened here so they can let kids know what the consequences can be for acting stupid."

You can reach Norman Sinclair at (313) 222-2034 or nsinclair@detnews.com.

Man Gets Probation For Having Bombs (GTT)

By Scott Harper

Georgetown (SC) Times, April 27, 2006

An Andrews man arrested last year for possessing homemade bombs will not go to jail after it was determined he had no criminal intentions.

Norman Weaver, 30, pled guilty to multiple counts of possession of a destructive device and was sentenced to 18 months probation Tuesday.

He was arrested in October after Georgetown County deputies went to his Big Dam Swamp home to investigate another matter.

Deputy Solicitor Matthew Modica told Judge Edward Cottingham while the officers were at the home they found eight bombs made of PCP pipe that were packed with black powder.

He said South Carolina Law Enforcement Division and federal ATF agents were called in to assist with the investigation. He said after the inquest, it was decided the matter did not warrant federal prosecution.Modica said Weaver's name did not appear on any intelligence watch lists and the ATF agents "did not believe he posed a threat."

However, Modica noted, "it is against the law in South Carolina to possess" such devices.

He also pointed out that the bombs could not have been exploded as they were at the time they were discovered. He said more work, including the adding of wicks, would have had to occur on the bombs before they could be detonated.

Weaver's attorney, Stephen Schmitz, said his client, who now lives in Beaufort, had a good, non-violent reason for having the bombs. He said Weaver travels the country as a Civil War reenactor and he made the devices five years ago to possibly use in one of the performances.

Schmitz said Weaver planned to blow up the bombs in the Edisto River but had not done it before they were found.

That story is different from the one Weaver reportedly told investigators when he was arrested. According to the Sheriff's Office, during Weaver's initial interview he said he bought a box of ammunition at a gun show and had no idea the bombs were in the box until he got home. He said he had planned to cut each of the pipes open with a saw to dispose of the powder.

The bombs were not the only things authorities confiscated. They also removed bullets and guns as well as two books — "The Complete Book of Witchcraft" and "The Magus: The Complete System of Occult Philosophy."

Although Modica said he now believes Weaver meant no harm, Cottingham said the Sheriff's Office did the right thing by pressing charges. He said after the Sept. 11 attacks on America no one can be too careful.

"I congratulate the Sheriff's Department for bringing this out," Cottingham said. He then sentenced Weaver to five years on each count but suspended the sentence to probation.

DOJ_NMG_0026973

Search By ATF Called Politics (SANEWS)

By DEAN BOHN, THE SAGINAW NEWS

The Saginaw News, April 27, 2006

Time will tell if federal agents will return with arrest warrants after carting away numerous firearms from the home of an embattled Brady Township official whose husband is a convicted felon.

Federal law says felons cannot own firearms.

While Clerk Melissa Alcorn is at odds with the township supervisor, the Bureau of Alcohol, Tobacco, Firearms and Explosives on Tuesday morning focused on her husband, Douglas A. Alcorn, 41, who served a month in jail and four years of probation, the first two on electronic tether.

He pleaded no contest in 1993 to a charge of second-degree child abuse. In return, prosecutors dismissed a count of first-degree child abuse, court records show.

Court documents show his first wife filed the charges two months into their marriage.

The Alcorns refused comment. William A. Temple, special agent in charge of the ATF's Detroit office who supervised the raid at Alcorn's home, also would not comment.

Arnold D. Dunchock of Corunna, an attorney for the Alcorns, said the firearms were in a gun safe in the home and Douglas Alcorn "did not have access to them."

"They were not arrested," Dunchock said. "If this is so terrible, why were they not taken away?"

However, Dunchock acknowledged, "this doesn't mean they might not be (arrested) in the future."

Dunchock said the family is incensed that agents "apprehended" Melissa Alcorn while she was driving home after dropping one of her four children off to school and conducted the search of their home in front of their other three children.

She has bickered for months with Brady Township Supervisor John Schoch, who faces a recall election Tuesday.

While Schoch blames Alcorn for orchestrating the recall, the timing of the raid prompted the Alcorns' attorney to complain about political motivations.

"This happened one week before the recall election," Dunchock said. "It's not like these were weapons of mass destruction. This (situation) was stable for years. Why now?

"It's obviously politically motivated. The family is being victimized, especially with the recall election on Tuesday."

Dunchock suggested that Schoch prompted the ATF search on the couple in retaliation for the recall effort, but Schoch said he knew nothing about the raid until it happened.

"They're slinging mud," Schoch said. "He's a felon, he's got guns in the house, and somehow they want to say all this is my fault."

The recall election follows months of arguing between Alcorn and Schoch. A Saginaw County Sheriff's Department report shows the Alcorns accused Police Chief Larry Briggs and Schoch of separately swiping their mail, including money from children's birthday cards and a government check.

Schoch and Briggs deny the claim, and no evidence of such offenses exists beyond the Alcorns' allegations, deputies concluded. Briggs was not present at the ATF raid.

A U.S. Army veteran, Douglas Alcorn makes and sells knives. The entrance to his 40-acre home at 14687 Fordney is framed with a "Fort Alcorn" sign above the driveway.

Behind his home he has a shooting range accentuated with a large pavilion. v

Dean Bohn is a staff writer for The Saginaw News. You may reach him at 776-9679.

IMMIGRATION:

Attorney For Former Nazi Guard Seeks Review Of Ruling (AP)

By MIKE WILSON, Associated Press Writer

AP, April 27, 2006

DES MOINES, Iowa (AP) A lawyer for a former Nazi concentration camp guard has asked a federal appeals court to review its ruling to revoke the man's U.S. citizenship.

Lisa Mattson, a lawyer for John Hansl, filed documents with the U.S. 8th Circuit Court of Appeals last week, seeking a review by the entire court.

A three-judge panel of the St. Louis-based court ruled March 7 that a U.S. District Court judge was correct in revoking the citizenship of Hansl, 81, who lives in Des Moines.

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The U.S. Department of Justice filed a complaint against Hansl in July 2003, claiming he hid his service with the Waffen SS when he applied for a visa to come the United States in 1955. He was granted a visa and became a U.S. citizen in 1960.

The case revolved around a 1953 law designed to control the flow of immigrants to the U.S. after World War II.

Mattson claimed the law required a person to have ``personally assisted'' in the persecution of others before they could be denied a visa.

U.S. District Court Judge Robert Pratt revoked Hansl's citizenship in April 2005, ruling that Hansl's conduct as a Nazi concentration camp guard left ``no room for factual dispute whether he personally advocated or assisted in persecution.''

In documents filed with the federal appeals court last week, Mattson argued that the decision by the appeals court panel did not take into account evidence by the government that would have shown Hansl was eligible for a visa.

The documents include justice department records on other post World War II visa applicants, and were turned over previously in a ``highly redacted form as to be meaningless,'' Mattson said.

By doing so, ``the government violated the defendant's due process right to a fundamentally fair hearing,'' she said.

She said the documents would show that it was national immigration policy to issue visas to former concentration camp guards unless they were directly involved in committing atrocities.

Mattson said Hansl does not deny that he was a guard at the Sachsenhausen and Natzweiler concentration camps but does not believe he personally assisted in the persecution of others.

Mattson said submitting the redacted evidence ``unfairly shaded and misdirected the court's focus.''

The government later came forward with five documents in their unredacted form, Mattson said in court records.

``Had the evidence been produced in its unadulterated form, and allowed to be presented to the court ... it should have made a difference in the outcome of this case,'' Mattson said.

High Court Avoids Immigration, Focuses On RICO's Application To Business Relationships (LAW)

By Tony Mauro, Legal Times

Legal Times, April 27, 2006

The Supreme Court appeared sympathetic to pleas by business advocates not to "RICO-ize" all types of business relationships, as Justice Stephen Breyer put it, during oral arguments Wednesday.

The Court heard debate in Mohawk Industries v. Williams, a class action brought against Georgia carpet manufacturer Mohawk Industries under the civil portion of RICO, the Racketeer Influenced and Corrupt Organizations Act. Current and former employees of Mohawk claimed that its hiring of illegal aliens -- in concert with outside recruiting and temp agencies -- depressed wages and amounted to racketeering as defined under RICO. If the suit fits under RICO and the plaintiffs prevail, Mohawk would be exposed to treble damages and could be forced to pay plaintiffs' attorney fees.

"These are enormous penalties that are imposed," Mohawk's lawyer, Carter Phillips, told the justices. Congress passed RICO to target organized crime, he asserted, not ordinary dealings between businesses and their agents and contractors. "It is not free for the government or anyone else" to broaden the law unilaterally, said Phillips, a partner in the D.C. office of Sidley Austin.

In advance billing it appeared that the Mohawk case would draw the high court into some of the immigration issues causing controversy across the nation, including the contention that the corporate hiring of illegal aliens has had the indirect effect of keeping wages low for American citizens.

Instead immigration was barely mentioned, as oral arguments devolved quickly into a dense debate over the ambiguous wording of the RICO statute and whether a corporation like Mohawk can be part of a separate "enterprise" covered by the law.

The tedium left at least two justices, Ruth Bader Ginsburg and Clarence Thomas, struggling to stay awake, with mixed success. That is not unusual for Thomas, but it is not as common for Ginsburg, 73, though in recent months she has often appeared fatigued on the bench.

Responding to a Legal Times inquiry about the episode late Wednesday, Ginsburg said, through Court spokeswoman Kathy Arberg, that she "experienced an eye irritation during oral argument that was probably exacerbated by allergies."

Wednesday was the final day for regularly scheduled oral arguments this term.

Though originally aimed at organized crime, the RICO law was amended by Congress in 1996 to include the hiring of illegal aliens among the "predicate acts" that can trigger a RICO claim. So the employees asserted that Mohawk, by associating with outside recruiters to hire the illegal aliens, fit the requirements to make out a civil RICO claim. The 11th U.S. Circuit Court of Appeals held that the employees had stated a valid RICO claim. The Bush administration has also sided with the plaintiffs in favor of a broad view of RICO's scope.

Phillips, in a brief for Mohawk, said the circuit's definition of a RICO enterprise "would allow virtually every alleged corporate conspiracy, including most fraud claims and other business torts, to be pled as civil RICO claims."

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Breyer appeared to agree, expressing concern that "vast amounts of ordinary activity" by companies would come under the law, even though the companies have nothing to do with organized crime.

Howard Foster of Johnson & Bell in Chicago, representing the plaintiffs, told the Court that Mohawk committed hundreds if not thousands of immigration-related felonies "in very close cooperation" with outside recruiters, all of which are well within the scope of RICO.

Foster also told the justices that all circuit courts that have ruled on the issue have adopted the broader scope of RICO that would include corporations like Mohawk. "There is no dispute in the lower courts that a corporation can be part of an enterprise," said Foster.

Business lawyers warn that if the Court rules against Mohawk, RICO will become another tool for attacking employers. "Employers located in areas with a large immigrant-worker population may be potential targets for civil RICO class actions," says Steptoe & Johnson partner Lynda Zengerle, who recommends that employers use hiring methods that clearly document efforts by companies and their recruiters to abide by immigration laws.

But some business advocates have sounded a broader alarm about the case. "If the Supreme Court sides with the plaintiffs in this case, there is no doubt that we will see many more civil RICO cases filed on a broad range of subject matters, not just immigration," says Karen Hirschman, a partner at Vinson & Elkins.

CONGRESS-ADMINISTRATION:

Republicans Sag In New Poll (WSJ)

By John Harwood

The Wall Street Journal, April 27, 2006

Rising gas prices have intensified discontent with Washington and handed Congress a frightening midterm election backdrop: a deeply pessimistic electorate, despite a robust economy.

A new Wall Street Journal/NBC News poll underscores a striking gap between Americans' mood and the nation's economic performance. Fully 77% call themselves uneasy about the state of the economy rather than confident, even as data showed new-home sales and factory orders remain strong. Economists expect a similar message tomorrow when the government reports on first-quarter growth.

Public unease partly reflects fallout from the prolonged and unpopular Iraq war. But it also shows the impact of pump prices topping $3 a gallon in many places, passing Iraq to become the nation's highest-priority issue. The upshot: Two-thirds of Americans say the nation is "off on the wrong track," President Bush's approval rating has fallen to 36% and Congress fares even worse at 22% approval.

"There's almost nothing that the public is satisfied with," says Democratic pollster Peter Hart, who conducts the Journal/NBC poll with Republican counterpart Bill McInturff. "What they're telling you is, they want change on every front."

That is a worrisome sign for Republicans, who are seeking to defend their House and Senate majorities with little more than six months remaining before Election Day. Continuing a trend that has persisted for a year, Democrats lead -- beyond the poll's 3.1 percentage point margin of error -- in public preference for which party should control Congress. The survey of 1,005 adults was conducted April 21-24.

And in the run-up to November, Democrats also enjoy an edge in intensity; by 11 percentage points, their partisans are more likely to express high interest in the midterm campaigns. The biggest bright spot for Republicans is that Democrats have made no progress improving their national image, an indication that they aren't yet positioned to take advantage of their opportunity for far-reaching November gains.

Public unhappiness with government is strongly at odds with bullishness on Wall Street, as new data underscored the economy's current strength. The Commerce Department yesterday reported sales of new single-family homes rose 13.8% in March, the largest increase in 13 years.

Orders for big-ticket manufactured goods rose 6.1% in March, the largest increase in nearly a year. Indeed, that data fueled bond-market worries the economy is so strong that the Fed will be reluctant to stop lifting short-term interest rates after May, when the central bank is expected to bump rates up a notch.

Public unhappiness also represents a powerful source of frustration for Republicans, who want Mr. Bush and Congress to get more credit for the economy. Doing just that is a top priority of new White House Chief of Staff Josh Bolten and congressional Republican leaders, who are aiming to take a first step by accelerating House-Senate negotiations on tax-cut legislation that would extend the current 15% rates on capital gains and dividends.

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Yet worries about gasoline prices, offshoring of jobs, rising health-care costs and precarious private pension plans are creating anxiety even among workers who do have jobs. Moreover, the fruits of the economy's recent strength aren't evenly shared: Workers at the bottom and the middle are benefiting less than those at the top.

Richard Curtin, who oversees the University of Michigan's consumer-confidence surveys, says the gap between views of the economy among those who make more than $50,000 and those who make less is wider than it has ever been in the university's polling. Especially for those with moderate incomes, says Mr. Hart, the Journal/NBC pollster, gas prices "are the real numbers that people are living with."

That helps explain why just 19% of Americans say the strong employment picture, rising stock prices and low inflation rate leave them feeling confident about the nation's economic health. Four times that many respondents said that gas prices, rising interest rates and the federal budget deficit have them feeling uneasy.

The poll also explains why oil companies suddenly find themselves in the cross hairs of political debates over potential price-gouging and even windfall-profits taxes. In the wake of record oil-industry profits, some 60% of Americans find oil companies responsible for rising gas prices -- far outpacing the proportion who blame oil-producing nations, President Bush or Congress.

Yet the toll on Mr. Bush is reflected in his 36% approval rating, the lowest he has ever received in the Journal/NBC survey, and the 35% positive mark on handling the economy. Amid continued violence in Iraq and a looming confrontation with Iran over its nuclear ambitions, Americans disapprove of Mr. Bush's handling of foreign policy by roughly 2 to 1.

Approval of the job Congress is doing has plummeted to 22%, from 33% just last month. That's worse than the marks a Democratic-controlled Congress received at a similar point in 1994, the year Newt Gingrich led Republicans back to power on Capitol Hill.

In particular, Americans who don't approve of Congress blame their sour mood on partisan contention and gridlock in Washington. Some 44% call themselves "tired of Republicans and Democrats fighting each other"; 36% say "nothing seems to get done" on important issues. A further 34% cite corruption among lawmakers. Among all Americans, a 39% plurality say the single most important thing for Congress to accomplish this year is curtailing budgetary "earmarks" benefiting only certain constituents.

Ranking just behind ending "earmarks" is congressional action on immigration overhaul, the top priority of 32%. By 61%-35%, Americans say illegal immigrants within the U.S. should be allowed to stay rather than be deported so long as they pay taxes and pass security checks. By 68%-28%, they express support for a potential Senate compromise that would allow for different treatment of those who have been in the U.S. at least five years, those here for two to five years, and those in the U.S. for less than two years.

Americans take dim views of both parties, giving Democrats a positive rating of just 33% and Republicans 35%. But they have different expectations for the minority and for the party that controls Congress and the White House. If no progress is made on key issues, the Journal/NBC poll shows, 51% would blame either Mr. Bush or congressional Republicans, compared with 16% who would blame congressional Democrats. One in four voters would blame all parties.

Pain At Pumps May Be Felt At Polls (WP)

By Peter Whoriskey

The Washington Post, April 27, 2006

FORT LAUDERDALE, Fla., April 26 -- One of the soaring bridges to the beach here is named for longtime Republican congressman E. Clay Shaw Jr., and at its foot is a gas station where drivers on Wednesday were filling up, wincing at the tally and wondering whom to blame.

Gasoline prices have reached $3 a gallon in the area, and for Shaw, a former mayor and a political institution here, the rising bipartisan disgruntlement at the pumps is a troubling sign. Here and in other swing districts across the country, the Democratic challenger is attacking the Republican incumbent for inaction -- or worse -- on gas prices and other energy woes.

"This is ridiculous," said Jackie Tarone, a retired homemaker and Bush voter who was filling up a Mercedes SL500. "The oil companies keep giving money to the politicians to keep them in there -- that's the way the system works. It's a shame."

Although she has voted for Shaw in the past, she said, she isn't sure about next time.

"I don't know which is the lesser of two evils anymore," she said.

Anger over gas prices is gaining traction in many midterm races around the nation as Democrats attack Republicans for being too close to oil companies. With many in the GOP growing uneasy, President Bush this week called for price-fixing investigations. Political analysts say the rising prices could dovetail with growing public concern over the war in Iraq to give Democrats an opening in several key races.

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In Virginia, one of two candidates in the Democratic primary for Senate, Harris Miller, accused Sen. George Allen (R) of siding with oil companies instead of backing legislation to protect consumers. "Looking to George Allen and George Bush to solve the gas crisis is like asking Bonnie and Clyde to solve the crime problem," Miller said.

Allen campaign manager Dick Wadhams said in response that Democrats in the Senate had obstructed the passage of an energy bill in Congress for more than five years. He said Allen fought successfully for the bill's passage in 2005. "Had Harris Miller's friends not obstructed that bill for years, we would be a lot closer to energy independence and developing renewable sources of fuel," Wadhams said.

In the Maryland governor's race, incumbent Robert L. Ehrlich Jr. (R) took fire from his Democratic challengers, Baltimore Mayor Martin O'Malley and Montgomery County Executive Douglas M. Duncan. They accused him of failing consumers by not putting his clout behind anti-gouging legislation that died during the recently concluded legislative session.

Ehrlich dismissed the attacks as "whining" and told reporters he is realistic about his limited ability to exert pressure on gas prices. He did say he is seeking permission to temporarily halt the use of cleaner-burning gas additives in the Washington suburbs and Baltimore area.

In Minnesota, Democratic Senate candidate Amy Klobuchar has stopped at stations to hear from consumers. In Pennsylvania's 6th District, where Democrat Lois Murphy is trying to unseat Rep. Jim Gerlach, Murphy has been swinging through the state all week for rallies at gas stations. In Arizona, Democratic Senate candidate Jim Pederson proposed a tax rebate to families funded by eliminating oil companies' tax breaks.

George Gonzalez, an assistant professor of political science at the University of Miami, said the issue gives the Democrats leverage against Republican incumbents. "It certainly creates a bias against the Republicans," he said.

At the pumps, it was clear that incumbents had something to worry about.

Thomas Fortino said of Shaw: "I voted for him before, but now I want change -- but not just because of gas prices." The retired picture-framing-store owner was filling up in Fort Lauderdale.

Florida's 22nd District stretches across coastal communities from Fort Lauderdale through Boca Raton and Palm Beach. Shaw is being challenged by state Sen. Ron Klein, who is well financed and also focused now on energy issues.

This week, Klein proposed suspending Florida's sales tax on gasoline during August, noting that "there is a lot of frustration out there -- Congress has done nothing."

In criticizing Shaw for "generally voting with the Republican leadership to prop up the oil companies," he echoed other Democratic candidates whose national leaders have advised them to depict the problem, at least partly, as a product of Republican coziness with the oil industry. At least among motorists filling up here, suspicion regarding the oil companies was rife, with several citing the record profits recorded by Exxon Mobil Corp.

"I'm boycotting Exxon Mobil right now," said Deborah Shuart, a 53-year-old Republican who was putting $41.70 worth of gas into her car. The entrepreneur said her family of five is considering carpooling for the first time. "It's been tough."

Shaw said he anticipates being the target of some of the anger.

In a letter to constituents who ask about the issue, Shaw reminds them that he voted in favor of a measure to increase fuel-efficiency standards, which failed. In August, he sent a letter to Attorney General Alberto R. Gonzales, calling for scrutiny of potential profiteering and price gouging.

Noting that any "challenger will blame the incumbent" for the economic situation, he said he expects that gas prices, if they continue to rise, "will have some effect" on the election.

At the pumps here, the oil companies may have been the most commonly cited target of consumer ire, but not the only one.

Many said they blamed the government and car manufacturers for failing to develop alternative sources of energy -- particularly after the oil crisis in the 1970s.

"The government is definitely to blame for making oil our number one energy source," said Inna Shapovalov, 35, an immigration lawyer who was putting $35 into her Hyundai Santa Fe. "I wish we could all drive electric cars."

In a district that contains some of the most affluent portions of the state and large numbers of gas-guzzling luxury vehicles, none blamed motorists themselves for buying cars that use so much gas. National figures show that though the average vehicle mileage improved dramatically through much of the '80s, it has since dipped or held constant.

John Holzberg, 64, a Republican banker from Boca Raton, put gas into a Cadillac and cursed when the total of $43 came into view.

"I can't seem to figure out who's responsible," said Holzberg, who "doesn't like George Bush anymore." But he was sure it was making the electorate grumpy. "The economy is humming along, but nobody cares because everyone is focused -- like I am -- on Iraq and oil prices."

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Bush To Meet Big 3 For Talks On Fuel Issues And Pensions (NYT)

By Micheline Maynard

The New York Times, April 27, 2006

DEARBORN, Mich., April 26 — President Bush, who touched a nerve this year when he told Detroit carmakers to build "relevant" vehicles, will meet with the companies' leaders next month, William Clay Ford Jr., the chief executive of Ford Motor, said Wednesday.

People involved in planning the meeting, who spoke on condition of anonymity because of the high level of the talks, said it would focus on three areas: energy and the environment; costs like pensions and health care premiums that add hundreds of dollars to the price of a Detroit car; and how currency issues affect the Japanese automakers.

The meeting is expected to take place on May 18 at the White House. It would be the first time during his presidency that Mr. Bush has met collectively with Mr. Ford, Rick Wagoner of General Motors and Thomas W. LaSorda of Chrysler.

A White House spokeswoman, Dana Perino, said she could not confirm or deny that the meeting would take place, adding that Mr. Bush's schedule was generally not final that far in advance. Officials at G.M. and Chrysler, a unit of DaimlerChrysler, declined comment.

Toyota Motor, which ranks fourth in American sales behind Chrysler, and which is considering sites for its eighth North American assembly plant, said it was not invited.

Mr. Ford, who is known for his interest in the environment, said in an interview that he wanted to use the meeting to lobby the government to finance a national delivery system for ethanol, the grain alcohol fuel made from corn.

Together, the three companies have sold millions of flexible-fuel vehicles, which can run on either gasoline or a gasoline-ethanol mixture.

G.M. has introduced a campaign to promote the use of E85, a mixture of 85 percent ethanol and 15 percent gasoline, blanketing billboards and the sides of buses with the slogan, "Live green, go yellow."

But Mr. Ford said many of the 1.5 million buyers who own Ford's flexible-fuel vehicles either do not know they are able to run on both fuels, or are unable to find ethanol-based fuel that could help lessen the country's dependence on oil.

"If the goal is to drive ethanol, you have to have it priced attractively," Mr. Ford said. That is a problem because the United States has only 600 stations that dispense ethanol-based fuel, versus about 176,000 gasoline stations. Still, the number of ethanol stations doubled last year and should grow further because of tax credits passed by Congress last year that are meant to promote the installation of E85 pumps.

The discussion over ethanol comes amid rising gasoline prices, which threaten to hurt recovery efforts at Ford and G.M. Each lost market share and billions of dollars in North America last year, while Chrysler gained market share and made money.

Together, G.M. and Ford have announced plans to cut 60,000 jobs and close more than two dozen plants through 2012.

After Ford announced its cutbacks in January, Mr. Bush said the solution to reversing the automakers' problems lay in developing "a product that's relevant." Rather than having the government bail them out, as Congress did in 1979 to save Chrysler from bankruptcy, "I think it's very important that the market should function," Mr. Bush added.

Robert A. Lutz, the vice chairman of G.M., who is known for his candor, criticized Mr. Bush's comments this month. Speaking in New York, Mr. Lutz said: "I'm a lifelong Republican, by the way, but next time around, Hillary, here I come. I'm a protest vote."

Mr. Ford said the discussion of a bailout would not be on the agenda for the meeting with Mr. Bush, whose former chief of staff, Andrew H. Card Jr., served as G.M.'s lobbyist before joining the White House.

Although this would be their first collective session with Mr. Bush, the three Detroit chief executives held two high-profile meetings with President Clinton. The first, in early 1993, took place in Little Rock, Ark., shortly before Mr. Clinton was inaugurated, in what was seen as an unusual show of support for an industry.

The second, in May of that year, provided an opportunity for the companies to show off their cars. They lined up 120 automobiles in an event called "Drive American Quality." Mr. Clinton, a car buff, strolled among the gleaming vehicles, stroking the side panels of some and gazing avidly at others. There are no plans for any kind of auto show this time, officials at the companies said.

Warming Up To Nuclear Power (WP)

By Steven Mufson

Washington Post, April 27, 2006

Twenty years ago yesterday, at 5 in the morning in Moscow, Mikhail Gorbachev got a phone call telling him that there had been an accident followed by a fire in the fourth block of the Chernobyl nuclear power plant. "I was astounded: How was such a

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thing possible?" Gorbachev said in an interview published earlier this year. "Nuclear scientists had always assured the country's leadership that our nuclear reactors were completely safe."

For years the nuclear industry has lived in the shadow of Chernobyl, which discouraged many nations from pushing ahead with nuclear power plants. A referendum in Italy banned plants shortly after the accident. Sweden, which first reported that something had happened in the former Soviet Union after sensors at its own nuclear plants detected elevated radiation levels, said it would close down the ones it had. In the United States, the Soviet reactor accident compounded questions over safety issues. Since the incident at the Three Mile Island plant in Pennsylvania in 1979, there has not been a single new order for the construction of a U.S. nuclear plant.

But now the Bush administration is pushing for a revival of nuclear power both abroad and in the United States, saying it wants to promote a domestic unlimited energy source. The Bush-backed Energy Policy Act of 2005 included a bevy of incentives for domestic nuclear power, and the administration has laid aside nuclear-proliferation issues to urge India to build nuclear power plants.

"What I view myself as is the chief salesman for nuclear energy," said Dennis Spurgeon, the new assistant secretary for nuclear energy at the Energy Department and the first person to hold that job in a decade. Spurgeon, who most recently was the chief operating officer of Bethesda-based USEC Inc., an international supplier of enriched uranium for nuclear plants, said, "There's a great story to tell."

Spurgeon said getting a new U.S. nuclear plant built is his "number one priority." But at an initial cost of $1.5 billion to $2 billion for a 1,000-megawatt plant, and with uncertainty about costs linked to nuclear waste that lasts for centuries, most companies remain cautious. Critics of nuclear power say that plants would cost even more without government subsidies and that, in an age of terrorism, they carry grave security risks.

Nuclear power fans have gotten unexpected support from a handful of prominent environmentalists who are more worried about global warming than nuclear accidents or waste disposal. While Greenpeace says that "safe nuclear power is a myth," the organization's founder, Patrick Moore, riled the environmental community by declaring, "Nuclear energy is the only large-scale, cost-effective energy source that can reduce these emissions while continuing to satisfy a growing demand for power. And these days it can do so safely."

Many environmentalists still disagree. "Nuclear power would be a great solution to greenhouse gases but for the four problems that have been mentioned: It's uneconomical, it has a safety problem, it has a horrendous proliferation problem on the global level, and it has a long-term waste problem that hasn't been solved," Thomas Cochran, a nuclear policy expert at the Natural Resources Defense Council, said at a meeting last fall.

But electric power companies aren't going to make big nuclear investments out of concern for the environment. Companies have been encouraged recently by the high price of natural gas and the rising cost of coal, nuclear power's biggest (and cheaper) competitor in the electricity business. If a new system of penalties and credits tied to carbon emissions takes hold, that could further raise the cost of using coal. There are 10 U.S. nuclear projects under consideration, but no company has applied yet for construction or operating licenses or decided to move ahead.

To nudge them along, the Energy Policy Act provides $1.6 billion of spending on research and infrastructure, tax credits of 1.8 cents per kilowatt-hour for eight years, protection against the risks of regulatory delay for six new plants, and $1.25 billion to fund a prototype for a new generation of nuclear plants. It also plans a pilot project to use nuclear power to produce hydrogen for cars that can burn it.

Realizing that waste disposal is a key financial issue, the Energy Department is also looking for ways to cut those costs. The administration continues to push the idea of a giant disposal site at Yucca Mountain in Nevada, and some preparations have been made there. But a coalition of environmentalists, Nevada residents, agencies and nuclear waste experts are still challenging the project. Nuclear power supporters say that new reprocessing technologies could reduce the size of the waste problem by reusing some parts of the spent fuel.

Another lure for companies looking at nuclear power: Companies that gambled on nuclear plants that no one wanted just five to seven years ago are making good profit on those plants now.

Take Constellation Energy Group, the parent of Baltimore Gas and Electric. Constellation took control of the Calvert Cliffs, Md., nuclear plant from BGE at a time when the value of the plant was thought to be a fraction of its book market value. That assessment was an important part of rate negotiations in 1999, and state officials and consumer groups balked at the chance to have a new assessment done in 2001, for fear that the nuclear plant would fail to get relicensed, be worth even less or require unforeseen repairs.

Today, power generation at Calvert Cliffs looks relatively cheap. After investing substantially in the plant, Constellation is running it much more efficiently than BGE did. With deregulation of prices, Constellation should earn more. The company's acquisition of two other nuclear plants also looks smart today.

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Nationwide the story is similar. The 103 U.S. nuclear plants run at around 90.5 percent of capacity, up from 56.3 percent in 1979, according to the Nuclear Energy Institute. They account for 20 percent of the nation's electricity. (Their output has kept pace with growing U.S. demand. So has coal-fired electricity, while hydropower hasn't kept pace and oil is rarely used.)

But taking over an existing plant is better business than building one from scratch, many say.

That has been less of a problem in other countries. There are more than 30 nuclear plants under construction around the world. China, which has nine plants, might build as many as 30 more over the next 15 years.

Countries with existing nuclear plants have done little to pare them back. France gets three-quarters of its electricity from its 56 nuclear plants and emits much lower quantities of greenhouse gases than the United States. Even Sweden, which planned to shut down all of its reactors after Chernobyl, has shut down only one. Russia hasn't needed any new plants; its economy contracted after the Soviet Union collapsed and it has plentiful coal, oil and natural gas reserves.

The biggest costs of Chernobyl came in Ukraine, where the reactor was, and neighboring Belarus. Both have borne costs for treating illnesses, decontaminating the plant and surrounding towns and resettling people, in addition to losing industrial output. The International Atomic Energy Agency says that Belarus alone spent $13 billion dealing with the aftermath of Chernobyl from 1991 to 2003. The toll in lives, while hard to measure, has been big, too. The IAEA estimates the accident will have caused 4,000 deaths from radiation and radiation-induced cancers when all is said and done. Greenpeace puts the number closer to 200,000, and there are others in between.

Many nuclear defenders say that such a disaster couldn't happen again, blaming the Soviet reactor model and pointing to more recent improvements in reactor designs.

"People say reactors can't blow up, but Chernobyl blew up," said Victor Gilinsky, a consultant who served on the Nuclear Regulatory Commission from 1975 to 1984. "It was a real explosion." He said people were "too quick" to blame Soviet design and procedures. "There's a tremendous worldwide PR campaign" for new nuclear power plants, he said, "but I guess the acid test will be whether electric companies buy them or not. We can only wait and see."

Phony War On Gas (WP)

The Washington Post, April 27, 2006

NO DOUBT IT makes everyone feel better when the president states his concern for Americans, who are now paying more than $3 a gallon for gasoline. Unfortunately, the measures President Bush chose to announce this week to combat high prices are either meaningless or possibly dangerous in the long run, even if they do offer a bit of temporary relief. For example, just talking publicly about "price gouging" can spook gasoline providers into slightly lowering prices. And maybe it's useful to inspire state officials to start looking harder for crooks, given that price gouging is defined at the state level, not by the federal government. But in the long term, such talk encourages the public to believe that evil price gougers are responsible for higher pump prices, when the real culprits are global economic growth, increased demand and Americans' own large cars.

The president's other tactics seem no less dubious. Stopping the filling of the Strategic Petroleum Reserve won't increase supply by much, and it sets a bad precedent: The reserve, after all, is meant for national emergencies, which this is not. Temporarily waiving fuel blend or environmental requirements could help with spot shortages in a few places but won't have much effect on the long-term price. Calling for the construction of more refineries is unnecessary. Although the president is right to state that "there hasn't been a new refinery built in 30 years," it is also true that the oil companies have expanded refineries every year since 1996 and are expected to continue doing so through 2025, according to Energy Department statistics.

The president has, of course, had plenty of opportunities over the past five years to shape a more rational energy policy, one that would have provided incentives to move away from oil and toward other energy sources. He could have lobbied harder to remove the oil industry tax benefits from the energy bill he signed. He could have insisted that Congress add more tax breaks for hybrid cars, as he now says he wishes it had done. He could lift the tariffs on Brazilian ethanol, which would help address some of the ethanol shortages across the country. He could have endorsed a tax on oil and coal, which of course would not lower the price of gasoline but would, again, begin to reduce demand while encouraging investment in new technologies.

And he could have used his statutory authority to raise automobile fuel economy standards or persuaded Congress to find other ways to improve mileage per gallon of U.S. vehicles. Again, if he were completely honest, the president would tell Americans that the main reason fuel prices are higher in this country is because demand is growing -- and one reason for growing demand is that people drive inefficient cars. They drive inefficient cars because public policy, long shaped by the president and by Congress, has made it advantageous to do so. Until that changes, little else will.

39 Million Reasons Why $3 Gas May Change America (USAT)

USA Today, April 27, 2006

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Just how big a deal is $3 gasoline? For those with six-figure household incomes it's an annoyance, but little more. Evian spring water goes about $6.80 a gallon when purchased in one-liter bottles.

For those in the tap-water brackets, the situation is a bit different. For many of the 39 million households making less than $30,000 a year, the difference between $2 gas and $3 gas is the difference between spending 10% of income on gas and 15%. In a word: Ouch!

It's hardly surprising, then, that politicians from President Bush on down to local legislators are popping up with quick-fix proposals. Bush's plan to suspend deposits into the National Petroleum Reserve and to push for more lenient pollution standards would have little impact. Just as useless are calls for a tax on oil company profits and the partisanfinger-pointing of many in Congress.

It's easy to chalk this up as the inevitable political posturing that follows economic stress. But it is also perhaps the most visible measure of the inability of the nation's leaders to speak the truth about long-term problems — Social Security, health care and runaway spending to name three others. Today's high oil prices are the result of a quarter-century of low prices coupled with robust worldwide growth and instability in the world's oil-producing regions. Any meaningful energy polices will take years to unfold.

If all the posturing seems inevitable, it is because the truth — that everyone will need to adjust to a new reality — is politically unpalatable. But people will learn that truth anyway, and perhaps what follows can give rise to leaders with a longer vision. Or, in a darker view, to a more ominous national division.

In a society with acute differences of wealth, it's not hard to see other economic developments becoming political flashpoints. The surging cost of health care — and its unavailability to many — could easily trigger a hostile class fight. In many areas, housing costs are creating a wealth divide between those who own and those who can no longer afford to buy in. And, in the long run, the unsustainable amounts of money the government spends on retirees could trigger more generational resentment than sound policy discussion could.

Demagogic politics go hand-in-hand with class division. And those divisions are bad and getting worse. According to a Federal Reserve study last month, the 56 million households that make up the bottom half of the economic ladder owns just 2.6% of the nation's wealth. That's down from 3.6% a decade ago. The top 10%, meanwhile, accounts for almost 70% of the wealth.

That will likely fuel contentious debates for many years to come. You can hear the shouts beginning when people pay $3 a gallon at the pump.

Snow Seen As Key To Improved Press Ties (WT)

By Joseph Curl And Stephen Dinan

The Washington Times, April 27, 2006

President Bush yesterday named Fox News host Tony Snow as his new White House press secretary, a move geared toward shoring up relations with the Washington press corps and breathing new life into a sixth-year administration that is dropping in the polls.

Mr. Snow, 50, a journalist, writer and political pundit who was the editorial page editor of The Washington Times during the administration of the president's father, took the job after insisting that he be not just a spokesman, but a participant in administration policy debates.

Yet Mr. Bush, in introducing Mr. Snow to reporters gathered in the White House briefing room yesterday, made clear the chain of command.

"My job is to make decisions, and his job is to help explain those decisions to the press corps and the American people," the president said, with a smiling Mr. Snow next to him.

Mr. Snow displayed his knack for ad-libbing -- a trait not often exhibited by his predecessor, Scott McClellan -- by speaking after the president without a prepared speech or notes.

"One of the things I want to do is just make it clear that ... one of the reasons I took the job is not only because I believe in the president, [but] because, believe it or not, I want to work with you," he said to mild laughter from the reporters who will badger him daily for information.

"These are times that are going to be very challenging. We've got a lot of big issues ahead, and we've got a lot of important things that all of us are going to be covering together. ... I want to thank you, Mr. President, for the honor, and thank all you guys for your forbearance."

Although Mr. Snow was widely speculated to be the choice for more than a week -- he is a longtime friend of new Chief of Staff Joshua B. Bolten -- his decision to take the post was delayed briefly by health concerns. He had his colon removed last year and underwent six months of chemotherapy. But he had a CT scan last week and has a clean bill of health.

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Mr. Snow is well-regarded among reporters in Washington, having worked in newspapers, television and radio. He has criticized the Bush administration as a political commentator and nationally syndicated columnist, which prompted the president to offer a humorous read.

"For those of you who have read his columns and listened to his radio show, he sometimes has disagreed with me," Mr. Bush said. "I asked him about those comments, and he said, 'You should have heard what I said about the other guy.' "

In a jab at reporters, Mr. Bush joked, "Tony already knows most of you, and he's agreed to take the job anyway."

Democrats immediately deluged White House reporters with e-mails cataloging some of what Mr. Snow has said about the Bush administration. In one, Democrats cited a Nov. 11 column after Democratic electoral gains in which he wrote that "George Bush has become something of an embarrassment."

In a piece from September, Mr. Snow said, "No president has looked this impotent this long when it comes to defending presidential powers."

Other e-mails fired out to reporters by Democrats cited columns in which the new spokesman said "racism isn't that big a deal anymore" and called the theory of evolution "pure hypothesis."

Although the newly named spokesman did not explain his earlier criticisms yesterday, one former administration official said he expects Mr. Snow to lay down a marker the first day he takes the podium.

"I expect he will say that he will not talk about his opinion -- or prior opinion -- because he is now the president's spokesman. If he sticks to that, the issue will disappear fairly quickly," the former aide said.

Mr. Snow will start May 8, but said yesterday that he won't conduct his first briefing until later that week to give him time to learn the job.

"You know how to talk, but you don't know how to brief. You've got to learn this stuff," he told reporters yesterday morning as he walked through the briefing room to introduce himself. He apologized to several reporters whose phone calls and e-mails he had not returned as he pondered whether to take the job. Mr. Snow demurred when asked how he will be different from Mr. McClellan.

"Just watch and see. I hate to be coy about it, but I'm going to be coy," he said.

"You're not coming here to drink the Kool-Aid; you're coming here to serve the president," he said.

White House Hopes Snow Will Aid Media Ties (AP-Y2)

By Jennifer Loven

AP2, April 26, 2006

President Bush gave his presidency a facelift Wednesday, tapping a smooth-talking, telegenic conservative commentator as the new White House press secretary.

The appointment of Fox News pundit Tony Snow as Bush's third chief spokesman was intended in part to help improve the White House's frayed relationship with the press corps. Bush paired the announcement of his choice with some friendly jabs at reporters, and a serving of respect for their craft.

"Tony already knows most of you, and he's agreed to take the job anyway," the president said, Snow laughing at his side in the briefing room where he will start holding court in about two weeks. "He understands like I understand that the press is vital to our democracy."

Snow, a 50-year-old Ohio native, plans to take over from current press secretary Scott McClellan the week of May 8. He will hold off conducting the daily press briefings for several days while the two overlap.

The choice of Snow was also part of a White House effort — under the leadership of new chief of staff Joshua Bolten and with Bush at his lowest-ever approval ratings — to reach out to conservatives who made up the base of support for Bush's two presidential victories but have been disaffected by government spending and other issues.

Democrats, though, seized on remarks and writings Snow has produced in nearly 25 years in the media that have been critical of Bush, and often provocative. Snow held several print journalism positions, mostly working for newspaper opinion pages, and lately has been the host of the "Tony Snow Show" on Fox News Radio and "Weekend Live with Tony Snow" on the Fox News Channel.

Though usually aggressively supportive of the president as a GOP pundit, Snow has also shown a confrontational side. In a syndicated column, for instance, Snow has called the president "something of an embarrassment," a leader who has "lost control of the federal budget," the architect of a "listless domestic policy" and a man who has "a habit of singing from the political correctness hymnal."

The Democratic National Committee said Snow's appointment shows "truth still snowed in" in the Bush administration.

The White House — led by Bush — said Snow's candor and colorful talk will be an asset, not a liability.

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"I asked him about those comments, and he said, `You should have heard what I said about the other guy,'" the president said. "I like his perspective, I like the perspective he brings to this job, and I think you're going to like it, too."

Snow, who took a hiatus from the media in the late 1990s to work in the White House under Bush's father as a speechwriting director and spokesman for regional issues, spoke only briefly. Neither he nor Bush took questions, though he later told The Associated Press he hasn't yet determined what changes would make the White House press operation work better. "I'm still trying to figure it out," he said.

Snow had been openly interested in acquiring a role in developing White House policy — not just talking about it. But Wednesday, he told Fox News Channel, his soon-to-be ex-employer, that "I'm just going to have to wait and see" whether that will come to pass.

Earlier, to reporters in the briefing room, Snow said: "Believe it or not, I want to work with you. ... We've got a lot of big issues ahead and we've got a lot of important things that all of us are going to be covering together."

Snow had delayed a decision about taking the job to consult with his family — he and his wife have three young children — and his doctors — he had his colon removed last year and underwent six months of chemotherapy after being diagnosed with cancer. But his detailed on-air deliberations over recent days raised eyebrows among White House staff who are normally tightlipped and loath to run afoul of Bush's dislike for any public airing of internal thinking.

Bush seemed unaffected. He concluded his introduction of Snow by calling him "buddy."

Bush Selects Outspoken Outsider To Serve As New Spokesman (KRT)

By Ron Hutcheson

Knight Ridder, April 26, 2006

WASHINGTON - President Bush reached outside his inner circle Wednesday for the first time in his staff shakeup, naming a new White House spokesman who recently called the president "something of an embarrassment."

The selection of Tony Snow, a conservative Fox News commentator, broke Bush's pattern of filling top jobs with trusted loyalists. As the public face of the administration, Snow will take a leading role in White House efforts to reverse Bush's slide in the polls.

The job will give Snow a chance to put into practice his advice that Bush should be much more aggressive in confronting his critics. His appointment pleased Republicans who share that view, but skeptics questioned Snow's ability to influence an organization known for buttoned-down discipline and devotion to the president.

Bush said he was well aware of Snow's past criticism and welcomed his willingness to speak out.

"He's not afraid to express his own opinions," he said in introducing Snow to reporters at the White House. "He sometimes has disagreed with me. I asked him about those comments, and he said, `You should have heard what I said about the other guy.'"

Snow, 50, acknowledged that he'd have to show more deference to the president in his new job, but he said he would continue to make his views known in internal policy debates.

"They want people to express their opinions. You're not coming here to drink the Kool-Aid. You're coming here to serve the president," he said.

Snow's genial personality masks a fighter's instinct. He's repeatedly chided Bush for straying from conservative orthodoxy. His criticism of Bush, delivered in the tone of a friend, is mild compared with his disdain for Democrats.

"A party that projects confidence and good cheer will thrash a Chicken Little party any day," he wrote in a column last November that urged Bush to "stop cowering under the bed." Snow said Bush had become an embarrassment by losing his "swagger factor."

Snow will take on one of the toughest jobs in Washington when Bush's popularity is at the lowest point of his presidency. Paul Levinson, chairman of the department of communication and media studies at Fordham University in New York, said Snow's ability to influence public opinion is limited by the facts he has to deal with.

"You can only spin so much. In the end, people see the reality behind the presentation," Levinson said. "It doesn't matter what a press secretary says if you're paying $3.50 at the (gasoline) pump."

Snow, who won't take over from current White House spokesman Scott McClellan until early next month, survived a cancer scare last year that resulted in the removal of his colon. His doctors have declared him cancer free.

He comes to the White House with extensive journalistic experience as a conservative editorialist for newspapers and Fox News, which sets him apart from other recent presidential press secretaries. Having earned a national reputation on his own may free him to speak up in ways beyond that of McClellan, who owed his career to Bush.

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Snow is the first working journalist to take the job since Ron Nessen left NBC to work for President Gerald Ford in 1974. Nessen replaced another journalist, Jerald terHorst, who resigned after a month to protest Ford's decision to pardon former President Richard Nixon.

A colorful personality, Snow is also an avid musician. He plays the flute, saxophone and guitar for Beats Workin', a rock band that specializes in songs from the `60s, `70s and `80s.

Some of Snow's associates at Fox wondered whether he'd be able to maintain his independent streak in his new job.

"You can go in there with the idea that you're going to be an aggressive and effective advocate of the policies of the president of the United States, or you can go in there with the attitude that you want to be the honest broker between the news media and the White House," Fox colleague Brit Hume said. "It's a good question as to whether this will work."

NAME: Tony Snow

AGE: 50

HOMETOWN: Cincinnati

EDUCATION: B.A. philosophy, Davidson College. Graduate work in philosophy and economics at the University of Chicago.

WORK HISTORY: Editorial writer or columnist, with stints at the Greensboro Record (1979-81), The Virginian-Pilot (1981-82), The Daily Press in Newport News, Va. (1982-84), The Detroit News (1984-87, 1993-2000), and The Washington Times (1987-90). White House speechwriter (1991-1993). Host at Fox News or Fox News Radio (1996-present). Also taught in Kenya and served as an advocate for the mentally ill in North Carolina.

FAMILY LIFE: Married wife Jill in 1987. One son, two daughters, plus three dogs, a cat and three guinea pigs.

MISC.: Survived colon cancer last year. Plays flute, saxophone and guitar in Beats Workin', a rock band. Sings a unique rendition of the SpongeBob SquarePants theme song on his Fox Web site, www.foxnews.com/tonysnow

Bush Hires A Loyal Critic As Spokesman (NYT)

By Jim Rutenberg

The New York Times, April 27, 2006

WASHINGTON, April 26 — In formally naming the Fox News commentator Tony Snow to be his press secretary on Wednesday, President Bush completed a decade-long transformation of the role of the presidential spokesman from behind-the-scenes functionary to daily on-camera personality.

Mr. Snow is something the White House briefing room has not yet had at the lectern: a star of the opinionated cable news era. But he is also something Mr. Bush has never had: a free-wheeling outsider in a very public position, and one with a history of sharing critical opinions of the president.

While making the much anticipated announcement that Mr. Snow would be his spokesman, Mr. Bush acknowledged that "he sometimes has disagreed with me," a reference to recent columns Mr. Snow has written calling Mr. Bush's domestic policy "lackluster" and the president "something of an embarrassment" to his conservative backers.

"I asked him about those comments," Mr. Bush said in the White House briefing room, "and he said, 'You should have heard what I said about the other guy.' "

Even as Democratic groups sent out e-mail messages highlighting some of Mr. Snow's harsher analyses of the president, they said it should not mask his loyalty to his party and his new boss.

The groups were also quick to note Mr. Snow's connection to the Fox News Channel, which is where administration officials tend to show up for interviews in times of trouble, as Vice President Dick Cheney did after he accidentally shot a hunting partner last winter.

Mr. Snow's career change also might not be what Fox News executives want in terms of their public relations defense against criticism that their network is philosophically sympathetic to Mr. Bush. As Karen Finney, the Democratic National Committee spokeswoman, put it Wednesday, "To our mind he is just moving from one part of the conservative infrastructure to another."

Fox executives have dismissed such statements as partisan sniping at the network's conservative opinion makers — Mr. Snow among them — who operate separately from its news division.

But allies of the president said Mr. Snow's criticism and his Fox News commentator stripes provided Mr. Bush with the total package he needed as the administration's public face. Mr. Bush's new chief of staff, Joshua B. Bolten, hired Mr. Snow as part of the White House shake-up.

"Yeah, he's a conservative commentator journalist; that makes sense if he's reflecting a conservative president," said Mark McKinnon, the president's campaign media consultant.

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But, citing Mr. Snow's critical columns, Mr. McKinnon said: "Tony has huge street cred. It gives him credibility, and that's the most important thing for a press secretary."

Mr. Snow's appointment has been described by Democrats and Republicans as an acknowledgment by the White House that it needs, among other things, a whole new approach to dealing with the national press corps after years of trying to keep it at a distance.

As White House press secretary, Scott McClellan, Mr. Snow's predecessor, stuck to a careful script, a style that the White House initially wanted and that seemed to serve its ends through much of a war and a winning re-election campaign.

The president and Mr. Snow seemed to acknowledge Wednesday that with the president's opinion ratings at all-time lows, and with Democrats daily questioning his credibility, the White House could use, if not a new message, at least a new messenger with a bolder, flashier style.

White House officials also said Mr. Snow had been given leeway to be looser and to make more of a show of the daily news briefings, while trying to make nice to a press corps that has grown increasingly assertive as Mr. Bush's political strength has ebbed.

"He understands like I understand that the press is vital to our democracy," said Mr. Bush, who did not, however, take questions. "He's going to work hard to provide you with timely information about my philosophy, my priorities, and the actions we're taking to implement our agenda."

Mr. Snow toured the White House briefing room after the announcement, and told reporters that he looked forward to sitting down with them "to figure out what you think we can do better."

"One of the reasons I took the job," he told them, "is not only because I believe in the president, but because, believe it or not, I want to work with you."

If anything, Mr. Snow embraced his recent criticism of the White House, which has boiled down to the idea that Mr. Bush is a great leader who is not living up to his potential, as a net positive.

"You're not coming in here to drink the Kool-Aid; you're coming here to serve the president," Mr. Snow said. "At this particular juncture, I think what you want is as much honest counsel as you can get."

Kenneth M. Duberstein, who served as chief of staff in the Reagan White House, said he believed that Mr. Snow would keep an outsider perspective that the president could use these days.

"He may bring a new sense of how things stand on the ground outside the grounds at the White House," Mr. Duberstein said, "And that's an important addition."

But Democrats and Republicans agreed that far more important than how the White House communicated was what it said as the president tried to salvage his second term agenda.

Snow Pick May Signal Less Insular White House (WP)

By Jim Vandehei And Michael A. Fletcher

The Washington Post, April 27, 2006

President Bush's decision to hire conservative commentator Tony Snow as his chief spokesman reflects a consensus among the president and his top advisers that his White House operation has been too insular and needs to be more aggressive in engaging with the news media and other Washington constituencies, according to Bush aides and outside advisers.

Snow, who in his roles as a pundit on Fox News and elsewhere has rapped Bush on several occasions, joined the White House only after extracting a promise that he would become an adviser to the president on day-to-day strategy. If Bush and his team follow through on that commitment, the former columnist will be the first outsider to become part of Bush's revamped inner circle.

"We want fresh thinking, to charge the batteries, and passionate participation," said Dan Bartlett, a top Bush adviser. "There is a lot of value added in Tony coming on board and helping us internally with his own views and ideas. It fits into the mold."

Bush aides said at least one more well-known Republican will join the White House as early as next week as part of a shake-up also aimed at improving the president's lower-than-ever approval ratings and limiting GOP losses in congressional elections this fall.

The emerging team -- which includes Chief of Staff Joshua B. Bolten, budget chief Rob Portman and now Snow -- has the task of salvaging Bush's floundering second-term agenda and repairing relations with Congress, the media and an increasingly skeptical public. But it is unclear whether Bush, who has resisted change and outside advice in the past, will adjust his style and policies enough to satisfy Republicans on Capitol Hill who have said his White House operation needs a major overhaul.

White House aides are hoping Bush will get what they call the "Bolten bounce" in light of recent political progress in Iraq, his new plan to hold down gasoline prices and progress on an overhaul of immigration laws. Even the Snow news, however,

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served as a metaphor for the long roster of Bush's troubles: A few hours after the president hoped to make a splash by announcing the new hire, sources close to Deputy Chief of Staff Karl Rove leaked word that Rove would testify again in the CIA leak case.

White House aides said there is now broad agreement that the first-term strategy of largely ignoring the mainstream Washington media was a mistake. At the beginning, the Bush White House pioneered a strategy of circumventing Washington and communicating directly with what it considered more friendly regional and local media outlets and niche publications that served as a pipeline to supporters. The strategy worked well for a long while, but aides said it eventually undercut their credibility with reporters and impeded the administration's ability to receive fair treatment from the media when Bush's popularity began to fade.

Mark McKinnon, a Bush political adviser, predicted that Snow's long experience in Washington would give him more credibility with the White House press corps.

A variety of Bush advisers suggested that the president is not interested in altering his major decisions or philosophy, but that he recognizes he needs to do a better job communicating in Washington and beyond.

"The president's message and vision are firmly in place and are not going to change," McKinnon said. "But it still helps to have a new messenger. It helps to wipe the slate clean."

Snow, 50, worked most recently as a commentator for Fox News and as host of his own radio talk show. He was a director of speechwriting for President George H.W. Bush and has worked as a USA Today columnist, editorial page editor of the Washington Times, deputy editorial page editor of the Detroit News and frequent substitute for radio host Rush Limbaugh.

Snow is an outspoken Republican, but he has not hesitated to pound Bush in writing and on air for his handling of the budget, as well as immigration and other domestic policies. He even poked fun at Bush's speaking style, saying in 2000 that he sometimes sounds like "a soul tortured with Tourette's."

Bush said Snow's selection is proof that he is open to dissenting opinions. "For those of you who have read his columns and listened to his radio show, he sometimes has disagreed with me," Bush said. "I asked him about those comments, and he said, 'You should have heard what I said about the other guy.' " Snow's first assignment will be to improve relations with the media, which have deteriorated over the past five years during disputes over access to Bush and senior officials and the accuracy of information released from the White House. Many reporters viewed outgoing White House press secretary Scott McClellan as out of the loop on many of the big policy and political debates.

"I know there is a perception that we disdain the media as a whole," Bartlett said. "I do not believe that. There have been some issues that strained the relationship, particularly when it comes at a time of war." He said the Snow pick was part of an effort to "improve our relationship with the press."

Snow will begin working at the White House on Monday and will hold his first on-air news conference by the end of next week or the following Monday. Bush hopes Snow can do for media relations what he anticipates Portman will do for congressional relations. Portman, a former GOP House leader who has close ties to many senior members, will be responsible for not only overseeing the budget but also providing insight into winning over lawmakers and better navigating Congress.

"Tony Snow should provide a smooth presence at the podium," said Martha Joynt Kumar, a Towson University professor who studies presidential communication. "But the problems that presidents have are political problems and policy problems, not press problems. But it is often the press problems that get addressed."

Analysis: Bush's New Effort, Old Problems (AP)

By Ron Fournier

The Associated Press, April 26, 2006

WASHINGTON - A new press secretary for the White House. A new leader for Iraq. A new ray of hope for immigration overhaul. New promises to curb gasoline prices.

Same old problems for President Bush.

He's getting credit for trying to save his ailing presidency. But is it beyond the point of political recovery?

"It takes a lot more than one day of good news or two days of good news to turn polls around," says Charles Franklin, political science professor at the University of Wisconsin-Madison. "It doesn't take much bad news to keep the polls down. You keeping getting hit."

And that is the rub for Bush. For every good piece of news that comes his way or is generated by his actions, there is a fresh reminder of how tough it will be to rehabilitate his presidency.

Naming conservative commentator Tony Snow as White House press secretary puts a fresh face on the administration and may help mend relations with the Washington press corps. But the move underscores how far Bush has fallen in the eyes of his allies - conservative leaders and voters who helped elect him in 2000 and re-elect him in 2004.

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As a GOP pundit, Snow called the president "something of an embarrassment," a leader who has "lost control of the federal budget," the architect of a "listless domestic policy."

With friends like that, Bush hardly needs the Democrats to carp about him.

On Iraq, his signature issue, Bush had reason to crow when the nation's parliament elected a top national leadership, ending months of political deadlock. It was a step, if a small one, toward Bush's goal of easing U.S. troops out of Iraq as the nation matures politically.

But the killing continues in Iraq, and al-Qaida's Abu Musab al-Zarqawi released a video Tuesday that dismissed the new Iraqi government as an American "stooge" and a "poisoned dagger" in the heart of the Muslim world.

He warned of more attacks to come.

Polls suggest the war in Iraq is the biggest drag on Bush's approval ratings, undermining voters' views of his credibility, competence and leadership skills - all traits that were key to his 2004 re-election campaign against Democrat John Kerry.

Republican strategist Rich Galen said he thinks Bush may be turning his presidency around by working harder to connect with voters and lawmakers.

"They got into a mind-set that they were so right on Iraq - and I agree with them on Iraq, by the way - that they didn't have to explain themselves," Galen said.

Soaring gasoline prices have emerged as another political problem for Bush and his party. He moved to show voters he understood their plight, announcing several initiatives Tuesday aimed at curbing the high price of filling up.

But energy is another issue that is substantially out of the president's control. Bush conceded his plan would do little to curb costs this summer.

He seemed to make headway Tuesday on another tough issue by convening a bipartisan meeting on immigration. After the president urged senators to approve stalled legislation giving illegal immigrants a path toward citizenship, Democratic Sen. Edward Kennedy compared Bush's role to President Lyndon Johnson stepping into the 1964 stalemate over civil rights legislation.

But immigration legislation is fraught with political problems, and an endorsement from Kennedy is the last thing Bush needs to keep hard-line conservatives in line. Many conservatives already oppose what they say is a promise of amnesty in the Senate bill backed by Bush and Kennedy.

Bush cannot rebound politically without regaining the faith of conservative voters whose support has waned in recent months.

If conservatives are too frustrated to vote on Election Day, Republicans could lose control of Congress, and the final two years of Bush's presidency could be filled with Democratic-led investigations.

Bush and his chief strategist, Karl Rove, believe the key to reviving the conservative voting bloc is to pass a budget with serious spending restraints, give voice to cultural issues such as abortion and stem cell research and push to make his tax cuts permanent. That is their midterm playbook.

Bush promised this week to veto a Senate spending bill unless the price tag was cut. That should be welcome news to conservative voters who bristle at runaway government spending in GOP-controlled Washington.

Still, so much is out of Bush's control - Iraq, gas prices and even Rove.

Just as Snow put a new face on the presidency, word came that Bush's adviser would testify for a fifth time before a grand jury investigating the leak of a CIA officer's identity.

Nobody - not even Bush - knows how much more political damage this case could produce.

"I've been hoping for a year that he had hit bottom and was moving up," Galen said. "But the bottom kept moving."

Bush's Fortune May Rest With GOP Congress (AP-Y2)

By Tom Raum

AP2, April 26, 2006

President Bush is not on the ballot in November, but he might as well be. Republican losses could make an already difficult situation in Congress almost untenable for him.

If his party loses control of one, or both chambers of Congress, the next two years could be a political nightmare for Bush and his GOP allies on Capitol Hill.

With poll numbers at the lowest of his presidency, Bush has had trouble enough winning support for his priorities in his second term even with a Republican-led Congress. That helped lead to a recent reshuffling of the White House staff.

A Democratic House or Senate and presidential stubbornness could spell legislative gridlock.

Democratic control of either chamber could rearrange priorities. Bush's programs and spending requests would come under increased scrutiny. Congress could even take tentative steps toward bringing troops home from Iraq or reducing funds.

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Democratic control of committees in either chamber could lead to investigative hearings on Iraq, awarding of government contracts, the role of lobbyists, fraud and abuse, Pentagon divisions, any number of activities.

"You name the issue. There would be a lot of oversight hearings," said James Thurber, director of the American University Center for Congressional and Presidential Studies. "He will be a true lame duck."

History suggests the party holding the White House will loose congressional seats this year, even without Bush's basement poll ratings. Strategists in both parties are keenly aware of this trend.

The recent surge in gasoline prices just adds to the GOP's midterm woes.

Thus Democrats are portraying the November elections as a referendum on Bush, while Republicans are insisting it's a series of state and local races, each with different issues.

In a recent poll by the Pew Research Center, some 56 percent of voters said the issue of party control would be a factor in their vote in the midterm congressional elections. "More independents, in particular, say partisan control will be a factor," said Carroll Doherty, Pew's associate director.

Two recent two-term presidents — Reagan and Clinton — lost party control of one or both chambers.

Under Reagan, the Republican Senate went Democratic in 1986. Soon his presidency became engulfed in the Iran-Contra arms and money affair.

After two years of Democratic control, Clinton saw both chambers go Republican in 1994 and remain there for the remaining six years of his term.

Energized by their 1994 victories, Republican congressional leaders blocked an array of presidential spending proposals, leading to impasse and the actual shutdown of many government services.

Both Reagan and Clinton found ways to cope. Reagan shook up his staff, reached out to Congress and left office with his legacy mostly repaired.

Clinton successfully managed to blame the government shutdown on Republicans, survived impeachment by the House in a Senate trial, co-opted once-GOP issues like welfare overhaul and saw his approval ratings surge.

Bush starts further back in terms of popularity. And the Iraq war has become a drag on all Republican candidates. Bush seems less able to correct his listing presidency or rebound from a loss of the House or Senate as either Reagan or Clinton, analysts in both parties suggest.

Republicans hold 231 of the 435 House seats. Democrats have 201. There is one independent and two vacancies. In the Senate, Republicans have 55 seats to 44 for Democrats. There is one independent.

Ed Rogers, a GOP consultant, recognizes a GOP vulnerability this year. But he said Democrats "would have to draw an inside straight" to win back the Senate "when you look at it race by race." House races, meanwhile, are usually settled on local issues, although sometimes a national economic downturn can have an impact, Rogers said.

"The national election could become so corrosive that it suppresses turnout. But usually what suppresses turnout is a bad economy," Rogers said. "And the economy is the Republican safety net here."

Still, with gasoline prices recently rising to over $3 a gallon in some areas, it may be only a matter of time before soaring energy costs drag down other well-performing parts of the economy. And the summer driving season has yet to begin.

Democrats have seized on this to mount a new attack on Republican rule.

"It's very clear that it's America's number one issue today," said Senate Democratic leader Harry Reid of Nevada.

Departing White House spokesman Scott McClellan countered Wednesday that, "there's a lot of good economic news out there. But high energy prices and rising health care costs do put a strain on family budgets." McClellan noted there remained some 1,000 days in the Bush presidency and "we are getting things done."

Bush on Tuesday tackled rising gasoline prices himself, suspending environmental rules for gas additives, ordering an investigation into whether price gouging is taking place and temporarily stopping government purchases of crude for the nation's emergency reserve.

His political reserve, meanwhile, is almost empty, even for many Republicans unhappy about his strained dealings with Congress, suggested Ross Baker, a political scientist at Rutgers University.

Baker said that, while a divided Congress may not be good for Bush, "there is some research that indicates that a divided government works. And oddly enough, sometimes it can work even better than a unified government."

Just don't expect Bush or his GOP allies to agree.

New Bush Spokesman Not Blind To Boss' Flaws (AP-Y2)

By Nancy Benac
AP2, April 26, 2006

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Tony Snow hasn't even started his new job as White House press secretary and already he is learning a lot — about himself. He says he's been called "a BushBot, a puppet, a force of evil in the modern world, a White House mouthpiece-toady-stenographer." And more.

But the good-natured columnist and Fox News commentator — named Wednesday as Bush's new spokesman — can give as good as he gets. Although a strong supporter of President Bush, Snow has used his column to label the president "something of an embarrassment," cast his domestic policy as "listless" and compare him to "the boy who can't say no" when it comes to federal spending.

The 50-year-old conservative commentator has done an even tougher Snow job on Democrats.

He's dismissed them as "reduced to a state of unshakable hysteria" and faulted their "righteous ignorance." He's labeled Democratic leaders like Nancy Pelosi and Harry Reid "wheezy prophets of the Defeatocrat Party."

He also has been a strong defender of Bush on many an occasion, applauding his "brilliant" foreign policy, his stick-to-his-guns persistence in Iraq, his "delicious disdain for the Beltway culture," his "visionary" Social Security plan.

"On the seminal issues of national security and global destiny, he positively dwarfs the political opposition," he has written of Bush.

To put it mildly, Snow does not come from the cautious culture of some press secretaries of the past — the ones who make an art form of saying as little as possible.

All of that gives Republicans hope that Snow's fresh voice — and star quality as a polished media figure — will help reinvigorate the beleaguered White House and jolt it out of a defensive crouch.

"Tony's sympathetic to the president, obviously, in terms of policy and philosophy, but he's not a Bush insider and I think that could be healthy," said William Kristol, who worked with Snow in the first Bush administration and was a regular panelist on Snow's TV show on Fox News. He describes Snow as "a happy-go-lucky guy" with a relaxed attitude that could do the tightly wound Bush team good.

Snow wrote in a February column that over time, even the best presidential aides burn out "or worse, lose their capacity to tell the boss, 'Sir, that idea stinks.'"

In an Associated Press interview Wednesday, he rejected the notion that his past criticism of the president could be an impediment as he becomes the public face of the Bush administration. He said it would be a mistake for people to "waste their time on old columns," diverting attention from the real issues.

Former White House press secretary Marlin Fitzwater, who worked with Snow in the first Bush administration, said the commentator "has a good personality for bringing together contentious people and contentious issues," and the independent stature to help him prod the White House staff toward better press relations.

Snow, who served the first President Bush as a speechwriting director and in media affairs, also has shown a healthy perspective on White House service. In a 2001 column, he offered some advice to members of the new administration, including a reminder to keep their humility in check because "you are just a visitor to the history factory" that is the White House.

"People will kiss up to you in ways you cannot imagine," he wrote. "In 1991, while I was a minor grandee in that same White House, I received more than 400 Christmas and holiday cards at the office. The following year, following Mr. Bush's defeat, I received 25."

Snow's biography reflects both his standing as a longtime Washington insider and more eclectic elements of his background. He hosted "Fox News Sunday" from 1996 to 2003 and held a string of print journalism positions earlier in his career.

He also has served as an advocate for the mentally ill, taught school in Kenya and Cincinnati and is an avid musician, playing guitars, saxophone and flute. He plays in what he calls "an old-farts rock 'n' roll band" called Beats Workin', attended a rock band "fantasy camp" in New York three years ago, and admits he's a SportsCenter junkie.

Fitzwater said Snow's main concerns about the job focused on health and family,

Snow, who had his colon removed last year after being diagnosed with cancer, delayed a decision on taking the job while he consulted with his doctors and had a CAT scan. Snow and his wife, Jill have three children, 9, 10 and 13.

He said Wednesday he hopes to operate as efficiently as possible and "get as much time off as I can," working from home on the weekends.

Why give up a comfortable job with a much bigger salary for such a pressure-cooker job?

Said Fitzwater: "I always tell people you may lose your health, your wealth and your family but it'll still be the greatest job you'll ever have in your life."

Guffaws About A Fox Guarding The White House (LAT)

By Matea Gold

The Los Angeles Times, April 27, 2006

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NEW YORK — The selection of Fox News host Tony Snow on Wednesday as the next White House press secretary reignited a debate about the network's political leanings.

The liberal blogosphere chortled about the choice. "Snow, like everybody else on the payroll at Fox, is already a White House spokesman," the blog Reclusive Leftist read, one of many liberal sites that mocked the move. "Is there really a need to give him an office in the West Wing and pay him a government salary?"

The Democratic National Committee took a swipe at the cable network as well, with spokeswoman Karen Finney calling Snow's hiring "an interdepartmental move from one part of the conservative infrastructure to another."

Fox News anchors responded to the chatter about the White House tapping one of the network's own.

"The joke has been all along, we've been hearing it all day on the radio and stuff, 'Tony's not really changing jobs; he's just changing buildings,' " Shepard Smith said on-air Wednesday afternoon. "The conspiracy theories abound. They're baseless, of course. I promise."

In the decade since Fox News Channel launched and then overtook CNN as the top-rated rated cable news network, it has contended with criticism that it leans to the right, despite its "fair and balanced" slogan.

Fox News vigorously rejects that notion, saying that its format mirrors that of many newspapers, which provide news stories as well as editorials. Though many of its best-known personalities such as Sean Hannity and Brit Hume — to whom Snow gave his only television interview Wednesday — offer outspoken conservative views, straight news programming dominates much of the network's daytime schedule.

Fox has taken pains to shield its news coverage from charges of bias. In 2000, network officials reprimanded Snow, then a political analyst and host of "Fox News Sunday," for speaking to a GOP youth group during the Republican National Convention in Philadelphia.

But Snow's White House appointment reinforces for some the perception that Fox News is the go-to network for the administration, media observers said.

"Much of the public will say, 'Suspicions confirmed,' " said Robert Zelnick, chairman of Boston University's journalism department, adding that such sentiments understandably ruffle the network. "The essence of journalism is independence and not hewing to any particular line."

Fox News said in a statement, "We're proud of the work Tony did for Fox as a commentator, and we wish him all the best in his second stint at the White House." Snow previously was a speechwriter to President George H.W. Bush.

Network officials declined to comment further.

Snow's hiring comes as the cable channel, whose ratings overwhelmingly beat CNN and MSNBC, has sought to burnish its news credentials. For example, Smith recently spent two days in Jerusalem covering the Israeli elections, and anchor Bill Hemmer reported from Iraq for a week in March.

But it hasn't helped matters that Vice President Dick Cheney — who in February gave Hume an exclusive interview about his accidental shooting of a hunting companion — has indicated that Fox News is his favorite news outlet, a fact that he joked about at a recent Radio and Television Correspondents Assn. dinner.

Snow's selection to replace Scott McClellan only gives critics more fodder.

Weekly Standard editor and network analyst Bill Kristol acknowledged as much, joking to Smith that "Fox News will just take over the Bush White House now," and quipping that "On the Record's" Greta Van Susteren could be named White House counsel.

"This is what the world is going be saying, though," Smith replied. "You know, we're in bed with the White House, whatever."

Kristol said: "That will end quickly enough — the moment we all criticize the White House and Tony's there defending it."

New Bush Hire Has An Outspoken Past (LAT)

By Peter Wallsten And Joel Havemann, Times Staff Writers

The Los Angeles Times, April 27, 2006

Some say Tony Snow's bluntness in matters such as race may be a risk as press secretary.

WASHINGTON — Three months ago, when Sen. Hillary Rodham Clinton (D-N.Y.) told a mostly black audience that Republicans were running the U.S. House like a "plantation," conservatives accused her of racial divisiveness. But no one put it quite like Tony Snow, the man President Bush has chosen to be his new press secretary. "Had she proceeded to distribute fried chicken and watermelon," Snow wrote, "she would have achieved perfect condescension."

It was vintage Snow: turning a routine shot at a liberal politician into a dance on thin ice. Linking fried chicken and watermelon to African Americans is something few public figures would dare to do no matter what point they were making.

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His voice is quiet and authoritative. Even critics concede he has a talent for articulating policy issues and political philosophy. What has set Snow apart, however, is his penchant for making his points by walking close to the line in areas where others play it safe, including race.

In 1991, Snow, then a speechwriter for President George H.W. Bush, defended some ideas of Louisiana gubernatorial candidate David Duke at a time when Republicans were trying to distance themselves from the former Ku Klux Klan leader. Snow suggested that Duke was espousing some good conservative ideals, including family values and opposition to welfare dependency.

In 2001, Snow wrote a column defending another former klansman, Sen. Robert C. Byrd (D-W.Va.), for his use of a racial epithet.

As a conservative commentator, Snow's job was to be provocative and fire up the faithful. Sometimes that led him to level blunt criticism of Bush, whose policy agenda he recently derided as "listless." Snow also said his future boss appeared "impotent" in defending his presidential powers.

But how will Snow adapt those sharp-tongued skills to his new role at the White House, where his predecessor, Scott McClellan, seemed to make it his goal to appear as sedate and non-provocative as possible? Bush and his aides on Wednesday tried to put a positive spin on Snow's bluntness, offering his past words as evidence that the White House was not as averse to dissent, as critics had alleged.

"For those of you who have read his columns and listened to his radio show, he sometimes has disagreed with me," Bush said as he introduced Snow to a packed West Wing press room. "I asked him about those comments, and he said, 'You should have heard what I said about the other guy.' "

Asked if the White House had reviewed Snow's record of commentary as part of the vetting process, McClellan said: "He has strong views. That's a good thing."

For his part, Snow said he intended to continue expressing strong views.

"Look, they want people to express their opinions," he said. "You're not coming here to drink the Kool Aid, you're coming here to serve the president. And at this particular juncture, I think what you want is as much honest counsel as you can get. So when I agree, I agree, and when I disagree, I disagree. But on any opinion his vote's the tie-breaker."

Snow deflected a question about his potential differences with Bush on Iraq and other issues. "The president's the guy who runs the place," he said. "So I'll speak for him and at some other point I'll speak for myself."

As early as Tuesday night, when rumors began circulating about Snow's appointment, Democrats began circulating e-mails detailing his history of controversial statements.

David Brock, head of the watchdog group Media Matters, said that Snow's record underscored a risk for the White House in picking a celebrity for a post that had traditionally been filled by a loyal foot soldier.

"It's all fair game because it's all on the record," Brock said. "But it makes him something of a target…. And it's counterproductive in terms of what the administration is trying to do here."

Snow's record of provocative treatment of racial subjects could become especially sensitive for GOP political strategists. They have worked to build alliances among African American voters and to offset the political damage from the government's faltering response to Hurricane Katrina, which affected blacks disproportionately.

Snow has a paper trail on that topic too. And his words do not exactly mesh with the past rhetoric of the president. Bush has spoken of the need to rebuild a "great American city." Snow, chastising Mayor C. Ray Nagin for his pledge to keep New Orleans a "chocolate" city, wrote this year that Nagin was "more an entertainment figure than a statesman, just as New Orleans now is more a theme park with a port than a city of consequence — although both aspire to greater things in years to come."

One of the most frequently cited quotes in Democratic e-mails Wednesday was a 1991 comment by Snow, quoted by syndicated columnist Clarence Page, explaining why many conservatives might support Duke.

"You can't write off Duke's voters as racists," Snow was quoted as saying. "Duke is talking about things people really care about: high taxes, crummy schools, crime-ridden streets, welfare dependency, equal opportunity. A lot of politicians aren't talking about these things."

Ten years after that, he wrote that Byrd had appeared on Fox News to apologize for using a term which Byrd said he had learned not as a racial epithet but as a reference to white racists.

"This is not an unusual term for people of his generation or region," Snow wrote. "Some of my relatives used it from time to time when I was a child, usually as an epithet to describe what we might now call 'racist white trash.' "

Snow contended at the time that Byrd's critics were ignoring a central tenet of the senator's argument: that racism was becoming a figment of the past.

Snow echoed that sentiment in a 2003 commentary on Fox News Sunday. "Racism isn't that big a deal anymore," he said. "No sensible person supports it. Nobody of importance preaches it. It's rapidly and thankfully becoming an ugly memory."

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White House aides seemed unconcerned on Wednesday that race might become an issue for Snow. "An overall look at Tony's record on race shows someone who has a long record of reconciliation and acceptance," spokeswoman Erin Healy said in an e-mail.

And one of the Democrats' most prominent African American strategists, former Al Gore campaign manager Donna Brazile, defended Snow against suggestions that he had been insensitive on racial matters.

"The vast majority of Americans don't know how to talk about race without stepping on somebody's toes," she said. "But Tony's somebody who has been at my house, he's been part of the larger political family. He has strong ties to people of color."

Times staff writer Nick Timiraos and researcher Robin Cochran contributed to this report.

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(INFOBOX BELOW)

In the words of Tony Snow

"A Republican president and a Republican Congress have lost control of the federal budget and cannot resist the temptation to stop raiding the public fisc. George W. Bush and his colleagues have become not merely the custodians of the largest government in the history of humankind, but also exponents of its vigorous expansion."

— Townhall.com, March 17, 2006

"No president has looked this impotent this long when it comes to defending presidential powers and prerogatives. Nearly 57 months into his administration, President Bush has yet to veto a single bill of any type. The only other presidents never to issue a veto — William Henry Harrison and James Garfield — died within months of taking office."

— Townhall.com, Sept. 30, 2005

"Racism isn't that big a deal anymore. No sensible person supports it. Nobody of importance preaches it. It's rapidly and thankfully becoming an ugly memory."

— Fox News Sunday, Oct. 5, 2003

"The Bush presidency hinges on the confrontation with Saddam Hussein, and so does the moral grandeur of the United States…. If we vanquish Iraq and discover afterward that we merely beat up a lesser power, we will have surrendered moral capital we built up nobly over two centuries."

— Fox News Sunday, March 2, 2003

"Bush, for all his personal appeal, ultimately bolstered his detractors' claims that he didn't have the drive and work ethic to succeed."

— Townhall.com, Nov. 16, 2000

Source: WordNet, Princeton University

Bush Touts Spokesman's Media Savvy (USAT)

By David Jackson And Richard Benedetto

USA Today, April 27, 2006

WASHINGTON — In naming Tony Snow as his new press secretary Wednesday, President Bush lauded the radio talk show host for his experience in the media and government.

Media experience, however, means little if Snow doesn't get consistent access to Bush and other high-level administration officials, said Ron Nessen, the last presidential spokesman to jump into the job from the media.

“The key to being a good press secretary is getting the information firsthand and not having someone inside the White House have to tell it to you,” said Nessen, who went from NBC to the Ford administration in 1974.

Snow, 50, a Fox News Talk host, joins Bush as the president struggles to improve the lowest poll ratings of his tenure. Snow replaces Scott McClellan, who resigned as part of an administration shake-up that started last month when Joshua Bolten replaced Andy Card as White House chief of staff.

Nessen said there was an increasingly “hostile” relationship between the White House press corps and McClellan. They engaged in heated exchanges over such issues as Iraq and an investigation into the leak of the name of an undercover CIA officer.

Snow said that he has been promised sufficient access to Bush and that he'll express his views privately to the president. However, he said, Bush always has final say: “The president is the guy who runs the place.”

The chief speechwriter for the first President Bush, Snow is also a former newspaper editorial writer and has written for The Forum in USA TODAY. He hosted Fox News Sunday on TV from 1996 to 2003 before moving to his radio show.

Snow recently survived a bout with colon cancer and received a medical clearance to take on the time-consuming job of press secretary.

Snow's background gives him “good insight into what it is reporters need,” Nessen said.

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Bush said his “job is to make decisions” and Snow's “is to help explain those decisions to the press corps and the American people.”

Snow said he took the job because he believes in Bush, and “we've got a lot of big issues ahead.”

Taking a spin around the press room, Snow said he knows how “to talk” but needs to learn how “to brief.” He won't start doing White House briefings until next month.

Stephen Hess, author of Organizing the Presidency, said, “We've never had a journalist of opinion” as press secretary.

Some of Snow's published opinions have been critical of Bush, including a column after this year's State of the Union address in which Snow called Bush's domestic policy “listless.” In that same column, however, Snow also called Bush's foreign policy “brilliant.”

In November, Snow wrote that “the newly passive George Bush has become something of an embarrassment.”

Bush said Wednesday that he had asked Snow about some of his criticisms, “and he said, ‘You should have heard what I said about the other guy.' ”

Frank Donatelli, political director for President Reagan, said Snow's conservative credentials could help Bush with a wavering constituency. “The challenge for the administration is to soften the criticism from his Republican and conservative base,” Donatelli said.

He and other analysts said Snow's ideology is less important than his access to the president and ability to disseminate his message fully.

W. Dale Nelson, author of Who Speaks for the President?: The White House Press Secretary from Cleveland to Clinton, said Snow must be careful not to sound like a commentator when he conducts White House briefings.

“By picking Snow, even though he has criticized him, Bush knows that Snow was just doing his job,” Nelson said. “Now that's all different. … He's the president's man.”

Fox Commentator Named Bush's Press Secretary (LAT)

By James Gerstenzang And Ronald Brownstein

The Los Angeles Times, April 27, 2006

WASHINGTON — President Bush appointed Fox News commentator Tony Snow as his press secretary Wednesday, signaling that in its final 1,000 days, his White House plans significant changes in the way it reaches the American people.

Before taking the job, Snow — who was a speechwriter in the George H.W. Bush administration — sought and was given "walk-in" privileges in the Oval Office and the chief of staff's office, according to a veteran Republican advisor who asked not to be named because his conversation with Snow was confidential. That would make Snow one of the few officials with unscheduled access to the president and Chief of Staff Joshua B. Bolten.

The arrangement could be helpful as Snow, 50, attempts to build trust with a White House press corps that had an adversarial relationship with his predecessor and as he tries to help Bush recover from low public approval ratings.

Bush presented Snow on Wednesday morning as his choice to replace Scott McClellan.

"My job is to make decisions," Bush said, "and his job is to help explain those decisions to the press corps and the American people…. He's going to work hard to provide you with timely information about my philosophy, my priorities and the actions we're taking to implement our agenda."

Snow's appointment was unusual for a White House that has prized loyalty and long-standing relationships with Bush. He has worked for Fox for the last decade, and has criticized Bush — calling him "impotent" and "something of an embarrassment" in recent commentary.

He also is the first outsider given a top position during the White House shake-up engineered by Bolten, who has been chief of staff for less than two weeks. But Snow's selection fits a historical pattern.

At low moments in their terms, other presidents have sought to bolster their credibility by hiring press secretaries seen less as administration loyalists than as independent operators with their own authority and stature.

Suggesting that Snow would present himself as the latter, Tom Rosenstiel — director of the Project for Excellence in Journalism, a nonprofit group that studies the media — said: "One thing we know is that Tony Snow has to eat lunch in this town again. He is going to serve the president, but not sacrifice his reputation while he's doing it."

Moments after Bush introduced him, Snow walked through the White House press briefing room, pledging to work with reporters — "to figure out what you think we can do better."

"It's clear they are bringing in someone to do better marketing," said David Gergen, a former White House communications aide for both Republican and Democratic presidents who now is a professor of public service at Harvard University's John F. Kennedy School of Government. "Whether they are bringing in someone to bring more complete information to the public is very much an open question."

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Snow, who is expected to take over in the next two or three weeks, will be Bush's third press secretary. McClellan succeeded Ari Fleischer in July 2003.

The new spokesman brings a "fresh perspective" because he did not serve during the administration's first five years, said Kenneth M. Duberstein, who took a senior position in the White House at a similarly challenging moment — as President Reagan sought to emerge from the Iran-Contra scandal in 1987.

But, Duberstein said, the question remains whether Snow can overcome the Bush administration's aversion to outsiders and get information from the White House that he will need to be an effective spokesman.

Most fundamentally, the appointment of a prominent media figure may indicate that the White House is focused on shaping the way Bush is portrayed in the mainstream media.

Many analysts agree that this White House has appeared less concerned than previous administrations about influencing newspapers and network television — placing greater emphasis on reaching its core conservative supporters through such outlets as talk radio and cable TV.

They said that the appointment of an accomplished TV personality reflected a White House conclusion that — with fewer than 40% of the voters approving of Bush's performance — it needs to win over a broader segment of the population through the traditional national news media.

"What they've done before is use their back-channel media to get their message out to their base supporters …. And when times were good and bills were passing and things were going well, there was less of a concern of dealing with the mainstream media overall," said a senior Republican congressional aide who was not authorized to speak publicly on the subject and requested anonymity. "Now it becomes critical that they apply a different strategy … on a daily basis, and they have chosen a guy who can do that."

Republicans inside and outside the administration said they believed Snow would approach the job with a more proactive agenda than did his predecessors, who often seemed to view the daily press briefings more as an exercise in damage control than as an opportunity to drive a strong political message. A senior White House official acknowledged that the administration was looking to rethink the way it communicated with the public.

"I think it's fair to say that there is no panic in the White House, but there is concern about the numbers and a real attempt to make these changes an opportunity to relaunch our public message," said the official, who was not authorized to speak on the record.

But others said Snow's selection could indicate more continuity than change in Bush's approach to the media.

Gergen, for instance, praised Snow as a "person of integrity," but noted that he came to the job as a conservative advocate. "Coming from Fox, it will send a good message to their base," Gergen said. "They are not going out and getting an Associated Press reporter. This is a commentator with a conservative point of view."

Indeed, several Republicans said the White House may hope one benefit of Snow's appointment will be to signal that Bush hears the complaints of conservatives who believe he has not done enough to restrain federal spending — a charge Snow often leveled against the administration.

It has been more than 30 years since a journalist served as the White House press secretary. Ron Nessen, who had worked for NBC News, was President Ford's spokesman.

Snow has largely made his living in the news business, but his experience has been as a commentator and editorial writer, not as a news reporter.

He launched the public affairs talk show "Fox News Sunday." For several years, he has hosted the news program "Weekend Live," along with "The Tony Snow Show," a daily talk show on Fox News Radio.

He grew up in Cincinnati, wrote editorials for the Greensboro (N.C.) Record and the Norfolk Virginian-Pilot, and for four years was editorial page editor of the Washington Times.

He has also, Bush said, taught in Kenya. His biography on the Fox News website said he taught physics and geography. He plays flute, saxophone and guitar, and is in a rock band called Beats Workin'.

"The only thing more embarrassing than my old columns is my old music recordings," Snow said during his walk through the briefing room.

Snow recently underwent surgery for colon cancer. He and his wife live in Virginia with their three children.

Times staff writers Matea Gold in New York and Peter Wallsten and Tom Hamburger in Washington contributed to this report.

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(INFOBOX BELOW)

Tony Snow

Born: June 1, 1955; grew up in Cincinnati

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Education: Bachelor's degree in philosophy, Davidson College in North Carolina; graduate work in philosophy and economics, University of Chicago

Experience: Host, "The Tony Snow Show" on Fox News Radio; host, "Weekend Live with Tony Snow" on Fox News Channel; host, "Fox News Sunday," 1996-2003; syndicated columnist, the Detroit News, 1993-2001; columnist, USA Today, 1994-2000; deputy assistant to the president for communications and director of speechwriting, and later deputy assistant to the president for media affairs, for President George H.W. Bush

Family: Wife, Jill, married 1987; one son and two daughters

Source: Associated Press

Into The Lion's Den (NSWK)

By Richard Wolffe And Holly Bailey

Newsweek, April 26, 2006

It was all smiles in the White House briefing room Wednesday as George Bush introduced his new press secretary, Fox News commentator Tony Snow, to an excitable press corps. But Snow knows this isn't a happy situation he's walking into, even though his predecessor Scott McClellan was beaming at the cameras as the president walked in. After all, Snow knows just what it's like to be in McClellan's position.

In 1991, Snow gave up his job as editor of The Washington Times editorial page to head up the first President Bush's troubled speechwriting operation. A year later, during Bush's re-election campaign, Snow was forced out. Looking back on the experience, three years later, Snow sounded rueful. When President Clinton hired former U.S. News editor Don Baer in a similar shake-up, Snow offered some insight into his own experience as a journalist turned White House staffer. "I've been in this movie," Snow told National Journal. "He's stepping out of a nice secure journalism job to run an embattled speechwriting shop at the White House." Snow offered some blunt advice to Baer. "Make sure you have plenty of high-ranking defenders," he told the magazine. "When things go bad at the White House, the first person they come looking for is the speechwriter. The policy is never bad."

While Snow isn't being hired as a speechwriter, he's walking back into the lion's den. The White House press operation has been under fire for months, particularly from congressional Republicans who say administration officials haven't been effective in talking about the war, the economy and other policy issues. As a key public face of the White House, McClellan felt the brunt of much of that criticism, as some GOP officials complained that the White House's strained relationship with reporters wasn't helpful in helping Bush regain much-needed momentum this second term. Others called for a complete shake-up of the entire press operation and communications staff.

On Wednesday, Snow's appointment, which had been rumored for days, got positive reviews by Republicans on the Hill, including from one senior GOP leadership aide who told NEWSWEEK it was "great news." "He'll give some good outside-the-box thinking for the White House," said the Republican aide, who declined to be quoted by name so as not to upset other administration officials. "He also may be a bull in a china shop. It will be fun to watch him at the podium."

In some respects, Snow's pick was a no-brainer for an administration. The Fox News pundit has already been a go-to guy for administration officials to get their message out. Vice President Dick Cheney has been a frequent guest on Snow's radio show, most recently in March when he phoned in a defense of the administration's handling of national-security issues and the war. When congressional Republicans were in open revolt over the Dubai Ports World deal, Karl Rove called into Snow's program to dial back Bush's threat to veto legislation that would block the deal.

Yet Democrats offered a curious reaction to Snow's appointment. On one hand, some Democrats billed the Fox News analyst as someone who had already been an unofficial messenger of White House talking points. "Truth Still Snowed in at the White House," declared a Wednesday-morning press release from the Democratic National Committee. At the same time, Democrats also flooded reporters with e-mails citing Snow's public criticism of Bush and the White House--including excerpts from a recent syndicated column in which Snow described the president's domestic policy as "listless" and that Bush's "wavering conservatism" and his decision not to fight back against Democrats was "something of an embarrassment."

In announcing his pick of Snow, Bush acknowledged he was aware of his new press secretary's public gripes, telling reporters, "I asked him about those comments, and he said, 'You should have heard what I said about the other guy'." By embracing someone outside his Texas inner circle, Bush suggested that he is also hearing complaints that he needs fresh advice. Indeed, Snow made it publicly clear that if he took the job he would do so only if he could take a seat within Bush's inner circle and have the ability to shape policy. "The upside is that for someone like me who's been a pundit for many years, you sit around and you think about the way the world should be," Snow said in an interview with Fox's Bill O'Reilly last Thursday. "You become part of something that's very rare, which is an inner White House circle where you've got to make decisions." Citing the

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difficulties of being the president's spokesman, Snow said, "That has [a] sort of perverse attraction, which is it's a meaty substantive job with real responsibilities."

One GOP official privy to the negotiations told NEWSWEEK that Snow had pressed administration officials for a job that extended beyond simply being Bush's guy behind the podium and had successfully argued for increased access to the president. Additionally, Snow also argued for and won the ability to make staffing decisions within the press office, including the ability to hire or fire staffers. "He won't be a lightweight," said the Republican official, who declined to be named.

The Oily Slope

George W. Bush has traveled many long roads since he entered the Oval Office in January 2001. But few are quite so long as his personal journey on the energy issue--arguably the single subject he and his veep know more about than anyone else in their administration.

In 2000 Bush campaigned against Al Gore's green-tinged policies by lampooning them, suggesting that hybrid vehicles were some kind of alien life form. Now the president tours hybrid-vehicle facilities like they are a second home, laying out his vision for a nation of electric- and hydrogen-powered cars. This isn't, as some critics have suggested, a superficial move: Bush is sold on the new technologies of the auto industry.

But that's not Bush's only reversal on energy. This week's four-point plan on gas prices marked the end of another of the president's signature positions. In 2000, he campaigned as a Reagan-style free-marketer who opposed what he saw as the regulatory excesses of the Clinton years. Reagan wanted to get government off the back of business. This week Bush urged his own Justice Department to get on the back of the oil industry, launching an investigation into possible market collusion or price-fixing of gasoline.

Such investigations are notoriously difficult, and the bar is high when it comes to litigation. In the early 1980s, the Justice Department sued American Airlines' Robert Crandall for his attempt to raise prices together with his counterpart at Braniff Airlines. Crandall was secretly tape-recorded as he phoned Braniff, saying that if the company raised its prices by 20 per cent, "I'll raise mine in the morning." It would be hard to come up with a clearer attempt to manipulate prices, but the lawsuit ended with a slap on the wrist: Crandall merely agreed to stop having such conversations about fares.

In the case of the oil industry, there's no suggestion of behavior like that. When asked if there were any suspicions of market manipulation, the outgoing White House Press Secretary Scott McClellan came up with nothing. "It's important to make sure that there's not any price gouging," he simply stated.

In fact, President Bush has repeatedly explained why gas prices are high for a host of reasons other than price gouging. "We live in a global marketplace, and when the demand for crude oil goes up in China or India, fast-growing economies, if the corresponding supply doesn't meet that demand, the price of gasoline is going to go up here in America," he told an audience in West Sacramento, Calif., on Earth Day last weekend. "The American people have got to understand what happens elsewhere in the world affects the price of gasoline you pay here."

President Bush is of course feeling the intense political pressure of high gas prices, which his aides have blamed for a steady decline in his approval numbers for the last 15 months. That pressure led to another energy reversal this week, as Bush fiddled with the Strategic Petroleum Reserve. Bush dismissed as a political stunt Bill Clinton's release of oil from the reserve in 2000, and he repeated the same charge against John Kerry in 2004. This week, he followed Clinton and Kerry with an even less significant move--suspending shipments to the reserve.

What does Tony Snow think of the price-gouging story? Not much. Speaking to Bill O'Reilly last week, Snow rejected his fellow pundit's protests about price gouging and about excessive pay for oil executives. Snow said gas prices were high because of "jitters about the stability of the Middle East." As for the role of oil executives in setting gas prices, Snow insisted it was irrelevant. "The fact is, it doesn't matter who's running these companies," he told O'Reilly. "As long as you've got $70 a barrel oil, you're going to be paying that price."

Bush Picks Fox News's Snow As White House Spokesman (Update2) (BLOOM)

By Brendan Murray Catherine Dodge

Bloomberg, April 27, 2006

April 26 (Bloomberg) -- President George W. Bush picked Tony Snow, a Fox News radio host and former presidential speechwriter, as the White House press secretary, replacing Scott McClellan.

``He's not afraid to express his own opinions,'' Bush said, appearing with Snow and McClellan in the White House briefing room. ``I like the perspective he brings to this job, and I think you're going to like it, too.''

Snow's hiring -- Bush's third spokesman in six years -- is part of an effort by Bush's new Chief of Staff Joshua Bolten to reorganize the White House team amid job approval ratings for the president that are at or near record lows. McClellan, who held

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the job for almost three years, announced his resignation last week and today told reporters that Snow would likely start at the White House the week of May 8.

Snow, 50, prefaced his remarks by saying that one reason he's taking the job is that ``I believe in the president."

``These are going to be times that are very challenging," he said. ``We've got a lot of big issues ahead and we've got a lot of important things that all of us are going to be covering together."

Snow didn't take any questions after the announcement.

Snow has been the host of Fox News Channel's ``Weekend Live With Tony Snow" on Saturday and a daily radio show for Fox News Radio. Before joining Fox in 1996, Snow worked as a syndicated columnist for the Detroit News and a columnist for USA Today.

Former Speechwriter

He served as a speechwriter and deputy assistant for media affairs for President George H.W. Bush from 1991 to 1993 after a career in newspapers, according to his biography on the Fox News Web site.

Snow would bring credibility to the White House post and is comfortable in front of the cameras, Joe Lockhart, who served as press secretary to President Bill Clinton, said yesterday, before the announcement was made.

``Tony is very bright, personable and has a good sense of humor, and that's a lot of what you need to be successful in the job," Lockhart said. ``The real issue for him is will the president and the White House let him do his job? There needs to be a fundamental shift in thinking in the White House on the role of the press, not just another new face."

Opinions

On his radio show, Snow has voiced strong opinions on a range of topics in a tone that contrasts with the measured approach traditionally taken by White House press secretaries. He also has occasionally criticized Bush.

The Web site for his show provides recordings of his broadcasts, including one in which he summarizes Bush's January State of the Union address as marked by ``brilliant foreign policy and listless domestic policy."

He described Iranian President Mahmoud Ahmadinejad as ``Iran's Nutjob-in-chief" and Pennsylvania Democratic Representative John Murtha, who has advocated pulling U.S. troops out of Iraq, as a leader of ``the cut-and-run crowd."

His show has also featured U.S. military leaders critical of Defense Secretary Donald Rumsfeld's job performance.

Bush noted Snow's past criticisms. ``For those of you who have read his columns and listened to his radio show, he sometimes has disagreed with me," Bush said. ``I asked him about those comments, and he said, `You should have heard what I said about the other guy.'"

Lockhart said he expected the news media would highlight the more controversial comments Snow has made on the air at Fox. That may actually work to the administration's benefit if Republican voters conclude ``liberal reporters are attacking the press secretary," he said.

Snow's appointment is likely to be popular with the core of the president's supporters and may ``charge them up" for the November congressional elections, Lockhart said.

In his spare time, Snow plays guitar, saxophone and the flute in an amateur rock-n-roll band called ``Beats Workin'," a group that bills itself on a Web site as a combination of ``four lawyers, a realtor, a business executive, and a radio and TV political commentator."

Showtime At The White House (WP)

By Ari Fleischer

The Washington Post, April 27, 2006

The Washington press corps -- working in an industry that's been transformed by talk radio, 24-hour cable news and the Internet -- still views the White House briefing room as it was back in the 1950s -- or the '60s, '70s, '80s or even early '90s. Despite dramatic changes forged by live coverage and instant analysis, the press fondly adheres to the notion that the briefing can be conducted the way it used to be.

But as Tony Snow, the new White House press secretary, will soon discover, the briefing is no longer a briefing, it's a TV show.

Gone are the days when this daily session was a serious affair, with mostly serious questions asked and mostly serious answers given. Instead, the public is now treated to a spectacle in which the media do their best to pressure the White House, regardless of which party is in power, into admitting that much of what the president is doing is wrong, and the White House pushes back. The two sides talk past each other, and the viewing public gets to watch a good fight.

Before 24-hour cable news and the Internet, reporters at the briefings asked tough questions and generally received straight answers. Because the quantity of coverage was limited and the quality was driven by the next day's newspapers and the

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6:30 evening news, with major figures such as Walter Cronkite delivering it, press secretaries didn't have to worry that their every word or thought would instantly be reported live on the North Lawn of the White House.

There was only one news cycle, and it lasted about 24 hours. Today there's no telling when a news cycle begins and ends. It's 24 hours a day, and reporters are under constant pressure from editors to update their stories a dozen times a day. Reporters are in endless pursuit of "the latest development" or "this just in," even if there are no developments of late or even if what's "just in" is barely news at all.

Press secretaries realize that their audience isn't only the couple of dozen reporters in the room. It's also the hundreds of thousands of people who tune in to watch, giving the press secretary a forum to "get out the message."

Not so long ago, when Marlin Fitzwater was press secretary to the first President Bush, TV cameras weren't permitted to cover the briefing live. One of President Bill Clinton's press secretaries, Mike McCurry, in an effort to accommodate the new 24-hour-a-day cable news programs, allowed his briefings to be open to TV coverage. Poor Mike. The first briefing the press covered live was on the day the Monica Lewinsky story broke. Since then the briefing room has never been the same.

In addition to the televised session, I used to brief the press every morning in something called "the gaggle." It was on the record, but no TV cameras were allowed. The gaggle was more informative and serious than the briefing. Reporters didn't posture as much for their colleagues and editors, since their reporting wasn't on the air. If I ducked a question at the gaggle -- such as the ones I was asked immediately after Sept. 11, 2001, about whether a military strike was "coming within hours, days, weeks or months" (I was asked that actual question) -- the reporters didn't attempt to ask me the same thing 17 different ways, as they did at the televised briefing. They got the point: The White House wasn't answering.

Of course, the reporters aren't the only ones who behave differently before the cameras. I acted differently, too. At the televised briefing I would sometimes lean into the podium, raise my hand and do my best to deliver a sound bite for the evening news. I liked mixing it up with reporters. I enjoyed a good intellectual televised argument. But the briefing always had an air of theater to it -- on both sides of the podium. It was easier to give thoughtful explanations of controversial issues at the gaggle or during the numerous times a day reporters strolled into my office to talk with me.

It may not be the briefing it once was, but it is still an important show.

The writer was President Bush's press secretary from January 2001 to July 2003.

Senate OKs $2 Billion To Stop Illegals (WT)

By Charles Hurt

The Washington Times, April 27, 2006

The Senate yesterday approved immediately spending nearly $2 billion to stop illegal immigration, the largest such infusion of emergency cash for the effort in recent years.

Nearly every member of the Senate voted in favor of the new spending, but Democrats and Republicans split over whether to find cuts elsewhere in the massive spending bill to offset the border security expenditures. Republicans ultimately prevailed and roughly 3 percent will be cut from defense spending contained in the same bill.

"Porous borders are a threat to our national security, and the Senate has acted today to provide vital funding that will increase our border defenses," Majority Leader Bill Frist, Tennessee Republican, said after the vote.

Republicans turned back an effort by Minority Leader Harry Reid to grant the same expenditures for border security but without making cuts elsewhere in the emergency spending bill, which has ballooned to a $106.5 billion proposal. The Nevada Democrat, whose amendment failed on a mostly party-line 54-44 vote, said the Republican amendment would hurt the military.

"Democrats offered a way to secure our borders and support our troops," he said. "Instead, Senate Republicans chose to slash $2 billion desperately needed by our troops in Iraq, Afghanistan and elsewhere in order to offset the costs of additional border security."

Yesterday's action -- if approved by the House -- would make a comprehensive immigration bill like President Bush wants more difficult to pass through Congress. Border security unites virtually all lawmakers, while the guest-worker program is disliked by liberals who say it creates unfair competition for American workers, and a path to citizenship is disliked by conservatives who view it as amnesty.

The 59-39 vote came one day after Mr. Bush appeared to endorse a Senate proposal that would give many illegal aliens already in the country a path to citizenship.

After meeting at the White House with more than a dozen senators Tuesday, Mr. Bush told reporters that there was a broad and bipartisan consensus for immigration reform legislation that "recognizes we must have a temporary worker program, a bill that does not grant automatic amnesty to people, but a bill that says somebody who is working here on a legal basis has the right to get in line to become a citizen."

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By yesterday, however, there was some dispute about whether Mr. Bush had actually endorsed the Senate proposal hatched early this month by Republican Sens. Chuck Hagel of Nebraska and Mel Martinez of Florida.

Under that plan, illegal aliens who have been in the U.S. five years or more could apply for citizenship without leaving the country while those who have been here between two and five years would have to apply at a point of entry. Those here less than two years would have to return to their home country to apply for citizenship.

"I'm extremely confident that there was no endorsement," said Sen. John Cornyn, Texas Republican, who didn't attend the White House meeting because he thinks the Hagel-Martinez proposal amounts to amnesty. "Matter of fact, I'm extremely confident that they were told, 'I'm not endorsing the bill.' "

Mr. Cornyn, one of Mr. Bush's most ardent supporters in Congress, said his information was from a "highly placed source in the White House" but he declined to elaborate.

"That's not true at all," said Mr. Martinez, who attended the meeting. "That was clearly discussed yesterday and clarified in about three different ways with clear questions and answers and he said as long as there's not automatic citizenship, as long as there's not amnesty."

Asked if he had any doubts that Mr. Bush supported the Hagel-Martinez proposal, Sen. Lindsey Graham, South Carolina Republican, replied, "Not really. But he has not committed to what 'automatic' means."

In any case, Mr. Bush was cautious.

Mr. Graham said he asked Mr. Bush if he defined "amnesty" as any program that doesn't force illegals to leave the country altogether before applying for citizenship -- a question that gets to the very heart of the debate.

"You don't want me to answer that question," Mr. Bush replied, according to Mr. Graham.

Other Republicans on Capitol Hill said Mr. Bush is either misinformed or just flat wrong if he supports Hagel-Martinez.

"I know he wants to move something forward," Sen. Jeff Sessions, Alabama Republican, said. "I think they need to study the language carefully because I do not believe that language in the bill comes close to meeting his standards that he's set forth."

Sen. George Allen, Virginia Republican, denounced the proposal.

"I feel very strongly that we should not reward illegal behavior with amnesty," he said. "I think this convoluted three-tiered approach rewards illegal behavior and I don't think that's the right policy for this country, notwithstanding what the president had to say."

Rep. Tom Tancredo, Colorado Republican and longtime advocate for immigration reform, said he was glad to see the new spending for border security, but he still has a big question.

"Will the president actually enforce the law?" wondered the Republican. "I know he says he will, but he has demonstrated over and over again that he will not."

Projected Iraq War Costs Soar (WP)

By Jonathan Weisman

The Washington Post, April 27, 2006

The cost of the war in Iraq will reach $320 billion after the expected passage next month of an emergency spending bill currently before the Senate, and that total is likely to more than double before the war ends, the Congressional Research Service estimated this week.

The analysis, distributed to some members of Congress on Tuesday night, provides the most official cost estimate yet of a war whose price tag will rise by nearly 17 percent this year. Just last week, independent defense analysts looking only at Defense Department costs put the total at least $7 billion below the CRS figure.

Once the war spending bill is passed, military and diplomatic costs will have reached $101.8 billion this fiscal year, up from $87.3 billion in 2005, $77.3 billion in 2004 and $51 billion in 2003, the year of the invasion, congressional analysts said. Even if a gradual troop withdrawal begins this year, war costs in Iraq and Afghanistan are likely to rise by an additional $371 billion during the phaseout, the report said, citing a Congressional Budget Office study. When factoring in costs of the war in Afghanistan, the $811 billion total for both wars would have far exceeded the inflation-adjusted $549 billion cost of the Vietnam War.

"The costs are exceeding even the worst-case scenarios," said Rep. John M. Spratt Jr. (S.C.), the ranking Democrat on the House Budget Committee.

Such cost estimates may be producing sticker shock on Capitol Hill. This year, the wars will consume nearly as much money as the departments of Education, Justice and Homeland Security combined, a total that is more than a quarter of this year's projected budget deficit. Yesterday, as the Senate debated a $106.5 billion bill to fund the wars in Iraq and Afghanistan and ongoing hurricane relief, 59 senators voted to divert $1.9 billion from President Bush's war-funding request to pay for new border patrol agents, aircraft and some fencing at border crossings widely used by illegal immigrants.

DOJ_NMG_0027000

When some Democrats said the move would take money from needed combat funds, Sen. Judd Gregg (R-N.H.), the bill's sponsor, called the criticism "pure poppycock."

In another challenge to Bush, the Senate moved, in a veto-proof 72 to 26 vote, to shelve an amendment that would have struck spending on all items -- from farm drought assistance to a $700 million measure to move a Mississippi railroad away from the Gulf Coast -- not requested by the administration. The White House has threatened to veto the bill if it much exceeds the $92.2 billion Bush requested in February.

Because of the controversy surrounding the railroad funding, the Senate held a separate vote, 49 to 48, to retain the funding, which critics have singled out as a non-emergency. But advocates of the project, including Senate Appropriations Committee Chairman Thad Cochran and Sen. Trent Lott, both Mississippi Republicans, defended it as part of a vital economic development effort along the Gulf Coast.

"It's built on marshes and on sand," Lott said of the railroad, displaying on the Senate floor enlarged photos of the tracks, which run along the coastline. "It will not stand."

But for a bill devoted largely to funding the war, the cost of the Iraq conflict so far has played little part in a political debate focused mainly on energy prices, immigration and pork-barrel spending.

Defense specialist Amy Belasco, the CRS study's author, stressed that the price tag is only an estimate because the Defense Department has declined to break out the cost of Iraqi operations from the larger $435 billion cost of what the administration has labeled the global war on terrorism. That larger cost applies to military, diplomatic and foreign aid operations in Iraq and Afghanistan, enhanced security efforts begun after the Sept. 11, 2001, attacks and related medical costs of the Department of Veterans Affairs.

"Although DOD has a financial system that tracks funds for each operation once they are obligated -- as pay or contractual costs -- DOD has not sent Congress the semiannual reports with cumulative and current obligations for [Iraq] and [Afghanistan], or estimates for the next year, or for the next five years that are required by statute," the CRS noted.

The report goes on to outline a series of "key war cost questions" for Congress to pursue and "major unknowns" that CRS has not been able to answer: How much has Congress appropriated for each theater of war? How much has the Pentagon obligated for each mission per month? What will future costs be? How much will it cost to repair and replace equipment? And how can Congress receive accurate information on past and future troop levels?

Such questions are highly unusual for a congressional research agency report, congressional budget aides said yesterday, and they point to growing frustration in Congress with a Pentagon that has held war-cost information close to the vest.

Lt. Col. Brian Maka, a spokesman for the Defense Department's comptroller, said the Pentagon will study the report before commenting on it.

The report details how operations, maintenance and procurement costs have surged from $50 billion in 2004 to $88 billion this year, citing rising expenditures for body armor, oil and gasoline; equipment maintenance; and training and equipping Afghan and Iraqi security forces.

"These factors, however, are not enough to explain a 50-percent increase of over $20 billion in operating costs," the report states.

War-related investment costs have more than tripled since 2003, from $7 billion to $24 billion, as money has been spent on armored vehicles, radios, sensors and night-vision goggles, as well as on equipment for reorganized Army and Marine Corps units.

"These reasons are not sufficient, however, to explain the level of increases," the report states again.

Other analysts are also scratching their heads. Michael E. O'Hanlon, a defense budget expert at the Brookings Institution, suggested that the military may be slightly padding its request for fear that Congress will be less giving on future emergency spending bills.

"I don't think these guys would make things up, but there is an assumption in the military that these supplementals might dry up, and if there are things that might be considered even Iraq-related, they should get them funded right now," he said.

Of the total war spending, the CRS analysis found $4 billion that could not be tracked. It did identify $2.5 billion diverted from other spending authorizations in 2001 and 2002 to prepare for the invasion.

That discovery helped push the CRS cost estimate higher than estimates from independent budget analysts. The CRS total also includes expenditures on foreign aid and diplomacy not counted in the military cost tallies by groups such as the Center for Strategic and Budgetary Assessments.

Senate Cuts War Funding To Tighten Border Control (AP)

By Andrew Taylor

The Associated Press, April 27, 2006

DOJ_NMG_0027001

WASHINGTON -- The Senate voted today to divert some of the money President Bush requested for the war in Iraq to instead increase patrols against illegal immigrants on the nation's borders and provide the Coast Guard with new boats and helicopters.

An amendment was adopted, 59-39, to cut Bush's Iraq request by $1.9 billion to pay for new aircraft, patrol boats and other vehicles, as well as border checkpoints and a fence along the Mexico border crossing near San Diego.

Later, the Senate voted by a veto-proof 72-26 margin to kill an attempt by conservatives to cut the overall bill back to Bush's request -- just a day after the White House issued a toughly worded promise to veto the $106.5 billion bill unless it is cut back to below $95 billion.

Appropriations Committee Chairman Thad Cochran, R-Ill. -- the key architect of the bill -- is unhappy with the veto threat and easily beat back a move by Craig Thomas, R-Wyo., to kill $12 billion in add-ons such as $4 billion in farm aid, $1.1 billion for Gulf Coast fisheries and money for a much-criticized $700 million relocation of a Mississippi freight rail line.

While the border security funds had broad support, Democrats and Republicans argued over whether the cuts to Pentagon war spending would harm troops in Iraq. The cuts, offered by Judd Gregg, R-N.H., would trim Bush's request for the war by almost 3 percent but don't specify how.

Sen. Hillary Clinton, D-N.Y., said Gregg's cuts would "take money from troop pay, body armor and even the joint improvised explosive device defeat fund. Now that is a false choice and it is a wrong choice."

Gregg responded heatedly, arguing that the cuts eventually would come from other parts of the massive Pentagon budget rather than U.S. forces in Iraq.

"To come down here and allege that these funds are going to come out of the needs of the people on the front lines in Iraq or Afghanistan is pure poppycock," he said.

An amendment by Democratic Leader Harry Reid of Nevada to add the border security funds but not tap the Pentagon for them failed by a 54-44 vote.

In its veto statement, the White House said the bill contains too many items that are "unrelated to the war or emergency hurricane relief needs." It said a final House-Senate compromise "must remain focused on addressing urgent national priorities while maintaining fiscal discipline."

The bill is sure to be carved back in House-Senate negotiations next month, and Bush may very well not have to follow through on his veto promise.

To accommodate the White House's objections would require the Senate to shed numerous projects. That would represent a departure from the way a disaster aid bill was handled in December, when Congress added $12 billion in new spending not requested by Bush.

Even as the White House raised the potential of a first-ever Bush veto, the administration on Tuesday asked the Senate for $2.2 billion more to repair and strengthen levees in and around New Orleans. The request wouldn't add to the overall cost of the bill since it was accompanied by a decrease in Federal Emergency Management Agency disaster funds.

The White House acknowledges that FEMA coffers would have to be replenished again in the fall instead of next year under the proposal.

Bush insists that total spending in the bill be capped at his $92.2 billion request for Iraq and hurricane relief, though he is willing to accept $2.3 billion in the bill to prevent an outbreak of avian flu. His February budget anticipated the funding, but the White House has been slow to follow up with a detailed request.

Gregg chairs the Appropriations Homeland Security Subcommittee. His border security plan focuses used on the capital needs of the Border Patrol and the Coast Guard, including new planes, helicopters, ships, communications equipment and a project to build a fence along the Mexico border near San Diego.

Gregg said his plan would "give the people who are defending us on our borders, the border security agents, the Custom agents, the Coast Guard, the tools they need to do their job right -- the unmanned vehicles, the cars, the helicopters which are a critical part of our fight in the war on terrorism. It has to be done now."

The underlying bill contains $67.6 billion for Pentagon war operations and $27.1 billion for hurricane relief, including grants to states to build and repair housing and $2.1 billion for levees and flood control projects. The funding for hurricane relief exceeds Bush's request by $7.4 billion.

To date, Congress has provided about $315 billion for the war in Iraq and anti-terror spending since September 2001.

On the Net

White House: http://www.whitehouse.gov

Tax Reduction, Border Security Proceed In Senate (WSJ)

By David Rogers

The Wall Street Journal, April 27, 2006

WASHINGTON -- Republicans neared agreement on a $70 billion tax-reduction bill even as the Senate Finance Committee told the Internal Revenue Service that it wants to inspect five years of returns from the top 15 oil and gas companies.

"The goal is we need some information," said Finance Chairman Charles Grassley (R., Iowa). At this stage no clear legislative agenda is attached to the request, which also was signed by the panel's ranking Democrat, Sen. Max Baucus of Montana.

But in writing the tax bill now being negotiated, Senate tax writers were more aggressive than the House in looking for revenue offsets from the oil industry. And amid the outcry over record profits and high gas prices, the level of detail in the request makes it one of the broadest of the IRS in recent memory.

"We understand the frustration of members of the committee, and that they have a role to perform. But gas prices are set by market forces, not any manipulation by producers or refiners," said John Bisney, a spokesman for the American Petroleum Institute. "Some of these documents go back five years, and in that period we haven't heard a peep out of them [the IRS]."

Relatively small oil industry-related provisions were still in play last night as negotiators tried to pin down an estimated $4 billion in final offsets for the tax package. Speaker Dennis Hastert (R., Ill.) and House Ways and Means Committee Chairman Bill Thomas (R., Cal.) were hopeful that an agreement in principle could be announced today.

The core elements will include a one-year patch to protect middle-income taxpayers threatened by the alternative minimum tax and a two-year extension of the favorable 15% rate for capital gains and dividends, due to expire at the end of 2008.

As part of the package, the financial-services industry appears certain of getting an extension of the "active financing exemption," important to multinationals. The exemption, which dates back to 1997 and is due to expire this year, says that U.S.-based firms shouldn't be taxed on the active business income earned abroad by their foreign subsidiaries until the income is returned to the American parent.

But major provisions, approved by the House or Senate, will be left out in anticipation of a second tax bill. Mr. Grassley said he didn't think the second package, which would include the research and development tax credit and more AMT relief for 2007, needed to be announced today, but "we have to have some consensus."

The progress on the tax front came as the Senate Republicans won approval of $1.9 billion in emergency spending for border security designed, in part, to ease conservatives' concerns and lay the groundwork for a second try at passing immigration legislation next month.

Most of the funds would go to buying patrol boats, aircraft and other equipment for Coast Guard and Customs and Border Protection operations. Senate Majority Leader Bill Frist (R., Tenn.) hopes to burnish the Republican image on border issues before again tackling immigration.

The action follows a White House meeting Tuesday at which President Bush urged senators in both parties to try again to complete a proposal that stalled before the spring recess. Republicans say he is clearly sympathetic to provisions that authorize expanded guest-worker programs and a path toward legalizing millions of undocumented workers in the U.S.

"I think he is really going to lean into this one," said Sen. Sam Brownback (R., Kan.), who said Mr. Bush had read -- and urged him to get -- the book "Judgment Days" by Nick Kotz, which details the relationship between another Texan, Lyndon Johnson, and Martin Luther King Jr. running up to the Voting Rights Act of 1965.

Mr. Brownback said that just as President Johnson went against Southern forces in the Democratic Party, Mr. Bush appeared prepared to tackle conservatives in his own. "I think Bush sees [immigration] somewhat in that category," Mr. Brownback said. "I think the president really wants to get something. He thinks this is the issue of this year's legislature ... I think this is Bush's time as far as affecting millions of people."

The $1.9 billion for border security would be wrapped into a $106.5 billion appropriations bill to continue paying for the war in Iraq and hurricane recovery efforts along the Gulf Coast. Emergency defense funds would be reduced so the net cost of the package wouldn't increase. But the underlying bill remains $14.3 billion above the administration's request and is already the target of White House veto threats.

Mr. Frist said that he has 35 votes to sustain any future veto, but when put to the test yesterday, his party was more likely to support Senate Appropriations Committee Chairman Thad Cochran (R., Miss.) who argues more money is needed for the Gulf Coast.

On a 72-26 roll call, with a majority of Republicans on his side, Mr. Cochran easily tabled a first conservative effort to roll back the cost of the bill to the president's request of $92.2 billion. And with the help of Mississippi Gov. Haley Barbour, a former Republican national chairman, Mr. Cochran won a 49-48 vote blocking efforts to strip out $700 million to help relocate a CSX Corp. rail line in the state.

US Senate Frees Up Two Billion Dollars For Border Security (AFP-Y2)

DOJ_NMG_0027003

AFP, April 26, 2006

The US Senate voted to set aside nearly two billion dollars for improving border security, in a move hailed as an important first step toward immigration reform.

By a vote of 59 to 39, the Senate approved an amendment by Republican Senator Judd Gregg that would free up 1.9 billion dollars in credits for surveillance planes and building a fence near San Diego, California, along the border with Mexico.

"Securing our border is the first step for any action that we need to take in terms of more comprehensive reform in immigration, ... an issue that we will come back to," said Senate Majority Leader Bill Frist.

Immigration has risen to the top of the national political agenda ahead of November's mid-term legislative elections.

The issue has divided the Republican Party, with some members of Congress pushing for strict penalties against illegal immigrants and those who employ or assist them.

For the past two years, President George W. Bush has been asking for a sweeping reform of border security procedures and a "guest worker" program.

The debate has spurred hundreds of thousands of immigrants and rights advocates to protest in Los Angeles, New York, Houston, Washington and dozens of other US cities, with a massive nationwide protest and boycott planned for May 1.

Senate Adds $1.9 Bln In Spending On Border Security (Update2) (BLOOM)

By Brian Faler

Bloomberg, April 27, 2006

April 26 (Bloomberg) -- The U.S. Senate voted to cut $1.9 billion from Defense Department programs so it can spend the money on aircraft, patrol boats and other equipment to boost border security.

The Senate approved the border-security changes in a 59 to 39 vote on an amendment to a $106 billion emergency spending measure for military operations and hurricane recovery.

Under the amendment, $1.9 billion will be used to replace surveillance aircraft, patrol boats, ``outdated'' vehicles, communications equipment and other improvements that lawmakers said were urgently needed to secure the nation's borders.

``The purpose of this amendment is to basically give the people who are defending us on our borders -- the border security agents, the Customs agents, the Coast Guard -- the tools they need to their job right,'' said Senator Judd Gregg, a New Hampshire Republican. ``We can bring the border under control and we're on a path to do that.''

Democrats denounced the border-security plan, saying it forced lawmakers to choose between supporting American troops and protecting the country's Southwestern border.

`Urgent Need'

``Border security is an urgent need and it should and must be addressed by this Congress,'' said Senator Hillary Clinton, a Democrat from New York. ``But our security and our values are not served by choosing between protecting our troops and protecting our homeland.''

A Democratic alternative proposal, which would have made paid for the border security equipment without cutting defense programs, was rejected on a 54-44 vote.

Republicans said their plan would cut non-emergency defense programs, not funds for troops, and was more fiscally responsible because it wouldn't increase the overall size of the spending measure.

The legislation includes money to replace the U.S. border protection agency's only unmanned surveillance aircraft, which crashed yesterday in Arizona.

The chamber also rejected, by 72 to 26, a proposal to cut the $106 billion spending bill by more than $10 billion as the Bush administration has demanded. The White House Office of Management and Budget yesterday said President George W. Bush would veto any legislation spending more than $94.5 billion.

Senator Craig Thomas, a Wyoming Republican who sponsored the proposal, said it would have cut billions in unnecessary spending. After the vote Thomas said he was confident the Senate would reduce the total cost of the measure.

`Reduced'

``I think when it's all over you'll see a lot more people being opposed to it unless it's reduced quite a bit,'' he said.

The House has approved legislation that closely tracks the president's request, capping the spending at about $92 billion.

Differences between the House and Senate measures will have to be resolved by a conference committee.

The border security spending is part of an effort by Majority Leader Bill Frist to gain support for pending legislation, now stalled in the Senate, to overhaul the nation's immigration laws.

The immigration measure would beef-up border security, create a temporary worker program and allow millions of illegal immigrants to gain legal status has stalled in the Senate over disagreements on a number of proposed amendments to the plan. The House has approved legislation that would crack down on the hiring of undocumented workers while calling for the

construction of a 700-mile fence along the border. The Bush administration has called for overhauling U.S. immigration laws, including the creation of a guest-worker program.

Gregg, Clinton Face Off (NHUL)

By From Staff And Wire Reports

New Hampshire Union Leader, April 27, 2006

WASHINGTON – A war of words broke out yesterday between Sens. Judd Gregg and Hillary Clinton after the Senate approved Gregg's proposal to divert some of the money President Bush requested for the war in Iraq to instead bolster U.S. border security.

Sen. Clinton, D-N.Y., said Gregg's cuts would "take money from troop pay, body armor and even joint improvised explosive device defeat fund. Now that is a false choice, and it is a wrong choice."

Gregg responded heatedly, arguing that the cuts eventually would come from other parts of the massive Pentagon budget rather than U.S. forces in Iraq.

"To come down here and allege that these funds are going to come out of the needs of the people on the front lines in Iraq or Afghanistan is pure poppycock," he said.

The Senate passed Gregg's amendment yesterday by a vote of 59-39. The amendment cuts President Bush's Iraq request by $1.9 billion to pay for new Border Patrol agents, aircraft and some fencing at border crossings widely used by illegal immigrants.

"Yes, fighting the war in Iraq is critical to this war on terrorism," Gregg said on the Senate floor Tuesday. "Fighting the war in Afghanistan is critical to this war on terrorism. But I have to think equally important is making sure that our borders are secure."

While the border security funds had sweeping support, Democrats and Republicans argued over whether the cuts to Pentagon war funds would harm troops on the ground in Iraq.

Gregg's proposed cuts trim Bush's request for the war by almost 3 percent but don't specify how. Yesterday, his press secretary said the money could be drawn from portions of the President's request that would not affect current U.S. troops in Iraq.

In his floor statement, Gregg said the majority of dollars in the amendment — more than $700 million — would go to improving the air fleet used to patrol U.S. borders. Some of the planes are 40 years past their useful life, he said.

Gregg said the United States has had just one unmanned aerial vehicle conducting surveillance along the border. On Tuesday, he said, it crashed.

Other portions of Gregg's amendment would go to new cars and helicopters. Gregg said he also hoped to buy new boats for the Coast Guard.

Gregg chairs the Appropriations Homeland Security Subcommittee. His plan, he said, would "give the people who are defending us on our borders, the border security agents, the Custom agents, the Coast Guard, the tools they need to do their job right — the unmanned vehicles, the cars, the helicopters, which are a critical part of our fight in the war on terrorism. It has to be done now."

Yesterday's vote came in the wake of a toughly worded promise by the White House to veto the $106.5 billion measure unless it is cut back to below $95 billion.

In its veto statement, the White House said the bill contains too many items that are "unrelated to the war or emergency hurricane relief needs." It said a final House-Senate compromise on it "must remain focused on addressing urgent national priorities while maintaining fiscal discipline."

The move is likely to force senators to drop most of their $14 billion in add-ons for farm aid, highway repairs, aid to the Gulf Coast fishing industry and other projects. The additional money had won the ire of the White House and GOP congressional leaders and scorn from conservative allies whose support is crucial on Election Day.

The bill is sure to be carved back in House-Senate negotiations next month, and Bush may very well not have to follow through on his veto promise.

The White House statement said farm aid in the bill is unnecessary after a booming 2005 crop year and that a controversial $700 million relocation of a Mississippi freight rail line would unfairly put taxpayers on the hook for privately owned infrastructure.

To accommodate the White House's objections would require the Senate to shed numerous projects. That would represent a departure from how a disaster aid bill was handled in December, when Congress added $12 billion in new spending not requested by Bush.

Even as the White House raised the potential of a first-ever Bush veto, the administration on Tuesday asked the Senate for $2.2 billion more to repair and strengthen levees in and around New Orleans. The request wouldn't add to the overall cost of the bill since it was accompanied by a decrease in Federal Emergency Management Agency disaster funds.

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The White House acknowledges that FEMA coffers would have to be replenished again in the fall instead of next year under the proposal.

Bush insists that total spending in the bill be capped at his $92.2 billion request for Iraq and hurricane relief, though he is willing to accept $2.3 billion in the bill to prevent an outbreak of avian flu. His February budget anticipated the funding, but the White House has been slow to follow up with a detailed request.

To date, Congress has provided about $315 billion for the war in Iraq and anti-terror spending since September 2001.

Minutemen Gaining In Immigration Debate (AP-Y2)

By Gillian Flaccus

AP2, April 26, 2006

Laurie Lisonbee worried about illegal immigration but figured it was somebody else's issue — until she saw hundreds of thousands of immigrants and their supporters marching across her TV screen.

Soon, Lisonbee had recruited several friends to attend a demonstration by the Minuteman Project, a volunteer group that patrols the border to keep out illegal immigrants. Now, the 51-year-old art professor checks the group's Web site daily and plans a summer trip to the Mexican border to help build a fence.

Minuteman organizers say this spring's marches have proved to be an unexpected recruitment tool for Americans who feel uneasy about the burgeoning immigration movement but may have considered the organization a pack of gun-toting vigilantes.

"We're not trying to be more mainstream — mainstream has found us," said Stephen Eichler, the group's executive director. "They're saying, 'These guys actually have teeth, they don't all chew tobacco, they don't all have a gun rack in the back of their truck.' They're saying, `They believe what I believe,' and they're joining us."

Lisonbee, a registered Republican, said only one issue matters to her now.

"My vote will go to the candidate who's the toughest on immigration, whether they're Democrat or Republican," she said from her home in Orem, Utah. "Before, we were pretty much the types of people who would call our congressmen and not take to the streets. But that's all changed now."

The Minuteman Project first gained attention last year when Orange County resident and former tax accountant Jim Gilchrist helped lead its first 30-day patrol of the border in Arizona. The group has added mainstream political tools, including a network of local chapters and e-mail lobbying campaigns.

In December, Gilchrist, a former Republican, ran as a third-party candidate in a special House election in Orange County, Calif., finished a respectable third with 25 percent of the vote.

Since this spring's huge pro-immigrant rallies, 300 people nationwide have applied to start local chapters, according to Eichler. The group's goal is 500 chapters by December and a membership of 1 million within 1 1/2 years, Eichler said.

Eichler claimed the organization's membership has climbed to more than 200,000.

But Heidi Beirich, deputy director of the Southern Poverty Law Center's Intelligence Project, which monitors the Minuteman Project for racist rhetoric, said that estimate appears to be ridiculously high. She offered no estimate of her own.

"At the border during this last outing, they had maybe 50 people. If they have 200,000 people, it doesn't seem right," she said.

Beirich also questioned the premise that pro-immigrant rallies will help the Minuteman Project. She said many recruits may attend one or two rallies, but leave after they discover what she called the group's extremist attitudes.

"They get in there and they're like, `My God, I didn't sign on for this,'" she said.

In the coming weeks, the Minuteman Project plans to set out in a caravan from Los Angeles to Washington, with stops in 13 cities, including President Bush's vacation haven of Crawford, Texas. It is also raising money to build a private fence along parts of the California-Mexico border.

Increased security along the border is a popular idea on Capitol Hill, where the immigration debate will soon resume. How to treat the approximately 11 million illegal immigrants now here is where Congress splits — a House bill would criminalize the immigrants, a Senate bill would offer guest worker status and a potential path to citizenship.

David S. Meyer, a professor of sociology and political science at the University of California, Irvine, said the growing Minuteman movement has "stiffened the spine" of conservative politicians who might otherwise be wary of publicly identifying with the organization's views.

He said the recent workplace crackdown at a pallet manufacturer that resulted in 1,100 arrests at 40 U.S. sites was part of an attempt by the Bush administration to appease the Minuteman Project and its congressional supporters. Bush supports a guest worker program.

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"The debate has kind of come to them, and they're clever enough politically to realize that," Meyer said. "People in mainstream politics who are not associated with the Minuteman Project are essentially voicing their position, which is a victory itself."

Immigrants Divided On Boycott (WP)

By Karin Brulliard And Krissah Williams

The Washington Post, April 27, 2006

Disagreement over whether immigrants should walk off the job and boycott businesses Monday appeared to deepen yesterday as one immigrant group mustered support for the protest while another group cautioned immigrants that it might put their jobs at risk.

The controversy over what has been called "a day without immigrants" has exposed a rift in the immigration reform movement over the best course of action after successful demonstrations April 10 in cities across the nation.

Although groups in Dallas and Los Angeles say momentum is building for a major May 1 boycott, the coalition that organized the recent rally on the Mall has discouraged participation for fear it could lead to firings and create a negative climate as Congress debates immigration legislation.

"We don't want to be the ones telling people to risk your job, risk your well-being," said Maryland Del. Ana Sol Gutierrez (D-Wheaton), who was joined yesterday by other Latino officials at a news conference.

Rather than protest, the officials said, workers who are excused from their jobs Monday should engage in such civic activities as cleaning parks and supporting voter registration efforts.

An opposing vision for the day was presented at a second news conference called by a group that was part of the April 10 effort -- Mexicans Without Borders -- and several smaller immigrant groups. They said a walkout and business boycott would up the ante in response to a congressional deadlock on immigration reform and multi-state raids in which 1,000 illegal immigrants were arrested last week.

"We want to show that our absence will leave an emptiness that cannot be filled," said Ricardo Juarez, coordinator of Mexicans Without Borders.

Speakers at both events emphasized that although they disagree over the boycott, they remain unified in their quest for legal status for immigrants who entered the country illegally.

"Not even in the civil rights movement did you have just one strategy," said Mario Cristaldo, the general coordinator for Voting Rights for DC Coalition, one of the groups that advocated a boycott yesterday. "This is a democratic system, and people agree and disagree."

That thought was echoed by Gutierrez, who was joined by Arlington County Board member Walter Tejada (D), Prince George's County Council member William A. Campos (D-Hyattsville), Montgomery County Council member Tom Perez (D-Silver Spring) and officials from two Prince George's municipalities.

"I don't know why there is the expectation that all of the Hispanic community would be on the same page or act monolithically," Gutierrez said. "We are not as organized as groups on the West Coast. There is not going to be a single leader or a single organization telling people what to do. This is coming from the bottom up."

The six groups backing the boycott -- including the National Association of Indigenous Salvadorans and the Latino Media Collective -- said they think the immigrant community supports the idea. Juarez said a recent survey by his group of more than 2,000 immigrants in the Washington region found that 97 percent said they would participate in the boycott even if it meant losing their jobs.

"For us, this poll was the voice of the people," Juarez said. "We are with the people and the voice of the people."

But most unions, chambers of commerce, churches and immigrant groups in the Washington area have been lukewarm to the idea of a boycott. The National Capital Immigration Coalition, the April 10 umbrella group, is planning Monday gatherings in the District, Baltimore and Prince George's County in the late afternoon and evening so people can attend after work or school. In Virginia, activists will stand on the corners of major intersections in Herndon, Alexandria and Baileys Crossroads, waving large banners advocating immigration reform.

"We have been trying to come out to educate the American community that we are immigrants who come just to work. . . . That has been very successful for us so far," said Juan Carlos Ruiz, a coordinator with the coalition. "We believe that if there is a need for a strike, we should use it, but we don't think it should be done right now."

Jorge Ribas, president of the Western Maryland Hispanic Chamber of Commerce, said that his group has taken no official position on the issue but that he does not believe many Hispanic business owners will participate.

"Hispanics are too pragmatic. They are not going to shut down just for that," he said. "Most are start-up businesses, and the owner is the sole employee."

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The AFL-CIO, the Service Employees International Union and other unions that supported the April marches for immigrant rights do not support the boycott. Unions said authorizing what amounts to a strike for a day could be considered a breach of their contract agreements.

The support of mainstream business groups for immigration reform also influences those who oppose the boycott.

"Business is on our side. I'm thinking, why hurt business?" said Manuel Hidalgo, executive director of the Latino Economic Development Corp. in Washington and a member of the immigration coalition.

Some observers said immigrants seem unsure what to do about the boycott. Giovanna Tassi, manager of Radio Latina (950 AM), said that May 1 is a constant topic of discussion on the station's morning talk shows and that many callers express enthusiasm for the idea -- until, she said, she explains that most local immigrant advocates are not behind it.

The Rev. Jose E. Hoyos, director of the Arlington Catholic Diocese's Spanish Apostolate, said he has been bombarded with calls from immigrants asking questions and seeking advice. He has told them to continue with business as usual and attend community events in the evening, he said.

"That's like we are against the system," Hoyos said of a work stoppage. "We want to be part of the system."

D.C.-area Hispanics Oppose Boycott (WT)

By Keyonna Summers

The Washington Times, April 27, 2006

Local Hispanic elected officials yesterday discouraged participation in Monday's nationwide immigrant boycott of work and school and instead urged immigrants to show solidarity with American citizens.

"We encourage all residents of the Washington metro region to participate in activities on May 1 ... that are peaceful, educational and raise awareness of the contributions immigrants make to our nation," said Arlington County Board member J. Walter Tejada, a leading immigrant advocate.

Prince George's County Council member Will Campos issued a plea to all immigrants: "Please do not boycott anything on May 1."

"We are trying to establish relationships with our federal leaders for comprehensive immigration reform and a boycott, especially of this magnitude, could damage that relationship," said Mr. Campos, Hyattsville Democrat.

The Hispanic leaders were responding to calls for a nationwide immigrant boycott organized by the California-based Latino Movement USA and Act Now to Stop War & End Racism (ANSWER) coalition.

Called "a day without an immigrant," the proposed boycott aims to highlight immigrants' place in the economy by having them close their businesses, skip school and work and avoid spending money.

Last week, local leaders of pro-immigration rallies held April 10 withdrew their support of Monday's boycott.

Officials from Arlington, Montgomery and Prince George's counties yesterday said they fear that holding a boycott so soon after the rallies, which drew hundreds of thousands of immigrants and demonstrators across the country, might generate a backlash against immigration and result in lost jobs.

Instead, they encouraged immigrants to register to vote and begin petition drives Monday -- activities that Maryland state Delegate Ana Sol Gutierrez said are as "American as apple pie."

"We want to form alliances with our American friends," the Montgomery County Democrat said.

Meanwhile, the U.S. Senate this week returned to work on an immigration reform bill -- the focus of this month's rallies.

The United States is home to an estimated 12 million illegal aliens, about two-thirds of whom arrived in the past 10 years, according to the Pew Hispanic Center, a nonprofit research group.

Illegal aliens cost the country and localities millions of dollars each year in unpaid income and Social Security taxes and in education and health care benefits, several state and federal leaders have said.

"We believe that all these [immigration] issues that we confront at our local government can be resolved by the federal government taking a comprehensive approach to our immigration crisis today," said Mr. Tejada, former chairman of the Virginia Latino Advisory Commission, which compiled a report on a state law denying illegal aliens' access to public benefits.

Advocacy groups on the West Coast, particularly in the border state of California, said immigrants and illegal aliens plan to participate en masse in the boycott. But other groups have expressed reservations about the effort.

Juan Jose Gutierrez, director of Latino Movement USA, said he will be satisfied with any kind of participation Monday.

"The fact that most of the people are in fact doing different activities on May 1 [is] in itself is a major step forward in the struggle for comprehensive immigration reform," Mr. Gutierrez said in a telephone interview from California. "Without the boycott, they probably wouldn't be doing anything at all."

However, the Virginia-based group Mexicans Without Borders said it has withdrawn its support of the boycott, after having endorsed the event last week, said Manuel Hidalgo, executive director of the Latino Economic Development Corp.

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Some small-business owners plan to close their doors early to attend evening events but cannot afford to shut down completely, said Mr. Hidalgo, whose group trains Hispanic workers and provides loans to Hispanic businesses.

U.S. Lobbyists Lash Out At Mexican Boycott (AP)

By Alan Clendenning

AP, April 26, 2006

U.S. lobbyists lashed out Wednesday at the Mexican "Nothing Gringo" campaign timed for May 1 to coincide with the "Day Without Immigrants" boycott in the United States.

The American Chamber of Commerce in Mexico said organizers are risking a backlash and foolishly targeting some of their best allies, since U.S. corporations have actively lobbied the U.S. Congress for immigration reform including legalization for many of the estimated 11 million undocumented migrants.

Mexicans' refusal to "buy American" on May 1 could further polarize the debate and make reform supporters seem anti-American at the very moment that lobbyists are trying to persuade lawmakers in Washington to pass a bill that would benefit migrants, worries Larry Rubin, the chamber's president.

"This is like shooting oneself in the foot," Rubin said. "U.S. companies have been the first to lobby, launching a huge lobbying effort for immigration reform. ... Why hurt something that is helping you?"

Migrants and their supporters in the United States are being encouraged to skip work and school and not spend money for one day to demonstrate the migrants' importance to the U.S. economy.

South of the border, Mexicans are targeting American stores and chain restaurants — "That means no Dunkin' Donuts, no McDonald's, Burger King, Starbucks, Sears, Krispy Kreme or Wal-Mart," reads one e-mail making the rounds.

But even activists are confused about which companies are U.S.-owned. Sears is cited by boycott organizers, despite the fact that Sears' Mexico stores were bought by Mexican billionaire Carlos Slim in 1997. And few organizers mention Vips — the chain of ubiquitous Mexican diners — even though they are owned by Wal-Mart Stores Inc.

A quarter of Mexico's formal private-sector jobs with regular pay are provided by U.S. firms, according to the chamber, including Walmex, the Mexican Wal-Mart subsidiary that is the nation's biggest private employer with 140,000 workers. Delphi Corp., the U.S. auto parts maker, is second with 70,000 workers.

"Certainly, companies could be hurt," Rubin said at a news conference Wednesday.

The chamber represents more than 2,000 American and other foreign companies doing business in Mexico, and says its members are responsible for $100 billion of investment in the country.

The companies say they're helping Mexico by providing jobs, but activists counter they pay so little that Mexicans have little choice but to head north.

Backers of the Mexican boycott insisted Wednesday that the protest could send a message that American companies should offer better pay and benefits to their Mexican workers.

"They continue to exploit Mexicans with badly paid jobs and no labor rights," said Roberto Vigil, who works in the Mexico City office of the California-based immigrants rights group Hermandad Mexicana. "They're kind of two-faced: they support, but they exploit."

Unskilled workers at U.S. companies usually start with Mexico's minimum wage of $4.35 a day. While many earn more, such as seamstresses making an average of $5.89 a day — even these wages pale in comparison to paychecks offered by the same companies north of the border, conceded the chamber's Humberto Banuelos.

A cashier at Subway (or "sandwich artist," as the company refers to them) earns about $189 a month in Mexico City. In Colorado, Subway cashiers make four times that — $824.

Companies also often hire workers for three-month periods to avoid paying health insurance or other benefits, activists say.

"Yes, we are aware that they are the largest employers in the Mexican republic, but they are paying crumbs," said Martha Suarez Cantu, coordinator of Alianza Braceroproa, a Mexican labor-rights group helping organize the boycott.

The only way to stem immigration is to narrow the income gap between the two countries, said Robert Pastor, director of the Center for North American Studies at American University in Washington. He pointed to the European Union, where migration slowed after heavy investment reduced the income gap in its poorer countries.

Washington does not invest directly in job creation in Mexico. The U.S. Agency for International Development gave Mexico $31 million last year, but it went toward scholarships, tuberculosis, AIDS prevention and advice to lending institutions.

But raising wages would cause Mexico to lose ground to countries with cheaper labor, such as China and India. Felix Boni, director of equity research at Scotiabank's Mexican brokerage firm, suggested boosting Mexico's productivity and job growth.

"U.S. aid is not going to do it," Boni said. "It doesn't make sense to pour money into something that's broken. Mexico needs to make structural changes."

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Migrants' Boycott Plan Is Crossing The Border (LAT)

By Héctor Tobar And Cecilia Sánchez, Times Staff Writers

The Los Angeles Times, April 27, 2006

MEXICO CITY — It began as a series of e-mails bouncing around Mexico and Central America, the kind of chain letter a lot of people think of as a nuisance.

"Send this message to as many people as possible!" read one sent by a video-rental shop owner in San Salvador to more than 200 clients. "Don't buy anything North American … No Dunkin' Donuts, McDonald's, Burguer [sic] King, Starbucks, Sears, Crispy Cream [sic], Wal-Mart…. "

Spreading now by word of mouth as well as through cyberspace, the campaign calls for a 24-hour boycott Monday of American businesses in Mexico and other Latin American countries. The idea is to show solidarity with immigrant rights protests scheduled in several U.S. cities that day.

This week, a growing number of business groups, trade unions and political leaders in Mexico said they planned to join the boycott, which will be on the traditional May Day holiday here.

Even though Internet access is still a luxury in Mexico (only 9% of households have it), word of the boycott is quickly spreading.

Teresa Garcia Hernandez, a 44-year-old nurse in Mexico City who doesn't surf the Internet, heard about the boycott from her teenage children.

"They're really excited about it and they're telling all their friends, cousins and uncles," she said. "They told me, 'Mama, since your friends don't have this thing called the Internet, you tell them in person not to buy anything gringo that day.' "

Many Mexicans are closely following the immigration debate in the United States. There is a growing sense among Mexicans that proposals being debated by the U.S. Congress could hurt millions of compatriots who crossed over illegally.

In Ciudad Juarez, across the border from El Paso, the Chamber of Commerce announced that its 5,000 members would neither buy nor sell U.S. products that day. And leaders of a Chihuahua state peasant group said they planned to block the bridges that link Ciudad Juarez and El Paso.

"For those of us who live on the border, it's to our advantage to shop in El Paso, but one day isn't going to hurt us," Ciudad Juarez resident Adriana Olague told the newspaper El Universal. "And this way we help the paisanos [countrymen] over there who are looking to get better treatment."

For some Mexicans, however, the talk of a boycott is worrisome.

In the Mexico City neighborhood of Anzures, Carlos Torres pointed out that his McDonald's franchise was the joint investment of "many families that are completely Mexican."

"With this boycott we could have serious losses," Torres said. "Just because it's an American brand doesn't mean the owners are gringos. This is our source of employment. The workers here are all Mexicans."

The growing clamor to buy "nothing gringo" on Monday has also caused concern among members of the U.S. Chamber of Commerce in Mexico.

Larry Rubin, president of the group, noted that 40% of the Mexican workforce is employed by U.S. companies. The chamber has lobbied for changes in U.S. immigration laws that would allow millions of Mexicans in the United States to gain legal status.

"Our members have been very vocal in support of a positive immigration reform in the U.S.," Rubin said. Boycotting American products "is not a good way for Mexicans to pay back this support," he said. "It's like shooting oneself in the foot."

Immigration groups in the U.S. conceived of their protest as "A Day Without Latinos," a name derived from a 2004 mockumentary in which California descends into chaos when it is mysteriously emptied of its Mexican population. Latin American activists quickly picked up on the slogan. One of the e-mails circulating through the region gleefully tells its recipients: "We can make the movie 'A Day Without a Mexican' into reality!"

Elmer Escobar, the owner of four Evolution Video stores in El Salvador's capital, San Salvador, got the "Day Without a Mexican" e-mail from a friend and promptly sent it to the 288 clients in his database.

In a country where nearly every family has a relative who has migrated to the U.S., joining the boycott feels a bit like an obligation, Escobar said.

"I have family in Los Angeles and San Francisco, relatives who came up from the bottom like I did," Escobar said. "We've all suffered to improve our lives. And the others who've migrated from Mexico, Guatemala and Honduras, they've come up from the bottom too. That's why we have to stick together."

A professor at the National University in San Salvador printed out the e-mail and posted it across the campus.

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In Guatemala, activists who work with Maya Indians are planning to use community radio stations to spread word of the boycott to rural areas.

"We want to send the message to the towns and settlements, asking people to tell their relatives in the U.S. not to send remittances [to Guatemala] on that day," said Ignacio Ochoa, director of the Nahual Foundation. "We believe that just boycotting American products won't have as big an impact."

Members of the Chamber of Commerce in the central Mexican state of Guanajuato have said they plan to join the boycott too, as have officials in the border states of Tamaulipas, Chihuahua and Coahuila. Sonora state, which borders Arizona, is not supporting the boycott.

But Mexican diplomats and President Vicente Fox are said to be afraid that the boycott could backfire.

"The Mexican government will not join boycotts of this nature," Foreign Minister Luis Ernesto Derbez said last week. All Mexican embassies and consulates in the U.S. will remain open.

On Tuesday, supporters of leftist presidential candidate Andres Manuel Lopez Obrador passed out fliers in support of the boycott at a campaign rally in Mexico City. But center-right candidate Felipe Calderon said he opposed the action.

"I've felt the temptation to show solidarity with the movement," Calderon said in an interview. But "it's important to understand that the immigration problem can't and shouldn't become a conflict between countries."

Calderon said he worried that the boycott would lead to an even greater "anti-Mexican" sentiment in the U.S.

Ernesto Zamora, a 65-year-old Mexico City retiree, said his family would honor the boycott even though it didn't buy many American-made products. His son, who left for Los Angeles to work in construction some years back, called to tell his father about the boycott.

"We can show the support of Mexico for the Mexicans who are over there," Zamora said of the boycott. "They're good workers and it's not right that they want to send them back."

Times special correspondent Alex Renderos in San Salvador contributed to this report.

Voters May Target Illegal Status (LAT)

By Ashley Powers

The Los Angeles Times, April 27, 2006

As Congress debates the polarizing issue of immigration, the founder of an anti-illegal immigrant group is pushing for San Bernardino to outlaw day labor sites and bar the undocumented from renting property.

Joseph Turner, executive director of the group Save Our State, submitted voter petition signatures this week that would force a City Council vote or a citywide election on the measure, which would also deny city permits, contracts and grants to businesses that employ illegal immigrants, and require that city business be done in English.

The proposal comes as Congress tries to hash out its plan for immigration reform — a debate that has sparked rallies large and small around the country and rekindled the dispute over how best to deal with the nation's estimated 11 million to 12 million illegal immigrants.

The federal fight has trickled down to cities, including Maywood in Los Angeles County and Coachella in Riverside County, where officials have declared their towns sanctuaries for illegal immigrants. Costa Mesa was recently thrust into the national spotlight when it decided to allow police to check the immigration status of suspected felons.

The reaction to the proposal in San Bernardino has already ignited a fiery local debate.

"This is bigoted and I don't think Latinos will be the only ones who suffer. They're going to pick certain parts of the population to run out of town," said Marianna Gonzales of the National Alliance for Human Rights, a Riverside-based immigrant advocacy group.

City Councilman Chas A. Kelley praised the ordinance as creative lawmaking needed to cope with the city's undocumented residents.

"Most people obey the law and the law says you come to this country legally. Period," he said. "It's not cruel. It's not about being racist. It's obeying the law."

The Pew Hispanic Center estimates that Riverside and San Bernardino counties have about 215,000 illegal immigrants.

Latinos account for nearly half of the city of San Bernardino's 200,000 people, and city voters elected Judith Valles, the country's first Latina mayor of a city with a population over 100,000, to two terms in office. Josie Gonzales, the sole Latina on the county Board of Supervisors, represents a district dominated by San Bernardino.

The Southern California town that most recently waded into the immigration debate is Costa Mesa, a city of 110,000 whose council endorsed using its police officers to check the immigration status of suspected felons. The decision divided the city, triggered protests and may have played a role in the police chief's recent resignation.

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"Local [immigration] legislation can often polarize a city, and you see that now in Costa Mesa," said UC Irvine professor Louis DeSipio, who specializes in ethnic politics.

"My suspicion is that it may create a long-term distrust between the immigrant community and native citizens."

DeSipio called city attempts at immigration law largely symbolic, since enforcement tends to be spotty. "It's a reaction to the perception that the feds are failing," the professor said.

Indeed, the San Bernardino proposal stemmed from Turner's view that larger government bodies were doing little to combat illegal immigration. Local leaders, in turn, were "aiding and abetting illegal aliens to get jobs and reside in our city," he said.

Turner also acted to prevent creation of a city-run day labor center, which San Bernardino leaders had discussed but never approved.

Under a rarely used provision of the city charter, Turner needs only 2,216 approved signatures for the proposal to be sent to the seven-member City Council, which would have to vote on the plan but could not alter it. If the council rejects the ordinance, a special citywide election must be held in 90 to 135 days.

Turner this week submitted about 3,100 signatures, which the county registrar of voters has to certify by May 4, three days after a planned national boycott of schools, workplaces and stores to protest congressional proposals against illegal immigrants.

"Is it divisive? Yeah. Is democracy divisive? Yeah," said City Councilman Neil Derry, who said he agreed with some of the proposal's tenets but questioned how they would be implemented.

The far-reaching ordinance would ban illegal immigrants from renting or leasing property, allow police to seize vehicles used to pick them up and punish businesses that employ them.

It would also preclude the city from funding or building day labor centers and force privately run centers to verify the immigration status of anyone using their sites, according to an analysis by the city attorney, who added that the law would be vulnerable to a court challenge.

"It's going to be a laughingstock," said Jesse Diaz, an organizer for the March 25 Coalition, which headed a rally for immigrant rights in downtown Los Angeles that drew an estimated 500,000 people.

"Something like that is not going to pass in a city that once elected a Latina mayor," he said.

Outside a San Bernardino Home Depot, day laborer Jose Enriquez, 29, said he relied on construction jobs to support his 10-year-old son in El Salvador. Any such crackdown would make it far harder for him to earn money, he said.

"I'm not looking to bother people or anyone," said Enriquez. "Police should go after drug dealers or people with guns, not people who are just looking for work."

*

(INFOBOX BELOW)

Provisions

Main points of an anti-illegal immigration petition filed in San Bernardino:

· The city of San Bernardino would be prohibited from operating, constructing, maintaining or funding any day labor agencies. Any day labor agency would be prohibited from finding work for undocumented workers.

· Any person who solicits a day laborer from a vehicle would have the vehicle seized and impounded.

· Any business that employs ("aids and abets") a day laborer would have its business permit denied for five years.

· Undocumented immigrants would be prohibited from renting or leasing property in the city. Any property owner renting to such an immigrant would be fined a minimum of $1,000.

· All official city business, including forms and documents, would be in English only, except as required by federal, state or county laws.

Source: San Bernardino

Court To Decide Whether To Let Illegals Suit Proceed (WT)

By Guy Taylor

The Washington Times, April 27, 2006

Lawyers for employees of a Georgia-based manufacturer yesterday urged the Supreme Court to allow a lawsuit that accuses the flooring company of suppressing workers' wages by recruiting illegal aliens.

Even though the case involves the politically explosive matter of illegal labor, it arrived before the justices because of a dispute over the lawsuit's use of the Racketeering Influenced Corrupt Organizations Act (RICO) -- a law traditionally used to prosecute organized crime.

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Chief Justice John G. Roberts Jr. asked the lawyer representing the employees, who are backed by the Bush administration, why their accusations against Mohawk Industries, which appear to fit under general criminal conspiracy law, had been brought under RICO.

"I'm trying to give you an opportunity to tell why this case constitutes RICO, and you're telling me 'interstate commerce' and that it happened with more than one person," the chief justice said. "Those are things that can be handled by criminal conspiracy law."

Justice Stephen G. Breyer said allowing the case to go forward could effectively "RICO-ize vast amounts of commercial activities" that have "nothing to do with organized crime."

Winning parties in RICO cases can be awarded triple damages -- notably higher awards than winners in non-racketeering criminal cases. Congress expanded RICO in 1996 to include violations of immigration law.

The group of current and former Mohawk employees say the company violated RICO by systematically contracting outside recruiting firms to hire illegals. The lawsuit says Mohawk provided identification cards to illegal aliens, which helped them avoid detection by immigration authorities.

The case stalled after Mohawk filed a preliminary motion to have it dismissed, arguing that it was improperly filed under RICO on grounds the company's activities did not constitute a racketeering "enterprise" as described by the language of the law.

Carter G. Phillips, the lawyer who represented the company yesterday, told the justices that providing ID cards to workers was part of the company's regular personnel practices, not a racketeering enterprise.

Mohawk denies knowing that it had illegal aliens on its payroll.

The high court agreed to weigh in after two lower federal courts denied Mohawk's motion.

Court observers noted the greater immigration underpinnings of the case likely will not come to the forefront until the justices decide whether to allow the case to go forward under RICO or order it to be refiled under another criminal law.

Yesterday's debate "was only to discuss the motion to dismiss," said Lynda S. Zengerle, a prominent immigration lawyer in the District, who predicted the case would not be dismissed.

"It was basically like Clinton's 'what is the definition of is,' " she said, referring to the former president's grand jury testimony.

Justice David H. Souter was critical of Mohawk's effort to dismiss the case yesterday, saying the deeper issue at hand centered on whether the company was "providing cover for the illegal status of the aliens" it hired.

Justices Debate Illegal Hiring Case (LAT)

By Nicole Gaouette

The Los Angeles Times, April 27, 2006

WASHINGTON — In a case that could provide a new way to crack down on firms that hire undocumented immigrants, the Supreme Court on Wednesday considered whether companies could be charged with racketeering if they used contractors to hire undocumented employees.

The case was brought by employees of Mohawk Industries Inc., a Georgia carpet maker, who say the company depressed their wages by hiring undocumented immigrants.

The justices focused on narrow questions: Whether a firm and an outside contractor fit the definition of an "enterprise" under the Racketeer Influenced and Corrupt Organizations statute, or RICO, and whether corporations could be sued at all under a law originally meant to chase down the mob.

But with a handful of similar cases already in the courts, a decision for the Mohawk employees could generate numerous civil suits against businesses reliant on immigrants. The decision could also affect the use of RICO in criminal cases. The Justice Department, which had a lawyer in court to support the employees' argument, uses the law to send corrupt union leaders to prison and win financial damages from pension funds.

Some business groups say they are worried by the prospect of new RICO cases. "We don't think it's a proper use of the RICO statutes, frankly," said Laura Foote Reiff of the Essential Worker Immigration Coalition, a business alliance.

"Unless we get an immigration reform bill, we're going to see more and more RICO cases, and that's a huge problem for business and a misuse of the RICO statutes," Reiff said.

Congress is considering an overhaul of immigration laws that could include measures to allow more foreign workers to take jobs legally in the U.S.

Michael Hethmon, an attorney with the Federation for American Immigration Reform, which favors restrictions on all forms of immigration, said the case showed the federal government was unable to enforce immigration law.

"What we're seeing is a devolution of enforcement onto state and local officials and the citizens themselves through private actions," said Hethmon, who favors the use of the RICO law in immigration cases. "Congress intended this [RICO statute] to be a powerful tool. The needs for these kinds of tools are critical and the problems that are triggering this will only get worse."

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The RICO statute was written in 1970 to prosecute the Mafia. In 1996, Congress expanded it to include immigration law violations and specifically included the hiring of undocumented workers. As a legal tool, it has the attraction of allowing plaintiffs to claim triple damages.

RICO laws can only be applied if an enterprise separate from the defendant exists. Currently, these enterprises are described mostly as groupings of individuals. On Wednesday, the justices considered whether a corporation and an outside contractor recruiting illegal immigrants qualified as an enterprise under the law.

A few of the justices indicated an unwillingness to interpret the RICO statutes in ways that could expand their use.

Justice Stephen G. Breyer asked if Congress meant for the 1996 expansion to "RICO-ize with criminal penalties … vast amounts of ordinary commercial activity." Justice Antonin Scalia said he did not want a decision that would let lower courts probe the way corporations conduct their daily business.

But Justice David H. Souter questioned Mohawk's lawyer about whether "a scheme to provide phony IDs" for workers brought by a contractor fit the RICO definition of an enterprise.

The defense counsel, Carter G. Phillips, argued that an alleged practice of issuing false IDs was "simply Mohawk conducting its own affairs." He argued that it could not be guilty of a RICO violation because it was conducting its regular business.

Justice Department attorney Malcolm L. Stewart countered that businesses being used as a front for drug dealing could argue that they should not be sued under RICO, as they too were simply conducting their normal business. Stewart also told the justices that appeals courts had ruled unanimously in favor of a plaintiff's use of RICO in immigration-related cases.

The Mohawk case is currently on hold while the company appeals a trial court judge's refusal to dismiss the case.

Other RICO cases in the works include a lawsuit against Tyson Foods Inc., brought by the same Chicago-based lawyer, Howard Foster, representing the Mohawk employees. That case will be heard in 2007.

Foster also represents Canyon County, Idaho, in a RICO suit against local employers that is now under appeal.

The case before the Supreme Court is Mohawk Industries Inc. vs. Shirley Williams, et al. A decision is expected by the end of June.

Gingrich Slams Immigration Plans (WT)

By Eric Pfeiffer

The Washington Times, April 27, 2006

Former House Speaker Newt Gingrich yesterday said the government's failure to enforce immigration laws resembles its handling of Hurricane Katrina, and described current reform proposals in Congress as a "con."

Mr. Gingrich said he sympathizes with illegal aliens participating in protests and placed blame for the illegal immigration problem on businesses and the federal government.

"I do not blame someone who leaves poverty to seek prosperity," Mr. Gingrich said during a speech at the American Enterprise Institute. "They showed up here to work under a social contract and then [the government] tried to change the terms.

"We need to quit lying about who is hiring illegals -- it's Americans," said the Georgia Republican who is considered a potential presidential candidate in 2008.

Mr. Gingrich's own immigration reform plan, "Ending the Dishonesty: The Way Forward on Border Control and Patriotic Immigration," calls first for gaining control of America's borders, followed by a worker-visa program.

Mr. Gingrich said private companies such as American Express should run the worker-visa program. Worker cards would include a biometric identification system and require immigrant workers to pay taxes.

"There's zero reason to believe the federal government can run this program," Mr. Gingrich said.

In addition, Mr. Gingrich said a worker-visa program would allow prospective citizens currently obeying immigration laws to come to America immediately.

Mr. Gingrich said he favors the deployment of security fences at points of high traffic flow along the U.S.-Mexico border supplemented by electronic security and surveillance at areas of lower traffic flow.

In the past two weeks, Sen. Hillary Rodham Clinton, New York Democrat and potential presidential candidate in 2008, and Democratic National Committee Chairman Howard Dean have called for increased border security.

Mr. Gingrich conceded he previously fell prey to amnesty compromises during his time in Congress. "I voted for the '86 bill," Mr. Gingrich said. "It sounded fantastic."

The House last year passed an immigration enforcement bill that calls for nearly 700 miles of new fences on the U.S.-Mexico border and requires employers to check Social Security numbers to ensure employees are legal workers.

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The Senate is heading in a different direction, with leaders saying they have a general agreement on a broader bill that would create a program for future foreign workers and would legalize many current illegal aliens, offering them a path to citizenship.

Majority Says Nationality Shouldn't Be A Factor In Immigration Policy (WSJ)

By The Wall Street Journal Online

The Wall Street Journal, April 27, 2006

With immigration reform a hot-button issue in Washington, a strong majority of Americans say nationality shouldn't be a factor in U.S. immigration policy, according to a new Harris Interactive poll.

Many Americans support favorable treatment of immigrants under certain conditions. For example, nearly three-quarters of those polled said children of U.S. citizens should receive favorable treatment in order to immigrate into the U.S. and 67% said spouses should receive favorable treatment.

Likewise, half of the 2,377 U.S. adults surveyed said they support favorable treatment of immigrants who "might be punished, imprisoned or tortured if they are sent home."

But about two-thirds of those polled said U.S. immigration policy shouldn't give preference to people from some countries over people from other countries, compared with 21% who said the U.S. policy should give preference.

Among the factors to be considered when admitting immigrants to the U.S., 56% said fluency in English should be considered, and 51% said job skills should be taken into account. About a third of those polled said level of education and country of origin should be factors, and only 6% said religion should be considered.

However, respondents were divided when asked if they think immigrants from some countries make "a bigger contribution" than others. A third of those polled said some make a bigger contribution, 34% said they "all equally contribute" and 33% said "not sure."

Here are full results of the poll:

* * *

"When admitting immigrants into the U.S., which of the following factors should be considered?"

Base: All Adults

Total

Fluency in English 56%

Job skills 51%

Level of education 35%

Country of origin 33%

Religion 6%

None of these 27%

* * *

"Which of the following types of people do you think should be given favorable treatment so that it is easier for them to immigrate into the U.S.?"

Base: All Adults

Total

Children of American citizens 73%

Spouses of American citizens 67%

Asylum seekers who might be punished, imprisoned or tortured if they are sent home 50%

People with specialized technical skills where there are shortages 46%

Professional people like doctors, nurses or teachers 35%

Business people who are willing to invest in starting new businesses here 31%

People with graduate degrees 23%

Agricultural workers 22%

People willing to do unpleasant, low paying jobs Americans don't want to do 20%

Factory workers 12%

Sports stars 9%

None of these 16%

* * *

"Do you think that immigrants from some countries make a bigger contribution here than others, or do they all equally contribute?"

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Base: All Adults
Total
Immigrants from some countries make a bigger contribution 33%
It makes no difference where they come from, they will all equally contribute 34%
Not sure 33%
* * *

"Do you think that the U.S. immigration policy should give preference to people from some countries over people from other countries?"

Base: All Adults
Total
Yes, should give preference 21%
No, should not give preference 62%
Not sure 17%

Methodology:

Harris Interactive conducted this online survey in the U.S., April 11-17, 2006, among a nationwide cross section of 2,377 adults. Figures for age, gender, race/ethnicity, education, income and region were weighted where necessary to align with population proportions. Propensity score weighting was also used to adjust for respondents' propensity to be online. In theory, with probability samples of this size, one can say with 95% certainty that the overall results have a sampling error of +/- 3 percentage points of what they would be if the entire U.S. adult population had been polled with complete accuracy. This online sample is not a probability sample.

About Harris Interactive

Harris Interactive is a world-wide market research and consulting firm, best known for The Harris Poll and its use of the Internet to conduct scientifically accurate market research. For more information, see www.harrisinteractive.com. To become a participant in The Harris Poll Online and join future online surveys, see www.harrispollonline.com.

35 Senators Vow To Back Spending Veto (WT)

By Amy Fagan

The Washington Times, April 27, 2006

Thirty-five Senate Republicans signed a letter yesterday assuring President Bush they will back his veto of the emergency-spending bill for war efforts and hurricane relief if the final version exceeds his requested budget level.

"The Senate's willingness to support a veto reflects that we're not kidding about fiscal restraint and responsibility," said Senate Majority Leader Bill Frist, Tennessee Republican.

The signatures indicate there are more than enough votes to prevent the Senate from securing the two-thirds vote needed to override a veto.

Mr. Bush threatened this week to veto the emergency-spending bill if it goes beyond his requested level of $92.2 billion, plus an extra $2.3 billion the Senate added for pandemic flu preparation. Many conservatives had privately urged Mr. Bush to step up and make the threat, since the Senate version currently stands at $106.5 billion and contains many extra, unrelated spending items they want out.

But the first few tests of senators' willingness to cut the bill didn't go well. Senators voted 49-48 to kill a proposal that would have stripped a highly contentious $700 million plan to reroute a railroad in Mississippi -- dubbed by critics as "the railroad to nowhere."

And 72 senators voted to kill an amendment that would have immediately stripped the Senate bill down to Mr. Bush's level. Sen. Craig Thomas, Wyoming Republican, offered this proposal, which 26 Republicans supported.

When asked about the seeming inconsistency between the Republicans' letter and the refusal by some to cut the bill, a Senate Republican aide noted that the letter refers to the final House-Senate version of the bill.

Mr. Thomas said most members "want to reduce the total" cost, but are still discussing what to cut, so he wasn't surprised his proposal failed.

Sen. Tom Coburn, Oklahoma Republican, offered the railroad-stripping proposal as one of 19 separate proposals to cut items from the bill.

"Mississippi will win if this happens, but the future of our country loses," he said of the railroad plan. "It's not an emergency."

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Mississippi's two Republican senators vigorously defended the plan and lobbied fellow members to keep it in the bill. They argued the rail must be moved north, out of the path of future hurricanes. Sen. Arlen Specter, Pennsylvania Republican, was the deciding vote that allowed the measure to remain.

Mr. Coburn's time-consuming crusade didn't sit well with everyone. Sen. Christopher S. Bond, Missouri Republican, was overheard sarcastically complaining to an aide "That's just what I want to do -- vote on his 19 amendments."

As Republicans struggled over what and whether to cut, Democrats accused Mr. Bush of hypocrisy yesterday for his veto threat, saying he and Republicans have plunged the nation into debt over the past five years.

"We had a surplus five years ago," Sen. Hillary Rodham Clinton of New York said yesterday, referring to the end of her husband's tenure. "But the combination of this White House and this Republican majority has blown all of that to smithereens. This president has never vetoed anything, and now we finally get a veto threat on an emergency supplemental."

Mrs. Clinton, widely seen as a 2008 presidential hopeful, compared Republicans' call for spending restraint to a boy killing his parents and then asking the judge for leniency because he's an orphan.

But Republicans dismissed the hypocrisy charge as politics. Sen. Johnny Isakson, Georgia Republican, said Democrats "proposed a whole lot more spending than we did" over the past few years.

GOP Senators Spurn Bush's Order To Cut Bill (LAT)

By Richard Simon And Maura Reynolds

The Los Angeles Times, April 27, 2006

WASHINGTON — Defying a White House veto threat, the Republican-controlled Senate on Wednesday refused to pare back an emergency spending bill sought by President Bush that lawmakers had expanded to include their own pet projects, which included items as diverse as aid for farmers and money to reroute a Mississippi railroad.

The vote was a direct rebuff of Bush by a number of GOP senators and underscored a growing party rift at a time when the president's popularity has sunk to new lows in public opinion polls.

"I might be intimidated by my constituents, but not the president," Sen. Trent Lott (R-Miss.) said in an interview.

The Senate vote against cutting the $106.5-billion bill was a lopsided 72-26, more than enough to override a veto.

About half of the chamber's Republicans joined most of its Democrats to reject the reduction proposal.

The bulk of the measure's money would pay for the ongoing expenses for the conflicts in Iraq and Afghanistan and for Hurricane Katrina recovery efforts.

But earlier this week, Bush said he would veto the bill if its bottom line was not trimmed.

Last month, the House passed a $91.9-billion spending bill, which closely tracked with Bush's initial request.

Despite the Senate vote, several GOP lawmakers pledged to continue to try to cut the bill's cost.

They included Senate Majority Leader Bill Frist (R-Tenn.), who had encouraged Bush to issue his veto threat — an unusual step, given that the bill was crafted by other Republicans.

Bush has yet to veto a bill during his presidency.

Ultimately, Congress may send him a measure stripped of much of the funding he opposes.

"The bill we are debating is supposed to be about emergency spending — it's not an invitation to go on a shopping spree," Sen. Craig Thomas (R-Wyo.) said, pressing the case for cuts.

Still, the willingness of so many other Republicans to stand by the added spending requests starkly reflected the new political reality on Capitol Hill.

Until recently, Republicans almost always marched behind Bush's priorities — especially on issues involving the war on terrorism.

But Wednesday's vote illustrated his diminished clout, as well as lawmakers' differing political pressures.

Although Bush is not on the ballot this year, many GOP incumbents are. And they want to show constituents they are tending to their needs, even if that means running afoul of the White House.

The Mississippi railroad project has emerged as the most controversial addition to the spending bill.

Lott and the state's other senator, Republican Thad Cochran, said the railroad needed to be relocated for safety reasons. The tracks run along the Gulf Coast and could be easily damaged in another hurricane, they said.

The White House budget office has objected to using taxpayer funds to relocate a privately owned rail line. Officials have noted that the railroad owner, CSX Corp., has been using its own money to repair damage to the tracks caused by Hurricane Katrina.

But Lott, who served in the House for 16 years before winning his Senate seat in 1988, made clear he would not be swayed by such arguments.

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"The very idea that presidents, Republican or Democrat, have the only say over what is in a budget is outrageous," Lott told reporters. "I got elected. I was here when Bush got here, and I'll probably be here when he's gone."

Lott dismissed Bush's veto threat as "totally irrelevant at this point," given that any bill the Senate passed would have to be reconciled with the version that the House approved.

"I guess he's under pressure to veto something," Lott said. He added, "Thank you for your input, Mr. President."

The emergency spending measure also became the latest battleground in Congress' debate on overhauling the nation's immigration system when the Senate approved, 59-39, a provision that would allocate $1.9 billion to tighten border security.

The new money aimed at stemming the flow of illegal immigration into the U.S. would not increase the bill's cost because it would be offset by cuts to defense-related spending in other parts of the measure.

Some Republicans said the provision could improve the prospects for passing separate legislation to toughen border enforcement while creating a guest-worker program and a potential path to citizenship for many of the estimated 12 million illegal immigrants now in the country.

The immigration bill has stalled in part because Republicans disagree about whether it should focus solely on border security.

Sen. John McCain (R-Ariz.) said the spending approved Wednesday could help build support for the broader approach to immigration, "because then we can convince our constituents that our first and most important priority is border security."

Democrats were skeptical that the spending provision for border security would affect the immigration stalemate.

"We hope it works, but it's too soon to tell," said a senior Democratic leadership aide who requested anonymity when discussing the legislative jockeying.

A number of Democrats opposed the border provision, saying that paying for it could harm U.S. troops by reducing defense-related funding. The foes included Sen. Barbara Boxer (D-Calif.).

But Sen. Dianne Feinstein (D-Calif.) broke with party colleagues to support the $1.9-billion proposal. "This is what people are calling my office and saying — that we need to secure the border."

Army Chief Laments Defense Budget Fights (AP-Y2)

By Pauline Jelinek

AP2, April 26, 2006

Americans spent as much on "plastic Santa Clauses," tinsel and other holiday purchases last year as they will for defense in the coming year, the Army's top general said Wednesday, lamenting complaints about the military's budget requests.

Gen. Peter Schoomaker, the Army chief of staff, told reporters: "I just don't understand. ... What's the problem?"

Schoomaker said the defense budget the Bush administration requested for the fiscal year starting in October — nearly $440 billion — plus the costs of war in Iraq and Afghanistan, is 3.9 percent of the nation's nearly $13 trillion overall economy.

During World War II, military expenditures accounted for more than one-third of the economy, he said, calling today's piece of the pie the "lowest percent ... that we've ever spent in wartime."

"Here's what is amazing to me. ... What do you think we spent on plastic Santa Clauses and tinsel and all this stuff for Christmas last year ... the holidays?" Schoomaker asked during a meeting with reporters. "The answer is $438.5 billion, roughly equivalent to the defense budget."

The general said he got the figure on Christmas spending from a newspaper clipping quoting the National Retail Association.

The actual number from the National Retail Federation was a few billion less — $435.3 billion — and it was a projection for "winter holidays," meaning it included Thanksgiving turkeys and other seasonal spending, said federation spokeswoman Kathy Grannis.

Even so, the general's point was clear: America is a rich country, and he thinks it needs to spend more on defense.

Schoomaker was discussing his concern that it might take a fight to get enough money from Congress to rebuild the Army's equipment and supplies worn down in Iraq and Afghanistan. Officials have said the military would continue to submit requests for such money for at least two years after the last troops come home — which President Bush has said will probably be years from now.

"I've told Congress this," he said to a defense writers group. "I've told everybody this: What's the problem?"

"I mean I don't get it," Schoomaker said. "We've got a lot to be thankful for in this country, and we've got a lot to lose. And one of the first responsibilities of government is to defend the country. The Constitution says that."

Asked about Schoomaker's remarks, the No. 2 House Democratic leader, Rep. Steny Hoyer (news, bio, voting record) of Maryland, said he believed the general was frustrated over the budget pressures his agency is facing.

"My gut is, his real problem is he knows we're spending a very large amount on Iraq and Afghanistan and, at the same time, spending is squeezed very tightly in other areas" like training and equipment, Hoyer said.

The Bush administration recently requested an additional $68 billion for those wars for 2006. That would bring the total proposed for approval for this year for the wars to $118 billion.

Congress Democrats Eye Iraq Spending Talks (AP-Y2)

By Barry Schweid

AP2, April 26, 2006

Accusing the Bush administration of a failed policy in Iraq, all 23 Democrats on the House International Relations Committee on Wednesday demanded congressional hearings on what they said was waste and fraud in reconstruction efforts.

"No one has been held accountable," said Rep. Adam Schiff (news, bio, voting record), D-Calif. "More than $9 billion transferred to the CPA is missing," said Rep. William Delahunt (news, bio, voting record), D-Mass., referring to the interim U.S. occupation institution, the Coalition Provisional Authority.

"We know nothing," said Diane Watson, D-Calif., at a hearing that several Democrats said was the first the committee held on Iraq this year. "We as decision-makers get nothing."

But panel Chairman Henry Hyde, R-Ill., said he had held nine hearings on Iraq, and Rep. Dana Rohrabacher (news, bio, voting record), R-Calif., said "many committees including ours" had reviewed the Iraq situation.

Tempers flared as Democrats accused President Bush of failure and the GOP-controlled committee of shirking its responsibilities. Only a few Republicans attended the session.

"It's a quagmire, it's a mess," said Rep. Betty McCollum (news, bio, voting record), D-Minn. "We should take our responsibilities seriously and hold Bush accountable."

There was no immediate decision on the Democrats' request, which was coupled with charges of "waste, fraud and abuse" in a letter to Hyde circulated by Rep. Tom Lantos (news, bio, voting record) of California, the committee's senior Democrat.

Mississippi Burning Tax Dollars (WSJ)

The Wall Street Journal, April 27, 2006

Just when you thought Republicans had sworn off pork spending, along comes an emergency appropriations bill that has Capitol Hill engulfed in the unmistakable aroma of bacon. President Bush has requested $92.2 billion for Iraq and hurricane relief, to which GOP Senators have added $14 billion or more in earmarks to benefit casino operators, condo developers, the shrimp and oyster industry, defense contractors, cotton and corn farmers and other urgent priorities. Mr. Bush threatens his first-ever veto unless the spending bill is cut back to below $95 billion.

Running to the taxpayers' rescue is Senate pork-buster Tom Coburn, last seen battling Alaska's infamous $233 million Bridge to Nowhere. As early as today the Oklahoma Republican will force an up-or-down vote on whether to strip the bill of $700 million for the proposed "Railroad to Nowhere." This pet project of Mississippi Republicans Trent Lott and Thad Cochran would reroute railroad tracks that CSX spent $250 million to repair after Hurricane Katrina. The Senators wish to make room for a new road that would just happen to service the gambling and beachfront condominium district of Biloxi.

Is this a good use of tax dollars? Mississippians don't think so. Last year Governor Haley Barbour's commission on recovery from Hurricane Katrina rejected the project as "no longer seen as practical" because of the steep price tag. If Mississippians don't want to foot the bill, why should federal taxpayers?

Fiscal-Conservatives-Come-Lately (NYT)

The New York Times, April 27, 2006

President Bush is threatening to veto this year's emergency budget supplement for the Iraq war and hurricane recovery efforts — he's suddenly shocked, shocked that his own Republican-led Senate has steadily inflated it with $14 billion in unrelated goodies. As if this sort of fiscal mayhem is not the now-familiar fallout from the administration's own signature fecklessness in adding to the record debt and deficit for future generations to handle.

This year's $92 billion "must pass" measure, while supposedly restricted to the pressing costs of the war and the post-Katrina Gulf Coast repairs, has been turned into a fiscal Christmas tree. Billions have been added for extra farm subsidies, highway repairs, higher education, veterans' health care and forest maintenance, and even a $15 million bauble for something that's called a "seafood promotion strategy."

Taxpayers interested in fiscal sanity should first wonder why, three years into the war, its costs are still being rushed through Congress by administration planners who are obviously wary of detailed accountability. No less irresponsible is the growing penchant of members of Congress to bypass the harsher tests of the regular budget process in favor of giving their pet

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projects a ride aboard the White House's annual "emergency" express. The $4 billion the Senate ponied up for extra farm subsidies certainly deserves a more serious look, considering that farm incomes have been booming, in part because of a record $23 billion in crop subsidies.

What's at the heart of the veto threat is an intramural Republican war over a feared mutiny by voters this November. House Republicans running as fiscal "hawks" (after years of cheerleading for the costly Bush tax cuts for the affluent) back the president's budget request; the Senate Republicans who are more concerned about popular spending programs opt for the add-ons. No one mentions the responsibility to find revenues to someday pay for all this, plus debt costs.

With his eye on a run for the White House, the Senate majority leader, Bill Frist, one of the enablers of the administration's ongoing budget mess, scolded his colleagues to take care "not to blow the bank on the back of war." But the bank's already been blown.

Tony Snow, the new White House press secretary, made that point last month in his previous role as a conservative polemicist: "A Republican president and a Republican Congress have lost control of the federal budget."

Medicare Rule Guarantees Continuity Of Drugs (NYT)

By Robert Pear

The New York Times, April 27, 2006

WASHINGTON, April 26 — The Bush administration issued a new policy on Wednesday that protects Medicare beneficiaries against the sudden loss of coverage for drugs they are taking under the prescription drug program.

Under the policy, insurers can still change their lists of covered drugs, known as formularies. But if they drop any drugs or impose new restrictions, they must exempt beneficiaries who are now taking those drugs.

Dr. Mark B. McClellan, administrator of the Centers for Medicare and Medicaid Services, summarized the policy this way: "In general, a plan cannot change your coverage for the drugs you are using during the year. The stability of drug formularies is extremely important for many of our beneficiaries."

The policy addresses one of the chief criticisms of the Medicare drug benefit. Democrats and a few Republicans in Congress had said it was unfair that drug plans could change their formularies at will while most beneficiaries were locked into a drug plan for the full year. This disparity was a major concern for many consumer advocates and for some beneficiaries.

The new policy says, "No beneficiaries will be subject to a discontinuation or reduction in coverage of the drugs they are currently using," with some limited exceptions.

An insurer could, for example, remove a drug from its formulary if new research showed that the drug was unsafe for some patients, or if a new low-cost generic version of a brand-name product became available.

The Bush administration issued the policy with less than three weeks remaining before the May 15 deadline for people to sign up for Medicare drug coverage. People who miss the deadline will generally not have another opportunity until November and will then face higher premiums as a penalty for late enrollment. People can switch plans at the end of each year without penalty.

Karen M. Ignagni, president of America's Health Insurance Plans, an industry trade group, said her organization supported the new federal requirement even though "it does not reflect common practice in the private sector," where employers provide drug coverage to millions of workers and retirees.

Ms. Ignagni said the federal policy "will have a financial impact," increasing costs for insurers under Medicare. But, she said, "you need to balance that with the goal of providing continuity of drug coverage and peace of mind to beneficiaries."

In most states, 40 or more drug plans are available. They differ in premiums, co-payments, deductibles and other details. Some plans cover fewer than 800 drugs. Some cover more than 1,800.

Insurers have many tools to manage use of prescription drugs. They can, for example, require doctors to get prior approval for prescriptions and can limit the number of pills given to a patient each month.

The policy says that an insurer can remove a drug from its formulary, increase co-payments or impose new restrictions "only if enrollees currently taking the affected drug are exempt from the formulary change for the remainder of the plan year."

Dr. McClellan, the Medicare administrator, said his agency had received 4,600 requests from drug plans that wanted to change their formularies. About 3,100, he said, involve the addition of drugs or relatively minor changes. About 1,500 requests involve more significant changes that will be covered by the new requirement, he said.

In a memorandum being sent to insurers, the Bush administration says the policy is needed to protect beneficiaries against "bait and switch" tactics in the drug benefit program, known as Part D of Medicare.

"Medicare beneficiaries select Part D plans, in part, based on the formulary that is marketed during annual open enrollment and therefore have a legitimate expectation that they will have continuing access to coverage of the Part D drugs they are using throughout the plan year," the memorandum says.

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Nothing in the new policy fills the gap in coverage found in most plans. After incurring $2,250 in drug costs, beneficiaries typically must pay all of the next $2,850, until catastrophic coverage kicks in.

The policy was issued just as Senator Max Baucus of Montana and other Democrats were putting the final touches on a bill to increase protections for Medicare beneficiaries.

Dr. McClellan said insurers had legitimate reasons for changing formularies because "drug therapies are constantly evolving as new drugs are developed and new medical knowledge becomes available."

Tough Choices Can Be Side Effects Of Medicare Plan (USAT)

By Richard Wolf And Julie Appleby

USA Today, April 27, 2006

WASHINGTON — They are poor or near-poor, old, disabled or both. Some have cancer or AIDS, schizophrenia or bipolar disorder, spinal cord injuries or multiple sclerosis. Others have lists of medications as long as the alphabet.

They're paying more for their drugs, perhaps as little as $1 per prescription, but often thousands of dollars a year. Some buy on credit without knowing how they'll pay it off. Others scrimp on food and utilities or rely on the charity of family and friends.

When things get really bad, they space out their pills or injections, risking medical setbacks. They lose weight or swell up or get nauseated. Some wind up in emergency rooms.

They are the people that Medicare's new prescription-drug program has hurt, rather than helped. Most of the program's beneficiaries have saved money since it began Jan. 1. But for others, perhaps about 20%, the much-heralded program has meant higher costs, and in some cases greater pain and more worry.

“The people who need this the most can fight the least,” says Victoria D'Angelo of Denver, a former legal secretary now living on Social Security disability payments while battling bipolar disorder, asthma, high blood pressure and other ailments. “We don't have the strength. We don't have the mental ability.”

Before Medicare, 6.4 million of them had drug coverage through Medicaid. Others had state help or free drugs from drug companies. “They had good coverage before this program began,” says Ron Pollack of Families USA, a liberal health care advocacy group. Now, “there's a sizeable group that is actually worse off.”

On Wednesday, two advocacy groups and three patients sued the federal government in an effort to improve the plight of the 6.4 million people transferred from Medicaid to the Medicare plan.

“Our clients are poor, frail and disabled. They cannot afford to pay for their medicines or to go without them,” said Vicki Gottlich of the Center for Medicare Advocacy, which joined the National Senior Citizens Law Center in filing the lawsuit.

Since the Medicare program went into effect, many states have dropped their drug-assistance programs. Many drug companies have stopped accepting Medicare enrollees into programs that last year donated 35 million prescriptions to low-income people, according to the industry's trade group.

Among the manufacturers cutting back are Eli Lilly, AstraZeneca, Bristol-Myers Squibb and Wyeth. Ed Sagebiel, spokesman for Eli Lilly, says the program was “a bridge” to Medicare's drug benefit.

Companies such as Schering-Plough, Merck and Novartis have continued to provide free drugs to Medicare beneficiaries, due in part to an advisory opinion from the Department of Health and Human Services.

Medicare Administrator Mark McClellan has urged others to join them, “so beneficiaries can have the Medicare program and the assistance programs.”

Across the country, many low-income people face rising costs and dwindling health:

·In Denver, D'Angelo, 56, saw her drug costs under Medicare rise to more than $500 a month. Now they're even higher, because she has reached the “doughnut hole,” a period during which Medicare beneficiaries with high drug costs must pay for 100% of their prescriptions. Although she has cut back on her 22 medications, she recently put $2,679.19 on her credit card for a three-month supply. “I have no idea how I'm going to pay for it,” she says.

·In Jacksonville, mentally ill residents of Doug Atkins' assisted-living facility are refusing to spend part of their $54 monthly personal allowance on $1 and $3 drug co-payments. “They're saying they'll just go to the emergency room,” Atkins says.

·In Lafayette, La., Dorothy Broussard, 58, went a week in February without her arthritis and multiple sclerosis drugs because she was in the “doughnut hole.” Her prescriptions came to about $1,400 per month. “I almost passed out in the pharmacy.”

Class-Action Suit Targets Medicare (LAT)

By Rong-gong Lin Ii

The Los Angeles Times, April 27, 2006

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A class-action lawsuit filed in federal court Wednesday alleges that Medicare has failed to properly enroll millions of low-income seniors and disabled beneficiaries into its new prescription drug plan.

The suit, filed in Oakland on behalf of three women and two senior-advocacy groups, also alleges that some low-income beneficiaries eligible for a subsidy were not properly notified about it or not receiving it. As a result of the problems, many seniors and others who qualify for the program are going without critical medication, said lead attorney Jeanne Finberg of the National Senior Citizens Law Center.

"The system simply isn't working," Finberg said. "Clients are falling through the cracks."

More than 6 million low-income senior and disabled beneficiaries, who had received drug coverage under Medicaid, the government health program for the poor, were required to be automatically enrolled into Medicare Part D plans Jan. 1. But that transfer was plagued by errors because databases to verify eligibility weren't ready or contained conflicting information.

Though he declined to comment directly on the suit, Medicare spokesman Peter Ashkenaz said the agency has resolved the enrollment problems it faced at the beginning of the year.

The lawsuit seeks a federal judge to issue a permanent injunction forcing Medicare to resolve the enrollment problems, inform drug plans that low-income beneficiaries are eligible for subsidies, and "take any and all other steps to ensure that plaintiffs and class members receive the full benefits of the Part D program."

1 In 5 Pay More In Medicare Rx Plan (USAT)

By Richard Wolf

USA Today, April 27, 2006

WASHINGTON — Medicare's new prescription-drug program has increased out-of-pocket costs for about one in five participants, causing some to risk their health by reducing or eliminating medications.

Though most of the more than 30 million beneficiaries enrolled in the program are saving money, two recent surveys suggest a substantial minority of seniors and people with disabilities are not:

·A Kaiser Family Foundation poll taken April 6-11 found 55% of 154 seniors who had enrolled said the plan would save them money, 19% said it would cost more, and another 19% said they would break even.

·A KRC Research poll taken March 15-20 for the Medicare Rx Education Network, a consortium of groups working to implement the law, found 59% of 201 enrolled seniors saved money, but 23% did not.

Both polls rely on small samples of beneficiaries and have large margins of error: +/-8 percentage points for the Kaiser poll, for example. But they confirm what had been predicted about the program since it went into effect Jan. 1: There are millions for whom the plan is increasing drug costs.

Among them: most of the 6.4 million low-income people transferred from state Medicaid drug programs. Most had no co-payments for drugs under Medicaid but now pay $1 to $5 per drug.

Others include those who used to get drugs for free from drug companies or at reduced cost in state programs; those who had less expensive employer retiree coverage; and those with little or no current drug expenses who signed up for a Medicare plan as a hedge against future costs. That last group is paying premiums but getting little or no benefit. Premiums will rise after the May 15 sign-up deadline for those not yet enrolled.

Medicare officials acknowledge that many low-income seniors and disabled Americans are paying more. They are urging drug companies and states to continue assistance to the poor who rely on expensive medications. “Any extra help they need can and should be provided by those other sources,” says Kathleen Harrington, director of external affairs at the Centers for Medicare and Medicaid Services.

In one case, a 59-year-old Newburgh, N.Y., man died in March after he stopped taking medications he could no longer afford, according to his pharmacist and his cousin. Eddie Rosa, whose death was first reported by the Middletown, N.Y., Times Herald-Record, lived alone and suffered from heart disease, diabetes, seizures and other mental and physical conditions.

Despite those illnesses, his pharmacist, Marty Irons, says, “I really think he'd be alive today if he had all his medicines.” Adds his cousin, Dolores Reano, “When Medicare came in, it just blew him away.”

When the Medicare drug program went into effect, Steve Worrell, 53, of Black Hawk, Colo., lost the free medications he had been getting from a drug company for his disabling arthritis. Faced with a $5,400 annual bill under Medicare, he spaced out his injections. His condition worsened. “You start swelling up, and you start twisting more,” he says.

Maria Oranje of Oakley, Calif., who turned 100 on Wednesday, is luckier. She takes 26 medications, but since she was switched from Medicaid to the Medicare program in January, her co-payments have been picked up by her daughter, Greta Heartfill, 62.

“If it wasn't for her living with me (and me) taking care of all this stuff,” Heartfill says of her mother, “she would not have been able to make it.”

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Congress Is Studying Title-Insurer Practices (WSJ)

By A Wall Street Journal Staff Reporter

The Wall Street Journal, April 27, 2006

WASHINGTON -- In the wake of recent state and federal investigations into title insurance, lawmakers here are turning critical toward the industry.

A subcommittee of the House Financial Services Committee met yesterday, with an eye toward pushing for more consumer friendly competition in the title business.

Millions of Americans need title insurance in order to obtain a mortgage, because lenders want to be sure the properties that back their loans are free of outstanding claims or liens. Title insurers work to uncover such encumbrances, and issue policies that can protect the buyer or lender if any do turn up later.

Home buyers, however, are often unfamiliar with title insurance. A preliminary report by the Government Accountability Office notes consumers often rely on real-estate lenders and agents to find their title insurers. As a result, title agents normally market to those professionals, "creating a form of competition from which the benefit to consumers is not always clear."

Officials in Colorado, California and Washington, D.C., have investigated the industry in recent years, in some cases alleging that title companies paid what amounted to kickbacks to get business. Industry representatives contend there is competition, and prices properly reflect the cost of doing title searches.

Michael Oxley, chairman of the Financial Services Committee, indicated that Congress can do more to foment competition and said the investigations showed an "endemic problem."

"Consumers are paying home-purchase costs that are artificially high because of the lack of competition in real-estate services," he said. Erin Toll, the deputy insurance commissioner in Colorado, who has investigated the industry, told the panel, "The playing field is not level."

No Quid Pro Quo In Land Deal, Says W.Va. Democrat (WP)

By The Washington Post

The Washington Post, April 27, 2006

Rep. Alan B. Mollohan (D-W.Va.) said this week that his purchase of farm property with a corporate chief executive has no relationship to his support for legislation providing a $2.1 million defense contract to the CEO's company.

Responding to a Wall Street Journal report published Tuesday, Mollohan said he and Dale R. McBride, head of FMW Composite Systems Inc. of Bridgeport, W.Va., have been close friends for 50 years.

Mollohan, who recently resigned from his position as the ranking Democrat on the House ethics committee because of a controversy over other investments, said he and McBride plan to use the 300-acre property for personal recreation, not for development.

Mollohan contended that he and McBride are equally at risk and equally responsible for paying off the eight-year, $900,000 mortgage they obtained from the previous owner, a widow.

"This has everything to do with friendship," he said, referring to the land acquisition. "This is totally 50-50," he added, saying that he received no special treatment from McBride.

Mollohan said he supported the $2.1 million contract for FMW after asking the same questions he applies to all decisions concerning money going to his home state: "Is it a good project, and does it mean jobs and economic development for West Virginia?"

The conservative National Legal and Policy Center filed a 500-page complaint against Mollohan with a U.S. attorney in February, challenging the accuracy of Mollohan's financial disclosure forms and detailing the run-up in Mollohan's wealth in recent years.

From 2000 to 2004, the congressman's holdings in real estate and other assets shot up in value from $562,000 to at least $6.3 million. Mollohan has argued that there is nothing untoward in the growth of his net worth, and that he has benefited from the surge in real estate values across the country.

In addition to winning approval of the contract for McBride's company, Mollohan used his position on the House Appropriations Committee to secure more than $150 million in appropriations for five nonprofit groups in his congressional district, including one run by a former congressional aide who, along with her husband, bought $2 million worth of property with Mollohan and his wife, according to an April 8 report in the Journal.

No Outcry About Lobby Scandal, Lawmakers Say (WP)

By Jeffrey H. Birnbaum And Thomas B. Edsall

The Washington Post, April 27, 2006

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The scandal surrounding disgraced lobbyist Jack Abramoff has been a Washington obsession for months, but Republican lawmakers who returned from a two-week recess this week said they felt free to pass a relatively tepid ethics bill because their constituents rarely mention the issue.

The House is scheduled to vote today on ethics legislation to increase lobbyists' disclosures and require lawmakers to own up to the earmarks, or narrow projects, that they insert into appropriations bills. But the measure would not restrict the gifts or meals provided by lobbyists as House Speaker J. Dennis Hastert (R-Ill.) had proposed in January, nor would it expand the number of enforcers of lobbying rules and laws.

Lawmakers acknowledge that the bill is more limited in its scope and impact than the provisions promised by congressional leaders immediately after Abramoff's guilty plea to federal charges of bribery, conspiracy, tax evasion and mail fraud nearly four months ago. But they say they do not feel compelled to push more stringent measures partly because voters do not appear to be demanding them. "We're all being rushed into a bill," said Rep. David L. Hobson (R-Ohio). "We panicked, and we let the media get us panicked."

Rep. Nancy L. Johnson (R-Conn.), a former ethics committee chairwoman, said passage of the bill will have no political consequences because "people are quite convinced that the rhetoric of reform is just political."

Some Republican leaders assert that lawmakers are hearing little from constituents about the congressional corruption scandal, even though it has received considerable media attention. Jo Maney, spokeswoman for Rep. David Dreier (R-Calif.), a chief architect of the House ethics bill, said: "Many members have told him [Dreier] that they are not hearing about corruption and lobbying reform at home. They hear more about immigration, gas prices." Still, Dreier and Hastert "feel strongly" that the ethics bill "is the right thing to do" and that it will "improve the public's perception of the integrity of the House of Representatives," Maney added.

A Washington Post-ABC News poll this month showed that 63 percent of Americans called "corruption in Washington" important to their vote. Democrats are eager to use the lobbying controversy as part of their campaign to win back control of Congress this year, and they contend that the corruption issue can be a powerful Election Day weapon.

A poll this month by the Pew Research Center for the People and the Press showed the public giving Democrats an edge on the ethics issue. Twenty-eight percent of Americans said they think the Republican Party governs in an honest and ethical way, compared with 36 percent who said the Democrats are more ethical, according to the survey. By a ratio of 45 percent to 28 percent, respondents said that Republicans are influenced more by lobbyists and special interests than are Democrats.

Democratic strategists say that the ethics issue does not carry a lot of weight by itself. They say that, to win over voters, they must link Republicans' alleged coziness with lobbyists to failures in Washington to address specific public needs, such as health-care coverage and economic security. "It is up to us to show the public what this means to them," said House Minority Leader Nancy Pelosi (D-Calif.). For example, she said: "If [we] want to reduce our dependence on foreign oil, and therefore improve our national security situation, you can't do it if you are a Republican because you are too wedded to the oil companies."

Republicans won back control of the House and the Senate in 1994 after making Democratic political corruption part of the larger issue of arrogance of power and poor performance in government, according to Michael J. Malbin, executive director of the nonpartisan Campaign Finance Institute. The Democrats' burden now, he said, is to make that larger connection to voters.

Republicans counter that Democrats have ethical problems of their own that blunt their effort to portray the GOP as the party of corruption. Two Democratic congressmen are facing separate, official inquiries about their connections to private pleaders: Reps. Alan B. Mollohan (W.Va.) and William J. Jefferson (La.). Both say they have done nothing wrong.

"The Democrat party runs a real risk here of being the pot that calls the kettle black," said Tracey Schmitt, press secretary of the Republican National Committee.

Some lawmakers and political analysts believe that voters could punish incumbents during the November elections if Congress passes a minimalist ethics bill. The chances of such a backlash could rise, these critics say, if there are more indictments or guilty pleas later this year. Abramoff and two former aides to Rep. Tom DeLay (R-Tex.) are cooperating with federal authorities in a wide-ranging investigation of political favors done in return for gifts, trips, payments and campaign contributions. DeLay, a once-powerful House majority leader, is fighting a criminal indictment in Texas on charges of political money laundering.

Some congressional historians assert that GOP leaders would be taking a risk in assuming that the lobbying bill is of such low voter priority that they could push through a modest plan without paying a political cost. "When you combine [the ethics issue] with the general dissatisfaction with the way in which we are governed," said L. Sandy Maisel, a professor of government at Colby College, "I think the breaking point might be near."

Today, the House plans to vote on a bill that would require lobbyists to file quarterly instead of semiannual disclosures and to include in those reports the donations they give to federal candidates and political action committees. Lobbyists would also have to make public the amount of any gift that they give to lawmakers or congressional aides. In addition, appropriations bills

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would have to list any earmarks that they contain, as well as the sponsors of those projects. Ethics training would become mandatory in the House under the legislation.

Government watchdog groups have complained that the legislation would not change much about how lawmakers and lobbyists interact. "It's a reform bill in name only, and they're hoping no one will notice," said Melanie Sloan, executive director of Citizens for Responsibility and Ethics in Washington.

Tom Fitton, president of Judicial Watch, a conservative public interest organization, said one reason for the bill's weakness is that the public is not riled up about lobbying abuses. "The American people take the view that both parties are involved and there's not much surprising about it," he said.

Lawmakers Backtrack On Spending, Ethics Reforms (BSH/KRT)

By James Kuhnhenn, Knight Ridder

Biloxi Sun Herald, April 26, 2006

WASHINGTON - Just weeks after declaring themselves fiscal and ethical reformers, lawmakers are adding billions of dollars in special projects to a spending bill for the Iraq war while retreating from some of the lobbying restrictions they'd once touted as the antidote to a spate of scandals.

The House of Representatives is scheduled to vote Thursday on a package of ethics rules and measures designed to cut back on "earmarks," the special pork-barrel spending projects that routinely festoon congressional appropriations.

Government watchdog groups dismiss the House ethics proposals as cosmetic changes, but because some senior Republicans oppose even those as too binding, the outcome of the vote remained in doubt Wednesday.

In the Senate, lawmakers are working their way through a $106.5 billion bill that would pay for the war in Iraq and for hurricane-related costs. But the Senate version is $14.5 billion more than President Bush requested and could grow even bigger, larded with money for lawmakers' pet causes.

The White House this week threatened to veto the bill if it exceeded Bush's request. It made a special point of objecting to a $700 million railroad relocation in Mississippi added by the state's two Republican senators, Trent Lott and Thad Cochran. On Wednesday, 35 Senate Republicans sent a letter to Bush pledging to vote to sustain his veto if he casts it, enough to ensure that it would stick.

Yet Congress' continued appetite for unchecked spending and backpedaling on ethics illustrates how hard it is to change behavior that's ingrained in Washington's political culture. Many lawmakers believe that changing ethics rules would criminalize innocent conduct. Many lawmakers also believe that they - not government bureaucrats - know best how to spend federal money back home.

"My leadership doesn't think we have an ethics problem and doesn't believe in reform," said Rep. Christopher Shays, R-Conn., one of the leading Republican advocates for tighter ethics rules. The pending legislation, Shays said, "has no redeeming feature."

Recent guilty pleas by lobbyist Jack Abramoff and former Rep. Randy "Duke" Cunningham, R-Calif., have spotlighted the crossroads of ethics and special-interest spending.

"Earmarks are the currency of corruption," said Rep. Jeff Flake, R-Ariz.

The House bill would give lawmakers new powers to challenge legislation that contains earmarks, but advocates of more sweeping changes wanted to block members altogether from being able to add such individual spending items to bills. The proposed restrictions would apply only to appropriations bills, not tax or policy legislation, which also often contains special-interest favors.

The Republican chairman of the House Appropriations Committee, Jerry Lewis of California, objects to restrictions on earmarks that affect only appropriations bills. Appropriators point out that another infamous spending proposal - the so-called $230 million "bridge to nowhere" in Alaska - was inserted into a massive transportation policy bill. It was eliminated only after a deluge of national publicity led the Senate to strike it.

Critics of the House bill say it also falls short on restricting lawmakers' access to privately paid travel and to corporate jets. The House legislation temporarily bans privately funded travel through the November election, but provides no permanent remedy.

Lawmakers currently reimburse corporations for use of their aircraft at a rate equal to that of a first-class ticket. But the cost of a corporate jet is significantly higher, amounting to a contribution to members of Congress. The legislation simply prohibits a company lobbyist from accompanying a lawmaker on such a flight.

Rep. David Dreier, R-Calif., the chairman of the House Rules Committee and lead author of the House bill, defended it as a "bold package of reform." He noted that former members of Congress who are lobbyists would no longer be allowed in the

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House gym or on the House floor and that lobbyists would have to disclose their clients and issues of interest with more frequency.

In the Senate, the spending bill for the Iraq war and the hurricane aftermath is considered "must pass" emergency legislation. That means it can't be blocked easily through parliamentary maneuvers. As a result, the bill has become a popular bipartisan vehicle for additional spending.

One of the biggest extra provisions was inserted by Sen. Conrad Burns, R-Mont., whose ties to Abramoff have made his race for re-election difficult. Burns inserted $3.9 billion to help farmers hurt by any natural disaster, not just last year's hurricanes. The money includes aid to offset the high costs of oil, making agriculture one of the few industries to get energy-related assistance.

"No other industry in this country buys retail, sells wholesale and pays freight both ways," Burns said.

The Senate did manage to show a bit of restraint Wednesday. It tacked on to the bill $1.9 billion for border security while reducing military spending by a similar amount, but that was an exception.

Mississippi Gov. Haley Barbour was in the Capitol on Wednesday lobbying for the $700 million to relocate a railroad line inland from the coast and build a highway to correct coastal bottlenecks. Critics have come to call the project "the railroad to nowhere."

"A lot of people get focused on the railroad who don't understand the purpose of moving the railroad is so we can replace it with a highway," Barbour said.

Sen. Tom Coburn, R-Okla., a staunch critic of earmarks, offered an amendment Wednesday to eliminate 19 earmarks from the bill.

"This is a good plan in Mississippi," he said. "It's just not a plan that the people of the rest of the country ... ought to be asked to do."

But the Senate voted 49-48 early Wednesday evening to kill Coburn's bid to knock out the $700 million for Mississippi's project. And among those voting against Coburn were several of the 35 senators who had pledged earlier in the day to back Bush's veto if he cast it.

GOP Split Over Earmarks In Ethics Bill (AP-Y2)

By Jim Abrams

AP2, April 26, 2006

House approval of legislation to tighten lobbying and ethics rules was complicated Wednesday by a Republican split over how to deal with the issue of earmarks, those narrow and often wasteful pet projects that make their way into bigger bills.

With a vote on the lobbying package scheduled for Thursday, the GOP leadership was trying to resolve concerns, coming mainly from Republicans on the House Appropriations Committee.

The lobbying bill, which requires lobbyists to report more frequently on their work to influence lawmakers and temporarily bans privately sponsored travel by House members, allows lawmakers to raise points of order against appropriations, or spending bills, that do not properly identify earmarks.

But Appropriations Committee Chairman Jerry Lewis, R-Calif., said it was unfair that the crackdown on earmarks was limited to spending bills, and did not apply to tax and authorization, or policy, bills.

A reform bill that "does not touch on the 'Bridge to Nowhere' is not really reform," Lewis said Wednesday. Two proposed bridge projects with a cost of some $450 million, in sparsely populated areas of Alaska, were highlighted as among the more egregious of thousands of earmarks that made their way into a major highway bill the Congress passed last year.

Appropriations Committee spokesman John Scofield said appropriators were not out to defeat the lobbying bill, only to improve it.

House Majority Leader John Boehner, R-Ohio, said they would continue working on the differences over earmarks. "Going after those earmarks, bringing more transparency and more accountability to that process, will in fact lead to less numbers of earmarks," he said.

"We're trying to open the process," said House Speaker Dennis Hastert, R-Ill. "And anytime you do that, people have their own views. It's hard to change things around here, but that's what we're committed to do."

The Senate overwhelmingly passed its version of lobbying reform last month, but the House measure has hit much more resistance, with Democrats and good government groups arguing that the bill is too weak to have any real effect on lobbying practices that led to the scandal of disgraced former lobbyist Jack Abramoff and the bribery conviction of former Rep. Randy "Duke" Cunningham, R-Calif.

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The Senate bill bans all gifts and meals from lobbyists and doubles to two years the waiting period before a retiring lawmaker can take a job lobbying Congress. It also requires lobbyists to disclose their participation in grassroots lobbying campaigns, where the general public is encouraged to contact lawmakers through phone calls and ads.

The House leadership has also decided to attach to the lobbying bill a measure passed by the House earlier this month that limits donations to nonprofit political groups known as 527s. Such groups tended to back Democrats in the 2004 presidential election, and Senate Democrats have said they will oppose any lobbying bill that includes the campaign finance measure.

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The House bill is H.R. 4975.

On the Net:

Congress: http://thomas.loc.gov/

Stabenow Campaign Corrects Finance Records (AP)

By Ken Thomas

The Associated Press, April 27, 2006

WASHINGTON -- Sen. Debbie Stabenow's campaign has corrected her campaign finance reports to show that some donations from 2002 and 2003 came from an Indian tribe then represented by now-disgraced lobbyist Jack Abramoff, not an individual as she reported at the time.

Stabenow's campaign originally reported that $4,000 in donations came from Christopher Petras, who was the Saginaw Chippewa Indian Tribe's legislative director at the time. The donations came during a period in which Stabenow and other Michigan lawmakers sought funding for the tribe and wrote letters to federal regulators on the tribe's behalf.

The campaign wrote the Federal Election Commission on April 14 to correct the report to show the donations came from the tribe. Records originally listed Petras as giving Stabenow's campaign $2,000 on March 6, 2002, and an equal amount on June 30, 2003. Copies of the checks showed the first was dated Feb. 20, 2002, and the second June 2, 2003.

Stabenow campaign manager Tom Russell said Wednesday the tribe made the contributions and the error was "a glitch in filing the report which was corrected" as soon as it learned of the problem. He said the computer system attached Petras' name to the donations because he was listed as a contact for the tribe.

The wealthy Mount Pleasant, Mich., tribe, which operates a casino, contributed $308,980 during the 2002 campaign cycle and $564,480 during the 2004 campaign, according to campaign finance watchdog group PoliticalMoneyLine.com.

The tribe received $3 million in funding approved in November 2003 to build a school on the reservation. Earlier this month, tribal leaders asked that the funding be redirected to other federal programs.

Abramoff, who pleaded guilty in January to federal charges of conspiracy, tax evasion and mail fraud, turned to Republicans, including Sen. Conrad Burns of Montana, to overcome the Bush administration's objection to providing the school funding for the tribe.

Stabenow, Sen. Carl Levin, D-Mich., and Rep. Dave Camp, R-Mich., wrote the Interior Department on Jan. 23, 2003, and again on July 14, 2003, regarding the funding. The tribe made campaign donations to the three lawmakers, but they have said there was no connection between the letters and the donations.

Burns has said he acted at the Michigan lawmakers' request and wasn't influenced by Abramoff. His campaign has returned or donated to charity about $150,000 linked to the lobbyist.

Brian Nick, a National Republican Senatorial Committee spokesman, said it appeared that "Stabenow received thousands of dollars just before taking actions on behalf of a close associate of convicted felon Jack Abramoff, and now years later has gone back and doctored her campaign report in an attempt to avoid scrutiny."

Democrats Urge Hearings Into VA Contract (LAT)

By Walter F. Roche

Los Angeles Times, April 27, 2006

WASHINGTON — Democrats on the House Veterans Affairs Committee called for hearings Wednesday into a multimillion-dollar contract awarded to a firm now headed by former Veterans Affairs Secretary Anthony J. Principi.

Principi is chairman of the board of QTC Management Inc., a Diamond Bar company that administers medical exams under contract for the VA. In a two-page letter to Rep. Stephen E. Buyer (R-Ind.), chairman of the House panel that oversees the VA, seven Democrats asked for investigations into exam costs by the company and into possible conflicts of interest in awarding the contract.

"Our committee should review the facts and circumstances involving Mr. Principi and the QTC contracts to determine if there was any wrongdoing," the letter said. It sought a hearing date no later than Oct. 6.

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Buyer could not be reached for a response Wednesday.

Principi previously told The Times that he fully complied with federal ethics laws, and that as VA secretary for four years he played no role whatsoever in the awarding or administration of the contracts. Under the contracts, QTC conducts exams on veterans applying for disability benefits.

Principi, who was the president of QTC when he was nominated for the top VA job in late 2000, said he divested himself of all interests in the firm before being sworn in as secretary. He also said he had never heard of QTC until mid-1999, when he was recruited for the top job at the company by a headhunting firm. Principi had served as a top VA official under former President George H.W. Bush.

Officials of the American Federation of Government Employees issued a statement criticizing the contract.

"This is a conflict of interest in the most extreme form," said union President John Gage, adding that the exams could be performed by VA staffers at a far lower cost.

Gage called award of a contract to a firm connected to a political appointee "flat wrong," and said the case "should definitely raise red flags with members of Congress."

The Times reported Sunday that data compiled by a consulting firm in 1999 estimated that the cost of the QTC exams was as much as 400% higher than in-house exams. The consultants recommended that the VA do a follow-up study to get more precise cost data on the in-house costs. It was never conducted.

In their letter to Buyer, the seven House Democrats, including ranking member Lane Evans (D-Ill.), said the full committee "should address if the leader of an organization who has essentially divested himself from a prior business interest can, even unintentionally, influence the award of a business contract or provide an advantage to his former firm."

As Principi has pointed out, he was not at the VA or QTC when the firm first won a contract from the VA in 1998. The firm won a second contract in 2003, while Principi was running the VA. It has been revised by amendments and remains in effect today.

Congressional Budget Office projections show the firm's VA contract could be worth as much as $1.2 billion in fees if fully funded by Congress through 2008.

VA officials said the agency complied with bidding requirements by publicly advertising for bids 30 days before an October 2002 deadline. QTC was the only firm to submit a proposal. Officials of other firms said they were not aware the contract was up for bid, though they had previously expressed interest to the VA.

Stuck With Bush (NYT)

By Bob Herbert

The New York Times, April 27, 2006

If George W. Bush could have been removed from office for being a bad president, he would have been sent back to his ranch a long time ago.

If incompetence were a criminal offense, he'd be behind bars.

But that's just daydreaming. The reality is that there are more than two and a half years left in the long dark night of the Bush presidency — nearly as long as the entire time John Kennedy was in office.

The nation seems, very belatedly, to be catching on to the tragic failures and monumental ineptitude of its president. Mr. Bush's poll numbers are abysmal. Republicans up for re-election are running from him as if he were the bogyman.

Callers to conservative talk radio programs who were once ecstatic about the president and his policies are now deeply disillusioned.

The libertarian Cato Institute is about to release a study titled "Power Surge: The Constitutional Record of George W. Bush." It says, "Unfortunately, far from defending the Constitution, President Bush has repeatedly sought to strip out the limits the document places on federal power." While I disagree with parts of the study, I certainly agree with that particular comment.

In the current issue of Rolling Stone, Sean Wilentz, a distinguished historian and the director of the American Studies program at Princeton University, takes a serious look at the possibility that Mr. Bush may be the worst president in the nation's history.

What in the world took so long? Some of us have known since the moment he hopped behind the wheel that this reckless president was driving the nation headlong toward a cliff.

The worst thing he did, of course, was to employ a massive campaign of deceit to lead the nation into a catastrophic war in Iraq — a war with no end in sight that has already claimed tens of thousands of lives and inflicted scores of thousands of crippling injuries.

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When he was a young man, Mr. Bush used the Air National Guard to hide out from the draft in a time of war. Then, as president, he's suddenly G. I. George, strutting around in a flight suit, threatening to wage war on all and sundry, and taunting the insurgents in Iraq with a cry of "bring them on."

When the nation needed leadership on the critical problem of global warming, Mr. Bush took his cues from the honchos in the oil and gasoline industry, the very people who were setting the planet on fire. Now he talks about overcoming the nation's addiction to oil! This is amazing. Here's the president of the United States scaling the very heights of chutzpah. The Bush people and the oil people are indistinguishable. Condoleezza Rice, a former Chevron director, even had an oil tanker named after her.

Among the complaints in the Cato study is that the Bush administration has taken the position that despite validly enacted laws to the contrary, the president cannot be restrained "from pursuing any tactic he believes to be effective in the war on terror."

This view has led to activities that I believe have brought great shame to the nation: the warrantless spying on Americans, the abuses at Abu Ghraib, the creation of the C.I.A.'s network of secret prisons, extraordinary rendition and the barbaric encampment at Guantánamo Bay, Cuba, in which detainees are held, without regard to guilt or innocence, in a nightmarish no man's land beyond the reach of any reasonable judicial process.

The sins of the Bush administration are so extensive and so egregious, they could never be adequately addressed in a newspaper column. History will be the final judge. But I've no doubt about the ultimate verdict.

Remember the Clinton budget surplus?

It was the largest in American history. President Bush and his cronies went after it like vultures feasting in a field of carcasses. They didn't invest the surplus. They devoured it.

Remember how most of the world responded with an extraordinary outpouring of sympathy and support for America in the immediate aftermath of Sept. 11?

Mr. Bush had no idea how to seize that golden opportunity to build new alliances and strengthen existing ones. Much of that solidarity with America has morphed into outright hostility.

Remember Katrina?

The major task of Congress and the voters for the remainder of the Bush presidency is to curtail the destructive impulses of this administration, and to learn the lessons that will prevent similar horrors from ever happening again.

Freddie's Friends On The Hill (WSJ)

The Wall Street Journal, April 27, 2006

It's well-known that Fannie Mae and Freddie Mac have good friends on Capitol Hill. But last week the Federal Election Commission shed some light on how Freddie Mac rewarded its friends. In a settlement with the FEC, Freddie admitted to illegally raising $1.7 million for candidates from both parties between 2000 and 2003. In 2001 alone, Freddie Mac's Senior Vice President for Government Affairs boasted of holding 40 fund-raisers for House Financial Services Committee Chairman Michael Oxley.

Unfortunately for Freddie, it is explicitly barred by law from political fund-raising. In the settlement, Freddie agreed to fork over $3.8 million in fines. Yet Freddie probably figures it also got its money's worth. Genuine reform of the two giant "government-sponsored enterprises" is now stalled on Capitol Hill, thanks in large part to Mr. Oxley's dutiful service.

Which means it's time for reformers to turn to Plan B. The Bush Administration could itself take the opportunity to rein in Freddie and Fannie. An overlooked provision of the laws that founded the two companies already gives the Treasury Secretary the power to restrict the duo's mortgage portfolios that now threaten the U.S. financial system.

First, some background. Fan and Fred have lower costs of capital than their competitors because of the market perception that the government stands behind their debt. This, in turn, is indispensable to their business model. Fannie and Freddie between them hold more than $1 trillion worth of mortgage-backed securities that they've bought with this cheaper credit.

To make it all work, Fannie and Freddie must carefully balance the risks that arise from interest-rate movements, mortgage prepayments and the different maturities of their debts and assets. The monumental accounting troubles that both companies have had in recent years centered around how they account for those risks and the hedges they use to mitigate them. The danger that those portfolios could melt down has led critics such as Alan Greenspan and his successor at the Federal Reserve, Ben Bernanke, to warn that Fan and Fred pose a "systemic risk" to the financial system if the size of their portfolios is not reduced.

It took Congress just weeks to pass Sarbanes-Oxley in 2002. But -- perhaps because Mr. Oxley has been spending so much time at Freddie's fund-raisers -- it can't seem to deal with the far larger financial problems at Fan and Fred. A watered-down reform bill has passed the House, but a stronger bill in the Senate shows no sign of being brought up for a vote anytime soon. Securities analysts have been telling investors they believe the drive to rein in the duo is losing momentum. Freddie Mac's president and COO recently concurred in public. He added that strict limits on retained portfolios would not be in the "best interest of the housing finance industry." By which he meant the best interest of Fannie and Freddie.

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Portfolio limits are, however, in the interest of American taxpayers and the integrity of the financial system. The law requires that the bonds that Fannie and Freddie issue explicitly deny that they are backed by the federal government, but plainly no one believes that. Otherwise, who in their right mind would purchase the debt of Fannie Mae, a company with no financial statements and $11 billion in overstated profit?

This type of situation was foreseen when Fan and Fred were chartered. Which is why the same sections of the U.S. Code that require Fannie and Freddie to disavow any government backing of their debts also require the companies to get the approval of the Treasury Secretary before issuing any debt.

Specifically, the law pertaining to Fannie reads: "[T]he corporation is authorized to issue, upon the approval of the Secretary of the Treasury, and have outstanding at any one time obligations having such maturities and bearing such rate or rates of interest as may be determined by the corporation with the approval of the Secretary of the Treasury . . ." (our emphases). The section of the law dealing with Freddie Mac has similar language.

As we read that, Treasury already has the power to limit Fannie's and Freddie's borrowing. What's more, that authority appears to have been granted specifically out of concern that the debts of the pair might someday be laid at Treasury's doorstep. But without massive borrowing, neither Fannie nor Freddie could afford to hold the hundreds of billions of securities that they currently do. So limiting their borrowing would require them to decrease the size of their portfolios -- and hence the risk to the economy of a blow-up. Meanwhile, their regular business of securitizing mortgages and selling them would be unaffected. It is their repurchase of those mortgages with subsidized credit that needs to be limited.

The Bush Administration has been forceful in calling for Congress to reform how Fannie and Freddie are regulated and run. But if it wants its effort to succeed, it is going to have to show Fan and Fred and their friends on the Hill that Treasury will act if Congress doesn't.

OTHER NEWS:

Sales Of New Homes, Factory Orders Surge (WT/AP)

By The Associated Press

The Washington Times, April 27, 2006

A jump in demand for commercial aircraft pushed orders for big-ticket manufactured goods higher last month while sales of new homes shot up at the fastest pace in 13 years, reflecting a rebound from bad weather in February.

Both reports depicted an economy continuing to expand at a healthy pace, a view supported by a survey of business conditions across the country released yesterday by the Federal Reserve.

The Fed's 12 regional banks used words such as "solid" and "steady" to describe the economy's performance last month and early this month. The Fed did note that "higher energy prices were at the forefront of most districts' mention of cost pressures," and that was before crude oil soared to a record $75.17 per barrel Friday.

Some analysts said the strong growth plus rising inflation pressures will mean the central bank's rate-setting Federal Open Market Committee (FOMC) will raise rates for a 16th time at its next meeting in May and will keep going after that.

"The U.S. economy is firing on all cylinders right now, and there is little to no slack left," said Sherry Cooper, chief economist at Harris Bank. "This makes it increasingly unlikely that the Fed will pause after the May 10 FOMC meeting."

The Commerce Department reported that sales of new single-family homes rose 13.8 percent last month to a seasonally adjusted annual sales rate of 1.213 million units. The increase represented a recovery from a 10.9 percent February sales plunge.

But the median price of homes sold last month dropped to $224,200, down 2.2 percent from the market prices of March 2005. It marked the first time home prices dropped over a 12-month period since December 2003.

Home prices last year were soaring as eager buyers bid more to get into a sizzling home market. However, analysts think sales, which set records for five straight years, will decline this year by about 10 percent under the impact of rising mortgage rates.

"With interest rates continuing to rise, all signs point to a further weakening in sales just down the road," said Patrick Newport, an economist at forecasting firm Global Insight.

Rates on 30-year mortgages rose last week to 6.53 percent, the highest level in nearly four years, with economists forecasting that they could be about 7 percent by the end of this year.

Home sales were up in all areas of the country last month, led by a 35.7 percent surge in the West and followed by gains of 10.9 percent in the Midwest, 6.9 percent in the South and 4.7 percent in the Northeast.

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The government also reported that orders to U.S. factories for big-ticket manufactured goods soared by 6.1 percent last month, the biggest gain in 10 months. Two-thirds of the increase reflected a 71.1 percent jump in demand for commercial aircraft.

The overall increase, which followed a 3.4 percent February advance, was more than three times the advance Wall Street had been expecting. Manufacturing is expected to remain strong in coming months as businesses restock lean inventories and boost spending to expand and modernize.

"Businesses remain confident in the economic outlook and are committing to significant capital investments," said David Huether, the National Association of Manufacturers' chief economist.

In contrast to the big surge in new home sales last month, sales of previously owned homes edged up a much smaller 0.3 percent, the National Association of Realtors reported Tuesday.

Both reports, however, showed that the number of unsold homes on the market at the end of the month rose to record levels, a development that was expected to depress price gains in coming months.

The number of new homes remaining on the market last month rose to a record 555,000, up 2.8 percent from February.

More on the Fed's thinking may be known after Fed Chairman Ben S. Bernanke testifies on the economic outlook today before Congress' Joint Economic Committee.

U.S. Economy: Durable Goods Orders, Home Sales Surge (Update4) (BLOOM)

By Carlos Torres

Bloomberg, April 27, 2006

April 26 (Bloomberg) -- The U.S. economy powered ahead in March as manufacturing orders surged and new home sales rose by the most in more than a decade.

Orders for durable goods rose 6.1 percent, the Commerce Department said in Washington today, more than three times the median forecast of economists surveyed by Bloomberg News. Home sales increased 13.8 percent, the most since April 1993, to an annual rate of 1.213 million.

The reports sent yields on 10-year Treasury notes to the highest since 2002 and traders increased bets the Federal Reserve will lift interest rates twice more before the end of June. Improving business demand and little slowdown in housing run counter to the Fed's forecast that growth will moderate after the first quarter.

``The numbers we're getting all indicate that the economy has maintained a large amount of momentum and that's obviously a concern to the Fed and will likely force their hand," said Joel Naroff, president of Naroff Economic Advisors in Holland, Pennsylvania.

Labor markets are ``tightening" and companies are struggling with higher energy prices because they're finding it difficult to pass those costs on to their customers, the central bank said today in its regional survey of the economy. Three of the 12 regional Fed banks described the economic expansion as ``solid," while others said the rate of growth was ``modest, moderate or steady."

First Quarter

The durable goods report, which measures bookings for items made to last at least several years, is one of the final pieces of information feeding into economists' forecasts for economic growth in the first quarter, which will be reported on April 28. Excluding transportation equipment, orders rose 2.8 percent.

The world's biggest economy probably expanded at a 4.9 percent pace in the first quarter, the fastest since the third quarter of 2003, according to economists surveyed by Bloomberg.

Today's figures come on the heels of data yesterday that showed consumer confidence at a four-year high and an unexpected increase in sales of previously owned dwellings.

``If one were looking for additional weakness in the economy, it's not going to come from housing," said Gerald Zukowski, deputy chief economist at Nomura Securities International Inc. in New York. ``We are seeing the economy generate a fair amount of momentum."

Shares of U.S. homebuilders advanced. The Standard and Poor's index of 16 homebuilding companies rose 1.5 percent, compared with rise in the S&P 500 of 0.3 percent.

New Home Sales

New home sales, recorded when a contract is signed, are considered by economists a leading indicator of the housing market. Economists expected new home sales to rise to a 1.11 million rate from February's originally reported 1.08 million, according to the median of forecasts in a Bloomberg News survey.

At the same time, the median price of new homes sold dropped 2.2 percent to $224,200 from the same month last year, marking the first such year-on-year drop since December 2003.

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American companies are using growing profits to replace outmoded equipment and add factory space. They are also likely to increase production and orders to replenish stockpiles that have dwindled to near-record lows, helping sustain economic growth as consumer spending moderates, economists said.

``It looks like second-quarter business spending will be gang-busters," said Chris Rupkey, senior financial economist at Bank of Tokyo-Mitsubishi UFJ Ltd. in New York.

Aircraft

Boeing Co., the world's second-biggest maker of commercial aircraft, received orders for 112 planes in March, up from 25 the previous month. Boeing today said first-quarter earnings rose 29 percent, helped by the biggest jump in airliner deliveries in five years.

Caterpillar Inc., the world's largest maker of earthmoving equipment, reported yesterday that profit jumped 45 percent in the first quarter compared with the same time last year as sales rose 17 percent in North America. The company has raised prices as much as 13 percent in the past two years as their plants ran at full capacity to keep up with orders.

Economists expected orders to rise 1.8 percent in March, based on the median of 68 forecasts. Estimates ranged from no change to a 4.8 percent rise. The increase in durable goods orders for February was revised to 3.4 percent from 2.7 percent.

Treasury notes fell, pushing the yield on the 10-year note up 3 basis points to 5.10 percent, as investors speculated the Fed will raise its benchmark rate to 5.25 percent by the end of June. Fed Chairman Ben S. Bernanke testifies to Congress on the economic outlook tomorrow.

Forecasts

Business spending probably rose at an annual rate of 13 percent in the first three months of the year, helping the economy expand 5 percent, according to a forecast by economists at JPMorgan Chase Bank in New York. The increase in investment would be the biggest since the second quarter of 2004.

Inventories of durable goods increased 0.7 percent after a 0.4 percent drop in February. Unfilled orders, a gauge of future production, jumped 2.8 percent, the biggest increase since last November.

``We are seeing substantial orders," Robert Akins, chief executive officer of Cymer Inc., a maker of lasers used in producing semiconductors, said in an interview last week.

Chipmakers ``have finally reached the maximum capacity of their factories and they are ordering new equipment to equip the old factories as well as the new ones," he said.

Cymer said on April 18 that its first-quarter profit jumped almost fourfold. The following day, its biggest customer, Veldhoven, Netherlands-based ASML Holding NV, forecast increased shipments of chip-making machines this quarter on rising demand for processors used in cell phones and music players.

Durable Goods Orders In US Beat Forecasts (FT)

By Christopher Swann

Financial Times, April 27, 2006

US durable goods orders surged by 6.1 per cent in March, more than three times faster than analysts had been expecting.

The figures suggest that US industry remains in extremely strong shape and increase the chances that the Federal Reserve may need to continue raising interest rates beyond 5 per cent.

The Federal Reserve's Beige Book, a summary of reports on economic activity by regional agents, said that orders or revenues in the manufacturing sector continued to come in ahead of levels seen a year ago. In addition: "A majority of districts note that labour markets, at least for skilled workers, are tight or tightening."

The Fed said retail sales – excluding the vehicle sector – also appeared firmer. Activity in the service sector had also been expanding, the Fed added.

But it continued to say that higher energy costs were not feeding through into broader inflation. "Businesses continue to have limited ability to raise their selling prices," the Fed said.

The bulk of the rise in durable goods orders was due to a 14 per cent increase in transport orders, with civil aircraft sales climbing 71 per cent. Boeing reported bookings for 112 aircraft in March, up from 25 in February.

Excluding the volatile transport sector, orders rose by 2.8 per cent. Economists had expected a rise of just 1 per cent.

"Overall this is nothing but good news," said Paul Ashworth, an analyst at Capital Economics.

Economy's Surge Stirs Questions About When Slowdown May Come (WSJ)

By Christopher Conkey And Greg Ip

The Wall Street Journal, April 27, 2006

DOJ_NMG_0027032

The latest readings suggest the nation's economy is carrying significant momentum into the second quarter, raising new questions about when a slowdown might come after a torrid start to the year.

By most accounts, the economy surged in the first quarter after a brief lull late last year. When the government releases its first estimate tomorrow, economists expect it to say the economy grew at a roughly 5% annual rate in the quarter.

But over the rest of the year, Federal Reserve officials expect growth to moderate to a long-term rate of 3% to 3.5%, slow enough to keep inflation at bay but fast enough to keep unemployment from rising. That would permit the Fed to stop the campaign of interest-rate increases it began in June 2004.

This week, however, the economy has been sending signals that it might not be ready to settle down. The housing market, though softer, is holding up better than many skeptics predicted and consumer confidence remains surprisingly strong, despite soaring gasoline prices, and concerns about President Bush's handling of the economy. Meanwhile, solid job creation and wage gains are providing a cushion for consumer spending, and orders for capital equipment are picking up.

Yesterday, the Commerce Department said new-home sales jumped 13.8% in March from a month earlier, erasing much of the 15.8% decline seen over the two previous months. It also reported that orders for durable goods -- items such as tractors and washing machines that are meant to last three years or more -- rose 6.1% last month on the back of strong aircraft orders at Boeing Co. More important, orders for capital goods, excluding aircraft and defense, usually a good indicator of future business spending, broke out of a recent slump last month to post a 3% gain.

"What we're seeing now is telling us about the momentum going into the second quarter," said Julia Coronado, senior economist at Barclays Capital. "It seems to be pretty strong."

The flow of indicators these days is particularly important because the Fed has said that prospects for further increases in short-term interest rates -- beyond an expected quarter-point increase next month to 5% from 4.75% -- will depend on what new economic data show. At their last meeting in March, Fed officials appeared to think they could pause after rates reached 5%.

But the spate of strong data has prompted futures markets to raise the probability of further increases to more than 50%, and the inflation-wary bond market has sold off recently. Yesterday, bond prices fell again, and the yield on the benchmark 10-year Treasury note rose to 5.107%.

The Fed's latest roundup of business conditions, also released yesterday, suggested no slowdown is yet under way. "Economic activity continued to expand in March and the first half of April," the Fed said in its "beige book" report. Only one of the 12 Fed districts -- New York -- said growth slowed. Even so, evidence of broader inflationary pressure remained scant. The Cleveland district said many raw-material prices had risen, but "retail prices remained relatively flat."

Fed Chairman Ben Bernanke testifies on the economy to the Joint Economic Committee of Congress today, but he isn't expected to give clear signals about what the Fed's next interest-rate move is likely to be.

To be sure, despite the recent robust data, economists say a strong finish to the first quarter is more likely to be a prelude to slower growth in the second. Oil prices and interest rates are rising, and the extent of the housing market's correction is still uncertain. As a result, few analysts are willing to raise their growth forecasts.

Joshua Shapiro, chief U.S. economist at New York consulting firm MFR Inc., said he still expects growth to slow to a 3% annual rate in the current quarter. "Could the second quarter be a little stronger than that? Yes, but not way higher," he said.

Businesses are helping to spur the economy. On their way to record corporate profits last year, businesses increased their investment at a 16% annual pace in the fourth quarter, the fastest clip since mid-2004. Ms. Coronado of Barclays expects that spending on equipment and software, a closely watched measure of investment, rose at an 11% annual rate in the first quarter and will grow at a 9% rate in the current quarter.

Google Inc. recently said that its capital spending, which was $838 million in 2005, will grow even faster than its revenue this year. Manufacturing bellwether Caterpillar Inc. recently raised its profit forecast for 2006 to between $4.85 and $5.20 a share, up from $4.04 a share in 2005. Announcing the sunnier outlook, Caterpillar Chief Executive James Owens said "strong underlying fundamentals are in place, and we believe this is a business cycle that has staying power."

In yesterday's Fed report, business investment appeared to be strong. "Production capacity for mining equipment in the Chicago district is reportedly booked through 2007," the report said.

With prospects on the business side looking solid, one of the major assumptions built into forecasts for slower growth has been that consumers will cut back on spending. Peter Hooper, chief U.S. economist at Deutsche Bank, said, "We really do need to see some slowing in consumer-spending growth in the second quarter to give the Fed room to pause" its rate raising at 5%. He predicted that would happen thanks to the combined impact of higher gasoline prices and slowing home-price appreciation, "although the risks have risen" that the Fed will raise rates beyond 5%.

The housing market has yet to show signs of a prolonged slump, but even with March's upturn a slowdown is still apparent. New-home sales in March, while up from February, were 11.5% below their peak last July. Sales of existing homes, which make up 80% of the housing market, are only 4.8% lower than when they topped out last June.

However, inventories of new homes on the market rose to 555,000 in March, up 24% from a year ago, and the unadjusted median sales price for a new home actually fell 2% from a year earlier, suggesting builders have used discounts to get homes sold. Existing-home prices have declined slightly so far this year, giving consumers less home equity to finance other purchases.

In another sign of weakness in the housing market, Dallas-based home builder Centex Corp. yesterday said orders fell 11% in the fiscal quarter ended March 31. CEO Timothy Eller said cancellations were up, too. The company slashed its earnings outlook for fiscal 2007 to a range of $8.50 to $10 a share, down from an earlier estimate of $10.75 to $11.25.

Still, the strong labor market, which has lowered the unemployment rate to 4.7% and shows few signs of reversing course, is likely to reassure consumers. Yesterday's Fed report found that job markets were still tightening, and wage pressures were rising. The Dallas district cited "reports of difficultly finding workers who meet basic qualifications of employment, such as background checks and drug tests."

One New York-district employment agency said "salaries are up at least 15% from a year ago for experienced office workers," and a Boston district firm said there was a "war for talent."

Growth Accelerated In March, But A Slowdown Is Expected (NYT)

By Vikas Bajaj

The New York Times, April 27, 2006

The economy ended the first quarter on a high note, according to two Commerce Department reports released yesterday, but economists cautioned that higher energy costs and interest rates might sap some of that vitality.

Two measures of housing and manufacturing activity rose sharply in March, the Commerce Department said, indicating that the economy picked up steam. The Federal Reserve's beige book report presented a similar upbeat view but noted that higher energy prices were hurting businesses and that home sales were cooling in much of the country.

Analysts said the reports suggested that the economy grew at about a 5 percent annual rate in the first quarter, after a 1.7 percent increase in the fourth quarter. The Commerce Department will release its estimate of gross domestic product for the first quarter tomorrow.

"Neither the economy, nor the housing market has gone flat," said Stuart G. Hoffman, chief economist for the PNC Financial Services Group. "But it will continue to deflate a little bit."

New-home sales rose to an annual pace of 1.21 million in March, up from 1.07 million the month before and 1.2 million in January. Sales increased in all four regions of the country.

But the market was weaker when compared with a year ago. The selling rate in March was down from a pace of 1.31 million in March 2005, while the median price — meaning half the homes sold for more and half for less — slipped 2.2 percent from a year ago, to $224,200.

And the number of unsold homes on the market has grown, rising by 24.4 percent over the last 12 months, to 555,000. At the current sales pace it would take five and a half months to sell those properties, up from 4.2 months a year ago.

The jump in inventories was the biggest in 33 years, and the drop in prices the steepest since January 2003, said Ian C. Shepherdson, chief United States economist at High Frequency Economics.

Sales "are going to drop in the next couple of months," he said, noting that mortgage applications, an early indicator for the housing market, have fallen 22 percent in 12 months.

Orders for durable goods, big-ticket products that are meant to last for more than three years, increased by 6.1 percent, to $230.6 billion, after a rise of 3.4 percent in February and a decline of 8.9 percent in January.

A 71.1 percent increase in orders for civilian airplanes and related parts accounted for a big part of the gain, but the increase in orders was a robust 2.8 percent excluding the transportation sector, which is heavily influenced by the month in which customers place orders for planes with Boeing. Other sectors that showed increases were capital goods, machinery and communications equipment.

If businesses continue to show such strength they could offset some slowdown that analysts expect in housing and consumer spending, but not all of it, economists said.

They note that oil prices have risen 18 percent since the start of the year, to $71.93 a barrel, and that the national average price for a gallon of unleaded gasoline has increased sharply, to $2.92, from $2.50 a month ago, according to the American Automobile Association. The average interest rate on a 30-year fixed mortgage topped 6.5 percent last week, up from 6.21 percent at the start of the year, according to Freddie Mac.

"The economy has shown tremendous resilience in the face of energy prices so far," said David Greenlaw, an economist at Morgan Stanley. "But this latest spike will have a noticeable effect in the next couple of months."

An economic slowdown could force the Federal Reserve to end its nearly two-year campaign to raise short-term interest rates, now at 4.75 percent, after just one increase to 5 percent at its meeting on May 10.

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Bond investors believe a second increase, in June, is likely. The yield on the 10-year United States Treasury note rose to 5.10 percent yesterday, from 5.07 percent on Tuesday.

Strong Data Good For Stocks (WSJ)

By Scott Patterson

The Wall Street Journal, April 27, 2006

Wall Street can't seem to make up its mind about interest rates.

New signs that the economy is on solid footing have caused investors to rethink expectations about the future course of interest rates in recent days -- and what higher rates mean for stocks.

Last week, the Dow Jones Industrial Average surged to a six-year high amid hopes the Federal Reserve would stop raising its target rate after one more quarter-point increase to 5% at their May meeting. Now, after several reports indicating the economy is stronger than previously thought, more investors think the Fed is likely to increase rates to 5.25% or more.

Fed-funds futures contracts show a 64% chance policy makers will boost rates to 5.25%, up from 40% on Monday.

Wall Street's response to the new landscape this week has been erratic. Stocks tumbled Tuesday as investors worried that higher rates could slow the economy too much and hurt corporate profits. Wednesday, investors seemed more receptive to the notion that the economy is strong enough to withstand more than one rate increase.

The Dow industrials gained 71.24 points to 11354.49, a fresh six-year high, buoyed by an 8% pop in General Motors after Merrill Lynch, upbeat about the auto maker's turnaround plan, upgraded the stock to "neutral" from "sell." The Standard & Poor's 500-stock index rose 3.67 to 1305.41, and the Nasdaq Composite Index added 3.33 to 2333.63.

Investors clung to the idea that the economy will stay resilient despite the prospects for more rate increases than previously thought. "People have been getting prematurely bearish because of rising rates," said James Paulsen, chief investment strategist at Wells Capital Management. "They've been looking at how much rates have come up instead of how low they still are."

The Fed has increased rates 15 times in the past two years, and the yield on the 10-year Treasury bond has moved to its highest level in nearly four years. But rates on the 10-year note, at 5.1%, are still below their historical average of about 5.5% to 6%, said Mr. Paulsen, and aren't high enough to tamp down growth spurred by years of cheap money.

Some analysts aren't as sanguine about higher rates, though, largely due to two weak spots in the economy: housing and the consumer. Despite a report Wednesday that new-home sales surged in March, "the primary weakness right now is the housing market, and that is going to have an impact on consumers and the rate at which they plan to spend," said Stuart Freeman, chief equity strategist at A.G. Edwards & Sons, since consumers tend to feel wealthier when the value of their homes is on the rise.

Higher mortgage rates later in the year will cause the housing market to cool even more, putting more pressure on a consumer struggling with high levels of debt and gasoline prices hovering near $3 a gallon.

A Commerce Department report Wednesday showing that new-home sales in March surged 13.8%7 to an annualized rate of 1.213 million units, the biggest increase in 13 years, raised questions about whether the housing market was cooling.

But a look inside the report showed new-home sales, which slid 10.9% in February, weren't as hot as the headline number indicated. Sales were down 7.2% from a year ago. And a factor driving the jump was a dip in prices. The median home price slid to $224,200 in March from $239,900 the previous month and down from $229,300 a year ago.

In another report, the Commerce Department said orders for new durable goods8 jumped 6.1% in March, far exceeding the 1.6% gain expected by economists. Excluding the 14% rise in volatile transportation goods, new orders rose 2.8% in March, the biggest since August.

Treasury bonds slumped on the reports, sending yields to their highest level since June 2002. The 10-year Treasury bond slid 6/32 point, or $1.88 per $1,000 invested, to yield 5.107%. Crude-oil futures slid 95 cents to $71.93 a barrel on the New York Mercantile Exchange after a report by the Energy Information Administration showed petroleum inventories fell less than expected last week.

Investors also weighed the Fed's latest "beige book" report, which said the economy's growth is "solid" and "moderate" and that the labor market is "tight or tightening." The report also found that the housing market is cooling off in most of the central bank's 12 regions.

In major market action:

Stocks rose9. On the New York Stock Exchange, where 1.8 billion shares traded, 1,832 stocks rose and 1,471 fell. On the Nasdaq Stock Market, where 2.2 billion shares traded, 1,523 rose and 1,540 declined.

Bonds slipped10. The benchmark 10-year Treasury fell 6/32 point, or $1.88 per $1,000 invested, to yield 5.107%. The 30-year bond lost 5/32 to yield 5.178%. Yields move inversely to prices.

The dollar fell.11 It traded at 114.73 yen, down from 114.82 yen late Tuesday, and the euro fell to $1.2454 from $1.2432.

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U.S. Stocks Rise On Earnings; Dow Average Reaches 6-Year High (BLOOM)

By Dune Lawrence

Bloomberg, April 27, 2006

April 26 (Bloomberg) -- The Dow Jones Industrial Average climbed to a six-year high, leading gains in U.S. stocks, as earnings at Anheuser-Busch Cos. and Colgate-Palmolive Co. beat analysts' forecasts and sales of new homes surged.

Hovnanian Enterprises Inc. and Pulte Homes Inc. set the pace as homebuilders rallied on a government report showing the biggest monthly jump in sales since 1993.

``Earnings have been quite positive, and I think that's the number one reason to buy stocks and the number one reason why this market has held together," said Alfred Goldman, chief market strategist at A.G. Edwards in St. Louis.

Energy stocks declined as oil prices fell for a third day. Rising interest rates also hampered the advance, as the housing data and a jump in durable-goods orders sent the yield on 10- year Treasury notes to its highest since June 2002.

The Dow average rose 71.24, or 0.6 percent, to 11,354.49, its highest since Jan. 19, 2000. The Dow, which first reached a six-year high last week, got an added lift from General Motors Corp. after Merrill Lynch & Co. said the carmaker has enough cash to pay workers who accept buyout offers.

The Standard & Poor's 500 Index added 3.67, or 0.3 percent, to 1305.41, while the Nasdaq Composite Index gained 3.33, or 0.1 percent, to 2333.63. It was the first time all three indexes rose this week.

The market's advance on higher earnings had stalled as increases in consumer confidence and sales of previously owned homes reignited concern that the Federal Reserve would keep lifting interest rates.

Earnings Scorecard

About 72 percent of S&P 500 companies that have reported first-quarter profit have beaten analyst estimates, more than the 57 percent average since 1992, data from Thomson Financial show. More companies will release earnings this week than any other week during the so-called reporting season.

Anheuser-Busch climbed $2.27 to $44.90. The world's largest brewer reported better-than-expected first-quarter profit on the biggest sales gain in more than a year. Net income was 64 cents a share. JPMorgan analyst John Faucher, who is top-ranked by StarMine, estimated 54 cents a share, including a 2-cent cost for stock-option expenses.

Colgate-Palmolive, the world's largest toothpaste maker, rallied $1.60 to $58.95. The company said first-quarter profit, excluding some items, increased to 70 cents a share as new brands lifted sales in Latin America. The average estimate of analysts surveyed by Thomson was 66 cents.

Sales of new homes in the U.S. jumped the most since April 1993, up 13.8 percent to an annual rate of 1.213 million, the Commerce Department said. Economists expected sales at a 1.11 million rate, according to a Bloomberg News survey.

Builders Soar

The Bloomberg U.S. Homebuilders Index rose 1.6 percent. Pulte, the country's second-largest builder, gained $1.14 to $39.04. Hovnanian, New Jersey's largest homebuilder, added 92 cents to $40.63. D.R. Horton Inc., No. 1 U.S. homebuilder, added 51 cents to $31.33.

The durable goods report showed orders jumped 6.1 percent last month as businesses invested in new equipment to meet demand. The increase in bookings for expensive items made to last at least several years was the most since May 2005 and up from a gain of 3.4 percent in February, the Commerce Department said. Excluding transportation equipment, orders rose 2.8 percent. Economists expected gains of 1.8 percent and 1 percent, respectively in a Bloomberg survey.

Beige Book

A regional survey of the economy by the Fed added to concern over accelerating inflation. Labor markets across the U.S. are ``tightening" as most of the country expands, said the Fed's dozen regional banks in the so-called beige book report.

The yield on the benchmark 10-year Treasury note climbed 3 basis points, or 0.03 percentage point, to 5.10 percent in New York, according to bond broker Cantor Fitzgerald LP. Higher yields may make fixed-income investments a more attractive alternative to equities and raise borrowing costs for companies.

``Solid earnings reports are helping to put in a bit of a floor in the market," said Jeff Kleintop, who helps manage $50 billion as chief investment strategist at PNC Advisors in Philadelphia. ``But the sensitivity here to the economic data given the question about the outlook for Fed tightening, that seems to be the overriding influence."

GM, Oil Stocks

GM, the world's largest automaker, advanced $1.74, or 8.1 percent, to $23.15 for the top gain in the Dow average and highest price since Feb. 6. Merrill raised its rating to ``neutral" from ``sell,' saying GM has enough money in its pension and retiree health-care funds to pay workers who accept its buyout offers. GM may get 50 percent of 63,000 union workers eligible for full or early retirement to leave, analyst John Murphy wrote in a report.

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About four stocks rose for every three that fell on the New York Stock Exchange. Some 1.77 billion shares changed hands on the Big Board, 8.4 percent more than the three-month average.

Oil for June delivery slid 1.3 percent to $71.90 a barrel in New York, bringing the loss this week to 4.3 percent. The Energy Department said U.S. refineries increased output of gasoline and other fuels.

Energy shares weighed on the market for a third day after reversing earlier gains. An S&P 500 measure slid 1.4 percent. Valero Energy Corp., the No. 1 U.S. refiner, slumped $3.20 to $63.10. Exxon Mobil Corp., the world's largest publicly traded oil company, lost 85 cents to $63.10.

Baker Hughes Inc. was the exception among energy stocks. The No. 3 oilfield-services provider said first-quarter profit soared 89 percent to $339.2 million as customers spent more searching for oil and gas. The company also raised its 2006 profit and sales growth forecast. Baker Hughes advanced $3.07 to $79.

PepsiCo, AT&T Earnings

PepsiCo Inc., the world's No. 2 soft-drink maker, added 36 cents to $57.86. The company said first-quarter profit rose 12 percent to $1.02 billion, or 60 cents a share, on demand for Frito-Lay snacks and Gatorade sports drinks. UBS Securities LLC analyst Caroline Levy, who is top-ranked by StarMine Corp., estimated earnings of 59 cents a share.

AT&T Inc., the largest U.S. telephone company, rose for a second day after reporting profit that exceeded analysts' estimates. The stock gained 56 cents to $26.16 today.

Sprint Nextel Corp., the third-largest U.S. wireless services company, dropped 68 cents to $24.35. Sprint said first- quarter profit, excluding some costs, was 35 cents a share, missing the 37 cents expected by analysts in a Thomson survey. The company added fewer customers than analysts estimated.

Bank of America Corp., the second-biggest U.S. bank, rose 62 cents to $47.71. The company said it will repurchase up to $12 billion of its shares within the next 18 months to help boost a stock price that has lagged peers.

Buffett's Day

The earnings news was mixed for Warren Buffett's Berkshire Hathaway Inc., which was the biggest shareholder in both Moody's Corp. and Anheuser-Busch as of December.

Moody's slid $7.65 to $62.78. The company, whose founder created credit ratings, said first-quarter revenue rose 13 percent to $407.9 million, the slowest pace since December 2004.

Berkshire Hathaway shares still jumped the most in seven months, adding $1750, or 2 percent, to $88,700.

Wall Street Gains After Positive Earnings Reports (FT)

By John O'Doherty

Financial Times, April 27, 2006

US stocks enjoyed a strong day, after positive earnings reports offset fears of higher interest rates following strong economic data.

At the close, the S&P 500 was up 3.67 points, or 0.3 per cent, at 1,305.41. The Nasdaq barely moved, gaining 3.3 points, or 0.1 per cent, at 2,333.63, while the Dow Jones Industrial Average finished the day 71.24 points, or 0.6 per cent higher at 11,354.49.

"We're in a reverse-psychology market," said Alfred Goldman, chief market strategist at AG Edwards, who commented that prices were declining on strong economic data and rising on weaker news.

"The question investors will ask is whether this 43 month old bull-market is running out of energy," he said. "I'm still optimistic, but I'm starting to lose sleep at night."

General Motors clawed back its losses of earlier in the week after Merrill Lynch upgraded the company's stock to 'neutral' from 'sell.' It gave a sanguine assessment of GM's ability to complete a restructuring plan. GM jumped 8.1 per cent to $23.15.

Anheuser-Busch was also a strong gainer. The brewer reported quarterly earnings per share of 64 cents, beating analysts' forecasts of 56 cents. The news pushed its shares up 5.3 per cent to $44.90 Berkshire Hathaway, the largest shareholder in Anheuser-Busch, rose 2 per cent to $88,700.

Office Depot soared to an all-time high following the company's announcement that sales for the first quarter grew 3 per cent. This raised earnings per share to 48 cents, above analysts' forecast of 44 cents per share. The stock jumped 8.7 per cent to $41.52 on the news

Despite an increase in first quarter profit of 23 per cent, Moody's suffered losses on Wednesday. The company that operates the credit-rating service of the same name dipped 12 per cent to $62 as expenses rose and revenue growth slowed below analyst expectations.

Sprint-Nextel was one of the most heavily traded stocks after the telecommunications company announced a fall in first-quarter net income from $472bn to $419bn after merger-related costs and higher marketing expenses.

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The shares fell 2.7 per cent to $24.35, bucking the trend in an otherwise buoyant communications sector.

One company leading the positive trend in the sector was American Tower which gained 4.4 per cent to $34.65 after it announced that quarterly losses had been reduced.

The company, which leases space on its communications towers to the likes of Cingular, said that sales gained 74 per cent in the first quarter compared with the same period last year.

Monster Worldwide, the owner of online jobs recruitment website Monster.com, rose on quarterly results that were significantly stronger than expected, up to $42.3m from $20.6m in the same period last year. Monster shot up 6.9 per cent to $55.86.

Bernanke Won't Hint At Ending Rise In Rates (WP)

By Nell Henderson

The Washington Post, April 27, 2006

Federal Reserve Chairman Ben S. Bernanke is going to disappoint a lot of listeners when he addresses Congress today and provides no guidance on when the central bank will stop raising interest rates to keep inflation under control.

Financial market analysts and investors have longed for such a signal and thought they saw it last week when a summary of Fed officials' last policymaking meeting in March suggested they might be done after lifting their benchmark short-term rate once more in May.

But that expectation has wilted as several new government reports have shown the economy is growing briskly and inflation may be moving higher. Fed policymakers almost certainly will raise their benchmark rate again at their May 10 meeting but will be unable to indicate then whether they are done or see more increases in store.

"Anyone looking for clues about when the Fed will stop tightening is bound to be disappointed" by Bernanke's testimony today, said Ed McKelvey of Goldman Sachs U.S. Economics Research. "He simply does not know."

Rather, Fed officials will need to see how the economy and inflationary pressures behave after the May meeting before they decide whether to raise interest rates in June. Bernanke, testifying before Congress's Joint Economic Committee for the first time as Fed chairman, is likely to lay out the economic and inflationary risks he sees while keeping his interest rate options open, several analysts predicted yesterday.

Just yesterday, the Commerce Department reported that new orders for big-ticket durable goods -- items such as computers, cars and appliances -- rose 6.1 percent in March.

And sales of new homes surged 13.8 percent in March, after slumping in February, the National Association of Realtors said yesterday.

"The strong momentum undermines the notion that the Fed might be able to halt its rate hikes after just one more move," said Nigel Gault, an economist at Global Insight Inc.

The figures released yesterday prompted several analysts to estimate that the economy grew at faster than a 5 percent annual rate in the first three months of the year, a robust rebound from its weak finish at the end of last year.

"The economy is pumping on all cylinders," Richard W. Fisher, president of the Federal Reserve Bank of Dallas said in an interview yesterday. But, he added, economic growth in "the second half [of the year] probably will be a little slower."

Fed officials are raising interest rates to make sure strong economic growth doesn't cause inflation to take off. Higher rates make it harder for consumers and businesses to borrow, which restrains their spending, slowing growth and making it harder for businesses to raise prices.

The Fed has raised its benchmark federal funds rate -- the interest rate charged on overnight loans between banks -- 15 times since June 2004, to 4.75 percent last month. The rate has caused other short-term rates, such as those on home-equity loans, adjustable mortgages and credit cards, to rise as well.

But long-term interest rates, such as mortgages, are determined by global financial markets. Mortgage rates have risen in recent weeks but remain low by historical standards.

The housing market has already started to cool a bit, with price appreciation slowing, inventories of unsold homes growing and mortgage applications dropping, which implies that sales will droop as well. Many Fed officials expect this will help slow overall economic growth in coming months to an annual rate below 3.5 percent, which should keep the lid on inflation. But some policymakers don't see much of a slowdown yet, with consumer spending, business investment and exports all rising.

Housing is sending "mixed signals," Fisher said. But, "the rest of the economy is doing so well, it's mitigating the fall-off in one sector."

Meanwhile, inflation flared higher in March, in part because of higher energy prices. But other prices rose as well, for housing, clothing, medical care, recreation, air travel and education.

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Fed officials cannot use interest rates to keep oil and gasoline prices from rising, since they are largely determined in global markets according to supply and demand pressures. But Fed policy can make it harder for businesses to pass their energy costs to consumers through higher prices.

Looking for signs of such pass-through inflation, economists look at core inflation measures, which exclude prices for energy and food. The Labor Department's core consumer price index rose 0.3 percent in March, the largest increase in a year.

"The March CPI was a mite disturbing . . . as pressures in the core index were not easily isolated to one or two troublesome items and were therefore consistent with the possibility of a pickup in this [energy price] pass through," McKelvey said.

"However, one month does not make a trend," he added, implying that core inflation could recede in following months. But several analysts say that is unlikely because of trends in rental housing prices, which are rising.

Rents fell dramatically while the Fed was cutting interest rates during and after the 2001 recession. Lower rates induced more renters to become homeowners, which fueled the housing boom and lowered demand for rentals. Now, with mortgages rising, rents are climbing, as well.

Much of the increase in the March core CPI reflected rising shelter costs for renters and homeowners, a senior Labor Department economist said. The "shelter" category, which also includes rising hotel rates, accounts for 42 percent of the core CPI.

Because of rising rents, "we suspect the markets could be negatively surprised as core CPI hangs higher longer than current expectations," wrote David Shulman, in a recent forecast published by the Anderson School of Management at the University of California at Los Angeles. And, he said, the higher-than-expected core CPI "will likely put upward pressure on U.S. interest rates."

Why War Is Hell On President's Party (USAT)

By Ross K. Baker

USA Today, April 27, 2006

Though the midterm congressional elections are seven months away, speculation has already reached a fever pitch about how the public, half a year from now, will evaluate the record of the Bush administration and the GOP on everything from the Iraq war to changes in Medicare.

Congressional experts point to the relatively small number of seats in the House of Representatives — less than 10% of them by some reckoning — likely to be in play because of a combination of partisan gerrymandering and the formidable advantages enjoyed by incumbents. Larry Sabato, a respected election analyst, concluded recently that in their quest to take control of Congress, “Democrats are facing an uphill struggle.” Coupled with these tactical advantages enjoyed by the GOP, critics also downplay Democratic chances because of that party's lack of clear alternatives to the president's policies.

If there were not battles raging in Afghanistan and Iraq in which Americans were dying and being wounded, perhaps the experts' predictions of token GOP losses would be on solid footing. But this midterm must be judged not by peacetime elections, but by those that have taken place with armed conflict as a backdrop. In those elections, the party of the president has suffered major losses. It will again in November if no clear end to our Iraq engagement is on the horizon. Even if success is within our grasp this fall, war fatigue alone might unhorse the Republicans.

The party of Franklin Roosevelt, the architect of the nation's recovery from the Depression and the author of victory in World War II, suffered such a humiliating defeat in the elections of 1942, the first midterm after Pearl Harbor. To add to the humiliation, just before elections FDR had made a cross-country trip to boost morale and gave one of his “fireside chats” brimming with optimism, in much the same fashion as President Bush's recent forays to shore up support for the war.

The reason for the Democrats' loss was straightforward: The war was not going well. The battle for the contested island of Guadalcanal in the Pacific was still in doubt. The Japanese were still entrenched on the Aleutians, in Alaska, and were battling for control of Southeast Asia's island of New Guinea. Like the current situation in Iraq, there was some encouraging news as well, such as the raid by U.S. bombers on Tokyo in April 1942 and the Battle of Midway in June. But our allies were struggling. The Russians were still on the defensive around Stalingrad, and the British were reeling from a failed large-scale raid on German-occupied France.

Unlike today's White House officials, some people high up in Roosevelt's administration were openly pessimistic. FDR's assistant secretary of the Navy warned, “We could lose the war;” his director of military manpower lamented, “The tide is running against us.” FDR lashed out at the press whose reports on the war, he said, “had done the country a great deal of harm.”

The conventional wisdom then held that the Republicans would make modest gains. Pollster George Gallup predicted that the Democrats would probably not lose more than a single House seat. But when the votes were counted, the Republicans had won 44 House seats and nine in the Senate. The Democrats retained control but suffered a severe setback. The Democratic

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defeat put Time magazine in mind of the previous wartime midterm, in 1918, when, on the very threshold of armistice, Woodrow Wilson's Democrats lost 19 House seats and six in the Senate.

A pattern emerges from all elections of the past century conducted in wartime: The contest turns into an expression of discontent with war.

Harry Truman's Democrats suffered a loss of 29 House seats and six Senate seats in 1950, the first midterm after U.S. involvement in Korea; Lyndon Johnson's Democrats lost heavily in 1966, the first U.S. midterm elections during the Vietnam War; and Richard Nixon's midterm in 1970, while the Vietnam War still raged, saw losses for his Republicans in Congress.

Each war is different, and the political circumstances around each election are distinctive. Dissatisfaction in 1942 did not carry with it the threat of a pullout from Europe or the Pacific. We had been attacked by the Japanese and had war declared on us by the Germans. In 1918, the Democrats lost their majority in Congress with victory in sight, according to John Dos Passos in his history of the Wilson years — because of the president's appeal to the voters to show their support of his war policies by electing a Democratic Congress. Here again, the experts, notably The New York Times, were wrong in their prediction of a victory for the president's party.

For Americans, war weariness sets in early. Lightning campaigns such as the ejection of Iraq from Kuwait or the invasions of Grenada and Panama do not test the patience of the public. But even those wars that are ultimately successful but protracted impose a dreadful political cost on the incumbent.

Today, the very many safe congressional seats do provide a buffer for Republicans that might stand up under Democratic attacks on corruption, immigration, health care, or a bungled response to a hurricane that struck a year before the elections.

But a war of uncertain duration, even one in which the trend lines are promising, might be too great a surge for members of the president's party to withstand. Combat fatigue is not a condition found only on the battlefield; it is also an affliction that has often been diagnosed in the voting booth.

Ross K. Baker is a political science professor at Rutgers University. He also is a member of USA TODAY's board of contributors.

Clinton Is Democrats' Favourite For White House But .... (AFP)

AFP, April 26, 2006

Senator Hillary Clinton is the favourite among Democratic voters to be the party's candidate in the 2008 presidential election, according to a poll.

But only 12 percent of Democrat electors believe the wife of ex-president Bill Clinton can overcome the hostility of US Republicans to take the White House, according to the Financial Dynamics poll for The Hotline political newsletter.

The New York senator had support from 38 percent of Democrats, a 24 percentage point lead over nearest rival, Senator John Kerry, the losing Democratic candidate in the 2004 election.

"The depth and breadth of Hillary Clinton's support among Democrats is daunting for other potential Democratic candidates in 2008, especially coupled with her enormous fundraising edge," said The Hotline editor Chuck Todd.

But Clinton is divisive figure. Many conservatives dislike her because of her attempts to influence policy while her husband was president.

The poll said that Senator John McCain was the leading Republican candidate among Democrats.

Fifty-five percent of the 603 people questioned had a favourable view of the Vietnam War veteran who fought George W. Bush for the Republican candidacy in 2000, a higher rating than many Democratic party chiefs received.

The poll, carried out April 19-23, had a margin of error of four percentage points.

Percentage Of Uninsured Americans Rising (AP-Y2)

By Theresa Agovino

AP2, April 26, 2006

The percentage of working-age Americans with moderate to middle incomes who lacked health insurance for at least part of the year rose to 41 percent in 2005, a dramatic increase from the 28 percent in 2001 without coverage, a study released on Wednesday found.

Moreover, more than half of the uninsured adults said they were having problems paying their medical bills or had incurred debt to cover their expenses, according to a report by the Commonwealth Fund, a New York-based private, health care policy foundation. The study of 4,350 adults also found that people without insurance were more likely to forgo recommended health screenings such as mammograms than those with coverage, and were less likely to have a regular doctor than their insured counterparts.

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The report paints a bleak health care picture for the uninsured. "It represents an explosion of the insurance crisis into those with moderate incomes," said Sara Collins, a senior program officer at the Commonwealth Fund.

Collins said the study also illustrates how more employers are dropping coverage or are offering plans that are just too expensive for many people.

About 45.8 million Americans did not have health insurance in 2004, according to the U.S. Census Bureau.

The percentage of individuals earning less than $20,000 a year without insurance rose to 53 percent, up from 49 percent in 2001. Overall, the percentage of people without insurance rose to 28 percent in 2005 from 24 percent in 2001.

The study also found that 59 percent of uninsured with chronic conditions such as asthma or diabetes either skipped a dose of their medicine or went without it because it was too expensive. One-third of them

One-third of those in that group visited an emergency room or stayed in a hospital overnight or did both, compared to 15 percent of their insured counterparts.

Collins said those statistics are significant because giving up medicines typically leads to more expensive health problems later. Treating people in expensive settings such emergency rooms places a financial burden on the health care system, she added.

"People not being able to take care of themselves should send out a big red flag," said Collins.

HCA Inc. hoisted a red flag on Tuesday, when the the nation's largest for-profit hospital operator said its earnings fell 8.5 percent in the first quarter after an increase in the uninsured admissions cut into revenue gains. Uninsured admissions rose 13 percent during the quarter, and the company said its provision for "doubtful accounts" rose to $852 million from $683 million a year earlier.

The Commonwealth Fund's study was bolstered by analysis of government data funded and released by the Robert Wood Johnson Foundation, a private organization that provides health care grants.

That study found that cost prevented 41.1 percent of uninsured adults from seeing a doctor, compared to 9.2 percent of individuals with coverage.

Meanwhile, 51 percent of women without health insurance haven't had a mammogram in two years, compared to 22.8 percent of women with insurance.

And 76.3 percent of uninsured men between the ages of 40 to 64 haven't had the PSA test, which detects prostate cancer, in two years. That compares to 52.2 percent of their insured counterparts.

Researchers at the University of Minnesota School of Public Health used data from the U.S. Centers for Disease Control and Prevention to reach the study's conclusion.

Iranian Leader Warns U.S. Of Reprisal (WP)

By Molly Moore And Thomas E. Ricks

The Washington Post, April 27, 2006

PARIS, April 26 -- Escalating the threats between Washington and Tehran, Iran's supreme leader, Ayatollah Ali Khamenei, warned Wednesday that his country would strike U.S. targets around the world in the event it is attacked over its refusals to curb its nuclear program.

"If the U.S. ventured into any aggression on Iran, Iran will retaliate by damaging U.S. interests worldwide twice as much as the U.S. may inflict on Iran," Khamenei said in a speech to a workers' assembly, according to the official news agency IRNA.

His statement adds to a campaign of defiance by senior Iranian officials in advance of a report expected Friday by the U.N. atomic watchdog agency, which analysts predict will cite Iran for defying U.N. Security Council demands to halt its uranium enrichment program.

The heightened tensions between the United States and Iran have helped drive oil prices to record highs and have set in motion intense diplomatic meetings aimed at heading off greater destabilization in the Middle East.

In a spate of statements this week, Iranian officials have also threatened to cut oil production, export nuclear technology, bar international nuclear monitors, make their nuclear program entirely secret and withdraw from the nuclear Non-Proliferation Treaty.

While Bush administration officials have said they have no plans to attack Iran, they have repeatedly said they have not ruled out that step.

U.S. military experts are confident that U.S. forces could carry out extensive airstrikes against Iranian targets, but there is disagreement about how much of a setback such raids could impose on the Iranian nuclear program, much of which is housed underground.

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Two main options are under consideration, say people familiar with Air Force thinking. The first would be a quick series of strikes against several dozen nuclear-related facilities, lasting only a few days and followed by a U.S. statement that the bombing would resume if Iran retaliated.

The second option envisions a lengthier, more ambitious campaign of waves of strikes by bombers and cruise missiles aimed at hundreds of targets, hitting not just nuclear-related facilities but also the headquarters of intelligence agencies, the Revolutionary Guard and other key government offices.

Many experts worry that Iran, dominated by Shiite Muslims, would retaliate against U.S. and British forces in neighboring Iraq by mobilizing Iraqi Shiites. It might also attack U.S. and British installations in Saudi Arabia and Bahrain through the help of Shiites in those countries. In other scenarios, Iranian agents would stage terrorist strikes against civilians in the United States, Europe and elsewhere.

The recent statements are "a war of words," said Gary G. Sick, a professor of Middle East policy at Columbia University and longtime monitor of Iranian politics. "Neither side has anything to gain by an attack on the other, but there is a chance of an accident triggering something and that's what makes the situation so dangerous."

The Vienna-based International Atomic Energy Agency's report due Friday to the U.N. Security Council on the status of Iran's uranium enrichment program will shape debate in the council that could begin as early as next week. At issue would be possible international responses to Tehran. An IAEA official declined to comment on the contents of the pending report.

Iran dispatched an envoy to Vienna on Wednesday to meet with representatives of the IAEA, but neither side expressed optimism about a last-minute breakthrough. Iranian leaders have said they will not stop their uranium enrichment efforts, but rather plan to expand them.

"I think it's pretty clear what that report is going to say," White House spokesman Scott McClellan told reporters Wednesday, "which is that this is a regime that is in noncompliance with its obligations; this is a regime that is not abiding by the agreement it made with the Europeans to suspend all its enrichment and enrichment-related activities."

Under an agreement reached with Britain, France and Germany, Iran had suspended enrichment work while negotiations continued toward an agreement under which Iran would receive economic and political incentives in exchange for a permanent shutdown of controversial aspects of its nuclear program. It recently restarted enrichment.

Iran says its nuclear program is exclusively directed toward generating electricity. But U.S. officials accuse it of using the program as a cover to develop nuclear weapons. The Security Council has instructed Iran to stop its uranium enrichment program out of concern that it puts the country a step closer in the years-long process of building a nuclear bomb.

Iranian authorities, playing to a domestic political audience, have cast the U.N. demands as an effort by the West to trample on its sovereign right to develop a civilian nuclear program. "The Iranian nation and its officials are peace-seekers and the Islamic republic would not invade anybody," Khamenei said Wednesday.

Iranian President Mahmoud Ahmadinejad has also created concern abroad by repeatedly calling for the end of the Jewish state. On Monday, Ahmadinejad said the "fake" state "cannot survive" and urged Israeli immigrants to return to their home countries. He has often called the Holocaust a myth.

"Of all the threats we face, Iran is the biggest," Israeli Defense Minister Shaul Mofaz said Tuesday as Israel observed Holocaust Remembrance Day. "The world must not wait. It must do everything necessary on a diplomatic level in order to stop its nuclear activity."

He added, "Since Hitler we have not faced such a threat."

Iran Leader Warns U.S. Against Attacking (AP)

By Nasser Karimi

AP, April 26, 2006

Iran's supreme leader warned the United States on Wednesday that his nation would hit back twice as hard if America attacked its nuclear sites.

Even as it threatened to ravage U.S. global interests, Iran sent its top nuclear official to Vienna, Austria, for talks with the U.N.'s nuclear watchdog agency ahead of a Friday Security Council deadline for Tehran to halt its uranium enrichment activities.

"The Americans should know that if they invade Iran, their interests around the world would be harmed," supreme leader Ayatollah Ali Khamenei told workers gathered ahead of May Day, the international workers' holiday, state television reported.

"Iran will respond twofold to any attack," Khamenei said.

The United States repeatedly has said it has no plans to attack Iran but all options remain on the table as it pursues a diplomatic solution to Iran's insistence on enriching uranium — a process that can produce fuel for generators or fissile material for nuclear bombs.

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Britain on Wednesday ruled out military force against Iran. "This is not Iraq. Nobody is talking about military action," Foreign Secretary Jack Straw said in a speech in London.

But Straw said how the world deals with the standoff over Tehran's nuclear program will be a test for the relevance of international diplomacy.

The Security Council has given Iran until Friday to suspend enrichment. If it does not, the council is likely to consider punitive measures against the Islamic republic.

Iran has rejected the ultimatum, but senior negotiator Gholamreza Aghazadeh was discussing the issue in talks Wednesday with the International Atomic Energy Agency, which is preparing a report on Iran's compliance with the Security Council demand.

In Vienna, diplomats were skeptical of any proposals that Aghazadeh was carrying, saying they were unlikely to alter the negative tone of the IAEA report to the Security Council. Still, one of the diplomats — who demanded anonymity because he was not supposed to be discussing the confidential talks — said the two sides agreed to a second round of talks in the evening after an afternoon meeting attended by IAEA chief Mohamed ElBaradei.

The chief U.S. delegate to the IAEA, Gregory L. Schulte, has said he expects a negative report from ElBaradei.

Iranian President Mahmoud Ahmadinejad shrugged off the possibility of the council's penalizing Iran.

"The enemies could not impose their wrong decision against us under cover of the Security Council and the IAEA," Ahmadinejad said, according to state television.

Ahmadinejad said Iran remained committed to negotiations.

"We are ready to discuss (the nuclear program) to show that it has not been diverted" to military purposes, the president said.

The United States has asked for the Security Council to meet May 3 to discuss how to respond to the report.

While the IAEA has found no "smoking gun" proving Iran wants nuclear arms, a series of IAEA reports have revealed worrying clandestine activities such as plutonium processing and documents including drawings of how to mold weapons-grade uranium metal into the shape of a warhead.

Iran deepened international concerns by announcing April 11 that it had enriched uranium with 164 centrifuges. It has informed the IAEA that it plans to install 3,000 centrifuges in the last quarter of 2006 and later 54,000 centrifuges for large-scale enrichment of uranium.

While tens of thousands of centrifuges need to be running in "cascades" for a full-fledged enrichment programs, experts estimate that Iran could produce enough nuclear material for one bomb if it had at least 1,000 centrifuges working for over a year.

On Tuesday, Iran issued its toughest warning on the issue. Nuclear negotiator Ali Larijani said that if the Security Council imposes sanctions, Iran would stop cooperating with the IAEA and conceal its nuclear activities.

"If you take harsh measures, we will hide this program. If you use the language of force, you should not expect us to act transparently," Larijani said.

Iran appears to be drawing strength for its defiance from the evident reluctance of Russia and China to endorse sanctions. The two powers hold vetoes on the Security Council.

"We see no alternative to the negotiations process," Russian Defense Minister Sergei Ivanov said Tuesday. China has repeatedly urged all parties to show flexibility and pursue a peaceful settlement.

A Defiant Iran Banks On A Split At UN (CSM)

By Howard LaFranchi

The Christian Science Monitor, April 27, 2006

WASHINGTON - With neither side blinking, Iran and the international community are preparing to take the next step in their showdown over Tehran's nuclear ambitions.

The confrontation returns Friday to the United Nations Security Council, where the Iranian regime is hoping a divide-and-conquer strategy will prevent the UN body from taking any coercive action to limit its nuclear program. It may be a bold gambit: Just a month ago, the Council acted - unanimously - to give Iran 30 days to show it had ceased uranium enrichment.

But the Security Council, in fact, is split over the need for action against a defiant Tehran - increasing the likelihood that steps such as economic sanctions will be taken not by the UN, but by a "coalition of the willing" of the US and equally adamant allies.

"Of course we have a strong preference for action by the Security Council, for legal reasons ... and [because] it sends a clear message to the Iranian people that action is against the regime and not them," says a French diplomat who requested

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anonymity because of the delicate nature of the negotiations. "But at the same time, we can't remain forever doing nothing in the case Iran goes forward with its process."

The United States as well has been emphasizing its preference for united Security Council action against Iran. But it is also floating with allies the possibility of steps outside the UN if the Security Council proves unable to bridge its differences - essentially with the US, Britain, and France on one side, and Russia and China on the other.

Beginning Thursday, Secretary of State Condoleezza Rice is to attend a two-day meeting of NATO foreign ministers in Sofia, Bulgaria, where the issue of Iran and its relevance to the Atlantic alliance is expected to be raised, according to NATO officials.

The 30-day pause in deliberations on Iran was designed to give the Iranian government an opportunity to cease uranium enrichment, reassure the world that it is not proceeding along a path to nuclear armament, and stave off further international action.

But if anything, Iran has used the days preceding a return to the Security Council to rattle the international community: not only to boast of a perfected enrichment process, but to do it with veiled references to secret enrichment sites and to accelerated nuclear development.

The Iranian game plan appears to be to set up a confrontation with the West that not only divides the international community but shatters any consensus against its nuclear program, analysts say.

"They seem to be trying to replay the good-cop-bad-cop strategy the US and EU [European Union] used against them, but in their own way where they play both the good cop and the bad cop," says Ray Takeyh, an Iran expert with the Council on Foreign Relations in Washington.

He points to Iran's diplomatic forays to Russia and Persian Gulf states, as well as toward Sudan, even as Iranian President Mahmoud Ahmadinejad taunts the West. And he says Iran is trying to look reasonable and cooperative to friends (like Russia) and Muslim countries, while also appearing to stand up to Western powers.

The Iranian strategy may be working, both at home and when it comes to the UN. Domestically, the outspoken Mr. Ahmadinejad is winning points with his anti-Western stance, even as he fails to deliver on the bread-and-butter issues that brought him to power.

"This could be part of his domestic political calculations," says Joseph Cirincione, director for nonproliferation at the Carnegie Endowment for International Peace in Washington. "The more he postures as standing up to a US positioning itself for war, the more he consolidates his power."

Then there's the UN: A month after the Security Council approved a watered-down statement on Iran, world powers seem no closer to consensus on diplomatic action, such as "smart" sanctions aimed at Iranian officials.

Initially, the US, Britain, and France are set on seeking something more from the Council than the simple "presidential statement" that was approved a month ago. This time they want a so-called "Chapter 7 resolution," which would designate Iran a threat to international security - a step that would open the door to sanctions and eventually even military action.

In the days leading up to Council deliberations, the US is reiterating that it is not seeking sanctions at this time. "The resolution we are contemplating ... would not be a sanctions resolution," the US ambassador to the UN, John Bolton, said Tuesday. "So from our perspective, we are going to take it one step at a time."

But for China and Russia, a Chapter 7 resolution puts the Council on a course of action, including sanctions, even if the text does not specifically call for it. And it also starts looking increasingly like the diplomatic road the US took before going to war with Iraq, some experts say.

That helps explain why neither veto-wielding nation is likely to go along with a tough new resolution. "I think the Chapter 7 route is dead on arrival," says Mr. Cirincione. "The US can keep talking about it, but our own policies have doomed it."

Specifically, he says the US appears to be "following the playbook on Iraq," by insisting it wants a diplomatic solution even as it continues to hold out the possibility of military action. "That may not be what's happening," he says, "but to a number of countries out there, it looks that way."

US officials appear to be aware of this perception. Secretary Rice this week said the US is "aware Iran is not Iraq." But at the same time, she warned that the Security Council's relevance to international security is on the line in the Iranian issue.

"We're starting to hear the US use the Iraq language - that if the Security Council doesn't act, it becomes an irrelevant organization," says Mr. Takeyh of the Council on Foreign Relations. "The strategy may be to put together a coalition of the willing to apply sanctions, but you can't go that route without denigrating the Security Council first."

House OKs Tighter Sanctions Against Iran's Nuclear Aims (WT)

By Christina Bellantoni

The Washington Times, April 27, 2006

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The House yesterday overwhelmingly passed a bipartisan bill that toughens sanctions against Iran until the country dismantles its nuclear programs, with supporters saying the move is a "key component of our war on terror."

Lawmakers voted 397-21 for the Iran Freedom Support Act, created "to hold the current regime in Iran accountable for its threatening behavior and to support a transition to democracy in Iran."

The bill sends the message "the United States expects Iran to be a responsible member of the international community," said House Majority Leader John A. Boehner, Ohio Republican.

But opponents from both parties argued the bill undermines diplomacy and is a first step to war with Iran.

Rep. Ron Paul, Texas Republican, said the measure reminds him of a 1998 congressional resolution that called for regime change in Iraq, which he thinks was the first step to the "very unpopular, expensive" Iraq war.

Rep. Earl Blumenauer, Oregon Democrat, noted all lawmakers "hate this regime," but he favors "strong, smart, constructive, diplomatic efforts" -- characteristics that he says are not present in the bill.

"I am very worried about where this all ends," he said.

Supporters repeatedly said the bill "does not authorize the use of force."

"If the U.S. fails to act with clarity ... the potential consequences of inaction could be catastrophic," said Rep. Mike Pence, Indiana Republican. "This is real."

Several supporters mentioned Iranian President Mahmoud Ahmadinejad's recent statement that Israel "must be wiped off the map."

Rep. Eric Cantor, who is Jewish, said Congress must take such threats seriously. "This bill should be the first step and not the last," the Virginia Republican said.

That's what opponents fear.

"It is bad for Iran to have a nuclear weapon, but there are things that are worse," such as giving the country a reason to use one, said Rep. Jim Leach, Iowa Republican.

Rep. Dennis J. Kucinich said the Bush administration has "made a mess of international relations," with the war in Iraq.

"Don't we have enough problems in Iraq to clean up before setting the stage for another conflict with Iran?" the Ohio Democrat asked.

Under the bill, the mandatory sanctions must remain in place until Iran dismantles its weapons programs and presents no threat to the national security of this country or its allies.

It also calls for sanctions against countries that supply Iran with materials for weapons of mass destruction and denies U.S. assistance to countries invested in Iran's energy sector.

Bush administration officials previously said the sanctions bill could harm its own negotiations with Iran.

Mr. Pence said the president is not opposed to the resolution, sponsored by Rep. Ileana Ros-Lehtinen, Florida Republican.

A Senate version is pending in the Foreign Relations Committee.

House Backs Tighter Iran Sanctions (AP-Y2)

By Jim Abrams

AP2, April 26, 2006

The House on Wednesday approved legislation to tighten sanctions against Iran, rejecting administration arguments that tougher sanctions could be an obstacle to international efforts to prevent the Tehran government from developing nuclear weapons.

The bill, said House Majority Leader John Boehner, R-Ohio, sends "a strong message that the United States expects Iran to be a responsible member of the international community."

The vote was overwhelming, 397-21 in favor, but there was also a vocal minority in opposition who drew comparisons to a 1998 congressional resolution calling for regime change in Iraq.

Many voted in good faith for that resolution, said Rep. Dennis Kucinich, D-Ohio, "not knowing that later on it would be invoked as a cause for the prosecution of war against Iraq."

Supporters emphasized that the legislation does not authorize the use of force in Iran and was a proper response to the Tehran government's nuclear ambitions. A nuclear Iran, said Rep. Christopher Smith (news, bio, voting record), R-N.J. "will be a devastating blow to peace and security, not only in the Middle East, but in the entire world."

The legislation, sponsored by Rep. Ileana Ros-Lehtinen (news, bio, voting record), R-Fla., in effect alters the Iran-Libya Sanctions Act of 10 years ago by strengthening sanctions against Iran while taking away restrictions on Libya, which is now cooperating with the West in eliminating weapons of mass destruction.

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It states that weapons of mass destruction-related sanctions against Iran remain in effect until Iran has verified that it is dismantling its WMD programs. It requires that sanctions be imposed on any person who exports or supplies to Iran goods or technology that help Iran obtain WMDs.

The measure also states that the names of individuals, governments and companies that have invested at least $20 million in Iran's energy sector be published in the Federal Register. It denies U.S. aid to countries that are invested in Iran's energy sector, but gives the president the authority to waive such a ban on national security grounds.

It also authorizes the president to provide assistance to peaceful pro-democracy and human rights groups in Iran.

The administration, in a letter to House International Relations Committee Chairman Henry Hyde, R-Ill., last month, said the bill could limit the flexibility needed to reach a diplomatic solution to the deadlock over Iran's nuclear program.

The State Department's legislative affairs chief, Jeffrey Bergner, wrote that it could inhibit the administration's ability "to build and maintain an international consensus to confront Iran's violations collectively."

"By sanctioning foreign countries and companies that have economic relations with Iran, this bill sanctions the very countries we need for a strong diplomatic effort," said Rep. Earl Blumenauer (news, bio, voting record), D-Ore.

Rep. Mike Pence (news, bio, voting record), R-Ind., a supporter of the legislation, said the bill had since been changed to give the administration more of the flexibility it sought.

The bill must still be taken up in the Senate, where prospects are unclear.

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The bill is H.R. 282

On the Net:

Congress: http://thomas.loc.gov/

Hu Refuses To Back Iran Sanctions (WT)

By Bill Gertz

The Washington Times, April 27, 2006

President Bush directly appealed to Chinese President Hu Jintao last week to support economic sanctions on Iran for not abiding by international controls on its nuclear program, but Mr. Hu refused to do so now, Bush administration officials said.

"They left open the possibility that they could support sanctions in the future," said one official familiar with the summit discussions between the two leaders at the White House last Thursday.

Some administration officials were encouraged by Mr. Hu's response. Others said it was typical of Beijing's lack of support for the United States on the issue.

On Capitol Hill yesterday, the House voted to tighten sanctions against Iran until it complies international nuclear controls. The bill urges holding Iran "accountable for its threatening behavior and to support a transition to democracy in Iran."

The bill received overwhelming support, with a vote of 397-21, despite opposition from the White House, which thinks unilateral action could inhibit the administration's ability to build an international coalition.

The high-level request of Mr. Hu was part of the administration's push within the United Nations and the international community to gather support for sanctions against Iran. U.S. officials say Iran has violated agreements by enriching uranium, although it is short of the level needed to create nuclear weapons.

A report to the U.N. Security Council from Mohamed ElBaradei, director of the International Atomic Energy Agency (IAEA), will be sent to council members as early as today.

Officials said the report is expected to repeat earlier appeals for Iran to come into compliance with IAEA controls. The report also will not provide any language that could be used by Tehran to claim that its uranium enrichment outside of those controls has been permitted.

Submission of the IAEA report then is expected to set off a U.S.-led effort within the Security Council for a Chapter 7 resolution that could be passed within the next three months. The resolution would set the stage for economic sanctions or possibly even the use of force in the future to force Iran's compliance with international controls.

Officials said Russia is leading international opposition to sanctions and that China continues to support Moscow's position. The Russian government does not want to impose sanctions because of its sales of technology and military goods to Iran.

Moscow agreed earlier this month to send Tor-M1 anti-aircraft missiles to Iran that U.S. officials say could be used against U.S. or allied aircraft, if force is used to knock out Iran's nuclear facilities.

Moscow also has signed an agreement with Iran to upgrade Iran's Kilo-class submarines with the addition of SSN-27 anti-ship cruise missiles, weapons that could be used against U.S. Navy ships in the Persian Gulf, or that could also be used by Iran to disrupt oil shipments through the Hormuz Strait.

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The administration hopes to persuade China to support the Chapter 7 resolution or at least to abstain from voting against it, the officials said.

However, Iran is using its oil sales to China to influence Beijing's political posture on the Iranian nuclear program, the officials said. China is buying regular shipments of Iranian oil that are needed to keep China's modernization effort going.

The governments of Britain, France and Germany, along with some other European states, appear ready to support sanctions, as a result of the failure of the talks with the Iranian government to resolve the standoff diplomatically, the officials said.

The House legislation, sponsored by Rep. Ileana Ros-Lehtinen, Florida Republican, in effect alters the Iran-Libya Sanctions Act of 10 years ago by strengthening sanctions against Iran while taking away restrictions on Libya, which is now cooperating with the West in eliminating weapons of mass destruction.

It states that weapons of mass destruction-related sanctions against Iran remain in effect until Iran has verified that it is dismantling its programs. It requires that sanctions be imposed on any person who exports or supplies to Iran goods or technology that help Iran obtain weapons of mass destruction.

Azerbaijan Leader Staying Out Of Iran Fray (AP)

By Barry Schweid

AP, April 27, 2006

President Ilham Aliev of Azerbaijan opened a three-day visit to the United States on Wednesday by saying he would not allow his country to be used by the U.S. for any operations against neighboring Iran.

Aliev, scheduled to meet with President Bush on Friday, cited a "very clear" agreement with Iran that the two countries would not permit their territory to be used for operations against the other.

His visit comes at a time of rising U.S. tensions with Iran over its nuclear program, and Aliev said he would remain at arms' length from that conflict.

"Azerbaijan will not be engaged in any kind of potential operation against Iran," he said in remarks at the private Council on Foreign Relations.

The Caspian nation, which shares a border with Iran and Russia, is strategically important to the U.S. because of its location and its role in supplying the West with oil.

Azerbaijan wants to remain an "island of stability" in the region, Aliev said. At the same time, he said Azerbaijan had sent troops to Iraq, Afghanistan and Kosovo, and would "do its best to stand shoulder-to-shoulder" with the United States on security.

The president, who took office in October 2003, has the potential to be an intermediary between the Bush administration and Iran. Iranian Defense Minister Mustafa Mohammad Najjar, on a visit to Baku last week, said Aliev could use his talks in Washington to "explain" Iran's views to the United States.

Aliev said he did not think Iran would be a "major aspect" of his talks in Washington, which are due to include a meeting with Vice President Dick Cheney. But he said "if the question of regional security arises we will discuss it."

Azerbaijan is committed to peace in the region, he said. "We need to try to provide peace and stability."

"At this time," he said, "it is best to concentrate on a peaceful resolution" of the dispute over Iran's nuclear programs, which the United States and European allies say seek development of a nuclear bomb.

On another issue, Aliev conceded there was need for political reform in his country, a former Soviet republic that became independent 16 years ago. Referring to Azerbaijan's energy boom, Aliev said "economic reform without political reform will lead to severe problems." He said his country was moving forward on both fronts.

Human rights groups have criticized the nation for restricting political and human rights and questioned whether U.S. criticism would be muted due to Azerbaijan's role in supplying the West with oil.

Freedom House on Tuesday said Azerbaijan restricts political and human rights and is among the lowest-ranked countries in the private rights group's annual surveys.

"President Bush has made democracy promotion a priority of his presidency," Freedom House executive director Jennifer Windsor said in a statement. "His upcoming meeting with President Aliev presents an important opportunity for him to discuss Azerbaijan's democracy deficit."

Aliev, in response to questions Wednesday, rejected the description of his government as a "regime" and said, "We have all the major freedoms."

In his remarks, Aliev spoke most about a dispute with Armenia over the Nagorno-Karabakh enclave of Azerbaijian. Ethnic Armenian forces occupy the region, in what Aliev called an occupation. He said Azerbaijan's recovery of the territory was not subject to negotiations.

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Rice Confirmed To Attend Southeast Asia Security Meet (AFP)

AFP, April 27, 2006

US Secretary of State Condoleezza Rice has confirmed she will attend Southeast Asia's annual security meeting here in July, Malaysian Foreign Minister Syed Hamid Albar said.

Syed Hamid said that Bangladesh would also make its first appearance as an observer at the regional meeting, where discussions will focus on issues including global terrorism and energy prices.

"I spoke to Condoleezza twice. She confirmed that she will be coming and is looking forward to attending the meeting. There will be full attendance by all the participants," the minister told reporters.

"There will also be a new member attending the ARF, that is Bangladesh," he said of the ASEAN Regional Forum which brings together the Association of Southeast Asian Nations and its key partners including China, Russia and Japan.

Rice shunned the ARF meeting in Laos last year, instead sending her deputy in what was seen as an attempt to pressure ASEAN into pushing its recalcitrant member Myanmar to introduce democratic reforms.

Under pressure from the international community, ASEAN at its annual summit last December signalled its impatience with Myanmar and sent Syed Hamid on an inspection visit there as its envoy.

Syed Hamid said this year's meeting will look at security and economic issues, as well as efforts to create a sense of regional unity among nations with different cultural, linguistic and religious backgrounds.

"Especially the question of energy will be discussed at great length because of the soaring prices of fuel, how it impacts the economies of ASEAN as well as our dialogue partners," he said.

"There is a desire on the part of ASEAN to be seen as cohesive and united. Of course the problem of Myanmar is there but I think this should not in any way impair ASEAN progress."

U.S. Trade Deals Embitter Latin Americans (AP)

By Joshua Goodman

AP, April 26, 2006

With the rise of China and stiff competition from Europe, the United States has been flexing its economic muscle in its own backyard.

Since 2003, when attempts to secure a hemispheric-wide free trade zone broke down, U.S. negotiators have signed bilateral, free trade agreements with nine Latin American nations. Two more, with Ecuador and Panama, are in the pipeline.

Despite skepticism among U.S. labor groups and Congress, those agreements have been an unqualified success for American exporters. For example, U.S. exports to Chile have almost doubled, to $5.2 billion last year, in the two years since the two countries signed a deal, the Office of the U.S. Trade Representative said.

But among Latin Americans, the dollar diplomacy has left a bitter taste.

"Nobody who sat across the negotiating table from the United States came out of the talks feeling they got a fair deal," said Peter Hakim, president of the nonpartisan Inter-American Dialogue think tank in Washington. "And many feel they've been outright cheated."

Part of the failure to impress is attributable to a surge of leftist leaders in Latin America, who've deftly capitalized on the region's traditional protectionism and mistrust of Washington.

But even economists concede that free trade has barely helped the region reduce widespread poverty, which has remained stagnant for decades.

Moreover, the pacts may end up hurting farmers and rural peasants who make up almost half of Latin America's 500 million people. By permanently locking in trade preferences, countries entering trade deals are effectively turning a blind eye to the $17 billion that U.S. farmers receive annually in government subsidies, making it extremely tough to compete.

Not surprisingly, support for U.S. free trade deals in Latin America may be turning.

In Ecuador, Indian protesters last month paralyzed much of the country for nearly two weeks demanding that President Alfredo Palacio suspend trade talks with the United States that have been ongoing for years.

And even the signing of a deal is no guarantee of its implementation. Legislatures in Costa Rica and Peru have stubbornly refused to rubber stamp recent deals even as calls by opposition politicians for national referendums have grown louder.

Still, despite the push by Argentina and Brazil to create a South American trade zone, for much of the region the price of saying no to Uncle Sam remains too high. Even if that means betraying popular goals of regional solidarity.

The experience of the Andean Community trade bloc — comprised of Bolivia, Colombia, Ecuador, Peru and Venezuela — is a case in point.

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The recent trade deals by Colombia and Peru with the United States sounded the death knell for the 39-year-old trade bloc, at least in spirit. For example, in providing a quota for American soy products, Colombia effectively shut out Bolivia from what has been until now its top soy market, worth $170 million a year.

Citing Peru and Colombia's defections, President Hugo Chavez of Venezuela, a staunch opponent of U.S. free-trade deals, announced last week that he was pulling out of the trade bloc.

It remains to be seen how strongly the Venezuelan pullout could affect the $8 billion in annual trade among bloc members, and Venezuela's commerce minister said over the weekend that the withdrawal would be gradual, over five years.

The Andean Community says that trade among member countries has risen on average by 13.5 percent a year since 1990, when it began gradually lifting tariffs and liberalizing trade.

U.S. Probe Targets U.N. Department (WT)

By Betsy Pisik

The Washington Times, April 27, 2006

NEW YORK -- The United Nations confirmed yesterday the U.S. Attorney's Office is investigating suspected wrongdoing in the office that handles procurement for U.N. peacekeeping operations.

In a further blow to the troubled peacekeeping department, a report by the Government Accountability Office (GAO) to be delivered to Congress today describes the procurement office as understaffed, poorly trained and badly lacking the oversight that would uncover corruption, fraud and waste.

Eight senior staff members were suspended with pay earlier this year, after an inquiry by the U.N. inspector general's office uncovered lax management and possible corruption.

Each will be reinstated or disciplined after a U.N. task force investigates nearly 500 procurement-related tips.

"The United Nations currently has an aggressive internal investigation into all aspects of the U.N. global procurement operations," said Undersecretary General for Management Christopher B. Burnham.

"There is also an ongoing investigation by the [U.S. Attorney for the] Southern District [of New York] into the procurement office, and the United Nations is cooperating fully."

The officials involved likely have diplomatic immunity, but Mr. Burnham said U.N. Secretary-General Kofi Annan would lift that protection if authorities request it.

Reports by the GAO will be presented today to the House International Relations Committee, where the United Nations is likely to draw sharp criticism from lawmakers who are exasperated by the Iraq oil-for-food scandal and frustrated by the slow pace of management reforms.

The United States last year contributed about $8 billion to the U.N. regular and peacekeeping budgets, and the Bush administration and lawmakers are intent on improving the international organization's accountability.

"Brazen corruption in procurement shocks the conscience of everyone paying attention," said Rep. Henry J. Hyde, Illinois Republican and chairman of the House International Relations Committee. "The January release of a [U.N. Office of Internal Oversight] peacekeeping procurement report illustrates that corruption has risen to crisis levels."

The 56-page review by the GAO finds deep flaws in the management, coordination, and oversight in the procurement office that spent about $1.6 billion last year on everything from trash disposal in the Balkans to fresh food rations in Sudan to helicopters and cargo planes in the Democratic Republic of the Congo.

The research was conducted over a 10-month period with U.N. assistance.

The GAO audit found key procurement departments understaffed. Although eight missions have been added in seven years and the peacekeeping budget has tripled, the procurement staff and related oversight bodies remained stable.

"U.N. resources are unnecessarily vulnerable to mismanagement, waste, fraud and abuse," the GAO report says, "because the procurement process is improperly managed; has not committed to maintaining a professional, trained work force; and has failed to adopt a full range of ethical guidelines."

An audit by Deloitte Consulting late last year also revealed shortcomings in peacekeeping procurement. Some of the deficiencies were identified as far back as 1992, when Mr. Annan ran the peacekeeping department.

The Bush administration lately has been pressing for reforms in the procurement and management divisions, but according to the GAO report, its efforts are long-delayed.

The U.S. Mission to the United Nations was without an ambassador-level officer for administration and management for 13 months, until Mark Wallace arrived in March.

The GAO auditors said that left meetings unstaffed, or attended by diplomats of a lower rank who lack "impact and influence."

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"This key vacancy represents a missed opportunity for the United States in the formation of the U.N. management reform agenda agreed upon at the World Summit in 2005," the GAO report says.

The report recommends several reforms, including stronger oversight of the field, a database with contractors' performance histories and better mechanisms for vendors to report the irregularities that might indicate patterns of bid-rigging or influence.

There are 270 U.N. procurement officers spread over 19 far-flung peacekeeping missions, many of those in conflict areas with limited local resources.

Peacekeepers Targets Of New Sinai Attacks (NYT)

By Michael Slackman

The New York Times, April 27, 2006

EL ARISH, Egypt, April 26 — Two suicide bombers attacked members of a multinational peacekeeping force in the northern Egyptian Sinai on Wednesday, two days after a triple bomb attack killed nearly two dozen in a resort south of here.

The suicide blasts were small, officials said, killing only the attackers while damaging two security vehicles. But their timing — so soon after Monday's attacks — and the location in one of the Egypt's highest security zones raised concerns that the country might again be faced with the kind of sustained terrorist threat it struggled to suppress a decade ago.

The bombings on Wednesday — against members of a multinational peacekeeping force established in 1982 after a peace treaty between Egypt and Israel — came as investigators rounded up suspects and sorted through evidence in the triple bomb attack on the southern Sinai resort town of Dahab.

The latest attacks added to a general sense of anxiety, both inside and outside the government, over challenges facing the Arab world's most populated country. The government has been buffeted on multiple fronts, from sectarian strife in Alexandria, where a Muslim resident recently attacked three Coptic Christian churches, sparking days of riots, to a protest by thousands of judges demanding independence from the executive branch, to the emergence of the fundamentalist Muslim Brotherhood as the only organized political opposition.

The string of bombings in the Sinai — at a time when the government has increasingly moved to stifle political opposition — has also prompted many people to charge that the authorities are so focused on political control they have undermined their ability to fight terrorism.

"The problem is you cannot separate what's happening now from the general atmosphere in Egypt," said Dr. Emad Gad, an analyst at the government-financed Ahram Center for Political and Strategic Studies in Cairo. "There is a state of apprehension. Part of the problem rests in the fact that the Egyptian security agencies are concerned about confronting civil society interactions."

While the government insists it has made every effort to combat domestic terrorism, it has appeared stumped over to how to safeguard its tourist industry in the Sinai, one of the pillars of the nation's economy.

Magdy Rady, the chief government spokesman, said Wednesday night that the government recognized that it needed to address security in the Sinai in a comprehensive way — from improving roads to building schools — and said the government had developed a master plan to address the many concerns of the region. But he disputed the notion that the spate of attacks suggested a government failure, saying they occurred as tourism and the economy had begun to improve.

"The prime minister said something very true, that it seems like there are some people who do not like for Egypt to wake up," Mr. Rady said. "We were approaching a record in tourism. We are heading to a 6 or 7 percent growth rate, part of it because of investment, part because of tourism, and all this terrorism will affect this."

The aftermath of the Dahab attack demonstrated the nearly impossible task the government faced in trying to deter terrorism. While security at hotels has been tightened around the country, those responsible for Dahab went after the softest of targets — the middle of a crowded pedestrian walkway. Men, women and children were killed and maimed.

There have been multiple bombings in the Sinai in the last two years, and investigators say that what is worrisome is that they all appear connected — including Dahab and the suicide blasts.

Investigators said the attacks seemed to be the work of locals, mostly people from the Northern Sinai region who know the area and can avoid the intense security and checkpoints that are routine here, and have decided that they are willing to kill to undermine the government. An Interior Ministry statement said it had information that the attackers in Dahab and Northern Sinai were Sinai Bedouins.

"It is obvious that there is a link, especially since there are still suspects at large from the first attacks," said a top security official who asked not to be identified because he was not authorized to speak publicly.

The first attack on Wednesday occurred about 11 a.m. when a suicide bomber exploded a device near a van carrying two Egyptian officials and two peacekeepers with the multinational force, not far from their base in Al Gorah, about 15 miles west of the Gaza Strip.

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The second bomb blew up five minutes later beside an Egyptian police vehicle responding to the first attack, officials with the multinational force said, adding that the bombers were the only ones injured in either attack.

But the bombings, while far less bloody than those in Dahab, sent a chill through Cairo.

For the first time since Hosni Mubarak became president, Egyptians are pressing his government in ways they have never dared to before, and the protests continue despite beatings and arrests by the security forces. As the suicide bombers were attacking the peacekeeping forces, for example, some of Egypt's most prominent judges were in the eighth day of a Cairo sit-in to demand independence from the executive branch.

"There are cracks everywhere, and what we have seen in the recent weeks are symptoms of deeper cracks in the regime," said Saad Eddin Ibrahim, who was once jailed for his own democracy work.

"The people are no longer as afraid of the regime as they used to be," he said. "Part of it is because of their ineptitude of handling big problems in the country whether social, political, or economic."

Mr. Rady, the government spokesman disagrees, saying that it is because of Egypt's successes that it has been the target of attacks.

"Even though there are some trespasses, we are heading the right way in many things, and every time we are about to accomplish something, there is a hit that brings us back a bit," he said. "We are adamant to head for our target despite all these problems. But there is someone trying to pull us back."

Two Bombers Target Forces In Egypt (WP)

By Daniel Williams

The Washington Post, April 27, 2006

CAIRO, April 26 -- Bombers targeting Egyptian police and a U.S.-led multinational peacekeeping force killed only themselves in a pair of attacks Wednesday in northern Sinai, two days after blasts at a resort in the southern part of the peninsula left at least 18 civilians dead.

The attacks displayed the Egyptian government's continuing difficulty in pacifying the rugged Sinai region, which has become a stronghold for violent groups, government officials said.

In the first attack Wednesday, a man approached a vehicle operated by the Multinational Force and Observers or MFO, which has monitored the Sinai as an element of the 1979 Israeli-Egyptian peace treaty. The bomber blew himself up, perhaps as he tossed an explosive at the vehicle, according to Mahmoud Fishawy, a spokesman for the Interior Ministry.

The blast broke a window of the vehicle, which was carrying two police agents and soldiers from the Norwegian and New Zealand contingents. Neither the Egyptian police officers nor the peacekeepers were injured, Fishawy said.

A second bomber was riding a bicycle and tried to block a police car carrying two Egyptian police officers on their way to investigate the first explosion. The bomber also blew himself up, said Fishawy, labeling it a suicide attack. Neither of the police officers was hurt.

The peacekeeping force has operated largely in safety. Last August, however, a roadside bomb detonated near an MFO vehicle and slightly wounded two Canadian peacekeepers.

The Wednesday attacks followed the deployment of extra police officers and soldiers and additional checkpoints in the Sinai after Monday's explosions in the town of Dahab, where three bombs exploded on a seaside promenade.

The Egyptian interior minister, Habib al-Adli, said the bombings this week were linked to an attack last July in Sharm el-Sheikh, which killed 64 people, and to one in 2004 in Taba and another nearby resort close to the Israeli border, which killed 34 people.

Egyptian officials have blamed the bombings on Islamic extremists who have their roots in a disaffected Bedouin population that has complained of government repression and neglect. Massive police roundups of suspects that followed the Taba and Sharm el-Sheikh bombings also stirred discontent, officials said. In an announcement about Wednesday's bombings, the Interior Ministry specified that the second attacker was Bedouin.

"Sinai is a place where the government has not been present," a senior government official acknowledged. "Bedouins know the area better than any security official."

President Hosni Mubarak, a longtime U.S. ally, recently hinted he would extend emergency laws that have been in force since 1981, on the grounds that easing them would pose "a serious danger." The laws, originally justified as a means to fight terrorism, permit authorities to detain Egyptians indefinitely without charges, try civilians in military courts and restrict public gatherings, speech and political activity. Opposition groups and pro-democracy forces say the laws are used to buttress Mubarak's 25-year reign and stifle reform in advance of a move to transfer power to his son, Gamal.

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In addition to the Sinai attacks, Egypt has recently experienced a spike in violence between Muslims and Coptic Christians, a minority in Egypt. Two weekends ago, the fatal stabbing of an elderly Coptic man by a Muslim assailant ignited three days of sectarian street battles in the Mediterranean port city of Alexandria.

Moreover, police killed at least 10 Egyptians during parliamentary elections last year when security agents blocked access to several polling stations, and on Dec. 30 last year, 23 Sudanese migrants were killed when police cleared an encampment in Cairo set up to protest refugee repatriations.

The bombings Wednesday took place near the peacekeeping force's base near the town of Rafah, on Egypt's border with the Gaza Strip.

A statement from the force's headquarters in Rome said the first assault took place at 11 a.m., as a peacekeeping vehicle left the el-Gorah base. The Egyptian police had visited the base to handle travel paperwork for the peacekeepers, the Interior Ministry said. The second bombing attempt took place 35 minutes later on a road between Rafah and el-Gorah.

The multinational force includes 1,800 troops from 10 countries: the United States, Canada, Australia, New Zealand, Italy, France, Colombia, Hungary, Uruguay and Fiji. Although not technically a member, Norway provides the force with three officers.

Putin Talks Of Sending Oil To Asia, Not Europe (NYT)

By Andrew E. Kramer

The New York Times, April 27, 2006

MOSCOW, April 26 — President Vladimir V. Putin said Wednesday that Russia should direct future oil and natural gas exports to Asia because "unprincipled competition" had blocked its energy companies from expanding elsewhere.

With the bold warning that Russia has other export options, Mr. Putin waded into a debate in Europe over the plans of Gazprom, the natural gas monopoly, which is trying to enter the retail gas market.

Mr. Putin couched his words in a discussion of a new Siberian pipeline to ship oil to China, Japan and other Pacific Rim markets. He spoke before a meeting on energy issues with Chancellor Angela Merkel of Germany in the Siberian city of Tomsk.

This week, the Russian oil pipeline operator Transneft said that it would break ground on Friday on a 1,400-mile pipeline from eastern Siberia to the Pacific Ocean. The pipeline, which will be able to carry 1.5 million barrels a day, could divert exports to Asia that now go to Europe.

The swagger in Mr. Putin's remark suggests his government believes it now has a strong negotiating hand with Europe on energy issues.

After Gazprom briefly cut natural gas exports to Ukraine in January, European leaders questioned Russia's reliability as a supplier.

It is certainly a large one. At the end of trading on Wednesday, the stock market value of Gazprom was $267 billion, more than BP, Europe's largest energy company. The value put Gazprom in second place after Exxon Mobil of the United States. Gazprom is now the fourth-largest company in the world after Exxon, General Electric and Microsoft.

"We often encounter unfair competition on international markets," Mr. Putin told a business forum held before the summit with Ms. Merkel.

"Despite the great demand for energy resources, attempts are made, under all sorts of pretexts, to restrict us," he said. "Remember that the nations of the Asia-Pacific region are developing at an enormous rate, and they need our cooperation."

Ms. Merkel, who was brought up in East Germany, has taken a firmer line with Mr. Putin than her predecessor, Gerhard Shröder. Still, the German companies E.On and BASF were expected to sign a big natural gas deal with Gazprom at Tomsk.

Outside of Germany, Gazprom's business is not progressing smoothly. British news media reported this month that regulators had held eight meetings on how to block a possible bid by Gazprom to buy Centrica, Britain's largest gas distributor.

Thus, Mr. Putin's comments about "unprincipled competition" seemed to reflect, in part, unhappiness at Gazprom, though Prime Minister Tony Blair's office said Wednesday saying that it would not interfere in a Gazprom bid for Centrica.

Gazprom's deputy director, Aleksandr I. Medvedev, said Tuesday on the BBC "Hardball" program that Gazprom was considering buying Centrica but was not in talks with it.

Because of Gazprom's wealth from high energy prices, "it is very difficult to find a company which is not on our watch list," Mr. Medvedev said. Gazprom says there are many companies in Europe it would like to acquire: "Let me calculate," said Mr. Medvedev. "It will not be enough to have all the fingers on my hand."

Across Europe, Gazprom has found its association with the Russian government a liability in making acquisitions, analysts say.

As the Centrica plans soured, Gazprom's chief executive, Aleksei B. Miller, warned European ambassadors that Gazprom would turn to Asia if it felt unwelcome in Europe.

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Still, energy analysts say it is unlikely that Russia could intentionally curtail exports to Europe because of the high cost of unused export capacity. Instead, Europe's supply after the Siberian pipeline opens will hinge on whether Russia pumps enough oil to satisfy both markets.

Putin Uses Asia In Power Play On EU (WSJ)

By Guy Chazan

The Wall Street Journal, April 27, 2006

MOSCOW -- President Vladimir Putin warned that Moscow would shift its energy focus to Asia if Europe resisted its expansion plans, ratcheting up the tension in an escalating row over Russia's international energy ambitions.

His comments come amid growing concerns in European countries about becoming overly dependent on Russian energy, as natural-gas giant OAO Gazprom looks to acquire distribution and marketing assets across Europe. Last week, Gazprom officials told European Union ambassadors that it would redirect exports to other markets if its European ambitions were thwarted.

"People are using various pretexts to limit us to the north, the south and the west," Mr. Putin told a meeting of regional governors in Tomsk, Siberia. "Unfortunately, we are very often coming across methods of unfair competition in world markets." The countries of the Asia-Pacific region "need cooperation with us," he added.

Russia has long said it wants to diversify its energy exports. Last month Gazprom announced plans to build two pipelines that could eventually supply China with 60 billion to 80 billion cubic meters of gas a year, with first deliveries in about five years.

But many analysts say that for the time being, Gazprom's threat to sell its gas elsewhere is empty rhetoric. Most of its pipelines flow westward; indeed, it recently started building one under the Baltic Sea to Germany, in partnership with BASF AG and E.On AG. A Gazprom official said this week that the company's share of the European market was set to grow to 33% by 2010 from 26% now.

"If you take into consideration where world gas reserves are, Europe will remain Russia's core gas market for the foreseeable future," said Kakha Kiknavelidze, an analyst at Brunswick UBS bank in Moscow.

The president's comments came hours before a summit in Tomsk with German Chancellor Angela Merkel, who represents Russia's biggest natural-gas customer. Ms. Merkel is expected to press Mr. Putin on the security of Russian energy supplies, an issue that has become contentious since Russia briefly shut off natural-gas supplies to Ukraine in January over a pricing dispute.

Gazprom's warning to the EU last week followed reports in British media that the United Kingdom government had considered changing merger rules to stop Gazprom from taking over Centrica PLC, Britain's biggest natural-gas supplier, a move Gazprom said it might consider. U.K. officials later said authorities wouldn't try to block such a bid.

The storm over Centrica prompted accusations by Gazprom that Europe was trying to politicize the energy issue. Gazprom made a similar charge over the International Energy Charter, which the EU wants Russia to ratify. That would break Gazprom's monopoly by requiring it to allow third-party access to its export pipeline network. So far, Gazprom remains opposed.

Putin Reroutes Oil Line To Avoid Landmark Lake (NYT)

By Steven Lee Myers

The New York Times, April 27, 2006

MOSCOW, April 26 — President Vladimir V. Putin ordered Wednesday that an oil pipeline being built across Siberia be rerouted away from the northern shore of Lake Baikal, one of the world's natural landmarks.

Mr. Putin's edict reversed a controversial government decision last month to allow Russia's pipeline monopoly, Transneft, to build the line within a half mile of Lake Baikal, the world's most voluminous body of fresh water.

The pipeline, a $11.5 billion, 2,500-mile project, will pump Russian oil to markets in Asia.

Rare public protests followed the approval in March of the initial route, with rallies from Moscow to Irkutsk, the Siberian region bordering the lake.

"It was not a huge wave," Aleksandr Shuvalov, deputy executive director of Greenpeace Russia, said of the protests, "but it was a wave."

The pipeline's route, so close to Lake Baikal, had raised concerns that any accident in a remote, seismically active region could send oil spilling into a lake holding more than 20 percent of the world's fresh water and an abundance of unique wildlife species. Not only environmental groups, but also Russian scientists opposed Transneft's planned route.

A commission of specialists from the Russian Academy of Sciences initially opposed the route on environmental grounds. Its recommendation was rejected and a new review ordered with new specialists.

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Mr. Putin's decision on Wednesday was an unexpected reversal and appeared choreographed for state television networks. Meeting with federal and regional officials in Tomsk, a Siberian city, he publicly chided Transneft's director, Semyon M. Vainshtok, after asking if there was an alternative to the contested route.

"Since you hesitate, it means that there is such a possibility," Mr. Putin told a visibly uncomfortable Mr. Vainshtok. "If there had not been such a possibility, you would have said 'no' without any doubt."

Mr. Putin then ordered that the route hew more closely to one previously recommended by the Academy of Sciences but rejected by a regulatory agency. He said a new route should be charted at least 40 kilometers, or nearly 25 miles, from Lake Baikal. That would put it outside of Baikal's watershed, environmental groups said.

Mr. Shuvalov called it "a victory of common sense."

The reversal underscored Mr. Putin's highly centralized power and his penchant for dramatic gestures. Wielding a pen in front of an oversize map of the Baikal region, he swept aside decisions by several government agencies, as well as those by Transneft, which had warned that finding another route would be prohibitively expensive.

Mr. Vainshtok and other officials from Transneft could not be reached for comment. They had said that the planned route would be safe and that moving it could add nearly $1 billion to the cost of the pipeline. When Mr. Vainshtok, in the televised exchange, suggested that the pipeline would have to move "much farther north," Mr. Putin responded curtly.

"If there is at least a tiny chance of polluting Baikal," he said, "we, thinking of future generations, must do everything not only to minimize this threat, but to exclude it."

Natalya Podkovyrzina, a leader of Baikal Wave, an environmental group in Irkutsk, said it was not yet clear if the pipeline could easily be built where Mr. Putin said. "Forty kilometers to the north is a mountainous area, highlands and impassable taiga," she said. Mr. Putin decided to move the pipeline as Russia, with Ukraine and Belarus, commemorated the 20th anniversary of the nuclear accident at Chernobyl. The authorities broke up a protest against nuclear energy in Moscow, briefly detaining a dozen Greenpeace protesters who had chained themselves to a fence at St. Basil's Cathedral, in Red Square.

Sudan's Bashir Rebuffs U.N. On Peacekeepers (WP)

By Colum Lynch

The Washington Post, April 27, 2006

UNITED NATIONS, April 26 -- Sudan's president has rejected a U.N. appeal to allow its peacekeepers into the Darfur region to help stem a tide of violence that has left more than 100,000 dead and more than 2 million displaced over the past three years, a senior U.N. official told the Security Council on Wednesday.

The remarks represented a setback for a U.S.-backed proposal to send more than 15,000 U.N. and NATO peacekeepers to Darfur to replace an underequipped African Union force of more than 6,000 troops. The Bush administration has accused Sudan and a government-backed militia of committing genocide in Darfur.

Hedi Annabi, the United Nations' second-ranking peacekeeping official, told the 15-nation council in a closed session that Khartoum formally rejected a request to send an assessment mission there. "Such an assessment remains an indispensable step in the planning process," said Annabi, who briefed the council on a recent meeting with Sudan's president, Lt. Gen. Omar Hassan Bashir, in Khartoum.

Annabi warned that Sudan's opposition could doom U.N. peacekeeping plans. He suggested the council look outside the United Nations for troops if it decides to intervene in Darfur without an invitation from the government.

"The government of Sudan remains opposed to a transition to a United Nations operation in Darfur and has so far been unwilling to cooperate with our planning efforts," Annabi told the council.

The Bush administration accused Khartoum of stalling. "This is just delaying and delaying and delaying, and it's consistent with the pattern that the Sudanese government has followed for years in this," said John R. Bolton, the U.S. ambassador to the United Nations.

Annabi said the Sudanese leader left open the possibility of some U.N. role in assisting peace efforts if Khartoum makes peace with two Darfurian rebel groups. Peace talks underway in Abuja, Nigeria, are to conclude Sunday.

If those talks fail, and the Security Council were to decide to intervene without Khartoum's approval, Annabi said that "such a mission is better undertaken by means other than a U.N. operation." The Bush administration has secured NATO approval for a plan to send several hundred NATO advisers to bolster the African Union peacekeeping mission, as a first step in the transition to a U.N. mission, officials said. The Bush administration also sponsored a resolution Tuesday imposing a travel ban and freezing the assets of a senior Sudanese air force officer and three other Sudanese nationals for committing war crimes or impeding the peace process in Darfur.

Darfur's two main rebel groups, the Sudan Liberation Army and the Justice and Equality Movement, launched an insurgency in early 2003, alleging Khartoum was discriminating against the region's black African tribes. In an effort to quell the

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uprising, Sudan recruited, trained and supported local Arab militia, known as the Janjaweed, who have murdered, raped and terrorized hundreds of thousands of civilians suspected of backing the rebels.

While the death toll is unknown, U.N. officials and outside analysts estimate that 100,000 to 400,000 may have died from violence, disease and hunger.

Senior U.N. officials say that violence in Darfur has escalated in recent months, forcing more than 200,000 civilians from their homes since December. New York-based Human Rights Watch reported last week that the Sudanese government has launched a new military offensive in South Darfur, targeting villages in rebel controlled territory. On Monday, Sudanese Antonov aircraft and helicopter gunships fired indiscriminately at civilians during a raid in South Darfur, according to the rights group.

"Khartoum's new attacks on civilians show the Security Council needs to move quickly on a U.N. protection force for Darfur," said Peter Takirambudde, Africa director for Human Rights Watch. "They also show that the sanctions, while welcome, may not hit hard enough -- or high enough -- and civilians will continue to pay the price."

U.S. Options On Darfur Are Running Out (NYT)

By Joel Brinkley

The New York Times, April 27, 2006

WASHINGTON, April 26 — As the violence in the Darfur region of Sudan grows ever more deadly, Bush administration officials now acknowledge that they have few if any promising policy options for containing the carnage.

If there is no agreement by Sunday on a way to resolve the crisis, the long-running peace talks are to be disbanded. But hopes for an agreement are low.

One proposal, to send 20,000 United Nations peacekeepers to Sudan, has been stymied by Khartoum's adamant opposition. Without the government's agreement, the Bush administration acknowledges, dispatching troops to Darfur would rightly be viewed as an invasion.

"Sudan policy has run off the road into a ditch," said John Prendergast, a former senior Africa specialist for the government.

This comes as public outrage, sporadic before, is growing over the continuing bloodshed in Darfur, which the United States characterizes as genocide. States, including Maine, New Jersey and Illinois, and cities and private groups across the United States are cutting financial ties to companies that do business with Sudan.

A coalition of advocacy groups called SaveDarfur.org has organized a large rally in Washington for this weekend featuring speakers from Congress, the administration, Hollywood and religious organizations.

An estimated 200,000 people have died in Darfur since the violence began three years ago, and more than two million others have been driven from their homes. For the administration, the greatest hope centers on the peace talks in Abuja, Nigeria, which have limped along for almost two years.

The United Nations and the African Union, sponsor of the talks, have given the government of Sudan and the Darfur rebels until Sunday to reach agreement on a draft treaty that the mediators wrote and handed to both parties on Tuesday.

Both sides agreed to look at it but were otherwise noncommittal. While the two sides have agreed on some issues during previous sessions, the remaining disagreements are thick with complexity and emotion.

"We will respect the deadline, and if there are no indications that a deal is possible, we will wind up" the talks, said Sam Ibok, leader of the African Union mediating team.

Robert B. Zoellick, the deputy secretary of state, said in an interview on Wednesday, "There's a fighting chance" to reach agreement by Sunday. Jan Pronk, the chief United Nations envoy in Sudan, said the mediators might be willing to extend the talks a few days if significant progress was being made, but probably not much more than that. "It's now or never," he said.

Mr. Zoellick added, "If there is no peace accord, then it becomes a different mission."

The plan to send up to 20,000 United Nations peacekeepers to Darfur, to replace the 7,000 African Union soldiers stationed there now, presents formidable obstacles.

The United States and Europe have largely financed the African Union mission, but both have concluded that it is inadequate for the job. In February, the Security Council agreed to begin planning to send United Nations troops. The Bush administration said at the time that it would support the idea of having NATO take the lead in overseeing an interim African Union force until the arrival of United Nations troops.

But Sudan has remained opposed, and Khartoum has lobbied other African states, with some success, to view the idea as an affront to Sudanese sovereignty. Some of those other states would have to take part in any United Nations mission.

Now the Sudanese government is refusing even to grant visas to the United Nations team that wants to visit Darfur to assess the possible mission. But Sudan said it might change its mind if a Darfur peace agreement was reached.

Mr. Zoellick, in a speech this month to the Brookings Institution, said, "Either you get approval of the government," or "you invade, and that's a very big, serious challenge."

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In an interview on Wednesday, Mr. Pronk said Sudan was even more opposed to President Bush's NATO proposal.

"Wise diplomacy," Mr. Pronk said, means "you don't talk about NATO. It is viewed here as intervention, new colonialism."

What is more, few countries have expressed any willingness to send forces or equipment as part of the United Nations mission — and then only if Khartoum agrees. The State Department says Morocco, Pakistan, Ukraine, Russia and others have made tentative commitments.

"The United Nations has been flummoxed at every juncture," said Mr. Prendergast, who was director for African affairs in the National Security Council during the Clinton administration. Now he is a senior adviser for the International Crisis Group, a nonprofit organization.

The conflict in Darfur began in February 2003, when rebel groups attacked government positions, accusing the leaders in Khartoum of ignoring their region. The government struck back with a fury, enlisting local militias to massacre civilians and destroy entire villages. The world was slow to acknowledge the problem, but in September 2004, the Bush administration stated that the carnage constituted genocide.

African Union troops began arriving in Darfur last year, and for a while the violence diminished. But in recent months it has picked up with new ferocity and has spread to Chad, where Sudanese militias are raiding Chadian villages along the border. Sudan, a senior administration official said, had also supplied weapons to rebels that attacked Ndjamena, the capital of Chad, earlier this month.

As he gave the warring groups a copy of the draft Darfur agreement on Tuesday evening, Salim Ahmed Salim, the chief mediator, said: "This is decision time. No more procrastination, no more antics, no more delaying tactics. The eyes of the world are on you."

But a senior United Nations official noted another serious problem, even if the parties agreed: the proposed agreement calls for an immediate cease-fire, but the African Union troops in Darfur have already shown they are incapable of enforcing a cease-fire.

"If there are violations on the ground," the official said, "the whole thing could fall apart."

Maoists Declare Three-month Truce In Nepal (FT)

By Binod Bhattarai In Kathmandu

Financial Times, April 27, 2006

Maoist rebels in Nepal declared a unilateral three-month truce on Thursday ahead of the country's first parliamentary meeting since King Gyanendra handed over power to a seven-party alliance on Monday.

The Maoist party chairman Prachanda said the ceasefire was an attempt to "encourage" the seven parties to declare an "unconditional" constituent assembly election to re-write the constitution for a "democratic republic".

"The people's liberation army will not engage in offensive actions during the ceasefire and will remain in defensive positions," the Maoist chief said in an emailed statement.

On Wednesday, the Maoists lifted their blockades on highways following assurances by the leaders of the seven parties that they would hold a constituent assembly election.

The parties are organising a formal "victory rally" in the centre of Kathmandu later on Thursday when top leaders are expected to publicly articulate their commitment to such a move when parliament convenes on Friday.

Crumbling under three weeks of relentless anti-monarchy protests, the king ended 14 months of direct rule on Monday and agreed to let the seven parties implement their road map for peace in Nepal.

This road map is a result of the November 2005 "understanding" between the seven parties – that collectively control 90 per cent seats in parliament – and the Maoists. It is an agreement to end "absolute monarchy" and hold a constituent assembly election for writing a new constitution.

On Wednesday, the Maoists warned that they would re-impose the blockades if the parties do not declare a constituent assembly election on Friday when the parliament meets after a four-year "recess".

The Maoists had returned to war in January after the royal government did not reciprocate a unilateral ceasefire they declared in September 2005. Over 13,200 people have been killed after the Maoists began their bloody campaign to topple the monarchy in February 1996.

Nepal's parliament was dissolved in May 2002 and the king sacked the elected prime minister. Since February 2005, the country had been under the king's direct rule after he sacked the third prime minister he hand-picked, citing the government's failure to control the Maoist rebellion.

Nepal's Rebels Now Face Difficult Choices (WP)

By John Lancaster

DOJ_NMG_0027056

The Washington Post, April 27, 2006

KATHMANDU, Nepal, April 26 -- From the grounds of Nakhu prison here, Matrika Yadav watched with a sense of elation, he said, as protesters streamed down a nearby road, chanting slogans against King Gyanendra. The Maoist ideologue was convinced that the end of the country's monarchy, nearly 2 1/2 centuries old, was near.

Now, he said, he's not so sure.

Earlier this week, Gyanendra capitulated to the protesters, agreeing to reinstate parliament in a decision that turned the streets of the capital into a huge victory party on Tuesday. His retreat opened the door for the writing of a new constitution that could eliminate the monarchy.

That is the goal of Maoist rebels whose 10-year insurgency has claimed at least 12,000 lives. But for Yadav and other leaders of the rebellion, Gyanendra's eleventh-hour concession to an alliance of mainstream parties, which had orchestrated weeks of protests in loose cooperation with the rebels, was cause for suspicion, not celebration.

"The parties were caught in his trap, against the will of the people," said Yadav, 48, the highest-ranking Maoist in government custody in Nepal. "If they would have waited for a few more days, the downfall of the monarchy was inevitable."

The writers of the new constitution could agree to retain the monarchy in some form.

Yadav's conflicted reaction to the massive display of people power, which brought the Himalayan kingdom to the brink of anarchy, illustrates the dilemma of a rebel movement that wants to retain a voice in above-ground politics but not at the price of abandoning its weapons or dreams of communist utopia.

Some analysts here say they believe that the tumult of recent weeks could open the way for an end to the insurgency, by creating a new political framework in which the Maoists can work peacefully. On Wednesday, the rebels declared a three-month unilateral cease-fire, to start Thursday, saying they wanted to facilitate a constituent assembly that will draft the constitution.

In a 90-minute interview at the prison Wednesday afternoon, Yadav, a slight, boyish-looking man in rimless eyeglasses and blue windbreaker, denounced the mainstream parties as "status quo-ist and feudal" and said some Nepalis could be forced to undergo "reculturization" in labor camps following the inevitable triumph of the revolution.

At the same time, he insisted that the Maoists were still willing to work with the mainstream parties -- "synergy is a must" -- and would cooperate, up to a point, in holding elections for a constituent assembly.

"We strongly honor the opinion of the people, and what we are saying is the opinion of the people," he said.

The Maoist party's struggle to reconcile its hard-line ideology with popular will was evident in its muddled response to Gyanendra's announcement late Monday that he would meet the seven-party alliance's demand to reinstate parliament, dissolved nearly four years ago.

On Tuesday, the Maoists' leader, who goes by the name Prachanda, denounced the king's proclamation as "a sham and a conspiracy against the Nepali people" and called for the protest movement to continue. By Wednesday, the rebel leader had softened his stance and agreed to suspend a blockade against the capital, at least until the parliament holds its first meeting on Friday.

In a statement, Prachanda said the decision came in response to an appeal from the incoming prime minister, G.P. Koirala, who earlier Wednesday promised that the new parliament was committed to holding elections for the constituent assembly. In writing a new constitution, the assembly could decide, among other issues, the future of the monarchy.

Although Maoist leaders have at times professed respect for democratic principles, their actions and ideology have not been consistent with that path. After Nepal became a constitutional monarchy in 1990, the Maoist party took part in mainstream politics until 1996, when its leadership proclaimed the experiment with democracy a failure and took the movement underground.

Maoist leaders now espouse "the Prachanda path," which blends the teachings of Chinese revolutionary leader Mao Zedong with homegrown remedies tailored to the specific social conditions of Nepal, such as caste discrimination.

The party's armed wing, equipped with homemade bombs and rifles looted from police, is thought to consist of about 7,000 full-time fighters, with as many as 25,000 militia supporters. They have the run of Nepal's mountainous countryside and at times have staged mass attacks on army outposts and other government installations.

At the same time, Maoist ideologues have retained their links to mainstream parties. At a meeting in New Delhi last November, the rebels and the parties formed a loose alliance aimed at rolling back Gyanendra's "royal coup" of Feb. 1, 2005, when the monarch assumed dictatorial powers that he said were needed to defeat the rebels.

About 70 Maoists are behind bars at Nakhu prison, a dingy single-story building surrounded by razor wire and sandbagged sentry posts on the capital's hilly outskirts. The most prominent inmate is Yadav, a grain trader's son with an eighth-grade education who joined the Maoist party at 19 and eventually rose to membership in its 27-member politburo.

During a cease-fire in 2003, he was part of a five-man team that tried unsuccessfully to negotiate a peace settlement with the government. He was arrested the following year in India and turned over to Nepali authorities.

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On Wednesday afternoon, Yadav sat behind a wire-mesh screen in the visitors area of the prison, good-naturedly fielding questions from two American journalists as a fellow inmate translated his words into English.

While acknowledging the success of the mainstream parties' efforts to generate turnout for the protests, he said the Maoists deserve most of the credit for the king's capitulation because it was only under threat of rebel violence that Gyanendra agreed to go as far as he did. "To say this is the outcome of peaceful demonstrations, peaceful movement, is nothing but an illusion," he said.

Yadav described prison life as cramped but bearable, with frequent games of chess and table tennis interspersed with classes on communist ideology. The prisoners are permitted televisions and radios.

Yadav's time behind bars has apparently done nothing to cool his revolutionary ardor. "Marxism has failed nowhere," he said. "It has only been defeated for some time."

Headaches Piling Up For Britain's Blair (AP)

By Beth Gardiner

AP, April 26, 2006

In a single disastrous day, one of Prime Minister Tony Blair's closest allies came under fire over a prisoner release scandal, his deputy admitted an extramarital fling, and his health secretary endured jeers from nurses.

The headaches are piling up for Blair and his Labour Party ahead of local elections that could reduce the British leader's chances of hanging on to power if they go badly.

"There's an accumulation, a silting up of problems," said Patrick Dunleavy, a political scientist at the London School of Economics. "It's a very bad dynamic for Labour."

Conservative Party leader David Cameron pounced on Blair after the nation's top law enforcement official admitted officials released more than 1,000 foreign convicts from prison without considering whether they should be deported.

Calling for Home Secretary Charles Clarke's resignation, Cameron said Wednesday: "He has presided over systemic failure, he's failed to deal with it and he ... misled people about the scale of the problem."

"I don't agree with that," Blair responded, although he failed to offer a staunch defense of Clarke and hustled out of the room as the home secretary rose to speak.

Clarke disclosed Tuesday that 1,023 foreigners who should have been considered for deportation had instead completed prison sentences and gone free between February 1999 and March 2006, without officials considering whether they should have been ejected from Britain. He said 288 were freed even after top officials were alerted to the problem last summer.

Blair said the system for reviewing foreign prisoners' cases "has been seriously and fundamentally at fault" but is now functioning properly.

Crime and immigration are key political issues, so the disclosures have the potential to do real damage to Blair. Clarke is a crucial ally in Blair's power struggle with Treasury chief Gordon Brown, who is eager for the prime minister to step aside so he can take over.

The government has been badly damaged by Labour's admission last month that it secretly received nearly $25 million in undisclosed loans from wealthy backers. Blair denies he nominated some supporters to the House of Lords in exchange for financial support of the party.

Support for Labour hit 32 percent, its lowest point in 19 years, in a poll published Tuesday.

Deputy Prime Minister John Prescott's acknowledgment of an extramarital affair with a secretary 25 years his junior was another blow, adding a sordid element to the government's problems.

Prescott's office confirmed the Daily Mirror newspaper had accurately reported his admission that "I did have a relationship with her which I regret."

The newspaper printed photos showing Prescott, 67, with his arm around Tracey Temple, 43, and Temple unbuttoning his shirt at an office Christmas party.

Things failed to improve as Wednesday wore on. Health Secretary Patricia Hewitt faced loud jeers of "Shame!" and "Resign!" as she spoke at a convention of nurses furious about changes the government is pushing through the National Health Service.

Health workers blame Blair's introduction of private contractors and financing deals into the public service for its big budget gaps and layoffs. The prime minister has said he will not back down.

Dunleavy said he believed Clarke would ultimately be forced to resign over the foreign prisoner releases.

Combined with a poor Labour showing in the vote next week for local council members, a Clarke resignation could increase pressure on Blair to step down this summer, Dunleavy said. However, he said he thought the prime minister was unlikely to do so unless his problems get a lot worse.

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Clarke said he offered to quit last year over the releases of the foreign prisoners. The prime minister's office said Clarke repeated the offer this week, but Blair felt he should stay on.

Conservative lawmakers booed and jeered as Clarke stood in the House of Commons to make a statement Wednesday.

"I do apologize, I have apologized, I continue to do so," he said.

Goodling, Monica

From: Goodling, Monica
Sent: Thursday, April 27, 2006 9:32 AM
Subject: Tour opportunity & the Morning Update: 4/27/06
Importance: Low

Good morning. If anyone is interested in a self-guided tour in the East Wing on Saturday, May 13th at 10:30am, please let me know as soon as possible. Thanks, Monica

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<http://www.whitehouse.gov/>
APRIL 27, 2006

Today, President Bush will travel to the Gulf Coast region to participate in National Volunteer Week service projects. As part of National Volunteer Week, the President and members of his Cabinet are participating in service activities across the Nation.

11:55 am:
CDT THE PRESIDENT participates in a National Volunteer Week Service Project
TBA Location | TBA, Louisiana
2:40 pm:
CDT THE PRESIDENT participates in a Visit to National Volunteer Week Service Project TBA Location | TBA, Mississippi

President Bush Recognizes The National Teacher Of The Year. "President Bush presented Maryland kindergarten teacher Kimberly Oliver with the National Teacher of the Year award today and highlighted the importance of teachers in building the future of the country. 'Kim Oliver understands that the key to helping children succeed is fighting the soft bigotry of low expectations,' the president said, citing one of the key tenets of his own education policy. 'When a teacher believes that a child can learn, it's amazing what happens - a student believes that he or she can learn.'" <http://abcnews.go.com/US/story?id=1893708&page=1&CMP=OTC-RSSFeeds0312>
(Karen Travers, "Bush Names Teacher Of The Year," ABC News, 4/26/06)

President Bush Announces That Tony Snow Will Serve As White House Press Secretary. "President Bush gave his presidency a facelift Wednesday, tapping a smooth-talking, telegenic conservative commentator as the new White House press secretary. ...'Tony already knows most of you, and he's agreed to take the job anyway,' the president said, Snow laughing at his side in the briefing room where he will start holding court in about two weeks. 'He understands like I understand that the press is vital to our democracy.' <http://news.yahoo.com/s/ap/20060426/ap_on_go_pr_wh/white_house_shake_up
&printer=1;_ylt=AhvwyOcqiMqVq41veiE3JzkGw_IE;_ylu=X3oDMTA3MXN1bHE0BHNlYw
N0bWE> ... Earlier, to reporters in the briefing room, Snow said:
'Believe it or not, I want to work with you. ... We've got a lot of big issues ahead and we've got a lot of important things that all of us are going to be covering together.'" (Jennifer Loven, "White House Hopes Snow Will Aid Media Ties," The Associated Press, 4/26/06)

Hopes Snow Will Aid Media Ties," The Associated Press, 4/26/06)

Dan Bartlett Discusses Tony Snow As The New White House Press Secretary.
"'We want fresh thinking, to charge the batteries, and passionate participation,' said Dan Bartlett, a top Bush adviser. 'There is a lot of value added in Tony coming on board and helping us internally with his own views and ideas. It fits into the mold.' <http://www.washingtonpost.com/wp-dyn/content/article/2006/04/26/AR20060
42600558_pf.html> ... 'I know there is a perception that we disdain the media as a whole,' Bartlett said. 'I do not believe that. There have been some issues that strained the relationship, particularly when it comes at a time of war.' He said the Snow pick was part of an effort to 'improve our relationship with the press.'" (Jim VandeHei And Michael A. Fletcher, "Snow Pick May Signal Less Insular White House," The Washington Post, 4/27/06)

New Data Reflects The Economy's Strength. "The U.S. economy powered ahead in March as manufacturing orders surged and new home sales rose by the most in more than a decade. <http://www.bloomberg.com/apps/news?pid=10000103&sid=aMljj21hQ6qs&refer=
us> Orders for durable goods rose 6.1 percent, the Commerce Department said in Washington today, more than three times the median forecast of economists surveyed by Bloomberg News. Home sales increased 13.8 percent, the most since April 1993, to an annual rate of 1.213 million." (Carlos Torres, "U.S. Economy: Durable Goods Orders, Home Sales Surge," Bloomberg, 4/26/06)

Administration Acts To Ensure Medicare Beneficiaries Continue To Receive Needed Prescriptions. "The Bush administration issued a new policy on Wednesday that protects Medicare beneficiaries against the sudden loss of coverage for drugs they are taking under the prescription drug program. Under the policy, insurers can still change their lists of covered drugs, known as formularies. But if they drop any drugs or impose new restrictions, they must exempt beneficiaries who are now taking those drugs. Dr. Mark B. McClellan, administrator of the Centers for Medicare and Medicaid Services, summarized the policy this way: 'In general, a plan cannot change your coverage for the drugs you are using during the year. The stability of drug formularies is extremely important for many of our beneficiaries.' <http://www.nytimes.com/2006/04/27/washington/27medicare.html?hp&ex=1146
110400&en=6a7f934d25cbe5f8&ei=5094&partner=homepage> " (Robert Pear, "Medicare Rule Guarantees Continuity Of Drugs," The New York Times, 4/27/06)

Secretaries Rice And Rumsfeld Meet With Iraq's New Prime Minister.
"Secretary of State Condoleezza Rice and Secretary of Defense Donald H.
Rumsfeld paid an unannounced visit to Iraq on Wednesday to press the prime minister-designate to re-establish public confidence in the government and rid the country's security forces of infiltration by sectarian militias. ... 'I don't think there is any doubt in anyone's mind that the 11 million Iraqis who went out and voted were exercising sovereignty and that this prime minister intends to do what he thinks is best for the Iraqi people,' <http://www.nytimes.com/2006/04/27/world/middleeast/27iraq.
html?_r=3&ei=
5094&en=49839f2bd7964693&hp=&ex=1146110400&partner=homepage&pagewanted=p
rint&oref=slogin> she said, calling his government 'the most democratic process ever in the Middle East.'" (Steven R. Weisman And David S.
Cloud, "Rice Visits Iraq With Rumsfeld To Press Leader," The New York Times, 4/27/06)

The Washington Post Says Government In Iraq Could Be "The Turning Point" In Defeating The Terrorists. "The appearance of an al-Qaeda video on the Internet more often than not is a sign of good news in the war on terrorism. Tuesday's posting by Iraqi commander Abu Musab al-Zarqawi is the latest example: The 34-minute show by the newly unhooded extremist is in part a bid for advantage in factional feuding that has curtailed al-Qaeda's visibility and effectiveness. More important, the

terrorist acknowledges that the agreement of Iraq's leading Shiite, Sunni and Kurdish parties on the country's first permanent postwar government last week was, as he bluntly put it, 'a dagger in the heart.' <http://www.washingtonpost.com/wp-dyn/content/article/2006/04/26/AR20060 42602346.html> The Zarqawi movement has spent the past several years trying to ignite a sectarian war between Iraq's Sunnis and Shiites; the new 'unity' government, if it takes hold, could be the turning point toward defeating that strategy." (Editorial, "A Dagger To Al-Qaeda," The Washington Post, 4/27/06)

President And Mrs. Bush Meet With The 2006 National And State Teachers Of The Year <http://www.whitehouse.gov/news/releases/2006/04/20060426-5.html>

* Fact Sheet: The National Teacher Of The Year: A Commitment To Education Excellence <http://www.whitehouse.gov/news/releases/2006/04/20060426-6.html>
* In Focus: Education <http://www.whitehouse.gov/infocus/education/>

President Announces Tony Snow As Press Secretary <http://www.whitehouse.gov/news/releases/200 6/04/20060426.html>

Message To The Congress Of The United States <http://www.whitehouse.gov/news/releases/2006/04/ 20060426-2.html>

Executive Order Blocking Property Of Additional Persons In Connection With The National Emergency With Respect To Syria <http://www.whitehouse.gov/news/releases/2006/04/20060426-1.html>

National Charter Schools Week, 2006 <http://www.whitehouse.gov/news/releases/2006/04/20060426-7.htmlhttp:/ww w.whitehouse.gov/news/releases/2006/04/20060426-7.htmlhttp:/www.whitehou se.gov/news/releases/2006/04/20060426-7.htmlhttp:/www.whitehouse.gov/new s/releases/2006/04/20060426-7.htmlhttp>

Press Briefing By Scott McClellan <http://www.whitehouse.gov/news/releases/2006/04/20060426-4.html>

Henderson, Charles V

Subject:	Updated: Meeting: Trafficking in Persons / Funds for Center
Location:	ODAG Conference Room 4135
Start:	Monday, May 01, 2006 10:00 AM
End:	Monday, May 01, 2006 10:30 AM
Show Time As:	Tentative
Recurrence:	(none)
Meeting Status:	Not yet responded
Organizer:	Henderson, Charles V
Required Attendees:	Gorsuch, Neil M; Vargas, Omar; Lofthus, Lee J

When: Monday, May 01, 2006 10:00 AM-10:30 AM (GMT-05:00) Eastern Time (US & Canada).
Where: ODAG Conference Room 4135

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Please note: Changing this meeting to Monday, May 1, at 10:00.
-Bill Mercer
-Neil Gorsuch
-Lee Lofthus
-Omar Vargas

USDOJ- Office of Public Affairs

From:	USDOJ- Office of Public Affairs
Sent:	Friday, April 28, 2006 8:14 AM
To:	USDOJ- Office of Public Affairs
Subject:	Attorney General's News Briefing for Friday, April 28, 2006
Attachments:	agnb060428.pdf; agnb060428.doc

THE ATTORNEY GENERAL'S *NEWS BRIEFING*

PREPARED FOR THE OFFICE OF PUBLIC AFFAIRS, U.S. DEPARTMENT OF JUSTICE

TO: THE ATTORNEY GENERAL AND SENIOR STAFF

DATE: FRIDAY, APRIL 28, 2006 7:45 AM EDT

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TERRORISM NEWS:

Juror In Lodi Terror Trial Claims She Was Coerced To Make Conviction. The San Francisco Chronicle (4/28, Bulwa, Writer) reports, "One of 12 jurors who convicted a 23-year-old Lodi man Tuesday on charges that he trained for holy war disavowed the verdict late Thursday, alleging that she was bullied into a guilty finding amid a pattern of misconduct by fellow panelists." In an affidavit juror Arcelia Lopez said, "I never once throughout the deliberation process and the reading of the verdict believed Hamid Hayat to be guilty." She "said the jury's foreman, near the start of the two-month trial, 'gestured as if he was tying a rope around his neck' and said, 'Hang him.' Lopez said the gesture was repeated throughout the trial and that she believed it was a reference to Hayat." However one juror "called the accusations 'a complete outrage' borne of 'juror regret.' The juror said Lopez changed her vote to guilty Monday, which at first made the juror uncomfortable."

The Stockton (CA) Record (4/28, Hood) adds, "Hamid Hayat's conviction on terrorism charges was delayed by a lone juror who refused to believe the Lodi man was guilty, according to a jury note unsealed Wednesday, one day after the verdict." And "U.S. Attorney McGregor Scott said Wednesday that last-minute changes of heart are a part of the jury process and to suggest anything else is speculation." Scott said, "It's the back and forth of jury deliberations, and it's the way it works, so there's nothing really out of the ordinary about it." The Record adds, "Meanwhile, FBI agents resumed their surveillance of Muslims named by Umer Hayat as having received paramilitary training in Pakistan. Federal law enforcement authorities said Tuesday they are continuing their investigations into possible ties between local Muslims and terrorist groups."

Moussaoui Trial Deliberations Delayed By Juror Illness. The Washington Post (4/28, Markon, Dwyer, 744K) reports, "The death penalty case of Sept. 11, 2001, conspirator Zacarias Moussaoui, which has stretched over more than four years amid numerous delays and complications, was delayed once again yesterday. A juror called in sick." The jury will continue deliberations Friday. The Los Angeles Times (4/28, Serrano, 958K) quotes U.S. District Judge Leonie Brinkema saying, "This is the most sensitive time in the case. … I don't want any juror in this serious of a case working if he or she is not feeling 100%."

Jury Finds Man Guilty In Plot To Bomb Milwaukee Federal Building. In a widely-distributed story, the AP (4/28) reports, "A man who authorities say idolized Oklahoma City bomber Timothy McVeigh was found guilty Thursday of threatening to blow up a federal building in downtown Milwaukee." Steven Parr "had studied bomb-making books and previously built small explosive devices, prosecutors said." He "was days away from being released from state prison in September 2004 after serving time on

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drug charges when he told a cellmate about his plan to use a truck bomb to blow up the 14-story building." But his cellmate "said in letters to the FBI that Parr had extensive knowledge in bomb-making and considered Ted Kaczynski, the Unabomber, another of his heroes."

FBI Arrests Five Linked To Terror Suspect On Bank Fraud Charges. In a widely-distributed story, the AP (4/28, Foy) reports, "Five relatives of a U.S. citizen suspected of being a senior al-Qaida operative were arrested in California and Utah on charges of defrauding banks of hundreds of thousands of dollars." The Buerau "said it was investigating whether any of the money was used to finance Middle East terrorism." The AP notes, "Nothing in the indictments ties any of the relatives to a terror network, and federal prosecutors officially referred to the case as a criminal enterprise. But agents are working to determine where all the money went, said Greg Bretzing, a supervisor in the FBI's Joint Terrorism Task Force in Salt Lake City." Bretzing said, "This is an ongoing investigation. This is nowhere close to being over." Omar's relatives are suspected of taking "$327,000 from fraudulent bank loans and bad mortgages in Utah, and Bretzing said some of the money wound up in Jordan with Omar's relatives."

The Salt Lake Tribune (4/28, LaPlante) adds, "Counterterrorist agents pounced on five men, one in Utah and four in California, on Wednesday as part of an investigation into the U.S. connections of a suspected senior al-Qaida operative imprisoned in Iraq." Although they have not been charged with terrorism, "FBI agents say that some of the money alleged to have been stolen in various schemes wound up in Jordan. And now they want to know whether that cash has ended up in the hands of terrorists." Shawqi Omar was arrested in Iraq and "could be the first American citizen to be tried in the Iraqi court system, if military officials prevail in an ongoing legal battle. It is a prospect his family in the United States is fighting to prevent. A document filed by Omar's lawyers this week, in which they have again requested access to their client, alleged that U.S. troops beat Omar and tortured him with electric shocks."

KTVX-TV in Salt Lake, UT (4/28) reports, "What makes the FBI wonder if the money is being used for terror activities is Omar's relation to a terror suspect being held in Iraq. Shawqi Omar is Sharif's brother and is suspected of planning terror attacks with Al Qaeda boss Abu Musab al-Zarqawi." KTVX adds, "Shawqi Omar lived in Utah in the 80's and worked as a refrigerator repairman before moving his family to Jordan. Shawqi Omar was later arrested in Iraq in 2004 after his alleged help in a plan to kidnap an American working in the country."

Detainee Declares Intention To Admit To Conspiracy Charges. Ghassan Abdullah Al Sharbi, who was arrested was arrested in an Al Qaeda safe house in Faisalabad, Pakistan on March 28, 2002, made his first appearance before a US war crimes tribunal Thursday. The Los Angeles Times (4/28, Williams, 958K) reports, "The only indicted detainee mentioned in the Sept. 11 commission report made a defiant first appearance before the war crimes tribunal Thursday, vowing, 'I'm going to make this easy.' He said he had taken up arms against the United States and would proudly serve any sentence." He "denounced the tribunal and his detention as illegitimate and rejected the Navy lawyer assigned to represent him." Al Sharbi "declared himself ready to concede to – 'I don't like the word confession,' he said -- all the accusations of conspiracy to commit terrorism that have been brought against him."

Study Examines Al Qaeda Use Of Media As Terror Weapon. An Arizona State University study examined how terrorists use the media as part of their terrorist operations. The Washington Times (4/28, Harper, 90K) reports ASU Consortium for Strategic Communication director Steven Corman's study "found that jihadist operations use consistent patterns of outreach that establish them socially and religiously, generate public sympathy and intimidate opponents. Threats, in fact, are part of terrorist 'talking points.'" It "offered six measures to counter al Qaeda's media savvy." Corman "recommended that the United States try to improve its credibility with Muslim audiences, 'degrade' the jihadis' outreach efforts, draw attention to terrorist messages that contradict Islam, deconstruct idealized historical concepts, systematically disrupt Internet operations and seek assistance from sympathetic American Muslims."

PATRIOT ACT:

US Attorney Disputes WSJournal Characterization Of Patriot Act Prosecution. In a Wall Street Journal (4/28, 2.11M) letter to the editor, Arizona District US Attorney Paul K. Charlton writes, "Your page-one article 'Volatile Formula: How Patriot Act Helped Convict Man in Baby-Food Ring' (April 4) unfairly characterized the prosecution of Samih Jammal and the application of evidence lawfully gathered under the Patriot Act. … Criticize the use of the Patriot Act if you so desire, but if you intend to use Mr. Jammal's case to do it, please bear these facts in mind: A federal judge and jury found Mr. Jammal guilty of 20 felony counts of theft-related charges," and "the court found that Mr. Jammal's criminal enterprise led to retail losses estimated at $10 million and sentenced Mr.

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Jammal to 10 years in prison. You also seem to suggest that Mr. Jammal should never have been the subject of an intelligence wiretap," but a FISA judge "found probable cause that Mr. Jammal was acting as an agent of a foreign power or an agent of a foreign terrorist organization," and the trial judge "reviewed the FISA court judge's decision, and affirmed the finding of probable cause. Perhaps the biggest distortion was your failure to give a complete characterization of Hani Hanjour, a 9/11 hijacker whom Mr. Jammal admitted associating with as a matter of public record. You described Hani Hanjour as 'one of the 9/11 hijackers' and as 'a Saudi Arabian who was aboard the American Airlines jet that crashed into the Pentagon.' … Hani Hanjour was one of the five terrorists who took over the cockpit and the only one who piloted the plane into the Pentagon."

HOMELAND RESPONSE:

FBI National Security Branch Chief To Retire. Executive Assistant Director Gary Bald announced his retirement after serving less than a year as the chief of the FBI's new National Security Branch. In a widely-distributed story, the AP (4/28) reports FBI Director Robert Mueller "gave no reason for Bald's decision, but praised his leadership. Bald said the time was right to retire, 'weighing our progress on implementation of the NSB as well as family considerations.'" The post was recommended by the 9/11 Commission, but the AP notes Sen. Charles Grassley opposed Bald's appointment "because Bald testified in a civil lawsuit that he had no counterterrorism experience when he moved to headquarters to oversee anti-terrorism strategy in 2003."

United Press International (4/28) reports, "Since August last year, Bald has headed up the National Security Branch of the FBI, which brings together its spy-catchers, counter-terror specialists and intelligence analysts." In a statement Mueller said "Throughout his career, Gary has shown tremendous leadership, vision, and grace under pressure. … He has helped to shape the Bureau in important ways. … I am pleased with the progress we have made under his leadership." He "said the bureau would 'move quickly to fill the important position' Bald was leaving."

"Frustrated" Specter Threatens To Block NSA Surveillance Program Funding. The Washington Post (4/27, 9:56 PM, Kellman, 744K) reports , "Noting that Congress holds the power of the purse, a frustrated Senate chairman threatened to try to block money for President Bush's domestic wiretapping program." Sen. Arlen Specter "said Thursday he delivered a message to Bush that cut to the heart of the debate over executive power. 'I made the point that the president doesn't have a blank check,' Specter said about their meeting Wednesday. 'He didn't choose to engage me on that point.' Without a pledge from Bush to provide more information on the surveillance program, Specter filed an amendment to a spending bill Thursday" which "would enact a 'prohibition on use of funds for domestic electronic surveillance for foreign intelligence purposes unless Congress is kept fully and currently informed.'" The Post notes, "The move got the White House's attention, but not its immediate cooperation. Bush has insisted that the program falls within his authority and has refused to allow Attorney General Alberto Gonzales and other officials to answer many of Specter's questions. … For now, Specter said he will not bother having Gonzales return to the committee 'because he won't tell us anything.'"

CNN's The Situation Room (4/27, Blitzer) reported Specter "complained he's not getting satisfactory answers from the White House about the wiretaps, and he's frustrated." Specter "says he's warned President Bush about a possible bill to cut off funding for the NSA wiretaps, and he says he already has several potential co-sponsors for the measure." The Los Angeles Times (4/28, Miller, 958K) notes, "A draft of a proposal circulated by Specter's office would prohibit the use of funds for domestic electronic surveillance for foreign intelligence purposes 'unless Congress is kept fully and currently informed.' In particular, the proposed bill would require the administration to brief all members of the House and Senate Intelligence and Judiciary committees." Specter's move "underscores the tension between key Republicans in Congress and the Bush administration over the limits of presidential power in the war on terrorism."

The Washington Post (4/28, Pincus, Babington, 744K) adds that Specter is trying to generate "greater debate on the warrantless surveillance" and his "concerns about the NSA program were also reflected in much of the House debate on the intelligence bill."

Hatch Supports Bill To Require FISA Approval For NSA Surveillance. CQ (4/28, Perine) reports, "Sen. Orrin G. Hatch, one of President Bush's staunchest Senate allies, declared his support Thursday for legislation that would require the administration to seek approval from a secret federal court for a National Security Agency warrantless surveillance program." His "move is likely to aid" Sen. Specter's efforts to attract more debate about terrorist monitoring. The Administration and Senate Intelligence Chairman Pat Roberts want "a modified version of" Sen. Mike DeWine's bill which would give the administration the option of seeking approval from the FISA court "to serve as the Senate vehicle, but a defection by Hatch could make that more difficult."

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TSA To Award Bonuses In Bid To Slow Worker Turnover. USA Today (4/28, Frank, 2.31M) reports, "The Transportation Security Administration will pay airport screeners up to a $1,000 bonus to entice them to stay at the turnover-plagued agency as it prepares for a summer of record air travel. Roughly one in four screeners left last year, a rate nearly twice the rest of the federal workforce," and a GAO reports found that "the number of screeners at some checkpoints is 'not sufficient for peak periods.'" The TSA "will spend $20 million to give most of the nation's 43,000 screeners $500 extra," with "a second $500 bonus if they work at 'hard-to-hire' airports that have trouble filling vacancies."

For-Profit Part Of Trade Group May Get No Bid TSA Contract. The Wall Street Journal (4/28, Meckler, 2.11M) reports, "If a provision in a Congressional spending bill stands, a transportation-worker identification program will be awarded without competitive bidding to the American Association of Airport Executives, which may assign it to its newly "created…for-profit company that may do much of the work on its behalf." AAAE officials "said the AAAE didn't guarantee that work from these programs would be funneled to the new company," an "official from the rival firm said his company was explicitly told that the new venture would do the work of" AAAE's Transportation Security Clearinghouse.

The New York Times (4/28, Lipton, 1.19M) notes that AAAE has a partnership agreement with Daon, a biometrics company in Dublin, Ireland, that former Homeland Security Secretary Tom Ridge is a board member of. "Critics of the provision…have questioned how the association, with little experience in high-technology secure identifications and biometrics, could handle such a task."

Internet Helps Spread Conspiracy Theories About 9/11 Attacks. The movie "Loose Change," which offers revisionist theories about the 9/11 attacks, is becoming popular among young people on the Internet. USA Today (4/28, Welch, 2.31M) reports Loose Change "is being downloaded from the Internet and shown in small screenings here and overseas." It "appears especially popular among young people immersed in a Web culture brimming with sites that question the credibility of government. They see 9/11 as the defining moment of their lives." Experts "say the Internet is making it far easier to spread such theories because the traditional media are losing their hold on the news. The immense coverage of controversies and accusations surrounding the war on terror has created fertile ground for people who assign their own interpretations to photos, footage, eyewitnesses, investigations and newspaper accounts of what happened, they say."

Questions Raised About "United 93" Film Accuracy. The Washington Post (4/28, A1, Farhi, 744K) in a front page story reports that while the film "United 93" generally follows the key events of the 9/11 attacks, it "is a dramatic re-creation that includes scenes and images that go far beyond what is known about the attacks." The Post continues, "Those scenes raise questions: How far can a dramatic movie go in imposing its own reality before it distorts the public's understanding of the event? And with memories of 9/11 still vivid and raw, is it too soon for such films to be made?"

Work Begins On Freedom Tower At Ground Zero. The CBS Evening News (4/27, story 9, 0:25, Schieffer, 7.66M) reported, "Nearly five years after terrorists took down the Twin Towers and after months of political wrangling, work has finally begun on the centerpiece of the new World Trade Center complex, the Freedom Tower. It will be taller than the Twin Towers, rising a symbolic 1,776 feet, which will make it the tallest building in the world."

WPost Says Law To Keep Terrorists From US Is Over-Inclusive. The Washington Post (4/28, A18, 744K) says in an editorial that Congress "tightened a law last year on refugee admissions in order (it thought) to keep terrorists and their supporters out of the country. The effect has been to bar friends and allies. One example: Many Vietnamese Montagnards fought alongside U.S. forces during the Vietnam War and were then murderously oppressed by the Vietnamese government. During the war, the United States helped arm a Montagnard group called the United Front for the Liberation of Oppressed Races, which continued to struggle for autonomy after the war ended. This group ceased to exist in 1992, when a band of nearly 400 fighters disarmed and were resettled in North Carolina. Under Congress's irrational new rules, however, the group has become, legally speaking, a terrorist organization, and 11 Montagnards still stuck in Cambodia would be denied refugee status because in the past they had offered the group 'material support.'"

WAR NEWS:

Probe Of Iraq Spending Expands To Training Of Security Forces. The Washington Times (4/28, Scarborough, 90K) reports, "The Bush administration's special investigator for Iraq reconstruction has expanded inquiries into how the US military is training and equipping the Iraqi Security Forces (ISF), according to an internal Pentagon memo." Special Inspector General Stuart W. Bowen Jr. "asked the Pentagon for reams of documents on the billions

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of dollars spent to create an Iraqi army, police, border patrol, navy and air force, the memo shows." The Times adds, "Some Pentagon officials say privately that the inspector is overstepping his mandate by probing U.S. military operations in addition to reconstruction dollars. But the chief spokesman for Mr. Bowen said security and reconstruction are intertwined."

"Grand Mafiosi" Seen As Stealing Billions From Iraq's Oil Industry. The Washington Times (4/28, Muir, 90K) reports, "A new class of 'grand mafiosi' is sucking billions of dollars out of Iraq's vital oil sector and crippling efforts to rebuild the nation, according to an official report published in Baghdad." The findings of the Oil Ministry's inspector-general "paint a sordid picture of corruption pervading every corner of the industry, from the oil wells to the gasoline pump." The report "says that since Saddam Hussein's overthrow in 2003, the spread of smuggling had turned Iraq from a major exporter of petroleum products into an importer."

Top Iraqi Official Says US Troop Drawdown Imminent. The Wall Street Journal (4/28, A7, Dreazen, 2.11M) details an interview with National Security Advisor Mowaffak Rubaie in which he "said there would be a substantial withdrawal of U.S. troops this year, with the rest leaving within the next two years," and that his government "was working to formalize a 'conditions-based transition agreement' with the U.S. that would govern the pace and scope of a U.S. military withdrawal from the country. Such an agreement would detail a timeline for turning U.S. military facilities over to the Iraqis and leaving Iraqi forces with primary security responsibility for growing portions of the country." The Journal continues, "Mr. Rubaie's comments are consistent with statements he has made since the beginning of the year, but both Iraqis and Americans agreed that big troop reductions wouldn't be possible until a new government was installed."

Sistani Implores Maliki To Rein In Militias. The Washington Post (4/28, Finer, Sarhan, 744K) reports Grand Ayatollah Ali Sistani, "Iraq's most revered Shiite Muslim cleric, urged Prime Minister-designate Nouri al-Maliki in a meeting Thursday to deal quickly with sectarian militias blamed for widespread killings, and to ensure that Iraqi police and soldiers remain loyal to the country and not to political factions." The Post notes that Shiite militias "dominate many Iraqi police and army units and have been accused by Sunni Arab leaders and U.S. officials of operating death squads." Maliki met separately with Moqtada Al-Sadr yesterday, after which Sadr "gave a noncommittal answer when asked at a news conference afterward about plans to disband militias."

The New York Times (4/28, Oppel, 1.19M) reports Maliki "traveled to the Shiite holy city of Najaf to meet with two of the powers he must now contend with, the Shiite leaders Grand Ayatollah Ali al-Sistani and Moktada al-Sadr." Maliki "was careful not to offend Mr. Sadr, perhaps the most influential single force in the Shiite coalition, suggesting that militias deserve to remain an influence, even if only from within the military." The Los Angeles Times (4/28, Wallace, Fakhrildeen, 958K) reports "the unusually direct political intervention from Sistani" rang "loudest" In Iraq, as he is "regarded as the voice of Shiite moderation." USA Today/AP (4/28) runs a similar report.

Iraqi Vice President's Sister Killed In Drive-By Shooting. ABC World News Tonight (4/27, story 5, :30, Vargas, 8.78M) reported, "Iraq's new Sunni Vice President denounced the terror leader, Abu Musab al Zarqawi, and called for the insurgency to be crushed. Today, the Vice President's sister was killed in a drive-by shooting. His brother had been killed two weeks ago. The Vice President says he remains committed to serving the Iraqi people." The Washington Post (4/28, A12, Hernandez, 744K) and Washington Times/AP (4/28, Wagner), among other sources, also report on the attack.

Violence Said To Continue Unchecked. In a decidedly pessimistic piece, the AP (4/27, Wagner) reported, "One year ago Friday, when Iraq formed its first freely elected government, Americans and Iraqis hoped it would lead to a drop in violence. But Iraqis have continued to die in the thousands, and this year the trend is up. … The numbers offer a counterpoint of caution for Washington's hopes that Iraq's second freely elected government, being formed now, will help curb violence." The New York Times (4/28, Oppel, 1.19M) says Sistani's statement "was a firm message of support for Mr. Maliki," but added that "making a dent in the militias' influence will be difficult to accomplish, as some elements of the Iraqi Army and security forces are already dominated by members loyal to one militia or another. Indeed, in a demonstration of the balancing act Mr. Maliki must perform both as prime minister and as leader of a fractious Shiite coalition, he met next with Mr. Sadr" and "was careful not to offend Mr. Sadr, perhaps the most influential single force in the Shiite coalition, suggesting that militias deserve to remain an influence, even if only from within the military."

Baghdad Visit Said To Showcase Differing Styles Of Rice, Rumsfeld. In a detailed profile of the Secretaries' Rumsfeld and Rice's visit to Iraq this week, the Washington Post (4/28, A16, Kessler, 744K) reports, "For the second time in a month, Rice traveled to Baghdad to jawbone Iraqi leaders with a high-powered male counterpart. Last time, her partner was British Foreign Secretary Jack Straw. The pairing with him was convivial, so filled with easygoing banter that it was quickly dubbed the 'Condi and Jack Show.' This

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time around, Rice and Rumsfeld often seemed in separate orbits, and the visit had little of the warmth of the earlier one." While the trip was designed to demonstrate internal USG coordination of stabilization policy, "the contrast in the two secretaries' styles was sometimes jarring." While Rice "appeared energized," Rumsfeld "seemed disengaged and bored;" when fielding questions, "his answers were terse; hers were expansive." The Post concludes, "Before the two Cabinet members left Baghdad on Thursday, Rice dismissed any suggestions of tension. 'Secretary Rumsfeld and I have an excellent relationship,' she told Fox News. 'We're working very hard together. We're actually having a great time here in Iraq.'"

GOP Critics Of Rumsfeld "Grin And Bear It." An AP story (4/28, Sidoti) titled "Rumsfeld Critics Must Grin And Bear It" reports, "Senate Republican critics of Defense Secretary Donald H. Rumsfeld are deferring to President Bush's support for the Pentagon chief, mindful that his fate is out of their hands." But "in the aftermath of calls by several retired generals for Rumsfeld's ouster, those GOP lawmakers remain uncomfortable with him. Given the chance, they offer no words of support." The AP quotes Sen. John McCain saying, "He still is in the confidence of the president. The president reiterated that the other day, so I'll continue to try to work with him."

Sessions Organizes Event For GOP Senators To Show Support For Rumsfeld. The Washington Times (4/28, Gertz, Scarborough, 90K) reports in its "Inside the Ring" column that Sen. Jeff Sessions "organized a pep rally/war briefing where Republicans could express support for [Defense Secretary Donald] Rumsfeld, who seven retired generals have said must go. The setting was breakfast in the Russell Senate Office Building. Mr. Sessions invited 'defense-minded' Republican senators, and 17 showed up to talk with the defense secretary." Sessions spokesman Mike Brumas said the Senator "organized the get-together because 'we're in a time of war. Senator Sessions admires Secretary Rumsfeld and invited a group of defense-minded senators to talk with the secretary about a number of topics.'"

Corruption, Narco-Warlords Among Factors Dragging Down Afghan Security. The Christian Science Monitor (4/28, Montero, 61K) reports, "Nearly five years after the fall of the Taliban, Afghanistan's security situation continues to be dragged down by endemic corruption, roving militias, and a growing nexus between narco-warlords and remnants of the Taliban, officials and analysts say." The Monitor adds, "In the past, violence rarely spilled beyond the south, where NATO troops are slowly replacing US forces. But recent attacks have cropped up in the north and west. … Many governors and chiefs of police, rather than confronting the Taliban and neutralizing drug lords, are increasingly intertwined with them, either for political or monetary gain, some analysts say. Amid the lawlessness, military intelligence has become a political game, a tool for blackmail or settling old scores, analysts allege."

Taliban, Allies Executing Suspected US Informants In Pakistan. The Los Angeles Times (4/28, Watson, Ali, 958K) reports, "Taliban militants and their allies are waging a dirty war in Pakistan's unruly tribal areas, kidnapping and executing people suspected of spying for U.S. forces across the border in Afghanistan." Militants have "killed at least 53 accused spies and pro-government elders in Pakistan over the last two years, according to the independent Human Rights Commission of Pakistan. Many of their bodies were found with notes that claimed the victims had visited U.S. military bases in Afghanistan." Local residents "put the death toll from such executions at about 150." It was "not known whether any of the victims were working as informants or spies for U.S. forces. But secret documents on a memory drive stolen from the American air base at Bagram, north of Kabul, and sold at a bazaar outside its gates, show that U.S. Special Forces apparently used informants in Pakistan as well as Afghanistan."

CORPORATE SCANDALS:

Hueston Focuses On Lay Stock Sales In Second Day Of Cross-Examination. The Wall Street Journal (4/28, Emshwiller, Mcwilliams, 2.11M) reports, "Federal prosecutors hammered at former Enron Corp. Chairman Kenneth Lay's credibility by showing he made a series of inaccurate stockholding reports that failed to disclose large sales of his Enron shares in the months before the company's December 2001 bankruptcy filing." Lay "appeared taken aback by the assault during his first full day of cross-examination in court here, which followed two hours of tense exchanges with prosecutor John Hueston on Wednesday afternoon. … At times yesterday, he stuttered in response to accusations. Other times, he accused Mr. Hueston of twisting his words or harping on irrelevant points. Mr. Lay said repeatedly that he relied on advice from company attorneys who told him he wasn't required to disclose the disputed stock sales except once a year, since they involved turning the shares back to the company in return for cash rather than sales on the open market. He said that his Securities and Exchange Commission filings complied with the law even though they inflated the picture of his Enron holdings." The Journal notes, "By showing that Mr. Lay wasn't fully forthcoming about his stock sales, the government clearly hoped to buttress its contention that the former top executive

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was illegally hiding from the public a range of bad news about the company's finances and business operations."

The Washington Post (4/28, D1, Johnson, 744K) reports Lay "maintained his composure after furiously responding to questions and stabbing his finger at…Hueston a day earlier. Hueston attempted to rattle Lay Thursday by throwing back at him Lay's arguments that Enron was the victim of skeptical press reports, disclosures of wrongdoing by former finance chief Andrew S. Fastow, and short-sellers, who Lay said plotted Enron's demise in Florida in early 2001." The Post adds, "Lay answered questions in a firm voice, sometimes talking over Hueston and suggesting that the prosecutor didn't understand business issues. During a discussion of an arcane accounting issue, Lay retorted, 'I think the investors would totally understand it, Mr. Hueston. Maybe in fact, you don't.' Later, Lay told the prosecutor that an exchange about another accounting charge was 'a real waste of the jury's time.'"

USA Today (4/28, Farrell, 2.31M) reports Lay "told jurors…that he didn't think stock sales 'forced' upon him by banks making margin calls were the same as 'discretionary' sales. As a result, he didn't feel the need to disclose the sale of more than 1.7 million shares of Enron stock during 2001, when he encouraged Enron employees to buy the stock and told them he was buying shares, too. … Despite the fact that he sold more than 500,000 shares of Enron stock from late July through August of that year, Lay touted the company as an 'incredible bargain' to his employees in September 2001. He reiterated that belief in court Thursday."

The Houston Chronicle (2/28, Flood, 581K) notes Hueston "went back to Lay's allegations that colluding short sellers…contributed to Enron's downfall. Lay attorney Mike Ramsey previously called short sellers 'vultures.' Hueston showed Lay that his son Mark Lay was short selling Enron stock in March 2001 and made more than $166,000 betting Enron stock would fall. 'I didn't know that,' Lay said. 'He wasn't a vulture was he?' Hueston asked Lay of his son. 'I don't think he's a vulture,' Lay responded. 'He wasn't trying to kill Enron in 2001, was he?' Hueston asked. 'I would think not,' Lay said."

Lay's Contentiousness Clashes With Pre-Trial Image. The Los Angeles Times (4/28, Mulligan, 958K) reports, "Who would have guessed that Kenny Boy could be a tougher sell to a jury than Capt. Queeg?" Ken Lay "is renowned for his courtliness, his philanthropy, his rise from a dirt-poor boyhood in the Missouri Ozarks to a nine-digit fortune." Codefendant Jeff Skilling "shares some of the obsessiveness of Queeg, the Navy skipper of 'The Caine Mutiny.' But unlike Queeg, Skilling didn't unravel on the stand. Where mastery of Enron's finances was at issue, he overpowered co-lead prosecutor Sean M. Berkowitz. ... For Lay, however, it's been a rockier ride. …. His worst moment came Wednesday, when prosecutor John C. Hueston jolted Lay with questions about his attempts to reach actual or potential witnesses in the case — efforts that persisted even after Lay's lawyers told him to stop."

US Attorneys Appoint Stamboulidis Bank Of New York Examiner. The Forbes (4/28, Moyer) reports, "The United States Attorneys in New York named former federal prosecutor George Stamboulidis of Baker & Hostetler and FTI Consulting, a forensic accounting firm, to be the examiners in charge of making sure Bank of New York is in compliance with suspicious activities reporting and monitoring rules." Forbes notes that the appointment "comes after Bank of New York…agreed to pay $38 million in penalties and compensation over charges it failed to comply with mandatory reporting guidelines under the Bank Secrecy Act. That settlement was the culmination of a six-year investigation into a Russian money laundering ring that prosecutors say flushed $7 billion through the U.S. banking system."

Lawmakers Looking At Ways To Change Sarbanes-Oxley. The Financial Times (4/28, Grant) reports, "Signs of a growing desire among some US legislators to re-examine key elements of Sarbanes-Oxley legislation emerged on Thursday as a Republican congressman, Tom Feeney, said he would next week introduce a bill designed to make it 'more acceptable to business.'" Feeney's bill "is the third piece of legislation aimed at changing Sarbanes-Oxley since its passage in 2002 after the Enron and WorldCom accounting scandals. While such efforts are seen as having limited effect until senators Sarbanes and Oxley retire late this year, the bill reflects concern that changes are needed."

Shareholders Activists Target Executive Pay. The Washington Post (4/28, D1, Masters, 744K) reports, "After years of complaining about sky-high executive pay packages, this year shareholder activists are finally getting some traction in their efforts to do something about the issue." The issue "will come up today at the annual meeting of Merrill Lynch & Co., where chief executive E. Stanley O'Neal took home $37.5 million last year, including $2 million in long-term incentive pay." The American Federation of State, County and Municipal Employees "is sponsoring a resolution calling for an annual up-or-down vote on the company's pay plan for top executives. Though the vote would be nonbinding, it would give shareholders a way to make their views clear, advocates argue."

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CRIMINAL LAW:

Fitzgerald To Decide On Rove Charges In Two To Three Weeks. Special counsel Patrick Fitzgerald is weighing whether to charge Deputy White House Chief of Staff Karl Rove with perjury in the CIA leak investigation and will make a decision soon, according to a New York Times (4/28, Bumiller, Johnston, 1.19M) report. The Times says Fitzgerald is "expected to decide in the next two to three weeks," and following Rove's "fifth appearance before the grand jury on Wednesday, Mr. Fitzgerald is now believed to have assembled all of the facts necessary to determine whether to seek an indictment of Mr. Rove or drop the case." Lawyers "in the case said Mr. Fitzgerald would spend the coming days reviewing the transcript of Mr. Rove's three hours of testimony on Wednesday and weigh it against his previous statements to the grand jury as well as the testimony of others, including a sworn statement that Mr. Rove's lawyer gave to the prosecutor earlier this year." One lawyer "said that Mr. Rove had known for more than a month that he was likely to make another appearance before the grand jury, and that he had known since last fall that he would be subject to further questions from Mr. Fitzgerald before the prosecutor completed his inquiry." The Times also reports that "lawyers in the case" say Fitzgerald has "long been skeptical of Mr. Rove's account of his forgetfulness."

Judge Refuses To Dismiss Charges Against Libby. USA Today (4/28, 2.31M) reports Federal Judge Reggie Walton yesterday "refused…to dismiss charges against I. Lewis 'Scooter' Libby, the former White House aide who was indicted on perjury and obstruction charges last year in the CIA leak scandal." Libby's attorneys had "challenged the authority of special counsel Patrick Fitzgerald to handle the case. Libby's lawyers had argued that Fitzgerald was given too much power and that the appointment should have been made by the president. However, Walton said there is no question the attorney general can delegate any of his functions."

The AP (4/28, Locy) reports Walton "said there must be a way to appoint special prosecutors to ensure that 'the perception of fairness withstands the scrutiny of the American public' when high-level government officials are investigated for alleged wrongdoing." Libby "is charged with perjury and obstruction of justice, accused of lying to the FBI and a federal grand jury about how he learned about Plame and what he subsequently told reporters about her."

CNN's The Situation Room (4/27, King) reported, "As any defendant would do, Scooter Libby's defense team is trying to challenge the indictment just about any way it can. And one of its arguments was that special prosecutor Patrick Fitzgerald was improperly appointed; therefore he does not have the authority to investigate this case or bring indictments." The ruling was "not a surprise, but it does show you how aggressive the Libby defense team is being. They are challenging the indictment, they are demanding access to the most sensitive intelligence documents in the United States government, issuing subpoenas to news organizations, hauling in reporters, they threatened to do for testimony."

Federal Laws Barring Disclosure Of Classified Information Difficult To Enforce. The Washington Post (4/28, A7, Eggen, 744K) reports the firing of a veteran CIA officer Mary McCarthy "for unauthorized contacts with the press has focused attention on the patchwork of federal laws that govern disclosures of classified information, which are written broadly but are difficult to enforce and have historically been used sparingly in cases involving journalists." Numerous experts "on national security law said" McCarthy, "whom the CIA fired 10 days before her retirement for allegedly having undisclosed contacts with reporters, could conceivably be prosecuted under a number of statutes, including those governing espionage, disclosures of classified information and even theft of government property." Yet those experts "warned that any such prosecution is fraught with obstacles, including the difficulty in showing that disclosures were made with knowledge that they would harm national security or were intended to benefit a foreign power." The case "comes amid renewed debate in Congress over whether to increase penalties for leaking or to consider rewriting espionage and classified information laws."

USA Today Supports Leakers. USA Today (4/28, 2.31M) in an editorial examines the latest events surrounding the Plame leak case and the firing of a CIA official accused of leaking information and asks, "Harmful to U.S. interests? Definitely. Essential to protect U.S. values? No doubt. The same dichotomy applies in the secret-prison and wiretapping stories." Yet "as the leak probes continue, it's important to maintain a distinction between those who leak to help themselves and those who leak, at personal risk, to let the public know its leaders are flouting law or abusing power."

FBI To Seek Information On Mollohan From Three Nonprofits. The New York Times (4/28, Rudoren, 1.19M) reports, "The F.B.I. has notified three nonprofit organizations created by Representative Alan B. Mollohan and financed primarily through special federal appropriations he steered their way that they should expect subpoenas soon for financial and other records." The three "nonprofits at issue are the Vandalia Heritage Foundation, the Institute for Scientific Research and the Canaan Valley Institute. The F.B.I.'s notification to them has occurred over the last two days and signals that the bureau is looking deeper into the 500-page complaint, which among other things suggests ties

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between the special appropriations, or earmarks, and Mr. Mollohan's personal real estate investments."

Abramoff Vacations At Posh Florida Resort. The New York Times (4/28, Shenon, 1.19M) reports former Republican lobbyist Jack Abramoff "may be facing financial ruin and a long prison sentence, but he still knows how to vacation. Guests at the oceanfront Turnberry Isle Resort and Country Club in Aventura, Fla., say they were surprised to see Mr. Abramoff, his wife and their five children at the 300-acre golf and tennis resort for more than a week this month for the Passover holiday." The Abramoffs "arranged the trip through a travel agency based in Brooklyn that, according to its Web site, charged a minimum of $3,600 per adult for a nine-night Passover package. A lawyer for Mr. Abramoff, Abbe D. Lowell, said the trip was paid for by Mr. Abramoff's 'extended family,' although Mr. Lowell would not say which family member or members." Lowell said "it was a 'cheap shot to suggest that Mr. Abramoff was living high off the hog' and that the trip, which allowed Mr. Abramoff to meet with his lawyers in Miami on a related criminal case, was intended to benefit his family in a difficult time."

Baltimore Said To Lead Country In Witness Intimidation In Murder Cases. The CBS Evening News (4/27, story 7, 3:50, Schieffer, 7.66M) reported, "Criminals are literally getting away with murder more and more because witnesses are afraid to testify." CBS (Keteyian) added, "A CBS news investigation reveals that witness intimidation affects or derails up to 30% of all cases involving shootings in major US cities. In homicide cases, that number jumps to 90%, with Baltimore topping the list." Patricia Jessamy, Baltimore City State's Attorney: "We call it the conspiracy of silence. Its alive and well and I consider Baltimore probably to be the epicenter of witness intimidation in the country, but it's not just Baltimore, it's all across the country." Keteyian: "In Baltimore, it has come to this, a special police unit whose only job is to hunt down potential witnesses, some 1400 to date, armed with a prosecutor's promise of protection."

MS-13 Leader Sentenced To 30 Years In Prison. The Washington Post (4/28, Cauvin, 744K) reports DC-area MS-13 leader Juan Carlos Rivas-Moreiera was sentenced yesterday to 30 years in prison "for a near-fatal attack on a rival gang member. … And far from being the worst of his alleged acts, the May 2001 attack in Northwest Washington was only one crime in a life rife with it, the prosecutor, Assistant U.S. Attorney Gilberto Guerrero Jr., said." Rivas-Moreiera "is among the reputed members of MS-13…who were charged in Maryland last year in a federal racketeering indictment that details murders, kidnapping, robbery and other crimes." The Post notes, "The indictment was a significant regional strike against local Latino gangs, which have lured isolated and disaffected adolescents into dangerous lifestyles and sown fear in neighborhoods that are heavily populated by immigrants."

Jury Selection Begins Monday For Maryland Trial Of Convicted Sniper. The Washington Times/AP (4/28, Manning) reports, "Many witnesses who testified against convicted sniper John Allen Muhammad in his trial in Virginia are ready to tell their stories again, including some who bear scars from the Bushmaster's bullets. And Muhammad has returned to Montgomery County, where the October 2002 D.C.-area sniper spree began, to face another jury. Jury selection is set to begin Monday in his second trial, a case that likely will echo the 2003 Virginia case that ended in a death sentence for one of the 10 killings. Yet while much of the evidence and testimony during the expected five-week trial will be similar, the new trial could take some unexpected turns." Muhammad "plans to be his own lawyer despite evidence he may be mentally ill. He wants Lee Boyd Malvo…to testify. And jurors will hear evidence about two Maryland killings that weren't part of the first trial."

Virginia Inmate Executed After Kaine Denies Clemency. The Washington Times (4/28, McLaughlin, 90K) reports, "Death row inmate Dexter Lee Vinson was executed last night, hours after Gov. Timothy M. Kaine denied his petition for clemency. Vinson received a lethal injection at the Greensville Correctional Center in Jarratt and was pronounced dead at 9:15 p.m. Vinson, 43, was convicted of the 1997 murder of his ex-girlfriend, Angela Felton, of Portsmouth." Kaine "denied clemency last night, after the U.S. Supreme Court refused to stop the execution. 'Having carefully reviewed the Petition for Clemency and judicial opinions regarding this case, I find no compelling reasons to doubt Mr. Vinson's guilt or to invalidate the sentence recommended by the jury and imposed, and affirmed, by the courts,' Mr. Kaine said in a statement. 'Accordingly, I decline to intervene.'"

The Washington Post (4/28, B4, Rondeaux, Shear, 744K) adds that "Kaine made good on a promise he spoke directly and repeatedly to Virginians last year at campaign rallies and in television ads: that his personal and long-standing opposition to the death penalty, based on his Catholic faith, would not prevent him from allowing the ultimate punishment to be carried out. Kaine's Republican opponent in the governor's race, former attorney general Jerry W. Kilgore, had repeatedly slammed Kaine for his stance on the death penalty, and ran ads featuring the victims of heinous crimes. In one, the father of a crime victim said

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Kaine would not have executed Adolph Hitler. But Kaine responded with ads of his own, in which he vowed to enforce Virginia's capital punishment laws. 'My faith teaches life is sacred,' he said to the camera. 'But I take my oath of office seriously, and I'll enforce the death penalty.'"

Annual NYPD Report Provides Details Of Murders. The New York Times (4/28, Mcginty, 1.19M) reports, "At the end of each year, the New York Police Department reports the number of killings — there were 540 in 2005. Typically, much is made of how the number has fallen in recent years — to totals not seen since the early 1960's. But beyond summarizing the overarching trends, the police spend little time compiling the individual details. The New York Times obtained the basic records for every murder in the city over the last three years, and while the events make for disturbing reading, the numbers can hint at trends, occasionally solve a mystery and in at least some straightforward way answer for the city the questions of who kills and who is killed in the five boroughs." The Times adds, "Of the rest, men and boys were responsible for 93 percent of the murders; they killed with guns about two-thirds of the time; their victims tended to be other men and boys; and in more than half the cases, the killer and the victim knew each other. … The offender and victim were of the same race in more than three-quarters of the killings," and "more than 90 percent of the killers had criminal records; and of those who wound up killed, more than half had them."

Woman Alleging Duke LAX Rape Made Similar Charge 10 Years Ago. The New York Times (4/28, Yardley, 1.19M) reports, "The woman who has accused three Duke University lacrosse players of raping her last month claimed a decade ago that she had been sexually assaulted by three men, the authorities said. The woman's mother said her daughter did not file charges. 'She didn't want to bring charges up against them because they said they were going to kill her if she said anything,' said the mother," but Creedmoor, N.C., Police Chief Ted Pollard "said the woman filed the report when she was 18, in August 1996, but said the assault had happened in June 1993, when she was 14. Chief Pollard said the initial report did not explain why there had been a delay of more than three years between the alleged assault and when she reported it. He said Thursday that his office had only paper records from that time period and had not yet determined whether there had been a follow-up investigation."

Connecticut Trash Hauler Pleads Guilty To Racketeering Charges. The Waste News (4/28) reports, "A Danbury, Conn., trash hauler pleaded guilty to a federal racketeering charge, admitting to taking part in system to divvy up territory, the U.S. Department of Justice said. Joseph R. LoStocco, 47, who owns and operates JR LoStocco Carting in Danbury, pleaded guilty to one count of conspiring to violate the federal Racketeer Influenced and Corrupt Organizations Act." US Attorney Kevin O'Connor noted, "The investigation is very active, and we have no further comment at this time."

CIVIL RIGHTS:

US Charges Tennessee Landlord With Housing Discrimination. The Chattanoogan (4/28) reports, "The Justice Department announced Thursday that it has filed a lawsuit against the owner and resident manager of the Fountainbleau Apartments in East Ridge, alleging housing discrimination against individuals on account of their having children. 'No one should be denied an opportunity to live where they choose because they have children,' said Wan J. Kim, Assistant Attorney General for the Civil Rights Division. 'The Justice Department is committed to vigorous prosecution of illegal housing discrimination.' The complaint…alleges that the defendants refused to rent apartments to persons with children and steered them to another apartment complex." The Chattanoogan adds, "Fighting illegal housing discrimination is a top priority of the Justice Department, officials said. In February, Attorney General Alberto R. Gonzales announced Operation Home Sweet Home, a concentrated initiative 'to expose and eliminate housing discrimination in America.'"

New York State Elections Board Adopts Voting Machine Guidelines. The AP (4/28) reports, "After months of haggling, the state Board of Elections has adopted guidelines for new voting machines that can be used in New York. The board also ordered machine makers to disclose information about their political contributions and any lawsuits against them. A statement released by the board says the new standards go beyond Help America Vote Act…requirements and contain a number of features that make them model regulations for the nation. The standards require a voter verifiable paper trail." The AP notes, "New York has been sued by the U-S Justice Department for failing to comply with HAVA provisions requiring states to have new machines in place for the 2006 elections."

New Hampshire Political Parties Sparring Over Phone Jamming Case. The Knight Ridder (4/28, Douglas) reports, "Is it a third-rate political dirty trick by Republicans or a cheap attempt by Democrats to drag the GOP through the mud before November's elections?" New Hampshire Democrats and Republicans "are locked in a legal

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battle over GOP operatives who tried to suppress voter turnout in a key 2002 U.S. Senate race by jamming Democratic get-out-the-vote phone banks on Election Day. … Democrats describe the phone-jamming case in Nixonian terms, using Watergate-era phrases such as 'follow the money' and 'what did they know and when did they know it?'" KRT adds, "Republican officials are on the defensive. They call the vote-suppression scheme an unfortunate incident that was the work of rogue operatives who did it without party leaders' knowledge. They say the civil suit is a baseless attempt by Democrats to score points and ruin the New Hampshire Republican Party financially.

CAIR Calls For Civil Rights Probe Of Atlanta Vandalism. The AP (4/28) reports the Council On American-Islamic Relations "is asking the FBI to investigate vandalism at a Muslim home in suburban Atlanta as a hate crime. The Douglas County family's van was burned and the words 'Killers go home' spray-painted on the side of their house on April 8." CAIR "said local authorities had been slow to investigate the crime" yet "Douglas County Chief Deputy Stan Copeland said evidence from the scene has been submitted to the state crime lab and that police patrols in the neighborhood have been stepped up as investigators seek new leads." FBI spokesman Stephen Emmett "said late Wednesday that the bureau's civil rights squad here was not familiar with CAIR's request for an investigation. Copeland said Thursday that a local FBI office has been notified about the incident."

Unsolved Civil Rights Crime Act Reintroduced In Congress. The AP (4/28, Haines) reports, "A 1946 lynching in northeast Georgia could be among the civil-rights era murders investigated under" the Unsolved Civil Rights Crime Act, reintroduced yesterday in the House and Senate. "Roger and Dorothy Malcom and George and Mae Murray Dorsey were killed on the banks of the Apalachee River at the Moore's Ford Bridge, about 40 miles east of Atlanta. The four sharecroppers were dragged from a car, beaten and shot dozens of times as a mob of 200 looked on. No one was ever charged in their deaths, even though the FBI's report named 55 suspects." The AP notes, "The bill would create an unsolved crimes section within the civil rights division of the Department of Justice and an unsolved civil rights crime investigative office within the FBI. The sponsors say it would cost $10 million to establish both offices and foster relations between federal and local authorities."

The Jackson (MS) Clarion-Ledger (4/28, Mitchell) reports Sen. Jim Talent "reintroduced the bill that passed the Senate last year before dying in a conference committee." Reps. John Lewis and Kenny Hulshof "are sponsoring the legislation in the House. The measure is called the 'Till Bill' after Emmett Till," and Talent said at a press conference yesterday, "The blatant failure for decades to bring Emmett Till 's murderers to justice was and is a national disgrace." The Clarion Ledger notes, "U.S Attorney General Albert Gonzales is supporting the legislation, and FBI offices around the nation are now collecting information about unpunished killings from their area."

National Park Service Issues Permit For Klan Rally At Antietam. USA Today (4/28, Moore, 2.31M) reports, "A Ku Klux Klan group will rally on the Civil War battlefield where a Northern victory led President Abraham Lincoln to issue the Emancipation Proclamation. The National Park Service has issued a permit for a Klan demonstration June 10 on a farmstead at Antietam National Battlefield in western Maryland. … Antietam Battlefield superintendent John Howard says the right to free speech meant he was obligated to issue the permit. … Howard said he has received more than 30 e-mails objecting to the demonstration." USA notes, "Gordon Young, the leader of the local Klan group who applied for the demonstration permit, said Antietam was chosen for convenience but the site is appropriate. 'Our forefathers are flipping in their graves, and we need to do something to stand up and fight back. Immigration, homosexuals — they didn't fight and die for that.'"

ANTITRUST:

US Charges Five Alleged Warez Group Members With Piracy. The IDG News Service (4/27, Gross) reports, "Five U.S. residents face criminal copyright charges for their alleged participation in the online 'warez' file-trading community, the U.S. Department of Justice (DOJ) announced Thursday. The charges come out of an ongoing DOJ crackdown against international online piracy groups that distribute copyrighted movies, software, games and music on the Internet. The five defendants are alleged to be leading members of the 'warez scene,' groups of Internet users who illegally distribute copyrighted materials online." IDG notes, "The charges are part of Operations FastLink and Site Down, the two largest international law enforcement efforts targeted at online distribution of copyrighted material, the DOJ said. The operations have resulted in more than 200 search warrants executed in 16 countries, hundreds of computers being confiscated and more than US$100 million worth of copyrighted software, games, movies and music removed from download sites."

The LinuxElectrons (4/27) reports Assistant Attorney General Alice S. Fisher said when announcing the charges, "Large-scale operations like FastLink and SiteDown strike at

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the core of online piracy. Losses to industry and individuals from online piracy are enormous, and law enforcement will continue to do everything it can to protect valuable copyrighted products and shut down these illegal distribution networks." U.S. Attorney Gretchen C. F. Shappert added, "Intellectual property theft is a growing crime with serious economic consequences. Operations FastLink and SiteDown combine the resources of the Justice Department, 42 separate U.S. Attorney Offices, and FBI agents from 30 separate field offices, in a concerted effort to attack organizations dedicated to the piracy of intellectual property." And Charlotte FBI Special Agent-in-Charge Kevin B. Kendrick noted, "Theft of intellectual property strikes at the very heart of this country's economic vitality. Crimes of this type are a priority within our Cyber Crimes Program and the public can be rest assured that we will continue to aggressively investigate those individuals and organizations involved in activity such as this in an effort to bring them to justice."

UPI (4/28) reports, "The following individuals were charged with criminal copyright infringement in Charlotte, N.C., the Department of Justice said: Kevin Fuchs, 25, of West Amherst, N.Y.; and Cuong Quoc Trang, 35, of Parker, Colo., were charged by indictment with conspiracy to commit criminal copyright infringement, violating the Digital Millennium Copyright Act, and copyright infringement. Authorities charged Matthew Alderman, 24, of Ashland, Ore., with criminal copyright infringement, and David Morvant, 35, of Thibodaux, La., and Michael Hays, 51, of Delafield, Wis., with conspiracy to commit criminal copyright infringement." UPI also notes Fisher said, "Large-scale operations like FastLink and SiteDown strike at the core of online piracy. Losses to industry and individuals from online piracy are enormous, and law enforcement will continue to do everything it can to protect valuable copyrighted products and shut down these illegal distribution networks."

Newspaper Workers Union Opposes McClatchy Purchase Of KRT Papers. The Sacramento Business Journal (4/28) reports, "The Newspaper Guild-Communications Workers of America Thursday called on state and federal regulators to scrutinize the $1 billion sale of the San Jose Mercury News, Contra Costa Times, Monterey Herald and St. Paul (Minn.) Pioneer Press" to McClatchy Co. "The union has been working with The Yucaipa Cos. of Los Angeles to try to buy the 12 papers that McClatchy said it intends to sell when it completes its purchase of…Knight Ridder Inc. 'We believe that a common interest exists among McClatchy shareholders, employees and the communities served by the 12 Knight Ridder newspapers being sold by McClatchy Co.,' union president Linda Foley said in a statement. 'TNG-CWA continues to believe that the bid by The Yucaipa Cos. for all 12 newspapers is likely to deliver the best value and we call on McClatchy Co. to provide evidence that shareholder, employee and community interests are being best served by yesterday's announcement,' Foley said."

MediaNews CEO Assures Pioneer Press Will See Few Changes. Knight Ridder (4/28, Welbes) reports, "The fate of the St. Paul Pioneer Press became a little clearer Thursday as William Dean Singleton said that the paper won't see major changes after his company becomes its owner sometime this summer. 'You're joining us because we want you,' Singleton, the CEO of MediaNews Group Inc., told employees packed into a stifling conference room. 'We think there's a lot of opportunity here and if we didn't want it, we wouldn't have bought it.' … The deal, expected to close this summer, won't cause the loss of jobs, wages or benefits at the Pioneer Press, Singleton said. He added that the status of the newspaper's labor contracts, which cover about 90 percent of its 960 workers, will be up to local management. Publisher Par Ridder will remain with the newspaper." KRT also notes the union's announcement yesterday and adds, "The U.S. Department of Justice recently told McClatchy that it's seeking additional information about the Twin Cities newspaper market."

Judge Rules Seattle Papers Antitrust Case Can Proceed. The Seattle Post-Intelligencer (4/28, Richman) reports, "The judge in the 3-year-old contract dispute between Seattle's two daily newspapers refused today to halt all court proceedings in that case, ruling that antitrust and breach of contract claims by a self-styled citizens group can proceed against the owner of the Seattle P-I and The Seattle Times Co. The ruling, from King County Superior Court Judge Greg Canova, also raises the possibility that The Times Co. may withdraw from a binding arbitration agreement -- an event that would start two 18-month clocks ticking toward the automatic end of the Joint Operating Agreement that has bound the two newspapers since 1983."

Microsoft Assails European Commission Antitrust Ruling. The Financial Times (4/28, Buck) reports, "Microsoft yesterday accused the European Commission of 'the biggest encroachment on intellectual property in European competition law history', and likened the regulator's antitrust ruling to 'opening the vaults of a bank' and handing out money to passers-by. The software group's withering attack formed part of a legal challenge in the European Court of First Instance in Luxembourg to the Commission's March 2004 decision that found Microsoft guilty of abusing its dominant position and imposed a record €497m ($616m) fine. … But the Commission's legal team disputed Microsoft's arguments vehemently, saying the group had 'rigged the rules' of the market to ensure its rivals were

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unable to compete. The regulator dismissed, in particular, Microsoft's claim that the ruling infringed its intellectual property, saying the group had only been able to cite four European patents in its defence."

The AP (4/28, White) reports, "Judge John D. Cooke, in a terse exchange with Commission lawyer Anthony Whelan, asked whether Microsoft's proprietary information should be given away to its rivals, including patent information. 'The information which forms interoperability is hugely valuable commercial information. In the commercial sense this is highly valuable information, that's why it's difficult to understand the attitude of the Commission that these are mere trade secrets,' the judge said -- a reflection of Microsoft's assertion that to give over the code would be forfeiting the hundreds of years in manpower that went into devising it. Cooke, who will write the draft ruling, wanted to know if 'competition rules require that be taken away from Microsoft, conveying a huge commercial advantage.' Whelan said the value Microsoft placed on the code was merely a reflection of the amount of time and effort it had put into creating it, nothing more." The New York Times (4/28, Meller, 1.19M) notes, "During cross-examination…the sharpest questions were reserved for the commission." Cooke "appeared to chastise commission lawyers for not taking the company's concerns about protecting its intellectual property seriously."

Fifth Indianapolis Firm Pleads Guilty To Concrete Price-Fixing. The Indianapolis Star (4/28, Wall, 267K) reports, "Carmel Concrete Products and its president, Scott D. Hughey, have agreed to plead guilty and pay criminal fines for fixing the price of ready-mixed concrete in the Indianapolis area, the Department of Justice announced" yesterday. "Carmel Concrete is the fifth Indianapolis-area concrete firm to either admit guilt or be charged in the ongoing federal probe." The Star notes, "In all, those firms have agreed to pay more than $30 million in fines. Nine concrete executives have agreed to fines or jail time. U.S. District Court Judge Larry J. McKinney will determine the size of a fine for Carmel Concrete…and the length of any jail term for Scott Hughey. … 'Price-fixing conspiracies, such as the one that dominated the Indianapolis ready mixed concrete market for nearly four years, harm our free market system,' said Thomas O. Barnett, assistant attorney general in charge of the Department's Antitrust Division. 'This type of conduct deprives consumers of their right to competitive pricing.'"

Small Supplier Sues Chanel For Allegedly Counterfeiting Design. In a front-page story, The Wall Street Journal (4/28, Passariello, 2.11M) reports, "Carmen Colle has crocheted bustiers for Chanel and spun sweaters for Yves Saint Laurent. … But now Ms. Colle," a small supplier to fashion houses called a "petit main," has filed "a €5.3 million ($6.6 million) lawsuit that may unravel her business." Colle "claims Chanel, which she has supplied for years, copied one of her designs -- a crocheted floral pattern -- on a line of $1,800 to $3,000 cardigans, skirts and dresses. The iconic French fashion house says the allegations are unfounded. But a judge in a Paris commercial court has allowed Ms. Colle to pursue her case, which deals with a recurring issue for fashion firms today: counterfeiting." The Journal adds that at a "January hearing, the judge asked Chanel and Ms. Colle to enter into mediation. The two sides didn't come to an agreement, however, so the case went back to court last month. The judge is expected to issue a verdict on May 12."

ENVIRONMENT:

Ten States Sue EPA Over Power Plant Pollution. The AP (4/28, Barrett) reports, "Ten states fired a new legal salvo at the federal government Thursday in a long-running court battle over global warming and pollution from power plants. The states, joined by environmental groups, sued the Environmental Protection Agency over its decision not to regulate carbon dioxide pollution as a contributor to global warming." New York, California, Connecticut, Maine, Massachusetts, New Mexico, Oregon, Rhode Island, Vermont, and Wisconsin "filed the lawsuit in the US Court of Appeals for the District of Columbia Circuit." The states, led by New York Attorney General Eliot Spitzer, "want the government to require tighter pollution controls on the newest generation of power plants."

The New York Times (4/28, Hakim, 1.19M) says "a similar suit involving many of the same states and led by Massachusetts was dismissed last year by the United States Court of Appeals for the District of Columbia Circuit, where the new lawsuit was filed. Another suit by several of the same states sought to compel power producers to reduce emissions and was dismissed last year in Federal District Court in Manhattan. Both cases are being appealed."

Maryland Sues ExxonMobile Over Gasoline Leak. The Baltimore Sun (4/28, Wheeler, 296K) reports, "In the biggest environmental enforcement action in recent years in Maryland, the state filed suit Thursday seeking nearly $12 million in penalties from Exxon Mobil Corp. and a local service station operator for a massive gasoline leak that officials say has fouled well water in the Jacksonville area of Baltimore County." State Environment Department Sec. Kendl P. Philbrick "called the leak, one of the largest ever in the state, 'catastrophic,' and said an investigation continues into whether criminal charges might be filed as well." The Sun

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notes, "The suit charges that more than 25,000 gallons of unleaded regular gas dribbled from a small hole accidentally drilled in a buried fuel line by a contractor performing maintenance at the station in mid-January. The leak was not reported to state environmental officials until Feb. 17, more than a month later, although, the lawsuit says, the station's operator noted losses of almost 700 gallons of gasoline daily during that time."

NOAA Finds Navy Sonar Most Likely Caused Hawaii Whale Stranding. The Washington Post (4/28, A8, Kaufman, 744K) reports, "Federal marine specialists have concluded that Navy sonar was the most likely cause of the unusual stranding of melon-headed whales in a Hawaiian bay in 2004. The appearance of as many as 200 of the normally deep-diving whales in Hanalei Bay in Kauai occurred while a major American-Japanese sonar training exercise was taking place at the nearby Pacific Missile Range Facility." The Post adds, "While the National Oceanic and Atmospheric Administration scientists said they could not definitely state that sonar caused the strandings, they said extensive study led them to the conclusion that there was no other likely cause. … The Navy has said it was virtually impossible for its sonar to have led to the Hanalei Bay stranding, and officials maintained that position yesterday."

DEA/ATF/USMS:

Gonzales Announces 9,000 Fugitives Arrested Nationwide In Operation Falcon II. The CBS Evening News (4/27, story 6, 1:50, Schieffer, 7.66M) reported, "Federal and local police working together have just completed a 27-state roundup of fugitives that they call the worst of the worst. Many are violent sexual offenders." CBS (Bowers) added authorities made "more than 9,000 arrests made in the last few days in 27 states, more than 1100 of them accused sexual predators." Attorney General Alberto Gonzales: "The very first arrests made under Falcon II for failure to register as a sex offender, put away Reginald Dozier, who had raped a child." Bowers: "Dozier was the first of what authorities are calling the Falcon 15, the most wanted sex offenders arrested in the sweep, men wanted for everything from child rape to failure to register with authorities." Falcon II "cost close to a half million dollars, money appropriated from Congress specifically for this operation, so when the week is gone, so is the money. Though what isn't gone is the work; despite all the Falcon 2 arrests, there could be as many as 500,000 wanted sex offenders still out there." NBC Nightly News (4/27, story 8, 0:20, Williams, 9.87M) also briefly reported on the arrests, and CNN's Live From (4/27) and Fox News' DaySide With Linda Vester (4/27) carried the remarks by Gonzales and USMS Director John Clark live. MSNBC's Abrams Report (4/27) interviewed US Marshals Service Chief Inspector Billy Sorukas about the arrests. Additionally, CNN, MSNBC and Fox News briefly reported the story during periodic news updates throughout their evening programming.

The AP (4/28, Sherman) reports, "Ten years to the day after allegedly raping a 14-year-old girl, a California man was arrested in a roundup of fugitives that law enforcement officials say snared more than 1,100 sex offenders. The concentrated search for people wanted for federal, state and local crimes 'targeted the worst of the worst,'" Gonzales said. "Authorities arrested 9,037 people April 17 to last Sunday in a 27-state dragnet led by the U.S. Marshals Service and timed to coincide with National Victims Rights Week. … No other single law enforcement operation had resulted in the capture of as many suspected sex offenders, the Justice Department said." The AP notes, "Nearly 80,000 fugitives were arrested last year, just under half by the Marshals Service and the rest by state and local police working with federal authorities. … The operations in the past two years produced roughly 10 times the average number of weekly arrests, but even that barely dents the fugitive caseload. The FBI database contains names of a million fugitives. The director of the Marshals Service, John Clark, said Thursday there are a 'few million fugitives' in the United States, most of them wanted on state and local charges."

Bloomberg (4/28, Schmidt) also reports Gonzales said that "the operation 'targeted the worst of the worst fugitive felons in the country.'" Bloomberg notes, "Authorities also seized 111 guns, more than 91 kilograms of narcotics, $120,265 in cash and 14 cars. Last year, more than 79,000 fugitives were arrested and there are 'a few million' still at large, mostly on state and local warrants…Clark said. FALCON stands for Federal and Local Cops Organized Nationally. The government conducted a similar operation last year."

Gonzales' announcement was covered extensively by local newspapers and on local TV news across the country, with the stories emphasizing the arrests in those communities. Some examples: The Arizona Daily Star (4/28) reports, "Forty-six people wanted for immigration offenses, including people smuggling, were among the 117 fugitives rounded up in Tucson and Southern Arizona during a weeklong law enforcement operation, officials said. … Operation Falcon targeted those 'who had for too long escaped the grip of justice,' said Attorney General Alberto Gonzales in a press statement Thursday. 'With these criminals off the streets, fewer Americans will live with the threat of violent crime in their communities,' he said."

The Chicago Sun-Times (4/28) reports, "In Chicago, 403 fugitives -- twice as many as the last time investigators

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did this -- were arrested during the sweep, which began April 17, said Geoffrey Shank, commander of the U.S. Marshals Service Great Lakes Regional Fugitive Task Force. In the Great Lakes Region, 1,225 fugitives were arrested. Chicago also netted more gang members than any other city and pulled two of the 15 most wanted off the streets, authorities said."

The Baton Rouge Advocate (4/28, Troxler) reports, "A nationwide crackdown on wanted suspects running from the law has found its way to Louisiana. As part of Operation Falcon, which has a primary focus of tracking down those suspected of sex crimes and violent crimes against women, 68 people were arrested in the middle part of the state. … U.S. Attorney David Dugas said the well-coordinated effort will continue throughout the year, but it gets extra emphasis this week. 'It's dangerous work,' he said. 'These are fugitives who are trying to escape the law. They know law enforcement is looking at them. It takes skill, it takes planning, it takes dedication by the agents -- and that's what we saw this week.'"

Under the headline "Sweep Nabs 'Worst Of The Worst'," The St. Paul Pioneer-Press (4/28, 200K) reports, "The long arm of the law rounded up 110 Minnesota fugitives — several wanted for violent sex crimes — over the past week," in "a 27-state effort by the U.S. Marshals Service to capture fugitives. … Al Garber, U.S. Marshal for the District of Minnesota coordinated the Minnesota apprehensions. In all, officers from 18 law enforcement agencies searched for fugitives in the Twin Cities, Duluth and Rochester from April 17 through Sunday." The Minneapolis Star Tribune (4/28, Aamot, 424K) adds, "In Minnesota, all but about 20 of the fugitives were captured in the Twin Cities area, officials said. … At a news conference at the federal courthouse, officials displayed several weapons confiscated in the sweep, including a gun and a device U.S. Marshal Al Garber called a 'knuckle-knife.' The fugitives caught in Minnesota included a man who had raped an 8-year-old boy, a gang member dragged from a crawl space and a career criminal with a record dating to 1967, Garber said. 'The goal was to make our neighborhoods safer, and by taking 110 people off the street, we did that' to a large measure, he said."

The AP (4/28, Sherman) reports, "Hundreds of California residents are among 9,037 fugitives arrested nationally in a weeklong roundup that focused on sex offenders, top law enforcement officials said Thursday. … Among the 256 apprehended in the inland region that stretches from Bakersfield to the Oregon border was a murder suspect from Mexico living in Modesto who will be deported, said Antonio Amador, marshal for that district. … 'As law enforcement knows, fugitives generally have criminal records and continue to commit crimes,' Amador said at a Sacramento news conference. 'In fact, 95 percent of those arrested had (previous) criminal records.'" The AP notes, "The Marshals Service spent $531,000 on the weeklong exercise, most of it to pay overtime to local and state police, said David Dimmitt, chief deputy U.S. Marshal."

The WHOI-TV Creve Coeur, IL (4/27, Spencer) reports, "Peoria County Sheriff Mike McCoy said before this program, it would have been impossible to track down many of these offenders. 'When you have someone like the Marshall's Office and this task force that has jurisdiction to go anywhere, to investigate anywhere, has the ability to call an office up throughout the country, through the world and say hey look we are looking for this guy, we got a report he is in your area. Will you go check it out?' McCoy said."

The KTEN-TV Ada, OK (4/27) reports, "A historic day for law enforcement nationwide, had a significant impact in Southeastern Oklahoma. … Today, U.S. Marshals visited Durant, commending Bryan County officials on their contributions." KTEN adds, "Twenty-five different departments in Eastern, Oklahoma captured over 500 fugitives. Local task forces working with the marshals talked about the operation. … 'Most of them will tell you that they're just doing their jobs, but just doing their jobs most likely saved or impacted many lives in a positive way that can't be calculated,' John Loyd, U.S. Marshals said. Loyd also said the raids yielded over a hundred guns, thousands in cash and opened doors to even more illegal activity in the area." The Muskogee (OK) Phoenix (4/28, McMahan) adds, "The number of arrests in the Eastern District was the third highest of any area in the United States where the operation was carried out, said U.S. Marshal John Loyd. Only the Houston and San Antonio areas had a higher number of arrests. … Of the 506 fugitives arrested in eastern Oklahoma, 35 were wanted for violent sexual offenses, including rape, forcible sodomy and sexual assault, Loyd said."

The Houston Chronicle (4/28, Lezon, 581K) reports, "In Houston, 328 fugitives were arrested, more than 40 of them wanted for sexual-related offenses, officials said. 'Pretty significant numbers, I think,' said Deputy U.S. Marshal Marianne Matus, from her Houston office. Carlos Bermudez, 30, offered no resistance when he was arrested at his golf-course maintenance job in The Woodlands last Friday, Matus said. … Federal authorities said he was among 15 of the 'worst of the worst' fugitives targeted in the crackdown, according to a news release from the U.S. Marshals Service." The KGBT-TV Harlingen, TX (4/27, Pedraza) reports, "An undercover agent says they were pleased with the number of arrests. … 'Valleywide there were 148 fugitives arrested and 213 warrants were cleared.'" KGBT notes that "Gonzales says Falcon III is coming in the next few months. He says it will target violent criminals on the east coast. The U.S. Marshall's Service in McAllen is already looking forward to another big round up. … 'We're going to continue searching

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for these individuals,' said the agent about the accused criminals still at large. 'We're not going to stop... we're going to be diligent in our efforts to bring them to justice.'"

The KITV-TV Honolulu (4/27) reports that "one of the nation's Top 15 most wanted was found on Oahu. From Waikiki to Maui, law enforcement involved in Operation Falcon II combed the islands for a week picking up wanted fugitives," arresting 249. "'What you may see is a reduction in crime; career criminals have been captured. What you may see are safer communities because predators are jailed,' U.S. Marshal Dutch Hanohano said."

The WANE-TV Fort Wayne (4/27) reports, "Altogether in northern Indiana, officers rounded up more than 46 fugitives on narcotics violations, seven on weapons-related offenses and several others for failing to registered as sex offenders. … John Clark, the director of the U.S. Marshalls Service says, 'There is an old phrase, "you can run but you can't hide" and for many fugitives out there, they think they can hide and they may, but not for long.' … Dave Murtaugh, the head of the U.S. Marshalls Service Northern Indiana District says, 'We're not going to let them rest.'"

The KCNC-TV Denver (4/28, Gionet) reports that "the U.S. Marshals Service rounded up 140 fugitives in Colorado as a part of Operation Falcon II…U.S. Attorney General Alberto Gonzalez announced Thursday. … One violent fugitive from Colorado was caught in Baltimore. Mark Hayward was wanted in Douglas County for kidnapping and sexual assaulting a 15-year old girl he met over the internet."

The KAPP-TV Yakima, WA (4/27) reports, "Almost 200 fugitives were arrested locally during the roundup. That's double the number of criminals from last year. … Although the operation was assisted through federal dollars, they targeted criminals wanted by local authorities. The U.S. Marshals worked in conjunction with the Yakima Police Department, Yakima Tribal Police and the Sheriff's Department."

The KTVA-TV Anchorage (4/27) reports, "It is being called the largest sex offender bust in the nation's history and it's Alaska's biggest multi-agency bust ever. … We had 14 arrests in Fairbanks, 16 arrests on the Kenai Peninsula, 20 arrests in the Mat-Su Valley and 32 arrests in Anchorage," said Randy Johnson, U.S. Marshal, Alaska. 84 fugitives in all, the largest coordinated bust in Alaska in history with crimes ranging from drugs, and probation violations, to more dangerous offenses." KTVA notes that "the Last Frontier is often the last resort for the nation's criminals who think they can come and disappear into the Bush but Alaskan authorities say they will be caught. 'We want people to know this is not a place that they can come and hide. We will come and find them. We have a lot of investigative tools at our beck and call and we will come and find them anywhere they are, anywhere in the state,' said Marc Otte, Chief Deputy U.S. Marshal, Alaska."

The KGO-TV San Francisco (4/27, Ishimaru) reports, "U.S. marshals invited ABC7 on an exclusive ride-along for some of the Bay Area sweeps targeting sex offenders. … Chief Dep. Thomas Figmik, U.S. Marshals Service: 'Operation Falcon targeted offenders wanted for the worst crimes, such as murder, kidnap, arson, assault, robbery, narcotics and rape. The operation was inspired by the Department of Justice's National Victims Crimes Week, the theme of which was justice isn't served until crime victims are.'

The Grand Forks Herald (4/28, 32K) reports, "Fifty-four people are in custody in North Dakota as part of a nationwide roundup of fugitives, U.S. Attorney Drew Wrigley said Thursday. … U.S. Marshal Dave Carpenter said seven of the arrests in North Dakota were people wanted for sex crimes." The Herald notes, "North Dakota got about $8,000 for the roundup, up from about $5,000 last year, Carpenter said. The state's courts and jails will be busy in coming weeks, Carpenter said."

The KTRV-TV Boise (4/27, Patterson) reports, "In Idaho alone, 74 violent offenders are now in jail. … 'A sex offender is a very special kind' of criminal,' said U.S. Marshal Pat McDonald on Thursday. 'They stay below the radar. They move around a lot.' Of the 74 people arrested last week in Idaho during Operation Falcon, seven were wanted for violent sexual offenses, five for failing to register as a sex offender. … 'We got 14 different sex offenders, re-offenders, we got five unregistered sex offenders. One 2 miles from my house,' said Deputy Kevin Platts of the U.S. Marshals Service."

The Fort Wayne News-Sentinel (4/28) reports, "A nationwide roundup this month has put 210 central Indiana fugitives in custody," and "the dragnet captured at least 11 people who were wanted for violent sexual offenses such as rape, forcible sodomy and sexual assault, according to federal prosecutors. … '(This) serves as an excellent example of local, state, and federal law enforcement agencies working together in a united effort to bring fugitives to justice,' U.S. Attorney Susan Brooks said." The WISH-TV Indianapolis (4/27) reports former Hamilton County youth pastor Joshua Kramp "has been arrested, charged with sexual misconduct with a minor." He "was arrested on a golf course following a nationwide sweep of fugitives by the U.S. Marshals. … 'The arrest of Josh Kramp is a great example of why Operation Falcon works,' says Captain Kevin Jowett of the Hamilton County Sheriff's Department.

The Billings (MT) Gazette (4/28, Neary) reports, "Local police teamed up with the U.S. Marshals Service to arrest 21 fugitives in Wyoming," and "Timothy Moseley, chief deputy United States Marshal in Cheyenne, said Thursday his agency worked with 17 law enforcement officers from various

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agencies in Laramie, Natrona and Teton counties on the arrests. … 'The complete success of this operation lies solely at the feet of the state and local agencies that participated. Without their help and their manpower, we would not have been nearly as successful as we were,' Moseley said. 'We targeted sexual predators, and we managed to arrest two pretty heinous characters,' Moseley said."

The Bay News 9 Tampa (4/27) reports, "As part of Operation Falcon II, task force officers with the U.S. Marshal's Office arrested a suspect in a local rape. Darryl William Floyd, 37, is accused of sexually assaulting his then stepdaughter in April 2004. A doctor determined the then 13-year-old victim had been molested on two different occasions."

Senate Panel Approves Nomination Of Junker For Northern Iowa US Marshal. The AP (4/28) reports, "Butler County Sheriff Timothy Junker has been appointed to be the next US Marshal for the Northern District of Iowa. Junker, of Allison, is in his fifth term as sheriff. The nomination by President Bush must be confirmed by the full Senate. Senator Charles Grassley says it was approved unanimously by the Senate Judiciary Committee" yesterday.

Judge Rules NYC May Access ATF Information On Gun Makers. The AP (4/27, Caruso) reports, "For the fourth time, New York City's lawsuit against several gun manufacturers has survived an attempt by Congress to kill it off. A federal judge in Brooklyn ruled Thursday that the city may have access to gun tracing information gathered by the Bureau of Alcohol, Tobacco, Firearms and Explosives, even though a recently passed measure expressly forbids such data from being used in civil suits. … The decision is a victory for the city, which intends to rely heavily on weapons tracing information to prove its claim that gun manufacturers create a public nuisance by recklessly distributing firearms." The AP notes, "Lawrence Greenwald, an attorney for Beretta U.S.A., said the gun companies were likely to appeal."

The New York Times (4/28, Cardwell, 1.19M) reports in "Metro Briefing" that "in his decision, Judge Jack B. Weinstein…wrote that 'the proverbial cat is already out of A.T.F.'s bag' and that it made no sense 'to distort the terms of a federal budgetary measure in order to wrestle the cat back in.'"

Bloomberg's Handling Of Gun Violence Issue Noted. In his Washington Post column (4/28, A19), E.J. Dionne says, "Have you noticed that Washington politicians have given up on thinking about new solutions to gun violence? New York Mayor Michael Bloomberg has noticed, and he's angry. Good for him." Bloomberg is "a Republican, if hardly a partisan sort, and it may take a Republican to restart a debate that many Democrats have fled after a careful examination of the electoral map -- and years of exhaustion from demagoguery on the issue." With Boston's Democratic mayor, Thomas Menino, Bloomberg "brought 13 other big-city mayors together here on Tuesday to call for 'national leadership in the war on gun violence.'"

Federal Investigators Arrest Major Connecticut Gun Dealer. The AP (4/28) reports on of Connecticut's "largest gun dealers has been arrested on numerous federal firearms charges in a case that authorities say shows how guns wind up in the hands of criminals." Frank D'Andrea, "who ran the Gun Case in Shelton, was arrested last week and released after posting a $200,000 bond, authorities announced Thursday. … Federal investigators said that over a two-year period 100 guns seized at crime scenes had passed through D'Andrea's store. 'This investigation has revealed a disturbing lack of control and mismanagement by one of Connecticut's largest gun dealers, and blatant disregard for federal firearms possession and reporting laws,' said U.S. Attorney Kevin O'Connor. 'This case goes to the heart of how legal guns become illegal guns on the street. Gun store operators are the first line of defense for stopping gun crimes on our streets, and this case will be prosecuted to the fullest extent.'" The AP notes, "A routine inspection by the U.S. Bureau of Alcohol Tobacco Firearms and Explosives last year began to uncover the violations, authorities said. 'Stopping the illegal flow of firearms continues to be one of our top priorities and today is just another example of how we do that,' said ATF Special Agent in Charge Glenn N. Anderson."

The Connecticut Post (4/278, Mayko) reported, "The move came just months after U.S. Attorney Kevin J. O'Connor rented a billboard across the street from D'Andrea's former store in Stratford. The poster read 'Buy a gun for a criminal, go to federal prison.' … O'Connor said Wednesday that ATF investigators determined that, over a two-year period, 100 guns seized at crime scenes had passed through D'Andrea's store. 'Federally licensed gun dealers have a tremendous responsibility to sell weapons appropriately,' O'Connor said."

ATF, Hawaii Police Offer $5,000 Reward In School Arson. The AP (4/28) reports, "The Bureau of Alcohol, Tobacco, Firearms and Explosives…and Hawaii Police Department are offering a reward of up to $5,000 for information leading to the arrest and conviction of anyone involved in the arson of Waiakea High School. The fire occurred in the early morning hours on April 11, 2006, at the high school, located at 155 W. Kawili Street in Hilo. Police responded at approximately 1:15 a.m. No one was injured in the fire and the property damage is estimated at $1.5 million.

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'We take this incident seriously and are committed to pursuing every investigative lead,' said ATF Special Agent in Charge Kelvin N. Crenshaw."

FDA Statement On Marijuana Continues To Be Scrutinized. In the New York Times (4/28, 1.19M), op-ed contributor Henry Miller writes that the FDA "staked out its position on the long-standing controversy over the medical use of marijuana — and made a lot of people smoking mad. … The regulators were denounced as elevating politics over science. But the F.D.A. did no such thing. To be sure, its one-page statement was far shorter and less detailed than the institute's book-length report, but its conclusions were essentially the same. The F.D.A. also recently gave the go-ahead for clinical trials of a new drug derived from marijuana — further demonstrating that its position is both sensible and proper."

The Jacksonville (NC) Daily News (4/28) writes, "Last week, the U.S. Food and Drug Administration, for reasons that are far from clear, chose to enter the debate over medical marijuana with a thoroughly unscientific — one might even say anti-scientific — blanket denial that marijuana has any medical value at all. … Scientific American magazine noted on its Web site the next day, the statement simply ignores 'the existence of a 1999 report by the Institute of Medicine of the National Academy of Sciences, which concluded that marijuana was moderately well-suited for particular conditions.'"

US Anti-Drug Policy Seen As Empowering Organized-Crime Rings. In the Wall Street Journal (4/28, 2.11M), columnist Mary Anastasia O'Grady writes, "A serious discussion about U.S. security interests has to begin by acknowledging the great cost of prohibition and the war on drugs to U.S. foreign policy objectives. A U.S. policy that unintentionally empowers brutal organized-crime rings is counterproductive to U.S. hopes for a stable and prosperous Latin America. The problem is particularly acute for America's southern neighbor. Drug violence is spiraling throughout Mexico and innocents are paying the ultimate price."

IMMIGRATION:

May Day Boycott Plans Divide Pro-Immigration Activists. USA Today (4/28, Kasindorf, Keen, 2.31M) reports, "Masses of illegal immigrants and their supporters around the USA plan to boycott workplaces, stores and schools on Monday, but the move is dividing some pro-immigration activists and business owners." Organizers "of the May Day walkout call it el gran paro — 'the big stop' — and 'a day without immigrants.'"

The Los Angeles Times (4/28, Becerra, Blankstein, 958K) reports, "Two immigrant rights demonstrations Monday in Los Angeles could each draw a half-million marchers or more, police said Thursday, as officials expressed concern about a major disruption of traffic, commerce and school." Los Angeles Mayor Antonio Villaraigosa, Cardinal Roger Mahony and "others have encouraged protesters to attend the late-afternoon march from MacArthur Park down Wilshire Boulevard to La Brea Avenue, prompting authorities to say that crowd might be the larger of the two." Officials "in Santa Ana, Huntington Park, Oxnard, Riverside, Pomona and San Diego said they expect smaller but boisterous protests." Police in Chicago, "meanwhile, estimated that as many as 500,000 could take to the streets in that city, while Seattle officials and protest organizers said they expect anywhere from 10,000 to 50,000 marchers."

Rumors Of ICE Raids Generate Fear Among Illegal Immigrants. The Wall Street Journal (4/28, Jordan, Trevisani, 2.11M) reports, "Thousands of illegal immigrants across the U.S. stayed away from work and school, skipped medical appointments and scrapped purchases this week as rumors spread that authorities are rounding up undocumented residents." The "rising panic is fallout from last week's move by Homeland Security Secretary Michael Chertoff to crack down on employers who purposely hire undocumented immigrants. Immigration and Customs Enforcement investigations over the past year resulted in the arrest on April 19 of 1,187 employees and seven current and former managers of IFCO Systems North America." The "origin of the rumors is unclear." The situation "could hamper Monday's planned 'National Day of Action,' another round of immigration rallies that has been expected to draw millions to the streets of major U.S. cities."

Two-Thirds Of Hispanics Blame Bush Or GOP For Inaction On Immigration Reform. The Wall Street Journal (4/28, Harwood, 2.11M) reports in its "Washington Wire" column that a new Wall Street Journal/NBC News poll "shows a 46% plurality of Hispanics place immigration atop 'must do' list. The poll, conducted in English, included an expanded sample of Hispanic respondents. Eight in 10 embrace Senate guest-worker compromise differentiating among illegal immigrants based on residence. Though Republicans blame Democrats for earlier collapse of that deal, two-thirds of Hispanics would hold Bush or his party responsible for inaction. The poll's margin of error is plus or minus 3.1 percentage points." The Journal adds, "White voters favor Republican control of Congress by 45%-39%; Hispanics prefer Democrats, 55%-22%."

Mexican Demographic Changes May Limit Number Of Workers Migrating To US. The Wall Street Journal

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(4/28, Kronholz, Lyons, Mexico, 2.11M) reports that "thanks to a decades-long family-planning campaign, most Mexicans are having far fewer children than was typical a generation ago." In 1968, "the average Mexican woman had nearly seven children. Today, the figure is just above two, comparable to the U.S." This "sweeping demographic shift has fostered hope that someday Mexico will produce a healthy middle class." The "new, smaller Mexican family may help change that by allowing parents to invest more in their children's education, finally producing the generation that lifts Mexico into the developed world." A slowdown of immigrants seeking work in the north "would be especially likely if a growing middle class makes more Mexicans comfortable at home and averse to risking a dash across the border."

Spanish-Language Version Of Star-Spangled Banner Generates Outrage. ABC World News Tonight (4/27, story 7, 3:30, Vargas, 8.78M) reported, "With Congress debating a crackdown on undocumented immigrants, Latino singers decided to record a Spanish-language version of the national anthem. They wanted to make a point about America being an inclusive nation that many immigrants and cultures are absorbed in. But there are those who say sing it in English or don't sing it at all." ABC (Avila) added, "The idea came from music executive Adam Kidron, who sympathized with immigrant demonstrations, but was bothered by the number of Mexican flags in the crowd. He hopes the new Spanish language national anthem will demonstrate Latino patriotism and encourage more American flags." But this "Spanish language rendition has sparked incredible outrage."

The Washington Post (4/28, A1, Montgomery, 744K) reports in a front page story that "outrage over what's being called 'The Illegal Alien Anthem' is already building in the blogosphere and among conservative commentators. Timed to debut the week Congress returned to debate immigration reform, with the country riven by the issue, 'Nuestro Himno' is intended to be an anthem of solidarity for the movement that has drawn hundreds of thousands of people to march peacefully for immigrant rights in Washington and cities across the country, says Adam Kidron, president of Urban Box Office, the New York-based entertainment company that launched the project."

CONGRESS-ADMINISTRATION:

Senate Homeland Security Panel Calls For Abolition Of FEMA. The Senate Homeland Security and Governmental Affairs Committee issued a report Thursday that, among other things, called for the abolition of the Federal Emergency Management Agency and the creation of a successor agency to be called the National Preparedness and Response Authority. The White House "flatly rejected any proposal to abolish FEMA," NBC reported in its lead story, and Homeland Security Secretary Michael Chertoff also rebuffed the idea. ABC and CBS also gave prominent coverage to the report's release. ABC World News Tonight (4/27, story 4, 2:20, Kerley, 8.78M) said the report said the "massive FEMA failures, the bungling bureaucracy during Hurricane Katrina, can't be fixed," so FEMA "should be dismantled." But critics say their plan "only amounts to reshuffling and renaming the agency." In New Orleans, the President "said the country is already better prepared," and Homeland Security Secretary Michael Chertoff was "blunt." Chertoff: "I don't have a lot time to fuss about the naming issue." NBC Nightly News (4/27, lead story, 3:25, Reid, 9.87M) said that "in 86 recommendations, the report describes the proposed agency as far more powerful than FEMA, with a much larger budget, a director who would report directly to the President during a crisis, so powerful the report compares the position to the Chairman of the Joint Chiefs." But White House Homeland Security Advisor Frances Townsend "flatly rejected any proposal to abolish FEMA."

CNN's The Situation Room (4/27, Blitzer) reported that the proposed National Preparedness and Response Authority "would still be part of the Department of Homeland Security, but a distinct agency like the Coast Guard or the Secret Service. Senators say the director of the new agency should have a direct line of communication with the president, and have significant experience in crisis management unlike the former FEMA chief, Michael Brown."

The AP (4/27, Jordan) writes that the report "ripped the Bush administration anew," but "with a new hurricane season just weeks away, senators conceded that few if any of their proposals could become reality in time. The bipartisan investigation into one of the worst natural disasters in the nation's history singled out President Bush and the White House as appearing indifferent to the devastation until two days after the storm hit." The Senate report "is the third major federal report on the government failures exposed by the Aug. 29 storm."

Knight Ridder (4/28, Hutcheson) calls the report "a scorching account of government failure." In addition to Bush, the Senate document singles out Louisiana Gov. Kathleen Blanco, New Orleans Mayor Ray Nagin, "and a host of other officials for failing to anticipate the devastation or provide adequate help to victims." Knight Ridder points out that Lieberman, "a centrist whose bid for re-election next fall is being challenged by a liberal rival in the Democratic primary," was especially critical of Bush "in a solo chapter at the end of the full report." Lieberman "also accused the Bush administration of stonewalling the panel's investigation."

The Washington Times (4/28, Curl, 90K) reports Democrats "seized on the Senate panel's report, hoping to

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position themselves in the November congressional elections." Louisiana Democratic Sen. Mary Landrieu said, "The handling of Hurricane Katrina by the Department of Homeland Security and FEMA was an organizational nightmare of immense proportions and that tragic administrative bumbling caused untold hardship for the people of Louisiana."

The Washington Post (4/28, A6, Hsu, 744K) says the report "sparked a sharp congressional debate over whether to abolish and rebuild FEMA." Collins said FEMA "'has become a symbol of a bumbling bureaucracy' that must be dismantled, and merely 'tweaking the organizational chart' will not solve failures exposed by the hurricane." But Townsend said, "As we're headed into this hurricane season, now is not the time to really look at moving organizational boxes." And Chertoff, "speaking at George Mason University, endorsed several Senate findings, but opposed making FEMA an independent agency and said renaming it would be like 'slapping a fresh coat of paint on.'" Chertoff said, "I'm held accountable. I want to make sure as a consequence that I have full command and control over my department."

CQ Today (4/27, Starks) also writes that while the panelists' view that FEMA "performed miserably during Hurricane Katrina is widely shared in Congress," lawmakers in both parties "are sharply divided on whether FEMA or any successor agency should be independent or part of the Department of Homeland Security."

Under the headline "Divisions Arise On Whether FEMA Requires A Tear-Down," the Los Angeles Times (4/28, Neuman, 958K) reports, "Congress and the White House are headed toward a collision over one of the big questions left unresolved" following Katrina: whether to "beef up" FEMA within DHS, "or to create a politically independent agency to handle national emergencies. … And as President Bush made his 11th visit to the Gulf Coast since the storm hit Aug. 29, the White House urged a strengthening -- but no reshuffling -- of current operations."

The Financial Times (4/28, Alden) quotes Collins saying, "FEMA is discredited, demoralised and dysfunctional. It is beyond repair." And while the report was generous in its distribution of blame, "the committee laid particular blame on Michael Brown." Collins "accused Mr Brown of 'blatant insubordination' during the crisis, and the committee's report said he was 'unqualified and counterproductive.'"

Army Corps Of Engineers Racing To Rebuild New Orleans Levee System. NBC Nightly News (4/27, story 7, 4:00, Williams, 9.87M) reported, "All eyes are on the levee system as they rebuild, and the Army Corps of Engineers tries to rebuild faith in the levees as well." NBC (Savidge) added, "It's a race New Orleans can't afford to lose: Repair its hurricane protection system before the next hurricane season starts. The job, 73% finished, 36 days to go, and the man in charge says it'll be done June 1." Brigadier General Robert Crear, US Army Corps of Engineers: "Some people would consider that almost impossible, but we've been working 24-hour shifts, seven days a week for the last eight months."

Ex-FEMA Chief Witt Calls For Independent FEMA. In a letter to the editor of USA Today (4/28, 2.31M), Clinton Administration FEMA Director James Lee Witt writes, "Even with the release of the Senate's report on Hurricane Katrina, the American public is not being well served by its government with the recommendations. It is time for Congress and the administration to do what is right and pull FEMA out of the Department of Homeland Security -- as Sen. Trent Lott, R-Miss., and other lawmakers suggest. FEMA and DHS should each stand alone. One agency can't effectively serve two disparate functions. … Let's give FEMA Director David Paulison an independent agency, a system and the support he needs to be a success. And let's give our citizens the confidence that they're being well served."

Krugman Says New Agency Would Not End Cronyism. In his New York Times (4/28, 1.19M) column, Paul Krugman writes, "The U.S. government is being stalked by an invisible bandit, the Crony Fairy, who visits key agencies by dead of night, snatches away qualified people and replaces them with unqualified political appointees. There's no way to catch or stop the Crony Fairy, so our only hope is to change the agencies' names. That way she might get confused, and leave our government able to function. … I guess it's impossible to select qualified people to run FEMA; if you try, the Crony Fairy will spirit them away and replace them with Michael Brown. But she might not know her way to" the National Preparedness and Response Agency.

Bush To Approve Dubai-Owned Firm's Takeover Of US Military Manufacturing Plants. The New York Times (4/28, Rutenberg, Sanger, 1.19M) reports, "President Bush is expected on Friday to announce his approval of a deal under which a Dubai-owned company would take control of nine plants in the United States that manufacture parts for American military vehicles and aircraft, say two administration officials familiar with the terms of the deal." The officials, "who were granted anonymity so they could speak freely about something the president had not yet announced," said that "the final details had not yet been set and that Mr. Bush might put conditions on the transaction to keep military technology in the United States." But "his action is almost certain to attract scrutiny in Congress."

Bush Asks Congress For Authority To Raise CAFE Standards. The CBS Evening News (4/27, story 3, 0:10, Schieffer, 7.66M) reported the President yesterday asked Congress "to give him the authority to raise fuel

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economy standards on all cars. He made the announcement while visiting a Mississippi gas station." While Bush's proposal was noted by all three networks and receives mentions in most print stories on the gas price issue, it was largely overshadowed by a Senate GOP announcement of steps to help Americans deal with the rising fuel costs.

ABC World News Tonight (4/27, story 2, 1:25, Stephanopoulos, 8.78M) reported, "This is a pretty significant shift by the President. The Administration opposed this kind of move as recently as when the energy bill was passed last August. It's something that Democrats and some moderate Republicans have been calling for a long time. They want to raise the current standard, from the current 27.5 miles per gallon up to about 36 or 40 miles per gallon. The President is now saying he wants the authority to do this on his own. The question would be, how high does he want to raise them? Will he go up to 36 or 40? Or will he do something less? But this is a significant shift." NBC Nightly News (4/27, story 3, 0:15, Williams, 9.87M) noted Bush made his remarks during "an unscheduled stop at a gas station in Biloxi," MS. Bush "pointed out that high gas prices are the equivalent of a tax increase on working people in this country."

Meanwhile, says the Washington Times (4/28, Bellantoni, 90K), in a letter to Senate Majority Leader Bill Frist, Transportation Secretary Norman Y. Mineta "formally asked for legislation that would allow the Corporate Average Fuel Economy standard for cars, now set at 27.5 miles per gallon for each manufacturer, to be raised through an administrative process."

Senate Republicans Offer Plan To Ease Fuel Prices, Including $100 Gasoline Tax Rebate. The AP (4/28, Hebert) reports Senate Republicans yesterday "proposed a $100 rebate check for millions of taxpayers Thursday to counter high gasoline costs, but linked the assistance to drilling in an Alaska wildlife refuge, assuring the measure would face stiff opposition from most Democrats." Fox News' Special Report (4/27, Baier) reported on the proposed rebate, and says that "where the money would come from is a bit unclear at the moment. It's part of a 10 point plan being proposed by senate republicans. Also include tax breaks for those purchasing hybrid cars." CNN's The Situation Room (4/27, Bash) said that "it is probably unlikely -- given the partisanship -- that they will actually pass any of these proposals this election year. It's very unlikely, most people say."

The issue of gas prices continued to receive widespread media attention last night and this morning. Last night it led two out of three network newscasts. ABC World News Tonight (4/27, lead story, 2:55, B. Stark, 8.78M) added, "In Washington today, it was hard to find a politician who wasn't talking about gas prices." Senate Majority Leader Bill Frist: "Our plan would give taxpayers a $100 gas tax holiday rebate check." The proposals "ranged from a gas-tax-holiday and hundred-dollar rebate checks for drivers to a bill that would reward commuters who switch to bikes." NBC Nightly News (4/27, story 4, 0:15, Williams, 9.87M) also outlined the GOP plan, "Among the proposals they have outlined, a $100 per taxpayer rebate linked to opening Alaska's Arctic National Wildlife Refuge for drilling, looser permitting rules for new refineries, and a rollback of recent tax breaks for the oil industry."

Meanwhile, the CBS Evening News (4/27, lead story, 2:30, Pitts, 7.66M) reported, "Fed Chairman Ben Bernanke came to Congress today with the same concerns as most Americans -- gas prices." Bernanke: "…rising energy prices pose a risk to both economic activity and inflation." Pitts: "The big three automakers are feeling the pain too. They're set to meet with President Bush for the first time sometime in May to discuss their woes. Gas prices help put the brakes on SUV sales." Bernanke "also made clear today the US economy is doing just fine at the moment, but we're just beginning to feel the effects of these rising oil prices. And, for that, there is no quick fix."

Appearing on MSNBC's Hardball (4/27), Frist said of rising gas prices, "As most people understand, there is no silver bullet, but it is a matter of supply and demand and we're 60 percent dependent on foreign oil. … What we need to do is focus on supply and demand issues. On the supply side, we can slow down filling or pause the filling of the strategic petroleum reserve. We have to go back and address our refinery capacity. Right now, our refineries are down below Katrina level. On the demand side, we need to give the authority to the administration to be able to control and to regulate those fuel economy standards, and we need in the midterm to long-term focus on ethanol production, production from soy, biomass, alternative fuels, wind, solar. A lot we can do, and that's why the Republicans today put out an eight point plan to look at supply, demand, make sure there's no price gouging as well."

The Financial Times (4/28, Yeager, Alden) reports Frist "acknowledged that the measures would have a limited impact," but "with the Republicans trailing badly in the polls, Congress and the White House are under pressure to respond." The Wall Street Journal (4/28, Fialka, Gold, Meckler, 2.11M) says "the industry-bashing in recent days from normally pro-business, antiregulation Republicans in response to surging pump prices has been striking." But "the Senate bill also includes some carrots for energy producers, including new tax incentives for increasing oil-refining capacity. And the plan would open up a supposedly oil-rich area along the coast of Alaska's Arctic National Wildlife Refuge for oil exploration."

The Los Angeles Times (4/28, Reynolds, 958K) says Democrats "derided the GOP plan, and its political chances

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appeared weak." The Democrats "noted that although the package incorporated some ideas they already had introduced, it contained a provision that almost assuredly would torpedo its passage: opening the Arctic National Wildlife Refuge to oil and gas drilling." The New York Times (4/28, Hulse, 1.19M) says Democrats "pressed their own ideas, including a proposal by Senator Robert Menendez, Democrat of New Jersey, for a 60-day suspension on the 18.4-cent-per-gallon federal tax on gasoline and 24-cent diesel tax. 'It is direct relief at the pump,' Mr. Menendez said." Meanwhile Senator Ron Wyden, Democrat of Oregon, "tied up the Senate for almost five hours on Thursday in an effort to force a vote on his proposal to prohibit oil companies from escaping federal royalties for drilling on public lands when oil prices exceeded $55 per barrel."

As Senate Republicans Thursday revealed plans aimed at helping Americans deal with rising gas prices, Fox News' Big Story with John Gibson (4/27) questioned whether Americans are "willing enough to look at other alternative sources" like ethanol. Minnesota Governor Tim Pawlenty told Fox News that President Bush's request for the EPA to drop gas requirements will "hurt Minnesota and hurt the energy policy in the United States." Our country, he said, "has been asleep at the switch on energy policy since Jimmy Carter…30 years ago." Instead, the governor said "states have been leading the way with innovation and taking risks." And with today's "skyrocketing world demand" for oil, Gov. Pawlenty said the US has "to find more supply in other ways, things like renewable fuels from ethanol, so we can get more supply to accommodate demand to take off price pressures."

Gasoline Prices Seen As Further Depressing GOP Support In WSJournal Poll. The Wall Street Journal (4/28, Harwood, 2.11M) reports, "Rising gas prices have intensified discontent with Washington and handed Congress a frightening midterm election backdrop: a deeply pessimistic electorate, despite a robust economy." A new Wall Street Journal/NBC News poll "underscores a striking gap between Americans' mood and the nation's economic performance. … The upshot: Two-thirds of Americans say the nation is 'off on the wrong track,' President Bush's approval rating has fallen to 36% and Congress fares even worse at 22% approval." That" is a worrisome sign for Republicans, who are seeking to defend their House and Senate majorities with little more than six months remaining before Election Day. Continuing a trend that has persisted for a year, Democrats lead -- beyond the poll's 3.1 percentage point margin of error -- in public preference for which party should control Congress. The survey of 1,005 adults was conducted April 21-24." Democrats also "enjoy an edge in intensity; by 11 percentage points." Approval of the job Congress is doing "has plummeted to 22%, from 33% just last month. That's worse than the marks a Democratic-controlled Congress received at a similar point in 1994, the year Newt Gingrich led Republicans back to power on Capitol Hill."

ExxonMobil Reports $8.4 Billion Profit. NBC Nightly News (4/27, story 5, 1:40, Williams, 9.87M) reported, "ExxonMobil just today reported $8.4 billion for the first quarter, the fifth-highest quarterly earnings number on record. Those numbers are infuriating a lot of Americans." NBC (Myers) added, "For outraged consumers, the staggering profit numbers boil down to this -- Exxon earned 9.5 cents on every dollar of gasoline and oil sold, cashing in at every stage of the process." The Washington Post (4/28, A1, Mufson, Murray, 744K) and USA Today (4/28, Healey, Krantz, 2.31M) run similar reports.

Prices Of Oil, Gasoline Down In New York Trading. The Washington Times (4/28, Hill, 90K) reports, "Oil and gasoline prices took another tumble in New York trading yesterday on signs of increasing supplies and slackening demand in the United States and China, adding to an 18-cent drop in wholesale gas prices that likely will produce relief at the pump in the days ahead." Since peaking above $75 last week, "the price of premium crude oil has fallen to just under $71 yesterday on the New York Mercantile Exchange, while gas for delivery in May has plummeted to $2.07 a gallon after touching a high of $2.25." the Times adds, "Pump prices have flattened out at $2.92 nationwide for regular unleaded, 50 percent higher than they were in February but not yet reflecting the declines in the futures and wholesale markets."

High Oil Prices Affecting Airport Costs. The CBS Evening News (4/27, story 2, 2:05, Orr, 7.66M) reported, "If you fly, you're also paying more due to record oil prices. And ticket prices are being jacked up more often then you realize." Darryl Jenkins, "who tracks the airline industry, say flyers have been hit with 22 separate price hikes in just over a year, raising fares on average by at least 10% and much more on some routes. For example, a flight from Chicago to LA, which cost about $200 last July, now costs $260." Jenkins: "Jet fuel and its impact on the airline business is now greater than the impact that 9/11 had on the airline business."

Religious Leaders Call For Prayer To Lower Gasoline Prices. ABC World News Tonight (4/27, story 3, :15, Vargas, 8.78M) reported, "Not far from Capitol Hill today, a group of religious leaders felt the best way to lower gas prices was to pray. They held a vigil outside a gas station and urged all Americans to ask God to help lawmakers set good energy policy and to ensure honesty among oil companies."

House GOP Uses Hydrogen-Powered Car In Event To Highlight Gasoline Prices. The Washington Post (4/29, A17, Kamen, 744K) reports in its "In the Loop" column, "The Republican House leadership, hopping aboard the new anti-oil-addiction campaign, staged a fine media event yesterday at a BP gas station at Ninth Street and Pennsylvania Avenue

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SE that featured a hydrogen-powered car. House Speaker J. Dennis Hastert (Ill.), along with other top House Republicans, was photographed in and around the snappy blue General Motors HydroGen 3 van. The event followed one by Senate Democrats on Wednesday, who rode in their gas guzzlers to an Exxon station a block from their offices to blame Republicans for high fuel prices."

More Commentary. In an editorial, the Los Angeles Times (4/28, 958K) says in his speech on Tuesday to the Renewable Fuels Association, President Bush proposed "dubious policies that…might save a few cents per gallon in the short term, while doing little to address the underlying problem of U.S. oil dependence," thereby ushering "in a silly season for wrongheaded, economically ignorant proposals by headline-chasing politicians." In fact, the "prospects for successful detox [now] seem all the more distant as public officials scramble to follow the president's lead in dreaming up their own 'solutions' to the oil market," but all these "gas-price proposals should be ignored and scorned." Instead, sensible policy "would focus on curbing consumption."

The Wall Street Journal (4/28, 2.11M) editorializes, "Let's hope the folks who make those cable-TV videos of loopy college kids vamping on spring break are headed for Capitol Hill. The Members aren't yet taking their shirts off in response to higher gasoline taxes, but give them time. They're certainly pulling enough other stunts to laugh at." The "Senate Republican proposal for a $100 rebate, unveiled yesterday," is "destined for the pandering hall of fame."

Under the headline "Pander At The Pump," the New York Times (4/28, 1.19M) editorializes, "The battle to see which political party can out-pander the other on the subject of gasoline prices is embarrassing. If American consumers are having sticker shock at the pumps, it's because of a series of policy failures that stretch back decades. The last thing the country needs now is another irresponsible quick fix." Congress's "frantic gestures this week are, at bottom, an attempt to divert attention from its past failures to act, and its resulting inability to shield Americans from the burden of high prices at the pump." But "the pain of high gas prices will only get worse unless Congress changes its priorities, now."

Thomas Friedman writes in the New York Times (4/28, 1.19M), "The beginning of leadership for the president is to tell the American people the truth: This is not your parents' energy crisis. The price of oil is not soaring just because of greedy oil companies. It is soaring because of structural changes in the global energy market that could have vast consequences for America and the world if we do not respond in a comprehensive manner. Toward that end, we need a tax on gasoline at the pump that will keep prices around $4 a gallon."

Charles Krauthammer writes in the Washington Post (4/28, A19, 744K), "If you thought the Dubai port deal marked a record high in Washington cynicism, think again. Nothing can match the spectacle of politicians scrambling for cover during a spike in gasoline prices." And "this time the panderfest has gone all the way to the Oval Office."

Michael Kinsley, in a column titled "Tax The Windfall," writes in the Washington Post (4/28, A19, 744K), "Because of the war, the government is adding hundreds of billions to the burden of debt that all taxpayers, including other businesses, will have to pay off. Because of the war, American soldiers by the hundreds, and Iraqis by the thousands, are paying the ultimate tax of death by government policy. And because of the war, American oil companies are raking in extra billions in profits."

Eugene Robinson writes in the Washington Post (4/28, A19, 744K), "That was no impostor, that was the actual George W. Bush the other day, wagging his finger at the good people who run the oil bidness and pledging to hold them accountable, or at least pretend to. Pushing alternative fuels? Investigating windfall profits? Is the president unwell? No, he's fine. H is fixes for high gasoline prices also include loosening some of those bothersome clean air regulations and, as usual, a call for drilling in the Arctic National Wildlife Refuge. He's just scared, and I don't blame him. With gas prices soaring over $3 a gallon, it's time for some serious panic."

Bush Visits Gulf Coast For 11th Time Since Katrina. NBC Nightly News (4/27, lead story, 3:25, Williams, 9.87M), on location in New Orleans, reported, "President Bush visited this city today and made a second stop next door in Biloxi, Mississippi, thanking volunteers at each location. But again today, another story came along and collided with the planned choreography of the day." NBC (Reid) added Chairman Susan Collins and ranking Democrat Joseph Lieberman "concluded that, eight months later, FEMA is still not ready for a hurricane the size of Katrina. The report says it took Hurricane Katrina to reveal that FEMA is so dysfunctional, it should be scrapped."

The CBS Evening News (4/27, story 4, 2:25, Axelrod, 7.66M) reported, "While the President slipped into a carpenter's apron in Louisiana today to pitch in with rebuilding the Gulf Coast, back in Washington an entirely different sort of post-Katrina hammering was underway, with senators calling for FEMA to be abolished." But "34 days from hurricane season, the President promised an efficient response should disaster strike again." Bush: "One of the things that we're working on is to make sure that we've learned the lessons from Katrina."

The New York Times (4/28, Rutenberg, 1.19M) emphasizes the presidential visit to ailing New Orleans in its coverage, writing that Bush promised "to make federal rebuilding efforts 'as efficient as possible' while signaling that

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his administration was listening to its critics." The trip "was planned to highlight the progress of rebuilding efforts on the Gulf Coast and, this being National Volunteer Week, the role volunteers have played in them." Bush visited the home of Ethel Williams, which is being repaired through charitable efforts, and "the White House seemed to get the sort of image it was seeking, that of the president with his arm around Ms. Williams." With Blanco and Nagin, "both Democrats, standing nearby, she told him, 'I'm proud that you're here, Mr. President, and I won't ever forget you.'"

Under the headline "In New Orleans, Bush Urges Volunteerism," the Washington Post (4/28, A6, VandeHei, 744K) reports Bush "wrapped his arm around a symbol of the devastation and hope of this ravaged city: Ethel Williams, one of the thousands of people who lost almost everything to Hurricane Katrina." At her house, Bush said, "If you are interested in helping the victims of Katrina, interested in helping them get back on their feet, come on down here." The New Orleans Times-Picayune (4/28, Varney, 257K) reports on Bush "talking with residents, pounding nails at a reconstruction site in the 9th Ward, and once again calling on Congress to approve his request of additional money for housing and levee reconstruction in the state." Bush "noted there was no shortage of work to be done, and, with Catholic Charities banners undulating on Williams' porch, he pointed to the work done in the 9th Ward by volunteers from all over the United States."

CNN's The Situation Room (4/27, Henry) reported Bush made his "11th trip to the Gulf region since Hurricane Katrina, and he really found the Ninth Ward in New Orleans to be pretty much devastated, homes still demolished, trash piled high, streets still pretty lifeless. And the President put on a carpenter's apron at one point to try to help some volunteers rebuild a home." The Wall Street Journal (4/28, Cooper, 2.11M) also notes that it was Bush's "11th trip to the area." The President "found that after a start that by nearly every measure was scattershot and halting, federal and state efforts, fortified by some $85 billion from Congress, are beginning to show progress. Cleanup and reconstruction in the region are moving ahead, especially with the basics: removing debris, providing temporary housing and rebuilding the area's demolished infrastructure." The AP (4/28, Loven) also covers the Bush visit.

Lobbying Reform Bill Survives House Vote By 216-207 Margin. The AP (4/28, Abrams) reports, "A Republican-backed lobbying overhaul bill narrowly survived Thursday, averting what would have been a stunning blow to the party's drive to repair the scandal-tarnished reputation of Congress before the fall elections." The 216-207 House vote "to advance debate on the bill came after GOP leaders spent hours urging their own members not to abandon them on the legislation. The turning point came when they persuaded Republican members of the Appropriations Committee to go along with measures in the bill to limit earmarks, or special interest projects." The AP adds, "In the end 12 Republicans, mostly lawmakers who thought the bill was too weak, voted against it. Democrats were unanimous in opposition."

The Wall Street Journal (4/28, Rogers, 2.11M) reports "dozens more" Republicans "had threatened to jump ship until Speaker Dennis Hastert (R., Ill.) interceded to quell a rebellion by members of the House Appropriations Committee. … By holding the party together, Mr. Hastert avoided what would have been a huge defeat, killing both lobbying overhaul and any chance of a budget resolution this spring." But "when debate resumes next week, critics say the shortcomings of the Republican package will also become more apparent -- as well as the restrictive terms of debate."

The Washington Post (4/28, A4, Weisman, Birnbaum, 744K) reports Hastert "promised appropriators that they would not alone be targeted by a provision that requires narrowly tailored 'earmarks' be identified by the names of their sponsors and be subject to a special type of vote that could remove them." The leadership also "pledged to broaden the earmark provision in later negotiations with the Senate so that it will apply to all sorts of legislation, from transportation to taxation." The Post adds, "Appropriators were incensed that the pending ethics bill would apply the strict new rules only to their 11 annual spending bills, which fund the federal government. Had the provision been in place last year, they complained, it would not have blocked the so-called Bridge to Nowhere in Alaska, which helped spawn Congress's anti-earmarks drive in the first place." The Washington Times (4/28, Hurt, Bellantoni, 90K) also says that "for much of yesterday…the legislation appeared to be doomed. Shortly after the vote, one Democrat hurriedly issued a press release with a subject line: 'GOP Lobby Bill Dies in the US House.'"

Knight Ridder (4/28, Kuhnhenn) says Republicans "narrowly defused a revolt within their ranks that would have killed lobby and ethics legislation, but then delayed a final vote on the package until next week." The legislation "still faces broad, if not unanimous, opposition from Democrats and a handful of Republican moderates."

USA Today (4/28, Drinkard, 2.31M) headline its report "Lobbying Bill Quite Different From 1st Draft," and says that under the House bill, "lobbyists would still be able to buy gifts for lawmakers, as long as they are worth $50 or less. Instead of banning privately financed trips, they would be suspended until the ethics committee could come up with new rules to govern them." House Minority Leader Nancy Pelosi, D-Calif., called the measure "a ruse." She added, "It is an embarrassingly trivial response to the culture of corruption

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that has thrived under the Republican Congress." The Los Angeles Times (4/28, Simon, 958K) runs a similar report.

Henninger Says Supreme Court Would Be Diminished By Televising Oral Arguments. In his Wall Street Journal column (4/28), Daniel Henninger says that after attending oral arguments for two cases at the Supreme Court, the "issues that rage around the Court over constitutional interpretation are worth fighting over. But in an op-ed piece this week, Judiciary Chairman Specter raged that the public deserved to have the Court's 'power' televised. He is wrong. TV of its nature would surely diminish the Court. Anyone who wishes may listen to past oral arguments at www.oyez.org/oyez/frontpage1. That includes, quite eerie to hear, Roe v. Wade."

NYTimes Columnist Says Scalia Needs To Be "Reined In." In a New York Times column (4/26), Adam Cohen says Justice Antonin Scalia "has gone too far — and he keeps on doing it. He made national headlines recently for making a gesture that may or may not be obscene. If it wasn't obscene, it was certainly coarse and undignified." Scalia's "public statements often make him sound more like a political partisan than a judge," and "worst of all, Justice Scalia refuses to abide by the basic principles of recusal." Scalia is "certainly hurting his own reputation," but his "actions are damaging the reputation and moral authority of the Supreme Court." Whatever "the reason, Justice Scalia needs to be reined in. If he will not police himself, his colleagues and Congress should do it, to protect the dignity of the court, and to ensure that the parties before him get a fair hearing."

Personnel News. CQ (4/27, Blinkhorn) reports, "**Stacey Leavandosky** has joined the office of Rep. Zoe Lofgren, D-Calif., as chief of staff." Leavandosky "replaces **David Thomas**, now a principal at Mehlman Vogel Castagnetti." **Joseph H. Lanier** "has joined Pillsbury Winthrop Shaw Pittman as senior counsel. Lanier was legal counsel to Senate Majority Whip Mitch McConnell, R-Ky." **Bill Holbrook** "has joined the Electric Power Supply Association as vice president of public affairs. Holbrook was communications director at the Senate Environment and Public Works Committee. **Matt Dempsey** has been promoted to press secretary from deputy press secretary at the committee."

OTHER NEWS:

Judge Dismisses Most Of Red Cross Whistleblower Lawsuit. The AP (4/28, de la Cruz) reports, "A whistleblower who claims the American Red Cross failed to immediately alert regulators when more than 600 pints of contaminated blood were released in New Jersey saw the bulk of her lawsuit dismissed Thursday in federal court. Michelle Hoyte also claims the agency fired her for complaining to her managers about the tainted blood. That part of her lawsuit is still intact, but the Red Cross has filed a motion to have that final portion dismissed as well. After the brief hearing, in which a judge dismissed the False Claims Act portion of her lawsuit, Hoyte said she remained worried that the Justice Department and the Food and Drug Administration are not doing enough to make sure the Red Cross's blood supply is carefully monitored.

Sago Mine Survivor Details Efforts To Survive After Explosion. The networks last night all reported on the letter written by Randal McCloy in which the Sago Mine disaster survivor discusses the efforts that he and his fellow miners made to escape after the explosion that trapped them. ABC World News Tonight (4/27, story 8, 2:25, Vargas, 8.78M) reported McCloy "sent letters to the families of each other the victims, describing how their loved ones helped each other, and fought to live." ABC (Wiener) added, "Since he came home from the hospital, Randal McCloy has been hailed as a hero by his West Virginia neighbors. His new 2-page letter seeks to portray his 12 fallen colleagues as heroes, too." The CBS Evening News (4/27, story 5, 2:25, Schieffer, 7.66M) reported, "The disaster's sole survivor wrote to families of the dead men and revealed that at least four of the emergency oxygen packs they carried did not work." NBC Nightly News (4/27, story 9, 2:00, Williams, 9.87M) reported, "McCloy's letter is filled with details about the desperate struggle of the 13 miners to survive."

Iran Says It Will Defy Any UN Resolution On Its Nuclear Program. The New York Times (4/28, Broad, Sciolino, 1.19M) reports, "Iran vowed yesterday to defy any United Nations Security Council resolution on its nuclear activities on the eve of a major report by atomic inspectors on the status of its nuclear program." Javad Zarif, the Iranian ambassador to the United Nations, told reporters in New York that "Iran would consider illegitimate any Council resolution calling on Iran to stop uranium enrichment that invoked the so-called Chapter 7 clause, which could open the door to penalties and possibly to military action." Meanwhile, the Washington Times (4/28, Pisik, 90K) quotes Iranian President Mahmoud Ahmadinejad telling a crown in Iraq, "We want nuclear technology for peace and progress of nations, and if some believe that they can prevent us with psychological warfare and resolutions, they are mistaken. … We have obtained the technology for producing nuclear fuel. ... No one can take it away from our nation."

CNN's The Situation Room (4/27, Verjee) reported, "In Bulgaria today, Secretary of State Condoleezza Rice said the world cannot sit by if Iran thumbs its nose at the international

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community. Rice says Iran is highly unlikely to give in to international pressure to suspend its nuclear program." The New York Times (4/28, Weisman, 1.19M) reports Rice stressed at the NATO Ministerial "that the latest talks between United Nations monitors and Iranian envoys had apparently failed to break the impasse over Iran's nuclear activities and that the United Nations Security Council had no choice but to rebuke Iran. 'What is clear is that it is highly unlikely that Iran is going to accede to the demands of the international community… In order to be credible the Security Council of course has to act.' The United Nations' credibility is at stake, Ms. Rice said, and 'it cannot have its word and its will completely ignored by a member state.'" The Times cautions that, "despite her tough words, it was far from clear whether Russia would drop its opposition to a resolution at the Security Council that would implicitly threaten sanctions. … Past opposition by Russia, China and others has forced the United States to back down from its demand…, but now American and European diplomats hope that a new critical finding by the International Atomic Energy Agency will bolster support for the action it wants."

The Financial Times (4/28, Dombey) keys on the continuing obstacles to American success, saying Beijing and Moscow again "warned against escalating the dispute over Iran's nuclear programme." Russian President Vladimir Putin "warned against too great an intervention by the Security Council – a path Moscow feels could lead to confrontation. … The Chinese government also called for restraint. Moscow and Beijing, which have growing energy and economic links with Iran, fear that a UN resolution might be used to justify military action at a later stage." The Times says Washington "has stepped up efforts to assuage" fears, and quotes Counselor Zelikow saying, "Forcible change of the Iranian regime is not the objective of American policy."

USA Today (4/28, Slavin, 2.31M) reports the US "diplomatic offensive could lead to limited sanctions, but there is little international consensus now for stronger measures." The Los Angeles Times (4/28, Richter, 958K) runs a similar story.

Wire services continued to cover the controversy broadly. An AP (4/27, Ames) story noted German Foreign Minister Frank-Walter Steinmeier "suggested Thursday that the United States and Iran could hold direct discussions on the Islamic republic's nuclear standoff with the West if Tehran agrees to talk to Washington about the chaos in Iraq." Steinmeier "said he still hoped for a negotiated solution, but insisted Iran 'must dissolve the suspicion that it uses its civil nuclear program for the development of weapons.'" A separate AP (4/27, Gearan) piece reported Rice said that "Iran seems determined to defy international demands to control its disputed nuclear program, so it is time for the U.N. Security Council to act." The AP also said "quick action" by the UNSC "seems remote because of splits among its members. The United States is pressing for a strong response and Rice wants such steps to remain an option."

Israel Says Iran Has North Korean Missiles. The AP (4/27, Heller) reported, "Iran has received its first batch of North Korean-made surface-to-surface missiles that put European countries within firing range, Israel's military intelligence chief said in an interview published Thursday. … Military intelligence chief Maj. Gen. Amos Yadlin, who spoke to Haaretz, has warned of the new Iranian missiles in several recent interviews to the media. Iran already has missiles capable of reaching Israel, but the BM-25s are a significant upgrade over its existing top-of-the-line missiles -- the Shihab-4 and Shihab-3." In a story this morning, the Christian Science Monitor (4/28, Prusher, 61K) says Israel "has been moving into a more proactive position in the campaign to contain Tehran."

Pakistan Tells US It Would Not Back Use Of Force Against Iran. The AP (4/28, Schweid) reports, "Pakistan notified the Bush administration on Thursday it would not support the use of force to halt Iran's nuclear programs. 'We are against any resort to force,' Foreign Secretary Riaz Khan said after a meeting with Undersecretary of State Nicholas Burns."

Poll Finds Americans Support Strikes Against Iran By 48%-42% Margin. The Wall Street Journal (4/28, Harwood, 2.11M) reports in its "Washington Wire" column that a new Wall Street Journal/NBC News poll shows that "despite Iraq, Americans don't reject strikes against a nuclear Iran. By 48%-42%, public says U.S. should join coalition to attack Iran's nuclear capability if Tehran approaches development of a weapon."

More Commentary. The Wall Street Journal (4/28, 2.11M) editorializes, "A funny thing happened on the way to the Iranian bomb: The more alarming the mullahs' behavior, the more nonchalant the rest of the world seems to be about it." The Journal adds, "How so many apparently thoughtful people can face the idea of an Iranian bomb with relative equanimity remains a mystery to us. Whether they are as "cool" with the idea of fissile material in Mr. Bashir's hands is another matter. Whatever the case, they should consider that acquiescing to a bomb for Iran may also mean agreeing to one for many more of the world's worst actors."

Bush Imposes Sanctions On Four Accused Of Darfur War Crimes. ABC World News Tonight (4/27, story 6, 2:35, Vargas, 8.78M) reported, "President Bush imposed sanctions against four men suspected of war crimes in the Darfur region of Sudan. The government is accused of helping Arab militias kill nearly 200,000 people in Darfur and driving 2 million people from their homes." ABC (Karl) added, "The UN today warned the situation in Darfur has taken a

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dramatic turn for the worse, with violence forcing 200,000 people from homes in the last two months alone. An attack just this week by the Sudanese air force sent 20,000 people fleeing to refugee camps." Jan Egeland, UN Emergency Relief Coordinator: "It is the worst crisis in the world at the moment, because it's totally out of control." Karl: "There are 7,000 African peacekeepers in Darfur. They've been unable to stop the violence. Calls for greater action are now coming from US lawmakers, American religious groups and even celebrities. The actor, George Clooney, just returned from the region."

Rice Says NATO To Take On More "Robust" Role In Darfur Region. The Washington Times (4/28, Kralev, 90K) reports that Secretary of State Condoleezza Rice "said yesterday that NATO leaders have agreed to take on a more 'robust' role in Sudan's Darfur region and urged other international bodies to prepare the way. NATO diplomats said that earlier disagreements among the allies over involvement in Darfur had been resolved, but impediments remained, such as the Sudanese government's objection to a U.N. peacekeeping mission. 'Everybody recognizes that the [African Union] mission, while it has been successful thus far, is not robust enough to deal with the continued violence in Darfur and, particularly, problems that are emerging in western Darfur given the situation and problems on the border with Chad,' Miss Rice said." Meanwhile, White House spokesman Scott McClellan "said, 'An unusual and extraordinary threat to the national security and foreign policy of the United States is posed by the persistence of violence in Sudan's Darfur region, particularly against civilians.'" Rice, following "a meeting of the 26 NATO foreign ministers in Sofia, the Bulgarian capital, said that 'NATO is ready to work' with the United Nations and the African Union [AU] 'to try to bring about that more robust mission.'"

Chadian Rebels Said To Be Using Weapons Obtained From China. The Washington Times (4/28, Pepper, 90K) reports, "Many of the weapons used by Chadian rebels who nearly overthrew the government this month -- from the ubiquitous Kalashnikov rifles and rocket-propelled grenades to more advanced artillery pieces mounted on Toyota Land Cruisers -- come from China, probably indirectly through Sudan." While Chadian President Idriss Deby "and international relief groups were quick to accuse Sudan of promoting the attack two weeks ago on the capital, N'Djamena, by about 350 rebels," China's "insatiable appetite for oil to feed its economic growth gave Beijing an interest in the outcome as well. … 'Chinese firms from the People's Republic [of China] have been providing a range of large and small arms to African armed forces regardless of their persistent grave human rights violations, especially to countries with oil deposits, such as Sudan, or valuable natural resources, such as Liberia,' said Brian Wood, the head of arms research at Amnesty International." China "is one of the largest suppliers of arms to Sudan, Africa's largest country, which has tense relations with Chad. And China is heavily invested in Sudan's oil sector, with more than 10,000 workers and $3 billion spent on its oil sector since 1999."

Civilians Caught Up In Conflict Along Chad, Sudan Border. A front page article in the Washington Post (4/28, A1, Wax, 744K) reports that in the "desert region of Chad near the Sudanese border, civilians are caught in a conflict so confusing that they -- and even the combatants -- have trouble telling who is fighting whom. … Chadian government troops are posted at key points along the border to halt what they say is a revolt by rebels based in Sudan. The soldiers wear red armbands to set them apart from the rebels, who wear similar uniforms." The rebels, "who are fighting to topple Chadian President Idriss Deby, represent at least 12 groups united under several coalitions." Chad "blames the Sudanese, saying they back the insurrection, an allegation that Sudan denies." Sudan "blames the Chadians, saying they support a different group of rebels in the Darfur region of western Sudan." Chadians, meanwhile, "tend to blame France, Chad's former colonial power, which they accuse of being involved in the violence by backing the president." The Post adds that "two things are certain: The chaos in Darfur has extended deep into Chad, and a rapidly increasing number of civilians continue to suffer in one of Africa's most complex crises."

US Strategy To Train, Fund Chad Military Said To Run Risk Of Backfiring. In a piece in the New York Times (4/28, 1.19M), Raffi Khatchadourian, who traveled to Chad in 2005 for the International Reporting Project at Johns Hopkins University's School of Advanced International Studies, relates that the U.S. military, since '03, "has been training and equipping" Chad President Idriss Déby's army. This summer, U.S. forces "will continue to advise Chadian soldiers, and Congress is expected to allocate $500 million for a five-year program to train and equip several Saharan armies," hoping "these initiatives will help contain the threat of terrorism by bringing order to the Great Desert and its borderlands." But "dispensing military aid to Chad now -- with Mr. Déby fighting hundreds of rebels backed by Sudan -- seems reckless. It puts American military equipment and expertise in the hands of a desperate dictator. Worse still, it risks pouring additional fuel into the human furnace of Darfur, and it may well come to impede the careful diplomatic work required to solve that crisis."

Rice Condemns Arrest Of Belarus Opposition Leader. The New York Times (4/28, Myers, 1.19M) reports Belarus authorities arrested the nation's chief opposition

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leader, Aleksandr Milinkevich, and "swiftly sentenced him to 15 days behind bars, accusing him of participating in an unauthorized rally the day before against President Aleksandr G. Lukashenko." The arrest of the former presidential candidate "intensified a crackdown on political opponents in the wake of unusually strong public protests against a vote denounced as a fraud." Leaders of three other political movements were also arrested Thursday. During a visit to nearby Bulgaria, Secretary of State Condoleezza Rice "assailed the arrest of Mr. Milinkevich as 'reprehensible,' saying that 'the United States roundly condemns this act and sincerely hopes that the Belarus government accepts the will of the international community that it act in accordance with accepted international principles in the treatment of political opposition.'"

Cairo Protest Over Judiciary Turns Violent As Police Intervene. The New York Times (4/28, Slackman, 1.19M) reports "thousands of riot police officers sealed off access" to the High Court in Cairo, "beating and arresting protesters who had turned out to support two judges facing a disciplinary panel because they had accused the government of election fraud." The "huge show of force, appearing larger even than what was deployed in the Sinai after four bombings there this week, seemed to signal that President Hosni Mubarak's government had reached a breaking point over shows of dissent." The Washington Post (4/28, A12, Williams, 744K) reports the two judges "are being prosecuted for denouncing fraud in a series of elections last year. The show of force was impressive: The number of black-clad, helmeted officers on the street was far larger than during a series of small anti-Mubarak demonstrations last year."

WASHINGTON'S SCHEDULE:

Today's Events In Washington.

White House:

PRESIDENT BUSH — Meets with the President of Azerbaijan, Oval Office.

VICE PRESIDENT CHENEY — No public schedule.

US Senate: No Scheduled Events.

US House: 10 a.m. GOVERNMENT REFORM _ Full Committee. Hearing on D.C. school reforms. Location: Room 2154, Rayburn.

Other: PRESIDENT ILHAM ALIEV OF AZERBAIJAN _ Highlights: 10:05 a.m. Meets with President Bush. 11:45 a.m. Meets with Defense Secretary Rumsfeld. Pentagon. 12 p.m. Lunch with Vice President Cheney. Vice President's residence.

HARBOR SAFETY _ The Transportation Research Board of the National Academies holds the 8th annual Harbor Safety Committee Conference. Highlights: 11:30 a.m. Closing remarks - Coast Guard Assistant Commandant Rear Adm. Thomas Gilmour. Location: NAS, 2101 Constitution Ave. NW.

FEDERAL PREEMPTION _ The American Enterprise Institute holds a session on federal preemption of state law. Location: 12th floor, AEI, 1150 17th St. NW.

LOG CABIN REPUBLICANS _ Log Cabin Republicans National Convention and Liberty Education Forum. Highlights: Speakers include Episcopal Bishop Gene Robinson. Location: US Chamber of Commerce, 1615 H. St. NW.

MOUSSAOUI _ 8:30 a.m. - 3 p.m. Jury deliberations continue in the penalty phase of U.S. v. Zacarias Moussaoui. Location: Albert V. Bryan U.S. Courthouse, 401 Courthouse Square, Alexandria, Va.

IMMIGRATION _ 9 a.m. Georgetown University Law Center holds its 3rd annual Immigration Law and Policy Conference. Highlights: 9:15 a.m. Sen. Chuck Hagel. 10 a.m. John Trasvina of the Mexican American Legal Defense Education Fund and Jeanne Butterfield of the American immigration Lawyers Association. 1:30 p.m. Juan Osuna of the Board of Immigration Appeals. 4 p.m. Michael Moreland, Association Director for Domestic Policy, White House. Location: 600 New Jersey Ave. NW.

LOBBYING REFORM _ 9 a.m. The University of California Washington Center, Election Law Journal, UCLA others, hold a conference on lobbying reform and election law. Highlights: 9:15 a.m. Rep. David Price. Location: 1608 Rhode Island Ave. NW.

BIOFUELS _ 9 a.m. - 2:30 p.m. The World Environmental Center, others hold a biofuels symposium. Highlights: 12 p.m. Keynote speaker - Assistant Energy Secretary Alexander Karsner. Location: National Press Club.

SPACE RESEARCH _ 8 a.m. The US Chamber of Commerce holds a discussion with NASA Administrator Michael Griffin on space research and exploration. Location: 1615 H St. NW.

BUSINESS-MEXICANS _ 9 a.m. The Hudson Institute holds a panel discussion on why Mexican-Americans have lower rates of business ownership. Location: 6th floor, 1015 15th St. NW.

PENTAGON-IRAQI POLICE _ 9 a.m. Army Col. Rod Barham, commander of the 49th Military Police Brigade, will brief live from Iraq to provide an update on ongoing training of the Iraqi Police. Location: DOD Briefing Studio, Pentagon 2E579.

IMMIGRATION REFORM _ 9:15 a.m. Senate Democratic Leader Harry Reid joins American Roman Catholic cardinals at a press availability to discuss

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immigration reform. Reid will be joined by Roger Cardinal Mahony; Theodore Cardinal McCarrick; and Sean Cardinal O'Malley. Location: Senate Ohio Clock Corridor.

SUDAN PROTEST _ 9:45 a.m. Members of Congress, religious leaders hold a protest calling for sanctions against the Sudanese government for the killings in Darfur. Location: Sudanese Embassy, 2210 Massachusetts Ave. NW.

AL QAEDA-NUCLEAR _ 10 a.m. America's Truth Forum holds a debate on al Qaeda's nuclear weapons,, followed by a news conference at about 11 a.m. at which evidence of al Qaeda having tactical nuclear weapons will be presented. Location: National Press Club.

COMPETITIVENESS _ 10 a.m. Brookings Institution holds a forum on US competitiveness in the 21st Century, with MIT President Susan Hockfield, retired Loral Space and Communications CEO Bernard Schwartz, others. Location: Falk Auditorium, 1775 Massachusetts Ave. NW.

CONGRESS-TECHNOLOGY _ 10 a.m. The Center for Democracy and Technology holds a media only breakfast briefing to discuss prospects for technology legislation in the 109th Congress. Location: CDT Conference Room, 11th floor, 1634 ``Eye" St. NW.

DEFENSE ISSUES _ 10 a.m. Defense Today and BAE Systems sponsor a forum with Army Secretary Francis Harvey at 10 a.m. and Rep. Norm Dicks at 11 a.m. discussing defense issues. Location: Suite 1003, 1325 G St. NW.

PALESTINE _ 10:30 a.m. The International Republican Institute holds a discussion with Mustafa Barghouthi of the Palestinian Legislative Council, and Nader Said of Birzeit University on the next steps for Palestine. Location: Suite 700, 1225 ``Eye" St. NW.

RUMSFELD-AZERBAIJAN _ 11:15 a.m. Secretary of Defense Donald H. Rumsfeld hosts an honor cordon to welcome Azerbaijan President Ilham Aliyev to the Pentagon. Location: The cordon will be held on the steps of the Pentagon Mall Entrance.

KOREA FREEDOM _ 12 p.m. North Korea Freedom Day Rally, with UN Amb. John Bolton, Special Envoy Jay Lefkowitz, Rep. Ed Royce, others. Location: West Front, Capitol.

MUHAMMAD _ 12 p.m. Montgomery County Circuit Court Judge James Ryan holds an informational meeting for reporters and editors to discuss issues surrounding coverage of the upcoming John Muhammad trial, including media parking, holding areas for photojournalists, briefing area, security and other matters. Location: Courtroom 1, County Judicial Center, Rockville. Use the Maryland Ave. entrance.

EGOV INITIATIVE _ 1 p.m. Labor Department holds a panel discussion marking the fourth anniversary of the GovBenefits.gov Goverment-to-Citizen e-Gov initiative. Location: Labor Department Auditorium, 3rd and C Sts. NW.

NATIONAL SECURITY PERSONNEL _ 1:30 p.m. Deputy Secretary of Defense Gordon England will host a signing ceremony for the rollout of the National Security Personnel System Spiral. Location: Room 3E664, Pentagon.

MEDIA ETHICS _ 7 p.m. The Society of Professional Journalists holds a panel discussion on media ethics, with Jill Abramson of the New York Times, Carl Stern of George Washington University, and Steffen Gram of Danish Broadcasting Corp. Location: Room 309, 805 21st St. NW.

THE BIG PICTURE:

Headlines From Today's Front Pages.

Los Angeles Times:
"Cleric Calls For End To Militias."
"Naked Hip-Hop Ambition."
"Injunction Has Community Feeling Handcuffed."
"This Rocky's An Underdog But He's Defied Odds Before."
"L.A. Authorities Brace For Huge Immigration Marches."
"Suspected U.S. Spies Targeted."
"Surprise Of Enron Trial Is Lay's Surly Manner."

USA Today:
"Fed Chief Hints At Pause In Rate Hikes."
"Many Marriages Today Are 'Til Debt Do Us Part."
"Survivor Tells Of Sago Mine Ordeal."

New York Times:
"G.O.P. Senators Hurry To Quell Furor Over Gas."
"U.S. Economy Is Still Expanding At Rapid Pace."
"Melee In Cairo Reveals Stress In Government."
"New York Killers, And Those Killed, By Numbers."
"Surviving Miner Says Air Masks Failed To Work."
"Circumcision Studied In Africa As AIDS Preventive."

Washington Post:
"Profits, Prices Spur Oil Outrage."
"An Anthem's Discordant Notes."
"Running For Office, And Against The War."
"Conflict Stirs Up Confusion On Border Of Chad, Sudan."
"Rising Prices Throw Wrench Into Counties' Building Plans."
"When Hollywood Makes History."

Washington Times:
"Market Fuel Prices Drop."
"Church A Way Of Life In Dixie."
"NATO To Intensify Its Role In Sudan's Darfur Region."
"Hampered By Corruption, U.N. Reform Remains Far Off."

Detroit Free Press:
"Chrysler Incentives Put Drag On Profits."
"Strong Voices Push Immigrant Rights."
"Widower Hears Apology From Deadly SUV Driver."

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Atlanta Journal-Constitution:
"Sex Offender Law Leaves Gaps, Questions."
"Warrants Issued For Fulton DA."
"Aerial Acrobats."
"Teenager Sits Atop Office Chair Empire."

Houston Chronicle:
"Senate GOP Plan Calls For $100 Gas Rebate."
"Another Testy Day For Lay."
"Details Of Brutal Pipe Assault Emerge."
"For UT, Finally, Home Is Where The Art Is."
"Stripping In Fury In Mexico City."
"Nearly Lynched On A Grim Night In 1960."

Story Lineup From Last Night's Network News:
ABC: Congress-Gas Prices; Bush-CAFE Standards; Gas Prices-Prayer; Senate-FEMA Abolition; Iraq Violence; Darfur Genocide; National Anthem-Spanish; Sago Mine Survivor; Infant Obesity.
CBS: Bernanke-Gas Prices; Oil Prices-Airlines; Bush-CAFE Standards; Senate-FEMA Abolition; Sago Mine Survivor; Justice Department-Fugitives; Witness Intimidation; WellPoint-Policy Cancellations; Freedom Tower Construction; Katrina-Book Drive.
NBC: Senate-FEMA Abolition; New Orleans-Bush Interview; Bush-CAFE Standards; Congress-Gas Prices; Oil Industry Profits; Bernanke-Energy Costs; New Orleans-Levee System; Justice Department-Fugitives; Sago Mine Survivor; Katrina Coverage-Emails.

Story Lineup From This Morning's Radio News Broadcasts:
ABC: Gas Prices; Exxon Mobil profits; Bush-New Orleans; Duke-Rape Case.
CBS: Gas Prices; Bush-New Orleans; Mine Safety; Cargill Workers-Immigration Protests.
NPR: Gas Prices; Bernanke-Interest Rates; Mine Safety; Wall Street; Israel-Coalition Government; Balco Scandal.

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THE ATTORNEY GENERAL'S *NEWS BRIEFING*

PREPARED FOR THE OFFICE OF PUBLIC AFFAIRS, U.S. DEPARTMENT OF JUSTICE

TO: THE ATTORNEY GENERAL AND SENIOR STAFF

DATE: FRIDAY, APRIL 28, 2006 7:45 AM EDT

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TERRORISM NEWS:

Juror In Lodi Terror Trial Claims She Was Coerced To Make Conviction. The San Francisco Chronicle (4/28, Bulwa, Writer) reports, "One of 12 jurors who convicted a 23-year-old Lodi man Tuesday on charges that he trained for holy war disavowed the verdict late Thursday, alleging that she was bullied into a guilty finding amid a pattern of misconduct by fellow panelists." In an affidavit juror Arcelia Lopez said, "I never once throughout the deliberation process and the reading of the verdict believed Hamid Hayat to be guilty." She "said the jury's foreman, near the start of the two-month trial, 'gestured as if he was tying a rope around his neck' and said, 'Hang him.' Lopez said the gesture was repeated throughout the trial and that she believed it was a reference to Hayat." However one juror "called the accusations 'a complete outrage' borne of 'juror regret.' The juror said Lopez changed her vote to guilty Monday, which at first made the juror uncomfortable."

The Stockton (CA) Record (4/28, Hood) adds, "Hamid Hayat's conviction on terrorism charges was delayed by a lone juror who refused to believe the Lodi man was guilty, according to a jury note unsealed Wednesday, one day after the verdict." And "U.S. Attorney McGregor Scott said Wednesday that last-minute changes of heart are a part of the jury process and to suggest anything else is speculation." Scott said, "It's the back and forth of jury deliberations, and it's the way it works, so there's nothing really out of the ordinary about it." The Record adds, "Meanwhile, FBI agents resumed their surveillance of Muslims named by Umer Hayat as having received paramilitary training in Pakistan. Federal law enforcement authorities said Tuesday they are continuing their investigations into possible ties between local Muslims and terrorist groups."

Moussaoui Trial Deliberations Delayed By Juror Illness. The Washington Post (4/28, Markon, Dwyer, 744K) reports, "The death penalty case of Sept. 11, 2001, conspirator Zacarias Moussaoui, which has stretched over more than four years amid numerous delays and complications, was delayed once again yesterday. A juror called in sick." The jury will continue deliberations Friday. The Los Angeles Times (4/28, Serrano, 958K) quotes U.S. District Judge Leonie Brinkema saying, "This is the most sensitive time in the case. … I don't want any juror in this serious of a case working if he or she is not feeling 100%."

Jury Finds Man Guilty In Plot To Bomb Milwaukee Federal Building. In a widely-distributed story, the AP (4/28) reports, "A man who authorities say idolized Oklahoma City bomber Timothy McVeigh was found guilty Thursday of threatening to blow up a federal building in downtown Milwaukee." Steven Parr "had studied bomb-making books and previously built small explosive devices, prosecutors said." He "was days away from being released from state prison in September 2004 after serving time on drug charges when he told a cellmate about his plan to use a truck bomb to blow up the 14-story building." But his cellmate "said in letters to the FBI that Parr had extensive knowledge in bomb-making and considered Ted Kaczynski, the Unabomber, another of his heroes."

FBI Arrests Five Linked To Terror Suspect On Bank Fraud Charges. In a widely-distributed story, the AP (4/28, Foy) reports, "Five relatives of a U.S. citizen

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suspected of being a senior al-Qaida operative were arrested in California and Utah on charges of defrauding banks of hundreds of thousands of dollars." The Buerau "said it was investigating whether any of the money was used to finance Middle East terrorism." The AP notes, "Nothing in the indictments ties any of the relatives to a terror network, and federal prosecutors officially referred to the case as a criminal enterprise. But agents are working to determine where all the money went, said Greg Bretzing, a supervisor in the FBI's Joint Terrorism Task Force in Salt Lake City." Bretzing said, "This is an ongoing investigation. This is nowhere close to being over." Omar's relatives are suspected of taking "$327,000 from fraudulent bank loans and bad mortgages in Utah, and Bretzing said some of the money wound up in Jordan with Omar's relatives."

The Salt Lake Tribune (4/28, LaPlante) adds, "Counterterrorist agents pounced on five men, one in Utah and four in California, on Wednesday as part of an investigation into the U.S. connections of a suspected senior al-Qaida operative imprisoned in Iraq." Although they have not been charged with terrorism, "FBI agents say that some of the money alleged to have been stolen in various schemes wound up in Jordan. And now they want to know whether that cash has ended up in the hands of terrorists." Shawqi Omar was arrested in Iraq and "could be the first American citizen to be tried in the Iraqi court system, if military officials prevail in an ongoing legal battle. It is a prospect his family in the United States is fighting to prevent. A document filed by Omar's lawyers this week, in which they have again requested access to their client, alleged that U.S. troops beat Omar and tortured him with electric shocks."

KTVX-TV in Salt Lake, UT (4/28) reports, "What makes the FBI wonder if the money is being used for terror activities is Omar's relation to a terror suspect being held in Iraq. Shawqi Omar is Sharif's brother and is suspected of planning terror attacks with Al Qaeda boss Abu Musab al-Zarqawi." KTVX adds, "Shawqi Omar lived in Utah in the 80's and worked as a refrigerator repairman before moving his family to Jordan. Shawqi Omar was later arrested in Iraq in 2004 after his alleged help in a plan to kidnap an American working in the country."

Detainee Declares Intention To Admit To Conspiracy Charges. Ghassan Abdullah Al Sharbi, who was arrested was arrested in an Al Qaeda safe house in Faisalabad, Pakistan on March 28, 2002, made his first appearance before a US war crimes tribunal Thursday. The Los Angeles Times (4/28, Williams, 958K) reports, "The only indicted detainee mentioned in the Sept. 11 commission report made a defiant first appearance before the war crimes tribunal Thursday, vowing, 'I'm going to make this easy.' He said he had taken up arms against the United States and would proudly serve any sentence." He "denounced the tribunal and his detention as illegitimate and rejected the Navy lawyer assigned to represent him." Al Sharbi "declared himself ready to concede to – 'I don't like the word confession,' he said -- all the accusations of conspiracy to commit terrorism that have been brought against him."

Study Examines Al Qaeda Use Of Media As Terror Weapon. An Arizona State University study examined how terrorists use the media as part of their terrorist operations. The Washington Times (4/28, Harper, 90K) reports ASU Consortium for Strategic Communication director Steven Corman's study "found that jihadist operations use consistent patterns of outreach that establish them socially and religiously, generate public sympathy and intimidate opponents. Threats, in fact, are part of terrorist 'talking points.'" It "offered six measures to counter al Qaeda's media savvy." Corman "recommended that the United States try to improve its credibility with Muslim audiences, 'degrade' the jihadis' outreach efforts, draw attention to terrorist messages that contradict Islam, deconstruct idealized historical concepts, systematically disrupt Internet operations and seek assistance from sympathetic American Muslims."

PATRIOT ACT:

US Attorney Disputes WSJournal Characterization Of Patriot Act Prosecution. In a Wall Street Journal (4/28, 2.11M) letter to the editor, Arizona District US Attorney Paul K. Charlton writes, "Your page-one article 'Volatile Formula: How Patriot Act Helped Convict Man in Baby-Food Ring' (April 4) unfairly characterized the prosecution of Samih Jammal and the application of evidence lawfully gathered under the Patriot Act. … Criticize the use of the Patriot Act if you so desire, but if you intend to use Mr. Jammal's case to do it, please bear these facts in mind: A federal judge and jury found Mr. Jammal guilty of 20 felony counts of theft-related charges," and "the court found that Mr. Jammal's criminal enterprise led to retail losses estimated at $10 million and sentenced Mr. Jammal to 10 years in prison. You also seem to suggest that Mr. Jammal should never have been the subject of an intelligence wiretap," but a FISA judge "found probable cause that Mr. Jammal was acting as an agent of a foreign power or an agent of a foreign terrorist organization," and the trial judge "reviewed the FISA court judge's decision, and affirmed the finding of probable cause. Perhaps the biggest distortion was your failure to give a complete characterization of Hani Hanjour, a 9/11 hijacker whom Mr. Jammal admitted associating with as a matter of public record. You described Hani Hanjour as 'one of the 9/11 hijackers' and as 'a Saudi Arabian who was aboard the

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American Airlines jet that crashed into the Pentagon.' … Hani Hanjour was one of the five terrorists who took over the cockpit and the only one who piloted the plane into the Pentagon."

HOMELAND RESPONSE:

FBI National Security Branch Chief To Retire. Executive Assistant Director Gary Bald announced his retirement after serving less than a year as the chief of the FBI's new National Security Branch. In a widely-distributed story, the AP (4/28) reports FBI Director Robert Mueller "gave no reason for Bald's decision, but praised his leadership. Bald said the time was right to retire, 'weighing our progress on implementation of the NSB as well as family considerations.'" The post was recommended by the 9/11 Commission, but the AP notes Sen. Charles Grassley opposed Bald's appointment "because Bald testified in a civil lawsuit that he had no counterterrorism experience when he moved to headquarters to oversee anti-terrorism strategy in 2003."

United Press International (4/28) reports, "Since August last year, Bald has headed up the National Security Branch of the FBI, which brings together its spy-catchers, counter-terror specialists and intelligence analysts." In a statement Mueller said "Throughout his career, Gary has shown tremendous leadership, vision, and grace under pressure. … He has helped to shape the Bureau in important ways. … I am pleased with the progress we have made under his leadership." He "said the bureau would 'move quickly to fill the important position' Bald was leaving."

"Frustrated" Specter Threatens To Block NSA Surveillance Program Funding. The Washington Post (4/27, 9:56 PM, Kellman, 744K) reports , "Noting that Congress holds the power of the purse, a frustrated Senate chairman threatened to try to block money for President Bush's domestic wiretapping program." Sen. Arlen Specter "said Thursday he delivered a message to Bush that cut to the heart of the debate over executive power. 'I made the point that the president doesn't have a blank check,' Specter said about their meeting Wednesday. 'He didn't choose to engage me on that point.' Without a pledge from Bush to provide more information on the surveillance program, Specter filed an amendment to a spending bill Thursday" which "would enact a 'prohibition on use of funds for domestic electronic surveillance for foreign intelligence purposes unless Congress is kept fully and currently informed.'" The Post notes, "The move got the White House's attention, but not its immediate cooperation. Bush has insisted that the program falls within his authority and has refused to allow Attorney General Alberto Gonzales and other officials to answer many of Specter's questions. … For now, Specter said he will not bother having Gonzales return to the committee 'because he won't tell us anything.'"

CNN's The Situation Room (4/27, Blitzer) reported Specter "complained he's not getting satisfactory answers from the White House about the wiretaps, and he's frustrated." Specter "says he's warned President Bush about a possible bill to cut off funding for the NSA wiretaps, and he says he already has several potential co-sponsors for the measure." The Los Angeles Times (4/28, Miller, 958K) notes, "A draft of a proposal circulated by Specter's office would prohibit the use of funds for domestic electronic surveillance for foreign intelligence purposes 'unless Congress is kept fully and currently informed.' In particular, the proposed bill would require the administration to brief all members of the House and Senate Intelligence and Judiciary committees." Specter's move "underscores the tension between key Republicans in Congress and the Bush administration over the limits of presidential power in the war on terrorism."

The Washington Post (4/28, Pincus, Babington, 744K) adds that Specter is trying to generate "greater debate on the warrantless surveillance" and his "concerns about the NSA program were also reflected in much of the House debate on the intelligence bill."

Hatch Supports Bill To Require FISA Approval For NSA Surveillance. CQ (4/28, Perine) reports, "Sen. Orrin G. Hatch, one of President Bush's staunchest Senate allies, declared his support Thursday for legislation that would require the administration to seek approval from a secret federal court for a National Security Agency warrantless surveillance program." His "move is likely to aid" Sen. Specter's efforts to attract more debate about terrorist monitoring. The Administration and Senate Intelligence Chairman Pat Roberts want "a modified version of" Sen. Mike DeWine's bill which would give the administration the option of seeking approval from the FISA court "to serve as the Senate vehicle, but a defection by Hatch could make that more difficult."

TSA To Award Bonuses In Bid To Slow Worker Turnover. USA Today (4/28, Frank, 2.31M) reports, "The Transportation Security Administration will pay airport screeners up to a $1,000 bonus to entice them to stay at the turnover-plagued agency as it prepares for a summer of record air travel. Roughly one in four screeners left last year, a rate nearly twice the rest of the federal workforce," and a GAO reports found that "the number of screeners at some checkpoints is 'not sufficient for peak periods.'" The TSA "will spend $20 million to give most of the nation's 43,000 screeners $500 extra," with "a second $500 bonus if they work at 'hard-to-hire' airports that have trouble filling vacancies."

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For-Profit Part Of Trade Group May Get No Bid TSA Contract. The Wall Street Journal (4/28, Meckler, 2.11M) reports, "If a provision in a Congressional spending bill stands, a transportation-worker identification program will be awarded without competitive bidding to the American Association of Airport Executives, which may assign it to its newly "created…for-profit company that may do much of the work on its behalf." AAAE officials "said the AAAE didn't guarantee that work from these programs would be funneled to the new company," an "official from the rival firm said his company was explicitly told that the new venture would do the work of" AAAE's Transportation Security Clearinghouse.

The New York Times (4/28, Lipton, 1.19M) notes that AAAE has a partnership agreement with Daon, a biometrics company in Dublin, Ireland, that former Homeland Security Secretary Tom Ridge is a board member of. "Critics of the provision…have questioned how the association, with little experience in high-technology secure identifications and biometrics, could handle such a task."

Internet Helps Spread Conspiracy Theories About 9/11 Attacks. The movie "Loose Change," which offers revisionist theories about the 9/11 attacks, is becoming popular among young people on the Internet. USA Today (4/28, Welch, 2.31M) reports Loose Change "is being downloaded from the Internet and shown in small screenings here and overseas." It "appears especially popular among young people immersed in a Web culture brimming with sites that question the credibility of government. They see 9/11 as the defining moment of their lives." Experts "say the Internet is making it far easier to spread such theories because the traditional media are losing their hold on the news. The immense coverage of controversies and accusations surrounding the war on terror has created fertile ground for people who assign their own interpretations to photos, footage, eyewitnesses, investigations and newspaper accounts of what happened, they say."

Questions Raised About "United 93" Film Accuracy. The Washington Post (4/28, A1, Farhi, 744K) in a front page story reports that while the film "United 93" generally follows the key events of the 9/11 attacks, it "is a dramatic re-creation that includes scenes and images that go far beyond what is known about the attacks." The Post continues, "Those scenes raise questions: How far can a dramatic movie go in imposing its own reality before it distorts the public's understanding of the event? And with memories of 9/11 still vivid and raw, is it too soon for such films to be made?"

Work Begins On Freedom Tower At Ground Zero. The CBS Evening News (4/27, story 9, 0:25, Schieffer, 7.66M) reported, "Nearly five years after terrorists took down the Twin Towers and after months of political wrangling, work has finally begun on the centerpiece of the new World Trade Center complex, the Freedom Tower. It will be taller than the Twin Towers, rising a symbolic 1,776 feet, which will make it the tallest building in the world."

WPost Says Law To Keep Terrorists From US Is Over-Inclusive. The Washington Post (4/28, A18, 744K) says in an editorial that Congress "tightened a law last year on refugee admissions in order (it thought) to keep terrorists and their supporters out of the country. The effect has been to bar friends and allies. One example: Many Vietnamese Montagnards fought alongside U.S. forces during the Vietnam War and were then murderously oppressed by the Vietnamese government. During the war, the United States helped arm a Montagnard group called the United Front for the Liberation of Oppressed Races, which continued to struggle for autonomy after the war ended. This group ceased to exist in 1992, when a band of nearly 400 fighters disarmed and were resettled in North Carolina. Under Congress's irrational new rules, however, the group has become, legally speaking, a terrorist organization, and 11 Montagnards still stuck in Cambodia would be denied refugee status because in the past they had offered the group 'material support.'"

WAR NEWS:

Probe Of Iraq Spending Expands To Training Of Security Forces. The Washington Times (4/28, Scarborough, 90K) reports, "The Bush administration's special investigator for Iraq reconstruction has expanded inquiries into how the US military is training and equipping the Iraqi Security Forces (ISF), according to an internal Pentagon memo." Special Inspector General Stuart W. Bowen Jr. "asked the Pentagon for reams of documents on the billions of dollars spent to create an Iraqi army, police, border patrol, navy and air force, the memo shows." The Times adds, "Some Pentagon officials say privately that the inspector is overstepping his mandate by probing U.S. military operations in addition to reconstruction dollars. But the chief spokesman for Mr. Bowen said security and reconstruction are intertwined."

"Grand Mafiosi" Seen As Stealing Billions From Iraq's Oil Industry. The Washington Times (4/28, Muir, 90K) reports, "A new class of 'grand mafiosi' is sucking billions of dollars out of Iraq's vital oil sector and crippling efforts to rebuild the nation, according to an official report published in Baghdad." The findings of the Oil Ministry's inspector-general "paint a sordid picture of corruption pervading every corner of the industry, from the oil wells to the gasoline pump." The

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report "says that since Saddam Hussein's overthrow in 2003, the spread of smuggling had turned Iraq from a major exporter of petroleum products into an importer."

Top Iraqi Official Says US Troop Drawdown Imminent. The Wall Street Journal (4/28, A7, Dreazen, 2.11M) details an interview with National Security Advisor Mowaffak Rubaie in which he "said there would be a substantial withdrawal of U.S. troops this year, with the rest leaving within the next two years," and that his government "was working to formalize a 'conditions-based transition agreement' with the U.S. that would govern the pace and scope of a U.S. military withdrawal from the country. Such an agreement would detail a timeline for turning U.S. military facilities over to the Iraqis and leaving Iraqi forces with primary security responsibility for growing portions of the country." The Journal continues, "Mr. Rubaie's comments are consistent with statements he has made since the beginning of the year, but both Iraqis and Americans agreed that big troop reductions wouldn't be possible until a new government was installed."

Sistani Implores Maliki To Rein In Militias. The Washington Post (4/28, Finer, Sarhan, 744K) reports Grand Ayatollah Ali Sistani, "Iraq's most revered Shiite Muslim cleric, urged Prime Minister-designate Nouri al-Maliki in a meeting Thursday to deal quickly with sectarian militias blamed for widespread killings, and to ensure that Iraqi police and soldiers remain loyal to the country and not to political factions." The Post notes that Shiite militias "dominate many Iraqi police and army units and have been accused by Sunni Arab leaders and U.S. officials of operating death squads." Maliki met separately with Moqtada Al-Sadr yesterday, after which Sadr "gave a noncommittal answer when asked at a news conference afterward about plans to disband militias."

The New York Times (4/28, Oppel, 1.19M) reports Maliki "traveled to the Shiite holy city of Najaf to meet with two of the powers he must now contend with, the Shiite leaders Grand Ayatollah Ali al-Sistani and Moktada al-Sadr." Maliki "was careful not to offend Mr. Sadr, perhaps the most influential single force in the Shiite coalition, suggesting that militias deserve to remain an influence, even if only from within the military." The Los Angeles Times (4/28, Wallace, Fakhrildeen, 958K) reports "the unusually direct political intervention from Sistani" rang "loudest" In Iraq, as he is "regarded as the voice of Shiite moderation." USA Today/AP (4/28) runs a similar report.

Iraqi Vice President's Sister Killed In Drive-By Shooting. ABC World News Tonight (4/27, story 5, :30, Vargas, 8.78M) reported, "Iraq's new Sunni Vice President denounced the terror leader, Abu Musab al Zarqawi, and called for the insurgency to be crushed. Today, the Vice President's sister was killed in a drive-by shooting. His brother had been killed two weeks ago. The Vice President says he remains committed to serving the Iraqi people." The Washington Post (4/28, A12, Hernandez, 744K) and Washington Times/AP (4/28, Wagner), among other sources, also report on the attack.

Violence Said To Continue Unchecked. In a decidedly pessimistic piece, the AP (4/27, Wagner) reported, "One year ago Friday, when Iraq formed its first freely elected government, Americans and Iraqis hoped it would lead to a drop in violence. But Iraqis have continued to die in the thousands, and this year the trend is up. … The numbers offer a counterpoint of caution for Washington's hopes that Iraq's second freely elected government, being formed now, will help curb violence." The New York Times (4/28, Oppel, 1.19M) says Sistani's statement "was a firm message of support for Mr. Maliki," but added that "making a dent in the militias' influence will be difficult to accomplish, as some elements of the Iraqi Army and security forces are already dominated by members loyal to one militia or another. Indeed, in a demonstration of the balancing act Mr. Maliki must perform both as prime minister and as leader of a fractious Shiite coalition, he met next with Mr. Sadr" and "was careful not to offend Mr. Sadr, perhaps the most influential single force in the Shiite coalition, suggesting that militias deserve to remain an influence, even if only from within the military."

Baghdad Visit Said To Showcase Differing Styles Of Rice, Rumsfeld. In a detailed profile of the Secretaries' Rumsfeld and Rice's visit to Iraq this week, the Washington Post (4/28, A16, Kessler, 744K) reports, "For the second time in a month, Rice traveled to Baghdad to jawbone Iraqi leaders with a high-powered male counterpart. Last time, her partner was British Foreign Secretary Jack Straw. The pairing with him was convivial, so filled with easygoing banter that it was quickly dubbed the 'Condi and Jack Show.' This time around, Rice and Rumsfeld often seemed in separate orbits, and the visit had little of the warmth of the earlier one." While the trip was designed to demonstrate internal USG coordination of stabilization policy, "the contrast in the two secretaries' styles was sometimes jarring." While Rice "appeared energized," Rumsfeld "seemed disengaged and bored;" when fielding questions, "his answers were terse; hers were expansive." The Post concludes, "Before the two Cabinet members left Baghdad on Thursday, Rice dismissed any suggestions of tension. 'Secretary Rumsfeld and I have an excellent relationship,' she told Fox News. 'We're working very hard together. We're actually having a great time here in Iraq.'"

GOP Critics Of Rumsfeld "Grin And Bear It." An AP story (4/28, Sidoti) titled "Rumsfeld Critics Must Grin And Bear It" reports, "Senate Republican critics of Defense

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Secretary Donald H. Rumsfeld are deferring to President Bush's support for the Pentagon chief, mindful that his fate is out of their hands." But "in the aftermath of calls by several retired generals for Rumsfeld's ouster, those GOP lawmakers remain uncomfortable with him. Given the chance, they offer no words of support." The AP quotes Sen. John McCain saying, "He still is in the confidence of the president. The president reiterated that the other day, so I'll continue to try to work with him."

Sessions Organizes Event For GOP Senators To Show Support For Rumsfeld. The Washington Times (4/28, Gertz, Scarborough, 90K) reports in its "Inside the Ring" column that Sen. Jeff Sessions "organized a pep rally/war briefing where Republicans could express support for [Defense Secretary Donald] Rumsfeld, who seven retired generals have said must go. The setting was breakfast in the Russell Senate Office Building. Mr. Sessions invited 'defense-minded' Republican senators, and 17 showed up to talk with the defense secretary." Sessions spokesman Mike Brumas said the Senator "organized the get-together because 'we're in a time of war. Senator Sessions admires Secretary Rumsfeld and invited a group of defense-minded senators to talk with the secretary about a number of topics.'"

Corruption, Narco-Warlords Among Factors Dragging Down Afghan Security. The Christian Science Monitor (4/28, Montero, 61K) reports, "Nearly five years after the fall of the Taliban, Afghanistan's security situation continues to be dragged down by endemic corruption, roving militias, and a growing nexus between narco-warlords and remnants of the Taliban, officials and analysts say." The Monitor adds, "In the past, violence rarely spilled beyond the south, where NATO troops are slowly replacing US forces. But recent attacks have cropped up in the north and west. … Many governors and chiefs of police, rather than confronting the Taliban and neutralizing drug lords, are increasingly intertwined with them, either for political or monetary gain, some analysts say. Amid the lawlessness, military intelligence has become a political game, a tool for blackmail or settling old scores, analysts allege."

Taliban, Allies Executing Suspected US Informants In Pakistan. The Los Angeles Times (4/28, Watson, Ali, 958K) reports, "Taliban militants and their allies are waging a dirty war in Pakistan's unruly tribal areas, kidnapping and executing people suspected of spying for U.S. forces across the border in Afghanistan." Militants have "killed at least 53 accused spies and pro-government elders in Pakistan over the last two years, according to the independent Human Rights Commission of Pakistan. Many of their bodies were found with notes that claimed the victims had visited U.S. military bases in Afghanistan." Local residents "put the death toll from such executions at about 150." It was "not known whether any of the victims were working as informants or spies for U.S. forces. But secret documents on a memory drive stolen from the American air base at Bagram, north of Kabul, and sold at a bazaar outside its gates, show that U.S. Special Forces apparently used informants in Pakistan as well as Afghanistan."

CORPORATE SCANDALS:

Hueston Focuses On Lay Stock Sales In Second Day Of Cross-Examination. The Wall Street Journal (4/28, Emshwiller, Mcwilliams, 2.11M) reports, "Federal prosecutors hammered at former Enron Corp. Chairman Kenneth Lay's credibility by showing he made a series of inaccurate stockholding reports that failed to disclose large sales of his Enron shares in the months before the company's December 2001 bankruptcy filing." Lay "appeared taken aback by the assault during his first full day of cross-examination in court here, which followed two hours of tense exchanges with prosecutor John Hueston on Wednesday afternoon. … At times yesterday, he stuttered in response to accusations. Other times, he accused Mr. Hueston of twisting his words or harping on irrelevant points. Mr. Lay said repeatedly that he relied on advice from company attorneys who told him he wasn't required to disclose the disputed stock sales except once a year, since they involved turning the shares back to the company in return for cash rather than sales on the open market. He said that his Securities and Exchange Commission filings complied with the law even though they inflated the picture of his Enron holdings." The Journal notes, "By showing that Mr. Lay wasn't fully forthcoming about his stock sales, the government clearly hoped to buttress its contention that the former top executive was illegally hiding from the public a range of bad news about the company's finances and business operations."

The Washington Post (4/28, D1, Johnson, 744K) reports Lay "maintained his composure after furiously responding to questions and stabbing his finger at…Hueston a day earlier. Hueston attempted to rattle Lay Thursday by throwing back at him Lay's arguments that Enron was the victim of skeptical press reports, disclosures of wrongdoing by former finance chief Andrew S. Fastow, and short-sellers, who Lay said plotted Enron's demise in Florida in early 2001." The Post adds, "Lay answered questions in a firm voice, sometimes talking over Hueston and suggesting that the prosecutor didn't understand business issues. During a discussion of an arcane accounting issue, Lay retorted, 'I think the investors would totally understand it, Mr. Hueston. Maybe in fact, you don't.' Later, Lay told the prosecutor that

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an exchange about another accounting charge was 'a real waste of the jury's time.'"

USA Today (4/28, Farrell, 2.31M) reports Lay "told jurors…that he didn't think stock sales 'forced' upon him by banks making margin calls were the same as 'discretionary' sales. As a result, he didn't feel the need to disclose the sale of more than 1.7 million shares of Enron stock during 2001, when he encouraged Enron employees to buy the stock and told them he was buying shares, too. … Despite the fact that he sold more than 500,000 shares of Enron stock from late July through August of that year, Lay touted the company as an 'incredible bargain' to his employees in September 2001. He reiterated that belief in court Thursday."

The Houston Chronicle (2/28, Flood, 581K) notes Hueston "went back to Lay's allegations that colluding short sellers…contributed to Enron's downfall. Lay attorney Mike Ramsey previously called short sellers 'vultures.' Hueston showed Lay that his son Mark Lay was short selling Enron stock in March 2001 and made more than $166,000 betting Enron stock would fall. 'I didn't know that,' Lay said. 'He wasn't a vulture was he?' Hueston asked Lay of his son. 'I don't think he's a vulture,' Lay responded. 'He wasn't trying to kill Enron in 2001, was he?' Hueston asked. 'I would think not,' Lay said."

Lay's Contentiousness Clashes With Pre-Trial Image. The Los Angeles Times (4/28, Mulligan, 958K) reports, "Who would have guessed that Kenny Boy could be a tougher sell to a jury than Capt. Queeg?" Ken Lay "is renowned for his courtliness, his philanthropy, his rise from a dirt-poor boyhood in the Missouri Ozarks to a nine-digit fortune." Codefendant Jeff Skilling "shares some of the obsessiveness of Queeg, the Navy skipper of 'The Caine Mutiny.' But unlike Queeg, Skilling didn't unravel on the stand. Where mastery of Enron's finances was at issue, he overpowered co-lead prosecutor Sean M. Berkowitz. ... For Lay, however, it's been a rockier ride. …. His worst moment came Wednesday, when prosecutor John C. Hueston jolted Lay with questions about his attempts to reach actual or potential witnesses in the case — efforts that persisted even after Lay's lawyers told him to stop."

US Attorneys Appoint Stamboulidis Bank Of New York Examiner. The Forbes (4/28, Moyer) reports, "The United States Attorneys in New York named former federal prosecutor George Stamboulidis of Baker & Hostetler and FTI Consulting, a forensic accounting firm, to be the examiners in charge of making sure Bank of New York is in compliance with suspicious activities reporting and monitoring rules." Forbes notes that the appointment "comes after Bank of New York…agreed to pay $38 million in penalties and compensation over charges it failed to comply with mandatory reporting guidelines under the Bank Secrecy Act. That settlement was the culmination of a six-year investigation into a Russian money laundering ring that prosecutors say flushed $7 billion through the U.S. banking system."

Lawmakers Looking At Ways To Change Sarbanes-Oxley. The Financial Times (4/28, Grant) reports, "Signs of a growing desire among some US legislators to re-examine key elements of Sarbanes-Oxley legislation emerged on Thursday as a Republican congressman, Tom Feeney, said he would next week introduce a bill designed to make it 'more acceptable to business.'" Feeney's bill "is the third piece of legislation aimed at changing Sarbanes-Oxley since its passage in 2002 after the Enron and WorldCom accounting scandals. While such efforts are seen as having limited effect until senators Sarbanes and Oxley retire late this year, the bill reflects concern that changes are needed."

Shareholders Activists Target Executive Pay. The Washington Post (4/28, D1, Masters, 744K) reports, "After years of complaining about sky-high executive pay packages, this year shareholder activists are finally getting some traction in their efforts to do something about the issue." The issue "will come up today at the annual meeting of Merrill Lynch & Co., where chief executive E. Stanley O'Neal took home $37.5 million last year, including $2 million in long-term incentive pay." The American Federation of State, County and Municipal Employees "is sponsoring a resolution calling for an annual up-or-down vote on the company's pay plan for top executives. Though the vote would be nonbinding, it would give shareholders a way to make their views clear, advocates argue."

CRIMINAL LAW:

Fitzgerald To Decide On Rove Charges In Two To Three Weeks. Special counsel Patrick Fitzgerald is weighing whether to charge Deputy White House Chief of Staff Karl Rove with perjury in the CIA leak investigation and will make a decision soon, according to a New York Times (4/28, Bumiller, Johnston, 1.19M) report. The Times says Fitzgerald is "expected to decide in the next two to three weeks," and following Rove's "fifth appearance before the grand jury on Wednesday, Mr. Fitzgerald is now believed to have assembled all of the facts necessary to determine whether to seek an indictment of Mr. Rove or drop the case." Lawyers "in the case said Mr. Fitzgerald would spend the coming days reviewing the transcript of Mr. Rove's three hours of testimony on Wednesday and weigh it against his previous statements to the grand jury as well as the testimony of others, including a sworn statement that Mr. Rove's lawyer gave to the prosecutor earlier this year." One lawyer "said

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that Mr. Rove had known for more than a month that he was likely to make another appearance before the grand jury, and that he had known since last fall that he would be subject to further questions from Mr. Fitzgerald before the prosecutor completed his inquiry." The Times also reports that "lawyers in the case" say Fitzgerald has "long been skeptical of Mr. Rove's account of his forgetfulness."

Judge Refuses To Dismiss Charges Against Libby. USA Today (4/28, 2.31M) reports Federal Judge Reggie Walton yesterday "refused…to dismiss charges against I. Lewis 'Scooter' Libby, the former White House aide who was indicted on perjury and obstruction charges last year in the CIA leak scandal." Libby's attorneys had "challenged the authority of special counsel Patrick Fitzgerald to handle the case. Libby's lawyers had argued that Fitzgerald was given too much power and that the appointment should have been made by the president. However, Walton said there is no question the attorney general can delegate any of his functions."

The AP (4/28, Locy) reports Walton "said there must be a way to appoint special prosecutors to ensure that 'the perception of fairness withstands the scrutiny of the American public' when high-level government officials are investigated for alleged wrongdoing." Libby "is charged with perjury and obstruction of justice, accused of lying to the FBI and a federal grand jury about how he learned about Plame and what he subsequently told reporters about her."

CNN's The Situation Room (4/27, King) reported, "As any defendant would do, Scooter Libby's defense team is trying to challenge the indictment just about any way it can. And one of its arguments was that special prosecutor Patrick Fitzgerald was improperly appointed; therefore he does not have the authority to investigate this case or bring indictments." The ruling was "not a surprise, but it does show you how aggressive the Libby defense team is being. They are challenging the indictment, they are demanding access to the most sensitive intelligence documents in the United States government, issuing subpoenas to news organizations, hauling in reporters, they threatened to do for testimony."

Federal Laws Barring Disclosure Of Classified Information Difficult To Enforce. The Washington Post (4/28, A7, Eggen, 744K) reports the firing of a veteran CIA officer Mary McCarthy "for unauthorized contacts with the press has focused attention on the patchwork of federal laws that govern disclosures of classified information, which are written broadly but are difficult to enforce and have historically been used sparingly in cases involving journalists." Numerous experts "on national security law said" McCarthy, "whom the CIA fired 10 days before her retirement for allegedly having undisclosed contacts with reporters, could conceivably be prosecuted under a number of statutes, including those governing espionage, disclosures of classified information and even theft of government property." Yet those experts "warned that any such prosecution is fraught with obstacles, including the difficulty in showing that disclosures were made with knowledge that they would harm national security or were intended to benefit a foreign power." The case "comes amid renewed debate in Congress over whether to increase penalties for leaking or to consider rewriting espionage and classified information laws."

USA Today Supports Leakers. USA Today (4/28, 2.31M) in an editorial examines the latest events surrounding the Plame leak case and the firing of a CIA official accused of leaking information and asks, "Harmful to U.S. interests? Definitely. Essential to protect U.S. values? No doubt. The same dichotomy applies in the secret-prison and wiretapping stories." Yet "as the leak probes continue, it's important to maintain a distinction between those who leak to help themselves and those who leak, at personal risk, to let the public know its leaders are flouting law or abusing power."

FBI To Seek Information On Mollohan From Three Nonprofits. The New York Times (4/28, Rudoren, 1.19M) reports, "The F.B.I. has notified three nonprofit organizations created by Representative Alan B. Mollohan and financed primarily through special federal appropriations he steered their way that they should expect subpoenas soon for financial and other records." The three "nonprofits at issue are the Vandalia Heritage Foundation, the Institute for Scientific Research and the Canaan Valley Institute. The F.B.I.'s notification to them has occurred over the last two days and signals that the bureau is looking deeper into the 500-page complaint, which among other things suggests ties between the special appropriations, or earmarks, and Mr. Mollohan's personal real estate investments."

Abramoff Vacations At Posh Florida Resort. The New York Times (4/28, Shenon, 1.19M) reports former Republican lobbyist Jack Abramoff "may be facing financial ruin and a long prison sentence, but he still knows how to vacation. Guests at the oceanfront Turnberry Isle Resort and Country Club in Aventura, Fla., say they were surprised to see Mr. Abramoff, his wife and their five children at the 300-acre golf and tennis resort for more than a week this month for the Passover holiday." The Abramoffs "arranged the trip through a travel agency based in Brooklyn that, according to its Web site, charged a minimum of $3,600 per adult for a nine-night Passover package. A lawyer for Mr. Abramoff, Abbe D. Lowell, said the trip was paid for by Mr. Abramoff's 'extended family,' although Mr. Lowell would not say which family member or members." Lowell said "it was a 'cheap shot to suggest that Mr. Abramoff was living high off the hog' and that the trip, which allowed Mr. Abramoff to meet with his lawyers in Miami on a related criminal case, was intended to benefit his family in a difficult time."

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Baltimore Said To Lead Country In Witness Intimidation In Murder Cases. The CBS Evening News (4/27, story 7, 3:50, Schieffer, 7.66M) reported, "Criminals are literally getting away with murder more and more because witnesses are afraid to testify." CBS (Keteyian) added, "A CBS news investigation reveals that witness intimidation affects or derails up to 30% of all cases involving shootings in major US cities. In homicide cases, that number jumps to 90%, with Baltimore topping the list." Patricia Jessamy, Baltimore City State's Attorney: "We call it the conspiracy of silence. Its alive and well and I consider Baltimore probably to be the epicenter of witness intimidation in the country, but it's not just Baltimore, it's all across the country." Keteyian: "In Baltimore, it has come to this, a special police unit whose only job is to hunt down potential witnesses, some 1400 to date, armed with a prosecutor's promise of protection."

MS-13 Leader Sentenced To 30 Years In Prison. The Washington Post (4/28, Cauvin, 744K) reports DC-area MS-13 leader Juan Carlos Rivas-Moreiera was sentenced yesterday to 30 years in prison "for a near-fatal attack on a rival gang member. … And far from being the worst of his alleged acts, the May 2001 attack in Northwest Washington was only one crime in a life rife with it, the prosecutor, Assistant U.S. Attorney Gilberto Guerrero Jr., said." Rivas-Moreiera "is among the reputed members of MS-13…who were charged in Maryland last year in a federal racketeering indictment that details murders, kidnapping, robbery and other crimes." The Post notes, "The indictment was a significant regional strike against local Latino gangs, which have lured isolated and disaffected adolescents into dangerous lifestyles and sown fear in neighborhoods that are heavily populated by immigrants."

Jury Selection Begins Monday For Maryland Trial Of Convicted Sniper. The Washington Times/AP (4/28, Manning) reports, "Many witnesses who testified against convicted sniper John Allen Muhammad in his trial in Virginia are ready to tell their stories again, including some who bear scars from the Bushmaster's bullets. And Muhammad has returned to Montgomery County, where the October 2002 D.C.-area sniper spree began, to face another jury. Jury selection is set to begin Monday in his second trial, a case that likely will echo the 2003 Virginia case that ended in a death sentence for one of the 10 killings. Yet while much of the evidence and testimony during the expected five-week trial will be similar, the new trial could take some unexpected turns." Muhammad "plans to be his own lawyer despite evidence he may be mentally ill. He wants Lee Boyd Malvo…to testify. And jurors will hear evidence about two Maryland killings that weren't part of the first trial."

Virginia Inmate Executed After Kaine Denies Clemency. The Washington Times (4/28, McLaughlin, 90K) reports, "Death row inmate Dexter Lee Vinson was executed last night, hours after Gov. Timothy M. Kaine denied his petition for clemency. Vinson received a lethal injection at the Greensville Correctional Center in Jarratt and was pronounced dead at 9:15 p.m. Vinson, 43, was convicted of the 1997 murder of his ex-girlfriend, Angela Felton, of Portsmouth." Kaine "denied clemency last night, after the U.S. Supreme Court refused to stop the execution. 'Having carefully reviewed the Petition for Clemency and judicial opinions regarding this case, I find no compelling reasons to doubt Mr. Vinson's guilt or to invalidate the sentence recommended by the jury and imposed, and affirmed, by the courts,' Mr. Kaine said in a statement. 'Accordingly, I decline to intervene.'"

The Washington Post (4/28, B4, Rondeaux, Shear, 744K) adds that "Kaine made good on a promise he spoke directly and repeatedly to Virginians last year at campaign rallies and in television ads: that his personal and long-standing opposition to the death penalty, based on his Catholic faith, would not prevent him from allowing the ultimate punishment to be carried out. Kaine's Republican opponent in the governor's race, former attorney general Jerry W. Kilgore, had repeatedly slammed Kaine for his stance on the death penalty, and ran ads featuring the victims of heinous crimes. In one, the father of a crime victim said Kaine would not have executed Adolph Hitler. But Kaine responded with ads of his own, in which he vowed to enforce Virginia's capital punishment laws. 'My faith teaches life is sacred,' he said to the camera. 'But I take my oath of office seriously, and I'll enforce the death penalty.'"

Annual NYPD Report Provides Details Of Murders. The New York Times (4/28, Mcginty, 1.19M) reports, "At the end of each year, the New York Police Department reports the number of killings — there were 540 in 2005. Typically, much is made of how the number has fallen in recent years — to totals not seen since the early 1960's. But beyond summarizing the overarching trends, the police spend little time compiling the individual details. The New York Times obtained the basic records for every murder in the city over the last three years, and while the events make for disturbing reading, the numbers can hint at trends, occasionally solve a mystery and in at least some straightforward way answer for the city the questions of who kills and who is killed in the five boroughs." The Times adds, "Of the rest, men and boys were responsible for 93 percent of the murders; they killed with guns about two-thirds of the time; their victims tended to be other men and boys; and in more than half the cases, the killer and the victim knew each other. … The offender and victim were of the same race in

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more than three-quarters of the killings," and "more than 90 percent of the killers had criminal records; and of those who wound up killed, more than half had them."

Woman Alleging Duke LAX Rape Made Similar Charge 10 Years Ago. The New York Times (4/28, Yardley, 1.19M) reports, "The woman who has accused three Duke University lacrosse players of raping her last month claimed a decade ago that she had been sexually assaulted by three men, the authorities said. The woman's mother said her daughter did not file charges. 'She didn't want to bring charges up against them because they said they were going to kill her if she said anything,' said the mother," but Creedmoor, N.C., Police Chief Ted Pollard "said the woman filed the report when she was 18, in August 1996, but said the assault had happened in June 1993, when she was 14. Chief Pollard said the initial report did not explain why there had been a delay of more than three years between the alleged assault and when she reported it. He said Thursday that his office had only paper records from that time period and had not yet determined whether there had been a follow-up investigation."

Connecticut Trash Hauler Pleads Guilty To Racketeering Charges. The Waste News (4/28) reports, "A Danbury, Conn., trash hauler pleaded guilty to a federal racketeering charge, admitting to taking part in system to divvy up territory, the U.S. Department of Justice said. Joseph R. LoStocco, 47, who owns and operates JR LoStocco Carting in Danbury, pleaded guilty to one count of conspiring to violate the federal Racketeer Influenced and Corrupt Organizations Act." US Attorney Kevin O'Connor noted, "The investigation is very active, and we have no further comment at this time."

CIVIL RIGHTS:

US Charges Tennessee Landlord With Housing Discrimination. The Chattanoogan (4/28) reports, "The Justice Department announced Thursday that it has filed a lawsuit against the owner and resident manager of the Fountainbleau Apartments in East Ridge, alleging housing discrimination against individuals on account of their having children. 'No one should be denied an opportunity to live where they choose because they have children,' said Wan J. Kim, Assistant Attorney General for the Civil Rights Division. 'The Justice Department is committed to vigorous prosecution of illegal housing discrimination.' The complaint…alleges that the defendants refused to rent apartments to persons with children and steered them to another apartment complex." The Chattanoogan adds, "Fighting illegal housing discrimination is a top priority of the Justice Department, officials said. In February, Attorney General Alberto R. Gonzales announced Operation Home Sweet Home, a concentrated initiative 'to expose and eliminate housing discrimination in America.'"

New York State Elections Board Adopts Voting Machine Guidelines. The AP (4/28) reports, "After months of haggling, the state Board of Elections has adopted guidelines for new voting machines that can be used in New York. The board also ordered machine makers to disclose information about their political contributions and any lawsuits against them. A statement released by the board says the new standards go beyond Help America Vote Act…requirements and contain a number of features that make them model regulations for the nation. The standards require a voter verifiable paper trail." The AP notes, "New York has been sued by the U-S Justice Department for failing to comply with HAVA provisions requiring states to have new machines in place for the 2006 elections."

New Hampshire Political Parties Sparring Over Phone Jamming Case. The Knight Ridder (4/28, Douglas) reports, "Is it a third-rate political dirty trick by Republicans or a cheap attempt by Democrats to drag the GOP through the mud before November's elections?" New Hampshire Democrats and Republicans "are locked in a legal battle over GOP operatives who tried to suppress voter turnout in a key 2002 U.S. Senate race by jamming Democratic get-out-the-vote phone banks on Election Day. … Democrats describe the phone-jamming case in Nixonian terms, using Watergate-era phrases such as 'follow the money' and 'what did they know and when did they know it?'" KRT adds, "Republican officials are on the defensive. They call the vote-suppression scheme an unfortunate incident that was the work of rogue operatives who did it without party leaders' knowledge. They say the civil suit is a baseless attempt by Democrats to score points and ruin the New Hampshire Republican Party financially.

CAIR Calls For Civil Rights Probe Of Atlanta Vandalism. The AP (4/28) reports the Council On American-Islamic Relations "is asking the FBI to investigate vandalism at a Muslim home in suburban Atlanta as a hate crime. The Douglas County family's van was burned and the words 'Killers go home' spray-painted on the side of their house on April 8." CAIR "said local authorities had been slow to investigate the crime" yet "Douglas County Chief Deputy Stan Copeland said evidence from the scene has been submitted to the state crime lab and that police patrols in the neighborhood have been stepped up as investigators seek new leads." FBI spokesman Stephen Emmett "said late

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Wednesday that the bureau's civil rights squad here was not familiar with CAIR's request for an investigation. Copeland said Thursday that a local FBI office has been notified about the incident."

Unsolved Civil Rights Crime Act Reintroduced In Congress. The AP (4/28, Haines) reports, "A 1946 lynching in northeast Georgia could be among the civil-rights era murders investigated under" the Unsolved Civil Rights Crime Act, reintroduced yesterday in the House and Senate. "Roger and Dorothy Malcom and George and Mae Murray Dorsey were killed on the banks of the Apalachee River at the Moore's Ford Bridge, about 40 miles east of Atlanta. The four sharecroppers were dragged from a car, beaten and shot dozens of times as a mob of 200 looked on. No one was ever charged in their deaths, even though the FBI's report named 55 suspects." The AP notes, "The bill would create an unsolved crimes section within the civil rights division of the Department of Justice and an unsolved civil rights crime investigative office within the FBI. The sponsors say it would cost $10 million to establish both offices and foster relations between federal and local authorities."

The Jackson (MS) Clarion-Ledger (4/28, Mitchell) reports Sen. Jim Talent "reintroduced the bill that passed the Senate last year before dying in a conference committee." Reps. John Lewis and Kenny Hulshof "are sponsoring the legislation in the House. The measure is called the 'Till Bill' after Emmett Till," and Talent said at a press conference yesterday, "The blatant failure for decades to bring Emmett Till 's murderers to justice was and is a national disgrace." The Clarion Ledger notes, "U.S Attorney General Albert Gonzales is supporting the legislation, and FBI offices around the nation are now collecting information about unpunished killings from their area."

National Park Service Issues Permit For Klan Rally At Antietam. USA Today (4/28, Moore, 2.31M) reports, "A Ku Klux Klan group will rally on the Civil War battlefield where a Northern victory led President Abraham Lincoln to issue the Emancipation Proclamation. The National Park Service has issued a permit for a Klan demonstration June 10 on a farmstead at Antietam National Battlefield in western Maryland. … Antietam Battlefield superintendent John Howard says the right to free speech meant he was obligated to issue the permit. … Howard said he has received more than 30 e-mails objecting to the demonstration." USA notes, "Gordon Young, the leader of the local Klan group who applied for the demonstration permit, said Antietam was chosen for convenience but the site is appropriate. 'Our forefathers are flipping in their graves, and we need to do something to stand up and fight back. Immigration, homosexuals — they didn't fight and die for that.'"

ANTITRUST:

US Charges Five Alleged Warez Group Members With Piracy. The IDG News Service (4/27, Gross) reports, "Five U.S. residents face criminal copyright charges for their alleged participation in the online 'warez' file-trading community, the U.S. Department of Justice (DOJ) announced Thursday. The charges come out of an ongoing DOJ crackdown against international online piracy groups that distribute copyrighted movies, software, games and music on the Internet. The five defendants are alleged to be leading members of the 'warez scene,' groups of Internet users who illegally distribute copyrighted materials online." IDG notes, "The charges are part of Operations FastLink and Site Down, the two largest international law enforcement efforts targeted at online distribution of copyrighted material, the DOJ said. The operations have resulted in more than 200 search warrants executed in 16 countries, hundreds of computers being confiscated and more than US$100 million worth of copyrighted software, games, movies and music removed from download sites."

The LinuxElectrons (4/27) reports Assistant Attorney General Alice S. Fisher said when announcing the charges, "Large-scale operations like FastLink and SiteDown strike at the core of online piracy. Losses to industry and individuals from online piracy are enormous, and law enforcement will continue to do everything it can to protect valuable copyrighted products and shut down these illegal distribution networks." U.S. Attorney Gretchen C. F. Shappert added, "Intellectual property theft is a growing crime with serious economic consequences. Operations FastLink and SiteDown combine the resources of the Justice Department, 42 separate U.S. Attorney Offices, and FBI agents from 30 separate field offices, in a concerted effort to attack organizations dedicated to the piracy of intellectual property." And Charlotte FBI Special Agent-in-Charge Kevin B. Kendrick noted, "Theft of intellectual property strikes at the very heart of this country's economic vitality. Crimes of this type are a priority within our Cyber Crimes Program and the public can be rest assured that we will continue to aggressively investigate those individuals and organizations involved in activity such as this in an effort to bring them to justice."

UPI (4/28) reports, "The following individuals were charged with criminal copyright infringement in Charlotte, N.C., the Department of Justice said: Kevin Fuchs, 25, of West Amherst, N.Y.; and Cuong Quoc Trang, 35, of Parker, Colo., were charged by indictment with conspiracy to commit criminal copyright infringement, violating the Digital Millennium Copyright Act, and copyright infringement.

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Authorities charged Matthew Alderman, 24, of Ashland, Ore., with criminal copyright infringement, and David Morvant, 35, of Thibodaux, La., and Michael Hays, 51, of Delafield, Wis., with conspiracy to commit criminal copyright infringement." UPI also notes Fisher said, "Large-scale operations like FastLink and SiteDown strike at the core of online piracy. Losses to industry and individuals from online piracy are enormous, and law enforcement will continue to do everything it can to protect valuable copyrighted products and shut down these illegal distribution networks."

Newspaper Workers Union Opposes McClatchy Purchase Of KRT Papers. The Sacramento Business Journal (4/28) reports, "The Newspaper Guild-Communications Workers of America Thursday called on state and federal regulators to scrutinize the $1 billion sale of the San Jose Mercury News, Contra Costa Times, Monterey Herald and St. Paul (Minn.) Pioneer Press" to McClatchy Co. "The union has been working with The Yucaipa Cos. of Los Angeles to try to buy the 12 papers that McClatchy said it intends to sell when it completes its purchase of…Knight Ridder Inc. 'We believe that a common interest exists among McClatchy shareholders, employees and the communities served by the 12 Knight Ridder newspapers being sold by McClatchy Co.,' union president Linda Foley said in a statement. 'TNG-CWA continues to believe that the bid by The Yucaipa Cos. for all 12 newspapers is likely to deliver the best value and we call on McClatchy Co. to provide evidence that shareholder, employee and community interests are being best served by yesterday's announcement,' Foley said."

MediaNews CEO Assures Pioneer Press Will See Few Changes. Knight Ridder (4/28, Welbes) reports, "The fate of the St. Paul Pioneer Press became a little clearer Thursday as William Dean Singleton said that the paper won't see major changes after his company becomes its owner sometime this summer. 'You're joining us because we want you,' Singleton, the CEO of MediaNews Group Inc., told employees packed into a stifling conference room. 'We think there's a lot of opportunity here and if we didn't want it, we wouldn't have bought it.' … The deal, expected to close this summer, won't cause the loss of jobs, wages or benefits at the Pioneer Press, Singleton said. He added that the status of the newspaper's labor contracts, which cover about 90 percent of its 960 workers, will be up to local management. Publisher Par Ridder will remain with the newspaper." KRT also notes the union's announcement yesterday and adds, "The U.S. Department of Justice recently told McClatchy that it's seeking additional information about the Twin Cities newspaper market."

Judge Rules Seattle Papers Antitrust Case Can Proceed. The Seattle Post-Intelligencer (4/28, Richman) reports, "The judge in the 3-year-old contract dispute between Seattle's two daily newspapers refused today to halt all court proceedings in that case, ruling that antitrust and breach of contract claims by a self-styled citizens group can proceed against the owner of the Seattle P-I and The Seattle Times Co. The ruling, from King County Superior Court Judge Greg Canova, also raises the possibility that The Times Co. may withdraw from a binding arbitration agreement -- an event that would start two 18-month clocks ticking toward the automatic end of the Joint Operating Agreement that has bound the two newspapers since 1983."

Microsoft Assails European Commission Antitrust Ruling. The Financial Times (4/28, Buck) reports, "Microsoft yesterday accused the European Commission of 'the biggest encroachment on intellectual property in European competition law history', and likened the regulator's antitrust ruling to 'opening the vaults of a bank' and handing out money to passers-by. The software group's withering attack formed part of a legal challenge in the European Court of First Instance in Luxembourg to the Commission's March 2004 decision that found Microsoft guilty of abusing its dominant position and imposed a record €497m ($616m) fine. … But the Commission's legal team disputed Microsoft's arguments vehemently, saying the group had 'rigged the rules' of the market to ensure its rivals were unable to compete. The regulator dismissed, in particular, Microsoft's claim that the ruling infringed its intellectual property, saying the group had only been able to cite four European patents in its defence."

The AP (4/28, White) reports, "Judge John D. Cooke, in a terse exchange with Commission lawyer Anthony Whelan, asked whether Microsoft's proprietary information should be given away to its rivals, including patent information. 'The information which forms interoperability is hugely valuable commercial information. In the commercial sense this is highly valuable information, that's why it's difficult to understand the attitude of the Commission that these are mere trade secrets,' the judge said -- a reflection of Microsoft's assertion that to give over the code would be forfeiting the hundreds of years in manpower that went into devising it. Cooke, who will write the draft ruling, wanted to know if 'competition rules require that be taken away from Microsoft, conveying a huge commercial advantage.' Whelan said the value Microsoft placed on the code was merely a reflection of the amount of time and effort it had put into creating it, nothing more." The New York Times (4/28, Meller, 1.19M) notes, "During cross-examination…the sharpest questions were reserved for the commission." Cooke "appeared to chastise commission lawyers for not taking the

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company's concerns about protecting its intellectual property seriously."

Fifth Indianapolis Firm Pleads Guilty To Concrete Price-Fixing. The Indianapolis Star (4/28, Wall, 267K) reports, "Carmel Concrete Products and its president, Scott D. Hughey, have agreed to plead guilty and pay criminal fines for fixing the price of ready-mixed concrete in the Indianapolis area, the Department of Justice announced" yesterday. "Carmel Concrete is the fifth Indianapolis-area concrete firm to either admit guilt or be charged in the ongoing federal probe." The Star notes, "In all, those firms have agreed to pay more than $30 million in fines. Nine concrete executives have agreed to fines or jail time. U.S. District Court Judge Larry J. McKinney will determine the size of a fine for Carmel Concrete…and the length of any jail term for Scott Hughey. … 'Price-fixing conspiracies, such as the one that dominated the Indianapolis ready mixed concrete market for nearly four years, harm our free market system,' said Thomas O. Barnett, assistant attorney general in charge of the Department's Antitrust Division. 'This type of conduct deprives consumers of their right to competitive pricing.'"

Small Supplier Sues Chanel For Allegedly Counterfeiting Design. In a front-page story, The Wall Street Journal (4/28, Passariello, 2.11M) reports, "Carmen Colle has crocheted bustiers for Chanel and spun sweaters for Yves Saint Laurent. … But now Ms. Colle," a small supplier to fashion houses called a "petit main," has filed "a €5.3 million ($6.6 million) lawsuit that may unravel her business." Colle "claims Chanel, which she has supplied for years, copied one of her designs -- a crocheted floral pattern -- on a line of $1,800 to $3,000 cardigans, skirts and dresses. The iconic French fashion house says the allegations are unfounded. But a judge in a Paris commercial court has allowed Ms. Colle to pursue her case, which deals with a recurring issue for fashion firms today: counterfeiting." The Journal adds that at a "January hearing, the judge asked Chanel and Ms. Colle to enter into mediation. The two sides didn't come to an agreement, however, so the case went back to court last month. The judge is expected to issue a verdict on May 12."

ENVIRONMENT:

Ten States Sue EPA Over Power Plant Pollution. The AP (4/28, Barrett) reports, "Ten states fired a new legal salvo at the federal government Thursday in a long-running court battle over global warming and pollution from power plants. The states, joined by environmental groups, sued the Environmental Protection Agency over its decision not to regulate carbon dioxide pollution as a contributor to global warming." New York, California, Connecticut, Maine, Massachusetts, New Mexico, Oregon, Rhode Island, Vermont, and Wisconsin "filed the lawsuit in the US Court of Appeals for the District of Columbia Circuit." The states, led by New York Attorney General Eliot Spitzer, "want the government to require tighter pollution controls on the newest generation of power plants."

The New York Times (4/28, Hakim, 1.19M) says "a similar suit involving many of the same states and led by Massachusetts was dismissed last year by the United States Court of Appeals for the District of Columbia Circuit, where the new lawsuit was filed. Another suit by several of the same states sought to compel power producers to reduce emissions and was dismissed last year in Federal District Court in Manhattan. Both cases are being appealed."

Maryland Sues ExxonMobile Over Gasoline Leak. The Baltimore Sun (4/28, Wheeler, 296K) reports, "In the biggest environmental enforcement action in recent years in Maryland, the state filed suit Thursday seeking nearly $12 million in penalties from Exxon Mobil Corp. and a local service station operator for a massive gasoline leak that officials say has fouled well water in the Jacksonville area of Baltimore County." State Environment Department Sec. Kendl P. Philbrick "called the leak, one of the largest ever in the state, 'catastrophic,' and said an investigation continues into whether criminal charges might be filed as well." The Sun notes, "The suit charges that more than 25,000 gallons of unleaded regular gas dribbled from a small hole accidentally drilled in a buried fuel line by a contractor performing maintenance at the station in mid-January. The leak was not reported to state environmental officials until Feb. 17, more than a month later, although, the lawsuit says, the station's operator noted losses of almost 700 gallons of gasoline daily during that time."

NOAA Finds Navy Sonar Most Likely Caused Hawaii Whale Stranding. The Washington Post (4/28, A8, Kaufman, 744K) reports, "Federal marine specialists have concluded that Navy sonar was the most likely cause of the unusual stranding of melon-headed whales in a Hawaiian bay in 2004. The appearance of as many as 200 of the normally deep-diving whales in Hanalei Bay in Kauai occurred while a major American-Japanese sonar training exercise was taking place at the nearby Pacific Missile Range Facility." The Post adds, "While the National Oceanic and Atmospheric Administration scientists said they could not definitely state that sonar caused the strandings, they said extensive study led them to the conclusion that there was no other likely cause. … The Navy has said it was virtually impossible for its

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sonar to have led to the Hanalei Bay stranding, and officials maintained that position yesterday."

DEA/ATF/USMS:

Gonzales Announces 9,000 Fugitives Arrested Nationwide In Operation Falcon II. The CBS Evening News (4/27, story 6, 1:50, Schieffer, 7.66M) reported, "Federal and local police working together have just completed a 27-state roundup of fugitives that they call the worst of the worst. Many are violent sexual offenders." CBS (Bowers) added authorities made "more than 9,000 arrests made in the last few days in 27 states, more than 1100 of them accused sexual predators." Attorney General Alberto Gonzales: "The very first arrests made under Falcon II for failure to register as a sex offender, put away Reginald Dozier, who had raped a child." Bowers: "Dozier was the first of what authorities are calling the Falcon 15, the most wanted sex offenders arrested in the sweep, men wanted for everything from child rape to failure to register with authorities." Falcon II "cost close to a half million dollars, money appropriated from Congress specifically for this operation, so when the week is gone, so is the money. Though what isn't gone is the work; despite all the Falcon 2 arrests, there could be as many as 500,000 wanted sex offenders still out there." NBC Nightly News (4/27, story 8, 0:20, Williams, 9.87M) also briefly reported on the arrests, and CNN's Live From (4/27) and Fox News' DaySide With Linda Vester (4/27) carried the remarks by Gonzales and USMS Director John Clark live. MSNBC's Abrams Report (4/27) interviewed US Marshals Service Chief Inspector Billy Sorukas about the arrests. Additionally, CNN, MSNBC and Fox News briefly reported the story during periodic news updates throughout their evening programming.

The AP (4/28, Sherman) reports, "Ten years to the day after allegedly raping a 14-year-old girl, a California man was arrested in a roundup of fugitives that law enforcement officials say snared more than 1,100 sex offenders. The concentrated search for people wanted for federal, state and local crimes 'targeted the worst of the worst,'" Gonzales said. "Authorities arrested 9,037 people April 17 to last Sunday in a 27-state dragnet led by the U.S. Marshals Service and timed to coincide with National Victims Rights Week. … No other single law enforcement operation had resulted in the capture of as many suspected sex offenders, the Justice Department said." The AP notes, "Nearly 80,000 fugitives were arrested last year, just under half by the Marshals Service and the rest by state and local police working with federal authorities. … The operations in the past two years produced roughly 10 times the average number of weekly arrests, but even that barely dents the fugitive caseload. The FBI database contains names of a million fugitives. The director of the Marshals Service, John Clark, said Thursday there are a 'few million fugitives' in the United States, most of them wanted on state and local charges."

Bloomberg (4/28, Schmidt) also reports Gonzales said that "the operation 'targeted the worst of the worst fugitive felons in the country.'" Bloomberg notes, "Authorities also seized 111 guns, more than 91 kilograms of narcotics, $120,265 in cash and 14 cars. Last year, more than 79,000 fugitives were arrested and there are 'a few million' still at large, mostly on state and local warrants…Clark said. FALCON stands for Federal and Local Cops Organized Nationally. The government conducted a similar operation last year."

Gonzales' announcement was covered extensively by local newspapers and on local TV news across the country, with the stories emphasizing the arrests in those communities. Some examples: The Arizona Daily Star (4/28) reports, "Forty-six people wanted for immigration offenses, including people smuggling, were among the 117 fugitives rounded up in Tucson and Southern Arizona during a weeklong law enforcement operation, officials said. … Operation Falcon targeted those 'who had for too long escaped the grip of justice,' said Attorney General Alberto Gonzales in a press statement Thursday. 'With these criminals off the streets, fewer Americans will live with the threat of violent crime in their communities,' he said."

The Chicago Sun-Times (4/28) reports, "In Chicago, 403 fugitives -- twice as many as the last time investigators did this -- were arrested during the sweep, which began April 17, said Geoffrey Shank, commander of the U.S. Marshals Service Great Lakes Regional Fugitive Task Force. In the Great Lakes Region, 1,225 fugitives were arrested. Chicago also netted more gang members than any other city and pulled two of the 15 most wanted off the streets, authorities said."

The Baton Rouge Advocate (4/28, Troxler) reports, "A nationwide crackdown on wanted suspects running from the law has found its way to Louisiana. As part of Operation Falcon, which has a primary focus of tracking down those suspected of sex crimes and violent crimes against women, 68 people were arrested in the middle part of the state. … U.S. Attorney David Dugas said the well-coordinated effort will continue throughout the year, but it gets extra emphasis this week. 'It's dangerous work,' he said. 'These are fugitives who are trying to escape the law. They know law enforcement is looking at them. It takes skill, it takes planning, it takes dedication by the agents -- and that's what we saw this week.'"

Under the headline "Sweep Nabs 'Worst Of The Worst'," The St. Paul Pioneer-Press (4/28, 200K) reports, "The long arm of the law rounded up 110 Minnesota fugitives — several wanted for violent sex crimes — over the past week," in "a 27-state effort by the U.S. Marshals Service to

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capture fugitives. … Al Garber, U.S. Marshal for the District of Minnesota coordinated the Minnesota apprehensions. In all, officers from 18 law enforcement agencies searched for fugitives in the Twin Cities, Duluth and Rochester from April 17 through Sunday." The Minneapolis Star Tribune (4/28, Aamot, 424K) adds, "In Minnesota, all but about 20 of the fugitives were captured in the Twin Cities area, officials said. … At a news conference at the federal courthouse, officials displayed several weapons confiscated in the sweep, including a gun and a device U.S. Marshal Al Garber called a 'knuckle-knife.' The fugitives caught in Minnesota included a man who had raped an 8-year-old boy, a gang member dragged from a crawl space and a career criminal with a record dating to 1967, Garber said. 'The goal was to make our neighborhoods safer, and by taking 110 people off the street, we did that' to a large measure, he said."

The AP (4/28, Sherman) reports, "Hundreds of California residents are among 9,037 fugitives arrested nationally in a weeklong roundup that focused on sex offenders, top law enforcement officials said Thursday. … Among the 256 apprehended in the inland region that stretches from Bakersfield to the Oregon border was a murder suspect from Mexico living in Modesto who will be deported, said Antonio Amador, marshal for that district. … 'As law enforcement knows, fugitives generally have criminal records and continue to commit crimes,' Amador said at a Sacramento news conference. 'In fact, 95 percent of those arrested had (previous) criminal records.'" The AP notes, "The Marshals Service spent $531,000 on the weeklong exercise, most of it to pay overtime to local and state police, said David Dimmitt, chief deputy U.S. Marshal."

The WHOI-TV Creve Coeur, IL (4/27, Spencer) reports, "Peoria County Sheriff Mike McCoy said before this program, it would have been impossible to track down many of these offenders. 'When you have someone like the Marshall's Office and this task force that has jurisdiction to go anywhere, to investigate anywhere, has the ability to call an office up throughout the country, through the world and say hey look we are looking for this guy, we got a report he is in your area. Will you go check it out?' McCoy said."

The KTEN-TV Ada, OK (4/27) reports, "A historic day for law enforcement nationwide, had a significant impact in Southeastern Oklahoma. … Today, U.S. Marshals visited Durant, commending Bryan County officials on their contributions." KTEN adds, "Twenty-five different departments in Eastern, Oklahoma captured over 500 fugitives. Local task forces working with the marshals talked about the operation. … 'Most of them will tell you that they're just doing their jobs, but just doing their jobs most likely saved or impacted many lives in a positive way that can't be calculated,' John Loyd, U.S. Marshals said. Loyd also said the raids yielded over a hundred guns, thousands in cash and opened doors to even more illegal activity in the area." The Muskogee (OK) Phoenix (4/28, McMahan) adds, "The number of arrests in the Eastern District was the third highest of any area in the United States where the operation was carried out, said U.S. Marshal John Loyd. Only the Houston and San Antonio areas had a higher number of arrests. … Of the 506 fugitives arrested in eastern Oklahoma, 35 were wanted for violent sexual offenses, including rape, forcible sodomy and sexual assault, Loyd said."

The Houston Chronicle (4/28, Lezon, 581K) reports, "In Houston, 328 fugitives were arrested, more than 40 of them wanted for sexual-related offenses, officials said. 'Pretty significant numbers, I think,' said Deputy U.S. Marshal Marianne Matus, from her Houston office. Carlos Bermudez, 30, offered no resistance when he was arrested at his golf-course maintenance job in The Woodlands last Friday, Matus said. … Federal authorities said he was among 15 of the 'worst of the worst' fugitives targeted in the crackdown, according to a news release from the U.S. Marshals Service." The KGBT-TV Harlingen, TX (4/27, Pedraza) reports, "An undercover agent says they were pleased with the number of arrests. … 'Valleywide there were 148 fugitives arrested and 213 warrants were cleared.'" KGBT notes that "Gonzales says Falcon III is coming in the next few months. He says it will target violent criminals on the east coast. The U.S. Marshall's Service in McAllen is already looking forward to another big round up. … 'We're going to continue searching for these individuals,' said the agent about the accused criminals still at large. 'We're not going to stop... we're going to be diligent in our efforts to bring them to justice.'"

The KITV-TV Honolulu (4/27) reports that "one of the nation's Top 15 most wanted was found on Oahu. From Waikiki to Maui, law enforcement involved in Operation Falcon II combed the islands for a week picking up wanted fugitives," arresting 249. "'What you may see is a reduction in crime; career criminals have been captured. What you may see are safer communities because predators are jailed,' U.S. Marshal Dutch Hanohano said."

The WANE-TV Fort Wayne (4/27) reports, "Altogether in northern Indiana, officers rounded up more than 46 fugitives on narcotics violations, seven on weapons-related offenses and several others for failing to registered as sex offenders. … John Clark, the director of the U.S. Marshalls Service says, 'There is an old phrase, "you can run but you can't hide" and for many fugitives out there, they think they can hide and they may, but not for long.' … Dave Murtaugh, the head of the U.S. Marshalls Service Northern Indiana District says, 'We're not going to let them rest.'"

The KCNC-TV Denver (4/28, Gionet) reports that "the U.S. Marshals Service rounded up 140 fugitives in Colorado as a part of Operation Falcon II…U.S. Attorney General Alberto Gonzalez announced Thursday. … One violent fugitive from Colorado was caught in Baltimore. Mark

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Hayward was wanted in Douglas County for kidnapping and sexual assaulting a 15-year old girl he met over the internet."

The KAPP-TV Yakima, WA (4/27) reports, "Almost 200 fugitives were arrested locally during the roundup. That's double the number of criminals from last year. … Although the operation was assisted through federal dollars, they targeted criminals wanted by local authorities. The U.S. Marshals worked in conjunction with the Yakima Police Department, Yakima Tribal Police and the Sheriff's Department."

The KTVA-TV Anchorage (4/27) reports, "It is being called the largest sex offender bust in the nation's history and it's Alaska's biggest multi-agency bust ever. … We had 14 arrests in Fairbanks, 16 arrests on the Kenai Peninsula, 20 arrests in the Mat-Su Valley and 32 arrests in Anchorage," said Randy Johnson, U.S. Marshal, Alaska. 84 fugitives in all, the largest coordinated bust in Alaska in history with crimes ranging from drugs, and probation violations, to more dangerous offenses." KTVA notes that "the Last Frontier is often the last resort for the nation's criminals who think they can come and disappear into the Bush but Alaskan authorities say they will be caught. 'We want people to know this is not a place that they can come and hide. We will come and find them. We have a lot of investigative tools at our beck and call and we will come and find them anywhere they are, anywhere in the state,' said Marc Otte, Chief Deputy U.S. Marshal, Alaska."

The KGO-TV San Francisco (4/27, Ishimaru) reports, "U.S. marshals invited ABC7 on an exclusive ride-along for some of the Bay Area sweeps targeting sex offenders. … Chief Dep. Thomas Figmik, U.S. Marshals Service: 'Operation Falcon targeted offenders wanted for the worst crimes, such as murder, kidnap, arson, assault, robbery, narcotics and rape. The operation was inspired by the Department of Justice's National Victims Crimes Week, the theme of which was justice isn't served until crime victims are.'

The Grand Forks Herald (4/28, 32K) reports, "Fifty-four people are in custody in North Dakota as part of a nationwide roundup of fugitives, U.S. Attorney Drew Wrigley said Thursday. … U.S. Marshal Dave Carpenter said seven of the arrests in North Dakota were people wanted for sex crimes." The Herald notes, "North Dakota got about $8,000 for the roundup, up from about $5,000 last year, Carpenter said. The state's courts and jails will be busy in coming weeks, Carpenter said."

The KTRV-TV Boise (4/27, Patterson) reports, "In Idaho alone, 74 violent offenders are now in jail. … 'A sex offender is a very special kind' of criminal,' said U.S. Marshal Pat McDonald on Thursday. 'They stay below the radar. They move around a lot.' Of the 74 people arrested last week in Idaho during Operation Falcon, seven were wanted for violent sexual offenses, five for failing to register as a sex offender. … 'We got 14 different sex offenders, re-offenders, we got five unregistered sex offenders. One 2 miles from my house,' said Deputy Kevin Platts of the U.S. Marshals Service."

The Fort Wayne News-Sentinel (4/28) reports, "A nationwide roundup this month has put 210 central Indiana fugitives in custody," and "the dragnet captured at least 11 people who were wanted for violent sexual offenses such as rape, forcible sodomy and sexual assault, according to federal prosecutors. … '(This) serves as an excellent example of local, state, and federal law enforcement agencies working together in a united effort to bring fugitives to justice,' U.S. Attorney Susan Brooks said." The WISH-TV Indianapolis (4/27) reports former Hamilton County youth pastor Joshua Kramp "has been arrested, charged with sexual misconduct with a minor." He "was arrested on a golf course following a nationwide sweep of fugitives by the U.S. Marshals. … 'The arrest of Josh Kramp is a great example of why Operation Falcon works,' says Captain Kevin Jowett of the Hamilton County Sheriff's Department.

The Billings (MT) Gazette (4/28, Neary) reports, "Local police teamed up with the U.S. Marshals Service to arrest 21 fugitives in Wyoming," and "Timothy Moseley, chief deputy United States Marshal in Cheyenne, said Thursday his agency worked with 17 law enforcement officers from various agencies in Laramie, Natrona and Teton counties on the arrests. … 'The complete success of this operation lies solely at the feet of the state and local agencies that participated. Without their help and their manpower, we would not have been nearly as successful as we were,' Moseley said. 'We targeted sexual predators, and we managed to arrest two pretty heinous characters,' Moseley said."

The Bay News 9 Tampa (4/27) reports, "As part of Operation Falcon II, task force officers with the U.S. Marshal's Office arrested a suspect in a local rape. Darryl William Floyd, 37, is accused of sexually assaulting his then stepdaughter in April 2004. A doctor determined the then 13-year-old victim had been molested on two different occasions."

Senate Panel Approves Nomination Of Junker For Northern Iowa US Marshal. The AP (4/28) reports, "Butler County Sheriff Timothy Junker has been appointed to be the next US Marshal for the Northern District of Iowa. Junker, of Allison, is in his fifth term as sheriff. The nomination by President Bush must be confirmed by the full Senate. Senator Charles Grassley says it was approved unanimously by the Senate Judiciary Committee" yesterday.

Judge Rules NYC May Access ATF Information On Gun Makers. The AP (4/27, Caruso) reports, "For the fourth time, New York City's lawsuit against several gun manufacturers has survived an attempt by Congress to kill it

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off. A federal judge in Brooklyn ruled Thursday that the city may have access to gun tracing information gathered by the Bureau of Alcohol, Tobacco, Firearms and Explosives, even though a recently passed measure expressly forbids such data from being used in civil suits. … The decision is a victory for the city, which intends to rely heavily on weapons tracing information to prove its claim that gun manufacturers create a public nuisance by recklessly distributing firearms." The AP notes, "Lawrence Greenwald, an attorney for Beretta U.S.A., said the gun companies were likely to appeal."

The New York Times (4/28, Cardwell, 1.19M) reports in "Metro Briefing" that "in his decision, Judge Jack B. Weinstein…wrote that 'the proverbial cat is already out of A.T.F.'s bag' and that it made no sense 'to distort the terms of a federal budgetary measure in order to wrestle the cat back in.'"

Bloomberg's Handling Of Gun Violence Issue Noted. In his Washington Post column (4/28, A19), E.J. Dionne says, "Have you noticed that Washington politicians have given up on thinking about new solutions to gun violence? New York Mayor Michael Bloomberg has noticed, and he's angry. Good for him." Bloomberg is "a Republican, if hardly a partisan sort, and it may take a Republican to restart a debate that many Democrats have fled after a careful examination of the electoral map -- and years of exhaustion from demagoguery on the issue." With Boston's Democratic mayor, Thomas Menino, Bloomberg "brought 13 other big-city mayors together here on Tuesday to call for 'national leadership in the war on gun violence.'"

Federal Investigators Arrest Major Connecticut Gun Dealer. The AP (4/28) reports on of Connecticut's "largest gun dealers has been arrested on numerous federal firearms charges in a case that authorities say shows how guns wind up in the hands of criminals." Frank D'Andrea, "who ran the Gun Case in Shelton, was arrested last week and released after posting a $200,000 bond, authorities announced Thursday. … Federal investigators said that over a two-year period 100 guns seized at crime scenes had passed through D'Andrea's store. 'This investigation has revealed a disturbing lack of control and mismanagement by one of Connecticut's largest gun dealers, and blatant disregard for federal firearms possession and reporting laws,' said U.S. Attorney Kevin O'Connor. 'This case goes to the heart of how legal guns become illegal guns on the street. Gun store operators are the first line of defense for stopping gun crimes on our streets, and this case will be prosecuted to the fullest extent.'" The AP notes, "A routine inspection by the U.S. Bureau of Alcohol Tobacco Firearms and Explosives last year began to uncover the violations, authorities said. 'Stopping the illegal flow of firearms continues to be one of our top priorities and today is just another example of how we do that,' said ATF Special Agent in Charge Glenn N. Anderson."

The Connecticut Post (4/278, Mayko) reported, "The move came just months after U.S. Attorney Kevin J. O'Connor rented a billboard across the street from D'Andrea's former store in Stratford. The poster read 'Buy a gun for a criminal, go to federal prison.' … O'Connor said Wednesday that ATF investigators determined that, over a two-year period, 100 guns seized at crime scenes had passed through D'Andrea's store. 'Federally licensed gun dealers have a tremendous responsibility to sell weapons appropriately,' O'Connor said."

ATF, Hawaii Police Offer $5,000 Reward In School Arson. The AP (4/28) reports, "The Bureau of Alcohol, Tobacco, Firearms and Explosives…and Hawaii Police Department are offering a reward of up to $5,000 for information leading to the arrest and conviction of anyone involved in the arson of Waiakea High School. The fire occurred in the early morning hours on April 11, 2006, at the high school, located at 155 W. Kawili Street in Hilo. Police responded at approximately 1:15 a.m. No one was injured in the fire and the property damage is estimated at $1.5 million. 'We take this incident seriously and are committed to pursuing every investigative lead,' said ATF Special Agent in Charge Kelvin N. Crenshaw."

FDA Statement On Marijuana Continues To Be Scrutinized. In the New York Times (4/28, 1.19M), op-ed contributor Henry Miller writes that the FDA "staked out its position on the long-standing controversy over the medical use of marijuana — and made a lot of people smoking mad. … The regulators were denounced as elevating politics over science. But the F.D.A. did no such thing. To be sure, its one-page statement was far shorter and less detailed than the institute's book-length report, but its conclusions were essentially the same. The F.D.A. also recently gave the go-ahead for clinical trials of a new drug derived from marijuana — further demonstrating that its position is both sensible and proper."

The Jacksonville (NC) Daily News (4/28) writes, "Last week, the U.S. Food and Drug Administration, for reasons that are far from clear, chose to enter the debate over medical marijuana with a thoroughly unscientific — one might even say anti-scientific — blanket denial that marijuana has any medical value at all. … Scientific American magazine noted on its Web site the next day, the statement simply ignores 'the existence of a 1999 report by the Institute of Medicine of the National Academy of Sciences, which concluded that marijuana was moderately well-suited for particular conditions.'"

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US Anti-Drug Policy Seen As Empowering Organized-Crime Rings. In the Wall Street Journal (4/28, 2.11M), columnist Mary Anastasia O'Grady writes, "A serious discussion about U.S. security interests has to begin by acknowledging the great cost of prohibition and the war on drugs to U.S. foreign policy objectives. A U.S. policy that unintentionally empowers brutal organized-crime rings is counterproductive to U.S. hopes for a stable and prosperous Latin America. The problem is particularly acute for America's southern neighbor. Drug violence is spiraling throughout Mexico and innocents are paying the ultimate price."

IMMIGRATION:

May Day Boycott Plans Divide Pro-Immigration Activists. USA Today (4/28, Kasindorf, Keen, 2.31M) reports, "Masses of illegal immigrants and their supporters around the USA plan to boycott workplaces, stores and schools on Monday, but the move is dividing some pro-immigration activists and business owners." Organizers "of the May Day walkout call it el gran paro — 'the big stop' — and 'a day without immigrants.'"

The Los Angeles Times (4/28, Becerra, Blankstein, 958K) reports, "Two immigrant rights demonstrations Monday in Los Angeles could each draw a half-million marchers or more, police said Thursday, as officials expressed concern about a major disruption of traffic, commerce and school." Los Angeles Mayor Antonio Villaraigosa, Cardinal Roger Mahony and "others have encouraged protesters to attend the late-afternoon march from MacArthur Park down Wilshire Boulevard to La Brea Avenue, prompting authorities to say that crowd might be the larger of the two." Officials "in Santa Ana, Huntington Park, Oxnard, Riverside, Pomona and San Diego said they expect smaller but boisterous protests." Police in Chicago, "meanwhile, estimated that as many as 500,000 could take to the streets in that city, while Seattle officials and protest organizers said they expect anywhere from 10,000 to 50,000 marchers."

Rumors Of ICE Raids Generate Fear Among Illegal Immigrants. The Wall Street Journal (4/28, Jordan, Trevisani, 2.11M) reports, "Thousands of illegal immigrants across the U.S. stayed away from work and school, skipped medical appointments and scrapped purchases this week as rumors spread that authorities are rounding up undocumented residents." The "rising panic is fallout from last week's move by Homeland Security Secretary Michael Chertoff to crack down on employers who purposely hire undocumented immigrants. Immigration and Customs Enforcement investigations over the past year resulted in the arrest on April 19 of 1,187 employees and seven current and former managers of IFCO Systems North America." The "origin of the rumors is unclear." The situation "could hamper Monday's planned 'National Day of Action,' another round of immigration rallies that has been expected to draw millions to the streets of major U.S. cities."

Two-Thirds Of Hispanics Blame Bush Or GOP For Inaction On Immigration Reform. The Wall Street Journal (4/28, Harwood, 2.11M) reports in its "Washington Wire" column that a new Wall Street Journal/NBC News poll "shows a 46% plurality of Hispanics place immigration atop 'must do' list. The poll, conducted in English, included an expanded sample of Hispanic respondents. Eight in 10 embrace Senate guest-worker compromise differentiating among illegal immigrants based on residence. Though Republicans blame Democrats for earlier collapse of that deal, two-thirds of Hispanics would hold Bush or his party responsible for inaction. The poll's margin of error is plus or minus 3.1 percentage points." The Journal adds, "White voters favor Republican control of Congress by 45%-39%; Hispanics prefer Democrats, 55%-22%."

Mexican Demographic Changes May Limit Number Of Workers Migrating To US. The Wall Street Journal (4/28, Kronholz, Lyons, Mexico, 2.11M) reports that "thanks to a decades-long family-planning campaign, most Mexicans are having far fewer children than was typical a generation ago." In 1968, "the average Mexican woman had nearly seven children. Today, the figure is just above two, comparable to the U.S." This "sweeping demographic shift has fostered hope that someday Mexico will produce a healthy middle class." The "new, smaller Mexican family may help change that by allowing parents to invest more in their children's education, finally producing the generation that lifts Mexico into the developed world." A slowdown of immigrants seeking work in the north "would be especially likely if a growing middle class makes more Mexicans comfortable at home and averse to risking a dash across the border."

Spanish-Language Version Of Star-Spangled Banner Generates Outrage. ABC World News Tonight (4/27, story 7, 3:30, Vargas, 8.78M) reported, "With Congress debating a crackdown on undocumented immigrants, Latino singers decided to record a Spanish-language version of the national anthem. They wanted to make a point about America being an inclusive nation that many immigrants and cultures are absorbed in. But there are those who say sing it in English or don't sing it at all." ABC (Avila) added, "The idea came from music executive Adam Kidron, who sympathized with immigrant demonstrations, but was bothered by the number of Mexican flags in the crowd. He hopes the new Spanish language national anthem will demonstrate Latino patriotism and encourage more American flags." But this "Spanish language rendition has sparked incredible outrage."

The Washington Post (4/28, A1, Montgomery, 744K) reports in a front page story that "outrage over what's being

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called 'The Illegal Alien Anthem' is already building in the blogosphere and among conservative commentators. Timed to debut the week Congress returned to debate immigration reform, with the country riven by the issue, 'Nuestro Himno' is intended to be an anthem of solidarity for the movement that has drawn hundreds of thousands of people to march peacefully for immigrant rights in Washington and cities across the country, says Adam Kidron, president of Urban Box Office, the New York-based entertainment company that launched the project."

CONGRESS-ADMINISTRATION:

Senate Homeland Security Panel Calls For Abolition Of FEMA. The Senate Homeland Security and Governmental Affairs Committee issued a report Thursday that, among other things, called for the abolition of the Federal Emergency Management Agency and the creation of a successor agency to be called the National Preparedness and Response Authority. The White House "flatly rejected any proposal to abolish FEMA," NBC reported in its lead story, and Homeland Security Secretary Michael Chertoff also rebuffed the idea. ABC and CBS also gave prominent coverage to the report's release. ABC World News Tonight (4/27, story 4, 2:20, Kerley, 8.78M) said the report said the "massive FEMA failures, the bungling bureaucracy during Hurricane Katrina, can't be fixed," so FEMA "should be dismantled." But critics say their plan "only amounts to reshuffling and renaming the agency." In New Orleans, the President "said the country is already better prepared," and Homeland Security Secretary Michael Chertoff was "blunt." Chertoff: "I don't have a lot time to fuss about the naming issue." NBC Nightly News (4/27, lead story, 3:25, Reid, 9.87M) said that "in 86 recommendations, the report describes the proposed agency as far more powerful than FEMA, with a much larger budget, a director who would report directly to the President during a crisis, so powerful the report compares the position to the Chairman of the Joint Chiefs." But White House Homeland Security Advisor Frances Townsend "flatly rejected any proposal to abolish FEMA."

CNN's The Situation Room (4/27, Blitzer) reported that the proposed National Preparedness and Response Authority "would still be part of the Department of Homeland Security, but a distinct agency like the Coast Guard or the Secret Service. Senators say the director of the new agency should have a direct line of communication with the president, and have significant experience in crisis management unlike the former FEMA chief, Michael Brown."

The AP (4/27, Jordan) writes that the report "ripped the Bush administration anew," but "with a new hurricane season just weeks away, senators conceded that few if any of their proposals could become reality in time. The bipartisan investigation into one of the worst natural disasters in the nation's history singled out President Bush and the White House as appearing indifferent to the devastation until two days after the storm hit." The Senate report "is the third major federal report on the government failures exposed by the Aug. 29 storm."

Knight Ridder (4/28, Hutcheson) calls the report "a scorching account of government failure." In addition to Bush, the Senate document singles out Louisiana Gov. Kathleen Blanco, New Orleans Mayor Ray Nagin, "and a host of other officials for failing to anticipate the devastation or provide adequate help to victims." Knight Ridder points out that Lieberman, "a centrist whose bid for re-election next fall is being challenged by a liberal rival in the Democratic primary," was especially critical of Bush "in a solo chapter at the end of the full report." Lieberman "also accused the Bush administration of stonewalling the panel's investigation."

The Washington Times (4/28, Curl, 90K) reports Democrats "seized on the Senate panel's report, hoping to position themselves in the November congressional elections." Louisiana Democratic Sen. Mary Landrieu said, "The handling of Hurricane Katrina by the Department of Homeland Security and FEMA was an organizational nightmare of immense proportions and that tragic administrative bumbling caused untold hardship for the people of Louisiana."

The Washington Post (4/28, A6, Hsu, 744K) says the report "sparked a sharp congressional debate over whether to abolish and rebuild FEMA." Collins said FEMA "'has become a symbol of a bumbling bureaucracy' that must be dismantled, and merely 'tweaking the organizational chart' will not solve failures exposed by the hurricane." But Townsend said, "As we're headed into this hurricane season, now is not the time to really look at moving organizational boxes." And Chertoff, "speaking at George Mason University, endorsed several Senate findings, but opposed making FEMA an independent agency and said renaming it would be like 'slapping a fresh coat of paint on.'" Chertoff said, "I'm held accountable. I want to make sure as a consequence that I have full command and control over my department."

CQ Today (4/27, Starks) also writes that while the panelists' view that FEMA "performed miserably during Hurricane Katrina is widely shared in Congress," lawmakers in both parties "are sharply divided on whether FEMA or any successor agency should be independent or part of the Department of Homeland Security."

Under the headline "Divisions Arise On Whether FEMA Requires A Tear-Down," the Los Angeles Times (4/28, Neuman, 958K) reports, "Congress and the White House are headed toward a collision over one of the big questions left unresolved" following Katrina: whether to "beef up" FEMA within DHS, "or to create a politically independent agency to

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handle national emergencies. … And as President Bush made his 11th visit to the Gulf Coast since the storm hit Aug. 29, the White House urged a strengthening -- but no reshuffling -- of current operations."

The Financial Times (4/28, Alden) quotes Collins saying, "FEMA is discredited, demoralised and dysfunctional. It is beyond repair." And while the report was generous in its distribution of blame, "the committee laid particular blame on Michael Brown." Collins "accused Mr Brown of 'blatant insubordination' during the crisis, and the committee's report said he was 'unqualified and counterproductive.'"

Army Corps Of Engineers Racing To Rebuild New Orleans Levee System. NBC Nightly News (4/27, story 7, 4:00, Williams, 9.87M) reported, "All eyes are on the levee system as they rebuild, and the Army Corps of Engineers tries to rebuild faith in the levees as well." NBC (Savidge) added, "It's a race New Orleans can't afford to lose: Repair its hurricane protection system before the next hurricane season starts. The job, 73% finished, 36 days to go, and the man in charge says it'll be done June 1." Brigadier General Robert Crear, US Army Corps of Engineers: "Some people would consider that almost impossible, but we've been working 24-hour shifts, seven days a week for the last eight months."

Ex-FEMA Chief Witt Calls For Independent FEMA. In a letter to the editor of USA Today (4/28, 2.31M), Clinton Administration FEMA Director James Lee Witt writes, "Even with the release of the Senate's report on Hurricane Katrina, the American public is not being well served by its government with the recommendations. It is time for Congress and the administration to do what is right and pull FEMA out of the Department of Homeland Security -- as Sen. Trent Lott, R-Miss., and other lawmakers suggest. FEMA and DHS should each stand alone. One agency can't effectively serve two disparate functions. … Let's give FEMA Director David Paulison an independent agency, a system and the support he needs to be a success. And let's give our citizens the confidence that they're being well served."

Krugman Says New Agency Would Not End Cronyism. In his New York Times (4/28, 1.19M) column, Paul Krugman writes, "The U.S. government is being stalked by an invisible bandit, the Crony Fairy, who visits key agencies by dead of night, snatches away qualified people and replaces them with unqualified political appointees. There's no way to catch or stop the Crony Fairy, so our only hope is to change the agencies' names. That way she might get confused, and leave our government able to function. … I guess it's impossible to select qualified people to run FEMA; if you try, the Crony Fairy will spirit them away and replace them with Michael Brown. But she might not know her way to" the National Preparedness and Response Agency.

Bush To Approve Dubai-Owned Firm's Takeover Of US Military Manufacturing Plants. The New York Times (4/28, Rutenberg, Sanger, 1.19M) reports, "President Bush is expected on Friday to announce his approval of a deal under which a Dubai-owned company would take control of nine plants in the United States that manufacture parts for American military vehicles and aircraft, say two administration officials familiar with the terms of the deal." The officials, "who were granted anonymity so they could speak freely about something the president had not yet announced," said that "the final details had not yet been set and that Mr. Bush might put conditions on the transaction to keep military technology in the United States." But "his action is almost certain to attract scrutiny in Congress."

Bush Asks Congress For Authority To Raise CAFE Standards. The CBS Evening News (4/27, story 3, 0:10, Schieffer, 7.66M) reported the President yesterday asked Congress "to give him the authority to raise fuel economy standards on all cars. He made the announcement while visiting a Mississippi gas station." While Bush's proposal was noted by all three networks and receives mentions in most print stories on the gas price issue, it was largely overshadowed by a Senate GOP announcement of steps to help Americans deal with the rising fuel costs.

ABC World News Tonight (4/27, story 2, 1:25, Stephanopoulos, 8.78M) reported, "This is a pretty significant shift by the President. The Administration opposed this kind of move as recently as when the energy bill was passed last August. It's something that Democrats and some moderate Republicans have been calling for a long time. They want to raise the current standard, from the current 27.5 miles per gallon up to about 36 or 40 miles per gallon. The President is now saying he wants the authority to do this on his own. The question would be, how high does he want to raise them? Will he go up to 36 or 40? Or will he do something less? But this is a significant shift." NBC Nightly News (4/27, story 3, 0:15, Williams, 9.87M) noted Bush made his remarks during "an unscheduled stop at a gas station in Biloxi," MS. Bush "pointed out that high gas prices are the equivalent of a tax increase on working people in this country."

Meanwhile, says the Washington Times (4/28, Bellantoni, 90K), in a letter to Senate Majority Leader Bill Frist, Transportation Secretary Norman Y. Mineta "formally asked for legislation that would allow the Corporate Average Fuel Economy standard for cars, now set at 27.5 miles per gallon for each manufacturer, to be raised through an administrative process."

Senate Republicans Offer Plan To Ease Fuel Prices, Including $100 Gasoline Tax Rebate. The AP (4/28, Hebert) reports Senate Republicans yesterday "proposed a $100 rebate check for millions of taxpayers Thursday to

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counter high gasoline costs, but linked the assistance to drilling in an Alaska wildlife refuge, assuring the measure would face stiff opposition from most Democrats." Fox News' Special Report (4/27, Baier) reported on the proposed rebate, and says that "where the money would come from is a bit unclear at the moment. It's part of a 10 point plan being proposed by senate republicans. Also include tax breaks for those purchasing hybrid cars." CNN's The Situation Room (4/27, Bash) said that "it is probably unlikely -- given the partisanship -- that they will actually pass any of these proposals this election year. It's very unlikely, most people say."

The issue of gas prices continued to receive widespread media attention last night and this morning. Last night it led two out of three network newscasts. ABC World News Tonight (4/27, lead story, 2:55, B. Stark, 8.78M) added, "In Washington today, it was hard to find a politician who wasn't talking about gas prices." Senate Majority Leader Bill Frist: "Our plan would give taxpayers a $100 gas tax holiday rebate check." The proposals "ranged from a gas-tax-holiday and hundred-dollar rebate checks for drivers to a bill that would reward commuters who switch to bikes." NBC Nightly News (4/27, story 4, 0:15, Williams, 9.87M) also outlined the GOP plan, "Among the proposals they have outlined, a $100 per taxpayer rebate linked to opening Alaska's Arctic National Wildlife Refuge for drilling, looser permitting rules for new refineries, and a rollback of recent tax breaks for the oil industry."

Meanwhile, the CBS Evening News (4/27, lead story, 2:30, Pitts, 7.66M) reported, "Fed Chairman Ben Bernanke came to Congress today with the same concerns as most Americans -- gas prices." Bernanke: "…rising energy prices pose a risk to both economic activity and inflation." Pitts: "The big three automakers are feeling the pain too. They're set to meet with President Bush for the first time sometime in May to discuss their woes. Gas prices help put the brakes on SUV sales." Bernanke "also made clear today the US economy is doing just fine at the moment, but we're just beginning to feel the effects of these rising oil prices. And, for that, there is no quick fix."

Appearing on MSNBC's Hardball (4/27), Frist said of rising gas prices, "As most people understand, there is no silver bullet, but it is a matter of supply and demand and we're 60 percent dependent on foreign oil. … What we need to do is focus on supply and demand issues. On the supply side, we can slow down filling or pause the filling of the strategic petroleum reserve. We have to go back and address our refinery capacity. Right now, our refineries are down below Katrina level. On the demand side, we need to give the authority to the administration to be able to control and to regulate those fuel economy standards, and we need in the midterm to long-term focus on ethanol production, production from soy, biomass, alternative fuels, wind, solar. A lot we can do, and that's why the Republicans today put out an eight point plan to look at supply, demand, make sure there's no price gouging as well."

The Financial Times (4/28, Yeager, Alden) reports Frist "acknowledged that the measures would have a limited impact," but "with the Republicans trailing badly in the polls, Congress and the White House are under pressure to respond." The Wall Street Journal (4/28, Fialka, Gold, Meckler, 2.11M) says "the industry-bashing in recent days from normally pro-business, antiregulation Republicans in response to surging pump prices has been striking." But "the Senate bill also includes some carrots for energy producers, including new tax incentives for increasing oil-refining capacity. And the plan would open up a supposedly oil-rich area along the coast of Alaska's Arctic National Wildlife Refuge for oil exploration."

The Los Angeles Times (4/28, Reynolds, 958K) says Democrats "derided the GOP plan, and its political chances appeared weak." The Democrats "noted that although the package incorporated some ideas they already had introduced, it contained a provision that almost assuredly would torpedo its passage: opening the Arctic National Wildlife Refuge to oil and gas drilling." The New York Times (4/28, Hulse, 1.19M) says Democrats "pressed their own ideas, including a proposal by Senator Robert Menendez, Democrat of New Jersey, for a 60-day suspension on the 18.4-cent-per-gallon federal tax on gasoline and 24-cent diesel tax. 'It is direct relief at the pump,' Mr. Menendez said." Meanwhile Senator Ron Wyden, Democrat of Oregon, "tied up the Senate for almost five hours on Thursday in an effort to force a vote on his proposal to prohibit oil companies from escaping federal royalties for drilling on public lands when oil prices exceeded $55 per barrel."

As Senate Republicans Thursday revealed plans aimed at helping Americans deal with rising gas prices, Fox News' Big Story with John Gibson (4/27) questioned whether Americans are "willing enough to look at other alternative sources" like ethanol. Minnesota Governor Tim Pawlenty told Fox News that President Bush's request for the EPA to drop gas requirements will "hurt Minnesota and hurt the energy policy in the United States." Our country, he said, "has been asleep at the switch on energy policy since Jimmy Carter…30 years ago." Instead, the governor said "states have been leading the way with innovation and taking risks." And with today's "skyrocketing world demand" for oil, Gov. Pawlenty said the US has "to find more supply in other ways, things like renewable fuels from ethanol, so we can get more supply to accommodate demand to take off price pressures."

Gasoline Prices Seen As Further Depressing GOP Support In WSJournal Poll. The Wall Street Journal (4/28, Harwood, 2.11M) reports, "Rising gas prices have intensified discontent with Washington and handed Congress a frightening midterm election backdrop: a deeply pessimistic

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electorate, despite a robust economy." A new Wall Street Journal/NBC News poll "underscores a striking gap between Americans' mood and the nation's economic performance. … The upshot: Two-thirds of Americans say the nation is 'off on the wrong track,' President Bush's approval rating has fallen to 36% and Congress fares even worse at 22% approval." That" is a worrisome sign for Republicans, who are seeking to defend their House and Senate majorities with little more than six months remaining before Election Day. Continuing a trend that has persisted for a year, Democrats lead -- beyond the poll's 3.1 percentage point margin of error -- in public preference for which party should control Congress. The survey of 1,005 adults was conducted April 21-24." Democrats also "enjoy an edge in intensity; by 11 percentage points." Approval of the job Congress is doing "has plummeted to 22%, from 33% just last month. That's worse than the marks a Democratic-controlled Congress received at a similar point in 1994, the year Newt Gingrich led Republicans back to power on Capitol Hill."

ExxonMobil Reports $8.4 Billion Profit. NBC Nightly News (4/27, story 5, 1:40, Williams, 9.87M) reported, "ExxonMobil just today reported $8.4 billion for the first quarter, the fifth-highest quarterly earnings number on record. Those numbers are infuriating a lot of Americans." NBC (Myers) added, "For outraged consumers, the staggering profit numbers boil down to this -- Exxon earned 9.5 cents on every dollar of gasoline and oil sold, cashing in at every stage of the process." The Washington Post (4/28, A1, Mufson, Murray, 744K) and USA Today (4/28, Healey, Krantz, 2.31M) run similar reports.

Prices Of Oil, Gasoline Down In New York Trading. The Washington Times (4/28, Hill, 90K) reports, "Oil and gasoline prices took another tumble in New York trading yesterday on signs of increasing supplies and slackening demand in the United States and China, adding to an 18-cent drop in wholesale gas prices that likely will produce relief at the pump in the days ahead." Since peaking above $75 last week, "the price of premium crude oil has fallen to just under $71 yesterday on the New York Mercantile Exchange, while gas for delivery in May has plummeted to $2.07 a gallon after touching a high of $2.25." the Times adds, "Pump prices have flattened out at $2.92 nationwide for regular unleaded, 50 percent higher than they were in February but not yet reflecting the declines in the futures and wholesale markets."

High Oil Prices Affecting Airport Costs. The CBS Evening News (4/27, story 2, 2:05, Orr, 7.66M) reported, "If you fly, you're also paying more due to record oil prices. And ticket prices are being jacked up more often then you realize." Darryl Jenkins, "who tracks the airline industry, say flyers have been hit with 22 separate price hikes in just over a year, raising fares on average by at least 10% and much more on some routes. For example, a flight from Chicago to LA, which cost about $200 last July, now costs $260." Jenkins: "Jet fuel and its impact on the airline business is now greater than the impact that 9/11 had on the airline business."

Religious Leaders Call For Prayer To Lower Gasoline Prices. ABC World News Tonight (4/27, story 3, :15, Vargas, 8.78M) reported, "Not far from Capitol Hill today, a group of religious leaders felt the best way to lower gas prices was to pray. They held a vigil outside a gas station and urged all Americans to ask God to help lawmakers set good energy policy and to ensure honesty among oil companies."

House GOP Uses Hydrogen-Powered Car In Event To Highlight Gasoline Prices. The Washington Post (4/29, A17, Kamen, 744K) reports in its "In the Loop" column, "The Republican House leadership, hopping aboard the new anti-oil-addiction campaign, staged a fine media event yesterday at a BP gas station at Ninth Street and Pennsylvania Avenue SE that featured a hydrogen-powered car. House Speaker J. Dennis Hastert (Ill.), along with other top House Republicans, was photographed in and around the snappy blue General Motors HydroGen 3 van. The event followed one by Senate Democrats on Wednesday, who rode in their gas guzzlers to an Exxon station a block from their offices to blame Republicans for high fuel prices."

More Commentary. In an editorial, the Los Angeles Times (4/28, 958K) says in his speech on Tuesday to the Renewable Fuels Association, President Bush proposed "dubious policies that…might save a few cents per gallon in the short term, while doing little to address the underlying problem of U.S. oil dependence," thereby ushering "in a silly season for wrongheaded, economically ignorant proposals by headline-chasing politicians." In fact, the "prospects for successful detox [now] seem all the more distant as public officials scramble to follow the president's lead in dreaming up their own 'solutions' to the oil market," but all these "gas-price proposals should be ignored and scorned." Instead, sensible policy "would focus on curbing consumption."

The Wall Street Journal (4/28, 2.11M) editorializes, "Let's hope the folks who make those cable-TV videos of loopy college kids vamping on spring break are headed for Capitol Hill. The Members aren't yet taking their shirts off in response to higher gasoline taxes, but give them time. They're certainly pulling enough other stunts to laugh at." The "Senate Republican proposal for a $100 rebate, unveiled yesterday," is "destined for the pandering hall of fame."

Under the headline "Pander At The Pump," the New York Times (4/28, 1.19M) editorializes, "The battle to see which political party can out-pander the other on the subject of gasoline prices is embarrassing. If American consumers are having sticker shock at the pumps, it's because of a series of policy failures that stretch back decades. The last thing the country needs now is another irresponsible quick fix." Congress's "frantic gestures this week are, at bottom, an attempt to divert attention from its past failures to act, and its

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resulting inability to shield Americans from the burden of high prices at the pump." But "the pain of high gas prices will only get worse unless Congress changes its priorities, now."

Thomas Friedman writes in the New York Times (4/28, 1.19M), "The beginning of leadership for the president is to tell the American people the truth: This is not your parents' energy crisis. The price of oil is not soaring just because of greedy oil companies. It is soaring because of structural changes in the global energy market that could have vast consequences for America and the world if we do not respond in a comprehensive manner. Toward that end, we need a tax on gasoline at the pump that will keep prices around $4 a gallon."

Charles Krauthammer writes in the Washington Post (4/28, A19, 744K), "If you thought the Dubai port deal marked a record high in Washington cynicism, think again. Nothing can match the spectacle of politicians scrambling for cover during a spike in gasoline prices." And "this time the panderfest has gone all the way to the Oval Office."

Michael Kinsley, in a column titled "Tax The Windfall," writes in the Washington Post (4/28, A19, 744K), "Because of the war, the government is adding hundreds of billions to the burden of debt that all taxpayers, including other businesses, will have to pay off. Because of the war, American soldiers by the hundreds, and Iraqis by the thousands, are paying the ultimate tax of death by government policy. And because of the war, American oil companies are raking in extra billions in profits."

Eugene Robinson writes in the Washington Post (4/28, A19, 744K), "That was no impostor, that was the actual George W. Bush the other day, wagging his finger at the good people who run the oil bidness and pledging to hold them accountable, or at least pretend to. Pushing alternative fuels? Investigating windfall profits? Is the president unwell? No, he's fine. H is fixes for high gasoline prices also include loosening some of those bothersome clean air regulations and, as usual, a call for drilling in the Arctic National Wildlife Refuge. He's just scared, and I don't blame him. With gas prices soaring over $3 a gallon, it's time for some serious panic."

Bush Visits Gulf Coast For 11th Time Since Katrina. NBC Nightly News (4/27, lead story, 3:25, Williams, 9.87M), on location in New Orleans, reported, "President Bush visited this city today and made a second stop next door in Biloxi, Mississippi, thanking volunteers at each location. But again today, another story came along and collided with the planned choreography of the day." NBC (Reid) added Chairman Susan Collins and ranking Democrat Joseph Lieberman "concluded that, eight months later, FEMA is still not ready for a hurricane the size of Katrina. The report says it took Hurricane Katrina to reveal that FEMA is so dysfunctional, it should be scrapped."

The CBS Evening News (4/27, story 4, 2:25, Axelrod, 7.66M) reported, "While the President slipped into a carpenter's apron in Louisiana today to pitch in with rebuilding the Gulf Coast, back in Washington an entirely different sort of post-Katrina hammering was underway, with senators calling for FEMA to be abolished." But "34 days from hurricane season, the President promised an efficient response should disaster strike again." Bush: "One of the things that we're working on is to make sure that we've learned the lessons from Katrina."

The New York Times (4/28, Rutenberg, 1.19M) emphasizes the presidential visit to ailing New Orleans in its coverage, writing that Bush promised "to make federal rebuilding efforts 'as efficient as possible' while signaling that his administration was listening to its critics." The trip "was planned to highlight the progress of rebuilding efforts on the Gulf Coast and, this being National Volunteer Week, the role volunteers have played in them." Bush visited the home of Ethel Williams, which is being repaired through charitable efforts, and "the White House seemed to get the sort of image it was seeking, that of the president with his arm around Ms. Williams." With Blanco and Nagin, "both Democrats, standing nearby, she told him, 'I'm proud that you're here, Mr. President, and I won't ever forget you.'"

Under the headline "In New Orleans, Bush Urges Volunteerism," the Washington Post (4/28, A6, VandeHei, 744K) reports Bush "wrapped his arm around a symbol of the devastation and hope of this ravaged city: Ethel Williams, one of the thousands of people who lost almost everything to Hurricane Katrina." At her house, Bush said, "If you are interested in helping the victims of Katrina, interested in helping them get back on their feet, come on down here." The New Orleans Times-Picayune (4/28, Varney, 257K) reports on Bush "talking with residents, pounding nails at a reconstruction site in the 9th Ward, and once again calling on Congress to approve his request of additional money for housing and levee reconstruction in the state." Bush "noted there was no shortage of work to be done, and, with Catholic Charities banners undulating on Williams' porch, he pointed to the work done in the 9th Ward by volunteers from all over the United States."

CNN's The Situation Room (4/27, Henry) reported Bush made his "11th trip to the Gulf region since Hurricane Katrina, and he really found the Ninth Ward in New Orleans to be pretty much devastated, homes still demolished, trash piled high, streets still pretty lifeless. And the President put on a carpenter's apron at one point to try to help some volunteers rebuild a home." The Wall Street Journal (4/28, Cooper, 2.11M) also notes that it was Bush's "11th trip to the area." The President "found that after a start that by nearly every measure was scattershot and halting, federal and state

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efforts, fortified by some $85 billion from Congress, are beginning to show progress. Cleanup and reconstruction in the region are moving ahead, especially with the basics: removing debris, providing temporary housing and rebuilding the area's demolished infrastructure." The AP (4/28, Loven) also covers the Bush visit.

Lobbying Reform Bill Survives House Vote By 216-207 Margin. The AP (4/28, Abrams) reports, "A Republican-backed lobbying overhaul bill narrowly survived Thursday, averting what would have been a stunning blow to the party's drive to repair the scandal-tarnished reputation of Congress before the fall elections." The 216-207 House vote "to advance debate on the bill came after GOP leaders spent hours urging their own members not to abandon them on the legislation. The turning point came when they persuaded Republican members of the Appropriations Committee to go along with measures in the bill to limit earmarks, or special interest projects." The AP adds, "In the end 12 Republicans, mostly lawmakers who thought the bill was too weak, voted against it. Democrats were unanimous in opposition."

The Wall Street Journal (4/28, Rogers, 2.11M) reports "dozens more" Republicans "had threatened to jump ship until Speaker Dennis Hastert (R., Ill.) interceded to quell a rebellion by members of the House Appropriations Committee. … By holding the party together, Mr. Hastert avoided what would have been a huge defeat, killing both lobbying overhaul and any chance of a budget resolution this spring." But "when debate resumes next week, critics say the shortcomings of the Republican package will also become more apparent -- as well as the restrictive terms of debate."

The Washington Post (4/28, A4, Weisman, Birnbaum, 744K) reports Hastert "promised appropriators that they would not alone be targeted by a provision that requires narrowly tailored 'earmarks' be identified by the names of their sponsors and be subject to a special type of vote that could remove them." The leadership also "pledged to broaden the earmark provision in later negotiations with the Senate so that it will apply to all sorts of legislation, from transportation to taxation." The Post adds, "Appropriators were incensed that the pending ethics bill would apply the strict new rules only to their 11 annual spending bills, which fund the federal government. Had the provision been in place last year, they complained, it would not have blocked the so-called Bridge to Nowhere in Alaska, which helped spawn Congress's anti-earmarks drive in the first place." The Washington Times (4/28, Hurt, Bellantoni, 90K) also says that "for much of yesterday…the legislation appeared to be doomed. Shortly after the vote, one Democrat hurriedly issued a press release with a subject line: 'GOP Lobby Bill Dies in the US House.'"

Knight Ridder (4/28, Kuhnhenn) says Republicans "narrowly defused a revolt within their ranks that would have killed lobby and ethics legislation, but then delayed a final vote on the package until next week." The legislation "still faces broad, if not unanimous, opposition from Democrats and a handful of Republican moderates."

USA Today (4/28, Drinkard, 2.31M) headline its report "Lobbying Bill Quite Different From 1st Draft," and says that under the House bill, "lobbyists would still be able to buy gifts for lawmakers, as long as they are worth $50 or less. Instead of banning privately financed trips, they would be suspended until the ethics committee could come up with new rules to govern them." House Minority Leader Nancy Pelosi, D-Calif., called the measure "a ruse." She added, "It is an embarrassingly trivial response to the culture of corruption that has thrived under the Republican Congress." The Los Angeles Times (4/28, Simon, 958K) runs a similar report.

Henninger Says Supreme Court Would Be Diminished By Televising Oral Arguments. In his Wall Street Journal column (4/28), Daniel Henninger says that after attending oral arguments for two cases at the Supreme Court, the "issues that rage around the Court over constitutional interpretation are worth fighting over. But in an op-ed piece this week, Judiciary Chairman Specter raged that the public deserved to have the Court's 'power' televised. He is wrong. TV of its nature would surely diminish the Court. Anyone who wishes may listen to past oral arguments at www.oyez.org/oyez/frontpage1. That includes, quite eerie to hear, Roe v. Wade."

NYTimes Columnist Says Scalia Needs To Be "Reined In." In a New York Times column (4/26), Adam Cohen says Justice Antonin Scalia "has gone too far — and he keeps on doing it. He made national headlines recently for making a gesture that may or may not be obscene. If it wasn't obscene, it was certainly coarse and undignified." Scalia's "public statements often make him sound more like a political partisan than a judge," and "worst of all, Justice Scalia refuses to abide by the basic principles of recusal." Scalia is "certainly hurting his own reputation," but his "actions are damaging the reputation and moral authority of the Supreme Court." Whatever "the reason, Justice Scalia needs to be reined in. If he will not police himself, his colleagues and Congress should do it, to protect the dignity of the court, and to ensure that the parties before him get a fair hearing."

Personnel News. CQ (4/27, Blinkhorn) reports, "**Stacey Leavandosky** has joined the office of Rep. Zoe Lofgren, D-Calif., as chief of staff." Leavandosky "replaces **David Thomas**, now a principal at Mehlman Vogel Castagnetti." **Joseph H. Lanier** "has joined Pillsbury Winthrop Shaw Pittman as senior counsel. Lanier was legal counsel to Senate Majority Whip Mitch McConnell, R-Ky." **Bill Holbrook**

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"has joined the Electric Power Supply Association as vice president of public affairs. Holbrook was communications director at the Senate Environment and Public Works Committee. **Matt Dempsey** has been promoted to press secretary from deputy press secretary at the committee."

OTHER NEWS:

Judge Dismisses Most Of Red Cross Whistleblower Lawsuit. The AP (4/28, de la Cruz) reports, "A whistleblower who claims the American Red Cross failed to immediately alert regulators when more than 600 pints of contaminated blood were released in New Jersey saw the bulk of her lawsuit dismissed Thursday in federal court. Michelle Hoyte also claims the agency fired her for complaining to her managers about the tainted blood. That part of her lawsuit is still intact, but the Red Cross has filed a motion to have that final portion dismissed as well. After the brief hearing, in which a judge dismissed the False Claims Act portion of her lawsuit, Hoyte said she remained worried that the Justice Department and the Food and Drug Administration are not doing enough to make sure the Red Cross's blood supply is carefully monitored.

Sago Mine Survivor Details Efforts To Survive After Explosion. The networks last night all reported on the letter written by Randal McCloy in which the Sago Mine disaster survivor discusses the efforts that he and his fellow miners made to escape after the explosion that trapped them. ABC World News Tonight (4/27, story 8, 2:25, Vargas, 8.78M) reported McCloy "sent letters to the families of each other the victims, describing how their loved ones helped each other, and fought to live." ABC (Wiener) added, "Since he came home from the hospital, Randal McCloy has been hailed as a hero by his West Virginia neighbors. His new 2-page letter seeks to portray his 12 fallen colleagues as heroes, too." The CBS Evening News (4/27, story 5, 2:25, Schieffer, 7.66M) reported, "The disaster's sole survivor wrote to families of the dead men and revealed that at least four of the emergency oxygen packs they carried did not work." NBC Nightly News (4/27, story 9, 2:00, Williams, 9.87M) reported, "McCloy's letter is filled with details about the desperate struggle of the 13 miners to survive."

Iran Says It Will Defy Any UN Resolution On Its Nuclear Program. The New York Times (4/28, Broad, Sciolino, 1.19M) reports, "Iran vowed yesterday to defy any United Nations Security Council resolution on its nuclear activities on the eve of a major report by atomic inspectors on the status of its nuclear program." Javad Zarif, the Iranian ambassador to the United Nations, told reporters in New York that "Iran would consider illegitimate any Council resolution calling on Iran to stop uranium enrichment that invoked the so-called Chapter 7 clause, which could open the door to penalties and possibly to military action." Meanwhile, the Washington Times (4/28, Pisik, 90K) quotes Iranian President Mahmoud Ahmadinejad telling a crown in Iraq, "We want nuclear technology for peace and progress of nations, and if some believe that they can prevent us with psychological warfare and resolutions, they are mistaken. … We have obtained the technology for producing nuclear fuel. ... No one can take it away from our nation."

CNN's The Situation Room (4/27, Verjee) reported, "In Bulgaria today, Secretary of State Condoleezza Rice said the world cannot sit by if Iran thumbs its nose at the international community. Rice says Iran is highly unlikely to give in to international pressure to suspend its nuclear program." The New York Times (4/28, Weisman, 1.19M) reports Rice stressed at the NATO Ministerial "that the latest talks between United Nations monitors and Iranian envoys had apparently failed to break the impasse over Iran's nuclear activities and that the United Nations Security Council had no choice but to rebuke Iran. 'What is clear is that it is highly unlikely that Iran is going to accede to the demands of the international community… In order to be credible the Security Council of course has to act.' The United Nations' credibility is at stake, Ms. Rice said, and 'it cannot have its word and its will completely ignored by a member state.'" The Times cautions that, "despite her tough words, it was far from clear whether Russia would drop its opposition to a resolution at the Security Council that would implicitly threaten sanctions. … Past opposition by Russia, China and others has forced the United States to back down from its demand…, but now American and European diplomats hope that a new critical finding by the International Atomic Energy Agency will bolster support for the action it wants."

The Financial Times (4/28, Dombey) keys on the continuing obstacles to American success, saying Beijing and Moscow again "warned against escalating the dispute over Iran's nuclear programme." Russian President Vladimir Putin "warned against too great an intervention by the Security Council – a path Moscow feels could lead to confrontation. … The Chinese government also called for restraint. Moscow and Beijing, which have growing energy and economic links with Iran, fear that a UN resolution might be used to justify military action at a later stage." The Times says Washington "has stepped up efforts to assuage" fears, and quotes Counselor Zelikow saying, "Forcible change of the Iranian regime is not the objective of American policy."

USA Today (4/28, Slavin, 2.31M) reports the US "diplomatic offensive could lead to limited sanctions, but there is little international consensus now for stronger measures." The Los Angeles Times (4/28, Richter, 958K) runs a similar story.

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Wire services continued to cover the controversy broadly. An AP (4/27, Ames) story noted German Foreign Minister Frank-Walter Steinmeier "suggested Thursday that the United States and Iran could hold direct discussions on the Islamic republic's nuclear standoff with the West if Tehran agrees to talk to Washington about the chaos in Iraq." Steinmeier "said he still hoped for a negotiated solution, but insisted Iran 'must dissolve the suspicion that it uses its civil nuclear program for the development of weapons.'" A separate AP (4/27, Gearan) piece reported Rice said that "Iran seems determined to defy international demands to control its disputed nuclear program, so it is time for the U.N. Security Council to act." The AP also said "quick action" by the UNSC "seems remote because of splits among its members. The United States is pressing for a strong response and Rice wants such steps to remain an option."

Israel Says Iran Has North Korean Missiles. The AP (4/27, Heller) reported, "Iran has received its first batch of North Korean-made surface-to-surface missiles that put European countries within firing range, Israel's military intelligence chief said in an interview published Thursday. … Military intelligence chief Maj. Gen. Amos Yadlin, who spoke to Haaretz, has warned of the new Iranian missiles in several recent interviews to the media. Iran already has missiles capable of reaching Israel, but the BM-25s are a significant upgrade over its existing top-of-the-line missiles -- the Shihab-4 and Shihab-3." In a story this morning, the Christian Science Monitor (4/28, Prusher, 61K) says Israel "has been moving into a more proactive position in the campaign to contain Tehran."

Pakistan Tells US It Would Not Back Use Of Force Against Iran. The AP (4/28, Schweid) reports, "Pakistan notified the Bush administration on Thursday it would not support the use of force to halt Iran's nuclear programs. 'We are against any resort to force,' Foreign Secretary Riaz Khan said after a meeting with Undersecretary of State Nicholas Burns."

Poll Finds Americans Support Strikes Against Iran By 48%-42% Margin. The Wall Street Journal (4/28, Harwood, 2.11M) reports in its "Washington Wire" column that a new Wall Street Journal/NBC News poll shows that "despite Iraq, Americans don't reject strikes against a nuclear Iran. By 48%-42%, public says U.S. should join coalition to attack Iran's nuclear capability if Tehran approaches development of a weapon."

More Commentary. The Wall Street Journal (4/28, 2.11M) editorializes, "A funny thing happened on the way to the Iranian bomb: The more alarming the mullahs' behavior, the more nonchalant the rest of the world seems to be about it." The Journal adds, "How so many apparently thoughtful people can face the idea of an Iranian bomb with relative equanimity remains a mystery to us. Whether they are as "cool" with the idea of fissile material in Mr. Bashir's hands is another matter. Whatever the case, they should consider that acquiescing to a bomb for Iran may also mean agreeing to one for many more of the world's worst actors."

Bush Imposes Sanctions On Four Accused Of Darfur War Crimes. ABC World News Tonight (4/27, story 6, 2:35, Vargas, 8.78M) reported, "President Bush imposed sanctions against four men suspected of war crimes in the Darfur region of Sudan. The government is accused of helping Arab militias kill nearly 200,000 people in Darfur and driving 2 million people from their homes." ABC (Karl) added, "The UN today warned the situation in Darfur has taken a dramatic turn for the worse, with violence forcing 200,000 people from homes in the last two months alone. An attack just this week by the Sudanese air force sent 20,000 people fleeing to refugee camps." Jan Egeland, UN Emergency Relief Coordinator: "It is the worst crisis in the world at the moment, because it's totally out of control." Karl: "There are 7,000 African peacekeepers in Darfur. They've been unable to stop the violence. Calls for greater action are now coming from US lawmakers, American religious groups and even celebrities. The actor, George Clooney, just returned from the region."

Rice Says NATO To Take On More "Robust" Role In Darfur Region. The Washington Times (4/28, Kralev, 90K) reports that Secretary of State Condoleezza Rice "said yesterday that NATO leaders have agreed to take on a more 'robust' role in Sudan's Darfur region and urged other international bodies to prepare the way. NATO diplomats said that earlier disagreements among the allies over involvement in Darfur had been resolved, but impediments remained, such as the Sudanese government's objection to a U.N. peacekeeping mission. 'Everybody recognizes that the [African Union] mission, while it has been successful thus far, is not robust enough to deal with the continued violence in Darfur and, particularly, problems that are emerging in western Darfur given the situation and problems on the border with Chad,' Miss Rice said." Meanwhile, White House spokesman Scott McClellan "said, 'An unusual and extraordinary threat to the national security and foreign policy of the United States is posed by the persistence of violence in Sudan's Darfur region, particularly against civilians.'" Rice, following "a meeting of the 26 NATO foreign ministers in Sofia, the Bulgarian capital, said that 'NATO is ready to work' with the United Nations and the African Union [AU] 'to try to bring about that more robust mission.'"

Chadian Rebels Said To Be Using Weapons Obtained From China. The Washington Times (4/28, Pepper, 90K) reports, "Many of the weapons used by Chadian rebels who nearly overthrew the government this

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month -- from the ubiquitous Kalashnikov rifles and rocket-propelled grenades to more advanced artillery pieces mounted on Toyota Land Cruisers -- come from China, probably indirectly through Sudan." While Chadian President Idriss Deby "and international relief groups were quick to accuse Sudan of promoting the attack two weeks ago on the capital, N'Djamena, by about 350 rebels," China's "insatiable appetite for oil to feed its economic growth gave Beijing an interest in the outcome as well. … 'Chinese firms from the People's Republic [of China] have been providing a range of large and small arms to African armed forces regardless of their persistent grave human rights violations, especially to countries with oil deposits, such as Sudan, or valuable natural resources, such as Liberia,' said Brian Wood, the head of arms research at Amnesty International." China "is one of the largest suppliers of arms to Sudan, Africa's largest country, which has tense relations with Chad. And China is heavily invested in Sudan's oil sector, with more than 10,000 workers and $3 billion spent on its oil sector since 1999."

Civilians Caught Up In Conflict Along Chad, Sudan Border. A front page article in the Washington Post (4/28, A1, Wax, 744K) reports that in the "desert region of Chad near the Sudanese border, civilians are caught in a conflict so confusing that they -- and even the combatants -- have trouble telling who is fighting whom. … Chadian government troops are posted at key points along the border to halt what they say is a revolt by rebels based in Sudan. The soldiers wear red armbands to set them apart from the rebels, who wear similar uniforms." The rebels, "who are fighting to topple Chadian President Idriss Deby, represent at least 12 groups united under several coalitions." Chad "blames the Sudanese, saying they back the insurrection, an allegation that Sudan denies." Sudan "blames the Chadians, saying they support a different group of rebels in the Darfur region of western Sudan." Chadians, meanwhile, "tend to blame France, Chad's former colonial power, which they accuse of being involved in the violence by backing the president." The Post adds that "two things are certain: The chaos in Darfur has extended deep into Chad, and a rapidly increasing number of civilians continue to suffer in one of Africa's most complex crises."

US Strategy To Train, Fund Chad Military Said To Run Risk Of Backfiring. In a piece in the New York Times (4/28, 1.19M), Raffi Khatchadourian, who traveled to Chad in 2005 for the International Reporting Project at Johns Hopkins University's School of Advanced International Studies, relates that the U.S. military, since '03, "has been training and equipping" Chad President Idriss Déby's army. This summer, U.S. forces "will continue to advise Chadian soldiers, and Congress is expected to allocate $500 million for a five-year program to train and equip several Saharan armies," hoping "these initiatives will help contain the threat of terrorism by bringing order to the Great Desert and its borderlands." But "dispensing military aid to Chad now -- with Mr. Déby fighting hundreds of rebels backed by Sudan -- seems reckless. It puts American military equipment and expertise in the hands of a desperate dictator. Worse still, it risks pouring additional fuel into the human furnace of Darfur, and it may well come to impede the careful diplomatic work required to solve that crisis."

Rice Condemns Arrest Of Belarus Opposition Leader. The New York Times (4/28, Myers, 1.19M) reports Belarus authorities arrested the nation's chief opposition leader, Aleksandr Milinkevich, and "swiftly sentenced him to 15 days behind bars, accusing him of participating in an unauthorized rally the day before against President Aleksandr G. Lukashenko." The arrest of the former presidential candidate "intensified a crackdown on political opponents in the wake of unusually strong public protests against a vote denounced as a fraud." Leaders of three other political movements were also arrested Thursday. During a visit to nearby Bulgaria, Secretary of State Condoleezza Rice "assailed the arrest of Mr. Milinkevich as 'reprehensible,' saying that 'the United States roundly condemns this act and sincerely hopes that the Belarus government accepts the will of the international community that it act in accordance with accepted international principles in the treatment of political opposition.'"

Cairo Protest Over Judiciary Turns Violent As Police Intervene. The New York Times (4/28, Slackman, 1.19M) reports "thousands of riot police officers sealed off access" to the High Court in Cairo, "beating and arresting protesters who had turned out to support two judges facing a disciplinary panel because they had accused the government of election fraud." The "huge show of force, appearing larger even than what was deployed in the Sinai after four bombings there this week, seemed to signal that President Hosni Mubarak's government had reached a breaking point over shows of dissent." The Washington Post (4/28, A12, Williams, 744K) reports the two judges "are being prosecuted for denouncing fraud in a series of elections last year. The show of force was impressive: The number of black-clad, helmeted officers on the street was far larger than during a series of small anti-Mubarak demonstrations last year."

WASHINGTON'S SCHEDULE:

Today's Events In Washington.

White House:

PRESIDENT BUSH — Meets with the President of Azerbaijan, Oval Office.

VICE PRESIDENT CHENEY — No public schedule.

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US Senate: No Scheduled Events.

US House: 10 a.m. GOVERNMENT REFORM _ Full Committee. Hearing on D.C. school reforms. Location: Room 2154, Rayburn.

Other: PRESIDENT ILHAM ALIEV OF AZERBAIJAN _ Highlights: 10:05 a.m. Meets with President Bush. 11:45 a.m. Meets with Defense Secretary Rumsfeld. Pentagon. 12 p.m. Lunch with Vice President Cheney. Vice President's residence.

HARBOR SAFETY _ The Transportation Research Board of the National Academies holds the 8th annual Harbor Safety Committee Conference. Highlights: 11:30 a.m. Closing remarks - Coast Guard Assistant Commandant Rear Adm. Thomas Gilmour. Location: NAS, 2101 Constitution Ave. NW.

FEDERAL PREEMPTION _ The American Enterprise Institute holds a session on federal preemption of state law. Location: 12th floor, AEI, 1150 17th St. NW.

LOG CABIN REPUBLICANS _ Log Cabin Republicans National Convention and Liberty Education Forum. Highlights: Speakers include Episcopal Bishop Gene Robinson. Location: US Chamber of Commerce, 1615 H. St. NW.

MOUSSAOUI _ 8:30 a.m. - 3 p.m. Jury deliberations continue in the penalty phase of U.S. v. Zacarias Moussaoui. Location: Albert V. Bryan U.S. Courthouse, 401 Courthouse Square, Alexandria, Va.

IMMIGRATION _ 9 a.m. Georgetown University Law Center holds its 3rd annual Immigration Law and Policy Conference. Highlights: 9:15 a.m. Sen. Chuck Hagel. 10 a.m. John Trasvina of the Mexican American Legal Defense Education Fund and Jeanne Butterfield of the American immigration Lawyers Association. 1:30 p.m. Juan Osuna of the Board of Immigration Appeals. 4 p.m. Michael Moreland, Association Director for Domestic Policy, White House. Location: 600 New Jersey Ave. NW.

LOBBYING REFORM _ 9 a.m. The University of California Washington Center, Election Law Journal, UCLA others, hold a conference on lobbying reform and election law. Highlights: 9:15 a.m. Rep. David Price. Location: 1608 Rhode Island Ave. NW.

BIOFUELS _ 9 a.m. - 2:30 p.m. The World Environmental Center, others hold a biofuels symposium. Highlights: 12 p.m. Keynote speaker - Assistant Energy Secretary Alexander Karsner. Location: National Press Club.

SPACE RESEARCH _ 8 a.m. The US Chamber of Commerce holds a discussion with NASA Administrator Michael Griffin on space research and exploration. Location: 1615 H St. NW.

BUSINESS-MEXICANS _ 9 a.m. The Hudson Institute holds a panel discussion on why Mexican-Americans have lower rates of business ownership. Location: 6th floor, 1015 15th St. NW.

PENTAGON-IRAQI POLICE _ 9 a.m. Army Col. Rod Barham, commander of the 49th Military Police Brigade, will brief live from Iraq to provide an update on ongoing training of the Iraqi Police. Location: DOD Briefing Studio, Pentagon 2E579.

IMMIGRATION REFORM _ 9:15 a.m. Senate Democratic Leader Harry Reid joins American Roman Catholic cardinals at a press availability to discuss immigration reform. Reid will be joined by Roger Cardinal Mahony; Theodore Cardinal McCarrick; and Sean Cardinal O'Malley. Location: Senate Ohio Clock Corridor.

SUDAN PROTEST _ 9:45 a.m. Members of Congress, religious leaders hold a protest calling for sanctions against the Sudanese government for the killings in Darfur. Location: Sudanese Embassy, 2210 Massachusetts Ave. NW.

AL QAEDA-NUCLEAR _ 10 a.m. America's Truth Forum holds a debate on al Qaeda's nuclear weapons,, followed by a news conference at about 11 a.m. at which evidence of al Qaeda having tactical nuclear weapons will be presented. Location: National Press Club.

COMPETITIVENESS _ 10 a.m. Brookings Institution holds a forum on US competitiveness in the 21st Century, with MIT President Susan Hockfield, retired Loral Space and Communications CEO Bernard Schwartz, others. Location: Falk Auditorium, 1775 Massachusetts Ave. NW.

CONGRESS-TECHNOLOGY _ 10 a.m. The Center for Democracy and Technology holds a media only breakfast briefing to discuss prospects for technology legislation in the 109th Congress. Location: CDT Conference Room, 11th floor, 1634 ``Eye'' St. NW.

DEFENSE ISSUES _ 10 a.m. Defense Today and BAE Systems sponsor a forum with Army Secretary Francis Harvey at 10 a.m. and Rep. Norm Dicks at 11 a.m. discussing defense issues. Location: Suite 1003, 1325 G St. NW.

PALESTINE _ 10:30 a.m. The International Republican Institute holds a discussion with Mustafa Barghouthi of the Palestinian Legislative Council, and Nader Said of Birzeit University on the next steps for Palestine. Location: Suite 700, 1225 ``Eye'' St. NW.

RUMSFELD-AZERBAIJAN _ 11:15 a.m. Secretary of Defense Donald H. Rumsfeld hosts an honor cordon to welcome Azerbaijan President Ilham Aliyev to the Pentagon. Location: The cordon will be held on the steps of the Pentagon Mall Entrance.

KOREA FREEDOM _ 12 p.m. North Korea Freedom Day Rally, with UN Amb. John Bolton, Special Envoy Jay Lefkowitz, Rep. Ed Royce, others. Location: West Front, Capitol.

MUHAMMAD _ 12 p.m. Montgomery County Circuit Court Judge James Ryan holds an informational meeting for

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reporters and editors to discuss issues surrounding coverage of the upcoming John Muhammad trial, including media parking, holding areas for photojournalists, briefing area, security and other matters. Location: Courtroom 1, County Judicial Center, Rockville. Use the Maryland Ave. entrance.

EGOV INITIATIVE _ 1 p.m. Labor Department holds a panel discussion marking the fourth anniversary of the GovBenefits.gov Goverment-to-Citizen e-Gov initiative. Location: Labor Department Auditorium, 3rd and C Sts. NW.

NATIONAL SECURITY PERSONNEL _ 1:30 p.m. Deputy Secretary of Defense Gordon England will host a signing ceremony for the rollout of the National Security Personnel System Spiral. Location: Room 3E664, Pentagon.

MEDIA ETHICS _ 7 p.m. The Society of Professional Journalists holds a panel discussion on media ethics, with Jill Abramson of the New York Times, Carl Stern of George Washington University, and Steffen Gram of Danish Broadcasting Corp. Location: Room 309, 805 21st St. NW.

THE BIG PICTURE:

Headlines From Today's Front Pages.

Los Angeles Times:
"Cleric Calls For End To Militias."
"Naked Hip-Hop Ambition."
"Injunction Has Community Feeling Handcuffed."
"This Rocky's An Underdog But He's Defied Odds Before."
"L.A. Authorities Brace For Huge Immigration Marches."
"Suspected U.S. Spies Targeted."
"Surprise Of Enron Trial Is Lay's Surly Manner."

USA Today:
"Fed Chief Hints At Pause In Rate Hikes."
"Many Marriages Today Are 'Til Debt Do Us Part."
"Survivor Tells Of Sago Mine Ordeal."

New York Times:
"G.O.P. Senators Hurry To Quell Furor Over Gas."
"U.S. Economy Is Still Expanding At Rapid Pace."
"Melee In Cairo Reveals Stress In Government."
"New York Killers, And Those Killed, By Numbers."
"Surviving Miner Says Air Masks Failed To Work."
"Circumcision Studied In Africa As AIDS Preventive."

Washington Post:
"Profits, Prices Spur Oil Outrage."
"An Anthem's Discordant Notes."
"Running For Office, And Against The War."
"Conflict Stirs Up Confusion On Border Of Chad, Sudan."
"Rising Prices Throw Wrench Into Counties' Building Plans."
"When Hollywood Makes History."

Washington Times:
"Market Fuel Prices Drop."
"Church A Way Of Life In Dixie."
"NATO To Intensify Its Role In Sudan's Darfur Region."
"Hampered By Corruption, U.N. Reform Remains Far Off."

Detroit Free Press:
"Chrysler Incentives Put Drag On Profits."
"Strong Voices Push Immigrant Rights."
"Widower Hears Apology From Deadly SUV Driver."

Atlanta Journal-Constitution:
"Sex Offender Law Leaves Gaps, Questions."
"Warrants Issued For Fulton DA."
"Aerial Acrobats."
"Teenager Sits Atop Office Chair Empire."

Houston Chronicle:
"Senate GOP Plan Calls For $100 Gas Rebate."
"Another Testy Day For Lay."
"Details Of Brutal Pipe Assault Emerge."
"For UT, Finally, Home Is Where The Art Is."
"Stripping In Fury In Mexico City."
"Nearly Lynched On A Grim Night In 1960."

Story Lineup From Last Night's Network News:
ABC: Congress-Gas Prices; Bush-CAFE Standards; Gas Prices-Prayer; Senate-FEMA Abolition; Iraq Violence; Darfur Genocide; National Anthem-Spanish; Sago Mine Survivor; Infant Obesity.
CBS: Bernanke-Gas Prices; Oil Prices-Airlines; Bush-CAFE Standards; Senate-FEMA Abolition; Sago Mine Survivor; Justice Department-Fugitives; Witness Intimidation; WellPoint-Policy Cancellations; Freedom Tower Construction; Katrina-Book Drive.
NBC: Senate-FEMA Abolition; New Orleans-Bush Interview; Bush-CAFE Standards; Congress-Gas Prices; Oil Industry Profits; Bernanke-Energy Costs; New Orleans-Levee System; Justice Department-Fugitives; Sago Mine Survivor; Katrina Coverage-Emails.

Story Lineup From This Morning's Radio News Broadcasts:
ABC: Gas Prices; Exxon Mobil profits; Bush-New Orleans; Duke-Rape Case.
CBS: Gas Prices; Bush-New Orleans; Mine Safety; Cargill Workers-Immigration Protests.
NPR: Gas Prices; Bernanke-Interest Rates; Mine Safety; Wall Street; Israel-Coalition Government; Balco Scandal.

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Sorry for the delay, we just received the Clips.

DEPARTMENT OF JUSTICE *NEWS CLIPS*

PREPARED FOR THE OFFICE OF PUBLIC AFFAIRS, US DEPARTMENT OF JUSTICE

TO: THE ATTORNEY GENERAL AND SENIOR STAFF

DATE: FRIDAY, APRIL 28, 2006 7:45 AM EDT

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TERRORISM NEWS:

Juror In Terror Trial Disavows Verdict (SFC)

By Demian Bulwa

San Francisco Chronicle, April 28, 2006

Sacramento -- One of 12 jurors who convicted a 23-year-old Lodi man Tuesday on charges that he trained for holy war disavowed the verdict late Thursday, alleging that she was bullied into a guilty finding amid a pattern of misconduct by fellow panelists.

"I never once throughout the deliberation process and the reading of the verdict believed Hamid Hayat to be guilty," Arcelia Lopez, a 44-year-old school nurse from Sacramento, said in a 2,000-word affidavit filed to the U.S. District Court in Sacramento by the defense just after 9 p.m.

Among other accusations, Lopez said the jury's foreman, near the start of the two-month trial, "gestured as if he was tying a rope around his neck" and said, "Hang him." Lopez said the gesture was repeated throughout the trial and that she believed it was a reference to Hayat.

Hayat's attorney, Wazhma Mojaddidi, said Lopez's claims should prompt U.S. District Judge Garland Burrell Jr. to grant the young man a new trial. Hayat now faces 30 to 39 years in prison at a July 14 sentencing.

Prosecutors could not be reached for comment at the late hour.

But one juror, speaking condition of anonymity, called the accusations "a complete outrage" borne of "juror regret." The juror said Lopez changed her vote to guilty Monday, which at first made the juror uncomfortable.

"When she decided to change her vote, which was completely under her own will, I asked her flat-out to her face, in front of everybody, if she was changing her mind based on her own free will and the evidence presented the jury," the juror said. "She said yes."

The juror, who declined to address specific misconduct allegations, continued: "We argued as jurors do -- that's deliberation. If she saw that as pressure, it was in her own mind. I don't think other jurors saw it that way."

Attempts to reach other jurors were unsuccessful. A few declined to comment.

The jury of six men and six women, after deliberating for nine days, found Hayat guilty of providing "material support" to terrorists by training at a camp in Pakistan and returning to the United States to await attack orders. He was also convicted of three counts of lying to the FBI.

Lopez, the final holdout for acquittal, acknowledged in the affidavit that, when polled by a clerk Tuesday, she "responded to the court that I agreed with the verdict."

"I deeply regret my decision," said Lopez in the affidavit, adding that she cried several times during deliberations and, last Saturday, sought treatment for migraine headaches at an emergency room.

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James Wedick, a former FBI agent and the lead defense investigator, contacted Lopez on Wednesday and later asked her if she would allow the defense to prepare an affidavit.

Vic Amar, a professor at Hastings Law School in San Francisco, said Judge Burrell would likely investigate the allegations.

"In general, changes of heart by a juror are not a basis for undoing a verdict unless there are specific influences he or she can point to, like a bribe or a threat or some improper evidence that was looked at," Amar said.

Also Tuesday, a separate jury of eight women and four men failed to agree on whether to convict Hayat's father, 48-year-old Umer Hayat, on two counts of lying. Prosecutors have not yet decided whether to retry the elder Hayat, who is due back in court Friday for a bail hearing.

The dual trials in Sacramento centered on the FBI's videotaped interrogations of the Hayats last June at the agency's office in the capital. Hayat, already on the FBI's radar because of comments he made to an informant, had just returned from a two-year trip to Pakistan.

Prosecutors described the confessions as clear proof of guilt, but defense attorneys said the men have no experience with terrorist camps and were manipulated into telling agents whatever they wanted to hear.

Lopez said jurors inappropriately talked about media reports regarding the case. In particular, she said, jurors expressed interest in finding out what dismissed juror Andrea Clabaugh, 39, of Carmichael, said to reporters on March 22. Clabaugh had said the evidence thus far had not convinced her of Hayat's guilt.

One juror "suggested the Chronicle or the (Sacramento) Bee," Lopez recalled.

Burrell repeatedly admonished the jurors to avoid exposure to media reports on the case. Such exposure can be grounds to overturn a verdict.

Lopez said the foreman, Joseph Cote, 64, of Folsom, made offensive comments about Hayat during deliberations. She quoted him as saying, "If you put them in the same costume then they all look alike."

The foreman sent a note last Friday to Burrell complaining that one juror "does not seem to fully comprehend the deliberation process." Lopez said this was a reference to her belief that Hayat was innocent.

Lopez said Cote "personally attacked me repeatedly as someone who couldn't process the information and who just couldn't see that (Hayat) was guilty because he thought I didn't have the mental capacity to understand."

She said she didn't even know about the note until Burrell responded in writing on Monday morning, asking jurors to "please continue your deliberations."

Lopez said another juror, Rebecca Harris, 58, of Clements, brought in a long, type-written note Monday and read it to the panel. Harris complained that her health was failing and, Lopez said, blamed it on her.

"The message of the statement was clearly to put pressure on me to change my vote," Lopez said in the affidavit. "She said that she herself couldn't take it anymore and that if I didn't change my vote, she would consider getting off the jury herself due to the stress."

In the end, "I explained to the other jurors that it was okay that I disagreed and that we did not have to have a unanimous verdict," Lopez said in the affidavit. "But they did not all agree. They continued to pressure me to change my vote. At this point I was under so much stress and pressure, that I agreed to change my vote."

Alternate juror Montell Hall, 69, of Roseville, who did not sit through deliberations, said Thursday that the panel followed the rules when he was present.

"If there was any (misconduct), I would have been the one to do it," the semi-retired engineer and consultant joked. "I was very outspoken, but I didn't talk about the trial (during testimony)."

Hall said he too would have voted for conviction.

"I was absolutely sure in my own mind that he was guilty," Hall said. "Mostly it was the confession that made me sure, and the way he acted during the confession ... the kid was his own worst enemy."

Terror juror bullied? (SR)

By Jeff Hood

The Stockton Record, April 28, 2006

Hamid Hayat's conviction on terrorism charges was delayed by a lone juror who refused to believe the Lodi man was guilty, according to a jury note unsealed Wednesday, one day after the verdict.

The note from foreman Joseph A. Cote, delivered to U.S. District Judge Garland E. Burrell Jr. on Friday, read "There is impass (sic) with a juror who does not seem to fully comprehend the deliberation process. I'm available to discuss this with you and counsel at any time."

Burrell ordered jurors on Monday to continue their work, and the impasse ended Tuesday, the ninth day of deliberations. That's when the holdout joined the 11 others in voting to convict the 23-year-old Hayat of attending a militant training camp in

Pakistan in 2003 and 2004 to train for an Islamic holy war in the United States. He also was convicted on three counts of lying about his training.

Earlier Tuesday at Sacramento's federal court, Burrell declared a mistrial in the lying case against Hayat's father, Umer, after jurors deadlocked on two charges.

Defense attorney Wazhma Mojaddidi said the guilty verdict suggests that the 12th juror was bullied into voting for conviction, a possible basis for appealing the decision. She said she talked briefly with Cote on Wednesday, who referred to the juror as a woman.

"He's saying that she couldn't see the evidence, couldn't see he was guilty," Mojaddidi said, adding Cote would not reveal the juror's identity.

Mojaddidi said a female juror was visibly upset in the court when she confirmed her guilty vote for Burrell.

"I think the judge noticed it," she said. "The judge was staring at her."

U.S. Attorney McGregor Scott said Wednesday that last-minute changes of heart are a part of the jury process and to suggest anything else is speculation.

"My entire legal career, I've been in and around jury trials, and this happens," Scott said. "It's the back and forth of jury deliberations, and it's the way it works, so there's nothing really out of the ordinary about it."

Meanwhile, FBI agents resumed their surveillance of Muslims named by Umer Hayat as having received paramilitary training in Pakistan. Federal law enforcement authorities said Tuesday they are continuing their investigations into possible ties between local Muslims and terrorist groups.

But that might not be the last of the charges facing Lodi residents, Scott said.

"Certainly there are people of interest to us," Scott said, declining to elaborate in a telephone interview Wednesday. He referred questions to FBI agents, who also said the probe was continuing but refused to give more details.

"There are aspects of this (case) which remain under investigation," said Drew Parenti, the agent in charge of the Sacramento office.

Lodi Mayor Susan Hitchcock and police Capt. Gary Benincasa said the FBI has not shared any additional suspicions with them, and neither has seen indications of terror-related activity.

Scott's comment about a continuing investigation "reopens an old wound," aggravating suspicions of and within the Muslim community that had just begun to heal, said Hitchcock.

"This is going to cause everyone unease," she said. "I hope they're speaking from real knowledge, not just hearsay or something like that, because the city of Lodi is ready to move on. This is not something we want to be known for. We want to be known for our fine wines."

One of the men named in Umer Hayat's confession declined an interview Wednesday. He said attorney Lindsay Weston of Davis advised him not to submit to a reporter's interview request under any circumstances.

Weston said the government will not hesitate to subpoena reporters to disclose information obtained in confidence from sources if it isn't already eavesdropping on Muslims' conversations.

When a woman sitting in a parked car near the man's home was asked by The Record if she was with the FBI, the woman smiled, waved and said, "Have a nice day."

Attendance at the Lodi Muslim Mosque's early-afternoon prayer service was sparse, with one member complaining the constant media presence outside discouraged others from praying.

One Egyptian-born Muslim, who only occasionally prays at the mosque during work breaks, said many members are fearful. Nearly all have their roots in Pakistan, like the Hayats.

"They never talk to me because they think I am FBI," the man said.

Also Wednesday, the convicted man's cousin said he could have testified that Hamid Hayat never attended the terrorist camp but wasn't called to the stand as an alibi witness.

Usama Ismail said he lived in Pakistan for 31/2 years before returning to Lodi in March 2005 and never went more than two weeks without seeing his cousin. And even in those times, they would chat by cell phone.

"If he went to a place like that, I would have known," Ismail said. "I'm not that dumb to go and perjure myself and say he didn't go if he did. I was there that whole time. Sometimes we'd go to Islamabad and eat at KFC. That was like royalty."

Mojaddidi said Ismail was represented by an attorney who didn't want the 20-year-old Lodi resident testifying.

The sole San Joaquin County juror in the case, Rebecca Harris of Clements, said Hamid Hayat's confession was the single most compelling piece of evidence.

"It was his words," the 58-year-old bank regulator said late Tuesday.

Harris declined to discuss the jury's deliberations in detail, but she said she was confident the outcome was right.

Harris said jurors did not vote on the matter immediately once they began deliberating. She said jurors were respectful, but otherwise she declined to discuss dynamics in the room.

"It was not an easy decision," she said.

Mojaddidi said jurors' emphasis on the confession brings up another possible ground for appealing, this one based on a March 31 ruling by Burrell. The judge disallowed testimony from retired FBI agent Jim Wedick, who would have testified the confession was not reliable. Burrell said the testimony would have been redundant.

Hamid Hayat is scheduled to be sentenced July 14.

Juror Illness Causes Delay In Moussaoui Deliberations (WP)

By Jerry Markon And Timothy Dwyer

The Washington Post, April 28, 2006

The death penalty case of Sept. 11, 2001, conspirator Zacarias Moussaoui, which has stretched over more than four years amid numerous delays and complications, was delayed once again yesterday. A juror called in sick.

U.S. District Judge Leonie M. Brinkema told attorneys on both sides that she was sending the jury home. Brinkema initially proposed waiting until Monday to restart deliberations in the al-Qaeda conspirator's sentencing hearing because the juror was on medication.

"I don't want any juror in this serious of a case . . . working if he is not feeling 100 percent. It's obviously a stressful situation," Brinkema told the remaining 11 jurors who filed into the U.S. District courtroom in Alexandria.

After prosecutors and defense attorneys suggested that would be too long a delay, Brinkema sent the jury home for the day. Later yesterday, the juror told the court that he was feeling better, so the jury is supposed to start what could be its third full day of deliberations today.

Moussaoui, who often shoots one-liners -- some vitriolic, some humorous -- to spectators after the jury and judge have left the courtroom, tried to take credit for the juror's undisclosed illness.

"Moussaoui's biological warfare!" he called out, smiling.

Moussaoui, 37, was charged in December 2001 with conspiring with al-Qaeda in the Sept. 11 attacks on the World Trade Center and Pentagon. The trial date was moved back several times because of the vast amount of classified material and the complications caused by Moussaoui's initially being allowed to represent himself.

The case was then put on hold for more than two years during a legal dispute over whether Moussaoui and his attorneys could question top al-Qaeda detainees they said could help clear him. An appeals court said in 2004 that Moussaoui could not interview the captives but that their statements to interrogators could be read to a jury.

He pleaded guilty last year, becoming the only person convicted in this country in the Sept. 11 attacks. The sentencing hearing began March 6.

This month, the 12-member jury found that Moussaoui was eligible for the death penalty because his lies to the FBI when he was arrested in August 2001 allowed the Sept. 11 plot to go forward. Jurors then returned to court for a second phase that featured emotional testimony from several dozen family members of Sept. 11 victims.

After closing arguments Monday, jurors began their deliberations in the jury room on the seventh floor of the courthouse.

Juror's Illness Stalls Moussaoui Trial Deliberations (LAT)

By Richard A. Serrano

The Los Angeles Times, April 28, 2006

ALEXANDRIA, Va. — Jury deliberations in the Zacarias Moussaoui conspiracy trial were expected to resume today after being halted Thursday when a juror fell ill.

U.S. District Judge Leonie M. Brinkema did not divulge the juror's name or illness, saying only that the juror was a male who needed treatment by a doctor and prescription medicine.

The nine men and three women began deliberating Monday afternoon and have spent about 16 hours debating whether Moussaoui, who has pleaded guilty in the Sept. 11 conspiracy, should be executed or spend his life in prison with no parole.

The jurors were set to restart their discussions Thursday morning when it was announced that the juror was not present and could not participate in the deliberations. Brinkema at first wanted to put off the deliberations until Monday to give the juror time to recover.

"This is the most sensitive time in the case," she said, referring to jury deliberations. "I don't want any juror in this serious of a case working if he or she is not feeling 100%."

But Thursday afternoon, the court announced that the juror was "feeling better" and that deliberations would resume today.

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Moussaoui, 37, twice testified in the trial and said he was being groomed by the Al Qaeda terrorist organization to fly a fifth plane into the White House on Sept. 11. But he was arrested three weeks before the attacks on New York and the Pentagon.

On Thursday, Moussaoui continued his practice of shouting anti-American boasts and taunts. After the juror's illness was announced, he yelled, "Moussaoui biological warfare!"

Man Found Guilty In Milwaukee Bomb Plot (WP/AP)

By The Associated Press

The Washington Post, April 28, 2006

MILWAUKEE -- A man who authorities say idolized Oklahoma City bomber Timothy McVeigh was found guilty Thursday of threatening to blow up a federal building in downtown Milwaukee.

A jury deliberated about 3 1/2 hours before finding Steven Parr, 41, guilty on the charge of threatening to blow up the Reuss Federal Plaza.

Parr, of Janesville, could face up to life in prison. No sentencing date was immediately set.

Prosecutors said testimony in the four-day trial showed Parr idolized McVeigh, who was put to death for the Oklahoma City bombing 11 years ago that killed 168 people.

Parr had studied bomb-making books and previously built small explosive devices, prosecutors said.

Authorities said Parr was days away from being released from state prison in September 2004 after serving time on drug charges when he told a cellmate about his plan to use a truck bomb to blow up the 14-story building.

The cellmate alerted authorities.

The cellmate, whose name was not disclosed, said in letters to the FBI that Parr had extensive knowledge in bomb-making and considered Ted Kaczynski, the Unabomber, another of his heroes, according to a complaint.

Five Relatives Of Terror Suspect Arrested (AP)

By Paul Foy, Associated Press Writer

AP, April 28, 2006

SALT LAKE CITY -- Five relatives of a U.S. citizen suspected of being a senior al-Qaida operative were arrested in California and Utah on charges of defrauding banks of hundreds of thousands of dollars.

The FBI said it was investigating whether any of the money was used to finance Middle East terrorism.

Four of the five defendants -- all U.S. citizens or legal residents from Jordan where the family of al-Qaida suspect Shawqi Omar has extensive ties -- were arraigned Thursday. The fifth was excused for medical reasons.

Nothing in the indictments ties any of the relatives to a terror network, and federal prosecutors officially referred to the case as a criminal enterprise. But agents are working to determine where all the money went, said Greg Bretzing, a supervisor in the FBI's Joint Terrorism Task Force in Salt Lake City.

"This is an ongoing investigation. This is nowhere close to being over," he said.

The FBI said Omar's relatives netted $327,000 from fraudulent bank loans and bad mortgages in Utah, and Bretzing said some of the money wound up in Jordan with Omar's relatives.

Omar, a 44-year-old Kuwaiti native with U.S. and Jordanian citizenship, has been indicted in Jordan with Iraq insurgent leader Abu Musab al-Zarqawi in an aborted chemical attack on the Jordanian intelligence agency.

Omar has been held by the U.S. military in Iraq since he was arrested in Baghdad in 2004. He has not been charged in Iraq with any crime, but the U.S. government claims he had bomb-making materials and was harboring an Iraqi insurgent and four Jordanian fighters at the time of his arrest.

In one of the allegedly fraudulent transactions, two relatives are accused of using the same Mercedes-Benz sedan as collateral for loans totaling $80,000 that they failed to repay to two Utah banks, court documents said.

Neither of the two owned the car, which belonged to another family member, according to the documents.

Paul Toller, a Utah First Credit Union vice president, said it loaned $40,000 to Omar's brother using the Mercedes as collateral.

But Sharif Omar was a used-car dealer who had "borrowed and repaid on other car loans," and that nothing about the Mercedes-backed loan appeared suspicious, Toller said.

Soon after taking out the loan -- which Sharif Omar told a bank officer was for home improvements -- he stopped making payments. Investigators contend he gave the $40,000 to a nephew, who included it in a wire transfer to an account in Amman, Jordan.

Sharif Omar, 37, pleaded not guilty Thursday in federal court in Salt Lake City and was released pending trial. If convicted, he faces up to 60 years in prison and $1.75 million in fines on charges of bank fraud and money laundering, a prosecutor said.

Another brother, 42-year-old Bassam Omar, an engineer who owns several Utah businesses, was also indicted. Family members say he was the joint owner of the Baghdad construction company Shawqi Omar was managing at the time of his arrest.

He denied that Shawqi Omar is a member of al-Qaida in an NBC News interview in February. "He is not a terrorist, and it's not fair to him or us," he said.

Another of Shawqi Omar's brothers, who was not indicted, accused federal agents of manufacturing ties between Omar's alleged terrorist actions and the family's U.S. business holdings.

"There is no connection," Gus Omar, who works at one of three Utah car dealerships owned by the family, told The Salt Lake Tribune.

Al-Qaida suspect's relatives nabbed on fraud charges (SLT)

By Matthew D. LaPlante and Matt Canham

The Salt Lake Tribune, April 28, 2006

Counterterrorist agents pounced on five men, one in Utah and four in California, on Wednesday as part of an investigation into the U.S. connections of a suspected senior al-Qaida operative imprisoned in Iraq.

But for now, the federal indictments against the men - all of whom have ties to Utah and all of whom are related to accused terrorist Shawqi Omar - involve only fraud and money laundering.

But FBI agents say that some of the money alleged to have been stolen in various schemes wound up in Jordan. And now they want to know whether that cash has ended up in the hands of terrorists.

"We would be derelict not to investigate where that money is going," said agent Greg Bretzing, a supervisor in the FBI's Joint Terrorism Task Force in Utah.

The Omar family has extensive ties in Jordan, where Shawqi Omar moved his family in 1995 and where he now stands accused of helping terrorist mastermind Abu Musab al-Zarqawi plot a chemical attack.

Al-Zarqawi claims to be al-Qaida's Iraqi leader and has been implicated in scores of bombings, kidnappings and beheadings. The U.S. government has put a $25 million bounty on his head.

Federal investigators believe Shawqi Omar acted as al-Zarqawi's "personal emissary" in several Iraqi cities. But back in Utah, Omar's brother Gus says there is no connection.

"If you're a Sunni and from Jordan and in Iraq, then you're bound to meet somebody who has met Zarqawi, but Shawqi doesn't know him," said Gus Omar, who has not been implicated in the case against his brothers.

Related Articles

Shawqi Omar in Utah

In court filings, U.S. military officials have offered evidence to the contrary, saying Omar had taken al-Zarqawi's sister-in-law as a second wife.

Omar, who worked as a refrigerator repairman when he lived in Utah in the late-1980s, was arrested in Iraq on Oct. 29, 2004. U.S. military officials have alleged the 44-year-old man, acting on al-Zarqawi's behalf, was harboring one Iraqi insurgent and four Jordanian fighters at his Baghdad home. He had also plotted the kidnapping of American workers in Iraq, U.S. officers alleged.

Omar could be the first American citizen to be tried in the Iraqi court system, if military officials prevail in an ongoing legal battle. It is a prospect his family in the United States is fighting to prevent. A document filed by Omar's lawyers this week, in which they have again requested access to their client, alleged that U.S. troops beat Omar and tortured him with electric shocks.

Bassam Omar, who family members say was the joint owner of the construction company Shawqi Omar was managing in Baghdad at the time of his arrest, has denied his brother is a member of al-Qaida.

"He is not a terrorist," he told NBC News in February, "and it's not fair to him or us."

Now Bassam Omar is behind bars.

The San Diego engineer, who owns several Utah businesses, was taken into federal custody on Wednesday, hours after another Omar brother, Sharif, was arrested at his home in the Salt Lake City suburb of Cottonwood Heights.

Two nephews and a brother-in-law were also detained in California.

The Utah arrest came as a shock to neighbors in the upscale gated subdivision where Sharif Omar has lived with his wife and three children for more than a year.

"Of anybody here, he's the last guy I would have expected to get arrested," said neighbor Bob Skanchy.

Friends said that Sharif Omar's family seemed to have rapidly climbed the economic ladder over the past few years, though state records indicate most of the dozens of businesses he and his relatives have owned along the Wasatch Front have closed.

Skanchy said homes in the community can cost upwards of $500,000. Two luxury sport utility vehicles were parked in front of the Omar home Wednesday afternoon.

Inside the newly built house, Hannah Omar said she had yet to be told why her husband had been arrested.

"I don't know what's going on," she said. "I haven't even talked to our lawyer."

She'll have an opportunity to learn more today at her husband's arraignment on charges of bank fraud and money laundering.

The four indictments allege that the Omar family members, aided by three other Utahns, defrauded banks of hundreds of thousands of dollars with bad mortgage and car loans from 2000 to 2004.

In at least one instance, Omar nephew Ihab Ramadan allegedly wired $50,000 to an account in Amman, Jordan, according to the indictments. Ramadan was arrested at his Chula Vista, Calif., home early Wednesday.

Another Omar nephew, Alaa Ramadan, was arrested at Los Angeles International Airport after FBI agents received word he was returning from Jordan, where friends say he has lived for several years. The fifth family member, identified as Omar's brother-in-law Ahmad Abudan, was arrested in the San Diego area on the same day.

A federal grand jury in Utah indicted the men several months ago but those charges were kept under seal until the agents were sure of Alaa Ramadan's return. Omar family members said Alaa made his living in real estate and spends most of his time in the Middle East.

The other Utahns named in the indictments for their role in an alleged mortgage scam - Rebecca Teece, James Gibbons and Teri Hansen - have been summoned to appear in court but have not been arrested, though Gibbons is currently in custody on unrelated charges.

The Omar family has worked tirelessly to ensure that Shawqi Omar, currently being held at a U.S. prison facility in Iraq known as Camp Bucca, will be provided legal council and not be turned over to the Iraqi court system.

According to documents filed Friday in a Washington, D.C., federal court, Omar's attorney Susan Burke claims he is being tortured. She said she received an unexpected phone call from Omar on April 13, in which her client told her that "Americans, claiming to be Federal Bureau of Investigation agents, beat him severely and applied electric shocks to his body."

"The agents claimed they could kill him if they wanted to," Burke wrote. "The American agents threatened to rape his son if Mr. Omar failed to provide information. A translator believed by Mr. Omar to be Moroccan threatened to rape Mr. Omar's wife, who was also in United States' military custody at the time."

Burke - who earlier won a temporary injunction barring Omar's transfer to an Iraqi court - has requested access to Omar's medical files, any photographs taken after the alleged beatings and tape recordings of their conversation.

She also demanded immediate and continued contact with her client, who U.S. officials have alleged would often use his U.S. passport to gain access to guarded Baghdad hotels in order to entice foreigners to his home, where they would be kidnapped for ransom.

Regardless of the allegations in Iraq, Gus Omar believes the FBI is manufacturing a connection between Shawqi Omar's alleged terrorist actions and the family's U.S. business holdings.

"There is no connection," said Gus Omar, who works at a car dealership in Murray owned by the recently arrested Omar brothers.

Bretzing, the FBI counterterrorism supervisor, said Utah's FBI office previously received a tip about the family's alleged financial misdeeds, but didn't start its investigation until January 2005.

That came at a time when counterterrorism agents throughout the country were investigating Shawqi Omar's American ties.

The FBI's top officer in Salt Lake City said the counterterrorism task force isn't done yet.

"From our perspective, this investigation is not over," said Timothy Fuhrman. "This is another tool in our tool box to advance the investigation. . . . Sometimes you get an indictment and then people cooperate."

It would not be the first time federal investigators have leveraged mortgage fraud charges against a suspect in order to gain compliance in a terrorism investigation.

In December, a federal jury acquitted University of South Florida doctoral student Sameeh Hammoudeh of charges that he helped fund and supported a Palestinian terrorist group.

But Hammoudeh remains in custody and he has been ordered to be deported from the United States because officials were able to obtain a conviction on other charges - including mortgage fraud.

Detainee Defiantly Admits Charges (LAT)

By Carol J. Williams

The Los Angeles Times, April 28, 2006

GUANTANAMO BAY NAVAL STATION, Cuba — The only indicted detainee mentioned in the Sept. 11 commission report made a defiant first appearance before the war crimes tribunal Thursday, vowing, "I'm going to make this easy." He said he had taken up arms against the United States and would proudly serve any sentence.

Ghassan Abdullah Al Sharbi denounced the tribunal and his detention as illegitimate and rejected the Navy lawyer assigned to represent him.

He declared himself ready to concede to — "I don't like the word confession," he said — all the accusations of conspiracy to commit terrorism that have been brought against him.

Appearing in the military commissions courtroom in tan prison garb, the 31-year-old Saudi insisted on serving as his own legal counsel, as have three more of the 10 charged suspects.

Sharbi, who holds a bachelor's degree in electrical engineering from Arizona's Embry-Riddle Aeronautics University and speaks fluent English, is charged with plotting with other Al Qaeda suspects to build remote-controlled explosive devices for use against U.S. forces who invaded Afghanistan a month after the Sept. 11, 2001, terrorist attacks.

Sharbi's name appears in a footnote of the Sept. 11 commission report to Congress, noting he was enrolled at Embry-Riddle when Al Qaeda was allegedly encouraging Muslim sympathizers to enroll in flight training in Arizona.

Although he is not accused of direct involvement in the Sept. 11 terrorist attacks, the report noted he had sworn allegiance to Osama bin Laden weeks earlier.

Little was known about the Saudi suspect before his appearance Thursday. He had refused until this week to meet with any attorney, and a transcript of his only other appearance in the tribunal process was released less than two months ago in a massive document dump by the Pentagon after a Freedom of Information Act court order.

"I did not come here to defend myself," Sharbi told the presiding officer in his case, Navy Capt. Daniel O'Toole. "I came in to tell you I did what I did and am willing to pay the price, no matter what it is. Even if I spend hundreds of years in jail , that would be an honor to me."

O'Toole observed that Sharbi is articulate and intelligent but ruled he is not qualified to serve as his own attorney.

Navy Lt. William C. Kuebler, assigned by the government to represent Sharbi, told O'Toole he had been advised by legal authorities in California, where he is licensed to practice law, that it would be an ethics violation for him to defend the accused against his wishes.

O'Toole said he would take under consideration Kuebler's motion on the ethics issue and his challenge to O'Toole's ruling that Sharbi can't represent himself.

Sharbi had refused until Sunday to meet with Kuebler, and the chief defense counsel, Marine Col. Dwight Sullivan, said his staff had no idea how Sharbi planned to present himself until he appeared Thursday morning.

Soft-spoken but imbued with a cut-to-the-chase impatience, Sharbi told the court: "I'm going to make this easy for you guys: I'm proud of what I did and there isn't any reason of hiding."

He said he was planning to testify that "I fought against the United States. I took up arms."

Questioned by O'Toole if he understood the tribunal's rules and procedures, Sharbi said he didn't, but promised to behave in the courtroom.

"I'm not going to be violent or cause trouble. I'm not going to make commotions," he said.

Asked if he was familiar with the tribunal's purpose, Sharbi remarked: "Same circus, different clown."

The defendant, with long, thinning hair and a full beard, sat with his hands folded throughout the preliminary proceedings after declining to have Kuebler speak on his behalf. He quoted the military attorney as saying he also considered the war crimes tribunal illegitimate and "a black eye" on the United States' image.

After O'Toole repeatedly queried the defendant about whether he would agree to be represented by any lawyer, Sharbi replied: "I understand and I advise you not to waste time with me on that point. It's my decision and I'm not going to change it."

Sharbi was arrested March 28, 2002, at an alleged Al Qaeda safe house in Faisalabad, Pakistan, along with two other charged detainees here, fellow Saudi Jabran Said bin Al-Qahtani and Algerian Sufyian Barhoumi.

In his Combatant Status Review Tribunal, a forum at which all 558 Guantanamo detainees appeared between July 2004 and January 2005, Sharbi denounced the United States as "the infidel against God" and deplored capitalism and homosexuality as evidence of U.S. society's perversions.

"May God help me fight the infidels or the unfaithful ones," he chanted at the end of the review hearing, according to a transcript recently released to the Associated Press after a Freedom of Information challenge. It was not clear from the documents when the hearing was held.

Ten of the 490 detainees now at Guantanamo have been charged with offenses. The chief prosecutor, Air Force Col. Morris Davis, said this week charges were expected soon against about two dozen others, including possible capital charges.

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Another Pentagon official announced that 141 other detainees had been deemed eligible for release or transfer and would be departing the island.

Al Qaeda Wields Press As Terror Weapon, Report Finds (WT)

By Jennifer Harper

The Washington Times, April 28, 2006

Terrorists use the press and public relations as weapons, said a study released Wednesday by Arizona State University.

"People are surprised the jihadis think of the media as a weapon," said Steven Corman, director of the school's Consortium for Strategic Communication and a Defense Department consultant on communications networks and counterterrorism.

His study analyzed almost 300 al Qaeda statements, letters and other documents, many of them captured during U.S. military actions in the Middle East and recently declassified by the Pentagon.

The report found that jihadist operations use consistent patterns of outreach that establish them socially and religiously, generate public sympathy and intimidate opponents. Threats, in fact, are part of terrorist "talking points."

"Jihadis pursue these strategies using sophisticated, modern methods of communications and public relations," Mr. Corman said. "There's evidence in the documents that jihadis segment audiences and adapt their message to the audience."

This week, audio and video messages from Osama bin Laden and Abu Musab Zarqawi were posted on the Internet and immediately picked up by international news organizations.

The report cites similar demonstrations as the "ideological machinery" of terrorist organizations, which maintain formal information committees and are adept at using print, broadcast and online resources on a global basis. The Internet provides such a promising terrorist forum that Mr. Corman suggests the United States create a permanent "geek battalion" to disrupt jihadist message boards and Web sites.

The United States monitors terrorist messages through clandestine agencies or within the State Department's Office of Public Diplomacy and Public Affairs. That office follows the objectives set forth by Undersecretary Karen Hughes: to "isolate and marginalize the violent extremists; confront their ideology of tyranny and hate;" and "undermine their efforts to portray the West as in conflict with Islam by empowering mainstream voices and demonstrating respect for Muslim cultures and contributions," the office's mission statement says.

Mr. Corman and co-author Jill Schiefelbein said the Arizona study is a response to "controversies about efforts by the U.S. to influence foreign media coverage of jihadi activities. ... While we deliberate such issues, the jihadis are busy executing a communications and media strategy of their own."

The authors worked closely with the Combating Terrorism Center, a research facility established in 2003 at the U.S. Military Academy at West Point, N.Y.

Mr. Corman offered six measures to counter al Qaeda's media savvy. He recommended that the United States try to improve its credibility with Muslim audiences, "degrade" the jihadis' outreach efforts, draw attention to terrorist messages that contradict Islam, deconstruct idealized historical concepts, systematically disrupt Internet operations and seek assistance from sympathetic American Muslims.

PATRIOT ACT:

Legitimate Wiretap Helped Bag A Criminal (WSJ)

The Wall Street Journal, April 28, 2006

Your page-one article "Volatile Formula: How Patriot Act Helped Convict Man in Baby-Food Ring1" (April 4) unfairly characterized the prosecution of Samih Jammal and the application of evidence lawfully gathered under the Patriot Act.

The Patriot Act tore down the wall that existed between criminal and intelligence investigations, allowing agents to share information to prevent the sort of conspiracies that led to the catastrophic events of 9/11. Like any right-minded American, I welcome a fair discussion that raises concerns about the Patriot Act. But you attack its use by attempting to portray Mr. Jammal as a minor gray-marketeer or a "local grocery wholesaler."

Criticize the use of the Patriot Act if you so desire, but if you intend to use Mr. Jammal's case to do it, please bear these facts in mind:

A federal judge and jury found Mr. Jammal guilty of 20 felony counts of theft-related charges, including conspiracy, money laundering, false statements and illegal structuring of financial transactions. He was no struggling immigrant peddler trading dollar bills for baby formula on the gray market. At a sentencing hearing, the court found that Mr. Jammal's criminal enterprise led to retail losses estimated at $10 million and sentenced Mr. Jammal to 10 years in prison.

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You also seem to suggest that Mr. Jammal should never have been the subject of an intelligence wiretap. Note that a U.S. District Court judge, sitting by designation to the Foreign Intelligence Surveillance Court, found probable cause that Mr. Jammal was acting as an agent of a foreign power or an agent of a foreign terrorist organization. At Mr. Jammal's request, another U.S. District Court judge, the trial court judge, reviewed the FISA court judge's decision, and affirmed the finding of probable cause.

Perhaps the biggest distortion was your failure to give a complete characterization of Hani Hanjour, a 9/11 hijacker whom Mr. Jammal admitted associating with as a matter of public record. You described Hani Hanjour as "one of the 9/11 hijackers" and as "a Saudi Arabian who was aboard the American Airlines jet that crashed into the Pentagon." According to the 9/11 Report, there were 64 people "aboard" American Airlines flight 77. Hani Hanjour was one of the five terrorists who took over the cockpit and the only one who piloted the plane into the Pentagon.

Prosecutors confront enormous logistical challenges when the government decides to use FISA evidence in a criminal case. That doesn't mean these challenges are insurmountable or that civil liberties and the procedural rights of criminal defendants can't be adequately protected.

Indeed, the Department of Justice, the defense bar and the courts have been navigating these logistical challenges in significant criminal cases for years, while at the same time keeping a weather eye out for liberty interests. Mr. Jammal's counsel had access to all of the FISA intercepts in this case. If any evidence supported Mr. Jammal's defense, it could have been presented at trial. Mr. Jammal's appellate counsel will have the same opportunity on appeal.

Paul K. Charlton
United States Attorney
District of Arizona
Phoenix

HOMELAND RESPONSE:

Official To Retire Shortly After Promotion (AP)

AP, April 28, 2006

WASHINGTON -- A senior FBI official is retiring less than a year after he took the bureau's top national security post.

Gary Bald will step down as head of the FBI's new National Security branch on June 2, ending a nearly 29-year career with the FBI, Director Robert Mueller said Thursday.

Mueller gave no reason for Bald's decision, but praised his leadership. Bald said the time was right to retire, "weighing our progress on implementation of the NSB as well as family considerations."

The National Security office brings counterintelligence, counterterrorism and intelligence operations under one umbrella. It was recommended last year by a presidential commission and adopted by President Bush.

Before Mueller and John Negroponte, the director of national intelligence, jointly announced Bald's appointment in August, Sen. Charles Grassley, R-Iowa, urged them to turn to someone else.

Grassley was irked because Bald testified in a civil lawsuit that he had no counterterrorism experience when he moved to headquarters to oversee anti-terrorism strategy in 2003. Bald's deposition was among hundreds of pages of testimony in a suit by an Arab-American FBI agent that were obtained by The Associated Press.

"This is not a position for on-the-job training," Grassley said in a letter to Negroponte. "I wanted to make sure that you were aware of Mr. Bald's recent testimony about his background and expertise in counterterrorism."

Security & Terrorism FBI national security chief to quit (UPI)

UPI, April 28, 2006

The man who heads the new section of the FBI devoted to national security is retiring after nearly 30 years with the bureau.

Executive Assistant Director Gary Bald will step down on June 2, 2006, after just ten months in the new post, the FBI said in a statement Thursday.

Since August last year, Bald has headed up the National Security Branch of the FBI, which brings together its spy-catchers, counter-terror specialists and intelligence analysts. The branch was put together last year in response to the recommendations of the presidential commission that investigated U.S. intelligence failures in the run up to the Iraq invasion.

"Throughout his career, Gary has shown tremendous leadership, vision, and grace under pressure," said FBI Director Robert Mueller in the statement. "He has helped to shape the Bureau in important ways... I am pleased with the progress we have made under his leadership."

Mueller said the bureau would "move quickly to fill the important position" Bald was leaving.

Bald began his Bureau career in 1977 in the Laboratory Division. He led the internal investigation into the James "Whitey" Bulger corruption and misconduct case in Boston. He was Special Agent in Charge of the Baltimore Field Office from September 2002 until November 2003, overseeing the FBI's efforts in the Washington-area sniper investigation.

He was assistant director of the Counterterrorism Division and then the executive assistant director for counter-terrorism and counter-intelligence 2004-2005, before being selected to head the new National Security Branch last year.

In the statement, Bald said, "The decision to leave the Bureau after almost 29 years was a difficult one, but weighing our progress on implementation of the NSB as well as family considerations, I decided that now is a good time for the transition."

Sen. Specter Threatens To Block NSA Funds (WP)

By Laurie Kellman

The Washington Post, April 27, 2006

WASHINGTON -- Noting that Congress holds the power of the purse, a frustrated Senate chairman threatened to try to block money for President Bush's domestic wiretapping program.

Judiciary Committee Chairman Arlen Specter, R-Pa., said Thursday he delivered a message to Bush that cut to the heart of the debate over executive power.

"I made the point that the president doesn't have a blank check," Specter said about their meeting Wednesday. "He didn't choose to engage me on that point."

Without a pledge from Bush to provide more information on the surveillance program, Specter filed an amendment to a spending bill Thursday that amounted to a warning to the White House.

The amendment would enact a "prohibition on use of funds for domestic electronic surveillance for foreign intelligence purposes unless Congress is kept fully and currently informed."

Specter also said he would turn the amendment into a bill and hold hearings.

"Institutionally, the presidency is walking all over Congress at the moment," Specter said. "If we are to maintain our institutional prerogative, that may be the only way we can do it."

Specter made clear that, for now, the threat was just that.

"I'm not prepared to call for the withholding of funds," he told reporters later.

"But I think that it is important to elevate the public consciousness as to what is going on," Specter said. "The four hearings we have had and the way the matter is drifting, in my view, is insufficient to safeguard civil liberties."

The move got the White House's attention, but not its immediate cooperation. Bush has insisted that the program falls within his authority and has refused to allow Attorney General Alberto Gonzales and other officials to answer many of Specter's questions.

"The appropriate members of Congress have been and continue to be informed with respect to the Terrorist Surveillance Program," White House spokeswoman Dana Perino said.

"The administration remains confident that a majority of members of Congress continue to recognize the importance of protecting Americans through lawful intelligence activities directed at terrorists," Perino said.

Specter said he hoped to jolt the public's awareness and "an inert Congress ... which has not stood up to the executive branch."

"You have a Congress which candidly is more concerned about re-election and fundraising and who controls the House and the Senate than about asserting constitutional prerogatives," Specter said. "That's not the way it ought to be. These are matters which require some active congressional action and that's what I'm looking toward."

For now, Specter said he will not bother having Gonzales return to the committee "because he won't tell us anything."

Threatening to withhold money from the wiretapping program is not unprecedented.

Democrats on the House Intelligence Committee tried to attach an amendment to the 2007 intelligence authorization bill to withhold money from the National Security Agency if the White House did not disclose information about the cost of the warrantless surveillance program.

The figure was given to a select group of members who have been briefed more fully on the NSA program, and is classified.

Wiretap Funding Cutoff Is Warned (LAT)

By Greg Miller

The Los Angeles Times, April 28, 2006

DOJ_NMG_0027140

WASHINGTON — The chairman of the Senate Judiciary Committee said Thursday he might seek to block funding of a domestic eavesdropping program in an effort to force the Bush administration to answer lawmakers' questions about the operation.

In a warning to the White House, Sen. Arlen Specter (R-Pa.) said he planned to introduce legislation that would cut off funds for the surveillance program, which he described as a threat to civil liberties and a violation of domestic espionage laws.

Specter said he was not yet prepared to support a cutoff of funding, which he said would be a measure of last resort. But he warned that if the Bush administration was unwilling to comply with existing laws or help draft new domestic surveillance legislation, the only way for Congress to exercise any control might be to deny funding.

"What's the use of passing another statute if the president won't pay any attention to it?" Specter said. "When you talk about withholding funds, there you're talking about a real authority."

Specter offered a funding cutoff measure as an amendment to an emergency war spending bill, but said he did not intend to push for the amendment's passage. He said that measure could be converted into legislation that would provide an opportunity for congressional hearings.

A draft of a proposal circulated by Specter's office would prohibit the use of funds for domestic electronic surveillance for foreign intelligence purposes "unless Congress is kept fully and currently informed." In particular, the proposed bill would require the administration to brief all members of the House and Senate Intelligence and Judiciary committees.

To date, the White House has restricted such briefings to members of newly created subcommittees on the two intelligence panels.

The salvo from Specter underscores the tension between key Republicans in Congress and the Bush administration over the limits of presidential power in the war on terrorism.

The domestic surveillance program was launched in the wake of the Sept. 11 attacks, when President Bush authorized the National Security Agency to eavesdrop — without first obtaining court warrants — on the communications of U.S. residents. The White House has said that the eavesdropping is restricted to international calls between U.S. residents and individuals overseas who are suspected of having ties to the Al Qaeda terrorist network.

The program was kept secret from all but a handful of members of Congress until last year, when its existence was reported by the New York Times. The White House has argued that the president has the constitutional authority to approve such spying measures during wartime.

"The administration remains confident that a majority of members of Congress continue to recognize the importance of protecting Americans through lawful intelligence activities directed at terrorists," said Dana Perino, a White House spokeswoman.

Many in Congress have rejected that argument and are pushing for an overhaul of espionage laws to subject the domestic surveillance program to greater outside scrutiny.

Specter has advocated legislation that would modify existing laws and require the government to obtain the approval of a special intelligence court. Another proposal, backed by Sen. Mike DeWine (R-Ohio), would allow the government to bypass the special court in certain cases, but require disclosure to congressional intelligence subcommittees.

Specter said he had informed Bush of his intention to consider legislation that would deny funding for the program. Specter was particularly critical of Atty. Gen. Alberto R. Gonzales, saying that his testimony on the spying program before the Judiciary Committee had been so unresponsive that it would be pointless to call him to testify again.

Specter Wants More Debate On Spying (WP)

By Walter Pincus And Charles Babington

The Washington Post, April 28, 2006

New expressions of frustration over how little information the administration has shared about the National Security Agency's warrantless eavesdropping on Americans flared yesterday in the Senate, one day after House Republicans barred amendments that would have expanded oversight of the controversial program.

Judiciary Committee Chairman Arlen Specter (R-Pa.) said yesterday that he will file an amendment to block the NSA program's funding -- but said he will not seek a vote on it at this time -- in hope of stirring greater debate on the warrantless surveillance, part of the agency's monitoring of alleged terrorists.

"Where is the outrage?" asked Specter, who has chaired hearings that questioned the NSA program's constitutionality.

Questions about the legality of the NSA program and the Bush administration's refusal to brief the full intelligence panel on it led Rep. Jane Harman (Calif.), ranking Democrat on the House Permanent Select Committee on Intelligence, for the first time on Wednesday to vote against the annual intelligence authorization bill, which passed the House.

Harman, one of the few House members to receive briefings on the NSA program, said she believes in the program's approach but argued unsuccessfully on the floor Wednesday for a measure requiring greater congressional review.

"I do not support violating the law or the Constitution," she said. "Enhanced security without respect for law gives away the very values we are fighting to defend, and I believe that the program . . . can and must fully comply with the Foreign Intelligence Surveillance Act and with our Constitution."

The version of the fiscal 2007 Intelligence Authorization bill that passed the House contained no language on the NSA program. But lawmakers added provisions that could have an impact on the estimated $44 billion to be spent next year by the 16 agencies that make up the intelligence community, as well as the operations of Director of National Intelligence John D. Negroponte and his growing, one-year-old organization. After the Sept. 11, 2001, attacks, Congress created Negroponte's office to oversee and improve coordination of the intelligence agencies.

Peter Hoekstra (R-Mich.), chairman of the House intelligence committee, said Wednesday that his panel will be monitoring Negroponte's progress in restructuring the intelligence community and that "we would all like it to go faster because of the significant threats that we face as a nation." Although Hoekstra has been critical of the DNI in the past, he said the office "is beginning to bear fruit" and "incremental but real improvements have been made since the standup."

Harman expressed a gloomier view. She said Negroponte "has not taken command yet" of the intelligence community, "giving away authority to the Pentagon, which is happy to receive it, as it expands its own role in intelligence gathering abroad and here at home."

She added that "the CIA is in free fall," and that "300 years of experience have either been pushed out or left in frustration, and morale is dangerously low."

The committee took a step toward reining in Pentagon domestic intelligence activities. The Defense Department inspector general was directed to audit the activities of the Pentagon's newest and fastest-growing intelligence agency, the Counterintelligence Field Activity. Created four years ago, CIFA has been increasing authority to coordinate and direct intelligence collection involved in protection of Defense Department facilities at home and abroad.

An amendment by Rep. David E. Price (D-N.C.) that was approved goes after the increasing practice of agencies, particularly at the Pentagon, to contract out analysis and collection of intelligence.

CIFA officials, for example, have said they spend 70 percent of their budget -- the amount of which is classified -- on contractors. Under Price's amendment, the DNI would set regulations for the hiring and training of contractors, and provide an annual report of contracts above $1 million with a description of the activities and whether they are classified or unclassified programs.

Specter's concerns about the NSA program were also reflected in much of the House debate on the intelligence bill.

Harman and other Democrats were angry that Republicans on the House Rules Committee prevented a bipartisan amendment that would have required classified briefings on the NSA surveillance program, which includes listening to U.S. citizens, to all members of the House Intelligence and Judiciary committees. That proposal is similar to the one that Specter said he may soon introduce, although he would also include the parallel Senate panels.

At present, lawmakers on a limited number of House and Senate intelligence committees are briefed on the NSA program along with top leaders of the House and Senate.

At the White House yesterday, spokeswoman Dana Perino said: "The appropriate members of Congress have been and continue to be informed with respect to the terrorist surveillance program."

TSA Tries Bonuses To Retain Workers (USAT)

By Thomas Frank

USA Today, April 28, 2006

WASHINGTON — The Transportation Security Administration will pay airport screeners up to a $1,000 bonus to entice them to stay at the turnover-plagued agency as it prepares for a summer of record air travel.

Roughly one in four screeners left last year, a rate nearly twice the rest of the federal workforce. Gale Rossides, an associate TSA administrator, said the bonuses are aimed at preventing a screener shortage during the upcoming peak travel months — when long lines could lead to higher security risks for travelers.

The TSA will spend $20 million to give most of the nation's 43,000 screeners $500 extra. The first bonus will be paid May 11 to screeners who've been on the job a year and who are deemed less likely to leave. Other screeners will get $500 for working through the summer.

Screeners will get a second $500 bonus if they work at “hard-to-hire” airports that have trouble filling vacancies.

“We understand the $500 may not be as much as some people want, but it is a commitment on our part to try to begin to invest in the workforce,” Rossides said.

The number of screeners at some checkpoints is “not sufficient for peak periods,” according to a report by the Government Accountability Office, Congress' investigative arm. Screeners are the front line of defense against smuggling weapons on planes.

The Air Transport Association projects the number of people taking flights this summer to increase from last summer's record of 206 million.

Screeners make $23,504 to $44,580 depending on experience and where they work. Rossides said many screeners leave in their first year as they struggle to adjust to fluctuating work schedules and a "hectic pace."

The bonus "isn't going to retain anybody," said Kimberly Kraynak, a $39,000-a-year screener at Pittsburgh International Airport. She called $500 "a joke."

Added Boston screener A.J. Castilla, who makes $37,064: "What will $500 mean? I could probably take a weekend off somewhere and de-stress a little."

The screener attrition rate grew to 24.5% from about 15% in 2003 when the TSA began to take over aviation security from private companies. Those companies, with turnover exceeding 100%, were criticized for using inexperienced screeners who missed weapons.

TSA chief Kip Hawley told screeners in an April 20 newsletter that the longer they stay on the job, "the higher the performance of their security duties will be." Hiring and training a new screener costs $12,000.

Los Angeles International Airport warned Hawley in an April 12 letter that it was losing 40 to 50 screeners a month and could be short 300 screeners out of 2,000 by August. That would create "significant security concerns" because passengers thronged in checkpoint lines would be a terrorist target, airport executive director Lydia Kennard and chairman Steven Holt wrote.

The Airports Council International is pushing TSA to hire laborers to speed up security lines by loading bags on belts and ushering passengers through queues.

Trade Group's Arm To Get TSA Contract (WSJ)

By Laura Meckler

The Wall Street Journal, April 28, 2006

WASHINGTON -- An airport trade group designated by Congress to handle background checks for two Transportation Security Administration programs has created a for-profit company that may do much of the work on its behalf.

If a provision in a Congressional spending bill stands, a transportation-worker identification program will be awarded without competitive bidding to the American Association of Airport Executives, which may assign it to its for-profit venture. In March, the AAAE joined with Daon Inc., a closely held company with expertise in handling biometric data, to create the Security Biometric Clearing Network. At least one other company placed a bid to join the venture. Neither officials from Daon nor the AAAE would disclose the amount of Daon's winning bid, but an official from another company that talked with the AAAE said the association was looking for about $15 million.

After the Sept. 11, 2001, attacks, the AAAE established the Transportation Security Clearinghouse to expedite processing of background checks on airport workers. The group receives $7 from every $29 fee paid per job application and generally is credited with speeding up and improving the process. Last year, in an insert into a spending bill, Congress directed the TSA to use the clearinghouse as the central contractor for two programs in development.

Competitors said the AAAE shouldn't have an automatic right to the contract. "It's our hope that this earmark language will be carefully reviewed by Congress, with the intent of ensuring a fair and open competition," BearingPoint Inc., a management- and technology-consulting company in McLean, Va., said in a statement.

The Transportation Worker Identification Card program, which is slated to begin this summer, will require workers with access to secure areas of U.S. ports to undergo background checks and have biometric identity cards. TSA plans to start with nearly 400,000 longshoremen and maritime workers and eventually include 750,000 workers. A second program, Registered Traveler, will allow people who pay a fee and submit to background checks to use expedited security lines at airports.

The AAAE and Daon officials said the AAAE didn't guarantee that work from these programs would be funneled to the new company. The official from the rival firm said his company was explicitly told that the new venture would do the work of the existing clearinghouse. Daon Chief Executive Tom Grissen said he hopes that will be the case but has received no such promise. "The thought would be both AAAE and Daon would want the SBCN (the joint venture) to be successful," he said. Mr. Grissen said he is an officer of the venture but declined to specify what position he holds. Neither he nor the AAAE would say what positions are held by AAAE officials. Daon, of Reston, Va., is owned by Dermot Desmond, an Irish citizen.

An AAAE official said the company was formed to work with the clearinghouse. He said the association hoped that the new company could win contracts for credentialing programs in banking, financial services and other areas that the nonprofit association couldn't legally handle. "The only way to drive down costs is to increase volume," he said. The Bush administration opposes the congressional mandate that TSA use the clearinghouse, which is supported by Rep. Harold Rogers (R., Ky.), chairman of the House Appropriations Committee's homeland-security panel.

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Trade Group Confirms Deal With Tiny Firm For ID Cards (NYT)

By Eric Lipton

The New York Times, April 28, 2006

WASHINGTON, April 27 — A small biometrics company, whose board includes former Homeland Security Secretary Tom Ridge, stands to profit from a provision that a powerful Republican congressman wrote into budget law last year.

The law mandates that the Homeland Security Department hire a trade group, the American Association of Airport Executives and its Transportation Security Clearinghouse division, to manage what could turn into contracts together worth hundreds of millions of dollars for a new airport-security program and to issue tamperproof identification cards to millions of transportation workers.

Critics of the provision, written into an appropriation bill at the request of Representative Harold Rogers, the Kentucky Republican who is chairman of the House appropriations subcommittee that oversees domestic security, have questioned how the association, with little experience in high-technology secure identifications and biometrics, could handle such a task.

An executive at the association confirmed in a meeting and conference call among industry officials on Thursday that its clearinghouse had a partnership agreement with Daon, a biometrics company in Dublin, Ireland, according to a transcript of the meeting.

"The partnership with Daon, which is an operational one and related to the clearinghouse, it is really in the interest of making this program successful," said Carter Morris, senior vice president at the airport group, according to the transcript of the call.

The disclosure outraged other potential bidders for the work.

"It is very bad public policy to have an earmark that steers critical aspects of this key national security program to a private organization," said Walter G. Hamilton, chairman of the International Biometric Industry Association.

Daon, backed by Dermot Desmond, one of Ireland's most well-known entrepreneurs, identified landing business with the Homeland Security Department as a crucial corporate strategy nearly three years ago. The company, which has an office in Reston, Va., was a co-sponsor last year of an airport-security conference and a golf outing in Ireland organized by the American Association of Airport Executives. Mr. Rogers attended the conference, a trip paid by the airport group. Mr. Rogers has a long association with the group, receiving thousands of dollars in contributions for his election campaigns over the years and taking other trips to its annual meetings in Hawaii and California.

Mr. Ridge, while homeland security secretary, promoted using technology that relied on fingerprints, the eye iris or face shapes to confirm identities. Since he left the department in February 2004, he has advised companies in related businesses, including Savi Technology, which makes high-tech ship container-security devices.

A spokeswoman for Mr. Ridge, S. Michele Nix, confirmed that he was on the Daon board. She added that Mr. Ridge was not even aware of the language in question being written into the appropriation bill.

The chief executive officer at Daon, Thomas A. Grissen, did not reply on Thursday to messages on his voice mail and with staff members in Reston.

Biometrics is a fast-growing field filled with many small venture-capital-based companies like Daon that are furiously competing for a chunk of the billions of dollars in potential domestic security contracts.

The Transportation Worker Identification Credential program and a separate program, Registered Traveler, which allows airline passengers to move faster than normal through security checkpoints, are two of the biggest targets for those companies. The provision arranged by Mr. Rogers mandates that the Homeland Security Department hire the aviation group for the "purposes of collecting and aggregating biometric data necessary for background vetting; providing all associated record keeping, customer service, and related functions" for both contracts.

Mr. Rogers said he had added the mandate because the aviation group proven in the last four years that it could help the government with security-related background checks for airport workers. The Homeland Security Department is at least two years behind in introducing similar check for other transportation workers, including those at ports.

"There is absolutely no reason to waste more time and money reinventing the wheel," Mr. Rogers said Wednesday, in explaining the mandate, which the Homeland Security Department and others in the Bush administration opposed. His spokeswoman, Leslie Cupp, did not respond to a request for comment on Thursday.

Other biometrics companies are seeking to have the provision rescinded or removed in the budget bill this year.

Conspiracy Film Rewrites Sept. 11 (USAT)

By William M. Welch

USA Today, April 28, 2006

DOJ_NMG_0027144

Gypsy Taub, a mother of three from Oakland, does not believe that 9/11 happened. At least not the way the government said it did.

A Russian émigré, Taub is one of a growing number of people in the USA who are using the Internet, college campuses and pamphleteering to get the word out.

“Oh yeah, absolutely. On the day it happened, I thought it was the government that did it,” she said.

Taub is promoting one of the latest presentations of revisionist theories on the al-Qaeda terrorist attacks in 2001, a film that says, among other things, that the Pentagon was hit by a cruise missile fired by the military as an excuse to go to war.

Called Loose Change, it is being downloaded from the Internet and shown in small screenings here and overseas. It is not alone in the genre, and it is not unusual in American history either to offer simplistic explanations or demonize opponents. Presidents from Andrew Jackson to Lyndon Johnson were accused by their contemporaries of massive government conspiracies.

The film appears especially popular among young people immersed in a Web culture brimming with sites that question the credibility of government. They see 9/11 as the defining moment of their lives.

“This is our generation's Vietnam, our generation's Kennedy assassination," says Korey Rowe, 23, the film's producer.

Professors and researchers of film and politics say the Internet is making it far easier to spread such theories because the traditional media are losing their hold on the news. The immense coverage of controversies and accusations surrounding the war on terror has created fertile ground for people who assign their own interpretations to photos, footage, eyewitnesses, investigations and newspaper accounts of what happened, they say.

“The information revolution now gives us access to too much information,” says Jonathan Taplin, who teaches at the Annenberg School for Communications at the University of Southern California. “Our problems are that we're just overwhelmed, so in some sense we just basically don't even know where to turn."

Craig Smith, director of the Center for First Amendment Studies at California State University, Long Beach, cites the unusual nature of 9/11: four airliners simultaneously hijacked and no defenses stop them.

“You would say, come on, I can't even buy that as a movie script,” Smith says. “All of this feeds this readiness for paranoia.”

Made by Rowe and friend Dylan Avery, 22, from Oneonta, N.Y., on a laptop computer for less than $10,000, the film contrasts sharply with United 93, a film opening today that portrays the struggle for the jetliner that crashed in Shanksville, Pa.

Internet chat rooms are full of promos for screenings of Loose Change in such locales as the Santa Cruz Veterans Memorial Building in California; the Université de Sherbrooke, Quebec; Graz, Austria; and a theater in London's Soho district.

“It's been breaking like nobody's business the last two months," says Taub, 36, who is sponsoring a showing Tuesday night in Oakland. “It's all over the place."

Most of what the film alleges is refuted by the evidence at hand. Anything not answered definitively by the government is interpreted by the film as proof of a coverup.

Among the assertions in Loose Change is that a missile hit the Pentagon even though eyewitnesses saw the jet, numerous pieces of wreckage were found including the flight recorder, and those on the flight and in its path at the Pentagon are dead.

There is also the claim that because jet fuel burns at up to 1,500 degrees and steel melts at 2,750 degrees, the World Trade Center's infrastructure could not have been brought down by the airliners. However, as reported by the Journal of the Minerals, Metals and Materials Society, steel loses 50% of its strength at 1,200 degrees, enough for a failure.

“The only thing they (the filmmakers) seem to have gotten right about the Sept. 11 attacks is the date when they occurred," says Debra Burlingame, whose brother was the pilot of American Flight 77 that crashed into the Pentagon.

“They aren't truth-tellers looking to save the world,” she says. “They're con artists hoping to sucker conspiracy-theory paranoids or anti-government malcontents into shelling out their hard-earned dollars."

Some college students who saw Loose Change and are promoting it say it's good to raise questions.

The movie “at the very least suggests that we don't know the whole truth, and that some things are quite fishy," says Matt Latham, a freshman at the University of California, Santa Cruz.

Christian Pecaut, 25, a Stanford graduate who is promoting the film at the University of California, Berkeley campus, said the film is “catchy, hip,” with an “upbeat soundtrack.”

Aaron Williams, a senior at Texas A&M University and president of the philosophy club, believes the film. “Government is corrupt and absolute power corrupts absolutely,” he says.

Penelope Price, a documentary filmmaker and professor at Scottsdale Community College, said she brought the filmmakers to the campus to stimulate critical thinking.

“Students love it," she said. “These guys have done a great job of marketing on the Web, and that was another reason I wanted to bring them in."

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Conservative writer David Horowitz, a former 1960s radical, says conspiratorial thinking can offer a world view that is somehow less scary than reality. “Conspiracy theories are a kind of secular religion," he says, adding that campus faculties sometimes encourage anti-government feelings. “People feel great anxiety … by the thought that nobody's in control."

People believe in conspiracy theories because the truth “is either too simple or too remote," says sociologist Clifton Bryant of Virginia Tech University, who has made a study of “deviant logic" and behavior.

“We're always ready to believe something about which we know nothing," he says.

When Hollywood Makes History (WP)

By Paul Farhi

The Washington Post, April 28, 2006

"United 93," Hollywood's first big-budget film about the events of Sept. 11, 2001, is faithful to the major aspects of the tragic morning it depicts. The movie tracks the key events detailed in the 9/11 Commission Report, the most definitive source on the subject: the commandeering of the United jet by four terrorists, the panic of the passengers and the heroic rebellion that ended with the plane crashing in a field near Shanksville, Pa.

But the movie, which opens nationwide today, is a dramatic re-creation that includes scenes and images that go far beyond what is known about the attacks.

Those scenes raise questions: How far can a dramatic movie go in imposing its own reality before it distorts the public's understanding of the event? And with memories of 9/11 still vivid and raw, is it too soon for such films to be made?

The questions have special relevance as film producers prepare other 9/11-related projects. Oliver Stone, who portrayed the assassination of John F. Kennedy as the result of a conspiracy in "JFK," is the director of this summer's "World Trade Center." Sony Pictures, meanwhile, is developing the film "102 Minutes," based on the bestseller about the time span between the first tower's crash and its collapse. A TV miniseries based on the 9/11 Commission Report is also in the works.

"United 93's" director, Paul Greengrass, has said he sought to create the "plausible truth" of what happened, given that many details are unknown.

The film asserts that the hijackers' intended target was the Capitol. In one scene, Ziad Jarrah, the Lebanese terrorist who piloted the plane, props a picture of the building on the cockpit's console, imposing a cinematic answer to a question that the 9/11 Commission could not resolve: whether the terrorists were trying to hit the Capitol or the White House. Investigators said that point was a source of contention among the 9/11 plotters, with Osama bin Laden favoring a strike on the White House and others, including Mohamed Atta, favoring the Capitol.

"United 93" also suggests that the terrorists killed the pilot and co-pilot, for example, but what occurred is unclear. A United 93 flight recorder picked up the terrorists ordering someone repeatedly to "sit down" and discussing whether to "bring the pilot back" late in the hijacking.

"United 93" also shows the passengers breaching the cockpit with a beverage cart and wrestling the terrorists for control as the plane plummets. Although the 9/11 report states that the passengers fought back in the flight's final moments, the commission had no indication that the passengers entered the cockpit. The report suggests the opposite: "The hijackers remained at the controls but must have judged that the passengers were only seconds from overcoming them."

Universal Pictures, the film's distributor, says researchers consulted numerous sources, including the 9/11 Commission Report, military and civilian aviation authorities, and more than 100 family members and friends of the victims. The movie's advisers included Ben Sliney, who headed the Federal Aviation Administration's Command Center in Herndon on Sept. 11; Sliney portrays himself in the film.

Lloyd Levin, a "United 93" co-producer, acknowledges that the film went beyond known facts about the flight, but he justifies the movie's approach as artistically necessary. "Our mandate was not the same as the 9/11 Commission Report," Levin said. "Our mandate was to what Paul wanted to say with this movie. We're not journalists. Paul is an artist."

He called some of the questionable depictions "choices we had to make." Whether the passengers actually breached the cockpit is "a moot point, because at that point you're in the area of metaphor," he said.

Those choices might satisfy moviegoers but they rankle those interested in a more literal portrait of the events of Sept. 11.

"I would prefer history tell itself, rather than have Hollywood tell it," said Carie Lemack, whose mother, Judy Larocque, was killed on American Airlines Flight 11, the first plane to hit the World Trade Center. "There's so much we just don't know. Unfortunately, they're taking artistic license with history and people will believe it's accurate. Speculation is okay for drama, but it's less okay when it's purporting to tell history. If they didn't know, why didn't they just leave it out?"

Lemack, co-founder of the organization Families of September 11, has not seen the movie, but she says she was surprised and upset by its trailer and promotional poster, which shows smoke pouring from the World Trade Center towers. She also says

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the filmmakers missed an opportunity to spur moviegoers to find out more about terrorism and call them to action. (Universal will donate 10 percent of the movie's first weekend ticket sales to a memorial fund.)

The decision to counterattack the terrorists was made after passengers learned that other hijacked planes had crashed, according to the 9/11 report and the film. In addition to the cockpit recordings, eyewitness accounts came from crew members and passengers, who used cellphones and air phones to contact people on the ground. But those accounts were sometimes contradictory and fragmentary, and the 9/11 Commission acknowledged that many details never will be known.

Levin acknowledges that in dramatizing the course of the flight, "United 93" makes creative leaps to fill in the blanks. For example, it's not clear who among the passengers spearheaded the response to the terrorists. One passenger, in a phone call from the plane, left it vague: "Everyone's running up to first class. I've got to go. Bye." The 9/11 Commission could not identify whose voices are heard as the passengers storm the cockpit door. "United 93" tackles this uncertainty with a reasonable assumption: that the charge was led by the strongest, most athletic men, including a judo champion.

Other scenes appear to be wholly invented. In one, a passenger who argued for cooperating with the hijackers is restrained by others as the counterattack begins. In another, the passengers are shown overwhelming two hijackers and apparently killing them. Both depictions might be dramatically satisfying, but there's no evidence that either of those events occurred.

Many of the victims' immediate relatives have endorsed the movie, saying it fairly represents their final hours. David Beamer, whose son Todd Beamer was killed, told the Associated Press this week: "Our personal reaction was one of relief, because they got it right. When it comes to September 11 and United Flight 93, we don't need another movie. This one got it."

But others question whether it was necessary to make even one movie about an event that many have lived through.

Bruce Hoffman, a Washington-based counterterrorism expert with the Rand Corp., notes that the news media have long avoided replaying some of the more disturbing images of Sept. 11. But, he says: "These equally horrible events are now being depicted as entertainment. I don't know why that's more acceptable.

"Producers and directors can have the purest and best intentions to re-create the horror and tragedy and bravery of the passengers. But the bottom line is, it's still entertainment. You have to question whether making it into entertainment cheapens and demeans it."

How Not To Treat Friends (WP)

The Washington Post, April 28, 2006

CONGRESS tightened a law last year on refugee admissions in order (it thought) to keep terrorists and their supporters out of the country. The effect has been to bar friends and allies.

One example: Many Vietnamese Montagnards fought alongside U.S. forces during the Vietnam War and were then murderously oppressed by the Vietnamese government. During the war, the United States helped arm a Montagnard group called the United Front for the Liberation of Oppressed Races, which continued to struggle for autonomy after the war ended. This group ceased to exist in 1992, when a band of nearly 400 fighters disarmed and were resettled in North Carolina. Under Congress's irrational new rules, however, the group has become, legally speaking, a terrorist organization, and 11 Montagnards still stuck in Cambodia would be denied refugee status because in the past they had offered the group "material support."

The Montagnards are not the law's only, or even principal, victims. Thousands of ethnic victims of the Burmese military regime, living in camps in Thailand, expected after long waits to receive refugee status; now they're stuck in limbo. So are large numbers of Colombians who were forced to support the leftist rebels of the Revolutionary Armed Forces of Colombia. Liberians, Somalis and anti-Castro Cuban dissidents are also being branded terrorists and kept out.

Misguided law now prevents the admission of a member or backer of any group of "two or more individuals" that "engages in, or has a subgroup which engages in," activities as commonplace as using an "explosive, firearm or other weapon or dangerous device." The law treats a Montagnard who once aided a U.S.-backed group no differently from an al-Qaeda operative. The administration has the authority to override this absurdity in certain instances, though not all. But it has not used this limited power, and even the need for a waiver is galling. America should not be "forgiving" people who did not, in fact, support terrorism. These are victims -- exactly the sort of people refugee and asylum programs are meant to protect.

An amendment being offered to the supplemental appropriations bill by Sens. Patrick J. Leahy (D-Vt.), Norm Coleman (R-Minn.) and Lisa Murkowski (R-Alaska) would solve the problem cleanly. It would clarify that only associates and supporters of groups certified by the government as terrorist organizations should be denied refugee status and that those forced to aid terrorists are not themselves terrorists. Congress did not mean to create this problem. Fixing it should not be controversial.

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WAR NEWS:

Iraq Spending Probe Expands To Security Forces (WT)

By Rowan Scarborough

The Washington Times, April 28, 2006

The Bush administration's special investigator for Iraq reconstruction has expanded inquiries into how the U.S. military is training and equipping the Iraqi Security Forces (ISF), according to an internal Pentagon memo.

Special Inspector General Stuart W. Bowen Jr. asked the Pentagon for reams of documents on the billions of dollars spent to create an Iraqi army, police, border patrol, navy and air force, the memo shows.

Some Pentagon officials say privately that the inspector is overstepping his mandate by probing U.S. military operations in addition to reconstruction dollars. But the chief spokesman for Mr. Bowen said security and reconstruction are intertwined.

"There is Iraq relief and reconstruction money that is for security and that is in our mandate," said spokesman James P. Mitchell. "There has been an American investment in the security and justice sectors, and we have an obligation to look at that."

Mr. Mitchell said Mr. Bowen has been seeking more documents from the Pentagon. An April memo signed by a senior Pentagon official confirms he will receive them. "We needed to get that high level of support, and we have that," he said.

Congress created, and President Bush appointed, the special inspector general to provide critically needed oversight on $24 billion in U.S. funds and billions of dollars in Iraq oil money being used to rebuild Iraq after the 2003 ousting of Saddam Hussein. Mr. Bowen's reports and audits mostly have dealt with water, electricity, oil and infrastructure projects that are considered crucial if Iraq is to emerge as a functioning democracy.

Just as important is the U.S. nurturing of the ISF, which now numbers about 250,000. Withdrawing about 132,000 American troops in Iraq is dependent on the ISF's ability to fight the deadly insurgency largely on its own.

Mr. Mitchell said the inspector general has looked at ISF issues, but the new Pentagon data will allow for a closer examination.

The Pentagon memo to Mr. Bowen vouched for SIGIR, the acronym for Mr. Bowen's office. "The Department of Defense fully supports SIGIR's work in support of the Iraqi reconstruction effort," said the memo, signed by William R. Marriott, executive secretary in the office of Defense Secretary Donald H. Rumsfeld.

Mr. Bowen has submitted a request for documents in three areas: the creation of the ISF, the building of security facilities, and what is called "capacity building" in the new ministries of Interior and Defense, the Marriott memo said. The memo was a response to an April 4 letter from Mr. Bowen.

On the ISF request, the Pentagon response was that Mr. Bowen should rely on the quarterly reports it provided to Congress.

"The report provides extensive information on the objectives for training and equipping Iraq's security forces, the metrics for measuring their progress and amplifying data," Mr. Marriott stated. "Because the report provides metrics and data specifically requested by Congress, it should be sufficient for purposes of writing your quarterly report."

The memo said the Pentagon's Defense Reconstruction Support Office will supply information on building bases for the ISF, but that the Pentagon is unaware of any U.S. funds for Interior or Defense capacity building.

To some in the Pentagon, Mr. Bowen's request for ISF documents is a foray into areas Congress never authorized. They characterized Mr. Marriott's response as reserved.

"This is further evidence that SIGIR is overreaching," said a senior defense official, who asked not to be identified because he is not authorized to speak for the Pentagon. "Congress never intended him to investigate all these things."

This same official has been critical of some of SIGIR's draft reports because officials become tied up with correcting them instead of focusing on reconstruction.

Mr. Mitchell said most draft findings come back with the notation "concur." He said Mr. Bowen's reports and recommendations have resulted in improved use of taxpayer money.

"We're focusing on all the sectors, but because it's so important and we have identified and talked about the 'reconstruction gap,' which was a function of moving money into security and putting more money into security, it's kind of hard to report on what the U.S. is doing in Iraq without looking at security," Mr. Bowen said.

The gap refers to the difference between the number of construction projects originally planned and the number built, which was reduced because money was shifted to security.

'Grand Mafiosi' Corrupting Iraq's Oil Sector (WT)

By Jim Muir, London Daily Telegraph

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The Washington Times, April 28, 2006

BAGHDAD -- A new class of "grand mafiosi" is sucking billions of dollars out of Iraq's vital oil sector and crippling efforts to rebuild the nation, according to an official report published in Baghdad.

The findings of the Oil Ministry's inspector-general paint a sordid picture of corruption pervading every corner of the industry, from the oil wells to the gasoline pump.

The report says that since Saddam Hussein's overthrow in 2003, the spread of smuggling had turned Iraq from a major exporter of petroleum products into an importer.

"These problems have led to the loss of billions of dollars, both in direct actual losses and in lost opportunities," according to the report.

"This is robbing Iraq of historic opportunities for revival and reconstruction and of basic necessities for a ruined nation and heavily burdened people."

The report calls for "radical and urgent action" to stop the abuses and punish those involved, including new legislation and penalties to make oil smuggling a crime of "grand economic sabotage."

Walid Khadduri, economics editor of the pan-Arab al-Hayat newspaper, estimates that smuggling and other rackets in Iraq are costing the country more than $18 billion a year in direct losses and missed opportunities.

"There is no accountability, no punishment and it goes all the way to the top -- the smuggling gangs are in cahoots with local authorities and politicians because they need protection," he said. "There was corruption under Saddam, but nowhere near this."

The ministry report says smuggling has created a "new class of grand mafiosi" and that a corrosive environment of corruption is affecting everybody in the oil business and destroying public faith in politicians.

The report documents abuses ranging from direct theft from oil consignments and pipelines, to fraud involving false documentation for imported oil.

Even roadside supplies of black-market gasoline sold locally were worth an estimated $900 million a year to the illegal profiteers, according to the report.

The report estimates that 10 percent to 20 percent of the refined products that Iraq now is obliged to import from neighboring Turkey, Syria and Jordan are being smuggled back to their countries of origin after receiving Iraqi government subsidies to bring the price down for local consumption.

Part of the problem is that product prices in those countries are significantly higher than Iraqi levels, which are government-subsidized to the tune of about $7 billion a year to keep them within reach of the distressed Iraqi consumer.

Iraqi Official Expects Start Of U.S. Exit, With A Big Pullout This Year (WSJ)

By Yochi J. Dreazen

The Wall Street Journal, April 28, 2006

BAGHDAD, Iraq -- A senior Iraqi official said there would be a substantial withdrawal of U.S. troops this year, with the rest leaving within the next two years.

Speaking to senior U.S., Iraqi and British security officials, Iraqi National Security Adviser Mowaffak Rubaie said the Iraqi government was working to formalize a "conditions-based transition agreement" with the U.S. that would govern the pace and scope of a U.S. military withdrawal from the country. Such an agreement would detail a timeline for turning U.S. military facilities over to the Iraqis and leaving Iraqi forces with primary security responsibility for growing portions of the country.

"Certainly at the end of the year there is going to be a sizable gross reduction in U.S. troops," Mr. Rubaie said as he stood beside Defense Secretary Donald Rumsfeld. "At the end of next year, we will hope, or the next couple of years, we will hope that most of the coalition forces will go back home safely."

Mr. Rumsfeld declined to comment on the timing of a drawdown of the 132,000 U.S. troops, as did his aides. During his visit to Iraq, Mr. Rumsfeld has declined to address the possibility of a withdrawal, but other U.S. commanders have confirmed that one is likely to begin this year.

Mr. Rubaie's comments are consistent with statements he has made since the beginning of the year, but both Iraqis and Americans agreed that big troop reductions wouldn't be possible until a new government was installed. Gen. George Casey, the top U.S. military commander in Iraq, said Wednesday that the selection of a Shiite prime-minister nominee, which helped break months of political paralysis over the makeup of Iraq's next government, sets the stage for the beginning of a U.S. military withdrawal.

Although Gen. Casey declined to specify how many troops are likely to be withdrawn, some Defense Department officials privately have spoken of cutting this year the U.S. presence by as many as 30,000.

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Speaking to U.S. reporters Wednesday, Gen. J. D. Thurman, whose forces have primary responsibility for the Baghdad area, said he has ordered his soldiers to allow Iraqi forces to take the lead whenever possible during searches of buildings, offices or mosques in the city.

Top Iraqi Ayatollah Urges Action To Rein In Militias (WP)

By Jonathan Finer And Saad Sarhan

The Washington Post, April 28, 2006

BAGHDAD, April 27 -- Iraq's most revered Shiite Muslim cleric urged Prime Minister-designate Nouri al-Maliki in a meeting Thursday to deal quickly with sectarian militias blamed for widespread killings, and to ensure that Iraqi police and soldiers remain loyal to the country and not to political factions.

Wading into what has emerged as the first major issue facing Maliki, Grand Ayatollah Ali Sistani said it had "become necessary to have weapons only in the hands of government forces," according to a statement released by his office.

The government must also "rebuild these forces on sound, patriotic bases so that their allegiance shall be to the homeland alone, not to any other political or other groups," Sistani told Maliki, who was chosen by a coalition of Shiite religious parties. The two men met Thursday in the southern city of Najaf, home to Iraq's Shiite clerical leaders.

Shiite militias such as the Mahdi Army, led by the firebrand cleric Moqtada al-Sadr, and the Badr Organization, which is tied to Iraq's largest political party, dominate many Iraqi police and army units and have been accused by Sunni Arab leaders and U.S. officials of operating death squads.

Maliki also met on Thursday with Sadr, who gave a noncommittal answer when asked at a news conference afterward about plans to disband militias.

"In fact, all the factions which are inside or outside the government converge in the interest and service of the Iraqi people," said Sadr, whose Mahdi Army clashed with U.S. forces in 2004 and has been the target of a recent series of raids in Baghdad and southern Iraq.

Also on Thursday, a roadside bomb attack against an Italian army convoy in Nasiriyah, about 200 miles south of Baghdad, killed three Italian soldiers and one from Romania, Italian officials announced. Romano Prodi, who will head Italy's next government, said the killings would not expedite a planned withdrawal of the more than 2,500 Italian troops in Iraq.

"We won't fly away. Of course we shall work in Iraq for peace in order to help reconstruction," he said at a news conference in Rome, according to the Associated Press, which reported that 27 Italian soldiers have died in Iraq, including 19 in the bombing of a barracks in 2003.

Two insurgent groups asserted responsibility for the attacks in Internet postings -- the Islamic Army in Iraq and the Imam Hussein Brigades. Neither claim could be immediately verified.

Maliki and U.S. officials in Baghdad have said one of the new government's top priorities should be dealing with the armed groups -- perhaps by incorporating their members into the security forces on an individual basis -- though no detailed plan has been announced.

Asked Thursday who would be named to head the country's security ministries, which U.S. officials have said should be put beyond the control of politicians with ties to militias, Maliki said the posts "would be given to independent members, but it's not definite yet."

Secretary of State Condoleezza Rice, who visited Iraq this week along with Defense Secretary Donald H. Rumsfeld, said the establishment of a new Iraqi government after months of haggling over the prime minister's post would pave the way for enacting policies to stem militia violence.

Sadr called the visit by the American cabinet secretaries "a flagrant interference in Iraqi affairs."

Shiite militias now rival Iraq's Sunni Arab-led insurgency as the country's top security threat, U.S. officials say. But a military spokesman in Baghdad said Thursday that the solutions to the two threats would be different.

"The only way we can deal with Zarqawi or al-Qaeda is to kill or capture them," Maj. Gen. Rick Lynch said. "We believe there are other ways to solve the militia problem. . . . The solution to the militia problem is, indeed, a political solution."

Elsewhere in Iraq on Thursday, police in and around Baqubah, about 35 miles northeast of Baghdad, repelled attacks on several police stations and road checkpoints, killing 19 insurgents and capturing 25 others, according to Maj. Gen. Ghassan Abbas Bawi, police commander in Diyala province.

At least 10 police officers were also killed in the clashes, which sparked a series of evening raids by security forces in the southern part of the city, which has been hit by a large number of attacks in recent weeks. Police also announced a province-wide curfew Friday from 6 a.m. to 4 p.m.

Iraq's New Premier Gains Support In Talks With Shiite Leaders (NYT)

DOJ_NMG_0027150

By Richard A. Oppel Jr.

The New York Times, April 28, 2006

BAGHDAD, Iraq, April 27 — Hours after ending two days of meetings with Secretary of State Condoleezza Rice and Defense Secretary Donald H. Rumsfeld, the Iraqi prime minister-designate, Nuri Kamal al-Maliki, traveled to the Shiite holy city of Najaf to meet with two of the powers he must now contend with, the Shiite leaders Grand Ayatollah Ali al-Sistani and Moktada al-Sadr.

Violence cast a shadow on the meetings, with the drive-by killing in Baghdad of the sister of Vice President Tariq al-Hashemi and the deaths of one Romanian and three Italian soldiers near Nasiriya, which spurred calls from some Italian political leaders to speed up the withdrawal of the country's 2,600 remaining troops in Iraq.

In his meeting with Ayatollah Sistani, Mr. Maliki won a statement from the religious leader calling for an end to militias and urging that the Iraqi security forces be freed from the grip of sectarian and political dominance. "Weapons should be carried only by government forces" loyal to the government and not to leaders of political or other groups, the ayatollah said.

It was a firm message of support for Mr. Maliki, who said on Thursday that he believed he could complete the selection of his cabinet within a week. Mr. Maliki, with prodding from the United States ambassador, Zalmay Khalilzad, has made a priority of reducing the influence of the militias that have helped push Iraq to the brink of civil war.

Sunni Arab leaders say that hundreds of young Sunni men who have been found murdered with drill holes in their limbs or head or other signs of torture are the victims of Shiite death squads often wearing official police or security forces uniforms.

But making a dent in the militias' influence will be difficult to accomplish, as some elements of the Iraqi Army and security forces are already dominated by members loyal to one militia or another.

Indeed, in a demonstration of the balancing act Mr. Maliki must perform both as prime minister and as leader of a fractious Shiite coalition, he met next with Mr. Sadr, the anti-American cleric who oversees the militia known as the Mahdi Army, thousands of young Shiite men who control northeastern Baghdad and have fought fierce battles with the American military.

Mr. Maliki was careful not to offend Mr. Sadr, perhaps the most influential single force in the Shiite coalition, suggesting that militias deserve to remain an influence, even if only from within the military.

"Merging the militias into the military," Mr. Maliki said, "is not to disrespect them but to reward them for their role in the struggle against dictatorship," a reference to fighting by Kurdish and Shiite forces against Saddam Hussein. "And it is a solution to the problem of having weapons outside the government."

Mr. Maliki also pledged to name nonsectarians to run the Iraqi Interior and Defense Ministries.

Mr. Maliki's political pilgrimage to Najaf came as Baghdad residents were reminded that even the most powerful Iraqi leaders cannot protect family members from the savage violence here.

Mr. Hashemi's sister was shot dead in a morning rush-hour ambush near her home. Her death came only two weeks after the murder of Mr. Hashemi's brother, and served as another indication of how insurgents are intent on terrorizing leaders of the new government. While government leaders are heavily guarded, their families are often easier targets.

Mr. Hashemi's sister, Maysoon al-Hashemi, 61, who was director of women's affairs in her brother's Iraqi Islamic Party, was buried a few hours later. Co-workers recalled how bravely she took the news that her brother Mahmoud had been assassinated on April 13.

Inside the Green Zone on Thursday, an American military spokesman offered an optimistic view of the situation in Iraq, saying the country was "moving away" from civil war.

"All indications now are the acts of violence — ethnosectarian violence is decreasing," Maj. Gen. Rick Lynch said at a news briefing. He cited a 60 percent decrease in casualties in Baghdad in the week starting April 16 compared with the previous week. Yet he also acknowledged that casualties had soared by 90 percent in the past 10 weeks, since before the bombing of the Askariya Shrine in Samarra in late February set off a wave of sectarian violence.

Other newly released American government findings cast Iraq's situation in even less positive terms. The Government Accountability Office, the investigative arm of Congress, reported that attacks against American-led forces, Iraqis and infrastructure increased 23 percent from 2004 to 2005.

"The insurgency intensified through October 2005 and has remained strong and resilient since then," the G.A.O. said in a 31-page report. "Many Iraqis in Baghdad and the central and northern Sunni areas have lost confidence in the Iraqi Army and police to improve the security situation. In some Sunni areas, support for the insurgents has increased, and Iraqi Shias have expressed greater confidence in their militias."

The G.A.O. also found that in contrast to past assertions that four provinces were facing serious problems, six were in "serious" shape and one was "critical." The finding was based on a study by the military and American Embassy in Baghdad.

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Before leaving Iraq, Ms. Rice and Mr. Rumsfeld voiced support again for Mr. Maliki as a strong leader who could re-establish confidence in the government, while Iraq's national security adviser, Dr. Muwaffak al-Rubaie, suggested there could be a large reduction in American troops by 2007.

Powerful Iraqi Cleric Call For Disarmament (LAT)

By Bruce Wallace And Saad Fakhrildeen

The Los Angeles Times, April 28, 2006

NAJAF, Iraq — Reaching across a sectarian divide, Iraq's highest-ranking Shiite Muslim cleric called on militias to disarm today, saying only government forces should be permitted to carry weapons on the streets.

Grand Ayatollah Ali Sistani, the Iranian-born religious leader regarded as the Shiite majority's most powerful moral voice, also urged Iraqis to form a government blind to religious and ethnic differences.

"Weapons must be in the hands of government security forces that should not be tied to political parties but to the nation," said a statement of remarks released by Sistani's office in the Shiite holy city of Najaf.

"The first task for the government is fighting insecurity and putting an end to the terrorist acts that threaten innocents with death and kidnapping."

Leaders of Iraq's Sunni minority have claimed to be under siege from marauding gangs of Shiite gunmen, some alleged to be working within the government's own security forces.

Sistani's statement followed a visit to his home in Najaf by Prime Minister-designate Nouri Maliki. The new Iraqi leader came to pay political homage to Sistani while in the midst of trying to form a government acceptable to all of Iraq's fractious political parties, some of whose claim to power is backed by heavily armed militias.

The new leader is getting plenty of advice as he works to pull a government together.

Many here worry Maliki may be forced to fill key government posts according to a sectarian formula for sharing power across the spectrum of Shiite, Sunni, Kurdish and secular parties.

Avoiding a government with sectarian hues was the main subject of discussions between Maliki and Secretary of State Condoleezza Rice during her visit, along with Defense Secretary Donald H. Rumsfeld, to Baghdad this week. Rice left for Bulgaria later today, telling reporters in the heavily guarded Green Zone she was convinced Maliki and his advisors were committed to appointing ministers based on competence.

"Obviously, the key now is to get the government up and running, to get ministers who are capable and who also will reflect the value of a national unity government, and then to get about the work of dealing with the security situation, dealing with the economic situation," she said, according to news agencies.

But it was the unusually direct political intervention from Sistani that rang loudest here. The cleric is regarded as the voice of Shiite moderation, though he prefers to exercise his influence through subtle backroom whispers. Last week, it was a nudge from Sistani that contributed to the decision by interim Prime Minister Ibrahim Jafari to abandon his quest to keep the top job in the face of great opposition.

Sistani was more direct today. Maliki emerged from their meeting to tell reporters that the cleric had "advised us, as always, to be Iraqis first."

Maliki also said his government would merge militias into the legitimate state security forces, a proposal that challenges the power of some of his own strongest backers, notably radical cleric Muqtada Sadr.

The two men held a joint news conference in which Sadr denounced the Rice-Rumsfeld visit for "its blatant interference in Iraqi affairs," repeated his call for an end to the U.S. occupation, but dodged the question of whether he would disband his own militia known as the Al Mahdi army.

U.S. Army Maj. Gen. Rick Lynch today said insurgent attacks in Baghdad had decreased by 10% last week and said the number of victims of ethnic and sectarian violence in the capital was the lowest last week since the Feb. 22 bombing of a Shiite shrine in Samarra.

"We don't see us moving toward a civil war in Iraq," he said. "In fact we're seeing a movement away."

But the violence continued at a steady throb across Iraq. The sister of Tariq Hashemi, Iraq's new vice president and leading Sunni politician, was killed along with her bodyguard in a drive-by shooting as she left home for work in Baghdad.

The murder came just two weeks after one of Hashemi's brothers was assassinated, and two days after a video from Al Qaeda in Iraq leader Abu Musab Zarqawi declared that Sunnis who cooperated with the new government were American "agents" and would be killed.

Elsewhere, three Italian and a Romanian soldier died in a roadside bombing of their convoy near their base in Nasiriyah, 200 miles south of Baghdad. There were also clashes between U.S. forces and insurgents in Ramadi.

Police said 16 bodies were also recovered in Baghdad and other cities, victims of execution-style killings.

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Top Shiite Cleric Endorses Plan To Disband Militias (USAT/AP)

By The Associated Press

USA Today, April 28, 2006

BAGHDAD — The incoming prime minister won the backing Thursday of Iraq's top Shiite cleric for his plan to disband militias, which the United States believes is critical to calming sectarian strife and halting the country's slide toward civil war.

The endorsement of Prime Minister-designate Nouri al-Maliki's plan came during a meeting in Najaf with Grand Ayatollah Ali al-Sistani. The ayatollah told al-Maliki, a Shiite tapped last weekend to form a government, that security should be his top priority.

"Therefore, weapons must be exclusively in the hands of government forces, and these forces must be built on a proper national basis so that their loyalty is to the country alone, not to political or other sides," a statement from Sistani's office said.

Al-Maliki has said he plans to integrate militias, many linked to Shiite parties, into the army and police. To ensure their loyalty, he wants to appoint defense and interior ministers without connections to militias. Attempts by previous Iraqi governments to abolish militias have failed, and their numbers have grown.

Lt. Gen. Peter Chiarelli, the second-ranking U.S. general in Iraq, said Wednesday that militias pose an urgent threat to the country's stability and were "an issue we've got to get fixed."

The leader of one major militia, radical Shiite cleric Muqtada al-Sadr, refrained Thursday from endorsing calls to disband his Mahdi Army. After a separate meeting with al-Maliki, the cleric was asked whether he would give up his militia. He replied: "All groups inside or outside the government work for the people's interest and service."

Sectarian tensions rose dramatically after the Feb. 22 bombing of a Shiite shrine in Samarra, triggering reprisal attacks against Sunni mosques and clerics.

In a briefing Thursday, however, U.S. military spokesman Maj. Gen. Rick Lynch said that "we are not seeing widespread militia operations across Iraq" and that "ethno-sectarian" attacks had dropped by half in Baghdad over the last week.

Lynch also said U.S. forces had found no "widespread movement" of Shiites and Sunnis away from religiously mixed areas.

"So we do not see us moving toward a civil war in Iraq," Lynch said. "In fact we see us moving away from it."

Al-Maliki has until late May to present his Cabinet to parliament, the final step in building a national unity government.

Secretary of State Condoleezza Rice and Defense Secretary Donald Rumsfeld departed Thursday after two days of talks with al-Maliki and other Iraqi officials.

Also Thursday:

•Gunmen assassinated Mayson al-Hashimi, the sister of Sunni Vice President Tariq al-Hashimi. She was killed as she left her home in a southwestern Baghdad neighborhood, police said. Her bodyguard was also slain.

•Three Italian soldiers and one Romanian soldier were killed in a bombing in southern Iraq. The soldiers were killed near Nasiriyah, 200 miles southeast of Baghdad, when a bomb exploded near their four-vehicle convoy in a Shiite area. The death was Romania's first combat loss of the war.

Gunmen In Baghdad Kill Sister Of Iraqi Vice President (WP)

By Nelson Hernandez

The Washington Post, April 28, 2006

BAGHDAD, April 27 -- Two sedans loaded with gunmen sped through the streets of Baghdad on Thursday morning, chasing the sister of Vice President Tariq al-Hashimi.

As one of the attackers' cars cut off the sport-utility vehicle carrying Mayson al-Hashimi, the other drove past, spraying the vehicle with bullets and killing the 60-year-old woman, whose biggest offense was being related to a prominent Sunni leader.

A wounded survivor traveling with Hashimi told the police what had happened, police Gen. Raad Khudaier Tamimi said. Meanwhile, attackers left behind a note, Tamimi said.

"This is a punishment for those who collaborate," the note said. It was signed, "Monotheism and Jihad."

Mayson al-Hashimi was the second sibling whom Tariq al-Hashimi, one of Iraq's two vice presidents, has lost since April 13, when another pack of gunmen killed his brother, Mahmoud al-Hashimi.

That was before Tariq al-Hashimi and his fellow vice president, Adel Abdul Mahdi -- both of whom served in the transitional government -- took office on Saturday at a meeting of Iraq's newly formed parliament. Hashimi, a Sunni, vowed with his Shiite and Kurdish colleagues to defeat the country's insurgent movement and restore national stability.

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Secretary of State Condoleezza Rice had called Hashimi earlier this month to express her condolences for his brother's killing. She also met the vice president in a one-on-one session during her visit to Iraq on Wednesday. A day later, Hashimi's sister was killed.

Maj. Gen. Rick Lynch, a U.S. military spokesman in Iraq, paid tribute to Hashimi: "He and many others like him are true Iraqi patriots," he said. "They're doing what they're doing at great risk and great personal sacrifice."

Living in Iraq has its share of dangers, but stepping into the limelight of politics makes it that much easier for a lawmaker and his family to wind up in the cross hairs of any number of armed factions. Few politicians have been spared threats or tragedy. Abdul Mahdi -- a Shiite -- lost his brother at the hands of insurgents last fall. Attackers killed two sons of Mithal Alousi, a secular Sunni politician, after he made an unpopular visit to Israel.

Provincial governors, who have less security, have even more problems: The governor of Nineveh province in northern Iraq has survived at least three attempts on his life and has lost a son and five other relatives.

The sister of Interior Minister Bayan Jabr, another Shiite, was kidnapped in January but later released. The brother of Saleh al-Mutlak, an outspoken Sunni political leader, met another fate: Police found his body on April 17, a few days after he was kidnapped.

Mutlak, a friend of Hashimi's, said he could sympathize with his colleague's loss.

"We feel very sorry for him," he said in a telephone interview.

"I have other brothers, but he was the most active one among all of them," Mutlak said of his slain brother, Taha al-Mutlak. "He had a very strong personality, was very influential in society. He did a lot in politics, and in a very short period. I think this is why they targeted him, because they saw that he was very influential."

One of the hardest things to deal with, Mutlak said, is not knowing who did it.

"Our people are being killed every day, and we don't know who did it, who hates Iraq and Iraqis," Mutlak said. "Is this al-Qaeda or is it a regional power?" A moment later he acknowledged that "regional power" was an allusion to Iran, a neighboring Shiite theocracy that many Sunnis believe is supporting Shiite militias in Iraq.

There was little clarity even in the note left behind by Mayson al-Hashimi's attackers. Monotheism and Jihad was the name of the Sunni insurgent organization led by Abu Musab al-Zarqawi, but the group changed its name months ago to al-Qaeda in Iraq and has often acted recently under the name Mujaheddin Shura Council.

With no answers, Mutlak said, he had no choice but to return to his mission in politics.

"My life is not important anymore," he said. "The lives of Iraqis -- if I can do something good for them, I will not hesitate at all."

Sunni Leader's Sister Fatally Shot In Baghdad (WT/AP)

By Thomas Wagner, Associated Press

The Washington Times, April 28, 2006

BAGHDAD -- A sister of Iraq's new Sunni Arab vice president was killed yesterday in a drive-by shooting in Baghdad, a day after the politician called for the Sunni-dominated insurgency to be crushed by force.

In southern Iraq, a bomb hit an Italian military convoy, killing four soldiers -- three Italians and a Romanian -- and seriously injuring another passenger, officials in Rome said. The bomb struck the convoy near an Italian military base in Nasariyah, a heavily Shi'ite city 200 miles southeast of Baghdad, a local Iraqi government spokesman said.

Elsewhere, a U.S. jet fired two missiles at insurgent positions in Ramadi, U.S. officers said. Fighting also broke out between Iraqi forces and insurgents northeast of Baghdad, killing several Iraqi police officers and civilians.

The violence came as Secretary of State Condoleezza Rice and Defense Secretary Donald H. Rumsfeld visited Baghdad to meet with officials in Iraq's new government. Nouri al-Maliki, a Shi'ite hard-liner recently tapped as Iraq's prime minister, is trying to form a national unity government aimed at stopping a wave of sectarian violence.

Yesterday, Mr. al-Maliki met with Iraq's top shi'ite cleric, Grand Ayatollah Ali al-Husseini al-Sistani, and won his backing for his plan to disband militias, which Washington sees as the key to calming sectarian strife.

Mayson Ahmed Bakir al-Hashimi, 60, whose brother, Tariq al-Hashimi, was appointed by parliament as vice president Saturday, was killed by gunmen in a sedan as she left her southwestern Baghdad home with her bodyguard, police said. The bodyguard also died.

It was the second recent killing in Mr. al-Hashimi's immediate family. On April 13, his brother, Mahmoud al-Hashimi, was shot while driving in a mostly Shi'ite area of eastern Baghdad.

Mrs. al-Hashimi had worked on the government's audit commission and was married with two grown children.

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"What astonished us is that they targeted a woman. This shows how wicked the attackers are," said Ziyad al-Ani, a senior official in the vice president's Iraqi Islamic Party. He said the killings "by the enemies of Iraq" will fail in their goal of driving Mr. al-Hashimi and his party from government.

The party is one of three major Sunni political groups in the Iraqi Accordance Front, which won 44 seats in the Dec. 15 parliamentary election.

On Wednesday, Mr. al-Hashimi called for Iraq's insurgency to be put down by force. Shi'ites had demanded that Sunni officials make such a statement to demonstrate their commitment to building a democratic system.

Mr. al-Hashimi also shrugged off a video released this week by Abu Musab Zarqawi, during which the al Qaeda in Iraq leader tried to rally Sunnis to fight the new government and denounced Sunnis who cooperate with it as "agents" of the Americans.

"I say, yes, we're agents. We're agents for Islam, for the oppressed. We have to defend the future of our people," Mr. al-Hashimi said at a press conference with President Jalal Talabani, a Kurd, and his fellow vice president, Shi'ite Adil Abdul-Mahdi.

New Government Doesn't Slow Iraq Killings (AP)

By Thomas Wagner

AP, April 28, 2006

One year ago Friday, when Iraq formed its first freely elected government, Americans and Iraqis hoped it would lead to a drop in violence. But Iraqis have continued to die in the thousands, and this year the trend is up.

Figures compiled by The Associated Press over the past 12 months show more than 8,000 people have been killed and there are increasing cases of civilians being kidnapped, killed and dumped in public places.

The numbers offer a counterpoint of caution for Washington's hopes that Iraq's second freely elected government, being formed now, will help curb violence.

American officials tout the selection of a new prime minister April 22 as the start of a unity government that could bring closer the departure of U.S. troops. Secretary of State Condoleezza Rice and Defense Secretary Donald Rumsfeld visited Iraq on Wednesday to show their support.

But optimistic forecasts that accompanied other milestones — the 2004 restoration of Iraqi sovereignty after U.S. occupation and the formation of the first elected government 10 months later — turned sour.

Twice last year, on Jan. 30 and Dec. 15, millions of Iraqis risked their lives to vote in free elections for new parliaments, then watched their chosen legislators squabble for months over forming a government.

When the first freely elected government in decades took office a year ago Friday, Prime Minister Ibrahim al-Jaafari said Iraqis who had "challenged tyranny" at the polls "will help this government to succeed and will not be intimidated."

A year later, al-Jaafari has been denied a second term, blamed for failing to deliver on that pledge.

When al-Jaafari took over, U.S. officials and many Iraqis hoped security would improve, but the insurgency soon resumed. Sectarian tensions also began to rise and, with the bombing of an important Shiite shrine two months ago, burst into outright fighting.

AP's figures show that at least 8,107 Iraqis have been killed and 10,519 wounded, most of them civilians, in the year beginning April 28, 2005.

The top killer was bombs (3,895), followed by gunfire (1,960) and the discovery of dumped bodies (1,684).

In March alone, at least 1,038 Iraqis were killed in war-related violence, according to AP figures — the highest monthly total in the past 12 months.

Three of the five largest surges in violence during the year have occurred since January. That is especially true regarding the dumping of bodies. Four of the five biggest increases in that category occurred in the months of March and April.

When it comes to deaths by gunfire, the first, third and fourth largest increases have occurred since mid-January. Serious suicide bombings happened throughout the year, but the worst such attacks — killing more than 120 people — came Jan. 5.

These numbers include civilians, government officials, and police and security forces, and are considered only a minimum based on AP reporting. The actual number is likely higher, as many killings go unreported or uncounted.

AP's tally is compiled from hospital, police and military officials cited in news stories, as well as accounts from reporters and photographers at the scenes. The security personnel include Iraqi military, police and police recruits, and bodyguards. Insurgent deaths are not a part of the Iraqi count.

Also not included in this count are the nearly 1,000 Shiite pilgrims killed in August 2005 during a bridge stampede caused by someone shouting there was a suicide bomber in their midst.

AP began collecting this information on April 28, 2005, when the first freely elected government after Saddam Hussein's downfall took office.

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The AP study reaches back one year. Other studies suggest that the violence has increased yearly since the U.S. invasion. Iraq Body Count, a British anti-war group, said more than 12,600 Iraqi civilians were killed in the year ending March 1, up 10 percent from the previous year and about double the total for the first year after the U.S. invaded.

In Iraq's widespread violence, it often is difficult to tell whether insurgents, militias or common criminals are responsible for killings.

U.S. Ambassador Zalmay Khalilzad recently said Iraq's militias are killing more people than insurgents are.

And the protracted legislative squabbling before the new prime minister-designate, Nouri al-Maliki, was picked may have allowed the militias to break free of the limited control that political parties have over them and to step up sectarian killings, said Toby Dodge, an Iraq specialist at the International Institute of Strategic Studies in London.

Civil war may already be largely under way in Iraq, said Bob Ayers of the Chatham House think tank in London. Either way, Iraq faces tough choices and problems.

"The freedom to vote is unique. The Iraqi people clearly wanted to do that," he said. "But imposing democracy and changing the government structure doesn't change the country's historical, cultural and religious problems."

The AP's News Research Center in New York contributed to this report.

Rice, Rumsfeld In Separate Orbits In Baghdad (WP)

By Glenn Kessler

The Washington Post, April 28, 2006

BAGHDAD, April 27 -- A full 10 seconds of silence passed after a reporter asked Secretary of State Condoleezza Rice and Defense Secretary Donald H. Rumsfeld what the intense secrecy and security surrounding their visit to Iraq signified about the stability of the country three years after the U.S.-led invasion. Rice turned to Rumsfeld to provide the answer. Rumsfeld glared at the reporter.

"I guess I don't think it says anything about it," he snapped. He went on to say that President Bush had directed him and Rice to go to Iraq to "meet with the new leadership, and it happens that they are located here," a reference to the heavily fortified Green Zone where U.S. officials -- and many Iraqi leaders -- live and work.

Rice broke in, calming the tension. "The security situation will continue to take our attention and the attention of the Iraqis," she said, adding, "The terrorists are ultimately going to be defeated by a political process here."

For the second time in a month, Rice traveled to Baghdad to jawbone Iraqi leaders with a high-powered male counterpart. Last time, her partner was British Foreign Secretary Jack Straw. The pairing with him was convivial, so filled with easygoing banter that it was quickly dubbed the "Condi and Jack Show."

This time around, Rice and Rumsfeld often seemed in separate orbits, and the visit had little of the warmth of the earlier one. One purpose of this joint trip was to get the sometimes conflicting military and political operations in sync for the transition to a permanent Iraqi government. But the contrast in the two secretaries' styles was sometimes jarring.

Even though her arrival here followed an exhausting sprint through Greece and Turkey, Rice appeared energized by the task at hand. Rumsfeld arrived directly from Washington -- after a recent Asian tour -- but he seemed disengaged and bored, both to reporters traveling with him and to some U.S. officials. Some said he seemed irritated by the whole exercise. He did not speak a word to reporters with him on the flight to Baghdad.

During a joint meeting with reporters traveling with the secretaries, Rumsfeld frequently doodled with a black felt-tip pen or stared absent-mindedly at the ceiling when Rice spoke. Rice would occasionally cast a nervous glance at Rumsfeld as he prepared to respond to a question. His answers were terse; hers were expansive.

Rice, in that briefing and a separate one with Iraqi journalists, eagerly cast the Iraqi transition as part of the administration's quest for democracy in the Middle East. She told the Iraqi journalists that differences were "being overcome by politics and compromise, not by violence and not by repression," making Iraq "a tremendous pillar of stability through the Middle East." She added, "It's wonderful to be here and to be a small part of that."

But the administration's mantra of freedom and democracy never passed Rumsfeld's lips. Asked how the Iraqi government should eliminate the militias that have terrorized the populace, Rumsfeld appeared to suggest it was a relatively easy task. "Other countries have dealt with these issues and done them in a reasonably orderly way and over a period of time in a manner that was, in many instances, without much violence," he said.

The two secretaries recently had a widely publicized dispute over a comment by Rice that the administration had probably made "thousands" of "tactical errors" in Iraq. Aides later said she had meant it figuratively, but it generated headlines around the world. In a radio interview, Rumsfeld dismissed it as a comment made by someone who didn't understand warfare.

Asked about the flap here in Baghdad, Rumsfeld replied, "I wasn't aware of what she meant." (The transcript shows that the radio interviewer described her remarks carefully and placed them in context.) Rumsfeld made no effort to smooth over the

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issue but pointed to Rice and said, "She's right here, and you can ask her." Rice noted that her comment about tactical errors had been made "not in the military sense."

Rice courted the news media, racing through five television interviews in 17 minutes. Rumsfeld gave no separate interviews. At one point, he arrived early for a meeting and saw an array of television cameras inside the room. He shook his head at the reporters and turned on his heel.

Before the two Cabinet members left Baghdad on Thursday, Rice dismissed any suggestions of tension. "Secretary Rumsfeld and I have an excellent relationship," she told Fox News. "We're working very hard together. We're actually having a great time here in Iraq."

Inside The Ring (WT)

By Bill Gertz And Rowan Scarborough

The Washington Times, April 28, 2006

Rummy's friends

Sen. Jeff Sessions, a wily ex-prosecutor from the Deep South, knows when a man is in trouble, and that man is Defense Secretary Donald H. Rumsfeld. So Mr. Sessions organized a pep rally/war briefing where Republicans could express support for Mr. Rumsfeld, who seven retired generals have said must go.

The setting was breakfast in the Russell Senate Office Building. Mr. Sessions invited "defense-minded" Republican senators, and 17 showed up to talk with the defense secretary.

"There were spontaneous and supportive comments for Secretary Rumsfeld and an affirmation of his leadership," said Sessions spokesman Mike Brumas.

He said the senator from Alabama organized the get-together because "we're in a time of war. Senator Sessions admires Secretary Rumsfeld and invited a group of defense-minded senators to talk with the secretary about a number of topics."

During the one-hour chat, Mr. Rumsfeld discussed the new government in Iraq and the need for another wartime supplemental budget bill.

Mr. Brumas declined to say which senators attended. But it is known that two heavyweights, Senate Armed Services Chairman John W. Warner of Virginia, and his planned successor, Sen. John McCain of Arizona, did not attend.

Mr. McCain has expressed a lack of confidence in Mr. Rumsfeld. The two butted heads over the senator's "hold" on several Defense Department nominees.

Mr. Warner wrote Mr. Sessions a note saying he had another engagement.

Keane's view

Retired Gen. John Keane, former Army vice chief of staff who has been to Iraq several times, thinks that Iraqi hearts and minds are the path to winning the war.

He talked about the insurgency in the aftermath of four retired Army major generals' demanding the resignation of Defense Secretary Donald H. Rumsfeld.

"If this protracted insurgency, which we're now in the fourth year of, was reaching its culmination point in terms of defeat of the insurgency and a government seated, we would not be having this conversation," Gen. Keane told us.

"Much of the underlining frustration deals with the very nature of the war we are fighting and the fact we are four years into it and we are still losing American lives and having soldiers maimed in this conflict. But the reality is ... an urban insurgency neutralizes the United States' military power. The premium is placed on gaining support of the Iraqi people and only secondary to that is killing and capturing of the insurgency. Even when a counterinsurgency is successful, history tells us it takes about seven to eight years to achieve that end.

"I think the insurgency is considerably weaker in one very large respect and its the most important respect. It doesn't enjoy the same support of the people it once had. The people are reaching for democracy and they do not support the insurgents. The majority of the Sunnis is what I'm talking about."

Get tough

Princeton historian Bernard Lewis, a pre-eminent Middle East scholar and authority on Islam and its conflict with the Western world, said the Bush administration needs to do more against the insurgents in Iraq.

"In two simple words: Get tough," Mr. Lewis told a lunch forum of reporters sponsored by the Pew Forum on Religion and Public Life.

Mr. Lewis said defeating Iraqi insurgents, and Islamic terrorists there and elsewhere, will require much more aggressive action.

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Despite negative press reports, Mr. Lewis said, things are going well in Iraq as far as developing democracy and advancing opportunities for women. But the Bush administration appears to be close to "snatching defeat from the jaws of victory" there, he said.

"The best policy would be to deal with it by suppressing it," Mr. Lewis said, instead of using "halfhearted" measures that involve compromising with insurgents.

On Iran, Mr. Lewis said, the current ruler in Tehran, President Mahmoud Ahmadinejad, is a dangerous radical who holds "apocalyptic" visions of Islam. The Iranian leader's recent visit to Syria successfully suppressed a move toward democracy in the Arab fascist state that was not countered by the United States, he said.

Even more dangerous is an Iran armed with nuclear weapons. If the Iranians succeed in their quest, they will use nuclear weapons against their enemies "without an address" on the delivery. "It will come through terrorists," Mr. Lewis said.

Mr. Lewis said one of the roots of current Islamic extremism lies in Saudi Arabian Wahhabism, which he described as an extremely violent and intolerant strain of Islam that is fueled by Saudi leaders and oil money.

"Wahhabism is to Islam what the Ku Klux Klan is to Christianity," he said. Islamic extremism also has been driven by Salafist Sunni Muslims and by Iran's revolutionary-style Shi'ism, he said.

Earth Day

The Air Force sent a memo to personnel reminding them to be respectful of Earth Day last week.

The memo said the Environmental Protection Agency has recognized the Air Force as "the number one purchaser of green power."

It said the Air Force provides a "natural habitat for more than 70 threatened and endangered species" while "maintaining and enhancing ecological integrity on over 575,000 acres of forested landscapes."

"The Air Force is making great strides in our priorities to win the global war on terror, take care of our airmen and recapitalize our forces," the memo said. "Preserving our natural assets remain a key factor of success in these goals, and through our dedication to protecting and maintaining our planet, these assets will remain intact for generations to come."

CIA and State

We asked Dan Gallington, who once was chief counsel to the Senate Select Committee on Intelligence, to discuss whether the CIA's bureaucracy is working against President Bush's policies in the war on al Qaeda.

"I wouldn't say they are anti-Bush as much as to say they generally support the more conciliatory policy positions of the State Department bureaucracy," Mr. Gallington said. "Even though CIA is not a policy organization, they actively participate in influencing national security policy.

"I would say it seems clear that the leaks out of the CIA in recent years are both substantively, and in timing, seem intended to embarrass the president."

He said a "purge" is the answer for a leak-weary Bush administration. "It's already under way," he said.

Corruption Eroding Afghan Security (CSM)

By David Montero

The Christian Science Monitor, April 28, 2006

KABUL, AFGHANISTAN - Nearly five years after the fall of the Taliban, Afghanistan's security situation continues to be dragged down by endemic corruption, roving militias, and a growing nexus between narco-warlords and remnants of the Taliban, officials and analysts say.

The melting snows of spring often bring an uptick in violence, as rebels emerge from their mountain redoubts. Yet there are indications of a deepening instability beyond the seasonal surge. More than 70 foreign troops, mostly Americans, have been killed this past year, making it the deadliest period since the conflict began. Violence, meanwhile, seems to be spreading beyond the volatile south, encroaching on areas formerly considered outside the zones of conflict.

"What is often labeled as Taliban violence is not," says Joanna Nathan, a senior analyst for the International Crisis Group in Kabul. "It's a whole set of fluid alliances, cross- border attacks from Pakistan, drugs, tribal feuds, and of course the Taliban."

What these security issues have in common, she and others say, is the poor governance and official corruption among provincial governors, police chiefs, and others tasked with securing the country and bringing development. The implication: Stabilizing the country increasingly means providing better government.

"The state we're in now is because of the policy decision to co-opt those people who in the past committed human rights abuses. There's a culture of impunity. They continue in many cases to abuse the rights of people under them," says Ms. Nathan, adding that this not only causes violent flare-ups, but creates sympathy for the Taliban. These troubles, she says, are by no means limited to the south. "There are drug problems in the north, tribal problems, sheer criminality."

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In the past, violence rarely spilled beyond the south, where NATO troops are slowly replacing US forces. But recent attacks have cropped up in the north and west, too:

• Rockets slammed into a nongovernmental organization and a house in the northeastern province of Badakhshan on Tuesday when militants protesting poppy eradication missed a police station. No casualties were reported.

• Also on Tuesday, two bomb blasts along the road to Kabul's airport wounded three people. That followed a powerful rocket attack near the US Embassy and the presidential palace on April 19, wounding one Afghan security contractor.

• Bomb blasts were reported Saturday outside a politician's home 30 miles west of the northern city of Mazar-e Sharif.

• And the prosperous western province of Herat, once considered a model of stability, was rocked by a suicide bombing in early April, killing two Afghans outside a NATO compound.

"We do have a problem in the south, but it is spreading north. The path for these activities in the north has already formed," says Gen. Hilaluddin Hilal, the former deputy minister of the Interior Ministry, and now a member of parliament.

Many governors and chiefs of police, rather than confronting the Taliban and neutralizing drug lords, are increasingly intertwined with them, either for political or monetary gain, some analysts say. Amid the lawlessness, military intelligence has become a political game, a tool for blackmail or settling old scores, analysts allege.

President Hamid Karzai has replaced or re-assigned a number of governors in an effort to tackle these problems, which have plagued Afghanistan since the fall of the Taliban. Badsha Khan, for example, once the governor of Paktia Province, was removed in 2002 amid allegations of corruption and passing information to US forces that led to the bombing of his political enemies.

In the northern Balkh Province, Gov. Atta Mohammad Nur sacked several officials this February for their alleged involvement in the drug trade, including the district government head, the chief of police, the chief of security, the chief of staff, and the prosecutor.

But many such types remain. "There is probably no smoking gun, and it might be not be easy to present [a] case before a court," says one Western diplomat, speaking on the condition of anonymity. "But the names of quite a few of these people are well known."

Government officials insist they are cracking down, but Kabul's writ is still weak in many places. Even the more sanguine government officials, when speaking off the record, say that collusion between governors and the Taliban has hampered counterterrorism. Many villagers have little incentive to cooperate, officials say, when they see their government representatives siding with the enemy.

More than breeding resentment, corruption is playing into the hands of the Taliban.

"[P]eople had the expectation that the government would do something for them, that their lives would improve. But it didn't happen," says Mullah Abdul Salam Rocketi, a former Taliban commander who is now a member of Parliament. "When people get disappointed, it benefits the Taliban."

Others agree, saying that such widespread corruption and lawlessness was what brought the Taliban to power in the first place in 1995.

Remedies, such as there are, include more concerted efforts to disarm illegal militias. So far, some 60,000 people have been disarmed under a UN initiative, but many observers say greater resources and political will need to be put toward this effort. The arrival of NATO troops in the south might also bolster security, provided that such an effort is coupled with serious commitments to governance and nation-building.

Suspected U.S. Spies Targeted (LAT)

By Paul Watson And Zulfiqar Ali

The Los Angeles Times, April 28, 2006

KABUL, Afghanistan — Taliban militants and their allies are waging a dirty war in Pakistan's unruly tribal areas, kidnapping and executing people suspected of spying for U.S. forces across the border in Afghanistan.

Militants have killed at least 53 accused spies and pro-government elders in Pakistan over the last two years, according to the independent Human Rights Commission of Pakistan. Many of their bodies were found with notes that claimed the victims had visited U.S. military bases in Afghanistan. Local residents put the death toll from such executions at about 150.

The headless corpse of the latest victim, taxi driver Khun Majan, was found in a ditch Tuesday near the town of Angoor Adda, a suspected Taliban haven in the South Waziristan tribal region, eight days after relatives reported he had been kidnapped.

"He visited a U.S. forces base in the Birmal area, Paktika province of Afghanistan, and was providing information about mujahedin to our enemies," said a note on his body.

It was not known whether any of the victims were working as informants or spies for U.S. forces.

But secret documents on a memory drive stolen from the American air base at Bagram, north of Kabul, and sold at a bazaar outside its gates, show that U.S. Special Forces apparently used informants in Pakistan as well as Afghanistan. The files contained what appeared to be highly sensitive material, including the identities of informants and their families, and some of the information the sources had provided.

None of the informants' names that appeared on the drive sold at the Bagram bazaar, however, matched those of victims killed in Pakistan. And many of the killings predate the files found on the drive.

Abductions and summary executions of people accused of spying for the U.S. or supporting Pakistan's government in the northwestern tribal areas began in June 2004, during an offensive by Pakistani forces against suspected Al Qaeda terrorists, said Pakistani officials, who spoke on condition of anonymity because they were not authorized to talk to the press.

Most of the victims were killed in the last year as Afghanistan's insurgency gained strength, mainly in the southern and eastern territories near routes leading into the country from Pakistan. About 85% of the victims are from South Waziristan, a Pushtun tribal area.

The Pakistani government has said it pushed foreign militants from South Waziristan by late 2004. Intense fighting continues in North Waziristan.

Besides the killing of Majan, other recent executions included the beheading of four Pushtun tribesmen between April 15 and April 21 in North Waziristan. All were suspected of being spies.

At first, militants shot their captives on the spot. But more recently the captives have been held for several days, apparently for interrogation, and later beheaded, sources in the tribal areas said. A note is then left on the body that identifies the victim as an alleged spy, in a warning to others not to cooperate with Pakistani officials or U.S. forces across the border.

On Dec. 25, 2004, Shah Alam Khan, the brother of Pakistan's ambassador to the Persian Gulf emirate of Qatar and a close friend of Afghan President Hamid Karzai, was gunned down by militants in Wana, South Waziristan, according to the Human Rights Commission.

On March 30, five people came to the home of moderate Muslim cleric Maulana Zahir Shah Bhittani, who was staunchly opposed to Taliban and other militants preaching jihad in the tribal areas. The cleric was the principal of a madrasa, or Islamic school, in Lakki Marwat, south of Peshawar, the capital of North-West Frontier Province.

The men knocked on the cleric's door at night and said they needed him to perform faith healing on a patient, family members said. But they overpowered him and forced him into a pickup truck. Two days later, his corpse was found in the Sararogha area of South Waziristan.

A note on his body, written in Pashto, said: "All those who, on the directive of our enemy and in the guise of a cleric, try to propagate against jihad and Islam [or] betray innocent Muslims and misguide people will meet the same fate as Zahir Shah."

The note claimed that the cleric had, "along with some Englishmen, entered an embassy in Islamabad and obtained monetary assistance. He also received some directives from there."

Militants also have recorded on compact discs what they purport to be videotaped confessions of spies for the U.S. in the tribal areas, before beheading them.

On a CD released recently in Miram Shah, administrative center of North Waziristan, a purported spy says an American offered him the equivalent of $3,300 in Pakistani rupees to work on persuading local people to turn against the Taliban.

After recording his message, his masked abductors killed him, chanting "God is great!" in full view of the camera.

"Hypocrites will meet the same fate," the masked men said on the CD. "This person was slaughtered for providing information regarding mujahedin activities to the Americans."

The Los Angeles Times revealed April 10 that drives that contained documents marked "secret" — including one that listed the names, photographs and telephone numbers of people said to be informants — were for sale outside the Bagram base. Merchants told The Times that the drives had been on the market for as long as four years.

They continued to be for sale as recently as Wednesday, after U.S. military brass launched a criminal investigation into the loss of the drives from the base, where U.S. forces operate a secretive detention and interrogation center for terrorism suspects.

"We're obviously concerned that certain sources or assets have been compromised," Col. Tom Collins, a spokesman for U.S. forces in Afghanistan, said recently.

The military is "making all attempts to protect the identities of people who are helping us to defeat the enemy," Collins added this week.

The Times did not disclose any details that could identify the Afghan spies named in the documents, which included detailed accounts of information they had provided from their missions in Afghanistan and trips into Pakistan.

One of the drives apparently belonged to a member of the Army's 7th Special Forces Group (Airborne), based at Ft. Bragg, N.C.

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The unit has recently carried out missions in southern Afghanistan, where the U.S.-led coalition is battling a growing insurgency by Taliban, Al Qaeda and other fighters.

One document on that drive, marked "secret," reported that an Afghan informant arranged for an Afghan friend living in the southwestern Pakistani city of Quetta to visit a U.S. base in Afghanistan.

During the December meeting with a Special Forces officer, the three men discussed the possibility of using the visitor as a guide for U.S. troops, which would cross into Pakistan to capture or kill Taliban leaders.

CORPORATE SCANDALS:

Lay On Defensive At Enron Trial (WSJ)

By John R. Emshwiller And Gary McWilliams

The Wall Street Journal, April 28, 2006

HOUSTON -- Federal prosecutors hammered at former Enron Corp. Chairman Kenneth Lay1's credibility by showing he made a series of inaccurate stockholding reports that failed to disclose large sales of his Enron shares in the months before the company's December 2001 bankruptcy filing.

Mr. Lay, who faces federal conspiracy and fraud charges in connection with Enron's collapse, appeared taken aback by the assault during his first full day of cross-examination in court here, which followed two hours of tense exchanges with prosecutor John Hueston2 on Wednesday afternoon. Mr. Lay hasn't been charged with improper sales of stock.

At times yesterday, he stuttered in response to accusations. Other times, he accused Mr. Hueston of twisting his words or harping on irrelevant points.

Mr. Lay said repeatedly that he relied on advice from company attorneys who told him he wasn't required to disclose the disputed stock sales except once a year, since they involved turning the shares back to the company in return for cash rather than sales on the open market. He said that his Securities and Exchange Commission filings complied with the law even though they inflated the picture of his Enron holdings. In 2001, Mr. Lay obtained $70 million through these stock transactions with Enron. (Testimony excerpts3)

Mr. Hueston even sought to use Mr. Lay's son against him.

Mr. Lay and his co-defendant, former Enron President Jeffrey Skilling4, have consistently claimed that a concerted attack by short-sellers helped drive down Enron's share price, and contributed to the company's 2001 collapse. (Short-sellers are traders who, using borrowed shares, make profits when a stock goes down.) Mr. Hueston noted that Mr. Lay's lead attorney, Michael Ramsey, referred to short-sellers as "vultures."

Mr. Hueston then introduced evidence that Mr. Lay's son, Mark, had executed four short sales on Enron stock in March 2001. Was he a vulture? asked the prosecutor.

"I don't think he's a vulture," said Mr. Lay in a subdued voice, adding that he wasn't aware of his son's stock transactions.

As for Mr. Lay's SEC filings about his stockholdings, Mr. Hueston showed that the Enron chairman didn't include his company stock transactions in those filings.

In 2001, Mr. Lay's monthly SEC stock-ownership filings through October showed his Enron holdings hovering around 2.7 million shares.

Yet his actual holdings had declined to some 991,000 shares because of the sales back to the company, according to evidence presented by Mr. Hueston.

Mr. Lay was quietly selling off a large chunk of his holdings while telling employees and investors the shares were a "bargain," prosecutors contend. As late as September 2001, he was telling employees that he was buying stock without telling them of his far larger sales back to the company. Mr. Lay argued that his stock transactions with Enron were done to raise cash to pay pressing margin calls on personal loans. He said he didn't feel the need to report such "forced" stock sales to Enron employees or others. He added that he held on to as many Enron shares as he could because he felt the stock was undervalued.

By showing that Mr. Lay wasn't fully forthcoming about his stock sales, the government clearly hoped to buttress its contention that the former top executive was illegally hiding from the public a range of bad news about the company's finances and business operations.

Mr. Hueston also attacked Mr. Lay on his bullish remarks in 2001 about Enron's high-profile retail energy unit, which government witnesses have testified was struggling with problem contracts and large hidden losses. The prosecutor noted that up until September 2001 Mr. Lay and other executives had been highlighting the rapid growth of the unit's service contracts, predicting the total would hit $30 billion in 2001.

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However, Mr. Hueston presented evidence from an Oct. 8, 2001, Enron board meeting showing that the company expected to fall short of that target by about $4.5 billion.

About a week later, Mr. Lay told securities analysts that Enron would no longer report total contract values because it was no longer a valid measure. He didn't mention anything about falling short of the previously announced $30 billion target, Mr. Hueston said.

Was the prospect of falling short of the contract target and then dropping it as a growth measure "pure coincidence?" the prosecutor asked.

"I don't know if it was pure coincidence," Mr. Lay said, adding that executives of the retail unit "convinced me and others" that there were better measures. Repeatedly yesterday, Mr. Lay said he relied heavily on others for the information and descriptions he provided to investors. Mr. Hueston pushed back that Mr. Lay, as chief executive, had the option to make the final decisions about what he and the company would tell the public.

The trial resumes Monday.

Stock Sales Scrutinized In Enron Trial (WP)

By Carrie Johnson

The Washington Post, April 28, 2006

HOUSTON, April 27 -- A federal prosecutor used evidence that the son of Enron Corp. founder Kenneth L. Lay bet the company's stock price would fall to poke holes in Lay's contention that short-sellers -- not fraud -- helped push Enron into bankruptcy protection in December 2001.

In his second day of cross-examination, Lay maintained his composure after furiously responding to questions and stabbing his finger at Assistant U.S. Attorney John C. Hueston a day earlier. Hueston attempted to rattle Lay Thursday by throwing back at him Lay's arguments that Enron was the victim of skeptical press reports, disclosures of wrongdoing by former finance chief Andrew S. Fastow, and short-sellers, who Lay said plotted Enron's demise in Florida in early 2001. Short-sellers bet that a stock price will fall, borrowing shares to sell at one price, hoping they will be able to buy the stock later at a lower price, profiting from the difference.

Mark Lay, a former Enron employee, executed four short sales of Enron stock in March 2001, Hueston said.

"Was your son in Florida, sir?" the prosecutor asked.

"I guess I should ask him now," Lay replied wryly as several jurors smiled.

Lay, 64, faces six counts of fraud and conspiracy based on optimistic public statements he made after returning to Enron's helm in August 2001 after the abrupt resignation of his protege and fellow defendant Jeffrey K. Skilling.

Lay answered questions in a firm voice, sometimes talking over Hueston and suggesting that the prosecutor didn't understand business issues. During a discussion of an arcane accounting issue, Lay retorted, "I think the investors would totally understand it, Mr. Hueston. Maybe in fact, you don't."

Later, Lay told the prosecutor that an exchange about another accounting charge was "a real waste of the jury's time."

Lay mostly held firm in his defense that he relied on countless other people to make business decisions when he returned as chief executive, including accountants, lawyers and his own subordinates. Prosecutors argue that Lay was far more involved in the details of Enron's operations then he would care to admit, bringing as evidence budget documents, corporate board presentations and handwritten notes jotted by Lay himself.

"I'm not an accountant; I'm not a lawyer," Lay said. "There are a lot of things I'm not."

He also disputed the accounts of several former deputies who testified earlier in the 13-week trial, saying that some meetings simply never took place and others were a dim memory four years later. Lay repeatedly contradicted government witness David W. Delainey, who testified that the company's highly touted retail business was a disaster akin to "retooling a plane in flight."

"That's kind of what business is all about, other things in life, too," said Lay, who argues that he is an optimistic person. "We're always retooling. You've got to make adjustments as you go along."

The prosecutor spent much of the day walking the jury through Lay's sales of more than $70 million worth of Enron stock to the company in its final months. Hueston said Lay failed to disclose those sales to employees and investors, who believed based on information available in late 2001 that Lay had actually increased his Enron holdings in that period. Lay told jurors he had amassed $100 million in personal debts by 2001. He said he broke no laws with his stock sales.

"Mr. Hueston, despite your efforts here, I was fully complying with all the laws and regulations," Lay protested. "I know you're trying to portray a different story. I was doing exactly what I was told I needed to do."

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Hueston told the judge after the court session ended Thursday that he hoped to finish questioning Lay early next week. U.S. District Judge Simeon T. Lake III, who has zealously guarded the jury's time, signaled that his patience for additional questions by Lay's lawyers could be thin, given Lay's self-defense mechanisms.

"Mr. Lay has pretty well covered a lot of what you would on redirect," Lake told the defense team, as spectators laughed.

Lay Denies He Tried To Hide Sale Of Stock (USAT)

By Greg Farrell

USA Today, April 28, 2006

HOUSTON — Former Enron CEO Ken Lay told jurors here Thursday that he didn't think stock sales "forced" upon him by banks making margin calls were the same as "discretionary" sales. As a result, he didn't feel the need to disclose the sale of more than 1.7 million shares of Enron stock during 2001, when he encouraged Enron employees to buy the stock and told them he was buying shares, too.

During the second day of cross examination in his trial on charges of misrepresenting Enron's financial health to investors, Lay bristled at suggestions by prosecutor John Hueston that he was trying to hide his 2001 stock sales from the public.

"I always differentiated between discretionary decisions to buy shares (and) forced sales to meet margin calls on a line of credit," he said. "I didn't really see there was any need to disclose" the sales, he added.

Despite the fact that he sold more than 500,000 shares of Enron stock from late July through August of that year, Lay touted the company as an "incredible bargain" to his employees in September 2001. He reiterated that belief in court Thursday.

"I strongly and firmly believed it was an incredible bargain," he said.

Lay had personal debts of about $100 million that year, mostly backed by Enron stock. As Enron's share price sank through the course of 2001, various banks made margin calls on Lay (a margin call is triggered when the equity level of an account falls below a set level). But rather than let the banks sell the stock he'd pledged to cover the margins, which would have resulted in the public disclosure of his sales, Lay was allowed to sell his stock back to Enron using a special line of credit available only to a few top executives. Lay insisted that company lawyers told him those sales didn't need to be reported immediately.

The government has accused Lay, 64, and former CEO Jeff Skilling, 52, of conspiring to hide Enron's true financial condition from the public. The two men contend that Enron was a healthy company brought low in 2001 in a panic fueled by short-sellers and a series of negative articles that appeared in the media.

Hueston challenged that defense, saying that before the negative articles started appearing in October 2001, the company was put on notice by Moody's, a credit rating service, that it might be downgraded.

Lay explained that institutional shareholders, who owned about 60% of the company's stock, would understand that the Moody's announcement was not a big deal. Hueston asked about the other 40% of Enron's shareholders, which included "average Joes."

"I'd like to think that Enron didn't have any shareholders who were average Joes," Lay said. "They were somewhat superior to that."

Another testy day for Lay in the Enron trial (HC)

By MARY FLOOD

The Houston Chronicle, April 28, 2006

Ken Lay is accustomed to being in control, and Thursday he tried to rule his cross-examination from the witness stand.

The former Enron chief showed his disdain for the prosecutor by suggesting he couldn't understand what investors would, by asking him questions and even by calling for a new line of inquiry.

"We've spent more than an hour on this," Lay complained testily to prosecutor John Hueston when, after an afternoon break, the lawyer returned to the complicated matter of a writing down the value of a British water utility Enron owned.

"Obviously you can go where you want to, but I think it's a real waste of the jury's time," Lay said, though his indictment includes an allegation that he lied to analysts in October 2001 about whether Enron would have to write down the value of the water company on its books.

Though most of Thursday was calmer than Wednesday, which featured fireworks between Hueston and Lay, the former CEO and chairman of Enron was impatient in his second day on cross-examination.

There was still plenty there to see, with the courtroom full by afternoon.

When discussing that Lay didn't plan to change direction in the company when he came back as CEO in mid-2001, Lay said to Hueston: "I think the investment community would understand it, maybe you don't, but they would."

At another point, Lay told Hueston that he should just call another witness to explain a presentation Enron made to bankers in late 2001. "You need to call Jeff McMahon and put him on the stand," Lay snapped.

Lay also indignantly declared he did nothing illegal or improper when he told employees he was buying stock and they should too in late 2001, even though Lay was also quietly selling millions more in stock back to the company.

Lay told the 12 jurors and four alternates that his $4 million in stock purchases in 2001 were voluntary. But, he said, his more than $70 million in stock sales — which he didn't have to disclose monthly because he traded stock for cash in a revolving credit line at Enron — were "forced" by his personal finances and margin calls on his $100 million in private loans.

"If the market had found out you had sold $70 million of stock in that time, that actually would have caused the stock to tumble?" asked Hueston of Lay's 2001 stock sales to the company.

"It depends, Mr. Hueston," Lay said. He said if the market understood he was using the cash from internal stock sales to keep his private bankers from selling Enron stock used as private loan collateral, the market might see it as a good sign that he had faith in Enron.

"There was no requirement that I disclose any of that," Lay said of his internal stock sales. "You're trying to mislead the jury as to somehow I was doing something illegal, and I'm not."

Stock salesHe said he preferred selling stock to the company, a deal arranged for him in 1999 though not disclosed on the proxy forms. Though Lay had to make monthly filings about his stock purchases, he only had to account for his internal sales annually. Thus his public monthly holding total never reflected his frequent 2001 stock sales and made it appear his Enron stock holdings were growing when they were actually shrinking.

"I found it more convenient to use the line of credit," he said.

Lay's sales to Enron are not considered insider trading because it is assumed the company has all the material knowledge that he has. But the government has included his failure to tell employees about those sales in a conspiracy charge and a wire fraud charge against Lay. They are two of the six charges he faces. Codefendant Jeff Skilling faces 28 charges.

Thursday, Hueston went back to Lay's allegations that colluding short sellers, people who bet a stock will go down, contributed to Enron's downfall. Lay attorney Mike Ramsey previously called short sellers "vultures."

Hueston showed Lay that his son Mark Lay was short selling Enron stock in March 2001 and made more than $166,000 betting Enron stock would fall.

"I didn't know that," Lay said.

"He wasn't a vulture was he?" Hueston asked Lay of his son.

"I don't think he's a vulture," Lay responded.

"He wasn't trying to kill Enron in 2001, was he?" Hueston asked.

"I would think not," Lay said.

The jury has also heard that Skilling made $15 million after leaving Enron by short selling a competitor's stock.

Hueston also questioned Lay about his characterization in late 2001 that Enron's retail business was growing and that it had a projected $30 billion in contract value for 2001. But, Hueston showed, shortly after it was clear Enron would not make that target, it stopped using the same measurements for success. Lay said the change was because the business was maturing and other measures would work better.

The prosecution questioned Lay about his contention that an Oct. 17, 2001, Wall Street Journal story hurt Enron's stock price by twisting an earnings report in a negative way. Hueston noted that news stories about Moody's credit rating agency investigating Enron's rating might also have done that.

Lay argued that Enron's savvy shareholders would have known about Moody's decision the day before and would not have waited until newspapers covered the announcement. Hueston asked whether the "average Joe" shareholder might not have learned about the Moody's decision Oct. 17, 2001.

"I'd like to think Enron didn't have any shareholders who were average Joes. I'd like to think they were somewhat superior to that," Lay said.

No ValhallaU.S. District Judge Sim Lake told lawyers at the end of the day that he plans to rule that information about the Valhalla scandal, evidence about an 18-year-old incident in which Lay did not immediately fire company wrongdoers, will not be part of this trial.

Prosecutors had hoped to question Lay about it but the judge said he'll be agreeing with the Lay team that the door was not opened to that questioning by anything Lay said on direct examination. The judge had previously noted that the incident was very remote and it did not involve a conviction.

Lay is set to continue on the stand through most of Monday.

Surprise Of Enron Trial Is Lay's Surly Manner (LAT)

By Thomas S. Mulligan, Times Staff Writer

The Los Angeles Times, April 28, 2006

Known for charm, the ex-chairman may have damaged his case with sarcasm and snippiness.

HOUSTON — Who would have guessed that Kenny Boy could be a tougher sell to a jury than Capt. Queeg?

Enron Corp. founder Kenneth L. Lay — Kenny Boy to his friend President Bush — is renowned for his courtliness, his philanthropy, his rise from a dirt-poor boyhood in the Missouri Ozarks to a nine-digit fortune.

Codefendant Jeffrey K. Skilling, who invented Enron's most profitable business and ran the company during most of its heyday, also is known for getting in a bar fight while under indictment and for publicly calling an investment analyst by another name for a sphincter.

At the start of their federal fraud and conspiracy trial three months ago, the betting was that the volatile Skilling's performance on the witness stand might drag Lay down, not the other way around.

Former Chief Executive Skilling, 52, shares some of the obsessiveness of Queeg, the Navy skipper of "The Caine Mutiny." But unlike Queeg, Skilling didn't unravel on the stand. Where mastery of Enron's finances was at issue, he overpowered co-lead prosecutor Sean M. Berkowitz. When the nimble Berkowitz pushed certain buttons, Skilling showed flashes of anger and arrogance, but he generally kept his head.

For Lay, however, it's been a rockier ride. Although nobody knows what the 12 Texans in the jury box are thinking, during his first four days on the stand, Lay, 64, has shown some attributes that clash with his reputation as affable, openhanded and shrewd.

His worst moment came Wednesday, when prosecutor John C. Hueston jolted Lay with questions about his attempts to reach actual or potential witnesses in the case — efforts that persisted even after Lay's lawyers told him to stop.

"You've got to question the judgment of the person," said Mark C. Zauderer of New York law firm Flemming Zulack Williamson Zauderer. "No lawyer would have his client in the dock calling potential witnesses. It could be very suspect in the minds of the jury."

Lay probably didn't help matters by responding to Hueston's blitz with sarcasm. The jury of eight women and four men has hardly been immune to humor during the trial — even Skilling's mordant wit sometimes connected — but nobody cracked a smile at Lay's comebacks Wednesday.

Noting Lay's $120,000 investment in a company whose main customer was Enron, Hueston asked whether he had made conflict-of-interest filings required by Enron's code of conduct.

"I don't know," Lay shot back. "Have you checked it? I imagine you have. You guys are pretty thorough."

After describing himself in early testimony as "more of a delegator" than a micromanager, Lay quickly proved himself adept at delegating blame. If something worked out, it was his idea. If it blew up, it was somebody else's.

Asked to name his biggest mistakes at Enron, Lay unhesitatingly listed "hiring Andy Fastow" and promoting him to chief financial officer.

Andrew S. Fastow turned out to be a crook who secretly stole millions from Enron and allegedly helped cook the books. Lay didn't mention it, but he had to know the jury would recall that hiring and promoting Fastow was entirely Skilling's doing.

It wasn't the only time Lay subtly undercut his codefendant. He cited Skilling's surprise resignation in August 2001 as a source of uncertainty in the financial markets that set the stage for the investor and creditor panic that Lay said ultimately brought Enron down.

Moreover, by praising Skilling as an executive who "really gets into the details, the guts of how things work," Lay may have signaled that Skilling, far more than Lay, would have grasped the intricacies of Enron's accounting and financial reporting — the things at the heart of the criminal case.

Lay blamed two aides for what turned out to be one of the biggest PR gaffes of the century: rebuffing the Wall Street Journal in the fall of 2001 when the paper had questions about Fastow and his mysterious LJM partnerships — complex financial structures that the government says let Enron hide problem assets and falsely pump up profit.

With Enron offering only a brief statement written by its lawyers, the company lost any control over the debate and was powerless when the resulting stories eviscerated its stock. A livid Skilling even called from retirement to ask why Enron wasn't defending itself.

In Lay's view, his own instincts had been right all along. Stonewalling the Journal, he testified, went "against every bone in my body."

One of the witnesses whom Lay admitted trying to reach was a former Enron risk manager named Wincenty "Vince" Kaminski. Jurors would remember him as a professor type with a Polish accent and a healthy ego who testified that he tried vainly to warn higher-ups that Fastow's LJM partnerships were a stupid idea and that Enron shouldn't be involved with them.

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In testimony Tuesday, Lay seemed to impugn his former colleague's courage. He acknowledged that Kaminski had been an early skeptic of the LJM deals, but added that it was only after the Journal stories hit and the partnerships blew up in scandal that "his level of dislike intensified."

To be sure, Lay is operating under the disadvantage of losing his lead defense lawyer, Michael W. Ramsey, who has undergone two heart-vessel operations during the trial.

And Lay did seem to claw back some lost ground with the jury Thursday, if only because of Hueston's insistence on spending three hours browbeating him over an accounting issue known as the "Wessex goodwill impairment."

Lay showed impatience with repeated variations on the same highly technical questions — a feeling shared by U.S. District Judge Sim Lake, who has complained about the recent slow pace of the trial. Near the end of the day, Lay burst out: "Mr. Hueston, go where you want to, but I think this is a real waste of the jury's time."

Had Lay been running for mayor at that point, he'd have had at least 12 votes.

Examiners Appointed In BoNY Case (Forbes)

By Liz Moyer

Forbes, April 28, 2006

The United States Attorneys in New York named former federal prosecutor George Stamboulidis of Baker & Hostetler and FTI Consulting, a forensic accounting firm, to be the examiners in charge of making sure Bank of New York is in compliance with suspicious activities reporting and monitoring rules.

The appointment, announced jointly on Thursday by the U.S. attorneys for the Eastern and Southern Districts, comes after Bank of New York (nyse: BK - news - people) agreed to pay $38 million in penalties and compensation over charges it failed to comply with mandatory reporting guidelines under the Bank Secrecy Act.

That settlement was the culmination of a six-year investigation into a Russian money laundering ring that prosecutors say flushed $7 billion through the U.S. banking system. A former executive of the bank and her husband pleaded guilty to federal money-laundering charges in 2000 in connection with the investigation.

Stamboulidis was named in 2003 to be the special examiner overlooking Merrill Lynch's compliance and monitoring procedures in the wake of that firm's entanglement in the financing of certain off balance sheet deals connected to the now-defunct Enron.

New Challenge To Sarbanes-Oxley Law (FT)

By Jeremy Grant

Financial Times, April 28, 2006

Signs of a growing desire among some US legislators to re-examine key elements of Sarbanes-Oxley legislation emerged on Thursday as a Republican congressman, Tom Feeney, said he would next week introduce a bill designed to make it "more acceptable to business".

Mr Feeney's bill is the third piece of legislation aimed at changing Sarbanes-Oxley since its passage in 2002 after the Enron and WorldCom accounting scandals. While such efforts are seen as having limited effect until senators Sarbanes and Oxley retire late this year, the bill reflects concern that changes are needed.

Business has complained about compliance and auditing requirements that cost companies hundreds of millions of dollars a year.

Sarbanes-Oxley is also being blamed for the growing number of US companies seeking listings on foreign stock exchanges, where rules are less strict. Mr Feeney said Sarbanes-Oxley had "for the most part created a lot of good" but section 404 was "an enormous burden on the US economy".

Compliance costs had "spiralled out of control" as a result of section 404, which requires management to report on the quality of their controls. He said stock and derivatives exchanges were worried that the stricter regulatory environment could threaten America's position as the world's pre-eminent risk management centre.

"We are now busy as a consequence largely of Sarbanes-Oxley of out-sourcing America's lead in world capital formation," he said, warning that the flow of US companies listing abroad could cause the US to "lose market share to Shanghai as well". His proposed legislation would make it voluntary for companies with annual turnover of $700m or less to comply with section 404.

It would also require the Securities and Exchange Commission to define more clearly what a "material accounting error" was, Mr Feeney said.

A third element would allow a company's external auditors to give advice to internal auditors. Instead of being subjected to annual audits, companies with market capitalisation over $700m could have random audits. Finally, Mr Feeney said he would propose that the SEC study UK accounting principles to see how section 404 could be implemented more smoothly.

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Pete Sessions, a Texas Republican who supports Mr Feeney's effort, said he was "not sure that the SEC is over-regulating". Instead, he said, he believed it was "not providing enough definition or direction as to what is good and bad".

He said he believed SEC chairman Christopher Cox "understands the enormity of the problem". Asked what progress would be likely to make changes with the proposed bill, he said: "We're going to ram this down the throats of the naysayers. We need to get this done."

A Campaign To Tighten Executive Pay (WP)

By Brooke A. Masters

The Washington Post, April 28, 2006

After years of complaining about sky-high executive pay packages, this year shareholder activists are finally getting some traction in their efforts to do something about the issue.

The issue will come up today at the annual meeting of Merrill Lynch & Co., where chief executive E. Stanley O'Neal took home $37.5 million last year, including $2 million in long-term incentive pay. The American Federation of State, County and Municipal Employees is sponsoring a resolution calling for an annual up-or-down vote on the company's pay plan for top executives. Though the vote would be nonbinding, it would give shareholders a way to make their views clear, advocates argue.

Closer to Washington, a carpenters union's proposal to tie Towson-based Black & Decker Corp. chief executive Nolan D. Archibald's bonuses and long-term stock grants to the company's performance garnered support from 47 percent of the shares voted at the hardware company's annual meeting last week. Archibald was paid $11.7 million plus stock options, which the company's proxy statement said were valued between $7.7 million and $19 million in 2005.

Yesterday, up to 22 percent of shareholders of drugmaker Pfizer Inc. withheld support from directors who approved a pension plan that will pay chief executive Hank McKinnell $6.5 million a year or a lump sum of $83 million when he retires.

"If management increasingly takes more and more, there's less for shareholders," said Frederick E. Rowe Jr., president of Investors for Director Accountability, which urged the withhold vote at Pfizer. Reining in executive compensation has been one of the hottest shareholder issues since the stock market bubble burst in 2000, but for years, proposals have drawn little interest outside of a small group of activist investors.

This year, that seems to be changing. Though fewer compensation proposals were put forward -- 159 so far versus 252 last year -- a larger percentage are making it onto proxy ballots and receiving significant support, according to Institutional Shareholder Services, which tracks and evaluates proxy votes for large investors such as pension plans and mutual funds.

A proposal at Lucent Technologies Inc. to tie incentive compensation -- bonuses, stock and stock options -- to company performance passed with 54 percent of the vote in February after falling short last year. And shareholders at Morgan Stanley defied management this month to adopt a proposal requiring shareholder approval for any future severance packages worth more than three times salary. The vote was widely seen as a slap at the $44 million in cash awarded to chief executive Philip J. Purcell when he was ousted last year.

Executive pay "has always been an irritant but now it's risen to the top of the pile for U.S. investors," said ISS Vice President Patrick McGurn. "We're seeing a steady stream of 40 percent support or more for these pay-for-superior-performance resolutions. Investors are starting to say, 'If not now, when?' "

Even institutional investors that have traditionally voted with management are growing concerned. An ISS survey of 320 institutional investors worldwide found that 21 percent of U.S. investors and 36 percent in Canada ranked executive compensation as the most important corporate governance issue, far outpacing issues such as company performance and financial reporting.

Observers and activists say the issue has gained steam for two reasons: Securities and Exchange Commission Chairman Christopher Cox spotlighted the issue with a proposal to force companies to disclose more compensation information, including previously hidden perks. In addition, chief executive pay has continued to rise.

According to a survey by Mercer Consulting of 350 large public companies, median total direct compensation -- salary, bonus and present-day value of long-term stock and option grants -- rose 5 percent in 2005, to $6.8 million. The median value of chief executive salary and bonuses alone rose 7.1 percent, to $2.4 million.

"It just seems to get worse and worse. At the moment the most we can hope for is to slow it down, and that's not acceptable," said Jack Bogle, the retired chief executive of Vanguard Investments who is sharply critical of high executive salaries in his recent book "The Battle for the Soul of Capitalism."

The rise in executive compensation was in line with the 6.8 percent median increase in total shareholder return but far outpaced the consumer price index, which rose 3.4 percent. Real hourly non-farm wages rose 2.1 percent in 2005, according to the Labor Department.

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"People have had enough," said Richard Ferlauto, director of pension and benefit policy for AFSCME, which has resolutions asking for an annual up-or-down shareholder vote on executive pay on ballots not only at Merrill but also at U.S. Bancorp, where the proposal drew about 39.5 percent support, Countrywide Financial Corp. and Home Depot Inc.

Company officials argued in interviews and in proxy materials sent to investors that they are working to align executive pay with performance and that the activists' proposals are too rigid. Black & Decker's management, for example, opposed its shareholder pay-for-performance proposal, arguing that the company needed to "maintain the flexibility" to reward good performances.

Both Mercer's statistics and a rival survey of 200 large firms by Pearl Meyer & Partners found that chief executive compensation rose more slowly in 2005 than in 2004, when the increase in total shareholder return was higher. In addition, most chief executives' salaries now move in the same direction as company results. "You don't see a lot of people in the bad-boy box where pay went up and the company's stock went down," said Pearl Meyer managing partner Jan Koors. But, she noted, "The median continues to rise."

That's the issue raised by the United Brotherhood of Carpenters and Joiners of America's "pay for superior performance" proposal, which made it onto ballots at 17 companies, including Black & Decker. The nonbinding resolution asks companies to withhold incentive compensation from chief executives unless earnings or shareholder returns outperform median performance by the company's peers. The proposal drew 39 percent support at Dupont on Wednesday and is pending at 14 other companies.

"You should get superior pay for superior performance. What we have now is superior pay for average or below-average performance," said Ed Durkin, director of corporate affairs for the carpenters union.

Pfizer shareholders proposed withholding votes from directors after the SEC turned down an AFL-CIO proposal that would have required shareholder approval for pensions that exceeded an executive's salary. The activists complained that Pfizer shares have fallen 44 percent since McKinnell took the helm in 2001. Company officials argued that they are already addressing the problem. In 2005, McKinnell's salary and bonus totaled $5.97 million, down 4 percent from 2004. Pfizer shares dropped 13 percent last year.

CRIMINAL LAW:

Prosecutor Weighs Charges Against Rove In Leak Case (NYT)

By Elisabeth Bumiller And David Johnston

The New York Times, April 28, 2006

WASHINGTON, April 27 — Patrick J. Fitzgerald, the special prosecutor in the C.I.A. leak case, is expected to decide in the next two to three weeks whether to bring perjury charges against Karl Rove, the powerful adviser to President Bush, lawyers involved in the case said Thursday.

With the completion of Mr. Rove's fifth appearance before the grand jury on Wednesday, Mr. Fitzgerald is now believed to have assembled all of the facts necessary to determine whether to seek an indictment of Mr. Rove or drop the case.

Lawyers in the case said Mr. Fitzgerald would spend the coming days reviewing the transcript of Mr. Rove's three hours of testimony on Wednesday and weigh it against his previous statements to the grand jury as well as the testimony of others, including a sworn statement that Mr. Rove's lawyer gave to the prosecutor earlier this year. The lawyers were granted anonymity so they could speak about the internal legal deliberations in Mr. Rove's case.

A lawyer with knowledge of the case said that Mr. Rove had known for more than a month that he was likely to make another appearance before the grand jury, and that he had known since last fall that he would be subject to further questions from Mr. Fitzgerald before the prosecutor completed his inquiry.

Mr. Rove was relieved of his day-to-day domestic policy duties at the White House in a staff shake-up last week, but White House officials say the change was unrelated to his legal complications.

Randall Samborn, a spokesman for Mr. Fitzgerald, declined to comment.

Mark Corallo, a spokesman for Mr. Rove, said Mr. Rove would be cleared. "We're confident at the end of this that Mr. Fitzgerald is going to find that Karl has been totally truthful and not only has done nothing wrong but has done everything right," Mr. Corallo said.

Mr. Fitzgerald must specifically decide whether Mr. Rove misled the grand jury in testimony he gave in 2004 about his conversations with reporters about Valerie Wilson, the intelligence officer at the heart of the C.I.A. leak case.

In his February 2004 testimony, Mr. Rove acknowledged talking to the columnist Robert D. Novak about Ms. Wilson, but he did not tell the grand jury about a second conversation he had about her with Matthew Cooper, a Time magazine reporter. Mr. Novak revealed her name and C.I.A. employment in a column on July 14, 2003.

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Critics of the Bush administration have asserted that the revelation was retaliation against her husband, Joseph C. Wilson IV, a former diplomat who had publicly accused the administration of twisting some of the intelligence used to justify going to war with Iraq.

Mr. Rove later voluntarily told the grand jury about the conversation with Mr. Cooper, and said that he had forgotten about it in the rush of his daily business. But Mr. Fitzgerald has long been skeptical of Mr. Rove's account of his forgetfulness, lawyers in the case say. On Wednesday Mr. Fitzgerald questioned Mr. Rove about how he came to remember his conversation with Mr. Cooper.

Robert D. Luskin, Mr. Rove's lawyer, issued a statement on Wednesday declaring that Mr. Rove had testified "voluntarily and unconditionally" about a matter that had arisen since Mr. Rove's last grand jury appearance, in October 2005. Mr. Luskin was evidently referring to the testimony of Viveca Novak, a former reporter at Time magazine, who has said that she told Mr. Rove's lawyer in early 2004 that she believed that Mr. Rove had been a source for Mr. Cooper.

Mr. Rove admitted from the outset to investigators that he spoke to Mr. Novak on July 9, 2003, about Ms. Wilson. It was in that conversation that Mr. Rove first learned the name of Ms. Wilson from Mr. Novak, lawyers in the case said.

Mr. Rove's conversation with Mr. Cooper occurred two days later. In that conversation, Mr. Rove did not mention Ms. Wilson's name, but, Mr. Cooper said, Mr. Rove did say that she worked at the C.I.A.

Mr. Fitzgerald did not learn of Mr. Rove's conversation with Mr. Cooper until long after the investigation had begun, when a search of Mr. Rove's e-mail messages uncovered one that he had sent to Stephen J. Hadley, then the deputy national security adviser, about the Cooper conversation.

It is still not publicly known why Mr. Rove's e-mail message to Mr. Hadley was not turned over earlier, but a lawyer in the case said White House documents were collected in response to several separate requests that may not have covered certain time periods or all relevant officials. Mr. Rove had no role in the search for documents, which was carried out by an administrative office in the White House.

Also on Thursday, a federal judge refused to dismiss charges against I. Lewis Libby Jr., the former top aide to Vice President Dick Cheney who was indicted on perjury and obstruction charges in the leak case last year.

The judge, Reggie B. Walton of Federal District Court, turned down a motion by lawyers for Mr. Libby who challenged Mr. Fitzgerald's authority to handle the case.

Judge Rules Charges Against Libby Stand (USAT)

USA Today, April 28, 2006

A federal judge refused Thursday to dismiss charges against I. Lewis “Scooter” Libby, the former White House aide who was indicted on perjury and obstruction charges last year in the CIA leak scandal.

In a 31-page opinion, Judge Reggie Walton turned down a motion by lawyers for Vice President Cheney's one-time top assistant, who challenged the authority of special counsel Patrick Fitzgerald to handle the case. Libby's lawyers had argued that Fitzgerald was given too much power and that the appointment should have been made by the president. However, Walton said there is no question the attorney general can delegate any of his functions. After then-attorney general John Ashcroft recused himself from the investigation, Ashcroft's deputy James Comey appointed Fitzgerald to conduct the probe into who leaked the identity of CIA officer Valerie Plame in 2003.

Lawmakers from California, New York and New Jersey denounced a proposal to change HIV/AIDS funding that could shift tens of millions of dollars from the West and Northeast to the South. The Bush administration and Southern lawmakers including Rep. Charlie Norwood, R-Ga., countered that changes are needed to bring fairness to the way $2 billion is distributed each year. Investigators with the Government Accountability Office have found that some funding formulas disproportionately benefit states with urban areas because of a quirk that double-counts AIDS patients in 51 metropolitan areas. A separate quirk that counts some dead patients helps only San Francisco, giving the city an extra $7 million a year. The White House wants to eliminate both these quirks, but it has not revealed its plan and how it would affect states.

A senior FBI official is retiring less than a year after taking charge of the bureau's National Security Branch. Gary Bald will end his nearly 29-year career with the FBI on June 2, Director Robert Mueller said. Mueller gave no reason for Bald's decision but praised his leadership. Bald said the time was right to retire, “weighing our progress on implementation of the NSB as well as family considerations.” The branch brings together counterintelligence, counterterrorism and intelligence.

Pakistan would not support the use of force to halt neighbor Iran's nuclear programs, Foreign Secretary Riaz Khan said after a meeting with Undersecretary of State Nicholas Burns in Washington. “We want this issue resolved diplomatically,” Khan said. President Bush has accused Iran of trying to develop nuclear weapons and has not dismissed a military option.

Judge Won't Dismiss Case Against Libby (AP)

By Toni Locy

The Associated Press, April 27, 2006

A federal judge refused Thursday to dismiss charges against I. Lewis "Scooter" Libby, the former top White House aide who was indicted on perjury and obstruction charges last year in the CIA leak scandal.

In a 31-page opinion, U.S. District Judge Reggie B. Walton turned down a motion by lawyers for Vice President Dick Cheney's one-time top assistant, who challenged the authority of Special Counsel Patrick Fitzgerald to handle the case.

Libby's lawyers had argued that Fitzgerald was given too much power — more than the attorney general — and that the appointment should have been made by the president with the Senate's approval.

Walton said Thursday he did not need to "look far" in the law to reject the claim by Libby's defense team. The judge said there is no question the attorney general can delegate any of his functions.

"There was no wholesale abdication of the attorney general's duty to direct and supervise litigation," he wrote.

Then-Attorney General John Ashcroft had recused himself from the investigation because of his White House contacts. James Comey, who was deputy attorney general at the time, appointed Fitzgerald, giving him wide berth to conduct the investigation into who leaked the identity of CIA officer Valerie Plame to reporters in 2003.

"This case provides the clearest example of why such broad discretion is necessary," Walton wrote. "Here, the attorney general believed there was a conflict of interest ... It was, therefore, entirely appropriate for the attorney general to remove himself completely from the investigation."

Walton said there must be a way to appoint special prosecutors to ensure that "the perception of fairness withstands the scrutiny of the American public" when high-level government officials are investigated for alleged wrongdoing.

Libby, 55, is charged with perjury and obstruction of justice, accused of lying to the FBI and a federal grand jury about how he learned about Plame and what he subsequently told reporters about her.

Conservative columnist Robert Novak named her in a column July 14, 2003, eight days after Plame's husband, former U.S. Ambassador Joseph Wilson, alleged in an opinion piece in The New York Times that the Bush administration had twisted prewar intelligence on Iraq to justify going to war.

The CIA sent Wilson to Niger in early 2002 to determine whether there was any truth to reports that Iraq had tried to buy yellowcake uranium from Niger to make a nuclear weapon. Wilson discounted the reports. But the allegation nevertheless wound up in President Bush's 2003 State of the Union address.

Walton said Comey made the legal analysis more difficult by failing to appoint Fitzgerald under Justice Department rules for special prosecutors. As a result, the judge said he had to rely on a series of letters Comey wrote to Fitzgerald outlining the CIA leak investigation.

The judge concluded that Fitzgerald's powers are limited because he can be removed by the Justice Department. Walton also said Fitzgerald's authority will expire when the CIA leak investigation and resulting prosecutions are concluded.

"The integrity of the rule of law ... is challenged to the greatest degree when high-level government officials come under suspicion for violating the law," Walton wrote. "And a criminal investigation of any individuals, prominent or not ... must be above reproach to preserve respect for the fairness of our system of justice."

Little Is Clear In Laws On Leaks (WP)

By Dan Eggen

The Washington Post, April 28, 2006

The firing of a veteran CIA officer for unauthorized contacts with the press has focused attention on the patchwork of federal laws that govern disclosures of classified information, which are written broadly but are difficult to enforce and have historically been used sparingly in cases involving journalists.

Numerous experts on national security law said Mary O. McCarthy, whom the CIA fired 10 days before her retirement for allegedly having undisclosed contacts with reporters, could conceivably be prosecuted under a number of statutes, including those governing espionage, disclosures of classified information and even theft of government property.

Yet those experts warned that any such prosecution is fraught with obstacles, including the difficulty in showing that disclosures were made with knowledge that they would harm national security or were intended to benefit a foreign power.

In addition, McCarthy's attorney, Ty Cobb, said on Monday that she did not leak classified information to reporters, disputing a key accusation in a CIA statement issued last week. Cobb also said McCarthy did not disclose the existence of secret CIA-run prisons in Eastern Europe to a Washington Post reporter, which has been a primary focus of an internal leak investigation ordered by CIA Director Porter J. Goss.

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"From the criminal side, there are a lot of difficulties with respect to this case," said Mark S. Zaid, a Washington lawyer who has represented many former employees in disputes with the CIA and other intelligence agencies. "I wouldn't be surprised if they decline prosecution, because it might create more problems than it's worth."

The case comes amid renewed debate in Congress over whether to increase penalties for leaking or to consider rewriting espionage and classified information laws. This week, the House approved a bill requiring the director of national intelligence to study yanking pensions for those caught revealing secrets.

Unlike in similar cases, such as the New York Times's disclosure of a warrantless eavesdropping program run by the National Security Agency, the CIA has not formally asked the Justice Department or the FBI to open a criminal probe into The Post's article on prisons, law enforcement officials said this week. Reporters at The Post and the Times were awarded Pulitzer Prizes this month for those articles.

In the latter half of the 20th century, including the Cold War years, the government prosecuted only one non-espionage leak case in federal courts. But the Justice Department has more recently signaled its willingness to test the boundaries of espionage law in a case involving two pro-Israel lobbyists, and the CIA and other intelligence agencies have launched aggressive internal probes to detect and punish leakers.

No statute in the U.S. criminal code covers all unauthorized disclosures of classified information, and Congress has debated whether an overarching law should be enacted. President Bill Clinton vetoed one such attempt shortly before he left office, and the Justice Department opposed a similar proposal in 2002, saying most, if not all, incidents can be dealt with under existing laws and administrative procedures.

The Intelligence Identities Protection Act outlaws deliberate identification of covert agents; other laws focus on electronic communications, codes, atomic secrets and other sensitive data.

The pivotal statute is the Espionage Act of 1917, which was aimed at traditional foreign spies when written but, according to the government, is broad enough to encompass a much wider array of situations.

The law outlaws unauthorized disclosure or receipt of a wide range of information "relating to the national defense" and is not explicitly limited to classified data. Many legal experts and defense lawyers argue that the law is so expansive it may be unconstitutional and, said Syracuse University law professor William C. Banks, "shot full of holes."

"It's been very difficult for the government to use the Espionage Act to obtain a conviction for simply leaking information," said Banks, who also runs the Institute for National Security and Counterterrorism at Syracuse. "It was written to cover conventional espionage and spying, not conventional leaking within the government."

But the government was successful in using the statute in the case of Samuel L. Morison, a former Navy intelligence analyst convicted of espionage and theft during the Reagan administration for leaking secret U.S. spy satellite photographs to Jane's Defense Weekly. A judge in the case ruled against defense assertions that the Espionage Act was unconstitutionally vague.

Currently, two lobbyists for the American Israel Public Affairs Committee (AIPAC) are accused of receiving classified information during conversations with government officials, including former Pentagon employee Lawrence A. Franklin, who has been sentenced to 12 years in prison. In bringing the case, the government for the first time indicted two nongovernmental employees under the espionage law.

Prosecutors have also alarmed journalism groups and free-speech advocates by asserting that reporters could be prosecuted under the Espionage Act for receiving and publishing classified information. The laws governing classified material do not make it illegal to publish such material except in specific circumstances; for example, one statute outlaws reproducing or publishing photographs or drawings of designated military installations without government permission.

But in a brief filed in the AIPAC case, Justice Department lawyers argued there "plainly is no exemption in the statutes for the press," saying the Espionage Act and some Supreme Court opinions indicate that journalists can be prosecuted for revealing classified information.

At the same time, the lawyers said that prosecuting a reporter "would raise legitimate and serious issues and would not be undertaken lightly," adding that "the fact that there has never been such a prosecution speaks for itself."

Such disputes have renewed calls to revise the laws on classified information and espionage.

"The system is ossified, complicated and a relic of the Cold War period," said Elizabeth Rindskopf Parker, a former CIA and NSA general counsel who is dean of the University of the Pacific's law school and was recently named to a government board formed to oversee classification issues. "I think it needs to be looked at seriously again."

All Leaks Aren't Equal; It's The Meaning That Matters (USAT)

USA Today, April 28, 2006

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For those not paying close daily attention, here's a catch-up on the Bush administration's hunt to uncover people who leak information it wants hidden:

•Wednesday, President Bush's closest political ally, Deputy Chief of Staff Karl Rove, was called for the fifth time before a grand jury exploring the leak of a CIA operative's name. Vice President Cheney's former chief of staff is already under indictment as part of this probe; he says Bush himself authorized his disclosures.

•Last week, in an unrelated incident, the CIA very publicly fired a high-ranking CIA officer for unspecified leaks — which she denies.

•Meanwhile, hunts continue to discover who provided information to The Washington Post and The New York Times for two stories that embarrassed the administration. One disclosed that the CIA had been operating a covert prison system for gloves-off interrogation of terrorism suspects, possibly violating U.S. and international laws. The other revealed the government was eavesdropping without court warrants on telephone conversations of thousands of U.S. residents.

Are these, as the administration claims, outrageous leaks that jeopardize national security? Or are they attempts by honest people to expose abuse of power?

The vast majority of Washington leaks are neither. They usually have nothing to do with national security, and they come from a politician, bureaucrat or lobbyist trying to manipulate the news media into peddling a selective version of reality on a no-name basis.

But occasionally, a leak is something more.

Coincidentally, a memoir arrived this week from Watergate's "Deep Throat." It reminds us that some leaks are leaks of conscience, from public-spirited individuals trying to blow the whistle on government practices at odds with American ideals.

W. Mark Felt, then second-in-command at the FBI, writes: "From the start, it was clear that senior administration officials were up to their necks in this mess, and that they would stop at nothing to sabotage our investigation." Events proved how right he was.

Felt is one of many. Defense analyst Daniel Ellsberg leaked the Pentagon papers in 1971, after he couldn't get anyone in the administration or Congress to take seriously the implications of the detailed history of U.S. involvement in Vietnam that he had compiled.

More recently, a still-unidentified person leaked the photos of prisoner abuse at Iraq's Abu Ghraib, sensing that the only way to stop such practices was to appeal to the sensibilities of the public.

Harmful to U.S. interests? Definitely. Essential to protect U.S. values? No doubt. The same dichotomy applies in the secret-prison and wiretapping stories.

Nor is the leak of conscience limited to government. Embarrassed employees of the tobacco industry exposed its coverup aimed at denying the deadliness of their product.

That is not to say that employees anywhere should have free rein to say anything. At the CIA, for instance, employees are generally prohibited from talking to the news media or writing about their experiences. Even in more normal circumstances, confidentiality is essential to conducting business.

But as the leak probes continue, it's important to maintain a distinction between those who leak to help themselves and those who leak, at personal risk, to let the public know its leaders are flouting law or abusing power.

People can decide whether the programs and policies exposed are noble or shameful — just as they were able to draw conclusions about Watergate, Vietnam, Abu Ghraib and the tobacco industry. And despite the cries of those who would operate in secret, isn't that how democracy is supposed to work?

F.B.I. Set To Present Subpoenas To Lawmaker's Nonprofits (NYT)

By Jodi Rudoren

The New York Times, April 28, 2006

The F.B.I. has notified three nonprofit organizations created by Representative Alan B. Mollohan and financed primarily through special federal appropriations he steered their way that they should expect subpoenas soon for financial and other records.

Mr. Mollohan, Democrat of West Virginia, stepped down from the House ethics committee last week over accusations of financial impropriety that stem largely from a complaint the conservative National Legal and Policy Center has filed with the United States attorney in Washington.

The nonprofits at issue are the Vandalia Heritage Foundation, the Institute for Scientific Research and the Canaan Valley Institute. The F.B.I.'s notification to them has occurred over the last two days and signals that the bureau is looking deeper into the 500-page complaint, which among other things suggests ties between the special appropriations, or earmarks, and Mr. Mollohan's personal real estate investments.

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Mr. Mollohan's office did not return repeated calls yesterday. Nor did Vandalia's president, Laura Kurtz Kuhns, whose ownership of vacant lots on Bald Head Island, N.C., with Mr. Mollohan and their spouses is a prime focus of the conservative group's complaint.

Though Ms. Kuhns could not be reached, an official of Mr. Mollohan's network of nonprofit groups confirmed that Vandalia had been told to expect a subpoena. And leaders of the two other nonprofits — Kiena L. Smith, Canaan Valley's executive director, and James L. Estep, president of the Institute for Scientific Research — said they planned to cooperate fully with the F.B.I.

Mr. Estep said an investigator for the bureau called the institute's office yesterday to get confirmation of the mailing address and warn of a coming "informational subpoena."

Mr. Estep, who also heads the West Virginia High Technology Consortium Foundation, a nonprofit created by Mr. Mollohan that has not been contacted by the authorities, added: "They're welcome to come into either organization, and we will provide whatever they want and answer whatever questions they have. We have nothing to hide."

Ms. Smith said her receptionist took a call Wednesday in which an F.B.I. representative promised a subpoena for financial records within "a couple of days."

"We have 10 public audits, it's fine," she said. "Anybody can look at our records. They're public information."

Lobbyist Stripped Of Good Name, But Not Of Good Vacation (NYT)

By Philip Shenon

The New York Times, April 28, 2006

WASHINGTON, April 27 — Jack Abramoff may be facing financial ruin and a long prison sentence, but he still knows how to vacation.

Guests at the oceanfront Turnberry Isle Resort and Country Club in Aventura, Fla., say they were surprised to see Mr. Abramoff, his wife and their five children at the 300-acre golf and tennis resort for more than a week this month for the Passover holiday.

Like many other guests at the resort then, the Abramoffs arranged the trip through a travel agency based in Brooklyn that, according to its Web site, charged a minimum of $3,600 per adult for a nine-night Passover package.

A lawyer for Mr. Abramoff, Abbe D. Lowell, said the trip was paid for by Mr. Abramoff's "extended family," although Mr. Lowell would not say which family member or members. He said Mr. Abramoff "definitely did not pay" for the holiday.

Mr. Lowell said in an interview that it was a "cheap shot to suggest that Mr. Abramoff was living high off the hog" and that the trip, which allowed Mr. Abramoff to meet with his lawyers in Miami on a related criminal case, was intended to benefit his family in a difficult time.

The tour agency, Presidential Kosher Holidays, which the Abramoffs had used in the past to arrange Passover vacations, would not comment, saying it protects its clients' privacy. The company charges rates on a sliding scale for children based on their ages, but it declined to reveal the children's rates to a reporter.

In court papers last month, Mr. Abramoff, who has pleaded guilty in Washington to seeking to corrupt Congress members and other public officials, in part by sending them on expensive trips, insisted that he was financially ruined as a result of his plea bargain with the Justice Department.

"Mr. Abramoff is broke," his lawyers said in a court filing in Miami, where they were asking for leniency for Mr. Abramoff after he pleaded guilty there to fraud involving his purchase of a casino-boat fleet. "He is tormented daily that his wife will not be able to support the large family on her own."

Turnberry Isle, on the Atlantic coast between Miami and Fort Lauderdale, is often found on lists of the nation's best resorts. According to its Web site, room rates this month begin at $559 a night. It has two 18-hole golf courses designed by Robert Trent Jones, 11 tennis courts, two swimming pools, three restaurants and a marina.

The Web site of Presidential Kosher Holidays described the resort package as "everything you could want in a Passover vacation" including "gourmet Glatt Kosher cuisine."

Guests at Turnberry Isle said Mr. Abramoff, who is praised by friends for his devotion to Judaism and to his family, did not appear eager to make his presence known.

"I was passingly aware of Mr. Abramoff, whom I saw a couple of times in the course of my stay," said Gil Graff, director of the Bureau of Jewish Education of Greater Los Angeles, who was taken to the resort by Presidential Kosher Holidays to provide lectures to the Passover guests on modern Jewish history. "I know that he was present."

Modi Rosenfeld, a comedian from New York who entertained the Passover guests at the resort, said he was asked by organizers of his appearance not to do political humor because someone in the audience was "political" and was "in the news."

Mr. Rosenfeld said he did not know that they were referring to Mr. Abramoff. "They said, Can you not do anything political?" said Mr. Rosenfeld, who uses only his first name professionally. "I said, 'Not a problem.' I kept the political humor down to a few bare jokes."

Mr. Rosenfeld said that had he known that the celebrity in the audience was Mr. Abramoff, whose lobbying operation earned more than $80 million in fees in recent years, "I would have charged more — a lot more."

Former MS-13 Leader Gets 30 Years (WP)

By Henri E. Cauvin

The Washington Post, April 28, 2006

The judge wanted Juan Carlos Rivas-Moreiera to understand exactly what he was saying yesterday in D.C. Superior Court.

So when the time came to explain why he was about to sentence the onetime MS-13 leader to 30 years in prison for a near-fatal attack on a rival gang member, Judge Hiram E. Puig-Lugo took the unusual step of addressing him in their shared mother tongue.

Speaking in Spanish, Puig-Lugo said that rarely had he seen a defendant as smart as Rivas-Moreiera and never had he seen a defendant so involved in his own defense.

"You could have been a businessman, or an attorney, or a doctor, or a teacher -- or a judge," Puig-Lugo told him.

Instead, Rivas-Moreiera, 25, used his smarts and charisma to rise to the top of the MS-13 Marineros, a Maryland clique of the notorious Latino gang that has its roots in Central America.

And far from being the worst of his alleged acts, the May 2001 attack in Northwest Washington was only one crime in a life rife with it, the prosecutor, Assistant U.S. Attorney Gilberto Guerrero Jr., said.

Rivas-Moreiera, of Silver Spring, is among the reputed members of MS-13, or Mara Salvatrucha, who were charged in Maryland last year in a federal racketeering indictment that details murders, kidnapping, robbery and other crimes.

The indictment was a significant regional strike against local Latino gangs, which have lured isolated and disaffected adolescents into dangerous lifestyles and sown fear in neighborhoods that are heavily populated by immigrants.

"It is a loss for our community that you chose to use your intelligence in the way you did," Puig-Lugo said. "Every time you recruit somebody to be part of your mara " -- as gangs are called -- "you are stealing someone from our community."

A lawyer. A teacher. A doctor.

But pained as the judge appeared by the sight of such potential squandered, it was the harrowing events of May 19, 2001, that led him, he said, to depart from the District's sentencing guidelines and hand down a penalty considerably closer to the maximum.

On that night, Rivas-Moreiera was out for revenge, according to the account laid out by prosecutors in court papers and at trial. Seven months earlier, he had been attacked by Roque Elias Lopez-Gonzalez, a member of Mara R, another gang. Although Lopez-Gonzalez was quickly outnumbered and overpowered, Rivas-Moreiera wasn't willing to forget, and that night in May, he was still smarting.

Accompanied by two fellow gang members, he went looking for anyone who belonged to Mara R. They found Elgar Hernandez in a liquor store at 14th Street NW and Florida Avenue. When Rivas-Moreiera asked Hernandez what gang he was with, Hernandez told him "La R," as Mara R is also known. Rivas-Moreiera said he and his friends were also from "La R."

They weren't, and that soon became clear to Hernandez.

The three strangers jumped him a short time later in an alley off Chapin Street NW. One of them put a gun to Hernandez's head and forced him into their car. This, he was told, was payback, no matter that Hernandez had nothing to do with the earlier attack.

As they drove along Piney Branch Parkway NW, Hernandez was stabbed through the chest and in the heart, setting off a furious struggle inside the car. Hernandez managed to pull the knife out of his chest and throw it out the window. And when the car slowed at 17th Street, he got out.

When passersby spotted him, someone called 911, and Hernandez was taken to Washington Hospital Center, where he had open-heart surgery and survived to testify against Rivas-Moreiera.

But his testimony would not be enough. The first two trials, both last year, ended in hung juries.

Only after prosecutors made a deal with an MS-13 member to have him testify did they manage to win a conviction against Rivas-Moreiera, who was found guilty in February of assault with a dangerous weapon, aggravated assault while armed and threats.

Rivas-Moreiera's attorney, Ross Hecht, said in court that his client plans to appeal. Given that he faces the federal charges in Maryland, Rivas-Moreiera chose not to address the court.

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The U.S. attorney's office had urged the judge to depart from the voluntary sentencing guidelines, pushing for a penalty beyond the recommended 10 to 20 years.

The judge agreed.

"You are not going to keep hurting our community," Puig-Lugo said, citing the cruel and violent nature of the attack, the link to organized crime and the threats that Rivas-Moreiera made against the victim, the victim's family and a witness in the case.

"I'm sorry to have to issue such a harsh sentence," Puig-Lugo said, "but your conduct over the years leaves me no choice."

Sniper Trial To Echo First Case (WT/AP)

By Stephen Manning, Associated Press

The Washington Times, April 28, 2006

The beat-up Chevrolet Caprice, a hole drilled in the trunk for a gun barrel, is back in Maryland. So is the Bushmaster rifle, fixed with a sniper scope, that authorities think fired the fatal .223-caliber bullets.

Many witnesses who testified against convicted sniper John Allen Muhammad in his trial in Virginia are ready to tell their stories again, including some who bear scars from the Bushmaster's bullets.

And Muhammad has returned to Montgomery County, where the October 2002 D.C.-area sniper spree began, to face another jury.

Jury selection is set to begin Monday in his second trial, a case that likely will echo the 2003 Virginia case that ended in a death sentence for one of the 10 killings. Yet while much of the evidence and testimony during the expected five-week trial will be similar, the new trial could take some unexpected turns.

Muhammad, 45, plans to be his own lawyer despite evidence he may be mentally ill. He wants Lee Boyd Malvo, 21, also convicted in Virginia and serving a life sentence, to testify. And jurors will hear evidence about two Maryland killings that weren't part of the first trial.

"This trial addresses completely different victims," said Montgomery County State's Attorney Douglas F. Gansler, whose office will prosecute Muhammad. "The first trial was about one murder in Virginia. This trial will be about six murders here in Montgomery County."

Mr. Gansler was the first to file homicide charges in 2002, but lost the right to try Muhammad and of Malvo first to Virginia, which is more inclined to impose the death penalty. He argues his county was home to the most killings and bills the retrials of the two men later this year as insurance if their Virginia convictions are overturned.

But there are questions whether the new trial is necessary or worth the cost.

The severest punishment Muhammad faces in Maryland is life in prison. The most Muhammad could likely hope for in Virginia is to have his death sentence replaced by a life term, said his Virginia attorney, Peter D. Greenspun.

"There is no reason for this prosecution to occur," Mr. Greenspun said. "It's not as if there is a reversal, then John Muhammad walks out onto the street."

Virginia spent $3 million to prosecute the snipers. While Maryland's costs have not approached that level, expenses are mounting.

Montgomery County has spent $210,000 on courtroom security and transportation, a figure Sheriff Ray Kight expects to double by the end of the trials. Jailing the pair from their arrival last summer to January cost roughly $240,000.

However, most of the preparation work on evidence and witnesses was done for the Virginia trial. Mr. Gansler's prosecutors are salaried. And Muhammad's three standby attorneys are working for free.

Some relatives of the Maryland victims think the two should be held accountable, regardless of the cost.

Victoria Snider, sister of James "Sonny" Buchanan, plans to attend the trial often even though it means revisiting grim details of her brother's death.

"I won't lie, it is emotional," she said. "But it is also important that justice be served on both of them."

Kaine Denies Clemency; Killer Executed (WT)

By Seth McLaughlin

The Washington Times, April 28, 2006

RICHMOND -- Death row inmate Dexter Lee Vinson was executed last night, hours after Gov. Timothy M. Kaine denied his petition for clemency.

Vinson received a lethal injection at the Greensville Correctional Center in Jarratt and was pronounced dead at 9:15 p.m.

Vinson, 43, was convicted of the 1997 murder of his ex-girlfriend, Angela Felton, of Portsmouth. A 25-year-old mother of three, Mrs. Felton was abducted and brought to an abandoned house, where she was stabbed and sexually mutilated. She bled to death.

It was the first death penalty case Mr. Kaine, a Democrat and a devout Catholic, had considered since taking office in January. The death penalty became a major issue during the gubernatorial race last year when Republican Jerry W. Kilgore criticized Mr. Kaine's opposition to capital punishment.

Mr. Kaine vowed that he would uphold Virginia's capital punishment law, despite the teachings of his faith.

Mr. Kaine denied clemency last night, after the U.S. Supreme Court refused to stop the execution.

"Having carefully reviewed the Petition for Clemency and judicial opinions regarding this case, I find no compelling reasons to doubt Mr. Vinson's guilt or to invalidate the sentence recommended by the jury and imposed, and affirmed, by the courts," Mr. Kaine said in a statement. "Accordingly, I decline to intervene."

Vinson became the 95th inmate Virginia has executed since the Supreme Court reinstated capital punishment in 1976. Only Texas has executed more, with 362.

Vinson denied he had anything to do with Mrs. Felton's slaying, and his attorneys had argued that their client's trial was riddled with holes.

Court records show that witnesses said they saw Vinson near the house where Mrs. Felton's body was found. Court papers also show that investigators said Vinson's palm print was found at the crime scene and that a drop of Mrs. Felton's blood was found on a pair of shorts in Vinson's home.

Earlier this week, Vinson's attorneys scrambled to delay the execution by filing appeals.

One appeal argued that there were several shortcomings in Vinson's trial. The other petition asked the Supreme Court to delay his execution until the court decides whether a Florida inmate could challenge that lethal injection violates his civil rights because it is a form of cruel and unusual punishment prohibited by the Constitution.

The question centers on whether inmates feel excruciating pain when the final drug in the lethal mixture is administered.

Like Florida, Virginia administers three drugs. The first is an anesthetic that puts the inmate to sleep. The second is a chemical that causes paralysis, and the third is potassium chloride, which stops the heart.

Dressed in a light blue, button-down shirt and denim pants, Vinson did not look through the glass at witnesses, including several of the victim's family members, as he was brought into the death chamber at 8:58 p.m.

When asked whether he had any final words, Vinson shook his head sharply back and forth several times.

His expression remained blank as he was strapped to the gurney. The drugs began to flow at 9:08 p.m.; he was pronounced dead seven minutes later.

His last visitors were his sisters. He ate his final meal at 4:15 p.m., but corrections officials would not reveal what he ate, at Vinson's request.

Mrs. Felton's former mother-in-law, Wilhelmena Gatling, said yesterday that she hoped Vinson's death would bring some comfort to Mrs. Felton's children, now teenagers.

"I think it will bring closure to the children, but I don't believe in the death penalty, so it's not going to bring closure to me," Mrs. Gatling said. "But as long as the children can go on, I can go on.

"She was a great mother and daughter-in-law," Mrs. Gatling added. "I don't care what you do, you can't replace a mother."

Kaine Allows Execution Despite His Beliefs (WP)

By Candace Rondeaux And Michael D. Shear

The Washington Post, April 28, 2006

Virginia Gov. Timothy M. Kaine rejected a plea for clemency yesterday from convicted killer Dexter Lee Vinson, allowing his execution to go forward in the first test of Kaine's stated public resolve to uphold the death penalty despite his personal opposition.

Vinson, 43, was executed by lethal injection last night in Virginia's death chamber for abducting, stabbing and sexually mutilating his ex-girlfriend in Portsmouth in 1997. He was pronounced dead at 9:15 at the Greensville Correctional Center in Jarratt, said Larry Traylor, a Department of Corrections spokesman.

"I find no compelling reasons to doubt Mr. Vinson's guilt or to invalidate the sentence recommended by the jury and imposed, and affirmed, by the courts," Kaine said in a brief statement issued 2 1/2 hours before Vinson was put to death. "Accordingly, I decline to intervene."

With those words, Kaine made good on a promise he spoke directly and repeatedly to Virginians last year at campaign rallies and in television ads: that his personal and long-standing opposition to the death penalty, based on his Catholic faith, would not prevent him from allowing the ultimate punishment to be carried out.

Kaine's Republican opponent in the governor's race, former attorney general Jerry W. Kilgore, had repeatedly slammed Kaine for his stance on the death penalty, and ran ads featuring the victims of heinous crimes. In one, the father of a crime victim said Kaine would not have executed Adolph Hitler.

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But Kaine responded with ads of his own, in which he vowed to enforce Virginia's capital punishment laws. "My faith teaches life is sacred," he said to the camera. "But I take my oath of office seriously, and I'll enforce the death penalty."

The campaign-trail bashing proved a boon for Kaine, whose public declarations about his personal faith appeared to bolster -- not hurt -- his numbers in the polls and helped lift him to victory in November.

On Thursday, the new governor waited in his third-floor office across from the state Capitol to hear the outcome of Vinson's final court appeals, and to weigh Vinson's request for clemency. An aide said he consulted frequently with his chief counsel, Larry Roberts, and a small "brain trust of lawyers of his own choosing."

Delacey Skinner, Kaine's communications director, said, "This is a decision that he makes alone."

The clemency petition called on the governor to commute the convicted murderer's sentence to life in prison without parole. Vinson's attorneys contended that a key witness in the case had lied about seeing Vinson kill the victim, Angela Felton. They also disputed findings about forensic evidence in his case and said he deserved a new trial because his Portsmouth defense attorneys had a conflict of interest.

Days before the execution, a Vatican representative and two Virginia Catholic clergymen -- Arlington Bishop Paul S. Loverde and Bishop Francis DiLorenzo of Richmond -- also urged Kaine to halt Vinson's execution, calling the death penalty "unjustified."

Years ago, Kaine, who once worked with a Catholic mission in Honduras, echoed that same view when as a young lawyer in private practice he defended two death row inmates. In 1987, as he awaited the execution of one of his clients, Kaine told The Washington Post that "murder is wrong in the gulag, in Afghanistan, in Soweto, in the mountains of Guatemala, in Fairfax County . . . and even the Spring Street Penitentiary."

Shortly before Vinson was put to death yesterday, some observers speculated that political pressure would push Kaine to deny Vinson's clemency petition. But during a recent radio interview Kaine eschewed the suggestion that politics might play a role in his first death penalty decision and called Vinson's crime "very gruesome."

"The pressure of trying to make the right decision about whether there is or is not doubt about guilt when somebody's life is at stake is so much more pressure than whatever the political pressure of the day would be," Kaine said.

Yesterday's execution marked the first in Virginia since September 2004.

A Portsmouth jury convicted Vinson in 1998 of capital murder, carjacking, abduction with intent to defile and sexual penetration with an inanimate object, a year after the severely mutilated body of Felton, a 25-year-old mother of three, was found in a vacant house in Portsmouth.

In the years since her daughter's mutilated body was found wrapped in a dirty wool blanket in Portsmouth, Frances Peace has imagined Vinson's death a million times. She said she always thought she would be there to witness his execution. But days beforehand she was unsure if that's what her daughter would have wanted or if she could even summon the strength to attend.

"I want to be there for her. But I don't think it would be good for me to go," Peace said. "I think that's what she's telling me -- 'Mom, don't go. It's alright.' It's not going to bring her back."

Vinson entered the chamber two minutes before his scheduled execution. Several of Felton's family members attended the execution as witnesses. He offered no resistance as several guards strapped him to the gurney. Asked if he had any last words, Vinson shook his head and declined to make a statement. The blue curtain to the witness chamber closed, and reopened eight minutes later.

New York Killers, And Those Killed, By Numbers (NYT)

By Jo Craven McGinty

The New York Times, April 28, 2006

The oldest killer was 88; he murdered his wife. The youngest was 9; she stabbed her friend. The women were more than twice as likely as men to murder a current spouse or lover. But once the romance was over, only the men killed their exes. The deadliest day was on July 10, 2004, when eight people died in separate homicides.

Five people eliminated a boss; 10 others murdered co-workers. Males who killed favored firearms, while women and girls chose knives as often as guns. More homicides occurred in Brooklyn than in any other borough. More happened on Saturday. And roughly a third are unsolved.

At the end of each year, the New York Police Department reports the number of killings — there were 540 in 2005. Typically, much is made of how the number has fallen in recent years — to totals not seen since the early 1960's. But beyond summarizing the overarching trends, the police spend little time compiling the individual details.

The New York Times obtained the basic records for every murder in the city over the last three years, and while the events make for disturbing reading, the numbers can hint at trends, occasionally solve a mystery and in at least some straightforward way answer for the city the questions of who kills and who is killed in the five boroughs.

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From 2003 through 2005, 1,662 murders were committed in New York. No information, beyond an occasional physical description, is available on the killers in the unsolved cases.

Of the rest, men and boys were responsible for 93 percent of the murders; they killed with guns about two-thirds of the time; their victims tended to be other men and boys; and in more than half the cases, the killer and the victim knew each other.

The police said they were more interested in disrupting crime patterns. "We're looking for things with operational implications — time of day, day of the week — to see that we deploy officers at the right times and in sufficient numbers," said Michael J. Farrell, deputy commissioner for strategic initiatives.

The offender and victim were of the same race in more than three-quarters of the killings. And according to Mr. Farrell, they often had something else in common: More than 90 percent of the killers had criminal records; and of those who wound up killed, more than half had them.

"If the average New Yorker is concerned about being murdered in a random crime, the odds of that happening are really remote," Mr. Farrell said. "If you are living apart from a life of crime, your risk is negligible."

Criminologists confirm that assessment. "People will be shocked to see how safe it is to live in New York City," said Andrew Karmen, a sociology professor at John Jay College of Criminal Justice and an expert on victimology. "Victims and offenders are pretty much pulled from the same background. Very often, young victims have young killers. Very often, the victim and killer knew each other."

But plenty of times, events diverge from the norm.

At least a quarter of the city's murders in these three years, were committed by strangers, and in those instances, most were the result of a dispute. Stranger homicides now happen at almost twice the rate of 50 years ago, when, according to a classic study by Marvin Wolfgang, a criminologist, about 14 percent of murders were committed by strangers.

"Homicide used to be regarded as an acquaintance phenomenon with relatively rare incidents involving strangers," said Steven F. Messner, a homicide expert and a professor of sociology at the State University of New York at Albany. "It's still characteristically an acquaintance event. But the stranger homicides are now nontrivial."

After four years as commander of the Brooklyn North homicide squad, Lt. John Cornicello said the murders in his section of the borough had begun to run together. Yet from memory, he rolled off the details of several: The good Samaritan shot for his Lincoln Navigator after offering a ride to a group of stranded people. The ".40-caliber killer," a serial murderer who shot and killed but did not rob four shopkeepers because he believed they were Middle Eastern.

"More and more, they seem to be the result of stupidity," Lieutenant Cornicello said. "Take the Potato Wedge Killer."

In that recent case, a customer at a KFC restaurant became incensed when he did not receive enough starch with his fried chicken order. After demanding both a refund and an order of potato wedges, he later confronted the cashier with whom he had argued and stabbed him to death.

Among all the city's victims, the oldest was 91; she died during a robbery. Whites and Asians, who seldom murdered, were also infrequently killed: Together, they represented 75 or fewer victims each year. Most homicides occurred outdoors. The deadliest hour was 1 to 2 a.m.

And a small but unsettling number of children were among the victims, including 21 infants and 32 children ages 1 to 10, most of whom died at the hands of a parent.

According to Professor Karmen, 10 is the safest age. "You're too old to be abused or neglected as a child," he said, "and you're not old enough to be out on the streets."

An interesting, though uncommon, group of murders that made it into the police accounting in these years involved a handful of victims who died of injuries they had first suffered in crimes committed one or more years before.

Stabbed, shot, beaten or burned, they survived long enough to be counted as murder victims in another calendar year.

Sixty-nine victims fit this description.

In some instances, they were injured decades ago. The medical examiner alerts the police when such deaths occur, according to Sgt. Edward Yee of the Police Department's crime analysis unit, and the police add the victims to that year's murder tally.

For example, 21 deaths that were counted as murders in 2005 resulted from injuries that occurred in earlier years.

The oldest involved a shooting in 1975, when a man attacked his brother in a domestic dispute. That raised the murder toll to 540, the lowest figure recorded by the city in four decades, but only 519 murders were committed last year.

Subtracting these belated deaths makes the recent decline in the number of homicides — which has grabbed headlines — seem even more stunning. But for the purpose of generating the annual murder tally, the police do not distinguish between fresh and delayed murders.

"No one does," Mr. Farrell said, referring to other police departments.

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Within the city, 40 percent of the murders occurred in Brooklyn. The 75th Precinct, with 90, had the most of any precinct, but there were hot spots scattered throughout the city, in Brooklyn's 73rd, 79th and 83rd Precincts, for example, and in the 44th and 46th Precincts in the Bronx. In and around the 32nd Precinct in Harlem could be dangerous, too.

No one is certain what explains the recent decreases in the overall number of homicides, but many criminologists believe social factors may help explain why, and where, most murders continue to occur.

"The problem of crime and violence is rooted in neighborhood conditions — high rates of poverty, family disruption, failing schools, lack of recreational opportunities, active recruitment by street gangs, drug markets," Professor Karmen said. "People forced to reside under those conditions are at a greater risk of getting caught up in violence, as victims or as perpetrators."

The police are generally unimpressed by such theories, as well as the minutiae surrounding the deaths.

"Crime is concentrated," Mr. Farrell said. "Who knows why? We're looking at what we can affect."

The roughly one-third of the homicides that remain unsolved create one of the larger categories of murder. Typically, 50 to 55 percent of murders are solved in the same calendar year in which the crime is committed, according to Paul J. Browne, a deputy police commissioner in New York.

The police clear an additional number of murders from previous years, for an overall annual clearance rate of about 70 percent. That beats the national average, which is closer to 62 percent, according to F.B.I. statistics.

In New York, several things may contribute to the number of open cases, according to the police and criminologists. A significant number may have been stranger murders, which are particularly hard to solve. It can take months to collect witness statements.

And sometimes, detectives just cannot get the right person to talk.

"The big secret of detective work," Lieutenant Cornicello said, "is that you've got to get somebody else to tell you what happened."

Duke Accuser Filed Earlier Assault Report (NYT)

By William Yardley

The New York Times, April 28, 2006

DURHAM, N.C., April 27 — The woman who has accused three Duke University lacrosse players of raping her last month claimed a decade ago that she had been sexually assaulted by three men, the authorities said. The woman's mother said her daughter did not file charges.

"She didn't want to bring charges up against them because they said they were going to kill her if she said anything," said the mother, who is not being named because of the nature of the crimes her daughter, a 27-year-old single mother with two children, has said were committed.

The earlier assault was said to have occurred in Creedmoor, N.C., a town about 16 miles northeast of Durham that was the home of the woman's boyfriend at the time, the mother said. The mother said her daughter was 18 then.

But the Creedmoor police chief, Ted Pollard, said the woman filed the report when she was 18, in August 1996, but said the assault had happened in June 1993, when she was 14.

Chief Pollard said the initial report did not explain why there had been a delay of more than three years between the alleged assault and when she reported it. He said Thursday that his office had only paper records from that time period and had not yet determined whether there had been a follow-up investigation.

"It says she was beaten, assaulted and sexually assaulted by three African-American males," Chief Pollard said. "And she identified the three males."

The Creedmoor case was first reported by Essence magazine.

The initial report was taken by Brian Bishop, who was a lieutenant in the Creedmoor Police Department at the time and now is an investigator with the Durham Police Department, Chief Pollard said. The Durham department is investigating the rape accusations at Duke.

Last week, two Duke players were indicted on charges of first-degree forcible rape, first-degree sexual offense and kidnapping : Collin Finnerty, 19, of Garden City, N.Y., and Reade Seligmann, 20, of Essex Fells, N.J. Michael B. Nifong, the Durham County district attorney, has said he is gathering evidence to indict a third person.

Some defense lawyers have attacked the accuser's credibility.

The mother, in an interview late Thursday, said of the alleged assault in Creedmoor, "She told me that it happened, and I believe her."

Connecticut hauler pleads guilty to racketeering (Waste News)

Waste News, April 28, 2006

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April 27 -- A Danbury, Conn., trash hauler pleaded guilty to a federal racketeering charge, admitting to taking part in system to divvy up territory, the U.S. Department of Justice said.

Joseph R. LoStocco, 47, who owns and operates JR LoStocco Carting in Danbury, pleaded guilty to one count of conspiring to violate the federal Racketeer Influenced and Corrupt Organizations Act.

LoStocco faces a maximum term of 20 years and a fine of up to $250,000, according to Kevin O´Connor, U.S. Attorney for the District of Connecticut.

"This guilty plea stems from a federal investigation into waste industry practices in Connecticut and New York," O´Connor said. "The investigation is very active, and we have no further comment at this time."

CIVIL RIGHTS:

Justice Department Sues Fountainbleau Apartments On Housing Discrimination (CHA)

Chattanoogan, April 28, 2006

The Justice Department announced Thursday that it has filed a lawsuit against the owner and resident manager of the Fountainbleau Apartments in East Ridge, alleging housing discrimination against individuals on account of their having children.

"No one should be denied an opportunity to live where they choose because they have children," said Wan J. Kim, Assistant Attorney General for the Civil Rights Division. "The Justice Department is committed to vigorous prosecution of illegal housing discrimination."

The complaint, filed in federal district court in Chattanooga, alleges that the defendants refused to rent apartments to persons with children and steered them to another apartment complex. The Department conducted its investigation through the use of fair-housing testers - individuals who pose as renters for purposes of gathering information about possible discriminatory practices in the rental of apartments.

The lawsuit seeks an order prohibiting the defendants from engaging in unlawful housing discrimination, monetary damages for victims of the defendants' unlawful conduct, and the payment of a civil penalty to the government.

Fighting illegal housing discrimination is a top priority of the Justice Department, officials said. In February, Attorney General Alberto R. Gonzales announced Operation Home Sweet Home, a concentrated initiative "to expose and eliminate housing discrimination in America."

The initiative was inspired by the plight of displaced victims of Hurricane Katrina who were suddenly forced to find new places to live, it was stated. Operation Home Sweet Home, however, is not limited to the areas hit by Hurricane Katrina, but targets housing discrimination all over the country - including Tennessee.

The federal Fair Housing Act prohibits discrimination in housing on the basis of race, color, religion, sex, familial status, national origin and disability.

New York election board sets machine standards (AP)

AP, April 28, 2006

ALBANY, N.Y. After months of haggling, the state Board of Elections has adopted guidelines for new voting machines that can be used in New York.The board also ordered machine makers to disclose information about their political contributions and any lawsuits against them.A statement released by the board says the new standards go beyond Help America Vote Act (HAVA) requirements and contain a number of features that make them model regulations for the nation.The standards require a voter verifiable paper trail.The adoption of the standards means machine manufacturers can begin submitting their wares to the board for testing that could lead to eventual sales in the lucrative New York market. State law requires New York's old lever-action machines to be replaced in time for the 2007 election.New York has been sued by the U-S Justice Department for failing to comply with HAVA provisions requiring states to have new machines in place for the 2006 elections.

Phone-jamming Case Invokes Images Of Watergate (KRT)

By William Douglas

Knight Ridder, April 28, 2006

MANCHESTER, N.H. - Is it a third-rate political dirty trick by Republicans or a cheap attempt by Democrats to drag the GOP through the mud before November's elections?

Democrats and Republicans here are locked in a legal battle over GOP operatives who tried to suppress voter turnout in a key 2002 U.S. Senate race by jamming Democratic get-out-the-vote phone banks on Election Day.

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The case has national implications. New Hampshire Democrats, through a civil lawsuit, are trying to question Ken Mehlman, the chairman of the Republican National Committee, and White House officials about why one GOP official who was involved in the scheme called the White House repeatedly.

Democrats describe the phone-jamming case in Nixonian terms, using Watergate-era phrases such as "follow the money" and "what did they know and when did they know it?"

"It's been the gift that's kept on giving for the Democrats," said Dante Scala, a political-science professor at Manchester's St. Anselm College. "It's been gradually going up the ladder, and now it's in Ken Mehlman's office."

Democrats say smoking guns abound in the case:

-A Republican operative who later was convicted in the case called Mehlman's former office in the White House nearly two dozen times.

-The RNC paid millions of dollars in legal expenses for the operative, though it was under no legal obligation to do so.

-Contributions were made to the state GOP by Indian tribes whom disgraced lobbyist Jack Abramoff represented and by former House Speaker Tom DeLay's political action committee in amounts that together almost equaled the cost of the phone-jamming scheme.

"There are some parallels to Watergate," Howard Dean, the Democratic National Committee chairman, said last week. "This is a third-rate, silly effort that definitely turns out to be rooted in the White House."

Republican officials are on the defensive. They call the vote-suppression scheme an unfortunate incident that was the work of rogue operatives who did it without party leaders' knowledge. They say the civil suit is a baseless attempt by Democrats to score points and ruin the New Hampshire Republican Party financially. State GOP officials filed a countersuit charging that the state Democratic Party had "ulterior and improper" motives in suing them.

"This is taking a local political issue and exploiting it to the national level," Ovide Lamontagne, the New Hampshire GOP's attorney, said of the Democratic lawsuit. "They are not interested in justice. They're interested in political exploitation."

As Democratic and Republican lawyers file motion after motion, there's no argument about the basic facts. On Nov. 5, 2002, hot lines that state Democrats and a firefighter's association had set up to urge people to the polls were jammed by more than 800 hang-up calls. State Republican officials say that once they learned of the scheme, they tried to stop it.

The jamming occurred during what was billed as a hotly contested Senate race between Republican John Sununu, who was then a member of the House of Representatives, and Democrat Jeanne Shaheen, then New Hampshire's governor. Party control of the Senate was thought to possibly turn on the outcome.

In the end, the race wasn't close. Sununu defeated Shaheen by about 20,000 votes, weakening Democratic arguments that the suppression scheme cost them the election.

"We'll never know how effective it was. ... Sununu won by a bigger margin than anyone expected," said Kathleen Sullivan, the New Hampshire Democratic Party chairwoman. "But that's not the point. It was wrong. ... We have 400 (state) legislative races. The intent may have been to influence one election, but it may have affected hundreds of races."

Three men have been convicted. James Tobin, 45, who headed the Republican National Committee's New England efforts in 2002 and was the regional director for President Bush's 2004 re-election campaign, was convicted in December of one count of aiding and abetting telephone harassment and one count of conspiracy to commit telephone harassment. He faces up to seven years in prison for both felonies. He's scheduled to be sentenced in May.

Chuck McGee, former executive director of the state Republican Party, pleaded guilty to hatching the scheme and served seven months in prison.

Allen Raymond, former president of GOP Marketplace LLC, a Virginia-based company, pleaded guilty to helping to execute the plan and is serving a three-month sentence.

Last month, a federal grand jury indicted a fourth man, Shaun Hansen, 34, of Spokane Wash., and charged him with the same crimes as Tobin. Prosecutors say that Hansen, former co-owner of an Idaho-based telemarketing company, was paid $2,500 to have his employees place hundreds of hang-up calls to disrupt the New Hampshire get-out-the-vote effort.

Hansen pleaded not guilty. But he told the Idaho State Journal in July 2004 that GOP Marketplace hired his company to call six phone lines that the New Hampshire Democratic Party and the firefighter's association used. He said he didn't know the reason for the calls.

Democrats say the case has gotten more and more curious as it's gone along. They noticed that Tobin had high-powered legal representation and later learned that the RNC was paying the bills.

RNC Chairman Mehlman said in CNN interviews this month that the decision to pay for Tobin's lawyers was made before he became the chairman, and he defended the payments, maintaining "it was right to honor the decision."

Throughout the controversy, state GOP officials maintained that Tobin and McGee acted on their own. Mehlman says the national party had nothing to do with the scheme.

Fuel was added to the fire after the Senate Majority Project, a Democratic activist group, found records from Tobin's trial detailing 22 telephone calls that he placed from New Hampshire to the White House political office - which Mehlman headed at the time - on Nov. 5-6.

"I have a hard time believing they didn't discuss this," said Sullivan, the state Democratic chairwoman.

Mehlman said the number of calls wasn't unusual, given the competitiveness of the Sununu-Shaheen race and its potential impact on Congress.

"To be clear, none of my conversations, nor the conversations of my staff, involved discussion of the phone-jamming incident," Mehlman said in a written statement on April 11.

White House officials declined to discuss the case because it's an ongoing legal matter.

In addition to the legal bills, state Democrats say they've found another curious national GOP link to the scheme: $15,000 in contributions to the state Republican Party from two of Abramoff's Indian tribe clients and from Americans for a Republican Majority, a DeLay-led political action committee, about a week before the election.

Sullivan, the state Democratic leader, questioned the timing of the three donations and called the Indian ones unusual because tribes don't usually give directly to state parties unless there are casino-gaming interests in that state.

Abramoff pleaded guilty to unrelated fraud charges in January and is cooperating with federal investigators in a major corruption probe. On April 4, DeLay announced his impending resignation from Congress amid allegations of corruption.

Democrats have taken all these circumstantial links and run with them. Sens. Edward Kennedy, D-Mass., and Patrick Leahy, D-Vt., fired off a letter to Attorney General Alberto Gonzales on April 20 asking whether the Justice Department is looking into it.

Dean has hawked the New Hampshire story on TV news shows, and he sent a letter to Mehlman earlier this month asking whether the White House authorized the phone-jamming.

These actions are all part of the Democrats' campaign to indict the Republican Party for fostering a "culture of corruption," according to Scala of St. Anselm's. "They've kind of successfully seized the high ground in being the anti-corruption party," he said.

Republicans complain that the Democrats are showboating and piling on.

"They're just thrilled by being able to distract us, cost us money," said Wayne Semprini, the New Hampshire Republican Party chairman. "Apart from this being a gigantic nuisance, it's siphoning off resources that we could put in campaigns throughout the state ... money that could be used for legitimate election efforts."

Knight Ridder Newspapers correspondent Steven Thomma contributed to this report from Washington.

FBI Asked To Look Into Georgia Vandalism At Muslim Home (MACT)

By Doug Gross

The Macon Telegraph, April 28, 2006

ATLANTA - A national Islamic civil rights group is asking the FBI to investigate vandalism at a Muslim home in suburban Atlanta as a hate crime.

The Douglas County family's van was burned and the words "Killers go home" spray-painted on the side of their house on April 8.

The Council on American-Islamic Relations in Washington said local authorities had been slow to investigate the crime.

But Douglas County Chief Deputy Stan Copeland said evidence from the scene has been submitted to the state crime lab and that police patrols in the neighborhood have been stepped up as investigators seek new leads.

Stephen Emmett, a spokesman for the FBI in Atlanta, said late Wednesday that the bureau's civil rights squad here was not familiar with CAIR's request for an investigation. Copeland said Thursday that a local FBI office has been notified about the incident.

Mohamed and Sonia Kamran said someone smashed in the window of their minivan in the driveway and torched it. Firefighters pointed out that someone had painted the message on the wall.

The family called the sheriff's department and filed a report.

Copeland said Sonia Kamran had recently been involved in an argument outside a local store in which someone insulted her for wearing a traditional Muslim outfit that covers her face.

"I'm afraid, with what's going on in the world now, there's somebody out there that just wanted to make a statement," he said.

The Kamrans could not be reached by telephone Thursday. A call left on their answering machine was not returned.

CAIR spokesman Ibrahim Hooper said the Kamrans' experience was part of a growing pattern of anti-Muslim acts in the U.S.

"We attribute it to a rise in Islamo-phobia in our nation," he said.

Yusuf Burke, a CAIR representative in Atlanta, said such incidents are not common in Georgia, but there have been a few. The most notable was the destruction of Islamic Center of Savannah mosque by fire in 2003.

More recently, Burke said, there was minor vandalism at a mosque in Clarkston, and about two weeks ago a window was broken at a mosque in Fayetteville.

Burke said it is necessary to make a point of having such incidents investigated fully by authorities so the perpetrators "don't think they can keep on doing it."

Copeland said his office is determined to try to catch whoever is responsible for the attack.

"I don't care what your opinion is, we're not going to tolerate this kind of action," he said.

Talent, Others, Pushing To Solve Civil Rights-era Murders (AP)

By Errin Haines

AP, April 28, 2006

ATLANTA - A 1946 lynching in northeast Georgia could be among the civil-rights era murders investigated under a plan reintroduced Thursday by four lawmakers, including Sen. Jim Talent, R-Mo.

The Unsolved Civil Rights Crime Act could address the lynching near Monroe, Ga., where Roger and Dorothy Malcom and George and Mae Murray Dorsey were killed on the banks of the Apalachee River at the Moore's Ford Bridge, about 40 miles east of Atlanta. The four sharecroppers were dragged from a car, beaten and shot dozens of times as a mob of 200 looked on.

No one was ever charged in their deaths, even though the FBI's report named 55 suspects.

"We are rejecting the reasons of yesterday that left these horrible crimes unpunished," said Rep. John Lewis, D-Ga., at a press conference in Washington, D.C. "Our purpose here is not to open up old wounds, but to begin the process of healing."

The bill would create an unsolved crimes section within the civil rights division of the Department of Justice and an unsolved civil rights crime investigative office within the FBI. The sponsors say it would cost $10 million to establish both offices and foster relations between federal and local authorities.

The legislation was first introduced last year by Talent and Christopher Dodd, D.-Conn. Rep. Kenny Hulshof, R-Mo., also joined the effort Thursday.

Talent said the idea for the office came from Alvin Sykes, a Kansas City civil rights advocate. Sykes played a key role in urging prosecutors to reopen the case of Emmett Till, a black boy from Chicago who was murdered after he whistled at a white woman in Mississippi in 1955.

"It's America's obligation to unearth the truth and do justice because there cannot be healing without the truth," Talent said.

The new offices would focus on deaths that occurred before 1970 and remain unsolved by state and local officials.

The Georgia Association of Black Elected Officials, led by state Rep. Tyrone Brooks, D-Atlanta, has been urging local prosecutors to pursue the Moore's Ford lynching for years, and re-enacted the bloody scene last year. On Thursday, Brooks praised Lewis, whose district is centered in Atlanta, and his co-sponsors for their renewed efforts.

"I'm going to urge them to keep Moore's Ford at the top of their agenda," Brooks said, adding that the case represents the last public mass lynching in America.

Although the Georgia Bureau of Investigation and FBI have said the case remains open, Brooks told The Associated Press he believes federal involvement will be the key to arrest, prosecution and closure in the Moore's Ford case and others like it.

"The case involved so many local officials ... they were so closely intertwined it's been almost impossible to get the local officials to move," Brooks said. "This can lead us toward reconciliation and healing."

Congress to consider cold case bill again (Clarion-Ledger)

By Jerry Mitchell

The Jackson (MS) Clarion-Ledger, April 28, 2006

A Missouri senator and two congressmen have re-introduced a bill in Congress to set up a cold case unit in the U.S. Department of Justice to investigate unresolved civil rights-era killings.

U.S. Sen. Jim Talent, a Republican, today reintroduced the bill that passed the Senate last year before dying in a conference committee. U.S. Rep. John Lewis, D-Ga., and U.S. Rep. Kenny Hulshof, R-Mo., are sponsoring the legislation in the House.

The measure is called the “Till Bill” after Emmett Till, a 14-year-old African American from Chicago killed in the Mississippi Delta on Aug. 28, 1955, for allegedly wolf-whistling at a white woman. The husand of the woman, Roy Bryant, and his half brother, J.W. Milam, were acquitted of the crime by an all-white jury but later confessed in a Look magazine article to kidnapping and killing Till. No one was ever punished for the killing.

"The blatant failure for decades to bring Emmett Till 's murderers to justice was and is a national disgrace, " U.S. Sen. Jim Talent, R-Mo., said at a news conference today. "It's America's obligation to unearth the truth and do justice because there cannot be healing without the truth. "

District Attorney Joyce Chiles of Greenville is getting assistance from state and federal prosecutors to see if Till's slaying should be presented again to a grand jury for possible indictments. However, Bryant and Milam are dead.

U.S Attorney General Albert Gonzales is supporting the legislation, and FBI offices around the nation are now collecting information about unpunished killings from their area.

KKK Plans Rally At Antietam Civil War Site (USAT)

By Martha T. Moore

USA Today, April 28, 2006

A Ku Klux Klan group will rally on the Civil War battlefield where a Northern victory led President Abraham Lincoln to issue the Emancipation Proclamation.

The National Park Service has issued a permit for a Klan demonstration June 10 on a farmstead at Antietam National Battlefield in western Maryland. The battle in 1862 remains the bloodiest day in U.S. history.

The National Socialist Movement, a neo-Nazi organization, demonstrated last year at Yorktown Battlefield in Virginia and in 2004 at Valley Forge National Historical Monument in Pennsylvania, both Revolutionary War sites.

Antietam Battlefield superintendent John Howard says the right to free speech meant he was obligated to issue the permit. “The First Amendment is very clear on that,” he said. “The framers of the Constitution decided this for me in 1791. It applies to all, not just people we like.”

Howard said he has received more than 30 e-mails objecting to the demonstration.

A white supremacist rally at Antietam is “an insult” to those who died there from North and South, says the Rev. Malcolm Stranathan, pastor of Salem United Methodist Church in nearby Keedysville, Md. “They were fighting for ideals that are far beyond what the Klan is about.” To counter the Klan rally, Stranathan is organizing a prayer service in a chapel elsewhere on the battlefield and a concert and children's event in a local park.

“Because the Klan thrives on press, whether it's positive or negative, it's better to avoid their event altogether,” he says. “Confrontation just lends itself to you playing in their field.”

The Antietam battle on Sept. 17, 1862, between Confederate forces led by Gen. Robert E. Lee and the Union Army under Gen. George McClellan left more than 23,000 dead or wounded. The battle halted Lee's advance into the North and gave Lincoln the political momentum to issue the Emancipation Proclamation, which freed slaves in Southern states.

Gordon Young, the leader of the local Klan group who applied for the demonstration permit, said Antietam was chosen for convenience but the site is appropriate. “Our forefathers are flipping in their graves, and we need to do something to stand up and fight back. Immigration, homosexuals — they didn't fight and die for that.”

Howard said the group requested a permit for 100 people to demonstrate. Park police will designate separate areas for media and for counterdemonstrators.

A Klan march organized by Young in 2004 in nearby Sharpsburg had nine participants.

ANTITRUST:

Five face charges for 'Warez' piracy (IDG)

By Grant Gross

IDG News Service, April 27, 2006

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Five U.S. residents face criminal copyright charges for their alleged participation in the online "warez" file-trading community, the U.S. Department of Justice (DOJ) announced Thursday.

The charges come out of an ongoing DOJ crackdown against international online piracy groups that distribute copyrighted movies, software, games and music on the Internet. The five defendants are alleged to be leading members of the "warez scene," groups of Internet users who illegally distribute copyrighted materials online.

Warez groups, using servers worldwide, are often the first distributors of copyrighted works online, before the works filter down to peer-to-peer and other public networks, the DOJ said.

Kevin Fuchs, 25, of West Amherst, New York, and Cuong Quoc Trang, 35, of Parker, Colorado, were charged in an indictment with conspiracy to commit criminal copyright infringement, violating the Digital Millennium Copyright Act, and copyright infringement, the DOJ said.

Matthew Alderman, 24, of Ashland, Oregon, was charged with criminal copyright infringement, and David Morvant, 35, of Thibodaux, Louisiana, and Michael Hays, 51, of Delafield, Wisconsin, were charged with conspiracy to commit criminal copyright infringement.

The charges are part of Operations FastLink and Site Down, the two largest international law enforcement efforts targeted at online distribution of copyrighted material, the DOJ said. The operations have resulted in more than 200 search warrants executed in 16 countries, hundreds of computers being confiscated and more than US$100 million worth of copyrighted software, games, movies and music removed from download sites.

Countries participating in the U.S.-led operations included France, Canada, Sweden, Denmark, the Netherlands, the United Kingdom, Portugal, Hungary, Israel, Spain, Australia, Singapore, Brazil, Belgium, and Germany.

The charges are being prosecuted by the U.S. Attorney's Office for the Western District of North Carolina. The office charged eight other alleged warez leaders with copyright-related crimes in July.

Operation FastLink has resulted in 28 felony convictions so far. In Operation Site Down, 53 people have been charged and 23 convicted of felony offenses.

Five Additional Defendants Charged in Crackdown Against Internet Warez Groups (LinuxElectrons)

LinuxElectrons, April 27, 2006

WASHINGTON, D.C. – Five individuals were charged with criminal copyright infringement in Charlotte, North Carolina, as part of an ongoing federal crackdown against international online piracy groups responsible for most of the illegal distribution of copyrighted movies, software, games and music on the Internet, Assistant Attorney General Alice S. Fisher of the Criminal Division, U.S. Attorney Gretchen C. F. Shappert of the Western District of North Carolina, and FBI Special Agent-in-Charge Kevin B. Kendrick of the Charlotte Division announced today.

Kevin Fuchs, 25, of West Amherst, New York; and Cuong Quoc Trang, 35, of Parker, Colorado, were charged by indictment with conspiracy to commit criminal copyright infringement, violating the Digital Millennium Copyright Act, and copyright infringement. A criminal information charged Matthew Alderman, 24, of Ashland, Oregon, with criminal copyright infringement, and David Morvant, 35, of Thibodaux, Louisiana, and Michael Hays, 51, of Delafield, Wisconsin, with conspiracy to commit criminal copyright infringement.

Operations FastLink and Site Down—the two largest and most aggressive international enforcement actions against criminal organizations involved in the illegal online distribution of copyrighted material—resulted in a total of more than 200 search warrants executed in 16 countries; the confiscation of hundreds of computers and illegal online distribution hubs; and the removal of more than 100 million dollars worth of illegally-copied copyrighted software, games, movies, and music from illicit distribution channels. Countries participating in these U.S.-led operations included: France, Canada, Sweden, Denmark, the Netherlands, the United Kingdom, Portugal, Hungary, Israel, Spain, Australia, Singapore, Brazil, Belgium, and Germany.

"Large-scale operations like FastLink and SiteDown strike at the core of online piracy," said Assistant Attorney General Alice S. Fisher of the Criminal Division. "Losses to industry and individuals from online piracy are enormous, and law enforcement will continue to do everything it can to protect valuable copyrighted products and shut down these illegal distribution

networks." Both Operations FastLink and Site Down were the culmination of multiple FBI undercover investigations, but only one of those investigations participated in both operations: the Charlotte undercover investigation responsible for today's charges. These charges are the latest in a series of actions taken by the Department of Justice to crack down on illegal online piracy. Operation FastLink has yielded 28 felony convictions to date while in Operation Site Down, 53 individuals have been charged and 23 individuals convicted of felony offenses.

"Intellectual property theft is a growing crime with serious economic consequences," said U.S. Attorney Shappert. "Operations FastLink and SiteDown combine the resources of the Justice Department, 42 separate U.S. Attorney Offices, and FBI agents from 30 separate field offices, in a concerted effort to attack organizations dedicated to the piracy of intellectual property."

The five defendants charged today are alleged to have been leading members in the illegal software, game, movie, and music trade online, commonly referred to as the "warez scene." They are charged with playing key roles in these organized warez groups that act as "first-providers" of copyrighted works to the Internet—the so-called "release" groups that are the original sources for a majority of the pirated works distributed and downloaded via the Internet. Once a warez release group prepares a stolen work for distribution, the material is distributed in minutes to secure, top-level warez servers throughout the world. From there, within a matter of hours, the pirated works are distributed globally, filtering down to peer-to-peer and other public file sharing networks accessible to anyone with Internet access. These warez groups supply the for-profit criminal distribution networks that cost the copyright industry billions of dollars each year.

"Theft of intellectual property strikes at the very heart of this country's economic vitality," said FBI Special Agent-in-Charge Kendrick. "Crimes of this type are a priority within our Cyber Crimes Program and the public can be rest assured that we will continue to aggressively investigate those individuals and organizations involved in activity such as this in an effort to bring them to justice."

These cases are being prosecuted by Senior Litigation Counsel Eric Klumb, Senior Counsel Corbin Weiss of the Department's Computer Crime and Intellectual Property Section, and Assistant U.S. Attorney Corey Ellis of the U.S. Attorney's Office for the Western District of North Carolina.

Hi-Tech Five arrested on copyright infringement (UPI)

UPI, April 28, 2006

WASHINGTON, April 27 (UPI) -- Five people were arrested for copyright infringement as the federal crackdown against online piracy groups continues.

The following individuals were charged with criminal copyright infringement in Charlotte, N.C., the Department of Justice said: Kevin Fuchs, 25, of West Amherst, N.Y.; and Cuong Quoc Trang, 35, of Parker, Colo., were charged by indictment with conspiracy to commit criminal copyright infringement, violating the Digital Millennium Copyright Act, and copyright infringement. Authorities charged Matthew Alderman, 24, of Ashland, Ore., with criminal copyright infringement, and David Morvant, 35, of Thibodaux, La., and Michael Hays, 51, of Delafield, Wis., with conspiracy to commit criminal copyright infringement.

"Large-scale operations like FastLink and SiteDown strike at the core of online piracy," said Assistant Attorney General Alice S. Fisher of the Criminal Division. "Losses to industry and individuals from online piracy are enormous, and law enforcement will continue to do everything it can to protect valuable copyrighted products and shut down these illegal distribution networks."

Union objects to sale of 4 Knight Ridder papers (SBJ)

The Sacramento Business Journal, April 28, 2006

The Newspaper Guild-Communications Workers of America Thursday called on state and federal regulators to scrutinize the $1 billion sale of the San Jose Mercury News, Contra Costa Times, Monterey Herald and St. Paul (Minn.) Pioneer Press.

Sacramento-based McClatchy Co. (NYSE:MNI) said on Wednesday it plans to sell the papers to Denver-based MediaNews Group Inc. and New York-based Hearst Co. in a complex deal that is expected to be completed this summer.

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The union has been working with The Yucaipa Cos. of Los Angeles to try to buy the 12 papers that McClatchy said it intends to sell when it completes its purchase of San Jose-based Knight Ridder Inc.

"We believe that a common interest exists among McClatchy shareholders, employees and the communities served by the 12 Knight Ridder newspapers being sold by McClatchy Co.," union president Linda Foley said in a statement.

"TNG-CWA continues to believe that the bid by The Yucaipa Cos. for all 12 newspapers is likely to deliver the best value and we call on McClatchy Co. to provide evidence that shareholder, employee and community interests are being best served by yesterday's announcement," Foley said.

McClatchy, which saw its stock drop 51 cents per share Thursday to $44.20, said the sale announced Wednesday has a valuation of 11.5 times earnings before interest, taxes, depreciation, and amortization, and a premium to the 9.5 times that McClatchy agreed to pay for the whole of Knight Ridder.

The union didn't say what kind of multiple its deal represents.

The union regulators need to assess the antitrust implications of the deal to sell MediaNews three newspapers in California, where MediaNews already owns other newspapers.

"The newspaper industry is already dominated by a small circle of ownership groups. Yesterday's news drew that circle even smaller," Foley said.

MediaNews CEO Expects No Major Changes At St. Paul Newspaper (KRT)

By John Welbes

Knight Ridder, April 28, 2006

ST. PAUL, Minn. - The fate of the St. Paul Pioneer Press became a little clearer Thursday as William Dean Singleton said that the paper won't see major changes after his company becomes its owner sometime this summer.

"You're joining us because we want you," Singleton, the CEO of MediaNews Group Inc., told employees packed into a stifling conference room. "We think there's a lot of opportunity here and if we didn't want it, we wouldn't have bought it."

His arrival at the Pioneer Press followed the announcement Wednesday of a four-paper acquisition by MediaNews, which is based in Denver. Singleton's company, teaming with Hearst Corp., is buying the St. Paul paper and three California papers in a complicated, $1 billion deal.

The deal, expected to close this summer, won't cause the loss of jobs, wages or benefits at the Pioneer Press, Singleton said. He added that the status of the newspaper's labor contracts, which cover about 90 percent of its 960 workers, will be up to local management. Publisher Par Ridder will remain with the newspaper.

"We've been in competitive markets and we thought it'd be fun" to enter another one in the Twin Cities, he said. MediaNews owns 49 daily newspapers, the largest being the Denver Post and the Detroit News.

Sporting a navy pinstripe suit and a Texas drawl, Singleton said he intends to continue competing with the Minneapolis-based Star Tribune. That will involve going after growing areas on the fringe of the Twin Cities and trying to take away market share.

He said he's "totally on board" with the newspaper's current strategy, which involves pursuing local news and local advertisers - both large and small - to keep the paper growing.

"You'll be happy after the closing," Singleton said. "You will barely know it happens."

Singleton said given the challenging newspaper industry environment, he couldn't promise there would never be layoffs at the paper. But he added if there are, they'll be in response to local market conditions.

Singleton generated laugher and applause when he explained why he won't pursue a joint operating agreement with the Star Tribune.

Such a deal allows newspapers to combine business operations while maintaining separate newsrooms_a cost-saving move. But he said regulators only permit that in a market where one of the papers is failing. The Pioneer Press isn't failing, he said, and "the Star Tribune isn't failing - yet."

Afterwards, several employees said they found the meeting reassuring.

"I think it kind of eased my mind," said Aric Sorenson, an advertising account executive. He said he is glad that he can now answer advertisers' questions about the paper's future.

Because Ridder is remaining as the paper's publisher, it's also expected that his team of top managers will remain.

The newspaper industry as a whole is working through tough times, as more advertisers are taking their ads to specialized online site and fewer young people are subscribing.

Singleton said he and the top people at his papers are trying to craft the best strategy for growth on the Internet side of the business.

"Long term we've got to get paid for news (online) or we can't keep producing it," he said. But he said that has to be an industry-wide solution and not just one paper acting alone.

Larger issues still surround McClatchy's deal to buy Knight Ridder, the Pioneer Press' parent company. McClatchy, which owns the Star Tribune, is selling off 12 of Knight Ridder's 32 newspapers - including St. Paul - to help finance the deal. McClatchy said antitrust issues in the Twin Cities prompted its sale of the Pioneer Press. MediaNews' $1 billion deal also includes the San Jose Mercury News, Contra Costa Times and Monterey County Herald, all in California.

On Thursday, a union that represents hundreds of Knight Ridder Newspapers employees said that the four-newspaper deal announced Wednesday "warrants closer scrutiny by regulators, shareholders and communities" served by the papers.

Linda Foley, president of The Newspaper Guild-Communications Workers of America said small circle of companies that dominates the newspaper industry just got smaller, and antitrust concerns need to be examined.

Some of those reviews are already underway. The U.S. Department of Justice recently told McClatchy that it's seeking additional information about the Twin Cities newspaper market.

That second review for the Twin Cities area may slow things down, as the Department of Justice can take more time to complete its work, said Stephen Barnett, an antitrust expert and law professor at the University of California at Berkeley.

The pending sale of the Pioneer Press to MediaNews, though, could speed it back up, he said. Once McClatchy sells the paper to someone not currently competing in the Twin Cities market, he said antitrust pressures are relieved.

"It's a capitalistic economy and McClatchy can decide to sell to anyone it wants to, other than a competitor (in the Twin Cities market)," Barnett said.

Judge refuses to halt court proceedings in Seattle dailies' JOA fight (SEAPI)

By DAN RICHMAN

Seattle Post-Intelligencer, April 28, 2006

The judge in the 3-year-old contract dispute between Seattle's two daily newspapers refused today to halt all court proceedings in that case, ruling that antitrust and breach of contract claims by a self-styled citizens group can proceed against the owner of the Seattle P-I and The Seattle Times Co.

The ruling, from King County Superior Court Judge Greg Canova, also raises the possibility that The Times Co. may withdraw from a binding arbitration agreement -- an event that would start two 18-month clocks ticking toward the automatic end of the Joint Operating Agreement that has bound the two newspapers since 1983.

Hearst Corp., the P-I's owner, says the P-I can't survive outside the JOA. The Times Co. says the JOA is ruining it financially.

The publishers sought to stop the court proceedings so they could move their fight into binding arbitration, which would deliver a non-appealable decision by May 31, 2007, on whether The Times Co. can exit the JOA.

The Committee for a Two-Newspaper Town argued -- and the judge today agreed -- that the publishers are entitled to put a hold only on the claims between them, not on the committee's separate assertion that the JOA violates federal antitrust laws and that The Times Co.'s conduct within the JOA has constituted a breach of contract.

The Times Co. has said it might withdraw from the arbitration agreement if all claims in the case were not stayed. Times Co. spokeswoman Jill Mackie said Publisher Frank Blethen, President and Chief Operating Officer Carolyn Kelly, and the company's attorneys would confer later today on how to proceed.

Dmitri Iglitzin, an attorney for the committee, said, "The committee is very pleased." He said no meeting of the committee has been scheduled to decide whether to proceed with its claims.

Microsoft Attacks Brussels In Court (FT)

By Tobias Buck

Financial Times, April 28, 2006

Microsoft yesterday accused the European Commission of "the biggest encroachment on intellectual property in European competition law history", and likened the regulator's antitrust ruling to "opening the vaults of a bank" and handing out money to passers-by.

The software group's withering attack formed part of a legal challenge in the European Court of First Instance in Luxembourg to the Commission's March 2004decision that found Microsoft guilty of abusing its dominantposition and imposed a record €497m ($616m) fine.

Ian Forrester QC, a partner at White and Case, which is acting for Microsoft, insisted the Commission had been wrong to punish Microsoft for refusing to supply information about the Windows operating system to rival companies.

Brussels argues the information was necessary to allow other companies to develop server software that is "interoperable", or runs smoothly, with Windows-driven servers and computers.

Mr Forrester argued that the Commission's order to make available 12,500 pages of interoperability information infringed several Microsoft patents without proper justification.

He said Brussels had failed to show that the interoperability information demanded by the regulator was "indispensable" for other companies to enter the market.

The Commission's case, Mr Forrester added, was "like a jellyfish - shapeless, and very painful".

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But the Commission's legal team disputed Microsoft's arguments vehemently, saying the group had "rigged the rules" of the marketto ensure its rivals were unable to compete. The regulator dismissed, in particular, Microsoft's claim that the ruling infringed its intellectual property, saying the group had only been able to cite four European patents in its defence.

The Commission claimed that, crucially, Microsoft had never at the time defended its refusal to supply rivals with interoperability information by referring to intellectual property rights.

The group was therefore not in a position to cite IP rights as a justification for its abuse, according to Anthony Whelan, representing the Commission before court.

The two sides also sparred over whether Microsoft's behaviour had actually threatened to eliminate competition.

Mr Whelan insisted that Microsoft had already attained a market share of at least 60 per cent and that the threat of elimination was real: "There is a reshuffling of the fringe [of the market] but the fringe remains just that."

The 13 judges will today have the chance to put questions to the two parties. The hearing is due to end on Friday.

EU judges to mull record Microsoft fine (AP)

By AOIFE WHITE

AP, April 28, 2006

Microsoft will try Friday to convince a panel of judges that a record antitrust fine levied against it two years ago should be thrown out or reduced in the last session of a five-day hearing.

The European Union ruled in March 2004 that the world's largest software company had to pay a record euro497 million (US$613 million) fine after a five-year investigation concluded it had taken advantage of its position as the leading supplier of operating systems.

Microsoft has appealed the fine, and the ruling, since Monday, attacking the European Commission's order to share information with rival software makers and produce a version of its Windows operating system without Media Player software. Microsoft claims the European regulator has made "serious errors" and is compromising its innovative designs.

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In the first two days of the hearing, which is scheduled to end Friday, the 13-judge panel of the Court of First Instance centered on the company's bundled Media Player. On Wednesday and Thursday, hearings focused on a challenge to the order Microsoft give information to rivals to make its server software work more smoothly with the ubiquitous Windows program.

Judge John D. Cooke, in a terse exchange with Commission lawyer Anthony Whelan, asked whether Microsoft's proprietary information should be given away to its rivals, including patent information.

"The information which forms interoperability is hugely valuable commercial information. In the commercial sense this is highly valuable information, that's why it's difficult to understand the attitude of the Commission that these are mere trade secrets," the judge said -- a reflection of Microsoft's assertion that to give over the code would be forfeiting the hundreds of years in manpower that went into devising it.

Cooke, who will write the draft ruling, wanted to know if "competition rules require that be taken away from Microsoft, conveying a huge commercial advantage."

Whelan said the value Microsoft placed on the code was merely a reflection of the amount of time and effort it had put into creating it, nothing more.

The Commission has never asked Microsoft to open up its source code -- the recipe for Windows -- but Microsoft offered earlier this year to grant some access to rivals under certain conditions if it would appease both EU and U.S. regulators.

James Flynn, a lawyer for the European Committee for Interoperable Systems, an industry group that includes Sun Microsystems Inc., IBM Corp. and Oracle Corp., said that Microsoft's "information is not kept secret because it is valuable. It is valuable because it is kept secret."

Microsoft lawyer Ian Forrester rejected any suggestion that the company had deliberately exaggerated the importance of certain algorithms it would have to disclose.

Microsoft and EU officials were still discussing just what needed to be handed over, he said, explaining that Microsoft believed that to meet the terms of the Commission order and hand over "complete and accurate" information, it would have to give access to key parts of its code.

While a court decision on the ruling is not due for months, a decision backing the commission could force Microsoft to change the way it does business in the future and endorse the EU's ability to hold back aggressive corporate behavior.

An appeal is not certain since Microsoft would need strong legal arguments to protest the ruling to the EU's highest court, the European Court of Justice.

Judges Stress Intellectual Property In Microsoft Appeal (NYT)

By Paul Meller

The New York Times, April 28, 2006

LUXEMBOURG, April 27 — Lawyers for the European Commission and Microsoft faced tough questioning on Thursday about the 2004 antitrust ruling against the company.

During cross-examination by 13 judges of the European Court of First Instance who are hearing Microsoft's appeal of the ruling, the sharpest questions were reserved for the commission. Judge John Cooke, who will write the decision in the case, appeared to chastise commission lawyers for not taking the company's concerns about protecting its intellectual property seriously.

Under the 2004 ruling, Microsoft was ordered to disclose technical details to rival makers of software for computer servers to allow them to develop programs that work as smoothly with the Windows operating system as Microsoft's own software does. The company contends this order breaches its intellectual property rights, while the commission argues that Microsoft is seeking to preserve trade secrets that fall short of legal protection.

On Wednesday, Anthony Whelan, the commission's top lawyer handling the software development part of the case, argued that patent and copyright claims must be scrutinized by independent bodies before they were granted protection, whereas trade secrets did not. Yet the bulk of Microsoft's intellectual property argument revolves around the trade secrets in Windows that the commission wants the company to reveal.

"Trade secrets are not entitled to the degree of protection that Microsoft claims," Mr. Whelan asserted.

Judge Cooke turned to the issue on Thursday. "These are not just trivial trade secrets," he said. "This is hugely valuable information developed by a major corporation taking hundreds of man-hours to develop." He added that he found it hard to follow the commission's logic in defense of its 2004 ruling.

Microsoft was delighted by the amount of attention the judges gave to the intellectual property aspect of its appeal.

"The idea that this is not an I.P. case was scotched," a Microsoft spokesman, Tom Brookes, said. "Judging by the judges' questions, they recognized that I.P. is core here."

But Microsoft's top lawyer arguing the interoperability part of the appeal, Ian Forrester, did not escape Judge Cooke's scrutiny. At one point, he seemed to accuse Microsoft of exaggerating the scope of the commission's order to make it seem unreasonable.

"Is that Microsoft's stance?" Judge Cooke asked. Mr. Forrester, who has been highly articulate in the hearing, was rendered speechless for some seconds before denying that Microsoft had been exaggerating.

The judges' cross-examinations do not necessarily reveal their thinking, representatives from both sides said.

"The judge was just being provocative," said Thomas Vinje, a lawyer representing the European Committee for Interoperable Systems, a trade group and one of the commission's main allies in the case.

Microsoft's general counsel for Europe agreed. "It's not possible to predict from the questions what the outcome will be," the lawyer, Horacio E. Gutiérrez, said, adding that Judge Cooke in particular had shown "a tremendous grasp of the economic, technical and legal arguments."

The fact that the judges homed in on the commission's legal team could mean that they agree with them and are just making sure that a decision to uphold the 2004 ruling is watertight, many lawyers attending the hearing said.

A decision in the case is not expected for months.

Concrete exec admits price-fixing (INDYSTAR)

By J.K. Wall

The Indianapolis Star, April 28, 2006

Carmel Concrete Products and its president, Scott D. Hughey, have agreed to plead guilty and pay criminal fines for fixing the price of ready-mixed concrete in the Indianapolis area, the Department of Justice announced today

Carmel Concrete is the fifth Indianapolis-area concrete firm to either admit guilt or be charged in the ongoing federal probe. Two other companies, Irving Materials Inc. and Builder's Concrete & Supply Co. Inc., agreed to plead guilty. One company, Beaver Materials Corp., has been indicted. And a fifth firm, Shelby Materials, won amnesty from penalties by admitting guilt.

In all, those firms have agreed to pay more than $30 million in fines. Nine concrete executives have agreed to fines or jail time.

U.S. District Court Judge Larry J. McKinney will determine the size of a fine for Carmel Concrete, the operating name of Hughey Inc., and the length of any jail term for Scott Hughey. As an individual, Hughey will pay a fine between $30,000 and $50,000.

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"Price-fixing conspiracies, such as the one that dominated the Indianapolis ready mixed concrete market for nearly four years, harm our free market system," said Thomas O. Barnett, assistant attorney general in charge of the Department's Antitrust Division. "This type of conduct deprives consumers of their right to competitive pricing."

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A Tiny Supplier Sues France's Chanel, But Does The Suit Fit? (WSJ)

By Christina Passariello

The Wall Street Journal, April 28, 2006

Carmen Colle has crocheted bustiers for Chanel and spun sweaters for Yves Saint Laurent. As a "petit main," or little hand, of French fashion, she even wove a metal bra for Christian Lacroix.

But now Ms. Colle, a former steelworker, is venturing where few little hands have dared: the courtroom. In a €5.3 million ($6.6 million) lawsuit that may unravel her business, Ms. Colle claims Chanel, which she has supplied for years, copied one of her designs -- a crocheted floral pattern -- on a line of $1,800 to $3,000 cardigans, skirts and dresses.

The iconic French fashion house says the allegations are unfounded. But a judge in a Paris commercial court has allowed Ms. Colle to pursue her case, which deals with a recurring issue for fashion firms today: counterfeiting. This time the glitzy world of high-fashion faces a challenge from the unglamorous realm of suppliers.

On one side is Chanel SA, the aristocratic Parisian label known for its $5,000 skirt suits and six-figure gowns long favored by women from Jackie Kennedy to Nicole Kidman. On the other is Ms. Colle, a stocky mother of five who founded a knitwear business called World Tricot in the eastern French town of Lure.

Luxury-goods firms complain endlessly about being ripped off by counterfeiters. Each year, they spend millions of dollars going after copycats. But a thinly draped secret in the fashion industry is that the big guys also sometimes purloin ideas.

Fashion houses often outsource specialized products, such as hand-knitted or embroidered garments, to small suppliers. These contractors -- who offer their own original ideas, or take direction from clients -- submit samples in hopes of getting an order. They rarely copyright their designs, but French counterfeit laws offer some protection even if they fail to register their samples. Suppliers say that there is always the risk of their work being rejected and later ripped off.

"It's very ambiguous," says Sébastien Barilleau, a Paris-based "petit main" who supplies embroidery for fashion houses including Chanel and Givenchy. "You go to a fashion show and see a design that looks like something similar to what you sent to the client. But that's just the way it works."

Chanel, which declined to comment on specifics of the case, said that the idea for the design in question was generated in-house. "In the present case, Chanel had World Tricot as well as other suppliers make knit samples ..." the company said in a previously released statement. "The [design] theme had already been evoked in previous collections with great success and produced by other suppliers."

The fashion house told a judge that the white-crocheted design in dispute was made by another of its 268 suppliers, Mely's Maglieria Srl of Italy, according to a person present at a January hearing. Mely's declined to comment.

Ms. Colle has a different account. In the spring of 2004, she says, her daughter Sylviane, who had joined World Tricot, knitted a postcard-sized patch of white cotton in a pattern of vertical flower rows.

It looked "very Chanel," thought Ms. Colle, who submitted it to the company's design team. Within days, Chanel sent Ms. Colle a sketch of a vest and asked World Tricot for a prototype based on the white-flowered pattern. Both parties agree that the company sent one in, and that Chanel never placed an order.

Six months later, Ms. Colle says she was walking by a Chanel boutique in Tokyo and saw what she claims is her company's design, entwined with black silk ribbon, crocheted on a cotton cardigan, dress and coat. "I never go into the boutiques, so I couldn't believe it," she says. Upon her return, Ms. Colle took Chanel straight to court. Her lawsuit seeks €3.3 million in damages for alleged counterfeiting and €2 million for breach of contract.

At the January hearing, the judge asked Chanel and Ms. Colle to enter into mediation. The two sides didn't come to an agreement, however, so the case went back to court last month. The judge is expected to issue a verdict on May 12.

Since the suit was filed last July, Ms. Colle's business has faltered. Chanel placed a final order last August, and doesn't plan to send any more business Ms. Colle's way, a company spokeswoman confirms. Orders from other houses have dried up as well.

Suing the fashion giant "was a very difficult decision," says Ms. Colle, tearing up behind her gold-rimmed glasses. "But if I don't fight, I'm just an accomplice."

The daughter of Italian émigrés to Lure, Ms. Colle dropped out of school when she was 14. She got a job in a steel mill to supplement her father's income as a woodcutter.

In her early thirties, Ms. Colle decided to become a social worker. Frustrated that she couldn't find jobs for the area's poor, she founded World Tricot SA in 1987 out of an apartment in Lure, employing refugee women from countries such as Cambodia and Algeria. Since she didn't have money for furniture, her first five employees took turns sitting in one chair, hand-knitting sweaters, scarves and other wool products.

Ms. Colle studied fashion magazines like Elle and Vogue for clues to different designer styles. She read trade magazines to learn the names of fashion executives.

Her first foray into the business, in 1989, was a flop. She set up a meeting with Jacqueline Jacobson, founder of Dorothée Bis -- a brand known for its ribbed sweaters which has since been acquired by BCBG Max Azria -- to present a sample of her wares. But no orders resulted.

Ms. Colle didn't give up. After she sent the next samples, wrapped in cream-colored tissue paper, Ms. Colle says Ms. Jacobson placed an order. It was the beginning of Ms. Colle's new career as one of French fashion's "petits mains," a term first used to describe the seamstresses who hand-stitched custom-made, haute couture gowns. In 1990, Ms. Colle signed on two important clients: French fashion house Christian Lacroix and Popy Moreni, an Italian designer based in Paris.

Word soon spread about World Tricot's craftsmanship. The company signed on more clients, and Ms. Colle hired more workers. In 1999, she landed the most prestigious couture name of all: Chanel.

For five years, Ms. Colle took a five-hour train ride into Paris as often as once a week to visit Chanel's elegant offices on the chic Rue Cambon. Every few months, she presented new samples. If Chanel liked one, the fashion house would ask World Tricot to make a prototype -- a skirt or a sweater with the proposed pattern. Karl Lagerfeld, the house's eccentric designer, was the final arbiter. If he approved the prototype, Chanel would place an order.

By the end of the 2004-2005 financial year, Ms. Colle says World Tricot had €1.9 million in sales, with knitwear for Chanel accounting for 89% of the total.

Now, with orders falling sharply, she has laid off 20% of her 25-person work force. To make up income, she recently launched her own knitwear brand, called Angèle Batist, which she shows to clients during private viewings at hotels in Paris, New York and Tokyo. Last month, Sen. Hillary Clinton ordered a black knit skirt for €500, Ms. Colle says. A spokeswoman for the senator didn't return calls for comment.

ENVIRONMENT:

10 States Sue E.P.A. On Emissions (NYT)

By Danny Hakim

The New York Times, April 28, 2006

ALBANY, April 27 — In the latest legal broadside against the Bush administration's policy on global warming, New York, California and eight other states sued the Environmental Protection Agency on Thursday for refusing to regulate carbon dioxide emissions from power plants.

Attorney General Eliot Spitzer of New York, the lead plaintiff, said the agency's refusal "continues a sad course of conduct on the part of the Bush administration and reflects a disregard for science, statute and wise policy."

A similar suit involving many of the same states and led by Massachusetts was dismissed last year by the United States Court of Appeals for the District of Columbia Circuit, where the new lawsuit was filed. Another suit by several of the same states sought to compel power producers to reduce emissions and was dismissed last year in Federal District Court in Manhattan. Both cases are being appealed.

"This is more of the same — yet another attempt by some states and environmental groups to change U.S. climate policy through litigation," Dan Riedinger, a spokesman at the Edison Electric Institute, a trade group of power companies, said in a statement.

DOJ_NMG_0027192

Such suits, Mr. Riedinger said, seek "to circumvent the ongoing policy debate in Congress, which alone has the authority to make or change federal environmental laws."

James R. Milkey, chief of the environmental protection division of the Massachusetts attorney general's office, said the new case was more narrowly focused on what has become a central policy question about global warming: whether the E.P.A. has the authority to regulate carbon dioxide, the principal contributor to global warming, as a pollutant.

"We feel we have an extraordinarily strong argument on that point," Mr. Milkey said.

New York City, the District of Columbia and three environmental groups also joined in the suit, along with Connecticut, Massachusetts, Maine, New Mexico, Oregon, Rhode Island, Vermont and Wisconsin.

The suit seeks to force the environmental agency to start regulating emissions of heat-trapping gases, like carbon dioxide, from power plants and to tighten regulations of conventional smog-forming pollutants. The basis for the argument is that the agency has not lived up to requirements in the Clean Air Act to ensure public health.

With 135 new coal-powered plants on the drawing board nationwide, environmental groups see tougher emission controls as an urgent need before the building of plants that can last for half a century or more. The proposed plants would "blow a hole in the world's effort to curb global warming," said Daniel Becker, director of the global warming program at the Sierra Club, a party to the suit. "A little over a third of U.S. global warming pollutants come from power plants, and the bulk of it from coal-fired power plants."

The Bush administration has argued that voluntary measures are the best way to proceed on global warming, rather than requirements on industry to reduce emissions.

"E.P.A. will review all options and make an informed decision on how to proceed," said Jennifer Wood, a spokeswoman for the agency. "E.P.A.'s climate protection programs continue to exceed the agency's greenhouse gas emissions goals and are on target to meet the president's 18 percent goal to reduce greenhouse gas intensity by 2012."

The administration's decision not to classify carbon dioxide as a pollutant has complicated the desire of several states to regulate emissions from cars.

California is in the midst of a legal battle with automakers over the state's new law putting strict curbs on emissions from the tailpipes of cars and trucks. New York and other states are planning to mimic California's standards and have also been sued by the auto industry. The industry has been supported by the Bush administration.

Environmentalists and lawyers for the states argue that the Clean Air Act compels the federal government to regulate carbon dioxide.

"Does the Clean Air Act care about climate?" asked David Doniger, a lawyer at the Natural Resources Defense Council. "Yeah, it says so."

The E.P.A. does not dispute global warming as a concept. Its Web site says that climate change is expected to raise sea levels and alter precipitation trends.

"Changing regional climate could alter forests, crop yields and water supplies," the agency says. "It could also affect human health, animals and many types of ecosystems."

Md. Sues Exxon Over Gas Leak (BSUN)

By Timothy B. Wheeler

The Baltimore Sun, April 28, 2006

In the biggest environmental enforcement action in recent years in Maryland, the state filed suit Thursday seeking nearly $12 million in penalties from Exxon Mobil Corp. and a local service station operator for a massive gasoline leak that officials say has fouled well water in the Jacksonville area of Baltimore County.

"We are holding those responsible accountable," Kendl P. Philbrick, secretary of the Maryland Department of the Environment, said at a news conference at the agency's Baltimore headquarters. He called the leak, one of the largest ever in the state, "catastrophic," and said an investigation continues into whether criminal charges might be filed as well.

The 15-count civil suit, filed in Baltimore County Circuit Court, accuses the giant oil corporation and Storto Enterprises Inc., operator of the Jacksonville Exxon station, of violating state environmental laws and regulations by allowing gasoline to leak from an underground fuel line and not detecting or reporting it promptly.

The suit charges that more than 25,000 gallons of unleaded regular gas dribbled from a small hole accidentally drilled in a buried fuel line by a contractor performing maintenance at the station in mid-January. The leak was not reported to state environmental officials until Feb. 17, more than a month later, although, the lawsuit says, the station's operator noted losses of almost 700 gallons of gasoline daily during that time.

The lawsuit charges that Exxon Mobil and its operator failed to install or maintain a properly functioning leak detection system that might have confirmed the gasoline release before it became so large.

Cleaning up

In addition to penalties, the state's lawsuit asks a court to require Exxon and its operator to complete the cleanup of the gasoline that leaked -- a process that, Philbrick acknowledged Thursday, could take years.

Exxon Mobil spokeswoman Betsy Eaton declined to respond to the specifics of the lawsuit, saying, "Our primary focus continues to be on the recovery and remediation of the gasoline leaked at Jacksonville." A telephone call to the Fallston address listed for Storto Enterprises was not returned.

G. Macy Nelson, a plaintiffs' environmental lawyer based in Towson who is not involved in the case, applauded the state's lawsuit. He said he couldn't think of a similar enforcement action being taken against a company.

"Historically, in my experience, MDE has gone after polluters but has done so with a very light hand," he said. "This sounds aggressive. Maryland has a lot of strong environmental statutes that provide effective tools, if they'll only use them."

He said the state's case is particularly strong because it is seeking penalties and needs only to show that the company has violated environmental laws, but does not, for example, have to prove damages to property.

Though only six residential and commercial wells in the Jacksonville area have been contaminated enough by gasoline or its components to exceed guidelines for safe drinking water, state officials say 62 residential wells show traces of methyl tertiary butyl ether, or MTBE, a gasoline additive that spreads readily through ground water. Though not believed harmful at the low levels seen in almost all the wells, MTBE has caused cancer in laboratory animals.

More than 200 residential wells have been tested, and the six seriously tainted wells have been equipped with carbon filtration systems to remove the contaminants.

More than 10,600 gallons of gasoline have been recovered since the leak was reported Feb. 16, state officials say, and perhaps another 3,000 gallons' worth of fuel vapors have been suctioned out of the ground -- substantially less than the oil company had been claiming.

Philbrick said recovery efforts had been aided by Exxon's quick response once the leak was reported, by dry weather and by the area's geology, which confined the leak to a narrow band underground. The company's aggressive cleanup, however, does not absolve it, he said.

Official's vow

The legal action comes less than two months after Philbrick vowed at a news conference in Jacksonville to take strong enforcement action against Exxon Mobil. He also ordered other service stations in the state to check their leak detection systems and vowed to tighten underground fuel storage regulations to prevent anymore such leaks.

How much, if anything, Exxon Mobil and Storto will have to pay in penalties will depend on whether a judge or jury finds that the companies violated state laws and regulations. The amount of penalties imposed could be set by the court, or it could be negotiated downward in an out-of-court settlement.

But the law allows penalties of up to $25,000 a day for each violation, and an additional penalty of $100 per gallon for illegal releases of more than 25,000 gallons. State officials said they were seeking the maximum penalties because of the size and severity of the leak.

Though courts rarely grant maximum penalties in such cases, if they are awarded in this lawsuit, they would equal all the administrative and civil penalties the state environmental agency has collected in more than 12,000 cases brought since 1997, according to figures supplied by a spokesman for Attorney General J. Joseph Curran.

Six years ago, the state collected nearly $2 million in a settlement from Potomac Electric Power Co. and its contractor after a pipeline ruptured, spilling 125,000 gallons of oil into a marsh along the Patuxent River. That incident in 2000 was the largest oil spill ever in the state.

Exxon Mobil also faces a class-action lawsuit, filed on behalf of Jacksonville area residents, which seeks $535 million in punitive damages and an order requiring the company to pay for cleaning up the contamination, filtering residents' well water or supplying them with an alternate source.

Del. A. Wade Kach, a Baltimore County Republican who represents the Jacksonville area, welcomed the state action. "I can't believe anyone can lose 25,000 gallons of inventory and not notice," Kach said. "I don't understand it at all."

Sonar Called Likely Stranding Cause (WP)

By Marc Kaufman

The Washington Post, April 28, 2006

Federal marine specialists have concluded that Navy sonar was the most likely cause of the unusual stranding of melon-headed whales in a Hawaiian bay in 2004.

The appearance of as many as 200 of the normally deep-diving whales in Hanalei Bay in Kauai occurred while a major American-Japanese sonar training exercise was taking place at the nearby Pacific Missile Range Facility.

The report is the latest in a series of scientific reviews linking traditional mid-frequency naval sonar to whale strandings. Sonar has been used for decades, but it was only recently that the apparent connection to strandings was established.

While the National Oceanic and Atmospheric Administration scientists said they could not definitely state that sonar caused the strandings, they said extensive study led them to the conclusion that there was no other likely cause.

"Our analyses indicate there was no significant weather, natural oceanographic event or known biological factors that would explain the animals' movement into the bay nor the group's continued presence in the bay," said Teri Rowles, NOAA Fisheries Service's lead marine mammal veterinarian and lead author of the report.

NOAA concluded that sonar was "a plausible, if not likely, contributing factor" to the stranding.

The Navy has said it was virtually impossible for its sonar to have led to the Hanalei Bay stranding, and officials maintained that position yesterday. "I think that if you look at the report, there are just so many unknown factors at work that to say sonar was a plausible if not likely cause is erroneous," said Lt. Commander Christy Hagen of the U.S. Pacific Fleet in Hawaii.

The Navy is planning another major sonar testing maneuver in the same area in July and -- for the first time -- NOAA has formally asked the Navy to use expanded measures to protect whales from the possible effects of its sonar.

The active sonar used by navies sends out loud pings of sound that seem to frighten and disorient whales, especially deep-diving species such as the beaked and melon-headed whales. The effect was documented off Greece in 1996 and established later during naval exercises in the Bahamas, off the Canary Islands and off Spain.

The findings have complicated the Navy's efforts to set up a 500-square-nautical-mile sonar training facility off the coast of North Carolina. Naval officials say the sonar training is essential, especially now that possibly hostile foreign navies have developed diesel submarines that are not detected by the kind of passive sonar used to follow large nuclear submarines.

Rowles said that the melon-headed stranding in Hawaii was highly unusual, and only the second recorded in the United States in modern times. The other occurred off Florida earlier this year, and Rowles said NOAA is trying to determine if any naval activity occurred in the area.

In the 2000 Bahamas stranding, a local marine biologist collected some of the whales that died onshore and froze them for later study -- which helped NOAA conclude that sonar was the likely cause. In Hanalei Bay, the whales were ultimately led back to sea and one young animal died, apparently of starvation. So there was no physical evidence of injury to examine.

Yesterday's NOAA conclusion was based instead on the lack of other possible causes, the unusual nature of the whale movement, and an analysis that concluded the extensive sonar use occurred close enough to Hanalei Bay for the whales to swim there by early July 3.

A number of environmental groups have become increasingly concerned about the effects of sonar, and the Natural Resources Defense Council has sued the Navy a number of times on the issue. Michael Jasny, a senior consultant with NRDC, said the NOAA report was worrisome.

"This was by far the largest stranding of melon-headed whales ever recorded in Hawaii," he said. "Once again, the Navy's denial has been contradicted by the official government investigation. It's time for the Navy to stop this needless infliction of harm."

DEA/ATF/USMS:

More than 9,000 fugitives caught in a week (AP)

By MARK SHERMAN

AP, April 28, 2006

WASHINGTON -- Ten years to the day after allegedly raping a 14-year-old girl, a California man was arrested in a roundup of fugitives that law enforcement officials say snared more than 1,100 sex offenders.

The concentrated search for people wanted for federal, state and local crimes "targeted the worst of the worst," Attorney General Alberto Gonzales said Thursday at a news conference announcing the results of "Operation Falcon II."

Authorities arrested 9,037 people April 17 to last Sunday in a 27-state dragnet led by the U.S. Marshals Service and timed to coincide with National Victims Rights Week. Among those apprehended were 1,102 people wanted for violent sex crimes or failure to register as sex offenders.

No other single law enforcement operation had resulted in the capture of as many suspected sex offenders, the Justice Department said. The arrests came mainly in states west of the Mississippi River, and in Guam and the Northern Mariana Islands.

Gonzales has directed investigators to focus on sex crimes as part of his effort to call attention to child pornography and other crimes against children.

One of those arrested last week was Primo Montes, 37, who was picked up April 18 as he tried to visit his pregnant wife in Escondido, Calif. Ten years earlier, Montes and a second man allegedly raped a 14-year-old girl. Montes fled to Mexico to escape prosecution, but investigators learned he might try to see his wife, the Marshals Service said in a summary of the case.

Marshals arrested Montes when he appeared.

Nearly 80,000 fugitives were arrested last year, just under half by the Marshals Service and the rest by state and local police working with federal authorities. More than 10,000 of those arrests came during a similar nationwide sweep last year.

The operations in the past two years produced roughly 10 times the average number of weekly arrests, but even that barely dents the fugitive caseload. The FBI database contains names of a million fugitives. The director of the Marshals Service, John Clark, said Thursday there are a "few million fugitives" in the United States, most of them wanted on state and local charges.

The agency spent $531,000 on the weeklong exercise, most of it to pay overtime to local and state police, said David Dimmitt, chief deputy U.S. Marshal. More than 2,100 officers from 786 federal, state and local law enforcement agencies took part.

A second phase, targeting the eastern U.S., will take place in the coming months, Gonzales said

Among those caught was William Wisham, 60, who authorities said failed to register as a sex offender when he moved to a motel in Victorville, Calif. Investigators found letters to children and notes explaining why he enjoys sex with children, as well as child pornography, candy and methamphetamines, authorities said.

Police are working to locate children listed in Wisham's diary-style notes.

On the Hawaiian island of Oahu, police arrested Herbert Damwijk, 30, who is wanted in Washington state on two counts of child rape and molestation against 8-year-old girls, the department said. He was arrested April 17 at his father's residence and awaits extradition to Washington.

Reginald Dozier, 39, was arrested in Belleville, Ill., at 12:01 a.m. on April 17, the first minute of the operation, for failing to register as a sex offender. Dozier had earlier been convicted of raping a girl younger than 13 and giving her gonorrhea.

More Than 1,100 Sex Offenders Arrested In U.S. Fugitive Sweep (BLOOM)

By Robert Schmidt

Bloomberg, April 28, 2006

More than 1,100 people wanted for sex crimes were arrested in a 27-state sweep of fugitives, U.S. officials said.

Those caught in the sweep were part of a group of 9,037 fugitives arrested in a weeklong effort dubbed Operation FALCON II, Attorney General Alberto Gonzales said today at a news conference in Washington.

The operation ``targeted the worst of the worst fugitive felons in the country," he said.

The dragnet, which involved federal, state and local law enforcement authorities, took place during the week of April 17 and was timed to highlight National Crime Victims' Rights Week, which began April 23. Most of those arrested were in the western half of the U.S. Gonzales said a second sweep in the eastern part of the country will take place ``in the coming months."

Justice Department officials said the 1,102 sex offenders arrested represented the largest number ever captured during a single law enforcement operation. Authorities also seized 111 guns, more than 91 kilograms of narcotics, $120,265 in cash and 14 cars.

Last year, more than 79,000 fugitives were arrested and there are ``a few million" still at large, mostly on state and local warrants, U.S. Marshals Service Director John Clark said.

FALCON stands for Federal and Local Cops Organized Nationally. The government conducted a similar operation last year.

117 swept up in Southern Arizona as part of national dragnet (AZSTAR)

The Arizona Daily Star, April 28, 2006

Forty-six people wanted for immigration offenses, including people smuggling, were among the 117 fugitives rounded up in Tucson and Southern Arizona during a weeklong law enforcement operation, officials said.

The dragnet was part of the nationwide Operation Falcon II. The project started April 17 and concluded Sunday. In total, 9,037 people were arrested in 27 states.

Local officers also nabbed four wanted sex offenders, 21 people wanted in connection with drug crimes and 21 wanted in violent crime cases, in addition to 25 others. Two soldiers also were arrested for being absent without leave from Fort Huachuca. They were turned over to the Army's Criminal Investigation Division for prosecution.

Operation Falcon targeted those "who had for too long escaped the grip of justice," said Attorney General Alberto Gonzales in a press statement Thursday.

"With these criminals off the streets, fewer Americans will live with the threat of violent crime in their communities," he said.

News Area fugitives picked off (CHIST)

Chicago Sun-Times, April 28, 2006

Several hundred fugitives were pulled from Chicago's streets this month -- including two who were among the most wanted -- in a federal and local law enforcement sweep spanning 27 states.

In Chicago, 403 fugitives -- twice as many as the last time investigators did this -- were arrested during the sweep, which began April 17, said Geoffrey Shank, commander of the U.S. Marshals Service Great Lakes Regional Fugitive Task Force. In the Great Lakes Region, 1,225 fugitives were arrested.

Chicago also netted more gang members than any other city and pulled two of the 15 most wanted off the streets, authorities said.

One of the most wanted was Clifford Cash, 30, a reputed member of the Gangster Disciples street gang who had failed to register as a sex offender -- for convictions that included an attack on a minor in the early 1990s. Cash was paroled from the Illinois Department of Corrections in 2004 after a 10-year sentence but failed to register, according to state records.

The other was Antoine Sallay, 26, who was originally convicted for the criminal sexual assault of a child under 13 and was released from prison in 2003. Since his arrest, investigators have linked him through DNA to two other criminal sexual assaults against children in the Chicago area.

While 163 reputed gang members were arrested nationwide, the Chicago team caught 64.

The concentrated search for people wanted for federal, state and local crimes "targeted the worst of the worst," U.S. Attorney General Alberto Gonzales said Thursday at a news conference.

A similar roundup was conducted last year.

Gonzales has directed investigators to focus on sex crimes as part of his effort to call attention to child pornography and other crimes against children.

9,037 nabbed nationwide

Nationwide, 9,037 people were arrested between April 17 and last Sunday in the dragnet timed to coincide with National Victims Rights Week. Among those apprehended were 1,102 people wanted for violent sex crimes or failure to register as sex offenders. Locally, there were 53 arrests for violent sex crimes and 49 for failing to register as a sex offender.

"Sometimes the victims get lost," Shank said. "They even get lost on us as we're running down a street chasing a guy. You're not thinking about the family or the victim. But this week we wanted to step forward . . . and concentrate on individuals who were wanted for crimes that relate directly to sexual offenses."

No other single law enforcement operation had resulted in the capture of as many suspected sex offenders, the Justice Department said. The arrests came mainly in states west of the Mississippi River, and in Guam and the Northern Mariana Islands.

Reginald Dozier, 39, was arrested in Downstate Belleville at 12:01 a.m. on April 17, the first minute of the operation, for failing to register as a sex offender. Dozier had earlier been convicted of raping a girl younger than 13.

The FBI database contains names of a million fugitives. The director of the Marshals Service, John Clark, said Thursday there are a "few million fugitives" in the United States, most of them wanted on state and local charges.

A second phase, targeting the eastern United States, will take place in the coming months, Gonzales said.

Operation Falcon makes arrests in La. (BRA)

By BRETT TROXLER

The Baton Rouge Advocate, April 28, 2006

A nationwide crackdown on wanted suspects running from the law has found its way to Louisiana. As part of Operation Falcon, which has a primary focus of tracking down those suspected of sex crimes and violent crimes against women, 68 people were arrested in the middle part of the state.

Of the 68 arrests, five were taken in on rape and violent sex crime charges. Seven arrests were made on weapons-related charges, and local authorities even caught a suspect wanted for attempted murder.

U.S. Attorney David Dugas said the well-coordinated effort will continue throughout the year, but it gets extra emphasis this week.

"It's dangerous work," he said. "These are fugitives who are trying to escape the law. They know law enforcement is looking at them. It takes skill, it takes planning, it takes dedication by the agents -- and that's what we saw this week."

The man brought in for attempted second degree murder was Dedrick Ghoram, according to the U.S. marshals. That warrant was issued by the Baton Rouge Police Department.

Sweep Nabs 'Worst Of The Worst' (STPPP)

The St. Paul Pioneer-Press, April 28, 2006

The long arm of the law rounded up 110 Minnesota fugitives — several wanted for violent sex crimes — over the past week, federal authorities announced Thursday in Minneapolis.

The roundup was part of a 27-state effort by the U.S. Marshals Service to capture fugitives. The dragnet was focused on sex offenders, who made up more than 1,100 of the 9,037 fugitives taken into custody nationwide.

Al Garber, U.S. Marshal for the District of Minnesota coordinated the Minnesota apprehensions. In all, officers from 18 law enforcement agencies searched for fugitives in the Twin Cities, Duluth and Rochester from April 17 through Sunday.

The operation carried the name "Operation Falcon II" — it's the second year the initiative has been undertaken — and was aimed at fugitives labeled by U.S. Attorney General Alberto Gonzales as "the worst of the worst."

In Minnesota, that included offenders wanted for a variety of crimes, including sexual assault and drug trafficking. The federal emphasis was on nabbing sexual predators and convicted sex offenders who had failed to properly register their whereabouts.

The dragnet concentrated on states in the western U.S. A subsequent weeklong roundup will target states east of the Mississippi.

National crime sweep nets 110 fugitives in Minnesota (MINNST)

By Gregg Aamot

Minneapolis Star Tribune, April 28, 2006

More than 100 fugitives, including sex offenders and gang members, were captured this month in Minnesota as part of a national crime sweep, the U.S. attorney announced Thursday.

The arrests were part of "Operation Falcon II," an initiative involving federal, state and local law enforcement agencies. The 110 people snared in Minnesota were "the worst of the worst criminals," U.S. Attorney Rachel Paulose said.

Nationwide, more than 9,000 people were captured in a sweep of states west of the Mississippi River between April 17 and April 23. The U.S. Marshals Service led the dragnet, which coincided with National Victims Rights Week.

Of the arrests, more than 1,100 were wanted for violent sex crimes.

In Minnesota, all but about 20 of the fugitives were captured in the Twin Cities area, officials said. Officers from 18 agencies across the state helped the U.S. Marshals Service in the arrests.

At a news conference at the federal courthouse, officials displayed several weapons confiscated in the sweep, including a gun and a device U.S. Marshal Al Garber called a "knuckle-knife." The fugitives caught in Minnesota included a man who had raped an 8-year-old boy, a gang member dragged from a crawl space and a career criminal with a record dating to 1967, Garber said.

"The goal was to make our neighborhoods safer, and by taking 110 people off the street, we did that" to a large measure, he said.

Officials said such intense dragnets are significant because agencies don't always have the money or manpower needed to join forces in coordinated efforts. Whether such sweeps would happen every year was the decision of U.S. Attorney General Alberto Gonzales, Palouse said.

A search for fugitives in the eastern half of the United States was also planned, though officials wouldn't say when.

Hundreds Of Californians Among More Than 9,000 In Fugitive Roundup (AP)

By Mark Sherman

AP, April 28, 2006

WASHINGTON - Hundreds of California residents are among 9,037 fugitives arrested nationally in a weeklong roundup that focused on sex offenders, top law enforcement officials said Thursday.

The arrests were made as part of "Operation Falcon II," a 27-state dragnet led by the U.S. Marshals Service and timed to coincide with National Victims Rights Week.

More than 1,100 of the fugitives nationally were wanted in connection with violent sex crimes, a group that Attorney General Alberto Gonzales has made a priority in his 15 months at the Justice Department. The operation "targeted the worst of the worst," Gonzales said at a news conference at the Justice Department.

Among the 256 apprehended in the inland region that stretches from Bakersfield to the Oregon border was a murder suspect from Mexico living in Modesto who will be deported, said Antonio Amador, marshal for that district.

Four of the 256 were homicide suspects, 30 were suspected of sex crimes, 108 were wanted on drug charges and 49 for allegedly committing other violent crimes.

"As law enforcement knows, fugitives generally have criminal records and continue to commit crimes," Amador said at a Sacramento news conference. "In fact, 95 percent of those arrested had (previous) criminal records."

Authorities in Los Angeles, Orange, Riverside, and San Bernardino counties rounded up 262 fugitives, including two wanted on murder charges, 81 on drug charges, 59 on violent sex charges and 11 for allegedly failing to register as sex offenders.

Among the 262 was William Wisham, who authorities said failed to register as a sex offender when he moved to a motel in Victorville. Investigators found letters to children, notes explaining why he enjoys sex with children, child pornography, candy and methamphetamines, Marshal Adam Torres said in a statement.

Police are working to locate children listed in Wisham's diary-style notes.

In the San Francisco Bay area, 146 fugitives were apprehended, including 23 charged with sex offenses and 44 with narcotics violations.

In San Diego and Imperial counties, 194 fugitives were caught, including five charged with murder, 124 with narcotics violations, six with violent sex offenses and five with failing to register as sex offenders.

Primo Montes was arrested April 18 in Escondido, 10 years to the day after he and another man allegedly raped and molested a 14-year-old girl. Montes fled to Mexico before trial, but investigators staked out his pregnant wife's home in Escondido after receiving a tip that he might visit.

In southern Nevada, 35 of the 100 people arrested were wanted on sex charges or for allegedly failing to register as sex offenders. A local task force also arrested two individuals wanted on murder charges, 39 on drug charges, 13 on assault charges and seven wanted on weapons charges.

Nationwide during the week of April 17-23, federal, state and local authorities arrested 1,102 people wanted for violent sex crimes or for failing to register as a sex offender after a prior conviction for sexual assault.

It was the largest number ever captured in a single law enforcement operation, the department said. The arrests were made mainly in states west of the Mississippi River.

The Marshals Service spent $531,000 on the weeklong exercise, most of it to pay overtime to local and state police, said David Dimmitt, chief deputy U.S. Marshal. More than 2,100 officers from 786 federal, state and local law enforcement agencies took part.

Last year's sweep netted more than 10,000 fugitives, 10 times the average in a week, but just 1 percent of the 1 million fugitives in the FBI's national database. Marshals Director John Clark said there are a "few million fugitives" in the United States, most of them wanted on state and local charges.

Marshals arrested 35,500 federal fugitives for all the government budget year that ended Sept. 30. They worked with state and local authorities to nab another 44,000 people, according to the Marshals' Web site.

ON THE NET

U.S. Marshals Service: http://www.usmarshals.gov/

Justice Department: http://www.usdoj.gov

Operation Falcon puts thousands behind bars Police sting operation conducted nationwide and locally (WHOI)

By Brock Spencer

WHOI-TV Creve Coeur, IL, April 27, 2006

A week long police sting operation netted more than 9,000 arrests nationwide. And, more than a hundred of those arrests were made right here in central Illinois.

It's called "Operation Falcon II" led by the U.S. Marshall Service.

Law enforcement from local, state, and federal departments all worked together during the stings. Arrests included everything from homicide and kidnapping to robbery and burglary.

All of the stings in 27 states were made between April 17 - 23. Peoria County Sheriff Mike McCoy said before this program, it would have been impossible to track down many of these offenders.

"When you have someone like the Marshall's Office and this task force that has jurisdiction to go anywhere, to investigate anywhere, has the ability to call an office up throughout the country, through the world and say hey look we are looking for this guy, we got a report he is in your area. Will you go check it out?" McCoy said.

U.S. Attorney General Alberto Gonzales said the focus of this year's "Operation Falcon II" was on sex offenders. The justice department estimates it was the largest number ever captured in a single law enforcement operation.

DOJ_NMG_0027199

"Among those arrests were more than 1,100 fugitives wanted for committing felony sex offenses or violent sexual assaults or for failing to register as sex offenders," Gonzales said.

Last year's sweep, just called Operation Falcon, rounded-up around 10,000 fugitives.

Operation Falcon II Targets Sexual Predators (KTEN)

KTEN-TV Ada, OK, April 27, 2006

A historic day for law enforcement nationwide, had a significant impact in Southeastern Oklahoma. Operation Falcon II, led by U.S. Marshals, netted thousands of arrests across the western half of the country. The week-long sting focused on capturing sex predators and wanted fugitives.

Today, U.S. Marshals visited Durant, commending Bryan County officials on their contributions. From April 17 through the 23, law enforcement agencies of all levels participated in operation Falcon II. Determined to bring violent sex criminals to justice, officers in Bryan County united, coming down hard on fugitives.

In 27 states law enforcement raided homes, made traffic stops and even swarmed hotels to clean up thousands of existing warrants. Mirroring the efforts of a year ago when U.S. Marshals conducted Falcon I, teams arrested sex offenders, gang members and other wanted felons. Twenty-five different departments in Eastern, Oklahoma captured over 500 fugitives. Local task forces working with the marshals talked about the operation.

"With law enforcement at the local state and federal levels it is absolutley essential that we all work in one accord and in cooperation with one another, and this operation is a prime example of that," said David Ross, Durant OHP.

"Most of them will tell you that they're just doing their jobs, but just doing their jobs most likely saved or impacted many lives in a positive way that can't be calculated," John Loyd, U.S. Marshals said.

Loyd also said the raids yielded over a hundred guns, thousands in cash and opened doors to even more illegal activity in the area. The highest priority was given to sexual predators and unregistered sex offenders, since these issues top the list of local problems.

The U.S. Marshals say operation Falcon II is the most ambitious endeavor in their 216 year history.

Authorities arrest more than 500 in warrant sweep (Phoenix)

By Liz McMahan

The Muskogee (OK) Phoenix, April 28, 2006

More than 500 people wanted for felonies were arrested in Eastern Oklahoma last week, it was announced Thursday by the U.S. Marshals Service.

The arrests came through the joint efforts of local, county, state and federal officers from throughout the 26-county Eastern District of Oklahoma as part of Operation Falcon II, a nationwide effort to serve outstanding felony warrants.

The number of arrests in the Eastern District was the third highest of any area in the United States where the operation was carried out, said U.S. Marshal John Loyd. Only the Houston and San Antonio areas had a higher number of arrests.

This was the second year the U.S. Marshals Service has conducted the operation. This year's focus was on finding sexual predators.

Of the 506 fugitives arrested in eastern Oklahoma, 35 were wanted for violent sexual offenses, including rape, forcible sodomy and sexual assault, Loyd said. Sixteen of those arrested were wanted on charges of failure to register as sex offenders. One person was arrested on a homicide charge, Loyd said.

The sweep filled the Muskogee and Wagoner County jails. Muskogee County Sheriff Charles Pearson said 100 offenders were booked through his facility the first day.

Wagoner County Sheriff Johnny Cannon said his jail received more than 70 new prisoners from the project. His jail population normally averages 70 or 75 inmates but has been 80 to 85 since the beginning of the operation.

'Worst of worst' among 328 in Houston area arrested in sting (HOU)

By DALE LEZON

Houston Chronicle, April 28, 2006

A Spring man, who is accused of sexually assaulting a boy and whom law enforcement officials consider among the "worst of the worst," was one of more than 300 Houston-area fugitives arrested during a recent crackdown.

The arrests were part of a weeklong blitz by federal and local law enforcement agencies, including the Houston Police Department, dubbed "Operation Falcon II," which targeted suspects accused of violent and sexual crimes.

The roundup ran April 17-23 and covered 27 mostly Western states, as well as Guam and the Northern Marinana Islands, both U.S. territories.

Overall, 9,000 fugitives were picked up, including more than 1,100 wanted for sexual crimes.

In Houston, 328 fugitives were arrested, more than 40 of them wanted for sexual-related offenses, officials said.

"Pretty significant numbers, I think," said Deputy U.S. Marshal Marianne Matus, from her Houston office.

Carlos Bermudez, 30, offered no resistance when he was arrested at his golf-course maintenance job in The Woodlands last Friday, Matus said. She said he lived in Spring.

He had been wanted in Las Vegas since 2004 on 10 counts of sexual assault of a minor and 10 counts of lewdness with a minor.

Federal authorities said he was among 15 of the "worst of the worst" fugitives targeted in the crackdown, according to a news release from the U.S. Marshals Service.

Others arrested include people accused of violent crimes, as well as those who had failed to register as sex offenders.

No one was injured during the arrests, Matus said.

Last year, law enforcement officials arrested 10,000 fugitives during a similar weeklong roundup nationwide.

Nationwide Raid Includes Nearly 150 Valley Arrests (KGBT)

By Ray Pedraza

KGBT-TV Harlingen, TX, April 27, 2006

A nationwide sweep for violent criminals, known as Operation FALCON II, has netted over 9,000 arrests including some here in the Valley.

FALCON, which is a code name for Federal and Local Cops Organized Nationally, is being dubbed as one of the biggest round-ups in law enforcement history rounding up criminals in 27 states from Illinois to Missouri.

Included in the 9,000 arrests were 1,100 wanted for violent sexual assaults, many against children.

"This is an important step in ensuring that the culture of law is respected, the judicial process is observed, sentences are meaningful and hardtime is served," said United States Attorney General Alberto Gonzales of the operation.

In the Valley, lawmen raided homes in the twilight hours across all four counties last week ... catching many of the unsuspecting criminals in bed.

An undercover agent says they were pleased with the number of arrests.

"It was a successful operation," said the agent. "Valleywide there were 148 fugitives arrested and 213 warrants were cleared."

The warrants ranged from aggravated assault to homicide but the most warrants cleared here were narcotics, probation and parole violators. Nationally and locally, authorities were hoping to capture more sexual predators.

"We are targeting sexual offenders. Sexual offenders pose a potential danger especially for women and children in the area and we're trying to put them away and bring them to justice," added the agent.

Congress allotted half a million dollars to fund this operation and Gonzales says Falcon III is coming in the next few months. He says it will target violent criminals on the east coast.

The U.S. Marshall's Service in McAllen is already looking forward to another big round up.

"We're going to continue searching for these individuals," said the agent about the accused criminals still at large. "We're not going to stop... we're going to be diligent in our efforts to bring them to justice."

249 Fugitives Arrested In Hawaii As Part Of Nationwide Sweep (KITV)

KITV-TV Honolulu, April 27, 2006

HONOLULU -- Hawaii law enforcement teams rounded up 249 Hawaii fugitives in a weeklong nationwide law enforcement sweep dubbed Operation Falcon II that nabbed more than 9,000 fugitives.

In Hawaii, it involved U.S. marshals, sheriffs, police and federal agents.

This year's operation focused on sexual predators, and one of the nation's Top 15 most wanted was found on Oahu.

From Waikiki to Maui, law enforcement involved in Operation Falcon II combed the islands for a week picking up wanted fugitives. The seven-day sweep included 27 states, Guam and the Northern Mariana Islands.

"What you may see is a reduction in crime; career criminals have been captured. What you may see are safer communities because predators are jailed," U.S. Marshal Dutch Hanohano said.

Herbert Damwijk was wanted for child rape and molestation in Washington state. He was found in Hauula.

"This guy is wanted for raping and molesting two young beautiful, young, innocent 8-year-old girls," Hanohano said.

Damwijk was living on a property that consists of several homes at which individual rooms are rented out.

The Fugitive Task Force arrived early in the morning.

"He was taken by surprise. He came to the door all groggy, and we just downed him right at the door," Deputy Sheriff Chester Kau said.

Many of those who live in the complex are university students. Those who know Damwijk said he never caused problems there.

"Overall, he's a pretty nice guy; kept to himself for the most part. Just a little bit, you know, a little bit weird," neighbor Mark Wood said.

On Maui, authorities arrested Kelepi Mafi. He was wanted in connection with the sexual assault of a 12-year-old girl. Four other sex offenders were captured in Hawaii.

Local Police Round-Up Criminals As Part of Nationwide Sweep (WANE)

WANE-TV Fort Wayne, April 27, 2006

Officers from the Allen County Sheriff's Department and Fort Wayne and New Haven police joined the U-S Marshalls service in scouring local neighbors, handing out warrants and rounding up suspected criminals. Altogether in northern Indiana, officers rounded up more than 46 fugitives on narcotics violations, seven on weapons-related offenses and several others for failing to registered as sex offenders. This local effort was part of a weeklong nationwide sweep called Operation Falcon 2, by U-S Marshalls and local officers in more than 20 states. In all, more than three thousand people were taken-in. John Clark, the director of the U.S. Marshalls Service says, "There is an old phrase, 'you can run but you can't hide' and for many fugitives out there, they think they can hide and they may, but not for long." And, even though this sweep has ended, authorities say area fugitives who managed to escape the net this time shouldn't think they can breathe easy. Dave Murtaugh, the head of the U.S. Marshalls Service Northern Indiana District says, "We're not going to let them rest. Allen County Sheriff's Department and the Fort Wayne Police Department are working diligently to keep the community safe."

U.S. Marshals Nab Thousands Of Wanted Criminals (KCNC)

By Alan Gionet

KCNC-TV Denver, April 28, 2006

Last week the U.S. Marshals Service rounded up 140 fugitives in Colorado as a part of Operation Falcon II, a nationwide effort to catch wanted criminals, U.S. Attorney General Alberto Gonzalez announced Thursday.

Fifteen of the fugitives arrested between April 17 and 23 were wanted for violent sexual offenses and six were wanted for failing to register as sex offenders, according to the U.S. Marshals Service.

The nationwide operation focused on sexual predators and coincided with "National Crime Victims' Rights Week."

One violent fugitive from Colorado was caught in Baltimore. Mark Hayward was wanted in Douglas County for kidnapping and sexual assaulting a 15-year old girl he met over the internet.

"With the amount of activity that happens on the internet now and the fact that he was corresponding on the internet with her and did occur in other states as well," said Michelle Kivela with Lone Tree police. "It's concerning to us."

Investigators said there was no record of any other sexual offenses on Hayward's criminal record. Hayward said he met the girl on myspace.com.

Others caught in Colorado were wanted for homicide, robbery, narcotics charges and other violent crimes.

Nationwide, more than 9,000 fugitives were arrested and 111 guns were seized.

Operation Falcon II Sweeps Yakima (KAPP)

KAPP-TV Yakima, WA, April 27, 2006

Local law enforcement officers took part in a week-long nationwide warrant round up. Almost 200 fugitives were arrested locally during the roundup. That's double the number of criminals from last year. Sex offenders were the priority and fugitives with gang ties and violent criminals came next. Yakima County Sheriff Ken Irwin says he's pleased with the outcome. He says these fugitives are the worst of the worst.

Although the operation was assisted through federal dollars, they targeted criminals wanted by local authorities. The U.S. Marshals worked in conjunction with the Yakima Police Department, Yakima Tribal Police and the Sheriff's Department.

Among all of the arrests, 26 documented gang members were arrested, officers seized 16 guns, and 9 unregistered sex offenders were found. Officers say they're sending out a clear message to criminals, "You can run, but you can't hide."

Feds arrest 84 in fugitive roundup (KTVA)

KTVA-TV Anchorage, April 27, 2006

DOJ_NMG_0027202

A massive sting operation has netted over nine thousand of the nation's most dangerous criminals and locally, the operation gave Alaska law enforcement a chance to find and arrest our worst criminal offenders.

It is being called the largest sex offender bust in the nation's history and it's Alaska's biggest multi-agency bust ever.

Operation Falcon II, which stands for Federal and Local Cops Organized Nationally, took a pretty big bite out of Alaska's most wanted list.

We had 14 arrests in Fairbanks, 16 arrests on the Kenai Peninsula, 20 arrests in the Mat-Su Valley and 32 arrests in Anchorage," said Randy Johnson, U.S. Marshal, Alaska.

84 fugitives in all, the largest coordinated bust in Alaska in history with crimes ranging from drugs, and probation violations, to more dangerous offenses.

"A violent crime or a sexual predatory type, those are the ones we focused on and we focused on the most violent ones first and worked downward from that towards the lower end of the spectrum," said Marc Otte, Chief Deputy U.S. Marshal, Alaska.

Code named Falcon II, it was a nationwide week-long operation with focus on the west coast netting over nine thousand people, but don't think these U.S. Marshals only work one week out of the year.

"This is an ongoing initiative, Falcon II focused that initiative with a high amount of manpower and some funding, but the Alaska Fugitive Task Force is here, it is working everyday and there is no place for anybody to hide if they're wanted.

Locally, last year Falcon I only nabbed 8 people.

"This was a very successful effort and you can see how much improved it was from last year so congratulations to everyone because all Alaskan citizens are safer."

But Falcon II isn't necessarily done. The cooperation between agencies remains. Alaska sent about 2 dozen leads to the lower 48 and warrants were sent up here as well

And the Last Frontier is often the last resort for the nation's criminals who think they can come and disappear into the Bush but Alaskan authorities say they will be caught.

"We want people to know this is not a place that they can come and hide. We will come and find them. We have a lot of investigative tools at our beck and call and we will come and find them anywhere they are, anywhere in the state," said Marc Otte, Chief Deputy U.S. Marshal, Alaska.

The week long effort brought eighty four people into custody but turns out that other fugitives heard the authorities were looking for them and turned themselves in not to mention the other cases that couldn't be solved within that week. There are about a hundred of them. Authorities say they plan to have them in custody soon.

Those arrests come at a time when the state is toughening up the penalties for people who commit sex crimes.

In fact, the Governor plans to sign a new bill into law this evening that would nearly triple the jail time for sex offenders. Convicted sex offenders would face a minimum of twenty years in prison and 25 if their crime involved a child.

U.S. Marshal Sweep Nets Sex Offenders (KGO)

By Heather Ishimaru

KGO-TV San Francisco, April 27, 2006

Apr. 27 - U.S. marshals invited ABC7 on an exclusive ride-along for some of the Bay Area sweeps targeting sex offenders. It's a report you'll see only on 7.

A week-long series of raids netted only a small fraction of the one million fugitives on the loose, but authorities are claiming success in a roundup called Operation Falcon Two.

In all, police agencies arrested more than 9,000 people in 27 states, 1,100 of them for violent sex crimes and 163 of those arrests were here in the Bay Area.

Chief Dep. Thomas Figmik, U.S. Marshals Service: "Operation Falcon targeted offenders wanted for the worst crimes, such as murder, kidnap, arson, assault, robbery, narcotics and rape. The operation was inspired by the Department of Justice's National Victims Crimes Week, the theme of which was justice isn't served until crime victims are."

When serving arrest warrants and checking on parolees, police rely heavily on the element of surprise.

Last week, during Project Falcon Two, U.S. marshals and local police went after their targets very early in the morning and late at night.

At 1 a.m. in Dublin, the element of surprise was enhanced by the passage of time. It was 24 years since Jack Duffy walked away from a Michigan prison.

The supervising deputy asks if Duffy's wife and son know why they're there.

Deputy: "Does your family know about this?

Jack Duffy: "No."

Deputy: "Ok do you want to say anything or no? Ok we'll leave that option up to you and we won't say anything about it."

Duffy was only one of the one million fugitives in the FBI's national database. The majority are more recent cases, like sex offender Curtis Arnold. As conditions of his parole, he's not allowed to have pornography or knives longer than two inches.

Deputy Robert Tejada, U.S. Marshal Service: "Two knives were found and about 20 pornographic tapes were found in his possession."

Project Falcon often targeted one person in trouble with the law and stumbled on others. The target at this house wasn't home but two women wanted for burglary were.

And there was no target at a Richmond housing project. Police didn't know what they'd find when they went there but they chose the location because it was where a murder took place just four nights ago.

This suspect took off running when he saw officers. They say he dumped an automatic weapon during the chase.

"At least we got the gun off the street."

Not everyone here is happy about the crackdown. Some are.

Angelo King, Richmond resident: "I'm cool. I'm cool with it. You know me myself I'm a grown man and I'm scared to come out myself."

And in rRchmond at least, police say Project Falcon is only one piece of the complex puzzle of keeping the peace.

Lt. Mark Gagan, Richmond police department: "This is one way of dealing with people & that lower percentage of people that are absolutely not going to try to stay out of prison. The people that are using guns and violence to get across their message."

The marshals were given a budget of $540,000 dollars for the entire national operation. Most of that went to officer overtime and fuel costs.

U.S. Attorney Reports 54 Arrests As Part Of Fugitive Roundup (GFH)

The Grand Forks Herald, April 28, 2006

FARGO, N.D. - Fifty-four people are in custody in North Dakota as part of a nationwide roundup of fugitives, U.S. Attorney Drew Wrigley said Thursday.

The arrests were part of "Operation Falcon II," a 27-state dragnet timed to coincide with National Victims Rights Week. Nationally, officials said more than 1,100 people wanted for violent sex crimes were among the 9,037 arrests.

During the week of April 17-23, federal, state and local authorities arrested 1,102 people wanted for violent sex crimes or for failing to register as a sex offender after a prior conviction for sexual assault.

It was the largest number ever captured in a single law enforcement operation, the department said. The arrests were made mainly in states west of the Mississippi River, and also in Guam and the Northern Mariana Islands.

"Here in North Dakota, there were 54 arrests made inside of this one week," Wrigley said Thursday. "Last year was very successful with 26 felons arrested. This year, we're to 54."

U.S. Marshal Dave Carpenter said seven of the arrests in North Dakota were people wanted for sex crimes.

Wrigley said the bulk of the arrests were other crimes, including robbery, burglary and fraud. Some were drug-related, he said.

"In addition, 10 other warrants were cleared - what we call administratively - they figured out people were incarcerated somewhere else or for some other reason they were cleared," Wrigley said. "So (it was) a very successful operation for the U.S. Marshal's Service and the other agencies involved."

Arrests were made in Bismarck, Fargo, Jamestown, Mandan, Minot, Wahpeton and other cities in the region, Wrigley said. Two arrests for North Dakota warrants were made in Wyoming and South Dakota, he said.

Timothy Moseley, chief deputy United States Marshal in Cheyenne, Wyo., said authorities arrested one man from North Dakota in Wyoming who was wanted on charges that he had sexually molested children.

The Marshals Service spent $531,000 nationwide on the weeklong exercise, most of it to pay overtime to local and state police, said David Dimmitt, chief deputy U.S. Marshal. More than 2,100 officers from 786 federal, state and local law enforcement agencies took part.

North Dakota got about $8,000 for the roundup, up from about $5,000 last year, Carpenter said.

The state's courts and jails will be busy in coming weeks, Carpenter said.

"It's going to create a bulge in system but I don't think it's anything we can't work through," he said.

Operation Falcon II Puts Dozens of Violent Fugitives Behind Bars in Idaho (KTRV-TV)

By Shannon Patterson

KTRV-TV Boise, April 27, 2006

Boise, ID -- A week-long sting across the nation has put thousands of fugitives behind bars.

In Idaho alone, 74 violent offenders are now in jail.

Operation Falcon II focused on tracking down sexual offenders.

"A sex offender is a very special kind of criminal," said U.S. Marshal Pat McDonald on Thursday. "They stay below the radar. They move around a lot."

Of the 74 people arrested last week in Idaho during Operation Falcon, seven were wanted for violent sexual offenses, five for failing to register as a sex offender. Others were arrested on everything from assault to burglary to driving under the influence, like Darby Campbell, whose rap sheet is lengthy.

"It's 24 feet long, contains 21 arrests," McDonald said as he unrolled the record for reporters. "These are the kind of people that we want to remove from the street."

To track the suspects down, U.S. Marshals partnered with law enforcement agencies across the valley and hit the street, knocking on doors and finding criminals intent on staying hidden.

"We got 14 different sex offenders, re-offenders, we got five unregistered sex offenders. One 2 miles from my house," said Deputy Kevin Platts of the U.S. Marshals Service.

He says that man, Billy Shearin, was renting a room from a family with a three year old girl, and often took neighborhood children to school when their parents were unable to.

"And of course at that point we were able to tell the family," said Platts. "They had no idea that he was an unregistered sex offender, and of course they had a little girl in the house."

Boise Police are now investigating whether Shearin may face additional sex crimes charges.

Investigators say since most of those arrested during Operation Falcon have committed several crimes, it's likely they would have committed more, if not taken into custody.

"So we'll never know what the impact of this is because these people were removed off the streets before they could re-offend," according to Platts.

"We focused on the bad guys, and we were successful enough to get a bunch of 'em," said McDonald.

Operation Falcon goes much further than Idaho's borders. More than 10,000 thousand fugitives were arrested across the country.

Fugitive Roundup Nets 210 Indiana Fugitives (FWNS)

The Fort Wayne News-Sentinel, April 28, 2006

INDIANAPOLIS - A nationwide roundup this month has put 210 central Indiana fugitives in custody, authorities said Thursday.

Operation Falcon II - a joint effort between federal and local law enforcement officials - netted some 9,000 fugitives in 27 states between April 17 and last Sunday.

In Indiana, the dragnet captured at least 11 people who were wanted for violent sexual offenses such as rape, forcible sodomy and sexual assault, according to federal prosecutors.

Four others were wanted on charges for failure to register as sex offenders. Authorities also reported seizing 11 firearms - including two AK-47s - and two pounds of marijuana.

"(This) serves as an excellent example of local, state, and federal law enforcement agencies working together in a united effort to bring fugitives to justice," U.S. Attorney Susan Brooks said.

This month's effort was timed to coincide with National Victims Rights Week.

No other single law enforcement operation had resulted in the capture of as many suspected sex offenders, the Justice Department said.

Former Hamilton County Youth Pastor Arrested for Sexual Misconduct with Minor (WISH-TV)

WISH-TV Indianapolis, April 27, 2006

A former Hamilton County youth pastor has been arrested, charged with sexual misconduct with a minor.

The former youth pastor was arrested on a golf course following a nationwide sweep of fugitives by the U.S. Marshals.

"It's sad that it happened right in my neighborhood," says Sherry Purkey of Cicero, "That bothers me."

For nearly 30 years, Jon Purkey and his family have lived in their 2-story home directly next door to Cicero Weslyan Church. While working in the their yard, the Purkeys can not believe the news. Joshua Kramp, the former youth pastor at the church, is behind bars, accused of molesting a child.

"Shock is my reaction," says Jon Purkey, "I know Josh and Josh is a gentleman, was a gentleman to me and nice to my family."

Investigators say 27-year-old Kramp had a sexual relationship with a 13-year-old girl while at the church.

After a 4-month investigation called "Operation Falcon II" involving U.S. Marshals, police caught up with Kramp in his homestate of Michigan, while responding to a disturbance call.

"The arrest of Josh Kramp is a great example of why Operation Falcon works," says Captain Kevin Jowett of the Hamilton County Sheriff's Department.

Jon Purkey says although Kramp is behind bars facing numerous charges, his quiet community will recover. "As a community, we'll pull together and hopefully we'll support what's going to take to get him better."

This sweep was not only in Indiana. In 20 other states, more than 9,000 wanted criminals have been arrested. 1100 were wanted for violent sexual assaults, many against children.

Last year's nationwide operation, also named Falcon, rounded up thousands of gang members and drug dealers.

National fugitive roundup includes 21 arrests in Wyoming (BG)

By BEN NEARY

The Billings (MT) Gazette, April 28, 2006

Local police teamed up with the U.S. Marshals Service to arrest 21 fugitives in Wyoming this month as part of a 27-state dragnet.

In the entire sweep, called "Operation Falcon II," law enforcement arrested 9,037 people, mostly in western states. Among those arrested were 1,102 wanted for violent sex crimes or for failure to register as sex offenders.

Timothy Moseley, chief deputy United States Marshal in Cheyenne, said Thursday his agency worked with 17 law enforcement officers from various agencies in Laramie, Natrona and Teton counties on the arrests. The operation lasted from April 17 through last Sunday.

"The complete success of this operation lies solely at the feet of the state and local agencies that participated. Without their help and their manpower, we would not have been nearly as successful as we were," Moseley said.

"We targeted sexual predators, and we managed to arrest two pretty heinous characters," Moseley said. He said teams arrested one man from North Dakota in Wyoming who was wanted on charges that he had sexually molested children, and arrested another man from Colorado in the state wanted on charges of rape and aggravated assault.

Mavis Dezulovich, public affairs specialist with the U.S. Marshal's Service in Arlington, Va., said the agency couldn't release the names of people who were arrested.

"I think the influx of manpower from the state and local agencies is what really makes these operations different," Moseley said. "We hunt for these predators everyday, but we don't always have the assistance and manpower we need to accomplish these goals."

Last year, in the first Operation Falcon, law enforcement in Wyoming arrested 60 people, Moseley said. He said last year's sweep concentrated on violent felons, which meant that there was a larger pool of warrants to choose from.

Dezulovich said this year's operation cleared 21 warrants in Wyoming. She said said the operation cleared two warrants for sexual assault; one sex offender who had failed to register; one assault charge; five burglary/larceny charges; five fraud charges; three narcotics charges; one stolen vehicle charge; one weapons charge; and two other charges.

Arrest made in 2004 rape case (BN9)

Bay News 9 Tampa, April 27, 2006

As part of Operation Falcon II, task force officers with the U.S. Marshal's Office arrested a suspect in a local rape.

Darryl William Floyd, 37, is accused of sexually assaulting his then stepdaughter in April 2004. A doctor determined the then 13-year-old victim had been molested on two different occasions.

Hillsborough County deputies tried to question Floyd, but he fled the Bay area. He was apprehended in Miami on April 20 and is being charged with lewd and lascivious molestation of a minor. He is being held at the Hillsborough County Jail on $15,000 bond.

Operation Falcon II was a 27-state dragnet led by the U.S. Marshal's Service that was timed to coincide with National Victims Rights Week. This year's focus was on sex offenders, a group that U.S. Attorney General Alberto Gonzales has made a priority in his 15 months at the Justice Department.

The operation "targeted the worst of the worst," Gonzales said at a news conference at the Justice Department.

During the week of April 17-23, federal, state and local authorities arrested 1,102 people wanted for violent sex crimes or for failing to register as a sex offender after a prior conviction for sexual assault. It was the largest number ever captured in a single law enforcement operation, the department said.

Butler County sheriff tabbed for U.S. marshal's post (AP)

DOJ_NMG_0027206

AP, April 28, 2006

DES MOINES, Iowa Butler County Sheriff Timothy Junker has been appointed to be the next U-S marshal for the Northern District of Iowa.Junker, of Allison, is in his fifth term as sheriff.The nomination by President Bush must be confirmed by the full Senate. Senator Charles Grassley says it was approved unanimously by the Senate Judiciary Committee today.U-S marshals provide protection for federal judges, investigate federal fugitives, transport federal prisoners and protect federal witnesses.

NYC's Gun Lawsuit Evades Congressional Attempt To Kill It (AP)

By David B. Caruso

AP, April 27, 2006

NEW YORK -- For the fourth time, New York City's lawsuit against several gun manufacturers has survived an attempt by Congress to kill it off.

A federal judge in Brooklyn ruled Thursday that the city may have access to gun tracing information gathered by the Bureau of Alcohol, Tobacco, Firearms and Explosives, even though a recently passed measure expressly forbids such data from being used in civil suits.

U.S. Judge Jack B. Weinstein said the new rule doesn't apply to information already in the city's possession.

The decision is a victory for the city, which intends to rely heavily on weapons tracing information to prove its claim that gun manufacturers create a public nuisance by recklessly distributing firearms.

"The court's ruling that we can use this gun trace data as evidence is great news for every police officer, parent and child that walks our streets and will help our case against irresponsible gun manufacturers," Republican Mayor Michael Bloomberg said in a written statement.

Lawrence Greenwald, an attorney for Beretta U.S.A., said the gun companies were likely to appeal.

Congress has made several attempts to kill off such suits.

In 2004, lawmakers passed a budget rider prohibiting government agencies from using federal funds to disseminate firearm licensing information to the public.

A judge said it didn't apply to New York's lawsuit because it was acting as a private plaintiff in the case, not "the public."

ATF began turning over information, then stopped when Congress passed a new rider in 2005. This one, more finely crafted, said gun tracing data would be "immune from legal process and shall not be the subject of subpoena or other discovery in any civil action."

A court said ATF still had to comply with requests pending when the rider was passed.

Last October, President Bush signed a law requiring that nearly all civil liability suits against the gun industry be immediately dismissed.

Weinstein ruled in December that the law contained exceptions that would allow New York's suit to continue.

Even before that ruling, Congress had passed another revised budget rider. This one barred any ATF tracing data from being used as evidence in a pending suit.

"Nor shall testimony or other evidence be permitted based upon such data," Congress added, for good measure.

In an opinion that turned on two possible grammatical interpretations of the phrase "such data," Weinstein said he believed it applied only to data that would be collected by ATF in the future.

Lawyers for the gun manufacturers argued that it meant that all tracing data should remain secret, except in criminal prosecutions.

"ATF and Congress has taken a position ... that this is essentially law enforcement information, intended for use in law enforcement," Greenwald said. "It is quite another thing to open it up to the whole world in a civil case."

Metro Briefing (NYT)

By DIANE CARDWELL

The New York Times, April 28, 2006

BROOKLYN: CITY CAN USE GUN DATA IN LAWSUITS

A federal judge ruled yesterday that the city could use data about handguns, including sales history, from the Bureau of Alcohol, Tobacco, Firearms and Explosives in its lawsuit against several gun manufacturers. Although the city was able to have access to the data in its suit, originally filed in 2000, the gun manufacturers had argued that the lawsuit should be dismissed because of a Congressional appropriations bill amendment that made the data inadmissible. But in his decision, Judge Jack B. Weinstein of Federal District Court wrote that "the proverbial cat is already out of A.T.F.'s bag" and that it made no sense "to distort the terms of a federal budgetary measure in order to wrestle the cat back in."

DOJ_NMG_0027207

A New Gun Argument (WP)

By E. J. Dionne Jr.

The Washington Post, April 28, 2006

NEW YORK -- Have you noticed that Washington politicians have given up on thinking about new solutions to gun violence? New York Mayor Michael Bloomberg has noticed, and he's angry. Good for him.

Bloomberg is a Republican, if hardly a partisan sort, and it may take a Republican to restart a debate that many Democrats have fled after a careful examination of the electoral map -- and years of exhaustion from demagoguery on the issue.

Teaming up with Boston's Democratic mayor, Thomas Menino, Bloomberg brought 13 other big-city mayors together here on Tuesday to call for "national leadership in the war on gun violence."

"If the leadership won't come from Congress or come from the White House, then it has to come from us," said Bloomberg.

The mayors, Menino said, do not want to meddle with the rights of hunters. They are concerned about the trafficking of illegal guns and the powerlessness of individual cities to enforce their own weapons laws because of loopholes in federal rules and because criminals can easily obtain weapons in jurisdictions with looser regulations.

Our dysfunctional political system has become especially dysfunctional on gun violence.

The National Rifle Association regularly says that we don't need new laws and should simply enforce the regulations on the books. But if many of the existing laws are unenforceable, that statement is meaningless.

Opponents of even modest gun regulation win the upper hand rhetorically by invoking two words: freedom and elitism. None of us is really free, the argument goes, unless all of us have essentially unfettered access to weapons, and any new gun laws are seen as leading down a slippery slope to a total ban on gun ownership. Supporters of gun regulations are always cast as metropolitan highbrows lacking in respect for the way of life of law-abiding country folks.

At a structural level, Congress has a deep bias in favor of the rural point of view because the Senate is stacked in favor of rural states. Idaho, Wyoming and Montana have two senators each, and so do California, New York and Illinois.

According to the latest Census Bureau estimates, the six senators from those three rural states represent 2,874,060 people. The six from the three states that include big urban and suburban populations represent 68,150,148 people. By these figures, you might calculate the rough odds against gun regulations at 24 to 1.

Changing the political argument is easier than changing the Senate. Mayors -- joined soon, Menino hopes, by suburban county executives -- are the right people to start the work.

Yes, there is a cultural difference between big cities and rural areas, but it's a difference in how guns are used. Rural people treasure their guns mostly for hunting and recreation, and as collectors. In inner cities, guns -- especially handguns -- are used almost entirely to threaten or kill other human beings.

"There are neighborhoods where if you say 'duck,' people get out of the way because they're worried they'll be shot," Milwaukee Mayor Tom Barrett said in an interview. "But there are other parts of the country where if you say 'duck,' people will grab their rifles to go duck hunting."

We desperately need a new politics of gun regulation in which law-abiding gun owners see the fight for tougher laws not as a form of disrespect for their culture but as an acknowledgment that if our gun rules are an unenforceable hodgepodge, illegal guns will inevitably get into the hands of kids and criminals in the cities and suburbs.

"I'm fighting for freedom, too," said Barrett. "I'm fighting for the freedom of a grandma to sit on her front porch and not get hit when there's a drive-by shooting. I'm fighting for the freedom of kids to play in the park without being caught in a crossfire."

The mayors have to act for another reason: Democrats have lost their nerve on the gun issue. Barrett traces this to the passage of the assault weapons ban in 1994. (Congress let it expire in September 2004.) Many Democrats who supported the ban were defeated in that fall's election.

"So Democrats who might be inclined to do something are now inclined to stay away from the issue," said Barrett, a Democratic member of Congress at the time. "And most Republicans aren't inclined to do anything at all."

Railing against this state of affairs is useless. Better that a savvy group of mayors takes the lead in the difficult struggle to change the underlying politics by reminding Americans that this issue is about saving the lives of innocent kids -- and of grandmas in their rocking chairs.

Major Gun Dealer Arrested (AP)

AP, April 28, 2006

NEW HAVEN, Conn. --One of the state's largest gun dealers has been arrested on numerous federal firearms charges in a case that authorities say shows how guns wind up in the hands of criminals.

DOJ_NMG_0027208

Frank D'Andrea, 61, who ran the Gun Case in Shelton, was arrested last week and released after posting a $200,000 bond, authorities announced Thursday. The store was recently moved to Milford, where it is called Guns & Safes Unlimited.

Federal investigators said that over a two-year period 100 guns seized at crime scenes had passed through D'Andrea's store.

"This investigation has revealed a disturbing lack of control and mismanagement by one of Connecticut's largest gun dealers, and blatant disregard for federal firearms possession and reporting laws," said U.S. Attorney Kevin O'Connor. "This case goes to the heart of how legal guns become illegal guns on the street. Gun store operators are the first line of defense for stopping gun crimes on our streets, and this case will be prosecuted to the fullest extent."

D'Andrea is under court order to come up with a plan to limit his involvement in the business while the case is pending.

"He firmly insists on his innocence," said Lawrence Church, D'Andrea's lawyer.

D'Andrea repeatedly failed to properly conduct required background checks on firearm purchasers; falsely stated on multiple occasions that background checks on customers had been conducted when they had not; unlawfully kept and transferred various firearms off his books; and sold firearms to customers who had said that they were prohibited from buying them because of criminal records or other issues, authorities said.

D'Andrea on 11 occasions failed to report multiple gun sales to the same person, authorities said. He also failed to report hundreds of guns that were lost or stolen, they said.

D'Andrea was charged with mail fraud and obstruction of justice for allegedly shipping a number of firearms that are illegal under Connecticut law out of his store during the ATF audit in order to prevent their discovery.

He allegedly possessed two unregistered "Street Sweepers," an automatic shotgun, and other assault weapons that are illegal under Connecticut law, according to a criminal complaint.

A routine inspection by the U.S. Bureau of Alcohol Tobacco Firearms and Explosives last year began to uncover the violations, authorities said.

"Stopping the illegal flow of firearms continues to be one of our top priorities and today is just another example of how we do that," said ATF Special Agent in Charge Glenn N. Anderson.

Gun dealer arrested for bad record keeping (CP)

By MICHAEL P. MAYKO

The Connecticut Post, April 28, 2006

BRIDGEPORT — One of the state's biggest gun dealers was arrested after federal agents say they uncovered numerous record-keeping violations at his shop, including the sale of three guns to a person charged with a felony.

Frank D'Andrea of Soundview Avenue, Shelton, is free on $200,000 bond but is under orders from U.S. Magistrate Judge Holly B. Fitzsimmons to come up with a plan to run his business with limited involvement while the case is pending. D'Andrea recently moved his D'Andrea's Gun Case from Barnum Avenue in Stratford to Woodmont Road in Milford and renamed it D'Andrea's Guns and Safes Unlimited. The business is still open, Lawrence Church, D'Andrea's lawyer, said Wednesday.

The move came just months after U.S. Attorney Kevin J. O'Connor rented a billboard across the street from D'Andrea's former store in Stratford. The poster read "Buy a gun for a criminal, go to federal prison."

O'Connor said Wednesday that ATF investigators determined that, over a two-year period, 100 guns seized at crime scenes had passed through D'Andrea's store. "Federally licensed gun dealers have a tremendous responsibility to sell weapons appropriately," O'Connor said.

D'Andrea, a lifelong area resident who graduated from Harding High School and is a Marine Corps veteran, has operated a gun store for about 30 years at various sites. While D'Andrea has cooperated with the federal government in several cases over the years, authorities said, he also has been an outspoken critic of restrictive gun laws.

Church said he advised his client not to discuss the case.

"He firmly insists on his innocence," Church said.

The arrest is based on an affidavit filed by Special Agent James Sullivan of the U.S. Bureau of Alcohol, Tobacco, Firearms and Explosives.

The 22-page affidavit lists numerous, mostly record-keeping, violations. Sullivan charged that D'Andrea on 11 occasions failed to report multiple gun sales to the same person; on 34 occasions failed to get certification of the 90-day state residency requirement before selling guns to aliens; and on 32 occasions failed to insure that all of the questions on a required ATF transaction form were answered before the gun was transferred.

D'Andrea is charged with disposing of firearms without making entries into his record books; making false statements and representation on required forms; failing to conduct required background checks on purchasers; transferring guns to people who

failed to certify they were not prohibited from buying guns; failing to report multiple sales to the same person; failing to report the theft or loss of firearms; and receiving or possessing firearms that are not registered.

Most of these charges carry a maximum possible sentence of five years in prison.

"The reason we have these record-keeping requirements is to prevent guns from falling into the wrong hands," O'Connor said. D'Andrea also is accused of mail fraud, which carries a possible 20-year term, and obstruction of justice, which carries a five-year term. Both those charges stem from his allegedly transferring guns through a broker to another dealer while the investigation was ongoing.

It is expected that Assistant U.S. Attorney Stephen Reynolds will take his evidence against D'Andrea to a federal grand jury next month.

The evidence was uncovered during a routine ATF inspection of D'Andrea's record-keeping last spring. That inspection led to an ATF search and seizure at the store and D'Andrea' s home Dec. 12.

Early during their audit of D'Andrea's store, ATF inspectors determined 74 guns in the inventory were missing. Checking firearm records they said they discovered that three of those guns turned up during a crime or were seized during the investigation of a crime. Sullivan said one of the missing guns — a Colt Assault Rifle 15 — previously was found in possession of a Woodbridge man. After police seized the gun from the man, ATF agents traced its serial number and found it still listed as though it was in the possession of D'Andrea's store, Sullivan said, adding the weapon never was reported sold or stolen.

The audit also showed that three guns were sold to an individual who was under arrest in a felony. No one charged with a felony can possess a gun while the case is pending. Federal law prohibits convict felons from possessing a gun.

Sullivan said the inspection determined that on 31 occasions D'Andrea failed to properly record the National Instant Criminal Background Check System and in six instances made false representations regarding the checks on ATF forms.

The inspection also found 73 instances in which D'Andrea failed to record gun sales and 59 instances of incorrectly recording gun sales on his Acquisitions and Dispositions Record.

One of the guns not recorded but found in the store was a Street Sweeper, which street gangs prefer for drive-by shootings, authorities said.

As the inspection proceeded, Sullivan accused D'Andrea of unlawfully disposing of firearms.

A former store employee told ATF inspectors that D'Andrea asked him to ship two Thompson submachine guns and a shotgun by Federal Express to a dealer in Florida, according to Sullivan's affidavit.

Reward offered in Waiakea High School arson (AP)

AP, April 28, 2006

The Bureau of Alcohol, Tobacco, Firearms and Explosives (ATF) and Hawaii Police Department are offering a reward of up to $5,000 for information leading to the arrest and conviction of anyone involved in the arson of Waiakea High School.

The fire occurred in the early morning hours on April 11, 2006, at the high school, located at 155 W. Kawili Street in Hilo. Police responded at approximately 1:15 a.m. No one was injured in the fire and the property damage is estimated at $1.5 million.

“We take this incident seriously and are committed to pursuing every investigative lead,” said ATF Special Agent in Charge Kelvin N. Crenshaw.

“We urge anyone to call if you have any information that would assist us in apprehending the responsible persons in this case,” said Captain Chad Fukui, commander of the Hawaii Police Department's East Hawaii Criminal Investigations Division.

Two hotline numbers have been established: 1-888-ATF-FIRE and local police at 961-2383. All calls are confidential.

Reefer Medicine (NYT)

By Henry I. Miller

The New York Times, April 28, 2006

Stanford, Calif.

LAST week, the Food and Drug Administration staked out its position on the long-standing controversy over the medical use of marijuana — and made a lot of people smoking mad. The F.D.A. endorsed a multi-agency study that found that "no animal or human data supported the safety or efficacy of marijuana for general medical use." This came as an affront to those who claim that cannabis is an appropriate treatment for ailments from nausea and vomiting to muscle spasticity and intractable pain.

Many news reports and commentaries accused the F.D.A. of contradicting a 1999 report by the Institute of Medicine that recommended further research on marijuana's medical potential. The regulators were denounced as elevating politics over science.

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But the F.D.A. did no such thing. To be sure, its one-page statement was far shorter and less detailed than the institute's book-length report, but its conclusions were essentially the same. The F.D.A. also recently gave the go-ahead for clinical trials of a new drug derived from marijuana — further demonstrating that its position is both sensible and proper.

In their 1999 report, the Institute of Medicine's panel of experts flatly rejected the idea that herbal (usually smoked) cannabis would ever be considered a safe and effective medicine for widespread use. They noted that marijuana appears to be modestly effective in treating the nausea and vomiting induced by chemotherapy and the wasting caused by AIDS — though not as effective as some approved medicines are. But they also said that because smoked marijuana can increase the risk of lung damage, cancer and complications during pregnancy, it is appropriate only for short-term use (less than six months) by acutely suffering patients who have failed to find relief with other therapies and who are under the close supervision of a doctor.

It is not the F.D.A. but the 11 states that have passed laws allowing the use of smoked marijuana for various medical problems that are at odds with the Institute of Medicine's position.

More promising than smoked marijuana, the institute said, is the potential of drugs made with cannabinoids — the bioactive substances found in marijuana. It called for clinical trials of such medicines and the development of safe ways to deliver them.

In January, the F.D.A. approved advanced clinical trials of a marijuana-derived drug called Sativex, which comes in the form of a mouth spray. Sativex has been approved in Canada for the treatment of neuropathic pain associated with multiple sclerosis, and it is available by prescription (though not yet fully licensed) in Spain and Britain. According to GW Pharmaceuticals, the British company that makes the drug, more than 1,500 patients in those three countries are using Sativex to alleviate pain, muscle spasticity and other serious problems.

Federal law requires that before any drug is marketed, it must first be judged safe and effective by qualified experts. And that judgment requires the review of scientific evidence — not anecdotal reports and patient testimonials but hard data from carefully designed animal testing and clinical trials. While far from perfect in practice, this approach goes a long way toward ensuring that patients are protected from exposure to unsafe or ineffective products. Even for terminally ill patients, this commitment to safety and effectiveness is important, because the suffering of a dying patient can be aggravated by an imprudent medical intervention.

Smoked marijuana cannot be subjected to careful, well-controlled trials, because it does not come in a standard, reproducible formula or dose, and cannot meet the accepted standards for drug purity, potency and quality. Different strains of cannabis vary radically in their cannabinoid composition and in the contaminants — fungi, bacteria, pesticides, heavy metals and other substances — they contain. And smoking is not a precise way of delivering any substance to the bloodstream.

Other plant-derived drugs — morphine, codeine and Taxol, to name a few — have made it through the F.D.A.'s review process, and there is no reason drugs made from cannabis should not be required to meet the same standards.

Sativex contains an equal ratio of two cannabinoids: tetrahydrocannabinol, which is psychoactive, and cannabidiol, which is not. Its spray dispenser delivers a precise dose of the drug, which is absorbed through the mucous membranes of the mouth. The composition of the drug and the manner in which it is delivered together ensure that its active ingredients can be medically effective without causing the kind of "high" that many patients view as an undesirable side effect.

THE availability of drugs like Sativex should (but won't) end the rancorous debate over medical marijuana. Even if it did, the issue of whether marijuana should be legalized as a recreational drug would remain.

Meanwhile, F.D.A. officials must ensure that the testing and potential approval of cannabinoid-containing drugs are not hindered by political agendas or other nonscientific considerations, inside or outside the agency. For the benefit of patients in need, this is something about which the F.D.A., the parts of our government waging the "war on drugs" and other interested parties should be able to agree.

Henry I. Miller, a doctorand a fellow at the Hoover Institution, headed the Food and Drug Administration's Office of Biotechnology from 1989 to 1993.

Politics Produces A Cloud Of Smoke (JDN)

Jacksonville Daily News, April 28, 2006

Last week, the U.S. Food and Drug Administration, for reasons that are far from clear, chose to enter the debate over medical marijuana with a thoroughly unscientific — one might even say anti-scientific — blanket denial that marijuana has any medical value at all.Specifically, the grandiosely titled “Inter-Agency Advisory Regarding Claims That Smoked Marijuana Is a Medicine” referenced a “past examination” that “concluded that no sound scientific studies supported medical use of marijuana for treatment in the United States, and no animal or human data supported the safety or efficacy of marijuana for general medical use.”

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That is simply not true. As Scientific American magazine noted on its Web site the next day, the statement simply ignores "the existence of a 1999 report by the Institute of Medicine of the National Academy of Sciences, which concluded that marijuana was 'moderately well-suited for particular conditions, such as chemotherapy-induced nausea and vomiting and AIDS wasting.'"

The Institute of Medicine report, which was commissioned by the "drug czar" at the time, Gen. Barry McCaffrey, and included a series of hearings around the country as well as a complete review of the scientific literature worldwide, summarized its conclusions as follows:

"Advances in cannabinoid science of the past 16 years have given rise to a wealth of new opportunities for the development of medically useful cannabinoid-based drugs. The accumulated data suggest a variety of indications, particularly for pain relief, antiemesis and appetite stimulation. For patients such as those with AIDS or who are undergoing chemotherapy, and who suffer simultaneously from severe pain, nausea and appetite loss, cannabinoid drugs might offer broad-spectrum relief not found in any other single medication. The data are weaker for muscle spasticity but moderately promising. The least-promising categories are movement disorders, epilepsy and glaucoma. Animal data are moderately supportive of a potential for cannabinoids in the treatment of movement disorders and might eventually yield stronger encouragement."

The Institute of Medicine report does say that "it does not follow from this that smoking marijuana is good medicine," which is the only sentence Gen. McCaffrey ever quoted.

That statement is followed, however, by noting that "patients who are currently suffering from debilitating conditions unrelieved by legally available drugs, and who might find relief with smoked marijuana, will find little comfort in a promise of a better drug 10 years from now."

Therefore, "Until a nonsmoked rapid-onset cannabinoid drug-delivery system becomes available, we acknowledge that there is no clear alternative for people suffering from chronic conditions that might be relieved by smoking marijuana, such as pain or AIDS wasting."

The FDA statement was not preceded by any new studies or surveys of the literature; it was simply posted on the agency's Web site.

It represents a willful determination to ignore science to buttress the harmful policy of marijuana prohibition.

Drugs Beget Thugs In The Americas (WSJ)

By Mary Anastasia O'Grady

The Wall Street Journal, April 28, 2006

"It is an established fact that alcoholism, cocainism, and morphinism are deadly enemies of life, of health, and of the capacity for work and enjoyment; and a utilitarian must therefore consider them as vices. But this is far from demonstrating that the authorities must interpose to suppress these vices by commercial prohibitions, nor is it by any means evident that such intervention on the part of the government is really capable of suppressing them or that, even if this end could be attained, it might not therewith open up a Pandora's box of other dangers, no less mischievous than alcoholism and morphinism."

-- Ludwig von Mises in "Liberalism," 1927

The Mexican state of Campeche, tucked into the curve that forms the Gulf of Mexico in the south, is about as far from either the posh suburbs or the mean urban streets of North America as you can get. Arguably, there are parts of the region that have changed very little since Graham Greene wrote his 1940 novel about a whiskey priest on the run from an anti-clerical zealot in neighboring Tabasco.

Yet as last week's massive drug bust there showed, it is very much part of the international market place. The capture of 5.2 tons of cocaine at the airport in Ciudad del Carmen, flown in from Venezuela, is a reminder that as long as there are consumers who want to ingest illegal substances there will be suppliers. For every shipment that gets stopped you can bet nine others get through. We know this because decades into the war on drugs, prohibited narcotics are still widely available in the U.S.

The more disturbing lesson provided by the Campeche bust is the revelation of the underworld monster that prohibition has created and that is now emerging from the Pandora's box that Mises warned of. A mighty and unflinching organized-crime network is overwhelming Latin American law enforcement.

In the debate about Mexican immigration to the U.S. there has been a lot of legitimate criticism about Mexico's failure to create an economically viable environment for its own people. When exporting human capital is a top priority something in the policy mix is dreadfully wrong and there is no doubt that the Mexican political class has a lot to answer for.

But the drug war also figures in the equation. Nobel economist Douglas North taught us the importance of institutions in development economics. Yet prohibition and the war on drugs are fueling a criminal underworld that handily crushes nascent democratic institutions in countries that we keep expecting to develop. Is it reasonable to blame Mexico for what enormously well-funded organized-crime operations are doing to its political, judicial and law enforcement bodies when we know that Al

Capone's power during alcohol prohibition accomplished much the same in the U.S.? These are realities of the market, of supply and demand and prices under prohibition that no amount of wishing or moralizing can change.

A serious discussion about U.S. security interests has to begin by acknowledging the great cost of prohibition and the war on drugs to U.S. foreign policy objectives. A U.S. policy that unintentionally empowers brutal organized-crime rings is counterproductive to U.S. hopes for a stable and prosperous Latin America.

The problem is particularly acute for America's southern neighbor. Drug violence is spiraling throughout Mexico and innocents are paying the ultimate price. One target city is Nuevo Laredo where eight months ago Mexican federal authorities arrived to quell unprecedented cartel violence. Today the murder rate is up; the Mexican general who was in charge of restoring order has gone missing; the news media has suffered atrocious assaults, including a grenade attack; and there is concern that the government's anti-drug units have been infiltrated.

Last month four federal intelligence officers were gunned down in the middle of the day near a school. That's about the same time some 600 federal police were sent to the city as reinforcements.

The rest of Mexico is under siege as well. In February the police chief of an upscale district of Monterrey was gunned down. An April 21 report in the Los Angeles Times captured the attitude of the drug lords: "'So that you learn to respect,' read a message scrawled on a red sheet attached to a Guerrero state government building in Acapulco, where passers-by in the early morning hours discovered the heads of former Police Commander Mario Nunez Magana, 35, of the Municipal Preventive Police, and another man, who was not identified."

More than 140 people have been killed in drug violence this year in the states of Guerrero and Michocan. The L.A. Times also reported that the beheadings occurred hours after the state governor "announced a $12 million project to give more firepower to police, who say they often are outgunned by the cartels." Outgunned they were on March 26 in the border city of Matamoros. As reported by Knight-Ridder, three agents with Mexico's Federal Investigations Agency were chased through the city's downtown "where they were attacked by suspects armed with AK-47s and other high-powered weapons."

Two more scary developments are notable. The first is the link between organized crime and political enemies of the U.S. In Colombia the rebel army known as the FARC is now a full-fledged narcotics trafficking operation. Officials believe that Venezuela, headed by the menacing Hugo Chávez, has become a major transit point for drugs. A 2006 State Department narcotics report noted that "rampant corruption at the highest levels of law enforcement and a weak judicial system" have made matters worse in Venezuela. Some in Mexico worry that drug money could play a corrosive role in July's presidential election.

A second, depressing development is the increase in drug consumption in poor countries as those doing the trafficking are paid in kind and push drugs locally to collect their money. A worthless weed has been made all the more dangerous by prohibition which gives it value and provides the incentives to get poor children hooked. Where's the morality in a policy with such pernicious, if unintended, consequences?

The question is not whether dangerous drugs are innocuous. Let's agree they are not. The question is which policy is best to manage the problem. We can't make that calculation until we face honestly all of the costs of prohibition and the suffering of our neighbors.

IMMIGRATION:

Immigration Issues Coming To A 'big Stop' (USAT)

By Martin Kasindorf And Judy Keen

USA Today, April 28, 2006

LOS ANGELES — Masses of illegal immigrants and their supporters around the USA plan to boycott workplaces, stores and schools on Monday, but the move is dividing some pro-immigration activists and business owners.

Organizers of the May Day walkout call it el gran paro — "the big stop" — and "a day without immigrants." Building on huge marches staged in recent weeks, the boycotts and rallies in many cities will demonstrate immigrants' economic importance as Congress debates legislation, says Armando Navarro of the California-based National Alliance for Human Rights.

"It was one thing to march," Navarro says. "Now we're going to hit 'em where it hurts — in the pocketbooks."

The boycott's "size and impact remain to be seen," says Juan Jose Gutierrez of Latino Movement USA. That group's slogan: "No work, no school, no shopping, no commerce."

Gutierrez says he expects "substantial" worker absences, from Georgia poultry-processing plants to West Coast construction sites. David Jones, president of the Arizona Contractors Association, says builders there expect some no-shows and a work slowdown.

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As many as 12 million illegal immigrants are in the USA, and they make up about 5% of the workforce, the Pew Hispanic Center says.

Raul Murillo, director of the Los Angeles chapter of the Hermandad Mexicana immigrant organization, says he's among those acting to oppose a bill passed by the House of Representatives in December that would make illegal immigrants felons. The Senate is still considering an immigration bill.

Businesses with largely immigrant workforces are preparing for Monday in varying ways:

•Cargill, the No. 2 U.S. beef producer and No. 3 pork producer, is closing seven meat-processing plants with 14,000 employees in Iowa, Texas, Kansas, Nebraska, Illinois and Colorado. "We share a lot of the same concerns many of our employees have," spokesman Mark Klein says. "The immigration process is broken, and we need true solutions to it."

•Tyson Foods is discouraging workers from missing shifts, spokesman Gary Mickelson says. "We don't want our team members to jeopardize their good employment records and incomes by taking unauthorized time away from work," he says.

•All Las Vegas casinos are asking workers to stay on the job, sign petitions to lawmakers and attend a downtown "celebration of immigration" at 6 p.m., says Yvette Monet of MGM Mirage.

•The 17 Spanish-language radio stations owned by Clear Channel Communications will broadcast music without comment from disc jockeys. "Words are my life, but sometimes silence makes a bigger point," morning host Alex Lucas says.

Many Hispanic-owned businesses will be closed. Salvador Pedroza Moreno, owner of Economy Roofing in Chicago, says he'll give his seven workers the day off with pay to attend a march. In Tucson, Ricardo Cazares is shutting Alejandro's Tortilla Factory & Bakery, which has 55 workers. "There are sales that I know will be lost, but if we want something, we have to pay a price for it," he says.

Rallies are scheduled in many cities. Jessica Aranda of the March 10 Movement, a Chicago coalition that drew 100,000 to a march last month, says Monday will draw a bigger crowd. "Our community is coming into our own and realizing our own power," she says.

In nine New York City neighborhoods, "human chains" of Hispanic store owners, workers and customers will link hands for about 20 minutes, says Chung-Wha Hong, executive director of the New York Immigration Coalition.

"Some business owners couldn't afford to shut down their businesses all day," she says. "This is an alternative action for people who wanted to join something."

Navarro of the National Alliance for Human Rights says he expects Monday's economic action to get Congress' attention. "Timing is everything in politics, and the timing is with us right now," he says. But others who favor laws that support immigration rights say the walkouts could spark a backlash.

Encouraging children to skip school "just adds fuel to the argument that we don't care about our children's education," says Jose Lagos, a community organizer with Honduran Unity in Miami.

Angelica Salas of the Coalition for Humane Immigrant Rights in Los Angeles says her group urges workers to get permission from their bosses before taking the day off. If undocumented workers walk out and get fired, "there's very little that they can do," she says.

Hector Flores, president of the League of United Latin American Citizens, says his 100,000-member organization opposes worker absenteeism and school walkouts, "but we don't want people to consume anything on that day."

Last month, announcements by Spanish-radio disc jockeys helped build crowds at rallies. Now, the top-rated Renan Almendarez Coello (known as El Cucuy, "the boogeyman") opposes walkouts. "We came here to work and not to say 'don't work,' " he said last week.

Cardinal Roger Mahony of Los Angeles, who has said he'd order priests not to obey laws against helping illegal immigrants, is cautious about Monday's boycott and instead is promoting a 4 p.m. rally — after school hours. That event could cut crowds at the boycott organizers' noon rally at City Hall.

"If both events go well, that would be great," says Mike Garcia, president of a Service Employees International Union local in Los Angeles, which is neutral on the boycott. "It shows there are differences in strategies, but everybody's fighting for the same thing."

L.A. Authorities Brace For Huge Immigration Marches (LAT)

By Hector Becerra And Andrew Blankstein

The Los Angeles Times, April 28, 2006

Two immigrant rights demonstrations Monday in Los Angeles could each draw a half-million marchers or more, police said Thursday, as officials expressed concern about a major disruption of traffic, commerce and school.

LAPD Assistant Chief George Gascon said the estimates are based on street intelligence and what he described as a well-organized campaign involving radio stations, churches and community groups. Police do not expect trouble, he added.

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Demonstrations are planned for downtown at noon and Mid-Wilshire at 4 p.m. Gascon said the LAPD is gearing up to deal with hundreds of thousands of demonstrators at each.

Los Angeles Mayor Antonio Villaraigosa, Cardinal Roger Mahony and others have encouraged protesters to attend the late-afternoon march from MacArthur Park down Wilshire Boulevard to La Brea Avenue, prompting authorities to say that crowd might be the larger of the two.

Officials in Santa Ana, Huntington Park, Oxnard, Riverside, Pomona and San Diego said they expect smaller but boisterous protests.

Police in Chicago, meanwhile, estimated that as many as 500,000 could take to the streets in that city, while Seattle officials and protest organizers said they expect anywhere from 10,000 to 50,000 marchers.

Officials acknowledged that it is difficult to predict the size of any protest crowd, noting that at a march last month, the LAPD had expected far fewer protesters than the estimated 500,000 people who showed up outside Los Angeles City Hall.

But if the LAPD's estimates prove correct, Monday's marches would approach the scope of that event — one of the largest protests in Los Angeles' history. Officials said Monday's demonstrations could prove more disruptive, however, because they will occur on a weekday and they include a call for people to boycott school and work and refrain from shopping.

Some small-business owners say they plan to close down Monday, either to support the marchers or because they think it would be difficult to do business.

State and local school officials urged students to stay in classes, and transportation officials planned street closures and bus route detours.

"We want students to exercise free speech, but not at the expense of their education," said state Supt. of Public Instruction Jack O'Connell. "If students need to protest, they should feel free to do so after school."

The LAPD is coordinating an action plan with the Sheriff's Department, transportation agencies, the school district and other law enforcement. Officials said they also have been in contact with organizers in hopes of minimizing any conflicts and making sure the demonstrations run smoothly.

"We feel very confident at this point about the way the demonstrators have been conducting themselves, and we don't anticipate any problems," Gascon said. "We want to protect the demonstrators' 1st Amendment rights as well as the property rights and the rights of everyone else in the community."

Authorities voiced concern that because the protest falls on May Day, revolutionary groups and anarchists who have given police trouble in the past might join the marchers.

"We are not sure what they will add to the mix," said LAPD Capt. Andy Smith of the Central Division.

The noon march in Los Angeles is scheduled to begin at Olympic Boulevard and Broadway and proceed north toward City Hall. It is organized by the March 25 Coalition, which has called for a boycott of work, school and consumer activity. Leaders say the goal is to demonstrate the vital role of immigrants in the economy.

The second march is scheduled to begin at MacArthur Park and head west on Wilshire Boulevard toward La Brea. Organizers include the Archdiocese of Los Angeles and labor and civic groups. They say they want to give people who cannot take the day off work a way to participate in the fight for immigrant rights, and have urged students not to miss school.

LAPD officials said they have heard about a possible third demonstration being organized for Monday night in downtown, but did not know how big it might be.

It is unclear how businesses will be affected by the protests. Most larger shops and companies appear to be planning regular operations Monday. But local businesses with large numbers of immigrant workers, as well as those owned by immigrants and establishments along protest routes, could face substantial disruptions.

Some restaurants, grocery stores, garment factories, farmers, meat packers, gardeners and truckers say they plan to suspend some or all operations. Households may not get their usual gardening or housecleaning services, while some commercial establishments may not receive expected deliveries. Some workers who plan to demonstrate have already cleared their absences with their employers, while others plan to work from home to avoid traffic problems.

Additionally, some activists have vowed to disrupt work at the Port of Los Angeles, Los Angeles International Airport and elsewhere, though it is unclear uncertain how much support they have.

With the demonstration approaching, Villaraigosa and other officials appealed Thursday for students to stay in school Monday.

"It's very important to keep our kids in school and to make sure they get a good education, including on May 1st," he said, speaking first in English, then Spanish. "After school, they can join in the marches as is their 1st Amendment right."

But some groups rejected such pleas, saying students have a moral duty to protest immigration legislation they feel is wrong.

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"I believe children have more to learn protesting on the streets with their parents, expressing their rights, than in the classrooms," said Nativo Lopez, president of Hermandad Mexicana, which was organizing a demonstration in Santa Ana.

Los Angeles Unified Supt. Roy Romer said there would be no districtwide order to place schools on lockdown, during which students are not allowed to leave classrooms. Instead, principals on each campus will decide how to react if students try to leave campus during the school day.

"Monday, we need to be in school," Romer said at a news conference with O'Connell at Lincoln High School in Lincoln Heights. "We will be able to keep children safer at school, we will be able to continue their education, and after school hours there will be appropriate occasion to express themselves."

In Huntington Park, the scheduled ending point for a smaller demonstration, police said they were expecting many students to miss class. But stopping them would not be a priority, said Assistant Police Chief Cosme Lozano.

"We will have plenty of other things to worry about," he said. "We're not going to make mass truancy detentions a priority, but it will be a tool for us to use if we have to."

In Sacramento, the California Senate in a party-line vote approved a resolution designating Monday as the "Great American Boycott 2006." Democrats argued that protests are a venerable tradition going back to the Boston Tea Party. But Republicans criticized the measure as condoning illegality and encouraging student truancy.

Several Democratic lawmakers said they would be participating in the demonstrations Monday, and leaders decided that neither the Senate or Assembly would conduct business that day.

However, lawmakers can still receive their $138 per diem, a move Republicans called hypocritical, since most immigrants skipping work for protests are not paid.

Illegal Immigrants Skip Work Amid Unfounded Rumors Of Government Roundup (WSJ)

By Miriam Jordan And Paulo Trevisani Jr.

The Wall Street Journal, April 28, 2006

Thousands of illegal immigrants across the U.S. stayed away from work and school, skipped medical appointments and scrapped purchases this week as rumors spread that authorities are rounding up undocumented residents.

The rising panic is fallout from last week's move by Homeland Security Secretary Michael Chertoff to crack down on employers who purposely hire undocumented immigrants. Immigration and Customs Enforcement investigations over the past year resulted in the arrest on April 19 of 1,187 employees and seven current and former managers of IFCO Systems North America. Officials of the company, a supplier of wooden pallets and crates with plants across the country, are charged with conspiring to hire illegal immigrants, including helping them secure fake documents.

After hundreds of no-shows for medical appointments throughout Contra Costa County in northern California, the chief health official yesterday sought to reassure patients by circulating a letter stating that visiting a clinic wouldn't endanger them. In Newark, N.J., teachers reported unusual absenteeism for four consecutive days. At parking lots of home-improvement stores in Florida, such as Home Depot, only a few immigrants sought day-laborer jobs, when normally dozens show up.

The origin of the rumors is unclear. "These reports are baseless," says Virginia Kice, a spokeswoman for ICE. "We don't conduct random raids." The agency has been flooded with calls from Spanish-language media outlets seeking information.

The situation could hamper Monday's planned "National Day of Action," another round of immigration rallies that has been expected to draw millions to the streets of major U.S. cities. Protests calling for immigration reform have drawn huge crowds in the past month as immigrant workers press for legal work status amid a divisive congressional debate.

In the face of the current fear, organizers of Monday's protests are trying to calm potential protestors to ensure another big turnout. "We have been telling the public not to be intimidated," says Juan Carlos Hidalgo, programming director for a top-rated Spanish-language radio station KLEX in Los Angeles.

Peter Dyga, vice-president for government affairs of the Associated Builders and Contractors in Coconut Creek, Fla., says hundreds of construction workers had either walked off the job or just didn't show up this week. "We've never seen anything like this. We are in a sticky situation as an industry," he says.

In Newark, a Brazilian immigrant named Katia who declined to give her last name, has avoided leaving her house since Friday, when she first heard about possible raids. "I am just walking one block to take my daughter to school," she says. "I didn't even take her to karate classes last Monday."

Restaurant and grocery store owners reported a dramatic drop in business in many U.S. cities as illegal immigrants avoided being in public. "I just got off the phone with a mother who was afraid to go to the pharmacy to have her child's prescription for antibiotics filled," says Concepcion James, manager of Bay Point Family Health Center, which caters to low-income families in Bay Point, Calif. Only a handful of parents brought their children yesterday for a free day of eye exams, which normally draws hundreds.

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What has alarmed many immigrants is the specificity of the rumors, although none turned out to be true: In Newark, there was talk that U.S. agents were posted at bridges and roads connecting the city to New York and other towns. In Concord, Calif., a white Bronco parked outside a home-repair shop supposedly carried undercover immigration agents. In Fort Worth, Texas, a call about a rumored immigration sting sent Star-Telegram reporters scrambling Tuesday night to an area near the Fort Worth Stockyards, according to the newspaper's account.

With 12 million illegal immigrants in the country, ICE normally targets those with criminal records who have evaded deportation orders. In terms of employers, the agency typically investigates companies believed to systematically hire undocumented immigrants for commercial gain.

Other recent incidents have added fuel to the fire. In Chinook, Wash., on Tuesday, ICE agents apprehended 16 illegal immigrants at a fish processing plant. On Monday, ICE agents in Miami announced the arrests of 183 undocumented immigrants, including 130 who had evaded deportation orders. Another 53 illegal immigrants were arrested because they were in the area when the arrests took place.

The new workplace enforcement is interpreted by some political analysts as an attempt to placate hard-line Republicans who believe the Bush administration is turning a blind eye to the widespread practice by U.S. businesses of hiring undocumented immigrants. The crackdown also indicates the extent to which the political tussle over immigration could affect several sectors of the economy that rely on immigrant workers. An ICE spokeswoman said the workplace enforcement represents the second phase of a multi-year program to reduce illegal immigration.

Community leaders believe that the political debate over illegal immigration, including a House bill that would make illegal immigrants and those who help them subject to criminal prosecution, has helped stoke panic in immigrant communities.

"Everybody knows someone who knows someone who has been arrested," says Ilton Marques, a butcher at Emporium Supermarket in Newark. "But nobody actually saw anything."

Hispanics Seek Immigration Action (WSJ)

By John Harwood

The Wall Street Journal, April 28, 2006

See weekday Washington Wire updates at www.washwire.com1.

HISPANICS WANT action on immigration reform.

While other Americans rate curbing budgetary "earmarks" their top single objective for Congress, new Wall Street Journal/NBC News poll2 shows a 46% plurality of Hispanics place immigration atop "must do" list. The poll, conducted in English, included an expanded sample of Hispanic respondents. Eight in 10 embrace Senate guest-worker compromise differentiating among illegal immigrants based on residence. Though Republicans blame Democrats for earlier collapse of that deal, two-thirds of Hispanics would hold Bush or his party responsible for inaction. The poll's margin of error is plus or minus 3.1 percentage points.

White voters favor Republican control of Congress by 45%-39%; Hispanics prefer Democrats, 55%-22%.

HEALTH CARE LOOMS as top election-year concern.

Three in 10 Americans call it a top priority, outpacing those citing job creation, terrorism or Iran's nuclear program. Strong majority applauds Massachusetts Gov. Romney's plan to mandate that individuals buy insurance, though Republicans are less enthusiastic than Democrats and independents.

Bush's party makes modest headway in defending Medicare prescription drug benefit as May 15 enrollment deadline approaches. Senate Republicans brace for May battles over medical malpractice and "association health plan" legislation. NFIB and Realtors back the association bill, but opposition from AARP, American Cancer Society and American Diabetes Association clouds prospects.

MCCAIN WIDENS early lead over Clinton for 2008.

In a prospective presidential matchup, the Arizona Republican leads the New York Democrat, 46%-37%, up from two-percentage edge in November. The fourth-term maverick draws 13% support from Democrats, while Clinton receives just 6% support from Republicans.

But former first lady benefits from a more enthusiastic base, as 41% of Democrats call themselves "optimistic" about another Clinton presidency. Just 28% of Republicans are optimistic about McCain.

Bill Clinton's positive ratings hit 50% for first time since he left the White House; his negative falls to 33%.

MULFORD EMERGES as additional contender to succeed Snow at Treasury. The current U.S. ambassador to India, a Treasury undersecretary for the elder President Bush, has Wall Street credibility as a former top Credit Suisse First Boston official. Another name in the buzz: Commerce Secretary Gutierrez, an ex-Kellogg CEO.

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CONSENSUS: Six in 10 Republicans, Democrats, and independents fault oil companies for gas-price increases. But they split on Bush's culpability; just 9% of Republicans blame the president, while 46% of Democrats and 31% of independents do.

COULD BE WORSE: While only 24% of Americans call the nation "headed in the right direction," that's 10 percentage points more than said so in July 1992 during first President Bush's unsuccessful re-election bid. That campaign was colored by Perot's independent candidacy; today, 45% want a new independent party to compete for the presidency and 29% oppose the idea.

STALLED: FDA again delays release of new manufacturing standards for dietary supplements, frustrating lawmakers and industry who've been waiting for regulation under terms of 1994 law. Just 15% of Americans call themselves optimistic that Bush will do a good job in rest of term, while 35% are pessimistic.

DESPITE IRAQ, Americans don't reject strikes against a nuclear Iran.

By 48%-42%, public says U.S. should join coalition to attack Iran's nuclear capability if Tehran approaches development of a weapon. Support falls to 42%, with 46% opposed, when respondents are asked if the U.S. should act on its own.

Majorities in all regions, races and age groups say U.S. should change directions and scale back objectives in Iraq. But six in 10 conservatives and white evangelical Christians favor remaining "on the current course." Two-thirds of all respondents say resignation of Pentagon chief Rumsfeld would be only "a symbolic gesture" that wouldn't make much difference.

Industry insiders say Dubai Ports World may face cut-rate offers for U.S. assets, could ask Congress to cover losses.

MINOR MEMOS: Amid bickering over ballot security, majorities of blacks and Hispanics back requiring photo ID at voting sites ... Notwithstanding media focus, just 3% rank Duke lacrosse team rape scandal as top concern.

Population Shift Smaller Families In Mexico May Stir U.S. Job Market (WSJ)

By June Kronholz And John Lyons

The Wall Street Journal, April 28, 2006

U.S. employers have long counted on men like Elizardo Ramírez, who left his concrete-block home and 12 children in Mexicali, Mexico, to spend most of his working life in California picking tomatoes and lettuce. Two of Mr. Ramírez's sons followed him to low-skilled jobs in the U.S.

But Americans who are convinced the spigot of workers like the Ramírezes will never run dry might want to visit another of the Ramírez children still in Mexicali: Sandra Ramírez de Llanes. Ms. Llanes and her husband, Osvaldo, have just one child. They're saving for 15-year-old Jose Oswaldo to go to college and become an engineer -- in Mexico.

Unusual for their generation, Ms. Llanes and her husband have themselves risen to the middle class, thanks to jobs at a bank. "We've struggled," says Ms. Llanes. "But through it all, it never occurred to us to go to the U.S."

The Llanes family reflects Mexico's past and present -- and, perhaps, illuminates a future that would have important consequences for the U.S. economy. Thanks to a decades-long family-planning campaign, most Mexicans are having far fewer children than was typical a generation ago. When Ms. Llanes was born in 1968, the average Mexican woman had nearly seven children. Today, the figure is just above two, comparable to the U.S.

This sweeping demographic shift has fostered hope that someday Mexico will produce a healthy middle class of people like the Llaneses. Most Mexicans today are far too poor for luxuries the Llaneses enjoy, such as a computer for Jose Oswaldo. But the new, smaller Mexican family may help change that by allowing parents to invest more in their children's education, finally producing the generation that lifts Mexico into the developed world.

Mexico's new demographics could have a big impact on the U.S. Although the flood of Mexicans heading north is whipping up debate in Washington, the crossings may slow in future decades. That could happen simply because smaller families limit the pool of potential migrants. A slowdown would be especially likely if a growing middle class makes more Mexicans comfortable at home and averse to risking a dash across the border.

A reduction in the supply of cheap Mexican labor would be sure to have ripple effects on the U.S. economy. It could raise costs for employers as they searched for immigrant labor from more distant places such as Asia. If, as some contend, the current flood of immigrants is hurting lower-skilled native-born Americans, the easing of the flood might help them.

Currently an estimated 459,000 Mexicans come to the U.S. each year, according to the Pew Hispanic Center in Washington, most of them younger people looking for low-skilled work. That reflects Mexico's demographics: There are millions of Mexicans in their 20s and 30s born to big families that had no means to support education. The median age of Mexico's 107 million people is 25, meaning half are older than that age and half are younger. In the U.S., the median is 36.

But the Population Division of the United Nations predicts that by 2050, the situation will be reversed: Mexico's median age will rise to 42, while the U.S. will rise to 41.

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While an older Mexico with smaller families may be a richer one, that outcome is by no means assured. Robert Pastor, director of the Center for North American Studies at American University in Washington, says the "critical challenge" for Mexicans is "what they will do with the next 20 years."

Mexico's large working-age population means it should have more tax revenue to spend on job training, infrastructure such as power and transportation, and a social-security system. But it could miss the opportunity. Currently taxes are low and many rich people evade them. The public-education system is weak and the poor often inherit the low-wage jobs of their parents.

If an aging Mexico stagnates, the drive to emigrate to the U.S. may grow stronger than ever. And U.S. companies that hope a boom in Mexico's middle class will boost purchases of American goods would be disappointed.

Aging expert Richard Jackson says it's hard to predict whether Mexico will prosper. "Every country that ever got old got rich first," says Mr. Jackson, senior fellow at Washington's Center for Strategic and International Studies.

Ms. Llanes's tale offers some hints of how a brighter future might develop for Mexico. She tells of an impoverished childhood. On one grim day, she says, her mother showed her how to feed the family's littlest children only the cloudy water in which she had boiled the rice for everyone else. Ms. Llanes's father, Mr. Ramírez, had joined the mass migration from rural farmland to big cities by coming to Mexicali, right across the border from California, in the mid-1950s.

As the family grew, Mr. Ramírez, an uneducated day laborer who died in 1997, found it hard to make ends meet. He joined a guest-worker program that brought him to seasonal agriculture jobs in the U.S.

"We hardly got to know him as a father. He had to work so much to support us," Ms. Llanes says. One by one, the Ramírez children dropped out of school to help feed the family.

Ms. Llanes recalls envying a neighbor family with just three children who wore store-bought clothes and went to college. "Seeing how they lived...is what made me decide that I would have a small family," she says. But she remembers how older women wondered whether the family was so small because of fertility problems or marital discord.

Rapid population growth was long seen as both a religious obligation in largely Roman Catholic Mexico and as a goal of public policy. In the early 1970s, demographers began warning that Mexico's population, then around 50 million, could triple to 150 million by 2000.

In a policy U-turn, the government set up family-planning clinics, offered free contraception, set sterilization quotas at clinics and began an advertising campaign that is still widely remembered. "The small family lives better," proclaimed television and radio commercials. In a soap opera called "Accompany Me," popular when Ms. Llanes was growing up, a young woman lived in a cramped tenement with 13 siblings. "You've condemned your children to live in a hell," she screamed at her mother in one episode.

Today, the government still sends the same message. The Mexican Senate recently voted to extend sex education to kindergarten.

The population-control efforts had a huge impact, but not before a flood of Mexicans born in the 1970s, '80s and '90s began moving to the U.S. About 11 million Mexican immigrants now live in the U.S., up from less than a million in 1970, according to the Pew Hispanic Center.

The vast flow has relieved pressure on Mexico from millions of jobless young people and helped keep its population in check. Rodolfo Tuirán, former head of Mexico's National Population Council, says Mexico would have another 16 million people today if it hadn't been for the migrants and the children they had in the U.S. instead of Mexico.

Two of Ms. Llanes's brothers joined the movement north. Alvaro Ramírez is a farm hand in El Centro, Calif., and Bartolo Ramírez works at a gas station in Calexico, Calif., just over the border from Mexicali.

Ms. Llanes decided on another path. After finishing junior high school, she enrolled in a one-year secretarial course because "it would have been selfish for me to go on to high school," she says.

At age 17, she began work at a Mexicali bank where she met her future husband. Osvaldo Llanes also had moved from the countryside and concluded that high school would be a luxury. Instead, he took a brief accounting course, joined the bank as a clerk and at age 43, now runs four branches of Banamex, a unit of U.S. giant Citigroup Inc.

On their $26,000 yearly income, the Llaneses live in a three-bedroom home in one of the new U.S.-style housing developments that have sprung up for the thousands of young, middle-class families in the increasingly prosperous north. They own a second house as an investment.

Young Jose Oswaldo talks of studying engineering in college and, to make sure that happens, his parents are putting $40 a month in his college fund. That kind of investment in children's education could bode well for Mexico and over the long term reduce the incentive to emigrate to the U.S.

In the shorter term, however, economic development may fuel immigration by giving would-be migrants the cash to cross the border. The Pew Hispanic Center says many Mexicans move to the U.S. not because they are jobless but because they want a better job than the one they have. Its polls show that 49% of Mexican adults would move to the U.S. if they could.

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The Mexican government's most optimistic forecast still puts migration at almost 400,000 a year for the next 25 years -- and more than 500,000 if things go badly with the Mexican economy. In part that's because inland farming states that send the most workers to the U.S. are likely to be the last to share in any new prosperity.

Mexico's economy has long had trouble creating the kind of opportunities that Mr. and Ms. Llanes enjoyed. The Mexican government said recently that its economy created no new private-sector jobs in the first four years of President Fox's six-year term, even though more than a million new workers enter the labor force yearly.

In another few decades Mexico will have the same kind of aging society as developed nations do today, but it is ill-prepared for it. The pension system for state workers faces a shortfall. Private employers are required to contribute to a pension system but about half the work force is working off the books. These people have little chance of a comfortable pension.

If Mexico doesn't build a nationwide pension system, "coming to the U.S. is your social security," says Steve Camarota, a demographer at the Center for Immigration Studies, a Washington research group that advocates less immigration.

Mr. Pastor of American University agrees. "We're going to have an unending wave" of illegal immigrants, he says, unless governments make adjustments -- not only in Mexico but also in other sluggish and aging Latin American countries. The median age in Brazil will rise to 39 in 2050 from 27 today, the U.N. predicts.

Mrs. Llanes is determined that Jose Oswaldo stay in his home country. "I want to prepare my son well enough so he can find opportunities in Mexico," she says.

An Anthem's Discordant Notes (WP)

By David Montgomery

The Washington Post, April 28, 2006

Oh say can you see -- a la luz de la aurora?

The national anthem that once endured the radical transformation administered by Jimi Hendrix's fuzzed and frantic Stratocaster now faces an artistic dare at least as extreme: translation into Spanish.

The new take is scheduled to hit the airwaves today. It's called "Nuestro Himno" -- "Our Anthem" -- and it was recorded over the past week by Latin pop stars including Ivy Queen, Gloria Trevi, Carlos Ponce, Tito "El Bambino," Olga Tañon and the group Aventura. Joining and singing in Spanish is Haitian American artist Wyclef Jean.

The different voices contribute lines the way 1985's "We Are the World" was put together by an ensemble of stars. The national anthem's familiar melody and structure are preserved, while the rhythms and instrumentation come straight out of Latin pop.

Can "The Star-Spangled Banner," and the republic for which it stands, survive? Outrage over what's being called "The Illegal Alien Anthem" is already building in the blogosphere and among conservative commentators.

Timed to debut the week Congress returned to debate immigration reform, with the country riven by the issue, "Nuestro Himno" is intended to be an anthem of solidarity for the movement that has drawn hundreds of thousands of people to march peacefully for immigrant rights in Washington and cities across the country, says Adam Kidron, president of Urban Box Office, the New York-based entertainment company that launched the project.

"It's the one thing everybody has in common, the aspiration to have a relationship with the United States . . . and also to express gratitude and patriotism to the United States for providing the opportunity," says Kidron.

The song was being prepared for e-mailing as MP3 packages to scores of Latino radio stations and other media last night, and Kidron was calling for stations to play the song simultaneously at 7 Eastern time this evening.

However, the same advance buzz that drew singers to scramble for inclusion in the recording sessions this week in New York, Miami, Texas, Mexico, Puerto Rico and the Dominican Republic has also spurred critics who say rendering the song in Spanish is a rejection of assimilation into the United States.

Even some movement supporters are puzzled by the use of Spanish.

"Even our Spanish media are saying, 'Why are we doing this, what are you trying to do?' " said Pedro Biaggi, the morning host with El Zol (99.1 FM), the most popular Hispanic radio station in the Washington area. "It's not for us to be going around singing the national anthem in Spanish. . . . We don't want to impose, we don't own the place. . . . We want to be accepted."

Still, Biaggi says he will play "Nuestro Himno" this morning if the song reaches the station in time. But he will talk about the language issue on the air and solicit listeners' views. He says he accepts the producers' explanation that the purpose is to spread the values of the anthem to a wider audience. He adds he will also play a version of "The Star-Spangled Banner" in English -- as he aired the Whitney Houston version earlier this week, when the controversy was beginning to brew.

In the Spanish version, the translation of the first stanza is relatively faithful to the spirit of the original, though Kidron says the producers wanted to avoid references to bombs and rockets. Instead, there is "fierce combat." The translation of the more obscure second stanza is almost a rewrite, with phrases such as "we are equal, we are brothers."

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An alternate version to be released next month includes a rap in English that never occurred to Francis Scott Key:

Let's not start a war

With all these hard workers

They can't help where they were born

"Nuestro Himno" is as fraught with controversial cultural messages as the psychedelic "Banner" Hendrix delivered at the height of the Vietnam War.

Pressed on what he was trying to say with his Woodstock performance in 1969, Hendrix replied (according to biographer Charles Cross), "We're all Americans. . . . It was like 'Go America!' . . . We play it the way the air is in America today."

Now the national anthem is being remade again according to the way the air is in America, and the people behind "Nuestro Himno" say the message once more is: We're all Americans. It will be the lead track on an album about the immigrant experience called "Somos Americanos," due for release May 16. One dollar from each sale will go to immigrant rights groups, including the National Capital Immigration Coalition, which organized the march on the Mall on April 10.

But critics including columnist Michelle Malkin, who coined "The Illegal Alien Anthem" nickname, say the rendition crosses a line that Hendrix never stepped over with his instrumental version. Transforming the musical idiom of "The Star-Spangled Banner" is one thing, argue the skeptics, but translating the words sends the opposite message: We are not Americans.

"I'm really appalled. . . . We are not a bilingual nation," said George Taplin, director of the Virginia Chapter of the Minuteman Civil Defense Corps, part of a national countermovement that emphasizes border control and tougher enforcement, and objects to public funding for day-laborer sites. "When people are talking about becoming a part of this country, they should assimilate to the norm that's already here," Taplin said. "What we're talking about here is a sovereign nation with our ideals and our national identity, and that [anthem] is one of the icons of our nation's identity. I believe it should be in English as it was penned."

Yet, even in English, 61 percent of adults don't know all the words, a recent Harris poll found.

Appealing to such symbols of national identity to plug into their profound potency is how new movements compete for space within that identity. During the rally on the Mall, the immigrants and their supporters also waved thousands of American flags and recited the Pledge of Allegiance. But they didn't translate the pledge into Spanish. They said it in English.

Juan Carlos Ruiz, the general coordinator of the National Capital Immigration Coalition, said there's not a contradiction. The pledge was printed phonetically for Spanish speakers, and many reciting the sounds may not have understood the meaning. Putting the anthem in Spanish is a way to relay the meaning to people who haven't learned English yet, Ruiz said.

"It's part of the process to learn English," not a rejection of English, he said.

While critics sketch a nightmare scenario of a Canada-like land with an anthem sung in two languages, immigrant rights advocates say they agree learning English is essential. Studies of immigrant families suggest the process is inevitable: Eighty-two percent to 90 percent of the children of immigrants prefer English.

"The first step to understanding something is to understand it in the language you understand, and then you can understand it in another language," said Leo Chavez, director of Chicano/Latino Studies at the University of California at Irvine. "What this song represents at this moment is a communal shout, that the dream of America, which is represented by the song, is their dream, too."

Since its origins as the melody to an English drinking song called "To Anacreon in Heaven," circa 1780, "The Star-Spangled Banner" has had a long, strange trip. Key wrote the poem after watching the bombardment of Fort McHenry in 1814. It became the national anthem in 1931.

At least 389 versions have been recorded, according to Allmusic.com, a quick reference used by musicologists to get a sense of what's on the market. Now that Hendrix's "Banner" has mellowed into classic rock, it's hard to imagine that once some considered it disrespectful. The other recordings embrace a vast musical universe: from Duke Ellington to Dolly Parton to Tiny Tim. But musicologists cannot name another foreign-language version.

"America is a pluralistic society, but the anthem is a way that we can express our unity. If that's done in a different language, that doesn't seem to me personally to be a bad thing," said Michael Blakeslee, deputy executive director of the National Association for Music Education, which is leading a National Anthem Project to highlight the song and the school bands that play it in every style, from mariachi to steel drum.

"I assume the intent is one of making a statement about 'we are a part of this nation,' and those are wonderful sentiments and a noble intent," said Dan Sheehy, director of Smithsonian Folkways Recordings.

Benigno "Benny" Layton wonders. He's the leader of Los Hermanos Layton, a band of conjunto- and Tejano-style musicians in Elsa, Tex., 22 miles from Mexico. After the Sept. 11, 2001, attacks, he recorded a traditional conjunto version of "The Star-Spangled Banner." It was instrumental.

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"I'm a second-generation American," Layton said. "I love my country, and I love my [Mexican musical] heritage, and I try to keep it alive. But some things are sacred that you don't do. And translating the national anthem is one of them."

CONGRESS-ADMINISTRATION:

Senate Committee Blames Bush For Slow Response To Katrina (KRT)

By Ron Hutcheson

Knight Ridder, April 27, 2006

WASHINGTON - In a scorching account of government failure, a bipartisan Senate committee on Thursday blamed the botched response to Hurricane Katrina on a failure of leadership that stretched from the White House to the mayor's office in New Orleans.

Although the report's call for disbanding the Federal Emergency Management Agency has garnered the most attention, the assessment also scolds President Bush, Louisiana Gov. Kathleen Blanco, New Orleans Mayor Ray Nagin and a host of other officials for failing to anticipate the devastation or provide adequate help to victims.

The bipartisan report by the Senate Homeland Security and Governmental Affairs Committee concluded that Bush "could have done more" to mobilize federal resources. It says the initial White House response "was halting and inadequate."

Sen. Joseph Lieberman of Connecticut, the panel's top Democrat, was even more critical of the president. Lieberman, a centrist whose bid for re-election next fall is being challenged by a liberal rival in the Democratic primary, asserted his conclusions in a solo chapter at the end of the full report.

"Despite the clear warnings before landfall that Katrina would be catastrophic, the president and the White House staff were not sufficiently engaged and failed to initiate a sufficiently strong and proactive response," Lieberman wrote. "After the hurricane, the White House continued to demonstrate a lack of understanding of the magnitude of the catastrophe."

He also accused the Bush administration of stonewalling the panel's investigation. The Senate committee interviewed 325 witnesses and reviewed more than 838,000 pages of government documents in attempting to determine what went wrong.

"In too many cases, we faced agencies and departments that saw our efforts as a nuisance," Lieberman said. "And the worst offender was the entity that should have stood above the fray and worked hardest with the committee to uncover the government's failings in Katrina: the White House."

The report hints at similar frustrations by noting that the committee "has been unable to conclude" why the president waited five days after landfall to order troops to the stricken region. The hurricane and flooding killed more than 1,500 people and left thousands more homeless in Louisiana, Mississippi and Alabama.

White House officials defended their response and Bush's role in overseeing it. Fran Townsend, the president's homeland security adviser, noted that the committee praised Bush's pre-storm warnings and his decision to declare a disaster before the storm hit.

"It was the president and his staff that brought all the resources of the federal government to bear," Townsend told reporters who were traveling with Bush on Thursday to storm-damaged areas in Louisiana and Mississippi. "Can we do better? Absolutely. Will we do better? Absolutely."

Although the committee's findings generally echo other assessments of the Katrina response, Lieberman's report provides new details about what was going on behind the scenes at the White House as officials grappled with one of the most destructive natural disasters in history.

Citing testimony from former FEMA director Michael Brown, Lieberman concluded that Bush didn't realize the impact of the storm until a day and a half after landfall, when Brown told the president that up to 90 percent of New Orleans residents had been forced from their homes.

"My God, you mean it is that bad?" Brown recalled Bush saying.

In a video teleconference Aug. 27, two days before landfall, Brown warned Bush's advisers to prepare for a catastrophe. The aides were with the president at his Texas ranch, but Bush didn't participate in the call.

"I've got to tell you my gut hurts on this one. It hurts. I've got cramps. So we need to take this one very, very seriously," Brown said, according to a transcript of the teleconference.

Lieberman said Deputy White House Chief of Staff Joe Hagin, the top White House official at the session, didn't question Brown about his dire forecast and offered a "perplexingly optimistic" response. Hagin told Brown that "it sounds like the planning, as usual, is in good shape."

The report faults virtually every official who played a major role in the response. Among the complaints:

-Nagin "wasted time in waiting to order a mandatory evacuation."

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-Blanco "submitted an inadequate and erroneous request for assistance to the president and generally failed to ask the federal government for sufficient assistance before the storm."

-Homeland Security Secretary Michael Chertoff "failed to effectively lead the federal response" and "should have been more engaged in preparations."

-Brown, who has since resigned, "was insubordinate, unqualified and counterproductive."

The Senate committee concluded that leadership failures after the storm were particularly harmful because officials had failed to prepare for a catastrophic storm despite repeated warnings.

"The results were a tragic loss of life and human suffering on a massive scale," the committee concluded.

To read the full Senate report, go to: http://hsgac.senate.gov/index.cfm?Fuseaction=Links.Katrina

White House Aide Rejects Proposal To Scrap FEMA (WT)

By Joseph Curl

Washington Times, April 28, 2006

The White House yesterday rejected calls from Congress to dismantle the Federal Emergency Management Agency, blamed for bureaucratic bungling after Hurricane Katrina ravaged the Gulf Coast last year.

"As we're headed to this hurricane season, now is not really time to really look at moving organizational boxes," Frances F. Townsend, homeland security adviser to President Bush, told reporters aboard Air Force One en route to New Orleans.

A Senate panel yesterday recommended that FEMA be replaced by a new agency that would be better able to respond to major disasters. While Ms. Townsend rejected scrapping the federal emergency agency, she agreed that some restructuring could help.

"Yes, there's a better way to organize it. ... We look forward to working with the committee," she said. "I think we all share the same common goal and that is having a strong, capable FEMA that is better able to serve the American people when they're in greatest need."

The president, making his 11th trip to the Gulf Coast yesterday, said his administration is working to ensure that there is not a repeat of the devastation wrought by Hurricane Katrina.

"We pray that there is no hurricane this coming year, but we're working together to make sure the response will be as efficient as possible," Mr. Bush said.

Democrats seized on the Senate panel's report, hoping to position themselves in the November congressional elections.

"This report confirms in stark terms what the people of Louisiana have known for many months," said Sen. Mary L. Landrieu of Louisiana. "The handling of Hurricane Katrina by the Department of Homeland Security and FEMA was an organizational nightmare of immense proportions and that tragic administrative bumbling caused untold hardship for the people of Louisiana."

Sen. Joe Lieberman, Connecticut Democrat, blamed Mr. Bush for the extent of devastation wrought by Hurricane Katrina, which left more than 1,500 people dead.

"The White House shares responsibility for the inadequate prelandfall preparations," he said. "The president did not leave his Texas ranch to return to Washington until two days after landfall, and only then convened his Cabinet as well as a White House task force to oversee federal response efforts."

But the president said he has learned from Hurricane Katrina and the federal government is ready for the coming hurricane season.

"One of the things that we're working on is to make sure that we've learned the lessons from Katrina -- we've learned lessons at the federal level and state level and the local level. And we're now working closely together in preparation of the upcoming hurricane season," Mr. Bush said.

"All of us in positions of responsibility appreciate those who are working to help us understand how to do our jobs better. And we pray there is no hurricane this coming year, but we are working together to make sure that if there is one the response will be as efficient as possible," he said.

Congress, White House Divided Over Rebuilding FEMA (WP)

By Spencer S. Hsu

Washington Post, April 28, 2006

The Federal Emergency Management Agency and Department of Homeland Security are not adequately prepared for the hurricane season that begins in 34 days, the White House and Senate leaders said yesterday as a critical Senate investigation into the response to Hurricane Katrina sparked a sharp congressional debate over whether to abolish and rebuild FEMA.

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Sen. Susan Collins (R-Maine), chairman of the Senate Homeland Security and Governmental Affairs Committee, said FEMA "has become a symbol of a bumbling bureaucracy" that must be dismantled, and merely "tweaking the organizational chart" will not solve failures exposed by the hurricane.

"Are we prepared enough? We're not, and we're still operating with a flawed system" heading into the June 1 start of the storm season, Collins said.

She and ranking member Joseph I. Lieberman (D-Conn.) released 86 recommendations from the panel's forthcoming report, "Hurricane Katrina: A Nation Still Unprepared."

The eight-month, bipartisan investigation's central finding is that FEMA should be replaced by a new National Preparedness and Response Authority. Its head would report to the secretary of Homeland Security but serve as the president's top adviser for national emergency matters, akin to the military role played by the chairman of the Joint Chiefs of Staff.

The new agency would recombine disaster preparedness and response activities, reclaim power over billions of dollars of state and local grants, gain responsibility for securing critical infrastructure, and restore an emphasis on natural, as well as terrorist, threats. Those functions and approaches were dispersed or downgraded by the Bush administration as FEMA was merged into DHS.

The White House yesterday rejected the Senate committee plan but said that storm preparations are not yet complete.

"As we're headed into this hurricane season, now is not the time to really look at moving organizational boxes," said Frances Fragos Townsend, homeland security adviser to President Bush, who accompanied him to the Gulf Coast to see recovery operations. "We are far better prepared today than we were this time last year, and we'll be even better prepared by June 1."

Homeland Security Secretary Michael Chertoff, speaking at George Mason University, endorsed several Senate findings, but opposed making FEMA an independent agency and said renaming it would be like "slapping a fresh coat of paint on."

"I'm held accountable. I want to make sure as a consequence that I have full command and control over my department," he said.

Several members of Congress and outside experts praised the report, however, or said it did not go far enough. Wherever FEMA goes, they said, it is critical to strengthen its leadership, budget, regional commands, ties to states and cities, and core functions. Any reorganization would be FEMA's third in four years.

House Homeland Security Committee Chairman Peter T. King (R-N.Y.), ranking member Bennie Thompson (D-Miss.) and others introduced a bill yesterday that would alter FEMA but not dismantle it.

But Sen. Frank Lautenberg (D-N.J.), a member of Collins's committee, said FEMA should be restored to independent Cabinet-level status. House panels are preparing related bills as the House plans a week of action on Katrina issues May 22.

The timing is driven by hurricane season and this fall's elections, as Congress races to act with or without the White House.

"Leadership is aware this is all coming to a head. They'd prefer to be on the same sheet of music as DHS, of course," said a House Republican official who requested anonymity because he is not allowed to speak for members. "But they're also aware that if legislation to take FEMA out [of DHS] was sent to the floor tomorrow, it would get 400 votes."

"I don't believe re-creating a broken wheel within DHS moves us closer to realizing" Katrina's lessons, Rep. William Shuster (R-Pa.) said.

David Heyman, director of the homeland security program at the Center for Strategic and International Studies, called the report one of the most comprehensive reviews of national preparedness since the Sept. 11, 2001, terrorist attacks. "If we implement just half of the recommendations from the report, we will be twice as prepared as we are today," he said.

Divisions Arise On Whether FEMA Requires A Tear-Down (LAT)

By Johanna Neuman

Los Angeles Times, April 28, 2006

WASHINGTON — Congress and the White House are headed toward a collision over one of the big questions left unresolved in the aftermath of Hurricane Katrina — whether to beef up the nation's key disaster response agency within the Department of Homeland Security or to create a politically independent agency to handle national emergencies.

Just weeks before the 2006 hurricane season officially begins June 1, a Senate committee on Thursday called for the Federal Emergency Management Agency to be dismantled and reconstituted as a new, stronger agency within Homeland Security.

Many House members, meanwhile, are pushing to restore FEMA to its pre-2003 status as an independent agency, this time with Cabinet rank and additional funding muscle.

And as President Bush made his 11th visit to the Gulf Coast since the storm hit Aug. 29, the White House urged a strengthening — but no reshuffling — of current operations.

"Now is not the time to really look at moving organizational boxes," said Frances F. Townsend, the president's domestic security advisor, who traveled with Bush to Louisiana and Mississippi on Thursday.

The disagreement is a direct echo of the debate that erupted after the Sept. 11 attacks, when the White House initially resisted congressional efforts to reorganize all domestic security and disaster preparedness agencies under one roof. The White House eventually agreed to the creation of the Department of Homeland Security, which united 22 separate programs, employing more than 170,000 people, in March 2003.

This time, the debate takes place in an election year, when politicians facing the voters are under pressure not just to write reports about what went wrong but to take action to fix the problems. Adding to the unpredictability is the deep divide within both political parties over the best course of action.

There is one significant point of agreement: FEMA botched the federal response to Katrina, which killed more than 1,300 people along the Gulf Coast and left hundreds of thousands homeless. So far, the federal tab for relief and reconstruction costs has reached $100 billion.

"FEMA is discredited, demoralized and dysfunctional," said Sen. Susan Collins (R-Maine), whose Senate Homeland Security and Governmental Affairs Committee issued its recommendations Thursday. "It is beyond repair. Just tweaking the organizational chart will not solve the problem."

Collins, the panel's chairwoman, and its ranking Democrat, Joe Lieberman of Connecticut, are proposing that FEMA's functions be absorbed into a new agency, the National Preparedness and Response Authority, which would remain under the secretary of Homeland Security but have broad jurisdiction and direct access to the president during crises.

"This will be a dramatically different agency from FEMA," Colins said.

But Collins and Lieberman, who plan to start drafting legislation next week, face an uphill battle in the Senate, where Majority Leader Bill Frist (R-Tenn.) shares the White House view that this no time for a reorganization.

"We're very leery, headed into hurricane season, of rewriting the entire FEMA operation," said a Frist spokesman who asked not to be identified when discussing party issues. "As the storms come ashore, FEMA personnel would be diverting time to testify on a rewrite."

Many in the House, including Rep. Tom Davis (R-Va.), chairman of the House Select Committee on Katrina that issued its report in February, favor making FEMA a separate agency, with Cabinet rank.

"Re-branding FEMA doesn't fix the problem, it just puts a new acronym on it," said David Marin, the select committee's director and a Davis spokesman.

Defenders of the Senate proposal say it is being mischaracterized. The new agency's "leaders would have to have emergency management experience, which would put an end to the Bush administration's penchant for rewarding political types with important security jobs," said a Senate staffer who asked not to be identified when discussing the issue.

And a bipartisan group of congressmen — including Peter King (R-N.Y.) and Bennie Thompson (D-Miss.), the chairman and the top Democrat on the House Homeland Security Committee, respectively — on Thursday endorsed legislation, along the lines of the Senate recommendation, to keep an enhanced FEMA within Homeland Security to ensure that it has all the resources of the larger department, such the Coast Guard and the operations center.

"FEMA must be equipped with the proper resources, communications and leadership to handle a worst-case scenario," King said.

But many House Republicans are divided on the issue. The House is planning to devote the last week in May to Katrina-related issues — and Speaker J. Dennis Hastert (R-Ill.) is inclined to support the White House approach of strengthening FEMA without changing its operational status within Homeland Security, said one House aide who requested anonymity when discussing the leadership's strategy.

But Hastert also knows, said the aide, that members on the House side "are very sensitive to the need to be seen as doing something — not just putting out reports" and that the proposal to restore FEMA as a separate agency is vastly popular. "If it came to the floor today it would get 400 votes," the aide said.

In the Senate, many Democrats — including Frank R. Lautenberg of New Jersey and Daniel K. Akaka of Hawaii, who were on the panel that issued the report Thursday — also want FEMA to stand alone, disagreeing with the Collins-Lieberman approach of taking it apart and putting it back together within Homeland Security.

"Unless FEMA has a direct line to the president, the people of Hawaii and the nation are at risk," Akaka said in a statement. "FEMA must be restored as an independent agency."

And in the White House, Bush is still trying to recapture his credibility, which crumbled during the disaster. Lieberman singled out the president for being "surprisingly detached" until two days after Katrina hit, when the White House began to marshal the full resources of the federal government.

"President Bush won our admiration and gratitude for the way he took charge in responding to the attacks against America of Sept. 11," said Lieberman. "In the case of Hurricane Katrina, he failed to provide that same presidential leadership when it was needed, and America suffered."

During his visit to the Gulf Coast on Thursday, Bush put on gloves and a carpenter's apron in New Orleans' devastated 9th Ward and grabbed a hammer to pound a few nails for a Habitat for Humanity project to build 280 housing units.

"What we need to do is take recommendations and make sure, as hurricane season approaches, that FEMA and all branches are ready to respond," he told Brian Williams of "NBC Nightly News." "I know my job is to work with relevant agencies and get them ready."

The Senate committee plans to issue its full 800-page report, "Hurricane Katrina: A Nation Still Unprepared," on Tuesday.

Delayed Katrina Response "was A Failure By Leaders" (FT)

By Edward Alden

Financial Times, April 28, 2006

The poor response to Hurricane Katrina was "a failure of leadership at all levels of government" that requires an overhaul of the country's disaster response capabilities, the Senate committee investigating the disaster said on Thursday.

The Senate homeland security committee, whose leaders were instrumental in the creation of the Department of Homeland Security following the September 11 terrorist attacks, called for the dismantling of the Federal Emergency Management Agency, the disaster response agency created in 1979, which was folded into the new DHS in 2003.

"FEMA is discredited, demoralised and dysfunctional," said Susan Collins, the Maine Republican who led the investigation. "It is beyond repair."

Katrina, which struck New Orleans and the Mississippi gulf coast last August, was the most destructive natural disaster in US history, leaving 1,500 people dead and stranding tens of thousands. The belated federal response undermined President George W. Bush's reputation as a strong leader in a crisis, starting a slide in his popularity.

The committee's report could trigger another effort to overhaul the homeland security department, which has been struggling to integrate 22 different agencies and 185,000 employees. The committee acknowledged that the department, created largely owing to pressure from the Senate after similar recriminations following the terrorist attacks, had failed in its first real test.

The report found fault in the response by local, state and federal governments, and said the country should have been far better prepared for the disaster.

But the committee laid particular blame on Michael Brown, the former FEMA director who has said he was a made a scapegoat for the government's inadequacies. Mr Bush's praise of Mr Brown in the days after the hurricane – the president told him "you're doing a heck of a job, Brownie" during a trip to the region – became a symbol of cronyism over competence that has dogged Mr Bush since.

Ms Collins accused Mr Brown of "blatant insubordination" during the crisis, and the committee's report said he was "unqualified and counterproductive".

"It was clear that he was disengaged from the onset of Katrina. He failed to communicate absolutely vital information about the condition of the levees in New Orleans," she said.

The report calls for a new National Preparedness and Response Authority that would be a new independent agency within the DHS. Its head would directly advise the president on emergency management, much like the chairman of the joint chiefs of staff directly advises the president on military issues.

The White House response to the report was muted. "As we're headed to this hurricane season, now is not really the time to really look at moving organisational boxes," said Fran Townsend, homeland security adviser to Mr Bush.

The report is only mildly critical of Mr Bush. It says that while his initial response was "halting and inadequate, in part due to poor situational awareness", ultimately he "brought the full resources of the federal government to bear".

Fixing FEMA (USAT)

By James Lee Witt

USA Today (editorial), April 28, 2006

USA TODAY's editorial "New hurricane season looms, with FEMA still in shambles" effectively shined a light on the problems we still face as a nation with the continuing upset at the Federal Emergency Management Agency (April 17).

Even with the release of the Senate's report on Hurricane Katrina, the American public is not being well served by its government with the recommendations. It is time for Congress and the administration to do what is right and pull FEMA out of the Department of Homeland Security — as Sen. Trent Lott, R-Miss., and other lawmakers suggest. FEMA and DHS should each stand alone. One agency can't effectively serve two disparate functions.

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Though it's true that both agencies respond to catastrophes in a similar manner, their approaches are intrinsically different, especially before a natural or man-made disaster.

FEMA's job is to provide leadership and support to reduce the loss of life and property through a comprehensive, risk-based, all-hazards program of mitigation, preparedness, response and recovery. In the 1990s, FEMA was an effective, highly respected, stand-alone agency with its director serving on the presidential Cabinet.

DHS' job includes dealing with national security, border patrol, interior enforcement and intelligence sharing. These aspects absorb the majority of DHS' focus — and funding. In years to come, do we want the department to be diverted from its mission of protecting the nation from terrorism from June 1 to Nov. 30, when we are in the middle of hurricane season?

While the Senate recommendations do acknowledge that FEMA must be mended, we don't have the luxury of trying another experimental restructuring of the department. We arrived at this crisis as a result of FEMA losing its position as an independent agency. The first key to fixing FEMA is for Congress to return it to its pre-2001 incarnation. When a successful structure once existed, it makes sense to return to the system that worked.

Let's give FEMA Director David Paulison an independent agency, a system and the support he needs to be a success. And let's give our citizens the confidence that they're being well served.

James Lee Witt
Former director of FEMA, 1993-2001
Washington

The Crony Fairy (NYT)

By Paul Krugman
New York Times, April 28, 2006

The U.S. government is being stalked by an invisible bandit, the Crony Fairy, who visits key agencies by dead of night, snatches away qualified people and replaces them with unqualified political appointees. There's no way to catch or stop the Crony Fairy, so our only hope is to change the agencies' names. That way she might get confused, and leave our government able to function.

That, at least, is how I interpret the report on responses to Hurricane Katrina that was just released by the Senate Committee on Homeland Security and Governmental Affairs.

The report points out that the Federal Emergency Management Agency "had been operating at a more than 15 percent staff-vacancy rate for over a year before Katrina struck" — that means many of the people who knew what they were doing had left. And it adds that "FEMA's senior political appointees ... had little or no prior relevant emergency-management experience."

But the report says nothing about what caused the qualified people to leave and who appointed unqualified people to take their place. There's no hint that, say, President Bush might have had any role. So those political appointees must have been installed by the Crony Fairy.

Rather than trying to fix FEMA, the report calls for replacing it with a new organization, the National Preparedness and Response Agency. As far as I can tell, the new agency would have exactly the same responsibilities as FEMA. But "senior N.P.R.A. officials would be selected from the ranks of professionals with experience in crisis management." I guess it's impossible to select qualified people to run FEMA; if you try, the Crony Fairy will spirit them away and replace them with Michael Brown. But she might not know her way to N.P.R.A.

O.K., enough sarcasm. Let's talk about the history of FEMA.

In the early 1990's, FEMA's reputation was as bad as it is today. It was a dumping ground for political cronies, headed by a man whose only apparent qualification for the job was that he was a close friend of the first President Bush's chief of staff. FEMA's response to Hurricane Andrew in 1992 perfectly foreshadowed Katrina: the agency took three days to arrive on the scene, and when it did, it proved utterly incompetent.

Many people thought that FEMA was a lost cause. But Bill Clinton proved them wrong. He appointed qualified people to lead the agency and gave them leeway to hire other qualified people, and within a year FEMA's morale and performance had soared. For the rest of the Clinton years, FEMA was among the most highly regarded agencies in the federal government.

What happened to that reputation? The answer, of course, is that the second President Bush returned to his father's practices. Once again, FEMA became a dumping ground for cronies, and many of the good people who had come in during the Clinton years left. It took only a few years to transform one of the best agencies in the U.S. government into what Senator Susan Collins calls "a shambles and beyond repair."

In other words, the Crony Fairy is named George W. Bush.

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So what's the point of creating a new agency to replace FEMA? The history of FEMA and other agencies during the Clinton years shows that a president who is serious about governing can rebuild effective government without renaming the boxes on the organizational chart.

On the other hand, the history of the Bush administration, from the botched reconstruction of Iraq to the botched start-up of the prescription drug program, shows that a president who isn't serious about governing, who prizes loyalty and personal connections over competence, can quickly reduce the government of the world's most powerful nation to third-world levels of ineffectiveness.

And bear in mind that Mr. Bush's pattern of cronyism didn't change after Katrina. For example, he appointed Julie Myers, the inexperienced niece of Gen. Richard Myers, to head Immigration and Customs Enforcement — an agency that, like FEMA, is supposed to protect us against terrorism as well as other threats. Even at the C.I.A., the administration seems more interested in purging Democrats than in improving the quality of intelligence.

So let's skip the name change for FEMA, O.K.? The United States will regain effective government if and when it gets a president who cares more about serving the nation than about rewarding his friends and scoring political points. That's at least a thousand days away. Meanwhile, don't count on FEMA, or on any other government agency, to do its job.

Bush Set To Approve Takeover Of 9 Military Plants By Dubai (NYT)

By Jim Rutenberg And David E. Sanger

The New York Times, April 28, 2006

WASHINGTON, April 27 — President Bush is expected on Friday to announce his approval of a deal under which a Dubai-owned company would take control of nine plants in the United States that manufacture parts for American military vehicles and aircraft, say two administration officials familiar with the terms of the deal.

The officials, who were granted anonymity so they could speak freely about something the president had not yet announced, said that the final details had not yet been set and that Mr. Bush might put conditions on the transaction to keep military technology in the United States.

But his action is almost certain to attract scrutiny in Congress, because of the political furor that erupted over the administration's approval of a deal earlier this spring that would have given another Dubai-owned company, Dubai Ports World, leases to operate several American port terminals through its acquisition of a British company, the Peninsular and Oriental Steam Navigation Company.

Dubai Ports agreed to drop the port deal after it became clear that Republicans were abandoning Mr. Bush and opposing the takeover.

In this case, the plants in question are owned by Doncasters Group Ltd., a British company that is being purchased for $1.2 billion from the Royal Bank of Scotland Group by Dubai International Capital, which is owned by the United Arab Emirate government.

Because the plants make turbine blades for tanks and aircraft, the deal was reviewed by the Committee on Foreign Investment in the United States, which sent it on to Mr. Bush himself for a decision, a step used only when the potential security risks or political considerations are particularly acute.

Administration officials alerted Congress that the deal would go through the committee's review process in an effort to head off the kind of public debate that surrounded the ports deal.

Opponents of the ports transactions argued that the terrorists involved in the Sept. 11 attacks had filtered money through the United Arab Emirates, where Dubai is the major shipping center. Mr. Bush argued that blocking the deal would have sent the wrong message to a friendly Arab state. His support, however, was not enough to quell the political furor.

One official who was briefed on the Doncasters transaction said there would be provisions in the agreement protecting American military secrets. But it was unclear whether that would satisfy Congressional objections. With nine Doncasters plants in Georgia and Connecticut making parts for American military contractors, the prospect of a takeover by the Dubai company has already caused nervousness among some lawmakers.

Representative John Barrow, Democrat of Georgia, likened the Doncasters deal to "outsourcing" part of the nation's industrial-military complex.

But Representative Peter T. King, Republican of New York, the chairman of the House Committee on Homeland Security and one of the foremost critics of the ports deal, said on Thursday that he would not necessarily have a problem this time around, in large part because the White House had given the deal a thorough review.

"It's a significant improvement over what happened before," Mr. King said. "It's been much more thorough, much more detailed."

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A senior Republican Congressional aide who was granted anonymity because he was not authorized to talk about the matter, said he did not believe the president's approval of the deal would cause quite the same stir as the ports deal.

GOP Urges $100 Rebate To Ease Pain At The Pump (WT)

By Christina Bellantoni

The Washington Times, April 28, 2006

Republican leaders yesterday proposed giving drivers a $100 tax rebate in the face of record-high gas prices, one element of a broad plan that includes oil exploration in the Arctic National Wildlife Refuge.

Republicans promised swift tax relief and tax incentives to promote the use of hybrid cars at a press conference held hours after Exxon Mobil posted profit figures of $8.4 billion for the first quarter of 2006 -- a record for any company in the first three months of the year and a 7 percent increase over last year's first-quarter profits, which also were a record.

"We are going to be able to say to the hard-hit users of automobiles in our country that we are going to ease their burden ... by giving them $100 rebate to help offset the very steep gas prices," said Sen. Pete V. Domenici, New Mexico Republican and chairman of the Energy and Natural Resources Committee.

Meanwhile yesterday, President Bush called for Congress to give him the power to require tighter fuel-efficiency standards for passenger cars, a call echoed by Transportation Secretary Norman Y. Mineta.

"I encourage them to give me that authority," Mr. Bush said in a trip to Mississippi. "It's authority that I use for light trucks. And I intend to use it wisely if Congress would give me that authority."

In a letter to Senate Majority Leader Bill Frist, Mr. Mineta formally asked for legislation that would allow the Corporate Average Fuel Economy standard for cars, now set at 27.5 miles per gallon for each manufacturer, to be raised through an administrative process.

Democrats, who mostly oppose drilling in the Arctic, quickly dismissed the Republican congressional package as the "same old, same old," and said pump prices topping $3 per gallon will be the last straw and cost Republicans their congressional majority.

The Republicans were responding to mounting political pressure from voters who are spending an average of $44 each time they fill a 15-gallon tank.

"What the American consumer is saying is: 'filling up your gas tank shouldn't empty your wallet,' " said Sen. John Thune, South Dakota Republican.

The national average price of a gallon of gas was $2.93 yesterday and hit as high as $3.16 in Manhattan, according to AAA.

"High gas prices are going to be the final nail in the GOP coffin this election year," said Sen. Charles E. Schumer of New York, who heads the Democratic Senatorial Campaign Committee.

"Every time drivers fill their cars up, they get a stark reminder how this Republican Congress takes a 'see no evil, hear no evil' approach to the oil industry as gas prices set new records," Mr. Schumer said. "It's time for the American consumer to have a Congress that works hand in hand with them and not with the oil executives."

Much of yesterday was consumed with dueling press conferences at which each party blamed the other for pump prices.

Republicans said Democrats have long obstructed an obvious solution -- exploring for oil in the Arctic National Wildlife Refuge (ANWR) in Alaska.

"I cannot understand what coherent political philosophy cuts its own country off from oil," said Sen. Jim Talent, Missouri Republican. "It is time to open up the Arctic."

Sen. Lisa Murkowski, Alaska Republican, said exploring ANWR is the country's best opportunity for a long-term source of oil.

"There is nothing unpredictable about a supply of oil on the north coastal plain that could potentially supply a million barrels of oil per day for 30 years," she said.

Last year, ANWR exploration was stripped from a defense spending bill because of a lack of support. President Clinton vetoed ANWR in his first term, and most Democrats have long opposed it.

Mr. Schumer said that if Democrats win back Congress, they will cut the country's dependence on foreign oil in half by 2020 and start a "massive" project to develop alternative energy sources.

He also criticized the energy bill passed last year as "helping big oil" and noted that gas prices were $2.22 per gallon when it was signed in June.

"That energy bill was corporate welfare in its worst example," said Rep. Rahm Emanuel, Illinois Democrat and chairman of the Democratic Congressional Campaign Committee.

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Mr. Emanuel said the energy industry spent $86 million to lobby for the energy bill, which included $14.5 billion in subsidies for oil companies.

The Democrats also dismissed the ANWR element of the Republican plan, saying the majority party was "playing politics."

"They've offered you status quo policies that do not change the course of how we achieve energy independence," Mr. Emanuel said.

Other notable elements in the eight-point Republican plan are the inclusion of nearly $3 billion to research biofuels and ways to make better-performing hybrid cars, an idea first suggested by Mr. Bush. The plan also would give administration officials the authority to prosecute price gougers.

Mr. Frist said he wants the whole plan attached to the supplemental spending bill for a quick vote.

Republicans Promise To Ease Petrol Price Burden (FT)

By Holly Yeager And Edward Alden

Financial Times, April 28, 2006

Republican leaders in Congress on Thursday sought to respond to growing national anger over the rising price of petrol, promising a series of measures they hope will bring down prices and prevent the situation from causing further political damage.

"Americans are unfairly being asked to empty their wallets at the gas pump," said Bill Frist, majority leader in the Senate, who on Thursday led a group of Republicans in offering a package of eight proposals, including a $100 (€80.46, £56) "gas tax holiday rebate cheque", intended to ease the burden higher fuel costs have imposed on consumers.

Mr Frist acknowledged that the measures would have a limited impact, but with the Republicans trailing badly in the polls, Congress and the White House are under pressure to respond.

Democrats, who have been campaigning on the price issue in congressional races that are starting to heat up in advance of the November mid-term elections, immediately denounced the plan as a sop to "Big Oil", saying it would do nothing to conserve energy or limit the record profits being earned by the oil companies.

Both parties have scrambled to offer legislative fixes to the high prices, but those backed by Mr Frist, and another set backed by Republican leaders in the House of Representatives, are the most likely to move forward.

Mr Frist's package would repeal some tax incentives for oil companies, while expanding others to promote the use of hybrid vehicles and increase refinery capacity. It would also urge the Bush administration to suspend deposits into the Strategic Petroleum Reserve for six months, to increase the supply available to consumers. President George W. Bush said this week he would temporarily halt the deposits.

House and Senate leaders both returned to a long-running debate over the Arctic National Wildlife Refuge (ANWR), arguing that opening the area to oil exploration was critical to reducing US dependence on foreign oil.

"We haven't done what we need to do in this country to increase our supply," said Lisa Murkowski, Republican senator from Alaska.

Democrats – and some moderate Republicans – have traditionally opposed the proposal on environmental grounds, and were able to block it again last year. But in the current climate, there are signs that both parties may be ready to think about energy demands in new ways.

Pete Domenici, chairman of the Senate energy committee, said he would support a proposal from Democrats to suspend the 18.4-cents-a-gallon federal tax on gasoline for 60 days, if Democrats supported the move to open ANWR. The fees collected from oil companies who explore there could be used to offset the loss in tax revenues, he said.

Bush To Seek Overhaul Of Cars' Fuel-Economy Levels (WSJ)

By John J. Fialka, Russell Gold And Laura Meckler

The Wall Street Journal, April 28, 2006

Responding to public anger over gasoline prices, the White House and Senate Republican leaders backed new measures to shift the burden to car makers and oil companies.

Both President Bush and Senate Majority Leader Bill Frist yesterday urged Congress to pave the way for higher passenger-car fuel-economy standards. White House spokesman Scott McClellan said a rise would "save jobs, save lives and save fuel." Mr. Bush said during a visit to a Mississippi gasoline station that he would ask Congress for clearer authority to raise the levels, and Mr. Frist, as part of a new energy bill, offered to give it. Detroit has long resisted higher economy standards -- but the administration said it would support higher levels only if it could restructure the overall program, which could wind up helping domestic auto makers.

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The Senate energy bill also proposes a tax-accounting change that oil companies said could cost them billions of dollars and curb tax incentives for oil exploration granted just last year. Some of that revenue would be turned over to consumers in the form of a $100 tax rebate, to be mailed by Aug. 30, on this year's federal income taxes.

The industry-bashing in recent days from normally pro-business, antiregulation Republicans in response to surging pump prices has been striking. But the Senate bill also includes some carrots for energy producers, including new tax incentives for increasing oil-refining capacity. And the plan would open up a supposedly oil-rich area along the coast of Alaska's Arctic National Wildlife Refuge for oil exploration, although similar attempts in the past have proved controversial and have been stripped out of bills.

"I think this is a bold bill that does everything possible to increase our supply and ease the burden on consumers," said Sen. Pete Domenici, (R., N.M.), chairman of the Senate Energy Committee.

Even if the bill passes the Senate, it's unclear how far it would get in the more conservative House.

The Senate bill reflects the intensifying election-year posturing against oil companies in many ways. It proposes a federal law that, for the first time, would define "price gouging," and allows the Federal Trade Commission and the Justice Department to prosecute companies and dealers found to have manipulated prices beyond market limits. The provision, modeled after state antigouging laws, would first require the president to issue an emergency proclamation claiming that "an abnormal market disruption" had occurred in a given area before federal cases could be brought.

One particularly contentious measure in the package would require companies to move away from so-called last-in, first-out accounting practices. The move, set for future tax years, would require oil companies, for example, to account for profits by assuming the oldest barrel in their inventory is the first one sold. It could expose billions of dollars more to federal taxes in times when prices are rapidly rising, as they have been in recent weeks.

"This would be extremely punitive," said Robert Slaughter, president of the National Petrochemical and Refiners Association. "It would have the same impact as a windfall-profits tax."

While the proposed accounting change is part of an energy bill and the rhetoric is focused on oil companies, it would, as proposed, affect all industries and sparked an outcry from other sectors, including retailers.

Since 1990, fuel-efficiency standards for passenger cars have been stuck at a fleet average of 27.5 miles per gallon, as auto makers have opposed any increases -- under the current formulas. But the administration yesterday said it would oppose simply increasing the Corporate Average Fuel Economy, or CAFE, standards that passenger cars must achieve. Rather, the administration wants to overhaul the program in its entirety, much as it did this year for light trucks.

"The administration would oppose any increase in passenger-car CAFE standards without corresponding reform," Transportation Secretary Norman Y. Mineta said in a letter yesterday to Sen. Frist. "It is imperative that CAFE standards be set through an administrative process based on sound science and data."

GOP Offers Consumer Fuel-Relief Package (LAT)

By Maura Reynolds, Times Staff Writer

The Los Angeles Times, April 28, 2006

It includes a $100 rebate, but its Arctic drilling component will probably doom it. Democrats' proposals are expected to fare no better.

WASHINGTON — Fearing public ire over rising gasoline prices, Republicans on Thursday unveiled a series of proposals aimed at giving consumers some relief, including a $100 rebate.

Democrats derided the GOP plan, and its political chances appeared weak.

The Democrats said that although the package incorporated some ideas they already had introduced, it contained a provision that almost assuredly would torpedo its passage: opening the Arctic National Wildlife Refuge to oil and gas drilling, a measure that repeatedly has stalled in Congress.

"Joining a rebate for consumers with [the drilling proposal] is not, I believe, a sincere effort," said Sen. Debbie Stabenow (D-Mich.).

Emotion over fuel costs ran high on Capitol Hill, illustrated by a five-hour filibuster staged by Sen. Ron Wyden (D-Ore.). He refused to leave the Senate floor in an effort — ultimately unsuccessful — to press for a vote on forcing oil companies to pay more to the government for the right to drill for oil on public land. Some of that drilling is exempt from payments.

"Government subsidies may be needed when the price is low, when we have to simulate production," Wyden said. But such relief is uncalled for "at a time when prices are soaring to record-high levels."

By the end of the day, the two parties essentially played to a draw — neither the rebate idea nor Democratic proposals, which include a moratorium on federal gasoline taxes, appeared to have much chance of becoming law.

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But the theatrics made clear that each party wanted to demonstrate its sensitivity to rising prices — and wanted to direct public anger toward the opposing camp.

At an outdoor news conference with the Capitol dome as a backdrop, Republicans blamed the price surge on Democrats, who they said had blocked measures to increase oil production, such as drilling in the Arctic.

"Those who stand up and criticize … and suggest that somehow or another that the blame [for gasoline costs] is upon those of us who had been pushing for increased supply of energy in this country, I think they need to look in the mirror," said Sen. Rick Santorum (R-Pa.), chairman of a GOP task force that drew up the party's proposals. "Democrats are the ones who have simply blocked every attempt for us to build transmission networks — whether it's electric transmission networks, or whether it's oil and gas networks, or whether it's energy generating, or whether it's oil and gas production."

Democrats blamed the high prices on Republicans, who they accused of being too cozy with large oil companies and too eager to pass out tax breaks to them. They dismissed the rebate as a meaningless gesture, arguing it would wind up in oil company coffers because consumers would use it to buy gasoline.

"It is disappointing that neither skyrocketing gas prices nor obscene oil company profits can break the bond between Bush Republicans and Big Oil," said Senate Minority Leader Harry Reid (D-Nev.).

The back-and-forth in Washington came as the world's largest publicly traded oil company, Exxon Mobil, reported first-quarter profits of $8.4 billion, up 7% from the first three months of 2005.

The increase fell short of Wall Street expectations. But the report accelerated the criticism of oil companies from politicians.

"Quarter after quarter, oil companies post unheard-of profits at the expense of farms, businesses and family budgets," said Sen. Maria Cantwell (D-Wash.).

"We need to figure out what's behind these prices and work together to put stronger consumer protections on the books."

The high gasoline prices — above $3 a gallon in some regions of the country — result from a confluence of forces that have constricted supply. Experts say few measures under discussion on Capitol Hill would have much effect.

"Unfortunately, there's nothing, really, that can be done that's going to affect energy prices or gasoline prices in the very short run," Federal Reserve Chairman Ben S. Bernanke told lawmakers at a hearing Thursday.

But with elections coming in November, lawmakers appeared undeterred.

"There is no silver bullet," said Senate Majority Leader Bill Frist (R-Tenn.). "There is nothing, nothing we can do that can compensate for the fact that today we're 60% dependent on foreign sources of oil. But we can put forth a bold agenda."

Under the Republican plan, a $100 rebate would be sent to taxpayers making less than $125,000 a year.

Stabenow has proposed a $500 rebate, which she said would cover the average cost of higher gas prices for most families.

The GOP package also called for:

• A summer suspension of the 18.4-cent-per-gallon federal retail gasoline tax, to be paid for by ending some oil industry tax breaks. Sen. Robert Menendez (D-N.J.) previously proposed a 60-day gas-tax holiday.

• New authority for the Federal Trade Commission to investigate possible price gouging. Democrats accused Republicans of undermining their own proposal, however, by limiting the measure to retail pricing and excluding wholesale distributors from scrutiny.

• Increased incentives for the development and purchase of hybrid vehicles.

• New authority for the Department of Transportation to increase fuel efficiency standards for automobiles.

Many Republicans, including President Bush, previously had opposed raising those fuel efficiency requirements, known as CAFE standards. But on Thursday, Bush endorsed the idea.

At a gas station in Biloxi, Miss., Bush said he would "use it wisely if Congress would give me that authority."

Bush earlier this week announced steps that underscored his concern about gasoline prices, including a suspension of government oil purchases to refill the Strategic Petroleum Reserve. But, as with the various congressional proposals, experts said the White House moves would have little impact on the rising fuel costs.

During his mini-filibuster, Wyden said existing royalty-payment breaks for oil companies had cost the federal government at least $20 billion in lost revenue.

"Oil companies are supposed to pay royalties to the federal government when they extract oil from federal lands. But in order to stimulate production of oil in our country, the federal government, over the last decade, has been discounting these royalty fees," Wyden said. "So, on top of the oil companies' record profits, record tax breaks and record prices consumers are paying at the pump, there are now record amounts of royalty relief granted to the oil companies as well."

Wyden's position earned quick support from at least one Republican, Sen. Jon Kyl of Arizona. He offered to cosponsor Wyden's measure, which would suspend the subsidies whenever the price of oil topped $55 a barrel.

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Still, votes on this and other proposals could be stymied by Senate rules. They have been offered as amendments to an emergency spending bill for the military operations in Iraq and Afghanistan and for post-Hurricane Katrina relief efforts. Parliamentary procedures for the legislation may block action on the energy-related measures.

Times staff writer Elizabeth Douglass in Los Angeles contributed to this report.

G.O.P. Senators Hurry To Quell Furor Over Gas (NYT)

By Carl Hulse

The New York Times, April 28, 2006

WASHINGTON, April 27 — Senate Republicans tried on Thursday to get the upper hand in the escalating political battle over high gasoline prices by proposing a $100 rebate for taxpayers and by suggesting that they might increase taxes on oil-industry profits.

The Republican proposal also called for opening the Arctic National Wildlife Refuge to oil production, a provision sure to draw opposition from many Democrats and even some Republicans.

"The American consumer is the one that needs the break today, and we need to be taking steps to make sure that they aren't emptying their wallet every time they fill their tank," said Senator John Thune, Republican of South Dakota, as the leadership unveiled its legislative response to an issue quickly taking over the Congressional agenda.

The Republican plan includes a provision that could levy a significant tax on oil company profits, a provision that President Bush promised to veto when a version appeared in a Senate bill last year. The proposal came on a day when Exxon Mobil reported a 7 percent gain in its first-quarter earnings. [Page C3.]

Greeting surprised customers at a BP service station in Biloxi, Miss., on Thursday, Mr. Bush compared rising gasoline prices to a new tax. In brief remarks there, confronting an issue that is adding to his political woes, he endorsed one aspect of the Senate proposal by encouraging Congress to give him the same authority to set standards for gasoline mileage of cars as he has over light trucks, sport utility vehicles, pickups and minivans.

The president also promised to curb price gouging, increase refinery capacity and support alternative fuels.

"One of the things we've got to do is make these trucks run on ethanol and batteries that won't require gasoline," he said. "That's what the future is going to be."

Democrats quickly dismissed the new Republican approach as a backdoor effort to overcome deep-seated opposition to drilling in the Arctic refuge.

"Americans are struggling to pay the rising cost of gas," said Senator Harry Reid of Nevada, the Democratic leader, "and they are not interested in handouts to help oil companies make more money by letting them drill in wildlife refuges."

Democrats pressed their own ideas, including a proposal by Senator Robert Menendez, Democrat of New Jersey, for a 60-day suspension on the 18.4-cent-per-gallon federal tax on gasoline and 24-cent diesel tax.

"It is direct relief at the pump," Mr. Menendez said.

Some Republicans, including Mr. Thune, have also endorsed a suspension of those taxes.

Senator Ron Wyden, Democrat of Oregon, tied up the Senate for almost five hours on Thursday in an effort to force a vote on his proposal to prohibit oil companies from escaping federal royalties for drilling on public lands when oil prices exceeded $55 per barrel. (Prices recently rose above $75 a barrel.) But Republicans blocked that effort.

"You cannot get a vote up or down in the United States Senate on a rip-off of taxpayer money," Mr. Wyden said.

The exchanges in the Senate and elsewhere on Capitol Hill illustrated both the political dangers and potential opportunities presented by the rise in gasoline prices and the accompanying consumer discomfort.

"This gas price issue is huge," said Senator Susan Collins, Republican of Maine.

Democrats say they believe that the public unhappiness will play into their efforts to regain control of the House and Senate this fall as they try to convince voters of the close ties between Republicans and oil companies and remind voters of industry-friendly legislation advocated by Republicans.

"High gas prices are going to be the final nail in the G.O.P.'s coffin this election year," said Senator Charles E. Schumer of New York, chairman of the Democratic Senatorial Campaign Committee.

But Republicans say they believe that their new proposal, which is promoted as an eight-point plan and which was announced at a news conference attended by several senators facing re-election this year, could strike a public chord, particularly with its promise of a $100 check to millions of taxpayers.

It is unclear when the Senate might move forward on the issue or how the Bush administration and the House, where Republicans and Democrats have their own ideas circulating, will respond.

But a chief aide to Senator Bill Frist of Tennessee, the majority leader, said the midterm elections would be a catalyst for Congressional action.

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"The political will is there," said Eric Ueland, chief of staff to Mr. Frist. "The need is very real. And the urge to help constituents directly and quickly is omnipresent."

The price tag for the Republican package had not been calculated, but aides said it would cost less than $20 billion. The proposed rebate was patterned after a refund sent to taxpayers early in Mr. Bush's first term as a down payment on an initial set of tax cuts.

The $100 payment would not be tied to gasoline consumption but would be sent to taxpayers at the end of the summer, going to single-filing taxpayers with adjusted gross incomes below $145,950, and to couples earning less than $218,950. The Finance Committee estimated that at least 100 million taxpayers would qualify.

Republican authors of the plan said opening the Arctic refuge to drilling was essential because it could provide federal revenue to pay for the initiative as well as increase domestic oil production.

"We need to open up the reserve of oil and gas that we have in this country," said Senator Jim Talent of Missouri, one of the Republicans up for re-election. "With all due respect, I cannot understand what coherent political philosophy cuts its own country off from oil."

The Republican package would also ease environmental regulations and provide other incentives to add to oil refinery capacity, outlaw unjustifiable price increases and increase tax breaks for owners of hybrid vehicles.

In a proposal expected to draw significant opposition from the oil industry and perhaps the business community at large, the Republican plan would repeal a method of accounting for inventories, known as last in first out, or LIFO. The method, which is used in many industries, gives oil companies a chance to avoid some large capital gains taxes through its accounting of sales from inventory.

The Senate had previously considered a similar provision that would have prohibited major oil companies from using the LIFO method for one year. It was expected to raise about $5 billion, but it generated a storm of opposition from oil companies and Mr. Bush threatened to veto the bill unless lawmakers rejected it.

The new proposal would prevent all companies from using the LIFO method, not just oil companies, and the prohibition would be permanent, instead of limited to one year.

On the fuel-economy issue, federal transportation officials say they need new authority to set higher standards for cars. as they did for trucks last month. The Senate bill would give them that ability.

But any change in federal standards for mileage would be a long-term fix since automakers are required to have 18 months' notice of any change and creating the new rule would involve a process that would take months in itself.

At the White House, a spokeswoman said the administration would consider the Congressional proposals but would make no commitments.

"We are taking all options into account that seek to relieve what is certainly the burden of high gasoline prices on American consumers," said the spokeswoman, Dana Perino.

Ms. Perino said the president remained focused on solving the fundamental problem of supply and demand "so that we can end a vicious cycle."

Lawmakers were grappling for other ways to contend immediately with gasoline prices and oil industry profits. On Thursday, the Senate Judiciary Committee quickly passed legislation that would make it a violation of antitrust laws to manipulate oil supplies to drive up prices.

In the House, Republicans, voting largely along party lines, rejected a symbolic effort by Democrats to urge House tax negotiators to support the Senate on rolling back tax breaks for oil companies.

Republicans Sag In New Poll (WSJ)

By John Harwood

The Wall Street Journal, April 28, 2006

Rising gas prices have intensified discontent with Washington and handed Congress a frightening midterm election backdrop: a deeply pessimistic electorate, despite a robust economy.

A new Wall Street Journal/NBC News poll underscores a striking gap between Americans' mood and the nation's economic performance. Fully 77% call themselves uneasy about the state of the economy rather than confident, even as data showed new-home sales and factory orders remain strong. Economists expect a similar message tomorrow when the government reports on first-quarter growth.

Public unease partly reflects fallout from the prolonged and unpopular Iraq war. But it also shows the impact of pump prices topping $3 a gallon in many places, passing Iraq to become the nation's highest-priority issue. The upshot: Two-thirds of Americans say the nation is "off on the wrong track," President Bush's approval rating has fallen to 36% and Congress fares even worse at 22% approval.

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"There's almost nothing that the public is satisfied with," says Democratic pollster Peter Hart, who conducts the Journal/NBC poll with Republican counterpart Bill McInturff. "What they're telling you is, they want change on every front."

That is a worrisome sign for Republicans, who are seeking to defend their House and Senate majorities with little more than six months remaining before Election Day. Continuing a trend that has persisted for a year, Democrats lead -- beyond the poll's 3.1 percentage point margin of error -- in public preference for which party should control Congress. The survey of 1,005 adults was conducted April 21-24.

And in the run-up to November, Democrats also enjoy an edge in intensity; by 11 percentage points, their partisans are more likely to express high interest in the midterm campaigns. The biggest bright spot for Republicans is that Democrats have made no progress improving their national image, an indication that they aren't yet positioned to take advantage of their opportunity for far-reaching November gains.

Public unhappiness with government is strongly at odds with bullishness on Wall Street, as new data underscored the economy's current strength. The Commerce Department yesterday reported sales of new single-family homes rose 13.8% in March, the largest increase in 13 years.

Orders for big-ticket manufactured goods rose 6.1% in March, the largest increase in nearly a year. Indeed, that data fueled bond-market worries the economy is so strong that the Fed will be reluctant to stop lifting short-term interest rates after May, when the central bank is expected to bump rates up a notch.

Public unhappiness also represents a powerful source of frustration for Republicans, who want Mr. Bush and Congress to get more credit for the economy. Doing just that is a top priority of new White House Chief of Staff Josh Bolten and congressional Republican leaders, who are aiming to take a first step by accelerating House-Senate negotiations on tax-cut legislation that would extend the current 15% rates on capital gains and dividends.

Yet worries about gasoline prices, offshoring of jobs, rising health-care costs and precarious private pension plans are creating anxiety even among workers who do have jobs. Moreover, the fruits of the economy's recent strength aren't evenly shared: Workers at the bottom and the middle are benefiting less than those at the top.

Richard Curtin, who oversees the University of Michigan's consumer-confidence surveys, says the gap between views of the economy among those who make more than $50,000 and those who make less is wider than it has ever been in the university's polling. Especially for those with moderate incomes, says Mr. Hart, the Journal/NBC pollster, gas prices "are the real numbers that people are living with."

That helps explain why just 19% of Americans say the strong employment picture, rising stock prices and low inflation rate leave them feeling confident about the nation's economic health. Four times that many respondents said that gas prices, rising interest rates and the federal budget deficit have them feeling uneasy.

The poll also explains why oil companies suddenly find themselves in the cross hairs of political debates over potential price-gouging and even windfall-profits taxes. In the wake of record oil-industry profits, some 60% of Americans find oil companies responsible for rising gas prices -- far outpacing the proportion who blame oil-producing nations, President Bush or Congress.

Yet the toll on Mr. Bush is reflected in his 36% approval rating, the lowest he has ever received in the Journal/NBC survey, and the 35% positive mark on handling the economy. Amid continued violence in Iraq and a looming confrontation with Iran over its nuclear ambitions, Americans disapprove of Mr. Bush's handling of foreign policy by roughly 2 to 1.

Approval of the job Congress is doing has plummeted to 22%, from 33% just last month. That's worse than the marks a Democratic-controlled Congress received at a similar point in 1994, the year Newt Gingrich led Republicans back to power on Capitol Hill.

In particular, Americans who don't approve of Congress blame their sour mood on partisan contention and gridlock in Washington. Some 44% call themselves "tired of Republicans and Democrats fighting each other"; 36% say "nothing seems to get done" on important issues. A further 34% cite corruption among lawmakers. Among all Americans, a 39% plurality say the single most important thing for Congress to accomplish this year is curtailing budgetary "earmarks" benefiting only certain constituents.

Ranking just behind ending "earmarks" is congressional action on immigration overhaul, the top priority of 32%. By 61%-35%, Americans say illegal immigrants within the U.S. should be allowed to stay rather than be deported so long as they pay taxes and pass security checks. By 68%-28%, they express support for a potential Senate compromise that would allow for different treatment of those who have been in the U.S. at least five years, those here for two to five years, and those in the U.S. for less than two years.

Americans take dim views of both parties, giving Democrats a positive rating of just 33% and Republicans 35%. But they have different expectations for the minority and for the party that controls Congress and the White House. If no progress is made

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on key issues, the Journal/NBC poll shows, 51% would blame either Mr. Bush or congressional Republicans, compared with 16% who would blame congressional Democrats. One in four voters would blame all parties.

Profits, Prices Spur Oil Outrage (WP)

By Steven Mufson And Shailagh Murray

The Washington Post, April 28, 2006

Exxon Mobil Corp. reported $8.4 billion in first-quarter profit yesterday, as members of Congress outraged over high gasoline prices hastened to propose measures that would boost taxes on oil firms, open new areas to drilling and provide rebates to taxpayers but would not necessarily alter prices at the pumps.

The earnings outstripped the oil giant's profit in the first quarter of last year. Given current oil market conditions, analysts said, that puts Exxon Mobil on track to break the $36 billion record profit it made last year.

Meanwhile, President Bush sought to show that he was responding to calls for action in the face of rising gasoline prices. While visiting a gasoline station in Biloxi, Miss., Bush renewed his call for Congress to give him the authority to "raise" mileage standards for all passenger cars. White House officials said later, however, that they didn't know when or how the president would use that authority.

Congress has the authority to approve changes in mileage standards for passenger cars, and the executive branch can set them for light trucks without approval from Congress. But neither Congress nor the administration has shown much interest in raising passenger car standards, which were set in the 1970s and haven't changed since 1985. In March, the Bush administration said it would raise average fuel economy standards by 1.9 miles a gallon for sport-utility vehicles, pickups and vans for models in 2008 through 2011, a long-awaited move that environmentalists said was too modest.

In Congress, anger over gasoline prices brought action in the Senate to a screeching halt yesterday, with Democrats interrupting debate over an emergency military spending bill to protest a key oil company subsidy. In a highly unusual move, Sen. Ron Wyden (D-Ore.) waged a solo filibuster on the Senate floor in an attempt to force a vote on a provision that would halt support for what Wyden said was about $35 billion for oil and gas companies. "This is the big one, folks, in terms of energy subsidies," Wyden said during the five-hour standoff. "This is the one where there is no logical case . . . when oil is $70 per barrel."

Various committees and individual lawmakers scrambled to offer relief to consumers, punish suppliers and promote favorite energy-related provisions, most of them offering little or no immediate relief at the gas station pumps.

Senate GOP leaders rolled out a fat package of energy measures, including a $100 rebate to most taxpayers, and reaffirmed authority for state and federal officials to fight price gouging. The proposal also would allow drilling in the Arctic National Wildlife Refuge in Alaska; Democrats called the controversial idea a deal-killer for the rest of the package.

Democrats unveiled their own ideas, including various windfall-profit rebates, a temporary suspension of the federal gas tax and alternative energy investments.

For all the criticism from Congress, Exxon Mobil's earnings fell slightly short of analysts' expectations, and company shares fell 68 cents to close at $62.42 a share.

In an attempt to simultaneously impress investors and calm politicians, Exxon Mobil spokesman Ken Cohen stressed that compared with the year-earlier quarter, the company had increased its worldwide oil and gas production by 5 percent, boosted capital spending by 41 percent and paid worldwide taxes that amounted to a 46 percent rate.

But analysts, while impressed by the production numbers, noted that much of the increase in capital spending came from sharply rising costs for oil services and that the high tax rates were a result of high crude oil prices. In many countries, sliding-scale tax rates rise as prices do; Norway taxes some portion of output at rates as high as 70 percent, and Libya's effective tax rates can go as high as 90 percent, analysts said.

Exxon also said it spent $5 billion buying back its own shares, more than the $4.1 billion spent on exploration and production. The company said it expected to spend $6 billion repurchasing its own shares in each of the remaining quarters this year.

Wall Street analysts discounted the likelihood of congressional action against oil companies. "As someone in the industry for more than 25 years, I've seen it before," said Fadel Gheit, an oil company analyst at Oppenheimer & Co. "Penalizing oil companies does not lower prices at the pump. If we have a windfall profits tax, it will just create another moneybag for the government. It will not increase oil production by one barrel. It will not lower gasoline prices by one cent or alter our dependence on OPEC countries."

Federal Reserve Chairman Ben S. Bernanke also cautioned Congress on the various proposals being floated. In response to a question at a hearing of the Joint Economic Committee, Bernanke said, "Unfortunately, after many years of not really doing

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as much as we should on the energy front, this situation has arisen. And I don't see any way to make a marked impact on it in the very short run."

Bernanke said a windfall profits tax would reduce incentives for companies. "What we need to do," he said, "is think about whether there are actions we can take that over at least a number of years will put us on a more secure footing."

And he added, "I would like to let the market system work as much as possible to generate new supplies, both of oil but also of alternatives, and for the prices, painful as they may be, to help generate more conservation and alternative uses of energy on the demand side."

While many of the proposals in Congress are familiar, costly and unlikely to be enacted, bipartisan political pressure for action could result in tougher scrutiny and possible sanctions against the oil industry -- until recently one of the closest allies of the Bush administration and the Republican-led Congress

The Senate Finance Committee, for instance, requested federal income tax returns for the past five years from the 15 largest oil and gas companies, based on sales, in what could amount to a congressional audit. "We're seeing record profits and significant executive compensation in the oil and gas industry," said Finance Committee Chairman Charles E. Grassley (R-Iowa). "I want to make sure the oil companies aren't taking a speed pass by the tax man."

The Senate Judiciary Committee unanimously voted to allow the Justice Department to prosecute countries that belong to the Organization of Petroleum Exporting Countries for price fixing in violation of U.S. antitrust laws. "What you have today is an oligopoly, effectively, and I think it's a disaster for the American people," said Sen. Dianne Feinstein (D-Calif.), a member of the panel.

Judiciary Committee Chairman Arlen Specter (R-Pa.) said GOP leaders had assured him they were eager to push the legislation to the floor, pointing out the political pressure -- including a series of Democratic news conferences held in recent days at Capitol area gas stations.

ExxonMobil's Quarterly Profit: $8.4 Billion (USAT)

By James R. Healey And Matt Krantz

USA Today, April 28, 2006

ExxonMobil, the biggest publicly traded oil company, said Thursday its first-quarter profit jumped 6.9% from a year ago, to $8.4 billion.

That was a first-quarter record for Exxon, and the fourth-best first quarter ever reported by a company in the Standard & Poor's 500-stock index. While short of Wall Street forecasts, it triggered fresh outrage elsewhere as ExxonMobil became the lightning rod for fury over high gasoline prices.

“While ExxonMobil executives are popping champagne and celebrating their record profits, American families are popping antacids under the strain of soaring gas prices,” said Sen. Robert Menendez, D-N.J., in a remark typical of the howls. Other reaction:

•The Bush administration, criticized by environmentalists for not raising fuel-economy standards, asked Congress for authority to boost mileage requirements in cars for the first time since the mid-1980s. Even on a fast track, it would be two years from Congress' go-ahead before cars covered by new standards hit showrooms.

•Senate Republicans proposed a measure that would give taxpayers $100 checks to offset high fuel prices and suspend the 18.4-cent-per-gallon fuel tax until Sept. 30.

Checks would go to individuals with taxable income of up to $125,000 and couples with taxable income up to $150,000.

Calling $100 a “token gesture,” Sen. Debbie Stabenow, D-Mich., proposed $500, which she said is how much more an average family will spend on energy this year.

•Consumer advocates sharpened their rhetoric. Americans must “choose between filling their tanks and paying their bills, and ExxonMobil is laughing all the way to the bank,” said Anna Aurilio of the U.S. Public Interest Research Group, reflecting the general tone.

The average price of gasoline in the USA is $2.927 per gallon, up 0.6 cents overnight and 69.8 cents more than a year ago, travel club AAA reported Thursday. The price has been edging closer to the peak $3.057 reported by AAA Sept. 5 after hurricane damage to energy operations in the Gulf of Mexico.

Most of Exxon's first-quarter earnings were from oil and natural gas, not from selling gasoline.

And Exxon's profit margins are below-average compared with others that have triggered no outcry. Exxon's first-quarter profit margin was 9.4%, meaning it kept 9.4 cents of every $1 in revenue. Microsoft kept 27.3 cents of every $1 in revenue in its most recent quarter; General Electric, 11.4 cents and McDonald's, 12.3 cents. In fact, Exxon is below the 11-cent average of Standard & Poor's 500 companies, says analyst Howard Silverblatt.

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The furor is likely to continue. Reuters Estimates predicts ExxonMobil's operating profit, which excludes one-time items, will rise 2.9% this year to a record $35 billion.

Market Fuel Prices Drop (WT)

By Patrice Hill

The Washington Times, April 28, 2006

Oil and gasoline prices took another tumble in New York trading yesterday on signs of increasing supplies and slackening demand in the United States and China, adding to an 18-cent drop in wholesale gas prices that likely will produce relief at the pump in the days ahead.

Since peaking above $75 last week, the price of premium crude oil has fallen to just under $71 yesterday on the New York Mercantile Exchange, while gas for delivery in May has plummeted to $2.07 a gallon after touching a high of $2.25.

Pump prices have flattened out at $2.92 nationwide for regular unleaded, 50 percent higher than they were in February but not yet reflecting the declines in the futures and wholesale markets.

The biggest factors causing price drops have been signs that demand for gas is running about 1 percentage point behind last year's level -- most likely in response to the rapid run-up in pump prices since last month -- even as refineries are racing to take advantage of high prices and increase scarce supplies of summer fuels.

"At the end of the day, the best cure for high prices is high prices," said David Hackett, president of Stillwater Associates LLC, an energy-consulting company, noting that consumers are angry about high prices and apparently are beginning to balk at paying them.

U.S. Energy Department figures show that demand for fuel at gas stations over the past month was running 44,000 barrels below last year's levels, while supplies rose by 231,000 barrels. Refineries gearing up for the summer driving season operated at 88.2 percent of capacity last week, up 2 percent from the week before.

Also easing pressure on fuel prices yesterday was a move by China to raise interest rates to slow down its torrid 10 percent annual growth rate. China is the second-largest consumer of oil behind the U.S.

The U.S. Federal Reserve also has been raising interest rates to cool demand and head off a bout of inflation that it fears could be sparked by high energy prices. Fed Chairman Ben Bernanke testified yesterday that high gas prices pose "risks" for economic growth as well as inflation. When gas prices topped $3 last fall, they helped to deflate U.S. economic growth to a sluggish rate of 1.6 percent.

Mr. Bernanke said he expects this spring's jump in gas prices to shave "a few tenths" of a percent off economic growth in the spring quarter but not endanger the economy overall. He says he sees little respite from chronically high energy prices in the next few years, as supplies are barely growing fast enough to keep up with demand for fuel worldwide.

Mr. Bernanke said a so-called "windfall profit tax" on oil companies gaining popularity on Capitol Hill would not result in an increase in supplies.

"Unfortunately nothing can be done to affect oil or gasoline prices in the short term," he said. Conservation and initiatives to find alternative sources of energy were needed to put downward pressure on oil and gas prices in the long run, he said.

While this week has seen a softening of fuel prices, other events lie ahead that could reverse the declining trend and drive oil and gas prices back up to record levels -- including the nuclear standoff with Iran, the upcoming hurricane season and the peak summer driving season between Memorial Day and Labor Day.

Most economists agree with Mr. Bernanke that fuel markets for the most part have been responding to thin supplies and robust demand, notwithstanding accusations in Washington that oil companies are engaging in conspiracies, profiteering and price gouging.

Walter Lukken, a member of the Commodity Futures Trading Commission, which regulates the energy futures markets, testified before Congress yesterday that the commission thinks the markets "accurately reflect" tight world energy supplies and a pickup in growth and demand this year.

"The evidence we have seen indicates that futures markets for crude oil and unleaded gasoline and other energy products have been properly performing," he told the House Agriculture Committee.

Blaming the markets for high prices is "like blaming a thermometer when it's hot outside," he said. The commission is devoting nearly three-quarters of its surveillance resources to energy issues and has a dozen open investigations involving energy, he said.

Commission investigations have led to charges against 27 companies and 23 persons, as well as civil penalties totaling nearly $300 million since December 2002.

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"We have seen no evidence to date to suggest that the recent price rises in gasoline futures being traded on our markets are attributable to" rule breaking, said James Newsome, a former commission chairman and current chief executive officer of the New York Mercantile Exchange.

A 'Commitment' Goes Only So Far (WP)

The Washington Post, April 28, 2006

The Republican House leadership, hopping aboard the new anti-oil-addiction campaign, staged a fine media event yesterday at a BP gas station at Ninth Street and Pennsylvania Avenue SE that featured a hydrogen-powered car.

House Speaker J. Dennis Hastert (Ill.), along with other top House Republicans, was photographed in and around the snappy blue General Motors HydroGen 3 van.

The event followed one by Senate Democrats on Wednesday, who rode in their gas guzzlers to an Exxon station a block from their offices to blame Republicans for high fuel prices.

Hastert, who appeared to have walked to the station, left in the very fuel-efficient vehicle, apparently headed for his office. But he went only a block or so before he got out and stepped into his pre-positioned gas-guzzling armored SUV to take him back to his office. Alert photographers, suspecting a ploy, had followed the speaker and captured the bait-and-switch.

Hastert spokesman Ron Bonjean , showing why he deserves a raise, explained that Hastert "wanted to ride the van" -- really he did -- "to show his commitment to new energy-efficient vehicles."

The problem, Bonjean said, was that Hastert's security detail wouldn't have it. Way too dangerous. Perhaps the security folks thought the vehicle was related to the ill-fated Hindenburg?

In any event, "the security officials demanded that he ride in the much more secure armored SUV," Bonjean said.

Okay. But next time they gin up one of these events, could he at least do more than just drive around the corner?Good News Comes in Waves

Let's face it, the media continue to emphasize the bad news out of Iraq and absolutely refuse to highlight the important good news coming out of there of late.

Fortunately, the Republican National Committee puts out a weekly "Iraq Facts" page on its Web site that focuses on all the good news out of Iraq. This week's "Other Good News" section tells us: "Baghdad is to get its first water park and wave machine -- thanks to a Scottish company" called Murphy's Waves.

The RNC cites a report on the Web site of Scotland's Glasgow Daily Record a couple of weeks ago, quoting Murphy's international sales manager, Jim Stuart , who says he's "delighted to be involved in this project and it shows that rebuilding in Iraq really is happening."

The wave-machine pool project has been in the works for a couple of years, he said, when someone from a company called Baghdad Pools called and said he wanted to build a "fun pool for the city."

What better way to cope with the coming brutally hot summer in Baghdad with temps hitting 120 degrees? In the prewar days you might have had air conditioning, but electricity is still not up to prewar levels -- even to WWII levels.

So why not ride the great waves?Are You Expendable?

The State Department, anxious to fill openings in Iraq, recently sent out a cable detailing job opportunities for spouses and other family members in Baghdad. Some -- office managers, housing coordinators, cashiers and such -- appear fairly safe, since they are in the Green Zone.

But then there is "Expendable Supply Manager."

The job doesn't appear to pay much, and it sounds as though they aren't going to care enough to provide any security for you.

Congress Gone Wild (WSJ)

The Wall Street Journal, April 28, 2006

Let's hope the folks who make those cable-TV videos of loopy college kids vamping on spring break are headed for Capitol Hill. The Members aren't yet taking their shirts off in response to higher gasoline taxes, but give them time. They're certainly pulling enough other stunts to laugh at.

Take the Senate Republican proposal for a $100 rebate, unveiled yesterday but destined for the pandering hall of fame. "As we see skyrocketing gas prices around the country, it is time for this Congress to act," declared South Dakota's John Thune on the Senate floor. And so the Members shall, bravely marching off to battle higher prices by writing every taxpayer (below a certain income level) a one-time check worth about two tanks of gas if you're driving an SUV.

The gesture calls to mind other great moments in feckless legislating, such as Jimmy Carter's "$50 rebate," offered in 1977 to spur the economy. As one wag noted at the time, this was about as useful as scattering money from airplanes. Adjusting for

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inflation, the GOP's $100 version is worth a lot less now than $50 in 1977 -- and Republicans should expect it to do about as much for their political standing as it did for Jimmy Carter's.

But wait, there's more. Mr. Thune also disclosed that Congress will attempt to waive the 18.4-cent-a-gallon federal gasoline tax -- but only through September 30, when presumably the summer driving and political panic seasons will have passed. Lest you think any of this will add to the deficit, the GOP will pay for it by suspending "a number of tax credits and royalty waivers received by oil corporations."

Now, we don't think oil companies need tax incentives or subsidies to drill for oil at $70 a barrel, or for that matter at $25. What they need is the permission to drill where oil and gas can be found. And one reason for today's high prices is that Congress has systematically ruled out huge parcels of American land, on- and off-shore, for energy exploration. However, now that prices are high, Congress is reacting to the problem it helped cause by temporarily rescinding whatever paltry incentives it offered companies to explore for oil in the fewer places where they are allowed to drill.

As for suspending the gas tax, one way to reduce gas prices is by lowering the demand for gasoline, and the fastest way to do that is by letting the price system work. Liberals in particular want gas taxes to be high (to reduce carbon emissions, for example), except when gas prices are high. In other words, the goal of all of these temporary policy changes isn't really to change anyone's behavior in the long run. The point is merely to redistribute money from the oil companies to voters, er, consumers in an election year. We trust that the voters, being smarter than politicians, will treat all this with the snickering it deserves.

Oh, and let's not forget the contribution made yesterday by Senator Arlen Specter's Judiciary Committee. By bipartisan voice vote, the Committee created a new federal and state task force to investigate information-sharing among oil companies. As a grandstanding bonus, it would also allow lawsuits against OPEC for controlling output and fixing oil prices. Even the Members know that cars will run on nuclear power before suits against OPEC succeed in U.S. courts.

And the idea that oil companies are colluding to raise prices has been contradicted by countless Federal Trade Commission studies. Oil exploration is a capital-intensive business that requires huge economies of scale and long time horizons. From the time a potential drilling site is spotted to the day any oil gets to the pump can take a decade. Bigger companies can afford to take bigger risks. So busting up oil companies would almost certainly lead to less oil exploration and production, and thus higher oil and gas prices.

But forgive us for talking about actual substance. Like college kids on spring break, Congress is letting it all hang out in a political bender of a kind we haven't seen in years. This is what happens when a President is at 36% job approval, and there is no Beltway chaperone. And to think there are still six long months until Election Day.

Pander At The Pump (NYT)

The New York Times, April 28, 2006

The battle to see which political party can out-pander the other on the subject of gasoline prices is embarrassing. If American consumers are having sticker shock at the pumps, it's because of a series of policy failures that stretch back decades. The last thing the country needs now is another irresponsible quick fix.

Senate Republicans have proposed to assuage the pain of high gas prices by sending many taxpayers $100 apiece — enough for about two tanks of gas. Meanwhile, a cadre of Senate Democrats is carrying on about a temporary suspension of the federal gas tax, which is 18.4 cents per gallon, the same level it was in 1993. At best, the suspension would temporarily reduce prices a fraction, causing car owners to drive a little more. That rise in demand would send prices back up again.

Lawmakers from both houses and parties are calling for investigations into any price gouging or other rip-offs by oil companies and filling stations. It's perfectly all right to look into these things, but no one imagines that the result will be much more than a series of photo-ops.

Suspending environmental safeguards — as President Bush proposed in his energy speech earlier this week — might send prices down a bit, at the price of dirtier air. It's appalling that a generation after the first oil shock, in 1973, politicians are still reacting with such hysteria.

The main problem is not environmental regulations or even rapacious oil companies. It certainly isn't the fact that the Arctic National Wildlife Refuge has been kept off limits for drilling. Americans' outsized demand for oil and gasoline pushes up prices, and now that the economies of huge countries like China and India have taken off, there will continue to be more competition for the world's available oil. There are policy solutions for the problem of excess demand, chief among them higher fuel economy standards. But more than five years into the Bush administration, there has been only a minuscule increase in mileage standards for S.U.V.'s and no increase for cars.

The oil companies' mind-boggling profits have produced calls for a windfall profits tax. It would not be too difficult to set up a system that would capture a percentage of the companies' extraordinary profits, and the money could be used for long-term

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solutions, like research into alternate fuels and mass transit. That would be fair. Oil companies are indeed profiting from events that have little to do with their efforts. If some of those profits were taxed and flowed into the public treasury, the money could go toward public purposes.

But critics who say such a tax discourages investment in exploration and drilling have a point. Though they invariably overstate their case, their opposition would make a windfall tax a heavy lift politically, thereby draining effort from other, more direct, solutions, like better mileage standards and ultimately — the hardest sell of all — a bolstered federal gas tax to encourage conservation.

It's important during this debate not to discount the genuine pain being felt by the poor and middle-class families who must drive long distances just to get to work and school. But their problem is more than gasoline prices. It's their vulnerability to the price increases, which results from stagnating wages and a lack of savings. If the Bush administration had devoted as much political capital in the past five years to wage and job growth initiatives as it has to cutting taxes for the wealthy, these struggling families would be better able to weather higher prices at the pump.

Congress's frantic gestures this week are, at bottom, an attempt to divert attention from its past failures to act, and its resulting inability to shield Americans from the burden of high prices at the pump. But the pain of high gas prices will only get worse unless Congress changes its priorities, now.

Gas Pump Geopolitics (NYT)

By Thomas L. Friedman

The New York Times, April 28, 2006

In recent days critics have accused President Bush and his new chief of staff of doing nothing more than shuffling around the deck chairs on the Titanic, as they shift, hire and fire senior White House officials while the president's popularity continues to plummet. Personally, I think that is a totally unfair charge — unfair to the captain of the Titanic.

After all, he knew where he was going. His lookouts just couldn't see the iceberg spar lurking beneath the surface in their path until it was too late. This administration, and its captain, have been staring the iceberg right in the face for years — it's called dependence on foreign crude oil. It has been totally visible, for miles and miles. And yet the Bush team has just kept sailing right into it, refusing to ask the American people to do anything hard to put America on a different energy course.

What is this iceberg staring us in the face? It is the fact that energy, broadly defined, has become the most important geostrategic and geoeconomic challenge of our time — much as the Soviet Union was during the cold war — for four reasons:

First, we are financing both sides in the war on terrorism: financing the U.S. military with our tax dollars, and Islamist radicals and states with our energy purchases.

Second, continued dependence on fossil fuels is going to bring on climate change so much faster in an age when millions of new consumers in India and China are driving cars and buying homes. And that's why renewable fuels and energy-efficient cars, buildings and appliances are going to be the biggest growth industry of the 21st century. The tougher the energy-efficiency standards we impose on our own companies, the more likely it is that they will dominate this new industry.

Third, because of the steady climb in oil prices, the seemingly unstoppable wave of free markets and free peoples that we thought was unleashed by the fall of the Berlin Wall is now being stymied by a counterwave of petro-authoritarian states — like Iran, Venezuela, Russia, Nigeria and Sudan — which now have more petro-dollars than ever to do the worst things for the longest time. They will poison the post-cold-war world unless we bring down the price of crude.

Fourth, we will never plant the seeds of democracy in Iraq and the wider Arab world if we don't also bring down the price of oil. These Arab oil regimes will not change unless they have to, and as long as oil prices are soaring they won't have to. Iraq will become just another Arab state that taps oil wells instead of developing its people.

The beginning of leadership for the president is to tell the American people the truth: This is not your parents' energy crisis. The price of oil is not soaring just because of greedy oil companies. It is soaring because of structural changes in the global energy market that could have vast consequences for America and the world if we do not respond in a comprehensive manner.

Toward that end, we need a tax on gasoline at the pump that will keep prices around $4 a gallon (still roughly $1 less than most Europeans pay), or we need a tax on vehicles that will make gas guzzlers prohibitively costly and hybrids and smaller cars enormously attractive. The sooner and the more we take the price of gasoline up — and keep it there — the sooner we can bring it down forever. If we want to make wind, solar and biomass more competitive, gasoline has to cost more, not less.

The president can start by pushing the bipartisan Fuel Choices for American Security Act, now wending its way through Congress. This bill would mandate that every car sold in America would not just have seat belts, but would also be flex-fuel capable so it could run on ethanol, methanol or gasoline. It would also pave the way for the rapid commercialization of plug-in hybrid vehicles, which would combine electricity and gasoline to get 100 miles out of every gallon of gasoline consumed.

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Finally, the bill would offer Detroit loan guarantees for transforming its fleets in this direction. "We're going to have to bail out Detroit anyway, so let's at least get some public benefit," the energy expert Anne Korin said.

Yes, the president has wasted so much time, but if he finally rises to this challenge, Democrats — who should have taken the lead on this issue a long time ago — have got to work with him. If the Democrats shirk this energy challenge, as the Republicans have, I'm certain there is going to be a third party in the 2008 election. It is going to be called the Geo-Green Party, and it is going to win a lot of centrist voters. The next Ross Perot will be green.

Say It With Me: Supply And Demand (WP)

By Charles Krauthammer

The Washington Post, April 28, 2006

If you thought the Dubai port deal marked a record high in Washington cynicism, think again. Nothing can match the spectacle of politicians scrambling for cover during a spike in gasoline prices. And this time the panderfest has gone all the way to the Oval Office. President Bush has joined the braying congressional hordes by ordering the Energy and Justice departments and the Federal Trade Commission to launch an investigation into possible gasoline price fixing.

What a disgrace.

Precisely 10 years ago (April 29, 1996) as gas prices reached a shocking $1.27 a gallon, President Bill Clinton ordered his Energy and Justice departments to launch investigations to find out why. In my column that week, I offered a wild guess as to why: "supply is down and demand is up." I offered Energy Secretary Hazel O'Leary and Attorney General Janet Reno a $100 bet (I roll high on sure things) that their million-dollar probes would do nothing more than confirm my hunch.

No takers. Even Cabinet secretaries don't throw away C-notes. Sure enough, months later these perfectly pointless investigations discounted charges of price gouging and attributed the price hike to . . . increased demand and decreased supply.

Today, every time an Iranian mullah opens his mouth about nukes, the risk premium for Persian Gulf supply interruptions jumps again. Crude oil prices alone account for about $1.70 of what you pay for a gallon at the pump. So 10 years later, I'll wager again. Here's what the Bush search for price gougers and profiteers will find:

· Demand is up. China has come from nowhere to pass Japan as the number No. 2 oil consumer in the world. China and India -- between them home to eight times the U.S. population -- are industrializing and gobbling huge amounts of energy.

American demand is up because we've lived in a fool's paradise since the mid-1980s. Until then, beginning with the oil shocks in 1973, Americans had changed appliances and cars and habits and achieved astonishing energy conservation. Energy use per dollar of gross domestic product was cut by 30 percent in little over a decade. Oil prices collapsed to about $10 a barrel.

Then amnesia set in, mile-per-gallon ratings disappeared from TV ads and we became "a country of a million Walter Mittys driving 75 mph in their gas-guzzling Bushwhack-Safari sport-utility roadsters with a moose head on the hood, a country whose crude oil production has dropped 32 percent in the last 25 years but which will not drill for oil in the Arctic National Wildlife Refuge for fear of disturbing the mating habits of caribou."

I wrote that during the '96 witch hunt for price gougers. Nothing has changed. Except that since then, U.S. crude oil production has dropped an additional 12.3 percent. Which brings us to:

· Supply is down. Start with supply disruptions in Nigeria, decreased production in Iraq, and the continuing loss of 5 percent of our national refining capacity because of damage from hurricanes Katrina and Rita. Add to that the mischief of idiotic new regulations. Last year's energy bill mandates arbitrary increases in blended ethanol use that so exceed current ethanol production that it is causing gasoline shortages and therefore huge price spikes.

Why don't we import the missing ethanol? Brazil makes a ton of it, and very cheaply. Answer: the Iowa caucuses. Iowa grows corn and chooses presidents. So we have a ridiculously high 54-cent ethanol tariff and ethanol shortages.

Another regulation requires specific ("boutique") gasoline blends for different cities depending on their air quality. Nice idea. But it introduces debilitating rigidities into the gasoline supply system. If Los Angeles runs short, you cannot just move supply in from Denver. You get shortages and more price spikes.

And don't get me started on the missing supply of might-have-been American crude. Arctic and outer continental shelf oil that the politicians kill year after year would have provided us by now with a critical and totally secure supply cushion in times of tight markets.

In March 2000, the price of gas hit $1.80 per gallon. Scandalized congressional Republicans shamelessly pushed for repeal of Clinton's whopping 4.3-cent gas tax increase. Now that the president is a Republican, what do you think Senate Democrats are proposing? A 60-day suspension of the federal gas tax. It would cost $6 billion and counteract the only good thing that comes with high gas prices -- the incentive to conserve.

George Shultz once said, "Nothing ever gets settled in this town." But even Shultz, who has seen everything, must marvel at the perfect regularity, the utter predictability, of the bottomless cynicism of Washington in the grip of gasoline fever.

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Tax The Windfall (WP)

By Michael Kinsley

The Washington Post, April 28, 2006

In, I guess, the early 1990s, when I worked for CNN, I found myself one evening at a Washington reception, chatting with an oil company executive and one from a defense contractor. The oilman said, "How's business?" How's business! Delighted and emboldened by the discovery that businessmen actually say this to one another, I arched a conspiratorial eyebrow and said, "Well, we could use another war."

The defense contractor said, "So could we."

The oilman said, "So could we -- as long as it's in the Middle East."

I was joking, and I'm pretty sure the other two were as well. Corporate executives are human beings (except for Ken Lay). They profit from war, but that doesn't mean they want it. Well, maybe a few of them have mixed feelings about that. But until I see hard evidence, I am not going to believe that American business executives would induce the government to start a war, even if they had the power to do so.

These days even President Bush is dissing the oil companies. He doesn't accuse them of starting the Iraq war, of course, but he does now favor looking into other possible misdeeds, such as antitrust violations. For Republican Sen. Arlen Specter and a chorus of Democrats, oil company misdeeds are enough to justify a tax on their "excess profits."

This hunt for a smoking gun misses the point. Taxes are not a form of punishment. And you don't need to find wrongdoing to justify a special tax on their profits. You only need a pocket calculator -- to figure out how much they owe.

The math is rough, but it's not complicated. About a third of the oil consumed in the United States comes from wells in the United States. That's about 150 million barrels a month. The oil industry refers to this as "production," but a more accurate term would be "extraction." Nature produced the oil and charges nothing for it.

Oil is oil, no matter where it comes from, so the price of those 150 million barrels will go up and down with the price of the 300 million or so barrels we import every month. A year ago, that price was about $46 a barrel. Now it's over $70 a barrel. The cost of extracting those 150 million American barrels depends a lot on how you figure and varies well by well. But we can make a few reasonable simplifying assumptions. First, no one was forced to pump oil at gunpoint a year ago. So, however you figure, in April 2005 it must have been possible to extract 150 million barrels of oil from American ground for less than $46 a barrel, including a reasonable profit.

Costs change: Wells have to be pumped harder, or they run dry. Gradually, we are running out of oil and need to import more and more. But these changes are nothing like the fluctuations in the price that oil can be sold for. If 150 million barrels could be extracted a year ago for $46 a barrel, it shouldn't cost much more than that to extract another 150 million barrels in 2006.

Let's round a bit and say that American oil extractors are getting an extra $25 a barrel. For 150 million barrels a month, that's $45 billion a year. And that's just for the oil that's extracted. The oil that remains in the ground also is about $25 a barrel more valuable. Other energy resources, used and unused, are more valuable by a similar amount.

To get this windfall, the oil companies didn't have to conspire with the Bush administration to start a war in Iraq. They didn't have to conspire among themselves to raise prices at the pump. If you own oil anywhere in the world, you didn't have to do a damn thing. Just close your eyes, make a wish, open them and -- surprise -- you're getting an extra $25 a barrel.

Ordinarily, and wisely, the U.S. government doesn't try to guess what is or is not a reasonable profit, and it doesn't try to tax away profit that is unreasonable. As a general principle, the government tries to tax all business profits at a rate that will produce enough revenue to help cover the cost of government without unduly destroying the incentive to produce. Under Republican administrations, the government usually goes further and gives business a bunch of absurd tax breaks. The oil industry has been a special pet over the years.

Ordinarily, we shouldn't want the government to decide when profits become "excess." But the case of huge profits from the run-up in oil prices is different, for two reasons. First, it is unusually clear that these profits have nothing to do with productivity. Diverting them to the Treasury would have no effect on the incentive to extract more oil from American ground. Second, some or all of these profits are directly related to a situation that is imposing huge sacrifices -- financial and otherwise -- on others: that is, the Iraq war.

Because of the war, the government is adding hundreds of billions to the burden of debt that all taxpayers, including other businesses, will have to pay off. Because of the war, American soldiers by the hundreds, and Iraqis by the thousands, are paying the ultimate tax of death by government policy. And because of the war, American oil companies are raking in extra billions in profits.

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The oil companies, like other big corporations, are mostly owned by ordinary citizens, either directly or through mutual and retirement funds. Presumably some of them support the war and others don't. Do any of these shareholders, pro-war or antiwar, want to pocket $45 billion (or whatever number you choose) from a war that is costing others so much?

Eating Our Greens (WP)

By Eugene Robinson

The Washington Post, April 28, 2006

That was no impostor, that was the actual George W. Bush the other day, wagging his finger at the good people who run the oil bidness and pledging to hold them accountable, or at least pretend to. Pushing alternative fuels? Investigating windfall profits? Is the president unwell?

No, he's fine. His fixes for high gasoline prices also include loosening some of those bothersome clean air regulations and, as usual, a call for drilling in the Arctic National Wildlife Refuge. He's just scared, and I don't blame him. With gas prices soaring over $3 a gallon, it's time for some serious panic.

One of the unwritten stanzas of the American creed is that a tank of gas, whenever an American needs one, is a birthright. The gauge gets low, you pull into the service station, you pump your gas, you're back on the road. Gas isn't a purchase you're supposed to have to weigh against other things you need.

Gasoline isn't fuel, it's freedom -- and when freedom is priced like a luxury item, Americans tend to turn on incumbent politicians with a snarl.

It's true that gas is still cheaper here than in the rest of the industrialized world, although the gap is shrinking. It's also true, in my view, that the world would be better off (though it would put Americans in a really foul mood) if the price went a good deal higher, perhaps through a big hike in the federal gasoline tax. That would raise much-needed revenue, since Bush is the most profligate spender since Louis XIV, and also discourage people from driving so much, which would cut carbon emissions and push back the day when palm trees take root at Kennebunkport.

So, yes, we should all eat our peas. But here's what I want to know: What are the implications of gas prices of $3 and higher for our collective relationship with our alter egos, our suits of armor, our advertisements for ourselves, our dreams made tangible, our autobiographies written in steel, glass, rubber and plastic: our automobiles?

That Americans are in love with their cars is a cliche, but often cliches are true. In other countries people have a much more sensible view of automotive hardware. In London, for example, a city where petrol costs an arm and a leg and the streets are barely wide enough for a Victorian hansom, people tend to drive small cars. If all Londoners were replaced by Americans tomorrow, I suspect one of our first projects would be to widen the streets so that two Hummers could pass without slowing down.

I'm not being judgmental here. I don't own a Hummer, but neither do I own a Prius or one of the other little gas-electric hybrids that sip fuel by the demitasse rather than the gallon. (Volvo XC wagon, if you must know.) My conscience tells me I ought to own a hybrid, and I applaud those who do -- economists say this guilt makes no sense, since whatever gas I didn't consume would be used by others in Seattle, Shanghai or Seoul, but that strikes me as shortsighted economist-think that ignores the future of the planet.

I could plead the excuse of being tall, but I've actually sat in a Prius, and it was pretty comfortable. The truth is, I have trouble with the idea of puttering around in an oversize golf cart with skinny little tires, grandmotherly acceleration and an aura that's all virtue, no vroom.

And what about that one snowy day every year -- well, most years anyway -- when I really need that four-wheel drive? What would I do then?

If humans were perfectly rational beings, life would be boring. Different societies have different subjects about which their views are, basically, insane. One of America's defining insanities is the automobile. Look around as you drive in to work tomorrow. Why is that woman driving alone in an SUV as roomy as some Tokyo apartments? Why is that guy driving a Porsche that'll do 150 when he'll never have the nerve to push it past 90, even on a clear stretch of interstate with no county mounties in sight?

But the economists are right about one thing: Irrationality can make a valiant stand against price, but ultimately it succumbs. At $3 a gallon and more, fewer people will buy SUVs. At some higher figure -- maybe much higher, but that seems to be where we're headed -- we'll all downsize into Prius Nation.

But could I have fatter tires on mine? And four-wheel drive? You know, for when it snows.

Bush In New Orleans As Senators Release Report (NYT)

By Jim Rutenberg

DOJ_NMG_0027244

The New York Times, April 28, 2006

NEW ORLEANS, April 27 — Facing renewed criticism of his administration's response to Hurricane Katrina, President Bush came to this storm-ravaged city on Thursday promising to make federal rebuilding efforts "as efficient as possible" while signaling that his administration was listening to its critics.

"All of us in positions of responsibility appreciate those who are working to help us to understand how to do our jobs better," Mr. Bush said on a visit to the heavily damaged Lower Ninth Ward.

Mr. Bush's trip was planned to highlight the progress of rebuilding efforts on the Gulf Coast and, this being National Volunteer Week, the role volunteers have played in them. But it came on a day that a panel of senators, in a bipartisan report, called the Federal Emergency Management Agency the living "symbol of a bumbling bureaucracy."

Speaking to reporters aboard Air Force One en route here, Frances Fragos Townsend, Mr. Bush's domestic security adviser, said that with hurricane season approaching, "now is not the time to really look at moving organizational boxes."

At the home of Ethel Williams, whose bungalow is one of many being restored with help from Operation Helping Hand of Catholic Charities, Mr. Bush praised progress toward recovery here.

The White House seemed to get the sort of image it was seeking, that of the president with his arm around Ms. Williams. With Gov. Kathleen Babineaux Blanco and Mayor C. Ray Nagin, both Democrats, standing nearby, she told him, "I'm proud that you're here, Mr. President, and I won't ever forget you." Mr. Bush said she had promised to have him over one day for a home-cooked meal.

The naming of the Fox News commentator Tony Snow as White House press secretary this week seemed to have created new tension on Thursday with reporters who cover the president.

On Air Force One, the outgoing press secretary, Scott McClellan, was questioned about why the televisions on the plane and in the White House were so often tuned to Fox News Channel, with one questioner asking if there was a general White House edict requiring it.

Mr. McClellan said there was no such edict. After a few minutes he returned to say of the television channel, "They're going to be changing it, at your all's request, to the channel that you requested, which is CNN — from the press corps."

In New Orleans, Bush Urges Volunteerism (WP)

By Jim Vandehei

The Washington Post, April 28, 2006

NEW ORLEANS, April 27 -- President Bush on Thursday wrapped his arm around a symbol of the devastation and hope of this ravaged city: Ethel Williams, one of the thousands of people who lost almost everything to Hurricane Katrina.

Making his 11th trip here since the deadly storm and floods, this time to the obliterated Ninth Ward, Bush came here on National Volunteer Day to implore more Americans to help Williams and others like her. His motorcade wound through the deserted, storm-damaged streets that offered stark reminders of the work that lies ahead: shuttered houses, littered lawns, lifeless roads.

But Williams, who fled briefly to Texas after the storm, is back here on Pauline Street, watching Catholic Charities volunteers gut her modest one-story bungalow and prepare to rebuild it. Bush placed his left arm around Williams's shoulder, surrounded himself with local Democratic politicians and praised the volunteers.

"If you are interested in helping the victims of Katrina, interested in helping them get back on their feet, come on down here," Bush said. Williams thanked the president and offered to cook him dinner when her restoration project is complete.

Back in Washington, Congress was again undercutting Bush's political restoration effort. As Bush was taking off for his morning flight here, Republicans and Democrats were arguing that the Bush administration's emergency-response agency is a disaster and should be overhauled. They cited the government's slow response to Katrina as evidence that the Federal Emergency Management Agency should be abolished and replaced with a new, more effective organization.

At the same time, lawmakers haggled over how much to spend to rebuild New Orleans and other cities damaged by last year's storm. Government spending is expected to top $100 billion this year, which some lawmakers from outside the region consider too high.

Two days before this visit, the White House budget office asked Congress for another $2.2 billion in emergency funding to help repair and fortify the levees.

Frances Fragos Townsend, the president's homeland security adviser, told reporters on Air Force One that with the hurricane season coming, the government should focus on preparation, not reorganization. The Atlantic hurricane season begins June 1.

Bush spent the entire day in New Orleans and on Mississippi's Gulf Coast, promising additional assistance and a better response next time disaster strikes. But volunteerism was his message of the day.

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After leaving Williams's house, Bush toured a Habitat for Humanity project a few blocks away, where he put on a carpenter's apron and gloves, grabbed a hammer and pounded a few nails. The volunteers were turning a vacant lot bigger than a football field into an 81-unit housing complex. In Mississippi, Bush stopped at a tent city to visit with 120 people helping remove debris and build houses through a group called the Hands on Network.

Bush Visits To Call Attention To Work Yet To Be Done (NOTP)

By James Varney

New Orleans Times-Picayune, April 28, 2006

President Bush paid another visit Thursday to storm-mauled New Orleans, talking with residents, pounding nails at a reconstruction site in the 9th Ward, and once again calling on Congress to approve his request of additional money for housing and levee reconstruction in the state.

Bush also used the occassion, his 10th south Louisiana visit since Hurricane Katrina, to highlight New Orleans' sputtering recovery and to urge more volunteers to come to the wounded city. Indeed, volunteerism was a theme of a trip that began with him presenting the President's Volunteer Service Medal to Tris Coffin, 87, of River Ridge, under a wing of Air Force One.

Soon after, following a tour of a gutted house in the 2000 block of Pauline Street, Bush and the home's owner, Ethel Williams, a 72-year-old woman who evacuated to Texas, came to the curb and briefly addressed a flock of reporters.

"The leaders down here tell me they could use 2,500 more volunteers," Bush said, his left arm draped over Williams' frail shoulders. "Well, if you're interested in helping the victims of Katrina, if you want to help them get back on their feet, then come on down to New Orleans."

Bush noted there was no shortage of work to be done, and, with Catholic Charities banners undulating on Williams' porch, he pointed to the work done in the 9th Ward by volunteers from all over the United States.

"It's a chance to give something back to your country, too," he said.

As Bush spoke, he was flanked by Mayor Ray Nagin, Gov. Kathleen Blanco and U.S. Rep. William Jefferson (D-New Orleans).

Bush said he was "calling on Congress" to keep his proposals for $4.2 billion in Community Development Block Grants and $2.2 billion for levee repairs "intact for Louisiana."

The money is part of a bill enfolding hurricane relief and war money for Iraq and Afghanistan. But rancor over the bill has risen and Bush is threatening the first veto of his tenure in the White House if what he regards as ancillary spending isn't stripped from the final version. Jefferson said he was confident that, at the end of the day, both amounts would pass congress.

Nagin and Blanco were on the tarmac when Bush, Jefferson and a handful of other dignitaries, including Bush's hurricane czar, Donald Powell, touched down on Air Force One at 11:13 a.m. Bush gave Blanco a kiss and spoke with her and her husband, Coach, then shuffled to his left and shook hands vigorously with Nagin. The two men talked animatedly for perhaps 30 seconds, at times grabbing each other by the shoulders.

The same clutch of politicians then flew on Marine One to a Port of New Orleans container yard near the former Desire housing development, and took a motorcade into the 9th Ward.

After his brief remarks outside Williams' house, one reporter tried to ask if the president had any reaction to this week's finding by a senate panel that an underfunded and dysfunctional Federal Emergency Management Agency was beyond repair and should be scrapped. Bush simply turned away.

Throughout the trip, Bush and Nagin gave every indication of enjoying a genuine friendship, a relationship both men have claimed is real but which Nagin acknowledged was a surprising development. The mayor famously railed against what he considered the tardy federal response to New Orleans' desperate hour of need after Katrina struck, and when he first met Bush on the tarmac of Louis Armstrong International Airport, four days after the storm, Nagin's bearing reflected his anger. That mood has dissipated over frequent meetings since, however, and both men now claim their relationship is a solid one, with Nagin once saying Bush told him he respected the mayor's honesty in Katrina's aftermath.

After visting Williams' house, the politicians zipped just two blocks away to a Habitat for Humanity rebuilding site on North Roman Street called Musician's Village. There Bush, Blanco, Nagin and Jefferson strapped on tool belts and hoisted triangular roof beam sections up to laborers scampering across the wooden skeletons of new houses. The four then went inside the framework, began to shake hands and chat with individual volunteers, and then Nagin and Bush climbed on step ladders and started hammering home nails handed up to them by Blanco and Jefferson.

Nagin, in particular, attacked the job with zest, and sweat began to gleam on his shaved head. Bush watched him for a moment, bemused, and then told the mayor to take it easy.

"I'm getting some aggression out," Nagin replied, adding cryptically there were, "a lot of people he'd like to hit with a hammer."

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As reporters and cameramen swarmed beneath the two, they continued to banter.

"A southpaw, eh?" Bush said. "So you're a lefty?"

"Oh, yeah," Nagin replied, "I'm lefty about everything."

"You write lefty?" the president asked.

"Oh, yeah," Nagin said, laughing.

Bush insisted, however, that his visit was not all for light conversation. He said his talks with Nagin and Blanco were centered on reconstruction funding and on lines of communication, a topic that also dominated discussions last week the local leaders had with Homeland Security Secretary Michael Chertoff.

"I've had a good meeting with the mayor and the governor," Bush said. "We're all trying to learn the lessons of Katrina, especially with another hurricane season approaching."

Bush Sees Progress On Gulf Coast Visit (WSJ)

By Christopher Cooper

The Wall Street Journal, April 28, 2006

BILOXI, Miss. -- Long after Hurricane Katrina savaged the Gulf Coast, progress on the ground may be catching up to President Bush's upbeat bulletins about rebuilding the region.

Mr. Bush made his 11th trip to the area yesterday. He found that after a start that by nearly every measure was scattershot and halting, federal and state efforts, fortified by some $85 billion from Congress, are beginning to show progress. Cleanup and reconstruction in the region are moving ahead, especially with the basics: removing debris, providing temporary housing and rebuilding the area's demolished infrastructure.

In January, the president was criticized for saying he could see "dramatic" improvement in the region as heaps of trash clogged the streets just outside the Bay St. Louis, Miss., school where he was speaking. But yesterday, on a visit to encourage volunteers to pitch in on the massive reconstruction, his comments seemed better rooted to the situation on the ground.

Mr. Bush's tour included initiatives in two neighborhoods in New Orleans, and a base camp for volunteers supporting relief, recovery and rebuilding in the city of Biloxi and surrounding communities.

"There's lots of progress," he said. "There's still a lot to be done."

The numbers tell the tale.

Katrina left 100 million tons of debris across Louisiana and Mississippi, destroyed homes and businesses and displaced tens of thousands of people. Evacuees slowly are making their way back to damaged communities. New building permits are up sharply. Officials say that debris removal is nearing 90% completion in Mississippi and 70% in Louisiana. Although temporary housing remains a problem in New Orleans, the Federal Emergency Management Agency has placed 11,000 trailers in the city. And the Small Business Administration, after a fitful start in handing out aid, now has approved loans totaling $8 billion.

To be sure, problems remain. Nearly $20 billion in administration-backed spending to upgrade the New Orleans flood-protection system and provide rebuilding help remains bottled up in Congress; temporary housing efforts are still bogged down by bickering between FEMA and New Orleans Mayor Ray Nagin; and some of Mr. Bush's aid proposals for the region -- primarily his "Go Zone" package of tax-free bonds and special depreciation allowances for companies that operate in Louisiana and Mississippi -- remain largely untapped and bogged down by technical problems, experts say.

"We've found that a lot of it is somewhat impractical," said Fred Chevalier, a bond attorney for the New Orleans law firm of Jones Walker. He estimates that only a fraction of the nearly $8 billion in allowances permitted under the program has been tapped, and that the program will remain unattractive to businesses unless the White House backs a series of technical modifications to it.

Donald Powell, Mr. Bush's envoy to the region, is more optimistic. In January, he cited the goal of picking up trash as a measure of progress in the region. These days, he has moved on to other aspects of the recovery, such as ironing out the kinks in the Go Zone programs, which he cited as "a No. 1 issue."

"There are days when I feel good and days when I don't feel very good," Mr. Powell said. He added that the final $20 billion being sought by the Bush administration to help the region should be enough to complete the job.

Meanwhile, two looming uncertainties could affect the reconstruction effort down the road.

One is the fate of FEMA, the agency that received much of the blame for the federal government's initial clumsy response to the disaster. FEMA continues to be the key conduit for much of the recovery's support efforts. Yesterday, a Senate investigative panel said FEMA is flawed beyond repair and should be dismantled in favor of a more streamlined, focused disaster agency. If that happens, the new FEMA may be more responsive and better financed, boosting reconstruction efforts. But the transition to a new authority could be disruptive in the near term.

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The coming mayoral runoff in New Orleans also is a factor. The campaign has distracted efforts to create a cohesive plan for redeveloping the city, which the next mayor must carry through.

The late-May election pits Mr. Nagin, who has been both lambasted and praised for his performance in office during the crisis, against Mitch Landrieu, Louisiana's lieutenant governor who is widely perceived as the more liberal of the two. He is the brother of Sen. Mary Landrieu (D., La.), one of President Bush's harshest critics on the federal disaster response.

Both men are Democrats, but people close to the White House say Mr. Bush likes Mr. Nagin and certainly prefers him to anyone from the Landrieu family. So, while Mr. Bush's visit to the city was officially billed as a tribute to volunteerism, they said it was also designed to bolster Mr. Nagin's political prospects with the city's white conservative establishment, where support for Mr. Nagin has flagged.

At a site where Habitat for Humanity is building 81 new homes, Mr. Bush donned work gloves and a tool pouch to help raise roof frames onto one house. Mr. Bush and Mr. Nagin traded jokes about the campaign as they pounded nails into the frame. "I got a few people I'd like to hit," the mayor said.

Bush Visits Storm-Ravaged Gulf Coast (AP)

By Jennifer Loven

AP, April 27, 2006

Surrounded by evidence of the incomplete recovery from Hurricane Katrina, President Bush on Thursday tried to calm fears across the Gulf Coast that another monster storm could be lurking in the upcoming hurricane season.

"If there is one, the response will be as effective as possible," said Bush, whose administration has been faulted for a flawed response to Katrina that exacerbated the hurricane's destruction.

Sensitive to voters' anger over soaring gasoline prices, Bush also said he wants Congress to give the Transportation Department the power to increase auto fuel economy standards — an idea proposed in an energy plan by Senate Republicans. The department already has such authority over pickup trucks, SUVs and vans.

Later Thursday, Transportation Secretary Norman Y. Mineta wrote a letter to House and Senate leaders of both parties urging "prompt action" on the president's request. Mineta wrote it was "imperative that (fuel-economy) standards be set through an administrative process based on sound science and data."

The 2006 hurricane season begins June 1, and the president said his administration is working with local officials to make sure communications are clearer and supplies are effectively positioned in advance.

Don Powell, Bush's liaison to hurricane relief efforts, said the restoration of New Orleans' levees to their pre-Katrina condition is expected to be completed by June 1.

Bush's comments, on his 11th visit to the Gulf Coast since Katrina struck in August, came as a seven-month Senate inquiry indicated the United States still was woefully unprepared for a storm of that scope. The Senate review followed a House investigation that was similarly critical of Bush and other top federal officials, and milder White House conclusions that blamed the Homeland Security Department for most of the breakdowns.

"We are far better prepared today than we were this time last year," said Frances Fragos Townsend, Bush's homeland security adviser. "And we will be far better prepared by June 1."

The president said, "All of us in positions of responsibility appreciate those who are helping us to understand how to do our jobs better."

Bush's trip to still-devastated Louisiana and Mississippi was intended to encourage volunteers to pitch in on the massive reconstruction effort.

In New Orleans, the president stopped at a modest bungalow being restored by volunteers in the Ninth Ward, one of the city's majority-black neighborhoods that endured the storm's brunt and remain largely uninhabitable.

The street was piled high in places with trash. Yards were overgrown with weeds. White government trailers that are the main housing for the displaced sat in many front yards.

With less half of the New Orleans pre-storm population back, few residents were evident. The president's motorcade parked in front of one of the city's many shuttered schools.

Ethel Williams, the owner of the single-story green and white duplex, thanked those who are gutting her house so she can return to her home from Texas, where she fled during the storm.

"I'm proud that you're here, Mr. President, and I won't ever forget you," she said, her arm around Bush's waist. The high-water mark from Katrina's flooding was visible behind her, about one-third of the way up her home's single story.

Bush said, "If you're interested in helping the victims of Katrina, interested in helping them get back on their feet, come on down here."

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From Williams' home, Bush went to a nearby large vacant lot where Habitat for Humanity is building 81 new homes, several feet off the ground for protection against future floods, for New Orleans musicians.

Bush, wearing casual blue pants and checked shirt, put on work gloves and a carpenter's apron as he wandered around the construction site and chatted with workers. The president, Louisiana Gov. Kathleen Blanco and New Orleans Mayor Ray Nagin helped raise roof frames onto one house.

Bush and Nagin traded jokes as they pounded nails into the frame. "I got a few people I'd like to hit," quipped Nagin, who faces a runoff election next month against a fellow Democrat, Lt. Gov. Mitch Landrieu, in his bid for another term.

Later, in Biloxi, Miss., the president visited a base camp that houses and deploys volunteers to projects around the community from a Methodist church.

He sat around a table nodding approvingly at volunteers who had come from all over the country, and checked their organic farming and pet-rescue efforts. Bush posed for pictures with several dozen people who have been living in a church balcony and a tent city outside.

"Character-building," commented Bush.

Katrina was one of the worst natural disasters in U.S. history, killing more than 1,300 people, leaving hundreds of thousands of homeless and causing tens of billions of dollars in damage. The government's lagging help for disaster victims has contributed to a persistent second-term slump for Bush.

House Lobbying Bill Narrowly Advances (AP-Y2)

By Jim Abrams

AP2, April 27, 2006

A Republican-backed lobbying overhaul bill narrowly survived Thursday, averting what would have been a stunning blow to the party's drive to repair the scandal-tarnished reputation of Congress before the fall elections.

The 216-207 House vote to advance debate on the bill came after GOP leaders spent hours urging their own members not to abandon them on the legislation. The turning point came when they persuaded Republican members of the Appropriations Committee to go along with measures in the bill to limit earmarks, or special interest projects.

In the end 12 Republicans, mostly lawmakers who thought the bill was too weak, voted against it. Democrats were unanimous in opposition.

Rules Committee Chairman David Dreier, R-Calif., the main sponsor of the bill, said the bill would add new transparency to lawmaker-lobbyist relations. "What we are doing here today is another indication of our strong commitment to the issue of reform."

Rep. Christopher Shays (news, bio, voting record) of Connecticut, one of the Republicans voting against the resolution, disagreed. "We're losing our moral authority to lead this place," said Shays, who like Democrats, objected to procedures that barred them from offering amendments they said would have strengthened a weak bill.

The rejected amendments included imposing a ban on gifts from lobbyists, creating a new office to oversee ethics violations in the House, and making retiring lawmakers wait longer before becoming lobbyists.

Majority Leader John Boehner said the House would return to the bill next Tuesday. "Changing anything here in Washington is almost impossible," the Ohio Republican said. "The status quo is a powerful force."

The debate Thursday followed months of negotiations to craft a lobbying overhaul bill in the wake of the scandals generated by disgraced former lobbyist Jack Abramoff and the bribery conviction of former Rep. Randy "Duke" Cunningham, R-Calif.

The most prominent issue during the day was earmarks, the pet projects that find their way into larger bills, often at the urging of lobbyists. Republican fiscal conservatives demanded greater disclosure of earmark sponsors, while members of the Appropriations Committee objected that the new disclosure rules applied only to appropriation bills, not policy and tax bills.

Earlier this month GOP leaders were unable to deliver on a $2.8 trillion budget blueprint because of a similar struggle between conservatives and the Appropriations Committee over budget reforms.

"After months of scandal and years of deficit spending, we have come to a moment of truth," said Rep. Mike Spence, R-Ind., a leader of the conservatives. "We will show today who in this body is committed to reform and who is not."

"This is the acid test today," said Rep. Jeff Flake (news, bio, voting record), R-Ariz., a leading opponent of earmarks.

Republican Whip Roy Blunt, R-Mo., said it wasn't until five minutes before the vote that he learned that Appropriations Committee leaders would go along with a leadership promise to extend the earmark provisions to all committees when the House and Senate negotiate a final version of the bill.

GOP leaders brought the lobbying bill to the floor Thursday morning but then abruptly pulled it because of the earmarks dispute. They resumed debate four hours later after a two-hour closed-door meeting with the party rank-and-file.

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"Virtually everyone seems to be unhappy with some aspect of this," Dreier said Wednesday. He has overseen the lobbying issue since last January when the House, reacting to the Abramoff scandal, took the initial step of banning members-turned-lobbyists from the House floor and gym.

As Republican leaders huddled to try to salvage the bill, Minority Leader Nancy Pelosi, D-Calif., criticized their efforts.

"This is a bill they thought they could get away with," Pelosi told a press conference.

"It's a ruse, and I think they thought it was worth a try. But people are seeing through it, and their members are hearing from the public."

The House bill requires lobbyists to file quarterly reports on their activities, up from the current twice-a-year reports; suspends all privately funded travel through the end of the year; requires appropriations bills to list earmarks; and takes away the retirement benefits of lawmakers convicted of corruption-related crimes.

The Senate bill, passed last month on a 90-8 vote, goes further in banning gifts and meals from lobbyists. It also requires that lobbyists report on grass-roots lobbying involving the use of phone calls and ads to encourage the public to contact their lawmakers, and extends to two years, up from the current one, the waiting period before a former lawmaker can take a job lobbying Congress.

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The House bill is H.R. 4975.

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On the Net:
Congress: http://thomas.loc.gov/

House Advances Ethics Measure By Slim Margin (WSJ)

By David Rogers
The Wall Street Journal, April 28, 2006

WASHINGTON -- Lobbying overhaul and ethics legislation narrowly advanced in the House after a day of turmoil that dramatized the continued Republican divisions over how to respond to the wave of scandals threatening the party's power.

Twelve Republicans, including the former chairman of the House Ethics Committee, opposed the leadership on a pivotal 216-207 procedural vote. Dozens more had threatened to jump ship until Speaker Dennis Hastert (R., Ill.) interceded to quell a rebellion by members of the House Appropriations Committee.

"The speaker is the speaker; you only have one speaker at a time," said Appropriations Chairman Jerry Lewis (R., Calif.).

By holding the party together, Mr. Hastert avoided what would have been a huge defeat, killing both lobbying overhaul and any chance of a budget resolution this spring. But when debate resumes next week, critics say the shortcomings of the Republican package will also become more apparent -- as well as the restrictive terms of debate.

As adopted last night, the rule would effectively bar many amendments sought by public-interest groups pushing for stronger changes. These would include a ban on members taking below-cost flights on corporate aircraft and the creation of an independent professional office of public integrity to complement the troubled Ethics Committee structure.

"There are some good things in the bill, but it doesn't go far enough," said Rep. Joel Hefley (R., Colo.), the former chairman of the ethics panel. "We're losing our moral authority to lead this place," said Rep. Christopher Shays (R., Conn.). "When I was elected 10 years ago ... I really believed we would be allowed to have debates. And every year I see less and less of it."

The fight with Appropriations Committee Republicans dealt primarily with a set of proposed procedures intended to discourage the practice of members slipping "earmarks" into spending bills, designating funds for home-state projects or special interests.

The conviction of former Rep. Randall "Duke" Cunningham (R., Calif.) centered on bribes he had received in return for helping to write earmarks into appropriations bills for favored defense contractors. Republican lobbyist Jack Abramoff, who pleaded guilty to three felonies in January and is cooperating with prosecutors in a congressional corruption probe, helped to orchestrate some earmarks for his clients.

The proposed rules changes would demand more transparency when appropriations bills come to the House, and a special point of order is created to allow members to challenge any earmark that is added in final House-Senate negotiations -- without having been voted on first by either chamber.

Mr. Lewis and other Appropriations Republicans said they were prepared to accept the changes, but wanted the rules applied equally to other committees that approve earmarks in their bills.

Mr. Lewis has a long record of earmarks and close ties to defense lobbyists, but he has tried to reduce the number of earmarks in House bills, and many on the committee felt the panel was being singled out.

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At a morning meeting, Majority Leader John Boehner (R., Ohio) sought to resolve the issue by promising that the final bill -- after talks with the Senate -- would be comprehensive. But his assurance wasn't enough, forcing Mr. Hastert to put the House in recess for most of the day as Republicans caucused.

"It's been a full day of personalities," the speaker said.

"I honestly didn't know what we were fighting about," said one top leadership aide. But fight they did -- members and staff alike -- quite openly.

"We're doing to ourselves what the Democrats did to themselves," said a House Republican, and the turmoil contributed to the delay again of an agreement on tax legislation.

One of the last major issues to be settled is what offsetting revenue raisers can be approved to bring down the bill's net cost within the prescribed $70 billion total for five years. "They're pretty close in their parameters," said Mr. Hastert, and he and tax writers remained confident they can reach a settlement next week.

Ethics Bill Clears The House In Tight Vote (WP)

By Jonathan Weisman And Jeffrey H. Birnbaum

The Washington Post, April 28, 2006

The House narrowly cleared the way yesterday to vote on an overhaul of congressional lobbying rules after hours of contentious, closed-door meetings yielded a Republican agreement to broaden measures to rein in home-district pet projects and other narrow special-interest amendments.

The 216 to 207 vote followed a tumultuous day in which the measure had to be set aside for five hours while Republicans met in emergency session to revive the faltering legislation. Up to the moment a vote was held last evening, House Republican leaders feared an embarrassing defeat.

But a last-minute deal between House Speaker J. Dennis Hastert (R-Ill.) and rebellious Republicans on the House Appropriations Committee salvaged the legislation, which is now scheduled for a vote Tuesday.

Hastert promised appropriators that they would not alone be targeted by a provision that requires narrowly tailored "earmarks" be identified by the names of their sponsors and be subject to a special type of vote that could remove them. The leadership pledged to broaden the earmark provision in later negotiations with the Senate so that it will apply to all sorts of legislation, from transportation to taxation.

Appropriators were incensed that the pending ethics bill would apply the strict new rules only to their 11 annual spending bills, which fund the federal government. Had the provision been in place last year, they complained, it would not have blocked the so-called Bridge to Nowhere in Alaska, which helped spawn Congress's anti-earmarks drive in the first place. That much-criticized project was part of an authorization bill drafted by the House Transportation and Infrastructure Committee, not an appropriations bill.

Even with the eleventh-hour backing of the GOP appropriators, the measure that passed yesterday, called a rule, almost failed. The vote had to be held open longer than usual before it garnered a majority. A solid phalanx of Democrats and 12 Republicans, including House Judiciary Committee Chairman F. James Sensenbrenner Jr. (Wis.) and fellow party members pushing for stronger measures, cast votes against the legislation.

The bill would require lobbyists to file quarterly instead of semiannual disclosures, and to include in those reports the donations they give to federal candidates and political action committees. Lobbyists would also have to make public the value of any gift that they give to lawmakers or congressional aides. In addition, appropriations bills would have to list any earmarks that they contain, as well as the sponsors of those projects. Ethics training would become mandatory for House employees under the legislation.

The measure was slated to come to a vote at noon but was abruptly yanked from the House floor after a brief debate. Aides confirmed that it was clear then that the rule did not have enough support to pass, largely because of the appropriators' defection. Earlier in the morning, House Majority Leader John A. Boehner (R-Ohio) had met privately with GOP appropriators and learned about their firm objection to being singled out in the ethics bill.

By 12:15, Republican leaders convened an emergency, members-only conference in one of the Capitol's largest and most ornate rooms, the House Ways and Means Committee chamber in the Longworth House Office Building.

In contrast to the regal surroundings, participants said the meeting was loud and pointed. Several appropriators frankly expressed their opposition; other lawmakers said the defeat of the measure would be a black eye for Republicans who are trying with the bill to distance themselves from former lobbyist Jack Abramoff, whose guilty plea in January prompted the reform effort.

Still others, such as Rep. Christopher Shays (Conn.) said the bill was less than a window dressing and should be rejected. Later, to reporters, he called the bill "pathetic." On the House floor, he added: "We're losing our moral authority to lead this place."

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But it was not until a later, 45-minute meeting in the Capitol among the appropriators -- including former House majority leader Tom DeLay (R-Tex.) -- Hastert and Boehner that the accord was struck to save the ethics bill.

House GOP Saves 'Pork' Reform Bill (WT)

By Charles Hurt And Christina Bellantoni

The Washington Times, April 28, 2006

Republican leaders in the House reached a last-minute deal yesterday to save a bill that includes the most significant reform in recent history to the process by which billions of dollars in federal "pork" are doled out each year in political favors.

The reforms -- part of a much larger bill aimed at curtailing the influence of lobbyists on Congress -- would require greater disclosure about special projects inserted into spending bills by lawmakers, also known as earmarks or pork. Most significantly, the legislation would require members of Congress to attach their names to their proposed earmarks, which sometimes are inserted secretly and anonymously.

House Majority Leader John A. Boehner said Republicans are committed to fixing the problems that led to abuses such as the bribery scandal involving former Rep. Randy "Duke" Cunningham, a California Republican who was sentenced to eight years in prison.

"This really does allow us to make some real reforms," the Ohio Republican said. "Changing anything here in Washington is almost impossible. The status quo is a powerful force."

Yesterday's largely party-line 216-207 vote was on a procedural motion that paves the way for a final vote on the bill in the House next week.

For much of yesterday, however, the legislation appeared to be doomed.

Shortly after the vote, one Democrat hurriedly issued a press release with a subject line: "GOP Lobby Bill Dies in the U.S. House."

Yesterday morning, Republican leaders brought the bill to the floor for debate. But they quickly shut down floor discussion and pulled the bill because of strong opposition from Republican members of the influential Appropriations Committee, which is responsible for approving all spending by the federal government. Leading that opposition was Appropriations Chairman Jerry Lewis, California Republican.

Throughout the day, Republicans huddled in closed meetings, searching for a deal that would win the handful of votes needed from the Republican appropriators to pass the bill. Only as the vote began on the House floor did word begin to leak out that a deal had been reached to save House Republican leadership from an embarrassing defeat on high-profile legislation.

Afterward, House Majority Whip Roy Blunt, Missouri Republican, said, "In the eight years I've been whip and chief deputy whip, I was never less certain five minutes before we started the vote."

Democrats, who were unanimous in their opposition, derided the bill.

"Tragically, the party of Abraham Lincoln has become the party of Abramoff," Rep. Lloyd Doggett, Texas Democrat, said in reference to casino lobbyist Jack Abramoff, who recently pleaded guilty in a federal corruption case.

"With all of your special interest wining and dining, what a Grand Old Party it is," Mr. Doggett said on the floor before the vote. "But it is a grand party for everyone but the taxpayers, who have to pick up the tab."

Before the vote, House Rules Chairman David Dreier, California Republican, said Republicans wanted "to ensure that the tragic problem of corruption that we have witnessed will never happen again."

He went on to say, "The Republican Party is the party of reform."

When Mr. Dreier was done, Rep. David R. Obey, Wisconsin Democrat and ranking member of the Appropriations Committee, responded: "I want to congratulate the gentleman from California for giving that speech with a straight face."

House Republicans Manage To Delay Vote On Ethics Reform Legislation (KRT)

By James Kuhnhenn

Knight Ridder, April 27, 2006

WASHINGTON - House Republican leaders on Thursday narrowly defused a revolt within their ranks that would have killed lobby and ethics legislation, but then delayed a final vote on the package until next week.

The legislation still faces broad, if not unanimous, opposition from Democrats and a handful of Republican moderates who say the legislation falls far short of what Congress needs to remove the stain of scandal rising from recent criminal convictions for influence-peddling.

The legislative package, which will be voted on Tuesday, restricts some congressional travel, requires more frequent public disclosure of lobbying activity and forces public identification of sponsors of special-interest "earmarks" inserted into spending bills.

The measure's defeat would have been an embarrassing setback for House Speaker Dennis Hastert, R-Ill., and Majority Leader John Boehner, R-Ohio. Both vowed to tackle ethics and lobbying legislation in the wake of guilty pleas for corruption by disgraced Republican lobbyist Jack Abramoff and former Rep. Randy "Duke" Cunningham, R-Calif.

Allegations of influence-peddling also have spilled into Democratic ranks. Rep. Alan Mollohan, D-W.Va., had to step down recently as the top Democrat on the House ethics committee after publicity stirred controversy over spending provisions that he'd inserted into legislation benefiting his friends and business associates.

House Republican appropriators, the lawmakers who draft spending bills, had threatened to vote against the legislation because they objected to its restrictions on "earmarks," the special spending items that members of Congress routinely insert into appropriations bills to benefit constituents. The appropriators said it wasn't fair to restrict such items only in appropriations bills and not in tax or policy legislation.

The appropriators, led by their chairman, Jerry Lewis, R-Calif., eventually relented after Hastert and Boehner promised to apply earmark restrictions to all forms of legislation when the final bill gets reconciled with a Senate version passed in March.

Following the GOP leaders' pledge, the House voted 216-207, largely along partisan lines, to accept the rule governing debate on the bill, indicating likely passage.

"The leader and the speaker gave their word to our members," Lewis said. "We can't ask for any more than that from our speaker. Comprehensive earmark reform is fundamental to our being able to go forward positively and effectively."

Still, many Republican advocates of changing the earmark system were suspicious of the appropriators' motives.

Many House conservatives are suspicious "that the desire to expand earmark reform is actually a desire to kill earmark reform," said Rep. Mike Pence, R-Ind.

The House legislation would ban all privately funded travel by members or their staffs until Dec. 15, six weeks after the November elections. It also would prevent lobbyists from accompanying lawmakers on corporate jets.

Lobbyists would have to file quarterly lobbying disclosure reports. They also would have to reveal previous employment in the legislative and executive branches of government.

The controversial earmark provision would require the appropriations committee to include a list of earmarks in spending bills and to identify any member whose earmark appears in the bill. Any House-Senate negotiated spending bill that adds earmarks also would be subject to parliamentary challenge.

House Democratic Leader Nancy Pelosi of California called the bill "an embarrassingly trivial response to the culture of corruption that has thrived under this Republican Congress."

The Senate version contains tougher restrictions on lobbying and ethics. Unlike the House bill, it bans all gifts and meals from lobbyists and extends from one to two years the period that former members have to wait before they can lobby Congress. In addition, the Senate's restrictions on earmarks apply to tax and policy legislation as well as to spending bills.

Lobbying Bill Quite Different From 1st Draft (USAT)

By Jim Drinkard

USA Today, April 28, 2006

WASHINGTON — Just three months ago, House Speaker Dennis Hastert went before TV cameras to say he was “deeply disturbed” by the money-and-influence scandal that was sweeping the capital. His top remedies: to ban gifts from lobbyists to members of Congress, and to prohibit “fact-finding” trips paid for by private interests.

To get it done, he appointed his Rules Committee chairman, Rep. David Dreier, R-Calif. The House of Representatives, Dreier said, needed to be bold and avoid “the tranquilizing drug of gradualism.”

On Thursday, the House set the bill up for final passage next week. It bears little resemblance to Hastert's early prescription. Lobbyists would still be able to buy gifts for lawmakers, as long as they are worth $50 or less. Instead of banning privately financed trips, they would be suspended until the ethics committee could come up with new rules to govern them.

No Democrat voted to move ahead. Minority Leader Nancy Pelosi, D-Calif., called the measure “a ruse.”

She added, “It is an embarrassingly trivial response to the culture of corruption that has thrived under the Republican Congress.”

Dreier said no one is happy about the bill, but he defends it as a step forward: “It makes it harder to abuse the rules, and easier to enforce them.”

So what happened? What looked like a straightforward response to the Jack Abramoff lobbying scandal was complicated by competing pressures among House Republicans and from interest groups. “That was the wisdom of the House,” was how Hastert explained it on Thursday.

Abramoff courted lawmakers with free meals, trips and campaign contributions. He pleaded guilty Jan. 3 to corruption charges, and is cooperating with prosecutors while he awaits sentencing in Washington.

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On Jan. 28, Dreier began circulating a draft bill that included a ban on privately financed travel; a $20 limit on gifts from lobbyists, and a ban on sports and entertainment tickets. Dreier's draft called for lobbyists to say who they were raising money for and to detail the parties they sponsor for them, such as lavish soirees at national political conventions.

The first sign of change came five days later when Rep. John Boehner of Ohio was elected House majority leader by his fellow Republicans. He had derided Hastert's proposed travel ban as "childish" and dismissed calls for an end to lobbyist-paid lunches.

Boehner made no apologies for his close ties to lobbyists, even boasting that his relationship with them was "frankly, a very good one." He called for greater disclosure of lobbyist-lawmaker ties, rather than new rules to ban certain behavior.

Boehner did push for curbs on "earmarks," pet projects inserted in spending bills, often at the last minute. Abramoff had called the House Appropriations Committee "the favor factory" because it could reward lobbyists with earmarks.

But objections remained. House moderates such as Rep. Christopher Shays, R-Conn., an author of campaign-finance restrictions enacted in 2002, pushed for stricter rules. Appropriations Committee Chairman Jerry Lewis, R-Calif., protested singling out his panel for scrutiny.

Five House committees weighed in. The Judiciary Committee added requirements that lobbyists disclose the names of the lawmakers and staff they try to influence.

That went too far for some of the panel's Republicans, such as Rep. Steve King of Iowa, who said it would be unwieldy. "The best you can do is follow the money. You can't follow the people," he said.

King said Hastert's push for stricter rules on lobbying was an effort to protect rank-and-file members from any voter backlash to the lobbying scandal. But King said his congressional district, in western Iowa, "surely has forgotten about all of this."

Conservative groups allied with Republicans started to complain. The Family Research Council, Focus on the Family and the National Right to Life Committee wrote to Hastert, Boehner, Dreier and Majority Whip Roy Blunt, R-Mo. They said the provision on detailing lobbying contacts "would impose severely onerous record-keeping requirements for organizations such as our own."

Paul Miller, president of the American League of Lobbyists, also pressed to not name lobbying targets, and praised Boehner and Dreier for "stepping back and saying, 'Maybe we need to slow down a little bit.' " He added, "Cooler heads prevailed."

To satisfy Lewis and his committee, Hastert huddled Thursday with the 37 Republicans on the first floor of the Capitol. He promised them they wouldn't be singled out. Hastert pledged that any final lobbying agreement with the Senate would require that all earmarks — including those in tax and policy legislation — be labeled with the name of their sponsor. "We can't ask for more than that," Lewis said.

Government watchdog groups protested. Common Cause President Chellie Pingree said it was as if Congress had forgotten the Abramoff scandal.

"We will be back to business as usual, if not worse," Pingree said. "Lobbyists could continue to organize fundraising events, go on trips with members of Congress, give gifts, and provide discounts on chartered jets." Current rules allow lawmakers to fly on corporate jets for the cost of a first-class ticket — far less than such flights are worth.

Shays lashed out at his party's House leaders as "clueless about the need for reform."

He added, "Republicans are losing our moral authority to lead this place, and I can't say much more about the Democrats. It's a race to the bottom."

GOP Barely Keeps House Ethics Bill On Track (LAT)

By Richard Simon

The Los Angeles Times, April 28, 2006

WASHINGTON — House Republican leaders overcame a rift within party ranks Thursday to clear the way for passage of legislation to tighten ethics and lobbying rules, a key to the GOP effort to repair Congress' image before the November elections.

The bill narrowly cleared a procedural hurdle, but only after Republican leaders scrambled to bring together their rank and file to avoid an embarrassing setback on one of their priorities. It showed just how much the leaders had to work to unite the once lock-step GOP team, and underscored the difficulty that lay ahead in trying to change the way lawmakers and lobbyists go about their jobs.

The vote was 216 to 207, with no Democrats in favor. Twelve Republicans and one independent also voted no. The California delegation split along party lines, with Rep. Juanita Millender-McDonald (D-Carson) not voting.

A final vote is expected next week. The House legislation will then have to be reconciled with a Senate bill approved 90 to 8 late last month.

The issue has come to the fore amid public opinion polls showing widespread dissatisfaction with Congress.

"It's our only chance to maintain the majority, it really is," said Rep. Jeff Flake (R-Ariz.).

Democrats, government watchdog groups and a handful of Republicans have assailed the bill as weak, saying it would do little to change the way business is conducted on Capitol Hill, which has been rocked by a spate of ethics scandals.

The bill would put a moratorium on privately funded congressional travel, deny congressional pensions to lawmakers convicted of abusing the public trust and require a public accounting of projects tucked into spending bills, often at the behest of lobbyists.

Unlike the Senate bill, the House measure would not prohibit lobbyists from buying gifts or meals for lawmakers or extend the period former lawmakers must wait after leaving Capitol Hill before lobbying their onetime colleagues. It would require lobbyists to disclose the meals they buy for lawmakers and staffers, but they would not be forced to disclose their contacts with lawmakers or their role in arranging fundraisers.

"We need bold reform — and regretfully, this bill does not do it," Rep. Christopher Shays (R-Conn.) said.

"A ruse — that's what this is," House Minority Leader Nancy Pelosi (D-San Francisco) added, signaling that Democrats planned to continue to highlight ethics as a campaign issue this year.

The renewed call for ethics and lobbying reform comes in the wake of guilty pleas to political corruption by former Rep. Randy "Duke" Cunningham (R-Rancho Santa Fe) and disgraced lobbyist Jack Abramoff, money-laundering charges that forced former House Majority Leader Tom DeLay (R-Texas) from his leadership post, and an investigation of influence-peddling in Washington. Some Democrats have also come under scrutiny for alleged ethics lapses.

House Rules Committee Chairman David Dreier (R-San Dimas), the House GOP's point man on drafting ethics rules, called the bill a "vast improvement over the status quo."

"If everybody is unhappy with a piece of legislation, it's probably a pretty good bill," Dreier said, quoting former House Ways and Means Committee Chairman Dan Rostenkowski, an Illinois Democrat who served time for mail fraud in the mid-1990s.

Earlier in the day, the legislation appeared in jeopardy because of a bitter dispute within the GOP over proposed rules aimed at reining in projects slipped into spending bills, frequently at lobbyists' requests.

House conservatives upset with the explosion of "pork-barrel" spending succeeded in including language that would require projects, as well as the projects' congressional sponsors, to be identified in spending bills and would give lawmakers a new opportunity to challenge funding requests added to spending bills late in the legislative process.

But the proposed change was resisted by House Appropriations Committee members, who have the power to earmark money for lawmakers' pet projects.

The panel's chairman, Rep. Jerry Lewis (R-Redlands), and many of its members signaled that they would withhold their support unless the rule change applied to all bills. Without that, they said, Congress could encounter the same kind of public outcry it got last year when the $223-million "bridge to nowhere" — connecting the town of Ketchikan, Alaska, to an island with an airport and about 50 inhabitants — was included in a highway bill.

House Speaker J. Dennis Hastert (R-Ill.) and Majority Leader John A. Boehner (R-Ohio) picked up the votes of Lewis and others after pledging to ensure that no House-Senate compromise bill would come before the House for final approval unless it included "comprehensive earmark reform" applying to all bills.

"Changing anything here in Washington is almost impossible," Boehner said after the vote.

Scalia Floats And Breyer Rocks For A Day In Court (WSJ)

By Daniel Henninger

The Wall Street Journal, April 28, 2006

On Jan. 22, 1973, the Supreme Court of the United States decided Roe v. Wade, creating the right to an abortion. This column is not about abortion. It is about the Supreme Court.

The preceding two sentences would strike some as a contradiction. As proved by the nomination hearings before the Senate Judiciary Committee for John Roberts and Samuel Alito, the Supreme Court resides now in the political mind as all about the right to an abortion, with the rest of the world mere footnotes.

This week offered the last oral arguments in the Court's current term, and on Monday I went to see and hear what the nine Justices do when they are not thinking about abortion. Like a New Yorker who has never been to the Statue of Liberty and a Washingtonian who's never visited the White House, I've managed a career in political journalism without attending an oral argument before the Supreme Court. In a perfect world, all Americans would. Sen. Arlen Specter is proposing to make the Court's corner of the world perfect, but more (well, a little) on him later.

Attending the Supreme Court may be better than going to church insofar as you can't attend the Court in your gym clothes. The Court's hearing chamber may be the last best place to experience authentic decorum anywhere in America. Cell phones? They even forbid reading material. As the moment to begin arrives, a clerk instructs, "Remain absolutely silent." The best yet: "If

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you find yourself falling asleep, you are free to leave the courtroom." A somnolent 7-year-old in front of me was admonished twice.

The Court is not wholly immune from the compulsions of popular culture. When they entered the chamber, one felt in the presence of celebrities. They sit beneath a large suspended clock, with Roman numerals. Its sweeping second hand is visible to the attorneys who have 30 minutes to make their case. As the 10 a.m. start approached, the room fell from murmurs to whispers to still silence.

The Court heard oral arguments for two cases. The first, anyone could understand; the second, no one could understand. Both held the audience rapt.

The question before the Court in Brigham City v. Stuart was whether police in Utah, responding to complaints about a loud party in a house at 3 a.m., and arriving on the sidewalk to see a kitchen fight among four apparently intoxicated individuals, were wrong to enter the house without getting a warrant. Utah's courts ruled against the police.

Before a word of argument, Justice Scalia, his seniority placing him next to Chief Justice Roberts, had rocked backward, his face suffused with skepticism. To his left, Justice Souter had fixed the attorneys with a stiff, slightly scary New Hampshire stare. Justice Breyer, at one end of the bench, appeared grandly bored (he is not, as Michael P. Studebaker, Mr. Stuart's attorney, will learn). Justice Thomas famously asks no questions at oral argument, but he and Justice Breyer appear to be bench buddies, rocking back to smile and chat each other up over some point of shared amusement.

Brigham City is a case designed to amuse, insofar as Mr. Stuart's attorney is arguing that the police should have telephoned a judge for a warrant even as a fistfight was under way. The Fourth Amendment issue is that the states have varying and conflicting standards in such instances.

There is much discussion of warrants, knocks and noise levels.

Justice Souter: "Why knock if it's obviously a futile gesture, if no one will hear?"

Justice Scalia: "Why is the trial court obsessed with knocking?"

Justice Breyer: "The Constitution says 'reasonable.' A policeman isn't a lawyer. . . . A warrant would take half an hour. There would be more drinking, more violence. What's wrong?"

Mr. Studebaker: "It still requires a warrant."

Justice Breyer, appearing to side with the police, and with emphasis: "I'm saying it's not. It's reasonable." Justice Scalia has now sunk so low in his chair that only the top half of his face is visible to the gallery. He looks like he's floating in a Jacuzzi. Justice Stevens brings down the house with the morning's best probable-cause line: "The adults were intoxicated? That's a serious crime in Utah!"

Chief Justice Roberts, peering over his reading glasses, ends it: "The case is submitted."

Kircher v. Putnam Funds Trust is from another planet. A class-action securities case raising issues of federal and state jurisdiction (of material interest to the mutual-fund industry), it is impossibly abstruse. Yet the colloquy between the Justices and the two competing lawyers fixates the audience. It is an 11-piece orchestra playing a complex legal concerto, and at the end the impulse is to applaud.

Later, the Justices will discuss the cases in a book-lined conference room around a rectangular table. Each Justice has three stacked pads of paper -- small, medium and large. Clerks never sit in. There is no record of the conversation. Unlike the sprawling office edifices of Congress in the nearby streets, the Court occupies one square building. On a tour of its nooks and crannies, one encounters virtually no one. The Court's work is done by nine Justices and some 37 clerks, plus a legal team to help choose among 10,000 submitted cases.

Agreed: The issues that rage around the Court over constitutional interpretation are worth fighting over. But in an op-ed piece this week, Judiciary Chairman Specter raged that the public deserved to have the Court's "power" televised. He is wrong. TV of its nature would surely diminish the Court. Anyone who wishes may listen to past oral arguments at www.oyez.org/oyez/frontpage1. That includes, quite eerie to hear, Roe v. Wade.

Institutions matter. The Congress is approaching dysfunction. Perhaps the country can survive that. The American presidency has morphed beyond human scale. But to enter the Supreme Court and encounter the place, the people and its essential purpose is to feel carbon-dated to 1789. Though often maddening, its majesty remains intact.

Reining In Justice Scalia (NYT)

By Adam Cohen

The New York Times, April 26, 2006

"You know what I say to those people? That's Sicilian."

—Justice Antonin Scalia

Justice Antonin Scalia has gone too far — and he keeps on doing it.

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He made national headlines recently for making a gesture that may or may not be obscene. If it wasn't obscene, it was certainly coarse and undignified.

He recently called those who disagree with his unconventional views of the Constitution "idiots."

His public statements often make him sound more like a political partisan than a judge. He is particularly bad on the subject of Bush v. Gore, the decision that put President Bush in the White House, a low point in the Supreme Court's history that Justice Scalia should not be pulling down any lower.

Worst of all, Justice Scalia refuses to abide by the basic principles of recusal, the law that forbids judges from hearing cases in which they are not impartial, or will not be viewed as impartial. A few weeks ago, he took part in a case involving the rights of detainees after making inflammatory statements that seriously called his fairness into question.

Justice Scalia is certainly hurting his own reputation. After one of his ethical lapses involving Vice President Dick Cheney, Jay Leno joked on "The Tonight Show" about an "embarrassing moment" when Mr. Cheney visited the White House — "Security made him empty his pockets and out fell Justice Antonin Scalia!"

More important, Justice Scalia's actions are damaging the reputation and moral authority of the Supreme Court. Not since Abe Fortas and William O. Douglas stirred up controversy in the 1960's and 70's has there been a justice whose personal conduct has done as much to diminish the court's reputation.

The rate of Justice Scalia's disturbing words and deeds is increasing — now, it seems, he can be counted on to embarrass the court publicly roughly every few weeks. There is debate among court-watchers about why this is happening. But whatever the reason, Justice Scalia needs to be reined in.

If he will not police himself, his colleagues and Congress should do it, to protect the dignity of the court, and to ensure that the parties before him get a fair hearing.

I. Injudicious Public Statements

There is a long tradition of Supreme Court justices speaking at law schools, and in other public forums. In general, this is a good thing. The American people should be able to see their justices up close, and learn their views about the law, and the justices should get out of the monastic world of the court and interact with real people.

It is critical, though, that the justices uphold the court's integrity and independence. Alone among his Supreme Court colleagues, Justice Scalia seems indifferent to this basic point.

His most recent major blow-up occurred in a Boston church. After he was asked about the impact of his religion on his judicial decisions, Justice Scalia placed his fingertips under his chin and flicked them outward. The Boston Herald reported that the gesture was obscene. Justice Scalia wrote a letter to the editor insisting that it was merely an Italian way of indicating, roughly, "I could not care less."

Whether the gesture was obscene is subject to debate. The Philadelphia Inquirer surveyed residents of South Philly, and found opinion divided. Some Italian-Americans said the gesture simply meant "fuggeddaboutit," while others said it was vulgar. Sonny D'Angelo of D'Angelo Brothers butcher shop told the paper that he was brought up to regard it as obscene, adding that "My father would go berserk if I used that gesture."

The photographer who took a now-famous picture of the gesture, Peter Smith, a Boston University assistant photojournalism professor, said that when Justice Scalia made the gesture he also uttered an obscenity in Italian.

In February, speaking to a meeting of the conservative Federalist Society, Justice Scalia dismissed those who believe that the Constitution is a living document that evolves over time. "You would have to be an idiot to believe that," he said. Among the people who are "idiots" by Justice Scalia's formulation: the vast majority of constitutional law professors, and most of his colleagues on the Supreme Court, who continually reaffirm their belief in a living Constitution.

In a speech at the University of Fribourg in Switzerland on March 8, Justice Scalia was even more off-base. On the subject of whether detainees captured in war should be given a jury trial in civil court, he said "Give me a break," even though closely related questions were at issue in Hamdan v. Rumsfeld, which was headed to the Supreme Court in a matter of weeks.

The loose cannon keeps on firing. On April 12, during a visit to the University of Connecticut, Justice Scalia said of his decision not to recuse himself from a case involving Vice President Dick Cheney, which he participated in after going on a hunting trip with Mr. Cheney, "I think the proudest thing I have done on the bench is not allow myself to be chased off that case." Justice Scalia's decision was widely criticized by commentators, lawyers, and law professors, including some of the nation's leading experts on judicial ethics. It is bizarre that he would call it his proudest accomplishment on the bench.

II. Refusing to Recuse

Justice Scalia has refused to follow the law on recusals, participating in cases where his impartiality has been seriously called into doubt.

The law of recusal is clear. Supreme Court Justices are bound by a federal statute The Supreme Court has emphasized that the law should be read broadly to avoid "even the appearance of impropriety."

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Justice Scalia failed to do this in two important, and highly political, cases.

The first was a lawsuit by the Sierra Club and Judicial Watch against Vice President Dick Cheney, seeking to learn the identity of members of a secret energy task force he met with early in President Bush's first term. Critics of the administration have long suspected that those meetings were a forum for oil companies, and other powerful corporations, to shape the administration's energy policies. The court decided the case in June, 2004, in the middle of President Bush and Mr. Cheney's re-election campaign.

Shortly before it was argued, Justice Scalia went on a small hunting trip with Mr. Cheney, who was an old friend. The two men flew down to Louisiana together on Air Force Two, and hunted together.

The Sierra Club filed a motion asking Justice Scalia to recuse himself from Mr. Cheney's case. Justice Scalia, refused and then voted in Mr. Cheney's favor.

When he decided not to remove himself from the case, Justice Scalia wrote a 21-page memorandum setting out his position. It is thoroughly unconvincing, as Hofstra Law School professor Monroe Freedman, who is one of the nation's leading legal ethics experts, explained in "Duck-Blind Justice: Justice Scalia's Memorandum in the Cheney Case," in the Georgetown Journal of Legal Ethics.

The memo is filled with specious arguments. Justice Scalia acknowledged that friendship between a judge and a party to a lawsuit can be grounds for recusal. But he argued that this was mainly true when the party is sued in his personal capacity. In a case where a friend is sued in his official capacity, according to Justice Scalia, a judge only needs to recuse himself when the party's "reputation and integrity" are at stake. In the case before him, Justice Scalia wrote, Mr. Cheney was being sued in his capacity as chair of the Energy Group, in what was a "'run-of-the-mill' dispute about an administrative decision."

The argument is hard to take seriously. The energy task force lawsuit was anything but run-of-the-mill. Mr. Bush and Mr. Cheney's political opponents were using the task force as a political weapon in the 2004 election, and if Mr. Cheney had been forced to reveal who had attended meetings, it might well have produced information that would have shown up in political attack ads. Justice Scalia seemed to be suggesting that if Mr. Cheney, an extremely wealthy man, were being personally sued for a small amount of money, he would have recused himself, but that this suit was so much less important to Mr. Cheney that recusal was unnecessary. That makes no sense at all. It is hard to believe Justice Scalia could have convinced a judge to accept his argument, but fortunately for him, he only had to persuade himself.

Justice Scalia's memo has other serious flaws. He accepted a free ride for himself and two family members on Air Force Two from Mr. Cheney right before hearing the case. Taking things of value from one of the parties to a case is the most basic conflict for a judge. But Justice Scalia dismissed objections with the most clichéd defense of bribe-takers — that it was absurd to think he could be "bought so cheap." In fact, the value of three luxury plane rides is not insubstantial at all compared to the salary of a Supreme Court Justice.

Professor Freedman noted in his article that 8 of the 10 largest-circulation newspapers (including this one) ran editorials calling for Justice Scalia's recusal, as did 20 of the top 30, and none argued against it. "Unless we are to believe that all these editorialists are unreasonable people," Professor Freedman wrote, "the conclusion is inescapable that a reasonable person might question Scalia's impartiality in the case." A few weeks ago, Justice Scalia again participated in a case in which many reasonable people questioned his impartiality — because of his own comments. In his University of Fribourg appearance, he was quoted saying that "War is war, and it has never been the case that when you captured a combatant you have to give them a jury trial in your civil courts." As Tony Mauro, a veteran Supreme Court reporter, has pointed out, that seemed to directly prejudge a case he was to hear a few weeks later, Hamdan v. Rumsfeld, in which an alleged Al Qaeda member captured in Afghanistan was challenging the use of military tribunals to try detainees held in Guantanamo.

Justice Scalia made things worse by saying, in the same discussion, "I had a son on that battlefield, and they were shooting at my son." The strong suggestion was that he was connecting the question of what rights detainees have to the danger posed to his son Matthew, who was an Army captain in Iraq. A group of retired generals and admirals who filed a friend-of-the-court brief on behalf of Mr. Hamdan asked Justice Scalia to recuse himself. He refused. At oral argument, according to Mr. Mauro's account, Justice Scalia at times "appeared to take over [the government's] ... argument," doing battle with the justices who appeared most sympathetic to Mr. Hamdan.

Justice Scalia clearly does not like the recusal law as it exists in the statute books—and he seems intent on replacing it with a more forgiving standard of his own creation. At his University of Connecticut appearance, when he was asked about the Cheney case, he replied, "For Pete's sake, if you can't trust your Supreme Court justice more than that, get a life." But Justice Scalia, who is so critical of liberal judges for making up legal standards, has made up his own standard here. If he had fairly applied the one in the statute, he would have removed himself from the case.

III. Justice Scalia, Political Partisan

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Justice Scalia speaks, frequently, as an undisguised right-wing ideologue. In his University of Fribourg appearance, he was quoted saying, about President Clinton's false statements in the Monica Lewinsky matter, "we really don't like our presidents fooling around in the Oval Office." The questioner was asking about the dishonesty of American presidents, but Justice Scalia sounded like a right-wing talk show host in his response. He was certainly not giving a legal answer to the question, since the articles of impeachment against President Clinton were for perjury and obstruction of justice, not sex in the White House.

His comments about Bush v. Gore have also been strikingly political in tone, which is particularly unfortunate given the black mark the case has already made on the court's reputation. In the same Fribourg appearance, again according to the Washington Post, Justice Scalia said on the subject of Bush v. Gore, that if all of the votes that Democrats had wanted counted were indeed counted, "They would have lost anyway." The important point is that no one will ever know who would have won if all of the votes had been counted, and the Supreme Court ordered the vote counting stopped. He was also quoted as saying, "Oh God. Get over it," as if there were a statute of limitations for raising questions about the legitimacy of Supreme Court rulings.

In the Supreme Court, the case broke down sharply along partisan lines, with the five conservative justices voting for George W. Bush, and the four liberals dissenting. But Justice Scalia rejected charges that the court had approached the case in political terms while at the same time stating, outrageously, that the Florida Supreme Court judges had been politically motivated when they ordered that more votes be counted. The Supreme Court's prestige was sorely tested in Bush v. Gore, when it had to resolve a deeply divisive dispute over who had rightfully been elected president. The reason the court's decision was accepted, though — by an electorate that had cast 500,000 more of its votes for Mr. Gore than Mr. Bush — is that it was regarded as a legal decision, not a political one. Justice Scalia's discussion of the case undermines the public's faith in the decision, and the court.

IV. Why Is He Doing This?

There is no way to know why Justice Scalia has been acting in a way that has been so injurious to his own reputation, and the reputation of the court.

It may simply be a product of his booming self-confidence, in his intellectual ability and his moral vision. He may simply be speaking his mind because he feels he can.

Some court-watchers have conjectured that Justice Scalia may have been motivated by a deep desire to be appointed Chief Justice. He may have curried favor with Vice President Cheney before the election in the hope that it would help him to be nominated. And Justice Scalia may be speaking out now because he feels that, with a new Chief Justice, John G. Roberts, who is much younger than he is, he has nothing left to lose.

Justice Scalia, for his part, has been quoted saying that he has been on something of a public relations kick. "My kids have been working on me to get out and do more public appearances," he told a reporter from the New York Daily News last year. "They think it makes it harder to demonize you — and I agree." He may want to reassess his strategy.

In the end, why he is doing it doesn't matter that much. Getting him to stop matters a lot.

V. What Is to Be Done?

If Justice Scalia keeps making outrageous statements, and violating recusal law, at his current pace, it will do serious damage to the Supreme Court.

The simplest solution would be for Justice Scalia to begin policing himself. Unfortunately, he seems convinced that he is above reproach, despite all of the reproach he has received.

The next obvious place to look for corrective action is Justice Scalia's colleagues on the court. The Supreme Court has always jealously guarded its prerogatives when it comes to setting its own rules — Justice Anthony Kennedy recently told Congress that the Supreme Court, not Congress, should decide if its proceedings are televised. But with that assertion of authority comes responsibility.

Chief Justice Roberts, and perhaps other members of the court, should persuade Justice Scalia to give up his unseemly public utterances, and to recuse himself from cases when the law indicates that he should.

If Justice Scalia keeps flouting basic recusal principles, the court should consider changing its rules. Currently, justices are the only federal judges who are allowed to decide on their own whether to recuse themselves. There is an inherent illogic in allowing a judge to be the final word on his own impartiality — if they are so biased that they cannot hear a case, they may well be too biased to decide if they are too biased. But it is a system that works only if justices do their utmost to be fair to the arguments for recusal.

The court could decide to allow the justices as a whole, or an alternating panel of three justices, to rule on recusal motions aimed at their colleagues. Such an approach would have its own problems — conceivably, justices in one ideological camp could vote to recuse their ideological opposites to affect the outcome of a case. But if individual justices abuse their right to decide their own motions, such a change would be an improvement.

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Finally, Congress should be doing more. Respected members from both parties should speak out when Justice Scalia makes outrageous comments, and make it clear that better is expected of him.

They should also reconsider the rules of recusal. Congress could amend the federal recusal statute to require that the whole Supreme Court, or a panel of justices, rule on recusal motions. Short of amending the law, some pointed criticism from members of Congress, particularly on the Republican side of the aisle, could encourage Justice Scalia to do better in ruling on his own recusal motions.

More than any modern justice, Justice Scalia seems intent on presenting himself to the world as an outspoken champion of conservative values. But conservatives are people who believe in respecting and preserving existing institutions. There is nothing conservative about diminishing a great institution like the Supreme Court by making inflammatory and partisan off-the-bench statements and ignoring the rules of ethical judging.

OTHER NEWS:

Whistleblower alleging Red Cross let tainted blood be released sees bulk of lawsuit dismissed (AP)

By DONNA DE LA CRUZ

AP, April 28, 2006

WASHINGTON -- A whistleblower who claims the American Red Cross failed to immediately alert regulators when more than 600 pints of contaminated blood were released in New Jersey saw the bulk of her lawsuit dismissed Thursday in federal court.

Michelle Hoyte also claims the agency fired her for complaining to her managers about the tainted blood. That part of her lawsuit is still intact, but the Red Cross has filed a motion to have that final portion dismissed as well.

After the brief hearing, in which a judge dismissed the False Claims Act portion of her lawsuit, Hoyte said she remained worried that the Justice Department and the Food and Drug Administration are not doing enough to make sure the Red Cross's blood supply is carefully monitored. Blood banking has become the Red Cross's biggest moneymaker, bringing in $2.14 billion in revenue in the last fiscal year.

"There's supposed to be an internal system for people to report incidents like this," Hoyte said. "But the employees are afraid to do so for fear of being dismissed."

At the hearing, John R. Fleder, attorney for the Red Cross, said the organization and the FDA are actively monitoring the blood supply.

"It's top priority is the safety, security and availability of the nation's blood supply," Fleder said of the Red Cross.

According to her lawsuit, Hoyte supervised a February 2004 audit of the Red Cross's Penn-Jersey blood collection facility in Philadelphia. The auditors discovered that 607 pints of blood were not collected properly and were exposed to air, violating agency procedures. Officials suspended the worker who collected the blood but Hoyte alleges they did not immediately alert regulators, or recall the blood.

The lawsuit says that it is still not known whether the blood that was released caused any infections or illnesses, or exactly what hospitals, blood banks or other facilities received the pints.

Hoyte complained to her managers about the blood and also went to the FDA, where she used to work. The FDA investigated her claim last year and found that 539 of the 607 units had been exposed to air.

In spite of the FDA's findings, Hoyte's attorney, Vincent McKnight, said the Red Cross has not been fined.

Hoyte included the Justice Department as a plaintiff in her case, but the government sought Thursday to have her False Claims Act motion dismissed, saying the government has investigated the case and the FDA has taken action. The Red Cross supported the motion, and U.S. District Judge Paul Friedman granted it.

The False Claims Act is designed to stop fraud in government procurement contracts. Many whistleblower lawsuits are filed under this law.

McKnight said he and Hoyte are discussing whether to appeal Thursday's ruling, but would continue the lawsuit suing the Red Cross for wrongful termination. Hoyte, who suffers from multiple sclerosis, said she does not have another job.

Iran Vows To Defy U.N. On Nuclear Program (NYT)

By By William J. Broad And Elaine Sciolino

The New York Times, April 28, 2006

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Iran vowed yesterday to defy any United Nations Security Council resolution on its nuclear activities on the eve of a major report by atomic inspectors on the status of its nuclear program.

Javad Zarif, the Iranian ambassador to the United Nations, told reporters in New York that Iran would consider illegitimate any Council resolution calling on Iran to stop uranium enrichment that invoked the so-called Chapter 7 clause, which could open the door to penalties and possibly to military action.

The United States has been pressing for such a resolution. Secretary of State Condoleezza Rice said yesterday that the Security Council had no choice but to rebuke Iran and that negotiations had apparently broken down between International Atomic Energy Agency monitors and Iranian envoys.

Today, the agency will deliver to the Security Council a report expected to be highly critical of Iran's compliance with demands that it stop enriching uranium.

The Council is expected to meet, probably next week, to debate what, if any, punitive action to take against Iran.

"If the Security Council decides to take decisions that are not within its competence, Iran is not obliged to obey them," Mr. Zarif said, speaking to reporters at the residence of the Iranian Mission to the United Nations in Manhattan.

He said the matter should properly be handled by the atomic energy agency, not the United Nations.

He also sought to portray Iran's defiant stance as nothing more than a logical response to American threats against Iran.

"We're not upping the ante," he said. "We're simply responding to others upping the ante."

Ms. Rice, speaking in Bulgaria at a conference of envoys from NATO and the European Union, said, "What is clear is that it is highly unlikely that Iran is going to accede to the demands of the international community."

She added, "In order to be credible, the Security Council of course has to act."

Chapter 7 of the United Nations Charter deals with "threats to the peace, breaches of peace, and acts of aggression," and its application in this case would make Iranian compliance binding under international law.

As a signatory of the Nuclear Nonproliferation Treaty, Iran has the right to enrich uranium, but the United States and its European allies have argued that Iran's concealment of nuclear activities in the past means it has forfeited that right.

In January, Iran restarted its effort to make atomic fuel after negotiations with Britain, France and Germany over the fate of its atomic program broke down, and a month ago the Council voted unanimously to give Iran 30 days to show it had stopped enriching uranium.

Yesterday in Vienna, Iranian officials delivered a confidential letter to the agency that emphasized its determination to press on with its nuclear program, defying calls from other nations to freeze its activities, according to a European official who had seen the document.

The letter was a response to the agency's demand for more cooperation from Iran to investigate suspicions that Iran has been researching ways to produce warheads or delivery systems for weapons. Iran has denied such activities. The letter reflected a hardening of Iran's position and asked other nations to make concessions to Iran, the official said.

A senior Iranian official confirmed the delivery of the letter, which he said would probably be made public today.

Although the United States is pushing for tough measures, it is far from clear whether Russia would drop its opposition to a Chapter 7 resolution at the Security Council.

Past opposition by Russia, China and others has forced the United States to back down from its demand for such a resolution, but now American and European diplomats hope that a new critical finding by the International Atomic Energy Agency will increase support for the action it wants.

Iran insists that its activities are for peaceful purposes only, and its leaders have kept up a barrage of criticism of the United States, Europe and others who suspect it of concealing a nuclear weapons program. In the past several days, Iranian officials have threatened to strike at American military targets if the United States attacks Iran. The officials have also offered to share nuclear technology with other nations, including Sudan.

Last week, Iran informed the monitoring agency that it would provide only the minimal level of cooperation legally required under its safeguards agreement with the agency as a signatory to the nonproliferation treaty.

That decision made it much harder for the agency's nuclear inspectors to visit sites in Iran and led Dr. Mohamed ElBaradei, the agency's director general, to cancel a trip to Iran by his senior inspectors.

Meanwhile, European diplomats said Iran was expanding its efforts to enrich uranium on an industrial scale with centrifuges — tall, thin machines whose rotors spin extraordinarily fast to concentrate uranium's rare form, uranium 235, which can fuel nuclear reactors or atom bombs.

Diplomats familiar with what Iran has told atomic inspectors in recent days said the country had started work on second and third "cascades" of 164 centrifuges, preparing to match the first already in operation at its enrichment facility in Natanz.

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David Albright, an expert on the Iranian centrifuge program and president of the Institute for Science and International Security, a private research group in Washington, said the Iranian expansion made technical sense but did not necessarily bespeak a major advance.

"I don't think the first cascade is running all that well," he said. "So that's an incentive to build more to learn how to get them working more efficiently. They might need to do many experiments."

Ahmadinejad Defiant Ahead Of Key Nuclear Report (WT)

By Betsy Pisik

The Washington Times, April 28, 2006

NEW YORK -- Iranian President Mahmoud Ahmadinejad vowed yesterday not to abandon the country's nuclear program, challenging the United Nations one day before the U.N. nuclear agency is to issue a key report on Iran's efforts to refine uranium into nuclear fuel.

"We want nuclear technology for peace and progress of nations, and if some believe that they can prevent us with psychological warfare and resolutions, they are mistaken," he told a rally in northern Iran.

Uranium can be processed into fuel for an nuclear reactor or to make atomic bombs.

"We have obtained the technology for producing nuclear fuel. ... No one can take it away from our nation," Mr. Ahmadinejad said.

The U.N. International Atomic Energy Agency (IAEA) is to report today on compliance with a U.N. Security Council resolution calling on Iran to stop enriching uranium.

The Bush administration, which has been laying the groundwork for a tougher Security Council resolution demanding that Iran give up its fuel-enrichment activities, said the council's credibility is at stake.

"What is clear is that it is highly unlikely that Iran is going to accede to the demands of the international community," Secretary of State Condoleezza Rice said in Bulgaria yesterday, at a conference of envoys from NATO and the European Union.

"In order to be credible, the Security Council of course has to act," Miss Rice said.

U.S. diplomats say they will renew efforts in the Security Council to secure a legally binding resolution demanding that Iran curtail enrichment activities.

Such a resolution could boost the IAEA recommendations to the force of international law and pave the way for military or economic measures.

Britain and France, who with Germany have been negotiating with Iran over the nuclear program for nearly three years, are supportive.

But Russia and China, which like Britain, France and the United States have veto powers in the Security Council, are reluctant to approve a legally binding resolution.

An exiled opposition group said Iran was working at secret military sites to develop a better type of centrifuge than the "P-1" machines at its Natanz enrichment plant, which would allow it to make fuel for an atomic bomb faster than current estimates.

The Paris-based National Council of Resistance of Iran, which has reported accurately on hidden Iranian nuclear sites in the past but whose claims could not be verified, said Iran was researching "P-2" centrifuges in secret areas of Natanz and a site near Tehran.

In New York, meanwhile, Iran's ambassador to the United Nations, Javad Zarif, said Tehran had offered a comprehensive package designed to allay fears about its nuclear production.

Rice Urges U.N. To Rebuke Iran For Nuclear Program (NYT)

By Steven R. Weisman

The New York Times, April 28, 2006

SOFIA, Bulgaria, April 27 – Secretary of State Condoleezza Rice said today that the latest talks between United Nations monitors and Iranian envoys had apparently failed to break the impasse over Iran's nuclear activities and that the United Nations Security Council had no choice but to rebuke Iran.

"What is clear is that it is highly unlikely that Iran is going to accede to the demands of the international community," Ms. Rice said at the opening of a conference of envoys from NATO and the European Union. She added that "in order to be credible the Security Council of course has to act."

The United Nations' credibility is at stake, Ms. Rice said, and "it cannot have its word and its will completely ignored by a member state."

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Despite her tough words, it was far from clear whether Russia would drop its opposition to a resolution at the Security Council that would implicitly threaten sanctions. The United States wants a resolution criticizing Iran under Chapter 7 of the United Nations charter, a provision that implies that sanctions are possible if it is flouted.

Past opposition by Russia, China and others has forced the United States to back down from its demand for such a resolution, but now American and European diplomats hope that a new critical finding by the International Atomic Energy Agency will bolster support for the action it wants.

Such a report is expected Friday by the agency in Vienna. Iranian officials have been meeting with agency officials in the last few days, but they do not appear to have changed the situation, diplomats at the agency said.

Iran insists that its activities are for peaceful purposes only, and its leaders have kept up a steady volley of criticism of the United States, Europe and others suspecting it of having a weapons program, even while Iranian envoys have met with international atomic agency inspectors this week.

Ms. Rice arrived in Bulgaria Thursday afternoon after conferring with Iraqi leaders in Baghdad along with Defense Secretary Donald H. Rumsfeld. The occasion was a session of more than 30 envoys representing countries in both NATO, which is a military alliance, and the European Union, a political and economic body.

Though the issue of Iran was not on the formal agenda, it loomed over most other matters because of the escalating threats and Iran's defiance. Many in Europe are worried that the United States plans to carry out a military strike against Iran as it did against Iraq.

A Bulgarian journalist, citing the news that the United States and Bulgaria plan to sign a basing agreement on Friday allowing American forces to use military centers in this country, asked Ms. Rice if the agreement would require Bulgarian permission for any American troop deployment from such a base.

He did not mention Iran, but Ms. Rice felt compelled to assuage Bulgarian feelings by saying that the United States was still concentrating on getting a diplomatic or political solution to the Iran confrontation and did not contemplate military action. Any such action, she said, would be done in cooperation with Bulgaria, she said.

In a speech northwest of Tehran today, President Mahmoud Ahmadinejad was defiant, saying his country would not give up its right to pursue its nuclear activities, even if sanctions or other punitive measures are imposed.

"We want nuclear technology for peace and progress of nations and if some believe that they can prevent us with psychological warfare and resolutions, they are mistaken," Mr Ahmadinejad said in a speech in northwest Iran that was reported on the ISNA news agency.

"Our people have mastered the nuclear technology and no one can take it away from them," the president added.

Iran's supreme religious leader vowed Wednesday that Iran would retaliate "twofold" if it were attacked by the United States over its refusal to comply with demands regarding its nuclear activities.

"Iranian people and the Islamic regime will not invade any country, but the Americans should know that if they invade Iran, their interests around the world would be harmed," the supreme leader, Ayatollah Ali Khamenei, told workers gathered ahead of May Day, the international workers' holiday.' "Iran will respond twofold to any attack."

Russia And China Warn UN Not To Antagonise Iran (FT)

By Daniel Dombey

Financial Times, April 28, 2006

Russia and China on Thursday warned against escalating the dispute over Iran's nuclear programme. The call came on the eve of an eagerly awaited report on whether the country has met United Nations demands.

The US and the European Union believe Friday's report by Mohamed El Baradei, head of the International Atomic Energy Agency, will set the stage for a UN Security Council resolution, since there is little chance that Tehran will meet the council's demand for "full and sustained suspension" of uranium enrichment, which can produce weapons-grade material.

But on Thursday Vladimir Putin, Russia's president, warned against too great an intervention by the Security Council – a path Moscow feels could lead to confrontation.

"We think that the IAEA must continue to play a key role and it must not shrug off its responsibilities to resolve such questions and shift them on to the UN Security Council," he said at a summit with Angela Merkel, German chancellor.

European officials argue that, far from sidelining the IAEA, any action by the council would seek to bolster its authority.

The Chinese government also called for restraint. Moscow and Beijing, which have growing energy and economic links with Iran, fear that a UN resolution might be used to justify military action at a later stage.

The US has stepped up efforts to assuage such concerns. "Forcible change of the Iranian regime is not the objective of American policy," Philip Zelikow, a top adviser to US secretary of state Condoleezza Rice, told the Financial Times.

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"Right now, we haven't completed implementing a diplomatic strategy. That diplomatic strategy involves underscoring to the Iranian regime the costs of its behaviour."

US and EU diplomats hope to win Security Council backing for a resolution on Iran by mid-June. Such a resolution would not involve sanctions but would probably set out a new deadline for Iran to halt nuclear enrichment.

Mr ElBaradei has been pushing Iran for a "technical break" in uranium enrichment to allow negotiations over the nuclear programme to resume.

U.S. Looks To Turn Up Heat On Iran Nukes, But Question Is How (USAT)

By Barbara Slavin

USA Today, April 28, 2006

The Bush administration plans to increase pressure on Iran after today's United Nations-imposed deadline for the country to halt its uranium-enrichment program.

The diplomatic offensive could lead to limited sanctions, but there is little international consensus now for stronger measures.

The first step would be a binding resolution from the U.N. Security Council demanding that Iran end uranium enrichment, which the United States says is part of an effort to build a nuclear bomb. U.S. officials, including Secretary of State Condoleezza Rice, say they will seek such a resolution next month.

Mohammed ElBaradei, the head of the International Atomic Energy Agency, is to provide a report today to the Security Council that documents Iran's escalation of the uranium-enrichment program.

Iran has shown no sign of backing down. Iranian President Mahmoud Ahmadinejad said Thursday that since Iran "has acquired nuclear fuel production technology … nobody can take it back." Iran claimed two weeks ago to have enriched uranium, a fuel that can be used for power plants or bombs. Iran says its intentions are peaceful.

There is little consensus about how to deal with Iran beyond the initial resolution. Russia and China, both of which hold veto power on the Security Council, have not yet said whether they would back even limited sanctions against Iran. "It's still too early to run ahead and say what decision we might take together," Russian President Vladimir Putin said Thursday.

Rice, in Bulgaria for a meeting with NATO foreign ministers, sidestepped questions about what Russia and China would do. "In order to be credible, the Security Council has to act," she said.

Britain, France and Germany have said they would support measures that targeted Iranian leaders.

For example, the United States and European nations might ask the Security Council to impose a ban on travel by top Iranian officials and to freeze their overseas bank accounts, said Nicholas Burns, the top U.S. diplomat dealing with the issue.

The United States might also work outside the United Nations and attempt to craft a coalition of countries to restrict arms sales and other trade and investment in Iran if the initial steps don't work. "If the Security Council cannot act over a reasonable period of time, then there will be an opportunity for groups of countries to organize themselves for the purpose of isolating the Iranians diplomatically and economically," Burns said.

The Bush administration and its European allies have ruled out broad economic restrictions that could hurt ordinary Iranians. Rice and Burns have drawn a contrast with the punishment meted out to Iraq after it invaded Kuwait in 1990. Those sanctions, which initially blocked Iraqi oil exports, were devastating to most Iraqis but left the regime of Saddam Hussein intact.

Burns said last week that U.N. diplomacy would unfold over several months. He said he expects Iran to be "the leading issue to be discussed" when the leaders of top industrialized democracies plus Russia meet in July.

The rising price of oil is complicating U.S. efforts to pressure Iran, said Cliff Kupchan, an Iran and Russia expert at the Eurasia Group, a political consulting firm based in New York.

Iran produces 4 million barrels of oil a day, about 5% of the world's total, Kupchan said. Europe and China fear that pressure on Iran will lead to higher energy prices, he said. Those fears would make them reluctant to support sanctions, he said.

"The Iranians are holding a very strong hand at the moment," Kupchan said.

Rice Calls On U.N. To Get Tough On Iran (LAT)

By Paul Richter

The Los Angeles Times, April 28, 2006

SOFIA, Bulgaria — On the eve of a United Nations deadline for Iran to halt uranium enrichment, U.S. Secretary of State Condoleezza Rice on Thursday called for diplomatic action against Tehran, warning that the U.N. Security Council cannot permit the regime to "simply ignore its will and its word."

Rice, appearing at a NATO meeting, said Iran probably would ignore a deadline set for today by the United Nations watchdog agency for a halt to enrichment. When the International Atomic Energy Agency reports this failure, she said, the

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council must ask itself whether it will remain credible if it allows Iran to "simply flout the will of the international community" without penalty.

As the most important world security institution, the Security Council "cannot have its will and its word simply ignored by a member state," she declared.

Iran says it is seeking the ability to enrich uranium to supply its civilian power plants. The Bush administration believes Iran wants to develop nuclear weapons, and it has been trying to build international pressure on the regime as the deadline has approached.

The United States, Britain and France would like a U.N. resolution that would make compliance to the U.N. demands compulsory and could open the way for sanctions.

But countries such as Russia and China have appeared unwilling to accept tougher language, or sanctions against Iran, and top Iranian officials have defiantly declared all week that they will not comply.

Rice sought to enlist more support this week as she met with leaders in Greece and Turkey and, on Thursday, with top officials from the 26-member North Atlantic Treaty Organization. Though the alliance has taken no position on the issue, Rice discussed Iran's nuclear ambitions with officials of other NATO member nations over dinner.

But there have been signs all week that many countries are not fully convinced, and some fear that if diplomacy fails, the Bush administration will turn to military action, as it did three years ago in the case of Iraq.

Earlier in the week, Greek and Turkish officials told Rice that they were worried that the U.S. would be asking for use of their territory or other help in military action against Tehran. On Thursday, Rice sought to allay similar concerns that the Bush administration might cite a just-completed defense accord with Bulgaria to justify using military bases here for an attack on Iran.

"Let me go right to the heart of this question, because I know this is on people's minds," Rice said at a news conference. Although President Bush "doesn't take any of his options off the table," she said, referring to military action, "we are committed to a diplomatic course" to bring enough pressure on Iran to compel it to give up its nuclear weapons ambitions.

The agreement with Bulgaria, which is to be signed today, will allow the U.S. military to have as many as 2,500 troops at a time on Bulgarian soil. On Thursday, a Bulgarian national party called Attack organized a rally against the deal, drawing several thousand protesters in Sofia, the capital.

The demonstrators waved banners that read, "Condi, ask the Bulgarian people," and "U.S. bases war." Rice's visits in Athens and Ankara, Turkey's capital, also drew protesters.

Meanwhile, an Iranian exile group claimed that Tehran was working at secret military sites to develop a type of centrifuge machine that would enable it to make fuel for an atom bomb faster than current estimates.

The National Council of Resistance of Iran, which has reported accurately on hidden Iranian nuclear sites in the past, told Reuters news service that Tehran was researching "P-2" centrifuges in secret areas of its Natanz enrichment plant and the Ab-Ali site near Tehran. The group, which is on a U.S. list of terrorist groups, said both areas were linked to Iran's Defense Ministry. Tehran says its nuclear program is only for generating electricity and has no links to the military.

Germany Suggests U.S-Iran Nuclear Talks (AP)

By Paul Ames, Associated Press Writer

AP, April 28, 2006

Germany's foreign minister suggested Thursday that the United States and Iran could hold direct discussions on the Islamic republic's nuclear standoff with the West if Tehran agrees to talk to Washington about the chaos in Iraq.

The United States, which has no diplomatic relations with Iran, said in March that it was ready to talk to Tehran about calming the unrest in Iraq. Iranian and U.S. officials have insisted the talks will deal only with Iraq, and President Mahmoud Ahmadinejad this week questioned even the need for those discussions.

"If there are talks with Iran anyway on the situation in Iraq, then nobody would understand if the current central issue in world politics would not come up," German Foreign Minister Frank-Walter Steinmeier, told reporters on the sidelines of a NATO meeting.

Steinmeier has suggested direct talks before, but the U.S. has not favored taking up the nuclear issue directly with Tehran, preferring to work through the United Nations.

European negotiations with Iran, led by Germany, France and Britain, have failed to persuade Iran to stop enriching uranium — which can be used to fuel peaceful reactors or make bombs — and meet other international demands.

The Iran question was not on the official agenda of the NATO foreign ministers' meeting, but, on the eve of a U.N. deadline for Tehran to halt enrichment, it was to be discussed at an informal dinner bringing together NATO and European Union nations.

"We have to do everything we can to stop the proliferation of weapons of mass destruction," said NATO Secretary General Jaap de Hoop Scheffer said before the meeting.

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The United States, France and Britain say if Iran does not meet Friday's U.N. Security Council deadline, they will seek to make the demand to halt enrichment compulsory — despite opposition from Russia and China, the other two veto-wielding council members. The three Western nations also have warned that noncompliance could lead to sanctions, but other allies are wary.

Steinmeier said he still hoped for a negotiated solution, but insisted Iran "must dissolve the suspicion that it uses its civil nuclear program for the development of weapons."

Russian Foreign Minister Sergey Lavrov is due to join the NATO talks Friday, ahead of a scheduled presentation to the Security Council by Mohamed ElBaradei, head of the International Atomic Energy Agency, on Iran's compliance with its demands.

The opening session of the NATO meeting Thursday focused on bids by Ukraine, Georgia, Albania, Croatia and Macedonia to join the alliance. De Hoop Scheffer has said a final decision was unlikely before 2008.

Further expansion of the Western alliance in the former Soviet bloc would face opposition, which has complained that the entry of Ukraine and Georgia would be "highly painful" for Moscow, and could call international arms agreements into question and provoke a reorganization of Russia's armed forces.

Several thousand Bulgarians, meanwhile, joined an ultranationalist demonstration close to the NATO meeting against an agreement Rice is due to sign Friday with Bulgaria. It grants U.S. troops access to use military facilities in the country. The deal is part of a strategy of shifting troops to based in Europe farther east and will deploy up to 2,500 U.S. troops to Bulgaria.

Thursday's meeting also discussed proposals for NATO to develop closer ties with other democracies including Australia, Japan, New Zealand and South Korea to coordinate political positions and peacekeeping operations.

On Friday, Rice is expected to push NATO allies for more robust support for African peacekeepers struggling to end political and ethnic strife in Sudan's Darfur region. Ministers will also discuss the expanding NATO mission in Afghanistan, which is moving into the country's volatile southern region in the face of mounting attacks blamed on remnants of the ousted Taliban regime.

Rice Says U.N. Must Act On Iran Nuke Plan (AP)

By Anne Gearan

AP, April 28, 2006

Iran seems determined to defy international demands to control its disputed nuclear program, so it is time for the U.N. Security Council to act, Secretary of State Condoleezza Rice said Thursday.

"Is the Security Council going to be credible?" Rice asked after meetings with NATO foreign ministers.

Tehran faces a Friday deadline from the Security Council to stop enriching uranium, a process that can lead either to nuclear power for electricity or to development of weapons. "It's pretty clear Iran is not going to meet those requirements," Rice said. "When that happens the international community, represented by the Security Council, is going to have a choice."

Quick action by the council to impose economic or punitive sanctions seems remote because of splits among its members. The United States is pressing for a strong response and Rice wants such steps to remain an option.

The United States and European allies accuse Iran of hiding ambitions to build a bomb behind a legitimate energy program. Iran denies it but says it must retain control of sensitive nuclear technology, including uranium enrichment.

The United States has long sought the Security Council review now under way, but the powerful U.N. body is divided over what to do next.

Russia and China, both veto-wielding permanent members of the Security Council, oppose sanctions against Iran. The United States, France and Britain say if Tehran does not meet the deadline, they will make the enrichment demand and other conditions compulsory.

"In order to be credible the Security Council has to act," Rice told reporters at the NATO session. "The Security Council is the primary and most important institution for the maintenance of peace and stability and security and it cannot have its word and its will simply ignored by a member state."

U.S. diplomats are gauging support in Europe for another course: A network of independent sanctions and restrictions, such as a travel ban on Iranian leaders, that might persuade the clerical leadership to back down.

Many European countries have already indicated a willingness to take such measures on their own, such as asset seizures and potential export bans.

The U.S. already has a near total ban on economic and diplomatic contact with Iran, but European nations and Russia maintain broad ties. Russia is a major commercial partner of Tehran, including exporting its oil.

Earlier Thursday, Russian President Vladimir Putin said the Security Council should not assume responsibility for the Iranian nuclear issue.

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"It's still too early to run ahead and say what decision we might take together," he said. "The main thing is ... that whatever decision is taken is a consensus decision."

Rice was making the case for continued pressure as part of two days of meetings with European colleagues that followed her unannounced trip to Iraq this week. In Baghdad, Rice and Defense Secretary Donald H. Rumsfeld endorsed newly selected Iraqi leaders who the United States hopes can regain traction against a violent insurgency and spreading sectarian killings.

Rice tried to reassure Europeans that the United States is not planning military action against Iran.

"I have been talking with my colleagues around the world about the diplomatic agenda regarding Iran," Rice said. "The president of the United States doesn't take any of his options off the table but we are committed to a diplomatic course" that should succeed "with enough unity and with enough strength and enough common purpose."

Iran Gets First North Korean-Made Missiles (AP)

By Aron Heller

AP, April 27, 2006

Iran has received its first batch of North Korean-made surface-to-surface missiles that put European countries within firing range, Israel's military intelligence chief said in an interview published Thursday.

The BM-25 missiles have a range of 1,550 miles and are capable of carrying nuclear warheads, the Haaretz daily reported.

The report came as U.N. members consider slapping sanctions on Iran for refusing to halt its uranium enrichment. The United States, Israel and other Western countries say Iran is trying to get nuclear arms, but the Islamic regime says its atomic program is for civilian purposes only.

The U.N. Security Council has given Iran until Friday to stop enriching uranium, a necessary step for developing nuclear weapons. Should Iran refuse to comply, which it has indicated it will do, the Security Council is likely to consider taking punitive measures.

Israeli security officials confirmed the Haaretz report. The officials spoke on condition of anonymity because they were not authorized to speak to the media.

Military intelligence chief Maj. Gen. Amos Yadlin, who spoke to Haaretz, has warned of the new Iranian missiles in several recent interviews to the media. Iran already has missiles capable of reaching Israel, but the BM-25s are a significant upgrade over its existing top-of-the-line missiles — the Shihab-4 and Shihab-3.

Those missiles spurred Israel to develop its Arrow-2 anti-ballistic missile system, which is can intercept the Iranian missiles.

Israeli concerns have been heightened in recent months by Iranian President Mahmoud Ahmadinejad's calls to wipe Israel "off the map."

Iran has also tested several long-range missiles in recent weeks, including a "top secret" missile capable of being fired from helicopters and jet fighters, Iranian state-run television reported.

Iran also tested the Fajr-3, a missile it said can avoid radar and hit several targets simultaneously using multiple warheads. Iran also tested what it calls two new torpedoes.

U.S. intelligence officials have said that Iran is at an advanced stage of developing a missile that can carry a nuclear warhead. The United States has informed the International Atomic Energy Agency of the details of the Iranian missile program.

On Tuesday, an Israeli satellite meant to spy on Iran's nuclear program was launched by Russia. The satellite is designed to spot images on the ground as small as 27 1/2 inches, an Israeli defense official said.

Israel Raises Profile In Iran Fray (CSM)

By Ilene R. Prusher

The Christian Science Monitor, April 28, 2006

JERUSALEM - Amid the soaring rhetoric over Western efforts to curb Iran's nuclear program, Israel has been moving into a more proactive position in the campaign to contain Tehran.

This week, Israel launched a satellite to spy on Iran, and its leaders have called on the international community to stop that country from acquiring nuclear weapons. It also accused Tehran of backing Palestinian terrorists.

And as concern here grows over Iran's defiant nuclear drive, one of Israel's leading newspapers reported Thursday that Iran has purchased ground-to-ground missiles from North Korea, extending its range for delivering warheads.

"The Israelis are making a statement that Israel has its own ways and means of defending itself," says Meir Javedanfar, an Iranian-born Middle East analyst based in Tel Aviv.

Given the charged atmosphere in the region, many have questioned whether Israel, which maintains its own unofficial nuclear program, would make some kind of "preemptive strike" on Iran.

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In 1981, Israel struck the nuclear reactor Iraq was developing, known as Osirak. Though criticized at the time, Israeli officials say they were later thanked for neutralizing Iraq's nuclear capabilities.

Today, however, the Middle East is quite different, say analysts and officials here, and Iran's pursuit to enrich uranium, which it says is for peaceful purposes, is seen as an international issue, not a local one.

Somewhat akin to years of crisis over Iraq's weapons program, Israel has been encouraged to take a backseat in the standoff with Iran. In 1991, Israel complied with US requests not to respond to Iraqi missile attacks. Through quieter channels, however, Israel has long been making the case against an armed Iran.

But, analysts say, recent changes in the region have led to a more vocal Israel, from US frustration with Iran's meddling in Iraq to President Mahmoud Ahmadinejad's inflammatory statements - he calls for Israel to be destroyed and denies the Holocaust occurred.

"The Israeli government before the elections was taking a more moderate line. It was an uncertain period: Ariel Sharon was sick, elections were looming," says Mr. Javenanfar, the director of Meepas, a political analysis company. "[Prime Minister Ehud] Olmert feels more secure now and feels that the international community is standing by Israel. This wasn't so much the case during the intifada, but it's changing, particularly since Iran was given a 30-day period to stop uranium enrichment and they say they won't."

Those 30 days end Friday, the deadline for the International Atomic Energy Agency to submit its report on Iran to the UN Security Council. The report is expected to be highly critical of Iran for refusing the council's request to freeze uranium enrichment.

While Foreign Ministry spokesman Mark Regev says Israel has no interest in a one-on-one confrontation with Iran, he says, "We do have clear concerns. We are supporting united, international efforts on this issue."

The launch of the Eros-B spy satellite by Israel Aircraft Industries on Tuesday, Mr. Regev says, is a part of a long-term intelligence effort that is not tied to recent tension. And some of the official statements made about Iran during the course of the week were issued as part of Holocaust Remembrance Day. It is a day when Israelis reflect on their survival, and this year conversations often turned to Ahmadinejad's threats from the east.

"I call on the Western world to not stand silently in the face of the nations that are trying to acquire nuclear weapons and [who] preach the destruction of the State of Israel," Israeli President Moshe Katsav said in his annual address at the country's main Holocaust museum and memorial, Yad Vashem.

On the same day, Israel's outgoing defense minister, Shaul Mofaz, said that Iran had given close to $10 million to "terror groups" operating in the Palestinian territories since the start of the year. He also suggested that more should be done to encourage the demise of the current regime.

"The Iranian people need to know that the regime's efforts to lead global terror will negatively affect them," Mr. Mofaz said at the opening of the Center for Iranian studies at Tel Aviv University. "More can be done from outside Iran to raise the Iranian people's awareness that the current regime will bring destruction on them." Both Mofaz and Katsav are Iranian-born Israelis.

Thursday's report in the newspaper Haaretz, which said that Iran had acquired a ground-to-ground missile with a range of about 1,560 miles was viewed here as fresh proof that Iran's atomic program is not simply aimed at creating nuclear energy for civilian uses.

"The problem is Tehran is not just a nuclear power, but that they're working on delivery systems," says Regev, of the Foreign Ministry. "With the parallel track on their delivery systems, we can see that their program is not benign."

Gary Sick, an expert on Iranian affairs at Columbia University School of International and Public Affairs, says that both the Iranians and Israelis have made statements recently that have turned up the heat to uncomfortable levels.

He aruges that the West's pursuit of a military option can only make things worse. "If there were a strike of some sort against Iran, it would certainly drive them underground, make them become more secretive, and they would drop out of the Nuclear Non-Proliferation Treaty. Iran will say, 'We weren't planning a bomb before, but now we have no choice,' " Dr. Sick says.

"What I do worry about in this whole process," he adds, "is that there will be some unexplained incident that happens deliberately or not deliberately, that will be perceived wrongly by one side or the other - that's how WWI got started."

Pakistan Official: No Force Against Iran (AP-)

By Barry Schweid

AP, April 27, 2006

Pakistan notified the Bush administration on Thursday it would not support the use of force to halt Iran's nuclear programs.

"We are against any resort to force," Foreign Secretary Riaz Khan said after a meeting with Undersecretary of State Nicholas Burns.

"We want this issue resolved diplomatically," Khan said.

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Pakistan is a close ally of the United States in trying to counter terror and in promoting postwar stability in Afghanistan.

It is also a neighbor of Iran. "We want friendly relations with Iran. Pakistan has had a long-standing relationship with Iran," Khan said. "We wish them well, and all of our neighbors."

The U.S.-Pakistan meeting was designed to strengthen ties between the two countries in the wake of a U.S. decision to provide India with nuclear technology.

Burns said the Bush administration has good relations with both countries.

Responding at a joint news conference to Khan's statements on Iran, Burns said, "We have not given up hope there can be a diplomatic solution."

The Bush administration accuses Iran of trying to develop nuclear weapons. While President Bush has emphasized his preference for a diplomatic solution, he has also said the military option has not been taken off the table.

Meanwhile, Burns announced that Congress would be informed shortly that the United States intends to proceed with the sale of F-16 fighter jets to Pakistan. Congressional approval is required.

Khan said he did not know how many planes Pakistan would purchase. But he said due to strained resources following a devastating earthquake last year, Pakistan had scaled down its request and that used planes would be substituted for some of the new ones.

India, which depends on aging Russian planes for its air force, has expressed disappointment with the long-brewing weapons sale to Pakistan.

The two nuclear-armed neighbor countries have been rivals for decades, and have fought three wars since their independence from Britain in 1947.

Iran's Latest (WSJ)

The Wall Street Journal, April 28, 2006

A funny thing happened on the way to the Iranian bomb: The more alarming the mullahs' behavior, the more nonchalant the rest of the world seems to be about it. But one development may give even the most adamant pooh-poohers pause.

Just this month, President Mahmoud Ahmadinejad announced that Iran had enriched uranium to reactor-grade levels in a 164-centrifuge cascade, a major technical achievement that puts Iran within hopping distance of an actual bomb. Mr. Ahmadinejad followed this up by announcing that Iran was working on an advanced centrifuge of Pakistani design, the possession of which Iran had previously denied to inspectors of the International Atomic Energy Agency. These centrifuges are capable of enriching uranium at four times the rate of Iran's declared centrifuges.

Next, Iran rebuffed IAEA requests to inspect the new centrifuges, a violation of the Nuclear Nonproliferation Treaty to which Iran is a signatory. Iran then threatened to withdraw from the NPT altogether if the United Nations imposed sanctions for its violations thereof. The U.N. Security Council has imposed a deadline of today for Iran to stop enriching uranium.

Tehran states flatly that it will ignore it. Israeli intelligence also reports this week that Iran has purchased an upgraded version of the Soviet SS-6 ballistic missile from North Korea, which is capable of carrying a nuclear payload and has a range of about 1,600 miles, putting parts of Europe well within range. The threat seems all the more pressing following warnings Wednesday by Ayatollah Ali Khamenei, Iran's Supreme Leader, that Iran would attack U.S. interests "in every possible part of the world" if the U.S. launches air strikes against Iran's nuclear sites.

And the international community's response? Russia and China, both veto-wielding members of the Security Council, are adamantly opposed to U.N. sanctions on Iran. Their view is mainly shared by Richard Lugar, Chairman of the Senate Foreign Committee, who thinks President Bush "ought to cool this one" by negotiating directly with Tehran.

In Europe, British Foreign Minister Jack Straw has reportedly told Cabinet colleagues that it would be "illegal" for Britain to participate in any prospective military action against Iran. German Foreign Minister Frank-Walter Steinmeier agrees: "We will not stop Iran with war," he recently told the news weekly Der Spiegel.

Which brings us to Iran's latest. On Tuesday, the Associated Press reported that Mr. Khamenei offered to share the nuclear genie with the government of Sudan. "The Islamic Republic of Iran is prepared to transfer the experience, knowledge and technology of its scientists," Mr. Khamenei told visiting Sudanese President Omar al-Bashir. Mr. Bashir, whose government abets the massacre of Darfuris, says Sudan could use a nuclear reactor to generate electricity. Uh huh.

How so many apparently thoughtful people can face the idea of an Iranian bomb with relative equanimity remains a mystery to us. Whether they are as "cool" with the idea of fissile material in Mr. Bashir's hands is another matter. Whatever the case, they should consider that acquiescing to a bomb for Iran may also mean agreeing to one for many more of the world's worst actors.

NATO To Intensify Its Role In Sudan's Darfur Region (WT)

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By Nicholas Kralev
The Washington Times, April 28, 2006

SOFIA, Bulgaria -- Secretary of State Condoleezza Rice said yesterday that NATO leaders have agreed to take on a more "robust" role in Sudan's Darfur region and urged other international bodies to prepare the way.

NATO diplomats said that earlier disagreements among the allies over involvement in Darfur had been resolved, but impediments remained, such as the Sudanese government's objection to a U.N. peacekeeping mission.

"Everybody recognizes that the [African Union] mission, while it has been successful thus far, is not robust enough to deal with the continued violence in Darfur and, particularly, problems that are emerging in western Darfur given the situation and problems on the border with Chad," Miss Rice said.

In Washington, White House spokesman Scott McClellan said, "An unusual and extraordinary threat to the national security and foreign policy of the United States is posed by the persistence of violence in Sudan's Darfur region, particularly against civilians."

Miss Rice, speaking to reporters after a meeting of the 26 NATO foreign ministers in Sofia, the Bulgarian capital, said that "NATO is ready to work" with the United Nations and the African Union (AU) "to try to bring about that more robust mission."

"There are certain kinds of support that are needed by [the AU] mission and that will be needed by the U.N. mission, and I would hope that everyone would put aside whatever constraints there are, so that we can respond to what is a really quite difficult humanitarian and security situation in Darfur," she said.

NATO currently provides limited assistance for the AU with transportation of troops, but U.S. officials said the alliance could help with logistics, communications, intelligence and other areas, while stopping short of intervening on the ground.

A senior U.S. official said that NATO would be "enabling collaborative efforts" of other international players and cannot do much before they make the first steps.

"We have to be able to get into Sudan," the official said, alluding to Sudan's refusal to let U.N. peacekeepers in.

Hedi Annabi, U.N. assistant secretary-general for peacekeeping, said yesterday that, even though Sudan is not in favor of a U.N. takeover from the AU, it is willing to discuss how the world organization could help if a peace deal is reached to end the conflict.

The 7,000 AU troops in Darfur are poorly equipped and have not been able to stop the violence that has taken hundreds of thousands of lives and forced more than 2 million to leave their homes.

The AU Peace and Security Council has agreed in principle to hand over peacekeeping to the United Nations after its mandate ends Sept. 30, but the full union must give final approval.

On Tuesday, the U.N. Security Council adopted a resolution imposing sanctions on individuals deemed at least partly responsible for the Darfur crisis.

Sudan has supported Janjaweed militias, which are massacring innocents in response to a revolt by two militias in its western region.

As part of the resolution's implementation, President Bush yesterday issued an executive order freezing the assets of such individuals.

"These sanctions are aimed at those responsible for heinous actions being committed in Darfur," Mr. McClellan said.

"The United States will continue to work with its international partners to provide humanitarian assistance, support human rights and bring peace to Darfur."

The crisis has forced Chad to seal its border with Darfur, which is threatening food deliveries to 400,000 displaced people.

Rebels' Arms Made In China (WT)

By Daniel Pepper
The Washington Times, April 28, 2006

ALONG THE CHAD-SUDAN BORDER -- Many of the weapons used by Chadian rebels who nearly overthrew the government this month -- from the ubiquitous Kalashnikov rifles and rocket-propelled grenades to more advanced artillery pieces mounted on Toyota Land Cruisers -- come from China, probably indirectly through Sudan.

Chadian President Idriss Deby and international relief groups were quick to accuse Sudan of promoting the attack two weeks ago on the capital, N'Djamena, by about 350 rebels, who fought to within a few miles of the city before being turned back. But China's insatiable appetite for oil to feed its economic growth gave Beijing an interest in the outcome as well.

The Chadian rebels' weapons, viewed by a reporter during a rare visit to their bases along the 800-mile Chad-Sudan border, were traced to Chinese state-owned arms manufacturers, with the aid of an arms-monitoring-group based in Manchester, England, that used a sampling of serial numbers on the munitions.

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"Chinese firms from the People's Republic [of China] have been providing a range of large and small arms to African armed forces regardless of their persistent grave human rights violations, especially to countries with oil deposits, such as Sudan, or valuable natural resources, such as Liberia," said Brian Wood, the head of arms research at Amnesty International. "Rebel groups in Africa have also received Chinese arms, for example, in Angola and" the Democratic Republic of the Congo.

According to the Chinese government's regulations governing arms exports, any sales to foreign countries must "not upset regional or global peace, security and stability" and "must be for the legitimate self-defense of the recipient country." The acquisition of these weapons by the Chadian rebels contravenes both criteria.

An official at China's arms-control department referred all questions to a spokesman who did not return phone calls.

China is one of the largest suppliers of arms to Sudan, Africa's largest country, which has tense relations with Chad. And China is heavily invested in Sudan's oil sector, with more than 10,000 workers and $3 billion spent on its oil sector since 1999.

Relations between Chad and Sudan have been soured in part by the Chadian president's provision since 2003 of arms, ammunition and safe passage through Chad for the Sudan Liberation Army and other rebels fighting in Sudan's Darfur region. The Sudanese government appears to be retaliating by providing similar aid to the Chadian rebels.

Chad, besides being last on Transparency International's 2005 corruption index, is Africa's newest petro-state, with proven recoverable oil reserves estimated at about 1 billion barrels. But China, whose thirst for oil has made it a presence in Sudan and other African oil states, so far lacks a foothold in Chad. Chad maintains diplomatic relations with the Republic of China, or Taiwan, which Beijing considers part of China.

It does have a relationship, however, with the leader of the Chadian rebels, Muhammad Nour, who worked as a consultant to various Chinese oil companies exploring business opportunities in West Africa in the 1990s, and maintains close relations with his former clients, whom he will not identify. Mr. Nour's brother, a close adviser, recently returned from a three-week trip to China, which he said was "for health purposes."

In an interview at his military encampment set along a dry riverbed near the border, Mr. Nour rejected the notion that his fighting force had any direct relationship with China.

"There is no relationship between us and the Chinese state. But they are being prudent," the rebel leader said.

Joshua Eisenman, a fellow in Asia studies at the American Foreign Policy Council, said China could be driven by its rivalry with Taiwan for friendly votes at the United Nations and other international organizations.

"China will encourage and seize any homegrown opportunity to further isolate Taiwan in Africa," he said. "I doubt Beijing would seek to topple a government just to undermine Taiwan; but if a Taiwan-friendly African government falls, it's icing on the cake for Beijing."

Conflict Stirs Up Confusion On Border Of Chad, Sudan (WP)

By Emily Wax

The Washington Post, April 28, 2006

KOUKOU ANGARANA, Chad -- In this desolate, sand-blown desert region of Chad near the Sudanese border, civilians are caught in a conflict so confusing that they -- and even the combatants -- have trouble telling who is fighting whom.

Or exactly why.

Chadian government troops are posted at key points along the border to halt what they say is a revolt by rebels based in Sudan. The soldiers wear red armbands to set them apart from the rebels, who wear similar uniforms and have an equally aggressive driving style, roaring through villages in pickup trucks, leaving behind clouds of billowing dust.

The insurgents, who are fighting to topple Chadian President Idriss Deby, represent at least 12 groups united under several coalitions. To make matters even more dizzying, some of them are Deby's estranged relatives, including a set of twin nephews.

Chad blames the Sudanese, saying they back the insurrection, an allegation that Sudan denies. An African Union investigation found this week that many of the captured attackers who invaded the capital April 13 had Sudanese and Central African Republic identification and said they were conscripted to fight by Sudan, which Sudan denies.

Sudan blames the Chadians, saying they support a different group of rebels in the Darfur region of western Sudan, some of whom have offices and villas in Chad's capital, N'Djamena.

And Chadians tend to blame France, Chad's former colonial power, which they accuse of being involved in the violence by backing the president.

Here in the inhospitable, rugged and lunar-like terrain of eastern Chad, where refugees huddle under thorn trees, two things are certain: The chaos in Darfur has extended deep into Chad, and a rapidly increasing number of civilians continue to suffer in one of Africa's most complex crises.

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Across Africa, conflicts tend to spill across national borders and destabilize entire regions. Fighting in the central African country of Congo, for example, has flared off and on for about a decade, at times drawing in more than a dozen rebel groups backed by several neighboring countries.

Rebels in northern Uganda have been backed by Sudan as payback for Uganda's support of rebels in southern Sudan who were fighting the Sudanese government. The war in the 1990s in Sierra Leone spread into Liberia and Ivory Coast.

"For me, Darfur has become like West Africa and eastern Congo, where the war is exported and the region is inflamed and flowing over borders," said Olivier Bercault, a researcher with Human Rights Watch who was visiting N'Djamena this week. "It's just very sad for the civilians caught up in it all."

About two weeks ago, rebels drove across the vast desert toward N'Djamena. A French warplane fired warning shots at the rebels on April 13 as they marched into the city, where government troops thwarted the coup attempt. By the end of the day, more than 350 people were dead.

In Koukou Angarana, about 50 miles from the Sudanese border, witnesses said the rebels briefly stopped in the trading town on their way to the capital, killing one police officer and injuring two others. The rebels kidnapped 12 police officers and forestry service workers, local leaders said, and demanded satellite phones from U.N. workers.

The raid stunned the townspeople, who in recent months have been attacked by what they believed were Janjaweed, or militiamen backed by the Sudanese government.

"Were these rebels Chadians? Were they Janjaweed?" said Ibrahum Abdul Majaid, who witnessed the violence. "Maybe they were hired by the Sudanese government."

"There was also a Libyan, perhaps just a mercenary," added Philomena Santoro, who works for INTERSOS, an Italian humanitarian group that provides water and food to the refugee camps in the area. "Then again, maybe some of them were just bandits. We have a lot of that here in the lawless border, too."

The violence in Darfur has displaced more than 2 million civilians and forced nearly 250,000 into Chad. Tens of thousands of people have died in the conflict.

While the Bush administration labeled the atrocities in Darfur a genocide nearly two years ago, no solution has been found to stem the violence, an example of the world's inability to solve such crises, experts and human rights activists said.

The United States has proposed sending several hundred NATO advisers to support an African Union peacekeeping mission in Darfur. Sudan has rejected the idea as a Western invasion of a Muslim country, and some leaders have likened the scenario to the situation in Iraq. On Sunday, Osama bin Laden called for an Islamic holy war in Sudan, saying fighters should rise up against a Western peacekeeping force that would be sent to Darfur to protect African Muslims against government-backed Arab and Muslim fighters.

The U.S. ambassador to Chad, Marc M. Wall, visited this border town Wednesday to reassure the population of the U.S. commitment to protecting them and to deciphering the situation. Chadian military officials told Wall that some of the rebels who drove through the town last week wore Sudanese government uniforms and did not speak French, as Chadians do.

"Information of aid, indirect or direct, by Sudan is troubling to us," Wall told a group of local leaders, adding that the situation was "fragile and dangerous."

Many Chadians helped shelter Sudanese refugees, but the violence has pushed about 60,000 Chadians off their farms.

The devastation and suffering were in full view for Wall as he walked through the sand past a long row of thorn trees where Chadian women and children were living in the open air. Teapots hung from branches, and sweaty infants with blank stares sat in the sand in the hot sun.

"We are so confused. Who is rebel? Who is Janjaweed?" said Halima Mohamed, 25, a displaced Chadian, who was cradling a relative's baby under a tree with other women forced from their village five miles from the Sudanese border. "It's all mixed. Sudan's troubles have come here. We don't know when it will end. I don't feel safe."

Humanitarian workers from the Office of the U.N. High Commissioner for Refugees said some of the Chadians want to live in the refugee camps. But because they are displaced people in their own country, they cannot be classified as refugees.

"If it wasn't totally out of control before, it certainly is now," Matthew Conway, a UNHCR spokesman, said as he looked at a group of Chadians living under trees. "There are many who have been seriously attacked. There is also a very poor population who may come in and want even a bowl or a plastic mat or bucket to help improve their lives."

Meanwhile, the Sudanese refugees, whose villages were burned when the Darfur conflict began, wonder where they can go next.

"What are we going to do now?" asked Fatih Younis Haroon, 39, a former clerk who fled Darfur two years ago with his five children.

While the civilians languish in misery, the war has entered the digital revolution. Rebels prefer a text message 15 minutes before arranging a satellite phone interview, and their plans are posted on a Web site in French.

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The rebel commanders issue orders from satellite phones in Sudan, while the high-ranking leaders dash off daily e-mails from hideaways in Paris. One of Deby's nephews, Tom Erdimi, who had a falling out with the president last year, organizes a separate rebel movement from his house in Texas.

Chadian human rights groups say Deby is using the rebel attack to distract attention from serious domestic issues of corruption and desperate poverty. In an interview at his campaign headquarters, the president said the word "rebel" should not be used to characterize his opponents.

"Sudan mercenaries are what they are," he said. "There is not a rebellion in Chad. This is an invasion by Sudan."

Deby, who is seeking to extend his 16-year rule in elections May 3, said Chad was not experiencing any internal problems and denied any disputes within his family. "Sudan wants to export its fundamentalism and genocide to Chad and the whole of central Africa," he said.

Rebel leaders acknowledge that they are operating from Darfur. Some of the rebels arrested after their coup attempt told African Union investigators Sunday that one of the main Chadian rebel leaders, Mahamat Nour, an ex-army captain, was recruiting young boys from refugee camps in Darfur and fighters from Central African Republic.

"The Sudanese do not disturb us," Albissaty Saleh Allazam, a spokesman for an umbrella rebel group, wrote in an e-mail. "Because Sudan lost assurance in Deby who created part of the conflict of Darfur. In a word, Sudan chose neutrality. If neutrality means support, so, Sudan backed us."

The villagers along the border worry that the rebels, the Janjaweed, bandits or mercenaries will attack again, but they say their village has always been vulnerable to such violence. Koukou Angarana, translated loosely, means, "Your grandmother is telling you to watch out, take care." The border between Sudan and Chad, they say, is a very dangerous place.

Blowback In Africa (NYT)

By Raffi Khatchadourian

The New York Times, April 28, 2006

EVER since Chad gained independence 46 years ago, it has been a world-class model of political dysfunction. In the 1970's, Chad's president, François Tombalbaye, compelled civil servants to renounce Western customs, undergo a tribal initiation rite known as yondo and profess belief in a nationalist creed he called Chaditude. He was executed in 1975. In the 1980's, a rebel leader named Hissène Habré led an army to the presidential palace and seized power. He became known as the "African Pinochet" and murderously pursued opponents for nearly a decade.

In 1990, Mr. Habré was chased out by an armed faction led by Chad's current president, Idriss Déby. Now Mr. Déby is facing his own rebellion.

Americans might dismiss this numbing cycle of coups as esoteric history belonging to a troubled and distant country. They shouldn't. The C.I.A. armed Mr. Habré for years, and since 2003, the United States military has been training and equipping Mr. Déby's army, making his fight to stay in office our fight, too.

Last year, Chad took part in a vast, international military exercise organized by the United States — the largest exercise of its kind in Africa since World War II, according to the Defense Department. This summer, American forces will continue to advise Chadian soldiers, and Congress is expected to allocate $500 million for a five-year program to train and equip several Saharan armies — including Mr. Déby's.

The military hopes these initiatives will help contain the threat of terrorism by bringing order to the Great Desert and its borderlands. For centuries, the Sahara has been a lawless realm, and with millions of Muslims living across the region in isolated communities, counterterrorism officials fear that Islamic militants may seek sanctuary there.

But dispensing military aid to Chad now — with Mr. Déby fighting hundreds of rebels backed by Sudan — seems reckless. It puts American military equipment and expertise in the hands of a desperate dictator. Worse still, it risks pouring additional fuel into the human furnace of Darfur, and it may well come to impede the careful diplomatic work required to solve that crisis.

So far, American officials have made much of Sudanese assistance to the rebels, framing the recent conflict in Chad as an outgrowth of the tragedy in Darfur. There is some truth to this. But the violence in Chad also has its own political narrative. During his 16 years in power, Mr. Déby has ruled Chad brutally. His security forces have committed torture, rapes, summary executions and mass killings.

Mr. Déby is a member of the Zaghawa — a northern tribe making up roughly 5 percent of Chad's population — and last year the State Department described his regime as a Zaghawa oligarchy shielded by a security and intelligence apparatus that violates human rights with impunity. In 2004, Mr. Déby altered Chad's Constitution to grant himself another term in office. Elections are scheduled for next Wednesday. There is little likelihood they will be fair.

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Only one compelling argument exists for giving Chad military aid, and it follows from the logic of lesser evils. Many of the refugees fleeing Darfur are Zaghawa, and Mr. Déby has taken them in. If his regime collapses, tens of thousands of people will once again be at the mercy of Sudan's janjaweed marauders, and the genocide may spread.

This argument, though, is complicated by another unsettling development. In recent months, scores of Chadian soldiers have defected to the rebel militias. If the defections continue, they raise the horrific possibility that American military equipment and expertise could end up going to men aligned with the janjaweed. In that case, our military assistance to Chad, far from containing political anarchy, would only add to it.

Opposition Leader In Belarus Jailed Over Rally Against President (NYT)

By Steven Lee Myers

New York Times, April 28, 2006

MOSCOW, April 27 — The authorities in Belarus arrested the country's main opposition leader on Thursday and swiftly sentenced him to 15 days behind bars, accusing him of participating in an unauthorized rally the day before against President Aleksandr G. Lukashenko.

The arrest of the opposition leader, Aleksandr Milinkevich, who challenged Mr. Lukashenko in the presidential election last month, intensified a crackdown on political opponents in the wake of unusually strong public protests against a vote denounced as a fraud. Mr. Milinkevich, 57, a former physics professor, had been warned many times but until now had not been imprisoned.

Another opposition politician, Vintsuk Vyachorka of the Belarussian National Front, was arrested Wednesday after thousands rallied on the 20th anniversary of the accident at the Chernobyl nuclear power plant, which sent radioactive waste across Belarus. The date has in recent years been marked in Belarus by protests against Mr. Lukashenko's authoritarian rule.

Two other political leaders, Sergei Kalyakin of the Communist Party and Aleksandr I. Bukhvostov of the Labor Party, were arrested Thursday in what appeared to be a sweep against Mr. Lukashenko's critics.

The European Union and the United States have sharply criticized the postelection arrests. Each has imposed travel restrictions on Mr. Lukashenko and on 30 other officials in retaliation for what Western officials called electoral fraud and subsequent repressive measures against the opposition.

In Sofia, Bulgaria's capital, Secretary of State Condoleezza Rice assailed the arrest of Mr. Milinkevich as "reprehensible," saying that "the United States roundly condemns this act and sincerely hopes that the Belarus government accepts the will of the international community that it act in accordance with accepted international principles in the treatment of political opposition."

The NATO secretary general, Jaap de Hoop Scheffer, condemned the arrest as antidemocratic on behalf of the NATO and European Union envoys meeting in Sofia. He called on the government of Belarus to release Mr. Milinkevich immediately "and to refrain from these kinds of actions."

"I think the Euro-Atlantic community cannot accept these kinds of things in the heart of Europe," he said.

A senior State Department official said in a telephone interview that the United States and the European Union were preparing additional punitive measures, including financial penalties against Mr. Lukashenko and others. The official, who spoke on condition of anonymity because of department protocol, called the latest wave of arrests "a last gasp effort to maintain control over things."

But Andrei Sannikov, a leader of the human rights organization Charter 97, said the arrests underscored Mr. Lukashenko's defiance.

"He's challenging Europe," Mr. Sannikov said via telephone from Minsk. "He's saying you can make whatever statements you want, and he will do whatever he wants."

Mr. Milinkevich finished the election a distant second, with 6 percent of the vote, compared with 82 percent for Mr. Lukashenko, according to the government's announced results, which have met skepticism at home and abroad. The election prompted protests, centered on an encampment on October Square, which the police broke up five days later.

Melee In Cairo Reveals Stress In Government (NYT)

By Michael Slackman

The New York Times, April 28, 2006

CAIRO, April 27 — Thousands of riot police officers sealed off access to the High Court on Thursday, beating and arresting protesters who had turned out to support two judges facing a disciplinary panel because they had accused the government of election fraud.

The huge show of force, appearing larger even than what was deployed in the Sinai after four bombings there this week, seemed to signal that President Hosni Mubarak's government had reached a breaking point over shows of dissent.

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The focus was a relatively small demonstration over the treatment of the two judges and in support of more than 80 others who had been staging a sit-in for more than a week at the stately old Judges Club to demand an independent judiciary.

The persistent demands by the group, who represent thousands of judges across the country, has united a wide swath of political opposition and has sparked new life in a reform movement that had withered after the presidential election in September.

Since then the government has increasingly retrenched from a position of generally allowing more political freedom.

By Thursday, after days of dealing with the attacks in the Sinai and low-intensity clashes between the police and protesters in Cairo, the government seemed overwhelmed.

Around 8 a.m., massive green troop carriers rumbled into the center of the city and deployed more than 3,000 troops, a number that swelled to about 10,000 by midday, according to witnesses and videotapes.

The army of riot officers pressed in with long wooden poles and body-length shields to seal off the judges from a relatively small group of supporters on the street. Eyewitnesses said at least 50 demonstrators were arrested, though there was no way to verify that.

The police also arrested a journalist for the television network Al Jazeera who had reported — incorrectly — that an insurgent attack on the police had spread into the previously calm delta region, a report that instantly caused a tumult in the capital.

The network retracted the report, but the government held the newsman, saying he was guilty of "spreading confusion."

The demonstrators had gathered especially to support Mahmoud Mekky and Hesham Bastawisi, the two judges brought before the disciplinary panel because they had accused the government and other judges of forgery in connection with the last parliamentary elections. Their case was postponed for two weeks while the panel considered several defense motions.

The authorities also lifted the judicial immunity of seven judges who had complained about fraud in past elections, paving the way for those judges to be questioned by the police.

"I am so happy that they are doing this to us, because it proved that they are the ones that people want to try, not us," Judge Bastawisi said Thursday after his appearance in court. "It is not us that are going to court, but it is the ruling regime, and they already got the verdict from the people."

In a Labor Day speech on Thursday to workers gathered in a conference hall in Cairo, President Mubarak portrayed the dispute with the judges as an intramural matter, not involving the government.

"I tell the judges who make up Egypt's proud judiciary that you are the guardian of justice and protector of the law," he said. "I hope you reach among yourselves a just conclusion that preserves the high interest of the homeland and improves what we are already seeking: an independent judiciary, as well as your prestigious status in our hearts."

But the president's words did little to soften the government's treatment of the protesters.

"It is an indicator the system is breaking down," said Rajia Amran, a lawyer who turned out Thursday to support the judges and described their cause as "the last bastion of freedom in this country."

"They are panicking; they are in the dark and don't know what to do."

Youssef Rashwan, a technician in an iron and steel factory, said he came out "to support the judges in their honorable stance."

"Look how the regime treats the civil peaceful opposition," he said. "No wonder that people blow themselves up. There is no way to go because the security treats all opposition the same way, just oppression."

There are 9,000 judges in Egypt, and an estimated 7,000 have joined forces to press the government for a new law that, they argue, will allow them to be independent.

Those leading the fight, including some of Egypt's most senior jurists, have been pressing the government since 1991 to ensure that judges are free from government pressure.

They say the minister of justice, who is appointed by President Mubarak, can threaten, intimidate and punish those who challenge the will of the government — an accusation that government officials deny.

But the tension reached a new level about a year ago when the judges began demanding that they have the sole right to monitor elections. They complain that even though judges watch polling sites, government appointees tally votes.

"It is enough that for the past 52 years, we have been carrying the liability of rigging the elections in this country," Zakariya Ahmed Abdel Aziz, chairman of the Judges Club, said at a meeting in August.

Ghada Shahbandar, leader of an electoral monitoring group, said: "We can not aspire to have reform without an independent judiciary. It is the first and most important block in the reform process."

After the parliamentary elections ended in December, a group of judges leveled accusations of forgery and fraud, and for that they were chosen for discipline and investigation. The move was approved by senior members of a judicial panel at the recommendation of the minister of justice, officials said.

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Mahmoud al-Khudeiry, head of the Judges Club in Alexandria, was one of the seven who had his judicial immunity lifted and is now facing the prospect of police interrogation.

He has served on the bench for 43 years and said he had not seen such antagonism between the bench and the executive since the 1960's, when Nasser staged what is known as the Judges' Massacre by firing jurists who did not bend to his pressure.

"We don't know how it will end or where it will end," Mr. Khudeiry said Monday, as he greeted supporters who came to the Judges Club. "All we know is, we insist on our demands and we persist in our way until we achieve our demands."

Mubarak Vs. A Dissenting Judiciary (WP)

By Daniel Williams

The Washington Post, April 28, 2006

CAIRO, April 27 -- Thousands of police surrounded the stately square building on Abdel Khaleq Tharwat Street downtown Thursday, while up on the balcony a group of bespectacled judges stood in protest, cellphones trilling in their hands.

The place was the Judges Club, a palatial gathering spot for jurists that is outfitted with giant chandeliers and gilt-framed mirrors. This week, it was the scene of sit-ins against the 25-year rule of President Hosni Mubarak.

The police sealed off the Judges Club as well as the High Court building where two magistrates are being prosecuted for denouncing fraud in a series of elections last year. The show of force was impressive: The number of black-clad, helmeted officers on the street was far larger than during a series of small anti-Mubarak demonstrations last year. Several demonstrators who dared brave the massive cordon were hustled into detention.

Abdel Khaleq Tharwat Street is the latest battleground in the government's campaign against pro-democracy dissidents. The targets this time are judges who are battling to free the bench from what they say is Mubarak's control.

For the judges, Exhibit A of government interference and harassment is the case of the two magistrates, Hesham Bastawisi and Mahmoud Mekky.

The two men appeared at a hearing Thursday in which they faced disciplinary charges of insulting the judiciary for saying that fellow judges, handpicked by the government to monitor the elections, failed to stop or even denounce vote-rigging. They had set up an independent committee to observe the elections and take complaints.

The court session Thursday was brief, and the magistrates were ordered to appear again May 11. They face being removed from the judiciary.

"The government wants to block the independence of the judiciary," said Nasser Amin, a human rights activist who promotes judicial reform. "Judges are speaking out against arbitrary laws and repression of individuals, and so the authorities feel they must stop them."

Many Egyptians regard judges as a potential counterbalance to the near-absolute presidential powers in Egypt, Amin said.

On Wednesday evening, police broke up a demonstration that had gone on for nine days across from the Judges Club. They hauled off protesters who were chanting, "God grant the judges strength to resist" and "Down with Hosni Mubarak."

At one point, a one-legged man on crutches charged the police, yelling, "Away with the tyrant!" He lost his grip on the crutches but nonetheless twirled around and around shouting epithets.

Since the parliamentary elections last year that Mubarak's party won handily, his government has taken the offensive against some of its harshest critics and political rivals.

Though under pressure from the United States to democratize, the government imprisoned Ayman Nour, the distant second-place finisher in the presidential vote last year, on charges of falsifying official documents. Two journalists have been jailed for "defaming" government officials. On Thursday, a reporter from al-Jazeera television who was working in Dahab, the scene of bombings Monday that killed at least 18 civilians, was detained for broadcasting "false information likely to harm the country's reputation."

The government has renewed roundups of members of the Muslim Brotherhood, a formally banned Islamic group that has become the only large, well-organized political opposition in Egypt. Mubarak postponed municipal elections for two years, a move that opposition activists said was designed to head off Brotherhood candidacies.

The president also has hinted that he would extend emergency laws in place since 1981 that curb free speech and political activities.

Judges resisted government requests to supervise the recent elections, as required by law. Dissenting magistrates, asserting that the eventual observers were handpicked and biased, issued a report that was publicized on pan-Arab television.

"We're insisting that the elections were flawed. The government can't stand that because people will believe us and not them," said Bastawisi, a 29-year court veteran and currently an appeals court judge.

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This was not the first time Bastawisi has participated in an electoral protest. In 1985, he and other judges condemned fraud, without effect. Last year, he said, some judges were complicit in the fraud -- statements of the sort that have landed him in court. "I don't care," he said in an interview. "At this point, cooperating with the state is a crime."

Bastawisi noted that the parliamentary elections featured police blockades of polling stations and that 11 people who tried to break through the cordons were killed. "The people responsible for this should be put on trial. Instead, we are attacked."

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DEPARTMENT OF JUSTICE *NEWS CLIPS*

PREPARED FOR THE OFFICE OF PUBLIC AFFAIRS, US DEPARTMENT OF JUSTICE

TO: THE ATTORNEY GENERAL AND SENIOR STAFF

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TERRORISM NEWS:

Juror In Terror Trial Disavows Verdict (SFC)

By Demian Bulwa

San Francisco Chronicle, April 28, 2006

Sacramento -- One of 12 jurors who convicted a 23-year-old Lodi man Tuesday on charges that he trained for holy war disavowed the verdict late Thursday, alleging that she was bullied into a guilty finding amid a pattern of misconduct by fellow panelists.

"I never once throughout the deliberation process and the reading of the verdict believed Hamid Hayat to be guilty," Arcelia Lopez, a 44-year-old school nurse from Sacramento, said in a 2,000-word affidavit filed to the U.S. District Court in Sacramento by the defense just after 9 p.m.

Among other accusations, Lopez said the jury's foreman, near the start of the two-month trial, "gestured as if he was tying a rope around his neck" and said, "Hang him." Lopez said the gesture was repeated throughout the trial and that she believed it was a reference to Hayat.

Hayat's attorney, Wazhma Mojaddidi, said Lopez's claims should prompt U.S. District Judge Garland Burrell Jr. to grant the young man a new trial. Hayat now faces 30 to 39 years in prison at a July 14 sentencing.

Prosecutors could not be reached for comment at the late hour.

But one juror, speaking condition of anonymity, called the accusations "a complete outrage" borne of "juror regret." The juror said Lopez changed her vote to guilty Monday, which at first made the juror uncomfortable.

"When she decided to change her vote, which was completely under her own will, I asked her flat-out to her face, in front of everybody, if she was changing her mind based on her own free will and the evidence presented the jury," the juror said. "She said yes."

The juror, who declined to address specific misconduct allegations, continued: "We argued as jurors do -- that's deliberation. If she saw that as pressure, it was in her own mind. I don't think other jurors saw it that way."

Attempts to reach other jurors were unsuccessful. A few declined to comment.

The jury of six men and six women, after deliberating for nine days, found Hayat guilty of providing "material support" to terrorists by training at a camp in Pakistan and returning to the United States to await attack orders. He was also convicted of three counts of lying to the FBI.

Lopez, the final holdout for acquittal, acknowledged in the affidavit that, when polled by a clerk Tuesday, she "responded to the court that I agreed with the verdict."

"I deeply regret my decision," said Lopez in the affidavit, adding that she cried several times during deliberations and, last Saturday, sought treatment for migraine headaches at an emergency room.

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James Wedick, a former FBI agent and the lead defense investigator, contacted Lopez on Wednesday and later asked her if she would allow the defense to prepare an affidavit.

Vic Amar, a professor at Hastings Law School in San Francisco, said Judge Burrell would likely investigate the allegations.

"In general, changes of heart by a juror are not a basis for undoing a verdict unless there are specific influences he or she can point to, like a bribe or a threat or some improper evidence that was looked at," Amar said.

Also Tuesday, a separate jury of eight women and four men failed to agree on whether to convict Hayat's father, 48-year-old Umer Hayat, on two counts of lying. Prosecutors have not yet decided whether to retry the elder Hayat, who is due back in court Friday for a bail hearing.

The dual trials in Sacramento centered on the FBI's videotaped interrogations of the Hayats last June at the agency's office in the capital. Hayat, already on the FBI's radar because of comments he made to an informant, had just returned from a two-year trip to Pakistan.

Prosecutors described the confessions as clear proof of guilt, but defense attorneys said the men have no experience with terrorist camps and were manipulated into telling agents whatever they wanted to hear.

Lopez said jurors inappropriately talked about media reports regarding the case. In particular, she said, jurors expressed interest in finding out what dismissed juror Andrea Clabaugh, 39, of Carmichael, said to reporters on March 22. Clabaugh had said the evidence thus far had not convinced her of Hayat's guilt.

One juror "suggested the Chronicle or the (Sacramento) Bee," Lopez recalled.

Burrell repeatedly admonished the jurors to avoid exposure to media reports on the case. Such exposure can be grounds to overturn a verdict.

Lopez said the foreman, Joseph Cote, 64, of Folsom, made offensive comments about Hayat during deliberations. She quoted him as saying, "If you put them in the same costume then they all look alike."

The foreman sent a note last Friday to Burrell complaining that one juror "does not seem to fully comprehend the deliberation process." Lopez said this was a reference to her belief that Hayat was innocent.

Lopez said Cote "personally attacked me repeatedly as someone who couldn't process the information and who just couldn't see that (Hayat) was guilty because he thought I didn't have the mental capacity to understand."

She said she didn't even know about the note until Burrell responded in writing on Monday morning, asking jurors to "please continue your deliberations."

Lopez said another juror, Rebecca Harris, 58, of Clements, brought in a long, type-written note Monday and read it to the panel. Harris complained that her health was failing and, Lopez said, blamed it on her.

"The message of the statement was clearly to put pressure on me to change my vote," Lopez said in the affidavit. "She said that she herself couldn't take it anymore and that if I didn't change my vote, she would consider getting off the jury herself due to the stress."

In the end, "I explained to the other jurors that it was okay that I disagreed and that we did not have to have a unanimous verdict," Lopez said in the affidavit. "But they did not all agree. They continued to pressure me to change my vote. At this point I was under so much stress and pressure, that I agreed to change my vote."

Alternate juror Montell Hall, 69, of Roseville, who did not sit through deliberations, said Thursday that the panel followed the rules when he was present.

"If there was any (misconduct), I would have been the one to do it," the semi-retired engineer and consultant joked. "I was very outspoken, but I didn't talk about the trial (during testimony)."

Hall said he too would have voted for conviction.

"I was absolutely sure in my own mind that he was guilty," Hall said. "Mostly it was the confession that made me sure, and the way he acted during the confession ... the kid was his own worst enemy."

Terror juror bullied? (SR)

By Jeff Hood

The Stockton Record, April 28, 2006

Hamid Hayat's conviction on terrorism charges was delayed by a lone juror who refused to believe the Lodi man was guilty, according to a jury note unsealed Wednesday, one day after the verdict.

The note from foreman Joseph A. Cote, delivered to U.S. District Judge Garland E. Burrell Jr. on Friday, read "There is impass (sic) with a juror who does not seem to fully comprehend the deliberation process. I'm available to discuss this with you and counsel at any time."

Burrell ordered jurors on Monday to continue their work, and the impasse ended Tuesday, the ninth day of deliberations. That's when the holdout joined the 11 others in voting to convict the 23-year-old Hayat of attending a militant training camp in

Pakistan in 2003 and 2004 to train for an Islamic holy war in the United States. He also was convicted on three counts of lying about his training.

Earlier Tuesday at Sacramento's federal court, Burrell declared a mistrial in the lying case against Hayat's father, Umer, after jurors deadlocked on two charges.

Defense attorney Wazhma Mojaddidi said the guilty verdict suggests that the 12th juror was bullied into voting for conviction, a possible basis for appealing the decision. She said she talked briefly with Cote on Wednesday, who referred to the juror as a woman.

"He's saying that she couldn't see the evidence, couldn't see he was guilty," Mojaddidi said, adding Cote would not reveal the juror's identity.

Mojaddidi said a female juror was visibly upset in the court when she confirmed her guilty vote for Burrell.

"I think the judge noticed it," she said. "The judge was staring at her."

U.S. Attorney McGregor Scott said Wednesday that last-minute changes of heart are a part of the jury process and to suggest anything else is speculation.

"My entire legal career, I've been in and around jury trials, and this happens," Scott said. "It's the back and forth of jury deliberations, and it's the way it works, so there's nothing really out of the ordinary about it."

Meanwhile, FBI agents resumed their surveillance of Muslims named by Umer Hayat as having received paramilitary training in Pakistan. Federal law enforcement authorities said Tuesday they are continuing their investigations into possible ties between local Muslims and terrorist groups.

But that might not be the last of the charges facing Lodi residents, Scott said.

"Certainly there are people of interest to us," Scott said, declining to elaborate in a telephone interview Wednesday. He referred questions to FBI agents, who also said the probe was continuing but refused to give more details.

"There are aspects of this (case) which remain under investigation," said Drew Parenti, the agent in charge of the Sacramento office.

Lodi Mayor Susan Hitchcock and police Capt. Gary Benincasa said the FBI has not shared any additional suspicions with them, and neither has seen indications of terror-related activity.

Scott's comment about a continuing investigation "reopens an old wound," aggravating suspicions of and within the Muslim community that had just begun to heal, said Hitchcock.

"This is going to cause everyone unease," she said. "I hope they're speaking from real knowledge, not just hearsay or something like that, because the city of Lodi is ready to move on. This is not something we want to be known for. We want to be known for our fine wines."

One of the men named in Umer Hayat's confession declined an interview Wednesday. He said attorney Lindsay Weston of Davis advised him not to submit to a reporter's interview request under any circumstances.

Weston said the government will not hesitate to subpoena reporters to disclose information obtained in confidence from sources if it isn't already eavesdropping on Muslims' conversations.

When a woman sitting in a parked car near the man's home was asked by The Record if she was with the FBI, the woman smiled, waved and said, "Have a nice day."

Attendance at the Lodi Muslim Mosque's early-afternoon prayer service was sparse, with one member complaining the constant media presence outside discouraged others from praying.

One Egyptian-born Muslim, who only occasionally prays at the mosque during work breaks, said many members are fearful. Nearly all have their roots in Pakistan, like the Hayats.

"They never talk to me because they think I am FBI," the man said.

Also Wednesday, the convicted man's cousin said he could have testified that Hamid Hayat never attended the terrorist camp but wasn't called to the stand as an alibi witness.

Usama Ismail said he lived in Pakistan for 31/2 years before returning to Lodi in March 2005 and never went more than two weeks without seeing his cousin. And even in those times, they would chat by cell phone.

"If he went to a place like that, I would have known," Ismail said. "I'm not that dumb to go and perjure myself and say he didn't go if he did. I was there that whole time. Sometimes we'd go to Islamabad and eat at KFC. That was like royalty."

Mojaddidi said Ismail was represented by an attorney who didn't want the 20-year-old Lodi resident testifying.

The sole San Joaquin County juror in the case, Rebecca Harris of Clements, said Hamid Hayat's confession was the single most compelling piece of evidence.

"It was his words," the 58-year-old bank regulator said late Tuesday.

Harris declined to discuss the jury's deliberations in detail, but she said she was confident the outcome was right.

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Harris said jurors did not vote on the matter immediately once they began deliberating. She said jurors were respectful, but otherwise she declined to discuss dynamics in the room.

"It was not an easy decision," she said.

Mojaddidi said jurors' emphasis on the confession brings up another possible ground for appealing, this one based on a March 31 ruling by Burrell. The judge disallowed testimony from retired FBI agent Jim Wedick, who would have testified the confession was not reliable. Burrell said the testimony would have been redundant.

Hamid Hayat is scheduled to be sentenced July 14.

Juror Illness Causes Delay In Moussaoui Deliberations (WP)

By Jerry Markon And Timothy Dwyer

The Washington Post, April 28, 2006

The death penalty case of Sept. 11, 2001, conspirator Zacarias Moussaoui, which has stretched over more than four years amid numerous delays and complications, was delayed once again yesterday. A juror called in sick.

U.S. District Judge Leonie M. Brinkema told attorneys on both sides that she was sending the jury home. Brinkema initially proposed waiting until Monday to restart deliberations in the al-Qaeda conspirator's sentencing hearing because the juror was on medication.

"I don't want any juror in this serious of a case . . . working if he is not feeling 100 percent. It's obviously a stressful situation," Brinkema told the remaining 11 jurors who filed into the U.S. District courtroom in Alexandria.

After prosecutors and defense attorneys suggested that would be too long a delay, Brinkema sent the jury home for the day. Later yesterday, the juror told the court that he was feeling better, so the jury is supposed to start what could be its third full day of deliberations today.

Moussaoui, who often shoots one-liners -- some vitriolic, some humorous -- to spectators after the jury and judge have left the courtroom, tried to take credit for the juror's undisclosed illness.

"Moussaoui's biological warfare!" he called out, smiling.

Moussaoui, 37, was charged in December 2001 with conspiring with al-Qaeda in the Sept. 11 attacks on the World Trade Center and Pentagon. The trial date was moved back several times because of the vast amount of classified material and the complications caused by Moussaoui's initially being allowed to represent himself.

The case was then put on hold for more than two years during a legal dispute over whether Moussaoui and his attorneys could question top al-Qaeda detainees they said could help clear him. An appeals court said in 2004 that Moussaoui could not interview the captives but that their statements to interrogators could be read to a jury.

He pleaded guilty last year, becoming the only person convicted in this country in the Sept. 11 attacks. The sentencing hearing began March 6.

This month, the 12-member jury found that Moussaoui was eligible for the death penalty because his lies to the FBI when he was arrested in August 2001 allowed the Sept. 11 plot to go forward. Jurors then returned to court for a second phase that featured emotional testimony from several dozen family members of Sept. 11 victims.

After closing arguments Monday, jurors began their deliberations in the jury room on the seventh floor of the courthouse.

Juror's Illness Stalls Moussaoui Trial Deliberations (LAT)

By Richard A. Serrano

The Los Angeles Times, April 28, 2006

ALEXANDRIA, Va. — Jury deliberations in the Zacarias Moussaoui conspiracy trial were expected to resume today after being halted Thursday when a juror fell ill.

U.S. District Judge Leonie M. Brinkema did not divulge the juror's name or illness, saying only that the juror was a male who needed treatment by a doctor and prescription medicine.

The nine men and three women began deliberating Monday afternoon and have spent about 16 hours debating whether Moussaoui, who has pleaded guilty in the Sept. 11 conspiracy, should be executed or spend his life in prison with no parole.

The jurors were set to restart their discussions Thursday morning when it was announced that the juror was not present and could not participate in the deliberations. Brinkema at first wanted to put off the deliberations until Monday to give the juror time to recover.

"This is the most sensitive time in the case," she said, referring to jury deliberations. "I don't want any juror in this serious of a case working if he or she is not feeling 100%."

But Thursday afternoon, the court announced that the juror was "feeling better" and that deliberations would resume today.

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Moussaoui, 37, twice testified in the trial and said he was being groomed by the Al Qaeda terrorist organization to fly a fifth plane into the White House on Sept. 11. But he was arrested three weeks before the attacks on New York and the Pentagon.

On Thursday, Moussaoui continued his practice of shouting anti-American boasts and taunts. After the juror's illness was announced, he yelled, "Moussaoui biological warfare!"

Man Found Guilty In Milwaukee Bomb Plot (WP/AP)

By The Associated Press

The Washington Post, April 28, 2006

MILWAUKEE -- A man who authorities say idolized Oklahoma City bomber Timothy McVeigh was found guilty Thursday of threatening to blow up a federal building in downtown Milwaukee.

A jury deliberated about 3 1/2 hours before finding Steven Parr, 41, guilty on the charge of threatening to blow up the Reuss Federal Plaza.

Parr, of Janesville, could face up to life in prison. No sentencing date was immediately set.

Prosecutors said testimony in the four-day trial showed Parr idolized McVeigh, who was put to death for the Oklahoma City bombing 11 years ago that killed 168 people.

Parr had studied bomb-making books and previously built small explosive devices, prosecutors said.

Authorities said Parr was days away from being released from state prison in September 2004 after serving time on drug charges when he told a cellmate about his plan to use a truck bomb to blow up the 14-story building.

The cellmate alerted authorities.

The cellmate, whose name was not disclosed, said in letters to the FBI that Parr had extensive knowledge in bomb-making and considered Ted Kaczynski, the Unabomber, another of his heroes, according to a complaint.

Five Relatives Of Terror Suspect Arrested (AP)

By Paul Foy, Associated Press Writer

AP, April 28, 2006

SALT LAKE CITY -- Five relatives of a U.S. citizen suspected of being a senior al-Qaida operative were arrested in California and Utah on charges of defrauding banks of hundreds of thousands of dollars.

The FBI said it was investigating whether any of the money was used to finance Middle East terrorism.

Four of the five defendants -- all U.S. citizens or legal residents from Jordan where the family of al-Qaida suspect Shawqi Omar has extensive ties -- were arraigned Thursday. The fifth was excused for medical reasons.

Nothing in the indictments ties any of the relatives to a terror network, and federal prosecutors officially referred to the case as a criminal enterprise. But agents are working to determine where all the money went, said Greg Bretzing, a supervisor in the FBI's Joint Terrorism Task Force in Salt Lake City.

"This is an ongoing investigation. This is nowhere close to being over," he said.

The FBI said Omar's relatives netted $327,000 from fraudulent bank loans and bad mortgages in Utah, and Bretzing said some of the money wound up in Jordan with Omar's relatives.

Omar, a 44-year-old Kuwaiti native with U.S. and Jordanian citizenship, has been indicted in Jordan with Iraq insurgent leader Abu Musab al-Zarqawi in an aborted chemical attack on the Jordanian intelligence agency.

Omar has been held by the U.S. military in Iraq since he was arrested in Baghdad in 2004. He has not been charged in Iraq with any crime, but the U.S. government claims he had bomb-making materials and was harboring an Iraqi insurgent and four Jordanian fighters at the time of his arrest.

In one of the allegedly fraudulent transactions, two relatives are accused of using the same Mercedes-Benz sedan as collateral for loans totaling $80,000 that they failed to repay to two Utah banks, court documents said.

Neither of the two owned the car, which belonged to another family member, according to the documents.

Paul Toller, a Utah First Credit Union vice president, said it loaned $40,000 to Omar's brother using the Mercedes as collateral.

But Sharif Omar was a used-car dealer who had "borrowed and repaid on other car loans," and that nothing about the Mercedes-backed loan appeared suspicious, Toller said.

Soon after taking out the loan -- which Sharif Omar told a bank officer was for home improvements -- he stopped making payments. Investigators contend he gave the $40,000 to a nephew, who included it in a wire transfer to an account in Amman, Jordan.

Sharif Omar, 37, pleaded not guilty Thursday in federal court in Salt Lake City and was released pending trial. If convicted, he faces up to 60 years in prison and $1.75 million in fines on charges of bank fraud and money laundering, a prosecutor said.

Another brother, 42-year-old Bassam Omar, an engineer who owns several Utah businesses, was also indicted. Family members say he was the joint owner of the Baghdad construction company Shawqi Omar was managing at the time of his arrest.

He denied that Shawqi Omar is a member of al-Qaida in an NBC News interview in February. "He is not a terrorist, and it's not fair to him or us," he said.

Another of Shawqi Omar's brothers, who was not indicted, accused federal agents of manufacturing ties between Omar's alleged terrorist actions and the family's U.S. business holdings.

"There is no connection," Gus Omar, who works at one of three Utah car dealerships owned by the family, told The Salt Lake Tribune.

Al-Qaida suspect's relatives nabbed on fraud charges (SLT)

By Matthew D. LaPlante and Matt Canham

The Salt Lake Tribune, April 28, 2006

Counterterrorist agents pounced on five men, one in Utah and four in California, on Wednesday as part of an investigation into the U.S. connections of a suspected senior al-Qaida operative imprisoned in Iraq.

But for now, the federal indictments against the men - all of whom have ties to Utah and all of whom are related to accused terrorist Shawqi Omar - involve only fraud and money laundering.

But FBI agents say that some of the money alleged to have been stolen in various schemes wound up in Jordan. And now they want to know whether that cash has ended up in the hands of terrorists.

"We would be derelict not to investigate where that money is going," said agent Greg Bretzing, a supervisor in the FBI's Joint Terrorism Task Force in Utah.

The Omar family has extensive ties in Jordan, where Shawqi Omar moved his family in 1995 and where he now stands accused of helping terrorist mastermind Abu Musab al-Zarqawi plot a chemical attack.

Al-Zarqawi claims to be al-Qaida's Iraqi leader and has been implicated in scores of bombings, kidnappings and beheadings. The U.S. government has put a $25 million bounty on his head.

Federal investigators believe Shawqi Omar acted as al-Zarqawi's "personal emissary" in several Iraqi cities. But back in Utah, Omar's brother Gus says there is no connection.

"If you're a Sunni and from Jordan and in Iraq, then you're bound to meet somebody who has met Zarqawi, but Shawqi doesn't know him," said Gus Omar, who has not been implicated in the case against his brothers.

Related Articles

Shawqi Omar in Utah

In court filings, U.S. military officials have offered evidence to the contrary, saying Omar had taken al-Zarqawi's sister-in-law as a second wife.

Omar, who worked as a refrigerator repairman when he lived in Utah in the late-1980s, was arrested in Iraq on Oct. 29, 2004. U.S. military officials have alleged the 44-year-old man, acting on al-Zarqawi's behalf, was harboring one Iraqi insurgent and four Jordanian fighters at his Baghdad home. He had also plotted the kidnapping of American workers in Iraq, U.S. officers alleged.

Omar could be the first American citizen to be tried in the Iraqi court system, if military officials prevail in an ongoing legal battle. It is a prospect his family in the United States is fighting to prevent. A document filed by Omar's lawyers this week, in which they have again requested access to their client, alleged that U.S. troops beat Omar and tortured him with electric shocks.

Bassam Omar, who family members say was the joint owner of the construction company Shawqi Omar was managing in Baghdad at the time of his arrest, has denied his brother is a member of al-Qaida.

"He is not a terrorist," he told NBC News in February, "and it's not fair to him or us."

Now Bassam Omar is behind bars.

The San Diego engineer, who owns several Utah businesses, was taken into federal custody on Wednesday, hours after another Omar brother, Sharif, was arrested at his home in the Salt Lake City suburb of Cottonwood Heights.

Two nephews and a brother-in-law were also detained in California.

The Utah arrest came as a shock to neighbors in the upscale gated subdivision where Sharif Omar has lived with his wife and three children for more than a year.

"Of anybody here, he's the last guy I would have expected to get arrested," said neighbor Bob Skanchy.

Friends said that Sharif Omar's family seemed to have rapidly climbed the economic ladder over the past few years, though state records indicate most of the dozens of businesses he and his relatives have owned along the Wasatch Front have closed.

Skanchy said homes in the community can cost upwards of $500,000. Two luxury sport utility vehicles were parked in front of the Omar home Wednesday afternoon.

Inside the newly built house, Hannah Omar said she had yet to be told why her husband had been arrested.

"I don't know what's going on," she said. "I haven't even talked to our lawyer."

She'll have an opportunity to learn more today at her husband's arraignment on charges of bank fraud and money laundering.

The four indictments allege that the Omar family members, aided by three other Utahns, defrauded banks of hundreds of thousands of dollars with bad mortgage and car loans from 2000 to 2004.

In at least one instance, Omar nephew Ihab Ramadan allegedly wired $50,000 to an account in Amman, Jordan, according to the indictments. Ramadan was arrested at his Chula Vista, Calif., home early Wednesday.

Another Omar nephew, Alaa Ramadan, was arrested at Los Angeles International Airport after FBI agents received word he was returning from Jordan, where friends say he has lived for several years. The fifth family member, identified as Omar's brother-in-law Ahmad Abudan, was arrested in the San Diego area on the same day.

A federal grand jury in Utah indicted the men several months ago but those charges were kept under seal until the agents were sure of Alaa Ramadan's return. Omar family members said Alaa made his living in real estate and spends most of his time in the Middle East.

The other Utahns named in the indictments for their role in an alleged mortgage scam - Rebecca Teece, James Gibbons and Teri Hansen - have been summoned to appear in court but have not been arrested, though Gibbons is currently in custody on unrelated charges.

The Omar family has worked tirelessly to ensure that Shawqi Omar, currently being held at a U.S. prison facility in Iraq known as Camp Bucca, will be provided legal council and not be turned over to the Iraqi court system.

According to documents filed Friday in a Washington, D.C., federal court, Omar's attorney Susan Burke claims he is being tortured. She said she received an unexpected phone call from Omar on April 13, in which her client told her that "Americans, claiming to be Federal Bureau of Investigation agents, beat him severely and applied electric shocks to his body."

"The agents claimed they could kill him if they wanted to," Burke wrote. "The American agents threatened to rape his son if Mr. Omar failed to provide information. A translator believed by Mr. Omar to be Moroccan threatened to rape Mr. Omar's wife, who was also in United States' military custody at the time."

Burke - who earlier won a temporary injunction barring Omar's transfer to an Iraqi court - has requested access to Omar's medical files, any photographs taken after the alleged beatings and tape recordings of their conversation.

She also demanded immediate and continued contact with her client, who U.S. officials have alleged would often use his U.S. passport to gain access to guarded Baghdad hotels in order to entice foreigners to his home, where they would be kidnapped for ransom.

Regardless of the allegations in Iraq, Gus Omar believes the FBI is manufacturing a connection between Shawqi Omar's alleged terrorist actions and the family's U.S. business holdings.

"There is no connection," said Gus Omar, who works at a car dealership in Murray owned by the recently arrested Omar brothers.

Bretzing, the FBI counterterrorism supervisor, said Utah's FBI office previously received a tip about the family's alleged financial misdeeds, but didn't start its investigation until January 2005.

That came at a time when counterterrorism agents throughout the country were investigating Shawqi Omar's American ties.

The FBI's top officer in Salt Lake City said the counterterrorism task force isn't done yet.

"From our perspective, this investigation is not over," said Timothy Fuhrman. "This is another tool in our tool box to advance the investigation. . . . Sometimes you get an indictment and then people cooperate."

It would not be the first time federal investigators have leveraged mortgage fraud charges against a suspect in order to gain compliance in a terrorism investigation.

In December, a federal jury acquitted University of South Florida doctoral student Sameeh Hammoudeh of charges that he helped fund and supported a Palestinian terrorist group.

But Hammoudeh remains in custody and he has been ordered to be deported from the United States because officials were able to obtain a conviction on other charges - including mortgage fraud.

Detainee Defiantly Admits Charges (LAT)

By Carol J. Williams

The Los Angeles Times, April 28, 2006

DOJ_NMG_0027286

GUANTANAMO BAY NAVAL STATION, Cuba — The only indicted detainee mentioned in the Sept. 11 commission report made a defiant first appearance before the war crimes tribunal Thursday, vowing, "I'm going to make this easy." He said he had taken up arms against the United States and would proudly serve any sentence.

Ghassan Abdullah Al Sharbi denounced the tribunal and his detention as illegitimate and rejected the Navy lawyer assigned to represent him.

He declared himself ready to concede to — "I don't like the word confession," he said — all the accusations of conspiracy to commit terrorism that have been brought against him.

Appearing in the military commissions courtroom in tan prison garb, the 31-year-old Saudi insisted on serving as his own legal counsel, as have three more of the 10 charged suspects.

Sharbi, who holds a bachelor's degree in electrical engineering from Arizona's Embry-Riddle Aeronautics University and speaks fluent English, is charged with plotting with other Al Qaeda suspects to build remote-controlled explosive devices for use against U.S. forces who invaded Afghanistan a month after the Sept. 11, 2001, terrorist attacks.

Sharbi's name appears in a footnote of the Sept. 11 commission report to Congress, noting he was enrolled at Embry-Riddle when Al Qaeda was allegedly encouraging Muslim sympathizers to enroll in flight training in Arizona.

Although he is not accused of direct involvement in the Sept. 11 terrorist attacks, the report noted he had sworn allegiance to Osama bin Laden weeks earlier.

Little was known about the Saudi suspect before his appearance Thursday. He had refused until this week to meet with any attorney, and a transcript of his only other appearance in the tribunal process was released less than two months ago in a massive document dump by the Pentagon after a Freedom of Information Act court order.

"I did not come here to defend myself," Sharbi told the presiding officer in his case, Navy Capt. Daniel O'Toole. "I came in to tell you I did what I did and am willing to pay the price, no matter what it is. Even if I spend hundreds of years in jail, that would be an honor to me."

O'Toole observed that Sharbi is articulate and intelligent but ruled he is not qualified to serve as his own attorney.

Navy Lt. William C. Kuebler, assigned by the government to represent Sharbi, told O'Toole he had been advised by legal authorities in California, where he is licensed to practice law, that it would be an ethics violation for him to defend the accused against his wishes.

O'Toole said he would take under consideration Kuebler's motion on the ethics issue and his challenge to O'Toole's ruling that Sharbi can't represent himself.

Sharbi had refused until Sunday to meet with Kuebler, and the chief defense counsel, Marine Col. Dwight Sullivan, said his staff had no idea how Sharbi planned to present himself until he appeared Thursday morning.

Soft-spoken but imbued with a cut-to-the-chase impatience, Sharbi told the court: "I'm going to make this easy for you guys: I'm proud of what I did and there isn't any reason of hiding."

He said he was planning to testify that "I fought against the United States. I took up arms."

Questioned by O'Toole if he understood the tribunal's rules and procedures, Sharbi said he didn't, but promised to behave in the courtroom.

"I'm not going to be violent or cause trouble. I'm not going to make commotions," he said.

Asked if he was familiar with the tribunal's purpose, Sharbi remarked: "Same circus, different clown."

The defendant, with long, thinning hair and a full beard, sat with his hands folded throughout the preliminary proceedings after declining to have Kuebler speak on his behalf. He quoted the military attorney as saying he also considered the war crimes tribunal illegitimate and "a black eye" on the United States' image.

After O'Toole repeatedly queried the defendant about whether he would agree to be represented by any lawyer, Sharbi replied: "I understand and I advise you not to waste time with me on that point. It's my decision and I'm not going to change it."

Sharbi was arrested March 28, 2002, at an alleged Al Qaeda safe house in Faisalabad, Pakistan, along with two other charged detainees here, fellow Saudi Jabran Said bin Al-Qahtani and Algerian Sufyian Barhoumi.

In his Combatant Status Review Tribunal, a forum at which all 558 Guantanamo detainees appeared between July 2004 and January 2005, Sharbi denounced the United States as "the infidel against God" and deplored capitalism and homosexuality as evidence of U.S. society's perversions.

"May God help me fight the infidels or the unfaithful ones," he chanted at the end of the review hearing, according to a transcript recently released to the Associated Press after a Freedom of Information challenge. It was not clear from the documents when the hearing was held.

Ten of the 490 detainees now at Guantanamo have been charged with offenses. The chief prosecutor, Air Force Col. Morris Davis, said this week charges were expected soon against about two dozen others, including possible capital charges.

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Another Pentagon official announced that 141 other detainees had been deemed eligible for release or transfer and would be departing the island.

Al Qaeda Wields Press As Terror Weapon, Report Finds (WT)

By Jennifer Harper

The Washington Times, April 28, 2006

Terrorists use the press and public relations as weapons, said a study released Wednesday by Arizona State University.

"People are surprised the jihadis think of the media as a weapon," said Steven Corman, director of the school's Consortium for Strategic Communication and a Defense Department consultant on communications networks and counterterrorism.

His study analyzed almost 300 al Qaeda statements, letters and other documents, many of them captured during U.S. military actions in the Middle East and recently declassified by the Pentagon.

The report found that jihadist operations use consistent patterns of outreach that establish them socially and religiously, generate public sympathy and intimidate opponents. Threats, in fact, are part of terrorist "talking points."

"Jihadis pursue these strategies using sophisticated, modern methods of communications and public relations," Mr. Corman said. "There's evidence in the documents that jihadis segment audiences and adapt their message to the audience."

This week, audio and video messages from Osama bin Laden and Abu Musab Zarqawi were posted on the Internet and immediately picked up by international news organizations.

The report cites similar demonstrations as the "ideological machinery" of terrorist organizations, which maintain formal information committees and are adept at using print, broadcast and online resources on a global basis. The Internet provides such a promising terrorist forum that Mr. Corman suggests the United States create a permanent "geek battalion" to disrupt jihadist message boards and Web sites.

The United States monitors terrorist messages through clandestine agencies or within the State Department's Office of Public Diplomacy and Public Affairs. That office follows the objectives set forth by Undersecretary Karen Hughes: to "isolate and marginalize the violent extremists; confront their ideology of tyranny and hate;" and "undermine their efforts to portray the West as in conflict with Islam by empowering mainstream voices and demonstrating respect for Muslim cultures and contributions," the office's mission statement says.

Mr. Corman and co-author Jill Schiefelbein said the Arizona study is a response to "controversies about efforts by the U.S. to influence foreign media coverage of jihadi activities. ... While we deliberate such issues, the jihadis are busy executing a communications and media strategy of their own."

The authors worked closely with the Combating Terrorism Center, a research facility established in 2003 at the U.S. Military Academy at West Point, N.Y.

Mr. Corman offered six measures to counter al Qaeda's media savvy. He recommended that the United States try to improve its credibility with Muslim audiences, "degrade" the jihadis' outreach efforts, draw attention to terrorist messages that contradict Islam, deconstruct idealized historical concepts, systematically disrupt Internet operations and seek assistance from sympathetic American Muslims.

PATRIOT ACT:

Legitimate Wiretap Helped Bag A Criminal (WSJ)

The Wall Street Journal, April 28, 2006

Your page-one article "Volatile Formula: How Patriot Act Helped Convict Man in Baby-Food Ring1" (April 4) unfairly characterized the prosecution of Samih Jammal and the application of evidence lawfully gathered under the Patriot Act.

The Patriot Act tore down the wall that existed between criminal and intelligence investigations, allowing agents to share information to prevent the sort of conspiracies that led to the catastrophic events of 9/11. Like any right-minded American, I welcome a fair discussion that raises concerns about the Patriot Act. But you attack its use by attempting to portray Mr. Jammal as a minor gray-marketeer or a "local grocery wholesaler."

Criticize the use of the Patriot Act if you so desire, but if you intend to use Mr. Jammal's case to do it, please bear these facts in mind:

A federal judge and jury found Mr. Jammal guilty of 20 felony counts of theft-related charges, including conspiracy, money laundering, false statements and illegal structuring of financial transactions. He was no struggling immigrant peddler trading dollar bills for baby formula on the gray market. At a sentencing hearing, the court found that Mr. Jammal's criminal enterprise led to retail losses estimated at $10 million and sentenced Mr. Jammal to 10 years in prison.

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You also seem to suggest that Mr. Jammal should never have been the subject of an intelligence wiretap. Note that a U.S. District Court judge, sitting by designation to the Foreign Intelligence Surveillance Court, found probable cause that Mr. Jammal was acting as an agent of a foreign power or an agent of a foreign terrorist organization. At Mr. Jammal's request, another U.S. District Court judge, the trial court judge, reviewed the FISA court judge's decision, and affirmed the finding of probable cause.

Perhaps the biggest distortion was your failure to give a complete characterization of Hani Hanjour, a 9/11 hijacker whom Mr. Jammal admitted associating with as a matter of public record. You described Hani Hanjour as "one of the 9/11 hijackers" and as "a Saudi Arabian who was aboard the American Airlines jet that crashed into the Pentagon." According to the 9/11 Report, there were 64 people "aboard" American Airlines flight 77. Hani Hanjour was one of the five terrorists who took over the cockpit and the only one who piloted the plane into the Pentagon.

Prosecutors confront enormous logistical challenges when the government decides to use FISA evidence in a criminal case. That doesn't mean these challenges are insurmountable or that civil liberties and the procedural rights of criminal defendants can't be adequately protected.

Indeed, the Department of Justice, the defense bar and the courts have been navigating these logistical challenges in significant criminal cases for years, while at the same time keeping a weather eye out for liberty interests. Mr. Jammal's counsel had access to all of the FISA intercepts in this case. If any evidence supported Mr. Jammal's defense, it could have been presented at trial. Mr. Jammal's appellate counsel will have the same opportunity on appeal.

Paul K. Charlton
United States Attorney
District of Arizona
Phoenix

HOMELAND RESPONSE:

Official To Retire Shortly After Promotion (AP)

AP, April 28, 2006

WASHINGTON -- A senior FBI official is retiring less than a year after he took the bureau's top national security post.

Gary Bald will step down as head of the FBI's new National Security branch on June 2, ending a nearly 29-year career with the FBI, Director Robert Mueller said Thursday.

Mueller gave no reason for Bald's decision, but praised his leadership. Bald said the time was right to retire, "weighing our progress on implementation of the NSB as well as family considerations."

The National Security office brings counterintelligence, counterterrorism and intelligence operations under one umbrella. It was recommended last year by a presidential commission and adopted by President Bush.

Before Mueller and John Negroponte, the director of national intelligence, jointly announced Bald's appointment in August, Sen. Charles Grassley, R-Iowa, urged them to turn to someone else.

Grassley was irked because Bald testified in a civil lawsuit that he had no counterterrorism experience when he moved to headquarters to oversee anti-terrorism strategy in 2003. Bald's deposition was among hundreds of pages of testimony in a suit by an Arab-American FBI agent that were obtained by The Associated Press.

"This is not a position for on-the-job training," Grassley said in a letter to Negroponte. "I wanted to make sure that you were aware of Mr. Bald's recent testimony about his background and expertise in counterterrorism."

Security & Terrorism FBI national security chief to quit (UPI)

UPI, April 28, 2006

The man who heads the new section of the FBI devoted to national security is retiring after nearly 30 years with the bureau.

Executive Assistant Director Gary Bald will step down on June 2, 2006, after just ten months in the new post, the FBI said in a statement Thursday.

Since August last year, Bald has headed up the National Security Branch of the FBI, which brings together its spy-catchers, counter-terror specialists and intelligence analysts. The branch was put together last year in response to the recommendations of the presidential commission that investigated U.S. intelligence failures in the run up to the Iraq invasion.

"Throughout his career, Gary has shown tremendous leadership, vision, and grace under pressure," said FBI Director Robert Mueller in the statement. "He has helped to shape the Bureau in important ways... I am pleased with the progress we have made under his leadership."

Mueller said the bureau would "move quickly to fill the important position" Bald was leaving.

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Bald began his Bureau career in 1977 in the Laboratory Division. He led the internal investigation into the James "Whitey" Bulger corruption and misconduct case in Boston. He was Special Agent in Charge of the Baltimore Field Office from September 2002 until November 2003, overseeing the FBI's efforts in the Washington-area sniper investigation.

He was assistant director of the Counterterrorism Division and then the executive assistant director for counter-terrorism and counter-intelligence 2004-2005, before being selected to head the new National Security Branch last year.

In the statement, Bald said, "The decision to leave the Bureau after almost 29 years was a difficult one, but weighing our progress on implementation of the NSB as well as family considerations, I decided that now is a good time for the transition."

Sen. Specter Threatens To Block NSA Funds (WP)

By Laurie Kellman

The Washington Post, April 27, 2006

WASHINGTON -- Noting that Congress holds the power of the purse, a frustrated Senate chairman threatened to try to block money for President Bush's domestic wiretapping program.

Judiciary Committee Chairman Arlen Specter, R-Pa., said Thursday he delivered a message to Bush that cut to the heart of the debate over executive power.

"I made the point that the president doesn't have a blank check," Specter said about their meeting Wednesday. "He didn't choose to engage me on that point."

Without a pledge from Bush to provide more information on the surveillance program, Specter filed an amendment to a spending bill Thursday that amounted to a warning to the White House.

The amendment would enact a "prohibition on use of funds for domestic electronic surveillance for foreign intelligence purposes unless Congress is kept fully and currently informed."

Specter also said he would turn the amendment into a bill and hold hearings.

"Institutionally, the presidency is walking all over Congress at the moment," Specter said. "If we are to maintain our institutional prerogative, that may be the only way we can do it."

Specter made clear that, for now, the threat was just that.

"I'm not prepared to call for the withholding of funds," he told reporters later.

"But I think that it is important to elevate the public consciousness as to what is going on," Specter said. "The four hearings we have had and the way the matter is drifting, in my view, is insufficient to safeguard civil liberties."

The move got the White House's attention, but not its immediate cooperation. Bush has insisted that the program falls within his authority and has refused to allow Attorney General Alberto Gonzales and other officials to answer many of Specter's questions.

"The appropriate members of Congress have been and continue to be informed with respect to the Terrorist Surveillance Program," White House spokeswoman Dana Perino said.

"The administration remains confident that a majority of members of Congress continue to recognize the importance of protecting Americans through lawful intelligence activities directed at terrorists," Perino said.

Specter said he hoped to jolt the public's awareness and "an inert Congress ... which has not stood up to the executive branch."

"You have a Congress which candidly is more concerned about re-election and fundraising and who controls the House and the Senate than about asserting constitutional prerogatives," Specter said. "That's not the way it ought to be. These are matters which require some active congressional action and that's what I'm looking toward."

For now, Specter said he will not bother having Gonzales return to the committee "because he won't tell us anything."

Threatening to withhold money from the wiretapping program is not unprecedented.

Democrats on the House Intelligence Committee tried to attach an amendment to the 2007 intelligence authorization bill to withhold money from the National Security Agency if the White House did not disclose information about the cost of the warrantless surveillance program.

The figure was given to a select group of members who have been briefed more fully on the NSA program, and is classified.

Wiretap Funding Cutoff Is Warned (LAT)

By Greg Miller

The Los Angeles Times, April 28, 2006

DOJ_NMG_0027290

WASHINGTON — The chairman of the Senate Judiciary Committee said Thursday he might seek to block funding of a domestic eavesdropping program in an effort to force the Bush administration to answer lawmakers' questions about the operation.

In a warning to the White House, Sen. Arlen Specter (R-Pa.) said he planned to introduce legislation that would cut off funds for the surveillance program, which he described as a threat to civil liberties and a violation of domestic espionage laws.

Specter said he was not yet prepared to support a cutoff of funding, which he said would be a measure of last resort. But he warned that if the Bush administration was unwilling to comply with existing laws or help draft new domestic surveillance legislation, the only way for Congress to exercise any control might be to deny funding.

"What's the use of passing another statute if the president won't pay any attention to it?" Specter said. "When you talk about withholding funds, there you're talking about a real authority."

Specter offered a funding cutoff measure as an amendment to an emergency war spending bill, but said he did not intend to push for the amendment's passage. He said that measure could be converted into legislation that would provide an opportunity for congressional hearings.

A draft of a proposal circulated by Specter's office would prohibit the use of funds for domestic electronic surveillance for foreign intelligence purposes "unless Congress is kept fully and currently informed." In particular, the proposed bill would require the administration to brief all members of the House and Senate Intelligence and Judiciary committees.

To date, the White House has restricted such briefings to members of newly created subcommittees on the two intelligence panels.

The salvo from Specter underscores the tension between key Republicans in Congress and the Bush administration over the limits of presidential power in the war on terrorism.

The domestic surveillance program was launched in the wake of the Sept. 11 attacks, when President Bush authorized the National Security Agency to eavesdrop — without first obtaining court warrants — on the communications of U.S. residents. The White House has said that the eavesdropping is restricted to international calls between U.S. residents and individuals overseas who are suspected of having ties to the Al Qaeda terrorist network.

The program was kept secret from all but a handful of members of Congress until last year, when its existence was reported by the New York Times. The White House has argued that the president has the constitutional authority to approve such spying measures during wartime.

"The administration remains confident that a majority of members of Congress continue to recognize the importance of protecting Americans through lawful intelligence activities directed at terrorists," said Dana Perino, a White House spokeswoman.

Many in Congress have rejected that argument and are pushing for an overhaul of espionage laws to subject the domestic surveillance program to greater outside scrutiny.

Specter has advocated legislation that would modify existing laws and require the government to obtain the approval of a special intelligence court. Another proposal, backed by Sen. Mike DeWine (R-Ohio), would allow the government to bypass the special court in certain cases, but require disclosure to congressional intelligence subcommittees.

Specter said he had informed Bush of his intention to consider legislation that would deny funding for the program. Specter was particularly critical of Atty. Gen. Alberto R. Gonzales, saying that his testimony on the spying program before the Judiciary Committee had been so unresponsive that it would be pointless to call him to testify again.

Specter Wants More Debate On Spying (WP)

By Walter Pincus And Charles Babington

The Washington Post, April 28, 2006

New expressions of frustration over how little information the administration has shared about the National Security Agency's warrantless eavesdropping on Americans flared yesterday in the Senate, one day after House Republicans barred amendments that would have expanded oversight of the controversial program.

Judiciary Committee Chairman Arlen Specter (R-Pa.) said yesterday that he will file an amendment to block the NSA program's funding -- but said he will not seek a vote on it at this time -- in hope of stirring greater debate on the warrantless surveillance, part of the agency's monitoring of alleged terrorists.

"Where is the outrage?" asked Specter, who has chaired hearings that questioned the NSA program's constitutionality.

Questions about the legality of the NSA program and the Bush administration's refusal to brief the full intelligence panel on it led Rep. Jane Harman (Calif.), ranking Democrat on the House Permanent Select Committee on Intelligence, for the first time on Wednesday to vote against the annual intelligence authorization bill, which passed the House.

Harman, one of the few House members to receive briefings on the NSA program, said she believes in the program's approach but argued unsuccessfully on the floor Wednesday for a measure requiring greater congressional review.

"I do not support violating the law or the Constitution," she said. "Enhanced security without respect for law gives away the very values we are fighting to defend, and I believe that the program . . . can and must fully comply with the Foreign Intelligence Surveillance Act and with our Constitution."

The version of the fiscal 2007 Intelligence Authorization bill that passed the House contained no language on the NSA program. But lawmakers added provisions that could have an impact on the estimated $44 billion to be spent next year by the 16 agencies that make up the intelligence community, as well as the operations of Director of National Intelligence John D. Negroponte and his growing, one-year-old organization. After the Sept. 11, 2001, attacks, Congress created Negroponte's office to oversee and improve coordination of the intelligence agencies.

Peter Hoekstra (R-Mich.), chairman of the House intelligence committee, said Wednesday that his panel will be monitoring Negroponte's progress in restructuring the intelligence community and that "we would all like it to go faster because of the significant threats that we face as a nation." Although Hoekstra has been critical of the DNI in the past, he said the office "is beginning to bear fruit" and "incremental but real improvements have been made since the standup."

Harman expressed a gloomier view. She said Negroponte "has not taken command yet" of the intelligence community, "giving away authority to the Pentagon, which is happy to receive it, as it expands its own role in intelligence gathering abroad and here at home."

She added that "the CIA is in free fall," and that "300 years of experience have either been pushed out or left in frustration, and morale is dangerously low."

The committee took a step toward reining in Pentagon domestic intelligence activities. The Defense Department inspector general was directed to audit the activities of the Pentagon's newest and fastest-growing intelligence agency, the Counterintelligence Field Activity. Created four years ago, CIFA has been increasing authority to coordinate and direct intelligence collection involved in protection of Defense Department facilities at home and abroad.

An amendment by Rep. David E. Price (D-N.C.) that was approved goes after the increasing practice of agencies, particularly at the Pentagon, to contract out analysis and collection of intelligence.

CIFA officials, for example, have said they spend 70 percent of their budget -- the amount of which is classified -- on contractors. Under Price's amendment, the DNI would set regulations for the hiring and training of contractors, and provide an annual report of contracts above $1 million with a description of the activities and whether they are classified or unclassified programs.

Specter's concerns about the NSA program were also reflected in much of the House debate on the intelligence bill.

Harman and other Democrats were angry that Republicans on the House Rules Committee prevented a bipartisan amendment that would have required classified briefings on the NSA surveillance program, which includes listening to U.S. citizens, to all members of the House Intelligence and Judiciary committees. That proposal is similar to the one that Specter said he may soon introduce, although he would also include the parallel Senate panels.

At present, lawmakers on a limited number of House and Senate intelligence committees are briefed on the NSA program along with top leaders of the House and Senate.

At the White House yesterday, spokeswoman Dana Perino said: "The appropriate members of Congress have been and continue to be informed with respect to the terrorist surveillance program."

TSA Tries Bonuses To Retain Workers (USAT)

By Thomas Frank

USA Today, April 28, 2006

WASHINGTON — The Transportation Security Administration will pay airport screeners up to a $1,000 bonus to entice them to stay at the turnover-plagued agency as it prepares for a summer of record air travel.

Roughly one in four screeners left last year, a rate nearly twice the rest of the federal workforce. Gale Rossides, an associate TSA administrator, said the bonuses are aimed at preventing a screener shortage during the upcoming peak travel months — when long lines could lead to higher security risks for travelers.

The TSA will spend $20 million to give most of the nation's 43,000 screeners $500 extra. The first bonus will be paid May 11 to screeners who've been on the job a year and who are deemed less likely to leave. Other screeners will get $500 for working through the summer.

Screeners will get a second $500 bonus if they work at “hard-to-hire” airports that have trouble filling vacancies.

“We understand the $500 may not be as much as some people want, but it is a commitment on our part to try to begin to invest in the workforce,” Rossides said.

The number of screeners at some checkpoints is “not sufficient for peak periods,” according to a report by the Government Accountability Office, Congress' investigative arm. Screeners are the front line of defense against smuggling weapons on planes.

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The Air Transport Association projects the number of people taking flights this summer to increase from last summer's record of 206 million.

Screeners make $23,504 to $44,580 depending on experience and where they work. Rossides said many screeners leave in their first year as they struggle to adjust to fluctuating work schedules and a "hectic pace."

The bonus "isn't going to retain anybody," said Kimberly Kraynak, a $39,000-a-year screener at Pittsburgh International Airport. She called $500 "a joke."

Added Boston screener A.J. Castilla, who makes $37,064: "What will $500 mean? I could probably take a weekend off somewhere and de-stress a little."

The screener attrition rate grew to 24.5% from about 15% in 2003 when the TSA began to take over aviation security from private companies. Those companies, with turnover exceeding 100%, were criticized for using inexperienced screeners who missed weapons.

TSA chief Kip Hawley told screeners in an April 20 newsletter that the longer they stay on the job, "the higher the performance of their security duties will be." Hiring and training a new screener costs $12,000.

Los Angeles International Airport warned Hawley in an April 12 letter that it was losing 40 to 50 screeners a month and could be short 300 screeners out of 2,000 by August. That would create "significant security concerns" because passengers thronged in checkpoint lines would be a terrorist target, airport executive director Lydia Kennard and chairman Steven Holt wrote.

The Airports Council International is pushing TSA to hire laborers to speed up security lines by loading bags on belts and ushering passengers through queues.

Trade Group's Arm To Get TSA Contract (WSJ)

By Laura Meckler

The Wall Street Journal, April 28, 2006

WASHINGTON -- An airport trade group designated by Congress to handle background checks for two Transportation Security Administration programs has created a for-profit company that may do much of the work on its behalf.

If a provision in a Congressional spending bill stands, a transportation-worker identification program will be awarded without competitive bidding to the American Association of Airport Executives, which may assign it to its for-profit venture. In March, the AAAE joined with Daon Inc., a closely held company with expertise in handling biometric data, to create the Security Biometric Clearing Network. At least one other company placed a bid to join the venture. Neither officials from Daon nor the AAAE would disclose the amount of Daon's winning bid, but an official from another company that talked with the AAAE said the association was looking for about $15 million.

After the Sept. 11, 2001, attacks, the AAAE established the Transportation Security Clearinghouse to expedite processing of background checks on airport workers. The group receives $7 from every $29 fee paid per job application and generally is credited with speeding up and improving the process. Last year, in an insert into a spending bill, Congress directed the TSA to use the clearinghouse as the central contractor for two programs in development.

Competitors said the AAAE shouldn't have an automatic right to the contract. "It's our hope that this earmark language will be carefully reviewed by Congress, with the intent of ensuring a fair and open competition," BearingPoint Inc., a management- and technology-consulting company in McLean, Va., said in a statement.

The Transportation Worker Identification Card program, which is slated to begin this summer, will require workers with access to secure areas of U.S. ports to undergo background checks and have biometric identity cards. TSA plans to start with nearly 400,000 longshoremen and maritime workers and eventually include 750,000 workers. A second program, Registered Traveler, will allow people who pay a fee and submit to background checks to use expedited security lines at airports.

The AAAE and Daon officials said the AAAE didn't guarantee that work from these programs would be funneled to the new company. The official from the rival firm said his company was explicitly told that the new venture would do the work of the existing clearinghouse. Daon Chief Executive Tom Grissen said he hopes that will be the case but has received no such promise. "The thought would be both AAAE and Daon would want the SBCN (the joint venture) to be successful," he said. Mr. Grissen said he is an officer of the venture but declined to specify what position he holds. Neither he nor the AAAE would say what positions are held by AAAE officials. Daon, of Reston, Va., is owned by Dermot Desmond, an Irish citizen.

An AAAE official said the company was formed to work with the clearinghouse. He said the association hoped that the new company could win contracts for credentialing programs in banking, financial services and other areas that the nonprofit association couldn't legally handle. "The only way to drive down costs is to increase volume," he said. The Bush administration opposes the congressional mandate that TSA use the clearinghouse, which is supported by Rep. Harold Rogers (R., Ky.), chairman of the House Appropriations Committee's homeland-security panel.

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Trade Group Confirms Deal With Tiny Firm For ID Cards (NYT)

By Eric Lipton

The New York Times, April 28, 2006

WASHINGTON, April 27 — A small biometrics company, whose board includes former Homeland Security Secretary Tom Ridge, stands to profit from a provision that a powerful Republican congressman wrote into budget law last year.

The law mandates that the Homeland Security Department hire a trade group, the American Association of Airport Executives and its Transportation Security Clearinghouse division, to manage what could turn into contracts together worth hundreds of millions of dollars for a new airport-security program and to issue tamperproof identification cards to millions of transportation workers.

Critics of the provision, written into an appropriation bill at the request of Representative Harold Rogers, the Kentucky Republican who is chairman of the House appropriations subcommittee that oversees domestic security, have questioned how the association, with little experience in high-technology secure identifications and biometrics, could handle such a task.

An executive at the association confirmed in a meeting and conference call among industry officials on Thursday that its clearinghouse had a partnership agreement with Daon, a biometrics company in Dublin, Ireland, according to a transcript of the meeting.

"The partnership with Daon, which is an operational one and related to the clearinghouse, it is really in the interest of making this program successful," said Carter Morris, senior vice president at the airport group, according to the transcript of the call.

The disclosure outraged other potential bidders for the work.

"It is very bad public policy to have an earmark that steers critical aspects of this key national security program to a private organization," said Walter G. Hamilton, chairman of the International Biometric Industry Association.

Daon, backed by Dermot Desmond, one of Ireland's most well-known entrepreneurs, identified landing business with the Homeland Security Department as a crucial corporate strategy nearly three years ago. The company, which has an office in Reston, Va., was a co-sponsor last year of an airport-security conference and a golf outing in Ireland organized by the American Association of Airport Executives. Mr. Rogers attended the conference, a trip paid by the airport group. Mr. Rogers has a long association with the group, receiving thousands of dollars in contributions for his election campaigns over the years and taking other trips to its annual meetings in Hawaii and California.

Mr. Ridge, while homeland security secretary, promoted using technology that relied on fingerprints, the eye iris or face shapes to confirm identities. Since he left the department in February 2004, he has advised companies in related businesses, including Savi Technology, which makes high-tech ship container-security devices.

A spokeswoman for Mr. Ridge, S. Michele Nix, confirmed that he was on the Daon board. She added that Mr. Ridge was not even aware of the language in question being written into the appropriation bill.

The chief executive officer at Daon, Thomas A. Grissen, did not reply on Thursday to messages on his voice mail and with staff members in Reston.

Biometrics is a fast-growing field filled with many small venture-capital-based companies like Daon that are furiously competing for a chunk of the billions of dollars in potential domestic security contracts.

The Transportation Worker Identification Credential program and a separate program, Registered Traveler, which allows airline passengers to move faster than normal through security checkpoints, are two of the biggest targets for those companies. The provision arranged by Mr. Rogers mandates that the Homeland Security Department hire the aviation group for the "purposes of collecting and aggregating biometric data necessary for background vetting; providing all associated record keeping, customer service, and related functions" for both contracts.

Mr. Rogers said he had added the mandate because the aviation group proven in the last four years that it could help the government with security-related background checks for airport workers. The Homeland Security Department is at least two years behind in introducing similar check for other transportation workers, including those at ports.

"There is absolutely no reason to waste more time and money reinventing the wheel," Mr. Rogers said Wednesday, in explaining the mandate, which the Homeland Security Department and others in the Bush administration opposed. His spokeswoman, Leslie Cupp, did not respond to a request for comment on Thursday.

Other biometrics companies are seeking to have the provision rescinded or removed in the budget bill this year.

Conspiracy Film Rewrites Sept. 11 (USAT)

By William M. Welch

USA Today, April 28, 2006

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Gypsy Taub, a mother of three from Oakland, does not believe that 9/11 happened. At least not the way the government said it did.

A Russian émigré, Taub is one of a growing number of people in the USA who are using the Internet, college campuses and pamphleteering to get the word out.

“Oh yeah, absolutely. On the day it happened, I thought it was the government that did it,” she said.

Taub is promoting one of the latest presentations of revisionist theories on the al-Qaeda terrorist attacks in 2001, a film that says, among other things, that the Pentagon was hit by a cruise missile fired by the military as an excuse to go to war.

Called Loose Change, it is being downloaded from the Internet and shown in small screenings here and overseas. It is not alone in the genre, and it is not unusual in American history either to offer simplistic explanations or demonize opponents. Presidents from Andrew Jackson to Lyndon Johnson were accused by their contemporaries of massive government conspiracies.

The film appears especially popular among young people immersed in a Web culture brimming with sites that question the credibility of government. They see 9/11 as the defining moment of their lives.

“This is our generation's Vietnam, our generation's Kennedy assassination," says Korey Rowe, 23, the film's producer.

Professors and researchers of film and politics say the Internet is making it far easier to spread such theories because the traditional media are losing their hold on the news. The immense coverage of controversies and accusations surrounding the war on terror has created fertile ground for people who assign their own interpretations to photos, footage, eyewitnesses, investigations and newspaper accounts of what happened, they say.

“The information revolution now gives us access to too much information,” says Jonathan Taplin, who teaches at the Annenberg School for Communications at the University of Southern California. “Our problems are that we're just overwhelmed, so in some sense we just basically don't even know where to turn."

Craig Smith, director of the Center for First Amendment Studies at California State University, Long Beach, cites the unusual nature of 9/11: four airliners simultaneously hijacked and no defenses stop them.

“You would say, come on, I can't even buy that as a movie script,” Smith says. “All of this feeds this readiness for paranoia.”

Made by Rowe and friend Dylan Avery, 22, from Oneonta, N.Y., on a laptop computer for less than $10,000, the film contrasts sharply with United 93, a film opening today that portrays the struggle for the jetliner that crashed in Shanksville, Pa.

Internet chat rooms are full of promos for screenings of Loose Change in such locales as the Santa Cruz Veterans Memorial Building in California; the Université de Sherbrooke, Quebec; Graz, Austria; and a theater in London's Soho district.

“It's been breaking like nobody's business the last two months," says Taub, 36, who is sponsoring a showing Tuesday night in Oakland. “It's all over the place."

Most of what the film alleges is refuted by the evidence at hand. Anything not answered definitively by the government is interpreted by the film as proof of a coverup.

Among the assertions in Loose Change is that a missile hit the Pentagon even though eyewitnesses saw the jet, numerous pieces of wreckage were found including the flight recorder, and those on the flight and in its path at the Pentagon are dead.

There is also the claim that because jet fuel burns at up to 1,500 degrees and steel melts at 2,750 degrees, the World Trade Center's infrastructure could not have been brought down by the airliners. However, as reported by the Journal of the Minerals, Metals and Materials Society, steel loses 50% of its strength at 1,200 degrees, enough for a failure.

“The only thing they (the filmmakers) seem to have gotten right about the Sept. 11 attacks is the date when they occurred," says Debra Burlingame, whose brother was the pilot of American Flight 77 that crashed into the Pentagon.

“They aren't truth-tellers looking to save the world,” she says. “They're con artists hoping to sucker conspiracy-theory paranoids or anti-government malcontents into shelling out their hard-earned dollars."

Some college students who saw Loose Change and are promoting it say it's good to raise questions.

The movie “at the very least suggests that we don't know the whole truth, and that some things are quite fishy," says Matt Latham, a freshman at the University of California, Santa Cruz.

Christian Pecaut, 25, a Stanford graduate who is promoting the film at the University of California, Berkeley campus, said the film is “catchy, hip,” with an “upbeat soundtrack.”

Aaron Williams, a senior at Texas A&M University and president of the philosophy club, believes the film. “Government is corrupt and absolute power corrupts absolutely,” he says.

Penelope Price, a documentary filmmaker and professor at Scottsdale Community College, said she brought the filmmakers to the campus to stimulate critical thinking.

“Students love it," she said. “These guys have done a great job of marketing on the Web, and that was another reason I wanted to bring them in."

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Conservative writer David Horowitz, a former 1960s radical, says conspiratorial thinking can offer a world view that is somehow less scary than reality. “Conspiracy theories are a kind of secular religion," he says, adding that campus faculties sometimes encourage anti-government feelings. “People feel great anxiety … by the thought that nobody's in control."

People believe in conspiracy theories because the truth “is either too simple or too remote," says sociologist Clifton Bryant of Virginia Tech University, who has made a study of “deviant logic" and behavior.

“We're always ready to believe something about which we know nothing," he says.

When Hollywood Makes History (WP)

By Paul Farhi

The Washington Post, April 28, 2006

"United 93," Hollywood's first big-budget film about the events of Sept. 11, 2001, is faithful to the major aspects of the tragic morning it depicts. The movie tracks the key events detailed in the 9/11 Commission Report, the most definitive source on the subject: the commandeering of the United jet by four terrorists, the panic of the passengers and the heroic rebellion that ended with the plane crashing in a field near Shanksville, Pa.

But the movie, which opens nationwide today, is a dramatic re-creation that includes scenes and images that go far beyond what is known about the attacks.

Those scenes raise questions: How far can a dramatic movie go in imposing its own reality before it distorts the public's understanding of the event? And with memories of 9/11 still vivid and raw, is it too soon for such films to be made?

The questions have special relevance as film producers prepare other 9/11-related projects. Oliver Stone, who portrayed the assassination of John F. Kennedy as the result of a conspiracy in "JFK," is the director of this summer's "World Trade Center." Sony Pictures, meanwhile, is developing the film "102 Minutes," based on the bestseller about the time span between the first tower's crash and its collapse. A TV miniseries based on the 9/11 Commission Report is also in the works.

"United 93's" director, Paul Greengrass, has said he sought to create the "plausible truth" of what happened, given that many details are unknown.

The film asserts that the hijackers' intended target was the Capitol. In one scene, Ziad Jarrah, the Lebanese terrorist who piloted the plane, props a picture of the building on the cockpit's console, imposing a cinematic answer to a question that the 9/11 Commission could not resolve: whether the terrorists were trying to hit the Capitol or the White House. Investigators said that point was a source of contention among the 9/11 plotters, with Osama bin Laden favoring a strike on the White House and others, including Mohamed Atta, favoring the Capitol.

"United 93" also suggests that the terrorists killed the pilot and co-pilot, for example, but what occurred is unclear. A United 93 flight recorder picked up the terrorists ordering someone repeatedly to "sit down" and discussing whether to "bring the pilot back" late in the hijacking.

"United 93" also shows the passengers breaching the cockpit with a beverage cart and wrestling the terrorists for control as the plane plummets. Although the 9/11 report states that the passengers fought back in the flight's final moments, the commission had no indication that the passengers entered the cockpit. The report suggests the opposite: "The hijackers remained at the controls but must have judged that the passengers were only seconds from overcoming them."

Universal Pictures, the film's distributor, says researchers consulted numerous sources, including the 9/11 Commission Report, military and civilian aviation authorities, and more than 100 family members and friends of the victims. The movie's advisers included Ben Sliney, who headed the Federal Aviation Administration's Command Center in Herndon on Sept. 11; Sliney portrays himself in the film.

Lloyd Levin, a "United 93" co-producer, acknowledges that the film went beyond known facts about the flight, but he justifies the movie's approach as artistically necessary. "Our mandate was not the same as the 9/11 Commission Report," Levin said. "Our mandate was to what Paul wanted to say with this movie. We're not journalists. Paul is an artist."

He called some of the questionable depictions "choices we had to make." Whether the passengers actually breached the cockpit is "a moot point, because at that point you're in the area of metaphor," he said.

Those choices might satisfy moviegoers but they rankle those interested in a more literal portrait of the events of Sept. 11.

"I would prefer history tell itself, rather than have Hollywood tell it," said Carie Lemack, whose mother, Judy Larocque, was killed on American Airlines Flight 11, the first plane to hit the World Trade Center. "There's so much we just don't know. Unfortunately, they're taking artistic license with history and people will believe it's accurate. Speculation is okay for drama, but it's less okay when it's purporting to tell history. If they didn't know, why didn't they just leave it out?"

Lemack, co-founder of the organization Families of September 11, has not seen the movie, but she says she was surprised and upset by its trailer and promotional poster, which shows smoke pouring from the World Trade Center towers. She also says

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the filmmakers missed an opportunity to spur moviegoers to find out more about terrorism and call them to action. (Universal will donate 10 percent of the movie's first weekend ticket sales to a memorial fund.)

The decision to counterattack the terrorists was made after passengers learned that other hijacked planes had crashed, according to the 9/11 report and the film. In addition to the cockpit recordings, eyewitness accounts came from crew members and passengers, who used cellphones and air phones to contact people on the ground. But those accounts were sometimes contradictory and fragmentary, and the 9/11 Commission acknowledged that many details never will be known.

Levin acknowledges that in dramatizing the course of the flight, "United 93" makes creative leaps to fill in the blanks. For example, it's not clear who among the passengers spearheaded the response to the terrorists. One passenger, in a phone call from the plane, left it vague: "Everyone's running up to first class. I've got to go. Bye." The 9/11 Commission could not identify whose voices are heard as the passengers storm the cockpit door. "United 93" tackles this uncertainty with a reasonable assumption: that the charge was led by the strongest, most athletic men, including a judo champion.

Other scenes appear to be wholly invented. In one, a passenger who argued for cooperating with the hijackers is restrained by others as the counterattack begins. In another, the passengers are shown overwhelming two hijackers and apparently killing them. Both depictions might be dramatically satisfying, but there's no evidence that either of those events occurred.

Many of the victims' immediate relatives have endorsed the movie, saying it fairly represents their final hours. David Beamer, whose son Todd Beamer was killed, told the Associated Press this week: "Our personal reaction was one of relief, because they got it right. When it comes to September 11 and United Flight 93, we don't need another movie. This one got it."

But others question whether it was necessary to make even one movie about an event that many have lived through.

Bruce Hoffman, a Washington-based counterterrorism expert with the Rand Corp., notes that the news media have long avoided replaying some of the more disturbing images of Sept. 11. But, he says: "These equally horrible events are now being depicted as entertainment. I don't know why that's more acceptable.

"Producers and directors can have the purest and best intentions to re-create the horror and tragedy and bravery of the passengers. But the bottom line is, it's still entertainment. You have to question whether making it into entertainment cheapens and demeans it."

How Not To Treat Friends (WP)

The Washington Post, April 28, 2006

CONGRESS tightened a law last year on refugee admissions in order (it thought) to keep terrorists and their supporters out of the country. The effect has been to bar friends and allies.

One example: Many Vietnamese Montagnards fought alongside U.S. forces during the Vietnam War and were then murderously oppressed by the Vietnamese government. During the war, the United States helped arm a Montagnard group called the United Front for the Liberation of Oppressed Races, which continued to struggle for autonomy after the war ended. This group ceased to exist in 1992, when a band of nearly 400 fighters disarmed and were resettled in North Carolina. Under Congress's irrational new rules, however, the group has become, legally speaking, a terrorist organization, and 11 Montagnards still stuck in Cambodia would be denied refugee status because in the past they had offered the group "material support."

The Montagnards are not the law's only, or even principal, victims. Thousands of ethnic victims of the Burmese military regime, living in camps in Thailand, expected after long waits to receive refugee status; now they're stuck in limbo. So are large numbers of Colombians who were forced to support the leftist rebels of the Revolutionary Armed Forces of Colombia. Liberians, Somalis and anti-Castro Cuban dissidents are also being branded terrorists and kept out.

Misguided law now prevents the admission of a member or backer of any group of "two or more individuals" that "engages in, or has a subgroup which engages in," activities as commonplace as using an "explosive, firearm or other weapon or dangerous device." The law treats a Montagnard who once aided a U.S.-backed group no differently from an al-Qaeda operative. The administration has the authority to override this absurdity in certain instances, though not all. But it has not used this limited power, and even the need for a waiver is galling. America should not be "forgiving" people who did not, in fact, support terrorism. These are victims -- exactly the sort of people refugee and asylum programs are meant to protect.

An amendment being offered to the supplemental appropriations bill by Sens. Patrick J. Leahy (D-Vt.), Norm Coleman (R-Minn.) and Lisa Murkowski (R-Alaska) would solve the problem cleanly. It would clarify that only associates and supporters of groups certified by the government as terrorist organizations should be denied refugee status and that those forced to aid terrorists are not themselves terrorists. Congress did not mean to create this problem. Fixing it should not be controversial.

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WAR NEWS:

Iraq Spending Probe Expands To Security Forces (WT)

By Rowan Scarborough

The Washington Times, April 28, 2006

The Bush administration's special investigator for Iraq reconstruction has expanded inquiries into how the U.S. military is training and equipping the Iraqi Security Forces (ISF), according to an internal Pentagon memo.

Special Inspector General Stuart W. Bowen Jr. asked the Pentagon for reams of documents on the billions of dollars spent to create an Iraqi army, police, border patrol, navy and air force, the memo shows.

Some Pentagon officials say privately that the inspector is overstepping his mandate by probing U.S. military operations in addition to reconstruction dollars. But the chief spokesman for Mr. Bowen said security and reconstruction are intertwined.

"There is Iraq relief and reconstruction money that is for security and that is in our mandate," said spokesman James P. Mitchell. "There has been an American investment in the security and justice sectors, and we have an obligation to look at that."

Mr. Mitchell said Mr. Bowen has been seeking more documents from the Pentagon. An April memo signed by a senior Pentagon official confirms he will receive them. "We needed to get that high level of support, and we have that," he said.

Congress created, and President Bush appointed, the special inspector general to provide critically needed oversight on $24 billion in U.S. funds and billions of dollars in Iraq oil money being used to rebuild Iraq after the 2003 ousting of Saddam Hussein. Mr. Bowen's reports and audits mostly have dealt with water, electricity, oil and infrastructure projects that are considered crucial if Iraq is to emerge as a functioning democracy.

Just as important is the U.S. nurturing of the ISF, which now numbers about 250,000. Withdrawing about 132,000 American troops in Iraq is dependent on the ISF's ability to fight the deadly insurgency largely on its own.

Mr. Mitchell said the inspector general has looked at ISF issues, but the new Pentagon data will allow for a closer examination.

The Pentagon memo to Mr. Bowen vouched for SIGIR, the acronym for Mr. Bowen's office. "The Department of Defense fully supports SIGIR's work in support of the Iraqi reconstruction effort," said the memo, signed by William R. Marriott, executive secretary in the office of Defense Secretary Donald H. Rumsfeld.

Mr. Bowen has submitted a request for documents in three areas: the creation of the ISF, the building of security facilities, and what is called "capacity building" in the new ministries of Interior and Defense, the Marriott memo said. The memo was a response to an April 4 letter from Mr. Bowen.

On the ISF request, the Pentagon response was that Mr. Bowen should rely on the quarterly reports it provided to Congress.

"The report provides extensive information on the objectives for training and equipping Iraq's security forces, the metrics for measuring their progress and amplifying data," Mr. Marriott stated. "Because the report provides metrics and data specifically requested by Congress, it should be sufficient for purposes of writing your quarterly report."

The memo said the Pentagon's Defense Reconstruction Support Office will supply information on building bases for the ISF, but that the Pentagon is unaware of any U.S. funds for Interior or Defense capacity building.

To some in the Pentagon, Mr. Bowen's request for ISF documents is a foray into areas Congress never authorized. They characterized Mr. Marriott's response as reserved.

"This is further evidence that SIGIR is overreaching," said a senior defense official, who asked not to be identified because he is not authorized to speak for the Pentagon. "Congress never intended him to investigate all these things."

This same official has been critical of some of SIGIR's draft reports because officials become tied up with correcting them instead of focusing on reconstruction.

Mr. Mitchell said most draft findings come back with the notation "concur." He said Mr. Bowen's reports and recommendations have resulted in improved use of taxpayer money.

"We're focusing on all the sectors, but because it's so important and we have identified and talked about the 'reconstruction gap,' which was a function of moving money into security and putting more money into security, it's kind of hard to report on what the U.S. is doing in Iraq without looking at security," Mr. Bowen said.

The gap refers to the difference between the number of construction projects originally planned and the number built, which was reduced because money was shifted to security.

'Grand Mafiosi' Corrupting Iraq's Oil Sector (WT)

By Jim Muir, London Daily Telegraph

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The Washington Times, April 28, 2006

BAGHDAD -- A new class of "grand mafiosi" is sucking billions of dollars out of Iraq's vital oil sector and crippling efforts to rebuild the nation, according to an official report published in Baghdad.

The findings of the Oil Ministry's inspector-general paint a sordid picture of corruption pervading every corner of the industry, from the oil wells to the gasoline pump.

The report says that since Saddam Hussein's overthrow in 2003, the spread of smuggling had turned Iraq from a major exporter of petroleum products into an importer.

"These problems have led to the loss of billions of dollars, both in direct actual losses and in lost opportunities," according to the report.

"This is robbing Iraq of historic opportunities for revival and reconstruction and of basic necessities for a ruined nation and heavily burdened people."

The report calls for "radical and urgent action" to stop the abuses and punish those involved, including new legislation and penalties to make oil smuggling a crime of "grand economic sabotage."

Walid Khadduri, economics editor of the pan-Arab al-Hayat newspaper, estimates that smuggling and other rackets in Iraq are costing the country more than $18 billion a year in direct losses and missed opportunities.

"There is no accountability, no punishment and it goes all the way to the top -- the smuggling gangs are in cahoots with local authorities and politicians because they need protection," he said. "There was corruption under Saddam, but nowhere near this."

The ministry report says smuggling has created a "new class of grand mafiosi" and that a corrosive environment of corruption is affecting everybody in the oil business and destroying public faith in politicians.

The report documents abuses ranging from direct theft from oil consignments and pipelines, to fraud involving false documentation for imported oil.

Even roadside supplies of black-market gasoline sold locally were worth an estimated $900 million a year to the illegal profiteers, according to the report.

The report estimates that 10 percent to 20 percent of the refined products that Iraq now is obliged to import from neighboring Turkey, Syria and Jordan are being smuggled back to their countries of origin after receiving Iraqi government subsidies to bring the price down for local consumption.

Part of the problem is that product prices in those countries are significantly higher than Iraqi levels, which are government-subsidized to the tune of about $7 billion a year to keep them within reach of the distressed Iraqi consumer.

Iraqi Official Expects Start Of U.S. Exit, With A Big Pullout This Year (WSJ)

By Yochi J. Dreazen

The Wall Street Journal, April 28, 2006

BAGHDAD, Iraq -- A senior Iraqi official said there would be a substantial withdrawal of U.S. troops this year, with the rest leaving within the next two years.

Speaking to senior U.S., Iraqi and British security officials, Iraqi National Security Adviser Mowaffak Rubaie said the Iraqi government was working to formalize a "conditions-based transition agreement" with the U.S. that would govern the pace and scope of a U.S. military withdrawal from the country. Such an agreement would detail a timeline for turning U.S. military facilities over to the Iraqis and leaving Iraqi forces with primary security responsibility for growing portions of the country.

"Certainly at the end of the year there is going to be a sizable gross reduction in U.S. troops," Mr. Rubaie said as he stood beside Defense Secretary Donald Rumsfeld. "At the end of next year, we will hope, or the next couple of years, we will hope that most of the coalition forces will go back home safely."

Mr. Rumsfeld declined to comment on the timing of a drawdown of the 132,000 U.S. troops, as did his aides. During his visit to Iraq, Mr. Rumsfeld has declined to address the possibility of a withdrawal, but other U.S. commanders have confirmed that one is likely to begin this year.

Mr. Rubaie's comments are consistent with statements he has made since the beginning of the year, but both Iraqis and Americans agreed that big troop reductions wouldn't be possible until a new government was installed. Gen. George Casey, the top U.S. military commander in Iraq, said Wednesday that the selection of a Shiite prime-minister nominee, which helped break months of political paralysis over the makeup of Iraq's next government, sets the stage for the beginning of a U.S. military withdrawal.

Although Gen. Casey declined to specify how many troops are likely to be withdrawn, some Defense Department officials privately have spoken of cutting this year the U.S. presence by as many as 30,000.

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Speaking to U.S. reporters Wednesday, Gen. J. D. Thurman, whose forces have primary responsibility for the Baghdad area, said he has ordered his soldiers to allow Iraqi forces to take the lead whenever possible during searches of buildings, offices or mosques in the city.

Top Iraqi Ayatollah Urges Action To Rein In Militias (WP)

By Jonathan Finer And Saad Sarhan

The Washington Post, April 28, 2006

BAGHDAD, April 27 -- Iraq's most revered Shiite Muslim cleric urged Prime Minister-designate Nouri al-Maliki in a meeting Thursday to deal quickly with sectarian militias blamed for widespread killings, and to ensure that Iraqi police and soldiers remain loyal to the country and not to political factions.

Wading into what has emerged as the first major issue facing Maliki, Grand Ayatollah Ali Sistani said it had "become necessary to have weapons only in the hands of government forces," according to a statement released by his office.

The government must also "rebuild these forces on sound, patriotic bases so that their allegiance shall be to the homeland alone, not to any other political or other groups," Sistani told Maliki, who was chosen by a coalition of Shiite religious parties. The two men met Thursday in the southern city of Najaf, home to Iraq's Shiite clerical leaders.

Shiite militias such as the Mahdi Army, led by the firebrand cleric Moqtada al-Sadr, and the Badr Organization, which is tied to Iraq's largest political party, dominate many Iraqi police and army units and have been accused by Sunni Arab leaders and U.S. officials of operating death squads.

Maliki also met on Thursday with Sadr, who gave a noncommittal answer when asked at a news conference afterward about plans to disband militias.

"In fact, all the factions which are inside or outside the government converge in the interest and service of the Iraqi people," said Sadr, whose Mahdi Army clashed with U.S. forces in 2004 and has been the target of a recent series of raids in Baghdad and southern Iraq.

Also on Thursday, a roadside bomb attack against an Italian army convoy in Nasiriyah, about 200 miles south of Baghdad, killed three Italian soldiers and one from Romania, Italian officials announced. Romano Prodi, who will head Italy's next government, said the killings would not expedite a planned withdrawal of the more than 2,500 Italian troops in Iraq.

"We won't fly away. Of course we shall work in Iraq for peace in order to help reconstruction," he said at a news conference in Rome, according to the Associated Press, which reported that 27 Italian soldiers have died in Iraq, including 19 in the bombing of a barracks in 2003.

Two insurgent groups asserted responsibility for the attacks in Internet postings -- the Islamic Army in Iraq and the Imam Hussein Brigades. Neither claim could be immediately verified.

Maliki and U.S. officials in Baghdad have said one of the new government's top priorities should be dealing with the armed groups -- perhaps by incorporating their members into the security forces on an individual basis -- though no detailed plan has been announced.

Asked Thursday who would be named to head the country's security ministries, which U.S. officials have said should be put beyond the control of politicians with ties to militias, Maliki said the posts "would be given to independent members, but it's not definite yet."

Secretary of State Condoleezza Rice, who visited Iraq this week along with Defense Secretary Donald H. Rumsfeld, said the establishment of a new Iraqi government after months of haggling over the prime minister's post would pave the way for enacting policies to stem militia violence.

Sadr called the visit by the American cabinet secretaries "a flagrant interference in Iraqi affairs."

Shiite militias now rival Iraq's Sunni Arab-led insurgency as the country's top security threat, U.S. officials say. But a military spokesman in Baghdad said Thursday that the solutions to the two threats would be different.

"The only way we can deal with Zarqawi or al-Qaeda is to kill or capture them," Maj. Gen. Rick Lynch said. "We believe there are other ways to solve the militia problem. . . . The solution to the militia problem is, indeed, a political solution."

Elsewhere in Iraq on Thursday, police in and around Baqubah, about 35 miles northeast of Baghdad, repelled attacks on several police stations and road checkpoints, killing 19 insurgents and capturing 25 others, according to Maj. Gen. Ghassan Abbas Bawi, police commander in Diyala province.

At least 10 police officers were also killed in the clashes, which sparked a series of evening raids by security forces in the southern part of the city, which has been hit by a large number of attacks in recent weeks. Police also announced a province-wide curfew Friday from 6 a.m. to 4 p.m.

Iraq's New Premier Gains Support In Talks With Shiite Leaders (NYT)

DOJ_NMG_0027300

By Richard A. Oppel Jr.

The New York Times, April 28, 2006

BAGHDAD, Iraq, April 27 — Hours after ending two days of meetings with Secretary of State Condoleezza Rice and Defense Secretary Donald H. Rumsfeld, the Iraqi prime minister-designate, Nuri Kamal al-Maliki, traveled to the Shiite holy city of Najaf to meet with two of the powers he must now contend with, the Shiite leaders Grand Ayatollah Ali al-Sistani and Moktada al-Sadr.

Violence cast a shadow on the meetings, with the drive-by killing in Baghdad of the sister of Vice President Tariq al-Hashemi and the deaths of one Romanian and three Italian soldiers near Nasiriya, which spurred calls from some Italian political leaders to speed up the withdrawal of the country's 2,600 remaining troops in Iraq.

In his meeting with Ayatollah Sistani, Mr. Maliki won a statement from the religious leader calling for an end to militias and urging that the Iraqi security forces be freed from the grip of sectarian and political dominance. "Weapons should be carried only by government forces" loyal to the government and not to leaders of political or other groups, the ayatollah said.

It was a firm message of support for Mr. Maliki, who said on Thursday that he believed he could complete the selection of his cabinet within a week. Mr. Maliki, with prodding from the United States ambassador, Zalmay Khalilzad, has made a priority of reducing the influence of the militias that have helped push Iraq to the brink of civil war.

Sunni Arab leaders say that hundreds of young Sunni men who have been found murdered with drill holes in their limbs or head or other signs of torture are the victims of Shiite death squads often wearing official police or security forces uniforms.

But making a dent in the militias' influence will be difficult to accomplish, as some elements of the Iraqi Army and security forces are already dominated by members loyal to one militia or another.

Indeed, in a demonstration of the balancing act Mr. Maliki must perform both as prime minister and as leader of a fractious Shiite coalition, he met next with Mr. Sadr, the anti-American cleric who oversees the militia known as the Mahdi Army, thousands of young Shiite men who control northeastern Baghdad and have fought fierce battles with the American military.

Mr. Maliki was careful not to offend Mr. Sadr, perhaps the most influential single force in the Shiite coalition, suggesting that militias deserve to remain an influence, even if only from within the military.

"Merging the militias into the military," Mr. Maliki said, "is not to disrespect them but to reward them for their role in the struggle against dictatorship," a reference to fighting by Kurdish and Shiite forces against Saddam Hussein. "And it is a solution to the problem of having weapons outside the government."

Mr. Maliki also pledged to name nonsectarians to run the Iraqi Interior and Defense Ministries.

Mr. Maliki's political pilgrimage to Najaf came as Baghdad residents were reminded that even the most powerful Iraqi leaders cannot protect family members from the savage violence here.

Mr. Hashemi's sister was shot dead in a morning rush-hour ambush near her home. Her death came only two weeks after the murder of Mr. Hashemi's brother, and served as another indication of how insurgents are intent on terrorizing leaders of the new government. While government leaders are heavily guarded, their families are often easier targets.

Mr. Hashemi's sister, Maysoon al-Hashemi, 61, who was director of women's affairs in her brother's Iraqi Islamic Party, was buried a few hours later. Co-workers recalled how bravely she took the news that her brother Mahmoud had been assassinated on April 13.

Inside the Green Zone on Thursday, an American military spokesman offered an optimistic view of the situation in Iraq, saying the country was "moving away" from civil war.

"All indications now are the acts of violence — ethnosectarian violence is decreasing," Maj. Gen. Rick Lynch said at a news briefing. He cited a 60 percent decrease in casualties in Baghdad in the week starting April 16 compared with the previous week. Yet he also acknowledged that casualties had soared by 90 percent in the past 10 weeks, since before the bombing of the Askariya Shrine in Samarra in late February set off a wave of sectarian violence.

Other newly released American government findings cast Iraq's situation in even less positive terms. The Government Accountability Office, the investigative arm of Congress, reported that attacks against American-led forces, Iraqis and infrastructure increased 23 percent from 2004 to 2005.

"The insurgency intensified through October 2005 and has remained strong and resilient since then," the G.A.O. said in a 31-page report. "Many Iraqis in Baghdad and the central and northern Sunni areas have lost confidence in the Iraqi Army and police to improve the security situation. In some Sunni areas, support for the insurgents has increased, and Iraqi Shias have expressed greater confidence in their militias."

The G.A.O. also found that in contrast to past assertions that four provinces were facing serious problems, six were in "serious" shape and one was "critical." The finding was based on a study by the military and American Embassy in Baghdad.

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Before leaving Iraq, Ms. Rice and Mr. Rumsfeld voiced support again for Mr. Maliki as a strong leader who could re-establish confidence in the government, while Iraq's national security adviser, Dr. Muwaffak al-Rubaie, suggested there could be a large reduction in American troops by 2007.

Powerful Iraqi Cleric Call For Disarmament (LAT)

By Bruce Wallace And Saad Fakhrildeen

The Los Angeles Times, April 28, 2006

NAJAF, Iraq — Reaching across a sectarian divide, Iraq's highest-ranking Shiite Muslim cleric called on militias to disarm today, saying only government forces should be permitted to carry weapons on the streets.

Grand Ayatollah Ali Sistani, the Iranian-born religious leader regarded as the Shiite majority's most powerful moral voice, also urged Iraqis to form a government blind to religious and ethnic differences.

"Weapons must be in the hands of government security forces that should not be tied to political parties but to the nation," said a statement of remarks released by Sistani's office in the Shiite holy city of Najaf.

"The first task for the government is fighting insecurity and putting an end to the terrorist acts that threaten innocents with death and kidnapping."

Leaders of Iraq's Sunni minority have claimed to be under siege from marauding gangs of Shiite gunmen, some alleged to be working within the government's own security forces.

Sistani's statement followed a visit to his home in Najaf by Prime Minister-designate Nouri Maliki. The new Iraqi leader came to pay political homage to Sistani while in the midst of trying to form a government acceptable to all of Iraq's fractious political parties, some of whose claim to power is backed by heavily armed militias.

The new leader is getting plenty of advice as he works to pull a government together.

Many here worry Maliki may be forced to fill key government posts according to a sectarian formula for sharing power across the spectrum of Shiite, Sunni, Kurdish and secular parties.

Avoiding a government with sectarian hues was the main subject of discussions between Maliki and Secretary of State Condoleezza Rice during her visit, along with Defense Secretary Donald H. Rumsfeld, to Baghdad this week. Rice left for Bulgaria later today, telling reporters in the heavily guarded Green Zone she was convinced Maliki and his advisors were committed to appointing ministers based on competence.

"Obviously, the key now is to get the government up and running, to get ministers who are capable and who also will reflect the value of a national unity government, and then to get about the work of dealing with the security situation, dealing with the economic situation," she said, according to news agencies.

But it was the unusually direct political intervention from Sistani that rang loudest here. The cleric is regarded as the voice of Shiite moderation, though he prefers to exercise his influence through subtle backroom whispers. Last week, it was a nudge from Sistani that contributed to the decision by interim Prime Minister Ibrahim Jafari to abandon his quest to keep the top job in the face of great opposition.

Sistani was more direct today. Maliki emerged from their meeting to tell reporters that the cleric had "advised us, as always, to be Iraqis first."

Maliki also said his government would merge militias into the legitimate state security forces, a proposal that challenges the power of some of his own strongest backers, notably radical cleric Muqtada Sadr.

The two men held a joint news conference in which Sadr denounced the Rice-Rumsfeld visit for "its blatant interference in Iraqi affairs," repeated his call for an end to the U.S. occupation, but dodged the question of whether he would disband his own militia known as the Al Mahdi army.

U.S. Army Maj. Gen. Rick Lynch today said insurgent attacks in Baghdad had decreased by 10% last week and said the number of victims of ethnic and sectarian violence in the capital was the lowest last week since the Feb. 22 bombing of a Shiite shrine in Samarra.

"We don't see us moving toward a civil war in Iraq," he said. "In fact we're seeing a movement away."

But the violence continued at a steady throb across Iraq. The sister of Tariq Hashemi, Iraq's new vice president and leading Sunni politician, was killed along with her bodyguard in a drive-by shooting as she left home for work in Baghdad.

The murder came just two weeks after one of Hashemi's brothers was assassinated, and two days after a video from Al Qaeda in Iraq leader Abu Musab Zarqawi declared that Sunnis who cooperated with the new government were American "agents" and would be killed.

Elsewhere, three Italian and a Romanian soldier died in a roadside bombing of their convoy near their base in Nasiriyah, 200 miles south of Baghdad. There were also clashes between U.S. forces and insurgents in Ramadi.

Police said 16 bodies were also recovered in Baghdad and other cities, victims of execution-style killings.

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Top Shiite Cleric Endorses Plan To Disband Militias (USAT/AP)

By The Associated Press

USA Today, April 28, 2006

BAGHDAD — The incoming prime minister won the backing Thursday of Iraq's top Shiite cleric for his plan to disband militias, which the United States believes is critical to calming sectarian strife and halting the country's slide toward civil war.

The endorsement of Prime Minister-designate Nouri al-Maliki's plan came during a meeting in Najaf with Grand Ayatollah Ali al-Sistani. The ayatollah told al-Maliki, a Shiite tapped last weekend to form a government, that security should be his top priority.

"Therefore, weapons must be exclusively in the hands of government forces, and these forces must be built on a proper national basis so that their loyalty is to the country alone, not to political or other sides," a statement from Sistani's office said.

Al-Maliki has said he plans to integrate militias, many linked to Shiite parties, into the army and police. To ensure their loyalty, he wants to appoint defense and interior ministers without connections to militias. Attempts by previous Iraqi governments to abolish militias have failed, and their numbers have grown.

Lt. Gen. Peter Chiarelli, the second-ranking U.S. general in Iraq, said Wednesday that militias pose an urgent threat to the country's stability and were "an issue we've got to get fixed."

The leader of one major militia, radical Shiite cleric Muqtada al-Sadr, refrained Thursday from endorsing calls to disband his Mahdi Army. After a separate meeting with al-Maliki, the cleric was asked whether he would give up his militia. He replied: "All groups inside or outside the government work for the people's interest and service."

Sectarian tensions rose dramatically after the Feb. 22 bombing of a Shiite shrine in Samarra, triggering reprisal attacks against Sunni mosques and clerics.

In a briefing Thursday, however, U.S. military spokesman Maj. Gen. Rick Lynch said that "we are not seeing widespread militia operations across Iraq" and that "ethno-sectarian" attacks had dropped by half in Baghdad over the last week.

Lynch also said U.S. forces had found no "widespread movement" of Shiites and Sunnis away from religiously mixed areas.

"So we do not see us moving toward a civil war in Iraq," Lynch said. "In fact we see us moving away from it."

Al-Maliki has until late May to present his Cabinet to parliament, the final step in building a national unity government.

Secretary of State Condoleezza Rice and Defense Secretary Donald Rumsfeld departed Thursday after two days of talks with al-Maliki and other Iraqi officials.

Also Thursday:

·Gunmen assassinated Mayson al-Hashimi, the sister of Sunni Vice President Tariq al-Hashimi. She was killed as she left her home in a southwestern Baghdad neighborhood, police said. Her bodyguard was also slain.

·Three Italian soldiers and one Romanian soldier were killed in a bombing in southern Iraq. The soldiers were killed near Nasiriyah, 200 miles southeast of Baghdad, when a bomb exploded near their four-vehicle convoy in a Shiite area. The death was Romania's first combat loss of the war.

Gunmen In Baghdad Kill Sister Of Iraqi Vice President (WP)

By Nelson Hernandez

The Washington Post, April 28, 2006

BAGHDAD, April 27 -- Two sedans loaded with gunmen sped through the streets of Baghdad on Thursday morning, chasing the sister of Vice President Tariq al-Hashimi.

As one of the attackers' cars cut off the sport-utility vehicle carrying Mayson al-Hashimi, the other drove past, spraying the vehicle with bullets and killing the 60-year-old woman, whose biggest offense was being related to a prominent Sunni leader.

A wounded survivor traveling with Hashimi told the police what had happened, police Gen. Raad Khudaier Tamimi said. Meanwhile, attackers left behind a note, Tamimi said.

"This is a punishment for those who collaborate," the note said. It was signed, "Monotheism and Jihad."

Mayson al-Hashimi was the second sibling whom Tariq al-Hashimi, one of Iraq's two vice presidents, has lost since April 13, when another pack of gunmen killed his brother, Mahmoud al-Hashimi.

That was before Tariq al-Hashimi and his fellow vice president, Adel Abdul Mahdi -- both of whom served in the transitional government -- took office on Saturday at a meeting of Iraq's newly formed parliament. Hashimi, a Sunni, vowed with his Shiite and Kurdish colleagues to defeat the country's insurgent movement and restore national stability.

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Secretary of State Condoleezza Rice had called Hashimi earlier this month to express her condolences for his brother's killing. She also met the vice president in a one-on-one session during her visit to Iraq on Wednesday. A day later, Hashimi's sister was killed.

Maj. Gen. Rick Lynch, a U.S. military spokesman in Iraq, paid tribute to Hashimi: "He and many others like him are true Iraqi patriots," he said. "They're doing what they're doing at great risk and great personal sacrifice."

Living in Iraq has its share of dangers, but stepping into the limelight of politics makes it that much easier for a lawmaker and his family to wind up in the cross hairs of any number of armed factions. Few politicians have been spared threats or tragedy. Abdul Mahdi -- a Shiite -- lost his brother at the hands of insurgents last fall. Attackers killed two sons of Mithal Alousi, a secular Sunni politician, after he made an unpopular visit to Israel.

Provincial governors, who have less security, have even more problems: The governor of Nineveh province in northern Iraq has survived at least three attempts on his life and has lost a son and five other relatives.

The sister of Interior Minister Bayan Jabr, another Shiite, was kidnapped in January but later released. The brother of Saleh al-Mutlak, an outspoken Sunni political leader, met another fate: Police found his body on April 17, a few days after he was kidnapped.

Mutlak, a friend of Hashimi's, said he could sympathize with his colleague's loss.

"We feel very sorry for him," he said in a telephone interview.

"I have other brothers, but he was the most active one among all of them," Mutlak said of his slain brother, Taha al-Mutlak. "He had a very strong personality, was very influential in society. He did a lot in politics, and in a very short period. I think this is why they targeted him, because they saw that he was very influential."

One of the hardest things to deal with, Mutlak said, is not knowing who did it.

"Our people are being killed every day, and we don't know who did it, who hates Iraq and Iraqis," Mutlak said. "Is this al-Qaeda or is it a regional power?" A moment later he acknowledged that "regional power" was an allusion to Iran, a neighboring Shiite theocracy that many Sunnis believe is supporting Shiite militias in Iraq.

There was little clarity even in the note left behind by Mayson al-Hashimi's attackers. Monotheism and Jihad was the name of the Sunni insurgent organization led by Abu Musab al-Zarqawi, but the group changed its name months ago to al-Qaeda in Iraq and has often acted recently under the name Mujaheddin Shura Council.

With no answers, Mutlak said, he had no choice but to return to his mission in politics.

"My life is not important anymore," he said. "The lives of Iraqis -- if I can do something good for them, I will not hesitate at all."

Sunni Leader's Sister Fatally Shot In Baghdad (WT/AP)

By Thomas Wagner, Associated Press

The Washington Times, April 28, 2006

BAGHDAD -- A sister of Iraq's new Sunni Arab vice president was killed yesterday in a drive-by shooting in Baghdad, a day after the politician called for the Sunni-dominated insurgency to be crushed by force.

In southern Iraq, a bomb hit an Italian military convoy, killing four soldiers -- three Italians and a Romanian -- and seriously injuring another passenger, officials in Rome said. The bomb struck the convoy near an Italian military base in Nasariyah, a heavily Shi'ite city 200 miles southeast of Baghdad, a local Iraqi government spokesman said.

Elsewhere, a U.S. jet fired two missiles at insurgent positions in Ramadi, U.S. officers said. Fighting also broke out between Iraqi forces and insurgents northeast of Baghdad, killing several Iraqi police officers and civilians.

The violence came as Secretary of State Condoleezza Rice and Defense Secretary Donald H. Rumsfeld visited Baghdad to meet with officials in Iraq's new government. Nouri al-Maliki, a Shi'ite hard-liner recently tapped as Iraq's prime minister, is trying to form a national unity government aimed at stopping a wave of sectarian violence.

Yesterday, Mr. al-Maliki met with Iraq's top shi'ite cleric, Grand Ayatollah Ali al-Husseini al-Sistani, and won his backing for his plan to disband militias, which Washington sees as the key to calming sectarian strife.

Mayson Ahmed Bakir al-Hashimi, 60, whose brother, Tariq al-Hashimi, was appointed by parliament as vice president Saturday, was killed by gunmen in a sedan as she left her southwestern Baghdad home with her bodyguard, police said. The bodyguard also died.

It was the second recent killing in Mr. al-Hashimi's immediate family. On April 13, his brother, Mahmoud al-Hashimi, was shot while driving in a mostly Shi'ite area of eastern Baghdad.

Mrs. al-Hashimi had worked on the government's audit commission and was married with two grown children.

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"What astonished us is that they targeted a woman. This shows how wicked the attackers are," said Ziyad al-Ani, a senior official in the vice president's Iraqi Islamic Party. He said the killings "by the enemies of Iraq" will fail in their goal of driving Mr. al-Hashimi and his party from government.

The party is one of three major Sunni political groups in the Iraqi Accordance Front, which won 44 seats in the Dec. 15 parliamentary election.

On Wednesday, Mr. al-Hashimi called for Iraq's insurgency to be put down by force. Shi'ites had demanded that Sunni officials make such a statement to demonstrate their commitment to building a democratic system.

Mr. al-Hashimi also shrugged off a video released this week by Abu Musab Zarqawi, during which the al Qaeda in Iraq leader tried to rally Sunnis to fight the new government and denounced Sunnis who cooperate with it as "agents" of the Americans.

"I say, yes, we're agents. We're agents for Islam, for the oppressed. We have to defend the future of our people," Mr. al-Hashimi said at a press conference with President Jalal Talabani, a Kurd, and his fellow vice president, Shi'ite Adil Abdul-Mahdi.

New Government Doesn't Slow Iraq Killings (AP)

By Thomas Wagner

AP, April 28, 2006

One year ago Friday, when Iraq formed its first freely elected government, Americans and Iraqis hoped it would lead to a drop in violence. But Iraqis have continued to die in the thousands, and this year the trend is up.

Figures compiled by The Associated Press over the past 12 months show more than 8,000 people have been killed and there are increasing cases of civilians being kidnapped, killed and dumped in public places.

The numbers offer a counterpoint of caution for Washington's hopes that Iraq's second freely elected government, being formed now, will help curb violence.

American officials tout the selection of a new prime minister April 22 as the start of a unity government that could bring closer the departure of U.S. troops. Secretary of State Condoleezza Rice and Defense Secretary Donald Rumsfeld visited Iraq on Wednesday to show their support.

But optimistic forecasts that accompanied other milestones — the 2004 restoration of Iraqi sovereignty after U.S. occupation and the formation of the first elected government 10 months later — turned sour.

Twice last year, on Jan. 30 and Dec. 15, millions of Iraqis risked their lives to vote in free elections for new parliaments, then watched their chosen legislators squabble for months over forming a government.

When the first freely elected government in decades took office a year ago Friday, Prime Minister Ibrahim al-Jaafari said Iraqis who had "challenged tyranny" at the polls "will help this government to succeed and will not be intimidated."

A year later, al-Jaafari has been denied a second term, blamed for failing to deliver on that pledge.

When al-Jaafari took over, U.S. officials and many Iraqis hoped security would improve, but the insurgency soon resumed. Sectarian tensions also began to rise and, with the bombing of an important Shiite shrine two months ago, burst into outright fighting.

AP's figures show that at least 8,107 Iraqis have been killed and 10,519 wounded, most of them civilians, in the year beginning April 28, 2005.

The top killer was bombs (3,895), followed by gunfire (1,960) and the discovery of dumped bodies (1,684).

In March alone, at least 1,038 Iraqis were killed in war-related violence, according to AP figures — the highest monthly total in the past 12 months.

Three of the five largest surges in violence during the year have occurred since January. That is especially true regarding the dumping of bodies. Four of the five biggest increases in that category occurred in the months of March and April.

When it comes to deaths by gunfire, the first, third and fourth largest increases have occurred since mid-January. Serious suicide bombings happened throughout the year, but the worst such attacks — killing more than 120 people — came Jan. 5.

These numbers include civilians, government officials, and police and security forces, and are considered only a minimum based on AP reporting. The actual number is likely higher, as many killings go unreported or uncounted.

AP's tally is compiled from hospital, police and military officials cited in news stories, as well as accounts from reporters and photographers at the scenes. The security personnel include Iraqi military, police and police recruits, and bodyguards. Insurgent deaths are not a part of the Iraqi count.

Also not included in this count are the nearly 1,000 Shiite pilgrims killed in August 2005 during a bridge stampede caused by someone shouting there was a suicide bomber in their midst.

AP began collecting this information on April 28, 2005, when the first freely elected government after Saddam Hussein's downfall took office.

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The AP study reaches back one year. Other studies suggest that the violence has increased yearly since the U.S. invasion. Iraq Body Count, a British anti-war group, said more than 12,600 Iraqi civilians were killed in the year ending March 1, up 10 percent from the previous year and about double the total for the first year after the U.S. invaded.

In Iraq's widespread violence, it often is difficult to tell whether insurgents, militias or common criminals are responsible for killings.

U.S. Ambassador Zalmay Khalilzad recently said Iraq's militias are killing more people than insurgents are.

And the protracted legislative squabbling before the new prime minister-designate, Nouri al-Maliki, was picked may have allowed the militias to break free of the limited control that political parties have over them and to step up sectarian killings, said Toby Dodge, an Iraq specialist at the International Institute of Strategic Studies in London.

Civil war may already be largely under way in Iraq, said Bob Ayers of the Chatham House think tank in London. Either way, Iraq faces tough choices and problems.

"The freedom to vote is unique. The Iraqi people clearly wanted to do that," he said. "But imposing democracy and changing the government structure doesn't change the country's historical, cultural and religious problems."

The AP's News Research Center in New York contributed to this report.

Rice, Rumsfeld In Separate Orbits In Baghdad (WP)

By Glenn Kessler

The Washington Post, April 28, 2006

BAGHDAD, April 27 -- A full 10 seconds of silence passed after a reporter asked Secretary of State Condoleezza Rice and Defense Secretary Donald H. Rumsfeld what the intense secrecy and security surrounding their visit to Iraq signified about the stability of the country three years after the U.S.-led invasion. Rice turned to Rumsfeld to provide the answer. Rumsfeld glared at the reporter.

"I guess I don't think it says anything about it," he snapped. He went on to say that President Bush had directed him and Rice to go to Iraq to "meet with the new leadership, and it happens that they are located here," a reference to the heavily fortified Green Zone where U.S. officials -- and many Iraqi leaders -- live and work.

Rice broke in, calming the tension. "The security situation will continue to take our attention and the attention of the Iraqis," she said, adding, "The terrorists are ultimately going to be defeated by a political process here."

For the second time in a month, Rice traveled to Baghdad to jawbone Iraqi leaders with a high-powered male counterpart. Last time, her partner was British Foreign Secretary Jack Straw. The pairing with him was convivial, so filled with easygoing banter that it was quickly dubbed the "Condi and Jack Show."

This time around, Rice and Rumsfeld often seemed in separate orbits, and the visit had little of the warmth of the earlier one. One purpose of this joint trip was to get the sometimes conflicting military and political operations in sync for the transition to a permanent Iraqi government. But the contrast in the two secretaries' styles was sometimes jarring.

Even though her arrival here followed an exhausting sprint through Greece and Turkey, Rice appeared energized by the task at hand. Rumsfeld arrived directly from Washington -- after a recent Asian tour -- but he seemed disengaged and bored, both to reporters traveling with him and to some U.S. officials. Some said he seemed irritated by the whole exercise. He did not speak a word to reporters with him on the flight to Baghdad.

During a joint meeting with reporters traveling with the secretaries, Rumsfeld frequently doodled with a black felt-tip pen or stared absent-mindedly at the ceiling when Rice spoke. Rice would occasionally cast a nervous glance at Rumsfeld as he prepared to respond to a question. His answers were terse; hers were expansive.

Rice, in that briefing and a separate one with Iraqi journalists, eagerly cast the Iraqi transition as part of the administration's quest for democracy in the Middle East. She told the Iraqi journalists that differences were "being overcome by politics and compromise, not by violence and not by repression," making Iraq "a tremendous pillar of stability through the Middle East." She added, "It's wonderful to be here and to be a small part of that."

But the administration's mantra of freedom and democracy never passed Rumsfeld's lips. Asked how the Iraqi government should eliminate the militias that have terrorized the populace, Rumsfeld appeared to suggest it was a relatively easy task. "Other countries have dealt with these issues and done them in a reasonably orderly way and over a period of time in a manner that was, in many instances, without much violence," he said.

The two secretaries recently had a widely publicized dispute over a comment by Rice that the administration had probably made "thousands" of "tactical errors" in Iraq. Aides later said she had meant it figuratively, but it generated headlines around the world. In a radio interview, Rumsfeld dismissed it as a comment made by someone who didn't understand warfare.

Asked about the flap here in Baghdad, Rumsfeld replied, "I wasn't aware of what she meant." (The transcript shows that the radio interviewer described her remarks carefully and placed them in context.) Rumsfeld made no effort to smooth over the

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issue but pointed to Rice and said, "She's right here, and you can ask her." Rice noted that her comment about tactical errors had been made "not in the military sense."

Rice courted the news media, racing through five television interviews in 17 minutes. Rumsfeld gave no separate interviews. At one point, he arrived early for a meeting and saw an array of television cameras inside the room. He shook his head at the reporters and turned on his heel.

Before the two Cabinet members left Baghdad on Thursday, Rice dismissed any suggestions of tension. "Secretary Rumsfeld and I have an excellent relationship," she told Fox News. "We're working very hard together. We're actually having a great time here in Iraq."

Inside The Ring (WT)

By Bill Gertz And Rowan Scarborough

The Washington Times, April 28, 2006

Rummy's friends

Sen. Jeff Sessions, a wily ex-prosecutor from the Deep South, knows when a man is in trouble, and that man is Defense Secretary Donald H. Rumsfeld. So Mr. Sessions organized a pep rally/war briefing where Republicans could express support for Mr. Rumsfeld, who seven retired generals have said must go.

The setting was breakfast in the Russell Senate Office Building. Mr. Sessions invited "defense-minded" Republican senators, and 17 showed up to talk with the defense secretary.

"There were spontaneous and supportive comments for Secretary Rumsfeld and an affirmation of his leadership," said Sessions spokesman Mike Brumas.

He said the senator from Alabama organized the get-together because "we're in a time of war. Senator Sessions admires Secretary Rumsfeld and invited a group of defense-minded senators to talk with the secretary about a number of topics."

During the one-hour chat, Mr. Rumsfeld discussed the new government in Iraq and the need for another wartime supplemental budget bill.

Mr. Brumas declined to say which senators attended. But it is known that two heavyweights, Senate Armed Services Chairman John W. Warner of Virginia, and his planned successor, Sen. John McCain of Arizona, did not attend.

Mr. McCain has expressed a lack of confidence in Mr. Rumsfeld. The two butted heads over the senator's "hold" on several Defense Department nominees.

Mr. Warner wrote Mr. Sessions a note saying he had another engagement.

Keane's view

Retired Gen. John Keane, former Army vice chief of staff who has been to Iraq several times, thinks that Iraqi hearts and minds are the path to winning the war.

He talked about the insurgency in the aftermath of four retired Army major generals' demanding the resignation of Defense Secretary Donald H. Rumsfeld.

"If this protracted insurgency, which we're now in the fourth year of, was reaching its culmination point in terms of defeat of the insurgency and a government seated, we would not be having this conversation," Gen. Keane told us.

"Much of the underlining frustration deals with the very nature of the war we are fighting and the fact we are four years into it and we are still losing American lives and having soldiers maimed in this conflict. But the reality is ... an urban insurgency neutralizes the United States' military power. The premium is placed on gaining support of the Iraqi people and only secondary to that is killing and capturing of the insurgency. Even when a counterinsurgency is successful, history tells us it takes about seven to eight years to achieve that end.

"I think the insurgency is considerably weaker in one very large respect and its the most important respect. It doesn't enjoy the same support of the people it once had. The people are reaching for democracy and they do not support the insurgents. The majority of the Sunnis is what I'm talking about."

Get tough

Princeton historian Bernard Lewis, a pre-eminent Middle East scholar and authority on Islam and its conflict with the Western world, said the Bush administration needs to do more against the insurgents in Iraq.

"In two simple words: Get tough," Mr. Lewis told a lunch forum of reporters sponsored by the Pew Forum on Religion and Public Life.

Mr. Lewis said defeating Iraqi insurgents, and Islamic terrorists there and elsewhere, will require much more aggressive action.

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Despite negative press reports, Mr. Lewis said, things are going well in Iraq as far as developing democracy and advancing opportunities for women. But the Bush administration appears to be close to "snatching defeat from the jaws of victory" there, he said.

"The best policy would be to deal with it by suppressing it," Mr. Lewis said, instead of using "halfhearted" measures that involve compromising with insurgents.

On Iran, Mr. Lewis said, the current ruler in Tehran, President Mahmoud Ahmadinejad, is a dangerous radical who holds "apocalyptic" visions of Islam. The Iranian leader's recent visit to Syria successfully suppressed a move toward democracy in the Arab fascist state that was not countered by the United States, he said.

Even more dangerous is an Iran armed with nuclear weapons. If the Iranians succeed in their quest, they will use nuclear weapons against their enemies "without an address" on the delivery. "It will come through terrorists," Mr. Lewis said.

Mr. Lewis said one of the roots of current Islamic extremism lies in Saudi Arabian Wahhabism, which he described as an extremely violent and intolerant strain of Islam that is fueled by Saudi leaders and oil money.

"Wahhabism is to Islam what the Ku Klux Klan is to Christianity," he said. Islamic extremism also has been driven by Salafist Sunni Muslims and by Iran's revolutionary-style Shi'ism, he said.

Earth Day

The Air Force sent a memo to personnel reminding them to be respectful of Earth Day last week.

The memo said the Environmental Protection Agency has recognized the Air Force as "the number one purchaser of green power."

It said the Air Force provides a "natural habitat for more than 70 threatened and endangered species" while "maintaining and enhancing ecological integrity on over 575,000 acres of forested landscapes."

"The Air Force is making great strides in our priorities to win the global war on terror, take care of our airmen and recapitalize our forces," the memo said. "Preserving our natural assets remain a key factor of success in these goals, and through our dedication to protecting and maintaining our planet, these assets will remain intact for generations to come."

CIA and State

We asked Dan Gallington, who once was chief counsel to the Senate Select Committee on Intelligence, to discuss whether the CIA's bureaucracy is working against President Bush's policies in the war on al Qaeda.

"I wouldn't say they are anti-Bush as much as to say they generally support the more conciliatory policy positions of the State Department bureaucracy," Mr. Gallington said. "Even though CIA is not a policy organization, they actively participate in influencing national security policy.

"I would say it seems clear that the leaks out of the CIA in recent years are both substantively, and in timing, seem intended to embarrass the president."

He said a "purge" is the answer for a leak-weary Bush administration. "It's already under way," he said.

Corruption Eroding Afghan Security (CSM)

By David Montero

The Christian Science Monitor, April 28, 2006

KABUL, AFGHANISTAN - Nearly five years after the fall of the Taliban, Afghanistan's security situation continues to be dragged down by endemic corruption, roving militias, and a growing nexus between narco-warlords and remnants of the Taliban, officials and analysts say.

The melting snows of spring often bring an uptick in violence, as rebels emerge from their mountain redoubts. Yet there are indications of a deepening instability beyond the seasonal surge. More than 70 foreign troops, mostly Americans, have been killed this past year, making it the deadliest period since the conflict began. Violence, meanwhile, seems to be spreading beyond the volatile south, encroaching on areas formerly considered outside the zones of conflict.

"What is often labeled as Taliban violence is not," says Joanna Nathan, a senior analyst for the International Crisis Group in Kabul. "It's a whole set of fluid alliances, cross- border attacks from Pakistan, drugs, tribal feuds, and of course the Taliban."

What these security issues have in common, she and others say, is the poor governance and official corruption among provincial governors, police chiefs, and others tasked with securing the country and bringing development. The implication: Stabilizing the country increasingly means providing better government.

"The state we're in now is because of the policy decision to co-opt those people who in the past committed human rights abuses. There's a culture of impunity. They continue in many cases to abuse the rights of people under them," says Ms. Nathan, adding that this not only causes violent flare-ups, but creates sympathy for the Taliban. These troubles, she says, are by no means limited to the south. "There are drug problems in the north, tribal problems, sheer criminality."

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In the past, violence rarely spilled beyond the south, where NATO troops are slowly replacing US forces. But recent attacks have cropped up in the north and west, too:

· Rockets slammed into a nongovernmental organization and a house in the northeastern province of Badakhshan on Tuesday when militants protesting poppy eradication missed a police station. No casualties were reported.

· Also on Tuesday, two bomb blasts along the road to Kabul's airport wounded three people. That followed a powerful rocket attack near the US Embassy and the presidential palace on April 19, wounding one Afghan security contractor.

· Bomb blasts were reported Saturday outside a politician's home 30 miles west of the northern city of Mazar-e Sharif.

· And the prosperous western province of Herat, once considered a model of stability, was rocked by a suicide bombing in early April, killing two Afghans outside a NATO compound.

"We do have a problem in the south, but it is spreading north. The path for these activities in the north has already formed," says Gen. Hilaluddin Hilal, the former deputy minister of the Interior Ministry, and now a member of parliament.

Many governors and chiefs of police, rather than confronting the Taliban and neutralizing drug lords, are increasingly intertwined with them, either for political or monetary gain, some analysts say. Amid the lawlessness, military intelligence has become a political game, a tool for blackmail or settling old scores, analysts allege.

President Hamid Karzai has replaced or re-assigned a number of governors in an effort to tackle these problems, which have plagued Afghanistan since the fall of the Taliban. Badsha Khan, for example, once the governor of Paktia Province, was removed in 2002 amid allegations of corruption and passing information to US forces that led to the bombing of his political enemies.

In the northern Balkh Province, Gov. Atta Mohammad Nur sacked several officials this February for their alleged involvement in the drug trade, including the district government head, the chief of police, the chief of security, the chief of staff, and the prosecutor.

But many such types remain. "There is probably no smoking gun, and it might be not be easy to present [a] case before a court," says one Western diplomat, speaking on the condition of anonymity. "But the names of quite a few of these people are well known."

Government officials insist they are cracking down, but Kabul's writ is still weak in many places. Even the more sanguine government officials, when speaking off the record, say that collusion between governors and the Taliban has hampered counterterrorism. Many villagers have little incentive to cooperate, officials say, when they see their government representatives siding with the enemy.

More than breeding resentment, corruption is playing into the hands of the Taliban.

"[P]eople had the expectation that the government would do something for them, that their lives would improve. But it didn't happen," says Mullah Abdul Salam Rocketi, a former Taliban commander who is now a member of Parliament. "When people get disappointed, it benefits the Taliban."

Others agree, saying that such widespread corruption and lawlessness was what brought the Taliban to power in the first place in 1995.

Remedies, such as there are, include more concerted efforts to disarm illegal militias. So far, some 60,000 people have been disarmed under a UN initiative, but many observers say greater resources and political will need to be put toward this effort. The arrival of NATO troops in the south might also bolster security, provided that such an effort is coupled with serious commitments to governance and nation-building.

Suspected U.S. Spies Targeted (LAT)

By Paul Watson And Zulfiqar Ali

The Los Angeles Times, April 28, 2006

KABUL, Afghanistan — Taliban militants and their allies are waging a dirty war in Pakistan's unruly tribal areas, kidnapping and executing people suspected of spying for U.S. forces across the border in Afghanistan.

Militants have killed at least 53 accused spies and pro-government elders in Pakistan over the last two years, according to the independent Human Rights Commission of Pakistan. Many of their bodies were found with notes that claimed the victims had visited U.S. military bases in Afghanistan. Local residents put the death toll from such executions at about 150.

The headless corpse of the latest victim, taxi driver Khun Majan, was found in a ditch Tuesday near the town of Angoor Adda, a suspected Taliban haven in the South Waziristan tribal region, eight days after relatives reported he had been kidnapped.

"He visited a U.S. forces base in the Birmal area, Paktika province of Afghanistan, and was providing information about mujahedin to our enemies," said a note on his body.

It was not known whether any of the victims were working as informants or spies for U.S. forces.

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But secret documents on a memory drive stolen from the American air base at Bagram, north of Kabul, and sold at a bazaar outside its gates, show that U.S. Special Forces apparently used informants in Pakistan as well as Afghanistan. The files contained what appeared to be highly sensitive material, including the identities of informants and their families, and some of the information the sources had provided.

None of the informants' names that appeared on the drive sold at the Bagram bazaar, however, matched those of victims killed in Pakistan. And many of the killings predate the files found on the drive.

Abductions and summary executions of people accused of spying for the U.S. or supporting Pakistan's government in the northwestern tribal areas began in June 2004, during an offensive by Pakistani forces against suspected Al Qaeda terrorists, said Pakistani officials, who spoke on condition of anonymity because they were not authorized to talk to the press.

Most of the victims were killed in the last year as Afghanistan's insurgency gained strength, mainly in the southern and eastern territories near routes leading into the country from Pakistan. About 85% of the victims are from South Waziristan, a Pushtun tribal area.

The Pakistani government has said it pushed foreign militants from South Waziristan by late 2004. Intense fighting continues in North Waziristan.

Besides the killing of Majan, other recent executions included the beheading of four Pushtun tribesmen between April 15 and April 21 in North Waziristan. All were suspected of being spies.

At first, militants shot their captives on the spot. But more recently the captives have been held for several days, apparently for interrogation, and later beheaded, sources in the tribal areas said. A note is then left on the body that identifies the victim as an alleged spy, in a warning to others not to cooperate with Pakistani officials or U.S. forces across the border.

On Dec. 25, 2004, Shah Alam Khan, the brother of Pakistan's ambassador to the Persian Gulf emirate of Qatar and a close friend of Afghan President Hamid Karzai, was gunned down by militants in Wana, South Waziristan, according to the Human Rights Commission.

On March 30, five people came to the home of moderate Muslim cleric Maulana Zahir Shah Bhittani, who was staunchly opposed to Taliban and other militants preaching jihad in the tribal areas. The cleric was the principal of a madrasa, or Islamic school, in Lakki Marwat, south of Peshawar, the capital of North-West Frontier Province.

The men knocked on the cleric's door at night and said they needed him to perform faith healing on a patient, family members said. But they overpowered him and forced him into a pickup truck. Two days later, his corpse was found in the Sararogha area of South Waziristan.

A note on his body, written in Pashto, said: "All those who, on the directive of our enemy and in the guise of a cleric, try to propagate against jihad and Islam [or] betray innocent Muslims and misguide people will meet the same fate as Zahir Shah."

The note claimed that the cleric had, "along with some Englishmen, entered an embassy in Islamabad and obtained monetary assistance. He also received some directives from there."

Militants also have recorded on compact discs what they purport to be videotaped confessions of spies for the U.S. in the tribal areas, before beheading them.

On a CD released recently in Miram Shah, administrative center of North Waziristan, a purported spy says an American offered him the equivalent of $3,300 in Pakistani rupees to work on persuading local people to turn against the Taliban.

After recording his message, his masked abductors killed him, chanting "God is great!" in full view of the camera.

"Hypocrites will meet the same fate," the masked men said on the CD. "This person was slaughtered for providing information regarding mujahedin activities to the Americans."

The Los Angeles Times revealed April 10 that drives that contained documents marked "secret" — including one that listed the names, photographs and telephone numbers of people said to be informants — were for sale outside the Bagram base. Merchants told The Times that the drives had been on the market for as long as four years.

They continued to be for sale as recently as Wednesday, after U.S. military brass launched a criminal investigation into the loss of the drives from the base, where U.S. forces operate a secretive detention and interrogation center for terrorism suspects.

"We're obviously concerned that certain sources or assets have been compromised," Col. Tom Collins, a spokesman for U.S. forces in Afghanistan, said recently.

The military is "making all attempts to protect the identities of people who are helping us to defeat the enemy," Collins added this week.

The Times did not disclose any details that could identify the Afghan spies named in the documents, which included detailed accounts of information they had provided from their missions in Afghanistan and trips into Pakistan.

One of the drives apparently belonged to a member of the Army's 7th Special Forces Group (Airborne), based at Ft. Bragg, N.C.

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The unit has recently carried out missions in southern Afghanistan, where the U.S.-led coalition is battling a growing insurgency by Taliban, Al Qaeda and other fighters.

One document on that drive, marked "secret," reported that an Afghan informant arranged for an Afghan friend living in the southwestern Pakistani city of Quetta to visit a U.S. base in Afghanistan.

During the December meeting with a Special Forces officer, the three men discussed the possibility of using the visitor as a guide for U.S. troops, which would cross into Pakistan to capture or kill Taliban leaders.

CORPORATE SCANDALS:

Lay On Defensive At Enron Trial (WSJ)

By John R. Emshwiller And Gary McWilliams

The Wall Street Journal, April 28, 2006

HOUSTON -- Federal prosecutors hammered at former Enron Corp. Chairman Kenneth Lay1's credibility by showing he made a series of inaccurate stockholding reports that failed to disclose large sales of his Enron shares in the months before the company's December 2001 bankruptcy filing.

Mr. Lay, who faces federal conspiracy and fraud charges in connection with Enron's collapse, appeared taken aback by the assault during his first full day of cross-examination in court here, which followed two hours of tense exchanges with prosecutor John Hueston2 on Wednesday afternoon. Mr. Lay hasn't been charged with improper sales of stock.

At times yesterday, he stuttered in response to accusations. Other times, he accused Mr. Hueston of twisting his words or harping on irrelevant points.

Mr. Lay said repeatedly that he relied on advice from company attorneys who told him he wasn't required to disclose the disputed stock sales except once a year, since they involved turning the shares back to the company in return for cash rather than sales on the open market. He said that his Securities and Exchange Commission filings complied with the law even though they inflated the picture of his Enron holdings. In 2001, Mr. Lay obtained $70 million through these stock transactions with Enron. (Testimony excerpts3)

Mr. Hueston even sought to use Mr. Lay's son against him.

Mr. Lay and his co-defendant, former Enron President Jeffrey Skilling4, have consistently claimed that a concerted attack by short-sellers helped drive down Enron's share price, and contributed to the company's 2001 collapse. (Short-sellers are traders who, using borrowed shares, make profits when a stock goes down.) Mr. Hueston noted that Mr. Lay's lead attorney, Michael Ramsey, referred to short-sellers as "vultures."

Mr. Hueston then introduced evidence that Mr. Lay's son, Mark, had executed four short sales on Enron stock in March 2001. Was he a vulture? asked the prosecutor.

"I don't think he's a vulture," said Mr. Lay in a subdued voice, adding that he wasn't aware of his son's stock transactions.

As for Mr. Lay's SEC filings about his stockholdings, Mr. Hueston showed that the Enron chairman didn't include his company stock transactions in those filings.

In 2001, Mr. Lay's monthly SEC stock-ownership filings through October showed his Enron holdings hovering around 2.7 million shares.

Yet his actual holdings had declined to some 991,000 shares because of the sales back to the company, according to evidence presented by Mr. Hueston.

Mr. Lay was quietly selling off a large chunk of his holdings while telling employees and investors the shares were a "bargain," prosecutors contend. As late as September 2001, he was telling employees that he was buying stock without telling them of his far larger sales back to the company. Mr. Lay argued that his stock transactions with Enron were done to raise cash to pay pressing margin calls on personal loans. He said he didn't feel the need to report such "forced" stock sales to Enron employees or others. He added that he held on to as many Enron shares as he could because he felt the stock was undervalued.

By showing that Mr. Lay wasn't fully forthcoming about his stock sales, the government clearly hoped to buttress its contention that the former top executive was illegally hiding from the public a range of bad news about the company's finances and business operations.

Mr. Hueston also attacked Mr. Lay on his bullish remarks in 2001 about Enron's high-profile retail energy unit, which government witnesses have testified was struggling with problem contracts and large hidden losses. The prosecutor noted that up until September 2001 Mr. Lay and other executives had been highlighting the rapid growth of the unit's service contracts, predicting the total would hit $30 billion in 2001.

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However, Mr. Hueston presented evidence from an Oct. 8, 2001, Enron board meeting showing that the company expected to fall short of that target by about $4.5 billion.

About a week later, Mr. Lay told securities analysts that Enron would no longer report total contract values because it was no longer a valid measure. He didn't mention anything about falling short of the previously announced $30 billion target, Mr. Hueston said.

Was the prospect of falling short of the contract target and then dropping it as a growth measure "pure coincidence?" the prosecutor asked.

"I don't know if it was pure coincidence," Mr. Lay said, adding that executives of the retail unit "convinced me and others" that there were better measures. Repeatedly yesterday, Mr. Lay said he relied heavily on others for the information and descriptions he provided to investors. Mr. Hueston pushed back that Mr. Lay, as chief executive, had the option to make the final decisions about what he and the company would tell the public.

The trial resumes Monday.

Stock Sales Scrutinized In Enron Trial (WP)

By Carrie Johnson

The Washington Post, April 28, 2006

HOUSTON, April 27 -- A federal prosecutor used evidence that the son of Enron Corp. founder Kenneth L. Lay bet the company's stock price would fall to poke holes in Lay's contention that short-sellers -- not fraud -- helped push Enron into bankruptcy protection in December 2001.

In his second day of cross-examination, Lay maintained his composure after furiously responding to questions and stabbing his finger at Assistant U.S. Attorney John C. Hueston a day earlier. Hueston attempted to rattle Lay Thursday by throwing back at him Lay's arguments that Enron was the victim of skeptical press reports, disclosures of wrongdoing by former finance chief Andrew S. Fastow, and short-sellers, who Lay said plotted Enron's demise in Florida in early 2001. Short-sellers bet that a stock price will fall, borrowing shares to sell at one price, hoping they will be able to buy the stock later at a lower price, profiting from the difference.

Mark Lay, a former Enron employee, executed four short sales of Enron stock in March 2001, Hueston said.

"Was your son in Florida, sir?" the prosecutor asked.

"I guess I should ask him now," Lay replied wryly as several jurors smiled.

Lay, 64, faces six counts of fraud and conspiracy based on optimistic public statements he made after returning to Enron's helm in August 2001 after the abrupt resignation of his protege and fellow defendant Jeffrey K. Skilling.

Lay answered questions in a firm voice, sometimes talking over Hueston and suggesting that the prosecutor didn't understand business issues. During a discussion of an arcane accounting issue, Lay retorted, "I think the investors would totally understand it, Mr. Hueston. Maybe in fact, you don't."

Later, Lay told the prosecutor that an exchange about another accounting charge was "a real waste of the jury's time."

Lay mostly held firm in his defense that he relied on countless other people to make business decisions when he returned as chief executive, including accountants, lawyers and his own subordinates. Prosecutors argue that Lay was far more involved in the details of Enron's operations then he would care to admit, bringing as evidence budget documents, corporate board presentations and handwritten notes jotted by Lay himself.

"I'm not an accountant; I'm not a lawyer," Lay said. "There are a lot of things I'm not."

He also disputed the accounts of several former deputies who testified earlier in the 13-week trial, saying that some meetings simply never took place and others were a dim memory four years later. Lay repeatedly contradicted government witness David W. Delainey, who testified that the company's highly touted retail business was a disaster akin to "retooling a plane in flight."

"That's kind of what business is all about, other things in life, too," said Lay, who argues that he is an optimistic person. "We're always retooling. You've got to make adjustments as you go along."

The prosecutor spent much of the day walking the jury through Lay's sales of more than $70 million worth of Enron stock to the company in its final months. Hueston said Lay failed to disclose those sales to employees and investors, who believed based on information available in late 2001 that Lay had actually increased his Enron holdings in that period. Lay told jurors he had amassed $100 million in personal debts by 2001. He said he broke no laws with his stock sales.

"Mr. Hueston, despite your efforts here, I was fully complying with all the laws and regulations," Lay protested. "I know you're trying to portray a different story. I was doing exactly what I was told I needed to do."

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Hueston told the judge after the court session ended Thursday that he hoped to finish questioning Lay early next week. U.S. District Judge Simeon T. Lake III, who has zealously guarded the jury's time, signaled that his patience for additional questions by Lay's lawyers could be thin, given Lay's self-defense mechanisms.

"Mr. Lay has pretty well covered a lot of what you would on redirect," Lake told the defense team, as spectators laughed.

Lay Denies He Tried To Hide Sale Of Stock (USAT)

By Greg Farrell

USA Today, April 28, 2006

HOUSTON — Former Enron CEO Ken Lay told jurors here Thursday that he didn't think stock sales "forced" upon him by banks making margin calls were the same as "discretionary" sales. As a result, he didn't feel the need to disclose the sale of more than 1.7 million shares of Enron stock during 2001, when he encouraged Enron employees to buy the stock and told them he was buying shares, too.

During the second day of cross examination in his trial on charges of misrepresenting Enron's financial health to investors, Lay bristled at suggestions by prosecutor John Hueston that he was trying to hide his 2001 stock sales from the public.

"I always differentiated between discretionary decisions to buy shares (and) forced sales to meet margin calls on a line of credit," he said. "I didn't really see there was any need to disclose" the sales, he added.

Despite the fact that he sold more than 500,000 shares of Enron stock from late July through August of that year, Lay touted the company as an "incredible bargain" to his employees in September 2001. He reiterated that belief in court Thursday.

"I strongly and firmly believed it was an incredible bargain," he said.

Lay had personal debts of about $100 million that year, mostly backed by Enron stock. As Enron's share price sank through the course of 2001, various banks made margin calls on Lay (a margin call is triggered when the equity level of an account falls below a set level). But rather than let the banks sell the stock he'd pledged to cover the margins, which would have resulted in the public disclosure of his sales, Lay was allowed to sell his stock back to Enron using a special line of credit available only to a few top executives. Lay insisted that company lawyers told him those sales didn't need to be reported immediately.

The government has accused Lay, 64, and former CEO Jeff Skilling, 52, of conspiring to hide Enron's true financial condition from the public. The two men contend that Enron was a healthy company brought low in 2001 in a panic fueled by short-sellers and a series of negative articles that appeared in the media.

Hueston challenged that defense, saying that before the negative articles started appearing in October 2001, the company was put on notice by Moody's, a credit rating service, that it might be downgraded.

Lay explained that institutional shareholders, who owned about 60% of the company's stock, would understand that the Moody's announcement was not a big deal. Hueston asked about the other 40% of Enron's shareholders, which included "average Joes."

"I'd like to think that Enron didn't have any shareholders who were average Joes," Lay said. "They were somewhat superior to that."

Another testy day for Lay in the Enron trial (HC)

By MARY FLOOD

The Houston Chronicle, April 28, 2006

Ken Lay is accustomed to being in control, and Thursday he tried to rule his cross-examination from the witness stand.

The former Enron chief showed his disdain for the prosecutor by suggesting he couldn't understand what investors would, by asking him questions and even by calling for a new line of inquiry.

"We've spent more than an hour on this," Lay complained testily to prosecutor John Hueston when, after an afternoon break, the lawyer returned to the complicated matter of a writing down the value of a British water utility Enron owned.

"Obviously you can go where you want to, but I think it's a real waste of the jury's time," Lay said, though his indictment includes an allegation that he lied to analysts in October 2001 about whether Enron would have to write down the value of the water company on its books.

Though most of Thursday was calmer than Wednesday, which featured fireworks between Hueston and Lay, the former CEO and chairman of Enron was impatient in his second day on cross-examination.

There was still plenty there to see, with the courtroom full by afternoon.

When discussing that Lay didn't plan to change direction in the company when he came back as CEO in mid-2001, Lay said to Hueston: "I think the investment community would understand it, maybe you don't, but they would."

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At another point, Lay told Hueston that he should just call another witness to explain a presentation Enron made to bankers in late 2001. "You need to call Jeff McMahon and put him on the stand," Lay snapped.

Lay also indignantly declared he did nothing illegal or improper when he told employees he was buying stock and they should too in late 2001, even though Lay was also quietly selling millions more in stock back to the company.

Lay told the 12 jurors and four alternates that his $4 million in stock purchases in 2001 were voluntary. But, he said, his more than $70 million in stock sales — which he didn't have to disclose monthly because he traded stock for cash in a revolving credit line at Enron — were "forced" by his personal finances and margin calls on his $100 million in private loans.

"If the market had found out you had sold $70 million of stock in that time, that actually would have caused the stock to tumble?" asked Hueston of Lay's 2001 stock sales to the company.

"It depends, Mr. Hueston," Lay said. He said if the market understood he was using the cash from internal stock sales to keep his private bankers from selling Enron stock used as private loan collateral, the market might see it as a good sign that he had faith in Enron.

"There was no requirement that I disclose any of that," Lay said of his internal stock sales. "You're trying to mislead the jury as to somehow I was doing something illegal, and I'm not."

Stock salesHe said he preferred selling stock to the company, a deal arranged for him in 1999 though not disclosed on the proxy forms. Though Lay had to make monthly filings about his stock purchases, he only had to account for his internal sales annually. Thus his public monthly holding total never reflected his frequent 2001 stock sales and made it appear his Enron stock holdings were growing when they were actually shrinking.

"I found it more convenient to use the line of credit," he said.

Lay's sales to Enron are not considered insider trading because it is assumed the company has all the material knowledge that he has. But the government has included his failure to tell employees about those sales in a conspiracy charge and a wire fraud charge against Lay. They are two of the six charges he faces. Codefendant Jeff Skilling faces 28 charges.

Thursday, Hueston went back to Lay's allegations that colluding short sellers, people who bet a stock will go down, contributed to Enron's downfall. Lay attorney Mike Ramsey previously called short sellers "vultures."

Hueston showed Lay that his son Mark Lay was short selling Enron stock in March 2001 and made more than $166,000 betting Enron stock would fall.

"I didn't know that," Lay said.

"He wasn't a vulture was he?" Hueston asked Lay of his son.

"I don't think he's a vulture," Lay responded.

"He wasn't trying to kill Enron in 2001, was he?" Hueston asked.

"I would think not," Lay said.

The jury has also heard that Skilling made $15 million after leaving Enron by short selling a competitor's stock.

Hueston also questioned Lay about his characterization in late 2001 that Enron's retail business was growing and that it had a projected $30 billion in contract value for 2001. But, Hueston showed, shortly after it was clear Enron would not make that target, it stopped using the same measurements for success. Lay said the change was because the business was maturing and other measures would work better.

The prosecution questioned Lay about his contention that an Oct. 17, 2001, Wall Street Journal story hurt Enron's stock price by twisting an earnings report in a negative way. Hueston noted that news stories about Moody's credit rating agency investigating Enron's rating might also have done that.

Lay argued that Enron's savvy shareholders would have known about Moody's decision the day before and would not have waited until newspapers covered the announcement. Hueston asked whether the "average Joe" shareholder might not have learned about the Moody's decision Oct. 17, 2001.

"I'd like to think Enron didn't have any shareholders who were average Joes. I'd like to think they were somewhat superior to that," Lay said.

No ValhallaU.S. District Judge Sim Lake told lawyers at the end of the day that he plans to rule that information about the Valhalla scandal, evidence about an 18-year-old incident in which Lay did not immediately fire company wrongdoers, will not be part of this trial.

Prosecutors had hoped to question Lay about it but the judge said he'll be agreeing with the Lay team that the door was not opened to that questioning by anything Lay said on direct examination. The judge had previously noted that the incident was very remote and it did not involve a conviction.

Lay is set to continue on the stand through most of Monday.

Surprise Of Enron Trial Is Lay's Surly Manner (LAT)

By Thomas S. Mulligan, Times Staff Writer

The Los Angeles Times, April 28, 2006

Known for charm, the ex-chairman may have damaged his case with sarcasm and snippiness.

HOUSTON — Who would have guessed that Kenny Boy could be a tougher sell to a jury than Capt. Queeg?

Enron Corp. founder Kenneth L. Lay — Kenny Boy to his friend President Bush — is renowned for his courtliness, his philanthropy, his rise from a dirt-poor boyhood in the Missouri Ozarks to a nine-digit fortune.

Codefendant Jeffrey K. Skilling, who invented Enron's most profitable business and ran the company during most of its heyday, also is known for getting in a bar fight while under indictment and for publicly calling an investment analyst by another name for a sphincter.

At the start of their federal fraud and conspiracy trial three months ago, the betting was that the volatile Skilling's performance on the witness stand might drag Lay down, not the other way around.

Former Chief Executive Skilling, 52, shares some of the obsessiveness of Queeg, the Navy skipper of "The Caine Mutiny." But unlike Queeg, Skilling didn't unravel on the stand. Where mastery of Enron's finances was at issue, he overpowered co-lead prosecutor Sean M. Berkowitz. When the nimble Berkowitz pushed certain buttons, Skilling showed flashes of anger and arrogance, but he generally kept his head.

For Lay, however, it's been a rockier ride. Although nobody knows what the 12 Texans in the jury box are thinking, during his first four days on the stand, Lay, 64, has shown some attributes that clash with his reputation as affable, openhanded and shrewd.

His worst moment came Wednesday, when prosecutor John C. Hueston jolted Lay with questions about his attempts to reach actual or potential witnesses in the case — efforts that persisted even after Lay's lawyers told him to stop.

"You've got to question the judgment of the person," said Mark C. Zauderer of New York law firm Flemming Zulack Williamson Zauderer. "No lawyer would have his client in the dock calling potential witnesses. It could be very suspect in the minds of the jury."

Lay probably didn't help matters by responding to Hueston's blitz with sarcasm. The jury of eight women and four men has hardly been immune to humor during the trial — even Skilling's mordant wit sometimes connected — but nobody cracked a smile at Lay's comebacks Wednesday.

Noting Lay's $120,000 investment in a company whose main customer was Enron, Hueston asked whether he had made conflict-of-interest filings required by Enron's code of conduct.

"I don't know," Lay shot back. "Have you checked it? I imagine you have. You guys are pretty thorough."

After describing himself in early testimony as "more of a delegator" than a micromanager, Lay quickly proved himself adept at delegating blame. If something worked out, it was his idea. If it blew up, it was somebody else's.

Asked to name his biggest mistakes at Enron, Lay unhesitatingly listed "hiring Andy Fastow" and promoting him to chief financial officer.

Andrew S. Fastow turned out to be a crook who secretly stole millions from Enron and allegedly helped cook the books. Lay didn't mention it, but he had to know the jury would recall that hiring and promoting Fastow was entirely Skilling's doing.

It wasn't the only time Lay subtly undercut his codefendant. He cited Skilling's surprise resignation in August 2001 as a source of uncertainty in the financial markets that set the stage for the investor and creditor panic that Lay said ultimately brought Enron down.

Moreover, by praising Skilling as an executive who "really gets into the details, the guts of how things work," Lay may have signaled that Skilling, far more than Lay, would have grasped the intricacies of Enron's accounting and financial reporting — the things at the heart of the criminal case.

Lay blamed two aides for what turned out to be one of the biggest PR gaffes of the century: rebuffing the Wall Street Journal in the fall of 2001 when the paper had questions about Fastow and his mysterious LJM partnerships — complex financial structures that the government says let Enron hide problem assets and falsely pump up profit.

With Enron offering only a brief statement written by its lawyers, the company lost any control over the debate and was powerless when the resulting stories eviscerated its stock. A livid Skilling even called from retirement to ask why Enron wasn't defending itself.

In Lay's view, his own instincts had been right all along. Stonewalling the Journal, he testified, went "against every bone in my body."

One of the witnesses whom Lay admitted trying to reach was a former Enron risk manager named Wincenty "Vince" Kaminski. Jurors would remember him as a professor type with a Polish accent and a healthy ego who testified that he tried vainly to warn higher-ups that Fastow's LJM partnerships were a stupid idea and that Enron shouldn't be involved with them.

In testimony Tuesday, Lay seemed to impugn his former colleague's courage. He acknowledged that Kaminski had been an early skeptic of the LJM deals, but added that it was only after the Journal stories hit and the partnerships blew up in scandal that "his level of dislike intensified."

To be sure, Lay is operating under the disadvantage of losing his lead defense lawyer, Michael W. Ramsey, who has undergone two heart-vessel operations during the trial.

And Lay did seem to claw back some lost ground with the jury Thursday, if only because of Hueston's insistence on spending three hours browbeating him over an accounting issue known as the "Wessex goodwill impairment."

Lay showed impatience with repeated variations on the same highly technical questions — a feeling shared by U.S. District Judge Sim Lake, who has complained about the recent slow pace of the trial. Near the end of the day, Lay burst out: "Mr. Hueston, go where you want to, but I think this is a real waste of the jury's time."

Had Lay been running for mayor at that point, he'd have had at least 12 votes.

Examiners Appointed In BoNY Case (Forbes)

By Liz Moyer

Forbes, April 28, 2006

The United States Attorneys in New York named former federal prosecutor George Stamboulidis of Baker & Hostetler and FTI Consulting, a forensic accounting firm, to be the examiners in charge of making sure Bank of New York is in compliance with suspicious activities reporting and monitoring rules.

The appointment, announced jointly on Thursday by the U.S. attorneys for the Eastern and Southern Districts, comes after Bank of New York (nyse: BK - news - people) agreed to pay $38 million in penalties and compensation over charges it failed to comply with mandatory reporting guidelines under the Bank Secrecy Act.

That settlement was the culmination of a six-year investigation into a Russian money laundering ring that prosecutors say flushed $7 billion through the U.S. banking system. A former executive of the bank and her husband pleaded guilty to federal money-laundering charges in 2000 in connection with the investigation.

Stamboulidis was named in 2003 to be the special examiner overlooking Merrill Lynch's compliance and monitoring procedures in the wake of that firm's entanglement in the financing of certain off balance sheet deals connected to the now-defunct Enron.

New Challenge To Sarbanes-Oxley Law (FT)

By Jeremy Grant

Financial Times, April 28, 2006

Signs of a growing desire among some US legislators to re-examine key elements of Sarbanes-Oxley legislation emerged on Thursday as a Republican congressman, Tom Feeney, said he would next week introduce a bill designed to make it "more acceptable to business".

Mr Feeney's bill is the third piece of legislation aimed at changing Sarbanes-Oxley since its passage in 2002 after the Enron and WorldCom accounting scandals. While such efforts are seen as having limited effect until senators Sarbanes and Oxley retire late this year, the bill reflects concern that changes are needed.

Business has complained about compliance and auditing requirements that cost companies hundreds ofmillions of dollars a year.

Sarbanes-Oxley is also being blamed for the growing number of US companies seeking listings on foreign stock exchanges, where rules are less strict. Mr Feeney said Sarbanes-Oxley had "for the most part created a lot of good" but section 404 was "an enormous burden on the US economy".

Compliance costs had "spiralled out of control" as a result of section 404, which requires management to report on the quality of their controls. He said stock and derivatives exchanges were worried that the stricter regulatory environment could threaten America's position as the world's pre-eminent risk management centre.

"We are now busy as a consequence largely of Sarbanes-Oxley of out-sourcing America's lead in world capital formation," he said, warning that the flow of US companies listing abroad could cause the US to "lose market share to Shanghai as well". His proposed legislation would make it voluntary for companies with annual turnover of $700m or less to comply with section 404.

It would also require the Securities and Exchange Commission to define more clearly what a "material accounting error" was, Mr Feeney said.

A third element would allow a company's external auditors to give advice to internal auditors. Instead of being subjected to annual audits, companies with market capitalisation over $700m could have random audits. Finally, Mr Feeney said he would propose that the SEC study UK accounting principles to see how section 404 could be implemented more smoothly.

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Pete Sessions, a Texas Republican who supports Mr Feeney's effort, said he was "not sure that the SEC is over-regulating". Instead, he said, he believed it was "not providing enough definition or direction as to what is good and bad".

He said he believed SEC chairman Christopher Cox "understands the enormity of the problem". Asked what progress would be likely to make changes with the proposed bill, he said: "We're going to ram this down the throats of the naysayers. We need to get this done."

A Campaign To Tighten Executive Pay (WP)

By Brooke A. Masters

The Washington Post, April 28, 2006

After years of complaining about sky-high executive pay packages, this year shareholder activists are finally getting some traction in their efforts to do something about the issue.

The issue will come up today at the annual meeting of Merrill Lynch & Co., where chief executive E. Stanley O'Neal took home $37.5 million last year, including $2 million in long-term incentive pay. The American Federation of State, County and Municipal Employees is sponsoring a resolution calling for an annual up-or-down vote on the company's pay plan for top executives. Though the vote would be nonbinding, it would give shareholders a way to make their views clear, advocates argue.

Closer to Washington, a carpenters union's proposal to tie Towson-based Black & Decker Corp. chief executive Nolan D. Archibald's bonuses and long-term stock grants to the company's performance garnered support from 47 percent of the shares voted at the hardware company's annual meeting last week. Archibald was paid $11.7 million plus stock options, which the company's proxy statement said were valued between $7.7 million and $19 million in 2005.

Yesterday, up to 22 percent of shareholders of drugmaker Pfizer Inc. withheld support from directors who approved a pension plan that will pay chief executive Hank McKinnell $6.5 million a year or a lump sum of $83 million when he retires.

"If management increasingly takes more and more, there's less for shareholders," said Frederick E. Rowe Jr., president of Investors for Director Accountability, which urged the withhold vote at Pfizer. Reining in executive compensation has been one of the hottest shareholder issues since the stock market bubble burst in 2000, but for years, proposals have drawn little interest outside of a small group of activist investors.

This year, that seems to be changing. Though fewer compensation proposals were put forward -- 159 so far versus 252 last year -- a larger percentage are making it onto proxy ballots and receiving significant support, according to Institutional Shareholder Services, which tracks and evaluates proxy votes for large investors such as pension plans and mutual funds.

A proposal at Lucent Technologies Inc. to tie incentive compensation -- bonuses, stock and stock options -- to company performance passed with 54 percent of the vote in February after falling short last year. And shareholders at Morgan Stanley defied management this month to adopt a proposal requiring shareholder approval for any future severance packages worth more than three times salary. The vote was widely seen as a slap at the $44 million in cash awarded to chief executive Philip J. Purcell when he was ousted last year.

Executive pay "has always been an irritant but now it's risen to the top of the pile for U.S. investors," said ISS Vice President Patrick McGurn. "We're seeing a steady stream of 40 percent support or more for these pay-for-superior-performance resolutions. Investors are starting to say, 'If not now, when?' "

Even institutional investors that have traditionally voted with management are growing concerned. An ISS survey of 320 institutional investors worldwide found that 21 percent of U.S. investors and 36 percent in Canada ranked executive compensation as the most important corporate governance issue, far outpacing issues such as company performance and financial reporting.

Observers and activists say the issue has gained steam for two reasons: Securities and Exchange Commission Chairman Christopher Cox spotlighted the issue with a proposal to force companies to disclose more compensation information, including previously hidden perks. In addition, chief executive pay has continued to rise.

According to a survey by Mercer Consulting of 350 large public companies, median total direct compensation -- salary, bonus and present-day value of long-term stock and option grants -- rose 5 percent in 2005, to $6.8 million. The median value of chief executive salary and bonuses alone rose 7.1 percent, to $2.4 million.

"It just seems to get worse and worse. At the moment the most we can hope for is to slow it down, and that's not acceptable," said Jack Bogle, the retired chief executive of Vanguard Investments who is sharply critical of high executive salaries in his recent book "The Battle for the Soul of Capitalism."

The rise in executive compensation was in line with the 6.8 percent median increase in total shareholder return but far outpaced the consumer price index, which rose 3.4 percent. Real hourly non-farm wages rose 2.1 percent in 2005, according to the Labor Department.

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"People have had enough," said Richard Ferlauto, director of pension and benefit policy for AFSCME, which has resolutions asking for an annual up-or-down shareholder vote on executive pay on ballots not only at Merrill but also at U.S. Bancorp, where the proposal drew about 39.5 percent support, Countrywide Financial Corp. and Home Depot Inc.

Company officials argued in interviews and in proxy materials sent to investors that they are working to align executive pay with performance and that the activists' proposals are too rigid. Black & Decker's management, for example, opposed its shareholder pay-for-performance proposal, arguing that the company needed to "maintain the flexibility" to reward good performances.

Both Mercer's statistics and a rival survey of 200 large firms by Pearl Meyer & Partners found that chief executive compensation rose more slowly in 2005 than in 2004, when the increase in total shareholder return was higher. In addition, most chief executives' salaries now move in the same direction as company results. "You don't see a lot of people in the bad-boy box where pay went up and the company's stock went down," said Pearl Meyer managing partner Jan Koors. But, she noted, "The median continues to rise."

That's the issue raised by the United Brotherhood of Carpenters and Joiners of America's "pay for superior performance" proposal, which made it onto ballots at 17 companies, including Black & Decker. The nonbinding resolution asks companies to withhold incentive compensation from chief executives unless earnings or shareholder returns outperform median performance by the company's peers. The proposal drew 39 percent support at Dupont on Wednesday and is pending at 14 other companies.

"You should get superior pay for superior performance. What we have now is superior pay for average or below-average performance," said Ed Durkin, director of corporate affairs for the carpenters union.

Pfizer shareholders proposed withholding votes from directors after the SEC turned down an AFL-CIO proposal that would have required shareholder approval for pensions that exceeded an executive's salary. The activists complained that Pfizer shares have fallen 44 percent since McKinnell took the helm in 2001. Company officials argued that they are already addressing the problem. In 2005, McKinnell's salary and bonus totaled $5.97 million, down 4 percent from 2004. Pfizer shares dropped 13 percent last year.

CRIMINAL LAW:

Prosecutor Weighs Charges Against Rove In Leak Case (NYT)

By Elisabeth Bumiller And David Johnston

The New York Times, April 28, 2006

WASHINGTON, April 27 — Patrick J. Fitzgerald, the special prosecutor in the C.I.A. leak case, is expected to decide in the next two to three weeks whether to bring perjury charges against Karl Rove, the powerful adviser to President Bush, lawyers involved in the case said Thursday.

With the completion of Mr. Rove's fifth appearance before the grand jury on Wednesday, Mr. Fitzgerald is now believed to have assembled all of the facts necessary to determine whether to seek an indictment of Mr. Rove or drop the case.

Lawyers in the case said Mr. Fitzgerald would spend the coming days reviewing the transcript of Mr. Rove's three hours of testimony on Wednesday and weigh it against his previous statements to the grand jury as well as the testimony of others, including a sworn statement that Mr. Rove's lawyer gave to the prosecutor earlier this year. The lawyers were granted anonymity so they could speak about the internal legal deliberations in Mr. Rove's case.

A lawyer with knowledge of the case said that Mr. Rove had known for more than a month that he was likely to make another appearance before the grand jury, and that he had known since last fall that he would be subject to further questions from Mr. Fitzgerald before the prosecutor completed his inquiry.

Mr. Rove was relieved of his day-to-day domestic policy duties at the White House in a staff shake-up last week, but White House officials say the change was unrelated to his legal complications.

Randall Samborn, a spokesman for Mr. Fitzgerald, declined to comment.

Mark Corallo, a spokesman for Mr. Rove, said Mr. Rove would be cleared. "We're confident at the end of this that Mr. Fitzgerald is going to find that Karl has been totally truthful and not only has done nothing wrong but has done everything right," Mr. Corallo said.

Mr. Fitzgerald must specifically decide whether Mr. Rove misled the grand jury in testimony he gave in 2004 about his conversations with reporters about Valerie Wilson, the intelligence officer at the heart of the C.I.A. leak case.

In his February 2004 testimony, Mr. Rove acknowledged talking to the columnist Robert D. Novak about Ms. Wilson, but he did not tell the grand jury about a second conversation he had about her with Matthew Cooper, a Time magazine reporter. Mr. Novak revealed her name and C.I.A. employment in a column on July 14, 2003.

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Critics of the Bush administration have asserted that the revelation was retaliation against her husband, Joseph C. Wilson IV, a former diplomat who had publicly accused the administration of twisting some of the intelligence used to justify going to war with Iraq.

Mr. Rove later voluntarily told the grand jury about the conversation with Mr. Cooper, and said that he had forgotten about it in the rush of his daily business. But Mr. Fitzgerald has long been skeptical of Mr. Rove's account of his forgetfulness, lawyers in the case say. On Wednesday Mr. Fitzgerald questioned Mr. Rove about how he came to remember his conversation with Mr. Cooper.

Robert D. Luskin, Mr. Rove's lawyer, issued a statement on Wednesday declaring that Mr. Rove had testified "voluntarily and unconditionally" about a matter that had arisen since Mr. Rove's last grand jury appearance, in October 2005. Mr. Luskin was evidently referring to the testimony of Viveca Novak, a former reporter at Time magazine, who has said that she told Mr. Rove's lawyer in early 2004 that she believed that Mr. Rove had been a source for Mr. Cooper.

Mr. Rove admitted from the outset to investigators that he spoke to Mr. Novak on July 9, 2003, about Ms. Wilson. It was in that conversation that Mr. Rove first learned the name of Ms. Wilson from Mr. Novak, lawyers in the case said.

Mr. Rove's conversation with Mr. Cooper occurred two days later. In that conversation, Mr. Rove did not mention Ms. Wilson's name, but, Mr. Cooper said, Mr. Rove did say that she worked at the C.I.A.

Mr. Fitzgerald did not learn of Mr. Rove's conversation with Mr. Cooper until long after the investigation had begun, when a search of Mr. Rove's e-mail messages uncovered one that he had sent to Stephen J. Hadley, then the deputy national security adviser, about the Cooper conversation.

It is still not publicly known why Mr. Rove's e-mail message to Mr. Hadley was not turned over earlier, but a lawyer in the case said White House documents were collected in response to several separate requests that may not have covered certain time periods or all relevant officials. Mr. Rove had no role in the search for documents, which was carried out by an administrative office in the White House.

Also on Thursday, a federal judge refused to dismiss charges against I. Lewis Libby Jr., the former top aide to Vice President Dick Cheney who was indicted on perjury and obstruction charges in the leak case last year.

The judge, Reggie B. Walton of Federal District Court, turned down a motion by lawyers for Mr. Libby who challenged Mr. Fitzgerald's authority to handle the case.

Judge Rules Charges Against Libby Stand (USAT)

USA Today, April 28, 2006

A federal judge refused Thursday to dismiss charges against I. Lewis “Scooter” Libby, the former White House aide who was indicted on perjury and obstruction charges last year in the CIA leak scandal.

In a 31-page opinion, Judge Reggie Walton turned down a motion by lawyers for Vice President Cheney's one-time top assistant, who challenged the authority of special counsel Patrick Fitzgerald to handle the case. Libby's lawyers had argued that Fitzgerald was given too much power and that the appointment should have been made by the president. However, Walton said there is no question the attorney general can delegate any of his functions. After then-attorney general John Ashcroft recused himself from the investigation, Ashcroft's deputy James Comey appointed Fitzgerald to conduct the probe into who leaked the identity of CIA officer Valerie Plame in 2003.

Lawmakers from California, New York and New Jersey denounced a proposal to change HIV/AIDS funding that could shift tens of millions of dollars from the West and Northeast to the South. The Bush administration and Southern lawmakers including Rep. Charlie Norwood, R-Ga., countered that changes are needed to bring fairness to the way $2 billion is distributed each year. Investigators with the Government Accountability Office have found that some funding formulas disproportionately benefit states with urban areas because of a quirk that double-counts AIDS patients in 51 metropolitan areas. A separate quirk that counts some dead patients helps only San Francisco, giving the city an extra $7 million a year. The White House wants to eliminate both these quirks, but it has not revealed its plan and how it would affect states.

A senior FBI official is retiring less than a year after taking charge of the bureau's National Security Branch. Gary Bald will end his nearly 29-year career with the FBI on June 2, Director Robert Mueller said. Mueller gave no reason for Bald's decision but praised his leadership. Bald said the time was right to retire, “weighing our progress on implementation of the NSB as well as family considerations.” The branch brings together counterintelligence, counterterrorism and intelligence.

Pakistan would not support the use of force to halt neighbor Iran's nuclear programs, Foreign Secretary Riaz Khan said after a meeting with Undersecretary of State Nicholas Burns in Washington. “We want this issue resolved diplomatically,” Khan said. President Bush has accused Iran of trying to develop nuclear weapons and has not dismissed a military option.

Judge Won't Dismiss Case Against Libby (AP)

By Toni Locy

The Associated Press, April 27, 2006

A federal judge refused Thursday to dismiss charges against I. Lewis "Scooter" Libby, the former top White House aide who was indicted on perjury and obstruction charges last year in the CIA leak scandal.

In a 31-page opinion, U.S. District Judge Reggie B. Walton turned down a motion by lawyers for Vice President Dick Cheney's one-time top assistant, who challenged the authority of Special Counsel Patrick Fitzgerald to handle the case.

Libby's lawyers had argued that Fitzgerald was given too much power — more than the attorney general — and that the appointment should have been made by the president with the Senate's approval.

Walton said Thursday he did not need to "look far" in the law to reject the claim by Libby's defense team. The judge said there is no question the attorney general can delegate any of his functions.

"There was no wholesale abdication of the attorney general's duty to direct and supervise litigation," he wrote.

Then-Attorney General John Ashcroft had recused himself from the investigation because of his White House contacts. James Comey, who was deputy attorney general at the time, appointed Fitzgerald, giving him wide berth to conduct the investigation into who leaked the identity of CIA officer Valerie Plame to reporters in 2003.

"This case provides the clearest example of why such broad discretion is necessary," Walton wrote. "Here, the attorney general believed there was a conflict of interest ... It was, therefore, entirely appropriate for the attorney general to remove himself completely from the investigation."

Walton said there must be a way to appoint special prosecutors to ensure that "the perception of fairness withstands the scrutiny of the American public" when high-level government officials are investigated for alleged wrongdoing.

Libby, 55, is charged with perjury and obstruction of justice, accused of lying to the FBI and a federal grand jury about how he learned about Plame and what he subsequently told reporters about her.

Conservative columnist Robert Novak named her in a column July 14, 2003, eight days after Plame's husband, former U.S. Ambassador Joseph Wilson, alleged in an opinion piece in The New York Times that the Bush administration had twisted prewar intelligence on Iraq to justify going to war.

The CIA sent Wilson to Niger in early 2002 to determine whether there was any truth to reports that Iraq had tried to buy yellowcake uranium from Niger to make a nuclear weapon. Wilson discounted the reports. But the allegation nevertheless wound up in President Bush's 2003 State of the Union address.

Walton said Comey made the legal analysis more difficult by failing to appoint Fitzgerald under Justice Department rules for special prosecutors. As a result, the judge said he had to rely on a series of letters Comey wrote to Fitzgerald outlining the CIA leak investigation.

The judge concluded that Fitzgerald's powers are limited because he can be removed by the Justice Department. Walton also said Fitzgerald's authority will expire when the CIA leak investigation and resulting prosecutions are concluded.

"The integrity of the rule of law ... is challenged to the greatest degree when high-level government officials come under suspicion for violating the law," Walton wrote. "And a criminal investigation of any individuals, prominent or not ... must be above reproach to preserve respect for the fairness of our system of justice."

Little Is Clear In Laws On Leaks (WP)

By Dan Eggen

The Washington Post, April 28, 2006

The firing of a veteran CIA officer for unauthorized contacts with the press has focused attention on the patchwork of federal laws that govern disclosures of classified information, which are written broadly but are difficult to enforce and have historically been used sparingly in cases involving journalists.

Numerous experts on national security law said Mary O. McCarthy, whom the CIA fired 10 days before her retirement for allegedly having undisclosed contacts with reporters, could conceivably be prosecuted under a number of statutes, including those governing espionage, disclosures of classified information and even theft of government property.

Yet those experts warned that any such prosecution is fraught with obstacles, including the difficulty in showing that disclosures were made with knowledge that they would harm national security or were intended to benefit a foreign power.

In addition, McCarthy's attorney, Ty Cobb, said on Monday that she did not leak classified information to reporters, disputing a key accusation in a CIA statement issued last week. Cobb also said McCarthy did not disclose the existence of secret CIA-run prisons in Eastern Europe to a Washington Post reporter, which has been a primary focus of an internal leak investigation ordered by CIA Director Porter J. Goss.

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"From the criminal side, there are a lot of difficulties with respect to this case," said Mark S. Zaid, a Washington lawyer who has represented many former employees in disputes with the CIA and other intelligence agencies. "I wouldn't be surprised if they decline prosecution, because it might create more problems than it's worth."

The case comes amid renewed debate in Congress over whether to increase penalties for leaking or to consider rewriting espionage and classified information laws. This week, the House approved a bill requiring the director of national intelligence to study yanking pensions for those caught revealing secrets.

Unlike in similar cases, such as the New York Times's disclosure of a warrantless eavesdropping program run by the National Security Agency, the CIA has not formally asked the Justice Department or the FBI to open a criminal probe into The Post's article on prisons, law enforcement officials said this week. Reporters at The Post and the Times were awarded Pulitzer Prizes this month for those articles.

In the latter half of the 20th century, including the Cold War years, the government prosecuted only one non-espionage leak case in federal courts. But the Justice Department has more recently signaled its willingness to test the boundaries of espionage law in a case involving two pro-Israel lobbyists, and the CIA and other intelligence agencies have launched aggressive internal probes to detect and punish leakers.

No statute in the U.S. criminal code covers all unauthorized disclosures of classified information, and Congress has debated whether an overarching law should be enacted. President Bill Clinton vetoed one such attempt shortly before he left office, and the Justice Department opposed a similar proposal in 2002, saying most, if not all, incidents can be dealt with under existing laws and administrative procedures.

The Intelligence Identities Protection Act outlaws deliberate identification of covert agents; other laws focus on electronic communications, codes, atomic secrets and other sensitive data.

The pivotal statute is the Espionage Act of 1917, which was aimed at traditional foreign spies when written but, according to the government, is broad enough to encompass a much wider array of situations.

The law outlaws unauthorized disclosure or receipt of a wide range of information "relating to the national defense" and is not explicitly limited to classified data. Many legal experts and defense lawyers argue that the law is so expansive it may be unconstitutional and, said Syracuse University law professor William C. Banks, "shot full of holes."

"It's been very difficult for the government to use the Espionage Act to obtain a conviction for simply leaking information," said Banks, who also runs the Institute for National Security and Counterterrorism at Syracuse. "It was written to cover conventional espionage and spying, not conventional leaking within the government."

But the government was successful in using the statute in the case of Samuel L. Morison, a former Navy intelligence analyst convicted of espionage and theft during the Reagan administration for leaking secret U.S. spy satellite photographs to Jane's Defense Weekly. A judge in the case ruled against defense assertions that the Espionage Act was unconstitutionally vague.

Currently, two lobbyists for the American Israel Public Affairs Committee (AIPAC) are accused of receiving classified information during conversations with government officials, including former Pentagon employee Lawrence A. Franklin, who has been sentenced to 12 years in prison. In bringing the case, the government for the first time indicted two nongovernmental employees under the espionage law.

Prosecutors have also alarmed journalism groups and free-speech advocates by asserting that reporters could be prosecuted under the Espionage Act for receiving and publishing classified information. The laws governing classified material do not make it illegal to publish such material except in specific circumstances; for example, one statute outlaws reproducing or publishing photographs or drawings of designated military installations without government permission.

But in a brief filed in the AIPAC case, Justice Department lawyers argued there "plainly is no exemption in the statutes for the press," saying the Espionage Act and some Supreme Court opinions indicate that journalists can be prosecuted for revealing classified information.

At the same time, the lawyers said that prosecuting a reporter "would raise legitimate and serious issues and would not be undertaken lightly," adding that "the fact that there has never been such a prosecution speaks for itself."

Such disputes have renewed calls to revise the laws on classified information and espionage.

"The system is ossified, complicated and a relic of the Cold War period," said Elizabeth Rindskopf Parker, a former CIA and NSA general counsel who is dean of the University of the Pacific's law school and was recently named to a government board formed to oversee classification issues. "I think it needs to be looked at seriously again."

All Leaks Aren't Equal; It's The Meaning That Matters (USAT)

USA Today, April 28, 2006

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For those not paying close daily attention, here's a catch-up on the Bush administration's hunt to uncover people who leak information it wants hidden:

·Wednesday, President Bush's closest political ally, Deputy Chief of Staff Karl Rove, was called for the fifth time before a grand jury exploring the leak of a CIA operative's name. Vice President Cheney's former chief of staff is already under indictment as part of this probe; he says Bush himself authorized his disclosures.

·Last week, in an unrelated incident, the CIA very publicly fired a high-ranking CIA officer for unspecified leaks — which she denies.

·Meanwhile, hunts continue to discover who provided information to The Washington Post and The New York Times for two stories that embarrassed the administration. One disclosed that the CIA had been operating a covert prison system for gloves-off interrogation of terrorism suspects, possibly violating U.S. and international laws. The other revealed the government was eavesdropping without court warrants on telephone conversations of thousands of U.S. residents.

Are these, as the administration claims, outrageous leaks that jeopardize national security? Or are they attempts by honest people to expose abuse of power?

The vast majority of Washington leaks are neither. They usually have nothing to do with national security, and they come from a politician, bureaucrat or lobbyist trying to manipulate the news media into peddling a selective version of reality on a no-name basis.

But occasionally, a leak is something more.

Coincidentally, a memoir arrived this week from Watergate's "Deep Throat." It reminds us that some leaks are leaks of conscience, from public-spirited individuals trying to blow the whistle on government practices at odds with American ideals.

W. Mark Felt, then second-in-command at the FBI, writes: "From the start, it was clear that senior administration officials were up to their necks in this mess, and that they would stop at nothing to sabotage our investigation." Events proved how right he was.

Felt is one of many. Defense analyst Daniel Ellsberg leaked the Pentagon papers in 1971, after he couldn't get anyone in the administration or Congress to take seriously the implications of the detailed history of U.S. involvement in Vietnam that he had compiled.

More recently, a still-unidentified person leaked the photos of prisoner abuse at Iraq's Abu Ghraib, sensing that the only way to stop such practices was to appeal to the sensibilities of the public.

Harmful to U.S. interests? Definitely. Essential to protect U.S. values? No doubt. The same dichotomy applies in the secret-prison and wiretapping stories.

Nor is the leak of conscience limited to government. Embarrassed employees of the tobacco industry exposed its coverup aimed at denying the deadliness of their product.

That is not to say that employees anywhere should have free rein to say anything. At the CIA, for instance, employees are generally prohibited from talking to the news media or writing about their experiences. Even in more normal circumstances, confidentiality is essential to conducting business.

But as the leak probes continue, it's important to maintain a distinction between those who leak to help themselves and those who leak, at personal risk, to let the public know its leaders are flouting law or abusing power.

People can decide whether the programs and policies exposed are noble or shameful — just as they were able to draw conclusions about Watergate, Vietnam, Abu Ghraib and the tobacco industry. And despite the cries of those who would operate in secret, isn't that how democracy is supposed to work?

F.B.I. Set To Present Subpoenas To Lawmaker's Nonprofits (NYT)

By Jodi Rudoren

The New York Times, April 28, 2006

The F.B.I. has notified three nonprofit organizations created by Representative Alan B. Mollohan and financed primarily through special federal appropriations he steered their way that they should expect subpoenas soon for financial and other records.

Mr. Mollohan, Democrat of West Virginia, stepped down from the House ethics committee last week over accusations of financial impropriety that stem largely from a complaint the conservative National Legal and Policy Center has filed with the United States attorney in Washington.

The nonprofits at issue are the Vandalia Heritage Foundation, the Institute for Scientific Research and the Canaan Valley Institute. The F.B.I.'s notification to them has occurred over the last two days and signals that the bureau is looking deeper into the 500-page complaint, which among other things suggests ties between the special appropriations, or earmarks, and Mr. Mollohan's personal real estate investments.

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Mr. Mollohan's office did not return repeated calls yesterday. Nor did Vandalia's president, Laura Kurtz Kuhns, whose ownership of vacant lots on Bald Head Island, N.C., with Mr. Mollohan and their spouses is a prime focus of the conservative group's complaint.

Though Ms. Kuhns could not be reached, an official of Mr. Mollohan's network of nonprofit groups confirmed that Vandalia had been told to expect a subpoena. And leaders of the two other nonprofits — Kiena L. Smith, Canaan Valley's executive director, and James L. Estep, president of the Institute for Scientific Research — said they planned to cooperate fully with the F.B.I.

Mr. Estep said an investigator for the bureau called the institute's office yesterday to get confirmation of the mailing address and warn of a coming "informational subpoena."

Mr. Estep, who also heads the West Virginia High Technology Consortium Foundation, a nonprofit created by Mr. Mollohan that has not been contacted by the authorities, added: "They're welcome to come into either organization, and we will provide whatever they want and answer whatever questions they have. We have nothing to hide."

Ms. Smith said her receptionist took a call Wednesday in which an F.B.I. representative promised a subpoena for financial records within "a couple of days."

"We have 10 public audits, it's fine," she said. "Anybody can look at our records. They're public information."

Lobbyist Stripped Of Good Name, But Not Of Good Vacation (NYT)

By Philip Shenon

The New York Times, April 28, 2006

WASHINGTON, April 27 — Jack Abramoff may be facing financial ruin and a long prison sentence, but he still knows how to vacation.

Guests at the oceanfront Turnberry Isle Resort and Country Club in Aventura, Fla., say they were surprised to see Mr. Abramoff, his wife and their five children at the 300-acre golf and tennis resort for more than a week this month for the Passover holiday.

Like many other guests at the resort then, the Abramoffs arranged the trip through a travel agency based in Brooklyn that, according to its Web site, charged a minimum of $3,600 per adult for a nine-night Passover package.

A lawyer for Mr. Abramoff, Abbe D. Lowell, said the trip was paid for by Mr. Abramoff's "extended family," although Mr. Lowell would not say which family member or members. He said Mr. Abramoff "definitely did not pay" for the holiday.

Mr. Lowell said in an interview that it was a "cheap shot to suggest that Mr. Abramoff was living high off the hog" and that the trip, which allowed Mr. Abramoff to meet with his lawyers in Miami on a related criminal case, was intended to benefit his family in a difficult time.

The tour agency, Presidential Kosher Holidays, which the Abramoffs had used in the past to arrange Passover vacations, would not comment, saying it protects its clients' privacy. The company charges rates on a sliding scale for children based on their ages, but it declined to reveal the children's rates to a reporter.

In court papers last month, Mr. Abramoff, who has pleaded guilty in Washington to seeking to corrupt Congress members and other public officials, in part by sending them on expensive trips, insisted that he was financially ruined as a result of his plea bargain with the Justice Department.

"Mr. Abramoff is broke," his lawyers said in a court filing in Miami, where they were asking for leniency for Mr. Abramoff after he pleaded guilty there to fraud involving his purchase of a casino-boat fleet. "He is tormented daily that his wife will not be able to support the large family on her own."

Turnberry Isle, on the Atlantic coast between Miami and Fort Lauderdale, is often found on lists of the nation's best resorts. According to its Web site, room rates this month begin at $559 a night. It has two 18-hole golf courses designed by Robert Trent Jones, 11 tennis courts, two swimming pools, three restaurants and a marina.

The Web site of Presidential Kosher Holidays described the resort package as "everything you could want in a Passover vacation" including "gourmet Glatt Kosher cuisine."

Guests at Turnberry Isle said Mr. Abramoff, who is praised by friends for his devotion to Judaism and to his family, did not appear eager to make his presence known.

"I was passingly aware of Mr. Abramoff, whom I saw a couple of times in the course of my stay," said Gil Graff, director of the Bureau of Jewish Education of Greater Los Angeles, who was taken to the resort by Presidential Kosher Holidays to provide lectures to the Passover guests on modern Jewish history. "I know that he was present."

Modi Rosenfeld, a comedian from New York who entertained the Passover guests at the resort, said he was asked by organizers of his appearance not to do political humor because someone in the audience was "political" and was "in the news."

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Mr. Rosenfeld said he did not know that they were referring to Mr. Abramoff. "They said, Can you not do anything political?" said Mr. Rosenfeld, who uses only his first name professionally. "I said, 'Not a problem.' I kept the political humor down to a few bare jokes."

Mr. Rosenfeld said that had he known that the celebrity in the audience was Mr. Abramoff, whose lobbying operation earned more than $80 million in fees in recent years, "I would have charged more — a lot more."

Former MS-13 Leader Gets 30 Years (WP)

By Henri E. Cauvin

The Washington Post, April 28, 2006

The judge wanted Juan Carlos Rivas-Moreiera to understand exactly what he was saying yesterday in D.C. Superior Court.

So when the time came to explain why he was about to sentence the onetime MS-13 leader to 30 years in prison for a near-fatal attack on a rival gang member, Judge Hiram E. Puig-Lugo took the unusual step of addressing him in their shared mother tongue.

Speaking in Spanish, Puig-Lugo said that rarely had he seen a defendant as smart as Rivas-Moreiera and never had he seen a defendant so involved in his own defense.

"You could have been a businessman, or an attorney, or a doctor, or a teacher -- or a judge," Puig-Lugo told him.

Instead, Rivas-Moreiera, 25, used his smarts and charisma to rise to the top of the MS-13 Marineros, a Maryland clique of the notorious Latino gang that has its roots in Central America.

And far from being the worst of his alleged acts, the May 2001 attack in Northwest Washington was only one crime in a life rife with it, the prosecutor, Assistant U.S. Attorney Gilberto Guerrero Jr., said.

Rivas-Moreiera, of Silver Spring, is among the reputed members of MS-13, or Mara Salvatrucha, who were charged in Maryland last year in a federal racketeering indictment that details murders, kidnapping, robbery and other crimes.

The indictment was a significant regional strike against local Latino gangs, which have lured isolated and disaffected adolescents into dangerous lifestyles and sown fear in neighborhoods that are heavily populated by immigrants.

"It is a loss for our community that you chose to use your intelligence in the way you did," Puig-Lugo said. "Every time you recruit somebody to be part of your mara " -- as gangs are called -- "you are stealing someone from our community."

A lawyer. A teacher. A doctor.

But pained as the judge appeared by the sight of such potential squandered, it was the harrowing events of May 19, 2001, that led him, he said, to depart from the District's sentencing guidelines and hand down a penalty considerably closer to the maximum.

On that night, Rivas-Moreiera was out for revenge, according to the account laid out by prosecutors in court papers and at trial. Seven months earlier, he had been attacked by Roque Elias Lopez-Gonzalez, a member of Mara R, another gang. Although Lopez-Gonzalez was quickly outnumbered and overpowered, Rivas-Moreiera wasn't willing to forget, and that night in May, he was still smarting.

Accompanied by two fellow gang members, he went looking for anyone who belonged to Mara R. They found Elgar Hernandez in a liquor store at 14th Street NW and Florida Avenue. When Rivas-Moreiera asked Hernandez what gang he was with, Hernandez told him "La R," as Mara R is also known. Rivas-Moreiera said he and his friends were also from "La R."

They weren't, and that soon became clear to Hernandez.

The three strangers jumped him a short time later in an alley off Chapin Street NW. One of them put a gun to Hernandez's head and forced him into their car. This, he was told, was payback, no matter that Hernandez had nothing to do with the earlier attack.

As they drove along Piney Branch Parkway NW, Hernandez was stabbed through the chest and in the heart, setting off a furious struggle inside the car. Hernandez managed to pull the knife out of his chest and throw it out the window. And when the car slowed at 17th Street, he got out.

When passersby spotted him, someone called 911, and Hernandez was taken to Washington Hospital Center, where he had open-heart surgery and survived to testify against Rivas-Moreiera.

But his testimony would not be enough. The first two trials, both last year, ended in hung juries.

Only after prosecutors made a deal with an MS-13 member to have him testify did they manage to win a conviction against Rivas-Moreiera, who was found guilty in February of assault with a dangerous weapon, aggravated assault while armed and threats.

Rivas-Moreiera's attorney, Ross Hecht, said in court that his client plans to appeal. Given that he faces the federal charges in Maryland, Rivas-Moreiera chose not to address the court.

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The U.S. attorney's office had urged the judge to depart from the voluntary sentencing guidelines, pushing for a penalty beyond the recommended 10 to 20 years.

The judge agreed.

"You are not going to keep hurting our community," Puig-Lugo said, citing the cruel and violent nature of the attack, the link to organized crime and the threats that Rivas-Moreiera made against the victim, the victim's family and a witness in the case.

"I'm sorry to have to issue such a harsh sentence," Puig-Lugo said, "but your conduct over the years leaves me no choice."

Sniper Trial To Echo First Case (WT/AP)

By Stephen Manning, Associated Press

The Washington Times, April 28, 2006

The beat-up Chevrolet Caprice, a hole drilled in the trunk for a gun barrel, is back in Maryland. So is the Bushmaster rifle, fixed with a sniper scope, that authorities think fired the fatal .223-caliber bullets.

Many witnesses who testified against convicted sniper John Allen Muhammad in his trial in Virginia are ready to tell their stories again, including some who bear scars from the Bushmaster's bullets.

And Muhammad has returned to Montgomery County, where the October 2002 D.C.-area sniper spree began, to face another jury.

Jury selection is set to begin Monday in his second trial, a case that likely will echo the 2003 Virginia case that ended in a death sentence for one of the 10 killings. Yet while much of the evidence and testimony during the expected five-week trial will be similar, the new trial could take some unexpected turns.

Muhammad, 45, plans to be his own lawyer despite evidence he may be mentally ill. He wants Lee Boyd Malvo, 21, also convicted in Virginia and serving a life sentence, to testify. And jurors will hear evidence about two Maryland killings that weren't part of the first trial.

"This trial addresses completely different victims," said Montgomery County State's Attorney Douglas F. Gansler, whose office will prosecute Muhammad. "The first trial was about one murder in Virginia. This trial will be about six murders here in Montgomery County."

Mr. Gansler was the first to file homicide charges in 2002, but lost the right to try Muhammad and of Malvo first to Virginia, which is more inclined to impose the death penalty. He argues his county was home to the most killings and bills the retrials of the two men later this year as insurance if their Virginia convictions are overturned.

But there are questions whether the new trial is necessary or worth the cost.

The severest punishment Muhammad faces in Maryland is life in prison. The most Muhammad could likely hope for in Virginia is to have his death sentence replaced by a life term, said his Virginia attorney, Peter D. Greenspun.

"There is no reason for this prosecution to occur," Mr. Greenspun said. "It's not as if there is a reversal, then John Muhammad walks out onto the street."

Virginia spent $3 million to prosecute the snipers. While Maryland's costs have not approached that level, expenses are mounting.

Montgomery County has spent $210,000 on courtroom security and transportation, a figure Sheriff Ray Kight expects to double by the end of the trials. Jailing the pair from their arrival last summer to January cost roughly $240,000.

However, most of the preparation work on evidence and witnesses was done for the Virginia trial. Mr. Gansler's prosecutors are salaried. And Muhammad's three standby attorneys are working for free.

Some relatives of the Maryland victims think the two should be held accountable, regardless of the cost.

Victoria Snider, sister of James "Sonny" Buchanan, plans to attend the trial often even though it means revisiting grim details of her brother's death.

"I won't lie, it is emotional," she said. "But it is also important that justice be served on both of them."

Kaine Denies Clemency; Killer Executed (WT)

By Seth McLaughlin

The Washington Times, April 28, 2006

RICHMOND -- Death row inmate Dexter Lee Vinson was executed last night, hours after Gov. Timothy M. Kaine denied his petition for clemency.

Vinson received a lethal injection at the Greensville Correctional Center in Jarratt and was pronounced dead at 9:15 p.m.

Vinson, 43, was convicted of the 1997 murder of his ex-girlfriend, Angela Felton, of Portsmouth. A 25-year-old mother of three, Mrs. Felton was abducted and brought to an abandoned house, where she was stabbed and sexually mutilated. She bled to death.

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It was the first death penalty case Mr. Kaine, a Democrat and a devout Catholic, had considered since taking office in January. The death penalty became a major issue during the gubernatorial race last year when Republican Jerry W. Kilgore criticized Mr. Kaine's opposition to capital punishment.

Mr. Kaine vowed that he would uphold Virginia's capital punishment law, despite the teachings of his faith.

Mr. Kaine denied clemency last night, after the U.S. Supreme Court refused to stop the execution.

"Having carefully reviewed the Petition for Clemency and judicial opinions regarding this case, I find no compelling reasons to doubt Mr. Vinson's guilt or to invalidate the sentence recommended by the jury and imposed, and affirmed, by the courts," Mr. Kaine said in a statement. "Accordingly, I decline to intervene."

Vinson became the 95th inmate Virginia has executed since the Supreme Court reinstated capital punishment in 1976. Only Texas has executed more, with 362.

Vinson denied he had anything to do with Mrs. Felton's slaying, and his attorneys had argued that their client's trial was riddled with holes.

Court records show that witnesses said they saw Vinson near the house where Mrs. Felton's body was found. Court papers also show that investigators said Vinson's palm print was found at the crime scene and that a drop of Mrs. Felton's blood was found on a pair of shorts in Vinson's home.

Earlier this week, Vinson's attorneys scrambled to delay the execution by filing appeals.

One appeal argued that there were several shortcomings in Vinson's trial. The other petition asked the Supreme Court to delay his execution until the court decides whether a Florida inmate could challenge that lethal injection violates his civil rights because it is a form of cruel and unusual punishment prohibited by the Constitution.

The question centers on whether inmates feel excruciating pain when the final drug in the lethal mixture is administered.

Like Florida, Virginia administers three drugs. The first is an anesthetic that puts the inmate to sleep. The second is a chemical that causes paralysis, and the third is potassium chloride, which stops the heart.

Dressed in a light blue, button-down shirt and denim pants, Vinson did not look through the glass at witnesses, including several of the victim's family members, as he was brought into the death chamber at 8:58 p.m.

When asked whether he had any final words, Vinson shook his head sharply back and forth several times.

His expression remained blank as he was strapped to the gurney. The drugs began to flow at 9:08 p.m.; he was pronounced dead seven minutes later.

His last visitors were his sisters. He ate his final meal at 4:15 p.m., but corrections officials would not reveal what he ate, at Vinson's request.

Mrs. Felton's former mother-in-law, Wilhelmena Gatling, said yesterday that she hoped Vinson's death would bring some comfort to Mrs. Felton's children, now teenagers.

"I think it will bring closure to the children, but I don't believe in the death penalty, so it's not going to bring closure to me," Mrs. Gatling said. "But as long as the children can go on, I can go on.

"She was a great mother and daughter-in-law," Mrs. Gatling added. "I don't care what you do, you can't replace a mother."

Kaine Allows Execution Despite His Beliefs (WP)

By Candace Rondeaux And Michael D. Shear

The Washington Post, April 28, 2006

Virginia Gov. Timothy M. Kaine rejected a plea for clemency yesterday from convicted killer Dexter Lee Vinson, allowing his execution to go forward in the first test of Kaine's stated public resolve to uphold the death penalty despite his personal opposition.

Vinson, 43, was executed by lethal injection last night in Virginia's death chamber for abducting, stabbing and sexually mutilating his ex-girlfriend in Portsmouth in 1997. He was pronounced dead at 9:15 at the Greensville Correctional Center in Jarratt, said Larry Traylor, a Department of Corrections spokesman.

"I find no compelling reasons to doubt Mr. Vinson's guilt or to invalidate the sentence recommended by the jury and imposed, and affirmed, by the courts," Kaine said in a brief statement issued 2 1/2 hours before Vinson was put to death. "Accordingly, I decline to intervene."

With those words, Kaine made good on a promise he spoke directly and repeatedly to Virginians last year at campaign rallies and in television ads: that his personal and long-standing opposition to the death penalty, based on his Catholic faith, would not prevent him from allowing the ultimate punishment to be carried out.

Kaine's Republican opponent in the governor's race, former attorney general Jerry W. Kilgore, had repeatedly slammed Kaine for his stance on the death penalty, and ran ads featuring the victims of heinous crimes. In one, the father of a crime victim said Kaine would not have executed Adolph Hitler.

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But Kaine responded with ads of his own, in which he vowed to enforce Virginia's capital punishment laws. "My faith teaches life is sacred," he said to the camera. "But I take my oath of office seriously, and I'll enforce the death penalty."

The campaign-trail bashing proved a boon for Kaine, whose public declarations about his personal faith appeared to bolster -- not hurt -- his numbers in the polls and helped lift him to victory in November.

On Thursday, the new governor waited in his third-floor office across from the state Capitol to hear the outcome of Vinson's final court appeals, and to weigh Vinson's request for clemency. An aide said he consulted frequently with his chief counsel, Larry Roberts, and a small "brain trust of lawyers of his own choosing."

Delacey Skinner, Kaine's communications director, said, "This is a decision that he makes alone."

The clemency petition called on the governor to commute the convicted murderer's sentence to life in prison without parole. Vinson's attorneys contended that a key witness in the case had lied about seeing Vinson kill the victim, Angela Felton. They also disputed findings about forensic evidence in his case and said he deserved a new trial because his Portsmouth defense attorneys had a conflict of interest.

Days before the execution, a Vatican representative and two Virginia Catholic clergymen -- Arlington Bishop Paul S. Loverde and Bishop Francis DiLorenzo of Richmond -- also urged Kaine to halt Vinson's execution, calling the death penalty "unjustified."

Years ago, Kaine, who once worked with a Catholic mission in Honduras, echoed that same view when as a young lawyer in private practice he defended two death row inmates. In 1987, as he awaited the execution of one of his clients, Kaine told The Washington Post that "murder is wrong in the gulag, in Afghanistan, in Soweto, in the mountains of Guatemala, in Fairfax County . . . and even the Spring Street Penitentiary."

Shortly before Vinson was put to death yesterday, some observers speculated that political pressure would push Kaine to deny Vinson's clemency petition. But during a recent radio interview Kaine eschewed the suggestion that politics might play a role in his first death penalty decision and called Vinson's crime "very gruesome."

"The pressure of trying to make the right decision about whether there is or is not doubt about guilt when somebody's life is at stake is so much more pressure than whatever the political pressure of the day would be," Kaine said.

Yesterday's execution marked the first in Virginia since September 2004.

A Portsmouth jury convicted Vinson in 1998 of capital murder, carjacking, abduction with intent to defile and sexual penetration with an inanimate object, a year after the severely mutilated body of Felton, a 25-year-old mother of three, was found in a vacant house in Portsmouth.

In the years since her daughter's mutilated body was found wrapped in a dirty wool blanket in Portsmouth, Frances Peace has imagined Vinson's death a million times. She said she always thought she would be there to witness his execution. But days beforehand she was unsure if that's what her daughter would have wanted or if she could even summon the strength to attend.

"I want to be there for her. But I don't think it would be good for me to go," Peace said. "I think that's what she's telling me -- 'Mom, don't go. It's alright.' It's not going to bring her back."

Vinson entered the chamber two minutes before his scheduled execution. Several of Felton's family members attended the execution as witnesses. He offered no resistance as several guards strapped him to the gurney. Asked if he had any last words, Vinson shook his head and declined to make a statement. The blue curtain to the witness chamber closed, and reopened eight minutes later.

New York Killers, And Those Killed, By Numbers (NYT)

By Jo Craven McGinty

The New York Times, April 28, 2006

The oldest killer was 88; he murdered his wife. The youngest was 9; she stabbed her friend. The women were more than twice as likely as men to murder a current spouse or lover. But once the romance was over, only the men killed their exes. The deadliest day was on July 10, 2004, when eight people died in separate homicides.

Five people eliminated a boss; 10 others murdered co-workers. Males who killed favored firearms, while women and girls chose knives as often as guns. More homicides occurred in Brooklyn than in any other borough. More happened on Saturday. And roughly a third are unsolved.

At the end of each year, the New York Police Department reports the number of killings — there were 540 in 2005. Typically, much is made of how the number has fallen in recent years — to totals not seen since the early 1960's. But beyond summarizing the overarching trends, the police spend little time compiling the individual details.

The New York Times obtained the basic records for every murder in the city over the last three years, and while the events make for disturbing reading, the numbers can hint at trends, occasionally solve a mystery and in at least some straightforward way answer for the city the questions of who kills and who is killed in the five boroughs.

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From 2003 through 2005, 1,662 murders were committed in New York. No information, beyond an occasional physical description, is available on the killers in the unsolved cases.

Of the rest, men and boys were responsible for 93 percent of the murders; they killed with guns about two-thirds of the time; their victims tended to be other men and boys; and in more than half the cases, the killer and the victim knew each other.

The police said they were more interested in disrupting crime patterns. "We're looking for things with operational implications — time of day, day of the week — to see that we deploy officers at the right times and in sufficient numbers," said Michael J. Farrell, deputy commissioner for strategic initiatives.

The offender and victim were of the same race in more than three-quarters of the killings. And according to Mr. Farrell, they often had something else in common: More than 90 percent of the killers had criminal records; and of those who wound up killed, more than half had them.

"If the average New Yorker is concerned about being murdered in a random crime, the odds of that happening are really remote," Mr. Farrell said. "If you are living apart from a life of crime, your risk is negligible."

Criminologists confirm that assessment. "People will be shocked to see how safe it is to live in New York City," said Andrew Karmen, a sociology professor at John Jay College of Criminal Justice and an expert on victimology. "Victims and offenders are pretty much pulled from the same background. Very often, young victims have young killers. Very often, the victim and killer knew each other."

But plenty of times, events diverge from the norm.

At least a quarter of the city's murders in these three years, were committed by strangers, and in those instances, most were the result of a dispute. Stranger homicides now happen at almost twice the rate of 50 years ago, when, according to a classic study by Marvin Wolfgang, a criminologist, about 14 percent of murders were committed by strangers.

"Homicide used to be regarded as an acquaintance phenomenon with relatively rare incidents involving strangers," said Steven F. Messner, a homicide expert and a professor of sociology at the State University of New York at Albany. "It's still characteristically an acquaintance event. But the stranger homicides are now nontrivial."

After four years as commander of the Brooklyn North homicide squad, Lt. John Cornicello said the murders in his section of the borough had begun to run together. Yet from memory, he rolled off the details of several: The good Samaritan shot for his Lincoln Navigator after offering a ride to a group of stranded people. The ".40-caliber killer," a serial murderer who shot and killed but did not rob four shopkeepers because he believed they were Middle Eastern.

"More and more, they seem to be the result of stupidity," Lieutenant Cornicello said. "Take the Potato Wedge Killer."

In that recent case, a customer at a KFC restaurant became incensed when he did not receive enough starch with his fried chicken order. After demanding both a refund and an order of potato wedges, he later confronted the cashier with whom he had argued and stabbed him to death.

Among all the city's victims, the oldest was 91; she died during a robbery. Whites and Asians, who seldom murdered, were also infrequently killed: Together, they represented 75 or fewer victims each year. Most homicides occurred outdoors. The deadliest hour was 1 to 2 a.m.

And a small but unsettling number of children were among the victims, including 21 infants and 32 children ages 1 to 10, most of whom died at the hands of a parent.

According to Professor Karmen, 10 is the safest age. "You're too old to be abused or neglected as a child," he said, "and you're not old enough to be out on the streets."

An interesting, though uncommon, group of murders that made it into the police accounting in these years involved a handful of victims who died of injuries they had first suffered in crimes committed one or more years before.

Stabbed, shot, beaten or burned, they survived long enough to be counted as murder victims in another calendar year.

Sixty-nine victims fit this description.

In some instances, they were injured decades ago. The medical examiner alerts the police when such deaths occur, according to Sgt. Edward Yee of the Police Department's crime analysis unit, and the police add the victims to that year's murder tally.

For example, 21 deaths that were counted as murders in 2005 resulted from injuries that occurred in earlier years.

The oldest involved a shooting in 1975, when a man attacked his brother in a domestic dispute. That raised the murder toll to 540, the lowest figure recorded by the city in four decades, but only 519 murders were committed last year.

Subtracting these belated deaths makes the recent decline in the number of homicides — which has grabbed headlines — seem even more stunning. But for the purpose of generating the annual murder tally, the police do not distinguish between fresh and delayed murders.

"No one does," Mr. Farrell said, referring to other police departments.

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Within the city, 40 percent of the murders occurred in Brooklyn. The 75th Precinct, with 90, had the most of any precinct, but there were hot spots scattered throughout the city, in Brooklyn's 73rd, 79th and 83rd Precincts, for example, and in the 44th and 46th Precincts in the Bronx. In and around the 32nd Precinct in Harlem could be dangerous, too.

No one is certain what explains the recent decreases in the overall number of homicides, but many criminologists believe social factors may help explain why, and where, most murders continue to occur.

"The problem of crime and violence is rooted in neighborhood conditions — high rates of poverty, family disruption, failing schools, lack of recreational opportunities, active recruitment by street gangs, drug markets," Professor Karmen said. "People forced to reside under those conditions are at a greater risk of getting caught up in violence, as victims or as perpetrators."

The police are generally unimpressed by such theories, as well as the minutiae surrounding the deaths.

"Crime is concentrated," Mr. Farrell said. "Who knows why? We're looking at what we can affect."

The roughly one-third of the homicides that remain unsolved create one of the larger categories of murder. Typically, 50 to 55 percent of murders are solved in the same calendar year in which the crime is committed, according to Paul J. Browne, a deputy police commissioner in New York.

The police clear an additional number of murders from previous years, for an overall annual clearance rate of about 70 percent. That beats the national average, which is closer to 62 percent, according to F.B.I. statistics.

In New York, several things may contribute to the number of open cases, according to the police and criminologists. A significant number may have been stranger murders, which are particularly hard to solve. It can take months to collect witness statements.

And sometimes, detectives just cannot get the right person to talk.

"The big secret of detective work," Lieutenant Cornicello said, "is that you've got to get somebody else to tell you what happened."

Duke Accuser Filed Earlier Assault Report (NYT)

By William Yardley

The New York Times, April 28, 2006

DURHAM, N.C., April 27 — The woman who has accused three Duke University lacrosse players of raping her last month claimed a decade ago that she had been sexually assaulted by three men, the authorities said. The woman's mother said her daughter did not file charges.

"She didn't want to bring charges up against them because they said they were going to kill her if she said anything," said the mother, who is not being named because of the nature of the crimes her daughter, a 27-year-old single mother with two children, has said were committed.

The earlier assault was said to have occurred in Creedmoor, N.C., a town about 16 miles northeast of Durham that was the home of the woman's boyfriend at the time, the mother said. The mother said her daughter was 18 then.

But the Creedmoor police chief, Ted Pollard, said the woman filed the report when she was 18, in August 1996, but said the assault had happened in June 1993, when she was 14.

Chief Pollard said the initial report did not explain why there had been a delay of more than three years between the alleged assault and when she reported it. He said Thursday that his office had only paper records from that time period and had not yet determined whether there had been a follow-up investigation.

"It says she was beaten, assaulted and sexually assaulted by three African-American males," Chief Pollard said. "And she identified the three males."

The Creedmoor case was first reported by Essence magazine.

The initial report was taken by Brian Bishop, who was a lieutenant in the Creedmoor Police Department at the time and now is an investigator with the Durham Police Department, Chief Pollard said. The Durham department is investigating the rape accusations at Duke.

Last week, two Duke players were indicted on charges of first-degree forcible rape, first-degree sexual offense and kidnapping : Collin Finnerty, 19, of Garden City, N.Y., and Reade Seligmann, 20, of Essex Fells, N.J. Michael B. Nifong, the Durham County district attorney, has said he is gathering evidence to indict a third person.

Some defense lawyers have attacked the accuser's credibility.

The mother, in an interview late Thursday, said of the alleged assault in Creedmoor, "She told me that it happened, and I believe her."

Connecticut hauler pleads guilty to racketeering (Waste News)

Waste News, April 28, 2006

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April 27 -- A Danbury, Conn., trash hauler pleaded guilty to a federal racketeering charge, admitting to taking part in system to divvy up territory, the U.S. Department of Justice said.

Joseph R. LoStocco, 47, who owns and operates JR LoStocco Carting in Danbury, pleaded guilty to one count of conspiring to violate the federal Racketeer Influenced and Corrupt Organizations Act.

LoStocco faces a maximum term of 20 years and a fine of up to $250,000, according to Kevin O´Connor, U.S. Attorney for the District of Connecticut.

"This guilty plea stems from a federal investigation into waste industry practices in Connecticut and New York," O´Connor said. "The investigation is very active, and we have no further comment at this time."

CIVIL RIGHTS:

Justice Department Sues Fountainbleau Apartments On Housing Discrimination (CHA)

Chattanoogan, April 28, 2006

The Justice Department announced Thursday that it has filed a lawsuit against the owner and resident manager of the Fountainbleau Apartments in East Ridge, alleging housing discrimination against individuals on account of their having children.

"No one should be denied an opportunity to live where they choose because they have children," said Wan J. Kim, Assistant Attorney General for the Civil Rights Division. "The Justice Department is committed to vigorous prosecution of illegal housing discrimination."

The complaint, filed in federal district court in Chattanooga, alleges that the defendants refused to rent apartments to persons with children and steered them to another apartment complex. The Department conducted its investigation through the use of fair-housing testers - individuals who pose as renters for purposes of gathering information about possible discriminatory practices in the rental of apartments.

The lawsuit seeks an order prohibiting the defendants from engaging in unlawful housing discrimination, monetary damages for victims of the defendants' unlawful conduct, and the payment of a civil penalty to the government.

Fighting illegal housing discrimination is a top priority of the Justice Department, officials said. In February, Attorney General Alberto R. Gonzales announced Operation Home Sweet Home, a concentrated initiative "to expose and eliminate housing discrimination in America."

The initiative was inspired by the plight of displaced victims of Hurricane Katrina who were suddenly forced to find new places to live, it was stated. Operation Home Sweet Home, however, is not limited to the areas hit by Hurricane Katrina, but targets housing discrimination all over the country - including Tennessee.

The federal Fair Housing Act prohibits discrimination in housing on the basis of race, color, religion, sex, familial status, national origin and disability.

New York election board sets machine standards (AP)

AP, April 28, 2006

ALBANY, N.Y. After months of haggling, the state Board of Elections has adopted guidelines for new voting machines that can be used in New York.The board also ordered machine makers to disclose information about their political contributions and any lawsuits against them.A statement released by the board says the new standards go beyond Help America Vote Act (HAVA) requirements and contain a number of features that make them model regulations for the nation.The standards require a voter verifiable paper trail.The adoption of the standards means machine manufacturers can begin submitting their wares to the board for testing that could lead to eventual sales in the lucrative New York market. State law requires New York's old lever-action machines to be replaced in time for the 2007 election.New York has been sued by the U-S Justice Department for failing to comply with HAVA provisions requiring states to have new machines in place for the 2006 elections.

Phone-jamming Case Invokes Images Of Watergate (KRT)

By William Douglas

Knight Ridder, April 28, 2006

MANCHESTER, N.H. - Is it a third-rate political dirty trick by Republicans or a cheap attempt by Democrats to drag the GOP through the mud before November's elections?

Democrats and Republicans here are locked in a legal battle over GOP operatives who tried to suppress voter turnout in a key 2002 U.S. Senate race by jamming Democratic get-out-the-vote phone banks on Election Day.

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The case has national implications. New Hampshire Democrats, through a civil lawsuit, are trying to question Ken Mehlman, the chairman of the Republican National Committee, and White House officials about why one GOP official who was involved in the scheme called the White House repeatedly.

Democrats describe the phone-jamming case in Nixonian terms, using Watergate-era phrases such as "follow the money" and "what did they know and when did they know it?"

"It's been the gift that's kept on giving for the Democrats," said Dante Scala, a political-science professor at Manchester's St. Anselm College. "It's been gradually going up the ladder, and now it's in Ken Mehlman's office."

Democrats say smoking guns abound in the case:

-A Republican operative who later was convicted in the case called Mehlman's former office in the White House nearly two dozen times.

-The RNC paid millions of dollars in legal expenses for the operative, though it was under no legal obligation to do so.

-Contributions were made to the state GOP by Indian tribes whom disgraced lobbyist Jack Abramoff represented and by former House Speaker Tom DeLay's political action committee in amounts that together almost equaled the cost of the phone-jamming scheme.

"There are some parallels to Watergate," Howard Dean, the Democratic National Committee chairman, said last week. "This is a third-rate, silly effort that definitely turns out to be rooted in the White House."

Republican officials are on the defensive. They call the vote-suppression scheme an unfortunate incident that was the work of rogue operatives who did it without party leaders' knowledge. They say the civil suit is a baseless attempt by Democrats to score points and ruin the New Hampshire Republican Party financially. State GOP officials filed a countersuit charging that the state Democratic Party had "ulterior and improper" motives in suing them.

"This is taking a local political issue and exploiting it to the national level," Ovide Lamontagne, the New Hampshire GOP's attorney, said of the Democratic lawsuit. "They are not interested in justice. They're interested in political exploitation."

As Democratic and Republican lawyers file motion after motion, there's no argument about the basic facts. On Nov. 5, 2002, hot lines that state Democrats and a firefighter's association had set up to urge people to the polls were jammed by more than 800 hang-up calls. State Republican officials say that once they learned of the scheme, they tried to stop it.

The jamming occurred during what was billed as a hotly contested Senate race between Republican John Sununu, who was then a member of the House of Representatives, and Democrat Jeanne Shaheen, then New Hampshire's governor. Party control of the Senate was thought to possibly turn on the outcome.

In the end, the race wasn't close. Sununu defeated Shaheen by about 20,000 votes, weakening Democratic arguments that the suppression scheme cost them the election.

"We'll never know how effective it was. ... Sununu won by a bigger margin than anyone expected," said Kathleen Sullivan, the New Hampshire Democratic Party chairwoman. "But that's not the point. It was wrong. ... We have 400 (state) legislative races. The intent may have been to influence one election, but it may have affected hundreds of races."

Three men have been convicted. James Tobin, 45, who headed the Republican National Committee's New England efforts in 2002 and was the regional director for President Bush's 2004 re-election campaign, was convicted in December of one count of aiding and abetting telephone harassment and one count of conspiracy to commit telephone harassment. He faces up to seven years in prison for both felonies. He's scheduled to be sentenced in May.

Chuck McGee, former executive director of the state Republican Party, pleaded guilty to hatching the scheme and served seven months in prison.

Allen Raymond, former president of GOP Marketplace LLC, a Virginia-based company, pleaded guilty to helping to execute the plan and is serving a three-month sentence.

Last month, a federal grand jury indicted a fourth man, Shaun Hansen, 34, of Spokane Wash., and charged him with the same crimes as Tobin. Prosecutors say that Hansen, former co-owner of an Idaho-based telemarketing company, was paid $2,500 to have his employees place hundreds of hang-up calls to disrupt the New Hampshire get-out-the-vote effort.

Hansen pleaded not guilty. But he told the Idaho State Journal in July 2004 that GOP Marketplace hired his company to call six phone lines that the New Hampshire Democratic Party and the firefighter's association used. He said he didn't know the reason for the calls.

Democrats say the case has gotten more and more curious as it's gone along. They noticed that Tobin had high-powered legal representation and later learned that the RNC was paying the bills.

RNC Chairman Mehlman said in CNN interviews this month that the decision to pay for Tobin's lawyers was made before he became the chairman, and he defended the payments, maintaining "it was right to honor the decision."

Throughout the controversy, state GOP officials maintained that Tobin and McGee acted on their own. Mehlman says the national party had nothing to do with the scheme.

Fuel was added to the fire after the Senate Majority Project, a Democratic activist group, found records from Tobin's trial detailing 22 telephone calls that he placed from New Hampshire to the White House political office - which Mehlman headed at the time - on Nov. 5-6.

"I have a hard time believing they didn't discuss this," said Sullivan, the state Democratic chairwoman.

Mehlman said the number of calls wasn't unusual, given the competitiveness of the Sununu-Shaheen race and its potential impact on Congress.

"To be clear, none of my conversations, nor the conversations of my staff, involved discussion of the phone-jamming incident," Mehlman said in a written statement on April 11.

White House officials declined to discuss the case because it's an ongoing legal matter.

In addition to the legal bills, state Democrats say they've found another curious national GOP link to the scheme: $15,000 in contributions to the state Republican Party from two of Abramoff's Indian tribe clients and from Americans for a Republican Majority, a DeLay-led political action committee, about a week before the election.

Sullivan, the state Democratic leader, questioned the timing of the three donations and called the Indian ones unusual because tribes don't usually give directly to state parties unless there are casino-gaming interests in that state.

Abramoff pleaded guilty to unrelated fraud charges in January and is cooperating with federal investigators in a major corruption probe. On April 4, DeLay announced his impending resignation from Congress amid allegations of corruption.

Democrats have taken all these circumstantial links and run with them. Sens. Edward Kennedy, D-Mass., and Patrick Leahy, D-Vt., fired off a letter to Attorney General Alberto Gonzales on April 20 asking whether the Justice Department is looking into it.

Dean has hawked the New Hampshire story on TV news shows, and he sent a letter to Mehlman earlier this month asking whether the White House authorized the phone-jamming.

These actions are all part of the Democrats' campaign to indict the Republican Party for fostering a "culture of corruption," according to Scala of St. Anselm's. "They've kind of successfully seized the high ground in being the anti-corruption party," he said.

Republicans complain that the Democrats are showboating and piling on.

"They're just thrilled by being able to distract us, cost us money," said Wayne Semprini, the New Hampshire Republican Party chairman. "Apart from this being a gigantic nuisance, it's siphoning off resources that we could put in campaigns throughout the state ... money that could be used for legitimate election efforts."

Knight Ridder Newspapers correspondent Steven Thomma contributed to this report from Washington.

FBI Asked To Look Into Georgia Vandalism At Muslim Home (MACT)

By Doug Gross

The Macon Telegraph, April 28, 2006

ATLANTA - A national Islamic civil rights group is asking the FBI to investigate vandalism at a Muslim home in suburban Atlanta as a hate crime.

The Douglas County family's van was burned and the words "Killers go home" spray-painted on the side of their house on April 8.

The Council on American-Islamic Relations in Washington said local authorities had been slow to investigate the crime.

But Douglas County Chief Deputy Stan Copeland said evidence from the scene has been submitted to the state crime lab and that police patrols in the neighborhood have been stepped up as investigators seek new leads.

Stephen Emmett, a spokesman for the FBI in Atlanta, said late Wednesday that the bureau's civil rights squad here was not familiar with CAIR's request for an investigation. Copeland said Thursday that a local FBI office has been notified about the incident.

Mohamed and Sonia Kamran said someone smashed in the window of their minivan in the driveway and torched it. Firefighters pointed out that someone had painted the message on the wall.

The family called the sheriff's department and filed a report.

Copeland said Sonia Kamran had recently been involved in an argument outside a local store in which someone insulted her for wearing a traditional Muslim outfit that covers her face.

"I'm afraid, with what's going on in the world now, there's somebody out there that just wanted to make a statement," he said.

The Kamrans could not be reached by telephone Thursday. A call left on their answering machine was not returned.

CAIR spokesman Ibrahim Hooper said the Kamrans' experience was part of a growing pattern of anti-Muslim acts in the U.S.

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"We attribute it to a rise in Islamo-phobia in our nation," he said.

Yusuf Burke, a CAIR representative in Atlanta, said such incidents are not common in Georgia, but there have been a few. The most notable was the destruction of Islamic Center of Savannah mosque by fire in 2003.

More recently, Burke said, there was minor vandalism at a mosque in Clarkston, and about two weeks ago a window was broken at a mosque in Fayetteville.

Burke said it is necessary to make a point of having such incidents investigated fully by authorities so the perpetrators "don't think they can keep on doing it."

Copeland said his office is determined to try to catch whoever is responsible for the attack.

"I don't care what your opinion is, we're not going to tolerate this kind of action," he said.

Talent, Others, Pushing To Solve Civil Rights-era Murders (AP)

By Errin Haines

AP, April 28, 2006

ATLANTA - A 1946 lynching in northeast Georgia could be among the civil-rights era murders investigated under a plan reintroduced Thursday by four lawmakers, including Sen. Jim Talent, R-Mo.

The Unsolved Civil Rights Crime Act could address the lynching near Monroe, Ga., where Roger and Dorothy Malcom and George and Mae Murray Dorsey were killed on the banks of the Apalachee River at the Moore's Ford Bridge, about 40 miles east of Atlanta. The four sharecroppers were dragged from a car, beaten and shot dozens of times as a mob of 200 looked on.

No one was ever charged in their deaths, even though the FBI's report named 55 suspects.

"We are rejecting the reasons of yesterday that left these horrible crimes unpunished," said Rep. John Lewis, D-Ga., at a press conference in Washington, D.C. "Our purpose here is not to open up old wounds, but to begin the process of healing."

The bill would create an unsolved crimes section within the civil rights division of the Department of Justice and an unsolved civil rights crime investigative office within the FBI. The sponsors say it would cost $10 million to establish both offices and foster relations between federal and local authorities.

The legislation was first introduced last year by Talent and Christopher Dodd, D.-Conn. Rep. Kenny Hulshof, R-Mo., also joined the effort Thursday.

Talent said the idea for the office came from Alvin Sykes, a Kansas City civil rights advocate. Sykes played a key role in urging prosecutors to reopen the case of Emmett Till, a black boy from Chicago who was murdered after he whistled at a white woman in Mississippi in 1955.

"It's America's obligation to unearth the truth and do justice because there cannot be healing without the truth," Talent said.

The new offices would focus on deaths that occurred before 1970 and remain unsolved by state and local officials.

The Georgia Association of Black Elected Officials, led by state Rep. Tyrone Brooks, D-Atlanta, has been urging local prosecutors to pursue the Moore's Ford lynching for years, and re-enacted the bloody scene last year. On Thursday, Brooks praised Lewis, whose district is centered in Atlanta, and his co-sponsors for their renewed efforts.

"I'm going to urge them to keep Moore's Ford at the top of their agenda," Brooks said, adding that the case represents the last public mass lynching in America.

Although the Georgia Bureau of Investigation and FBI have said the case remains open, Brooks told The Associated Press he believes federal involvement will be the key to arrest, prosecution and closure in the Moore's Ford case and others like it.

"The case involved so many local officials ... they were so closely intertwined it's been almost impossible to get the local officials to move," Brooks said. "This can lead us toward reconciliation and healing."

Congress to consider cold case bill again (Clarion-Ledger)

By Jerry Mitchell

The Jackson (MS) Clarion-Ledger, April 28, 2006

A Missouri senator and two congressmen have re-introduced a bill in Congress to set up a cold case unit in the U.S. Department of Justice to investigate unresolved civil rights-era killings.

U.S. Sen. Jim Talent, a Republican, today reintroduced the bill that passed the Senate last year before dying in a conference committee. U.S. Rep. John Lewis, D-Ga., and U.S. Rep. Kenny Hulshof, R-Mo., are sponsoring the legislation in the House.

The measure is called the “Till Bill” after Emmett Till, a 14-year-old African American from Chicago killed in the Mississippi Delta on Aug. 28, 1955, for allegedly wolf-whistling at a white woman. The husand of the woman, Roy Bryant, and his half brother, J.W. Milam, were acquitted of the crime by an all-white jury but later confessed in a Look magazine article to kidnapping and killing Till. No one was ever punished for the killing.

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"The blatant failure for decades to bring Emmett Till 's murderers to justice was and is a national disgrace, " U.S. Sen. Jim Talent, R-Mo., said at a news conference today. "It's America's obligation to unearth the truth and do justice because there cannot be healing without the truth. "

District Attorney Joyce Chiles of Greenville is getting assistance from state and federal prosecutors to see if Till's slaying should be presented again to a grand jury for possible indictments. However, Bryant and Milam are dead.

U.S Attorney General Albert Gonzales is supporting the legislation, and FBI offices around the nation are now collecting information about unpunished killings from their area.

KKK Plans Rally At Antietam Civil War Site (USAT)

By Martha T. Moore

USA Today, April 28, 2006

A Ku Klux Klan group will rally on the Civil War battlefield where a Northern victory led President Abraham Lincoln to issue the Emancipation Proclamation.

The National Park Service has issued a permit for a Klan demonstration June 10 on a farmstead at Antietam National Battlefield in western Maryland. The battle in 1862 remains the bloodiest day in U.S. history.

The National Socialist Movement, a neo-Nazi organization, demonstrated last year at Yorktown Battlefield in Virginia and in 2004 at Valley Forge National Historical Monument in Pennsylvania, both Revolutionary War sites.

Antietam Battlefield superintendent John Howard says the right to free speech meant he was obligated to issue the permit. “The First Amendment is very clear on that,” he said. “The framers of the Constitution decided this for me in 1791. It applies to all, not just people we like.”

Howard said he has received more than 30 e-mails objecting to the demonstration.

A white supremacist rally at Antietam is “an insult” to those who died there from North and South, says the Rev. Malcolm Stranathan, pastor of Salem United Methodist Church in nearby Keedysville, Md. “They were fighting for ideals that are far beyond what the Klan is about.” To counter the Klan rally, Stranathan is organizing a prayer service in a chapel elsewhere on the battlefield and a concert and children's event in a local park.

“Because the Klan thrives on press, whether it's positive or negative, it's better to avoid their event altogether,” he says. “Confrontation just lends itself to you playing in their field.”

The Antietam battle on Sept. 17, 1862, between Confederate forces led by Gen. Robert E. Lee and the Union Army under Gen. George McClellan left more than 23,000 dead or wounded. The battle halted Lee's advance into the North and gave Lincoln the political momentum to issue the Emancipation Proclamation, which freed slaves in Southern states.

Gordon Young, the leader of the local Klan group who applied for the demonstration permit, said Antietam was chosen for convenience but the site is appropriate. “Our forefathers are flipping in their graves, and we need to do something to stand up and fight back. Immigration, homosexuals — they didn't fight and die for that.”

Howard said the group requested a permit for 100 people to demonstrate. Park police will designate separate areas for media and for counterdemonstrators.

A Klan march organized by Young in 2004 in nearby Sharpsburg had nine participants.

ANTITRUST:

Five face charges for 'Warez' piracy (IDG)

By Grant Gross

IDG News Service, April 27, 2006

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Five U.S. residents face criminal copyright charges for their alleged participation in the online "warez" file-trading community, the U.S. Department of Justice (DOJ) announced Thursday.

The charges come out of an ongoing DOJ crackdown against international online piracy groups that distribute copyrighted movies, software, games and music on the Internet. The five defendants are alleged to be leading members of the "warez scene," groups of Internet users who illegally distribute copyrighted materials online.

Warez groups, using servers worldwide, are often the first distributors of copyrighted works online, before the works filter down to peer-to-peer and other public networks, the DOJ said.

Kevin Fuchs, 25, of West Amherst, New York, and Cuong Quoc Trang, 35, of Parker, Colorado, were charged in an indictment with conspiracy to commit criminal copyright infringement, violating the Digital Millennium Copyright Act, and copyright infringement, the DOJ said.

Matthew Alderman, 24, of Ashland, Oregon, was charged with criminal copyright infringement, and David Morvant, 35, of Thibodaux, Louisiana, and Michael Hays, 51, of Delafield, Wisconsin, were charged with conspiracy to commit criminal copyright infringement.

The charges are part of Operations FastLink and Site Down, the two largest international law enforcement efforts targeted at online distribution of copyrighted material, the DOJ said. The operations have resulted in more than 200 search warrants executed in 16 countries, hundreds of computers being confiscated and more than US$100 million worth of copyrighted software, games, movies and music removed from download sites.

Countries participating in the U.S.-led operations included France, Canada, Sweden, Denmark, the Netherlands, the United Kingdom, Portugal, Hungary, Israel, Spain, Australia, Singapore, Brazil, Belgium, and Germany.

The charges are being prosecuted by the U.S. Attorney's Office for the Western District of North Carolina. The office charged eight other alleged warez leaders with copyright-related crimes in July.

Operation FastLink has resulted in 28 felony convictions so far. In Operation Site Down, 53 people have been charged and 23 convicted of felony offenses.

Five Additional Defendants Charged in Crackdown Against Internet Warez Groups (LinuxElectrons)

LinuxElectrons, April 27, 2006

WASHINGTON, D.C. – Five individuals were charged with criminal copyright infringement in Charlotte, North Carolina, as part of an ongoing federal crackdown against international online piracy groups responsible for most of the illegal distribution of copyrighted movies, software, games and music on the Internet, Assistant Attorney General Alice S. Fisher of the Criminal Division, U.S. Attorney Gretchen C. F. Shappert of the Western District of North Carolina, and FBI Special Agent-in-Charge Kevin B. Kendrick of the Charlotte Division announced today.

Kevin Fuchs, 25, of West Amherst, New York; and Cuong Quoc Trang, 35, of Parker, Colorado, were charged by indictment with conspiracy to commit criminal copyright infringement, violating the Digital Millennium Copyright Act, and copyright infringement. A criminal information charged Matthew Alderman, 24, of Ashland, Oregon, with criminal copyright infringement, and David Morvant, 35, of Thibodaux, Louisiana, and Michael Hays, 51, of Delafield, Wisconsin, with conspiracy to commit criminal copyright infringement.

Operations FastLink and Site Down—the two largest and most aggressive international enforcement actions against criminal organizations involved in the illegal online distribution of copyrighted material—resulted in a total of more than 200 search warrants executed in 16 countries; the confiscation of hundreds of computers and illegal online distribution hubs; and the removal of more than 100 million dollars worth of illegally-copied copyrighted software, games, movies, and music from illicit distribution channels. Countries participating in these U.S.-led operations included: France, Canada, Sweden, Denmark, the Netherlands, the United Kingdom, Portugal, Hungary, Israel, Spain, Australia, Singapore, Brazil, Belgium, and Germany.

“Large-scale operations like FastLink and SiteDown strike at the core of online piracy,” said Assistant Attorney General Alice S. Fisher of the Criminal Division. “Losses to industry and individuals from online piracy are enormous, and law enforcement will continue to do everything it can to protect valuable copyrighted products and shut down these illegal distribution

networks." Both Operations FastLink and Site Down were the culmination of multiple FBI undercover investigations, but only one of those investigations participated in both operations: the Charlotte undercover investigation responsible for today's charges. These charges are the latest in a series of actions taken by the Department of Justice to crack down on illegal online piracy. Operation FastLink has yielded 28 felony convictions to date while in Operation Site Down, 53 individuals have been charged and 23 individuals convicted of felony offenses.

"Intellectual property theft is a growing crime with serious economic consequences," said U.S. Attorney Shappert. "Operations FastLink and SiteDown combine the resources of the Justice Department, 42 separate U.S. Attorney Offices, and FBI agents from 30 separate field offices, in a concerted effort to attack organizations dedicated to the piracy of intellectual property."

The five defendants charged today are alleged to have been leading members in the illegal software, game, movie, and music trade online, commonly referred to as the "warez scene." They are charged with playing key roles in these organized warez groups that act as "first-providers" of copyrighted works to the Internet—the so-called "release" groups that are the original sources for a majority of the pirated works distributed and downloaded via the Internet. Once a warez release group prepares a stolen work for distribution, the material is distributed in minutes to secure, top-level warez servers throughout the world. From there, within a matter of hours, the pirated works are distributed globally, filtering down to peer-to-peer and other public file sharing networks accessible to anyone with Internet access. These warez groups supply the for-profit criminal distribution networks that cost the copyright industry billions of dollars each year.

"Theft of intellectual property strikes at the very heart of this country's economic vitality," said FBI Special Agent-in-Charge Kendrick. "Crimes of this type are a priority within our Cyber Crimes Program and the public can be rest assured that we will continue to aggressively investigate those individuals and organizations involved in activity such as this in an effort to bring them to justice."

These cases are being prosecuted by Senior Litigation Counsel Eric Klumb, Senior Counsel Corbin Weiss of the Department's Computer Crime and Intellectual Property Section, and Assistant U.S. Attorney Corey Ellis of the U.S. Attorney's Office for the Western District of North Carolina.

Hi-Tech Five arrested on copyright infringement (UPI)

UPI, April 28, 2006

WASHINGTON, April 27 (UPI) -- Five people were arrested for copyright infringement as the federal crackdown against online piracy groups continues.

The following individuals were charged with criminal copyright infringement in Charlotte, N.C., the Department of Justice said: Kevin Fuchs, 25, of West Amherst, N.Y.; and Cuong Quoc Trang, 35, of Parker, Colo., were charged by indictment with conspiracy to commit criminal copyright infringement, violating the Digital Millennium Copyright Act, and copyright infringement. Authorities charged Matthew Alderman, 24, of Ashland, Ore., with criminal copyright infringement, and David Morvant, 35, of Thibodaux, La., and Michael Hays, 51, of Delafield, Wis., with conspiracy to commit criminal copyright infringement.

"Large-scale operations like FastLink and SiteDown strike at the core of online piracy," said Assistant Attorney General Alice S. Fisher of the Criminal Division. "Losses to industry and individuals from online piracy are enormous, and law enforcement will continue to do everything it can to protect valuable copyrighted products and shut down these illegal distribution networks."

Union objects to sale of 4 Knight Ridder papers (SBJ)

The Sacramento Business Journal, April 28, 2006

The Newspaper Guild-Communications Workers of America Thursday called on state and federal regulators to scrutinize the $1 billion sale of the San Jose Mercury News, Contra Costa Times, Monterey Herald and St. Paul (Minn.) Pioneer Press.

Sacramento-based McClatchy Co. (NYSE:MNI) said on Wednesday it plans to sell the papers to Denver-based MediaNews Group Inc. and New York-based Hearst Co. in a complex deal that is expected to be completed this summer.

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The union has been working with The Yucaipa Cos. of Los Angeles to try to buy the 12 papers that McClatchy said it intends to sell when it completes its purchase of San Jose-based Knight Ridder Inc.

"We believe that a common interest exists among McClatchy shareholders, employees and the communities served by the 12 Knight Ridder newspapers being sold by McClatchy Co.," union president Linda Foley said in a statement.

"TNG-CWA continues to believe that the bid by The Yucaipa Cos. for all 12 newspapers is likely to deliver the best value and we call on McClatchy Co. to provide evidence that shareholder, employee and community interests are being best served by yesterday's announcement," Foley said.

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McClatchy, which saw its stock drop 51 cents per share Thursday to $44.20, said the sale announced Wednesday has a valuation of 11.5 times earnings before interest, taxes, depreciation, and amortization, and a premium to the 9.5 times that McClatchy agreed to pay for the whole of Knight Ridder.

The union didn't say what kind of multiple its deal represents.

The union regulators need to assess the antitrust implications of the deal to sell MediaNews three newspapers in California, where MediaNews already owns other newspapers.

"The newspaper industry is already dominated by a small circle of ownership groups. Yesterday's news drew that circle even smaller," Foley said.

MediaNews CEO Expects No Major Changes At St. Paul Newspaper (KRT)

By John Welbes

Knight Ridder, April 28, 2006

ST. PAUL, Minn. - The fate of the St. Paul Pioneer Press became a little clearer Thursday as William Dean Singleton said that the paper won't see major changes after his company becomes its owner sometime this summer.

"You're joining us because we want you," Singleton, the CEO of MediaNews Group Inc., told employees packed into a stifling conference room. "We think there's a lot of opportunity here and if we didn't want it, we wouldn't have bought it."

His arrival at the Pioneer Press followed the announcement Wednesday of a four-paper acquisition by MediaNews, which is based in Denver. Singleton's company, teaming with Hearst Corp., is buying the St. Paul paper and three California papers in a complicated, $1 billion deal.

The deal, expected to close this summer, won't cause the loss of jobs, wages or benefits at the Pioneer Press, Singleton said. He added that the status of the newspaper's labor contracts, which cover about 90 percent of its 960 workers, will be up to local management. Publisher Par Ridder will remain with the newspaper.

"We've been in competitive markets and we thought it'd be fun" to enter another one in the Twin Cities, he said. MediaNews owns 49 daily newspapers, the largest being the Denver Post and the Detroit News.

Sporting a navy pinstripe suit and a Texas drawl, Singleton said he intends to continue competing with the Minneapolis-based Star Tribune. That will involve going after growing areas on the fringe of the Twin Cities and trying to take away market share.

He said he's "totally on board" with the newspaper's current strategy, which involves pursuing local news and local advertisers - both large and small - to keep the paper growing.

"You'll be happy after the closing," Singleton said. "You will barely know it happens."

Singleton said given the challenging newspaper industry environment, he couldn't promise there would never be layoffs at the paper. But he added if there are, they'll be in response to local market conditions.

Singleton generated laugher and applause when he explained why he won't pursue a joint operating agreement with the Star Tribune.

Such a deal allows newspapers to combine business operations while maintaining separate newsrooms_a cost-saving move. But he said regulators only permit that in a market where one of the papers is failing. The Pioneer Press isn't failing, he said, and "the Star Tribune isn't failing - yet."

Afterwards, several employees said they found the meeting reassuring.

"I think it kind of eased my mind," said Aric Sorenson, an advertising account executive. He said he is glad that he can now answer advertisers' questions about the paper's future.

Because Ridder is remaining as the paper's publisher, it's also expected that his team of top managers will remain.

The newspaper industry as a whole is working through tough times, as more advertisers are taking their ads to specialized online site and fewer young people are subscribing.

Singleton said he and the top people at his papers are trying to craft the best strategy for growth on the Internet side of the business.

"Long term we've got to get paid for news (online) or we can't keep producing it," he said. But he said that has to be an industry-wide solution and not just one paper acting alone.

Larger issues still surround McClatchy's deal to buy Knight Ridder, the Pioneer Press' parent company. McClatchy, which owns the Star Tribune, is selling off 12 of Knight Ridder's 32 newspapers - including St. Paul - to help finance the deal. McClatchy said antitrust issues in the Twin Cities prompted its sale of the Pioneer Press. MediaNews' $1 billion deal also includes the San Jose Mercury News, Contra Costa Times and Monterey County Herald, all in California.

On Thursday, a union that represents hundreds of Knight Ridder Newspapers employees said that the four-newspaper deal announced Wednesday "warrants closer scrutiny by regulators, shareholders and communities" served by the papers.

Linda Foley, president of The Newspaper Guild-Communications Workers of America said small circle of companies that dominates the newspaper industry just got smaller, and antitrust concerns need to be examined.

Some of those reviews are already underway. The U.S. Department of Justice recently told McClatchy that it's seeking additional information about the Twin Cities newspaper market.

That second review for the Twin Cities area may slow things down, as the Department of Justice can take more time to complete its work, said Stephen Barnett, an antitrust expert and law professor at the University of California at Berkeley.

The pending sale of the Pioneer Press to MediaNews, though, could speed it back up, he said. Once McClatchy sells the paper to someone not currently competing in the Twin Cities market, he said antitrust pressures are relieved.

"It's a capitalistic economy and McClatchy can decide to sell to anyone it wants to, other than a competitor (in the Twin Cities market)," Barnett said.

Judge refuses to halt court proceedings in Seattle dailies' JOA fight (SEAPI)

By DAN RICHMAN

Seattle Post-Intelligencer, April 28, 2006

The judge in the 3-year-old contract dispute between Seattle's two daily newspapers refused today to halt all court proceedings in that case, ruling that antitrust and breach of contract claims by a self-styled citizens group can proceed against the owner of the Seattle P-I and The Seattle Times Co.

The ruling, from King County Superior Court Judge Greg Canova, also raises the possibility that The Times Co. may withdraw from a binding arbitration agreement -- an event that would start two 18-month clocks ticking toward the automatic end of the Joint Operating Agreement that has bound the two newspapers since 1983.

Hearst Corp., the P-I's owner, says the P-I can't survive outside the JOA. The Times Co. says the JOA is ruining it financially.

The publishers sought to stop the court proceedings so they could move their fight into binding arbitration, which would deliver a non-appealable decision by May 31, 2007, on whether The Times Co. can exit the JOA.

The Committee for a Two-Newspaper Town argued -- and the judge today agreed -- that the publishers are entitled to put a hold only on the claims between them, not on the committee's separate assertion that the JOA violates federal antitrust laws and that The Times Co.'s conduct within the JOA has constituted a breach of contract.

The Times Co. has said it might withdraw from the arbitration agreement if all claims in the case were not stayed. Times Co. spokeswoman Jill Mackie said Publisher Frank Blethen, President and Chief Operating Officer Carolyn Kelly, and the company's attorneys would confer later today on how to proceed.

Dmitri Iglitzin, an attorney for the committee, said, "The committee is very pleased." He said no meeting of the committee has been scheduled to decide whether to proceed with its claims.

Microsoft Attacks Brussels In Court (FT)

By Tobias Buck

Financial Times, April 28, 2006

Microsoft yesterday accused the European Commission of "the biggest encroachment on intellectual property in European competition law history", and likened the regulator's antitrust ruling to "opening the vaults of a bank" and handing out money to passers-by.

The software group's withering attack formed part of a legal challenge in the European Court of First Instance in Luxembourg to the Commission's March 2004decision that found Microsoft guilty of abusing its dominantposition and imposed a record €497m ($616m) fine.

Ian Forrester QC, a partner at White and Case, which is acting for Microsoft, insisted the Commission had been wrong to punish Microsoft for refusing to supply information about the Windows operating system to rival companies.

Brussels argues the information was necessary to allow other companies to develop server software that is "interoperable", or runs smoothly, with Windows-driven servers and computers.

Mr Forrester argued that the Commission's order to make available 12,500 pages of interoperability information infringed several Microsoft patents without proper justification.

He said Brussels had failed to show that the interoperability information demanded by the regulator was "indispensable" for other companies to enter the market.

The Commission's case, Mr Forrester added, was "like a jellyfish - shapeless, and very painful".

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But the Commission's legal team disputed Microsoft's arguments vehemently, saying the group had "rigged the rules" of the marketto ensure its rivals were unable to compete. The regulator dismissed, in particular, Microsoft's claim that the ruling infringed its intellectual property, saying the group had only been able to cite four European patents in its defence.

The Commission claimed that, crucially, Microsoft had never at the time defended its refusal to supply rivals with interoperability information by referring to intellectual property rights.

The group was therefore not in a position to cite IP rights as a justification for its abuse, according to Anthony Whelan, representing the Commission before court.

The two sides also sparred over whether Microsoft's behaviour had actually threatened to eliminate competition.

Mr Whelan insisted that Microsoft had already attained a market share of at least 60 per cent and that the threat of elimination was real: "There is a reshuffling of the fringe [of the market] but the fringe remains just that."

The 13 judges will today have the chance to put questions to the two parties. The hearing is due to end on Friday.

EU judges to mull record Microsoft fine (AP)

By AOIFE WHITE

AP, April 28, 2006

Microsoft will try Friday to convince a panel of judges that a record antitrust fine levied against it two years ago should be thrown out or reduced in the last session of a five-day hearing.

The European Union ruled in March 2004 that the world's largest software company had to pay a record euro497 million (US$613 million) fine after a five-year investigation concluded it had taken advantage of its position as the leading supplier of operating systems.

Microsoft has appealed the fine, and the ruling, since Monday, attacking the European Commission's order to share information with rival software makers and produce a version of its Windows operating system without Media Player software. Microsoft claims the European regulator has made "serious errors" and is compromising its innovative designs.

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In the first two days of the hearing, which is scheduled to end Friday, the 13-judge panel of the Court of First Instance centered on the company's bundled Media Player. On Wednesday and Thursday, hearings focused on a challenge to the order Microsoft give information to rivals to make its server software work more smoothly with the ubiquitous Windows program.

Judge John D. Cooke, in a terse exchange with Commission lawyer Anthony Whelan, asked whether Microsoft's proprietary information should be given away to its rivals, including patent information.

"The information which forms interoperability is hugely valuable commercial information. In the commercial sense this is highly valuable information, that's why it's difficult to understand the attitude of the Commission that these are mere trade secrets," the judge said -- a reflection of Microsoft's assertion that to give over the code would be forfeiting the hundreds of years in manpower that went into devising it.

Cooke, who will write the draft ruling, wanted to know if "competition rules require that be taken away from Microsoft, conveying a huge commercial advantage."

Whelan said the value Microsoft placed on the code was merely a reflection of the amount of time and effort it had put into creating it, nothing more.

The Commission has never asked Microsoft to open up its source code -- the recipe for Windows -- but Microsoft offered earlier this year to grant some access to rivals under certain conditions if it would appease both EU and U.S. regulators.

James Flynn, a lawyer for the European Committee for Interoperable Systems, an industry group that includes Sun Microsystems Inc., IBM Corp. and Oracle Corp., said that Microsoft's "information is not kept secret because it is valuable. It is valuable because it is kept secret."

Microsoft lawyer Ian Forrester rejected any suggestion that the company had deliberately exaggerated the importance of certain algorithms it would have to disclose.

Microsoft and EU officials were still discussing just what needed to be handed over, he said, explaining that Microsoft believed that to meet the terms of the Commission order and hand over "complete and accurate" information, it would have to give access to key parts of its code.

While a court decision on the ruling is not due for months, a decision backing the commission could force Microsoft to change the way it does business in the future and endorse the EU's ability to hold back aggressive corporate behavior.

An appeal is not certain since Microsoft would need strong legal arguments to protest the ruling to the EU's highest court, the European Court of Justice.

Judges Stress Intellectual Property In Microsoft Appeal (NYT)

By Paul Meller

The New York Times, April 28, 2006

LUXEMBOURG, April 27 — Lawyers for the European Commission and Microsoft faced tough questioning on Thursday about the 2004 antitrust ruling against the company.

During cross-examination by 13 judges of the European Court of First Instance who are hearing Microsoft's appeal of the ruling, the sharpest questions were reserved for the commission. Judge John Cooke, who will write the decision in the case, appeared to chastise commission lawyers for not taking the company's concerns about protecting its intellectual property seriously.

Under the 2004 ruling, Microsoft was ordered to disclose technical details to rival makers of software for computer servers to allow them to develop programs that work as smoothly with the Windows operating system as Microsoft's own software does. The company contends this order breaches its intellectual property rights, while the commission argues that Microsoft is seeking to preserve trade secrets that fall short of legal protection.

On Wednesday, Anthony Whelan, the commission's top lawyer handling the software development part of the case, argued that patent and copyright claims must be scrutinized by independent bodies before they were granted protection, whereas trade secrets did not. Yet the bulk of Microsoft's intellectual property argument revolves around the trade secrets in Windows that the commission wants the company to reveal.

"Trade secrets are not entitled to the degree of protection that Microsoft claims," Mr. Whelan asserted.

Judge Cooke turned to the issue on Thursday. "These are not just trivial trade secrets," he said. "This is hugely valuable information developed by a major corporation taking hundreds of man-hours to develop." He added that he found it hard to follow the commission's logic in defense of its 2004 ruling.

Microsoft was delighted by the amount of attention the judges gave to the intellectual property aspect of its appeal.

"The idea that this is not an I.P. case was scotched," a Microsoft spokesman, Tom Brookes, said. "Judging by the judges' questions, they recognized that I.P. is core here."

But Microsoft's top lawyer arguing the interoperability part of the appeal, Ian Forrester, did not escape Judge Cooke's scrutiny. At one point, he seemed to accuse Microsoft of exaggerating the scope of the commission's order to make it seem unreasonable.

"Is that Microsoft's stance?" Judge Cooke asked. Mr. Forrester, who has been highly articulate in the hearing, was rendered speechless for some seconds before denying that Microsoft had been exaggerating.

The judges' cross-examinations do not necessarily reveal their thinking, representatives from both sides said.

"The judge was just being provocative," said Thomas Vinje, a lawyer representing the European Committee for Interoperable Systems, a trade group and one of the commission's main allies in the case.

Microsoft's general counsel for Europe agreed. "It's not possible to predict from the questions what the outcome will be," the lawyer, Horacio E. Gutiérrez, said, adding that Judge Cooke in particular had shown "a tremendous grasp of the economic, technical and legal arguments."

The fact that the judges homed in on the commission's legal team could mean that they agree with them and are just making sure that a decision to uphold the 2004 ruling is watertight, many lawyers attending the hearing said.

A decision in the case is not expected for months.

Concrete exec admits price-fixing (INDYSTAR)

By J.K. Wall

The Indianapolis Star, April 28, 2006

Carmel Concrete Products and its president, Scott D. Hughey, have agreed to plead guilty and pay criminal fines for fixing the price of ready-mixed concrete in the Indianapolis area, the Department of Justice announced today

Carmel Concrete is the fifth Indianapolis-area concrete firm to either admit guilt or be charged in the ongoing federal probe. Two other companies, Irving Materials Inc. and Builder's Concrete & Supply Co. Inc., agreed to plead guilty. One company, Beaver Materials Corp., has been indicted. And a fifth firm, Shelby Materials, won amnesty from penalties by admitting guilt.

In all, those firms have agreed to pay more than $30 million in fines. Nine concrete executives have agreed to fines or jail time.

U.S. District Court Judge Larry J. McKinney will determine the size of a fine for Carmel Concrete, the operating name of Hughey Inc., and the length of any jail term for Scott Hughey. As an individual, Hughey will pay a fine between $30,000 and $50,000.

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"Price-fixing conspiracies, such as the one that dominated the Indianapolis ready mixed concrete market for nearly four years, harm our free market system," said Thomas O. Barnett, assistant attorney general in charge of the Department's Antitrust Division. "This type of conduct deprives consumers of their right to competitive pricing."

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A Tiny Supplier Sues France's Chanel, But Does The Suit Fit? (WSJ)

By Christina Passariello

The Wall Street Journal, April 28, 2006

Carmen Colle has crocheted bustiers for Chanel and spun sweaters for Yves Saint Laurent. As a "petit main," or little hand, of French fashion, she even wove a metal bra for Christian Lacroix.

But now Ms. Colle, a former steelworker, is venturing where few little hands have dared: the courtroom. In a €5.3 million ($6.6 million) lawsuit that may unravel her business, Ms. Colle claims Chanel, which she has supplied for years, copied one of her designs -- a crocheted floral pattern -- on a line of $1,800 to $3,000 cardigans, skirts and dresses.

The iconic French fashion house says the allegations are unfounded. But a judge in a Paris commercial court has allowed Ms. Colle to pursue her case, which deals with a recurring issue for fashion firms today: counterfeiting. This time the glitzy world of high-fashion faces a challenge from the unglamorous realm of suppliers.

On one side is Chanel SA, the aristocratic Parisian label known for its $5,000 skirt suits and six-figure gowns long favored by women from Jackie Kennedy to Nicole Kidman. On the other is Ms. Colle, a stocky mother of five who founded a knitwear business called World Tricot in the eastern French town of Lure.

Luxury-goods firms complain endlessly about being ripped off by counterfeiters. Each year, they spend millions of dollars going after copycats. But a thinly draped secret in the fashion industry is that the big guys also sometimes purloin ideas.

Fashion houses often outsource specialized products, such as hand-knitted or embroidered garments, to small suppliers. These contractors -- who offer their own original ideas, or take direction from clients -- submit samples in hopes of getting an order. They rarely copyright their designs, but French counterfeit laws offer some protection even if they fail to register their samples. Suppliers say that there is always the risk of their work being rejected and later ripped off.

"It's very ambiguous," says Sébastien Barilleau, a Paris-based "petit main" who supplies embroidery for fashion houses including Chanel and Givenchy. "You go to a fashion show and see a design that looks like something similar to what you sent to the client. But that's just the way it works."

Chanel, which declined to comment on specifics of the case, said that the idea for the design in question was generated in-house. "In the present case, Chanel had World Tricot as well as other suppliers make knit samples ..." the company said in a previously released statement. "The [design] theme had already been evoked in previous collections with great success and produced by other suppliers."

The fashion house told a judge that the white-crocheted design in dispute was made by another of its 268 suppliers, Mely's Maglieria Srl of Italy, according to a person present at a January hearing. Mely's declined to comment.

Ms. Colle has a different account. In the spring of 2004, she says, her daughter Sylviane, who had joined World Tricot, knitted a postcard-sized patch of white cotton in a pattern of vertical flower rows.

It looked "very Chanel," thought Ms. Colle, who submitted it to the company's design team. Within days, Chanel sent Ms. Colle a sketch of a vest and asked World Tricot for a prototype based on the white-flowered pattern. Both parties agree that the company sent one in, and that Chanel never placed an order.

Six months later, Ms. Colle says she was walking by a Chanel boutique in Tokyo and saw what she claims is her company's design, entwined with black silk ribbon, crocheted on a cotton cardigan, dress and coat. "I never go into the boutiques, so I couldn't believe it," she says. Upon her return, Ms. Colle took Chanel straight to court. Her lawsuit seeks €3.3 million in damages for alleged counterfeiting and €2 million for breach of contract.

At the January hearing, the judge asked Chanel and Ms. Colle to enter into mediation. The two sides didn't come to an agreement, however, so the case went back to court last month. The judge is expected to issue a verdict on May 12.

Since the suit was filed last July, Ms. Colle's business has faltered. Chanel placed a final order last August, and doesn't plan to send any more business Ms. Colle's way, a company spokeswoman confirms. Orders from other houses have dried up as well.

Suing the fashion giant "was a very difficult decision," says Ms. Colle, tearing up behind her gold-rimmed glasses. "But if I don't fight, I'm just an accomplice."

The daughter of Italian émigrés to Lure, Ms. Colle dropped out of school when she was 14. She got a job in a steel mill to supplement her father's income as a woodcutter.

In her early thirties, Ms. Colle decided to become a social worker. Frustrated that she couldn't find jobs for the area's poor, she founded World Tricot SA in 1987 out of an apartment in Lure, employing refugee women from countries such as Cambodia and Algeria. Since she didn't have money for furniture, her first five employees took turns sitting in one chair, hand-knitting sweaters, scarves and other wool products.

Ms. Colle studied fashion magazines like Elle and Vogue for clues to different designer styles. She read trade magazines to learn the names of fashion executives.

Her first foray into the business, in 1989, was a flop. She set up a meeting with Jacqueline Jacobson, founder of Dorothée Bis -- a brand known for its ribbed sweaters which has since been acquired by BCBG Max Azria -- to present a sample of her wares. But no orders resulted.

Ms. Colle didn't give up. After she sent the next samples, wrapped in cream-colored tissue paper, Ms. Colle says Ms. Jacobson placed an order. It was the beginning of Ms. Colle's new career as one of French fashion's "petits mains," a term first used to describe the seamstresses who hand-stitched custom-made, haute couture gowns. In 1990, Ms. Colle signed on two important clients: French fashion house Christian Lacroix and Popy Moreni, an Italian designer based in Paris.

Word soon spread about World Tricot's craftsmanship. The company signed on more clients, and Ms. Colle hired more workers. In 1999, she landed the most prestigious couture name of all: Chanel.

For five years, Ms. Colle took a five-hour train ride into Paris as often as once a week to visit Chanel's elegant offices on the chic Rue Cambon. Every few months, she presented new samples. If Chanel liked one, the fashion house would ask World Tricot to make a prototype -- a skirt or a sweater with the proposed pattern. Karl Lagerfeld, the house's eccentric designer, was the final arbiter. If he approved the prototype, Chanel would place an order.

By the end of the 2004-2005 financial year, Ms. Colle says World Tricot had €1.9 million in sales, with knitwear for Chanel accounting for 89% of the total.

Now, with orders falling sharply, she has laid off 20% of her 25-person work force. To make up income, she recently launched her own knitwear brand, called Angèle Batist, which she shows to clients during private viewings at hotels in Paris, New York and Tokyo. Last month, Sen. Hillary Clinton ordered a black knit skirt for €500, Ms. Colle says. A spokeswoman for the senator didn't return calls for comment.

ENVIRONMENT:

10 States Sue E.P.A. On Emissions (NYT)

By Danny Hakim

The New York Times, April 28, 2006

ALBANY, April 27 — In the latest legal broadside against the Bush administration's policy on global warming, New York, California and eight other states sued the Environmental Protection Agency on Thursday for refusing to regulate carbon dioxide emissions from power plants.

Attorney General Eliot Spitzer of New York, the lead plaintiff, said the agency's refusal "continues a sad course of conduct on the part of the Bush administration and reflects a disregard for science, statute and wise policy."

A similar suit involving many of the same states and led by Massachusetts was dismissed last year by the United States Court of Appeals for the District of Columbia Circuit, where the new lawsuit was filed. Another suit by several of the same states sought to compel power producers to reduce emissions and was dismissed last year in Federal District Court in Manhattan. Both cases are being appealed.

"This is more of the same — yet another attempt by some states and environmental groups to change U.S. climate policy through litigation," Dan Riedinger, a spokesman at the Edison Electric Institute, a trade group of power companies, said in a statement.

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Such suits, Mr. Riedinger said, seek "to circumvent the ongoing policy debate in Congress, which alone has the authority to make or change federal environmental laws."

James R. Milkey, chief of the environmental protection division of the Massachusetts attorney general's office, said the new case was more narrowly focused on what has become a central policy question about global warming: whether the E.P.A. has the authority to regulate carbon dioxide, the principal contributor to global warming, as a pollutant.

"We feel we have an extraordinarily strong argument on that point," Mr. Milkey said.

New York City, the District of Columbia and three environmental groups also joined in the suit, along with Connecticut, Massachusetts, Maine, New Mexico, Oregon, Rhode Island, Vermont and Wisconsin.

The suit seeks to force the environmental agency to start regulating emissions of heat-trapping gases, like carbon dioxide, from power plants and to tighten regulations of conventional smog-forming pollutants. The basis for the argument is that the agency has not lived up to requirements in the Clean Air Act to ensure public health.

With 135 new coal-powered plants on the drawing board nationwide, environmental groups see tougher emission controls as an urgent need before the building of plants that can last for half a century or more. The proposed plants would "blow a hole in the world's effort to curb global warming," said Daniel Becker, director of the global warming program at the Sierra Club, a party to the suit. "A little over a third of U.S. global warming pollutants come from power plants, and the bulk of it from coal-fired power plants."

The Bush administration has argued that voluntary measures are the best way to proceed on global warming, rather than requirements on industry to reduce emissions.

"E.P.A. will review all options and make an informed decision on how to proceed," said Jennifer Wood, a spokeswoman for the agency. "E.P.A.'s climate protection programs continue to exceed the agency's greenhouse gas emissions goals and are on target to meet the president's 18 percent goal to reduce greenhouse gas intensity by 2012."

The administration's decision not to classify carbon dioxide as a pollutant has complicated the desire of several states to regulate emissions from cars.

California is in the midst of a legal battle with automakers over the state's new law putting strict curbs on emissions from the tailpipes of cars and trucks. New York and other states are planning to mimic California's standards and have also been sued by the auto industry. The industry has been supported by the Bush administration.

Environmentalists and lawyers for the states argue that the Clean Air Act compels the federal government to regulate carbon dioxide.

"Does the Clean Air Act care about climate?" asked David Doniger, a lawyer at the Natural Resources Defense Council. "Yeah, it says so."

The E.P.A. does not dispute global warming as a concept. Its Web site says that climate change is expected to raise sea levels and alter precipitation trends.

"Changing regional climate could alter forests, crop yields and water supplies," the agency says. "It could also affect human health, animals and many types of ecosystems."

Md. Sues Exxon Over Gas Leak (BSUN)

By Timothy B. Wheeler

The Baltimore Sun, April 28, 2006

In the biggest environmental enforcement action in recent years in Maryland, the state filed suit Thursday seeking nearly $12 million in penalties from Exxon Mobil Corp. and a local service station operator for a massive gasoline leak that officials say has fouled well water in the Jacksonville area of Baltimore County.

"We are holding those responsible accountable," Kendl P. Philbrick, secretary of the Maryland Department of the Environment, said at a news conference at the agency's Baltimore headquarters. He called the leak, one of the largest ever in the state, "catastrophic," and said an investigation continues into whether criminal charges might be filed as well.

The 15-count civil suit, filed in Baltimore County Circuit Court, accuses the giant oil corporation and Storto Enterprises Inc., operator of the Jacksonville Exxon station, of violating state environmental laws and regulations by allowing gasoline to leak from an underground fuel line and not detecting or reporting it promptly.

The suit charges that more than 25,000 gallons of unleaded regular gas dribbled from a small hole accidentally drilled in a buried fuel line by a contractor performing maintenance at the station in mid-January. The leak was not reported to state environmental officials until Feb. 17, more than a month later, although, the lawsuit says, the station's operator noted losses of almost 700 gallons of gasoline daily during that time.

The lawsuit charges that Exxon Mobil and its operator failed to install or maintain a properly functioning leak detection system that might have confirmed the gasoline release before it became so large.

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Cleaning up

In addition to penalties, the state's lawsuit asks a court to require Exxon and its operator to complete the cleanup of the gasoline that leaked -- a process that, Philbrick acknowledged Thursday, could take years.

Exxon Mobil spokeswoman Betsy Eaton declined to respond to the specifics of the lawsuit, saying, "Our primary focus continues to be on the recovery and remediation of the gasoline leaked at Jacksonville." A telephone call to the Fallston address listed for Storto Enterprises was not returned.

G. Macy Nelson, a plaintiffs' environmental lawyer based in Towson who is not involved in the case, applauded the state's lawsuit. He said he couldn't think of a similar enforcement action being taken against a company.

"Historically, in my experience, MDE has gone after polluters but has done so with a very light hand," he said. "This sounds aggressive. Maryland has a lot of strong environmental statutes that provide effective tools, if they'll only use them."

He said the state's case is particularly strong because it is seeking penalties and needs only to show that the company has violated environmental laws, but does not, for example, have to prove damages to property.

Though only six residential and commercial wells in the Jacksonville area have been contaminated enough by gasoline or its components to exceed guidelines for safe drinking water, state officials say 62 residential wells show traces of methyl tertiary butyl ether, or MTBE, a gasoline additive that spreads readily through ground water. Though not believed harmful at the low levels seen in almost all the wells, MTBE has caused cancer in laboratory animals.

More than 200 residential wells have been tested, and the six seriously tainted wells have been equipped with carbon filtration systems to remove the contaminants.

More than 10,600 gallons of gasoline have been recovered since the leak was reported Feb. 16, state officials say, and perhaps another 3,000 gallons' worth of fuel vapors have been suctioned out of the ground -- substantially less than the oil company had been claiming.

Philbrick said recovery efforts had been aided by Exxon's quick response once the leak was reported, by dry weather and by the area's geology, which confined the leak to a narrow band underground. The company's aggressive cleanup, however, does not absolve it, he said.

Official's vow

The legal action comes less than two months after Philbrick vowed at a news conference in Jacksonville to take strong enforcement action against Exxon Mobil. He also ordered other service stations in the state to check their leak detection systems and vowed to tighten underground fuel storage regulations to prevent anymore such leaks.

How much, if anything, Exxon Mobil and Storto will have to pay in penalties will depend on whether a judge or jury finds that the companies violated state laws and regulations. The amount of penalties imposed could be set by the court, or it could be negotiated downward in an out-of-court settlement.

But the law allows penalties of up to $25,000 a day for each violation, and an additional penalty of $100 per gallon for illegal releases of more than 25,000 gallons. State officials said they were seeking the maximum penalties because of the size and severity of the leak.

Though courts rarely grant maximum penalties in such cases, if they are awarded in this lawsuit, they would equal all the administrative and civil penalties the state environmental agency has collected in more than 12,000 cases brought since 1997, according to figures supplied by a spokesman for Attorney General J. Joseph Curran.

Six years ago, the state collected nearly $2 million in a settlement from Potomac Electric Power Co. and its contractor after a pipeline ruptured, spilling 125,000 gallons of oil into a marsh along the Patuxent River. That incident in 2000 was the largest oil spill ever in the state.

Exxon Mobil also faces a class-action lawsuit, filed on behalf of Jacksonville area residents, which seeks $535 million in punitive damages and an order requiring the company to pay for cleaning up the contamination, filtering residents' well water or supplying them with an alternate source.

Del. A. Wade Kach, a Baltimore County Republican who represents the Jacksonville area, welcomed the state action. "I can't believe anyone can lose 25,000 gallons of inventory and not notice," Kach said. "I don't understand it at all."

Sonar Called Likely Stranding Cause (WP)

By Marc Kaufman

The Washington Post, April 28, 2006

Federal marine specialists have concluded that Navy sonar was the most likely cause of the unusual stranding of melon-headed whales in a Hawaiian bay in 2004.

The appearance of as many as 200 of the normally deep-diving whales in Hanalei Bay in Kauai occurred while a major American-Japanese sonar training exercise was taking place at the nearby Pacific Missile Range Facility.

The report is the latest in a series of scientific reviews linking traditional mid-frequency naval sonar to whale strandings. Sonar has been used for decades, but it was only recently that the apparent connection to strandings was established.

While the National Oceanic and Atmospheric Administration scientists said they could not definitely state that sonar caused the strandings, they said extensive study led them to the conclusion that there was no other likely cause.

"Our analyses indicate there was no significant weather, natural oceanographic event or known biological factors that would explain the animals' movement into the bay nor the group's continued presence in the bay," said Teri Rowles, NOAA Fisheries Service's lead marine mammal veterinarian and lead author of the report.

NOAA concluded that sonar was "a plausible, if not likely, contributing factor" to the stranding.

The Navy has said it was virtually impossible for its sonar to have led to the Hanalei Bay stranding, and officials maintained that position yesterday. "I think that if you look at the report, there are just so many unknown factors at work that to say sonar was a plausible if not likely cause is erroneous," said Lt. Commander Christy Hagen of the U.S. Pacific Fleet in Hawaii.

The Navy is planning another major sonar testing maneuver in the same area in July and -- for the first time -- NOAA has formally asked the Navy to use expanded measures to protect whales from the possible effects of its sonar.

The active sonar used by navies sends out loud pings of sound that seem to frighten and disorient whales, especially deep-diving species such as the beaked and melon-headed whales. The effect was documented off Greece in 1996 and established later during naval exercises in the Bahamas, off the Canary Islands and off Spain.

The findings have complicated the Navy's efforts to set up a 500-square-nautical-mile sonar training facility off the coast of North Carolina. Naval officials say the sonar training is essential, especially now that possibly hostile foreign navies have developed diesel submarines that are not detected by the kind of passive sonar used to follow large nuclear submarines.

Rowles said that the melon-headed stranding in Hawaii was highly unusual, and only the second recorded in the United States in modern times. The other occurred off Florida earlier this year, and Rowles said NOAA is trying to determine if any naval activity occurred in the area.

In the 2000 Bahamas stranding, a local marine biologist collected some of the whales that died onshore and froze them for later study -- which helped NOAA conclude that sonar was the likely cause. In Hanalei Bay, the whales were ultimately led back to sea and one young animal died, apparently of starvation. So there was no physical evidence of injury to examine.

Yesterday's NOAA conclusion was based instead on the lack of other possible causes, the unusual nature of the whale movement, and an analysis that concluded the extensive sonar use occurred close enough to Hanalei Bay for the whales to swim there by early July 3.

A number of environmental groups have become increasingly concerned about the effects of sonar, and the Natural Resources Defense Council has sued the Navy a number of times on the issue. Michael Jasny, a senior consultant with NRDC, said the NOAA report was worrisome.

"This was by far the largest stranding of melon-headed whales ever recorded in Hawaii," he said. "Once again, the Navy's denial has been contradicted by the official government investigation. It's time for the Navy to stop this needless infliction of harm."

DEA/ATF/USMS:

More than 9,000 fugitives caught in a week (AP)

By MARK SHERMAN

AP, April 28, 2006

WASHINGTON -- Ten years to the day after allegedly raping a 14-year-old girl, a California man was arrested in a roundup of fugitives that law enforcement officials say snared more than 1,100 sex offenders.

The concentrated search for people wanted for federal, state and local crimes "targeted the worst of the worst," Attorney General Alberto Gonzales said Thursday at a news conference announcing the results of "Operation Falcon II."

Authorities arrested 9,037 people April 17 to last Sunday in a 27-state dragnet led by the U.S. Marshals Service and timed to coincide with National Victims Rights Week. Among those apprehended were 1,102 people wanted for violent sex crimes or failure to register as sex offenders.

No other single law enforcement operation had resulted in the capture of as many suspected sex offenders, the Justice Department said. The arrests came mainly in states west of the Mississippi River, and in Guam and the Northern Mariana Islands.

Gonzales has directed investigators to focus on sex crimes as part of his effort to call attention to child pornography and other crimes against children.

One of those arrested last week was Primo Montes, 37, who was picked up April 18 as he tried to visit his pregnant wife in Escondido, Calif. Ten years earlier, Montes and a second man allegedly raped a 14-year-old girl. Montes fled to Mexico to escape prosecution, but investigators learned he might try to see his wife, the Marshals Service said in a summary of the case.

Marshals arrested Montes when he appeared.

Nearly 80,000 fugitives were arrested last year, just under half by the Marshals Service and the rest by state and local police working with federal authorities. More than 10,000 of those arrests came during a similar nationwide sweep last year.

The operations in the past two years produced roughly 10 times the average number of weekly arrests, but even that barely dents the fugitive caseload. The FBI database contains names of a million fugitives. The director of the Marshals Service, John Clark, said Thursday there are a "few million fugitives" in the United States, most of them wanted on state and local charges.

The agency spent $531,000 on the weeklong exercise, most of it to pay overtime to local and state police, said David Dimmitt, chief deputy U.S. Marshal. More than 2,100 officers from 786 federal, state and local law enforcement agencies took part.

A second phase, targeting the eastern U.S., will take place in the coming months, Gonzales said

Among those caught was William Wisham, 60, who authorities said failed to register as a sex offender when he moved to a motel in Victorville, Calif. Investigators found letters to children and notes explaining why he enjoys sex with children, as well as child pornography, candy and methamphetamines, authorities said.

Police are working to locate children listed in Wisham's diary-style notes.

On the Hawaiian island of Oahu, police arrested Herbert Damwijk, 30, who is wanted in Washington state on two counts of child rape and molestation against 8-year-old girls, the department said. He was arrested April 17 at his father's residence and awaits extradition to Washington.

Reginald Dozier, 39, was arrested in Belleville, Ill., at 12:01 a.m. on April 17, the first minute of the operation, for failing to register as a sex offender. Dozier had earlier been convicted of raping a girl younger than 13 and giving her gonorrhea.

More Than 1,100 Sex Offenders Arrested In U.S. Fugitive Sweep (BLOOM)

By Robert Schmidt

Bloomberg, April 28, 2006

More than 1,100 people wanted for sex crimes were arrested in a 27-state sweep of fugitives, U.S. officials said.

Those caught in the sweep were part of a group of 9,037 fugitives arrested in a weeklong effort dubbed Operation FALCON II, Attorney General Alberto Gonzales said today at a news conference in Washington.

The operation ``targeted the worst of the worst fugitive felons in the country," he said.

The dragnet, which involved federal, state and local law enforcement authorities, took place during the week of April 17 and was timed to highlight National Crime Victims' Rights Week, which began April 23. Most of those arrested were in the western half of the U.S. Gonzales said a second sweep in the eastern part of the country will take place ``in the coming months."

Justice Department officials said the 1,102 sex offenders arrested represented the largest number ever captured during a single law enforcement operation. Authorities also seized 111 guns, more than 91 kilograms of narcotics, $120,265 in cash and 14 cars.

Last year, more than 79,000 fugitives were arrested and there are ``a few million" still at large, mostly on state and local warrants, U.S. Marshals Service Director John Clark said.

FALCON stands for Federal and Local Cops Organized Nationally. The government conducted a similar operation last year.

117 swept up in Southern Arizona as part of national dragnet (AZSTAR)

The Arizona Daily Star, April 28, 2006

Forty-six people wanted for immigration offenses, including people smuggling, were among the 117 fugitives rounded up in Tucson and Southern Arizona during a weeklong law enforcement operation, officials said.

The dragnet was part of the nationwide Operation Falcon II. The project started April 17 and concluded Sunday. In total, 9,037 people were arrested in 27 states.

Local officers also nabbed four wanted sex offenders, 21 people wanted in connection with drug crimes and 21 wanted in violent crime cases, in addition to 25 others. Two soldiers also were arrested for being absent without leave from Fort Huachuca. They were turned over to the Army's Criminal Investigation Division for prosecution.

Operation Falcon targeted those "who had for too long escaped the grip of justice," said Attorney General Alberto Gonzales in a press statement Thursday.

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"With these criminals off the streets, fewer Americans will live with the threat of violent crime in their communities," he said.

News Area fugitives picked off (CHIST)

Chicago Sun-Times, April 28, 2006

Several hundred fugitives were pulled from Chicago's streets this month -- including two who were among the most wanted -- in a federal and local law enforcement sweep spanning 27 states.

In Chicago, 403 fugitives -- twice as many as the last time investigators did this -- were arrested during the sweep, which began April 17, said Geoffrey Shank, commander of the U.S. Marshals Service Great Lakes Regional Fugitive Task Force. In the Great Lakes Region, 1,225 fugitives were arrested.

Chicago also netted more gang members than any other city and pulled two of the 15 most wanted off the streets, authorities said.

One of the most wanted was Clifford Cash, 30, a reputed member of the Gangster Disciples street gang who had failed to register as a sex offender -- for convictions that included an attack on a minor in the early 1990s. Cash was paroled from the Illinois Department of Corrections in 2004 after a 10-year sentence but failed to register, according to state records.

The other was Antoine Sallay, 26, who was originally convicted for the criminal sexual assault of a child under 13 and was released from prison in 2003. Since his arrest, investigators have linked him through DNA to two other criminal sexual assaults against children in the Chicago area.

While 163 reputed gang members were arrested nationwide, the Chicago team caught 64.

The concentrated search for people wanted for federal, state and local crimes "targeted the worst of the worst," U.S. Attorney General Alberto Gonzales said Thursday at a news conference.

A similar roundup was conducted last year.

Gonzales has directed investigators to focus on sex crimes as part of his effort to call attention to child pornography and other crimes against children.

9,037 nabbed nationwide

Nationwide, 9,037 people were arrested between April 17 and last Sunday in the dragnet timed to coincide with National Victims Rights Week. Among those apprehended were 1,102 people wanted for violent sex crimes or failure to register as sex offenders. Locally, there were 53 arrests for violent sex crimes and 49 for failing to register as a sex offender.

"Sometimes the victims get lost," Shank said. "They even get lost on us as we're running down a street chasing a guy. You're not thinking about the family or the victim. But this week we wanted to step forward . . . and concentrate on individuals who were wanted for crimes that relate directly to sexual offenses."

No other single law enforcement operation had resulted in the capture of as many suspected sex offenders, the Justice Department said. The arrests came mainly in states west of the Mississippi River, and in Guam and the Northern Mariana Islands.

Reginald Dozier, 39, was arrested in Downstate Belleville at 12:01 a.m. on April 17, the first minute of the operation, for failing to register as a sex offender. Dozier had earlier been convicted of raping a girl younger than 13.

The FBI database contains names of a million fugitives. The director of the Marshals Service, John Clark, said Thursday there are a "few million fugitives" in the United States, most of them wanted on state and local charges.

A second phase, targeting the eastern United States, will take place in the coming months, Gonzales said.

Operation Falcon makes arrests in La. (BRA)

By BRETT TROXLER

The Baton Rouge Advocate, April 28, 2006

A nationwide crackdown on wanted suspects running from the law has found its way to Louisiana. As part of Operation Falcon, which has a primary focus of tracking down those suspected of sex crimes and violent crimes against women, 68 people were arrested in the middle part of the state.

Of the 68 arrests, five were taken in on rape and violent sex crime charges. Seven arrests were made on weapons-related charges, and local authorities even caught a suspect wanted for attempted murder.

U.S. Attorney David Dugas said the well-coordinated effort will continue throughout the year, but it gets extra emphasis this week.

"It's dangerous work," he said. "These are fugitives who are trying to escape the law. They know law enforcement is looking at them. It takes skill, it takes planning, it takes dedication by the agents -- and that's what we saw this week."

The man brought in for attempted second degree murder was Dedrick Ghoram, according to the U.S. marshals. That warrant was issued by the Baton Rouge Police Department.

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Sweep Nabs 'Worst Of The Worst' (STPPP)

The St. Paul Pioneer-Press, April 28, 2006

The long arm of the law rounded up 110 Minnesota fugitives — several wanted for violent sex crimes — over the past week, federal authorities announced Thursday in Minneapolis.

The roundup was part of a 27-state effort by the U.S. Marshals Service to capture fugitives. The dragnet was focused on sex offenders, who made up more than 1,100 of the 9,037 fugitives taken into custody nationwide.

Al Garber, U.S. Marshal for the District of Minnesota coordinated the Minnesota apprehensions. In all, officers from 18 law enforcement agencies searched for fugitives in the Twin Cities, Duluth and Rochester from April 17 through Sunday.

The operation carried the name "Operation Falcon II" — it's the second year the initiative has been undertaken — and was aimed at fugitives labeled by U.S. Attorney General Alberto Gonzales as "the worst of the worst."

In Minnesota, that included offenders wanted for a variety of crimes, including sexual assault and drug trafficking. The federal emphasis was on nabbing sexual predators and convicted sex offenders who had failed to properly register their whereabouts.

The dragnet concentrated on states in the western U.S. A subsequent weeklong roundup will target states east of the Mississippi.

National crime sweep nets 110 fugitives in Minnesota (MINNST)

By Gregg Aamot

Minneapolis Star Tribune, April 28, 2006

More than 100 fugitives, including sex offenders and gang members, were captured this month in Minnesota as part of a national crime sweep, the U.S. attorney announced Thursday.

The arrests were part of "Operation Falcon II," an initiative involving federal, state and local law enforcement agencies. The 110 people snared in Minnesota were "the worst of the worst criminals," U.S. Attorney Rachel Paulose said.

Nationwide, more than 9,000 people were captured in a sweep of states west of the Mississippi River between April 17 and April 23. The U.S. Marshals Service led the dragnet, which coincided with National Victims Rights Week.

Of the arrests, more than 1,100 were wanted for violent sex crimes.

In Minnesota, all but about 20 of the fugitives were captured in the Twin Cities area, officials said. Officers from 18 agencies across the state helped the U.S. Marshals Service in the arrests.

At a news conference at the federal courthouse, officials displayed several weapons confiscated in the sweep, including a gun and a device U.S. Marshal Al Garber called a "knuckle-knife." The fugitives caught in Minnesota included a man who had raped an 8-year-old boy, a gang member dragged from a crawl space and a career criminal with a record dating to 1967, Garber said.

"The goal was to make our neighborhoods safer, and by taking 110 people off the street, we did that" to a large measure, he said.

Officials said such intense dragnets are significant because agencies don't always have the money or manpower needed to join forces in coordinated efforts. Whether such sweeps would happen every year was the decision of U.S. Attorney General Alberto Gonzales, Palouse said.

A search for fugitives in the eastern half of the United States was also planned, though officials wouldn't say when.

Hundreds Of Californians Among More Than 9,000 In Fugitive Roundup (AP)

By Mark Sherman

AP, April 28, 2006

WASHINGTON - Hundreds of California residents are among 9,037 fugitives arrested nationally in a weeklong roundup that focused on sex offenders, top law enforcement officials said Thursday.

The arrests were made as part of "Operation Falcon II," a 27-state dragnet led by the U.S. Marshals Service and timed to coincide with National Victims Rights Week.

More than 1,100 of the fugitives nationally were wanted in connection with violent sex crimes, a group that Attorney General Alberto Gonzales has made a priority in his 15 months at the Justice Department. The operation "targeted the worst of the worst," Gonzales said at a news conference at the Justice Department.

Among the 256 apprehended in the inland region that stretches from Bakersfield to the Oregon border was a murder suspect from Mexico living in Modesto who will be deported, said Antonio Amador, marshal for that district.

Four of the 256 were homicide suspects, 30 were suspected of sex crimes, 108 were wanted on drug charges and 49 for allegedly committing other violent crimes.

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"As law enforcement knows, fugitives generally have criminal records and continue to commit crimes," Amador said at a Sacramento news conference. "In fact, 95 percent of those arrested had (previous) criminal records."

Authorities in Los Angeles, Orange, Riverside, and San Bernardino counties rounded up 262 fugitives, including two wanted on murder charges, 81 on drug charges, 59 on violent sex charges and 11 for allegedly failing to register as sex offenders.

Among the 262 was William Wisham, who authorities said failed to register as a sex offender when he moved to a motel in Victorville. Investigators found letters to children, notes explaining why he enjoys sex with children, child pornography, candy and methamphetamines, Marshal Adam Torres said in a statement.

Police are working to locate children listed in Wisham's diary-style notes.

In the San Francisco Bay area, 146 fugitives were apprehended, including 23 charged with sex offenses and 44 with narcotics violations.

In San Diego and Imperial counties, 194 fugitives were caught, including five charged with murder, 124 with narcotics violations, six with violent sex offenses and five with failing to register as sex offenders.

Primo Montes was arrested April 18 in Escondido, 10 years to the day after he and another man allegedly raped and molested a 14-year-old girl. Montes fled to Mexico before trial, but investigators staked out his pregnant wife's home in Escondido after receiving a tip that he might visit.

In southern Nevada, 35 of the 100 people arrested were wanted on sex charges or for allegedly failing to register as sex offenders. A local task force also arrested two individuals wanted on murder charges, 39 on drug charges, 13 on assault charges and seven wanted on weapons charges.

Nationwide during the week of April 17-23, federal, state and local authorities arrested 1,102 people wanted for violent sex crimes or for failing to register as a sex offender after a prior conviction for sexual assault.

It was the largest number ever captured in a single law enforcement operation, the department said. The arrests were made mainly in states west of the Mississippi River.

The Marshals Service spent $531,000 on the weeklong exercise, most of it to pay overtime to local and state police, said David Dimmitt, chief deputy U.S. Marshal. More than 2,100 officers from 786 federal, state and local law enforcement agencies took part.

Last year's sweep netted more than 10,000 fugitives, 10 times the average in a week, but just 1 percent of the 1 million fugitives in the FBI's national database. Marshals Director John Clark said there are a "few million fugitives" in the United States, most of them wanted on state and local charges.

Marshals arrested 35,500 federal fugitives for all the government budget year that ended Sept. 30. They worked with state and local authorities to nab another 44,000 people, according to the Marshals' Web site.

ON THE NET

U.S. Marshals Service: http://www.usmarshals.gov/

Justice Department: http://www.usdoj.gov

Operation Falcon puts thousands behind bars Police sting operation conducted nationwide and locally (WHOI)

By Brock Spencer

WHOI-TV Creve Coeur, IL, April 27, 2006

A week long police sting operation netted more than 9,000 arrests nationwide. And, more than a hundred of those arrests were made right here in central Illinois.

It's called "Operation Falcon II" led by the U.S. Marshall Service.

Law enforcement from local, state, and federal departments all worked together during the stings. Arrests included everything from homicide and kidnapping to robbery and burglary.

All of the stings in 27 states were made between April 17 - 23. Peoria County Sheriff Mike McCoy said before this program, it would have been impossible to track down many of these offenders.

"When you have someone like the Marshall's Office and this task force that has jurisdiction to go anywhere, to investigate anywhere, has the ability to call an office up throughout the country, through the world and say hey look we are looking for this guy, we got a report he is in your area. Will you go check it out?" McCoy said.

U.S. Attorney General Alberto Gonzales said the focus of this year's "Operation Falcon II" was on sex offenders. The justice department estimates it was the largest number ever captured in a single law enforcement operation.

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"Among those arrests were more than 1,100 fugitives wanted for committing felony sex offenses or violent sexual assaults or for failing to register as sex offenders," Gonzales said.

Last year's sweep, just called Operation Falcon, rounded-up around 10,000 fugitives.

Operation Falcon II Targets Sexual Predators (KTEN)

KTEN-TV Ada, OK, April 27, 2006

A historic day for law enforcement nationwide, had a significant impact in Southeastern Oklahoma. Operation Falcon II, led by U.S. Marshals, netted thousands of arrests across the western half of the country. The week-long sting focused on capturing sex predators and wanted fugitives.

Today, U.S. Marshals visited Durant, commending Bryan County officials on their contributions. From April 17 through the 23, law enforcement agencies of all levels participated in operation Falcon II. Determined to bring violent sex criminals to justice, officers in Bryan County united, coming down hard on fugitives.

In 27 states law enforcement raided homes, made traffic stops and even swarmed hotels to clean up thousands of existing warrants. Mirroring the efforts of a year ago when U.S. Marshals conducted Falcon I, teams arrested sex offenders, gang members and other wanted felons. Twenty-five different departments in Eastern, Oklahoma captured over 500 fugitives. Local task forces working with the marshals talked about the operation.

"With law enforcement at the local state and federal levels it is absolutley essential that we all work in one accord and in cooperation with one another, and this operation is a prime example of that," said David Ross, Durant OHP.

"Most of them will tell you that they're just doing their jobs, but just doing their jobs most likely saved or impacted many lives in a positive way that can't be calculated," John Loyd, U.S. Marshals said.

Loyd also said the raids yielded over a hundred guns, thousands in cash and opened doors to even more illegal activity in the area. The highest priority was given to sexual predators and unregistered sex offenders, since these issues top the list of local problems.

The U.S. Marshals say operation Falcon II is the most ambitious endeavor in their 216 year history.

Authorities arrest more than 500 in warrant sweep (Phoenix)

By Liz McMahan

The Muskogee (OK) Phoenix, April 28, 2006

More than 500 people wanted for felonies were arrested in Eastern Oklahoma last week, it was announced Thursday by the U.S. Marshals Service.

The arrests came through the joint efforts of local, county, state and federal officers from throughout the 26-county Eastern District of Oklahoma as part of Operation Falcon II, a nationwide effort to serve outstanding felony warrants.

The number of arrests in the Eastern District was the third highest of any area in the United States where the operation was carried out, said U.S. Marshal John Loyd. Only the Houston and San Antonio areas had a higher number of arrests.

This was the second year the U.S. Marshals Service has conducted the operation. This year's focus was on finding sexual predators.

Of the 506 fugitives arrested in eastern Oklahoma, 35 were wanted for violent sexual offenses, including rape, forcible sodomy and sexual assault, Loyd said. Sixteen of those arrested were wanted on charges of failure to register as sex offenders. One person was arrested on a homicide charge, Loyd said.

The sweep filled the Muskogee and Wagoner County jails. Muskogee County Sheriff Charles Pearson said 100 offenders were booked through his facility the first day.

Wagoner County Sheriff Johnny Cannon said his jail received more than 70 new prisoners from the project. His jail population normally averages 70 or 75 inmates but has been 80 to 85 since the beginning of the operation.

'Worst of worst' among 328 in Houston area arrested in sting (HOU)

By DALE LEZON

Houston Chronicle, April 28, 2006

A Spring man, who is accused of sexually assaulting a boy and whom law enforcement officials consider among the "worst of the worst," was one of more than 300 Houston-area fugitives arrested during a recent crackdown.

The arrests were part of a weeklong blitz by federal and local law enforcement agencies, including the Houston Police Department, dubbed "Operation Falcon II," which targeted suspects accused of violent and sexual crimes.

The roundup ran April 17-23 and covered 27 mostly Western states, as well as Guam and the Northern Marinana Islands, both U.S. territories.

Overall, 9,000 fugitives were picked up, including more than 1,100 wanted for sexual crimes.

In Houston, 328 fugitives were arrested, more than 40 of them wanted for sexual-related offenses, officials said.

"Pretty significant numbers, I think," said Deputy U.S. Marshal Marianne Matus, from her Houston office.

Carlos Bermudez, 30, offered no resistance when he was arrested at his golf-course maintenance job in The Woodlands last Friday, Matus said. She said he lived in Spring.

He had been wanted in Las Vegas since 2004 on 10 counts of sexual assault of a minor and 10 counts of lewdness with a minor.

Federal authorities said he was among 15 of the "worst of the worst" fugitives targeted in the crackdown, according to a news release from the U.S. Marshals Service.

Others arrested include people accused of violent crimes, as well as those who had failed to register as sex offenders.

No one was injured during the arrests, Matus said.

Last year, law enforcement officials arrested 10,000 fugitives during a similar weeklong roundup nationwide.

Nationwide Raid Includes Nearly 150 Valley Arrests (KGBT)

By Ray Pedraza

KGBT-TV Harlingen, TX, April 27, 2006

A nationwide sweep for violent criminals, known as Operation FALCON II, has netted over 9,000 arrests including some here in the Valley.

FALCON, which is a code name for Federal and Local Cops Organized Nationally, is being dubbed as one of the biggest round-ups in law enforcement history rounding up criminals in 27 states from Illinois to Missouri.

Included in the 9,000 arrests were 1,100 wanted for violent sexual assaults, many against children.

"This is an important step in ensuring that the culture of law is respected, the judicial process is observed, sentences are meaningful and hardtime is served," said United States Attorney General Alberto Gonzales of the operation.

In the Valley, lawmen raided homes in the twilight hours across all four counties last week ... catching many of the unsuspecting criminals in bed.

An undercover agent says they were pleased with the number of arrests.

"It was a successful operation," said the agent. "Valleywide there were 148 fugitives arrested and 213 warrants were cleared."

The warrants ranged from aggravated assault to homicide but the most warrants cleared here were narcotics, probation and parole violators. Nationally and locally, authorities were hoping to capture more sexual predators.

"We are targeting sexual offenders. Sexual offenders pose a potential danger especially for women and children in the area and we're trying to put them away and bring them to justice," added the agent.

Congress allotted half a million dollars to fund this operation and Gonzales says Falcon III is coming in the next few months. He says it will target violent criminals on the east coast.

The U.S. Marshall's Service in McAllen is already looking forward to another big round up.

"We're going to continue searching for these individuals," said the agent about the accused criminals still at large. "We're not going to stop... we're going to be diligent in our efforts to bring them to justice."

249 Fugitives Arrested In Hawaii As Part Of Nationwide Sweep (KITV)

KITV-TV Honolulu, April 27, 2006

HONOLULU -- Hawaii law enforcement teams rounded up 249 Hawaii fugitives in a weeklong nationwide law enforcement sweep dubbed Operation Falcon II that nabbed more than 9,000 fugitives.

In Hawaii, it involved U.S. marshals, sheriffs, police and federal agents.

This year's operation focused on sexual predators, and one of the nation's Top 15 most wanted was found on Oahu.

From Waikiki to Maui, law enforcement involved in Operation Falcon II combed the islands for a week picking up wanted fugitives. The seven-day sweep included 27 states, Guam and the Northern Mariana Islands.

"What you may see is a reduction in crime; career criminals have been captured. What you may see are safer communities because predators are jailed," U.S. Marshal Dutch Hanohano said.

Herbert Damwijk was wanted for child rape and molestation in Washington state. He was found in Hauula.

"This guy is wanted for raping and molesting two young beautiful, young, innocent 8-year-old girls," Hanohano said.

Damwijk was living on a property that consists of several homes at which individual rooms are rented out.

The Fugitive Task Force arrived early in the morning.

"He was taken by surprise. He came to the door all groggy, and we just downed him right at the door," Deputy Sheriff Chester Kau said.

Many of those who live in the complex are university students. Those who know Damwijk said he never caused problems there.

"Overall, he's a pretty nice guy; kept to himself for the most part. Just a little bit, you know, a little bit weird," neighbor Mark Wood said.

On Maui, authorities arrested Kelepi Mafi. He was wanted in connection with the sexual assault of a 12-year-old girl. Four other sex offenders were captured in Hawaii.

Local Police Round-Up Criminals As Part of Nationwide Sweep (WANE)

WANE-TV Fort Wayne, April 27, 2006

Officers from the Allen County Sheriff's Department and Fort Wayne and New Haven police joined the U-S Marshalls service in scouring local neighbors, handing out warrants and rounding up suspected criminals. Altogether in northern Indiana, officers rounded up more than 46 fugitives on narcotics violations, seven on weapons-related offenses and several others for failing to registered as sex offenders. This local effort was part of a weeklong nationwide sweep called Operation Falcon 2, by U-S Marshalls and local officers in more than 20 states. In all, more than three thousand people were taken-in. John Clark, the director of the U.S. Marshalls Service says, "There is an old phrase, 'you can run but you can't hide' and for many fugitives out there, they think they can hide and they may, but not for long." And, even though this sweep has ended, authorities say area fugitives who managed to escape the net this time shouldn't think they can breathe easy. Dave Murtaugh, the head of the U.S. Marshalls Service Northern Indiana District says, "We're not going to let them rest. Allen County Sheriff's Department and the Fort Wayne Police Department are working diligently to keep the community safe."

U.S. Marshals Nab Thousands Of Wanted Criminals (KCNC)

By Alan Gionet

KCNC-TV Denver, April 28, 2006

Last week the U.S. Marshals Service rounded up 140 fugitives in Colorado as a part of Operation Falcon II, a nationwide effort to catch wanted criminals, U.S. Attorney General Alberto Gonzalez announced Thursday.

Fifteen of the fugitives arrested between April 17 and 23 were wanted for violent sexual offenses and six were wanted for failing to register as sex offenders, according to the U.S. Marshals Service.

The nationwide operation focused on sexual predators and coincided with "National Crime Victims' Rights Week."

One violent fugitive from Colorado was caught in Baltimore. Mark Hayward was wanted in Douglas County for kidnapping and sexual assaulting a 15-year old girl he met over the internet.

"With the amount of activity that happens on the internet now and the fact that he was corresponding on the internet with her and did occur in other states as well," said Michelle Kivela with Lone Tree police. "It's concerning to us."

Investigators said there was no record of any other sexual offenses on Hayward's criminal record. Hayward said he met the girl on myspace.com.

Others caught in Colorado were wanted for homicide, robbery, narcotics charges and other violent crimes.

Nationwide, more than 9,000 fugitives were arrested and 111 guns were seized.

Operation Falcon II Sweeps Yakima (KAPP)

KAPP-TV Yakima, WA, April 27, 2006

Local law enforcement officers took part in a week-long nationwide warrant round up. Almost 200 fugitives were arrested locally during the roundup. That's double the number of criminals from last year. Sex offenders were the priority and fugitives with gang ties and violent criminals came next. Yakima County Sheriff Ken Irwin says he's pleased with the outcome. He says these fugitives are the worst of the worst.

Although the operation was assisted through federal dollars, they targeted criminals wanted by local authorities. The U.S. Marshals worked in conjunction with the Yakima Police Department, Yakima Tribal Police and the Sheriff's Department.

Among all of the arrests, 26 documented gang members were arrested, officers seized 16 guns, and 9 unregistered sex offenders were found. Officers say they're sending out a clear message to criminals, "You can run, but you can't hide."

Feds arrest 84 in fugitive roundup (KTVA)

KTVA-TV Anchorage, April 27, 2006

DOJ_NMG_0027352

A massive sting operation has netted over nine thousand of the nation's most dangerous criminals and locally, the operation gave Alaska law enforcement a chance to find and arrest our worst criminal offenders.

It is being called the largest sex offender bust in the nation's history and it's Alaska's biggest multi-agency bust ever.

Operation Falcon II, which stands for Federal and Local Cops Organized Nationally, took a pretty big bite out of Alaska's most wanted list.

We had 14 arrests in Fairbanks, 16 arrests on the Kenai Peninsula, 20 arrests in the Mat-Su Valley and 32 arrests in Anchorage," said Randy Johnson, U.S. Marshal, Alaska.

84 fugitives in all, the largest coordinated bust in Alaska in history with crimes ranging from drugs, and probation violations, to more dangerous offenses.

"A violent crime or a sexual predatory type, those are the ones we focused on and we focused on the most violent ones first and worked downward from that towards the lower end of the spectrum," said Marc Otte, Chief Deputy U.S. Marshal, Alaska.

Code named Falcon II, it was a nationwide week-long operation with focus on the west coast netting over nine thousand people, but don't think these U.S. Marshals only work one week out of the year.

"This is an ongoing initiative, Falcon II focused that initiative with a high amount of manpower and some funding, but the Alaska Fugitive Task Force is here, it is working everyday and there is no place for anybody to hide if they're wanted.

Locally, last year Falcon I only nabbed 8 people.

"This was a very successful effort and you can see how much improved it was from last year so congratulations to everyone because all Alaskan citizens are safer."

But Falcon II isn't necessarily done. The cooperation between agencies remains. Alaska sent about 2 dozen leads to the lower 48 and warrants were sent up here as well

And the Last Frontier is often the last resort for the nation's criminals who think they can come and disappear into the Bush but Alaskan authorities say they will be caught.

"We want people to know this is not a place that they can come and hide. We will come and find them. We have a lot of investigative tools at our beck and call and we will come and find them anywhere they are, anywhere in the state," said Marc Otte, Chief Deputy U.S. Marshal, Alaska.

The week long effort brought eighty four people into custody but turns out that other fugitives heard the authorities were looking for them and turned themselves in not to mention the other cases that couldn't be solved within that week. There are about a hundred of them. Authorities say they plan to have them in custody soon.

Those arrests come at a time when the state is toughening up the penalties for people who commit sex crimes.

In fact, the Governor plans to sign a new bill into law this evening that would nearly triple the jail time for sex offenders. Convicted sex offenders would face a minimum of twenty years in prison and 25 if their crime involved a child.

U.S. Marshal Sweep Nets Sex Offenders (KGO)

By Heather Ishimaru

KGO-TV San Francisco, April 27, 2006

Apr. 27 - U.S. marshals invited ABC7 on an exclusive ride-along for some of the Bay Area sweeps targeting sex offenders. It's a report you'll see only on 7.

A week-long series of raids netted only a small fraction of the one million fugitives on the loose, but authorities are claiming success in a roundup called Operation Falcon Two.

In all, police agencies arrested more than 9,000 people in 27 states, 1,100 of them for violent sex crimes and 163 of those arrests were here in the Bay Area.

Chief Dep. Thomas Figmik, U.S. Marshals Service: "Operation Falcon targeted offenders wanted for the worst crimes, such as murder, kidnap, arson, assault, robbery, narcotics and rape. The operation was inspired by the Department of Justice's National Victims Crimes Week, the theme of which was justice isn't served until crime victims are."

When serving arrest warrants and checking on parolees, police rely heavily on the element of surprise.

Last week, during Project Falcon Two, U.S. marshals and local police went after their targets very early in the morning and late at night.

At 1 a.m. in Dublin, the element of surprise was enhanced by the passage of time. It was 24 years since Jack Duffy walked away from a Michigan prison.

The supervising deputy asks if Duffy's wife and son know why they're there.

Deputy: "Does your family know about this?

Jack Duffy: "No."

Deputy: "Ok do you want to say anything or no? Ok we'll leave that option up to you and we won't say anything about it."

Duffy was only one of the one million fugitives in the FBI's national database. The majority are more recent cases, like sex offender Curtis Arnold. As conditions of his parole, he's not allowed to have pornography or knives longer than two inches.

Deputy Robert Tejada, U.S. Marshal Service: "Two knives were found and about 20 pornographic tapes were found in his possession."

Project Falcon often targeted one person in trouble with the law and stumbled on others. The target at this house wasn't home but two women wanted for burglary were.

And there was no target at a Richmond housing project. Police didn't know what they'd find when they went there but they chose the location because it was where a murder took place just four nights ago.

This suspect took off running when he saw officers. They say he dumped an automatic weapon during the chase.

"At least we got the gun off the street."

Not everyone here is happy about the crackdown. Some are.

Angelo King, Richmond resident: "I'm cool. I'm cool with it. You know me myself I'm a grown man and I'm scared to come out myself."

And in rRchmond at least, police say Project Falcon is only one piece of the complex puzzle of keeping the peace.

Lt. Mark Gagan, Richmond police department: "This is one way of dealing with people & that lower percentage of people that are absolutely not going to try to stay out of prison. The people that are using guns and violence to get across their message."

The marshals were given a budget of $540,000 dollars for the entire national operation. Most of that went to officer overtime and fuel costs.

U.S. Attorney Reports 54 Arrests As Part Of Fugitive Roundup (GFH)

The Grand Forks Herald, April 28, 2006

FARGO, N.D. - Fifty-four people are in custody in North Dakota as part of a nationwide roundup of fugitives, U.S. Attorney Drew Wrigley said Thursday.

The arrests were part of "Operation Falcon II," a 27-state dragnet timed to coincide with National Victims Rights Week. Nationally, officials said more than 1,100 people wanted for violent sex crimes were among the 9,037 arrests.

During the week of April 17-23, federal, state and local authorities arrested 1,102 people wanted for violent sex crimes or for failing to register as a sex offender after a prior conviction for sexual assault.

It was the largest number ever captured in a single law enforcement operation, the department said. The arrests were made mainly in states west of the Mississippi River, and also in Guam and the Northern Mariana Islands.

"Here in North Dakota, there were 54 arrests made inside of this one week," Wrigley said Thursday. "Last year was very successful with 26 felons arrested. This year, we're to 54."

U.S. Marshal Dave Carpenter said seven of the arrests in North Dakota were people wanted for sex crimes.

Wrigley said the bulk of the arrests were other crimes, including robbery, burglary and fraud. Some were drug-related, he said.

"In addition, 10 other warrants were cleared - what we call administratively - they figured out people were incarcerated somewhere else or for some other reason they were cleared," Wrigley said. "So (it was) a very successful operation for the U.S. Marshal's Service and the other agencies involved."

Arrests were made in Bismarck, Fargo, Jamestown, Mandan, Minot, Wahpeton and other cities in the region, Wrigley said. Two arrests for North Dakota warrants were made in Wyoming and South Dakota, he said.

Timothy Moseley, chief deputy United States Marshal in Cheyenne, Wyo., said authorities arrested one man from North Dakota in Wyoming who was wanted on charges that he had sexually molested children.

The Marshals Service spent $531,000 nationwide on the weeklong exercise, most of it to pay overtime to local and state police, said David Dimmitt, chief deputy U.S. Marshal. More than 2,100 officers from 786 federal, state and local law enforcement agencies took part.

North Dakota got about $8,000 for the roundup, up from about $5,000 last year, Carpenter said.

The state's courts and jails will be busy in coming weeks, Carpenter said.

"It's going to create a bulge in system but I don't think it's anything we can't work through," he said.

Operation Falcon II Puts Dozens of Violent Fugitives Behind Bars in Idaho (KTRV-TV)

By Shannon Patterson

KTRV-TV Boise, April 27, 2006

Boise, ID -- A week-long sting across the nation has put thousands of fugitives behind bars.

In Idaho alone, 74 violent offenders are now in jail.

Operation Falcon II focused on tracking down sexual offenders.

"A sex offender is a very special kind of criminal," said U.S. Marshal Pat McDonald on Thursday. "They stay below the radar. They move around a lot."

Of the 74 people arrested last week in Idaho during Operation Falcon, seven were wanted for violent sexual offenses, five for failing to register as a sex offender. Others were arrested on everything from assault to burglary to driving under the influence, like Darby Campbell, whose rap sheet is lengthy.

"It's 24 feet long, contains 21 arrests," McDonald said as he unrolled the record for reporters. "These are the kind of people that we want to remove from the street."

To track the suspects down, U.S. Marshals partnered with law enforcement agencies across the valley and hit the street, knocking on doors and finding criminals intent on staying hidden.

"We got 14 different sex offenders, re-offenders, we got five unregistered sex offenders. One 2 miles from my house," said Deputy Kevin Platts of the U.S. Marshals Service.

He says that man, Billy Shearin, was renting a room from a family with a three year old girl, and often took neighborhood children to school when their parents were unable to.

"And of course at that point we were able to tell the family," said Platts. "They had no idea that he was an unregistered sex offender, and of course they had a little girl in the house."

Boise Police are now investigating whether Shearin may face additional sex crimes charges.

Investigators say since most of those arrested during Operation Falcon have committed several crimes, it's likely they would have committed more, if not taken into custody.

"So we'll never know what the impact of this is because these people were removed off the streets before they could re-offend," according to Platts.

"We focused on the bad guys, and we were successful enough to get a bunch of 'em," said McDonald.

Operation Falcon goes much further than Idaho's borders. More than 10,000 thousand fugitives were arrested across the country.

Fugitive Roundup Nets 210 Indiana Fugitives (FWNS)

The Fort Wayne News-Sentinel, April 28, 2006

INDIANAPOLIS - A nationwide roundup this month has put 210 central Indiana fugitives in custody, authorities said Thursday.

Operation Falcon II - a joint effort between federal and local law enforcement officials - netted some 9,000 fugitives in 27 states between April 17 and last Sunday.

In Indiana, the dragnet captured at least 11 people who were wanted for violent sexual offenses such as rape, forcible sodomy and sexual assault, according to federal prosecutors.

Four others were wanted on charges for failure to register as sex offenders. Authorities also reported seizing 11 firearms - including two AK-47s - and two pounds of marijuana.

"(This) serves as an excellent example of local, state, and federal law enforcement agencies working together in a united effort to bring fugitives to justice," U.S. Attorney Susan Brooks said.

This month's effort was timed to coincide with National Victims Rights Week.

No other single law enforcement operation had resulted in the capture of as many suspected sex offenders, the Justice Department said.

Former Hamilton County Youth Pastor Arrested for Sexual Misconduct with Minor (WISH-TV)

WISH-TV Indianapolis, April 27, 2006

A former Hamilton County youth pastor has been arrested, charged with sexual misconduct with a minor.

The former youth pastor was arrested on a golf course following a nationwide sweep of fugitives by the U.S. Marshals.

"It's sad that it happened right in my neighborhood," says Sherry Purkey of Cicero, "That bothers me."

For nearly 30 years, Jon Purkey and his family have lived in their 2-story home directly next door to Cicero Weslyan Church. While working in the their yard, the Purkeys can not believe the news. Joshua Kramp, the former youth pastor at the church, is behind bars, accused of molesting a child.

"Shock is my reaction," says Jon Purkey, "I know Josh and Josh is a gentleman, was a gentleman to me and nice to my family."

Investigators say 27-year-old Kramp had a sexual relationship with a 13-year-old girl while at the church.

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After a 4-month investigation called "Operation Falcon II" involving U.S. Marshals, police caught up with Kramp in his homestate of Michigan, while responding to a disturbance call.

"The arrest of Josh Kramp is a great example of why Operation Falcon works," says Captain Kevin Jowett of the Hamilton County Sheriff's Department.

Jon Purkey says although Kramp is behind bars facing numerous charges, his quiet community will recover. "As a community, we'll pull together and hopefully we'll support what's going to take to get him better."

This sweep was not only in Indiana. In 20 other states, more than 9,000 wanted criminals have been arrested. 1100 were wanted for violent sexual assaults, many against children.

Last year's nationwide operation, also named Falcon, rounded up thousands of gang members and drug dealers.

National fugitive roundup includes 21 arrests in Wyoming (BG)

By BEN NEARY

The Billings (MT) Gazette, April 28, 2006

Local police teamed up with the U.S. Marshals Service to arrest 21 fugitives in Wyoming this month as part of a 27-state dragnet.

In the entire sweep, called "Operation Falcon II," law enforcement arrested 9,037 people, mostly in western states. Among those arrested were 1,102 wanted for violent sex crimes or for failure to register as sex offenders.

Timothy Moseley, chief deputy United States Marshal in Cheyenne, said Thursday his agency worked with 17 law enforcement officers from various agencies in Laramie, Natrona and Teton counties on the arrests. The operation lasted from April 17 through last Sunday.

"The complete success of this operation lies solely at the feet of the state and local agencies that participated. Without their help and their manpower, we would not have been nearly as successful as we were," Moseley said.

"We targeted sexual predators, and we managed to arrest two pretty heinous characters," Moseley said. He said teams arrested one man from North Dakota in Wyoming who was wanted on charges that he had sexually molested children, and arrested another man from Colorado in the state wanted on charges of rape and aggravated assault.

Mavis Dezulovich, public affairs specialist with the U.S. Marshal's Service in Arlington, Va., said the agency couldn't release the names of people who were arrested.

"I think the influx of manpower from the state and local agencies is what really makes these operations different," Moseley said. "We hunt for these predators everyday, but we don't always have the assistance and manpower we need to accomplish these goals."

Last year, in the first Operation Falcon, law enforcement in Wyoming arrested 60 people, Moseley said. He said last year's sweep concentrated on violent felons, which meant that there was a larger pool of warrants to choose from.

Dezulovich said this year's operation cleared 21 warrants in Wyoming. She said said the operation cleared two warrants for sexual assault; one sex offender who had failed to register; one assault charge; five burglary/larceny charges; five fraud charges; three narcotics charges; one stolen vehicle charge; one weapons charge; and two other charges.

Arrest made in 2004 rape case (BN9)

Bay News 9 Tampa, April 27, 2006

As part of Operation Falcon II, task force officers with the U.S. Marshal's Office arrested a suspect in a local rape.

Darryl William Floyd, 37, is accused of sexually assaulting his then stepdaughter in April 2004. A doctor determined the then 13-year-old victim had been molested on two different occasions.

Hillsborough County deputies tried to question Floyd, but he fled the Bay area. He was apprehended in Miami on April 20 and is being charged with lewd and lascivious molestation of a minor. He is being held at the Hillsborough County Jail on $15,000 bond.

Operation Falcon II was a 27-state dragnet led by the U.S. Marshal's Service that was timed to coincide with National Victims Rights Week. This year's focus was on sex offenders, a group that U.S. Attorney General Alberto Gonzales has made a priority in his 15 months at the Justice Department.

The operation "targeted the worst of the worst," Gonzales said at a news conference at the Justice Department.

During the week of April 17-23, federal, state and local authorities arrested 1,102 people wanted for violent sex crimes or for failing to register as a sex offender after a prior conviction for sexual assault. It was the largest number ever captured in a single law enforcement operation, the department said.

Butler County sheriff tabbed for U.S. marshal's post (AP)

DOJ_NMG_0027356

AP, April 28, 2006

DES MOINES, Iowa Butler County Sheriff Timothy Junker has been appointed to be the next U-S marshal for the Northern District of Iowa.Junker, of Allison, is in his fifth term as sheriff.The nomination by President Bush must be confirmed by the full Senate. Senator Charles Grassley says it was approved unanimously by the Senate Judiciary Committee today.U-S marshals provide protection for federal judges, investigate federal fugitives, transport federal prisoners and protect federal witnesses.

NYC's Gun Lawsuit Evades Congressional Attempt To Kill It (AP)

By David B. Caruso

AP, April 27, 2006

NEW YORK -- For the fourth time, New York City's lawsuit against several gun manufacturers has survived an attempt by Congress to kill it off.

A federal judge in Brooklyn ruled Thursday that the city may have access to gun tracing information gathered by the Bureau of Alcohol, Tobacco, Firearms and Explosives, even though a recently passed measure expressly forbids such data from being used in civil suits.

U.S. Judge Jack B. Weinstein said the new rule doesn't apply to information already in the city's possession.

The decision is a victory for the city, which intends to rely heavily on weapons tracing information to prove its claim that gun manufacturers create a public nuisance by recklessly distributing firearms.

"The court's ruling that we can use this gun trace data as evidence is great news for every police officer, parent and child that walks our streets and will help our case against irresponsible gun manufacturers," Republican Mayor Michael Bloomberg said in a written statement.

Lawrence Greenwald, an attorney for Beretta U.S.A., said the gun companies were likely to appeal.

Congress has made several attempts to kill off such suits.

In 2004, lawmakers passed a budget rider prohibiting government agencies from using federal funds to disseminate firearm licensing information to the public.

A judge said it didn't apply to New York's lawsuit because it was acting as a private plaintiff in the case, not "the public."

ATF began turning over information, then stopped when Congress passed a new rider in 2005. This one, more finely crafted, said gun tracing data would be "immune from legal process and shall not be the subject of subpoena or other discovery in any civil action."

A court said ATF still had to comply with requests pending when the rider was passed.

Last October, President Bush signed a law requiring that nearly all civil liability suits against the gun industry be immediately dismissed.

Weinstein ruled in December that the law contained exceptions that would allow New York's suit to continue.

Even before that ruling, Congress had passed another revised budget rider. This one barred any ATF tracing data from being used as evidence in a pending suit.

"Nor shall testimony or other evidence be permitted based upon such data," Congress added, for good measure.

In an opinion that turned on two possible grammatical interpretations of the phrase "such data," Weinstein said he believed it applied only to data that would be collected by ATF in the future.

Lawyers for the gun manufacturers argued that it meant that all tracing data should remain secret, except in criminal prosecutions.

"ATF and Congress has taken a position ... that this is essentially law enforcement information, intended for use in law enforcement," Greenwald said. "It is quite another thing to open it up to the whole world in a civil case."

Metro Briefing (NYT)

By DIANE CARDWELL

The New York Times, April 28, 2006

BROOKLYN: CITY CAN USE GUN DATA IN LAWSUITS

A federal judge ruled yesterday that the city could use data about handguns, including sales history, from the Bureau of Alcohol, Tobacco, Firearms and Explosives in its lawsuit against several gun manufacturers. Although the city was able to have access to the data in its suit, originally filed in 2000, the gun manufacturers had argued that the lawsuit should be dismissed because of a Congressional appropriations bill amendment that made the data inadmissible. But in his decision, Judge Jack B. Weinstein of Federal District Court wrote that "the proverbial cat is already out of A.T.F.'s bag" and that it made no sense "to distort the terms of a federal budgetary measure in order to wrestle the cat back in."

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A New Gun Argument (WP)

By E. J. Dionne Jr.

The Washington Post, April 28, 2006

NEW YORK -- Have you noticed that Washington politicians have given up on thinking about new solutions to gun violence? New York Mayor Michael Bloomberg has noticed, and he's angry. Good for him.

Bloomberg is a Republican, if hardly a partisan sort, and it may take a Republican to restart a debate that many Democrats have fled after a careful examination of the electoral map -- and years of exhaustion from demagoguery on the issue.

Teaming up with Boston's Democratic mayor, Thomas Menino, Bloomberg brought 13 other big-city mayors together here on Tuesday to call for "national leadership in the war on gun violence."

"If the leadership won't come from Congress or come from the White House, then it has to come from us," said Bloomberg.

The mayors, Menino said, do not want to meddle with the rights of hunters. They are concerned about the trafficking of illegal guns and the powerlessness of individual cities to enforce their own weapons laws because of loopholes in federal rules and because criminals can easily obtain weapons in jurisdictions with looser regulations.

Our dysfunctional political system has become especially dysfunctional on gun violence.

The National Rifle Association regularly says that we don't need new laws and should simply enforce the regulations on the books. But if many of the existing laws are unenforceable, that statement is meaningless.

Opponents of even modest gun regulation win the upper hand rhetorically by invoking two words: freedom and elitism. None of us is really free, the argument goes, unless all of us have essentially unfettered access to weapons, and any new gun laws are seen as leading down a slippery slope to a total ban on gun ownership. Supporters of gun regulations are always cast as metropolitan highbrows lacking in respect for the way of life of law-abiding country folks.

At a structural level, Congress has a deep bias in favor of the rural point of view because the Senate is stacked in favor of rural states. Idaho, Wyoming and Montana have two senators each, and so do California, New York and Illinois.

According to the latest Census Bureau estimates, the six senators from those three rural states represent 2,874,060 people. The six from the three states that include big urban and suburban populations represent 68,150,148 people. By these figures, you might calculate the rough odds against gun regulations at 24 to 1.

Changing the political argument is easier than changing the Senate. Mayors -- joined soon, Menino hopes, by suburban county executives -- are the right people to start the work.

Yes, there is a cultural difference between big cities and rural areas, but it's a difference in how guns are used. Rural people treasure their guns mostly for hunting and recreation, and as collectors. In inner cities, guns -- especially handguns -- are used almost entirely to threaten or kill other human beings.

"There are neighborhoods where if you say 'duck,' people get out of the way because they're worried they'll be shot," Milwaukee Mayor Tom Barrett said in an interview. "But there are other parts of the country where if you say 'duck,' people will grab their rifles to go duck hunting."

We desperately need a new politics of gun regulation in which law-abiding gun owners see the fight for tougher laws not as a form of disrespect for their culture but as an acknowledgment that if our gun rules are an unenforceable hodgepodge, illegal guns will inevitably get into the hands of kids and criminals in the cities and suburbs.

"I'm fighting for freedom, too," said Barrett. "I'm fighting for the freedom of a grandma to sit on her front porch and not get hit when there's a drive-by shooting. I'm fighting for the freedom of kids to play in the park without being caught in a crossfire."

The mayors have to act for another reason: Democrats have lost their nerve on the gun issue. Barrett traces this to the passage of the assault weapons ban in 1994. (Congress let it expire in September 2004.) Many Democrats who supported the ban were defeated in that fall's election.

"So Democrats who might be inclined to do something are now inclined to stay away from the issue," said Barrett, a Democratic member of Congress at the time. "And most Republicans aren't inclined to do anything at all."

Railing against this state of affairs is useless. Better that a savvy group of mayors takes the lead in the difficult struggle to change the underlying politics by reminding Americans that this issue is about saving the lives of innocent kids -- and of grandmas in their rocking chairs.

Major Gun Dealer Arrested (AP)

AP, April 28, 2006

NEW HAVEN, Conn. --One of the state's largest gun dealers has been arrested on numerous federal firearms charges in a case that authorities say shows how guns wind up in the hands of criminals.

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Frank D'Andrea, 61, who ran the Gun Case in Shelton, was arrested last week and released after posting a $200,000 bond, authorities announced Thursday. The store was recently moved to Milford, where it is called Guns & Safes Unlimited.

Federal investigators said that over a two-year period 100 guns seized at crime scenes had passed through D'Andrea's store.

"This investigation has revealed a disturbing lack of control and mismanagement by one of Connecticut's largest gun dealers, and blatant disregard for federal firearms possession and reporting laws," said U.S. Attorney Kevin O'Connor. "This case goes to the heart of how legal guns become illegal guns on the street. Gun store operators are the first line of defense for stopping gun crimes on our streets, and this case will be prosecuted to the fullest extent."

D'Andrea is under court order to come up with a plan to limit his involvement in the business while the case is pending.

"He firmly insists on his innocence," said Lawrence Church, D'Andrea's lawyer.

D'Andrea repeatedly failed to properly conduct required background checks on firearm purchasers; falsely stated on multiple occasions that background checks on customers had been conducted when they had not; unlawfully kept and transferred various firearms off his books; and sold firearms to customers who had said that they were prohibited from buying them because of criminal records or other issues, authorities said.

D'Andrea on 11 occasions failed to report multiple gun sales to the same person, authorities said. He also failed to report hundreds of guns that were lost or stolen, they said.

D'Andrea was charged with mail fraud and obstruction of justice for allegedly shipping a number of firearms that are illegal under Connecticut law out of his store during the ATF audit in order to prevent their discovery.

He allegedly possessed two unregistered "Street Sweepers," an automatic shotgun, and other assault weapons that are illegal under Connecticut law, according to a criminal complaint.

A routine inspection by the U.S. Bureau of Alcohol Tobacco Firearms and Explosives last year began to uncover the violations, authorities said.

"Stopping the illegal flow of firearms continues to be one of our top priorities and today is just another example of how we do that," said ATF Special Agent in Charge Glenn N. Anderson.

Gun dealer arrested for bad record keeping (CP)

By MICHAEL P. MAYKO

The Connecticut Post, April 28, 2006

BRIDGEPORT — One of the state's biggest gun dealers was arrested after federal agents say they uncovered numerous record-keeping violations at his shop, including the sale of three guns to a person charged with a felony.

Frank D'Andrea of Soundview Avenue, Shelton, is free on $200,000 bond but is under orders from U.S. Magistrate Judge Holly B. Fitzsimmons to come up with a plan to run his business with limited involvement while the case is pending. D'Andrea recently moved his D'Andrea's Gun Case from Barnum Avenue in Stratford to Woodmont Road in Milford and renamed it D'Andrea's Guns and Safes Unlimited. The business is still open, Lawrence Church, D'Andrea's lawyer, said Wednesday.

The move came just months after U.S. Attorney Kevin J. O'Connor rented a billboard across the street from D'Andrea's former store in Stratford. The poster read "Buy a gun for a criminal, go to federal prison."

O'Connor said Wednesday that ATF investigators determined that, over a two-year period, 100 guns seized at crime scenes had passed through D'Andrea's store. "Federally licensed gun dealers have a tremendous responsibility to sell weapons appropriately," O'Connor said.

D'Andrea, a lifelong area resident who graduated from Harding High School and is a Marine Corps veteran, has operated a gun store for about 30 years at various sites. While D'Andrea has cooperated with the federal government in several cases over the years, authorities said, he also has been an outspoken critic of restrictive gun laws.

Church said he advised his client not to discuss the case.

"He firmly insists on his innocence," Church said.

The arrest is based on an affidavit filed by Special Agent James Sullivan of the U.S. Bureau of Alcohol, Tobacco, Firearms and Explosives.

The 22-page affidavit lists numerous, mostly record-keeping, violations. Sullivan charged that D'Andrea on 11 occasions failed to report multiple gun sales to the same person; on 34 occasions failed to get certification of the 90-day state residency requirement before selling guns to aliens; and on 32 occasions failed to insure that all of the questions on a required ATF transaction form were answered before the gun was transferred.

D'Andrea is charged with disposing of firearms without making entries into his record books; making false statements and representation on required forms; failing to conduct required background checks on purchasers; transferring guns to people who

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failed to certify they were not prohibited from buying guns; failing to report multiple sales to the same person; failing to report the theft or loss of firearms; and receiving or possessing firearms that are not registered.

Most of these charges carry a maximum possible sentence of five years in prison.

"The reason we have these record-keeping requirements is to prevent guns from falling into the wrong hands," O'Connor said. D'Andrea also is accused of mail fraud, which carries a possible 20-year term, and obstruction of justice, which carries a five-year term. Both those charges stem from his allegedly transferring guns through a broker to another dealer while the investigation was ongoing.

It is expected that Assistant U.S. Attorney Stephen Reynolds will take his evidence against D'Andrea to a federal grand jury next month.

The evidence was uncovered during a routine ATF inspection of D'Andrea's record-keeping last spring. That inspection led to an ATF search and seizure at the store and D'Andrea' s home Dec. 12.

Early during their audit of D'Andrea's store, ATF inspectors determined 74 guns in the inventory were missing. Checking firearm records they said they discovered that three of those guns turned up during a crime or were seized during the investigation of a crime. Sullivan said one of the missing guns — a Colt Assault Rifle 15 — previously was found in possession of a Woodbridge man. After police seized the gun from the man, ATF agents traced its serial number and found it still listed as though it was in the possession of D'Andrea's store, Sullivan said, adding the weapon never was reported sold or stolen.

The audit also showed that three guns were sold to an individual who was under arrest in a felony. No one charged with a felony can possess a gun while the case is pending. Federal law prohibits convict felons from possessing a gun.

Sullivan said the inspection determined that on 31 occasions D'Andrea failed to properly record the National Instant Criminal Background Check System and in six instances made false representations regarding the checks on ATF forms.

The inspection also found 73 instances in which D'Andrea failed to record gun sales and 59 instances of incorrectly recording gun sales on his Acquisitions and Dispositions Record.

One of the guns not recorded but found in the store was a Street Sweeper, which street gangs prefer for drive-by shootings, authorities said.

As the inspection proceeded, Sullivan accused D'Andrea of unlawfully disposing of firearms.

A former store employee told ATF inspectors that D'Andrea asked him to ship two Thompson submachine guns and a shotgun by Federal Express to a dealer in Florida, according to Sullivan's affidavit.

Reward offered in Waiakea High School arson (AP)

AP, April 28, 2006

The Bureau of Alcohol, Tobacco, Firearms and Explosives (ATF) and Hawaii Police Department are offering a reward of up to $5,000 for information leading to the arrest and conviction of anyone involved in the arson of Waiakea High School.

The fire occurred in the early morning hours on April 11, 2006, at the high school, located at 155 W. Kawili Street in Hilo. Police responded at approximately 1:15 a.m. No one was injured in the fire and the property damage is estimated at $1.5 million.

“We take this incident seriously and are committed to pursuing every investigative lead,” said ATF Special Agent in Charge Kelvin N. Crenshaw.

“We urge anyone to call if you have any information that would assist us in apprehending the responsible persons in this case,” said Captain Chad Fukui, commander of the Hawaii Police Department's East Hawaii Criminal Investigations Division.

Two hotline numbers have been established: 1-888-ATF-FIRE and local police at 961-2383. All calls are confidential.

Reefer Medicine (NYT)

By Henry I. Miller

The New York Times, April 28, 2006

Stanford, Calif.

LAST week, the Food and Drug Administration staked out its position on the long-standing controversy over the medical use of marijuana — and made a lot of people smoking mad. The F.D.A. endorsed a multi-agency study that found that "no animal or human data supported the safety or efficacy of marijuana for general medical use." This came as an affront to those who claim that cannabis is an appropriate treatment for ailments from nausea and vomiting to muscle spasticity and intractable pain.

Many news reports and commentaries accused the F.D.A. of contradicting a 1999 report by the Institute of Medicine that recommended further research on marijuana's medical potential. The regulators were denounced as elevating politics over science.

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But the F.D.A. did no such thing. To be sure, its one-page statement was far shorter and less detailed than the institute's book-length report, but its conclusions were essentially the same. The F.D.A. also recently gave the go-ahead for clinical trials of a new drug derived from marijuana — further demonstrating that its position is both sensible and proper.

In their 1999 report, the Institute of Medicine's panel of experts flatly rejected the idea that herbal (usually smoked) cannabis would ever be considered a safe and effective medicine for widespread use. They noted that marijuana appears to be modestly effective in treating the nausea and vomiting induced by chemotherapy and the wasting caused by AIDS — though not as effective as some approved medicines are. But they also said that because smoked marijuana can increase the risk of lung damage, cancer and complications during pregnancy, it is appropriate only for short-term use (less than six months) by acutely suffering patients who have failed to find relief with other therapies and who are under the close supervision of a doctor.

It is not the F.D.A. but the 11 states that have passed laws allowing the use of smoked marijuana for various medical problems that are at odds with the Institute of Medicine's position.

More promising than smoked marijuana, the institute said, is the potential of drugs made with cannabinoids — the bioactive substances found in marijuana. It called for clinical trials of such medicines and the development of safe ways to deliver them.

In January, the F.D.A. approved advanced clinical trials of a marijuana-derived drug called Sativex, which comes in the form of a mouth spray. Sativex has been approved in Canada for the treatment of neuropathic pain associated with multiple sclerosis, and it is available by prescription (though not yet fully licensed) in Spain and Britain. According to GW Pharmaceuticals, the British company that makes the drug, more than 1,500 patients in those three countries are using Sativex to alleviate pain, muscle spasticity and other serious problems.

Federal law requires that before any drug is marketed, it must first be judged safe and effective by qualified experts. And that judgment requires the review of scientific evidence — not anecdotal reports and patient testimonials but hard data from carefully designed animal testing and clinical trials. While far from perfect in practice, this approach goes a long way toward ensuring that patients are protected from exposure to unsafe or ineffective products. Even for terminally ill patients, this commitment to safety and effectiveness is important, because the suffering of a dying patient can be aggravated by an imprudent medical intervention.

Smoked marijuana cannot be subjected to careful, well-controlled trials, because it does not come in a standard, reproducible formula or dose, and cannot meet the accepted standards for drug purity, potency and quality. Different strains of cannabis vary radically in their cannabinoid composition and in the contaminants — fungi, bacteria, pesticides, heavy metals and other substances — they contain. And smoking is not a precise way of delivering any substance to the bloodstream.

Other plant-derived drugs — morphine, codeine and Taxol, to name a few — have made it through the F.D.A.'s review process, and there is no reason drugs made from cannabis should not be required to meet the same standards.

Sativex contains an equal ratio of two cannabinoids: tetrahydrocannabinol, which is psychoactive, and cannabidiol, which is not. Its spray dispenser delivers a precise dose of the drug, which is absorbed through the mucous membranes of the mouth. The composition of the drug and the manner in which it is delivered together ensure that its active ingredients can be medically effective without causing the kind of "high" that many patients view as an undesirable side effect.

THE availability of drugs like Sativex should (but won't) end the rancorous debate over medical marijuana. Even if it did, the issue of whether marijuana should be legalized as a recreational drug would remain.

Meanwhile, F.D.A. officials must ensure that the testing and potential approval of cannabinoid-containing drugs are not hindered by political agendas or other nonscientific considerations, inside or outside the agency. For the benefit of patients in need, this is something about which the F.D.A., the parts of our government waging the "war on drugs" and other interested parties should be able to agree.

Henry I. Miller, a doctorand a fellow at the Hoover Institution, headed the Food and Drug Administration's Office of Biotechnology from 1989 to 1993.

Politics Produces A Cloud Of Smoke (JDN)

Jacksonville Daily News, April 28, 2006

Last week, the U.S. Food and Drug Administration, for reasons that are far from clear, chose to enter the debate over medical marijuana with a thoroughly unscientific — one might even say anti-scientific — blanket denial that marijuana has any medical value at all.Specifically, the grandiosely titled “Inter-Agency Advisory Regarding Claims That Smoked Marijuana Is a Medicine” referenced a “past examination” that “concluded that no sound scientific studies supported medical use of marijuana for treatment in the United States, and no animal or human data supported the safety or efficacy of marijuana for general medical use.”

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That is simply not true. As Scientific American magazine noted on its Web site the next day, the statement simply ignores "the existence of a 1999 report by the Institute of Medicine of the National Academy of Sciences, which concluded that marijuana was 'moderately well-suited for particular conditions, such as chemotherapy-induced nausea and vomiting and AIDS wasting.'"

The Institute of Medicine report, which was commissioned by the "drug czar" at the time, Gen. Barry McCaffrey, and included a series of hearings around the country as well as a complete review of the scientific literature worldwide, summarized its conclusions as follows:

"Advances in cannabinoid science of the past 16 years have given rise to a wealth of new opportunities for the development of medically useful cannabinoid-based drugs. The accumulated data suggest a variety of indications, particularly for pain relief, antiemesis and appetite stimulation. For patients such as those with AIDS or who are undergoing chemotherapy, and who suffer simultaneously from severe pain, nausea and appetite loss, cannabinoid drugs might offer broad-spectrum relief not found in any other single medication. The data are weaker for muscle spasticity but moderately promising. The least-promising categories are movement disorders, epilepsy and glaucoma. Animal data are moderately supportive of a potential for cannabinoids in the treatment of movement disorders and might eventually yield stronger encouragement."

The Institute of Medicine report does say that "it does not follow from this that smoking marijuana is good medicine," which is the only sentence Gen. McCaffrey ever quoted.

That statement is followed, however, by noting that "patients who are currently suffering from debilitating conditions unrelieved by legally available drugs, and who might find relief with smoked marijuana, will find little comfort in a promise of a better drug 10 years from now."

Therefore, "Until a nonsmoked rapid-onset cannabinoid drug-delivery system becomes available, we acknowledge that there is no clear alternative for people suffering from chronic conditions that might be relieved by smoking marijuana, such as pain or AIDS wasting."

The FDA statement was not preceded by any new studies or surveys of the literature; it was simply posted on the agency's Web site.

It represents a willful determination to ignore science to buttress the harmful policy of marijuana prohibition.

Drugs Beget Thugs In The Americas (WSJ)

By Mary Anastasia O'Grady

The Wall Street Journal, April 28, 2006

"It is an established fact that alcoholism, cocainism, and morphinism are deadly enemies of life, of health, and of the capacity for work and enjoyment; and a utilitarian must therefore consider them as vices. But this is far from demonstrating that the authorities must interpose to suppress these vices by commercial prohibitions, nor is it by any means evident that such intervention on the part of the government is really capable of suppressing them or that, even if this end could be attained, it might not therewith open up a Pandora's box of other dangers, no less mischievous than alcoholism and morphinism."

-- Ludwig von Mises in "Liberalism," 1927

The Mexican state of Campeche, tucked into the curve that forms the Gulf of Mexico in the south, is about as far from either the posh suburbs or the mean urban streets of North America as you can get. Arguably, there are parts of the region that have changed very little since Graham Greene wrote his 1940 novel about a whiskey priest on the run from an anti-clerical zealot in neighboring Tabasco.

Yet as last week's massive drug bust there showed, it is very much part of the international market place. The capture of 5.2 tons of cocaine at the airport in Ciudad del Carmen, flown in from Venezuela, is a reminder that as long as there are consumers who want to ingest illegal substances there will be suppliers. For every shipment that gets stopped you can bet nine others get through. We know this because decades into the war on drugs, prohibited narcotics are still widely available in the U.S.

The more disturbing lesson provided by the Campeche bust is the revelation of the underworld monster that prohibition has created and that is now emerging from the Pandora's box that Mises warned of. A mighty and unflinching organized-crime network is overwhelming Latin American law enforcement.

In the debate about Mexican immigration to the U.S. there has been a lot of legitimate criticism about Mexico's failure to create an economically viable environment for its own people. When exporting human capital is a top priority something in the policy mix is dreadfully wrong and there is no doubt that the Mexican political class has a lot to answer for.

But the drug war also figures in the equation. Nobel economist Douglas North taught us the importance of institutions in development economics. Yet prohibition and the war on drugs are fueling a criminal underworld that handily crushes nascent democratic institutions in countries that we keep expecting to develop. Is it reasonable to blame Mexico for what enormously well-funded organized-crime operations are doing to its political, judicial and law enforcement bodies when we know that Al

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Capone's power during alcohol prohibition accomplished much the same in the U.S.? These are realities of the market, of supply and demand and prices under prohibition that no amount of wishing or moralizing can change.

A serious discussion about U.S. security interests has to begin by acknowledging the great cost of prohibition and the war on drugs to U.S. foreign policy objectives. A U.S. policy that unintentionally empowers brutal organized-crime rings is counterproductive to U.S. hopes for a stable and prosperous Latin America.

The problem is particularly acute for America's southern neighbor. Drug violence is spiraling throughout Mexico and innocents are paying the ultimate price. One target city is Nuevo Laredo where eight months ago Mexican federal authorities arrived to quell unprecedented cartel violence. Today the murder rate is up; the Mexican general who was in charge of restoring order has gone missing; the news media has suffered atrocious assaults, including a grenade attack; and there is concern that the government's anti-drug units have been infiltrated.

Last month four federal intelligence officers were gunned down in the middle of the day near a school. That's about the same time some 600 federal police were sent to the city as reinforcements.

The rest of Mexico is under siege as well. In February the police chief of an upscale district of Monterrey was gunned down. An April 21 report in the Los Angeles Times captured the attitude of the drug lords: "'So that you learn to respect,' read a message scrawled on a red sheet attached to a Guerrero state government building in Acapulco, where passers-by in the early morning hours discovered the heads of former Police Commander Mario Nunez Magana, 35, of the Municipal Preventive Police, and another man, who was not identified."

More than 140 people have been killed in drug violence this year in the states of Guerrero and Michocan. The L.A. Times also reported that the beheadings occurred hours after the state governor "announced a $12 million project to give more firepower to police, who say they often are outgunned by the cartels." Outgunned they were on March 26 in the border city of Matamoros. As reported by Knight-Ridder, three agents with Mexico's Federal Investigations Agency were chased through the city's downtown "where they were attacked by suspects armed with AK-47s and other high-powered weapons."

Two more scary developments are notable. The first is the link between organized crime and political enemies of the U.S. In Colombia the rebel army known as the FARC is now a full-fledged narcotics trafficking operation. Officials believe that Venezuela, headed by the menacing Hugo Chávez, has become a major transit point for drugs. A 2006 State Department narcotics report noted that "rampant corruption at the highest levels of law enforcement and a weak judicial system" have made matters worse in Venezuela. Some in Mexico worry that drug money could play a corrosive role in July's presidential election.

A second, depressing development is the increase in drug consumption in poor countries as those doing the trafficking are paid in kind and push drugs locally to collect their money. A worthless weed has been made all the more dangerous by prohibition which gives it value and provides the incentives to get poor children hooked. Where's the morality in a policy with such pernicious, if unintended, consequences?

The question is not whether dangerous drugs are innocuous. Let's agree they are not. The question is which policy is best to manage the problem. We can't make that calculation until we face honestly all of the costs of prohibition and the suffering of our neighbors.

IMMIGRATION:

Immigration Issues Coming To A 'big Stop' (USAT)

By Martin Kasindorf And Judy Keen

USA Today, April 28, 2006

LOS ANGELES — Masses of illegal immigrants and their supporters around the USA plan to boycott workplaces, stores and schools on Monday, but the move is dividing some pro-immigration activists and business owners.

Organizers of the May Day walkout call it el gran paro — "the big stop" — and "a day without immigrants." Building on huge marches staged in recent weeks, the boycotts and rallies in many cities will demonstrate immigrants' economic importance as Congress debates legislation, says Armando Navarro of the California-based National Alliance for Human Rights.

"It was one thing to march," Navarro says. "Now we're going to hit 'em where it hurts — in the pocketbooks."

The boycott's "size and impact remain to be seen," says Juan Jose Gutierrez of Latino Movement USA. That group's slogan: "No work, no school, no shopping, no commerce."

Gutierrez says he expects "substantial" worker absences, from Georgia poultry-processing plants to West Coast construction sites. David Jones, president of the Arizona Contractors Association, says builders there expect some no-shows and a work slowdown.

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As many as 12 million illegal immigrants are in the USA, and they make up about 5% of the workforce, the Pew Hispanic Center says.

Raul Murillo, director of the Los Angeles chapter of the Hermandad Mexicana immigrant organization, says he's among those acting to oppose a bill passed by the House of Representatives in December that would make illegal immigrants felons. The Senate is still considering an immigration bill.

Businesses with largely immigrant workforces are preparing for Monday in varying ways:

·Cargill, the No. 2 U.S. beef producer and No. 3 pork producer, is closing seven meat-processing plants with 14,000 employees in Iowa, Texas, Kansas, Nebraska, Illinois and Colorado. "We share a lot of the same concerns many of our employees have," spokesman Mark Klein says. "The immigration process is broken, and we need true solutions to it."

·Tyson Foods is discouraging workers from missing shifts, spokesman Gary Mickelson says. "We don't want our team members to jeopardize their good employment records and incomes by taking unauthorized time away from work," he says.

·All Las Vegas casinos are asking workers to stay on the job, sign petitions to lawmakers and attend a downtown "celebration of immigration" at 6 p.m., says Yvette Monet of MGM Mirage.

·The 17 Spanish-language radio stations owned by Clear Channel Communications will broadcast music without comment from disc jockeys. "Words are my life, but sometimes silence makes a bigger point," morning host Alex Lucas says.

Many Hispanic-owned businesses will be closed. Salvador Pedroza Moreno, owner of Economy Roofing in Chicago, says he'll give his seven workers the day off with pay to attend a march. In Tucson, Ricardo Cazares is shutting Alejandro's Tortilla Factory & Bakery, which has 55 workers. "There are sales that I know will be lost, but if we want something, we have to pay a price for it," he says.

Rallies are scheduled in many cities. Jessica Aranda of the March 10 Movement, a Chicago coalition that drew 100,000 to a march last month, says Monday will draw a bigger crowd. "Our community is coming into our own and realizing our own power," she says.

In nine New York City neighborhoods, "human chains" of Hispanic store owners, workers and customers will link hands for about 20 minutes, says Chung-Wha Hong, executive director of the New York Immigration Coalition.

"Some business owners couldn't afford to shut down their businesses all day," she says. "This is an alternative action for people who wanted to join something."

Navarro of the National Alliance for Human Rights says he expects Monday's economic action to get Congress' attention. "Timing is everything in politics, and the timing is with us right now," he says. But others who favor laws that support immigration rights say the walkouts could spark a backlash.

Encouraging children to skip school "just adds fuel to the argument that we don't care about our children's education," says Jose Lagos, a community organizer with Honduran Unity in Miami.

Angelica Salas of the Coalition for Humane Immigrant Rights in Los Angeles says her group urges workers to get permission from their bosses before taking the day off. If undocumented workers walk out and get fired, "there's very little that they can do," she says.

Hector Flores, president of the League of United Latin American Citizens, says his 100,000-member organization opposes worker absenteeism and school walkouts, "but we don't want people to consume anything on that day."

Last month, announcements by Spanish-radio disc jockeys helped build crowds at rallies. Now, the top-rated Renan Almendarez Coello (known as El Cucuy, "the boogeyman") opposes walkouts. "We came here to work and not to say 'don't work,' " he said last week.

Cardinal Roger Mahony of Los Angeles, who has said he'd order priests not to obey laws against helping illegal immigrants, is cautious about Monday's boycott and instead is promoting a 4 p.m. rally — after school hours. That event could cut crowds at the boycott organizers' noon rally at City Hall.

"If both events go well, that would be great," says Mike Garcia, president of a Service Employees International Union local in Los Angeles, which is neutral on the boycott. "It shows there are differences in strategies, but everybody's fighting for the same thing."

L.A. Authorities Brace For Huge Immigration Marches (LAT)

By Hector Becerra And Andrew Blankstein

The Los Angeles Times, April 28, 2006

Two immigrant rights demonstrations Monday in Los Angeles could each draw a half-million marchers or more, police said Thursday, as officials expressed concern about a major disruption of traffic, commerce and school.

LAPD Assistant Chief George Gascon said the estimates are based on street intelligence and what he described as a well-organized campaign involving radio stations, churches and community groups. Police do not expect trouble, he added.

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Demonstrations are planned for downtown at noon and Mid-Wilshire at 4 p.m. Gascon said the LAPD is gearing up to deal with hundreds of thousands of demonstrators at each.

Los Angeles Mayor Antonio Villaraigosa, Cardinal Roger Mahony and others have encouraged protesters to attend the late-afternoon march from MacArthur Park down Wilshire Boulevard to La Brea Avenue, prompting authorities to say that crowd might be the larger of the two.

Officials in Santa Ana, Huntington Park, Oxnard, Riverside, Pomona and San Diego said they expect smaller but boisterous protests.

Police in Chicago, meanwhile, estimated that as many as 500,000 could take to the streets in that city, while Seattle officials and protest organizers said they expect anywhere from 10,000 to 50,000 marchers.

Officials acknowledged that it is difficult to predict the size of any protest crowd, noting that at a march last month, the LAPD had expected far fewer protesters than the estimated 500,000 people who showed up outside Los Angeles City Hall.

But if the LAPD's estimates prove correct, Monday's marches would approach the scope of that event — one of the largest protests in Los Angeles' history. Officials said Monday's demonstrations could prove more disruptive, however, because they will occur on a weekday and they include a call for people to boycott school and work and refrain from shopping.

Some small-business owners say they plan to close down Monday, either to support the marchers or because they think it would be difficult to do business.

State and local school officials urged students to stay in classes, and transportation officials planned street closures and bus route detours.

"We want students to exercise free speech, but not at the expense of their education," said state Supt. of Public Instruction Jack O'Connell. "If students need to protest, they should feel free to do so after school."

The LAPD is coordinating an action plan with the Sheriff's Department, transportation agencies, the school district and other law enforcement. Officials said they also have been in contact with organizers in hopes of minimizing any conflicts and making sure the demonstrations run smoothly.

"We feel very confident at this point about the way the demonstrators have been conducting themselves, and we don't anticipate any problems," Gascon said. "We want to protect the demonstrators' 1st Amendment rights as well as the property rights and the rights of everyone else in the community."

Authorities voiced concern that because the protest falls on May Day, revolutionary groups and anarchists who have given police trouble in the past might join the marchers.

"We are not sure what they will add to the mix," said LAPD Capt. Andy Smith of the Central Division.

The noon march in Los Angeles is scheduled to begin at Olympic Boulevard and Broadway and proceed north toward City Hall. It is organized by the March 25 Coalition, which has called for a boycott of work, school and consumer activity. Leaders say the goal is to demonstrate the vital role of immigrants in the economy.

The second march is scheduled to begin at MacArthur Park and head west on Wilshire Boulevard toward La Brea. Organizers include the Archdiocese of Los Angeles and labor and civic groups. They say they want to give people who cannot take the day off work a way to participate in the fight for immigrant rights, and have urged students not to miss school.

LAPD officials said they have heard about a possible third demonstration being organized for Monday night in downtown, but did not know how big it might be.

It is unclear how businesses will be affected by the protests. Most larger shops and companies appear to be planning regular operations Monday. But local businesses with large numbers of immigrant workers, as well as those owned by immigrants and establishments along protest routes, could face substantial disruptions.

Some restaurants, grocery stores, garment factories, farmers, meat packers, gardeners and truckers say they plan to suspend some or all operations. Households may not get their usual gardening or housecleaning services, while some commercial establishments may not receive expected deliveries. Some workers who plan to demonstrate have already cleared their absences with their employers, while others plan to work from home to avoid traffic problems.

Additionally, some activists have vowed to disrupt work at the Port of Los Angeles, Los Angeles International Airport and elsewhere, though it is unclear uncertain how much support they have.

With the demonstration approaching, Villaraigosa and other officials appealed Thursday for students to stay in school Monday.

"It's very important to keep our kids in school and to make sure they get a good education, including on May 1st," he said, speaking first in English, then Spanish. "After school, they can join in the marches as is their 1st Amendment right."

But some groups rejected such pleas, saying students have a moral duty to protest immigration legislation they feel is wrong.

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"I believe children have more to learn protesting on the streets with their parents, expressing their rights, than in the classrooms," said Nativo Lopez, president of Hermandad Mexicana, which was organizing a demonstration in Santa Ana.

Los Angeles Unified Supt. Roy Romer said there would be no districtwide order to place schools on lockdown, during which students are not allowed to leave classrooms. Instead, principals on each campus will decide how to react if students try to leave campus during the school day.

"Monday, we need to be in school," Romer said at a news conference with O'Connell at Lincoln High School in Lincoln Heights. "We will be able to keep children safer at school, we will be able to continue their education, and after school hours there will be appropriate occasion to express themselves."

In Huntington Park, the scheduled ending point for a smaller demonstration, police said they were expecting many students to miss class. But stopping them would not be a priority, said Assistant Police Chief Cosme Lozano.

"We will have plenty of other things to worry about," he said. "We're not going to make mass truancy detentions a priority, but it will be a tool for us to use if we have to."

In Sacramento, the California Senate in a party-line vote approved a resolution designating Monday as the "Great American Boycott 2006." Democrats argued that protests are a venerable tradition going back to the Boston Tea Party. But Republicans criticized the measure as condoning illegality and encouraging student truancy.

Several Democratic lawmakers said they would be participating in the demonstrations Monday, and leaders decided that neither the Senate or Assembly would conduct business that day.

However, lawmakers can still receive their $138 per diem, a move Republicans called hypocritical, since most immigrants skipping work for protests are not paid.

Illegal Immigrants Skip Work Amid Unfounded Rumors Of Government Roundup (WSJ)

By Miriam Jordan And Paulo Trevisani Jr.

The Wall Street Journal, April 28, 2006

Thousands of illegal immigrants across the U.S. stayed away from work and school, skipped medical appointments and scrapped purchases this week as rumors spread that authorities are rounding up undocumented residents.

The rising panic is fallout from last week's move by Homeland Security Secretary Michael Chertoff to crack down on employers who purposely hire undocumented immigrants. Immigration and Customs Enforcement investigations over the past year resulted in the arrest on April 19 of 1,187 employees and seven current and former managers of IFCO Systems North America. Officials of the company, a supplier of wooden pallets and crates with plants across the country, are charged with conspiring to hire illegal immigrants, including helping them secure fake documents.

After hundreds of no-shows for medical appointments throughout Contra Costa County in northern California, the chief health official yesterday sought to reassure patients by circulating a letter stating that visiting a clinic wouldn't endanger them. In Newark, N.J., teachers reported unusual absenteeism for four consecutive days. At parking lots of home-improvement stores in Florida, such as Home Depot, only a few immigrants sought day-laborer jobs, when normally dozens show up.

The origin of the rumors is unclear. "These reports are baseless," says Virginia Kice, a spokeswoman for ICE. "We don't conduct random raids." The agency has been flooded with calls from Spanish-language media outlets seeking information.

The situation could hamper Monday's planned "National Day of Action," another round of immigration rallies that has been expected to draw millions to the streets of major U.S. cities. Protests calling for immigration reform have drawn huge crowds in the past month as immigrant workers press for legal work status amid a divisive congressional debate.

In the face of the current fear, organizers of Monday's protests are trying to calm potential protestors to ensure another big turnout. "We have been telling the public not to be intimidated," says Juan Carlos Hidalgo, programming director for a top-rated Spanish-language radio station KLEX in Los Angeles.

Peter Dyga, vice-president for government affairs of the Associated Builders and Contractors in Coconut Creek, Fla., says hundreds of construction workers had either walked off the job or just didn't show up this week. "We've never seen anything like this. We are in a sticky situation as an industry," he says.

In Newark, a Brazilian immigrant named Katia who declined to give her last name, has avoided leaving her house since Friday, when she first heard about possible raids. "I am just walking one block to take my daughter to school," she says. "I didn't even take her to karate classes last Monday."

Restaurant and grocery store owners reported a dramatic drop in business in many U.S. cities as illegal immigrants avoided being in public. "I just got off the phone with a mother who was afraid to go to the pharmacy to have her child's prescription for antibiotics filled," says Concepcion James, manager of Bay Point Family Health Center, which caters to low-income families in Bay Point, Calif. Only a handful of parents brought their children yesterday for a free day of eye exams, which normally draws hundreds.

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What has alarmed many immigrants is the specificity of the rumors, although none turned out to be true: In Newark, there was talk that U.S. agents were posted at bridges and roads connecting the city to New York and other towns. In Concord, Calif., a white Bronco parked outside a home-repair shop supposedly carried undercover immigration agents. In Fort Worth, Texas, a call about a rumored immigration sting sent Star-Telegram reporters scrambling Tuesday night to an area near the Fort Worth Stockyards, according to the newspaper's account.

With 12 million illegal immigrants in the country, ICE normally targets those with criminal records who have evaded deportation orders. In terms of employers, the agency typically investigates companies believed to systematically hire undocumented immigrants for commercial gain.

Other recent incidents have added fuel to the fire. In Chinook, Wash., on Tuesday, ICE agents apprehended 16 illegal immigrants at a fish processing plant. On Monday, ICE agents in Miami announced the arrests of 183 undocumented immigrants, including 130 who had evaded deportation orders. Another 53 illegal immigrants were arrested because they were in the area when the arrests took place.

The new workplace enforcement is interpreted by some political analysts as an attempt to placate hard-line Republicans who believe the Bush administration is turning a blind eye to the widespread practice by U.S. businesses of hiring undocumented immigrants. The crackdown also indicates the extent to which the political tussle over immigration could affect several sectors of the economy that rely on immigrant workers. An ICE spokeswoman said the workplace enforcement represents the second phase of a multi-year program to reduce illegal immigration.

Community leaders believe that the political debate over illegal immigration, including a House bill that would make illegal immigrants and those who help them subject to criminal prosecution, has helped stoke panic in immigrant communities.

"Everybody knows someone who knows someone who has been arrested," says Ilton Marques, a butcher at Emporium Supermarket in Newark. "But nobody actually saw anything."

Hispanics Seek Immigration Action (WSJ)

By John Harwood

The Wall Street Journal, April 28, 2006

See weekday Washington Wire updates at www.washwire.com1.

HISPANICS WANT action on immigration reform.

While other Americans rate curbing budgetary "earmarks" their top single objective for Congress, new Wall Street Journal/NBC News poll2 shows a 46% plurality of Hispanics place immigration atop "must do" list. The poll, conducted in English, included an expanded sample of Hispanic respondents. Eight in 10 embrace Senate guest-worker compromise differentiating among illegal immigrants based on residence. Though Republicans blame Democrats for earlier collapse of that deal, two-thirds of Hispanics would hold Bush or his party responsible for inaction. The poll's margin of error is plus or minus 3.1 percentage points.

White voters favor Republican control of Congress by 45%-39%; Hispanics prefer Democrats, 55%-22%.

HEALTH CARE LOOMS as top election-year concern.

Three in 10 Americans call it a top priority, outpacing those citing job creation, terrorism or Iran's nuclear program. Strong majority applauds Massachusetts Gov. Romney's plan to mandate that individuals buy insurance, though Republicans are less enthusiastic than Democrats and independents.

Bush's party makes modest headway in defending Medicare prescription drug benefit as May 15 enrollment deadline approaches. Senate Republicans brace for May battles over medical malpractice and "association health plan" legislation. NFIB and Realtors back the association bill, but opposition from AARP, American Cancer Society and American Diabetes Association clouds prospects.

MCCAIN WIDENS early lead over Clinton for 2008.

In a prospective presidential matchup, the Arizona Republican leads the New York Democrat, 46%-37%, up from two-percentage edge in November. The fourth-term maverick draws 13% support from Democrats, while Clinton receives just 6% support from Republicans.

But former first lady benefits from a more enthusiastic base, as 41% of Democrats call themselves "optimistic" about another Clinton presidency. Just 28% of Republicans are optimistic about McCain.

Bill Clinton's positive ratings hit 50% for first time since he left the White House; his negative falls to 33%.

MULFORD EMERGES as additional contender to succeed Snow at Treasury. The current U.S. ambassador to India, a Treasury undersecretary for the elder President Bush, has Wall Street credibility as a former top Credit Suisse First Boston official. Another name in the buzz: Commerce Secretary Gutierrez, an ex-Kellogg CEO.

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CONSENSUS: Six in 10 Republicans, Democrats, and independents fault oil companies for gas-price increases. But they split on Bush's culpability; just 9% of Republicans blame the president, while 46% of Democrats and 31% of independents do.

COULD BE WORSE: While only 24% of Americans call the nation "headed in the right direction," that's 10 percentage points more than said so in July 1992 during first President Bush's unsuccessful re-election bid. That campaign was colored by Perot's independent candidacy; today, 45% want a new independent party to compete for the presidency and 29% oppose the idea.

STALLED: FDA again delays release of new manufacturing standards for dietary supplements, frustrating lawmakers and industry who've been waiting for regulation under terms of 1994 law. Just 15% of Americans call themselves optimistic that Bush will do a good job in rest of term, while 35% are pessimistic.

DESPITE IRAQ, Americans don't reject strikes against a nuclear Iran.

By 48%-42%, public says U.S. should join coalition to attack Iran's nuclear capability if Tehran approaches development of a weapon. Support falls to 42%, with 46% opposed, when respondents are asked if the U.S. should act on its own.

Majorities in all regions, races and age groups say U.S. should change directions and scale back objectives in Iraq. But six in 10 conservatives and white evangelical Christians favor remaining "on the current course." Two-thirds of all respondents say resignation of Pentagon chief Rumsfeld would be only "a symbolic gesture" that wouldn't make much difference.

Industry insiders say Dubai Ports World may face cut-rate offers for U.S. assets, could ask Congress to cover losses.

MINOR MEMOS: Amid bickering over ballot security, majorities of blacks and Hispanics back requiring photo ID at voting sites ... Notwithstanding media focus, just 3% rank Duke lacrosse team rape scandal as top concern.

Population Shift Smaller Families In Mexico May Stir U.S. Job Market (WSJ)

By June Kronholz And John Lyons

The Wall Street Journal, April 28, 2006

U.S. employers have long counted on men like Elizardo Ramírez, who left his concrete-block home and 12 children in Mexicali, Mexico, to spend most of his working life in California picking tomatoes and lettuce. Two of Mr. Ramírez's sons followed him to low-skilled jobs in the U.S.

But Americans who are convinced the spigot of workers like the Ramírezes will never run dry might want to visit another of the Ramírez children still in Mexicali: Sandra Ramírez de Llanes. Ms. Llanes and her husband, Osvaldo, have just one child. They're saving for 15-year-old Jose Oswaldo to go to college and become an engineer -- in Mexico.

Unusual for their generation, Ms. Llanes and her husband have themselves risen to the middle class, thanks to jobs at a bank. "We've struggled," says Ms. Llanes. "But through it all, it never occurred to us to go to the U.S."

The Llanes family reflects Mexico's past and present -- and, perhaps, illuminates a future that would have important consequences for the U.S. economy. Thanks to a decades-long family-planning campaign, most Mexicans are having far fewer children than was typical a generation ago. When Ms. Llanes was born in 1968, the average Mexican woman had nearly seven children. Today, the figure is just above two, comparable to the U.S.

This sweeping demographic shift has fostered hope that someday Mexico will produce a healthy middle class of people like the Llaneses. Most Mexicans today are far too poor for luxuries the Llaneses enjoy, such as a computer for Jose Oswaldo. But the new, smaller Mexican family may help change that by allowing parents to invest more in their children's education, finally producing the generation that lifts Mexico into the developed world.

Mexico's new demographics could have a big impact on the U.S. Although the flood of Mexicans heading north is whipping up debate in Washington, the crossings may slow in future decades. That could happen simply because smaller families limit the pool of potential migrants. A slowdown would be especially likely if a growing middle class makes more Mexicans comfortable at home and averse to risking a dash across the border.

A reduction in the supply of cheap Mexican labor would be sure to have ripple effects on the U.S. economy. It could raise costs for employers as they searched for immigrant labor from more distant places such as Asia. If, as some contend, the current flood of immigrants is hurting lower-skilled native-born Americans, the easing of the flood might help them.

Currently an estimated 459,000 Mexicans come to the U.S. each year, according to the Pew Hispanic Center in Washington, most of them younger people looking for low-skilled work. That reflects Mexico's demographics: There are millions of Mexicans in their 20s and 30s born to big families that had no means to support education. The median age of Mexico's 107 million people is 25, meaning half are older than that age and half are younger. In the U.S., the median is 36.

But the Population Division of the United Nations predicts that by 2050, the situation will be reversed: Mexico's median age will rise to 42, while the U.S. will rise to 41.

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While an older Mexico with smaller families may be a richer one, that outcome is by no means assured. Robert Pastor, director of the Center for North American Studies at American University in Washington, says the "critical challenge" for Mexicans is "what they will do with the next 20 years."

Mexico's large working-age population means it should have more tax revenue to spend on job training, infrastructure such as power and transportation, and a social-security system. But it could miss the opportunity. Currently taxes are low and many rich people evade them. The public-education system is weak and the poor often inherit the low-wage jobs of their parents.

If an aging Mexico stagnates, the drive to emigrate to the U.S. may grow stronger than ever. And U.S. companies that hope a boom in Mexico's middle class will boost purchases of American goods would be disappointed.

Aging expert Richard Jackson says it's hard to predict whether Mexico will prosper. "Every country that ever got old got rich first," says Mr. Jackson, senior fellow at Washington's Center for Strategic and International Studies.

Ms. Llanes's tale offers some hints of how a brighter future might develop for Mexico. She tells of an impoverished childhood. On one grim day, she says, her mother showed her how to feed the family's littlest children only the cloudy water in which she had boiled the rice for everyone else. Ms. Llanes's father, Mr. Ramírez, had joined the mass migration from rural farmland to big cities by coming to Mexicali, right across the border from California, in the mid-1950s.

As the family grew, Mr. Ramírez, an uneducated day laborer who died in 1997, found it hard to make ends meet. He joined a guest-worker program that brought him to seasonal agriculture jobs in the U.S.

"We hardly got to know him as a father. He had to work so much to support us," Ms. Llanes says. One by one, the Ramírez children dropped out of school to help feed the family.

Ms. Llanes recalls envying a neighbor family with just three children who wore store-bought clothes and went to college. "Seeing how they lived...is what made me decide that I would have a small family," she says. But she remembers how older women wondered whether the family was so small because of fertility problems or marital discord.

Rapid population growth was long seen as both a religious obligation in largely Roman Catholic Mexico and as a goal of public policy. In the early 1970s, demographers began warning that Mexico's population, then around 50 million, could triple to 150 million by 2000.

In a policy U-turn, the government set up family-planning clinics, offered free contraception, set sterilization quotas at clinics and began an advertising campaign that is still widely remembered. "The small family lives better," proclaimed television and radio commercials. In a soap opera called "Accompany Me," popular when Ms. Llanes was growing up, a young woman lived in a cramped tenement with 13 siblings. "You've condemned your children to live in a hell," she screamed at her mother in one episode.

Today, the government still sends the same message. The Mexican Senate recently voted to extend sex education to kindergarten.

The population-control efforts had a huge impact, but not before a flood of Mexicans born in the 1970s, '80s and '90s began moving to the U.S. About 11 million Mexican immigrants now live in the U.S., up from less than a million in 1970, according to the Pew Hispanic Center.

The vast flow has relieved pressure on Mexico from millions of jobless young people and helped keep its population in check. Rodolfo Tuirán, former head of Mexico's National Population Council, says Mexico would have another 16 million people today if it hadn't been for the migrants and the children they had in the U.S. instead of Mexico.

Two of Ms. Llanes's brothers joined the movement north. Alvaro Ramírez is a farm hand in El Centro, Calif., and Bartolo Ramírez works at a gas station in Calexico, Calif., just over the border from Mexicali.

Ms. Llanes decided on another path. After finishing junior high school, she enrolled in a one-year secretarial course because "it would have been selfish for me to go on to high school," she says.

At age 17, she began work at a Mexicali bank where she met her future husband. Osvaldo Llanes also had moved from the countryside and concluded that high school would be a luxury. Instead, he took a brief accounting course, joined the bank as a clerk and at age 43, now runs four branches of Banamex, a unit of U.S. giant Citigroup Inc.

On their $26,000 yearly income, the Llaneses live in a three-bedroom home in one of the new U.S.-style housing developments that have sprung up for the thousands of young, middle-class families in the increasingly prosperous north. They own a second house as an investment.

Young Jose Oswaldo talks of studying engineering in college and, to make sure that happens, his parents are putting $40 a month in his college fund. That kind of investment in children's education could bode well for Mexico and over the long term reduce the incentive to emigrate to the U.S.

In the shorter term, however, economic development may fuel immigration by giving would-be migrants the cash to cross the border. The Pew Hispanic Center says many Mexicans move to the U.S. not because they are jobless but because they want a better job than the one they have. Its polls show that 49% of Mexican adults would move to the U.S. if they could.

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The Mexican government's most optimistic forecast still puts migration at almost 400,000 a year for the next 25 years -- and more than 500,000 if things go badly with the Mexican economy. In part that's because inland farming states that send the most workers to the U.S. are likely to be the last to share in any new prosperity.

Mexico's economy has long had trouble creating the kind of opportunities that Mr. and Ms. Llanes enjoyed. The Mexican government said recently that its economy created no new private-sector jobs in the first four years of President Fox's six-year term, even though more than a million new workers enter the labor force yearly.

In another few decades Mexico will have the same kind of aging society as developed nations do today, but it is ill-prepared for it. The pension system for state workers faces a shortfall. Private employers are required to contribute to a pension system but about half the work force is working off the books. These people have little chance of a comfortable pension.

If Mexico doesn't build a nationwide pension system, "coming to the U.S. is your social security," says Steve Camarota, a demographer at the Center for Immigration Studies, a Washington research group that advocates less immigration.

Mr. Pastor of American University agrees. "We're going to have an unending wave" of illegal immigrants, he says, unless governments make adjustments -- not only in Mexico but also in other sluggish and aging Latin American countries. The median age in Brazil will rise to 39 in 2050 from 27 today, the U.N. predicts.

Mrs. Llanes is determined that Jose Oswaldo stay in his home country. "I want to prepare my son well enough so he can find opportunities in Mexico," she says.

An Anthem's Discordant Notes (WP)

By David Montgomery

The Washington Post, April 28, 2006

Oh say can you see -- a la luz de la aurora?

The national anthem that once endured the radical transformation administered by Jimi Hendrix's fuzzed and frantic Stratocaster now faces an artistic dare at least as extreme: translation into Spanish.

The new take is scheduled to hit the airwaves today. It's called "Nuestro Himno" -- "Our Anthem" -- and it was recorded over the past week by Latin pop stars including Ivy Queen, Gloria Trevi, Carlos Ponce, Tito "El Bambino," Olga Tañon and the group Aventura. Joining and singing in Spanish is Haitian American artist Wyclef Jean.

The different voices contribute lines the way 1985's "We Are the World" was put together by an ensemble of stars. The national anthem's familiar melody and structure are preserved, while the rhythms and instrumentation come straight out of Latin pop.

Can "The Star-Spangled Banner," and the republic for which it stands, survive? Outrage over what's being called "The Illegal Alien Anthem" is already building in the blogosphere and among conservative commentators.

Timed to debut the week Congress returned to debate immigration reform, with the country riven by the issue, "Nuestro Himno" is intended to be an anthem of solidarity for the movement that has drawn hundreds of thousands of people to march peacefully for immigrant rights in Washington and cities across the country, says Adam Kidron, president of Urban Box Office, the New York-based entertainment company that launched the project.

"It's the one thing everybody has in common, the aspiration to have a relationship with the United States . . . and also to express gratitude and patriotism to the United States for providing the opportunity," says Kidron.

The song was being prepared for e-mailing as MP3 packages to scores of Latino radio stations and other media last night, and Kidron was calling for stations to play the song simultaneously at 7 Eastern time this evening.

However, the same advance buzz that drew singers to scramble for inclusion in the recording sessions this week in New York, Miami, Texas, Mexico, Puerto Rico and the Dominican Republic has also spurred critics who say rendering the song in Spanish is a rejection of assimilation into the United States.

Even some movement supporters are puzzled by the use of Spanish.

"Even our Spanish media are saying, 'Why are we doing this, what are you trying to do?' " said Pedro Biaggi, the morning host with El Zol (99.1 FM), the most popular Hispanic radio station in the Washington area. "It's not for us to be going around singing the national anthem in Spanish. . . . We don't want to impose, we don't own the place. . . . We want to be accepted."

Still, Biaggi says he will play "Nuestro Himno" this morning if the song reaches the station in time. But he will talk about the language issue on the air and solicit listeners' views. He says he accepts the producers' explanation that the purpose is to spread the values of the anthem to a wider audience. He adds he will also play a version of "The Star-Spangled Banner" in English -- as he aired the Whitney Houston version earlier this week, when the controversy was beginning to brew.

In the Spanish version, the translation of the first stanza is relatively faithful to the spirit of the original, though Kidron says the producers wanted to avoid references to bombs and rockets. Instead, there is "fierce combat." The translation of the more obscure second stanza is almost a rewrite, with phrases such as "we are equal, we are brothers."

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An alternate version to be released next month includes a rap in English that never occurred to Francis Scott Key:

Let's not start a war

With all these hard workers

They can't help where they were born

"Nuestro Himno" is as fraught with controversial cultural messages as the psychedelic "Banner" Hendrix delivered at the height of the Vietnam War.

Pressed on what he was trying to say with his Woodstock performance in 1969, Hendrix replied (according to biographer Charles Cross), "We're all Americans. . . . It was like 'Go America!' . . . We play it the way the air is in America today."

Now the national anthem is being remade again according to the way the air is in America, and the people behind "Nuestro Himno" say the message once more is: We're all Americans. It will be the lead track on an album about the immigrant experience called "Somos Americanos," due for release May 16. One dollar from each sale will go to immigrant rights groups, including the National Capital Immigration Coalition, which organized the march on the Mall on April 10.

But critics including columnist Michelle Malkin, who coined "The Illegal Alien Anthem" nickname, say the rendition crosses a line that Hendrix never stepped over with his instrumental version. Transforming the musical idiom of "The Star-Spangled Banner" is one thing, argue the skeptics, but translating the words sends the opposite message: We are not Americans.

"I'm really appalled. . . . We are not a bilingual nation," said George Taplin, director of the Virginia Chapter of the Minuteman Civil Defense Corps, part of a national countermovement that emphasizes border control and tougher enforcement, and objects to public funding for day-laborer sites. "When people are talking about becoming a part of this country, they should assimilate to the norm that's already here," Taplin said. "What we're talking about here is a sovereign nation with our ideals and our national identity, and that [anthem] is one of the icons of our nation's identity. I believe it should be in English as it was penned."

Yet, even in English, 61 percent of adults don't know all the words, a recent Harris poll found.

Appealing to such symbols of national identity to plug into their profound potency is how new movements compete for space within that identity. During the rally on the Mall, the immigrants and their supporters also waved thousands of American flags and recited the Pledge of Allegiance. But they didn't translate the pledge into Spanish. They said it in English.

Juan Carlos Ruiz, the general coordinator of the National Capital Immigration Coalition, said there's not a contradiction. The pledge was printed phonetically for Spanish speakers, and many reciting the sounds may not have understood the meaning. Putting the anthem in Spanish is a way to relay the meaning to people who haven't learned English yet, Ruiz said.

"It's part of the process to learn English," not a rejection of English, he said.

While critics sketch a nightmare scenario of a Canada-like land with an anthem sung in two languages, immigrant rights advocates say they agree learning English is essential. Studies of immigrant families suggest the process is inevitable: Eighty-two percent to 90 percent of the children of immigrants prefer English.

"The first step to understanding something is to understand it in the language you understand, and then you can understand it in another language," said Leo Chavez, director of Chicano/Latino Studies at the University of California at Irvine. "What this song represents at this moment is a communal shout, that the dream of America, which is represented by the song, is their dream, too."

Since its origins as the melody to an English drinking song called "To Anacreon in Heaven," circa 1780, "The Star-Spangled Banner" has had a long, strange trip. Key wrote the poem after watching the bombardment of Fort McHenry in 1814. It became the national anthem in 1931.

At least 389 versions have been recorded, according to Allmusic.com, a quick reference used by musicologists to get a sense of what's on the market. Now that Hendrix's "Banner" has mellowed into classic rock, it's hard to imagine that once some considered it disrespectful. The other recordings embrace a vast musical universe: from Duke Ellington to Dolly Parton to Tiny Tim. But musicologists cannot name another foreign-language version.

"America is a pluralistic society, but the anthem is a way that we can express our unity. If that's done in a different language, that doesn't seem to me personally to be a bad thing," said Michael Blakeslee, deputy executive director of the National Association for Music Education, which is leading a National Anthem Project to highlight the song and the school bands that play it in every style, from mariachi to steel drum.

"I assume the intent is one of making a statement about 'we are a part of this nation,' and those are wonderful sentiments and a noble intent," said Dan Sheehy, director of Smithsonian Folkways Recordings.

Benigno "Benny" Layton wonders. He's the leader of Los Hermanos Layton, a band of conjunto- and Tejano-style musicians in Elsa, Tex., 22 miles from Mexico. After the Sept. 11, 2001, attacks, he recorded a traditional conjunto version of "The Star-Spangled Banner." It was instrumental.

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"I'm a second-generation American," Layton said. "I love my country, and I love my [Mexican musical] heritage, and I try to keep it alive. But some things are sacred that you don't do. And translating the national anthem is one of them."

CONGRESS-ADMINISTRATION:

Senate Committee Blames Bush For Slow Response To Katrina (KRT)

By Ron Hutcheson

Knight Ridder, April 27, 2006

WASHINGTON - In a scorching account of government failure, a bipartisan Senate committee on Thursday blamed the botched response to Hurricane Katrina on a failure of leadership that stretched from the White House to the mayor's office in New Orleans.

Although the report's call for disbanding the Federal Emergency Management Agency has garnered the most attention, the assessment also scolds President Bush, Louisiana Gov. Kathleen Blanco, New Orleans Mayor Ray Nagin and a host of other officials for failing to anticipate the devastation or provide adequate help to victims.

The bipartisan report by the Senate Homeland Security and Governmental Affairs Committee concluded that Bush "could have done more" to mobilize federal resources. It says the initial White House response "was halting and inadequate."

Sen. Joseph Lieberman of Connecticut, the panel's top Democrat, was even more critical of the president. Lieberman, a centrist whose bid for re-election next fall is being challenged by a liberal rival in the Democratic primary, asserted his conclusions in a solo chapter at the end of the full report.

"Despite the clear warnings before landfall that Katrina would be catastrophic, the president and the White House staff were not sufficiently engaged and failed to initiate a sufficiently strong and proactive response," Lieberman wrote. "After the hurricane, the White House continued to demonstrate a lack of understanding of the magnitude of the catastrophe."

He also accused the Bush administration of stonewalling the panel's investigation. The Senate committee interviewed 325 witnesses and reviewed more than 838,000 pages of government documents in attempting to determine what went wrong.

"In too many cases, we faced agencies and departments that saw our efforts as a nuisance," Lieberman said. "And the worst offender was the entity that should have stood above the fray and worked hardest with the committee to uncover the government's failings in Katrina: the White House."

The report hints at similar frustrations by noting that the committee "has been unable to conclude" why the president waited five days after landfall to order troops to the stricken region. The hurricane and flooding killed more than 1,500 people and left thousands more homeless in Louisiana, Mississippi and Alabama.

White House officials defended their response and Bush's role in overseeing it. Fran Townsend, the president's homeland security adviser, noted that the committee praised Bush's pre-storm warnings and his decision to declare a disaster before the storm hit.

"It was the president and his staff that brought all the resources of the federal government to bear," Townsend told reporters who were traveling with Bush on Thursday to storm-damaged areas in Louisiana and Mississippi. "Can we do better? Absolutely. Will we do better? Absolutely."

Although the committee's findings generally echo other assessments of the Katrina response, Lieberman's report provides new details about what was going on behind the scenes at the White House as officials grappled with one of the most destructive natural disasters in history.

Citing testimony from former FEMA director Michael Brown, Lieberman concluded that Bush didn't realize the impact of the storm until a day and a half after landfall, when Brown told the president that up to 90 percent of New Orleans residents had been forced from their homes.

"My God, you mean it is that bad?" Brown recalled Bush saying.

In a video teleconference Aug. 27, two days before landfall, Brown warned Bush's advisers to prepare for a catastrophe. The aides were with the president at his Texas ranch, but Bush didn't participate in the call.

"I've got to tell you my gut hurts on this one. It hurts. I've got cramps. So we need to take this one very, very seriously," Brown said, according to a transcript of the teleconference.

Lieberman said Deputy White House Chief of Staff Joe Hagin, the top White House official at the session, didn't question Brown about his dire forecast and offered a "perplexingly optimistic" response. Hagin told Brown that "it sounds like the planning, as usual, is in good shape."

The report faults virtually every official who played a major role in the response. Among the complaints:

-Nagin "wasted time in waiting to order a mandatory evacuation."

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-Blanco "submitted an inadequate and erroneous request for assistance to the president and generally failed to ask the federal government for sufficient assistance before the storm."

-Homeland Security Secretary Michael Chertoff "failed to effectively lead the federal response" and "should have been more engaged in preparations."

-Brown, who has since resigned, "was insubordinate, unqualified and counterproductive."

The Senate committee concluded that leadership failures after the storm were particularly harmful because officials had failed to prepare for a catastrophic storm despite repeated warnings.

"The results were a tragic loss of life and human suffering on a massive scale," the committee concluded.

To read the full Senate report, go to: http://hsgac.senate.gov/index.cfm?Fuseaction=Links.Katrina

White House Aide Rejects Proposal To Scrap FEMA (WT)

By Joseph Curl

Washington Times, April 28, 2006

The White House yesterday rejected calls from Congress to dismantle the Federal Emergency Management Agency, blamed for bureaucratic bungling after Hurricane Katrina ravaged the Gulf Coast last year.

"As we're headed to this hurricane season, now is not really time to really look at moving organizational boxes," Frances F. Townsend, homeland security adviser to President Bush, told reporters aboard Air Force One en route to New Orleans.

A Senate panel yesterday recommended that FEMA be replaced by a new agency that would be better able to respond to major disasters. While Ms. Townsend rejected scrapping the federal emergency agency, she agreed that some restructuring could help.

"Yes, there's a better way to organize it. ... We look forward to working with the committee," she said. "I think we all share the same common goal and that is having a strong, capable FEMA that is better able to serve the American people when they're in greatest need."

The president, making his 11th trip to the Gulf Coast yesterday, said his administration is working to ensure that there is not a repeat of the devastation wrought by Hurricane Katrina.

"We pray that there is no hurricane this coming year, but we're working together to make sure the response will be as efficient as possible," Mr. Bush said.

Democrats seized on the Senate panel's report, hoping to position themselves in the November congressional elections.

"This report confirms in stark terms what the people of Louisiana have known for many months," said Sen. Mary L. Landrieu of Louisiana. "The handling of Hurricane Katrina by the Department of Homeland Security and FEMA was an organizational nightmare of immense proportions and that tragic administrative bumbling caused untold hardship for the people of Louisiana."

Sen. Joe Lieberman, Connecticut Democrat, blamed Mr. Bush for the extent of devastation wrought by Hurricane Katrina, which left more than 1,500 people dead.

"The White House shares responsibility for the inadequate prelandfall preparations," he said. "The president did not leave his Texas ranch to return to Washington until two days after landfall, and only then convened his Cabinet as well as a White House task force to oversee federal response efforts."

But the president said he has learned from Hurricane Katrina and the federal government is ready for the coming hurricane season.

"One of the things that we're working on is to make sure that we've learned the lessons from Katrina -- we've learned lessons at the federal level and state level and the local level. And we're now working closely together in preparation of the upcoming hurricane season," Mr. Bush said.

"All of us in positions of responsibility appreciate those who are working to help us understand how to do our jobs better. And we pray there is no hurricane this coming year, but we are working together to make sure that if there is one the response will be as efficient as possible," he said.

Congress, White House Divided Over Rebuilding FEMA (WP)

By Spencer S. Hsu

Washington Post, April 28, 2006

The Federal Emergency Management Agency and Department of Homeland Security are not adequately prepared for the hurricane season that begins in 34 days, the White House and Senate leaders said yesterday as a critical Senate investigation into the response to Hurricane Katrina sparked a sharp congressional debate over whether to abolish and rebuild FEMA.

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Sen. Susan Collins (R-Maine), chairman of the Senate Homeland Security and Governmental Affairs Committee, said FEMA "has become a symbol of a bumbling bureaucracy" that must be dismantled, and merely "tweaking the organizational chart" will not solve failures exposed by the hurricane.

"Are we prepared enough? We're not, and we're still operating with a flawed system" heading into the June 1 start of the storm season, Collins said.

She and ranking member Joseph I. Lieberman (D-Conn.) released 86 recommendations from the panel's forthcoming report, "Hurricane Katrina: A Nation Still Unprepared."

The eight-month, bipartisan investigation's central finding is that FEMA should be replaced by a new National Preparedness and Response Authority. Its head would report to the secretary of Homeland Security but serve as the president's top adviser for national emergency matters, akin to the military role played by the chairman of the Joint Chiefs of Staff.

The new agency would recombine disaster preparedness and response activities, reclaim power over billions of dollars of state and local grants, gain responsibility for securing critical infrastructure, and restore an emphasis on natural, as well as terrorist, threats. Those functions and approaches were dispersed or downgraded by the Bush administration as FEMA was merged into DHS.

The White House yesterday rejected the Senate committee plan but said that storm preparations are not yet complete.

"As we're headed into this hurricane season, now is not the time to really look at moving organizational boxes," said Frances Fragos Townsend, homeland security adviser to President Bush, who accompanied him to the Gulf Coast to see recovery operations. "We are far better prepared today than we were this time last year, and we'll be even better prepared by June 1."

Homeland Security Secretary Michael Chertoff, speaking at George Mason University, endorsed several Senate findings, but opposed making FEMA an independent agency and said renaming it would be like "slapping a fresh coat of paint on."

"I'm held accountable. I want to make sure as a consequence that I have full command and control over my department," he said.

Several members of Congress and outside experts praised the report, however, or said it did not go far enough. Wherever FEMA goes, they said, it is critical to strengthen its leadership, budget, regional commands, ties to states and cities, and core functions. Any reorganization would be FEMA's third in four years.

House Homeland Security Committee Chairman Peter T. King (R-N.Y.), ranking member Bennie Thompson (D-Miss.) and others introduced a bill yesterday that would alter FEMA but not dismantle it.

But Sen. Frank Lautenberg (D-N.J.), a member of Collins's committee, said FEMA should be restored to independent Cabinet-level status. House panels are preparing related bills as the House plans a week of action on Katrina issues May 22.

The timing is driven by hurricane season and this fall's elections, as Congress races to act with or without the White House.

"Leadership is aware this is all coming to a head. They'd prefer to be on the same sheet of music as DHS, of course," said a House Republican official who requested anonymity because he is not allowed to speak for members. "But they're also aware that if legislation to take FEMA out [of DHS] was sent to the floor tomorrow, it would get 400 votes."

"I don't believe re-creating a broken wheel within DHS moves us closer to realizing" Katrina's lessons, Rep. William Shuster (R-Pa.) said.

David Heyman, director of the homeland security program at the Center for Strategic and International Studies, called the report one of the most comprehensive reviews of national preparedness since the Sept. 11, 2001, terrorist attacks. "If we implement just half of the recommendations from the report, we will be twice as prepared as we are today," he said.

Divisions Arise On Whether FEMA Requires A Tear-Down (LAT)

By Johanna Neuman

Los Angeles Times, April 28, 2006

WASHINGTON — Congress and the White House are headed toward a collision over one of the big questions left unresolved in the aftermath of Hurricane Katrina — whether to beef up the nation's key disaster response agency within the Department of Homeland Security or to create a politically independent agency to handle national emergencies.

Just weeks before the 2006 hurricane season officially begins June 1, a Senate committee on Thursday called for the Federal Emergency Management Agency to be dismantled and reconstituted as a new, stronger agency within Homeland Security.

Many House members, meanwhile, are pushing to restore FEMA to its pre-2003 status as an independent agency, this time with Cabinet rank and additional funding muscle.

And as President Bush made his 11th visit to the Gulf Coast since the storm hit Aug. 29, the White House urged a strengthening — but no reshuffling — of current operations.

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"Now is not the time to really look at moving organizational boxes," said Frances F. Townsend, the president's domestic security advisor, who traveled with Bush to Louisiana and Mississippi on Thursday.

The disagreement is a direct echo of the debate that erupted after the Sept. 11 attacks, when the White House initially resisted congressional efforts to reorganize all domestic security and disaster preparedness agencies under one roof. The White House eventually agreed to the creation of the Department of Homeland Security, which united 22 separate programs, employing more than 170,000 people, in March 2003.

This time, the debate takes place in an election year, when politicians facing the voters are under pressure not just to write reports about what went wrong but to take action to fix the problems. Adding to the unpredictability is the deep divide within both political parties over the best course of action.

There is one significant point of agreement: FEMA botched the federal response to Katrina, which killed more than 1,300 people along the Gulf Coast and left hundreds of thousands homeless. So far, the federal tab for relief and reconstruction costs has reached $100 billion.

"FEMA is discredited, demoralized and dysfunctional," said Sen. Susan Collins (R-Maine), whose Senate Homeland Security and Governmental Affairs Committee issued its recommendations Thursday. "It is beyond repair. Just tweaking the organizational chart will not solve the problem."

Collins, the panel's chairwoman, and its ranking Democrat, Joe Lieberman of Connecticut, are proposing that FEMA's functions be absorbed into a new agency, the National Preparedness and Response Authority, which would remain under the secretary of Homeland Security but have broad jurisdiction and direct access to the president during crises.

"This will be a dramatically different agency from FEMA," Colins said.

But Collins and Lieberman, who plan to start drafting legislation next week, face an uphill battle in the Senate, where Majority Leader Bill Frist (R-Tenn.) shares the White House view that this no time for a reorganization.

"We're very leery, headed into hurricane season, of rewriting the entire FEMA operation," said a Frist spokesman who asked not to be identified when discussing party issues. "As the storms come ashore, FEMA personnel would be diverting time to testify on a rewrite."

Many in the House, including Rep. Tom Davis (R-Va.), chairman of the House Select Committee on Katrina that issued its report in February, favor making FEMA a separate agency, with Cabinet rank.

"Re-branding FEMA doesn't fix the problem, it just puts a new acronym on it," said David Marin, the select committee's director and a Davis spokesman.

Defenders of the Senate proposal say it is being mischaracterized. The new agency's "leaders would have to have emergency management experience, which would put an end to the Bush administration's penchant for rewarding political types with important security jobs," said a Senate staffer who asked not to be identified when discussing the issue.

And a bipartisan group of congressmen — including Peter King (R-N.Y.) and Bennie Thompson (D-Miss.), the chairman and the top Democrat on the House Homeland Security Committee, respectively — on Thursday endorsed legislation, along the lines of the Senate recommendation, to keep an enhanced FEMA within Homeland Security to ensure that it has all the resources of the larger department, such the Coast Guard and the operations center.

"FEMA must be equipped with the proper resources, communications and leadership to handle a worst-case scenario," King said.

But many House Republicans are divided on the issue. The House is planning to devote the last week in May to Katrina-related issues — and Speaker J. Dennis Hastert (R-Ill.) is inclined to support the White House approach of strengthening FEMA without changing its operational status within Homeland Security, said one House aide who requested anonymity when discussing the leadership's strategy.

But Hastert also knows, said the aide, that members on the House side "are very sensitive to the need to be seen as doing something — not just putting out reports" and that the proposal to restore FEMA as a separate agency is vastly popular. "If it came to the floor today it would get 400 votes," the aide said.

In the Senate, many Democrats — including Frank R. Lautenberg of New Jersey and Daniel K. Akaka of Hawaii, who were on the panel that issued the report Thursday — also want FEMA to stand alone, disagreeing with the Collins-Lieberman approach of taking it apart and putting it back together within Homeland Security.

"Unless FEMA has a direct line to the president, the people of Hawaii and the nation are at risk," Akaka said in a statement. "FEMA must be restored as an independent agency."

And in the White House, Bush is still trying to recapture his credibility, which crumbled during the disaster. Lieberman singled out the president for being "surprisingly detached" until two days after Katrina hit, when the White House began to marshal the full resources of the federal government.

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"President Bush won our admiration and gratitude for the way he took charge in responding to the attacks against America of Sept. 11," said Lieberman. "In the case of Hurricane Katrina, he failed to provide that same presidential leadership when it was needed, and America suffered."

During his visit to the Gulf Coast on Thursday, Bush put on gloves and a carpenter's apron in New Orleans' devastated 9th Ward and grabbed a hammer to pound a few nails for a Habitat for Humanity project to build 280 housing units.

"What we need to do is take recommendations and make sure, as hurricane season approaches, that FEMA and all branches are ready to respond," he told Brian Williams of "NBC Nightly News." "I know my job is to work with relevant agencies and get them ready."

The Senate committee plans to issue its full 800-page report, "Hurricane Katrina: A Nation Still Unprepared," on Tuesday.

Delayed Katrina Response "was A Failure By Leaders" (FT)

By Edward Alden

Financial Times, April 28, 2006

The poor response to Hurricane Katrina was "a failure of leadership at all levels of government" that requires an overhaul of the country's disaster response capabilities, the Senate committee investigating the disaster said on Thursday.

The Senate homeland security committee, whose leaders were instrumental in the creation of the Department of Homeland Security following the September 11 terrorist attacks, called for the dismantling of the Federal Emergency Management Agency, the disaster response agency created in 1979, which was folded into the new DHS in 2003.

"FEMA is discredited, demoralised and dysfunctional," said Susan Collins, the Maine Republican who led the investigation. "It is beyond repair."

Katrina, which struck New Orleans and the Mississippi gulf coast last August, was the most destructive natural disaster in US history, leaving 1,500 people dead and stranding tens of thousands. The belated federal response undermined President George W. Bush's reputation as a strong leader in a crisis, starting a slide in his popularity.

The committee's report could trigger another effort to overhaul the homeland security department, which has been struggling to integrate 22 different agencies and 185,000 employees. The committee acknowledged that the department, created largely owing to pressure from the Senate after similar recriminations following the terrorist attacks, had failed in its first real test.

The report found fault in the response by local, state and federal governments, and said the country should have been far better prepared for the disaster.

But the committee laid particular blame on Michael Brown, the former FEMA director who has said he was a made a scapegoat for the government's inadequacies. Mr Bush's praise of Mr Brown in the days after the hurricane – the president told him "you're doing a heck of a job, Brownie" during a trip to the region – became a symbol of cronyism over competence that has dogged Mr Bush since.

Ms Collins accused Mr Brown of "blatant insubordination" during the crisis, and the committee's report said he was "unqualified and counterproductive".

"It was clear that he was disengaged from the onset of Katrina. He failed to communicate absolutely vital information about the condition of the levees in New Orleans," she said.

The report calls for a new National Preparedness and Response Authority that would be a new independent agency within the DHS. Its head would directly advise the president on emergency management, much like the chairman of the joint chiefs of staff directly advises the president on military issues.

The White House response to the report was muted. "As we're headed to this hurricane season, now is not really the time to really look at moving organisational boxes," said Fran Townsend, homeland security adviser to Mr Bush.

The report is only mildly critical of Mr Bush. It says that while his initial response was "halting and inadequate, in part due to poor situational awareness", ultimately he "brought the full resources of the federal government to bear".

Fixing FEMA (USAT)

By James Lee Witt

USA Today (editorial), April 28, 2006

USA TODAY's editorial "New hurricane season looms, with FEMA still in shambles" effectively shined a light on the problems we still face as a nation with the continuing upset at the Federal Emergency Management Agency (April 17).

Even with the release of the Senate's report on Hurricane Katrina, the American public is not being well served by its government with the recommendations. It is time for Congress and the administration to do what is right and pull FEMA out of the Department of Homeland Security — as Sen. Trent Lott, R-Miss., and other lawmakers suggest. FEMA and DHS should each stand alone. One agency can't effectively serve two disparate functions.

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Though it's true that both agencies respond to catastrophes in a similar manner, their approaches are intrinsically different, especially before a natural or man-made disaster.

FEMA's job is to provide leadership and support to reduce the loss of life and property through a comprehensive, risk-based, all-hazards program of mitigation, preparedness, response and recovery. In the 1990s, FEMA was an effective, highly respected, stand-alone agency with its director serving on the presidential Cabinet.

DHS' job includes dealing with national security, border patrol, interior enforcement and intelligence sharing. These aspects absorb the majority of DHS' focus — and funding. In years to come, do we want the department to be diverted from its mission of protecting the nation from terrorism from June 1 to Nov. 30, when we are in the middle of hurricane season?

While the Senate recommendations do acknowledge that FEMA must be mended, we don't have the luxury of trying another experimental restructuring of the department. We arrived at this crisis as a result of FEMA losing its position as an independent agency. The first key to fixing FEMA is for Congress to return it to its pre-2001 incarnation. When a successful structure once existed, it makes sense to return to the system that worked.

Let's give FEMA Director David Paulison an independent agency, a system and the support he needs to be a success. And let's give our citizens the confidence that they're being well served.

James Lee Witt
Former director of FEMA, 1993-2001
Washington

The Crony Fairy (NYT)

By Paul Krugman
New York Times, April 28, 2006

The U.S. government is being stalked by an invisible bandit, the Crony Fairy, who visits key agencies by dead of night, snatches away qualified people and replaces them with unqualified political appointees. There's no way to catch or stop the Crony Fairy, so our only hope is to change the agencies' names. That way she might get confused, and leave our government able to function.

That, at least, is how I interpret the report on responses to Hurricane Katrina that was just released by the Senate Committee on Homeland Security and Governmental Affairs.

The report points out that the Federal Emergency Management Agency "had been operating at a more than 15 percent staff-vacancy rate for over a year before Katrina struck" — that means many of the people who knew what they were doing had left. And it adds that "FEMA's senior political appointees ... had little or no prior relevant emergency-management experience."

But the report says nothing about what caused the qualified people to leave and who appointed unqualified people to take their place. There's no hint that, say, President Bush might have had any role. So those political appointees must have been installed by the Crony Fairy.

Rather than trying to fix FEMA, the report calls for replacing it with a new organization, the National Preparedness and Response Agency. As far as I can tell, the new agency would have exactly the same responsibilities as FEMA. But "senior N.P.R.A. officials would be selected from the ranks of professionals with experience in crisis management." I guess it's impossible to select qualified people to run FEMA; if you try, the Crony Fairy will spirit them away and replace them with Michael Brown. But she might not know her way to N.P.R.A.

O.K., enough sarcasm. Let's talk about the history of FEMA.

In the early 1990's, FEMA's reputation was as bad as it is today. It was a dumping ground for political cronies, headed by a man whose only apparent qualification for the job was that he was a close friend of the first President Bush's chief of staff. FEMA's response to Hurricane Andrew in 1992 perfectly foreshadowed Katrina: the agency took three days to arrive on the scene, and when it did, it proved utterly incompetent.

Many people thought that FEMA was a lost cause. But Bill Clinton proved them wrong. He appointed qualified people to lead the agency and gave them leeway to hire other qualified people, and within a year FEMA's morale and performance had soared. For the rest of the Clinton years, FEMA was among the most highly regarded agencies in the federal government.

What happened to that reputation? The answer, of course, is that the second President Bush returned to his father's practices. Once again, FEMA became a dumping ground for cronies, and many of the good people who had come in during the Clinton years left. It took only a few years to transform one of the best agencies in the U.S. government into what Senator Susan Collins calls "a shambles and beyond repair."

In other words, the Crony Fairy is named George W. Bush.

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So what's the point of creating a new agency to replace FEMA? The history of FEMA and other agencies during the Clinton years shows that a president who is serious about governing can rebuild effective government without renaming the boxes on the organizational chart.

On the other hand, the history of the Bush administration, from the botched reconstruction of Iraq to the botched start-up of the prescription drug program, shows that a president who isn't serious about governing, who prizes loyalty and personal connections over competence, can quickly reduce the government of the world's most powerful nation to third-world levels of ineffectiveness.

And bear in mind that Mr. Bush's pattern of cronyism didn't change after Katrina. For example, he appointed Julie Myers, the inexperienced niece of Gen. Richard Myers, to head Immigration and Customs Enforcement — an agency that, like FEMA, is supposed to protect us against terrorism as well as other threats. Even at the C.I.A., the administration seems more interested in purging Democrats than in improving the quality of intelligence.

So let's skip the name change for FEMA, O.K.? The United States will regain effective government if and when it gets a president who cares more about serving the nation than about rewarding his friends and scoring political points. That's at least a thousand days away. Meanwhile, don't count on FEMA, or on any other government agency, to do its job.

Bush Set To Approve Takeover Of 9 Military Plants By Dubai (NYT)

By Jim Rutenberg And David E. Sanger

The New York Times, April 28, 2006

WASHINGTON, April 27 — President Bush is expected on Friday to announce his approval of a deal under which a Dubai-owned company would take control of nine plants in the United States that manufacture parts for American military vehicles and aircraft, say two administration officials familiar with the terms of the deal.

The officials, who were granted anonymity so they could speak freely about something the president had not yet announced, said that the final details had not yet been set and that Mr. Bush might put conditions on the transaction to keep military technology in the United States.

But his action is almost certain to attract scrutiny in Congress, because of the political furor that erupted over the administration's approval of a deal earlier this spring that would have given another Dubai-owned company, Dubai Ports World, leases to operate several American port terminals through its acquisition of a British company, the Peninsular and Oriental Steam Navigation Company.

Dubai Ports agreed to drop the port deal after it became clear that Republicans were abandoning Mr. Bush and opposing the takeover.

In this case, the plants in question are owned by Doncasters Group Ltd., a British company that is being purchased for $1.2 billion from the Royal Bank of Scotland Group by Dubai International Capital, which is owned by the United Arab Emirate government.

Because the plants make turbine blades for tanks and aircraft, the deal was reviewed by the Committee on Foreign Investment in the United States, which sent it on to Mr. Bush himself for a decision, a step used only when the potential security risks or political considerations are particularly acute.

Administration officials alerted Congress that the deal would go through the committee's review process in an effort to head off the kind of public debate that surrounded the ports deal.

Opponents of the ports transactions argued that the terrorists involved in the Sept. 11 attacks had filtered money through the United Arab Emirates, where Dubai is the major shipping center. Mr. Bush argued that blocking the deal would have sent the wrong message to a friendly Arab state. His support, however, was not enough to quell the political furor.

One official who was briefed on the Doncasters transaction said there would be provisions in the agreement protecting American military secrets. But it was unclear whether that would satisfy Congressional objections. With nine Doncasters plants in Georgia and Connecticut making parts for American military contractors, the prospect of a takeover by the Dubai company has already caused nervousness among some lawmakers.

Representative John Barrow, Democrat of Georgia, likened the Doncasters deal to "outsourcing" part of the nation's industrial-military complex.

But Representative Peter T. King, Republican of New York, the chairman of the House Committee on Homeland Security and one of the foremost critics of the ports deal, said on Thursday that he would not necessarily have a problem this time around, in large part because the White House had given the deal a thorough review.

"It's a significant improvement over what happened before," Mr. King said. "It's been much more thorough, much more detailed."

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A senior Republican Congressional aide who was granted anonymity because he was not authorized to talk about the matter, said he did not believe the president's approval of the deal would cause quite the same stir as the ports deal.

GOP Urges $100 Rebate To Ease Pain At The Pump (WT)

By Christina Bellantoni

The Washington Times, April 28, 2006

Republican leaders yesterday proposed giving drivers a $100 tax rebate in the face of record-high gas prices, one element of a broad plan that includes oil exploration in the Arctic National Wildlife Refuge.

Republicans promised swift tax relief and tax incentives to promote the use of hybrid cars at a press conference held hours after Exxon Mobil posted profit figures of $8.4 billion for the first quarter of 2006 -- a record for any company in the first three months of the year and a 7 percent increase over last year's first-quarter profits, which also were a record.

"We are going to be able to say to the hard-hit users of automobiles in our country that we are going to ease their burden ... by giving them $100 rebate to help offset the very steep gas prices," said Sen. Pete V. Domenici, New Mexico Republican and chairman of the Energy and Natural Resources Committee.

Meanwhile yesterday, President Bush called for Congress to give him the power to require tighter fuel-efficiency standards for passenger cars, a call echoed by Transportation Secretary Norman Y. Mineta.

"I encourage them to give me that authority," Mr. Bush said in a trip to Mississippi. "It's authority that I use for light trucks. And I intend to use it wisely if Congress would give me that authority."

In a letter to Senate Majority Leader Bill Frist, Mr. Mineta formally asked for legislation that would allow the Corporate Average Fuel Economy standard for cars, now set at 27.5 miles per gallon for each manufacturer, to be raised through an administrative process.

Democrats, who mostly oppose drilling in the Arctic, quickly dismissed the Republican congressional package as the "same old, same old," and said pump prices topping $3 per gallon will be the last straw and cost Republicans their congressional majority.

The Republicans were responding to mounting political pressure from voters who are spending an average of $44 each time they fill a 15-gallon tank.

"What the American consumer is saying is: 'filling up your gas tank shouldn't empty your wallet,' " said Sen. John Thune, South Dakota Republican.

The national average price of a gallon of gas was $2.93 yesterday and hit as high as $3.16 in Manhattan, according to AAA.

"High gas prices are going to be the final nail in the GOP coffin this election year," said Sen. Charles E. Schumer of New York, who heads the Democratic Senatorial Campaign Committee.

"Every time drivers fill their cars up, they get a stark reminder how this Republican Congress takes a 'see no evil, hear no evil' approach to the oil industry as gas prices set new records," Mr. Schumer said. "It's time for the American consumer to have a Congress that works hand in hand with them and not with the oil executives."

Much of yesterday was consumed with dueling press conferences at which each party blamed the other for pump prices.

Republicans said Democrats have long obstructed an obvious solution -- exploring for oil in the Arctic National Wildlife Refuge (ANWR) in Alaska.

"I cannot understand what coherent political philosophy cuts its own country off from oil," said Sen. Jim Talent, Missouri Republican. "It is time to open up the Arctic."

Sen. Lisa Murkowski, Alaska Republican, said exploring ANWR is the country's best opportunity for a long-term source of oil.

"There is nothing unpredictable about a supply of oil on the north coastal plain that could potentially supply a million barrels of oil per day for 30 years," she said.

Last year, ANWR exploration was stripped from a defense spending bill because of a lack of support. President Clinton vetoed ANWR in his first term, and most Democrats have long opposed it.

Mr. Schumer said that if Democrats win back Congress, they will cut the country's dependence on foreign oil in half by 2020 and start a "massive" project to develop alternative energy sources.

He also criticized the energy bill passed last year as "helping big oil" and noted that gas prices were $2.22 per gallon when it was signed in June.

"That energy bill was corporate welfare in its worst example," said Rep. Rahm Emanuel, Illinois Democrat and chairman of the Democratic Congressional Campaign Committee.

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Mr. Emanuel said the energy industry spent $86 million to lobby for the energy bill, which included $14.5 billion in subsidies for oil companies.

The Democrats also dismissed the ANWR element of the Republican plan, saying the majority party was "playing politics."

"They've offered you status quo policies that do not change the course of how we achieve energy independence," Mr. Emanuel said.

Other notable elements in the eight-point Republican plan are the inclusion of nearly $3 billion to research biofuels and ways to make better-performing hybrid cars, an idea first suggested by Mr. Bush. The plan also would give administration officials the authority to prosecute price gougers.

Mr. Frist said he wants the whole plan attached to the supplemental spending bill for a quick vote.

Republicans Promise To Ease Petrol Price Burden (FT)

By Holly Yeager And Edward Alden

Financial Times, April 28, 2006

Republican leaders in Congress on Thursday sought to respond to growing national anger over the rising price of petrol, promising a series of measures they hope will bring down prices and prevent the situation from causing further political damage.

“Americans are unfairly being asked to empty their wallets at the gas pump,” said Bill Frist, majority leader in the Senate, who on Thursday led a group of Republicans in offering a package of eight proposals, including a $100 (€80.46, £56) “gas tax holiday rebate cheque”, intended to ease the burden higher fuel costs have imposed on consumers.

Mr Frist acknowledged that the measures would have a limited impact, but with the Republicans trailing badly in the polls, Congress and the White House are under pressure to respond.

Democrats, who have been campaigning on the price issue in congressional races that are starting to heat up in advance of the November mid-term elections, immediately denounced the plan as a sop to “Big Oil”, saying it would do nothing to conserve energy or limit the record profits being earned by the oil companies.

Both parties have scrambled to offer legislative fixes to the high prices, but those backed by Mr Frist, and another set backed by Republican leaders in the House of Representatives, are the most likely to move forward.

Mr Frist’s package would repeal some tax incentives for oil companies, while expanding others to promote the use of hybrid vehicles and increase refinery capacity. It would also urge the Bush administration to suspend deposits into the Strategic Petroleum Reserve for six months, to increase the supply available to consumers. President George W. Bush said this week he would temporarily halt the deposits.

House and Senate leaders both returned to a long-running debate over the Arctic National Wildlife Refuge (ANWR), arguing that opening the area to oil exploration was critical to reducing US dependence on foreign oil.

“We haven’t done what we need to do in this country to increase our supply,” said Lisa Murkowski, Republican senator from Alaska.

Democrats – and some moderate Republicans – have traditionally opposed the proposal on environmental grounds, and were able to block it again last year. But in the current climate, there are signs that both parties may be ready to think about energy demands in new ways.

Pete Domenici, chairman of the Senate energy committee, said he would support a proposal from Democrats to suspend the 18.4-cents-a-gallon federal tax on gasoline for 60 days, if Democrats supported the move to open ANWR. The fees collected from oil companies who explore there could be used to offset the loss in tax revenues, he said.

Bush To Seek Overhaul Of Cars' Fuel-Economy Levels (WSJ)

By John J. Fialka, Russell Gold And Laura Meckler

The Wall Street Journal, April 28, 2006

Responding to public anger over gasoline prices, the White House and Senate Republican leaders backed new measures to shift the burden to car makers and oil companies.

Both President Bush and Senate Majority Leader Bill Frist yesterday urged Congress to pave the way for higher passenger-car fuel-economy standards. White House spokesman Scott McClellan said a rise would "save jobs, save lives and save fuel." Mr. Bush said during a visit to a Mississippi gasoline station that he would ask Congress for clearer authority to raise the levels, and Mr. Frist, as part of a new energy bill, offered to give it. Detroit has long resisted higher economy standards -- but the administration said it would support higher levels only if it could restructure the overall program, which could wind up helping domestic auto makers.

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The Senate energy bill also proposes a tax-accounting change that oil companies said could cost them billions of dollars and curb tax incentives for oil exploration granted just last year. Some of that revenue would be turned over to consumers in the form of a $100 tax rebate, to be mailed by Aug. 30, on this year's federal income taxes.

The industry-bashing in recent days from normally pro-business, antiregulation Republicans in response to surging pump prices has been striking. But the Senate bill also includes some carrots for energy producers, including new tax incentives for increasing oil-refining capacity. And the plan would open up a supposedly oil-rich area along the coast of Alaska's Arctic National Wildlife Refuge for oil exploration, although similar attempts in the past have proved controversial and have been stripped out of bills.

"I think this is a bold bill that does everything possible to increase our supply and ease the burden on consumers," said Sen. Pete Domenici, (R., N.M.), chairman of the Senate Energy Committee.

Even if the bill passes the Senate, it's unclear how far it would get in the more conservative House.

The Senate bill reflects the intensifying election-year posturing against oil companies in many ways. It proposes a federal law that, for the first time, would define "price gouging," and allows the Federal Trade Commission and the Justice Department to prosecute companies and dealers found to have manipulated prices beyond market limits. The provision, modeled after state antigouging laws, would first require the president to issue an emergency proclamation claiming that "an abnormal market disruption" had occurred in a given area before federal cases could be brought.

One particularly contentious measure in the package would require companies to move away from so-called last-in, first-out accounting practices. The move, set for future tax years, would require oil companies, for example, to account for profits by assuming the oldest barrel in their inventory is the first one sold. It could expose billions of dollars more to federal taxes in times when prices are rapidly rising, as they have been in recent weeks.

"This would be extremely punitive," said Robert Slaughter, president of the National Petrochemical and Refiners Association. "It would have the same impact as a windfall-profits tax."

While the proposed accounting change is part of an energy bill and the rhetoric is focused on oil companies, it would, as proposed, affect all industries and sparked an outcry from other sectors, including retailers.

Since 1990, fuel-efficiency standards for passenger cars have been stuck at a fleet average of 27.5 miles per gallon, as auto makers have opposed any increases -- under the current formulas. But the administration yesterday said it would oppose simply increasing the Corporate Average Fuel Economy, or CAFE, standards that passenger cars must achieve. Rather, the administration wants to overhaul the program in its entirety, much as it did this year for light trucks.

"The administration would oppose any increase in passenger-car CAFE standards without corresponding reform," Transportation Secretary Norman Y. Mineta said in a letter yesterday to Sen. Frist. "It is imperative that CAFE standards be set through an administrative process based on sound science and data."

GOP Offers Consumer Fuel-Relief Package (LAT)

By Maura Reynolds, Times Staff Writer

The Los Angeles Times, April 28, 2006

It includes a $100 rebate, but its Arctic drilling component will probably doom it. Democrats' proposals are expected to fare no better.

WASHINGTON — Fearing public ire over rising gasoline prices, Republicans on Thursday unveiled a series of proposals aimed at giving consumers some relief, including a $100 rebate.

Democrats derided the GOP plan, and its political chances appeared weak.

The Democrats said that although the package incorporated some ideas they already had introduced, it contained a provision that almost assuredly would torpedo its passage: opening the Arctic National Wildlife Refuge to oil and gas drilling, a measure that repeatedly has stalled in Congress.

"Joining a rebate for consumers with [the drilling proposal] is not, I believe, a sincere effort," said Sen. Debbie Stabenow (D-Mich.).

Emotion over fuel costs ran high on Capitol Hill, illustrated by a five-hour filibuster staged by Sen. Ron Wyden (D-Ore.). He refused to leave the Senate floor in an effort — ultimately unsuccessful — to press for a vote on forcing oil companies to pay more to the government for the right to drill for oil on public land. Some of that drilling is exempt from payments.

"Government subsidies may be needed when the price is low, when we have to simulate production," Wyden said. But such relief is uncalled for "at a time when prices are soaring to record-high levels."

By the end of the day, the two parties essentially played to a draw — neither the rebate idea nor Democratic proposals, which include a moratorium on federal gasoline taxes, appeared to have much chance of becoming law.

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But the theatrics made clear that each party wanted to demonstrate its sensitivity to rising prices — and wanted to direct public anger toward the opposing camp.

At an outdoor news conference with the Capitol dome as a backdrop, Republicans blamed the price surge on Democrats, who they said had blocked measures to increase oil production, such as drilling in the Arctic.

"Those who stand up and criticize … and suggest that somehow or another that the blame [for gasoline costs] is upon those of us who had been pushing for increased supply of energy in this country, I think they need to look in the mirror," said Sen. Rick Santorum (R-Pa.), chairman of a GOP task force that drew up the party's proposals. "Democrats are the ones who have simply blocked every attempt for us to build transmission networks — whether it's electric transmission networks, or whether it's oil and gas networks, or whether it's energy generating, or whether it's oil and gas production."

Democrats blamed the high prices on Republicans, who they accused of being too cozy with large oil companies and too eager to pass out tax breaks to them. They dismissed the rebate as a meaningless gesture, arguing it would wind up in oil company coffers because consumers would use it to buy gasoline.

"It is disappointing that neither skyrocketing gas prices nor obscene oil company profits can break the bond between Bush Republicans and Big Oil," said Senate Minority Leader Harry Reid (D-Nev.).

The back-and-forth in Washington came as the world's largest publicly traded oil company, Exxon Mobil, reported first-quarter profits of $8.4 billion, up 7% from the first three months of 2005.

The increase fell short of Wall Street expectations. But the report accelerated the criticism of oil companies from politicians.

"Quarter after quarter, oil companies post unheard-of profits at the expense of farms, businesses and family budgets," said Sen. Maria Cantwell (D-Wash.).

"We need to figure out what's behind these prices and work together to put stronger consumer protections on the books."

The high gasoline prices — above $3 a gallon in some regions of the country — result from a confluence of forces that have constricted supply. Experts say few measures under discussion on Capitol Hill would have much effect.

"Unfortunately, there's nothing, really, that can be done that's going to affect energy prices or gasoline prices in the very short run," Federal Reserve Chairman Ben S. Bernanke told lawmakers at a hearing Thursday.

But with elections coming in November, lawmakers appeared undeterred.

"There is no silver bullet," said Senate Majority Leader Bill Frist (R-Tenn.). "There is nothing, nothing we can do that can compensate for the fact that today we're 60% dependent on foreign sources of oil. But we can put forth a bold agenda."

Under the Republican plan, a $100 rebate would be sent to taxpayers making less than $125,000 a year.

Stabenow has proposed a $500 rebate, which she said would cover the average cost of higher gas prices for most families.

The GOP package also called for:

· A summer suspension of the 18.4-cent-per-gallon federal retail gasoline tax, to be paid for by ending some oil industry tax breaks. Sen. Robert Menendez (D-N.J.) previously proposed a 60-day gas-tax holiday.

· New authority for the Federal Trade Commission to investigate possible price gouging. Democrats accused Republicans of undermining their own proposal, however, by limiting the measure to retail pricing and excluding wholesale distributors from scrutiny.

· Increased incentives for the development and purchase of hybrid vehicles.

· New authority for the Department of Transportation to increase fuel efficiency standards for automobiles.

Many Republicans, including President Bush, previously had opposed raising those fuel efficiency requirements, known as CAFE standards. But on Thursday, Bush endorsed the idea.

At a gas station in Biloxi, Miss., Bush said he would "use it wisely if Congress would give me that authority."

Bush earlier this week announced steps that underscored his concern about gasoline prices, including a suspension of government oil purchases to refill the Strategic Petroleum Reserve. But, as with the various congressional proposals, experts said the White House moves would have little impact on the rising fuel costs.

During his mini-filibuster, Wyden said existing royalty-payment breaks for oil companies had cost the federal government at least $20 billion in lost revenue.

"Oil companies are supposed to pay royalties to the federal government when they extract oil from federal lands. But in order to stimulate production of oil in our country, the federal government, over the last decade, has been discounting these royalty fees," Wyden said. "So, on top of the oil companies' record profits, record tax breaks and record prices consumers are paying at the pump, there are now record amounts of royalty relief granted to the oil companies as well."

Wyden's position earned quick support from at least one Republican, Sen. Jon Kyl of Arizona. He offered to cosponsor Wyden's measure, which would suspend the subsidies whenever the price of oil topped $55 a barrel.

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Still, votes on this and other proposals could be stymied by Senate rules. They have been offered as amendments to an emergency spending bill for the military operations in Iraq and Afghanistan and for post-Hurricane Katrina relief efforts. Parliamentary procedures for the legislation may block action on the energy-related measures.

Times staff writer Elizabeth Douglass in Los Angeles contributed to this report.

G.O.P. Senators Hurry To Quell Furor Over Gas (NYT)

By Carl Hulse

The New York Times, April 28, 2006

WASHINGTON, April 27 — Senate Republicans tried on Thursday to get the upper hand in the escalating political battle over high gasoline prices by proposing a $100 rebate for taxpayers and by suggesting that they might increase taxes on oil-industry profits.

The Republican proposal also called for opening the Arctic National Wildlife Refuge to oil production, a provision sure to draw opposition from many Democrats and even some Republicans.

"The American consumer is the one that needs the break today, and we need to be taking steps to make sure that they aren't emptying their wallet every time they fill their tank," said Senator John Thune, Republican of South Dakota, as the leadership unveiled its legislative response to an issue quickly taking over the Congressional agenda.

The Republican plan includes a provision that could levy a significant tax on oil company profits, a provision that President Bush promised to veto when a version appeared in a Senate bill last year. The proposal came on a day when Exxon Mobil reported a 7 percent gain in its first-quarter earnings. [Page C3.]

Greeting surprised customers at a BP service station in Biloxi, Miss., on Thursday, Mr. Bush compared rising gasoline prices to a new tax. In brief remarks there, confronting an issue that is adding to his political woes, he endorsed one aspect of the Senate proposal by encouraging Congress to give him the same authority to set standards for gasoline mileage of cars as he has over light trucks, sport utility vehicles, pickups and minivans.

The president also promised to curb price gouging, increase refinery capacity and support alternative fuels.

"One of the things we've got to do is make these trucks run on ethanol and batteries that won't require gasoline," he said. "That's what the future is going to be."

Democrats quickly dismissed the new Republican approach as a backdoor effort to overcome deep-seated opposition to drilling in the Arctic refuge.

"Americans are struggling to pay the rising cost of gas," said Senator Harry Reid of Nevada, the Democratic leader, "and they are not interested in handouts to help oil companies make more money by letting them drill in wildlife refuges."

Democrats pressed their own ideas, including a proposal by Senator Robert Menendez, Democrat of New Jersey, for a 60-day suspension on the 18.4-cent-per-gallon federal tax on gasoline and 24-cent diesel tax.

"It is direct relief at the pump," Mr. Menendez said.

Some Republicans, including Mr. Thune, have also endorsed a suspension of those taxes.

Senator Ron Wyden, Democrat of Oregon, tied up the Senate for almost five hours on Thursday in an effort to force a vote on his proposal to prohibit oil companies from escaping federal royalties for drilling on public lands when oil prices exceeded $55 per barrel. (Prices recently rose above $75 a barrel.) But Republicans blocked that effort.

"You cannot get a vote up or down in the United States Senate on a rip-off of taxpayer money," Mr. Wyden said.

The exchanges in the Senate and elsewhere on Capitol Hill illustrated both the political dangers and potential opportunities presented by the rise in gasoline prices and the accompanying consumer discomfort.

"This gas price issue is huge," said Senator Susan Collins, Republican of Maine.

Democrats say they believe that the public unhappiness will play into their efforts to regain control of the House and Senate this fall as they try to convince voters of the close ties between Republicans and oil companies and remind voters of industry-friendly legislation advocated by Republicans.

"High gas prices are going to be the final nail in the G.O.P.'s coffin this election year," said Senator Charles E. Schumer of New York, chairman of the Democratic Senatorial Campaign Committee.

But Republicans say they believe that their new proposal, which is promoted as an eight-point plan and which was announced at a news conference attended by several senators facing re-election this year, could strike a public chord, particularly with its promise of a $100 check to millions of taxpayers.

It is unclear when the Senate might move forward on the issue or how the Bush administration and the House, where Republicans and Democrats have their own ideas circulating, will respond.

But a chief aide to Senator Bill Frist of Tennessee, the majority leader, said the midterm elections would be a catalyst for Congressional action.

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"The political will is there," said Eric Ueland, chief of staff to Mr. Frist. "The need is very real. And the urge to help constituents directly and quickly is omnipresent."

The price tag for the Republican package had not been calculated, but aides said it would cost less than $20 billion. The proposed rebate was patterned after a refund sent to taxpayers early in Mr. Bush's first term as a down payment on an initial set of tax cuts.

The $100 payment would not be tied to gasoline consumption but would be sent to taxpayers at the end of the summer, going to single-filing taxpayers with adjusted gross incomes below $145,950, and to couples earning less than $218,950. The Finance Committee estimated that at least 100 million taxpayers would qualify.

Republican authors of the plan said opening the Arctic refuge to drilling was essential because it could provide federal revenue to pay for the initiative as well as increase domestic oil production.

"We need to open up the reserve of oil and gas that we have in this country," said Senator Jim Talent of Missouri, one of the Republicans up for re-election. "With all due respect, I cannot understand what coherent political philosophy cuts its own country off from oil."

The Republican package would also ease environmental regulations and provide other incentives to add to oil refinery capacity, outlaw unjustifiable price increases and increase tax breaks for owners of hybrid vehicles.

In a proposal expected to draw significant opposition from the oil industry and perhaps the business community at large, the Republican plan would repeal a method of accounting for inventories, known as last in first out, or LIFO. The method, which is used in many industries, gives oil companies a chance to avoid some large capital gains taxes through its accounting of sales from inventory.

The Senate had previously considered a similar provision that would have prohibited major oil companies from using the LIFO method for one year. It was expected to raise about $5 billion, but it generated a storm of opposition from oil companies and Mr. Bush threatened to veto the bill unless lawmakers rejected it.

The new proposal would prevent all companies from using the LIFO method, not just oil companies, and the prohibition would be permanent, instead of limited to one year.

On the fuel-economy issue, federal transportation officials say they need new authority to set higher standards for cars. as they did for trucks last month. The Senate bill would give them that ability.

But any change in federal standards for mileage would be a long-term fix since automakers are required to have 18 months' notice of any change and creating the new rule would involve a process that would take months in itself.

At the White House, a spokeswoman said the administration would consider the Congressional proposals but would make no commitments.

"We are taking all options into account that seek to relieve what is certainly the burden of high gasoline prices on American consumers," said the spokeswoman, Dana Perino.

Ms. Perino said the president remained focused on solving the fundamental problem of supply and demand "so that we can end a vicious cycle."

Lawmakers were grappling for other ways to contend immediately with gasoline prices and oil industry profits. On Thursday, the Senate Judiciary Committee quickly passed legislation that would make it a violation of antitrust laws to manipulate oil supplies to drive up prices.

In the House, Republicans, voting largely along party lines, rejected a symbolic effort by Democrats to urge House tax negotiators to support the Senate on rolling back tax breaks for oil companies.

Republicans Sag In New Poll (WSJ)

By John Harwood

The Wall Street Journal, April 28, 2006

Rising gas prices have intensified discontent with Washington and handed Congress a frightening midterm election backdrop: a deeply pessimistic electorate, despite a robust economy.

A new Wall Street Journal/NBC News poll underscores a striking gap between Americans' mood and the nation's economic performance. Fully 77% call themselves uneasy about the state of the economy rather than confident, even as data showed new-home sales and factory orders remain strong. Economists expect a similar message tomorrow when the government reports on first-quarter growth.

Public unease partly reflects fallout from the prolonged and unpopular Iraq war. But it also shows the impact of pump prices topping $3 a gallon in many places, passing Iraq to become the nation's highest-priority issue. The upshot: Two-thirds of Americans say the nation is "off on the wrong track," President Bush's approval rating has fallen to 36% and Congress fares even worse at 22% approval.

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"There's almost nothing that the public is satisfied with," says Democratic pollster Peter Hart, who conducts the Journal/NBC poll with Republican counterpart Bill McInturff. "What they're telling you is, they want change on every front."

That is a worrisome sign for Republicans, who are seeking to defend their House and Senate majorities with little more than six months remaining before Election Day. Continuing a trend that has persisted for a year, Democrats lead -- beyond the poll's 3.1 percentage point margin of error -- in public preference for which party should control Congress. The survey of 1,005 adults was conducted April 21-24.

And in the run-up to November, Democrats also enjoy an edge in intensity; by 11 percentage points, their partisans are more likely to express high interest in the midterm campaigns. The biggest bright spot for Republicans is that Democrats have made no progress improving their national image, an indication that they aren't yet positioned to take advantage of their opportunity for far-reaching November gains.

Public unhappiness with government is strongly at odds with bullishness on Wall Street, as new data underscored the economy's current strength. The Commerce Department yesterday reported sales of new single-family homes rose 13.8% in March, the largest increase in 13 years.

Orders for big-ticket manufactured goods rose 6.1% in March, the largest increase in nearly a year. Indeed, that data fueled bond-market worries the economy is so strong that the Fed will be reluctant to stop lifting short-term interest rates after May, when the central bank is expected to bump rates up a notch.

Public unhappiness also represents a powerful source of frustration for Republicans, who want Mr. Bush and Congress to get more credit for the economy. Doing just that is a top priority of new White House Chief of Staff Josh Bolten and congressional Republican leaders, who are aiming to take a first step by accelerating House-Senate negotiations on tax-cut legislation that would extend the current 15% rates on capital gains and dividends.

Yet worries about gasoline prices, offshoring of jobs, rising health-care costs and precarious private pension plans are creating anxiety even among workers who do have jobs. Moreover, the fruits of the economy's recent strength aren't evenly shared: Workers at the bottom and the middle are benefiting less than those at the top.

Richard Curtin, who oversees the University of Michigan's consumer-confidence surveys, says the gap between views of the economy among those who make more than $50,000 and those who make less is wider than it has ever been in the university's polling. Especially for those with moderate incomes, says Mr. Hart, the Journal/NBC pollster, gas prices "are the real numbers that people are living with."

That helps explain why just 19% of Americans say the strong employment picture, rising stock prices and low inflation rate leave them feeling confident about the nation's economic health. Four times that many respondents said that gas prices, rising interest rates and the federal budget deficit have them feeling uneasy.

The poll also explains why oil companies suddenly find themselves in the cross hairs of political debates over potential price-gouging and even windfall-profits taxes. In the wake of record oil-industry profits, some 60% of Americans find oil companies responsible for rising gas prices -- far outpacing the proportion who blame oil-producing nations, President Bush or Congress.

Yet the toll on Mr. Bush is reflected in his 36% approval rating, the lowest he has ever received in the Journal/NBC survey, and the 35% positive mark on handling the economy. Amid continued violence in Iraq and a looming confrontation with Iran over its nuclear ambitions, Americans disapprove of Mr. Bush's handling of foreign policy by roughly 2 to 1.

Approval of the job Congress is doing has plummeted to 22%, from 33% just last month. That's worse than the marks a Democratic-controlled Congress received at a similar point in 1994, the year Newt Gingrich led Republicans back to power on Capitol Hill.

In particular, Americans who don't approve of Congress blame their sour mood on partisan contention and gridlock in Washington. Some 44% call themselves "tired of Republicans and Democrats fighting each other"; 36% say "nothing seems to get done" on important issues. A further 34% cite corruption among lawmakers. Among all Americans, a 39% plurality say the single most important thing for Congress to accomplish this year is curtailing budgetary "earmarks" benefiting only certain constituents.

Ranking just behind ending "earmarks" is congressional action on immigration overhaul, the top priority of 32%. By 61%-35%, Americans say illegal immigrants within the U.S. should be allowed to stay rather than be deported so long as they pay taxes and pass security checks. By 68%-28%, they express support for a potential Senate compromise that would allow for different treatment of those who have been in the U.S. at least five years, those here for two to five years, and those in the U.S. for less than two years.

Americans take dim views of both parties, giving Democrats a positive rating of just 33% and Republicans 35%. But they have different expectations for the minority and for the party that controls Congress and the White House. If no progress is made

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on key issues, the Journal/NBC poll shows, 51% would blame either Mr. Bush or congressional Republicans, compared with 16% who would blame congressional Democrats. One in four voters would blame all parties.

Profits, Prices Spur Oil Outrage (WP)

By Steven Mufson And Shailagh Murray

The Washington Post, April 28, 2006

Exxon Mobil Corp. reported $8.4 billion in first-quarter profit yesterday, as members of Congress outraged over high gasoline prices hastened to propose measures that would boost taxes on oil firms, open new areas to drilling and provide rebates to taxpayers but would not necessarily alter prices at the pumps.

The earnings outstripped the oil giant's profit in the first quarter of last year. Given current oil market conditions, analysts said, that puts Exxon Mobil on track to break the $36 billion record profit it made last year.

Meanwhile, President Bush sought to show that he was responding to calls for action in the face of rising gasoline prices. While visiting a gasoline station in Biloxi, Miss., Bush renewed his call for Congress to give him the authority to "raise" mileage standards for all passenger cars. White House officials said later, however, that they didn't know when or how the president would use that authority.

Congress has the authority to approve changes in mileage standards for passenger cars, and the executive branch can set them for light trucks without approval from Congress. But neither Congress nor the administration has shown much interest in raising passenger car standards, which were set in the 1970s and haven't changed since 1985. In March, the Bush administration said it would raise average fuel economy standards by 1.9 miles a gallon for sport-utility vehicles, pickups and vans for models in 2008 through 2011, a long-awaited move that environmentalists said was too modest.

In Congress, anger over gasoline prices brought action in the Senate to a screeching halt yesterday, with Democrats interrupting debate over an emergency military spending bill to protest a key oil company subsidy. In a highly unusual move, Sen. Ron Wyden (D-Ore.) waged a solo filibuster on the Senate floor in an attempt to force a vote on a provision that would halt support for what Wyden said was about $35 billion for oil and gas companies. "This is the big one, folks, in terms of energy subsidies," Wyden said during the five-hour standoff. "This is the one where there is no logical case . . . when oil is $70 per barrel."

Various committees and individual lawmakers scrambled to offer relief to consumers, punish suppliers and promote favorite energy-related provisions, most of them offering little or no immediate relief at the gas station pumps.

Senate GOP leaders rolled out a fat package of energy measures, including a $100 rebate to most taxpayers, and reaffirmed authority for state and federal officials to fight price gouging. The proposal also would allow drilling in the Arctic National Wildlife Refuge in Alaska; Democrats called the controversial idea a deal-killer for the rest of the package.

Democrats unveiled their own ideas, including various windfall-profit rebates, a temporary suspension of the federal gas tax and alternative energy investments.

For all the criticism from Congress, Exxon Mobil's earnings fell slightly short of analysts' expectations, and company shares fell 68 cents to close at $62.42 a share.

In an attempt to simultaneously impress investors and calm politicians, Exxon Mobil spokesman Ken Cohen stressed that compared with the year-earlier quarter, the company had increased its worldwide oil and gas production by 5 percent, boosted capital spending by 41 percent and paid worldwide taxes that amounted to a 46 percent rate.

But analysts, while impressed by the production numbers, noted that much of the increase in capital spending came from sharply rising costs for oil services and that the high tax rates were a result of high crude oil prices. In many countries, sliding-scale tax rates rise as prices do; Norway taxes some portion of output at rates as high as 70 percent, and Libya's effective tax rates can go as high as 90 percent, analysts said.

Exxon also said it spent $5 billion buying back its own shares, more than the $4.1 billion spent on exploration and production. The company said it expected to spend $6 billion repurchasing its own shares in each of the remaining quarters this year.

Wall Street analysts discounted the likelihood of congressional action against oil companies. "As someone in the industry for more than 25 years, I've seen it before," said Fadel Gheit, an oil company analyst at Oppenheimer & Co. "Penalizing oil companies does not lower prices at the pump. If we have a windfall profits tax, it will just create another moneybag for the government. It will not increase oil production by one barrel. It will not lower gasoline prices by one cent or alter our dependence on OPEC countries."

Federal Reserve Chairman Ben S. Bernanke also cautioned Congress on the various proposals being floated. In response to a question at a hearing of the Joint Economic Committee, Bernanke said, "Unfortunately, after many years of not really doing

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as much as we should on the energy front, this situation has arisen. And I don't see any way to make a marked impact on it in the very short run."

Bernanke said a windfall profits tax would reduce incentives for companies. "What we need to do," he said, "is think about whether there are actions we can take that over at least a number of years will put us on a more secure footing."

And he added, "I would like to let the market system work as much as possible to generate new supplies, both of oil but also of alternatives, and for the prices, painful as they may be, to help generate more conservation and alternative uses of energy on the demand side."

While many of the proposals in Congress are familiar, costly and unlikely to be enacted, bipartisan political pressure for action could result in tougher scrutiny and possible sanctions against the oil industry -- until recently one of the closest allies of the Bush administration and the Republican-led Congress

The Senate Finance Committee, for instance, requested federal income tax returns for the past five years from the 15 largest oil and gas companies, based on sales, in what could amount to a congressional audit. "We're seeing record profits and significant executive compensation in the oil and gas industry," said Finance Committee Chairman Charles E. Grassley (R-Iowa). "I want to make sure the oil companies aren't taking a speed pass by the tax man."

The Senate Judiciary Committee unanimously voted to allow the Justice Department to prosecute countries that belong to the Organization of Petroleum Exporting Countries for price fixing in violation of U.S. antitrust laws. "What you have today is an oligopoly, effectively, and I think it's a disaster for the American people," said Sen. Dianne Feinstein (D-Calif.), a member of the panel.

Judiciary Committee Chairman Arlen Specter (R-Pa.) said GOP leaders had assured him they were eager to push the legislation to the floor, pointing out the political pressure -- including a series of Democratic news conferences held in recent days at Capitol area gas stations.

ExxonMobil's Quarterly Profit: $8.4 Billion (USAT)

By James R. Healey And Matt Krantz

USA Today, April 28, 2006

ExxonMobil, the biggest publicly traded oil company, said Thursday its first-quarter profit jumped 6.9% from a year ago, to $8.4 billion.

That was a first-quarter record for Exxon, and the fourth-best first quarter ever reported by a company in the Standard & Poor's 500-stock index. While short of Wall Street forecasts, it triggered fresh outrage elsewhere as ExxonMobil became the lightning rod for fury over high gasoline prices.

“While ExxonMobil executives are popping champagne and celebrating their record profits, American families are popping antacids under the strain of soaring gas prices,” said Sen. Robert Menendez, D-N.J., in a remark typical of the howls. Other reaction:

·The Bush administration, criticized by environmentalists for not raising fuel-economy standards, asked Congress for authority to boost mileage requirements in cars for the first time since the mid-1980s. Even on a fast track, it would be two years from Congress' go-ahead before cars covered by new standards hit showrooms.

·Senate Republicans proposed a measure that would give taxpayers $100 checks to offset high fuel prices and suspend the 18.4-cent-per-gallon fuel tax until Sept. 30.

Checks would go to individuals with taxable income of up to $125,000 and couples with taxable income up to $150,000.

Calling $100 a “token gesture,” Sen. Debbie Stabenow, D-Mich., proposed $500, which she said is how much more an average family will spend on energy this year.

·Consumer advocates sharpened their rhetoric. Americans must “choose between filling their tanks and paying their bills, and ExxonMobil is laughing all the way to the bank,” said Anna Aurilio of the U.S. Public Interest Research Group, reflecting the general tone.

The average price of gasoline in the USA is $2.927 per gallon, up 0.6 cents overnight and 69.8 cents more than a year ago, travel club AAA reported Thursday. The price has been edging closer to the peak $3.057 reported by AAA Sept. 5 after hurricane damage to energy operations in the Gulf of Mexico.

Most of Exxon's first-quarter earnings were from oil and natural gas, not from selling gasoline.

And Exxon's profit margins are below-average compared with others that have triggered no outcry. Exxon's first-quarter profit margin was 9.4%, meaning it kept 9.4 cents of every $1 in revenue. Microsoft kept 27.3 cents of every $1 in revenue in its most recent quarter; General Electric, 11.4 cents and McDonald's, 12.3 cents. In fact, Exxon is below the 11-cent average of Standard & Poor's 500 companies, says analyst Howard Silverblatt.

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The furor is likely to continue. Reuters Estimates predicts ExxonMobil's operating profit, which excludes one-time items, will rise 2.9% this year to a record $35 billion.

Market Fuel Prices Drop (WT)

By Patrice Hill

The Washington Times, April 28, 2006

Oil and gasoline prices took another tumble in New York trading yesterday on signs of increasing supplies and slackening demand in the United States and China, adding to an 18-cent drop in wholesale gas prices that likely will produce relief at the pump in the days ahead.

Since peaking above $75 last week, the price of premium crude oil has fallen to just under $71 yesterday on the New York Mercantile Exchange, while gas for delivery in May has plummeted to $2.07 a gallon after touching a high of $2.25.

Pump prices have flattened out at $2.92 nationwide for regular unleaded, 50 percent higher than they were in February but not yet reflecting the declines in the futures and wholesale markets.

The biggest factors causing price drops have been signs that demand for gas is running about 1 percentage point behind last year's level -- most likely in response to the rapid run-up in pump prices since last month -- even as refineries are racing to take advantage of high prices and increase scarce supplies of summer fuels.

"At the end of the day, the best cure for high prices is high prices," said David Hackett, president of Stillwater Associates LLC, an energy-consulting company, noting that consumers are angry about high prices and apparently are beginning to balk at paying them.

U.S. Energy Department figures show that demand for fuel at gas stations over the past month was running 44,000 barrels below last year's levels, while supplies rose by 231,000 barrels. Refineries gearing up for the summer driving season operated at 88.2 percent of capacity last week, up 2 percent from the week before.

Also easing pressure on fuel prices yesterday was a move by China to raise interest rates to slow down its torrid 10 percent annual growth rate. China is the second-largest consumer of oil behind the U.S.

The U.S. Federal Reserve also has been raising interest rates to cool demand and head off a bout of inflation that it fears could be sparked by high energy prices. Fed Chairman Ben Bernanke testified yesterday that high gas prices pose "risks" for economic growth as well as inflation. When gas prices topped $3 last fall, they helped to deflate U.S. economic growth to a sluggish rate of 1.6 percent.

Mr. Bernanke said he expects this spring's jump in gas prices to shave "a few tenths" of a percent off economic growth in the spring quarter but not endanger the economy overall. He says he sees little respite from chronically high energy prices in the next few years, as supplies are barely growing fast enough to keep up with demand for fuel worldwide.

Mr. Bernanke said a so-called "windfall profit tax" on oil companies gaining popularity on Capitol Hill would not result in an increase in supplies.

"Unfortunately nothing can be done to affect oil or gasoline prices in the short term," he said. Conservation and initiatives to find alternative sources of energy were needed to put downward pressure on oil and gas prices in the long run, he said.

While this week has seen a softening of fuel prices, other events lie ahead that could reverse the declining trend and drive oil and gas prices back up to record levels -- including the nuclear standoff with Iran, the upcoming hurricane season and the peak summer driving season between Memorial Day and Labor Day.

Most economists agree with Mr. Bernanke that fuel markets for the most part have been responding to thin supplies and robust demand, notwithstanding accusations in Washington that oil companies are engaging in conspiracies, profiteering and price gouging.

Walter Lukken, a member of the Commodity Futures Trading Commission, which regulates the energy futures markets, testified before Congress yesterday that the commission thinks the markets "accurately reflect" tight world energy supplies and a pickup in growth and demand this year.

"The evidence we have seen indicates that futures markets for crude oil and unleaded gasoline and other energy products have been properly performing," he told the House Agriculture Committee.

Blaming the markets for high prices is "like blaming a thermometer when it's hot outside," he said. The commission is devoting nearly three-quarters of its surveillance resources to energy issues and has a dozen open investigations involving energy, he said.

Commission investigations have led to charges against 27 companies and 23 persons, as well as civil penalties totaling nearly $300 million since December 2002.

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"We have seen no evidence to date to suggest that the recent price rises in gasoline futures being traded on our markets are attributable to" rule breaking, said James Newsome, a former commission chairman and current chief executive officer of the New York Mercantile Exchange.

A 'Commitment' Goes Only So Far (WP)

The Washington Post, April 28, 2006

The Republican House leadership, hopping aboard the new anti-oil-addiction campaign, staged a fine media event yesterday at a BP gas station at Ninth Street and Pennsylvania Avenue SE that featured a hydrogen-powered car.

House Speaker J. Dennis Hastert (Ill.), along with other top House Republicans, was photographed in and around the snappy blue General Motors HydroGen 3 van.

The event followed one by Senate Democrats on Wednesday, who rode in their gas guzzlers to an Exxon station a block from their offices to blame Republicans for high fuel prices.

Hastert, who appeared to have walked to the station, left in the very fuel-efficient vehicle, apparently headed for his office. But he went only a block or so before he got out and stepped into his pre-positioned gas-guzzling armored SUV to take him back to his office. Alert photographers, suspecting a ploy, had followed the speaker and captured the bait-and-switch.

Hastert spokesman Ron Bonjean , showing why he deserves a raise, explained that Hastert "wanted to ride the van" -- really he did -- "to show his commitment to new energy-efficient vehicles."

The problem, Bonjean said, was that Hastert's security detail wouldn't have it. Way too dangerous. Perhaps the security folks thought the vehicle was related to the ill-fated Hindenburg?

In any event, "the security officials demanded that he ride in the much more secure armored SUV," Bonjean said.

Okay. But next time they gin up one of these events, could he at least do more than just drive around the corner?Good News Comes in Waves

Let's face it, the media continue to emphasize the bad news out of Iraq and absolutely refuse to highlight the important good news coming out of there of late.

Fortunately, the Republican National Committee puts out a weekly "Iraq Facts" page on its Web site that focuses on all the good news out of Iraq. This week's "Other Good News" section tells us: "Baghdad is to get its first water park and wave machine -- thanks to a Scottish company" called Murphy's Waves.

The RNC cites a report on the Web site of Scotland's Glasgow Daily Record a couple of weeks ago, quoting Murphy's international sales manager, Jim Stuart , who says he's "delighted to be involved in this project and it shows that rebuilding in Iraq really is happening."

The wave-machine pool project has been in the works for a couple of years, he said, when someone from a company called Baghdad Pools called and said he wanted to build a "fun pool for the city."

What better way to cope with the coming brutally hot summer in Baghdad with temps hitting 120 degrees? In the prewar days you might have had air conditioning, but electricity is still not up to prewar levels -- even to WWII levels.

So why not ride the great waves?Are You Expendable?

The State Department, anxious to fill openings in Iraq, recently sent out a cable detailing job opportunities for spouses and other family members in Baghdad. Some -- office managers, housing coordinators, cashiers and such -- appear fairly safe, since they are in the Green Zone.

But then there is "Expendable Supply Manager."

The job doesn't appear to pay much, and it sounds as though they aren't going to care enough to provide any security for you.

Congress Gone Wild (WSJ)

The Wall Street Journal, April 28, 2006

Let's hope the folks who make those cable-TV videos of loopy college kids vamping on spring break are headed for Capitol Hill. The Members aren't yet taking their shirts off in response to higher gasoline taxes, but give them time. They're certainly pulling enough other stunts to laugh at.

Take the Senate Republican proposal for a $100 rebate, unveiled yesterday but destined for the pandering hall of fame. "As we see skyrocketing gas prices around the country, it is time for this Congress to act," declared South Dakota's John Thune on the Senate floor. And so the Members shall, bravely marching off to battle higher prices by writing every taxpayer (below a certain income level) a one-time check worth about two tanks of gas if you're driving an SUV.

The gesture calls to mind other great moments in feckless legislating, such as Jimmy Carter's "$50 rebate," offered in 1977 to spur the economy. As one wag noted at the time, this was about as useful as scattering money from airplanes. Adjusting for

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inflation, the GOP's $100 version is worth a lot less now than $50 in 1977 -- and Republicans should expect it to do about as much for their political standing as it did for Jimmy Carter's.

But wait, there's more. Mr. Thune also disclosed that Congress will attempt to waive the 18.4-cent-a-gallon federal gasoline tax -- but only through September 30, when presumably the summer driving and political panic seasons will have passed. Lest you think any of this will add to the deficit, the GOP will pay for it by suspending "a number of tax credits and royalty waivers received by oil corporations."

Now, we don't think oil companies need tax incentives or subsidies to drill for oil at $70 a barrel, or for that matter at $25. What they need is the permission to drill where oil and gas can be found. And one reason for today's high prices is that Congress has systematically ruled out huge parcels of American land, on- and off-shore, for energy exploration. However, now that prices are high, Congress is reacting to the problem it helped cause by temporarily rescinding whatever paltry incentives it offered companies to explore for oil in the fewer places where they are allowed to drill.

As for suspending the gas tax, one way to reduce gas prices is by lowering the demand for gasoline, and the fastest way to do that is by letting the price system work. Liberals in particular want gas taxes to be high (to reduce carbon emissions, for example), except when gas prices are high. In other words, the goal of all of these temporary policy changes isn't really to change anyone's behavior in the long run. The point is merely to redistribute money from the oil companies to voters, er, consumers in an election year. We trust that the voters, being smarter than politicians, will treat all this with the snickering it deserves.

Oh, and let's not forget the contribution made yesterday by Senator Arlen Specter's Judiciary Committee. By bipartisan voice vote, the Committee created a new federal and state task force to investigate information-sharing among oil companies. As a grandstanding bonus, it would also allow lawsuits against OPEC for controlling output and fixing oil prices. Even the Members know that cars will run on nuclear power before suits against OPEC succeed in U.S. courts.

And the idea that oil companies are colluding to raise prices has been contradicted by countless Federal Trade Commission studies. Oil exploration is a capital-intensive business that requires huge economies of scale and long time horizons. From the time a potential drilling site is spotted to the day any oil gets to the pump can take a decade. Bigger companies can afford to take bigger risks. So busting up oil companies would almost certainly lead to less oil exploration and production, and thus higher oil and gas prices.

But forgive us for talking about actual substance. Like college kids on spring break, Congress is letting it all hang out in a political bender of a kind we haven't seen in years. This is what happens when a President is at 36% job approval, and there is no Beltway chaperone. And to think there are still six long months until Election Day.

Pander At The Pump (NYT)

The New York Times, April 28, 2006

The battle to see which political party can out-pander the other on the subject of gasoline prices is embarrassing. If American consumers are having sticker shock at the pumps, it's because of a series of policy failures that stretch back decades. The last thing the country needs now is another irresponsible quick fix.

Senate Republicans have proposed to assuage the pain of high gas prices by sending many taxpayers $100 apiece — enough for about two tanks of gas. Meanwhile, a cadre of Senate Democrats is carrying on about a temporary suspension of the federal gas tax, which is 18.4 cents per gallon, the same level it was in 1993. At best, the suspension would temporarily reduce prices a fraction, causing car owners to drive a little more. That rise in demand would send prices back up again.

Lawmakers from both houses and parties are calling for investigations into any price gouging or other rip-offs by oil companies and filling stations. It's perfectly all right to look into these things, but no one imagines that the result will be much more than a series of photo-ops.

Suspending environmental safeguards — as President Bush proposed in his energy speech earlier this week — might send prices down a bit, at the price of dirtier air. It's appalling that a generation after the first oil shock, in 1973, politicians are still reacting with such hysteria.

The main problem is not environmental regulations or even rapacious oil companies. It certainly isn't the fact that the Arctic National Wildlife Refuge has been kept off limits for drilling. Americans' outsized demand for oil and gasoline pushes up prices, and now that the economies of huge countries like China and India have taken off, there will continue to be more competition for the world's available oil. There are policy solutions for the problem of excess demand, chief among them higher fuel economy standards. But more than five years into the Bush administration, there has been only a minuscule increase in mileage standards for S.U.V.'s and no increase for cars.

The oil companies' mind-boggling profits have produced calls for a windfall profits tax. It would not be too difficult to set up a system that would capture a percentage of the companies' extraordinary profits, and the money could be used for long-term

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solutions, like research into alternate fuels and mass transit. That would be fair. Oil companies are indeed profiting from events that have little to do with their efforts. If some of those profits were taxed and flowed into the public treasury, the money could go toward public purposes.

But critics who say such a tax discourages investment in exploration and drilling have a point. Though they invariably overstate their case, their opposition would make a windfall tax a heavy lift politically, thereby draining effort from other, more direct, solutions, like better mileage standards and ultimately — the hardest sell of all — a bolstered federal gas tax to encourage conservation.

It's important during this debate not to discount the genuine pain being felt by the poor and middle-class families who must drive long distances just to get to work and school. But their problem is more than gasoline prices. It's their vulnerability to the price increases, which results from stagnating wages and a lack of savings. If the Bush administration had devoted as much political capital in the past five years to wage and job growth initiatives as it has to cutting taxes for the wealthy, these struggling families would be better able to weather higher prices at the pump.

Congress's frantic gestures this week are, at bottom, an attempt to divert attention from its past failures to act, and its resulting inability to shield Americans from the burden of high prices at the pump. But the pain of high gas prices will only get worse unless Congress changes its priorities, now.

Gas Pump Geopolitics (NYT)

By Thomas L. Friedman

The New York Times, April 28, 2006

In recent days critics have accused President Bush and his new chief of staff of doing nothing more than shuffling around the deck chairs on the Titanic, as they shift, hire and fire senior White House officials while the president's popularity continues to plummet. Personally, I think that is a totally unfair charge — unfair to the captain of the Titanic.

After all, he knew where he was going. His lookouts just couldn't see the iceberg spar lurking beneath the surface in their path until it was too late. This administration, and its captain, have been staring the iceberg right in the face for years — it's called dependence on foreign crude oil. It has been totally visible, for miles and miles. And yet the Bush team has just kept sailing right into it, refusing to ask the American people to do anything hard to put America on a different energy course.

What is this iceberg staring us in the face? It is the fact that energy, broadly defined, has become the most important geostrategic and geoeconomic challenge of our time — much as the Soviet Union was during the cold war — for four reasons:

First, we are financing both sides in the war on terrorism: financing the U.S. military with our tax dollars, and Islamist radicals and states with our energy purchases.

Second, continued dependence on fossil fuels is going to bring on climate change so much faster in an age when millions of new consumers in India and China are driving cars and buying homes. And that's why renewable fuels and energy-efficient cars, buildings and appliances are going to be the biggest growth industry of the 21st century. The tougher the energy-efficiency standards we impose on our own companies, the more likely it is that they will dominate this new industry.

Third, because of the steady climb in oil prices, the seemingly unstoppable wave of free markets and free peoples that we thought was unleashed by the fall of the Berlin Wall is now being stymied by a counterwave of petro-authoritarian states — like Iran, Venezuela, Russia, Nigeria and Sudan — which now have more petro-dollars than ever to do the worst things for the longest time. They will poison the post-cold-war world unless we bring down the price of crude.

Fourth, we will never plant the seeds of democracy in Iraq and the wider Arab world if we don't also bring down the price of oil. These Arab oil regimes will not change unless they have to, and as long as oil prices are soaring they won't have to. Iraq will become just another Arab state that taps oil wells instead of developing its people.

The beginning of leadership for the president is to tell the American people the truth: This is not your parents' energy crisis. The price of oil is not soaring just because of greedy oil companies. It is soaring because of structural changes in the global energy market that could have vast consequences for America and the world if we do not respond in a comprehensive manner.

Toward that end, we need a tax on gasoline at the pump that will keep prices around $4 a gallon (still roughly $1 less than most Europeans pay), or we need a tax on vehicles that will make gas guzzlers prohibitively costly and hybrids and smaller cars enormously attractive. The sooner and the more we take the price of gasoline up — and keep it there — the sooner we can bring it down forever. If we want to make wind, solar and biomass more competitive, gasoline has to cost more, not less.

The president can start by pushing the bipartisan Fuel Choices for American Security Act, now wending its way through Congress. This bill would mandate that every car sold in America would not just have seat belts, but would also be flex-fuel capable so it could run on ethanol, methanol or gasoline. It would also pave the way for the rapid commercialization of plug-in hybrid vehicles, which would combine electricity and gasoline to get 100 miles out of every gallon of gasoline consumed.

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Finally, the bill would offer Detroit loan guarantees for transforming its fleets in this direction. "We're going to have to bail out Detroit anyway, so let's at least get some public benefit," the energy expert Anne Korin said.

Yes, the president has wasted so much time, but if he finally rises to this challenge, Democrats — who should have taken the lead on this issue a long time ago — have got to work with him. If the Democrats shirk this energy challenge, as the Republicans have, I'm certain there is going to be a third party in the 2008 election. It is going to be called the Geo-Green Party, and it is going to win a lot of centrist voters. The next Ross Perot will be green.

Say It With Me: Supply And Demand (WP)

By Charles Krauthammer

The Washington Post, April 28, 2006

If you thought the Dubai port deal marked a record high in Washington cynicism, think again. Nothing can match the spectacle of politicians scrambling for cover during a spike in gasoline prices. And this time the panderfest has gone all the way to the Oval Office. President Bush has joined the braying congressional hordes by ordering the Energy and Justice departments and the Federal Trade Commission to launch an investigation into possible gasoline price fixing.

What a disgrace.

Precisely 10 years ago (April 29, 1996) as gas prices reached a shocking $1.27 a gallon, President Bill Clinton ordered his Energy and Justice departments to launch investigations to find out why. In my column that week, I offered a wild guess as to why: "supply is down and demand is up." I offered Energy Secretary Hazel O'Leary and Attorney General Janet Reno a $100 bet (I roll high on sure things) that their million-dollar probes would do nothing more than confirm my hunch.

No takers. Even Cabinet secretaries don't throw away C-notes. Sure enough, months later these perfectly pointless investigations discounted charges of price gouging and attributed the price hike to . . . increased demand and decreased supply.

Today, every time an Iranian mullah opens his mouth about nukes, the risk premium for Persian Gulf supply interruptions jumps again. Crude oil prices alone account for about $1.70 of what you pay for a gallon at the pump. So 10 years later, I'll wager again. Here's what the Bush search for price gougers and profiteers will find:

· Demand is up. China has come from nowhere to pass Japan as the number No. 2 oil consumer in the world. China and India -- between them home to eight times the U.S. population -- are industrializing and gobbling huge amounts of energy.

American demand is up because we've lived in a fool's paradise since the mid-1980s. Until then, beginning with the oil shocks in 1973, Americans had changed appliances and cars and habits and achieved astonishing energy conservation. Energy use per dollar of gross domestic product was cut by 30 percent in little over a decade. Oil prices collapsed to about $10 a barrel.

Then amnesia set in, mile-per-gallon ratings disappeared from TV ads and we became "a country of a million Walter Mittys driving 75 mph in their gas-guzzling Bushwhack-Safari sport-utility roadsters with a moose head on the hood, a country whose crude oil production has dropped 32 percent in the last 25 years but which will not drill for oil in the Arctic National Wildlife Refuge for fear of disturbing the mating habits of caribou."

I wrote that during the '96 witch hunt for price gougers. Nothing has changed. Except that since then, U.S. crude oil production has dropped an additional 12.3 percent. Which brings us to:

· Supply is down. Start with supply disruptions in Nigeria, decreased production in Iraq, and the continuing loss of 5 percent of our national refining capacity because of damage from hurricanes Katrina and Rita. Add to that the mischief of idiotic new regulations. Last year's energy bill mandates arbitrary increases in blended ethanol use that so exceed current ethanol production that it is causing gasoline shortages and therefore huge price spikes.

Why don't we import the missing ethanol? Brazil makes a ton of it, and very cheaply. Answer: the Iowa caucuses. Iowa grows corn and chooses presidents. So we have a ridiculously high 54-cent ethanol tariff and ethanol shortages.

Another regulation requires specific ("boutique") gasoline blends for different cities depending on their air quality. Nice idea. But it introduces debilitating rigidities into the gasoline supply system. If Los Angeles runs short, you cannot just move supply in from Denver. You get shortages and more price spikes.

And don't get me started on the missing supply of might-have-been American crude. Arctic and outer continental shelf oil that the politicians kill year after year would have provided us by now with a critical and totally secure supply cushion in times of tight markets.

In March 2000, the price of gas hit $1.80 per gallon. Scandalized congressional Republicans shamelessly pushed for repeal of Clinton's whopping 4.3-cent gas tax increase. Now that the president is a Republican, what do you think Senate Democrats are proposing? A 60-day suspension of the federal gas tax. It would cost $6 billion and counteract the only good thing that comes with high gas prices -- the incentive to conserve.

George Shultz once said, "Nothing ever gets settled in this town." But even Shultz, who has seen everything, must marvel at the perfect regularity, the utter predictability, of the bottomless cynicism of Washington in the grip of gasoline fever.

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Tax The Windfall (WP)

By Michael Kinsley

The Washington Post, April 28, 2006

In, I guess, the early 1990s, when I worked for CNN, I found myself one evening at a Washington reception, chatting with an oil company executive and one from a defense contractor. The oilman said, "How's business?" How's business! Delighted and emboldened by the discovery that businessmen actually say this to one another, I arched a conspiratorial eyebrow and said, "Well, we could use another war."

The defense contractor said, "So could we."

The oilman said, "So could we -- as long as it's in the Middle East."

I was joking, and I'm pretty sure the other two were as well. Corporate executives are human beings (except for Ken Lay). They profit from war, but that doesn't mean they want it. Well, maybe a few of them have mixed feelings about that. But until I see hard evidence, I am not going to believe that American business executives would induce the government to start a war, even if they had the power to do so.

These days even President Bush is dissing the oil companies. He doesn't accuse them of starting the Iraq war, of course, but he does now favor looking into other possible misdeeds, such as antitrust violations. For Republican Sen. Arlen Specter and a chorus of Democrats, oil company misdeeds are enough to justify a tax on their "excess profits."

This hunt for a smoking gun misses the point. Taxes are not a form of punishment. And you don't need to find wrongdoing to justify a special tax on their profits. You only need a pocket calculator -- to figure out how much they owe.

The math is rough, but it's not complicated. About a third of the oil consumed in the United States comes from wells in the United States. That's about 150 million barrels a month. The oil industry refers to this as "production," but a more accurate term would be "extraction." Nature produced the oil and charges nothing for it.

Oil is oil, no matter where it comes from, so the price of those 150 million barrels will go up and down with the price of the 300 million or so barrels we import every month. A year ago, that price was about $46 a barrel. Now it's over $70 a barrel. The cost of extracting those 150 million American barrels depends a lot on how you figure and varies well by well. But we can make a few reasonable simplifying assumptions. First, no one was forced to pump oil at gunpoint a year ago. So, however you figure, in April 2005 it must have been possible to extract 150 million barrels of oil from American ground for less than $46 a barrel, including a reasonable profit.

Costs change: Wells have to be pumped harder, or they run dry. Gradually, we are running out of oil and need to import more and more. But these changes are nothing like the fluctuations in the price that oil can be sold for. If 150 million barrels could be extracted a year ago for $46 a barrel, it shouldn't cost much more than that to extract another 150 million barrels in 2006.

Let's round a bit and say that American oil extractors are getting an extra $25 a barrel. For 150 million barrels a month, that's $45 billion a year. And that's just for the oil that's extracted. The oil that remains in the ground also is about $25 a barrel more valuable. Other energy resources, used and unused, are more valuable by a similar amount.

To get this windfall, the oil companies didn't have to conspire with the Bush administration to start a war in Iraq. They didn't have to conspire among themselves to raise prices at the pump. If you own oil anywhere in the world, you didn't have to do a damn thing. Just close your eyes, make a wish, open them and -- surprise -- you're getting an extra $25 a barrel.

Ordinarily, and wisely, the U.S. government doesn't try to guess what is or is not a reasonable profit, and it doesn't try to tax away profit that is unreasonable. As a general principle, the government tries to tax all business profits at a rate that will produce enough revenue to help cover the cost of government without unduly destroying the incentive to produce. Under Republican administrations, the government usually goes further and gives business a bunch of absurd tax breaks. The oil industry has been a special pet over the years.

Ordinarily, we shouldn't want the government to decide when profits become "excess." But the case of huge profits from the run-up in oil prices is different, for two reasons. First, it is unusually clear that these profits have nothing to do with productivity. Diverting them to the Treasury would have no effect on the incentive to extract more oil from American ground. Second, some or all of these profits are directly related to a situation that is imposing huge sacrifices -- financial and otherwise -- on others: that is, the Iraq war.

Because of the war, the government is adding hundreds of billions to the burden of debt that all taxpayers, including other businesses, will have to pay off. Because of the war, American soldiers by the hundreds, and Iraqis by the thousands, are paying the ultimate tax of death by government policy. And because of the war, American oil companies are raking in extra billions in profits.

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The oil companies, like other big corporations, are mostly owned by ordinary citizens, either directly or through mutual and retirement funds. Presumably some of them support the war and others don't. Do any of these shareholders, pro-war or antiwar, want to pocket $45 billion (or whatever number you choose) from a war that is costing others so much?

Eating Our Greens (WP)

By Eugene Robinson

The Washington Post, April 28, 2006

That was no impostor, that was the actual George W. Bush the other day, wagging his finger at the good people who run the oil bidness and pledging to hold them accountable, or at least pretend to. Pushing alternative fuels? Investigating windfall profits? Is the president unwell?

No, he's fine. His fixes for high gasoline prices also include loosening some of those bothersome clean air regulations and, as usual, a call for drilling in the Arctic National Wildlife Refuge. He's just scared, and I don't blame him. With gas prices soaring over $3 a gallon, it's time for some serious panic.

One of the unwritten stanzas of the American creed is that a tank of gas, whenever an American needs one, is a birthright. The gauge gets low, you pull into the service station, you pump your gas, you're back on the road. Gas isn't a purchase you're supposed to have to weigh against other things you need.

Gasoline isn't fuel, it's freedom -- and when freedom is priced like a luxury item, Americans tend to turn on incumbent politicians with a snarl.

It's true that gas is still cheaper here than in the rest of the industrialized world, although the gap is shrinking. It's also true, in my view, that the world would be better off (though it would put Americans in a really foul mood) if the price went a good deal higher, perhaps through a big hike in the federal gasoline tax. That would raise much-needed revenue, since Bush is the most profligate spender since Louis XIV, and also discourage people from driving so much, which would cut carbon emissions and push back the day when palm trees take root at Kennebunkport.

So, yes, we should all eat our peas. But here's what I want to know: What are the implications of gas prices of $3 and higher for our collective relationship with our alter egos, our suits of armor, our advertisements for ourselves, our dreams made tangible, our autobiographies written in steel, glass, rubber and plastic: our automobiles?

That Americans are in love with their cars is a cliche, but often cliches are true. In other countries people have a much more sensible view of automotive hardware. In London, for example, a city where petrol costs an arm and a leg and the streets are barely wide enough for a Victorian hansom, people tend to drive small cars. If all Londoners were replaced by Americans tomorrow, I suspect one of our first projects would be to widen the streets so that two Hummers could pass without slowing down.

I'm not being judgmental here. I don't own a Hummer, but neither do I own a Prius or one of the other little gas-electric hybrids that sip fuel by the demitasse rather than the gallon. (Volvo XC wagon, if you must know.) My conscience tells me I ought to own a hybrid, and I applaud those who do -- economists say this guilt makes no sense, since whatever gas I didn't consume would be used by others in Seattle, Shanghai or Seoul, but that strikes me as shortsighted economist-think that ignores the future of the planet.

I could plead the excuse of being tall, but I've actually sat in a Prius, and it was pretty comfortable. The truth is, I have trouble with the idea of puttering around in an oversize golf cart with skinny little tires, grandmotherly acceleration and an aura that's all virtue, no vroom.

And what about that one snowy day every year -- well, most years anyway -- when I really need that four-wheel drive? What would I do then?

If humans were perfectly rational beings, life would be boring. Different societies have different subjects about which their views are, basically, insane. One of America's defining insanities is the automobile. Look around as you drive in to work tomorrow. Why is that woman driving alone in an SUV as roomy as some Tokyo apartments? Why is that guy driving a Porsche that'll do 150 when he'll never have the nerve to push it past 90, even on a clear stretch of interstate with no county mounties in sight?

But the economists are right about one thing: Irrationality can make a valiant stand against price, but ultimately it succumbs. At $3 a gallon and more, fewer people will buy SUVs. At some higher figure -- maybe much higher, but that seems to be where we're headed -- we'll all downsize into Prius Nation.

But could I have fatter tires on mine? And four-wheel drive? You know, for when it snows.

Bush In New Orleans As Senators Release Report (NYT)

By Jim Rutenberg

DOJ_NMG_0027394

The New York Times, April 28, 2006

NEW ORLEANS, April 27 — Facing renewed criticism of his administration's response to Hurricane Katrina, President Bush came to this storm-ravaged city on Thursday promising to make federal rebuilding efforts "as efficient as possible" while signaling that his administration was listening to its critics.

"All of us in positions of responsibility appreciate those who are working to help us to understand how to do our jobs better," Mr. Bush said on a visit to the heavily damaged Lower Ninth Ward.

Mr. Bush's trip was planned to highlight the progress of rebuilding efforts on the Gulf Coast and, this being National Volunteer Week, the role volunteers have played in them. But it came on a day that a panel of senators, in a bipartisan report, called the Federal Emergency Management Agency the living "symbol of a bumbling bureaucracy."

Speaking to reporters aboard Air Force One en route here, Frances Fragos Townsend, Mr. Bush's domestic security adviser, said that with hurricane season approaching, "now is not the time to really look at moving organizational boxes."

At the home of Ethel Williams, whose bungalow is one of many being restored with help from Operation Helping Hand of Catholic Charities, Mr. Bush praised progress toward recovery here.

The White House seemed to get the sort of image it was seeking, that of the president with his arm around Ms. Williams. With Gov. Kathleen Babineaux Blanco and Mayor C. Ray Nagin, both Democrats, standing nearby, she told him, "I'm proud that you're here, Mr. President, and I won't ever forget you." Mr. Bush said she had promised to have him over one day for a home-cooked meal.

The naming of the Fox News commentator Tony Snow as White House press secretary this week seemed to have created new tension on Thursday with reporters who cover the president.

On Air Force One, the outgoing press secretary, Scott McClellan, was questioned about why the televisions on the plane and in the White House were so often tuned to Fox News Channel, with one questioner asking if there was a general White House edict requiring it.

Mr. McClellan said there was no such edict. After a few minutes he returned to say of the television channel, "They're going to be changing it, at your all's request, to the channel that you requested, which is CNN — from the press corps."

In New Orleans, Bush Urges Volunteerism (WP)

By Jim Vandehei

The Washington Post, April 28, 2006

NEW ORLEANS, April 27 -- President Bush on Thursday wrapped his arm around a symbol of the devastation and hope of this ravaged city: Ethel Williams, one of the thousands of people who lost almost everything to Hurricane Katrina.

Making his 11th trip here since the deadly storm and floods, this time to the obliterated Ninth Ward, Bush came here on National Volunteer Day to implore more Americans to help Williams and others like her. His motorcade wound through the deserted, storm-damaged streets that offered stark reminders of the work that lies ahead: shuttered houses, littered lawns, lifeless roads.

But Williams, who fled briefly to Texas after the storm, is back here on Pauline Street, watching Catholic Charities volunteers gut her modest one-story bungalow and prepare to rebuild it. Bush placed his left arm around Williams's shoulder, surrounded himself with local Democratic politicians and praised the volunteers.

"If you are interested in helping the victims of Katrina, interested in helping them get back on their feet, come on down here," Bush said. Williams thanked the president and offered to cook him dinner when her restoration project is complete.

Back in Washington, Congress was again undercutting Bush's political restoration effort. As Bush was taking off for his morning flight here, Republicans and Democrats were arguing that the Bush administration's emergency-response agency is a disaster and should be overhauled. They cited the government's slow response to Katrina as evidence that the Federal Emergency Management Agency should be abolished and replaced with a new, more effective organization.

At the same time, lawmakers haggled over how much to spend to rebuild New Orleans and other cities damaged by last year's storm. Government spending is expected to top $100 billion this year, which some lawmakers from outside the region consider too high.

Two days before this visit, the White House budget office asked Congress for another $2.2 billion in emergency funding to help repair and fortify the levees.

Frances Fragos Townsend, the president's homeland security adviser, told reporters on Air Force One that with the hurricane season coming, the government should focus on preparation, not reorganization. The Atlantic hurricane season begins June 1.

Bush spent the entire day in New Orleans and on Mississippi's Gulf Coast, promising additional assistance and a better response next time disaster strikes. But volunteerism was his message of the day.

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After leaving Williams's house, Bush toured a Habitat for Humanity project a few blocks away, where he put on a carpenter's apron and gloves, grabbed a hammer and pounded a few nails. The volunteers were turning a vacant lot bigger than a football field into an 81-unit housing complex. In Mississippi, Bush stopped at a tent city to visit with 120 people helping remove debris and build houses through a group called the Hands on Network.

Bush Visits To Call Attention To Work Yet To Be Done (NOTP)

By James Varney

New Orleans Times-Picayune, April 28, 2006

President Bush paid another visit Thursday to storm-mauled New Orleans, talking with residents, pounding nails at a reconstruction site in the 9th Ward, and once again calling on Congress to approve his request of additional money for housing and levee reconstruction in the state.

Bush also used the occassion, his 10th south Louisiana visit since Hurricane Katrina, to highlight New Orleans' sputtering recovery and to urge more volunteers to come to the wounded city. Indeed, volunteerism was a theme of a trip that began with him presenting the President's Volunteer Service Medal to Tris Coffin, 87, of River Ridge, under a wing of Air Force One.

Soon after, following a tour of a gutted house in the 2000 block of Pauline Street, Bush and the home's owner, Ethel Williams, a 72-year-old woman who evacuated to Texas, came to the curb and briefly addressed a flock of reporters.

"The leaders down here tell me they could use 2,500 more volunteers," Bush said, his left arm draped over Williams' frail shoulders. "Well, if you're interested in helping the victims of Katrina, if you want to help them get back on their feet, then come on down to New Orleans."

Bush noted there was no shortage of work to be done, and, with Catholic Charities banners undulating on Williams' porch, he pointed to the work done in the 9th Ward by volunteers from all over the United States.

"It's a chance to give something back to your country, too," he said.

As Bush spoke, he was flanked by Mayor Ray Nagin, Gov. Kathleen Blanco and U.S. Rep. William Jefferson (D-New Orleans).

Bush said he was "calling on Congress" to keep his proposals for $4.2 billion in Community Development Block Grants and $2.2 billion for levee repairs "intact for Louisiana."

The money is part of a bill enfolding hurricane relief and war money for Iraq and Afghanistan. But rancor over the bill has risen and Bush is threatening the first veto of his tenure in the White House if what he regards as ancillary spending isn't stripped from the final version. Jefferson said he was confident that, at the end of the day, both amounts would pass congress.

Nagin and Blanco were on the tarmac when Bush, Jefferson and a handful of other dignitaries, including Bush's hurricane czar, Donald Powell, touched down on Air Force One at 11:13 a.m. Bush gave Blanco a kiss and spoke with her and her husband, Coach, then shuffled to his left and shook hands vigorously with Nagin. The two men talked animatedly for perhaps 30 seconds, at times grabbing each other by the shoulders.

The same clutch of politicians then flew on Marine One to a Port of New Orleans container yard near the former Desire housing development, and took a motorcade into the 9th Ward.

After his brief remarks outside Williams' house, one reporter tried to ask if the president had any reaction to this week's finding by a senate panel that an underfunded and dysfunctional Federal Emergency Management Agency was beyond repair and should be scrapped. Bush simply turned away.

Throughout the trip, Bush and Nagin gave every indication of enjoying a genuine friendship, a relationship both men have claimed is real but which Nagin acknowledged was a surprising development. The mayor famously railed against what he considered the tardy federal response to New Orleans' desperate hour of need after Katrina struck, and when he first met Bush on the tarmac of Louis Armstrong International Airport, four days after the storm, Nagin's bearing reflected his anger. That mood has dissipated over frequent meetings since, however, and both men now claim their relationship is a solid one, with Nagin once saying Bush told him he respected the mayor's honesty in Katrina's aftermath.

After visting Williams' house, the politicians zipped just two blocks away to a Habitat for Humanity rebuilding site on North Roman Street called Musician's Village. There Bush, Blanco, Nagin and Jefferson strapped on tool belts and hoisted triangular roof beam sections up to laborers scampering across the wooden skeletons of new houses. The four then went inside the framework, began to shake hands and chat with individual volunteers, and then Nagin and Bush climbed on step ladders and started hammering home nails handed up to them by Blanco and Jefferson.

Nagin, in particular, attacked the job with zest, and sweat began to gleam on his shaved head. Bush watched him for a moment, bemused, and then told the mayor to take it easy.

"I'm getting some aggression out," Nagin replied, adding cryptically there were, "a lot of people he'd like to hit with a hammer."

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As reporters and cameramen swarmed beneath the two, they continued to banter.

“A southpaw, eh?” Bush said. “So you’re a lefty?”

“Oh, yeah,” Nagin replied, “I’m lefty about everything.”

“You write lefty?” the president asked.

“Oh, yeah,” Nagin said, laughing.

Bush insisted, however, that his visit was not all for light conversation. He said his talks with Nagin and Blanco were centered on reconstruction funding and on lines of communication, a topic that also dominated discussions last week the local leaders had with Homeland Security Secretary Michael Chertoff.

“I’ve had a good meeting with the mayor and the governor,” Bush said. “We’re all trying to learn the lessons of Katrina, especially with another hurricane season approaching.”

Bush Sees Progress On Gulf Coast Visit (WSJ)

By Christopher Cooper

The Wall Street Journal, April 28, 2006

BILOXI, Miss. -- Long after Hurricane Katrina savaged the Gulf Coast, progress on the ground may be catching up to President Bush's upbeat bulletins about rebuilding the region.

Mr. Bush made his 11th trip to the area yesterday. He found that after a start that by nearly every measure was scattershot and halting, federal and state efforts, fortified by some $85 billion from Congress, are beginning to show progress. Cleanup and reconstruction in the region are moving ahead, especially with the basics: removing debris, providing temporary housing and rebuilding the area's demolished infrastructure.

In January, the president was criticized for saying he could see "dramatic" improvement in the region as heaps of trash clogged the streets just outside the Bay St. Louis, Miss., school where he was speaking. But yesterday, on a visit to encourage volunteers to pitch in on the massive reconstruction, his comments seemed better rooted to the situation on the ground.

Mr. Bush's tour included initiatives in two neighborhoods in New Orleans, and a base camp for volunteers supporting relief, recovery and rebuilding in the city of Biloxi and surrounding communities.

"There's lots of progress," he said. "There's still a lot to be done."

The numbers tell the tale.

Katrina left 100 million tons of debris across Louisiana and Mississippi, destroyed homes and businesses and displaced tens of thousands of people. Evacuees slowly are making their way back to damaged communities. New building permits are up sharply. Officials say that debris removal is nearing 90% completion in Mississippi and 70% in Louisiana. Although temporary housing remains a problem in New Orleans, the Federal Emergency Management Agency has placed 11,000 trailers in the city. And the Small Business Administration, after a fitful start in handing out aid, now has approved loans totaling $8 billion.

To be sure, problems remain. Nearly $20 billion in administration-backed spending to upgrade the New Orleans flood-protection system and provide rebuilding help remains bottled up in Congress; temporary housing efforts are still bogged down by bickering between FEMA and New Orleans Mayor Ray Nagin; and some of Mr. Bush's aid proposals for the region -- primarily his "Go Zone" package of tax-free bonds and special depreciation allowances for companies that operate in Louisiana and Mississippi -- remain largely untapped and bogged down by technical problems, experts say.

"We've found that a lot of it is somewhat impractical," said Fred Chevalier, a bond attorney for the New Orleans law firm of Jones Walker. He estimates that only a fraction of the nearly $8 billion in allowances permitted under the program has been tapped, and that the program will remain unattractive to businesses unless the White House backs a series of technical modifications to it.

Donald Powell, Mr. Bush's envoy to the region, is more optimistic. In January, he cited the goal of picking up trash as a measure of progress in the region. These days, he has moved on to other aspects of the recovery, such as ironing out the kinks in the Go Zone programs, which he cited as "a No. 1 issue."

"There are days when I feel good and days when I don't feel very good," Mr. Powell said. He added that the final $20 billion being sought by the Bush administration to help the region should be enough to complete the job.

Meanwhile, two looming uncertainties could affect the reconstruction effort down the road.

One is the fate of FEMA, the agency that received much of the blame for the federal government's initial clumsy response to the disaster. FEMA continues to be the key conduit for much of the recovery's support efforts. Yesterday, a Senate investigative panel said FEMA is flawed beyond repair and should be dismantled in favor of a more streamlined, focused disaster agency. If that happens, the new FEMA may be more responsive and better financed, boosting reconstruction efforts. But the transition to a new authority could be disruptive in the near term.

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The coming mayoral runoff in New Orleans also is a factor. The campaign has distracted efforts to create a cohesive plan for redeveloping the city, which the next mayor must carry through.

The late-May election pits Mr. Nagin, who has been both lambasted and praised for his performance in office during the crisis, against Mitch Landrieu, Louisiana's lieutenant governor who is widely perceived as the more liberal of the two. He is the brother of Sen. Mary Landrieu (D., La.), one of President Bush's harshest critics on the federal disaster response.

Both men are Democrats, but people close to the White House say Mr. Bush likes Mr. Nagin and certainly prefers him to anyone from the Landrieu family. So, while Mr. Bush's visit to the city was officially billed as a tribute to volunteerism, they said it was also designed to bolster Mr. Nagin's political prospects with the city's white conservative establishment, where support for Mr. Nagin has flagged.

At a site where Habitat for Humanity is building 81 new homes, Mr. Bush donned work gloves and a tool pouch to help raise roof frames onto one house. Mr. Bush and Mr. Nagin traded jokes about the campaign as they pounded nails into the frame. "I got a few people I'd like to hit," the mayor said.

Bush Visits Storm-Ravaged Gulf Coast (AP)

By Jennifer Loven

AP, April 27, 2006

Surrounded by evidence of the incomplete recovery from Hurricane Katrina, President Bush on Thursday tried to calm fears across the Gulf Coast that another monster storm could be lurking in the upcoming hurricane season.

"If there is one, the response will be as effective as possible," said Bush, whose administration has been faulted for a flawed response to Katrina that exacerbated the hurricane's destruction.

Sensitive to voters' anger over soaring gasoline prices, Bush also said he wants Congress to give the Transportation Department the power to increase auto fuel economy standards — an idea proposed in an energy plan by Senate Republicans. The department already has such authority over pickup trucks, SUVs and vans.

Later Thursday, Transportation Secretary Norman Y. Mineta wrote a letter to House and Senate leaders of both parties urging "prompt action" on the president's request. Mineta wrote it was "imperative that (fuel-economy) standards be set through an administrative process based on sound science and data."

The 2006 hurricane season begins June 1, and the president said his administration is working with local officials to make sure communications are clearer and supplies are effectively positioned in advance.

Don Powell, Bush's liaison to hurricane relief efforts, said the restoration of New Orleans' levees to their pre-Katrina condition is expected to be completed by June 1.

Bush's comments, on his 11th visit to the Gulf Coast since Katrina struck in August, came as a seven-month Senate inquiry indicated the United States still was woefully unprepared for a storm of that scope. The Senate review followed a House investigation that was similarly critical of Bush and other top federal officials, and milder White House conclusions that blamed the Homeland Security Department for most of the breakdowns.

"We are far better prepared today than we were this time last year," said Frances Fragos Townsend, Bush's homeland security adviser. "And we will be far better prepared by June 1."

The president said, "All of us in positions of responsibility appreciate those who are helping us to understand how to do our jobs better."

Bush's trip to still-devastated Louisiana and Mississippi was intended to encourage volunteers to pitch in on the massive reconstruction effort.

In New Orleans, the president stopped at a modest bungalow being restored by volunteers in the Ninth Ward, one of the city's majority-black neighborhoods that endured the storm's brunt and remain largely uninhabitable.

The street was piled high in places with trash. Yards were overgrown with weeds. White government trailers that are the main housing for the displaced sat in many front yards.

With less half of the New Orleans pre-storm population back, few residents were evident. The president's motorcade parked in front of one of the city's many shuttered schools.

Ethel Williams, the owner of the single-story green and white duplex, thanked those who are gutting her house so she can return to her home from Texas, where she fled during the storm.

"I'm proud that you're here, Mr. President, and I won't ever forget you," she said, her arm around Bush's waist. The high-water mark from Katrina's flooding was visible behind her, about one-third of the way up her home's single story.

Bush said, "If you're interested in helping the victims of Katrina, interested in helping them get back on their feet, come on down here."

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From Williams' home, Bush went to a nearby large vacant lot where Habitat for Humanity is building 81 new homes, several feet off the ground for protection against future floods, for New Orleans musicians.

Bush, wearing casual blue pants and checked shirt, put on work gloves and a carpenter's apron as he wandered around the construction site and chatted with workers. The president, Louisiana Gov. Kathleen Blanco and New Orleans Mayor Ray Nagin helped raise roof frames onto one house.

Bush and Nagin traded jokes as they pounded nails into the frame. "I got a few people I'd like to hit," quipped Nagin, who faces a runoff election next month against a fellow Democrat, Lt. Gov. Mitch Landrieu, in his bid for another term.

Later, in Biloxi, Miss., the president visited a base camp that houses and deploys volunteers to projects around the community from a Methodist church.

He sat around a table nodding approvingly at volunteers who had come from all over the country, and checked their organic farming and pet-rescue efforts. Bush posed for pictures with several dozen people who have been living in a church balcony and a tent city outside.

"Character-building," commented Bush.

Katrina was one of the worst natural disasters in U.S. history, killing more than 1,300 people, leaving hundreds of thousands of homeless and causing tens of billions of dollars in damage. The government's lagging help for disaster victims has contributed to a persistent second-term slump for Bush.

House Lobbying Bill Narrowly Advances (AP-Y2)

By Jim Abrams

AP2, April 27, 2006

A Republican-backed lobbying overhaul bill narrowly survived Thursday, averting what would have been a stunning blow to the party's drive to repair the scandal-tarnished reputation of Congress before the fall elections.

The 216-207 House vote to advance debate on the bill came after GOP leaders spent hours urging their own members not to abandon them on the legislation. The turning point came when they persuaded Republican members of the Appropriations Committee to go along with measures in the bill to limit earmarks, or special interest projects.

In the end 12 Republicans, mostly lawmakers who thought the bill was too weak, voted against it. Democrats were unanimous in opposition.

Rules Committee Chairman David Dreier, R-Calif., the main sponsor of the bill, said the bill would add new transparency to lawmaker-lobbyist relations. "What we are doing here today is another indication of our strong commitment to the issue of reform."

Rep. Christopher Shays (news, bio, voting record) of Connecticut, one of the Republicans voting against the resolution, disagreed. "We're losing our moral authority to lead this place," said Shays, who like Democrats, objected to procedures that barred them from offering amendments they said would have strengthened a weak bill.

The rejected amendments included imposing a ban on gifts from lobbyists, creating a new office to oversee ethics violations in the House, and making retiring lawmakers wait longer before becoming lobbyists.

Majority Leader John Boehner said the House would return to the bill next Tuesday. "Changing anything here in Washington is almost impossible," the Ohio Republican said. "The status quo is a powerful force."

The debate Thursday followed months of negotiations to craft a lobbying overhaul bill in the wake of the scandals generated by disgraced former lobbyist Jack Abramoff and the bribery conviction of former Rep. Randy "Duke" Cunningham, R-Calif.

The most prominent issue during the day was earmarks, the pet projects that find their way into larger bills, often at the urging of lobbyists. Republican fiscal conservatives demanded greater disclosure of earmark sponsors, while members of the Appropriations Committee objected that the new disclosure rules applied only to appropriation bills, not policy and tax bills.

Earlier this month GOP leaders were unable to deliver on a $2.8 trillion budget blueprint because of a similar struggle between conservatives and the Appropriations Committee over budget reforms.

"After months of scandal and years of deficit spending, we have come to a moment of truth," said Rep. Mike Spence, R-Ind., a leader of the conservatives. "We will show today who in this body is committed to reform and who is not."

"This is the acid test today," said Rep. Jeff Flake (news, bio, voting record), R-Ariz., a leading opponent of earmarks.

Republican Whip Roy Blunt, R-Mo., said it wasn't until five minutes before the vote that he learned that Appropriations Committee leaders would go along with a leadership promise to extend the earmark provisions to all committees when the House and Senate negotiate a final version of the bill.

GOP leaders brought the lobbying bill to the floor Thursday morning but then abruptly pulled it because of the earmarks dispute. They resumed debate four hours later after a two-hour closed-door meeting with the party rank-and-file.

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"Virtually everyone seems to be unhappy with some aspect of this," Dreier said Wednesday. He has overseen the lobbying issue since last January when the House, reacting to the Abramoff scandal, took the initial step of banning members-turned-lobbyists from the House floor and gym.

As Republican leaders huddled to try to salvage the bill, Minority Leader Nancy Pelosi, D-Calif., criticized their efforts.

"This is a bill they thought they could get away with," Pelosi told a press conference.

"It's a ruse, and I think they thought it was worth a try. But people are seeing through it, and their members are hearing from the public."

The House bill requires lobbyists to file quarterly reports on their activities, up from the current twice-a-year reports; suspends all privately funded travel through the end of the year; requires appropriations bills to list earmarks; and takes away the retirement benefits of lawmakers convicted of corruption-related crimes.

The Senate bill, passed last month on a 90-8 vote, goes further in banning gifts and meals from lobbyists. It also requires that lobbyists report on grass-roots lobbying involving the use of phone calls and ads to encourage the public to contact their lawmakers, and extends to two years, up from the current one, the waiting period before a former lawmaker can take a job lobbying Congress.

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The House bill is H.R. 4975.

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On the Net:

Congress: http://thomas.loc.gov/

House Advances Ethics Measure By Slim Margin (WSJ)

By David Rogers

The Wall Street Journal, April 28, 2006

WASHINGTON -- Lobbying overhaul and ethics legislation narrowly advanced in the House after a day of turmoil that dramatized the continued Republican divisions over how to respond to the wave of scandals threatening the party's power.

Twelve Republicans, including the former chairman of the House Ethics Committee, opposed the leadership on a pivotal 216-207 procedural vote. Dozens more had threatened to jump ship until Speaker Dennis Hastert (R., Ill.) interceded to quell a rebellion by members of the House Appropriations Committee.

"The speaker is the speaker; you only have one speaker at a time," said Appropriations Chairman Jerry Lewis (R., Calif.).

By holding the party together, Mr. Hastert avoided what would have been a huge defeat, killing both lobbying overhaul and any chance of a budget resolution this spring. But when debate resumes next week, critics say the shortcomings of the Republican package will also become more apparent -- as well as the restrictive terms of debate.

As adopted last night, the rule would effectively bar many amendments sought by public-interest groups pushing for stronger changes. These would include a ban on members taking below-cost flights on corporate aircraft and the creation of an independent professional office of public integrity to complement the troubled Ethics Committee structure.

"There are some good things in the bill, but it doesn't go far enough," said Rep. Joel Hefley (R., Colo.), the former chairman of the ethics panel. "We're losing our moral authority to lead this place," said Rep. Christopher Shays (R., Conn.). "When I was elected 10 years ago ... I really believed we would be allowed to have debates. And every year I see less and less of it."

The fight with Appropriations Committee Republicans dealt primarily with a set of proposed procedures intended to discourage the practice of members slipping "earmarks" into spending bills, designating funds for home-state projects or special interests.

The conviction of former Rep. Randall "Duke" Cunningham (R., Calif.) centered on bribes he had received in return for helping to write earmarks into appropriations bills for favored defense contractors. Republican lobbyist Jack Abramoff, who pleaded guilty to three felonies in January and is cooperating with prosecutors in a congressional corruption probe, helped to orchestrate some earmarks for his clients.

The proposed rules changes would demand more transparency when appropriations bills come to the House, and a special point of order is created to allow members to challenge any earmark that is added in final House-Senate negotiations -- without having been voted on first by either chamber.

Mr. Lewis and other Appropriations Republicans said they were prepared to accept the changes, but wanted the rules applied equally to other committees that approve earmarks in their bills.

Mr. Lewis has a long record of earmarks and close ties to defense lobbyists, but he has tried to reduce the number of earmarks in House bills, and many on the committee felt the panel was being singled out.

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At a morning meeting, Majority Leader John Boehner (R., Ohio) sought to resolve the issue by promising that the final bill -- after talks with the Senate -- would be comprehensive. But his assurance wasn't enough, forcing Mr. Hastert to put the House in recess for most of the day as Republicans caucused.

"It's been a full day of personalities," the speaker said.

"I honestly didn't know what we were fighting about," said one top leadership aide. But fight they did -- members and staff alike -- quite openly.

"We're doing to ourselves what the Democrats did to themselves," said a House Republican, and the turmoil contributed to the delay again of an agreement on tax legislation.

One of the last major issues to be settled is what offsetting revenue raisers can be approved to bring down the bill's net cost within the prescribed $70 billion total for five years. "They're pretty close in their parameters," said Mr. Hastert, and he and tax writers remained confident they can reach a settlement next week.

Ethics Bill Clears The House In Tight Vote (WP)

By Jonathan Weisman And Jeffrey H. Birnbaum

The Washington Post, April 28, 2006

The House narrowly cleared the way yesterday to vote on an overhaul of congressional lobbying rules after hours of contentious, closed-door meetings yielded a Republican agreement to broaden measures to rein in home-district pet projects and other narrow special-interest amendments.

The 216 to 207 vote followed a tumultuous day in which the measure had to be set aside for five hours while Republicans met in emergency session to revive the faltering legislation. Up to the moment a vote was held last evening, House Republican leaders feared an embarrassing defeat.

But a last-minute deal between House Speaker J. Dennis Hastert (R-Ill.) and rebellious Republicans on the House Appropriations Committee salvaged the legislation, which is now scheduled for a vote Tuesday.

Hastert promised appropriators that they would not alone be targeted by a provision that requires narrowly tailored "earmarks" be identified by the names of their sponsors and be subject to a special type of vote that could remove them. The leadership pledged to broaden the earmark provision in later negotiations with the Senate so that it will apply to all sorts of legislation, from transportation to taxation.

Appropriators were incensed that the pending ethics bill would apply the strict new rules only to their 11 annual spending bills, which fund the federal government. Had the provision been in place last year, they complained, it would not have blocked the so-called Bridge to Nowhere in Alaska, which helped spawn Congress's anti-earmarks drive in the first place. That much-criticized project was part of an authorization bill drafted by the House Transportation and Infrastructure Committee, not an appropriations bill.

Even with the eleventh-hour backing of the GOP appropriators, the measure that passed yesterday, called a rule, almost failed. The vote had to be held open longer than usual before it garnered a majority. A solid phalanx of Democrats and 12 Republicans, including House Judiciary Committee Chairman F. James Sensenbrenner Jr. (Wis.) and fellow party members pushing for stronger measures, cast votes against the legislation.

The bill would require lobbyists to file quarterly instead of semiannual disclosures, and to include in those reports the donations they give to federal candidates and political action committees. Lobbyists would also have to make public the value of any gift that they give to lawmakers or congressional aides. In addition, appropriations bills would have to list any earmarks that they contain, as well as the sponsors of those projects. Ethics training would become mandatory for House employees under the legislation.

The measure was slated to come to a vote at noon but was abruptly yanked from the House floor after a brief debate. Aides confirmed that it was clear then that the rule did not have enough support to pass, largely because of the appropriators' defection. Earlier in the morning, House Majority Leader John A. Boehner (R-Ohio) had met privately with GOP appropriators and learned about their firm objection to being singled out in the ethics bill.

By 12:15, Republican leaders convened an emergency, members-only conference in one of the Capitol's largest and most ornate rooms, the House Ways and Means Committee chamber in the Longworth House Office Building.

In contrast to the regal surroundings, participants said the meeting was loud and pointed. Several appropriators frankly expressed their opposition; other lawmakers said the defeat of the measure would be a black eye for Republicans who are trying with the bill to distance themselves from former lobbyist Jack Abramoff, whose guilty plea in January prompted the reform effort.

Still others, such as Rep. Christopher Shays (Conn.) said the bill was less than a window dressing and should be rejected. Later, to reporters, he called the bill "pathetic." On the House floor, he added: "We're losing our moral authority to lead this place."

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But it was not until a later, 45-minute meeting in the Capitol among the appropriators -- including former House majority leader Tom DeLay (R-Tex.) -- Hastert and Boehner that the accord was struck to save the ethics bill.

House GOP Saves 'Pork' Reform Bill (WT)

By Charles Hurt And Christina Bellantoni

The Washington Times, April 28, 2006

Republican leaders in the House reached a last-minute deal yesterday to save a bill that includes the most significant reform in recent history to the process by which billions of dollars in federal "pork" are doled out each year in political favors.

The reforms -- part of a much larger bill aimed at curtailing the influence of lobbyists on Congress -- would require greater disclosure about special projects inserted into spending bills by lawmakers, also known as earmarks or pork. Most significantly, the legislation would require members of Congress to attach their names to their proposed earmarks, which sometimes are inserted secretly and anonymously.

House Majority Leader John A. Boehner said Republicans are committed to fixing the problems that led to abuses such as the bribery scandal involving former Rep. Randy "Duke" Cunningham, a California Republican who was sentenced to eight years in prison.

"This really does allow us to make some real reforms," the Ohio Republican said. "Changing anything here in Washington is almost impossible. The status quo is a powerful force."

Yesterday's largely party-line 216-207 vote was on a procedural motion that paves the way for a final vote on the bill in the House next week.

For much of yesterday, however, the legislation appeared to be doomed.

Shortly after the vote, one Democrat hurriedly issued a press release with a subject line: "GOP Lobby Bill Dies in the U.S. House."

Yesterday morning, Republican leaders brought the bill to the floor for debate. But they quickly shut down floor discussion and pulled the bill because of strong opposition from Republican members of the influential Appropriations Committee, which is responsible for approving all spending by the federal government. Leading that opposition was Appropriations Chairman Jerry Lewis, California Republican.

Throughout the day, Republicans huddled in closed meetings, searching for a deal that would win the handful of votes needed from the Republican appropriators to pass the bill. Only as the vote began on the House floor did word begin to leak out that a deal had been reached to save House Republican leadership from an embarrassing defeat on high-profile legislation.

Afterward, House Majority Whip Roy Blunt, Missouri Republican, said, "In the eight years I've been whip and chief deputy whip, I was never less certain five minutes before we started the vote."

Democrats, who were unanimous in their opposition, derided the bill.

"Tragically, the party of Abraham Lincoln has become the party of Abramoff," Rep. Lloyd Doggett, Texas Democrat, said in reference to casino lobbyist Jack Abramoff, who recently pleaded guilty in a federal corruption case.

"With all of your special interest wining and dining, what a Grand Old Party it is," Mr. Doggett said on the floor before the vote. "But it is a grand party for everyone but the taxpayers, who have to pick up the tab."

Before the vote, House Rules Chairman David Dreier, California Republican, said Republicans wanted "to ensure that the tragic problem of corruption that we have witnessed will never happen again."

He went on to say, "The Republican Party is the party of reform."

When Mr. Dreier was done, Rep. David R. Obey, Wisconsin Democrat and ranking member of the Appropriations Committee, responded: "I want to congratulate the gentleman from California for giving that speech with a straight face."

House Republicans Manage To Delay Vote On Ethics Reform Legislation (KRT)

By James Kuhnhenn

Knight Ridder, April 27, 2006

WASHINGTON - House Republican leaders on Thursday narrowly defused a revolt within their ranks that would have killed lobby and ethics legislation, but then delayed a final vote on the package until next week.

The legislation still faces broad, if not unanimous, opposition from Democrats and a handful of Republican moderates who say the legislation falls far short of what Congress needs to remove the stain of scandal rising from recent criminal convictions for influence-peddling.

The legislative package, which will be voted on Tuesday, restricts some congressional travel, requires more frequent public disclosure of lobbying activity and forces public identification of sponsors of special-interest "earmarks" inserted into spending bills.

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The measure's defeat would have been an embarrassing setback for House Speaker Dennis Hastert, R-Ill., and Majority Leader John Boehner, R-Ohio. Both vowed to tackle ethics and lobbying legislation in the wake of guilty pleas for corruption by disgraced Republican lobbyist Jack Abramoff and former Rep. Randy "Duke" Cunningham, R-Calif.

Allegations of influence-peddling also have spilled into Democratic ranks. Rep. Alan Mollohan, D-W.Va., had to step down recently as the top Democrat on the House ethics committee after publicity stirred controversy over spending provisions that he'd inserted into legislation benefiting his friends and business associates.

House Republican appropriators, the lawmakers who draft spending bills, had threatened to vote against the legislation because they objected to its restrictions on "earmarks," the special spending items that members of Congress routinely insert into appropriations bills to benefit constituents. The appropriators said it wasn't fair to restrict such items only in appropriations bills and not in tax or policy legislation.

The appropriators, led by their chairman, Jerry Lewis, R-Calif., eventually relented after Hastert and Boehner promised to apply earmark restrictions to all forms of legislation when the final bill gets reconciled with a Senate version passed in March.

Following the GOP leaders' pledge, the House voted 216-207, largely along partisan lines, to accept the rule governing debate on the bill, indicating likely passage.

"The leader and the speaker gave their word to our members," Lewis said. "We can't ask for any more than that from our speaker. Comprehensive earmark reform is fundamental to our being able to go forward positively and effectively."

Still, many Republican advocates of changing the earmark system were suspicious of the appropriators' motives.

Many House conservatives are suspicious "that the desire to expand earmark reform is actually a desire to kill earmark reform," said Rep. Mike Pence, R-Ind.

The House legislation would ban all privately funded travel by members or their staffs until Dec. 15, six weeks after the November elections. It also would prevent lobbyists from accompanying lawmakers on corporate jets.

Lobbyists would have to file quarterly lobbying disclosure reports. They also would have to reveal previous employment in the legislative and executive branches of government.

The controversial earmark provision would require the appropriations committee to include a list of earmarks in spending bills and to identify any member whose earmark appears in the bill. Any House-Senate negotiated spending bill that adds earmarks also would be subject to parliamentary challenge.

House Democratic Leader Nancy Pelosi of California called the bill "an embarrassingly trivial response to the culture of corruption that has thrived under this Republican Congress."

The Senate version contains tougher restrictions on lobbying and ethics. Unlike the House bill, it bans all gifts and meals from lobbyists and extends from one to two years the period that former members have to wait before they can lobby Congress. In addition, the Senate's restrictions on earmarks apply to tax and policy legislation as well as to spending bills.

Lobbying Bill Quite Different From 1st Draft (USAT)

By Jim Drinkard

USA Today, April 28, 2006

WASHINGTON — Just three months ago, House Speaker Dennis Hastert went before TV cameras to say he was “deeply disturbed” by the money-and-influence scandal that was sweeping the capital. His top remedies: to ban gifts from lobbyists to members of Congress, and to prohibit “fact-finding” trips paid for by private interests.

To get it done, he appointed his Rules Committee chairman, Rep. David Dreier, R-Calif. The House of Representatives, Dreier said, needed to be bold and avoid “the tranquilizing drug of gradualism.”

On Thursday, the House set the bill up for final passage next week. It bears little resemblance to Hastert's early prescription. Lobbyists would still be able to buy gifts for lawmakers, as long as they are worth $50 or less. Instead of banning privately financed trips, they would be suspended until the ethics committee could come up with new rules to govern them.

No Democrat voted to move ahead. Minority Leader Nancy Pelosi, D-Calif., called the measure “a ruse.”

She added, “It is an embarrassingly trivial response to the culture of corruption that has thrived under the Republican Congress.”

Dreier said no one is happy about the bill, but he defends it as a step forward: “It makes it harder to abuse the rules, and easier to enforce them.”

So what happened? What looked like a straightforward response to the Jack Abramoff lobbying scandal was complicated by competing pressures among House Republicans and from interest groups. “That was the wisdom of the House,” was how Hastert explained it on Thursday.

Abramoff courted lawmakers with free meals, trips and campaign contributions. He pleaded guilty Jan. 3 to corruption charges, and is cooperating with prosecutors while he awaits sentencing in Washington.

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On Jan. 28, Dreier began circulating a draft bill that included a ban on privately financed travel; a $20 limit on gifts from lobbyists, and a ban on sports and entertainment tickets. Dreier's draft called for lobbyists to say who they were raising money for and to detail the parties they sponsor for them, such as lavish soirees at national political conventions.

The first sign of change came five days later when Rep. John Boehner of Ohio was elected House majority leader by his fellow Republicans. He had derided Hastert's proposed travel ban as "childish" and dismissed calls for an end to lobbyist-paid lunches.

Boehner made no apologies for his close ties to lobbyists, even boasting that his relationship with them was "frankly, a very good one." He called for greater disclosure of lobbyist-lawmaker ties, rather than new rules to ban certain behavior.

Boehner did push for curbs on "earmarks," pet projects inserted in spending bills, often at the last minute. Abramoff had called the House Appropriations Committee "the favor factory" because it could reward lobbyists with earmarks.

But objections remained. House moderates such as Rep. Christopher Shays, R-Conn., an author of campaign-finance restrictions enacted in 2002, pushed for stricter rules. Appropriations Committee Chairman Jerry Lewis, R-Calif., protested singling out his panel for scrutiny.

Five House committees weighed in. The Judiciary Committee added requirements that lobbyists disclose the names of the lawmakers and staff they try to influence.

That went too far for some of the panel's Republicans, such as Rep. Steve King of Iowa, who said it would be unwieldy. "The best you can do is follow the money. You can't follow the people," he said.

King said Hastert's push for stricter rules on lobbying was an effort to protect rank-and-file members from any voter backlash to the lobbying scandal. But King said his congressional district, in western Iowa, "surely has forgotten about all of this."

Conservative groups allied with Republicans started to complain. The Family Research Council, Focus on the Family and the National Right to Life Committee wrote to Hastert, Boehner, Dreier and Majority Whip Roy Blunt, R-Mo. They said the provision on detailing lobbying contacts "would impose severely onerous record-keeping requirements for organizations such as our own."

Paul Miller, president of the American League of Lobbyists, also pressed to not name lobbying targets, and praised Boehner and Dreier for "stepping back and saying, 'Maybe we need to slow down a little bit.' " He added, "Cooler heads prevailed."

To satisfy Lewis and his committee, Hastert huddled Thursday with the 37 Republicans on the first floor of the Capitol. He promised them they wouldn't be singled out. Hastert pledged that any final lobbying agreement with the Senate would require that all earmarks — including those in tax and policy legislation — be labeled with the name of their sponsor. "We can't ask for more than that," Lewis said.

Government watchdog groups protested. Common Cause President Chellie Pingree said it was as if Congress had forgotten the Abramoff scandal.

"We will be back to business as usual, if not worse," Pingree said. "Lobbyists could continue to organize fundraising events, go on trips with members of Congress, give gifts, and provide discounts on chartered jets." Current rules allow lawmakers to fly on corporate jets for the cost of a first-class ticket — far less than such flights are worth.

Shays lashed out at his party's House leaders as "clueless about the need for reform."

He added, "Republicans are losing our moral authority to lead this place, and I can't say much more about the Democrats. It's a race to the bottom."

GOP Barely Keeps House Ethics Bill On Track (LAT)

By Richard Simon

The Los Angeles Times, April 28, 2006

WASHINGTON — House Republican leaders overcame a rift within party ranks Thursday to clear the way for passage of legislation to tighten ethics and lobbying rules, a key to the GOP effort to repair Congress' image before the November elections.

The bill narrowly cleared a procedural hurdle, but only after Republican leaders scrambled to bring together their rank and file to avoid an embarrassing setback on one of their priorities. It showed just how much the leaders had to work to unite the once lock-step GOP team, and underscored the difficulty that lay ahead in trying to change the way lawmakers and lobbyists go about their jobs.

The vote was 216 to 207, with no Democrats in favor. Twelve Republicans and one independent also voted no. The California delegation split along party lines, with Rep. Juanita Millender-McDonald (D-Carson) not voting.

A final vote is expected next week. The House legislation will then have to be reconciled with a Senate bill approved 90 to 8 late last month.

The issue has come to the fore amid public opinion polls showing widespread dissatisfaction with Congress.

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"It's our only chance to maintain the majority, it really is," said Rep. Jeff Flake (R-Ariz.).

Democrats, government watchdog groups and a handful of Republicans have assailed the bill as weak, saying it would do little to change the way business is conducted on Capitol Hill, which has been rocked by a spate of ethics scandals.

The bill would put a moratorium on privately funded congressional travel, deny congressional pensions to lawmakers convicted of abusing the public trust and require a public accounting of projects tucked into spending bills, often at the behest of lobbyists.

Unlike the Senate bill, the House measure would not prohibit lobbyists from buying gifts or meals for lawmakers or extend the period former lawmakers must wait after leaving Capitol Hill before lobbying their onetime colleagues. It would require lobbyists to disclose the meals they buy for lawmakers and staffers, but they would not be forced to disclose their contacts with lawmakers or their role in arranging fundraisers.

"We need bold reform — and regretfully, this bill does not do it," Rep. Christopher Shays (R-Conn.) said.

"A ruse — that's what this is," House Minority Leader Nancy Pelosi (D-San Francisco) added, signaling that Democrats planned to continue to highlight ethics as a campaign issue this year.

The renewed call for ethics and lobbying reform comes in the wake of guilty pleas to political corruption by former Rep. Randy "Duke" Cunningham (R-Rancho Santa Fe) and disgraced lobbyist Jack Abramoff, money-laundering charges that forced former House Majority Leader Tom DeLay (R-Texas) from his leadership post, and an investigation of influence-peddling in Washington. Some Democrats have also come under scrutiny for alleged ethics lapses.

House Rules Committee Chairman David Dreier (R-San Dimas), the House GOP's point man on drafting ethics rules, called the bill a "vast improvement over the status quo."

"If everybody is unhappy with a piece of legislation, it's probably a pretty good bill," Dreier said, quoting former House Ways and Means Committee Chairman Dan Rostenkowski, an Illinois Democrat who served time for mail fraud in the mid-1990s.

Earlier in the day, the legislation appeared in jeopardy because of a bitter dispute within the GOP over proposed rules aimed at reining in projects slipped into spending bills, frequently at lobbyists' requests.

House conservatives upset with the explosion of "pork-barrel" spending succeeded in including language that would require projects, as well as the projects' congressional sponsors, to be identified in spending bills and would give lawmakers a new opportunity to challenge funding requests added to spending bills late in the legislative process.

But the proposed change was resisted by House Appropriations Committee members, who have the power to earmark money for lawmakers' pet projects.

The panel's chairman, Rep. Jerry Lewis (R-Redlands), and many of its members signaled that they would withhold their support unless the rule change applied to all bills. Without that, they said, Congress could encounter the same kind of public outcry it got last year when the $223-million "bridge to nowhere" — connecting the town of Ketchikan, Alaska, to an island with an airport and about 50 inhabitants — was included in a highway bill.

House Speaker J. Dennis Hastert (R-Ill.) and Majority Leader John A. Boehner (R-Ohio) picked up the votes of Lewis and others after pledging to ensure that no House-Senate compromise bill would come before the House for final approval unless it included "comprehensive earmark reform" applying to all bills.

"Changing anything here in Washington is almost impossible," Boehner said after the vote.

Scalia Floats And Breyer Rocks For A Day In Court (WSJ)

By Daniel Henninger

The Wall Street Journal, April 28, 2006

On Jan. 22, 1973, the Supreme Court of the United States decided Roe v. Wade, creating the right to an abortion. This column is not about abortion. It is about the Supreme Court.

The preceding two sentences would strike some as a contradiction. As proved by the nomination hearings before the Senate Judiciary Committee for John Roberts and Samuel Alito, the Supreme Court resides now in the political mind as all about the right to an abortion, with the rest of the world mere footnotes.

This week offered the last oral arguments in the Court's current term, and on Monday I went to see and hear what the nine Justices do when they are not thinking about abortion. Like a New Yorker who has never been to the Statue of Liberty and a Washingtonian who's never visited the White House, I've managed a career in political journalism without attending an oral argument before the Supreme Court. In a perfect world, all Americans would. Sen. Arlen Specter is proposing to make the Court's corner of the world perfect, but more (well, a little) on him later.

Attending the Supreme Court may be better than going to church insofar as you can't attend the Court in your gym clothes. The Court's hearing chamber may be the last best place to experience authentic decorum anywhere in America. Cell phones? They even forbid reading material. As the moment to begin arrives, a clerk instructs, "Remain absolutely silent." The best yet: "If

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you find yourself falling asleep, you are free to leave the courtroom." A somnolent 7-year-old in front of me was admonished twice.

The Court is not wholly immune from the compulsions of popular culture. When they entered the chamber, one felt in the presence of celebrities. They sit beneath a large suspended clock, with Roman numerals. Its sweeping second hand is visible to the attorneys who have 30 minutes to make their case. As the 10 a.m. start approached, the room fell from murmurs to whispers to still silence.

The Court heard oral arguments for two cases. The first, anyone could understand; the second, no one could understand. Both held the audience rapt.

The question before the Court in Brigham City v. Stuart was whether police in Utah, responding to complaints about a loud party in a house at 3 a.m., and arriving on the sidewalk to see a kitchen fight among four apparently intoxicated individuals, were wrong to enter the house without getting a warrant. Utah's courts ruled against the police.

Before a word of argument, Justice Scalia, his seniority placing him next to Chief Justice Roberts, had rocked backward, his face suffused with skepticism. To his left, Justice Souter had fixed the attorneys with a stiff, slightly scary New Hampshire stare. Justice Breyer, at one end of the bench, appeared grandly bored (he is not, as Michael P. Studebaker, Mr. Stuart's attorney, will learn). Justice Thomas famously asks no questions at oral argument, but he and Justice Breyer appear to be bench buddies, rocking back to smile and chat each other up over some point of shared amusement.

Brigham City is a case designed to amuse, insofar as Mr. Stuart's attorney is arguing that the police should have telephoned a judge for a warrant even as a fistfight was under way. The Fourth Amendment issue is that the states have varying and conflicting standards in such instances.

There is much discussion of warrants, knocks and noise levels.

Justice Souter: "Why knock if it's obviously a futile gesture, if no one will hear?"

Justice Scalia: "Why is the trial court obsessed with knocking?"

Justice Breyer: "The Constitution says 'reasonable.' A policeman isn't a lawyer. . . . A warrant would take half an hour. There would be more drinking, more violence. What's wrong?"

Mr. Studebaker: "It still requires a warrant."

Justice Breyer, appearing to side with the police, and with emphasis: "I'm saying it's not. It's reasonable." Justice Scalia has now sunk so low in his chair that only the top half of his face is visible to the gallery. He looks like he's floating in a Jacuzzi. Justice Stevens brings down the house with the morning's best probable-cause line: "The adults were intoxicated? That's a serious crime in Utah!"

Chief Justice Roberts, peering over his reading glasses, ends it: "The case is submitted."

Kircher v. Putnam Funds Trust is from another planet. A class-action securities case raising issues of federal and state jurisdiction (of material interest to the mutual-fund industry), it is impossibly abstruse. Yet the colloquy between the Justices and the two competing lawyers fixates the audience. It is an 11-piece orchestra playing a complex legal concerto, and at the end the impulse is to applaud.

Later, the Justices will discuss the cases in a book-lined conference room around a rectangular table. Each Justice has three stacked pads of paper -- small, medium and large. Clerks never sit in. There is no record of the conversation. Unlike the sprawling office edifices of Congress in the nearby streets, the Court occupies one square building. On a tour of its nooks and crannies, one encounters virtually no one. The Court's work is done by nine Justices and some 37 clerks, plus a legal team to help choose among 10,000 submitted cases.

Agreed: The issues that rage around the Court over constitutional interpretation are worth fighting over. But in an op-ed piece this week, Judiciary Chairman Specter raged that the public deserved to have the Court's "power" televised. He is wrong. TV of its nature would surely diminish the Court. Anyone who wishes may listen to past oral arguments at www.oyez.org/oyez/frontpage1. That includes, quite eerie to hear, Roe v. Wade.

Institutions matter. The Congress is approaching dysfunction. Perhaps the country can survive that. The American presidency has morphed beyond human scale. But to enter the Supreme Court and encounter the place, the people and its essential purpose is to feel carbon-dated to 1789. Though often maddening, its majesty remains intact.

Reining In Justice Scalia (NYT)

By Adam Cohen

The New York Times, April 26, 2006

"You know what I say to those people? That's Sicilian."

—Justice Antonin Scalia

Justice Antonin Scalia has gone too far — and he keeps on doing it.

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He made national headlines recently for making a gesture that may or may not be obscene. If it wasn't obscene, it was certainly coarse and undignified.

He recently called those who disagree with his unconventional views of the Constitution "idiots."

His public statements often make him sound more like a political partisan than a judge. He is particularly bad on the subject of Bush v. Gore, the decision that put President Bush in the White House, a low point in the Supreme Court's history that Justice Scalia should not be pulling down any lower.

Worst of all, Justice Scalia refuses to abide by the basic principles of recusal, the law that forbids judges from hearing cases in which they are not impartial, or will not be viewed as impartial. A few weeks ago, he took part in a case involving the rights of detainees after making inflammatory statements that seriously called his fairness into question.

Justice Scalia is certainly hurting his own reputation. After one of his ethical lapses involving Vice President Dick Cheney, Jay Leno joked on "The Tonight Show" about an "embarrassing moment" when Mr. Cheney visited the White House — "Security made him empty his pockets and out fell Justice Antonin Scalia!"

More important, Justice Scalia's actions are damaging the reputation and moral authority of the Supreme Court. Not since Abe Fortas and William O. Douglas stirred up controversy in the 1960's and 70's has there been a justice whose personal conduct has done as much to diminish the court's reputation.

The rate of Justice Scalia's disturbing words and deeds is increasing — now, it seems, he can be counted on to embarrass the court publicly roughly every few weeks. There is debate among court-watchers about why this is happening. But whatever the reason, Justice Scalia needs to be reined in.

If he will not police himself, his colleagues and Congress should do it, to protect the dignity of the court, and to ensure that the parties before him get a fair hearing.

I. Injudicious Public Statements

There is a long tradition of Supreme Court justices speaking at law schools, and in other public forums. In general, this is a good thing. The American people should be able to see their justices up close, and learn their views about the law, and the justices should get out of the monastic world of the court and interact with real people.

It is critical, though, that the justices uphold the court's integrity and independence. Alone among his Supreme Court colleagues, Justice Scalia seems indifferent to this basic point.

His most recent major blow-up occurred in a Boston church. After he was asked about the impact of his religion on his judicial decisions, Justice Scalia placed his fingertips under his chin and flicked them outward. The Boston Herald reported that the gesture was obscene. Justice Scalia wrote a letter to the editor insisting that it was merely an Italian way of indicating, roughly, "I could not care less."

Whether the gesture was obscene is subject to debate. The Philadelphia Inquirer surveyed residents of South Philly, and found opinion divided. Some Italian-Americans said the gesture simply meant "fuggeddaboutit," while others said it was vulgar. Sonny D'Angelo of D'Angelo Brothers butcher shop told the paper that he was brought up to regard it as obscene, adding that "My father would go berserk if I used that gesture."

The photographer who took a now-famous picture of the gesture, Peter Smith, a Boston University assistant photojournalism professor, said that when Justice Scalia made the gesture he also uttered an obscenity in Italian.

In February, speaking to a meeting of the conservative Federalist Society, Justice Scalia dismissed those who believe that the Constitution is a living document that evolves over time. "You would have to be an idiot to believe that," he said. Among the people who are "idiots" by Justice Scalia's formulation: the vast majority of constitutional law professors, and most of his colleagues on the Supreme Court, who continually reaffirm their belief in a living Constitution.

In a speech at the University of Fribourg in Switzerland on March 8, Justice Scalia was even more off-base. On the subject of whether detainees captured in war should be given a jury trial in civil court, he said "Give me a break," even though closely related questions were at issue in Hamdan v. Rumsfeld, which was headed to the Supreme Court in a matter of weeks.

The loose cannon keeps on firing. On April 12, during a visit to the University of Connecticut, Justice Scalia said of his decision not to recuse himself from a case involving Vice President Dick Cheney, which he participated in after going on a hunting trip with Mr. Cheney, "I think the proudest thing I have done on the bench is not allow myself to be chased off that case." Justice Scalia's decision was widely criticized by commentators, lawyers, and law professors, including some of the nation's leading experts on judicial ethics. It is bizarre that he would call it his proudest accomplishment on the bench.

II. Refusing to Recuse

Justice Scalia has refused to follow the law on recusals, participating in cases where his impartiality has been seriously called into doubt.

The law of recusal is clear. Supreme Court Justices are bound by a federal statute The Supreme Court has emphasized that the law should be read broadly to avoid "even the appearance of impropriety."

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Justice Scalia failed to do this in two important, and highly political, cases.

The first was a lawsuit by the Sierra Club and Judicial Watch against Vice President Dick Cheney, seeking to learn the identity of members of a secret energy task force he met with early in President Bush's first term. Critics of the administration have long suspected that those meetings were a forum for oil companies, and other powerful corporations, to shape the administration's energy policies. The court decided the case in June, 2004, in the middle of President Bush and Mr. Cheney's re-election campaign.

Shortly before it was argued, Justice Scalia went on a small hunting trip with Mr. Cheney, who was an old friend. The two men flew down to Louisiana together on Air Force Two, and hunted together.

The Sierra Club filed a motion asking Justice Scalia to recuse himself from Mr. Cheney's case. Justice Scalia, refused and then voted in Mr. Cheney's favor.

When he decided not to remove himself from the case, Justice Scalia wrote a 21-page memorandum setting out his position. It is thoroughly unconvincing, as Hofstra Law School professor Monroe Freedman, who is one of the nation's leading legal ethics experts, explained in "Duck-Blind Justice: Justice Scalia's Memorandum in the Cheney Case," in the Georgetown Journal of Legal Ethics.

The memo is filled with specious arguments. Justice Scalia acknowledged that friendship between a judge and a party to a lawsuit can be grounds for recusal. But he argued that this was mainly true when the party is sued in his personal capacity. In a case where a friend is sued in his official capacity, according to Justice Scalia, a judge only needs to recuse himself when the party's "reputation and integrity" are at stake. In the case before him, Justice Scalia wrote, Mr. Cheney was being sued in his capacity as chair of the Energy Group, in what was a "'run-of-the-mill' dispute about an administrative decision."

The argument is hard to take seriously. The energy task force lawsuit was anything but run-of-the-mill. Mr. Bush and Mr. Cheney's political opponents were using the task force as a political weapon in the 2004 election, and if Mr. Cheney had been forced to reveal who had attended meetings, it might well have produced information that would have shown up in political attack ads. Justice Scalia seemed to be suggesting that if Mr. Cheney, an extremely wealthy man, were being personally sued for a small amount of money, he would have recused himself, but that this suit was so much less important to Mr. Cheney that recusal was unnecessary. That makes no sense at all. It is hard to believe Justice Scalia could have convinced a judge to accept his argument, but fortunately for him, he only had to persuade himself.

Justice Scalia's memo has other serious flaws. He accepted a free ride for himself and two family members on Air Force Two from Mr. Cheney right before hearing the case. Taking things of value from one of the parties to a case is the most basic conflict for a judge. But Justice Scalia dismissed objections with the most clichéd defense of bribe-takers — that it was absurd to think he could be "bought so cheap." In fact, the value of three luxury plane rides is not insubstantial at all compared to the salary of a Supreme Court Justice.

Professor Freedman noted in his article that 8 of the 10 largest-circulation newspapers (including this one) ran editorials calling for Justice Scalia's recusal, as did 20 of the top 30, and none argued against it. "Unless we are to believe that all these editorialists are unreasonable people," Professor Freedman wrote, "the conclusion is inescapable that a reasonable person might question Scalia's impartiality in the case." A few weeks ago, Justice Scalia again participated in a case in which many reasonable people questioned his impartiality — because of his own comments. In his University of Fribourg appearance, he was quoted saying that "War is war, and it has never been the case that when you captured a combatant you have to give them a jury trial in your civil courts." As Tony Mauro, a veteran Supreme Court reporter, has pointed out, that seemed to directly prejudge a case he was to hear a few weeks later, Hamdan v. Rumsfeld, in which an alleged Al Qaeda member captured in Afghanistan was challenging the use of military tribunals to try detainees held in Guantanamo.

Justice Scalia made things worse by saying, in the same discussion, "I had a son on that battlefield, and they were shooting at my son." The strong suggestion was that he was connecting the question of what rights detainees have to the danger posed to his son Matthew, who was an Army captain in Iraq. A group of retired generals and admirals who filed a friend-of-the-court brief on behalf of Mr. Hamdan asked Justice Scalia to recuse himself. He refused. At oral argument, according to Mr. Mauro's account, Justice Scalia at times "appeared to take over [the government's] ... argument," doing battle with the justices who appeared most sympathetic to Mr. Hamdan.

Justice Scalia clearly does not like the recusal law as it exists in the statute books—and he seems intent on replacing it with a more forgiving standard of his own creation. At his University of Connecticut appearance, when he was asked about the Cheney case, he replied, "For Pete's sake, if you can't trust your Supreme Court justice more than that, get a life." But Justice Scalia, who is so critical of liberal judges for making up legal standards, has made up his own standard here. If he had fairly applied the one in the statute, he would have removed himself from the case.

III. Justice Scalia, Political Partisan

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Justice Scalia speaks, frequently, as an undisguised right-wing ideologue. In his University of Fribourg appearance, he was quoted saying, about President Clinton's false statements in the Monica Lewinsky matter, "we really don't like our presidents fooling around in the Oval Office." The questioner was asking about the dishonesty of American presidents, but Justice Scalia sounded like a right-wing talk show host in his response. He was certainly not giving a legal answer to the question, since the articles of impeachment against President Clinton were for perjury and obstruction of justice, not sex in the White House.

His comments about Bush v. Gore have also been strikingly political in tone, which is particularly unfortunate given the black mark the case has already made on the court's reputation. In the same Fribourg appearance, again according to the Washington Post, Justice Scalia said on the subject of Bush v. Gore, that if all of the votes that Democrats had wanted counted were indeed counted, "They would have lost anyway." The important point is that no one will ever know who would have won if all of the votes had been counted, and the Supreme Court ordered the vote counting stopped. He was also quoted as saying, "Oh God. Get over it," as if there were a statute of limitations for raising questions about the legitimacy of Supreme Court rulings.

In the Supreme Court, the case broke down sharply along partisan lines, with the five conservative justices voting for George W. Bush, and the four liberals dissenting. But Justice Scalia rejected charges that the court had approached the case in political terms while at the same time stating, outrageously, that the Florida Supreme Court judges had been politically motivated when they ordered that more votes be counted. The Supreme Court's prestige was sorely tested in Bush v. Gore, when it had to resolve a deeply divisive dispute over who had rightfully been elected president. The reason the court's decision was accepted, though — by an electorate that had cast 500,000 more of its votes for Mr. Gore than Mr. Bush — is that it was regarded as a legal decision, not a political one. Justice Scalia's discussion of the case undermines the public's faith in the decision, and the court.

IV. Why Is He Doing This?

There is no way to know why Justice Scalia has been acting in a way that has been so injurious to his own reputation, and the reputation of the court.

It may simply be a product of his booming self-confidence, in his intellectual ability and his moral vision. He may simply be speaking his mind because he feels he can.

Some court-watchers have conjectured that Justice Scalia may have been motivated by a deep desire to be appointed Chief Justice. He may have curried favor with Vice President Cheney before the election in the hope that it would help him to be nominated. And Justice Scalia may be speaking out now because he feels that, with a new Chief Justice, John G. Roberts, who is much younger than he is, he has nothing left to lose.

Justice Scalia, for his part, has been quoted saying that he has been on something of a public relations kick. "My kids have been working on me to get out and do more public appearances," he told a reporter from the New York Daily News last year. "They think it makes it harder to demonize you — and I agree." He may want to reassess his strategy.

In the end, why he is doing it doesn't matter that much. Getting him to stop matters a lot.

V. What Is to Be Done?

If Justice Scalia keeps making outrageous statements, and violating recusal law, at his current pace, it will do serious damage to the Supreme Court.

The simplest solution would be for Justice Scalia to begin policing himself. Unfortunately, he seems convinced that he is above reproach, despite all of the reproach he has received.

The next obvious place to look for corrective action is Justice Scalia's colleagues on the court. The Supreme Court has always jealously guarded its prerogatives when it comes to setting its own rules — Justice Anthony Kennedy recently told Congress that the Supreme Court, not Congress, should decide if its proceedings are televised. But with that assertion of authority comes responsibility.

Chief Justice Roberts, and perhaps other members of the court, should persuade Justice Scalia to give up his unseemly public utterances, and to recuse himself from cases when the law indicates that he should.

If Justice Scalia keeps flouting basic recusal principles, the court should consider changing its rules. Currently, justices are the only federal judges who are allowed to decide on their own whether to recuse themselves. There is an inherent illogic in allowing a judge to be the final word on his own impartiality — if they are so biased that they cannot hear a case, they may well be too biased to decide if they are too biased. But it is a system that works only if justices do their utmost to be fair to the arguments for recusal.

The court could decide to allow the justices as a whole, or an alternating panel of three justices, to rule on recusal motions aimed at their colleagues. Such an approach would have its own problems — conceivably, justices in one ideological camp could vote to recuse their ideological opposites to affect the outcome of a case. But if individual justices abuse their right to decide their own motions, such a change would be an improvement.

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Finally, Congress should be doing more. Respected members from both parties should speak out when Justice Scalia makes outrageous comments, and make it clear that better is expected of him.

They should also reconsider the rules of recusal. Congress could amend the federal recusal statute to require that the whole Supreme Court, or a panel of justices, rule on recusal motions. Short of amending the law, some pointed criticism from members of Congress, particularly on the Republican side of the aisle, could encourage Justice Scalia to do better in ruling on his own recusal motions.

More than any modern justice, Justice Scalia seems intent on presenting himself to the world as an outspoken champion of conservative values. But conservatives are people who believe in respecting and preserving existing institutions. There is nothing conservative about diminishing a great institution like the Supreme Court by making inflammatory and partisan off-the-bench statements and ignoring the rules of ethical judging.

OTHER NEWS:

Whistleblower alleging Red Cross let tainted blood be released sees bulk of lawsuit dismissed (AP)

By DONNA DE LA CRUZ

AP, April 28, 2006

WASHINGTON -- A whistleblower who claims the American Red Cross failed to immediately alert regulators when more than 600 pints of contaminated blood were released in New Jersey saw the bulk of her lawsuit dismissed Thursday in federal court.

Michelle Hoyte also claims the agency fired her for complaining to her managers about the tainted blood. That part of her lawsuit is still intact, but the Red Cross has filed a motion to have that final portion dismissed as well.

After the brief hearing, in which a judge dismissed the False Claims Act portion of her lawsuit, Hoyte said she remained worried that the Justice Department and the Food and Drug Administration are not doing enough to make sure the Red Cross's blood supply is carefully monitored. Blood banking has become the Red Cross's biggest moneymaker, bringing in $2.14 billion in revenue in the last fiscal year.

"There's supposed to be an internal system for people to report incidents like this," Hoyte said. "But the employees are afraid to do so for fear of being dismissed."

At the hearing, John R. Fleder, attorney for the Red Cross, said the organization and the FDA are actively monitoring the blood supply.

"It's top priority is the safety, security and availability of the nation's blood supply," Fleder said of the Red Cross.

According to her lawsuit, Hoyte supervised a February 2004 audit of the Red Cross's Penn-Jersey blood collection facility in Philadelphia. The auditors discovered that 607 pints of blood were not collected properly and were exposed to air, violating agency procedures. Officials suspended the worker who collected the blood but Hoyte alleges they did not immediately alert regulators, or recall the blood.

The lawsuit says that it is still not known whether the blood that was released caused any infections or illnesses, or exactly what hospitals, blood banks or other facilities received the pints.

Hoyte complained to her managers about the blood and also went to the FDA, where she used to work. The FDA investigated her claim last year and found that 539 of the 607 units had been exposed to air.

In spite of the FDA's findings, Hoyte's attorney, Vincent McKnight, said the Red Cross has not been fined.

Hoyte included the Justice Department as a plaintiff in her case, but the government sought Thursday to have her False Claims Act motion dismissed, saying the government has investigated the case and the FDA has taken action. The Red Cross supported the motion, and U.S. District Judge Paul Friedman granted it.

The False Claims Act is designed to stop fraud in government procurement contracts. Many whistleblower lawsuits are filed under this law.

McKnight said he and Hoyte are discussing whether to appeal Thursday's ruling, but would continue the lawsuit suing the Red Cross for wrongful termination. Hoyte, who suffers from multiple sclerosis, said she does not have another job.

Iran Vows To Defy U.N. On Nuclear Program (NYT)

By By William J. Broad And Elaine Sciolino

The New York Times, April 28, 2006

DOJ_NMG_0027410

Iran vowed yesterday to defy any United Nations Security Council resolution on its nuclear activities on the eve of a major report by atomic inspectors on the status of its nuclear program.

Javad Zarif, the Iranian ambassador to the United Nations, told reporters in New York that Iran would consider illegitimate any Council resolution calling on Iran to stop uranium enrichment that invoked the so-called Chapter 7 clause, which could open the door to penalties and possibly to military action.

The United States has been pressing for such a resolution. Secretary of State Condoleezza Rice said yesterday that the Security Council had no choice but to rebuke Iran and that negotiations had apparently broken down between International Atomic Energy Agency monitors and Iranian envoys.

Today, the agency will deliver to the Security Council a report expected to be highly critical of Iran's compliance with demands that it stop enriching uranium.

The Council is expected to meet, probably next week, to debate what, if any, punitive action to take against Iran.

"If the Security Council decides to take decisions that are not within its competence, Iran is not obliged to obey them," Mr. Zarif said, speaking to reporters at the residence of the Iranian Mission to the United Nations in Manhattan.

He said the matter should properly be handled by the atomic energy agency, not the United Nations.

He also sought to portray Iran's defiant stance as nothing more than a logical response to American threats against Iran.

"We're not upping the ante," he said. "We're simply responding to others upping the ante."

Ms. Rice, speaking in Bulgaria at a conference of envoys from NATO and the European Union, said, "What is clear is that it is highly unlikely that Iran is going to accede to the demands of the international community."

She added, "In order to be credible, the Security Council of course has to act."

Chapter 7 of the United Nations Charter deals with "threats to the peace, breaches of peace, and acts of aggression," and its application in this case would make Iranian compliance binding under international law.

As a signatory of the Nuclear Nonproliferation Treaty, Iran has the right to enrich uranium, but the United States and its European allies have argued that Iran's concealment of nuclear activities in the past means it has forfeited that right.

In January, Iran restarted its effort to make atomic fuel after negotiations with Britain, France and Germany over the fate of its atomic program broke down, and a month ago the Council voted unanimously to give Iran 30 days to show it had stopped enriching uranium.

Yesterday in Vienna, Iranian officials delivered a confidential letter to the agency that emphasized its determination to press on with its nuclear program, defying calls from other nations to freeze its activities, according to a European official who had seen the document.

The letter was a response to the agency's demand for more cooperation from Iran to investigate suspicions that Iran has been researching ways to produce warheads or delivery systems for weapons. Iran has denied such activities. The letter reflected a hardening of Iran's position and asked other nations to make concessions to Iran, the official said.

A senior Iranian official confirmed the delivery of the letter, which he said would probably be made public today.

Although the United States is pushing for tough measures, it is far from clear whether Russia would drop its opposition to a Chapter 7 resolution at the Security Council.

Past opposition by Russia, China and others has forced the United States to back down from its demand for such a resolution, but now American and European diplomats hope that a new critical finding by the International Atomic Energy Agency will increase support for the action it wants.

Iran insists that its activities are for peaceful purposes only, and its leaders have kept up a barrage of criticism of the United States, Europe and others who suspect it of concealing a nuclear weapons program. In the past several days, Iranian officials have threatened to strike at American military targets if the United States attacks Iran. The officials have also offered to share nuclear technology with other nations, including Sudan.

Last week, Iran informed the monitoring agency that it would provide only the minimal level of cooperation legally required under its safeguards agreement with the agency as a signatory to the nonproliferation treaty.

That decision made it much harder for the agency's nuclear inspectors to visit sites in Iran and led Dr. Mohamed ElBaradei, the agency's director general, to cancel a trip to Iran by his senior inspectors.

Meanwhile, European diplomats said Iran was expanding its efforts to enrich uranium on an industrial scale with centrifuges — tall, thin machines whose rotors spin extraordinarily fast to concentrate uranium's rare form, uranium 235, which can fuel nuclear reactors or atom bombs.

Diplomats familiar with what Iran has told atomic inspectors in recent days said the country had started work on second and third "cascades" of 164 centrifuges, preparing to match the first already in operation at its enrichment facility in Natanz.

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David Albright, an expert on the Iranian centrifuge program and president of the Institute for Science and International Security, a private research group in Washington, said the Iranian expansion made technical sense but did not necessarily bespeak a major advance.

"I don't think the first cascade is running all that well," he said. "So that's an incentive to build more to learn how to get them working more efficiently. They might need to do many experiments."

Ahmadinejad Defiant Ahead Of Key Nuclear Report (WT)

By Betsy Pisik

The Washington Times, April 28, 2006

NEW YORK -- Iranian President Mahmoud Ahmadinejad vowed yesterday not to abandon the country's nuclear program, challenging the United Nations one day before the U.N. nuclear agency is to issue a key report on Iran's efforts to refine uranium into nuclear fuel.

"We want nuclear technology for peace and progress of nations, and if some believe that they can prevent us with psychological warfare and resolutions, they are mistaken," he told a rally in northern Iran.

Uranium can be processed into fuel for an nuclear reactor or to make atomic bombs.

"We have obtained the technology for producing nuclear fuel. ... No one can take it away from our nation," Mr. Ahmadinejad said.

The U.N. International Atomic Energy Agency (IAEA) is to report today on compliance with a U.N. Security Council resolution calling on Iran to stop enriching uranium.

The Bush administration, which has been laying the groundwork for a tougher Security Council resolution demanding that Iran give up its fuel-enrichment activities, said the council's credibility is at stake.

"What is clear is that it is highly unlikely that Iran is going to accede to the demands of the international community," Secretary of State Condoleezza Rice said in Bulgaria yesterday, at a conference of envoys from NATO and the European Union.

"In order to be credible, the Security Council of course has to act," Miss Rice said.

U.S. diplomats say they will renew efforts in the Security Council to secure a legally binding resolution demanding that Iran curtail enrichment activities.

Such a resolution could boost the IAEA recommendations to the force of international law and pave the way for military or economic measures.

Britain and France, who with Germany have been negotiating with Iran over the nuclear program for nearly three years, are supportive.

But Russia and China, which like Britain, France and the United States have veto powers in the Security Council, are reluctant to approve a legally binding resolution.

An exiled opposition group said Iran was working at secret military sites to develop a better type of centrifuge than the "P-1" machines at its Natanz enrichment plant, which would allow it to make fuel for an atomic bomb faster than current estimates.

The Paris-based National Council of Resistance of Iran, which has reported accurately on hidden Iranian nuclear sites in the past but whose claims could not be verified, said Iran was researching "P-2" centrifuges in secret areas of Natanz and a site near Tehran.

In New York, meanwhile, Iran's ambassador to the United Nations, Javad Zarif, said Tehran had offered a comprehensive package designed to allay fears about its nuclear production.

Rice Urges U.N. To Rebuke Iran For Nuclear Program (NYT)

By Steven R. Weisman

The New York Times, April 28, 2006

SOFIA, Bulgaria, April 27 – Secretary of State Condoleezza Rice said today that the latest talks between United Nations monitors and Iranian envoys had apparently failed to break the impasse over Iran's nuclear activities and that the United Nations Security Council had no choice but to rebuke Iran.

"What is clear is that it is highly unlikely that Iran is going to accede to the demands of the international community," Ms. Rice said at the opening of a conference of envoys from NATO and the European Union. She added that "in order to be credible the Security Council of course has to act."

The United Nations' credibility is at stake, Ms. Rice said, and "it cannot have its word and its will completely ignored by a member state."

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Despite her tough words, it was far from clear whether Russia would drop its opposition to a resolution at the Security Council that would implicitly threaten sanctions. The United States wants a resolution criticizing Iran under Chapter 7 of the United Nations charter, a provision that implies that sanctions are possible if it is flouted.

Past opposition by Russia, China and others has forced the United States to back down from its demand for such a resolution, but now American and European diplomats hope that a new critical finding by the International Atomic Energy Agency will bolster support for the action it wants.

Such a report is expected Friday by the agency in Vienna. Iranian officials have been meeting with agency officials in the last few days, but they do not appear to have changed the situation, diplomats at the agency said.

Iran insists that its activities are for peaceful purposes only, and its leaders have kept up a steady volley of criticism of the United States, Europe and others suspecting it of having a weapons program, even while Iranian envoys have met with international atomic agency inspectors this week.

Ms. Rice arrived in Bulgaria Thursday afternoon after conferring with Iraqi leaders in Baghdad along with Defense Secretary Donald H. Rumsfeld. The occasion was a session of more than 30 envoys representing countries in both NATO, which is a military alliance, and the European Union, a political and economic body.

Though the issue of Iran was not on the formal agenda, it loomed over most other matters because of the escalating threats and Iran's defiance. Many in Europe are worried that the United States plans to carry out a military strike against Iran as it did against Iraq.

A Bulgarian journalist, citing the news that the United States and Bulgaria plan to sign a basing agreement on Friday allowing American forces to use military centers in this country, asked Ms. Rice if the agreement would require Bulgarian permission for any American troop deployment from such a base.

He did not mention Iran, but Ms. Rice felt compelled to assuage Bulgarian feelings by saying that the United States was still concentrating on getting a diplomatic or political solution to the Iran confrontation and did not contemplate military action. Any such action, she said, would be done in cooperation with Bulgaria, she said.

In a speech northwest of Tehran today, President Mahmoud Ahmadinejad was defiant, saying his country would not give up its right to pursue its nuclear activities, even if sanctions or other punitive measures are imposed.

"We want nuclear technology for peace and progress of nations and if some believe that they can prevent us with psychological warfare and resolutions, they are mistaken," Mr Ahmadinejad said in a speech in northwest Iran that was reported on the ISNA news agency.

"Our people have mastered the nuclear technology and no one can take it away from them," the president added.

Iran's supreme religious leader vowed Wednesday that Iran would retaliate "twofold" if it were attacked by the United States over its refusal to comply with demands regarding its nuclear activities.

"Iranian people and the Islamic regime will not invade any country, but the Americans should know that if they invade Iran, their interests around the world would be harmed," the supreme leader, Ayatollah Ali Khamenei, told workers gathered ahead of May Day, the international workers' holiday.' "Iran will respond twofold to any attack."

Russia And China Warn UN Not To Antagonise Iran (FT)

By Daniel Dombey

Financial Times, April 28, 2006

Russia and China on Thursday warned against escalating the dispute over Iran's nuclear programme. The call came on the eve of an eagerly awaited report on whether the country has met United Nations demands.

The US and the European Union believe Friday's report by Mohamed El Baradei, head of the International Atomic Energy Agency, will set the stage for a UN Security Council resolution, since there is little chance that Tehran will meet the council's demand for "full and sustained suspension" of uranium enrichment, which can produce weapons-grade material.

But on Thursday Vladimir Putin, Russia's president, warned against too great an intervention by the Security Council – a path Moscow feels could lead to confrontation.

"We think that the IAEA must continue to play a key role and it must not shrug off its responsibilities to resolve such questions and shift them on to the UN Security Council," he said at a summit with Angela Merkel, German chancellor.

European officials argue that, far from sidelining the IAEA, any action by the council would seek to bolster its authority.

The Chinese government also called for restraint. Moscow and Beijing, which have growing energy and economic links with Iran, fear that a UN resolution might be used to justify military action at a later stage.

The US has stepped up efforts to assuage such concerns. "Forcible change of the Iranian regime is not the objective of American policy," Philip Zelikow, a top adviser to US secretary of state Condoleezza Rice, told the Financial Times.

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"Right now, we haven't completed implementing a diplomatic strategy. That diplomatic strategy involves underscoring to the Iranian regime the costs of its behaviour."

US and EU diplomats hope to win Security Council backing for a resolution on Iran by mid-June. Such a resolution would not involve sanctions but would probably set out a new deadline for Iran to halt nuclear enrichment.

Mr ElBaradei has been pushing Iran for a "technical break" in uranium enrichment to allow negotiations over the nuclear programme to resume.

U.S. Looks To Turn Up Heat On Iran Nukes, But Question Is How (USAT)

By Barbara Slavin

USA Today, April 28, 2006

The Bush administration plans to increase pressure on Iran after today's United Nations-imposed deadline for the country to halt its uranium-enrichment program.

The diplomatic offensive could lead to limited sanctions, but there is little international consensus now for stronger measures.

The first step would be a binding resolution from the U.N. Security Council demanding that Iran end uranium enrichment, which the United States says is part of an effort to build a nuclear bomb. U.S. officials, including Secretary of State Condoleezza Rice, say they will seek such a resolution next month.

Mohammed ElBaradei, the head of the International Atomic Energy Agency, is to provide a report today to the Security Council that documents Iran's escalation of the uranium-enrichment program.

Iran has shown no sign of backing down. Iranian President Mahmoud Ahmadinejad said Thursday that since Iran "has acquired nuclear fuel production technology … nobody can take it back." Iran claimed two weeks ago to have enriched uranium, a fuel that can be used for power plants or bombs. Iran says its intentions are peaceful.

There is little consensus about how to deal with Iran beyond the initial resolution. Russia and China, both of which hold veto power on the Security Council, have not yet said whether they would back even limited sanctions against Iran. "It's still too early to run ahead and say what decision we might take together," Russian President Vladimir Putin said Thursday.

Rice, in Bulgaria for a meeting with NATO foreign ministers, sidestepped questions about what Russia and China would do. "In order to be credible, the Security Council has to act," she said.

Britain, France and Germany have said they would support measures that targeted Iranian leaders.

For example, the United States and European nations might ask the Security Council to impose a ban on travel by top Iranian officials and to freeze their overseas bank accounts, said Nicholas Burns, the top U.S. diplomat dealing with the issue.

The United States might also work outside the United Nations and attempt to craft a coalition of countries to restrict arms sales and other trade and investment in Iran if the initial steps don't work. "If the Security Council cannot act over a reasonable period of time, then there will be an opportunity for groups of countries to organize themselves for the purpose of isolating the Iranians diplomatically and economically," Burns said.

The Bush administration and its European allies have ruled out broad economic restrictions that could hurt ordinary Iranians. Rice and Burns have drawn a contrast with the punishment meted out to Iraq after it invaded Kuwait in 1990. Those sanctions, which initially blocked Iraqi oil exports, were devastating to most Iraqis but left the regime of Saddam Hussein intact.

Burns said last week that U.N. diplomacy would unfold over several months. He said he expects Iran to be "the leading issue to be discussed" when the leaders of top industrialized democracies plus Russia meet in July.

The rising price of oil is complicating U.S. efforts to pressure Iran, said Cliff Kupchan, an Iran and Russia expert at the Eurasia Group, a political consulting firm based in New York.

Iran produces 4 million barrels of oil a day, about 5% of the world's total, Kupchan said. Europe and China fear that pressure on Iran will lead to higher energy prices, he said. Those fears would make them reluctant to support sanctions, he said.

"The Iranians are holding a very strong hand at the moment," Kupchan said.

Rice Calls On U.N. To Get Tough On Iran (LAT)

By Paul Richter

The Los Angeles Times, April 28, 2006

SOFIA, Bulgaria — On the eve of a United Nations deadline for Iran to halt uranium enrichment, U.S. Secretary of State Condoleezza Rice on Thursday called for diplomatic action against Tehran, warning that the U.N. Security Council cannot permit the regime to "simply ignore its will and its word."

Rice, appearing at a NATO meeting, said Iran probably would ignore a deadline set for today by the United Nations watchdog agency for a halt to enrichment. When the International Atomic Energy Agency reports this failure, she said, the

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council must ask itself whether it will remain credible if it allows Iran to "simply flout the will of the international community" without penalty.

As the most important world security institution, the Security Council "cannot have its will and its word simply ignored by a member state," she declared.

Iran says it is seeking the ability to enrich uranium to supply its civilian power plants. The Bush administration believes Iran wants to develop nuclear weapons, and it has been trying to build international pressure on the regime as the deadline has approached.

The United States, Britain and France would like a U.N. resolution that would make compliance to the U.N. demands compulsory and could open the way for sanctions.

But countries such as Russia and China have appeared unwilling to accept tougher language, or sanctions against Iran, and top Iranian officials have defiantly declared all week that they will not comply.

Rice sought to enlist more support this week as she met with leaders in Greece and Turkey and, on Thursday, with top officials from the 26-member North Atlantic Treaty Organization. Though the alliance has taken no position on the issue, Rice discussed Iran's nuclear ambitions with officials of other NATO member nations over dinner.

But there have been signs all week that many countries are not fully convinced, and some fear that if diplomacy fails, the Bush administration will turn to military action, as it did three years ago in the case of Iraq.

Earlier in the week, Greek and Turkish officials told Rice that they were worried that the U.S. would be asking for use of their territory or other help in military action against Tehran. On Thursday, Rice sought to allay similar concerns that the Bush administration might cite a just-completed defense accord with Bulgaria to justify using military bases here for an attack on Iran.

"Let me go right to the heart of this question, because I know this is on people's minds," Rice said at a news conference. Although President Bush "doesn't take any of his options off the table," she said, referring to military action, "we are committed to a diplomatic course" to bring enough pressure on Iran to compel it to give up its nuclear weapons ambitions.

The agreement with Bulgaria, which is to be signed today, will allow the U.S. military to have as many as 2,500 troops at a time on Bulgarian soil. On Thursday, a Bulgarian national party called Attack organized a rally against the deal, drawing several thousand protesters in Sofia, the capital.

The demonstrators waved banners that read, "Condi, ask the Bulgarian people," and "U.S. bases war." Rice's visits in Athens and Ankara, Turkey's capital, also drew protesters.

Meanwhile, an Iranian exile group claimed that Tehran was working at secret military sites to develop a type of centrifuge machine that would enable it to make fuel for an atom bomb faster than current estimates.

The National Council of Resistance of Iran, which has reported accurately on hidden Iranian nuclear sites in the past, told Reuters news service that Tehran was researching "P-2" centrifuges in secret areas of its Natanz enrichment plant and the Ab-Ali site near Tehran. The group, which is on a U.S. list of terrorist groups, said both areas were linked to Iran's Defense Ministry. Tehran says its nuclear program is only for generating electricity and has no links to the military.

Germany Suggests U.S-Iran Nuclear Talks (AP)

By Paul Ames, Associated Press Writer

AP, April 28, 2006

Germany's foreign minister suggested Thursday that the United States and Iran could hold direct discussions on the Islamic republic's nuclear standoff with the West if Tehran agrees to talk to Washington about the chaos in Iraq.

The United States, which has no diplomatic relations with Iran, said in March that it was ready to talk to Tehran about calming the unrest in Iraq. Iranian and U.S. officials have insisted the talks will deal only with Iraq, and President Mahmoud Ahmadinejad this week questioned even the need for those discussions.

"If there are talks with Iran anyway on the situation in Iraq, then nobody would understand if the current central issue in world politics would not come up," German Foreign Minister Frank-Walter Steinmeier, told reporters on the sidelines of a NATO meeting.

Steinmeier has suggested direct talks before, but the U.S. has not favored taking up the nuclear issue directly with Tehran, preferring to work through the United Nations.

European negotiations with Iran, led by Germany, France and Britain, have failed to persuade Iran to stop enriching uranium — which can be used to fuel peaceful reactors or make bombs — and meet other international demands.

The Iran question was not on the official agenda of the NATO foreign ministers' meeting, but, on the eve of a U.N. deadline for Tehran to halt enrichment, it was to be discussed at an informal dinner bringing together NATO and European Union nations.

"We have to do everything we can to stop the proliferation of weapons of mass destruction," said NATO Secretary General Jaap de Hoop Scheffer said before the meeting.

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The United States, France and Britain say if Iran does not meet Friday's U.N. Security Council deadline, they will seek to make the demand to halt enrichment compulsory — despite opposition from Russia and China, the other two veto-wielding council members. The three Western nations also have warned that noncompliance could lead to sanctions, but other allies are wary.

Steinmeier said he still hoped for a negotiated solution, but insisted Iran "must dissolve the suspicion that it uses its civil nuclear program for the development of weapons."

Russian Foreign Minister Sergey Lavrov is due to join the NATO talks Friday, ahead of a scheduled presentation to the Security Council by Mohamed ElBaradei, head of the International Atomic Energy Agency, on Iran's compliance with its demands.

The opening session of the NATO meeting Thursday focused on bids by Ukraine, Georgia, Albania, Croatia and Macedonia to join the alliance. De Hoop Scheffer has said a final decision was unlikely before 2008.

Further expansion of the Western alliance in the former Soviet bloc would face opposition, which has complained that the entry of Ukraine and Georgia would be "highly painful" for Moscow, and could call international arms agreements into question and provoke a reorganization of Russia's armed forces.

Several thousand Bulgarians, meanwhile, joined an ultranationalist demonstration close to the NATO meeting against an agreement Rice is due to sign Friday with Bulgaria. It grants U.S. troops access to use military facilities in the country. The deal is part of a strategy of shifting troops to based in Europe farther east and will deploy up to 2,500 U.S. troops to Bulgaria.

Thursday's meeting also discussed proposals for NATO to develop closer ties with other democracies including Australia, Japan, New Zealand and South Korea to coordinate political positions and peacekeeping operations.

On Friday, Rice is expected to push NATO allies for more robust support for African peacekeepers struggling to end political and ethnic strife in Sudan's Darfur region. Ministers will also discuss the expanding NATO mission in Afghanistan, which is moving into the country's volatile southern region in the face of mounting attacks blamed on remnants of the ousted Taliban regime.

Rice Says U.N. Must Act On Iran Nuke Plan (AP)

By Anne Gearan

AP, April 28, 2006

Iran seems determined to defy international demands to control its disputed nuclear program, so it is time for the U.N. Security Council to act, Secretary of State Condoleezza Rice said Thursday.

"Is the Security Council going to be credible?" Rice asked after meetings with NATO foreign ministers.

Tehran faces a Friday deadline from the Security Council to stop enriching uranium, a process that can lead either to nuclear power for electricity or to development of weapons. "It's pretty clear Iran is not going to meet those requirements," Rice said. "When that happens the international community, represented by the Security Council, is going to have a choice."

Quick action by the council to impose economic or punitive sanctions seems remote because of splits among its members. The United States is pressing for a strong response and Rice wants such steps to remain an option.

The United States and European allies accuse Iran of hiding ambitions to build a bomb behind a legitimate energy program. Iran denies it but says it must retain control of sensitive nuclear technology, including uranium enrichment.

The United States has long sought the Security Council review now under way, but the powerful U.N. body is divided over what to do next.

Russia and China, both veto-wielding permanent members of the Security Council, oppose sanctions against Iran. The United States, France and Britain say if Tehran does not meet the deadline, they will make the enrichment demand and other conditions compulsory.

"In order to be credible the Security Council has to act," Rice told reporters at the NATO session. "The Security Council is the primary and most important institution for the maintenance of peace and stability and security and it cannot have its word and its will simply ignored by a member state."

U.S. diplomats are gauging support in Europe for another course: A network of independent sanctions and restrictions, such as a travel ban on Iranian leaders, that might persuade the clerical leadership to back down.

Many European countries have already indicated a willingness to take such measures on their own, such as asset seizures and potential export bans.

The U.S. already has a near total ban on economic and diplomatic contact with Iran, but European nations and Russia maintain broad ties. Russia is a major commercial partner of Tehran, including exporting its oil.

Earlier Thursday, Russian President Vladimir Putin said the Security Council should not assume responsibility for the Iranian nuclear issue.

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"It's still too early to run ahead and say what decision we might take together," he said. "The main thing is ... that whatever decision is taken is a consensus decision."

Rice was making the case for continued pressure as part of two days of meetings with European colleagues that followed her unannounced trip to Iraq this week. In Baghdad, Rice and Defense Secretary Donald H. Rumsfeld endorsed newly selected Iraqi leaders who the United States hopes can regain traction against a violent insurgency and spreading sectarian killings.

Rice tried to reassure Europeans that the United States is not planning military action against Iran.

"I have been talking with my colleagues around the world about the diplomatic agenda regarding Iran," Rice said. "The president of the United States doesn't take any of his options off the table but we are committed to a diplomatic course" that should succeed "with enough unity and with enough strength and enough common purpose."

Iran Gets First North Korean-Made Missiles (AP)

By Aron Heller

AP, April 27, 2006

Iran has received its first batch of North Korean-made surface-to-surface missiles that put European countries within firing range, Israel's military intelligence chief said in an interview published Thursday.

The BM-25 missiles have a range of 1,550 miles and are capable of carrying nuclear warheads, the Haaretz daily reported.

The report came as U.N. members consider slapping sanctions on Iran for refusing to halt its uranium enrichment. The United States, Israel and other Western countries say Iran is trying to get nuclear arms, but the Islamic regime says its atomic program is for civilian purposes only.

The U.N. Security Council has given Iran until Friday to stop enriching uranium, a necessary step for developing nuclear weapons. Should Iran refuse to comply, which it has indicated it will do, the Security Council is likely to consider taking punitive measures.

Israeli security officials confirmed the Haaretz report. The officials spoke on condition of anonymity because they were not authorized to speak to the media.

Military intelligence chief Maj. Gen. Amos Yadlin, who spoke to Haaretz, has warned of the new Iranian missiles in several recent interviews to the media. Iran already has missiles capable of reaching Israel, but the BM-25s are a significant upgrade over its existing top-of-the-line missiles — the Shihab-4 and Shihab-3.

Those missiles spurred Israel to develop its Arrow-2 anti-ballistic missile system, which is can intercept the Iranian missiles.

Israeli concerns have been heightened in recent months by Iranian President Mahmoud Ahmadinejad's calls to wipe Israel "off the map."

Iran has also tested several long-range missiles in recent weeks, including a "top secret" missile capable of being fired from helicopters and jet fighters, Iranian state-run television reported.

Iran also tested the Fajr-3, a missile it said can avoid radar and hit several targets simultaneously using multiple warheads. Iran also tested what it calls two new torpedoes.

U.S. intelligence officials have said that Iran is at an advanced stage of developing a missile that can carry a nuclear warhead. The United States has informed the International Atomic Energy Agency of the details of the Iranian missile program.

On Tuesday, an Israeli satellite meant to spy on Iran's nuclear program was launched by Russia. The satellite is designed to spot images on the ground as small as 27 1/2 inches, an Israeli defense official said.

Israel Raises Profile In Iran Fray (CSM)

By Ilene R. Prusher

The Christian Science Monitor, April 28, 2006

JERUSALEM - Amid the soaring rhetoric over Western efforts to curb Iran's nuclear program, Israel has been moving into a more proactive position in the campaign to contain Tehran.

This week, Israel launched a satellite to spy on Iran, and its leaders have called on the international community to stop that country from acquiring nuclear weapons. It also accused Tehran of backing Palestinian terrorists.

And as concern here grows over Iran's defiant nuclear drive, one of Israel's leading newspapers reported Thursday that Iran has purchased ground-to-ground missiles from North Korea, extending its range for delivering warheads.

"The Israelis are making a statement that Israel has its own ways and means of defending itself," says Meir Javedanfar, an Iranian-born Middle East analyst based in Tel Aviv.

Given the charged atmosphere in the region, many have questioned whether Israel, which maintains its own unofficial nuclear program, would make some kind of "preemptive strike" on Iran.

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In 1981, Israel struck the nuclear reactor Iraq was developing, known as Osirak. Though criticized at the time, Israeli officials say they were later thanked for neutralizing Iraq's nuclear capabilities.

Today, however, the Middle East is quite different, say analysts and officials here, and Iran's pursuit to enrich uranium, which it says is for peaceful purposes, is seen as an international issue, not a local one.

Somewhat akin to years of crisis over Iraq's weapons program, Israel has been encouraged to take a backseat in the standoff with Iran. In 1991, Israel complied with US requests not to respond to Iraqi missile attacks. Through quieter channels, however, Israel has long been making the case against an armed Iran.

But, analysts say, recent changes in the region have led to a more vocal Israel, from US frustration with Iran's meddling in Iraq to President Mahmoud Ahmadinejad's inflammatory statements - he calls for Israel to be destroyed and denies the Holocaust occurred.

"The Israeli government before the elections was taking a more moderate line. It was an uncertain period: Ariel Sharon was sick, elections were looming," says Mr. Javenanfar, the director of Meepas, a political analysis company. "[Prime Minister Ehud] Olmert feels more secure now and feels that the international community is standing by Israel. This wasn't so much the case during the intifada, but it's changing, particularly since Iran was given a 30-day period to stop uranium enrichment and they say they won't."

Those 30 days end Friday, the deadline for the International Atomic Energy Agency to submit its report on Iran to the UN Security Council. The report is expected to be highly critical of Iran for refusing the council's request to freeze uranium enrichment.

While Foreign Ministry spokesman Mark Regev says Israel has no interest in a one-on-one confrontation with Iran, he says, "We do have clear concerns. We are supporting united, international efforts on this issue."

The launch of the Eros-B spy satellite by Israel Aircraft Industries on Tuesday, Mr. Regev says, is a part of a long-term intelligence effort that is not tied to recent tension. And some of the official statements made about Iran during the course of the week were issued as part of Holocaust Remembrance Day. It is a day when Israelis reflect on their survival, and this year conversations often turned to Ahmadinejad's threats from the east.

"I call on the Western world to not stand silently in the face of the nations that are trying to acquire nuclear weapons and [who] preach the destruction of the State of Israel," Israeli President Moshe Katsav said in his annual address at the country's main Holocaust museum and memorial, Yad Vashem.

On the same day, Israel's outgoing defense minister, Shaul Mofaz, said that Iran had given close to $10 million to "terror groups" operating in the Palestinian territories since the start of the year. He also suggested that more should be done to encourage the demise of the current regime.

"The Iranian people need to know that the regime's efforts to lead global terror will negatively affect them," Mr. Mofaz said at the opening of the Center for Iranian studies at Tel Aviv University. "More can be done from outside Iran to raise the Iranian people's awareness that the current regime will bring destruction on them." Both Mofaz and Katsav are Iranian-born Israelis.

Thursday's report in the newspaper Haaretz, which said that Iran had acquired a ground-to-ground missile with a range of about 1,560 miles was viewed here as fresh proof that Iran's atomic program is not simply aimed at creating nuclear energy for civilian uses.

"The problem is Tehran is not just a nuclear power, but that they're working on delivery systems," says Regev, of the Foreign Ministry. "With the parallel track on their delivery systems, we can see that their program is not benign."

Gary Sick, an expert on Iranian affairs at Columbia University School of International and Public Affairs, says that both the Iranians and Israelis have made statements recently that have turned up the heat to uncomfortable levels.

He aruges that the West's pursuit of a military option can only make things worse. "If there were a strike of some sort against Iran, it would certainly drive them underground, make them become more secretive, and they would drop out of the Nuclear Non-Proliferation Treaty. Iran will say, 'We weren't planning a bomb before, but now we have no choice,' " Dr. Sick says.

"What I do worry about in this whole process," he adds, "is that there will be some unexplained incident that happens deliberately or not deliberately, that will be perceived wrongly by one side or the other - that's how WWI got started."

Pakistan Official: No Force Against Iran (AP-)

By Barry Schweid

AP, April 27, 2006

Pakistan notified the Bush administration on Thursday it would not support the use of force to halt Iran's nuclear programs.

"We are against any resort to force," Foreign Secretary Riaz Khan said after a meeting with Undersecretary of State Nicholas Burns.

"We want this issue resolved diplomatically," Khan said.

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Pakistan is a close ally of the United States in trying to counter terror and in promoting postwar stability in Afghanistan.

It is also a neighbor of Iran. "We want friendly relations with Iran. Pakistan has had a long-standing relationship with Iran," Khan said. "We wish them well, and all of our neighbors."

The U.S.-Pakistan meeting was designed to strengthen ties between the two countries in the wake of a U.S. decision to provide India with nuclear technology.

Burns said the Bush administration has good relations with both countries.

Responding at a joint news conference to Khan's statements on Iran, Burns said, "We have not given up hope there can be a diplomatic solution."

The Bush administration accuses Iran of trying to develop nuclear weapons. While President Bush has emphasized his preference for a diplomatic solution, he has also said the military option has not been taken off the table.

Meanwhile, Burns announced that Congress would be informed shortly that the United States intends to proceed with the sale of F-16 fighter jets to Pakistan. Congressional approval is required.

Khan said he did not know how many planes Pakistan would purchase. But he said due to strained resources following a devastating earthquake last year, Pakistan had scaled down its request and that used planes would be substituted for some of the new ones.

India, which depends on aging Russian planes for its air force, has expressed disappointment with the long-brewing weapons sale to Pakistan.

The two nuclear-armed neighbor countries have been rivals for decades, and have fought three wars since their independence from Britain in 1947.

Iran's Latest (WSJ)

The Wall Street Journal, April 28, 2006

A funny thing happened on the way to the Iranian bomb: The more alarming the mullahs' behavior, the more nonchalant the rest of the world seems to be about it. But one development may give even the most adamant pooh-poohers pause.

Just this month, President Mahmoud Ahmadinejad announced that Iran had enriched uranium to reactor-grade levels in a 164-centrifuge cascade, a major technical achievement that puts Iran within hopping distance of an actual bomb. Mr. Ahmadinejad followed this up by announcing that Iran was working on an advanced centrifuge of Pakistani design, the possession of which Iran had previously denied to inspectors of the International Atomic Energy Agency. These centrifuges are capable of enriching uranium at four times the rate of Iran's declared centrifuges.

Next, Iran rebuffed IAEA requests to inspect the new centrifuges, a violation of the Nuclear Nonproliferation Treaty to which Iran is a signatory. Iran then threatened to withdraw from the NPT altogether if the United Nations imposed sanctions for its violations thereof. The U.N. Security Council has imposed a deadline of today for Iran to stop enriching uranium.

Tehran states flatly that it will ignore it. Israeli intelligence also reports this week that Iran has purchased an upgraded version of the Soviet SS-6 ballistic missile from North Korea, which is capable of carrying a nuclear payload and has a range of about 1,600 miles, putting parts of Europe well within range. The threat seems all the more pressing following warnings Wednesday by Ayatollah Ali Khamenei, Iran's Supreme Leader, that Iran would attack U.S. interests "in every possible part of the world" if the U.S. launches air strikes against Iran's nuclear sites.

And the international community's response? Russia and China, both veto-wielding members of the Security Council, are adamantly opposed to U.N. sanctions on Iran. Their view is mainly shared by Richard Lugar, Chairman of the Senate Foreign Committee, who thinks President Bush "ought to cool this one" by negotiating directly with Tehran.

In Europe, British Foreign Minister Jack Straw has reportedly told Cabinet colleagues that it would be "illegal" for Britain to participate in any prospective military action against Iran. German Foreign Minister Frank-Walter Steinmeier agrees: "We will not stop Iran with war," he recently told the news weekly Der Spiegel.

Which brings us to Iran's latest. On Tuesday, the Associated Press reported that Mr. Khamenei offered to share the nuclear genie with the government of Sudan. "The Islamic Republic of Iran is prepared to transfer the experience, knowledge and technology of its scientists," Mr. Khamenei told visiting Sudanese President Omar al-Bashir. Mr. Bashir, whose government abets the massacre of Darfuris, says Sudan could use a nuclear reactor to generate electricity. Uh huh.

How so many apparently thoughtful people can face the idea of an Iranian bomb with relative equanimity remains a mystery to us. Whether they are as "cool" with the idea of fissile material in Mr. Bashir's hands is another matter. Whatever the case, they should consider that acquiescing to a bomb for Iran may also mean agreeing to one for many more of the world's worst actors.

NATO To Intensify Its Role In Sudan's Darfur Region (WT)

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By Nicholas Kralev

The Washington Times, April 28, 2006

SOFIA, Bulgaria -- Secretary of State Condoleezza Rice said yesterday that NATO leaders have agreed to take on a more "robust" role in Sudan's Darfur region and urged other international bodies to prepare the way.

NATO diplomats said that earlier disagreements among the allies over involvement in Darfur had been resolved, but impediments remained, such as the Sudanese government's objection to a U.N. peacekeeping mission.

"Everybody recognizes that the [African Union] mission, while it has been successful thus far, is not robust enough to deal with the continued violence in Darfur and, particularly, problems that are emerging in western Darfur given the situation and problems on the border with Chad," Miss Rice said.

In Washington, White House spokesman Scott McClellan said, "An unusual and extraordinary threat to the national security and foreign policy of the United States is posed by the persistence of violence in Sudan's Darfur region, particularly against civilians."

Miss Rice, speaking to reporters after a meeting of the 26 NATO foreign ministers in Sofia, the Bulgarian capital, said that "NATO is ready to work" with the United Nations and the African Union (AU) "to try to bring about that more robust mission."

"There are certain kinds of support that are needed by [the AU] mission and that will be needed by the U.N. mission, and I would hope that everyone would put aside whatever constraints there are, so that we can respond to what is a really quite difficult humanitarian and security situation in Darfur," she said.

NATO currently provides limited assistance for the AU with transportation of troops, but U.S. officials said the alliance could help with logistics, communications, intelligence and other areas, while stopping short of intervening on the ground.

A senior U.S. official said that NATO would be "enabling collaborative efforts" of other international players and cannot do much before they make the first steps.

"We have to be able to get into Sudan," the official said, alluding to Sudan's refusal to let U.N. peacekeepers in.

Hedi Annabi, U.N. assistant secretary-general for peacekeeping, said yesterday that, even though Sudan is not in favor of a U.N. takeover from the AU, it is willing to discuss how the world organization could help if a peace deal is reached to end the conflict.

The 7,000 AU troops in Darfur are poorly equipped and have not been able to stop the violence that has taken hundreds of thousands of lives and forced more than 2 million to leave their homes.

The AU Peace and Security Council has agreed in principle to hand over peacekeeping to the United Nations after its mandate ends Sept. 30, but the full union must give final approval.

On Tuesday, the U.N. Security Council adopted a resolution imposing sanctions on individuals deemed at least partly responsible for the Darfur crisis.

Sudan has supported Janjaweed militias, which are massacring innocents in response to a revolt by two militias in its western region.

As part of the resolution's implementation, President Bush yesterday issued an executive order freezing the assets of such individuals.

"These sanctions are aimed at those responsible for heinous actions being committed in Darfur," Mr. McClellan said.

"The United States will continue to work with its international partners to provide humanitarian assistance, support human rights and bring peace to Darfur."

The crisis has forced Chad to seal its border with Darfur, which is threatening food deliveries to 400,000 displaced people.

Rebels' Arms Made In China (WT)

By Daniel Pepper

The Washington Times, April 28, 2006

ALONG THE CHAD-SUDAN BORDER -- Many of the weapons used by Chadian rebels who nearly overthrew the government this month -- from the ubiquitous Kalashnikov rifles and rocket-propelled grenades to more advanced artillery pieces mounted on Toyota Land Cruisers -- come from China, probably indirectly through Sudan.

Chadian President Idriss Deby and international relief groups were quick to accuse Sudan of promoting the attack two weeks ago on the capital, N'Djamena, by about 350 rebels, who fought to within a few miles of the city before being turned back. But China's insatiable appetite for oil to feed its economic growth gave Beijing an interest in the outcome as well.

The Chadian rebels' weapons, viewed by a reporter during a rare visit to their bases along the 800-mile Chad-Sudan border, were traced to Chinese state-owned arms manufacturers, with the aid of an arms-monitoring-group based in Manchester, England, that used a sampling of serial numbers on the munitions.

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"Chinese firms from the People's Republic [of China] have been providing a range of large and small arms to African armed forces regardless of their persistent grave human rights violations, especially to countries with oil deposits, such as Sudan, or valuable natural resources, such as Liberia," said Brian Wood, the head of arms research at Amnesty International. "Rebel groups in Africa have also received Chinese arms, for example, in Angola and" the Democratic Republic of the Congo.

According to the Chinese government's regulations governing arms exports, any sales to foreign countries must "not upset regional or global peace, security and stability" and "must be for the legitimate self-defense of the recipient country." The acquisition of these weapons by the Chadian rebels contravenes both criteria.

An official at China's arms-control department referred all questions to a spokesman who did not return phone calls.

China is one of the largest suppliers of arms to Sudan, Africa's largest country, which has tense relations with Chad. And China is heavily invested in Sudan's oil sector, with more than 10,000 workers and $3 billion spent on its oil sector since 1999.

Relations between Chad and Sudan have been soured in part by the Chadian president's provision since 2003 of arms, ammunition and safe passage through Chad for the Sudan Liberation Army and other rebels fighting in Sudan's Darfur region. The Sudanese government appears to be retaliating by providing similar aid to the Chadian rebels.

Chad, besides being last on Transparency International's 2005 corruption index, is Africa's newest petro-state, with proven recoverable oil reserves estimated at about 1 billion barrels. But China, whose thirst for oil has made it a presence in Sudan and other African oil states, so far lacks a foothold in Chad. Chad maintains diplomatic relations with the Republic of China, or Taiwan, which Beijing considers part of China.

It does have a relationship, however, with the leader of the Chadian rebels, Muhammad Nour, who worked as a consultant to various Chinese oil companies exploring business opportunities in West Africa in the 1990s, and maintains close relations with his former clients, whom he will not identify. Mr. Nour's brother, a close adviser, recently returned from a three-week trip to China, which he said was "for health purposes."

In an interview at his military encampment set along a dry riverbed near the border, Mr. Nour rejected the notion that his fighting force had any direct relationship with China.

"There is no relationship between us and the Chinese state. But they are being prudent," the rebel leader said.

Joshua Eisenman, a fellow in Asia studies at the American Foreign Policy Council, said China could be driven by its rivalry with Taiwan for friendly votes at the United Nations and other international organizations.

"China will encourage and seize any homegrown opportunity to further isolate Taiwan in Africa," he said. "I doubt Beijing would seek to topple a government just to undermine Taiwan; but if a Taiwan-friendly African government falls, it's icing on the cake for Beijing."

Conflict Stirs Up Confusion On Border Of Chad, Sudan (WP)

By Emily Wax

The Washington Post, April 28, 2006

KOUKOU ANGARANA, Chad -- In this desolate, sand-blown desert region of Chad near the Sudanese border, civilians are caught in a conflict so confusing that they -- and even the combatants -- have trouble telling who is fighting whom.

Or exactly why.

Chadian government troops are posted at key points along the border to halt what they say is a revolt by rebels based in Sudan. The soldiers wear red armbands to set them apart from the rebels, who wear similar uniforms and have an equally aggressive driving style, roaring through villages in pickup trucks, leaving behind clouds of billowing dust.

The insurgents, who are fighting to topple Chadian President Idriss Deby, represent at least 12 groups united under several coalitions. To make matters even more dizzying, some of them are Deby's estranged relatives, including a set of twin nephews.

Chad blames the Sudanese, saying they back the insurrection, an allegation that Sudan denies. An African Union investigation found this week that many of the captured attackers who invaded the capital April 13 had Sudanese and Central African Republic identification and said they were conscripted to fight by Sudan, which Sudan denies.

Sudan blames the Chadians, saying they support a different group of rebels in the Darfur region of western Sudan, some of whom have offices and villas in Chad's capital, N'Djamena.

And Chadians tend to blame France, Chad's former colonial power, which they accuse of being involved in the violence by backing the president.

Here in the inhospitable, rugged and lunar-like terrain of eastern Chad, where refugees huddle under thorn trees, two things are certain: The chaos in Darfur has extended deep into Chad, and a rapidly increasing number of civilians continue to suffer in one of Africa's most complex crises.

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Across Africa, conflicts tend to spill across national borders and destabilize entire regions. Fighting in the central African country of Congo, for example, has flared off and on for about a decade, at times drawing in more than a dozen rebel groups backed by several neighboring countries.

Rebels in northern Uganda have been backed by Sudan as payback for Uganda's support of rebels in southern Sudan who were fighting the Sudanese government. The war in the 1990s in Sierra Leone spread into Liberia and Ivory Coast.

"For me, Darfur has become like West Africa and eastern Congo, where the war is exported and the region is inflamed and flowing over borders," said Olivier Bercault, a researcher with Human Rights Watch who was visiting N'Djamena this week. "It's just very sad for the civilians caught up in it all."

About two weeks ago, rebels drove across the vast desert toward N'Djamena. A French warplane fired warning shots at the rebels on April 13 as they marched into the city, where government troops thwarted the coup attempt. By the end of the day, more than 350 people were dead.

In Koukou Angarana, about 50 miles from the Sudanese border, witnesses said the rebels briefly stopped in the trading town on their way to the capital, killing one police officer and injuring two others. The rebels kidnapped 12 police officers and forestry service workers, local leaders said, and demanded satellite phones from U.N. workers.

The raid stunned the townspeople, who in recent months have been attacked by what they believed were Janjaweed, or militiamen backed by the Sudanese government.

"Were these rebels Chadians? Were they Janjaweed?" said Ibrahum Abdul Majaid, who witnessed the violence. "Maybe they were hired by the Sudanese government."

"There was also a Libyan, perhaps just a mercenary," added Philomena Santoro, who works for INTERSOS, an Italian humanitarian group that provides water and food to the refugee camps in the area. "Then again, maybe some of them were just bandits. We have a lot of that here in the lawless border, too."

The violence in Darfur has displaced more than 2 million civilians and forced nearly 250,000 into Chad. Tens of thousands of people have died in the conflict.

While the Bush administration labeled the atrocities in Darfur a genocide nearly two years ago, no solution has been found to stem the violence, an example of the world's inability to solve such crises, experts and human rights activists said.

The United States has proposed sending several hundred NATO advisers to support an African Union peacekeeping mission in Darfur. Sudan has rejected the idea as a Western invasion of a Muslim country, and some leaders have likened the scenario to the situation in Iraq. On Sunday, Osama bin Laden called for an Islamic holy war in Sudan, saying fighters should rise up against a Western peacekeeping force that would be sent to Darfur to protect African Muslims against government-backed Arab and Muslim fighters.

The U.S. ambassador to Chad, Marc M. Wall, visited this border town Wednesday to reassure the population of the U.S. commitment to protecting them and to deciphering the situation. Chadian military officials told Wall that some of the rebels who drove through the town last week wore Sudanese government uniforms and did not speak French, as Chadians do.

"Information of aid, indirect or direct, by Sudan is troubling to us," Wall told a group of local leaders, adding that the situation was "fragile and dangerous."

Many Chadians helped shelter Sudanese refugees, but the violence has pushed about 60,000 Chadians off their farms.

The devastation and suffering were in full view for Wall as he walked through the sand past a long row of thorn trees where Chadian women and children were living in the open air. Teapots hung from branches, and sweaty infants with blank stares sat in the sand in the hot sun.

"We are so confused. Who is rebel? Who is Janjaweed?" said Halima Mohamed, 25, a displaced Chadian, who was cradling a relative's baby under a tree with other women forced from their village five miles from the Sudanese border. "It's all mixed. Sudan's troubles have come here. We don't know when it will end. I don't feel safe."

Humanitarian workers from the Office of the U.N. High Commissioner for Refugees said some of the Chadians want to live in the refugee camps. But because they are displaced people in their own country, they cannot be classified as refugees.

"If it wasn't totally out of control before, it certainly is now," Matthew Conway, a UNHCR spokesman, said as he looked at a group of Chadians living under trees. "There are many who have been seriously attacked. There is also a very poor population who may come in and want even a bowl or a plastic mat or bucket to help improve their lives."

Meanwhile, the Sudanese refugees, whose villages were burned when the Darfur conflict began, wonder where they can go next.

"What are we going to do now?" asked Fatih Younis Haroon, 39, a former clerk who fled Darfur two years ago with his five children.

While the civilians languish in misery, the war has entered the digital revolution. Rebels prefer a text message 15 minutes before arranging a satellite phone interview, and their plans are posted on a Web site in French.

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The rebel commanders issue orders from satellite phones in Sudan, while the high-ranking leaders dash off daily e-mails from hideaways in Paris. One of Deby's nephews, Tom Erdimi, who had a falling out with the president last year, organizes a separate rebel movement from his house in Texas.

Chadian human rights groups say Deby is using the rebel attack to distract attention from serious domestic issues of corruption and desperate poverty. In an interview at his campaign headquarters, the president said the word "rebel" should not be used to characterize his opponents.

"Sudan mercenaries are what they are," he said. "There is not a rebellion in Chad. This is an invasion by Sudan."

Deby, who is seeking to extend his 16-year rule in elections May 3, said Chad was not experiencing any internal problems and denied any disputes within his family. "Sudan wants to export its fundamentalism and genocide to Chad and the whole of central Africa," he said.

Rebel leaders acknowledge that they are operating from Darfur. Some of the rebels arrested after their coup attempt told African Union investigators Sunday that one of the main Chadian rebel leaders, Mahamat Nour, an ex-army captain, was recruiting young boys from refugee camps in Darfur and fighters from Central African Republic.

"The Sudanese do not disturb us," Albissaty Saleh Allazam, a spokesman for an umbrella rebel group, wrote in an e-mail. "Because Sudan lost assurance in Deby who created part of the conflict of Darfur. In a word, Sudan chose neutrality. If neutrality means support, so, Sudan backed us."

The villagers along the border worry that the rebels, the Janjaweed, bandits or mercenaries will attack again, but they say their village has always been vulnerable to such violence. Koukou Angarana, translated loosely, means, "Your grandmother is telling you to watch out, take care." The border between Sudan and Chad, they say, is a very dangerous place.

Blowback In Africa (NYT)

By Raffi Khatchadourian

The New York Times, April 28, 2006

EVER since Chad gained independence 46 years ago, it has been a world-class model of political dysfunction. In the 1970's, Chad's president, François Tombalbaye, compelled civil servants to renounce Western customs, undergo a tribal initiation rite known as yondo and profess belief in a nationalist creed he called Chaditude. He was executed in 1975. In the 1980's, a rebel leader named Hissène Habré led an army to the presidential palace and seized power. He became known as the "African Pinochet" and murderously pursued opponents for nearly a decade.

In 1990, Mr. Habré was chased out by an armed faction led by Chad's current president, Idriss Déby. Now Mr. Déby is facing his own rebellion.

Americans might dismiss this numbing cycle of coups as esoteric history belonging to a troubled and distant country. They shouldn't. The C.I.A. armed Mr. Habré for years, and since 2003, the United States military has been training and equipping Mr. Déby's army, making his fight to stay in office our fight, too.

Last year, Chad took part in a vast, international military exercise organized by the United States — the largest exercise of its kind in Africa since World War II, according to the Defense Department. This summer, American forces will continue to advise Chadian soldiers, and Congress is expected to allocate $500 million for a five-year program to train and equip several Saharan armies — including Mr. Déby's.

The military hopes these initiatives will help contain the threat of terrorism by bringing order to the Great Desert and its borderlands. For centuries, the Sahara has been a lawless realm, and with millions of Muslims living across the region in isolated communities, counterterrorism officials fear that Islamic militants may seek sanctuary there.

But dispensing military aid to Chad now — with Mr. Déby fighting hundreds of rebels backed by Sudan — seems reckless. It puts American military equipment and expertise in the hands of a desperate dictator. Worse still, it risks pouring additional fuel into the human furnace of Darfur, and it may well come to impede the careful diplomatic work required to solve that crisis.

So far, American officials have made much of Sudanese assistance to the rebels, framing the recent conflict in Chad as an outgrowth of the tragedy in Darfur. There is some truth to this. But the violence in Chad also has its own political narrative. During his 16 years in power, Mr. Déby has ruled Chad brutally. His security forces have committed torture, rapes, summary executions and mass killings.

Mr. Déby is a member of the Zaghawa — a northern tribe making up roughly 5 percent of Chad's population — and last year the State Department described his regime as a Zaghawa oligarchy shielded by a security and intelligence apparatus that violates human rights with impunity. In 2004, Mr. Déby altered Chad's Constitution to grant himself another term in office. Elections are scheduled for next Wednesday. There is little likelihood they will be fair.

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Only one compelling argument exists for giving Chad military aid, and it follows from the logic of lesser evils. Many of the refugees fleeing Darfur are Zaghawa, and Mr. Déby has taken them in. If his regime collapses, tens of thousands of people will once again be at the mercy of Sudan's janjaweed marauders, and the genocide may spread.

This argument, though, is complicated by another unsettling development. In recent months, scores of Chadian soldiers have defected to the rebel militias. If the defections continue, they raise the horrific possibility that American military equipment and expertise could end up going to men aligned with the janjaweed. In that case, our military assistance to Chad, far from containing political anarchy, would only add to it.

Opposition Leader In Belarus Jailed Over Rally Against President (NYT)

By Steven Lee Myers

New York Times, April 28, 2006

MOSCOW, April 27 — The authorities in Belarus arrested the country's main opposition leader on Thursday and swiftly sentenced him to 15 days behind bars, accusing him of participating in an unauthorized rally the day before against President Aleksandr G. Lukashenko.

The arrest of the opposition leader, Aleksandr Milinkevich, who challenged Mr. Lukashenko in the presidential election last month, intensified a crackdown on political opponents in the wake of unusually strong public protests against a vote denounced as a fraud. Mr. Milinkevich, 57, a former physics professor, had been warned many times but until now had not been imprisoned.

Another opposition politician, Vintsuk Vyachorka of the Belarussian National Front, was arrested Wednesday after thousands rallied on the 20th anniversary of the accident at the Chernobyl nuclear power plant, which sent radioactive waste across Belarus. The date has in recent years been marked in Belarus by protests against Mr. Lukashenko's authoritarian rule.

Two other political leaders, Sergei Kalyakin of the Communist Party and Aleksandr I. Bukhvostov of the Labor Party, were arrested Thursday in what appeared to be a sweep against Mr. Lukashenko's critics.

The European Union and the United States have sharply criticized the postelection arrests. Each has imposed travel restrictions on Mr. Lukashenko and on 30 other officials in retaliation for what Western officials called electoral fraud and subsequent repressive measures against the opposition.

In Sofia, Bulgaria's capital, Secretary of State Condoleezza Rice assailed the arrest of Mr. Milinkevich as "reprehensible," saying that "the United States roundly condemns this act and sincerely hopes that the Belarus government accepts the will of the international community that it act in accordance with accepted international principles in the treatment of political opposition."

The NATO secretary general, Jaap de Hoop Scheffer, condemned the arrest as antidemocratic on behalf of the NATO and European Union envoys meeting in Sofia. He called on the government of Belarus to release Mr. Milinkevich immediately "and to refrain from these kinds of actions."

"I think the Euro-Atlantic community cannot accept these kinds of things in the heart of Europe," he said.

A senior State Department official said in a telephone interview that the United States and the European Union were preparing additional punitive measures, including financial penalties against Mr. Lukashenko and others. The official, who spoke on condition of anonymity because of department protocol, called the latest wave of arrests "a last gasp effort to maintain control over things."

But Andrei Sannikov, a leader of the human rights organization Charter 97, said the arrests underscored Mr. Lukashenko's defiance.

"He's challenging Europe," Mr. Sannikov said via telephone from Minsk. "He's saying you can make whatever statements you want, and he will do whatever he wants."

Mr. Milinkevich finished the election a distant second, with 6 percent of the vote, compared with 82 percent for Mr. Lukashenko, according to the government's announced results, which have met skepticism at home and abroad. The election prompted protests, centered on an encampment on October Square, which the police broke up five days later.

Melee In Cairo Reveals Stress In Government (NYT)

By Michael Slackman

The New York Times, April 28, 2006

CAIRO, April 27 — Thousands of riot police officers sealed off access to the High Court on Thursday, beating and arresting protesters who had turned out to support two judges facing a disciplinary panel because they had accused the government of election fraud.

The huge show of force, appearing larger even than what was deployed in the Sinai after four bombings there this week, seemed to signal that President Hosni Mubarak's government had reached a breaking point over shows of dissent.

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The focus was a relatively small demonstration over the treatment of the two judges and in support of more than 80 others who had been staging a sit-in for more than a week at the stately old Judges Club to demand an independent judiciary.

The persistent demands by the group, who represent thousands of judges across the country, has united a wide swath of political opposition and has sparked new life in a reform movement that had withered after the presidential election in September.

Since then the government has increasingly retrenched from a position of generally allowing more political freedom.

By Thursday, after days of dealing with the attacks in the Sinai and low-intensity clashes between the police and protesters in Cairo, the government seemed overwhelmed.

Around 8 a.m., massive green troop carriers rumbled into the center of the city and deployed more than 3,000 troops, a number that swelled to about 10,000 by midday, according to witnesses and videotapes.

The army of riot officers pressed in with long wooden poles and body-length shields to seal off the judges from a relatively small group of supporters on the street. Eyewitnesses said at least 50 demonstrators were arrested, though there was no way to verify that.

The police also arrested a journalist for the television network Al Jazeera who had reported — incorrectly — that an insurgent attack on the police had spread into the previously calm delta region, a report that instantly caused a tumult in the capital.

The network retracted the report, but the government held the newsman, saying he was guilty of "spreading confusion."

The demonstrators had gathered especially to support Mahmoud Mekky and Hesham Bastawisi, the two judges brought before the disciplinary panel because they had accused the government and other judges of forgery in connection with the last parliamentary elections. Their case was postponed for two weeks while the panel considered several defense motions.

The authorities also lifted the judicial immunity of seven judges who had complained about fraud in past elections, paving the way for those judges to be questioned by the police.

"I am so happy that they are doing this to us, because it proved that they are the ones that people want to try, not us," Judge Bastawisi said Thursday after his appearance in court. "It is not us that are going to court, but it is the ruling regime, and they already got the verdict from the people."

In a Labor Day speech on Thursday to workers gathered in a conference hall in Cairo, President Mubarak portrayed the dispute with the judges as an intramural matter, not involving the government.

"I tell the judges who make up Egypt's proud judiciary that you are the guardian of justice and protector of the law," he said. "I hope you reach among yourselves a just conclusion that preserves the high interest of the homeland and improves what we are already seeking: an independent judiciary, as well as your prestigious status in our hearts."

But the president's words did little to soften the government's treatment of the protesters.

"It is an indicator the system is breaking down," said Rajia Amran, a lawyer who turned out Thursday to support the judges and described their cause as "the last bastion of freedom in this country."

"They are panicking; they are in the dark and don't know what to do."

Youssef Rashwan, a technician in an iron and steel factory, said he came out "to support the judges in their honorable stance."

"Look how the regime treats the civil peaceful opposition," he said. "No wonder that people blow themselves up. There is no way to go because the security treats all opposition the same way, just oppression."

There are 9,000 judges in Egypt, and an estimated 7,000 have joined forces to press the government for a new law that, they argue, will allow them to be independent.

Those leading the fight, including some of Egypt's most senior jurists, have been pressing the government since 1991 to ensure that judges are free from government pressure.

They say the minister of justice, who is appointed by President Mubarak, can threaten, intimidate and punish those who challenge the will of the government — an accusation that government officials deny.

But the tension reached a new level about a year ago when the judges began demanding that they have the sole right to monitor elections. They complain that even though judges watch polling sites, government appointees tally votes.

"It is enough that for the past 52 years, we have been carrying the liability of rigging the elections in this country," Zakariya Ahmed Abdel Aziz, chairman of the Judges Club, said at a meeting in August.

Ghada Shahbandar, leader of an electoral monitoring group, said: "We can not aspire to have reform without an independent judiciary. It is the first and most important block in the reform process."

After the parliamentary elections ended in December, a group of judges leveled accusations of forgery and fraud, and for that they were chosen for discipline and investigation. The move was approved by senior members of a judicial panel at the recommendation of the minister of justice, officials said.

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Mahmoud al-Khudeiry, head of the Judges Club in Alexandria, was one of the seven who had his judicial immunity lifted and is now facing the prospect of police interrogation.

He has served on the bench for 43 years and said he had not seen such antagonism between the bench and the executive since the 1960's, when Nasser staged what is known as the Judges' Massacre by firing jurists who did not bend to his pressure.

"We don't know how it will end or where it will end," Mr. Khudeiry said Monday, as he greeted supporters who came to the Judges Club. "All we know is, we insist on our demands and we persist in our way until we achieve our demands."

Mubarak Vs. A Dissenting Judiciary (WP)

By Daniel Williams

The Washington Post, April 28, 2006

CAIRO, April 27 -- Thousands of police surrounded the stately square building on Abdel Khaleq Tharwat Street downtown Thursday, while up on the balcony a group of bespectacled judges stood in protest, cellphones trilling in their hands.

The place was the Judges Club, a palatial gathering spot for jurists that is outfitted with giant chandeliers and gilt-framed mirrors. This week, it was the scene of sit-ins against the 25-year rule of President Hosni Mubarak.

The police sealed off the Judges Club as well as the High Court building where two magistrates are being prosecuted for denouncing fraud in a series of elections last year. The show of force was impressive: The number of black-clad, helmeted officers on the street was far larger than during a series of small anti-Mubarak demonstrations last year. Several demonstrators who dared brave the massive cordon were hustled into detention.

Abdel Khaleq Tharwat Street is the latest battleground in the government's campaign against pro-democracy dissidents. The targets this time are judges who are battling to free the bench from what they say is Mubarak's control.

For the judges, Exhibit A of government interference and harassment is the case of the two magistrates, Hesham Bastawisi and Mahmoud Mekky.

The two men appeared at a hearing Thursday in which they faced disciplinary charges of insulting the judiciary for saying that fellow judges, handpicked by the government to monitor the elections, failed to stop or even denounce vote-rigging. They had set up an independent committee to observe the elections and take complaints.

The court session Thursday was brief, and the magistrates were ordered to appear again May 11. They face being removed from the judiciary.

"The government wants to block the independence of the judiciary," said Nasser Amin, a human rights activist who promotes judicial reform. "Judges are speaking out against arbitrary laws and repression of individuals, and so the authorities feel they must stop them."

Many Egyptians regard judges as a potential counterbalance to the near-absolute presidential powers in Egypt, Amin said.

On Wednesday evening, police broke up a demonstration that had gone on for nine days across from the Judges Club. They hauled off protesters who were chanting, "God grant the judges strength to resist" and "Down with Hosni Mubarak."

At one point, a one-legged man on crutches charged the police, yelling, "Away with the tyrant!" He lost his grip on the crutches but nonetheless twirled around and around shouting epithets.

Since the parliamentary elections last year that Mubarak's party won handily, his government has taken the offensive against some of its harshest critics and political rivals.

Though under pressure from the United States to democratize, the government imprisoned Ayman Nour, the distant second-place finisher in the presidential vote last year, on charges of falsifying official documents. Two journalists have been jailed for "defaming" government officials. On Thursday, a reporter from al-Jazeera television who was working in Dahab, the scene of bombings Monday that killed at least 18 civilians, was detained for broadcasting "false information likely to harm the country's reputation."

The government has renewed roundups of members of the Muslim Brotherhood, a formally banned Islamic group that has become the only large, well-organized political opposition in Egypt. Mubarak postponed municipal elections for two years, a move that opposition activists said was designed to head off Brotherhood candidacies.

The president also has hinted that he would extend emergency laws in place since 1981 that curb free speech and political activities.

Judges resisted government requests to supervise the recent elections, as required by law. Dissenting magistrates, asserting that the eventual observers were handpicked and biased, issued a report that was publicized on pan-Arab television.

"We're insisting that the elections were flawed. The government can't stand that because people will believe us and not them," said Bastawisi, a 29-year court veteran and currently an appeals court judge.

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This was not the first time Bastawisi has participated in an electoral protest. In 1985, he and other judges condemned fraud, without effect. Last year, he said, some judges were complicit in the fraud -- statements of the sort that have landed him in court. "I don't care," he said in an interview. "At this point, cooperating with the state is a crime."

Bastawisi noted that the parliamentary elections featured police blockades of polling stations and that 11 people who tried to break through the cordons were killed. "The people responsible for this should be put on trial. Instead, we are attacked."

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Letter, Douglas (CIV)

From: Letter, Douglas (CIV)
Sent: Friday, April 28, 2006 3:15 PM
To: Gorsuch, Neil M
Subject: Out of Office AutoReply: Omar

Douglas Letter is away from the office on travel; he will return on the morning of Monday, May 1, 2006. He should be able to retrieve email and voicemail messages while he is away. If you need immediate assistance with a matter, please contact Michael Singer (202 514 5432) of the Civil Division Appellate Staff. Thank you.

DorosinJL@state.gov

From: DorosinJL@state.gov
Sent: Friday, April 28, 2006 3:16 PM
To: Gorsuch, Neil M
Subject: Out of Office AutoReply: Omar

Friday, April 28: I am out of the office today For immediate assistance, please call e-mail the L/PM collective or call (202) 647-7838.

USDOJ- Office of Public Affairs

From: USDOJ- Office of Public Affairs
Sent: Friday, April 28, 2006 7:09 PM
To: USDOJ- Office of Public Affairs
Subject: DOJ Daily News Wrap

PUBLIC AFFAIRS DAILY NEWS WRAP
April 28, 2006

Contact: Brian Roehrkasse, Deputy Director, Office of Public Affairs (202) 514-2007

TOMORROW'S EXPECTED NEWS STORIES:

Moussaoui Trial
Jurors in the death penalty trial of Zacarias Moussaoui adjourned on Friday without reaching a verdict and will return on Monday to deliberate in the only U.S. case related to the Sept. 11 attacks. The jury of nine men and three women has been deliberating for about 21 hours since Monday afternoon. Earlier on Friday, one juror was admonished by U.S. District Judge Leonie Brinkema for looking up the word "aggravating" in the dictionary, but the judge said it would not impact deliberations.

The Government's Filing in *Hepting, et al. v. AT&T*
Today (April 28), the government filed a Statement of Interest in Hepting, et al. v. AT&T, Civil Action No. 06-672 (N.D. Cal.) (VRW), advising the Court that the United States intends to (1) assert a claim of the military and state secrets privilege, and (2) move to intervene in the action to seek dismissal of the case. The state secrets assertion and motion to dismiss will be made in subsequent filings in the next few weeks.

Talking Points:

- The plaintiffs in Hepting allege that AT&T has assisted the National Security Agency with various alleged surveillance activities. The fact that the United States is going to assert the state secrets privilege should not be construed as a confirmation or denial of any of plaintiffs' allegations, either about AT&T or the alleged activities. Rather, when allegations are made about purported classified government activities or relationships, regardless of whether those allegations are accurate, the existence or non-existence of the activity or relationship is potentially a state secret. Therefore, the assertion of the state secrets privilege, as a general matter, does not mean that any particular allegation is true but is a reflection of the subject matter at issue.

General Background on the State Secrets Privilege

- The state secrets privilege is well-established in federal law. It has been recognized by U.S. courts as far back as the 19th century, and allows the Executive Branch to safeguard vital information regarding the nation's security or diplomatic relations. The modern-day description of the privilege was set forth over 50 years ago by the Supreme Court in United States v. Reynolds, 345 U.S. 1 (1953). The privilege has been asserted many times to protect our nation's secrets from disclosure. It is an absolute privilege that renders the information unavailable in litigation and may, depending on the circumstances, require dismissal of the case.

The Process

- An agency head (e.g., Director of the CIA) determines whether the disclosure of certain information in the course of litigation would cause harm to the nation's national security.

- If the agency head determines that disclosure of the information would cause such harm, the Justice Department reviews the proposed state secrets privilege claim and determines whether its assertion is appropriate in the litigation. If the Justice Department determines that it is appropriate, the government asserts the privilege and, depending on the circumstances, potentially moves to dismiss the case as a result of the assertion. Given the nature of the information at issue, it is often necessary for the government to support its state secrets assertion to a court in a classified, ex parte, in camera filing.

- The judge handling the matter determines whether the privilege was properly invoked. If the privilege was properly invoked, the information subject to the privilege is protected from disclosure and precluded from use in the case. The judge then determines the consequences of that preclusion, including whether the case should be dismissed because it cannot proceed without the information at issue.

Section 215 Report
DOJ sent to Congress an annual report containing the number of USA PATRIOT Act Section 215 applications for business records for 2005 (155), and the number of National Security Letters requested for 2005 (3,501 different U.S. persons totaling 9,254 NSLs).

Native American Smuggling Story (FBI)
Kelli Arena, CNN, advised that she has been told that DHS and FBI are looking into information about two individuals who were smuggled across the Canadian border by unidentified American Indians. She was told that two individuals described as Arabic looking were heard making comments about traveling to Alexandria, Va., to commit some type of attack at the Moussaoui trial.

Talking Points:

- Without confirming anything specific, NPO advised that we receive this type of threat info frequently. Many times it is from sources which we cannot immediately assess the reliability. However, they are all taken seriously and out of an abundance of caution, shared with our law enforcement partners.

Egyptian Man Pleads Guilty to Alien Smuggling Charges (Criminal)
Egyptian Man Pleads Guilty to Alien Smuggling Charges: An Egyptian man has pleaded guilty to smuggling nearly 100 individuals from Middle Eastern countries into the United States. Ashraf Ahmed Abdallah Bashar, 37, entered his guilty plea today in federal court before U.S. Magistrate Judge Deborah A. Robinson. Abdallah admitted to leading a human smuggling ring that brought 100 or more persons into the United States from April 2001 through January 2002.

Talking Points:

- The majority of individuals secreted into the United States by Abdallah Bashar have been identified and placed into removal proceedings.

- Many of the individuals secreted into the United States by Abdallah Bashar have been deported and some are still pending deportation.

- There is nothing to indicate or suggest that any of the individuals smuggled into the country were terrorist suspect or connected to any terrorist organizations.

Judge denies David Safavian's Motion to Dismiss Indictment
U.S. District Judge Paul L. Friedman today dismissed defendant David Safavian's motion to dismiss a 5 count indictment brought by the Public Integrity and Fraud Sections of the Criminal Division.

Textron, Inc. (Tax)
Today, the United States filed an action against Textron, Inc. and its subsidiaries in the United States District Court for the District of Rhode Island. The United States seeks an order enforcing an IRS summons calling for the production of Textron's tax accrual workpapers and related testimony, in support of the IRS examination of Textron's tax liabilities for the year 2001.

Talking Points:

- In general, tax accrual workpapers are documents created by a corporation and its independent auditors to explain the amount of the corporation=s deferred tax assets or deferred tax liabilities.

- This is the first action to enforce a summons for tax accrual workpapers since IRS Announcement 2002-63, 2002-2 C.B. 72.

MONDAY'S EXPECTED EVENTS/RELEASES:

8:00 P.M. EDT Solicitor General Paul Clement will give the keynote address at the Third Circuit Judicial Conference Dinner.
Marquis Ballroom
Nemacolin Woodlands Resort
Farmington, Pennsylvania

OPEN PRESS

Press inquiries regarding logistics should be directed to Theresa Burnett of the Third Circuit Judicial Conference at 267-299 4203.

Sami Al-Arian is scheduled to be sentenced Monday, April 3, 9:45 am at US District Court in the Middle District of Florida (Tampa). Al-Arian pleaded guilty earlier this month to conspiring to contribute goods, funds and services to the Palestinian Islamic Jihad, in violation of US law. Al-Arian will be deported after his sentence is served.

Next week is Public Service Recognition Week. DEA will have equipment and personnel on the National mall.

USDOJ- Office of Public Affairs

From: USDOJ- Office of Public Affairs
Sent: Monday, May 01, 2006 8:53 AM
To: USDOJ- Office of Public Affairs
Attachments: SUNDAY SHOW TRANSCRIPTS 4.30.doc

Attached, please find the Sunday morning talk show transcripts from March 30, 2006.

SUNDAY SHOW TRANSCRIPTS
4/30/06

NBC – MEET THE PRESS

MR. TIM RUSSERT: Our issues this Sunday: This is a special edition. Why are gasoline prices going up and up and up? And what must America do to ensure we have the energy supply we need? With us, for the full hour, the secretary of energy, Samuel Bodman; the president and CEO of the American Petroleum Institute, Red Cavaney; the host of CNBC's "Mad Money," Jim Cramer; the assistant Democratic leader, Senator Dick Durbin of Illinois; and the author of "The Prize: The Epic Quest for Oil, Money and Power, NBC energy analyst Daniel Yergin.

And in our MEET THE PRESS MINUTE: 29 years ago, the head of the Standard Oil Company was here talking about huge oil profits.

(Videotape, April 24, 1977):

MR. JOHN SWEARINGEN (Chairman of the Board Standard Oil of Indiana): Oh, yes. They have gone up and I think if you'll read the papers this morning, you'll find that the profits of other companies have gone up, too.

(End videotape)

MR. RUSSERT: Welcome, all. A lot to talk about this morning.

And let's start, we've been talking to folks all across the country about their concerns, and this is what we found out in our NBC/Wall Street Journal poll. Which concerns—causes you most concern? $3 per gallon gasoline, 45 percent of Americans say that is their number one concern; more than a nuclear Iran, 33; illegal immigration, 26; civil disorder in Iraq, 23. Gas is on people's minds. Who do you blame? Who's responsible for the high gas prices? Oil companies, say 37 percent of Americans; 22 percent say oil-producing nations; 15 say George Bush; consumers blame themselves, 8 percent; federal regulations, 6 percent; U.S. Congress, 4 percent; automobile manufacturers, 2 percent.

Secretary of energy, why has gasoline gone up at the pump 60 cents in a month?

MR. SAMUEL BODMAN: First, oil prices have gone up, Tim. And that's been a, a situation that we've been dealing with over the last, basically, year and a half. The suppliers have lost control of the market and, therefore, demand is, is—exceeds supply, and it's a real issue?

MR. RUSSERT: Why? Why? How have they lost control of the market? Why, why has oil gone up?

MR. BODMAN: The oil has gone up because the suppliers are unable to make the kind of demand to make the flows equal to the demand. So we've got demand coming from China, from India, from the United States. All of this is good because the economies are strong. And so we're getting people out of poverty, we're getting people that are, that are working and doing—and

living better. But the demand is also causing the kind of price spike that we've had. That's one thing. The second piece is that we have a number of factors. We're shifting from winter to summer, gasoline grades, we're shifting from MTBE to ethanol, which has got some dislocations that have caused some, some—I have to believe, have caused some price spikes. We're moving to ultra low-sulphur diesel fuels. All of that is adding to the situation that we now have. I expect the latter to settle down over the next month or two, but, clearly, we're going to have a number of years, two or three years, before suppliers are going to be in a position to meet the demands of those who are consuming this product.

MR. RUSSERT: But a lot of these demands have been ongoing. Are the oil companies exploiting this situation?

MR. BODMAN: The president has, has instructed the Justice Department to undertake an investigation of that. We see no evidence of it, but this is one of those situations where, I guess I would call it trust, but verify and that's what the Justice Department is engaged in.

MR. RUSSERT: Senator Durbin, in your mind, why has gasoline gone up 60 cents per gallon in one month?

SEN. DICK DURBIN (D-IL): I think there are two things, and one that you alluded to in your second question, profit taking by the oil companies. Last year, $110 billion in profit by the oil companies. ExxonMobil leading the pack. That translates into $1,000 for every household in America paid for profits by these oil companies. Four hundred-million-dollar retirement gift for Lee Raymond, the CEO of ExxonMobil. That is part of the problem. And I think it has to be focused on. Secondly, though, we've had a failure in our nation's energy policy. Since President Bush was elected to office, the price of gasoline has virtually doubled. After he signed the Energy Bill last year, home heating cost in the Northeast and Midwest went up dramatically. We saw this coming with MTBE. We knew that there would be a transition over as the MTBE producers were not protected from liability by Tom DeLay's amendment. All of these things were predictable, and yet we didn't prepare ourselves for them. We don't have a sound energy policy and we definitely need one.

MR. RUSSERT: But you voted for more ethanol to be blended into gasoline.

Aren't you partly responsible for what we're seeing?

SEN. DURBIN: I'd vote for it again because that's home grown and that means that domestically we can start to provide for ourselves as Brazil has done so successfully, I'm sure we'll mention on this program. But let's be very honest about this. When we put up the Maria Cantwell Amendment on the floor in the Energy Bill and said America should reduce its dependence on foreign oil by 40 percent over the next 20 years, it was opposed by this administration. Opposed because they said that would force higher CAFE standards, higher fuel economy for cars and trucks. That has to be part of the solution in America. And now the president recently has said he wants to revisit that issue. But that has to be part of any sound energy policy.

MR. RUSSERT: Jim Cramer, you were on the "Imus in the Morning" radio program this week, last week, and said this, and let me share it with our viewers:

"They ought to investigate the Energy Department because they switched over to ethanol without any plan whatsoever to be able to mix ethanol into gasoline. I mean really. I would have the Justice Department call the Energy Department to say, 'We're investigating you.'" What is that about?

MR. JIM CRAMER: I have to tell you, I was shocked. Everyone knew at the distribution, remember, you have to go refining to distribution center, that is very difficult to mix ethanol with, with ordinary gasoline. Ethanol is not ready—we're not ready to have ethanol in this country. And yet we acted as if, "Hey, listen, it'll be no problem whatsoever." I think that 50 to 60 cents of the increase is because we had a bottleneck that should've been, should've been perceived and should've been dealt with well ahead. I think the Energy Department should've known that. I think the Energy Department should have warned us that this was going to happen.

MR. RUSSERT: Mr. Secretary, did you drop the ball?

MR. BODMAN: No. We didn't drop the ball. Listen, first of all, ethanol is easily blended with gasoline. Ethanol—we used four...

MR. CRAMER: That's not true.

MR. BODMAN: We used four billion gallons of ethanol last year in, in our country. It's expanding in its availability by 40 percent this year. So we have a supply of ethanol that I believe will be commensurate with the demands. What we have is a difficulty in, in the transportation, the movement of ethanol throughout our country. Most of it is made in Senator Durbin's home, home state and surrounding areas in the Midwest, and the issue therefore is we need to get ethanol to areas where we need reformulated gasoline which is what ethanol is used for and that is the East Coast, that is the major metropolitan areas in Texas as well as the West Coast. And we've got to have ways of transporting the material there.

MR. RUSSERT: But you knew you were going to have those transportation needs.

Why didn't we prepare for them? Why didn't we plan for them?

MR. BODMAN: I think we have planned for them. This is not something that the Energy Department does. This is a, this is a program that the—those who are in the business of manufacturing ethanol and supplying it, we are reliant upon the private sector to do that. And in my judgment, they've done pretty well.

MR. RUSSERT: Daniel Yergin, you've written about this issue extensively. "The Prize: The Epic Quest for Oil, Money and Power." Why are we witnessing what we are seeing at gas pumps all across the country, 60 cents in one month, and outrage by consumers?

DR. DANIEL YERGIN: Right. Tim, partly what we've—it's the reasons we've heard. But the thing people forget is we're not an island here. We import 60 percent of our oil and in addition to the growth in China and India, we are seeing a slow-motion energy shock spreading across the world, a sort of disruption. All you have to do is look at the front page and look at Iraq, Nigeria, Venezuela and a supply that has not yet come back from the hurricanes and we're missing over two million barrels a day in a very tight market. And now, on top of everything else is a ratcheting up of tension over Iran, which is having a big influence in this oil market.

MR. RUSSERT: Mr. Cavaney, do you believe the Iraq war has affected oil prices?

MR. RED CAVANEY: I think it has. One of the things our companies do is we make sure that we don't put our employees in harm's way. So, as a result of some of the disturbances that are going on there, the technical expertise that can be brought to bear to assist the Iraqis in trying to increase the production from their fields and from their refineries just isn't happening to the extent it should. I'm quite confident, though—they are very resourceful people—that, as, as soon as you can stabilize the civil situation in Iraq, they're going to be able to significantly ramp up their production, but it'll take years and a lot of investment.

MR. RUSSERT: Mr. Secretary, Paul Wolfowitz, the assistant secretary of defense, had said the Iraqi reconstruction would be paid for by oil money, and here we have just heard the head of the American Petroleum Institute saying one of the reasons for the high prices here in this country is because of the war in Iraq.

MR. BODMAN: I think Mr. Cavaney's right. We've had—obviously, the security situation in Iraq has been more difficult than that which had been anticipated in the beginning, and, clearly, it needs to be dealt with. I'm comfortable that we will see, as the Iraqi security forces gradually take control of the situation, that we will see improvements there. But there's no doubt that Mr. Cavaney's right.

MR. RUSSERT: It is interesting reading what politicians are saying on this subject. Here are two conservative Republicans, the speaker of the House, Dennis Hastert, and the majority leader of the U.S. Senate, Bill Frist, in a letter to President Bush. "Dear Mr. President, we respectfully request that you direct the Attorney General and the Chairman of the Federal Trade Commission to investigate any potential collusion, price-fixing or gouging in the sale or distribution of gasoline."

Mr. Cavaney, what do you think of that letter?

MR. CAVANEY: Well, first of all, let me explain that that's one of the typical ways that a politician can react to concerns about this. But over the last several decades, our industry has been investigated over 30 times by federal and state agencies, and every single one of those investigations came out with the same conclusion: We did not participate in anti-competitive behavior, we did not have any collusion, and we were exonerated. I expect any subsequent look and investigation is going to determine the same thing.

MR. RUSSERT: But let's look at some of the things that, that Senator Durbin talked about, specifically with Exxon. And here, I'll put it on the screen for our viewers and for everyone else to see. "ExxonMobil Corp., the world's largest oil company, reported Thursday the fifth highest quarterly profit for any public company in history, posting gains from higher oil prices that were likely to stroke the furor over outsized oil company earnings. ... In January, Exxon posted the highest quarterly profits of any public company in history: $10.71 billion for the fourth quarter of 2005 and $36.13 billion for the full year." That's a lot of profit.

MR. CAVANEY: Well, it is, but not for the size of the company. Something has happened, that Dan alluded to. A couple of decades ago, the global oil market changed significantly where the principal competition out there now is national oil companies owned by foreign governments. That required U.S. investor-owned oil and gas companies to significantly scale up in order to compete with them directly. Those companies have. If you take the percent of profit that they made on top of their sales, what you'll find is we typically come in pretty close to the all-industry average. Last year, we earned 8.5 cents per dollar, the all-industry average for all of the economy was 7.7 cents, so it's right about in the band.

MR. RUSSERT: I think what troubled a lot of people is that, two years ago, a bill was passed to give incentives, tax breaks to the oil companies, to invest. And this is what the Connecticut Post reported, "ExxonMobil Corporation invested only $10 million last year on direct research on alternative energy while reaping a record $36 billion in profits. Meanwhile, it handed its retiring chief executive officer a nearly half-billion-dollar parachute. ... The New York Times reported that recently retired Exxon Mobil CEO Lee Raymond received a $400 million compensation package in his final year." Making that much money, getting taxpayer-funded subsidies, in effect, tax breaks, why wouldn't Exxon invest more in alternative fuel exploration?

MR. CAVANEY: Well, I can't speak to a specific company, but I can tell you what the industry's record did. Over the last five years, U.S. oil and gas companies have invested $98 billion in new technologies, including alternatives and renewables, and that represents 73 percent of the total U.S. investment, which includes all the federal government's money and every other business sector. We are investing in the future. We are tied to the consumer, and our job is to provide them the fuels they need regardless of whatever that fuel is.

MR. RUSSERT: But there seems to be an attitude. This was in the Boston Herald, from one of the largest oil refineries in the country, Valero, and it says here: "Valero [Energy] CEO Bill Klesse boasted this week that 'tighter supplies' of gasoline had helped produce 'outstanding (profit) margins.' And, he said, 'the outlook for the rest of the year is even better.'"

MR. CAVANEY: Again, I can't comment for an individual company. But what I can say, the industry itself doesn't feel that these kind of levels are sustainable, and they're good, because what happens is you have demand destruction. People who rely on these fuels to run their businesses, to heat their homes and all, they, they are going to end up sending jobs elsewhere. So we think what we need to do is, as a nation, we should look at a policy framework to make sure that our broad policies are consistent with the world that we operate in today, which is very, very different than 20, 30 years ago, when the last time we really looked at the whole broad policy and made some major changes.

MR. RUSSERT: Mr. Secretary, if, if demand is up but supply is down, why are the profits so high?

MR. BODMAN: For that reason.

MR. RUSSERT: No, think about that.

MR. BODMAN: You know?

MR. RUSSERT: Play it out.

MR. BODMAN: Demand is up.

MR. RUSSERT: Correct.

MR. BODMAN: Right?

MR. RUSSERT: Right.

MR. BODMAN: So you've got more demand, you're going to force price up.

You've got, you've got limited supply, and you're going to have...

MR. RUSSERT: But that's a decision by the oil companies.

MR. BODMAN: No, it is not. That is a decision—those are—oil is traded every minute of every day, and it's traded basically 24-by-seven. And it's, it is determined in marketplaces in New York and London and Tokyo, all over the world. That's the, the—the oil companies do not determine the price of oil; the producers determine the price of oil.

MR. RUSSERT: They determine, they determine, help determine the price at the pump. And if the, if their profits are going up, they have made a decision to add on the cost at the pump at such a level to guarantee higher profits.

MR. BODMAN: That's—look, the, the president has made, has made a, a—has given instruction to the Justice Department to investigate exactly that. And so that's what is ongoing. That's the question you asked Mr. Cavaney, and we are—we will see whether, in fact, that is the case.

MR. RUSSERT: Jim Cramer, you are renowned capitalist. What do you think of all this?

MR. CRAMER: Valero was able to buy its largest competitor; the government looked the other way. Valero is running its refineries, though, 105 percent of the time. They're 'round the clock. We have 100--we have 140 refineries in this country; we had 350 refineries 20 years ago. We

have a huge refinery problem, and you can't build them. And it's not a federal government issue. It's a local government issue because no one wants a refinery next to them.

MR. RUSSERT: So what we have is lack of refining capability...

MR. CRAMER: Right.

MR. RUSSERT: ...an increased worldwide demand, ethanol being added and blended in...

MR. CRAMER: Without preparation.

MR. RUSSERT: ...and do you believe the oil companies have been adding on a little bit extra profit?

MR. CRAMER: I, I think if they could drill they would drill. If they could refine more, they would. These are companies that are run for the shareholders, but they're run to be able to produce as much oil as we can possibly use. They want to do that. Lee Raymond, he, he generated $67 billion in profits for his shareholders. I think that that's a reasonable return, $144,000 a day. Katie Couric makes $85,000 a day. What value has she created vs. 67 billion by Lee Raymond?

MR. RUSSERT: Well, to the "Today" show and to the millions of viewers?

DR. YERGIN: Greenlighted to our morning...

MR. RUSSERT: You leave Katie alone. At least till the end of May.

MR. CRAMER: She plays for another team now, so...

MR. RUSSERT: Senator Durbin?

SEN. DURBIN: Am I the only one of your guests here that think that profit taking is a problem? I mean, I understand the basic laws of supply and demand. I understand that if the input costs have gone up, it's going to reduce your, your profitability. But here we have the most enormous profits in the history of the United States of America in business. The equivalent of $1,000 per household in America for profits. All of the market factors you described may suggest that the product is going to be more expensive to sell, but they don't forgive what I think is an outrageous profit taking by this industry.

And let me also say to Mr. Cavaney, to suggest that these are average, average profits—they're the largest profits in the history of American business. And to suggest that Mr. Lee Raymond's retirement gift is an average gift of $400 million for his service to the company? That's $3 for every household in America that they paid for Mr. Raymond's going-away gift.

MR. RUSSERT: Do you have any evidence of collusion or gouging?

SEN. DURBIN: Here's the problem we run into. Look, let me go back to an earlier point. For the past several decades, as we've just heard here from Mr. Cramer, there's been a consolidation of this industry. There are now five majors. They have swallowed up all of the competition, and they're the five big players. The Department of Justice antitrust division has watched as thousands of these mergers have taken place, with hardly a whimper. And now we have a situation where they are in control. Competition has lessened in terms of our own domestic oil industry, our own domestic energy. And I think that is a fact, too.

Is there collusion? Not until we have an aggressive investigation. And I might also add that when we suggested—the Democrats suggested in Congress making price gouging a federal crime, it was opposed by the Republicans. We think that this has to be taken very seriously if consumers are going to be protected.

MR. RUSSERT: Mr. Yergin:

DR. YERGIN: I think I'm in the "yes, but" role here. We're back in this island of what we have to look at is what's happening in the rest of the world. The American oil companies only produce—they produce less than 10 percent of the total world oil. That most of it is produced by state-owned companies. So what happens in terms of future supplies has a lot to do with what President Chavez of Venezuela decides to do in terms of investment.

And when we look at refining, refining went down because we had a lot of these tea kettle refineries that were created for—under a system of price controls. But I was looking at the numbers yesterday. The refining capacity, which is what really counts, not the number of refineries, is up about 15 percent in the last 12 years. So it's as though we've built eight or nine new refineries but they're not at greenfield, they're on existing sites because that's the only place you can do it.

MR. RUSSERT: Another Republican suggestion, this one from Arlen Specter, the chairman of the Judiciary Committee, and I'll read it for everyone here on the screen. "Republican Senator Arlen Specter said the U.S. Congress should consider taxing the 'Windfall profits' reaped by oil companies as a result of surging crude oil prices.

Specter, and other lawmakers are responding to what they say is rising voter anger over gasoline prices."

Mr. Secretary, should the government have a windfall profits tax on the oil companies and target that money for exploration of alternative fuels?

MR. BODMAN: First of all, this administration is doing everything that it can do to deal with both short and long-term issues related to the energy situation. That's point one. Point two: There are certain things we know that don't work and windfall profits tax is one of them. That was tried 30 years ago, it did not work. It resulted in reduced production. We have—you know, we have prima facie evidence of that. And to me, that proposal does not hold water.

MR. RUSSERT: What do you think?

MR. CRAMER: It doesn't create any more oil, it just doesn't. Nor does the $100 rebate create more oil, nor does a hydrogen program we've spent to create more oil. We're a carbon-based economy, Tim. We got to create more oil.

MR. CAVANEY: The last time was tried that windfall profits tax we lost $1.6 billion barrels which was then had to be imported and almost one-third of the total work force of the industry left.

DR. YERGIN: I'd like to see the focus on investment. When you look at what's required, something like $17 trillion of investment around the world for energy in the next 25 years, that's where I think the money needs to go.

MR. RUSSERT: Senator Durbin:

SEN. DURBIN: I guess I'm the only one at the table to disagree. Let's get down to the basics here. The Bush administration has asked for tax breaks, $2 billion in the last Energy Bill, and protecting existing subsidies for oil companies, which are at this point in time experiencing the largest profit in their history. They are engorged with profit and when Senator Wyden goes to the floor and says, "Isn't it time that we reduced the subsidy to the oil companies who are drilling on federal lands," it's opposed by the Republicans and the administration. I mean, the bottom line is this: If you do not tax these corporations at this level they will continue to run up the profits to sky heavens.

I don't know where it ends. And they're saying as much, this year maybe better than last. And it means that consumers will continue to be victimized unless they feel that ultimately they're going to have to pay some of this money back. I'd like to see it come back. Rebates directly to consumers who've paid the price for this, but also investment. Investment in promoting energy independence and promoting new sustainable, renewable technologies. Businesses creating new jobs and good-paying opportunities for America with new technologies. And, Tim, we've done it before. Between 1975 and 1985 we got serious. We dramatically increased CAFE standards, we reduced our dependence on foreign oil by 30 percent over that 10-year period of time and our economy expanded at the same time. That's when California took off and became a national leader in terms of their cars and their, their conservation of energy. We need the same kind of leadership in America. We need a new direction. The direction we've been going in for an energy policy is disastrous.

MR. RUSSERT: I'll give you a chance to respond.

MR. BODMAN: The senator's too smart to believe what he just said, if I may say. The—this, this president has led in terms of getting an Energy Bill passed, which was a year ago, has made a proposal and has now demanded an investigation. We're working on—have asked the Congress for the, the permission from Congress for the Transportation Department to undertake a look at the CAFE standard. We asked for that in 2002. There was no...

MR. RUSSERT: That's miles per gallon. Miles per gallon. Sorry.

MR. BODMAN: No—yes. Miles per gallon. What are called CAFE standards. We're also working on increasing supply, or at least have asked to. The president has suspended the, the reintroduction of oil into the strategic reserve and has asked for ANWR.

MR. RUSSERT: Yeah, but stop, let me ask you about that.

MR. BODMAN: Yes.

MR. RUSSERT: Because after Katrina we drove down on that strategic petroleum reserve fund.

MR. BODMAN: Right.

MR. RUSSERT: And we've been repaying it. Putting it back in there.

MR. BODMAN: Right.

MR. RUSSERT: Putting it all back in there in case there's a crisis. I remember back in 2000 when it was Al Gore vs. George Bush running for president of the United States.

MR. BODMAN: Right.

MR. RUSSERT: And Al Gore recommended that Bill Clinton draw out of the strategic petroleum reserve.

MR. BODMAN: Right.

MR. RUSSERT: And this is what candidate Bush had to say about it back then.

Let's watch.

(Videotape, September 21, 2000):

PRES. GEORGE W. BUSH: Today, my opponent, in response to public outcry, proposed that our nation tap into the strategic petroleum reserve. That's bad public policy. The strategic reserve is an insurance policy meant for a sudden disruption of our energy supply or for war. Strategic reserves should not be used as an attempt to drive down oil prices right before an election. It should not be used for short-term political gain at the cost of long-term national security.

(End videotape)

MR. RUSSERT: Isn't that exactly what the president is now doing?

MR. BODMAN: Tim, this, this president has been very consistent in his, in his application and management of the strategic reserve. We have not used the reserve for interruptions in supply.

We have been asked by the Democrats when oil was $60 a barrel to remove oil from the reserve and put it into the marketplace in order to drive prices down. We declined to do that. Now we have oil at $75 a barrel. You know that the, the movement of prices is a function of the, the supply and demand as we've already talked about and it is not something that is, I think, going to be meaningfully affected by whatever happens to the strategic reserve. He has taken the position at this point in time to suspend the, the repurchase until the fall after we get through the driving season. So I, you know, it's a, it's a modest effort, it is a symbolic effort, but it is something that I think may help.

MR. RUSSERT: In all honesty, it's a political effort before the midterm elections.

MR. BODMAN: I think it's not. I wouldn't call it a political effort. I would say that it's an effort to, to affect the, the supply of gas, of oil in the, in the system and to, and to make a contribution to the reduction of price.

MR. RUSSERT: But his standard was a crisis or a war. We don't confront any of those at this moment in terms of the oil supply. This was a reserve in times of real crisis. And we've stopped putting oil into it in order to affect the market price during the driving season. You just said that.

MR. BODMAN: Tim, Tim, the, the—we're here today. I would say that there's evidence, there's, there's apparently some evidence that we have a crisis. There is a lot of concern about this. And so the president is looking at everything, every tool at his disposal to put to work on it. And so, you know, I'm not embarrassed by that and I think it's the right thing to do.

MR. RUSSERT: You think that the president's action is consistent with his campaign pledge in 2000?

MR. BODMAN: I think that that was 10 years ago or nine years ago, whenever it was, and it was some, it was—times are different and the situation has changed. Fundamentally, this reserve, the strategic reserve, has not been used for the purposes other than trying to deal with disruption. And so we have been very conservative in the use of it and I think that stands this country in very good stead.

MR. RUSSERT: But you said we are in a crisis.

MR. BODMAN: I believe that there is—there are those who would call it that.

MR. RUSSERT: Would you call...

MR. BODMAN: The fact, the fact that we are here today.

MR. RUSSERT: Do, do you call it a crisis?

MR. BODMAN: I would call it that, yes. I think that there is great concern. You, you started out, you started out with the suggestion that it's the number one issue on the minds of the

American public. It's something this president takes very seriously. It's something the entire administration takes very seriously. And, you know, we're doing everything we know how to do to deal with it that works. Not the things that we know for a fact do not work.

MR. RUSSERT: Senator Durbin, the Democrats, Al Gore urged Bill Clinton to tap that reserve. Democrats have, and the secretary's right, urged the president to tap into it. Now that he is withholding some oil and trying to hold prices down, Democrats are criticizing him for doing just that.

SEN. DURBIN: The reserve's almost full. The amount that's going to be withheld is going to have no measurable impact on price in the market. I think those of us who've looked at the reserve in the past have also looked at the, the impact of these oil prices. I'm from the state of Illinois. We're proud to have Chicago's hometown airline, United. They just went through bankruptcy. And if you ask the CEO, Mr. Tilton, what was the major driving factor, he said it was the price of fuel. Price of fuel drove them to lay off thousands of people, to force others to take massive wage cuts, to cut back on the retirement benefits of thousands of people as well. It's impacting agriculture, it's impacting taxi cab drivers. You name it. Average families feel it. And now what we're saying is, "Mr. President, last August you signed your Energy Bill. Your Energy Bill didn't serve America well." We need a new direction."

We can't do more of the same. We have to step out and look at this problem anew. And to hear, as some said earlier, we are a carbon-based economy, it's true. But let's be honest, there's an environmental impact here as well. As I mentioned to you earlier, Al Gore was—made a presentation yesterday about the impact of global warming as we burn all this fuel. We should be moving toward more conservation, more fuel economy, more efficiency, ways to fuel our economy that won't destroy this Earth in future generations.

MR. RUSSERT: We're going to take a quick break and come back and talk about consumers. We have to look in the mirror and find out what are we doing, and where do we go in the future to become energy independent in the United States of America. We'll be right back.

(Announcements)

MR. RUSSERT: More of our special edition of MEET THE PRESS, gasoline prices, after this station break.

(Announcements)

MR. RUSSERT: And we're back. Daniel Yergin, let me quote again from you. "Every president who has problems with energy learns that there is not a lot you can do in the short term. The system is overstressed ... and the truth is most of the solutions are medium-term or long-term. What counts in the short-term is demand, he said, noting that prices retreated when consumption dropped amid the price surge that followed last year's hurricanes. For immediate effects, Yergin said, it's really not what the administration does - what really matters is what consumers do."

DR. YERGIN: Well, first thing, of course, it's very painful for an awful lot of people, but they respond, they change how they drive, who they drive with, they switch to mass transit, and lo and behold, you start to see the demand coming down, and that takes some of the pressure off price. And we're in a situation as we look to the summer is if we don't have anymore disruptions, if we don't have problems with Iran get out of hand, we could actually see gasoline prices lower. But there's a lot of risk in the market, so you asked a very good question about "What happens if the prices go higher?"

MR. RUSSERT: Tom Friedman suggests and hopes that oil will go to $100 a barrel, because he thinks only then...

DR. YERGIN: He's not running for office is he?

MR. RUSSERT: But he thinks only then will American consumers and political leadership and, and industry leadership get the message and say, "You know what? We have to do something different. We have to get off oil and change our behavior and change our habits."

DR. YERGIN: Well, it seems to me that we're already seeing that change. I think there's an embrace of conservation efficiency across the board in a way that there hasn't been for a number of years. And certainly the movement towards renewables, alternative, diversifying the gasoline pool, I think we are at a turning point as it is now.

MR. RUSSERT: Let me go back to the State of the Union Address, this is President Bush, January 31, 2006. Let's watch.

(Videotape, January 31, 2006):

PRES. BUSH: Keeping America competitive requires affordable energy, and here we have a serious problem, America is addicted to oil.

(End videotape)

MR. RUSSERT: Mr. Cavaney, you agree with that?

MR. CAVANEY: We're addicted to oil, if you want to use that term, because hydrocarbons, which is oil, coal, natural gas, have a lot of energy content, the most energy content per volume, about 30 percent more than, let's say, alcohol, which is what ethanol is. But the industry is working very hard, we worked together with the agricultural interests to come to—with a historic pact in the year 2001 to go to Congress to put together a program that would gradually incorporate alternative fuels, like biodiesel and ethanol, and we're well along the path to the 2005, 2006, 2007, each year it's going to be a bit more, and by 2012 we'll have at least 7.5 billion gallons of ethanol alone included in our national gasoline pool.

MR. RUSSERT: Mr. Cramer, if these gasoline prices keep going up, what's it going to do to our economy? The airline costs, the pizza deliverer, the cab driver, everybody—the consumer is going to be affected in a very negative way.

MR. CRAMER: Should be. But the consumer's shockingly resilient. Yesterday, Wal-Mart, 100 million shoppers in America go there every single week, 6.8 percent increase in comparable store sales over last year. Remarkable. The highest that Wal-Mart has had in many years. It shows me that the consumer, and that's the month of April, consumer is not being impacted as much as you would think.

MR. RUSSERT: Let me show you something from The New York Times about Brazil. And this is quite striking and I think a lot of the country will be surprised by this, and I'll put it on the screen. "With Big Boosts From Sugar Cane, Brazil Is Satisfying Its Fuel Needs. [Brazil] expects to become energy self-sufficient this year, meeting its growing demand for fuel by increasing production from petroleum and ethanol. Already the use of ethanol, derived in Brazil from sugar cane, is so widespread that some gas stations have two sets of pumps, marked A for alcohol, G for gas. ... Today, less than three years after the technology was introduced, more than 70 percent of the automobiles sold in Brazil ... have flex fuel engines [that run on both ethanol and gasoline] which have entered the marketplace generally without price increases." Here's Brazil, South America, automobiles, flex fuel at the same costs people can buy gasoline-fueled automobiles, and they're using sugar cane grown in Brazil...

MR. BODMAN: Right.

MR. RUSSERT: ...to fuel the cars. How can Brazil do it and not us?

MR. BODMAN: Brazil is a good model. I—the—all I can—that's all—you know, that's all I can say, Tim, Brazil is a good model. And that's exactly what we're trying to do. That's why their—the increase in use of corn for, for generation of ethanol, that's why the president has increased by 50 percent the amount of research that is being done out in our Colorado laboratory, so that we can create ethanol using cellulose, using more...

MR. RUSSERT: How much is he spending—how much are we spending?

MR. BODMAN: We're spending $150 million.

MR. RUSSERT: That's it?

MR. BODMAN: We will be spending—but that's what we need—that's what we need.

MR. RUSSERT: There's a company in Idaho that wants to use wheat chaff for cellulosic ethanol...

MR. BODMAN: Right.

MR. RUSSERT: ...and they're being told they can't get any federal money.

MR. BODMAN: I don't know about the name of it, but the—I can't—you know, I can't deal with that. I can't...

MR. RUSSERT: Is that enough money to spend on something that should be, in, in many people's minds, the equivalent of a Manhattan Project? Let's get off oil? Is $150 million enough to do that?

MR. BODMAN: I think that the, the—there is a tendency in this town, Tim, to equate volume of money with progress. This is a 50 percent increase in what we're doing. We've done very good work in the laboratory and we're expecting to be able to look at other feed stocks. This is the idea of producing ethanol using something other than food, a food material, either sugar cane or corn, something that's cheaper, and wood chips or, or switch grass or other kinds of materials like that. And we think that we're going to be in, in a good position. The, the, the whole question about pace and speed—this is a research project. This is something that takes time. It is not something that is going to be a function of how much money is spent.

MR. RUSSERT: But if Brazil has done it and done...

MR. BODMAN: Yes.

MR. RUSSERT: ...it relatively quickly...

MR. BODMAN: Yes.

MR. RUSSERT: ...why can't we do it quickly?

MR. BODMAN: Brazil manufactures ethanol using sugar cane. Our sugar is much more expensive than sugar cane in Brazil and now you're getting into agricultural policy related to the Ag bill, and it's a different matter.

MR. RUSSERT: So how long before you think that we will be off of oil and onto ethanol?

MR. BODMAN: Well, we will be in a position over the next three or four years, I believe—and again this is a function of research. It takes time to, to, to figure this out, but where we will have designed the enzymes and we will be in a position that we can then start the conversion. You first have to determine what the enzymes are before you can then start to expand and build these plants all over America. And it's going to be something that would not just be in the Midwest, but would be in the East Coast and the West Coast where these grasses are, are available.

MR. RUSSERT: Daniel Yergin, can this country do what Brazil did and convert itself from...

DR. YERGIN: Well, it took Brazil 30 years to do it. It took three years to convert the cars, but 30 years to do it and Brazil's gasoline consumption is about 3 percent of ours. We have to remember the scale. I think that we will see more ethanol in, in our fuel thing. The key thing, the holy grail, the breakthrough is can you take this waste product and turn it in to fuel? And I look

around and not only government spending, but see a lot of private venture capital money trying to unlock the key to that mystery.

MR. RUSSERT: Mr. Cramer, do you believe that the United States can convert from oil to ethanol and other byproducts?

MR. CRAMER: Well, I would tell you that why don't we start by waving the 50 cent tax we put on the Brazilian ethanol to protect our own people? Why don't we do that now instead of giving 100 bucks back. Make all these noises. Why don't we just stop the tax?

MR. RUSSERT: So import Brazilian ethanol?

MR. CRAMER: Well, it's only because the government refuses to waive the import...

MR. RUSSERT: Senator, can you go along with that? It's going to hurt your farmers?

SEN. DURBIN: I'll tell you why we won't do it, the same reason Brazil didn't do it. They had to build their indigenous domestic industry and so they didn't allow ethanol to come in from other countries. We are now building our indigenous ethanol industry. All over Illinois, all over the United States.

MR. CRAMER: But in the interim why not just waive it?

SEN. DURBIN: In the mean...

MR. CRAMER: Why not make it cheaper for America?

SEN. DURBIN: At this point in time, I tell you there is a boom now and opportunities for these ethanol production facilities. I want to see that happen. You know why? Because in downstate, small town America, that I represent as well, these are the best job opportunities they can find. These are business opportunities in communities that have otherwise almost given up. They have a chance now. And if you're going to allow us to become, allow this import of fuel from Brazil we may find ourselves as dependent on foreign ethanol as we are today on foreign oil.

MR. RUSSERT: Senator, in order to continue this drive you're concerned about global warming, you're concerned about oil and carbon gases and things, would you be willing to expand nuclear power in the U.S.?

SEN. DURBIN: I have trouble with that because I—we still have not resolved what we're going to do with the waste from these nuclear power plants. I just went to Braidwood Nuclear Facility outside of Chicago. Still serious problems with environmental issues that threaten the village of Godley, Illinois, directly in the, in the shadow of this plant.

MR. RUSSERT: So you would take oil and coal over nuclear?

SEN. DURBIN: Well, at this point, I think that we have to see other alternatives. There are sustainable and renewable sources as well. You know, I drive a hybrid car at home. My wife and I, we bought a Ford Escape hybrid. I think it's a move in the right direction. We need to promote more hybrid vehicles, more electrical-powered vehicles. We need to move away from this carbon consumption that could endanger this planet we live on. I think it's sustainable and renewable fuels. Also looking for more efficient ways to use the vehicles we have today.

MR. RUSSERT: Do you think you will one day head up the American Ethanol Institute?

MR. CAVANEY: Well, we look forward to using more biofuels, more ethanol, but we have to also square with some of the facts. There's a huge amount of use of oil and natural gas in order to make ethanol. So ethanol doesn't come to you free from nothing. So we have to use about 80 percent to as much of 95 percent of the energy just to get a gallon of ethanol. It has a proper place, but the big breakthrough is going to come when cellulitic ethanol comes. And the difference between the two: you need one set of enzymes—if your raw material is just sugar cane you need one set if it's just ethanol. But if you're going to use everything: yard debris, wood chips and all of these, you need a very complex mixture. But that is where the real breakthrough opportunity may well be, Tim.

MR. RUSSERT: And the oil companies are willing to convert to that kind of fuel?

MR. CAVANEY: We, we have already started to incorporate—four billion gallons are already being used right today as we speak, and we're going to continue to be able to use more. We're in the process of serving the consumer, and what we've always done is try and find the lowest affordable price. And if ethanol can be competitive, we're going to use more of it. This past year, ethanol was more expensive than gasoline almost every single month.

MR. RUSSERT: Daniel Yergin, based on all your study and research, what do you believe has to be done in the next decade in the United States of America regarding energy, and what do you think will be done?

DR. YERGIN: I think we need a broad range. It's technology, it's research and development, a very broad range, very intensive to do it. I think we see a lot more momentum now to, to have it happen. And despite the differences we hear here, around this table, there's actually a lot of consensus on what the elements are. So I think that the...

MR. RUSSERT: What are the elements?

DR. YERGIN: Well, the elements are A: a lot more efficiency, and that means automobiles, transportation. And how do you get there? It's either regulation or tax or price, but some way it's going to happen. And then I think it's a kind of continuing to diversify what goes into the gas tanks, what we use for energy, and I think as you look around the world, and you see the problems around the world, and the, the risks above the ground, you see a sense of urgency about that.

MR. RUSSERT: Do you believe we become, can become energy independent in a decade?

DR. YERGIN: No, I don't think so. I think that we've gone from importing a third of our oil in the 1970s to importing 60 percent, but we're going to be importing more natural gas. So I don't think energy independence—I mean, it's a, it's a, it's a motivator, but I don't think it really describes our situation. The question is how do we manage the fact that we're part of this global market in energy?

MR. BODMAN: But the first step, if I may say, is to take the pressure off that market. And that's what ethanol will do, even in more modest quantities. It will start to take the pressure off oil markets. That's where the issue is.

MR. RUSSERT: But if you look at the world in which we live, and where the United States gets its oil, we've already talked about it, the Iraq war, limiting production from Iraq; the situation with Iran; in Venezuela, Mr. Chavez not particularly fond of the United States.

MR. BODMAN: Right.

MR. RUSSERT: Saudi Arabia could topple tonight and we wouldn't be surprised. We could wake up tomorrow, and oil could be 100, $150 a barrel with the right set of circumstances, all working against our national interest. And what would that do to our economy and way of life?

MR. BODMAN: It would be, it would be a real problem. It would be a very time to—it would be a very bad time to be the secretary of energy, I can tell you, I can tell you that. As, you know, as Dan has...

MR. RUSSERT: Do you worry about this?

MR. BODMAN: Of course we worry about it. Of course we worry about it, all the time. That's what I, that's what I do, that's my job is to worry about it. And, you know, as, as, as Dan said, I think that, that the issues are trying to focus on the renewable problems, trying to focus on issues that, that we can deal with in a reasonable period of time. But this is not—this has been a problem that has taken three decades to be created, and it's going to take a number of years—this is a huge industry, the scale...

MR. RUSSERT: Realistically, Mr. Secretary...

MR. BODMAN: Yes.

MR. RUSSERT: ...how long before we could be energy independent?

MR. BODMAN: I think that the president's instruction to us is by 2025, in 19 years, that we would have five million gallons a day of renewable energy, of ethanol in the marketplace to give—to, to square that with you, that's about, that's about 25 percent of what we use today, probably 20 percent of what we will use at that time.

MR. RUSSERT: Doable?

SEN. DURBIN: It's doable, I think. To reach a point of 40 percent reduction over 20 years, which was the Democratic position on the Energy Bill is doable. It means making a commitment to doing some things we're not doing, promoting energy independence and energy technology development that is environmentally responsible.

But it also means two other elements we shouldn't overlook: punishing profiteering. All the market forces not withstanding, if the oil companies still insist on these outrageous profits, the consumers will lose and the American economy will lose.

MR. RUSSERT: To be continued. Thank you all.

We'll be right back with our MEET THE PRESS MINUTE from three decades ago, talking about high oil prices with an oil company executive. Right here on MEET THE PRESS.

(Announcements)

MR. RUSSERT: And we are back. Nearly three decades ago, MEET THE PRESS was focusing on, you guessed it, the energy crisis, big oil and profit margins.

(Videotape, April 24, 1977):

MR. ROBERT NOVAK (Chicago Sun Times): You have led into what I think is the, is the great philosophical point confronting the oil industry and that is you have painted perfectly the importance of increasing production as a matter of national security and national interests. Since we're talking about sacrifice and everybody is being called upon to sacrifice, is it possible for the oil industry to sacrifice some of its huge profits and dig a little more oil even though there may not be the incentives that perhaps you want from the government?

MR. SWEARINGEN: in the first place, I don't agree with your figures about huge profits. I think you are parroting here the kind of things that you hear from the left wing element of this country.

MR. NOVAK: But they've gone up since OPEC, haven't they?

MR. SWEARINGEN: Oh, yes, they have gone up and I think if you'll read the papers this morning you will find that the profits of other companies have gone up, too, and this is largely as a result of the depreciation of our money here in this country and not as a result of any major price increase.

MR. ROBERT BAZELL (NBC News): Mr. Swearingen, you said a little while ago that only the left wing elements could say that the oil companies were making huge profits. And I think that many people would find that remark rather incredible. One only has to look at Wall Street figures to see the kinds of profits you're making. Isn't it true that most of your big profits are in production and that a lot of—that in refining and retailing sort of brings that down, but that you do make extraordinary profits in production?

MR. SWEARINGEN: No. I disagree with your numbers or your analysis of the numbers. I'll have to repeat, again, that the absolute aggregate numbers are reported on a worldwide basis and must be related to the capital employed in the business which you have chosen to ignore. The second thing is the profit in the production end of the business is larger on a basis of the capital invested than the profits in the refining and marketing part of the business. This is due largely to the intensely competitive nature of gasoline marketing which any automobile driver can see as he drives down the street.

(End videotape)

MR. RUSSERT: And our viewers should know we did invite the representatives of the major oil companies, Shell, Chevron, BP, ExxonMobil, Sunoco and ConocoPhillips to be with us today. They declined. We hope they will join us in the future.

How about that populist reporter, Bob Novak? We'll be right back.

(Announcements)

MR. RUSSERT: A reminder of two great resources on msnbc.com. Sign, sign up for our weekly MEET THE PRESS newsletter. Each letter—each Friday you can find out who'll be meeting the press on Sunday delivered free via e-mail right here on your computer. Subscribe, our Web site: mtp.msnbc.com. Also, NBC's ground-breaking political blog, First Read, has expanded its coverage and is now updated with breaking news and analysis throughout the day. Check it out, firstread.msnbc.com.

That's all for today. We'll be back next week. If it's Sunday, it's MEET THE PRESS.

ABC – THIS WEEK

STEPHANOPOULOS: This week, Washington goes wild on gas prices. And the White House gets tough on Iran.

(BEGIN VIDEO CLIP)

GEORGE W. BUSH, PRESIDENT OF THE UNITED STATES: The Iranian government's intransigence is not acceptable.

(END VIDEO CLIP)

STEPHANOPOULOS: We'll tackle those issues with our headliner, Secretary of State Condoleezza Rice.

Then, is big oil to blame for the pain at the pump? That debate with the oil industry's top lobbyist, former Senator Bennett Johnston, and one of its chief critics, Senator Charles Schumer.

George Will, Fareed Zakaria, Claire Shipman and Jay Carney of Time magazine debate the week's politics in our roundtable.

Plus, George Clooney, reporting on genocide.

(BEGIN VIDEO CLIP)

CLOONEY: They've poisoned the wells in every town they go into. They don't want the land; they just want to cleanse everyone.

(END VIDEO CLIP)

STEPHANOPOULOS: And a special presidential Sunday Funnies.

(BEGIN VIDEO CLIP)

BUSH: Ladies and gentlemen, I'm feeling chipper tonight. I survived the White House shake-up.

(END VIDEO CLIP)

STEPHANOPOULOS: Good morning, everyone. We begin today with the secretary of State, just back from another whirlwind tour. If it's Sunday, it must be Washington.

RICE: It must be Washington, finally.

STEPHANOPOULOS: Let's begin with Iran.

Since the IAEA, International Atomic Energy Agency, filed their report on Friday against Iran's nuclear program, they've made two moves over the weekend, at least two announcements.

One spokesperson said they're willing to accept spot inspections of their facilities. Another said they're willing to talk about this proposal that the Russians have put on the table about having enrichment of uranium take place in Russia, not Iran.
Are these substantive proposals or stalling tactics?

RICE: Well, we have heard from Iran -- every time they get close to a Security Council decision, there is some effort to say, oh, no, we really were in fact interested in that proposal that we rejected just a few weeks ago; or no, now, the IAEA can come.

They've had plenty of time to cooperate...

STEPHANOPOULOS: So they're playing games?

RICE: I think they're playing games. But obviously, if they're not playing games, they should come clean; they should stop the enrichment, suspend the enrichment.

They should answer the list of demands that were in the IAEA Board of Governors' resolution and in the presidential statement of the Security Council.

And then they can get back to negotiations. So the path for Iran is very clear. And the path by which they could get civil nuclear energy is also very clear.

STEPHANOPOULOS: Meanwhile, the United States is going to start on the path toward sanctions in the U.N. Security Council this week, start talking to the allies.

Former Secretary of State Colin Powell was in London this morning, talking about that. And he said there's very limited sanctions that are really possible right now. And he went on to say this.

(BEGIN VIDEO CLIP)

COLIN POWELL, FMR. SECRETARY OF STATE: The Iranians have looked at this very carefully. And they have examined their situation and they've decided to go forward, even in the face of potential sanctions, which suggests to me that they have pretty much decided that they can accept whatever sanctions are coming their way.

(END VIDEO CLIP)

STEPHANOPOULOS: Is he right?

RICE: Well, we'll see because I do know, also, that the Iranians are doing everything that they can to get this out of the Security Council.

One of the things that they said is, let's put this back on the IAEA; this really doesn't belong in the Security Council; which suggests to me that they are indeed somewhat concerned that the Security Council might move to the kinds of measures that could further isolate Iran.

STEPHANOPOULOS: Russia and China still aren't there. RICE: Well, we're going to take this one step at a time. The undersecretary for political affairs, Nick Burns, will be traveling this week to talk with the political directors about how we move forward.

We can't just go back and have another presidential statement. So it's likely that we will try to move to a Chapter 7 resolution, which is a resolution in the U.N. that compels behavior from a member state.

At that point, we can then look to see what measures might be taken. But the international community's credibility is at stake here. And we have a choice, too. We can either mean what we say when we say that Iran must comply or we can continue to allow Iran to defy.

STEPHANOPOULOS: In that interview, Secretary Powell also said that, before the Iraq war, he advised the president and his military advisers to put more troops on the ground.

When you were in Britain a couple weeks ago, you were speaking figuratively, but you said we've made a thousand mistakes before. Was that one of them, not following Secretary Powell's advice?

RICE: The president listened to the advice of his advisers and ultimately, he listened to the advice of his commanders, the people who actually had to execute the war plan. And he listened to them several times.

When the war plan was put together, it was put together, also, with consideration of what would happen after Saddam Hussein was actually overthrown.

And General Tommy Franks, of course, through Secretary Rumsfeld, made a proposal to the president for the right number of troops for the plan. And that's what he followed.

STEPHANOPOULOS: You were in Iraq this week with Secretary Rumsfeld. And there is talk now of troop reductions, troop withdrawals.

After you left, the Iraqi national security adviser, Mowaffak al- Rubaie actually laid out a conditional timetable for withdrawal. I want to show you what he said.

(BEGIN VIDEO CLIP)

MOWAFFAK AL-RUBAIE, IRAQI NATIONAL SECURITY ADVISER: By the end of this year, the number of multinational forces or coalition forces probably will be less than 100,000.

By the end of next year, the overwhelming majority of the coalition would have left the country. And probably by the middle of 2008 there will be no foreign soldier in the country.

(END VIDEO CLIP)

STEPHANOPOULOS: No foreign soldiers in 2008. I know you've said and the president has said that any withdrawals are going to be based on security conditions, but how realistic is that timetable?

RICE: Well, we talked with the Iraqi leadership during this recent trip last week, and they want to be able to take responsibility for their own security, and we want them to be able to take responsibility. They recognize, though, that their security forces are not quite ready. Their security forces are...

STEPHANOPOULOS: So that's a little too optimistic.

RICE: Well, I don't know if it's optimistic. Let's get their security forces ready. Let's see what they're capable of doing. They are taking more territory themselves. They are taking on more

responsibility, for instance, for the highway between the airport and the international zone, which they've done in some ways better than we did. They've been able to secure it better than we did.

So we will take this a step at a time. The president has made very clear that he's going to listen to his commanders for what troop levels are needed. We're going to train Iraqi security forces as rapidly as possible. And most importantly, we're going to continue to put this in a political context in which the Iraqi government drains support for insurgency by the fact that they are indeed a national unity government. And those elements together should allow more responsibility to Iraqis and less responsibility to coalition forces over the next several months.

STEPHANOPOULOS: What's going to trigger, though, the first reductions, this next plan of 30 or 40,000 troops? What's it going to take? Will simply forming a government be enough?

RICE: Oh, I think forming a government is an important step, but we also have to look at the security situation on the ground. Now, we're doing different kinds of things than we were doing earlier in this conflict. The training of security forces is one of the most important things that our forces are doing on the ground.

We are still doing some as we would call it kinetic or active military operations against the terrorists as we did just the last couple of days in Ramadi. But more and more, Iraqis are taking a lot more responsibility for patrols, taking a lot more responsibility for security in places like Baghdad.

When I actually had to travel the road during my previous trip to Iraq because of weather, you notice that there are Iraqi forces, Iraqi soldiers along those roads, and so I think that everybody wants to make sure that what we're doing is matching the forces to the conditions and to the demands on the ground.

STEPHANOPOULOS: Let's talk about the situation in Darfur, the Sudan. You and the president described it as a genocide. The U.N. reported this week there have been 200,000 more refugees just in the last couple of months. Rallies all across the United States today to focus more attention on this issue ,and there's a deadline for the peace talks.

I know that you and the entire government have been frustrated for some time that you haven't been able to get an agreement on a peacekeeping force. The Sudanese government hasn't agreed to that. Is it time to take more forceful action?

RICE: Well, we are taking forceful action in really pressing the case now that U.N. Forces, a U.N. blue-hatted mission is going to have to be put together which could then support -- be supported by NATO, which might be willing -- will be willing, I think, to give logistical support and intelligence support, and perhaps mobility support. Everybody understands we're not talking about western forces on the ground. The political dynamic, I think, would not allow that.

STEPHANOPOULOS: But those forces still require the acceptance of the Sudanese government. They have been stalling. At what point does the United States, does the international community say, we don't care if they're going to accept it anymore. We have to go in and stop the genocide?

RICE: Well, we are going to continue to press the Sudanese government, and we're continuing to not just talk to them, but of course we're taking some actions against those in the Sudanese government who are responsible for this. Just last week...

STEPHANOPOULOS: Only four individuals, though.

RICE: Well, but it's four individuals who now know that their role in this terrible crisis is being noted by the international community, and if necessary, we will do more. We also do need more support, frankly, from other members of the international community, from China, from Russia, which abstained on this resolution. And I was at NATO on Thursday and Friday. We had talk about getting more support from the African Union, which has said that they want to see a U.N. force.

I might just also note that I've been discussing on the phone this morning with people who have been following the Abuja talks. And there's some progress being made in the Abuja talks. Obviously...

STEPHANOPOULOS: So, will they extend the deadline?

RICE: Well, obviously a peace agreement would be a very important step forward in getting this done. I don't know if they will extend, but there clearly has been some progress, and the United States has been one of the most active states in doing this.

But, George, let me just say, the president has passion about this issue. You can see it when he talks about it. We cannot be in a situation in which we don't react to this.

And the United States has been at the lead in humanitarian relief. We've been at the lead in pushing for -- with Kofi Annan, for a U.N. force. We've been at the lead at trying to get NATO to be responsive to what the AU may need, and we've been in the lead in helping the existing AU forces on the ground. We will continue to be very active in our diplomacy in Abuja, and very active in our diplomacy with the international community.

STEPHANOPOULOS: Finally, while you were overseas, the issue of gas prices...

RICE: Yes.

STEPHANOPOULOS: ... exploded here at home this week, and several senators say that part of the reason for the high prices is that the oil-producing nations in OPEC are basically an illegal cartel, and they've asked the president to take action against those nations through the World Trade Organization. Are you for that?

RICE: Well, what we're for is getting and keeping production up. And the countries that are oil producers have pretty good incentive at this point to produce...

STEPHANOPOULOS: The high prices.

RICE: ... given high prices. And they also have an incentive recognizing that if there is a slowdown in the international economy, that there will be less need eventually for oil.

But we have both a long-term problem and a short-term problem. The short-term problem we are seeing -- we're seeing at the gas pump. The president outlined some measures to try to deal with that. He's obviously attentive to whether or not there is any manipulation or gouging through processes that are available to examine that, but he also has talked about the long-term needs.

We need to reduce our reliance on oil. We need to diversify the basis of our energy economy. We need to deal with the long-term problems of technologies that may get us out of this trap.

But I can tell you that if anything has surprised me as secretary of state, it is the degree to which the kind of search for hydrocarbons is distorting international politics. That means that the quicker we get about the business of reducing our reliance on oil, the better we're going to be.

STEPHANOPOULOS: Madam Secretary, thank you very much.

RICE: Thank you.

STEPHANOPOULOS: That debate on big oil is next. And later, George Clooney.

(BEGIN VIDEO CLIP)

CLOONEY: There's an awful lot of killing going on, and that's not me saying that; that's not some radical lefty saying the Sudanese government is killing people.

(END VIDEO CLIP)

(COMMERCIAL BREAK)

(BEGIN VIDEO CLIP)

U.S. SENATOR JOHN CORNYN (R), TEXAS: Congress can do a lot of things, but we can't repeal the laws of supply and demand, and without additional supply, we know with more demand prices will continue to go up.

U.S. SENATOR RICHARD DURBIN (D), ILLINOIS: The oil companies blame everybody -- Katrina and Rita, and OPEC. Oh, they've got all kinds of explanations. But the bottom line is, their profits are going through the roof. What they're doing is crippling the economy.

STEPHANOPOULOS: That was the debate in the Senate this week. Now we have our own debate here in the studio.

I am joined by one of the chief lobbyists for the oil industry, former senator, Bennett Johnston of Louisiana; also Democratic Senator Chuck Schumer of New York, one of the chief critics of the oil industry.

You heard Senator Durbin there. He said the oil industry is crippling the economy.

JOHNSTON: Well, that's not so. The economy is very strong. But, look, oil profits are very high.

But it is the iron law of supply and demand. And supply is very much down now because you've got Katrina, Rita; you've got Iraq. Iraq costs us 900,000 barrels a day.

Altogether, we're down in supply by 2,100,000 barrels a day, while at the same time, China and India are taking off with huge demand.

It's supply and demand, and believe me, it will go down. It always does. And the price will go down.

STEPHANOPOULOS: Senator Schumer?

SCHUMER: Well, some of it is supply and demand, but some of it are problems in that we're not doing what we should be doing.

First, you have, internationally, OPEC. That's a cartel. That's not supply and demand.

STEPHANOPOULOS: It sounded to me like Secretary Rice said the administration is not going to be taking any action in the World Trade Organization...

SCHUMER: Which they should. I supported the bill. It was a bipartisan bill to try and take action.

Second, here at home, you used to have 20 or 25 oil companies, George. And there was some real competition.

Now we have five vertically integrated oil companies, vertically integrated meaning from the well to the pump. They don't compete. And so while supply and demand pushes the price up some, they exacerbate the situation.

STEPHANOPOULOS: Let me pick up on that because, Senator Johnston, the GAO, the government's General Accounting Office, has looked at this issue of concentration and found that these mergers have led, on the margins, to higher prices.

JOHNSTON: I think that is not correct. They have improved each one of these mergers.

Look, the biggest oil company in America, Exxon, has only three percent of the world's crude. It's a very slight amount.

The main driver of higher oil prices -- higher gasoline prices is crude oil. And crude oil is going up because of competition, because -- look, we are -- remember when China tried to get UNOCAL. There's great competition out there for that last barrel of oil.

And by the way, the thing that is driving so much of the price of crude oil and, in turn, gasoline today is Iran.

And Chuck, I hope you'll do your part to keep us from rattling the saber on Iran because that's the thing that's really...

STEPHANOPOULOS: Keep us from rattling the saber?

JOHNSTON: We're rattling the saber on Iran. And it's -- you know, it jacks up that price of crude oil.

STEPHANOPOULOS: Well, what do we do if they're going to build a nuclear weapon?

JOHNSTON: Well, bombing Iran, believe me, is not the solution.

I mean, it would -- at least Hezbollah and the Strait of Hormuz -- we'd see gasoline prices above $5 or $6; crude oil above $100 if we bomb Iran.

SCHUMER: Yes, the bottom line here is: What's good for Exxon Mobil is not necessarily good for America. And that's what this administration has done.

Here's what we need, George. We need of bunch of things be done which this administration doesn't want to do. Number one is conservation. We have the worst conservation program in the world.

China, a country that doesn't even believe in the environment, has much better gas mileage standards than we do.

Then we need a Manhattan Project to become independent of fossil fuels and particularly imported oil. We have to drop our exports in half in 10 years and we can do it.

But what happens is, because this administration believes what's good for Exxon Mobil is good for America, they simply do what the oil companies want. The oil companies are happy with high prices and record profits.

STEPHANOPOULOS: But neither of those proposals are going to do anything in the short term.

Some of your colleagues have also talked about a windfall profits tax. And I want to show you what the Federal Reserve Chairman Ben Bernanke said about that this week.

(BEGIN VIDEO CLIP)

BEN BERNANKE, FEDERAL RESERVE CHAIRMAN: Profits taxes have the adverse effect of removing one of the major incentives of our market system. If people think that their profits are going to be taxed away, that reduces their incentive to engage in certain activities.

(END VIDEO CLIP)

STEPHANOPOULOS: That sounds like common sense.

SCHUMER: Well, look, the oil companies are paying the same as it was at $40 a barrel as it is at $75 and they're making more profits.

But to me, the real problem is structure. We have to look at restructuring the oil companies. There used to be, even 15 years ago, 20 oil companies.

When you have 20, you'll get one, two, three who will decide to compete on price.

In other words, increase customers by reducing price. When you only have five -- and we never should have let Exxon Mobil merge, Chevron Texaco merge -- they never compete on price. So I have asked the GAO, and I believe we ought to look at restructuring. We ought to examine whether we should do a little good old-fashioned trust-busting.

Because as long as you have these five companies that are in cahoots with Exxon on one end and in cahoots with the government in Washington on the other end, you're never going to free your dependence on oil.

JOHNSTON: Well, look, we tried the windfall profits tax. I voted for it. It was a terrible mistake. After a few years we came back on a bipartisan basis, rushed in to repeal it because it reduced domestic production by 6 percent, reduced -- increased imports by 16 percent. It would be madness. Now, the reason you allow companies to get bigger and they are very -- I was going to say very small. They're small compared to Saudi Aramco...

STEPHANOPOULOS: They're not small.

SCHUMER: They are not small.

JOHNSTON: But they're not big compared to Saudi Aramco and the national oil companies in the world, and they have to go out and compete against those companies to drill down in 12,000 feet of water to drill under the sea bed for 20 or 30,000 feet. I mean, it's hugely expensive. It takes a big company. You can't...

STEPHANOPOULOS: But they've also been getting a lot of help from the government. I mean, the oil companies getting a lot of help from the governme nt including some royalty relief for domestic drilling. I want to end -- The New York Times has looked into this. I want to show you what they wrote last month. It said, 1/8O 3/8il companies stand to gain a minimum of $7 billion and as much as $28 billion over the next five years under an obscure provision in last year's giant

energy bill that allows companies to avoid paying royalties on oil and gas produced in the Gulf of Mexico.

When this was first conceived, oil was at about $18 a barrel. Now you're at $72 a barrel. Why should oil companies be getting royalty relief when oil is at $72 a barrel?

JOHNSTON: Well, they shouldn't, and that was a glitch. Actually by the Clinton Department of Energy. STEPHANOPOULOS: And then reaffirmed last year in the energy bill.

JOHNSTON: Right, and it should not be -- it ought to be phased out, as was the intent...

STEPHANOPOULOS: The oil industry is going to say it should be phased out?

JOHNSTON: Some of the big companies are not collecting it because they say that that was the intent, and I can tell you that was the intent because originally in 1995 it was my bill, and we wanted to phase it out in the-- I think it was $38 a barrel.

STEPHANOPOULOS: But Kerr-McGee is suing to get even more. They're suing to get $28 billion.

JOHNSTON: Well, they're not one of the big ones, by the way.

SCHUMER: You know, the bottom line is this, George. First, the oil companies have such power. Right now on the floor, we're trying to get rid of these royalties. And many senators, mostly from the other side of the aisle, are opposing it. But we can have a common- sense compromise, and this is in the long run, and this is a national imperative.

The Democrats say conserve, reduce demand. The Republicans say increase supply. Why are the two contradictory? I will propose to my Republican colleagues that we can probably find Democratic votes to drill in the east Gulf. We now drill in the west Gulf, will has most of our oil and gas. The east Gulf is second. Drill there.

In exchange, help us move those mileage standards up to 40 miles a gallon. If we can have that kind of compromise, we won't have this problem five years from now. But right now the administration and others simply take the bidding of big oil, and we don't get anything done.

STEPHANOPOULOS: Will the oil industry support that kind of a compromise?

JOHNSTON: Well, look, first of all, big oil to my knowledge is not opposing cafe standards. I mean, that's, that's Detroit. Chuck, I...

SCHUMER: But the administration opposes it, and most of the Republicans oppose it.

JOHNSTON: Well, they may, but I think you're right. I think there's a big compromise out there. I think you need energy efficiency. I think you need conservation, and you need to drill.

STEPHANOPOULOS: Well, on that note of agreement, I'm going to end this. We don't get that all that often. Thank you both very much. The roundtable is next with George Will, Fareed Zakaria, Jay Carney and Claire Shipman. And later President Bush stars in the Sunday Funnies.

(BEGIN VIDEO CLIP)

GEORGE W. BUSH, PRESIDENT OF THE UNITED STATES: I'm absolutely delighted to be here. As is Laura.

GEORGE W. BUSH IMPERSONATOR: She is hot.

(COMMERCIAL BREAK)

STEPHANOPOULOS: Our voice this week, George Clooney.

(BEGIN VIDEOTAPE)

(voice over): The Oscar winner for playing a CIA agent in Syriana is in Washington today to headline the Save Darfur rally.

Just days after returning from a real-life secret mission, Clooney and his television anchor dad smuggled cameras into the Darfur refugee camps, reporting on the 21st century's first genocide.

CLOONEY: The news is that, two years after we've said

genocide, that it's still going on and it's increasing and that, somewhere in there, we can all talk about this and make speeches and say this is horrible and we have to do something, but every day we don't do something and every day that this goes on, thousands of people are dying and dying horrific deaths.

Samantha Power wrote a piece where she met with a woman who was running as they were coming into camp and they -- she was holding two of her kids and her son following her and they shot her son in the back, who was six, and she ran up in the hills with her two daughters and they came back and they had stuffed the well full of parts of all of the citizens of this little village, including her son.

They poison the wells in every town they go into. They don't want the land. They just want to cleanse everyone. The unfortunate truth of it is it's not somehow sexy enough news.

And it's hard; it's hard to look at. And after a while people don't want to see it. And there's a lot of, I think, wear and tear on people seeing a lot of tragedy.

But while we don't pay attention to it and sort of shut our eyes, there's an awful lot of killing going on, an awful lot of rape going on. Here's the thing: we always see this now.

We have tragedy fatigue on television every day, 20 kids killed in Iraq or, you know, there's always disaster -- Pakistan, Afghanistan; there's always horrible disaster -- Nepal now.

But this is genocide. And if everybody just got up right now out of their chair and picked up a phone and called their Congressman or called the number that registered with the president, it makes a difference. It always has.

(END VIDEOTAPE)

STEPHANOPOULOS: For more George Clooney, check out our Voices Plus feature at thisweek.abcnews.com.

FOX – NEWS SUNDAY

WALLACE: I'm Chris Wallace. Former Secretary of State Powell speaks out about the Iraq war, next on Fox News Sunday .

With his poll ratings at an all-time low, President Bush faces tough challenges, from surging gas prices to stalled immigration reform. We'll talk with the man the president has asked to help save his second term, new White House Chief of Staff Josh Bolten, in his first interview and a Sunday exclusive.

Also, we'll dig into the week's political news and look back at the first decade of Fox News Sunday with our regulars, Brit Hume, Mara Liasson, Bill Kristol and Juan Williams. And our Power Player of the Week. There was only one possible choice. All right now on the 10th anniversary of Fox News Sunday .

And good morning again from Fox News in Washington. Let's get a quick check of the latest headlines. Former Secretary of State Colin Powell said today that before the Iraq war, he urged Defense Secretary Rumsfeld and General Tommy Franks to use more troops.

In a British television interview, Powell said the Pentagon did not correctly anticipate what would happen after Baghdad fell.

And in Iran, a foreign ministry spokesman says his country would not take any sanctions from the U.N. lying down. The official said Iran would not give up its nuclear program.

Well, last night here in Washington at the White House correspondents' dinner, President Bush spoke about recent personnel changes in his administration.

(BEGIN VIDEO CLIP)

GEORGE W. BUSH, PRESIDENT OF THE UNITED STATES: Ladies and gentlemen, I'm feeling chipper tonight. I survived the White House shake-up.

(LAUGHTER)

(END VIDEO CLIP)

WALLACE: Joining us now for his first interview since taking on his new assignment, the architect of that shake-up, Josh Bolten, the new White House chief of staff.

Mr. Bolten, thanks for coming in and welcome to Fox News Sunday .

BOLTEN: Thank you, Chris. WALLACE: You have made a number of changes in your first two weeks on the job. We'll get into the specifics later. But looking at the big picture, what are you trying to accomplish? What are you trying to change in the way this White House does business?

BOLTEN: What the change says, Chris, is simply that there's a new person in charge. I told the president that when he asked me to do this job that you can't trade up from Andy Card. He's one of the finest, most decent, honorable and effective public servants that this country has ever known.

But what the change does provide is an opportunity for the White House to step back, refresh, re-energize at a time when we're 5.5 years into an administration, normally a slow point, a low point, in many administrations, and a chance for us to get our mojo back, to go back more on the offensive and to get people within the White House to look at our operations, re-energize them for the next six months up through the election, the next 1,000 days through the end of this president's term.

WALLACE: Are there some things, as you've looked at this, either in terms of operations or in terms of policy, that you want to change?

BOLTEN: Yes, there are things that we want to change I've talked with the president about. We do want to have a more open environment to the press and to the public. We've already had that under way for a while.

You've seen the president out more in more casual settings, more free-flowing. He's very good in those settings, and we've taken advice from a lot of folks that we ought to put the president out more in ways that the American people can see what he's really like.

WALLACE: I want to show you the three latest polls on presidential approval. Take a look at them here. All three have Mr. Bush in the 30s, at all-time lows for his presidency, with disapproval up around 60 percent.

There's a new phrase here in Washington which I'm sure you have heard, the Bolten bounce, the idea that somehow you're going to be able to achieve a rebound in the polls for the president.

But given the deep concerns that the public has about Iraq, where in the month of April it was the highest death toll for Americans in the last five months, the concern they have about energy

prices and other real issues, how much can a White House chief of staff do to improve the president's standing in the polls?

BOLTEN: Oh, I don't think very much. I mean, I don't give much credence to the Bolten bounce stuff. What my job is is to bring the best possible policies to the president, the best possible operations within the White House, and then let the president and the policies take care of themselves.

It's not about me. It's about me giving the president the most effective operation he can have.
WALLACE: Well, you know, you talked about what basically was packaging, getting him out more, being friendlier to the press corps. What about policy?

I mean, in the end, isn't that what people are concerned about, policies, whether it's on energy or immigration or Iraq? Isn't that what you have to change?

BOLTEN: I don't think we need to change, but we do need to refresh and re-energize.

WALLACE: What does that mean, sir?

BOLTEN: Well, it means, for example, that when we get an issue like immigration, which is one of the toughest issues on the agenda today, that we are thinking actively and we're taking the president out in a leadership role on one of the toughest issues of the day.

WALLACE: Let me ask you -- we'll get to immigration in a moment, but I want to ask you about one of the top issues, certainly, in voters' concerns around the country right now, and that's energy.

On Friday, the president came out and talked about how strong the economy continues to be, the 4.8 percent growth in the first quarter of this year. But there's a cloud on the horizon, and the new fed chairman, Bernanke, talked about it this week. Let's take a look.

(BEGIN VIDEO CLIP)

BEN BERNANKE, FED CHAIRMAN: The nominal price of crude oil has risen to new highs and gasoline prices are also up sharply. Rising energy prices pose a risk to both economic activity and inflation.

(END VIDEO CLIP)

WALLACE: How concerned is the president that high energy prices could cause a downturn in the economy?

BOLTEN: Oh, very concerned about the high energy prices, but one of the remarkable things about this economy has been how resilient it's been to the many shocks we've had during the president's tenure.

Remember, we came in with a recession on the doorstep, had the attacks of 9/11, corporate scandals, the war on terror, the worst natural disaster in this country's history -- by far the most expensive -- and now, on top of that, energy prices that are probably about three times as high as when the president came into office.

And through all of that, we've had a very resilient economy. That's a remarkable thing, for the economy to be as strong as it is today given the shocks and challenges we've had.

I credit to a large extent the economic policies of this president, especially the tax cuts, but we need to be cautious about it going forward, especially with these high energy prices. We need to make sure that we retain a competitive environment, and that means in particular a low tax environment for this economy.

WALLACE: But specifically on energy prices, because they've never been this high -- they're now up over $3 most places around the country and might go higher -- could a continuation of those kinds of prices threaten the economy?

BOLTEN: They haven't so far. And we need to do everything possible to make sure that they don't.

WALLACE: The president came out with a plan this week to deal with high gas prices, and I want to ask you about part of it, halting deposits to the strategic petroleum reserve this summer. I want to go back and show you what the president said about the strategic reserve back during the 2004 campaign. Let's watch.

(BEGIN VIDEO CLIP)

BUSH: We will not play politics with the strategic petroleum reserve. That petroleum reserve is in place in case of major disruptions of energy.

(END VIDEO CLIP)

WALLACE: Question, isn't the president now playing politics with the strategic reserve?

BOLTEN: No, no. All that we're doing with the strategic reserve right now is we're deferring some deposits that were planned to be made in the summer. We were planning to end the deposits in any event this fall, so we're just at a time when we've got especially critical crimps on supply going into the summer driving season.

We just decided to defer the deposits into the -- the policies that the president set back then are the ones that still stand.

WALLACE: But halting deposits to the reserve would add 10 million barrels of oil to the U.S. supply. That's half of what Americans consume in a single day. I mean, isn't that basically, in terms of dealing with this problem, meaningless?

BOLTEN: Oh, it's a modest step, and I think when the president announced it, he said it was a small step. What we've got to realize here, Chris, is that this is a very large problem. It's built up over many years -- decades, in fact. It's not going to be solved in the short run by some silver bullet.

There are a lot of policies that need to be put in place over the long run to wean ourselves from our dependence on foreign oil. That's the only thing that's going to make a difference in the long run.

WALLACE: In that sense, if everything the president called for this week went through, how much would it lower the price of a gallon of gas at the gas pump this summer?

BOLTEN: Oh, I have no idea, but I expect the effects would be relatively modest. The point of...
WALLACE: Pennies, correct?

BOLTEN: I don't know what the price -- what the exact price would be. But the point is that there are some steps we can take in the short run, like dealing with the strategic petroleum reserve, like loosening up on regulations about the fuel mix that needs to be used in particular localities.

But what the president was also talking about this past week and what he's been talking about for some time are longer term measures to increase supply and reduce demand in this country.

Now, some of the things can have some effect in the short run -- greater encouragement for hybrid vehicles. But others are going to take a long time to have effect, like taking advantage of the supply we have here, shifting over to more alternative fuels.

All of those policies need to come together because we need to leave behind a legacy in which this country is headed toward weaning itself from its dependence on foreign oil. We've been going in the wrong direction for years, for decades. We have deepened our addiction to foreign oil. The president is determined to set that back on the right path.

WALLACE: Let me ask you about one other specific point. The president asked this week for authority to be able to raise the fuel economy standards for all cars, not just light trucks and SUVs.

Do you have a plan in place, if you were given that authority, as to how much you would like to raise the fuel efficiency of cars?

BOLTEN: The process itself would take some time for the secretary of transportation to work out. But we have a plan to proceed to arrive at the right kind of number.

Remember, it's not just raising the corporate average fuel economy. The system needs a reform so that it's based more on the size and weight of vehicles so that we get the efficiencies without sacrificing safety in our cars.

WALLACE: Let's talk about some of the changes that you have made. The choice of Tony Snow as the new press secretary -- you mentioned at the very beginning that one of the things you want to do is improve relations with the press. Why is that important?

BOLTEN: Well, it's very important because the way that we communicate, that the White House itself communicates, with the press is the way that the American people see us.

The most important thing in particular on the president's agenda right now is the effective prosecution of the war in terror in Afghanistan, in Iraq, around the world. If we're not communicating effectively about the importance of that task and the way in which we're carrying it out, we're not going to sustain the support of the American people. And without the support of the American people, this very difficult task can't be sustained. The president said before that we will win this war on terror. The only way we can lose it is if we lose our will at home.

We need to be sure in particular on that subject that we are sustaining public support for the policies that I believe very strongly are exactly on the right course.

WALLACE: Very briefly, it sounds counterintuitive, but some people suggest that a way to improve relations with the press would be to end the televising of the press briefings and all the posturing by members of the White House press corps, and I say that as somebody who used to be a member of the White House press corps. Any thought of doing that?

BOLTEN: I'm sure, Chris, you never postured in the way that some people are talking about. It's worth considering. I think that will be a -- Tony Snow's first test to see what kind of power player he really is and whether he's able to establish the right kind of relationship with the press that we need going forward.

WALLACE: You say worth considering. Would that be something that you think would improve relations with the press or hurt them?

BOLTEN: My guess is in the short run it would hurt them. The judgment would be, as we do in all things, is look at the long run and see whether it's helpful in the long run. I'm going to leave that judgment to Tony Snow to make a recommendation in concert with your colleagues in the White House press corps.

WALLACE: Taking the policy portfolio from Karl rove, a lot of people read that as a signal that you are the new sheriff in town.

BOLTEN: I'm the new chief of staff, and what that means is a new management style. But with respect to Karl, he remains a very important voice in our policy process. He's not only a brilliant political mind, he's one of the most brilliant policy minds as well that we have, I believe, in this country today.

And what I've done in the restructuring in White House responsibilities is passed off the day-to-day management of the policy process to my deputy, in whom I have the greatest confidence,

Joel Kaplan, and freeing up Karl to focus more on bigger strategic issues. It's a refocusing of portfolios, but it's not a removal of voices in the policy process.

WALLACE: So he hasn't had his wings clipped.

BOLTEN: Oh, no, not at all. He's a terrific person. He's a dear friend. And he has the absolute confidence of the president and everybody else in the White House.

I think this restructuring that we're going through will, in fact, enhance his ability to serve the president. WALLACE: And how much does it weigh -- we saw him, of course, testifying for the fifth time before a grand jury this week. How much does that legal uncertainty weigh on this White House?

BOLTEN: Well, obviously, I can't comment at all on the case. But what I can tell you is that Karl Rove is as engaged as I've ever seen him in his work. He's always cheerful, optimistic and energetic. He gets more done in an hour than most people get done in a day. And I don't think anybody else in the White House feels weighed down by it at all.

WALLACE: We have to take a break here. But when we come back, I want to ask you about the possibility of more personnel changes. I want to ask you about other issues, especially immigration, and about your working relationship with your boss, the president.

And we'll be right back with more of our exclusive interview with the new White House chief of staff in a moment.

WALLACE: And we're back now with White House Chief of Staff Josh Bolten.

Before we move to other issues, I want to ask you a little bit more about personnel. When Secretary Rumsfeld was under fire recently, the president said that he had decided what's best is for Rumsfeld to stay at the Pentagon.

Does he feel the same way about Treasury Secretary Snow?

BOLTEN: The president has full confidence in Secretary Rumsfeld, Secretary Snow, all the members of his cabinet.

WALLACE: Are there any plans at all to replace John Snow in the treasury?

BOLTEN: Well, we all serve at the pleasure of the president, including me. Maybe, as chief of staff, especially me. But the president's got full confidence in Secretary Snow. He's been doing a great job, as he has full confidence in all the members of the cabinet.

WALLACE: I mean, you can put all the rumors to rest right here. Are you shopping that job out? Are you talking to people about replacing him? Is that right or wrong?

BOLTEN: We're all serving at the pleasure of the president, and the president has full confidence in every member of his cabinet, including John Snow.

WALLACE: Is the shake-up basically over, and do you regard it as a shake-up?

BOLTEN: At the White House?

WALLACE: Yes.

BOLTEN: Yes, I regard it as a change. I mean, when you bring in a new chief of staff, you get some change. You get change in management style. We have a couple of more posts to fill. But we've got really good people. And I'm proud of everybody that I've been working with for several years. I'm proud of all the folks we have.

I'm hopeful that the change means an opportunity for everybody within the White House to look at their operations and gear themselves up for a very tough several months ahead. But I think we've got a good team in place, and I think we can serve the president well.

WALLACE: One of the hot-button issues that you've got to deal with now is immigration reform. Does the president worry that the immigrant boycott that is scheduled for tomorrow plus this whole development involving the Spanish Star-Spangled Banner -- does he worry that that could create a backlash and make it even harder to pass sensible immigration reform?

BOLTEN: I don't know what effect those particular events are likely to have, but in fact, the president does want to try to bring this very difficult issue to some kind of consensus. He said that to a bipartisan, and very bipartisan, group of senators in a meeting last week.

It's a very emotional issue. There are ways to solve the enormous illegal immigration problem that we have in this country, but I think only if we tone down the very emotional rhetoric on both sides of it and come to some consensus position in the middle.

WALLACE: How active, and I mean not just in having a meeting, but getting into the legislative details, does the president plan to be in getting immigration reform passed by Congress?

And specifically, does he support the concept in the leading Senate bill, the idea that illegals that have been here longer, say five years, should get an easier, quicker path to citizenship than illegals who have been here a shorter period of time?

BOLTEN: Well, the president was deeply engaged even this past week when he met with the members. They were talking details. I won't try to negotiate on television about what the specifics might be.

But the president does believe in a temporary worker program that makes it possible for a willing foreign worker to be matched up with a willing American employer for jobs that Americans are typically not available to do. We need to do that on a basis that gives comfort to everybody concerned.

We need to make sure that the people who come in, for example, would -- into this program, if they've been here illegally, would, for example, pay a fine, pay back taxes, learn English, follow our laws, and then get in the back of the line for possible citizenship, if that's what they want to pursue, because the one thing the president doesn't want to do in this process is disadvantage the people who have been playing by the rules and are in line to try to come in here legally.

WALLACE: There's a report that your top priority on taxes is to extend the rate cuts for capital gains and stock dividends. True?

BOLTEN: It's a high priority, yes, it is. And it's been a very important element of the strong economic recovery we have in place right now. I mentioned all the shocks that our system has been through in the last 5.5 years. And yet we've still got an economy that this past quarter, as you mentioned at the top, Chris, is growing at 4.8 percent. That's terrific growth for any economy, much less one that's been through what we've been through.

So the capital gains cuts, the dividend cuts, are important. But also important are the rates in individual income taxes that the president put in place in 2001 and 2003. They've been an important part of our recovery as well.

WALLACE: What about the analysis that more than half, 53 percent, of the benefits from rate cuts and stock dividends and capital gains go to households making more than $1 million a year?

BOLTEN: You know, there's been a lot of criticism of the president's tax cuts as benefiting the rich. The truth is that the tax cuts that the president put in place in 2001, 2003, with the strong support of members of Congress -- those changes have made the tax code more progressive rather than less.

Let me give you one data point, and that is that the top 10 percent of income earners in this country, and that's people making, I think, about more than $130,000 a year -- the top 10 percent in the absence of the president's tax cuts would be paying about 64 percent of our total federal income tax take.

After the president's tax cut, that same group is paying 66 percent of the total federal income tax take. The tax code under this president has become more progressive, and we have the top 10 percent of income earners paying two-thirds of the federal income tax.

Now, it seems to me that that's a system that cannot be accused of being unfair to -- or skewed toward the wealthy. And it's also a system that's produced a lot of growth in this country and ought to be sustained.

WALLACE: Let's talk about your working relationship with your boss. There's some speculation in Washington that the president has misgivings about taking on a strong chief of staff.

And I want to play two statements that he's made since you took over, the first about Don Rumsfeld, the second about Tony Snow. Here they are.

(BEGIN VIDEO CLIP)

BUSH: I'm the decider. And I decide what is best.

(END VIDEO CLIP)

(BEGIN VIDEO CLIP)

BUSH: My job is to make decisions. And his job is to help explain those decisions to the press corps and the American people.

(END VIDEO CLIP) WALLACE: How free a hand has the president given you?

BOLTEN: Well, first of all, I agree with him completely. He is the decider.

WALLACE: That's smart.

BOLTEN: Yeah. But no matter who the president is, you want the president to be the decider. Nobody elected me or Tony Snow or anybody else. The people elected George W. Bush to be president, and he knows his role, he understands his role, and he makes the decisions that are presidential decisions.

He's given me a very free hand to organize and run the White House staff. That's what I'm doing with the changes that I've made so far. And he knows that that's not the kind of stuff a president ought to be messing with.

He needs to work on the big policy issues of the day and make sure that he has the staff in place, including me, that can support him best in doing that.

WALLACE: The talk, and it's mostly from outsiders, is this president is stubborn, that he doesn't like to hear criticism. Are you prepared to deliver the bad news he may not want to hear?

BOLTEN: I am. And I think that's one of the benefits of going to a chief of staff who's been in his operation for a while, somebody in whom he's got -- with whom he has some experience and confidence.

So I do feel comfortable going in and telling the president bad news sometimes. And let me emphasize, the president welcomes internal disagreement. He prizes the people -- in my experience, he prizes the people who come in and tell him stuff that's different from what everybody else has been telling him or that's different from where he's headed.

He doesn't necessarily change his mind, but there's no penalty internally for disagreeing with the group or with the president. But I say internally, because he's very much a CEO, and when he makes a decision, then everybody within the White House should salute and get in line, at least publicly, with that decision.

We have our disagreements internally. They're vigorous, but they're civil, and they're, I think, well-policy-based.

WALLACE: Does the president have a nickname for you?

BOLTEN: He does. The repeatable one is Yosh.

WALLACE: What's that mean?

BOLTEN: I think it's just a corruption of Josh. I'm not exactly sure where it came from.

WALLACE: And is there an unrepeatable one? BOLTEN: Yes, there are several unrepeatable ones.

WALLACE: Will you tell me about them during the commercial?

BOLTEN: Yes, during the break.

WALLACE: OK. Finally, let's talk a little bit about Josh Bolten, because the fact is this is the first opportunity a lot of people have had to get to see you. I understand one of the biggest problems you've got with your new job are the early hours.

BOLTEN: Yes. I'm not a morning person. I used to just barely make it to the senior staff meeting every morning at 7:30.

WALLACE: Andy Card got in at about 5:30.

BOLTEN: Andy Card got in often earlier than that, so I'm told. I was actually never there to see it.

WALLACE: So what time are you getting in?

BOLTEN: I'm getting in a little after 6:00 a.m. because my boss gets to the office at about 6:45. He's been up for a while, but he typically comes to the Oval Office at 6:45, and it's important for the chief of staff to be there to greet him and to talk over the business of the day.

But, Chris, as part of our outreach and openness to the press, I'm here with you this early on a Sunday morning. I've probably never seen this early on a Sunday morning before.

WALLACE: But you tell us you do TiVo the show.

BOLTEN: I do TiVo Fox News Sunday , but I've never seen this early before except maybe from the other end.

WALLACE: Now, is it true that you used to date Bo Derek?

BOLTEN: We are friends from the 2000 campaign where she was a good supporter of the president. She...

WALLACE: Here we have a picture of the two of you. You look like more than good friends, Mr. Bolten.

BOLTEN: Yes. You know, the president once said that when he'd seen a photo like that or had heard about it, the president commented that between the two of us, we're a perfect 15.

But Bo Derek remains a good supporter, a good friend to the president. She's been very articulate on a number of important issues. And we're glad to have that kind of support.

WALLACE: Listen, at our age, I think being rated a five by the president is probably a compliment.

BOLTEN: I'll take it. WALLACE: Mr. Bolten, we want to thank you so much for coming in for your first interview. Please come back, sir.

BOLTEN: Thank you.

WALLACE: Coming up, our gang of Sunday regulars on the week that was in Washington, from gas prices to more changes at the White House. Our panel will tackle all of it after this quick break.

FRIST: A plan that would give taxpayers a $100 gas tax holiday rebate check to help ease the pain that they're feeling at that pump.

(END VIDEO CLIP)

(BEGIN VIDEO CLIP)

SCHUMER: Get tough on big oil. President refuses to do that.

(END VIDEO CLIP)

WALLACE: That was just a sample of official Washington running for political cover on the issue of high gas prices.

And it's time now for our Sunday regulars, Brit Hume, Washington managing editor of Fox News, and Fox News contributors Mara Liasson of National Public Radio, Bill Kristol of The Weekly Standard, and Juan Williams, also from National Public Radio.

Well, it was quite the week in Washington on gas prices. First of all, you had trouble even getting into a gas station because so many politicians were holding so many press conferences by the gas pumps. And then when you did, you heard all kinds of ideas.

I have to say my favorite was the Bill Frist idea of a $100 gas tax holiday rebate check for every American. I figured out that was going to cost us about $10 billion, so you could fill your gas tank up twice.

Brit, did any of it make any sense?

HUME: No, not a bit of it. The idea of getting tough on big oil is at least as silly as the $100 rebate. We did some research and found that since 1979, there have been official investigations of oil companies, and gasoline prices and so on 11 times.

And you'll not be surprised to learn, Chris, that they all found essentially the same thing, that market forces and other external factors, and not collusion or corruption or monopolistic behavior among the oil companies, was responsible. It's just not there to be found, but it sounds good in an election year, just like a $100 tax rebate gas check sounds.

WALLACE: (inaudible) doesn't it? HUME: Well, it's just laughable.

WALLACE: Is this just pandering, pure and simple, Mara?

LIASSON: The only thing better than that -- the vast majority of it is pandering, pure and simple, although my best part of those press conferences is when they got in their big SUVs to drive the one block back to the Capitol.

Look, most of it is pandering, and Brit was quoting someone this week who says there's nothing -- the only thing worse than partisan demagoguery is bipartisan demagoguery.

HUME: Thomas Sowell.

LIASSON: Thomas Sowell.

But look, there were amidst all this -- and by the way, we should point out the president joined right in. I mean, he had a bunch of ideas just like that. And he wanted also to get tough on the oil companies and to find out if there was price gouging, even though they've been investigated numerous times.

But in the midst of all of this, there were a few glimmers of long-term solutions, like the president wants to take a look at CAFE standards, something that has been blocked regularly in congress by mostly Republicans, but some Democrats from the Midwest, from auto states. That would do something in the long term. In the short term, there really are no solutions.

WALLACE: I was going to ask you about that, Bill. Is there anything in the short term that politicians could do to really affect the price of gas this summer and, if not, would it be political suicide just to admit it -- hey, folks, there's nothing we can do?

KRISTOL: I think the price of gas will actually come down slightly, because inventories are very high.

WALLACE: But nothing that the politicians are doing.

KRISTOL: There's not much they can do over the short term, obviously. Look, if the price of the underlying commodity triples, or almost quadruples, which is the case with crude oil, the price of the retail product at the pump, which is gasoline for cars, is going to go up a lot. It hasn't gone up as much as the underlying price of crude oil. So that's going to happen. And long term, there are all kinds of things that could happen.

Bill Clinton vetoed when the Republican Congress passed in 1995 permission to drill in ANWR to get more oil from American soil. That was vetoed by Bill Clinton. He said well, that won't address the problem for the next five years or 10 years. If he had not vetoed that, we would now have more domestic oil coming online.

But all the energy solutions are long term. I think the politicians will get credit by telling the American people the truth -- short term, there's not much we can do.

WILLIAMS: Well, I'm glad to hear you saying that you know inventories are high this week, and so that you understand that there's no reason for the prices to keep going up except some kind of gouging or exploitation here by oil companies. I mean, I'm glad to hear you finally turn around this, because supply and demand -- I mean, there are certain basic rules that we should obey in the country.

But if you look at the profits this week, profits are soaring through the roof -- 50 percent rise in profits for these oil companies.

KRISTOL: What were Exxon Mobil's profits up?

WILLIAMS: I think Exxon Mobil...

KRISTOL: Seven percent. What were their sales up? Eight percent. Is that price gouging, sales up 8 percent, profits up 7 percent?

WILLIAMS: Yes. It seems to me there's no basis at this point for explaining this except that there's some corruption, and the corruption comes from people who are speculating and pushing prices up unnecessarily and, I think, hurting the economy and, by the way, hurting President Bush. That's why I think he's in such trouble.

WALLACE: I'm surprised to hear this week -- and you know, one of the good things that does come out of this is -- and I must say, it was on Special Report -- you actually learned some facts. And one of the facts, apparently, is that the return on investment in the gas industry, the oil industry, these big companies, is no higher than the industrial average.

HUME: And it has not been a great place to invest your money over time. And there's been a -- because of the run-up in petroleum prices, companies that had reserves of crude oil have made a lot of money on those things, because the demand is up, and the supply, while it has increased, has not kept pace.

And so you get more profit out of that, and that's the way that works. And you know, to argue that somehow this is collusion is -- we don't need to go there.

WALLACE: All right. Well, let's not go there.

Mara, let's turn to another subject, another event this week. The president and Josh Bolten made some more changes at the White House. Anything that you see or that you heard today that says they're jump-starting this administration?

LIASSON: Possibly. I think that changing the way that the communications operation works there could change things for President Bush. If more news is made in the briefing, if -- although I think the relationship between the press and the press spokesman is overrated. I don't know if it really matters how good that relationship is.

But I think to have a more aggressive, forward-leaning spokesperson, have more than one possibly, might help the administration. But the policies aren't going to change, and right now I think the president's low approval ratings are being driven by Iraq, by gas prices, by things that no new press secretary or chief of staff really can change.

WALLACE: Bill?

KRISTOL: Well, look. This insular, closed bad-at-communicating White House got itself reelected in 2004 and increased -- won an off- year election in 2002, when the economy was much less good, incidentally.

It's about the war on terror, not just the war in Iraq, but the global war on terror and the sense, not unjustified, that we have had setbacks in the last six months to nine months.

A year ago, even though Iraq was difficult, it looked like we were making progress more broadly in the Middle East and that we really had the forces of radical Islamic jihadism on the run. They've had a bit of a comeback.

Iran, I think, is a huge problem. Hamas' victory in Palestine -- and then, of course, the difficulty in Iraq. If we win the war on terror, Bush will be fine, and he should focus entirely -- he should let Tony -- Josh Bolten can restructure the White House staff, and Tony Snow will do a much better job in the briefings.

What the president should focus on is winning the broad war on terror, which includes, obviously, winning in Iraq.

WILLIAMS: I think part of it is that not only getting the message out, but the idea that the message gets in. And I think people haven't been convinced that the president hears and understands everything.

I mean, I think, for example, the conversation that we're having on gas prices I think is largely that the president and the Republican Congress have gotten the message that the American people are outraged over the rise in gas prices.

On Iraq, I think people for the first time have a sense -- and the president has, I think, exhibited this in the changing way that he goes about talking to the American people when he goes out. He's getting away from these very closed events that are prescribed in terms of who's Allowed in to ask questions.

But the idea is that he hears the American people are dissatisfied with this policy, so the way he goes about making a decision, which has tended to be very insular, and then simply repeating it time and again to everybody -- that has to change, and hopefully that's what Tony Snow will do by coming in and saying here's what actually took place, here's how a decision was made.

And then hopefully, as Josh Bolten told Chris earlier, the rationale will appeal to the American people.

WALLACE: I want to hit on one other piece of news this week, Brit. Karl Rove testified for the fifth time before a grand jury in the CIA leak case. Any sense whether that's good or bad for Rove?

HUME: Well, I think not much has changed. He is not yet a target of the investigation. It seems to me probably unlikely that he will become one.

What I understand from sources about this particular round of testimony is that it grew out of the so-called Viveca Novak chain of events. She, of course, was aware that he, Rove, had had a conversation with Matt Cooper of Time, where she then worked, and Rove hadn't remembered it, said he hadn't had such a conversation.

WALLACE: In his first testimony...

HUME: In his first testimony.

WALLACE: ... in front of the grand jury he didn't mention it.

HUME: And she said to Rove's lawyer, who is a personal friend of hers, at a lunch -- she said you know, he thinks he doesn't have a Cooper problem, but he may have a Cooper problem.

That is what triggered the research by Rove and his lawyer of the presidential -- the White House records that turned up the e-mail which affirmed to Rove that while he didn't have any memory of it that he had had this conversation with Cooper, and they took that to the grand jury.

And as I understood it, at the end of this whole sequence of questions about that, there was a question from the prosecutor, something to the effect of so, when you first said you hadn't had any conversations with Cooper, you were not trying to deceive the government or the grand jury, whoever. And the answer was something like no, I certainly was not trying to -- I just didn't remember it.

And the final remark was something like well, I think we're done here. And he turns to the grand jury and says any questions, and the grand jury at that moment had no questions, and that was the end of the testimony.

Now, you never know what a prosecutor is going to do, but if it were I walking out of the grand jury after that, I'd have felt reasonably comforted, as he seemed to, by the way.

WALLACE: Well, the thing is, it's four hours. It was a long visit. And I think it's caused concern, and I think it also -- combined with what's going on in the Libby case, there's concern that the president, the vice president, everybody -- the whole thing just continues to snowball.

WALLACE: Okay. We need to take a break here. But coming up, we're going to talk about the past decade in politics on this 10th anniversary of Fox News Sunday . Stay tuned.
(COMMERCIAL BREAK)

WALLACE: On this day in 1789, the first presidential inauguration took place. George Washington, the leader of American forces in the Revolution, took the oath of office in New York City.

Stay tuned for more from our panel and our Power Player of the Week.

(COMMERCIAL BREAK)

(BEGIN VIDEO CLIP)

SNOW: Welcome to the beginning of something new, a Sunday show that lets you do the talking.

(END VIDEO CLIP)

WALLACE: And with those words on April 28, 1996, Tony Snow launched Fox News Sunday . Of course, since then, we've done a lot more talking than you have. And we're going to continue that now with Brit, Mara, Bill and Juan.

Well, we have a special anniversary show on Fox News Channel tonight, and we'll tell you all about it in just a moment. But as we put together the history of the show, it was fascinating, because it's really the history of the past decade in American government and politics.

Brit, what strikes you about the last 10 years in this town?

HUME: This has been an amazing time, just the turbulence of it. I mean, think of what has happened since that show began. We have had the impeachment of a president in the midst of a scandal which I think any of us, if somebody outlined the scandal to us ahead of time -- you know, president in Oval Office, intern, sex...

WALLACE: Yes, we know.

HUME: ... would say that's the end of that guy. Instead, the guy's now being voted president of the world, and although he was impeached, he came out of it about as gloriously as anybody could possibly imagine.

In addition to that, we had the extraordinary election in 2000, the unprecedented near tie, the recount, which dragged on for what, nearly 40 days. And then we had the terrorist attack in 2001, an amazing development. You know, who would have imagined that? I mean, I suppose you can imagine it, but whoever thought it was going to happen?

And then two wars, another close election, and the thing goes on. These are amazing times. This show's been there for all of it.

LIASSON: Yes, there's been nothing placid about the history of Fox News Sunday or at least the 10 years that it's spanned. I mean, when you also just think about just the stuff we're covering now, I mean, in 1996, the Republican revolution was in its, you could say, infancy, two years into power, at least in the House.

And now those big dreams of Karl Rove, which seemed very realistic after 2000 and 2004 of making a permanent Republican majority -- now you see a White House and a party that's pretty much struggling for survival in the next midterm.

So the reversals of fortunes have been extraordinary and I think pretty unpredictable.

WALLACE: Bill, as we were working on the show and looking back over the events of the year, it seems like there was this one -- tough to say, because it came out of the tragedy of 9/11, but there seemed to be this one oasis of bipartisanship and national unity for a year, 1.5 years, after 9/11. But other than that, from '96 to 2006, it just seems to have gotten meaner and more polarized.

KRISTOL: Well, and social scientists studied this, and the parties are more different from each other than they used to be. They've sorted themselves out into a liberal and conservative party. There's red America, blue America. The country is more polarized.

And for me, the event of the last 10 years, obviously, is 9/11. We were at peace, and subsequently we've been at war. And now we are being tested as to whether we are serious enough and capable enough and committed enough to fight a global war against jihadist Islam and against the dictatorships that sort of back them up, which include China and now Russia.

So the notion that history was ending, liberal democracy was triumphant, everything is going to settle down to business and an easy life -- not so. We're back in the same kind of struggle between liberal democracy and its enemies that we were in for the 20th century and for much of the 19th century, and that's the big development.

WALLACE: Juan, are you struck by how much 9/11 and the war changed this town or how little it changed this town?

WILLIAMS: Well, I think it's -- I'm struck in some sense by how little it changed, because I thought that 9/11 was a real opportunity for the country to come together.

In fact, one of the big complaints about President Bush is that all of the sort of emotional capital that he had to -- you know, people wanting to help, wanting to contribute, wasn't taken advantage of, and the country has continued down this path to increased partisanship.

I think, you know, Brit gave you a pretty good list of what's happened over these last 10 years, but what strikes me in a sense is also the people stories that we've been here for. I think of everything from Hurricane Katrina to tsunami as events that, again, changed the way -- you know, and brought out, I think, the best in the American people, the sense of willingness to respond in a moment of crisis. And part of that, I think, is -- you know, we've seen it in the headlines over that 10-year period. The arguments we've seen with an aging society over things like the cost of prescription drugs, Medicare, and the current argument that we have over immigration, the kind of changing racial picture in the country and the impact that's had on our politics as well.

WALLACE: Juan, you are the senior member of this august panel. You were on the second show in May of 1997. And I think we actually have a picture of you that we can put up there. You haven't -- well, actually, you have aged a little.

WILLIAMS: A little more gray, Chris.

WALLACE: But is there a favorite moment or an indelible moment that stands out for you?

WILLIAMS: Well, obviously, we were here the Sunday actually when the news magazines were breaking the impeachment story. And I think lots of people really were first told that story here on Fox News Sunday in some ways.

And then secondly, 9/11 -- 9/11, no question -- the shock, the idea that you know, family members, friends of mine had died -- it was an emotionally draining time.

WALLACE: Mara, you came next, also in 1996, the first year. What moment stands out for you?

LIASSON: Well, I think the -- clearly, impeachment and 9/11 are the big moments. Oh, my goodness. Ah, a lot of hair.

HUME: Big hair.

LIASSON: I'm glad I got rid of that.

HUME: It looked good to me. LIASSON: Help, help.

WALLACE: I think you look better.

LIASSON: Take that picture off. Thank you.

Obviously, impeachment and 9/11 were the biggest. And one, when you think about it, were about things that were so inconsequential, I mean, the events themselves, and the others so consequential. But look, the show has been great fun.

And I'd like to say just in recent times one of the best parts of the morning is sitting back and watching the Power Player.

WALLACE: Well, thank you. Thank you, which we will do in a moment. We have about two minutes left, so you guys are going to have to share it.

Brit, you started in January of '97. What stands out for you in the almost 10 years you've been on the show?

HUME: Well, on this program, what stands out for me is that when I came to this show, we had -- although people like Juan -- look at that, would you? Geez. I'm not sure it was better then. Tough choice.

People like Juan and Mara had made occasional appearances on the show. I thought they were exactly the kind of people we needed, journalists all, and we instituted kind of a policy that the panel should be working journalists, you know.

And I think that's been -- the reason being that journalists, for better or for worse, will tell you what they really think, and I think you'll agree, Chris, that particularly with the addition of Bill, who's been so valuable, this is a group of people who will tell you -- we'll tell you what we really think.

WALLACE: Yes, you guys don't hide it.

Bill, you were the new kid. You started in 2000. You've got 30 seconds. What stands out for you in the six years you've been on the show?

KRISTOL: The first time I did the show was two days before election day in 2000. I said that I thought Gore was closing and that it would be (inaudible) election. I think that was a good prediction, and I'm going to rest with that one good prediction and forget about all the ones that were wrong.

WALLACE: Oh, but I also remember -- and we've got about 15 seconds left -- Iowa in 2004. You were the only person at this table to say...

KRISTOL: Thank you, Chris. That was nice of you.

WALLACE: ... (inaudible) is going to win.

WILLIAMS: You have a lot of winning predictions.

KRISTOL: Two in five years, that's good.

WALLACE: And of course, you helped force Harriet Miers out, but we won't talk about that.

Thank you all very much. See you next week.

Up next, our Power Player of the Week.

(COMMERCIAL BREAK)

WALLACE: It was a daunting challenge coming up with a Power Player for our 10th anniversary, but the more we thought about it, the more obvious our choice became. And recent events only made it easier to choose our Power Player of the Week.

(BEGIN VIDEOTAPE) SNOW: There's enough of a ham in me that thinks you know, it wouldn't be so bad to be up on the podium.

WALLACE: We talked with Tony Snow several days ago, before he decided whether to take the job of White House press secretary. But he was clearly interested.

SNOW: There's some real challenges out there, so the idea of being in a White House when important decisions are being made and also trying to communicate what a president is going to do to respond to those is important.

WALLACE: Our focus, though, wasn't on Tony's new job but his old one.

(BEGIN VIDEO CLIP)

SNOW: Good morning. I'm Tony Snow.

(END VIDEO CLIP)

WALLACE: The first host of Fox News Sunday . At the start, Tony broadcast from historic homes around Washington, for a good reason.

SNOW: There wasn't a studio. There wasn't bupkus.

WALLACE: Over the years, Tony built the show around a central vision.

SNOW: Explain America to Washington and Washington to America. That's kind of what you do. It's nice to humanize the figures who are right at the center of American politics, and at the same time I think it's important to be the advocate for the people listening.

WALLACE: Over the seven-plus years, is there one show, one Sunday that stands out?

SNOW: Right after September 11th.

WALLACE: House Speaker Hastert and democratic leader Gephardt made their first joint appearance ever. At least for a day, there was no partisan sniping.

You choked up at the end.

SNOW: Yes, of course I did. A solitary candle, a flag, a tear. These are the tokens of our renewal.

For a moment there, we got a glimpse of what we could lose. At the end I got choked up by saying we're not going to lose. And I get choked up even thinking about it now.

WALLACE: In late 2003, after more than seven years, Tony decided to leave Fox News Sunday and launch his own radio program.

(BEGIN VIDEO CLIP)

SNOW: Oregon Steve, thank you so much. You are next.

(END VIDEO CLIP)

WALLACE: He says he loved a looser format of three hours a day.

SNOW: If I decide to gas on for an extra three minutes, I can do it. You try that on Fox News Sunday , you're going to have people coming out with clubs.

WALLACE: One of the questions I get asked more often is how's Tony. So how are you?
SNOW: Tony's fine, I think.

WALLACE: Early last year, he was diagnosed with colon cancer. After aggressive treatment, he's cancer-free. And his reaction is characteristically positive.

SNOW: I've got to tell you, Chris, I feel last year was the best year of my life. I got the love and support of a lot of people.

And it's almost like September 11th. You get a glimpse of the things you might lose, and you get a glimpse of the things you love, and you start counting your blessings. And there's nothing like it. I wouldn't change it for the world.

WALLACE: This week, Tony took on a new challenge. I asked him about the media world of endless news cycles he's stepping into.

SNOW: It's a wild, wild West out there. It's very exciting. I don't know if it's good or bad, but we're there whether we like it or not.

(END VIDEOTAPE)

WALLACE: Tony starts work at the White House on Monday, and we wish our friend and colleague the very best.

Now a special program note. Please join us tonight at 10:00 p.m. Eastern on Fox News Channel for Fox News Sunday10 , a look back at key interviews and moments from our first decade, including behind the scenes with our panel, 10:00 p.m. Eastern on Fox News Channel.

That's it for now. Have a great week, and we'll see you next Fox News Sunday .

CBS – FACE THE NATION

BOB SCHIEFFER, host: Today on FACE THE NATION: Condoleezza Rice on Iraq and Iran and a debate on what to do about gas prices.

Secretary of State Rice is just back from a surprise visit to Iraq where American casualties this month are the highest since November and insurgent attacks on Iraqis have, according the State Department, skyrocketed. Can that spell progress, as the administration argues? We'll ask her.

Then we'll talk about something else that has skyrocketed, the price of gas, and we'll get two opinions on that: Alaska's Republican Senator Lisa Murkowski and Washington's Democratic Senator Maria Cantwell.

Then I'll have a final word on where the boys are these days and where they are is behind the girls and we're seeing the result of that. But first, Secretary of State Rice on FACE THE NATION.

Announcer: FACE THE NATION with CBS News chief Washington correspondent Bob Schieffer. And now from CBS News in Washington, Bob Schieffer.

BOB SCHIEFFER, host:

And good morning again. The secretary joins us in the studio this morning. She is just back from Iraq, and I want to ask you about the situation on the ground there in a minute.

But first, I want to ask you about this: We have heard these rumors for years and now former Secretary of State Colin Powell put it on the record this morning, he said flatly he had recommended that a much larger force be sent to Iraq in order to keep the peace and he says that that recommendation was rejected. Let me just ask you flatly, you were there. Is that the way you heard it?

Dr. CONDOLEEZZA RICE (Secretary of State): Well, the president received advice from all of his advisors. Ultimately, any advice went through the secretary of defense and through the commanders on the ground. They put together the war plan. They determined the numbers that would--it would take to execute the war plan and indeed to execute the immediate post-war phase. And so the president listened to that advice and that was determined of him.

SCHIEFFER: But was that the secretary's recommendation?

Dr. RICE: I--I--I really, Bob, don't remember the specific circumstance that Secretary Powell was referring to, but I do know that if there were questions about troop levels, they were, of course, raised. The plan was put together. The president was able to ask the joint chiefs of staff directly whether or not they thought that the plan was executable and whether or not the resources were there. I was in that meeting when he asked the joint chiefs of staff and indeed, they said yes, and that was the plan that was put forward and executed.

SCHIEFFER: Well, in retrospect it looks as if Secretary Powell was correct.

Dr. RICE: The number of troops on the ground was there to execute the plan. Now, we are in a phase now where we see that the number of foreign forces is not really the issue. The number of coalition forces is not really the issue. The issue is what can Iraqis contribute to their own security and during my conversations with Iraqi leaders, they are very anxious to take more responsibility, but they recognize that their security forces need to be trained and ready to go. They're taking more and more responsibility and that's the phase that we find ourselves in now.

SCHIEFFER: Well, I guess the point of my question was that clearly we did not have enough people in the beginning to keep the peace because I mean, if you look at what's happening there.

Dr. RICE: Well, I--I--but if you look at what happened in the immediate aftermath of the war, the Iraqi Army in effect kind of disintegrated. Secondarily, there was systematic looting that obviously had been planned, really, where it was not really the number of forces on the ground, it was the--the systematic looting that took place. As I've said many times, Bob, there will be time to go back and look at those days of the war and after the war to examine what went right and what went wrong. But the goal and the, the purpose now is to make certain that we take advantage of what is now a very good movement forward on the political front to tell this Iraqi government.

SCHIEFFER: Right, and I don't want to just keep talking about the past here, but I, I think we have to know that is was the United States that disbanded the Iraqi Army. But let me, let me just go on to what's happening now.

Dr. RICE: Bob, let me just say one thing now. The order to disband, yes, came from the coalition provisional authority. But, in fact, the Army had melted into--into nothing and again, we can all go back. We--I'm quite certain that there are many things that could've been done better. I'm quite certain that there are things in retrospect we would do differently. But that's the nature of any big complicated operation. Anybody who goes back and reads the history of any operation in the past will tell you that there are things that went wrong and things that went right. And we'll go back and see what those were at another time.

SCHIEFFER: Let's talk about now. American casualties this month are the highest since November. Your State Department just released a report last week that said that the number of attacks on Iraqis has skyrocketed. But you continue to say that we're making progress there. Where do you see these signs in light of what we're seeing happening everyday?

Dr. RICE: Well, the progress is, of course, on the political front. And you defeat an insurgency through politics, not just through military force. And yes, this is a very difficult set of circumstances. It was always going to be hard once a dictator of Saddam Hussein's reach and brutality was overthrown to get a stable foundation for a democratic Iraq. But the Iraqis have gone out, they've voted three times, they now have a permanent government. They now have a permanent government that as one of them said to me, `The Iraqi people have had enough,' he said, `And we've got to bring ourselves together in a national unity government, appoint ministers who are nonsectarian and who are competent and get this country moving in--permanently in the right direction.' That's the sign of progress. I know what people see on their screens every day. I see it, too. But I also know that the violence is accompanied by a political process in which the Iraqis have met every deadline. They've met every test and in which they, themselves are moving forward.

SCHIEFFER: Let's shift to Iran quickly. Their oil minister said today that he doesn't think the United Nations is going to impose sanctions because he says it will just drive up the price of oil even more and the United States wouldn't want that. Well, there is something in what he says. The sanctions probably would drive up the price of oil.

Dr. RICE: Well, it...

SCHIEFFER: But what will we do? Are we going to push for sanctions?

Dr. RICE: Well, it depends on what kind of sanctions ultimately are levied against Iran. First of all, we're going to press for a Chapter 7 resolution, which would take the presidential statement that was passed a month ago and would now make it compelling--a compellence on Iran to do that. I don't think that--you know, we're going to take it one step at a time, no one is talking about going to oil and gas sanctions. This is an Iran that does not want to be isolated from the international community. The international community has a number of steps that it can take through financial measures that it can take, through asset freezes.

SCHIEFFER: Well...

Dr. RICE: But when--you know, when the Iranians say things like, `We don't care if there are sanctions,' then I ask myself, then why are they working so hard to stay out of the Security Council? Why are they suddenly saying they're interested in the Russian proposal? Why are they suddenly saying, `Oh, by the way, yes, we will allow snap inspections'? Why are they suddenly saying, `Well, let's get this back into the IAEA'?

SCHIEFFER: Well...

Dr. RICE: It really doesn't sound like a regime that is simply unaware of what might happen to them.

SCHIEFFER: So you still hold out hope that the--that we can do something short of warfare that would stop them from enriching uranium and moving toward building a nuclear weapon, if that's what they choose to do?

Dr. RICE: Oh, I absolutely believe that we have a lot of diplomatic arrows in our quiver at the Security Council and also like-minded states that might be able and willing to look at additional measures if the Security Council does not move quickly enough.

SCHIEFFER: Well, the chairman of the Foreign Relations Committee, Richard Lugar, Republican, says we ought to talk to them face-to-face. Would we ever consider that?

Dr. RICE: Well, we--first of all, we do talk to the Iranians about limited issues. We've talked to them in Afghanistan, we've...

SCHIEFFER: What about this?

Dr. RICE: On--on this, I think the Iranians know what they need to do. The United States has been very clear in public, in private, in every way conceivable that we back completely the options that have been given to the Iranians for a civil nuclear program, whether it's the EU proposal or the Russian proposal.

SCHIEFFER: Well, let me just ask you, when you bring up Russia, shouldn't we be getting more support on this from the Russians and from the Chinese? Why do we have such a hard time convincing them that we ought to take strong action?

Dr. RICE: Well, the Russians and the Chinese did vote--well, the Russians did, the Chinese abstained, to refer this to the Security Council. There is a presidential statement that was unanimous in the Security Council. But, yes, I do think that as we go forward, the international community is going to face a choice just as Iran faces a choice. Are we going to be credible in what we have been saying about the need for Iranian compliance? Are we going to continue to allow the will of the international community to be defied? That is a choice. And my own view, and I think the view of the Europeans and of others, is that the credibility of the Security Council is extremely important not just to this case but to the broader search for peace and security. And so when we go back after the 30 days having just expired, no one can contemplate just another presidential statement, we need to get to a Chapter 7 resolution.

SCHIEFFER: Let me ask you also about the issue where foreign policy and domestic policy converge, and that is the issue of immigration. And now, all of a sudden, a lot of people on the right are saying this whole issue of "The Star-Spangled Banner" being sung in Spanish is a bad thing. You're not just a diplomat, you are also a musician; where do you come down on that?

Dr. RICE: Well, I've heard "The Star-Spangled Banner" sung in any number of ways and--in any number of ways. I think--I think what's really being expressed here is that our immigration policies really need both to be humane and to defend our laws and defend our borders and to recognize that when people want to come here, they want to come here because they're seeking a better way of life. Now, the president is a former border state governor, and he clearly believes that a comprehensive approach to immigration where we recognize the economic goal--role that these people play, but yet keep a firm hold on border security, keep a firm hold on the fact that people have to be legal is extremely important.

SCHIEFFER: So--so what language the national anthem is sung in is not a problem for you?

Dr. RICE: From my point of view, people expressing themselves as wanting to be Americans is a good thing. But we have laws about how they do that, how they become Americans. And I sincerely hope that we can come to an immigration policy that is comprehensive and that befits the fact that this is, after all, a country of immigrants.

SCHIEFFER: I think you kind of dodged that question.

Dr. RICE: Well, we hope--Bob...

SCHIEFFER: I mean, does it make any difference or not?

Dr. RICE: What, what, what language the national anthem is...

SCHIEFFER: What language it's sung in?

Dr. RICE: ...is sung in? I've heard the national anthem done in rap versions, country versions, classical versions. The individualization of the American national anthem is quite under way. I think what we need to focus on is an immigration policy that is comprehensive, and that recognizes our laws and recognizes our humanity.

SCHIEFFER: All right. Thank you very much, Madame Secretary.

Dr. RICE: Thank you very much.

SCHIEFFER: Hope to see you again sometime.

DR. RICE: OK. Thank you.

SCHIEFFER: Back with more news in just a moment.

BOB SCHIEFFER, host:

And from the controversy over what language to sing the "Star-Spangled Banner" in, we turn now to something serious: gas prices. Here to talk about it, Senator Maria Cantwell of Washington, a Democrat, and Senator Lisa Murkowski of Alaska, a Republican.

Senator Murkowski, I hear a lot of finger-pointing, I hear a lot of people talking about how awful all this is. I'm not sure I've heard anybody come up with a realistic solution, or a realistic thing can be--that can be done about these rising gasoline prices. And there's no question it's the thing that's on everybody's mind these days. What can we do about it?

Senator LISA MURKOWSKI (Republican, Alaska; member, Senate Energy and Natural Resources Committee): Well, there is a lot of, of finger-pointing and blaming that's going on right now. I look at this as we are here because we've had a failed energy policy in this country for decades. That's where we are right now. Let's do something about it.

And we, we've got to, we've got to recognize that what we're faced with are the laws of supply and demand. And your Congress is not going to be able to repeal the laws of supply and demand. We've got to work on the demand side, through, through conservation, through efficiencies. We've got to also look to the supply side. That's something that we haven't done a good job in this country.

So whether it's utilizing the new technology to get us towards the renewables, the alternatives, or whether it is increased domestic supply, which, of course, is the issue coming out of Alaska, that's a side of it that we have got to focus on.

SCHIEFFER: So you're talking about drilling in the ANWR?

Sen. MURKOWSKI: I'm talking about sensible exploration and drilling in the coastal plains. We've got an opportunity up there for perhaps the largest find in North America that we have seen. We've got an opportunity up there for a million barrels a day coming into this country. A million barrels a day is, is what we saw...

SCHIEFFER: OK.

Sen. MURKOWSKI: ...when Katrina and Rita took us off line.

SCHIEFFER: So what you're talking about is getting serious about a long-term policy.

Sen. MURKOWSKI: Absolutely. Absolutely.

SCHIEFFER: Are you saying there's really not much that can be done in the short term?

Sen. MURKOWSKI: In the short term, there are things that we can do immediately, whether it's the--making sure that your tires are inflated, or, or car pooling, or the, the, the efficiency and the

conservation things that we all should be doing as Americans. But we have to recognize that there's so many different pieces to this. Supply is one side of it, and we can't forget that component.

SCHIEFFER: All right. Well, let's see what Senator Cantwell has to say about it. Do you agree with that?

Senator MARIA CANTWELL (Democrat, Washington; member, Senate Energy and Natural Resources Committee): Well, I agree with my colleague, Senator Murkowski, on some issues, that we need a much more aggressive energy policy than we have today. But if you want to look at what's happening to the American consumer, they're getting gouged at the price pump right now, and so if you look at what's happened to the airline industry where they've had people who've lost their jobs and lost their pensions, if you look at the American farmer who basically, you know, has to pay more for a gallon of gas than they get for a bushel of wheat, you know, it's a big problem for the American economy. So...

SCHIEFFER: So what can we do about it?

Sen. CANTWELL: Well, first and foremost, we have to get aggressive about making sure that price-gouging is addressed with the new federal statute that says that it's illegal to gouge consumers on the high price at the pump. And we also have to have more transparency in the energy markets. We have all this speculation, Bob, about the price and what's going to happen in the future, and you have loopholes that have existed that were created really by Enron for online trading. So you basically trade a commodity like corn or wheat or something like that it's on an exchange. There are rules. But oil has certain loopholes and we ought to close that.

SCHIEFFER: Well, where--where's the price gouging coming? Is it at the pump, is it at the middleman, is it at the producer? Where is it coming?

Sen. CANTWELL: Well, we want to make sure that there is a strong law on the books that looks at the wholesale price of gasoline, because we have a question about whether gasoline is being exported out of the country for a cheaper price just to drive up the cost here in the United States. And there's been some evidence of that. So what we want to do is have a strong law in place to protect consumers today and to make sure that we're giving that the attention.

Then secondly, the most important thing to do, is to get off of this overdependence on oil and--foreign oil. Now the president says that in his State of the Union but we have to get serious about it. And getting an alternative fuel market going in the United States and getting some true competition will do a lot more than anything on the supply side that can be--than can happen now.

SCHIEFFER: Well, what about Senator Murkowski's point, we ought to start drilling up in the, the Arctic reserves up there? Will that make a difference?

Sen. CANTWELL: Well, I--you know, one penny is what somebody thinks that that would reduce in 10 years the cost of gasoline. So the experts--the--the bottom line is, is that we are set

on the world price of oil. That is that the United States cannot drill our way out of the fact that what we pay at the pump today is impacted by these countries like Iraq, Iran, Saudi Arabia. And so we don't want a future where we're 50 or 60 percent dependent on foreign oil, and if God only gave the United States 3 percent of the world's oil reserves, we're kind of stuck on being impacted by those countries and their--those policies.

But, if the United States could get aggressive, and this is the time we should do this, America should be proud and excited about it, being energy leaders instead of being laggards in these new energy technologies.

SCHIEFFER: Back to you, Senator Murkowski.

Sen. MURKOWSKI: Well, yes, we need to be doing all this. Senator Cantwell and I are not so diametrically opposed, except when it comes to the new domestic supply. This is where we've got to look realistically at it and say, `What can we do?' Because the, the, the demand side of it is very real and it's not just coming from this nation. Look at what's happening in--in China. Look at what is happening in India. We've got to recognize that the competition for the resource that we demand is huge. So what are we going to do about it that we can control. It's domestic supply, and this is the one thing that we have failed to do aggressively in any energy plan is to focus on the domestic supply. Domestic energy is going to be energy security and national security.

SCHIEFFER: OK, Senator:

Sen. CANTWELL: I just, I just think that, that domestic supply is about plant-based ethanol, it's about biodiesel, it's about something that the United States can be world leaders in, and the sooner we get at that task, the more secure this economy will be. And Brazil is a great example of a country that went from being 70 percent dependent on foreign oil to now being energy independent and they did it by running cars on this ethanol product. And the great story there is that they're mostly United States GM cars they're running down in this country on an ethanol product. So let's get about passing a serious energy bill that in...

SCHIEFFER: All right.

Sen. CANTWELL: ...gets that market going.

SCHIEFFER: Let me ask both of you, and I'll ask you very short answers here. There are a couple of things that people are talking about.

Senator Cantwell, would rolling back the gas tax make any difference?

Sen. CANTWELL: Well, I think what you need to be concerned about there is that if these prices keep going up $3, $4, $5 a gallon that isn't going to be a solution.

SCHIEFFER: Senator Murkowski:

Sen. MURKOWSKI: I don't think it's a long-term solution for us, and that's where we need to be focused.

SCHIEFFER: But would it help this summer?

Sen. MURKOWSKI: It might help this summer.

SCHIEFFER: OK, what about the windfall profits tax?

Sen. MURKOWSKI: Windfall profits, I think we saw the impact to this country the last time we did it under Jimmy Carter. It didn't work then. It's a policy that hasn't improved with age.

SCHIEFFER: Senator Cantwell:

Sen. CANTWELL: Get--you know what we need to do is the royalties that are given. These guys get billions of dollars, the oil industry gets billions of dollars of tax breaks, and they don't even pay on the royalties that they're supposed to pay on. The federal government might be out $80 billion, so let's get those...

SCHIEFFER: How about this idea of giving everybody $100 rebate?

Sen. CANTWELL: Well, if you look at what they've been paying for the last several years it would be about $700 that the American consumer has had to pay because of these high prices, so let's stop that.

SCHIEFFER: What about that?

Sen. CANTWELL: I don't think it's a real answer. It's a temporary band-aid. I don't think that it's, again, the long range solution.

SCHIEFFER: Do either of you believe that gas prices are going down this summer?

Sen. CANTWELL: No.

SCHIEFFER: No.

Sen. MURKOWSKI: I believe that we better pass a bill that gives the president and the--gives the administration the ability to chase these price gouging activities. Because we have to protect the consumer.

SCHIEFFER: All right. Well, thank you very much.

Sen. CANTWELL: Thank you.

SCHIEFFER: A lot of information in a short time. Thanks to both of you, Senators.

Sen. CANTWELL: Appreciate it.

Sen. MURKOWSKI: Thank you.

SCHIEFFER: We'll be back with a final word in just a minute.

CNN – LATE EDITION

WOLF BLITZER, HOST: It's 11 a.m. in Washington, 8 a.m. in Los Angeles, 6:30 p.m. in Tehran and 7 p.m. in Baghdad. Wherever you're watching from around the world, thanks very much for joining us for "late Edition." We'll get to my interview with Secretary of State Condoleezza Rice in just a moment. First, though, let's get a quick check of what's in the news right now with CNN's Fredricka Whitfield at the CNN Center. Fred?

(NEWSBREAK)

BLITZER: For Iraq's new government and prime minister designate, a double-dose show of support from the United States this past week with visits from both the Secretary of State Condoleezza Rice and the Defense Secretary Donald Rumsfeld. Just a short while ago, I spoke with Secretary Rice about her trip, the next steps for Iraq and lots more.

(BEGIN VIDEOTAPE)

BLITZER: Madam Secretary, thanks very much for joining us. Welcome back to "Late Edition.

CONDOLEEZZA RICE, SECRETARY OF STATE: Pleasure to be with you, Wolf.

BLITZER: Welcome back from your overseas trip. The secretary of state, the former secretary of state, your predecessor, Colin Powell, has made some news, suggesting that he thought the U.S. should have gone into Iraq with a much larger force. Listen to what the secretary -- the former secretary said.

(BEGIN VIDEO CLIP)

COLIN POWELL, FORMER SECRETARY OF STATE: And the president's military advisers felt that the size of the force was adequate. They may still feel that, years later. Some of us don't. I don't. And I have said that. But at the time the president was listening to those who were supposed to be providing him military advice.

(END VIDEO CLIP)

BLITZER: Now, you were the national security adviser during those days. Did Colin Powell, the retired former chairman of the joint chiefs of staff, make the case that there should be a more robust U.S. military invasion? RICE: I just want to underscore what Secretary Powell said, which is that the president has military advisers who looked at the war plans, who decided that

they had a certain number of troops that were needed to execute the war plan. The president listened to his advisers. He listened to those who execute -- who were to execute the war plan, and he made the decision on that basis.

I do remember that the president had a meeting with the joint chiefs of staff in which he asked, are we adequately resourced to execute this plan? And they said yes. That's the way it works. The president listens to the military advisers who gave him those numbers.

BLITZER: But can you confirm that Colin Powell dissented from that opinion?

RICE: I don't remember specifically what Secretary Powell may be referring to, but I'm quite certain that there were lots of discussions about how best to fulfill the mission when we went into Iraq. And I have no doubt that all of this was taken into consideration. But that when it came down to it, the president listens to his military advisers who were to execute the plan.

BLITZER: General Tommy Franks, who was then the overall commander...

RICE: That's right.

BLITZER: And the other commanders, General John Abizaid, General Casey, they all said that the troop level was fine?

RICE: Yes. I think General Casey was not -- was not yet in that chain, but General Franks was, of course, the commander on the ground. And there was also a session with the joint chiefs of staff. The president listened to the chairman of the joint chiefs of staff, who is his principal military adviser, and, of course, the secretary of defense.

And I do remember that the question was asked: Do we have what we need to execute this plan? Do we have everything that we need? The president asked that time and time again, and he was told yes.

BLITZER: Clearly, that plan was fine for getting rid of Saddam Hussein. But with hindsight, it clearly was not fine for the post- invasion, for the occupation, if you will, that there weren't enough troops to get that job done. Would you acknowledge that that was a mistake?

RICE: Well, the stability operations after Saddam Hussein were also considered as a part of this plan. And those troop numbers were also set by military commanders. I've said many times, Wolf, we will go back at some point in time, and I'm sure others will, too. Examine what we might have done differently, what might have been better. That's the way big operations are.

But there would have also been potentially a lot of problems with a very, very big footprint of coalition forces at the time of the liberation of Iraq. And so our goal now, our -- every day now, is to get up and to make certain that we're doing what we need to do to move this process forward, to help the Iraqis secure themselves. What is very clear now is that the goal is to train Iraqi security forces so that they can take up these responsibilities.

BLITZER: You caused a stir at the end of March when you said these words in England. Listen to what you said.

(BEGIN VIDEO CLIP)

RICE: I know we've made tactical errors, thousands of them, I'm sure. This could have gone that way, or that could have gone that way. But when you look back in history, what will be judged is, did you make the right strategic decisions?

(END VIDEO CLIP)

BLITZER: That was on March 31. A few days later, on April 4, Donald Rumsfeld, the defense secretary, said this: "I don't know what she was talking about, to be perfectly honest. If you had a static situation and you made a mistake in how you addressed the static situation, that would be one thing. What you have here is not a static situation. You have a dynamic situation with an enemy that thinks, uses their brain, constantly adjusts. And therefore, commanders have to constantly make tactical adjustments."

I know you later clarified that to say you were speaking not necessarily literally but symbolically. But there were plenty of military personnel, officers, who thought you were belittling them by talking about tactical mistakes while acknowledging -- while not acknowledging a major strategic mistake in the size of the force.

RICE: Well, first of all, nothing could be further from the truth. I have enormous...

BLITZER: You've heard their criticism?

RICE: I've heard that. And perhaps it's the use of the word "tactical." But people should remember that tactical doesn't necessarily mean military. You can make tactical political mistakes, as well. Not just tactical military mistakes.

And so the point that I was making -- and by the way, I also say that I've done this a thousand times. And I also don't mean that I've done it a thousand times. This was a figure of speech. To acknowledge that, of course, there are things that could have gone better.

BLITZER: Like what? Like what? What were some of the tactical mistakes?

RICE: I -- if you listened to that whole -- not just the clip that you played but the rest of that, the point was that when we go back and look, we will be able to determine what we could have done better and what might have been done well. Because what we know -- I'm enough of an historian to know that things at the time seemed like they were brilliant decisions later on turn out to have been mistakes. And things that at the time looked like they were mistakes turn out to have been the right decision. And so the whole point of that comment was that when I'm back at Stanford and when we have time to have the -- the perch of history to look at what happened, we'll know how this might have gone better.

But what we do know is that, in overthrowing Saddam Hussein, we've given the Iraqi people an opportunity for a different kind of life, for a different kind of Iraq. That gives the entire Middle East an opportunity for a different kind of Middle East, and that was the right decision.

BLITZER: I want to fast-forward to what's happening right now in Iraq, but do you ever wake up over these past three years and say to yourself, I wish we would have done it differently, I wish we would have maybe prevented going in, used the sanctions, used the weapons inspectors? Now that you know there were no weapons of mass destruction.

RICE: Well, I simply don't believe that Saddam Hussein was ever going to come clean with the international community. I don't think we were ever going to resolve the dozens -- the 16 resolutions that the Security Council had put before him.

You know, Wolf, at the time, you had a certain set of facts, which was that Saddam Hussein had been asked repeatedly about his weapons of mass destruction programs. I remember Hans Blix saying that mustard gas is not marmalade; you're supposed to have known what you did with it. And Saddam Hussein wouldn't tell anyone what he had done with these weapons of mass destruction.

We were still in a state of suspended war with him, in which we were trying to fly no-fly zones -- our pilots were -- in order to keep him from threatening his neighbors and threatening his own people. He was shooting at our aircraft.

Now, people in hindsight now...

BLITZER: Let me...

RICE: People in hindsight, now, create a world that simply wasn't there...

BLITZER: But in hindsight, you now know a lot that you didn't know then...

RICE: But Wolf, you don't -- you don't make decisions in hindsight. You make them at the time.

BLITZER: Do you regret the decisions you made?

RICE: Absolutely not. I think that the overthrow of Saddam Hussein was the right thing, for a whole variety of reasons, not just the fact that he'd used weapons of mass destruction before, not just the fact that he was manipulating the sanctions -- by the way, making the sanctions very hard on his own people -- but essentially, manipulating the oil-for-food program to the point that it was having no effect on the regime.

Not to mention that he continued to be a threat in the region; not to mention that he supported terrorists in the region.

It was absolutely the right decision to finally deal with this threat in the midst of the world's most volatile region. And now we have an opportunity to see this volatile region change. And that is something that not only do I not regret; I'm very glad we did it.

BLITZER: Here's what the Iraqi national security adviser, Mowaffak al-Rubaie, said on Friday. "We have a road map, a condition- based agreement where by the end of this year, the number of coalition forces probably will be less than 100,000.

By the end of next year, the overwhelming majority of coalition forces would have left the country, and probably by middle of 2008, there will be no foreign soldiers in the country." Right now, about 130,000 U.S. troops are in Iraq. Is this about right, what he says?

RICE: Well, we will see. We are going to work with the new Iraqi government to assess the capabilities of their forces. There is no doubt that their forces are taking on more and more responsibility.

You know, when I was in Iraq not this last time, but the time before that, I had to take the road, because of the bad weather. The road between the airport and the international zone had always been notorious. It's been a lot better since Iraqi forces took over the securing of that road.

They have taken over a number of important pieces of real estate that were cleared of terrorists, and now they are holding them and securing them. So there's no doubt that their forces are getting better; there's no doubt that we are doing fewer of the kind of large- scale operations, though from time to time we do, and there is no doubt that as they get better, we are going to be able to do less.

But we really do want it to be based on conditions on the ground; so do the Iraqis. If there is anything that they recognize, it's that they are not quite ready for these tasks, but they want to take that responsibility, and we should want them to take it.

BLITZER: You had a chance to meet with the new prime minister- designate, Nouri al-Maliki.

Here's what the Los Angeles Times wrote about him on Thursday. "Al-Maliki's own political coalition is supported by two Shiite militias, the Iranian-trained Badr Brigade, and radical cleric Muqtada al-Sadr's al-Mehdi army. Even the country's U.S.-friendly Kurdish president appears unwilling to lay down arms. On Sunday, Jalal Talabani, speaking to reporters in Erbil, defended the 70,000-strong Kurdish Peshmerga militia as a regulated force."

Do you see anything right now that in the short term, anybody in Iraq is going to do anything to dismantle these private militias?

RICE: Well, I heard the prime minister-designate say that the -- they have to dismantle militias, they have to make certain that there's only the possibility of the use of force on behalf of the government. There has to be one gun...

BLITZER: You heard him say that to you?

RICE: Well, I heard him say it publicly. As a matter of fact, he said it the day before I arrived, and he also talked about it privately.

BLITZER: Do you believe him?

RICE: Well, the Ayatollah Sistani has said that the disbanding of militias is an important element.

Wolf, we always say this can't be done. I remember in Afghanistan, nobody was going to be able to dismantle militias either in Afghanistan; there are always going to be warlords who would hang on to their militias.

And indeed, what you're saying in Afghanistan is a successful demobilization and reintegration of forces there. I believe you're going to see the same thing in Iraq.

I'm not suggesting that it is going to be easy, but people understand that you need security forces that belong to the state, and there are two parts to that. One will be dismantling militias, but the other piece of it will be having a strong set of security institutions in which people have confidence, that they can actually secure the country.

BLITZER: He apparently, the new designated prime minister, has the backing of Muqtada al-Sadr, this young Shiite cleric, a radical, who hates the United States.

He has an interview in the new issue out today of Newsweek magazine, in which he says this: "The occupation was the creator of all problems. There is only an incomplete sovereignty in Iraq, which means that the occupation is the decision-maker. Any attack is their responsibility. The U.S. ambassador and Rumsfeld have ignited the sectarian crisis here.

Muqtada al-Sadr was once wanted by the U.S. as one of the most wanted terrorists in Iraq, but now he's in a coalition, in effect, with this new designated government. How do you feel about that?

RICE: You're going to have lots of voices, and the last time I was here on your program or some other program, people were telling me, well, Muqtada al-Sadr is the one who's backing Jaafari. But the truth is that perhaps people understand that this is really a political process that's taking hold, and that the way to deal with politics in Iraq is through support for a national unity government.

Now, it's going to be up to Iraqis to deal with their past, to deal with the issues of reconciliation, to deal with the issues of people who have committed crimes against the Iraqi government or against the Iraqi people, but you have...

BLITZER: Let me interrupt you for a second now. Muqtada al- Sadr. He's claimed responsibility for killing Americans and other coalition forces. Do you want this new Iraqi government to arrest him?

RICE: I want the Iraqi government, the new national unity government, to get its feet on the ground and to begin to deal with the multiple problems that it has, and to begin to deal with those on behalf of the Iraqi people.

And we are going to take this one step at a time. Let's just remember that just a few weeks ago, the -- everybody said, well, they'll never get a government of national unity; they'll never be able to find a prime minister-designate that actually Kurds and Sunni and Shia and others will all support -- well, they've done that.

If we've done anything consistently, it is to consistently underestimate the capability of the Iraqis to make this political process move forward. And I would suggest that for once, let's help them to get this government in place and to start to address their problems. They will have many opportunities to address their issues of reconciliation, and they'll have many opportunities to address the security situation.

BLITZER: I want to move on to Iran, but when all is said and done, should Muqtada al-Sadr be arrested?

RICE: You know that our view is that everyone ultimately has to be brought to justice for any crimes that have been committed. But this is now going to take place in the context of an Iraqi effort at reconciliation.

What we are going to focus on right now is to make the -- help make the Iraqi government capable of dealing with the many problems that it has.

And I am just going to repeat again, Wolf, every time there has been a milestone in Iraq, people have been surprised that the Iraqis have been able to meet it.

They continue to meet them; they continue to meet these milestones under the most difficult circumstances. They now have a permanent government that is going to be able to deal with both the present and with the past. We are going to support them in those efforts.

(END VIDEOTAPE)

BLITZER: Coming up: part two of my interview with the secretary of state, Condoleezza Rice. I'll ask her about the unfolding crisis in the Darfur region of Sudan.

Does the Bush administration still believe genocide is taking place?

Plus; the nuclear showdown with Iran. Is that country undermining the war on terror? We'll get insight from a former CIA director and a former head of Israel's Mossad intelligence service.

And later: from actor to activist. George Clooney joins me for a special interview on his recent visit to Africa. "Late Edition" continues right after this.

BLITZER: Our web question of the week asks this: Would you consider buying a gasoline-electric hybrid car? Vote now. Go to cnn.com/lateedition. We'll have the results at the end of the program. Straight ahead, is it time for the U.S. and other countries to intervene in the tragedy in Sudan? We'll ask the Secretary of State Condoleezza Rice. You're watching "Late Edition," the last word in Sunday talk.

BLITZER: Welcome back to "Late Edition." I'm Wolf Blitzer in Washington. I spoke with Secretary of State Condoleezza Rice just a short while ago. Here's part two of our interview.

(BEGIN VIDEOTAPE)

BLITZER: Iran, it's a hot issue, a very important issue. The new Israeli prime minister, Ehud Olmert, says this weekend in an interview with the German newspaper Bild, he says, "Ahmadinejad," Mahmoud Ahmadinejad, the president of Iran, "talks today like Hitler before he seized power. We are dealing with a psychopath of the worst kind. God forbid that this man ever gets his hands on nuclear weapons." Do you agree with the prime minister of Israel?

RICE: Well, and everyone agrees that Iran can't have nuclear weapons, and of course their president makes it ever more evident that they can't have nuclear weapons, with the things that he says and the things that he does. But the Iranian regime is going to certainly deepen its own isolation, not just by the things that the president says, but by the defiance of this regime to the will of the international community. The international community is completely of one mind, that no one wants, needs or really can tolerate a nuclear- armed Iran in the midst of the world's most volatile region. That is the consistent view.

BLITZER: Is Ahmadinejad a psychopath?

RICE: I have no idea. You know, I haven't ever seen the man or talked to him. I just know that nobody speaks in polite company in that way, and that he represents the Iranian regime very badly, and that in fact every time he says something along those lines, he reminds people why this regime that is isolated from its own -- that has isolated itself from the international community and that is indeed run by an unelected few, in terms of the Iranian people themselves, why it would be very bad for the Iran -- for Iran to acquire nuclear weapons.

BLITZER: Now, you've authorized your ambassador in Baghdad to have direct talks with Iranian officials on Iraq. Have those talks started yet?

RICE: No. We felt strongly that we wanted to allow the government formation process to go forward. I'm quite sure that when it makes sense to open -- or to use that channel, we will. We've done it in Afghanistan. Zal Khalilzad, the now ambassador to Iraq, in fact did have those discussions in Afghanistan, when he was ambassador to Afghanistan. Ron Neumann, his successor in Afghanistan, has had discussions with the Iranians. When it's appropriate and when need be, I'm sure we'll do it.

BLITZER: What about direct U.S.-Iranian talks on its nuclear program?

RICE: The Iranians know what they need to do on the nuclear issue. The United States has made no secret of the fact that we back completely what the Europeans are doing, the offers that they've made to the Iranians about civil nuclear power. We've made it very clear that we back the Russian proposal for a joint venture with the Iranians. So they know what we think.

BLITZER: So the answer is?

RICE: Wolf, we have many ways of communicating with the Iranians. We have channels that we have used. We have people who know our views who talk with the Iranians. I don't think that the absence of communication is the problem here. What we are doing, though, is we're following this diplomatic course, and we are assessing at every step what we can do to make the diplomatic course more effective.

BLITZER: There's a rally today here in Washington to save Darfur, a horrible situation unfolding in Sudan. Is it still the position of the Bush administration that the Sudanese government, through its militia, the Janjaweed, are engaged in genocide against black Africans?

RICE: We have not changed our view. And the president is very passionate about what is going on in Darfur. I've been there myself. The deputy secretary has been there four or five times. We are getting a little progress at the Abuja talks between the rebels and the government, and we hope that that progress continues.

But the United States has been in the lead on providing humanitarian assistance. The United States has been in the lead on pressing the case in the security council for the use of -- first getting the possibility to use sanctions, and then using sanctions against individuals members of the government.

The United States has been in the lead in working with NATO to provide an offer of logistical and planning support, first to the AU forces, which we are doing -- we are helping there -- but also, when there is a U.N. blue-hatted force, and there really must be a more robust security force, we stand ready to support that force. And so, the United States has been by far the most active and the most forward-leaning of the countries.

We need more help from the international community. We need more help from China and Russia, which I think need to look at what is going on there and ask what more they can do, and we, frankly, need to make sure that the African Union acts expeditiously to take advantage of the help that is being offered by the United Nations and by NATO.

BLITZER: We are out of time, but I'll end it on this note, a happier note. Time magazine, our sister publication in the new issue out today says that Condoleezza Rice is, quote, "master of the universe." You're on their list of the 100 most influential people in the world. Did you know that?

RICE: No, I didn't know that, but gee, that's very nice. I don't really feel like the master of the universe, though.

BLITZER: You are master of the universe according to Time magazine. Madam Secretary, thanks for coming in.

RICE: Thank you very much. Great to be with you, Wolf.

(END VIDEOTAPE)

BLITZER: And coming up, al Qaida's second in command emerges with a new message. How much of a threat is the terror group right now? We'll get special insight from a former CIA director, James Woolsey, and a former head of Israel's Mossad intelligence service, Efraim Halevy. But up next, a quick check of what's in the news right now, including the latest on tomorrow's so-called "Great American Boycott." Stay with "Late Edition." We'll be right back.

(NEWSBREAK)

(BEGIN VIDEO CLIP)

GEORGE W. BUSH, PRESIDENT OF THE UNITED STATES: The biggest challenge we face is winning the war on terror and to protect the American people. And we'll continue to keep on the offense, to keep the terrorists off balance.

(END VIDEO CLIP)

BLITZER: President Bush earlier this week on al Qaida, keeping it on the defensive in Iraq and elsewhere if possible. Joining us now with special insight into the war on terror and more, two intelligence experts. In New York, the former director of Israel's intelligence service, the Mossad, Efraim Halevy. He's the author of a new book, "Man in the Shadows: Inside the Middle East Crisis with the Man Who Led the Mossad." And here in Washington, the former CIA Director James Woolsey. Gentlemen, welcome back to "Late Edition." Let me start with James Woolsey. The ranking Democrat on the House intelligence committee, Representative Jane Harman of California, said this this week. She was quoted by the Christian Science Monitor as saying, "We still don't have a handle on al Qaida. Our intelligence reorganization is in a slow startup. And the CIA is in free fall." Does the U.S. intelligence community, Jim Woolsey, have a good sense right now on what Al Qaida is up to?

JAMES WOOLSEY, FORMER DIRECTOR, CIA: First thing I'd say is that Jane Harman has a better idea than I do because I've been out for several years. And I take her criticisms quite seriously. I think it has taken some time to get geared up. This new organizational structure can work, but it's largely a matter of getting the right people in place and the responsibilities assigned. And I think there probably is some rather poor morale out at the CIA.

It may not be irremediable. Porter Goss is an able individual and he may be able to make things work. But I think it's a troubled situation now is the way I'd say it.

BLITZER: Efraim Halevy, you've spent your life studying terrorism, studying threats toward Israel. I've heard intelligence experts say directly to me the more the U.S. intelligence

community and other western and Israeli intelligence services learn about al Qaida, the more they realize they don't know. Is that a fair assessment?

EFRAIM HALEVY, FORMER DIRECTOR, MOSSAD: I don't think it's a fair assessment. I think the more time goes on the more -- we learn more and more. But this is a long haul. Let's not forget that this began in 1998, when two American embassies were attacked in Africa. We are now eight years from then, and I think it's still a long time to go before this threat will be set aside.

BLITZER: Are you satisfied, though, Mr. Halevy, that the U.S. And other intelligence services know what they should know as far as threats from al Qaida right now?

HALEVY: I'm not sure that they know all that they should know. I think they know as much as they can know at the moment, and I have no doubt whatsoever that they're making every efforts, and it's a very strenuous effort, to get as much knowledge and as much intelligence as possible.

BLITZER: In the past week, Jim Woolsey, we heard audio and videotapes from three al Qaida leaders: Osama bin Laden, Ayman al Zawahiri, and Abu Musab al Zarqawi, the leader of al Qaida in Iraq. Listen to this little excerpt of what bin Laden said, and this warning. Listen to this.

(BEGIN VIDEO CLIP)

OSAMA BIN LADEN (THROUGH TRANSLATOR): Any war is the joint responsibility of the people and the government. While war continues, people renew their allegiance to their rulers and politicians and continue to send their sons to our countries to fight us. They continue their financial and moral support while our countries are burned, our homes are bombed and our people are killed.

(END VIDEO CLIP)

BLITZER: The reference to a joint responsibility for civilians, the people and their government, that seemed, according to many analysts, to be a justification for going after civilian targets along the lines of 9/11 once again. Is it your assessment that al Qaida still has that capability to commit another 9/11 or even worse?

WOOLSEY: They certainly have the will and the ideology, and they may have some of the capability. I think we damaged them badly, particularly in Afghanistan. But they continue to work to maintain cadres in the west. And it's not just them. It's also the Iranians working through groups like Hezbollah. We have problems, and I think we will be fighting this war on terror -- I prefer the term "long war" -- against Islamist ideology for, I believe, decades.

BLITZER: What do you make of the fact that we heard in the past week from all three of these al Qaida leaders?

WOOLSEY: It's a troubling pulling together of events because when things like that have happened in the past sometimes we've seen terrorist attacks follow. So it could be that they are trying to get geared up to have something happen in the West. It's possible.

BLITZER: What do you think, Efraim Halevy?

HALEVY: I think that there are two possible interpretations for this appearance over the last week.

One is the interpretation that Jim has just now given, and it's certainly a plausible one. There's another possibility, and that is that the Al Qaida and the Islamic international terrorists are hard pressed and they feel that they find it necessary at this particular point in time to demonstrate to their supporters that they're still around.

Two possibilities -- and I cannot rule out one or the other.

BLITZER: The Israeli defense minister, the outgoing Israeli defense minister, Mr. Halevy, Shaul Mofaz, was quoted this week as saying this about Iran: "Of all the threats we face, Iran is the biggest. The world must not wait...Since Hitler we have not faced such a threat."

Do you agree with Mr. Mofaz?

HALEVY: We've been seized with this threat for a decade and a half now. We identified this threat in the early '90s, and we've been dealing with it for the last 15 to 16 years.

And I believe it is a very deadly threat. I think it's one of the most deadly threats we have ever faced. And I believe that, ultimately, we will be able to face it and overcome it.

BLITZER: Should Israel undertake, if necessary, unilateral action against Iran's nuclear program, along the lines of what Israel did to the Iraqi nuclear program back in 1981 at Osirak, when Israeli warplanes bombed it?

HALEVY: I think that every threat has its own particular circumstances. I think circumstances have changed. And I don't think there will necessarily be a repeat performance of what happened then.

There are other means and other ways of dealing with this threat should it become imminent. And I'm sure that we'll be able to take care of it should this be necessary.

BLITZER: Do you want to add, Jim Woolsey, to that?

WOOLSEY: I think that...

BLITZER: I guess the bottom line question is: Is there a military option that is viable against Iran's nuclear program?

WOOLSEY: I think viable but extraordinarily difficult. I agree with John McCain that it's the worst option except for letting Iran have a nuclear weapon because Ahmadinejad and the people around him are genocidal fanatics.

And they represent, in a sense, a, kind of, a revolution within the Iranian revolution that is even more fanatical than Khomeini and those who went before since 1979.

So we have a very serious problem. We may have to face a choice of that sort.

BLITZER: The International Atomic Energy Agency came out with its report on Friday. It said this among other things: "After more than three years of agency efforts to seek clarity about all aspects of Iran's nuclear program, the existing gaps in knowledge continue to be a matter of concern."

Jim Woolsey, how good is U.S. intelligence now, based on what you know, which is from public sources, presumably, although I'm sure you get access to classified information given your background as a former CIA director.

Based on what you know, does the U.S. have a good handle on what Iran is up to?

WOOLSEY: Somewhat good. It is, unfortunately, very easy to dig deep underground these days with commercially available tunneling equipment.

Iran is a very secretive society. Some of what we know we've only known for the last couple of years, as the result of dissident groups telling us.

So the idea that we would have a very detailed handle on anywhere and everywhere they have nuclear material that they're working on to enrich uranium and the like -- I think that's wrong.

But that we do have some handle on what they're doing is certainly correct.

BLITZER: Does Israel have a good sense, Efraim Halevy, of what Iran is up to right now?

HALEVY: I think Israel has a plausible sense of what Iran is up to. I'm not sure that we know everything that has to be known. But I think, as I said before, we must assume that, if we've been seized with this problem for a decade and a half, people were not sitting on their hands.

BLITZER: What's your assessment? How much longer until Iran actually has a nuclear bomb?

HALEVY: Honestly, I don't know. And it depends on what it means to have a bomb: to have one device or to have an arsenal of devices which becomes a strategic threat.

These are two different terms. And I think people are confusing these terms. But I would say there's still a little time. There's still a window of opportunity. There's still a little time left in order to resolve this problem in a proper way.

And my sense is that the Iranians, in the last 48 hours, are beginning to feel the pressure. And maybe some of the reactions that we have been receiving over the last 48 hours are indicative of the fact that pressure does have an effect.

BLITZER: We're going to take a break. But Jim Woolsey, do you agree?

WOOLSEY: I hope Efraim's right. I'm afraid both China and Russia, for different reasons, China because of oil, Russia because of sales of weapons and nuclear reactors, are going to be very hard to bring along to put real pressure on the Iranians to do what they need to do, which is give up their enrichment program.

BLITZER: All right, gentlemen. We're going to take a quick break. We're going to continue this conversation on tracking terror, our conversation with the former CIA director Jim Woolsey and the former Mossad director Efraim Halevy.

That's coming up right after this short break.

BLITZER: Welcome back. We're assessing where things stand in the war on terror and more with the former CIA director, James Woolsey and the former director of Israel's intelligence service, the Mossad, Efraim Halevy.

Mr. Halevy, as you know, on April 17, there was a terror attack in Tel Aviv. It was followed by a statement from the Palestinian authority, the government of the new prime minister, Ismail Haniyeh, who said this, among other things, in justifying that attack.

He said: "The reason behind this cycle is the continuation of the occupation and by the continued Israeli assaults against our Palestinian people. We say that ending this cycle and achieving stability, security and calm in this region is dependent on ending the occupation and the achievement of our people of their full rights."

Is there a possibility that this democratically elected Palestinian government will change and accept Israel so that the peace process, presumably, could get back on track? Is that at all possible?

HALEVY: Let me begin by saying I think this was a very serious statement because, whereas, up to that time, Hamas was not the government of the Palestinian Authority and made statements of a wild nature and this did not necessarily obligate the government of the Palestinian authority.

Now Hamas is there and this is a government statement. And for the government of the Palestinian Authority to make such a statement was a very, very serious matter.

Having said that, I'd like to make the following comments. I believe that Hamas are still in the throes of trying to get a coherent policy on board.

They were surprised to have won the election. And they are now having to contemplate possible isolation if they continue with their present policies.

And I believe that, since their agenda is not just an external agenda but also an internal agenda, the agenda of improving the quality of life among the Palestinians, the agenda of having a clean government, that is what brought them into power.

They must realize that if they continue along this path with their external policies, they will never be able to implement any of their domestic agenda. This is their problem, and I think they've not reached the final stage of settling which way they're going to go.

BLITZER: Jim Woolsey, what do you sense? Is there a possibility that this Hamas government, this Palestinian Authority, will in fact change its attitude toward Israel and resume the peace process?

WOOLSEY: I think a very slim one. It's not zero. But you know, a leopard may change its spots. But Hamas is a leopard. And it's a totalitarian Islamist organization that wants to destroy Israel. When they talk about ending the occupation, they mean of Tel Aviv, et cetera. So they still, as has been the case for a long time, want to destroy the Israeli state, and -- just as Ahmadinejad does. I hope it changes. It's not absolutely impossible.

BLITZER: We're almost out of time, but one question. I know that U.S.-Israeli intelligence cooperation over many, many years has been very, very strong. But there was one major problem that developed about 20 years ago. An American naval intelligence analyst, Jonathan Pollard, was arrested spying for Israel. It caused a serious strain in U.S.-Israeli intelligence coordination. He's been in jail for about 20 years. Is that enough, or should he be let go? WOOLSEY: I think that the fact that Israel is a close friend and ally of the United States and the fact that he's been in prison for 20 years perhaps makes it time to reassess this. The problem is that what he stole was extremely important and extremely sensitive. And I think -- I was opposed to reconsidering when I was in office some ten- plus years ago. After 20 years, that's a long sentence in most of the world. Israel's a friend. I think we ought to look at it.

BLITZER: Did he cause extreme damage to the U.S. intelligence service?

WOOLSEY: He certainly stole extremely important material. What happened to it after that is something that's very hard to talk about.

BLITZER: What do you think, Efraim Halevy, on the whole Pollard case?

HALEVY: Well, I don't want to delve into the past, but I would like to associate myself with the sentiment that Jim has just now expressed. I think a long time has passed now. I believe that if you compare the sentence to the sentence of others who were found guilty of crimes of this nature in the United States, this was an exceptionally harsh sentence and it was even harsher than the plea bargain that had been worked out at the time when he was brought to trial.

So I think that this period of time is such that one should look into it again. And I would hope that those who have to look into it will look into it and will find it in their hearts and in their minds to reach a better resolution.

BLITZER: Efraim Halevy is the author of "Man in the Shadows." It's a new book on his experiences as the director of the Mossad. Jim Woolsey is the former director of the CIA. Thanks to both of you for joining us.

And still to come, senators Trent Lott and Barbara Boxer, as well as George Clooney. Also coming up, in case you missed it, "Late Edition's" Sunday morning talk show roundup. And don't forget our web question of the week: Would you consider buying a gasoline-electric hybrid car? You can cast your vote. Go to cnn.com/lateedition. We'll take a quick break. But first this.

BLITZER: There's much more ahead on "Late Edition," including the gas problems here in the United States. What should the U.S. government do to help consumers? We'll talk with senators Trent Lott and Barbara Boxer. Plus, George Clooney's cause. My special conversation with the actor about why he wants the world to intervene in the tragedy in Sudan.

And a reminder that tomorrow CNN will have reporters in several American cities covering what's being called "the Great American Boycott." Organizers say it'll show how vital immigrants are to the United States. Our extensive coverage begins tomorrow morning 6 a.m. eastern. "Late Edition" continues right at the top of the hour.

BLITZER: Welcome back. We'll talk to Senators Trent Lott and Barbara Boxer in just a moment. First, though, let's get a quick check of what's in the news right now with CNN's Fredricka Whitfield at the CNN headquarters in Atlanta. Fred?

(NEWSBREAK)

BLITZER: Thanks very much, Fred.

Joining us here in Washington to talk about energy, immigration, Iraq, and lots more are Two guests: Republican Senator Trent Lott of Mississippi; he's a member of the Select Intelligence Committee; and Democratic Senator Barbara Boxer of California. She's a member of the Foreign Relations Committee.

Senators, good to have both of you back here on "Late Edition."

Let's talk about the high gas prices here in the United States right now. Today the energy secretary, Samuel Bodman acknowledged and said flatly there is a crisis involving this issue. Listen to what he said.

(BEGIN VIDEO CLIP)

SAMUEL BODMAN, SECRETARY OF ENERGY: We're here today. I would say that there is apparently some evidence that we have a crisis. There's a lot of concern about this.

And so the president is looking at every tool at his disposal to put to work on it. And so I'm not embarrassed by that. And I think it's the right thing to do.

(END VIDEO CLIP)

BLITZER: Barbara Boxer, a lot of people in California, in your home state, suffering right now from $3, $3.50 a gallon gasoline, record highs here in the United States.

Is this Bush administration on top of the problem?

SEN. BARBARA BOXER (D), CALIFORNIA: Well, all you have to do is look at Mr. Bodman's body language and what he said: We think we have a crisis; I'm not embarrassed. What is that?

He should be out there saying, these are the things we have to do right now.

BLITZER: Well, the president did deliver a very detailed speech on this past week.

BOXER: Well, you asked us to react to Mr. Bodman, if I might do that. He's our leader on energy policy. I didn't see in him, you know, this kind of leader that's saying, these are six things we have to do; we're going to look at these oil companies; if they've been gouging, which the president said, if were gouging, he'll take action.

And four days later, he said no evidence. We have an FTC investigation going on. We want to give -- many of us in the Senate -- the agencies the ability to go after these folks who we think are manipulating supply.

BLITZER: Do you have evidence they are gouging?

BOXER: We believe they are manipulating supply. I could tell you a story in my home state where Shell oil tried to shut down a refinery that was their refinery. They said there were no buyers.

We said, well, it sounds to me like you're trying to manipulate the supply. And they said, oh no. It turned out there were buyers. The attorney general of our state got involved.

I think it's trouble. You had 20 oil companies at one time; you have five. Why don't we look at, maybe, we need to inject some competition into the mix here.

BLITZER: Here's what the president, Senator Lott, said on Friday on this issue. Listen to this.

(BEGIN VIDEO CLIP)

GEORGE W. BUSH, PRESIDENT OF THE UNITED STATES: I have no evidence that there is any ripoff taking place. But it's the role of the Federal Trade Commission to assure me that my inclination and instincts is right.

(END VIDEO CLIP)

BLITZER: As you know, a lot of Americans think there is a ripoff taking place. And their worst fears are that the oil companies are conspiring to make a lot of profits, which they are making.

SEN. TRENT LOTT (R), MISSISSIPPI: Let me first talk a little bit about what's going on here. This is something that has been coming for 30 years or more. We have known that our dependence on foreign oil was growing.

We were here in the '70s -- remember that? Remember the gas lines? And we haven't really addressed this sufficiently. That's point number one.

BLITZER: U.S. dependence on foreign energy sources has increased over these 30 years.

LOTT: Right. It has increased. And we've known that. And we have not been prepared to do enough about it.

So, number one, this is a problem that has been coming for a long time.

Number two, there is blame to go around all over the place. The Congress has not done enough. That administration has not done enough -- the administrations, by the way.

And the American people -- we want cheap gasoline prices. We want cheap energy prices. We want to drive the biggest tractor, biggest truck possible and, by the way, we don't want nuclear plants; we don't want hydro plants; we don't want refineries. We haven't built a new refinery in America in 20 years.

That's part of the problem. There is enough supply, even though a lot of it is foreign. We don't have the capability to transmit it and refine it.

So I just want to put it in perspective. I do think that we've got to look and make sure there is no gouging going on. We've got to look at the legality of what's going on.

I think there is manipulation. Perhaps it is the traders that are artificially driving up the prices out of anticipation of what might happen in Iran. I think we need to be careful about that.

But when you look at the profits of the gas companies -- the oil companies; let me point that out -- and you look at a lot of things they have been doing and then you look at gasoline prices, it is hard to choke that down. And I have a hard time with that.

My suggestion to the oil companies right now is, hey, there is not a direct correlation between the price of a barrel of oil and the gas at the pump. You don't automatically raise your prices.

BLITZER: Let me ask you what I asked Senator Specter, Republican Chairman of the Judiciary Committee, on this program last week: if he thought it was time for a windfall profit tax on major oil companies. And he thought it was time to consider that. Do you?

LOTT: This may come as a shock to you, but I'm going keep my options open. If the oil companies don't stop escalating the gasoline prices, it is going to force the people to demand that the Congress do something more and the Congress is going to have to do more.

Now, having said that, the president has been taking actions in several areas. He has requested authority from us for them to look at the CAFE standards or the gas mileage from the Congress. We would have to do that. And we do have some proposals on both sides of the aisle.

BLITZER: Well, do you think it's time for a windfall profit on the big oil companies?

BOXER: I am on the Dorgan bill to do just that. When you see the former head of Exxon getting a $400 million retirement package -- I mean, think about it. There ought to be a windfall profits tax on him.

I mean, this thing is out of control. And the people are furious about it. They're not dumb. The American people are smart. We are all willing to sacrifice -- Katrina, yes. And of all people, my friend Trent knows that I care very much about helping him rebuild Mississippi. Yes, there were these dislocations; yes, we have foreign relations issues that are making the price of oil go up, but if that was the case, we wouldn't see profits jump.

In other words, we would see the costs of this escalation go to the price of oil, gas at the pump but then the profits would be stable.

But when they have these kind of profits, I think Trent is absolutely right and it's music to my ears. Maybe we can get together here. And if jawboning doesn't do the trick, just tell them, we've got to disgorge some of these profits.

BLITZER: One Republican proposal in the Senate this week was to give the American taxpayer a $100 rebate to help a little bit.

That's a couple tankfuls, if you will, if you're paying $50 a tank that a lot of Americans are right now but also linking that to opening up exploration in Alaska, the Alaskan Natural Wildlife Refuge.

Why are you smiling?

BOXER: Well, I'm smiling because the Alaska Wildlife Refuge, for those of us who think it's a bad idea -- not enough oil there; you destroy a magnificent area.

It keeps coming back like a bad dream. Now it's coming back -- we'll pay off Americans with 100 bucks. I don't think the American people want to go there.

There are many places off the Gulf Coast, many places that we could drill. There's much we can do with energy efficiency cars, hybrid cars, all the rest of it. We don't have to do that.

And the last point I'd make is my friend Debbie Stabenow of Michigan, senator, has a bill for a $500 rebate to everyone, and it would come from going back and taking away the tax breaks, $5 billion strong, that we just gave to big oil, big energy companies in the last energy bill. I like that one better.

BLITZER: Do you like that?

LOTT: I think we should look at doing that. And in the Republican leadership proposal that came out last week, that was included. I don't think much about the $100 rebate. I do think we should open ANWR. You know, people saying, oh, we've got to be less dependent on foreign oil.

How are we going to do that? Are we just going to conserve ourselves into, you know, an energy policy? No, we're going to have to produce more domestic oil, natural gas. We're going to have to build pipelines, liquefied natural gas plants.

We need the whole package, including nuclear plants. And I do think we should have drilled in ANWR. If we'd have done it 10 years ago, when President Clinton vetoed the bill, that oil product would be coming in, and gas products would be coming in through our pipelines in the United States now.

I want the whole package. I want to conserve. I want alternative fuels. Hybrid automobiles, sure, let's do that.

BLITZER: There's a lot of things. You are among those who think that the U.S. should cooperate now with Cuba to drill for oil off the Cuban coast in international waters not far from Florida itself. There's apparently a lot of oil under the water there.

LOTT: I'm for seeing where we can find oil anywhere it may exist until we can transition to alternatives in the future. If we can find a way to get it in the Gulf or get it close to Cuba, I think we ought to look at that. Look, we bring it in from Venezuela, Nigeria, Saudi Arabia, Iraq, Iran, Russia's becoming. Why wouldn't we try to get it closer to home?

BLITZER: Is that a good idea to work with Cuba on this?

BOXER: I'd work with any country where we have decent relations. Now, with Cuba, I've always been for opening up trade relations. I don't understand how we can deal with China and not with Cuba. I'm for looking at that. But let me say this. Right now, this minute, the president could issue an executive order to say that all of the cars in the federal fleet when we buy cars, 58,000 cars a year, have to be fuel-efficient.

We don't need to give authority to do that. They're doing it all over the country in various states and cities. And this will create a market for the fuel-efficient cars, some of which today get over 50 miles to the gallon.

BLITZER: This is a problem that clearly there's no short-term solution, but both of you seem to agree on a lot more than apparently you disagree, with the exception of Alaska. Is that a fair assessment?

LOTT: I'm just for drilling for oil and natural gas where it is domestically so that we're not dependent on foreign oil as we move into other alternatives in the future.

BLITZER; There are refineries in the Gulf coast. What about in California? Would you like to see new refineries built off the coast of California?

BOXER: Well, we just fought to keep a refinery from closing. This whole refinery issue is really intriguing because...

BLITZER: How about new ones?

BOXER: If they met environmental standards, not a problem. But we don't want to have more cancer deaths, more asthma and the rest of it. So it's got to be done right. And there's no reason why it can't be done right. And I don't believe you can drill your way out of this. I think Trent is right when he says it's a combination of things that we have to do. They have to be done in an environmentally sensitive way or people do get sick, and I have to tell you in my own state, where we have so many cases of asthma and lung cancer and the rest, we have to be careful.

But we can do this right. We can do it carefully. And we don't have to wait forever to do it. As I said, tomorrow the president could say, fuel-efficient cars all over America, taxpayers spent -- they're going to be spent on those cars. You'll see a lot more cars coming to the market that will give us more choices.

LOTT: And the president did do a couple things last week. They won't have a huge impact, but they're the right thing to do. Temporarily waiving these boutique or these different blends of gasolines in 26 different states. He did stop, you know, putting oil into the strategic petroleum oil reserve. And I think you're going to see him looking at more things to do. And of course, you mentioned the passenger car cafe standards.

BLITZER: All right...

BOXER: And by the way, he could also release some oil from the reserve, and that would have a downward pressure on wages. Other presidents have done that. We've been asking him to do that for years. It's time.

LOTT: Let me add one thing, one bit of jawboning. We should do that, too. The message to the oil companies is, hold down your price of gasoline and it better start sliding back the other way. If they don't control it, and if they continue to have prices go up, profits go up and salaries go up, Congress will do something that might not have the beneficial long-term effect.

BLITZER: Senators, stand by, because we're going to continue this conversation. Lots more with the senators when we return. We'll also talk about immigration and Iraq's future. A new

government in place. Can a timetable be set for a U.S. troop withdrawal? Senators Lott and Boxer standing by to weigh in.

Then, he's a man on a very serious mission right now. The actor George Clooney talks about his recent trip to Sudan, what he wants done to end the crisis in that war-torn nation. Stay with us.

BLITZER: There is still time for you to weigh in on our web question of the week: Would you consider buying a gasoline-electric hybrid car? Straight ahead, more with senators Trent Lott and Barbara Boxer. We'll get their perspective on immigration reform, the rallies tomorrow, the new Iraqi government, the future of that nation. All that coming up. You're watching "Late Edition," the last word in Sunday talk.

BLITZER: Welcome back to "Late Edition." I'm Wolf Blitzer in Washington. We're continuing our conversation with Republican Senator Trent Lott of Mississippi and Democratic Senator Barbara Boxer of California. Huge rallies expected, especially in California, and elsewhere around the country tomorrow calling for immigration reform, in effect suggesting that these 10 to 12 million illegal immigrants should be allowed a path toward citizenship, if not amnesty. Are you in favor of amnesty for these illegal immigrants, Senator Boxer?

BOXER: I don't think anyone in the Senate is. I mean, what we're talking about is getting folks out of the shadows and on a path to legality. And then getting them in line behind others that came before. But not punishing them and putting them in jail as the House bill would do. The House bill would even, you know, arrest anyone who helps an illegal. So, it's a very rough, tough bill.

And what we're trying to do in the Senate in a bipartisan way is to try to find a solution here where we say, yes, we're going to stop the illegal immigration at the border by strengthening the border patrol, something I've supported for a very long time.

Making sure that we stop that at the border, but then deal with the folks who are here. And beyond that, my own belief is we ought to go to the ag industry, the agriculture industry and pass an ag jobs bill, which is a Craig-Kennedy bill, another bipartisan bill, to set up a very fair guest worker program.

BLITZER: The president wants a guest-worker program that eventually, under the right circumstances, could lead to citizenship for these illegal immigrants. And it looks like there is movement, at least in the Senate, towards a compromise that would basically go along with what the president wants, although there are major differences with the House of Representatives. What do you think?

LOTT: I do think we need immigration reform. We've tried twice in recent years in the mid-'80s and mid-'90s. We didn't do it right either time. We need to get it right this time. We do clearly need border security. It's got to be broad. It's got to be technical. We're not going to build a 2,000-mile fence. But in certain areas, if that can be done, we need to use modern technology. We've got unmanned aerial vehicles that we can use, all kinds of things.

I personally think we should have a clearly defined temporary- worker program that provides a, you know, solution to the needs of the United States so it gives them some protections but also with some requirements as to when they go back to their country and how they move toward citizenship. The sticky part is, what do you do with 11 or 12 million that are already here? Amnesty, no. Just to give them, OK, you can be a citizen. You know, don't worry about it. It's difficult.

Now, there is a compromise in the Senate. I do think we need to act. It may not be the final product but I do -- this is a big important issue. This is what the United States should be doing. We should be having a debate and amendments and votes, and produce a product. I do think that these big demonstrations are counterproductive, and they hurt with a guy like me, who is trying to look at this in a way that is responsible. We don't have that many illegal aliens or immigrants in my state, so I'm trying to the right solution. To encourage people not to go to work or children not to go to school is counterproductive. I don't think it's -- and if they're there waving foreign flags, I take offense to that.

BLITZER: Let's move on to some other issues quickly. I want to get through them. FEMA, the future of the Federal Emergency Management Agency. Republican Senator Susan Collins made this statement this week about FEMA. Listen to what she said.

(BEGIN VIDEO CLIP)

SEN. SUSAN COLLINS (R), MAINE: FEMA is discredited, demoralized and dysfunctional. It is beyond repair. Just tweaking the organizational chart will not solve the problem. FEMA has become a symbol of a bumbling bureaucracy in which the American people have completely lost faith.

(END VIDEO CLIP)

BLITZER: Senator Boxer, do you agree with her?

BOXER: I really appreciate the effort that Sue Collins and Joe Lieberman have put into this whole issue of looking at FEMA. I agree in terms of their reaction to Hurricane Katrina, everything she said was true. But I also have lived through so many disasters in my state. Trent and I were talking about this before we came on the air.

And we had several earthquakes and so on. And at times they operated magnificently.

BLITZER: FEMA.

BOXER: Yes. And let me tell you, that was when James Lee Witt was the head of FEMA, and he imbued that agency with such great morale, and they were just the most helpful people, and actually, James Lee Witt was kind of a rock star when he came into my state. People loved him because of his leadership. So here's the thing that I believe. I think we made the mistake when FEMA was put into the homeland security reorganization.

I personally voted against that. So did my colleague from California, Senator Feinstein. We believe FEMA deserves to be at the table as a separate independent agency. And (inaudible) working now with my colleagues, Senator Lott and Senator Clinton and others in a bipartisan way, to take FEMA out of Homeland Security and put it back as an independent agency with a seat at the table.

BLITZER: I want you to weigh in it, but I also want you to weigh in, Senator Lott, on some criticism you took this week on this $700 million proposal to move some railroad tracks in your home state of Mississippi, putting that in this emergency supplemental appropriations money going for Katrina relief, going for the war in Iraq and Afghanistan, the war on terror overall.

$700 million in an emergency supplemental that supposedly was designed to help the gambling industry in Mississippi. I want to you respond to the criticism you took.

LOTT: There are so many inaccuracies there, I hardly know where to begin. So, but I'm going to begin with the first part of your question, and that is FEMA. Because this is very personal, current and emotional...

BLITZER: You lost a house in Katrina.

LOTT: Well, yeah, but it's not about my house. It is about the preparation at FEMA and their reaction after the disaster. Let me be quick to add there are a lot of good people there that are just as frustrated as we are. But Susan Collins, I have a great deal of respect for. She and Joe Lieberman have done a good job at homeland security and government affairs. I think I owe her an opportunity to sit down, as I'm going to do Monday, and go over with her what she plans.

But I think we made a mistake in putting FEMA in homeland security. I think it became a backwater there. I think it was ignored, underfunded, undermanned and, you know, did not have a strong leadership. So I do agree. And I have introduced a bill and been joined by Barbara Boxer, Hillary Clinton is my lead co-sponsor, to move FEMA back out of homeland security, make it an independent agency reportable directly to the president of the United States.

I saw the secretary of homeland security the other day. He says I want to make sure that command and control stays under my jurisdiction. Why? When you have a disaster, you need a general in charge. He shouldn't be down there handing out bottles of water. He should be up here making decisions and moving organizations and supporters, talking directly to the president.

BLITZER: We're almost out of time, but what about the railroad?

LOTT: Well, first of all, it has nothing to do with casinos. In fact, truth be known, they probably prefer to keep it where it is. We were told, don't look at everything putting it back just like it was or leaving it like it was. People are killed. Over 100 people have been killed on that line. It is a major problem in evacuation. It's a major problem in our economic future.

It makes sense to move it north, off of right on the water. We're trying to get Highway 90 and the railroad track moved further north so we don't have repeated incidents where the federal government has to come in and pay for the repairs. It is the right thing to do.

And by the way, it is hurricane-related. It was the number one thing that our commission, which was a broad-based commission, said if you could do something to change the impact of disasters in the future in this area, move this track off of the water.

BLITZER: We had hoped to get through a lot of other subjects. Unfortunately, we're out of time. Senator Lott, Senator Boxer, always good to have both of you here on "Late Edition." Thanks to both of you for joining us.

Still ahead, he's adding his star power to a very serious cause. My conversation with the actor-activist George Clooney about the crisis in Sudan. But up next, we'll get a quick check of what's in the news right now, including tomorrow's planned immigration boycott here in the United States. Stay with "Late Edition."

BLITZER: Welcome back to "Late Edition." I'm Wolf Blitzer in Washington. He's one of holiday's most popular stars, but now the Academy Award-winning actor George Clooney is using his celebrity status to focus the world's attention on the Darfur region of Sudan in Eastern Africa.

I spoke with Clooney earlier this week. We were joined by the Pulitzer Prize-winning author, Samantha Power.

(BEGIN VIDEOTAPE)

BLITZER: Samantha Power, George Clooney, thanks very much for joining us.

GEORGE CLOONEY, ACTOR/DIRECTOR: Thank you.

BLITZER: Welcome back.

Why did you go?

CLOONEY: Well, it first started, I was reading Nick Kristof's articles in the "New York Times." And he had just come back.

BLITZER: He's the Pulitzer Prize winning columnist.

CLOONEY: I'm sitting next to another Pulitzer Prize winner. And I had read Samantha's articles and her book and felt like it was probably a good time to cash in whatever celebrity credit card you get from having a good year on bringing some attention.

BLITZER: So what do you want? What do you hope to achieve? What's the single most important thing you want to achieve from your journey out to Africa?

CLOONEY: The single most important thing I want to achieve is to try and help make sure that it gets on the air, that people see it, that people are talking about genocide, which they're not, in general, and not just in this country, in the whole world.

But if I show up places, sometimes cameras follow. And that's a good thing because then we can have these conversations and help, perhaps, the administration and the U.N. and all the people who actually want to do something about this but they don't have the political capital. BLITZER: You mentioned what Nicholas Kristof wrote. He wrote this, and it seems to sum up the world's attitude, especially Americans' attitude toward what's happening in Darfur: "Mr. Bush is paralyzed for the same reasons as his predecessors [when faced with genocide.] There is no great public outcry. There are no neat solutions. We already have our hands full and it all seems rather distant and hopeless."

I think that sort of conveys what's going on right now in this country, as far as the horror of what's happening in Sudan.

CLOONEY: But it's interesting how quickly things aren't hopeless when people, a group of people, American citizens, European citizens, suddenly stand up and say OK, wait a minute. Let's take a look at this. This is the first time that I know of that someone's talked about genocide while it's going on.

Well, there's an opportunity there for the people to stand up and say OK, now let's make this simpler by saying we're going to make it -- we're going to make this important enough that it'll make it -- could make it easier for the administration to do something.

BLITZER: Give us the numbers, Samantha -- you're an expert -- on what's happening in Sudan and Darfur. Give us the numbers of the horror.

What's involved right now?

SAMANTHA POWER, AUTHOR: Well, it's been called a slow-motion genocide, but that, I think, underplays what's actually happening. About 400,000 people have died so far. Two or three million people have been displaced -- two million we know about because they're holed up in camps.

Well, they're called camps. They're basically in these wide fields dependent on handouts when they come, when aide workers are actually able to brave the Janjaweed patrols that surround the camps. And those people remain incredibly vulnerable.

But the attacks are even continuing. Just three or four days ago, the Sudanese government again launched Antonov and helicopter gunship attacks at another village.

There have been 80,000 people displaced just in the last two months alone. So that number of three million, which is just almost plucked from the sky because we can't access the people who are in need -- we know one thing, and that is that it's increasing.

We all know that the Sudanese government has become more and more obstructive, that they're expelling aide groups, not allowing even senior U.N. and U.S. officials into the camps.

And, of course, we all know from the 20th century what happens when a government that is intent on committing genocide also knows that people aren't watching. It does it really with abandon and it counts on impunity. BLITZER: And complicating this, George, in recent days, Osama bin Laden has now weighed in and said that the Muslims in Sudan have to stand up to the United Nations, the West, the United States, if they come in to try to intervene.

What do you make of that?

CLOONEY: Well, again, none of this is very simple.

On the other hand, I think that that should point to exactly what it is we're talking about, which is Bashir met with the Iranians two days ago and talked about getting nuclear technology from the Iranians. He is being defended by Osama bin Laden.

BLITZER: This is the leader of Sudan?

CLOONEY: The leader of Sudan. So clearly, when they say to us we're not really bombing people and we're really a bunch of good guys over here, perhaps when you see who they're teaming up with, maybe that tells you something about what the Sudanese government is actually -- what the Khartoum government is actually doing.

BLITZER: Let me read to you another quote from Nicholas Kristof: "Part of the problem is that President Bush hasn't made it a top priority. But at least he is now showing signs of stirring. And, in fact, he's done more than most other world leaders and more than many Democrats. Our failure in Darfur is utterly bipartisan."

Do you agree with him on that?

CLOONEY: I think it is. I think that we are a country that is always slow to act. We always have been, on almost everything, but especially on situations like this.

Rwanda is a perfect example. The Balkans are a good example. But once we get our mind to it, we do it pretty well. We have failed, you know -- it's political savvy to say hey, we're all doing a little bit of something and it's good that we're moving in the right direction. We're not doing enough.

BLITZER: What do you want President Bush to do?

CLOONEY: Well, there's -- immediately we want to try and get security. That's the first thing, security for...

BLITZER: Send in U.S. troops?

CLOONEY: No.

BLITZER: Do you want to send in the Marines?

CLOONEY: No.

BLITZER: What do you want to see happen -- militarily get involved? CLOONEY: I think -- I think through NATO, if we can get a bridging force through NATO while we put together something in the U.N., I think that's our best bet.

I don't think that that -- I don't think anyone wants that to be or thinks that's going to be American troops. It means that we who -- America, who usually is very good at coordinating these things, can be the leader in coordinating these things.

BLITZER: Because the African forces have been pretty much useless, right?

POWER: Well, look, I mean, I wouldn't want their job. There are 7,000 of them spread out, you know, in an area the size of France.

BLITZER: They really haven't gotten the job done, though.

POWER: They haven't gotten the job -- but there's not, I mean, if you had 7,000 of the best trained, you know, U.S. Rangers in Darfur, they would not be able to do the protection job. It's simply not doable.

BLITZER: How many troops do you think are needed?

POWER: Well, what's needed for perfect protection is -- is to blanket the country. But what would mark -- constitute a colossal improvement would be to triple the size of the force, make it 21,000 in places where the A.U. is present.

Even though they don't have the mandate, they don't have the right guns, they don't have the mobility, they haven't been given these things from Western countries and they don't have them organically, they have made a difference. People feel safer. Women can -- in places where they can get African Union escorts, they can leave the camps and go and pick up firewood in order to heat the food that their families depend on in order to live.

In places where those A.U. troops are not present, they're doomed. The Janjaweed are patrolling around the camps. They can't actually get past the perimeter. So they basically have to make a Sophie's choice between feeding their families or getting raped.

BLITZER: So when it comes to this issue, George, you and the president and the Bush administration are pretty much on the same page?

CLOONEY: I think so. I think that -- and I think that most of the world, especially most of the country, is on the same page, if they are reading the book. And unfortunately that book isn't getting read very often right now or loud enough. And so my job is to try and bring attention to that.

BLITZER: When it comes to Iraq, you and the president are not on the same page?

CLOONEY: No. But that's not what we're here to discuss. BLITZER: Well, you...

CLOONEY: You know, I mean I agree. But, you know, I also would suggest that Senator Brownback and Senator Obama, who are the two leading the way in the Senate, don't agree on very many things either. But they certainly agree on this.

And I think that there's -- there's no two sides to this issue, Wolf. I mean there really are no two sides to it. There is simply one side. There's no two sides to the idea of rape.

BLITZER: How do you explain -- how do you explain that 60 years after the Holocaust, after Rwanda and Burundi and what happened in the Balkans, that this kind of thing can go on in this day and age?

CLOONEY: Because we've -- and it happens a lot with us. We've spent a lot of our political capital in other places, and probably Iraq would be one of them. We certainly have not the greatest relationship with the U.N. So there's a lot of other elements that are playing.

China has not been very forthcoming with sanctions against -- against the Sudanese government and they're getting a free reign because they're getting oil by themselves without competing with America right now.

It's a tough, tough situation to solve. But if we get -- if we're able to just protect some of these people and then start a diplomatic -- start some diplomatic measures, we have a chance.

BLITZER: I remember when I went with President Clinton in, I think it was '96, to Rwanda and Burundi and he saw what was happening. He says the biggest regret he had was he was in the Oval Office, he was getting the reports of the slaughter of the Rwandans and he didn't do anything about it. And he just let it pass. And it's hard to believe that that kind of thing is happening again.

You wanted to weigh into that?

POWER: Well, I would -- I'd love to, just on that question, because President Bush actually, when he first got into office, just before 9/11, he read a memo that was actually a summary of how the Clinton administration had allowed the genocide in Rwanda, because he was confused himself. Wait, we let a million people die? That's a little weird.

And he wrote in the margins of this memo, "Not on my watch." You know, I don't want this happening on my watch. It was sort of the 21st century version of never again. And the reality is

the Bush administration has done more than any other country on the Earth and the kind of domestic movement we have in this country that we've never seen before, basically with the American people learning and applying the lesson of Rwanda, where governments are only learning it in the abstract.

We only have that movement in this country. And the Bush administration has been well out in front of the rest of the international community. And yet history is not going to remember that the United States was in first place in terms of denouncing it and in terms of funding protection forces.

All they're actually going to remember is, yet again, a million people died under the watch of an American president.

BLITZER: It was '98 we went to Rwanda, as I recall.

Let me give you a couple of quotes that you made in recent weeks. And I just -- we're almost out of time. I want you to have a chance to respond.

The "Sunday Times of London" quoted you in December as saying: "The Democrats were scared on Iraq and the truth is they backed themselves into a corner. They didn't have the political resolve to tough it out and now they are paying the price."

What do you mean by that?

CLOONEY: Well, I think that, you know, there was a time when -- when the issue was you're either with us or with the enemy, as we were going into the war. I think that there were a great many Democrats that didn't truly believe that all of that, the ideas that we were tied to al Qaeda -- that -- not we were tied to al Qaeda, but that Hussein was tied to al Qaeda or that -- that they had anything to do with 9/11.

I think there were a lot of Democrats that didn't buy into that, but they didn't -- many of them didn't stand up. And I think that it cost them in the elections.

BLITZER: You said this about the junior senator from New York, Hillary Clinton. You characterized her as: "the most polarizing figure in American politics."

CLOONEY: Yes, but I didn't -- that wasn't -- believe it or not, that wasn't an insult. Someone was asking me, you know, can she win? And I said I think that she absolutely can win.

She is polarizing. People in one side of the country are, you know, adamant against her and people on the other side are, you know -- and you know this better than anyone; you've seen this for a while. There are very strong feelings on either side for Hillary Clinton.

You know, I'm a Democrat. I like her. But she is certainly polarizing.

BLITZER: Thanks for your good work. Thanks for making the trip. Hopefully, it will result in something tangible.

I'm tempted to say to both of you, good night and good luck, but I'm sure a lot of people say that to you.

Samantha Power, thanks very much.

George Clooney, thanks to you.

CLOONEY: Thanks, Wolf.

(END VIDEO TAPE)

And coming up, in case you missed it, "Late Edition'" Sunday morning talk show roundup: what the other Sunday morning talk shows here in the United States had to report today. Stay with us.

BLITZER: And now, in case you missed it, let's check some of the highlights from the other Sunday morning talk shows here in the United States.

On NBC's "Meet the Press", ABC's "This Week" and CBS's "Face the Nation," the topic was gas prices: why they have reached record highs, what to do about them and the responsibility of the big oil companies.

(BEGIN VIDEOTAPE)

SAMUEL BODMAN, ENERGY SECRETARY: You've got more demand and you're going to force the price up. You got limited supply and you're going to have have...

TIM RUSSERT, HOST, MEET THE PRESS: But that's a decision by the oil companies.

BODMAN: No, it is not. Oil is traded every minute of every day. And it's traded, basically, 24 by 7. And it's determined in marketplaces in New York and London and Tokyo, all over the world.

That's the -- the oil companies do not determine the price of oil.

(END VIDEO CLIP)

(BEGIN VIDEO CLIP)

U.S. SENATOR CHARLES SCHUMER (D-NY): What's good for ExxonMobil is not necessarily good for America, and that's what this administration has done. Here's what we need, George. We need a bunch of things be done, which this administration doesn't want to do. Number one is conservation. We have the worst conservation program in the world. China, a

country that doesn't even believe in the environment, has much better gas mileage standards than we do.

(END VIDEO CLIP)

(BEGIN VIDEO CLIP)

U.S. SENATOR MARIA CANTWELL, (D-WA): God only gave the United States three percent of the world's oil reserves. We're kind of stuck on being impacted by those countries and those policies. But if the United States could get aggressive, and this is the time we should do this. America should be proud and excited about being energy leaders instead of being laggards in these new energy technologies.

U.S. SEN. LISA MURKOWSKI (R-AK): Senator Cantwell and I are not so diametrically opposed, except when it comes to the new domestic supply. This is where we've got to look realistically at it and say, what can we do? Because the demand side of it is very real. And it's not just coming from this nation. Look at what's happening in China. Look at what is happening in India. We've got to recognize that the competition for the resource that we demand is huge.

(END VIDEO CLIP)

BLITZER: On Fox News Sunday, President Bush's new chief of staff, Josh Bolten, discussed the recent shakeup in the White House staff.

(BEGIN VIDEO CLIP)

JOSH BOLTEN, WHITE HOUSE CHIEF OF STAFF: What the change does provide is an opportunity for the White House to step back, refresh, re-energize at a time when we're five and a half years into an administration, normally a slow point, a low point in many administrations. A chance for us to get our mojo back, to go back more on the offensive.

(END VIDEO CLIP)

BLITZER: Highlights from some of the other Sunday morning talk shows here on "Late Edition," the last word in Sunday talk. Up next, the results of our web question of the week: Would you consider buying a gasoline-electric hybrid car? And also coming up at the top of the hour for our North American viewers, CNN reporters are "On the Story," including correspondent Aneesh Raman with a firsthand look at life inside Iran. All that, lots more on "On the Story." But first, this.

(BEGIN VIDEOTAPE)

BLITZER: Kimberly Oliver, what's her story? Already a star in the eyes of her students and fellow teachers, the 29-year-old kindergarten teacher is in the national spotlight as the 2006 Teacher of the Year. Oliver, who teaches at Broad Acres Elementary School in Silver Spring, Maryland, was presented the award by President Bush. In a classroom where 80 percent of the

students speak a language other than English and 90 percent live in poverty, Oliver is being praised for boosting test scores, involving parents, and getting students engaged.

She'll spend next year traveling the country promoting the importance of education and instructing other teachers on her keys to success.

(END VIDEOTAPE)

BLITZER: Our "Late Edition" web question asks: Would you consider buying a gasoline-electric hybrid car? Here's how you voted: 82 percent of you said yes, 18 percent said no. Remember, though, this is not a scientific poll. And that's your "Late Edition" for Sunday, April 30. Please be sure to join us again next Sunday and every Sunday at 11 a.m. eastern for the last word on Sunday talk. I'm also in "The Situation Room" Monday through Friday 4 to 6 p.m. eastern, back again at 7 p.m. eastern.

And don't forget CNN's extensive coverage tomorrow of the so- called "Great American Boycott." CNN's coverage begins 6 a.m. eastern. Until then, thanks very much for joining us.

From: Ames, Andrew
Sent: Monday, May 01, 2006 10:50 AM
To: Agarwal, Asheesh (CIV); Ames, Andrew; Baxter, Felix (CIV); Branda, Joyce (CIV); Brett Gerry; Brody, Stephen (CIV); Bucholtz, Jeffrey (CIV); Bukvics, Jennifer (CIV); Claterbos, Barbara (CIV); Cohen, David M. (CIV); Cohn, Jonathan (CIV); Davidson, Jeanne (CIV); Fargo, John (CIV); Fielding, Gabrielle (CIV); Figley, Paul (CIV); Flentje, August (CIV); Frost, Peter (CIV); Garren, Timothy (CIV); Glynn, J.Patrick (CIV); Gorsuch, Neil M; Hertz, Michael (CIV); Hollis, Robert (CIV); Hunt, Jody (CIV); Hussey, Thom (CIV); Jennifer Brosnahan; Jeweler, James (CIV); Katsas, Gregory (CIV); Keisler, Peter D (CIV); Kohn, Chris (CIV); Kopp, Robert (CIV); Letter, Douglas (CIV); Levine, Larry (EOIR); Lindemann, Michael (CIV); Magnuson, Cynthia; McCallum, Robert (SMO); Miller, Charles S; Nichols, Carl (CIV); Nowacki, John; Pyles, Phyllis (CIV); Riley, Sharon (CIV); Rivera, Jennifer (CIV); Roehrkasse, Brian; Schiffer, Stuart (CIV); Scolinos, Tasia; Seidel, Rebecca; Senger, Jeffrey M; Spellberg, Dianne (CIV); Swenson, Lily F; Thirolf, Eugene; Wilson, Karen L; Zwick, Ken (CIV)
Subject: 5/1/06 Civil Division News

Feds want spying suit thrown out; Group seeks judgment against AT&T

Feds Drop Bomb on EFF Lawsuit

U.S.: FBI sought info without court OK

When Litigation Goes Too Far (Editorial)

Civil trial wraps up in Edgewater fraud

Justice tells Craig law change needed to help Idaho downwinders

COAST GUARD ALLOWS RELIGIOUS HEADGEAR

Appeals court blasts immigration judge for abusive manner

U.S. Gov. TO release docs on NYU spying

AP

Sat, Apr. 29, 2006

Feds want spying suit thrown out; Group seeks judgment against AT&T

By DAVID KRAVETS
Associated Press

SAN FRANCISCO - The Justice Department said Friday it was moving to dismiss a federal lawsuit challenging the Bush administration's secretive domestic wiretapping program.

The lawsuit, brought by the San Francisco-based Internet privacy group, Electronic Frontier Foundation, does not include the government but names AT&T Inc., which the group accuses of colluding with the National Security Agency to make communications on AT&T networks available to the spy agency without warrants.

The government, in a filing late Friday, said the lawsuit threatens to expose government and military secrets and therefore should be tossed. The administration said its bid to intervene in the case should not be viewed as a concession that the allegations are true.

DOJ_NMG_0027530

"The fact that the United States will assert the state secrets privilege should not be construed as a confirmation or denial of any of the plaintiffs' allegations, either about AT&T or the alleged surveillance activities," the administration wrote in its court filing.

As part of its case, the Electronic Frontier Foundation said it obtained documents from a former AT&T technician showing that the NSA is capable of monitoring all communications on AT&T's network, and those documents are under seal.

Next month, U.S. District Judge Vaughn Walker will hold a hearing on whether they should be divulged publicly.

President Bush confirmed in December that the NSA has been conducting the surveillance when calls and e-mails, in which at least one party is outside the United States, are thought to involve al-Qaida terrorists.

In congressional hearings earlier this month, Attorney General Alberto Gonzales suggested the president could order the NSA to listen in on purely domestic calls without first obtaining a warrant from a secret court established nearly 30 years ago to consider such issues.

Gonzales said the administration, assuming the conversation related to al-Qaida, would have to determine if the surveillance was crucial to the nation's fight against terrorism, as authorized by Congress after Sept. 11, 2001.

The lawsuit, alleging AT&T violated U.S. law and the privacy of its customers, seeks to stop the surveillance program. The suit is based in large part on the former technician's documents, which the technician said detail secret NSA spying rooms and electronic surveillance equipment in AT&T facilities.

"We believe AT&T violated the law by providing the communications of its clients to the government without warrants, which is prohibited by federal law," said Kurt Opsahl, an EFF attorney.

The San Antonio-based telecommunications giant said it follows all applicable laws.

The case is Hepting v. AT&T Inc., 06-0672.

END

Wired News

Feds Drop Bomb on EFF Lawsuit

Friday, 28 April 2006

The federal government intends to invoke the rarely used "State Secrets Privilege" -- the legal equivalent of a nuclear bomb -- in the Electronic Frontier Foundation's class action lawsuit against AT&T that alleges the telecom collaborated with the government's secret spying on American citizens.

The State Secrets Privilege is a vestige from English common law that lets the executive branch step into a civil lawsuit and have it dismissed if the case might reveal information that puts national security at risk.

Today's assertion severely darkens the prospects of the EFF's lawsuit, which the organization had hoped would shine light on the extent of the Bush Administration's admitted warrantless spying on Americans.

The government is not admitting, however, that AT&T aided the National Security Agency in spying on American's phone calls and internet communications.

"[T]he fact that the United States will assert the state secrets privilege should not be construed as a confirmation or denial of any of Plaintiffs¿ allegations, either about AT&T or the alleged surveillance activities," the filing reads. "When allegations are made about purported classified government activities or relationships, regardless of whether those allegations are accurate, the existence or non-existence of the activity or relationship is potentially a state secret."

The Justice Department has not formally invoked the privilege yet.

Today's notice was intended to inform Northern California US District Court Judge Vaughn Walker that the government was intending to assert the privilege in order to seek dismissal of the case.

The complete paperwork justifying the government's decision will be filed by May 12.

END

Associated Press

DOJ_NMG_0027531

U.S.: FBI sought info without court OK

By Mark Sherman

Friday, April 28, 2006

WASHINGTON -- The FBI secretly sought information last year on 3,501 U.S. citizens and legal residents from their banks and credit card, telephone and Internet companies without a court's approval, the Justice Department said Friday.

It was the first time the Bush administration has publicly disclosed how often it uses the administrative subpoena known as a National Security Letter, which allows the executive branch of government to obtain records about people in terrorism and espionage investigations without a judge's approval or a grand jury subpoena.

Friday's disclosure was mandated as part of the renewal of the Patriot Act, the administration's sweeping anti-terror law.

The FBI delivered a total of 9,254 NSLs relating to 3,501 people in 2005, according to a report submitted late Friday to Democratic and Republican leaders in the House and Senate. In some cases, the bureau demanded information about one person from several companies.

The numbers from previous years remain classified, officials said.

The department also reported it received a secret court's approval for 155 warrants to examine business records last year under a Patriot Act provision that includes library records. However, Attorney General Alberto Gonzales has said the department has never used the provision to ask for library records.

The number was a significant jump over past use of the warrant for business records. A year ago, Gonzales told Congress there had been 35 warrants approved between November 2003 and April 2005.

The spike is expected to be temporary, however, because the Patriot Act renewal that President Bush signed in March made it easier for authorities to obtain subscriber information on telephone numbers captured through certain wiretaps.

The Foreign Intelligence Surveillance Court, the same panel that signs off on applications for business records warrants, also approved 2,072 special warrants last year for secret wiretaps and searches of suspected terrorists and spies. The record number is more than twice as many as were issued in 2000, the last full year before the terrorist attacks of Sept. 11, 2001.

The FBI security letters have been the subject of legal battles in two federal courts because, until the Patriot Act changes, recipients were barred from telling anyone about them.

Ann Beeson, the associate legal counsel for the American Civil Liberties Union, said the report to Congress "confirms our fear all along that National Security Letters are being used to get the records of thousands of innocent Americans without court approval."

The number disclosed Friday excludes requests for subscriber information, an exception written into the law. It was unclear how many FBI letters were not counted for that reason.

END

New York Sun

When Litigation Goes Too Far (Editorial)

By Harold Furchtgott-Roth

May 1, 2006
The Electronic Frontier Foundation filed a class action suit against AT&T early this year for allowing the National Security Agency to engage in surveillance activities initiated after the September 11, 2001, attacks using AT&T's network. Now the American government has asked a San Francisco federal district court judge, Vaughn Walker, to dismiss the case because of national security concerns. These concerns are legitimate.

EFF is a nonprofit organization committed to preserving and advancing consumer "digital rights." Its board of directors includes many technologists and leading lawyers in the country such as Lawrence Lessig of Stanford University Law School and Pamela Samuelson of University of California at Berkeley Law School. EFF also has an advisory board with nearly a dozen eminent academics and practitioners in the new field of the law of digital rights.

Given the legal orientation of the leadership of EFF, it is not surprising that the organization is actively engaged in litigation. EFF's Web site prominently displays legal issues and cases, including those with EFF as a party. EFF claims that it, "on behalf of a nationwide class of AT&T customers, is suing to stop this illegal conduct and hold AT&T responsible for its illegal collaboration in the government's domestic spying program, which has violated the law and damaged the fundamental freedoms of the American public."

Whether the NSA's surveillance activities were lawful or not is a subject of wide dispute. It is being addressed within the administration, in Congress, in the courts, and in public and private conversations around the country. But if EFF has a legitimate concern, it should be with governmental activities, not the "collaboration" of private parties responding to governmental requests based on national security.

For decades, telecommunications carriers in America have made their facilities available to government officials with authorized national security and law enforcement requests. When the NSA contacts a telecommunications carrier with a request, it is presumptively legal and authorized. AT&T or any other carrier would have little basis to distinguish and challenge the legitimacy of the requests from national security or law enforcement agencies.

Yet EFF would have had AT&T conduct such a legal challenge to the NSA. This is an unrealistic view of the operations of a telecommunications company. Requests from law enforcement and national security agencies to telecommunications carriers are unusual events and handled with the utmost confidentiality and secrecy. Although there have been occasional instances of disputes between carriers and law enforcement officials about the liability of carriers for transmission of pirated material, there are few, if any, instances of disputes about national security requests.

No one should want to see private parties, even those as large and influential as AT&T, to be in a position to veto governmental decisions about national security. We may never know - and we should never have to know - how many requests AT&T or other carriers receive from governmental agencies for assistance with law enforcement and national security matters. We do know that AT&T and other carriers have not sabotaged those efforts by refusing to cooperate by challenging them in court. If any of those governmental decisions should prove unlawful, the courts should address those issues with the government as a party to the dispute, not in disputes among private parties.

Judge Walker has a great dilemma. He has a class action suit brought against a private party that should have been brought against the federal government. He has the federal government asserting both "military and state secrets privilege" that, if exposed in court, would be harmful to governmental interests.

America is engaged in a war against terrorists who use all available means to undermine the rule of law and the cooperation that private parties give their governments, particularly our own. If EFF prevails in court against AT&T, no private party would dare help the government on any law enforcement or national security request without first going to court. Our national security and law enforcement would be greatly diminished. Abu Musab Al-Zarqawi and other terrorists would no doubt cheer, now being free of much American surveillance. In targeting AT&T in this case in the name of promoting digital rights, EFF is inadvertently undermining those very rights and much more.

END

Chicago Tribune

April 30, 2006

Civil trial wraps up in Edgewater fraud

Ex-manager Rogan awaits judge's ruling

By Bruce Japsen
Tribune staff reporter

While four doctors and a vice president went to prison in a health-care fraud investigation that led to the shuttering of Edgewater Medical Center, one-time owner Peter Rogan faced no criminal charges and remained out of the public eye for more than five years.

His obscurity changed three weeks ago when a federal civil trial began, accusing the Valparaiso, Ind., man of engineering an elaborate kickback scheme that paid doctors and others to admit patients for unnecessary care from the mid-1990s through 2002. The suit seeks $18 million in damages.

Five who worked at the hospital pleaded guilty for their roles in luring homeless people, the elderly and other patients into the North Side hospital at 5700 N. Ashland Ave. for medical care they did not need.

But Rogan, who was the top manager at the facility, never faced criminal charges in the cases that led to Edgewater's demise.

He has refused to take any of the blame for the collapse of a hospital that critics say has cost taxpayers more than $18 million and a French bank more than $50 million. The hospital is in bankruptcy proceedings.

"[The case is] the beginning of a long-overdue day of reckoning for Mr. Rogan," U.S. Justice Department attorney Laurie Oberembt said in closing arguments last week. "Time and time again, he negotiated kickback deals. Mr. Rogan was the decision-maker."

Rogan, through his attorneys, would not agree to an interview. But his attorneys deny the government's allegations and expect a favorable ruling by U.S. District Judge John Darrah, who presided over the three-week trial that ended Wednesday in U.S. District Court in Chicago. Darrah's ruling could come early this summer based on a schedule of post-trial submissions he set, but he offered no specific date.

This case is the first of what are expected to be several civil lawsuits against Rogan. Another major case, filed by French bank Dexia Credit Local, has not been set for trial.

Rogan, 60, quietly turned around Edgewater Medical Center in the early 1990s and, along the way, made himself millions on various deals tied to owning, selling and then maintaining a paid management role with the facility.

A one-time health-care consultant at the former Ernst & Whinney, later Ernst & Young, Rogan bought Edgewater in 1989 for $1 million plus assumption of nearly $10 million in debt and liabilities. Edgewater's board wanted to get out from beneath the hospital's troubles and sold it to Rogan, who ran it as his own for-profit hospital for six years.

In 1994, Rogan sold the hospital to California-based, not-for-profit Permian Health Care Inc. for $35 million. Of that, public records show, Rogan got $31 million. In court, his lawyers say he got more than $10 million.

Rogan and his lawyers don't deny he made a lot of money. In fact, because he made so much money, the lawyers said he had no reason to be involved with a fraud scheme at the facility.

But throughout the trial, government lawyers allege Rogan approved bribes and kickbacks to doctors.

Rogan places blame elsewhere

The money was outlined in four- and five-figure contracts for a variety of services, including payments to doctors for training residents and running community programs where the government alleges Rogan didn't care if work was performed. The payments, they said, were bribes to win more admissions to keep Edgewater churning out profits.

Rogan denied that and shifted blame to Roger Ehmen, who is serving a sentence in federal prison for his role in the fraud and whom Rogan described as a "rogue" employee.

"[Rogan] didn't need to get involved in a scheme like this," said one of Rogan's attorneys, Neil Holmen, of Chicago law firm Winston & Strawn. "He had made his money."

Government attorneys tried to show that Rogan hid millions in areas of the world known for offshore tax advantages. In one example, court testimony showed Rogan directed $5 million through one of his many shell companies to set up trusts for his three children in the tiny Central American nation of Belize. Rogan, however, denied in court he was involved in setting up the trusts.

Money that Rogan directed to several off-shore tax shelters is expected to emerge again later this year in Dexia's case against him, sources close to the matter say. That case is expected to center on Rogan not telling the bank about fraudulent activity and mismanagement that would have caused bank officials to reconsider backing Edgewater.

The enigma of Rogan's riches is about as uncanny as Edgewater's turnaround in the mid-1990s.

Rogan defied industry experts by making Edgewater profitable while serving a patient base insured by fixed payments

from government programs, particularly a decade ago when the federal government dramatically slowed Medicare payments to hospitals.

Holmen said his client was aware of the federal anti-kickback laws from his more than two decades of experience as a health-care consultant and hospital executive.

"He was smart," Holmen said. "What sense does it make that he would enter into this scheme?"

Government: Greed ruled

But government attorneys said Rogan approved of business dealings that encouraged doctors and hospital staff to submit false claims in an effort to boost hospital profits.

Government lawyers also discounted the notion that he would not have been involved in the fraud because he had already made his money. They allege Rogan couldn't make enough money, saying he continued on as part of a paid management arrangement at the hospital and controlled nearby hospital property even after selling the hospital out of "greed."

Oberembt, in her closing statements for the government last week, said, "He wanted the hospital to be successful because it made him successful."

END

AP

April 29, 2006

Justice tells Craig law change needed to help Idaho downwinders

By CHRISTOPHER SMITH

Associated Press Writer

BOISE, Idaho_The U.S. Department of Justice has told Sen. Larry Craig that without changes in federal law, there's nothing the agency can do to extend federal compensation to Idaho cancer victims who blame nuclear-bomb fallout during Cold War-era testing for their illness.

Craig inserted language into the Justice\l "I" Department's\l "I" fiscal 2006 spending bill last June directing the agency to find ways to expand eligibility for fallout victims. Currently, eligibility in the program created by the Radiation\l "I" Exposure Compensation Act (RECA) is limited to 22 counties in Utah, Arizona and Nevada.

Craig and fellow Idaho Republican Sen. Mike Crapo want the entire state of Idaho declared eligible. Fallout pattern studies have shown portions of Idaho received higher doses of radioactive particles spread by aboveground testing of nuclear weapons at the Nevada Test Site in the 1950s than some areas that are covered by the law.

In April 2005, the National Academies of Science recommended the federal government consider fallout-related cancer claims from people across the United States, rather than just those in the 22 counties.

But the report also said cancer victims should have to show a scientific link between the fallout and their illness to receive compensation, a connection researchers say would be very difficult to prove.

Craig's language in the spending bill asked the Justice Department _ which administers the compensation program _ to recommend ways to incorporate the academies' findings into the existing program. But the response delivered to Craig this week said the agency can't make any changes until Congress amends the law.

Craig's office said the senator was not surprised by the conclusion and planned to use the Justice\l "I" Department\l "I" report to spur the Senate Judiciary Committee to begin a lengthy overhaul of the RECA program. He also plans to cite the document in pressing for legislation he and Crapo have sponsored that would immediately add Idaho to the list of eligible areas.

"The value of the report is we can now take that to the judiciary committee and show them why we need this legislation

and to get them moving forward on RECA reform," Dan Whiting, Craig's press secretary, said Friday.

But advocates for Idaho downwinders, as those who lived in areas where wind carried radiation\l "I" are called, complained that the year that passed waiting for a federal study that confirmed the obvious is just part of a pattern of neglect by the federal government.

"They are studying it to death and will keep on studying until there's none of us left to complain anymore," said Preston Truman of Downwinders, a grassroots group lobbying for expanded eligibility. "If Craig and the Idaho delegation were serious about getting greater RECA eligibility, they would attach a rider to every bill adding Idaho, Montana, the rest of Utah and Mohave County in Arizona to the program."

The Craig-Crapo bill to include Idaho was introduced in the Senate in May 2005 and has not had a hearing nor attracted any co-sponsors.

Another bill, sponsored by Crapo, would add Idaho and Montana. It was introduced in December in the Senate, has attracted Craig and Sen. Conrad Burns, R-Mont., as co-sponsors but is stuck in the Senate Judiciary Committee.

In a statement to constituents posted to his Senate Web site this week, Craig said he was working with the Justice Department on the academies' report and planned to share the findings with the Senate panel, of which he is a member.

"I want you to know that I will continue to be actively engaged in the debate surrounding this issue as it moves through the Senate, and that I am fully committed to ensuring Idahoans affected by nuclear weapons testing are eligible for compensation under a fair, science-based RECA program," Craig said.

END

AP

April 29, 2006

COAST GUARD ALLOWS RELIGIOUS HEADGEAR

Associated Press

The U.S. Coast Guard has abandoned a rule requiring anyone seeking a merchant marine license to submit photographs showing no religious head coverings, civil rights lawyers said Wednesday.

The lawyers, from the New York Civil Liberties Union, sued the Coast Guard in federal court in Manhattan on March 28 on behalf of Khalid Hakim, a devout Muslim who has served in the merchant marine while working for private shipping companies since 1973. Workers like Hakim are not members of the military but are required to obtain licenses to work on commercial ships that transport cargo in U.S. waters.

Before Sept\l "I". 11\l "I", 2001, Hakim regularly received licenses after submitting photographs in which he wore his religious knitted hat, called a kufi, the lawsuit\l "I" said. After Sept\l "I". 11\l "I", though, the Coast Guard said he would have to remove it to get a license, it added.

END

AP

April 29, 2006

Appeals court blasts immigration judge for abusive manner

By MARYCLAIRE DALE

Associated Press Writer

PHILADELPHIA_An immigration\l "I" judge\l "I" prejudged cases and bullied asylum-seekers, denying them their right to fair hearings, a federal appeals panel said in rulings issued Friday.

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In one case, Judge Donald V. Ferlise of Philadelphia cowed petitioner Abou Cham of Gambia into a state of confusion with comments _ some about Cham's command of English _ the appeals court found "abusive."

Ferlise then dismissed evidence that Cham's relatives were jailed or attacked after his uncle was ousted as the country's president.

"Judge Ferlise continually abused an increasingly distraught petitioner, rendering him unable to coherently respond to Judge Ferlise's questions," wrote Judge Maryanne Trump Barry of 3rd U.S. Circuit Court of Appeals. "The belligerence of the questioning and the tension in the courtroom fairly leap off the pages of the record."

Ferlise ranked as among the 10 toughest asylum judges in the country in a 2000 study published by The San Jose Mercury News. Ferlise granted 74 of 715 asylum requests between 1995 and 1999, the newspaper reported.

Ferlise did not immediately return a telephone message left Friday at his Philadelphia office. A home listing for him could not be located.

In 1996, Ferlise denied asylum _ and was later reversed _ in what became a precedent-setting case over the issue of female circumcision.

In the second case handed down Friday, Ferlise had refused to accept that the petitioner's father was dead, although Seemab Fatima Shah offered newspaper photographs that showed the bloodied body in the aftermath of sectarian violence in Pakistan.

Lawyers for the U.S. Bureau of Immigration Appeals conceded that the father was dead but Ferlise called the asylum petition "nothing but a fraud that is being perpetrated upon this Court."

Ferlise exhibited an "apparent zeal to deny relief" to Shah, wrote Barry, who in footnotes referenced two other rulings in which the 3rd Circuit has admonished Ferlise for his demeanor.

All four petitioners were granted new hearings with a different judge.

Joseph C. Hohenstein, an attorney whose firm was involved in the four Ferlise appeals, said petitioners are re-traumatized when they appear before the judge.

"Right or wrong about whether asylum should be granted, the important thing is a respect for the process and a respect for the person," Hohenstein, who represents Cham, said Friday.

"Where he seems to have problems is with asylum claims, where he thinks people are using the system," Hohenstein said. "In many other situations, Judge Ferlise is a wonderful judge ... (who) recognizes people's humanity."

Barry, in a ruling earlier this month, sharply criticized U.S. immigration laws that she said forced the "knee-jerk" removal of "decent men and women." The comments came in a case in which the panel denied asylum for a former member of the paramilitary Irish National Liberation Army convicted in the 1981 wounding of a British police officer.

END

New York Blade

U.S. Gov. TO release docs on NYU spying

By Kerry Eleveld

Monday, May 1, 2006

During the next three weeks, government records will be released detailing surveillance efforts on campus organizations that oppose the military's "Don't ask, don't tell" policy and the Solomon Amendment, a law that allows the federal government to deny grants to colleges that restrict on-campus military recruiting.

A Washington, D.C., judge issued a court order on April 19 to the Department of Defense, Department of Justice and the Defense Intelligence Agency in response to a February lawsuit filed by the Servicemembers Legal Defense Network (SLDN), which provides legal assistance to gay and lesbian military personnel.

The fact that the Department of Defense (DOD) was monitoring pro-LGBT organizations first came to light last December when Lisa Myers of NBC revealed Pentagon "Talon" reports citing certain campus groups as potential terrorist threats. New York University's OUTlaw, a group of LGBT law students at NYU, was one of those groups.

"We were really surprised—actually, I think shocked," said OUTlaw co-chair Rebecca Fisher, of finding out they had been followed by the DOD. Fisher, a second-year law student, has been a member of the group for two years and said they host activities such as student dinners and bar nights, bringing in guest speakers who have litigated major gay rights cases, and sometimes protesting government policies such as Don't ask, don't tell, which they believe discriminates against gays and lesbians.

Outlaw has about 100 members on their listserv, and Fisher said their events generally draw anywhere from 20 to 40 people. "We are probably one of the more innocuous groups out there—I mean, we're law students so nothing that we do approaches illegality, much less terrorism," she said.

The Talon reports, part of the Pentagon's post-September 11 counter-terrorism efforts, are based on information gathered from civilians and military personnel about suspicious activity. The DOD admitted in a letter to the Senate Armed Services Committee that it had "inappropriately" collected information on protesters. To date, the DOD has released several documents and is in the process of searching for more.

"It will be really interesting to see what they said and how the information was obtained—whether or not the information was obtained legally," Fisher said of the forthcoming documents.

Getting intelligence

Originally, SLDN and about 13 other LGBT organizations filed several Freedom of Information Act (FOIA) requests in early January to get more information about who was being spied on and why. Steve Ralls, director of communication for SLDN, said the law suit itself was a last resort. "We were finding that we were being stonewalled by many government agencies, so we took the additional step of filing the court case to effectively force the government to comply with the FOIA," Ralls said.

Among other things, SLDN provides legal assistance to active-duty military personnel who are in the process of being discharged for being gay. "We have very special concerns," Ralls said. "If the Pentagon is monitoring the LGBT community and if they're specifically monitoring SLDN, we want to be sure the privacy and confidentiality of our clients is not compromised."

According to a three-stage timeline set by the court order, the Defense Intelligence Agency was supposed to release its surveillance documentation by last Thursday, April 27; the Department of Defense is to do so by Thursday, May 4; and the Department of Justice is to do the same by Thursday, May 11.

Getting government documents released has a significance all its own. "These days, any time you win a FOIA suit it's cause for wild celebration," said Charles Davis, executive director of the National Freedom of Information Coalition at University of Missouri's School of Journalism.

The Bush Administration has been notoriously tightlipped about all government activity following September 11. Then Attorney General John Ashcroft issued an October 12 memo stating: "When you carefully consider FOIA requests and decide to withhold records, in whole or in part, you can be assured that the Department of Justice will defend your decisions…"

By way of example at one government agency, Davis cites statistics from student Andrew Eder's Master's thesis on FOIA activity. While President Clinton was still in office in 1999, the FBI granted in full 1,436 out of 24,207 requests, just 6 percent. But in 2005, the FBI granted in full 69 out of 11,155 requests, or about 0.5 percent.

"It's amazing that it took a track that was as fast as it was," said Davis of the SLDN suit, adding that these suits often take months if not years to reach resolution. To Davis, it says one of two things. "Here you saw an issue that was of such magnitude, and I would imagine of such egregious closure in contravention of FOIA, that the courts were acting as quickly as they possibly could," he said, or, "You might have a judge that was eager to take the case—it's impossible to know."

So far, so bad

The Talon reports released to date by the DOD confirm domestic surveillance of protests at New York University, the University of California at Berkeley and the University of California at Santa Cruz. New York University Law School Dean Richard Revesz issued an April 21 statement calling the reports "distressing" because they showed disrespect for the role that universities play in providing an atmosphere for critical thought and examination of social issues. He added, "The reports are disappointing because they reveal a remarkable misallocation of our nation's resources."

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While both Fisher and Dean Revesz point out that OUTlaw's activities are constitutionally protected, the DOD reports speculate on the meaning of the group's name before a scheduled protest. "Specifically, the term 'OUTlaws' is a backhanded way of saying it's all right to commit possible violence and serve as vigilantes during the symposium. Therefore, it is possible that physical harm or vandalism could occur at this event," said one report dated February 3, 2005.

Fisher said that most of her peers find the report's speculation to be bizarre and sort of outlandish. "Can't you just do a Google search," she joked. The group has continued with its regular activities—not because they know the spying has been discontinued. "It's really because we aren't involved in anything illegal," she said.

Ralls of SLDN is concerned that so far, the press coverage has missed the point. "There has been a lot of debate in the media and on the Sunday talk shows about the legality of what has happened," he said. "But I think the core issue here that should really alarm most Americans is the fact that citizens who are going about their everyday lives—who are taking advantage of their constitutional rights to free speech and to free expression—are being labeled by our own government as suspicious or possibly involved in terrorist activity."

Ralls, Fisher and Dean Revesz have all said they are waiting to review the new documentation before determining whether subsequent steps might be taken.

END

DOJ_NMG_0027539

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USDOJ- Office of Public Affairs

From:	USDOJ- Office of Public Affairs
Sent:	Tuesday, May 2, 2006 8:16 AM
To:	USDOJ- Office of Public Affairs
Subject:	Attorney General's News Briefing for Tuesday, May 02, 2006
Attachments:	agnb060502.pdf; agnb060502.doc

THE ATTORNEY GENERAL'S *NEWS BRIEFING*

PREPARED FOR THE OFFICE OF PUBLIC AFFAIRS, U.S. DEPARTMENT OF JUSTICE

TO: THE ATTORNEY GENERAL AND SENIOR STAFF

DATE: TUESDAY, MAY 2, 2006 7:45 AM EDT

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TERRORISM NEWS:

Judge Harshly Criticizes Al-Arian, Imposes Prison Sentence. In a story distributed widely by Knight Ridder, the Orlando Sentinel (5/2, Gutierrez, 265K) reports, "Branding him a 'master manipulator,' a federal judge on Monday sentenced…Sami Al-Arian to 57 months in prison for aiding members of a terrorist group. The prison term dashed Al-Arian's hope that he would be given time served and be released to immigration authorities for immediate deportation." US District Judge James Moody said to Al-Arian during the sentencing, "When it came to blowing up children and women on buses, did you leap into action? No. … On the contrary, you laughed when you heard about the attacks." His "unexpected strong words and sentence…stung" Al-Arian's "family and supporters while they vindicated federal prosecutors." The AP (5/2, Stacy) adds, "Dismissing defense contentions that money raised by Al-Arian and his co-defendants went to support Palestinian charities, Moody said: 'Your only connection to widows and orphans was that you create them.' … U.S. Attorney Paul Perez claimed victory, saying the pursuit of Al-Arian allowed federal agents to identify and disrupt a terrorist cell operating in this country. The plea vindicated the prosecution, which some had criticized as being political and an attack on free speech, he said." The Tampa Tribune (5/2, Silvestrini) notes, "Before being sentenced, Al-Arian said he takes full responsibility for his actions and praised the jury for their courage."

The New York Times (5/2, Steinhauer, 1.19M) calls the sentence was "a surprise move" and adds that "the jury verdict, which embarrassed prosecutors who had devoted considerable resources to the case, underscored the complexities of obtaining convictions under the USA Patriot Act and other recent laws that criminalized aiding organizations that the United States has deemed to be based on terror. For example, in the 30 previous efforts to convict a defendant of conspiring to contribute money to a terrorist organization — one of the charges against Mr. Al-Arian — 28 were dismissed, according to the Terrorism Research Center at the University of Arkansas." Additionally, The Washington Post (5/2, A7, 744K) reports a truncated version of the AP story in "Nation In Brief," and The New York Sun (5/2, Gerstein) reports on the sentencing under the headline "Judge Stuns Al-Arian With Maximum Time."

WPost Says DOJ Should Not Claim Victory With Al-Arian Deal. The Washington Post (5/2, A20, 744K) editorializes that DOJ "described the deal as if it were a big win in the war on terrorism." However "the government has settled this case on terms under which Mr. al-Arian will go free in less than two years. It's not clear whether the government charged Mr. al-Arian too aggressively or simply put on a bad performance at trial. In either event it ill becomes the government to claim victory."

Umer Hayat Released On Bail. In a widely-distributed story, the AP (5/2, Thompson) reports "ice cream vendor" Umer Hayat was released Monday on $390,000 bail. He "will be confined to his home…and was fitted with an electronic monitoring device." The AP notes that Hayat "was charged with two counts of lying to the FBI about his son's attendance at the training camp, but his case ended in a mistrial last week after the jury said it was deadlocked. Prosecutors must decide by Friday if they will seek a new trial."

Lawyer For Former Detroit Terror Suspect Seeks Dismissal Of New Charges. The Detroit News (5/1, Egan) reported, "Lawyers for Karim Koubriti, the Detroit man whose terrorism-related conviction was tossed out as a result of alleged wrongdoing by former federal prosecutor Richard Convertino, say in light of the alleged misconduct the charge against him should be dropped." However, "the government argues there is no evidence of misconduct related to Koubriti's most recent indictment, which was brought…by different prosecutors after Convertino was removed from the case. … Koubriti is accused of submitting phony claims for lost wages and other expenses after he was a passenger in a car driven by one of his co-defendants."

PATRIOT ACT:

FBI Issued NSLs For Information On More Than 3,500 In US Last Year. As reported by AP and the Los Angeles Times yesterday, the Washington Post (5/2, A4, Eggen, 744K) reports, "The FBI sought personal

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information on thousands of Americans last year from banks, Internet service providers and other companies without having to seek approval from a court, according to new data released by the Justice Department," which "disclosed that the FBI had issued more than 9,200 'national security letters,'…seeking detailed information about more than 3,500 U.S. citizens or legal residents in 2005." The Post notes, "The new statistics provide the latest measure of the government's rapidly expanding anti-terrorism activities, which include a wide range of secret warrants and powers aimed at monitoring suspicious behavior and preventing attacks." The ACLU's Caroline Fredrickson said of DOJ report, "The idea that this kind of power resides in the hands of so many people at the FBI with no court oversight is very troubling."

DOJ Reports 18% Rise In FISA Warrant Approvals In 2005. USA Today (5/2, 7A, 2.31M) reports FISA terror investigation wiretaps "increased 18% last year, the Justice Department said Monday. There were 2,072 FISA warrants in 2005, up from 1,754 a year earlier. The warrants are separate from a program under which President Bush authorized the National Security Agency to monitor, without warrants, international calls and e-mails of people in the USA when one party to the conversation may be linked to terrorists." ACLU lawyer Jesselyn McCurdy "said she was concerned that judges are "becoming a rubber stamp."

NYTimes Editor Defends Decision To Publish NSA Eavesdropping Story. In a letter to the Wall Street Journal (5/2, 2.11M), Bill Keller, Executive Editor of the New York Times, writes, "Most American newspapers, including yours and mine, try hard to separate the curiosity-driven world of reporters and editors from the ideology-driven world of editorial writers and columnists. … In the case of the eavesdropping story, President Bush and other figures in his administration were given abundant opportunities to explain why they felt our information should not be published. We considered the evidence presented to us, agonized over it, delayed publication because of it. In the end, their case did not stand up to the evidence our reporters amassed, and we judged that the responsible course was to publish what we knew and let readers assess it themselves."

State, Local Police Also Conducting Domestic Surveillance Operations. U.S. News and World Report (5/8, Kaplan) reports in its cover story, "U.S. News has identified nearly a dozen cases in which city and county police, in the name of homeland security, have surveilled or harassed animal-rights and antiwar protesters, union activists, and even library patrons surfing the Web. Unlike with Washington's warrantless domestic surveillance program, little attention has been focused on the role of state and local authorities in the war on terrorism. A U.S. News inquiry found that federal officials have funneled hundreds of millions of dollars into once discredited state and local police intelligence operations." US News adds, "In dozens of interviews, officials across the nation have stressed that the enhanced intelligence work is vital to the nation's security, but even its biggest boosters worry about a lack of training and standards."

HOMELAND RESPONSE:

Jurors See Surveillance Tape Of NYC Subway Bomb Plotting. The New York Times (5/2, Rashbaum, 1.19M) reports the testimony of a "paid police informer who is the central witness at the trial of a Pakistani immigrant charged with plotting to blow up the Herald Square subway station" is "shedding light on what seem to be new police tactics to uncover terrorist plots before they come to fruition. While a federal judge gave the police expanded powers in 2003, critics have nonetheless raised objections to the use of informers in places of worship, political events and other gatherings." The Times notes most of the informers testimony concerned conversations he overheard in NYC area mosques.

DHS, FBI To Lease Freedom Tower Offices. The Wall Street Journal (5/2, Frangos, 2.11M) reports, "the rebuilt World Trade Center's signature Freedom Tower is also likely to be a government citadel housing federal law-enforcement groups among other government agencies -- possibly enhancing its profile as a terrorist target." The Journal notes that among prospective tenants are the Department of Homeland Security's Customs and Border Protection, and Immigration and Customs Enforcement; as well as the Secret Service and the FBI.

Taylor Reportedly Ready To Allow Funding For Flight 93 Memorial. Roll Call (5/2, Ben Pershing) reports that "in the face of pressure from his fellow House Republicans," Rep. Charles Taylor "is expected to insert federal funding for a memorial to the passengers and crew of Flight 93 into the fiscal 2007 Interior spending bill this week."

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Roll Call notes Taylor "has been under siege since The Washington Post first reported that the chairman of the Appropriations subcommittee on Interior was refusing to provide federal dollars to help purchase land for the construction of the memorial."

Qatar To Announce $60 Million In Katrina Grants. The New York Times (5/2, Strom, 1.19M) reports, "The nation of Qatar plans to announce today roughly $60 million in grants to benefit the victims of Hurricane Katrina, including $17.5 million to Xavier University of Louisiana." The nation's US ambassador, Nasser Bin Hamad M. al-Khalifa, "said the remainder of the $100 million his country had pledged would be assigned in the coming months. … To identify projects Qatar might want to support, the ambassador and his representatives talked to relief organizations, educators, members of Congress and other experts, and some embassy staff members traveled to the region."

Dionne Says FEMA Needs Liberation From DHS, "Competent" Managers. E.J. Dionne Jr., in his column for the Washington Post (5/2, A21, 744K) writes that Sens. Susan Collins and Joseph Lieberman, who have released the results of a Senate investigation of the response to Hurricane Katrina that calls for FEMA to be dismantled and rebuilt, "are creative public servants." Dionne continues that FEMA "would work better if the administration takes their 86 ideas for reform seriously," but "there is something maddening about the Washington tendency to go for complicated, bureaucratic fixes for what are essentially human failures. These can often be remedied by taking an agency's mission seriously and appointing good people to carry it out." Dionne asks, "Why not just liberate it from DHS, as Sens. Trent Lott, Barbara Boxer, Hillary Rodham Clinton and Rep. Tom Davis have suggested, and make sure that competent people run FEMA?"

WAR NEWS:

Bush Says Iraq Mission Has Reached Turning Point. President Bush's remarks on the anniversary of his "Mission Accomplished" speech were not heavily covered by the media. For example, all three networks noted it, though none afforded it much prominence. NBC and ABC both waited until well into their broadcasts to air their reports, each less than a minute in length, carrying them ninth and sixth in their lineups respectively. CBS' coverage of the event was more comprehensive, but also left out of the top stories of the day.

Bush delivered his remarks in a White House appearance with Secretary of State Rice and Defense Secretary Rumsfeld, recently returned from a visit to Iraq. All three networks, as well as much of the print coverage, described the president's message as generally optimistic though less so that three years ago. Most reports noted his remarks that the mission had reached a "turning point," in reference to the establishment of the new Iraqi government. The CBS Evening News (5/1, story 6, 2:10, Schieffer, 7.66M) reported, "Today marks the third anniversary of what many thought at the time was one of the cleverest photo-ops ever. Even opponents of the Iraq invasion were impressed when the President flew onto an aircraft carrier decked out in a dashing flight suit and then spoke beneath a banner that said 'mission accomplished.' But it turned out not to be. … After meeting with his Secretaries of State and Defense, the best the President could say was things are finally looking up." Bush was shown saying, "We believe this is a turning point for the Iraqi citizens and it's a new chapter in our partnership."

CNN's The Situation Room (5/1, Blitzer) noted Bush "never said mission accomplished" in his remarks yesterday," while ABC World News Tonight (5/1, story 6, :40, Vargas, 8.78M) reported Bush "said Iraq faces challenges. But he hailed the formation of a new Iraqi government as a turning point." Bush was shown saying, "Obviously, there's some difficult days ahead because there's terrorists there that are willing to take innocent life, in order to stop the progress of democracy. But this government is more determined than ever to succeed. And we believe we've got partners to help the Iraqi people realize their dreams."

Meanwhile, NBC Nightly News (5/1, story 9, 0:40, Williams, 9.87M) also noted yesterday marked "the third anniversary of…Bush's so-called 'mission accomplished' speech aboard the aircraft carrier USS Abraham Lincoln. On that day he declared, 'The tyrant has fallen and Iraq is free.'" Yesterday, "the message was less upbeat, with the President pronouncing Iraq's new unity government 'more determined than ever to succeed.'" The President "acknowledged there will be more tough days ahead. By the way, the US death toll in the war is nearing 2,400."

The AP (5/2, Loven) reports Bush "declared another turning point had arrived with the establishment of a permanent government in Baghdad." Bush said the new Iraqi leaders "need to know that we stand with them.'" According

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to the AP, Bush "walked a fine line between celebrating achievements and warning of more sacrifices to come." Though Bush "was careful not to declare overall victory and warned of difficult work ahead, the speech was congratulatory in tone and aimed at marking a pivot from invasion to reconstruction."

The Washington Times (5/2, Curl, 90K) notes Bush also "warned there will be 'tough days ahead' in Iraq, as Democrats pointed out that the president uttered nearly the same words three years ago to the day." Bush said Rumsfeld and Rice "talked with the new Iraqi leaders about the need to 'establish control over the militias and other unauthorized armed groups and enforce the rule of law.'"

84% Say Iraq Mission "Has Not Been Accomplished." CNN's The Situation Room (5/1, Blitzer) reports, "Tonight, our new poll shows the vast majority of Americans, 84 percent, say the mission in Iraq has not been accomplished. Will it eventually be accomplished? Americans clearly divided on that question. Forty-nine percent say yes, 44 percent say no in this CNN poll conducted by Opinion Research Corporation."

Only 30% Approve Of Bush Handling Of Iraq. The CBS Evening News (5/1, story 6, 2:10, Axelrod, 7.66M) reported, "Three years ago when the President appeared on the deck of the USS Lincoln, 74% of those polled approved of the way the President was handling Iraq. But contrast that with the latest CBS News poll -- just 30% now approve of the way the President is handling Iraq. That's 44%, Bob, in three years."

Rice, Rumsfeld Iraq Trip Called "High-Stakes Gamble." U.S. News and World Report (5/8, Whitelaw) reports that Secretary of State Condoleezza Rice and Defense Secretary Donald Rumsfeld "staged an unusual joint surprise visit to the Iraqi capital last week. … The promise of a national unity government has been something of a political lifeline for the Bush administration in its search for some way to declare victory in Iraq and begin withdrawing significant numbers of U.S. troops. Rice and Rumsfeld are clearly hoping that [Nouri al-Maliki's] appointment [as prime minister] will mark a turning point in a conflict that has dragged down President Bush's poll numbers to the lowest point in his tenure. But Maliki faces a herculean set of challenges in trying to keep this shattered, divided nation from slipping deeper into chaos." The Rice-Rumsfeld mission "was a high-stakes gamble for the Bush administration, which has already been accused of playing a heavy-handed role in Iraqi politics."

Reid Calls Attention To US Soldiers Killed In Iraq. The AP (5/2, Loven) notes congressional Democrats' leaders used the anniversary to criticize Bush. Senate minority leader Harry Reid "stood on the Senate floor in front of a picture of Bush with…the phrase 'Mission Accomplished' and read the names of the 16 troops from his home state of Nevada who had been killed. Reid called it…'a public relations stunt gone horribly wrong.'"

The Washington Times (5/2, Curl, 90K) reports Reid "accused the president of manipulating prewar intelligence and said U.S. intervention in Iraq to disarm Saddam Hussein has increased terrorism around the world."

Kennedy Reiterates Vote Against Iraq War Was His Best Senate Vote Ever. Sen. Edward Kennedy, on MSNBC's Hardball (5/1, Matthews), said, "The best vote I cast in the United States Senate was for not going to the war. This was the wrong war at the wrong time. … We had Osama bin Laden on the run and suddenly this administration deflected that and went to war in Iraq."

Iraqi Oil Production Still Below Pre-War Levels. The Washington Times (5/2, Scarborough, 90K) reports Iraqi insurgents have "come up with new ways to pierce Iraq's vital oil industry, keeping the daily flow below prewar levels despite an emerging protection force and a reduced number of attacks. New numbers this week from the special inspector general for Iraq reconstruction (SIGIR) show oil production at 2.18 million barrels per day, 400,000 below 2003 prewar levels." The Times notes the Bush administration "once projected that Iraq would be rebuilt principally from Iraqi oil revenues, but that prediction has fallen by the wayside."

Iraq Reconstruction IG Reports Mixed Results. ABC World News Tonight (5/1, story 7, :25, Vargas, 8.78M) reported, "The inspector general monitoring the rebuilding of Iraq has presented a mixed picture of the $21 billion US effort. 5,100 schools have been repaired. And more Iraqis have drinking water, sewerage treatment and cell phones than before the war. But oil production is below pre-war levels. And while repairs to the railway stations are nearly complete, just 4% of the trains are running because it is too dangerous."

Murtha Will Not Sign Discharge Petition On Withdrawal. The Hill (5/2, Tiron) reports Rep. John

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Murtha "has never signed a discharge petition in his 32 years in Congress, and he refuses to bend, even if signing one means attracting more attention to the debate on the war in Iraq." Last year Rep. Neil Abercrombie "filed a motion to discharge the House Rules Committee from considering a resolution sponsored by Abercrombie and 67 other members that would require President Bush to develop and implement a plan for the withdrawal of U.S. troops from Iraq." Murtha "said he does not think it is appropriate to sign a discharge petition and disregard the committee process."

Biden Suggests Partitioning Iraq Into Three Semi-Autonomous Regions. The Los Angeles Times (5/2, Gerstenzang, 958K) reports Sen. Joseph R. Biden "suggested the creation of separate, autonomous regions for Shiites, Sunnis and Kurds to counter continuing ethnic and religious violence." Biden's proposal "would give each of the major ethnic and religious groups in Iraq broad authority to run local affairs. The central government in Baghdad would be given limited, but specific, responsibilities for border defense, foreign policy, oil production and revenues." The Times notes the White House "quickly denounced the idea."

The Washington Times (5/2, Bellantoni, 90K) reports Biden "promoted the idea as a 'third way that can bring our troops home, protect our fundamental security interests and preserve Iraq as a unified country' in a speech to the World Affairs Council of Philadelphia and in an opinion piece published in yesterday's New York Times. 'The choice I'm proposing can give all of us...realistic hope that our sacrifices in Iraq were not in vain,' he said."

Iraqis Seen As Already Partitioning Country. The CBS Evening News (5/1, story 6, 2:10, Pizzey, 7.66M) reported the Iraqi people "may well think a corner has been turned, Bob, but not quite the corner the President is talking about. People here are very much looking to protect themselves, they're not thinking in terms of nation right now." The "idea of partition" suggested by Biden is "actually more of a statement of what's actually happening here on the ground. We're finding that people are fleeing neighborhoods where they're in the minority and, in fact, you're getting people coalescing along ethnic lines and they're looking not to the state for protection but ethnically-based militias. That's partition any way you cut it."

Sunni Army Recruits Angered By Postings Disrupt Graduation Ceremony. The Washington Post (5/2, A13, Hernandez, 744K) reports the "graduation of nearly 1,000 new Iraqi army soldiers in restive Anbar province took a disorderly turn Sunday when dozens of the men declared that they would refuse to serve outside their home areas, according to U.S. and Iraqi military authorities." The Post continues, "The 978 soldiers, most of them Sunni Muslims, had just finished nearly five weeks of military training and were parading before a review stand" when "some soldiers started tearing their clothes off to demonstrate their rage." According to the Post, video of the incident "aired on the al-Jazeera and al-Arabiya television networks throughout Monday gave the impression of a near-riot."

The New York Times (5/2, Oppel, Hassan, 1.19M) reports Lt. Col. Michael Negard, a spokesman for the American military, "called the episode an isolated incident and said the Iraqi troops had soon calmed down and marched off to eat at the chow hall. He said he did not know whether soldiers were later disciplined." Negard added that the soldiers "were never promised that they would serve in their hometowns."

Soldiers' Guidelines Modified To Reduce Confrontations With Iraqi Civilians. The New York Times (5/2, Shanker, 1.19M) reports the US military is "taking steps intended to lessen the chance for violent confrontations between…troops and innocent Iraqis during…daily routines." According to the Times, "The changes reflect deep worries that the conduct of American soldiers continues to alienate many Iraqis." Examples of new policies include "substituting…gentler warnings for the firing of warning shots" and "using strobe lights to make sure" Iraqis can see US checkpoints. The Times goes on to note some unit commanders "say the guidelines may make it harder to protect their troops." An anonymous "field-grade officer" is quoted as saying, "The restrained approach, as it is manifesting itself on the ground, is beginning to significantly handcuff our soldiers."

US Troops In Ramadi Routinely Battle Insurgents "Several Times A Day." The AP (5/2, Pitman) reports that Ramadi is "the most dangerous city in Iraq for U.S. forces…with militants and American troops exchanging fire several times a day — at least." The AP goes on to describe the routine of soldiers occupying "the Ramadi

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Inn," which has "panoramic views" of "an urban wasteland crawling with insurgents." The troops "say the militants are…casing their positions…looking from afar through binoculars and video cameras. … Troops sit with binoculars 24 hours a day. They brace for attacks, watch for guerrillas and keep an eye out for battles."

Sadr Cultivates Support By Supplying Social Services. Knight Ridder (5/2, Youssef) reports Muqtada al-Sadr "is working behind the scenes to maintain his armed militant wing and portray it as a social movement, a step that would make him one of Iraq's most powerful figures if it succeeds, U.S. officials and Iraqi politicians say." Knight Ridder adds that US and Iraqi officials contend al-Sadr is trying to recreate the model of Hezbollah, which "began largely as an armed group," but "eventually became a powerful political force with a large social-service component." Sadr's "shift is a symptom of a growing rift" within the Shiite United Iraqi Alliance, that "pits al-Sadr and his Mahdi Army militia against members of the Supreme Council for Islamic Revolution in Iraq."

Shiite Women Outside Green Zone Protest Continued Violence. USA Today/AP (5/2) reports approximately 200 Shiites, "many of them women in full-length black abayas, rallied Monday outside the Green Zone to demand that U.S. and Iraqi forces do more to stop attacks on Iraqis." The AP notes, "Such demonstrations are rare in Baghdad because of fears large groups might attract suicide bombers."

Al-Arabiya Shows Video Of Former Iraqi PM's Body Being Abused. The Washington Post (5/2, A13, Hernandez, Al-Izzi, 744K) reports the body of Muhammad Hamza al-Zubaydi, a former prime minister of Iraq "was kicked and insulted after U.S. forces transferred it into Iraqi custody, according to a video of the incident that aired on al-Arabiya television on Monday evening." Zubayd "was set to face charges in the special tribunal trying Hussein on war crimes charges, but in December he "died of natural causes while in U.S. custody."

Relatively Stable Babil Province Seen As Model For Iraq. In an op-ed for the New York Times (5/2, 1.19M) Bartle Breese Bull, the foreign editor of Prospect magazine, writes that Babil "could well turn out to be the country's crucial province. … If Iraq still exists five years from now…then Babil will have been a major reason for the success. What Iraqis care about above all else these days is security, and Babil — apart from the so-called Death Triangle around the towns of Latifiya, Mahmudiya and Yusufiya in the Sunni north — is a safe place."

Reluctance To Utilize Full Force By US Military Noted. In an op-ed for the Wall Street Journal (5/2, 2.11M) the Hoover Institution's Shelby Steele writes, "There is something rather odd in the way America has come to fight its wars since World War II. For one thing, it is now unimaginable that we would use anything approaching the full measure of our military power (the nuclear option aside) in the wars we fight. … Despite our vast power, we are only slogging along -- if admirably -- in Iraq," but "no one -- including, very likely, the insurgents themselves -- believes that America lacks the raw power to defeat this insurgency if it wants to."

CORPORATE SCANDALS:

Lay Contends Banks Forced Most Of His Enron Stock Sales. The Wall Street Journal (5/2, McWilliams, Emshwiller) reports, "In an effort to repair damage done to his credibility, former Enron Corp. Chairman Kenneth Lay and his attorney challenged a government claim that his son had shown a lack of faith in the company's stock by selling it 'short' in expectation of a decline." The Journal continues, "The effort came in the fifth day of Mr. Lay's testimony in the conspiracy and fraud trial of him and his co-defendant, former Enron President Jeffrey Skilling. Yesterday afternoon, prosecutor John Hueston continued to hammer away at Mr. Lay for his actions in the months prior to Enron's December 2001 collapse." The Journal adds, "Last week, Mr. Hueston had seemed to score a point when he surprised Mr. Lay with evidence that the former executive's son, Mark, had in March 2001 bet against, or shorted, Enron stock. Mr. Lay and Mr. Skilling have both asserted professional short sellers attacked Enron's stock, contributing to the collapse. … While Mark Lay's trading records show several short sales, the elder Mr. Lay's attorney, George Secrest, focused on other parts of those records indicating that Enron stock had been moved into the brokerage account later the same day. Mr. Secrest and his client agreed that Mark Lay put in a sale order that apparently got listed as a short sale. … Yesterday morning, Mr. Hueston pushed to add new items to a list of purported

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misstatements by Mr. Lay. He noted Mr. Lay had repeatedly claimed that he was 'forced' in 2001 to sell $70 million of Enron stock back to the company to pay off pressing margin calls on private loans. The prosecutor also noted that Mr. Lay had previously testified he tried to hold on to as many Enron shares as possible because he believed they were undervalued."

USA Today (5/2, Farrell) reports, "Under questioning from prosecutor John Hueston, Lay acknowledged that some stock sales, which did not have to be immediately disclosed to the investing public, were used to fund his lifestyle. But Lay maintained that after he regained the CEO title in August 2001, when his co-defendant and former CEO Jeff Skilling resigned, he sold Enron stock only because he had no other liquid assets." USA adds, "Prosecutors displayed documents showing that even while Lay was buying $4 million in Enron stock at that time, he was unloading more than $20 million worth of stock through a line-of-credit program at Enron that did not require immediate public disclosure of the sales. … Lay sold his Enron stock to pay down personal debt even though he had access to about $19 million in cash and other stocks that could be sold quickly. In addition to his stocks, Lay also owned a $10 million luxury apartment in Houston and $20 million in other real estate holdings, mostly his three homes in Aspen, Colo."

The Washington Post (5/2, D1, Johnson) reports that "as Lay, 64, prepares to exit the witness stand in his fraud trial Tuesday, the central question is whether his appearance did more harm than good. … . On Monday, with the government using his personal finances against him to sometimes brutal effect, Lay tried to fend off accusations that he chose to quietly sell more than $70 million in stock back to Enron, rather than liquidate real estate and other investments as the company spiraled downward." The Post notes that Hueston "painted Lay as a man so addicted to an extravagant lifestyle, and so centered on his personal needs, that he 'maxed out' his corporate line of credit a day before Enron's ill-fated merger with rival Dynegy cratered. Five days later, in December 2001, the company filed for Chapter 11 bankruptcy protection, and thousands of employees lost their jobs and retirement savings. … For his part, Lay insisted that he always believed Enron's stock price would swing back upward and that, as banks began to call in nearly $100 million in personal debts in 2001, he was 'hoping and praying that each and every time would be the last time' he would be forced to sell stock." The Post adds, "In one of the biggest surprises of the 14-week-old trial, Lay never appeared entirely comfortable in five days on the witness stand, particularly for a man who once moved easily among world leaders, corporate titans and religious figures. His lead attorney, Michael W. Ramsey, left the case midstream with heart trouble, requiring the defense to regroup. For the first couple of days of his testimony last week, Lay struggled to find the right tone. … Instead, he sometimes seemed far more aggrieved by his treatment by the government than grief-stricken over the plight of Enron workers and investors who lost billions of dollars because of Enron's demise."

The AP (5/2, Hays) reports that Lay "again flashed his temper to prosecutor John Hueston, comparing Hueston's second-guessing of his decisions during Enron's downward spiral to carving up a corpse." The AP adds, "Lay was confronted with e-mails and survey responses from October 2001 in which employees raised questions about accounting 'trickery' and Enron's business ethics. .. One veteran Enron employee said, 'I've lost all respect for Enron senior management' and suggested it was criminal for Enron executives to exercise stock options when they knew accounting tricks were being used to manipulate earnings. … At the time, about six weeks before Enron sought bankruptcy protection, its stock price was falling fast, and The Wall Street Journal was raising questions about unusual business partnerships created by Enron Chief Financial Officer Andrew Fastow. … When prosecutor John Hueston asked Lay why he did not question Fastow directly, Lay responded that 'I was getting information from all sides' and said other senior officers thought the Journal and others were on a 'witch hunt' against Fastow."

Potential Quattrone Retrial Will Have New Judge. The Wall Street Journal (5/2, Davies, Smith) reports, "A new judge has been assigned to oversee the possible retrial of former star investment banker Frank Quattrone, whose 2004 conviction on obstruction-of-justice charges was overturned in March1." The Journal continues, "U.S. District Judge George Daniels will replace Judge Lewis Kaplan, who was assigned to the case last week but recused himself because he worked at Paul, Weiss, Rifkind, Wharton & Garrison LLP, the law firm overseeing Mr. Quattrone's defense. Judge Kaplan had been given the case after the appeals-court panel overturned the verdict, citing errors by the case's original trial judge, Richard Owen." The Journal adds, "Prosecutors haven't announced whether they plan to seek a

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retrial. They confirmed last week that two new prosecutors -- William Johnson and Raymond Lohier -- have been assigned to the case. Mr. Johnson and former assistant U.S. Attorney David Anders won an accounting-fraud conviction against former WorldCom CEO Bernard Ebbers. Mr. Anders, who prosecuted the last trial against Mr. Quattrone, is now an attorney at Wachtell, Lipton, Rosen & Katz. Mr. Lohier won a securities-fraud conviction earlier this year against Richard Adelson, the former Chief Executive of Impath Inc."

Comverse Executives Quit As Options Probe Escalates. The Wall Street Journal (5/2, Bandler, Forelle) reports, "The chief executive and two other officials of Comverse Technology Inc. resigned as a board probe of possible backdating of stock-options grants gathered steam at the company." The Journal notes, "The departures, effective immediately, include Kobi Alexander, chairman, CEO and a founder of the New York telecommunications-software company; Chief Financial Officer David Kreinberg; and Senior General Counsel William Sorin. … Separately, the board of another company facing options scrutiny, medical-insurance giant UnitedHealth Group Inc., approved a new set of management-compensation guidelines, including the establishment of a fixed date each year for granting options to existing employees." The Journal adds, "The moves come as the Securities and Exchange Commission is engaged in a wide-ranging examination of options practices. The SEC is investigating whether grants were backdated or granted ahead of favorable news to give recipients a better chance of profiting from exercising the options."

Former Qwest CEO Nacchio Continues Bid To Have Charges Dropped. The Wall Street Journal (5/2) reports, "In a series of legal filings yesterday, attorneys for Joseph Nacchio continued their bid to have criminal insider-trading charges against the former Qwest Communications International Inc. chief executive dismissed." The Journal continues, "In filings in U.S. District Court here, Mr. Nacchio's attorney Herbert Stern argued that prosecutors didn't make it clear that to commit a crime, Mr. Nacchio must have based his decision to sell Qwest stock on insider information. Mr. Nacchio says he didn't act on the basis of insider information. The distinction between selling while in possession of inside information and selling on the basis of inside information has been debated between the two sides. … No trial date has been set."

CRIMINAL LAW:

Common Cause Seeks DOJ Probe Of Katherine Harris. The AP (5/2) reports, "A congressional watchdog group asked the Justice Department on Monday to investigate whether Rep. Katherine Harris, R-Fla., attempted to obtain a $10 million appropriation for a defense contractor in return for his financial support." The AP continues, "Common Cause filed a complaint with the Justice Department, citing information provided by contractor Mitchell Wade, as part of a plea agreement in the bribery case of convicted former Rep. Randy 'Duke' Cunningham, R-Calif. … Justice Department spokesman Bryan Sierra said the department does not comment on, or confirm, criminal investigations."

The Orlando Sentinel (5/2) reports, "Common Cause wants to know whether Harris broke the law when she and Mitchell Wade met at an exclusive Georgetown restaurant in early 2005. At that dinner -- which cost Wade up to $2,800 -- Wade offered to hold a fundraiser for Harris and sought her help obtaining $10 million in federal money." The Sentinel continues, "Common Cause's director of ethics campaigns said there is sufficient evidence to suggest Harris submitted the appropriations request in exchange for Wade's fundraising support. … 'There's certainly the appearance of a quid pro quo,' said Mike Surrusco. 'We absolutely think this complaint has merit.'" The Sentinel adds, "Harris spokesman Chris Ingram would not comment on the complaint Sunday, saying he had not yet seen it. He suggested Common Cause was politically motivated, saying that 'different liberal interest groups' were trying to undermine Harris' U.S. Senate campaign against Democratic Sen. Bill Nelson."

The Tampa Tribune (5/2, Epstein) reports, "The Justice Department has kept the scope of its investigation of the defense contractor, MZM Inc., under wraps, though it has already netted a California congressman for accepting favors and bribes in exchange for earmarks."

Corruption Trial Of Former Alabama Governor Begins. The AP (5/2, Johnson) reports, "The corruption trial of former Alabama Gov. Don Siegelman opened Monday with prosecutors accusing him of scheming with his chief of staff to obtain bribes for state help, including

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assistance allegedly sought by then-HealthSouth CEO Richard Scrushy." The AP continues, "Siegelman's lawyer countered that the federal case was built on the lies of unbelievable witnesses who have pleaded guilty in the case and are hoping for lenient sentences. … 'The government is going to have to call a bunch of liars, a bunch of con artists, a bunch of thieves,' said attorney Vince Kilborn." The AP adds, "The opening statements showed the trial of Siegelman, Scrushy and two former members of Siegelman's administration may hinge largely on the testimony of two former government insiders - Nick Bailey, once a close aide to Siegelman, and Lanny Young, a lobbyist and landfill developer with clout in the Siegelman administration. … Both have pleaded guilty and won't be sentenced until after the trial, which is going on as Siegelman, a Democrat, campaigns for another term as governor."

The Wall Street Journal (5/2, Bauerlein) reports, "In opening arguments at the trial of Messrs. Scrushy, Siegelman and two other defendants, Louis V. Franklin Sr., criminal-division chief of the U.S. attorney's office (in Montgomery, AL), said Mr. Scrushy helped fuel the Birmingham, Ala., company's growth by exchanging money for political favors. … 'Fob James didn't win, folks,' Mr. Franklin said, referring to the incumbent Republican governor whom Mr. Siegelman, a Democrat, defeated in 1998. Mr. Scrushy had backed Gov. James, so he 'had to scramble,' Mr. Franklin added. Prosecutors allege Mr. Scrushy made two hidden payments to then-Gov. Siegelman in 1999 and 2000 to get a spot on a state regulatory panel that oversees HealthSouth." The Journal adds, "Defense lawyer Fred D. Gray, known for his work on landmark civil-rights cases, told jurors that Mr. Scrushy hadn't done anything illegal and was a good citizen and humanitarian whose actions are 'typical of the people I've represented for the last 50 years in this court, including Rosa Parks and Martin Luther King Jr.'"

Plea Deal Implicates Milberg Weiss Partners. The California Recorder (5/2, Scheck) reports, "It took six years and a detour through Beverly Hills, but on Friday, federal prosecutors in Los Angeles finally got their first guilty plea in the long-running investigation of the class action plaintiffs firm Milberg Weiss Bershad & Schulman. … And it looks to be a significant one: in saying that he and his family took nearly $2.5 million in illegal kickbacks from Milberg Weiss in exchange for serving as lead plaintiffs in several class actions, Howard Vogel fingered four partners at the New York firm and agreed to cooperate in the ongoing investigation." The Recorder adds, "Vogel and Milberg -- referred to as 'the New York Law Firm' – 'had an established pattern and practice that the New York Law Firm would secretly pay defendant Vogel a percentage of the attorneys' fees that the New York Law Firm obtained in class actions and shareholder derivative actions,' prosecutors alleged in a document charging Vogel with a single count of making false statements in federal court. … Plea documents also allege that a high-profile Denver criminal defense attorney and a small New York real estate firm passed Vogel payments from Milberg in cases stretching from 1991 to 2005."

Secret Service To Release Records Of Abramoff's White House Visits. The AP (5/2, Locy) reports the Secret Service "has agreed to turn over White House visitor logs that will show how often convicted lobbyist Jack Abramoff met with Bush administration officials — and with whom he met." US District Judge John Garrett Penn "last Tuesday approved an agreement between the Secret Service and Judicial Watch, a public interest group, that requires the agency to produce records of Abramoff's visits from Jan. 1, 2001, to the present." Administration officials "have refused to say how many times Abramoff, who raised at least $100,000 for President Bush's re-election, has been to the White House. Bush has said he doesn't know Abramoff."

Prosecutors Decry Leaks In Pellicano Case. The AP (5/2, Deutsch) reports, "Troubled by leaks to the media, a federal prosecutor said Monday he would delay filing grand jury transcripts and other crucial documents in the case of an indicted Hollywood private eye because he fears the material will 'end up on the front page.' … Assistant U.S. Attorney Daniel Saunders also confirmed during the federal court hearing that the U.S. Justice Department had launched an investigation to determine who leaked confidential FBI reports to The New York Times." The AP continues, "The wiretapping case against private detective Anthony Pellicano and other defendants has drawn in a growing list of celebrities, and with them increasing media attention. … The confidential information began showing up two weeks ago in the Times, which cited FBI interviews with top Hollywood power brokers. … 'We have no confidence that these will not end up on the front page of the newspaper,' Saunders told U.S. District Judge Dale S. Fischer on Monday

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in saying he would delay other filings." The AP notes, "A number of lawyers attended the hearing to say neither they nor their clients were responsible for the leaks. Some said they had not even seen the files before the material began appearing in print. … 'Let me say unequivocally this did not come from the Pellicano camp or on the directive of Mr. Pellicano,' said attorney Steve Gruel, who represents Pellicano. 'I did not have these materials when they started appearing in the paper.' … The judge said she was not convinced there had been a violation of her protective order limiting access to the information to prosecutors, investigators, defense attorneys and their clients." The Los Angeles Times (5/2, Blankstein, 958K) adds, "Federal authorities, in the meantime, delayed plans to unseal three of six searches conducted by FBI agents at Pellicano's Sunset Boulevard offices and one of the private investigator's storage lockers. Attorney Carmen Trutanich asked Fischer to keep search warrant affidavits sealed on behalf of two clients he described in court only as 'John Does.' Law enforcement sources who asked not to be named…said Trutanich is representing John Rottger and actor Steven Seagal."

NYTimes Corrects Source In Pellicano Story. The New York Times (5/2, 1.19M) reports in "Corrections" that the story yesterday "about the friendship between Ron Meyer, president of Universal Studios, and Anthony Pellicano…referred imprecisely to the sources on which the article was based. It was based on government evidence, including written summaries of interviews by F.B.I. agents with witnesses in the case, not on interviews with F.B.I. agents."

FBI Monitoring Chicago-Based Gang's Contacts With US Soldiers. The Chicago Tribune (5/2, Sheehan, 643K) reports, "The FBI has assigned an agent to monitor any connections between U.S. soldiers and a Chicago-based gang alliance, federal agents said. Of particular concern are reports that the Folk Nation…is placing young members in the military in an effort to gather information about weapons and tactics, said FBI Special Agent Andrea Simmons, who is based in El Paso, Texas. 'Our understanding is that they find members without a criminal history so that they can join, and once they get out, they will have a new set of skills that they can apply to criminal enterprises,' Simmons said." Army CIC spokesman Christopher Grey "acknowledged that there are gang members in the military, but he said their presence has not become a problem."

Gotti Lawyer Says FBI Intimidating Witnesses. The New York Post (5/2, Cornell, 624K) reports, "Lawyers for John 'Junior' Gotti say the FBI is delivering an unusual verbal message along with its subpoenas for a sweeping grand-jury probe of the Gambinos -- subjects are told, 'You can thank Gotti . . . for this.' … The feds have suggested Gotti, his younger brother Peter and others could be hit with new charges, including money laundering, tax fraud and perjury." But defense lawyer Charles Carnesi "claims the supposed verbal message from the FBI is further proof the feds are misusing the grand-jury process in an effort to intimidate witnesses and spark 'raging publicity.'"

Connecticut Fraud Investigator Reassigned Over Rowland-Era Perks. In a widely-distributed story, the AP (5/2, Apuzzo) reports, "Connecticut's governor stripped a top fraud investigator of her duties Monday after The Associated Press reported that she had testified to receiving many of the same gifts that toppled former Gov. John G. Rowland's administration. Kristine Ragaglia, head of the Medicaid fraud unit, was reassigned to administrative duties at Gov. M. Jodi Rell's order, pending an investigation." The AP adds, "In sealed grand jury transcripts, FBI reports and personal diaries examined by the AP, Ragaglia detailed how she took the same expensive hotel getaways, lavish dinners and limousine rides that were used to bribe the officials in Rowland's administration."

Defense To Begin Case Today In Philadelphia Bribery Trial. The Philadelphia Inquirer (5/2, Schaffer, 423K) reports, "The father-and-son duo accused of bribing Philadelphia City Councilman Rick Mariano are expected to begin presenting their defense this morning by calling a series of witnesses that will include labor leader and potential mayoral candidate John J. Dougherty. Dougherty will likely be asked about a $6,000 loan he made to Mariano, who was convicted on March 18 of bribery, fraud and conspiracy. Dougherty told a grand jury last fall that the money was intended to help the councilman repay the defendants, Erie Steel owners Louis and Philip Chartock." The Philadelphia Daily News (5/2, Brennan) notes that Dougherty, "Mariano's one-time political patron, told the FBI he gave Mariano $6,000 to repay an Erie Steel loan but later learned no payment was made."

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Prosecution Begins Closing Arguments At Nevada Bribery Trial. The AP (5/2, Ritter) reports, "Closing arguments began Monday in the federal corruption trial of two former Clark County commissioners who could face prison if a jury finds them guilty of accepting bribes from a former striptease club owner. 'Dario Herrera and Mary Kincaid-Chauncey were two corrupt public officials,' prosecutor Daniel Schiess declared." He "quickly acknowledged credibility problems surrounding the prosecution's star witness, former strip club owner Michael Galardi," saying that "FBI wiretaps…revealed the real truth behind what he called a scheme to defraud Clark County residents of honest government." KLAS-TV Las Vegas (5/1, Allen) adds, "Prosecutors let loose on Kincaid-Chauncey using her own words against her. Kincaid-Chauncey acknowledges two payments from Galardi; money she solicited for family members," but "Schiess told the jury…'Mary Kincaid-Chauncey received more than the two payments she has talked about.' Schiess played an FBI wiretap from June 2001 where Lance Malone speaks to his former county commission assistant -- the topic: Kincaid-Chauncey."

Prosecution Rests Case At Virginia Corruption Trial. The Lynchburg News & Advance (5/2, Reilly) reports that at former Lynchburg Mayor Carl Hutcherson's corruption trial yesterday, prosecutors argued that he "was the brains behind a now-defunct church charity they say he used as his personal ATM. But defense attorneys tried to convince a jury the city's top political figure was simply a bumbling businessman who mistakenly relied on another to look after the charity's affairs." The News & Advance notes, "After jurors listened to a taped phone conversation between Hutcherson" and Rev. Jerry Falwell "about the $32,500 donation, FBI Special Agent Christian Pettyjohn testified about his role as lead investigator and said that Hutcherson told him that Falwell Jr. donated the money to Hutcherson's charity and knew that Hutcherson planned to use it to pay back some of his back taxes. Both sides used Pettyjohn to point out passages in Falwell Jr.'s phone conversation that favored their side." The AP (5/2, Lindsey) adds that consultant Davida Wingfield "testified Monday that she falsified minutes documenting a loan to…Hutcherson," and "two women associated with the charity said they were unaware of the loan. The three testified as the prosecution wrapped up its case." The AP also notes Pettyjohn's testimony about the Falwell phone call.

SCOTUS Rules States May Not Bar Evidence In Criminal Trials. The Legal Times (5/2, Mauro) reports, "In his maiden opinion for the Supreme Court, new Justice Samuel Alito Jr. said on Monday that states may not prevent criminal defendants from introducing evidence at trial that another person committed the crime." The Times continues, "The unanimous, pro-defendant decision in Holmes v. South Carolina was an unusual debut for Alito, a former U.S. Attorney not known for ruling in favor of the defense when he was a judge on the 3rd U.S. Circuit Court of Appeals. Alito joined the high court Jan. 31, replacing Sandra Day O'Connor. … But Alito said that South Carolina had gone too far in barring evidence of third-party guilt in cases in which the prosecution has presented forensic evidence that strongly supports a guilty verdict for the defendant. … 'By evaluating the strength of only one party's evidence, no logical conclusion can be reached regarding the strength of contrary evidence offered by the other side to rebut or cast doubt,' Alito wrote."

The New York Times (5/2, Greenhouse, 1.19M) reports that the Supreme Court has unanimously ordered a new trial for an inmate on South Carolina's death row, saying state courts improperly excluded evidence indicating that another man might have committed the crime. Writing his first opinion for the High Court, Justice Samuel A. Alito Jr., "said the rule of evidence applied by the South Carolina courts was irrational and arbitrary and served to deprive the defendant, Bobbie Lee Holmes, of a 'meaningful opportunity to present a complete defense.'"

Kansas Attorney Pleads Guilty To Embezzling From Church. Kansas City Business Journal (5/1) reports, "A former Overland Park attorney faces as much as 10 years in prison after pleading guilty Monday to embezzling nearly $300,000 from a Kansas City church. Keith Koenigsdorf was disbarred in both Kansas and Missouri last year after he admitted he had stolen the money from Central United Methodist Church." US Attorney Bradley Schlozman said in a yesterday that "Koenigsdorf waived his right to a grand jury and pleaded guilty…to a charge of interstate transportation of stolen property." The Business Journal notes, "The case was…investigated by the Federal Bureau of Investigation." KMCI-TV Kansas City, MO (5/1)

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adds, "Koenigsdorf stole the funds, Schlozman explained, by taking blank checks which already bore a signature from an authorized signatory, adding his own signature, making the check payable to himself, and then depositing the check into his law firm's operating account." KMCI also notes that the FBI investigated the case.

Former Morris Brown President Pleads Guilty To Embezzling Federal Funds. The Washington Post (5/2, Romano) reports, "The former president of Morris Brown College, a historic black school in Atlanta, pleaded guilty yesterday to embezzling millions of dollars in federal funds from the government and students, the climax of a financial debacle that caused the school to lose its accreditation. Delores Cross, 69, who led the school from November 1998 until February 2002, pleaded in federal court in Atlanta to one court of illegally obtaining student loans, allowing her to avoid a trial and more than two dozen other counts she was confronting." The illegally obtained student loans and Pell grants "to pay bills at the strapped school. Ultimately the students found themselves responsible for loans they never requested." The college "is still in a tenuous situation" with its enrollment having fallen from over 2,000 to 66. It is also "fighting lawsuits brought by former students, and other suits stemming from the financial woes."

Jury Selection Begins In Maryland Trial Of Convicted DC Sniper. The Baltimore Sun (5/2, Siegel) reports, "The difficulty of finding jurors in Montgomery County who had not decided that convicted sniper John Allen Muhammad was responsible for the county's six sniper killings in 2002 became immediately apparent Monday as the presiding judge questioned the first batch of 300 potential jurors." The Sun continues, "During initial questioning -- which was disrupted by a profanity-laced outburst from a victim's relative -- nearly all of the first 25 potential jurors said they believed he committed six murders in the county, and many were aware that he had been convicted of a sniper killing in Virginia. … They pointed to the heavy media coverage of the shootings, their children being forced to stay inside at school and their personal fears at the time. One referred to the images he saw of Muhammad in prison garb from the first trial in Virginia." The Sun adds, "The trial's first day illustrated the difficulty posed by a defendant who seeks to represent himself, particularly when the suspect has no legal training and is charged in a high-profile crime. … Muhammad, 45, had bitterly criticized his court-appointed attorneys in previous cases and has chosen to represent himself in this case, something he did briefly in his Virginia trial."

The Washington Post (5/2, B1, Rich, Londoño) reports, "A remarkable number of potential jurors in a Montgomery County courtroom yesterday had what seemed to be a legitimate reason to be excused from that most dreaded of civic responsibilities. … 'I think he's guilty, sir,' said one, referred to in court as juror 34, under questioning by Circuit Court Judge James L. Ryan." The Post continues, "In a back room, where they were gathered, the talk was said to be still more blunt. Several jury candidates agreed that the trial was a waste of time and that the defendant could be convicted 'in 20 minutes,' according to another, who reported the conversation to Ryan. … And so it went as jury selection began in the Maryland trial of John Allen Muhammad, charged in six sniper slayings in Montgomery. Most of the potential jurors questioned yesterday told Ryan that they hold Muhammad, already convicted and sentenced to die in Virginia, responsible for the random shootings in October 2002. Many said the shootings had touched them personally." The Post notes, "Not more than a handful of the 60 or so people questioned by Ryan said they had formed no opinion as to Muhammad's guilt. A larger number, however, said that if selected to serve they could set aside their views and base their decisions on the evidence presented in court. … By the end of the day, Ryan had picked 21 for a pool of eligible jurors, a group that is expected to be whittled down under more intensive questioning late this week."

The Washington Times (5/2, Ward) reports, "Muhammad expressed displeasure to the judge about being presumed guilty and seemed unable to grasp that preconceived notions could be put aside in order to base a judgment only on facts and evidence presented in court. … 'It's one thing to have heard about it. It's another thing to already have made your mind up,' Muhammad said. … A Virginia Beach jury in 2003 found Muhammad guilty of murder in the death of Dean Harold Meyers at a Manassas service station and using an accomplice, Lee Boyd Malvo, now 21, in the crime. That jury sentenced Muhammad to death. Malvo was given life without parole by a Chesapeake jury for a different killing two months after Muhammad's sentencing."

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Prosecutor In Duke Rape Probe Faces Election. USA Today (5/2, Dorell) reports, "The alleged rape of a stripper by members of the Duke lacrosse team has put the spotlight on a North Carolina county prosecutor who is pushing his biggest case ever while trying to win an election." USA continues, "Mike Nifong (NY-fong) is described as a tough-but-fair prosecutor by several people who have worked cases with him. Yet detractors say he has pushed ethical limits on what to say publicly about the rape case and has used the issue for political gain." USA adds, "The alleged attack has roiled the community. It pits white university athletes who their lawyers say are being railroaded against a black community that is demanding justice for the accuser. At the center of it all is Nifong. … That election is being held today. Nifong, 55, is running in the Democratic primary for Durham County district attorney against Freda Black, a former prosecutor, and Keith Bishop, a Durham lawyer. No Republicans are seeking the office."

Students' Attorneys Seek Prosecutor's Ouster. The Los Angeles Times (5/2, Fausset) reports, "Attorneys for a Duke University student arrested on suspicion of raping an exotic dancer demanded Monday that Dist. Atty. Mike Nifong be taken off the case, alleging in court documents that the Durham, N.C., prosecutor ignored key evidence 'in his zeal to make national headlines and win a hotly contested primary.' … But Nifong's supporters argued that the motion seemed motivated as much by politics as by law, coming on the eve of Nifong's bid for election to a post he was appointed to last year." The Times continues, "The allegations were contained in a motion filed Monday on behalf of Reade William Seligmann, one of two Duke lacrosse team members indicted April 17 on charges of rape and kidnapping. Nifong said he was hoping to indict a third team member for participating in the alleged March 14 attack. … The case has also become the central issue in Nifong's effort to keep his job as Durham County's top prosecutor. Today he faces off in an election with two contenders who, like the players' attorneys, have criticized Nifong for his bold statements early in the investigation. Some of those statements, critics say, seemed to unfairly implicate Duke lacrosse players before any indictments were handed down by a grand jury. … Monday's motion — filed by attorneys J. Kirk Osborn of Chapel Hill and Ernest L. Conner Jr. of Greenville — introduced a new and unsparing tone to the criticism. The motion calls the case a 'shakedown' and asserts that Nifong has been willing to 'prostitute the truth' in the case to get elected. … The defense attorneys called for the appointment of an independent prosecutor. They also alleged that Nifong violated the North Carolina State Bar's Rules of Professional Conduct by potentially prejudicing the jury pool, among other things."

CIVIL LAW:

Government Says Delta Overcharged For Flights. In documents filed Friday with the US Bankruptcy Court in Manhattan, where Delta Air Lines has sued to force the federal government to pay almost $19 million for flights provided to military personnel, the federal government says it overpaid Delta more than $26 million for tickets and accused the airline of overcharging it an additional $240,000 for tickets purchased over the past three years. The Wall Street Journal (5/2, 2.11M) reports that the government has "asked a judge to throw out Delta's lawsuit, saying it has the right to deduct past overcharges and overpayments from current obligations to Delta. A Delta spokesman in Atlanta didn't respond to a request for comment.'

CIVIL RIGHTS:

Chicago Schools Comes To Agreement With DOJ to End Federal Oversight. The Chicago Tribune (5/2, Olszewski, Mendell) reports, "With the historic legal battle to integrate America's big-city schools being abandoned across the nation, the Chicago schools and the federal government have reached a tentative agreement that would release the district from 26 years of federal oversight on desegregation efforts by the 2007-08 school year." The settlement was filed jointly Monday in U.S. District Court where it awaits approval by U.S. District Judge Charles P. Kocoras. It "effectively allows the school system to decide on its own, without federal intervention, how much money and resources to devote toward integrating its schools." That "represents a retreat by the Justice Department from its more aggressive stance toward the district on equity issues in recent years." The Chicago school district is less than 9 percent white and has spent "at least $2.5 billion on desegregation" since 1980. Yet, "most of the city's black and Latino children still attend class in racially isolated schools that mirror the city's segregated housing patterns." School officials said that "they are committed to integration."

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Judge Ends Federal Control Of Louisiana Juvenile Prisons. The AP (5/2) reports, "Louisiana's juvenile prisons, once a byword for beatings and chaotic brawls, are on the road to reform and no longer need oversight from the federal courts, a federal district judge ruled Monday." The AP continues, "The U.S. Justice Department sued the state in 1998, saying conditions inside the lockups were unconstitutional. Judge James Brady's dismissal of the suit Monday came after Justice Department experts determined that reform efforts have made the lockups safer and better at rehabilitating the teen prisoners they house. … 'I don't say this lightly: Louisiana has emerged as a model for juvenile justice systems in this country,' said Judy Preston, deputy chief of special litigation and the department's expert on youth prison systems." The AP notes, "True reform efforts started in the 2003 Legislature with a commitment to shifting punishment of delinquent youth from imprisonment to less harsh settings like group homes and to closing the youth prison at Tallulah, which was pointed to as an example of brutality. Experts say the move to less prisonlike settings improves the chances of rehabilitation. … The Justice Department filed the lawsuit with the Louisiana Juvenile Justice Project, a nonprofit activist group that has long been critical of the prisons. David Utter, the group's director, called Brady's ruling 'a great first step,' but said complete reform is a distant goal."

Federal Agents Arrest 66 In Human Trafficking Raids. The Washington Times/AP (5/2, Parry) reports, "Federal agents yesterday rounded up 66 persons in a series of raids that officials said smashed a suspected human-trafficking ring that smuggled Mexicans into the United States and may have forced the women to work as prostitutes in the Washington area." The AP continues, "Officers with the U.S. Bureau of Immigration and Customs Enforcement (ICE) raided 15 locations in Union City, West New York and New York City early yesterday after New Jersey State Police pulled over two vehicles containing at least 10 women who worked in brothels in Maryland, Virginia and the District, said Kyle Hutchins, special agent in charge of the bureau's Newark office." The AP adds, "The operation was at least the fourth major alien-smuggling ring operating in New Jersey in recent years. Prosecutions involving Russian strippers forced to work in go-go bars, and young Honduran women forced to work as hostesses in Union City bars are ongoing in federal court."

Florida Man Charged With Hate Crime In Attack On NFL Player. The South-Florida Sun-Sentinel (5/2, Marvez, Naanes) reports, "Dolphins defensive end/outside linebacker Jason Taylor suffered a minor stab wound Sunday night in a road-rage incident, according to Davie police. Redmond Charles Burns of Davie was arrested on three charges, including aggravated battery/hate crime, after allegedly assaulting Taylor." The Sun-Sentinel notes, "In December 2003, Taylor was identified by the FBI as being one of six active or retired professional athletes to receive a hate letter threatening him with physical harm for being married to a white woman."

North Las Vegas On Track For ADA Compliance. The Las Vegas Sun (5/2, Wargo) reports, "Seven months after North Las Vegas reached a tentative agreement with the Justice Department over violations of the Americans with Disabilities Act, the city is putting its money where its mouth is." The Sun continues, "North Las Vegas plans to award a contract Wednesday to spend nearly $350,000 for wheelchair-accessible ramps, sidewalks and other safety improvements for the disabled at more than 133 locations around schools and older sections of the city." The Sun adds, "The contract is part of the city's plan to spend more than $600,000 this year and similar amounts during its next two budgets to comply with the 1990 federal law requiring local governments to improve the disabled's access to government programs and access on government property. … In September, North Las Vegas reached an agreement with the Justice Department over the city's long-standing violations of the federal law. The agreement helped the city avoid potential fines of up to $55,000 for a first violation and $110,000 for subsequent violations. … Justice Department spokesman Eric Holland said North Las Vegas is on schedule to correct the violations. City officials said North Las Vegas already has spent thousands of dollars to fix dozens of violations." The Sun notes, "North Las Vegas came under fire from the Justice Department after a January 2004 federal review of 75 percent of the city's parks and facilities found 182 ADA violations."

Judge Allows EEOC Racial Bias Suit Against Movie Studio To Proceed. The AP (5/2) reports, "The first racial discrimination case brought by the government against a movie studio can proceed to trial, a federal judge ruled." The AP continues, "The Equal

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Employment Opportunity Commission sued Universal Pictures in 2003, claiming that a first assistant director on the film "2 Fast 2 Furious" was fired because he was black. … The studio has denied the allegation and asked the court to dismiss the case. … But late Wednesday, U.S. District Judge Gary Allen Feess ruled that the commission's lawsuit contained sufficient evidence to allow a jury to decide the case." The AP adds, "The lawsuit was filed on behalf of Frank Davis, 47, who worked on the film under director John Singleton, who is also black. The lawsuit claims Davis was fired without cause even after Singleton objected. … 'Singleton adamantly asserts that Davis was performing satisfactorily and that Singleton would have terminated Davis had he not performed,' Feess wrote in his decision. … 'These facts, among many others, raise a genuine issue for trial regarding the true motive for Davis' termination and could support an inference that he was terminated because of race,' the judge wrote."

Jury Considers Civil Hate-Crime Suit. The Chicago Tribune (5/2, O'Connor) reports, "In an unemotional voice, Deona Williams recounted Monday how she cried hysterically and begged for her life as three skinheads cornered her one summer night in 2002, shouted racial epithets and held a knife to her throat. … The testimony came at a federal trial at which the only issue for the all-woman jury to decide is how much in monetary damages should be awarded to Deona, now 17, and her family. A judge already has found the three white defendants legally liable for their actions." The Tribune continues, "Two of the defendants, Harley Hermes and Michael Canlas, portrayed themselves in court Monday as changed young men who regretted their conduct. … The third defendant, Shaun Derifield, didn't show up for the trial." The Tribune adds, "All three were convicted of criminal offenses for the hate crime and served time. … The lawsuit appears to be more of a symbolic battle for the family because none of the three defendants apparently has any significant assets or income. Hermes said he owns only a truck with 100,000 miles on it. At the time the suit was filed in 2004, a lawyer for the family said the litigation was intended to deter other hate crimes."

Kristof Says Morning-After Pill Should Be Available Over The Counter. Nicholas Kristof writes in the New York Times (5/2, 1.19M), "The best way to reduce the number of abortions, in turn, would be to reduce the number of unwanted pregnancies. … So it should be a no-brainer that we increase access to contraception, and in particular make the 'morning after' pill available over the counter. That would be the single simplest step to reduce the U.S. abortion rate, while also helping hundreds of thousands of women avert unwanted pregnancies." Kristof adds, "It's time for President Bush to end his policies that encourage abortions."

NYTimes Says Census Bureau Should Count Inmates In Their Home Communities. An editorial in the New York Times (5/2, 1.19M) says, "Demographers and voting rights advocates are rightly pressuring the Census Bureau to begin counting the nation's 1.4 million prison inmates at their home communities -- and not as 'residents' of the prisons, the current practice. Counting the inmates at prison inflates the prison community's population and political influence, while draining political clout from the communities where inmates actually live. … The bureau should get busy on a system for counting inmates where they live as opposed to where they do time."

ANTITRUST:

Stevens Bill Could Slow Phone Company Efforts To Enter Cable TV Business. Senate Commerce Committee Chairman Ted Stevens yesterday offered sweeping telecom legislation which has thrown a snag into phone companies' efforts to get into the cable television business, the Wall Street Journal (5/2, Schatz, 2.11M). According to the Journal, Stevens' legislation does not include "the Bell companies' top wish: the ability to bypass local governments when offering pay-television service." The Journal adds, "Reaction from the Bells to Mr. Stevens's effort was lukewarm. … Mr. Stevens's decision to introduce a telecom-rewrite bill may make it more difficult for the Bells to get changes to the law this year to help them enter the cable business faster."

Google Expresses Concerns About Microsoft Browser. The AP (5/2, Linn) reports, "Google Inc. is hoping to pressure Microsoft Corp. into changing a new Internet Explorer browser feature that could direct more people to Microsoft's online search engine instead of Google's far more popular offering." The AP

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continues, "Google has informally complained to U.S. and European antitrust regulators about what it says are biased settings on Microsoft's latest Web browser, marking the latest spat between two companies whose business models are increasingly bumping up against one another. … Mountain View, Calif.-based Google regards Microsoft as the biggest threat to its continued success, and Microsoft has conceded that Goggle is a formidable competitor as well. … The next version of Internet Explorer, available now in test form, includes a box in the corner that lets people perform an Internet search without going to a separate Web page, much like what's available from Google's downloadable 'toolbar.'"

Bloomberg (5/2, Thaw) reports, "Google raised the concern as part of a European Commission investigation into Vista, the next version of Microsoft's Windows operating system, Steve Langdon, a spokesman for Mountain View, California-based Google, said today in an interview. … 'In those discussions, we have expressed our concerns that Microsoft's approach to setting search defaults in IE 7.0 benefits Microsoft while taking away choice from users,' Langdon said." Bloomberg adds, "Microsoft is 'fully committed' to supporting search-engine options in Internet explorer and will ensure users can easily choose from a very long list, Microsoft spokeswoman Stacy Drake McCredy said in an e-mailed statement."

The San Jose Mercury News (5/2, Ackerman) reports, "The dispute illustrates how the importance of the browser has diminished in the wake of the epic anti-trust battles involving Microsoft and the rest of the tech industry. Now, the focus is on search technology, which matches advertising with search results. … Still, Google's protest puzzled some observers, who noted that the objectionable feature was nearly identical to the search box of FireFox, an open-source browser with 10 to 13 percent of the U.S. market."

RIM Faces Another Patent Suit Over Blackberry. The Financial Times (5/2, Taylor) reports, "Research in Motion, maker of the popular BlackBerry family of wireless e-mail devices, faces a new legal threat after Visto, a US-based wireless e-mail technology company, filed a new patent infringement suit against the Canadian group." The Times continues, "The move follows Visto's victory in another long-running patent infringment suit against rival Seven Networks, and comes just weeks after Rim paid more than $612m to settle a patent case with Washington-based NTP, a patent holding firm that also holds a small stake in Visto."

The Wall Street Journal (5/2, Weinberg) reports, "RIM, which two months ago agreed to pay NTP Inc. $612.5 million to settled a separate patent dispute, denied infringing Visto's patents and said in a statement that it will now consider asserting its own claims against Visto. RIM, of Waterloo, Ontario, said it doesn't expect customers of its popular BlackBerry wireless-email device to be impacted by Visto's complaint. … The suit by Visto, filed in U.S. federal court in the Eastern District of Texas, comes after a federal jury in the same district Friday decided in favor of the Redwood Shores, Calif., software maker in yet another patent dispute. In that case, the jury found closely held software maker Seven Networks Inc. had infringed three Visto patents and awarded it $3.6 million. Visto said the court is expected to hold a hearing concerning an injunction against Seven Networks that would prohibit further use of the infringing system." The Wall Street Journal (5/2, Weinberg) also reports on the suit.

NYTimes Backs Efforts To Pass "Net-Neutrality" Bill. An editorial in the New York Times (5/2, 1.19M) says, "One of the Internet's great strengths is that a single blogger or a small political group can inexpensively create a Web page that is just as accessible to the world as Microsoft's home page. But this democratic Internet would be in danger if the companies that deliver Internet service changed the rules so that Web sites that pay them money would be easily accessible, while little-guy sites would be harder to access, and slower to navigate." The Times adds, "The House Energy and Commerce Committee defeated a good Net-neutrality amendment last week. … In the Senate, Olympia Snowe, a Maine Republican, and Byron Dorgan, a North Dakota Democrat, are drafting a strong Net-neutrality bill that would prohibit broadband providers from creating a two-tiered Internet. Senators who care about the Internet and Internet users should get behind it."

WSJournal Says Twombly Case Could Spark Wave Of Litigation. An editorial in the Wall Street Journal (5/2, 2.11M) says, "In 2003, William Twombly sued all the Bells on behalf of all the Bells' customers" alleging that the Bells have conspired to stay out of each other's territory and have kept the price of phone service artificially high for a decade. In Twombly, "the Second Circuit essentially ruled that if competitors act in parallel, all a plaintiff has to do is say, 'Conspiracy!' to open discovery and start searching for evidence in the files of an entire industry. … That Twombly

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lowered the bar dramatically for plaintiffs and trial lawyers alleging business conspiracies has not been lost on those lawyers, either. Since the decision was handed down in October, dozens of legal filings have already cited it as a reason for letting this or that case proceed. If the Supreme Court allows Twombly to stand unchallenged, unsupported charges of antitrust conspiracy could well prove to be the next great wave of the litigation tsunami."

ENVIRONMENT:

White House To Release Bird Flu Response Plan. A draft of the Bush administration pandemic flu plan obtained by the AP (5/2, Pickler) suggests that "employers should have plans to keep workers at least three feet apart, colleges should consider which dormitories could be used to quarantine the sick, and flight crews should have surgical masks to put on coughing travelers." The Bush administration forecasts "massive disruptions" if a bird flu pandemic arises in the United States, and a response plan scheduled to be released at the White House Wednesday "warns employers that as much as 40 percent of the work force could be off the job and says every segment of society must prepare."

US Businesses Seen As Unprepared For Bird Flu. On the front page of its Business section, the Washington Post (5/2, D1, Brown) reports, "More than half of US companies think there will be a global flu epidemic in the next two years," and two-thirds of those think it will "seriously disrupt their operations as well as foment social unrest." At the same time, two-thirds "also say they aren't prepared." Meanwhile, former HHS secretary Tommy Thompson, who is now working as a private consultant, estimates that only one in five US companies "are in good position in terms of being able to react—and even those are going to have to restructure and improve their plans."

FBI/DEA/ATF/USMS:

Critics Say FBI Struggling To Assume Top Counter-Terrorism Role. Under the headline "Intelligence Mission Troubles FBI," The Baltimore Sun (5/2, Gorman, 296K) reports that "the FBI is having trouble asserting itself as the country's pre-eminent domestic intelligence agency, according to intelligence specialists and congressional critics." Even with the "new National Security Branch, the bureau 'is a long way from doing what it needs to do to stay on top of the war on terror,' Republican Sen. Charles E. Grassley of Iowa said in an interview yesterday. … 'They need leadership…and they need people who are going to stick around for a while,' Grassley said, referring to the recently announced resignation of Gary Bald." The Sun notes, "FBI Director Robert S. Mueller III is expected to face questions about his efforts to remake the law enforcement agency into an intelligence organization when he testifies today before a Senate panel that includes Grassley. Responding to criticism of their efforts, FBI officials say they have made significant progress in charting a new course for the FBI, and that their classified plan is on the verge of being implemented. … Bald's deputy, Philip Mudd, said he expected to implement plans that Bald has drawn up for the National Security Branch. 'I'm not going anywhere,' Mudd said." Bald, in an interview with The Sun, noted "that he had doubled the number of agents and analysts assigned to intelligence and counter-terrorism at the FBI." The Canton Repository (5/2) runs The Sun story under the headline "Critics Train Sights On Laggard FBI."

Pete Rose Jr. Sentenced For Distributing GBL. The AP (5/2) reports Pete Rose Jr., the son of baseball's career hits leader, "was sentenced Monday to one month in prison and five months of home detention for distributing a steroid alternative to his minor league teammates. … Rose pleaded guilty Nov. 7 to distributing the steroid alternative GBL, a drug he used as a sleep aid, to some of his teammates with the Chattanooga Lookouts. … The Drug Enforcement Administration has said Rose's arrest was part of a larger investigation into a major GBL trafficking organization." News outlets made more than 50 references to Rose's sentencing. MSNBC, ESPN, Forbes, the San Francisco Chronicle, San Diego Union Tribune, Miami Herald, Houston Chronicle, and San Jose Mercury News published in newspapers and/or posted on Web sites the AP story.

Cable TV Coverage. CNN (5/1, 9:00 p.m.) reported, "Pete Rose Junior is going to prison for a month. He was sentenced for distributing a drug used as a steroid alternative to his minor league teammates."

ESPN (5/1, 7:00 p.m.) reported, "Pete Rose Jr. gets a month in prison for distributing a steroid alternative to a teammate in the minor leagues."

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Local TV Coverage. WCPO-TV, Cincinnati (5/1, 6:00 p.m.) reported, "Pete Rose Junior has been sentenced to a month in jail on a drug charge. Last fall, Rose admitted to drug enforcement agents that he sold GBL to his teammates while he played for the minor league Chattanooga Lookouts. Agents say Rose told them his teammates would take the drug to unwind after games. After Rose gets out of jail, he will be on house arrest for 5 months."

WSMV-TV, Nashville, Tennessee (5/1, 6:00 p.m.) reported, "The son of baseball legend Pete Rose Senior left federal court today obviously relieved. Pete Rose Junior was arrested for distributing GBL, though he was never accused of profiting from the sale of it. The junior Rose is playing for the Chattanooga or was playing for the Chattanooga Lookouts at the time of his arrest in may 2002. The judge today went along with the prosecution's request for leniency. … Prosecutors talked a lot about Pete Rose Junior's cooperation during the investigation and all that seemed to go a long way in the end with the judge."

Four Sentenced In Illinois Meth Case. The Carmi (IL) Times (5/2) reports on the sentences of four people for their role in a large meth making and distribution conspiracy centered in White, Gallatin and Saline counties. The Times reports officials said the convictions and sentences "resulted from a long-term and on-going investigation into the manufacture of methamphetamine in southeastern Illinois by the Southern Illinois Drug Task Force and the U.S. Drug Enforcement Administration. … The investigation (which began in 2001) has resulted in the federal indictment of 65 people in related cases who were responsible for the manufacture or attempted manufacture of the equivalent of over 600,000 grams of methamphetamine."

Medicinal Use Of Marijuana Disputed. In a Boston Globe (5/2) story titled, "Breast Cancer Has Made Me a Criminal" Lynda Gorov writes, "I had read enough, and written some, about the medicinal uses of marijuana to believe it might keep me from suffering. … Maybe someone who hasn't been there can't understand my willingness to break the law. Sure, a number of states, including mine, have legalized the medicinal use of marijuana. But the Drug Enforcement Administration refuses to go along. It sees me as a criminal."

Eugene, Oregon's Register-Guard (5/1) editorializes, "The FDA should change its name to the Politically Approved Food and Drug Administration - PAFDA. It's a longer acronym, but it rolls off the tongue nicely and people would appreciate its greater honesty. The agency's other option is to stop embarrassing its dedicated doctors and scientists with utterly unscientific announcements such as the recent bulletin that smoked marijuana has no medicinal value."

In the Asbury (NJ) Park Press (5/2) Terrence P. Farley, Ocean County assistant prosecutor and director of the county Narcotics Strike Force, writes, "I have spent years reviewing research on so-called "medical marijuana." I can state, as a result of that research, that "medical marijuana" and "Compassionate Use" acts are a hoax. … the U.S. Supreme Court just last year ruled that marijuana is not 'medicine.' … John Walters…noted, 'Smoking illegal drugs may make some people 'feel better.' However, civilized societies and modern-day medical practices differentiate between inebriation and the safe, supervised delivery of proven medicine by legitimate doctors.'"

Limbaugh Signs Deal In Prescription Fraud Case. The AP (5/2) reports Rush Limbaugh "declared victory Monday after signing a deal with prosecutors that will dismiss a prescription fraud charge in 18 months if he complies with the terms. Under the deal, Limbaugh cannot own a gun, must submit to random drug tests and has to continue treatment for his acknowledged addiction to painkillers. But he did not have to admit guilt, and he continued to proclaim his innocence on his radio show."

Network TV Coverage. ABC's Good Morning America (5/1, 7:00 a.m.) reported, "Rush Limbaugh had good reason to smile for his mug shot because today his three-year ordeal with drug charges finally comes to an end when he signs a deal that leaves him with no [criminal] record. He agreed to be booked on a single felony charge -- prescription drug fraud. That charge will be dropped if he continues drug treatment for 18 months. Limbaugh also agreed to pay $30,000 for the public cost of the investigation. This all began in 2003, when it was reported that the popular conservative radio host was abusing [prescription] drugs in his Palm Beach home."

Cable TV Coverage. CNN's The Situation Room (5/1, 4:00 p.m.) reported, "Rush Limbaugh says his settlement with Florida prosecutors shows that the case is over and that he's not guilty. The talk show host reportedly will undergo random drug tests as part of the agreement. He's been taking drug tests for the last couple of years. He pled not guilty Friday.

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[The charge] will be dismissed if Limbaugh passes the drug test and completes a treatment program."

Man Accused Of Importing, Distributing Steroids Pleads Guilty. The AP (5/1) reports a man "has pleaded guilty to importing and distributing thousands of anabolic steroid pills. Authorities say Kevin Thompson…pleaded guilty to a variety of charges accusing him of using New Hampshire grocery stores to wire money to foreign countries such as Poland, Greece and China in order to illegally buy steroids."

State, Federal Investigation Continues Into Arizona Church Arson. The Arizona Republic (5/2, Clancy) reports, "A fire that caused $200,000 damage at Mission Bell United Methodist Church in northwest Phoenix was the city's thirteenth church fire, the tenth set on purpose, since Jan. 1." Calling it "an ugly, ugly crime," Phoenix Fire Department Assistant Chief Bob Khan "said investigators continued to work Monday at Mission Bell…which shares its building with a Jewish congregation, Temple Gan Elohim. Besides Phoenix fire and police, the federal Bureau of Alcohol, Tobacco and Firearms and the FBI were involved, he said."

IMMIGRATION:

Immigration Reform Rallies, Boycott Attract Hundreds Of Thousands. USA Today (5/2, Keen, Kasindorf, 2.31M) reports this morning, "Supporters of immigrant rights boycotted businesses and schools or attended rallies in more than 40 states Monday, closing businesses from Providence to San Diego and drawing protesters to rallies from Anchorage to Atlanta. … Hundreds of thousands of people marched in Los Angeles and Chicago. Supporters in New York City formed human chains on sidewalks to protest a bill passed by the House of Representatives that would make illegal immigration a felony. Thousands more filled Manhattan's Union Square." In Los Angeles, "the wholesale produce market and garment factories closed, ports were quiet, and traffic eased. Mayor Antonio Villaraigosa estimated up to 400,000 people participated in two marches. The Los Angeles Unified School District, which is 73% Hispanic, said 27% of middle- and high-school students were absent."

The boycott and demonstrations across the nation are receiving extensive, and largely sympathetic coverage on TV and print media. The AP (5/2, Flaccus) describes the "mostly Hispanic immigrants" as "flexing their economic muscle," and says that "from Los Angeles to Chicago, Houston to New Orleans, the 'Day Without Immigrants' attracted widespread participation despite divisions among activists over whether a boycott would send the right message to Washington lawmakers considering sweeping immigration reform." The New York Times (5/2, Archibold, 1.19M) says the protesters, "a mix of illegal immigrants and legal residents and citizens, were mostly Latino, but in contrast to similar demonstrations in the past two months, large numbers of people of other ethnicities joined or endorsed many of the events."

Typical of the very positive coverage of the protests is the Los Angeles Times, which this morning runs several stories on yesterday's actions. On of the Los Angeles Times reports (5/2, Muskal, Williams) states, "Across the country, hundreds of thousands of Latino immigrants and their supporters took to the streets to demonstrate that they are a political and economic presence that can't be ignored." Another Los Angeles Times piece (5/2, Streitfeld), titled "Throngs Show Their Potent Role in Economy," says "immigrant workers powerfully asserted their importance Monday." While the "Day Without Immigrants" won't hurt the economy "in the long run, analysts said," its "economic message…was emphatic and unmistakable." The Los Angeles Times (5/2, Watanabe, Gaouette, 958K) also analyzes the political impact of the boycott, asking, "Now what? As immigrants and their supporters boycotted work and school, refrained from consumer spending and marched in cities across the nation, the urgent question they face is how to translate the passion of the streets into lasting political gains."

Across the media spectrum, the protests are generally being described as a success. While most media reports refer to "hundreds of thousands" attending the rallies, CNN's The Situation Room (5/1, Blitzer) at one point estimated the number of participants in the "millions." The boycott, said CNN, was "an attempt to try to prove that immigrants are a driving force behind the US economy." Along the lines of much of the coverage of the boycott, CNN also said that "in Washington, officials are trying to gauge the economic impact of this so-called day without immigrants. They're also keeping close watch at the politics that play in all of this as well." CNN (Bash) added "Republican supporters like

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Senator Mel Martinez are most concerned the boycott will put off some GOP colleagues he's trying hard to convince and with good reason."

The story was heavily covered by the network news last night, filling a total of just under 27 minutes of broadcast time. The newscasts covered a range of subjects, from on location reports by correspondents in the field to general overviews of the importance of immigrants to the US economy. ABC World News Tonight (5/1, lead story, 1:40, Vargas, 8.78M) reported, "Altogether, close to 1 million people took to the streets in more than 30 cities. And that number could still rise. It was the newest wave of protests against legislation that would increase the penalties for being in the US, illegally." ABC World News Tonight (5/1, story 4, 2:35, Weir, 8.78M) later added, "While industry can adjust to a short, preplanned boycott, this day shows how vital 7.5 million undocumented workers are to the national economy. They comprise 24% of all farm workers, 17% of those who clean, 14% of those who build." Jess Passel, Pew Hispanic Center: "It's hard to envision how these industries will keep going if 15% to 25% of the workers just disappeared." Similarly, NBC Nightly News (5/1, story 6, 2:05, Teague, 9.87M) said, "This much is certain -- millions of immigrants flexed their muscle today. At ports in Southern California, 90% of the truckers needed to move cargo didn't show up."

NBC Nightly News (5/1, lead story, 6:20, Williams, 9.87M) took a more negative approach to the possible political effects of the boycott, saying, "Even supporters of immigrant rights are weighing whether these protests could provoke a backlash." Jaime Contreras, National Capital Immigration Coalition: "We think the American people are generous people and they will understand that this is one of the ways that people can express their rights under the Constitution, to express discontent with something that's happening in Congress." In its "Washington Wire" column on its web site, the Wall Street Journal (5/1, 2.11M) addresses the issue, saying "advocates of a guest worker program for illegal immigrants expressed confidence" that Monday's boycott "wouldn't make passage of comprehensive reform legislation more difficult. 'Not much' of a backlash from conservatives, predicted one senior White House official. Another Bush adviser credited some large employers with minimizing conflict by giving workers the day off."

The CBS Evening News (5/1, lead story, 3:20, Pitts, 7.66M) reported that unlike "last month's wave of demonstrations, politicians didn't simply take notice, today many showed up. I've talked to people across the country who say how dare people who broke the law by entering the United States now plead with the Senate and the Congress to do something about that?" Sen. Barak Obama, Illinois: "Well, the problem is that we've been engaging in hypocrisy in this country. We don't mind these folks mowing our lawns or looking after our children or serving us at restaurants as long as they don't actually ask for any rights in return." Pitts: "Construction sites in California virtually empty, skeleton crews in Virginia, restaurants across the country closed so workers could join demonstrations. Yet it's the farming industry that likely suffered the most."

The Los Angeles Times (5/2, Muskal, 958K) reports the protests were "in response to efforts by Congress to overhaul immigration policy for the first time in two decades." But they have "become something more, a cry from the normally hidden undocumented community for a way to socially and economically come into the sunlight." The Washington Times (5/2, Richardson, Seper, 90K) offered a less sympathetic view of the protesters, saying they "boycotted their own jobs and stayed away from what they saw as 'gringo' businesses." The protesters "waved US, and Mexican and other Latin American flags as they flooded streets in New York and Los Angeles."

The Wall Street Journal (5/2, Jordan, Kronholz, Brat, 2.11M) was among the few media outlets offering a mixed assessment of the protests' success. The Journal says "attendance at midday rallies across the country was a mixed bag. Hundreds of thousands turned out in places like Chicago to support legal work status for illegal immigrants, but in Texas, Atlanta and other places, turnout was more modest." That "was partly a result of calls within the pro-immigrant community to keep workers and their kids in place until events later in the day." But "it was also due to fear that recently swept through some immigrant communities in the wake of a government crackdown on employers who intentionally hire undocumented workers." The Washington Post (5/2, C1, Montgomery, 744K) addresses that issue as well, and says "the problem is, a guy has to make a living. And if you happen to be a Salvadoran with a green card; with a mortgage, a wife and three kids in Lanham; and two janitorial jobs in D.C. that keep you busy 14 hours a day, you might not have the leverage with the boss to boycott work in a demonstration of how important immigrants are to the US economy." A second Wall Street Journal story (5/2, Newman, Jordan), however, says "sentiment among Hispanics was

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mixed on yesterday's no-work day. Some 34% of Hispanics said the protest would help the cause of immigrants, but 43% said it would hurt their cause," according to a Pew Poll.

The Washington Post (5/2, A1, Fears, Williams, 744K) reports "the action may have been stronger had the coalition of grass-roots organizations that advises immigrants not been deeply conflicted over whether to endorse a boycott. Some supported the effort to demonstrate immigrant power, but others discouraged it, saying it was premature because Congress has not taken action since the first demonstrations, and because the strike might induce a backlash by those born in the United States."

A number of newspaper stories today tries to measure the protests' impact on the economy. The Los Angeles Times (5/2, Sanchez, 958K) reports "the normally bustling downtown Los Angeles produce and garment districts were virtually shut down today, and truck traffic at the ports was down sharply after many employees protesting the nation's immigration policy's did not show up for work." The Financial Times (5/2, Alden, Johnson, Yeager, Parkes) reports "the biggest effects" of the boycott "appeared to be on restaurants, construction projects and small retail businesses, though hotels and casinos reported little disruption."

The Wall Street Journal (5/2, Ip, 2.11M) seeks to analyze the current immigration debate from a historical perspective. It reports, "Surging immigration unsettles workers and prompts calls to stop the flow. Congress ponders higher tariffs to protect struggling industries. National-security fears heighten anxiety about foreigners. A growing gap between the rich and the middle class fuels angst about globalization. It sounds like today, but it could also be the 1920s. … It could also describe the 1980s. With factory layoffs blamed on imports and public cries to limit illegal immigration, Ronald Reagan struck compromises . His administration persuaded Japan to agree to "voluntary" export restraints, coordinated a drop in the value of the dollar and toughened immigration enforcement while granting amnesty to some. The US kept its doors open to goods, capital and people -- and its economy prospered."

The New York Times (5/2, O'Donnell, 1.19M) recounts yesterday's events from the perspective of a "corner grocery on Coney Island Avenue in Ditmas Park, Brooklyn." Along "the unusually quiet commercial strip, dozens of Hispanics and Pakistanis joined hands to form a human chain." Meanwhile, the Washington Post (5/2, A9, Brulliard, 744K) profiles Salvadoran shopkeeper Gerardo Sanchez, whose Columbia Heights store "was locked and the sign that normally blinks O-P-E-N in its window was dark" yesterday.

64% Disapprove Of Bush On Immigration; 69% Say Anthem Should Be Sung In English. USA Today (5/2, Nichols, 2.31M) reports, "More than two out of three Americans say the national anthem should be sung only in English, according to a USA TODAY/Gallup Poll." The poll, taken Friday through Sunday, "found that 69% believe it is only appropriate for the anthem to be sung in English, while 29% say it is OK to sing it in Spanish." In addition, "nearly two-thirds -- 64% -- disapproved of Bush's immigration policy; 26% approved."

Rice Claimed As Supporter Of Spanish-Language US Anthem. The AP (5/1, Jelinek) reports, "Promoters of singing" the national anthem "in Spanish are pointing to comments by Secretary of State Condoleezza Rice -- and her department's Web site -- as ammunition for their side of the argument." Rice is quoted saying on CBS' Face the Nation Sunday (4/20), "I've heard the national anthem done in rap versions, country versions, classical versions. The individualization of the American national anthem is quite under way." The AP adds, "The State Department site for some time has offered translations of the U.S. Constitution, pledge of allegiance and other documents in French, Arabic and other foreign languages to help people understand America better. This is what promoters say they had in mind with the Spanish anthem recording, which has drawn criticism from Internet bloggers."

Congressional Hispanic Caucus Split On Boycott. Roll Call (5/2, Kornacki) reports, "The 'National Day of Action,' organized to draw attention to the role of undocumented workers in the US economy, provoked diverse reactions from the 22 Democratic members of the Congressional Hispanic Caucus. On the supportive end, Rep. Raúl Grijalva (Ariz.), who hails from an immigrant-rich section of Tucson, closed his Capitol Hill office for much of the day as a show of solidarity." Others, though, "treaded more gingerly, fearful that mass walkouts from work and school might set their cause back and embolden supporters of the immigration bill that cleared the House in December, which would declare all undocumented workers felons." Roll Call adds, "The varied opinions within the CHC were apparent in a statement released in the run-up to the Day of Action by Rep. Grace Napolitano (Calif.), the group's chairwoman." Napolitano "urged workers not to take 'unnecessary steps that would cause them to put their jobs, families or education at risk,'

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without explicitly endorsing or opposing the marches and rallies that were planned."

House GOP Lawmakers Push ICE To Prosecute Businesses Shut Down By Boycott. The Washington Times (5/2, Hurt, 90K) reports, "House Republicans called on US Immigration and Customs Enforcement to prosecute businesses shut down yesterday by their illegal alien employees who took the day off to participate in protests of immigration legislation." GOP Reps. Jack Kingston and Marsha Blackburn, in a letter to ICE Assistant Secretary Julie Myers, "noted 'the multiple reports in the news media today regarding companies which have been forced to halt operations because large numbers of their employees appear to be in the United States illegally and are participating in the protest rallies.' 'ICE has an obligation to use this public information to enforce immigration laws,' they wrote. 'We respectfully request that you look into this matter and report back to us on your findings.'"

Democratic Ads Use Bush, McCain To Attack Kyl On Immigration. The Hill (5/2, Barr) reports that U.S. Senate candidate Jim Pederson (D) is running two ads in which he uses President Bush and Arizona Sen. John McCain (R) to take aim at Arizona Sen. Jon Kyl (R). The Hill notes, "One ad shows Bush with Kyl and says, 'Even President Bush calls Kyl's immigration plan for massive deportation unrealistic.' Bush supports a guest-worker program, which Kyl opposes. The second ad quotes McCain saying Kyl's plan 'borders on fantasy.' McCain and Kyl were on opposite sides of the Senate battle on immigration reform last month."

In Mexico, Some Boycott US Goods For A Day. USA Today (5/2, Harman, 2.31M) reports from Mexico City that "Mexicans staged boycotts of US goods and stores in a show of solidarity with migrants in the USA who cut school and stopped work to call for immigration reform." The Washington Times (5/2, Stevenson, 90K) also reports the story under the headline "Mexicans Boycott US over Migrants."

Some In US Marched Against Illegal Immigration. The New York Times (5/2, Davey, 1.19M) reports, "Around the edges of the immigration demonstrations that filled cities like this one on Monday, there were some who went to disagree. … Compared with the hundreds of thousands who marched urging Congress to consider legal status for some of the 11 million illegal immigrants in this country, far fewer went to speak for the other side." But "advocates for tighter border security and increased enforcement of immigration laws said that their quieter voices were actually more representative of the views of Americans as a whole."

NYTimes Derides "Worst Among Our Citizens And Politicians" Who Are Blocking Reform. The New York Times (5/2, 1.19M) editorializes, "Warnings of a crippling immigrant boycott did not come true yesterday. The economy survived. But what may not survive -- we hope -- is people's willful misunderstanding of the nature of the immigrant-rights movement. The worst among our citizens and politicians are eager to depict illegal immigrants as criminals, potential terrorists and alien invaders." But "what we saw yesterday, in huge, peaceful rallies in Los Angeles, Las Vegas, Chicago, Denver, New York, Atlanta and other cities, were regular people: the same types of assimilation-minded moms, dads and children we wistfully romanticize on holidays devoted to, say, St. Patrick and Columbus." Lawmakers "who have stymied comprehensive immigration reform with stalemated name-calling and cold electoral calculation should listen up. A silent, shadow population is speaking with one voice. The message, aimed at Washington but something the whole country should hear, is clear: We are America. We want to join you."

LATimes Says Protests Have Been Successful. In an editorial, the Los Angeles Times (5/2, 958K) describes Monday's immigration reform march as "yet another passionate and upbeat street party." The paper says it "shared the concern of those who felt a labor walkout might come across as economic blackmail, but the tenor of the day was overwhelmingly positive." The Times continues, "The scale and tenor of the demonstrations have had the salutary and corrective benefit of marginalizing those who conflate Latino immigration with crime, a lack of patriotism, a security threat or any other ill under the sun. Six months ago, opponents of reform drove the political debate. No more." The Times goes on to say, "The singular triumph of this spring's protests is that they have indelibly attached a human face to a debate dominated by dehumanizing words such as 'illegals' and 'aliens.'"

Williams Says DHS Working To Respond To Immigration Concerns. Jim Williams, director of the Homeland Security Department's US-VISIT program office, in an op-ed in USA Today (5/2, 2.31M) writes that DHS "is implementing a comprehensive border security strategy to shut down vulnerabilities in our immigration and border management system and aggressively enforce our immigration laws." Williams continues that the US has "built

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a more effective and reliable system for welcoming legitimate travelers to our country while protecting privacy and meeting our critical security goals. … The challenges we face at our borders were years in the making, but the transformation of our immigration and border management system is well underway."

USA Today Says US-VISIT Unable To Handle Visa Overstays. USA Today (5/2, 2.31M) editorializes that while the stereotypical illegal immigrant is "a Spanish-speaking worker who sneaked across the porous Mexican border in search of a job," at least 3.8 million illegals in the US "came from all over the world, stayed longer than their visas or entry documents allowed, and melted into society," just as "four of the 19 Sept. 11 hijackers did, according to a 2004 report by Congress' Government Accountability Office." USA Today states that to find and deport all of the "overstays" in the US, "the Department of Homeland Security (DHS) would need three things: an effective system to track all foreign entrants, another to track those who leave, and enough agents and judicial manpower to go after those who remain illegally. It has none of those." Meanwhile, US-VISIT, touted by former DHS undersecretary Asa Hutchinson as a way "to know who is overstaying their visa," has not delivered "because of how DHS has chosen to run it."

CONGRESS-ADMINISTRATION:

Democrats Blast Bush For More Than 750 Signing Statements. The Boston Globe (5/2, Savage, 484K) reports that three leading Democratic Senators, Minority Leader Harry Reid, Patrick Leahy and Edward Kennedy yesterday blasted President Bush "for having claimed he has the authority to defy more than 750 statutes enacted since he took office, saying that the president's legal theories are wrong and that he must obey the law." Reid said in a statement, "'It is not for George W. Bush to disregard the Constitution and decide that he is above the law." Leahy "accused Bush and Vice President Dick Cheney of attempting to concentrate ever more government power in their own hands." Kennedy "also said that the Bush administration, abetted by 'a compliant Republican Congress,' was undermining the checks and balances that 'guard against abuses of power by any single branch of government.'" The Democrats "were reacting to a report in Sunday's Boston Globe detailing the scope of Bush's assertions that he can ignore laws that conflict with his interpretation of the Constitution."

Medicare Prescription Drug Benefit Projected To Cost 20% Less. The Wall Street Journal (5/2, Lueck, 2.11M) reports Medicare's "prescription-drug benefit will cost the government about 20% less during the next decade than was projected a year ago, but largely for reasons outside the government's control." The Medicare actuaries said "most of the reduction will result from lower-than-expected growth in the nation's per capita drug spending." The actuaries "said fewer people than expected are signing up for the new coverage. Since last year, Medicare actuaries have lowered estimates for enrollment by May 15 -- this year's deadline for signing up -- from about 37 million to 31.4 million, a move that fueled calls in Congress to give people more time to sign up." Last year, Medicare's actuaries "estimated the benefit would cost a total of $997 billion over 10 years, not including savings to Medicaid. Now that estimate is $788 billion. Another reason for the reduction: The private insurers selling the new, government-subsidized coverage achieved discounts on medications sooner than the actuaries had expected."

Flake Says Republicans Should Not Be Proud Of Medicare Drug Benefit. The Washington Times (5/2, McCaslin, 90K) reports in its "Inside the Beltway" column that Rep. Jeff Flake is "upset that the House Republican leadership continues to encourage GOP members 'to boast' about the new Medicare prescription-drug entitlement. Because of the new entitlement, '30 million people are more dependent on the federal government than they were a year ago, and future generations will have to foot the bill,' he says. 'That is something that no party professing to believe in limited government should be proud of.'"

Democrats Still Hope To Exploit Discontent With Drug Benefit. The Hill (5/2, Young) reports, "Despite a recent stream of apparently good news about the Medicare prescription-drug benefit, congressional Democrats are counting on their criticisms to translate into political gains in the midterm elections." Sen. Debbie Stabenow recently said, "I don't know of any Democrat who thinks this is working the way it should. You betcha this is going to be an issue [in November.]" The Hill adds Democrats have "described the drug benefit as a disaster and said senior citizens would be too confused to choose the right plan. But that strategy could prove risky. The Medicare figures show that nearly all

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beneficiaries now have some form of drug coverage, and recent polls suggest that seniors who have joined a drug plan are satisfied with their coverage." Many congressional Republicans "shied away from the program and criticized the Bush administration's handling of its implementation this year. But Republicans are changing their tune. House Majority Leader John Boehner (R-Ohio) has become an enthusiastic cheerleader, as his office has taken to launching almost daily statements praising it." But in "spite of the apparent shift of political momentum amid improving public opinion, Democrats see the drug program as a ticking time bomb of discontent among senior citizens."

Trustees Say Medicare, Social Security Finances Are Worsening. The Los Angeles Times (5/2, Alonso-Zaldivar, Havemann, 958K) reports, "The financial condition of Medicare is growing progressively worse and its problems will soon eclipse those of Social Security, the trustees of the government's two biggest programs said today." But the "warning — for all its urgency — appeared unlikely to spur major action during an election year." Social Security expenses "were projected to overtake income after 2017, as last year, and to deplete the program's financial cushion in 2040, one year earlier than estimated a year ago. Unless changes are made, Social Security will then be able to pay only 74% of promised benefits." But Medicare is "a more serious matter. The soaring cost of healthcare has the program on the edge of bankruptcy." The "huge Medicare fund for inpatient hospital care will not be able to cover the full amount of billings beginning in 2018, two years earlier than estimated last year."

The story was covered in brief by ABC and CBS last night, while NBC did not mention the entitlement programs' financing. ABC World News Tonight (5/1, story 8, :25, Vargas, 8.78M) reported, "Another government report calculates that the day when the Social Security and Medicare programs run out of money is growing closer." The CBS Evening News (5/1, story 5, 0:20, Schieffer, 7.66M) reported, "We got a new reminder today that the Social Security and Medicare programs need to be fixed."

USA Today (5/2, 2.31M) reports the trustees, "who include the head of the Social Security Administration and three members of President Bush's Cabinet, gave a sober assessment of the health of the two programs in advance of the looming retirements of 78 million baby boomers."

The Washington Times (5/2, Fagan, 90K) reports Administration officials "said the bleak outlook is all the more reason for Congress to significantly reform both programs." President Bush's "efforts to change Social Security stalled in Congress last year, with even some Republicans hesitant to support his plan to create personal accounts. And Medicare spending is unlikely to be cut by Congress this election year, as Mr. Bush has suggested."

The New York Times (5/2, Pear, 1.19M) reports, "Lawmakers said they would never allow the trust funds to run dry. But the insolvency dates are a vivid way of showing that the programs are unsustainable. To keep them solvent, Congress would need to trim benefits, raise taxes or take some combination of such steps." Speaking at the American Hospital Association, President Bush said, "The systems are going broke." The Times adds, "Almost every element of the programs reflects a political judgment, but Mr. Bush said, 'It's time to set aside politics and restructure Social Security and Medicare for generations to come.'" Senate Minority Leader Harry Reid "said the reports showed that 'despite White House scare tactics, Social Security remains sound for decades to come.'"

The AP (5/2, Crutsinger) reports Treasury Secretary John Snow, "the chairman of the trustees group, said the new report depicted 'a looming fiscal crisis as the baby boom generation moves into retirement' and he urged Congress to move forward." But Democrats "charged that the administration was using the trustees reports to try to create an air of crisis to make radical changes to the two benefit programs." Rep. Pete Stark said, "There is no crisis. There remains plenty of time to mend rather than end Medicare."

The Washington Post (5/2, A3, Goldstein, 744K) reports, "In releasing the report, the trustees -- including three of Bush's Cabinet secretaries -- slightly altered the message accompanying the forecast the past few years, when the administration sought to use the predictions as leverage to persuade a reluctant Congress to embrace the president's goal of letting Americans divert some of their payroll taxes into personal retirement accounts. That emphasis prompted Democrats and other critics to chastise the administration for dwelling on Social Security while Medicare's problems were more acute."

Knight Ridder (5/2, Pugh) reports the Medicare Hospital Insurance trust fund, "which pays primarily for inpatient care and is funded through a 2.9 percent payroll tax, is already operating at a deficit and is projected to hit a new low in 2012.

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By then, total Medicare spending will exceed program funding by 45 percent, the report found." If that "projected funding gap is not closed by next year's report, the projected shortfall would be considered a 'funding warning,' triggering a requirement that the president must offer a legislative remedy to Congress that must be considered on an expedited basis." The report "also found funding problems with Social Security, the nation's largest entitlement program. Without changes, tax revenues for Social Security are expected to fall below program costs in 2017, the same estimate as last year's report."

Bush "Reforms" Said To Have Hurt Medicare Solvency. The Washington Post (5/2, Milbank, 744K) reports an "hour after Bush finished his speech" at the American Hospital Association, where he touted his Medicare Modernization Act of 2003, "Treasury Secretary John W. Snow kicked off a news conference announcing the latest on Medicare's financial standing. The "modernized," cost-effective program is forecast to go belly-up in 2018 -- two years earlier than previously forecast. Somebody stop us before we reform again.

Bush Urges Congress To Take Steps Toward Slowing Medical Spending. The AP (5/2) reports President Bush "said Monday health care costs are rising at an unacceptably fast pace and he called on Congress to enact White House proposals to tame medical expenses." Speaking to the American Hospital Association, Bush said "private health insurance premiums have risen 73 percent in the last five years, forcing some businesses to drop health coverage for their employees and prompting others to raise co-payments and premiums." Bush said, "This is unacceptable for this country to have health care costs rising as fast as they are. If we want to be the leader of the world, we must do something about it. And my administration is determined to do something about it."

WSJournal Says Romney Healthcare Plan Becoming Employer Mandate. The Wall Street Journal (5/2, 2.11M) says in an editorial, "Only two weeks ago Massachusetts passed an experiment in compulsory, subsidized health insurance, and already it's turning into an employer mandate and a vehicle for increasing the role of government." Last week "the Democrat-controlled Massachusetts legislature began moving in just that direction, overriding all of the line-item vetoes that Republican Governor Mitt Romney had cast in an effort to give the state's new insurance law a market-oriented veneer." If Governor Romney "thinks care for the uninsured is expensive now, wait until Massachusetts taxpayers see how much his government-heavy 'solution' costs."

Frist Retreats From Plan To Raise Oil Company Taxes. The AP (5/2, Hebert) reports, "Senate Majority Leader Bill Frist, under pressure from business leaders, retreated Monday from a plan that would have used a tax increase on oil companies and other businesses to fund a $100 gasoline rebate for millions of motorists." Frist "had proposed an accounting change that would have required oil companies to pay more taxes on their inventory of crude as a way to pay the one-time rebate which GOP leaders rolled out last week as they scrambled to find ways to ease public anger over soaring gasoline prices." In a statement, Frist "said he will still push the rebate, but abandoned the accounting change and said the Senate Finance Committee planned a hearing on the issue in the near future."

The New York Times (5/2, Hulse, 1.19M) calls Frist's move "another sign of their struggle to come up with an acceptable political and legislative answer to high gasoline prices." His "retreat" came "after a torrent of objections from business leaders and their advocates, who typically view Republicans in Congress as allies." The decision "eliminates a chief source of revenue to pay for the rebate checks to be mailed to an estimated 100 million taxpayers." The Wall Street Journal (5/2, Meckler, 2.11M) reports Amy Call, a spokeswoman for Frist, "said the $100 rebates would cost $15 billion. Now senators will 'look for other options' to make up the lost revenue, Ms. Call said, adding that they also might simply move the bill without any additions, meaning the increased spending will add to the deficit." The reversal "demonstrates how politically difficult it can be to raise taxes, even at a time when high gasoline prices have made highly profitable oil companies unpopular."

NYTimes Calls $100 Gas Rebate Proposal "Desperate Political Pandering." An editorial in the New York Times (5/2) says, "The public derision of Republicans' idea for a $100 gasoline rebate has focused on the desperate political pandering embodied in the proposal. … With the nation already deeply in debt -- and with Congress angling this week to cut taxes for affluent investors by more than $20 billion -- lawmakers would need to borrow $10 billion to make the rebates happen. Since more than 80 percent of the

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immense borrowing of the Bush years has been from foreigners, it's safe to assume that most of the rebates would be courtesy of foreign lenders, of which China has been one of the most willing. It's the circle of crude: China's competition for the world's oil is pushing up prices. Congress piles on more debt to calm angry consumers with a rebate. The increased debt is a prescription for a weaker dollar, which in turn would make imports, including oil, even more expensive."

McClellan Says US Energy Situation In "Crisis." CNN's The Situation Room (5/1, Henry) reported, "A second senior Bush official has now used the word crisis to describe the nation's energy problem, the White House appearing to try to prepare consumers for the worse. Today, it was White House spokesman Scott McClellan, who was pressed on the fact that, yesterday, Energy Secretary Samuel Bodman used the word crisis, and added that, in fact, it may take up to three years for gas prices to come back down substantially. Asked if the President agrees with his energy secretary, McClellan danced a little bit. He added a caveat, but he used the word crisis."

85% Believe Government Could Do Something About Oil Prices If It Tried. U.S. News and World Report (5/8, Lavelle) reports that leaders of both parties last week "took turns pledging to dispatch the IRS to slap around the oil companies -- take away tax breaks, hit them with a windfall-profits tax, and even haul them in for a good audit." While there is "nothing the federal government can do in the short term about a global imbalance in oil supply and demand, the nuclear ambitions of an oil-rich Iran, and a shortage of US gasoline refining capacity," pollster Daniel Yankelovich has found that "85 percent of Americans believe the government could do something about oil prices if it tried."

Ten States To Sue Federal Government To Force Higher SUV Mileage Regulations. The New York Times (5/2, Hakim, 1.19M) reports, "Ten states, including California and New York, plan to file suit this week to force the Bush administration to toughen mileage regulations for sport utility vehicles and other trucks." The suit, which the states are to announce today, "contends that the administration did not do a rigorous enough analysis of the environmental benefits of fuel economy regulations, as required by law, before issuing new rules for S.U.V.'s, pickup trucks and minivans last month." The suit will also "claim that the government did not consider the impact of gasoline consumption on climate change when devising the new rules." California "will be lead plaintiff in the suit, which also includes Connecticut, Maine, Massachusetts, New Jersey, New Mexico, Oregon, Rhode Island and Vermont, as well as New York City and the District of Columbia."

Rising Gasoline Prices Could Strain Non-Aggression Pact Between Oil, Auto Industries. The Hill (5/2, Snyder) reports in its "Business and Lobbying" column, "The high price of gasoline and the growing call for congressional action are undermining the gentleman's agreement under which the oil and auto lobbies do not attack each other. Tyson Slocum, an energy specialist at Public Citizen, said the two lobbies have benefited from a 'non-aggression pact.' But as pressure mounts on Capitol Hill against the oil industry, which has been reporting huge profits, the truce may be ending, Slocum said. … Sources in both the oil and auto camps say there is no split yet. But several lobbyists acknowledged that tensions appear to be rising in a political environment where even some Republicans, long oil-industry allies, are calling for what the industry considers to be punitive measures."

State Attempts To Prove Price Gouging Prove Difficult. USA Today (5/2, Healey, Krantz, 2.31M) reports that "it is hard" for state "authorities to prove consumers are being ripped off even in times of extraordinary price increases. Attorneys general in at least nine states, responding to outrage by their residents, are investigating whether current high gasoline prices are a result of wrongdoing by the petroleum industry, according to the National Association of Attorneys General." Some states "have made price-gouging cases. Florida sued individual gas stations for overcharging after Katrina. But Florida, unlike Arizona, has an anti-gouging law. It is in effect only when a state of emergency is declared. Florida was a hurricane target, making an emergency declaration logical."

Higher Gasoline Prices Hurting Government Budgets. NBC Nightly News (5/1, story 10, 1:50, Williams, 9.87M) reported, "With gas hovering at around $3 a gallon, it can't help must have an effect on the nation as a whole from the ground up. That includes city budgets." NBC (Costello) added, "It's happening nationwide, skyrocketing fuel prices putting the squeeze on city, state, and county budgets. Next week, the US Conference of Mayors will hold an urgent energy summit in Chicago. Long Beach Mayor Beverly O'Neill is the conference president." Mayor Beverly O'Neill, Long Beach, California: "It's just eating our budgets alive, and

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we have to have an entirely new direction to facing our budgets, not just yearly but probably month-to-month."

Higher Gas Prices Yet To Significantly Change Driver Behavior. Although gas prices continue to rise, the increased costs for consumers have yet to register in their behavior. ABC World News Tonight (5/1, story 10, 2:05, Vargas, 8.78M) reported, "A gallon of gas now costs, on average, $2.92. That's up 50 cents over last week, and 31% higher than a year ago." ABC (Pinto) added, "Gasoline is still cheaper than it was during the when the prices soared in the early '80s. Adjusted for inflation, prices then would be nearly 50 cents a gallon higher than they are now. Economists say it will take steeper price hikes to really change drivers' behavior." Michelle Michot Foss, Center for Energy Economics, University of Texas: "You'd have to have a price per gallon that would really make a difference, in terms of how you chose to spend your budget, than what we have now. I would say north of $5 for sure."

The CBS Evening News (5/1, story 4, 3:40, Schieffer, 7.66M) reported, "We are now paying, by the way, 37 cents a gallon more for gas than we were just a month ago." However, says USA Today (5/2, Healey, 2.31M), "prices have stopped their spring-loaded daily leaps," even if "it's too soon to say the worst is over. The numbers on the pump have declined slightly three consecutive days, to a nationwide average $2.919 a gallon Monday, according to travel club AAA. It's the first time that's happened since late March." But "the March respite totaled just 0.8 of a cent over three days and turned out to be only a hiccup before prices zipped higher." AAA "warns that might happen again."

Woolsey Says Buying Less Foreign Oil Will Make US More Secure. The Pittsburgh Tribune Review (5/2, Cato) reports during a visit to Pittsburgh Monday, former CIA Director R. James Woolsey said that a terrorist attack on Saudi Arabian oil refineries could drive crude oil prices above $150 a barrel and keep them there for more than a year. Woolsey said most Americans "don't want to think about where some of the money goes when they buy gasoline -- to groups that threaten the U.S. … And it's not just terrorists, but established Middle Eastern regimes that restrict women's rights, have poor education systems and fail to invest in their societies. … One way to beat that -- and hit Islamic extremists in the pocketbook -- is for Americans to start using renewable fuel, Woolsey said. That includes ethanol and biofuels as alternatives to gas and diesel. … Buying less foreign oil will make the United States more secure, Woolsey said, by providing less money to Middle Eastern groups -- particularly radical Islamists."

Frist Proposal May Sidestep Lawsuit Over Deficit Reduction Act. Roll Call (5/2, Yachnin) reports Senate Majority Leader Bill Frist "is considering legislative options to end an ongoing a dispute over Medicare payments to a group of Tennessee hospitals, in the process potentially shelving what could be the first test of the 2005 budget reconciliation act's constitutionality." A Frist aide said, "Frist is working with [Finance] Chairman [Chuck] Grassley [R-Iowa] to explore legislative options." Roll Call adds the 2004 lawsuit of Cookeville Regional Medical Center v. Thompson "centers on a disagreement over how certain Medicare payments should be calculated." While "at least four other challenges to the law's constitutionality have been filed in federal court — including a lawsuit filed Friday by 11 senior House Democrats — the Cookeville case could produce the first ruling on the law's validity because it is already under way."

Senate Republicans Seek To Reclaim Issue Of Fiscal Discipline. Roll Call (5/2, Billings) reports, "Feeling increasing heat from their base for living too high on the hog, Republican Senators are putting in place an election-year strategy to try to reclaim the fiscal discipline brand that helped the GOP win and maintain its majority for more than a decade." Republican Conference sources "say that the leadership plans to make federal spending a major piece of its 2006 campaign. Those sources say there is a widespread acknowledgement that a wake-up call on spending is overdue and that the party must start pushing forth initiatives and a message to show voters it is serious about getting the federal government in the black." GOP Senators and aides "said that to make their case, the majority will spend the coming months holding numerous press events on federal spending, the budget and earmarks. Republicans also plan to push for Senate passage of a line-item veto and possibly revisit the issue of a two-year appropriations process." With "fiscal discipline squarely on the GOP must-do list, several Republican Congressional sources also said that the Senate is already sending signals to the House Republican leadership that, except for Defense and Homeland Security, consideration of the fiscal 2007 appropriations bills likely will be pushed off until after the November elections."

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The Christian Science Monitor (5/2, Chaddock, 61K) reports Congress "is on track for its boldest step yet" at cutting back earmarks because Republicans "are increasingly anxious about this fall's elections, and, with gas prices soaring, the public is paying attention to waste and corruption in Washington." In the House, "still reeling from the scandals involving former lobbyist Jack Abramoff and ex-Rep. Randy 'Duke' Cunningham, Republican leaders are pushing for the disclosure of the names of members who propose earmarks and are seeking a process to remove them." In the Senate, "the fight is over reining in spending. In a political move only used once before in the US Senate, freshman Sen. Tom Coburn (R) of Oklahoma is forcing his colleagues this week to vote on individual pork projects attached to a $106.5 billion emergency defense bill."

Coburn Unlikely To Get Votes On Challenges To Earmarks In Spending Bill. Roll Call (5/2, Stanton) reports in its "Roadmap" column, "The Senate will wrap up its short-lived debate over the growing use of supplemental appropriations bills as a vehicle for pork-barrel spending midweek, as the chamber is expected to approve a fiscal 2006 supplemental package by Wednesday that includes most of the nearly $14 billion in controversial earmarks that touched the fight last week. … Frist filed cloture on the bill last Thursday, essentially limiting reformers' opportunities to whittle away at the bill's price tag by forcing a series of politically embarrassing votes on 17 controversial earmarks challenged by Sen. Tom Coburn (R-Okla.). Although at press time Republicans were still working out the details of which amendments to the bill would be considered, a GOP leadership aide indicated that Coburn would not get a floor vote on all of his amendments."

WSJournal Praises Boehner Win On Budget Changes. The Wall Street Journal (5/2, 2.11M) says in an editorial, "In the eternal battle against Congressional pork-barrel, we'll take even modest victories wherever we can find them. Following a bruising 12-round, behind-the-scenes prize fight last week between new House Majority Leader John Boehner and Appropriations Chairman Jerry Lewis, Mr. Boehner won on a technical knockout." Boehner "and fellow House GOP leaders wanted to attach budget changes to an otherwise useless lobbying-reform bill." Lewis "threatened to bring the whole lobbying bill down on the House floor with the help of most of his 36 fellow GOP appropriators, including a threat to bar money for projects in the districts of Members who dared support the bill. But Mr. Lewis backed down at the last moment, lest he and his big-spending mates be blamed for another embarrassing Republican defeat."

Lewis, House Appropriators Challenging GOP Leadership. The Washington Post (5/2, A4, Weisman, 744K) reports that as House Republicans' "unity frays in a difficult election year, House Appropriations Committee Chairman Jerry Lewis (R-Calif.) and his expansive 66-member panel are challenging the GOP leadership and Republican conservatives." In April, Lewis "and his committee nearly derailed high-profile legislation, first forcing GOP leaders to pull their 2007 budget blueprint from House debate and then bringing consideration of a major lobbying and ethics bill to a halt Thursday. Only after House Speaker J. Dennis Hastert (R-Ill.) pleaded, saying that his reputation was at stake, did committee members allow the lobbying bill to proceed to a vote, now scheduled for tomorrow."

"Budget-Cutting Proposal" Would Cut Funds For Indian Medical Clinics. The Los Angeles Times (5/2, Verhovek, 958K) reports that "in a budget-cutting proposal that has set off protests and indignation among Indians from Los Angeles to New York and several smaller cities in between, the Bush administration has proposed eliminating funds for" clinics which served about 106,000 Indians last year. Thirty-four such clinics across the nation are intended to serve about "70% of American Indians who live in urban areas, not on a tribal reservation." The Times adds, "Under the plan, Native Americans in urban areas would use the already overburdened municipal clinics, hospitals and other health services that most Americans use -- and that many Indians say have no concept of their traditional forms of care and healing, which are often used in tandem with modern healthcare." If the Congress adopts the proposed cuts, "at least half of the 34 clinics would face sudden closure, while the rest would have to curtail services, said Greg Fine of the National Council of Urban Indian Health, a nonprofit alliance in Washington."

Opponents Of GOP Lobbying Reform Bill Pessimistic. The Hill (5/2, Hearn, Schor) reports opponents "of the House GOP leadership's upcoming lobbying and ethics reform bill were pessimistic yesterday that they could defeat it, noting that increased support among Democrats would likely offset any erosion of enthusiasm in the Republican ranks." GOP leaders "narrowly won a vote last week on a closed rule to bring the reform measure to the floor. The outcome of that vote signified that GOP leaders

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would face a tough, but not hopeless, battle to muster the votes to pass the lobbying reform measure itself this week."

OPM Launches Effort To Lure Applicants To Federal Workforce. The Office of Personnel Management has announced a media campaign aimed at luring talented applicants to the federal workforce. The Washington Post (5/2, A19, Goldfarb, Lee, 744K) reports that the campaign comes "at the same time that a new study says the government needs to do a more effective job of recruiting college students for federal jobs. Linda M. Springer, director of the Office of Personnel Management, said the agency will begin airing four 30-second television ads featuring federal employees touting the work they do and encouraging viewers to explore job opportunities at http://www.usajobs.gov/." The Washington Post also reports on the OPM campaign in its "Federal Diary" column this morning.

Pelosi Wants Ethics Investigation Of Prostitution Allegations. Roll Call (5/2, Bresnahan) reports House Minority Leader Nancy Pelosi "called for an ethics committee investigation into whether two defense contractors supplied now-imprisoned former Rep. Duke Cunningham (R-Calif.) and other lawmakers with prostitutes, free hotel rooms and limousine rides." Pelosi urged Speaker Dennis Hastert to "join her in introducing a bipartisan resolution that directs the ethics panel to look into the allegations, notwithstanding an ongoing criminal probe by the Justice Department into Cunningham's activities. Traditionally, the ethics committee has avoided becoming involved in any matter in which DOJ has already begun a criminal investigation."

CIA Confirms Foggo Attended Poker Games. The CIA has confirmed that its third-ranking official, Executive Director Kyle "Dusty" Foggo attended poker games in Washington hotel hospitality suites which are the focus of a federal criminal investigation. The Wall Street Journal (5/2, Paltrow, 2.11M) reports, "A CIA spokeswoman said Mr. Foggo strongly denies anything improper occurred while he was present during the games, held at times in the Watergate and Westin Grand hotels in Washington. As reported, federal prosecutors in San Diego and Federal Bureau of Investigation agents have evidence the suites were paid for by Poway, Calif., defense contractor Brent Wilkes, an unindicted co-conspirator in the bribery case involving former California congressman Randall 'Duke' Cunningham. .. Prosecutors are looking into whether Mr. Wilkes and contractor Mitchell Wade, who has pleaded guilty to bribing Mr. Cunningham, had supplied prostitutes and the suites' use to Mr. Cunningham and possibly other members of Congress from the 1990s until 2005."

Bush Job Approval At 34% In USA Today/Gallup Poll. USA Today (5/2, Jackson, 2.31M) reports the latest USA Today/Gallup poll shows, "Six months before Republicans try to hold on to control of Congress in the fall elections, a new poll shows President Bush has slid to the lowest approval rating of his presidency, and a majority of voters say they'll vote for Democrats in November." The poll, conducted over April 28-30 "found Bush's approval rating at 34%, two points under his previous low. He also received the lowest ratings of his presidency on his handling of the economy, energy and foreign affairs. He tied his previous low on Iraq: 32%." The poll "showed Democrats leading 54%-39% among registered voters who were asked which party they would prefer in a congressional race."

In CBS Poll, 71% Say US Moving In Wrong Direction. The CBS Evening News (5/1, story 3, 0:35, Schieffer, 7.66M) reported, "A CBS News poll out tonight shows that 71% of those polled now believe America is heading in the wrong direction. That is the highest number since CBS News first asked that question nearly 25 years ago. The President gets low marks on handling immigration and especially on rising gas prices. Only 17% approve of his handling of that one."

Boehner's Office Holds Weekly Meetings With Vulnerable Republicans. House Majority Leader John Boehner's office has been holding weekly meetings with aides of potentially vulnerable house Republicans out of what The Hill (5/2, O'Connor) calls "concern about retaining the majority in November." The sessions "are part of a larger outreach effort by the majority leader to improve communications with every member of the Republican Conference. The weekly gatherings are an opportunity for the leader's staff to walk the rank-and-file staffers through the upcoming agenda and hear from the offices about the political climate in some of the party's most competitive districts. … Some of the members involved include Republican Reps. Steve Chabot (Ohio), Mike Fitzpatrick (Pa.), Jim Gerlach (Pa.), Bob Ney (Ohio), Dave Reichert (Wash.), Clay Shaw (Fla.) and Heather Wilson

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(N.M.). Each of those members' districts is among the party's most competitive, according to a chart compiled by The Cook Political Report."

"Gang Of 14's" Deal On Judicial Nominees Seen As Win For Bush. Cesar Conda, former assistant for domestic policy to Vice President Cheney, a senior fellow at FreedomWorks and a principal of Navigators LLC, writes in Roll Call (5/2) that while the compromise forged between President Bush and the so-called "Gang of 14" lawmakers on judicial nominees was "roundly and universally criticized," it "turns out the Republican Senators of the 'Gang of 14' were mostly right — at least so far." The Gang's Republicans "were attacked from the right for their supposed betrayal of the party and of the people. The compromise was viewed, in their minds, as a capitulation — a surrender of Republicans' ability to force an up-or-down vote on all judicial nominees. … But since the agreement went into effect, seven of Bush's previously blocked nominees — some of whom were waiting for more than four years to get a vote in the Senate — are now judges in the United States Courts of Appeal."

OTHER NEWS:

New Reports Continue To Show Strong Economy. Under the headline "Economy's Hot Streak Continues," the Wall Street Journal (5/2, Whitehouse, 2.11M) reports, "The first significant piece of economic data for April reinforced the widening view that the US economy entered the second quarter with a good deal of momentum. But a whiff of inflation fueled concern that the Federal Reserve will be forced to step harder on the brakes." The Institute for Supply Management, "a purchasing managers' trade group, said yesterday that its index of manufacturing activity came in at 57.3 for April, higher than expected and up from 55.2 in March. Any level above 50 suggests that the manufacturing sector is growing. A reading in the mid-50s is strong for an economy already in its fifth year of expansion." Separately, "two reports from the Commerce Department showed US consumers going strong in March. Personal consumption rose 0.6%, and a jump in home improvements helped boost construction spending by 0.9%. Both numbers were higher than economists' expectations for the month." The New York Times (5/2, Bajaj, 1.19M) runs a similar report under the headline "Construction And Consumer Spending Rise," and says "personal spending and income increased more than economists had projected and inflation rose modestly in the month."

US Dollar Down. The Washington Post (5/2, D1, Blustein, 744K) reports, "The US dollar is having a sinking spell -- which is good news for US manufacturers and bad news for American tourists traveling abroad. Spurring the greenback's slide are recent statements by top economic policymakers, notably declarations about the need to reduce global trade imbalances." The dollar "has suffered sharp losses against other currencies the past two weeks, and yesterday it hit a fresh, seven-month low against the Japanese yen. Although it rallied yesterday afternoon against the euro, it fell to an 11-month low against the European currency earlier in the day and is down nearly 6 percent against the euro since late February."

Stock Markets Finish Down. NBC Nightly News (5/1, story 12, 0:10, Williams, 9.87M) reported, "On Wall Street here in New York, the Dow lost nearly 24 points [to close at 11,343.29]. The Nasdaq was down nearly 18 [to close at 2,304.79]." The Wall Street Journal (5/2, Browning, 2.11M) says the Standard & Poor's 500-stock index fell 0.41%, or 5.42 points, to 1305.19, "up 4.6% this year."

USA Today (5/2, Shell, 2.31M) reports the stock market "was on the verge of posting a five-year high Monday but ended in the red after a late-afternoon report on CNBC left the door open for more interest rate increases by the Federal Reserve." Last week, stocks rallied after Fed Chairman Ben Bernanke "suggested in his prepared remarks Thursday to Congress that the Fed was nearing the end of its nearly two-year-long interest rate-raising campaign and might pause after raising rates for the 16th-consecutive time at its May 10 meeting." But "a report on the business channel aired Monday noted that Bernanke said over the weekend that financial markets had misinterpreted the Fed's language last week and that Fed policy remained 'flexible.'" He also "reiterated that the Fed rate decisions would be determined by economic data." The Washington Post (5/2, D3, Henderson, 744K) runs a similar story under the headline "Investors Misunderstood Bernanke Testimony, CNBC Anchor Says."

Supreme Court Rules In Favor Of Anna Nicole Smith. The Supreme Court yesterday unanimously decided Anna Nicole Smith could pursue her

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claim against the estate of her late husband, J. Howard Marshall.

The CBS Evening News (5/1, story 9, 2:00, Andrews, 7.66M) reported, "Smith just won a unanimous decision from the Supreme Court and kept alive a claim to $88 million from her late husband's estate." Smith "claimed that her husband wanted to give her half his estate, close to a half billion dollars, but that his son, E. Pierce Marshall, blocked the deal." What Smith "has actually won is the right to press her claim again in Federal court, where Pierce Marshall has vowed a fight which she and her lawyers can 'take to the bank.'"

NBC Nightly News (5/1, story 11, 0:25, Williams, 9.87M) reported, "This doesn't mean she gets the money she wanted. It means she gets to keep fighting for it in Federal court. The fight is against her late husband's son. It is a family battle that will likely go on for years."

The New York Times (5/2, Greenhouse, 1.19M) reports, "In an opinion by Justice Ruth Bader Ginsburg, the court ruled unanimously that the dispute between Ms. Smith and her late husband's son E. Pierce Marshall was properly one for the federal courts." The AP (5/2, Holland) also reports on the ruling.

Child Advocacy Group Sues Video Firms Over Child-Learning Claims. The Washington Post (5/2, D3, Mayer) reports, "A child-advocacy group whose mission is to limit marketing aimed at children yesterday asked the federal government to bar two major baby-video companies from promoting their products as educational and beneficial to child development." The Post continues, "The Campaign for a Commercial-Free Childhood filed a complaint with the Federal Trade Commission, saying Baby Einstein Co. and Brainy Baby Co. should not be able to say their products inspire 'logical thinking,' foster 'the development of your toddler's speech and language skills,' or give 'your child a jumpstart on learning.'" The Post adds, "The group said the claims are deceptive, since there is no proof that these increasingly popular videos are beneficial and educational. In fact, it said, 'research shows that television viewing is potentially harmful for infants and toddlers,' because it could adversely affect cognitive development if it replaces creative play and interaction with a child's parents and surroundings. … The CCFC's complaint comes at a time when the baby-video market is booming, with more than $1 billion in sales so far in videos aimed at children 2 and younger. Baby Einstein, owned by Walt Disney Co., has the largest share of the market, and sales last year reached $200 million."

Quality Of Life Issues Increasingly Important To Young Attorneys. The Wall Street Journal (5/2, Jones) reports, "At most big law firms, the partner-associate compact goes something like this: The partners give the associates big salaries, meals on the client, cars home at night, fancy offices, secretaries and a prestigious name on their résumés. The associates give their complete professional devotion and availability -- every hour of the day, every day of the year. … That compact has gone unspoken, and largely unquestioned, until recently." The Journal continues, "More and more associates at law firms across the U.S. are second guessing whether they want to sign over their lives to their jobs. Some are working fewer hours. Some are losing interest in making partner. And they are leaving big law firms in droves. … Two decades ago, few segments of the work force routinely put in longer hours than young law-firm associates, who toiled day and night to please partner-masters and climb the firms' ranks. But many today 'are more interested in going to their children's soccer games' than they are in staying in the office late in the hopes of getting extra work done or making a good impression, says Joseph Altonji, a consultant with Hildebrandt International, a law-firm consultancy in Chicago."

DeLay Spent Over $400,000 On Legal Defense In First Quarter Of 2006. New Filings show that Rep. Tom DeLay spent more than $400,000 in the first quarter of this year on legal fees and expenses connected to raising money for his legal defense fund. Roll Call (5/2, Kane) reports that DeLay's legal defense fund 'burned through $312,000 in expenses in the first quarter of the year, paying out fees to four different law firms representing the former House Majority Leader on two different legal fronts." In addition, DeLay paid $110,000 out of his campaign committee to a firm in January. Roll Call adds, "Aides to DeLay said no final decision had been made with regard to how the lawmaker will finance his mounting legal bills once he retires from the House, which is expected to happen sometime in June. But the simplest course would be to continue to raise money through a privatized version of the Tom DeLay Legal Expense Trust and raise unlimited donations without having to publicly report who the donors are."

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Giuliani Campaigns For GOP Candidates In Iowa. Former New York City Mayor Rudolph Giuliani was in Iowa Monday to raise funds for Republican congressional candidate Jeff Lamberti and Rep. Jim Nussle, who is running for governor. The AP (5/2, Glover) reports that Giuliani, who is considering a 2008 presidential bid said the GOP "must increasingly be 'a big party' that accepts divergent views. Giuliani said that broad-brush themes, like limited government, ought to define the Republican Party -- not hot-button social issues like abortion and gay rights."

The New York Times (5/2, Healy, 1.19M) reports that Giuliani said he was "seriously exploring whether he has 'a chance' of winning the presidency in 2008, as he visited politically important Iowa and huddled with state advisers, donors to President Bush and other prominent Republicans." The Times notes that while Giuliani was in Iowa to campaign for GOP candidates, "his behavior and remarks came close to politicking for himself."

Romney Plans Speech To Address His Religious Beliefs. U.S. News and World Report (5/8, Bedard) reports in its "Washington Whispers" column, "About two months before the heated 1960 election, John F. Kennedy tried to put to rest the whole debate over his Catholicism to beat Richard Nixon. … Now, 46 years later, Massachusetts has coughed up another presidential hopeful who belongs to what some see as a weird religion--the Church of Jesus Christ of Latter-day Saints." The candidate, Republican Gov. Mitt Romney "says he'll give a similar address, in which he will pledge allegiance to the Constitution, not the Mormon church. It will be a simple approach: Explain the religion, maybe touch on the banned practice of polygamy, then ask voters to judge him on his years in business, as head of the 2002 Winter Olympics in Salt Lake City, and as the Bay State's governor."

Clark Eyeing Another Presidential Bid. U.S. News and World Report (5/8, Bedard) reports in its "Washington Whispers" column that 2004 hopeful Wes Clark "is mulling a second presidential bid."

Kerrey Sends Fundraising E-Mail For Kerry. The Washington Times (5/2, Pierce, 90K) reports in its "Inside Politics" column, "In an e-mail solicitation sent yesterday, former Sen. Bob Kerrey, Nebraska Democrat, appeals for contributions to the presidential campaign of Sen. John Kerry, Massachusetts Democrat. In his e-mail, Mr. Kerrey of Nebraska praises Mr. Kerry of Massachusetts for his 'profound courage' in condemning the Vietnam War during testimony to the Senate Foreign Relations Committee in 1971. … Appealing for contributions to the 2004 presidential loser, the ex-senator from Nebraska calls attention to an April 22 speech Mr. Kerry of Massachusetts gave at Boston's Faneuil Hall: 'John made it clear that those who disagree with President Bush's course in Iraq have a right and an obligation to challenge a president who they believe is wrong, a policy they believe is wrong, and a war in Iraq they believe weakens our nation.'"

Feith To Join Georgetown University Faculty. Former Pentagon policy chief Doug Feith, who was an architect of the Bush Administration's war on terror, is joining the faculty of Georgetown University's School of Foreign Service. The AP (5/2) reports, "In an announcement Monday, the university said Feith will teach a course on the Bush administration's strategy for the war on terror and also will conduct seminars as a visiting professor and distinguished practitioner in national security policy. He will start this fall."

Negotiator Says Iran Won't Suspend Nuclear Enrichment Program. The CBS Evening News (5/1, story 7, 3:00, Palmer, 7.66M) interviewed Dr. Ali Larijani, "the head of Iran's National Security Council and the chief negotiator on nuclear issues." Larijani said "now that Iran has succeeded in enriching uranium, there is no going back." Dr. Ali Larijani (voice of translator): "So this is a whole new ballgame, and this requires a new solution. We cannot insist with the solutions of the past." Palmer: "A worried UN ordered Iran to suspend its enrichment program by last Friday, but Iran refused, saying at the very least it will keep a small-scale experimental program." Iran has "just set conditions that it knows Washington will not accept. When the Security Council members meet in Paris tomorrow, they'll have a lot to talk about as the really tough negotiations are about to begin."

Meanwhile, the New York Times (5/2, Hoge, 1.19M) reports Iran "asked the United Nations on Monday to take a stand against American threats that it said included possible nuclear strikes on its territory and that were 'in total contempt of international law.' In a letter to Secretary General Kofi Annan, Javad Zarif, Iran's ambassador to the United Nations,

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pointed to recent comments by President Bush and" Secretary Rice "on ways to halt Iran's nuclear program and to news reports of Pentagon planning for possible nuclear attacks on nuclear facilities in Iran." The AP (5/2, Lederer) notes that "in a brief statement responding to the letter," Ambassador Bolton "said 'if Iran wants to be treated differently, then Iran should stop pursuing nuclear weapons and give up terrorism.'"

As Permanent Members Huddle, Top Iranian Negotiator Asks For Talks. The AP (5/2, Karimi) reported top negotiator Ali Larijani "said Tehran was 'ready for any kind of negotiation to achieve our rights,' renewing a call for further talks on the Islamic republic's atomic program." Larijani "also called again for Iran's dispute with the international community to be returned to the UN nuclear watchdog, the International Atomic Energy Agency, headed by Mohamed ElBaradei. 'Let's allow Mr. ElBaradei to do his job based on the international conventions,' Larijani" said publicly. The CBS Evening News (5/1, Schieffer, 7.66M) reported its interview with Larijani, and concludes, "Iran has just set conditions that it knows Washington will not accept. When the Security Council members meet in Paris tomorrow, they'll have a lot to talk about as the really tough negotiations are about to begin."

Bush Calls Putin To Discuss Iran Nuclear Standoff. The AP (5/2) reports President Bush "called Russian President Vladimir Putin on Monday to discuss the standoff over Iran's nuclear program, days before the issue goes before the UN Security Council. ... 'The two leaders stressed the importance of preventing Iran from obtaining nuclear weapons, especially in the United Nations Security Council,' White House press secretary Scott McClellan said. 'And they committed to remaining in close contact on this important priority.'" The AP reports a Kremlin statement that "the two sides 'discussed interaction on urgent international problems, including the Iranian nuclear issue, on which numerous consultations at various levels'" in the near future.

WPost Urges US To Pursue UN Resolution. The Washington Post (5/2, A20, 744K) editorializes, "The Bush administration's pursuit of a resolution at the United Nations is…a necessary step -- in part because of what it may reveal about the international coalition it has tried to build against Iran. A debate on a legally binding resolution should set the United States and its European allies more firmly on a course toward adopting specific sanctions against Iran." It "should also force China and Russia to decide whether they wish to be partners of the West in addressing such threats to global security."

Olmert Taps Livni For Number Two Post. The AP (5/1) reported Israeli Prime Minister Ehud Olmert's cabinet selections. Tzipi Livni will become vice premier and foreign minister, making her "the second most powerful politician" in Israel. "The defense portfolio went to Amir Peretz, head of the moderate Labor Party, the junior partner in Olmert's coalition. The posting is considered controversial since Peretz is widely perceived as strong on social issues but inexperienced in military matters. Labor also received six other ministerial appointments, including education, infrastructure, agriculture and tourism." Shimon Peres will take over developing the Negev and the Galilee and will become deputy prime minister, subordinate to Livni. Shaul Mofaz, outgoing defense minister, will be "demoted" to minister for transportation. The Financial Times (5/2, Devi) keys on the Finance Ministry pick, saying Avraham Hirchson will hold the key job "in a new government that is expected to maintain free market budgetary and fiscal policies."

A Frustrated Wolfensohn Resigns As Mideast Gaza Economic Coordinator. AFP (5/1) reported, "Former World Bank president James Wolfensohn formally stepped down as economic coordinator for Gaza, saying the rise of a Hamas-led Palestinian government made his job untenable." Appearing with Secretary Rice, "Wolfensohn announced his expected resignation after a year as envoy of the Middle East quartet." Having "frequently complained of being 'disenfranchised' in his Gaza role and threatened to quit, [Wolfensohn] left with a warning that the West should not consider trying to starve the Hamas-led Palestinians into submission."

Despite Support For US, Pakistan Doesn't Get Textile Deal. The Wall Street Journal (5/2, A6, Shah, 2.11M) reports, "Pakistan, an early ally in America's war on terrorism, hoped its close relations with Washington would also strengthen commercial ties between the two countries. But Islamabad is learning that not all alliances are created equal." While President Bush "congratulated" Pakistan on its economic policies recently, "Pakistani officials had hoped for a textile-trade pact, but Mr. Bush didn't offer one." Bush "referred to a bilateral investment treaty, although details of the pact -- which was proposed in 2004 -- are still being worked out. … Mr. Bush also pushed creating a trade zone

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along the Pakistan-Afghanistan border to stimulate business in that violent region." The Journal notes that even that "program's scope is narrower than trade preferences sought by Pakistan, underscoring the Bush administration's limits on granting trade favors, even to an ally who backed the campaign against terrorism after the Sept. 11, 2001, attacks."

Kashmir Killings Said To Target Peace Talks. The New York Times (5/2, Sengupta, 1.19M) reports, "Thirty-five Hindus were killed in recent days in two separate incidents in the Indian-administered portion of the disputed Kashmir province, the police said. The killings were believed to be the handiwork of Islamist militants just days before a scheduled meeting between the Indian prime minister and Kashmiri separatists." The Times comments, "Even by the standards of blood-soaked Kashmir, it was a particularly grisly pair of incidents -- and the deadliest violence since peace talks began more than two years ago between India and Pakistan, neighbors and rivals on the question of Kashmir. The attacks are worrisome because they appear intended to fuel Hindu-Muslim tensions." The Times says their "impact is likely to be felt during the talks" that begin Wednesday. The Financial Times (5/2, Johnson) adds, "India suffered the single worst incident of communal violence in Jammu & Kashmir in three years on Monday," and notes Prime Minister Singh "condemned the killings, which appeared timed to disrupt" the Kashmir talks.

Zoellick Heads To Abuja In Effort To Salvage Darfur Talks. Coming in the wake of rallies on the National Mall and elsewhere in the United States on Sunday designed to draw attention to the Darfur crisis, the New York Times (5/2, Brinkley, Polgreen, 1.19M) reports, "The Bush administration on Monday dispatched" Deputy Secretary Zoellick "to Nigeria, where he plans to plunge directly into the negotiations over a treaty to end the carnage in the Darfur region of Sudan, which stalled again on Monday." After mediators extended the talks for 48 hours on Sunday night, "on Monday morning, Vice President Ali Osman Taha of Sudan, the senior representative of his government at the talks, abruptly left Abuja and returned to Sudan's capital, Khartoum, complaining that the rebel leaders had been intransigent, officials said." Reportedly "frustrated by the state of affairs, Salim Ahmed Salim, the lead mediator, called Mr. Zoellick on Monday morning and asked him to come to Abuja immediately." He will arrive in Abuja this morning. In its coverage, the AP (5/2, Schweid) quotes Secretary Rice as saying, "As long as the parties are talking, there's always a chance for an agreement. ... It takes time. ... We need to shake the trees a little bit, shake the bureaucracy a little bit and say to people: 'It's not acceptable to wait any longer for at least the planning for a robust security force.'"

The Financial Times (5/2, England) takes a more pessimistic view, reporting, "The prospects of a deal looked bleak, with the rebels insisting amendments had to be made to a draft agreement put forward by the AU last week." The Times goes on to report lead mediator Salim "said it had been 'frustrating' to deal with the rebels, and urged all the groups to agree to a deal. 'I can tell you that this war in Darfur has shaken Africa to its core. ... The eyes of Africa and the wider international community are fixed on us here.'"

Bolivian President Nationalizes Gas Industry. The Washington Post (5/2, A1, Reel, Mufson, 744K) reports, "Bolivian President Evo Morales seized control of the country's natural gas industry Monday, sending soldiers to occupy fields that he contends private companies have plundered for years. Morales said that unless foreign energy firms agreed to give Bolivia's state oil company oversight of production and a majority of their revenue generated in Bolivia, the government would evict them from the fields. 'The time has come, the awaited day, a historic day in which Bolivia retakes absolute control of our natural resources,' Morales said during a televised speech from a gas field near the country's southern border. 'The looting by foreign companies has ended.'" The Post notes that although "Morales' announcement was expected...his deployment of troops to gas fields was a strong statement in a region where governments are moving to block outside influence, particularly from the United States, and exert more control over the energy industry."

The New York Times (5/2, Prada, 1.19M) reports Morales "gave foreign companies 180 days to renegotiate existing contracts with the government, or leave the country. 'The time has come, the awaited day, a historic day in which Bolivia retakes absolute control of our natural resources,' Mr. Morales declared." The Los Angeles Times (5/2, McDonnell, 958K) notes Morales, "wearing a helmet of the state energy firm, chose May 1, International Day of the Workers and a national holiday here, to unveil his nationalization plan." On Monday evening, Morales "addressed a roaring crowd in La Paz, the Andean capital where he has strong support,

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especially among the poor and working classes tired of a lack of social progress in South America's poorest nation."

The Financial Times (5/2, Weitzman) notes, "The intervention will heighten investors' concerns about the investment climate in the energy sector generally, and Mr. Morales' willingness to pursue a leftwing agenda in particular. ... Francisco Blanch, head of commodities at Merrill Lynch in London, said: 'This is another step into the recent tide towards greater state control of commodities resources, as we have seen previously in Russia and Venezuela.'" The Washington Times (5/2, Zuazo, 90K) runs a similar report.

Meanwhile, the Wall Street Journal (5/2, Luhnow, De Córdoba, 2.11M) cites David Mares, a Latin American energy expert at UC San Diego, as saying, "Chávez and Morales are both playing a game of chicken with foreign oil companies. ... In a period with high profits of oil companies, this is giving both of them a sense that the companies will really bend over backward to keep access to these places, and that this is the time to renegotiate the contracts."

Poll Shows Conservative Now Leading Mexican Presidential Race. The Christian Science Monitor (5/2, Harman, 61K) reports that "now Felipe de Jesús Calderón Hinojosa is the man to beat in Mexico's July 2 elections. The young, at 43, lawyer and economist was far behind when the campaign season took off last fall. To begin with, President Vicente Fox, barred constitutionally from running for a second term, backed a different candidate to lead his center-right National Action Party (PAN). More critically, there was the seemingly unstoppable rise of populist Andrés Manuel López Obrador, the candidate for the Democratic Revolution Party (PRD), who is as charismatic and dynamic as Calderón is ho-hum." But "that was then." A recent poll in the "local Reforma newspaper…showed Calderón with 38 percent support, with López Obrador slipping to second place -- at 35 percent -- for the first time in over a year. Roberto Madrazo, candidate of the Revolutionary Institutional party (PRI) that ruled Mexico for 71 years before Fox came into office in 2000, was in third place with 23 percent." Other "snap polls have confirmed the trend of Calderón's rise."

Taylor's Arrest Said To Continue Positive Trend. In a 1,200-word piece on continent-wide efforts to improve the rule of law, the Washington Post (5/2, A16, Timberg, 744K) says the arrest of former Liberian strongman Charles Taylor "was the latest in a series of tentative steps toward holding political leaders in Africa accountable for alleged crimes including corruption, rape and genocide. After decades in which senior government officials were largely beyond the reach of national and international law, prosecutors recently have pursued Taylor for war crimes committed in Sierra Leone, a U.N.-backed tribunal has tried former leaders in the 1994 Rwandan genocide, and international investigators have been invited into four other African countries." The Post says even "national courts have also become increasingly aggressive. In Zambia, former president Frederick Chiluba is battling corruption allegations, as are several top officials in Nigeria, Kenya and Malawi."

CO2 Emissions Market Takes Hit Following EU Report. The Washington Times/AFP (5/2, Ingham) reports that as European countries discovered that they were polluting far less than they thought, the fledgling market for carbon dioxide (CO2) emissions is taking a hit. Under the Emissions Trading System (ETS) of the European Union, "11,500 firms that are big users of fossil fuels must meet target levels for CO2 emissions or else pay a penalty of $50 per metric ton for 2006 and 2007 -- a punishment that will rise to $125 per ton in 2008. Companies that have used less than their quota can sell their surplus on the ETS to companies that have used more than their quota, thus providing a financial carrot to companies to exceed the requirements. … On Wednesday, the price fell to $29.45, and on Thursday, the price fell to $20.75. On Friday, it closed at $16.60 ahead of the May 1 holiday." This after authorities in five of the 25 EU countries, France, the Netherlands, the Czech Republic, Estonia and Belgium's Wallonia region, "reported that their CO2 pollution last year was less than their quota levels, whereas Spain said it had exceeded its quota, but by less than expected."

US, Japan Urge China To Disclose Details Of Arms Build-Up. The Washington Times (5/2, Gertz, 90K) reports Defense Secretary Rumsfeld, Secretary of State Rice and "their Japanese counterparts" urged China "to explain its secret military buildup." A joint statement "called for 'greater transparency on the modernization of military capabilities in the region,' in what U.S. defense officials said was reference to a Chinese arms buildup that is prompting worries for both governments." The Times goes on to report

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that the officials also "urged North Korea to return expeditiously to the talks without preconditions, to dismantle its nuclear programs in a complete, verifiable and irreversible manner, and to cease all illicit and proliferation activities."

Grassley Claims ONDCP Figures On Colombian Drug Production Are Inconsistent. The Los Angeles Times (5/2, Kraul, 958K) reports Sen. Charles E. Grassley "has raised questions about the statistics offered by the Bush administration to show progress in fighting drugs in Colombia, as Congress prepares to debate hundreds of millions of dollars in additional aid to the strife-torn nation. Writing to the White House's Office of National Drug Control Policy…Grassley asked for an explanation of apparent inconsistencies between positive numbers released last fall and figures released last month that indicated ground was being lost."

Al Risala Said To Represent New Generation Of Islamic Television. The Christian Science Monitor (5/2, Lindsey, 61K) reports on Al Risala – "the Message" -- a new Islamic satellite channel originating out of Dubai, has "splashy graphics and state-of-the-art sets. The channel does air some traditional religious programming, but many of the shows have nothing overtly religious about them. … In the audience, young men and women sit next to each other, and some of the women are unveiled."

Sufism, Formerly Banned, Said To Be Resurgent In Saudi Arabia. The Washington Post (4/2, A13, Ambah, 744K) reports that although it was until recently banned in Saudi Arabia, "a new atmosphere of increased religious tolerance has spurred a resurgence of Sufism and brought the once-underground Sufis and their rituals out in the open."

In Break With Tradition, Turkish Government Appoints Female Preachers. The Washington Times (5/2, Birch, 90K) reports that last year Turkey's directorate of religious affairs appointed "200 state-paid 'vaizes,' or female preachers, whose very existence breaks with centuries of Muslim tradition. Women acted informally as preachers in the early days of Islam, but they never before have been recognized officially as such."

Blair Seeks To Avert Disaster For Labour In Thursday's Elections. The Financial Times (5/2, Blitz) reports British Prime Minister Tony Blair "will launch on Tuesday a desperate bid to avert a serious setback for his Labour party in this Thursday's local elections, seeking to draw a line under a week of disastrous news stories for the British government. … Labour said ministers would be making more than a hundred visits to local election contests across England in the next 48 hours."

France's Le Pen Will Seek Presidency Again. The New York Times (5/2, Smith, 1.19M) reports the National Front's Jean-Marie Le Pen became the first politician "to make a formal announcement that he plans to run" for the French president in 2007. The Times adds, "Speaking to thousands of supporters at his traditional May Day rally in central Paris, Mr. Le Pen, 77, predicted that he would make it into a runoff election next year just as he did against Jacques Chirac in 2002."

Unrest Seen As Benefiting Sarkozy. The New York Times/International Herald Tribune (5/2, Vincour) reports French Interior Minister Nicolas Sarkozy is "the only politician in France whose ambitions have been solidified by the country's dreadful months of underclass riots and no-to-change demonstrations. Some days, but not all, he has never looked closer to becoming president in 2007."

New Holocaust Museum Will Focus On Vichy Government. The Washington Post (5/2, C1, Trescott, 744K) reports, "A memorial marking the role of France's Vichy government in shipping Jews and others to Nazi death camps will be created at Rivesaltes, an internment facility near France's border with Spain, representatives of the French government and the US Holocaust Memorial Museum, which will assist in the effort, announced yesterday in Washington."

Dutch Immigration Requirements Include Language Test, Tolerance Film. NBC Nightly News (5/1, story 8, 2:35, Williams, 9.87M) reported, "If you want to move to the Netherlands, you have to first watch a film about how permissive Dutch society is and then if it's not your cup of tea, you're not welcome." The government film is "compulsory viewing as part of a tough new entrance test for would-be immigrants, the idea is to make them familiar with every aspect of Dutch society. There's 'another hurdle -- they must learn to speak Dutch before entering Holland."

Hyperinflation In Zimbabwe Adds To Desperation. The New York Times (5/2, Wines, 1.19M) reports that hyperinflation in Zimbabwe "is roaring toward

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1,000 percent a year, a rate usually seen only in war zones. Zimbabwe has been tormented this entire decade by both deep recession and high inflation, but in recent months the economy seems to have abandoned whatever moorings it had left. The national budget for 2006 has already been largely spent. Government services have started to crumble."

Prime Minister Celebrates Referendum On Montenegrin Independence From Serbs. In an op-ed for the Financial Times (5/2) Milo Djukanovic, prime Minister of Montenegro, writes, "The bloody collapse of Yugoslavia shamed Europe. … There is, however, one positive story from those dreadful years. It involves my own small but fiercely proud multi-ethnic country, Montenegro, which was wiped off the map by the Allies after the first world war and forced to become part of the kingdom of Serbs, Croats and Slovenes, which was renamed Yugoslavia." Djukanovic adds, "We Montenegrins, who hope to reclaim our national sovereignty and independence in a referendum this month and then accelerate accession talks with the European Union, have more recent reasons to be proud."

Russians Seen As Suspicious Of West's Human Rights Rhetoric. In his column for the Washington Post (5/2, A21, 744K) the Carnegie Moscow Center's Masha Lipman writes that "in today's Russia, the West -- and especially the United States -- is increasingly regarded as an adversary whose values are not shared by Russians. For example, Western human rights views were challenged last month by participants in a 'World Council of the Russian People' held under the auspices of the Russian Orthodox Church."

THE BIG PICTURE:

Headlines From Today's Front Pages.

Los Angeles Times:
"Marchers Fill L.A.'s Streets."
"At One With Dual Devotion."
"Next: Converting The Energy Of Protest To Political Clout."
"Throngs Show Their Potent Role In Economy."
'When I See This, I See Strength.'"

USA Today:
"Sour News For GOP In Poll."
"New Antipsychotic Drugs Carry Risks For Children."

New York Times:
"Immigrants Take To U.S. Streets In Show Of Strength."
"Republicans Drop A Tax Plan After Business Leaders Protest."
"Zimbabwe's Prices Rise 900%, Turning Staples Into Luxuries."
"Ideals Collide As Vatican Rethinks Condom Ban."
"Pensions In Peril Over Exemptions Tied To Churches."
"In Nebraska Senate Challenge, Pork Is Portrayed As Bad Politics."

Washington Post:
"National Boycott For Illegal Workers."
"Lerner Expected To Get Nationals."
"Blink And They're Still There."
"Bolivian President Seizes Gas Industry."
"New Gallaudet President Met With Protest."
"Urban Pest Will Soon Be Out For Blood."

Washington Times:
"Thousands Join Boycott."
"Biden Pitches Division Of Iraq."
"Turkey's 'Vaizes' Expedite Reform."
"Surprising Double Vision."
"Bolivia Seeks Control Of Gas Production."
"Pollution Reports Hurt CO2 Emissions Market."

Detroit Free Press:
"Immigrants' Message: Justice For All."
"The Bitter End."
"Cup Thrower Gets Jail, Call AA Decree 'Crap.'"
"NWA Pay Showdowns Loom."

Atlanta Journal-Constitution:
"Guilty Plea Closes Morris Brown Case."
"Social Security Forecast Worsens."
"Latinos Boycott."
"Teen Pregnancies In Georgia Down Sharply Since '94."
"Racist Classic 'Birth Of A Nation' Makes Rare TV Slot."

Houston Chronicle:
"Senate Passes Perry Tax Plan."
"Lay Defends Lavish Habits And Big Cash Withdrawals."
"Boycott Felt Here, Elsewhere."
"Bolivian Military Seizes Oil, Gas Fields."
"Pipe Attack Victim Is 'Still In Bad Shape,' His Brother Says."

Story Lineup From Last Night's Network News:
ABC: Immigrant Boycott-LA; Boycott-New York; Boycott-Chicago; Boycott-Economic Impact; Texas Boycott Participant; Bush-Iraq; Iraq Reconstruction; Social Security,

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Medicare Funding; Nutritional Supplements; Gas Prices; Empire State Building; Frequent Flier Programs; WWII Attack Survivor.

CBS: Immigrant Boycott; Boycott-Dodge City; Bush-Approval Ratings; Gas Prices-Senior Citizens; Social Security, Medicare Funding; Bush-Iraq; Iranian Nukes-Larijani Interview; Armored Marathon Runner; SCOTUS-Anna Nicole Smith; Empire State Building.

NBC: Immigrant Boycott; Boycott-Denver; Boycott-Chicago; Boycott-LA; Boycott-New York; Boycott-Financial Impact; Boycott-Political Impact; Netherlands-Immigration Test; Bush-Iraq; Gas Prices-Local Budgets; SCOTUS-Anna Nicole Smith; Stock Markets; New York Boycott Participant.

Story Lineup From This Morning's Radio News Broadcasts:

ABC: Immigration Boycott; Duke Rape Case; Bird Flu.

CBS: Immigration Boycott; Gas Prices; Duke Rape Case; AARP-Retirement Savings; Richards Hospitalized.

NPR: Immigration Boycott; Judicial Watch-Abramoff White House Visits; Bolivia-Natural Gas Fields Nationalized; Wall Street; Fed.-Interest Rates; Zoellick-Sudan.

WASHINGTON'S SCHEDULE:

Today's Events In Washington.

White House:

PRESIDENT BUSH — No public schedule.

VICE PRESIDENT CHENEY — No public schedule.

LAURA BUSH — Participates in a roundtable at a Celebrate Teacher Appreciation Week event, with Education Secretary Spellings, Columbus, Ohio; speaks at a Deborah Pryce for Congress luncheon, Hyatt Regency Columbus; participates in a Medicare prescription drug signup event, Fort Smith, Ark.

US Senate: 9:30 a.m. AGRICULTURE, NUTRITION AND FORESTRY _ Full Committee. Hearing on commodity price support programs in the Farm Security and Rural Investment Act of 2002. Floyd Gaibler, deputy undersecretary of Agriculture; Stanley Fletcher, University of Georgia; Armond Morris, Georgia Peanut Commission; Jimbo Grissom, Western Peanut Growers Association, Seminole, Texas; Evans Plowden, American Peanut Shellers Association, Albany, Ga.; Gary Rasor, American Peanut Products Manufacturers Inc. Location: Room 216, Hart.

9:30 a.m. BUDGET _ Full Committee. Hearing on line-tem recission authority. Austin Smythe, OMB; Acting CBO Director Donald Marron; Charles Cooper, Cooper and Kirk; Louis Fisher, Library of Congress. Location: Room 608, Dirksen.

9:30 a.m. JUDICIARY _ Full Committee. Oversight hearing of the FBI. FBI Director Robert Mueller, DOG Inspector General Glenn Fine, Linda Calbom, GAO, John Gannon, BAE Systems Information Technology. Location: Room 226, Dirksen.

10 a.m. HOMELAND SECURITY _ Full Committee. Markup of pending legislation, votes on pending nominations and approval of the report on the government's preparations and response to Hurricane Katrina. Location: Room 342, Dirksen.

2:30 p.m. ARMED SERVICES _ Personnel Subcommittee. CLOSED. Markup portions of the FY07 defefnse authorization bill. Location: Room 222, Russell.

2:30 p.m. COMMERCE, SCIENCE AND TRANSPORTATION _ Science and Space Subcommittee. Hearing on the NSF budget. Director Arden Bemet, Jr., NSB Chairman Warren Washington, Alan Leshner of the American Association for the Advancement of Science, and Jerome Odom of the University of South Carolina. Location: Room 562, Dirksen.

3:30 p.m. ARMED SERVICES _ Readiness and Management Support Subcommittee. CLOSED. Markup portions of the defense authorization bill. Location: Room 232A, Russell.

4 p.m. JUDICIARY _ Full Committee. Confirmation hearing on pending nominations. Location: Room 226, Dirksen.

5:30 p.m. ARMED SERVICES _ Emerging Threats and Capabilities Subcommittee. CLOSED. Markup portions of the defense authorization bill. Location: Room 222, Russell.

US House: FLOOR SCHEDULE _ 12:30 p.m. Meets for morning business, and at 2 p.m. for legislative business. Highlights: Suspensions (14 bills): 1) H.R. 5107 - Earl D. Hutto Post Office Building Designation Act: 2) H.R. 4811 - John Paul Hammerschmidt Post Office Building Designation Act: 3) H.R. 4674 - Governor John Anderson, Jr. Post Office Building Designation Act: 4) H.R. 4995 - Ronald Bucca Post Office Designation Act: 5) H.R. 4101 - Lieutenant Michael P. Murphy Post Office Building Designation Act; 6) H.R. 3351 - Native American Technical Corrections Act of 2006; 7) H.R. 2720 - Salt Cedar and Russian Olive Control Demonstration

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Act: 8) H.R. 3929 - Dana Point Desalination Project Authorization Act: 9) H.R. 3418 - Central Texas Water Recycling Act of 2005: 10) H.Res. 697 - Congratulating the people and Government of Italy, the Torino Olympic Organizing Committee, the International Olympic Committee, the United States Olympic Committee, the 2006 United States Olympic Team, and all international athletes upon the successful completion of the 2006 Olympic Winter Games in Turin, Italy: 11) H.Con.Res. 392 - Recognizing the 58th anniversary of the independence of the State of Israel; 12) H.Con.Res. 90 - Conveying the sympathy of Congress to the families of the young women murdered in the State of Chihuahua, Mexico, and encouraging increased United States involvement in bringing an end to these crimes; 13) H.Res. 658 - Supporting the goals and ideals of World Water Day; 14) H.R. 4943 - Prevention of Fraudulent Access to Phone Records Act.

10 a.m. GOVERNMENT REFORM _ National Security, Emerging Threats and International Relations Subcommittee. Hearing on UN sanctions after the Oil for Food program. UN Amb. John Bolton; Joseph Christoff, GAO; Carne Ross, Independent Diplomat; George Lopez, University of Notre Dame. Location: Room 2154, Rayburn.

2:30 p.m. EDUCATION AND THE WORKFORCE _ Select Education Subcommittee. Hearing on the Seniors' Independence Act. Assistant HHS Secretary Josefina Carbonell; Deputy Assistant Labort Secretary Mason Bishop. Location: Room 2175, Rayburn.

5 p.m. HOMELAND SECURITY _ Prevention of Nuclear and Biological Attack Subcommittee. Closed. Meeting on the 2005 Defense Science Board study on reducing vulnerabilities to weapons of mass destruction. Location: Room H2-176, Ford.

5 p.m. RULES _ Full Committee. Meeting to consider rules for floor debate. Location: Room H-313, Capitol.

Other: PRESIDENT TABARE VAZQUEZ OF URUGUAY _ Highlights: 10 a.m. Meets with the president of the World Bank. 4:30 p.m. Meets with Commerce Secretary Carlos Gutierrez.

HOSPITALS _ Annual meeting of the American Hospital Association. Highlights: 9 a.m. Plenary session with Reps. Nancy Pelosi and Peter King. 9 a.m. U.S. Chamber of Commerce President Thomas Donohue. 12:30 p.m. Luncheon speaker: Karen Davis, President, Commonwealth Fund. Location: Washington Hilton & Towers, 1919 Connecticut Ave. NW.

AMERICAN JEWISH CONGRESS _ The American Jewish Committee (AJC) kicks off its centennial year celebrations with its 100th annual meeting. The week-long meeting's agenda, with dozens of sessions on topics as diverse as immigration, Iran, anti-Semitism, energy independence and Zionism, highlights the breadth of AJC's global activism over its century of leadership. 1 p.m. Panel on ``The Quest for Energy Independence," with Sens. Joseph Lieberman, D-Conn., and Norman Coleman, R-Minn.; and James Connaughton, Chairman, White House Council on Environmental Quality. Capital Hilton. Location: Primary location is the Capital Hilton, 16th and K Sts. NW. Other locations as noted.

COUNCIL OF THE AMERICAS _ The Council of the Americas holds its 36th Washington Conference on the Americas, ``Creating Jobs, Building Hope: The Hemispheric Growth Agenda in a Changing World." Highlights:

9 a.m. - 5 p.m. All day session, with President Tabar Vazquez of Uruguay; Secretary of State Condoleezza Rice; Francisco Gil Daz, Minister of Finance and Public Credit, Mexico; Martn Redrado, President, Central Bank of Argentina; Dilma Vana Rousseff, Presidential Chief of Staff, Brazil; Paul Wolfowitz, President, The World Bank; Luis Alberto Moreno, President, Inter-American Development Bank; Thomas Shannon, Assistant Secretary of State; Marc Lautenbach, General Manager, IBM Americas. Henderson Conference Room, State Department.

MOUSSAOUI _ 8:30 a.m. - 4 p.m. Jury deliberations continue in the penalty phase of U.S. v. Zacarias Moussaoui. Lunch recess 12:15 pm - 1 pm. Location: Albert V. Bryan U.S. Courthouse, 401 Courthouse Square, Alexandria, Va.

ESTATE TAX _ 8 a.m. Meeting of family business owners to discuss permanent repeal of the estate tax, with Sens. Bill Frist and Jon Kyl, Rep. Kenneth Hulshoff, Seattle Times Publisher Frank Blethen, others. Location: National Press Club.

IRAQ-VIRTUAL LIBRARY _ 8:30 a.m. Sun Microsystems, Inc., holds a news briefing on its Iraqi Virtual Science Library (IVSL). The lead American Association for the Advancement of Science fellows on the project (including Dr. D.J. Patil, Professor of Science at the University of Maryland, College Park) and representatives from the U.S. Department of State, Sun Microsystems and engineering publishers to discuss how the IVSL project has helped to greatly diminish the effects of 30 years of neglect to the Iraqi

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university library system. Location: Eaton Room, Henley Park Hotel, 926 Massachusetts Ave. NW.

TELECOM FORUM _ 8:30 a.m. National Journal's Technology Daily holds a forum on the state of telecom policy, with keynote address by Rep. Fred Upton. Panel discussion with Tim McKone of ATT, Kerry Knott of Comcast, Doron Gorshein of The America Channel, and Chris Vein of the San Francisco Department of Telecommunications and information Services. Location: Phoenix Hotel, 520 N. Capitol St.

MUSLIMS-FORUM _ 8:30 a.m. - 10 a.m. The Gallup Organization hosts a forum to focus on findings from its study on the views and aspirations of over one (b) billion Muslims worldwide, including Iran, Pakistan, Saudi Arabia and Egypt. Participants include Prof. John Esposito of Georgetown University; Dalia Moahed, executive director of Gallup's Muslim studies; and Richard Burkholder, director of Gallup's international public opinion polling. Location: 901 F St., NW.

CHINA SUMMIT _ 8:30 a.m. - 1 p.m. The Hudson Institute, in conjunction with the Institute of Chinese Law & Religion, hosts the ``Freedom in China Summit 2006." Location: Hudson Institute, sixth floor, 1015 15th St. NW.

US-SAUDI ARABIA _ 9 a.m. The Center for Strategic and International Studies holds a discussion with Energy Secretary Bodman and Saudi Petroleum Minister Ali Al-Naimi. Location: B-1 conference level, 1800 K St. NW.

PRESS FREEDOM _ 9 a.m. - 10:30 a.m. Radio Free Europe/Radio Liberty hosts a briefing on the 2006 Freedom House ``Freedom of the Press" Survey on the state of press freedom in countries of the former Soviet Union. Participants include Robert Orttung of American University, Daniel Kimmage of Radio Free Europe/Radio Liberty, and Christopher Walker of Freedom House. Location: 1201 Connecticut Ave., N.W., 4th floor, Conference Room A.

MEDICARE RX _ 9 a.m. - 11:30 a.m. The American Enterprise Institute (AEI) hosts a discussion, ``Has the Drug Benefit Added to Medicare's Financing Woes?" Participants are: Richard Foster, Centers for Medicare and Medicaid Services; John Palmer, Syracuse University; Tom Saving, Texas A&M University; Douglas Holtz-Eakin, Council on Foreign Relations. Moderator is Joseph Antos, AEI. Keynote Address by Mark McClellan, Centers for Medicare and Medicaid Services. Location: Wohlstetter Conference Center, 12th Floor, AEI, 1150 17th St. NW.

NATURAL GAS _ 9:15 a.m. The Natural Gas Supply Association and the Canadian Association of Petroleum Producers hold a media briefing on trends and post-hurricane conditions affecting the North American natural gas market. Location: Canada Room, Canadian Embassy, 501 Pennsylvania Ave. NW.

US YOUTH _ 10 a.m. The National Geographic Society releases a Roper Survey showing U.S. youth poorly prepared for global future. Location: Grosvenor Auditorium, NGS, 1600 M St. NW.

DEMONSTRATION-VIGIL _ 11 a.m. Members of The Christian Defense Coalition, others, hold a prayer vigil and demonstration in support of Wenyi Wang, who was arrested at the welcoming ceremony at the White House for Chinese President Hu Jintao. Location: In front of the White House. Lafayette Park.

PARALYSIS RALLY _ 11 a.m. Disability rights and caregivers rally to focus on the Christopher Reeve Paralysis Act (CRPA). Susan Sarandon, actress, and Sens. Clinton, Harkin, and Langevin participate. Location: Upper Senate Park.

DEMOCRATS-ENERGY _ 11:30 a.m. Democrat leaders hold a news conference to release a a joint House and Senate Democratic report on Bush Administration energy policies and to call for a commitment to making America energy independent. With Senate Democratic Leader Harry Reid (D-NV); House Democratic Leader Nancy Pelosi (D-CA); Senator Chuck Schumer (D-NY); Congressman James E. Clyburn (D-SC); Senator Maria Cantwell (D-WA); Congressman Bart Stupak (D-MI). Location: Senate Swamp Site (intersection of Delaware and Constitution Avenues).

CONSUMERS-DEBT COLLECTORS _ 12 p.m. Public Citizen holds a telephone briefing to discuss the tactics of debt collectors masquerading as law enforcement officers. Notes: Callin number: 800-377-8846; passcode: 36707396.

HEALTH INSURANCE-TAXES _ 12 p.m. The Urban Institute holds a panel discussion on health insurance tax incentives, with Katherine Baicker, member, White House Council of Economic Advisers; Leonard Burman, Urban Institute; Robert Helms, American Enterprise Institute, and Len Nichols, director, Health Policy Program, New America Foundation. Contacts: n/a, 202-261-5709

CUSTOMS-AUDITS _ 12 p.m. - 1:30 p.m. Discussion on importer self-assessments, focused assessments, and quick-response audits with Cindy Covell, director of audits at U.S. Customs and Border Protection. Location: 1301 K St., N.W. (West Tower, 12th floor).

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HOYER _ 12:30 p.m. House Democratic Whip Rep. Steny Hoyer holds a pen and pad only briefing. Location: Room H-306, Capitol.

BOEHNER _ 1 p.m. House Majority Leader Rep. John Boehner holds a pen and pad only briefing. Location: Room H-107, Capitol.

VOTING RIGHTS _ 3:45 p.m. Bipartisan House and Senate news conference to announce support for legislation to reauthorize the Voting Rights Act for an additional 25 years. With House Speaker Dennis R-IL; Senate Majority Leader Bill Frist, R-TN; Senate Minority Leader Harry Reid, D-NV; House Minority Leader Nancy Pelosi, D-CA; and others. Location: East steps of the House wing of the Capitol (facing U.S. Supreme Court)

LOBBYING REFORM _ 4:30 p.m. Reps. Martin Meehan and Christopher Shays hold a news conference in opposition to the lobbying reform bill. Location: Cannon Terrace.

ENDANGERED SPECIES _ 7:30 p.m. Screening of a film ``Hoot'' to mark the Endangered Species Act, with Sens. Hillary Clinton, Blanche Lincoln, Bill Nelson, Lincoln Chafee, and Rep. John Dingell, others. Location: AMC Loews Uptown Theatre, 3246 Connecticut Ave. NW.

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THE ATTORNEY GENERAL'S *NEWS BRIEFING*

PREPARED FOR THE OFFICE OF PUBLIC AFFAIRS, U.S. DEPARTMENT OF JUSTICE

TO: THE ATTORNEY GENERAL AND SENIOR STAFF

DATE: TUESDAY, MAY 2, 2006 7:45 AM EDT

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TERRORISM NEWS:

Judge Harshly Criticizes Al-Arian, Imposes Prison Sentence. In a story distributed widely by Knight Ridder, the Orlando Sentinel (5/2, Gutierrez, 265K) reports, "Branding him a 'master manipulator,' a federal judge on Monday sentenced…Sami Al-Arian to 57 months in prison for aiding members of a terrorist group. The prison term dashed Al-Arian's hope that he would be given time served and be released to immigration authorities for immediate deportation." US District Judge James Moody said to Al-Arian during the sentencing, "When it came to blowing up children and women on buses, did you leap into action? No. … On the contrary, you laughed when you heard about the attacks." His "unexpected strong words and sentence…stung" Al-Arian's "family and supporters while they vindicated federal prosecutors." The AP (5/2, Stacy) adds, "Dismissing defense contentions that money raised by Al-Arian and his co-defendants went to support Palestinian charities, Moody said: 'Your only connection to widows and orphans was that you create them.' … U.S. Attorney Paul Perez claimed victory, saying the pursuit of Al-Arian allowed federal agents to identify and disrupt a terrorist cell operating in this country. The plea vindicated the prosecution, which some had criticized as being political and an attack on free speech, he said." The Tampa Tribune (5/2, Silvestrini) notes, "Before being sentenced, Al-Arian said he takes full responsibility for his actions and praised the jury for their courage."

The New York Times (5/2, Steinhauer, 1.19M) calls the sentence was "a surprise move" and adds that "the jury verdict, which embarrassed prosecutors who had devoted considerable resources to the case, underscored the complexities of obtaining convictions under the USA Patriot Act and other recent laws that criminalized aiding organizations that the United States has deemed to be based on terror. For example, in the 30 previous efforts to convict a defendant of conspiring to contribute money to a terrorist organization — one of the charges against Mr. Al-Arian — 28 were dismissed, according to the Terrorism Research Center at the University of Arkansas." Additionally, The Washington Post (5/2, A7, 744K) reports a truncated version of the AP story in "Nation In Brief," and The New York Sun (5/2, Gerstein) reports on the sentencing under the headline "Judge Stuns Al-Arian With Maximum Time."

WPost Says DOJ Should Not Claim Victory With Al-Arian Deal. The Washington Post (5/2, A20, 744K) editorializes that DOJ "described the deal as if it were a big win in the war on terrorism." However "the government has settled this case on terms under which Mr. al-Arian will go free in less than two years. It's not clear whether the government charged Mr. al-Arian too aggressively or simply put on a bad performance at trial. In either event it ill becomes the government to claim victory."

Umer Hayat Released On Bail. In a widely-distributed story, the AP (5/2, Thompson) reports "ice cream vendor" Umer Hayat was released Monday on $390,000 bail. He "will be confined to his home…and was fitted with an electronic monitoring device." The AP notes that Hayat "was charged with two counts of lying to the FBI about his son's attendance at the training camp, but his case ended in a mistrial last week after the jury said it was deadlocked. Prosecutors must decide by Friday if they will seek a new trial."

Lawyer For Former Detroit Terror Suspect Seeks Dismissal Of New Charges. The Detroit News (5/1, Egan) reported, "Lawyers for Karim Koubriti, the Detroit man whose terrorism-related conviction was tossed out as a result of alleged wrongdoing by former federal prosecutor Richard Convertino, say in light of the alleged misconduct the charge against him should be dropped." However, "the government argues there is no evidence of misconduct related to Koubriti's most recent indictment, which was brought…by different prosecutors after Convertino was removed from the case. … Koubriti is accused of submitting phony claims for lost wages and other expenses after he was a passenger in a car driven by one of his co-defendants."

PATRIOT ACT:

FBI Issued NSLs For Information On More Than 3,500 In US Last Year. As reported by AP and the Los Angeles Times yesterday, the Washington Post (5/2, A4, Eggen, 744K) reports, "The FBI sought personal information on thousands of Americans last year from banks, Internet service providers and other companies without having to seek approval from a court, according to new data released by the Justice Department," which "disclosed that the FBI had issued more than 9,200 'national security letters,'…seeking detailed information about more than 3,500 U.S. citizens or legal residents in 2005." The Post notes, "The new statistics provide the latest measure of the government's rapidly expanding anti-terrorism activities, which include a wide range of secret warrants and powers aimed at monitoring suspicious behavior and preventing attacks." The ACLU's Caroline Fredrickson said of DOJ report, "The idea that this

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kind of power resides in the hands of so many people at the FBI with no court oversight is very troubling."

DOJ Reports 18% Rise In FISA Warrant Approvals In 2005. USA Today (5/2, 7A, 2.31M) reports FISA terror investigation wiretaps "increased 18% last year, the Justice Department said Monday. There were 2,072 FISA warrants in 2005, up from 1,754 a year earlier. The warrants are separate from a program under which President Bush authorized the National Security Agency to monitor, without warrants, international calls and e-mails of people in the USA when one party to the conversation may be linked to terrorists." ACLU lawyer Jesselyn McCurdy "said she was concerned that judges are "becoming a rubber stamp."

NYTimes Editor Defends Decision To Publish NSA Eavesdropping Story. In a letter to the Wall Street Journal (5/2, 2.11M), Bill Keller, Executive Editor of the New York Times, writes, "Most American newspapers, including yours and mine, try hard to separate the curiosity-driven world of reporters and editors from the ideology-driven world of editorial writers and columnists. … In the case of the eavesdropping story, President Bush and other figures in his administration were given abundant opportunities to explain why they felt our information should not be published. We considered the evidence presented to us, agonized over it, delayed publication because of it. In the end, their case did not stand up to the evidence our reporters amassed, and we judged that the responsible course was to publish what we knew and let readers assess it themselves."

State, Local Police Also Conducting Domestic Surveillance Operations. U.S. News and World Report (5/8, Kaplan) reports in its cover story, "U.S. News has identified nearly a dozen cases in which city and county police, in the name of homeland security, have surveilled or harassed animal-rights and antiwar protesters, union activists, and even library patrons surfing the Web. Unlike with Washington's warrantless domestic surveillance program, little attention has been focused on the role of state and local authorities in the war on terrorism. A U.S. News inquiry found that federal officials have funneled hundreds of millions of dollars into once discredited state and local police intelligence operations." US News adds, "In dozens of interviews, officials across the nation have stressed that the enhanced intelligence work is vital to the nation's security, but even its biggest boosters worry about a lack of training and standards."

HOMELAND RESPONSE:

Jurors See Surveillance Tape Of NYC Subway Bomb Plotting. The New York Times (5/2, Rashbaum, 1.19M) reports the testimony of a "paid police informer who is the central witness at the trial of a Pakistani immigrant charged with plotting to blow up the Herald Square subway station" is "shedding light on what seem to be new police tactics to uncover terrorist plots before they come to fruition. While a federal judge gave the police expanded powers in 2003, critics have nonetheless raised objections to the use of informers in places of worship, political events and other gatherings." The Times notes most of the informers testimony concerned conversations he overheard in NYC area mosques.

DHS, FBI To Lease Freedom Tower Offices. The Wall Street Journal (5/2, Frangos, 2.11M) reports, "the rebuilt World Trade Center's signature Freedom Tower is also likely to be a government citadel housing federal law-enforcement groups among other government agencies -- possibly enhancing its profile as a terrorist target." The Journal notes that among prospective tenants are the Department of Homeland Security's Customs and Border Protection, and Immigration and Customs Enforcement; as well as the Secret Service and the FBI.

Taylor Reportedly Ready To Allow Funding For Flight 93 Memorial. Roll Call (5/2, Ben Pershing) reports that "in the face of pressure from his fellow House Republicans," Rep. Charles Taylor "is expected to insert federal funding for a memorial to the passengers and crew of Flight 93 into the fiscal 2007 Interior spending bill this week." Roll Call notes Taylor "has been under siege since The Washington Post first reported that the chairman of the Appropriations subcommittee on Interior was refusing to provide federal dollars to help purchase land for the construction of the memorial."

Qatar To Announce $60 Million In Katrina Grants. The New York Times (5/2, Strom, 1.19M) reports, "The nation of Qatar plans to announce today roughly $60 million in grants to benefit the victims of Hurricane Katrina, including $17.5 million to Xavier University of Louisiana." The nation's US ambassador, Nasser Bin Hamad M. al-Khalifa, "said the remainder of the $100 million his country had pledged would be assigned in the coming months. … To identify projects Qatar might want to support, the ambassador and his representatives talked to relief organizations, educators, members of Congress and other experts, and some embassy staff members traveled to the region."

Dionne Says FEMA Needs Liberation From DHS, "Competent" Managers. E.J. Dionne Jr., in his column for the Washington Post (5/2, A21, 744K) writes that Sens. Susan Collins and Joseph Lieberman, who have released the results of a Senate investigation of the response to Hurricane Katrina that calls for FEMA to be dismantled and rebuilt, "are creative public servants." Dionne continues that FEMA "would work better if the administration takes their 86 ideas

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for reform seriously," but "there is something maddening about the Washington tendency to go for complicated, bureaucratic fixes for what are essentially human failures. These can often be remedied by taking an agency's mission seriously and appointing good people to carry it out." Dionne asks, "Why not just liberate it from DHS, as Sens. Trent Lott, Barbara Boxer, Hillary Rodham Clinton and Rep. Tom Davis have suggested, and make sure that competent people run FEMA?"

WAR NEWS:

Bush Says Iraq Mission Has Reached Turning Point. President Bush's remarks on the anniversary of his "Mission Accomplished" speech were not heavily covered by the media. For example, all three networks noted it, though none afforded it much prominence. NBC and ABC both waited until well into their broadcasts to air their reports, each less than a minute in length, carrying them ninth and sixth in their lineups respectively. CBS' coverage of the event was more comprehensive, but also left out of the top stories of the day.

Bush delivered his remarks in a White House appearance with Secretary of State Rice and Defense Secretary Rumsfeld, recently returned from a visit to Iraq. All three networks, as well as much of the print coverage, described the president's message as generally optimistic though less so that three years ago. Most reports noted his remarks that the mission had reached a "turning point," in reference to the establishment of the new Iraqi government. The CBS Evening News (5/1, story 6, 2:10, Schieffer, 7.66M) reported, "Today marks the third anniversary of what many thought at the time was one of the cleverest photo-ops ever. Even opponents of the Iraq invasion were impressed when the President flew onto an aircraft carrier decked out in a dashing flight suit and then spoke beneath a banner that said 'mission accomplished.' But it turned out not to be. … After meeting with his Secretaries of State and Defense, the best the President could say was things are finally looking up." Bush was shown saying, "We believe this is a turning point for the Iraqi citizens and it's a new chapter in our partnership."

CNN's The Situation Room (5/1, Blitzer) noted Bush "never said mission accomplished" in his remarks yesterday," while ABC World News Tonight (5/1, story 6, :40, Vargas, 8.78M) reported Bush "said Iraq faces challenges. But he hailed the formation of a new Iraqi government as a turning point." Bush was shown saying, "Obviously, there's some difficult days ahead because there's terrorists there that are willing to take innocent life, in order to stop the progress of democracy. But this government is more determined than ever to succeed. And we believe we've got partners to help the Iraqi people realize their dreams."

Meanwhile, NBC Nightly News (5/1, story 9, 0:40, Williams, 9.87M) also noted yesterday marked "the third anniversary of…Bush's so-called 'mission accomplished' speech aboard the aircraft carrier USS Abraham Lincoln. On that day he declared, 'The tyrant has fallen and Iraq is free.'" Yesterday, "the message was less upbeat, with the President pronouncing Iraq's new unity government 'more determined than ever to succeed.'" The President "acknowledged there will be more tough days ahead. By the way, the US death toll in the war is nearing 2,400."

The AP (5/2, Loven) reports Bush "declared another turning point had arrived with the establishment of a permanent government in Baghdad." Bush said the new Iraqi leaders "need to know that we stand with them.'" According to the AP, Bush "walked a fine line between celebrating achievements and warning of more sacrifices to come." Though Bush "was careful not to declare overall victory and warned of difficult work ahead, the speech was congratulatory in tone and aimed at marking a pivot from invasion to reconstruction."

The Washington Times (5/2, Curl, 90K) notes Bush also "warned there will be 'tough days ahead' in Iraq, as Democrats pointed out that the president uttered nearly the same words three years ago to the day." Bush said Rumsfeld and Rice "talked with the new Iraqi leaders about the need to 'establish control over the militias and other unauthorized armed groups and enforce the rule of law.'"

84% Say Iraq Mission "Has Not Been Accomplished." CNN's The Situation Room (5/1, Blitzer) reports, "Tonight, our new poll shows the vast majority of Americans, 84 percent, say the mission in Iraq has not been accomplished. Will it eventually be accomplished? Americans clearly divided on that question. Forty-nine percent say yes, 44 percent say no in this CNN poll conducted by Opinion Research Corporation."

Only 30% Approve Of Bush Handling Of Iraq. The CBS Evening News (5/1, story 6, 2:10, Axelrod, 7.66M) reported, "Three years ago when the President appeared on the deck of the USS Lincoln, 74% of those polled approved of the way the President was handling Iraq. But contrast that with the latest CBS News poll -- just 30% now approve of the way the President is handling Iraq. That's 44%, Bob, in three years."

Rice, Rumsfeld Iraq Trip Called "High-Stakes Gamble." U.S. News and World Report (5/8, Whitelaw) reports that Secretary of State Condoleezza Rice and Defense Secretary Donald Rumsfeld "staged an unusual joint surprise visit to the Iraqi capital last week. … The promise of a national unity government has been something of a political lifeline for the Bush administration in its search for some way to declare victory in Iraq and begin withdrawing significant numbers of U.S. troops. Rice and Rumsfeld are clearly hoping that [Nouri al-Maliki's] appointment [as prime minister]

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will mark a turning point in a conflict that has dragged down President Bush's poll numbers to the lowest point in his tenure. But Maliki faces a herculean set of challenges in trying to keep this shattered, divided nation from slipping deeper into chaos." The Rice-Rumsfeld mission "was a high-stakes gamble for the Bush administration, which has already been accused of playing a heavy-handed role in Iraqi politics."

Reid Calls Attention To US Soldiers Killed In Iraq. The AP (5/2, Loven) notes congressional Democrats' leaders used the anniversary to criticize Bush. Senate minority leader Harry Reid "stood on the Senate floor in front of a picture of Bush with…the phrase 'Mission Accomplished' and read the names of the 16 troops from his home state of Nevada who had been killed. Reid called it…'a public relations stunt gone horribly wrong.'"

The Washington Times (5/2, Curl, 90K) reports Reid "accused the president of manipulating prewar intelligence and said U.S. intervention in Iraq to disarm Saddam Hussein has increased terrorism around the world."

Kennedy Reiterates Vote Against Iraq War Was His Best Senate Vote Ever. Sen. Edward Kennedy, on MSNBC's Hardball (5/1, Matthews), said, "The best vote I cast in the United States Senate was for not going to the war. This was the wrong war at the wrong time. … We had Osama bin Laden on the run and suddenly this administration deflected that and went to war in Iraq."

Iraqi Oil Production Still Below Pre-War Levels. The Washington Times (5/2, Scarborough, 90K) reports Iraqi insurgents have "come up with new ways to pierce Iraq's vital oil industry, keeping the daily flow below prewar levels despite an emerging protection force and a reduced number of attacks. New numbers this week from the special inspector general for Iraq reconstruction (SIGIR) show oil production at 2.18 million barrels per day, 400,000 below 2003 prewar levels." The Times notes the Bush administration "once projected that Iraq would be rebuilt principally from Iraqi oil revenues, but that prediction has fallen by the wayside."

Iraq Reconstruction IG Reports Mixed Results. ABC World News Tonight (5/1, story 7, :25, Vargas, 8.78M) reported, "The inspector general monitoring the rebuilding of Iraq has presented a mixed picture of the $21 billion US effort. 5,100 schools have been repaired. And more Iraqis have drinking water, sewerage treatment and cell phones than before the war. But oil production is below pre-war levels. And while repairs to the railway stations are nearly complete, just 4% of the trains are running because it is too dangerous."

Murtha Will Not Sign Discharge Petition On Withdrawal. The Hill (5/2, Tiron) reports Rep. John Murtha "has never signed a discharge petition in his 32 years in Congress, and he refuses to bend, even if signing one means attracting more attention to the debate on the war in Iraq." Last year Rep. Neil Abercrombie "filed a motion to discharge the House Rules Committee from considering a resolution sponsored by Abercrombie and 67 other members that would require President Bush to develop and implement a plan for the withdrawal of U.S. troops from Iraq." Murtha "said he does not think it is appropriate to sign a discharge petition and disregard the committee process."

Biden Suggests Partitioning Iraq Into Three Semi-Autonomous Regions. The Los Angeles Times (5/2, Gerstenzang, 958K) reports Sen. Joseph R. Biden "suggested the creation of separate, autonomous regions for Shiites, Sunnis and Kurds to counter continuing ethnic and religious violence." Biden's proposal "would give each of the major ethnic and religious groups in Iraq broad authority to run local affairs. The central government in Baghdad would be given limited, but specific, responsibilities for border defense, foreign policy, oil production and revenues." The Times notes the White House "quickly denounced the idea."

The Washington Times (5/2, Bellantoni, 90K) reports Biden "promoted the idea as a 'third way that can bring our troops home, protect our fundamental security interests and preserve Iraq as a unified country' in a speech to the World Affairs Council of Philadelphia and in an opinion piece published in yesterday's New York Times. 'The choice I'm proposing can give all of us...realistic hope that our sacrifices in Iraq were not in vain,' he said."

Iraqis Seen As Already Partitioning Country. The CBS Evening News (5/1, story 6, 2:10, Pizzey, 7.66M) reported the Iraqi people "may well think a corner has been turned, Bob, but not quite the corner the President is talking about. People here are very much looking to protect themselves, they're not thinking in terms of nation right now." The "idea of partition" suggested by Biden is "actually more of a statement of what's actually happening here on the ground. We're finding that people are fleeing neighborhoods where they're in the minority and, in fact, you're getting people coalescing along ethnic lines and they're looking not to the state for protection but ethnically-based militias. That's partition any way you cut it."

Sunni Army Recruits Angered By Postings Disrupt Graduation Ceremony. The Washington Post (5/2, A13, Hernandez, 744K) reports the "graduation of nearly 1,000 new Iraqi army soldiers in restive Anbar province took a disorderly turn Sunday when dozens of the men declared that they would refuse to serve outside their home areas, according to U.S. and Iraqi military authorities." The

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Post continues, "The 978 soldiers, most of them Sunni Muslims, had just finished nearly five weeks of military training and were parading before a review stand" when "some soldiers started tearing their clothes off to demonstrate their rage." According to the Post, video of the incident "aired on the al-Jazeera and al-Arabiya television networks throughout Monday gave the impression of a near-riot."

The New York Times (5/2, Oppel, Hassan, 1.19M) reports Lt. Col. Michael Negard, a spokesman for the American military, "called the episode an isolated incident and said the Iraqi troops had soon calmed down and marched off to eat at the chow hall. He said he did not know whether soldiers were later disciplined." Negard added that the soldiers "were never promised that they would serve in their hometowns."

Soldiers' Guidelines Modified To Reduce Confrontations With Iraqi Civilians. The New York Times (5/2, Shanker, 1.19M) reports the US military is "taking steps intended to lessen the chance for violent confrontations between…troops and innocent Iraqis during…daily routines." According to the Times, "The changes reflect deep worries that the conduct of American soldiers continues to alienate many Iraqis." Examples of new policies include "substituting…gentler warnings for the firing of warning shots" and "using strobe lights to make sure" Iraqis can see US checkpoints. The Times goes on to note some unit commanders "say the guidelines may make it harder to protect their troops." An anonymous "field-grade officer" is quoted as saying, "The restrained approach, as it is manifesting itself on the ground, is beginning to significantly handcuff our soldiers."

US Troops In Ramadi Routinely Battle Insurgents "Several Times A Day." The AP (5/2, Pitman) reports that Ramadi is "the most dangerous city in Iraq for U.S. forces…with militants and American troops exchanging fire several times a day — at least." The AP goes on to describe the routine of soldiers occupying "the Ramadi Inn," which has "panoramic views" of "an urban wasteland crawling with insurgents." The troops "say the militants are…casing their positions…looking from afar through binoculars and video cameras. … Troops sit with binoculars 24 hours a day. They brace for attacks, watch for guerrillas and keep an eye out for battles."

Sadr Cultivates Support By Supplying Social Services. Knight Ridder (5/2, Youssef) reports Muqtada al-Sadr "is working behind the scenes to maintain his armed militant wing and portray it as a social movement, a step that would make him one of Iraq's most powerful figures if it succeeds, U.S. officials and Iraqi politicians say." Knight Ridder adds that US and Iraqi officials contend al-Sadr is trying to recreate the model of Hezbollah, which "began largely as an armed group," but "eventually became a powerful political force with a large social-service component." Sadr's "shift is a symptom of a growing rift" within the Shiite United Iraqi Alliance, that "pits al-Sadr and his Mahdi Army militia against members of the Supreme Council for Islamic Revolution in Iraq."

Shiite Women Outside Green Zone Protest Continued Violence. USA Today/AP (5/2) reports approximately 200 Shiites, "many of them women in full-length black abayas, rallied Monday outside the Green Zone to demand that U.S. and Iraqi forces do more to stop attacks on Iraqis." The AP notes, "Such demonstrations are rare in Baghdad because of fears large groups might attract suicide bombers."

Al-Arabiya Shows Video Of Former Iraqi PM's Body Being Abused. The Washington Post (5/2, A13, Hernandez, Al-Izzi, 744K) reports the body of Muhammad Hamza al-Zubaydi, a former prime minister of Iraq "was kicked and insulted after U.S. forces transferred it into Iraqi custody, according to a video of the incident that aired on al-Arabiya television on Monday evening." Zubayd "was set to face charges in the special tribunal trying Hussein on war crimes charges, but in December he "died of natural causes while in U.S. custody."

Relatively Stable Babil Province Seen As Model For Iraq. In an op-ed for the New York Times (5/2, 1.19M) Bartle Breese Bull, the foreign editor of Prospect magazine, writes that Babil "could well turn out to be the country's crucial province. … If Iraq still exists five years from now…then Babil will have been a major reason for the success. What Iraqis care about above all else these days is security, and Babil — apart from the so-called Death Triangle around the towns of Latifiya, Mahmudiya and Yusufiya in the Sunni north — is a safe place."

Reluctance To Utilize Full Force By US Military Noted. In an op-ed for the Wall Street Journal (5/2, 2.11M) the Hoover Institution's Shelby Steele writes, "There is something rather odd in the way America has come to fight its wars since World War II. For one thing, it is now unimaginable that we would use anything approaching the full measure of our military power (the nuclear option aside) in the wars we fight. … Despite our vast power, we are only slogging along -- if admirably -- in Iraq," but "no one -- including, very likely, the insurgents themselves -- believes that America lacks the raw power to defeat this insurgency if it wants to."

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CORPORATE SCANDALS:

Lay Contends Banks Forced Most Of His Enron Stock Sales. The Wall Street Journal (5/2, McWilliams, Emshwiller) reports, "In an effort to repair damage done to his credibility, former Enron Corp. Chairman Kenneth Lay and his attorney challenged a government claim that his son had shown a lack of faith in the company's stock by selling it 'short' in expectation of a decline." The Journal continues, "The effort came in the fifth day of Mr. Lay's testimony in the conspiracy and fraud trial of him and his co-defendant, former Enron President Jeffrey Skilling. Yesterday afternoon, prosecutor John Hueston continued to hammer away at Mr. Lay for his actions in the months prior to Enron's December 2001 collapse." The Journal adds, "Last week, Mr. Hueston had seemed to score a point when he surprised Mr. Lay with evidence that the former executive's son, Mark, had in March 2001 bet against, or shorted, Enron stock. Mr. Lay and Mr. Skilling have both asserted professional short sellers attacked Enron's stock, contributing to the collapse. … While Mark Lay's trading records show several short sales, the elder Mr. Lay's attorney, George Secrest, focused on other parts of those records indicating that Enron stock had been moved into the brokerage account later the same day. Mr. Secrest and his client agreed that Mark Lay put in a sale order that apparently got listed as a short sale. … Yesterday morning, Mr. Hueston pushed to add new items to a list of purported misstatements by Mr. Lay. He noted Mr. Lay had repeatedly claimed that he was 'forced' in 2001 to sell $70 million of Enron stock back to the company to pay off pressing margin calls on private loans. The prosecutor also noted that Mr. Lay had previously testified he tried to hold on to as many Enron shares as possible because he believed they were undervalued."

USA Today (5/2, Farrell) reports, "Under questioning from prosecutor John Hueston, Lay acknowledged that some stock sales, which did not have to be immediately disclosed to the investing public, were used to fund his lifestyle. But Lay maintained that after he regained the CEO title in August 2001, when his co-defendant and former CEO Jeff Skilling resigned, he sold Enron stock only because he had no other liquid assets." USA adds, "Prosecutors displayed documents showing that even while Lay was buying $4 million in Enron stock at that time, he was unloading more than $20 million worth of stock through a line-of-credit program at Enron that did not require immediate public disclosure of the sales. … Lay sold his Enron stock to pay down personal debt even though he had access to about $19 million in cash and other stocks that could be sold quickly. In addition to his stocks, Lay also owned a $10 million luxury apartment in Houston and $20 million in other real estate holdings, mostly his three homes in Aspen, Colo."

The Washington Post (5/2, D1, Johnson) reports that "as Lay, 64, prepares to exit the witness stand in his fraud trial Tuesday, the central question is whether his appearance did more harm than good. … . On Monday, with the government using his personal finances against him to sometimes brutal effect, Lay tried to fend off accusations that he chose to quietly sell more than $70 million in stock back to Enron, rather than liquidate real estate and other investments as the company spiraled downward." The Post notes that Hueston "painted Lay as a man so addicted to an extravagant lifestyle, and so centered on his personal needs, that he 'maxed out' his corporate line of credit a day before Enron's ill-fated merger with rival Dynegy cratered. Five days later, in December 2001, the company filed for Chapter 11 bankruptcy protection, and thousands of employees lost their jobs and retirement savings. … For his part, Lay insisted that he always believed Enron's stock price would swing back upward and that, as banks began to call in nearly $100 million in personal debts in 2001, he was 'hoping and praying that each and every time would be the last time' he would be forced to sell stock." The Post adds, "In one of the biggest surprises of the 14-week-old trial, Lay never appeared entirely comfortable in five days on the witness stand, particularly for a man who once moved easily among world leaders, corporate titans and religious figures. His lead attorney, Michael W. Ramsey, left the case midstream with heart trouble, requiring the defense to regroup. For the first couple of days of his testimony last week, Lay struggled to find the right tone. … Instead, he sometimes seemed far more aggrieved by his treatment by the government than grief-stricken over the plight of Enron workers and investors who lost billions of dollars because of Enron's demise."

The AP (5/2, Hays) reports that Lay "again flashed his temper to prosecutor John Hueston, comparing Hueston's second-guessing of his decisions during Enron's downward spiral to carving up a corpse." The AP adds, "Lay was confronted with e-mails and survey responses from October 2001 in which employees raised questions about accounting 'trickery' and Enron's business ethics. .. One veteran Enron employee said, 'I've lost all respect for Enron senior management' and suggested it was criminal for Enron executives to exercise stock options when they knew accounting tricks were being used to manipulate earnings. … At the time, about six weeks before Enron sought bankruptcy protection, its stock price was falling fast, and The Wall Street Journal was raising questions about unusual business partnerships created by Enron Chief Financial Officer Andrew Fastow. … When prosecutor John Hueston asked Lay why he did not question Fastow directly, Lay responded that 'I was getting information from all sides' and said other senior

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officers thought the Journal and others were on a 'witch hunt' against Fastow."

Potential Quattrone Retrial Will Have New Judge. The Wall Street Journal (5/2, Davies, Smith) reports, "A new judge has been assigned to oversee the possible retrial of former star investment banker Frank Quattrone, whose 2004 conviction on obstruction-of-justice charges was overturned in March1." The Journal continues, "U.S. District Judge George Daniels will replace Judge Lewis Kaplan, who was assigned to the case last week but recused himself because he worked at Paul, Weiss, Rifkind, Wharton & Garrison LLP, the law firm overseeing Mr. Quattrone's defense. Judge Kaplan had been given the case after the appeals-court panel overturned the verdict, citing errors by the case's original trial judge, Richard Owen." The Journal adds, "Prosecutors haven't announced whether they plan to seek a retrial. They confirmed last week that two new prosecutors -- William Johnson and Raymond Lohier -- have been assigned to the case. Mr. Johnson and former assistant U.S. Attorney David Anders won an accounting-fraud conviction against former WorldCom CEO Bernard Ebbers. Mr. Anders, who prosecuted the last trial against Mr. Quattrone, is now an attorney at Wachtell, Lipton, Rosen & Katz. Mr. Lohier won a securities-fraud conviction earlier this year against Richard Adelson, the former Chief Executive of Impath Inc."

Comverse Executives Quit As Options Probe Escalates. The Wall Street Journal (5/2, Bandler, Forelle) reports, "The chief executive and two other officials of Comverse Technology Inc. resigned as a board probe of possible backdating of stock-options grants gathered steam at the company." The Journal notes, "The departures, effective immediately, include Kobi Alexander, chairman, CEO and a founder of the New York telecommunications-software company; Chief Financial Officer David Kreinberg; and Senior General Counsel William Sorin. … Separately, the board of another company facing options scrutiny, medical-insurance giant UnitedHealth Group Inc., approved a new set of management-compensation guidelines, including the establishment of a fixed date each year for granting options to existing employees." The Journal adds, "The moves come as the Securities and Exchange Commission is engaged in a wide-ranging examination of options practices. The SEC is investigating whether grants were backdated or granted ahead of favorable news to give recipients a better chance of profiting from exercising the options."

Former Qwest CEO Nacchio Continues Bid To Have Charges Dropped. The Wall Street Journal (5/2) reports, "In a series of legal filings yesterday, attorneys for Joseph Nacchio continued their bid to have criminal insider-trading charges against the former Qwest Communications International Inc. chief executive dismissed." The Journal continues, "In filings in U.S. District Court here, Mr. Nacchio's attorney Herbert Stern argued that prosecutors didn't make it clear that to commit a crime, Mr. Nacchio must have based his decision to sell Qwest stock on insider information. Mr. Nacchio says he didn't act on the basis of insider information. The distinction between selling while in possession of inside information and selling on the basis of inside information has been debated between the two sides. … No trial date has been set."

CRIMINAL LAW:

Common Cause Seeks DOJ Probe Of Katherine Harris. The AP (5/2) reports, "A congressional watchdog group asked the Justice Department on Monday to investigate whether Rep. Katherine Harris, R-Fla., attempted to obtain a $10 million appropriation for a defense contractor in return for his financial support." The AP continues, "Common Cause filed a complaint with the Justice Department, citing information provided by contractor Mitchell Wade, as part of a plea agreement in the bribery case of convicted former Rep. Randy 'Duke' Cunningham, R-Calif. … Justice Department spokesman Bryan Sierra said the department does not comment on, or confirm, criminal investigations."

The Orlando Sentinel (5/2) reports, "Common Cause wants to know whether Harris broke the law when she and Mitchell Wade met at an exclusive Georgetown restaurant in early 2005. At that dinner -- which cost Wade up to $2,800 -- Wade offered to hold a fundraiser for Harris and sought her help obtaining $10 million in federal money." The Sentinel continues, "Common Cause's director of ethics campaigns said there is sufficient evidence to suggest Harris submitted the appropriations request in exchange for Wade's fundraising support. … 'There's certainly the appearance of a quid pro quo,' said Mike Surrusco. 'We absolutely think this complaint has merit.'" The Sentinel adds, "Harris spokesman Chris Ingram would not comment on the complaint Sunday, saying he had not yet seen it. He suggested Common Cause was politically motivated, saying that 'different liberal interest groups' were trying to undermine Harris' U.S. Senate campaign against Democratic Sen. Bill Nelson."

The Tampa Tribune (5/2, Epstein) reports, "The Justice Department has kept the scope of its investigation of the defense contractor, MZM Inc., under wraps, though it has already netted a California congressman for accepting favors and bribes in exchange for earmarks."

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Corruption Trial Of Former Alabama Governor Begins. The AP (5/2, Johnson) reports, "The corruption trial of former Alabama Gov. Don Siegelman opened Monday with prosecutors accusing him of scheming with his chief of staff to obtain bribes for state help, including assistance allegedly sought by then-HealthSouth CEO Richard Scrushy." The AP continues, "Siegelman's lawyer countered that the federal case was built on the lies of unbelievable witnesses who have pleaded guilty in the case and are hoping for lenient sentences. … 'The government is going to have to call a bunch of liars, a bunch of con artists, a bunch of thieves,' said attorney Vince Kilborn." The AP adds, "The opening statements showed the trial of Siegelman, Scrushy and two former members of Siegelman's administration may hinge largely on the testimony of two former government insiders - Nick Bailey, once a close aide to Siegelman, and Lanny Young, a lobbyist and landfill developer with clout in the Siegelman administration. … Both have pleaded guilty and won't be sentenced until after the trial, which is going on as Siegelman, a Democrat, campaigns for another term as governor."

The Wall Street Journal (5/2, Bauerlein) reports, "In opening arguments at the trial of Messrs. Scrushy, Siegelman and two other defendants, Louis V. Franklin Sr., criminal-division chief of the U.S. attorney's office (in Montgomery, AL), said Mr. Scrushy helped fuel the Birmingham, Ala., company's growth by exchanging money for political favors. … 'Fob James didn't win, folks,' Mr. Franklin said, referring to the incumbent Republican governor whom Mr. Siegelman, a Democrat, defeated in 1998. Mr. Scrushy had backed Gov. James, so he 'had to scramble,' Mr. Franklin added. Prosecutors allege Mr. Scrushy made two hidden payments to then-Gov. Siegelman in 1999 and 2000 to get a spot on a state regulatory panel that oversees HealthSouth." The Journal adds, "Defense lawyer Fred D. Gray, known for his work on landmark civil-rights cases, told jurors that Mr. Scrushy hadn't done anything illegal and was a good citizen and humanitarian whose actions are 'typical of the people I've represented for the last 50 years in this court, including Rosa Parks and Martin Luther King Jr.'"

Plea Deal Implicates Milberg Weiss Partners. The California Recorder (5/2, Scheck) reports, "It took six years and a detour through Beverly Hills, but on Friday, federal prosecutors in Los Angeles finally got their first guilty plea in the long-running investigation of the class action plaintiffs firm Milberg Weiss Bershad & Schulman. … And it looks to be a significant one: in saying that he and his family took nearly $2.5 million in illegal kickbacks from Milberg Weiss in exchange for serving as lead plaintiffs in several class actions, Howard Vogel fingered four partners at the New York firm and agreed to cooperate in the ongoing investigation." The Recorder adds, "Vogel and Milberg -- referred to as 'the New York Law Firm' – 'had an established pattern and practice that the New York Law Firm would secretly pay defendant Vogel a percentage of the attorneys' fees that the New York Law Firm obtained in class actions and shareholder derivative actions,' prosecutors alleged in a document charging Vogel with a single count of making false statements in federal court. … Plea documents also allege that a high-profile Denver criminal defense attorney and a small New York real estate firm passed Vogel payments from Milberg in cases stretching from 1991 to 2005."

Secret Service To Release Records Of Abramoff's White House Visits. The AP (5/2, Locy) reports the Secret Service "has agreed to turn over White House visitor logs that will show how often convicted lobbyist Jack Abramoff met with Bush administration officials — and with whom he met." US District Judge John Garrett Penn "last Tuesday approved an agreement between the Secret Service and Judicial Watch, a public interest group, that requires the agency to produce records of Abramoff's visits from Jan. 1, 2001, to the present." Administration officials "have refused to say how many times Abramoff, who raised at least $100,000 for President Bush's re-election, has been to the White House. Bush has said he doesn't know Abramoff."

Prosecutors Decry Leaks In Pellicano Case. The AP (5/2, Deutsch) reports, "Troubled by leaks to the media, a federal prosecutor said Monday he would delay filing grand jury transcripts and other crucial documents in the case of an indicted Hollywood private eye because he fears the material will 'end up on the front page.' … Assistant U.S. Attorney Daniel Saunders also confirmed during the federal court hearing that the U.S. Justice Department had launched an investigation to determine who leaked confidential FBI reports to The New York Times." The AP continues, "The wiretapping case against private detective Anthony Pellicano and other defendants has drawn in a growing list of celebrities, and with them increasing media attention. … The confidential information began showing up two weeks ago in the Times, which cited FBI interviews with top Hollywood power brokers. … 'We have no confidence that these will not end up on the front page of the newspaper,' Saunders told U.S. District Judge Dale S. Fischer on Monday in saying he would delay other filings." The AP notes, "A number of lawyers attended the hearing to say neither they nor their clients were responsible for the leaks. Some said they had not even seen the files before the material began appearing in print. … 'Let me say unequivocally this did not come from the Pellicano camp or on the directive of Mr. Pellicano,' said attorney Steve Gruel, who represents Pellicano. 'I did not have these materials when they started appearing in the

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paper.' … The judge said she was not convinced there had been a violation of her protective order limiting access to the information to prosecutors, investigators, defense attorneys and their clients." The Los Angeles Times (5/2, Blankstein, 958K) adds, "Federal authorities, in the meantime, delayed plans to unseal three of six searches conducted by FBI agents at Pellicano's Sunset Boulevard offices and one of the private investigator's storage lockers. Attorney Carmen Trutanich asked Fischer to keep search warrant affidavits sealed on behalf of two clients he described in court only as 'John Does.' Law enforcement sources who asked not to be named…said Trutanich is representing John Rottger and actor Steven Seagal."

NYTimes Corrects Source In Pellicano Story. The New York Times (5/2, 1.19M) reports in "Corrections" that the story yesterday "about the friendship between Ron Meyer, president of Universal Studios, and Anthony Pellicano…referred imprecisely to the sources on which the article was based. It was based on government evidence, including written summaries of interviews by F.B.I. agents with witnesses in the case, not on interviews with F.B.I. agents."

FBI Monitoring Chicago-Based Gang's Contacts With US Soldiers. The Chicago Tribune (5/2, Sheehan, 643K) reports, "The FBI has assigned an agent to monitor any connections between U.S. soldiers and a Chicago-based gang alliance, federal agents said. Of particular concern are reports that the Folk Nation…is placing young members in the military in an effort to gather information about weapons and tactics, said FBI Special Agent Andrea Simmons, who is based in El Paso, Texas. 'Our understanding is that they find members without a criminal history so that they can join, and once they get out, they will have a new set of skills that they can apply to criminal enterprises,' Simmons said." Army CIC spokesman Christopher Grey "acknowledged that there are gang members in the military, but he said their presence has not become a problem."

Gotti Lawyer Says FBI Intimidating Witnesses. The New York Post (5/2, Cornell, 624K) reports, "Lawyers for John 'Junior' Gotti say the FBI is delivering an unusual verbal message along with its subpoenas for a sweeping grand-jury probe of the Gambinos -- subjects are told, 'You can thank Gotti . . . for this.' … The feds have suggested Gotti, his younger brother Peter and others could be hit with new charges, including money laundering, tax fraud and perjury." But defense lawyer Charles Carnesi "claims the supposed verbal message from the FBI is further proof the feds are misusing the grand-jury process in an effort to intimidate witnesses and spark 'raging publicity.'"

Connecticut Fraud Investigator Reassigned Over Rowland-Era Perks. In a widely-distributed story, the AP (5/2, Apuzzo) reports, "Connecticut's governor stripped a top fraud investigator of her duties Monday after The Associated Press reported that she had testified to receiving many of the same gifts that toppled former Gov. John G. Rowland's administration. Kristine Ragaglia, head of the Medicaid fraud unit, was reassigned to administrative duties at Gov. M. Jodi Rell's order, pending an investigation." The AP adds, "In sealed grand jury transcripts, FBI reports and personal diaries examined by the AP, Ragaglia detailed how she took the same expensive hotel getaways, lavish dinners and limousine rides that were used to bribe the officials in Rowland's administration."

Defense To Begin Case Today In Philadelphia Bribery Trial. The Philadelphia Inquirer (5/2, Schaffer, 423K) reports, "The father-and-son duo accused of bribing Philadelphia City Councilman Rick Mariano are expected to begin presenting their defense this morning by calling a series of witnesses that will include labor leader and potential mayoral candidate John J. Dougherty. Dougherty will likely be asked about a $6,000 loan he made to Mariano, who was convicted on March 18 of bribery, fraud and conspiracy. Dougherty told a grand jury last fall that the money was intended to help the councilman repay the defendants, Erie Steel owners Louis and Philip Chartock." The Philadelphia Daily News (5/2, Brennan) notes that Dougherty, "Mariano's one-time political patron, told the FBI he gave Mariano $6,000 to repay an Erie Steel loan but later learned no payment was made."

Prosecution Begins Closing Arguments At Nevada Bribery Trial. The AP (5/2, Ritter) reports, "Closing arguments began Monday in the federal corruption trial of two former Clark County commissioners who could face prison if a jury finds them guilty of accepting bribes from a former striptease club owner. 'Dario Herrera and Mary Kincaid-Chauncey were two corrupt public officials,' prosecutor Daniel Schiess declared." He "quickly acknowledged credibility problems surrounding the prosecution's star witness, former strip club owner Michael Galardi," saying that "FBI wiretaps…revealed the real truth behind what he called a scheme to defraud Clark County residents of honest government." KLAS-TV Las Vegas (5/1, Allen) adds, "Prosecutors let loose on Kincaid-Chauncey using her own words against her. Kincaid-Chauncey acknowledges two payments from Galardi; money she solicited for family members," but "Schiess told the jury…'Mary Kincaid-Chauncey received more than the two payments she has talked about.' Schiess played an FBI wiretap from June 2001 where Lance Malone speaks to his

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former county commission assistant -- the topic: Kincaid-Chauncey."

Prosecution Rests Case At Virginia Corruption Trial. The Lynchburg News & Advance (5/2, Reilly) reports that at former Lynchburg Mayor Carl Hutcherson's corruption trial yesterday, prosecutors argued that he "was the brains behind a now-defunct church charity they say he used as his personal ATM. But defense attorneys tried to convince a jury the city's top political figure was simply a bumbling businessman who mistakenly relied on another to look after the charity's affairs." The News & Advance notes, "After jurors listened to a taped phone conversation between Hutcherson" and Rev. Jerry Falwell "about the $32,500 donation, FBI Special Agent Christian Pettyjohn testified about his role as lead investigator and said that Hutcherson told him that Falwell Jr. donated the money to Hutcherson's charity and knew that Hutcherson planned to use it to pay back some of his back taxes. Both sides used Pettyjohn to point out passages in Falwell Jr.'s phone conversation that favored their side." The AP (5/2, Lindsey) adds that consultant Davida Wingfield "testified Monday that she falsified minutes documenting a loan to…Hutcherson," and "two women associated with the charity said they were unaware of the loan. The three testified as the prosecution wrapped up its case." The AP also notes Pettyjohn's testimony about the Falwell phone call.

SCOTUS Rules States May Not Bar Evidence In Criminal Trials. The Legal Times (5/2, Mauro) reports, "In his maiden opinion for the Supreme Court, new Justice Samuel Alito Jr. said on Monday that states may not prevent criminal defendants from introducing evidence at trial that another person committed the crime." The Times continues, "The unanimous, pro-defendant decision in Holmes v. South Carolina was an unusual debut for Alito, a former U.S. Attorney not known for ruling in favor of the defense when he was a judge on the 3rd U.S. Circuit Court of Appeals. Alito joined the high court Jan. 31, replacing Sandra Day O'Connor. … But Alito said that South Carolina had gone too far in barring evidence of third-party guilt in cases in which the prosecution has presented forensic evidence that strongly supports a guilty verdict for the defendant. … 'By evaluating the strength of only one party's evidence, no logical conclusion can be reached regarding the strength of contrary evidence offered by the other side to rebut or cast doubt,' Alito wrote."

The New York Times (5/2, Greenhouse, 1.19M) reports that the Supreme Court has unanimously ordered a new trial for an inmate on South Carolina's death row, saying state courts improperly excluded evidence indicating that another man might have committed the crime. Writing his first opinion for the High Court, Justice Samuel A. Alito Jr., "said the rule of evidence applied by the South Carolina courts was irrational and arbitrary and served to deprive the defendant, Bobbie Lee Holmes, of a 'meaningful opportunity to present a complete defense.'"

Kansas Attorney Pleads Guilty To Embezzling From Church. Kansas City Business Journal (5/1) reports, "A former Overland Park attorney faces as much as 10 years in prison after pleading guilty Monday to embezzling nearly $300,000 from a Kansas City church. Keith Koenigsdorf was disbarred in both Kansas and Missouri last year after he admitted he had stolen the money from Central United Methodist Church." US Attorney Bradley Schlozman said in a yesterday that "Koenigsdorf waived his right to a grand jury and pleaded guilty…to a charge of interstate transportation of stolen property." The Business Journal notes, "The case was…investigated by the Federal Bureau of Investigation." KMCI-TV Kansas City, MO (5/1) adds, "Koenigsdorf stole the funds, Schlozman explained, by taking blank checks which already bore a signature from an authorized signatory, adding his own signature, making the check payable to himself, and then depositing the check into his law firm's operating account." KMCI also notes that the FBI investigated the case.

Former Morris Brown President Pleads Guilty To Embezzling Federal Funds. The Washington Post (5/2, Romano) reports, "The former president of Morris Brown College, a historic black school in Atlanta, pleaded guilty yesterday to embezzling millions of dollars in federal funds from the government and students, the climax of a financial debacle that caused the school to lose its accreditation. Delores Cross, 69, who led the school from November 1998 until February 2002, pleaded in federal court in Atlanta to one court of illegally obtaining student loans, allowing her to avoid a trial and more than two dozen other counts she was confronting." The illegally obtained student loans and Pell grants "to pay bills at the strapped school. Ultimately the students found themselves responsible for loans they never requested." The college "is still in a tenuous situation" with its enrollment having fallen from over 2,000 to 66. It is also "fighting lawsuits brought by former students, and other suits stemming from the financial woes."

Jury Selection Begins In Maryland Trial Of Convicted DC Sniper. The Baltimore Sun (5/2, Siegel) reports, "The difficulty of finding jurors in Montgomery County who had not decided that convicted sniper John Allen Muhammad was responsible for the county's six sniper killings in 2002 became immediately apparent Monday as the presiding judge questioned the first batch of 300 potential

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jurors." The Sun continues, "During initial questioning -- which was disrupted by a profanity-laced outburst from a victim's relative -- nearly all of the first 25 potential jurors said they believed he committed six murders in the county, and many were aware that he had been convicted of a sniper killing in Virginia. … They pointed to the heavy media coverage of the shootings, their children being forced to stay inside at school and their personal fears at the time. One referred to the images he saw of Muhammad in prison garb from the first trial in Virginia." The Sun adds, "The trial's first day illustrated the difficulty posed by a defendant who seeks to represent himself, particularly when the suspect has no legal training and is charged in a high-profile crime. … Muhammad, 45, had bitterly criticized his court-appointed attorneys in previous cases and has chosen to represent himself in this case, something he did briefly in his Virginia trial."

The Washington Post (5/2, B1, Rich, Londoño) reports, "A remarkable number of potential jurors in a Montgomery County courtroom yesterday had what seemed to be a legitimate reason to be excused from that most dreaded of civic responsibilities. … 'I think he's guilty, sir,' said one, referred to in court as juror 34, under questioning by Circuit Court Judge James L. Ryan." The Post continues, "In a back room, where they were gathered, the talk was said to be still more blunt. Several jury candidates agreed that the trial was a waste of time and that the defendant could be convicted 'in 20 minutes,' according to another, who reported the conversation to Ryan. … And so it went as jury selection began in the Maryland trial of John Allen Muhammad, charged in six sniper slayings in Montgomery. Most of the potential jurors questioned yesterday told Ryan that they hold Muhammad, already convicted and sentenced to die in Virginia, responsible for the random shootings in October 2002. Many said the shootings had touched them personally." The Post notes, "Not more than a handful of the 60 or so people questioned by Ryan said they had formed no opinion as to Muhammad's guilt. A larger number, however, said that if selected to serve they could set aside their views and base their decisions on the evidence presented in court. … By the end of the day, Ryan had picked 21 for a pool of eligible jurors, a group that is expected to be whittled down under more intensive questioning late this week."

The Washington Times (5/2, Ward) reports, "Muhammad expressed displeasure to the judge about being presumed guilty and seemed unable to grasp that preconceived notions could be put aside in order to base a judgment only on facts and evidence presented in court. … 'It's one thing to have heard about it. It's another thing to already have made your mind up,' Muhammad said. … A Virginia Beach jury in 2003 found Muhammad guilty of murder in the death of Dean Harold Meyers at a Manassas service station and using an accomplice, Lee Boyd Malvo, now 21, in the crime. That jury sentenced Muhammad to death. Malvo was given life without parole by a Chesapeake jury for a different killing two months after Muhammad's sentencing."

Prosecutor In Duke Rape Probe Faces Election.

USA Today (5/2, Dorell) reports, "The alleged rape of a stripper by members of the Duke lacrosse team has put the spotlight on a North Carolina county prosecutor who is pushing his biggest case ever while trying to win an election." USA continues, "Mike Nifong (NY-fong) is described as a tough-but-fair prosecutor by several people who have worked cases with him. Yet detractors say he has pushed ethical limits on what to say publicly about the rape case and has used the issue for political gain." USA adds, "The alleged attack has roiled the community. It pits white university athletes who their lawyers say are being railroaded against a black community that is demanding justice for the accuser. At the center of it all is Nifong. … That election is being held today. Nifong, 55, is running in the Democratic primary for Durham County district attorney against Freda Black, a former prosecutor, and Keith Bishop, a Durham lawyer. No Republicans are seeking the office."

Students' Attorneys Seek Prosecutor's Ouster. The Los Angeles Times (5/2, Fausset) reports, "Attorneys for a Duke University student arrested on suspicion of raping an exotic dancer demanded Monday that Dist. Atty. Mike Nifong be taken off the case, alleging in court documents that the Durham, N.C., prosecutor ignored key evidence 'in his zeal to make national headlines and win a hotly contested primary.' … But Nifong's supporters argued that the motion seemed motivated as much by politics as by law, coming on the eve of Nifong's bid for election to a post he was appointed to last year." The Times continues, "The allegations were contained in a motion filed Monday on behalf of Reade William Seligmann, one of two Duke lacrosse team members indicted April 17 on charges of rape and kidnapping. Nifong said he was hoping to indict a third team member for participating in the alleged March 14 attack. … The case has also become the central issue in Nifong's effort to keep his job as Durham County's top prosecutor. Today he faces off in an election with two contenders who, like the players' attorneys, have criticized Nifong for his bold statements early in the investigation. Some of those statements, critics say, seemed to unfairly implicate Duke lacrosse players before any indictments were handed down by a grand jury. … Monday's motion — filed by attorneys J. Kirk Osborn of Chapel Hill and Ernest L. Conner Jr. of Greenville — introduced a new and unsparing tone to the criticism. The motion calls the case a 'shakedown' and asserts that Nifong has been willing to 'prostitute the truth' in the case to get elected. … The defense attorneys called for the appointment of an independent prosecutor. They also alleged that Nifong violated the North Carolina State Bar's Rules of Professional

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Conduct by potentially prejudicing the jury pool, among other things."

CIVIL LAW:

Government Says Delta Overcharged For Flights. In documents filed Friday with the US Bankruptcy Court in Manhattan, where Delta Air Lines has sued to force the federal government to pay almost $19 million for flights provided to military personnel, the federal government says it overpaid Delta more than $26 million for tickets and accused the airline of overcharging it an additional $240,000 for tickets purchased over the past three years. The Wall Street Journal (5/2, 2.11M) reports that the government has "asked a judge to throw out Delta's lawsuit, saying it has the right to deduct past overcharges and overpayments from current obligations to Delta. A Delta spokesman in Atlanta didn't respond to a request for comment.'

CIVIL RIGHTS:

Chicago Schools Comes To Agreement With DOJ to End Federal Oversight. The Chicago Tribune (5/2, Olszewski, Mendell) reports, "With the historic legal battle to integrate America's big-city schools being abandoned across the nation, the Chicago schools and the federal government have reached a tentative agreement that would release the district from 26 years of federal oversight on desegregation efforts by the 2007-08 school year." The settlement was filed jointly Monday in U.S. District Court where it awaits approval by U.S. District Judge Charles P. Kocoras. It "effectively allows the school system to decide on its own, without federal intervention, how much money and resources to devote toward integrating its schools." That "represents a retreat by the Justice Department from its more aggressive stance toward the district on equity issues in recent years." The Chicago school district is less than 9 percent white and has spent "at least $2.5 billion on desegregation" since 1980. Yet, "most of the city's black and Latino children still attend class in racially isolated schools that mirror the city's segregated housing patterns." School officials said that "they are committed to integration."

Judge Ends Federal Control Of Louisiana Juvenile Prisons. The AP (5/2) reports, "Louisiana's juvenile prisons, once a byword for beatings and chaotic brawls, are on the road to reform and no longer need oversight from the federal courts, a federal district judge ruled Monday." The AP continues, "The U.S. Justice Department sued the state in 1998, saying conditions inside the lockups were unconstitutional. Judge James Brady's dismissal of the suit Monday came after Justice Department experts determined that reform efforts have made the lockups safer and better at rehabilitating the teen prisoners they house. … 'I don't say this lightly: Louisiana has emerged as a model for juvenile justice systems in this country,' said Judy Preston, deputy chief of special litigation and the department's expert on youth prison systems." The AP notes, "True reform efforts started in the 2003 Legislature with a commitment to shifting punishment of delinquent youth from imprisonment to less harsh settings like group homes and to closing the youth prison at Tallulah, which was pointed to as an example of brutality. Experts say the move to less prisonlike settings improves the chances of rehabilitation. … The Justice Department filed the lawsuit with the Louisiana Juvenile Justice Project, a nonprofit activist group that has long been critical of the prisons. David Utter, the group's director, called Brady's ruling 'a great first step,' but said complete reform is a distant goal."

Federal Agents Arrest 66 In Human Trafficking Raids. The Washington Times/AP (5/2, Parry) reports, "Federal agents yesterday rounded up 66 persons in a series of raids that officials said smashed a suspected human-trafficking ring that smuggled Mexicans into the United States and may have forced the women to work as prostitutes in the Washington area." The AP continues, "Officers with the U.S. Bureau of Immigration and Customs Enforcement (ICE) raided 15 locations in Union City, West New York and New York City early yesterday after New Jersey State Police pulled over two vehicles containing at least 10 women who worked in brothels in Maryland, Virginia and the District, said Kyle Hutchins, special agent in charge of the bureau's Newark office." The AP adds, "The operation was at least the fourth major alien-smuggling ring operating in New Jersey in recent years. Prosecutions involving Russian strippers forced to work in go-go bars, and young Honduran women forced to work as hostesses in Union City bars are ongoing in federal court."

Florida Man Charged With Hate Crime In Attack On NFL Player. The South-Florida Sun-Sentinel (5/2, Marvez, Naanes) reports, "Dolphins defensive end/outside linebacker Jason Taylor suffered a minor stab wound Sunday night in a road-rage incident, according to Davie police. Redmond Charles Burns of Davie was arrested on three charges, including aggravated battery/hate crime, after allegedly assaulting Taylor." The Sun-Sentinel notes, "In December 2003, Taylor was identified by the FBI as being one of six active or retired professional athletes to receive a hate letter threatening him with physical harm for being married to a white woman."

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North Las Vegas On Track For ADA Compliance. The Las Vegas Sun (5/2, Wargo) reports, "Seven months after North Las Vegas reached a tentative agreement with the Justice Department over violations of the Americans with Disabilities Act, the city is putting its money where its mouth is." The Sun continues, "North Las Vegas plans to award a contract Wednesday to spend nearly $350,000 for wheelchair-accessible ramps, sidewalks and other safety improvements for the disabled at more than 133 locations around schools and older sections of the city." The Sun adds, "The contract is part of the city's plan to spend more than $600,000 this year and similar amounts during its next two budgets to comply with the 1990 federal law requiring local governments to improve the disabled's access to government programs and access on government property. … In September, North Las Vegas reached an agreement with the Justice Department over the city's long-standing violations of the federal law. The agreement helped the city avoid potential fines of up to $55,000 for a first violation and $110,000 for subsequent violations. … Justice Department spokesman Eric Holland said North Las Vegas is on schedule to correct the violations. City officials said North Las Vegas already has spent thousands of dollars to fix dozens of violations." The Sun notes, "North Las Vegas came under fire from the Justice Department after a January 2004 federal review of 75 percent of the city's parks and facilities found 182 ADA violations."

Judge Allows EEOC Racial Bias Suit Against Movie Studio To Proceed. The AP (5/2) reports, "The first racial discrimination case brought by the government against a movie studio can proceed to trial, a federal judge ruled." The AP continues, "The Equal Employment Opportunity Commission sued Universal Pictures in 2003, claiming that a first assistant director on the film "2 Fast 2 Furious" was fired because he was black. … The studio has denied the allegation and asked the court to dismiss the case. … But late Wednesday, U.S. District Judge Gary Allen Feess ruled that the commission's lawsuit contained sufficient evidence to allow a jury to decide the case." The AP adds, "The lawsuit was filed on behalf of Frank Davis, 47, who worked on the film under director John Singleton, who is also black. The lawsuit claims Davis was fired without cause even after Singleton objected. … 'Singleton adamantly asserts that Davis was performing satisfactorily and that Singleton would have terminated Davis had he not performed,' Feess wrote in his decision. … 'These facts, among many others, raise a genuine issue for trial regarding the true motive for Davis' termination and could support an inference that he was terminated because of race,' the judge wrote."

Jury Considers Civil Hate-Crime Suit. The Chicago Tribune (5/2, O'Connor) reports, "In an unemotional voice, Deona Williams recounted Monday how she cried hysterically and begged for her life as three skinheads cornered her one summer night in 2002, shouted racial epithets and held a knife to her throat. … The testimony came at a federal trial at which the only issue for the all-woman jury to decide is how much in monetary damages should be awarded to Deona, now 17, and her family. A judge already has found the three white defendants legally liable for their actions." The Tribune continues, "Two of the defendants, Harley Hermes and Michael Canlas, portrayed themselves in court Monday as changed young men who regretted their conduct. … The third defendant, Shaun Derifield, didn't show up for the trial." The Tribune adds, "All three were convicted of criminal offenses for the hate crime and served time. … The lawsuit appears to be more of a symbolic battle for the family because none of the three defendants apparently has any significant assets or income. Hermes said he owns only a truck with 100,000 miles on it. At the time the suit was filed in 2004, a lawyer for the family said the litigation was intended to deter other hate crimes."

Kristof Says Morning-After Pill Should Be Available Over The Counter. Nicholas Kristof writes in the New York Times (5/2, 1.19M), "The best way to reduce the number of abortions, in turn, would be to reduce the number of unwanted pregnancies. … So it should be a no-brainer that we increase access to contraception, and in particular make the 'morning after' pill available over the counter. That would be the single simplest step to reduce the U.S. abortion rate, while also helping hundreds of thousands of women avert unwanted pregnancies." Kristof adds, "It's time for President Bush to end his policies that encourage abortions."

NYTimes Says Census Bureau Should Count Inmates In Their Home Communities. An editorial in the New York Times (5/2, 1.19M) says, "Demographers and voting rights advocates are rightly pressuring the Census Bureau to begin counting the nation's 1.4 million prison inmates at their home communities -- and not as 'residents' of the prisons, the current practice. Counting the inmates at prison inflates the prison community's population and political influence, while draining political clout from the communities where inmates actually live. … The bureau should get busy on a system for counting inmates where they live as opposed to where they do time."

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ANTITRUST:

Stevens Bill Could Slow Phone Company Efforts To Enter Cable TV Business. Senate Commerce Committee Chairman Ted Stevens yesterday offered sweeping telecom legislation which has thrown a snag into phone companies' efforts to get into the cable television business, the Wall Street Journal (5/2, Schatz, 2.11M). According to the Journal, Stevens' legislation does not include "the Bell companies' top wish: the ability to bypass local governments when offering pay-television service." The Journal adds, "Reaction from the Bells to Mr. Stevens's effort was lukewarm. … Mr. Stevens's decision to introduce a telecom-rewrite bill may make it more difficult for the Bells to get changes to the law this year to help them enter the cable business faster."

Google Expresses Concerns About Microsoft Browser. The AP (5/2, Linn) reports, "Google Inc. is hoping to pressure Microsoft Corp. into changing a new Internet Explorer browser feature that could direct more people to Microsoft's online search engine instead of Google's far more popular offering." The AP continues, "Google has informally complained to U.S. and European antitrust regulators about what it says are biased settings on Microsoft's latest Web browser, marking the latest spat between two companies whose business models are increasingly bumping up against one another. … Mountain View, Calif.-based Google regards Microsoft as the biggest threat to its continued success, and Microsoft has conceded that Goggle is a formidable competitor as well. … The next version of Internet Explorer, available now in test form, includes a box in the corner that lets people perform an Internet search without going to a separate Web page, much like what's available from Google's downloadable 'toolbar.'"

Bloomberg (5/2, Thaw) reports, "Google raised the concern as part of a European Commission investigation into Vista, the next version of Microsoft's Windows operating system, Steve Langdon, a spokesman for Mountain View, California-based Google, said today in an interview. … 'In those discussions, we have expressed our concerns that Microsoft's approach to setting search defaults in IE 7.0 benefits Microsoft while taking away choice from users,' Langdon said." Bloomberg adds, "Microsoft is 'fully committed' to supporting search-engine options in Internet explorer and will ensure users can easily choose from a very long list, Microsoft spokeswoman Stacy Drake McCredy said in an e-mailed statement."

The San Jose Mercury News (5/2, Ackerman) reports, "The dispute illustrates how the importance of the browser has diminished in the wake of the epic anti-trust battles involving Microsoft and the rest of the tech industry. Now, the focus is on search technology, which matches advertising with search results. … Still, Google's protest puzzled some observers, who noted that the objectionable feature was nearly identical to the search box of FireFox, an open-source browser with 10 to 13 percent of the U.S. market."

RIM Faces Another Patent Suit Over Blackberry. The Financial Times (5/2, Taylor) reports, "Research in Motion, maker of the popular BlackBerry family of wireless e-mail devices, faces a new legal threat after Visto, a US-based wireless e-mail technology company, filed a new patent infringement suit against the Canadian group." The Times continues, "The move follows Visto's victory in another long-running patent infringment suit against rival Seven Networks, and comes just weeks after Rim paid more than $612m to settle a patent case with Washington-based NTP, a patent holding firm that also holds a small stake in Visto."

The Wall Street Journal (5/2, Weinberg) reports, "RIM, which two months ago agreed to pay NTP Inc. $612.5 million to settled a separate patent dispute, denied infringing Visto's patents and said in a statement that it will now consider asserting its own claims against Visto. RIM, of Waterloo, Ontario, said it doesn't expect customers of its popular BlackBerry wireless-email device to be impacted by Visto's complaint. … The suit by Visto, filed in U.S. federal court in the Eastern District of Texas, comes after a federal jury in the same district Friday decided in favor of the Redwood Shores, Calif., software maker in yet another patent dispute. In that case, the jury found closely held software maker Seven Networks Inc. had infringed three Visto patents and awarded it $3.6 million. Visto said the court is expected to hold a hearing concerning an injunction against Seven Networks that would prohibit further use of the infringing system." The Wall Street Journal (5/2, Weinberg) also reports on the suit.

NYTimes Backs Efforts To Pass "Net-Neutrality" Bill. An editorial in the New York Times (5/2, 1.19M) says, "One of the Internet's great strengths is that a single blogger or a small political group can inexpensively create a Web page that is just as accessible to the world as Microsoft's home page. But this democratic Internet would be in danger if the companies that deliver Internet service changed the rules so that Web sites that pay them money would be easily accessible, while little-guy sites would be harder to access, and slower to navigate." The Times adds, "The House Energy and Commerce Committee defeated a good Net-neutrality amendment last week. … In the Senate, Olympia Snowe, a Maine Republican, and Byron Dorgan, a North Dakota Democrat, are drafting a strong Net-neutrality bill that would prohibit broadband providers from creating a

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two-tiered Internet. Senators who care about the Internet and Internet users should get behind it."

WSJournal Says Twombly Case Could Spark Wave Of Litigation. An editorial in the Wall Street Journal (5/2, 2.11M) says, "In 2003, William Twombly sued all the Bells on behalf of all the Bells' customers" alleging that the Bells have conspired to stay out of each other's territory and have kept the price of phone service artificially high for a decade. In Twombly, "the Second Circuit essentially ruled that if competitors act in parallel, all a plaintiff has to do is say, 'Conspiracy!' to open discovery and start searching for evidence in the files of an entire industry. … That Twombly lowered the bar dramatically for plaintiffs and trial lawyers alleging business conspiracies has not been lost on those lawyers, either. Since the decision was handed down in October, dozens of legal filings have already cited it as a reason for letting this or that case proceed. If the Supreme Court allows Twombly to stand unchallenged, unsupported charges of antitrust conspiracy could well prove to be the next great wave of the litigation tsunami."

ENVIRONMENT:

White House To Release Bird Flu Response Plan. A draft of the Bush administration pandemic flu plan obtained by the AP (5/2, Pickler) suggests that "employers should have plans to keep workers at least three feet apart, colleges should consider which dormitories could be used to quarantine the sick, and flight crews should have surgical masks to put on coughing travelers." The Bush administration forecasts "massive disruptions" if a bird flu pandemic arises in the United States, and a response plan scheduled to be released at the White House Wednesday "warns employers that as much as 40 percent of the work force could be off the job and says every segment of society must prepare."

US Businesses Seen As Unprepared For Bird Flu. On the front page of its Business section, the Washington Post (5/2, D1, Brown) reports, "More than half of US companies think there will be a global flu epidemic in the next two years," and two-thirds of those think it will "seriously disrupt their operations as well as foment social unrest." At the same time, two-thirds "also say they aren't prepared." Meanwhile, former HHS secretary Tommy Thompson, who is now working as a private consultant, estimates that only one in five US companies "are in good position in terms of being able to react—and even those are going to have to restructure and improve their plans."

FBI/DEA/ATF/USMS:

Critics Say FBI Struggling To Assume Top Counter-Terrorism Role. Under the headline "Intelligence Mission Troubles FBI," The Baltimore Sun (5/2, Gorman, 296K) reports that "the FBI is having trouble asserting itself as the country's pre-eminent domestic intelligence agency, according to intelligence specialists and congressional critics." Even with the "new National Security Branch, the bureau 'is a long way from doing what it needs to do to stay on top of the war on terror,' Republican Sen. Charles E. Grassley of Iowa said in an interview yesterday. … 'They need leadership…and they need people who are going to stick around for a while,' Grassley said, referring to the recently announced resignation of Gary Bald." The Sun notes, "FBI Director Robert S. Mueller III is expected to face questions about his efforts to remake the law enforcement agency into an intelligence organization when he testifies today before a Senate panel that includes Grassley. Responding to criticism of their efforts, FBI officials say they have made significant progress in charting a new course for the FBI, and that their classified plan is on the verge of being implemented. … Bald's deputy, Philip Mudd, said he expected to implement plans that Bald has drawn up for the National Security Branch. 'I'm not going anywhere,' Mudd said." Bald, in an interview with The Sun, noted "that he had doubled the number of agents and analysts assigned to intelligence and counter-terrorism at the FBI." The Canton Repository (5/2) runs The Sun story under the headline "Critics Train Sights On Laggard FBI."

Pete Rose Jr. Sentenced For Distributing GBL. The AP (5/2) reports Pete Rose Jr., the son of baseball's career hits leader, "was sentenced Monday to one month in prison and five months of home detention for distributing a steroid alternative to his minor league teammates. … Rose pleaded guilty Nov. 7 to distributing the steroid alternative GBL, a drug he used as a sleep aid, to some of his teammates with the Chattanooga Lookouts. … The Drug Enforcement Administration has said Rose's arrest was part of a larger investigation into a major GBL trafficking organization." News outlets made more than 50 references to Rose's sentencing. MSNBC, ESPN, Forbes, the San Francisco Chronicle, San Diego Union Tribune, Miami Herald, Houston Chronicle, and San Jose Mercury News published in newspapers and/or posted on Web sites the AP story.

Cable TV Coverage. CNN (5/1, 9:00 p.m.) reported, "Pete Rose Junior is going to prison for a month. He was sentenced for distributing a drug used as a steroid alternative to his minor league teammates."

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ESPN (5/1, 7:00 p.m.) reported, "Pete Rose Jr. gets a month in prison for distributing a steroid alternative to a teammate in the minor leagues."

Local TV Coverage. WCPO-TV, Cincinnati (5/1, 6:00 p.m.) reported, "Pete Rose Junior has been sentenced to a month in jail on a drug charge. Last fall, Rose admitted to drug enforcement agents that he sold GBL to his teammates while he played for the minor league Chattanooga Lookouts. Agents say Rose told them his teammates would take the drug to unwind after games. After Rose gets out of jail, he will be on house arrest for 5 months."

WSMV-TV, Nashville, Tennessee (5/1, 6:00 p.m.) reported, "The son of baseball legend Pete Rose Senior left federal court today obviously relieved. Pete Rose Junior was arrested for distributing GBL, though he was never accused of profiting from the sale of it. The junior Rose is playing for the Chattanooga or was playing for the Chattanooga Lookouts at the time of his arrest in may 2002. The judge today went along with the prosecution's request for leniency. … Prosecutors talked a lot about Pete Rose Junior's cooperation during the investigation and all that seemed to go a long way in the end with the judge."

Four Sentenced In Illinois Meth Case. The Carmi (IL) Times (5/2) reports on the sentences of four people for their role in a large meth making and distribution conspiracy centered in White, Gallatin and Saline counties. The Times reports officials said the convictions and sentences "resulted from a long-term and on-going investigation into the manufacture of methamphetamine in southeastern Illinois by the Southern Illinois Drug Task Force and the U.S. Drug Enforcement Administration. … The investigation (which began in 2001) has resulted in the federal indictment of 65 people in related cases who were responsible for the manufacture or attempted manufacture of the equivalent of over 600,000 grams of methamphetamine."

Medicinal Use Of Marijuana Disputed. In a Boston Globe (5/2) story titled, "Breast Cancer Has Made Me a Criminal" Lynda Gorov writes, "I had read enough, and written some, about the medicinal uses of marijuana to believe it might keep me from suffering. … Maybe someone who hasn't been there can't understand my willingness to break the law. Sure, a number of states, including mine, have legalized the medicinal use of marijuana. But the Drug Enforcement Administration refuses to go along. It sees me as a criminal."

Eugene, Oregon's Register-Guard (5/1) editorializes, "The FDA should change its name to the Politically Approved Food and Drug Administration - PAFDA. It's a longer acronym, but it rolls off the tongue nicely and people would appreciate its greater honesty. The agency's other option is to stop embarrassing its dedicated doctors and scientists with utterly unscientific announcements such as the recent bulletin that smoked marijuana has no medicinal value."

In the Asbury (NJ) Park Press (5/2) Terrence P. Farley, Ocean County assistant prosecutor and director of the county Narcotics Strike Force, writes, "I have spent years reviewing research on so-called "medical marijuana." I can state, as a result of that research, that "medical marijuana" and "Compassionate Use" acts are a hoax. … the U.S. Supreme Court just last year ruled that marijuana is not 'medicine.' … John Walters…noted, 'Smoking illegal drugs may make some people 'feel better.' However, civilized societies and modern-day medical practices differentiate between inebriation and the safe, supervised delivery of proven medicine by legitimate doctors.'"

Limbaugh Signs Deal In Prescription Fraud Case. The AP (5/2) reports Rush Limbaugh "declared victory Monday after signing a deal with prosecutors that will dismiss a prescription fraud charge in 18 months if he complies with the terms. Under the deal, Limbaugh cannot own a gun, must submit to random drug tests and has to continue treatment for his acknowledged addiction to painkillers. But he did not have to admit guilt, and he continued to proclaim his innocence on his radio show."

Network TV Coverage. ABC's Good Morning America (5/1, 7:00 a.m.) reported, "Rush Limbaugh had good reason to smile for his mug shot because today his three-year ordeal with drug charges finally comes to an end when he signs a deal that leaves him with no [criminal] record. He agreed to be booked on a single felony charge -- prescription drug fraud. That charge will be dropped if he continues drug treatment for 18 months. Limbaugh also agreed to pay $30,000 for the public cost of the investigation. This all began in 2003, when it was reported that the popular conservative radio host was abusing [prescription] drugs in his Palm Beach home."

Cable TV Coverage. CNN's The Situation Room (5/1, 4:00 p.m.) reported, "Rush Limbaugh says his settlement with Florida prosecutors shows that the case is over and that he's not guilty. The talk show host reportedly will undergo random drug tests as part of the agreement. He's been taking drug tests for the last couple of years. He pled not guilty Friday. [The charge] will be dismissed if Limbaugh passes the drug test and completes a treatment program."

Man Accused Of Importing, Distributing Steroids Pleads Guilty. The AP (5/1) reports a man "has pleaded guilty to importing and distributing thousands of anabolic steroid pills. Authorities say Kevin Thompson…pleaded guilty to a variety of charges accusing him of using New Hampshire grocery stores to wire money to

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foreign countries such as Poland, Greece and China in order to illegally buy steroids."

State, Federal Investigation Continues Into Arizona Church Arson. The Arizona Republic (5/2, Clancy) reports, "A fire that caused $200,000 damage at Mission Bell United Methodist Church in northwest Phoenix was the city's thirteenth church fire, the tenth set on purpose, since Jan. 1." Calling it "an ugly, ugly crime," Phoenix Fire Department Assistant Chief Bob Khan "said investigators continued to work Monday at Mission Bell…which shares its building with a Jewish congregation, Temple Gan Elohim. Besides Phoenix fire and police, the federal Bureau of Alcohol, Tobacco and Firearms and the FBI were involved, he said."

IMMIGRATION:

Immigration Reform Rallies, Boycott Attract Hundreds Of Thousands. USA Today (5/2, Keen, Kasindorf, 2.31M) reports this morning, "Supporters of immigrant rights boycotted businesses and schools or attended rallies in more than 40 states Monday, closing businesses from Providence to San Diego and drawing protesters to rallies from Anchorage to Atlanta. … Hundreds of thousands of people marched in Los Angeles and Chicago. Supporters in New York City formed human chains on sidewalks to protest a bill passed by the House of Representatives that would make illegal immigration a felony. Thousands more filled Manhattan's Union Square." In Los Angeles, "the wholesale produce market and garment factories closed, ports were quiet, and traffic eased. Mayor Antonio Villaraigosa estimated up to 400,000 people participated in two marches. The Los Angeles Unified School District, which is 73% Hispanic, said 27% of middle- and high-school students were absent."

The boycott and demonstrations across the nation are receiving extensive, and largely sympathetic coverage on TV and print media. The AP (5/2, Flaccus) describes the "mostly Hispanic immigrants" as "flexing their economic muscle," and says that "from Los Angeles to Chicago, Houston to New Orleans, the 'Day Without Immigrants' attracted widespread participation despite divisions among activists over whether a boycott would send the right message to Washington lawmakers considering sweeping immigration reform." The New York Times (5/2, Archibold, 1.19M) says the protesters, "a mix of illegal immigrants and legal residents and citizens, were mostly Latino, but in contrast to similar demonstrations in the past two months, large numbers of people of other ethnicities joined or endorsed many of the events."

Typical of the very positive coverage of the protests is the Los Angeles Times, which this morning runs several stories on yesterday's actions. On of the Los Angeles Times reports (5/2, Muskal, Williams) states, "Across the country, hundreds of thousands of Latino immigrants and their supporters took to the streets to demonstrate that they are a political and economic presence that can't be ignored." Another Los Angeles Times piece (5/2, Streitfeld), titled "Throngs Show Their Potent Role in Economy," says "immigrant workers powerfully asserted their importance Monday." While the "Day Without Immigrants" won't hurt the economy "in the long run, analysts said," its "economic message…was emphatic and unmistakable." The Los Angeles Times (5/2, Watanabe, Gaouette, 958K) also analyzes the political impact of the boycott, asking, "Now what? As immigrants and their supporters boycotted work and school, refrained from consumer spending and marched in cities across the nation, the urgent question they face is how to translate the passion of the streets into lasting political gains."

Across the media spectrum, the protests are generally being described as a success. While most media reports refer to "hundreds of thousands" attending the rallies, CNN's The Situation Room (5/1, Blitzer) at one point estimated the number of participants in the "millions." The boycott, said CNN, was "an attempt to try to prove that immigrants are a driving force behind the US economy." Along the lines of much of the coverage of the boycott, CNN also said that "in Washington, officials are trying to gauge the economic impact of this so-called day without immigrants. They're also keeping close watch at the politics that play in all of this as well." CNN (Bash) added "Republican supporters like Senator Mel Martinez are most concerned the boycott will put off some GOP colleagues he's trying hard to convince and with good reason."

The story was heavily covered by the network news last night, filling a total of just under 27 minutes of broadcast time. The newscasts covered a range of subjects, from on location reports by correspondents in the field to general overviews of the importance of immigrants to the US economy. ABC World News Tonight (5/1, lead story, 1:40, Vargas, 8.78M) reported, "Altogether, close to 1 million people took to the streets in more than 30 cities. And that number could still rise. It was the newest wave of protests against legislation that would increase the penalties for being in the US, illegally." ABC World News Tonight (5/1, story 4, 2:35, Weir, 8.78M) later added, "While industry can adjust to a short, preplanned boycott, this day shows how vital 7.5 million undocumented workers are to the national economy. They comprise 24% of all farm workers, 17% of those who clean, 14% of those who build." Jess Passel, Pew Hispanic Center: "It's hard to envision how these industries will keep going if 15% to 25% of the workers just disappeared." Similarly, NBC Nightly News (5/1, story 6, 2:05, Teague, 9.87M) said, "This much is certain -- millions of immigrants flexed their muscle

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today. At ports in Southern California, 90% of the truckers needed to move cargo didn't show up."

NBC Nightly News (5/1, lead story, 6:20, Williams, 9.87M) took a more negative approach to the possible political effects of the boycott, saying, "Even supporters of immigrant rights are weighing whether these protests could provoke a backlash." Jaime Contreras, National Capital Immigration Coalition: "We think the American people are generous people and they will understand that this is one of the ways that people can express their rights under the Constitution, to express discontent with something that's happening in Congress." In its "Washington Wire" column on its web site, the Wall Street Journal (5/1, 2.11M) addresses the issue, saying "advocates of a guest worker program for illegal immigrants expressed confidence" that Monday's boycott "wouldn't make passage of comprehensive reform legislation more difficult. 'Not much' of a backlash from conservatives, predicted one senior White House official. Another Bush adviser credited some large employers with minimizing conflict by giving workers the day off."

The CBS Evening News (5/1, lead story, 3:20, Pitts, 7.66M) reported that unlike "last month's wave of demonstrations, politicians didn't simply take notice, today many showed up. I've talked to people across the country who say how dare people who broke the law by entering the United States now plead with the Senate and the Congress to do something about that?" Sen. Barak Obama, Illinois: "Well, the problem is that we've been engaging in hypocrisy in this country. We don't mind these folks mowing our lawns or looking after our children or serving us at restaurants as long as they don't actually ask for any rights in return." Pitts: "Construction sites in California virtually empty, skeleton crews in Virginia, restaurants across the country closed so workers could join demonstrations. Yet it's the farming industry that likely suffered the most."

The Los Angeles Times (5/2, Muskal, 958K) reports the protests were "in response to efforts by Congress to overhaul immigration policy for the first time in two decades." But they have "become something more, a cry from the normally hidden undocumented community for a way to socially and economically come into the sunlight." The Washington Times (5/2, Richardson, Seper, 90K) offered a less sympathetic view of the protesters, saying they "boycotted their own jobs and stayed away from what they saw as 'gringo' businesses." The protesters "waved US, and Mexican and other Latin American flags as they flooded streets in New York and Los Angeles."

The Wall Street Journal (5/2, Jordan, Kronholz, Brat, 2.11M) was among the few media outlets offering a mixed assessment of the protests' success. The Journal says "attendance at midday rallies across the country was a mixed bag. Hundreds of thousands turned out in places like Chicago to support legal work status for illegal immigrants, but in Texas, Atlanta and other places, turnout was more modest." That "was partly a result of calls within the pro-immigrant community to keep workers and their kids in place until events later in the day." But "it was also due to fear that recently swept through some immigrant communities in the wake of a government crackdown on employers who intentionally hire undocumented workers." The Washington Post (5/2, C1, Montgomery, 744K) addresses that issue as well, and says "the problem is, a guy has to make a living. And if you happen to be a Salvadoran with a green card; with a mortgage, a wife and three kids in Lanham; and two janitorial jobs in D.C. that keep you busy 14 hours a day, you might not have the leverage with the boss to boycott work in a demonstration of how important immigrants are to the US economy." A second Wall Street Journal story (5/2, Newman, Jordan), however, says "sentiment among Hispanics was mixed on yesterday's no-work day. Some 34% of Hispanics said the protest would help the cause of immigrants, but 43% said it would hurt their cause," according to a Pew Poll.

The Washington Post (5/2, A1, Fears, Williams, 744K) reports "the action may have been stronger had the coalition of grass-roots organizations that advises immigrants not been deeply conflicted over whether to endorse a boycott. Some supported the effort to demonstrate immigrant power, but others discouraged it, saying it was premature because Congress has not taken action since the first demonstrations, and because the strike might induce a backlash by those born in the United States."

A number of newspaper stories today tries to measure the protests' impact on the economy. The Los Angeles Times (5/2, Sanchez, 958K) reports "the normally bustling downtown Los Angeles produce and garment districts were virtually shut down today, and truck traffic at the ports was down sharply after many employees protesting the nation's immigration policy's did not show up for work." The Financial Times (5/2, Alden, Johnson, Yeager, Parkes) reports "the biggest effects" of the boycott "appeared to be on restaurants, construction projects and small retail businesses, though hotels and casinos reported little disruption."

The Wall Street Journal (5/2, Ip, 2.11M) seeks to analyze the current immigration debate from a historical perspective. It reports, "Surging immigration unsettles workers and prompts calls to stop the flow. Congress ponders higher tariffs to protect struggling industries. National-security fears heighten anxiety about foreigners. A growing gap between the rich and the middle class fuels angst about globalization. It sounds like today, but it could also be the 1920s. … It could also describe the 1980s. With factory layoffs blamed on imports and public cries to limit illegal immigration, Ronald Reagan struck compromises . His administration persuaded Japan to agree to "voluntary" export restraints, coordinated a drop in the value of the dollar

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and toughened immigration enforcement while granting amnesty to some. The US kept its doors open to goods, capital and people -- and its economy prospered."

The New York Times (5/2, O'Donnell, 1.19M) recounts yesterday's events from the perspective of a "corner grocery on Coney Island Avenue in Ditmas Park, Brooklyn." Along "the unusually quiet commercial strip, dozens of Hispanics and Pakistanis joined hands to form a human chain." Meanwhile, the Washington Post (5/2, A9, Brulliard, 744K) profiles Salvadoran shopkeeper Gerardo Sanchez, whose Columbia Heights store "was locked and the sign that normally blinks O-P-E-N in its window was dark" yesterday.

64% Disapprove Of Bush On Immigration; 69% Say Anthem Should Be Sung In English. USA Today (5/2, Nichols, 2.31M) reports, "More than two out of three Americans say the national anthem should be sung only in English, according to a USA TODAY/Gallup Poll." The poll, taken Friday through Sunday, "found that 69% believe it is only appropriate for the anthem to be sung in English, while 29% say it is OK to sing it in Spanish." In addition, "nearly two-thirds -- 64% -- disapproved of Bush's immigration policy; 26% approved."

Rice Claimed As Supporter Of Spanish-Language US Anthem. The AP (5/1, Jelinek) reports, "Promoters of singing" the national anthem "in Spanish are pointing to comments by Secretary of State Condoleezza Rice -- and her department's Web site -- as ammunition for their side of the argument." Rice is quoted saying on CBS' Face the Nation Sunday (4/20), "I've heard the national anthem done in rap versions, country versions, classical versions. The individualization of the American national anthem is quite under way." The AP adds, "The State Department site for some time has offered translations of the U.S. Constitution, pledge of allegiance and other documents in French, Arabic and other foreign languages to help people understand America better. This is what promoters say they had in mind with the Spanish anthem recording, which has drawn criticism from Internet bloggers."

Congressional Hispanic Caucus Split On Boycott. Roll Call (5/2, Kornacki) reports, "The 'National Day of Action,' organized to draw attention to the role of undocumented workers in the US economy, provoked diverse reactions from the 22 Democratic members of the Congressional Hispanic Caucus. On the supportive end, Rep. Raúl Grijalva (Ariz.), who hails from an immigrant-rich section of Tucson, closed his Capitol Hill office for much of the day as a show of solidarity." Others, though, "treaded more gingerly, fearful that mass walkouts from work and school might set their cause back and embolden supporters of the immigration bill that cleared the House in December, which would declare all undocumented workers felons." Roll Call adds, "The varied opinions within the CHC were apparent in a statement released in the run-up to the Day of Action by Rep. Grace Napolitano (Calif.), the group's chairwoman." Napolitano "urged workers not to take 'unnecessary steps that would cause them to put their jobs, families or education at risk,' without explicitly endorsing or opposing the marches and rallies that were planned."

House GOP Lawmakers Push ICE To Prosecute Businesses Shut Down By Boycott. The Washington Times (5/2, Hurt, 90K) reports, "House Republicans called on US Immigration and Customs Enforcement to prosecute businesses shut down yesterday by their illegal alien employees who took the day off to participate in protests of immigration legislation." GOP Reps. Jack Kingston and Marsha Blackburn, in a letter to ICE Assistant Secretary Julie Myers, "noted 'the multiple reports in the news media today regarding companies which have been forced to halt operations because large numbers of their employees appear to be in the United States illegally and are participating in the protest rallies.' 'ICE has an obligation to use this public information to enforce immigration laws,' they wrote. 'We respectfully request that you look into this matter and report back to us on your findings.'"

Democratic Ads Use Bush, McCain To Attack Kyl On Immigration. The Hill (5/2, Barr) reports that U.S. Senate candidate Jim Pederson (D) is running two ads in which he uses President Bush and Arizona Sen. John McCain (R) to take aim at Arizona Sen. Jon Kyl (R). The Hill notes, "One ad shows Bush with Kyl and says, 'Even President Bush calls Kyl's immigration plan for massive deportation unrealistic.' Bush supports a guest-worker program, which Kyl opposes. The second ad quotes McCain saying Kyl's plan 'borders on fantasy.' McCain and Kyl were on opposite sides of the Senate battle on immigration reform last month."

In Mexico, Some Boycott US Goods For A Day. USA Today (5/2, Harman, 2.31M) reports from Mexico City that "Mexicans staged boycotts of US goods and stores in a show of solidarity with migrants in the USA who cut school and stopped work to call for immigration reform." The Washington Times (5/2, Stevenson, 90K) also reports the story under the headline "Mexicans Boycott US over Migrants."

Some In US Marched Against Illegal Immigration. The New York Times (5/2, Davey, 1.19M) reports, "Around the edges of the immigration demonstrations that filled cities like this one on Monday, there were some who went to disagree. … Compared with the hundreds of thousands who marched urging Congress to consider legal status for some of the 11 million illegal immigrants in this country, far fewer went to speak for the other side." But "advocates for tighter border security and increased enforcement of immigration laws said that their quieter voices were actually more representative of the views of Americans as a whole."

NYTimes Derides "Worst Among Our Citizens And Politicians" Who Are Blocking Reform. The New York

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Times (5/2, 1.19M) editorializes, "Warnings of a crippling immigrant boycott did not come true yesterday. The economy survived. But what may not survive -- we hope -- is people's willful misunderstanding of the nature of the immigrant-rights movement. The worst among our citizens and politicians are eager to depict illegal immigrants as criminals, potential terrorists and alien invaders." But "what we saw yesterday, in huge, peaceful rallies in Los Angeles, Las Vegas, Chicago, Denver, New York, Atlanta and other cities, were regular people: the same types of assimilation-minded moms, dads and children we wistfully romanticize on holidays devoted to, say, St. Patrick and Columbus." Lawmakers "who have stymied comprehensive immigration reform with stalemated name-calling and cold electoral calculation should listen up. A silent, shadow population is speaking with one voice. The message, aimed at Washington but something the whole country should hear, is clear: We are America. We want to join you."

LATimes Says Protests Have Been Successful. In an editorial, the Los Angeles Times (5/2, 958K) describes Monday's immigration reform march as "yet another passionate and upbeat street party." The paper says it "shared the concern of those who felt a labor walkout might come across as economic blackmail, but the tenor of the day was overwhelmingly positive." The Times continues, "The scale and tenor of the demonstrations have had the salutary and corrective benefit of marginalizing those who conflate Latino immigration with crime, a lack of patriotism, a security threat or any other ill under the sun. Six months ago, opponents of reform drove the political debate. No more." The Times goes on to say, "The singular triumph of this spring's protests is that they have indelibly attached a human face to a debate dominated by dehumanizing words such as 'illegals' and 'aliens.'"

Williams Says DHS Working To Respond To Immigration Concerns. Jim Williams, director of the Homeland Security Department's US-VISIT program office, in an op-ed in USA Today (5/2, 2.31M) writes that DHS "is implementing a comprehensive border security strategy to shut down vulnerabilities in our immigration and border management system and aggressively enforce our immigration laws." Williams continues that the US has "built a more effective and reliable system for welcoming legitimate travelers to our country while protecting privacy and meeting our critical security goals. … The challenges we face at our borders were years in the making, but the transformation of our immigration and border management system is well underway."

USA Today Says US-VISIT Unable To Handle Visa Overstays. USA Today (5/2, 2.31M) editorializes that while the stereotypical illegal immigrant is "a Spanish-speaking worker who sneaked across the porous Mexican border in search of a job," at least 3.8 million illegals in the US "came from all over the world, stayed longer than their visas or entry documents allowed, and melted into society," just as "four of the 19 Sept. 11 hijackers did, according to a 2004 report by Congress' Government Accountability Office." USA Today states that to find and deport all of the "overstays" in the US, "the Department of Homeland Security (DHS) would need three things: an effective system to track all foreign entrants, another to track those who leave, and enough agents and judicial manpower to go after those who remain illegally. It has none of those." Meanwhile, US-VISIT, touted by former DHS undersecretary Asa Hutchinson as a way "to know who is overstaying their visa," has not delivered "because of how DHS has chosen to run it."

CONGRESS-ADMINISTRATION:

Democrats Blast Bush For More Than 750 Signing Statements. The Boston Globe (5/2, Savage, 484K) reports that three leading Democratic Senators, Minority Leader Harry Reid, Patrick Leahy and Edward Kennedy yesterday blasted President Bush "for having claimed he has the authority to defy more than 750 statutes enacted since he took office, saying that the president's legal theories are wrong and that he must obey the law." Reid said in a statement, "'It is not for George W. Bush to disregard the Constitution and decide that he is above the law." Leahy "accused Bush and Vice President Dick Cheney of attempting to concentrate ever more government power in their own hands." Kennedy "also said that the Bush administration, abetted by 'a compliant Republican Congress,' was undermining the checks and balances that 'guard against abuses of power by any single branch of government.'" The Democrats "were reacting to a report in Sunday's Boston Globe detailing the scope of Bush's assertions that he can ignore laws that conflict with his interpretation of the Constitution."

Medicare Prescription Drug Benefit Projected To Cost 20% Less. The Wall Street Journal (5/2, Lueck, 2.11M) reports Medicare's "prescription-drug benefit will cost the government about 20% less during the next decade than was projected a year ago, but largely for reasons outside the government's control." The Medicare actuaries said "most of the reduction will result from lower-than-expected growth in the nation's per capita drug spending." The actuaries "said fewer people than expected are signing up for the new coverage. Since last year, Medicare actuaries have lowered estimates for enrollment by May 15 -- this year's deadline for signing up -- from about 37 million to 31.4 million, a move that fueled calls in Congress to give people more time to sign up." Last year, Medicare's actuaries "estimated the benefit would cost a total of $997 billion over 10 years, not including

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savings to Medicaid. Now that estimate is $788 billion. Another reason for the reduction: The private insurers selling the new, government-subsidized coverage achieved discounts on medications sooner than the actuaries had expected."

Flake Says Republicans Should Not Be Proud Of Medicare Drug Benefit. The Washington Times (5/2, McCaslin, 90K) reports in its "Inside the Beltway" column that Rep. Jeff Flake is "upset that the House Republican leadership continues to encourage GOP members 'to boast' about the new Medicare prescription-drug entitlement. Because of the new entitlement, '30 million people are more dependent on the federal government than they were a year ago, and future generations will have to foot the bill,' he says. 'That is something that no party professing to believe in limited government should be proud of.'"

Democrats Still Hope To Exploit Discontent With Drug Benefit. The Hill (5/2, Young) reports, "Despite a recent stream of apparently good news about the Medicare prescription-drug benefit, congressional Democrats are counting on their criticisms to translate into political gains in the midterm elections." Sen. Debbie Stabenow recently said, "I don't know of any Democrat who thinks this is working the way it should. You betcha this is going to be an issue [in November.]" The Hill adds Democrats have "described the drug benefit as a disaster and said senior citizens would be too confused to choose the right plan. But that strategy could prove risky. The Medicare figures show that nearly all beneficiaries now have some form of drug coverage, and recent polls suggest that seniors who have joined a drug plan are satisfied with their coverage." Many congressional Republicans "shied away from the program and criticized the Bush administration's handling of its implementation this year. But Republicans are changing their tune. House Majority Leader John Boehner (R-Ohio) has become an enthusiastic cheerleader, as his office has taken to launching almost daily statements praising it." But in "spite of the apparent shift of political momentum amid improving public opinion, Democrats see the drug program as a ticking time bomb of discontent among senior citizens."

Trustees Say Medicare, Social Security Finances Are Worsening. The Los Angeles Times (5/2, Alonso-Zaldivar, Havemann, 958K) reports, "The financial condition of Medicare is growing progressively worse and its problems will soon eclipse those of Social Security, the trustees of the government's two biggest programs said today." But the "warning — for all its urgency — appeared unlikely to spur major action during an election year." Social Security expenses "were projected to overtake income after 2017, as last year, and to deplete the program's financial cushion in 2040, one year earlier than estimated a year ago. Unless changes are made, Social Security will then be able to pay only 74% of promised benefits." But Medicare is "a more serious matter. The soaring cost of healthcare has the program on the edge of bankruptcy." The "huge Medicare fund for inpatient hospital care will not be able to cover the full amount of billings beginning in 2018, two years earlier than estimated last year."

The story was covered in brief by ABC and CBS last night, while NBC did not mention the entitlement programs' financing. ABC World News Tonight (5/1, story 8, :25, Vargas, 8.78M) reported, "Another government report calculates that the day when the Social Security and Medicare programs run out of money is growing closer." The CBS Evening News (5/1, story 5, 0:20, Schieffer, 7.66M) reported, "We got a new reminder today that the Social Security and Medicare programs need to be fixed."

USA Today (5/2, 2.31M) reports the trustees, "who include the head of the Social Security Administration and three members of President Bush's Cabinet, gave a sober assessment of the health of the two programs in advance of the looming retirements of 78 million baby boomers."

The Washington Times (5/2, Fagan, 90K) reports Administration officials "said the bleak outlook is all the more reason for Congress to significantly reform both programs." President Bush's "efforts to change Social Security stalled in Congress last year, with even some Republicans hesitant to support his plan to create personal accounts. And Medicare spending is unlikely to be cut by Congress this election year, as Mr. Bush has suggested."

The New York Times (5/2, Pear, 1.19M) reports, "Lawmakers said they would never allow the trust funds to run dry. But the insolvency dates are a vivid way of showing that the programs are unsustainable. To keep them solvent, Congress would need to trim benefits, raise taxes or take some combination of such steps." Speaking at the American Hospital Association, President Bush said, "The systems are going broke." The Times adds, "Almost every element of the programs reflects a political judgment, but Mr. Bush said, 'It's time to set aside politics and restructure Social Security and Medicare for generations to come.'" Senate Minority Leader Harry Reid "said the reports showed that 'despite White House scare tactics, Social Security remains sound for decades to come.'"

The AP (5/2, Crutsinger) reports Treasury Secretary John Snow, "the chairman of the trustees group, said the new report depicted 'a looming fiscal crisis as the baby boom generation moves into retirement' and he urged Congress to move forward." But Democrats "charged that the administration was using the trustees reports to try to create an air of crisis to make radical changes to the two benefit programs." Rep. Pete Stark said, "There is no crisis. There remains plenty of time to mend rather than end Medicare."

The Washington Post (5/2, A3, Goldstein, 744K) reports, "In releasing the report, the trustees -- including three

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of Bush's Cabinet secretaries -- slightly altered the message accompanying the forecast the past few years, when the administration sought to use the predictions as leverage to persuade a reluctant Congress to embrace the president's goal of letting Americans divert some of their payroll taxes into personal retirement accounts. That emphasis prompted Democrats and other critics to chastise the administration for dwelling on Social Security while Medicare's problems were more acute."

Knight Ridder (5/2, Pugh) reports the Medicare Hospital Insurance trust fund, "which pays primarily for inpatient care and is funded through a 2.9 percent payroll tax, is already operating at a deficit and is projected to hit a new low in 2012. By then, total Medicare spending will exceed program funding by 45 percent, the report found." If that "projected funding gap is not closed by next year's report, the projected shortfall would be considered a 'funding warning,' triggering a requirement that the president must offer a legislative remedy to Congress that must be considered on an expedited basis." The report "also found funding problems with Social Security, the nation's largest entitlement program. Without changes, tax revenues for Social Security are expected to fall below program costs in 2017, the same estimate as last year's report."

Bush "Reforms" Said To Have Hurt Medicare Solvency. The Washington Post (5/2, Milbank, 744K) reports an "hour after Bush finished his speech" at the American Hospital Association, where he touted his Medicare Modernization Act of 2003, "Treasury Secretary John W. Snow kicked off a news conference announcing the latest on Medicare's financial standing. The "modernized," cost-effective program is forecast to go belly-up in 2018 -- two years earlier than previously forecast. Somebody stop us before we reform again.

Bush Urges Congress To Take Steps Toward Slowing Medical Spending. The AP (5/2) reports President Bush "said Monday health care costs are rising at an unacceptably fast pace and he called on Congress to enact White House proposals to tame medical expenses." Speaking to the American Hospital Association, Bush said "private health insurance premiums have risen 73 percent in the last five years, forcing some businesses to drop health coverage for their employees and prompting others to raise co-payments and premiums." Bush said, "This is unacceptable for this country to have health care costs rising as fast as they are. If we want to be the leader of the world, we must do something about it. And my administration is determined to do something about it."

WSJournal Says Romney Healthcare Plan Becoming Employer Mandate. The Wall Street Journal (5/2, 2.11M) says in an editorial, "Only two weeks ago Massachusetts passed an experiment in compulsory, subsidized health insurance, and already it's turning into an employer mandate and a vehicle for increasing the role of government." Last week "the Democrat-controlled Massachusetts legislature began moving in just that direction, overriding all of the line-item vetoes that Republican Governor Mitt Romney had cast in an effort to give the state's new insurance law a market-oriented veneer." If Governor Romney "thinks care for the uninsured is expensive now, wait until Massachusetts taxpayers see how much his government-heavy 'solution' costs."

Frist Retreats From Plan To Raise Oil Company Taxes. The AP (5/2, Hebert) reports, "Senate Majority Leader Bill Frist, under pressure from business leaders, retreated Monday from a plan that would have used a tax increase on oil companies and other businesses to fund a $100 gasoline rebate for millions of motorists." Frist "had proposed an accounting change that would have required oil companies to pay more taxes on their inventory of crude as a way to pay the one-time rebate which GOP leaders rolled out last week as they scrambled to find ways to ease public anger over soaring gasoline prices." In a statement, Frist "said he will still push the rebate, but abandoned the accounting change and said the Senate Finance Committee planned a hearing on the issue in the near future."

The New York Times (5/2, Hulse, 1.19M) calls Frist's move "another sign of their struggle to come up with an acceptable political and legislative answer to high gasoline prices." His "retreat" came "after a torrent of objections from business leaders and their advocates, who typically view Republicans in Congress as allies." The decision "eliminates a chief source of revenue to pay for the rebate checks to be mailed to an estimated 100 million taxpayers." The Wall Street Journal (5/2, Meckler, 2.11M) reports Amy Call, a spokeswoman for Frist, "said the $100 rebates would cost $15 billion. Now senators will 'look for other options' to make up the lost revenue, Ms. Call said, adding that they also might simply move the bill without any additions, meaning the increased spending will add to the deficit." The reversal "demonstrates how politically difficult it can be to raise taxes, even at a time when high gasoline prices have made highly profitable oil companies unpopular."

NYTimes Calls $100 Gas Rebate Proposal "Desperate Political Pandering." An editorial in the New York Times (5/2) says, "The public derision of Republicans' idea for a $100 gasoline rebate has focused on the desperate political pandering embodied in the proposal. … With the nation already deeply in debt -- and with Congress angling this week to cut taxes for affluent investors by more than $20 billion -- lawmakers would need to borrow $10 billion to make the rebates happen. Since more than 80 percent of the immense borrowing of the Bush years has been from

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foreigners, it's safe to assume that most of the rebates would be courtesy of foreign lenders, of which China has been one of the most willing. It's the circle of crude: China's competition for the world's oil is pushing up prices. Congress piles on more debt to calm angry consumers with a rebate. The increased debt is a prescription for a weaker dollar, which in turn would make imports, including oil, even more expensive."

McClellan Says US Energy Situation In "Crisis." CNN's The Situation Room (5/1, Henry) reported, "A second senior Bush official has now used the word crisis to describe the nation's energy problem, the White House appearing to try to prepare consumers for the worse. Today, it was White House spokesman Scott McClellan, who was pressed on the fact that, yesterday, Energy Secretary Samuel Bodman used the word crisis, and added that, in fact, it may take up to three years for gas prices to come back down substantially. Asked if the President agrees with his energy secretary, McClellan danced a little bit. He added a caveat, but he used the word crisis."

85% Believe Government Could Do Something About Oil Prices If It Tried. U.S. News and World Report (5/8, Lavelle) reports that leaders of both parties last week "took turns pledging to dispatch the IRS to slap around the oil companies -- take away tax breaks, hit them with a windfall-profits tax, and even haul them in for a good audit." While there is "nothing the federal government can do in the short term about a global imbalance in oil supply and demand, the nuclear ambitions of an oil-rich Iran, and a shortage of US gasoline refining capacity," pollster Daniel Yankelovich has found that "85 percent of Americans believe the government could do something about oil prices if it tried."

Ten States To Sue Federal Government To Force Higher SUV Mileage Regulations. The New York Times (5/2, Hakim, 1.19M) reports, "Ten states, including California and New York, plan to file suit this week to force the Bush administration to toughen mileage regulations for sport utility vehicles and other trucks." The suit, which the states are to announce today, "contends that the administration did not do a rigorous enough analysis of the environmental benefits of fuel economy regulations, as required by law, before issuing new rules for S.U.V.'s, pickup trucks and minivans last month." The suit will also "claim that the government did not consider the impact of gasoline consumption on climate change when devising the new rules." California "will be lead plaintiff in the suit, which also includes Connecticut, Maine, Massachusetts, New Jersey, New Mexico, Oregon, Rhode Island and Vermont, as well as New York City and the District of Columbia."

Rising Gasoline Prices Could Strain Non-Aggression Pact Between Oil, Auto Industries. The Hill (5/2, Snyder) reports in its "Business and Lobbying" column, "The high price of gasoline and the growing call for congressional action are undermining the gentleman's agreement under which the oil and auto lobbies do not attack each other. Tyson Slocum, an energy specialist at Public Citizen, said the two lobbies have benefited from a 'non-aggression pact.' But as pressure mounts on Capitol Hill against the oil industry, which has been reporting huge profits, the truce may be ending, Slocum said. … Sources in both the oil and auto camps say there is no split yet. But several lobbyists acknowledged that tensions appear to be rising in a political environment where even some Republicans, long oil-industry allies, are calling for what the industry considers to be punitive measures."

State Attempts To Prove Price Gouging Prove Difficult. USA Today (5/2, Healey, Krantz, 2.31M) reports that "it is hard" for state "authorities to prove consumers are being ripped off even in times of extraordinary price increases. Attorneys general in at least nine states, responding to outrage by their residents, are investigating whether current high gasoline prices are a result of wrongdoing by the petroleum industry, according to the National Association of Attorneys General." Some states "have made price-gouging cases. Florida sued individual gas stations for overcharging after Katrina. But Florida, unlike Arizona, has an anti-gouging law. It is in effect only when a state of emergency is declared. Florida was a hurricane target, making an emergency declaration logical."

Higher Gasoline Prices Hurting Government Budgets. NBC Nightly News (5/1, story 10, 1:50, Williams, 9.87M) reported, "With gas hovering at around $3 a gallon, it can't help must have an effect on the nation as a whole from the ground up. That includes city budgets." NBC (Costello) added, "It's happening nationwide, skyrocketing fuel prices putting the squeeze on city, state, and county budgets. Next week, the US Conference of Mayors will hold an urgent energy summit in Chicago. Long Beach Mayor Beverly O'Neill is the conference president." Mayor Beverly O'Neill, Long Beach, California: "It's just eating our budgets alive, and we have to have an entirely new direction to facing our budgets, not just yearly but probably month-to-month."

Higher Gas Prices Yet To Significantly Change Driver Behavior. Although gas prices continue to rise, the increased costs for consumers have yet to register in their behavior. ABC World News Tonight (5/1, story 10, 2:05, Vargas, 8.78M) reported, "A gallon of gas now costs, on average, $2.92. That's up 50 cents over last week, and 31% higher than a year ago." ABC (Pinto) added, "Gasoline is still cheaper than it was during the when the prices soared in the early '80s. Adjusted for inflation, prices then would be nearly 50 cents a gallon higher than they are now. Economists say it will take steeper price hikes to really change drivers' behavior." Michelle Michot Foss, Center for Energy Economics, University of Texas: "You'd have to have a price per gallon that would really make a difference, in terms of

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how you chose to spend your budget, than what we have now. I would say north of $5 for sure."

The CBS Evening News (5/1, story 4, 3:40, Schieffer, 7.66M) reported, "We are now paying, by the way, 37 cents a gallon more for gas than we were just a month ago." However, says USA Today (5/2, Healey, 2.31M), "prices have stopped their spring-loaded daily leaps," even if "it's too soon to say the worst is over. The numbers on the pump have declined slightly three consecutive days, to a nationwide average $2.919 a gallon Monday, according to travel club AAA. It's the first time that's happened since late March." But "the March respite totaled just 0.8 of a cent over three days and turned out to be only a hiccup before prices zipped higher." AAA "warns that might happen again."

Woolsey Says Buying Less Foreign Oil Will Make US More Secure. The Pittsburgh Tribune Review (5/2, Cato) reports during a visit to Pittsburgh Monday, former CIA Director R. James Woolsey said that a terrorist attack on Saudi Arabian oil refineries could drive crude oil prices above $150 a barrel and keep them there for more than a year. Woolsey said most Americans "don't want to think about where some of the money goes when they buy gasoline -- to groups that threaten the U.S. … And it's not just terrorists, but established Middle Eastern regimes that restrict women's rights, have poor education systems and fail to invest in their societies. … One way to beat that -- and hit Islamic extremists in the pocketbook -- is for Americans to start using renewable fuel, Woolsey said. That includes ethanol and biofuels as alternatives to gas and diesel. … Buying less foreign oil will make the United States more secure, Woolsey said, by providing less money to Middle Eastern groups -- particularly radical Islamists."

Frist Proposal May Sidestep Lawsuit Over Deficit Reduction Act. Roll Call (5/2, Yachnin) reports Senate Majority Leader Bill Frist "is considering legislative options to end an ongoing a dispute over Medicare payments to a group of Tennessee hospitals, in the process potentially shelving what could be the first test of the 2005 budget reconciliation act's constitutionality." A Frist aide said, "Frist is working with [Finance] Chairman [Chuck] Grassley [R-Iowa] to explore legislative options." Roll Call adds the 2004 lawsuit of Cookeville Regional Medical Center v. Thompson "centers on a disagreement over how certain Medicare payments should be calculated." While "at least four other challenges to the law's constitutionality have been filed in federal court — including a lawsuit filed Friday by 11 senior House Democrats — the Cookeville case could produce the first ruling on the law's validity because it is already under way."

Senate Republicans Seek To Reclaim Issue Of Fiscal Discipline. Roll Call (5/2, Billings) reports, "Feeling increasing heat from their base for living too high on the hog, Republican Senators are putting in place an election-year strategy to try to reclaim the fiscal discipline brand that helped the GOP win and maintain its majority for more than a decade." Republican Conference sources "say that the leadership plans to make federal spending a major piece of its 2006 campaign. Those sources say there is a widespread acknowledgement that a wake-up call on spending is overdue and that the party must start pushing forth initiatives and a message to show voters it is serious about getting the federal government in the black." GOP Senators and aides "said that to make their case, the majority will spend the coming months holding numerous press events on federal spending, the budget and earmarks. Republicans also plan to push for Senate passage of a line-item veto and possibly revisit the issue of a two-year appropriations process." With "fiscal discipline squarely on the GOP must-do list, several Republican Congressional sources also said that the Senate is already sending signals to the House Republican leadership that, except for Defense and Homeland Security, consideration of the fiscal 2007 appropriations bills likely will be pushed off until after the November elections."

The Christian Science Monitor (5/2, Chaddock, 61K) reports Congress "is on track for its boldest step yet" at cutting back earmarks because Republicans "are increasingly anxious about this fall's elections, and, with gas prices soaring, the public is paying attention to waste and corruption in Washington." In the House, "still reeling from the scandals involving former lobbyist Jack Abramoff and ex-Rep. Randy 'Duke' Cunningham, Republican leaders are pushing for the disclosure of the names of members who propose earmarks and are seeking a process to remove them." In the Senate, "the fight is over reining in spending. In a political move only used once before in the US Senate, freshman Sen. Tom Coburn (R) of Oklahoma is forcing his colleagues this week to vote on individual pork projects attached to a $106.5 billion emergency defense bill."

Coburn Unlikely To Get Votes On Challenges To Earmarks In Spending Bill. Roll Call (5/2, Stanton) reports in its "Roadmap" column, "The Senate will wrap up its short-lived debate over the growing use of supplemental appropriations bills as a vehicle for pork-barrel spending midweek, as the chamber is expected to approve a fiscal 2006 supplemental package by Wednesday that includes most of the nearly $14 billion in controversial earmarks that touched the fight last week. … Frist filed cloture on the bill last Thursday, essentially limiting reformers' opportunities to whittle away at the bill's price tag by forcing a series of politically embarrassing votes on 17 controversial earmarks challenged by Sen. Tom Coburn (R-Okla.). Although at press

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time Republicans were still working out the details of which amendments to the bill would be considered, a GOP leadership aide indicated that Coburn would not get a floor vote on all of his amendments."

WSJournal Praises Boehner Win On Budget Changes. The Wall Street Journal (5/2, 2.11M) says in an editorial, "In the eternal battle against Congressional pork-barrel, we'll take even modest victories wherever we can find them. Following a bruising 12-round, behind-the-scenes prize fight last week between new House Majority Leader John Boehner and Appropriations Chairman Jerry Lewis, Mr. Boehner won on a technical knockout." Boehner "and fellow House GOP leaders wanted to attach budget changes to an otherwise useless lobbying-reform bill." Lewis "threatened to bring the whole lobbying bill down on the House floor with the help of most of his 36 fellow GOP appropriators, including a threat to bar money for projects in the districts of Members who dared support the bill. But Mr. Lewis backed down at the last moment, lest he and his big-spending mates be blamed for another embarrassing Republican defeat."

Lewis, House Appropriators Challenging GOP Leadership. The Washington Post (5/2, A4, Weisman, 744K) reports that as House Republicans' "unity frays in a difficult election year, House Appropriations Committee Chairman Jerry Lewis (R-Calif.) and his expansive 66-member panel are challenging the GOP leadership and Republican conservatives." In April, Lewis "and his committee nearly derailed high-profile legislation, first forcing GOP leaders to pull their 2007 budget blueprint from House debate and then bringing consideration of a major lobbying and ethics bill to a halt Thursday. Only after House Speaker J. Dennis Hastert (R-Ill.) pleaded, saying that his reputation was at stake, did committee members allow the lobbying bill to proceed to a vote, now scheduled for tomorrow."

"Budget-Cutting Proposal" Would Cut Funds For Indian Medical Clinics. The Los Angeles Times (5/2, Verhovek, 958K) reports that "in a budget-cutting proposal that has set off protests and indignation among Indians from Los Angeles to New York and several smaller cities in between, the Bush administration has proposed eliminating funds for" clinics which served about 106,000 Indians last year. Thirty-four such clinics across the nation are intended to serve about "70% of American Indians who live in urban areas, not on a tribal reservation." The Times adds, "Under the plan, Native Americans in urban areas would use the already overburdened municipal clinics, hospitals and other health services that most Americans use -- and that many Indians say have no concept of their traditional forms of care and healing, which are often used in tandem with modern healthcare." If the Congress adopts the proposed cuts, "at least half of the 34 clinics would face sudden closure, while the rest would have to curtail services, said Greg Fine of the National Council of Urban Indian Health, a nonprofit alliance in Washington."

Opponents Of GOP Lobbying Reform Bill Pessimistic. The Hill (5/2, Hearn, Schor) reports opponents "of the House GOP leadership's upcoming lobbying and ethics reform bill were pessimistic yesterday that they could defeat it, noting that increased support among Democrats would likely offset any erosion of enthusiasm in the Republican ranks." GOP leaders "narrowly won a vote last week on a closed rule to bring the reform measure to the floor. The outcome of that vote signified that GOP leaders would face a tough, but not hopeless, battle to muster the votes to pass the lobbying reform measure itself this week."

OPM Launches Effort To Lure Applicants To Federal Workforce. The Office of Personnel Management has announced a media campaign aimed at luring talented applicants to the federal workforce. The Washington Post (5/2, A19, Goldfarb, Lee, 744K) reports that the campaign comes "at the same time that a new study says the government needs to do a more effective job of recruiting college students for federal jobs. Linda M. Springer, director of the Office of Personnel Management, said the agency will begin airing four 30-second television ads featuring federal employees touting the work they do and encouraging viewers to explore job opportunities at http://www.usajobs.gov/." The Washington Post also reports on the OPM campaign in its "Federal Diary" column this morning.

Pelosi Wants Ethics Investigation Of Prostitution Allegations. Roll Call (5/2, Bresnahan) reports House Minority Leader Nancy Pelosi "called for an ethics committee investigation into whether two defense contractors supplied now-imprisoned former Rep. Duke Cunningham (R-Calif.) and other lawmakers with prostitutes, free hotel rooms and limousine rides." Pelosi urged Speaker Dennis Hastert to "join her in introducing a bipartisan resolution that directs the ethics panel to look into the allegations, notwithstanding an ongoing criminal probe by the Justice Department into Cunningham's activities. Traditionally, the ethics committee has avoided becoming involved in any matter in which DOJ has already begun a criminal investigation."

CIA Confirms Foggo Attended Poker Games. The CIA has confirmed that its third-ranking official, Executive Director Kyle "Dusty" Foggo attended poker games in Washington hotel hospitality suites which are the focus of a federal criminal investigation. The Wall Street Journal (5/2, Paltrow, 2.11M) reports, "A CIA spokeswoman said Mr. Foggo strongly denies anything improper occurred while he was present during the games, held at times in the Watergate

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and Westin Grand hotels in Washington. As reported, federal prosecutors in San Diego and Federal Bureau of Investigation agents have evidence the suites were paid for by Poway, Calif., defense contractor Brent Wilkes, an unindicted co-conspirator in the bribery case involving former California congressman Randall 'Duke' Cunningham. .. Prosecutors are looking into whether Mr. Wilkes and contractor Mitchell Wade, who has pleaded guilty to bribing Mr. Cunningham, had supplied prostitutes and the suites' use to Mr. Cunningham and possibly other members of Congress from the 1990s until 2005."

Bush Job Approval At 34% In USA Today/Gallup Poll. USA Today (5/2, Jackson, 2.31M) reports the latest USA Today/Gallup poll shows, "Six months before Republicans try to hold on to control of Congress in the fall elections, a new poll shows President Bush has slid to the lowest approval rating of his presidency, and a majority of voters say they'll vote for Democrats in November." The poll, conducted over April 28-30 "found Bush's approval rating at 34%, two points under his previous low. He also received the lowest ratings of his presidency on his handling of the economy, energy and foreign affairs. He tied his previous low on Iraq: 32%." The poll "showed Democrats leading 54%-39% among registered voters who were asked which party they would prefer in a congressional race."

In CBS Poll, 71% Say US Moving In Wrong Direction. The CBS Evening News (5/1, story 3, 0:35, Schieffer, 7.66M) reported, "A CBS News poll out tonight shows that 71% of those polled now believe America is heading in the wrong direction. That is the highest number since CBS News first asked that question nearly 25 years ago. The President gets low marks on handling immigration and especially on rising gas prices. Only 17% approve of his handling of that one."

Boehner's Office Holds Weekly Meetings With Vulnerable Republicans. House Majority Leader John Boehner's office has been holding weekly meetings with aides of potentially vulnerable house Republicans out of what The Hill (5/2, O'Connor) calls "concern about retaining the majority in November." The sessions "are part of a larger outreach effort by the majority leader to improve communications with every member of the Republican Conference. The weekly gatherings are an opportunity for the leader's staff to walk the rank-and-file staffers through the upcoming agenda and hear from the offices about the political climate in some of the party's most competitive districts. … Some of the members involved include Republican Reps. Steve Chabot (Ohio), Mike Fitzpatrick (Pa.), Jim Gerlach (Pa.), Bob Ney (Ohio), Dave Reichert (Wash.), Clay Shaw (Fla.) and Heather Wilson (N.M.). Each of those members' districts is among the party's most competitive, according to a chart compiled by The Cook Political Report."

"Gang Of 14's" Deal On Judicial Nominees Seen As Win For Bush. Cesar Conda, former assistant for domestic policy to Vice President Cheney, a senior fellow at FreedomWorks and a principal of Navigators LLC, writes in Roll Call (5/2) that while the compromise forged between President Bush and the so-called "Gang of 14" lawmakers on judicial nominees was "roundly and universally criticized," it "turns out the Republican Senators of the 'Gang of 14' were mostly right — at least so far." The Gang's Republicans "were attacked from the right for their supposed betrayal of the party and of the people. The compromise was viewed, in their minds, as a capitulation — a surrender of Republicans' ability to force an up-or-down vote on all judicial nominees. … But since the agreement went into effect, seven of Bush's previously blocked nominees — some of whom were waiting for more than four years to get a vote in the Senate — are now judges in the United States Courts of Appeal."

OTHER NEWS:

New Reports Continue To Show Strong Economy. Under the headline "Economy's Hot Streak Continues," the Wall Street Journal (5/2, Whitehouse, 2.11M) reports, "The first significant piece of economic data for April reinforced the widening view that the US economy entered the second quarter with a good deal of momentum. But a whiff of inflation fueled concern that the Federal Reserve will be forced to step harder on the brakes." The Institute for Supply Management, "a purchasing managers' trade group, said yesterday that its index of manufacturing activity came in at 57.3 for April, higher than expected and up from 55.2 in March. Any level above 50 suggests that the manufacturing sector is growing. A reading in the mid-50s is strong for an economy already in its fifth year of expansion." Separately, "two reports from the Commerce Department showed US consumers going strong in March. Personal consumption rose 0.6%, and a jump in home improvements helped boost construction spending by 0.9%. Both numbers were higher than economists' expectations for the month." The New York Times (5/2, Bajaj, 1.19M) runs a similar report under the headline "Construction And Consumer Spending Rise," and says "personal spending and income increased more than economists had projected and inflation rose modestly in the month."

US Dollar Down. The Washington Post (5/2, D1, Blustein, 744K) reports, "The US dollar is having a sinking spell -- which is good news for US manufacturers and bad

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news for American tourists traveling abroad. Spurring the greenback's slide are recent statements by top economic policymakers, notably declarations about the need to reduce global trade imbalances." The dollar "has suffered sharp losses against other currencies the past two weeks, and yesterday it hit a fresh, seven-month low against the Japanese yen. Although it rallied yesterday afternoon against the euro, it fell to an 11-month low against the European currency earlier in the day and is down nearly 6 percent against the euro since late February."

Stock Markets Finish Down. NBC Nightly News (5/1, story 12, 0:10, Williams, 9.87M) reported, "On Wall Street here in New York, the Dow lost nearly 24 points [to close at 11,343.29]. The Nasdaq was down nearly 18 [to close at 2,304.79]." The Wall Street Journal (5/2, Browning, 2.11M) says the Standard & Poor's 500-stock index fell 0.41%, or 5.42 points, to 1305.19, "up 4.6% this year."

USA Today (5/2, Shell, 2.31M) reports the stock market "was on the verge of posting a five-year high Monday but ended in the red after a late-afternoon report on CNBC left the door open for more interest rate increases by the Federal Reserve." Last week, stocks rallied after Fed Chairman Ben Bernanke "suggested in his prepared remarks Thursday to Congress that the Fed was nearing the end of its nearly two-year-long interest rate-raising campaign and might pause after raising rates for the 16th-consecutive time at its May 10 meeting." But "a report on the business channel aired Monday noted that Bernanke said over the weekend that financial markets had misinterpreted the Fed's language last week and that Fed policy remained 'flexible.'" He also "reiterated that the Fed rate decisions would be determined by economic data." The Washington Post (5/2, D3, Henderson, 744K) runs a similar story under the headline "Investors Misunderstood Bernanke Testimony, CNBC Anchor Says."

Supreme Court Rules In Favor Of Anna Nicole Smith. The Supreme Court yesterday unanimously decided Anna Nicole Smith could pursue her claim against the estate of her late husband, J. Howard Marshall.

The CBS Evening News (5/1, story 9, 2:00, Andrews, 7.66M) reported, "Smith just won a unanimous decision from the Supreme Court and kept alive a claim to $88 million from her late husband's estate." Smith "claimed that her husband wanted to give her half his estate, close to a half billion dollars, but that his son, E. Pierce Marshall, blocked the deal." What Smith "has actually won is the right to press her claim again in Federal court, where Pierce Marshall has vowed a fight which she and her lawyers can 'take to the bank.'"

NBC Nightly News (5/1, story 11, 0:25, Williams, 9.87M) reported, "This doesn't mean she gets the money she wanted. It means she gets to keep fighting for it in Federal court. The fight is against her late husband's son. It is a family battle that will likely go on for years."

The New York Times (5/2, Greenhouse, 1.19M) reports, "In an opinion by Justice Ruth Bader Ginsburg, the court ruled unanimously that the dispute between Ms. Smith and her late husband's son E. Pierce Marshall was properly one for the federal courts." The AP (5/2, Holland) also reports on the ruling.

Child Advocacy Group Sues Video Firms Over Child-Learning Claims. The Washington Post (5/2, D3, Mayer) reports, "A child-advocacy group whose mission is to limit marketing aimed at children yesterday asked the federal government to bar two major baby-video companies from promoting their products as educational and beneficial to child development." The Post continues, "The Campaign for a Commercial-Free Childhood filed a complaint with the Federal Trade Commission, saying Baby Einstein Co. and Brainy Baby Co. should not be able to say their products inspire 'logical thinking,' foster 'the development of your toddler's speech and language skills,' or give 'your child a jumpstart on learning.'" The Post adds, "The group said the claims are deceptive, since there is no proof that these increasingly popular videos are beneficial and educational. In fact, it said, 'research shows that television viewing is potentially harmful for infants and toddlers,' because it could adversely affect cognitive development if it replaces creative play and interaction with a child's parents and surroundings. … The CCFC's complaint comes at a time when the baby-video market is booming, with more than $1 billion in sales so far in videos aimed at children 2 and younger. Baby Einstein, owned by Walt Disney Co., has the largest share of the market, and sales last year reached $200 million."

Quality Of Life Issues Increasingly Important To Young Attorneys. The Wall Street Journal (5/2, Jones) reports, "At most big law firms, the partner-associate compact goes something like this: The partners give the associates big salaries, meals on the client, cars home at night, fancy offices, secretaries and a prestigious name on their résumés. The associates give their complete professional devotion and availability -- every hour of the day, every day of the year. … That compact has gone unspoken, and largely unquestioned, until recently." The Journal continues, "More and more associates at law firms across the U.S. are second guessing whether they want to sign over their lives to their jobs. Some are working fewer hours. Some are losing interest in making partner. And they are leaving big law firms in droves. … Two decades ago, few segments of the work force routinely put in longer hours than young law-firm associates, who toiled day and night to please partner-masters and climb the firms'

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ranks. But many today 'are more interested in going to their children's soccer games' than they are in staying in the office late in the hopes of getting extra work done or making a good impression, says Joseph Altonji, a consultant with Hildebrandt International, a law-firm consultancy in Chicago."

DeLay Spent Over $400,000 On Legal Defense In First Quarter Of 2006. New Filings show that Rep. Tom DeLay spent more than $400,000 in the first quarter of this year on legal fees and expenses connected to raising money for his legal defense fund. Roll Call (5/2, Kane) reports that DeLay's legal defense fund 'burned through $312,000 in expenses in the first quarter of the year, paying out fees to four different law firms representing the former House Majority Leader on two different legal fronts." In addition, DeLay paid $110,000 out of his campaign committee to a firm in January. Roll Call adds, "Aides to DeLay said no final decision had been made with regard to how the lawmaker will finance his mounting legal bills once he retires from the House, which is expected to happen sometime in June. But the simplest course would be to continue to raise money through a privatized version of the Tom DeLay Legal Expense Trust and raise unlimited donations without having to publicly report who the donors are."

Giuliani Campaigns For GOP Candidates In Iowa. Former New York City Mayor Rudolph Giuliani was in Iowa Monday to raise funds for Republican congressional candidate Jeff Lamberti and Rep. Jim Nussle, who is running for governor. The AP (5/2, Glover) reports that Giuliani, who is considering a 2008 presidential bid said the GOP "must increasingly be 'a big party' that accepts divergent views. Giuliani said that broad-brush themes, like limited government, ought to define the Republican Party -- not hot-button social issues like abortion and gay rights."

The New York Times (5/2, Healy, 1.19M) reports that Giuliani said he was "seriously exploring whether he has 'a chance' of winning the presidency in 2008, as he visited politically important Iowa and huddled with state advisers, donors to President Bush and other prominent Republicans." The Times notes that while Giuliani was in Iowa to campaign for GOP candidates, "his behavior and remarks came close to politicking for himself."

Romney Plans Speech To Address His Religious Beliefs. U.S. News and World Report (5/8, Bedard) reports in its "Washington Whispers" column, "About two months before the heated 1960 election, John F. Kennedy tried to put to rest the whole debate over his Catholicism to beat Richard Nixon. … Now, 46 years later, Massachusetts has coughed up another presidential hopeful who belongs to what some see as a weird religion--the Church of Jesus Christ of Latter-day Saints." The candidate, Republican Gov. Mitt Romney "says he'll give a similar address, in which he will pledge allegiance to the Constitution, not the Mormon church. It will be a simple approach: Explain the religion, maybe touch on the banned practice of polygamy, then ask voters to judge him on his years in business, as head of the 2002 Winter Olympics in Salt Lake City, and as the Bay State's governor."

Clark Eyeing Another Presidential Bid. U.S. News and World Report (5/8, Bedard) reports in its "Washington Whispers" column that 2004 hopeful Wes Clark "is mulling a second presidential bid."

Kerrey Sends Fundraising E-Mail For Kerry. The Washington Times (5/2, Pierce, 90K) reports in its "Inside Politics" column, "In an e-mail solicitation sent yesterday, former Sen. Bob Kerrey, Nebraska Democrat, appeals for contributions to the presidential campaign of Sen. John Kerry, Massachusetts Democrat. In his e-mail, Mr. Kerrey of Nebraska praises Mr. Kerry of Massachusetts for his 'profound courage' in condemning the Vietnam War during testimony to the Senate Foreign Relations Committee in 1971. … Appealing for contributions to the 2004 presidential loser, the ex-senator from Nebraska calls attention to an April 22 speech Mr. Kerry of Massachusetts gave at Boston's Faneuil Hall: 'John made it clear that those who disagree with President Bush's course in Iraq have a right and an obligation to challenge a president who they believe is wrong, a policy they believe is wrong, and a war in Iraq they believe weakens our nation.'"

Feith To Join Georgetown University Faculty. Former Pentagon policy chief Doug Feith, who was an architect of the Bush Administration's war on terror, is joining the faculty of Georgetown University's School of Foreign Service. The AP (5/2) reports, "In an announcement Monday, the university said Feith will teach a course on the Bush administration's strategy for the war on terror and also will conduct seminars as a visiting professor and distinguished practitioner in national security policy. He will start this fall."

Negotiator Says Iran Won't Suspend Nuclear Enrichment Program. The CBS Evening News (5/1, story 7, 3:00, Palmer, 7.66M) interviewed Dr. Ali Larijani, "the head of Iran's National Security Council and the chief negotiator on nuclear issues." Larijani said "now that Iran has succeeded in enriching uranium, there is no going back." Dr. Ali Larijani (voice of translator): "So this is a whole new ballgame, and this requires a new solution. We cannot insist with the solutions of the past." Palmer: "A worried UN

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ordered Iran to suspend its enrichment program by last Friday, but Iran refused, saying at the very least it will keep a small-scale experimental program." Iran has "just set conditions that it knows Washington will not accept. When the Security Council members meet in Paris tomorrow, they'll have a lot to talk about as the really tough negotiations are about to begin."

Meanwhile, the New York Times (5/2, Hoge, 1.19M) reports Iran "asked the United Nations on Monday to take a stand against American threats that it said included possible nuclear strikes on its territory and that were 'in total contempt of international law.' In a letter to Secretary General Kofi Annan, Javad Zarif, Iran's ambassador to the United Nations, pointed to recent comments by President Bush and" Secretary Rice "on ways to halt Iran's nuclear program and to news reports of Pentagon planning for possible nuclear attacks on nuclear facilities in Iran." The AP (5/2, Lederer) notes that "in a brief statement responding to the letter," Ambassador Bolton "said 'if Iran wants to be treated differently, then Iran should stop pursuing nuclear weapons and give up terrorism.'"

As Permanent Members Huddle, Top Iranian Negotiator Asks For Talks. The AP (5/2, Karimi) reported top negotiator Ali Larijani "said Tehran was 'ready for any kind of negotiation to achieve our rights,' renewing a call for further talks on the Islamic republic's atomic program." Larijani "also called again for Iran's dispute with the international community to be returned to the UN nuclear watchdog, the International Atomic Energy Agency, headed by Mohamed ElBaradei. 'Let's allow Mr. ElBaradei to do his job based on the international conventions,' Larijani" said publicly. The CBS Evening News (5/1, Schieffer, 7.66M) reported its interview with Larijani, and concludes, "Iran has just set conditions that it knows Washington will not accept. When the Security Council members meet in Paris tomorrow, they'll have a lot to talk about as the really tough negotiations are about to begin."

Bush Calls Putin To Discuss Iran Nuclear Standoff. The AP (5/2) reports President Bush "called Russian President Vladimir Putin on Monday to discuss the standoff over Iran's nuclear program, days before the issue goes before the UN Security Council. ... 'The two leaders stressed the importance of preventing Iran from obtaining nuclear weapons, especially in the United Nations Security Council,' White House press secretary Scott McClellan said. 'And they committed to remaining in close contact on this important priority.'" The AP reports a Kremlin statement that "the two sides 'discussed interaction on urgent international problems, including the Iranian nuclear issue, on which numerous consultations at various levels'" in the near future.

WPost Urges US To Pursue UN Resolution. The Washington Post (5/2, A20, 744K) editorializes, "The Bush administration's pursuit of a resolution at the United Nations is…a necessary step -- in part because of what it may reveal about the international coalition it has tried to build against Iran. A debate on a legally binding resolution should set the United States and its European allies more firmly on a course toward adopting specific sanctions against Iran." It "should also force China and Russia to decide whether they wish to be partners of the West in addressing such threats to global security."

Olmert Taps Livni For Number Two Post. The AP (5/1) reported Israeli Prime Minister Ehud Olmert's cabinet selections. Tzipi Livni will become vice premier and foreign minister, making her "the second most powerful politician" in Israel. "The defense portfolio went to Amir Peretz, head of the moderate Labor Party, the junior partner in Olmert's coalition. The posting is considered controversial since Peretz is widely perceived as strong on social issues but inexperienced in military matters. Labor also received six other ministerial appointments, including education, infrastructure, agriculture and tourism." Shimon Peres will take over developing the Negev and the Galilee and will become deputy prime minister, subordinate to Livni. Shaul Mofaz, outgoing defense minister, will be "demoted" to minister for transportation. The Financial Times (5/2, Devi) keys on the Finance Ministry pick, saying Avraham Hirchson will hold the key job "in a new government that is expected to maintain free market budgetary and fiscal policies."

A Frustrated Wolfensohn Resigns As Mideast Gaza Economic Coordinator. AFP (5/1) reported, "Former World Bank president James Wolfensohn formally stepped down as economic coordinator for Gaza, saying the rise of a Hamas-led Palestinian government made his job untenable." Appearing with Secretary Rice, "Wolfensohn announced his expected resignation after a year as envoy of the Middle East quartet." Having "frequently complained of being 'disenfranchised' in his Gaza role and threatened to quit, [Wolfensohn] left with a warning that the West should not consider trying to starve the Hamas-led Palestinians into submission."

Despite Support For US, Pakistan Doesn't Get Textile Deal. The Wall Street Journal (5/2, A6, Shah, 2.11M) reports, "Pakistan, an early ally in America's war on terrorism, hoped its close relations with Washington would also strengthen commercial ties between the two countries. But Islamabad is learning that not all alliances are created equal." While President Bush "congratulated" Pakistan on its economic policies recently, "Pakistani officials had hoped for a textile-trade pact, but Mr. Bush didn't offer one." Bush "referred to a bilateral investment treaty, although details of the pact -- which was proposed in 2004 -- are still being worked out. … Mr. Bush also pushed creating a trade zone along the Pakistan-Afghanistan border to stimulate business

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in that violent region." The Journal notes that even that "program's scope is narrower than trade preferences sought by Pakistan, underscoring the Bush administration's limits on granting trade favors, even to an ally who backed the campaign against terrorism after the Sept. 11, 2001, attacks."

Kashmir Killings Said To Target Peace Talks. The New York Times (5/2, Sengupta, 1.19M) reports, "Thirty-five Hindus were killed in recent days in two separate incidents in the Indian-administered portion of the disputed Kashmir province, the police said. The killings were believed to be the handiwork of Islamist militants just days before a scheduled meeting between the Indian prime minister and Kashmiri separatists." The Times comments, "Even by the standards of blood-soaked Kashmir, it was a particularly grisly pair of incidents -- and the deadliest violence since peace talks began more than two years ago between India and Pakistan, neighbors and rivals on the question of Kashmir. The attacks are worrisome because they appear intended to fuel Hindu-Muslim tensions." The Times says their "impact is likely to be felt during the talks" that begin Wednesday. The Financial Times (5/2, Johnson) adds, "India suffered the single worst incident of communal violence in Jammu & Kashmir in three years on Monday," and notes Prime Minister Singh "condemned the killings, which appeared timed to disrupt" the Kashmir talks.

Zoellick Heads To Abuja In Effort To Salvage Darfur Talks. Coming in the wake of rallies on the National Mall and elsewhere in the United States on Sunday designed to draw attention to the Darfur crisis, the New York Times (5/2, Brinkley, Polgreen, 1.19M) reports, "The Bush administration on Monday dispatched" Deputy Secretary Zoellick "to Nigeria, where he plans to plunge directly into the negotiations over a treaty to end the carnage in the Darfur region of Sudan, which stalled again on Monday." After mediators extended the talks for 48 hours on Sunday night, "on Monday morning, Vice President Ali Osman Taha of Sudan, the senior representative of his government at the talks, abruptly left Abuja and returned to Sudan's capital, Khartoum, complaining that the rebel leaders had been intransigent, officials said." Reportedly "frustrated by the state of affairs, Salim Ahmed Salim, the lead mediator, called Mr. Zoellick on Monday morning and asked him to come to Abuja immediately." He will arrive in Abuja this morning. In its coverage, the AP (5/2, Schweid) quotes Secretary Rice as saying, "As long as the parties are talking, there's always a chance for an agreement. ... It takes time. ... We need to shake the trees a little bit, shake the bureaucracy a little bit and say to people: 'It's not acceptable to wait any longer for at least the planning for a robust security force.'"

The Financial Times (5/2, England) takes a more pessimistic view, reporting, "The prospects of a deal looked bleak, with the rebels insisting amendments had to be made to a draft agreement put forward by the AU last week." The Times goes on to report lead mediator Salim "said it had been 'frustrating' to deal with the rebels, and urged all the groups to agree to a deal. 'I can tell you that this war in Darfur has shaken Africa to its core. ... The eyes of Africa and the wider international community are fixed on us here.'"

Bolivian President Nationalizes Gas Industry. The Washington Post (5/2, A1, Reel, Mufson, 744K) reports, "Bolivian President Evo Morales seized control of the country's natural gas industry Monday, sending soldiers to occupy fields that he contends private companies have plundered for years. Morales said that unless foreign energy firms agreed to give Bolivia's state oil company oversight of production and a majority of their revenue generated in Bolivia, the government would evict them from the fields. 'The time has come, the awaited day, a historic day in which Bolivia retakes absolute control of our natural resources,' Morales said during a televised speech from a gas field near the country's southern border. 'The looting by foreign companies has ended.'" The Post notes that although "Morales' announcement was expected...his deployment of troops to gas fields was a strong statement in a region where governments are moving to block outside influence, particularly from the United States, and exert more control over the energy industry."

The New York Times (5/2, Prada, 1.19M) reports Morales "gave foreign companies 180 days to renegotiate existing contracts with the government, or leave the country. 'The time has come, the awaited day, a historic day in which Bolivia retakes absolute control of our natural resources,' Mr. Morales declared." The Los Angeles Times (5/2, McDonnell, 958K) notes Morales, "wearing a helmet of the state energy firm, chose May 1, International Day of the Workers and a national holiday here, to unveil his nationalization plan." On Monday evening, Morales "addressed a roaring crowd in La Paz, the Andean capital where he has strong support, especially among the poor and working classes tired of a lack of social progress in South America's poorest nation."

The Financial Times (5/2, Weitzman) notes, "The intervention will heighten investors' concerns about the investment climate in the energy sector generally, and Mr. Morales' willingness to pursue a leftwing agenda in particular. ... Francisco Blanch, head of commodities at Merrill Lynch in London, said: 'This is another step into the recent tide towards greater state control of commodities resources, as we have seen previously in Russia and Venezuela.'" The Washington Times (5/2, Zuazo, 90K) runs a similar report.

Meanwhile, the Wall Street Journal (5/2, Luhnow, De Córdoba, 2.11M) cites David Mares, a Latin American energy expert at UC San Diego, as saying, "Chávez and Morales are both playing a game of chicken with foreign oil companies. ...

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In a period with high profits of oil companies, this is giving both of them a sense that the companies will really bend over backward to keep access to these places, and that this is the time to renegotiate the contracts."

Poll Shows Conservative Now Leading Mexican Presidential Race. The Christian Science Monitor (5/2, Harman, 61K) reports that "now Felipe de Jesús Calderón Hinojosa is the man to beat in Mexico's July 2 elections. The young, at 43, lawyer and economist was far behind when the campaign season took off last fall. To begin with, President Vicente Fox, barred constitutionally from running for a second term, backed a different candidate to lead his center-right National Action Party (PAN). More critically, there was the seemingly unstoppable rise of populist Andrés Manuel López Obrador, the candidate for the Democratic Revolution Party (PRD), who is as charismatic and dynamic as Calderón is ho-hum." But "that was then." A recent poll in the "local Reforma newspaper…showed Calderón with 38 percent support, with López Obrador slipping to second place -- at 35 percent -- for the first time in over a year. Roberto Madrazo, candidate of the Revolutionary Institutional party (PRI) that ruled Mexico for 71 years before Fox came into office in 2000, was in third place with 23 percent." Other "snap polls have confirmed the trend of Calderón's rise."

Taylor's Arrest Said To Continue Positive Trend. In a 1,200-word piece on continent-wide efforts to improve the rule of law, the Washington Post (5/2, A16, Timberg, 744K) says the arrest of former Liberian strongman Charles Taylor "was the latest in a series of tentative steps toward holding political leaders in Africa accountable for alleged crimes including corruption, rape and genocide. After decades in which senior government officials were largely beyond the reach of national and international law, prosecutors recently have pursued Taylor for war crimes committed in Sierra Leone, a U.N.-backed tribunal has tried former leaders in the 1994 Rwandan genocide, and international investigators have been invited into four other African countries." The Post says even "national courts have also become increasingly aggressive. In Zambia, former president Frederick Chiluba is battling corruption allegations, as are several top officials in Nigeria, Kenya and Malawi."

CO2 Emissions Market Takes Hit Following EU Report. The Washington Times/AFP (5/2, Ingham) reports that as European countries discovered that they were polluting far less than they thought, the fledgling market for carbon dioxide (CO2) emissions is taking a hit. Under the Emissions Trading System (ETS) of the European Union, "11,500 firms that are big users of fossil fuels must meet target levels for CO2 emissions or else pay a penalty of $50 per metric ton for 2006 and 2007 -- a punishment that will rise to $125 per ton in 2008. Companies that have used less than their quota can sell their surplus on the ETS to companies that have used more than their quota, thus providing a financial carrot to companies to exceed the requirements. … On Wednesday, the price fell to $29.45, and on Thursday, the price fell to $20.75. On Friday, it closed at $16.60 ahead of the May 1 holiday." This after authorities in five of the 25 EU countries, France, the Netherlands, the Czech Republic, Estonia and Belgium's Wallonia region, "reported that their CO2 pollution last year was less than their quota levels, whereas Spain said it had exceeded its quota, but by less than expected."

US, Japan Urge China To Disclose Details Of Arms Build-Up. The Washington Times (5/2, Gertz, 90K) reports Defense Secretary Rumsfeld, Secretary of State Rice and "their Japanese counterparts" urged China "to explain its secret military buildup." A joint statement "called for 'greater transparency on the modernization of military capabilities in the region,' in what U.S. defense officials said was reference to a Chinese arms buildup that is prompting worries for both governments." The Times goes on to report that the officials also "urged North Korea to return expeditiously to the talks without preconditions, to dismantle its nuclear programs in a complete, verifiable and irreversible manner, and to cease all illicit and proliferation activities."

Grassley Claims ONDCP Figures On Colombian Drug Production Are Inconsistent. The Los Angeles Times (5/2, Kraul, 958K) reports Sen. Charles E. Grassley "has raised questions about the statistics offered by the Bush administration to show progress in fighting drugs in Colombia, as Congress prepares to debate hundreds of millions of dollars in additional aid to the strife-torn nation. Writing to the White House's Office of National Drug Control Policy…Grassley asked for an explanation of apparent inconsistencies between positive numbers released last fall and figures released last month that indicated ground was being lost."

Al Risala Said To Represent New Generation Of Islamic Television. The Christian Science Monitor (5/2, Lindsey, 61K) reports on Al Risala – "the Message" -- a new Islamic satellite channel originating out of Dubai, has "splashy graphics and state-of-the-art sets. The channel does air some traditional religious programming, but many of the shows have nothing overtly religious about them. … In the audience, young men and women sit next to each other, and some of the women are unveiled."

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Sufism, Formerly Banned, Said To Be Resurgent In Saudi Arabia. The Washington Post (4/2, A13, Ambah, 744K) reports that although it was until recently banned in Saudi Arabia, "a new atmosphere of increased religious tolerance has spurred a resurgence of Sufism and brought the once-underground Sufis and their rituals out in the open."

In Break With Tradition, Turkish Government Appoints Female Preachers. The Washington Times (5/2, Birch, 90K) reports that last year Turkey's directorate of religious affairs appointed "200 state-paid 'vaizes,' or female preachers, whose very existence breaks with centuries of Muslim tradition. Women acted informally as preachers in the early days of Islam, but they never before have been recognized officially as such."

Blair Seeks To Avert Disaster For Labour In Thursday's Elections. The Financial Times (5/2, Blitz) reports British Prime Minister Tony Blair "will launch on Tuesday a desperate bid to avert a serious setback for his Labour party in this Thursday's local elections, seeking to draw a line under a week of disastrous news stories for the British government. … Labour said ministers would be making more than a hundred visits to local election contests across England in the next 48 hours."

France's Le Pen Will Seek Presidency Again. The New York Times (5/2, Smith, 1.19M) reports the National Front's Jean-Marie Le Pen became the first politician "to make a formal announcement that he plans to run" for the French president in 2007. The Times adds, "Speaking to thousands of supporters at his traditional May Day rally in central Paris, Mr. Le Pen, 77, predicted that he would make it into a runoff election next year just as he did against Jacques Chirac in 2002."

Unrest Seen As Benefiting Sarkozy. The New York Times/International Herald Tribune (5/2, Vincour) reports French Interior Minister Nicolas Sarkozy is "the only politician in France whose ambitions have been solidified by the country's dreadful months of underclass riots and no-to-change demonstrations. Some days, but not all, he has never looked closer to becoming president in 2007."

New Holocaust Museum Will Focus On Vichy Government. The Washington Post (5/2, C1, Trescott, 744K) reports, "A memorial marking the role of France's Vichy government in shipping Jews and others to Nazi death camps will be created at Rivesaltes, an internment facility near France's border with Spain, representatives of the French government and the US Holocaust Memorial Museum, which will assist in the effort, announced yesterday in Washington."

Dutch Immigration Requirements Include Language Test, Tolerance Film. NBC Nightly News (5/1, story 8, 2:35, Williams, 9.87M) reported, "If you want to move to the Netherlands, you have to first watch a film about how permissive Dutch society is and then if it's not your cup of tea, you're not welcome." The government film is "compulsory viewing as part of a tough new entrance test for would-be immigrants, the idea is to make them familiar with every aspect of Dutch society. There's 'another hurdle -- they must learn to speak Dutch before entering Holland."

Hyperinflation In Zimbabwe Adds To Desperation. The New York Times (5/2, Wines, 1.19M) reports that hyperinflation in Zimbabwe "is roaring toward 1,000 percent a year, a rate usually seen only in war zones. Zimbabwe has been tormented this entire decade by both deep recession and high inflation, but in recent months the economy seems to have abandoned whatever moorings it had left. The national budget for 2006 has already been largely spent. Government services have started to crumble."

Prime Minister Celebrates Referendum On Montenegrin Independence From Serbs. In an op-ed for the Financial Times (5/2) Milo Djukanovic, prime Minister of Montenegro, writes, "The bloody collapse of Yugoslavia shamed Europe. … There is, however, one positive story from those dreadful years. It involves my own small but fiercely proud multi-ethnic country, Montenegro, which was wiped off the map by the Allies after the first world war and forced to become part of the kingdom of Serbs, Croats and Slovenes, which was renamed Yugoslavia." Djukanovic adds, "We Montenegrins, who hope to reclaim our national sovereignty and independence in a referendum this month and then accelerate accession talks with the European Union, have more recent reasons to be proud."

Russians Seen As Suspicious Of West's Human Rights Rhetoric. In his column for the Washington Post (5/2, A21, 744K) the Carnegie Moscow Center's Masha Lipman writes that "in today's Russia, the West -- and especially the United States -- is increasingly regarded as an adversary whose values are not shared by Russians. For example, Western human rights views were challenged last month by participants in a 'World Council of the Russian People' held under the auspices of the Russian Orthodox Church."

THE BIG PICTURE:

Headlines From Today's Front Pages.

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Los Angeles Times:
"Marchers Fill L.A.'s Streets."
"At One With Dual Devotion."
"Next: Converting The Energy Of Protest To Political Clout."
"Throngs Show Their Potent Role In Economy."
'When I See This, I See Strength.'"

USA Today:
"Sour News For GOP In Poll."
"New Antipsychotic Drugs Carry Risks For Children."

New York Times:
"Immigrants Take To U.S. Streets In Show Of Strength."
"Republicans Drop A Tax Plan After Business Leaders Protest."
"Zimbabwe's Prices Rise 900%, Turning Staples Into Luxuries."
"Ideals Collide As Vatican Rethinks Condom Ban."
"Pensions In Peril Over Exemptions Tied To Churches."
"In Nebraska Senate Challenge, Pork Is Portrayed As Bad Politics."

Washington Post:
"National Boycott For Illegal Workers."
"Lerner Expected To Get Nationals."
"Blink And They're Still There."
"Bolivian President Seizes Gas Industry."
"New Gallaudet President Met With Protest."
"Urban Pest Will Soon Be Out For Blood."

Washington Times:
"Thousands Join Boycott."
"Biden Pitches Division Of Iraq."
"Turkey's 'Vaizes' Expedite Reform."
"Surprising Double Vision."
"Bolivia Seeks Control Of Gas Production."
"Pollution Reports Hurt CO2 Emissions Market."

Detroit Free Press:
"Immigrants' Message: Justice For All."
"The Bitter End."
"Cup Thrower Gets Jail, Call AA Decree 'Crap.'"
"NWA Pay Showdowns Loom."

Atlanta Journal-Constitution:
"Guilty Plea Closes Morris Brown Case."
"Social Security Forecast Worsens."
"Latinos Boycott."
"Teen Pregnancies In Georgia Down Sharply Since '94."
"Racist Classic 'Birth Of A Nation' Makes Rare TV Slot."

Houston Chronicle:
"Senate Passes Perry Tax Plan."
"Lay Defends Lavish Habits And Big Cash Withdrawals."
"Boycott Felt Here, Elsewhere."
"Bolivian Military Seizes Oil, Gas Fields."
"Pipe Attack Victim Is 'Still In Bad Shape,' His Brother Says."

Story Lineup From Last Night's Network News:
ABC: Immigrant Boycott-LA; Boycott-New York; Boycott-Chicago; Boycott-Economic Impact; Texas Boycott Participant; Bush-Iraq; Iraq Reconstruction; Social Security, Medicare Funding; Nutritional Supplements; Gas Prices; Empire State Building; Frequent Flier Programs; WWII Attack Survivor.
CBS: Immigrant Boycott; Boycott-Dodge City; Bush-Approval Ratings; Gas Prices-Senior Citizens; Social Security, Medicare Funding; Bush-Iraq; Iranian Nukes-Larijani Interview; Armored Marathon Runner; SCOTUS-Anna Nicole Smith; Empire State Building.
NBC: Immigrant Boycott; Boycott-Denver; Boycott-Chicago; Boycott-LA; Boycott-New York; Boycott-Financial Impact; Boycott-Political Impact; Netherlands-Immigration Test; Bush-Iraq; Gas Prices-Local Budgets; SCOTUS-Anna Nicole Smith; Stock Markets; New York Boycott Participant.

Story Lineup From This Morning's Radio News Broadcasts:
ABC: Immigration Boycott; Duke Rape Case; Bird Flu.
CBS: Immigration Boycott; Gas Prices; Duke Rape Case; AARP-Retirement Savings; Richards Hospitalized.
NPR: Immigration Boycott; Judicial Watch-Abramoff White House Visits; Bolivia-Natural Gas Fields Nationalized; Wall Street; Fed.-Interest Rates; Zoellick-Sudan.

WASHINGTON'S SCHEDULE:

Today's Events In Washington.
White House:

PRESIDENT BUSH — No public schedule.

VICE PRESIDENT CHENEY — No public schedule.

LAURA BUSH — Participates in a roundtable at a Celebrate Teacher Appreciation Week event, with Education Secretary Spellings, Columbus, Ohio; speaks at a Deborah Pryce for Congress luncheon, Hyatt Regency Columbus; participates in a Medicare prescription drug signup event, Fort Smith, Ark.

US Senate: 9:30 a.m. AGRICULTURE, NUTRITION AND FORESTRY _ Full Committee. Hearing on commodity price support programs in the Farm Security and Rural Investment Act of 2002. Floyd Gaibler, deputy undersecretary of Agriculture; Stanley Fletcher, University of Georgia; Armond Morris, Georgia Peanut Commission; Jimbo Grissom, Western Peanut Growers Association, Seminole, Texas; Evans Plowden, American Peanut Shellers Association, Albany, Ga.; Gary Rasor, American Peanut Products Manufacturers Inc. Location: Room 216, Hart.

9:30 a.m. BUDGET _ Full Committee. Hearing on line-tem recission authority. Austin Smythe, OMB; Acting CBO Director Donald Marron; Charles Cooper, Cooper and Kirk;

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Louis Fisher, Library of Congress. Location: Room 608, Dirksen.

9:30 a.m. JUDICIARY _ Full Committee. Oversight hearing of the FBI. FBI Director Robert Mueller, DOG Inspector General Glenn Fine, Linda Calbom, GAO, John Gannon, BAE Systems Information Technology. Location: Room 226, Dirksen.

10 a.m. HOMELAND SECURITY _ Full Committee. Markup of pending legislation, votes on pending nominations and approval of the report on the government's preparations and response to Hurricane Katrina. Location: Room 342, Dirksen.

2:30 p.m. ARMED SERVICES _ Personnel Subcommittee. CLOSED. Markup portions of the FY07 defefnse authorization bill. Location: Room 222, Russell.

2:30 p.m. COMMERCE, SCIENCE AND TRANSPORTATION _ Science and Space Subcommittee. Hearing on the NSF budget. Director Arden Bemet, Jr., NSB Chairman Warren Washington, Alan Leshner of the American Association for the Advancement of Science, and Jerome Odom of the University of South Carolina. Location: Room 562, Dirksen.

3:30 p.m. ARMED SERVICES _ Readiness and Management Support Subcommittee. CLOSED. Markup portions of the defense authorization bill. Location: Room 232A, Russell.

4 p.m. JUDICIARY _ Full Committee. Confirmation hearing on pending nominations. Location: Room 226, Dirksen.

5:30 p.m. ARMED SERVICES _ Emerging Threats and Capabilities Subcommittee. CLOSED. Markup portions of the defense authorization bill. Location: Room 222, Russell.

US House: FLOOR SCHEDULE _ 12:30 p.m. Meets for morning business, and at 2 p.m. for legislative business. Highlights: Suspensions (14 bills): 1) H.R. 5107 - Earl D. Hutto Post Office Building Designation Act: 2) H.R. 4811 - John Paul Hammerschmidt Post Office Building Designation Act: 3) H.R. 4674 - Governor John Anderson, Jr. Post Office Building Designation Act: 4) H.R. 4995 - Ronald Bucca Post Office Designation Act: 5) H.R. 4101 - Lieutenant Michael P. Murphy Post Office Building Designation Act; 6) H.R. 3351 - Native American Technical Corrections Act of 2006; 7) H.R. 2720 - Salt Cedar and Russian Olive Control Demonstration Act: 8) H.R. 3929 - Dana Point Desalination Project Authorization Act: 9) H.R. 3418 - Central Texas Water Recycling Act of 2005: 10) H.Res. 697 - Congratulating the people and Government of Italy, the Torino Olympic Organizing Committee, the International Olympic Committee, the United States Olympic Committee, the 2006 United States Olympic Team, and all international athletes upon the successful completion of the 2006 Olympic Winter Games in Turin, Italy: 11) H.Con.Res. 392 - Recognizing the 58th anniversary of the independence of the State of Israel; 12) H.Con.Res. 90 - Conveying the sympathy of Congress to the families of the young women murdered in the State of Chihuahua, Mexico, and encouraging increased United States involvement in bringing an end to these crimes; 13) H.Res. 658 - Supporting the goals and ideals of World Water Day; 14) H.R. 4943 - Prevention of Fraudulent Access to Phone Records Act.

10 a.m. GOVERNMENT REFORM _ National Security, Emerging Threats and International Relations Subcommittee. Hearing on UN sanctions after the Oil for Food program. UN Amb. John Bolton; Joseph Christoff, GAO; Carne Ross, Independent Diplomat; George Lopez, University of Notre Dame. Location: Room 2154, Rayburn.

2:30 p.m. EDUCATION AND THE WORKFORCE _ Select Education Subcommittee. Hearing on the Seniors' Independence Act. Assistant HHS Secretary Josefina Carbonell; Deputy Assistant Labort Secretary Mason Bishop. Location: Room 2175, Rayburn.

5 p.m. HOMELAND SECURITY _ Prevention of Nuclear and Biological Attack Subcommittee. Closed. Meeting on the 2005 Defense Science Board study on reducing vulnerabilities to weapons of mass destruction. Location: Room H2-176, Ford.

5 p.m. RULES _ Full Committee. Meeting to consider rules for floor debate. Location: Room H-313, Capitol.

Other: PRESIDENT TABARE VAZQUEZ OF URUGUAY _ Highlights: 10 a.m. Meets with the president of the World Bank. 4:30 p.m. Meets with Commerce Secretary Carlos Gutierrez.

HOSPITALS _ Annual meeting of the American Hospital Association. Highlights: 9 a.m. Plenary session with Reps. Nancy Pelosi and Peter King. 9 a.m. U.S. Chamber of Commerce President Thomas Donohue. 12:30 p.m. Luncheon speaker: Karen Davis, President, Commonwealth Fund. Location: Washington Hilton & Towers, 1919 Connecticut Ave. NW.

AMERICAN JEWISH CONGRESS _ The American Jewish Committee (AJC) kicks off its centennial year celebrations with its 100th annual meeting. The week-long meeting's agenda, with dozens of sessions on topics as diverse as immigration, Iran, anti-Semitism, energy independence and Zionism, highlights the breadth of AJC's global activism over its century of leadership. 1 p.m. Panel on ``The Quest for Energy Independence," with Sens. Joseph Lieberman, D-Conn., and Norman Coleman, R-Minn.; and James Connaughton, Chairman, White House Council on Environmental Quality. Capital Hilton. Location: Primary location is the Capital Hilton, 16th and K Sts. NW. Other locations as noted.

COUNCIL OF THE AMERICAS _ The Council of the Americas holds its 36th Washington Conference on the

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Americas, ``Creating Jobs, Building Hope: The Hemispheric Growth Agenda in a Changing World." Highlights:

9 a.m. - 5 p.m. All day session, with President Tabar Vazquez of Uruguay; Secretary of State Condoleezza Rice; Francisco Gil Daz, Minister of Finance and Public Credit, Mexico; Martn Redrado, President, Central Bank of Argentina; Dilma Vana Rousseff, Presidential Chief of Staff, Brazil; Paul Wolfowitz, President, The World Bank; Luis Alberto Moreno, President, Inter-American Development Bank; Thomas Shannon, Assistant Secretary of State; Marc Lautenbach, General Manager, IBM Americas. Henderson Conference Room, State Department.

MOUSSAOUI _ 8:30 a.m. - 4 p.m. Jury deliberations continue in the penalty phase of U.S. v. Zacarias Moussaoui. Lunch recess 12:15 pm - 1 pm. Location: Albert V. Bryan U.S. Courthouse, 401 Courthouse Square, Alexandria, Va.

ESTATE TAX _ 8 a.m. Meeting of family business owners to discuss permanent repeal of the estate tax, with Sens. Bill Frist and Jon Kyl, Rep. Kenneth Hulshoff, Seattle Times Publisher Frank Blethen, others. Location: National Press Club.

IRAQ-VIRTUAL LIBRARY _ 8:30 a.m. Sun Microsystems, Inc., holds a news briefing on its Iraqi Virtual Science Library (IVSL). The lead American Association for the Advancement of Science fellows on the project (including Dr. D.J. Patil, Professor of Science at the University of Maryland, College Park) and representatives from the U.S. Department of State, Sun Microsystems and engineering publishers to discuss how the IVSL project has helped to greatly diminish the effects of 30 years of neglect to the Iraqi university library system. Location: Eaton Room, Henley Park Hotel, 926 Massachusetts Ave. NW.

TELECOM FORUM _ 8:30 a.m. National Journal's Technology Daily holds a forum on the state of telecom policy, with keynote address by Rep. Fred Upton. Panel discussion with Tim McKone of ATT, Kerry Knott of Comcast, Doron Gorshein of The America Channel, and Chris Vein of the San Francisco Department of Telecommunications and information Services. Location: Phoenix Hotel, 520 N. Capitol St.

MUSLIMS-FORUM _ 8:30 a.m. - 10 a.m. The Gallup Organization hosts a forum to focus on findings from its study on the views and aspirations of over one (b) billion Muslims worldwide, including Iran, Pakistan, Saudi Arabia and Egypt. Participants include Prof. John Esposito of Georgetown University; Dalia Moahed, executive director of Gallup's Muslim studies; and Richard Burkholder, director of Gallup's international public opinion polling. Location: 901 F St., NW.

CHINA SUMMIT _ 8:30 a.m. - 1 p.m. The Hudson Institute, in conjunction with the Institute of Chinese Law & Religion, hosts the ``Freedom in China Summit 2006." Location: Hudson Institute, sixth floor, 1015 15th St. NW.

US-SAUDI ARABIA _ 9 a.m. The Center for Strategic and International Studies holds a discussion with Energy Secretary Bodman and Saudi Petroleum Minister Ali Al-Naimi. Location: B-1 conference level, 1800 K St. NW.

PRESS FREEDOM _ 9 a.m. - 10:30 a.m. Radio Free Europe/Radio Liberty hosts a briefing on the 2006 Freedom House ``Freedom of the Press" Survey on the state of press freedom in countries of the former Soviet Union. Participants include Robert Orttung of American University, Daniel Kimmage of Radio Free Europe/Radio Liberty, and Christopher Walker of Freedom House. Location: 1201 Connecticut Ave., N.W., 4th floor, Conference Room A.

MEDICARE RX _ 9 a.m. - 11:30 a.m. The American Enterprise Institute (AEI) hosts a discussion, ``Has the Drug Benefit Added to Medicare's Financing Woes?" Participants are: Richard Foster, Centers for Medicare and Medicaid Services; John Palmer, Syracuse University; Tom Saving, Texas A&M University; Douglas Holtz-Eakin, Council on Foreign Relations. Moderator is Joseph Antos, AEI. Keynote Address by Mark McClellan, Centers for Medicare and Medicaid Services. Location: Wohlstetter Conference Center, 12th Floor, AEI, 1150 17th St. NW.

NATURAL GAS _ 9:15 a.m. The Natural Gas Supply Association and the Canadian Association of Petroleum Producers hold a media briefing on trends and post-hurricane conditions affecting the North American natural gas market. Location: Canada Room, Canadian Embassy, 501 Pennsylvania Ave. NW.

US YOUTH _ 10 a.m. The National Geographic Society releases a Roper Survey showing U.S. youth poorly prepared for global future. Location: Grosvenor Auditorium, NGS, 1600 M St. NW.

DEMONSTRATION-VIGIL _ 11 a.m. Members of The Christian Defense Coalition, others, hold a prayer vigil and demonstration in support of Wenyi Wang, who was arrested at the welcoming ceremony at the White House for Chinese President Hu Jintao. Location: In front of the White House. Lafayette Park.

PARALYSIS RALLY _ 11 a.m. Disability rights and caregivers rally to focus on the Christopher Reeve Paralysis Act (CRPA). Susan Sarandon, actress, and Sens. Clinton, Harkin, and Langevin participate. Location: Upper Senate Park.

DEMOCRATS-ENERGY _ 11:30 a.m. Democrat leaders hold a news conference to release a a joint House and Senate Democratic report on Bush Administration energy policies and to call for a commitment to making America energy independent. With Senate Democratic Leader Harry Reid (D-NV); House Democratic Leader Nancy Pelosi (D-CA); Senator Chuck Schumer (D-NY); Congressman James E. Clyburn (D-SC); Senator Maria Cantwell (D-WA); Congressman Bart Stupak (D-MI). Location: Senate Swamp Site (intersection of Delaware and Constitution Avenues).

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CONSUMERS-DEBT COLLECTORS _ 12 p.m. Public Citizen holds a telephone briefing to discuss the tactics of debt collectors masquerading as law enforcement officers. Notes: Callin number: 800-377-8846; passcode: 36707396.

HEALTH INSURANCE-TAXES _ 12 p.m. The Urban Institute holds a panel discussion on health insurance tax incentives, with Katherine Baicker, member, White House Council of Economic Advisers; Leonard Burman, Urban Institute; Robert Helms, American Enterprise Institute, and Len Nichols, director, Health Policy Program, New America Foundation. Contacts: n/a, 202-261-5709

CUSTOMS-AUDITS _ 12 p.m. - 1:30 p.m. Discussion on importer self-assessments, focused assessments, and quick-response audits with Cindy Covell, director of audits at U.S. Customs and Border Protection. Location: 1301 K St., N.W. (West Tower, 12th floor).

HOYER _ 12:30 p.m. House Democratic Whip Rep. Steny Hoyer holds a pen and pad only briefing. Location: Room H-306, Capitol.

BOEHNER _ 1 p.m. House Majority Leader Rep. John Boehner holds a pen and pad only briefing. Location: Room H-107, Capitol.

VOTING RIGHTS _ 3:45 p.m. Bipartisan House and Senate news conference to announce support for legislation to reauthorize the Voting Rights Act for an additional 25 years. With House Speaker Dennis R-IL; Senate Majority Leader Bill Frist, R-TN; Senate Minority Leader Harry Reid, D-NV; House Minority Leader Nancy Pelosi, D-CA; and others. Location: East steps of the House wing of the Capitol (facing U.S. Supreme Court)

LOBBYING REFORM _ 4:30 p.m. Reps. Martin Meehan and Christopher Shays hold a news conference in opposition to the lobbying reform bill. Location: Cannon Terrace.

ENDANGERED SPECIES _ 7:30 p.m. Screening of a film ``Hoot'' to mark the Endangered Species Act, with Sens. Hillary Clinton, Blanche Lincoln, Bill Nelson, Lincoln Chafee, and Rep. John Dingell, others. Location: AMC Loews Uptown Theatre, 3246 Connecticut Ave. NW.

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DEPARTMENT OF JUSTICE *NEWS CLIPS*

PREPARED FOR THE OFFICE OF PUBLIC AFFAIRS, US DEPARTMENT OF JUSTICE

TO: THE ATTORNEY GENERAL AND SENIOR STAFF

DATE: TUESDAY, MAY 2, 2006 7:45 AM EDT

TODAY'S EDITION

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TERRORISM NEWS:

Al-Arian Gets 18 Months More In Terror Case (ORS)

By Pedro Ruz Gutierrez, OrlandoSentinel.com Staff

The Orlando Sentinel, May 2, 2006

Tampa -- Branding him a "master manipulator," a federal judge on Monday sentenced controversial Palestinian professor Sami Al-Arian to 57 months in prison for aiding members of a terrorist group.

The prison term dashed Al-Arian's hope that he would be given time served and be released to immigration authorities for immediate deportation. Credited for the 38 1/2 months he already has served in pre-trial detention, Al-Arian likely be in prison until November 2007.

U.S. District Judge James Moody Jr. gave Al-Arian the maximum allowed under sentencing guidelines, which called for between 46 and 57 months in prison. Moody's unexpected strong words and sentence for the fired University of South Florida professor stung his family and supporters while they vindicated federal prosecutors.

Moody described Al-Arian, 48, as a master of deceit who has lied repeatedly to cover up his ties to a group that has killed more than 100 people -- including two U.S. citizens -- in Israel and the Palestinian territories.

Moody, who had listened earlier to Al-Arian's praise of the U.S. constitution and American society, said a six-month trial that ended in December had exposed him as a "leader" active in the Palestinian Islamic Jihad who tried to mask his actions as charity work.

"I find it interesting that you praise our country in public, and yet in private you refer to this country as the Great Satan," Moody said in reference to the professor's fiery speeches denouncing Israel and the United States in the late 1980s and early 1990s. "You are a master manipulator."

Describing his behind-the-scenes efforts to manage the Islamic Jihad's board of directors and appease its Iranian backers in the early 1990s, Moody said Al-Arian had no problem helping target innocents.

"When it came to blowing up children and women on buses, did you leap into action?" Moody said. "No. You lifted not one finger. On the contrary, you laughed when you heard about the attacks."

Al-Arian signed a plea agreement last month with prosecutors in which he admitted assisting members of the Palestinian Islamic Jihad -- including his deported brother-in-law Mazen Al-Najjar -- in violation of U.S. laws that banned contact with the group after 1995.

The Kuwait-born professor declared himself guilty of one count of conspiracy to make or receive contributions of funds, goods or services to or for the benefit of the group.

In a mixed verdict seen as victory by Al-Arian and defeat by prosecutors, jurors acquitted him on eight charges while they were hung on nine others. The most serious terrorism-related counts could have sent Al-Arian to prison for life. Two other men of Palestinian descent were acquitted as well; a third is also negotiating a plea.

Moody's harsh words stunned a courtroom packed with about 75 people, including federal prosecutors, agents, defense attorneys, family, friends and reporters. Another 30 spectators followed the 30-minute sentencing through a live video feed in a conference room.

"I think the judge got it," said U.S. Attorney Paul Perez outside the courthouse. In an unusual move, Perez addressed Moody in court while three lead prosecutors watched. "I find that anyone who is a master manipulator is a dangerous human being."

Linda Moreno, Al-Arian's attorney, avoided criticizing Moody and instead addressed his sentence. "We disagree with it. We asked for time served," she said. "Dr. Al-Arian accepts this sentence and is looking forward to the next chapter of his life."

Ahmed Bedier, a Florida-based spokesman for the Council on American Islamic Relations, faulted the judge for making a "political speech" and lecturing Al-Arian. "He was being biased and unfair in the comments that he made," Bedier said.

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Earlier in court, Moody noted that while his son and daughters attended the country's finest universities -- Georgetown University, the University of Chicago and Columbia University -- Al-Arian helped a group send other children on suicide missions.

"Not your children. You exhort others to send their children," the judge said. "Your only connection to widows and orphans is that you create them."

The judge used a 1995 double suicide bombing in Israel, which Al-Arian praised at the time, to illustrate Al-Arian's duplicity.

"Anyone with even the slightest bit of human compassion would be sickened. Not you. You saw it as an opportunity to solicit more money to carry out more bombings," Moody said in reference to a letter Al-Arian drafted after that attack.

Relatives, including his adult son and daughters, sat in shock as Moody lashed out at their father. His wife Nahla Al-Arian left the courtroom in tears.

"Everyone saw how magnanimous my husband was," Nahla Al-Arian said later. "The judge gave a political statement. It has nothing to do with the truth."

Moody's sentence will prolong the family's long-awaited reunification and delay the expected expulsion to the Middle East. Al-Arian, wearing his signature glasses, an olive two piece-suit, a yellow shirt and a beige tie, earlier had addressed Moody not knowing the judge would seize his words to chastise him.

"I'm indeed grateful for the opportunities afforded to the son of stateless Palestinian refugees," he said. "During these many years, I have tried to uphold the great values of my faith and culture and the honored ideals and principles of this society."

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Al-Arian Sentenced To More Prison Before He Can Be Deported (AP)

By Mitch Stacy

AP, May 2, 2006

TAMPA, Fla. - Calling Sami Al-Arian a liar and "master manipulator," a federal judge on Monday ordered the former university professor to spend about another year and a half in prison before he is deported in his terrorism conspiracy case.

Al-Arian, 48, was sentenced to four years and nine months, but he will get credit for the more than three years and two months he has already served while being held before and after his trial. His lawyer, Linda Moreno, asked the judge to release him now for deportation under the terms of a plea agreement.

Instead, U.S. District Judge James S. Moody delivered some harsh words for the former University of South Florida computer engineering professor. Moody said he believed Al-Arian was "an active leader" in the Palestinian Islamic Jihad who raised money for suicide bombings in Israel and the Palestinian territories, and lied about his involvement.

Dismissing defense contentions that money raised by Al-Arian and his co-defendants went to support Palestinian charities, Moody said: "Your only connection to widows and orphans was that you create them."

Before the judge spoke, Al-Arian told the court that he takes responsibility for what he did and said he was grateful for the opportunities afforded him in the United States.

"As I leave, I harbor no bitterness or resentment," he said.

He signed a plea agreement April 14 in which he admitted providing support to members of the PIJ, a State Department-designated terrorist group responsible for hundreds of deaths. He took the deal despite a jury failing to convict him of any of the 17 charges against him after a six-month trial last year.

After the sentencing, Moreno declined to comment on Moody's sharp statement but noted that the jury declined to convict Al-Arian. Jurors had said the government failed to directly link Al-Arian his co-defendants to any acts of violence.

"(Federal prosecutors) essentially pulled the trigger and shot every bullet - and they missed Dr. Al-Arian," Moreno said. Taking the plea agreement instead of enduring a second trial, she said, was the best thing for Al-Arian and his family.

"The judge made a political statement," said Al-Arian's wife, Nahla.

Moody also blasted Al-Arian for celebrating deadly bombings by the PIJ and then using them to raise money for more bombings, which he and associates appeared to do in wiretapped phone calls introduced as evidence in the trial.

"Your children attend the finest universities in this county, while you raise money to blow up the children of others," Moody said.

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Moody gave Al-Arian the maximum prison sentence allowed under the plea agreement. Moreno said U.S. Bureau of Prisons guidelines will determine how much time he will have to serve, and the government has agreed to expedite deportation proceedings when he gets out.

It is not clear where Al-Arian will be sent then. Born in Kuwait to Palestinian refugee parents, he was reared mostly in Egypt before coming to the United States 30 years ago. He has been jailed since his arrest in February 2003.

U.S. Attorney Paul Perez claimed victory, saying the pursuit of Al-Arian allowed federal agents to identify and disrupt a terrorist cell operating in this country. The plea vindicated the prosecution, which some had criticized as being political and an attack on free speech, he said.

"There's no doubt in my mind he was a member of the PIJ," Perez said. "There's no doubt in my mind he provided support to members of the PIJ. There's no doubt in my mind that he was, as the judge said, a master manipulator."

As part of the plea agreement, Al-Arian admitted to being associated with the PIJ from the late 1980s and providing "services" for the group, which included filing for immigration benefits for key members of the PIJ, hiding the identities of those men and lying about his involvement.

Al-Arian's attorneys argued during his trial that although he and his co-defendants were vocal advocates in the United States for the Palestinian cause, the government had no proof that they planned or knew about specific acts of violence. They said the money they raised was for legitimate charities.

Al-Arian was acquitted in December of eight of the 17 federal charges against him while the jury deadlocked on the rest.

Two of his co-defendants were acquitted of all charges. The other, Hatem Naji Fariz, was acquitted on 25 counts while the jury deadlocked on eight others. The case against him on the remaining counts is pending.

The failure to convict Al-Arian was a stinging rebuke for the federal government. His case was once hailed by authorities as a triumph of the anti-terrorism Patriot Act, which allowed secret wiretaps and other information gathered by intelligence agents to be used in criminal prosecutions.

Al-Arian To Serve Prison Time (TAMPTRIB)

By Elaine Silvestrini

Tampa Tribune, May 2, 2006

TAMPA - Calling Sami Al-Arian a “master manipulator,” U.S. District Court Judge James Moody ignored the government’s recommendation for a light sentence and handed down the maximum penalty - a 57-month term to former USF professor.

Before being sentenced, Al-Arian said he takes full responsibility for his actions and praised the jury for their courage.

Al-Arian, 48, was sentenced to four years and nine months, but he will get credit for the three years and three months he has already served while being held before and after his trial. His lawyer, Linda Moreno, asked the judge to release her client now, but the judge refused and called Al-Arian “a master manipulator.”

Al-Arian signed a plea agreement April 14 in which he admitted providing support to members of the Palestinian Islamic Jihad, a State Department-designated terrorist group responsible for hundreds of deaths in Israel and the Palestinian territories.

The former University of South Florida computer engineering professor took the plea deal despite a jury failing to convict him of any of the 17 charges against him after a six-month trial last year. His family said he took the deal to get out of jail and end their suffering.

It was not immediately clear where Al-Arian will be sent. Born in Kuwait to Palestinian refugee parents, he was reared mostly in Egypt before coming to the United States 30 years ago. He has been jailed since his arrest in February 2003.

Information from The Associated Press was used in this report.

19 Months More In Prison For Professor In Terror Case (NYT)

By Jennifer Steinhauer

The New York Times, May 2, 2006

TAMPA, Fla., May 1 — Although the United States government lost most of its case last year against Sami Al-Arian, the former computer science professor it once identified as the linchpin in a terrorist organization, a federal judge sentenced him on Monday to an additional 19 months in prison before he is deported.

The case against Mr. Al-Arian, a Palestinian born in Kuwait, stemmed from a decade-long investigation that resulted in a 2003 indictment, charging him with being the leader of a domestic cell of the Palestinian Islamic Jihad, a group that claims responsibility for terrorist acts. He has remained in jail since his indictment.

Mr. Al-Arian, who had been under surveillance by American intelligence officials since 1991, was accused of raising money for suicide bombings in and around Israel.

The six-month trial, a centerpiece of the Bush administration's antiterrorism efforts that attracted the intense interest of legal experts, ended in December when the anonymous jury acquitted Mr. Al-Arian of 8 of the 17 federal charges against him, deadlocking on the rest.

Rather than face a retrial, the two sides agreed last month to a plea bargain in which Mr. Al-Arian pleaded guilty to a lesser charge of aiding members of the militant Palestinian group and agreed to be deported.

But any hope Mr. Al-Arian might have had of being deported quickly evaporated on Monday in the courtroom of Judge James S. Moody Jr. of Federal District Court. In a surprise move, Judge Moody sentenced Mr. Al-Arian to the maximum allowed under the sentencing guidelines, more than even the prosecution requested, and chided him for acts even the jury had rejected as Mr. Al-Arian's. The government had asked for the low end of the guidelines.

The judge continued to upbraid Mr. Al-Arian, whom he called a "master manipulator" for his connections to the Palestinian group, leading Mr. Al-Arian's wife to leave in tears.

Describing horrific bombings in Israel, Judge Moody said: "Anyone with even the slightest bit of human compassion would be sickened. Not you. You saw it as an opportunity to solicit more money to carry out more bombings."

He added, "The only connection to widows and orphans is that you create them."

Paul Perez, the United States attorney for the Middle District of Florida, called Mr. Al-Arian a "dangerous human being" and said he had no regrets about the way the case was prosecuted.

Mr. Perez's court appearance on Monday was his first in the case in four years. He painted the outcome as a victory for the government because it "identified and dismantled a cell that Al-Arian helped establish."

Nonetheless, the jury verdict, which embarrassed prosecutors who had devoted considerable resources to the case, underscored the complexities of obtaining convictions under the USA Patriot Act and other recent laws that criminalized aiding organizations that the United States has deemed to be based on terror.

For example, in the 30 previous efforts to convict a defendant of conspiring to contribute money to a terrorist organization — one of the charges against Mr. Al-Arian — 28 were dismissed, according to the Terrorism Research Center at the University of Arkansas.

"This case almost reached the level of seditious conspiracy," Brent Smith, director of the center, said. "And historically, we have been very unsuccessful at trying those cases."

Indeed the outcome of the case against Mr. Al-Arian did little to resolve the conflicting portraits of his life. His supporters described Mr. Al-Arian, 48, as a political scapegoat who merely aided women and children who had been harmed in the Middle East. They said he was a thoughtful advocate for Palestinians who were unaware of or unwilling to accept the violent acts of organizations he assumed were simply providing aid to countrymen.

Former Attorney General John Ashcroft and local officials described Mr. Al-Arian as a supporter of terror whose motives and beliefs were elucidated through his own words and deeds. Prosecutors said he helped finance activities like a suicide bombing at an Israeli bus stop in 1995 that killed 19 people.

In brief remarks before the court, Mr. Al-Arian painted himself on Monday as a patriot who was pleased to have raised five children in the United States, and grateful to its legal system.

"This process affirmed my belief in the true meaning of the democratic society," he said, as his wife, dabbing her eyes, looked on from the courtroom.

After the sentencing, Mr. Al-Arian's supporters, who had lined up for a space in the courtroom, denounced the judge's action. They included clergy members from Christian and Muslim groups, family members and advocates for Islamic causes.

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"I have been visiting with Sami Al-Arian every week in the jail for the last 14 months," said the Rev. Warren Clark, the pastor of the First United Church of Tampa. "I will tell you that the Sami Al-Arian that I know is very different from the Sami Al-Arian the judge described."

It is unclear what country will agree to take Mr. Al-Arian when he is deported. He was reared in Egypt, but has spent the last 30 years in the United States.

Terror Defendant Faces Prison And Deportation (WP)

The Washington Post, May 2, 2006

TAMPA -- A judge sentenced former professor Sami al-Arian on Monday to 18 more months in prison before he will be deported in his terrorism conspiracy case, calling him "an active leader" in a Palestinian terrorist group.

Al-Arian, 48, was sentenced to four years and nine months, but he will get credit for the three years and three months already served.

Lawyer Linda Moreno asked the judge to release her client now, but the judge refused and called al-Arian "a master manipulator."

After a jury did not convict him in April, al-Arian signed a plea agreement in which he admitted to providing support to members of the Palestinian Islamic Jihad. The State Department-designated terrorist group is responsible for hundreds of deaths in Israel and the Palestinian territories.Moussaoui Jurors Resume Deliberations

Jurors in the death penalty trial of Zacarias Moussaoui will return to the federal courthouse in Alexandria on Tuesday to consider whether the Sept. 11, 2001, conspirator should be executed or sentenced to life in prison.

The 12-member jury has deliberated for about 28 hours over 4 1/2 days without reaching a verdict. Jurors asked the judge no questions Monday and left the courthouse at 4 p.m.

Moussaoui, 37, pleaded guilty last year to conspiring with al-Qaeda in the Sept. 11 attacks. He is the only person convicted in the United States on charges stemming from the attacks on the World Trade Center and Pentagon.

* * *

· Routine testing at a live-bird market in Camden County, N.J., turned up a strain of avian influenza that appears to be harmless to humans, a state official said. The precise virus, which did not kill any of the birds, is still being identified, but tests indicate it is not H5N1, the strain that has infected fowl in other countries and killed humans.

· CAPE CANAVERAL -- Eileen Collins, the unflappable astronaut who was the first woman to pilot and command a space shuttle, is leaving NASA. Having flown in space four times, Collins, 49, said, "It's time for me to step aside and give the young guys a chance to fly."

· SAN JUAN, Puerto Rico -- Puerto Rico's financial crisis forced almost 100,000 people out of work after political leaders failed to reach an agreement on how to keep the government running. Hundreds of public schools were closed, and angry teachers and other workers protested. During one march, rocks were thrown at police.

· HOUSTON -- A Honduran woman who ran a human smuggling operation in which 19 illegal immigrants died inside a sweltering truck three years ago asked for forgiveness before a judge sentenced her to 17 years in prison. Karla Chavez Joya, 28, wept and expressed remorse, saying through an interpreter, "If I could give my life to recover the lives of those people, I would do it."

· HOUSTON -- A Hispanic youth who authorities said was viciously attacked and sodomized by two white teenagers shouting ethnic slurs also suffered cigarette burns on his back and numerous other injuries, prosecutors said.

· HARTFORD, Conn. -- Connecticut Gov. M. Jodi Rell stripped a top fraud investigator of her duties after learning the official, a former assistant district attorney, had testified she had received many of the same gifts that toppled former governor John G. Rowland's administration. Kristine Ragaglia, head of the Medicaid fraud unit, was reassigned to administrative duties.

-- Staff writer Jerry Markon and news services

A Judge Stuns Al-Arian With Maximum Time (NYSUN)

By Josh Gerstein, Staff Reporter of the Sun

New York Sun, May 2, 2006

DOJ_NMG_0027634

A federal judge yesterday lambasted a former Florida college professor, Sami Al-Arian, as a liar and "master manipulator," before sentencing him to nearly five years in prison for providing support to a Middle Eastern terrorist group, Palestinian Islamic Jihad.

Under a plea deal finalized last month, Al-Arian, 48, agreed to admit guilt and accept a possible sentence of 46 to 57 months and eventual deportation from America. Prosecutors agreed to join defense attorneys in recommending a sentence at the low end of the range, but the judge, James Moody Jr., ignored those suggestions and imposed the maximum sentence allowed by the plea bargain.

Al-Arian has been in custody since he was accused of being the leader of Palestinian Islamic Jihad in America and arrested in February 2003. A six-month trial overseen by Judge Moody last year resulted in Al-Arian's acquittal on eight charges against him and a hung jury on nine others. In a blow to the prosecution, none of the four defendants tried was convicted on any count and two of Al-Arian's co-defendants were acquitted outright.

The former University of South Florida professor's family and allies had hoped his guilty plea would lead to his speedy release and deportation, but the sentence imposed yesterday, when reduced by time served and other credits, means Al-Arian is likely to spend at least another year in jail before being handed over to immigration authorities.

At a court hearing yesterday morning, Judge Moody coupled the tough sentence with a stinging verbal rebuke of Al-Arian. The judge scoffed at many of the explanations and defenses Al-Arian has offered since news reports emerged in the mid-1990s alleging that the computer science professor and his Islamic studies think tank had ties to terrorism.

"You are a master manipulator. You looked your neighbors in the eyes and said you had nothing to do with Palestinian Islamic Jihad. This trial exposed that as a lie," Judge Moody said. "The evidence was clear in the this case that you were a leader of the Palestinian Islamic Jihad."

When evidence emerged at the trial of Al-Arian's contacts with leaders of the terror group, his attorneys argued that he was involved solely in the group's nonviolent wing and that his fund-raising activities were charitable in nature.

A Plea Deal In Florida (WP)

The Washington Post, May 2, 2006

AT THE SENTENCING yesterday of Sami al-Arian following his recently released plea deal with federal prosecutors, U.S. District Judge James S. Moody Jr. called the former computer engineering professor a "master manipulator" who was "an active leader" of the Palestinian Islamic Jihad while living in Florida. His sentence? The maximum the law permits: a year and a half more in prison.

To hear Mr. al-Arian's family and supporters describe the plea agreement, you might think the defendant been exonerated. "This agreement in no way diminishes . . . the victory achieved in court," a group called the Tampa Bay Coalition for Justice and Peace announced, referring to Mr. al-Arian's acquittal last year on eight of 17 terrorism-related charges against him. "We welcome this resolution following an ordeal that kept Dr. Al-Arian from his family for over three years." By contrast, the Justice Department described the deal as if it were a big win in the war on terrorism. "This conviction is the result of years of exhaustive investigative and prosecutorial work," proclaimed U.S. Attorney Paul I. Perez in Florida.

In fact, both claims are bunk. Mr. al-Arian admitted to one conspiracy charge and accepted deportation while the government dropped the other charges remaining against him. Mr. al-Arian has now conceded what he had long denied: that he aided -- even helped manage -- a reprehensible terrorist organization. As Judge Moody put it yesterday, "You lifted not one finger" to stop suicide bombings. "To the contrary, you laughed when you heard of the bombings."

Here is some of what Mr. al-Arian admits: Throughout the late 1980s and early '90s, while a professor at the University of South Florida, he "was associated with several organizations, including the Palestinian Islamic Jihad," and knew that a co-worker at his university-based think tank, Ramadan Abdullah Shallah, was associated with it, too. After President Bill Clinton in 1995 prohibited material support for Islamic Jihad, Mr. al-Arian "performed services" for it anyway. He helped people associated with the group navigate the immigration system and move money around. And when Mr. Shallah left the think tank and became secretary general of the group following Israel's assassination of his predecessor, Mr. al-Arian "falsely stated that Mr. Shallah was

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not involved in any political activities while at [the think tank] and that Shallah had been engaged in only scholarly work." In other words, Mr. al-Arian has admitted to knowingly assisting and covering for the head of a notorious terrorist organization.

Yet despite what the judge called "clear" evidence, the government has settled this case on terms under which Mr. al-Arian will go free in less than two years. It's not clear whether the government charged Mr. al-Arian too aggressively or simply put on a bad performance at trial. In either event it ill becomes the government to claim victory. Concerning Mr. al-Arian, a sometime rallying point for advocates of free speech and academic freedom, the verdict is in: He is not only a terrorist supporter but a liar, too.

Father Charged In U.S. Terror Probe Freed (AP)

By Don Thompson

AP, May 2, 2006

SACRAMENTO, Calif. - A man whose son was convicted of supporting terrorism by attending an al-Qaida camp in Pakistan was released Monday after nearly a year in federal custody.

Umer Hayat, a 48-year-old ice cream vendor, had been held since he and his son, Hamid, were arrested last June.

Umer Hayat was charged with two counts of lying to the FBI about his son's attendance at the training camp, but his case ended in a mistrial last week after the jury said it was deadlocked.

Prosecutors must decide by Friday if they will seek a new trial.

Last week, a U.S. District Court judge lowered Umer Hayat's bail from $1.2 million to $390,000, paving the way for his release.

He stood silent by attorney's side and made no comments after his release Monday. Attorney Johnny Griffin III said Hayat had learned that his father died over the weekend.

"It's a bittersweet moment right now," Griffin said. "His father tried to hang on."

Umer Hayat will be confined to his home in the Central Valley agricultural town of Lodi and was fitted with an electronic monitoring device.

A separate jury last week convicted Hamid Hayat, 23, of one count of providing material support to terrorists and three counts of lying to the FBI.

He faces a minimum of 30 years in prison when he is sentenced July 14. His attorney, Wazhma Mojaddidi, said she would seek a new trial.

Both men had given videotaped confessions to FBI agents that were played to jurors. Defense lawyers said their clients gave the confessions after they were worn down by hours of questioning and were merely responding to leading questions by FBI agents.

Lawyer: Drop Terror Case Charge (DEN)

Detroit News, May 2, 2006

Alleged prosecutorial misconduct enough to bar a second trial of Detroiter, attorney says.

Lawyers for Karim Koubriti, the Detroit man whose terrorism-related conviction was tossed out as a result of alleged wrongdoing by former federal prosecutor Richard Convertino, say in light of the alleged misconduct the charge against him should be dropped.

Koubriti's lawyers are to make that argument, among others, at a hearing today before U.S. District Judge Gerald Rosen.

The U.S. Attorney's Office is prosecuting Koubriti, 27, on a charge of conspiracy to commit mail fraud.

"The court should find that the egregious misconduct by the government in the first trial should have resulted in a mistrial and that retrial is barred," Koubriti lawyer Richard Helfrick of the Federal Defender Office argued in pleadings filed in U.S. District Court in Detroit.

The U.S. Supreme Court has ruled that when a mistrial results from prosecutorial misconduct, the case may not be retried. Helfrick concedes there was no mistrial in Koubriti's case, but argues there should have been.

"Simply because the egregiousness of the misconduct was not recognized by the court until after the return of the jury's verdict is not a reason to allow retrial in light of the misconduct presented," he said in court pleadings.

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The government indicted Convertino on March 29, accusing the former assistant U.S. attorney of lying to a jury and a federal judge in prosecuting Koubriti and three co-defendants. Koubriti's 2003, conviction for conspiring to provide support to terrorism was thrown out on Sept. 2, 2004.

In its response to the pleadings, the government argues there is no evidence of misconduct related to Koubriti's most recent indictment, which was brought on Dec. 15, 2004, by different prosecutors after Convertino was removed from the case.

Koubriti's lawyers also argue the latest indictment amounts to illegal double jeopardy -- trying someone twice for the same crime.

Koubriti is accused of submitting phony claims for lost wages and other expenses after he was a passenger in a car driven by one of his co-defendants who was involved in an accident in July 2001. In an earlier indictment, the government alleged proceeds from the false insurance claims were to be used to support "jihad."

The government argues there can be no double jeopardy because the two conspiracy charges require the government to prove different things.

Koubriti, a Moroccan citizen who was arrested six days after the Sept. 11, 2001, terrorist attacks, is working two jobs and "trying to get on with his life," Helfrick said.

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PATRIOT ACT:

FBI Sought Information On 3,501 People Last Year Using Powerful Investigative Tool (BOS/AP)

By Mark Sherman, Associated Press Writer

The Boston Globe, May 1, 2006

WASHINGTON --The FBI secretly sought information last year on 3,501 U.S. citizens and legal residents from their banks and credit card, telephone and Internet companies without a court's approval, the Justice Department said Friday.

It was the first time the Bush administration has publicly disclosed how often it uses the administrative subpoena known as a national security letter, which allows the executive branch of government to obtain records about people in terrorism and espionage investigations without court approval.

Friday's disclosure was mandated as part of the renewal of the Patriot Act, the administration's sweeping anti-terror law.

The FBI delivered a total of 9,254 NSLs relating to 3,501 people in 2005, according to a report submitted late Friday to Democratic and Republican leaders in the House and Senate. In some cases, the bureau demanded information about one person from several companies.

The department also reported it received a secret court's approval for 155 warrants to examine business records last year, under a Patriot Act provision that includes library records. However, Attorney General Alberto Gonzales has said the department has never used the provision to ask for library records.

The number was a significant jump over past use of the warrant for business records. A year ago, Gonzales told Congress there had been 35 warrants approved between November 2003 and April 2005.

Data Show How Patriot Act Used (LAT)

By Richard B. Schmitt, Times Staff Writer

The Los Angeles Times, April 29, 2006

The Justice Department for the first time reports on 9,254 FBI subpoenas for monitoring citizens. Some surveillance in the U.S. has been rising.

WASHINGTON — The FBI issued thousands of subpoenas to banks, phone companies and Internet providers last year, aggressively using a power enhanced under the Patriot Act to monitor the activities of U.S. citizens, Justice Department data released late Friday showed.

The report given to members of Congress was the first to detail the government's use of a controversial form of administrative subpoena that has drawn fire because it can be issued by investigators without court oversight.

The Justice Department report also disclosed that its use of electronic surveillance and search warrants in national security investigations jumped 15% in 2005.

The data show that U.S. authorities are in some cases escalating their use of anti-terrorism statutes.

Civil liberties groups said they found the new information worrisome. They said it raised concerns about whether investigators were being sensitive to the rights of citizens caught in terrorism-related probes.

The report includes the first look at the use of what are known as national security letters, which let the FBI obtain phone logs, Internet traffic records, and bank and credit information about individuals without a court order.

The Bush administration had fought the release of the information on grounds that it could imperil national security. But Congress ordered the release when it reauthorized portions of the Patriot Act this year.

According to the new report, the FBI issued 9,254 national security letters in 2005, covering 3,501 U.S. citizens and legal foreign residents.

The Justice Department said the data did not include what probably were thousands of additional letters issued to obtain more limited information about some individuals — such as a home address — or letters that were issued about targets who were in the U.S. illegally.

The number of such letters previously had been provided to members of Congress on a classified basis. Data from other years aren't available, although some experts said the number probably had increased substantially.

"Now we can see why the administration was so eager to hide the number," said Lisa Graves, a senior legislative counsel with the American Civil Liberties Union in Washington.

The original Patriot Act, enacted weeks after the attacks on the World Trade Center and the Pentagon, made it easier for the FBI to issue the letters, and for the first time permitted agents based outside Washington to issue the letters.

"These used to be fairly difficult to obtain, and now the authorities have been delegated very widely," said Michael Woods, former head of the FBI national-security law unit. "I think [the report] primarily shows that they are a lot easier to get."

The Justice Department report also included an annual update on the number of warrants that the department had obtained through the Foreign Intelligence Surveillance Court, a secret federal court for intelligence and terrorism investigations.

Applications for electronic surveillance and physical search warrants — which almost always are approved by the court — rose to 2,074 in 2005, compared with 1,758 in 2004. Last year's total was more than double the number sought in 2000.

That court is the tribunal that the Bush administration has been bypassing in a warrantless domestic surveillance program since shortly after Sept. 11.

James Dempsey, policy director of the nonprofit Center for Democracy and Technology in Washington, said the increased use of the secret court belied the government's contention that it needed to go outside the court to get the information it needed.

Dempsey said he was surprised the number of warrants issued by that court had continued to grow substantially "when the war on terrorism has reached a sort of steady state."

FBI Sought Data On Thousands In '05 (WP)

By Dan Eggen

The Washington Post, May 2, 2006

The FBI sought personal information on thousands of Americans last year from banks, Internet service providers and other companies without having to seek approval from a court, according to new data released by the Justice Department.

In a report to the top leaders of both parties in the House, the department disclosed that the FBI had issued more than 9,200 "national security letters," or NSLs, seeking detailed information about more than 3,500 U.S. citizens or legal residents in 2005.

The report, released late Friday, represents the first official count of NSL use. It was required under legislation that extended the USA Patriot Act anti-terrorism law.

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The count does not include other such letters that are issued by the FBI to obtain more limited subscriber information from companies, such as a person's name, address or other identifying data, according to the report. Sources have said that would include thousands of additional letters and may be the largest category of NSLs issued. The Washington Post reported in November that the FBI now issues more than 30,000 NSLs each year, including subscriber requests.

The Justice Department report also outlined a continued increase in the use of secret warrants under the Foreign Intelligence Surveillance Act, or FISA. The secret court that oversees the law approved a record 2,072 orders for clandestine searches or surveillance in 2005 -- an 18 percent increase from the year before.

The new statistics provide the latest measure of the government's rapidly expanding anti-terrorism activities, which include a wide range of secret warrants and powers aimed at monitoring suspicious behavior and preventing attacks.

Many of the tactics have come under criticism from civil liberties groups as intrusive and lacking in proper oversight. National security letters, for example, are a form of administrative subpoena that can be issued by scores of FBI managers around the country.

"This tells us why they didn't want to tell us in the past how many of these they were actually using," said Caroline Fredrickson, Washington legislative director for the American Civil Liberties Union. "The idea that this kind of power resides in the hands of so many people at the FBI with no court oversight is very troubling."

The government previously has declined to reveal how many NSLs have been issued by the FBI and criticized the Post report as inaccurate. A Justice Department official said yesterday that the department would not comment on how many more NSLs have been issued for subscriber data only.

At the FISA court, the number of warrants for clandestine searches and surveillance has more than doubled in the past five years, according to government figures. The court -- which historically has refused only a handful of warrant applications -- did not reject any of the government's requests last year, although two cases were withdrawn by Justice before a ruling was issued, the report said.

The Justice official said part of the increase in 2005 can be attributed to an expansion of the office that submits FISA cases.

The FBI also used a controversial section of the Patriot Act to obtain business-related records 155 times in 2005. But most of that activity was the result of temporary technical problems with an earlier statute, and the number is expected to fall dramatically this year, according to the report to Congress.

Court-approved Wiretaps Rose In '05 (USAT)

USA Today, May 2, 2006

Terrorism-related wiretaps conducted under the Foreign Intelligence Surveillance Act increased 18% last year, the Justice Department said Monday. There were 2,072 FISA warrants in 2005, up from 1,754 a year earlier.

The warrants are separate from a program under which President Bush authorized the National Security Agency to monitor, without a court warrant, international calls and e-mails of people inside the USA when one party may be linked to terrorists. Sen. Russ Feingold, D-Wis., and other critics say the NSA program could violate the 1978 FISA law as well as constitutional protections against unreasonable searches.

The Justice Department said that the FISA court in 2005 approved 155 warrants granting federal authorities access to business records under the USA Patriot Act, and that federal investigators also obtained secret national security letters to gather information on 3,501 people.

In criminal investigations not involving terrorism suspects, state and federal courts approved 1,773 criminal investigation wiretaps in 2005, a 4% increase over the previous year, the Administrative Office of the U.S. Courts reported. State applications grew 17% to 1,148. Federal wiretaps dropped 14% but would have increased if the figures included earlier investigations that lasted into 2006, the Justice Department said.

Jesselyn McCurdy, a lawyer with the American Civil Liberties Union, said she was concerned that judges are “becoming a rubber stamp.” Nationwide, only one application was denied. Nine out of every 10 wiretaps were for portable devices such as cellphones, and eight out of 10 were in drug investigations.

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President Bush urged Congress to enact his proposals that he said would increase quality and hold down the cost of health care. He told 2,000 members of the American Hospital Association that U.S. health care is "the best in the world" and he wants to keep it that way.

Among his proposals: create 400 more community health centers, expand health savings accounts, encourage doctors and hospitals to post prices up front, limit medical malpractice suits and modernize record-keeping with high technology. The House of Representatives has passed some of the proposals; the Senate has yet to act.

Shortly after Bush spoke, the Democratic National Committee said in a statement that Bush's plans are driven by special interests and do little to curb health costs or increase the number of insured Americans. — Richard Benedetto

The Secret Service will release White House visitor logs that show how often convicted lobbyist Jack Abramoff met with Bush administration officials and with whom he met.

Last week, U.S. District Judge John Garrett Penn approved an agreement between the Secret Service and Judicial Watch, a public interest group, that requires the agency to produce records of Abramoff's visits by May 10.

Judicial Watch sued in February under the Freedom of Information Act. Bush has said he doesn't know Abramoff, who raised at least $100,000 for the president's re-election. Administration officials wouldn't say how many times Abramoff was at the White House. He pleaded guilty in January to federal charges related to his ties with members of Congress and the administration. Abramoff represented Indian tribes in their dealings with politicians.

Student Scholarships For Studying Abroad (WSJ)

The Wall Street Journal, May 2, 2006

Your article "Colleges Impose Restrictions on Study-Abroad Programs" (April 12, Personal Journal) missed the big picture. You suggest higher education in the U.S. is discouraging students from studying abroad. But such programs are growing by almost 10% each year. There is a huge push by many universities to make that happen.

At the University of Georgia, students who receive Hope Scholarship funds from the state may apply those funds to study-abroad programs. The university plans to have a development officer who will focus on generating scholarships for study abroad, particularly minority, rural and first-generation undergraduates. Like many large universities, UGA has an institution-wide goal to send 25% of our students abroad annually by 2010.

At the University of Denver, the Cherrington Global Scholars Program allows students to study in more than 150 programs abroad. The program ensures all eligible undergraduates can study abroad at no additional cost to being on campus. The University of Tennessee has committed $150,000 annually to sustain and develop programs with a goal of increasing the number of students studying abroad by 150% by 2010, and to integrate study abroad opportunities into graduation requirements in all units.

Congressional leaders and the president appointed a commission last year to recommend how to dramatically increase the numbers. It recommends that one million students annually study abroad in 10 years, with the goal of having such programs be a normal part of college and not something special for a few. The report also recommends federal scholarship money based on need to reinforce the drive on many campuses.

Michael F. Adams
President
University of Georgia
Athens, Ga.

Spies Among Us (USNEWS)

By David E. Kaplan

U.S. News and World Report, May 2, 2006

In the Atlanta suburbs of DeKalb County, local officials wasted no time after the 9/11 attacks. The second-most-populous county in Georgia, the area is home to the Centers for Disease Control and Prevention, the FBI's regional headquarters, and other potential terrorist targets. Within weeks of the attacks, officials there boasted that they had set up the nation's first local department of homeland security. Dozens of other communities followed, and, like them, DeKalb County put in for--and got--a

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series of generous federal counterterrorism grants. The county received nearly $12 million from Washington, using it to set up, among other things, a police intelligence unit.

The outfit stumbled in 2002, when two of its agents were assigned to follow around the county executive. Their job: to determine whether he was being tailed--not by al Qaeda but by a district attorney investigator looking into alleged misspending. A year later, one of its plainclothes agents was seen photographing a handful of vegan activists handing out antimeat leaflets in front of a HoneyBaked Ham store. Police arrested two of the vegans and demanded that they turn over notes, on which they'd written the license-plate number of an undercover car, according to the American Civil Liberties Union, which is now suing the county. An Atlanta Journal-Constitution editorial neatly summed up the incident: "So now we know: Glazed hams are safe in DeKalb County."

Glazed hams aren't the only items that America's local cops are protecting from dubious threats. U.S. News has identified nearly a dozen cases in which city and county police, in the name of homeland security, have surveilled or harassed animal-rights and antiwar protesters, union activists, and even library patrons surfing the Web. Unlike with Washington's warrantless domestic surveillance program, little attention has been focused on the role of state and local authorities in the war on terrorism. A U.S.News inquiry found that federal officials have funneled hundreds of millions of dollars into once discredited state and local police intelligence operations. Millions more have gone into building up regional law enforcement databases to unprecedented levels. In dozens of interviews, officials across the nation have stressed that the enhanced intelligence work is vital to the nation's security, but even its biggest boosters worry about a lack of training and standards. "This is going to be the challenge," says Los Angeles Police Chief William Bratton, "to ensure that while getting bin Laden we don't transgress over the law. We've been burned so badly in the past--we can't do that again."

Rap sheets. Chief Bratton is referring to the infamous city "Red Squads" that targeted civil rights and antiwar groups in the 1960s and 1970s (Page 48). Veteran police officers say no one in law enforcement wants a return to the bad old days of domestic spying. But civil liberties watchdogs warn that with so many cops looking for terrorists, real and imagined, abuses may be inevitable. "The restrictions on police spying are being removed," says attorney Richard Gutman, who led a 1974 class action lawsuit against the Chicago police that obtained hundreds of thousands of pages of intelligence files. "And I don't think you can rely on the police to regulate themselves."

Good or bad, intelligence gathering by local police departments is back. Interviews with police officers, homeland security officials, and privacy experts reveal a transformation among state and local law enforcement.

Among the changes:

Since 9/11, the U.S. Departments of Justice and Homeland Security have poured over a half-billion dollars into building up local and state police intelligence operations. The funding has helped create more than 100 police intelligence units reaching into nearly every state.

To qualify for federal homeland security grants, states were told to assemble lists of "potential threat elements"--individuals or groups suspected of possible terrorist activity. In response, state authorities have come up with thousands of loosely defined targets, ranging from genuine terrorists to biker gangs and environmentalists.

Guidelines for protecting privacy and civil liberties have lagged far behind the federal money. After four years of doling out homeland security grants to police departments, federal officials released guidelines for the conduct of local intelligence operations only last year; the standards are voluntary and are being implemented slowly.

The resurgence of police intelligence operations is being accompanied by a revolution in law enforcement computing. Rap sheets, intelligence reports, and public records are rapidly being pooled into huge, networked computer databases. Much of this is a boon to crime fighting, but privacy advocates say the systems are wide open to abuse.

Behind the windfall in federal funding is broad agreement in Washington on two areas: first, that local cops are America's front line of defense against terrorism; and second, that the law enforcement and intelligence communities must do a far better job of sharing information with state and local police. As a report by the International Association of Chiefs of Police stressed: "All terrorism is local." Oklahoma City bomber Timothy McVeigh was arrested by a state trooper after a traffic stop. And last year, local police in Torrance, Calif., thwarted what the FBI says could have been America's worst incident since 9/11--planned attacks on military sites and synagogues in and around Los Angeles by homegrown jihadists.

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The numbers tell the story: There are over 700,000 local, state, and tribal police officers in the United States, compared with only 12,000 FBI agents. But getting the right information to all those eyes and ears hasn't gone especially well. The government's failure at "connecting the dots," as the 9/11 commission put it, was key to the success of al Qaeda's fateful hijackings in 2001. Three of the hijackers, including ringleader Mohamed Atta, were pulled over in traffic stops before the attacks, yet local cops had no inkling they might be on terrorist watch lists. A National Criminal Intelligence Sharing Plan, released by the Justice Department in 2003, found no shortage of problems in sharing information among local law enforcement: a lack of trust and communication; lack of funding for a national intelligence network; lack of database connectivity; a shortage of intelligence analysts, software, and training; and a lack of standards and policies.

The flood of post-9/11 funding and attention, however, has started making a difference, officials say. Indeed, it has catalyzed reforms already underway in state and local law enforcement, giving a boost to what reformers call intelligence-led policing--a kind of 21st-century crime fighting driven by computer databases, intelligence gathering, and analysis. "This is a new paradigm, a new philosophy of policing," says the LAPD's Bratton, who previously served as chief of the New York Police Department. In that job, Bratton says, he spent 5 percent of his time on counterterrorism; today, in Los Angeles, he spends 50 percent. The key to counterterrorism work, Bratton adds, is intelligence.

The change is "huge, absolutely huge," says Michigan State University's David Carter, the author of Law Enforcement Intelligence. "Intelligence used to be a dirty word. But it's a more thoughtful process now." During the 1980s and 1990s, intelligence units were largely confined to large police departments targeting drug smugglers and organized crime, but the national plan now being pushed by Washington calls for every law enforcement agency to develop some intelligence capability. Experts estimate that well over 100 police departments, from big-city operations to small county sheriffs'offices, have now established intelligence units of one kind or another. Hundreds of local detectives are also working with federal agents on FBI-run Joint Terrorism Task Forces, which have nearly tripled from 34 before 9/11 to 100 today. And over 6,000 state and local cops now have federal security clearances, allowing them to see classified intelligence reports.

"The front line." Some police departments have grown as sophisticated as those of the feds. The LAPD has some 80 cops working counterterrorism, while other big units now exist in Atlanta, Chicago, and Las Vegas. Then there's the NYPD, which is in a class by itself--with a thousand officers assigned to homeland security. The Big Apple's intelligence chief is a former head of CIA covert operations; its counterterrorism chief is an ex-State Department counterterrorism coordinator. The NYPD has officers based in a half-dozen countries, and its counterterrorism agents visit some 200 businesses a week to check on suspicious activity.

Many of the nation's new intelligence units are dubbed "fusion centers." Run by state or local law enforcement, these regional hubs pool information from multiple jurisdictions. From a mere handful before 9/11, fusion centers now exist in 31 states, with a dozen more to follow. Some focus exclusively on terrorism; others track all manner of criminal activity. Federal officials hope to eventually see 70 fusion centers nationwide, providing a coast-to-coast intelligence blanket. This vision was noted by President Bush in a 2003 speech: "All across our country we'll be able to tie our terrorist information to local information banks so that the front line of defeating terror becomes activated and real, and those are the local law enforcement officials."

Intelligence centers are among the hottest trends in law enforcement. Last year, Massachusetts opened its Commonwealth Fusion Center, which boasts 18 analysts and 23 field-intelligence officers. The state of California is spending $15 million on a string of four centers this year, and north Texas and New Jersey are each setting up six. The best, officials say, are focused broadly and are improving their ability to counter sophisticated crimes that include not only terrorism but fraud, racketeering, and computer hacking. The federal Department of Homeland Security, which has bankrolled start-ups of many of the centers, has big plans for the emerging network. Jack Tomarchio, the agency's new deputy director of intelligence, told a law enforcement conference in March of plans to embed up to three DHS agents and intelligence analysts at every site. "The states want a very close synergistic relationship with the feds," he explained to U.S. News. "Nobody wants to play by the old rules. The old rules basically gave us 9/11."

"Reasonable suspicion." The problem, skeptics say, is that no one is quite sure what the new rules are. "Hardly anyone knows what a fusion center should do," says Paul Wormeli of the Integrated Justice Information Systems Institute, a Justice Department-backed training and technology center. "Some states have responded by putting 10 state troopers in a room to look

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at databases. That's a ridiculous approach." Another law enforcement veteran, deeply involved with the fusion centers, expressed similar frustration. "The money has been moved without guidance or structure, technical assistance, or training," says the official, who is not authorized to speak publicly. There are now guidelines, he adds, "but they're not binding on anyone." In the past year, the Justice Department has issued standards for local police on fusion centers and privacy issues, but they are only advisory. Most federal funding for the centers now comes from the Department of Homeland Security, but DHS also requires no intelligence standards from its grantees.

At the state level, regulations on police spying vary widely, but a general rule of thumb comes from the Justice Department's internal guidelines that forbid intelligence gathering on individuals unless there is a "reasonable suspicion" of criminal activity. Since the reforms of the 1970s, the FBI says its agents have followed this standard; Justice Department regulations require local police who receive federal funding to do the same in maintaining any intelligence files. But there is considerable leeway at the local level, and since 2001, judges have watered down police spying limits in Chicago and New York. The federal regs, moreover, have not stopped a parade of questionable cases.

Suspicion of spying is so rife among antiwar activists, who have loudly protested White House policy on Iraq, that some begin meetings by welcoming undercover cops who might be present. "People know and believe their activities are being monitored," says Leslie Cagan, national coordinator of United for Peace and Justice, the country's largest antiwar coalition. There is some evidence to back this up. Documents and videotapes obtained from lawsuits against the NYPD reveal that its undercover officers have joined antiwar and even bicycle-rider rallies. In at least one case, an apparent undercover officer incited a crowd by faking his arrest. In Fresno, Calif., activists learned in 2003 that their group, Peace Fresno, had been infiltrated by a local sheriff's deputy--piecing it together after the man died in a car crash and his obituary appeared in the paper.

The California Anti-Terrorism Information Center, a $7 million fusion center run by the state Department of Justice, also ran into trouble in 2003 when it warned of potential violence at an antiwar protest at the port of Oakland. Mike Van Winkle, then a spokesman for the center, explained his concern to the Oakland Tribune: "You can make an easy kind of a link that, if you have a protest group protesting a war where the cause that's being fought against is international terrorism, you might have terrorism at that protest. You can almost argue that a protest against [the war] is a terrorist act." Officials quickly distanced themselves from the statement. The center's staff had confused political protest with terrorism, announced California's attorney general, who oversees the office.

"Absurd" threats. But this expansive view of homeland security has at times also extended to union activists and even library Web surfers. In February 2006 near Washington, D.C., two Montgomery County, Md., homeland security agents walked into a suburban Bethesda library and forcefully warned patrons that viewing Internet pornography was illegal. (It is not.) A county official later called the incident "regrettable" and said those officers had been reassigned. Similarly, in 2004, two plainclothes Contra Costa County sheriff's deputies monitored a protest by striking Safeway workers in nearby San Francisco, identifying themselves to union leaders as homeland security agents.

Further blurring the lines over what constitutes "homeland security" has been a push by Washington for states to identify possible terrorists. In 2003, the Department of Homeland Security began requiring states to draft strategic plans that included figures on how many "potential threat elements" existed in their backyards. The definition of suspected terrorists was fairly loose--PTEs were groups or individuals who might use force or violence "to intimidate or coerce" for a goal "possibly political or social in nature." In response, some states came up with alarming numbers. Most of the reports are not available publicly, but U.S. News obtained nine state homeland security plans and found that local officials have identified thousands of "potential" terrorists. There are striking disparities, as well. South Carolina, for example, found 68 PTEs, but neighboring North Carolina uncovered 506. Vermont and New Hampshire found none at all. Most impressive was Texas, where in 2004 investigators identified 2,052 potential threat elements. One top veteran of the FBI's counterterrorism force calls the Texas number "absurd." Included among the threats cited by the states, sources say, are biker gangs, militia groups, and "save the whales" environmentalists.

"The PTE methodology was flawed," says a federal intelligence official familiar with the process, "and it's no longer being used." Nonetheless, these "threat elements" have, in some cases, become the basis for intelligence gathering by local and state police. Concern over the process prompted the ACLU in New Jersey to sue the state, demanding that eight towns turn over documents on PTEs identified by local police.

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Another source of alarm for civil liberties watchdogs is the explosion in police computing power. Spurred by a 2004 White House directive ordering better information sharing, the Justice Department has poured tens of millions of dollars into expanding and tying together law enforcement databases and networks. In many respects, the changes are long overdue, yanking police into the 21st century and letting them use the tools that bankers, private investigators, and journalists routinely employ. From TV shows like 24 and CSI, Americans are accustomed to scenes of police accessing the most arcane data with a few keyboard clicks. The reality couldn't be more different. Law enforcement was slow to get on the technology bandwagon, and its information systems have developed into a patchwork of networks and databases that cannot talk to one another--even within the same county. Rap sheets, prison records, and court files are often all on different systems. This means that days or even weeks can pass before court-issued warrants show up on police wanted lists--leaving criminals out on the streets.

States and cities began linking up their systems in the 1990s, but since 9/11 their progress has been dramatic. At least 38 states are working on some 200 projects tying together their criminal justice records. Concerned over disjointed police networks around its key bases, the Navy's Criminal Investigative Service is funding projects in Norfolk, Va., and four other port cities, creating huge "data warehouses" stocked with crime files from dozens of law enforcement agencies. The FBI is also running pilot database centers in the St. Louis and Seattle areas in which the bureau makes its case files available to police. To local cops who have long complained about the FBI's lack of sharing, the development is downright revolutionary. "It made people nervous as hell, including me," says the FBI's Thomas Bush, who oversaw the initial program and now runs the FBI's Criminal Justice Information Services Division. "The technical aspect is easy, but you need to have the trust of the community and the security to safeguard the system."

The benefits of all this are undeniable. Armed with the latest information, police will be better able to catch crooks and spot criminal trends. But in this digital age, with so much data available about individual Americans, the lines between what is acceptable investigation and what is intrusive spying can quickly grow unclear. Consider the case of Matrix. Backed by $12 million in federal funds, at its peak in 2004 the Matrix system tapped into law enforcement agencies from a dozen states. Using "data mining" technology, its search engine ripped through billions of public records and matched them with police files, creating instant dossiers. In the days after 9/11, Matrix researchers searched out individuals with what they called "high terrorist factor" scores, providing federal and state authorities a list of 120,000 "suspects."

Law enforcement officials loved the system and made nearly 2 million queries to it. But what alarmed privacy advocates was the mixing of public data with police files, profiling techniques that smacked of fishing expeditions, and the fact that all these sensitive data were housed in a private corporation. Hounded by bad publicity and concerned that Matrix might be breaking privacy laws, states began pulling out of the system. Then, early last year, the Justice Department quietly cut off funding.

Matrix no longer exists, but similar projects are underway across the country, including one run by the California Department of Justice. Having learned from Matrix's mistakes, users are employing what tech specialists call "distributed computing." Instead of creating a single, vast database, they rapidly access information from sites in different states, often with a single query. The effect is essentially the same. "If people knew what we were looking at, they'd throw a fit," says a database trainer at one prominent police department.

Hacker's discovery. Another concern is the quality--and security--of all that information. In Minnesota, the state-run Multiple Jurisdiction Network Organization ran into controversy after linking together nearly 200 law enforcement agencies and over 8 million records. State Rep. Mary Liz Holberg, a Republican who oversees privacy issues, found much to be alarmed about when a local hacker contacted her after breaking into the system. The hacker had yanked out files on Holberg herself, showing she was classified as a "suspect" based on a neighbor's old complaint about where she parked her car. "We had a real mess in Minnesota," Holberg later wrote. "There was no effective policy for individuals to review the data in the system, let alone correct inaccuracies." In late 2003, state officials shut down the system amid concerns that it violated privacy laws in its handling of records on juvenile offenders and gun permits.

Such problems threaten to grow as law enforcement expands its reach with increased intelligence and computing power. The key to avoiding trouble, say experts, is ensuring that concerns over privacy and civil liberties are dealt with head-on. In a recent advisory aimed at police intelligence units, the Department of Justice stressed that success in safeguarding civil liberties "depends on appointing a high-level member of your agency to champion the initiative." But that message apparently hasn't

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gotten through, judging from the response at a conference sponsored by the Justice Department a few weeks back on information sharing. Among the crowd of some 200 local and state officials were intelligence officers, database managers, and chiefs of police. When a speaker asked who in the audience was working with privacy officials, not a single hand went up.

As Washington doles out millions of dollars for police intelligence, its reliance on voluntary guidelines may backfire, warn critics, who worry that abuses could wreck the important work that needs to be done. "We're still diddling around," says police technology expert Wormeli. "We're not setting clear policy on what we put in our databases. Should a patrol officer in Tallahassee be able to look at my credit report? Most people would say, 'Hell, no.'" Current regulations on criminal intelligence, he adds, were written before the computer age. "They were great in their day, but they need to be updated and expanded."

Civil liberties watchdogs like attorney Gutman, meanwhile, want to know how efforts to stop al Qaeda have ended up targeting animal rights advocates, labor leaders, and antiwar protesters. "You've got all this money and all this equipment--you're going to find someone to use it on," he warns. "If there aren't any external checks, there's going to be an inevitable drift toward abuses." But boosters of intelligence-led policing say that today's cops are too smart to repeat mistakes of the old Red Squads. "We're trying to develop policies to build trust and relationships, not spy," says Illinois State Police Deputy Director Kenneth Bouche. "We've learned a better way to do it." Perhaps. But for now, at least, the jury on this case is still out.

HOMELAND RESPONSE:

Informer In Bomb Plot Trial Tells Of His Visits To Mosques (NYT)

By William K. Rashbaum

The New York Times, May 2, 2006

The paid police informer who is the central witness at the trial of a Pakistani immigrant charged with plotting to blow up the Herald Square subway station testified yesterday that he collected a wide range of information on his visits to two city mosques, from the tenor of the sermons to how many people attended the services.

The informer, Osama Eldawoody, 50, secretly recorded roughly two dozen conversations about the plot with the immigrant, Shahawar Matin Siraj, in the summer of 2004 — many of them incriminating. He was questioned by Mr. Siraj's lawyer about the information he provided to the police on his frequent visits to mosques in Brooklyn and Staten Island. The visits occurred over roughly 13 months in 2003 and 2004, both before and after the informer met Mr. Siraj.

Regardless of the outcome of the trial for Mr. Siraj, 23, who faces up to 20 years in prison if convicted, Mr. Eldawoody's testimony is shedding light on what seem to be new police tactics to uncover terrorist plots before they come to fruition. While a federal judge gave the police expanded powers in 2003, critics have nonetheless raised objections to the use of informers in places of worship, political events and other gatherings.

Mr. Eldawoody had earlier testified that he had been told to keep "his eyes and ears open for any radical thing," but many of the details that came out during questioning seemed mundane: How many people attended a service. How long it lasted. The name of the imam who spoke.

A frequent phrase in the reports he made to the police was, "the service was religious in nature."

What he reported sometimes seemed like small talk among worshipers. For example, pressed by one of Mr. Siraj's lawyers to explain what one report, about a man who discussed opening a new mosque on Staten Island, had to do with radicals, Mr. Eldawoody replied, "He doesn't have to be bad or good — I report it — he doesn't have to be a terrorist to report it. I report what happens and what I saw and what I heard."

Earlier in the day, prosecutors concluded their questioning of Mr. Eldawoody by playing a 45-minute videotape for jurors showing Mr. Siraj agreeing to guide a bomber into the subway station and to point out where he should plant backpack bombs. But he said he did not want to place the bombs himself, stressing he wanted to cause only economic damage. He also said he had to ask his mother first.

"I will work with those brothers, that's it," he said. "As a planner or whatever. But to putting there? I'm not sure."

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Although Mr. Siraj was captured on the recordings talking about his plan to blow up the subway station, his lawyers contend that the young man, who came to New York from Karachi, Pakistan, in 1999 with his parents, was duped by the informer, who was motivated by the nearly $100,000 paid to him by the Police Department over about three years.

Yesterday, one of Mr. Siraj's lawyers, Martin R. Stolar, appeared to be trying to highlight the Police Department's tactics as he cross-examined Mr. Eldawoody for several hours, questioning him on his recollections about the information he gave to the intelligence division detective who was his handler, including details about his visits to the al-Noor mosque on Staten Island and the Islamic Society of Bay Ridge in Brooklyn.

Using reports filed by the detective, which were piled roughly two inches high on a table beside him, Mr. Stolar asked the witness about his registration as a paid informer in July 2003 and questioned him about each mosque visit. Sometimes there were several visits in one day.

Mr. Stolar questioned him about the documents filed by the detective, Stephen Andrews — which reflected information Mr. Eldawoody had provided, by telephone or in person — asking if he recalled making the reports.

At one point, Mr. Stolar asked about a report indicating that he had told the detective that the imam of the Staten Island mosque was looking for a new house in New Jersey. Mr. Eldawoody said that he did not recall giving that information.

At another, the lawyer asked about a report suggesting Mr. Eldawoody had suspicions about a man named Maher, who was looking for foreclosure properties to buy. Mr. Eldawoody said he did not remember that.

And he asked about Mr. Eldawoody's reasons for reporting another conversation: "How did the fact that somebody wanted to open a new mosque on Staten Island relate to the mission that you thought you were doing, which was looking for violent jihad or radical talk?"

Under questioning by prosecutors last week, Mr. Eldawoody, a nuclear engineer who became a naturalized citizen after coming to America in 1986, said he began working as an informer to protect his new country.

Mr. Stolar, who has suggested that Mr. Eldawoody's motive was financial, asked the witness if he was spying in the mosque.

"I don't see it that way — that I was spying," he said. "If there is anything wrong that would hurt the United States, I would be the one to defend the country."

Mr. Stolar has said he intends to put the Police Department's tactics on trial, and at the beginning of his cross-examination, which he said would last several days, he suggested that he would focus closely on Mr. Eldawoody's actions and how the department supervised him.

At one point, he questioned the witness about a report that indicated that he had written down the license plate numbers of worshipers at a mosque.

"I was asked to do that," Mr. Eldawoody replied.

"Who asked you?" Mr. Stolar said.

"The detective," he said.

"He told you to go out and write down the license plates of people who attended services?" the lawyer asked.

"Yes," Mr. Eldawoody replied.

Who Might Fill Freedom Tower? First Of All, Feds (WSJ)

By Alex Frangos

The Wall Street Journal, May 2, 2006

NEW YORK -- Meant to be a shining beacon of liberty and commerce, the rebuilt World Trade Center's signature Freedom Tower is also likely to be a government citadel housing federal law-enforcement groups among other government agencies -- possibly enhancing its profile as a terrorist target.

Among the prospective tenants are the U.S. Customs and Border Protection and Immigration and Customs Enforcement, now both within the Department of Homeland Security, as well as the Secret Service and the Federal Bureau of Investigation.

The question of who will work in the heavily symbolic skyscraper -- planned at 1,776 feet high -- has dogged rebuilding officials since the days after 9/11. Private businesses scoffed at locating in a tall, high-profile building on the site of two terrorist

attacks. New York City's government and the building's owner, the Port Authority of New York and New Jersey, say they won't take space in Freedom Tower, opting instead for less-visible buildings on the Ground Zero site.

Last year, architects had to completely redesign the tower to protect against possible truck bombs. The changes include a 20-story square concrete base that critics have likened to a bunker.

Filling the $2.1 billion Freedom Tower is the first stage of a larger challenge: attracting businesses back downtown and to the other four planned office skyscrapers, including the already built, and mostly empty, 7 World Trade Center. Complicating matters, if federal or state tenants don't sign on in the next few months, the rebuilding plan struck last week between developer Larry Silverstein and several government players could unravel.

An estimated 25% of the commercial office space at Ground Zero -- and at least 38% of the Freedom Tower -- will be filled by government tenants, echoing the government bailout of the first trade center. But persuading government employees to work there may prove challenging. Some 750 customs and immigration workers fled from 6 World Trade before it was destroyed when the north Twin Tower collapsed.

"It's frightening," a Customs border-protection worker said in an interview yesterday. The worker, employed by the agency at the former trade-center site, refused to give her name for fear of retribution from supervisors. "When I heard about the Freedom Tower, I just stood still, I couldn't feel," she said. "They're going to have to take me like this" -- she motioned with both arms -- "and move me."

Leah Yoon, a Customs and Border Protection spokeswoman, says, "Our mission is more important than ever, and to be able to do that from a location that symbolizes so much tragedy for our country is in many ways an opportunity for us to rise above the ashes."

While the government tenants would create something of a critical mass, urban planners warn they also could drive away private businesses that for cultural and prestige reasons don't like to cohabit with government agencies.

"The FBI isn't who a big law firm wants to be next to," says John K. McIlwain, senior resident fellow at the Urban Land Institute, an industry research group. For one thing, he explains, the type of "bottom-end" lobby and other economies that budget-conscious government tenants demand differ from the more luxurious touches preferred by the private sector. FBI spokeswoman Christine Monaco declined to comment.

More broadly, Mr. McIlwain says there is "no perceptible office demand" for the planned 8.8 million square feet of office space, most of which will hit the market at about the same time in 2012. When government is being counted on for a quarter of that space, he says, "you know you have a problem. That's not the kind of tenants you want" to attract private businesses.

Conversely, some government agencies don't like to mix with the private sector. "There are federal agencies that won't go in with certain kinds of tenants," says Eileen Long-Chelales, regional director of the General Services Administration, the agency that procures space on behalf of the federal government. "There are some operations that are very private in nature, and they don't want the world knowing where they there."

Some see echoes of the first World Trade Center, which was finished in 1973. "After they built the first trade center, and the place was empty, they went to government to fill it up," says Bettina Damiani, director of Good Jobs New York, a group that fights subsidies to business. She adds: "We haven't progressed."

Even with government tenants, the original World Trade Center was partly empty for years, creating a glut of space and depressing the office market. Some said it would never fill. But by the late 1990s, it reached full capacity, and the Port Authority was able lease the complex for 99 years to Mr. Silverstein for $3.2 billion.

Last week, after lengthy negotiations, Mr. Silverstein and a web of government players agreed in principal on a tentative rebuilding plan at Ground Zero whose provisions include relieving the developer of the Freedom Tower, leaving the Port Authority in charge.

But crucial to going forward is getting federal tenants into the tower, which is by no means a done deal. Indeed, New Jersey agreed to go along with the Freedom Tower takeover only after New York Gov. George E. Pataki promised to lure federal agencies as a hedge against the building being a financial drain to the authority. Gov. Pataki has until September, when the final rebuilding pact is due to be signed. If he can't land a government tenant, the New Jersey half of the Port Authority says it will cancel the Freedom Tower.

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"We are confident government and private-sector firms will go into the Freedom Tower," says John McCarthy, Port Authority spokesman.

For the task of getting the federal government to take space in the Freedom Tower, Gov. Pataki has turned to his chief of staff, John Cahill, who has an inside advantage: His former deputy is the GSA's Ms. Long-Chelales.

"Now that there is a deal [with] Silverstein...it makes our conversation more fruitful," Ms. Long-Chelales says.

But hurdles remain. Congress needs to approve any leases that involve more than one million square feet. Also, the tower will need to meet federal civilian and law-enforcement standards, including parking spaces for federal agents.

Ms. Long-Chelales wouldn't comment directly about how employees might feel about moving into the Freedom Tower. "I would not even want to get into the emotions," she says. "It's five years later, and memories of Sept. 11 are still in the minds and hearts of those who witnessed and were a part of that day."

Taylor Relents On Flight 93 Funds (RC)

By Ben Pershing

Roll Call, May 2, 2006

Reversing course in the face of pressure from his fellow House Republicans, Rep. Charles Taylor (N.C.) is expected to insert federal funding for a memorial to the passengers and crew of Flight 93 into the fiscal 2007 Interior spending bill this week.

Taylor has been under siege since The Washington Post first reported that the chairman of the Appropriations subcommittee on Interior was refusing to provide federal dollars to help purchase land for the construction of the memorial in Somerset County, Pa., to mark the sacrifice of the passengers who helped bring down the Sept. 11, 2001, flight before it could destroy the Capitol or the White House.

Taylor's office did not respond to a request for comment, and the Appropriations Committee also declined to discuss the issue. But two GOP sources said that the North Carolina lawmaker had dropped his opposition and would now include money for the memorial in Thursday's markup of the Interior bill.

The full details of that measure were not available Monday, but Taylor is expected to include — at the very least — the $5 million the Bush administration has requested for the fiscal 2007 bill to buy land for the memorial.

Taylor had argued that he is uncomfortable with the federal government gobbling up more private land when it is already the nation's biggest landowner. He also expressed wariness of having taxpayers pay for a memorial whose ultimate price tag is unclear.

But with a movie about Flight 93 in wide release and with GOP leaders unhappy about any suggestion that the party is unsympathetic to the cause, Taylor's fellow Republicans encouraged him to change his mind.

In an interview with the Winston-Salem Journal last week, Taylor said, "I support a memorial in Pennsylvania" but added, "What I am saying to you is, first, we have to have a price, and second, we need an idea of who is providing what."

Rep. Bill Shuster (R-Pa.), whose 9th district includes the proposed memorial site, wrote a letter to Taylor last week asking for the money "on behalf of the family members who we represent and the American people who support the ideals of the national memorial."

Shuster spokesman Tory Mazzola said Monday that he had not heard whether Taylor would put the requested money in the Interior bill, but he added, "We're still hopeful that it will be included."

Though Democrats — including Taylor's challenger this fall, former football player Heath Shuler — have already scored points trumpeting Taylor's initial stance, the decision to fund the land purchase for the memorial deprives Democrats on the Appropriations panel of the opportunity to insert the money themselves via an amendment at the subcommittee or full-committee level.

George Behan, spokesman for Interior subcommittee ranking member Norm Dicks (D-Wash.), said Monday that his boss had not yet formulated a plan to get the Flight 93 money into the bill because he assumed that Republicans would push Taylor into doing so himself before Thursday's hearing.

"We were assuming the issue would be resolved by then," Behan said.

Qatar Grants Millions In Aid To New Orleans (NYT)

By Stephanie Strom

The New York Times, May 2, 2006

The nation of Qatar plans to announce today roughly $60 million in grants to benefit the victims of Hurricane Katrina, including $17.5 million to Xavier University of Louisiana, the only historically black Catholic university in the United States.

Other beneficiaries are Tulane University, Children's Hospital in New Orleans, Habitat for Humanity, Louisiana State University and the March of Dimes.

Nasser Bin Hamad M. al-Khalifa, Qatar's ambassador to the United States, said the remainder of the $100 million his country had pledged would be assigned in the coming months.

"Hurricane Katrina was so devastating that everyone in Qatar and the rest of the world felt a responsibility to really act," Mr. Khalifa said. More than 50 countries donated money, expertise and materials, according to a tally by Foreign Policy, a magazine published by the Carnegie Endowment for International Peace.

Qatar was one of several Persian Gulf nations to donate tens of millions of dollars. Saudi Arabia, for instance, gave more than $100 million, and the United Arab Emirates pledged $100 million.

Poor nations also donated. Less than a year after the Indian Ocean tsunami engulfed it, Sri Lanka gave $25,000 to the American Red Cross. Bangladesh gave $1 million, Cyprus $50,000, Ghana $15,000 and the Dominican Republic $50,000.

European countries tended to offer expertise, supplies and equipment instead of money. Denmark, for example, donated blankets, water purification units and first aid kits.

Many donor countries funneled their gifts through the State Department or other government agencies. The Federal Emergency Management Agency, for instance, used $66 million of foreign assistance to underwrite Katrina Aid Today, a consortium of nine religion-based and secular relief organizations led by the United Methodist Committee on Relief that is using the money to offer case management services to 100,000 families for two years.

The Department of Education now controls $60 million donated by foreign governments that it said it would disburse to organizations to rebuild classrooms and libraries, buy books and maybe even pay teachers' salaries.

"We want to give the money where it will have the greatest impact so the foreign governments can see how their funds are being used," said Valerie Smith, an Education Department spokeswoman.

Countries also gave money to the American Red Cross and to the Bush-Clinton Katrina Fund, the charity set up by former Presidents George Bush and Bill Clinton.

Qatar elected to distribute its money directly, rather than rely on an intermediary.

Ambassador Khalifa said the country wanted to insure transparency and accountability.

"Our past experience is that while you can give to any organization or to a government," he said, "you have no control over the money and then you discover the people most affected have not benefited."

To identify projects Qatar might want to support, the ambassador and his representatives talked to relief organizations, educators, members of Congress and other experts, and some embassy staff members traveled to the region.

Mr. Khalifa also drafted former Secretary of State James A. Baker; Laura D'Andrea Tyson, dean of the business school at the University of California, Berkeley, and a former economic adviser to President Clinton; Lee Raymond, former chief executive of the Exxon Mobil Corporation; and John J. DeGioia, the president of Georgetown University, to serve as an advisory board.

Qatar is giving Xavier, which is in New Orleans, $12.5 million to add 60,000 square feet to its College of Pharmacy so it can increase enrollment. The gift has additional benefits, the ambassador said, because it will provide construction jobs and because students from the university work in community clinics.

Xavier will also get $5 million for scholarships for students affected by the disaster.

"It's going to allow us to help those students to finish their educations," said Norman C. Francis, Xavier's president. "That's important because Xavier is the No. 1 producer of African-American graduates in the natural sciences, and those students then go on to get admitted to medical school."

Tulane will receive $10 million to help undergraduate students from Louisiana, Mississippi and Alabama who were affected by Hurricane Katrina, as well as students from those states entering the university next fall.

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"The money will follow those students all the way through to graduation," said Scott S. Cowen, the university's president. "We anticipate over four years it will support roughly 300 students."

Qatar's $5.3 million gift was the biggest Children's Hospital has ever received, said Steve Worley, its president. The hospital will use $5 million to establish the Qatar Cares Fund, which it will use to underwrite medical care for needy children whose families were affected by the hurricane. The remaining $351,000 will go toward restoring the two of the hospital's five primary care clinics that were left standing after the storm.

"It's hard to know how to express our gratitude," Mr. Worley said.

How To Save FEMA (wp)

By E. J. Dionne Jr.

The Washington Post (editorial), May 2, 2006

So let's see: After the attacks of Sept. 11, 2001, we created a Department of Homeland Security, known as DHS, which was supposed to make us safer. The Federal Emergency Management Agency, which everyone refers to as FEMA, was folded into the spanking new department. Then FEMA failed abysmally during Hurricane Katrina.

Now Sens. Susan Collins and Joe Lieberman are arguing that FEMA, an agency that worked splendidly under President Bill Clinton, should be dismantled and reborn within DHS as the National Preparedness and Response Authority. Thus FEMA would become NPRA, which no doubt would be pronounced by newscasters as "Napra." Does saying "Napra" instead of "Fema" make you feel better?

Never mind that moving the once-successful FEMA into DHS may have been partly responsible for the downgrading of FEMA's mission. DHS had to worry about terrorism, so how could it take hurricanes seriously? And never mind that if POTUS, i.e., the president of the United States, had appointed good and smart managers to run FEMA, the agency would have done what it was supposed to do, as it did in the 1990s, according to no less an authority than then-Texas Gov. George W. Bush.

Collins, a Maine Republican who chairs the Senate Homeland Security and Governmental Affairs Committee, and Lieberman of Connecticut, the committee's ranking Democrat, are creative public servants. Whether renamed or not, the agency would work better if the administration takes their 86 ideas for reform seriously -- especially their section emphasizing the need for "capable and qualified leadership."

Yet there is something maddening about the Washington tendency to go for complicated, bureaucratic fixes for what are essentially human failures. These can often be remedied by taking an agency's mission seriously and appointing good people to carry it out.

"FEMA," Collins said last week, "has become a symbol of a bumbling bureaucracy in which the American people have completely lost faith." But if FEMA is such a bumbling bureaucracy, why did it work so well in the 1990s? It's perfectly clear from the appointments Bill Clinton made that he took FEMA's work far more seriously than did President Bush. That explains the agency's decline better than any analysis of bureaucratic flow charts.

If there is a bureaucratic question here, should we ask whether creating a Department of Homeland Security and tossing FEMA inside it has made us safer? At the risk of sounding like a crotchety conservative, I've always wondered about the conventional wisdom that adding a Secretary of X or a Secretary of Y automatically gets problem X or problem Y taken more seriously.

Doesn't the logic of the story suggest moving back to a time when FEMA worked? Why not just liberate it from DHS, as Sens. Trent Lott, Barbara Boxer, Hillary Rodham Clinton and Rep. Tom Davis have suggested, and make sure that competent people run FEMA? An independent agency run responsibly beats innovative acronyms almost every time.

WAR NEWS:

Years Later, 'Mission Accomplished' Closer (AP-Y2)

By Jennifer Loven

AP2, May 1, 2006

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Three years after delivering his "mission accomplished" speech on Iraq, President Bush on Monday declared another turning point had arrived with the establishment of a permanent government in Baghdad.

"We believe we've got partners to help the Iraqi people realize their dreams," Bush said of the recent emergence of new Iraqi leadership. "They need to know that we stand with them."

The president's May 1, 2003, appearance on the USS Abraham Lincoln is one of his most indelible war-related images.

Clad in a flight suit, he emerged dramatically from a Navy jet that screamed in for a landing on the carrier's deck. Under a giant "Mission Accomplished" banner, Bush announced that "major combat operations in Iraq have ended."

Though he was careful not to declare overall victory and warned of difficult work ahead, the speech was congratulatory in tone and aimed at marking a pivot from invasion to reconstruction.

"In the battle of Iraq, the United States and our allies have prevailed," Bush said then. "The battle of Iraq is one victory in a war on terror that began on Sept. 11, 2001, and still goes on. ... We do not know the day of final victory, but we have seen the turning of the tide."

U.S. troops were trading fire with Iraqis almost daily, basic services were in a shambles and neither ousted leader Saddam Hussein nor weapons of mass destruction had been located. But the day seemed brilliantly staged. Detractors dreaded what they thought was inevitable — seeing the images of Bush jubilantly greeting homeward-bound sailors resurface in the president's 2004 re-election campaign and reinforce his wartime popularity.

It didn't turn out that way.

Violence in Iraq continued instead of ebbed. In the six weeks from the start of the invasion to Bush's speech, 139 U.S. soldiers had died. In the three years since, as of Sunday, there have been another 2,258 U.S. military deaths in Iraq — an average of 63 each month.

There have been three democratic elections with voter participation increasing each time. But it took four months of infighting to produce a slate of government leaders — expected to be finalized this month — representing all of Iraq's major ethnic and political factions in a fragile unity. Also, reliable electrical power is scarce, petty corruption is rampant and the government's Interior ministry is blamed for harboring death squads that are helping to drive sectarian violence.

In a frank assessment, the No. 2 U.S. intelligence official, Gen. Michael Hayden, said last week that the war in Iraq currently inspires jihadists, but their failure there would weaken the movement globally. The U.S., he said, must not forget the importance of Iraq.

"The conflict there and — more importantly — how it is routinely portrayed in Islamic media continues to cultivate supporters for the global jihadist movement," Hayden told an audience in Texas during a little-noticed speech.

Amid the difficulties, Bush's overall approval rating has fallen to a new low.

Democrats cited the anniversary in criticizing the president.

Rep. Rahm Emanuel (news, bio, voting record), D-Ill., chairman of House Democrats' campaign arm, issued a reminder of some of the administration's main prewar predictions that proved false: that Iraqi oil production would finance the reconstruction, that American troops would be greeted as liberators, that weapons of mass destruction would be found, and that a war that is now heading toward a $300 billion-plus price tag wouldn't cost even a third of that.

Democratic leader Harry Reid stood on the Senate floor in front of a picture of Bush with the date May 1, 2003, and the phrase "Mission Accomplished" and read the names of the 16 troops from his home state of Nevada who had been killed.

Reid called it an "unfortunate anniversary" that marked "a public relations stunt gone horribly wrong."

White House press secretary Scott McClellan said some Democrats are choosing to ignore the importance of the unity government's establishment. "There's an effort simply to distract attention away from the real progress that is being made," he said.

In Bush's appearance outside the Oval Office with Secretary of State Condoleezza Rice and Defense Secretary Donald H. Rumsfeld, the president walked a fine line between celebrating achievements and warning of more sacrifices to come.

With U.S. officials hoping the government's existence will drain the insurgency and pave the way for an eventual drawdown of U.S. troop levels, Bush sent Rice and Rumsfeld to Baghdad last week to help boost the Iraqi leaders. The president said his

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top foreign policy officials reported back that the Iraqis understand the job ahead and are capable of fulfilling it — through what he warned will be more tough days because terrorists have caused "such turmoil and havoc."

"We believe this is a turning point for the Iraqi citizens and it's a new chapter in our partnership," Bush said. "This government is more determined than ever to succeed. "

More 'Tough Days' In Iraq, Bush Warns (WT)

By Joseph Curl

The Washington Times, May 2, 2006

President Bush yesterday warned there will be "tough days ahead" in Iraq, as Democrats pointed out that the president uttered nearly the same words three years ago to the day, when he landed on an aircraft carrier with a banner declaring, "Mission Accomplished."

Appearing in the White House Rose Garden with Defense Secretary Donald H. Rumsfeld and Secretary of State Condoleezza Rice, who have returned from a surprise trip to Baghdad, the president said a unity government established last week in Iraq "is more determined than ever to succeed."

"That's really important for the American people to know, that we've got partners in this effort who are dedicated to a unified Iraq and dedicated to putting a government together that is one that will represent all the Iraqi people," Mr. Bush said.

Democrats jumped at the opportunity to exploit the anniversary of Mr. Bush's appearance on the USS Lincoln, where he declared that "major combat operations in Iraq have ended" and that "the United States and our allies have prevailed."

Reporters were deluged with e-mails citing the president's three-year-old declaration, all bearing the same talking points.

Senate Minority Leader Harry Reid, Nevada Democrat, took to the floor and said "2,200 Americans have lost their lives" since Mr. Bush rendered his judgment of "mission accomplished." Mr. Reid accused the president of manipulating prewar intelligence and said U.S. intervention in Iraq to disarm Saddam Hussein has increased terrorism around the world.

The Democratic National Committee piled on.

"The administration owes the American people, including our brave troops and their families, more than a [public relations] strategy," DNC spokeswoman Karen Finney said.

The White House said Democrats were trying to "distract attention away from the real progress that is being made."

"It's unfortunate those Democrats refuse to recognize that a new unity government has just recently been formed, which really lays the foundation for more progress moving forward," Bush spokesman Scott McClellan said.

A former senior administration official noted that although Mr. Bush appeared in front of the "Mission Accomplished" banner and praised the military's quick victory, the president also said that "we have difficult work to do in Iraq."

"The Democrats know President Bush said there was still much hard work left in Iraq, and they are simply using this to bash him," the official said.

With his secretaries of defense and state at his side, Mr. Bush yesterday expressed optimism that the new Iraqi government will be moving the nation toward its own security.

"We believe this is a turning point for the Iraqi citizens and it's a new chapter in our partnership," he said after an Oval Office meeting with his two secretaries. "This new government is going to represent a new start for the Iraqi people. It's a government that understands they've got serious challenges ahead of them."

The president said Mr. Rumsfeld and Miss Rice talked with the new Iraqi leaders about the need to "establish control over the militias and other unauthorized armed groups and enforce the rule of law."

Talking Up The New Guy (USNEWS)

By Kevin Whitelaw

U.S. News and World Report, May 2, 2006

BAGHDAD--It was, at least briefly, one of those hopeful moments that have been all too rare in Iraq. Over a relaxed supper of local fish and Arab salads, Secretary of State Condoleezza Rice was getting to know the top leaders of Iraq's next government. She was seated next to Tariq al-Hashimi, the Sunni politician set to become one of the nation's two vice presidents. Hashimi, like

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his other colleagues, was brimming with optimism for Iraq's first government under its new Constitution. "I think," he told Rice, "we're about to open a new chapter in Iraq."

But the next morning, it was just another page in a sadly familiar story: Hashimi's sister was gunned down in a drive-by shooting as she left her Baghdad home. (Only two weeks earlier, his brother had also been killed.) Somehow, progress in Iraq always seems to bring its own, often immediate, backlash. Each previous government transition has provoked a spike in violence, as insurgents try to make the new regime seem weak and ineffectual. So with the designation of a new choice for prime minister, Nouri al-Maliki, which broke a four-month stalemate, Iraq is bracing for another surge in attacks.

Herculean challenges. In a dramatic attempt to jump-start Maliki's efforts to form a new government, Rice and Defense Secretary Donald Rumsfeld staged an unusual joint surprise visit to the Iraqi capital last week. Their reception was mixed, but the trip is a sign of just how much Washington has riding on Maliki. The promise of a national unity government has been something of a political lifeline for the Bush administration in its search for some way to declare victory in Iraq and begin withdrawing significant numbers of U.S. troops. Rice and Rumsfeld are clearly hoping that Maliki's appointment will mark a turning point in a conflict that has dragged down President Bush's poll numbers to the lowest point in his tenure. But Maliki faces a herculean set of challenges in trying to keep this shattered, divided nation from slipping deeper into chaos.

For a start, Maliki announced that he intends to select his cabinet and launch his government as early as this week, although in Iraq, negotiations always seem to stretch out to the last possible minute, and deals are never certain until they are complete. So the Rice-Rumsfeld mission was a high-stakes gamble for the Bush administration, which has already been accused of playing a heavy-handed role in Iraqi politics. Rice had been in Baghdad only three weeks earlier to push politicians to find an alternative candidate to interim Prime Minister Ibrahim Jafari. This latest trip could end up complicating the delicate balancing act Maliki has to perform when parceling out ministry posts to the various parties. Indeed, as soon as they departed, Shiite firebrand cleric Moqtada al-Sadr condemned the visit as a "shocking intervention in Iraqi affairs." Rice and Rumsfeld also risked playing into the hands of Jordanian terrorist Abu Musab Zarqawi, who only one day earlier had released a rare videotape blasting the Iraqi government as a U.S. puppet.

Trust matters. Still, Rice and Rumsfeld emerged from their meetings enthusiastic about Iraq's next leaders. Maliki "understood his role and the role of the new government to really demonstrate that it's a government of national unity in which all Iraqis could trust," Rice said. Privately, Maliki assured them that his first priority would be to address what he called the "mistrust" between Iraqis from different elements of society, a key U.S. concern in the wake of the recent surge in sectarian violence.

Maliki is, for the most part, an unknown quantity. Rice had never met him before, although he is a longtime opposition figure and most recently headed the security committee in Iraq's parliament. He is reputed to be a hard-liner and belongs to the same Shiite religious party as his predecessor Jafari, whom U.S. officials have criticized sharply. So far, though, Maliki appears to stack up rather favorably. He is blunt and decisive, in contrast to the more inscrutable Jafari. Also, unlike Jafari, he does not bring with him a tight, secretive cadre of aides who tend to shut out other voices. Indeed, Maliki has so few confidants that U.S. diplomats lent him a few U.S. advisers for his transition team.

One of the biggest U.S. concerns about Jafari had been his unwillingness--or inability--to dismantle the various armed militias belonging to different political actors, both inside and outside the security forces. Those militias are thought responsible for some of the bodies, often showing evidence of torture, that turn up daily around the capital. So far, Maliki's public and private statements on this have been encouraging. "Weapons should be in the hands of the state only," he told an Iraqi satellite channel last week. "The carriage of weapons by others means the beginning of trouble that might lead us" to civil war."

Maliki, however, has never held an executive management role, which makes it difficult to predict his ability to seize the reins of power. When his government takes office, it will inherit all the weaknesses of its predecessors--a crumbling infrastructure, largely unreliable security forces, and a feeble bureaucracy hampered further by rampant corruption. He will also assume power after an extended political vacuum that the Bush administration has blamed for exacerbating sectarian tensions.

In fact, Washington has attributed so many recent problems to the lack of a government that it has inadvertently raised expectations for Maliki that could prove to be unattainable. "I just hope that people understand and keep those expectations in check because it does take some time for any government, let alone one that is governing permanently for the first time, to get hold of the reins and to start making a difference in people's lives," says Rice.

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Maliki told Rumsfeld and Rice that he understands that one of his first tests will be Baghdad's stifling summer heat, which will start building in the coming weeks. Electricity production nationally remains below prewar levels even as demand continues to mushroom. Parts of Iraq have seen gains. "The reliability and predictability and delivery of electricity outside Baghdad has improved since the war," says Daniel Speckhard, who runs the U.S. Iraq Reconstruction Management Office.

But inside the capital, supplies are still erratic, and residents are getting only between four and eight hours of power a day. Insurgents continue to sabotage power lines with alarming success. U.S. officials admit that significant boosts in output will take several years, but they believe that Maliki can at least improve the predictability of the power supply in Baghdad. Says Speckhard, "People will be watching closely to see how the government does on this."

Report: Iraq Oil Production Remains Below Prewar Level (WT)

By Rowan Scarborough

The Washington Times, May 2, 2006

Insurgents have come up with new ways to pierce Iraq's vital oil industry, keeping the daily flow below prewar levels despite an emerging protection force and a reduced number of attacks.

New numbers this week from the special inspector general for Iraq reconstruction (SIGIR) show oil production at 2.18 million barrels per day, 400,000 below 2003 prewar levels.

The World Bank estimates that just to stay at the current level, Iraq will need to invest at least $1 billion in additional revenue each year. The Iraqis want to achieve a 2.3 million-barrel-per-day rate.

The Bush administration once projected that Iraq would be rebuilt principally from Iraqi oil revenues, but that prediction has fallen by the wayside. U.S. taxpayers have funded more than $30 billion in reconstruction costs, plus tens of billions of dollars for military operations.

"Attacks on oil infrastructure remain a serous problem, despite attempts to bolster infrastructure security forces," said the quarterly report by IG Stuart W. Bowen Jr.

He said a program to train the Oil Protection Force to guard 4,340 miles of pipeline and 340 installations proved "largely unsuccessful." The Bush administration is now drafting a new defense strategy. The force was supposed to number over 14,000 troops, but today is at 3,400. Some units have been infiltrated by insurgents who provide critical information for plotting attacks.

"Although the number of infrastructure attacks has recently decreased, the complexity of the attacks has increased," the IG report said.

"Insurgents have become more proficient at targeting critical infrastructure nodes, as well as intimidating personnel who deliver essential services."

The report gave an example of how insurgents are hindering Iraq's primary source of income as it tries to build a new democratic nation. On Feb. 1, the enemy attacked a new desulphurization plant in Kirkuk. The Ministry of Oil then reverted to an older plant, which can only produce half of the new plant's 1 million barrels per day.

Mr. Bowen said the industry is plagued not only by sabotage, but also by its dilapidated state during Saddam Hussein's rule, by corruption and by uncertainties over what laws govern production.

Bush reconstruction officials say Mr. Bowen should not use the 2.58 million barrels as the benchmark production rate before the war. They say Saddam ramped up production in 2002 and '03 as war neared.

The officials, who asked not to be named, said it would be more accurate to use an average number from production in the late 1990s and 2000s, which would show a lower daily flow and make today's number appear more impressive.

Murtha Won't Sign Petition On Troop-withdrawal Measure (HILL)

By Roxana Tiron

The Hill, May 2, 2006

Rep. John Murtha, the powerful Democratic defense appropriator from Pennsylvania, has never signed a discharge petition in his 32 years in Congress, and he refuses to bend, even if signing one means attracting more attention to the debate on the war in Iraq.

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Murtha, the hawkish Vietnam veteran who voted for the war in Iraq, sent shockwaves by going public with his harsh criticism of the war last November, calling for the immediate withdrawal of U.S. troops.

Murtha's views attracted widespread attention in the media, but his stance polarized his own party and emboldened the House GOP to introduce a resolution calling for immediate troop withdrawal. Viewed as a political stunt in part meant to humiliate Democrats, the resolution sponsored by Rep. Duncan Hunter (R-Calif.), chairman of the House Armed Services Committee, attracted only three Democratic votes.

In early December, Rep. Neil Abercrombie (D-Hawaii) filed a motion to discharge the House Rules Committee from considering a resolution sponsored by Abercrombie and 67 other members that would require President Bush to develop and implement a plan for the withdrawal of U.S. troops from Iraq.

A discharge petition requires 218 signatures, a majority of the House's 435 members, to bring the bill out of a committee and start debate on the House floor.

As of Thursday, Abercrombie's discharge petition had gathered 106 signatures, including Minority Leader Nancy Pelosi (D-Calif.); Rep. Tom Lantos (D-Calif.), ranking member of the International Relations Committee; and Ike Skelton (D-Mo.), ranking member of the Armed Services Committee.

But Murtha's name is not alongside the other Democratic leaders.

In an interview, Murtha said he does not think it is appropriate to sign a discharge petition and disregard the committee process. He was also quick to point out that discharge petitions generally are not successful.

To get a majority, the petition needs some GOP signatures. Four Republicans have lent their names: Reps. Ron Paul (R-Texas), Walter Jones (R-N.C.), Wayne Gilchrest (R-Md.) and Jim Leach (R-Iowa).

A congressional source said it is hard to get the signatures of centrist Democrats who do not want immediate withdrawal from Iraq but feel that change is needed in approaching the war. "Skelton is a great win in that respect," the source said.

Murtha said there have been no repercussions for his outspoken criticism.

"Every place I go, I get a standing ovation," he said. "The people are distressed about the direction this country is going, distressed about the arrogance of the administration."

Abercrombie, the sponsor of the discharge petition, said that he would be delighted to have Murtha's signature but that he understands why Murtha refuses to sign.

"I am not pushing it," Abercrombie told The Hill.

He said there is a confluence of events taking place, including the retired generals calling for Secretary of Defense Donald Rumsfeld's resignation.

House Majority Leader John Boehner (R-Ohio) last week told his colleagues that he plans to have a lengthy debate on the war in Iraq, in a dramatic change of course.

"If [the Republicans] end up offering something similar and commit to doing it, [some lawmakers] could declare victory on the petition," a congressional source said. "If it is another stunt, people know the difference. If it is a good-faith effort, then the majority ends up doing the petition's will."

Meanwhile, Murtha said he believes that the war in Iraq has taken the United States away from focusing on the war on terrorism.

"I am trying to figure out a way to divert our attention to real terrorism," he said.

He said that war appropriations cannot be cut as long as troops are still fighting in Iraq. But once they are out of Iraq, or their numbers are significantly reduced, the money could go toward rail and port security, Murtha added.

"One month of war spending would secure our ports," he added.

Biden Offers Alternative Plan For Iraq (LAT)

By James Gerstenzang

The Los Angeles Times, May 2, 2006

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WASHINGTON — Three years after President Bush declared beneath a "mission accomplished" banner that major combat had ended in Iraq, a leading Senate Democrat on Monday suggested the creation of separate, autonomous regions for Shiites, Sunnis and Kurds to counter continuing ethnic and religious violence.

The White House quickly denounced the idea. Bush said in a White House appearance that Iraq faced "more tough days ahead," but had reached "a turning point" with its new, full-term government.

Sen. Joseph R. Biden Jr. of Delaware, the senior Democrat on the Foreign Relations Committee, presented his plan as an alternative to the options of a rapid withdrawal or a continuing war.

The "third way" Biden proposed would give each of the major ethnic and religious groups in Iraq broad authority to run local affairs.

The central government in Baghdad would be given limited, but specific, responsibilities for border defense, foreign policy, oil production and revenues.

The plan draws on ideas used to ease the bloody conflict among Muslims, Serbs and Croats in Bosnia-Herzegovina in the 1990s.

Regional governments — run by Kurds in the north; Sunni Muslims in the central region, excluding Baghdad; and Shiite Muslims in the south — "would be responsible for administering their own regions," the senator said. Baghdad, according to Biden's strategy, would be a federal zone.

Such a course would represent a sharp detour from Bush administration policy. The president and the rest of the U.S. foreign policy hierarchy have persistently pressured Iraqi leaders to establish a unified government and to resist pressures that the Bush administration fears could splinter the country and bring further instability that insurgents could exploit.

The White House's speedy rejection of the idea suggested that the plan would face steep odds. But it reflected a new effort to position Democrats between those calling for an immediate pullout from Iraq and the president's policy, which polls show is increasingly unpopular and threatens to become a factor in the November midterm elections.

Bush met with Secretary of State Condoleezza Rice and Secretary of Defense Donald H. Rumsfeld, who visited Baghdad together last week for the first top-level meetings with newly chosen government leaders.

"It's a new chapter in our partnership," the president said at a photo session in the Rose Garden that followed the Oval Office meeting. "This government is more determined than ever to succeed, and we believe we've got partners to help the Iraqi people realize their dreams."

The White House portrayed Biden's plan as one of partition. The senator rejected that description.

White House Press Secretary Scott McClellan said Iraqis would not support an arrangement leading to a weak central government.

Biden presented the plan in a speech to the World Affairs Council in Philadelphia and, in summary, in an essay co-written for the op-ed page of the New York Times with Leslie H. Gelb, president emeritus of the Council on Foreign Relations. Biden's office provided a transcript of his World Affairs Council remarks.

The senator's communications director, Norm Kurz, said Biden had presented the plan to other Democrats. "It is all evolving right now," he said.

In his speech to the World Affairs Council, a nonprofit, nonpartisan organization that presents lectures and discussions on foreign policy issues, Biden said each of the major ethnic and religious groups in Iraq would find a reason to support his proposal.

The senator said that Sunnis, dominant when Saddam Hussein ruled, were beginning to recognize that they would not regain power and feared a centralized government run by the majority Shiites.

The Shiites, he said, "know that they can dominate the government, but they can't defeat a Sunni insurrection."

He said the Kurds wanted to consolidate their autonomy in the north.

Biden also said that U.S. aid should be tied to protecting minority and women's rights, and that Bush should press other Persian Gulf states reaping windfall oil profits to make good on past promises of aid to Iraq and to offer new assistance.

In addition, he said Bush should order military commanders to prepare a plan for the withdrawal of nearly all of the 138,000 U.S. troops from Iraq by 2008, or sooner if it could be achieved "without precipitating a meltdown."

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Biden said he would deploy perhaps 20,000 U.S. troops in or near Iraq to strike at insurgents, train Iraqi security forces and protect the country from its neighbors.

In Iraq, meanwhile, a meeting of the country's most senior Shiite Muslim cleric, Grand Ayatollah Ali Sistani, and Turkmen leaders from the northern city of Kirkuk offered a renewed demonstration of the simmering divisions among Iraqis.

Yalmaz Najar, leading the Turkmen group, said after the conference that Sistani had promised to defend the rights of Shiite Turkmens fighting with Kurds for political control of oil-rich Kirkuk.

Biden Pitches Division Of Iraq (WT)

By Christina Bellantoni

The Washington Times, May 2, 2006

Sen. Joseph R. Biden Jr., the ranking Democrat on the Foreign Relations Committee, yesterday called for dividing Iraq into three separate regions held together by a loose central government, thus clearing the way for withdrawing most U.S. troops by 2008.

"It recognizes this new, central reality in Iraq [that] a rising tide of sectarian violence is the biggest threat to Iraq's future and to America's interests," the Delaware Democrat said. "It is premised on the proposition that the only way to hold Iraq together, and to create the conditions for our troops to responsibly withdraw, is to give Shi'ites, Sunnis and Kurds room to breathe in their own regions."

Mr. Biden, who has said he is considering a 2008 presidential campaign, promoted the idea as a "third way that can bring our troops home, protect our fundamental security interests and preserve Iraq as a unified country" in a speech to the World Affairs Council of Philadelphia and in an opinion piece published in yesterday's New York Times.

"The choice I'm proposing can give all of us ... realistic hope that our sacrifices in Iraq were not in vain," he said.

Sunnis, who ran the country during Saddam Hussein's dictatorship, historically have adamantly opposed splitting the nation.

White House press secretary Scott McClellan called the proposal a non-starter yesterday, saying President Bush and the Iraqis are committed to a "federal, democratic, pluralist and unified Iraq in which there is full respect for political and human rights."

"A partition government with regional security forces and a weak central government ... is something that no Iraqi leader has proposed and that the Iraqi people have not supported," he said.

But in his speech, Mr. Biden noted that Iraq has had three years of unity governments and "sectarian violence has escalated."

Staffers for Democratic leaders Rep. Nancy Pelosi of California and Sen. Harry Reid of Nevada had no immediate comment on Mr. Biden's proposal. Instead, their bosses criticized Mr. Bush on the third anniversary of his declaration that major military operations were over in Iraq.

"Since President Bush rendered his judgment of 'mission accomplished,' more than 2,200 Americans have lost their lives, about 20,000 have been wounded, many hundreds of billions of taxpayer dollars have been expended, and now, Iraq is engaged in a civil war, the degree of which is unknown," Mr. Reid said on the Senate floor. "Three years later, with fighting and violence continuing across Iraq, we know that declaration was woefully premature."

Mr. Biden, whose New York Times piece was co-authored with Leslie H. Gelb, president emeritus of the Council on Foreign Relations, defended their plan as consistent with Iraq's constitution and new government and used Bosnia as a supporting example. Allowing Muslims, Croats and Serbs to maintain separate armies "kept the country whole," and Bosnians have lived in relative peace since, he said.

The Biden plan would deem the Shi'ite, Sunni and Kurdish regions each responsible for their own laws, security and administration. A weaker central government would be created to police the borders and to run foreign affairs and oil revenues.

It would increase U.S. aid to Iraq on the condition the rights of women and minorities are protected, would withdraw all but a small force of U.S. troops by 2008 and would rely on the international community to help protect the country's borders to avoid a

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regional war. The plan also would guarantee Sunnis 20 percent of the country's oil revenue, but Iraq analysts worry it would leave Sunnis without any control of the country's oil production.

Analysts said splitting the nation along ethnic and sectarian lines would mean massive relocations of people and enormous upheaval in Iraq's major cities where all three groups reside.

Anthony Cordesman, a counterterrorism specialist at the Center for Strategic and International Studies, said a breakup would allow extremist groups with links to al Qaeda to increase their dominance over Sunni insurgents and push Iran to exploit the power vacuum left if the U.S. pulls out.

"The U.S. has made serious mistakes in Iraq, and Iraq may well divide on its own. A strategy of dividing Iraq, however, is virtually certain to make things worse, not better, and confront the U.S. with massive new problems in an area with some 60 percent of the world's proven oil reserves," he said.

Phebe Marr of the United States Institute of Peace said the cost of a breakup for Iraq is "likely to be much higher than gradually trying to move Iraqis toward compromise."

Iraqis Begin Duty With Refusal (WP)

By Nelson Hernandez

The Washington Post, May 2, 2006

BAGHDAD, May 1 -- The graduation of nearly 1,000 new Iraqi army soldiers in restive Anbar province took a disorderly turn Sunday when dozens of the men declared that they would refuse to serve outside their home areas, according to U.S. and Iraqi military authorities.

The graduation ceremony at Camp Habbaniyah, a base about 45 miles west of Baghdad, had been going well. The 978 soldiers, most of them Sunni Muslims, had just finished nearly five weeks of military training and were parading before a review stand to the sounds of martial music. They took an oath of service while U.S. and Iraqi officials delivered speeches hailing the event as an important step toward the formation of a national army.

Then some soldiers started tearing their clothes off to demonstrate their rage.

The protest was triggered by an announcement that the new soldiers, all residents of Anbar province -- widely considered the heartland of Iraq's Sunni Arab insurgent movement -- would be required to serve outside their home towns and outside the province as well.

Recruiting Sunnis into the army has been a key goal of U.S. policies to rebuild the Iraqi armed forces. Sunday's ceremony for the first group out of a total of 5,000 men recruited from Anbar represented major progress in that effort. But army commanders worry that if the men serve in their own home towns, they could be co-opted by insurgents.

While the fracas fell well short of outright mutiny -- there were no reported injuries, and the soldiers ate a meal in an orderly manner later that day -- a video clip of the graduation aired on the al-Jazeera and al-Arabiya television networks throughout Monday gave the impression of a near-riot.

The clip showed what appeared to be dozens of angry, shouting troops ripping off their uniforms and throwing them in the air or on the ground. Others shook their fists in the direction of the camera, as Iraqi officers, waving their arms, attempted to stop the tumult. In the background, most soldiers simply milled around, looking confused about what was taking place.

U.S. military authorities, who issued a statement on Sunday night that made no mention of the incident, gave a more subdued account of what happened.

"It was actually a very small number of graduates," said Lt. Col. Michael Negard, spokesman for the Multi-National Security Transition Command-Iraq, which oversees the training of the Iraqi army and police forces. "It was a momentary but very brief display of displeasure. It was never out of control. It was over as quick as it started."

The incident appears to echo an event in April 2004 when a battalion of the Iraqi army was ordered to deploy to Fallujah to help U.S. Marines fighting there. The troops refused. During the following weeks, more than 15,000 other Iraqi soldiers and police officers deserted, forcing the training effort essentially to start over with new practices designed to increase the retention of recruits.

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Army graduation ceremonies have often been troubled. In late 2003, according to Kalev Sepp, a retired Special Forces officer who has advised U.S. commanders in Iraq, U.S. trainers of one Iraqi unit so distrusted their students that they carried loaded pistols at a graduation ceremony in case of mutiny.

Iraqi soldiers and local authorities said the problem that surfaced in Sunday's ceremony has not yet been solved. A mediator, Brig. Salah Khalil al-Ani, said the soldiers were angry because they believed they would be assigned to serve in their province and home towns according to an agreement worked out by tribal and religious leaders in Anbar with Defense Ministry officers.

Local leaders in Anbar have long demanded that soldiers recruited from the province also serve there. They have accused the country's predominantly Shiite army of committing abuses against the Sunnis living there, and say this is why so many of the province's residents have supported the insurgents .

"We had volunteered to serve our cities and communities, particularly our families in Ramadi and Fallujah, who have been mistreated by the present soldiers of the Iraqi army, who come in large part from Shiite areas," said one of the recruits, Ahmad Mahmoud Azzawi. "If they disperse us to Shiite and Kurdish areas, we will not go. Frankly, we would much rather go back to our land, to plant and reap our produce, than to serve others."

But Negard said the soldiers knew what they were getting into when they enlisted. "They're recruited for national service, and they know this," he said. "They're prepared from the beginning to serve where the needs of the Iraqi army go."

"Diversity is good for the force," he said. "The bottom line is, when they're under fire and they're training, there are no signs of sectarianism."

Mohammad Abdulla Alawin, a recruit from Ramadi, said he wouldn't serve anywhere else; sectarian violence was one of his biggest worries. "We are afraid of the Shiite death squads which are found inside the Iraqi army, and who might kill us if we serve outside our province."

The governor of Anbar, Mamoun Sami Rasheed, told reporters that he tried to make the recruits understand that serving in the army is a great honor, regardless of where the service might be, because it is a service for the whole country. He urged them to obey their officers and follow discipline in order to serve as an example for others.

But it isn't yet clear which way the opinion of the soldiers will swing. Another volunteer, Falah Hussein, said the soldiers' officers have met with them and asked for four days to try to work things out.

"If there is no solution, we are going home," he said.

Iraqi Recruits Reportedly Balk At Postings Away From Home (NYT)

By Richard A. Oppel Jr. And Khalid W. Hassan

The New York Times, May 2, 2006

BAGHDAD, Iraq, May 1 — Hundreds of Iraqi soldiers recruited from volatile Anbar Province in the west unleashed a rowdy and angry protest during their army graduation ceremony on Sunday, an episode replayed frequently Monday on Arab satellite television.

After learning during the ceremony that they would be stationed away from their hometowns, the soldiers reacted with fury, with dozens stripping off their new uniform shirts. The new soldiers said they had been promised that they would serve only in their hometowns.

"When we enlisted we were told the men from Falluja would go to Falluja, the men from Husayba would go to Husayba, and the men from Qaim would go to Qaim," one new soldier said, in coverage of the event broadcast by Al Arabiya network. All are cities in Anbar.

The soldiers are shown squatting or sitting on a parade ground and listening to a speech by an Iraqi military commander. Then the commander says: "There is no such agreement, we are military," a reference to the soldiers' belief that they would be required to serve only in their hometowns.

As Iraqi officers try to quiet muttering in the crowd, the Iraqi commander, who is not identified, provokes the soldiers with a statement considered an insult by many Arabs: "If you like it, you are welcome. If you don't, the gate is large enough for a camel to pass through."

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The soldiers rise in unison, with many angrily shaking their fists, shouting, waving their arms or throwing parts of their uniforms to the ground. Then, some protesters seem to wander into the background, while the television shows soldiers closer to the cameras who continue to shout and gesture.

A spokesman for the American military, which is overseeing training of the Iraqi Army, called the episode an isolated incident and said the Iraqi troops had soon calmed down and marched off to eat at the chow hall. He said he did not know whether soldiers were later disciplined.

The protest was "a relatively short, brief display of dissatisfaction" that "flickered out as soon as it flared up," said the spokesman, Lt. Col. Michael Negard.

"We have not seen this in the past," he said. The recruits were never promised that they would serve in their hometowns, he added. "They know they have an obligation to go where the army sends them," he said.

The linchpin of American success in Iraq — and eventual American withdrawal — is the performance of the Iraqi security forces, and whether they can mature into a skilled force loyal not to sectarian leaders but to a unified Iraqi government.

A major area of concern has been the Sunni Arabs, who are needed to help pacify insurgent strongholds in Anbar Province. The insurgency is dominated by Sunni Arabs, many of whom used to serve in the army under Saddam Hussein.

American commanders are eager to deploy battalions of fresh Sunni Arab troops in Anbar, and also to combat the notion that the new army is dominated by Kurds and Shiites. Some Sunni troops insist on serving close to home, in part so patrols near their families and hometowns are conducted by Sunni troops.

The ceremony, which took place at Camp Habbaniya, between Falluja and Ramadi, followed a five-week training course. In all, 978 soldiers graduated during the ceremony, according to a military press release that did not mention the protest.

In northern Iraq, Iranian artillery shelled the mountainous eastern fringes of Iraqi Kurdistan in the second day of attacks against land populated by Kurdish rebels, forcing some families to flee, according to reports from Kurdish officials.

On Sunday the Iraqi Ministry of Defense had accused Iran of lobbing mortars into the area and sending Iranian troops across the border to attack fighters affiliated with the separatist rebel group, the Kurdistan Worker's Party, or PKK, which favors an independent Kurdistan.

On Monday an official Iranian news agency denied as "unfounded and artificial" assertions that any troops had entered Iraqi Kurdistan. But the statement did not deny that shelling had taken place, and it warned that Iranian border guards "are on maximum alert to confront any provocation by terrorist groups."

The PKK rebels, who live along the border of Iraqi Kurdistan near both Iran and Turkey, are bitter enemies of both countries, which have their own populations of Kurds and seek to defeat any efforts toward an independent Kurdish nation. The State Department classifies the PKK as a "foreign terrorist organization," citing attacks in Turkey and other bloodshed, and says as many as 3,500 PKK members live in northern Iraq.

The Web site of the Patriotic Union of Kurdistan, the political party that controls the eastern portion of Iraqi Kurdistan, quoted a PKK official as saying that dozen of families had to flee the shelling Sunday night and Monday morning, and that there were some casualties. An American military spokesman in Baghdad said Monday he could not confirm the reports.

U.S. Changes Guidelines For Troops To Lessen Everyday Tensions With Iraqi Civilians (NYT)

By Thom Shanker

The New York Times, May 2, 2006

WASHINGTON, May 1 — American commanders in Iraq are taking steps intended to lessen the chance for violent confrontations between their troops and innocent Iraqis during the daily routines of operating checkpoints and running convoys, senior military officers said.

The changes reflect deep worries that the conduct of American soldiers continues to alienate many Iraqis, despite three years of efforts by the American military to promote greater awareness among the troops of how their actions are perceived.

The changes are meant to avoid confrontations that escalate into the use of force, for example by substituting signs or other gentler warnings for the firing of warning shots, or using strobe lights to make sure civilian drivers approaching checkpoints can see the Americans clearly.

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Lt. Gen. Peter W. Chiarelli, commander of day-to-day military operations in Iraq, took the unusual step of forwarding to his two-star Army and Marine Corps commanders recent articles in the British press that condemned American forces for what were described as unnecessary levels of rough behavior.

"I don't think it hurts us at all to take a look at it, and ask some tough questions about how we're perceived and how we act as soldiers here in Iraq," General Chiarelli said in a recent telephone interview from his headquarters near Baghdad. "It falls in line with what I'm trying to do in urging a higher level of understanding and cultural sensitivity."

There is no doubt that in the three years since the invasion, American forces have alienated Iraqis in large numbers, ranging from the catastrophic events at Abu Ghraib prison, where Iraqi detainees were abused by their American jailers, to more minor yet daily insults, when some soldiers have used unnecessarily rough techniques at checkpoints, in raids and during searches.

Some unit commanders in the field say the guidelines may make it harder to protect their troops. Some even warn that the emphasis might result in hesitancy among their soldiers when there is a real threat, and hinder their ability to carry the fight to the insurgency.

General Chiarelli said the measures will lower the number of incidents in which American soldiers resort to the use of force, while not increasing the risk to American troops. Working with Iraqi security officials, "We have defined the reaction that soldiers should take, and together we have defined what an escalation-of-force incident is," he said. "These are guidelines to think about in the use of force."

In a significant part of the effort, commanders across Iraq are working with intelligence officers to identify telltale indicators of suicide bombers and other attackers, to give soldiers on patrol a set of guidelines to interpret more effectively the threat presented by an unknown group of Iraqis. For security reasons, officers asked that those identifying signatures not be published.

The techniques also include issuing strobe lights to troops operating checkpoints so they can flash piercing, bright beams at cars that approach too rapidly — rather than firing warning shots. In many cases, Iraqi drivers may not be trying to run through the American checkpoints, but cannot see the soldiers on unlit roads at night, officials said.

The techniques are being used in some of the most violence-plagued parts of the country.

"We do use several different methods to communicate our intentions and to issue instructions to folks as we interact with them on the highways and streets in and around Falluja," said Lt. Nathan J. Braden, a Marine spokesman, in an e-mail message from Iraq.

"Our marines are equipped with a myriad of nonkinetic tools, such as signs in Arabic, flags, spotlights, horns, flares, sirens," Lieutenant Braden wrote.

The Army's Fourth Infantry Division, responsible for a region of cities and rural areas in central Iraq the size of West Virginia, including Baghdad, uses large, hand-held paddles to signal the road movements of its armored vehicles, Humvees and trucks.

American military convoys have been a constant irritant to Iraqi drivers.

"They have 'Stop' and 'Slow' written in Arabic and English, and we hand them up to the gunner in the turret to wave at Iraqi drivers along our route to indicate our movements," said Staff Sgt. Jeffrey Barker, who patrols southern Baghdad.

Lt. Col. Jonathan B. Withington, spokesman for the division, which arrived in Iraq in January, said large convoys also include a translator, loudspeakers and strobe lights. "We go through a deliberate convoy planning process, and speed is always a factor," Colonel Withington said in a telephone interview. "Our leaders drill down on this all the time. We have to be cognizant of how we carry ourselves here."

Some of these techniques were already being used in Iraq, but their use is being refined and accelerated in this sensitive time as Iraq struggles to establish a permanent government.

Commanders in the field, whose units interact directly with Iraqis, acknowledge the need to not offend the local population — but some say the new guidelines make their task far more difficult, especially against an adversary that shows no similar concern about reducing civilian casualties.

"Cultural sensitivity and trying not to alienate the neutral Iraqis is obviously one of the keys to the strategy here," said one field-grade officer in Iraq, who was granted anonymity to discuss the issue more freely. "However, we are fighting a brutal, ruthless gang of terrorists, who exploit any possible advantage beyond all human decency or morals."

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The officer cautioned, "The restrained approach, as it is manifesting itself on the ground, is beginning to significantly handcuff our soldiers and leaders." He expressed concerns that "this undoubtedly is producing hesitancy" on the part of some soldiers and some unit leaders.

General Chiarelli said these measures were guidelines and did not replace formal "rules of engagement" that define when soldiers may and may not resort to deadly firepower to protect themselves from danger.

"What we are asking people to do is think through and talk through with soldiers the 'shoot-no shoot' scenarios, and ask, 'When should you apply deadly force?' " said General Chiarelli, who in January took over the Multinational Corps-Iraq and became the second-highest-ranking American combat commander in the country. "We want to give the soldier the opportunity to make the best decision possible."

General Chiarelli is known for his emphasis on missions beyond combat, such as creating jobs and providing city services, in securing and stabilizing the country, a view he developed during a previous tour serving more than a year in Iraq as commander of the First Cavalry Division.

"We risk the chance of creating an insurgent, of creating somebody who gets so disgusted with the quote-unquote 'occupiers' that they get off the fence and go to the wrong side," General Chiarelli said. "That has probably happened in many instances."

U.S. Snipers Protect Strategic Ramadi Road (AP)

By Todd Pitman

AP, May 1, 2006

On the roof of a ruined hotel-turned-observation post nicknamed "the Ramadi Inn," two U.S. snipers listen to Johnny Cash's "Ring of Fire" on an iPod and watch a firefight through holes knocked out of a penthouse wall.

Marines at another sandbagged outpost up the road are firing grenades at insurgents, sending clouds of smoke rising above a hazy midday skyline of rusting water towers, minarets and an exquisite blue-domed mosque.

"It's a never-ending war," says one of the snipers, 22-year-old Spc. Jarrod York of Mansfield, Pa., as explosions boom in the distance.

Ramadi, populated by Sunni Arabs 70 miles west of Baghdad, is the most dangerous city in Iraq for U.S. forces. Commanders say there are more insurgent attacks here than anywhere else in the country, with militants and American troops exchanging fire several times a day — at least.

American troops seized "the Ramadi Inn," known officially as OP Hotel, in 2004 to protect a road through the heart of the city. Two years later, they are using the building and others like it to secure Route Michigan, a key supply road for U.S. forces.

This four-story structure is one of the tallest in town, offering panoramic views over an urban wasteland crawling with insurgents. The troops say the militants are also watching them — casing their positions in vehicles, peeking around corners, looking from afar through binoculars and video cameras.

It's difficult to imagine the hotel ever had a place in Ramadi's hospitality industry. Rocket blasts have pummeled the building, a truck bomb nearly destroyed it and human hands have stripped it bare of furnishings.

The rooms on one dusty, darkened floor have been converted into sandbagged machine-gun nests manned by U.S. and Iraqi forces.

With boxes of ammunition and spent bullet casings at their feet, troops sit with binoculars 24 hours a day. They brace for attacks, watch for guerrillas and keep an eye out for battles — muzzle-flashes, explosions, plumes of smoke.

"We watch for anything that's not normal. But nothing's normal around this place," said Spc. Joe Sommer, 20, of Lawrenceville, Ga., his belt-fed machine-gun poking out a hallway window.

Past dreary halls draped with camouflage nets, soldiers sleep in cot-crammed quarters with no electricity, running water, phones or Internet.

Iraqi forces arrived a couple weeks ago and sleep on their own floor. A few promptly installed a satellite on the roof so they could watch TV in their rooms.

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Every window has been sealed with leaking sandbags. Troops joke the weight of the bags may bring down the building. Scrawled on one wall: "Ramadi Inn, aka OP Sandbag."

Only a few rooms have generator-driven fluorescent lights: the command center and a kitchen stacked with military rations. A few rays of sunlight stream in during the day, but the darkness "makes you feel like you're living in a cave," said Army Lt. Nicholas Goshen, 24, of Cleveland.

Ringed by trash, blast walls and razor wire, the hotel's crumbling brown balconies and boarded windows are covered by chicken-wire fencing that hangs from the roof to help deflect shoulder-fired grenades.

Exchanges of fire have wasted most surrounding buildings and forced nearby residents to flee.

"It's sad, but this hotel is critical to keeping Route Michigan open," Goshen said, looking at vacant, bullet-sprayed shops across the street.

The snipers are stationed in a small enclosed room called the penthouse, which is on the roof.

Sgt. 1st Class Britt Ruble, platoon commander for Charlie Company of the Army's 1st Battalion, 506th Infantry Regiment, said snipers had "taken out quite a few people digging in alleys" — planting roadside bombs — in the past year.

Ruble said rocket-propelled grenades struck the hotel at least 10 times in recent months, one of which hit the wall above Spc. Richard Cruz, 27, of Los Angeles.

"It knocked him back off his gun, but he got right back up and kept shooting," Ruble said.

Soldiers said bullets flew through the windows during that gunbattle in March, ricocheting off walls. One round hit an American soldier in the ankle; a medic found the 7.62 mm slug in his boot.

After that, "we took the sandbags all the way to the ceiling, doubled 'em, made 'em so we can actually fight from 'em," Ruble said.

Black marks and chips on the walls and ceilings bear testament to such stories, but soldiers say it is quieter here now than it had been — and quieter than other Marine-manned outposts along Michigan that are attacked daily.

When not on guard duty, troops read, play hand-held video games or write letters. On Sunday, a few watched "The Greatest Wrestling Stars of the 80s" on a laptop. Hot meals arrive in plastic containers once a day. Sometimes breakfast and even ice cream are thrown in.

But luxury it is not.

On some walls the words "never forgotten" are written beside the names of fallen soldiers.

Goshen said he tries to call his girlfriend before going on a four-day stint at the hotel. This time, coming off another mission, he had no time.

"She knows I'm guarding a hotel, but she probably thinks it's a nice hotel and I live in a room. She doesn't understand," he said. "My family would probably get a little scared if they saw what this place looks like."

Shiite Cleric Seen Trying To Broaden His Base Of Support (KRT)

By Nancy A. Youssef

Knight Ridder, May 1, 2006

BAGHDAD, Iraq - Firebrand cleric Muqtada al-Sadr is working behind the scenes to maintain his armed militant wing and portray it as a social movement, a step that would make him one of Iraq's most powerful figures if it succeeds, U.S. officials and Iraqi politicians say.

American officials think that al-Sadr, who already controls the largest bloc of votes in the National Assembly, is modeling himself after Lebanon's Hezbollah, the Iranian-backed Shiite Muslim movement born during that country's civil war in the 1980s. Although it began largely as an armed group, it eventually became a powerful political force with a large social-service component.

Some U.S. and Iraq officials think that al-Sadr's shift is a symptom of a growing rift within the powerful Shiite United Iraqi Alliance, which has dominated Iraq's two parliamentary elections. That split pits al-Sadr and his Mahdi Army militia against members of the Supreme Council for Islamic Revolution in Iraq to be the voice of all Iraqi Shiites.

"It's a struggle for power," said Adnan Pachachi, a secularist and member of parliament.

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A successful move by al-Sadr would be a major transformation for the 30-something scion of a clan of revered Shiite religious figures. Once derided as ill educated and undisciplined, al-Sadr has been on the verge of defeat twice at the hands of the American military and once was charged by an Iraqi court with murdering two prominent Shiite clerics.

But he's maintained his role in Iraq, joining the United Iraqi Alliance while maintaining his Mahdi Army, which controls Sadr City, Baghdad's largest Shiite neighborhood, named for al-Sadr's father.

Now al-Sadr is working to expand his influence, building regional offices in major Shiite communities to help widows, workers, children and the sick with services the Iraqi government can't yet provide, such as health care and potable water.

Al-Sadr also is insisting in talks to form a new government that his followers, who hold 32 of the assembly's 275 seats, lead key service ministries such as education and health.

At the same time, U.S. officials think al-Sadr is trying to better organize and train the Mahdi Army, expanding his reach by placing fighters in Shiite communities beyond Sadr City.

"I think he is now trying to work a parallel program and make (the Mahdi Army) more professional while also developing these organizations throughout the districts that ensure religious outreach, education, social advantage and opportunity," said a top U.S. intelligence official who agreed to speak only if granted anonymity because of the sensitive nature of the subject. "All the things that the government doesn't fill in, he will."

Sheik Yousif al-Nasseri, an al-Sadr supporter and the head of al-Shaheedin, an al-Sadr-oriented research center, embraced the comparison between al-Sadr's movement and Lebanon's Hezbollah, particularly if it means that the populace sees al-Sadr as representing the people.

"If this is their vision, that we resemble Hezbollah, then God willing we are going to be stronger than Hezbollah and move the people and the nation," al-Nasseri said.

Hezbollah began as a militant group that opposed the Israeli presence in southern Lebanon, but it began to provide services such as clinics and clean water with the help of financial backing from Iran. In the most recent Lebanese elections, Hezbollah won 23 of the 128 seats in the Lebanese Parliament, and it holds two ministerial posts.

The State Department lists Hezbollah as among the Middle East's "active extremist and terrorist groups."

American officials also take a dim view of al-Sadr, whom they hold chiefly responsible for attacks on Sunni Muslim mosques after the Feb. 22 bombing of the Askariya shrine, a Shiite holy site, in the mostly Sunni city of Samarra. In the aftermath of those attacks, U.S. Ambassador Zalmay Khalilzad said militias were a greater threat to Iraq than the country's Sunni insurgency.

Al-Sadr publicly says his Mahdi Army isn't a militia but an unorganized group of street fighters who take up arms only when needed. "There is no party organization, no salaries paid out, no bases and they use only their personal weapons," Sadr said at a rare news conference last week.

Officials say al-Sadr's effort to establish the Mahdi Army as a provider of essential services also highlights his disagreement with other key members of the United Iraqi Alliance, particularly the Supreme Council for Islamic Revolution in Iraq. Al-Sadr views the Supreme Council's militia, the Badr Organization, as too close to Iran, which gave shelter to many Supreme Council leaders during Saddam Hussein's rule.

Al-Sadr also rejects calls for allowing Iraqi regions a great deal of autonomy, which is known here as federalism. The Supreme Council supports the idea.

U.S. officials think al-Sadr is trying to broaden his base of support so that he can challenge the Supreme Council for prominence.

Not everyone thinks he'll be successful. They note that in contrast to Hezbollah's leader, Sheik Hassan Nasralla, who's considered one of the most charismatic figures in the Middle East, al-Sadr often appears awkward and indecisive in his public appearances.

In addition, they argue, he can't win over the majority of Shiites, particularly since most are loyal first to Iraq's No. 1 Shiite cleric, Grand Ayatollah Ali al-Sistani.

"He is trying, but I don't think he can," said Saad al-Janabi, a former Sunni negotiator who joined the National Assembly as a secularist. "There is no one voice of the Shiites."

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Pachachi noted Hezbollah's close ties to Iran, an important element in its survival and something that al-Sadr could be lacking.

But they agree that there's a vacuum for someone to fill, because the government remains weak and residents are frustrated by the religious and ethnic discord and the lack of services.

"In a strange way, he has emerged as a nationalist leader," said James Denselow, an Iraq specialist at the London-based Chatham House, an international research center. "Whether he can do it or not is something else."

200 Shiites Push For Better Security Throughout Iraq (USAT/AP)

By The Associated Press

USA Today, May 2, 2006

BAGHDAD — About 200 Shiites, many of them women in full-length black abayas, rallied Monday outside the Green Zone to demand that U.S. and Iraqi forces do more to stop attacks on Iraqis.

Some protesters waved large banners with slogans demanding better care for families displaced by sectarian violence.

Two Iraqi men — a soldier and a civilian — emerged from the Green Zone, home of the U.S. Embassy and the Iraqi government, to meet with the protesters and take notes about their demands.

Such demonstrations are rare in Baghdad because of fears large groups might attract suicide bombers.

In the latest violence, four people were killed Monday when a bomb exploded in a market in Madain, a mostly Shiite town 14 miles southeast of Baghdad, police told the Associated Press. Two people were wounded.

At least 15 bullet-riddled bodies were found in the capital, the Interior Ministry said. The victims were men; all were handcuffed and blindfolded, the ministry said.

In addition, two people were killed Monday in drive-by shootings in Diyala province northeast of Baghdad, police told the AP.

In other news:

•In northern Iraq, Iranian forces shelled a border area used by Iranian Kurdish rebels, forcing some families to flee but causing no casualties. Mustafa Qader, a member of the political bureau of the Patriotic Union of Kurdistan Party, said the shelling began at about 9 a.m. Sunday and continued until 5:30 a.m. Monday.

•An Arab television station aired videotape Monday of what it said was the dead body of a prime minister under Saddam Hussein, showing Iraqi men kicking and stepping on the head of the corpse.

Al-Arabiya said the body in the videotape was that of Mohammed Hamza al-Zubaidi. The individual appeared dead and men wearing boots were kicking the head.

The U.S. military reported on Dec. 5 that al-Zubaidi, 67, had died of heart failure three days earlier in a U.S. military hospital. Two days before the death announcement that carried al-Zubaidi's name, the military had said an unnamed 67-year-old Iraqi died at the 344th Corps Support Hospital.

Al-Arabiya quoted a U.S. Army spokesman as saying al-Zubaidi's body had been turned over to the appropriate Iraqi government ministry after an autopsy.

Video Shows Mistreatment Of Hussein Official's Body (WP)

By Nelson Hernandez And Saad Al-izzi

The Washington Post, May 2, 2006

BAGHDAD, May 1 -- The dead body of one of Saddam Hussein's top lieutenants was kicked and insulted after U.S. forces transferred it into Iraqi custody, according to a video of the incident that aired on al-Arabiya television on Monday evening.

The brief, grainy video appears to show the pale, lifeless face of Muhammad Hamza al-Zubaydi, a former prime minister of Iraq, with an unidentified man's shoe upon it. "Step over his mouth, step over it," another man says. A man kicks the face. Apart from the obvious indignity of being kicked, being touched by the bottom of a shoe is a grave insult in Arab culture.

Zubaydi was captured on April 20, 2003, as the "queen of spades" in the pack of cards of fugitives distributed by U.S.-led forces early in the war. The new government says he was instrumental in Hussein's brutal suppression of a Shiite uprising in 1991 after Iraq's defeat in the Persian Gulf War.

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A video from that period depicted Zubaydi, a Shiite, kicking and abusing Shiites captured by the Iraqi army.

He was set to face charges in the special tribunal trying Hussein on war crimes charges. But in December, U.S. officials announced that Zubaydi had died of natural causes while in U.S. custody. He was 67.

U.S. authorities transferred his body to the Iraqi Ministry of Health for an autopsy. It was there that he received the blows, according to the al-Arabiya report.

Ali Ghalib, the deputy interior minister, said the country's police force had nothing to do with the incident. He promised an investigation.

"This act took place away from the eyes of the police," Ghalib said in an interview broadcast on al-Arabiya. "We do not have any security or administrative supervision over the department of forensic medicine, and it is an open place for any Iraqi citizen to enter. So for those who were harmed by the crimes of this man during his time, this came as a personal, individual reaction."

Calm At The Center Of The Storm (NYT)

By Bartle Breese Bull

The New York Times, May 2, 2006

Hilla, Iraq

HERE in the hometown of Iraq's prime minister-designate, Nuri al-Maliki, people are understandably excited. And not just because a local boy has done well. Rather, they hope Mr. Maliki's ascension is a sign that Iraq as a whole may emulate their province's remarkable success in combating Iraq's two main security threats: Sunni Arab terrorism and the infiltration of Shiite militias into the state security forces.

Hilla is the capital of Babil Province, 900 square miles just south of Baghdad that could well turn out to be the country's crucial province. Babil's population of 1.6 million, like that of Arab Iraq in general, is mostly Shiite with a Sunni minority. The province borders not only the capital but also the Sunni heartland, Anbar Province, to the west and the Shiite holy places Najaf and Karbala to the south. In the east, Babil's neighboring provinces stretch to Iran and feel its influence heavily.

Babil's date palm plantations, flat alluvial landscape and almost infinitely divided lattice of irrigation canals give the place a timeless and emblematic feeling. It was home to Babylon — and the Tower of Babel. Thus it was here that Iraq gave the world the "confusion of languages": what should be the blessing of diversity, now cast as the curse of identity politics.

If everything goes to pieces in Iraq, we will not hear much more about Babil. In that case it will be Anbar, Basra, Kirkuk, Sadr City and the Green Zone in Baghdad that will symbolize pessimism and disaster. But if things go well, or at least better — if Iraq still exists five years from now, and continues to be more free than all of its neighbors except Turkey and less of a threat to them than it used to be — then Babil will have been a major reason for the success.

What Iraqis care about above all else these days is security, and Babil — apart from the so-called Death Triangle around the towns of Latifiya, Mahmudiya and Yusufiya in the Sunni north — is a safe place. In the December national elections, voter turnout in Babil was nearly 70 percent without a single serious incident of violence.

During the Shiite festival of Ashura this year, marked by 10 days of pilgrimage to Najaf and Karbala, some half a million pilgrims walked and drove through the province without reports of a single insurgent attack. Of the 81 civil reconstruction projects undertaken in Babil outside the Death Triangle in the last year — most related to water and electricity — not one has been attacked by Sunni insurgents or Shiite militias, according to the executive officer of the American troops here, the First Squadron of the 10th Cavalry. He told me that his troops had experienced only eight cases of hostile contact, and not a single casualty, since arriving in December. (They are vacating the base now and will not be replaced.)

Order here is not of the same magnitude as that in the Kurdish north, where 15 years of freedom have allowed the development of a highly efficient police state. Nor is it the false quiet of the south, where the allied forces' ceding of the streets to Shiites militias has masked a situation in which Basra is more frightening to liberal Iraqis and to foreigners than is Baghdad. Order in Babil is real order, not gangster order.

What really makes Babil special is that it is a largely Shiite province in which the Shiite militias — the Mahdi Army and the Badr Brigades — have almost no foothold. But they are trying. All Iraq's police answer to the Interior Ministry, which is held by the Supreme Council for Islamic Revolution in Iraq, the main Iranian organ in the country. And the interior minister, Bayan Jabr, has

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repeatedly tried to replace Babil's independent-minded provincial police chief, Gen. Qais Hamza al-Maamony. Under heavy pressure from the Americans, however, the minister agreed in January to a moratorium on the replacement of senior police officers until after the formation of the new government.

Nonetheless, according to American officials in the province, General Maamony was recently forced to accept 700 candidates recommended by the ministry — that is, by the Supreme Council for Islamic Revolution — for the incoming class of the provincial police academy. The police chief, I'm told, plans to spread these recruits as thinly as possible around the province upon their graduation to lessen their impact on the force.

General Maamony and his 8,000 men — especially the provincial SWAT teams, which supply the muscle that the relatively poorly trained and lightly armed regular police often cannot or will not provide — are understandably unpopular with the council and its military wing, the Badr Brigades. And they are equally feared by the Mahdi Army of the rebel Shiite cleric Moktada al-Sadr. A member of one local SWAT team often wears a baseball hat with "Mahdi Militia Killer" inscribed on it.

One Iraqi-American living here told me that he saw an operation in which the SWAT team drove up to a Mahdi checkpoint in civilian cars and clothes one night last year and killed 38 of the militiamen. While this number may be an exaggeration, unquestionably the local police forces are taking on the militias.

Of course, the Shiite militias are not the only danger. Up in the Sunni north, the province's police commandos mount 40-man daylight patrols in support of the overwhelmed local police officers, bouncing down rural byways, swerving around holes in the main roads created by homemade bombs, pointing out to me the places where in recent weeks they have fought in gun battles that often lasted several hours.

AT night they conduct more focused missions, often in the company of American Special Forces operatives, to apprehend suspected insurgents. One Special Forces commander told me he had worked with local policemen in just about every hot spot around the world since 1980, and that the Iraqi commandos in Babil are "the best any of us have ever seen."

They are also worried, as are their colleagues among the regular police. When the current moratorium on firing nonpartisan police officials expires with the formation of the new government (Mr. Maliki has about three weeks to finish that task), a momentous drama will break out inside the Interior Ministry in Baghdad. If the ministry stays in the hands of the Supreme Council for Islamic Revolution, then the people of Babil might find their streets and markets patrolled by men with greater allegiance to the council than to the legitimate Iraqi government and the country's best interests.

Should this happen, the assault commander of the provincial police commandos told me, he and his men might have to retire together to a rural compound where they would be out of jobs and out of uniform, but they could try to keep one another safe.

Can the new government prevent this success story at the heart of Arab Iraq from becoming yet another stronghold of theocrats, thugs and meddling neighbors? Handicapping Iraqi politics is a fool's game, of course, but if anyone can, it might well be Mr. Maliki. While he spent some years of his exile in Iran, he was the leader of the pro-Arab, rather than the pro-Iranian, wing of his party, Dawa. He has a strongly Shiite identity, yet his acceptance in his new post by Kurdish and Sunni politicians has been on surprisingly warm terms.

Undoubtedly, Mr. Maliki is less of an Iranian stooge and a far more forceful character than his predecessor, Ibrahim al-Jaafari. He also has solid anti-insurgent credentials. As chairman of the Parliament's national security committee, he was the architect of the popular new law that, among other things, attacks the economic basis of domestic insurgent support by going after the property and wealth of those convicted of abetting terrorists.

The key for the incoming government will be to apply this law vigorously in the knowledge that nonsectarian and nonpartisan control of local security forces is the key to domestic order and, ultimately, reconstruction.

Babil shows that such a thing is possible. But if this province is to continue to provide an island of relative order in the heart of Arab Iraq, people like General Maamony need to keep their jobs. For now, in the blast-walled compounds of the Hilla police forces and commandos, the real sense of siege is not from the insurgents and militias they fight almost every day, but from the politicians in Baghdad.

White Guilt And The Western Past (WSJ)

DOJ_NMG_0027667

By Shelby Steele

The Wall Street Journal, May 2, 2006

There is something rather odd in the way America has come to fight its wars since World War II.

For one thing, it is now unimaginable that we would use anything approaching the full measure of our military power (the nuclear option aside) in the wars we fight. And this seems only reasonable given the relative weakness of our Third World enemies in Vietnam and in the Middle East. But the fact is that we lost in Vietnam, and today, despite our vast power, we are only slogging along -- if admirably -- in Iraq against a hit-and-run insurgency that cannot stop us even as we seem unable to stop it. Yet no one -- including, very likely, the insurgents themselves -- believes that America lacks the raw power to defeat this insurgency if it wants to. So clearly it is America that determines the scale of this war. It is America, in fact, that fights so as to make a little room for an insurgency.

Certainly since Vietnam, America has increasingly practiced a policy of minimalism and restraint in war. And now this unacknowledged policy, which always makes a space for the enemy, has us in another long and rather passionless war against a weak enemy. * * *

Why this new minimalism in war?

It began, I believe, in a late-20th-century event that transformed the world more profoundly than the collapse of communism: the world-wide collapse of white supremacy as a source of moral authority, political legitimacy and even sovereignty. This idea had organized the entire world, divided up its resources, imposed the nation-state system across the globe, and delivered the majority of the world's population into servitude and oppression. After World War II, revolutions across the globe, from India to Algeria and from Indonesia to the American civil rights revolution, defeated the authority inherent in white supremacy, if not the idea itself. And this defeat exacted a price: the West was left stigmatized by its sins. Today, the white West -- like Germany after the Nazi defeat -- lives in a kind of secular penitence in which the slightest echo of past sins brings down withering condemnation. There is now a cloud over white skin where there once was unquestioned authority.

I call this white guilt not because it is a guilt of conscience but because people stigmatized with moral crimes -- here racism and imperialism -- lack moral authority and so act guiltily whether they feel guilt or not.

They struggle, above all else, to dissociate themselves from the past sins they are stigmatized with. When they behave in ways that invoke the memory of those sins, they must labor to prove that they have not relapsed into their group's former sinfulness. So when America -- the greatest embodiment of Western power -- goes to war in Third World Iraq, it must also labor to dissociate that action from the great Western sin of imperialism. Thus, in Iraq we are in two wars, one against an insurgency and another against the past -- two fronts, two victories to win, one military, the other a victory of dissociation.

The collapse of white supremacy -- and the resulting white guilt -- introduced a new mechanism of power into the world: stigmatization with the evil of the Western past. And this stigmatization is power because it affects the terms of legitimacy for Western nations and for their actions in the world. In Iraq, America is fighting as much for the legitimacy of its war effort as for victory in war. In fact, legitimacy may be the more important goal. If a military victory makes us look like an imperialist nation bent on occupying and raping the resources of a poor brown nation, then victory would mean less because it would have no legitimacy. Europe would scorn. Conversely, if America suffered a military loss in Iraq but in so doing dispelled the imperialist stigma, the loss would be seen as a necessary sacrifice made to restore our nation's legitimacy. Europe's halls of internationalism would suddenly open to us.

Because dissociation from the racist and imperialist stigma is so tied to legitimacy in this age of white guilt, America's act of going to war can have legitimacy only if it seems to be an act of social work -- something that uplifts and transforms the poor brown nation (thus dissociating us from the white exploitations of old). So our war effort in Iraq is shrouded in a new language of social work in which democracy is cast as an instrument of social transformation bringing new institutions, new relations between men and women, new ideas of individual autonomy, new and more open forms of education, new ways of overcoming poverty -- war as the Great Society.

This does not mean that President Bush is insincere in his desire to bring democracy to Iraq, nor is it to say that democracy won't ultimately be socially transformative in Iraq. It's just that today the United States cannot go to war in the Third World simply to defeat a dangerous enemy.

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White guilt makes our Third World enemies into colored victims, people whose problems -- even the tyrannies they live under -- were created by the historical disruptions and injustices of the white West. We must "understand" and pity our enemy even as we fight him. And, though Islamic extremism is one of the most pernicious forms of evil opportunism that has ever existed, we have felt compelled to fight it with an almost managerial minimalism that shows us to be beyond the passions of war -- and thus well dissociated from the avariciousness of the white supremacist past.

Anti-Americanism, whether in Europe or on the American left, works by the mechanism of white guilt. It stigmatizes America with all the imperialistic and racist ugliness of the white Western past so that America becomes a kind of straw man, a construct of Western sin. (The Abu Ghraib and Guantanamo prisons were the focus of such stigmatization campaigns.) Once the stigma is in place, one need only be anti-American in order to be "good," in order to have an automatic moral legitimacy and power in relation to America. (People as seemingly desperate as President Jacques Chirac and the Rev. Al Sharpton are devoted pursuers of the moral high ground to be had in anti-Americanism.) This formula is the most dependable source of power for today's international left. Virtue and power by mere anti-Americanism. And it is all the more appealing since, unlike real virtues, it requires no sacrifice or effort -- only outrage at every slight echo of the imperialist past.

Today words like "power" and "victory" are so stigmatized with Western sin that, in many quarters, it is politically incorrect even to utter them. For the West, "might" can never be right. And victory, when won by the West against a Third World enemy, is always oppression. But, in reality, military victory is also the victory of one idea and the defeat of another. Only American victory in Iraq defeats the idea of Islamic extremism. But in today's atmosphere of Western contrition, it is impolitic to say so. * * *

America and the broader West are now going through a rather tender era, a time when Western societies have very little defense against the moral accusations that come from their own left wings and from those vast stretches of nonwhite humanity that were once so disregarded.

Europeans are utterly confounded by the swelling Muslim populations in their midst. America has run from its own mounting immigration problem for decades, and even today, after finally taking up the issue, our government seems entirely flummoxed. White guilt is a vacuum of moral authority visited on the present by the shames of the past. In the abstract it seems a slight thing, almost irrelevant, an unconvincing proposition. Yet a society as enormously powerful as America lacks the authority to ask its most brilliant, wealthy and superbly educated minority students to compete freely for college admission with poor whites who lack all these things. Just can't do it.

Whether the problem is race relations, education, immigration or war, white guilt imposes so much minimalism and restraint that our worst problems tend to linger and deepen. Our leaders work within a double bind. If they do what is truly necessary to solve a problem -- win a war, fix immigration -- they lose legitimacy.

To maintain their legitimacy, they practice the minimalism that makes problems linger. What but minimalism is left when you are running from stigmatization as a "unilateralist cowboy"? And where is the will to truly regulate the southern border when those who ask for this are slimed as bigots? This is how white guilt defines what is possible in America. You go at a problem until you meet stigmatization, then you retreat into minimalism.

Possibly white guilt's worst effect is that it does not permit whites -- and nonwhites -- to appreciate something extraordinary: the fact that whites in America, and even elsewhere in the West, have achieved a truly remarkable moral transformation. One is forbidden to speak thus, but it is simply true. There are no serious advocates of white supremacy in America today, because whites see this idea as morally repugnant. If there is still the odd white bigot out there surviving past his time, there are millions of whites who only feel goodwill toward minorities.

This is a fact that must be integrated into our public life -- absorbed as new history -- so that America can once again feel the moral authority to seriously tackle its most profound problems. Then, if we decide to go to war, it can be with enough ferocity to win.

Mr. Steele, a research fellow at the Hoover Institution at Stanford University, is author, most recently, of "White Guilt: How Blacks and Whites Together Destroyed the Promise of the Civil Rights Era," published this week by HarperCollins.

CORPORATE SCANDALS:

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Lay Defends Family's Role In Selling Shares (WSJ)

By Gary McWilliams And John R. Emshwiller

The Wall Street Journal, May 2, 2006

HOUSTON -- In an effort to repair damage done to his credibility, former Enron Corp. Chairman Kenneth Lay1 and his attorney challenged a government claim that his son had shown a lack of faith in the company's stock by selling it "short" in expectation of a decline.

The effort came in the fifth day of Mr. Lay's testimony in the conspiracy and fraud trial of him and his co-defendant, former Enron President Jeffrey Skilling2. Yesterday afternoon, prosecutor John Hueston3 continued to hammer away at Mr. Lay for his actions in the months prior to Enron's December 2001 collapse.

Last week, Mr. Hueston had seemed to score a point when he surprised Mr. Lay with evidence that the former executive's son, Mark, had in March 2001 bet against, or shorted, Enron stock. Mr. Lay and Mr. Skilling have both asserted professional short sellers attacked Enron's stock, contributing to the collapse.

While Mark Lay's trading records show several short sales, the elder Mr. Lay's attorney, George Secrest, focused on other parts of those records indicating that Enron stock had been moved into the brokerage account later the same day. Mr. Secrest and his client agreed that Mark Lay put in a sale order that apparently got listed as a short sale.

Yesterday morning, Mr. Hueston pushed to add new items to a list of purported misstatements by Mr. Lay. He noted Mr. Lay had repeatedly claimed that he was "forced" in 2001 to sell $70 million of Enron stock back to the company to pay off pressing margin calls on private loans. The prosecutor also noted that Mr. Lay had previously testified he tried to hold on to as many Enron shares as possible because he believed they were undervalued.

Mr. Hueston proceeded to demonstrate, at length, that Mr. Lay had millions of dollars of other assets and credit lines to meet those margin calls, but instead kept selling Enron stock back. The prosecutor also argued that Mr. Lay and his family continued to live lavishly in 2001, maintaining several vacation homes and taking expensive trips. During a May 2001 vacation to Spain, Mr. Lay's wife bought $20,000 in antiques and the same month he made a $588,000 investment in a real-estate fund.

In late July 2001, Mr. Hueston said, Mr. Lay received a $483,000 bank margin call and sold $4 million of stock back to Enron. Mr. Hueston showed he could have tapped about $13 million in other, non-Enron securities to meet the call. Mr. Lay said while there were other assets he could have tapped, "the line of credit was the best way or easiest way for me to do it."

The repeated stock sales back to Enron showed "you put your own troubles ahead of Enron employees," Mr. Hueston said.

In September 2001, Mr. Lay told Enron employees the stock-price drop had made Enron shares "an incredible bargain" and later told employees he was a net buyer of stock, though he was a net seller when his stock sales to the company were included.

Mr. Lay said that many factors went into his personal financial activities, which were largely handled by advisers. As for his personal spending, he acknowledged that "we lived a very expensive lifestyle. It's the type of lifestyle that's very difficult to turn on and off like a spigot." But Mr. Lay continued to argue under repeated challenges that he did his best to minimize his Enron stock sales.

After several tough days on the witness stand last week, Mr. Lay appeared to be more comfortable testifying yesterday. His responses to the questions were crisper and more direct, unlike last week when he appeared defensive.

Mr. Hueston last week hit Mr. Lay particularly hard on the fact that he didn't publicly report in 2001 the tens of millions of dollars of stock sales back to the company. Yesterday, Mr. Lay and his attorney, Mr. Secrest reiterated that under federal rules he was required to report his stock sales back to the company only once a year -- as opposed to any stock sales into the public markets, which had to be reported monthly.

Early in the day, Mr. Hueston hit at a series of what he described as misleading statements by Mr. Lay in the fall of 2001 and contrasted them with warnings the chairman had received from employees in the same time period. The warnings dealt with the company's "aggressive" accounting practices, controversial investment partnerships, and troubles at its retail energy unit. Mr. Lay repeatedly assured employees and investors that Enron was financially strong and its accounting practices were proper. "You never shared even a hint" of the concerns with them, said the prosecutor.

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Mr. Lay countered that "aggressive accounting was a catchphrase" for concerns about Enron's dealings with outside partnerships run by the chief financial officer at the time, Andrew Fastow4. He has repeatedly said Enron handled those dealings properly.

Mr. Lay was also asked about his alleged 2001 comment to company colleagues that The Wall Street Journal had a "hate on" for Enron in connection with a series of articles looking at Mr. Fastow and his partnership operation. "I might have used that term," Mr. Lay acknowledged, adding that the Journal was "trying to paint a very negative image of Enron." (As previously reported, the Journal said it stands by the accuracy of its coverage.)

Mr. Lay is back on the stand today.

Lay Contends Banks 'forced' Majority Of His Stock Sales (USAT)

By Greg Farrell

USA Today, May 2, 2006

HOUSTON — Former Enron CEO Ken Lay sold tens of millions of dollars of Enron stock in 2001 to finance a lavish lifestyle that included a chartered boat for his wife's birthday and holidays on the French Riviera and in Mexico, a prosecutor said in court here Monday morning.

In November 2001, when Enron was suffocating from a cash shortage and two weeks before it filed for bankruptcy court protection, Lay canceled Enron's Christmas party, then drew down the final $1 million that was available to him through a company credit line.

Despite the revelations in his trial on charges of criminal conspiracy here, Lay insisted that the vast majority of his stock sales in 2001, which totaled $70 million, were "forced" by banks making margin calls on loans that were secured by Enron stock. Those margin calls were precipitated by Enron's sinking stock price throughout much of 2001.

Under questioning from prosecutor John Hueston, Lay acknowledged that some stock sales, which did not have to be immediately disclosed to the investing public, were used to fund his lifestyle. But Lay maintained that after he regained the CEO title in August 2001, when his co-defendant and former CEO Jeff Skilling resigned, he sold Enron stock only because he had no other liquid assets.

The government has accused Lay, 64, and Skilling, 52, of conspiring to hide the true state of Enron's financial condition from the investing public from 1999 to 2001. In particular, Lay is accused of making bullish statements about Enron to investors and employees in the fall of 2001. In September of that year, for example, Lay told employees that Enron's stock was undervalued and that he had recently bought stock.

Prosecutors displayed documents showing that even while Lay was buying $4 million in Enron stock at that time, he was unloading more than $20 million worth of stock through a line-of-credit program at Enron that did not require immediate public disclosure of the sales.

Lay sold his Enron stock to pay down personal debt even though he had access to about $19 million in cash and other stocks that could be sold quickly. In addition to his stocks, Lay also owned a $10 million luxury apartment in Houston and $20 million in other real estate holdings, mostly his three homes in Aspen, Colo.

In his opening statement in January, Mike Ramsey, Lay's lead attorney, said his client never sold a share of Enron stock in 2001 that he wasn't forced to sell. Ramsey said the case would "rise or fall" on that fact.

Challenging that assertion, Hueston presented evidence that Lay could have tapped other sources to pay debt.

"I always thought Enron stock was undervalued," Lay said in an attempt to explain his sales. But Hueston mocked him, saying, "Day after day you were denoting your optimism by choosing to sell Enron stock."

Attitude, Finances May Have Hurt Lay (WP)

By Carrie Johnson

The Washington Post, May 2, 2006

HOUSTON, May 1 -- When trouble befell Enron Corp. in the fall of 2001, a pollster advised the energy company to "take advantage" of its "most powerful weapon," genial chief executive Kenneth L. Lay.

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But as Lay, 64, prepares to exit the witness stand in his fraud trial Tuesday, the central question is whether his appearance did more harm than good.

On Monday, with the government using his personal finances against him to sometimes brutal effect, Lay tried to fend off accusations that he chose to quietly sell more than $70 million in stock back to Enron, rather than liquidate real estate and other investments as the company spiraled downward.

Assistant U.S. Attorney John C. Hueston painted Lay as a man so addicted to an extravagant lifestyle, and so centered on his personal needs, that he "maxed out" his corporate line of credit a day before Enron's ill-fated merger with rival Dynegy cratered. Five days later, in December 2001, the company filed for Chapter 11 bankruptcy protection, and thousands of employees lost their jobs and retirement savings.

For his part, Lay insisted that he always believed Enron's stock price would swing back upward and that, as banks began to call in nearly $100 million in personal debts in 2001, he was "hoping and praying that each and every time would be the last time" he would be forced to sell stock.

In one of the biggest surprises of the 14-week-old trial, Lay never appeared entirely comfortable in five days on the witness stand, particularly for a man who once moved easily among world leaders, corporate titans and religious figures. His lead attorney, Michael W. Ramsey, left the case midstream with heart trouble, requiring the defense to regroup. For the first couple of days of his testimony last week, Lay struggled to find the right tone.

Instead, he sometimes seemed far more aggrieved by his treatment by the government than grief-stricken over the plight of Enron workers and investors who lost billions of dollars because of Enron's demise.

"There may have been very few people in history who have been more investigated than I have and my family," Lay said last week, enumerating at least six federal agencies that have probed his finances. "Who knows how many people, how many resources, how many dollars?"

Last week, he reacted irritably to a question from his own attorney about Joanne Cortez, a former Enron employee who told the jury she cried after learning about Lay's stock sales.

"I didn't know her before, but she of course did testify in this trial, and I suppose that's the reason we're having to respond to all these matters," he said testily.

Lay repeatedly accused prosecutors of misleading the jury, taking his statements out of context and spending hours on issues that do not form the basis of six criminal charges that could send him to prison for more than a decade if he is convicted. Chief among them, Lay said, were his financial dealings.

Monday afternoon, a few jurors watched his wife, Linda, as Lay forcefully argued that she had made an appropriate decision to sell 500,000 shares of Enron stock held by their family foundation the morning of Nov. 28, 2001. Prosecutors claim the sale came hours before the death of the Dynegy merger was publicly acknowledged. No one has been charged with wrongdoing in the transaction, Lay testified.

If jurors' attention wandered last week as prosecutors explored the role Lay played in Enron's accounting decisions, they focused intently Monday when Hueston displayed the trappings of Lay's lifestyle, including a $20,000 antiques bill, a $193,000 voyage on a yacht named Amnesia and millions of dollars in real estate holdings.

A young female alternate juror, who has rested her head in her hand for days, snapped to attention and took notes as the prosecutor argued that Lay could have unloaded a $10 million Aspen, Colo., home rather than his Enron shares. A buyer paid cash for the property two days after it went on the market in January 2002, Hueston said. "Cash," the juror mouthed.

"We were living the American dream," Lay said. "It was a very expensive lifestyle, a lifestyle that's difficult to turn on and off like a spigot."

But Lay's temper, which he unleashed on the prosecutor last week, remained under control Monday. And his humor, which had struggled to find an audience last week, hit the mark several times. When Lay pointed out that he paid far more to celebrate his wife's birthday than his own, family members laughed and several jurors cracked smiles.

Under a second round of questioning from defense lawyer George "Mac" Secrest on Monday afternoon, Lay also provided an alternate and less damaging explanation for stock sales by his son Mark in March 2001. Lay told jurors that his son's broker had made a decision to sell Enron shares short, that is to make a sale betting that the stock price would fall, as a result of a

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misunderstanding with his son. Prosecutors had used Mark Lay's trades last week to mock the defense argument that short selling had contributed to the market panic that killed Enron.

The prosecutor repeatedly accused Lay of shirking responsibility for financial decisions and securities filings at the same time he earned $220 million in Enron's final years. Lay, who once thanked his lawyer for "correcting" him Monday after an uneasy rapport last week, unyieldingly argued that he had relied on subordinates as a "delegator" and a "decentralized" leader.

"The corpse is on the gurney now Mr. Hueston, and you're carving it up any way you want to carve it up," Lay testified. "I didn't have that luxury when I was right in the middle of battle."

Prosecutor: Lay Ignored Accounting Worries (FINDLAW/AP)

By Kristen Hays, Ap Business Writer

AP, May 2, 2006

(AP) - HOUSTON-Enron Corp. founder Kenneth Lay ignored employees' concerns about accounting integrity in the weeks before the company collapsed in 2001, a prosecutor sought to show Monday.

On the third day of cross-examination in his federal fraud and conspiracy trial, Lay again flashed his temper to prosecutor John Hueston, comparing Hueston's second-guessing of his decisions during Enron's downward spiral to carving up a corpse.

Lay was confronted with e-mails and survey responses from October 2001 in which employees raised questions about accounting "trickery" and Enron's business ethics.

One veteran Enron employee said, "I've lost all respect for Enron senior management" and suggested it was criminal for Enron executives to exercise stock options when they knew accounting tricks were being used to manipulate earnings.

At the time, about six weeks before Enron sought bankruptcy protection, its stock price was falling fast, and The Wall Street Journal was raising questions about unusual business partnerships created by Enron Chief Financial Officer Andrew Fastow.

When prosecutor John Hueston asked Lay why he did not question Fastow directly, Lay responded that "I was getting information from all sides" and said other senior officers thought the Journal and others were on a "witch hunt" against Fastow.

Lay bristled as he told Hueston repeatedly that it was easy in hindsight to second-guess his decisions.

"The corpse is on the gurney now, Mr. Hueston, and you're carving it up any way you want to carve it up," Lay said. "I didn't have that luxury when I was right in the middle of battle."

Hueston also questioned Lay about positive remarks he has made about Drexel Burnham Lambert Inc., the junk bond-dealing Wall Street firm that went bankrupt in 1990 after pleading guilty to illegal securities trading.

Lay said Drexel had made significant contributions in financial innovation and said that "failure is not equated with criminal activity, or does not need to be equated with criminal activity."

"They had a run on the bank back in the 1980s based on a number of events that occurred," Lay testified. He has used the "run-on-the-bank" phrase to describe Enron's collapse, blaming short-sellers, Fastow and bad press, among other factors.

Lay returned to the witness stand in the 14th week of the government's premier trial to emerge from its sprawling investigation of what led to Enron's spectacular collapse in December 2001.

The ex-chairman's performance during four days of testimony last week was in stark contrast to that of his co-defendant, former Enron Chief Executive Jeffrey Skilling. Lay, a generally affable man, was openly combative with Hueston, the prosecutor who secured the indictment against him. Skilling, known to be more temperamental, kept his anger largely in check, despite a few flare-ups during his 7 1/2 days on the stand.

Sam Buell, a former prosecutor with the Justice Department's Enron Task Force who is a visiting professor at the University of Texas School of Law, said Hueston should wrap up his cross-examination fairly quickly Monday.

"To the extent Lay thought he could get this jury to the point where they wouldn't take the government's case seriously after his testimony, that's not happening," Buell said. "I would think at this point, the key for the government is to make the one or two critical additional points left to be made and sit down. A too-long cross can turn this back into Lay's favor."

Lay and Skilling are accused of repeatedly lying to portray Enron as healthy when the government alleges they knew the company's purported success stemmed from accounting tricks that hid debt and inflated profits.

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The two men counter that no fraud occurred at Enron other than a few executives who stole money through secret scams behind their backs. They attribute Enron's descent into bankruptcy protection to a combination of bad publicity and lost market confidence.

Last week lawyers on both sides told U.S. District Judge Sim Lake that they expect testimony to wrap up by May 11, followed by closing arguments on May 15. The defense teams expect to rest their case this week, and then the government aims to call a string of rebuttal witnesses the following week.

Skilling faces 28 counts of fraud, conspiracy, insider trading and lying to auditors, while Lay faces six counts of fraud and conspiracy.

Lay also faces a separate trial on bank fraud charges unrelated to any of the issues in the current trial. That case will be tried before Lake without a jury during deliberations of the conspiracy case.

Quattrone Case Gets A New Retrial Judge (WSJ)

By Paul Davies And Randall Smith

The Wall Street Journal, May 2, 2006

NEW YORK -- A new judge has been assigned to oversee the possible retrial of former star investment banker Frank Quattrone, whose 2004 conviction on obstruction-of-justice charges was overturned in March1.

U.S. District Judge George Daniels will replace Judge Lewis Kaplan, who was assigned to the case last week but recused himself because he worked at Paul, Weiss, Rifkind, Wharton & Garrison LLP, the law firm overseeing Mr. Quattrone's defense. Judge Kaplan had been given the case after the appeals-court panel overturned the verdict, citing errors by the case's original trial judge, Richard Owen.

Judge Daniels spent three years as a New York state criminal court judge and five years as a state Supreme Court justice before former President Clinton nominated him to the federal bench in August 1999. He was a legal aid attorney for two years, spent three years as counsel to former Mayor David Dinkins and six years as an assistant U.S. Attorney in Brooklyn. Judge Daniels graduated from Yale and received his law degree from the University of California, Berkley, Boalt Hall School of Law.

"He runs an orderly courtroom, and is a very fair judge and very pleasant," said Thomas Curran, a defense attorney at Ganfer & Shore LLP in New York, who was an assistant district attorney and tried a criminal assault case before Judge Daniels. "He's stoic on the bench. He lets lawyers try the case but doesn't let lawyers run the show." Mr. Curran also said Judge Daniels hands out "tough" sentences.

Judge Daniels couldn't be reached for comment.

Judge Daniels recently dismissed a federal lawsuit brought by the Securities and Exchange Commission that accused Siebel Systems Inc. of improperly providing material information to a group of institutional investors. It was a setback in the SEC's effort to prevent selective disclosure of financial information through a rule known as Regulation Fair Disclosure. Judge Daniels said the agency was applying the rule in an "overly aggressive manner."

"He's a good experienced judge who I think will call the shots as he sees them with no attempt to tilt the table one way or the other," said Mark Zauderer, an attorney at Flemming Zulack Williamson Zauderer LLP in New York.

Prosecutors haven't announced whether they plan to seek a retrial. They confirmed last week that two new prosecutors -- William Johnson and Raymond Lohier -- have been assigned to the case. Mr. Johnson and former assistant U.S. Attorney David Anders won an accounting-fraud conviction against former WorldCom CEO Bernard Ebbers. Mr. Anders, who prosecuted the last trial against Mr. Quattrone, is now an attorney at Wachtell, Lipton, Rosen & Katz. Mr. Lohier won a securities-fraud conviction earlier this year against Richard Adelson, the former Chief Executive of Impath Inc.

Mr. Quattrone, former head of technology-industry investment banking at Credit Suisse Group's then-named Credit Suisse First Boston, has made changes to his legal team, giving the lead to Mark Pomerantz and Ted Wells of Paul Weiss, the law firm that led his successful appeal.

Mr. Quattrone was charged with obstructing investigations into initial public offerings of stock for sending an email to members of his group endorsing a colleague's earlier message urging recipients to "clean up" their files in compliance with the CSFB document-retention policy. Mr. Quattrone sent his note shortly after he was told about a grand-jury investigation into how

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his firm handled IPOs. After his first trial ended in a hung jury in October 2003, Mr. Quattrone was convicted in May 2004. The appeals-court panel that overturned the verdict ruled that Judge Owen made errors in his jury instructions and other areas.

Comverse CEO Quits As Options Probe Heats Up (WSJ)

By James Bandler And Charles Forelle

The Wall Street Journal, May 2, 2006

The chief executive and two other officials of Comverse Technology Inc. resigned as a board probe of possible backdating of stock-options grants gathered steam at the company.

The departures, effective immediately, include Kobi Alexander, chairman, CEO and a founder of the New York telecommunications-software company; Chief Financial Officer David Kreinberg; and Senior General Counsel William Sorin.

Separately, the board of another company facing options scrutiny, medical-insurance giant UnitedHealth Group Inc., approved a new set of management-compensation guidelines, including the establishment of a fixed date each year for granting options to existing employees.

The moves come as the Securities and Exchange Commission is engaged in a wide-ranging examination of options practices. The SEC is investigating whether grants were backdated or granted ahead of favorable news to give recipients a better chance of profiting from exercising the options.

Options give their holders the right to buy shares at a fixed, or exercise, price. Holders can profit by buying shares at the exercise price and selling them when the stock-market price exceeds it, pocketing the difference.

From 1995 through Jan. 31, 2005, Comverse's Mr. Alexander realized $135 million in gains from exercising options, according to SEC filings. At the end of that period, he had an additional $50 million in unrealized gains.

Mr. Alexander signed an agreement that calls for a freeze of any option exercises for six months following his resignation. He would then have a short window of time to exercise. Under the terms of some of the company's options plans, an option holder would normally be permitted to exercise options immediately after resigning for a 90-day period. The agreement also gives the company time to complete its inquiry. Under terms of the pact, both parties reserve the right to make further "claims or defenses" related to stock options.

Mr. Alexander will serve as an adviser to the company for six months at an annual salary of $25,000. He won't receive any additional option grants, and none of his earlier option or restricted-stock grants will vest. Messrs. Kreinberg and Sorin signed similar agreements, though Mr. Sorin won't be paid.

Mr. Alexander received eight grants between 1994 and 2001, usually ahead of sharp gains in his company's share price and sometimes at or near the bottom of steep declines. His grant dated July 15, 1996, carried an exercise price of $7.9167, adjusted for stock splits. It was priced at the end of a day that the stock fell 13%; the next day it recovered nearly all of its steep one-day loss. Another grant, dated Oct. 22, 2001, was on the date with the second-lowest closing price of the year.

The likelihood of the eight-grant pattern occurring if the option dates were chosen at random is around one in six billion, according to a mathematical analysis presented in a Wall Street Journal article in March. Comverse was one of six companies profiled in the article, which raised questions about whether stock-option grants had been backdated. Five of the six companies, including UnitedHealth, have since said they are conducting internal probes on the matter, with two disclosing that they have been contacted by the SEC.

The shake-up at Comverse comes two weeks after the company said it would restate more than five years of financial results because the option-grant dates used in its accounting "differed" from the actual grant date. The company also has indicated it could face delisting from the Nasdaq Stock Market because of its inability to file financial statements on time.

Independent director Raz Alon was named interim CEO, and independent director Ron Hiram was appointed nonexecutive chairman. Avi Aronovitz, Comverse's treasurer and vice president of finance, has been installed as interim finance chief.

Messrs. Alexander and Kreinberg couldn't be reached for comment. Mr. Sorin declined to comment. John Friedman, a board member, referred a call to a company spokesman.

Mr. Alexander's share holdings in Comverse are small compared with his options holdings. As of April 15, 2005, he held about 297,000 shares of Comverse stock, according to the company's most recent proxy statement.

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UnitedHealth CEO William McGuire yesterday addressed a gathering of the Society of American Business Editors and Writers in Minneapolis, where he declined to answer questions about possible options backdating at his company. Dr. McGuire, who at the end of last year held $1.6 billion of unrealized, exerciseable gains from stock options, said any comments by him could prejudice an investigation of the matter by a committee of UnitedHealth's outside directors.

Yesterday, UnitedHealth, of Minnetonka, Minn., said its board adopted a slew of compensation and governance changes, including a 40% pay cut for its directors and a regular schedule for employee option grants.

The company said it also capped benefits under a supplemental retirement plan for executive officers. Along with Dr. McGuire, No. 2 executive Stephen Hemsley would cease receiving stock and option awards. The men also wouldn't receive company-paid health insurance after their retirements. And "certain executive officers," the company said, would no longer get perks such as life-insurance premiums and free personal use of the company jets. Dr. McGuire, who previously indicated some of the moves were coming, vowed again yesterday to make public the results of the board's options probe.

The policy changes come as UnitedHealth faces resistance from shareholders over the hefty levels of compensation paid to Dr. McGuire and other top executives. The California Public Employees' Retirement System, which holds 6.7 million UnitedHealth shares, said yesterday that it is withholding its votes from four directors standing for re-election, including Dr. McGuire and members of the compensation committee.

Nacchio's Attorneys Continue Bid To Have Charges Dropped (WSJ)

By A Wall Street Journal Staff Reporter

The Wall Street Journal, May 2, 2006

DENVER -- In a series of legal filings yesterday, attorneys for Joseph Nacchio continued their bid to have criminal insider-trading charges against the former Qwest Communications International Inc. chief executive dismissed.

In filings in U.S. District Court here, Mr. Nacchio's attorney Herbert Stern argued that prosecutors didn't make it clear that to commit a crime, Mr. Nacchio must have based his decision to sell Qwest stock on insider information. Mr. Nacchio says he didn't act on the basis of insider information. The distinction between selling while in possession of inside information and selling on the basis of inside information has been debated between the two sides.

No trial date has been set.

CRIMINAL LAW:

Common Cause Seeks Justice Probe Of Harris (AP)

AP, May 2, 2006

WASHINGTON May 1, 2006 (AP)— A congressional watchdog group asked the Justice Department on Monday to investigate whether Rep. Katherine Harris, R-Fla., attempted to obtain a $10 million appropriation for a defense contractor in return for his financial support.

Common Cause filed a complaint with the Justice Department, citing information provided by contractor Mitchell Wade, as part of a plea agreement in the bribery case of convicted former Rep. Randy "Duke" Cunningham, R-Calif.

Justice Department spokesman Bryan Sierra said the department does not comment on, or confirm, criminal investigations.

Harris is a two-term House member who is running for the Senate. However, she is best known as the state official who certified President Bush's 537-vote win in Florida in the disputed 2000 presidential election.

Wade, former president of MZM Inc., admitted making $32,000 in illegal contributions to Harris' 2004 campaign for the House.

Harris said she did not knowingly do anything illegal and said she would donate the money to charity.

Wade said that he and a "Representative B" later identified as Harris had dinner in Washington in early 2005. The contractor said they discussed the possibility of Wade's company hosting a fundraiser for the lawmaker and the possibility of Harris obtaining funding for a Navy counterintelligence program in her district.

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The Common Cause complaint said that after the dinner, Harris sent a letter to the chairman and ranking member of a House subcommittee requesting funding for the counterintelligence program.

Harris' office said in a news release that the request was for $10 million.

Federal law prohibits public officials from corruptly seeking or receiving anything of value in return for being influenced in the performance of any official act.

Harris is trying to unseat Sen. Bill Nelson, but statewide polls show her trailing the Florida Democrat by double digits. National Republicans have openly criticized her campaign and have tried to court other GOP candidates to challenge Harris in the primary. The filing deadline for the primary is May 12.

Common Cause Asks Feds To Investigate Harris (ORS)

Jim Stratton Sentinel Staff Writer

The Orlando Sentinel, May 2, 2006

The watchdog wants to know whether the Senate candidate violated bribery laws.

A well-known government-watchdog group will ask the Justice Department today to investigate U.S. Rep. Katherine Harris' dealings with a now disgraced defense contractor accused of bribery.

Common Cause wants to know whether Harris broke the law when she and Mitchell Wade met at an exclusive Georgetown restaurant in early 2005. At that dinner -- which cost Wade up to $2,800 -- Wade offered to hold a fundraiser for Harris and sought her help obtaining $10 million in federal money.

Common Cause's director of ethics campaigns said there is sufficient evidence to suggest Harris submitted the appropriations request in exchange for Wade's fundraising support.

"There's certainly the appearance of a quid pro quo," said Mike Surrusco. "We absolutely think this complaint has merit."

Harris spokesman Chris Ingram would not comment on the complaint Sunday, saying he had not yet seen it. He suggested Common Cause was politically motivated, saying that "different liberal interest groups" were trying to undermine Harris' U.S. Senate campaign against Democratic Sen. Bill Nelson.

The complaint centers on Harris' ties to Wade and the dinner he and Harris shared last year.

Two weeks ago, the Sentinel reported that dinner cost up to $2,800 and that despite Harris' earlier statements, Wade had paid the entire bill.

The dinner took place at Citronelle, one of the most exclusive restaurants in Washington, D.C., in early 2005. Harris and Wade discussed organizing a fundraiser for Harris, and Wade -- whose company gave Harris $50,000 in campaign contributions in 2004 -- asked her to support his request for $10 million to establish a counterintelligence facility in Sarasota.

A few weeks later, Harris sent that request to a House appropriations subcommittee.

"Bribery takes two," said Surrusco. "We know Mitchell Wade has been guilty of bribery. The question is, 'Is Katherine Harris guilty?' "

Harris has said she supported Wade's project only because she "thought it would bring new jobs to Sarasota." She said she "never requested funding . . . in exchange for any contributions . . ."

Wade is the former CEO of MZM Inc., a defunct defense company that in recent years obtained more than $150 million in government contracts.

In February, he pleaded guilty to bribing U.S. Rep. Duke Cunningham, R-Calif., and funneling about $32,000 in illegal campaign contributions to Harris in 2004.

The Justice Department has said Wade did not tell Harris the contributions, which she has since donated to charity, were illegal.

Though Harris had long maintained she paid her share of the Citronelle bill, the Longboat Key Republican acknowledged to the Sentinel recently that was not true. She said she thought her campaign had "reimbursed" for her meal but later learned that had not happened.

After being questioned by the Sentinel, Harris gave $100 to a Jacksonville ministry saying it would "more than adequately compensate for the cost of my beverage and appetizers."

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House ethics rules prohibit members from accepting gifts or meals worth $50 or more.

Harris has sought to distance herself from Wade since the Cunningham scandal broke last summer.

In July, she said she wasn't sure why Wade and his company had contributed so generously to her 2004 campaign. She told The Tampa Tribune she knew little of Wade's Sarasota project and had done nothing to support it.

That was three months after she had asked the defense appropriations committee to give Wade's project $10 million in federal money.

Common Cause is one of Washington, D.C.'s oldest government-watchdog groups. Founded in 1970 by John Gardner -- a Republican who served as Secretary of Health, Education and Welfare under President Johnson -- the group focuses on issues such as campaign-finance reform, government ethics, government spending and voting-system reforms.

During its history, it has investigated the conduct of both Republicans and Democrats, including former House speakers Newt Gingrich, R-Ga., and Jim Wright, D-Texas.

Surrusco said the group has not filed a complaint with the Justice Department "in many years." More typically, it will appeal to congressional ethics committees.

Justice Department spokesman Channing Phillips said Sunday that the investigation into Wade's conduct was continuing. He would not say whether Harris was part of the probe.

"We're looking into all his activities," Phillips said. "The investigation is wide open."

Jim Stratton can be reached at jstratton@orlandosentinel.com or 407-420-5379.

Activist Group Seeks Katherine Harris Investigation (TAMPTRIB)

By Keith Epstein

Tampa Tribune, May 2, 2006

WASHINGTON – The nonpartisan activist group Common Cause is asking the Justice Department to investigate whether U.S. Rep. Katherine Harris' request of a $10 million earmark for a defense contractor in exchange for personal favors and campaign contributions violated the law.

"We're filing the complaint today," Common Cause spokesperson Mary Boyle confirmed this morning.

The Justice Department has kept the scope of its investigation of the defense contractor, MZM Inc., under wraps, though it has already netted a California congressman for accepting favors and bribes in exchange for earmarks.

Common Cause is well-known for its activism for open government and accountability in Congress. Although nonpartisan, the group has on occasion been accused of having a liberal bias.

Seeking an earmark does not necessarily imply illegality. One reason for the growth of lobbyists in Washington is the increasing number of opportunities by members of Congress to secure federal dollars, though fine-print "earmarks" in legislation, for private interests and pet causes.

The Common Cause complaint centers on a dinner at an exclusive Georgetown restaurant in 2005 at which the defense contractor, Mitchell Wade, offered to hold a fundraiser for Harris' U.S. Senate campaign and picked up the $2,800 tab.

Wade admitted bribing former Rep. Randy "Duke" Cunningham of California, who helped him obtain earmarks giving his company government business.

Wade wanted Harris, too, to seek a $10 million earmark in congressional spending legislation. That spring, Harris asked that the money be included in spending legislation.

The project was, however, never funded. Harris has said she made the request to bring jobs to her district, where MZM would have opened a new facility.

Harris has for weeks declined to address many questions surrounding her relationship with Wade and MZM, including two dinners they had, except for her assertion, in remarks to the Orlando Sentinel last month, which she had thought her campaign had reimbursed Wade for the 2005 dinner.

Former Harris campaign strategist Ed Rollins said he, too, had had concerns about the dinner when joining her campaign last year and learning of the large tab for the dinner.

Rollins said it was at that time he urged Harris to hire a lawyer, Ben Ginsburg.

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Harris has denied any wrongdoing.

Graft Trial Opens For Ex-Ala. Governor (AP)

By Bob Johnson, ASSOCIATED PRESS WRITER

AP, May 2, 2006

MONTGOMERY, Ala. -- The corruption trial of former Alabama Gov. Don Siegelman opened Monday with prosecutors accusing him of scheming with his chief of staff to obtain bribes for state help, including assistance allegedly sought by then-HealthSouth CEO Richard Scrushy.

Siegelman's lawyer countered that the federal case was built on the lies of unbelievable witnesses who have pleaded guilty in the case and are hoping for lenient sentences.

"The government is going to have to call a bunch of liars, a bunch of con artists, a bunch of thieves," said attorney Vince Kilborn.

The opening statements showed the trial of Siegelman, Scrushy and two former members of Siegelman's administration may hinge largely on the testimony of two former government insiders - Nick Bailey, once a close aide to Siegelman, and Lanny Young, a lobbyist and landfill developer with clout in the Siegelman administration.

Both have pleaded guilty and won't be sentenced until after the trial, which is going on as Siegelman, a Democrat, campaigns for another term as governor.

Chief federal prosecutor Louis Franklin spelled out the government's wide-ranging bribery and conspiracy case, which includes racketeering and obstruction of justice charges against Siegelman and former chief of staff Paul Hamrick, counts of bribery and mail fraud against Scrushy, and charges of wire and mail fraud against former state transportation director Mack Roberts.

The government intends to prove Siegelman traded state contracts, appointments and favors from his office for cash, gifts and campaign contributions - including $500,000 arranged by Scrushy for Siegelman's campaign to create a state lottery, Franklin said.

"Don Siegelman took the executive branch of state government and he turned it into an unlawful enterprise," the prosecutor told the jury.

Franklin said Scrushy, after backing Siegelman's opponent in the 1998 race won by Siegelman, had to scramble to get into the new governor's good graces so he could stay on a state board that oversees hospital development.

"He had to bribe our governor," Franklin said.

Siegelman's attorney insisted Siegelman did nothing wrong.

The government's witnesses are trying "to save their own skin by coming in and telling you things that are not true," he said.

Attorneys for Hamrick and Roberts said their clients had nothing to do with any scheme or conspiracy with Siegelman.

Siegelman, governor from 1999 to 2003, has said the charges were filed to hurt his election campaign. Polls show he is in a close race with his chief opponent for the Democratic nomination, Lt. Gov. Lucy Baxley.

In May 2004, a separate federal grand jury in north Alabama indicted Siegelman and Hamrick on charges of conspiring to rig bids on state Medicaid contracts while Siegelman was governor. That case ended when a federal judge ruled there was insufficient evidence to support the main charge.

Scrushy, who drew national attention when HealthSouth was accused of accounting fraud, was acquitted by a federal jury in June 2005 of criminal charges connected to the company medical services chain, which he founded.

On Monday, the judge in Siegelman's case allowed Scrushy to add a prominent black lawyer to his defense team - Fred Gray, who represented Rosa Parks in 1955 when she challenged Montgomery's segregation by refusing to give up her bus seat to a white man. During Scrushy's HealthSouth trial, black ministers had been visibly supportive of Scrushy, who is white.

Prosecutors accused Scrushy's attorneys of hiring Gray to influence black jurors. The jury, including alternates, has nine blacks and nine whites. The judge instructed Gray to limit his remarks to the facts.

Opening Arguments Made In Scrushy Bribery Trial (WSJ)

By Valerie Bauerlein

DOJ_NMG_0027679

The Wall Street Journal, May 2, 2006

MONTGOMERY, Ala. -- A federal prosecutor accused Richard M. Scrushy of funneling $500,000 to former Alabama Gov. Don Siegelman because the HealthSouth Corp. founder needed to make up for supporting a rival politician.

In opening arguments at the trial of Messrs. Scrushy, Siegelman and two other defendants, Louis V. Franklin Sr., criminal-division chief of the U.S. attorney's office here, said Mr. Scrushy helped fuel the Birmingham, Ala., company's growth by exchanging money for political favors.

"Fob James didn't win, folks," Mr. Franklin said, referring to the incumbent Republican governor whom Mr. Siegelman, a Democrat, defeated in 1998. Mr. Scrushy had backed Gov. James, so he "had to scramble," Mr. Franklin added. Prosecutors allege Mr. Scrushy made two hidden payments to then-Gov. Siegelman in 1999 and 2000 to get a spot on a state regulatory panel that oversees HealthSouth.

Defense lawyer Fred D. Gray, known for his work on landmark civil-rights cases, told jurors that Mr. Scrushy hadn't done anything illegal and was a good citizen and humanitarian whose actions are "typical of the people I've represented for the last 50 years in this court, including Rosa Parks and Martin Luther King Jr."

Vincent F. Kilborn III, a lawyer for Mr. Siegelman, who lost a re-election race in 2002 and is campaigning for governor, said his client met with Mr. Scrushy shortly after the 1998 election to patch up their differences. Mr. Kilborn told the jury his client never used the power of his office for financial gain.

Among more than 120 people crowded in the courtroom was Mr. Scrushy's wife, Leslie, who sat in the front row. Mr. Scrushy was ousted from HealthSouth shortly after a $2.7 billion accounting fraud was exposed at the company in 2003. More than 15 other former HealthSouth executives have pleaded guilty.

Mr. Scrushy, who was acquitted on accounting-fraud charges last year, faces seven counts of bribery, conspiracy and mail fraud. The other defendants face a total of 27 criminal charges.

Before the trial began, U.S. District Judge Mark E. Fuller asked the jury of seven African-Americans and five whites if any of them had previous dealings with Mr. Gray, who joined Mr. Scrushy's defense team last week. All of the jurors indicated they didn't know the lawyer. Mr. Franklin, the lead prosecutor, strongly objected when Mr. Gray referred to Ms. Parks and Dr. King, saying their names are being used as part of a racially motivated strategy to sway the jury.

Plea Deal Points To Milberg Partners (LAW)

By Justin Scheck, The Recorder

California Recorder, May 2, 2006

It took six years and a detour through Beverly Hills, but on Friday, federal prosecutors in Los Angeles finally got their first guilty plea in the long-running investigation of the class action plaintiffs firm Milberg Weiss Bershad & Schulman.

And it looks to be a significant one: in saying that he and his family took nearly $2.5 million in illegal kickbacks from Milberg Weiss in exchange for serving as lead plaintiffs in several class actions, Howard Vogel fingered four partners at the New York firm and agreed to cooperate in the ongoing investigation.

Vogel and Milberg -- referred to as "the New York Law Firm" -- "had an established pattern and practice that the New York Law Firm would secretly pay defendant Vogel a percentage of the attorneys' fees that the New York Law Firm obtained in class actions and shareholder derivative actions," prosecutors alleged in a document charging Vogel with a single count of making false statements in federal court.

Plea documents also allege that a high-profile Denver criminal defense attorney and a small New York real estate firm passed Vogel payments from Milberg in cases stretching from 1991 to 2005.

While no lawyers are named in the indictment, sources familiar with the case said the three Milberg partners with whom Vogel says he dealt are David Bershad, Steven Schulman and Robert Sugarman.

Bershad and Schulman have been in the sights of L.A. federal prosecutors for several months, and lawyers close to the case said the main sticking point in their indictment has been prosecutors' delay in deciding whether to indict their firm as well.

Sugarman, who left Milberg in 1999, has been cooperating with prosecutors for some time, Edward Hayes, Schulman's former lawyer, said last month. Hayes said Friday that he is no longer representing Schulman, and Schulman's current lawyer,

New Jersey-based Herbert Stern, did not respond to a phone call by press time. Sugarman couldn't be reached by press time, and Andrew Lawler, a lawyer for Bershad, did not return calls seeking comment.

The plea papers allege that in 1991, Vogel approached the firm hoping to file a securities class action, and to share in the profits if it was successful. Sugarman -- referred to as "Partner E" -- "confirmed that Vogel would be paid," the papers allege.

But "it was explained to Vogel that since he was a plaintiff, a possible conflict of interest arose from his receipt of payment from the New York Law Firm," the documents allege. So Sugarman and Bershad -- identified as "Partner C" -- told him "that he needed to find a lawyer through whom the New York Law Firm would pay Vogel. Partner C and Partner E explained that this was an established practice of the New York Law Firm."

It would be illegal for a client to accept such fees because lead plaintiffs must represent other class members, and are required to sign papers saying their interests are in line with the rest of the class. Vogel's plea relates to such a document.

The lawyer Vogel found -- identified in the indictment as "Intermediary A" -- was Gary Lozow, said lawyers familiar with the case. Lozow is a well-known Denver lawyer who has recently represented a former Qwest Communications executive who pleaded guilty to wire fraud, in addition to the family of Dylan Klebold, one of two teenagers who killed 13 people in the 1999 Columbine High School shootings. Reached last month, Lozow would not comment on the Milberg case.

Nor would Lawrence Drath, a partner at Holm & Drath, a small New York real estate firm identified as "Intermediary B" in court papers, beyond saying that he is representing his firm in the case. The government alleged that Holm & Drath accepted a single payment of about $44,000 from Milberg in 1997 and passed it on to Vogel, a Florida real estate developer.

In another case, against Mercie Corp. in 1996, prosecutors allege Sugarman "handed Vogel an envelope constituting Vogel's share of the attorneys' fees. Partner E explained that the amount of cash being paid to Vogel was less than Vogel's usual 14 percent share of attorneys' fees because Vogel was being paid in cash, Vogel would not have to report the cash on his tax returns, and there were other plaintiffs in Mercer with respect to whom the New York Law Firm had financial obligations."

The issue of Vogel's percentage came up again in 2003, the papers allege, when Lozow went to New York to discuss the matter with Partner A. Sources close to the case say Partner A is Melvyn Weiss, Milberg's lead partner.

Weiss' attorney, Benjamin Brafman, didn't return a phone call late Friday. But Weiss does not appear to be facing imminent indictment, and the Vogel plea papers say only that he discussed a fee to be paid to Lozow.

In 2003, the papers allege, Vogel wanted to negotiate payment in a case where his stepson was lead plaintiff. Schulman, the documents allege, "instructed Vogel to have an intermediary lawyer contact another partner." That partner -- Partner A -- is Weiss, said sources close to the case. He "refused to engage in substantive discussions with Vogel Intermediary A" -- Lozow -- "over the phone, but instead insisted on meeting with Vogel Intermediary A in person in New York." Lozow allegedly met with Weiss that November, and Weiss "reaffirmed that the New York Law Firm would pay Vogel a percentage of its attorneys' fees" in two cases.

The scheme outlined in the Vogel plea is not new; in fact, it first came up in 2000 when a Beverly Hills eye doctor named Steven Cooperman, facing a lengthy prison sentence for insurance fraud, told prosecutors that as a former Milberg lead plaintiff, he accepted kickbacks from the firm paid via his personal attorney.

The information provided by Cooperman and his circle is too old to be of much use to prosecutors, say sources familiar with the investigation. And Cooperman's testimony is looked at with particular skepticism because his history as a fraudster won't go over well with a jury.

Cooperman's allegations spawned a lengthy probe into some of the less savory elements of tony Brentwood and Beverly Hills, a circle of millionaires with a tenuous hold on their wealth who served repeatedly as lead plaintiffs.

They include Cooperman, the pop psychologist Melvyn Kinder -- who has immunity from prosecution -- and Ron Fischman, a doctor who was O.J. Simpson's next-door neighbor and an oft-mentioned figure in the civil litigation surrounding the death of Simpson's wife. Fischman's lawyer, Ronald Nessim, did not return calls by press time.

Another Milberg client, Seymour Lazar, was indicted last year with his attorney, Paul Selzer, on similar charges. Lazar and Selzer have so far refused to cooperate, and are slated for trial this fall.

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Lawyers close to the case expect indictments of Bershad, Schulman and likely the Milberg Weiss firm to follow in coming weeks. But William Lerach -- the star partner who split away to start his own firm, Lerach Coughlin Stoia Geller Rudman & Robbins -- seems to be outside the prosecutors' sights for the foreseeable future, they said.

Records Of Abramoff's White House Visits (AP)

By Toni Locy

The Associated Press, May 1, 2006

The Secret Service has agreed to turn over White House visitor logs that will show how often convicted lobbyist Jack Abramoff met with Bush administration officials — and with whom he met.

U.S. District Judge John Garrett Penn last Tuesday approved an agreement between the Secret Service and Judicial Watch, a public interest group, that requires the agency to produce records of Abramoff's visits from Jan. 1, 2001, to the present.

Judicial Watch filed suit in February after the Secret Service failed to respond to its request under the federal Freedom of Information Act.

Abramoff, who represented Indian tribes in their dealings with Washington politicians, once was one of the city's most successful lobbyists.

He pleaded guilty in January in Washington to federal charges stemming from an investigation into his ties with members of Congress and the Bush administration. He also pleaded guilty to fraud charges in Miami concerning a multimillion-dollar purchase of SunCruz Casinos gambling fleet in 2000.

Administration officials have refused to say how many times Abramoff, who raised at least $100,000 for President Bush's re-election, has been to the White House. Bush has said he doesn't know Abramoff.

Chris Farrell, Judicial Watch's director of investigations, said, "The documents will speak loud and clear on what Abramoff was doing in and out of the White House."

The visitor logs are to be delivered to Judicial Watch by May 10.

Bush's spokesman has said Abramoff attended "a few staff-level meetings" at the White House, as well as Hanukkah receptions in 2001 and 2002.

The president has said he does not know Abramoff personally. When a photo of Bush with Abramoff surfaced earlier this year, the president said he has his picture taken with "a lot of people." In the 2001 photo, Bush is shaking hands with a leader of an Indian tribe. Abramoff is in the background.

A few days after Bush made the remarks about the photo, Abramoff expressed surprise in e-mails to a magazine editor about the president's faulty memory. Abramoff told the Washingtonian magazine that he had met with Bush nearly a dozen times and that Bush knew him well enough to joke with him.

Three former business associates of Abramoff also told The Associated Press that Abramoff often mentioned White House adviser Karl Rove when talking about his influence inside the White House.

Abramoff was a $100,000 fundraiser for Bush and lobbying records obtained by the AP show his lobbying team logged nearly 200 meetings with the administration during its first 10 months in office on behalf of one of his clients, the Northern Mariana Islands.

The contacts between Abramoff's team and the administration included meetings with Attorney General John Ashcroft and policy advisers to Vice President Dick Cheney, the AP reported last year.

Lawyers Look Into Leaks In Wiretap Case (AP)

By Linda Deutsch, AP Special Correspondent

AP, May 2, 2006

LOS ANGELES (AP) - Troubled by leaks to the media, a federal prosecutor said Monday he would delay filing grand jury transcripts and other crucial documents in the case of an indicted Hollywood private eye because he fears the material will "end up on the front page."

Assistant U.S. Attorney Daniel Saunders also confirmed during the federal court hearing that the U.S. Justice Department had launched an investigation to determine who leaked confidential FBI reports to The New York Times.

The wiretapping case against private detective Anthony Pellicano and other defendants has drawn in a growing list of celebrities, and with them increasing media attention.

The confidential information began showing up two weeks ago in the Times, which cited FBI interviews with top Hollywood power brokers.

"We have no confidence that these will not end up on the front page of the newspaper," Saunders told U.S. District Judge Dale S. Fischer on Monday in saying he would delay other filings.

A number of lawyers attended the hearing to say neither they nor their clients were responsible for the leaks. Some said they had not even seen the files before the material began appearing in print.

"Let me say unequivocally this did not come from the Pellicano camp or on the directive of Mr. Pellicano," said attorney Steve Gruel, who represents Pellicano. "I did not have these materials when they started appearing in the paper."

The judge said she was not convinced there had been a violation of her protective order limiting access to the information to prosecutors, investigators, defense attorneys and their clients.

She advised lawyers to file written motions if they want her to act on the leaks issue.

Pellicano is suspected of being the kingpin of a ring that used threats and blackmail while digging up dirt to help celebrity and other clients in legal disputes.

"Die Hard" director John McTiernan pleaded guilty in April to making false statements to an FBI agent. Former Hollywood Records president Robert Pfeifer admitted hiring Pellicano to wiretap the phone of his former girlfriend.

At Monday's hearing, attorney Terree Bowers, who represents defendant Terry Christensen, a longtime attorney for MGM mogul Kirk Kerkorian, complained about the government's plan to delay filing information.

Many of Pellicano's tapes have yet to be turned over to the defense, Bowers said.

The U.S. Justice Department probe of the leaks was requested by attorney Terry W. Bird, whose clients include divorce lawyer Dennis M. Wasser, another of Kerkorian's lawyers. Wasser has not been charged with a crime, but authorities have named him as a person of interest in the case.

Gruel complained that by cutting off the filing of government documents, Saunders was trying to blame defense attorneys for the leaks. He asked the judge to order the government not to go forward with its leak investigation until motions are filed in court.

"I don't have the power to tell the Justice Department what it can and can't do," the judge said.

She scheduled another hearing for May 22.

Delay Planned In Turning Over Evidence (LAT)

By Andrew Blankstein, Times Staff Writer

The Los Angeles Times, May 2, 2006

A federal attorney says he fears the information about the Pellicano wiretap case would be leaked to the media if given to defense lawyers.

A federal prosecutor said Monday that he would delay release to defense attorneys of additional evidence in the wiretapping case against Hollywood private eye Anthony Pellicano because he was concerned the information would be leaked to the media.

Assistant U.S. Atty. Daniel Saunders told U.S. District Judge Dale S. Fischer of his plans at a status conference days after the Justice Department launched an investigation into who provided the New York Times with reports from the FBI.

Citing the possibility that materials would "end up on the front page of the newspaper," Saunders said he planned to withhold grand jury testimony and other privileged materials from lawyers representing Pellicano and six other defendants.

They were indicted in February on charges of conspiring to wiretap, blackmail and intimidate dozens of celebrities and business executives on behalf of clients, many of whom were attorneys looking for information that would give an advantage in civil and criminal litigation.

Several defense attorneys, including Pellicano's lawyer Steven Gruel, denied responsibility for the leaks. Gruel said his client, who is being housed at the downtown Metropolitan Detention Center, had not received any of 10,000 pages of discovery in the case or compact discs containing recorded conservations, other audio files and documents.

"This did not come from the Pellicano camp, nor Pellicano," Gruel said. "He didn't have the stuff" that has been leaked.

From the bench, Fischer said prosecutors were under no particular timetable for turning over grand jury testimony and other evidence, including prior statements by witnesses.

Fischer said she would consider acting only on written requests to look into any violations of her protective order in which both sides agreed not to divulge materials related to the government's investigation.

Attorney Terree Bowers, who is representing indicted lawyer Terry Christenson, said counsel for various defendants agreed to a protective order only because of a quid pro quo in which the government agreed to hand over grand jury materials in discovery.

Christensen was indicted on charges of hiring Pellicano to conduct illegal wiretaps of the ex-wife of billionaire investor Kirk Kerkorian. Christensen was representing Kerkorian in a child-custody case.

Bowers also complained that "a whole universe of potential discovery" would not quickly be turned over to defense teams under Saunders' plan. Bowers said he and other defense attorneys needed as much time as possible to study the evidence, particularly because there are still audio files seized from Pellicano's office that have not been decoded and may be hard to authenticate or are possibly damaged.

Federal authorities, in the meantime, delayed plans to unseal three of six searches conducted by FBI agents at Pellicano's Sunset Boulevard offices and one of the private investigator's storage lockers. Attorney Carmen Trutanich asked Fischer to keep search warrant affidavits sealed on behalf of two clients he described in court only as "John Does."

Law enforcement sources who asked not to be named, citing the ongoing investigation, said Trutanich is representing John Rottger and actor Steven Seagal.

The Pellicano probe began in 2002 after the investigator allegedly hired a former convict to put a dead fish and a note that said "Stop" on the windshield of then-Los Angeles Times reporter Anita Busch. The FBI believed that Pellicano had hired Alexander Proctor to scare Busch off a story about Seagal's problems with organized crime. But the FBI has since found no convincing evidence that Seagal was involved.

Trutanich, who did not explain his request, did not return repeated calls for comment.

Corrections (NYT)

The New York Times, May 2, 2006

A front-page article last Tuesday about seating options that airlines are considering to accommodate more passengers in economy class referred incorrectly to the concept of carrying passengers standing up with harnesses holding them in position. During preparation of the article, The Times's questions to one aircraft manufacturer, Airbus, were imprecise. The company now says that while it researched that idea in 2003, it has since abandoned it. The article also misstated the capacity of the Airbus A380 superjumbo jet. The airliner can accommodate 853 passengers in regular seats; standing-room positions would not be needed. (Go to Article)

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Because of an editing error, an article in Business Day on Monday about the friendship between Ron Meyer, president of Universal Studios, and Anthony Pellicano, the private detective accused of wiretapping and conspiracy, referred imprecisely to the sources on which the article was based. It was based on government evidence, including written summaries of interviews by F.B.I. agents with witnesses in the case, not on interviews with F.B.I. agents. (Go to Article)

For the Record

The On Education column on Wednesday, about problems in the college admissions process, misstated the number of private academic counselors who belong to the Independent Educational Consultants Association. It is 500; 3,500 is the number of private educational consultants nationwide. (Go to Article)

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An obituary on Friday about Alexander Trowbridge, a former secretary of Commerce, referred incorrectly to the president he served in the 1980's as a member of the National Commission on Social Security. It was Ronald Reagan, not Richard M. Nixon. (Go to Article)

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A front-page article on Saturday about a proposal for a fourth airport to serve the New York City area misidentified the location of a Metro-North Railroad line that comes within several miles of Stewart International Airport in New Windsor, N.Y., which is being considered for expansion. It is Orange County, not Rockland. (Go to Article)

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A picture caption on Friday with an article about Quashay Everett, a 15-year-old Queens girl whose body was found near Kennedy Airport in March, referred incorrectly to the person reflected in a television screen at her home. The image was of Jermaine Everett, Quashay's brother — not her foster sister. A note with the article omitted the name of a contributing reporter. He was Janon Fisher. (Go to Article)

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An article on April 22 about student efforts to improve Cornell University's image referred imprecisely to the administration of the university's College of Agriculture and Life Sciences. Like three other colleges on campus, it is overseen by both Cornell and the State University of New York, not just by the state. (Go to Article)

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A picture caption in Business Day on Friday with an article about the Enron trial misidentified the woman with Kenneth L. Lay as he left court. She was his daughter, Robyn, not his publicist, Kelly Kimberly. (Go to Article)

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A note in The Arts yesterday directing readers to an online Critic's Notebook article about the New Orleans Jazz and Heritage Festival misstated the timetable for the event. The subject was the conclusion of the first weekend; the festival itself ends on Sunday. (An updated version of the article appears today, on Page B5.) (Go to Article)

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Gang Presence In U.S. Military Investigated (CHIT)

By Charles Sheehan

Chicago Tribune, May 2, 2006

Tribune staff reporter -- The FBI has assigned an agent to monitor any connections between U.S. soldiers and a Chicago-based gang alliance, federal agents said.

Of particular concern are reports that the Folk Nation, consisting of more than a dozen gangs in the Chicago area, is placing young members in the military in an effort to gather information about weapons and tactics, said FBI Special Agent Andrea Simmons, who is based in El Paso, Texas.

"Our understanding is that they find members without a criminal history so that they can join, and once they get out, they will have a new set of skills that they can apply to criminal enterprises," Simmons said. "This could be a concern for any law enforcement agency that has to deal with gangs on a daily basis."

Chicago gang symbols can be found amid other graffiti, mostly in latrines on U.S. military bases such as Camp Fallujah in Iraq's Anbar Province.

Yet military investigators say the soldiers who left those symbols had no gang affiliation and little knowledge of how gangs operate.

"In nearly every one of the cases that we have looked into, it is a young man or woman who thought that the symbol looked cool," said Christopher Grey, spokesman for the Army's Criminal Investigation Command. "We have found some people even get gang tattoos not really knowing what they are, or at least that they have not had any gang affiliation the past."

Still, Army investigators have opened 10 cases in the last year in which evidence of gang activity was found, he said.

Some of those cases have since been closed, but no further details were released by the military.

"We're looking at a million-plus people in the Army," he said. "Any suggestion that this is rampant, we just don't see that."

Grey acknowledged that there are gang members in the military, but he said their presence has not become a problem.

The FBI, however, has two agents looking into gang affiliations in Texas in anticipation of a major realignment of military bases that is about to shift as many as 20,000 soldiers to Ft. Bliss near El Paso, Simmons said.

One of those agents has been assigned to look at affiliations with Folk Nation, she said.

Police departments around Ft. Hood, near Austin, about 600 miles away, have reported some gang-related incidents, and the FBI will monitor whether there is an increase in such crimes near Ft. Bliss over the next two years, Simmons said.

A number of soldiers transferred to Ft. Bliss are expected to come from Ft. Hood, Simmons said.

Military recruiters are trained to spot gang tattoos and affiliated clothing, said Maj. Nathan Banks, stationed at the Pentagon.

Membership in a gang does not automatically exclude individuals from the military, he said.

"There are people who want to become soldiers because they want something better," he said. "That's a fact, and people do join gangs, but they also leave that behind in some instances to serve."

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'BLAME IT ON GOTTI' SUBPOENAS (NYPOST)

By Kati Cornell

The New York Post, May 2, 2006

Lawyers for John "Junior" Gotti say the FBI is delivering an unusual verbal message along with its subpoenas for a sweeping grand-jury probe of the Gambinos - subjects are told, "You can thank Gotti . . . for this."

In a letter to Manhattan federal Judge Shira Scheindlin, defense lawyer Charles Carnesi complains that numerous subpoena targets have told him they received the same message from FBI agents, words to the effect of: "You can thank Gotti and Carnesi for this."

The feds have suggested Gotti, his younger brother Peter and others could be hit with new charges, including money laundering, tax fraud and perjury.

But Carnesi claims the supposed verbal message from the FBI is further proof the feds are misusing the grand-jury process in an effort to intimidate witnesses and spark "raging publicity."

Gotti, 42, is facing his third trial on racketeering charges after two previous juries failed to agree on a verdict.

AP: Conn. Governor Reassigns Official (AP)

By Matt Apuzzo, The Associated Press

AP, May 2, 2006

HARTFORD, Conn. (AP) — Connecticut's governor stripped a top fraud investigator of her duties Monday after The Associated Press reported that she had testified to receiving many of the same gifts that toppled former Gov. John G. Rowland's administration.

Kristine Ragaglia, head of the Medicaid fraud unit, was reassigned to administrative duties at Gov. M. Jodi Rell's order, pending an investigation, Department of Social Services spokesman Matthew Barrett said. As a classified employee, she can't immediately be fired.

Ragaglia testified in 2004 before a grand jury investigating corruption in the Rowland administration.

In sealed grand jury transcripts, FBI reports and personal diaries examined by the AP, Ragaglia detailed how she took the same expensive hotel getaways, lavish dinners and limousine rides that were used to bribe the officials in Rowland's administration.

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She testified that she took the luxuries while head of the state Department of Children and Families and helped steer a $57 million detention center contract to a developer who had provided gifts to Rowland.

Prosecutors agreed not to use her testimony against her, a deal that allowed her to keep her $104,000-a-year job, though she faces a civil case brought by the state attorney general.

"The fact that she is heading up a fraud unit, having defrauded the state, I see no humor in that," said Rell, who has been criticized by Democrats for keeping on too many Rowland-hired staff members while campaigning for clean government.

Ragaglia, a 44-year-old former assistant attorney general, ran the child protection agency from 1997 until 2003, when she left amid the FBI's burgeoning investigation. After a brief second stint at the attorney general's office, she was hired by the state's Department of Social Services as head of the fraud unit.

In documents reviewed by the AP, Ragaglia testified that she sometimes wrote letters or placed phone calls to push a project along. Other times, she said, she just looked the other way.

Asked about the documents Sunday night, Ragaglia said she didn't know that developer William Tomasso, who has since pleaded guilty to corruption charges, was paying for her lavish trips. She noted that her cooperation helped send corrupt officials to prison.

"I did my part to make it right," she told the AP.

Ragaglia's admissions have never been made public because all those charged in the case avoided trials by striking plea deals.

Rowland pleaded guilty in late 2004 to one corruption count and served 10 months; he is now on four months of home confinement. Tomasso and Peter Ellef, Rowland's top aide, pleaded guilty to corruption and fraud charges, and were sentenced to 2 1/2 years in prison.

Ragaglia wrote in her diary in 1998 that Ellef introduced her to Tomasso and outlined plans to replace an antiquated juvenile detention center with the Connecticut Juvenile Training School, a project touted as Ragaglia's greatest hope for success.

Rowland hailed it as a key step toward reforming an agency that was under federal oversight and reeling from a series of child deaths in state custody.

His administration steered the construction contract to Tomasso, who secretly paid for repairs at Rowland's summer cottage and his vacations to Florida.

Ellef and his deputy, Lawrence Alibozek, directed the effort. But the reform school came under Ragaglia's agency.

Ragaglia's diaries paint a conflicting portrait: She enjoyed being near Rowland's inner circle but she also worried that her reputation would be ruined and cited Tomasso's "disconcerting" ties to the governor's office. She was excited that her agency — and Connecticut's children — could benefit from his work.

"It was pretty clear to me that I am a pawn in this whole thing — I guess I shouldn't care as long as I get what I want," Ragaglia wrote in late 1998, saying she cared most about getting a new reform school.

According to Ragaglia's testimony, she began receiving perks while she pushed for the deal. She told investigators she joined Ellef, Alibozek and Tomasso for expensive dinners, limousine rides and vacations. Prosecutors describe the trips as bribes Tomasso gave the Rowland administration to land the juvenile center contract.

Ragaglia told investigators that she never knew who paid for the trips but assumed it was Alibozek, with whom she had a yearlong affair.

In the grand jury room, a prosecutor asked Ragaglia directly whether she thought the contract was being steered.

"That was my belief," Ragaglia replied.

Tomasso officially landed the training school contract in April 1999 when a state public works panel, which included Ragaglia, gave him the job.

The next day, Ellef, Alibozek and Ragaglia slipped away for a night in New York at the Waldorf Astoria, according to the grand jury testimony and the FBI documents. The bill topped $2,700, which prosecutors say was paid for with Tomasso's money.

By 2002, the Rowland administration's dealings had drawn the attention of the FBI. Ragaglia agreed to cooperate and Alibozek resigned, pleaded guilty to a corruption charge and become a key FBI witness. He is awaiting sentencing.

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The Juvenile Training School, meanwhile, never lived up to its promise. Rell announced plans last year to shut it down by 2008, saying it was too much like a prison and wasn't rehabilitating the children.

Defense To Open In Trial Of Pair Tied To Mariano (PHI)

By Michael Currie Schaffer

The Philadelphia Inquirer, May 2, 2006

The father-and-son duo accused of bribing Philadelphia City Councilman Rick Mariano are expected to begin presenting their defense this morning by calling a series of witnesses that will include labor leader and potential mayoral candidate John J. Dougherty.

Dougherty will likely be asked about a $6,000 loan he made to Mariano, who was convicted on March 18 of bribery, fraud and conspiracy.

Dougherty told a grand jury last fall that the money was intended to help the councilman repay the defendants, Erie Steel owners Louis and Philip Chartock. Likewise, the defense has said an initial $5,873 payment of Mariano's credit-card bill in 2002 was a loan rather than a bribe.

The question of whether or not it was a loan also hung in the air yesterday at U.S. District Court, as prosecutors presented a succession of witnesses, and voluminous quantities of paperwork, designed to show it was not.

Thomas J. Rapak, an accountant working for Erie since 2003, said the money had been mischaracterized as a business expense in tax forms filed before his arrival. He said he adjusted the filings this spring.

Steve Hyman, a retired Philadelphia prosecutor, said Louis Chartock had first drawn his attention to the payment as city prosecutors were preparing a case against former Erie bookkeeper Maggie Greer, accused of embezzling more than $40,000 from the firm. Hyman said Chartock had told him Greer would try to make hay out of the payments to deflect from her own woes, although Chartock told him the money had been repaid. Greer ultimately confessed to a single misdemeanor charge and was sentenced to probation.

Mitchell Chartock, a son of Louis Chartock and younger brother of Philip Chartock, testified that he overheard a loud exchange between his father and brother in which Philip Chartock demanded to know why a receipt had been made. Prosecutors have cast doubt on the accuracy of a document purporting to prove that the money had been paid back.

Also yesterday, two defense witnesses testified early because of scheduling conflicts. A Disney employee testified that Greer had been on a cruise on the Disney Magic on a day prosecutors say she helped her bosses bribe Mariano.

And a US Airways employee confirmed that Philip Chartock was in Ohio at the time.

Defense attorneys have suggested that, other than the initial loan, the rest of the $23,000 that went from Erie to Mariano was stolen by Greer and the councilman - something Mariano's attorney has denied.

Dougherty's spokesman, Frank Keel, said he had no idea why the electricians' union leader had been called. He said Dougherty had never met the Chartocks.

Yesterday was also Mariano's final day as an official member of City Council. He resigned last week, effective at the close of business yesterday. He will be sentenced in July and could face six to 10 years in prison.

Defense's Claim That Rick Stole (PHI)

By Chris Brennan

The Philadelphia Inquirer, May 2, 2006

Prosecutors yesterday attacked the claims made by two businessmen accused of bribing former City Councilman Rick Mariano that Mariano actually stole much of the money.

Louis Chartock and his son, Philip, are charged with giving Mariano $23,455 in exchange for his help on issues their company had with the city.

The U.S. Attorney's Office called Steve Hyman, a former assistant district attorney in Philadelphia, who prosecuted a former bookkeeper at Erie Steel Co. for embezzlement.

Hyman said Erie Steel owner Philip Chartock repeatedly insisted that Margaret "Maggie" Greer be prosecuted even though she had threatened to "ruin his life" if the case went forward.

Hyman said Chartock had told him Greer was trying to exploit a $5,873 loan he made in 2002 to Mariano as a "personal favor."

But Hyman said the Chartocks never mentioned two other checks for a combined $17,582.

Defense attorneys for both men now claim Mariano stole those two checks with Greer's help.

Greer cut a deal last year to have 95 felonies reduced to a single misdemeanor with a sentence of one year of probation in return for her testimony against Mariano and the Chartocks.

Prosecutors also called Thomas Rapak, Erie Steel's accountant, who said Philip Chartock told him recently to file amended 2002 tax returns for the company, listing all three checks as loans to Mariano.

Two of the checks had been filed as expenses for freight or sales.

"He just claimed that they were put in the wrong place," Rapak said.

Elizabeth Ainslie, Philip Chartock's attorney, plans to call John Dougherty, the electricians union chief, as a defense witness today.

Dougherty, Mariano's one-time political patron, told the FBI he gave Mariano $6,000 to repay an Erie Steel loan but later learned no payment was made.

Ainslie and Bobby Simone, attorney for Louis Chartock, yesterday said they did not know if their clients would testify.

"I never know until the last minute," Simone said. "And the last people I tell are reporters."

Closings Begin In Bribery Trial Of Former Clark County Lawmakers (AP)

By Ken Ritter, ASSOCIATED PRESS

AP, May 2, 2006

LAS VEGAS (AP) - Closing arguments began Monday in the federal corruption trial of two former Clark County commissioners who could face prison if a jury finds them guilty of accepting bribes from a former striptease club owner.

"Dario Herrera and Mary Kincaid-Chauncey were two corrupt public officials," prosecutor Daniel Schiess declared as he began summarizing wiretaps, videotapes, documents and testimony that he said proved the two former commissioners sold their votes for cash, campaign contributions and sex.

Schiess characterized Herrera and Kincaid-Chauncey as savvy politicians who, following their indictments in May 2003, tailored their testimony and told "partial truths" to defend themselves.

The prosecutor quickly acknowleged credibility problems surrounding the prosecution's star witness, former strip club owner Michael Galardi, who pleaded guilty to bribing officials and testified in return for a promise of leniency in sentencing.

Schiess said FBI wiretaps recorded from 1999 to 2003 revealed the real truth behind what he called a scheme to defraud Clark County residents of honest government.

"Tape recordings, witness testimonies, stand in this courtroom. They are not erased by the credibility of Mr. Galardi," Schiess told the U.S. District Court jury. "When a case is born in hell, you're not going to find heavenly messengers as witnesses."

Defense lawyers for Herrera, a young former star in Democratic politics who lost a bid for Congress in 2002, and Kincaid-Chauncey, a grandmotherly flower shop owner and political veteran, maintain that Galardi lied when he testified he provided cash and sexual favors to Herrera and cash and family favors to Kincaid-Chauncey.

Herrera, 32, and Kincaid-Chauncey, 67, have each pleaded not guilty to conspiracy, wire fraud and extortion under color of official right charges that could get them 45 years in prison if convicted on all counts.

Herrera testified he received sex from Galardi employees, and said he received a $10,000 check as a campaign contribution. But he denied ever receiving cash bribes.

Kincaid-Chauncey acknowledged asking Galardi twice for money - once to help send her grandson to a competition ski racing school, and another time to help her son pay campaign costs for his unsuccessful bid for a North Las Vegas City Council seat. She also helped set up a strip club outing at a Galardi club for her son, an Air Force captain.

Schiess called Kincaid-Chauncey "subtle," "smart" and "wiley" in admitting to the FBI that she accepted Galardi money for the benefit of her relatives. But the prosecutor said Kincaid-Chauncey failed to account for at least three other times he said she took money.

The prosecutor summoned images from six weeks of sometimes lurid testimony about Herrera accepting lap dances, sexual favors and money after becoming, at age 25, the youngest person ever elected to the county commission in 1998.

"Ladies and gentlemen, as you sit here today, is there any doubt (Herrera) ... used his office to satisfy his own greed, to satisfy his own lust, to satisfy his own wants and wishes?" Schiess asked the jury.

Lawyers for Kincaid-Chauncey and Herrera could begin their closing arguments Tuesday. The case could go to the jury on Wednesday.

Another former commissioner, Erin Kenny, pleaded guilty in the case and testified for the prosecution in return for a promise of leniency at sentencing. But the 45-year-old mother of five denied Galardi's claim that she provided oral sex to him six times while she was on the commission.

Galardi claimed on the witness stand that he spent hundreds of thousands of dollars bribing judges, lawyers, police, political figures and public officials, besides the $200,000 he claimed he paid Herrera, and the $85,000 he said he paid Kincaid-Chauncey. None of those other officials has been charged.

Galardi said much of the money was funneled through former Clark County Commissioner Lance Malone, who Galardi hired as his lobbyist after Malone lost a bid for re-election.

The government contends that in return, the commissioners voted to further Galardi's goals - including opening a $15 million, 20,000-square-foot strip palace he built just off the Las Vegas Strip, expanding laws allowing close contact between dancers and patrons, and limiting competition.

Galardi pleaded guilty and Malone was convicted in a related case in San Diego on extortion, wire fraud conspiracy and wire fraud charges after he was found guilty of delivering cash to San Diego City Council members on behalf of Galardi.

Malone remains free while appealing his conviction and a three-year prison sentence in the San Diego case, which also resulted in the conviction of two city council members. Malone did not testify in the Las Vegas trial. He will be tried separately in August.

The jury in Las Vegas learned Monday of Malone's conviction, but it has not heard that the federal judge who heard the San Diego case last year expressed doubts about Galardi's credibility and granted a new trial to one of the convicted council members.

G-Sting: Prosecutors Let Loose On Kincaid-Chauncey (KLAS-TV)

KLAS-TV, May 2, 2006

The defense wrapped up their case and closing arguments began Monday in the political corruption trial of two former Clark County Commissioners Dario Herrera and Mary Kincaid-Chauncey. They are both accused of accepting bribes from former strip club owner Mike Galardi in exchange for favorable votes on his clubs.

Prosecutors let loose on Kincaid-Chauncey using her own words against her. Kincaid-Chauncey acknowledges two payments from Galardi; money she solicited for family members. She says she got the first payment in October 2001.

In closing arguments, federal prosecutor Daniel Schiess told the jury, quote, "Mary Kincaid-Chauncey received more than the two payments she has talked about."

Schiess played an FBI wiretap from June 2001 where Lance Malone speaks to his former county commission assistant -- the topic: Kincaid-Chauncey.

FBI wiretap of Lance Malone: "I was able to get her some money for her son. I got her son like five grand and I got her five grand."

Prosecutor Schiess told the jury Malone would have no reason to lie to his former assistant about this. Schiess believes this is one of two Galardi payments Kincaid-Chauncey tried to conceal. The other, he says, occurred in August 2001 when she had lunch with Lance Malone. Following that lunch, Kincaid-Chauncey called Galardi on Malone's phone with the FBI listening in.

FBI wiretap of Mary Kincaid-Chauncey: "Hi Mike. It's Mary. Lance said you were in San Diego. Sorry I missed having lunch with you, but maybe when you get back we can go have some lunch or do something, just as long as it's a diet lunch. Anyway, thanks for all your help. I really appreciate it. Talk to you later. Bye."

When Kincaid-Chauncey testified about this wiretap she said she didn't know what she was thanking Galardi for.

Prosecutors showed a cash deposit slip from the day of that lunch -- $3,800 into the account of Kincaid-Chauncey's son, Mark. He testified last week that he doesn't remember that deposit.

After court Monday, Kincaid-Chauncey appeared flustered and did not speak with reporters. Her attorney Richard Wright was upset as well.

Wright said, "Sounded like a filibuster to me. If he can keep talking, I can't get up."

Prosecutors began discussing Dario Herrera late in the day saying Mike Galardi paid him off with lap dances and sexual favors because that was the currency of Herrera's corruption.

Both Herrera and Kincaid-Chauncey could face 45 years in prison if convicted on all counts.

Closing arguments continue Tuesday. The jury could get the case later this week.

George Federal Courthouse -- May 1 -- 1:20 p.m.

The defense in the G-Sting political corruption trial rested its case this morning. Before doing so, Dario Herrera's attorney, Jerry Bernstein read an agreement between all parties involved to the jury.

It informs the jury that in November of last year, Lance Malone was convicted in San Diego of bribing city councilmen there. Defense attorneys hope this hurts Malone's credibility in the eyes of the jury.

Following that, Judge Larry Hicks read the indictment against Dario Herrera and Mary Kincaid-Chauncey outlining how each face charges of conspiracy, wire fraud and extortion. Hicks then read to the jury a set of 42 rules they are to follow once deliberations begin.

At 11:07 this morning, federal prosecutor Daniel Schiess began his closing statements. He told the jury, quote, "Dario Herrera and Mary Kincaid-Chauncey were two corrupt public officials. You know the evidence shows beyond a reasonable doubt they sold their public office."

Schiess also worked to overcome credibility issues involving Mile Galardi's testimony. Schiess argued, quote, "When a case is born in hell, you're not going to find heavenly messengers as witnesses."

Schiess then began reestablishing the prosecution's case against Mary Kincaid-Chauncey. Kincaid-Chauncey says she received two payments from Galardi -- the first in October of 2001. Schiess played a wiretap from late June of 2001 where Galardi tells Lance Malone they should give her $5,000; quote, "again."

Schiess told the jury they could infer that by late June of 2001, Kincaid-Chauncey had already received money from Galardi. Schiess told the jury, quote, "If the evidence shows she received more payments then those two, she was lying to you."

Schiess continues his closing statements at this afternoon.

George Federal Courthouse -- May 1 -- 12 p.m.

Within the last hour, federal prosecutors in the G-Sting political corruption trial began presenting their closing arguments. Assistant U.S. Attorney Daniel Schiess reminded the jury of numerous contacts between former Clark County Commissioners Dario Herrera and Mary Kincaid- Chauncey and former strip club owner Mike Galardi.

Schiess told the jury, quote, "Dario Herrera and Mary Kincaid-Chauncey were two corrupt public officials. You know the evidence shows beyond a reasonable doubt they sold their public office."

Before closing arguments began, defense attorneys rested their case but not before providing the jury with one final piece of evidence.

George Federal Courthouse -- May 1 -- 9:05 a.m.

The defense rested its case in the G-Sting political corruption trial this morning. Judge Larry Hicks will now begin presenting jury instructions to the jurors. Closing arguments are expected to begin in 90 minutes with the prosecution going first.

Email reporter Brian Allen at ballen@klastv.com

Church Workers Not Told About Money (LYN&A)

By Conor Reilly

Lynchburg News & Advance, May 2, 2006

ROANOKE - Federal prosecutors spent day four of Carl Hutcherson's trial trying to establish that the Lynchburg mayor was the brains behind a now-defunct church charity they say he used as his personal ATM.

But defense attorneys tried to convince a jury the city's top political figure was simply a bumbling businessman who mistakenly relied on another to look after the charity's affairs.

The government rested its case against the Lynchburg mayor, pastor and businessman Monday. Charges allege Hutcherson stole from Social Security recipients, raided a church group he directed and then lied to cover it up.

During a brief hearing without the jury present, prosecutor William Gould rejected the defense's notion that Hutcherson was just a "feckless buffoon" in the hands of a consultant.

The bulk of the testimony came from that consultant, Davida Wingfield. It was her job to set up Trinity New Life Community Development Corporation, a group affiliated with the church where Hutcherson is pastor.

Wingfield testified that, though she had made the applications on behalf of the CDC, all the information for those documents came from Hutcherson.

After the Bank of the James raised questions about an "odd" $32,500 transaction from the Jerry Falwell Ministries that wound up in the mayor's account, Wingfield said Hutcherson asked her "two or three times" to draw up fake documents to support what he told bank officials.

Wingfield said she felt it was "wrong" to draft minutes for a meeting she knew never took place, and said she was hesitant to provide the "board minutes" because she wasn't sure they were accurate.

However, she went ahead and prepared the minutes anyway, she said. "I believed what Carl told me."

Defense attorneys pointed out that prosecutors granted Wingfield immunity just a few months before Hutcherson was indicted. That means she can't be charged, though she forged signatures on key nonprofit applications and created fake documents, according to testimony.

John Fishwick, one of Hutcherson's attorneys, spent cross-examination showing Wingfield was the "expert" in the nonprofit world and that the mayor had to rely on her advice.

Wingfield said she was being compensated by the CDC to take care of all grant applications and making sure the organization got its nonprofit status, which were documents she said Hutcherson "barely glanced at"

The jury then heard from two church volunteers involved with the fledgling Trinity New Life CDC. One no longer attends Hutcherson's church because she hasn't been "comfortable" since the criminal investigation began.

Cheryl Glass, who once served on Hutcherson's church board, testified that she was never told about the $32,500 loan from the Falwell ministries to the CDC.

Though quoted in the fake meeting minutes saying Hutcherson could use that gift for himself as long as he paid it back, Glass said there was no meeting and she never spoke those words.

Assistant U.S. Attorney Tom Bondurant asked what the CDC's board would have done if Hutcherson had left the money in the proper account.

"We would have used the money to make the dream come alive across the street," Glass said, referring to a rundown house the CDC was hoping to turn into a community center.

After jurors listened to a taped phone conversation between Hutcherson and Falwell Jr. about the $32,500 donation, FBI Special Agent Christian Pettyjohn testified about his role as lead investigator and said that Hutcherson told him that Falwell Jr. donated the money to Hutcherson's charity and knew that Hutcherson planned to use it to pay back some of his back taxes.

Both sides used Pettyjohn to point out passages in Falwell Jr.'s phone conversation that favored their side.

Prosecutors tried to show that Falwell Jr. intended the money to be a donation to Hutcherson's charity, pointing out when Falwell Jr. said, "And if the ministry (Trinity New Life) decides to loan you the money, I don't see anything wrong with that," and "If the charity decides to loan you the money, it's between you and them."

Defense attorneys tried to show that Falwell Jr. knew that Hutcherson planned to use the money to pay off his back taxes.

"Make sure Davida Wingfield books that as a loan to you from that corporation (Trinity New Life). That's what I thought we were going to do," Falwell Jr. said twice during the conversation.

One day before his re-election bid, prosecutors called City Councilman Bert Dodson to testify regarding a $5,000 loan to Hutcherson he made in 2004 to help his fellow councilman's struggling funeral home business.

He said he had loaned thousands to the mayor several times over the past few years, and that Hutcherson still owes him around $2,000.

Prosecutors documented that Hutcherson paid back Dodson with a portion of the Falwell donation, which was supposed to help the CDC.

The government also documented that $26,500 of the Falwell gift went to pay a portion of Hutcherson's IRS debt.

After the government rested its case, defense attorneys asked the judge to dismiss the indictment. Defense lawyer John Lichtenstein told the judge the government failed to prove that Hutcherson committed any crimes.

Prosecutors downplayed the defense's request, saying the evidence against the mayor remains strong. The judge agreed, overruled the motion, and the trial will continue today.

Defense attorneys are expected to call their first witness today. It's unclear who may testify, but City Attorney Walter Erwin confirmed he was subpoenaed by Hutcherson's lawyers.

Closing arguments could also come as early as today.

Staff writer Dionne Waugh contributed to this story.

Prosecution Winds Up Case In Lynchburg Mayor's Trial (DPHR/AP)

By Sue Lindsey, Associated Press Writer

Daily Press, May 2, 2006

ROANOKE, Va. -- A consultant who helped set up a church charity testified Monday that she falsified minutes documenting a loan to the church's pastor, Lynchburg Mayor Carl B. Hutcherson Jr. Two women associated with the charity said they were unaware of the loan.

The three testified as the prosecution wrapped up its case in the U.S. District Court trial for Hutcherson, 62. He is charged with taking more than $30,000 given to the church's charity by the Rev. Jerry Falwell and his son to pay his funeral home's back taxes and stealing from two Social Security recipients.

After the prosecution rested, Judge James Turk took under advisement a defense motion to dismiss an obstruction of justice count against Hutcherson, but denied its motion to dismiss the other six counts of fraud and lying to federal and bank officials.

Davida Wingfield testified that at Hutcherson's request she fabricated minutes for the board of Trinity New Life Development Corp. The minutes included her actions on behalf of organizing the charity, she said, but also documented the charity's loan to Hutcherson.

Under questioning from Assistant U.S. Attorney Tom Bondurant, Wingfield said she hesitated to write the minutes because she didn't know whether any board meetings had actually occurred.

Asked why she did it, Wingfield answered, "I guess because he's a trusted friend."

Cheryl Glass, the charity's volunteer executive director, testified that the minutes contained quotes from her about the loan that she never said. Wingfield, who has immunity from prosecution, admitted making them up.

Both Glass and Serena Gardner said that had they known about the $32,500 gift from the Falwells, they would have wanted to use the money to fix up the dilapidated church parsonage for the charity's use.

Glass testified that Hutcherson told her he expected a friend to give him money and that he was going to use those funds "to bless the church" and the charity.

Defense attorney John Lichtenstein pointed out that Hutcherson returned the money plus interest to Trinity New Life within a year of the loan in September of 2004.

Glass said she'd never seen two checks written to the funeral home that had her signature on them as well as Hutcherson's. Checks written on the charity's account required two signatures, and Glass testified that both she and Hutcherson had signed some blank checks because they had trouble coordinating their schedules.

Gardner, who said Glass asked her to serve on the charity's board, said Hutcherson told her in January of 2005 that he was in trouble but that "Jerry (Falwell) Jr. said it was OK." She said he told her "some moneys were funneled through one account to another."

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"I told him we would not have authorized that," she said.

FBI agent Christian Pettyjohn testified that he and Bondurant asked Hutcherson to make a phone call to Jerry Falwell Jr. about the loan that was recorded covertly "because we were concerned about public corruption."

Defense attorneys had played the recording when the trial began last Wednesday, but it was repeated by the prosecution Monday. In it, Falwell said he didn't see anything wrong with the loan.

John Fishwick, another of Hutcherson's attorneys, said he expected the defense to complete its case Tuesday.

Alito Pens First Opinion As A Supreme Court Justice (LAW)

By Tony Mauro, Legal Times

Legal Times, May 2, 2006

In his maiden opinion for the Supreme Court, new Justice Samuel Alito Jr. said on Monday that states may not prevent criminal defendants from introducing evidence at trial that another person committed the crime.

The unanimous, pro-defendant decision in Holmes v. South Carolina was an unusual debut for Alito, a former U.S. Attorney not known for ruling in favor of the defense when he was a judge on the 3rd U.S. Circuit Court of Appeals. Alito joined the high court Jan. 31, replacing Sandra Day O'Connor.

But Alito said that South Carolina had gone too far in barring evidence of third-party guilt in cases in which the prosecution has presented forensic evidence that strongly supports a guilty verdict for the defendant.

"By evaluating the strength of only one party's evidence, no logical conclusion can be reached regarding the strength of contrary evidence offered by the other side to rebut or cast doubt," Alito wrote.

Also on Monday, the Court ruled in the high-profile case of Marshall v. Marshall that Vickie Lynn Marshall, better known as the model Anna Nicole Smith, could resume her battle for part of her late husband's estate in federal court. Justice Ruth Bader Ginsburg, writing for a unanimous Court, said the 9th U.S. Circuit Court of Appeals had interpreted the "probate exception" to federal court jurisdiction too broadly. Though probate is mainly a state matter, Ginsburg said that Smith's claim of tortious interference with a gift could be pursued in federal court.

In the South Carolina criminal case, Bobby Lee Holmes was convicted in the 1989 murder of an 89-year-old woman based on evidence that Holmes' palm print, DNA, and fibers from his clothing were found at the crime scene. Lawyers for Holmes said the evidence had been contaminated, and they also claimed that another man had committed the crime.

But the trial court excluded all evidence suggesting third-party guilt. South Carolina, like many states, has a rule that allows judges to exclude such evidence when it is speculative or remote and might confuse or prejudice the jury.

Alito explicitly said those rules of evidence were not at issue in the Holmes case. Rather, Alito said the South Carolina Supreme Court had "radically changed and extended the rule" by stating in two cases that if the prosecution's forensic evidence was strong enough, then the defense evidence of third-party guilt is to be excluded automatically.

Alito said that South Carolina's exclusive focus on the strength of the prosecution's evidence, without any assessment of the probative value of the defense evidence, violates the Constitution's guarantee of a "meaningful opportunity to present a complete defense." Barry Scheck, a former president of the National Association of Criminal Defense Lawyers, called Monday's decision a "profoundly significant ruling."

Scheck, co-director of the Innocence Project, said the decision will help future defendants challenge forensic evidence. "The mere fact that forensic evidence helped secure a conviction can't prevent people from trying to prove their innocence," he said. "Today's ruling is a strong signal that the Supreme Court is taking the right of defendants to prove their innocence very seriously and is taking a critical look at forensic evidence."

A member of Holmes' legal team, Edward Lazarus of Akin Gump Strauss Hauer & Feld, said the case "hit the Court at a very opportune spot." It was a case in which actual innocence was claimed, coming from a state whose handling of capital cases has troubled the Court in the past. One sign South Carolina was in trouble came during oral argument in February, when conservative Justice Clarence Thomas asked a question -- almost unheard of for him -- and it was hostile to the state.

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Holmes was represented by Akin Gump as well as by Cornell Law School professor John Blume, director of the school's death penalty project. Calls seeking comment from the office of South Carolina Attorney General Henry McMaster were not returned.

Alito's maiden opinion for the Court fit the tradition that new justices are usually given cases in which the Court is unanimous. But it was also notable for the fact that it featured only one footnote, an asterisk, as did Chief Justice John Roberts Jr.'s first ruling, last December.

Seton Hall Law School professor Charles Sullivan, author of a tongue-in-cheek 2005 Georgetown Law Journal article on the use of asterisked footnotes, laughed when he heard that Alito had used one. As with Roberts' footnote, Sullivan said it was likely that Alito used an asterisk rather than a number because "some people think it odd if you use a 'one' and there is no 'two.'"

Alito used to teach at Seton Hall, but Sullivan said the two never discussed footnotes. "If there is any subtext about today's development, it is that the new justices are going to be chary about using footnotes," no matter which variety.

In Death Row Case, Justices Order Retrial Over Evidence (NYT)

By Linda Greenhouse

The New York Times, May 2, 2006

WASHINGTON, May 1 — With the first opinion by Justice Samuel A. Alito Jr., the Supreme Court ordered a new trial on Monday for an inmate on South Carolina's death row because the state courts improperly excluded evidence showing that another man might have committed the crime. The decision was unanimous.

Justice Alito said the rule of evidence applied by the South Carolina courts was irrational and arbitrary and served to deprive the defendant, Bobbie Lee Holmes, of a "meaningful opportunity to present a complete defense."

The rule in question, which is used by a small minority of states, says that when the state has presented strong forensic evidence of the defendant's guilt, like DNA analysis or a fingerprint, the defense can be prevented from offering the jury contradictory evidence that points to the guilt of another person.

Justice Alito noted that the South Carolina courts applied the rule even when the defense evidence, "if viewed independently, would have great probative value," as it might have had in the case at hand.

Justice Alito, the newest member of the court and a former federal prosecutor, said that "the true strength of the prosecution's proof cannot be assessed without considering challenges to the reliability of the prosecution's evidence."

He added, "The point is that by evaluating the strength of only one party's evidence, no logical conclusion can be reached regarding the strength of contrary evidence offered by the other side to rebut or cast doubt."

The South Carolina rule was arbitrary and irrational in failing to heed this point, he said.

Although the unanimous 11-page opinion made the conclusion seem rather obvious, that was not necessarily how the case appeared as it reached the court. A coalition of 18 states, led by Attorney General Phill Kline of Kansas, filed a brief on South Carolina's behalf to argue that the issue was one of federalism, urging the court to grant the states "substantial latitude and respect" for their various approaches to their criminal justice systems.

Steffen N. Johnson, the lawyer for the state coalition, told the justices when the case was argued on Feb. 22 that nine states had similar rules.

On the defendant's side, the case, Holmes v. South Carolina, No. 04-1327, drew interest from the National Association of Criminal Defense Lawyers and from a group of 40 professors of evidence law, who told the court in their brief that the South Carolina rule was "a judicial usurpation of the jury's constitutional authority to decide guilt or innocence in criminal prosecutions." The professors' brief said "the fundamental issue in this case is the right to trial by jury."

The court has in recent years been paying renewed attention to the Sixth Amendment right to trial by jury, overturning, for example, sentencing systems that allow judges to make the central factual findings that in the court's view should be left to juries.

In his opinion on Monday, however, Justice Alito did not analyze the case as presenting a question under the Sixth Amendment or any other specific constitutional provision. His emphasis on what he called the irrationality and illogic of the South Carolina rule brought the opinion closer to a generalized due process analysis.

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No matter what route the court took, its opinion was greeted with approval by defense lawyers. Barry C. Scheck, co-director of the Innocence Project at the Benjamin N. Cardozo School of Law at Yeshiva University, which filed a brief for Mr. Holmes, said the decision was "a strong signal that the Supreme Court is taking the right of defendants to prove their innocence very seriously and is taking a critical look at forensic evidence."

Mr. Scheck said that while DNA evidence had led to many exonerations of criminal defendants, it was "still subject to erroneous interpretation or application, and the defense has a right to challenge that in court."

In this case, Mr. Holmes was convicted of murdering an 86-year-old woman, Mary Stewart, who was robbed, beaten and raped by someone who entered her home. Mr. Holmes was connected to the scene through a palm print, fiber analysis and DNA evidence. He argued that the forensic evidence was unreliable because it had been contaminated and that the police were trying to frame him.

At a pretrial hearing, his lawyers presented witnesses to support his argument that another man was Ms. Stewart's attacker. But the trial court refused, under the South Carolina rule, to allow this evidence to be introduced at trial.

Justice Alito said that while states were free to exclude defense evidence that "has only a very weak logical connection to the central issues," the type of evidence at issue in this case did not come under that description.

"Just because the prosecution's evidence, if credited, would provide strong support for a guilty verdict," he said, "it does not follow that evidence of third-party guilt has only a weak logical connection to the central issues in the case."

In other action on Monday, the court granted review in a death penalty case from California. The case, Ornaski v. Belmontes, No. 05-493, filed by Bill Lockyer, the state attorney general, is an appeal from a ruling by the United States Court of Appeals for the Ninth Circuit that found inadequate a jury instruction on how to consider mitigating evidence about a defendant's background and character.

Ex-OP Lawyer Pleads Guilty To Embezzlement (KCBIZ)

Kansas City Business Journal, May 2, 2006

A former Overland Park attorney faces as much as 10 years in prison after pleading guilty Monday to embezzling nearly $300,000 from a Kansas City church.

Keith Koenigsdorf was disbarred in both Kansas and Missouri last year after he admitted he had stolen the money from Central United Methodist Church, 5144 Oak St., court records show.

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Koenigsdorf, 50, pleaded guilty to taking about $297,000 from the church where he served as treasurer, Bradley Schlozman, U.S. attorney for the Western District of Missouri, said in a release. Koenigsdorf used the money to pay for personal and business expenses, Schlozman said.

Koenigsdorf waived his right to a grand jury and pleaded guilty before U.S. District Judge Fernando Gaitan to a charge of interstate transportation of stolen property, Schlozman said.

According to Schlozman, Koenigsdorf admitted that he had started embezzling money from the church in November 1999. Koenigsdorf, who also was a member of the church's board of trustees, was an authorized signatory on church checks, Schlozman said. Central United Methodist's policy required the trustees to approve all payments and each check to have two authorized signatures.

Koenigsdorf stole the money by taking blank checks that already bore a signature from an authorized signatory, adding his own signature and making the check payable to himself, and then depositing the checks into his law firm's operating account at Bank of America in Overland Park, Schlozman said.

Beginning in late February 2003, Central United Methodist stopped providing blank checks already signed by an authorized signatory, so Koenigsdorf began forging a second signature, Schlozman said.

The embezzlement was discovered at some point after July 20, 2004, Schlozman said. Koenigsdorf wrote about 90 checks drawn on Central United Methodist's bank account, Schlozman said.

Schlozman said the funds transfer from the church's bank in Kansas City, Mo., to Koenigsdorf's account in Overland Park resulted in the charge of interstate transportation of stolen property.

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The case was prosecuted by Assistant U.S. Attorney Michael Green and investigated by the Federal Bureau of Investigation.

A sentencing hearing is pending.

Koenigsdorf campaigned for Overland Park City Council in 1999 but was defeated by Kris Kobach. Koenigsdorf's father, Richard Koenigsdorf, was a Jackson County Circuit judge in the 1960s.

Church Treasurer Pleads Guilty To Embezzling $297,000 (KMCI-TV)

KMCI-TV, May 2, 2006

KANSAS CITY, Mo. – The former treasurer of Central United Methodist Church pleaded guilty in federal court today to stealing $297,000 from the church.

Bradley J. Schlozman, United States Attorney for the Western District of Missouri, announced that Keith B. Koenigsdorf, 50, of Overland Park, Kan., waived his right to a grand jury and pleaded guilty before U.S. District Judge Fernando J. Gaitan this morning to an information that charges him with interstate transportation of stolen property.

Koenigsdorf admitted that, beginning in November 1999, he began embezzling money from Central United Methodist Church, 5144 Oak Street in Kansas City. Koenigsdorf, an attorney, served as the treasurer and a member of the board of trustees of the church and was an authorized signatory on church checks. Central United Methodist's policy required all expense payments to be approved by the board of trustees, with two authorized signatures on each church check.

Koenigsdorf stole the funds, Schlozman explained, by taking blank checks which already bore a signature from an authorized signatory, adding his own signature, making the check payable to himself, and then depositing the check into his law firm's operating account at Bank of America in Overland Park. Koenigsdorf used these funds to pay for personal and business expenses.

Beginning in late February 2003, Koenigsdorf began forging the signature of the second authorized signatory on church checks used to embezzle funds, because Central United Methodist stopped providing blank checks already signed by an authorized signatory. Koenigsdorf would forge the signature of a second authorized signatory, make the check payable to himself, and deposit the check into his law firm's bank account.

Koenigsdorf's embezzlement was discovered at some point after July 20, 2004. Koenigsdorf wrote approximately 90 checks drawn on Central United Methodist's bank account, Schlozman said, resulting in a total loss of approximately $297,000 in church funds.

Central United Methodist has its bank account at a Bank of America branch in Kansas City, Mo., Schlozman explained that, because Koenigsdorf deposited the church check into the account of his law firm, a sole proprietorship, at a Bank of America branch in Overland Park, the transfer of funds constituted the interstate transportation of stolen property.

Under federal statutes, Koenigsdorf could be subject to a sentence of up to 10 years in federal prison without parole, plus a fine up to $250,000 and an order of restitution. A sentencing hearing will be scheduled after the completion of a presentence investigation by the United States Probation Office.

This case is being prosecuted by Assistant U.S. Attorney D. Michael Green. It was investigated by the Federal Bureau of Investigation.

College's Ex-President Pleads Guilty To Fraud (WP)

By Lois Romano

The Washington Post, May 2, 2006

The former president of Morris Brown College, a historic black school in Atlanta, pleaded guilty yesterday to embezzling millions of dollars in federal funds from the government and students, the climax of a financial debacle that caused the school to lose its accreditation.

Delores Cross, 69, who led the school from November 1998 until February 2002, pleaded in federal court in Atlanta to one court of illegally obtaining student loans, allowing her to avoid a trial and more than two dozen other counts she was confronting.

"I will always regret what happened, and I apologize to the students, the faculty and the staff of Morris Brown College," Cross said in a statement through her lawyer.

According to the 2004 indictment, $3.4 million in federally insured student loans and Pell grants were fraudulently obtained in the names of ineligible students -- some who never attended the college, some who were enrolled part time and others who had already left. It was never alleged that Cross personally benefited from the scheme, but that the money was used to pay bills at the strapped school. Ultimately the students found themselves responsible for loans they never requested.

"The Morris Brown College family is elated that this sad chapter in the college's history has come to closure," said Getchel L. Caldwell, vice president for institutional advancement at the school. "We are looking forward to building a new foundation."

Parvesh Singh, a former director of financial aid at the college, pleaded guilty last week to one count of theft of federal funds, admitting to fraudulently securing more than $92,000 in government loans for students whom he was aware were not attending the school. As part of his deal, Singh, 64, was committed to testify against Cross.

Had Cross gone to trial on the single count, she could have faced up to five years in prison and a $250,000 fine. Prosecutors are asking for up to 16 months in jail.

Under the agreement, she will pay $11,000 in restitution.

"Dr. Cross is relieved . . . this ordeal is over," said her lawyer Drew Findling, reading a prepared statement. "She hopes that ending the prosecution will assist Morris Brown in regaining its accreditation."

The 125-year-old college, which counts civil rights leader Hosea Williams and Pulitzer Prize-winning author James A. McPherson among its alumni, is still in a tenuous situation. It has gone from a robust campus of 2,000-plus students to an enrollment of 66 this year, with nine instructors. Students are no longer eligible for financial aid. Recently a group of students filed a lawsuit asking a judge to remove the board of trustees for breaching its fiduciary duty.

Prosecutors say that the mismanagement that devastated the school also hurt the credit ratings of students who only found out about the loans years later when they tried to obtain credit. The school is also fighting lawsuits brought by former students, and other suits stemming from the financial woes.

Caldwell said the school intends to reapply for accreditation -- which requires the institution to have a balanced budget for three years -- in 2009. It has $25 million in long-term debt.

He said both the alumni association and the African Methodist Episcopal Church, which founded the school in 1881, have promised to help the school rebound.

"We will have 107 students in the fall," Caldwell said. "That's how many students were enrolled when the school was founded. We're definitely going to make it."

Views Of Jury Pool Trouble Sniper (BSUN)

By Andrea Siegel, Sun Reporter

The Baltimore Sun, May 2, 2006

As his trial begins, Muhammad finds many say he killed six people in Md.

ROCKVILLE -- The difficulty of finding jurors in Montgomery County who had not decided that convicted sniper John Allen Muhammad was responsible for the county's six sniper killings in 2002 became immediately apparent Monday as the presiding judge questioned the first batch of 300 potential jurors.

During initial questioning -- which was disrupted by a profanity-laced outburst from a victim's relative -- nearly all of the first 25 potential jurors said they believed he committed six murders in the county, and many were aware that he had been convicted of a sniper killing in Virginia.

They pointed to the heavy media coverage of the shootings, their children being forced to stay inside at school and their personal fears at the time. One referred to the images he saw of Muhammad in prison garb from the first trial in Virginia.

"It happened right around my old job, right around my house," said Quinn McCreary, 24, who lived across from one of the shooting scenes in Silver Spring. "It was right in my face."

McCreary was excused by Montgomery County Circuit Judge James L. Ryan.

The trial's first day illustrated the difficulty posed by a defendant who seeks to represent himself, particularly when the suspect has no legal training and is charged in a high-profile crime.

DOJ_NMG_0027698

Muhammad, 45, had bitterly criticized his court-appointed attorneys in previous cases and has chosen to represent himself in this case, something he did briefly in his Virginia trial.

Monday, he sat at the defense table, staring at each possible juror who were called for individual questioning. The potential jurors had filled out a form of 32 questions, asking their opinion of the case, whether they thought they could still be fair and whether they had experience with guns such as the Bushmaster rifle used in the murders.

Minds 'made up'

As more people said they believed he was guilty, Muhammad grew more agitated. He objected to most, and at midafternoon, he told the judge he would object to all potential jurors who said they couldn't be fair to him.

"These people are saying their minds are already made up," he complained.

Outside the courthouse, A. Jai Bonner, one of Muhammad's appointed standby lawyers, said: "This court has no business trying this case. It should have been moved a long time ago."

On Friday, Ryan rebuffed Muhammad's request to move the trial, saying that three days before the trial's start was too late to ask. The public defenders Muhammad fired had not sought a new location for the trial.

Muhammad faces six counts of murder in Montgomery County in the October 2002 shooting rampage that claimed 10 lives in the Washington, D.C., area, injured three others and placed millions of people in fear that they could be next in the sniper's sights.

Already on Virginia's death row for a sniper killing, Muhammad could be sentenced to multiple life terms without parole if convicted in Maryland. Lee Boyd Malvo, 21, convicted as Muhammad's accomplice in two Virginia sniper shootings, is serving life prison terms there.

Jury selection began about 10 a.m. with more than 300 people called in. The final panel will consist of 12 jurors and four alternates.

'I hope you rot'

Within the first hour as more pretrial motions were being argued, a cousin of one of Muhammad's six alleged victims in Montgomery County was ejected from the courtroom after screaming obscenities at the suspect.

"I hope you rot in hell," hollered Christopher Roberts, wearing a bright red T-shirt that said, "Why?" Roberts said he was as a cousin of bus driver Conrad E. Johnson, the final sniper victim.

Deputies escorted the man from the courthouse and told him not to return. Outside the courthouse, he said what he wanted to tell Muhammad: "Don't be antagonizing these families."

He said he thought Muhammad should admit to the crimes.

"You see what I was telling you -- that is why we have so much security," Ryan told Muhammad as Roberts was removed. "It's not just for everybody else. It's for you, too."

Replied Muhammad: 'That's America, your honor -- freedom of speech."

Emotions ran high among some potential jurors.

One sniper shooting "was at a gas station that I use, the Shell. That's where I went when I was in high school," one weeping young woman said. "I feel that there is nothing anybody can say that will change my mind."

Excused from consideration, she still shook. "I didn't look at him. I couldn't look at him at all," she said as she ran toward the elevator.

Said another woman during questioning, "It's a very emotional case, especially for people living in this area. I have small children in Montgomery County public schools."

Legal experts said the challenge of impaneling an impartial jury for so notorious a case is difficult, but not impossible.

Michael Greenberger, a law professor who is director of the Center for Health and Homeland Security at the University of Maryland, said: "There will ultimately be prospective jurors who were possibly intimidated at the time but are still able to put those feelings aside."

Finding jurors willing to take a fresh look at the case could take a while, Greenberger said.

Two previous sniper trials were moved from Northern Virginia to the Hampton Roads area because of pretrial publicity.

Greenberger said the question of an unbiased jury could "ultimately be a basis of appeal that he couldn't get a fair trial."

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Byron Warnken, a law professor at the University of Baltimore School of Law, said: "The practical reality is for people who lived in this area, for people who know that he was convicted in Virginia, is it will be very difficult to find people who say, 'I'm not considering any of that.'"

But just because a juror knows about the case doesn't mean he or she can't hear the trial. "What you have to be able to do is state under oath that whatever experience you had will not inform your decision," he said.

Ryan tried to impress that point upon the 55 people questioned Monday, and the standby lawyers later expressed unhappiness with what they called Ryan's effort to "rehabilitate the potential jurors."

Still, only 21 passed the first cut and were told to return Thursday, the tentative date for picking jurors. More of the first 300 called for this trial will be questioned Tuesday and, if necessary, tomorrow.

Until Monday, Muhammad was appearing in court in a green jail jumpsuit. Monday, he wore a dark suit; a French-cuffed, blue-and-white shirt and a pale blue tie from the closets of the two standby lawyers who are men.

A simmering defense issue promises to resurface Tuesday. As of Monday, Ryan had allowed Muhammad to subpoena 28 in-state witnesses of the 178 on his handwritten list.

Muhammad wants to put his Virginia prosecutors and numerous other out-of-state witnesses on the stand, but Ryan turned him down again Monday because Muhammad had not filed the appropriate paperwork with the clerk's office.

His standby lawyers said Muhammad raised solid issues Monday. They also said he did not appear to be mentally ill, a point in dispute.

Ryan rebuffed an attempt by the Montgomery County public defender's office, which used to represent Muhammad, to submit a letter from Annapolis psychiatrist David Williamson suggesting that Muhammad was bipolar and not competent to stand trial. It was the second such diagnosis of Muhammad. The judge said it was inappropriate for the public defender to send it.

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Reporter Annie Linskey and the Associated Press contributed to this article.

Suspect's Notoriety Shrinks Jury Pool (WP)

By Eric Rich And Ernesto Londoño

The Washington Post, May 2, 2006

A remarkable number of potential jurors in a Montgomery County courtroom yesterday had what seemed to be a legitimate reason to be excused from that most dreaded of civic responsibilities.

"I think he's guilty, sir," said one, referred to in court as juror 34, under questioning by Circuit Court Judge James L. Ryan.

In a back room, where they were gathered, the talk was said to be still more blunt. Several jury candidates agreed that the trial was a waste of time and that the defendant could be convicted "in 20 minutes," according to another, who reported the conversation to Ryan.

And so it went as jury selection began in the Maryland trial of John Allen Muhammad, charged in six sniper slayings in Montgomery. Most of the potential jurors questioned yesterday told Ryan that they hold Muhammad, already convicted and sentenced to die in Virginia, responsible for the random shootings in October 2002. Many said the shootings had touched them personally.

Not more than a handful of the 60 or so people questioned by Ryan said they had formed no opinion as to Muhammad's guilt. A larger number, however, said that if selected to serve they could set aside their views and base their decisions on the evidence presented in court.

By the end of the day, Ryan had picked 21 for a pool of eligible jurors, a group that is expected to be whittled down under more intensive questioning late this week.

The judge's decision to allow many of those candidates to remain in the jury pool drew protests from Muhammad, 45, whose previous motion to have the trial moved to another jurisdiction was denied. Muhammad, who is defending himself, told Ryan that he doubted that opinions held over years could be so easily set aside.

"He walked through the door with a preconceived notion," Muhammad said of one juror, "and you spoke a couple words and all the sudden -- Shazam! -- his mind's not made up anymore."

Muhammad's alleged accomplice, Lee Boyd Malvo, 21, also has been convicted in Virginia and will face trial later this year in Montgomery.

One of the day's more dramatic turns occurred before jury selection began, when a man dressed in a bright red T-shirt with "WHY?" on the front lashed out at Muhammad after a discussion about the witnesses the defense hoped to call.

"I hope you rot in hell!" shouted Christopher Roberts, who said he was a relative of Conrad Johnson, a 35-year-old bus driver killed Oct. 22, 2002.

Deputies quickly grabbed Roberts by the arms and escorted him from the courtroom. "He killed my cousin, man," he told the deputies.

"You see what I was telling you," Ryan said to Muhammad as Roberts was ushered away. "That is why we have so much security. It's not just for everybody else; it's for you, too."

Muhammad replied, "That's America, your honor, freedom of speech."

Muhammad also dismissed a psychiatrist's report that his former public defenders, whom he has fired, provided to the court Friday. The report said Muhammad probably is bipolar and should be evaluated to determine his competency to stand trial.

"I read it last night," Muhammad said. "My position was I put it in the trash."

Many of the potential jurors recalled the anxiety that gripped them during those tense days, when the sniper shootings caused them to fear for their own or their children's lives. One sobbed as she described the terror that has kept her from lingering at a neighborhood gas station in Kensington since Oct. 3, 2002.

"There's nothing anyone can say that would change my opinion," said that woman, who was excused from service.

Seeing Muhammad summoned a variety of emotions, those who were excused later said.

"From what I knew and saw and heard and what he did, you'd think he'd look like a monster," said Quinn McCreary, 24, a store manager.

Amanda Abeya, 19, of Rockville said: "I hated it. I didn't even look at him."

And Margie Topps, 54, of Kensington said: "I did notice he was staring. I felt those eyes on me."

Sniper Case Jury Selection Begins (WT)

By Jon Ward, The Washington Times

The Washington Times, May 2, 2006

Jury selection in the second trial of convicted sniper John Allen Muhammad began yesterday with a difficult search for impartial minds, punctuated by a courtroom gallery outburst from one of the victim's relatives.

Muhammad, 45, is charged with six killings in Montgomery County, which were part of a three-week shooting spree in 2002 that killed 10, wounded three and caused fear throughout the region.

Montgomery County Circuit Court Judge James L. Ryan called more than 300 potential jurors and walked them through 32 yes or no questions primarily related to their ability to serve and judge impartially.

He then interviewed about 60 potential jurors individually, pressing most of them about their answers. Most potential jurors said they already thought Muhammad was guilty.

"It really made me angry at the time, and I don't think I could be impartial because of the fear inflicted on children and adults," said the first potential juror, a mother of small children. She was dismissed.

Muhammad expressed displeasure to the judge about being presumed guilty and seemed unable to grasp that preconceived notions could be put aside in order to base a judgment only on facts and evidence presented in court.

"It's one thing to have heard about it. It's another thing to already have made your mind up," Muhammad said.

A Virginia Beach jury in 2003 found Muhammad guilty of murder in the death of Dean Harold Meyers at a Manassas service station and using an accomplice, Lee Boyd Malvo, now 21, in the crime. That jury sentenced Muhammad to death. Malvo was given life without parole by a Chesapeake jury for a different killing two months after Muhammad's sentencing.

Authorities say they brought Muhammad to Maryland on the off chance something goes wrong on appeal in Virginia and to deliver justice to the families of victims at the epicenter of the shooting spree.

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Early in yesterday's proceeding, before potential jurors came into the courtroom and after a brief motions hearing, a man wearing a red T-shirt that said "Why?" stood and began yelling at Muhammad.

"I hope you rot in hell," Christopher Roberts shouted at Muhammad, who looked up briefly from his table and then back down and continued writing on a piece of paper.

Mr. Roberts, who said he was a cousin of Conrad E. Johnson, a bus driver who was the final victim in the sniper rampage, then began to hurl obscenities at Muhammad.

Sheriff's deputies forcibly removed Mr. Roberts from the courthouse, and Judge Ryan reassured Muhammad that the tight security was for his benefit.

"That's America, your honor. Freedom of speech," Muhammad said.

Outside, Mr. Roberts said Muhammad's choice to represent himself in this case is "insulting" to relatives of the shooting victims.

"It's not fair," Mr. Roberts said. "Be honest with yourself and say, 'I did a crime.' "

About 20 potential jurors were selected yesterday, and 49 must be chosen before a round of strikes narrows the pool to a jury of 12 with four alternates.

Muhammad will have 22 strikes, and the prosecution will have 11.

Opening statements are tentatively scheduled to begin Thursday. The trial is supposed to last about six weeks.

Muhammad's standby counsel, J. Wyndal Gordon, asked Judge Ryan for more leeway in helping Muhammad with jury selection.

"We're not taking over his case," Mr. Gordon said.

Judge Ryan said he would read the case that Mr. Gordon cited in support of his point, but Muhammad's reliance on his standby attorneys drew the ire of prosecutor Katherine Winfree, the county's assistant state's attorney.

Ms. Winfree also grew agitated when she saw the number of witnesses Muhammad wants to call in his defense. Muhammad submitted a list of about 150 names he wants called as witnesses, his attorneys said.

Judge Ryan initially told Muhammad that he could not subpoena out-of-state witnesses, because it was too late to do so. But the judge later read the witnesses' names to the jury pool.

Duke Case Prosecutor's Media Whirl Raises Eyebrows (USAT)

By Oren Dorell

USA Today, May 2, 2006

DURHAM, N.C. — The alleged rape of a stripper by members of the Duke lacrosse team has put the spotlight on a North Carolina county prosecutor who is pushing his biggest case ever while trying to win an election.

Mike Nifong (NY-fong) is described as a tough-but-fair prosecutor by several people who have worked cases with him. Yet detractors say he has pushed ethical limits on what to say publicly about the rape case and has used the issue for political gain.

The alleged attack has roiled the community. It pits white university athletes who their lawyers say are being railroaded against a black community that is demanding justice for the accuser. At the center of it all is Nifong.

“I've never seen him do one so public like this one,” said Edward Sarvis Sr., a retired Durham police captain who has seen Nifong try a lot of cases over the years.

Sarvis said Nifong has always been a subdued, behind-the-scenes kind of prosecutor. However, in this case, Nifong has been more open, Sarvis said.

“It makes me think it's because of the upcoming election,” he said.

That election is being held today. Nifong, 55, is running in the Democratic primary for Durham County district attorney against Freda Black, a former prosecutor, and Keith Bishop, a Durham lawyer. No Republicans are seeking the office.

Nifong's campaign coordinator, Jackie Brown, says the campaign is based on experience, not politics.

“His job as a district attorney is to run the district attorney's office and to prosecute cases,” he says.

Brad Dixon, spokesman for Freda Black, says Black sees the job as more than “just a prosecutor.”

“She wants to bring community groups together to solve the community's problems,” Dixon says.

Keith Bishop says he is running because "we have a record of poor prosecution in Durham. Durham has become a revolving door for crime."

Nifong became the county's acting district attorney last year when North Carolina Gov. Mike Easley appointed him to replace Jim Hardin, who left the post to became a Superior Court judge.

Nifong has been working for the Durham County District Attorney's office since he graduated from law school in 1978. Over the next two decades, he tried scores of cases, including rapes and murders.

James "Butch" Williams, a defense lawyer representing one of the lacrosse team captains, called Nifong a "hard-nosed prosecutor," who is prepared, organized and fair-minded. But he can also be "testy," Williams said.

Williams described a drug case he tried against Nifong where Williams put his hand on Nifong's shoulder while making a point to the jury. When it was Nifong's turn, he used Williams to illustrate how police conduct a pat-down search.

"Because I did it to him, he decided to do it to me," Williams said. "He can be aggressive that way."

Lawrence Campbell, head of the Durham public defender's office, last month described Nifong's courtroom demeanor as ranging from low key to "vicious."

"He will slice you up as a witness. He takes particular delight in it," said Campbell, who has tried many cases against Nifong. "If he's pursuing this case, it's a case that he believes he can win."

Even so, some have wondered whether the heat of a political campaign has influenced a man who has never run for office.

Early on, Nifong gave at least 50 interviews to the media in which he insisted that the victim's injuries were consistent with a sexual assault. Before a grand jury had heard the allegations Nifong publicly said he believed the woman and appealed for the lacrosse players to say what happened.

Two teammates, Collin Finnerty, 19, and Reade Seligmann, 20, were indicted April 17 on charges of first-degree rape and kidnapping.

Nifong publicly discussed some of his views on the evidence, particularly the lack of DNA evidence.

"It would probably be fair to share that Mike should have been a little more circumspect with some of the comments he made early on," said Tom Lock, the district attorney for three North Carolina counties.

Lock said Nifong discussed the case with some colleagues during an early April meeting in Florida of the North Carolina Conference of District Attorneys.

Lock said Nifong "certainly seemed on top of the case," though he was also "a little surprised by the massive publicity."

Lock said Nifong's relative silence of late on the case is "probably" related to the advice he got from his fellow prosecutors.

Joseph Cheshire, a lawyer for some of the lacrosse players, said the case is hurting Durham.

"I think that it is a false accusation that has been made for some reason against these boys. And I think it has been used to hurt their lives forever and to tear this community apart," he said.

Black, a former assistant district attorney and Nifong opponent, said Nifong gave so many interviews "before all the facts are in" that he jeopardized the outcome. She said his statements stirred up the community and may have violated state ethics rules.

But Campbell said people in Durham wanted to know the case was being treated like any other, and there was a perception that members of the lacrosse team were getting special treatment.

Nifong, Campbell said, "felt compelled to respond so his constituents, and the public, would know how he felt, right or wrong."

And if he feels he is right, he will not be dissuaded, Williams said.

Williams said he and Nifong had a quiet talk away from the public attention not too long ago.

"He told me personally outside the courtroom that he thinks something happened," Williams said. "That's the kind of prosecutor he is. Once he gets that in his mind, he's hard to budge."

Duke Student's Lawyers Want D.A. Off Case (LAT)

By Richard Fausset, Times Staff Writer

The Los Angeles Times, May 2, 2006

They say Mike Nifong, up for election today, has put politics ahead of the evidence in the alleged rape of a dancer.

Attorneys for a Duke University student arrested on suspicion of raping an exotic dancer demanded Monday that Dist. Atty. Mike Nifong be taken off the case, alleging in court documents that the Durham, N.C., prosecutor ignored key evidence "in his zeal to make national headlines and win a hotly contested primary."

But Nifong's supporters argued that the motion seemed motivated as much by politics as by law, coming on the eve of Nifong's bid for election to a post he was appointed to last year.

"It's just outrageous and unfortunate that things have been spun this way," said Sharon Thompson, a Durham civil attorney. "There may have been a few missteps, but Mike is not the kind of person where his whole motivation is to benefit his campaign."

The allegations were contained in a motion filed Monday on behalf of Reade William Seligmann, one of two Duke lacrosse team members indicted April 17 on charges of rape and kidnapping. Nifong said he was hoping to indict a third team member for participating in the alleged March 14 attack.

The case has also become the central issue in Nifong's effort to keep his job as Durham County's top prosecutor. Today he faces off in an election with two contenders who, like the players' attorneys, have criticized Nifong for his bold statements early in the investigation. Some of those statements, critics say, seemed to unfairly implicate Duke lacrosse players before any indictments were handed down by a grand jury.

Monday's motion — filed by attorneys J. Kirk Osborn of Chapel Hill and Ernest L. Conner Jr. of Greenville — introduced a new and unsparing tone to the criticism. The motion calls the case a "shakedown" and asserts that Nifong has been willing to "prostitute the truth" in the case to get elected.

The defense attorneys called for the appointment of an independent prosecutor. They also alleged that Nifong violated the North Carolina State Bar's Rules of Professional Conduct by potentially prejudicing the jury pool, among other things. (A spokeswoman for the state bar would not comment Monday on such complaints, saying they could only be considered if a formal complaint were filed.)

A separate motion — one of several filed Monday — asks the court to suppress the accuser's identification of the two suspects, arguing that the photo lineup that Nifong and police put her through was flawed.

It also alleges that the accuser has "serious credibility problems." The motion makes reference to a 1996 rape allegation the accuser made, which police did not pursue for reasons that are unclear. It also alleges that the accuser stated that her husband threatened to kill her in 1998, but failed to appear at a hearing to prove her allegations, ending the investigation.

Durham police were unable to verify that allegation Monday evening.

Nifong would not return calls for comment, and it is unclear what chance the motions have of succeeding in court. A more immediate question, however, was how the filing would affect his political fortunes.

For weeks, other critics have suggested that Nifong, a white candidate, was pursuing the Duke case to make political gains in a county that is about 38% African American. The accuser, a 27-year-old college student, is black, whereas all but one of the Duke lacrosse members are white.

But a number of Durham lawyers — prosecutors and defense attorneys — have scoffed at the idea that Nifong would play politics with such a serious matter.

Brian Aus, a Durham defense attorney, noted that Nifong shied away from politics for most of his 25-plus years in the district attorney's office. Last year, however, the top district attorney post opened up, and North Carolina Gov. Michael F. Easley, a Democrat, appointed Nifong, who by that time had tried more than 300 felony cases.

For the first time, Nifong has had to campaign to keep his job.

"But he is not a political figure," Aus said. "He's stayed in the past away from politics. The only reason I can see that he's politically involved these days is because the governor appointed him to the job, and now he wants to keep it. But I don't believe there was any political idea regarding these indictments."

Over the years, Nifong earned a reputation among many Durham criminal attorneys as a tough prosecutor, but also a fair one: Aus said Nifong often gave the defense access to files beyond those he was required to turn over under North Carolina discovery laws.

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Indeed, Nifong counts a number of the dozen or so lawyers on the Duke defense team among his friends and supporters: One of them, Bill Thomas II, gave $1,000 to Nifong's reelection campaign in January, records show. Another, James D. "Butch" Williams, endorses him on Nifong's campaign website.

While some of the players' attorneys criticized Nifong's specific actions in the Duke case in recent weeks, they continued to vouch for his fitness for public office. But Nifong's refusal to meet with some of them and hear exculpatory evidence has been a source of frustration.

Nifong's opponents, both of whom are private attorneys, present potential problems for him. Keith Bishop has no prosecutorial experience, but he is black, and was recently endorsed by an influential African American political group, the Durham Committee on the Affairs of Black People. Freda Black is a former prosecutor who won a conviction in the murder trial of novelist Michael Peterson in 2003.

Black has raised more money than Nifong — about $45,000 to his $32,000, according to campaign finance records. (Bishop's records were not on file with the State Board of Elections.)

Today's election is a Democratic primary; no Republicans are running. If no candidate gets more than 40% of the votes, the top two vote-getters will go to a May 30 runoff. A new district attorney would take office Jan. 1.

In that scenario, Nifong could continue to pursue the case for months, but a successor might take the case to trial. Neither of Nifong's challengers has said whether they would drop or pursue the case if elected — but Nifong's supporters said they were sure defense lawyers would be happier trying the case against a different district attorney.

CIVIL LAW:

U.S. Says It Overpaid Delta For Tickets (WSJ)

By A Wall Street Journal Staff Reporter

The Wall Street Journal, May 2, 2006

The U.S. government said it overpaid Delta Air Lines more than $26 million for tickets used by military personnel and accused the airline of overcharging it an additional $240,000 for tickets bought in the past three years.

The disclosures were made Friday in documents filed with the U.S. Bankruptcy Court in Manhattan, where Delta has sued to force the government to pay nearly $19 million for flights provided mainly to U.S. Army personnel. The government, in response, asked a judge to throw out Delta's lawsuit, saying it has the right to deduct past overcharges and overpayments from current obligations to Delta.

A Delta spokesman in Atlanta didn't respond to a request for comment. Its quarrel with the government stems from a probe by the Government Accountability Office, which found that military personnel misused a fly-now-pay-later system operated by the Department of Defense. Delta, which has been in bankruptcy reorganization since September, has said it's transporting military personnel at a cost of $117,000 a day without indication that it will ever receive anything in return.

CIVIL RIGHTS:

Chicago Schools Reach Desegregation Agreement (CHIT)

By Lori Olszewski And David Mendell, Tribune Staff Reporters

Chicago Tribune, May 2, 2006

With the historic legal battle to integrate America's big-city schools being abandoned across the nation, the Chicago schools and the federal government have reached a tentative agreement that would release the district from 26 years of federal oversight on desegregation efforts by the 2007-08 school year.

The settlement, filed jointly Monday in U.S. District Court, effectively allows the school system to decide on its own, without federal intervention, how much money and resources to devote toward integrating its schools. School officials maintain that desegregation will remain a primary objective.

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Under the agreement, the admission process for Chicago's magnet and selective enrollment schools will remain for at least two more school years.

The tentative pact represents a retreat by the Justice Department from its more aggressive stance toward the district on equity issues in recent years, although it does keep Chicago under its scrutiny one year longer than school officials wanted.

As recently as five months ago, Justice Department attorneys opposed Chicago's bid to be released from court oversight at the end of this school year, citing a long list of transgressions. But the trend nationally has been to release districts from longstanding court orders, after the Supreme Court ruled in 1991 that districts have to desegregate only "to the extent practicable."

"This decree like most around the country is on its last legs," said Harvey Grossman, legal director of the American Civil Liberties Union of Illinois.

With the student body less than 9 percent white, Chicago school leaders have argued that it is nearly impossible to integrate the entire system. In fact, officials made the same arguments in 1980, when nearly 20 percent of Chicago school students were white. Today, the dearth of white students in urban districts is a contributing factor in why so many desegregation lawsuits are being abandoned.

African-American students, who represented 61 percent of the district in 1980, still are the largest group at almost 50 percent. The percentage of Latinos has doubled, from 19 percent to 38 percent.

The latest agreement still requires the approval of U.S. District Judge Charles P. Kocoras, who has scheduled a hearing on it for 9:30 a.m. Thursday. Kocoras had planned two weeks of public hearings on the case to begin May 15. Those hearings, which would be averted under the settlement, were expected to spotlight the district's long and controversial history of how it has handled integration and the allocation of its resources.

Although the school district has spent at least $2.5 billion on desegregation in the last 26 years, most of the city's black and Latino children still attend class in racially isolated schools that mirror the city's segregated housing patterns.

What little integration there is occurs in the city's magnet schools, where admission is determined by a racially weighted lottery, and in other special schools that screen for academic qualifications while also considering race and ethnicity. These remain some of the most desirable schools because they tend to have higher test scores and extra programs.

School officials said they are committed to integration, even without the federal government monitoring those efforts through the courts.

"Our goal is to maintain the diversity we have achieved and to expand that if we can," said Patrick Rocks, chief legal counsel for the school system.

Schools chief Arne Duncan promised that the system will continue to provide extra academic support in racially isolated schools and will preserve its integrated magnet and selective enrollment schools.

"This is core to my values and how I was raised," said Duncan, who attended the private, racially integrated University of Chicago Laboratory Schools in Hyde Park.

"We can spend hundreds of thousands dollars less on lawyers and put it in the schools. Money that went to legal fees will be spent on the students."

Duncan estimated the case has cost more than $1 million in the last four years.

Being under court supervision did provide Chicago with some protection from possible lawsuits, attorneys said. Some parents in other districts have challenged race-based admissions criteria.

For that reason, Duncan said the schools will undertake an extensive review of its magnet and selective enrollment admissions policies and may propose a new system after the case ends. It would not be effective until the 2008-09 school year at the earliest, Rocks said.

Rocks said he cannot guarantee that racial weights will stay in the new admissions policy but said recent court decisions have upheld racial considerations if there is a compelling educational reason.

Race-neutral considerations, such as family income and education levels, are not always sufficient to increase diversity, Rocks said.

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The agreement filed Monday replaces one approved in March 2004 that also was supposed to lead to the end of federal oversight. That agreement was the first change in the district's desegregation plan since it negotiated a 1980 settlement. The Justice Department had sued Chicago to force it to integrate, and the voluntary settlement avoided a lengthy legal battle. Chicago never admitted segregating its schools.

The 2004 decree had a host of more stringent reporting requirements that caused friction between Justice Department lawyers and the school district.

"We were very quickly, after that decree was entered, fighting over details," Rocks said. "I think it just proved to be unworkable."

The Justice Department declined to comment Monday on the new agreement.

Alonzo Rivas, an attorney with the Mexican American Legal Defense and Educational Fund, who has watched the case, said he wonders if Chicago will keep up its commitment to diversity once no outside body is watching over it.

For example, the district failed to offer any African-American or Latino children the opportunity to transfer into largely white schools in the 2004-05 school year before the court ordered it to do so.

Others in the community also have expressed concern about whether the district spends equally on its neighborhood schools and on magnet and special schools.

"I am not sure one more year is enough time to answer all this," Rivas said.

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Ruling Ends 8-year Federal Control Of La. Juvenile Prisons (AP)

AP, May 2, 2006

BATON ROUGE, La. -- Louisiana's juvenile prisons, once a byword for beatings and chaotic brawls, are on the road to reform and no longer need oversight from the federal courts, a federal district judge ruled Monday.

The U.S. Justice Department sued the state in 1998, saying conditions inside the lockups were unconstitutional. Judge James Brady's dismissal of the suit Monday came after Justice Department experts determined that reform efforts have made the lockups safer and better at rehabilitating the teen prisoners they house.

"I don't say this lightly: Louisiana has emerged as a model for juvenile justice systems in this country," said Judy Preston, deputy chief of special litigation and the department's expert on youth prison systems.

True reform efforts started in the 2003 Legislature with a commitment to shifting punishment of delinquent youth from imprisonment to less harsh settings like group homes and to closing the youth prison at Tallulah, which was pointed to as an example of brutality. Experts say the move to less prisonlike settings improves the chances of rehabilitation.

When she took office in 2004, Gov. Kathleen Blanco, who backed the reform efforts, ordered the creation of a new state agency, within the Department of Corrections, to deal with youthful offenders. The corrections department had previously been responsible for juveniles, housing and punishing them in a way similar to its treatment of adult convicts.

Brady's ruling will have little practical effect on how the state's three youth prisons operate, but Blanco hailed it as proof that her reforms are succeeding. Blanco said the state's old juvenile justice system was so full of violence and fear that inmates left them more dangerous and more likely to commit crimes. They are now more humane, she said, with programs for education, mental health and substance abuse problems, preparing the prisoners for a return to the outside world.

"Louisiana is not throwing its children away," Blanco said at a news conference outside the courthouse.

The Justice Department filed the lawsuit with the Louisiana Juvenile Justice Project, a nonprofit activist group that has long been critical of the prisons. David Utter, the group's director, called Brady's ruling "a great first step," but said complete reform is a distant goal.

"We still have a lot of work to do," Utter said.

Simon Gonsoulin, chief of the state's juvenile justice system, said his agency plans to have reforms complete by 2008, with all of its prisoners living in small groups of about a dozen inside homelike buildings, instead of cellblocks. His agency has a budget of $140 million in Blanco's proposed 2006-2007 budget, up from $136 million this year.

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At the Jetson prison, near Baton Rouge, the average dorm population is 15 youths, down from 36 before the reforms began, Gonsoulin said.

Raids Net 66 Linked To Human Trafficking (WT/AP)

By Wayne Parry, Associated Press

The Washington Times, May 2, 2006

NEWARK, N.J. -- Federal agents yesterday rounded up 66 persons in a series of raids that officials said smashed a suspected human-trafficking ring that smuggled Mexicans into the United States and may have forced the women to work as prostitutes in the Washington area.

Officers with the U.S. Bureau of Immigration and Customs Enforcement (ICE) raided 15 locations in Union City, West New York and New York City early yesterday after New Jersey State Police pulled over two vehicles containing at least 10 women who worked in brothels in Maryland, Virginia and the District, said Kyle Hutchins, special agent in charge of the bureau's Newark office.

"How many were doing it willingly, we don't know," he said. "We believe some of them had been trafficked."

Agents were trying to interview as many of the women as possible yesterday afternoon, a process Mr. Hutchins said would be time-consuming.

The operation was at least the fourth major alien-smuggling ring operating in New Jersey in recent years. Prosecutions involving Russian strippers forced to work in go-go bars, and young Honduran women forced to work as hostesses in Union City bars are ongoing in federal court.

Mr. Hutchins said authorities were trying to determine whether the latest suspected ring was connected to either of the previous smuggling rings.

None of the prostitution involving the Mexican women took place in New Jersey, authorities said. Rather, when their weekly or monthly shifts in Washington-area brothels was finished, the women would be transported to northern New Jersey and New York by van, Mr. Hutchins said.

Thirty-six women and 30 men were taken into custody. All but two were being held on immigration charges for being in the United States illegally, Mr. Hutchins said.

Two brothers, Jose Luis Notario Guzman, 50, and Jose Ignacio Notario Guzman, 46, were held yesterday without bail. The older brother is in the country legally; his younger brother is not, the U.S. Attorney's Office said.

Jose Luis Notario Guzman faces three charges: conspiracy to harbor illegal aliens, operating an unlicensed money-transfer business and bulk cash smuggling.

His brother was charged with operating an unlicensed money-transfer business.

The older brother owned the safe house in Union City where the women were kept after being taken by van from the Washington area, according to the federal complaint.

It said authorities began investigating after they noticed vehicles with out-of-state plates dropping women at his apartment on Sunday nights and Monday mornings.

Authorities traced the license plates and determined they had been used to transport prostitutes to and from brothels in New York City, Maryland and other areas, the complaint said.

Immigration officials also said Jose Luis Notario Guzman regularly transported money, including proceeds of prostitution, from Newark to Mexico City by using couriers.

The younger brother operates a bodega in West New York, where authorities said he stored and sold large amounts of condoms and illegal abortion-inducing drugs made in Mexico that were used in the prostitution operation.

An informant told authorities that he witnessed Jose Ignacio Notario Guzman remove the items from a drop ceiling in the store, the complaint said.

The public defender for Jose Luis Notario Guzman, Esther Salas, declined to comment after a court hearing in which the brothers were told of the charges.

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The public defender for Jose Ignacio Notario Guzman, Paul Condon, said his client is not guilty of the money-transfer charge.

The arrests came the same day that illegal aliens and their supporters gathered around the nation to protest, boycotting work, school and shopping to show their importance to the country.

Jason Taylor's Stabbing Incident Being Charged As Hate Crime (FLSUNSEN)

By Alex Marvez And Marlene Naanes, Sun-sentinel.com

South Florida Sun-Sentinel, May 2, 2006

Dolphins defensive end/outside linebacker Jason Taylor suffered a minor stab wound Sunday night in a road-rage incident, according to Davie police.

Redmond Charles Burns of Davie was arrested on three charges, including aggravated battery/hate crime, after allegedly assaulting Taylor.

"My wife and I were the victims of an unfortunate incident last night but we are both fine," Taylor said Monday in a statement released by his charity foundation. "I truly appreciate everyone's concern."

Seth Levit, who is the Jason Taylor Foundation spokesman, said the cut Taylor suffered on his left forearm was so minor that he wasn't even wearing a bandage while playing in a golf tournament in Tampa on Monday morning to benefit the charity foundation of Tampa Bay Buccaneers linebacker Derrick Brooks.

According to a Davie police report, Taylor and his wife Katina were driving south on Flamingo Road when he noticed a red pickup truck coming toward his car as it backed up eastbound across State Road 84's westbound lanes. Taylor honked at the truck and the two vehicles avoided a crash.

Taylor was then driving behind the truck, which was traveling at 10 miles per hour, when he tried to pass on the left. As Taylor passed, the truck intentionally swerved toward him, causing his car to run off the road.

The truck and Taylor's car stopped at Southwest 130th Avenue and Eighth Street. The report states an unidentified passenger in the truck then got out and banged on Taylor's car trunk.

Burns, who was driving the truck, also emerged and used racial obscenities and threatened to kill Taylor. The 5-11, 168-pound Burns then retrieved an unknown metal object from his truck and tried to stab the 6-6, 255-pound Taylor, the report said.

As he backed away from Burns, Taylor was cut on his left forearm.

Taylor drove after the truck, calling 911 in the process, after it fled but lost site of the vehicle inside a trailer park. Taylor later identified Burns from a photo lineup, leading to his apprehension at a trailer in the 13200 block of SW 7th Place.

During the arrest, Burns kicked and punched an officer and later kicked at a window in a police car until being pepper-sprayed by officers, the report said.

Besides the battery charge, the 24-year-old Burns also was arrested for resisting with and without violence. The truck passenger was not charged.

Taylor declined further comment on the incident.

In December 2003, Taylor was identified by the FBI as being one of six active or retired professional athletes to receive a hate letter threatening him with physical harm for being married to a white woman. Katina Taylor is the sister of Dolphins middle linebacker Zach Thomas.

An FBI spokesman said similar letters were sent to prominent black politicians, entertainers and business leaders in a two-year span.

Taylor, 31, is set to enter his 10th season with the Dolphins as one of the NFL's top defensive players. Taylor began his charity foundation in July 2004 with the focus on helping children in need with improved health care, education and quality of life.

NLV On Track For Meeting ADA Rules (LVS)

By Brian Wargo, Las Vegas Sun

Las Vegas Sun, May 2, 2006

Thousands to be spent on fixing dozens of violations

Seven months after North Las Vegas reached a tentative agreement with the Justice Department over violations of the Americans with Disabilities Act, the city is putting its money where its mouth is.

North Las Vegas plans to award a contract Wednesday to spend nearly $350,000 for wheelchair-accessible ramps, sidewalks and other safety improvements for the disabled at more than 133 locations around schools and older sections of the city.

The contract is part of the city's plan to spend more than $600,000 this year and similar amounts during its next two budgets to comply with the 1990 federal law requiring local governments to improve the disabled's access to government programs and access on government property.

In September, North Las Vegas reached an agreement with the Justice Department over the city's long-standing violations of the federal law. The agreement helped the city avoid potential fines of up to $55,000 for a first violation and $110,000 for subsequent violations.

"We are well on our way to compliance," said City Manager Gregory Rose. "Beyond that, it is the right thing to do. We want to ensure all of our citizens, regardless whether they have a handicap, have access."

Justice Department spokesman Eric Holland said North Las Vegas is on schedule to correct the violations. City officials said North Las Vegas already has spent thousands of dollars to fix dozens of violations.

North Las Vegas came under fire from the Justice Department after a January 2004 federal review of 75 percent of the city's parks and facilities found 182 ADA violations.

The violations included the absence of accessible drinking fountains, a need for restroom improvements and a need to alter sidewalks where street lights or signage hindered the mobility of wheelchair users.

Under the ADA, since 1992, when streets are constructed or resurfaced, cities have been required to reconfigure sidewalks and curbs to accommodate wheelchairs.

Rose said the $2 million that the city has budgeted for the improvements is the minimum amount needed to meet ADA requirements, but the city plans to surpass that amount.

"The improvements are way overdue," said North Las Vegas Councilman William Robinson. "We are taking a proactive role to meet their mandate."

A year ago two hearing-impaired people sued in federal court, saying North Las Vegas violated their civil rights. They said police failed to provide a sign language interpreter or to communicate in writing following their arrests on two unrelated traffic cases in 2003 and 2004.

Since the lawsuit was filed, the city moved to comply with a Justice Department request by hiring sign language interpreters. Brian Wargo can be reached at 259-4011 or at wargo@lasvegassun.com.

First EEOC Racial Bias Suit Against Movie Studio Can Proceed (AP)

The Associated Press

AP, May 2, 2006

The first racial discrimination case brought by the government against a movie studio can proceed to trial, a federal judge ruled.

The Equal Employment Opportunity Commission sued Universal Pictures in 2003, claiming that a first assistant director on the film "2 Fast 2 Furious" was fired because he was black.

The studio has denied the allegation and asked the court to dismiss the case.

But late Wednesday, U.S. District Judge Gary Allen Feess ruled that the commission's lawsuit contained sufficient evidence to allow a jury to decide the case.

The lawsuit was filed on behalf of Frank Davis, 47, who worked on the film under director John Singleton, who is also black. The lawsuit claims Davis was fired without cause even after Singleton objected.

"Singleton adamantly asserts that Davis was performing satisfactorily and that Singleton would have terminated Davis had he not performed," Feess wrote in his decision.

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"These facts, among many others, raise a genuine issue for trial regarding the true motive for Davis' termination and could support an inference that he was terminated because of race," the judge wrote.

Universal said witnesses have testified that Davis was replaced solely for his inadequate performance as first assistant director.

"For '2 Fast 2 Furious,' Universal Pictures assembled one of the most diverse casts and crews ever and did not and would not single out any individual for replacement because of his race," Universal spokeswoman Cindy Gardner said.

The trial is set to begin June 27.

The commission had been looking for an opportunity to investigate hiring practices in the entertainment industry, said Anna Park, lead attorney for the Los Angeles office of the EEOC.

"We would hear complaints all the time. But it has taken until now for someone to finally come forward. People were too afraid," she said.

Davis had been working as an assistant director since 1992 and was hired by Singleton to work on "2 Fast 2 Furious," the commission complaint said.

Singleton, who had worked with Davis on a previous film, said in the complaint that he thought Davis was "discharged because of his race."

Universal said Davis could not handle his duties on a complicated, big-budget film that contained many action sequences and stunts.

The commission is asking for damages of as much as $8 million, including back pay and punitive damages. The commission also wants federal monitoring of the studio's hiring practices.

Jury Considers Hate-crime Award (CHIT)

By Matt O'Connor

Chicago Tribune, May 2, 2006

In an unemotional voice, Deona Williams recounted Monday how she cried hysterically and begged for her life as three skinheads cornered her one summer night in 2002, shouted racial epithets and held a knife to her throat.

"I was so scared," said Deona, an African-American who was 14 and about to start high school when the assault took place in Fox Lake. "I was thinking either they're going to kill me or try to rape me."

The testimony came at a federal trial at which the only issue for the all-woman jury to decide is how much in monetary damages should be awarded to Deona, now 17, and her family. A judge already has found the three white defendants legally liable for their actions.

Two of the defendants, Harley Hermes and Michael Canlas, portrayed themselves in court Monday as changed young men who regretted their conduct. "I've grown up a lot since this incident," Canlas, who has no lawyer, said in a brief opening statement.

The third defendant, Shaun Derifield, didn't show up for the trial.

All three were convicted of criminal offenses for the hate crime and served time.

The lawsuit appears to be more of a symbolic battle for the family because none of the three defendants apparently has any significant assets or income. Hermes said he owns only a truck with 100,000 miles on it. At the time the suit was filed in 2004, a lawyer for the family said the litigation was intended to deter other hate crimes.

Testimony concluded in one day in U.S. District Judge Samuel Der-Yeghiayan's courtroom. Closing arguments are set for Tuesday morning.

Among those to testify were Deona's parents, Phyllis Williams and Jimmy Gilmore, who spoke how the assault changed the personalities of their three youngest children, caused them to be overprotective parents and turned their dream house into a nightmare.

Deona and her twin brothers, Tywon and Juwon, then 15, were walking home from a high school football game when the three defendants chased after them, screaming epithets and death threats. Derifield and Canlas brandished knives.

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The brothers escaped, but Deona was cornered. As Derifield held a knife to her throat, law enforcement authorities said he warned: "Remember our faces, [racial epithet]. This is our town and you better get out before we kill you!"

In testifying Monday, Hermes acknowledged he was nervous at the time that Derifield might cut Deona with the knife, yet in a statement to the court just 2½ months ago, he flatly denied seeing a knife held to her throat.

Phyllis Williams said the ordeal devastated her and her three youngest children. Deona gained 75 to 100 pounds within 1½ years of the assault and her grades dropped. Tywon, who had been energetic and athletic, quit playing sports, rebelled against authority figures and became argumentative and angry, his mother said. Juwon, who had always been quiet, withdrew even further, she said.

Phyllis Williams said she became quick to blame racism for everyday slights and grew fearful out in public whether the defendants might be present.

"I don't know if they're in the store with me or if they're going to do this again," she said in a voice choked with emotion.

Hermes and his grandmother, Kittye Hermes of Glenview, both testified about how his childhood was chaotic because both his natural mother and stepmother were drug addicts. He was kicked out of his home when he was 12, he said.

Hermes' lawyer, Beau Greiman, told jurors that Hermes wasn't trying to make excuses for his role in the attack but wanted to give a complete picture of his life "to understand he's not a monster."

"There's reasons why he ended up where he ended up on Aug. 30, 2002," Greiman said.

Beyond Chastity Belts (NYT)

By Nicholas D. Kristof

The New York Times, May 2, 2006

Abortion may be the single most polarizing issue in America today, but there's one thing Democrats and Republicans mostly agree on: it would be better if Americans had fewer abortions.

The best way to reduce the number of abortions, in turn, would be to reduce the number of unwanted pregnancies. Every year, Americans have three million unplanned pregnancies, leading to 1.3 million abortions.

So it should be a no-brainer that we increase access to contraception, and in particular make the "morning after" pill available over the counter. That would be the single simplest step to reduce the U.S. abortion rate, while also helping hundreds of thousands of women avert unwanted pregnancies.

Plan B, the emergency contraceptive, normally prevents pregnancy when taken within 72 hours of unprotected sex — although it is most effective when taken within 24 hours. It is now available in most of the U.S. only by prescription, but the American Medical Association and the American College of Obstetricians and Gynecologists have both endorsed it for over-the-counter use.

President Bush's Food and Drug Administration has blocked that, apparently fearing that better contraception will encourage promiscuity. But unless the libidophobes in the administration mandate chastity belts, their opposition to Plan B amounts to a pro-abortion policy.

One study, now a bit dated, found that if emergency contraceptives were widely available in the U.S., there would be 800,000 fewer abortions each year. And even though they are generally available only by prescription, emergency contraceptives averted 51,000 abortions in 2000, according to the Guttmacher Institute.

That's one of the paradoxes in the abortion debate: The White House frequently backs precisely the policies that cause America to have one of the highest abortion rates in the West. Compared with other countries, the U.S. lags in sex education and in availability of contraception — financing for contraception under the Title X program has declined 59 percent in constant dollars since 1980 — so we have higher unintended pregnancy rates and abortion rates.

Germany, the Netherlands and Belgium have abortion rates only one-third of America's, and France's is half of America's. France has made a particular push for emergency contraception to lower its abortion rate by making free morning-after pills available to French teenagers, without informing the parents. Nurses in French junior high and high schools are authorized to hand out emergency contraception pills.

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That broad availability is the global pattern. While American women cannot normally obtain emergency contraception without a prescription (by which time the optimal 24-hour window has often passed), it is available without a prescription in much of the rest of the world, from Albania to Tunisia, from Belgium to Britain.

One thought that paralyzes the Bush administration is that American teenage girls might get easy access to emergency contraception and turn into shameless hussies. But contraception generally doesn't cause sex, any more than umbrellas cause rain.

The reality is that almost two-thirds of American girls have lost their virginity by the time they turn 18 — and one-quarter use no contraception their first time. Some 800,000 American teenagers become pregnant each year, 80 percent of the time unintentionally.

So we may wince at the thought of a 15-year-old girl obtaining Plan B after unprotected sex. But why does the White House prefer to imagine her pregnant?

Indeed, Plan B may be more important for teenagers than for adults, because adults are more likely to rely on a regular contraceptive. Teenagers wing it.

Granted, making contraceptives available — all kinds, not just Plan B — presents a mixed message. We encourage young people to abstain from sex, and then provide condoms in case they don't listen. But that's because we understand human nature: We also tell drivers not to speed, but provide air bags in case they do.

The administration's philosophy seems to be that the best way to discourage risky behavior is to take away the safety net. Hmmm. I suppose that if we replaced air bags with sharpened spikes on dashboards, people might drive more carefully — but it still doesn't seem like a great idea.

So let's give American women the same rights that they would have if they were Albanians or Tunisians, and make Plan B available over the counter. It's time for President Bush to end his policies that encourage abortions.

Phantom Constituents Behind Bars (NYT)

The New York Times, May 2, 2006

Demographers and voting rights advocates are rightly pressuring the Census Bureau to begin counting the nation's 1.4 million prison inmates at their home communities — and not as "residents" of the prisons, the current practice. Counting the inmates at prison inflates the prison community's population and political influence, while draining political clout from the communities where inmates actually live.

Most Americans aren't aware that prisoners are counted as part of the population in the electoral district where they serve time — even though they often live hundreds of miles away and are barred from voting in all but two states. But recent evidence shows that voters in nonprison communities become outraged when they learn that nonvoting prison populations in adjacent districts are being leveraged against them. When made aware of the scheme, voters typically demand that the inmates be dropped from the district count so as not to skew local legislative authority. But state legislatures inevitably include inmates in the count when drawing state legislative districts, which shifts political power from the places were inmates actually live to the prison districts.

The Census Bureau balked and raised unconvincing excuses recently when Congress asked it to consider a system that would count inmates at home instead of at prison. But the prison census controversy is a potentially explosive issue whose time has clearly come.

The bureau should get busy on a system for counting inmates where they live as opposed to where they do time.

ANTITRUST:

Phone Firms' Bid To Ease Cable Push Hits Senate Snag (WSJ)

By Amy Schatz

The Wall Street Journal, May 2, 2006

DOJ_NMG_0027713

WASHINGTON -- Phone companies' bid for help in getting into the cable-television business faster hit a snag yesterday, when a key Senate lawmaker introduced sweeping telecom legislation that would do many things -- except establish a national video franchise.

Senate Commerce Committee Chairman Ted Stevens (R., Alaska) offered long-awaited legislation without including the Bell companies' top wish: the ability to bypass local governments when offering pay-television service.

Reaction from the Bells to Mr. Stevens's effort was lukewarm. The committee's top Democrat, Hawaii Sen. Daniel Inouye, released a statement saying he agreed to sign on to the legislation, but noting that his "co-sponsorship ... is not a demonstration of support for the bill itself."

Mr. Stevens's decision to introduce a telecom-rewrite bill may make it more difficult for the Bells to get changes to the law this year to help them enter the cable business faster. In the House, lawmakers have been receptive to the Bells' pleas, and a bill dealing with the cable issue could reach a full vote in a few weeks. Differences between the two bills -- and the short legislative year -- could doom the prospects for telecom overhaul this year.

Unlike the House bill, the legislation doesn't establish a national video franchise, although it would set a 30-day deadline for local governments to decide on an application by a phone or cable company to offer local video service.

It is far-reaching in other areas, setting rules that would open unused television-broadcast spectrum for unlicensed wireless gadgets, bar cable companies from entering into exclusive deals to show sports events, and allow cities and counties to offer high-speed Internet access.

The bill places the issue of "net neutrality," or concerns that phone and cable companies will discriminate against some Internet sites or limit how consumers use the Internet, with the Federal Communications Commission.

The bill's introduction kicks off the Senate debate about telecom issues, although it is unclear how far the effort will get. Two hearings will be set during the next few weeks to discuss the bill, according to a committee aide, and a markup could come after the Memorial Day recess.

Google Concerned About Microsoft Browser (AP)

By Allison Linn, Ap Business Writer

AP, May 2, 2006

SEATTLE -- Google Inc. is hoping to pressure Microsoft Corp. into changing a new Internet Explorer browser feature that could direct more people to Microsoft's online search engine instead of Google's far more popular offering.

Google has informally complained to U.S. and European antitrust regulators about what it says are biased settings on Microsoft's latest Web browser, marking the latest spat between two companies whose business models are increasingly bumping up against one another.

Mountain View, Calif.-based Google regards Microsoft as the biggest threat to its continued success, and Microsoft has conceded that Goggle is a formidable competitor as well.

The next version of Internet Explorer, available now in test form, includes a box in the corner that lets people perform an Internet search without going to a separate Web page, much like what's available from Google's downloadable "toolbar."

Users who download IE 7 will be assigned a search engine preference based on the AutoSearch function from the previous version of IE, which is likely to be MSN Search. Google says it's concerned that Microsoft's own search engine is getting favored treatment, and said research it has sponsored shows that it's difficult to change the settings in the new browser to a rival search engine.

"The market favors open choice for search, and companies should compete for users based on their quality of search services," Marissa Mayer, Google's vice president of search products and user experience, said Monday.

Gary Schare, director of product management for Internet Explorer, said Redmond-based Microsoft's goal is to let users choose the search engine they want. He also said Microsoft's feedback has shown that it's not difficult to change to a different search engine.

"MSN has a certain amount of (market) share. This is not designed to change this," Schare said. "This is designed to essentially keep the status quo."

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Internet Explorer's main competitors, Firefox and Opera, both include similar boxes with the default search engine set to Google, although users can change to another provider.

Google said it has talked about the browser feature with the U.S. Department of Justice and European Union regulators, although it has not filed any formal complaints.

Microsoft fought a long-running antitrust case with the Justice Department, and is awaiting a ruling on its appeal of an EU antitrust ruling against it. In both cases, competitors claimed that the company was using the dominance of its Windows operating system to wield influence over other markets, squelching competition. IE 7 will ship with the next version of Microsoft's Windows operating system, and also will be available for free download.

Analyst Rob Enderle said he thinks Google's complaints signal that the company is getting more aggressive in its competition against Microsoft, although he doesn't think the search box poses any serious threat to Google's business.

He added that Google's move was interesting in that, while Microsoft dominates the computer operating system market, Google is the dominant search engine provider. Nielsen/Net Ratings reported that Google had 49 percent of the U.S. search market share in March, compared with nearly 11 percent for Microsoft's MSN Search.

"Once you start raising unfairness questions, and you're the dominant player, then it would be very easy for somebody to use those arguments against you," Enderle said.

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AP Business Writer Michael Liedtke in San Francisco contributed to this report.

Google Expresses Concerns Over New Microsoft Browser (Update1) (BLOOM)

By Jonathan Thaw

Bloomberg, May 2, 2006

May 1 (Bloomberg) -- Google Inc., the most-used Internet search engine, expressed concerns to the European Commission over Microsoft Corp.'s new Internet browser, which directs Web surfers to Microsoft's search site.

Google raised the concern as part of a European Commission investigation into Vista, the next version of Microsoft's Windows operating system, Steve Langdon, a spokesman for Mountain View, California-based Google, said today in an interview.

``In those discussions, we have expressed our concerns that Microsoft's approach to setting search defaults in IE 7.0 benefits Microsoft while taking away choice from users," Langdon said.

Microsoft is ``fully committed" to supporting search-engine options in Internet explorer and will ensure users can easily choose from a very long list, Microsoft spokeswoman Stacy Drake McCredy said in an e-mailed statement.

The tussle highlights Google's concern that Redmond, Washington-based Microsoft may be able to gain Internet traffic by directing people to its own search engine. Microsoft handled 11 percent of U.S. searches in March, compared with Google's 49 percent, according to market research Nielsen//NetRatings.

Shares of Google fell $19.04, or 4.6 percent, to $398.90 at 4 p.m. New York time in Nasdaq Stock Market composite trading. They have fallen 3.8 percent this year. Microsoft shares rose 14 cents to $24.29 and have fallen 7.1 percent this year.

Google brought up the concerns over Internet Explorer with the U.S. Justice Department and European Commission, the New York Times reported today.

Google Expresses Concerns Over Microsoft's Internet Explorer (MERCN)

By Elise Ackerman

The San Jose Mercury News, May 2, 2006

Google accused Microsoft of not playing fair in its quest for a bigger share of the $10 billion online advertising market on Monday and revealed that it has shared its concerns with antitrust regulators in the United States and Europe.

Google's gripe: An upcoming release of Microsoft's Internet Explorer Web browser will contain a search box that in some cases defaults to the MSN search engine.

As a result, Microsoft might be able to persuade more people to use its search technology and potentially win a larger share of the extremely lucrative market for Internet advertising.

Someone who wants to use Google to find information on the Internet would be forced to choose the Mountain View-based company from a list of almost two dozen other search providers.

``Our biggest concern is for the users," said Marissa Mayer, vice president search products and user experience, in a written statement prepared for reporters. ``The market favors open choice for search, and companies should compete for users based on the quality of their search services."

The dispute illustrates how the importance of the browser has diminished in the wake of the epic anti-trust battles involving Microsoft and the rest of the tech industry. Now, the focus is on search technology, which matches advertising with search results.

Still, Google's protest puzzled some observers, who noted that the objectionable feature was nearly identical to the search box of FireFox, an open-source browser with 10 to 13 percent of the U.S. market.

Last week, Google took the unusual step of promoting the FireFox browser, which defaults to Google's search engine, on its home page. People who use FireFox who want a search powered by MSN have to choose it from a list that includes rival search engines, as well as Wikipedia's online encyclopedia and Merriam Webster's online dictionary.

Gary Schare, the Microsoft executive overseeing marketing for the new browser, Internet Explorer 7, said in an interview that Microsoft had consulted with search engines around the world and received ``universal positive feedback" -- except for Google.

Schare also noted that the new browser is built to default to whatever search engine a person is currently using, whether it is Google or Ask.com. People who download the new browser, which is now available for testing, might not even realize that the controversial default exists, he said.

In addition, people who buy personal computers preloaded with Microsoft's software, will also not necessarily encounter the MSN default when they click the small search box built into the top of their browser. That is because computer manufacturers are free to set the default to any search engine they choose in accordance with deals they have struck with companies like Google and Yahoo.

In February, Dell confirmed it was trying out a partnership with Google to bundle Google's toolbar and desktop search software on its machines.

Keith Hylton, professor at the Boston University School of Law, said such deals showed ``there's a lot of room for competition here."

But Ralph Palumbo, a Seattle attorney who has sued Microsoft twice for anticompetitive practices, said default settings ``are tremendously important" and that Google was right to raise concerns before Microsoft's new browser is released.

In October 2005, Microsoft agreed to pay RealNetworks $761 million in response to allegations that Microsoft had used its monopoly power to keep computer makers from installing RealNetwork's media player.

In 2001, a federal appeals court ruled that Microsoft had abused its monopoly over operating-system software. Since then, Microsoft has paid hundreds of millions of dollars to companies and individuals who claimed they were hurt by its business practices.

And the legal battles continue. Last week, Microsoft's lawyers appeared in front of the European Union's highest court to challenge a 2004 antitrust ruling by the European Commission that included a record $613 million fine.

``Microsoft is vulnerable because of bad behavior," said Joe Wilcox, an analyst with Jupiter Research.

However, in the dispute over search defaults, both Google and Microsoft appear to be vying for any advantage they can get over the other.

While Microsoft remains the undisputed leader in operating system and browser software, its MSN search engine lags both Google and Yahoo, handling only 11 percent of U.S. searches in March, compared to Yahoo's 22 percent and Google's 49 percent, according to Nielsen//NetRatings.

Yet Google Chief Executive Eric Schmidt has said repeatedly that he views Microsoft as Google's main foe. If Microsoft could increase its share of searches, it has the ability to deliver advertising to an audience that is segmented not only by geography but by age.

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Samir Patel, president of SearchForce, a San Mateo company that runs Internet advertising campaigns also said customers are finding ads delivered along with search results powered by Microsoft's newest search technology are significantly more profitable, as more shoppers who click on them buy products.

Last week, Amazon.com, the world's largest online retailer, quietly switched from using Google's search technology to Microsoft's.

BlackBerry Maker RIM Faces New Lawsuit (FT)

By Paul Taylor

Financial Times, May 2, 2006

Research in Motion, maker of the popular BlackBerry family of wireless e-mail devices, faces a new legal threat after Visto, a US-based wireless e-mail technology company, filed a new patent infringement suit against the Canadian group.

The move follows Visto's victory in another long-running patent infringment suit against rival Seven Networks, and comes just weeks after Rim paid more than $612m to settle a patent case with Washington-based NTP, a patent holding firm that also holds a small stake in Visto.

"Based on Visto's sweeping victory in court against Seven Networks on Friday, Rim must understand that there is no place in the mobile e-mail space for this sort of behavior," said Brian Bogosian, Visto's chief executive. "Under the law, which protects consumers from products that contain infringing technology, Rim should not be able to sell the BlackBerry system."

Rim did not immediately comment on the new suit which could lead to further uncertainly in the fast expanding market for corporate wireless "push" e-mail services – a market that Rim and the BlackBerry helped define. It is also likely to fuel further demands for a revision of US patent law and overhaul of the patent and trademark system.

Visto previosly filed a separate patent infringement suits against several other wireless e-mail technology companies - including Microsoft - but said on Monday that it has no plans to file a suit against Intellisynch, another wireless e-mail technology vendor now owned by Nokia.

On Friday a Texas jury found that Seven had willfully infringed on three separate Visto wireless e-mail patents and awarded Visto about $3.6m in damages. Visto had originally asserted nearly 200 claims from six patents, and sought more than $12m in damages while seeking to have the patents reevaluated and upheld by the US Patent and Trademark Office.

Seven said it was, "clearly disappointed" with the verdict, but added that it was "grateful for the limited nature of the damages and looks forward to the next phase of the litigation and the outcome of the [US Patent and Trademark Office] re-examination proceedings."

So far one of the patents in question has been upheld as valid, while another has been rejected.

"While this is the first step in a long process, our primary objective is to protect the interests of our customers and their ability to continue to use Seven's innovative real-time mobile e-mail solution," said Harvey Anderson, general counsel for Seven. "We believe minor alterations of the software will avoid the claims in the future, with no disruption to our customers or the user experience."

Seven counter sued Visto in August claiming that Visto had infringed two of its mobile e-mail patents. That trial is set for June 2007.

Both companies have developed technology that enables mobile users to retrieve their e-mail from belind a coprorate security "firewall" – technology that is used by wirelss carriers including Cingular to enable their customers to receive wireless e-mails on a wide range of smartphone devices.

New Patent Fight Looms For RIM Over BlackBerry (WSJ)

By Stuart Weinberg

The Wall Street Journal, May 2, 2006

Closely held Visto Corp., a maker of wireless-email software, sued BlackBerry maker Research in Motion Ltd., claiming RIM infringed four of its patents.

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RIM, which two months ago agreed to pay NTP Inc. $612.5 million to settled a separate patent dispute, denied infringing Visto's patents and said in a statement that it will now consider asserting its own claims against Visto. RIM, of Waterloo, Ontario, said it doesn't expect customers of its popular BlackBerry wireless-email device to be impacted by Visto's complaint.

RIM's shares fell $3.60, or 4.7%, to $73.03 in 4 p.m. Nasdaq Stock Market composite trading yesterday.

The suit by Visto, filed in U.S. federal court in the Eastern District of Texas, comes after a federal jury in the same district Friday decided in favor of the Redwood Shores, Calif., software maker in yet another patent dispute. In that case, the jury found closely held software maker Seven Networks Inc. had infringed three Visto patents and awarded it $3.6 million. Visto said the court is expected to hold a hearing concerning an injunction against Seven Networks that would prohibit further use of the infringing system.

Seven Networks, of Redwood City, Calif., said in a statement Friday that it was "disappointed with the verdict" but that the damages were lower than Visto had sought. In a statement yesterday, Seven Networks indicated that it is developing a workaround to avoid any infringement of Visto's patents.

Regarding its suit against RIM, Visto Chief Executive Brian Bogosian said the "breadth and depth" of Visto's patents would make it difficult for RIM to modify its email-delivery system to work around them. Before deciding to settle with NTP, RIM said it had developed a workaround to bypass NTP's patents.

Visto also has several other pending infringement actions, including one against Microsoft Corp. Microsoft has declined to comment on the case.

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Keeping A Democratic Web (NYT)

The New York Times, May 2, 2006

"Net neutrality" is a concept that is still unfamiliar to most Americans, but it keeps the Internet democratic. Cable and telephone companies that provide Internet service are talking about creating a two-tiered Internet, in which Web sites that pay them large fees would get priority over everything else. Opponents of these plans are supporting Net-neutrality legislation, which

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would require all Web sites to be treated equally. Net neutrality recently suffered a setback in the House, but there is growing hope that the Senate will take up the cause.

One of the Internet's great strengths is that a single blogger or a small political group can inexpensively create a Web page that is just as accessible to the world as Microsoft's home page. But this democratic Internet would be in danger if the companies that deliver Internet service changed the rules so that Web sites that pay them money would be easily accessible, while little-guy sites would be harder to access, and slower to navigate. Providers could also block access to sites they do not like.

That would be a financial windfall for Internet service providers, but a disaster for users, who could find their Web browsing influenced by whichever sites paid their service provider the most money. There is a growing movement of Internet users who are pushing for legislation to make this kind of discrimination impossible. It has attracted supporters ranging from MoveOn.org to the Gun Owners of America. Grass-roots political groups like these are rightly concerned that their online speech could be curtailed if Internet service providers were allowed to pick and choose among Web sites.

The House Energy and Commerce Committee defeated a good Net-neutrality amendment last week. But the amendment got more votes than many people expected, suggesting that support for Net neutrality is beginning to take hold in Congress. In the Senate, Olympia Snowe, a Maine Republican, and Byron Dorgan, a North Dakota Democrat, are drafting a strong Net-neutrality bill that would prohibit broadband providers from creating a two-tiered Internet. Senators who care about the Internet and Internet users should get behind it.

Calling All Plaintiffs (WSJ)

The Wall Street Journal, May 2, 2006

Hey, did you hear? The Twombly case may go all the way to the Supreme Court. What's that? You haven't heard about Twombly? Maybe someone should have told you by now, since if you have a phone, you're probably one of the plaintiffs. And if the dial tone you hear is provided by one of the Baby Bells, your phone company is one of the defendants.

But believe us, this is one case you don't want to win. In 2003, William Twombly sued all the Bells on behalf of all the Bells' customers. His allegation is that since 1996, when Congress (sort of) deregulated the telecom industry, the Bells have conspired to stay out of each other's territory instead of competing and so have kept the price of phone service artificially high for a decade. His evidence for the conspiracy? Well, he doesn't really have any, other than that the Bells have not, in fact, chosen to break into each others' territory in the decade since Congress gave them the green light to do so.

But no matter. Just let the case proceed to the discovery phase and Mr. Twombly and his lawyers are sure to uncover something unseemly sounding in the phone companies' files. And even if they didn't, the cost in time and money of complying with discovery demands in a case this broad might well compel the phone companies to settle and make the suit go away.

You might think a fishing expedition this extreme would never make it that far, and you'd almost be right. The trial judge, Gerard Lynch, threw the case out on its ear. But Mr. Twombly, et al. (that's everyone else in the country), appealed, and the Second Circuit has reinstated the case. The appeals court ruled, in short, that it was enough for Mr. Twombly to have alleged a conspiracy that could plausibly exist, since if it did exist his case could have merit. The Supreme Court is currently weighing whether to hear an appeal of the Second Circuit's ruling.

The case has caught the attention of the business community, even if most of the 100 million-odd plaintiffs haven't been paying it much mind. Firms engage in "parallel" activity the way the Bells do all the time, as former Federal Trade Commission Chairman Timothy Muris pointed out in an amicus brief filed on behalf of Visa and MasterCard. Credit cards, he noted, are the same size and shape. They all have that same magnetic strip on the back, located in the same place. This type of "parallel" action is not only legal, but sensible -- and beneficial.

The examples could be multiplied. These days, we hesitate to mention the phenomenon of gas station prices often moving up and down in parallel. If the Twombly decision is not struck down by the Supreme Court, we can expect that lawsuit to follow directly -- the American Petroleum Institute has already filed a brief in the case pointing this out. The U.S. Chamber of Commerce, the National Association of Manufacturers and the pharmaceutical industry have also all filed briefs out of fear that they may be the next targets of Twombly-like litigation.

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In Twombly, the Second Circuit essentially ruled that if competitors act in parallel, all a plaintiff has to do is say, "Conspiracy!" to open discovery and start searching for evidence in the files of an entire industry. It's true that the plaintiffs offered some fig-leaf suggestions about why it might be in the phone companies' interest to conspire, but you can always spin that sort of tale if you don't need evidence to support it. Most of the motives for conspiring in the first place also happen to look like reasonable business decisions without the existence of a conspiracy.

That Twombly lowered the bar dramatically for plaintiffs and trial lawyers alleging business conspiracies has not been lost on those lawyers, either. Since the decision was handed down in October, dozens of legal filings have already cited it as a reason for letting this or that case proceed. If the Supreme Court allows Twombly to stand unchallenged, unsupported charges of antitrust conspiracy could well prove to be the next great wave of the litigation tsunami.

The Second Circuit panel admitted as much in its decision, writing, "the overall result" of its ruling "may well be a burden on the courts and a deleterious effect on the manner in which and efficiency with which business is conducted." But the court reinstated the case anyway, saying that the problem was one for the Supreme Court to address. Here's hoping it does.

ENVIRONMENT:

Government Drafts Pandemic Flu Plan (AP)

By Nedra Pickler

AP, May 2, 2006

Employers should have plans to keep workers at least three feet apart, colleges should consider which dormitories could be used to quarantine the sick, and flight crews should have surgical masks to put on coughing travelers under a draft of the government's pandemic flu plan obtained by The Associated Press.

The Bush administration forecasts massive disruptions if bird flu or some other super-strain of influenza arises in the United States. A response plan scheduled to be released at the White House on Wednesday warns employers that as much as 40 percent of the work force could be off the job and says every segment of society must prepare.

"The collective response of 300 million Americans will significantly influence the shape of the pandemic and its medical, social and economic outcomes," says an undated 228-page draft version of the report that had not been finalized. "Institutions in danger of becoming overwhelmed will rely on the voluntarism and sense of civic and humanitarian duty of ordinary Americans."

An outbreak could lead to a variety of restrictions on movement in and around the country, including limiting the number of international flights and quarantining exposed travelers. But the government does not foresee closing U.S. borders to fight the spread of flu, in part because it would only slow the pandemic's spread by a few weeks and because it would have such significant consequences for the economy and foreign affairs.

It's impossible to predict when the next pandemic will strike, or how great its toll might be. But concern is rising that the Asian bird flu, called the H5N1 strain, might lead to one if it eventually starts spreading easily from person to person.

So far, H5N1 has struck more than 200 people since 2003, killing about half of them. Virtually all the victims caught it from close contact with infected poultry or droppings.

The government is preparing for a worst-case scenario of up to 2 million deaths in the United States.

With no border restrictions, pandemic influenza would arrive in the United States within two months of an outbreak abroad, the document estimates. But models of influenza's spread suggest that sealing the U.S. border would not only be impractical — 1.1 million people cross the nation's 317 official ports of entry daily — but it would only delay the inevitable by a few weeks, it says.

Ship and plane captains already are required to report certain on-board illnesses upon arrival, but crews would be trained to take such steps as putting a surgical mask on a traveler who is coughing.

The new document calls mandatory quarantine a last resort, and urges planners to consider, for example, that closing a community would sever it from the delivery of groceries and other essential goods.

The report aims to energize the private sector, noting that 85 percent of the systems that are vital to society, such as food production, medicine and financial services, are privately run.

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Not only would sick workers stay home, but so would anyone who was caring for ill family members, under quarantine because of possible exposure to the flu or taking care of children when schools shut down. The same could go for anyone who simply feels safer at home.

Included in the report's advice:

_Employers should have workers remain at least three feet apart or otherwise limit face-to-face contact to limit the flu's spread, including by working from home or substituting teleconferences for office meetings.

_Colleges should consider whether dormitories could be used to house or quarantine the sick, and establish mandatory sick-leave policies for anyone exposed to the flu.

The report envisions possible breakdowns in public order and says governors might deploy National Guard troops or request federal troops to maintain order. The military also could be activated to enforce travel restrictions and deliver vaccines and medicines, the report says.

Last fall, President Bush announced a $7.1 billion strategy to fight the next flu pandemic, focusing largely on public health preparations, including plans to stockpile enough bird flu vaccine for 20 million people and anti-flu drugs for 81 million. So far, the stockpile contains enough vaccine for 4 million people and medication for 5 million.

This new report is Step 2, outlining how every branch of government would have to work with federal health officials to try to contain a pandemic and minimize its damage to the economy and society. By early next month, government agencies are to release the specific steps they plan.

The report attempts to settle any turf battle within the administration, saying the Health and Human Services Department would lead the government's interagency response effort and the Homeland Security Department would have a secondary role to assist with the health response and non-medical support.

Business Plan For A Pandemic? (WP)

By David Brown

The Washington Post, May 2, 2006

More than half of U.S. companies think there will be a global flu epidemic in the next two years. Two-thirds think it will seriously disrupt their operations as well as foment social unrest. But two-thirds also say they aren't prepared. One-third of executives surveyed say nobody in their organization has been appointed to plan for a pandemic; another one-quarter couldn't or wouldn't answer the question.

"Corporations are looking at this like deer at headlights," said Tommy G. Thompson, who spent much of his last two years as secretary of health and human services sounding the pandemic alarm and is now doing the same as a private consultant. "They are very skittish. They don't know which way to go. They are hoping the car is not going to hit them."

Pandemic influenza is the latest imponderable facing U.S. business, a form of unwanted globalization that threatens the life and health of even the smallest companies in the most literal way.

Several surveys show that a small but growing number of corporations is convinced -- as many epidemiologists have been for a while -- that a global flu outbreak is inevitable. The uncertainty about whether it will be the H5N1 strain of bird flu, which has spread from Asia into Europe, or some other strain is not stopping them from getting ready.

But how ready they are -- and the readiness of the business world as a whole -- is difficult to assess. The government does not require companies to have pandemic response plans, customers don't demand them, and many boards of directors doubt they are necessary.

Thompson, who heads the Deloitte Center for Health Solutions in Washington, estimates that only one in five U.S. companies "are in good position in terms of being able to react -- and even those are going to have to restructure and improve their plans."

In the past year, federal agencies, public health organizations and consulting firms have begun to provide guidance to businesses. One of the larger consultants is Singapore-based International SOS, which provides advice, clinical services and medical evacuations to about 1,000 large corporations and organizations.

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In the past eight months, about 220 of its clients have sought help planning for a pandemic. For $5,000 a year, a company can get a 130-page guide, a weekly e-mail newsletter and a monthly Web-based seminar to provide updated epidemiological data and advice. At the high end, some corporations with unusual vulnerabilities, often because they have factories in Asia, are spending up to $40,000 a month for customized planning, said Tim Daniel, an International SOS executive.

"We are now seeing some organizations put together long-term budgets for pandemic planning -- line items for two or three years -- in seven figures per year," he said.

Current models, based on seasonal influenza and the three 20th-century flu pandemics, suggest that a new and highly contagious virus strain would spread across the United States in about five weeks. It would affect communities for six to eight weeks before receding. There would probably be at least two waves, separated by months.

At least a third of the population is likely to become ill in each wave, with peak absenteeism somewhat higher, about 40 percent of the workforce. Depending on the strain's virulence, 900,000 to 10 million people might be hospitalized, and 200,000 to 2 million might die.

Given this scenario, the consultants say, companies should expect that a pandemic will kill some employees, temporarily cripple workforces, sow confusion and fear, and force people to make harrowing decisions between allegiances to work or family. It would make communication difficult, threaten supply chains, and probably interrupt production of goods and delivery of services.

Manufacturing is especially vulnerable, said Michael T. Osterholm, an epidemiologist and former adviser to the Department of Health and Human Services. Factories increasingly rely on parts made in numerous places, which are then shipped, often from overseas, and assembled into finished products.

In February, the University of Minnesota's Center for Infectious Disease Research and Policy, which Osterholm heads, sponsored a pandemic-preparedness conference for businesses. More than 200 companies sent representatives. Osterholm goes into metaphor overdrive when describing what he told them.

"This is a global blizzard of potentially 12 to 18 months' duration," he said. "This is the grain of sand that is going to bring the huge gear of the just-in-time economy to a stop."

Chelsea C. White III, the chairman of industrial and systems engineering at the Georgia Institute of Technology, agreed, saying many companies have supply chains that are "fragile and subject to ungraceful degradations." One of his favorite examples is Toyota. In 1997, fire damaged a factory that made brake parts, stopping production. Within 12 hours, every one of Toyota's Japanese plants had to stop or slow the assembly of cars, White said.

There may be lessons from history that today's companies find useful. But the teacher isn't the 1918 Spanish flu, which killed an estimated 50 million. It's SARS.

Severe acute respiratory syndrome emerged in China in November 2002. By the following July it had spread to at least 28 countries, infected 8,437 people and killed 813, including nearly 350 in China and 300 in Hong Kong.

Canada had only about 40 SARS deaths. But the outbreak caused a 14-week emergency in Toronto, where 30,000 people were quarantined at home or in hospitals. The city lost nine conventions and 12,000 jobs, and the economy lost $1 billion and took two years to fully recover. Yet in public health terms, the city's response was a nearly unqualified success, and globally SARS was a bullet dodged.

A year ago, the CDC Foundation in Atlanta held a two-day meeting with two dozen Toronto business leaders to talk about SARS. To encourage candor, the meeting was not recorded. But the 13-page report that came out of it, while stripped of company-specific anecdotes, is full of observations about work during a time of plague:

Business becomes a co-leader with government in the public health response to an epidemic. Fear is worse than disease, so communication is key. Password-protected Web sites are a good way to communicate with employees. Companies are better than government or medical institutions at rotating fresh people onto crisis-management teams. Fear of lost wages is the single biggest concern when workers are asked to home-quarantine, so companies should have clear policies in advance.

Thinking about operational decisions -- not buying drugs and equipment -- is the most important thing, the experts said.

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Who can work at home? Who needs IT upgrades in advance to make that possible? Who needs to come in? What lines of production or service can be shut down without jeopardizing the entire enterprise? Who are the fourth and fifth understudies, not just the first and second, for key positions?

Nevertheless, some firms are laying in supplies, too. Roche, the pharmaceutical company, reports that more than 50 firms have contacted it about building stockpiles of its antiviral drug Tamiflu (oseltamivir).

"About two dozen have placed orders ranging from a few hundred to hundreds of thousands of treatment courses," said Terence J. Hurley, a Roche spokesman.

Some companies hold dry runs.

The international research and engineering firm SAIC Inc., which has 16,000 employees in the Washington area, periodically "surges the system" to simulate pandemic conditions, said Bowman Olds, the company's emergency operations center manager.

On a Saturday two months ago, SAIC tested its telecommuting capability with a unit that operates in Northern Virginia, Hawaii and several foreign countries to see whether everyone could work outside the office with all necessary functions, programs and communications. Several software problems arose.

"Now we have to go through those and find out how to make them work," Olds said.

Eric Grant, a spokesman for The Washington Post, said the company "is prepared to continue production of the newspaper under various emergency conditions" and "is reviewing its plans regarding how they would apply in the event of a flu outbreak."

The companies that feel most vulnerable are those with large "footprints" in Asia, and they are the most likely to have started planning for a pandemic.

Shure Inc., a privately held firm with factories in Illinois and Mexico that make microphones, earphones and other audio equipment, opened a plant with 150 workers outside Shanghai last July. In September, it began planning for a pandemic.

Its plant managers are learning about flu and how to limit its spread. Each factory now has a five-week supply of protective gloves and masks. Company executives are identifying the product mix they feel must be kept on the market at all cost. The Chinese division has formed a relationship with two private hospitals.

"We are pretty much guaranteed access for our people even if it is a very, very serious situation," said Richard S. Burgess, Shure's vice president for human resources.

Corning Inc. is also deep into flu planning.

The venerable glassmaker from upstate New York makes its money primarily from display technology -- basically glass screens -- made in Asia. Its response to SARS was "organized confusion," recalled James Schuppert, a physician and the company's medical director. "We responded the best way we could. But it was not around a strategy that we could refer to and that already had buy-in from senior management."

Corning's pandemic plan is now long and detailed. It requires plant managers to meet face to face at least once a year with a local public health official. This is especially important in Asia, Schuppert believes, and the company recently audited work sites to make sure it was being done.

"Taking the health officer out to lunch -- that wasn't a practice we used to engage in," he said with a laugh.

FBI/DEA/ATF/USMS:

Intelligence Mission Troubles FBI (BSUN)

By Siobhan Gorman, Sun Reporter

The Baltimore Sun, May 2, 2006

Critics say National Security Branch lacks leadership and urgency

WASHINGTON -- More than four years after the Sept. 11 attacks, the FBI is having trouble asserting itself as the country's pre-eminent domestic intelligence agency, according to intelligence specialists and congressional critics.

Even after revamping its intelligence and anti-terrorism operations last year into a new National Security Branch, the bureau "is a long way from doing what it needs to do to stay on top of the war on terror," Republican Sen. Charles E. Grassley of Iowa said in an interview yesterday.

Among the problems that have slowed the FBI's efforts to transform itself: dizzying turnover in its senior leadership ranks and what some intelligence experts describe as a lack of urgency about its new mission.

"They need leadership, obviously, and they need people who are going to stick around for a while," Grassley said, referring to the recently announced resignation of Gary Bald, who heads the National Security Branch. "I hope they'll fill the position with somebody who will bring real direction to it."

FBI Director Robert S. Mueller III is expected to face questions about his efforts to remake the law enforcement agency into an intelligence organization when he testifies today before a Senate panel that includes Grassley.

Responding to criticism of their efforts, FBI officials say they have made significant progress in charting a new course for the FBI, and that their classified plan is on the verge of being implemented. Training for analysts and agents is being updated to meet the demands of the fight against terrorism and technology programs are being upgraded and adapted, they said.

The FBI created its domestic-intelligence branch, on orders from the White House, in response to recommendations from a presidential commission that said the FBI still faced significant hurdles in developing its domestic intelligence capability and was resistant to change.

But according to a former intelligence official familiar with deliberations inside the administration, Justice Department and FBI officials waged a fierce, though ultimately unsuccessful, effort to block creation of the new division, which reports to the new national spy chief, John D. Negroponte, as well as to the FBI director.

Turnover in the new office is a major concern, critics say, because it could stall plans for change and create confusion about the direction of the agency among agents and analysts in the field.

Former 9/11 Commissioner Tim Roemer, noting that three al-Qaida devotees, including Osama bin Laden, issued tapes last week recommitting themselves to attacks against Americans, said turnover at top levels of the FBI intelligence operation is likely to harm "our ability to find al-Qaida or terrorists when they come into the country."

The latest to go is Bald, the first director of the FBI's counter-terrorism operation, who is leaving his post after less than a year on the job

In his first interview since his departure was announced last week, Bald said his decision was made "in the best interest of my family." He is expected to become the head of security for a cruise-ship line, according to several former intelligence and FBI officials, but Bald refused to discuss his future plans.

Bald's deputy, Philip Mudd, said he expected to implement plans that Bald has drawn up for the National Security Branch. "I'm not going anywhere," Mudd said.

Bald, a former special agent in charge of the FBI office in Baltimore, took over as the first head of the National Security Branch last summer. His job: to build a new division that would merge the FBI's two-year-old intelligence operation into more established FBI counterterrorism and counter-intelligence offices.

Mudd said he has been touring the FBI's field offices to help agents learn how to fill intelligence gaps. But some intelligence veterans say that instead of using intelligence to assess long-range domestic threats, such as terrorism, the FBI is continuing its traditional practice of using intelligence in a secondary role to support investigations of cases.

John Rollins, who worked at the FBI before focusing on homeland security intelligence at the White House and the Homeland Security department, said the pace of change within the FBI has slowed since the creation of the National Security Branch.

An earlier effort to create an intelligence division, which began in 2003 under a National Security Agency veteran, Maureen Baginski, built up considerable momentum even though she had three factors working against her - agency culture, the fact that she was not from the FBI, and that she was female - Rollins said.

"I don't think intelligence has nearly the visibility within the bureau as it did when Mo Baginski was there," he said. "Nobody is saying, 'Here is our plan and here is where we want to go.' There's continued frustration and confusion at the state and local level and the private sector level."

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He said the FBI and the Department of Homeland Security continue to fight over which agency should be responsible for pulling in intelligence from local officials. Homeland Security got so frustrated that it was not getting what it needed that it began dispatching its own people to key cities like New York and Los Angeles-a move the department took without consulting with the FBI, Rollins said.

Other intelligence experts also worry that intelligence analysts remain second-class citizens within the FBI, where gun-toting agents have long held higher status.

According to one government official familiar with the FBI's reform efforts, the intelligence division "has been sidelined. People are looking to leave."

Bald countered that part of his challenge in explaining his "blueprint" for the National Security Branch publicly is that the details are almost entirely classified. The goal, he said, is to get FBI agents and analysts focused on filling intelligence gaps, regardless of how they relate to different criminal investigations.

Bald added that he had doubled the number of agents and analysts assigned to intelligence and counter-terrorism at the FBI. There are now 5,000 agents and 2,000 intelligence analysts in the domestic security branch.

"If this does not succeed, then I failed in what I built," he said

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Critics Train Sights On Laggard FBI (BSU)

By Siobhan Gorman, The Baltimore Sun

Baltimore Sun, May 2, 2006

WASHINGTON -- More than four years after Sept. 11, the FBI is having trouble asserting itself as the United States' pre-eminent domestic intelligence agency, according to intelligence specialists and congressional critics.

Even after revamping its intelligence and terrorism operations last year into a new National Security Branch, the bureau "is a long way from doing what it needs to do to stay on top of the war on terror," Republican Sen. Charles Grassley of Iowa said in an interview Monday.

Among the problems that have slowed the FBI's efforts to transform itself: dizzying turnover in its senior leadership ranks and what some intelligence experts describe as a lack of urgency about its new mission.

"They need leadership, obviously, and they need people who are going to stick around for awhile," Grassley said, referring to the recently announced resignation of Gary Bald, who heads the National Security Branch. "I hope they'll fill the position with somebody who will bring real direction to it."

FBI Director Robert S. Mueller III is expected to face questions about his efforts to remake the law agency into an intelligence organization when he testifies Tuesday before a Senate panel that includes Grassley.

Responding to criticism of their efforts, FBI officials say they have made significant progress in charting a new course for the FBI, and that their classified plan is on the verge of being implemented. Training for analysts and agents is being updated to meet the demands of the fight against terrorism and technology programs are being upgraded and adapted, they said.

The FBI created its domestic-intelligence branch, on orders from the White House, in response to recommendations from a presidential commission that said the FBI still faced significant hurdles in developing its domestic intelligence capability and was resistant to change.

But according to a former intelligence official familiar with deliberations inside the administration, Justice Department and FBI officials waged a fierce, though ultimately unsuccessful, effort to block creation of the new division, which reports to the new national spy chief, John D. Negroponte, as well as to the FBI director.

Turnover in the new office is a major concern, critics say, because it could stall plans for change and create confusion about the direction of the agency among agents and analysts in the field.

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According to one government official familiar with the FBI's reform efforts, the intelligence division "has been sidelined. People are looking to leave."

Rose Jr. Sentenced For Drug Distribution (AP)

AP, May 2, 2006

NASHVILLE, Tenn. (AP) -- Pete Rose Jr., the son of baseball's career hits leader, was sentenced Monday to one month in prison and five months of home detention for distributing a steroid alternative to his minor league teammates.

Rose faced up to two years in prison and a $1 million fine. Federal judge Robert Echols waived a fine for Rose.

"I made a mistake and hurt a lot of people," Rose said outside the courthouse after the sentencing. "The judge is great. He was very generous and I can't thank him enough. He doesn't have to worry about me doing anything like this again," Rose said.

Rose's attorney, Jeffrey Brodey, said his client will start his monthlong sentence June 5. Brodey said he will request that Rose be incarcerated in Cincinnati, where he lives with his pregnant wife and child.

The 36-year-old Rose pleaded guilty Nov. 7 to distributing the steroid alternative GBL, a drug he used as a sleep aid, to some of his teammates with the Chattanooga Lookouts. Rose played for the Double-A affiliate of the Cincinnati Reds in 1997, 2001 and 2002.

The Drug Enforcement Administration has said Rose's arrest was part of a larger investigation into a major GBL trafficking organization. He surrendered to authorities shortly before he entered his guilty plea.

The indictment said Rose admitted he received GBL from a person in Tennessee while playing for Chattanooga. He also said he supplied half the players on that team with the drug. Rose said his teammates would take GBL to relax after games.

Rose played most of his career in the minor leagues, but made it to the majors for 11 games with the Reds in 1997, going 2-for-14. Last season, he played for the Long Island Ducks of the independent Atlantic League.

Pete Rose Sr. holds the major league record of 4,256 hits. He agreed to a lifetime ban from baseball in 1989 following an investigation that he bet on games; after 14 years of denying it, he admitted in his autobiography that he bet on Reds games while managing them in the late 1980s.

He also served a five-month sentence in federal prison in 1990-91 for failing to report income from signing autographs, memorabilia sales and gambling.

GBL, or gamma butyrolactone, is sold under the counter at retailers and gyms with claims to build muscle, improve physical performance, enhance sex, reduce stress and induce sleep. When taken orally, GBL is converted to the "date-rape" drug GHB, or gamma hydroxybutyrate.

Watts, Three Other Area People Sent (CTI)

Carmi Times, May 1, 2006

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Randy G. Massey, Acting United States Attorney for the Southern District of Illinois, announced Friday the recent sentencings in U.S. District Court in Benton of four defendants in their roles in a large methamphetamine manufacturing and distribution conspiracy centered in White, Gallatin and Saline counties.

Those sentenced were Tony W. Watts, 53, Carmi; Christopher W. Williams, 30, Harrisburg; Sean L. Logsdon, 36, Equality; and Eugenia K. Horton, 41, Shawneetown.

These convictions and sentences resulted from a long-term and on-going investigation into the manufacture of methamphetamine in southeastern Illinois by the Southern Illinois Drug Task Force and the U.S. Drug Enforcement Administration, said Massey.

Watts and Logsdon were sentenced April 18 to 20 years imprisonment each, a fine of $200, a special assessment of $100 and a term of 10 years supervised release to follow their incarceration.

Williams was sentenced April 26 to 20 years imprisonment, a fine of $250, a special assessment of $100 and a term of 10 years supervised release to follow his incarceration. Horton was sentenced April 19 to a term of 121 months imprisonment, a fine of $200, a special assessment of $100 and a term of five years supervised release to follow her incarceration.

Thus far, said Massey, the investigation (which began in 2001) has resulted in the federal indictment of 65 people in related cases who were responsible for the manufacture or attempted manufacture of the equivalent of over 600,000 grams of methamphetamine.

Under federal law, parole has been abolished and defendants are required to serve at least 85 percent of their sentences.

In addition to the 65 defendants who have been indicted federally, over 50 additional defendants have been prosecuted in related cases in state court by the state's attorneys in White, Gallatin and Saline counties, said Massey.

And since the investigation and prosecutions began, law enforcement agencies in the three counties have seen at least an 80 percent drop in the number of methamphetamine labs found in those counties, he added.

The Iron Chef investigation is part of an Organized Crime Drug Enforcement Task Force (OCDETF) operation and is currently being led by the Carmi office of the Southern Illinois Drug Task Force, with the assistance of the Illinois State Police, the sheriff's departments and state's attorneys' offices of the counties of White, Gallatin and Saline, the police departments of Carmi, Shawneetown, Harrisburg, Eldorado and Galatia, the Multi-Agency Drug Enforcement Unit of the Saline County Sheriff's Department and the Posey County, Ind. Narcotics Task Force. The OCDETF program targets large drug-trafficking organization.

The case is being prosecuted by Assistant U.S. Attorney James M. Cutchin of Carmi.

Breast Cancer Has Made Me A Criminal (BOS)

The Boston Globe, May 2, 2006

LOS ANGELES

AT 9 O'CLOCK on the night of my first round of chemotherapy, exactly six hours after I left the oncologist's office wondering what all the fuss was about, my stomach tumbled into my knees, my knees refused to work altogether, and I crumpled to the floor in a clammy, shivering heap.

I lay there until dawn, at one point vomiting on myself, at another crying that I'd rather die of cancer than undergo chemo again. I was hot. I was cold. My shoulders wouldn't stop shaking. My legs wouldn't move at all. Huge hallucinations rolled over me.

In the morning I was stunned to realize I was still alive. But there was my 2 1/2-year-old daughter, poking me with her toe, wondering whether we could dance. I made my way to the stereo and made myself a vow: I'd do whatever necessary to avoid having her find me on the ground again.

First call was to the doctor, who promised to fine-tune my protocol and adjust my pre-chemo meds. The second was to a friend I thought might have a marijuana connection. I had read enough, and written some, about the medicinal uses of marijuana to believe it might keep me from suffering so in three weeks, when I was scheduled for my second poison drip. Not to mention that months of treatment loomed.

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A day or two later, a manila envelope with nothing but my initials on it was delivered to me, free of charge. I stuck the gift deep in the freezer without even opening it. I didn't need to then. But I needed the option. For one of the few times since I had been diagnosed with Stage 1 breast cancer, I felt a sense of control.

Maybe someone who hasn't been there can't understand my willingness to break the law. Sure, a number of states, including mine, have legalized the medicinal use of marijuana. But the Drug Enforcement Administration refuses to go along. It sees me as a criminal. Then again, none of the Supreme Court justices who ruled that medical marijuana users could be arrested despite those state laws stopped by to see how skinny I'd gotten or to retrieve me from a bookstore when I wasn't able to walk another step without retching.

That was left to D., one of my more conservative friends. She was the one who had warned me: Do not get high, or you'll be sorry. She was not, however, telling me to forgo marijuana. The forbidden leaf had, after all, seen her through her own chemotherapy. Now my own unfortunate turn was at hand, and she was encouraging me to smoke until the nausea passed but to stop smoking before any paranoia set in.

"Trust me," she said dryly, "cancer and thinking too much are not a good mix."

And now the Food and Drug Administration has said cancer and cannabis don't mix at all. The federal agency recently announced that "no sound scientific studies" support the medicinal use of marijuana, a finding contrary to a 1999 review by scientists from the Institute of Medicine. That highly regarded panel confirmed what many sick people already knew: Marijuana makes the nausea bearable during chemotherapy and can keep AIDS patients without appetites from wasting away. Proponents of its use called the FDA ruling political, as opposed to scientific or, say, humane.

Within weeks of starting chemo, I was down a dozen pounds, not so much queasy as unable to eat. Of course, since I live in Los Angeles this was considered by some a perk. "You're so teeny," women would tell me. "Yeah, well, I have cancer," I'd reply, running a hand through my shockingly good synthetic wig. "Oh, sorry, but . . . you're so teeny."

My oncologist, however, wasn't as thrilled about my size, especially with my cell counts so dangerously low that any cut and every sneeze put me at risk. Alone with her in the examination room, the scar from my lumpectomy still raised and raw to her touch, I asked about marijuana use in cases like mine. The doctor didn't scoff. She did say I needed to stop losing weight despite having eliminated dairy, sugar, and alcohol from my diet in a cancer-fighting frenzy.

So I dug into the freezer for the manila envelope. I undid the clasp and removed a fat bud of seriously stinky marijuana. I remember standing in the kitchen thinking, I have to save the life of my daughter's mother, and whose business is that but mine?

The Politics Of Pot (RGU)

Register-Guard, May 1, 2006

The FDA should change its name to the Politically Approved Food and Drug Administration - PAFDA. It's a longer acronym, but it rolls off the tongue nicely and people would appreciate its greater honesty.

The agency's other option is to stop embarrassing its dedicated doctors and scientists with utterly unscientific announcements such as the recent bulletin that smoked marijuana has no medicinal value.

Since no FDA expert panel or newly published research provided the basis for the pronouncement, it's safe to assume the sloppy one-page statement was the handiwork of Bush administration political appointees. The statement is devoid of any data to support its dishonest conclusion, but it does have one thing going for it: It's a masterpiece of circular logic.

Marijuana is a dangerous drug, according to the FDA, because it is listed in Schedule I of the Controlled Substances Act, where only the most dangerous drugs are listed. (Wait, there's more.) The FDA has been disinclined since the "reefer madness" days of federal pot policy to authorize any studies of marijuana's potential as medicine. That gives the FDA continuing cover to maintain that "no sound scientific studies support medical use of marijuana for treatment in the United States."

Here the FDA is fibbing, because it knows full well that in 1999, the Institute of Medicine, the medical arm of the National Academy of Sciences, examined the question of medical marijuana use in considerable depth and published a 288-page report of its findings.

Among other conclusions, the report said, "For patients such as those with AIDS or who are undergoing chemotherapy, and who suffer simultaneously from severe pain, nausea, and appetite loss, cannabinoid drugs might offer broad-spectrum relief not

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found in any other single medication." Furthermore, the active ingredient in marijuana has long been known to reduce the intraocular pressure associated with glaucoma.

Medical marijuana has earned the endorsement of The New England Journal of Medicine, the American Academy of Family Physicians and numerous oncologists. The anecdotal evidence of 10,000 Oregonians who've been prescribed medical marijuana by more than 2,000 licensed Oregon physicians adds to the mountain of data supporting the medicinal value of pot.

The IOM report urged further research, but very little has been done in the seven years since its findings were published. The federal government controls the only legal supply of marijuana available for research, and the administration isn't much interested in providing scientists with the means to debunk its absolutist position on pot.

The FDA is partly right about one thing: Lighting marijuana on fire and inhaling its smoke into the lungs is a crude and toxic delivery system. Smoking is a nonstarter as a way to wider acceptance of marijuana as medicine.

More research is needed into development of safe alternatives to smoking, such as Sativex, a cannabis extract that is administered by means of a spray into the mouth. It has won preliminary approval in Canada for relief of symptoms of multiple sclerosis and for treatment of severe neuropathic pain.

It's tragic to witness the FDA's credibility implosion at the hands of an administration that places politics ahead of impartial science. Combined with its disgraceful refusal to allow women nonprescription access to emergency contraception, the FDA's latest stumble into the politics of pot as medicine would be laughable, if it weren't so sad.

Studies Belie Claims Of Medical Marijuana As Safe Option To Pain (APP)

By TERRENCE P. FARLEY

Asbury (NJ) Park Press, May 2, 2006

I have been involved in drug prevention, education and enforcement on the county, state and national levels for about 19 years. I have spent years reviewing research on so-called "medical marijuana." I can state, as a result of that research, that "medical marijuana" and "Compassionate Use" acts are a hoax.

Ken Wolski said in his April 27 commentary that his group, The Coalition for Medical Marijuana-New Jersey, has as a mission "to bring about safe and legal access to marijuana for New Jersey patients." While I assume this is in part the truth, the real truth is that his group's ultimate goal, as is the case with all organizations supported by George Soros' Drug Policy Alliance, is to legalize marijuana and eventually all drugs.

The mission itself is flawed. The coalition wants to bring about safe and legal access to marijuana. There is no safe access. In our society, we do not approve drugs on mere conjecture or a popular vote. We have an extensive testing program overseen by the Food and Drug Administration. Just recently, the FDA concluded that "no sound scientific studies supported medical use of marijuana for treatment in the United States, and no animal or human data supported the safety or efficacy of marijuana for general medical use. There are alternative FDA-approved medications in existence of treatment of many of the proposed uses of smoked marijuana. Therefore, the FDA has not approved smoked marijuana for any condition or disease indication."

Also, the U.S. Supreme Court just last year ruled that marijuana is not "medicine" and the federal government could arrest anyone using marijuana, even for medical purposes and even in the states that have legalized its use.

John Walters, director of the Office of National Drug Control Policy, noted, "Smoking illegal drugs may make some people "feel better.' However, civilized societies and modern-day medical practices differentiate between inebriation and the safe, supervised delivery of proven medicine by legitimate doctors."

Rep. Mark Souder, R-Ind., chairman of the House subcommittee on criminal justice, drug policy and human resources, aptly noted, "smoked marijuana has never been approved for medical use by the FDA. For several years, the FDA allowed a limited number of seriously ill patients to use smoked marijuana. The program was terminated in 1992 when the Public Health Service stated there was no scientific evidence that the drug was assisting patients, and issued a warning that using smoked marijuana as a form of medical therapy may actually be harmful to some patients."

Perhaps that is because various studies have shown that smoked marijuana is equivalent to smoking tobacco in that it leads to the same (or even worse) health conditions, that it can cause premature cancer, addiction, coordination and perception

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impairment, a number of mental disorders including depression, hostility and increased aggressiveness; general apathy, memory loss, reproductive disabilities and impairment of the immune system.

In California, Jeff Stone, a Riverside County supervisor (freeholder) and registered pharmacist, who wants to overturn that state's medical marijuana law, bases his position on the fact that many of the claims of marijuana's benefits are already addressed by better and easier-to-use FDA-approved medications. He has also expressed concerns about the increased availability of today's much more potent marijuana.

New Jersey's congressmen have addressed this topic.

Rep. Christopher H. Smith, R-N.J., recently pointed out his opposition to "medical marijuana" based on studies published in The New England Journal of Medicine and Science magazine that question the use of marijuana for those suffering from cancer, AIDS or other diseases. He also spoke of the Institute of Medicine report, often misquoted by marijuana advocates, that actually stated, "in no way do we wish to suggest that patients should, under any circumstances, medicate themselves with marijuana . . . there is no future in smoked marijuana as medicine."

Rep. H. James Saxton, R-N.J., recently noted that "there have been over 10,000 documented studies that confirm the harmful physical and psychological effects of the use of marijuana. The federal government over the past 20 years, through both Republican and Democratic administrations, has determined that marijuana has no redeeming medical or recreational value and is in fact harmful to one's health."

Saxton noted that the American Medical Association, National Cancer Institute, National Institute of Allergy and Infectious Diseases, American Cancer Society and, most importantly, the National Multiple Sclerosis Society have all rejected the use of marijuana for positive medical treatment.

Terrence P. Farley is first Ocean County assistant prosecutor and director of the county Narcotics Strike Force. He is spokesman for the New Jersey Narcotics Enforcement Officers Association and New Jersey Narcotics Task Force Commanders Association.

Limbaugh Cuts Deal In Prescription Case (AP)

AP, May 2, 2006

WEST PALM BEACH, Fla. (AP) -- Rush Limbaugh declared victory Monday after signing a deal with prosecutors that will dismiss a prescription fraud charge in 18 months if he complies with the terms.

Under the deal, Limbaugh cannot own a gun, must submit to random drug tests and has to continue treatment for his acknowledged addiction to painkillers. But he did not have to admit guilt, and he continued to proclaim his innocence on his radio show.

"From my point of view, the end result will be as if I had gone to court and won, but the matter is concluded much sooner," the 55-year-old conservative commentator told his listeners. "I have spent thousands of hours and millions of dollars with lawyers over the past 27 months fighting this at every stage."

He pleaded not guilty Friday to seeking a prescription from a physician in 2003 without revealing that he had received medications from another practitioner within 30 days. The charge carries a maximum sentence of five years in prison.

The deal also requires Limbaugh to be available to a court officer for any questioning throughout the 18-month period. The Palm Beach County state attorney's office may revoke or modify the deal if he violates the terms.

Limbaugh's attorney, Roy Black, said his client has been undergoing scheduled and random drug tests as part of a voluntary treatment program and has passed them all.

Before his own problems became public, Limbaugh had decried drug use and abuse, often making the case that drug crimes deserve punishment.

Prosecutors launched their investigation in 2003 after Limbaugh's housekeeper alleged he abused OxyContin and other painkillers. He entered a five-week rehabilitation program that year and publicly blamed his addiction on back pain.

Limbaugh had blasted the investigation as a "fishing" expedition and repeatedly maintained he was innocent.

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Prosecutors accused him of illegally deceiving multiple doctors to receive overlapping prescriptions, a practice known as doctor shopping. After seizing his medical records, authorities learned Limbaugh received up to 2,000 painkillers, prescribed by four doctors in six months.

The charge against Limbaugh alleged that he illegally obtained about 40 pills, said Mike Edmondson, a state attorney's spokesman. He would not elaborate or explain why prosecutors scaled back the case.

Man Pleads Guilty To Importing, Distributing Steroids (AP)

AP, May 1, 2006

CONCORD, N.H. --A man has pleaded guilty to importing and distributing thousands of anabolic steroid pills.

Authorities say Kevin Thompson, 30, of Manchester, pleaded guilty to a variety of charges accusing him of using New Hampshire grocery stores to wire money to foreign countries such as Poland, Greece and China in order to illegally buy steroids.

Officials say 29,000 steroid pills as well as 680 vials of various human growth hormones were found at his home. He is to be sentenced on Aug. 31.

Church Fire Called 'ugly, Ugly Crime' (AZREP)

By Michael Clancy

Arizona Republic, May 2, 2006

A fire that caused $200,000 damage at Mission Bell United Methodist Church in northwest Phoenix was the city's thirteenth church fire, the tenth set on purpose, since Jan. 1 .

"I have not seen this kind of spike in church fires in 10 years, since the mid-90s," said Bob Khan, assistant chief with the Phoenix Fire Department. "This is an ugly, ugly crime. The churches, like schools, are the heart of their neighborhoods."

Khan said investigators continued to work Monday at Mission Bell, 4645 W. Bell Road, which shares its building with a Jewish congregation, Temple Gan Elohim. Besides Phoenix fire and police, the federal Bureau of Alcohol, Tobacco and Firearms and the FBI were involved, he said.

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Khan said investigators know a brick was thrown through a window, and investigators are studying whether any type of fuel was used. "We are still looking at the physical evidence," Khan said.

Joan Klein, office manager for the church, said she, pastor Todd Rogers and others spent the day talking to insurance investigators, police and fire officials and each other. High on the list of subjects: where to hold church services while repairs are under way.

Klein said the church administrative council, a group of members, would meet Wednesday to assign responsibilities.

Bill Straus, who heads the local office of the Anti-Defamation League, said the fire concerned him for two reasons.

One is that a Jewish congregation uses the facility. Last June, the church was damaged by anti-Semitic graffiti, including swastikas. "It is so important to report all incidents," Straus said, because it can help police conduct their investigation. The temple had completed its Saturday evening worship just hours before the fire was reported.

Second, Straus said, "we have had so many church attacks this year."

Khan confirmed that numbers of church fires are up, as are arson-caused blazes.

In recent years, the previous high was seven fires in 2004, four of them set on purpose, Khan said.

"At this point you have to ask what is going on," Khan said. "We need to stir up a hornets' nest and take a second look" at all church arsons.

Khan said church arsons often are "crimes of convenience." Churches, like schools, often have people around after hours, and they generally are not completely locked off from the public. In addition, few employ overnight security guards.

Nationally, churches report an estimated 1,300 fires a year. About 325 of them are arson, according to the U.S. Fire Administration.

Insurance Information Institute statistics show the proportion of arson fires among all church fires has declined from one in three in the '80s to one in four through the 1990s. Since 2000, only one of eight church fires nationally was caused by vandalism, with most of the fires starting through carelessness, old mechanical systems or accidents.

The current Phoenix rate has officials concerned about how to solve the crimes. One thing that is know is that three of four church fires are started by young men, including a high number of teens.

"They can be strategic, as in hate crimes or crimes to cover up other crimes, or they can be mere delinquency," Khan said. "But there is no such thing as a friendly arson fire."

Nor is there such as thing as an easy recovery.

A Seventh-Day Adventist church that burned in February still is waiting for building inspectors, insurance investigators and others to complete their work before rebuilding can begin.

Pastor Claudio M. Martin of North Valley Spanish Church said he hoped to get the go-ahead "in the next few weeks."

Betty Mathis, executive director of the Wesley Community Center in south Phoenix, said the Methodist-based nonprofit just has begun to rebuild after a January fire at that facility damaged its health center.

Mathis was front and center in helping Mission Bell pastor Rogers, office manager Klein and others begin their recovery.

"We are there to help," she said. "We've been in situations like this a lot."

Cliff Wright, music director at the church, said an outdoor service Sunday morning drew close to 300 people.

"It was a pretty positive service," he said. "I think a lot of people were moved."

He said he told the congregation, which calls itself "a church without walls," that it could now live up to its motto.

Temple Gan Elohim had good news of its own. Congregation members joined on the lawn on Mission Bell Sunday afternoon and agreed to hire Lisa Tzur as their new rabbi.

The church is collecting donations through an account established at United Methodist Federal Credit Union, 1550 E. Meadowbrook Ave., Phoenix, Arizona 85014.

IMMIGRATION:

From Coast To Coast, Immigrants Say 'We Need To Be Heard' (USAT)

By Judy Keen And Martin Kasindorf

USA Today, May 2, 2006

Supporters of immigrant rights boycotted businesses and schools or attended rallies in more than 40 states Monday, closing businesses from Providence to San Diego and drawing protesters to rallies from Anchorage to Atlanta.

The protests, called "A Day Without Immigrants" or el gran paro — "the big stop" — were meant to disrupt commerce and highlight the U.S. economy's reliance on immigrant workers.

Hundreds of thousands of people marched in Los Angeles and Chicago. Supporters in New York City formed human chains on sidewalks to protest a bill passed by the House of Representatives that would make illegal immigration a felony. Thousands more filled Manhattan's Union Square.

Debate in Congress over changes in immigration law has "woken up a sleeping giant," said Raul Garcia, 38, who joined a Chicago crowd estimated by police at 400,000. "We can make a difference."

In Los Angeles, the wholesale produce market and garment factories closed, ports were quiet, and traffic eased. Mayor Antonio Villaraigosa estimated up to 400,000 people participated in two marches. The Los Angeles Unified School District, which is 73% Hispanic, said 27% of middle- and high-school students were absent.

Some companies closed in anticipation of worker absences. Perdue Farms closed eight of its 14 chicken processing plants, Goya Foods halted deliveries, and Tyson Foods shut 12 of 100 plants. But casinos in Las Vegas stayed open. Julie Craven of Hormel Foods said the company's 22 plants were open and had fewer absences than on a typical Monday.

Some supporters of immigrant rights, including Cardinal Roger Mahony of Los Angeles, were cautious about endorsing boycotts. Organizers in Chicago promoted the march instead. Sen. Mel Martinez, R-Fla., who came to the USA as a Cuban refugee, called boycotts counterproductive. "This is an issue that isn't going to get fixed on the streets," he said. Scott McClellan, President Bush's spokesman, said Bush "is not a fan of boycotts."

Most gatherings were festive and peaceful. In Denver, where about 75,000 attended a rally, Mayor John Hickenlooper said the gathering "wasn't about anger or about hate."

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There were some counterdemonstrations. About 200 people — some with signs that read "What part of illegal don't you understand?" — were in Centennial Park in Fort Myers, Fla. In Denver, about 50 people gathered to object to illegal immigration. Annette Palmer, 49, said she lost her telemarketing job last summer because she couldn't speak Spanish and refused to take lessons. "I can't even get a job now at McDonald's because they want bilingual," she said.

In Los Angeles, accountant Melrose Larry Green, 55, waved a handwritten sign reading, "Get in line." He said immigrants cost the USA "millions of dollars." Noel Breen, 49, general manager of a Radisson Hotel in Whittier, Calif., disagreed. "These people work their butts off," he said. "Without them, the hospitality industry in this country would be out of business."

Harry Holzer, a professor of public policy at Georgetown University in Washington, said many studies show immigrant labor has little impact on U.S.-born workers with at least a high school education, but that immigrant workers help keep down the cost of food, housing, child care and other services.

"The costs and the benefits to the overall U.S. economy are not large," but legal immigrants and their children contribute more to the economy over the long term than they take from it, he said.

The impact of the protests was felt in communities of every size:

• About 4,500 people participated in a rally in Atlanta. The crowd was much smaller than the estimated 30,000-40,000 who attended a march April 10. Armado Topete, 45, lost about $2,000 by closing his bridal shop in Norcross, Ga., for the day. Topete, a U.S. citizen, said it was important to speak out for other immigrants. "We pay taxes," he said. "We do everything for this country. We want respect."

• About half the 1,600 hourly workers at Tanimura & Antle, a large vegetable grower in Salinas, Calif., took the day off. "We sat down with everybody and talked to them and supported them in what they wanted to do," said Ken Silveira, company president.

Manuel Cunha, president of the Nisei Farm League, which represents 1,000 growers in California's Central Valley, said some could be hurt. "One day will not destroy a business," he said. "But one day could hurt a business because of trying to pick up lost time."

• Hundreds of students at White Plains (N.Y.) High School walked out after their first class and marched to the courthouse. "It's the right thing to do," said Nayal Howard, 18.

• At Elementary School 96 in Indianapolis, where more than half the students are Hispanic, about a quarter of students were absent. Students at George Washington Community School there wore white T-shirts, the unofficial uniform of the protesters.

• David Watkins of Merrifield Garden Center in Merrifield, Va., had five landscaping crews at work instead of the usual 60. "The ultimate impact of not having that labor force was tremendous," he said. "If it lasted any length of time, we'd be in trouble."

• In Bonita Springs, Fla., some immigrant laborers gathered as usual, hoping for work. "If we don't work, we don't eat," said Rodriguez Lopez, 44.

• In Storm Lake, Iowa, some Tyson Foods workers complained about the plant's closure. "Mexicans were in the hall shouting, 'Yeah, we did it!' But I'll be out $130 because of it. Why am I losing money?" said Robin Book, 49.

• In Phoenix, protesters gathered at Home Depot and Wal-Mart stores to form human chains. Trinidad Monge, 52, said she closed her beauty shop to "help people get their papers to work legally."

Gilberto Villasenor of V and V Supremo Foods in Chicago gave his 200 workers the day off with pay. "We need to be heard," he said.

Immigrants Walk Off The Job In Boycott (AP-Y2)

By Gillian Flaccus

AP2, May 1, 2006

Hundreds of thousands of mostly Hispanic immigrants skipped work and took to the streets Monday, flexing their economic muscle in a nationwide boycott that succeeded in slowing or shutting many farms, factories, markets and restaurants.

From Los Angeles to Chicago, Houston to New Orleans, the "Day Without Immigrants" attracted widespread participation despite divisions among activists over whether a boycott would send the right message to Washington lawmakers considering sweeping immigration reform.

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"We are the backbone of what America is, legal or illegal, it doesn't matter," said Melanie Lugo, who with her husband and their third-grade daughter joined a rally of some 75,000 in Denver. "We butter each other's bread. They need us as much as we need them."

Police estimated 400,000 people marched through Chicago's business district. In Los Angeles, there was no announced count, but one law enforcement official put it at about 300,000. Tens of thousands more marched in New York, along with about 15,000 in Houston and 30,000 more across Florida. Smaller rallies in cities from Pennsylvania and Connecticut to Arizona and South Dakota attracted hundreds not thousands.

In Los Angeles, protesters wearing white and waving U.S. flags sang the national anthem in English as traditional Mexican dancers wove through the crowd. In Chicago, illegal immigrants from Ireland and Poland marched alongside Hispanics as office workers on lunch breaks clapped. In Phoenix, protesters formed a human chain in front of Wal-Mart and Home Depot stores. A protest in Tijuana, Mexico, blocked vehicle traffic heading to San Diego at the world's busiest border crossing.

Many carried signs in Spanish that translated to "We are America" and "Today we march, tomorrow we vote." Others waved Mexican flags or wore hats and scarves from their native countries. Some chanted "USA" while others shouted slogans, such as "Si se puede!" Spanish for "Yes, it can be done!" Others were more irreverent, wearing T-shirts that read "I'm illegal. So what?"

The White House reacted coolly.

"The president is not a fan of boycotts," said press secretary Scott McClellan. "People have the right to peacefully express their views, but the president wants to see comprehensive reform pass the Congress so that he can sign it into law."

The boycott was organized by immigrant activists angered by federal legislation that would criminalize illegal immigrants and fortify the U.S-Mexico border. Its goal was to raise awareness about immigrants' economic power.

Industries that rely on immigrant workers were clearly affected, though the impact was not uniform.

Tyson Foods Inc., the world's largest meat producer, shuttered about a dozen of its more than 100 plants and saw "higher-than-usual absenteeism" at others. Most of the closures were in states such as Iowa and Nebraska. Eight of 14 Perdue Farms chicken plants also closed for the day.

Goya Foods, which bills itself as the nation's largest Hispanic-owned food chain, suspended delivery everywhere except Florida, saying it wanted to express solidarity with immigrants who are its primary customers.

None of the 175 seasonal laborers who normally work Mike Collins' 500 acres of Vidalia onion fields in southeastern Georgia showed up.

"We need to be going wide open this time of year to get these onions out of the field," he said. "We've got orders to fill. Losing a day in this part of the season causes a tremendous amount of problems."

It was the same story in Indiana, where the owner of a landscaping business said he was at a loss. About 25 Hispanic workers — 90 percent of the field work force — never reported Monday to Salsbery Brothers Landscaping.

"We're basically shut down in our busiest month of the year," said owner Jeff Salsbery. "It's going to cost me thousands of dollars."

In the Los Angeles area, restaurants and markets were dark and truckers avoided the nation's largest shipping port. About one in three small businesses was closed downtown, including the cluttered produce market and fashion district.

The construction and nursery industries were among the hardest hit by the work stoppage in Florida.

Bill Spann, executive vice president of the Associated General Contractors of Greater Florida said more than half the workers at construction sites in Miami-Dade County did not show up Monday.

"If I lose my job, it's worth it," said Jose Cruz, an immigrant from El Salvador who protested with several thousand others in the rural Florida city of Homestead rather than work his construction job. "It's worth losing several jobs to get my papers."

But the effect was minimal in some places. On Manhattan's busy 14th Street, only a few shops were closed, including a Spanish-language bookstore and a tiny Latin American restaurant.

The impact on some school systems was significant. In the sprawling Los Angeles Unified School District, which is 73 percent Hispanic, about 72,000 middle and high school students were absent — roughly one in every four.

In San Francisco, Benita Olmedo pulled her 11-year-old daughter and 7-year-old son from school.

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"I want my children to know their mother is not a criminal," said Olmedo, a nanny who came here illegally in 1986 from Mexico. "I want them to be as strong I am. This shows our strength."

Truck traffic at the twin ports of Los Angeles and Long Beach — the nation's largest port complex — was off 90 percent, said spokeswoman Theresa Adams Lopez.

Some of the rallies drew small numbers of counter-protesters, including one in Pensacola, Fla.

"You should send all of the 13 million aliens home, then you take all of the welfare recipients who are taking a free check and make them do those jobs," said Jack Culberson, a retired Army colonel who attended the Pensacola rally. "It's as simple as that."

Jesse Hernandez, who owns a Birmingham, Ala., company that supplies Hispanic laborers to companies around the Southeast, shut down his four-person office in solidarity with the demonstrations.

"Unfortunately," he said, "human nature is that you don't really know what you have until you don't have it."

Immigrants Take To U.S. Streets In Show Of Strength (NYT)

By Randal C. Archibold

The New York Times, May 2, 2006

LOS ANGELES, May 1 — Hundreds of thousands of immigrants and their supporters skipped work, school and shopping on Monday and marched in dozens of cities from coast to coast.

The demonstrations did not bring the nation to a halt as planned by some organizers, though they did cause some disruptions and conveyed in peaceful but sometimes boisterous ways the resolve of those who favor loosening the country's laws on immigration.

Originally billed as a nationwide economic boycott under the banner "Day Without an Immigrant," the day evolved into a sweeping round of protests intended to influence the debate in Congress over granting legal status to all or most of the estimated 11 million illegal immigrants in the country.

The protesters, a mix of illegal immigrants and legal residents and citizens, were mostly Latino, but in contrast to similar demonstrations in the past two months, large numbers of people of other ethnicities joined or endorsed many of the events. In some cases, the rallies took on a broader tone of social action, as gay rights advocates, opponents of the war in Iraq and others without a direct stake in the immigration debate took to the streets.

"I think it's only fair that I speak up for those who can't speak for themselves," said Aimee Hernandez, 28, one of an estimated 400,000 people who turned out in Chicago, the site of one of the largest demonstrations. "I think we're just too many that you can't just send them back. How are you going to ignore these people?"

But among those who favor stricter controls on illegal immigration, the protests hardly impressed.

"When the rule of law is dictated by a mob of illegal aliens taking to the streets, especially under a foreign flag, then that means the nation is not governed by a rule of law — it is a mobocracy," Jim Gilchrist, a founder of the Minutemen Project, a volunteer group that patrols the United States-Mexico border, said in an interview.

While the boycott, an idea born several months ago among a small group of grass-roots immigration advocates here, may not have shut down the country, it was strongly felt in a variety of places, particularly those with large Latino populations.

Stores and restaurants in Los Angeles, Chicago and New York closed because workers did not show up or as a display of solidarity with demonstrators. In Los Angeles, the police estimated that more than half a million people attended two demonstrations in and near downtown. School districts in several cities reported a decline in attendance; at Benito Juarez High School in Pilsen, a predominantly Latino neighborhood in Chicago, only 17 percent of the students showed up, even though administrators and some protest organizers had urged students to stay in school.

Lettuce, tomatoes and grapes went unpicked in fields in California and Arizona, which contribute more than half the nation's produce, as scores of growers let workers take the day off. Truckers who move 70 percent of the goods in ports in Los Angeles and Long Beach, Calif., did not work.

Meatpacking companies, including Tyson Foods and Cargill, closed plants in the Midwest and the West employing more than 20,000 people, while the flower and produce markets in downtown Los Angeles stood largely and eerily empty.

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Israel Banuelos, 23, and more than 50 of his colleagues skipped work, with the grudging acceptance of his employer, an industrial paint plant in Hollister, Calif.

"We were supposed to work," Mr. Banuelos said, "but we wanted to close down the company. Our boss didn't like it money-wise."

The economic impact of the day's events was hard to gauge, though economists expected a one-day stoppage to have little long-term effect. In large swaths of the country, life went on with no noticeable difference. But protesters in numerous cities, many clad in white and waving mostly American flags in response to complaints that earlier rallies featured too many Latin American ones, declared victory as chanting throngs shut down streets.

Most of the demonstrators' ire was directed at a bill passed by the House that would increase security at the border while making it a felony for an illegal immigrant to be in the country or to aid one. The marchers generally favored a plan in the Senate, for which President Bush has shown signs of support, that would include more protection at the border but offer many illegal workers a path to citizenship.

Still, the divide among advocates over the value and effectiveness of a boycott resulted in some cities, including Los Angeles and San Diego, playing host to two sizable demonstrations, one organized by boycotters and the other by people neutral or opposed to it.

That split played out across the country. While many business owners warned employees about taking the day off, many others also sought to negotiate time off or other ways to register workers' sentiments.

Las Vegas casinos reported few disruptions, partly because many of their owners announced their support for workers at a news conference last week. On Monday, more than 40 casinos set up tables in employee lunchrooms for workers to sign pro-immigration petitions.

Leaders of Local 226 of the Culinary Workers Union also urged members to go to work. The union is Las Vegas's largest hospitality union, representing 50,000 workers, of which 40 percent are Hispanic.

Smaller businesses in Las Vegas, where tens of thousands of demonstrators gathered on the Strip, also took a hit. Javier Barajas said he closed his family's four Mexican restaurants in Las Vegas because members of his staff warned him they would not show up, costing him more than $60,000 in revenue.

"I cannot fire anybody over this, but I would have liked to see some other way to express themselves," said Mr. Barajas, who was once an illegal immigrant from central Mexico but became a United States citizen. "It's the small businesses that are hurt by this."

For many immigrants, however, it was just another workday.

At a Home Depot in Hollywood, day laborers as always crowded parking lot entrances, hoping for work. At a car wash in the Echo Park neighborhood of Los Angeles, employees buzzed, with workers vacuuming, buffing and drying cars. People lined up at markets, though some reported slower business.

"I was thinking about not buying things, but then I needed to buy stuff," said Alex Sanchez, 28, a construction worker buying an avocado, chilies and beer.

The boycott grew from an idea hatched by a small band of grass-roots advocates in Los Angeles, inspired by the farmworker movement of the 1960's led by Cesar Chavez and Bert Corona. Through the Internet and mass media catering to immigrants, they developed and tapped a network of union organizers, immigrant rights groups and others to spread the word and plan events tied to the boycott, timed to coincide with International Workers' Day.

The Los Angeles organizers said some 70 cities held boycott activities.

The day spawned all manner of supportive actions here. A department store chain offered space for lawyers to give legal advice to immigrants; in Hollywood, the comedian Paul Rodriguez appeared at the comedy club the Laugh Factory to promote a daylong health care fair for immigrant workers.

In Chicago, there was solidarity in diversity, as Latinos were joined by immigrants of Polish, Irish, Asian and African descent. Jerry Jablonski, 30, said he had moved to Chicago from Poland six years ago, flying to Mexico and then crossing the border. He now works a construction job.

"Poland is my old country," Mr. Jablonski said. "This is my new country. I can make everything happen here."

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Immigrants Take Economic Impact To The Streets (LAT)

By Michael Muskal And Carol J. Williams

The Los Angeles Times, May 2, 2006

Across the country, hundreds of thousands of Latino immigrants and their supporters took to the streets to demonstrate that they are a political and economic presence that can't be ignored.

Marches in Los Angeles and Chicago, demonstrations in New York and boycotts that forced closures of Midwest and Southern meat-packing plants marked a day when immigration rights activists again called for a new policy, the first in two decades.

The earliest marches began this morning in Florida, quickly followed by protests in New Orleans and Denver, where tens of thousands marched to the state Capitol.

In Chicago, the site of violence in 1886 that turned May 1 into an international labor holiday celebrating the right of legal protest, as many as 300,000 were reportedly marching toward the city's civic center. Smaller rallies were planned in more than 50 other cities nationwide.

Ernest Calderon, 38, came to the Chicago rally with a sign listing the names of his heroes: Abraham Lincoln, John F. Kennedy and Pancho Villa.

"Our heroes understood that they had to fight for freedom and democracy, and we are here doing the same," Calderon, a concrete worker who came from Mexico and gained his citizenship more than a decade ago, told the Associated Press. "We are here for the same reasons."

Washington has been debating its first major revision of immigration policy in two decades. There is bipartisan support for toughening border security, but the key issues of how to deal with the estimated 11 million to 12 million undocumented workers in the United States and a guest worker plan has opened fissures in both parties.

The issue has also created unusual political alliances. Major industries, including parts of agriculture, apparel and tourism, have joined with labor unions and human rights activists to support changes. Conservatives in both the Democrat and Republican parties have opposed guest-worker programs and paths for citizenship for those illegally in the United States, insisting that border security had a higher priority.

President Bush supports a guest-worker program and has praised a Senate approach, backed by top Republicans and Democrats. The House has passed a harsher plan that among other provisions would make it a felony to be an illegal immigrant or to assist them.

Most economist said there would be little long-term impact from the boycotts — but there were visible signs of dislocation.

Some major U.S. companies, dependent on Latino immigrant labor, announced that they would be closed for the day. Tyson Foods, the world's largest meat producer, shut nine U.S. beef plants and four pork plants. Cargill, the second-largest meatpacker, also closed some plants. Six of 14 Perdue Farms plants were closed.

Gallo Wines in Sonoma, Calif., gave its 150 workers the day off. Restaurants across the country were forced to close or to limit their hours.

The sharp social divisions on the immigration issue were also felt in non-Latino communities where immigrants had faced the same issues.

In Miami, Fla., Stanislav Fridman said he got from the Soviet Ukraine to South Florida the legal way, with a visa and enough hustle to propel his extended Russian family into the good life.

But the 43-year-old taxi fleet manager said he doesn't begrudge those who cut legal corners or climb fences in pursuit of their own share of the American dream.

Today's events provoked emotional solidarity with undocumented immigrants but not to an extent that would come out of his pocket.

"It's not an easy life here. It's real hard work and immigrants know that the best," he said. "We all understand each other, but we're not united. Everyone is out for himself."

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A burly, jovial man with a wife in real estate and two sons thriving in the upscale Sunny Isles Beach public school system, Fridman, who has been a U.S. citizen since 1984, socializes and identifies with the Russian community, less so with the ethnically and politically factionalized Latinos.

He waves off as hypocrisy the contentions of anti-immigrant conservatives that others don't have the right to seek opportunities in his adopted nation.

"This is an immigrant country. Only Native Americans come from here. Everybody else's parents came from someplace else," he said, taking both hands off the steering wheel to gesture in all directions. "Even the rednecks in Texas -- their relatives came from somewhere else!"

Despite large crowds that thronged through downtown Denver, it was mostly business as usual at the Denver International Airport, with restaurants, newsstands and shops fully staffed.

Several immigrants said they had contemplated taking the day off to rally, but decided that earning their paycheck was more important than making a political statement. Others said they were doubtful the protest would have any practical effect.

Delia Rivera's employer, the Cantina Grill restaurant chain, offered workers the day off and even provided transportation to the rally in downtown Denver. But Rivera chose to put on her white uniform, slick her hair into a ponytail and assemble taco salads for her regular eight-hour shift.

"I think it will cause more problems. I think it will bring more racism," said Rivera, 19, who emigrated from Mexico when she was a toddler. "I worry that you'll be walking down the street and someone will see you as Hispanic and get mad that you're here."

At a large immigration rally at Houston's Memorial Park, Latinos waved American and Mexican flags, shouted chants, listened to mariachi music as police on horseback watched from the sidelines.

Standing under the shade of a tree, Wilfred Navarro, a 77 year old retired Houston police officer, attended the rally with four generations of his family, including his daughters, grandchildren and great grandchildren.

"Immigrants work hard and contribute to society. It should not be so hard for them to become citizens," said the Texas native whose grandfather was the first in his family to cross into Texas from Mexico. "We sympathize what they are going through. They should have the same privileges as other Americans."

The boycott made a mixed impact in Phoenix, where some restaurants and supermarkets were closed, but many immigrants were still working. Across the street from one pro-immigrant rally, several Latino workers clambered on the roof of a shopping center, finishing new store buildings.

Benjamin Ruiz, 32, said that after work he'll refrain from shopping and will join in a candlelight vigil planned for tonight, but he could not get the day off.

"There's a lot of pressure for us to be here," said. Ruiz, an electrician. "I'll make my impact felt at home."

Larger crowds gathered at two Home Depots, where several hundred people shielded themselves from the searing desert sun with umbrellas, waved American flags and chanted "Si se puede!" (Yes we can) and "Aqui estamos! Y no nos vamos!" (We're here and we're not leaving.)

Jose Cruz said that most of his fellow employees at a company that installs shower doors were given the day off.

"He supports all of us," Cruz, 34, said of his boss, who is Anglo. "He wants all of us out here supporting other Latinos."

In Seattle, officials were preparing for thousands of protesters to take part in a late afternoon march in the downtown area. But there was hardly any other visible signs of protest in Seattle.

Pete Kosin, 31, a Ukrainian immigrant who works on office interiors for a construction company, said he never considered taking the day off despite his uncertain future in the United States. The Seattle resident said his visa is going to expire soon and he is not sure what he will do.

"I understand why people are marching. It's frustrating — immigrants are invisible in this country," said Kosin as he smoked a cigarette near a downtown office building. "But I have no backup — I lose my job, or get in trouble at some protest, I'm done. I can't afford it."

In the opposite corner of the country, immigration protests and rallies in Miami were notable for the absence of the area's two largest immigrant groups: Cubans and Haitians.

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The small shows of defiance — at least in comparison with the massive marches in other immigrant-rich cities — testify to the disproportionate political power wielded by conservative Cubans and the disinterest among hard-working Haitians to lose time and money in a symbolic gesture.

Just back from a cross-country trip to Los Angeles , trucker Sergio Diaz was virtually a lone Cuban voice among the 1,000 or so demonstrators gathered in the Orange Bowl parking lot for what was billed as Miami's main event.

"I think Cubans do support the whole Hispanic community, but the reason you don't see so many here is because we have our law and we have been living here legally," Diaz, 46, said of the U.S. government's "Wet-Foot, Dry-Foot" policy for Cuban migrants. Those who make it to U.S. shores are generally allowed to stay and apply for residency, while those intercepted at sea are repatriated to Cuba or a third country.

Haitians, who cut a significantly lower profile in Florida politics despite having roughly equal numbers to the Cubans, share interest in the plight of undocumented immigrants but insisted that it was more important to put food on the table.

"In the last few days my car has been disabled. I need to make some money," said Haitian-born cabdriver Joseph Louis.

Throngs Show Their Potent Role In Economy (LAT)

By David Streitfeld

The Los Angeles Times, May 2, 2006

Immigrant workers powerfully asserted their importance Monday, making clear they are vital to California's economy. Without us, they declared, industries would tremble, jobs go undone and prices rise.

Dolls from China, DVD players from Japan and shirts from Malaysia piled up at the ports. Lettuce wasn't picked in Blythe and strawberries languished in Oxnard. On one block of L.A.'s Koreatown, only two out of nine businesses were open. The garment district was nearly deserted.

By itself, the "Day Without Immigrants" won't hurt the economy in the long run, analysts said. Shoppers will quickly go back to shopping and workers to working.

The economic message, however, was emphatic and unmistakable.

"This was a reality check," said Economic Roundtable President Daniel Flaming. "You can't wish away these workers. They are rooted in the community. Not everyone realized that before."

Flaming and others have extensively studied the role played by recent arrivals, both legal and illegal. The protests provided vivid evidence that the bulk of the country's estimated 11 million to 12 million illegal immigrants don't just cut lawns and wash dishes in restaurants.

This is an unusual protest movement. There's little precedent in American history for a simultaneous combination of consumer boycotts, demonstrations and work stoppages. And there's none for a labor rights struggle that is cheered on by many employers.

"I don't remember hearing a single major business group complaining about today's actions," said Stephen Levy, director of the Center for Continuing Study of the California Economy.

Employers haven't suddenly grown more compassionate. In this era of low unemployment, they are eager to have sources of cheap labor. And they fear the sanctions that would accompany a serious crackdown on illegal hiring.

Beyond this, Levy said, there is a sense that everyone is complicit. "I've hired a housekeeper or a gardener or a baby-sitter where I certainly didn't check their papers," he said. "There's an acknowledgment here that we're all involved."

The industries hit the hardest Monday were agriculture, long the domain of immigrants, and, somewhat surprisingly, the ports.

At the nation's largest seaport complex, the ports of Los Angeles and Long Beach, as few as 10% of the truckers showed up to haul freight.

"It's eerie, looking out at the Vincent Thomas Bridge with no trucks on it. It just looks kind of flat and lonely," said Teresa Adams Lopez, a spokeswoman for the Port of Los Angeles.

The 110, 710 and 47 freeways — the latter includes the Vincent Thomas Bridge — had only a few of the rigs that are normally so thick that motorists sometimes miss their exits because the trucks obscure the signs.

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The work stoppage was quickly seized upon by union organizers, who hoped to redirect it into traditional labor activism. Organizers with the International Brotherhood of Teamsters made their case in several locations while in Wilmington's Banning Park, an independent movement to form a Los Angeles Port Truckers Assn. was gathering signatures. So far, every effort to organize most of the 10,000 drivers who work the ports has failed.

One driver who stayed away, 24-year-old George Fernandez of Los Angeles, said he supported the immigration rights movement. But he added that the drivers, who clear as little as $20,000 annually after their overhead, were also hoping for "some sort of relief from all the costs, like for fuel, and the low pay and the working conditions."

The effect in the fields was even more significant.

"No one is packing today," said strawberry grower Hector Gutierrez, managing partner of Otilio Farms in Oxnard. "This will put us behind, and we might have to throw some overripe fruit away."

Operations at Bart Fisher's 10,000-acre ranch in Blythe came to a halt as his 120 workers disappeared for the day. "We don't even have a tractor operating," said Fisher, who grows hay, lettuce, broccoli, melons and cotton.

On some farms it was a normal Monday. Tulare dairyman Rob Fletcher was relieved when his milkers, all immigrants, showed up to work his 700 cows.

Overall, however, it was apparently the biggest agricultural work stoppage on record in the state. The 1973 grape strike in the Coachella and San Joaquin valleys and 1970's Salinas Valley vegetable strike had been the largest.

"But both of them only involved targeted crops and didn't come close to the numbers of farm workers participating today," said Marc Grossman, a spokesman for the United Farm Workers union. The state's year-round farm workforce numbers about 225,000, according to the California Farm Bureau Federation.

It wasn't just the size of the farm worker protest that was eye-opening but the unusual harmony between growers and workers.

In Greenfield, south of Salinas, the frontage roads along U.S. 101 were lined with idled tractors, trailers and harvesters in a show of solidarity.

"The harvest companies are giving their workers the opportunity to bring out the equipment and make a statement," Greenfield Mayor John Huerta said.

It was a shift in attitude that Huerta — the son of a Mexican employed in the bracero guest worker program in the 1940s who went on to become a United Farm Workers organizer — found "amazing."

Across the nation, the protests touched many industries but hurt only a few. Major meat producers, including Tyson Foods Inc., Perdue Farms Inc., Cargill Inc. and Swift & Co., closed or cut back work at dozens of plants. Another industry that depends heavily on Latino labor, construction, also took a hit.

The protests were telegraphed far in advance, which intentionally muted their effect. Michael Niemira of the International Council of Shopping Centers said he didn't expect the demonstrations or boycott to have significant economic repercussions.

But he added, "From the political side, it made a statement."

A small, informal survey conducted by the California Assn. of Employers found that very few businesses shut down or operated with skeleton crews. The vast majority of the 88 firms surveyed operated normally.

"When you know it's a one-day thing, as an employer you say, 'We're going to survive it, and we're going to run our business as usual,' " said Kim Parker, executive vice president of the trade group.

In some parts of Los Angeles, however, the fallout was far greater. Some shopkeepers opened and then quickly gave up. "There's no business," said Sueli Shin, manager of Pelicana Fashion, a wholesaler of party dresses in the garment district. She had locked the door by 10:15 a.m.

Much of Koreatown was shuttered. One factor was the neighborhood's large Latino population. But some business owners, noting their proximity to the march route on Wilshire Boulevard, expressed fears that the demonstrations might get out of hand.

On a normal day, Ham Hung restaurant serves lunch to 200 people. On Monday, there were only 70 customers. Many "stayed away because of news reports that warned people not to drive around downtown," said assistant manager Calvin Zhin.

He noted that he lives in the San Fernando Valley and made it to work in record time. "Great day for driving, horrible day for business," Zhin said.

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After Marches, Finding The Way Forward (LAT)

By Teresa Watanabe And Nicole Gaouette

The Los Angeles Times, May 2, 2006

They've staged marches, rallies and boycotts.

They've brought hundreds of thousands of people into the streets.

They've thrust themselves into the headlines and broadcasts of the nation's major media.

Now what?

As immigrants and their supporters boycotted work and school, refrained from consumer spending and marched in cities across the nation, the urgent question they face is how to translate the passion of the streets into lasting political gains.

Immigrant rights organizers said Monday's marches marked the last major street demonstrations they plan until September, when they hope to draw 1 million protesters to Washington D.C.

Until then, they will shift their energy into making a difference at the polls through registering voters, helping legal immigrants become citizens and getting out the vote in June primary elections around the nation.

"We understand that marching is not a solution but that we need to organize in a strategic way," said Hilda Delgado of Local 1877 of the Service Employees International Union in Los Angeles.

Organizers have their work cut out for them. According to the Pew Hispanic Center, only 39% of the nation's 41 million Latinos are eligible to vote_compared to 76% for whites and 65% for blacks. Among 16 million eligible Latino voters, fewer than half actually voted in the 2004 general election.

As a result, said the Pew center director Roberto Suro, Latinos will need to convince the broader public that legislation expanding guest worker programs and offering undocumented immigrants a chance to legalize is good for the nation.

That message, however, will be fought by immigration control advocates, who say the past two months of marches and rallies have energized their forces and drawn new recruits to their cause of cracking down on illegal immigration.

Since the March 25 Los Angeles march startled the nation by drawing 500,000 people into the streets, the Phoenix-based Minuteman Civil Defense Corps, which monitors the nation's borders, has significantly increased its volunteers, fundraising and Web site traffic, said spokeswoman Connie Hair.

She said 400 new volunteers joined the group in the first week after the march, compared to a normal flow of about 135. An Internet appeal for support to begin building private fences on private land along the U.S.-Mexican border has raised $150,000 in a week. The group's Web traffic has quadrupled to 36,000 hits per day, she said.

"(The marches) have focused the American people's attention on people marching in the streets and waving Mexican flags...who may not be grateful for the taxpayer-subsidized benefits they're getting and who are jumping in line ahead of those who are doing it legally," Hair said. "There is a quiet rage building."

In Washington, where the Senate may resume debate on an immigration bill as early as next week, a few congressional officials said the demonstrations served to keep the issue on the agenda. But most lawmakers warned that the rallies could polarize the public, make it harder for Congress to negotiate the thorny issue and create a backlash against immigrants — on the Hill and off.

"To get thoughtful legislation passed is going to be harder the more emotions get inflamed on either side of the debate," said Rep. Mary Bono, R-Palm Springs. "It's overwhelmingly polarizing people and the majority of my constituents are upset about [the boycott]."

Conservative Republicans who backed the House legislation dismissed suggestions that the demonstrations would move them to soften their legislative stance, or that members had any regret about passing a bill that has sparked such opposition.

"Opponents of the bill have demagogued it and misled people; that's been their strategy," said Jeff Lungren, a spokesman for the House bill's main author, Rep. F. James Sensenbrenner Jr. (R-Wis.).

On Monday, Republicans on both sides were voicing their unhappiness with the demonstrations. "On the basis of what I've heard in public meetings, these demonstrations are making people less and less inclined to support them," said Rep. Lamar Smith (R-Texas), a member of the House's Immigration Reform Caucus, which promotes an enforcement-only approach. Smith and Rep. Tom Tancredo (R-Colo.), who heads the caucus, cited polls that show similar results.

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A Rasmussen poll released last week showed that 26% of Americans hold a favorable opinion of immigration demonstrations, while 56% do not.

Immigrant rights advocates are well aware that they need to transform the marchers into voters for lasting gains. On Monday, many marchers in downtown Los Angeles held signs in Spanish, "Today we march, tomorrow we vote."

Such influential figures as Spanish-language radio DJ Eduardo "El Piolin" Sotelo urged crowds to become U.S. citizens_a suggestion greeted with a roar of approval.

One immigrant who may do just that is Juan Almendares, a 31-year-old Garden Grove legal resident who runs a gardening firm with his brother.

The brothers took the day off because "it's the right thing to do. We have to be heard," Almendares said.

"I never thought I would say it or even think it, but this whole thing makes me want to vote in this country and I'm seriously thinking of becoming a U.S. citizen now," he said.

"We can't just protest because it's like we are protesting to ourselves. Who is listening? Look around. There is no one here except Mexicans like us."

Washington Wire (WSJ)

By Various Writers

Wall Street Journal, May 1, 2006

May 1, 2006, 8:22 pm

Emergency Room Emergency

Emergency patients are receiving less attention because of physician shortages and are more likely to be admitted without a bed for four hours or more, according to a new report by the American College of Emergency Physicians.

“Emergency medicine is in a state of emergency itself and patients are suffering,” said Dr. Frederick Blum, ACEP’s president.

In 2004, patients received inadequate on-call care according to two-thirds of emergency department directors. Last year, three-fourths directors surveyed from 1,327 hospital emergency departments now say service is inadequate. Nearly half of the directors surveyed in the 2005 report said one to five patients per day were admitted without beds.

The report seeks to measure the impact of 2003 regulation changes to the Emergency Medical Treatment and Labor Act that allow specialists to stretch their services at more than one hospital. – Shearon Roberts

May 1, 2006, 6:16 pm

Probable Cause

NBC Sports executive Dick Ebersol plans to attend a hearing Tuesday examining what caused a 2004 jet crash that killed his 14-year-old son, Teddy, and two others. At Tuesday’s meeting, the National Transportation Safety Board will consider a preliminary report by investigators and vote on the probable cause.

At issue in the crash of the twin-engine Canadair jet is whether ice on the wings contributed to the accident. There were conflicting reports as to whether ice was present, and the plane took off without deicing. The crash seriously injured Dick Ebersol and his 21-year-old son, Charlie, who dragged his father out of the fiery wreckage.

Mr. Ebersol’s attorney, Robert Clifford, said his client will review the board’s findings before deciding whether to file suit against anybody involved.

Also killed in the crash were pilot Luis Alberto Polanco-Espiallat, 50, and flight attendant Warren Richardson III, 36. – Laura Meckler

May 1, 2006, 3:14 pm

Cautious Optimism

Hours into the Great American Boycott, advocates of a guest worker program for illegal immigrants expressed confidence that Monday’s event wouldn’t make passage of comprehensive reform legislation more difficult. “Not much” of a backlash from conservatives, predicted one senior White House official. Another Bush adviser credited some large employers with minimizing conflict by giving workers the day off. An aide to Democrat Edward Kennedy of Massachusetts, co-sponsor of a comprehensive

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Senate bill along with Republican John McCain of Arizona, said their effort will get a boost from the boycott — because it keeps the issue in the spotlight at a time when rising gas prices threaten to elbow everything else off Washington's political agenda. –John Harwood

May 1, 2006, 3:01 pm

Falling Behind in the Obesity Battle

Despite mounting concern over childhood obesity, most states have failed to implement federal physical-education recommendations, according to a report to be released Tuesday afternoon.

The "Shape of the Nation" report — from the National Association for Sport and Physical Education and the American Heart Association — is expected to say that most states are not following PE advice from the U.S. Surgeon General and the Centers of Disease Control and Prevention. Both recommend that schools require daily PE for all K-12 students.

The new report updates a 2001 version that showed that 27 states allowed students to substitute other classes for PE. Some school districts exempt athletes and marching band members. The 2001 report said most high school students took PE classes for only one of their four years.

A sedentary lifestyle contributes to obesity, a risk factor for heart disease and stroke. In the past 30 years, the obesity rate has more than tripled for children ages 6 to 11 and more than doubled for those in the 2 to 5 and 12 to 19 age groups, according to a 2004 report by the Institute of Medicine, part of the National Academy of Sciences. About nine million American children over six years old are considered obese.

The American Academy of Pediatrics, in a statement issued today, is asking pediatricians to record children's activity levels and recommend that parents prevent children under 2 from watching TV and to allow those older than 2 no more than two hours of TV every day. –Jane Zhang

May 1, 2006, 12:34 pm

Those Wild and Crazy Swiss

The Swiss embassy announced a five-hour Sudoku contest for May 13, starting at 10 a.m. Sudoku — a mind-bending logic exercise that is the equivalent of a crossword puzzle for the numerate — is usually played alone. But the embassy promises players they can "test [their]patience and strategy against like-minded players." Grand prize is a coffee machine.

Switzerland's connection to a puzzle that was first popularized in Japan and uses a Japanese name? The embassy says a Sudoku puzzle is a Latin square, which in turn is an arrangement of numbers in which no column or row contains the same number twice. Swiss mathematician Leonhard Euler (1707-1783) was the first person to show how to mathematically construct Latin squares, the embassy says. –June Kronholz

May 1, 2006, 10:00 am

Medicare Report Draws Fire

The latest report on the financial health of Medicare and Social Security is drawing fire before it's even released. Lawmakers criticize President Bush for reappointing the programs' two public trustees, John Palmer and Thomas Saving, during a congressional recess. In letters sent last week to the president and the trustees, the lawmakers say the two men should not sign this year's report, due out later today.

The public trustees are supposed to provide greater accountability to the annual release of the Social Security and Medicare trustees reports. But Bush delayed in nominating the public trustees for more than seven months, and then re-submitted the names of Drs. Palmer and Saving, though they had already served the traditional single term. During that lapse, "any role they may have played in the development of this year's report…is unofficial and inappropriate," wrote Rep. Pete Stark of California and Rep. Sander Levin of Michigan, the ranking Democrats on House subcommittees that oversee Medicare and Social Security respectively.

Sens. Charles Grassley (R., Iowa) and Max Baucus (D., Mont.) joined the fray. They say in a letter to the public trustees that it was wrong for them to have worked as "paid consultants" to the Treasury Department, and therefore be involved in the process of compiling the 2006 trustees' report, before being reappointed by Bush earlier this month. "The last minute appointment of paid administration consultants threatens our system of checks and balances and the position of public trustee." –Sarah Lueck

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Immigration Dissent Sweeps L.A. And The Nation (LAT)

By Michael Muskal

The Los Angeles Times, May 2, 2006

Hundreds of thousands of undocumented workers and their supporters demonstrated today in Los Angeles and flexed their political and economic muscles in support of an overhaul of national immigration policy.

About 250,000 people attended the early demonstration in front of City Hall and a crowd estimated at more than 400,000 worked its way from MacArthur Park to La Brea Avenue in the afternoon. Tens of thousands more demonstrated across the region and hundreds of thousands took to the streets from coast to coast.

At 7:40 p.m., with the words "Go in peace, God bless America" echoing from the stage at La Brea and Wilshire, the afternoon march officially ended. A huge crows remained, but many began drifting away, as they had been for a couple hours.

It was hard to get an exact number of those protesting because many who attended the early rally also moved to the later one. But the final number was likely to approach or surpass the record rally on March 25 when half a million people protested federal efforts to make enforcement tougher on undocumented immigrants.

Mayor Antonio Villaraigosa estimated nearly a million people demonstrated throughout the day. "We come to work, we come for a better life, we come to participate for the American dream," he told the marchers on Wilshire at La Brea this evening.

The local protests, part of a national day of demonstration, was in response to efforts by Congress to overhaul immigration policy for the first time in two decades. But it has become something more, a cry from the normally hidden undocumented community for a way to socially and economically come into the sunlight.

"If we didn't come, who will build the houses?" asked Jose Abrego, 40, from Acapulco, one of the thousands in MacArthur Park. "We're not flowers. We're not asking to be treated delicately. We just want respect."

Abrego said he came in July to do construction work so he could save money to build his own house back home, where he earned about $100 a week driving trucks. Here he earns about $400 a week.

"We are asking the rich of the United States to respect us," he said.

It was a day of jubilation for demonstrators across the city. Those congregating in front of City Hall had marched blocks through downtown, where seldom anyone is seen walking. It was the second major demonstration to rock the city in less than two months as festive protesters paraded to the Latin rhythms. Across the street from their destination, they heard the blaring of Neil Diamond's "America," which has become an immigrant musical cry.

"I am part of this," said Ofelia Luna, 42, now a U.S. citizen after holding a green card for nearly two decades. "I want my voice to be heard."

The biggest cheers seemed to come around 1:40 p.m. when the popular disc jockey, Eddy "El Piolin" Sotelo spoke.

"We have the same heart, we believe in the same God," he told the crowd.

Rev. Lewis Logan II, pastor at Bethel AME Church in South L.A., also praised the crowd:

"A power more powerful than Katrina has been unleashed here in Los Angeles."

Speaking from a raised platform at the side of City Hall, he got his biggest cheers when he said, "What are we here for?"

The crowd responded: "To triumph, to succeed."

Many waved their U.S. flags, bought from vendors for $2 along the route.

In the nearby bastions of municipal power, officials monitored the situation on the streets.

"All is well," Mayor Antonio Villaraigosa, who had urged students to stay in school and away from the earlier demonstration, told reporters at a later briefing. "This march — protest, as it's developed, has been very peaceful as we suspected from the beginning."

The mayor's teenage son had planned to join the protests after school with his father's approval.

Villaraigosa did not speak at the downtown rally, but said he might at the later demonstration, depending on his schedule. He was to fly to Dallas at 7 p.m. to lobby NFL owners for a professional football team in Los Angeles.

"I'm mayor for all the people," Villaraigosa said. "But without question, I'm also someone who is a proud American, [and] also proud of where my family came from. I've never been shy about the fact that these people out here want to be a part of the American dream. I support them. I don't necessarily have to make every single demonstration to manifest that support."

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The crowd overflowed City Hall Plaza and filled the green areas that serve as a buffer for the official buildings. Dressed in white for peace, people waved American flags as they roared what they hope would be a demand heard across the nation in Washington.

Many then went home, but others headed to MacArthur Park for the second march down Wilshire Boulevard to La Brea Avenue. There, too, the mood was festive at they chanted and blew horns.

"This is America," said Juan Medina, 54, from Guatemala, as the crowds filed through the park, a sea of white shirts and waving flags. He said he spent the day painting houses because, "I need to work."

He stood with a group of construction workers from Mexico, Guatemala, El Salvador — hesitant at first, then growing animated with the crowd, feeling their strength in the numbers.

"When the Mayflower came from England, they were people looking for freedom and to follow God. Now these people are rich and powerful. They need to go back to having a big, good heart, to following God," Medina said.

The scene was similar to the earlier rally when many of the demonstrators appeared in white shirts and jeans. They also wore their disparate backgrounds like identity badges: Men from the Mexican countryside wore straw hats and handlebar mustaches, while Los Angeles-bred boys strutted in sunglasses and baggy pants. Politically active women wore T-shirts with pictures of the Mexican revolutionary hero Emiliano Zapata, while many teenagers came in bare-midriff tops and tight pants.

The demonstrators also came in Central American guayabera shirts and soccer shirts, they wore tattoos and they wrapped giant American flags around their shoulders like Mexican shawls.

They were smiling, walking with a bounce in their step. One held a sign that said, "All Gringos Are Immigrants."

Many said they had not come to previous demonstrations and felt they had missed something. They said they planned to join the afternoon march, as well.

Candido Henriquez, 42, held a sign that said: "We are not criminals. Why do they treat us like animals? We are workers and we deserve respect."

Demonstrations took place across the Southland.

In one of the earliest marches of the day, as many as 10,000 people stepped off from Santa Rosa de Lima Church in Maywood, coursing down Atlantic Boulevard in southeast L.A. County.

As the march moved, its ranks swelled with others from communities such as Huntington Park, Arlington and Bell Gardens. These are the communities where the Mexican American dream has unfolded, the step up for immigrants who have earned a degree of economic stability.

The mood was jubilant, and the symbol of choice was an American flag. Marchers also carried signs, proclaiming "Hoy Marchamos, Manana Votamos."(Today We March; Tomorrow We Vote.)

They chanted "Si su puede," and "Aqui estamos y no nos vamos," "We're here and we're not leaving."

Other demonstrations were planned in Pasadena, Pomona, Santa Ana, Fullerton, Riverside, San Diego, Oxnard, Huntington Park, Long Beach and San Bernardino.

Today's protests represent an evolution of ideas since an estimated 500,000 people rallied on March 25 in front of Los Angeles City Hall to protest the stricter plan that passed the House of Representatives last year. That bill would make being an undocumented worker and those who helped them a felony.

Relying on the Latino media, especially radio personalities, and high-tech communications, the rally caught the Anglo establishment flat-footed.

In the following days, schools, particularly in Southern California, were forced to close as students repeatedly walked out to support immigration rights.

Hilda Ramirez, a spokeswoman for LAUSD, said no major walkouts had been reported early this morning, but that the absentee rate was at 27% -- nearly three times that of the same day last year when only 10% of students did not attend classes.

The second major protest was April 10, when at least hundreds of thousands of people peacefully rallied across the country for broader immigrant rights. Organizers put the number in the millions across the country, but the Los Angeles protest was on the order of thousands.

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Organizers were hoping for a major turnout today for demonstrations that were based on the idea of making the Latino presence felt politically, but also economically by boycotting businesses. It was being organized by dozens of groups under the slogan of Un Dia Sin Inmigrantes — A Day Without Immigrants.

A hand-scrawled sign on the Pasadena Freeway last week warned motorists in Spanish: "No work, no school, no buying, no selling." As far away as Mexico, activists echoed the boycott call, urging people to forgo U.S. companies and even to skip American fast food outlets.

It was difficult to tell what impact the boycotts were having, but there were some signs.

At the Los Angeles Wholesale Produce Market and the Los Angeles-Long Beach port complex, business was below normal.

There were also scattered reports of closed restaurants and shops. Virtually all of the stores were closed along Whittier and Cesar Chavez, two main boulevards of heavily Latino neighborhoods in East Los Angeles.

At Nico's Market, near the Ramona Gardens housing projects in Boyle Heights, a sign in Spanish announced, "This Monday, May 1, we close the store to support the immigrants."

The immediate impact was borne by small businesses and low-paid workers.

Ana Miriam Garcia, 52, said her boss decided to close for the day -- and to dock them a day's pay.

"If I don't work, I don't eat," said Garcia, a Salvadoran immigrant who became a citizen after the 1986 amnesty. Garcia said she earns minimum wage at a sewing factory and said she suffers when she can't work, even for one day.

"What can I do?" she said.

Still, the long-term impact was expected to be minimal. Except for meals, purchases given up today can be made up tomorrow. Many businesses, including service and manufacturing industries, had employees work through the weekend to get ahead so that today's closings would not be disastrous.

Today's boycotts also politically split the Latino community.

Those calling for the boycotts tended to be from non-traditional groups, while leaders of established institutions urged students to stay in class and were neutral at best about whether workers should take the day off for the morning protest.

That division was clearly illustrated in Southern California.

Mayor Villaraigosa, the first Latino in more than 130 years to have the city's top job, and Cardinal Roger M. Mahony on Sunday repeated their pleas that students not take part in the day's activities until after school. Villaraigosa also warned motorists to prepare for gridlock in the affected areas.

Demonstrators today again wore white as a gesture of peace and waved U.S. flags in the hopes of decreasing any backlash. Organizers have urged protesters to avoid carrying Mexican flags or singing the national anthem in any language other than English. A Spanish version of the anthem, released last week, sparked complaints, including from President Bush.

Over the weekend, some groups, which call for tougher enforcement against illegal immigrants, held their own demonstrations along the U.S.-Mexican border and promised more protests. About 200 volunteers organized by the Minuteman Civil Defense Corps of California worked on a 6-foot barbed-wire fence along a quarter-mile stretch of rugged terrain near the U.S.-Mexico border about 50 miles east of San Diego.

The U.S. government has also vowed to crack down on employers who hire illegal immigrants. And there have been well-publicized raids by immigration authorities, rounding up hundreds of immigrants with criminal backgrounds in Florida and the Midwest.

Still, most polls show that Americans favor changes in immigration policy by better than a ratio of 2 to 1 and that Californians are even more supportive. Americans tell pollsters that they would like to see a guest worker program and some sort of plan that would lead to citizenship for those in the United States.

Thousands Join Boycott (WT)

By Valerie Richardson And Jerry Seper

The Washington Times, May 2, 2006

DOJ_NMG_0027746

Hundreds of thousands of people boycotted their own jobs and stayed away from what they saw as "gringo" businesses yesterday.

Many instead took to the streets in major cities to demonstrate the political and economic power of immigrants and illegal aliens.

Protesters -- most of whom were Hispanic -- waved U.S., and Mexican and other Latin American flags as they flooded streets in New York and Los Angeles. An estimated 400,000 marched in Chicago, 75,000 took part in Denver, and thousands showed up for rallies in other cities. The largest demonstrations were in Los Angeles, where police estimated that two major marches drew more than 650,000 people.

Both police and organizers said more than a million people marched nationwide yesterday, with some estimates topping 1.5 million.

The protesters sought to influence the current immigration debate, by both supporting efforts to legalize the estimated 12 million illegal aliens and opposing the bill that passed the House of Representatives in December that would make illegal presence a felony and would crack down on employers who hire illegal aliens.

Speaking earlier in the day, White House press secretary Scott McClellan said he couldn't predict the rallies' effect on the policy debate, but the president's position on the walkouts was clear.

"The president is not a fan of boycotts," Mr. McClellan said. "People have the right to peacefully express their views, but the president wants to see comprehensive reform pass the Congress so that he can sign it into law."

Unlike last month's marches in protest of the House immigration-enforcement bill, which drew support from a broad spectrum of politicians, lawmakers yesterday urged schoolchildren to attend class and workers to go to their jobs.

Last month's marches may also have hurt the protesters' cause. Some polls showed Americans were less sympathetic to immigrants' demands in the wake of those marches, and many people complained publicly about the proliferation of non-American flags at the events.

"We're not criminals," Belem Orozco, an illegal alien who attended the rally in Denver, said in Spanish as her 9-year-old son, David, translated. "We're people who work. We want to help the United States."

Mrs. Orozco, who has lived in Denver for 13 years, didn't have to call in sick -- her employer Cintas, a uniform supplier, gave its employees the day off, she said.

In Phoenix, where about 3,000 people turned out for protests at various locations, Angel Lopez, an illegal alien, said she is not a criminal and has worked as a hotel housekeeper every day since arriving three years ago.

"I did not understand why members of Congress think I'm a criminal and want to deport me and think nothing of employers that hired me," she said. "Shouldn't they be penalized, too?"

Miss Lopez said none of the illegals she knows here fear being arrested while on the job. She also said she has a 9-month-old son who was born in Phoenix, making him a U.S. citizen.

"When you send me home because I'm a criminal, will you deport him, too?" she said.

The total effect of the economic boycott was not clear yesterday. Some firms closed their doors, and no major disturbances were reported.

In Dallas, several supermarkets -- including nine owned by Malone's Food Stores -- closed. General manager Rick Gomez said the move was a gesture of support. The company's work force is more than 45 percent Hispanic and upward of 90 percent of its business is from the Hispanic community.

The most immediate effect was in some schools in heavily Hispanic areas, which reported high absentee rates. About 72,000 middle- and high-school students stayed home from school in Los Angeles, and one Denver high school reported an absentee rate of 98 percent.

Late in the afternoon, hundreds of people gathered on Pennsylvania Avenue near the White House fence for a rally. Of the dozens of flags they waved at the presidential residence, about half were American and the rest were from Latin America, including Brazilian, Mexican, Dominican and Honduran.

They shouted slogans and sometimes began chanting "U-S-A," although that chant often morphed into "si se puede," a common protest rally cry which translates roughly from Spanish as "Yes, we can."

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Dallas television station KXAS conducted an online poll yesterday of whether employers should be allowed to fire workers who missed work to attend the rallies and found overwhelming support for employers. As of 7 p.m., 68 percent, or more than 38,000 votes, of responses to the unscientific, self-selecting survey, said it was OK to fire workers, while 13 percent said it was legally OK but morally wrong. Just 18 percent said they should keep their jobs.

For yesterday's boycott, the protesters chose May Day, traditionally a worldwide socialist holiday, with workers marching in recognition of workers' rights.

Opponents organized against the protests, although on a much smaller scale. Some Hispanics announced the formation of a group called You Don't Speak for Me, meant to highlight Hispanics who want more border enforcement and oppose legalization of illegal aliens.

"Millions of Hispanic-Americans -- including many who have gone through the immigration process the right way -- are offended by the demands being made by people who have broken our nation's laws," said Pete Nunez, former assistant Treasury Department secretary, at a press conference organized by the Federation for American Immigration Reform.

In Denver, Defend Colorado Now, an anti-illegal immigration group, held a counterrally, and Ron Niemala spent his day off holding anti-illegal immigration signs and tangling with demonstrators.

"You're invading our country, buddy," he told one young Hispanic man.

"This country isn't yours," the man retorted. "We were here first."

Marchers numbered in the tens of thousands in New York, Atlanta and Oakland, Calif., with about 15,000 more in Houston and 50,000 in San Jose, Calif.

In Los Angeles, marchers chanted, "Today, we march, tomorrow, we vote, and if they deport us, we will jump over the border fence." Whole neighborhoods in the nation's second-largest city and its port were virtually shut down, though the usually congested Southern California freeways were largely empty.

U.S. Immigration and Customs Enforcement agents yesterday raided 15 locations in New York and New Jersey to smash a "human-trafficking ring" that smuggled Mexicans into the country and may have forced women to work as prostitutes.

ICE conducted the raids early Monday after New Jersey State Police pulled over two vehicles carrying at least 10 women who had been working in brothels in Virginia, Maryland and Washington. Agents arrested 36 women and 30 men.

'The Pot Is Boiling' (WSJ)

By Miriam Jordan, June Kronholz And Ilan Brat

The Wall Street Journal, May 2, 2006

Hundreds of thousands of immigrants walked off the job and into the streets to call for immigration reform as part of a so-called National Day of Action. But while the protests severely disrupted industries that rely on immigrant labor, the impact was damped by advance planning at businesses where it was clear there would be a one-day worker shortage.

Absenteeism was high in industries such as construction, agriculture and meatpacking, and some restaurants reported early closures, staff depletions and other problems. Perdue Farms Inc., the Salisbury, Md., poultry processor, closed six poultry plants for the rallies yesterday. Likewise, meatpacking giant Tyson Foods Inc., Springdale, Ark., closed six of its nine beef processing plants and four of its six pork processing plants.

But attendance at midday rallies across the country was a mixed bag. Hundreds of thousands turned out in places like Chicago to support legal work status for illegal immigrants, but in Texas, Atlanta and other places, turnout was more modest. That was partly a result of calls within the pro-immigrant community to keep workers and their kids in place until events later in the day. But it was also due to fear that recently swept through some immigrant communities in the wake of a government crackdown on employers who intentionally hire undocumented workers. Some immigrants were also rattled by reports of protesters being fired after skipping work for similar rallies last month.

Overall, the effect was mostly symbolic. "This isn't a big economic event," said Nigel Gault, U.S. economist at Global Insight, a nonpartisan forecasting and consulting group in Waltham, Mass. "Economically, it would be a huge event if suddenly 12 million [immigrants] were gone" permanently.

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Frank Sharry, director of the National Immigration Forum, a coalition of business, union and advocate groups that favor immigration overhaul, stopped short of predicting the marches would press noncommitted legislators to back a bill now before the Senate that would give legal status to most illegal immigrants. Nevertheless, "the pot is boiling -- immigrants are marching in the streets, the public is demanding a solution," he said.

Likewise, Randy Johnson, vice president of the U.S. Chamber of Commerce, predicted the rallies will "show decision makers we've got a major issue that Congress needs to address." But the chance of the demonstrations irking voters is possible, he added. "If everyone's waving foreign flags and singing the National Anthem in Spanish, it's going to have a negative effect," he said.

Opponents of the Senate bill predict that the protests will create a backlash that could kill immigration overhaul. "By the end of today, any possibility of a bill reaching the president's desk will be dead," said Mark Krikorian, director of the Center for Immigration Studies, a Washington policy group that favors more-restrictive immigration policies.

Similar protests were held last month, catching employers somewhat off-guard. This time, most immigrant-dependent industries were better prepared. In some of those industries, employers are anxious to see changes that would protect their access to immigrant workers. For example, tens of thousands of meatpacking workers attended the rallies in part because their employers closed many plants yesterday. Industry analysts figure that the meatpacking industry slaughtered less than half of the number of cattle and hogs yesterday that it usually kills on a Monday.

Pilgrim's Pride Corp., the country's second-largest poultry processor, decided to halt operations at some of its 34 plants, although most remained up and running, said spokesman Ray Atkinson. About 50% of the Pittsburg, Texas, company's employees are Hispanic, Mr. Atkinson said.

Fashion concern American Apparel Inc. shuttered its factory and executive offices in downtown Los Angeles. "We didn't want our workers to have to decide between allegiance to the corporation or this immigrant cause," said Dov Charney, the company's 37-year-old founder, when reached in the midst of a throng of demonstrators in central Los Angeles. Mr. Charney said about 3,000 workers at his company have a Latino background. Shrugging off any notion of a negative financial impact, Mr. Charney said, "I can't imagine this hurts me in the long term."

Truckers avoided the large shipping port complex of Long Beach, Calif., and Los Angeles, and tens of thousands of students skipped school in the Los Angeles area.

McDonald's Corp., the nation's largest restaurant chain by revenue, said that at some locations it shut outlets except for their drive-throughs, reduced operating hours and employed fewer crew members to accommodate workers participating in rallies, spokesman William Whitman said in a statement.

In the landscaping industry, nine out of 10 workers took the day off, especially in warehouse and distribution centers, according to the American Nursery and Landscape Association. About 70% of more than 500,000 workers in the sector are believed to be undocumented.

Construction, the largest employer of illegal workers, suffered some disruptions. "Most of our members are giving workers flex-time, but the majority seem to be working," said Paul Lopez at the National Association of Homebuilders.

Agriculture was especially affected in Florida and California. With the harvest under way, lettuce fields in Salinas Valley, Calif. were practically void of workers. Several lettuce packers in the area closed their plants for the day as workers joined protests.

Law firms have been advising their clients that the immigrant labor boycott is protected by the National Labor Relations Act, even though it isn't specifically a union action. Morgan, Lewis & Bockius, a Philadelphia-based law firm, on April 27 issued a client alert that recommended employers not impose restrictions or penalties on workers' absence for the rallies -- which employers don't impose on other types of absences.

At the rallies, which were orderly in most places regardless of the size, immigrant workers largely heeded calls to carry American flags -- as opposed to flags from their home countries -- and expressed pride in what they generate for U.S. business.

At a march through downtown Chicago, Miguel Salguero, 37, held a sign that read, "I pay taxes. Does that make me a criminal?" Mr. Salguero said he pays taxes using an Individual Taxpayer Identification Number issued by the Internal Revenue Service. He said he used the same number to get a bank loan and mortgage on his house in a Chicago suburb. Though he

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works jobs in two area restaurants, he is not in the country legally. "I have my whole life here," he said. "We're here and we're not leaving."

While Mexico's immigrant labor force expressed itself loudly across the U.S., it was largely business as usual for Mexican companies in the U.S. Dispensing some $5 billion in annual payrolls in its operations north of the border, Mexican companies employ nearly 150,000 workers in the U.S., of whom very few appeared to join public demonstrations yesterday.

"Today's boycott had no material impact on our company's operations or on attendance," said David Margulies, a spokesman for Bimbo Bakeries USA, the U.S. unit of Grupo Bimbo SA, Latin America's largest baked-goods manufacturer. Fort Worth, Texas-based Bimbo, with about 7,500 U.S. employees, is the principal supplier of such popular brands as OroWheat Bread, Thomas's English Muffins and Entenmann's pastries to the U.S. west of Chicago.

At Immigrant Rally, Divided They Stand (WP)

By David Montgomery

The Washington Post, May 2, 2006

The problem is, a guy has to make a living. And if you happen to be a Salvadoran with a green card; with a mortgage, a wife and three kids in Lanham; and two janitorial jobs in D.C. that keep you busy 14 hours a day, you might not have the leverage with the boss to boycott work in a demonstration of how important immigrants are to the U.S. economy.

And so there yesterday in sun-dappled Meridian Hill Park was Milton Bonilla, 38, leaning against a tree in his white work uniform listening to the speakers rage against certain lawmakers and celebrate the People United. He was a typical un-boycotter. He had worked hard for the word "Supervisor" stitched on his breast, and he could not afford to give it up.

He was headed to work for the night shift at 5:30 p.m. But he still felt urgently drawn to the demonstration, which was called "a day without immigrants."

"It's important to show support for the people without documents," Bonilla said. "We're here because we want better treatment in this country. We came to work. We are not criminals."

For some the notion summoned visions of Bethesda matrons cutting their own grass and taking care of their own kids; K Street lawyers and lobbyists pushing mops and taking out the trash at their offices; bureaucrats having to serve themselves Navy bean soup, meatloaf, blackened sole and soggy broccoli in the cafeteria line -- that would teach them a lesson, was the idea.

But the work boycott sent an odd, ambiguous message, others thought. When immigrants list the personal attributes they are proudest of, "hardworking" is at or near the top of every list. And now they were going to show their value to society by not working?

Most members of the main immigrant organizing coalition in the Washington area were against the boycott. So were some of the local movement's most important motivators -- radio disc jockeys. They said now was not the time to get too radical, while there is still a chance that the Senate will produce an immigration bill that would provide a path to citizenship for undocumented immigrants.

Still, other local organizers urged the boycott, saying now was the time to flex some muscle.

Both factions picked Meridian Hill for an afternoon rally, and more than 1,000 boycotters and un-boycotters assembled in the leafy splendor of perfect park weather.

You could spot differences in the two crowds. The un-boycotters were more likely to have on work uniforms or work boots with fresh dust. They came and left at odd times, going to punch in, or just punching out, in the middle of chants that sounded better in Spanish ("Bush, listen, we are committed to the struggle!") or a song in English ("Amazing Grace").

The boycotters were more likely to be young, holding disposable jobs they might easily replace in a fast-food nation. Also more likely to be wearing the red and black of revolution.

Eber Garcia, 25, said his boss in a roofing company told him if he didn't show up for work yesterday, he would think about firing him. Garcia said he could live with that.

"Say you work in a restaurant and I work in construction," he said. "I lose my job and you lose your job [for joining the boycott]. I can go to your restaurant and you can go to my construction. They need us. We are not afraid."

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Garcia is as hard a worker as any, and he says he knows stuff about roofing that his boss depends on. He says he earns about $1,000 in a good week and sends $800 of it back to his mother and two sisters in Mexico. Yesterday cost him about $140 in lost wages.

"If I have to do this I'm going to do this to catch their attention," Garcia said.

To boycott or not to boycott? So much riding on the answer in individual lives, such high stakes for a movement groping for its voice and next steps.

But there in the park, with the guitars and the flags and the children in strollers, at a time and a place when the tactical rift could have betrayed weakness and the spectacle of protesters protesting the protest, the leaders showed some savvy. They pretended there were no differences of opinion. They shared one stage, one sound system near the statue of Joan of Arc, and they didn't talk about whether to boycott or not to boycott. It was too late for that anyway. They kept saying over and over how united they were.

"All organizations present are united for legalization" of those without papers, shouted a typical speaker. "We demand real comprehensive reform legislation that recognizes the contributions of" -- here it comes -- "hardworking immigrants."

Did Cesar Chavez have to fake a united front during the five-year grape boycott he launched with the United Farm Workers in 1965? In any case, it was an effective tactic. In the end, growers agreed to let the union bargain for the workers, and they got higher wages, health care and retirement benefits.

The dissonant thing about Chavez as an inspiration for the current movement, however, is that he didn't care much for undocumented workers. He considered them "strikebreakers." He came to Washington in 1979 to accuse immigration authorities of letting such workers avoid the law in order to defeat the union.

Chavez himself may have been inspired by the Montgomery, Ala., bus boycott in 1955-56, sparked after Rosa Parks was arrested for refusing to give up her seat. The boycott brought the bus companies to the brink of bankruptcy and proved the mettle of the civil rights movement. But it took the Supreme Court to finally desegregate the buses.

Still, the bus boycott made a 26-year-old preacher named Martin Luther King Jr. a national figure, and set a tide in motion -- a taste of what possibilities were in the air in the park yesterday.

Yesterday's rally also drew energy from fiction. People in the crowd were passing out fliers about the 2004 mockumentary "A Day Without a Mexican" -- as if we could have forgotten. The premise of the movie is that suddenly all the Latinos disappear from California -- all the nannies, groundskeepers, street sweepers, car mechanics. The state can't function and goes crazy.

Which is also what happens in a fictional Southern town in the 1965 play "Day of Absence" by Douglas Turner Ward. All the black people suddenly disappear. The playwright later said he had been in Montgomery during the bus boycott, and he had been inspired by what happens when invisible people make themselves visible by, paradoxically, disappearing. Not riding the bus, not going to work.

Some of the boycotters were like Juan Arreaga, 30, who came from Mexico 10 years ago, lives in Manassas and owns a remodeling business. He gave all 40 of his workers the day off. Nobody was going to get fired for this "boycott." It wasn't a radical, personally risky act. Nor was it for Carlos Rosales, a self-employed financial analyst in Hyattsville, who boycotted himself.

Joanna Salguero and Jacqueline Ortiz are cashiers at a fast-food restaurant in Centreville. They boycotted. But they got permission from their boss.

If your boss says it's okay, or if you are the boss, is that a boycott? Do you have to risk getting fired for the act to acquire moral gravitas?

No, said the organizers. The point was just to show how many productive Latinos there are. Permission or no, there they were, there in the park, standing up to be counted.

Carlos M. Bermudez, chef with a food-service company in the District, boycotted -- but he went to work Sunday to cook all of yesterday's food ahead of time. In other words, he found a way to work and boycott.

The un-boycotters, for their part, looked for ways to show workplace solidarity. Germain Gutierrez, 27, from Beltsville by way of El Salvador, got to the park a little late. He had reported to the D.C. body shop where he works. But his boss let him leave after he put in four hours.

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Think of all the cars coming in after a weekend of wrecks. Think of all the minivans of the Bethesda matrons, and the BMWs of the K Street lawyers.

Different Paths To Same Goal (WSJ)

By Barry Newman And Miriam Jordan

The Wall Street Journal, May 2, 2006

Hundreds of thousands of immigrants and their supporters snarled the streets of Los Angeles twice yesterday in support of a common goal separated by diametrically opposed tactics. One protest, at midday, sought to have illegal immigrants miss work and school to drive home how integral they are to American life; the other, in the late afternoon, sought to minimize disruptions for fear of arousing more opposition to their cause.

The dueling demonstrations were evidence that, even as the pro-immigrant movement swells, there isn't unanimity about tactics -- and it could take years to advance its goal of legalizing the status of millions of undocumented immigrants. Immigration rallies in major U.S. cities like Los Angeles and Chicago have drawn crowds of up to 500,000 during the past six weeks as a huge show of short-term popular opposition to a get-tough bill passed in the House in December. Now, some groups and individuals have to a degree tempered the call for activism, fearing that too much disruption to U.S. businesses that rely on immigrants could create a political backlash that would actually undermine their efforts and raise doubts about hasty compromises under debate in Washington.

And while the coalition has so far been deep and wide, encompassing many nationalities, not all groups are in sync with the Hispanics who form the overwhelming majority of undocumented immigrants. In New York's Chinatown yesterday, for example, a demonstration intended to rally shoppers and shopkeepers was a dud. Fewer than 100 Asian members of Unite Here, the union of textile, hotel and restaurant workers, set off along East Broadway against an indifferent tide of delivery men pushing handcarts and pedestrians on cellphones. "We need to form a human chain," said a woman leading the march, but nobody did.

There are even divisions among Hispanics, as immigrants from Mexico and elsewhere who have attained legal status in the U.S. do not always want to open the door to others who might follow. In a new Wall Street Journal/NBC News poll1, for instance, those surveyed were asked whether they would favor building a fence all along the border between Mexico and California. While 60% of Hispanics opposed that idea, a third of the Hispanics surveyed said they backed it.

Similarly, sentiment among Hispanics was mixed on yesterday's no-work day. Some 34% of Hispanics said the protest would help the cause of immigrants, but 43% said it would hurt their cause.

Of course, many protest movements -- including the civil-rights and anti-Vietnam War activists in the 1960s -- have overcome such fissures to get across broad, effective support that translates into government action. "I don't think there are two camps," said Pablo Alvarado, director of the National Day Laborer Organization, which backed a work stoppage yesterday. "What I see is one big camp with different tactics. The goal is the same: legalization for the undocumented. Some believe that by demonstrating we have economic power we can help persuade America. That is good, and we have to do it. This type of radical action has to take place."

But Mr. Alvarado added: "At same time I know that many Americans don't like these kind of actions. ... For them, we need to do other type of things. One of ways to achieve legalization is by winning hearts and minds of Americans."

There is disagreement on the streets about how to accomplish that, however. Typically, when asked, Latino workers say they are in favor of mobilization. But many say they think it sends the wrong message to miss school and work.

"Some people are taking it too far," said Blanca Alvarenga, a 20-year-old daughter of El Salvadoran immigrants who came here illegally and now have green cards. "We shouldn't pull kids out of school or be missing work," said Ms. Alvarenga, a saleswoman at a Payless Shoe Source in Los Angeles.

Vicky Cruz, a college student born in the U.S. who works at a Baskin Robbins ice-cream shop in Los Angeles and has undocumented relatives from El Salvador here, said: "We came here to go to work and go to school." Plus, "I have bills to pay."

The divide among immigration protesters is not just about the style of dissent, however. The broad movement initially coalesced around opposition to the House immigration bill passed last year, which opened no avenue to citizenship for

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undocumented immigrants and made a felony out of both being in the U.S. illegally and helping an undocumented worker. The compromise produced by the Senate Judiciary Committee at the end of March, days after a massive march in Los Angeles, was cheered as a victory by most pro-immigrant lobbyists.

But now a faction of immigrant supporters who have checked the fine print in the 614-page committee compromise are going public with serious misgivings. While the compromise bill does offer eventual citizenship to millions, it also creates concern that millions could be found ineligible to apply. In particular, questions are surfacing about a provision that disqualifies workers who supply false information -- including fake Social Security numbers -- on the federal form employers must submit for all new hires.

While the tough House bill and another Senate bill backed by Republican Majority Leader Bill Frist both make past document fraud punishable by deportation, the softer Senate Judiciary Committee compromise would only penalize fraud exposed after the bill became law. But it leaves vague whether immigrants who keep working past the day of the law's passage would also face deportation. If they obtained their jobs earlier with false papers, they could fall into a trap.

"We can't be fooled into believing there's a breakthrough when proposed measures actually make undocumented immigrants ineligible," said Eun Sook Lee, director of the National Korean American Service and Education Consortium in Los Angeles. "The numbers impacted would be in the millions. You can't do backdoor delegalization while you're proposing legalization."

By yesterday, though, the subtleties of the political debate largely hadn't filtered down to the streets, leading some activists to ask if the demonstrators are sending a useful and unified message. "It's a little hard to be sure what people are opposing or supporting," said Paul Igasaki, who heads an immigration and civil-rights "working group" speaking out against provisions "that would erode basic rights for everyone in America."

Even groups promoting the compromise -- including the National Immigration Forum -- want to cut out new enforcement tools in it that would, among other things, add the names of immigration violators to the national crime database, require criminal checks on U.S. citizens sponsoring relatives for green cards, and mandate deportation for legal immigrants convicted three times for drunken driving.

But others say it's time to slow the whole legislative process down and wait for something much better.

"There's a big gap between what advocates in D.C. are negotiating and what [immigrant] communities are really demanding," said Arnoldo Garcia of the National Network for Immigrant and Refugee Rights in Oakland, Calif. "It'll take a lot more time before we get changes that make people happy -- so we can have one of those photo ops like the one of Martin Luther King standing behind Lyndon Baines Johnson."

Mr. Garcia was thinking of a famous picture of President Johnson signing the Civil Rights Act of 1964 -- taken nine years after Rosa Parks sat down in the front of a bus in Montgomery, Ala.

Today's Protests Shutter L.A.'s Produce And Garment Districts (LAT)

By Jesus Sanchez

The Los Angeles Times, May 2, 2006

The normally bustling downtown Los Angeles produce and garment districts were virtually shut down today, and truck traffic at the ports was down sharply after many employees protesting the nation's immigration policy's did not show up for work.

The dearth of activity in the produce and garment districts, both heavily dependent on immigrant labor, was so far the most dramatic sign of the impact of today's organized immigration protests on local commerce. Only sporadic business closures and staffing shortages reported across the remainder of Southern California.

The Los Angeles Wholesale Produce Market — which provides fresh food to restaurants, grocery store chains and countless mom and pop outlets — was unusually quiet at 2:30 am when the sprawling complex is normally a din of shouting workers and rumbling trucks The nearby 7th Street Market, the region's second-largest wholesale food market, never even bothered to open.

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"This is not a normal day," said Robert Barrios as he viewed the sedate concrete loading docks at the Los Angeles Wholesale Produce Market. "This time of the day, you usually have trucks pulling in, pulling out. People yelling, "Hey, let's go! Get out of the way!"

A few hours later, visitors to the nearby downtown garment district were greeted by block after block of shuttered storefronts and garment factories. Many businesses had decided to close after workers informed them of their plans not to show up today, according to business owners.

Pelicana Fashion on Maple Street was one of the few businesses that tried to open today but manager Sueli Shin decided to close up shop before 11 am.

"Only one of my six workers showed up," Shin said as she was preparing to close the shop.

The labor boycott also apparently made itself felt at Southland hospitals, where more than twice as many nurses, aides and housekeepers failed to show up as usual for the 7 a.m. shift, said Jim Lott, a spokesman for the Hospital Assn. of Southern California.

"Usually we see 3 to 5% absenteeism on a Monday, and we're running 8 to 12%," Lott said.

Hospitals called in temporary workers and consolidated patients, but absenteeism returned to normal levels during the afternoon shift. "So far the shortages haven't been so severe that they've had to stop anything," Lott said.

Truckers who honored the immigration boycott hobbled shipping operations throughout the ports of Los Angeles and Long Beach, the fifth-largest harbor complex in the world. Traffic on the roads that cut through the ports as well as on the Long Beach Freeway was noticeably lighter as truck activity was down by as much as 80%, according to marine terminal operators.

At the APL Global Gateway South terminal at the Port of Los Angeles, spokesman Mike Zampa said that about 40 trucks an hour were moving through the terminal's gates this morning, compared to 175 an hour during the same time last week.

Terminal managers and port officials said, however, the immigration boycott has not affected the unloading of ships or railroad operations in the port. They also said the impact will be shortlived because the backlogs of cargo will be cleared in the days ahead, and some companies that anticipated the boycott moved and picked up cargo over the weekend.

"It's been pretty quiet," McCorkle said. "But a one-day event isn't going to have a big impact. We expect we will be able to move some cargo tonight."

Some port truck drivers who chose not to work gathered for a noon rally that drew about 200 people to Banning Park in Wilmington. There, supporters wearing white waved the U.S. and Mexican flags at drivers passing on Pacific Coast Highway. Roughly half the drivers honked in response.

Independent trucker Lucio Vasquez, 38, of Wilmington said he came to the United States from Mexico City illegally in 1981 to find work. Although he is now a citizen, he chose to join the boycott to show solidarity with illegal immigrants. "A long time ago, I was in the same situation," Vasquez said.

At Hannam Chain Market World, one of the oldest Korean supermarkets in Koreatown, about 60 non-Korean employees, mostly Latino, didn't show up for work today. And those who did were planning to leave at noon.

But manager B.J. Kim was hoping to keep his store, at Olympic and Vermont, open all day with the help of his Korean workers, who did show up.

"You have to pass the day," said Kim, who planned to do little more than staff the cashiers, forgoing stocking the shelves and other nonessential work. The store's sound system was tuned to Korean radio to keep abreast of the day's events.

One of Hannam's Latino workers who did report for his regular shift was bagger Michael Carranza, 39, a long-time employee and immigrant from Guatemala

"I've been here for 11 years and being here helped me raise a family," said Carranza, who is undocumented but said he is in the process of getting papers. "So I volunteered to come here this morning."

In the San Fernando Valley, it was a shortage of shoppers and not necessarily workers that prompted 11 businesses to close at the Panorama Mall by late morning.

"I've never seen it like this," said Edward Ourishian, who was planning to close his shop, Prime Time, a watch and jewelry stand, by noon. "There is nobody here. Usually it's crowded here. Ninety-five percent of the shoppers are Hispanic. But, look, now you see only white faces."

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In the same mall, employees at the Wal-Mart outnumbered the shoppers, while a branch of La Curacao, a department store that caters to newly arrived immigrants, was closed for shopping but open to offer free legal advice.

"We're taking a big hit but it's worth it," said manager Jose Cruz, whose store normally would serve up to 3,000 customers on a Monday.

The nearly 700 Carl's Jr. fast food restaurants in California were open for business today but about half a dozen outlets in the Los Angeles area had to close their dining rooms and limit service to drive-thrus because of a lack of workers, said spokeswoman Anne Hallock.

"They have signs on the windows saying they have limited service," Hallock said.

Migrants' Walk-outs Hit Business Across US (FT)

By Edward Alden, Jenny Johnson, Holly Yeager , And Christopher Parkes

Financial Times, May 2, 2006

US farms, restaurants, meat processing companies and other businesses were hit by walkouts on Monday as hundred of thousands of immigrants across the country rallied to underscore their importance to the economy and to protest against legislation that would target illegal migrants.

In Los Angeles, where the the protest march stretched out for more than mile and was growing late on Monday, local reports said that only 10 per cent of the truckers serving the Port of Los Angeles turned up. The union representing California farmworkers said tens of thousands had joined marches and rallies, leaving many fields empty for a day.

Florida fruit and vegetable growers similarly reported that about half of farm workers did not show up on Monday. In the Midwest, the top US meat processors, including Tyson Foods, Cargill and Swift, shut their operations for the day. And the country's largest Hispanic-owned food company, Goya Foods, suspended deliveries throughout the US in support of the boycott.

The work stoppages and the demonstrations – which included huge marches in Los Angeles, Chicago, New York and Philadelphia – marked the latest and biggest in an escalating series of protests.

Sonia Umanzor, a nurse who marched in Washington, DC, said she had pulled her daughter out of school and had received permission from her employer to skip work and join in the day-long boycott. She said: "A lot of people start to see us as criminals and don't trust us. And we are the ones working hard in the worst jobs."

The demonstrators are objecting to legislation passed by the US House of Representatives that would criminalise illegal immigration and drastically increase barriers and police enforcement along the US border with Mexico. The US Senate is divided over more liberal legislation that would toughen enforcement but allow many of the country's nearly 12m undocumented immigrants to remain legally.

Most companies appeared to have planned in advance to avoid serious disruptions. Mary Price Burk, a partner with Baker & Hostetler in Denver, said that none of her business clients had reported any problems in spite of large demonstrations there. "People are working with it, and it's not having a substantial negative effect," she said.

The biggest effects appeared to be on restaurants, construction projects and small retail businesses, though hotels and casinos reported little disruption.

At the Old Ebbitt Grill, a popular Washington restaurant just a block from the White House, the take-out shop was offering a sharply scaled-back menu on Monday and most of the staff were absent. The usually cramped short-order kitchen was quiet. "Everyone who asked for the day off got the day off," said a manager who was filling in.

Crossroads Trade And Immigration Battles Of The Past Offer Lesson For U.S. (WSJ)

By Greg Ip

The Wall Street Journal, May 2, 2006

Surging immigration unsettles workers and prompts calls to stop the flow. Congress ponders higher tariffs to protect struggling industries. National-security fears heighten anxiety about foreigners. A growing gap between the rich and the middle class fuels angst about globalization.

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It sounds like today, but it could also be the 1920s. After a backlash against immigration and a "Red Scare," the U.S. sharply limited the inflow of immigrants for years. The Smoot-Hawley Tariff, conceived to protect farmers, then helped trigger a trade war that deepened the Great Depression.

It could also describe the 1980s. With factory layoffs blamed on imports and public cries to limit illegal immigration, Ronald Reagan struck compromises. His administration persuaded Japan to agree to "voluntary" export restraints, coordinated a drop in the value of the dollar and toughened immigration enforcement while granting amnesty to some. The U.S. kept its doors open to goods, capital and people -- and its economy prospered.

As America faces similar pressures today, what are the lessons? Buffeted by similar political and economic tensions, these two periods had different outcomes, largely due to how political leaders responded. These days, leaders know better the dangers of closed borders than their 1920s predecessors, and a return to that degree of isolationism seems unlikely. But they also lack the political assets of their 1980s counterparts, and that could make it hard to resist calls to restrict or even reverse America's traditional openness to foreign goods, services and people.

"The potential for an explosion in protectionist sentiment is greater now than it was" in the 1980s, says William Brock, who was Reagan's U.S. Trade Representative after representing Tennessee in Congress for 15 years. "This is the least constructive atmosphere in my 40 or 50 years in and out of government. People want to find someone to blame for almost everything."

Romano Mazzoli, a former Democratic congressman from Louisville, Ky., who co-sponsored immigration legislation in the 1980s, worries that a failure to deal with illegal immigration could hurt the legal kind. "I like to think we've come so far since the 1920s that we could never repeat" that era's racially motivated immigrant quotas, says Mr. Mazzoli, whose father emigrated from Italy in 1914. But, he adds, "The guy whose job is on the line...may not have an economics degree from Harvard. What he does have is the vote. And people like him can make troublesome noises on Election Day."

American ambivalence about trade and immigration is nothing new even when the economy is doing well. While globalization -- the increased movement of goods, capital and people across borders -- may benefit society as a whole, it tends to harm specific groups. Cheap imports, for instance, are good for consumers but threaten U.S. companies making rival products. And those harmed, whether farmers in the 1920s, auto workers in the 1980s or small manufacturers today, can be vocal.

The 1920s backlash followed decades of heavy immigration from Eastern and Southern Europe, which labor leaders and others believed threatened the wages of native-born Americans. The 1980s backlash came after the emergence of large, intractable trade deficits, in particular with Japan, which were blamed for turning the industrial Midwest into the Rust Belt.

Today, immigration rates are back to levels not seen consistently since the early 1920s, fueling an increasingly divisive debate highlighted by demonstrations across the U.S. yesterday campaigning against the possibility of new restrictions on immigration. At the same time, imports now command their largest share of U.S. gross domestic product in two centuries, according to Douglas Irwin, an economist specializing in trade history at Dartmouth College. Cross-border merger deals are sparking fears that overseas companies, some state-owned, could control vital U.S. assets.

President George W. Bush has shown both protectionist and pro-globalization streaks. He raised steel tariffs and tightened restrictions on Chinese textile imports. But he also opposes broader tariffs on China, unsuccessfully defended a proposed acquisition of some U.S. port operations by a Dubai-based company and is lobbying for a guest-worker program, the details of which he has left vague. Yet his lack of popularity, political capital and bipartisan support makes it harder to prevail in Congress, or even with his own party.

Senate Finance Chairman Charles Grassley, an Iowa Republican, supported the 1986 immigration reform but opposes Mr. Bush's guest-worker program. In 1986, "I was told amnesty along with employer sanctions would solve our problems, and...it just led to an 11-million-person problem," he says in an interview. "I've been burned once and am not going to be burned twice."

The 1920s: Perils of Protection

The period from 1871 to 1914 is sometimes considered globalization's golden age. With the United Kingdom leading the way, international trade and finance flourished. As the U.S. became an exporter of manufactured goods, it warmed to free trade. Before becoming president, William McKinley was a leading protectionist in Congress. But by 1901, as president, he began to espouse the benefits of reciprocated free trade, most notably in the speech he gave in Buffalo the day before he was fatally shot.

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Woodrow Wilson reduced tariffs in 1913. But World War I ended the era of globalization. Britain lost economic leadership. The gold standard was abandoned. Republicans, then the party of protection, took back Congress in 1919 and the White House in 1921. Determined to keep the U.S. free of foreign entanglements, they refused to join the League of Nations and after a deep recession, raised tariffs sharply in 1922.

The rest of the 1920s were prosperous for the U.S. and for the rich in particular. But farmers struggled. Many took on debt to expand when prices were high; foreclosures soared after the war when prices collapsed. Herbert Hoover campaigned in 1928 for "limited tariff relief" for farmers. In the subsequent Republican landslide all sorts of industries demanded protection and Congress gave it. A year and a half later, Congress passed the Smoot-Hawley Tariff of 1930, which raised 890 tariffs.

Legislators wanted to protect favored industries and largely ignored the ramifications of their actions, says Mr. Irwin. "The inadequately protected potato is a nationwide issue," intoned Rep. Carroll Beedy, a Maine Republican. Willis C. Hawley, a Republican from Oregon and a co-sponsor of the tariff bill, said the law did not "exclude foreign products from our markets, but does propose that such products shall not come into this country to the detriment of the American producers and wage earners."

Over 50 countries sent letters to the U.S. government to protest, Mr. Irwin says. Smoot-Hawley helped bring a new government to power in Canada that retaliated against the U.S. All this contributed to a collapse in global trade and exacerbated the Great Depression, although historians differ as to the extent.

"Congressional trade policy is very heavy-handed, doesn't take into account all the interests at stake and can lead to an incredible foreign backlash that can be very difficult to unwind or defuse," says Mr. Irwin.

The 1920s also saw a reaction against immigration. The annual arrival of about a million immigrants from 1905 to 1914 aroused resentment among native-born workers and resistance from labor unions that felt the competition depressed wages. The reaction was drenched with racism. "Russian Jews, Hungarians, Greeks and Italians were viewed as inferior to earlier stock immigrants: the Irish, English, Scandinavians and Germans," says Daniel Tichenor, a political scientist at Rutgers University.

As Mr. Tichenor wrote in his 2002 book "Dividing Lines: The Politics of Immigration Control in America," Congress passed its first immigration quotas after being galvanized by a 1920 State Department warning of a wave of "filthy" and "unassimilable" Jews fleeing European persecution. Just as terrorism adds fuel to the issue today, the 1920 "Red Scare" sowed worries that such immigrants carried "Bolshevik revolution, anarchy and other forms of political radicalism," Mr. Tichenor wrote.

The first attempt to reduce immigration, a literacy test, was vetoed by Wilson in 1915, but Congress overrode him in 1917. Shortly after Warren Harding took office in 1921, Congress passed the Quota Act, dramatically cutting inflows. In 1924, it dictated that immigrant inflows should reflect the ethnic makeup of the U.S.

The consequences were profound. Many Jews fleeing Nazi Germany could not enter the U.S. As it happens, fears that immigrants wouldn't assimilate proved unfounded, Mr. Tichenor says. "Over the next decades they assimilated culturally, politically, economically, educationally just fine."

The 1980s: Benefits of Compromise

After World War II, the U.S. abandoned its isolationist stance and helped create the United Nations, the General Agreement on Tariffs and Trade and the International Monetary Fund. In the two decades that followed, a wealthy and open U.S. facilitated a new era of globalization.

But as economic growth slowed in the 1970s, the U.S. saw its competitive edge slip. Congress rewrote trade laws allowing industries to more easily obtain protection from overseas competition. When Reagan took office in 1981, there were many proposals in Congress to slash the flow of imported cars from Japan, recalls Mr. Brock, the former trade representative.

Reagan "at his core, really detested any government intervention in the marketplace," Mr. Brock says. He recalls telling his Japanese counterparts that although Reagan would be challenged by Congress, "no restraints would pass over his veto." To maintain good relations with the U.S., the Japanese agreed in 1981 to limit exports of automobiles to the U.S. to just below their 1980 levels for three years. Similar agreements were reached covering motorcycles, semiconductors and machine tools.

Mr. Brock says Reagan was popular enough to veto any trade bill he didn't like. That contrasts with Congress's willingness to defy Mr. Bush's veto threat when it moved to block the recent ports deal.

At the same time, U.S. manufacturers complained that the strong U.S. dollar and weak Japanese yen gave Japanese companies an unfair advantage. In 1985, to fend off protectionist sentiment from Congress, Reagan's influential Treasury

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Secretary James Baker coordinated an international effort to drive the dollar down, principally through massive selling of dollars by world central banks. That eventually helped narrow the trade deficit by making imports more expensive and exports cheaper.

Gary Hufbauer, a trade expert at the Institute for International Economics, a Washington, D.C., think tank, says Reagan "opportunistically allowed protection, to deal with congressional pressures at the moment." Free trade made little progress but it didn't suffer lasting setbacks either.

A similar dynamic occurred with immigration. By the 1980s, Mexico's stagnant economy and growing population led between three and six million Mexicans to seek a new life in the U.S., albeit an illegal one. That sparked a growing clamor to crack down. In 1981, Mr. Mazzoli and Wyoming Republican Senator Alan Simpson introduced a bill that would punish employers for hiring illegal immigrants, require Americans to show an identification card to get a job and put some illegal immigrants on the path to citizenship.

Pro-immigration critics of the bill compared the ID card to "dog tags" or "bar codes" while anti-immigration critics said it would reward lawbreakers and displace Americans from their jobs. Mr. Mazzoli says it passed because of broad, bipartisan support: The bill was rooted in the recommendations of a Carter-era bipartisan commission, sponsored by a Republican senator and a Democratic congressman, and signed by Reagan. Ultimately, about three million illegal immigrants took advantage of the amnesty, and immigration -- both legal and illegal -- rose over the next two decades.

Today: At the Crossroads

These compromises allowed globalization to advance but did not remove some underlying irritants. Income inequality has continued to widen. Domestic auto makers have lost more market share to foreign brands. The trade deficit has ballooned to new records. The number of illegal immigrants has soared. Gordon Hanson, an economist at the University of California at San Diego, says the 1986 law may have unintentionally "legitimized" the hiring of illegal immigrants because it didn't require that companies ensure the authenticity of their employees' documentation.

President Bush has emphasized the dangers of turning away from the world. "What I hope you don't see is a nation that loses its nerve and becomes isolationist and protectionist," Mr. Bush told an audience in Irvine, Calif., last week, defending his proposed guest-worker program. "What I hope you don't see is a nation that loses its confidence in the capacity to trade with countries like China."

Yet progress on opening borders has been difficult under Mr. Bush. The U.S. has signed an array of bilateral and regional trade deals but hopes are fading for a broader world-trade pact before Mr. Bush's negotiating authority expires in mid-2007. Congress is now drafting tighter restrictions on foreign investment in the U.S., and the fate of Mr. Bush's proposed guest-worker program is uncertain.

Although some of these setbacks are beyond his control, Mr. Bush's lack of personal popularity and bipartisan support has hampered his ability to promote pro-globalization policies. Rep. Sander Levin, a Michigan Democrat who has supported trade deals in the past, has opposed many negotiated by Mr. Bush. Unlike Reagan or Bill Clinton, he says, the president hasn't accommodated Democrats' concerns, such as worker protection in trade pacts.

Federal Reserve chairman Ben Bernanke, a scholar of the Great Depression, recently warned Congress that growing inequality threatens the U.S.'s commitment to open markets. "Our society is based on opportunity, it's based on flexibility in labor markets and product markets, it's based in open and fair trade," he told lawmakers. "And all of those things are at risk if a growing portion of the population feels they're not sharing in the benefits from those changes."

Thousands Turn Out, But Support Is Mixed Among City's Immigrants (NYT)

By Michelle O'Donnell

The New York Times, May 2, 2006

At his corner grocery on Coney Island Avenue in Ditmas Park, Brooklyn, Tariq Asheik minded the store alone yesterday morning, having given his two Mexican employees the day off to join rallies in support of immigrant rights.

"I love immigrants," said Mr. Asheik, who is from Pakistan. "Everyone's an immigrant here."

Along the unusually quiet commercial strip, dozens of Hispanics and Pakistanis joined hands to form a human chain.

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But up the street at his sign store, David Lanzman said he had no plans to close his business, despite the shuttering of other stores nearby in gestures of support.

"Who's going to secure the store?" said Mr. Lanzman, a Romanian who immigrated to the United States more than 30 years ago. "Maybe I lose $1,000 or $2,000."

Across the New York region, thousands of people took part in demonstrations and an economic boycott called for by some immigration leaders and labor unions, culminating in a demonstration last evening by tens of thousands of people in Union Square in Manhattan. But despite the large turnout of Hispanics, there was far from uniform support for the rallies among all immigrant groups.

The divide was visible in New York City, where immigrants from different countries live side by side. In Ditmas Park, the door to La Nueva Union, a Mexican bakery, was locked, while a nearby film developing shop, owned by a Pakistani man, remained open.

Denise Rodriguez, a Mexican immigrant who works as a maid, said she stayed home from work and kept her two young sons home from school yesterday to attend a rally. Education officials said attendance in city schools yesterday was down about 6 percent.

In the Sunset Park neighborhood of Brooklyn, which is home to large numbers of Hispanics and Asians, about 3,000 people, mostly Hispanic, turned out for a midday rally, although Asian-owned businesses largely remained open. That was to be expected, said Artemio Guerra, a rally organizer, who said legislation pending before Congress that would overhaul immigration law was a "racial attack on Hispanics."

Some of the store closings and rallies took place at 12:16 p.m., a time chosen as a symbolic protest against the passage of the bill by the House of Representatives on Dec. 16 last year.

One of the most visible demonstrators in Sunset Park was Sylvia Garcia, an immigrant from Mexico, who held a large hand-lettered sign reading, "I lost my job to be here today." Ms. Garcia, 32, said she was dismissed from her job as a cashier at Cafe O in Midtown Manhattan, along with five co-workers, after attending the rally without being given the day off, an account confirmed by Patrick Lee, the manager.

"They came last minute without a heads up," Mr. Lee, an immigrant from Korea, said yesterday as he worked a long day as cashier. "I understand their situation, but I don't understand why she didn't give me a heads up."

In Jackson Heights, Queens, an area with a large Central and South American population, thousands of people poured onto 37th Avenue, waving flags and holding signs adorned with a red apple reading, "I love immigrant New York!"

In Albany, the State Assembly, controlled by Democrats, stopped business for the day to show support for the national rallies. Shortly after the session was called to order around 3 p.m., about two dozen Assembly members turned and walked out in silence. The Assembly adjourned several minutes later, without acting on any legislation.

On Long Island, where the most visible pools of immigrant labor are the outdoor sites where Hispanic men and women gather to wait for daily work, the boycott appeared more uniform.

Along Willis Avenue in Roslyn, where a line of hundreds of Hispanic men awaiting work usually stretches for nearly a mile, there was no one yesterday, said the Rev. Allan B. Ramirez, an advocate for immigrants.

"It looked like the streets were abandoned," Mr. Ramirez said.

Salvadoran Shopkeeper Sacrifices To Achieve (WP)

By Karin Brulliard

The Washington Post, May 2, 2006

On any other Monday afternoon, Gerardo Sanchez would have been at his Columbia Heights photo studio snapping family portraits, selling Mexican DVDs, maybe ordering supplies by phone.

Yesterday, the shop's door was locked and the sign that normally blinks O-P-E-N in its window was dark. Sanchez was in Hyattsville, kneeling on his wet driveway, hosing off a hubcap of his minivan.

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"See you there?" Sanchez, 32, called in Spanish to a neighbor. The neighbor nodded; there was no need to explain where. Like Sanchez, he would head to a rally in the District and add his voice to a call for immigration reform. To show his support, Sanchez had not only shuttered his store. He planned a day without spending a dime.

Until the Good Humor truck rolled up the street, that is, drawing Sanchez's 3-year-old daughter, Tirza, like a magnet. A few minutes later, Sanchez had purchased ice cream for Tirza, two neighbor children and his wife.

"It is for the children! I forgot because of the children," he said in an eruption of laughter. Then, reconsidering, he put up his hands in a who-me ? gesture. "I did not buy anything. I gave a gift."

Like many immigrants who participated in yesterday's boycott and strike, Sanchez did it with a few calculated risks. His three school-age daughters went to class because he had not told school officials they would stay home, and he knows there are rules. Much of his work is arranged over his cellphone, and because he is the boss, he would not imperil his job -- something he was not sure he was willing to do.

Still, Sanchez, a Salvadoran with a temporary work permit, said he did not think twice about closing his shop, though he knew he would lose money. He predicted he would lose $400 to $500 from walk-ins -- people like the girl who arrived Sunday afternoon, celebrating her sweet-15 in a sparkling tiara and taffeta hoop skirt that she squeezed through the shop's front door.

"I think people have to sacrifice something to achieve something," he said. The something Sanchez wants: legal status for illegal immigrants and residency for those with work permits like the one he has, which does not permit him to leave the country. Hope for a law that could grant that wish has inspired in Sanchez a previously dormant political interest. He also closed his store April 10 to attend a rally on the Mall.

Sanchez said he knew many activists discouraged the boycott, but he was unconcerned. Part of him suspected a "political game" in which members of Congress unsympathetic to immigrants influenced the organizers. Mostly he thought that the immigrant community wanted the boycott. Besides, he figured, why wait when you do not know what tomorrow will bring?

"When a human being has decided, he has decided," Sanchez said.

For Sanchez, the morning passed much as it would on a typical day off: He slept late and watched the news. After washing the van, he took a shower, spritzed on cologne and picked up his girls at school a few blocks away.

Back home, Sanchez and his daughters -- ages 5, 7 and 9 -- paged through a book club pamphlet. He boasts that his daughters know the U.S. national anthem but not its Salvadoran counterpart.

In 1999, Sanchez flew to the United States with a professional visa in his passport to cover the Cherry Blossom Festival for a television station in El Salvador, where he worked as a photographer, journalist and cameraman. He says he did not intend to stay. But he did, picking up freelance photo jobs here and there. In 2000, he started doing weddings and other events.

Last year, he bought a brick duplex for $272,000. Four months ago, he opened his shop in a low-ceilinged basement with orange walls. He put speakers on the sidewalk and blasted Latin music to draw in clients. Sanchez is demure about his store's profits, preferring to say it "maintains itself."

Even with that dream realized, Sanchez knows his situation is tenuous. His work permit does not allow him to apply for a green card, and his wife and children are here illegally. Yesterday, he leaned back on his plaid sofa and looked at his daughters, who raced wildly around the living room.

"My dream is that they study" in a university, he said. And that they learn three languages, and maybe study overseas.

That last point is at the heart of Sanchez's feelings about legalization: He believes it is only fair that people should be able to come and go from a country, especially if they are hardworking and responsible.

Sanchez speaks these thoughts like a preacher. He peppers intense monologues with sudden whispers for emphasis and is given to parables and metaphors. A dove lives in a beautiful tree surrounded by bars, he recounted. "What is it? It is still a jail," Sanchez said, hissing the second sentence. Set the dove free, he continued, and it will return to nurture the tree.

In mid-afternoon, he got into his Toyota and headed for the rally alone. Taking his daughters somewhere police are present would make him nervous, he said. But Sanchez was eager. The anticipation had been mounting all day.

As he crossed a street toward Malcolm X Park, Sanchez gripped a stack of fliers given to him that morning by day-labor organizers in Langley Park. The fliers tell day laborers how to avoid getting stiffed, but Sanchez handed them out indiscriminately, offering a " Como esta ?" to each taker.

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"I would like to be like a leader of the community -- no matter your race, no matter your color," he said, entering the park. Making his way to the stage, Sanchez shook hands with photographer friends and paused to sign a petition supporting voting rights for legal immigrants in the District. The rally was lovely, he decided.

And he decided something else: He would risk his job for this after all, if it came to that.

"I would do it," he said, squinting under the sun. "To help others. I know tomorrow I can find another job."

A few minutes later, Sanchez squeezed under the scaffolding near the front of the stage, next to a man holding a giant U.S. flag and a small Salvadoran one. He raised his hands above his head and clapped.

Most Turn Deaf Ear To Spanish U.S. Anthem (USAT)

By Bill Nichols

USA Today, May 2, 2006

WASHINGTON — More than two out of three Americans say the national anthem should be sung only in English, according to a USA TODAY/Gallup Poll.

The finding comes after the release last week of a Spanish-language version of the anthem called Nuestro Himno or Our Anthem.

The poll, taken Friday through Sunday, found that 69% believe it is only appropriate for the anthem to be sung in English, while 29% say it is OK to sing it in Spanish. The poll's margin of error is +/-3 percentage points.

The new recording of the national anthem is part of an album called Somos Americanos (We Are Americans), set for release May 16. Part of the CD's $10 price will go to pro-immigration organizations.

Producer Adam Kidron has said he wanted the new recording of the anthem to honor America's immigrants. However, the release has generated strong opposition, including from President Bush, who was asked about it last week and said, “People who want to be a citizen of this country ought to learn English, and they ought to learn to sing the national anthem in English.”

Poll respondents largely agreed with Bush on the anthem, but they were not in sync with his policies on immigration.

Nearly two-thirds — 64% — disapproved of Bush's immigration policy; 26% approved. Bush wants tougher border enforcement, an expanded “guest worker” program and a way, yet to be specified, to allow illegal immigrants already in the USA to become citizens.

Proponents Of Spanish Anthem Point To Rice (AP)

By Pauline Jelinek, Associated Press Writer

AP, May 2, 2006

President Bush wants people to sing the national anthem in English only. Promoters of singing it in Spanish are pointing to comments by Secretary of State Condoleezza Rice — and her department's Web site — as ammunition for their side of the argument.

There are four Spanish versions on USINFO.State.gov, a multi-language Web site.

"I've heard the national anthem done in rap versions, country versions, classical versions," Rice said Sunday on CBS's "Face the Nation." "The individualization of the American national anthem is quite under way."

The State Department site for some time has offered translations of the U.S. Constitution, pledge of allegiance and other documents in French, Arabic and other foreign languages to help people understand America better.

This is what promoters say they had in mind with the Spanish anthem recording, which has drawn criticism from Internet bloggers.

Weighing in on Bush's side of the argument was Sen. Lamar Alexander (news, bio, voting record), R-Tenn., who introduced a resolution affirming that the song, pledge allegiance to the flag and other "statements of national unity" should be done in English.

When 'Nuestro Himno,' a Spanish version of the anthem, debuted last week, Bush said "people who want to be a citizen of this country ought to learn English and they ought to learn to sing the national anthem in English."

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After Bush rejected the idea, British music producer Adam Kidron said, "We instead view `Nuestro Himno' as a song that affords those immigrants that have not yet learned the English language the opportunity to fully understand the character of 'The Star-Spangled Banner,' the American flag and the ideals of freedom that they represent."

CHC Members Split On Boycotts (RC)

By Steve Kornacki

Roll Call, May 2, 2006

The "National Day of Action," organized to draw attention to the role of undocumented workers in the U.S economy, provoked diverse reactions from the 22 Democratic members of the Congressional Hispanic Caucus.

On the supportive end, Rep. Raúl Grijalva (Ariz.), who hails from an immigrant-rich section of Tucson, closed his Capitol Hill office for much of the day as a show of solidarity. Others, though, treaded more gingerly, fearful that mass walkouts from work and school might set their cause back and embolden supporters of the immigration bill that cleared the House in December, which would declare all undocumented workers felons.

"Although I understand how outraged many Latinos feel, I fear that a nationwide boycott will do more harm than good," said Rep. Charlie Gonzalez (Texas).

The varied opinions within the CHC were apparent in a statement released in the run-up to the Day of Action by Rep. Grace Napolitano (Calif.), the group's chairwoman. Napolitano urged workers not to take "unnecessary steps that would cause them to put their jobs, families or education at risk," without explicitly endorsing or opposing the marches and rallies that were planned.

If there was consensus within the CHC, it was that parents should not pull their children from school for the day.

In the Bronx, hometown Rep. José Serrano was one of about 3,000 demonstrators who gathered Monday morning on a heavily commercial stretch of Fordham Road, near the Bronx Zoo and Fordham University.

"We formed a human chain in front of those businesses to make the point that the businesses in that area could not function — and indeed, some of them may not be functioning today — without immigrant workers," reported Serrano, who was also slated to appear at a late afternoon rally in downtown Manhattan.

In many cities, rallies were scheduled for later in the day, to allow participants to first put in a full or near-full day at work or school. But unlike some fellow CHC members, Serrano said he hoped most immigrants would leave their jobs for the day, and noted that many employers had actually cooperated in encouraging workers to take part.

"In general, I don't think it's a bad thing for immigrants to say, 'I'm going to show you for a couple of hours — a couple of hours — what I mean, and what we mean, to this country,'" Serrano said.

Three-thousand miles west of the Bronx, the largest single rally in the country took place in Los Angeles on Monday afternoon. Southern California is home to about a quarter of the CHC's membership, but it seemed none of them were planning to attend.

"I'm in a tough district," said Rep. Loretta Sanchez, who first won her Orange County seat in a nail-biter against then-Rep. Robert Dornan in 1996. "I don't get elected because I go out in the streets and march. I get elected because I go door-to-door. ... If I went out and marched all day, I wouldn't get any votes."

Sanchez, who spent Monday in Washington, D.C., expressed doubt that the demonstrations will advance the immigration debate at all.

"Obviously, I support free speech, as long as people are peaceful," she said. "But I would prefer if they went door-to-door and registered voters to vote. I'm a much more constructive person."

Rep. Hilda Solis, whose district is dominated by the suburbs east of Los Angeles, also seemed attuned to the potential public relations damage if the intent of demonstrators is misconstrued.

"For those that choose to participate in rallies, I encourage them to wear white as a sign of peace and unity and to wave American flags with great pride," she said.

Rep. Linda Sanchez, the sister of Loretta, taped a video message for Los Angeles schoolchildren last month urging them to stay in class on Monday and was focused on making sure Monday's events "are not counterproductive for anyone," according to her chief of staff, Michael Torra.

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Rep. Xavier Becerra, who represents part of Los Angeles, also passed up the rally in his hometown, but only because of a scheduling conflict.

"The fact that he's not taking part in any of the rallies today in no way means he's not fully engaged in the immigration debate," said his spokesman, Steve Haro.

The office of Rep. Lucille Roybal-Allard, another Angeleno and the first Mexican-American woman to serve in the House, refused to comment on her plans for the day.

Some of the CHC's strongest Day of Action proponents were more visible than others.

Rep. Luis Gutierrez (Ill.) helped organize a midday march from Union Park to Grant Park in Chicago, while Serrano spent some of the afternoon working through more than a dozen interview requests from newspapers and radio shows. He said he'd developed a strategy to rebut some of the more aggressive and conservative radio hosts he deals with.

"I ask them, 'Can you put your hand on the Bible and swear to me right now that none of your ancestors came to this country illegally?' And all I get is silence."

By 11 a.m. Monday, calls to Grijalva's office in the Longworth Building went immediately to an answering machine, and a mid-afternoon visit found the door shut and locked.

"I think closing in the afternoon was supposed to be in solidarity with what was going on, but it was open in the morning and all of our district offices are open," said Grijalva's press secretary, Natalie Luna, who spent the day working from Tucson. Her boss, she said, had no plans to participate in any rallies and was planning to spend Monday afternoon at his D.C. home.

Republicans Set Sights On Aliens' Employers (WT)

By Charles Hurt

The Washington Times, May 2, 2006

House Republicans called on U.S. Immigration and Customs Enforcement to prosecute businesses shut down yesterday by their illegal alien employees who took the day off to participate in protests of immigration legislation.

"Too often, we presume that fault lies with the illegal migrant worker, but we need to recognize that the employer broke the law by hiring the illegal alien," wrote Republican Reps. Jack Kingston of Georgia and Marsha Blackburn of Tennessee. "We believe the federal government has an obligation to enforce the nation's immigration laws and must actively investigate any and all instances where it is apparent industries have knowingly and willingly hired those who entered this country illegally."

In a letter to ICE Assistant Secretary Julie Myers, Mr. Kingston and Mrs. Blackburn noted "the multiple reports in the news media today regarding companies which have been forced to halt operations because large numbers of their employees appear to be in the United States illegally and are participating in the protest rallies."

"ICE has an obligation to use this public information to enforce immigration laws," they wrote. "We respectfully request that you look into this matter and report back to us on your findings."

Rep. Tom Tancredo, Colorado Republican, meanwhile, observed that the "Day Without Immigrants" would have been a "boon" for taxpayers if they could have taken the day off from paying all the costs associated with the illegal alien community.

"The activist protesters are trying to confuse the American public by lumping legal immigrants with illegal aliens," Mr. Tancredo said. "A day without legal immigrants would be a day without almost all Americans. A day without illegal aliens, on the other hand, would be a boon to the American taxpayer."

He said the government pays out more than $10 billion annually in health care, education and incarceration costs for illegal aliens. He also said the government may be forgoing as much as $35 billion in lost tax revenue to the underground labor market.

"Americans don't respond well to illegal aliens who demand amnesty. As I've said before, that doesn't play well in Peoria," Mr. Tancredo said. "Every time illegal aliens and their supporters take to the streets, it drives home the point to most Americans that illegal immigration is a problem in their hometowns, and that we urgently need to get control of our borders."

In the Senate, Republicans introduced a resolution affirming that statements of "national unity" such as the national anthem should be recited or sung in English.

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Sen. Lamar Alexander, Tennessee Republican and author of the resolution, said the protesters' message gets "lost in translation" when the "Star-Spangled Banner" is rewritten in Spanish.

"Ours is a diverse nation, but diversity is not our greatest accomplishment," he said. "Jerusalem is diverse. The Balkans are diverse. Iraq is diverse. What makes America unique is that we have taken all that magnificent diversity and turned it into one nation."

Pederson Ad Cites Bush To Criticize Kyl (HILL)

By Andrew Barr

The Hill, May 2, 2006

Two ads from Arizona Democratic Senate candidate Jim Pederson use President Bush and Sen. John McCain (R-Ariz.) to criticize Sen. Jon Kyl (R-Ariz.) on immigration reform.

One ad shows Bush with Kyl and says, "Even President Bush calls Kyl's immigration plan for massive deportation unrealistic." Bush supports a guest-worker program, which Kyl opposes. The second ad quotes McCain saying Kyl's plan "borders on fantasy." McCain and Kyl were on opposite sides of the Senate battle on immigration reform last month.

In both ads, the quotes are followed by Pederson holding up a document titled the "Pederson Immigration Plan" and saying, "My plan is not amnesty; it's realistic, and a long-term solution."

Kyl's campaign manager, Jake Logan, responded, "No one we know of is calling for massive deportation, and certainly nothing in the Kyl bill calls for massive deportation." The Kyl bill would require "mandatory departure" for any illegal immigrants applying for guest-worker status.

"I am disappointed that my name is being used in an attack ad in this U.S. Senate race," McCain said of the ad. "I continue to strongly support Jon Kyl and am proud to serve as his campaign chairman."

A recent poll conducted by Arizona State University shows that the race is tightening, with Kyl up 11 percentage points over Pederson, 42-31, and 27 percent undecided. Three months ago, Kyl was up 22 points.

In Mexico, Residents Boycott U.S. Goods In Show Of Solidarity (USAT)

By Danna Harman

USA Today, May 2, 2006

MEXICO CITY — The fast checkout line was closed at the Wal-Mart in the capital's Coyoacan district on Monday because there was not much of a line. Only about a dozen shoppers were in the produce section. No one was in the home-appliances department.

Mexicans staged boycotts of U.S. goods and stores in a show of solidarity with migrants in the USA who cut school and stopped work to call for immigration reform. The Pew Hispanic Center estimates that more than half of the illegal immigrants in the USA are Mexican.

In Mexico, thousands participated in the protests. But because May Day is a public holiday here, it was difficult to assess the boycott's economic impact, according to the American Chamber of Commerce of Mexico, which represents more than 2,000 U.S. and other foreign companies.

Groups including the Coalition for the Political Rights of Mexicans Abroad and the Mexican Association of Electricians urged members to boycott U.S. franchises such as McDonald's and Dunkin' Donuts. Thousands of Mexicans joined solidarity marches.

Raine Cortez Robles, 53, had intended to buy school supplies for her two daughters at an Office Depot on Insurgentes Boulevard in southern Mexico City, but she decided against it. "Just because I need a ruler and a pencil sharpener, I should let down my brothers and sisters? No!" she said.

Many Mexicans, however, did not seem to know about the boycott. Or, if they were aware of it, they chose to take advantage of the May Day public holiday to shop.

"I was born in Arizona, where my parents used to live illegally," said Mirsa Arellano, 47. She was buying soft drinks and hamburger at the Coyoacan-area Wal-Mart. "My son is there now, so I know about the hardships. But how is boycotting these stores really going to help? It might even backfire."

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In a radio address Sunday, Mexican President Vicente Fox suggested that protesters avoid any "element of provocation that could promote xenophobia or opposition to immigration reform."

Felipe Caldern, the presidential candidate from Fox's National Action Party seemed conflicted about the protests and boycott. "I feel the temptation to show solidarity with the movement," he said in an interview Saturday.

Activists from populist presidential candidate Andrés Manuel Lpez Obrador's Democratic Revolution Party handed out fliers in support of the boycott.

The American Chamber of Commerce, which charts U.S.-Mexican business ties, says its members are responsible for $100 billion in investment here. Larry Rubin the group's president, noted that more than 40% of Mexico's workforce is employe d by U.S. companies. Walmex, the Mexican subsidiary of Wal-Mart, is the biggest private employer with 140,000 workers. Rubin said the boycott is "not a good way for Mexicans to pay back our support. It's like shooting oneself in the foot."

At the Starbucks in San Angel, a southern Mexico City neighborhood, Marina Elizalde, 23, studied for her medical school exams. "I forgot," she said, when asked about the boycott. "But now that I know, I am going to … walk out immediately — after I finish my mocha."

Mexicans Boycott U.S. Over Migrants (WT/AP)

By Mark Stevenson, Associated Press

The Washington Times, May 2, 2006

MEXICO CITY -- Thousands of Mexicans took to the streets yesterday to support illegal aliens in the United States and celebrated what they called "A Day Without Gringos" by shunning U.S.-owned supermarkets, fast-food restaurants and American goods.

Measuring the boycott's effect proved difficult, however, because business is normally reduced to a fraction of normal volume on Mexico's May Day holiday.

Some Mexicans vowed not to buy from or patronize any businesses related to the United States, while others said they found it difficult to avoid doing so.

Customers streamed into some branches of Wal-Mart, McDonald's and Burger King in the Mexican capital despite the boycott, which coincided with a call for aliens in the United States to skip work, school and shopping.

Juan Ortiz, a 28-year-old salesman who left a Wal-Mart in downtown Mexico City pushing a cart load of food and bathroom goods, said he supported legalizing aliens in the United States, but didn't think it was practical to boycott U.S. goods.

"You have to buy what is least expensive here, and I have to buy things for my family," he said.

Celestino Garcia, a 32-year-old sandwich seller outside the Wal-Mart, said he was seeing the same number of shoppers yesterday as on any other day.

It also appeared to be business as usual at a McDonald's franchise in a working-class neighborhood near Mexico City's international airport.

But Marina Serna, deputy manager for a downtown Burger King, said she thought the boycott was having an effect: The restaurant had only one customer in its first 90 minutes yesterday, even though it is owned by Mexican franchise holders.

Sergio Segura, 42, a member of an Aztec Indian dance group, stood outside of a McDonald's waiting for some friends, but said he did not plan to eat there.

"Sure, Mexicans buy the franchises, but part of the earnings go to the markets on Wall Street. I'm not eating here today or tomorrow."

Pointing across the street to a vast market replete with tacos, tortillas and sandwiches, Mr. Segura said, "For what it costs for three hamburgers from McDonald's, you can buy for the whole family and eat well at the market."

But as he leaned against his Ford minivan, Mr. Segura acknowledged the difficulty of avoiding all U.S. products. "Here in Mexico, there is no way to buy Mexican" cars, he said.

Although federal officials tried to distance themselves from the events, at least a half-dozen state governors in Mexico endorsed the boycott of U.S. companies, and thousands of unionized workers -- who traditionally hold labor rallies on May 1 -- dedicated yesterday's marches to the cause.

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Some of the demonstrators who gathered in the huge downtown plaza known as the Zocalo carried banners with slogans that read "Unrestricted Support for Migrants."

Producing Smaller Numbers, But Laying Claim To Majority (NYT)

By Monica Davey

The New York Times, May 2, 2006

CHICAGO, May 1 — Around the edges of the immigration demonstrations that filled cities like this one on Monday, there were some who went to disagree.

In Las Vegas, Jackie Pinjuv, 68, and another woman waded into the immigration demonstration and offered their own sign: "Illegals, Go Home. Your Rights Are There." An angry crowd surrounded the women at one point with objections, but Ms. Pinjuv said her views were unchanged.

"I believe that these people are hurting our country and they need to go back," she said.

In Denver, a group gathered near the larger march to voice support for a proposed constitutional amendment barring illegal immigrants in the state from getting some social services.

And here, Rick Biesada, a founder of the Chicago Minuteman Project, which opposes illegal immigration, said four supporters of his group's philosophy tried to attend events but were turned away.

"We were telling our people that you should 'shop till you drop' today as a way to counter this whole boycott thing," Mr. Biesada said. "We have nothing against immigration; it's illegal immigration that has to stop."

Compared with the hundreds of thousands who marched urging Congress to consider legal status for some of the 11 million illegal immigrants in this country, far fewer went to speak for the other side.

But advocates for tighter border security and increased enforcement of immigration laws said that their quieter voices were actually more representative of the views of Americans as a whole.

"I think the majority of Americans are very, very upset," said Fred Elbel, the co-chairman of Defend Colorado Now, an organization pressing for the amendment to bar illegal immigrants from receiving some social services. "The illegals are organized by a massive, well-funded campaign with a tremendous amount of organization out there. There's no equivalent organization to get Americans out to protest and say: 'Enforce our laws.' "

Around the country, conservative radio and television talk show hosts often spoke of the demonstrations. Even their choices of words ("illegal alien" and "amnesty") often clashed with those used by organizers at the demonstrations ("immigrant" and "reform").

In Cicero, Ill., Susan Masek said she drove past the protest in that suburb of Chicago with a sign on her car window saying "No Amnesty" and "Illegal is Illegal." A group of demonstrators surrounded her car, Ms. Masek said, and a few started jumping on its front end. After a tense confrontation, she said she left at the request of the police.

"I was shaking like a devil, and I was upset," Ms. Masek said later. "They made me feel like, 'What are you doing here? You're causing trouble.' "

Dave Gorak, the executive director of the Midwest Coalition to Reduce Immigration, said the demonstrations did not represent another group of people losing out to illegal immigrants: millions of "underemployed Americans, who would love to have a fulltime job."

"What this is about is disrespect and contempt for the law," Mr. Gorak said. "These people are laughing in the faces of everybody who came to this country playing by the rules. They are laughing at everybody who has fought and died for this country. For them to stand up and say, 'You owe us something,' is just wrong."

In Houston, Leslie Wetzel, a director of U.S. Border Watch, was one of two anti-immigration protesters outside the office of Senator John Cornyn, a Republican. She carried signs that said, "Remember the Alamo" and "Come and Take It."

In response, Ms. Wetzel said, advocates for immigrants pushed bullhorns in her face and tried otherwise to intimidate her.

"They should all be put on a bus and deported," she said. "If you're illegal, you're out of here. Period. It's not a racist thing. It's a question of law and order. Either we're a nation of law, or we're going to be a nation of anarchy."

They Are America (NYT)

DOJ_NMG_0027766

The New York Times, May 2, 2006

Warnings of a crippling immigrant boycott did not come true yesterday. The economy survived. But what may not survive — we hope — is people's willful misunderstanding of the nature of the immigrant-rights movement.

The worst among our citizens and politicians are eager to depict illegal immigrants as criminals, potential terrorists and alien invaders. But what we saw yesterday, in huge, peaceful rallies in Los Angeles, Las Vegas, Chicago, Denver, New York, Atlanta and other cities, were regular people: the same types of assimilation-minded moms, dads and children we wistfully romanticize on holidays devoted to, say, St. Patrick and Columbus.

If these extraordinarily positive events were a protest of anything, it was the idea of the immigrant as temporary and unwelcome guest worker. The marches flew in the face of theories that undocumented workers want nothing but to labor unnoticed and separate from the nation that employs them to make its meals, trim its hedges and slaughter its beef.

These immigrants, weary of silent servitude, are speaking up and asking for something simple: a chance to work to become citizens, with all the obligations and opportunities that go with it.

Our lawmakers, to their discredit, have erected barriers within barriers, created legal hurdles and bureaucratic hoops, and dangled the opportunity for lowly guest-worker status without the citizenship to go with it. It is an invitation to create a society with a permanent underclass deprived of any ladder to something better. It is a path to creating a different, and lower, vision of our country and ourselves.

It is not only the border-obsessed Minutemen who should be shamed by yesterday's joyous outpouring. Lawmakers who have stymied comprehensive immigration reform with stalemated name-calling and cold electoral calculation should listen up. A silent, shadow population is speaking with one voice. The message, aimed at Washington but something the whole country should hear, is clear: We are America. We want to join you.

It's a simple message. It should be sinking in by now.

Primero De Mayo (LAT)

The Los Angeles Times, May 2, 2006

IT'S HARD OUT THERE FOR AN anti-illegal immigration activist. Just when you think the long-awaited middle-class "backlash" against the immigrant rights movement will kick in, the hundreds of thousands of peaceful and mostly joyous protesters refuse to live down to your low expectations.

Instead of being dominated by aggressive anarchists bent on "reconquista" and violent confrontation, even Monday's first march — the one frowned upon by Cardinal Roger M. Mahony, Mayor Antonio Villaraigosa and other members of the pro-reform establishment — was yet another passionate and upbeat street party.

We don't believe students should skip school, and we shared the concern of those who felt a labor walkout might come across as economic blackmail, but the tenor of the day was overwhelmingly positive. Sure, there were a handful of Che Guevara flags sprinkled in the sea of Old Glories, and some protesters tried their best to interest passersby in an upcoming conference on socialism. But those messages were overwhelmed by 40-piece mariachi bands, infectious drum corps and beaming 4-year-old girls sitting on their daddies' shoulders and waving U.S. flags.

L.A.'s invisible workforce emerged not in a spirit of anger or defiance but with pride and exuberance. It was all so, well, American.

The scale and tenor of the demonstrations have had the salutary and corrective benefit of marginalizing those who conflate Latino immigration with crime, a lack of patriotism, a security threat or any other ill under the sun. Six months ago, opponents of reform drove the political debate. No more.

None of this makes immigration policy easier to concoct. When the world's leading economy shares a 2,000-mile border with a poor country, it's a challenge. Even though the United States benefits from immigration as a whole, cities and counties on the front lines can groan under the strain. From the deportation of felons to in-state tuition for undocumented students, the legal to-and-fro of 12 million humans illegally residing in the U.S. presents serious policy issues about which good people can and do disagree.

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But when this issue has reared its head in the past, too often debate was driven by an irrational fear and dislike of The Other, leading to policies that represented the darker angels of Americans' nature. The singular triumph of this spring's protests is that they have indelibly attached a human face to a debate dominated by dehumanizing words such as "illegals" and "aliens." And that face brings a message resonant across 230 years: "We want to be one of you."

DHS Official: 'We're Building A Better System' (USAT)

By Jim Williams

USA Today, May 2, 2006

On Sept. 11, 2001, our nation lacked the necessary tools to identify and stop those who used fraudulent documents to illegally enter the country. We also know that government agencies enforcing immigration laws did not always coordinate or share information, which made it even easier for visitors to overstay their visas.

Today, the Department of Homeland Security (DHS) is implementing a comprehensive border security strategy to shut down vulnerabilities in our immigration and border management system and aggressively enforce our immigration laws.

We are building the capacity to confirm that individuals seeking to enter our country are who they claim they are, do not pose a security risk and leave when required. We are improving our ability to give federal partners the information they need to make sound, timely decisions. And we've built a more effective and reliable system for welcoming legitimate travelers to our country while protecting privacy and meeting our critical security goals.

US-VISIT, for example, has installed biometric entry capabilities at our ports of entry, making it nearly impossible for terrorists and criminals to enter the country using fraudulent documents. With this new tool, we have denied entry to thousands of criminals and immigration violators and tens of thousands more who have applied for visas.

US-VISIT complements the department's strong enforcement measures at the border and inside our country. By coupling these efforts with a proposed temporary worker program, we would make it more difficult for illegal immigrants to evade the law and would dramatically reduce incentives for visa overstays. We would take pressure off the border by creating a legal channel for temporary workers and free up law enforcement to focus on the greatest threats to our security — terrorists, drug dealers and other dangerous criminals.

The challenges we face at our borders were years in the making, but the transformation of our immigration and border management system is well underway.

Jim Williams is director of the Homeland Security Department's US-VISIT program office.

Think All Illegal Immigrants Are Sneaking In? Think Again. (USAT)

USA Today, May 2, 2006

Place in your mind the image of an illegal immigrant and chances are you'll think of a Spanish-speaking worker who sneaked across the porous Mexican border in search of a job. That is the stereotype — and it was the dominant image caught by TV cameras Monday as hundreds of thousands of protesters from Boston to Los Angeles took to the streets for the "Day Without Immigrants" rallies.

But an accurate portrait of the illegal immigrant population is surprisingly different — so much so that it exposes some proposed responses as off-target, particularly those aimed at border security.

Here's a fact you don't hear much about: Between a third and a half of the nation's illegal immigrants — at least 3.8 million people — entered the USA legally. That's right. They didn't slip across the border in the dead of night. They came from all over the world, stayed longer than their visas or entry documents allowed, and melted into society. There's little to stop them, despite millions spent on a post-9/11 program supposedly aimed at those who "overstay."

That's what four of the 19 Sept. 11 hijackers did, according to a 2004 report by Congress' Government Accountability Office. Ringleader Mohamed Atta, who came legally on a visitor's visa, stayed longer than he was supposed to, left and was allowed back in the USA, despite having illegally overstayed.

Record-keeping on who stays and goes has been so haphazard for decades that the government can't even say how many "overstays" there are, let alone figure out how to find and deport them. To do those jobs, the Department of Homeland Security

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(DHS) would need three things: an effective system to track all foreign entrants, another to track those who leave, and enough agents and judicial manpower to go after those who remain illegally.

It has none of those.

But DHS isn't solely to blame. Until 9/11, Congress was as schizophrenic about tracking foreigners who overstayed their visas as it is about nearly every other aspect of immigration.

More than two years after the terror attacks, the government started an automated entry-exit system called US-VISIT. Then-DHS undersecretary Asa Hutchinson promised that "we will be able to know who is overstaying their visa." But US-VISIT can't deliver because of how DHS has chosen to run it:

• The program covers a small percentage of foreign visitors. It exempts the vast majority of Canadians, as well as Mexicans who enter for short-term stays, even though an estimated 80% of illegal immigrants are from Mexico and other Latin American nations. People from Canada and Mexico accounted for nearly 156 million border crossings in 2002, the latest data available.

• The exit system, the key to detecting overstays, is running at only a dozen airports, three seaports and none of the nation's 154 land ports of entry. Where it exists, there's nothing to prevent visitors from ignoring it.

While the program has denied entry to about 1,100 criminals and other violators, it has done little to prevent or detect overstays.

Fixes for the nation's out-of-control immigration problem aren't easy in any case, but they'll prove useless as long as those who write the laws respond solely to stereotypes. A fence in the backyard isn't the solution if as many as half of the illegal immigrants are walking in through the front door.

CONGRESS-ADMINISTRATION:

3 Democrats Slam President Over Defying Statutes (BOS)

By Charlie Savage

The Boston Globe, May 2, 2006

WASHINGTON -- Three leading Democratic senators blasted President Bush yesterday for having claimed he has the authority to defy more than 750 statutes enacted since he took office, saying that the president's legal theories are wrong and that he must obey the law.

"We're a government of laws, not men," Senate minority leader Harry Reid, Democrat of Nevada, said in a statement. "It is not for George W. Bush to disregard the Constitution and decide that he is above the law."

Senator Patrick Leahy of Vermont, the ranking Democrat on the Judiciary Committee, accused Bush and Vice President Dick Cheney of attempting to concentrate ever more government power in their own hands.

"The Bush-Cheney administration has cultivated an insidious brand of unilateralism that regularly crosses into an arrogance of power," Leahy said in a statement. "The scope of the administration's assertions of power is stunning, and it is chilling."

Senator Edward M. Kennedy, Democrat of Massachusetts, also said that the Bush administration, abetted by "a compliant Republican Congress," was undermining the checks and balances that "guard against abuses of power by any single branch of government."

The opposition lawmakers were reacting to a report in Sunday's Boston Globe detailing the scope of Bush's assertions that he can ignore laws that conflict with his interpretation of the Constitution.

Bush is the first president since Thomas Jefferson to stay so long in office without vetoing a bill -- an act that gives the public notice that he has rejected a provision and gives Congress a chance to override his judgment. Instead, Bush has signed into law every bill that reached his desk, often in public ceremonies in which he praises the legislation and its sponsors.

Then, after the ceremony, Bush has quietly appended "signing statements" to more than one out of every 10 bills he has signed, laying out his legal interpretation for government officials to follow when implementing the new laws. The statements, which until recently attracted little attention in Congress or in the media, are filed without fanfare in the federal record.

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In many cases, Bush has said he can ignore acts of Congress that seek to regulate the military and spy agencies, asserting the Constitution grants him that power as commander in chief. For example, he has claimed the power to waive a torture ban, provisions for oversight in the Patriot Act, limits on domestic wiretapping, and numerous regulations for the military.

Other statutes Bush has asserted that he can ignore have little to do with national security. They include some types of affirmative-action provisions, "whistle-blower" protections for nuclear regulatory officials, and safeguards against political interference in federally funded research.

The White House has declined to answer questions about Bush's legal claims in his signing statements. "We follow the practice that has been followed by previous administrations," spokeswoman Dana Perino said yesterday.

But legal scholars say Bush's assertions have gone far beyond that of any previous president in US history. Bush has applied his signing statements to more than 750 new statutes. His numbers are by far a record for any US president, scholars say.

Many scholars also contend that Bush is usurping some of the lawmaking powers of the Congress and Constitution-interpreting powers of the courts.

But, Leahy said, because Bush's fellow Republicans control Congress, Democrats have no power to call hearings on Bush's attempt to "pick and choose which laws he deems appropriate to follow."

"Just as disturbing as the president's use of press releases to announce which laws he will follow is the abject failure of the Republican-controlled Congress to act as a check against this executive power grab," Leahy said. "Until Republican leaders let Congress fulfill its oversight role, this White House will have no incentive to stop this abuse of power."

Medicare's Cost Of Drug Benefit Will Be Lower Than Expected (WSJ)

By Sarah Lueck

The Wall Street Journal, May 2, 2006

WASHINGTON -- Medicare's prescription-drug benefit will cost the government about 20% less during the next decade than was projected a year ago, but largely for reasons outside the government's control.

Most of the reduction will result from lower-than-expected growth in the nation's per capita drug spending, Medicare's actuaries said in their latest projections, which came as part of the annual release of data on the financial health of Medicare and Social Security from the trustees of the programs.

The actuaries said fewer people than expected are signing up for the new coverage. Since last year, Medicare actuaries have lowered estimates for enrollment by May 15 -- this year's deadline for signing up -- from about 37 million to 31.4 million, a move that fueled calls in Congress to give people more time to sign up.

The latest cost projection for the drug benefit is "substantially lower" than projected last year, the trustees report said. Last year, Medicare's actuaries estimated the benefit would cost a total of $997 billion over 10 years, not including savings to Medicaid. Now that estimate is $788 billion. Another reason for the reduction: The private insurers selling the new, government-subsidized coverage achieved discounts on medications sooner than the actuaries had expected. That offset a 4% increase in what the government thought it would spend on Medicare beneficiaries with costly drug bills.

"The outlook for Medicare [drug coverage] is much better," said Mark McClellan, administrator of the federal agency that runs the program. He credited the competition for customers between private insurers that resulted in lower than expected premiums for drug coverage this year. On enrollment, he and Health and Human Services Secretary Michael Leavitt said they are hitting their own goals to have 28 to 30 million Medicare beneficiaries getting drug coverage.

The reduced cost of the drug benefit was a bit of good news accompanying continued warnings about financial trends that are unsustainable in Medicare and Social Security. The reports showed that Medicare's hospital insurance trust fund will be depleted in 2018, two years earlier than forecast last year. Social Security will begin running a deficit in 2017, the same as projected last year, and its accounting trust fund will be exhausted in 2040, one year earlier than projected. (Read the report.4)

Several of the six trustees, including the secretaries of Treasury and Health and Human Services, said fundamental changes are needed to rein in the costs of the programs. Treasury Secretary John Snow warned of a "looming fiscal crisis" if changes aren't made before Baby Boomers retire. "The message of this report is urgency," Mr. Leavitt said.

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But in the near term, little is expected to change. President Bush, in his budget proposal for next year, recommended trimming spending on Medicare provider-payments and raising premiums for higher income beneficiaries. But Congress isn't enthusiastic about tackling the issue with mid-term elections approaching. Mr. Bush also recommended the formation of an entitlement commission to examine Medicare and Social Security, after his attempt to add private accounts to the federal retirement stalled last year.

Still, months after it was suggested, the commission hasn't yet been formed. Mr. Snow said it's "being worked hard," but conversations about who should be on the panel continue between prospective members, the White House and Congress.

The Medicare report held two other important developments. Under a requirement passed with the Medicare drug benefit, legislative action is supposed to occur if Medicare's trustees predict that, within the first seven years of their annual 75-year projections, general revenues fund more than 45% of total Medicare spending for two years in a row. Yesterday's report said that threshold would be reached in 2012. That means the trigger for action would occur in 2007 if projections hold. President Bush would be required to propose legislative changes, and Congress would have to give them fast-track consideration

Also, Medicare beneficiaries will see a big jump in the premiums they pay for physician and other outpatient care, under the portion of the program known as Part B. Medicare officials said yesterday that premiums would increase next year by 11%, to $98.20 a month from $88.50, partly because of a surge in the volume and intensity of Part B services and a decision by Congress to override a reduction in physician payment that was scheduled to occur this year.

Inside The Beltway (WT)

By John McCaslin

The Washington Times, May 2, 2006

Dinner's on me

"Whenever I'm at a restaurant and spot somebody in a military uniform, I pick up their check to show them my appreciation for what they're doing for my country."

-- Former Los Angeles Dodgers Manager Tommy Lasorda, in a conversation about the war in Iraq with this columnist on Sunday.

Fish tales and tarts

"You cannot possibly imagine how thoroughly crushed I was this morning when I read your article regarding the fish caught by chef David Guas," angler Charlie Loveless of Baltimore writes to Inside the Beltway about the popular DC Coast chef.

"Prior to his [50-pound] catch, I believe that I was the current record holder this year with the rockfish I caught May 19 out of Chesapeake Beach. My fish weighed in at 48.5 pounds and was 493/4[inches] long.

"I don't mind so much that my fish didn't hold up for this year's record, but to lose to a pastry chef out of Washington, D.C. ... was just too much for me to handle this morning. I'm not sure I'll be able to recover this year. By the way, he doesn't play golf, too, does he?"

Physical proof

The villagers are referred to by a leading scientist in Washington as the "first refugees of global warming."

Igor Krupnik, an anthropologist with the Smithsonian Institution's National Museum of Natural History, has conducted more than 30 years of field work in Arctic communities on the human and cultural aspects of climate change.

In the latest issue of Smithsonian magazine, he calls attention to "refugees" from the Alaskan village of Shismaref, until the mid-1970s encased and well-protected by 20 to 30 miles of land ice that in the height of winter now only reaches 6 to 7 miles.

"We tend to describe climate change in terms that are abstract -- a one-degree rise in temperatures, an increase in greenhouse gasses -- but when waves wash away a village, that's concrete and very emotional," Mr. Krupnik says.

Tabard, for two

What's the No. 1 hotel in Washington?

According to the "Guide to the Capital's Wild Side" contained in the latest issue of Men's Journal, "There's more than just power lunches inside the Beltway. Little known by most locals, the 40-room Tabard Inn in Dupont Circle is hands down the best hotel in D.C."

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This just in

The Paradigm Clock, set into motion by the Paradigm Research Group (PRG) to track the proximity to a formal announcement by the U.S. government confirming an extraterrestrial presence engaging the human race, has been reset to 11:59:45 -- 15 seconds to midnight.

Such an announcement is formally referred to as "disclosure" and supposedly would mark the end of a 59-year truth embargo imposed by federal authorities. Midnight on the Paradigm Clock is disclosure.

According to PRG Executive Director Stephen Bassett, "Due to extraordinary circumstances primarily pertaining but not limited to the United States, a window of opportunity has opened for a disclosure event to take place. This window should last through the November election and may remain open or possibly close depending upon the outcome of the election."

Mr. Bassett didn't mention what the "extraordinary circumstances" were; however, if you're as suspicious of your neighbor as this columnist, you might keep your distance until such time as Uncle Sam comes clean.

The previous setting for the Paradigm Clock was 11:58:45, on March 8, 2004.

King-size legend

"Dr. Martin Luther King Jr. was a Republican" -- or so state T-shirts (white and "urban black" in all sizes), buttons and mousepads being peddled by the National Black Republican Association, headquartered along Pennsylvania Avenue.

Hillary care

Yet another House Republican critical of his own party leaders is Rep. Jeff Flake of Arizona, upset that the House Republican leadership continues to encourage GOP members "to boast" about the new Medicare prescription-drug entitlement.

Because of the new entitlement, "30 million people are more dependent on the federal government than they were a year ago, and future generations will have to foot the bill," he says. "That is something that no party professing to believe in limited government should be proud of."

Wind Shifts On Medicare Drug Benefit (HILL)

By Jeffrey Young

The Hill, May 2, 2006

Despite a recent stream of apparently good news about the Medicare prescription-drug benefit, congressional Democrats are counting on their criticisms to translate into political gains in the midterm elections.

“I don’t know of any Democrat who thinks this is working the way it should,” Sen. Debbie Stabenow (D-Mich) said recently. “You betcha this is going to be an issue” in November.

Democrats have described the drug benefit as a disaster and said senior citizens would be too confused to choose the right plan.

But that strategy could prove risky. The Medicare figures show that nearly all beneficiaries now have some form of drug coverage, and recent polls suggest that seniors who have joined a drug plan are satisfied with their coverage.

Republicans have taken note, and attitudes toward Medicare Part D seem to be shifting. Many congressional Republicans shied away from the program and criticized the Bush administration’s handling of its implementation this year. But Republicans are changing their tune. House Majority Leader John Boehner (R-Ohio) has become an enthusiastic cheerleader, as his office has taken to launching almost daily statements praising it.

After ignoring Democratic requests all year, the House Ways and Means Committee will have its first hearing on the program when the Health Subcommittee meets tomorrow. Subcommittee Chairman Nancy Johnson (R-Conn.) has been a favorite target of Democratic attacks over the drug benefit and has endured months of hammering from her Democratic opponent, state Sen. Chris Murphy.

The administration has taken steps in recent weeks to disarm some Democratic criticisms. Insurance companies will not be permitted to stop paying for drugs they covered at the time a beneficiary bought a plan, even if they drop the drug for future customers. Rep. Pete Stark (D-Calf.) responded to the policy by saying, “Better late than never.”

The administration also said people eligible for a special low-income subsidy would have more time to qualify, though they will still have to sign up for a drug plan by the May 15 deadline.

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Since the program launched Jan. 1, Democratic lawmakers and candidates have consistently decried it as confusing and have accused the GOP of selling out to the pharmaceutical and health-insurance industries.

Congressional Democrats are showing more unity than in 2003, when the bill passed with crucial Democratic votes.

Last week, four Democratic senators who voted for the bill introduced legislation to change it. Leading them was Sen. Max Baucus (D-Mont.), who was one of only two Democratic senators who helped create the program, along with then-Sen. John Breaux (D-La.).

Democrats have focused this year on extending the time beneficiaries have to choose a drug plan. Left-leaning groups such as the Campaign for America's Future and Americans United have joined with Democratic lawmakers to push for a deadline extension. Medicare beneficiaries who wait until after the deadline face a permanent surcharge on their premiums that increases every month.

In spite of the apparent shift of political momentum amid improving public opinion, Democrats see the drug program as a ticking time bomb of discontent among senior citizens.

"They haven't hit the 'doughnut hole' yet. … Let's do the poll then," Stark said.

Beneficiaries will have to pay 100 percent of their drug expenses during a coverage gap between $2,250 and $5,100 that is known as the "doughnut hole." Before spending hits the lower limit, enrollees pay only 25 percent of costs after meeting a $250 deductible. Above $5,100, the plan pays 95 percent.

Democrats say that once seniors hit the "doughnut hole" their feelings will sour. Analysts expect that most people at risk to hit the coverage gap will do so shortly before the elections. Some with high drug costs already have.

"It's not about telling people whether it's working or not. They will know," Stabenow said.

At present, most beneficiaries seem pleased, according to opinion polls. A Washington Post-ABC News survey last month showed 65 percent of people are satisfied with their drug plans. An AARP poll concluded that 78 percent are satisfied. Industry-sponsored surveys made similar findings.

Democrats downplay the surveys and the rising enrollment. "You have [almost] a trillion dollars out there. Some people are going to benefit," said Rep. Sherrod Brown (D-Ohio), who is challenging Sen. Mike DeWine (R) in November.

Critics say that, though they have not done surveys that contradict the other polls, they see anger brewing. "We're only hearing anecdotally" that people are unhappy, said Diane Archer, special counsel to the Medicare Rights Center, but her organization has received a lot of complaints.

The Post-ABC poll showed support for the Democrats' short-term goal: 71 percent of seniors believe the deadline should be extended.

At least 19 House Republicans sponsored or co-sponsored bills to extend the deadline. In the Senate, DeWine and Olympia Snowe (R-Maine) joined with Democrats to press for a vote on the issue.

The Bush administration flatly rejects lifting the deadline. Health and Human Services Secretary Mike Leavitt said more time would not make a difference.

"If they were not prepared to sign up before, there's no indication" beneficiaries would enroll after May 15, he said.

Leavitt predicted the administration would get almost everybody in a plan. "If we keep at the same pace … we have a shot at being able to [sign up] 90 percent" of the 42.5 million people who receive Medicare benefits, which would amount to 38.3 million people.

According to the administration, 35.8 million Medicare beneficiaries had drug coverage as of April 18, leaving the administration 2.8 million people short of Leavitt's projection with less than two weeks to go. About 6 million have not signed up.

Thirty million people are getting coverage as part of the new benefit, of which 8.1 million voluntarily enrolled in one of the new drug plans. An additional 5.8 million people have so-called "creditable coverage" from other sources. Ten million of the newly enrolled did not have drug coverage last year.

Leavitt said that people who are not covered are split about evenly between the low-income category and those who have no or very little drug expenses and believe they do not need coverage. He said the administration would target its 11th-hour outreach to those groups.

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Medicare In Poor Financial Health, Trustees Say (LAT)

By Ricardo Alonso-zaldivar And Joel Havemann

The Los Angeles Times, May 2, 2006

WASHINGTON — The financial condition of Medicare is growing progressively worse and its problems will eventually eclipse those of Social Security, the trustees of the government's two biggest social programs reported Monday.

But the warning, for all its urgency, appeared unlikely to spur major action on such a sensitive issue in an election year. Far from cutting back, Congress and the president have expanded Medicare with the creation of the prescription drug benefit.

"There is no crisis," Rep. Pete Stark (D-Fremont), the senior Democrat on the House health subcommittee, said in a sharp response to the report. "Much as President Bush manipulated intelligence to justify an unnecessary war in Iraq, his administration is using these projections to rationalize dismantling Medicare."

Social Security and Medicare help virtually every American family, and the trustees' report provides an annual accounting of the programs' long-term financial health. By law, four of the six trustees are senior officials of the administration in office and two are independent experts chosen to represent the public.

Compared to Medicare, Social Security faces a rosy future.

This year's report projects that the massive Social Security trust fund will be able to pay full retirement and disability benefits for another 34 years. That will change in 2040. Unless benefits are reduced, taxes are increased or additional funds are allocated from some other source, Social Security will run out of reserves and will only be able to cover 74% of promised benefits. The 2040 date is one year closer than the trustees had projected in 2005.

If Congress chose to plug the Social Security gap solely by raising more revenue, it would have to jack up Social Security's share of the payroll tax — now 12.4%, shared equally by employers and workers — by an immediate 2.02 percentage points. If it chose to close the gap by cutting benefits, it would have to slash them by 13.3% below current levels.

Medicare faces a more serious problem. Its "financial difficulties come sooner — and are much more severe — than those confronting Social Security," the report said.

The huge Medicare trust fund that pays for inpatient care will only be able to cover 80% of estimated billings in 2018, and its condition will deteriorate dramatically after that. The 2018 date is two years closer than the trustees had projected in 2005.

Medicare has been in financial straits before. As recently as 1997, the Medicare fund that covers hospital bills had only four years of solvency left. But this time the financial challenge is made much greater by the approaching retirement of 78 million baby boomers.

"The message of this report is urgency," said Health and Human Services Secretary Mike Leavitt. "I do not want to stand here another year with just another bad report and another year of inaction. It's time to act."

Leavitt and Treasury Secretary John W. Snow urged Congress to adopt the president's budget proposals for $36 billion in Medicare cuts over the next five years, along with automatic spending reductions of 0.4% a year if the program's costs exceed specified levels.

Bush has also called for the creation of a bipartisan commission on entitlement programs to study the pension and healthcare burdens of an aging society and make recommendations.

Although Congress may go along with the idea of a commission, there is little enthusiasm among lawmakers for more cuts.

"At some point, Congress is going to have to get down to the difficult business of restraining the cost growth of these programs," said Sen. Charles E. Grassley (R-Iowa), chairman of the Finance Committee, which oversees Social Security and Medicare. But he stopped short of promising action soon.

Medicare's funding is extraordinarily complex. Financing is cobbled together from payroll taxes; premiums and cost-sharing paid by beneficiaries; and the government's general fund. The various funding streams serve different purposes.

In 2003, Congress approved a requirement that could start the discussion on Medicare's future. It provided that the president must propose changes — and Congress must consider them — if two consecutive trustees' reports project that Medicare would draw 45% or more of its financing from the general fund in the near term. The first such warning — for 2012 — was issued in this year's report.

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"That could give the president a good rationale for having a major Medicare reform proposal in next year's budget," said health economist Marilyn Moon, a former trustee. But she went on to call the requirement an indicator of "a very phony crisis."

Part of the dilemma for Bush and the Republican-led Congress is that they have significantly increased Medicare benefits in recent years, tapping into general revenue to do so.

For example, spending per beneficiary is expected to grow by nearly 33% this year, largely as a result of the new prescription benefit.

Social Security, Medicare Given Less Time (USAT)

By From Staff And Wire Reports

USA Today, May 2, 2006

WASHINGTON — Medicare's trust fund will be exhausted in 12 years, and Social Security's trust fund will be depleted in 34 years, trustees for the programs said Monday in their annual report on the government's two largest benefit programs.

The new report moved up slightly the dates when the trust funds will be exhausted — to 2018 for Medicare from 2020 in last year's report, and to 2040 for Social Security from 2041. If nothing changes by then, the programs could still pay partial benefits with each year's payroll tax revenue.

The trustees, who include the head of the Social Security Administration and three members of President Bush's Cabinet, gave a sober assessment of the health of the two programs in advance of the looming retirements of 78 million baby boomers.

"We do not believe the currently projected long-run growth rates of Social Security or Medicare are sustainable under current financing arrangements," the trustees said in this year's report.

The trustees' report sends an annual signal that two of the nation's most politically sensitive benefit programs are in serious financial trouble — but the reports have rarely provoked major action.

Bush's efforts last year to overhaul Social Security went nowhere in Congress. Even members of his own party refused to support the benefit cuts that would have accompanied new individual accounts for younger workers.

While the programs' reserves are expected to last another one to three decades, both programs will face financing issues much sooner, when the benefits exceed the payroll taxes that fund them.

For Medicare, that occurred temporarily in 2004 before a revenue adjustment erased the deficit for 2005. But the trustees projected that Medicare benefits will exceed revenues this year and thereafter. In 2017, Social Security will begin paying out more in benefits than it takes in, the trustees projected.

The trust funds contain no actual cash, just government IOUs. To pay beneficiaries once the cost of benefits exceeds tax collections, the government must raise the deficit, raise taxes or cut other spending.

Social Security, Medicare Depletion Dates Get Earlier (WT)

By Amy Fagan

The Washington Times, May 2, 2006

Social Security's trust fund will run out of money in 2040, one year earlier than expected, and Medicare's trust fund will be depleted in 2018, two years earlier than expected, trustees for the programs said in their annual report yesterday.

Administration officials said the bleak outlook is all the more reason for Congress to significantly reform both programs.

"We do not believe the currently-projected long-run growth rates of Social Security or Medicare are sustainable under current financing arrangements," wrote the six trustees, who include the Social Security Administration commissioner and three Cabinet members. "The sooner that solutions are adopted, the more varied and gradual they can be."

President Bush's efforts to change Social Security stalled in Congress last year, with even some Republicans hesitant to support his plan to create personal accounts. And Medicare spending is unlikely to be cut by Congress this election year, as Mr. Bush has suggested.

The long-term outlook for both programs worsened slightly in the past year. Last year's report projected that the Social Security Trust Fund would last until 2041 and Medicare's hospital insurance trust fund would run out in 2020.

As in past years, trustees said Medicare's situation is more dire. Costs exceeded income for the hospital insurance program in 2004, and it's expected to go into the black briefly before it once again pays out more than it receives. The trust fund

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depletes in 2018, when the government will be able to cover only 80 percent of the costs. Medicare's outpatient coverage and drug-benefit programs are expected to cost more and require increasingly more federal revenue to pay for them.

Social Security will pay out more than it takes in 2017, the same as last year's projection.

"The Social Security problem remains with us," warned Treasury Secretary John W. Snow, a trustee. Medicare, he said, faces "even greater and far-reaching challenges."

Moreover, under the Medicare drug-benefit law, the numbers triggered an initial warning to Congress. If next year's numbers do the same, an official warning will be issued and the president will have to submit Medicare reform legislation to Congress.

Democrats and liberal groups said the Bush administration's policies have clearly hurt Medicare, because the trustees estimated in 2001 that Medicare's trust fund would be depleted by 2029, more than a decade after the new estimate.

But trustees said the new Medicare drug program, known as Part D, is working well. "Premiums for Part D are sharply lower than projected," said Mr. Snow, calling the new program "a success."

House Minority Leader Nancy Pelosi, California Democrat, said the new 2018 estimate "is a direct result of the mismanagement of the economy, excessive subsidies to HMOs and the failure to constrain medical costs."

The trustees said the 2018 date was created by higher-than-expected costs in 2005 and higher utilization rates estimated for the hospital insurance.

But conservatives complained that the administration's new Medicare prescription-drug benefit is a big part of the fiscal problem.

Rep. Jeff Flake, an Arizona Republican who voted against the drug program, called for it to be scaled back. And John C. Goodman, president of the National Center for Policy Analysis and an administration health care adviser, noted the "unfunded liability" for Social Security -- or the promised future benefits that government currently cannot pay -- is projected to be $13.4 trillion, up from the $11 trillion projected in last year's report. But the new drug program's unfunded liability is projected to be $16.2 trillion.

"We've made our fiscal situation much worse," Mr. Goodman said, noting however that Democrats would have made the drug benefit even costlier.

Finances Of Social Security And Medicare Deteriorate (NYT)

By Robert Pear

The New York Times, May 2, 2006

WASHINGTON, May 1 — The financial condition of Medicare and Social Security deteriorated in the last year, the Bush administration reported Monday, and it warned again that the programs were unsustainable in their current form.

Medicare's hospital insurance trust fund, a widely watched gauge of the program's solvency, will run out of money in 2018, two years earlier than projected in last year's report, the trustees said.

And the Social Security trust fund will be exhausted in 2040, one year earlier than projected last year, the trustees said. At that point, in 2040, Social Security tax collections would be adequate to pay only 74 percent of scheduled benefits.

Lawmakers said they would never allow the trust funds to run dry. But the insolvency dates are a vivid way of showing that the programs are unsustainable. To keep them solvent, Congress would need to trim benefits, raise taxes or take some combination of such steps.

"The systems are going broke," President Bush said Monday in a speech to the American Hospital Association.

Almost every element of the programs reflects a political judgment, but Mr. Bush said, "It's time to set aside politics and restructure Social Security and Medicare for generations to come."

Republicans and Democrats seized on the reports to renew the political battle over Social Security and Medicare, with an eye to Congressional elections this fall.

The Senate Democratic leader, Harry Reid of Nevada, said the reports showed that "despite White House scare tactics, Social Security remains sound for decades to come." Senator Max Baucus, Democrat of Montana, said the administration had worsened Medicare's problems by promoting managed-care plans, which he said often "cost more than traditional Medicare."

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The administration urged Congress to approve the president's proposals to slow the growth of Medicare by curbing payments to hospitals. Under current law, the trustees said, doctors already face a cut of 4.7 percent or more in Medicare fees in each of the next nine years.

The trustees' reports are authoritative documents prepared by career civil servants, mainly actuaries, and are full of data used as a basis for policy making and political debate.

In the report on Medicare, the Bush administration reduced its estimates of the number of people who would sign up for the new prescription drug benefit.

The trustees now predict that 31.4 million people will have signed up for the drug benefit by the end of the initial enrollment period in two weeks, and that monthly enrollment for 2006 will average 29.2 million, down from an estimate of 39 million published in last year's report.

Likewise, the administration now predicts enrollment of 34 million for 2007, down from an estimate of 39.8 million in last year's report.

Treasury Secretary John W. Snow said Medicare's financial problems were more severe than those of Social Security because of "steady large increases in underlying health care costs."

The new report estimates that the basic Medicare premium — what a beneficiary pays for coverage of doctors' services and other outpatient care — will be higher than predicted last year. The premium has increased more than 50 percent in the last three years, to $88.50 a month, from $58.70 in 2003, and the Bush administration predicts that it will rise to $98.20 next year.

By contrast, in last year's report, the administration predicted that the basic 2007 premium would be $87.70.

But the average premiums for drug coverage are lower than expected: $32.20 this year and $35.86 in 2007. The comparable figures in last year's report were $37.37 and $41.22.

The administration lowered its estimate of the cost of the drug benefit for the period from 2006 to 2014. The administration now puts the cost at $872 billion, down from $1.1 trillion last year. (The figures do not reflect premiums paid by beneficiaries or compulsory payments by states to help defray the costs.)

In a joint statement, the public trustees of the two programs, John L. Palmer and Thomas R. Saving, said the projected costs of the drug benefit were "significantly lower than those in the 2005 report due to recent slower growth in overall prescription drug spending and lower enrollment in stand-alone prescription drug plans than was expected a year ago."

Still, the administration said, the cost of the drug benefit will grow an average of 11.5 percent a year in the next decade, more than twice as fast as the economy.

Social Security, Medicare Trust Funds Sink (AP-Y2)

By Martin Crutsinger

AP2, May 1, 2006

The trustees for the government's two biggest benefit programs said Monday that the trust fund for Social Security will be depleted in 2040, a year earlier than expected, while Medicare will exhaust its trust fund just 12 years from now.

The annual report showed deterioration in the financial condition of both programs although the problems in Medicare were depicted as far more serious because of the skyrocketing costs for health care.

A year ago, the depletion of the Social Security trust fund had been projected to occur in 2041, one year later than the current estimate, and the Medicare hospital insurance fund had been forecast to last until 2020, two years longer than the current estimate.

The trustees, who include the head of the Social Security Administration and three members of President Bush's Cabinet, painted a sober assessment of the health of the two programs in advance of the looming retirements of 78 million baby boomers.

They stated that the projected long-term growth rates for both Social Security and Medicare are not "sustainable under current financing arrangements."

The trust funds contain the equivalent of government IOUs. To raise the actual cash to meet obligations, the government must borrow more money from the public by issuing marketable Treasury securities, raise taxes or cut spending in other programs.

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Bush tried last year to overhaul Social Security with the introduction of private investment accounts for younger workers but the idea went nowhere in Congress. Democrats attacked the Bush program as a hidden effort to cut future benefits.

In this year's State of the Union address, Bush asked Congress to create a bipartisan commission to study entitlement reform. But even this modest proposal has not generated much interest, in part because lawmakers do not want to address entitlement reforms in a congressional election year.

Treasury Secretary John Snow, the chairman of the trustees group, said the new report depicted "a looming fiscal crisis as the baby boom generation moves into retirement" and he urged Congress to move forward.

"The serious concerns raised by the trustees' reports demand the attention of America's policy-makers and the public," Snow said.

But Democrats charged that the administration was using the trustees reports to try to create an air of crisis to make radical changes to the two benefit programs.

"There is no crisis," said Rep. Pete Stark, D-Calif. "There remains plenty of time to mend rather than end Medicare."

While the depletion of the reserves built up over past years is projected to occur in just 12 years for Medicare and 34 years for Social Security, both programs will face financing issues much sooner at the point that the amount paid out each year exceeds the amount the government collects to fund them.

For Medicare, that occurred for the year of 2004. However, the program is projected to be in the black again this year before crossing over to paying out more than it takes in permanently in 2006 and the years following that.

For Social Security, the point at which the program will pay out more in benefits than it takes in will occur in 2017, the trustees projected, the same as in last year's report.

The one-year faster depletion of trust funds in the case of Social Security occurred because the government estimated a slightly lower average of 2.9 percent rather than 3 percent for the inflation-adjusted return for the trust fund's government bonds.

For Medicare, the faster exhaustion of the trust fund occurred because of rising prices for hospital care and greater utilization by sick people of the program.

The trustees estimated that in 2040 when the Social Security trust fund is depleted, it will be able to pay 74 percent of benefits from the taxes imposed on current workers.

The trustees estimated that the monthly Part B premium that Medicare beneficiaries must pay to cover insurance for doctor visits will have to rise by around 11 percent next year to $98.20 after an increase this year of 12 percent.

Sens. Edward Kennedy, D-Mass., and Debbie Stabenow, D-Mich., said in a statement that the projected increase for next year, if it comes about, would mark the fourth double-digit advance in Medicare premiums.

They said they would introduce legislation to cap future increases to the amount the Consumer Price Index rises in a given year. Last year, consumer prices rose 3.4 percent.

The trustees report reduced the estimate for the cost of the new drug prescription benefit in Medicare, which went into effect this year, by around 20 percent, attributing part of this reduction to the fact that people are signing up for less costly drug plans.

Democratic critics said the funding shortfalls for Social Security and Medicare should be viewed in the context of Bush's drive to make the tax cuts of his first term permanent.

Sen. Jack Reed (news, bio, voting record), D-R.I., said that if Congress approved Bush's request to make his tax cuts permanent and enacted a permanent fix for the alternative minimum tax, which was designed to tax the wealthy but is falling on more middle-class tax payers, that would represent a cumulative revenue shortfall equal to 2 percent of the total economy over a 75-year period.

That is three times the shortfall estimated by the trustees for Social Security over the same period, Reed said.

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Social Security: http://www.socialsecurity.gov

Medicare: http://www.cms.hhs.gov

Medicare Will Go Broke By 2018, Trustees Report (WP)

DOJ_NMG_0027778

By Amy Goldstein

The Washington Post, May 2, 2006

The financial troubles daunting the Medicare system have deepened during the past year, according to a government forecast that says the federal fund that pays for hospital care for older Americans will become unable to cover all its bills a dozen years from now.

The annual report, issued yesterday by the trustees who monitor the fiscal health of the Medicare and Social Security programs, said the trust fund for the health insurance system for the elderly will run out of money in 2018 -- two years sooner than predicted a year ago and 12 years sooner than had been anticipated when President Bush first took office.

The problem, the report says, has accelerated largely because hospital costs last year were greater than expected.

The forecast also said that Social Security's financial condition has weakened, although its problems are not as great or urgent. It said the retirement system will have enough cash to pay the benefits it owes retirees, disabled workers and workers' survivors until 2040 -- one year less than expected in the 2005 forecast.

In releasing the report, the trustees -- including three of Bush's Cabinet secretaries -- slightly altered the message accompanying the forecast the past few years, when the administration sought to use the predictions as leverage to persuade a reluctant Congress to embrace the president's goal of letting Americans divert some of their payroll taxes into personal retirement accounts. That emphasis prompted Democrats and other critics to chastise the administration for dwelling on Social Security while Medicare's problems were more acute.

Yesterday, the president's aides -- and Bush himself -- drew attention equally to the frailty of the two largest benefits programs that form the twin pillars of the government's assistance to the elderly. The solution, they said, is for Congress to approve changes Bush already has proposed.

Treasury Secretary John W. Snow, one of the trustees, said the programs "form the basis of a looming fiscal crisis for our nation as the baby-boom generation moves into retirement."

"The systems are going broke," Bush said in a health-care speech earlier in the day. "And now is the time to do something about it."

Administration officials portrayed the report as containing some bright news, because spending on the new Medicare prescription drug benefits -- paid for from general revenue, not the same trust fund as covers hospital bills -- appears less than expected. Several of Bush's aides said costs will be lower because drug companies are charging less than predicted for medicine. However, two independent trustees had a different explanation: Fewer Medicare patients are signing up for the drug benefits than anticipated last year.

Administration officials did not emphasize yesterday the idea of private retirement accounts, a plan that is relatively inert on Capitol Hill. Instead, they focused on proposals Bush made early this year -- to create a federal commission on the plight of entitlement programs and to slow Medicare spending by $36 billion during the next five years. Neither has drawn much enthusiasm among lawmakers.

And yesterday's report -- released a month after its due date -- did not produce any surge of momentum. The chairman and the top Democrat on the Senate Finance Committee are griping that the White House has diminished the role of independent experts in preparing the trustees' report, by failing to appoint replacements for the public trustees, economists Thomas R. Saving and John L. Palmer, when their terms expired a year ago.

Instead, the White House renominated them last November and, after lawmakers complained that they preferred to rotate outside trustees, installed them without Senate confirmation as "recess appointments" while Congress took Easter vacation. Saving and Palmer said yesterday they had served as unpaid consultants in preparing the report until they were reappointed.

White House spokesman Ken Lisiaus said that Saving and Palmer were reappointed because they "are true experts in economics" and that the position of public trustee, created in 1984, is too recent "to establish any sort of long-held precedent" that they must serve only one term.

Medicare's Fiscal Future Getting Worse, Report Says (KRT)

By Tony Pugh

DOJ_NMG_0027779

Knight Ridder, May 1, 2006

WASHINGTON - Medicare's long-term financial woes deepened over the last year as the program's main funding source for hospital care is projected to go broke in 2018 - two years sooner than predicted last year, according to an annual report by the program's trustees.

The Medicare Hospital Insurance trust fund, which pays primarily for inpatient care and is funded through a 2.9 percent payroll tax, is already operating at a deficit and is projected to hit a new low in 2012. By then, total Medicare spending will exceed program funding by 45 percent, the report found.

If that projected funding gap is not closed by next year's report, the projected shortfall would be considered a "funding warning," triggering a requirement that the president must offer a legislative remedy to Congress that must be considered on an expedited basis.

Health and Human Services Secretary Michael Leavitt used the report to urge Congress to adopt President Bush's plan to cut Medicare spending. Bush's plan would reduce Medicare's spending growth by $36 billion between 2007 and 2011, mainly by trimming annual inflation updates in payments to doctors and hospitals. Medicare would grow at 7.7 percent a year under the Bush plan compared with the current growth rate of 8.1 percent.

"The message of this report is urgency," said Leavitt. "I do not want to stand here another year with just another bad report and another year of inaction. It's time to act."

The report also found funding problems with Social Security, the nation's largest entitlement program. Without changes, tax revenues for Social Security are expected to fall below program costs in 2017, the same estimate as last year's report. The program will no longer be able to pay benefits at promised levels in 2040, one year earlier than predicted last year.

While the two popular but costly programs face a daunting economic future, the trustees and most experts agree that Medicare's problems are much more severe, imminent and harder to fix.

Today there are about four taxpaying workers for each of the estimated 43 million elderly and disabled Medicare beneficiaries. By 2075, that ratio will be about two-to-one. That's an insufficient tax base to take care of the nation's retirees, whose numbers will grow dramatically as nearly 80 million baby boomers born before 1964 begin to retire in the coming decades.

While Congress can raise taxes or cut benefits to meet Medicare's growing obligations, neither provides a long-term fix because program spending is largely at the mercy of rising health care costs. And Americans have resisted previous efforts, notably during the Clinton administration, to curb costs by limiting access.

With no change to the system, Medicare would eat up 25 percent of all federal income tax revenues by 2021 - more than triple its funding requirements in 2005.

"At present there are no clear indications of when, or even how, the past trend (of rising health costs) might abate. If it does not soon, then the serious fiscal problem discussed above will become dire," wrote trustees John L. Palmer and Thomas R. Saving.

Despite the bad news, the trustees found that Medicare's projected spending for the new drug benefit will drop significantly due to lower than expected enrollments in the drug plans and a slowdown in overall prescription drug spending.

In a speech to the American Hospital Association on Monday, President Bush said the government has an obligation to provide care for the nation's poor and elderly, "And I intend to keep that obligation," he said.

The president also has called for a bipartisan commission to study possible fixes for all federal entitlement programs, including Medicare and Social Security.

On Capitol Hill, Democrats and Republicans took away distinctly different messages from the trustees' report. Republicans warned that the findings portrayed a retirement system in crisis; Democrats noted that the threat of insolvency was still years away.

"The dire situation that the Medicare trustees warn will be reached in 2012 is an ill-disguised scare tactic to force cuts in a program that millions of Americans depend on," said Rep. John Dingell, D-Mich., one of Congress' health care experts.

Senator Jim DeMint, R-S.C., said Democrats have ignored signs of trouble and have failed to offer remedies.

"This report is another wakeup call that Medicare and Social Security are in critical condition," said DeMint. "Democrats who stick their heads in the sand and applaud their own obstruction are putting the retirement security of millions of Americans in jeopardy."

To read the entire report go to: http://www.ssa.gov/OACT/TR/TR06/

Serving Up Social Security And Medicare, Without The Fixings (WP)

By Dana Milbank

The Washington Post, May 2, 2006

"The job of a president," George W. Bush used to say almost daily during the 2004 campaign, "is to confront problems, not to pass them on to future presidents and future generations."

Astute observers may have noticed he's been saying that a bit less frequently these days. Yesterday showed why.

The president was over at the Washington Hilton, speaking to the American Hospital Association about his Medicare Modernization Act of 2003. "When I came into office I found a Medicare program that was outdated," he announced. Seeing this "not very cost-effective" program, he continued, "I decided to do something about it. And I worked with the Congress, and we passed critical legislation that modernizes Medicare."

An hour after Bush finished his speech, Treasury Secretary John W. Snow kicked off a news conference announcing the latest on Medicare's financial standing. The "modernized," cost-effective program is forecast to go belly-up in 2018 -- two years earlier than previously forecast.

Somebody stop us before we reform again.

Snow also announced that Social Security -- reform of which the Bush administration abandoned last year -- will become insolvent in 2040, a year earlier than previously projected.

The Treasury secretary warned of "a looming financial crisis for our nation."

Medicare and Social Security trustee Thomas Saving chimed in, "Either government is going to have to be a lot smaller, or these programs are going to have to be dramatically changed."

Bush himself, while talking about the success of his addition of prescription-drug coverage to Medicare, acknowledged that both programs are, as he put it, "going broke." He added, "It's time to set aside politics and restructure Social Security and Medicare for generations to come."

Then again, what's the hurry?

In his State of the Union address, the president called for a bipartisan commission to study Medicare and Social Security. Lawmakers immediately recognized that as a punt. Now it seems the punt is being followed by a delay-of-game penalty. More than three months after Bush proposed the commission, there is no commission and no commissioners; he has mentioned the idea only twice since January.

"Well," Snow ad-libbed yesterday when asked about the commission, "it's being worked hard." Asked to elaborate, he said, "there's outreach by the White House."

Congress Daily's Keith Koffler wasn't satisfied. "It's been three months -- why haven't you been able to get a commission together?" he pressed.

"I think it's important to get this done right," Snow ventured.

Treasury spokesman Sean Kevelighan didn't like the direction this was taking. "One more question," he called out.

Accepting the Republican presidential nomination in 2000, Bush chided Bill Clinton: "So much promise, to no great purpose." By contrast, Bush vowed to put Medicare on "firm financial ground" and said of Social Security, "I intend to fix it." Six years later, the president is floating some of the bite-size policies he once criticized Clinton for doing.

The jumbo TV screen in the Hilton ballroom before Bush entered proclaimed this "Cover the Uninsured Week" and pointed out that "Today, 45 million Americans have no health insurance."

Bush opened with a bold vow: "a comprehensive health care strategy that will make health care more affordable and available for all our citizens." Then he outlined a five-point program: medical malpractice reform, pooled insurance for small businesses, tax-free health savings accounts, better medical information technology and more "transparency" in medical pricing.

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The hospital administrators liked all the ideas, particularly the malpractice bit, which prompted an enthusiastic ovation. But they didn't see Bush's proposals (a plan to have doctors display their fees just as restaurants post menus) as all that comprehensive. "It will help, but it won't solve the problem," said Thomas Nickels, the hospitals' top lobbyist, after the speech. "Not to be critical, but we need to look at this as one element of a broad package."

Broad package? At the moment, the administration and Congress can't even agree on who should be a trustee of Social Security and Medicare. The chairman and the ranking Democrat on the Senate Finance Committee wrote to Bush last week calling for the resignation of the two public trustees he recently reappointed. At yesterday's news conference at the Treasury Department, one of the trustees devoted his remarks entirely to rebutting the two senators.

Snow and his administration colleagues, for their part, sought to celebrate the prescription drug plan. "A success," pronounced Snow, in front of a money-green backdrop. "Enrollment has so far exceeded the expectations the administration put forward earlier this year."

That line fell apart when the first questioner pointed out that the trustees had, in fact, found lower enrollment in the drug plan "than was expected a year ago." Enrollment had exceeded expectations because the administration had lowered the expectations.

But not to worry: Even with yesterday's bad news, we still have a dozen years before Medicare collapses.

Bush Says Health Care Costs Unacceptable (AP-Y2)

AP2, May 1, 2006

President Bush said Monday health care costs are rising at an unacceptably fast pace and he called on Congress to enact White House proposals to tame medical expenses.

Private health insurance premiums have risen 73 percent in the last five years, forcing some businesses to drop health coverage for their employees and prompting others to raise co-payments and premiums, the president said in a speech to the American Hospital Association.

"This is unacceptable for this country to have health care costs rising as fast as they are," Bush said. "If we want to be the leader of the world, we must do something about it. And my administration is determined to do something about it."

The primary element in Bush's plan calls for expanding health savings accounts — an idea that congressional Republicans rebuffed earlier this year. These accounts let people who have high-deductible health insurance policies save money, tax-free, for their future health care expenses.

"People here in Washington need to do commonsense things to address the rising costs of health care," the president said.

Mitt's Non-Miracle (WSJ)

The Wall Street Journal, May 2, 2006

Well, that didn't take long. Only two weeks ago Massachusetts passed an experiment in compulsory, subsidized health insurance, and already it's turning into an employer mandate and a vehicle for increasing the role of government.

Last week the Democrat-controlled Massachusetts legislature began moving in just that direction, overriding all of the line-item vetoes that Republican Governor Mitt Romney had cast in an effort to give the state's new insurance law a market-oriented veneer. Various Medicaid expansions were restored, as, more importantly, was a $295-per-employee annual penalty on employers who don't provide health insurance.

That $295 may not sound like much, but it's sure to grow over time. And in any case the real employer penalty in the bill is a draconian provision that puts employers on the hook for the major medical bills of employees they don't insure. This might as well be considered an employer mandate, since it means just one case of cancer for an uncovered employee would be enough to wipe out a small business.

Meanwhile, Governor Romney recently offered what sounded like a response to some of our editorial criticisms at an appearance before the U.S. Chamber of Commerce in Washington. "The key factor that some of my libertarian friends forget is that today everybody who doesn't have health insurance is getting free coverage from the government," he said. He also repeated his claim that treating such free riders adds significantly to the cost of private insurance for those who do have it, thus justifying his compulsory scheme.

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Nice try, Governor. But there's actual data out there on the cost of "free care" for the uninsured, and the numbers suggest it should rank fairly low among policy makers' concerns. A 2003 study by Jack Hadley and John Holahan in the policy journal Health Affairs estimated that in 2001 the nationwide cost of such uncompensated treatment was $34.5 billion, or 2.8% of all health spending.

That's not nothing, but neither has it been the major cost driver for private insurance that the Governor claims it is. The real cost drivers are two regulations -- guaranteed issue and community rating -- that unreasonably restrict the freedom of insurers to offer and price coverage, and which his new law explicitly preserves in his state. If Governor Romney thinks care for the uninsured is expensive now, wait until Massachusetts taxpayers see how much his government-heavy "solution" costs.

Senate GOP Backs Off From Oil Tax Increase (AP)

By H. Josef Hebert

The Associated Press, May 2, 2006

WASHINGTON - Senate Majority Leader Bill Frist, under pressure from business leaders, retreated Monday from a plan that would have used a tax increase on oil companies and other businesses to fund a $100 gasoline rebate for millions of motorists.

Frist, the Tennessee Republican, had proposed an accounting change that would have required oil companies to pay more taxes on their inventory of crude as a way to pay the one-time rebate which GOP leaders rolled out last week as they scrambled to find ways to ease public anger over soaring gasoline prices.

In a statement, Frist said he will still push the rebate, but abandoned the accounting change and said the Senate Finance Committee planned a hearing on the issue in the near future.

Frist gave no indication how the rebate, estimated to cost about $10 billion, will be paid for, although he said he still planned to "find a way to bring our proposals to the Senate floor for a vote."

The rebate proposal, meanwhile, seemed to have little appeal among motorists who would benefit.

Aids to several Republican senators, including some who support the proposal, said Monday they have received generally negative feedback from the public in telephone calls and e-mails.

"There are some who say this is a Band-Aid and they want a real solution. .... There are people who say, `Do you think I can be satisfied so easily,'" said Don Steward, an aide to Sen. John Cornyn, R-Texas. He said almost all of the comments received about the rebate - which Cornyn has characterized as "a theatrical response" - have been negative.

Another Senate staffer, who spoke on condition of anonymity because the senator was among those who have been pushing the GOP energy package, said voters know that with gas costing more than $3 a gallon the rebate likely will pay for only a couple of tanks of gas.

"It's probably one fill-up for a Sequoia," added the aide, referring to the Toyota SUV that gets 15 miles to the gallon in city driving.

But Frist said the rebate "will help people who are emptying their wallets at the pump. ... We've got to help those who are feeling pain ... as quickly as possible." Single taxpayers earning up to $145,950 and married couples earning up to $218,950 would get the rebate in August under the Frist proposal.

The Energy Department reported Monday that the average cost of regular grade gasoline nationwide had increased to $2.92 a gallon with many parts of the country showing prices at more than $3 a gallon.

The tax accounting change involving inventories was the most substantial tax hit Congress has been seriously considering in response to the huge oil industry profits at the time of soaring costs at the pump. The change, applying only to five of the largest oil companies, had been approved by the Senate, but faced strong opposition in the House.

Oil companies waged an intense lobbying effort to block the change.

Rex Tillerson, chairman of Exxon Mobil Corp., at an energy conference Monday, called it "nothing more than a backdoor windfall profits tax" and a "very dangerous and very poorly thought out step to take." The change was estimated to increase taxes for the five major oil companies by $4.3 billion over five years.

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Frist would have expanded the tax to other industries, which prompted a chorus of protests, prompting his retreat from the proposal. The National Association of Manufacturers and Wal-Mart Stores Inc., among others, made known their strong opposition to the inventory taxing change.

Senate Republicans said the rebate is an attempt to counter the Democrats' push for a suspension of the 18.4 cent a gallon gasoline tax for 60 days.

A gasoline tax "holiday" has been proposed by Sen. Bob Menendez, D-N.J., and embraced by the Democratic leadership as a short-term response to counter the sudden run-up of gas prices.

While one GOP senator, John Thune of South Dakota, introduced his own tax holiday bill, most Republicans oppose the idea.

They argue there's no assurance the tax break - which is collected from refiners - will be passed on to consumers at the pump. If the lost revenue from a tax suspension - estimated at $6 billion - is made up by imposing additional taxes on oil companies, as Democrats envision, there's incentive for companies not to pass the savings on to retailers, said critics of the plan.

Republicans Drop A Tax Plan After Businesses Protest (NYT)

By Carl Hulse

The New York Times, May 2, 2006

WASHINGTON, May 1 — Senate Republicans on Monday hurriedly abandoned a broad tax proposal opposed by the oil industry and business leaders, another sign of their struggle to come up with an acceptable political and legislative answer to high gasoline prices.

Senator Bill Frist of Tennessee, the majority leader, said he had decided to jettison the provision, which would have generated billions of dollars by changing the way businesses treat inventories for tax purposes. Instead, he said the Senate Finance Committee would hold hearings on the plan "later this year, so the pluses and minuses of the provision can become well known."

The retreat came after a torrent of objections from business leaders and their advocates, who typically view Republicans in Congress as allies. They said they had been blindsided by the inclusion of the proposal as a central element of the Republican leadership's energy package late last week.

The centerpiece of the leadership proposal, a $100 rebate check to compensate taxpayers for higher gasoline prices, continued to receive a rough reception. Members of the public have telephoned and written to ridicule the idea, and even Republican lawmakers are finding fault.

"Political anxiety in an election year is to blame for a lot of the bad bills Congress passes," said Representative Jeff Flake, Republican of Arizona, who on Monday called the rebate a "knee-jerk populist idea" that voters would see through.

Democrats are trying to rally voters against Republicans, pointing to the rising fuel costs as evidence of how consumers were hurt by the opposition's ties to the oil industry.

The Republican energy package was assembled quickly last week after lawmakers returned from a recess punctuated by public complaints about the rapidly rising gas costs . Senate officials acknowledged privately that they were paying a price for rolling out the proposal before having time to vet it fully.

Besides the tax provision and the rebate, the measure includes new protections against price gouging, incentives to expand domestic oil refinery capacity, support for new energy initiatives and tax incentives for buying hybrid vehicles.

Outside Congress, experts have said the government has few realistic options that would quickly reduce gas prices. And as lawmakers struggle to gain political advantage on the issue, they must juggle the often competing goals of curbing prices, increasing production and tamping down populist anger about oil industry profits.

Major trade groups quickly and vociferously registered their disdain for the tax provision, saying the plan amounted to a hefty new tax not only on the oil industry, but also on many manufacturers, wholesalers and retailers that rely on large inventories as well.

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"This just came out of the blue," said Dorothy Coleman, vice president of tax and domestic economic policy at the National Association of Manufacturers. "Before you make a change in longstanding tax policy — I am talking 70 years or so — you don't just up and do it in an energy bill."

At the National Retail Federation, Rochelle Bernstein, vice president and tax counsel, said lobbyists there immediately raised a red flag with lawmakers and aides. "Our concern was did they understand what they were doing, did they know this was a proposal that could have wide-ranging implications?" Ms. Bernstein said.

One leadership aide who did not want to be identified as discussing internal deliberations said the decision was made to drop the provision rather than have the energy proposals caught up in a secondary tax fight. It remained unclear how quickly the leadership might move to bring its plan to the floor but it appeared unlikely to be added to the emergency spending bill the Senate is considering this week.

Though the Senate previously approved a more narrowly defined proposal to require the accounting change for major oil companies, the plan announced last week would have extended to all business sectors. It would have represented a major shift in policy for Congressional Republicans, who have wrapped their economic approach around tax cuts rather than increases.

The decision to drop it eliminates a chief source of revenue to pay for the rebate checks to be mailed to an estimated 100 million taxpayers. After the tax plan was dropped, Mr. Frist said money to pay for the rebate program could be generated by opening the Arctic National Wildlife Refuge to oil and gas drilling, another element of the plan. But the drilling initiative, previously rebuffed in Congress several times, faces serious opposition of its own and the revenues would not be realized for years.

Senator Harry Reid of Nevada, the Democratic leader, called the decision to drop the tax proposal "just another example of the Bush Republicans' inability to break their ties to big oil."

There were no estimates of how much money the change would have produced, though it had been projected at more than $11 billion in the past. The proposal in a separate tax bill to bar the accounting practice known as last in, first out for the oil companies was estimated to raise about $4.3 billion from them alone. That idea is still part of the continuing tax negotiations. But whether it will be in the final measure is unclear, and President Bush has threatened to veto it.

Business advocates said taxes could have been driven up significantly by ending the practice that allows companies to record sales from inventory at the higher, current cost of acquiring or producing the goods rather than a potentially lower original price.

Some panicked executives told their Washington representatives the increase could be from $30 million to $60 million for their individual companies alone.

"When this deal first surfaced late Thursday, the business community was just shocked," said Bruce Josten, at the United States Chamber of Commerce. "Instantly, if not rather simultaneously, people started making calls to the Senate leadership, to the staff of the Senate Finance Committee. It was the wholesalers, the manufacturers, the mass retailers."

Jade West, senior vice president at the National Association of Wholesaler-Distributors, said she learned about the full reach of Mr. Frist's proposal at midafternoon on Thursday and did not believe the report at first.

When Ms. West polled some of the association's largest members, all of whom juggle large inventories, their response was frantic. One called the proposal "dumb and irrational," she said. By Friday, the wholesalers had mobilized an e-mail campaign that resulted in about 350 letters to the Senate by Monday morning.

The Retail Industry Leaders Association, a trade group representing about 400 businesses including Wal-Mart and Target, began rallying their big-box store members first thing Friday.

"It was just surprising that they didn't see the writing on the wall, they didn't see the opposition that this provision would face," said Shannon Campagna, the organization's vice president for government affairs. "They didn't have their ear to the ground."

Frist To Withdraw Oil-Tax Increase From Energy Bill (WSJ)

By Laura Meckler

The Wall Street Journal, May 2, 2006

WASHINGTON -- Senate Republicans backtracked on their proposal for a multibillion-dollar tax increase on oil and other companies, saying they would drop it from their fast-moving energy legislation.

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Senate Majority Leader Bill Frist said he plans to remove the accounting tax change from the gasoline-price relief package that was proposed just last week and that may reach the Senate floor as early as next week.

The Republican-backed proposal would give most taxpayers $100 rebate checks meant to compensate for surging gas prices. The package would also allow drilling in the Arctic National Wildlife Refuge, pay for research into alternative fuels and authorize the Bush administration to overhaul fuel-economy standards for passenger cars, among other initiatives meant to increase supply and decrease demand for oil.

The tax provision, called the "last in, first out" accounting method and known by the acronym LIFO, has helped oil companies as well as retailers and manufacturers cut their tax liability. Mr. Frist (R., Tenn.) and other party leaders proposed eliminating it as a way to help pay for the rebate checks. It would have raised about $10 billion, Senate aides said, though it wasn't clear over how many years.

But the proposal came under immediate fire from retailers and manufacturers who said they've come to rely on this accounting method. Mr. Frist said he conferred with Senate Finance Committee Chairman Charles Grassley (R., Iowa) and decided to drop it from the bill. Instead, Mr. Frist said, the matter would be considered "later this year" in the Finance Committee, "so the pluses and minuses of the provision can become well-known." Jill Gerber, a spokeswoman for Mr. Grassley, said the decision kills the provision "for now but not for good."

Amy Call, a spokeswoman for Mr. Frist, said the $100 rebates would cost $15 billion. Now senators will "look for other options" to make up the lost revenue, Ms. Call said, adding that they also might simply move the bill without any additions, meaning the increased spending will add to the deficit.

The reversal demonstrates how politically difficult it can be to raise taxes, even at a time when high gasoline prices have made highly profitable oil companies unpopular.

The last in, first out accounting method is typically used when prices are rising rapidly, as is the case for oil companies today. It allows companies selling goods from inventory that were purchased at a lower price to account for them as if they were selling the same goods bought more recently at a higher price. By doing that, taxable profits are lower, because the difference between how much they paid for something and how much they sold it for shrinks.

A similar provision was included in a Senate tax bill late last year, but it was focused only on large oil companies. It, too, was dropped from the package amid opposition. Last year's provision would have raised about $4.3 billion over five years.

The Circle Of Crude (NYT)

The New York Times, May 2, 2006

The public derision of Republicans' idea for a $100 gasoline rebate has focused on the desperate political pandering embodied in the proposal. But there's another view that makes it seem even worse. Consider the China angle.

With the nation already deeply in debt — and with Congress angling this week to cut taxes for affluent investors by more than $20 billion — lawmakers would need to borrow $10 billion to make the rebates happen. Since more than 80 percent of the immense borrowing of the Bush years has been from foreigners, it's safe to assume that most of the rebates would be courtesy of foreign lenders, of which China has been one of the most willing.

It's the circle of crude: China's competition for the world's oil is pushing up prices. Congress piles on more debt to calm angry consumers with a rebate. The increased debt is a prescription for a weaker dollar, which in turn would make imports, including oil, even more expensive.

The United States' huge — and growing — foreign indebtedness and its refusal to curb its appetite for oil risk eroding its position in the world, at precisely the moment when it needs to use its leverage as the world's dominant power to manage the extraordinary repercussions that will come with China's growth. Energy prices and the effect on global warming are only the beginning. China's demand for other natural resources poses new dangers as well, as The Times's report last week on China's planned leveling of the Indonesian tropical forests attests.

The United States can't, and shouldn't, try to curb China's economic progress, or the appetite of Chinese consumers for the good things in life. But dealing with the effects will require strong and savvy diplomacy. President Bush blew the chance to make that point — to Americans and the Chinese — during the recent visit of China's president, Hu Jintao. Then last week, as Bill Frist,

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the Senate majority leader, was dreaming up his $100 rebate plan, President Hu moved on to Africa. He exchanged warm hugs with Nigeria's president, Olusegun Obasanjo, and signed a deal to buy a big share of a major oil field in Nigeria. A few days later, in Kenya, he banged happily on a traditional drum at the welcoming ceremony, and then proceeded to sign a deal that will allow China to explore for oil off the coast of Kenya.

The United States' outsized needs for the same resources that China covets, plus its need to borrow from China and other countries, diminish its influence with countries whose importance goes beyond that of their oil wells. Nigeria, the United States' fifth-largest oil supplier, is also important to American counterterrorism efforts, especially in the strategically important Gulf of Guinea. Kenya is also important in the fight against terror because its location on the Horn of Africa has made it both a training ground and a way station for terrorists.

Both countries are rife with corruption that the United States has been trying to help mitigate, in hopes of more stable economic relations and of a safer, more humane world. But America's laudable goals are, at best, wishful thinking — at worst, propaganda — unless the United States develops energy and fiscal policies that will allow it the maneuverability it needs to balance China's deepening ties not only with places like Nigeria and Kenya, but also with Saudi Arabia, Sudan, Indonesia, Myanmar and so on, as global competition continues unabated. Unfortunately, as of now, the level of America's response to this new challenge has been embodied in that pathetic recipe: borrow money from the Chinese central bank, and use it to give every voter $100 to buy more gas.

Pumped Up (USNEWS)

By Marianne Lavelle

U.S. News and World Report, May 2, 2006

Desperate to show that they feel the citizenry's pain at the gas pump, politicians battled last week to don the mantle of Robin Hood. Leaders of both parties took turns pledging to dispatch the IRS to slap around the oil companies--take away tax breaks, hit them with a windfall-profits tax, and even haul them in for a good audit. Democrats proposed a summer holiday from the federal gasoline tax while Republicans favored simply mailing out $100 rebate checks.

Certainly no one expects a handout from Uncle Sam to turn back the clock on rising gas prices, which topped $3 a gallon in many places last week. But it wouldn't even go far as a feel-good measure, with the typical two-car family on track to spend at least $1,260 more to drive this year than it did five years ago. Subtracting the 18.4-cent federal tax from the pump price would only put prices back to where they were two weeks ago. Still, alarm bells were ringing all over Washington, with average gas prices up 30 percent from a year ago and nearing the all-time high after Hurricane Katrina.

No excuses. "This is not something that is disconnected from the voters, or obscure to them, or something that tangentially affects them," says GOP pollster Tony Fabrizio. "This is something they pay every week or several times a week."

Pity the poor politicians. There's nothing the federal government can do in the short term about a global imbalance in oil supply and demand, the nuclear ambitions of an oil-rich Iran, and a shortage of U.S. gasoline refining capacity. "It's like the weather," says Texas oilman T. Boone Pickens. "There's a lot said about it, but there's not anything you can do about it. There's nothin' the government can do." But poll-watchers know that average American voters aren't interested in excuses. In a survey that bodes ill for any incumbent, pollster Daniel Yankelovich found that 85 percent of Americans believe the government could do something about oil prices if it tried. Yankelovich wrote in Foreign Affairs that energy has become a classic "tipping point" issue, where an overwhelming majority is concerned, with unease intense and a widespread belief that government could be doing far more.

In suburban Philadelphia, Democrat Lois Murphy has been working the voters right at the gas stations in her bid to unseat vulnerable GOP Rep. Jim Gerlach. "It was really quite educational," she says. "People were spending $75 to fill up their trucks. People were very angry, very frustrated, very concerned. People volunteered that they were looking for a change in Congress." Gerlach, for his part, was calling for tough scrutiny of the oil industry, a suspension of the federal gas tax, and "serious measures" in short order. "Congress needs to make it a front-burner issue," he says. Murphy noted, however, that her opponent has taken campaign funds from the oil and gas industry--putting her finger on a sore spot for the entire Republican Party. The Center for

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Responsive Politics found that Big Oil contributions are more lopsided this year than ever before in 16 years of tracking, with 84 percent of industry dollars flowing to the GOP.

Spin city. "It's a dreadful nightmare for the Republicans," says Democratic strategist Bill Carrick, who points out that the issue has particular resonance because both President Bush and Vice President Cheney are former oilmen. Democratic memos circulating last week made liberal mention of the task force of energy industry officials that met with Cheney early in the administration, the records of which have been jealously guarded through several lawsuits. "You can spin a lot of conspiracy theories out of that," says Ross Baker, political scientist at Rutgers University.

For his part, President Bush did his best to trade his image as a Texas wildcatter for one as a New Age alternative-fuels booster. He appeared at an ethanol industry meeting to back wider use of the corn alcohol fuel, proposed a modest rollback in tax breaks for the industry, and suspended government purchases of oil for the Strategic Petroleum Reserve. The latter move was one Bush rejected two years ago when recommended by his 2004 opponent, Democratic Sen. John Kerry of Massachusetts. But now, Bush says, "every little bit helps."

Likewise taking a page out of the Democrats' playbook, Bush and the top Republican leaders on the Hill, House Speaker Dennis Hastert and Senate Majority Leader Bill Frist, all called for tough scrutiny of any potential price gouging by the oil industry. The pledge of vigilance came as four large oil companies reported combined quarterly earnings of more than $21 billion, a 6 percent increase from last year. The companies took out full-page newspaper ads urging Americans to view their profits as a windfall for millions of retirement funds and for the nation's energy future.

Cornering Democrats. Republicans also returned to old favorite themes, such as the need to open the Arctic National Wildlife Refuge to oil exploration. Senate Republicans linked their $100 rebate proposal to a planned vote on Alaska drilling this week, hoping to corner Democrats into both voting against taxpayer relief and displaying their steadfast opposition to energy exploration there. Of course, it was moderate Republicans in the last Congress who put the kibosh on further drilling in environmentally sensitive areas.

GOP senators from New England also joined with Democrats last year to block oil refiners from gaining protection from lawsuits for cleanup of the clean-air additive MTBE, particularly in the Northeast. Refiners, as a result, are abruptly halting MTBE use this summer--contributing to high prices because of the changeover's logistics.

With the threat that the summer driving season and hurricanes could push prices even higher, the political peril going into the pivotal November election is great. "I don't think anyone actually believes they can vote for someone who can lower their gas prices," says GOP pollster Fabrizio. "But this is a point of frustration that feeds into the 'throw the bums out' mentality."

10 States, In Challenge To U.S., Plan Suit To Force Better Mileage Rules For S.U.V.'s (NYT)

By Danny Hakim

The New York Times, May 2, 2006

ALBANY, May 1 — Ten states, including California and New York, plan to file suit this week to force the Bush administration to toughen mileage regulations for sport utility vehicles and other trucks.

The suit, which the states are to announce on Tuesday, contends that the administration did not do a rigorous enough analysis of the environmental benefits of fuel economy regulations, as required by law, before issuing new rules for S.U.V.'s, pickup trucks and minivans last month. The suit will also claim that the government did not consider the impact of gasoline consumption on climate change when devising the new rules.

While the states have initiated a number of suits over Washington's environmental policies, the new suit is the first to take aim at federal fuel economy regulations. With gasoline reaching $3 a gallon in many parts of the country, there has been a broad outcry for action but little consensus on what to do.

Senate Republicans have proposed a $100 rebate to help taxpayers pay gas bills, a proposal that has been met with criticism even from the right, while President Bush has asked for Congressional authority to revise mileage regulations for passenger cars. He already has the authority to do so for S.U.V.'s and other trucks.

California will be lead plaintiff in the suit, which also includes Connecticut, Maine, Massachusetts, New Jersey, New Mexico, Oregon, Rhode Island and Vermont, as well as New York City and the District of Columbia. Many of the same states have

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teamed up in other environmental suits against the administration, though with mixed success; a recent suit against the Environmental Protection Agency over power plant emissions was dismissed.

"It's disappointing when you see power exercised to benefit the auto industry rather than consumers or environmental challenges," said Bill Lockyer, the attorney general of California, discussing the Bush administration's fuel economy rules.

The attorney general of Massachusetts, Thomas F. Reilly, said in a statement, "At a time when we are all facing a gas crisis, the Bush administration is pushing for fuel economy standards that appear to be authored by the oil and auto industries."

Rae Tyson, a spokesman for the National Highway Traffic Safety Administration, said he could not comment on the suit because he had not seen it. But Mr. Tyson defended the regulations and said, "There's no question the analysis was rigorous."

Several top Democrats, and also some Republicans, including Senator John McCain, Republican of Arizona, have called for tougher mileage requirements for S.U.V.'s, which must meet less stringent fuel economy guidelines because they are classified in the same category as light trucks, instead of with passenger cars.

Late last year, the Bush administration unveiled the first broad overhaul of mileage regulations for S.U.V.'s, pickup trucks and minivans since the rules were created in the 1970's. While new cars must average 27.5 miles a gallon, light trucks, including S.U.V.'s, must average 21.6 miles a gallon in 2006 models.

The administration's new system would take the single truck category and break it up into a number of smaller categories with varying requirements. Government officials predict that overall truck fuel economy will rise to 24 miles a gallon by 2011, though it will depend on the sales mix among S.U.V.'s and other trucks.

Automakers have said the new regulations are tough enough.

Jennifer Moore, a spokeswoman for the Ford Motor Company, referred to a previous company statement that commended the traffic safety agency for creating a new regulatory system that would "pose significant challenges" but also be "more equitable to every automaker."

An overdependence on sales of large S.U.V.'s like Hummers, Chevrolet Suburbans and Ford Explorers is seen as among the reasons General Motors and Ford, the last two American-owned automakers, are suffering steep losses and closing plants.

Environmentalists say the Bush administration's new truck fuel economy system will not do enough to curb oil consumption and adds uncertainty to a complex system already characterized by loopholes.

In setting the standards, the administration "looked high gas prices, oil addiction and global warming squarely in the eye and blinked," said Daniel Becker, the director of the global warming program at the Sierra Club.

The administration is, however, closing one loophole, an exemption that has left the largest S.U.V.'s, including the Hummer H2, outside the regulatory system.

But the administration's rules are considerably less daunting than new California global warming emissions regulations that would force steeper fuel economy increases on vehicles sold there. New York is planning to pass similar air-quality rules. The industry is challenging the state rules in court, and the administration has strongly opposed the movement by states to regulate global warming emissions.

Mr. Tyson, of the traffic safety agency, said many other factors were considered in addition to the price of gas, including "the ability of industry to be able to meet the standard."

"You can't propose something that's not technically feasible for them to achieve," he added.

Gas-price Surge Strains Oil-auto Pact (HILL)

By Jim Snyder

The Hill, May 2, 2006

The high price of gasoline and the growing call for congressional action are undermining the gentleman's agreement under which the oil and auto lobbies do not attack each other.

Tyson Slocum, an energy specialist at Public Citizen, said the two lobbies have benefited from a "non-aggression pact." But as pressure mounts on Capitol Hill against the oil industry, which has been reporting huge profits, the truce may be ending, Slocum said.

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"The oil industry is feeling lots of pressure," Slocum said. "They are not used to this. They want to break the détente," to shift some of that pressure to the auto industry.

Sources in both the oil and auto camps say there is no split yet. But several lobbyists acknowledged that tensions appear to be rising in a political environment where even some Republicans, long oil-industry allies, are calling for what the industry considers to be punitive measures.

One oil lobbyist said he and his colleagues have discussed more aggressively challenging the auto industry, which for years has fought increases in gasoline-mileage standards, known as corporate average fuel economy, or CAFE. In particular, some oil lobbyists say Detroit has pushed too hard for the development of alternative fuels, such as ethanol.

"The pile-on factor is pretty enormous at this point," the oil lobbyist said.

Dozens of bills have been introduced in recent weeks as gasoline prices have risen and angry motorists demand their members to act.

What makes oil lobbyists especially red in the face when discussing the auto industry is the recent embrace of E85, a fuel type that is 85 percent ethanol, which is made primarily from corn.

"If the oil industry learns that the autos are using political pressure to force E85 on the industry as a branded fuel with no liability, then, yes, we very much think it is fair play to raise CAFE standards," said Don Duncan, a lobbyist for ConocoPhillips.

Duncan said the two industries cooperate on the development of new fuels but the oil industry believes in general that E85 is not ready for widespread use. He said there is evidence that E85 can corrode a car's catalytic converters, for example. A gallon of E85 is also less efficient — it produces less energy — than a gallon of gasoline, he said.

Michelle Kautz, a spokeswoman for the National Ethanol Vehicle Coalition, said that there are no corrosion issues when E85 is used in a compatible car. Coalition members include ethanol producers and vehicle makers, according to its website.

She said the oil industry has not done enough to build the infrastructure necessary for the 6 million E85-compatible vehicles now on the road. Only 681 stations sell E85, Kautz said.

Duncan said he has heard that some auto lobbyists have urged the White House and Energy Department to put pressure on oil companies to build more infrastructure, namely gas stations, that offer alternative fuels. But overall, he said, he doesn't believe that auto executives are taking a position in opposition to his industry.

To the extent that there is a feud, oil lobbyists point to a blog entry posted by the vice president of communications for DaimlerChrysler's American division as the starting point. According to a story in The Wall Street Journal, the entry criticized oil companies for not doing enough to reduce the cost of gasoline.

An auto-industry source said oil companies fired the first shot, however, when ExxonMobil ran advertisements in newspapers that some saw as suggesting the auto industry was too reliant on large, gas guzzling sport utility vehicles.

The source said the oil industry has not developed the infrastructure to support alternative fuels, although executives say publicly that they support their development.

"It would be helpful if oil companies could identify what exactly they are doing on alternative fuels," the source said.

Oil-industry officials say they spend millions of dollars to develop new energy sources.

If tensions are rising in Washington, several lobbyists stressed that war hasn't been declared.

"The two big goliaths can tend toward canceling each other out and forcing [members of Congress] into having to take tough votes," one oil lobbyist said. "Because both sectors require a degree of cooperation in making each other's products commercially viable, there is no joy taken by either side in having to go to war."

The story is one of increasingly divergent fortunes.

Indicative of oil companies' good fortune recently, ExxonMobil reported $36 billion in profits last year, a record for an American company. In contrast, the U.S. auto industry is losing money and laying off workers.

One advantage domestic carmakers say they have is in the development of so-called "flex-fuel" vehicles that run on oil or ethanol or other alternative fuels, such as E85.

President Bush, meanwhile, has asked Congress to allow him to raise standards for fuel economy. That gives environmentalists and consumer advocates that have challenged both the auto and oil lobbies hope — as does rumors of frayed relations between the two.

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States Find It Tough To Prove Gas Prices Illegal (USAT)

By James R. Healey And Matt Krantz

USA Today, May 2, 2006

Arizona's comprehensive investigation into that state's high fuel prices after Hurricane Katrina concludes that while there was "profiteering" at all levels of the oil industry, nothing illegal took place.

Washington's attorney general's office said in a report last week that its more recent investigation of today's high prices "has not found any evidence so far of illegal activity among gasoline retailers or producers in Washington."

Together, the two reports show that it is hard for authorities to prove consumers are being ripped off even in times of extraordinary price increases.

Attorneys general in at least nine states, responding to outrage by their residents, are investigating whether current high gasoline prices are a result of wrongdoing by the petroleum industry, according to the National Association of Attorneys General.

Arizona's statewide average price is $3.022, still nearly 11 cents less than the record $3.131 shortly after Katrina, according to travel club AAA's daily survey.

Washington's average $3.011 Monday set a record for that state.

The attorney general in California, where the statewide average hit a record $3.251 a gallon Monday, says he will subpoena documents from the state's 21 refineries, including those operated by major oil companies ChevronTexaco, ExxonMobil and ConocoPhillips.

The attorney general's office said state data for 2006 show that crude oil prices have risen 14%, but the difference between what oil companies pay for crude oil and prices at the pump has soared 130%.

Gasoline is made from crude oil, which accounts for roughly 55% of the pump price for gasoline, the U.S. government says.

And Washington Attorney General Rob McKenna, in a statement about his investigation, said, "Gas prices are influenced by the basic laws of supply and demand."

Energy-industry veterans wonder if such probes are misleading.

California's own Energy Commission, for instance, acknowledges in an explanation of fuel prices on its website: "Rumors and charges of collusion among the oil companies have been raised for decades with nothing ever proven."

Charles Swanson, director of Ernst & Young's Energy Center, says, "Politicians can posture all they want, but there's nothing they can do to help."

Some states have made price-gouging cases. Florida sued individual gas stations for overcharging after Katrina.

But Florida, unlike Arizona, has an anti-gouging law. It is in effect only when a state of emergency is declared. Florida was a hurricane target, making an emergency declaration logical.

Arizona's report, unveiled last week, says, "Profit margins realized by every segment of the oil industry were two or three times their normal margins."

But the state has no law making that illegal, underscoring, the report says, the need for a federal price-gouging law.

The Federal Trade Commission is expected to deliver a report by May 22 that will say whether the agency found any price manipulation after Katrina.

Fuel Costs Ease But Could Climb Higher (USAT)

By James R. Healey

USA Today, May 2, 2006

Gasoline prices have stopped their spring-loaded daily leaps, but it's too soon to say the worst is over.

The numbers on the pump have declined slightly three consecutive days, to a nationwide average $2.919 a gallon Monday, according to travel club AAA. It's the first time that's happened since late March. But the March respite totaled just 0.8 of a cent over three days and turned out to be only a hiccup before prices zipped higher.

AAA warns that might happen again. "A few days of slight declines does not make a trend," spokesman Geoff Sundstrom cautions. "We may continue to see higher prices between now and Memorial Day."

That's the beginning of the warm-weather driving season, when gasoline consumption rises as Americans take more vacations and weekend trips.

A weekly report by the U.S. Energy Information Administration showed a U.S. average Monday identical to AAA's — $2.919 — up just 0.5 of a cent from a week ago. That's a big slowdown after four weeks of prices jumping an average 10.4 cents a gallon per week.

On one hand, it should be no surprise that prices are easing. U.S. gasoline supplies are ample. U.S. demand is a little soft. Refineries are mostly through with their routine maintenance and are cranking out generous amounts of gasoline.

But prices aren't down as far as they should be under those circumstances, energy veterans say. That's partly because petroleum products have become an investment instead of traders' best guess about the value of crude oil, gasoline and heating oil the next few months.

"Money is flowing into direct or indirect purchases of oil futures as an inflation hedge. That flow sends futures higher, fueling more inflation, and then fueling more money into futures positions as an inflation hedge," says Tom Kloza, senior analyst at the Oil Price Information Service. Oil rose $1.82 to settle at $73.70 Monday.

Still, "We can put to rest some of the hyperbole — $3.50 average for gasoline, or $4-plus," he says.

Keeping upward pressure on prices:

• Hostility toward the U.S. in oil-producers Iran and Venezuela implies shortages at any minute.

• Indelible memories of disruptions caused by hurricanes in the Gulf of Mexico last year keep petroleum traders jumpy about supplies. That makes them willing to pay more for oil and for the gasoline made from it.

"We're heading into the peak demand season and the potential for refinery outages" from hurricanes, cautions Thomas Bentz, senior energy analyst at BNP Paribas, a big investment bank.

The U.S. Minerals Management Service in its latest report, April 19, said that 22.3% of Gulf oil output still hadn't restarted after hurricane damage last year. The MMS plans to update that number Wednesday.

Ex-CIA Chief: Oil Key To U.S. Security (PTR)

By Jason Cato

Pittsburgh Tribune-Review, May 2, 2006

Think gas prices are bad now?

Imagine another terrorist attack -- especially one on Saudi Arabian oil refineries, former CIA Director R. James Woolsey said Monday during a visit to Pittsburgh.

If terrorists took out the sulfur-cleaning towers in northeastern Saudi Arabia, as described in the beginning of Robert Baer's book, "Sleeping With the Devil," crude oil prices could easily top $150 a barrel and stay there for more than a year, Woolsey said.

A barrel of oil sold for about $73 yesterday, with gas prices in the United States hovering around $3 a gallon.

Most Americans don't want to think about paying double that.

They also don't want to think about where some of the money goes when they buy gasoline -- to groups that threaten the U.S., Woolsey said. And it's not just terrorists, but established Middle Eastern regimes that restrict women's rights, have poor education systems and fail to invest in their societies.

"If you want to see who's paying for all that, next time you pull in to fill up, turn the rearview mirror a little bit so you can look at yourself for a minute as you get out with your credit card," Woolsey said during a meeting with reporters and editors of the Pittsburgh Tribune-Review.

One way to beat that -- and hit Islamic extremists in the pocketbook -- is for Americans to start using renewable fuel, Woolsey said. That includes ethanol and biofuels as alternatives to gas and diesel.

In the U.S., ethanol is mostly made from corn and biodiesel from vegetable oil. Both are mixed with gasoline or diesel.

Neither is widely produced or used now, but could be in coming years -- in part because of skyrocketing gas costs.

"We're a few years off, but it's on the horizon," said Greg Boulos, of Steel City Biofuels, who sees alternative fuels as a way to bolster local economies while also curbing U.S. dependency on foreign oil. "At this point, though, alternative fuels are more expensive than gas."

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That will change.

By 2020, the National Commission on Energy Policy says it will cost less than 80 cents a gallon to produce cellulosic ethanol.

In addition to alternative fuels, Woolsey also advocates fuel-efficient vehicles and technological advances to build cars and trucks out of lighter carbon composites -- all in an effort to use less oil.

Buying less foreign oil will make the United States more secure, Woolsey said, by providing less money to Middle Eastern groups -- particularly radical Islamists.

Continued dependency on foreign oil could pose problems if future Middle Eastern regimes are not as cooperative, such as Osama bin Laden's assertion that he would cut Saudi oil production if he were in charge. It's possible other countries also could restrict the flow of oil to the U.S., Woolsey said.

That's the tactic Woolsey said he would use against Iran, which is shrugging off international concerns about its nuclear ambitions.

Iran produces about 4 million barrels of oil a day, most of which it exports. The country imports nearly all of its refined petroleum products -- such as gasoline and diesel fuel -- from Europe and India.

"And I think the thing that would bring the Iranian government and economy to its knees, quite quickly, would not be a cut-off of their exports of unrefined petroleum (but to ban) their imports of refined petroleum products," Woolsey said.

Short of sweeping technological and fuel changes, lawmakers in Washington, D.C., have become focused on more short-term answers to high gasoline prices.

Sen. Edward Kennedy, D-Mass., said President Bush should drill oil companies until "outrageous profits are returned to working Americans" and have the Federal Trade Commission report on price-fixing and gouging.

"They ought to be working seven days a week to make sure that we know exactly who is price-gouging," Kennedy said. "Congress also needs to pass an excess profits tax that will return revenue to working families -- this is not the time for greed."

The U.S. oil industry has been peppered with bad press in recent weeks for posting huge first-quarter profits.

Bush has resisted any call for a windfall profits tax.

Senate Majority Leader Bill Frist, R-Tenn., has called for more homegrown oil.

"Consumers are feeling pain at the pump, and Republicans are moving aggressively to address their concerns," he said. "We must reduce our dependence on foreign oil by increasing domestic exploration, improving our energy infrastructure and continuing to encourage conservation."

Frist also supports giving taxpayers a gas refund check.

Woolsey said that isn't enough. The country's gas woes need long-range solutions, he said.

"Rather than mailing everyone $100, we ought to do something to fix it," Woolsey said.

Frist Could Offer Bill To Resolve DRA Lawsuit (RC)

By Jennifer Yachnin

Roll Call, May 2, 2006

Senate Majority Leader Bill Frist (R-Tenn.) is considering legislative options to end an ongoing a dispute over Medicare payments to a group of Tennessee hospitals, in the process potentially shelving what could be the first test of the 2005 budget reconciliation act's constitutionality.

"Frist is working with [Finance] Chairman [Chuck] Grassley [R-Iowa] to explore legislative options," said a Frist aide, adding Monday afternoon that a proposal was not "imminent."

"This is a complex change legislatively," the aide said.

According to documents filed in the U.S. District Court for the District of Columbia, the lawsuit, Cookeville Regional Medical Center v. Thompson, centers on a disagreement over how certain Medicare payments should be calculated.

In late January, a federal judge found in favor of the hospitals, which had filed the suit in 2004, and awarded the institutions an increase in payments worth up to $100 million.

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But less than two weeks later, the Health and Human Services Department and its Centers for Medicare & Medicaid Services filed a motion to overturn that decision, citing a provision in the Deficit Reduction Act signed into law that month.

The appeal raised the ire of Tennessee's 11 Members, who criticized the move in a March 10 letter to Attorney General Alberto Gonzales and HHS Secretary Michael Leavitt.

In that letter, the lawmakers, including Frist, asserted the provision cited in the appeal was drafted at the recommendation of the Centers for Medicare & Medicaid Services to clarify the policy that sparked the original dispute.

In the meantime, however, attorneys for the hospitals have responded to the appeal, asserting that not only is the law inapplicable to the case, but also that the DRA fails to meet constitutional standards.

In court documents, the hospitals' attorneys note that although both chambers voted in favor of the act in December 2005, a technical error inserted by a Senate clerk resulted in the House and Senate approving different bills.

Because the House did not approve the exact version signed by President Bush, the response states, the act fails to meet the Constitution's bicameral clause.

(The mistake impacts the duration of Medicare payments for medical equipment, including hospital beds and wheelchairs.)

While at least four other challenges to the law's constitutionality have been filed in federal court — including a lawsuit filed Friday by 11 senior House Democrats — the Cookeville case could produce the first ruling on the law's validity because it is already under way.

According to court documents, Justice Department attorneys are slated to file a response in the case Wednesday. Although initially required to file April 7, the department received two extensions from the court.

It remains unclear exactly how Congressional legislation could impact progress in the case. A spokesman with the Justice Department's Civil Division declined to comment.

GOP To Focus On Spending (RC)

By Erin P. Billings

Roll Call, May 2, 2006

Feeling increasing heat from their base for living too high on the hog, Republican Senators are putting in place an election-year strategy to try to reclaim the fiscal discipline brand that helped the GOP win and maintain its majority for more than a decade.

Sources within the Republican Conference say that the leadership plans to make federal spending a major piece of its 2006 campaign. Those sources say there is a widespread acknowledgement that a wake-up call on spending is overdue and that the party must start pushing forth initiatives and a message to show voters it is serious about getting the federal government in the black.

"People are pissed off about high gas prices, a potential immigration snafu — there are a cluster of problems," said a Republican leadership aide. "It's something that's a big issue for the base, and they are very annoyed."

"After border security, it's probably the second most important issue right now," another GOP staffer said. "People are fed up."

GOP Senators and aides said that to make their case, the majority will spend the coming months holding numerous press events on federal spending, the budget and earmarks. Republicans also plan to push for Senate passage of a line-item veto and possibly revisit the issue of a two-year appropriations process.

With fiscal discipline squarely on the GOP must-do list, several Republican Congressional sources also said that the Senate is already sending signals to the House Republican leadership that, except for Defense and Homeland Security, consideration of the fiscal 2007 appropriations bills likely will be pushed off until after the November elections.

The reason, several GOP aides said, is that the other spending bills would only fracture the GOP and provide Democrats with ammunition to use in a hotly contested campaign.

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Sen. John McCain (R-Ariz.), a potential 2008 presidential hopeful and a leading proponent of earmark reform, said the GOP must act now to put its money where its mouth is on reining in federal spending. He said if Republicans fail to do that, it will hurt them at the ballot box.

"I think it's vital" to victory in 2006, McCain said. "Our base is committed to the concept of fiscal discipline and has been alienated. It's not that they are going to vote Democrat, but they may stay home."

McCain cited a recent NBC-Wall Street Journal poll that showed that 39 percent of respondents said banning earmarks was the most important job for Congress to finish before it adjourns for the Memorial Day recess. That was the highest level of support among the proposals offered, beating out immigration reform at 32 percent and extending President Bush's tax cuts at 10 percent.

The first outward sign of the new GOP offensive came last week when Senate Majority Leader Bill Frist (R-Tenn.) won a sought-after veto threat from Bush over the cost of the pending supplemental appropriations for Iraq and Hurricane Katrina. Frist tried to reinforce the message of GOP fiscal responsibility by following up the veto warning with a letter signed by 34 of his GOP colleagues backing the president.

Republicans then tried once more to press their anti-excessive spending campaign when, in an extremely rare if not unprecedented vote, Senators eliminated a $15 million earmark in the supplemental for a seafood-promotion program for Gulf Coast fishing interests.

"There's a lot of pressure up here to spend more, and not as much pressure to spend less," said Sen. Lamar Alexander (R-Tenn.). "It's important for Republicans to talk about fiscal discipline not only in an election year, but every year."

A Republican Senate aide said that the recent GOP fiscal strategy has "been percolating" for several weeks, beginning in February after Bush presented his fiscal 2007 budget proposal to Congress. Republican Senators — led by Frist, Jon Kyl (Ariz.) and Rick Santorum (Pa.) — are continuing to discuss how best to press their case through November.

"Talks are literally going on as we speak as to what our initiatives will be come early summer and early fall," this staffer said.

Sen. Sam Brownback (R-Kan.), a leading fiscal conservative, said that Republicans have been, and will continue to be, more vocal on spending, not only because it is an important issue for voters but also because the GOP must get its fiscal house in order. He said that natural disasters and other catastrophes aside, Republicans have gone too far in pushing pet programs that aren't essential.

"People are disappointed in Republican governance" on fiscal issues, and the party must regain their trust, Brownback said. While he doesn't believe Democrats have much credibility on that issue, Republicans cannot take anything for granted.

Asked whether Republicans will be victorious come Election Day, Brownback said: "Yes, if we reclaim the topic; no, if we don't listen. It's important we do something."

The Democrats have spent the better part of two cycles trying to convince the electorate that their party would be better stewards of taxpayer dollars than the Republicans, often citing the zeroing-out of the federal budget, which occurred on then-President Bill Clinton's watch.

Voters, they say, are tired of Republican policies they say favor the rich and strap the middle class.

"They are a day late and a dollar short — no pun intended," said Jim Manley, spokesman for Minority Leader Harry Reid (D-Nev.). "They've had five and a half years to govern this country. It's time for a change."

Manley said Republicans "find themselves between a rock and a hard place" in trying to negotiate fiscal discipline in a party divided by "moderates who support modest increases in spending and the fiscal conservatives who want to slash spending programs to the bone."

To remain unified on the subject, Republicans say they may have to focus Members' attention to the polling results and the looming election to drive home their case. It also doesn't hurt, they say, to have fiscal conservatives such as McCain and Brownback keeping the Conference on focus.

Some Republican hardliners blame those moderates and their own appropriators, who are charged with determining fiscal spending priorities, for letting spending get out of hand in recent years. They also allege it is appropriators who have gotten too gluttonous with "pork barrel" projects and earmarks — one of the very issues they hope to address this year.

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But one GOP appropriations aide countered that “the blame is being misplaced,” arguing that the current House and Senate Republican chairmen “are as committed to fiscal restraint as any ever have been.”

“The growth in federal spending over the past decade can be blamed chiefly on entitlement programs and other mandatory spending that the Appropriations committees have no control over,” the staffer said.

Republicans widely acknowledge that the party lost focus on hard-line budgeting in the wake of the Sept. 11, 2001, terrorist attacks, and that has only increased since the war in Iraq began and Hurricane Katrina hit the Gulf Coast. Those unexpected and costly endeavors necessarily put a pinch on fiscal restraint, they say — but now it’s time to come back to reality.

“We’re right on time to do something now, because no one is really paying attention yet,” said one Republican aide. “There’s still time between now and August to re-brand ourselves as the party of fiscal responsibility.”

Bold Bid To Cut 'Pork' In Congress (CSM)

By Gail Russell Chaddock

The Christian Science Monitor, May 2, 2006

WASHINGTON - If Congress gets into funding local projects, there will be no end to it, and it might be "productive of evil."

So warned President James Monroe in 1822. Since then, members of Congress have siphoned off billions in federal tax dollars for their own projects, or, some say, "pork." Previous bids to limit or end this practice of earmarks have proven as doable as nudging a spring chick back into its egg.

But this week, Congress is on track for its boldest step yet. The reason? Republicans are increasingly anxious about this fall's elections, and, with gas prices soaring, the public is paying attention to waste and corruption in Washington.

Higher gas prices are "making the public more conscious of waste and corruption," says Ross Baker, a political scientist at Rutgers University in New Brunswick, N.J.

Americans in a recent poll said that ending earmarks should be the No. 1 priority for Congress this session, according to an NBC News/Wall Street Journal poll released last week. Thirty-nine percent said that members should be prohibited from "directing federal funds to specific projects benefiting only certain constituents."

In the House, still reeling from the scandals involving former lobbyist Jack Abramoff and ex-Rep. Randy "Duke" Cunningham, Republican leaders are pushing for the disclosure of the names of members who propose earmarks and are seeking a process to remove them. Standoff over spending

It's an issue that roils those on spending committees, who nearly derailed the GOP lobby reform bill over the issue of earmark reform. Under pressure from House leaders, the appropriators caved, on condition that earmark reform be extended to taxwriting committees as well.

"It's our only chance to maintain the majority. It really is," said Rep. Jeff Flake (R) of Arizona, a lead sponsor of earmark reform, after the vote.

In the Senate, the fight is over reining in spending. In a political move only used once before in the US Senate, freshman Sen. Tom Coburn (R) of Oklahoma is forcing his colleagues this week to vote on individual pork projects attached to a $106.5 billion emergency defense bill.

He lost the first round, barely. His effort to drop the so-called railroad to nowhere, a $700 million project to relocate a recently repaired railway line away from the Gulf Coast, was heading toward success. But Sen. Trent Lott (R) of Mississippi, one of the project's chief promoters, armed himself with charts and photos of the Gulf Coast and made a last-minute, personal appeal to GOP moderates and saved the railroad funding, 49-48.

But, in a move that stunned the chamber, Senator Coburn won his next bid to remove a $15 million earmark for a Gulf seafood ad campaign. "I guess Senator Coburn is the new Miss Congeniality," said Sen. John McCain (R) of Arizona, a reference to the heat one takes from peers for opposing pork projects. "I hope we can pry some more pork out of it," he added. Every zero counts

This week, the Oklahoma freshman is going after 17 other earmarks, amounting to $2,680,145,000. (Unlike most other senators, Coburn doesn't round big numbers: Every zero counts.) These include $100,000 for a drivers' license facility in Georgia,

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$500 million to cover business disruption expenses for Northrop Grumman, and $20 million for a study of shrimp and reef fishery profitability.

"Hurricane Katrina should not be an excuse for corporate welfare," Coburn wrote to his colleagues last week.

Until the 1900s, earmarks were rarely used on Capitol Hill. In 1987, President Reagan vetoed a highway bill because it had targeted funds for member demonstration projects. In 1988, the Office of Management and Budget (OMB) issued a report showing all unauthorized projects, or member earmarks, in that year's appropriations bills.

"Lawmakers told OMB that if they ever did it again, they would cut their budget," says Tom Schatz, president of Citizens Against Government Waste, which has published a list of earmarks since 1991.

Other budget-cutting groups hail a new mood on Capitol Hill. "Pigs are going to start flying," says Ed Frank, a spokesman for the Ending Earmarks Express, a project of the conservative Americans for Prosperity Foundation. "The voice of the taxpayers is finally being heard in Congress."

Still, the Senate version of lobby reform falls short of the House proposal. It provides a process to eliminate earmarks that were added late in the legislative process, but does not require lawmakers to disclose their sponsorship of earmarks.

Anti-Spending Senators Skeptical Of Frist Plan (RC)

By John Stanton

Roll Call, May 2, 2006

The Senate will wrap up its short-lived debate over the growing use of supplemental appropriations bills as a vehicle for pork-barrel spending midweek, as the chamber is expected to approve a fiscal 2006 supplemental package by Wednesday that includes most of the nearly $14 billion in controversial earmarks that touched the fight last week.

With appropriators angered and bruised from a week of harsh attacks from conservatives and the White House, the decision by Senate Majority Leader Bill Frist (R-Tenn.) to limit debate on the bill will test the ability of GOP leaders and the White House to impose their will on the chamber's notoriously territorial appropriators.

Frist filed cloture on the bill last Thursday, essentially limiting reformers' opportunities to whittle away at the bill's price tag by forcing a series of politically embarrassing votes on 17 controversial earmarks challenged by Sen. Tom Coburn (R-Okla.).

Although at press time Republicans were still working out the details of which amendments to the bill would be considered, a GOP leadership aide indicated that Coburn would not get a floor vote on all of his amendments.

While Coburn and Sens. John McCain (R-Ariz.), Lindsey Graham (R-S.C.) and John Ensign (R-Nev.) had hoped to spend several days debating and voting on a list of 19 earmarks, only two of the provisions made it to a floor vote. Coburn and other reformers had argued both privately and publicly that the best way to cut the bill's price tag was during Senate floor consideration of the bill, since members of the House and Senate Appropriations committees would likely protect the extra spending.

But leadership aides indicated that Frist was comfortable approving the committee-passed bill largely intact, arguing that in addition to a White House veto threat and opposition from Senate leaders, Senate conference negotiators would face resistance from the House leadership as well, since they passed a bill that essentially reflected President Bush's original request.

But reformers reject that argument as foolish at best and, at worst, an indication that, in McCain's words, someone "has been smoking something stronger than I ever inhaled."

In fact, even in the best of times, imposing leadership's will on appropriators has proved to be a difficult task, often requiring the full attention of Frist, Speaker Dennis Hastert (R-Ill.) and former House Majority Leader Tom DeLay (R-Texas) to keep spending bills within the leadership's designated limits.

But with House Majority Leader John Boehner (R-Ohio) still solidifying control of the GOP Conference and Frist straining to control a fractured Senate, that task will prove significantly more difficult, particularly since the earmarks are written in such a way as to appeal to a broad swath of lawmakers. Appropriators in the House have also been emboldened by their recent successful stare-down with leadership over the budget and their near-win on lobbying reform, which the House will finally take up this week.

Finishing the supplemental this week clears the decks in the Senate for the chamber to take up the tax reconciliation conference report, which has itself become a target for its own brand of earmarks and financial breaks for the energy industry, among other interests.

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Meanwhile, this week's expected approval of the ethics overhaul in the House sets up the bill's next major hurdle, as Senate Democrats maneuver to defeat a provision targeting 527 groups that House Republicans reinserted into their version of the measure. If that provision survives the House-Senate conference, Senate Democrats could filibuster the conference report, or the bill itself, using as cover the argument that the bill is too light on reform.

The chamber will also tackle a pair of hastily scheduled energy bills — one sponsored by Rep. Heather Wilson (R-N.M.) that would strengthen laws against price gouging, and another by Energy and Commerce Chairman Joe Barton (R-Texas) and Rep. Charles Bass (R-N.H.) that is designed to increase oil refining capacity.

Rounding out the week, the House will take up a bipartisan port security bill authored by California Reps. Dan Lungren (R) and Jane Harman (D).

Hog-Tied (WSJ)

The Wall Street Journal, May 2, 2006

In the eternal battle against Congressional pork-barrel, we'll take even modest victories wherever we can find them. Following a bruising 12-round, behind-the-scenes prize fight last week between new House Majority Leader John Boehner and Appropriations Chairman Jerry Lewis, Mr. Boehner won on a technical knockout.

Heeding fiscal conservatives for a change, Mr. Boehner and fellow House GOP leaders wanted to attach budget changes to an otherwise useless lobbying-reform bill. These columns recently memorialized Mr. Lewis as the "Minority Maker" for his opposition to spending controls.

And sure enough, Mr. Lewis threatened to bring the whole lobbying bill down on the House floor with the help of most of his 36 fellow GOP appropriators, including a threat to bar money for projects in the districts of Members who dared support the bill. But Mr. Lewis backed down at the last moment, lest he and his big-spending mates be blamed for another embarrassing Republican defeat.

The House proceeded to vote 216-207 for budget rule changes that for the first time in many years limit the power of the College of Cardinals who run Appropriations to pass out tax dollars. The changes include reforms that should help repel some of the worst spending abuses, in particular the proliferation of Member-supported earmarks -- 2,600 in the 2006 Defense Appropriations bill alone and 6,371 in last year's highway bill -- that have been such a GOP embarrassment, such as Alaska's famous "Bridge to Nowhere."

Jeff Flake of Arizona, a lead sponsor of the earmark reform, says a major goal is transparency. From now on Members of Congress will have to put their John Hancocks next to the slabs of bacon they slip into big spending bills. Another reform will force up or down votes in the House on line-item pork projects if they are added during conference negotiations. The Nielsen ratings for CSPAN are going to explode. OK, maybe not, but it's a start.

Speaking of votes on pork, there was a related victory last week against white-elephant projects in the Senate. Republican Tom Coburn of Oklahoma forced a series of floor votes on parochial projects in Iraq supplemental spending that is already $14 billion above President Bush's request. Alas, a $700 million Mississippi railroad project survived by one vote. But Mr. Coburn did prevail on a vote to strip $15 million in subsidies to the seafood industry. Mississippi Senator Trent Lott said he's getting "damn tired" of Mr. Coburn and his fellow troublemakers, so they must be doing something right.

That $15 million is nickel-and-dime stuff by Washington standards -- about what Congress spends every 12 minutes. Still, you've got to crawl before you walk. And it sure is refreshing to see the Appropriators, so famous for bullying the Congressional leadership, lose a couple for a change. Taxpayers can only hope there are more such votes to come.

Appropriations Chair Not Afraid To Stand Apart From House GOP (WP)

By Jonathan Weisman

The Washington Post, May 2, 2006

As House Republicans' unity frays in a difficult election year, House Appropriations Committee Chairman Jerry Lewis (R-Calif.) and his expansive 66-member panel are challenging the GOP leadership and Republican conservatives.

Twice last month, Lewis and his committee nearly derailed high-profile legislation, first forcing GOP leaders to pull their 2007 budget blueprint from House debate and then bringing consideration of a major lobbying and ethics bill to a halt Thursday.

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Only after House Speaker J. Dennis Hastert (R-Ill.) pleaded, saying that his reputation was at stake, did committee members allow the lobbying bill to proceed to a vote, now scheduled for tomorrow.

Those actions are underscoring a political truism often uttered by Sen. John McCain (R-Ariz.): Congress has three political parties -- Republicans, Democrats and appropriators. Traditionally, the appropriations committees in both chambers of Congress have operated with bipartisan comity and an independent streak. GOP leaders tried to rein them in after the Republican takeover in 1994, but Lewis in recent weeks has emerged as a force, reasserting his panel's independence.

"We are getting more authoritative," said Rep. Mike Simpson (R-Idaho), an Appropriations Committee member who behind closed doors spoke vociferously against the lobbying bill, which he thought unfairly singled out the panel. "We are standing up for our turf."

Lewis, elected to the House in 1978, once used his background as a lifeguard to save former House speaker Jim Wright (D-Tex.) as he flailed off the shores of Hawaii. And the insurance salesman-turned-California pol has been reaching out to the other party ever since, so much so that in 1992, conservatives allied with then-Rep. Newt Gingrich (R-Ga.) derailed Lewis's rise through the House leadership. That left him to build his power through the Appropriations Committee.

Lewis assumed the committee chairmanship in 2005 with the Republican leadership's blessing, after a brutal competition with two other Appropriations subcommittee chairmen, Reps. Harold Rogers (R-Ky.) and Ralph Regula (R-Ohio). But if GOP leaders expected a more docile committee, they have been taken by surprise -- so much so that some House conservatives have been calling for Lewis to be replaced.

Lewis's leadership first came into focus early last month, when he balked at a 2007 budget plan that would have restricted his committee's ability to pass emergency spending bills in response to natural disasters by limiting annual emergency bills and funding them through a designated rainy-day fund. That budget plan remains in limbo.

But the issue of the committee's conduct came to a head last week when the panel refused to accept provisions in the lobbying bill to restrict the number of earmarks -- narrowly tailored measures to fund home-district projects. Appropriators have guarded their earmarking prerogative for years, generously funding their own districts while doling out favors to House members off the committee.

Under the lobbying bill, such measures and their sponsors would have to be clearly delineated in legislation. Opponents would be granted new power to strip such earmarks from legislation, even if it meant bringing down an entire bill deemed excessively larded with pet projects.

Appropriators first said that the provisions were unnecessary and would tie the House in knots, handing Democrats a cudgel to hit Republicans with. Then they said that if earmarks are to be targeted in the 11 annual appropriations bills that fund the government, it should be done in tax measures and "authorization" bills, such as last year's huge highway bill that funded Alaska's "Bridge to Nowhere."

Conservatives, such as Rep. Mike Pence (Ind.), said that Lewis had no real desire to spread earmark reform. By applying earmark limits to the bills of the Ways and Means and Transportation committees, they said, Lewis hoped those committees' chairmen, Reps. Bill Thomas (R-Calif.) and Don Young (R-Alaska), would join the effort to scuttle the earmark measures.

Most panel members denied that charge, but Simpson conceded the point to a degree.

"Are there people who still don't like what's happening in terms of earmark reform? Yeah," he said. "And some probably did think Don Young and Bill Thomas would say, 'No, no, no, no,' and kill it altogether."

But most committee members, including Lewis, really thought that spreading the earmark limits was a matter of fairness, Simpson said. In fact, several members who are also on the House leadership's team of vote counters said they were prepared to give up their spots on the "whip" team to vote against the leadership.

"I had the decision, 'Am I a member of the leadership as a whip, or am I an appropriator?' " said Rep. Kay Granger (R-Tex.), who ultimately backed Lewis. "Well, I'm both, and I worked hard to get on the committee."

To panel members, what happened last week was a clear triumph for Lewis. During a closed meeting Thursday afternoon, Hastert and House Majority Leader John A. Boehner (R-Ohio) assured members that no final lobbying bill would reach the floor unless its restrictions on earmarking applied to all committees. Boehner said, "There will be no bill, there will be no bill, there will be no bill."

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Then Hastert made his appeal, according to GOP aides who were present. He wants his legacy to be a unified, effective Republican conference. The popular speaker is expected to retire in 2008, and Hastert said he needed members' help to preserve his reputation.

Rep. Rodney Alexander (La.), who was elected in 2002 as a Democrat and switched parties two years later, said he believes in Republican principles and does not want to see his party break apart. One member asked Hastert if it is true that momentum is building to unseat Lewis from his chairmanship. Hastert assured the group that Lewis is safe. The committee then moved to back the speaker.

"This was a spontaneous, grass-roots reaction of the entire committee to demand full-scale earmark reform to apply to all committees," said Rep. John A. Culberson (R-Tex.). "And we won."

Budget-Cutting Endangers Indian Clinics (LAT)

By Sam Howe Verhovek

The Los Angeles Times, May 2, 2006

HELENA, Mont. — Karen Jester went to a local emergency room several years ago with complications from diabetes. When the doctor asked what the trouble was, she began by saying she had heard her late grandfather talking to her that day.

"They thought I was crazy, of course," recalled Jester, 46, an Assiniboine Indian. "They said: 'We think you're depressed. Here are some pills.' "

Jester recalled the incident as a cultural clash: To her, it was natural to invoke the spirit of an elder in describing her condition. It is just the sort of thing she feels comfortable expressing at the Leo Pocha Clinic, a federally financed Indian health clinic, where Jester comes regularly to manage her illness.

The clinic is one of five such facilities in Montana and 34 across the nation intended to serve about 70% of American Indians who live in urban areas, not on a tribal reservation.

But in a budget-cutting proposal that has set off protests and indignation among Indians from Los Angeles to New York and several smaller cities in between, the Bush administration has proposed eliminating funds for these clinics, which served about 106,000 Indians last year.

Under the plan, Native Americans in urban areas would use the already overburdened municipal clinics, hospitals and other health services that most Americans use — and that many Indians say have no concept of their traditional forms of care and healing, which are often used in tandem with modern healthcare.

Alternatively, under the plan, urban Indians could go to federally funded clinics on the reservation of the tribe to which they are registered. For many Indians, some of whom left those reservations because of crushing poverty and a lack of jobs, the latter option smacks of insult.

"They're basically saying, 'Go back to the Rez,' " said Donald L. Clayborn, executive director of the Helena Indian Alliance, which runs the clinic here. "There is an absolute sense of frustration over that message. They are trying to balance the budget on the backs of some of the poorest people in the nation."

Federal budget officials deny that is the case, arguing that the $33-million subsidy for the inner-city clinics provides an unnecessary duplication of services.

"Unlike Indian people living in isolated rural areas," President Bush's budget proposal says, "urban Indians can receive healthcare through a wide variety of federal, state and local providers."

If the cuts are adopted by Congress, at least half of the 34 clinics would face sudden closure, while the rest would have to curtail services, said Greg Fine of the National Council of Urban Indian Health, a nonprofit alliance in Washington.

Eight of the targeted clinics are in California, including United American Indian Involvement in downtown Los Angeles, near Good Samaritan Hospital; the San Diego American Indian Health Center; and American Indian Health & Services Corp. in Santa Barbara.

"In our clinic, we do have that real sense of being in an Indian environment," said David Rambeau, executive director of L.A.'s United American Indian Involvement, which has served about 15,000 Indians with medical problems over the last decade and receives about $800,000 in annual federal subsidies.

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"If a person is diabetic, we not only give them pills, we deal with their emotional part, we deal with the spiritual part," said Rambeau, a Paiute Indian. "That is definitely part of our program; that is what would be lost if Indian-oriented clinics have to close."

Here in Helena, the state capital, the Pocha Clinic clearly has more than just a medical function: It is something of a community center built around a clinic, with a food pantry, an after-school program for children to learn about Indian heritage, and meetings for Indians dealing with substance abuse. Indian quilts, buffalo hides and other decorations line the hallways in the small building along Last Chance Gulch, a downtown thoroughfare whose name dates to Helena's 19th century mining history.

"When you're Native American, it's honestly not that easy to express yourself, especially in a crowded place like a hospital," said Julie Gardipee-Chriske, 49, a Chippewa Cree Indian who deals with chronic pain from diabetes and persistent swelling, welts and cracking in her legs.

"If I lose this place, I'm someone that will probably die," said Gardipee-Chriske, a former tribal liaison with the U.S. Forest Service, explaining that she wouldn't go to an emergency room unless she felt horribly sick or someone took her there by force.

Jester, the Assiniboine Indian, left her reservation and took a seven-hour bus ride to Helena when she was 15 and pregnant. She was desperate to find work and a more hopeful place to raise her son, Jester said.

She found work as a cook and a home health aide, but still felt she was living as "a stranger in a strange land." Here at the clinic, she said, she has not only regained some of her health but has found a way to reconnect with her Indian identity.

"It would be insanity to close a place such as this," Jester said. "It would be like taking a knife to the Indian community."

Directors at the four other clinics in Montana — in Butte, Billings, Missoula and Great Falls — said they worried that their patients would be swallowed up or ignored by the non-Indian health system.

Indians suffer disproportionately from diabetes, obesity, tuberculosis and alcoholism, said Marjorie Bear Don't Walk, executive director of the Indian Health Board, which operates the clinic in Billings.

"A lot of our work is targeted at preventing these very problems," Bear Don't Walk said. "We have helped a lot of people, but these are the very people we worry about now, the kind of people who could disappear into the system, or perhaps maybe never even make it into the system at all."

Opponents See GOP Win (HILL)

By Josephine Hearn And Elana Schor

The Hill, May 2, 2006

Opponents of the House GOP leadership's upcoming lobbying and ethics reform bill were pessimistic yesterday that they could defeat it, noting that increased support among Democrats would likely offset any erosion of enthusiasm in the Republican ranks.

Republican leaders narrowly won a vote last week on a closed rule to bring the reform measure to the floor. The outcome of that vote signified that GOP leaders would face a tough, but not hopeless, battle to muster the votes to pass the lobbying reform measure itself this week.

Some Democrats are expected to break ranks tomorrow to vote for the bill itself, especially if they face competitive reelection races.

"Some members just want to take this issue off the table," a Democratic aide said. "They don't want to have to explain that they voted against this bill because they wanted a stronger bill."

Fewer than 10 Democrats are expected to cross over tomorrow, but it could be enough to eke out a victory.

A spokeswoman for House Democratic Whip Steny Hoyer (D-Md.), who has been aggressively whipping against the bill, said Democrats would be "overwhelmingly unified" on the vote.

Meanwhile, on the Republican side, support is in flux. The 12 members who voted against the rule last week could change their votes, while others who voted for the rule may now indicate their disapproval.

Many Republicans voted against the rule to protest the idea of having a closed rule, which limits debate and amendments, on a reform measure.

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"While the bill has many positive reforms, members should have an opportunity to offer additional amendments. Congress needs to have a full and open debate on meaningful reforms," Rep. Steve Chabot (R-Ohio) said in a statement.

A Chabot spokesman said the congressman was still undecided on the bill itself.

A spokesman for Rep. Mark Green (R-Wis.), who also voted against the rule on the grounds that it didn't allow additional amendments, was similarly undecided.

"It's going to depend on what's in there," the spokesman said.

A reform advocate at watchdog group Public Citizen, which has called the bill a sham and urged members to vote against it, was disappointed that some Republicans would vote against the rule and then leave open the possibility of backing the measure itself.

"It seems like 12 might be the upper limit," said Public Citizen's Craig Holman. "We only got 12 on the rule, and that was seen as the easier vote for us because some members saw it as undemocratic."

The group issued a scathing statement yesterday calling the bill a "mockery of the lobbying-reform drive."

Some Republicans, such as Reps. Walter Jones (N.C.) and Joel Hefley (Colo.), were likely to stick with their no votes.

"I think we should have a full debate allowing amendments on the floor in open rules," Jones said. "I don't think this bill goes nearly as far as it should to win back the public trust."

Attendance is likely to play a key role in tomorrow's vote. Ten members were absent for the rule vote last week.

Rep. Solomon Ortiz (D-Texas), who missed the vote to visit an ill family member in Texas, is undecided, according to his spokeswoman, Cathy Travis. "He is still deliberating."

Rep. Ron Paul (R-Texas), a second absentee, is similarly undecided, said his spokesman, Jeff Deist.

A spokeswoman for Rep. Earl Blumenauer (D-Ore.), another absentee, said her boss would stick with his party and vote no tomorrow.

Meanwhile, Rep. Lane Evans (D-Ill.) has been ill and will miss tomorrow's vote.

Rep. Chaka Fattah (D-Pa.) had "an official leave of absence" last week and plans to oppose the bill this week, his spokesman said.

Outside the Beltway, Rep. Heather Wilson (R-N.M.) is taking heat from Democratic challenger Patsy Madrid, the state attorney general, for voting in favor of the rule Thursday after publicly calling for stronger ethics enforcement in the legislation.

In March, Wilson signed on to a proposal by Rep. Christopher Shays (R-Conn.) for an independent Office of Public Integrity to police lawmakers and lobbyists for ethics violations. Wilson, Shays and Rep. Marty Meehan (D-Mass.) unsuccessfully pushed for a floor vote on the public-integrity plan as an amendment to Republican leaders' lobbying overhaul, but Wilson ultimately voted for the rule on the reform bill even as Shays and other GOP centrists cast a protest vote against it.

Madrid's campaign has hammered Wilson on ethics issues, prompting the fifth-term incumbent to return $10,000 of the $47,000 she received from the PAC of former House Majority Leader Tom DeLay (R-Texas). Madrid's communications director, Heather Brewer, seized on Wilson's vote for the rule as an abdication of her support for the public-integrity office.

"She stood with Chris Shays and got media attention here for doing that. At the end of the day, where's the accountability?" Brewer said. "She makes a big splash over issues she thinks are going to resonate with voters and then doesn't follow up."

Wilson's office did not return a request for comment on whether her vote in favor of the rule on the lobbying bill signaled her support for the overall package, which is scheduled for a floor vote tomorrow.

In a statement released March 30, Wilson said: "The House reform bill must include the creation of a third-party ethics council," reiterating her support for the Office of Public Integrity.

Civil Service Steps Up Recruitment (WP)

By Zachary A. Goldfarb And Christopher Lee

Washington Post, May 2, 2006

Civil service leaders announced a media campaign yesterday to lure talented applicants to the federal workforce at the same time that a new study says the government needs to do a more effective job of recruiting college students for federal jobs.

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Linda M. Springer, director of the Office of Personnel Management, said the agency will begin airing four 30-second television ads featuring federal employees touting the work they do and encouraging viewers to explore job opportunities at http://www.usajobs.gov/ . The ads come as the federal government faces an unprecedented wave of retirements among the baby-boom generation, with about 60 percent of the government's 1.8 million workers eligible to retire over the next 10 years.

"We often call it the retirement tsunami," Springer said. "We've got to get ready for it."

However, the new study by the nonprofit Partnership for Public Service, scheduled for release today, shows that federal officials have often failed to reach out to a group of people who might be expected to fill the jobs of departing civil servants: university students.

The partnership, whose mission is to entice talented people to consider federal careers, found that university students -- as measured by the responses of juniors, seniors and engineering graduate students at six universities -- say they lack the knowledge of federal jobs and internships necessary to map out career decisions.

Specifically, 54 percent of students said they did not feel knowledgeable about federal opportunities, compared with 13 percent who said they were very or extremely knowledgeable. Forty-two percent of students said they were very interested in federal jobs, slightly less than the percentage who said they were interested in private-sector spots.

Students said their biggest concern about taking a job in government was too much bureaucracy.

The OPM ads and the report come as the difficulty of maintaining a skilled federal workforce is building. The problem is especially critical at the uppermost levels of career bureaucrats, with 90 percent of Senior Executive Service members eligible to retire in the next decade.

Max Stier, president of the partnership, said the next generation of federal workers will think differently about their career paths than the generation that is about to retire.

"The generation that's leaving" believed in a system in which "they came into government for lifetime employment," Stier said. "The model no longer works today. This is a problem the government has never had to address before."

Springer acknowledged the new demands yesterday, saying the government must offer more flexible work arrangements. "We can't just bank on employees today in the 21st century that want to come work in a bricks-and-mortar building and stay there for 20, 30 or 40 years," she said. "It's not going to happen."

The partnership's report urges the government to create substantive relationships with colleges and universities, pool resources of agencies to recruit for certain careers, stress the public-service component of government work and tailor recruitment with as much face-to-face effort as possible.

Springer also said OPM and other agencies must redouble their efforts to simplify the red-tape-laden federal hiring process, which is notorious for leaving job applicants in the dark for months. And OPM is encouraging workers who could retire over the next few years to stick around longer, perhaps through new part-time arrangements.

An area of acute concern is workers with technical skills. The Defense Department needs to hire 6,000 engineers annually, while various agencies need 2,000 information technology experts, according to the partnership. About 12,500 new air traffic controllers will be needed over the next 10 years. At the same time, scientific proficiency in U.S. schools is not keeping pace with that in foreign schools.

"The numbers are dramatic," said Doris Hausser, an OPM senior policy adviser. "The university systems of foreign competitors are generating engineers and scientists at a much higher rate than we are. That's not to say we don't have good engineering schools, but what needs to happen is for federal agencies to establish good working relationships with the departments at some of these schools."

The partnership's report said engineering students tend to be less interested in federal jobs than others, with only a quarter having actually sought information about them.

The report reflects the views of 3,200 students who responded to a survey sent to about 31,000 students at Clark Atlanta University, George Washington University, Louisiana State, Ohio State, Stanford and the University of New Mexico. At Ohio State, only language and engineering students were surveyed.

Ohio State engineering seniors Andrew Bramnik and Erica Nollen chose different paths to employment, illustrating some of the challenges and successes of federal recruitment.

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Bramnik, 22, an electrical engineer, stopped at the booth of the Nuclear Regulatory Commission at a job fair last fall and talked to a representative for about 20 minutes. He was then invited to an interview in Illinois and visited a training room simulating a nuclear power station.

Soon after, though he was still talking to several companies about lucrative positions, he accepted a post in the commission's nuclear material safety branch. "I have friends who have accepted employment with other companies who will be starting in more entry-level, low-level positions," he said. "I get the feeling that going to work for the NRC is going to give me an opportunity to learn and progress a lot, while studying and being trained."

And, Bramnik said, "I've always known I wanted to do something with my engineering background that could provide a benefit to society."

Nollen, 22, a mechanical engineer, considered a job with the Puget Sound Naval Shipyard in Washington state but elected instead to be a consultant for McKinsey & Co., which offered her several thousand dollars more in salary. After an interview on campus about the shipyard position, she flew to Puget Sound for a tour. Officials there explained that though the pay was less than what the private sector offered, other benefits, such as a 40-hour workweek or guaranteed overtime, would make up for that gap.

Yet Nollen said she was worried that officials didn't put much effort into tailoring a position to her interests in strategic management. McKinsey, she said, conducted a demanding series of interviews that probed her career interests clearly.

"It wasn't necessarily that I didn't want to work for the government," Nollen said. "I don't know how they got a good read on me being a fit or not. It was just such a short screening process. You want to make sure you're getting the right people in the job."

Objective: Replace Retirees (WP)

By Stephen Barr

The Washington Post, May 2, 2006

The government will soon need recruits to help it ride out a coming wave of retirements. At the same time, it wants to hang on to its experienced hands for as long as possible.

That was the message yesterday from Linda M. Springer , director of the Office of Personnel Management, as she announced the launch of a television advertising campaign to showcase important and interesting jobs in the civil service.

"We aren't as well known as we probably ought to be," Springer said. "We're not really good in the civilian workforce side of making known these great [employment] opportunities."

The armed forces have long run TV ads to boost military recruiting, and the OPM's effort is a first for the agency, which oversees government-wide personnel policies and benefits.

About 60 percent of the 1.8 million civil service employees will be eligible to retire in the next 10 years and 40 percent of them will leave, based on the government's past experience with retirements, Springer said. She noted that 90 percent of federal executives will be eligible to retire in the next decade.

"We are not being overly dramatic here," Springer said. "It is a big number, and we've got to do something to get ready for it."

As the baby-boom generation departs, Springer has asked agencies to work with the OPM on ways to speed up their hiring and to offer alternatives to the traditional 20- and 30-year careers that have been the mainstay of the federal workforce.

The next generation of workers may be drawn to jobs that allow people to come and go from government and offer flexible working hours and chances to telecommute, she said.

The OPM's inaugural TV ad campaign features four federal employees -- Elizabeth N. Mazzae , a human factors engineer with the National Highway Traffic Safety Administration; Maxine M. Brown , a branch chief who manages software development and maintenance for the National Weather Service's environmental prediction centers; Walter W. Douglas , the South Carolina state conservationist at the Agriculture Department's Natural Resource Conservation Service; and Earl H. Stockdale , chief counsel at the Army Corps of Engineers.

They appear in 30-second spots showing them on the job and reminding viewers that people in public service make a difference in the lives of citizens. The ads will start airing in the Flint and Saginaw region of Michigan and in the Greenville-

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Spartanburg area of South Carolina next week. Much of the work on the advertising campaign was done in-house at the OPM, and officials estimated the total cost for the initial effort at about $184,000.

In addition to making the point that the government needs to ramp up its recruiting efforts, Springer also made a pitch to would-be retirees to stay on the job as long as possible.

She noted that many federal retirees start a second career, either to maintain their lifestyle or to avoid boredom, and she urged them to think about remaining in the federal service to help their agencies cope with the generational transition that is coming.

The president's fiscal 2007 budget, she said, would offer employees a way to move in steps toward retirement. The proposal would permit employees covered by the Civil Service Retirement System to work part time in the latter stages of their careers without facing a reduction in their pensions, as current law requires. The proposed change requires the approval of Congress.

Although OPM's ad campaign will focus on the government as an employer, some agencies have run targeted ad campaigns to boost hiring. Last year, for example, the FBI launched its first national TV ads to attract potential employees.

The government's hiring challenges go beyond ad campaigns, however. Many job applicants complain about the red tape in federal hiring and lack of feedback from agencies on where their applications stand. Requirements for security clearances also slow hiring.

Finding job applicants with advanced degrees and specialized skills also is a challenge for many agencies. Yesterday, for example, the nonprofit Partnership for Public Service sponsored a Capitol Hill forum, featuring Sen. Daniel K. Akaka (D-Hawaii), on efforts to recruit and retain persons who can speak Arabic, Chinese, Hindi, Korean, Farsi and other languages where there are shortages of talent.

Pelosi Urges Hastert To Probe Alleged Prostitution (RC)

By John Bresnahan

Roll Call, May 2, 2006

In a move sure to increase the already high level of partisan tensions over alleged corruption in Congress, House Minority Leader Nancy Pelosi (D-Calif.) on Monday called for an ethics committee investigation into whether two defense contractors supplied now-imprisoned former Rep. Duke Cunningham (R-Calif.) and other lawmakers with prostitutes, free hotel rooms and limousine rides.

Citing media reports, Pelosi wrote to Speaker Dennis Hastert (R-Ill.) to urge the House's top Republican to join her in introducing a bipartisan resolution that directs the ethics panel to look into the allegations, notwithstanding an ongoing criminal probe by the Justice Department into Cunningham's activities. Traditionally, the ethics committee has avoided becoming involved in any matter in which DOJ has already begun a criminal investigation.

"Mr. Speaker, these disclosures, along with other indictments and allegations of unethical behavior, demand strong action by congressional leaders to uphold the integrity of the House," Pelosi wrote in her letter to Hastert. "Since these new charges uniquely affect the House of Representatives, I believe that, regardless of what action may be taken in the [Justice Department] criminal investigation, the House must act."

The issue of prostitutes and other illegal gratuities being provided to lawmakers beyond Cunningham was first raised by the San Diego Union-Tribune last year, and The Wall Street Journal added more details in an article last week.

According to the Journal, Mitchell Wade, a California defense contractor who in February pleaded guilty to paying hundreds of thousands of dollars in bribes to Cunningham, has told federal investigators that Cunningham would call him and ask him to procure prostitutes. Another defense contractor implicated in the Cunningham scandal, Brent Wilkes, allegedly provided hotel rooms for Cunningham and other lawmakers, as well as finding a limousine company that allegedly had "relationships" with Washington, D.C.-area "escort services."

The limousine company in question, Shirlington Limousine & Transportation Inc., won a $21.2 million contract with the Department of Homeland Security last year to provide "shuttle services and executive transportation support" to the agency.

Wilkes has not been charged with any wrongdoing, and his lawyer insists Wilkes has done nothing illegal or improper.

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Democrats, however, are using the stories to open a new front with the GOP leadership over the "culture of corruption" that they say has been brought to Capitol Hill and the White House by the GOP.

"Please join me in drafting and bringing to the floor this week a bipartisan resolution directing the Committee on Standards of Official Conduct to determine whether other Members of the House participated in unethical or illegal conduct related to the Cunningham conviction," Pelosi wrote.

Ron Bonjean, Hastert's spokesman, said that House leaders from both parties should not dictate to the ethics committee what it should investigate.

Bonjean also criticized Pelosi for having to replace Rep. Alan Mollohan (D-W.Va.) as the ranking member on the ethics panel after the FBI began looking into his financial dealings with a handful of nonprofit groups he created or controls.

"The ethics committee should decide this, not the Minority Leader who just removed her top Democrat from the panel due to allegedly corrupt behavior," Bonjean said.

CIA Confirms Official Attended Poker Games (WSJ)

By Scot J. Paltrow

The Wall Street Journal, May 2, 2006

The Central Intelligence Agency confirmed its third-ranking official, Executive Director Kyle "Dusty" Foggo, attended poker games in Washington, D.C., hotel hospitality suites, the use of which is the focus of a federal criminal investigation.

A CIA spokeswoman said Mr. Foggo strongly denies anything improper occurred while he was present during the games, held at times in the Watergate and Westin Grand hotels in Washington.

As reported, federal prosecutors in San Diego and Federal Bureau of Investigation agents have evidence the suites were paid for by Poway, Calif., defense contractor Brent Wilkes, an unindicted co-conspirator in the bribery case involving former California congressman Randall "Duke" Cunningham.

Mr. Foggo's longstanding friendship with Mr. Wilkes has been known for months, after it was detailed in the San Diego Union Tribune and other news outlets. The CIA hadn't commented until now on Mr. Foggo's socializing with Mr. Wilkes.

Prosecutors are looking into whether Mr. Wilkes and contractor Mitchell Wade, who has pleaded guilty to bribing Mr. Cunningham, had supplied prostitutes and the suites' use to Mr. Cunningham and possibly other members of Congress from the 1990s until 2005. The CIA in March confirmed that its inspector general is investigating the relationship between Messrs. Foggo and Wilkes, to see whether Mr. Foggo may have played any improper role in the awarding of CIA contracts to Mr. Wilkes's companies. A 27-year CIA veteran, Mr. Foggo became the agency's executive director in 2004. His duties have included overseeing the letting of CIA contracts. The two have been close friends since junior high school.

The CIA has said that the inspector general's inquiry was a routine response to public allegations of improprieties involving contracts and that launching the investigation didn't imply evidence of wrongdoing. CIA spokeswoman Jennifer Millerwise Dyck said "Mr. Foggo maintains that government contracts for which he was responsible were properly awarded and administered. If he attended occasional card games with friends over the years, Mr. Foggo insists they were that and nothing more." She said Mr. Foggo says he never witnessed any prostitutes at the games and that any allegation to the contrary would be "false, outrageous and irresponsible."

Mr. Wilkes' lawyer has denied his client had any involvement in hiring prostitutes.

Sour News For GOP In Poll (USAT)

By David Jackson

USA Today, May 2, 2006

WASHINGTON — Six months before Republicans try to hold on to control of Congress in the fall elections, a new poll shows President Bush has slid to the lowest approval rating of his presidency, and a majority of voters say they'll vote for Democrats in November.

A USA TODAY/Gallup Poll taken Friday through Sunday found Bush's approval rating at 34%, two points under his previous low. He also received the lowest ratings of his presidency on his handling of the economy, energy and foreign affairs. He tied his previous low on Iraq: 32%.

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The poll showed Democrats leading 54%-39% among registered voters who were asked which party they would prefer in a congressional race.

White House spokesman Scott McClellan said the president is not focused on polls but "on achieving results for the American people."

A spokesman for the House Republicans' campaign committee, Carl Forti, said unhappiness with Bush doesn't doom the GOP's 29-seat House majority because "President Bush is not on the ballot."

Forti also noted that the poll showed 59% of respondents said their own representative deserves to be re-elected. However, poll data show that's the lowest percentage since 1994, when Republicans won control of Congress from the Democrats.

Sarah Feinberg, a spokeswoman for the Democratic Congressional Campaign Committee, said voters are linking Bush's problems to his GOP colleagues: "The American people want change."

Since 1950, there have been six times when presidents had Gallup approval ratings below 50% in the spring as their party sought to keep control of Congress. The president's party lost House seats in all six years, ranging from five in 1968 to 54 in 1994.

A 15-seat switch in November would give the Democrats a majority in the House. A six-seat switch would give Democrats control of the Senate.

The poll comes as the Iraq war and a sharp increase in gasoline prices have contributed to public uneasiness.

Bush has repeatedly said he does not pay attention to opinion polls. At a fundraiser last week for Rep. Jon Porter, R-Nev., he said he wants congressional colleagues "who don't listen to polls and focus groups but stand strong for what they think we're doing right."

Talks Held With At-risk Republicans (HILL)

By Patrick O'Connor

The Hill, May 2, 2006

Demonstrating concern about retaining the majority in November, the office of House Majority Leader John Boehner (R-Ohio) is holding weekly meetings with a handful of staffers of potentially vulnerable Republicans.

The sessions are part of a larger outreach effort by the majority leader to improve communications with every member of the Republican Conference.

The weekly gatherings are an opportunity for the leader's staff to walk the rank-and-file staffers through the upcoming agenda and hear from the offices about the political climate in some of the party's most competitive districts. The member input provides insights and intelligence from campaigns across the country that leaders can use to influence their legislative agenda and strategy during a bitter election year.

Former Majority Leader Tom DeLay (R-Texas) used his regular meetings with the committee chairmen for the same purpose. Majority Whip Roy Blunt (R-Mo.) and his chief deputy whip, Rep. Eric Cantor (R-Va.), rely on their whip network to gauge support for bills and hold "listening sessions" with small groups of Republicans in preparation for many of the toughest votes.

The meetings with the staffs of vulnerable members occur once a week when the House is in session, Boehner spokesman Kevin Madden said, and staff from 12 offices usually attend.

Some of the members involved include Republican Reps. Steve Chabot (Ohio), Mike Fitzpatrick (Pa.), Jim Gerlach (Pa.), Bob Ney (Ohio), Dave Reichert (Wash.), Clay Shaw (Fla.) and Heather Wilson (N.M.). Each of those members' districts is among the party's most competitive, according to a chart compiled by The Cook Political Report.

Greg Maurer, who directs member services for the majority leader, organized the meetings soon after Boehner assumed the title of leader. The hour-long sessions are equal parts briefing and discussion about the agenda and overall communications strategy for the week.

Jo-Marie St. Martin, Boehner's general counsel, begins most meetings by walking staffers through the floor schedule for the coming week. Then Maurer turns it over to Madden, who briefs the assembled chiefs of staff and press aides about the national communications strategy.

The rank-and-file staffers then tell Boehner's team how particular issues, such as the Medicare prescription-drug benefit or lobbying reform, are playing in their bosses' districts.

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"It's tremendous help," said Eric Eikenberg, Shaw's chief of staff. "It gives us an opportunity to raise questions and have a direct dialogue."

With the elections approaching, many of these members are also encouraging leaders to move on key pieces of legislation so that they can tout those accomplishments back home.

"Gas prices and job creation are the two most important issues in [Ohio's 18th Congressional District]," Ney spokesman Brian Walsh wrote yesterday while accompanying Ney on a tour of his eastern Ohio district. "And it's clear that [Republican leaders] are listening to the Members and their constituents" by bringing energy initiatives to the floor later this week.

Likewise, Madden said, the meetings give Boehner's staff a good sampling of what local media outlets have been saying about the controversial Medicare prescription-drug benefit in the months leading up to the May 15 sign-up deadline.

With limited days remaining on the legislative calendar and an increasingly difficult political dynamic in the House itself, Republican leaders must be more selective in the bills they choose to bring to the floor. They are still struggling to pass lobbying reform, which is expected to be back on the floor tomorrow, and were forced to pull the budget early last month when it was clear they lacked the votes necessary to pass it.

"We make every effort to work with key staff in these offices to sync up our legislative and communications offices so they have the very best access and the very best information about what issues the conference is working on and how we can help them message with constituents back home," Madden said of the outreach effort with Republican incumbents in difficult districts.

Boehner's office also holds similar meetings with the staffs of freshman members to encourage communications.

Some members and staff have grumbled about the heavy itinerary of meetings, but most are happy to share more face time with the leader and his staff.

Boehner's staff would still like to take another stab at passing the annual budget, and meetings like these with vulnerable members will give Boehner's office insight into whether or not that's a realistic goal.

Shaw, who faces Democratic state Sen. Ron Klein, would like to see the House pass its budget bill this year, despite the political sensitivities of the vote.

"It's the roadmap," Shaw said, adding that the budget is the only mechanism Congress employs to build consensus on the annual spending requests that come out of each committee. "I could drive to Fort Lauderdale without a map, but it's easier if I have one."

In this difficult election year, leaders must account for the fragile political terrain on every vote and message campaign.

"There is an atmosphere out there that doesn't favor incumbents," Shaw said. "Boehner has really opened communications."

The 'Gang Of 14' Compromise Was A Victory For The GOP (RC)

By Cesar Conda

Roll Call, May 2, 2006

Last spring, 14 Senators — seven Republicans and seven Democrats — forged a compromise on President Bush's judicial nominees that conservatives roundly and universally criticized. Yet almost one year later, it turns out the Republican Senators of the "Gang of 14" were mostly right — at least so far.

Under the pact, the Republicans agreed not to support a Senate rule change to prohibit filibusters on judicial nominees, a maneuver known among Republicans as the "constitutional option" and among Democrats as the "nuclear option." The Democrats, meanwhile, agreed to end their filibusters against Bush's judicial nominees, including Supreme Court nominees, except in "extraordinary circumstances."

The gang's Republicans — Mike DeWine of Ohio, Susan Collins and Olympia Snowe of Maine, John Warner of Virginia, Lindsey Graham of South Carolina, John McCain of Arizona and Lincoln Chafee of Rhode Island — were attacked from the right for their supposed betrayal of the party and of the people. The compromise was viewed, in their minds, as a capitulation — a surrender of Republicans' ability to force an up-or-down vote on all judicial nominees.

Perhaps because he is a staunch pro-life champion, DeWine took the brunt of the conservatives' wrath. For instance, the Family Research Council ran radio ads in Ohio urging voters to tell DeWine that "they were not happy with his backroom deal."

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Phil Burress, a Cincinnati-based conservative activist, said that the Senator "basically stabbed pro-life people in the back by joining the Gang of 14."

At that time, I, too, had reservations about the agreement because I thought the Democrats would broadly define the term "extraordinary circumstances" to justify continued filibusters of the president's judicial nominees, including nominees to the Supreme Court.

But since the agreement went into effect, seven of Bush's previously blocked nominees — some of whom were waiting for more than four years to get a vote in the Senate — are now judges in the United States Courts of Appeal. Those who criticized DeWine should know that three judges have taken their seats in the 6th Circuit covering Ohio. These judges are now interpreting law and shaping the legal landscape in the country's second highest courts. Their effect will be felt for years to come.

And, of course, the Republicans were able to confirm Chief Justice of the United States John Roberts and Associate Justice Samuel Alito. Not too bad for a group that allegedly ceded control of the nomination process to the Democrats and liberal interest groups.

While conservative columnist Charles Krauthammer bemoaned that the seven judges would not be approved by the Senate, they were. He complained that the agreement of the Gang of 14 would never "go nuclear." But DeWine, for example, repeatedly admonished the Democrats during the Alito nomination that he would do exactly that. And, his cautionary remarks worked: The Democrats did not mount a filibuster against Alito.

The deal worked exactly as designed and ensured that the Republicans were able to fill the two most important judicial openings that have existed during the Bush presidency. That is an unprecedented victory — not just for conservatives and Republicans, but for our entire nation as well.

Senate Republicans must do more to get conservative appellate judges confirmed. Because of four and a half years of opposition from Michigan Democratic Sens. Carl Levin and Debbie Stabenow, Michigan Judge Henry Saad recently withdrew his nomination to the U.S. Court of Appeals for the 6th Circuit. Senate Republicans should have pushed for an up-or-down vote on Saad's nomination, thereby forcing Stabenow, who is up for re-election in November, to either support Saad or explain to her significant Arab-American constituency why she opposed an outstanding jurist who would have been the first Arab-American judge on the 6th Circuit.

Highly qualified nominees, such as U.S. District Judge Terrence Boyle, White House staff secretary Brett Kavanaugh, Department of Defense General Counsel William Haynes and Mississippi lawyer Michael Wallace, continue to languish in the Senate for no legitimate reason.

For the Gang of 14 compromise to be a success, the group's Republican members should press their leadership and their Democratic gang members to confirm Boyle, Kavanaugh, Haynes, Wallace and other Bush nominees this year. Senate Majority Leader Bill Frist (R-Tenn.) recently announced his intention to bring Kavanaugh's 3-year-old nomination to the Senate floor sometime this month. For Bush, a renewed fight over conservative judges against the likes of Sen. Edward Kennedy (D-Mass.) just might be the cure to the Republican Party's current political doldrums.

Cesar Conda, former assistant for domestic policy to Vice President Cheney, is a senior fellow at FreedomWorks and a principal of Navigators LLC.

OTHER NEWS:

Economy's Hot Streak Continues (WSJ)

By Mark Whitehouse

The Wall Street Journal, May 2, 2006

The first significant piece of economic data for April reinforced the widening view that the U.S. economy entered the second quarter with a good deal of momentum. But a whiff of inflation fueled concern that the Federal Reserve will be forced to step harder on the brakes.

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The Institute for Supply Management, a purchasing managers' trade group, said yesterday that its index of manufacturing activity came in at 57.3 for April, higher than expected and up from 55.2 in March. Any level above 50 suggests that the manufacturing sector is growing. A reading in the mid-50s is strong for an economy already in its fifth year of expansion.

"It's an impressive number," said Peter Kretzmer, senior economist at Bank of America in New York. "With businesses feeling good and starting to hire, that adds to personal income and is likely to keep consumer spending going, even if other elements are slowing it down."

A drop in the new-orders component of the ISM index, however, suggests that April's number might be more an echo of a strong first quarter than a sign of things to come. "We'll have to see how well that translates into future growth," said Norbert Ore, who oversees the index and serves as procurement director at Georgia-Pacific Corp.

Separately, two reports from the Commerce Department showed U.S. consumers going strong in March. Personal consumption rose 0.6%, and a jump in home improvements helped boost construction spending by 0.9%. Both numbers were higher than economists' expectations for the month.

Economists said that after adjusting for inflation, personal spending was on a trajectory to rise at an annualized rate of about 3% in the second quarter, compared with 5.5% in the first quarter. That is consistent with expectations that the economy's rate of growth will slow in the current quarter, as higher gasoline prices and a cooling housing market make consumers feel poorer.

Personal income rose 0.8% in March, double the rate economists expected. A $40 billion annualized jump in payments under Medicare prescription-drug benefits accounted for most of the increase, but wages and salaries also rose at a healthy 0.4% rate, indicating that consumers are benefiting from a stronger job market. People kept spending beyond their immediate means: Expenditures exceeded disposable income by $32.5 billion, or 0.3%.

The Commerce Department also reported a larger-than-expected increase in its index of consumer-goods prices -- a number that Fed officials watch closely for signs of inflationary pressures. The "core" index, which excludes food and fuel, rose 0.3% in March and 2% for the 12 months ending in March, at the top of the 1% to 2% range that the Fed considers acceptable.

The inflation number led more investors to bet that the Fed will take its short-term interest-rate target a notch higher, to 5.25%, at its June policy-making meeting, after an expected increase to 5% from 4.75% at its May 10 meeting. In early afternoon trading, the futures market put the probability of a June increase at about one-in-three, compared with odds of about one-in-four last week.

In statements to Congress last week, Federal Reserve Chairman Ben Bernanke suggested that the Fed might take a break in June from two years of consistent rate increases, but the new inflation data will "make the case for a pause at the June meeting a little difficult," said John Ryding, chief U.S. economist at Bear Stearns in New York.

Until recently, U.S. manufacturers' good fortunes hadn't translated much into jobs and gains in household income, as companies found ways to produce more with the same workers and equipment. But recent robust jobs data suggest that they are getting to the point where they need to boost capacity to keep growing -- a factor that could mitigate any slowdown in consumer spending. In March, companies added 211,000 jobs to nonfarm payrolls. The government will release April jobs data Friday.

"We try to do lean manufacturing, but there's a point where you're bumping up against capacity and you're going to need to add more people," said Tony Raimondo Jr., president of Behlen Country, a division of Behlen Mfg. Co., of Columbus, Neb. He said Behlen Country, which makes ranch equipment such as horse stalls and dog kennels, is already hiring at one plant in Oregon.

Construction And Consumer Spending Rise (NYT)

By Vikas Bajaj

The New York Times, May 2, 2006

Strong demand for homes, cars and other big-ticket goods kept the economy moving at a brisk pace in March, according to reports released today.

The Commerce Department said personal spending and income increased more than economists had projected and inflation rose modestly in the month. Another government report showed construction spending jumped 0.9 percent, with most of

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the gains coming from home building. And a closely-watched report on the sentiments of manufacturers showed that managers were more optimistic about the economy in April than March.

Bonds traded down after the reports were released as investors bet that the strong economic momentum and hints of inflation would force the Federal Reserve to increase short-term interest rates twice more before stopping their nearly two-year campaign to raise rates. At midday, the yield on the 10-year Treasury note, which moves in the opposite direction of the price, was 5.126 percent, up from 5.053 percent late Friday. Stocks were up mixed.

Personal spending increased by 0.6 percent in March after rising 0.2 percent in February and 0.9 percent in January. The biggest jump was seen in services, up 0.7 percent, and durable goods, up 0.5 percent. Economists had expected spending to rise by 0.4 percent, according to a survey by Bloomberg News.

Personal incomes jumped 0.8 percent, with about half the increase coming from the federal government's new Medicare prescription drug plan. Incomes increased 0.3 percent in February and 0.7 percent in January, and analysts had expected an increase of 0.4 percent in March. Wages, salaries and other forms of compensation increased by 0.5 percent.

Prices for personal spending on items other than food and energy rose at an annualized rate of 2 percent, up from 1.8 percent in February and at the high end of the range that Fed officials consider healthy. Inflation including food and energy was at 2.9 percent, unchanged from February.

In deciding whether it should raise short-term rates, now at 4.75 percent, again at its meetings on May 10 and June 29, the Fed will have to weigh the pickup in prices and strong signs of growth against signs that the economy may start to lose some of its current vigor because of higher gasoline prices, now about $3 a gallon in many parts of the country, and rising interest rates for mortgages and home equity loans.

Ben S. Bernanke, the chairman of the Federal Reserve, told a Congressional committee last week that the Fed may hold up rate increases to give policy makers more time to evaluate the competing signals from different statistics.

Another reason to pause and take stock is that the economy has not fully registered the impact of the 15 rate increases since June 2004 or of the rising oil and gasoline prices yet, said Gregory Miller, chief economist at Suntrust Banks in Atlanta. "Policy takes time to resonate through the economy," he said.

The Institute of Supply Management said today that its index of manufacturing managers rose to 57.3 from 55. A reading greater than 50 indicates managers are generally optimistic about their businesses' prospects for growth.

Dollar Declines On Trade Deficit (WP)

By Paul Blustein

The Washington Post, May 2, 2006

The U.S. dollar is having a sinking spell -- which is good news for U.S. manufacturers and bad news for American tourists traveling abroad. Spurring the greenback's slide are recent statements by top economic policymakers, notably declarations about the need to reduce global trade imbalances.

The dollar has suffered sharp losses against other currencies the past two weeks, and yesterday it hit a fresh, seven-month low against the Japanese yen. Although it rallied yesterday afternoon against the euro, it fell to an 11-month low against the European currency earlier in the day and is down nearly 6 percent against the euro since late February.

Some of the strongest gains against the U.S. currency have come from the Canadian dollar. The "loonie" rose to 89.82 cents late yesterday afternoon -- it was around 85 U.S. cents at the beginning of last month -- and at one point yesterday, it touched 89.97 U.S. cents, the highest since 1978.

Like previous swoons in the U.S. dollar, the latest one has come during renewed attention to the U.S. trade deficit, which swelled to $723.6 billion last year and was the focus of discussion at high-level international meetings last month.

The currency shift means that Americans must shell out more dollars for foreign goods while foreigners can buy U.S.-made goods for fewer yen, euros and pounds. That is why U.S. travelers overseas will see their hotel bills and restaurant meals rise in dollar terms and why U.S. exporters are hoping that if the dollar continues its decline, they will get more orders from abroad.

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"This could be a trigger to start a slide down," said Franklin J. Vargo, vice president for international economic affairs at the National Association of Manufacturers. "I don't envision a collapse. But everyone's waiting to see -- will these steps start a trend? We certainly hope they do."

The dollar's recent move is a reversal of its pattern during much of last year, when rising interest rates made investments in U.S. Treasury bonds and other securities more attractive and drew investors into the U.S. currency. Although interest rates in the United States have continued to head upward, many traders expect rising rates on securities elsewhere -- especially Japan and Europe -- to narrow the gap. That is especially true since last week's comments by Federal Reserve Chairman Ben S. Bernanke, which were interpreted by financial markets as suggesting that the U.S. central bank would stop raising rates at least temporarily.

Also fueling the dollar's descent were pronouncements last month by officials of the Group of Seven major industrial nations indicating deepening concern about the U.S. trade deficit and the corresponding surpluses in Asia and oil-exporting nations. The trade gap has long been a source of worry for many economists because as Americans buy massive amounts of goods from abroad, the dollars they pay are piling up in the hands of foreign investors, who could eventually lose confidence in the U.S. economy and dump their holdings in a panic.

At the spring meetings of the International Monetary Fund and the World Bank, the G-7 declared their recognition that shrinking the trade gap will require action by many countries, and they created a stir in markets by prodding Asian nations in particular to let their currencies rise. "In emerging Asia, particularly China, greater flexibility in exchange rates is critical to allow necessary appreciations," the G-7 communique said.

In addition to exhorting China to end its system of pegging its currency to the dollar, that statement suggested that the dollar should decline against currencies such as the South Korean won and Indonesian rupiah, and that Asian governments should refrain from their frequent practice of intervening in currency markets. Asian officials have often sought to keep their currencies cheap to give their exporters an extra competitive edge.

"There's a perception in the market -- a correct perception, I think -- that the [trade gap] is at such a high level that it's been moved to the front burner in U.S. policy," said Steven Englander, chief currency strategist for the Americas at Barclays Capital Inc. in New York. And the policies needed to shrink the imbalance, he added, "mean a substantially weaker dollar."

It is unclear, however, whether Asian countries will abide by the G-7 prescriptions. The steep rise in the Korean won prompted Kim Sung Jin, Korea's deputy finance minister, to warn, "the won's gain is too fast," adding, "We will take appropriate measures if necessary." Some traders have said they think the government may be resuming its previous policy of purchasing massive amounts of dollars to keep the won from moving upward.

Stocks Fall On Report Fed Chief Meant Rate Increases May Pause, Not End (WSJ)

By E.S. Browning

The Wall Street Journal, May 2, 2006

After spending most of the day in positive territory, stocks suddenly slumped after a late-day television report that Federal Reserve Chairman Ben Bernanke isn't as dovish on interest rates as investors had believed.

CNBC anchor Maria Bartiromo reported that she had seen Mr. Bernanke at the White House Correspondents Dinner during the weekend, and that he said investors misinterpreted his congressional testimony Thursday as a signal that the Fed is almost done raising rates. Ms. Bartiromo said Mr. Bernanke told her that the Fed is trying to be "flexible" in its response to economic data, and that it might pause in its rate increases and then raise rates again later. A Federal Reserve representative declined to comment.

The Dow Jones Industrial Average, which was showing a gain of about 49 points when Ms. Bartiromo spoke, finished down 23.85 points, or 0.21%, at 11343.29. The Dow still is up 5.8% this year, and is less than 400 points below its January 2000 record finish of 11722.98.

Bond prices, already down, fell further on the report, pushing the yield of the 10-year Treasury note to a four-year high.

"If he really did say the market misinterpreted his comments last Thursday, you have to expect the Fed to be more aggressive" in raising interest rates in the future, said Jay Suskind, director of trading at brokerage firm Ryan Beck in Florham Park, N.J. Higher rates make life more expensive for businesses and consumers, which can be bad for stocks.

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Thursday, Mr. Bernanke told Congress the Fed could take a break from rate increases at some future meeting, in order to analyze data. That was widely taken as a signal that, after one further increase in its target for short-term rates at its next policy meeting, May 10, the Fed could stop its long-running rate-increase campaign in June. Now investors fear Mr. Bernanke is sending the message that he could raise rates more. They also worry that they were wrong in thinking that his comments would be easy to understand.

"His whole thing was that he was going to try to be more visible and transparent than Greenspan was, and less opaque," Mr. Suskind said.

Earlier in the day, with interest-rate increases seemingly not a worry, investors had applauded Wal-Mart Stores' report of robust April sales, as well as a series of strong economic reports on manufacturing growth, construction spending and consumer spending. They had been shrugging off a surge in crude-oil futures, which finished the day up $1.82 at $73.70 a barrel. Now they worry that a strong economy could provoke more rate increases.

Gold finished the day at a 25-year high, up $5.70 at $657.50 a troy ounce.

The Standard & Poor's 500-stock index fell 0.41%, or 5.42 points, to 1305.19, up 4.6% this year. The Nasdaq Composite Index declined 0.77%, or 17.78 points, to 2304.79, ahead 4.5% for 2006.

Outside the U.S., stocks advanced in dollar terms. The Dow Jones World Stock Index, excluding U.S. stocks, rose 0.63%, or 1.43 points, to a record 226.73.

In major U.S. market action:

Stocks retreated1. Total trading volume for stocks listed on the New York Stock Exchange was 2.41 billion shares, as 1,467 stocks rose and 1,823 fell.

Bond prices declined2. The 10-year Treasury note fell 18/32, or $5.625 for each $1,000 invested. The 30-year bond was down 28/32 to yield 5.230%.

The dollar was mixed3. Late in New York, the currency traded at 113.25 yen, down from 113.86, while the euro fell against the dollar to $1.2591 from $1.2616.

Fears Of Rate Hikes Take Wind Out Of Sails (USAT)

By Adam Shell

USA Today, May 2, 2006

NEW YORK — The broad U.S. stock market was on the verge of posting a five-year high Monday but ended in the red after a late-afternoon report on CNBC left the door open for more interest rate increases by the Federal Reserve.

Last week, stocks rallied after Fed Chairman Ben Bernanke suggested in his prepared remarks Thursday to Congress that the Fed was nearing the end of its nearly two-year-long interest rate-raising campaign and might pause after raising rates for the 16th-consecutive time at its May 10 meeting.

But a report on the business channel aired Monday noted that Bernanke said over the weekend that financial markets had misinterpreted the Fed's language last week and that Fed policy remained “flexible.” He also reiterated that the Fed rate decisions would be determined by economic data.

Investors interpreted Bernanke's comments as a signal the Fed may not pause after all, sparking fears that the target for short-term rates, at 4.75%, could top the hoped-for stopping point of 5%. “Everybody is again trying to second guess what the Fed is going to do,” says Joe Williams, portfolio manager at Commerce Trust. “The assumption is when they stop, the market will do well. But we are at a very delicate time.”

It's a delicate time because despite sky-high oil prices and 15 rate increases since June 2004, the economy keeps chugging along. That was confirmed Monday with a report showing U.S. manufacturing boomed more than expected in April, a record high jump in construction spending in March, as well as bigger-than-expected increases in personal income and consumption.

Those reports again fueled fears of increased inflation. The Dow, which had been comfortably in the black, closed down 23.85 points, or 0.2%, to 11,343.29. The Standard & Poor's 500, which had hit a five-year high intraday, fell 5.42 points, 0.4%, to 1305.19. The Nasdaq composite also took it on the chin, sliding 17.78 points, or 0.8%, to 2304.79.

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The price of the benchmark 10-year Treasury note also fell, pushing the yield, which moves in the opposite direction, to 5.14%, a four-year high.

David Sowerby, money manager at Loomis Sayles, says Bernanke's comments did not necessarily rule out the Fed pausing after raising rates at its May 10 meeting. Sowerby says he will be closely watching what the Fed does and says that day.

Investors Misunderstood Bernanke Testimony, CNBC Anchor Says (WP)

By Nell Henderson

The Washington Post, May 2, 2006

Stock prices fell yesterday after CNBC, the financial news cable television network, reported that Federal Reserve Chairman Ben S. Bernanke said investors would be wrong to think the central bank has finished raising interest rates.

Bernanke had told Congress on Thursday that the Fed might pause in its series of interest rate increases, even if high oil prices and strong economic growth threaten to push inflation higher.

Stocks rallied then as investors concluded the Fed is likely to rest after raising its benchmark short-term interest rate just once more in May, for a 16th consecutive hike.

"Ben Bernanke . . . told me over the weekend the media and the markets got it wrong last week in speculating the Fed is done raising interest rates," CNBC anchor Maria Bartiromo said at about 3:15 p.m. during her afternoon program. "I asked him whether the markets got it right after his congressional testimony, and he said, flatly, no."

Stock prices dropped sharply after Bartiromo's description of a conversation she said she held with the new Fed chairman at the White House Correspondents' Association Dinner on Saturday night. The Dow Jones industrial average closed at 11,343.29, down 23.85 points, or 0.2 percent, as investors reconsidered the possibility of several more Fed rate hikes. The Standard & Poor's 500-stock index lost 5.42 points, or 0.4 percent, to close at 1305.19. The Nasdaq composite index fell 17.78, or 0.8 percent, to 2304.79.

Bernanke and the Fed declined to comment on Bartiromo's report. He has not spoken for publication to any other reporters since becoming Fed chairman Feb. 1.

Bernanke did not say Thursday when the Fed might pause or how high it will move short-term interest rates before it stops tightening credit. He said the Fed will be closely monitoring whether the economy slows and whether inflationary pressures ebb as forecast in coming months.

The Fed chairman on Saturday said he was "trying to basically create some flexibility for the Federal Reserve, saying the Fed may pause, but the data will really dictate whether more rate hikes will occur at future meetings," Bartiromo said.

Inflation picked up in March, as consumer incomes and spending rose strongly, the Commerce Department reported yesterday. Consumer prices rose 0.4 percent in March, after edging up just 0.1 percent in February, according to the department's personal consumption expenditure index.

The Fed's preferred gauge, the core PCE index, which excludes food and energy prices, rose 0.3 percent in March, the fastest monthly gain since October. Core inflation was up 2 percent from March of last year, the upper limit of Bernanke's preferred range.Movers

Wal-Mart jumped 90 cents, to $45.93, after the discount retailer said its sales at stores open at least a year grew 6.8 percent in April, better than the 4 percent to 6 percent it had predicted.

Boeing rose 41 cents, to $83.86. It agreed to buy aircraft parts and services supplier Aviall.

Aviall surged $9.26, to $46.96.

Level 3 Communications rose 32 cents, to $5.772. It is acquiring regional telecommunications company TelCove.

Aramark soared $5.79, to $33.90. A group of investors offered almost $5.8 billion to acquire the food-service provider.

Tyson Foods added 11 cents, to $14.71. The world's largest meat processor said it fell to a $127 million loss last quarter, hurt by an oversupply of meat and charges from closing plants.Indexes

New York Stock Exchange composite index fell 9.68, to 8461.75.

American Stock Exchange index rose 7.60, to 2015.43.

Russell 2000 index of smaller-company stocks fell 3.12, to 761.42.Volume

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NYSE: 2.48 billion shares, down from 2.54 billion on Friday. Decliners outnumbered advancers 5 to 4.

Nasdaq: 2.13 billion shares, down from 2.56 billion. Decliners outnumbered advancers 5 to 3.Commodities

Crude oil for June delivery: $73.70, up $1.82.

Gold for current delivery: $657.50 a troy ounce, up from $651.80 on Friday.

Former Playmate Wins Procedural Round In Fight Over Estate (NYT)

By Linda Greenhouse

The New York Times, May 2, 2006

WASHINGTON, May 1 — The Supreme Court on Monday gave the onetime Playboy Playmate Anna Nicole Smith a new day in federal court to try to prove that her late husband, 63 years her senior, intended to leave her a substantial share of his billion-dollar estate. The two had been married 14 months at the time of his death, at age 90.

In an opinion by Justice Ruth Bader Ginsburg, the court ruled unanimously that the dispute between Ms. Smith and her late husband's son E. Pierce Marshall was properly one for the federal courts.

The Supreme Court addressed itself only to the question of jurisdiction, leaving many issues open for consideration in the lower federal courts. Unless the two sides settle, which seems unlikely after 10 years of bitter litigation, the outcome ensured that the case would go on, perhaps for years longer.

That was undoubtedly good news to the many people who, while perhaps lacking deep interest in the "probate exception to federal jurisdiction" that is the actual issue in the case, appeared fascinated by Ms. Smith's trajectory from a Houston strip club to the Supreme Court. While calm prevailed in court when the case was argued in February, several people were knocked down in the scrum of photographers outside when Ms. Smith and her entourage passed by.

Although purely procedural, the decision in Marshall v. Marshall, No. 04-1544, was a victory for Ms. Smith, whose legal name is Vickie Lynn Marshall. It overturned a ruling by the United States Court of Appeals for the Ninth Circuit, in San Francisco, which threw out an $88 million judgment in Ms. Smith's favor issued by the Federal District Court in Los Angeles.

The appeals court ruled that because the dispute was ultimately related to the disposition of an estate, the federal courts lacked jurisdiction over it under a longstanding judicial doctrine known as the probate exception to federal jurisdiction. Under this ruling, the case belonged in the exclusive jurisdiction of the Texas Probate Court, where E. Pierce Marshall prevailed three years ago in his effort to prove that his father, J. Howard Marshall II, who died in 1995, had left Ms. Smith nothing beyond the gifts he gave her during his lifetime.

In her opinion on Monday, Justice Ginsburg said that to come within the probate exception, and therefore to fall outside the federal courts' jurisdiction, a dispute had to directly involve the probate or annulment of a will, the administration of an estate or the disposition of property in a state probate court's custody.

Because the dispute ranged far beyond those narrow categories, Justice Ginsburg said, their case fell "far outside" the exception and the Ninth Circuit had been wrong to interpret the probate exception as expansively as it did.

The federal government had entered the case on Ms. Smith's behalf to argue to the justices that the probate exception should be applied narrowly, if at all. While, on the surface, the government's intervention may have seemed improbable, Solicitor General Paul D. Clement explained in his brief that the government often went to federal court to assert tax-related claims against an estate and needed to preserve its ability to do so.

The case began in federal court as a bankruptcy filing by Ms. Smith. In the course of the bankruptcy proceedings, she claimed that E. Pierce Marshall had wrongfully interfered with her right to share in her husband's estate. The bankruptcy court awarded her nearly $500 million, which the district court reduced substantially.

In a statement issued from Dallas, Mr. Marshall said he would continue to fight Ms. Smith's "false claims and libelous accusations" and would argue to the Ninth Circuit that the district court's judgment in her favor should be overturned.

Ms. Smith's lawyer, Kent Richland, said in a statement, "We are confident that the Ninth Circuit will have no problem in ruling in our favor on the issues that remain."

Former Stripper Anna Nicole Smith Scores Supreme Court Victory (FINDLAW/AP)

By Gina Holland, Associated Press Writer

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AP, May 2, 2006

(AP) - WASHINGTON-The Supreme Court ruled Monday that one-time stripper and Playboy magazine Playmate Anna Nicole Smith could pursue part of her late husband's oil fortune.

Justices gave new legal impetus to Smith's bid to collect millions of dollars from the estate of J. Howard Marshall II. Her late husband's estate has been estimated at as much as $1.6 billion (â,¬1.2 billion).

Smith has been embroiled in a long running cross-country court fight with Marshall's youngest son, E. Pierce Marshall. The court's decision, which was unanimous, means that it will not end anytime soon.

Justice Ruth Bader Ginsburg, writing for the court, said Smith should have a fresh chance to pursue claims in federal court.

Smith's case had brought unusual drama to the normally sedate high court.

Dressed in all black, the former stripper wept in the courtroom in late February as justices discussed Marshall and whether he had intended to provide for her in death. When she arrived at the court, several photographers were knocked to the ground in a scuffle to photograph her.

She was a 26-year-old topless dancer when she married Marshall, then 89, in 1994. He died the following year, setting off an intense family fight.

At issue in the legal battle was competing court jurisdiction. A Texas court held a five-month trial before deciding that Smith was entitled to nothing from Marshall's estate. Smith brought a separate claim in federal court in California.

Justices said Monday that the 9th U.S. Circuit Court of Appeals in California was wrong in ruling that federal courts could not handle Smith's case.

Ginsburg noted, however, that there are several pending issues that could still keep Smith from collecting any money.

So far, Smith has received nothing from Marshall's estate, although before his death Marshall showered Smith with $6.6 million (â,¬5.2 million) in gifts that included two homes, expensive jewelry and clothes. She contends that he also promised her half his estate.

Group Sues Video Firms On Tot-Learning Claims (WP)

By Caroline E. Mayer

The Washington Post, May 2, 2006

A child-advocacy group whose mission is to limit marketing aimed at children yesterday asked the federal government to bar two major baby-video companies from promoting their products as educational and beneficial to child development.

The Campaign for a Commercial-Free Childhood filed a complaint with the Federal Trade Commission, saying Baby Einstein Co. and Brainy Baby Co. should not be able to say their products inspire "logical thinking," foster "the development of your toddler's speech and language skills," or give "your child a jumpstart on learning."

The group said the claims are deceptive, since there is no proof that these increasingly popular videos are beneficial and educational. In fact, it said, "research shows that television viewing is potentially harmful for infants and toddlers," because it could adversely affect cognitive development if it replaces creative play and interaction with a child's parents and surroundings.

Dennis Fedoruk, the founder and president of Brainy Baby, said the company does not make any educational claims and "does not promise parents their children will be Harvard graduates." He said, "There is enough research to show that early education is valid and does work. We're simply providing another tool in the early-educational library," along with books and toys.

Baby Einstein had no comment.

The CCFC's complaint comes at a time when the baby-video market is booming, with more than $1 billion in sales so far in videos aimed at children 2 and younger. Baby Einstein, owned by Walt Disney Co., has the largest share of the market, and sales last year reached $200 million.

The growth of this relatively new business -- Brainy Baby was started in 1995, Baby Einstein in 1997 -- comes despite the American Academy of Pediatrics recommendation that children younger than 2 be discouraged from watching television. The academy, in a policy statement issued in 1999, said: "Although certain television programs may be promoted to this age group, research on early brain development shows that babies and toddlers have a critical need for direct interactions with parents and

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other significant care givers . . . for healthy brain growth and the development of appropriate social, emotional, and cognitive skills."

The academy has been sharply criticized for that recommendation. Baby Einstein, for example, said the academy failed to differentiate between traditional broadcast television and videos, which can be more carefully selected by parents.

But the academy's chair of the communications committee, which deals with the impact of media on children's health, said yesterday that the group stands by its recommendation. Video for infants and toddlers "is a great uncontrolled experiment on the nation's under-2-year-old set," said Donald Shifrin, a Seattle pediatrician, in a telephone interview. "It is based on marketing, not research. . . . The Academy would like to reassure parents that children have been doing fine for thousands of years" without baby videos.

The CCFC has asked the FTC to make the video companies clearly and conspicuously disclose the academy's recommendations on their advertising and packaging. The FTC had no comment on the complaint.

Although there are several other companies that produce videos for young children, the CCFC is seeking action against only two firms because they are the largest and most popular. "We hope that this will set a precedent" and apply to all baby-video companies, said Susan Linn, a Harvard psychologist and one of CCFC's founders.

The complaint said the companies' very names suggest their products are educational and beneficial. So do their slogans, according to the complaint -- "Great minds start little" for Baby Einstein and "A little genius in the Making" for Brainy Baby. Fedoruk said Brainy Baby was in the process of changing the motto to "learning for a lifetime."

"These companies are exploiting parents' natural tendency to want what's best for their children, and their deceptive marketing may be putting babies at risk," said Alvin F. Poussaint, head of the Boston-based Judge Baker Children's Center, which serves as the headquarters for CCFC.

Law-Firm Life Doesn't Suit Some Associates Long Hours For Big Perks Is A Tough Case To Argue; Rebuttal On 'Lifestyle'? (WSJ)

By Ashby Jones

The Wall Street Journal, May 2, 2006

At most big law firms, the partner-associate compact goes something like this: The partners give the associates big salaries, meals on the client, cars home at night, fancy offices, secretaries and a prestigious name on their résumés. The associates give their complete professional devotion and availability -- every hour of the day, every day of the year.

That compact has gone unspoken, and largely unquestioned, until recently.

More and more associates at law firms across the U.S. are second guessing whether they want to sign over their lives to their jobs. Some are working fewer hours. Some are losing interest in making partner. And they are leaving big law firms in droves: "The rate of associate attrition we're seeing today at big firms is the highest level we've ever seen," says Paula A. Patton, chief executive of the NALP Foundation, a nonprofit group in Overland Park, Kan., that examines law-firm hiring trends and practices.

For partners, it's a quizzical and unwelcome development. Last fall, Cesar L. Alvarez, president of Greenberg Traurig, was interviewing a student at an Ivy League law school. The interview was just beginning when the student asked Mr. Alvarez to tell him what the "lifestyle would be like" at the firm.

The student didn't get a "call-back" interview. "I told him that if he's going to work at a large law firm, that mind-set isn't going to get you very far," recalls Mr. Alvarez, who is based in the firm's Miami office. In his opinion, the question reflected the attitude of more and more young lawyers. "A generation ago, nobody would have asked that question, even if they'd thought of it. But there is a difference in people coming out of law school now."

Two decades ago, few segments of the work force routinely put in longer hours than young law-firm associates, who toiled day and night to please partner-masters and climb the firms' ranks. But many today "are more interested in going to their children's soccer games" than they are in staying in the office late in the hopes of getting extra work done or making a good impression, says Joseph Altonji, a consultant with Hildebrandt International, a law-firm consultancy in Chicago.

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Ellie Schilling, a former bankruptcy associate at New York's Kaye Scholer, left the firm in March as a third-year associate after deciding that the pathway to partnership "is so long and arduous, that it just didn't seem worth it." She and her husband, also a young lawyer, plan to depart for Europe this month to pursue a business plan they began dreaming up after they realized life at a big law firm wasn't for them. "We figured there had to be another way to go, a way with less pressure, less stress, fewer hours," says Ms. Schilling. "We feel like we had to give something else a shot."

Why the change in attitude? It's partly due to the explosive growth experienced by the largest firms over the past two decades. That growth has increased demand for more worker bees at the bottom of the law-firm pyramid, without an equivalent spike in demand for new partners, experts say. The result: It's harder than ever to make partner at the biggest firms, leaving associates less incentive to churn the grindstone early on.

Partners are working harder than ever as well, taking a little of the luster off partnership's holy-grail mystique. Claude Millman, a litigation partner at Proskauer Rose in New York, says he gets questions from associates about his lifestyle fairly frequently. And what he tells them isn't always what they want to hear: "I try to be honest with them," he says. "The pressure to be available to your clients only increases as your career moves along."

Generational factors are also at work. More than in any previous generation, say experts, today's associates were raised in the lap of affluence. Many have safety nets to fall back on. And many are jaded about what big law firms have to offer. Michael Boone, a co-founder of Haynes & Boone, a large general-practice firm based in Dallas, says that the current crop of associates often aren't satisfied with working hard and making money. "They want to feel like they're contributing to the greater good," he says.

According to an NALP Foundation study unveiled last year that looked at law firms for the three years from 2002 through 2004, nearly 60% of all entry-level associates at firms with more than 500 lawyers had left their firms by the end of their fourth years. For firms of all sizes, it was 62%, a record since NALP began tracking it nearly 10 years ago.

Some law-firm executives fear that uncommitted associates are failing to put out the top-quality work that's expected of them. "There's a perception among managing partners that the short-termers are less focused on crossing T's and dotting I's," says Dan DiPietro, head of the law-firm lending practice at Citibank, a unit of Citigroup Inc., in New York. "They're perceived as putting a burden on quality control."

Associate productivity and billing are additional issues. Greenberg Traurig's Mr. Alvarez, for instance, says he is hearing about a decline in hours worked at big firms, a drop attributable not only to the youngest associates, but also to baby boomers, many of whom are nearing retirement age and winding down their practices. "It's a double whammy effect," says Mr. Alvarez. "People in my generation don't need to work 2,500 hours [a year] anymore, and at the same time, the new generation is concerned with its lifestyle. It's creating a downward trend at firms."

Some associates appreciate the benefits of big law-firm life. Moe Keshavarzi, a second-year associate at Sheppard, Mullin, Richter & Hampton in Los Angeles, says associates are "very concerned with lifestyle," but he thinks the hours matter less than the amount of responsibility associates have. "The more responsibility you're given, the more you're going to want to work hard."

Several years ago, Greenberg Traurig changed its recruiting strategy to focus on finding associates who were better geared for law-firm life, ones with leadership qualities and work experience prior to law school.

Washington firm Dickstein Shapiro Morin & Oshinsky, which in 2005 finished first in the American Lawyer magazine's associate satisfaction survey, has for several years had a well-publicized part-time policy that lets its lawyers work four days a week. And it has put a renewed emphasis on training its lawyers, says Michael Nannes, the firm's managing partner.

Proskauer's Mr. Millman agrees with that philosophy. "We have to recognize that not everyone is going to want to spend his or her life at a law firm," he says. "But that doesn't mean you can't be wonderful associate and get a lot out of your time while you're here."

DeLay Bills Top $400K In 2006 (RC)

By Paul Kane

Roll Call, May 2, 2006

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Rep. Tom DeLay's (R-Texas) legal defense fund burned through $312,000 in expenses in the first quarter of the year, paying out fees to four different law firms representing the former House Majority Leader on two different legal fronts.

When combined with the $110,000 DeLay paid out of his campaign committee to a firm in January, the new filings show he spent more than $400,000 in the first three months of the year on legal fees and expenses connected to raising money for the defense fund.

DeLay, who is facing a trial on campaign finance charges in Texas and under scrutiny by a Justice Department task force probing the affairs of ex-lobbyist Jack Abramoff, has now shelled out $1.3 million in legal fees in less than two years, according to filings with the Federal Election Commission and the House ethics committee.

Aides to DeLay said no final decision had been made with regard to how the lawmaker will finance his mounting legal bills once he retires from the House, which is expected to happen sometime in June. But the simplest course would be to continue to raise money through a privatized version of the Tom DeLay Legal Expense Trust and raise unlimited donations without having to publicly report who the donors are.

DeLay could also choose to pay future attorneys' fees with the leftover campaign cash from his re-election committee, which had almost $1.5 million in cash on hand as of March 31.

"No decision's been made yet whether to close it down or keep it open," said Brent Perry, a Houston-based lawyer who is in charge of the legal defense fund.

The fund raised $314,000 in the first quarter and went through almost that exact amount, doling out $312,000 — $280,000 to the four firms handling the various aspects of DeLay's legal defense and another $32,000 in costs associated with raising money for and maintaining the fund.

Perry said there are currently no efforts under way aimed at raising more money for the fund, which has historically not maintained much of a cash balance and instead has doled out payments to firms as soon as money comes into the fund.

Even though he is out of leadership, DeLay continued to be as popular as ever among his colleagues, who funneled more than $104,000 into his defense account, roughly one-third of all the money he raised so far this year. Faced with $5,000 annual limits in donations to defense funds, Rep. Pete Sessions (R-Texas) managed to give $10,000 to DeLay, giving $5,000 from his leadership political action committee and $5,000 from his re-election campaign committee.

DeLay also took in $5,000 from Rep. John Doolittle (R-Calif.), a close ally who also recently hired his own attorney to handle questions connected to his relationship with Abramoff. Former Rep. Joe McDade (R-Pa.) — who was himself indicted by federal prosecutors on corruption charges in the early 1990s but eventually defeated the allegations at trial and retired in 1998 — gave $2,000 to the defense fund.

With his trial in Texas pending, DeLay has also had to contend with increasingly large bills to firms dealing with the Abramoff matter, which has already drawn guilty pleas from the lobbyist and two former aides to DeLay. Out of the roughly $400,000 in legal bills paid out from January through March, McGuire Woods received $150,000 for the work of Richard Cullen, who has been DeLay's lead lawyer on Abramoff questions.

In addition, another $125,000 went to Bracewell & Giuliani, which has done work on both the Texas case and the Abramoff probe. Dick DeGuerin, the lead attorney battling the money laundering accusations in Texas, received $110,000 in February from the fund.

DeLay is just one of four lawmakers to have defense funds that are actively raising money to pay legal bills to handle courtroom dealings.

Rep. Jim McDermott (D-Wash.), who has been in a decade-long civil legal fight with House Majority Leader John Boehner (R-Ohio), raised $12,000 in the first quarter. Most of that came from two $5,000 donations, one from the Teamsters and another from a wealthy Seattle donor.

McDermott paid out $10,328 in legal fees to the firm Kirkland and Ellis. McDermott's legal bills are likely to continue to mount because last month the House ethics committee voted to approve the formation of an investigative subcommittee to examine whether the lawmaker should be punished for leaking an illegally recorded mobile-phone conversation between Boehner and other GOP leaders in 1996.

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Two other Members have defense funds related to Justice Department investigations — Reps. Bob Ney (R-Ohio) and William Jefferson (D-La.) — but their financial reports had not been turned in early enough Monday for the Legislative Resources Center to process them.

Aides to Ney, who is expected to prevail in a GOP primary in his district today, said that he raised about $40,000 for his legal trust but hadn't yet focused much on raising cash to fight potential charges in the Abramoff investigation.

Giuliani Says GOP Open To Diverse Views (AP-Y2)

By Mike Glover

AP2, May 1, 2006

Raising money for local Republicans even as he ponders his own political future, former New York City Mayor Rudolph Giuliani said Monday that Republicans must increasingly be "a big party" that accepts divergent views.

Giuliani said that broad-brush themes, like limited government, ought to define the Republican Party — not hot-button social issues like abortion and gay rights.

"The major thing that we organize around as Republicans is government that puts more reliance on people than government," Giuliani said. "They (Democrats) tend to think of government solutions as most of the answers."

Giuliani was in Iowa to raise money for Jeff Lamberti, a Republican candidate for Congress, and Rep. Jim Nussle (news, bio, voting record), who is running unopposed for the Republican nomination for governor.

Giuliani was also clear he's considering his own future ambitions.

"I am interested in public service again," he said. "My effort this year will be to help Republicans get elected and, quite honestly, a part of it also is saying to myself 'Does it look like I have a chance in 2008?'"

Some strategists believe Giuliani will face significant hurdles in Republican politics because he supports abortion rights and favors tough gun control laws, views that contrast those held by many core Republican voters.

Giuliani is working hard to counter that notion by helping other Republicans get elected, while reaching out to conservatives to ease their concerns.

"I've got a lot of places to go and a lot of people to talk to and a long process to go through to see if it makes sense for me to run for president in 2008," Giuliani said.

Iowa Republican Chairman Ray Hoffman, of Sioux City, declined to handicap Giuliani's outlook in a state where the conservative wing of the party is dominant.

"I hope to really be able to talk to him at some point and say where do you stand on gun control, where do stand on this, where do you stand on that," Hoffman said. "I haven't done that yet."

Meeting with reporters, Giuliani took an immigration stance likely to cause heartburn with GOP conservatives — arguing for a pragmatic approach that both toughens border security but also sets up a mechanism for illegal aliens to earn citizenship.

"If you try to deal with it through either extreme, I think you would make a terrible mistake," Giuliani said. "If you were to pass a law making everybody who is here, allegedly, illegally a criminal with a penalty of five years in jail, we would become a much more insecure country. You drive them farther underground, you push them more toward criminal activity."

Giuliani's swing through Iowa was lucrative. He raised $40,000 for Lamberti's bid to oust Democratic Rep. Leonard Boswell (news, bio, voting record), and later raised $25,000 for Nussle.

Giuliani Displays A Candidate's Mettle In Iowa (NYT)

By Patrick Healy

The New York Times, May 2, 2006

DAVENPORT, Iowa, May 1 — Former Mayor Rudolph W. Giuliani said on Monday that he was seriously exploring whether he has "a chance" of winning the presidency in 2008, as he visited politically important Iowa and huddled with state advisers, donors to President Bush and other prominent Republicans.

While Mr. Giuliani was officially in Iowa to attend two Republican fund-raisers, his behavior and remarks came close to politicking for himself. He ruminated openly about running, disclosed he was not sure what he would do if his friend John McCain

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also ran, and argued that if Republicans are to be a majority party, they need to accept politicians like himself who support abortion rights, gay rights and gun control.

"I've got a lot of places to go and a lot of people to talk to and a long process of figuring out whether it makes sense to run for president in 2008," Mr. Giuliani said before speaking at a daytime fund-raiser in Des Moines for a Republican congressional candidate. "I don't know the answer to that yet."

He added: "My effort this year will be to help Republicans get elected, and then, quite honestly, as part of it, saying to myself, does it look like I have a chance in 2008? And make that decision after the 2006 election."

At a fund-raiser in Davenport on Monday night, Mr. Giuliani offered a stout defense of President Bush's leadership, arguing that the economy was growing and that Mr. Bush would go down in history as "a great president."

"I don't know what we're all so upset about," he said, referring to concerns about the economy and rising costs, such as gas prices.

At another point he called the war in Afghanistan "successful," noting that the Taliban had been ousted from power and that elections had been held. Later, when pressed, he acknowledged that a primary American goal — the capture of Osama bin Laden — had not been achieved.

"It would be better if bin Laden were captured," Mr. Giuliani said, "but it's better that he's on the run."

In response to another question, Mr. Giuliani disclosed that he was not sure if his own presidential plans would be swayed if Senator McCain of Arizona also ran in 2008, as many expect.

"John is a good friend and someone I have tremendous admiration for, and he's a hero of mine, so I haven't really thought about how I would approach that," Mr. Giuliani said.

And Mr. Giuliani weighed in on the new film "United 93," about one of the hijacked planes on Sept. 11, saying that he saw the film on Saturday and found it "very difficult to watch."

"I thought it was a valuable contribution to explaining the heroism of those people who I believed saved the Capitol, and gave up their lives to do that," he said. "I think it's something that people should see in order to remind themselves of what's going on. When we say the war on terror, there's a reason for it."

At an early news conference in Des Moines, where he spoke briefly at a private fund-raiser, Mr. Giuliani said he did not think his moderate views on social issues would hurt his chances in the presidential sweepstakes in places that are less liberal than New York City.

"The party's a big party, and I fit in to the party real well over the last 10, 15 years," he said.

For the most part, Mr. Giuliani said, his views were in the mainstream with the party faithful in Iowa and nationally, noting that he favored lower taxes, free trade, smaller government and a strong military.

"We then have a party that has disagreements on issues that have to do with religion and what you call social issues," he said. "But it's a party that has room for Arnold Schwarzenegger and me, and a party that has room for people who have different views on that. The more we grow like that, the more of a chance we're going to have to be a majority party."

Mr. Giuliani also acknowledged that his personal popularity — burnished by his leadership of New York City during and after the Sept. 11 terror attack — did not guarantee that Iowa voters would support him in the January 2008 caucuses.

"I do understand that there is a difference between popularity, and then, you know, does that convert itself into somebody voting for you in a caucus, primary, an election," he said.

Still, he noted, "It's always nicer when people cheer for you than when they boo you."

Mr. Giuliani was cheerful as he faced reporters from Iowa, New York and Washington after the fund-raiser, and he rather politely parried questions about his plans for 2008. As news cameras rolled, he showed a local touch, noting Iowa's problems with methamphetamine — a concern of Iowa caucusgoers in 2004 — and joked that there was more balance between Republicans and Democrats in Iowa than in New York.

Mr. Giuliani also endorsed "appropriate levels" of federal subsidies for farmers and aligned himself with government support for ethanol, an alternative fuel made from corn that is a prized issue in Iowa.

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Before the fund-raiser, Mr. Giuliani met with several Iowa Republican leaders who were players in past presidential caucuses — among them David M. Roederer, the state chairman of the Bush-Cheney campaign in 2004, and Terry E. Branstad, a four-term governor who left office in 1999.

Mr. Giuliani was a host at a cocktail party in New York on Sunday night for Governor Schwarzenegger of California, and he helped raise money last month for Senator Rick Santorum of Pennsylvania.

Washington Whispers (USNEWS)

By Paul Bedard

U.S. News and World Report, May 2, 2006

Church and State: A Cue From JFK

About two months before the heated 1960 election, John F. Kennedy tried to put to rest the whole debate over his Catholicism to beat Richard Nixon. It was in Houston on September 12 when he famously hit the issue head-on: "No public official either requests or accepts instructions on public policy from the pope." Now, 46 years later, Massachusetts has coughed up another presidential hopeful who belongs to what some see as a weird religion--the Church of Jesus Christ of Latter-day Saints. And the candidate, Republican Gov. Mitt Romney, plans to copy, almost exactly, JFK's winning approach.

Romney says he'll give a similar address, in which he will pledge allegiance to the Constitution, not the Mormon church. It will be a simple approach: Explain the religion, maybe touch on the banned practice of polygamy, then ask voters to judge him on his years in business, as head of the 2002 Winter Olympics in Salt Lake City, and as the Bay State's governor. All things being equal, he says, some voters will reject a Mormon. But "all things are not equal," an aide tells us, "and the most important consideration for Republicans is fielding a candidate who can beat Hillary Clinton." Mormonism has its limits, though. Asked if he'd consider former Utah Gov. Michael Leavitt, now health and human services secretary, as a running mate, Romney says: "Two Mormons? I don't think that'll work."

Another From '04 With an Eye on '08

First John Edwards, then Sen. John Kerry, and now 2004 hopeful Wes Clark is mulling a second presidential bid. Helping Democrats in the midterm elections is "the first step," he says. The next is the 2008 presidential election. And allies have been told to ready their boots and parkas for another trip to New Hampshire, home of the first primary.

Maybe 2008 Is the Third-Party Charm

GOP political guru Frank Luntz thinks 2008 could be the year for a third-party success, but only if the presidential candidate is a big name. The ideal guy: New York Mayor Michael Bloomberg, who isn't interested. Why Mike? Luntz says he's frugal with the city budget, socially liberal, and rich enough to buy the advertising it takes to win the election. Two others: Sen. John McCain and former Secretary of State Colin Powell.

Exporting Capital 'D' Democracy

Arab nations upset with President Bush's war on terrorism finally heard something they liked from Washington last month. The problem: It was former Democratic Party boss Terry McAuliffe, not a Bush administration official, delivering the news. Over 21 days, McAuliffe was on a speech-a-thon in nine nations, including Kuwait, Egypt, Dubai, Qatar, and Abu Dhabi, where he commiserated about concerns that the United States wasn't ready for a drawn-out war in Iraq. "They wanted to know where we were going," he tells us. "I told them we're headed back to the Democratic Party," he says, promising them that a Dem would win in 2008 and fix the problems in the war on terrorism.

Arkansas Royalty: Huckabee or Times

Arkansas Gov. Mike Huckabee, a likely 2008 GOP presidential hopeful, has never been a fan of the Arkansas Times. And why should he be? "We have been very critical of him," says Editor Max Brantley. But now it's payback time. Brantley says the guv has stopped E-mailing releases and schedules to the popular tabloid. "A guy who has a hard time with a throwaway mag," says Brantley, "will have a heck of a time in the national spotlight. He ain't royalty." Right back at you, says Huckabee. "We don't have to hand-deliver information with a bow tie on it," he says. "That's special treatment." Anyway, most of the info is on his state website. "I guess he is too lazy to access it," says the guv. It won't end with name-calling--Brantley's considering suing.

Grudging Praise for a Russian Thorn

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The Iran nuclear showdown returns this week to the United Nations Security Council, and that means we'll be hearing more from Russia's foreign minister, Sergey Lavrov. He has been leading the opposition--with China--to U.S. efforts to get tough on Iran's nuke program, bedeviling American diplomats who privately admire his diplo-smarts. "Lavrov is brilliant," allows one U.S. official.

ABC News Tries a 'Smooth' Approach

We used to hear New York-based ABC Radio hostess Daria Albinger on satellite radio. So when she popped up on a Washington radio station delivering local news, we called to say "hi," only to find out that she never moved. Instead, she's part of a new gig by ABC News to reach FM listeners who prefer tunes to talk. "We've got AM covered," says ABC's Andrew Kalb. "We want to find new FM listeners." An ABC study found that a short minute of hard and lifestyle news works well on FM. "ABC FM News" works this way: Via the Internet, Albinger from New York uploads to the stations a minute of local, national, and sports news. Her conversational broadcast sounds as if she's in their newsroom, though no local news staff is needed. Two Washington stations, Smooth Jazz 105.9 and Mix 107.3, get it now, but Kalb hopes to add many more.

The Questioner Behind the Decider

Pay attention to new CNN White House Correspondent Ed Henry. President Bush does. After just three weeks on the beat, the TV newbie--Henry recently celebrated two years in the biz--asked the question that resulted in the latest Bushism: "I'm the decider." And he's the reporter who pressed Robert Novak about publishing ex-CIA spy Valerie Plame's name, prompting the columnist to storm off the live-TV set and eventually quit CNN. Other reporters say they haven't seen such a fast start since CNN's Wolf Blitzer arrived to cover former President Bill Clinton. Still, we hear that Henry hasn't been on the beat long enough to earn a presidential nickname yet, though "decider" wouldn't be a bad start for Dubya.

Ex-Pentagon Official To Teach At Georgetown (AP-Y2)

AP2, May 1, 2006

Douglas J. Feith, the former Pentagon policy chief who was an architect of the administration's war on terrorism, is joining the faculty of Georgetown University's School of Foreign Service.

In an announcement Monday, the university said Feith will teach a course on the Bush administration's strategy for the war on terror and also will conduct seminars as a visiting professor and distinguished practitioner in national security policy. He will start this fall.

"I think it'll be enjoyable and useful to teach Georgetown students about the administration's national security policies and policy making," Feith said in an interview. "I may be able to shed some light on little-understood topics that have generated enormous heat in the public debate."

Feith himself has been a target of heat from some Democrats in Congress who accuse him of having misled Congress about Iraq's prewar links to al-Qaida. Last November the Pentagon's inspector general's office said it had begun an investigation into allegations that an office run by Feith engaged in illegal or inappropriate intelligence activities before the war. Feith has called those allegations groundless.

Feith was the under secretary of defense for policy from July 2001 to August 2005. Since leaving the Pentagon he has been a visiting fellow at the Hoover Institute at Stanford University while writing his memoirs and working on a counterterrorism strategy project at Harvard University's Kennedy School of Government.

In announcing the hiring of Feith, Robert L. Gallucci, dean of Georgetown's School of Foreign Service, said, "He brings a combination of legal, foreign and defense policymaking experience that I am confident will enrich campus discussions on a wide range of critical international issues of the day."

Feith also served in the Pentagon and at the White House during the Reagan administration. He holds a law degree from Georgetown and a bachelor's degree from Harvard.

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On the Net:

Georgetown University: http://www.georgetown.edu

Iran Urges United Nations To Oppose American 'Threats' (NYT)

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By Warren Hoge

The New York Times, May 2, 2006

UNITED NATIONS, May 1 — Iran asked the United Nations on Monday to take a stand against American threats that it said included possible nuclear strikes on its territory and that were "in total contempt of international law."

In a letter to Secretary General Kofi Annan, Javad Zarif, Iran's ambassador to the United Nations, pointed to recent comments by President Bush and Secretary of State Condoleezza Rice on ways to halt Iran's nuclear program and to news reports of Pentagon planning for possible nuclear attacks on nuclear facilities in Iran.

"Such dangerous statements, particularly those of the United States president, widely considered in political and media circles as a tacit confirmation of the shocking news on the administration's possible contemplation of nuclear strikes against certain targets in Iran, defiantly articulate the United States' policies and intentions on the resort to nuclear weapons," Mr. Zarif wrote in the letter. He made no mention of any specific news reports, referring only to "recent news in U.S. newspapers."

He said the comments by the United States were "matters of extreme gravity that require an urgent, concerted and resolute response on the part of the United Nations, and particularly the Security Council."

Mr. Zarif also faulted the United Nations for remaining silent on "these illegal and inexcusable threats" and said the lack of action had "emboldened senior United States officials to go further and even consider the use of nuclear weapons as 'an option on the table.' "

American officials have said they are pursuing a diplomatic solution to the dispute over Iran's nuclear program, but they have repeatedly said that all options, including military ones, are being considered. Iran says its nuclear program is only for producing energy, but the United States and its European allies contend that Iran is preparing to build weapons.

Mr. Bush, asked at the White House on April 18 if the United States was considering military action against Iran, said, "All options are on the table."

Two days later, Ms. Rice echoed the president in a speech to the Chicago Council on Foreign Relations. In his letter, Mr. Jarif made specific mention of both comments.

Stéphane Dujarric, Mr. Annan's spokesman, said that the letter from Mr. Zarif had been received but that there would be no immediate comment.

Last month, the Security Council adopted a nonbinding statement that urged Iran to stop enriching uranium and asked the International Atomic Energy Agency to report on Iran's compliance by the end of April.

That report, issued Friday, said that Iran had failed to comply and that it had drastically curtailed its cooperation with the agency's inspectors as it sped forward with nuclear enrichment.

The United States, Britain and France are preparing a resolution to be circulated to Security Council members this week. The resolution would require Iran to stop nuclear enrichment under Chapter VII of the United Nations Charter, which makes compliance mandatory under international law and holds out the possibility of economic penalties and military action.

China and Russia are expected to object to any measure that imposes sanctions on Iran, and weeks of negotiations are anticipated.

Iran Urges U.N. Action Against U.S. (AP)

By Edith M. Lederer, Associated Press Writer

AP, May 2, 2006

Iran denounced the United States on Monday for contemplating possible nuclear strikes against Iranian targets and urged the United Nations to take urgent action against what it called a dangerous violation of international law.

In a letter to U.N. Secretary-General Kofi Annan obtained by The Associated Press, Iran's U.N. Ambassador Javad Zarif called President Bush's refusal to rule out a U.S. nuclear strike on Iran and a similar follow-up statement by Secretary of State Condoleezza Rice "illegal and insolent threats."

Bush was asked on April 18 whether U.S. options regarding Iran "include the possibility of a nuclear strike" if Tehran refuses to halt uranium enrichment. "All options are on the table," the president replied, but he stressed that the United States will continue to focus on diplomacy.

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Iran insists it is legally entitled under the Nuclear Nonproliferation Treaty to enrich uranium to provide fuel for civilian power plants but the United States suspects its real aim is to produce nuclear weapons, a view backed by Britain and France.

Zarif said the use of "false pretexts" by senior U.S. officials "to make public and illegal threats of resort to force against the Islamic Republic of Iran is continuing unabated in total contempt of international law and fundamental principles of the United Nations Charter."

The "U.S. aggressive policy" of contemplating the possible use of nuclear weapons also violates the Nuclear Nonproliferation Treaty and other U.S. multilateral agreements, he said.

Zarif's letter made no mention of recent threats by Iran's President Mahmoud Ahmadinejad to wipe Israel "off the map."

Instead, the Iranian ambassador honed in on statements from U.S. officials, especially from Bush, which he said "defiantly articulate the United States policies and intentions on the resort to nuclear weapons."

Zarif said past U.N. failures to respond "to these illegal and inexcusable threats have emboldened senior United States officials to go further and even consider the use of nuclear weapons as an `option on the table.'"

In a brief statement responding to the letter, U.S. Ambassador John Bolton said "if Iran wants to be treated differently, then Iran should stop pursuing nuclear weapons and give up terrorism."

The secretary-general had no immediate comment on the letter, said Marie Okabe, a U.N. spokeswoman.

After lengthy negotiations, the U.N. Security Council adopted a statement a month ago demanding that Iran stop enriching uranium. A new report Friday from the International Atomic Energy Agency, the U.N. nuclear watchdog, confirmed what the world already knew: Iran has refused to stop enriching uranium.

The United States, Britain and France immediately announced plans to introduce a new Security Council resolution this week which would make Iran's compliance with their demands mandatory. To intensify pressure, they want the resolution under Chapter 7 of the U.N. Charter which means it can be enforced through sanctions or military action.

China and Russia, the two other council members with veto power, oppose sanctions and military action and want the Iran nuclear issue resolved diplomatically, with the IAEA taking the lead, not the Security Council.

Iran's top nuclear negotiator, Ali Larijani, reiterated Monday that Tehran was "ready for any kind of negotiation to achieve our rights" and again called for Iran's dispute with the international community to be returned to the IAEA, rather than taken up by the Security Council.

He spoke on the eve of a meeting in Paris of political directors from the six countries that have been trying to find a diplomatic solution to the standoff — Britain, France, Germany, the United States, Russia and China.

Iran Nuclear Negotiator Calls For Talks (AP)

By Nasser Karimi

AP, May 1, 2006

Iran's top nuclear negotiator Monday said Tehran was "ready for any kind of negotiation to achieve our rights," renewing a call for further talks on the Islamic republic's atomic program.

As officials from the five permanent U.N. Security Council members gathered in Paris to discuss strategy, Ali Larijani also called again for Iran's dispute with the international community to be returned to the U.N. nuclear watchdog, the International Atomic Energy Agency, headed by Mohamed ElBaradei.

"Let's allow Mr. ElBaradei to do his job based on the international conventions," Larijani told group of students in Tehran University, the official Iranian news agency reported.

Diplomats representing the United States, Britain, France, Russia and China, which hold Security Council vetoes, meet in Paris on Tuesday with Germany to discuss ElBaradei's report to the council that Iran was in violation of the council's demand that Tehran stop enriching uranium, a process that can produce fuel for a nuclear reactor or fissile material for a bomb.

The report opened the way for the council to take punitive measures against Iran, but immediate action was not seen as likely because Russia and China now are opposed to international sanctions against Tehran at this point.

Iran contends it has a right to enrich uranium as long as it does not attempt to use it for nuclear weapons. Its opponents contend Iran ceded that right by conducting secret nuclear research and development.

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Earlier Monday, government spokesman Gholam-Hossein Elham told reporters Tehran had earmarked $242.5 million for the completion of the Bushehr reactor in southwest Iran.

Larijani said Bushehr would go on stream in 2007. Iran had expected the plant, which was built with Russian help, to be in operation by the end of this year.

Putin, Bush Discuss Iran Nuclear Dispute (AP)

AP, May 2, 2006

President Bush called Russian President Vladimir Putin on Monday to discuss the standoff over Iran's nuclear program, days before the issue goes before the U.N. Security Council.

The council is expected this week to begin debating new steps aimed at persuading Iran to comply with international demands to halt its uranium enrichment activities. The United States and Russia are on opposite sides of that debate, with Washington and its European allies pushing for possible penalties.

"The two leaders stressed the importance of preventing Iran from obtaining nuclear weapons, especially in the United Nations Security Council," White House press secretary Scott McClellan said. "And they committed to remaining in close contact on this important priority."

A Kremlin statement said the two sides "discussed interaction on urgent international problems, including the Iranian nuclear issue, on which numerous consultations at various levels are to be held in the coming days."

The U.N. nuclear agency issued a report Friday confirming that Tehran refused to comply with a Security Council demand that it halt enrichment by that day.

Secretary of State Condoleezza Rice said Sunday the United States would seek a U.N. resolution requiring Iran to comply. She mentioned a resolution under Chapter 7 of the U.N. Charter, which can be enforced through penalties or military action.

Veto-wielding Security Council members Russia and China oppose that idea.

The United States and other nations believe Tehran's nuclear activities are aimed at creating nuclear weapons, although Iran insists its program is peaceful and aimed only at producing power.

Moscow has close ties to Iran and is building the nation's first nuclear power plant. But the Kremlin has been frustrated by Tehran's defiance of international pressure and refusal to accept a Russian proposal aimed at easing tension by moving Iran's uranium enrichment to Russia.

On Monday, the Iranian government allocated about $243 million to finish the plant in Bushehr in the southwest, spokesman Gholam-Hossein Elham said. Also, workers demonstrated in front of the former U.S. Embassy to support the disputed program.

Top nuclear negotiator Ali Larijani said Monday that Bushehr would go on line in 2007. Iran had expected the plant, which was built with Russian help, to be in operation by Dec. 31.

"I think the plant will begin to operate a year later," Larijani was quoted as saying by the official Islamic Republic News Agency.

It was the first time a top Iranian official mentioned another possible delay.

Back To The Security Council (WP)

The Washington Post, May 2, 2006

THE UNITED STATES will begin a long, difficult and possibly unsuccessful campaign this week to persuade the U.N. Security Council to order an end to Iran's nuclear program -- even though Iran's president has already said the regime does "not give a damn about such resolutions." While the diplomacy drags on, Iran's race for a bomb will continue: The International Atomic Energy Agency reported Friday that Tehran's work on enriching uranium was accelerating even as it continued to stonewall inspectors' attempts to learn about still more troubling parts of its program. The Bush administration's pursuit of a resolution at the United Nations is nonetheless a necessary step -- in part because of what it may reveal about the international coalition it has tried to build against Iran.

A debate on a legally binding resolution should set the United States and its European allies more firmly on a course toward adopting specific sanctions against Iran. It should also force China and Russia to decide whether they wish to be partners of the

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West in addressing such threats to global security. Russian President Vladimir Putin has skillfully exploited the growing crisis with Iran, cooperating with the West just enough to forestall a response to his increasingly belligerent policies in other parts of the world, while also reaping the benefit of rising oil prices -- and retaining the option of selling advanced weapons to Tehran. By the time of this summer's Group of Eight summit in St. Petersburg, Mr. Putin should be obliged either to stand with the democratic governments he will host in supporting Security Council action or to demonstrate that he does not belong in their company. China, too, will show whether it is interested in taking up the role of global "stakeholder" urged on it by the Bush administration.

Russian and Chinese diplomats say their resistance to sanctions stems from concern that they will lead to more defiance by Iran, military action by the United States, or both. The same worries prompt the growing chorus of calls in Europe and in Washington for the Bush administration to offer the mullahs a "strategic dialogue." If there is to be a diplomatic solution to the Iranian nuclear threat, some such negotiations will eventually be needed. But the United States has already spent most of the past year supporting negotiations with Iran by Britain, France, Germany and Russia; their offers were crudely rejected. Iran's leaders evidently have concluded that they need not respond to offers of carrots because the coalition they face is incapable of producing a stick. The United States and its allies must now prove that thinking wrong -- ideally within the Security Council, but if necessary outside of it.

Tzipi Livni Named Vice Premier In Israel (AP)

AP, May 2, 2006

Interim Prime Minister Ehud Olmert announced his Cabinet appointments Monday, naming Tzipi Livni, a rising star in Israeli politics, as vice premier and foreign minister.

Livni is a senior member of Olmert's Kadima Party and had served as acting foreign minister in recent months. Monday's appointment makes Livni the second most powerful politician in Israel.

The defense portfolio went to Amir Peretz, head of the moderate Labor Party, the junior partner in Olmert's coalition. The posting is considered controversial since Peretz is widely perceived as strong on social issues but inexperienced in military matters. Labor also received six other ministerial appointments, including education, infrastructure, agriculture and tourism.

Israel's elder statesman, Shimon Peres, who switched from Labor to Kadima last year, was given a minor portfolio — minister in charge of developing the Negev and the Galilee. He was also named deputy prime minister, a title less senior than Livni's rank of vice premier.

Outgoing Defense Minister Shaul Mofaz was appointed transportation minister, a significant demotion from his current job.

Kadima's Meir Sheetrit was another of those disappointed. He was considered a leading candidate for the prestigious finance ministry but was appointed housing minister instead. Sheetrit's snubbing apparently clears the way for current Tourism Minister Abraham Hirchson, an Olmert confidante, to lead the finance ministry.

Israel's Finance Minister Named (FT)

By Sharmila Devi

Financial Times, May 2, 2006

Avraham Hirchson, a close friend of Ehud Olmert, acting Israeli prime minister, was named finance minister yesterday in a new government that is expected to maintain free market budgetary and fiscal policies.

Mr Olmert's new coalition - his Kadima party, Labour, the ultra-Orthodox Shas and Pensioners party - was expected to be sworn in on Thursday in the Knesset. The government will control at least 67 seats in the 120-seat Knesset, fewer than Mr Olmert had sought.

Other key appointments include Tzipi Livni as foreign minister and vice-premier and Labour's Amir Peretz as defence minister. Mr Peretz, a former trades union leader, replaces the hardline Shaul Mofaz, who becomes transport minister. Sharmila Devi, Jerusalem

What next for Hamas and the Palestinian funding crisis?

Wolfensohn Steps Down As Gaza Envoy (AFP)

AFP, May 2, 2006

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Former World Bank president James Wolfensohn formally stepped down as economic coordinator for Gaza, saying the rise of a Hamas-led Palestinian government made his job untenable.

At a news conference with US Secretary of State Condoleezza Rice, Wolfensohn announced his expected resignation after a year as envoy of the Middle East "quartet": the United States, United Nations, European Union and Russia.

Wolfensohn, 72, told reporters he had made "quite a lot of progress" in promoting economic development of Gaza after the Israelis withdrew in September of last year.

But he said that given the militant Hamas' accession to power after its surprise win in January's Palestinian elections, "the political events are such that I think the issues are above my pay grade."

"With the government of Hamas having taken over with the Palestinians, it's a very difficult movement to be able to try and negotiate any independent type of arrangements," Wolfensohn said.

The United States considers Hamas a terrorist group and refuses to help it until it recognizes Israel, renounces violence and agrees to respect agreements struck by the previous Palestinian government.

Wolfensohn, who had frequently complained of being "disenfranchised" in his Gaza role and threatened to quit, left with a warning that the West should not consider trying to starve the Hamas-led Palestinians into submission.

"I don't think anyone in the quartet believes that to be the policy -- although, sometimes, it is made to appear that that is what it is," he said. "I think that's a losing gambit."

Wolfensohn had initially intended to leave the job in December but bowed to a US request that he stay on until the end of April to allow the Palestinian and Israeli elections to play out.

While agreeing it was time for Wolfensohn to step down, Rice signaled he might be called back for another stint and said, "I hope he will keep his uniform not very far from the door."

"While conditions currently are very complicated in the Palestinian-Israeli issue, we all hope and all look forward to and are going to continue to work for movement toward the (peace) road map," she said.

Hamas has rejected the road map, drafted by the quartet and aimed at creation of an independent Palestinian state living alongside Israel.

Rice, who was to host a quartet meeting in New York next week, said there were no immediate plans to replace Wolfensohn but did not rule out a move in the future.

"What we need to do is to try, over the next period of time, to get the political conditions right so that we can move forward," she said.

"Nobody wants to be in a situation in which the prospects for the two-state solution, to which we are all devoted, do not seem immediately before us."

The chief US diplomat deflected a question on whether the West was creating a crisis in the Palestinian territories by cutting off aid badly needed to pay salaries and provide services.

She said the priority was to deal with Hamas' refusal to recognize Israel's right to exist: "We've simply got to get through that. It can't be business as usual."

France has proposed creating a special World Bank account to pay the salaries of the 160,000 Palestinian civil servants directly without going through the Hamas hierarchy.

Rice's spokesman Sean McCormack declined to comment on the idea but suggested the salaries of Palestinian government workers did not fit into the US pledge to maintain humanitarian aid.

"The reason why they might not get paid is because they have a Hamas-led government that advocates the use of terror," McCormack said. "It's not because of the international community or their behaviors."

Pakistan Gets Praise, But No U.S. Trade Deal (WSJ)

By Shahid Shah

The Wall Street Journal, May 2, 2006

WASHINGTON -- Pakistan, an early ally in America's war on terrorism, hoped its close relations with Washington would also strengthen commercial ties between the two countries. But Islamabad is learning that not all alliances are created equal.

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On a tour of South Asia earlier this year, President Bush went to Pakistan and congratulated President Pervez Musharraf on his economic policies, which have spurred growth in the country's gross domestic product and its stock markets. The visit followed Mr. Bush's stop in neighboring rival India, where the two countries sealed a range of trade deals, including a landmark agreement on nuclear power.

Pakistani officials had hoped for a textile-trade pact, but Mr. Bush didn't offer one. Textiles comprise about 60% of Pakistan's economy, and officials there are working to expand sales to America. But opposition from U.S. companies has frustrated these hopes somewhat.

During Mr. Bush's visit to Pakistan, he referred to a bilateral investment treaty, although details of the pact -- which was proposed in 2004 -- are still being worked out. On textiles, "there is no concrete development yet," said Ashraf Hayat, Pakistan's trade minister here.

Mr. Bush also pushed creating a trade zone along the Pakistan-Afghanistan border to stimulate business in that violent region. Products from the zone would be exported duty-free to the U.S., boosting local textile producers and possibly sparking expansion in other industries. Even so, the program's scope is narrower than trade preferences sought by Pakistan, underscoring the Bush administration's limits on granting trade favors, even to an ally who backed the campaign against terrorism after the Sept. 11, 2001, attacks.

Making Pakistan's quest tougher is a political climate in which many Capitol Hill lawmakers are loath to offer special benefits to trading partners. With the U.S. trade deficit at an all-time high, unease is spreading in Congress with the tightening integration of the global economy.

U.S. textile producers, who have lost tens of thousands of jobs to foreign competition, have proved effective against trade liberalization. Last year, the industry helped lead a coalition that nearly derailed a trade pact with Central America, a major piece of the Bush agenda.

Though a world-wide textile-quota system expired last year, Pakistan is pushing to get American tariffs suspended or lowered. U.S. tariffs on Pakistani goods, which average 10.4%, vary across hundreds of products, with some facing levies of nearly 30% and others none at all. The White House hasn't responded, in part because Congress must approve changes in tariff rates.

The U.S. is Pakistan's largest textile market, buying $3.01 billion in apparel, textile products, cotton, yarn and fabric, and floor coverings last year. Cutting tariffs could boost these numbers, as well as the Pakistani economy. But the end of the quota system has lifted U.S. textile imports from a host of nations by 6.4% to $95.57 billion last year, alarming already-struggling U.S. textile makers.

"We have lost half a million jobs during the past six years, as we see enormous U.S. access to textile-producing countries," said Auggie Tantillo, executive director of the American Trade Action Committee, which represents textile producers. "Naturally, we are concerned about this and little bit resistant too."

Mindful of this resistance, Pakistan has sought joint ventures with textile companies in North Carolina, South Carolina, Georgia and Alabama as an alternative way to boost exports. Islamabad has suggested strategic alliances, marketing partnerships and technical-collaboration accords with Pakistani firms but has yet to get a response from U.S. companies.

Textiles are Pakistan's largest industrial sector, employing about 15 million people and accounting for 8.5% of total gross domestic product. Opening the U.S. market further could create as many as 200,000 more jobs, officials say.

The benefits offered by the prospective investment treaty are less clear. Proposed in September 2004, it "can play an important role in strengthening Pakistan's economy, so as to create new opportunities for exporters and investors in both economies and assist in meeting the economic conditions to counter terrorism," said then-U.S. Trade Representative Robert Zoellick.

The U.S has such pacts with 39 countries, providing protection for U.S. investors doing business there without a free-trade agreement. They also encourage adoption of market-oriented domestic policies that treat private investment in an open, transparent and nondiscriminatory way.

Details are being negotiated, said Mr. Hayat, the Pakistani trade minister, adding, "We are very close to the treaty."

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In 2004, U.S. foreign direct investment in Pakistan was $991 million, up from $790 million in 2003. Still, the country's authoritarian government, as well as fears of corruption and violence, have curbed investment over the past five years, experts say.

Meanwhile, U.S textile makers aim to capitalize on U.S.-Pakistan ties to expand their sales. American textile exports -- mainly raw cotton, cotton fiber cloth, finished textile supplies, apparel, household goods and sports apparel -- face tariffs of 15% to 25% from Pakistan.

"Pakistan must give something to get something," says Cass Johnson, president of the National Council of Textile Organizations, an industry advocacy group.

Militants Kill 35 Hindus Days Before Talks On Kashmir (NYT)

By Somini Sengupta

The New York Times, May 2, 2006

NEW DELHI, May 1 — Thirty-five Hindus were killed in recent days in two separate incidents in the Indian-administered portion of the disputed Kashmir province, the police said. The killings were believed to be the handiwork of Islamist militants just days before a scheduled meeting between the Indian prime minister and Kashmiri separatists.

In one incident, gunmen stormed a village in the Doda district, dragged Hindu villagers from their homes and shot 22 of them dead. In another, in the neighboring Udhampur district, suspected militants kidnapped 13 villagers from a remote mountainous spot. Four of their bodies were found lying in the woods late Sunday, while the rest were discovered Monday, the police said.

Even by the standards of blood-soaked Kashmir, it was a particularly grisly pair of incidents — and the deadliest violence since peace talks began more than two years ago between India and Pakistan, neighbors and rivals on the question of Kashmir. The attacks are worrisome because they appear intended to fuel Hindu-Muslim tensions.

Their impact is likely to be felt during the talks about Kashmir's future, scheduled to begin Wednesday between the Indian prime minister, Manmohan Singh, and a coalition of Kashmiri separatist leaders known as the All Parties Hurriyat Conference.

Mr. Singh and the leaders of Hurriyat were swift to condemn the fresh violence. But that does not mean that the negotiations will yield quick results. The last time the prime minister announced a roundtable on Kashmir, in February, Hurriyat leaders did not show up. Along with the Pakistani government, they have stepped up their criticism of the Indian government, contending that it is dragging its feet on a resolution to the Kashmir dispute.

"People of Kashmir have rejected and rebuffed terrorists repeatedly," Mr. Singh said in a statement on Monday.

Killings of Hindu and Sikh villagers became a routine form of terrorism some years ago, when relations between India and Pakistan were at a low ebb. The most infamous of the massacres was in March 2000, on the eve of President Clinton's state visit to India, when 37 Sikhs were killed in the village of Chattisinghpora.

Peace talks between India and Pakistan have, even by the Indian government's assessment, radically reduced violence in Indian Kashmir. But the killings, for which India blames both Pakistani security forces and militants, have hardly stopped.

The coming months are crucial for the peace efforts. It is usually in the summer, after the snows have melted on the rugged mountains of Kashmir, that Indians accuse Pakistan-backed insurgents of crossing over to the Indian side of the de facto border and stirring up trouble.

Only if Indians see that infiltration and violence are down are they likely to agree to any deals on Kashmir, including pulling back troops from the Siachen Glacier, one of the costliest and deadliest missions for the armies of both countries.

Kashmir Killings Cast Shadow On India Peace Talks (FT)

By Jo Johnson In New Delhi

Financial Times, May 2, 2006

India suffered the single worst incident of communal violence in Jammu & Kashmir in three years on Monday when suspected Islamic militants gunned down 22 people in a pre-dawn massacre of Hindu villagers.

Manmohan Singh, India's prime minister, condemned the killings, which appeared timed to disrupt his meetings on Tuesday with Mirwaiz Umar Farooq, a moderate leader from the All Party Hurriyat Conference, an alliance of separatist groups.

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The weekend death toll in Kashmir totalled at least 35. Nine Hindu herdsmen were found shot dead yesterday in Udhampur after a further four had been killed on Sunday.

Mr Singh is due to chair a second round table – part of the central government's efforts to resolve the Kashmir issue – later this month. The first was held in New Delhi on February 25.

India and Pakistan agreed a ceasefire along Line of Control (LoC) in November 2003 and began peace talks in 2004. They have restored diplomatic, travel and sports links, but made little progress with what Islamabad refers to as the "core issue of Kashmir".

In a sign of determination to press ahead with peace talks, the Indian Ministry of Foreign Affairs said a seven-member delegation from Pakistan would arrive in New Delhi on Tuesday for two days of talks on confidence-building measures across the LoC in Jammu & Kashmir.

Indian diplomats say militant infiltration from Pakistan-controlled Kashmir across the LoC is the main "trust issue" that is preventing progress in the two-and-a-half-year-old peace process.

One injured man told Sahara News television channel over the telephone that armed militants had pulled people out of their homes, lined them up and opened fire. No group has yet claimed responsibility.

"They took one man from each house. The others they told to go inside. They said they would set us free later. After going some distance, they started beating us up and then opened fire," the witness said.

The killings in the remote Doda district took place hours after the slaughter of four Hindu shepherds near the town of Udhampur on Sunday. Hindus comprise slightly more than 40 per cent of Indian-administered Jammu & Kashmir's 11m population.

"By singling out Hindus for such a major massacre, they are sending a message to the entire Indian nation that this exercise [peace process] undertaken by the government is futile," deputy chief minister Muzaffar Baig said.

The deaths have aroused fears of a new wave of minority killings in the disputed state. At least 45,000 people have been killed during the 16-year insurgency against Indian rule in Kashmir. Thousands of Hindus have fled the state.

The de facto border area, high in the Himalayas, is one of the most militarised in the world. Some of those fighting Indian rule want full independence, while others would like to merge with Pakistan.

India accuses Pakistan of arming and training the guerrillas.

Pakistan, which denies aiding infiltration by militants, says the revolt is indigenous and it only gives moral and diplomatic support to what it calls Kashmiri "freedom fighters".

Ghulam Nabi Azad, chief minister of Jammu & Kashmir, said: "We will not allow them to succeed in their designs, we would rather give a big push to the peace process. I want to make it clear once and for all that we will not bow to any pressure from terrorists."

U.S. Diplomat Heads To Nigeria To Try To Unsnarl Darfur Talks (NYT)

By Joel Brinkley And Lydia Polgreen

The New York Times, May 2, 2006

WASHINGTON, May 1 — The Bush administration on Monday dispatched Robert B. Zoellick, the deputy secretary of state, to Nigeria, where he plans to plunge directly into the negotiations over a treaty to end the carnage in the Darfur region of Sudan, which stalled again on Monday.

Mediators extended the talks for 48 hours after the Sudanese government and Darfur rebel groups, meeting in Abuja, Nigeria, failed to reach full agreement by the deadline on Sunday night. Then on Monday morning, Vice President Ali Osman Taha of Sudan, the senior representative of his government at the talks, abruptly left Abuja and returned to Sudan's capital, Khartoum, complaining that the rebel leaders had been intransigent, officials said.

The Sudanese government offered on Sunday to accept the terms of the proposed agreement, but two of the three principal Darfur rebel groups refused. On Monday, the third and most important rebel group also expressed strong reservations.

Among the provisions of the proposed agreement are several that call on the rebels and government militias to disarm in a carefully choreographed sequence. But each side holds deep distrust for the other.

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Sudanese officials said Monday that if the peace talks failed, the blame would fall squarely on the rebels, for refusing what the government claims is a fair deal. But the State Department urged Mr. Taha to return to Abuja, saying in a statement that the negotiations had come "down to a few difficult issues."

Abduljabbar Dosa, chief negotiator of the largest and most important rebel faction of the Sudanese Liberation Movement, reacted angrily to Mr. Taha's decision to leave.

"The departure of Ali Osman Taha at this time, it gives a wrong sign," Mr. Dosa said.

Frustrated by the state of affairs, Salim Ahmed Salim, the lead mediator, called Mr. Zoellick on Monday morning and asked him to come to Abuja immediately. Mr. Zoellick has been deeply engaged in the Darfur issue since he took office last year, and knows nearly everyone involved in the talks. He agreed and left Monday afternoon and will arrive in Abuja Tuesday morning, in time to play a role in the final day of negotiations.

In Abuja, negotiators for the rebel movements sounded defiant and upbeat, firmly rejecting the plan as presented yet leaving open the possibility of a deal.

Ahmed Tugod Lissan, chief negotiator for one of the rebel groups, the Justice and Equality Movement, said of the agreement: "It left out critical areas as far as power sharing and the status of Darfur region. But I am optimistic something could be achieved within the next 24 hours."

Mr. Dosa called the deal unacceptable because it did not include compensation for those driven off their land.

In Khartoum, Jamal Ibrahim, a spokesman for the Sudanese government, said: "We have been committed to the deadline on the 30th of April. But now the problem is that the rebel movements are not accepting to sit and sign."

A senior Sudanese diplomat who has been following the talks closely said the government might have erred in so quickly accepting the deal, because it gave the impression that it was far more favorable to the government than to the rebels.

"It complicated the matter further, because the rebels saw the quick acceptance as a trick for them," said the diplomat, who spoke on the condition of anonymity because he was not authorized to speak openly on the matter.

More than 200,000 people have died and two million more have been driven from their homes since the conflict began in February 2003. The Abuja peace talks have limped along for almost two years.

But in early April, the African Union, with the support of the United Nations, said the talks would end if no agreement was reached by April 30. As a result, both the government and Darfur rebel groups sent senior representatives to Abuja last week.

Part of the difficulty of persuading the rebels to accept the deal, said John Prendergast, a former senior Africa specialist for the United States government, is that the rebels are afraid of giving away "the one card they have, which is military pressure, before being certain of movement implementing the peace deal."

U.S. Sends Diplomat For Darfur Talks (AP)

By Barry Schweid

AP, May 1, 2006

Deputy Secretary of State Robert Zoellick was dispatched to Africa on Monday to push for a peace agreement to end political and ethnic conflict in the Darfur region of Sudan.

Zoellick's trip was announced after the first day of a two-day extended deadline for a settlement ended without a pact. Sudan's government has said it will accept the accord, but rebel groups are still pressing additional demands.

"As long as the parties are talking, there's always a chance for an agreement," Secretary of State Condoleezza Rice said. But she declined to predict the outcome.

At a news conference, Rice said President Bush felt "very strongly and very passionately" about both the need for an agreement and getting a robust and largely African security force in to protect the people of Darfur.

"It takes time," she said, "We need to shake the trees a little bit, shake the bureaucracy a little bit and say to people: 'It's not acceptable to wait any longer for at least the planning for a robust security force.'"

Disarming militias and integrating them into an armed force are among a handful of matters that must be resolved before completion of a historic deal. Sunday's deadline was extended at U.S. request.

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"We are down to a few difficult issues," State Department spokesman Sean McCormack said in announcing Zoellick's mission to the talks supervised by the African Union in Abuja, Nigeria. "Nothing is done until everything is done," he said shortly before Zoellick's plane took off.

By some estimates, at least 200,000 people have been killed and 2 million driven from their homes since 2003 in the western Sudan province. After a slow start, the world's attention has focused on the conflict between a rebel insurgency and tribal militias linked to an Arab-dominated Khartoum government.

U.S. efforts to end the warfare in Darfur accelerated in the spring of 2004, when the 10th anniversary of the genocide in Rwanda helped focus attention on it. The United States has pledged or provided $1.7 billion to help Sudan, much of which is for Darfur.

Thousands of people, some clutching signs that read, "Never Again," rallied Sunday in Washington and several of the speakers urged President Bush to take stronger action to end the suffering amid what the administration has determined was genocide.

"You need the participation and public good will of all states who have an interest in seeing that this humanitarian situation, that this tragedy is corrected," McCormack said.

Zoellick is "results-oriented" and prepared to meet with whomever can help get the agreement over the goal line, McCormack said.

The deputy secretary will be there "into the undetermined future," McCormack said.

Besides Zoellick's trip, the U.S. has been working with officials of NATO, which Washington wants to provide more logistical and training support for African Union peacekeepers.

Efforts are also under way to provide a possible United Nations force to aid African Union troops, a move the Sudanese government has said it would support if a peace treaty is signed.

In the Sudanese capital, the country's chief negotiator, Majzoub Khalifa, said the rebels' reluctance to sign the agreement was "regrettable," but that the government would begin immediately abiding by the agreement.

The African Union must decide what to do if the talks fail, Khalifa said.

Extended Deadline Fails To Lift Hopes Of Deal On Darfur (FT)

By Andrew England In Nairobi

Financial Times, May 2, 2006

The African Union yesterday extended a deadline for the Sudanese government and rebels fighting in Darfur to accept a peace accord by two days, in a last ditch attempt to convince the insurgents to reach an agreement.

But the prospects of a deal looked bleak, with the rebels insisting amendments had to be made to a draft agreement put forward by the AU last week.

The AU, which has led more than two years of tortuous negotiations between the belligerents, had given the warring parties until the end of Sunday to sign the accord. That was extended until midnight tonight to allow the parties to "engage amongst themselves", said Salim Ahmed Salim, chief AU mediator at the talks in Abuja, the Nigerian capital.

The government said on Sunday it accepted the draft deal, but one of the rebel groups said it wanted fundamental changes to the accord. Factions of the main group also failed to sign because of objections to power-sharing and security arrangements listed in the agreement.

Mr Salim said it had been "frustrating" to deal with the rebels, and urged all the groups to agree to a deal.

"I can tell you that this war in Darfur has shaken Africa to its core . . . The eyes of Africa and the wider international community are fixed on us here," he said. "The consequence of not signing this agreement will be a drastic and negative impact on the people of Darfur, whose suffering and death will continue for no reason."

The violence in Darfur erupted in 2003 when rebel groups took up arms seeking a greater share of power and national wealth for their marginalised region. Since then, violence has killed tens of thousands of people and made over 2m homeless.

The US has accused the government and pro-government Arab militia of genocide, and on Sunday thousands of Americans demonstrated to urge Washington to do more to end the conflict.

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The accord is seen as critical to the planned transfer of the AU peacekeeping mission in Darfur to the UN.

Bolivian President Seizes Gas Industry (WP)

By Monte Reel And Steven Mufson

The Washington Post, May 2, 2006

CARACAS, Venezuela, May 1 -- Bolivian President Evo Morales seized control of the country's natural gas industry Monday, sending soldiers to occupy fields that he contends private companies have plundered for years.

Morales said that unless foreign energy firms agreed to give Bolivia's state oil company oversight of production and a majority of their revenue generated in Bolivia, the government would evict them from the fields.

"The time has come, the awaited day, a historic day in which Bolivia retakes absolute control of our natural resources," Morales said during a televised speech from a gas field near the country's southern border. "The looting by foreign companies has ended."

Morales's announcement was expected, but his deployment of troops to gas fields was a strong statement in a region where governments are moving to block outside influence, particularly from the United States, and exert more control over the energy industry. Venezuela recently voided drilling contracts with private companies at 32 oil fields, demanding new contracts that give the state oil company a 60 percent stake. Ecuador is finalizing a law that could limit excessive profits by foreign crude producers.

The developments in Bolivia were not expected to affect the U.S. energy market. Even in Bolivia, analysts played down the importance of the troop deployment, but they acknowledged the message Morales was trying to send.

"I think it was a symbolic move to send the military to the oil fields to show that Bolivians are now in charge of taking care of their own property," said Gonzalo Chavez, a political analyst with the Catholic University in La Paz, the Bolivian capital. "It's an extremely popular move. There's a lot of nationalism in the country right now, and this is something that a lot of people are going to like."

During his victorious electoral campaign last year, Morales promised that he would force energy companies to give at least 50 percent of their revenue to the government's state energy company. The plan announced Monday called for a substantially higher percentage -- 82 percent -- to be surrendered by any company producing more than 100 million cubic feet of natural gas daily. He said that all companies have six months to agree to the terms or be kicked out of the country.

Bolivia boasts South America's second-largest reserves of natural gas, behind Venezuela. The country does not play a major role in international energy markets, but its natural gas exports are important to some of its neighbors.

About 25 international energy firms operate in Bolivia. Brazil's Petrobras and Spain's Repsol YPF have the largest operations in the country, and Exxon Mobil Corp. of the United States maintains a smaller presence.

Morales has conceded that Bolivia needs the help of those foreign companies to get reserves out of the ground, and he has said his nationalization plan is not designed to cut those companies completely out of the sector.

Bob Davis, an Exxon spokesman, said Monday that the company was "monitoring the situation" in Bolivia. He said that earlier concerns prompted Exxon to submit a letter to an international arbitration board saying that the company was contemplating a request for arbitration.

Oil industry officials have been increasingly concerned about the investment climate in Bolivia. According to news reports, Bolivia's attorney general, Pedro Gareca, opened criminal cases in mid-March against three former Bolivian presidents and eight former energy ministers for alleged wrongdoing in drawing up and signing contracts with foreign oil companies.

Morales's government has held bilateral talks with energy firms in recent weeks, but negotiations sputtered. Petrobras, after announcing additional investments of $5 billion shortly after Morales's inauguration in January, rescinded the plan in March because of uncertainty over the government's policies. Tensions also flared with Repsol YPF after the government accused its executives of smuggling oil out of the country.

Monday's announcement coincided with May Day workers' celebrations throughout the country. Morales had been under political pressure to announce the plan, which his backers consider a key to the success of his administration. He has said he plans to use increased state revenue from the takeover to fund social programs in South America's poorest country.

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A longtime leader of Bolivia's coca growers union, Morales was elected in December after leading protests railing against foreign corporations and the management of the country's gas resources, which are mostly located in the Santa Cruz province in the southeastern corner of Bolivia. He spent the weekend in Cuba with ideological ally Hugo Chavez, the Venezuelan leader who has helped lead a regional shift away from the privatization of South American industries and toward more state control.

Even though it recently reached oil independence, Brazil is the country that leans most heavily on Bolivia for natural gas. In the 1990s, the Brazilian government reinforced the country's hydroelectric power grid with plants fueled by natural gas, and many of Brazil's automobiles run on natural gas. About half of Brazil's natural gas needs -- 520 million cubic feet daily -- are supplied by Bolivia via a 2,000-mile pipeline financed mostly by Petrobras. In 2003, Petrobras discovered gas deposits within Brazil that some experts say could significantly ease demand, but tapping that gas could prove costly and difficult.

Bolivian Nationalizes The Oil And Gas Sector (NYT)

By Paulo Prada

The New York Times, May 2, 2006

RIO DE JANEIRO, May 1 — President Evo Morales of Bolivia ordered the military to occupy energy fields around the country on Monday as he placed Bolivia's oil and gas reserves under state control.

Surrounded by soldiers at an oil field operated by the Brazilian energy giant Petróleo Brasileiro, or Petrobras, Mr. Morales ordered foreign producers to relinquish control of all fields and channel future sales of hydrocarbons through the state-owned energy company.

He gave foreign companies 180 days to renegotiate existing contracts with the government, or leave the country.

"The time has come, the awaited day, a historic day in which Bolivia retakes absolute control of our natural resources," Mr. Morales declared, according to The Associated Press. "The looting by the foreign companies has ended."

The decree is the latest step by Latin America governments from Venezuela to Ecuador to assert greater control over the energy sector, moves that have sent shivers through foreign producers.

Motivated by nationalist politics and soaring oil and gas prices, governments have seized an opportunity to gain higher revenues while parlaying their control over future energy supplies into greater political leverage, both at home and abroad.

"Governments in the region see energy as a commodity they can use to push populist agendas," said Adriano Pires, director of the Brazilian Center for Infrastructure Studies, an energy consultancy in Rio de Janeiro.

"From a political point of view, it's a powerful issue to manipulate, but from an industrial point of view, it can do real harm."

Mr. Morales's decree, in effect to nationalize Bolivia's energy industry, which includes the second-biggest gas reserves in Latin America after Venezuela, quickly added to the nervousness of foreign producers.

They said they would proceed with caution until the government clarified under what conditions it plans to renegotiate contracts.

"We're worried," said Begoña Elices, director of external relations in Madrid at Repsol YPF S.A., the Spanish oil company, the second biggest investor in Bolivia's gas sector. "There will be a lot of fine print to consider."

Petrobras, the biggest investor, with over $1 billion invested in Bolivia, criticized the government's "unilateral attitude" and said it would take whatever steps necessary to "protect the rights of the company" and guarantee Brazil's supply of gas, half of which comes from Bolivia.

The importance of Bolivian gas to Brazil — the largest market in the region — prompted concern even from President Luiz Inácio Lula da Silva, a leftist and former union leader who publicly hailed Mr. Morales's rise to power.

Mr. da Silva is to meet with José Gabrielli de Azevedo, chief executive at Petrobras, on Tuesday, along with senior officials from Brazil's Ministry of Mines and Energy.

The Bolivian announcement fulfilled a campaign pledge that helped Mr. Morales rise to power last December. It was foreshadowed last year when Bolivia approved a major increase in the royalties paid by foreign producers for the right to operate in the country.

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In April, President Hugo Chávez of Venezuela, a mentor to Mr. Morales, seized two oil fields operated by the Total group, of France, and Ente Nazionale Idrocarburi, of Italy, because they were unwilling to give more control of their operations to Petróleos de Venezuela, the state-run energy giant.

But Mr. Morales's step on Monday was the most assertive yet, and many industry observers feared such moves would scare away investors and jeopardize the region's economies.

"This isn't like Saudi Arabia, which over the years has developed a know-how to dominate the industry independently," said Gal Luft, co-director of the Institute for the Analysis of Global Security, a consultancy in Washington that studies energy issues.

"When you cause problems for foreign investors, you cause problems for those who know how to create and develop the industry."

Bolivian Leader Nationalizes Fuel Industry (LAT)

By Patrick J. Mcdonnell, Times Staff Writer

The Los Angeles Times, May 2, 2006

Morales threatens to throw out foreign firms that don't agree to sell most assets to the state. It's unclear where the money will come from.

SANTA CRUZ, Bolivia — President Evo Morales, who won a landslide election victory in December vowing an end to foreign "looting" of the country's natural resources, nationalized Bolivia's crucial natural gas and oil industry Monday, the latest indication of Latin America's leftward drift.

Morales ordered soldiers to secure Bolivia's natural gas fields and installations, the media here reported, and he threatened to throw out foreign companies unless they agreed to new contracts within six months giving the state control of energy production.

"The time has come, the awaited day, a historic day in which Bolivia retakes absolute control of its natural resources," Morales declared in a speech from the San Alberto petroleum field in the country's south.

Negotiations are to begin immediately with affected firms, mostly from Europe and other South American countries. Experts said the move should not affect U.S. energy prices because the United States is not a major consumer of Bolivian natural gas or oil.

Morales is closely allied with Cuba's Fidel Castro and Venezuela's Hugo Chavez, both outspoken critics of U.S. policy. The Bolivian leader signed the nationalization decree after returning from a trip to Havana, where he was warmly welcomed by Castro and Chavez.

The trio proposed a new trade bloc to counter what they called U.S. domination in the region.

Left-leaning governments are also in charge in Brazil, Argentina, Chile and Uruguay, but all are on better terms with Washington than Morales and his allies — and role models — in Havana and Caracas.

Elsewhere in Latin America, left-wing nationalist and Chavez admirer Ollanta Humala, a former army officer, is in a runoff election for Peru's presidency, and leftist Andres Manuel Lopez Obrador is making a strong bid for the presidency of Mexico.

In Bolivia, Morales, wearing a helmet of the state energy firm, chose May 1, International Day of the Workers and a national holiday here, to unveil his nationalization plan.

There was little overt reaction on the streets of this bustling eastern Bolivian city, a stronghold of anti-Morales sentiment where a civic shutdown is planned this week to protest Morales' governance.

On Monday evening, Morales addressed a roaring crowd in La Paz, the Andean administrative capital where he has strong support, especially among the poor and working class tired of the lack of social progress in South America's most impoverished nation.

Television here aired footage of soldiers and police standing guard outside some gas installations, along with images of gas stations with banners proclaiming the sites had been nationalized.

Thousands gathered to celebrate the president's move in La Paz's central Plaza Murillo, where Morales addressed an enthusiastic crowd and folk singers chanted nationalist anthems.

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The government's plan appeared to be less of an outright takeover of foreign assets than a mandatory sale of most assets to the government energy concern. Morales had said he would not take the expropriation route and has indicated a willingness to allow some foreign companies to remain as minority shareholders under his new terms.

Bolivia has the continent's second-largest natural gas reserves, after Venezuela, but most of its capacity remains untapped because of a lack of infrastructure and investment. Much of its gas is sold to neighboring Brazil and Argentina.

Petroleum production is less significant.

U.S. energy firms including Exxon Mobil, which holds a partial stake in a currently non-producing field, have relatively small interests here. But European and South American companies — including Brazil's Petrobras, the Spanish-Argentine Repsol, Britain's BG Group and France's Total — have significant holdings.

Morales indicated that some major producers would be able to retain 18% of their production, but he did not name which firms would qualify.

The move could presage friction with neighboring nations as well as European investors.

In Madrid, the Associated Press reported, Spain's Foreign Ministry expressed "deep concern" about the decree to nationalize the hydrocarbons sector, which includes significant Spanish investment.

"The government hopes … there is authentic negotiation and dialogue between the government and the different companies in which each other's interests are respected," the ministry said in a statement.

Morales and his aides depicted the move as a bold stroke for a man who rose in 10 years from a regional representative of growers of coca leaf — the raw ingredient in cocaine — to the first Indian president of a nation that is largely of Indian and mixed-race origin.

Morales has been waging an escalating war of words with Washington, which is worried about his vow to decriminalize the cultivation of coca and his friendships with Castro and Chavez. Morales has accused Washington of working to undermine his government, a charge denied by U.S. officials.

It remained unclear where Bolivia would secure the funds to purchase the private assets for its state energy concern, Yacimientos Petroliferos Fiscales Bolivianos, and how much the government would be willing to pay — market value or a price dictated by the Bolivian government.

"The big question is where the money is going to come from, and who will set the prices," said Eduardo Gamarra, a Bolivia expert at Florida International University in Miami.

International companies say they have invested about $3.5 billion in the Bolivian energy sector since the mid-1990s, when the formerly state-run industry was privatized in a move Morales harshly criticized during his election campaign. Investors worry they won't be able to recoup the massive amounts of money they plowed into Bolivia's gas fields, pipelines and other infrastructure since the government shed what was viewed by many as an inefficient and plodding state monopoly a decade ago. YPFB, the state entity, has since become largely administrative in nature, and a major unknown is how it will perform as a dominant force in the dynamic energy sector.

In recent years, two Bolivian presidents have been chased from office in large part because of protests by those who believed that gas and other natural resources were being siphoned off by foreign concerns and wealthy Bolivian allies. Morales' allies had called for a quick nationalization of gas and oil reserves.

Morales' election had already sent shock waves through the international investment community, and Monday's announcement seemed likely to make foreign companies hesitate even more to pump money into Bolivia.

"I think foreign investors will read this is in the correct way: Your investment is not safe in Bolivia," Gamarra said. "That's problematic for a country that needs investment."

But Morales and his supporters have argued that a new way of doing business is needed because foreign companies have plundered the national resources for decades without reducing a poverty rate that tops 60%.

"They have robbed us of our national patrimony," Morales said during his campaign. "We cannot continue to allow our most precious resources in the hands of foreign companies."

Morales won 54% of the vote in December's presidential election and assumed office in mid-January with a pledge to return resources to the people, rewrite the constitution and restore rights to Bolivia's long-repressed Indian population.

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His popularity has declined in recent months, polls show, but he still enjoys more than 60% support after 100 days in office, much of it in La Paz, the altiplano that is the Indian heartland, and the coca-growing regions.

Andrés D'Alessandro of The Times' Buenos Aires Bureau and special correspondent Óscar Ordóñez Arteaga in La Paz contributed to this report.

Bolivia Set To Seize Foreign-run Gas Fields (FT)

By Hal Weitzman In Lima

Financial Times, May 2, 2006

Bolivia ordered its military to seize natural gas fields controlled by foreign investors as the 100-day-old government of Evo Morales signalled it was putting into effect a campaign pledge to nationalise the sector.

Bolivia's gas industry is dominated by international energy companies, including Brazil's Petrobras, Repsol of Spain, Total of France, and BG and BP of the UK, and the decree is the latest sign of a hardening approach to foreign investors since Mr Morales' election.

"We want to ask [the armed forces] that, starting now, they occupy all the energy fields in Bolivia along with battalions of engineers," Mr Morales said after signing an official nationalisation decree in a ceremony at a gas field in south-eastern Bolivia operated by Petrobras.

The document stated that "the state recovers ownership, possession, and total and absolute control of these resources". Bolivia has the second-biggest reserves of natural gas in Latin America.

The intervention will heighten investors' concerns about the investment climate in the energy sector generally, and Mr Morales' willingness to pursue a leftwing agenda in particular. The Bolivian leader was in Havana on Saturday to sign a trade deal with Hugo Chávez, the Venezuelan leader, and Fidel Castro, the Cuban president.

Francisco Blanch, head of commodities at Merrill Lynch in London, said: "This is another step into the recent tide towards greater state control of commodities resources, as we have seen previously in Russia and Venezuela. States are taking a larger amount of the cake and that translates into higher oil and gas prices. This is extremely negative news for the oil and gas worldwide investment climate."

Álvaro García, Bolivia's vice-president, said officials from YPFB, the state energy company, and the military had begun to take control of 53 installations. YPFB and the state, he added, would assume responsibility for production, sales and pricing.

Congress last year passed a law that obliges foreign energy companies to hand over 50 per cent of their revenues in taxes and royalities. But Mr Garcia indicated that at the two largest gas fields, San Alberto and Sabalo, the split would now be 82-18 in the state's favour.

Significantly, both fields are operated by Petrobras and its subsidiaries. Petrobas, the biggest investor in Bolivian sector, is state-owned. Brazil's president Luiz Inácio Lula da Silva has good relations with Mr Morales. "Petrobas is the key to how the negotiations will play out for all the foreign companies in the sector," said one industry insider.

Foreign companies affected by Mr Morales' move, which together have invested about $3.5bn in the country in the past decade, said they needed time to study the presidential decree.

Last month Mr Morales expelled EBX, a Brazilian steelmaker, for allegedly breaking environmental law. Repsol's chief executives were imprisoned in March on oil-smuggling charges.

There has been growing concern in the US about the influence of Mr Chávez on Mr Morales. Washington is thought to be as worried about what it perceives as the Morales administration's weak commitment to democracy and close relations with Venezuela as it is about the slowing pace of coca eradication.

Mr Morales, Bolivia's first elected indigenous president, enjoys an approval rating of 80 per cent.

Bolivia Seeks Control Of Gas Production (WT/AP)

By Alvaro Zuazo, Associated Press

The Washington Times, May 2, 2006

DOJ_NMG_0027838

LA PAZ, Bolivia -- President Evo Morales ordered soldiers to immediately occupy Bolivia's natural gas fields yesterday and threatened to evict foreign companies unless they sign new contracts within six months giving Bolivia majority control over the entire chain of production.

Mr. Morales said soldiers and engineers with Bolivia's state-owned oil company would be sent to installations operated by foreign petroleum companies.

"The time has come, the awaited day, a historic day in which Bolivia retakes absolute control of our natural resources," Mr. Morales said in a speech from the San Alberto petroleum field in southern Bolivia to decree what he called a nationalization of the natural gas industry. The field has been operated by Brazil's Petroleo Brasileiro SA, also called Petrobras, in association with the Spanish-Argentine Repsol YPF SA and France's Total SA.

Bolivia has South America's second largest natural gas reserves after Venezuela, and all foreign companies must turn over most production control to Bolivia's cash-strapped state-owned oil company, Yacimientos Petroliferos Fiscales Bolivianos (YPFB), Mr. Morales said.

Multinational companies that produced 100 million cubic feet of natural gas daily last year in Bolivia will be able to retain only 18 percent of their production, with the rest being given to YPFB, he said. Mr. Morales did not name the companies.

Mr. Morales has acknowledged that nationalization will not mean a complete state takeover, because Bolivia lacks the ability to tap all its natural gas on its own.

Last week, Mr. Morales told Brazil's Valor Economico newspaper that Bolivia would have to "set up a new battalion, a new army of oil and gas specialists to exert the property right" for a complete state takeover of petroleum production.

Other major petroleum companies doing business in Bolivia, besides Petroleo Brasileiro and Repsol, include Britain's BG Group PLC and BP PLC and U.S.-based Exxon Mobil Corp.

A Repsol spokesman said the company could not respond because it had not received official word of the announcement. Petrobras officials did not immediately return messages seeking comment yesterday, a national holiday in Brazil.

Mr. Morales said the government would begin negotiations immediately with the companies to make sure they are willing to comply, but said they could be stripped of their rights to operate in Bolivia if they don't sign new contracts within the six-month deadline.

In the past, YPFB produced Bolivia's natural gas, but it was reduced to an administrative role in the mid-1990s after the country's gas exploration and production business was privatized. Analysts have warned that the company is incapable of becoming a producer again without a massive infusion of cash.

Mr. Morales, a strident leftist, won a presidential election late last year after saying the country's natural resources had been "looted" by foreign companies and must be nationalized so that Bolivians could benefit from the profits that were being sent overseas.

Mr. Morales chose May 1, International Day of the Workers, to announce the nationalization plan. He wore a YPFB helmet as he gave his speech. Afterward, a soldier unfurled a Bolivian flag from atop the natural gas installation.

Mr. Morales also said the state would retake control of Bolivian hydrocarbon companies that were partially privatized in the 1990s, with the state taking a majority stake.

With the nationalization announcement, Mr. Morales is following the path of Venezuelan President Hugo Chavez, his populist political mentor, said Pietro Pitts, editor in chief for the Venezuela-based LatinPetroleum.com.

Mr. Chavez has also made moves to exert greater control over his country's vast petroleum reserves. Most foreign companies have decided to keep producing in Venezuela, though some announced they would abandon some production.

"You can call Bolivia Venezuela Part II because it seems like [Mr. Morales] is going to try to do the same thing that Chavez is doing," said Mr. Pitts, namely giving the state majority control in its fossil fuel wealth.

Bolivia Seizes Natural-Gas Fields In A Show Of Energy Nationalism (WSJ)

By David Luhnow And José De Córdoba

The Wall Street Journal, May 2, 2006

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Emboldened by Venezuelan President Hugo Chávez's moves against private oil companies, Bolivia nationalized its natural-gas industry, ordering foreign companies to give up control of fields and accept much tougher operating terms within six months or leave the country.

In a dramatic sign of how high energy prices have sparked a resurgence of nationalism from Caracas to Moscow, Bolivian President Evo Morales yesterday announced the nationalization at the country's biggest natural-gas field, San Alberto, and then ordered army troops to take control of it and the country's other fields, operated mainly by Brazil's state-run Petróleo Brasileiro SA, or Petrobras, and Spain's Repsol YPF SA. To date, foreign investment in Bolivia's energy sector totals about $3.5 billion.

"The time has come, the awaited day, a historic day on which Bolivia retakes absolute control of our natural resources," said Mr. Morales. The former coca grower won a landslide victory in December elections partly on a promise to nationalize the gas industry, seen by many poor here as the country's ticket to prosperity.

Mr. Morales's move mimics recent measures against Big Oil by Mr. Chávez, a close ally of the Bolivian politician who has seized on high energy prices in recent years to rewrite the rules of Venezuela's oil industry. Mr. Chávez has forced major oil companies to accept a minority stake in fields they previously owned and put more money in Venezuelan coffers through higher taxes and royalties.

"Chávez and Morales are both playing a game of chicken with foreign oil companies," said David Mares, a professor of political science at the University of California at San Diego who studies the regional oil industry. "In a period with high profits of oil companies, this is giving both of them a sense that the companies will really bend over backward to keep access to these places, and that this is the time to renegotiate the contracts."

It remains to be seen whether the moves by Messrs. Chávez and Morales, who signed a free-trade accord over the weekend with Cuba's Fidel Castro, will lead to a broader regional backlash against foreign oil companies and further complicate the global energy market. "Obviously there are concerns" about a ripple effect, "but we don't know what the future impact is going to be," said Bob Davis, an Exxon Mobil Corp. spokesman.

In Peru, presidential candidate Ollanta Humala has called for nationalizing the country's mining and natural-gas industries, spooking foreign investors. Mr. Humala won a first round of voting last month and faces a tough run-off against former President Alan Garcia, who vows to continue to welcome private investment. Ecuador last month passed a law designed to cut into windfall profits of foreign crude producers, among them U.S.-based Occidental Petroleum Corp., by giving the government 50% of oil-company profits whenever the international oil market exceeds the prices established in existing contracts.

Venezuela is the world's fifth-biggest oil exporter. The stakes are much smaller in Bolivia, which boasts the second-largest natural-gas reserves in South America but isn't ranked in the top 20 of the world's biggest gas deposits. Since natural gas isn't as easily transported as oil, it tends to be a more regional market than oil, too, meaning events in Bolivia don't affect the price of natural gas in other parts of the world. Bolivia exports nearly all its 1.3 million cubic feet a day of output to Brazil.

On energy markets, Bolivia's announcement was overshadowed by unrest in Nigeria and the West's standoff with Iran over its nuclear program, both of which contributed to a rally in crude-oil prices, which gained $1.82, or 2.5%, to $73.70 a barrel, near a record.

Still, the move dramatically raises the stakes for companies that operate in Bolivia. The two biggest operators by far are Petrobras and Repsol. Britain's BP PLC and France's Total SA have smaller positions there. In a brief statement, Petrobras said Bolivia had taken "unilateral action that substantially alters" operating and business conditions in the country. The company said it would review the situation and take appropriate action to guarantee gas supplies to Brazil and safeguard the company's rights in Bolivia.

Mr. Davis, the Exxon Mobil spokesman, said the company isn't sure whether the move will affect the Itau natural-gas field, in which it holds a 34% interest. The field, for which Total serves as operator, is not currently producing natural gas, he said. "We don't know if this affects all assets or just producing ones," he said.

The U.S. State Department said details were too sketchy for it to comment on the Bolivia nationalization. Many other national capitals were closed for May Day. When officials return to work, they will be weighing whether Mr. Morales's action marked a sharp leftward shift -- or was the minimum he could do to satisfy the constituency that catapulted him into the presidency.

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Bolivia's move is not equal to oil nationalizations of the past, such as Mexico's in 1938. In those cases, the countries kicked out private companies altogether and did not allow them to claim any production from fields. Bolivia wants private companies to stay and help operate the sector, but under strict conditions.

Bolivian law has always claimed that the state has ownership of the resources in the ground. But it allowed private companies in effect to own the resources by allowing them to operate fields and take the lion's share of production to sell as they saw fit.

Last year, Bolivia raised the state's take to an effective 50% of production by raising taxes and royalties. Yesterday's announcement goes further, declaring that the state owns the gas after it has been extracted. It also indicated that companies at the country's two largest fields would get just 18% of the production.

While it will play well at home, this could be a risky move for Mr. Morales if foreign operators decide to pull up stakes. "Companies can't really ignore Venezuela because there's too much oil there. But Bolivia is in a different situation...and companies can walk away," said Matthew Shaw, an industry analyst at Wood Mackenzie in Scotland.

Indeed, Bolivia admits it needs foreign oil companies to stay. Last month, Energy Minister Andres Soliz Rada said state energy company YPFB was in no shape to take over from foreign energy companies. "It's easy to say we will expel them, but then 45 or 60 days without fuel [and] we would generate anarchy in the country," he said. Among YPFB's problems, said Mr. Soliz Rada, is a shortage of qualified personnel and the money to hire such workers.

Investment in the energy sector has plummeted in the past three years due to political turmoil and uncertainty about the future of the industry. Earlier this year, Repsol slashed estimates of its gas reserves in Bolivia -- partly because higher taxes made developing some fields unprofitable. The company also froze about $476 million in planned investment.

Landlocked Bolivia is South America's poorest country. Many believe the country, which in the 16th century was the site of the world's most profitable silver mines, has been systematically looted, first by Spanish colonial masters and then by foreign multinationals.

In 2003, a consortium of foreign companies led by Repsol planned to spend about $6 billion to pipe natural gas to Chile, where a plant would liquefy it and tankers would ship it to Mexico and the U.S. But the project was killed after Mr. Morales and other radical leaders rallied thousands of poor Bolivians to protest against the plan as the latest foreign attempt to exploit Bolivian workers.

The protesters argued that the gas should stay in Bolivia. They opposed any project that included Chile, a country widely hated in Bolivia for having stripped it of its access to the sea as a result of a 19th-century war. Army troops killed dozens of protesters and the spiraling violence pressured President Gonzalo Sanchez de Lozada to resign.

A Conservative Takes The Lead In Mexico Race (CSM)

By Danna Harman

The Christian Science Monitor, May 2, 2006

SALAMANCA, MEXICO - He seems nervous waving to crowds, uncomfortable when supporters chant his name. "Uncharismatic" is what he's usually called. But now Felipe de Jesús Calderón Hinojosa is the man to beat in Mexico's July 2 elections.

The young, at 43, lawyer and economist was far behind when the campaign season took off last fall. To begin with, President Vicente Fox, barred constitutionally from running for a second term, backed a different candidate to lead his center-right National Action Party (PAN). More critically, there was the seemingly unstoppable rise of populist Andrés Manuel López Obrador, the candidate for the Democratic Revolution Party (PRD), who is as charismatic and dynamic as Calderón is ho-hum.

But that was then. Calderón compares himself to a racehorse from a well-known Mexican ballad that - slow and steady - ends up winning the big race.

The self-appointed local Seabiscuit, Calderón surprised everyone by winning his party's primary in October, and has been closing the gap between himself and former Mexico City mayor López Obrador ever since.

"I was not the favorite at first, but I have gained ground and come from behind just like the racehorse. Now I am going to win," he says, speaking to the Monitor in his campaign bus.

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"Things really took off at the end of March. That is when we made some strategic changes," explains Calderón. The PAN logo was switched, the staff was reshuffled, and the stump speech was revamped. But the most effective strategic decision was probably to "go negative" and air controversial television commercials portraying López Obrador as a demagogue in the style of Venezuela's Hugo Chávez. "We decided to ... show Mexicans who Obrador really is," says Calderón.

The commercials, along with López Obrador's decision to skip last week's presidential debate, hurt the PRD candidate's popularity. A poll in the local Reforma newspaper the day of the debate showed Calderón with 38 percent support, with López Obrador slipping to second place - at 35 percent - for the first time in over a year. Roberto Madrazo, candidate of the Revolutionary Institutional party (PRI) that ruled Mexico for 71 years before Fox came into office in 2000, was in third place with 23 percent. Post-debate snap polls have confirmed the trend of Calderón's rise.

With the wind at his back, Calderón set out this past weekend on a three-day campaign trip across the states of Tamaulipas, Guanajuato, and Michoacan - all PAN strongholds - in high spirits. "We finally see who's who among the candidates," Calderón told throngs of supporters at a San Miguel de Allende rally Friday evening. "Now we can see who is the rooster and who didn't even show up at the cockfight," referring to López Obrador's absence at last week's debate.

Going from early morning meetings with poor farmers to white-tablecloth breakfasts with business leaders, Calderón emitted an air of calm confidence. His wife Margarita Zavala and three young children - decked out in Calderón '06 T-shirts - joined him for parts of the journey.

"I used to come play kick-the-can here on my summer vacations when I was a child," Calderón said at a breakfast meeting in Salamanca Saturday. He went on to explain how that child's game was dependent on teamwork, and segued into a request for support for PAN congressional aspirants. But a fair number of the crowd seem more interested in their chilaquiles, the traditional dish of fried tortilla chips bathed in salsa, chicken, and cheese.

"He is not the man to get people jumping up and down with excitement," says Marisol Padilla Avila, a public accountant, looking over at Calderón standing stiffly, hands at his side, as a few supporters chant "si se puede!" - "yes it can be done!" - his campaign slogan. "But he knows what he is saying and he has sound ideas, and that's what counts."

Creating jobs is the centerpiece of Calderón's platform. While López Obrador speaks of increasing welfare programs, Calderón talks about reform. A former energy secretary under Mr. Fox, Calderón says he intends to extend the president's free-market policies, open up the troubled energy sector, and fix tax and labor laws - all in order to create new jobs. "The President of Employment" read the white flags that his operatives hands out at rallies.

"How many of you have family in the United States?" Calderón asks a crowd of thousands Saturday evening. Nearly every hand goes up. "I have a cousin and brother-in-law there too," admits Calderón. "Our fathers, sons, sisters ... we need to bring them back here," he says. "A good economy rests on two legs: workers and jobs. We have the workers. Now let's bring investment and jobs here," he says.

"I will remain firm in demanding fair rights for Mexicans in the US," stresses Calderón. "If we build one kilometer of road here it will be better than 10 kilometers of a fence along the border."

Honest government is another of Calderón's key promises. Whenever he takes the stage at his rallies, he holds his palms up, the campaign's symbol for clean government.

Calderón's messages go down well not only in the dusty villages but also in the country's boardrooms, with most of Mexico's business community supporting him.

Still, with elections two months away, a large number of undecided voters, and López Obrador still exceedingly popular, a Calderón victory is far from guaranteed. "We have a lot of work ahead," admits the candidate. "This is a tight race."

Victor Florencio, an elderly man with a cowboy hat, walked slowly out of a Calderón rally in Yuriria on Saturday. "Not bad," he says of the candidate's platform. He believes Calderón can win, but has some advice: "Someone should tell him to yell more, that is what we expect from our politicians."

Impunity On Trial In Africa (WP)

By Craig Timberg

The Washington Post, May 2, 2006

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In Cases of Ex-Leaders, Justice Shifts From Soldiers to Courts

JOHANNESBURG -- The arrest in March of former Liberian president Charles Taylor was the latest in a series of tentative steps toward holding political leaders in Africa accountable for alleged crimes including corruption, rape and genocide.

After decades in which senior government officials were largely beyond the reach of national and international law, prosecutors recently have pursued Taylor for war crimes committed in Sierra Leone, a U.N.-backed tribunal has tried former leaders in the 1994 Rwandan genocide, and international investigators have been invited into four other African countries.

National courts have also become increasingly aggressive. In Zambia, former president Frederick Chiluba is battling corruption allegations, as are several top officials in Nigeria, Kenya and Malawi. In South Africa, former deputy president Jacob Zuma, accused of raping a family friend half his age, is awaiting a court judgment.

"There is a very important shift in the way people conceive of power and want to do things on the continent," said Claude Kabemba, who monitors governance issues across Africa for the Human Sciences Research Council in Pretoria, South Africa. "Impunity in many instances is not allowed as it was a decade ago."

The recent series of legal proceedings across the continent has the feel of victors' justice to some observers. Taylor's arrest was facilitated by President Ellen Johnson-Sirleaf, a former political rival. The case against Chiluba has been pushed by his successor. And Zuma, a populist once widely expected to be South Africa's next president, has blamed his legal troubles on a conspiracy to block his ascent to power.

Despite the political flavor of many of the cases, however, analysts, legal experts and human rights activists say the court actions mark a new era in which African disputes increasingly are being resolved by judges rather than soldiers. It may be a necessary first step, these advocates say, toward a more advanced variety of the rule of law in which all citizens -- regardless of political power -- are treated equally by impartial courts.

"What's wrong with victors' justice if this is a better form of justice than was there before?" said Desmond deSilva, chief prosecutor of the U.N.-backed tribunal trying Taylor. De Silva recently announced his resignation from the post but said he hoped to return to the job to lead Taylor's prosecution.

Taylor now waits in a jail cell in Freetown, the capital of Sierra Leone, for trial on 11 counts of war crimes, including crimes against humanity for backing a rebel group that relied heavily on child soldiers and was known for mass rapes and severing the limbs of civilians. He has pleaded not guilty.

The rise in international tribunals began in the 1990s after the genocides in Rwanda and Bosnia. The movement gained strength with the creation of the International Criminal Court in The Hague in 2002.

The Bush administration opposed the international tribunal, instead supporting special courts such as the one that is trying Taylor. It argued that a permanent international court with broad authority could infringe on U.S. sovereignty and put its citizens in improper legal jeopardy.

Despite U.S. opposition, support for the International Criminal Court is strong throughout most of the world, and it is widely seen as a way to bring the world's worst human rights violators to justice. The idea has grown popular enough in Africa that national leaders, who traditionally have jealously guarded their sovereignty, have turned to the international court for help.

The presidents of Ivory Coast, Congo and Uganda asked the International Criminal Court to investigate the actions of armed groups that control parts of their countries, and in Uganda and Congo arrest warrants have been issued for militia leaders.

In the Central African Republic, President Francois Bozize has asked the court to investigate the actions of his predecessor, Ange-Felix Patasse.

"Politically, it makes sense to be an exponent of justice," said Richard Dicker, head of the international justice program for Human Rights Watch, speaking from the organization's New York headquarters.

As international courts have gained strength, national courts in many nations have grown in clout and independence. With the decline of leaders who rule for life, newer generations of African leaders increasingly have been pressured -- by the international community and their own citizens -- to rely on means other than violence to resolve their disputes.

"There seems to be a movement to say we will not tolerate a situation in which impunity is a norm," said Nobuntu Mbelle, coordinator of the Coalition for an Effective African Court on Human and People's Rights, with offices in both South Africa and Nigeria. "It's not business as usual."

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Corruption investigations in Kenya have led to the resignations of three cabinet ministers, and two sons of former president Daniel arap Moi have been accused of wrongdoing.

In South Africa, which in the 12 years since the end of apartheid has become a diplomatic powerhouse and a democratic role model to many other countries, Zuma faces the prospect of years in jail for his rape charge. He also faces corruption allegations.

Many South Africans saw political motives in the prosecutions of Zuma. The same is true in Nigeria, where the anti-corruption campaign led by President Olusegun Obasanjo is seen by many within his country as an attack on enemies as he clears the way for a possible run for a third four-year term.

One effect of the prominent court cases has been to modestly curb corruption in Nigeria, according to political analysts there, because officials are attempting to insulate themselves against damaging investigations. Another effect is a growing, if grudging, respect for the rule of law, said Chidi Odinkalu, founder of Coalition Against Impunity, a Nigerian-based umbrella group of more than 350 human rights organizations worldwide.

"The motivations are less altruistic than promotion of the rule of law for the heck of it," said Odinkalu, speaking from Lagos, Nigeria. He added, "The politics of the rule of law is having positive consequences for the cause of justice."

There are crucial exceptions, including the longevity of Zimbabwean President Robert Mugabe, who has ruled his southern African nation through increasingly authoritarian means since 1980. Other African leaders have been reluctant to challenge his authority, despite devastating economic decline and extensive evidence of human rights abuses and election rigging.

Even some advocates for imposing international standards of justice in Africa worry that the fear of prosecution has encouraged Mugabe, 82, to resort to any means to stay in power.

Enduring that problem, said John Stremlau, a former professor of international relations in Johannesburg now working at the Carter Center in Atlanta, is better than forgoing justice for the victims of the most brutal of African regimes.

"Putting rogues at risk is a good thing," said Stremlau, speaking from Atlanta. "It's fraught with idiosyncrasies and inconsistencies, but the trend line is right."

Pollution Reports Hurt CO2 Emissions Market (WT/AFP)

By Richard Ingham, Agence France-Presse

The Washington Times, May 2, 2006

PARIS -- Dark clouds suddenly have gathered over the fledgling market for carbon dioxide (CO2) emissions, where prices plunged by more than half last week as European countries discovered they were polluting far less than they thought.

The innovative market was established under the Kyoto Protocol for controlling emissions of greenhouse gases -- the carbon gases emitted mainly by burning oil, gas and coal that most scientists think are driving climate change.

Its backbone is the Emissions Trading System (ETS) of the European Union.

Under the system, 11,500 firms that are big users of fossil fuels must meet target levels for CO2 emissions or else pay a penalty of $50 per metric ton for 2006 and 2007 -- a punishment that will rise to $125 per ton in 2008.

Companies that have used less than their quota can sell their surplus on the ETS to companies that have used more than their quota, thus providing a financial carrot to companies to exceed the requirements.

At the start of last week, CO2 was changing hands at $37.75 a ton, compared with $25.80 a ton at the beginning of the year.

On Wednesday, the price fell to $29.45, and on Thursday, the price fell to $20.75. On Friday, it closed at $16.60 ahead of the May 1 holiday.

"The downturn is due to exceptional circumstance -- the publication of verified emissions by a number of European countries," said Jean-Francois Conil-Lacoste, director-general of Powernext, Europe's biggest CO2 market.

Authorities in five of the 25 EU countries -- France, the Netherlands, the Czech Republic, Estonia and Belgium's Wallonia region -- reported that their CO2 pollution last year was less than their quota levels, whereas Spain said it had exceeded its quota, but by less than expected.

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This was the first time that governments reported their actual levels of emissions. The quotas established for the firms participating in the ETS were based on estimates.

On the face of it, this is a rare bit of good news for the environment, given that global levels of CO2 are surging, fueling growing concern about the stability of Earth's climate system.

The announcements, though, have the effect of unloading more sellers on the market. Analysts warn that a white-knuckle price ride could undermine confidence in what Kyoto's supporters claim is the smartest and most flexible way to tackle carbon pollution.

"It would be premature to trumpet this as good news," the Financial Times commented on Friday.

"For there is a strong suspicion that EU governments, of which at least 15 are on track to exceed their eventual Kyoto targets, are being too generous in awarding permits to their industries rather than the latter being unexpectedly successful in cutting pollution."

An analyst for Point Carbon, an Oslo-based market monitor, cautioned that the six reporting countries account for only about a quarter of all EU emissions.

The big economies of Germany, Britain, Italy and Poland are among the other countries still to announce verified figures, the analyst said. The deadline for reporting these is May 15.

"Eventually it will sort itself out, and the market will adjust accordingly," said the analyst, who noted that the market was introduced only in January 2005 and was still in a pilot phase.

Mr. Conil-Lacoste generally shares that view.

"The market has reacted healthily to fundamentals, albeit somewhat brutally," he said. "However, an adjustment may be needed in the national quota allocations."

U.S., Japan Ask China For Military Transparency (WT)

By Bill Gertz

The Washington Times, May 2, 2006

Senior U.S. and Japanese leaders called on China yesterday to explain its secret military buildup and urged North Korea to return to six-party talks on its nuclear program.

A joint statement by Defense Secretary Donald H. Rumsfeld, Secretary of State Condoleezza Rice and their Japanese counterparts called for "greater transparency on the modernization of military capabilities in the region," in what U.S. defense officials said was reference to a Chinese arms buildup that is prompting worries for both governments.

Beijing has refused to disclose details about the scope and goals of a large-scale military buildup under way for at least a decade that includes three new types of strategic nuclear missiles, three new types of submarines, and large purchases of weapons from Russia and other developed nations.

The statement followed meetings of Mr. Rumsfeld, Miss Rice, Japanese Foreign Minister Taro Aso and Defense Minister Fukushiro Nukaga on reorganizing U.S. forces in Japan.

Mr. Nukaga said during a press conference that China's economic growth has led to increases in defense spending and called for pressure to "increase the transparency of military capabilities of China to ensure the sense of security among the neighbors." The matter was discussed during the talks, he said.

Mr. Rumsfeld called the alliance "vital" and said military changes being made in Japan will "ensure the enduring capabilities of the alliance, built on a stable, sustainable U.S.-forward presence in the Pacific."

"The reality of the world today is that to be credible, to deliver on real deterrents, to assure peace we're committed to maintain, we need to match our words with our deeds," he said.

Mr. Aso said "very close cooperation" with the United States is needed because of continued "uncertainty" in the Asia-Pacific region.

The leaders "urged North Korea to return expeditiously to the talks without preconditions, to dismantle its nuclear programs in a complete, verifiable and irreversible manner, and to cease all illicit and proliferation activities."

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The leaders' meeting, known as the U.S.-Japan Security Consultative Committee, finalized Pentagon plans to relocate about 8,000 Marines now based in Okinawa to Guam. The shift is part of a major international force reorganization program, and Japan will pay for $6 billion of the $10 billion Guam-relocation costs.

Other elements include moving Marine Corps CH-53 helicopters now based on Okinawa to Guam and upgrading U.S. Army command and control systems at Camp Zama near Tokyo to boost coordination between U.S. and Japanese forces.

Japanese air forces also will move to the U.S. Air Force's Yakota air base, west of Tokyo, and Japan will set up a new missile defense center to coordinate U.S. and Japanese defenses against missile attack.

The Pentagon also will deploy a new X-band radar for use with its ground-based missile defense at the Japanese air force Shariki Base, in Tsugaru in northern Japan. Additionally, Patriot PAC-3 missile defenses also will be deployed in Japan.

GOP Senator Questions White House Data On Coca Growth In Colombia (LAT)

By Chris Kraul

The Los Angeles Times, May 2, 2006

BOGOTA, Colombia — A prominent Republican senator has raised questions about the statistics offered by the Bush administration to show progress in fighting drugs in Colombia, as Congress prepares to debate hundreds of millions of dollars in additional aid to the strife-torn nation.

Writing to the White House's Office of National Drug Control Policy, Sen. Charles E. Grassley (R-Iowa) asked for an explanation of apparent inconsistencies between positive numbers released last fall and figures released last month that indicated ground was being lost.

The letter, which tacitly upbraided the White House for insufficient or possibly manipulated figures, comes as Congress prepares to consider President Bush's request for a one-year extension of Plan Colombia. The six-year effort, which has already cost $4 billion, is the largest U.S. aid program outside of the Mideast and Afghanistan.

"The numbers being released out of the Office of National Drug Control Policy just don't add up, and I hope ONDCP takes the opportunity to respond to my letter in a forthright and transparent manner," Grassley said in a statement to The Times.

In November, the White House announced that the street price of cocaine had risen significantly and that the purity of the drug had declined, indications that supplies had been reduced. But in the data released last month, the White House said total acreage of coca cultivated in Colombia measured by satellite image monitoring had increased 26% from 2004 to 2005.

In the letter, which was addressed to White House drug office director John P. Walters, Grassley asked for an explanation of the apparent discrepancy.

The White House has said the year-on-year comparisons of coca cultivation are not relevant because 81% more terrain in Colombia was surveyed in 2005. In an interview, James O'Gara, deputy director for supply reduction at the Office of National Drug Control Policy, said the eradication program was having its desired effect. Satellite imaging and the software used to assess the potency of the plants indicated that cultivation and production were down, he said.

"Despite casting the wider net in terms of the terrain that it surveys, aerial monitoring shows Colombia's productive capacity is down 21% since the peak year of 2001," O'Gara said.

Critics of Plan Colombia say monitoring should have been expanded long ago to include the so-called balloon effect of the aerial spraying program — the movement of growers from "industrial" coca farms to more remote areas.

Grassley, who is the chairman of the Senate Caucus on International Narcotics Control, said he suspected that the figures were being manipulated to "provide a rosier but not necessarily more accurate picture of the current situation."

"While I am very hopeful that the tide is turning in our efforts to combat cocaine and heroin production and exportation from Colombia, I believe that these assumptions may be premature and even unfounded," Grassley wrote.

John Walsh of the Washington Office on Latin America said the new figures for cultivation cast doubt on November's cocaine street sales statistics, which he said were poorly documented.

"The [White House's] claim that Plan Colombia drove up the U.S. street price of cocaine in 2005 has never been substantiated," Walsh said. "And glaring discrepancies with the well-documented price estimates published … earlier in 2005 make full disclosure of the methods behind the new data even more crucial."

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Ricardo Vargas, a drug-policy analyst at Bogota-based Accion Andina, said Grassley's criticisms were legitimate because the new figures showed that despite the spraying, the Colombian government had not been able to "control the replanting and relocation to new zones by coca growers."

"The army would need three or four times the soldiers it has to control the vast areas such as the Amazon, where much of the growing has relocated to," Vargas said.

Although the five-year foreign aid program formally ended in September, the Bush administration extended the $600 million-plus in annual funding this year, and Bush has requested a similar appropriation for fiscal 2007.

Aid for Colombia is widely supported in the U.S. Congress, where President Alvaro Uribe is generally perceived as a strong leader who has reduced crime and extradited more than 400 drug-trafficking suspects.

Backers of Plan Colombia say that success in the anti-drug program should be measured by more than just the number of acres cultivated. Also important, said a senior staffer on the U.S. House International Relations Committee, is improved security in Colombia.

"Colombia is in a different place than it was five or six years ago," said the senior staff member, who asked not to be named. "You can drive around the country, the Colombian government is asserting itself in all its municipalities, and kidnappings and terrorist attacks are down. To focus the debate on how many hectares of coca or opium is grown in Colombia is off the mark."

At the same time, Walsh said that official figures showed that total Colombian acreage of coca cultivation was now 6% more than before Plan Colombia began in 2000.

Grassley said, "As Congress begins debate on appropriations in an especially tight budget, it's important we know the real facts and figures on Plan Colombia. We need to know if it's really working."

The New Muslim TV: Media-savvy, Modern, And Moderate (CSM)

By Ursula Lindsey

The Christian Science Monitor, May 2, 2006

CAIRO - The Egyptian actress Sabreen was at the peak of her fame when, in 2001, she underwent a religious "awakening," retired from acting, and donned the veil.

Now she's back on television, hosting a talk show on a new Islamic satellite channel called Al Risala ("The Message"). Sabreen, who is still a household name thanks to the popular films and TV shows she used to appear in, says she chose to make her come-back on Al Risala because the channel "talks about Islam in an enlightened, moderate way ... a very honest and frank way."

She's a far cry from the bearded men in white robes who dominate traditional religious programming here. With her smiling face framed by a stylish, sequined veil, Sabreen has become the spokesperson for a new sort of Islam: media-savvy, modern, and moderate. Her producers say they hope she will be the Muslim world's Oprah.

"For a very long time all religious programs were just isolated, artificial, old, obsolete," says Al Risala executive Ahmed Abu Haiba.

Al Risala, by contrast, has splashy graphics and state-of-the-art sets. The channel does air some traditional religious programming, but many of the shows have nothing overtly religious about them.

The set of Sabreen's show looks like a colorful living room, and the backdrop is a night-time view of the skyscrapers of Dubai. In the audience, young men and women sit next to each other, and some of the women are unveiled.

On the show, guests discuss social issues such as Muslim immigration to the West, domestic abuse, and polygamy.

Introducing an episode about non-Muslim minorities in the Middle East, Sabreen asks her audience: "Have you ever felt distinctions being made between you and a neighbor or a co-worker because of religion? Have you ever had trouble practicing the rites of your religion?"

Towards the end of the show, she tells her listeners that "Islam does not discriminate on the basis of religion or nationality or color, as long as we return to learning true Islam."

"I'm not a mufti," says Sabreen, referring to a religious scholar. "My show is not for conservative Muslims," she explains. "It's for Muslims who don't know right from wrong, because of the [other] media that targets them."

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According to Al Risala's executives, that media can be both secular shows that undermine family values and religious programs that foment extremism.

"Islam has been changed throughout time," says Al Risala's general manager, Sheikh Tarek Swidan. "If we go back to the roots then we see Islam being very peaceful, very open. Respect of all humans, respect of all religions, respect of all races - that is the original message of Islam."

"We are directing the channel to be in clash with ... terrorist ideas," adds Mr. Swidan. "We are going head to head."

Swidan is from Kuwait, but lived 17 years in the US. The smiling sheikh speaks fluent English and - unlike many religious figures - shakes women's hands. He's an engineer, a business management specialist, and a popular motivational speaker.

"In our understanding, Islamic media is any clean media," he says. "So any program that is clean and has a message to improve a human being - improve them religiously, ethically, socially; push them towards being productive and effective, having ambitions." A new Islamic media revolution

Mr. Abu Haiba, the station's Cairo bureau manager, says the station espouses the values of tolerance, peace, and progress, while being critical of some modern developments. Abu Haiba rails against cellphones and fast food, and says people should "be honest, be punctual, not raise their voices."

According to Abu Haiba, Al Risala is just the latest step in a "new Islamic media" revolution. This movement includes everything from Islamic "televangelists," who strut the stage in business suits, calling on the audience to tell personal stories, to Islamic pop stars, who sell catchy tunes about the prophet Muhammad.

It's a phenomenon that Swiss researcher Patrick Haenni calls "market Islam."

"When we speak of Islamic revival, we always focus on political organized groups aiming at gaining power," says Mr. Haenni. But just as important a phenomenon, he says, are "private religious entrepreneurs."

These entrepreneurs target the upper middle class, and focus on personal enlightenment rather than political engagement. They're socially conservative and opposed to what they see as the decadence of much of Western culture. But they want to benefit from Western science, education, and progress, and they condemn violence and extremism.

And, says Haenni, they use "fully all the means of mass culture ... chats on the Net, chat shows on TV, Islamic rap in the West. Mass culture is not the enemy anymore."

"It's a more worldly view of Islam," says sociologist Madiha al Safty. "They are trying to reconcile modernity with Islam." Reality TV and quiz shows

Al Risala's programming includes a quiz show called "House of Dignity," in which families can win household appliances by answering general knowledge questions such as "What is the organ that cleans blood in the body?" The kidney; "What is the fastest land animal?" The cheetah; and "Who was the first Islamic caliph?" Abu Bakr al Sadiq.

Swidan hosts a program called "The Making of a Leader," in which the sheikh puts aspiring young businessmen through various tests. The station also airs music videos, although it eschews the hits of scantily clad Lebanese pop stars in favor of songs about religion and family. There is even a reality TV show, in which three young men travel through Jordan, Syria, and Lebanon, following the path of early Islam's expansion.

Al Risala is financed by Saudi billionaire Prince al Walid bin Talal. Mr. bin Talal, who recently donated $40 million dollars to Harvard and Georgetown universities, is one of the more liberal members of the Saudi royal family.

The Kuwait-based channel started broadcasting at the beginning of March on two satellite carriers that reach millions across the Middle East and in Europe.

Al Risala executives say data isn't available yet on the size of the station's audience. But they note that viewers are sending thousands of daily messages of support from their mobile phones.

Yet some viewers say they've been put off by what they see as Al Risala's "commercialism." Amir El Meligi is a 21-year-old Web designer. He says Al Risala is "Iqraa TV with a Rotana flavor"- referring on the one hand to a well-known conservative religious channel, and on the other to a popular music video station. Al Risalah "has a new way of introducing stuff," says al Meligi, but "it's very showy, not very spiritual."

Others are more enthusiastic. Al Risala "is really good," says Radwa Atia, a 20-year-old art student. "It discusses a lot of things, in a more free way. It discusses real life issues."

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The only fault Atia finds with the station is its cast of celebrity presenters. "All the announcers are famous actors," she says. "That annoyed me. When talking about religious matters, you should have someone who has done religious studies, someone with experience. Not just anybody." Muslim Brotherhood approves

Some members of the Egyptian Muslim Brotherhood - the banned but tolerated Islamist group that recently won 88 seats in Egypt's parliament - have expressed enthusiasm for the station.

Al Risala also has the support of some members of the religious establishment, such as Egypt's grand mufti, Ali Gomaa, one of the country's highest religious authorities and the host of his own show on the channel. The mufti, who is generally considered a moderate figure, issues fatwas, or religious rulings, on his program. One recent fatwa was that it is acceptable for Muslims in non-Muslims countries to engage in haram (forbidden) activities when necessary, such as serving or selling alcohol.

But the station has come under attack on conservative Islamist websites. "The only Islamic thing about this station is its name," wrote one critic. The channel has received hate mail calling Swidan "an agent of the West" and accusing the station of "misguiding people."

Al Risala has also been criticized by liberal and secular voices. "They're only changing the words, the language," says Amin al Mahdi, a critic of Islamism who writes for the pan-Arab newspaper Al Hayat. "Peacefulness and tolerance come from development and democracy, not from religion - any religion." Profiting on religion?

The other accusation leveled against Al Risala and other Islamic TV channels, is that they use religion for profit.

"It is a business for many people," says Mr. al Safty. "People are really making good money out of that. You say the word Islam, and people will rush to that."

Of course, says Al Risala executive Abu Haiba, the channel hopes to "promote our ideas without losing money. If I lose money, that means I'm not appealing, that means I don't have my viewership, that means I'm not promoting my ideas."

But, Abu Haiba says, there's a higher goal. "I'm promoting ideas in the first places," he explains. "But I'm trying to make the difficult equation. That these values should be put in an attractive shape."

In Saudi Arabia, A Resurgence Of Sufism (WP)

By Faiza Saleh Ambah

The Washington Post, May 2, 2006

JIDDAH, Saudi Arabia -- A hush came over the crowd as the young man sitting cross-legged on the floor picked up the microphone and sang, a cappella, a poem about Islam's prophet Muhammad. His eyes shut tight, his head covered by an orange-and-white turban, he crooned with barely contained ardor of how the world rejoiced and lights filled the skies the day the prophet was born.

The men attending the mawlid -- a celebration of the birth and life of Muhammad -- sat on colorful rugs, rocking gently back and forth, while the women, on the upper floor watching via a large projection screen, passed around boxes of tissues and wiped tears from their eyes.

The centuries-old mawlid, a mainstay of the more spiritual and often mystic Sufi Islam, was until recently viewed as heretical and banned by Saudi Arabia's official religious establishment, the ultraconservative Wahhabis. But a new atmosphere of increased religious tolerance has spurred a resurgence of Sufism and brought the once-underground Sufis and their rituals out in the open.

Analysts and some Sufis partly credit reaction to the Sept. 11, 2001, attacks in the United States for the atmosphere that has made the changes possible. When it was discovered that 15 of the 19 hijackers were Saudi, the kingdom's strict Wahhabi doctrine -- which had banned all other sects and schools of thought -- came under intense scrutiny from inside and outside the country. The newfound tolerance Sufis have come to enjoy is perhaps one of the most concrete outcomes of that shift.

"This is one of the blessings of September 11. It put the brakes on the [Wahhabi] practice of takfir , excommunicating everyone who didn't exactly follow their creed," said Sayed Habib Adnan, a 33-year-old Sufi teacher. The government "realized that maybe enforcing one religious belief over all others was not such a good idea."

When Adnan moved to Saudi Arabia from his native Yemen four years ago, Sufi gatherings were often clandestine, sometimes held in orchards outside the city, or in basements and without microphones, for fear of drawing attention. "I couldn't

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wear this," he said, pointing to his turban. "Or this," he said, pulling at his white cotton overcoat. "Or I would be branded a Sufi. You couldn't even say the word 'Sufi.' It was something underground, dangerous, like talking about drugs."

Sufis here say they are not a separate sect or followers of a separate religion, but adherents to a way of life based on the Muslim concept of ihsan . Muhammad explained ihsan to the angel Gabriel as "worshiping God as if you see Him. Because if you don't see Him, He sees you." Another Sufi characteristic is a strong belief in the power of blessings from the prophet, his close relatives and his companions.

Sufism had previously been predominant in Hejaz, the western region of Saudi Arabia, which includes Muhammad's birthplace, Mecca; Medina, where he is buried; and the Red Sea port city of Jiddah. Muslims prayed often at shrines where the prophet's daughter Fatima, his wife Khadija and his companions were buried. Mawlids were public affairs with entire cities decked out in lights, and parades and festivities commemorating the prophet's birthday and his ascension to Jerusalem.

When the al-Saud family that would later come to rule Saudi Arabia took over Hejaz in the 1920s, the Wahhabis banned mawlids as a form of heresy and destroyed the historic shrines of Khadija, Fatima and the prophet's companions, fearing they would lead to idolatry and polytheism.

Wahhabis, crucial allies in the Saud conquest of the disparate regions that became Saudi Arabia in 1932, were awarded control of religious affairs.

Discrimination against Sufis, among others, intensified after armed Wahhabi extremists took over Mecca's Grand Mosque in 1979, demanding that a more puritanical form of Islam be applied in the country. Though the government quelled the uprising and executed its leaders, authorities were shaken by the incident, and lest other Wahhabis defy them, they allowed them more rein.

Soon after, extremist clerics issued a religious edict, or fatwa, declaring Sufi's spiritual leader, Muhammad Alawi Malki, a nonbeliever. He was removed from his teaching position, banned from giving lessons at the Grand Mosque, where both his father and grandfather had taught, and interrogated by the religious police and the Interior Ministry. After Malki was later attacked by a throng of radicals incensed at his presence in the mosque, he could pray there only under armed guard.

Meanwhile, thousands of cassettes and booklets circulated calling Sufis "grave-lovers" and dangerous infidels who had to be stopped before they made a comeback. Their salons were raided, and those caught with Sufi literature were often arrested or jailed.

The tide finally turned in 2003, with the new atmosphere that took hold following the Sept. 11 attacks, when the future King Abdullah, then the crown prince, held a series of meetings to acknowledge the country's diverse sects and schools of thought. One of the guests was Sufi leader Malki. When he died the following year, Abdullah and the powerful defense and interior ministers attended his funeral. The rehabilitation of his legacy was almost complete.

"We were then upgraded from infidels, to people who are ignorant and practicing their religion wrong," said Wasif Kabli, a 59-year-old businessman.

But many Sufis complain that despite outward appearances, Wahhabis continue to destroy shrines in and around their holy places, their salons continue to be raided and their literature is still banned.

Wahhabis and Sufis view Islam from opposite directions. To Wahhabis, who emerged from the kingdom's stark, harsh desert, a believer's relationship can be only directly with God. To them, Sufis' celebrations of the prophet's life smack of idolatry, and supplications to him, his relatives and companions appear to replace or bypass the link with God.

Sufis answer that the prophet celebrated his own birthday by fasting on Mondays, that he himself offered to intervene with God on behalf of Muslims and that he could often be found in the evenings at the grave sites of his wives and companions.

Last month, on the occasion of the prophet's birthday, a crowd of more than 1,000 gathered to celebrate at a private residence. Sufi books, cassettes and DVDs were selling out in one corner of the large garden where the event was held. Adnan, the Sufi teacher, was one of four speakers who addressed the crowd. He asked: Why are we Sufis always on the defensive? "Nobody asks [soccer] fans for religious proof that sanctifies their gatherings at the stadium because of their devotion to their team," he said. "How come we are always asked for an explanation of our devotion to our beloved prophet?"

Muhammad Jastaniya, a 20-year-old economics major and part of a new wave of young Saudis who have embraced Sufism, said what drew him was the focus on God.

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On a recent moonlit evening, Jastaniya sipped sugary mint tea with his friends on rugs spread on the rooftop of a Zawiya, or lodge where Sufis go to meditate, chant or sit in on lessons. The words 'God' and 'Muhammad' were written in green neon lights, and Islam's 99 names for God were stenciled in black paint around the wall. "To be a Sufi is to clear your heart of everything but God," he explained. "The Islam we were taught here is like a body without a soul. Sufism is the soul. It's not an alternative religion -- it can contain all Muslims."

That thought seems to be taking hold, even in faraway corners.

Salman al-Odah, the country's most popular puritanical cleric, who was jailed in the 1990s for opposing the presence of U.S. troops in the kingdom, accepted an invitation to visit Sufi cleric Abdallah Fadaaq's mawlid and lesson last week. The scene at Fadaaq's house was an obvious sign of conciliation.

Al-Odah sat with his hands neatly folded in his lap, wearing a red-and-white checkered headdress and clear wraparound glasses and sporting the short scraggly beard that indicates a conservative. Fadaaq, who at 39 is emerging as the new symbol of Hejazi Sufism, wore the white turban, the white overcoat and shawl typical of Sufis, wooden prayer beads resting on his lap. "It's true that there are differences between the way people practice their faith in this country, and this is an indication that people are using their minds and thinking, which is a good thing," Fadaaq said. "But what we should concentrate on are the expanses that bring us together, like the prophet. We must take advantage of what we have in common."

Turkey's 'Vaizes' Expedite Reform (WT)

By Nicholas Birch

The Washington Times, May 2, 2006

KONYA, Turkey -- Dressed in the head scarf and ankle-length coat that mark her as a devout Muslim woman, Sule Yuksel Uysal brushes off any suggestion that she is a revolutionary. But her job places her and her country on the front lines of Islamic reform.

Appointed 18 months ago by Turkey's directorate of religious affairs, or Diyanet, Mrs. Uysal is one of 200 state-paid "vaizes," or female preachers, whose very existence breaks with centuries of Muslim tradition.

Women acted informally as preachers in the early days of Islam, but they never before have been recognized officially as such.

"Turkey is a country that has accepted the idea of sexual equality, and that must be reflected in religious practice," said Diyanet head Ali Bardakoglu, who implemented the changes. "Anyway, the Koran has taught the equality of men and women for 1,400 years."

His words belie the depth of animosity in the Muslim world toward women's religious authority. When American theologian Amina Wadud led Friday prayers in New York last year, Saudi Arabia's top cleric, Sheik Abdul Aziz-Seikh, described her as "an enemy of Islam" who had "violated God's law."

Unlike Mrs. Wadud, the Turkish vaizes make no claims to be religious leaders. For Mrs. Uysal, their fundamental role is to provide women with a woman's perspective on Islam.

"Turkish mosques remain male-dominated places, and most women only hear what imams say via their husbands or fathers," she said. "We give them an opportunity to go to mosques and ask questions they otherwise wouldn't dare to."

That may not sound like much, but the vaizes' sermons often touch on contentious issues such as honor killings and women's rights under Islam.

Not all men are happy with their wives' newfound learning.

"One of the first sermons I heard was about women's marital rights," said Meryem Uzun, from the southeastern city of Mardin. "When I told my husband what I had heard, he got angry and tried to prevent me going to the mosque again."

For Esra Ozdemir, a preacher in another southeastern town, Sirnak, the interest of local women in her teachings offers stark evidence of the need to increase the number of vaizes.

"They see me almost as a savior," she told the Islamic weekly Aktuel late last year. "I don't think anybody had listened to their problems before."

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Despite the problems, Turkish women in the past few years have benefited from a raft of changes aimed at legitimizing their place in the religious order.

As well as being preachers, women now have the right to lead groups on the annual pilgrimage to Mecca, and 15 Turkish provinces have women serving as deputy muftis -- specialists on religious law who monitor the work of imams in mosques.

Significantly, given that 70 percent of requests for advice come from women, the assistant muftis have the right to issue fatwas, or religious opinions.

Theologian Hidayet Tuksal thinks these are crucial changes.

"Religion is the best way to reach religious women, much better than dictates handed down by secularist feminists in Istanbul," she said.

Perhaps the best-known of a growing band of what the Turkish press calls Islamic feminists, Mrs. Tuksal attributes the changes to the rise of a new sort of Turkish woman who is feisty and not afraid to question tradition.

"When I began teaching in the 1980s, I had to justify my demand for a salary," she said. "Today, those attitudes are unthinkable."

But like her colleagues at the Ankara-based foundation that she set up to combat attempts to justify sexual inequality on religious grounds, Mrs. Tuksal still thinks much is left to be done. Of the 80,000 employees of the Diyanet, she said, fewer than 3,000 are women.

More importantly, many Turks still subscribe to explicitly sexist interpretations of the traditions of the prophet Muhammad, such as the belief that a woman needs a man's consent to go to heaven.

"Good intentions are not enough," Mrs. Tuksal said. "Such traditions have to be tackled forcibly."

Though he acknowledges the length of the road still to be traveled, the Diyanet's Mr. Bardakoglu said the speed of reform has limits.

"The Diyanet aims to lead believers," he said. "It can't do that if it's running so fast it disappears from sight."

Blair Fights To Rescue Labour At Polls (FT)

By James Blitz

Financial Times, May 2, 2006

Tony Blair, the UK prime minister, will launch on Tuesday a desperate bid to avert a serious setback for his Labour party in this Thursday's local elections, seeking to draw a line under a week of disastrous news stories for the British government.

On Monday night, Downing Street continued to give staunch support to two senior ministers in his government under pressure to resign – John Prescott, the deputy prime minister, and Charles Clarke, the home secretary.

Mr Prescott has been at the centre of a media firestorm after revelations last week that he had had an affair with his former diary secretary.

Mr Clarke has been under intense pressure to quit after it emerged that more than 1,000 foreign criminals had been released over recent years without being considered for deportation as was necessary.

Labour said ministers would be making more than a hundred visits to local election contests across England in the next 48 hours.

"This is a campaign to win every vote, despite the bad headlines we are facing," said one Labour minister.

Labour's prospects in the local elections were looking grim last night, with a string of weekend polls showing its vote falling back significantly.

Two polls – YouGov and BPIX – both put Labour on 32 points, three points behind the Conservatives on 35 per cent.

However, the focus of political attention at Westminster continued to be on Mr Clarke, who was facing opposition Conservative demands to make another parliamentary statement today about the 1,023 offenders released from prison without being considered for deportation.

Labour, meanwhile, gave no guarantee that Mr Prescott – usually the party's most visible election campaigner – would make any public appearance between now and Thursday's elections.

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Labour insiders said there was a possibility that the party would lose more than 200 council seats on Thursday, a threshold that would be politically uncomfortable.

There was speculation from one seasoned observer of local elections that Labour would also struggle to avoid losing Camden in London – a long-standing local election flagship – to "no overall control."

Downing Street maintained staunch support for Mr Clarke on Monday.

Senior aides brushed aside newspaper allegations that Mr Clarke had misled the public when he said he had offered his resignation to Mr Blair.

However, Bob Wareing, a Labour MP, told the BBC: "I think he [Mr Clarke] should resign.

"The point is that you can't get away from this basic principle that the minister is responsible," he added.

"It's not just a small error, where he could come to the House of Commons and apologise and that would be it. This is a major error within his department."

As far as Mr Prescott was concerned, one Blair aide insisted that revelations about his private life in the newspapers at the weekend were "prurient, not political".

Sensing Opportunity, Rightist Seeks The French Presidency Again (NYT)

By Craig S. Smith

The New York Times, May 2, 2006

PARIS, May 1 — France's aging right-wing firebrand, Jean-Marie Le Pen, building on a recent surge of popular support after successive national political crises, on Monday called on the country's increasingly fragmented far right to unite behind him in next year's presidential election.

Speaking to thousands of supporters at his traditional May Day rally in central Paris, Mr. Le Pen, 77, predicted that he would make it into a runoff election next year just as he did against Jacques Chirac in 2002. But this time, Mr. Le Pen said, he expects to win.

"I believe in a national victory after two rounds of presidential elections," Mr. Le Pen roared as the crowd assembled in Place de la Opéra responded with chants of "Le Pen, président!" Mr. Le Pen was the first politician to make a formal announcement that he plans to run for president next year.

His party, the National Front, has lost supporters to a fellow anti-immigration politician, Philippe de Villiers, and to Interior Minister Nicolas Sarkozy, who heads the governing party, the Union for a Popular Movement.

But recent opinion surveys indicate that Mr. Le Pen's approval rating has surged to more than 20 percent after government missteps over a draft European constitution a year ago, rioting last fall in immigrant neighborhoods, largely by second-generation residents, and a labor law that drew nationwide protests last month.

Despite his bravado, few analysts believe that Mr. Le Pen can beat the opposition Socialist Party in the first round of the presidential election as he did in 2002. The Socialists, too, have been strengthened by the country's recent crises, and one of their members, Ségolène Royal, is already the front-runner in presidential opinion polls.

The rally on Monday featured a Caribbean steel drum band, and much of the chanting was led by a black supporter, an apparent effort to broaden the National Front's appeal and combat charges that it is racist. But the discourse did not stray from the pro-Christian, anti-Muslim line that the party's supporters have grown to expect.

When Mr. Le Pen spoke of the Turks' invasion of Constantinople in the 15th century and the subsequent "Islamization" of the Middle East, a roar rose from the crowd. Much of Mr. Le Pen's 50-minute speech involved an emotional recounting of the life of Joan of Arc, the 15th-century heroine who fought British domination in France and whom the National Front has adopted as its patron saint. The march to the rally had begun with Mr. Le Pen placing a wreath at the foot of her statue in front of the St.-Agustin church.

Today, Mr. Le Pen said, the threat to the nation is from "wild immigration" that threatens to turn France into a country of "neo-tribalism" in which the native French will be marginalized and forced to support the various groups that outnumber them.

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Though his chances of doing well in the election appear slim, Mr. Le Pen's nationalist, anti-immigration discourse is clearly influencing the country's political debates. In an apparent allusion to Mr. de Villiers and Mr. Sarkozy, Mr. Le Pen decried the "plagiarists" and "pale imitators" who he said had adopted his ideas to win votes.

That is enough success for many of his supporters, some of whom expect Mr. Sarkozy to be France's next president even if Mr. Le Pen does make it to a second round of voting.

"It's going to be President Sarkozy, for sure," said Louis Lajarrige, 62, a longtime National Front supporter. "But if Le Pen were in the government we wouldn't be in the mess we're in today."

French Reformer Finds Comfort In Fuzziness (NYT)

By John Vinocur, International Herald Tribune

The New York Times, May 2, 2006

PARIS Nicolas Sarkozy is damned smart, a won't-flinch brawler and survivor, and the only politician in France whose ambitions have been solidified by the country's dreadful months of underclass riots and no-to-change demonstrations. Some days, but not all, he has never looked closer to becoming president in 2007.

The polls last week said for the first time that whomever the left might run against him next year, Sarkozy wins. The demographic breakdowns even showed him scoring at the top among young voters, who were supposed to regard the interior minister as an authoritarian turn-off.

Although almost everybody in French politics has taken a try, responsibility for France's grief has not been slopped onto Sarkozy's coat. That's no small accomplishment for a man simultaneously fighting Jacques Chirac and Dominique de Villepin within his own Gaullist and government camp, plus the entire left, and Jean-Marie Le Pen on the disreputable right.

Now, with Villepin and Chirac trying since Friday to extricate themselves from accusations that they were behind a machination to make Sarkozy look like he stashed payoff money in a secret bank account, Sarkozy is trying to add the status of righteous victim to his exceptional poll results.

No simple task from the middle of a sea of perceived sleaze. He must continue to separate his candidacy in the public mind from the president and prime minister of this country of devastated self-esteem and forgotten calm. Essentially, Sarkozy has to succeed in casting himself for France as a symbolic buoy of stability.

That would be remarkable stuff, considering he has always hovered at the edge of frenetic overexposure, exhausting opponents and, some say, one day the French electorate as well. Not to mention his various and less-than- harmonious public styles: here, earnestly modulated and in control, as in an up-close television appearance last week; or there, just days earlier, the pol-and-pitchman, hands and arms in 50-gesture-per-minute hummingbird- flutter, socking a proposed immigration-control bill to a party meeting.

In all this, Sarkozy's essential interest to the outside world had been his choice to wrap himself in reform, promising a different France, a place capable of accepting change.

Meeting Angela Merkel and Tony Blair, visiting the United States, Sarkozy introduced himself as the Frenchman who wanted to break with the crabby motionlessness that made up much of FranÃ§ois Mitterrand's two presidential terms and Chirac's 11 years in office.

Affirmative action, slashing the bureaucracy, giving a vote to foreigners in local elections, opening up the job market, dismissing the so-called French social model as a barrier to progress, or mocking the knee-jerk contrarianism of Chirac's foreign policy: In the narrow margins of French reality, you could say, wow, Sarkozy talked a new game.

That was way back when. Now, affected by the new political mess, after the riots, after the streets filled with demonstrations against minor employment law reform (transmogrifying Sarkozy-the-hard-guy into instant conciliator), he's adding soft, hedging modifiers to all his old assertions of change to come.

Sarkozy cannot renounce his use of the word "rupture" to describe the effect on French life of the deep reforms he had called for; that would be a gift to the social conservatives of the left and their front-runner, SÃ©golÃ¨ne Royal, who trashed job market flexibility as a reasonable alternative to the demos' demands for a risk-free future.

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But proportionate to his real chances at the presidency, Sarkozy increasingly sounds, on the things that count most, as nonexplicit as everybody always sounds in France.

Sarko now says, "I want to put change and reform at the service of new security for the French." Or: "Change is a factor of protection for the French." And: "Flexibility isn't a dirty word on the condition it's accompanied by security."

The fuzzed-over meaning here looks like a rollback signaling there's less on hand in his candidacy to discomfort French habit or demand much future courage on his part. His aides call this a re-centering of his image. In more practical terms, it results in Sarkozy's promising that a reduction in the number of state employees (through retirement, of course) would mean salary increases and "more consideration" for the next wave of hires. This from the man who argued that France was stultified by an impossibly large public sector and its self-protective reflexes.

Affirmative action, which the French left rejects, has been taken off his front burner. And while people with U.S. presidential ambitions like Hillary Clinton and John McCain have positions on Iran or Iraq, Sarkozy has chosen to steer clear of the big international issues. In an earlier mode, he had made public his scorn for Chirac's view of a world divided into competing poles (read a French-led Europe versus America).

For Sarkozy these days, commitment looks only like more trouble, unnecessary clarity without political yield. The once-eager reformist may not be returning soon.

It's an easier move now for Sarkozy, president of the Gaullist party, to hunt for votes on the hard right with his reworking in French of the repugnant phrase "love America or leave it" - he has a bill to tighten immigration regulations going to the National Assembly this week - than to return to last year's call for educational and employment quotas to help France's millions of legal immigrants.

In fact, while waiting for the accusations about Villepin and Chirac to explode into resignations and even arrests - or to go pschtt! - playing stability's rampart requires that Sarkozy stay near-silent and project the wisdom of imperturbability.

The problem for Sarkozy, who has always run against Chirac as much as for reform, is that he will probably be drawn into the business of countering the accusation both from the left and from the far right that the whole deal comes down to a botched rub-out attempt within the thuggish circle of current-day Gaullists.

To protect his party, Sarkozy, the thugs' intended victim, could then be required to defend Chirac, a preposterous undertaking given their relationship. Or, if Villepin must depart, he might be asked to clean up his mess as replacement prime minister, a job whose vulnerability Sarkozy cannot accept.

The numbers and circumstances still say that Sarkozy has an excellent shot at becoming president next year. But not as the ramrod of reform he once portrayed against a background of fascination and admiration beyond France, and to fears and incompatible realities at home.

France To Shine A Light On Its Notorious Camp (WP)

By Jacqueline Trescott

The Washington Post, May 2, 2006

A memorial marking the role of France's Vichy government in shipping Jews and others to Nazi death camps will be created at Rivesaltes, an internment facility near France's border with Spain, representatives of the French government and the U.S. Holocaust Memorial Museum, which will assist in the effort, announced yesterday in Washington.

It will be the first official Holocaust memorial in Southern France, the stronghold of the Vichy government, which collaborated with the Nazis from 1940 to 1944.

Thousands of Jews, many of them children, were sent from Rivesaltes to the notorious Nazi concentration camp at Auschwitz. During one three-month period in 1942, nine convoys carried 2,313 Jews to Auschwitz.

Rivesaltes was the most active way station for persecuted Jews and political opponents. In 1941, the height of its operation, Rivesaltes had a population of 8,000, an estimated 3,000 of whom were children.

In making the announcement, Jean-David Levitte, the French ambassador to the United States, said, "The present and future generations must understand and feel the tragedies of the last century."

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Author and Nobel Peace Prize winner Elie Wiesel, who survived nine months in Auschwitz and other camps, observed that Jacques Chirac was the first president to talk publicly about France's responsibility in World War II atrocities. Wiesel, the founding chairman of the U.S. Holocaust Memorial Museum, said, "It took so long for France to do certain things because of unpleasant memories."

Christian Bourquin, president of the Conseil General for the Pyrenees-Orientales region, where the Rivesaltes camp was built, said, "The camp is in very good condition, exactly like it was in the 1940s. Everything is still there. You can see the barracks."

The camp, located near the Mediterranean, covered 362 acres, 42 of which are reserved for the memorial. "It will be a very modest cousin to the U.S. Holocaust Memorial Museum," he added. Rudy Ricciotti, the well-known designer of cultural institutions, is the architect for the memorial's education center, which will be underground. It is to be completed by the end of 2008.

The Rivesaltes camp's history is complicated. It was built in 1936 as a military facility. It served as a camp for those displaced during the Spanish Civil War during the 1930s, and later as a prison for refugees on the losing side of that conflict. After World War II, it was used as a prisoner of war camp for captured Germans. Later it was a camp for the harkis -- Algerians who fought against the French in the Algerian War. It wasn't until a 1998 proposal to destroy the site that politicians and others began to plan what to do with the sprawling grounds.

Bourquin said the memorial would honor Holocaust victims and survivors, the harkis and the humanitarian workers who labored at Rivesaltes over the years. The U.S. Holocaust Memorial Museum will give guidance on materials that should be included and help with the creation of databases on people who were interned at Rivesaltes.

At yesterday's news conference, Sara J. Bloomfield, director of the Holocaust Museum, said she, Levitte and Wiesel will address the International Committee of the Red Cross this month to argue that it open Holocaust-era archives it controls in Bad Arolsen, Germany. The German government two weeks ago said it supports a move to unlock the records. "The importance of opening the archives can never be overestimated," Bloomfield said. "When the authentic voices of the Holocaust are gone," she said, the records will guarantee their "history will be taught."

Zimbabwe's Prices Rise 900%, Turning Staples Into Luxuries (NYT)

By Michael Wines

The New York Times, May 2, 2006

HARARE, Zimbabwe, April 25 — How bad is inflation in Zimbabwe? Well, consider this: at a supermarket near the center of this tatterdemalion capital, toilet paper costs $417.

No, not per roll. Four hundred seventeen Zimbabwean dollars is the value of a single two-ply sheet. A roll costs $145,750 — in American currency, about 69 cents.

The price of toilet paper, like everything else here, soars almost daily, spawning jokes about an impending better use for Zimbabwe's $500 bill, now the smallest in circulation.

But what is happening is no laughing matter. For untold numbers of Zimbabweans, toilet paper — and bread, margarine, meat, even the once ubiquitous morning cup of tea — have become unimaginable luxuries. All are casualties of the hyperinflation that is roaring toward 1,000 percent a year, a rate usually seen only in war zones.

Zimbabwe has been tormented this entire decade by both deep recession and high inflation, but in recent months the economy seems to have abandoned whatever moorings it had left. The national budget for 2006 has already been largely spent. Government services have started to crumble.

The purity of Harare's drinking water, siphoned from a lake downstream of its sewer outfall, has been unreliable for months, and dysentery and cholera swept the city in December and January. The city suffers rolling electrical blackouts. Mounds of uncollected garbage pile up on the streets of the slums.

Zimbabwe's inflation is hardly history's worst — in Weimar Germany in 1923, prices quadrupled each month, compared with doubling about once every three or four months in Zimbabwe. That said, experts agree that Zimbabwe's inflation is currently the world's highest, and has been for some time.

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Public-school fees and other ever-rising government surcharges have begun to exceed the monthly incomes of many urban families lucky enough to find work. The jobless — officially 70 percent of Zimbabwe's 4.2 million workers, but widely placed at 80 percent when idle farmers are included — furtively hawk tomatoes and baggies of ground corn from roadside tables, an occupation banned by the police since last May.

Those with spare cash put it not in banks, which pay a paltry 4 to 10 percent annual interest on savings, but in gilt-edged investments like bags of corn meal and sugar, guaranteed not to lose their value.

"There's a surrealism here that's hard to get across to people," Mike Davies, the chairman of a civic-watchdog group called the Combined Harare Residents Association, said in an interview. "If you need something and have cash, you buy it. If you have cash you spend it today, because tomorrow it's going to be worth 5 percent less.

"Normal horizons don't exist here. People live hand to mouth."

President Robert G. Mugabe has responded to the hardship in two ways.

Although there is no credible threat to his 26-year rule, Zimbabwe's political opposition is calling for mass protests against the economic situation. So Mr. Mugabe has tightened his grip on power even further, turning the economy over to a national security council of his closest allies. In addition, he has seeded the government's civilian ministries this year with loyal army and intelligence officers who now control key functions, from food security to tax collection.

At the same time, Mr. Mugabe's government has printed trillions of new Zimbabwean dollars to keep ministries functioning and to shield the salaries of key supporters — and potential enemies — against further erosion. Supplemental spending proposed early in April would increase the 2006 spending limits approved last November by fully 40 percent, and more such emergency spending measures are all but certain before the year ends.

On Friday, the government said it would triple the salaries of 190,000 soldiers and teachers. But even those government workers still badly trail inflation; the best of the raises, to as much as $33 million a month, already are slightly below the latest poverty line for the average family of five.

This will only worsen inflation, for printing too many worthless dollars is in part what got Zimbabwe into this mess to begin with. Zimbabwe fell into hyperinflation after the government began seizing commercial farms in about 2000. Foreign investors fled, manufacturing ground to a halt, goods and foreign currency needed to buy imports fell into short supply and prices shot up.

Inflation, about 400 percent per year last November, edged over 600 percent in January, but began to soar after the government revealed that it had paid the International Monetary Fund $221 million to cover an arrears that threatened Zimbabwe's membership in the organization.

In February, the government admitted that it had printed at least $21 trillion in currency — and probably much more, critics say — to buy the American dollars with which the debt was paid.

By March, inflation had touched 914 percent a year, at which rate prices would rise more than tenfold in 12 months. Experts agree that quadruple-digit inflation is now a certainty.

In the midst of this craziness, some Harare enclaves seem paradoxically normal. North of downtown, where diplomats and aid workers are financed with American dollars, and generators and bottled water are the norm, the cafes still serve cappuccino and the markets sell plump roasting chickens, albeit $1 million chickens.

Everywhere else, the hardship is inescapable.

In Glen Norah, a dense suburb of thousands of tiny homes southwest of the city, 58-year-old Ayina Musoni and her divorced daughter Regai, 26, share their five-room house with Regai's two children and three lodgers. The lodgers, two security guards and a teacher, pay monthly rent totaling $3 million, or about $14.25 in American money.

Ms. Musoni's latest monthly bill for services from the Harare city government was $2.4 million. The refrigerator in her closet-size kitchen is empty except for a few bottles of boiled water. Christmas dinner was sadza, or corn porridge, with hard-boiled eggs. For Easter, there was nothing.

Mother and daughter make as much as $10 in American money each week by selling vegetables, from 7 a.m. to 6 p.m. daily. But the profits are being consumed by rising costs at the farmers' market where they buy stock. "Like potatoes," Regai said. "I went last week, and it was $500,000 for a packet. And when I went this weekend, it was $700,000.

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Millions of Zimbabweans survive these days on the kindness of outsiders — foreigners who donate food or medicine and, more important, family members who have fled the nation for better lives abroad.

As many as three million Zimbabweans now live elsewhere, usually in Britain, South Africa or the United States. An economist here, John Robertson, estimates that they remit as much as $50 million a month to their families — the equivalent of one sixth of the gross domestic product.

Ms. Musoni's is not a hard-luck story; in Harare, most people now live this way, or worse. Indeed, life for many may be better in the nation's impoverished rural areas, where subsistence farming is the only industry and millions of people are guaranteed free monthly rations from the United Nations and other donors. In the cities, little is free.

Unity Motize, 64, lives with her 65-year-old husband, Simeon, in Highfield, a middle-class suburb turned slum not far south of town. The couple occupies one room of their three-room house. The second sleeps two sons, their wives and their two infants, all left homeless last May after riot police bulldozed the homes of hundreds of thousands of slum-dwellers. A 23-year-old son and an unemployed daughter sleep in the living room.

Hyperinflation is a cradle-to-grave experience here. The government recently announced that the price of childbirth, now $7 million, would rise 463 percent by October. Funeral costs are to double over the same period.

In rural areas, said one official of a foreign-based charity who declined to be named, fearing consequences from the government, even the barest funeral costs at least $6 million, or about $28.50 — well beyond most families' means. The dead are buried in open fields at night, she said. Recently, she watched one family dismantle their home's cupboard to construct a makeshift coffin.

"I'll never forget that," she said. "The incredible sadness of it all."

Critics say that Zimbabwe's rulers are oblivious to such suffering — last year, Mr. Mugabe completed his own 25-bedroom mansion in a gated suburb north of town, close by the mansions of top ministers and military allies.

But the government says it has a plan to revive the economy. That plan, the latest of perhaps seven in 10 years, would quickly raise billions of American dollars to end a chronic foreign currency shortage, cut the inflation rate to double digits by year's end and an end to the recession that has gripped Zimbabwe, halving its economic output, since 1999.

Mr. Robertson, the economist, says that is unlikely. Zimbabweans can and probably will endure greater hardship, he says. As a whole, the nation has only now sunk to standards common elsewhere in Africa. But the government may have reached the limit of its ability to do anything about it. Cutting spending seems impossible, and raising taxes further is unthinkable.

That leaves one option: "much more inflation," he said. "Because this government is always going to be printing its way out of its current difficulty."

Why Montenegro Is No One's Junior Partner (FT)

By Milo Djukanovic

Financial Times, May 2, 2006

The bloody collapse of Yugoslavia shamed Europe. But those of us who live in the Balkans know particularly well that dismantling that artificial state involved a series of murderous ethnic and religious wars and cost at least 100,000 lives, while hundreds of thousands had to flee their homes. This is not to mention the physical devastation. Such appalling and widespread massacres and ethnic cleansing Europe had not seen since the defeat of Nazism.

There is, however, one positive story from those dreadful years. It involves my own small but fiercely proud multi-ethnic country, Montenegro, which was wiped off the map by the Allies after the first world war and forced to become part of the kingdom of Serbs, Croats and Slovenes, which was renamed Yugoslavia. Before that, Montenegro had taken pride in its 1,000-year history and its freedom-loving spirit, the only nation in the region not to have succumbed to Turkish rule during the Ottoman empire.

But today our inspiration for restoring statehood is not derived solely from national and historic sentiments. It is about the future. We want to take charge of our – European – destiny.

We Montenegrins, who hope to reclaim our national sovereignty and independence in a referendum this month and then accelerate accession talks with the European Union, have more recent reasons to be proud. We are the only one of the six former Yugoslav republics in which there was no war at the time of Yugoslavia's disintegration. Uniquely, we defied the evil that

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swept across Yugoslavia in the 1990s and stood up for all that is best in European culture. Our mixed population – Montenegrins, Serbs, Bosniaks, Muslims, Albanians and Croats – stood together throughout the horrors. We refused to join the madness and slaughter each other. We took in wave after wave of refugees from the killing fields across our borders, regardless of their ethnic or religious background. At times, refugees accounted for more than 20 per cent of our population.

You might have thought the EU would hold Montenegro up as an example to the region. Instead, it sometimes seems Montenegro is being punished by the rest of Europe for its generosity and self-restraint. When the wars ended, my country was the only one of the Yugoslav republics (Kosovo is a province of Serbia) not allowed by the international community to go its own way as an independent nation. Instead, under the Belgrade agreement of 2002, we consented – after overwhelming pressure from the EU – to stay in a kind of union with Serbia that is unknown in international practice. Consequently, we had to apply for membership of the EU as one nation.

So why was the EU so determined to force us to retain a link with Serbia that was disliked by most Montenegrins? Part of the problem, perhaps, was that Europe was preoccupied with the possibility of another bloody round of destabilising breakaways in the Balkans. Was the EU worried that an independent Montenegro would set a "bad example" to those in Kosovo who wanted independence from Serbia?

Whatever the reason, it is simply not fair to deny us our democratic and national rights in order to set an example to others. Luckily, the Belgrade agreement gave us a way out. It stipulated that after three years both Serbia and Montenegro could hold a referendum to decide whether these old Balkan and European states would head for Europe as independent nations just as the other Yugoslav republics did.

Montenegro decided to exercise this option and the vote will be held on May 21. Our decision did not please the EU, which last month imposed yet another condition on us. Our independence would not be recognised – and so talks on joining the EU would be impossible – unless at least 55 per cent of those voting endorsed independence. As prime minister, I protested that this was undemocratic. But I decided that we had no option but to accept it, convinced that a majority of Montenegrins is determined to enter the EU.

The alternative evidently preferred by the EU – for Montenegro and Serbia to attempt to join the EU as a single entity – has already been fraught with difficulties. To put it frankly, the choice is between Montenegro joining the EU as an independent, modern state with a clear sense of identity, or joining as the junior partner in an unbalanced, dysfunctional union with big brother Serbia, constantly fearful of losing our identity. The truth is that the imposed union between our two states does not work properly and its continued existence would delay the integration of both states into the EU.

Montenegro's economic record in the past three years is impressive. As an independent Balkan state within the EU, we can rapidly become one of the most developed nations in the region. So, within a few weeks, I believe Montenegro will become a sovereign state, ready, willing and able to take its rightful place in the EU.

If a substantial majority of my fellow countrymen and women vote for independence, do not take this as a sign that we are small-minded, inward- looking, Balkan nationalists. We have proved we are not. Instead, accept the result of the referendum as a welcome victory for democracy, tolerance and, above all, for European values.

The writer is prime minister of Monte-negro

Fear Of The West In Russia (WP)

By Masha Lipman

The Washington Post, May 2, 2006

MOSCOW -- Early in the perestroika years, Mikhail Gorbachev declared the preeminence of human values for Soviet Russia. It was a truly revolutionary pronouncement: During decades of Cold War the U.S.S.R. had staunchly rejected civil liberties and other pillars of liberal democracy as "bourgeois" and alien to the Soviet man and state. Gorbachev sought to convince the West that the Soviet Union was opening up for real.

After the collapse of communism and the Soviet Union, Russia rid itself of its oppressive police state, and the Russian people were finally free to choose how they wanted their country to evolve. In those days it was believed that Russia would become part of a broader democratic world. The time of irreconcilable confrontation with the West seemed to be over.

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But by 2003 Alexander Vershbow, then-U.S. ambassador to Russia, was talking about a widening "values gap" between the United States and Russia with regard to democracy and the rule of law. And in today's Russia, the West -- and especially the United States -- is increasingly regarded as an adversary whose values are not shared by Russians. For example, Western human rights views were challenged last month by participants in a "World Council of the Russian People" held under the auspices of the Russian Orthodox Church. A leading figure in the Russian Orthodox Church raised doubts about whether the "secular liberal" concept of human rights can be accepted as universal "without an appropriate correction." He emphasized that Russia should not uncritically adopt these ideas since they had been formulated in Western Europe, with Russian Orthodoxy taking no part in the process.

The Russian Orthodox Church has, of course, traditionally been hostile to values and influences from the West. What seems noteworthy here is that the council session was attended by several high-ranking pro-Kremlin legislators and government executives who listened reverentially as this church leader challenged liberal values and denounced what he referred to as the "militant zeal of a secular, humanitarian approach." Moreover, the council was broadly publicized by the government-controlled media, and a television talk show a couple of days later had an audience that showed its strong support for the view that the Western concept of human rights was inherently alien to the Russian people.

Throughout Russian history the inevitable need to catch up with the West has been accompanied by a reluctance to accept the Western model of development, and this has led to xenophobia, anti-Western sentiments and isolationism. The late 1980s and early '90s were the years of promise, when it seemed that Russia might break out from this vicious circle of national development. But this promise was not fulfilled.

The hardships of the early post-communist years caused bitter disillusionment. The insecurity and disparities in wealth under fledgling capitalism brought anxiety and resentment. The task of reforming a nation crippled and demoralized by decades under an inhuman regime proved insurmountable. It would have taken a true visionary to mobilize the Russian people and pursue the path of modernization. And Vladimir Putin is no visionary. He addressed his nation's pain and anger by offering a return to traditional paternalism -- a model that people welcomed with a sense of relief. For even if the government was habitually self-seeking, incompetent and corrupt, it was once again possible for people to avoid making choices and assuming responsibility for Russia's future.

Putin put an end to incipient political modernization; the development of institutions, checks and balances, and public participation were all scrapped. Instead there was the Kremlin as the sole center of decision making and control, the obsequious and greedy bureaucracy, and the fatherly figure of the superior ruler. Alternative political thinking has become unwelcome and the object of suspicion. Challenging superior authority is increasingly seen as unacceptable. The nation and the state have slipped back to the familiar pattern of seeing enemies inside and outside, regarding the West as a force that seeks to harm Russia and Westerners as potential spies.

To be sure, human rights are unequivocally defined in the Russian constitution. Russia is a signatory of quite a number of charters based on the concept of human rights and liberty. President Putin has repeatedly stated that Russia is a European country. Lyudmila Alekseeva, a veteran human rights activist persecuted during communist times, is a prominent member of his Council for Human Rights and Civil Society. And at this point, Putin is hardly likely to make an open and radical reversal of course and formally announce that Russia does not belong to the Western world. After all, Russia is seeking accession to the World Trade Organization and is preparing for the Group of Eight summit in July.

Yet the values gap between Russia and the West is bound to grow, even if Putin is chairing the meeting of the world's chief democratic leaders does have a vision of his country as part of the world of shared liberal values. This is dictated by the logic of Russian domestic political development in Putin's tenure and the increasingly divergent priorities of Russia and the West in global affairs.

Some in the Kremlin have voiced cautious concern over the threat of isolationism. Vladislav Surkov, an influential aide to Putin, was talking in February about "opponents" of Putin's course: He described them as those who seek to take Russia "two steps back" by emphasizing the "Western scare" and "Western threat." Though Surkov wouldn't specify who these opponents are, he was probably referring to his rivals in the Kremlin administration, which is constantly torn by internal feuding. But the problem

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is more serious than a hypothetical group of hard-line xenophobes on Putin's staff. The growing isolationism and the deepening rift with the West are real and powerful, and it is not at all clear whether Putin will choose to -- or even be able to -- resist this trend.

Masha Lipman, editor of the Carnegie Moscow Center's Pro et Contra journal, writes a monthly column for The Post.

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DEPARTMENT OF JUSTICE *NEWS CLIPS*

PREPARED FOR THE OFFICE OF PUBLIC AFFAIRS, US DEPARTMENT OF JUSTICE

TO: THE ATTORNEY GENERAL AND SENIOR STAFF

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TERRORISM NEWS:

Al-Arian Gets 18 Months More In Terror Case (ORS)

By Pedro Ruz Gutierrez, OrlandoSentinel.com Staff

The Orlando Sentinel, May 2, 2006

Tampa -- Branding him a "master manipulator," a federal judge on Monday sentenced controversial Palestinian professor Sami Al-Arian to 57 months in prison for aiding members of a terrorist group.

The prison term dashed Al-Arian's hope that he would be given time served and be released to immigration authorities for immediate deportation. Credited for the 38 1/2 months he already has served in pre-trial detention, Al-Arian likely be in prison until November 2007.

U.S. District Judge James Moody Jr. gave Al-Arian the maximum allowed under sentencing guidelines, which called for between 46 and 57 months in prison. Moody's unexpected strong words and sentence for the fired University of South Florida professor stung his family and supporters while they vindicated federal prosecutors.

Moody described Al-Arian, 48, as a master of deceit who has lied repeatedly to cover up his ties to a group that has killed more than 100 people -- including two U.S. citizens -- in Israel and the Palestinian territories.

Moody, who had listened earlier to Al-Arian's praise of the U.S. constitution and American society, said a six-month trial that ended in December had exposed him as a "leader" active in the Palestinian Islamic Jihad who tried to mask his actions as charity work.

"I find it interesting that you praise our country in public, and yet in private you refer to this country as the Great Satan," Moody said in reference to the professor's fiery speeches denouncing Israel and the United States in the late 1980s and early 1990s. "You are a master manipulator."

Describing his behind-the-scenes efforts to manage the Islamic Jihad's board of directors and appease its Iranian backers in the early 1990s, Moody said Al-Arian had no problem helping target innocents.

"When it came to blowing up children and women on buses, did you leap into action?" Moody said. "No. You lifted not one finger. On the contrary, you laughed when you heard about the attacks."

Al-Arian signed a plea agreement last month with prosecutors in which he admitted assisting members of the Palestinian Islamic Jihad -- including his deported brother-in-law Mazen Al-Najjar -- in violation of U.S. laws that banned contact with the group after 1995.

The Kuwait-born professor declared himself guilty of one count of conspiracy to make or receive contributions of funds, goods or services to or for the benefit of the group.

In a mixed verdict seen as victory by Al-Arian and defeat by prosecutors, jurors acquitted him on eight charges while they were hung on nine others. The most serious terrorism-related counts could have sent Al-Arian to prison for life. Two other men of Palestinian descent were acquitted as well; a third is also negotiating a plea.

Moody's harsh words stunned a courtroom packed with about 75 people, including federal prosecutors, agents, defense attorneys, family, friends and reporters. Another 30 spectators followed the 30-minute sentencing through a live video feed in a conference room.

"I think the judge got it," said U.S. Attorney Paul Perez outside the courthouse. In an unusual move, Perez addressed Moody in court while three lead prosecutors watched. "I find that anyone who is a master manipulator is a dangerous human being."

Linda Moreno, Al-Arian's attorney, avoided criticizing Moody and instead addressed his sentence. "We disagree with it. We asked for time served," she said. "Dr. Al-Arian accepts this sentence and is looking forward to the next chapter of his life."

Ahmed Bedier, a Florida-based spokesman for the Council on American Islamic Relations, faulted the judge for making a "political speech" and lecturing Al-Arian. "He was being biased and unfair in the comments that he made," Bedier said.

Earlier in court, Moody noted that while his son and daughters attended the country's finest universities -- Georgetown University, the University of Chicago and Columbia University -- Al-Arian helped a group send other children on suicide missions.

"Not your children. You exhort others to send their children," the judge said. "Your only connection to widows and orphans is that you create them."

The judge used a 1995 double suicide bombing in Israel, which Al-Arian praised at the time, to illustrate Al-Arian's duplicity.

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"Anyone with even the slightest bit of human compassion would be sickened. Not you. You saw it as an opportunity to solicit more money to carry out more bombings," Moody said in reference to a letter Al-Arian drafted after that attack.

Relatives, including his adult son and daughters, sat in shock as Moody lashed out at their father. His wife Nahla Al-Arian left the courtroom in tears.

"Everyone saw how magnanimous my husband was," Nahla Al-Arian said later. "The judge gave a political statement. It has nothing to do with the truth."

Moody's sentence will prolong the family's long-awaited reunification and delay the expected expulsion to the Middle East. Al-Arian, wearing his signature glasses, an olive two piece-suit, a yellow shirt and a beige tie, earlier had addressed Moody not knowing the judge would seize his words to chastise him.

"I'm indeed grateful for the opportunities afforded to the son of stateless Palestinian refugees," he said. "During these many years, I have tried to uphold the great values of my faith and culture and the honored ideals and principles of this society."

Pedro Ruz Gutierrez can be reached at pruz@orlandosentinel.com or 407-420-5620.

Al-Arian Sentenced To More Prison Before He Can Be Deported (AP)

By Mitch Stacy

AP, May 2, 2006

TAMPA, Fla. - Calling Sami Al-Arian a liar and "master manipulator," a federal judge on Monday ordered the former university professor to spend about another year and a half in prison before he is deported in his terrorism conspiracy case.

Al-Arian, 48, was sentenced to four years and nine months, but he will get credit for the more than three years and two months he has already served while being held before and after his trial. His lawyer, Linda Moreno, asked the judge to release him now for deportation under the terms of a plea agreement.

Instead, U.S. District Judge James S. Moody delivered some harsh words for the former University of South Florida computer engineering professor. Moody said he believed Al-Arian was "an active leader" in the Palestinian Islamic Jihad who raised money for suicide bombings in Israel and the Palestinian territories, and lied about his involvement.

Dismissing defense contentions that money raised by Al-Arian and his co-defendants went to support Palestinian charities, Moody said: "Your only connection to widows and orphans was that you create them."

Before the judge spoke, Al-Arian told the court that he takes responsibility for what he did and said he was grateful for the opportunities afforded him in the United States.

"As I leave, I harbor no bitterness or resentment," he said.

He signed a plea agreement April 14 in which he admitted providing support to members of the PIJ, a State Department-designated terrorist group responsible for hundreds of deaths. He took the deal despite a jury failing to convict him of any of the 17 charges against him after a six-month trial last year.

After the sentencing, Moreno declined to comment on Moody's sharp statement but noted that the jury declined to convict Al-Arian. Jurors had said the government failed to directly link Al-Arian his co-defendants to any acts of violence.

"(Federal prosecutors) essentially pulled the trigger and shot every bullet - and they missed Dr. Al-Arian," Moreno said. Taking the plea agreement instead of enduring a second trial, she said, was the best thing for Al-Arian and his family.

"The judge made a political statement," said Al-Arian's wife, Nahla.

Moody also blasted Al-Arian for celebrating deadly bombings by the PIJ and then using them to raise money for more bombings, which he and associates appeared to do in wiretapped phone calls introduced as evidence in the trial.

"Your children attend the finest universities in this county, while you raise money to blow up the children of others," Moody said.

Moody gave Al-Arian the maximum prison sentence allowed under the plea agreement. Moreno said U.S. Bureau of Prisons guidelines will determine how much time he will have to serve, and the government has agreed to expedite deportation proceedings when he gets out.

It is not clear where Al-Arian will be sent then. Born in Kuwait to Palestinian refugee parents, he was reared mostly in Egypt before coming to the United States 30 years ago. He has been jailed since his arrest in February 2003.

U.S. Attorney Paul Perez claimed victory, saying the pursuit of Al-Arian allowed federal agents to identify and disrupt a terrorist cell operating in this country. The plea vindicated the prosecution, which some had criticized as being political and an attack on free speech, he said.

"There's no doubt in my mind he was a member of the PIJ," Perez said. "There's no doubt in my mind he provided support to members of the PIJ. There's no doubt in my mind that he was, as the judge said, a master manipulator."

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As part of the plea agreement, Al-Arian admitted to being associated with the PIJ from the late 1980s and providing "services" for the group, which included filing for immigration benefits for key members of the PIJ, hiding the identities of those men and lying about his involvement.

Al-Arian's attorneys argued during his trial that although he and his co-defendants were vocal advocates in the United States for the Palestinian cause, the government had no proof that they planned or knew about specific acts of violence. They said the money they raised was for legitimate charities.

Al-Arian was acquitted in December of eight of the 17 federal charges against him while the jury deadlocked on the rest.

Two of his co-defendants were acquitted of all charges. The other, Hatem Naji Fariz, was acquitted on 25 counts while the jury deadlocked on eight others. The case against him on the remaining counts is pending.

The failure to convict Al-Arian was a stinging rebuke for the federal government. His case was once hailed by authorities as a triumph of the anti-terrorism Patriot Act, which allowed secret wiretaps and other information gathered by intelligence agents to be used in criminal prosecutions.

Al-Arian To Serve Prison Time (TAMPTRIB)

By Elaine Silvestrini

Tampa Tribune, May 2, 2006

TAMPA - Calling Sami Al-Arian a “master manipulator,” U.S. District Court Judge James Moody ignored the government’s recommendation for a light sentence and handed down the maximum penalty - a 57-month term to former USF professor.

Before being sentenced, Al-Arian said he takes full responsibility for his actions and praised the jury for their courage.

Al-Arian, 48, was sentenced to four years and nine months, but he will get credit for the three years and three months he has already served while being held before and after his trial. His lawyer, Linda Moreno, asked the judge to release her client now, but the judge refused and called Al-Arian “a master manipulator.”

Al-Arian signed a plea agreement April 14 in which he admitted providing support to members of the Palestinian Islamic Jihad, a State Department-designated terrorist group responsible for hundreds of deaths in Israel and the Palestinian territories.

The former University of South Florida computer engineering professor took the plea deal despite a jury failing to convict him of any of the 17 charges against him after a six-month trial last year. His family said he took the deal to get out of jail and end their suffering.

It was not immediately clear where Al-Arian will be sent. Born in Kuwait to Palestinian refugee parents, he was reared mostly in Egypt before coming to the United States 30 years ago. He has been jailed since his arrest in February 2003.

Information from The Associated Press was used in this report.

19 Months More In Prison For Professor In Terror Case (NYT)

By Jennifer Steinhauer

The New York Times, May 2, 2006

TAMPA, Fla., May 1 — Although the United States government lost most of its case last year against Sami Al-Arian, the former computer science professor it once identified as the linchpin in a terrorist organization, a federal judge sentenced him on Monday to an additional 19 months in prison before he is deported.

The case against Mr. Al-Arian, a Palestinian born in Kuwait, stemmed from a decade-long investigation that resulted in a 2003 indictment, charging him with being the leader of a domestic cell of the Palestinian Islamic Jihad, a group that claims responsibility for terrorist acts. He has remained in jail since his indictment.

Mr. Al-Arian, who had been under surveillance by American intelligence officials since 1991, was accused of raising money for suicide bombings in and around Israel.

The six-month trial, a centerpiece of the Bush administration's antiterrorism efforts that attracted the intense interest of legal experts, ended in December when the anonymous jury acquitted Mr. Al-Arian of 8 of the 17 federal charges against him, deadlocking on the rest.

Rather than face a retrial, the two sides agreed last month to a plea bargain in which Mr. Al-Arian pleaded guilty to a lesser charge of aiding members of the militant Palestinian group and agreed to be deported.

But any hope Mr. Al-Arian might have had of being deported quickly evaporated on Monday in the courtroom of Judge James S. Moody Jr. of Federal District Court. In a surprise move, Judge Moody sentenced Mr. Al-Arian to the maximum allowed under the sentencing guidelines, more than even the prosecution requested, and chided him for acts even the jury had rejected as Mr. Al-Arian's. The government had asked for the low end of the guidelines.

The judge continued to upbraid Mr. Al-Arian, whom he called a "master manipulator" for his connections to the Palestinian group, leading Mr. Al-Arian's wife to leave in tears.

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Describing horrific bombings in Israel, Judge Moody said: "Anyone with even the slightest bit of human compassion would be sickened. Not you. You saw it as an opportunity to solicit more money to carry out more bombings."

He added, "The only connection to widows and orphans is that you create them."

Paul Perez, the United States attorney for the Middle District of Florida, called Mr. Al-Arian a "dangerous human being" and said he had no regrets about the way the case was prosecuted.

Mr. Perez's court appearance on Monday was his first in the case in four years. He painted the outcome as a victory for the government because it "identified and dismantled a cell that Al-Arian helped establish."

Nonetheless, the jury verdict, which embarrassed prosecutors who had devoted considerable resources to the case, underscored the complexities of obtaining convictions under the USA Patriot Act and other recent laws that criminalized aiding organizations that the United States has deemed to be based on terror.

For example, in the 30 previous efforts to convict a defendant of conspiring to contribute money to a terrorist organization — one of the charges against Mr. Al-Arian — 28 were dismissed, according to the Terrorism Research Center at the University of Arkansas.

"This case almost reached the level of seditious conspiracy," Brent Smith, director of the center, said. "And historically, we have been very unsuccessful at trying those cases."

Indeed the outcome of the case against Mr. Al-Arian did little to resolve the conflicting portraits of his life. His supporters described Mr. Al-Arian, 48, as a political scapegoat who merely aided women and children who had been harmed in the Middle East. They said he was a thoughtful advocate for Palestinians who were unaware of or unwilling to accept the violent acts of organizations he assumed were simply providing aid to countrymen.

Former Attorney General John Ashcroft and local officials described Mr. Al-Arian as a supporter of terror whose motives and beliefs were elucidated through his own words and deeds. Prosecutors said he helped finance activities like a suicide bombing at an Israeli bus stop in 1995 that killed 19 people.

In brief remarks before the court, Mr. Al-Arian painted himself on Monday as a patriot who was pleased to have raised five children in the United States, and grateful to its legal system.

"This process affirmed my belief in the true meaning of the democratic society," he said, as his wife, dabbing her eyes, looked on from the courtroom.

After the sentencing, Mr. Al-Arian's supporters, who had lined up for a space in the courtroom, denounced the judge's action. They included clergy members from Christian and Muslim groups, family members and advocates for Islamic causes.

"I have been visiting with Sami Al-Arian every week in the jail for the last 14 months," said the Rev. Warren Clark, the pastor of the First United Church of Tampa. "I will tell you that the Sami Al-Arian that I know is very different from the Sami Al-Arian the judge described."

It is unclear what country will agree to take Mr. Al-Arian when he is deported. He was reared in Egypt, but has spent the last 30 years in the United States.

Terror Defendant Faces Prison And Deportation (WP)

The Washington Post, May 2, 2006

TAMPA -- A judge sentenced former professor Sami al-Arian on Monday to 18 more months in prison before he will be deported in his terrorism conspiracy case, calling him "an active leader" in a Palestinian terrorist group.

Al-Arian, 48, was sentenced to four years and nine months, but he will get credit for the three years and three months already served.

Lawyer Linda Moreno asked the judge to release her client now, but the judge refused and called al-Arian "a master manipulator."

After a jury did not convict him in April, al-Arian signed a plea agreement in which he admitted to providing support to members of the Palestinian Islamic Jihad. The State Department-designated terrorist group is responsible for hundreds of deaths in Israel and the Palestinian territories.Moussaoui Jurors Resume Deliberations

Jurors in the death penalty trial of Zacarias Moussaoui will return to the federal courthouse in Alexandria on Tuesday to consider whether the Sept. 11, 2001, conspirator should be executed or sentenced to life in prison.

The 12-member jury has deliberated for about 28 hours over 4 1/2 days without reaching a verdict. Jurors asked the judge no questions Monday and left the courthouse at 4 p.m.

Moussaoui, 37, pleaded guilty last year to conspiring with al-Qaeda in the Sept. 11 attacks. He is the only person convicted in the United States on charges stemming from the attacks on the World Trade Center and Pentagon.

* * *

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· Routine testing at a live-bird market in Camden County, N.J., turned up a strain of avian influenza that appears to be harmless to humans, a state official said. The precise virus, which did not kill any of the birds, is still being identified, but tests indicate it is not H5N1, the strain that has infected fowl in other countries and killed humans.

· CAPE CANAVERAL -- Eileen Collins, the unflappable astronaut who was the first woman to pilot and command a space shuttle, is leaving NASA. Having flown in space four times, Collins, 49, said, "It's time for me to step aside and give the young guys a chance to fly."

· SAN JUAN, Puerto Rico -- Puerto Rico's financial crisis forced almost 100,000 people out of work after political leaders failed to reach an agreement on how to keep the government running. Hundreds of public schools were closed, and angry teachers and other workers protested. During one march, rocks were thrown at police.

· H OUSTON -- A Honduran woman who ran a human smuggling operation in which 19 illegal immigrants died inside a sweltering truck three years ago asked for forgiveness before a judge sentenced her to 17 years in prison. Karla Chavez Joya, 28, wept and expressed remorse, saying through an interpreter, "If I could give my life to recover the lives of those people, I would do it."

· HOUSTON -- A Hispanic youth who authorities said was viciously attacked and sodomized by two white teenagers shouting ethnic slurs also suffered cigarette burns on his back and numerous other injuries, prosecutors said.

· HARTFORD, Conn. -- Connecticut Gov. M. Jodi Rell stripped a top fraud investigator of her duties after learning the official, a former assistant district attorney, had testified she had received many of the same gifts that toppled former governor John G. Rowland's administration. Kristine Ragaglia, head of the Medicaid fraud unit, was reassigned to administrative duties.

-- Staff writer Jerry Markon and news services

A Judge Stuns Al-Arian With Maximum Time (NYSUN)

By Josh Gerstein, Staff Reporter of the Sun

New York Sun, May 2, 2006

A federal judge yesterday lambasted a former Florida college professor, Sami Al-Arian, as a liar and "master manipulator," before sentencing him to nearly five years in prison for providing support to a Middle Eastern terrorist group, Palestinian Islamic Jihad.

Under a plea deal finalized last month, Al-Arian, 48, agreed to admit guilt and accept a possible sentence of 46 to 57 months and eventual deportation from America. Prosecutors agreed to join defense attorneys in recommending a sentence at the low end of the range, but the judge, James Moody Jr., ignored those suggestions and imposed the maximum sentence allowed by the plea bargain.

Al-Arian has been in custody since he was accused of being the leader of Palestinian Islamic Jihad in America and arrested in February 2003. A six-month trial overseen by Judge Moody last year resulted in Al-Arian's acquittal on eight charges against him and a hung jury on nine others. In a blow to the prosecution, none of the four defendants tried was convicted on any count and two of Al-Arian's co-defendants were acquitted outright.

The former University of South Florida professor's family and allies had hoped his guilty plea would lead to his speedy release and deportation, but the sentence imposed yesterday, when reduced by time served and other credits, means Al-Arian is likely to spend at least another year in jail before being handed over to immigration authorities.

At a court hearing yesterday morning, Judge Moody coupled the tough sentence with a stinging verbal rebuke of Al-Arian. The judge scoffed at many of the explanations and defenses Al-Arian has offered since news reports emerged in the mid-1990s alleging that the computer science professor and his Islamic studies think tank had ties to terrorism.

"You are a master manipulator. You looked your neighbors in the eyes and said you had nothing to do with Palestinian Islamic Jihad. This trial exposed that as a lie," Judge Moody said. "The evidence was clear in the this case that you were a leader of the Palestinian Islamic Jihad."

When evidence emerged at the trial of Al-Arian's contacts with leaders of the terror group, his attorneys argued that he was involved solely in the group's nonviolent wing and that his fund-raising activities were charitable in nature.

A Plea Deal In Florida (WP)

The Washington Post, May 2, 2006

AT THE SENTENCING yesterday of Sami al-Arian following his recently released plea deal with federal prosecutors, U.S. District Judge James S. Moody Jr. called the former computer engineering professor a "master manipulator" who was "an active leader" of the Palestinian Islamic Jihad while living in Florida. His sentence? The maximum the law permits: a year and a half more in prison.

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To hear Mr. al-Arian's family and supporters describe the plea agreement, you might think the defendant been exonerated. "This agreement in no way diminishes . . . the victory achieved in court," a group called the Tampa Bay Coalition for Justice and Peace announced, referring to Mr. al-Arian's acquittal last year on eight of 17 terrorism-related charges against him. "We welcome this resolution following an ordeal that kept Dr. Al-Arian from his family for over three years." By contrast, the Justice Department described the deal as if it were a big win in the war on terrorism. "This conviction is the result of years of exhaustive investigative and prosecutorial work," proclaimed U.S. Attorney Paul I. Perez in Florida.

In fact, both claims are bunk. Mr. al-Arian admitted to one conspiracy charge and accepted deportation while the government dropped the other charges remaining against him. Mr. al-Arian has now conceded what he had long denied: that he aided -- even helped manage -- a reprehensible terrorist organization. As Judge Moody put it yesterday, "You lifted not one finger" to stop suicide bombings. "To the contrary, you laughed when you heard of the bombings."

Here is some of what Mr. al-Arian admits: Throughout the late 1980s and early '90s, while a professor at the University of South Florida, he "was associated with several organizations, including the Palestinian Islamic Jihad," and knew that a co-worker at his university-based think tank, Ramadan Abdullah Shallah, was associated with it, too. After President Bill Clinton in 1995 prohibited material support for Islamic Jihad, Mr. al-Arian "performed services" for it anyway. He helped people associated with the group navigate the immigration system and move money around. And when Mr. Shallah left the think tank and became secretary general of the group following Israel's assassination of his predecessor, Mr. al-Arian "falsely stated that Mr. Shallah was not involved in any political activities while at [the think tank] and that Shallah had been engaged in only scholarly work." In other words, Mr. al-Arian has admitted to knowingly assisting and covering for the head of a notorious terrorist organization.

Yet despite what the judge called "clear" evidence, the government has settled this case on terms under which Mr. al-Arian will go free in less than two years. It's not clear whether the government charged Mr. al-Arian too aggressively or simply put on a bad performance at trial. In either event it ill becomes the government to claim victory. Concerning Mr. al-Arian, a sometime rallying point for advocates of free speech and academic freedom, the verdict is in: He is not only a terrorist supporter but a liar, too.

Father Charged In U.S. Terror Probe Freed (AP)

By Don Thompson

AP, May 2, 2006

SACRAMENTO, Calif. - A man whose son was convicted of supporting terrorism by attending an al-Qaida camp in Pakistan was released Monday after nearly a year in federal custody.

Umer Hayat, a 48-year-old ice cream vendor, had been held since he and his son, Hamid, were arrested last June.

Umer Hayat was charged with two counts of lying to the FBI about his son's attendance at the training camp, but his case ended in a mistrial last week after the jury said it was deadlocked.

Prosecutors must decide by Friday if they will seek a new trial.

Last week, a U.S. District Court judge lowered Umer Hayat's bail from $1.2 million to $390,000, paving the way for his release.

He stood silent by attorney's side and made no comments after his release Monday. Attorney Johnny Griffin III said Hayat had learned that his father died over the weekend.

"It's a bittersweet moment right now," Griffin said. "His father tried to hang on."

Umer Hayat will be confined to his home in the Central Valley agricultural town of Lodi and was fitted with an electronic monitoring device.

A separate jury last week convicted Hamid Hayat, 23, of one count of providing material support to terrorists and three counts of lying to the FBI.

He faces a minimum of 30 years in prison when he is sentenced July 14. His attorney, Wazhma Mojaddidi, said she would seek a new trial.

Both men had given videotaped confessions to FBI agents that were played to jurors. Defense lawyers said their clients gave the confessions after they were worn down by hours of questioning and were merely responding to leading questions by FBI agents.

Lawyer: Drop Terror Case Charge (DEN)

Detroit News, May 2, 2006

Alleged prosecutorial misconduct enough to bar a second trial of Detroiter, attorney says.

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Lawyers for Karim Koubriti, the Detroit man whose terrorism-related conviction was tossed out as a result of alleged wrongdoing by former federal prosecutor Richard Convertino, say in light of the alleged misconduct the charge against him should be dropped.

Koubriti's lawyers are to make that argument, among others, at a hearing today before U.S. District Judge Gerald Rosen.

The U.S. Attorney's Office is prosecuting Koubriti, 27, on a charge of conspiracy to commit mail fraud.

"The court should find that the egregious misconduct by the government in the first trial should have resulted in a mistrial and that retrial is barred," Koubriti lawyer Richard Helfrick of the Federal Defender Office argued in pleadings filed in U.S. District Court in Detroit.

The U.S. Supreme Court has ruled that when a mistrial results from prosecutorial misconduct, the case may not be retried. Helfrick concedes there was no mistrial in Koubriti's case, but argues there should have been.

"Simply because the egregiousness of the misconduct was not recognized by the court until after the return of the jury's verdict is not a reason to allow retrial in light of the misconduct presented," he said in court pleadings.

The government indicted Convertino on March 29, accusing the former assistant U.S. attorney of lying to a jury and a federal judge in prosecuting Koubriti and three co-defendants. Koubriti's 2003, conviction for conspiring to provide support to terrorism was thrown out on Sept. 2, 2004.

In its response to the pleadings, the government argues there is no evidence of misconduct related to Koubriti's most recent indictment, which was brought on Dec. 15, 2004, by different prosecutors after Convertino was removed from the case.

Koubriti's lawyers also argue the latest indictment amounts to illegal double jeopardy -- trying someone twice for the same crime.

Koubriti is accused of submitting phony claims for lost wages and other expenses after he was a passenger in a car driven by one of his co-defendants who was involved in an accident in July 2001. In an earlier indictment, the government alleged proceeds from the false insurance claims were to be used to support "jihad."

The government argues there can be no double jeopardy because the two conspiracy charges require the government to prove different things.

Koubriti, a Moroccan citizen who was arrested six days after the Sept. 11, 2001, terrorist attacks, is working two jobs and "trying to get on with his life," Helfrick said.

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PATRIOT ACT:

FBI Sought Information On 3,501 People Last Year Using Powerful Investigative Tool (BOS/AP)

By Mark Sherman, Associated Press Writer

The Boston Globe, May 1, 2006

WASHINGTON --The FBI secretly sought information last year on 3,501 U.S. citizens and legal residents from their banks and credit card, telephone and Internet companies without a court's approval, the Justice Department said Friday.

It was the first time the Bush administration has publicly disclosed how often it uses the administrative subpoena known as a national security letter, which allows the executive branch of government to obtain records about people in terrorism and espionage investigations without court approval.

Friday's disclosure was mandated as part of the renewal of the Patriot Act, the administration's sweeping anti-terror law.

The FBI delivered a total of 9,254 NSLs relating to 3,501 people in 2005, according to a report submitted late Friday to Democratic and Republican leaders in the House and Senate. In some cases, the bureau demanded information about one person from several companies.

The department also reported it received a secret court's approval for 155 warrants to examine business records last year, under a Patriot Act provision that includes library records. However, Attorney General Alberto Gonzales has said the department has never used the provision to ask for library records.

The number was a significant jump over past use of the warrant for business records. A year ago, Gonzales told Congress there had been 35 warrants approved between November 2003 and April 2005.

Data Show How Patriot Act Used (LAT)

By Richard B. Schmitt, Times Staff Writer

The Los Angeles Times, April 29, 2006

DOJ_NMG_0027871

The Justice Department for the first time reports on 9,254 FBI subpoenas for monitoring citizens. Some surveillance in the U.S. has been rising.

WASHINGTON — The FBI issued thousands of subpoenas to banks, phone companies and Internet providers last year, aggressively using a power enhanced under the Patriot Act to monitor the activities of U.S. citizens, Justice Department data released late Friday showed.

The report given to members of Congress was the first to detail the government's use of a controversial form of administrative subpoena that has drawn fire because it can be issued by investigators without court oversight.

The Justice Department report also disclosed that its use of electronic surveillance and search warrants in national security investigations jumped 15% in 2005.

The data show that U.S. authorities are in some cases escalating their use of anti-terrorism statutes.

Civil liberties groups said they found the new information worrisome. They said it raised concerns about whether investigators were being sensitive to the rights of citizens caught in terrorism-related probes.

The report includes the first look at the use of what are known as national security letters, which let the FBI obtain phone logs, Internet traffic records, and bank and credit information about individuals without a court order.

The Bush administration had fought the release of the information on grounds that it could imperil national security. But Congress ordered the release when it reauthorized portions of the Patriot Act this year.

According to the new report, the FBI issued 9,254 national security letters in 2005, covering 3,501 U.S. citizens and legal foreign residents.

The Justice Department said the data did not include what probably were thousands of additional letters issued to obtain more limited information about some individuals — such as a home address — or letters that were issued about targets who were in the U.S. illegally.

The number of such letters previously had been provided to members of Congress on a classified basis. Data from other years aren't available, although some experts said the number probably had increased substantially.

"Now we can see why the administration was so eager to hide the number," said Lisa Graves, a senior legislative counsel with the American Civil Liberties Union in Washington.

The original Patriot Act, enacted weeks after the attacks on the World Trade Center and the Pentagon, made it easier for the FBI to issue the letters, and for the first time permitted agents based outside Washington to issue the letters.

"These used to be fairly difficult to obtain, and now the authorities have been delegated very widely," said Michael Woods, former head of the FBI national-security law unit. "I think [the report] primarily shows that they are a lot easier to get."

The Justice Department report also included an annual update on the number of warrants that the department had obtained through the Foreign Intelligence Surveillance Court, a secret federal court for intelligence and terrorism investigations.

Applications for electronic surveillance and physical search warrants — which almost always are approved by the court — rose to 2,074 in 2005, compared with 1,758 in 2004. Last year's total was more than double the number sought in 2000.

That court is the tribunal that the Bush administration has been bypassing in a warrantless domestic surveillance program since shortly after Sept. 11.

James Dempsey, policy director of the nonprofit Center for Democracy and Technology in Washington, said the increased use of the secret court belied the government's contention that it needed to go outside the court to get the information it needed.

Dempsey said he was surprised the number of warrants issued by that court had continued to grow substantially "when the war on terrorism has reached a sort of steady state."

FBI Sought Data On Thousands In '05 (WP)

By Dan Eggen

The Washington Post, May 2, 2006

The FBI sought personal information on thousands of Americans last year from banks, Internet service providers and other companies without having to seek approval from a court, according to new data released by the Justice Department.

In a report to the top leaders of both parties in the House, the department disclosed that the FBI had issued more than 9,200 "national security letters," or NSLs, seeking detailed information about more than 3,500 U.S. citizens or legal residents in 2005.

The report, released late Friday, represents the first official count of NSL use. It was required under legislation that extended the USA Patriot Act anti-terrorism law.

The count does not include other such letters that are issued by the FBI to obtain more limited subscriber information from companies, such as a person's name, address or other identifying data, according to the report. Sources have said that would

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include thousands of additional letters and may be the largest category of NSLs issued. The Washington Post reported in November that the FBI now issues more than 30,000 NSLs each year, including subscriber requests.

The Justice Department report also outlined a continued increase in the use of secret warrants under the Foreign Intelligence Surveillance Act, or FISA. The secret court that oversees the law approved a record 2,072 orders for clandestine searches or surveillance in 2005 -- an 18 percent increase from the year before.

The new statistics provide the latest measure of the government's rapidly expanding anti-terrorism activities, which include a wide range of secret warrants and powers aimed at monitoring suspicious behavior and preventing attacks.

Many of the tactics have come under criticism from civil liberties groups as intrusive and lacking in proper oversight. National security letters, for example, are a form of administrative subpoena that can be issued by scores of FBI managers around the country.

"This tells us why they didn't want to tell us in the past how many of these they were actually using," said Caroline Fredrickson, Washington legislative director for the American Civil Liberties Union. "The idea that this kind of power resides in the hands of so many people at the FBI with no court oversight is very troubling."

The government previously has declined to reveal how many NSLs have been issued by the FBI and criticized the Post report as inaccurate. A Justice Department official said yesterday that the department would not comment on how many more NSLs have been issued for subscriber data only.

At the FISA court, the number of warrants for clandestine searches and surveillance has more than doubled in the past five years, according to government figures. The court -- which historically has refused only a handful of warrant applications -- did not reject any of the government's requests last year, although two cases were withdrawn by Justice before a ruling was issued, the report said.

The Justice official said part of the increase in 2005 can be attributed to an expansion of the office that submits FISA cases.

The FBI also used a controversial section of the Patriot Act to obtain business-related records 155 times in 2005. But most of that activity was the result of temporary technical problems with an earlier statute, and the number is expected to fall dramatically this year, according to the report to Congress.

Court-approved Wiretaps Rose In '05 (USAT)

USA Today, May 2, 2006

Terrorism-related wiretaps conducted under the Foreign Intelligence Surveillance Act increased 18% last year, the Justice Department said Monday. There were 2,072 FISA warrants in 2005, up from 1,754 a year earlier.

The warrants are separate from a program under which President Bush authorized the National Security Agency to monitor, without a court warrant, international calls and e-mails of people inside the USA when one party may be linked to terrorists. Sen. Russ Feingold, D-Wis., and other critics say the NSA program could violate the 1978 FISA law as well as constitutional protections against unreasonable searches.

The Justice Department said that the FISA court in 2005 approved 155 warrants granting federal authorities access to business records under the USA Patriot Act, and that federal investigators also obtained secret national security letters to gather information on 3,501 people.

In criminal investigations not involving terrorism suspects, state and federal courts approved 1,773 criminal investigation wiretaps in 2005, a 4% increase over the previous year, the Administrative Office of the U.S. Courts reported. State applications grew 17% to 1,148. Federal wiretaps dropped 14% but would have increased if the figures included earlier investigations that lasted into 2006, the Justice Department said.

Jesselyn McCurdy, a lawyer with the American Civil Liberties Union, said she was concerned that judges are “becoming a rubber stamp.” Nationwide, only one application was denied. Nine out of every 10 wiretaps were for portable devices such as cellphones, and eight out of 10 were in drug investigations.

President Bush urged Congress to enact his proposals that he said would increase quality and hold down the cost of health care. He told 2,000 members of the American Hospital Association that U.S. health care is “the best in the world” and he wants to keep it that way.

Among his proposals: create 400 more community health centers, expand health savings accounts, encourage doctors and hospitals to post prices up front, limit medical malpractice suits and modernize record-keeping with high technology. The House of Representatives has passed some of the proposals; the Senate has yet to act.

Shortly after Bush spoke, the Democratic National Committee said in a statement that Bush's plans are driven by special interests and do little to curb health costs or increase the number of insured Americans. — Richard Benedetto

DOJ_NMG_0027873

The Secret Service will release White House visitor logs that show how often convicted lobbyist Jack Abramoff met with Bush administration officials and with whom he met.

Last week, U.S. District Judge John Garrett Penn approved an agreement between the Secret Service and Judicial Watch, a public interest group, that requires the agency to produce records of Abramoff's visits by May 10.

Judicial Watch sued in February under the Freedom of Information Act. Bush has said he doesn't know Abramoff, who raised at least $100,000 for the president's re-election. Administration officials wouldn't say how many times Abramoff was at the White House. He pleaded guilty in January to federal charges related to his ties with members of Congress and the administration. Abramoff represented Indian tribes in their dealings with politicians.

Student Scholarships For Studying Abroad (WSJ)

The Wall Street Journal, May 2, 2006

Your article "Colleges Impose Restrictions on Study-Abroad Programs" (April 12, Personal Journal) missed the big picture. You suggest higher education in the U.S. is discouraging students from studying abroad. But such programs are growing by almost 10% each year. There is a huge push by many universities to make that happen.

At the University of Georgia, students who receive Hope Scholarship funds from the state may apply those funds to study-abroad programs. The university plans to have a development officer who will focus on generating scholarships for study abroad, particularly minority, rural and first-generation undergraduates. Like many large universities, UGA has an institution-wide goal to send 25% of our students abroad annually by 2010.

At the University of Denver, the Cherrington Global Scholars Program allows students to study in more than 150 programs abroad. The program ensures all eligible undergraduates can study abroad at no additional cost to being on campus. The University of Tennessee has committed $150,000 annually to sustain and develop programs with a goal of increasing the number of students studying abroad by 150% by 2010, and to integrate study abroad opportunities into graduation requirements in all units.

Congressional leaders and the president appointed a commission last year to recommend how to dramatically increase the numbers. It recommends that one million students annually study abroad in 10 years, with the goal of having such programs be a normal part of college and not something special for a few. The report also recommends federal scholarship money based on need to reinforce the drive on many campuses.

Michael F. Adams
President
University of Georgia
Athens, Ga.

Spies Among Us (USNEWS)

By David E. Kaplan

U.S. News and World Report, May 2, 2006

In the Atlanta suburbs of DeKalb County, local officials wasted no time after the 9/11 attacks. The second-most-populous county in Georgia, the area is home to the Centers for Disease Control and Prevention, the FBI's regional headquarters, and other potential terrorist targets. Within weeks of the attacks, officials there boasted that they had set up the nation's first local department of homeland security. Dozens of other communities followed, and, like them, DeKalb County put in for--and got--a series of generous federal counterterrorism grants. The county received nearly $12 million from Washington, using it to set up, among other things, a police intelligence unit.

The outfit stumbled in 2002, when two of its agents were assigned to follow around the county executive. Their job: to determine whether he was being tailed--not by al Qaeda but by a district attorney investigator looking into alleged misspending. A year later, one of its plainclothes agents was seen photographing a handful of vegan activists handing out antimeat leaflets in front of a HoneyBaked Ham store. Police arrested two of the vegans and demanded that they turn over notes, on which they'd written the license-plate number of an undercover car, according to the American Civil Liberties Union, which is now suing the county. An Atlanta Journal-Constitution editorial neatly summed up the incident: "So now we know: Glazed hams are safe in DeKalb County."

Glazed hams aren't the only items that America's local cops are protecting from dubious threats. U.S. News has identified nearly a dozen cases in which city and county police, in the name of homeland security, have surveilled or harassed animal-rights and antiwar protesters, union activists, and even library patrons surfing the Web. Unlike with Washington's warrantless domestic surveillance program, little attention has been focused on the role of state and local authorities in the war on terrorism. A U.S.News inquiry found that federal officials have funneled hundreds of millions of dollars into once discredited state and local

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police intelligence operations. Millions more have gone into building up regional law enforcement databases to unprecedented levels. In dozens of interviews, officials across the nation have stressed that the enhanced intelligence work is vital to the nation's security, but even its biggest boosters worry about a lack of training and standards. "This is going to be the challenge," says Los Angeles Police Chief William Bratton, "to ensure that while getting bin Laden we don't transgress over the law. We've been burned so badly in the past--we can't do that again."

Rap sheets. Chief Bratton is referring to the infamous city "Red Squads" that targeted civil rights and antiwar groups in the 1960s and 1970s (Page 48). Veteran police officers say no one in law enforcement wants a return to the bad old days of domestic spying. But civil liberties watchdogs warn that with so many cops looking for terrorists, real and imagined, abuses may be inevitable. "The restrictions on police spying are being removed," says attorney Richard Gutman, who led a 1974 class action lawsuit against the Chicago police that obtained hundreds of thousands of pages of intelligence files. "And I don't think you can rely on the police to regulate themselves."

Good or bad, intelligence gathering by local police departments is back. Interviews with police officers, homeland security officials, and privacy experts reveal a transformation among state and local law enforcement.

Among the changes:

Since 9/11, the U.S. Departments of Justice and Homeland Security have poured over a half-billion dollars into building up local and state police intelligence operations. The funding has helped create more than 100 police intelligence units reaching into nearly every state.

To qualify for federal homeland security grants, states were told to assemble lists of "potential threat elements"--individuals or groups suspected of possible terrorist activity. In response, state authorities have come up with thousands of loosely defined targets, ranging from genuine terrorists to biker gangs and environmentalists.

Guidelines for protecting privacy and civil liberties have lagged far behind the federal money. After four years of doling out homeland security grants to police departments, federal officials released guidelines for the conduct of local intelligence operations only last year; the standards are voluntary and are being implemented slowly.

The resurgence of police intelligence operations is being accompanied by a revolution in law enforcement computing. Rap sheets, intelligence reports, and public records are rapidly being pooled into huge, networked computer databases. Much of this is a boon to crime fighting, but privacy advocates say the systems are wide open to abuse.

Behind the windfall in federal funding is broad agreement in Washington on two areas: first, that local cops are America's front line of defense against terrorism; and second, that the law enforcement and intelligence communities must do a far better job of sharing information with state and local police. As a report by the International Association of Chiefs of Police stressed: "All terrorism is local." Oklahoma City bomber Timothy McVeigh was arrested by a state trooper after a traffic stop. And last year, local police in Torrance, Calif., thwarted what the FBI says could have been America's worst incident since 9/11--planned attacks on military sites and synagogues in and around Los Angeles by homegrown jihadists.

The numbers tell the story: There are over 700,000 local, state, and tribal police officers in the United States, compared with only 12,000 FBI agents. But getting the right information to all those eyes and ears hasn't gone especially well. The government's failure at "connecting the dots," as the 9/11 commission put it, was key to the success of al Qaeda's fateful hijackings in 2001. Three of the hijackers, including ringleader Mohamed Atta, were pulled over in traffic stops before the attacks, yet local cops had no inkling they might be on terrorist watch lists. A National Criminal Intelligence Sharing Plan, released by the Justice Department in 2003, found no shortage of problems in sharing information among local law enforcement: a lack of trust and communication; lack of funding for a national intelligence network; lack of database connectivity; a shortage of intelligence analysts, software, and training; and a lack of standards and policies.

The flood of post-9/11 funding and attention, however, has started making a difference, officials say. Indeed, it has catalyzed reforms already underway in state and local law enforcement, giving a boost to what reformers call intelligence-led policing--a kind of 21st-century crime fighting driven by computer databases, intelligence gathering, and analysis. "This is a new paradigm, a new philosophy of policing," says the LAPD's Bratton, who previously served as chief of the New York Police Department. In that job, Bratton says, he spent 5 percent of his time on counterterrorism; today, in Los Angeles, he spends 50 percent. The key to counterterrorism work, Bratton adds, is intelligence.

The change is "huge, absolutely huge," says Michigan State University's David Carter, the author of Law Enforcement Intelligence. "Intelligence used to be a dirty word. But it's a more thoughtful process now." During the 1980s and 1990s, intelligence units were largely confined to large police departments targeting drug smugglers and organized crime, but the national plan now being pushed by Washington calls for every law enforcement agency to develop some intelligence capability. Experts estimate that well over 100 police departments, from big-city operations to small county sheriffs'offices, have now established intelligence units of one kind or another. Hundreds of local detectives are also working with federal agents on FBI-

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run Joint Terrorism Task Forces, which have nearly tripled from 34 before 9/11 to 100 today. And over 6,000 state and local cops now have federal security clearances, allowing them to see classified intelligence reports.

"The front line." Some police departments have grown as sophisticated as those of the feds. The LAPD has some 80 cops working counterterrorism, while other big units now exist in Atlanta, Chicago, and Las Vegas. Then there's the NYPD, which is in a class by itself--with a thousand officers assigned to homeland security. The Big Apple's intelligence chief is a former head of CIA covert operations; its counterterrorism chief is an ex-State Department counterterrorism coordinator. The NYPD has officers based in a half-dozen countries, and its counterterrorism agents visit some 200 businesses a week to check on suspicious activity.

Many of the nation's new intelligence units are dubbed "fusion centers." Run by state or local law enforcement, these regional hubs pool information from multiple jurisdictions. From a mere handful before 9/11, fusion centers now exist in 31 states, with a dozen more to follow. Some focus exclusively on terrorism; others track all manner of criminal activity. Federal officials hope to eventually see 70 fusion centers nationwide, providing a coast-to-coast intelligence blanket. This vision was noted by President Bush in a 2003 speech: "All across our country we'll be able to tie our terrorist information to local information banks so that the front line of defeating terror becomes activated and real, and those are the local law enforcement officials."

Intelligence centers are among the hottest trends in law enforcement. Last year, Massachusetts opened its Commonwealth Fusion Center, which boasts 18 analysts and 23 field-intelligence officers. The state of California is spending $15 million on a string of four centers this year, and north Texas and New Jersey are each setting up six. The best, officials say, are focused broadly and are improving their ability to counter sophisticated crimes that include not only terrorism but fraud, racketeering, and computer hacking. The federal Department of Homeland Security, which has bankrolled start-ups of many of the centers, has big plans for the emerging network. Jack Tomarchio, the agency's new deputy director of intelligence, told a law enforcement conference in March of plans to embed up to three DHS agents and intelligence analysts at every site. "The states want a very close synergistic relationship with the feds," he explained to U.S. News. "Nobody wants to play by the old rules. The old rules basically gave us 9/11."

"Reasonable suspicion." The problem, skeptics say, is that no one is quite sure what the new rules are. "Hardly anyone knows what a fusion center should do," says Paul Wormeli of the Integrated Justice Information Systems Institute, a Justice Department-backed training and technology center. "Some states have responded by putting 10 state troopers in a room to look at databases. That's a ridiculous approach." Another law enforcement veteran, deeply involved with the fusion centers, expressed similar frustration. "The money has been moved without guidance or structure, technical assistance, or training," says the official, who is not authorized to speak publicly. There are now guidelines, he adds, "but they're not binding on anyone." In the past year, the Justice Department has issued standards for local police on fusion centers and privacy issues, but they are only advisory. Most federal funding for the centers now comes from the Department of Homeland Security, but DHS also requires no intelligence standards from its grantees.

At the state level, regulations on police spying vary widely, but a general rule of thumb comes from the Justice Department's internal guidelines that forbid intelligence gathering on individuals unless there is a "reasonable suspicion" of criminal activity. Since the reforms of the 1970s, the FBI says its agents have followed this standard; Justice Department regulations require local police who receive federal funding to do the same in maintaining any intelligence files. But there is considerable leeway at the local level, and since 2001, judges have watered down police spying limits in Chicago and New York. The federal regs, moreover, have not stopped a parade of questionable cases.

Suspicion of spying is so rife among antiwar activists, who have loudly protested White House policy on Iraq, that some begin meetings by welcoming undercover cops who might be present. "People know and believe their activities are being monitored," says Leslie Cagan, national coordinator of United for Peace and Justice, the country's largest antiwar coalition. There is some evidence to back this up. Documents and videotapes obtained from lawsuits against the NYPD reveal that its undercover officers have joined antiwar and even bicycle-rider rallies. In at least one case, an apparent undercover officer incited a crowd by faking his arrest. In Fresno, Calif., activists learned in 2003 that their group, Peace Fresno, had been infiltrated by a local sheriff's deputy--piecing it together after the man died in a car crash and his obituary appeared in the paper.

The California Anti-Terrorism Information Center, a $7 million fusion center run by the state Department of Justice, also ran into trouble in 2003 when it warned of potential violence at an antiwar protest at the port of Oakland. Mike Van Winkle, then a spokesman for the center, explained his concern to the Oakland Tribune: "You can make an easy kind of a link that, if you have a protest group protesting a war where the cause that's being fought against is international terrorism, you might have terrorism at that protest. You can almost argue that a protest against [the war] is a terrorist act." Officials quickly distanced themselves from the statement. The center's staff had confused political protest with terrorism, announced California's attorney general, who oversees the office.

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"Absurd" threats. But this expansive view of homeland security has at times also extended to union activists and even library Web surfers. In February 2006 near Washington, D.C., two Montgomery County, Md., homeland security agents walked into a suburban Bethesda library and forcefully warned patrons that viewing Internet pornography was illegal. (It is not.) A county official later called the incident "regrettable" and said those officers had been reassigned. Similarly, in 2004, two plainclothes Contra Costa County sheriff's deputies monitored a protest by striking Safeway workers in nearby San Francisco, identifying themselves to union leaders as homeland security agents.

Further blurring the lines over what constitutes "homeland security" has been a push by Washington for states to identify possible terrorists. In 2003, the Department of Homeland Security began requiring states to draft strategic plans that included figures on how many "potential threat elements" existed in their backyards. The definition of suspected terrorists was fairly loose--PTEs were groups or individuals who might use force or violence "to intimidate or coerce" for a goal "possibly political or social in nature." In response, some states came up with alarming numbers. Most of the reports are not available publicly, but U.S. News obtained nine state homeland security plans and found that local officials have identified thousands of "potential" terrorists. There are striking disparities, as well. South Carolina, for example, found 68 PTEs, but neighboring North Carolina uncovered 506. Vermont and New Hampshire found none at all. Most impressive was Texas, where in 2004 investigators identified 2,052 potential threat elements. One top veteran of the FBI's counterterrorism force calls the Texas number "absurd." Included among the threats cited by the states, sources say, are biker gangs, militia groups, and "save the whales" environmentalists.

"The PTE methodology was flawed," says a federal intelligence official familiar with the process, "and it's no longer being used." Nonetheless, these "threat elements" have, in some cases, become the basis for intelligence gathering by local and state police. Concern over the process prompted the ACLU in New Jersey to sue the state, demanding that eight towns turn over documents on PTEs identified by local police.

Another source of alarm for civil liberties watchdogs is the explosion in police computing power. Spurred by a 2004 White House directive ordering better information sharing, the Justice Department has poured tens of millions of dollars into expanding and tying together law enforcement databases and networks. In many respects, the changes are long overdue, yanking police into the 21st century and letting them use the tools that bankers, private investigators, and journalists routinely employ. From TV shows like 24 and CSI, Americans are accustomed to scenes of police accessing the most arcane data with a few keyboard clicks. The reality couldn't be more different. Law enforcement was slow to get on the technology bandwagon, and its information systems have developed into a patchwork of networks and databases that cannot talk to one another--even within the same county. Rap sheets, prison records, and court files are often all on different systems. This means that days or even weeks can pass before court-issued warrants show up on police wanted lists--leaving criminals out on the streets.

States and cities began linking up their systems in the 1990s, but since 9/11 their progress has been dramatic. At least 38 states are working on some 200 projects tying together their criminal justice records. Concerned over disjointed police networks around its key bases, the Navy's Criminal Investigative Service is funding projects in Norfolk, Va., and four other port cities, creating huge "data warehouses" stocked with crime files from dozens of law enforcement agencies. The FBI is also running pilot database centers in the St. Louis and Seattle areas in which the bureau makes its case files available to police. To local cops who have long complained about the FBI's lack of sharing, the development is downright revolutionary. "It made people nervous as hell, including me," says the FBI's Thomas Bush, who oversaw the initial program and now runs the FBI's Criminal Justice Information Services Division. "The technical aspect is easy, but you need to have the trust of the community and the security to safeguard the system."

The benefits of all this are undeniable. Armed with the latest information, police will be better able to catch crooks and spot criminal trends. But in this digital age, with so much data available about individual Americans, the lines between what is acceptable investigation and what is intrusive spying can quickly grow unclear. Consider the case of Matrix. Backed by $12 million in federal funds, at its peak in 2004 the Matrix system tapped into law enforcement agencies from a dozen states. Using "data mining" technology, its search engine ripped through billions of public records and matched them with police files, creating instant dossiers. In the days after 9/11, Matrix researchers searched out individuals with what they called "high terrorist factor" scores, providing federal and state authorities a list of 120,000 "suspects."

Law enforcement officials loved the system and made nearly 2 million queries to it. But what alarmed privacy advocates was the mixing of public data with police files, profiling techniques that smacked of fishing expeditions, and the fact that all these sensitive data were housed in a private corporation. Hounded by bad publicity and concerned that Matrix might be breaking privacy laws, states began pulling out of the system. Then, early last year, the Justice Department quietly cut off funding.

Matrix no longer exists, but similar projects are underway across the country, including one run by the California Department of Justice. Having learned from Matrix's mistakes, users are employing what tech specialists call "distributed computing." Instead of creating a single, vast database, they rapidly access information from sites in different states, often with a

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single query. The effect is essentially the same. "If people knew what we were looking at, they'd throw a fit," says a database trainer at one prominent police department.

Hacker's discovery. Another concern is the quality--and security--of all that information. In Minnesota, the state-run Multiple Jurisdiction Network Organization ran into controversy after linking together nearly 200 law enforcement agencies and over 8 million records. State Rep. Mary Liz Holberg, a Republican who oversees privacy issues, found much to be alarmed about when a local hacker contacted her after breaking into the system. The hacker had yanked out files on Holberg herself, showing she was classified as a "suspect" based on a neighbor's old complaint about where she parked her car. "We had a real mess in Minnesota," Holberg later wrote. "There was no effective policy for individuals to review the data in the system, let alone correct inaccuracies." In late 2003, state officials shut down the system amid concerns that it violated privacy laws in its handling of records on juvenile offenders and gun permits.

Such problems threaten to grow as law enforcement expands its reach with increased intelligence and computing power. The key to avoiding trouble, say experts, is ensuring that concerns over privacy and civil liberties are dealt with head-on. In a recent advisory aimed at police intelligence units, the Department of Justice stressed that success in safeguarding civil liberties "depends on appointing a high-level member of your agency to champion the initiative." But that message apparently hasn't gotten through, judging from the response at a conference sponsored by the Justice Department a few weeks back on information sharing. Among the crowd of some 200 local and state officials were intelligence officers, database managers, and chiefs of police. When a speaker asked who in the audience was working with privacy officials, not a single hand went up.

As Washington doles out millions of dollars for police intelligence, its reliance on voluntary guidelines may backfire, warn critics, who worry that abuses could wreck the important work that needs to be done. "We're still diddling around," says police technology expert Wormeli. "We're not setting clear policy on what we put in our databases. Should a patrol officer in Tallahassee be able to look at my credit report? Most people would say, 'Hell, no.'" Current regulations on criminal intelligence, he adds, were written before the computer age. "They were great in their day, but they need to be updated and expanded."

Civil liberties watchdogs like attorney Gutman, meanwhile, want to know how efforts to stop al Qaeda have ended up targeting animal rights advocates, labor leaders, and antiwar protesters. "You've got all this money and all this equipment--you're going to find someone to use it on," he warns. "If there aren't any external checks, there's going to be an inevitable drift toward abuses." But boosters of intelligence-led policing say that today's cops are too smart to repeat mistakes of the old Red Squads. "We're trying to develop policies to build trust and relationships, not spy," says Illinois State Police Deputy Director Kenneth Bouche. "We've learned a better way to do it." Perhaps. But for now, at least, the jury on this case is still out.

HOMELAND RESPONSE:

Informer In Bomb Plot Trial Tells Of His Visits To Mosques (NYT)

By William K. Rashbaum

The New York Times, May 2, 2006

The paid police informer who is the central witness at the trial of a Pakistani immigrant charged with plotting to blow up the Herald Square subway station testified yesterday that he collected a wide range of information on his visits to two city mosques, from the tenor of the sermons to how many people attended the services.

The informer, Osama Eldawoody, 50, secretly recorded roughly two dozen conversations about the plot with the immigrant, Shahawar Matin Siraj, in the summer of 2004 — many of them incriminating. He was questioned by Mr. Siraj's lawyer about the information he provided to the police on his frequent visits to mosques in Brooklyn and Staten Island. The visits occurred over roughly 13 months in 2003 and 2004, both before and after the informer met Mr. Siraj.

Regardless of the outcome of the trial for Mr. Siraj, 23, who faces up to 20 years in prison if convicted, Mr. Eldawoody's testimony is shedding light on what seem to be new police tactics to uncover terrorist plots before they come to fruition. While a federal judge gave the police expanded powers in 2003, critics have nonetheless raised objections to the use of informers in places of worship, political events and other gatherings.

Mr. Eldawoody had earlier testified that he had been told to keep "his eyes and ears open for any radical thing," but many of the details that came out during questioning seemed mundane: How many people attended a service. How long it lasted. The name of the imam who spoke.

A frequent phrase in the reports he made to the police was, "the service was religious in nature."

What he reported sometimes seemed like small talk among worshipers. For example, pressed by one of Mr. Siraj's lawyers to explain what one report, about a man who discussed opening a new mosque on Staten Island, had to do with radicals, Mr.

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Eldawoody replied, "He doesn't have to be bad or good — I report it — he doesn't have to be a terrorist to report it. I report what happens and what I saw and what I heard."

Earlier in the day, prosecutors concluded their questioning of Mr. Eldawoody by playing a 45-minute videotape for jurors showing Mr. Siraj agreeing to guide a bomber into the subway station and to point out where he should plant backpack bombs. But he said he did not want to place the bombs himself, stressing he wanted to cause only economic damage. He also said he had to ask his mother first.

"I will work with those brothers, that's it," he said. "As a planner or whatever. But to putting there? I'm not sure."

Although Mr. Siraj was captured on the recordings talking about his plan to blow up the subway station, his lawyers contend that the young man, who came to New York from Karachi, Pakistan, in 1999 with his parents, was duped by the informer, who was motivated by the nearly $100,000 paid to him by the Police Department over about three years.

Yesterday, one of Mr. Siraj's lawyers, Martin R. Stolar, appeared to be trying to highlight the Police Department's tactics as he cross-examined Mr. Eldawoody for several hours, questioning him on his recollections about the information he gave to the intelligence division detective who was his handler, including details about his visits to the al-Noor mosque on Staten Island and the Islamic Society of Bay Ridge in Brooklyn.

Using reports filed by the detective, which were piled roughly two inches high on a table beside him, Mr. Stolar asked the witness about his registration as a paid informer in July 2003 and questioned him about each mosque visit. Sometimes there were several visits in one day.

Mr. Stolar questioned him about the documents filed by the detective, Stephen Andrews — which reflected information Mr. Eldawoody had provided, by telephone or in person — asking if he recalled making the reports.

At one point, Mr. Stolar asked about a report indicating that he had told the detective that the imam of the Staten Island mosque was looking for a new house in New Jersey. Mr. Eldawoody said that he did not recall giving that information.

At another, the lawyer asked about a report suggesting Mr. Eldawoody had suspicions about a man named Maher, who was looking for foreclosure properties to buy. Mr. Eldawoody said he did not remember that.

And he asked about Mr. Eldawoody's reasons for reporting another conversation: "How did the fact that somebody wanted to open a new mosque on Staten Island relate to the mission that you thought you were doing, which was looking for violent jihad or radical talk?"

Under questioning by prosecutors last week, Mr. Eldawoody, a nuclear engineer who became a naturalized citizen after coming to America in 1986, said he began working as an informer to protect his new country.

Mr. Stolar, who has suggested that Mr. Eldawoody's motive was financial, asked the witness if he was spying in the mosque.

"I don't see it that way — that I was spying," he said. "If there is anything wrong that would hurt the United States, I would be the one to defend the country."

Mr. Stolar has said he intends to put the Police Department's tactics on trial, and at the beginning of his cross-examination, which he said would last several days, he suggested that he would focus closely on Mr. Eldawoody's actions and how the department supervised him.

At one point, he questioned the witness about a report that indicated that he had written down the license plate numbers of worshipers at a mosque.

"I was asked to do that," Mr. Eldawoody replied.

"Who asked you?" Mr. Stolar said.

"The detective," he said.

"He told you to go out and write down the license plates of people who attended services?" the lawyer asked.

"Yes," Mr. Eldawoody replied.

Who Might Fill Freedom Tower? First Of All, Feds (WSJ)

By Alex Frangos

The Wall Street Journal, May 2, 2006

NEW YORK -- Meant to be a shining beacon of liberty and commerce, the rebuilt World Trade Center's signature Freedom Tower is also likely to be a government citadel housing federal law-enforcement groups among other government agencies -- possibly enhancing its profile as a terrorist target.

Among the prospective tenants are the U.S. Customs and Border Protection and Immigration and Customs Enforcement, now both within the Department of Homeland Security, as well as the Secret Service and the Federal Bureau of Investigation.

The question of who will work in the heavily symbolic skyscraper -- planned at 1,776 feet high -- has dogged rebuilding officials since the days after 9/11. Private businesses scoffed at locating in a tall, high-profile building on the site of two terrorist

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attacks. New York City's government and the building's owner, the Port Authority of New York and New Jersey, say they won't take space in Freedom Tower, opting instead for less-visible buildings on the Ground Zero site.

Last year, architects had to completely redesign the tower to protect against possible truck bombs. The changes include a 20-story square concrete base that critics have likened to a bunker.

Filling the $2.1 billion Freedom Tower is the first stage of a larger challenge: attracting businesses back downtown and to the other four planned office skyscrapers, including the already built, and mostly empty, 7 World Trade Center. Complicating matters, if federal or state tenants don't sign on in the next few months, the rebuilding plan struck last week between developer Larry Silverstein and several government players could unravel.

An estimated 25% of the commercial office space at Ground Zero -- and at least 38% of the Freedom Tower -- will be filled by government tenants, echoing the government bailout of the first trade center. But persuading government employees to work there may prove challenging. Some 750 customs and immigration workers fled from 6 World Trade before it was destroyed when the north Twin Tower collapsed.

"It's frightening," a Customs border-protection worker said in an interview yesterday. The worker, employed by the agency at the former trade-center site, refused to give her name for fear of retribution from supervisors. "When I heard about the Freedom Tower, I just stood still, I couldn't feel," she said. "They're going to have to take me like this" -- she motioned with both arms -- "and move me."

Leah Yoon, a Customs and Border Protection spokeswoman, says, "Our mission is more important than ever, and to be able to do that from a location that symbolizes so much tragedy for our country is in many ways an opportunity for us to rise above the ashes."

While the government tenants would create something of a critical mass, urban planners warn they also could drive away private businesses that for cultural and prestige reasons don't like to cohabit with government agencies.

"The FBI isn't who a big law firm wants to be next to," says John K. McIlwain, senior resident fellow at the Urban Land Institute, an industry research group. For one thing, he explains, the type of "bottom-end" lobby and other economies that budget-conscious government tenants demand differ from the more luxurious touches preferred by the private sector. FBI spokeswoman Christine Monaco declined to comment.

More broadly, Mr. McIlwain says there is "no perceptible office demand" for the planned 8.8 million square feet of office space, most of which will hit the market at about the same time in 2012. When government is being counted on for a quarter of that space, he says, "you know you have a problem. That's not the kind of tenants you want" to attract private businesses.

Conversely, some government agencies don't like to mix with the private sector. "There are federal agencies that won't go in with certain kinds of tenants," says Eileen Long-Chelales, regional director of the General Services Administration, the agency that procures space on behalf of the federal government. "There are some operations that are very private in nature, and they don't want the world knowing where they there."

Some see echoes of the first World Trade Center, which was finished in 1973. "After they built the first trade center, and the place was empty, they went to government to fill it up," says Bettina Damiani, director of Good Jobs New York, a group that fights subsidies to business. She adds: "We haven't progressed."

Even with government tenants, the original World Trade Center was partly empty for years, creating a glut of space and depressing the office market. Some said it would never fill. But by the late 1990s, it reached full capacity, and the Port Authority was able lease the complex for 99 years to Mr. Silverstein for $3.2 billion.

Last week, after lengthy negotiations, Mr. Silverstein and a web of government players agreed in principal on a tentative rebuilding plan at Ground Zero whose provisions include relieving the developer of the Freedom Tower, leaving the Port Authority in charge.

But crucial to going forward is getting federal tenants into the tower, which is by no means a done deal. Indeed, New Jersey agreed to go along with the Freedom Tower takeover only after New York Gov. George E. Pataki promised to lure federal agencies as a hedge against the building being a financial drain to the authority. Gov. Pataki has until September, when the final rebuilding pact is due to be signed. If he can't land a government tenant, the New Jersey half of the Port Authority says it will cancel the Freedom Tower.

"We are confident government and private-sector firms will go into the Freedom Tower," says John McCarthy, Port Authority spokesman.

For the task of getting the federal government to take space in the Freedom Tower, Gov. Pataki has turned to his chief of staff, John Cahill, who has an inside advantage: His former deputy is the GSA's Ms. Long-Chelales.

"Now that there is a deal [with] Silverstein...it makes our conversation more fruitful," Ms. Long-Chelales says.

But hurdles remain. Congress needs to approve any leases that involve more than one million square feet. Also, the tower will need to meet federal civilian and law-enforcement standards, including parking spaces for federal agents.

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Ms. Long-Chelales wouldn't comment directly about how employees might feel about moving into the Freedom Tower. "I would not even want to get into the emotions," she says. "It's five years later, and memories of Sept. 11 are still in the minds and hearts of those who witnessed and were a part of that day."

Taylor Relents On Flight 93 Funds (RC)

By Ben Pershing

Roll Call, May 2, 2006

Reversing course in the face of pressure from his fellow House Republicans, Rep. Charles Taylor (N.C.) is expected to insert federal funding for a memorial to the passengers and crew of Flight 93 into the fiscal 2007 Interior spending bill this week.

Taylor has been under siege since The Washington Post first reported that the chairman of the Appropriations subcommittee on Interior was refusing to provide federal dollars to help purchase land for the construction of the memorial in Somerset County, Pa., to mark the sacrifice of the passengers who helped bring down the Sept. 11, 2001, flight before it could destroy the Capitol or the White House.

Taylor's office did not respond to a request for comment, and the Appropriations Committee also declined to discuss the issue. But two GOP sources said that the North Carolina lawmaker had dropped his opposition and would now include money for the memorial in Thursday's markup of the Interior bill.

The full details of that measure were not available Monday, but Taylor is expected to include — at the very least — the $5 million the Bush administration has requested for the fiscal 2007 bill to buy land for the memorial.

Taylor had argued that he is uncomfortable with the federal government gobbling up more private land when it is already the nation's biggest landowner. He also expressed wariness of having taxpayers pay for a memorial whose ultimate price tag is unclear.

But with a movie about Flight 93 in wide release and with GOP leaders unhappy about any suggestion that the party is unsympathetic to the cause, Taylor's fellow Republicans encouraged him to change his mind.

In an interview with the Winston-Salem Journal last week, Taylor said, "I support a memorial in Pennsylvania" but added, "What I am saying to you is, first, we have to have a price, and second, we need an idea of who is providing what."

Rep. Bill Shuster (R-Pa.), whose 9th district includes the proposed memorial site, wrote a letter to Taylor last week asking for the money "on behalf of the family members who we represent and the American people who support the ideals of the national memorial."

Shuster spokesman Tory Mazzola said Monday that he had not heard whether Taylor would put the requested money in the Interior bill, but he added, "We're still hopeful that it will be included."

Though Democrats — including Taylor's challenger this fall, former football player Heath Shuler — have already scored points trumpeting Taylor's initial stance, the decision to fund the land purchase for the memorial deprives Democrats on the Appropriations panel of the opportunity to insert the money themselves via an amendment at the subcommittee or full-committee level.

George Behan, spokesman for Interior subcommittee ranking member Norm Dicks (D-Wash.), said Monday that his boss had not yet formulated a plan to get the Flight 93 money into the bill because he assumed that Republicans would push Taylor into doing so himself before Thursday's hearing.

"We were assuming the issue would be resolved by then," Behan said.

Qatar Grants Millions In Aid To New Orleans (NYT)

By Stephanie Strom

The New York Times, May 2, 2006

The nation of Qatar plans to announce today roughly $60 million in grants to benefit the victims of Hurricane Katrina, including $17.5 million to Xavier University of Louisiana, the only historically black Catholic university in the United States.

Other beneficiaries are Tulane University, Children's Hospital in New Orleans, Habitat for Humanity, Louisiana State University and the March of Dimes.

Nasser Bin Hamad M. al-Khalifa, Qatar's ambassador to the United States, said the remainder of the $100 million his country had pledged would be assigned in the coming months.

"Hurricane Katrina was so devastating that everyone in Qatar and the rest of the world felt a responsibility to really act," Mr. Khalifa said. More than 50 countries donated money, expertise and materials, according to a tally by Foreign Policy, a magazine published by the Carnegie Endowment for International Peace.

Qatar was one of several Persian Gulf nations to donate tens of millions of dollars. Saudi Arabia, for instance, gave more than $100 million, and the United Arab Emirates pledged $100 million.

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Poor nations also donated. Less than a year after the Indian Ocean tsunami engulfed it, Sri Lanka gave $25,000 to the American Red Cross. Bangladesh gave $1 million, Cyprus $50,000, Ghana $15,000 and the Dominican Republic $50,000.

European countries tended to offer expertise, supplies and equipment instead of money. Denmark, for example, donated blankets, water purification units and first aid kits.

Many donor countries funneled their gifts through the State Department or other government agencies. The Federal Emergency Management Agency, for instance, used $66 million of foreign assistance to underwrite Katrina Aid Today, a consortium of nine religion-based and secular relief organizations led by the United Methodist Committee on Relief that is using the money to offer case management services to 100,000 families for two years.

The Department of Education now controls $60 million donated by foreign governments that it said it would disburse to organizations to rebuild classrooms and libraries, buy books and maybe even pay teachers' salaries.

"We want to give the money where it will have the greatest impact so the foreign governments can see how their funds are being used," said Valerie Smith, an Education Department spokeswoman.

Countries also gave money to the American Red Cross and to the Bush-Clinton Katrina Fund, the charity set up by former Presidents George Bush and Bill Clinton.

Qatar elected to distribute its money directly, rather than rely on an intermediary.

Ambassador Khalifa said the country wanted to insure transparency and accountability.

"Our past experience is that while you can give to any organization or to a government," he said, "you have no control over the money and then you discover the people most affected have not benefited."

To identify projects Qatar might want to support, the ambassador and his representatives talked to relief organizations, educators, members of Congress and other experts, and some embassy staff members traveled to the region.

Mr. Khalifa also drafted former Secretary of State James A. Baker; Laura D'Andrea Tyson, dean of the business school at the University of California, Berkeley, and a former economic adviser to President Clinton; Lee Raymond, former chief executive of the Exxon Mobil Corporation; and John J. DeGioia, the president of Georgetown University, to serve as an advisory board.

Qatar is giving Xavier, which is in New Orleans, $12.5 million to add 60,000 square feet to its College of Pharmacy so it can increase enrollment. The gift has additional benefits, the ambassador said, because it will provide construction jobs and because students from the university work in community clinics.

Xavier will also get $5 million for scholarships for students affected by the disaster.

"It's going to allow us to help those students to finish their educations," said Norman C. Francis, Xavier's president. "That's important because Xavier is the No. 1 producer of African-American graduates in the natural sciences, and those students then go on to get admitted to medical school."

Tulane will receive $10 million to help undergraduate students from Louisiana, Mississippi and Alabama who were affected by Hurricane Katrina, as well as students from those states entering the university next fall.

"The money will follow those students all the way through to graduation," said Scott S. Cowen, the university's president. "We anticipate over four years it will support roughly 300 students."

Qatar's $5.3 million gift was the biggest Children's Hospital has ever received, said Steve Worley, its president. The hospital will use $5 million to establish the Qatar Cares Fund, which it will use to underwrite medical care for needy children whose families were affected by the hurricane. The remaining $351,000 will go toward restoring the two of the hospital's five primary care clinics that were left standing after the storm.

"It's hard to know how to express our gratitude," Mr. Worley said.

How To Save FEMA (wp)

By E. J. Dionne Jr.

The Washington Post (editorial), May 2, 2006

So let's see: After the attacks of Sept. 11, 2001, we created a Department of Homeland Security, known as DHS, which was supposed to make us safer. The Federal Emergency Management Agency, which everyone refers to as FEMA, was folded into the spanking new department. Then FEMA failed abysmally during Hurricane Katrina.

Now Sens. Susan Collins and Joe Lieberman are arguing that FEMA, an agency that worked splendidly under President Bill Clinton, should be dismantled and reborn within DHS as the National Preparedness and Response Authority. Thus FEMA would become NPRA, which no doubt would be pronounced by newscasters as "Napra." Does saying "Napra" instead of "Fema" make you feel better?

Never mind that moving the once-successful FEMA into DHS may have been partly responsible for the downgrading of FEMA's mission. DHS had to worry about terrorism, so how could it take hurricanes seriously? And never mind that if POTUS,

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i.e., the president of the United States, had appointed good and smart managers to run FEMA, the agency would have done what it was supposed to do, as it did in the 1990s, according to no less an authority than then-Texas Gov. George W. Bush.

Collins, a Maine Republican who chairs the Senate Homeland Security and Governmental Affairs Committee, and Lieberman of Connecticut, the committee's ranking Democrat, are creative public servants. Whether renamed or not, the agency would work better if the administration takes their 86 ideas for reform seriously -- especially their section emphasizing the need for "capable and qualified leadership."

Yet there is something maddening about the Washington tendency to go for complicated, bureaucratic fixes for what are essentially human failures. These can often be remedied by taking an agency's mission seriously and appointing good people to carry it out.

"FEMA," Collins said last week, "has become a symbol of a bumbling bureaucracy in which the American people have completely lost faith." But if FEMA is such a bumbling bureaucracy, why did it work so well in the 1990s? It's perfectly clear from the appointments Bill Clinton made that he took FEMA's work far more seriously than did President Bush. That explains the agency's decline better than any analysis of bureaucratic flow charts.

If there is a bureaucratic question here, should we ask whether creating a Department of Homeland Security and tossing FEMA inside it has made us safer? At the risk of sounding like a crotchety conservative, I've always wondered about the conventional wisdom that adding a Secretary of X or a Secretary of Y automatically gets problem X or problem Y taken more seriously.

Doesn't the logic of the story suggest moving back to a time when FEMA worked? Why not just liberate it from DHS, as Sens. Trent Lott, Barbara Boxer, Hillary Rodham Clinton and Rep. Tom Davis have suggested, and make sure that competent people run FEMA? An independent agency run responsibly beats innovative acronyms almost every time.

WAR NEWS:

Years Later, 'Mission Accomplished' Closer (AP-Y2)

By Jennifer Loven

AP2, May 1, 2006

Three years after delivering his "mission accomplished" speech on Iraq, President Bush on Monday declared another turning point had arrived with the establishment of a permanent government in Baghdad.

"We believe we've got partners to help the Iraqi people realize their dreams," Bush said of the recent emergence of new Iraqi leadership. "They need to know that we stand with them."

The president's May 1, 2003, appearance on the USS Abraham Lincoln is one of his most indelible war-related images.

Clad in a flight suit, he emerged dramatically from a Navy jet that screamed in for a landing on the carrier's deck. Under a giant "Mission Accomplished" banner, Bush announced that "major combat operations in Iraq have ended."

Though he was careful not to declare overall victory and warned of difficult work ahead, the speech was congratulatory in tone and aimed at marking a pivot from invasion to reconstruction.

"In the battle of Iraq, the United States and our allies have prevailed," Bush said then. "The battle of Iraq is one victory in a war on terror that began on Sept. 11, 2001, and still goes on. ... We do not know the day of final victory, but we have seen the turning of the tide."

U.S. troops were trading fire with Iraqis almost daily, basic services were in a shambles and neither ousted leader Saddam Hussein nor weapons of mass destruction had been located. But the day seemed brilliantly staged. Detractors dreaded what they thought was inevitable — seeing the images of Bush jubilantly greeting homeward-bound sailors resurface in the president's 2004 re-election campaign and reinforce his wartime popularity.

It didn't turn out that way.

Violence in Iraq continued instead of ebbed. In the six weeks from the start of the invasion to Bush's speech, 139 U.S. soldiers had died. In the three years since, as of Sunday, there have been another 2,258 U.S. military deaths in Iraq — an average of 63 each month.

There have been three democratic elections with voter participation increasing each time. But it took four months of infighting to produce a slate of government leaders — expected to be finalized this month — representing all of Iraq's major ethnic and political factions in a fragile unity. Also, reliable electrical power is scarce, petty corruption is rampant and the government's Interior ministry is blamed for harboring death squads that are helping to drive sectarian violence.

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In a frank assessment, the No. 2 U.S. intelligence official, Gen. Michael Hayden, said last week that the war in Iraq currently inspires jihadists, but their failure there would weaken the movement globally. The U.S., he said, must not forget the importance of Iraq.

"The conflict there and — more importantly — how it is routinely portrayed in Islamic media continues to cultivate supporters for the global jihadist movement," Hayden told an audience in Texas during a little-noticed speech.

Amid the difficulties, Bush's overall approval rating has fallen to a new low.

Democrats cited the anniversary in criticizing the president.

Rep. Rahm Emanuel (news, bio, voting record), D-Ill., chairman of House Democrats' campaign arm, issued a reminder of some of the administration's main prewar predictions that proved false: that Iraqi oil production would finance the reconstruction, that American troops would be greeted as liberators, that weapons of mass destruction would be found, and that a war that is now heading toward a $300 billion-plus price tag wouldn't cost even a third of that.

Democratic leader Harry Reid stood on the Senate floor in front of a picture of Bush with the date May 1, 2003, and the phrase "Mission Accomplished" and read the names of the 16 troops from his home state of Nevada who had been killed.

Reid called it an "unfortunate anniversary" that marked "a public relations stunt gone horribly wrong."

White House press secretary Scott McClellan said some Democrats are choosing to ignore the importance of the unity government's establishment. "There's an effort simply to distract attention away from the real progress that is being made," he said.

In Bush's appearance outside the Oval Office with Secretary of State Condoleezza Rice and Defense Secretary Donald H. Rumsfeld, the president walked a fine line between celebrating achievements and warning of more sacrifices to come.

With U.S. officials hoping the government's existence will drain the insurgency and pave the way for an eventual drawdown of U.S. troop levels, Bush sent Rice and Rumsfeld to Baghdad last week to help boost the Iraqi leaders. The president said his top foreign policy officials reported back that the Iraqis understand the job ahead and are capable of fulfilling it — through what he warned will be more tough days because terrorists have caused "such turmoil and havoc."

"We believe this is a turning point for the Iraqi citizens and it's a new chapter in our partnership," Bush said. "This government is more determined than ever to succeed. "

More 'Tough Days' In Iraq, Bush Warns (WT)

By Joseph Curl

The Washington Times, May 2, 2006

President Bush yesterday warned there will be "tough days ahead" in Iraq, as Democrats pointed out that the president uttered nearly the same words three years ago to the day, when he landed on an aircraft carrier with a banner declaring, "Mission Accomplished."

Appearing in the White House Rose Garden with Defense Secretary Donald H. Rumsfeld and Secretary of State Condoleezza Rice, who have returned from a surprise trip to Baghdad, the president said a unity government established last week in Iraq "is more determined than ever to succeed."

"That's really important for the American people to know, that we've got partners in this effort who are dedicated to a unified Iraq and dedicated to putting a government together that is one that will represent all the Iraqi people," Mr. Bush said.

Democrats jumped at the opportunity to exploit the anniversary of Mr. Bush's appearance on the USS Lincoln, where he declared that "major combat operations in Iraq have ended" and that "the United States and our allies have prevailed."

Reporters were deluged with e-mails citing the president's three-year-old declaration, all bearing the same talking points.

Senate Minority Leader Harry Reid, Nevada Democrat, took to the floor and said "2,200 Americans have lost their lives" since Mr. Bush rendered his judgment of "mission accomplished." Mr. Reid accused the president of manipulating prewar intelligence and said U.S. intervention in Iraq to disarm Saddam Hussein has increased terrorism around the world.

The Democratic National Committee piled on.

"The administration owes the American people, including our brave troops and their families, more than a [public relations] strategy," DNC spokeswoman Karen Finney said.

The White House said Democrats were trying to "distract attention away from the real progress that is being made."

"It's unfortunate those Democrats refuse to recognize that a new unity government has just recently been formed, which really lays the foundation for more progress moving forward," Bush spokesman Scott McClellan said.

A former senior administration official noted that although Mr. Bush appeared in front of the "Mission Accomplished" banner and praised the military's quick victory, the president also said that "we have difficult work to do in Iraq."

"The Democrats know President Bush said there was still much hard work left in Iraq, and they are simply using this to bash him," the official said.

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With his secretaries of defense and state at his side, Mr. Bush yesterday expressed optimism that the new Iraqi government will be moving the nation toward its own security.

"We believe this is a turning point for the Iraqi citizens and it's a new chapter in our partnership," he said after an Oval Office meeting with his two secretaries. "This new government is going to represent a new start for the Iraqi people. It's a government that understands they've got serious challenges ahead of them."

The president said Mr. Rumsfeld and Miss Rice talked with the new Iraqi leaders about the need to "establish control over the militias and other unauthorized armed groups and enforce the rule of law."

Talking Up The New Guy (USNEWS)

By Kevin Whitelaw

U.S. News and World Report, May 2, 2006

BAGHDAD--It was, at least briefly, one of those hopeful moments that have been all too rare in Iraq. Over a relaxed supper of local fish and Arab salads, Secretary of State Condoleezza Rice was getting to know the top leaders of Iraq's next government. She was seated next to Tariq al-Hashimi, the Sunni politician set to become one of the nation's two vice presidents. Hashimi, like his other colleagues, was brimming with optimism for Iraq's first government under its new Constitution. "I think," he told Rice, "we're about to open a new chapter in Iraq."

But the next morning, it was just another page in a sadly familiar story: Hashimi's sister was gunned down in a drive-by shooting as she left her Baghdad home. (Only two weeks earlier, his brother had also been killed.) Somehow, progress in Iraq always seems to bring its own, often immediate, backlash. Each previous government transition has provoked a spike in violence, as insurgents try to make the new regime seem weak and ineffectual. So with the designation of a new choice for prime minister, Nouri al-Maliki, which broke a four-month stalemate, Iraq is bracing for another surge in attacks.

Herculean challenges. In a dramatic attempt to jump-start Maliki's efforts to form a new government, Rice and Defense Secretary Donald Rumsfeld staged an unusual joint surprise visit to the Iraqi capital last week. Their reception was mixed, but the trip is a sign of just how much Washington has riding on Maliki. The promise of a national unity government has been something of a political lifeline for the Bush administration in its search for some way to declare victory in Iraq and begin withdrawing significant numbers of U.S. troops. Rice and Rumsfeld are clearly hoping that Maliki's appointment will mark a turning point in a conflict that has dragged down President Bush's poll numbers to the lowest point in his tenure. But Maliki faces a herculean set of challenges in trying to keep this shattered, divided nation from slipping deeper into chaos.

For a start, Maliki announced that he intends to select his cabinet and launch his government as early as this week, although in Iraq, negotiations always seem to stretch out to the last possible minute, and deals are never certain until they are complete. So the Rice-Rumsfeld mission was a high-stakes gamble for the Bush administration, which has already been accused of playing a heavy-handed role in Iraqi politics. Rice had been in Baghdad only three weeks earlier to push politicians to find an alternative candidate to interim Prime Minister Ibrahim Jafari. This latest trip could end up complicating the delicate balancing act Maliki has to perform when parceling out ministry posts to the various parties. Indeed, as soon as they departed, Shiite firebrand cleric Moqtada al-Sadr condemned the visit as a "shocking intervention in Iraqi affairs." Rice and Rumsfeld also risked playing into the hands of Jordanian terrorist Abu Musab Zarqawi, who only one day earlier had released a rare videotape blasting the Iraqi government as a U.S. puppet.

Trust matters. Still, Rice and Rumsfeld emerged from their meetings enthusiastic about Iraq's next leaders. Maliki "understood his role and the role of the new government to really demonstrate that it's a government of national unity in which all Iraqis could trust," Rice said. Privately, Maliki assured them that his first priority would be to address what he called the "mistrust" between Iraqis from different elements of society, a key U.S. concern in the wake of the recent surge in sectarian violence.

Maliki is, for the most part, an unknown quantity. Rice had never met him before, although he is a longtime opposition figure and most recently headed the security committee in Iraq's parliament. He is reputed to be a hard-liner and belongs to the same Shiite religious party as his predecessor Jafari, whom U.S. officials have criticized sharply. So far, though, Maliki appears to stack up rather favorably. He is blunt and decisive, in contrast to the more inscrutable Jafari. Also, unlike Jafari, he does not bring with him a tight, secretive cadre of aides who tend to shut out other voices. Indeed, Maliki has so few confidants that U.S. diplomats lent him a few U.S. advisers for his transition team.

One of the biggest U.S. concerns about Jafari had been his unwillingness--or inability--to dismantle the various armed militias belonging to different political actors, both inside and outside the security forces. Those militias are thought responsible for some of the bodies, often showing evidence of torture, that turn up daily around the capital. So far, Maliki's public and private statements on this have been encouraging. "Weapons should be in the hands of the state only," he told an Iraqi satellite channel last week. "The carriage of weapons by others means the beginning of trouble that might lead us" to civil war."

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Maliki, however, has never held an executive management role, which makes it difficult to predict his ability to seize the reins of power. When his government takes office, it will inherit all the weaknesses of its predecessors--a crumbling infrastructure, largely unreliable security forces, and a feeble bureaucracy hampered further by rampant corruption. He will also assume power after an extended political vacuum that the Bush administration has blamed for exacerbating sectarian tensions.

In fact, Washington has attributed so many recent problems to the lack of a government that it has inadvertently raised expectations for Maliki that could prove to be unattainable. "I just hope that people understand and keep those expectations in check because it does take some time for any government, let alone one that is governing permanently for the first time, to get hold of the reins and to start making a difference in people's lives," says Rice.

Maliki told Rumsfeld and Rice that he understands that one of his first tests will be Baghdad's stifling summer heat, which will start building in the coming weeks. Electricity production nationally remains below prewar levels even as demand continues to mushroom. Parts of Iraq have seen gains. "The reliability and predictability and delivery of electricity outside Baghdad has improved since the war," says Daniel Speckhard, who runs the U.S. Iraq Reconstruction Management Office.

But inside the capital, supplies are still erratic, and residents are getting only between four and eight hours of power a day. Insurgents continue to sabotage power lines with alarming success. U.S. officials admit that significant boosts in output will take several years, but they believe that Maliki can at least improve the predictability of the power supply in Baghdad. Says Speckhard, "People will be watching closely to see how the government does on this."

Report: Iraq Oil Production Remains Below Prewar Level (WT)

By Rowan Scarborough

The Washington Times, May 2, 2006

Insurgents have come up with new ways to pierce Iraq's vital oil industry, keeping the daily flow below prewar levels despite an emerging protection force and a reduced number of attacks.

New numbers this week from the special inspector general for Iraq reconstruction (SIGIR) show oil production at 2.18 million barrels per day, 400,000 below 2003 prewar levels.

The World Bank estimates that just to stay at the current level, Iraq will need to invest at least $1 billion in additional revenue each year. The Iraqis want to achieve a 2.3 million-barrel-per-day rate.

The Bush administration once projected that Iraq would be rebuilt principally from Iraqi oil revenues, but that prediction has fallen by the wayside. U.S. taxpayers have funded more than $30 billion in reconstruction costs, plus tens of billions of dollars for military operations.

"Attacks on oil infrastructure remain a serous problem, despite attempts to bolster infrastructure security forces," said the quarterly report by IG Stuart W. Bowen Jr.

He said a program to train the Oil Protection Force to guard 4,340 miles of pipeline and 340 installations proved "largely unsuccessful." The Bush administration is now drafting a new defense strategy. The force was supposed to number over 14,000 troops, but today is at 3,400. Some units have been infiltrated by insurgents who provide critical information for plotting attacks.

"Although the number of infrastructure attacks has recently decreased, the complexity of the attacks has increased," the IG report said.

"Insurgents have become more proficient at targeting critical infrastructure nodes, as well as intimidating personnel who deliver essential services."

The report gave an example of how insurgents are hindering Iraq's primary source of income as it tries to build a new democratic nation. On Feb. 1, the enemy attacked a new desulphurization plant in Kirkuk. The Ministry of Oil then reverted to an older plant, which can only produce half of the new plant's 1 million barrels per day.

Mr. Bowen said the industry is plagued not only by sabotage, but also by its dilapidated state during Saddam Hussein's rule, by corruption and by uncertainties over what laws govern production.

Bush reconstruction officials say Mr. Bowen should not use the 2.58 million barrels as the benchmark production rate before the war. They say Saddam ramped up production in 2002 and '03 as war neared.

The officials, who asked not to be named, said it would be more accurate to use an average number from production in the late 1990s and 2000s, which would show a lower daily flow and make today's number appear more impressive.

Murtha Won't Sign Petition On Troop-withdrawal Measure (HILL)

By Roxana Tiron

The Hill, May 2, 2006

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Rep. John Murtha, the powerful Democratic defense appropriator from Pennsylvania, has never signed a discharge petition in his 32 years in Congress, and he refuses to bend, even if signing one means attracting more attention to the debate on the war in Iraq.

Murtha, the hawkish Vietnam veteran who voted for the war in Iraq, sent shockwaves by going public with his harsh criticism of the war last November, calling for the immediate withdrawal of U.S. troops.

Murtha's views attracted widespread attention in the media, but his stance polarized his own party and emboldened the House GOP to introduce a resolution calling for immediate troop withdrawal. Viewed as a political stunt in part meant to humiliate Democrats, the resolution sponsored by Rep. Duncan Hunter (R-Calif.), chairman of the House Armed Services Committee, attracted only three Democratic votes.

In early December, Rep. Neil Abercrombie (D-Hawaii) filed a motion to discharge the House Rules Committee from considering a resolution sponsored by Abercrombie and 67 other members that would require President Bush to develop and implement a plan for the withdrawal of U.S. troops from Iraq.

A discharge petition requires 218 signatures, a majority of the House's 435 members, to bring the bill out of a committee and start debate on the House floor.

As of Thursday, Abercrombie's discharge petition had gathered 106 signatures, including Minority Leader Nancy Pelosi (D-Calif.); Rep. Tom Lantos (D-Calif.), ranking member of the International Relations Committee; and Ike Skelton (D-Mo.), ranking member of the Armed Services Committee.

But Murtha's name is not alongside the other Democratic leaders.

In an interview, Murtha said he does not think it is appropriate to sign a discharge petition and disregard the committee process. He was also quick to point out that discharge petitions generally are not successful.

To get a majority, the petition needs some GOP signatures. Four Republicans have lent their names: Reps. Ron Paul (R-Texas), Walter Jones (R-N.C.), Wayne Gilchrest (R-Md.) and Jim Leach (R-Iowa).

A congressional source said it is hard to get the signatures of centrist Democrats who do not want immediate withdrawal from Iraq but feel that change is needed in approaching the war. "Skelton is a great win in that respect," the source said.

Murtha said there have been no repercussions for his outspoken criticism.

"Every place I go, I get a standing ovation," he said. "The people are distressed about the direction this country is going, distressed about the arrogance of the administration."

Abercrombie, the sponsor of the discharge petition, said that he would be delighted to have Murtha's signature but that he understands why Murtha refuses to sign.

"I am not pushing it," Abercrombie told The Hill.

He said there is a confluence of events taking place, including the retired generals calling for Secretary of Defense Donald Rumsfeld's resignation.

House Majority Leader John Boehner (R-Ohio) last week told his colleagues that he plans to have a lengthy debate on the war in Iraq, in a dramatic change of course.

"If [the Republicans] end up offering something similar and commit to doing it, [some lawmakers] could declare victory on the petition," a congressional source said. "If it is another stunt, people know the difference. If it is a good-faith effort, then the majority ends up doing the petition's will."

Meanwhile, Murtha said he believes that the war in Iraq has taken the United States away from focusing on the war on terrorism.

"I am trying to figure out a way to divert our attention to real terrorism," he said.

He said that war appropriations cannot be cut as long as troops are still fighting in Iraq. But once they are out of Iraq, or their numbers are significantly reduced, the money could go toward rail and port security, Murtha added.

"One month of war spending would secure our ports," he added.

Biden Offers Alternative Plan For Iraq (LAT)

By James Gerstenzang

The Los Angeles Times, May 2, 2006

WASHINGTON — Three years after President Bush declared beneath a "mission accomplished" banner that major combat had ended in Iraq, a leading Senate Democrat on Monday suggested the creation of separate, autonomous regions for Shiites, Sunnis and Kurds to counter continuing ethnic and religious violence.

The White House quickly denounced the idea. Bush said in a White House appearance that Iraq faced "more tough days ahead," but had reached "a turning point" with its new, full-term government.

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Sen. Joseph R. Biden Jr. of Delaware, the senior Democrat on the Foreign Relations Committee, presented his plan as an alternative to the options of a rapid withdrawal or a continuing war.

The "third way" Biden proposed would give each of the major ethnic and religious groups in Iraq broad authority to run local affairs.

The central government in Baghdad would be given limited, but specific, responsibilities for border defense, foreign policy, oil production and revenues.

The plan draws on ideas used to ease the bloody conflict among Muslims, Serbs and Croats in Bosnia-Herzegovina in the 1990s.

Regional governments — run by Kurds in the north; Sunni Muslims in the central region, excluding Baghdad; and Shiite Muslims in the south — "would be responsible for administering their own regions," the senator said. Baghdad, according to Biden's strategy, would be a federal zone.

Such a course would represent a sharp detour from Bush administration policy. The president and the rest of the U.S. foreign policy hierarchy have persistently pressured Iraqi leaders to establish a unified government and to resist pressures that the Bush administration fears could splinter the country and bring further instability that insurgents could exploit.

The White House's speedy rejection of the idea suggested that the plan would face steep odds. But it reflected a new effort to position Democrats between those calling for an immediate pullout from Iraq and the president's policy, which polls show is increasingly unpopular and threatens to become a factor in the November midterm elections.

Bush met with Secretary of State Condoleezza Rice and Secretary of Defense Donald H. Rumsfeld, who visited Baghdad together last week for the first top-level meetings with newly chosen government leaders.

"It's a new chapter in our partnership," the president said at a photo session in the Rose Garden that followed the Oval Office meeting. "This government is more determined than ever to succeed, and we believe we've got partners to help the Iraqi people realize their dreams."

The White House portrayed Biden's plan as one of partition. The senator rejected that description.

White House Press Secretary Scott McClellan said Iraqis would not support an arrangement leading to a weak central government.

Biden presented the plan in a speech to the World Affairs Council in Philadelphia and, in summary, in an essay co-written for the op-ed page of the New York Times with Leslie H. Gelb, president emeritus of the Council on Foreign Relations. Biden's office provided a transcript of his World Affairs Council remarks.

The senator's communications director, Norm Kurz, said Biden had presented the plan to other Democrats. "It is all evolving right now," he said.

In his speech to the World Affairs Council, a nonprofit, nonpartisan organization that presents lectures and discussions on foreign policy issues, Biden said each of the major ethnic and religious groups in Iraq would find a reason to support his proposal.

The senator said that Sunnis, dominant when Saddam Hussein ruled, were beginning to recognize that they would not regain power and feared a centralized government run by the majority Shiites.

The Shiites, he said, "know that they can dominate the government, but they can't defeat a Sunni insurrection."

He said the Kurds wanted to consolidate their autonomy in the north.

Biden also said that U.S. aid should be tied to protecting minority and women's rights, and that Bush should press other Persian Gulf states reaping windfall oil profits to make good on past promises of aid to Iraq and to offer new assistance.

In addition, he said Bush should order military commanders to prepare a plan for the withdrawal of nearly all of the 138,000 U.S. troops from Iraq by 2008, or sooner if it could be achieved "without precipitating a meltdown."

Biden said he would deploy perhaps 20,000 U.S. troops in or near Iraq to strike at insurgents, train Iraqi security forces and protect the country from its neighbors.

In Iraq, meanwhile, a meeting of the country's most senior Shiite Muslim cleric, Grand Ayatollah Ali Sistani, and Turkmen leaders from the northern city of Kirkuk offered a renewed demonstration of the simmering divisions among Iraqis.

Yalmaz Najar, leading the Turkmen group, said after the conference that Sistani had promised to defend the rights of Shiite Turkmens fighting with Kurds for political control of oil-rich Kirkuk.

Biden Pitches Division Of Iraq (WT)

By Christina Bellantoni

The Washington Times, May 2, 2006

DOJ_NMG_0027888

Sen. Joseph R. Biden Jr., the ranking Democrat on the Foreign Relations Committee, yesterday called for dividing Iraq into three separate regions held together by a loose central government, thus clearing the way for withdrawing most U.S. troops by 2008.

"It recognizes this new, central reality in Iraq [that] a rising tide of sectarian violence is the biggest threat to Iraq's future and to America's interests," the Delaware Democrat said. "It is premised on the proposition that the only way to hold Iraq together, and to create the conditions for our troops to responsibly withdraw, is to give Shi'ites, Sunnis and Kurds room to breathe in their own regions."

Mr. Biden, who has said he is considering a 2008 presidential campaign, promoted the idea as a "third way that can bring our troops home, protect our fundamental security interests and preserve Iraq as a unified country" in a speech to the World Affairs Council of Philadelphia and in an opinion piece published in yesterday's New York Times.

"The choice I'm proposing can give all of us ... realistic hope that our sacrifices in Iraq were not in vain," he said.

Sunnis, who ran the country during Saddam Hussein's dictatorship, historically have adamantly opposed splitting the nation.

White House press secretary Scott McClellan called the proposal a non-starter yesterday, saying President Bush and the Iraqis are committed to a "federal, democratic, pluralist and unified Iraq in which there is full respect for political and human rights."

"A partition government with regional security forces and a weak central government ... is something that no Iraqi leader has proposed and that the Iraqi people have not supported," he said.

But in his speech, Mr. Biden noted that Iraq has had three years of unity governments and "sectarian violence has escalated."

Staffers for Democratic leaders Rep. Nancy Pelosi of California and Sen. Harry Reid of Nevada had no immediate comment on Mr. Biden's proposal. Instead, their bosses criticized Mr. Bush on the third anniversary of his declaration that major military operations were over in Iraq.

"Since President Bush rendered his judgment of 'mission accomplished,' more than 2,200 Americans have lost their lives, about 20,000 have been wounded, many hundreds of billions of taxpayer dollars have been expended, and now, Iraq is engaged in a civil war, the degree of which is unknown," Mr. Reid said on the Senate floor. "Three years later, with fighting and violence continuing across Iraq, we know that declaration was woefully premature."

Mr. Biden, whose New York Times piece was co-authored with Leslie H. Gelb, president emeritus of the Council on Foreign Relations, defended their plan as consistent with Iraq's constitution and new government and used Bosnia as a supporting example. Allowing Muslims, Croats and Serbs to maintain separate armies "kept the country whole," and Bosnians have lived in relative peace since, he said.

The Biden plan would deem the Shi'ite, Sunni and Kurdish regions each responsible for their own laws, security and administration. A weaker central government would be created to police the borders and to run foreign affairs and oil revenues.

It would increase U.S. aid to Iraq on the condition the rights of women and minorities are protected, would withdraw all but a small force of U.S. troops by 2008 and would rely on the international community to help protect the country's borders to avoid a regional war. The plan also would guarantee Sunnis 20 percent of the country's oil revenue, but Iraq analysts worry it would leave Sunnis without any control of the country's oil production.

Analysts said splitting the nation along ethnic and sectarian lines would mean massive relocations of people and enormous upheaval in Iraq's major cities where all three groups reside.

Anthony Cordesman, a counterterrorism specialist at the Center for Strategic and International Studies, said a breakup would allow extremist groups with links to al Qaeda to increase their dominance over Sunni insurgents and push Iran to exploit the power vacuum left if the U.S. pulls out.

"The U.S. has made serious mistakes in Iraq, and Iraq may well divide on its own. A strategy of dividing Iraq, however, is virtually certain to make things worse, not better, and confront the U.S. with massive new problems in an area with some 60 percent of the world's proven oil reserves," he said.

Phebe Marr of the United States Institute of Peace said the cost of a breakup for Iraq is "likely to be much higher than gradually trying to move Iraqis toward compromise."

Iraqis Begin Duty With Refusal (WP)

By Nelson Hernandez

The Washington Post, May 2, 2006

DOJ_NMG_0027889

BAGHDAD, May 1 -- The graduation of nearly 1,000 new Iraqi army soldiers in restive Anbar province took a disorderly turn Sunday when dozens of the men declared that they would refuse to serve outside their home areas, according to U.S. and Iraqi military authorities.

The graduation ceremony at Camp Habbaniyah, a base about 45 miles west of Baghdad, had been going well. The 978 soldiers, most of them Sunni Muslims, had just finished nearly five weeks of military training and were parading before a review stand to the sounds of martial music. They took an oath of service while U.S. and Iraqi officials delivered speeches hailing the event as an important step toward the formation of a national army.

Then some soldiers started tearing their clothes off to demonstrate their rage.

The protest was triggered by an announcement that the new soldiers, all residents of Anbar province -- widely considered the heartland of Iraq's Sunni Arab insurgent movement -- would be required to serve outside their home towns and outside the province as well.

Recruiting Sunnis into the army has been a key goal of U.S. policies to rebuild the Iraqi armed forces. Sunday's ceremony for the first group out of a total of 5,000 men recruited from Anbar represented major progress in that effort. But army commanders worry that if the men serve in their own home towns, they could be co-opted by insurgents.

While the fracas fell well short of outright mutiny -- there were no reported injuries, and the soldiers ate a meal in an orderly manner later that day -- a video clip of the graduation aired on the al-Jazeera and al-Arabiya television networks throughout Monday gave the impression of a near-riot.

The clip showed what appeared to be dozens of angry, shouting troops ripping off their uniforms and throwing them in the air or on the ground. Others shook their fists in the direction of the camera, as Iraqi officers, waving their arms, attempted to stop the tumult. In the background, most soldiers simply milled around, looking confused about what was taking place.

U.S. military authorities, who issued a statement on Sunday night that made no mention of the incident, gave a more subdued account of what happened.

"It was actually a very small number of graduates," said Lt. Col. Michael Negard, spokesman for the Multi-National Security Transition Command-Iraq, which oversees the training of the Iraqi army and police forces. "It was a momentary but very brief display of displeasure. It was never out of control. It was over as quick as it started."

The incident appears to echo an event in April 2004 when a battalion of the Iraqi army was ordered to deploy to Fallujah to help U.S. Marines fighting there. The troops refused. During the following weeks, more than 15,000 other Iraqi soldiers and police officers deserted, forcing the training effort essentially to start over with new practices designed to increase the retention of recruits.

Army graduation ceremonies have often been troubled. In late 2003, according to Kalev Sepp, a retired Special Forces officer who has advised U.S. commanders in Iraq, U.S. trainers of one Iraqi unit so distrusted their students that they carried loaded pistols at a graduation ceremony in case of mutiny.

Iraqi soldiers and local authorities said the problem that surfaced in Sunday's ceremony has not yet been solved. A mediator, Brig. Salah Khalil al-Ani, said the soldiers were angry because they believed they would be assigned to serve in their province and home towns according to an agreement worked out by tribal and religious leaders in Anbar with Defense Ministry officers.

Local leaders in Anbar have long demanded that soldiers recruited from the province also serve there. They have accused the country's predominantly Shiite army of committing abuses against the Sunnis living there, and say this is why so many of the province's residents have supported the insurgents .

"We had volunteered to serve our cities and communities, particularly our families in Ramadi and Fallujah, who have been mistreated by the present soldiers of the Iraqi army, who come in large part from Shiite areas," said one of the recruits, Ahmad Mahmoud Azzawi. "If they disperse us to Shiite and Kurdish areas, we will not go. Frankly, we would much rather go back to our land, to plant and reap our produce, than to serve others."

But Negard said the soldiers knew what they were getting into when they enlisted. "They're recruited for national service, and they know this," he said. "They're prepared from the beginning to serve where the needs of the Iraqi army go."

"Diversity is good for the force," he said. "The bottom line is, when they're under fire and they're training, there are no signs of sectarianism."

Mohammad Abdulla Alawin, a recruit from Ramadi, said he wouldn't serve anywhere else; sectarian violence was one of his biggest worries. "We are afraid of the Shiite death squads which are found inside the Iraqi army, and who might kill us if we serve outside our province."

The governor of Anbar, Mamoun Sami Rasheed, told reporters that he tried to make the recruits understand that serving in the army is a great honor, regardless of where the service might be, because it is a service for the whole country. He urged them to obey their officers and follow discipline in order to serve as an example for others.

But it isn't yet clear which way the opinion of the soldiers will swing. Another volunteer, Falah Hussein, said the soldiers' officers have met with them and asked for four days to try to work things out.

"If there is no solution, we are going home," he said.

Iraqi Recruits Reportedly Balk At Postings Away From Home (NYT)

By Richard A. Oppel Jr. And Khalid W. Hassan

The New York Times, May 2, 2006

BAGHDAD, Iraq, May 1 — Hundreds of Iraqi soldiers recruited from volatile Anbar Province in the west unleashed a rowdy and angry protest during their army graduation ceremony on Sunday, an episode replayed frequently Monday on Arab satellite television.

After learning during the ceremony that they would be stationed away from their hometowns, the soldiers reacted with fury, with dozens stripping off their new uniform shirts. The new soldiers said they had been promised that they would serve only in their hometowns.

"When we enlisted we were told the men from Falluja would go to Falluja, the men from Husayba would go to Husayba, and the men from Qaim would go to Qaim," one new soldier said, in coverage of the event broadcast by Al Arabiya network. All are cities in Anbar.

The soldiers are shown squatting or sitting on a parade ground and listening to a speech by an Iraqi military commander. Then the commander says: "There is no such agreement, we are military," a reference to the soldiers' belief that they would be required to serve only in their hometowns.

As Iraqi officers try to quiet muttering in the crowd, the Iraqi commander, who is not identified, provokes the soldiers with a statement considered an insult by many Arabs: "If you like it, you are welcome. If you don't, the gate is large enough for a camel to pass through."

The soldiers rise in unison, with many angrily shaking their fists, shouting, waving their arms or throwing parts of their uniforms to the ground. Then, some protesters seem to wander into the background, while the television shows soldiers closer to the cameras who continue to shout and gesture.

A spokesman for the American military, which is overseeing training of the Iraqi Army, called the episode an isolated incident and said the Iraqi troops had soon calmed down and marched off to eat at the chow hall. He said he did not know whether soldiers were later disciplined.

The protest was "a relatively short, brief display of dissatisfaction" that "flickered out as soon as it flared up," said the spokesman, Lt. Col. Michael Negard.

"We have not seen this in the past," he said. The recruits were never promised that they would serve in their hometowns, he added. "They know they have an obligation to go where the army sends them," he said.

The linchpin of American success in Iraq — and eventual American withdrawal — is the performance of the Iraqi security forces, and whether they can mature into a skilled force loyal not to sectarian leaders but to a unified Iraqi government.

A major area of concern has been the Sunni Arabs, who are needed to help pacify insurgent strongholds in Anbar Province. The insurgency is dominated by Sunni Arabs, many of whom used to serve in the army under Saddam Hussein.

American commanders are eager to deploy battalions of fresh Sunni Arab troops in Anbar, and also to combat the notion that the new army is dominated by Kurds and Shiites. Some Sunni troops insist on serving close to home, in part so patrols near their families and hometowns are conducted by Sunni troops.

The ceremony, which took place at Camp Habbaniya, between Falluja and Ramadi, followed a five-week training course. In all, 978 soldiers graduated during the ceremony, according to a military press release that did not mention the protest.

In northern Iraq, Iranian artillery shelled the mountainous eastern fringes of Iraqi Kurdistan in the second day of attacks against land populated by Kurdish rebels, forcing some families to flee, according to reports from Kurdish officials.

On Sunday the Iraqi Ministry of Defense had accused Iran of lobbing mortars into the area and sending Iranian troops across the border to attack fighters affiliated with the separatist rebel group, the Kurdistan Worker's Party, or PKK, which favors an independent Kurdistan.

On Monday an official Iranian news agency denied as "unfounded and artificial" assertions that any troops had entered Iraqi Kurdistan. But the statement did not deny that shelling had taken place, and it warned that Iranian border guards "are on maximum alert to confront any provocation by terrorist groups."

The PKK rebels, who live along the border of Iraqi Kurdistan near both Iran and Turkey, are bitter enemies of both countries, which have their own populations of Kurds and seek to defeat any efforts toward an independent Kurdish nation. The State Department classifies the PKK as a "foreign terrorist organization," citing attacks in Turkey and other bloodshed, and says as many as 3,500 PKK members live in northern Iraq.

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The Web site of the Patriotic Union of Kurdistan, the political party that controls the eastern portion of Iraqi Kurdistan, quoted a PKK official as saying that dozen of families had to flee the shelling Sunday night and Monday morning, and that there were some casualties. An American military spokesman in Baghdad said Monday he could not confirm the reports.

U.S. Changes Guidelines For Troops To Lessen Everyday Tensions With Iraqi Civilians (NYT)

By Thom Shanker

The New York Times, May 2, 2006

WASHINGTON, May 1 — American commanders in Iraq are taking steps intended to lessen the chance for violent confrontations between their troops and innocent Iraqis during the daily routines of operating checkpoints and running convoys, senior military officers said.

The changes reflect deep worries that the conduct of American soldiers continues to alienate many Iraqis, despite three years of efforts by the American military to promote greater awareness among the troops of how their actions are perceived.

The changes are meant to avoid confrontations that escalate into the use of force, for example by substituting signs or other gentler warnings for the firing of warning shots, or using strobe lights to make sure civilian drivers approaching checkpoints can see the Americans clearly.

Lt. Gen. Peter W. Chiarelli, commander of day-to-day military operations in Iraq, took the unusual step of forwarding to his two-star Army and Marine Corps commanders recent articles in the British press that condemned American forces for what were described as unnecessary levels of rough behavior.

"I don't think it hurts us at all to take a look at it, and ask some tough questions about how we're perceived and how we act as soldiers here in Iraq," General Chiarelli said in a recent telephone interview from his headquarters near Baghdad. "It falls in line with what I'm trying to do in urging a higher level of understanding and cultural sensitivity."

There is no doubt that in the three years since the invasion, American forces have alienated Iraqis in large numbers, ranging from the catastrophic events at Abu Ghraib prison, where Iraqi detainees were abused by their American jailers, to more minor yet daily insults, when some soldiers have used unnecessarily rough techniques at checkpoints, in raids and during searches.

Some unit commanders in the field say the guidelines may make it harder to protect their troops. Some even warn that the emphasis might result in hesitancy among their soldiers when there is a real threat, and hinder their ability to carry the fight to the insurgency.

General Chiarelli said the measures will lower the number of incidents in which American soldiers resort to the use of force, while not increasing the risk to American troops. Working with Iraqi security officials, "We have defined the reaction that soldiers should take, and together we have defined what an escalation-of-force incident is," he said. "These are guidelines to think about in the use of force."

In a significant part of the effort, commanders across Iraq are working with intelligence officers to identify telltale indicators of suicide bombers and other attackers, to give soldiers on patrol a set of guidelines to interpret more effectively the threat presented by an unknown group of Iraqis. For security reasons, officers asked that those identifying signatures not be published.

The techniques also include issuing strobe lights to troops operating checkpoints so they can flash piercing, bright beams at cars that approach too rapidly — rather than firing warning shots. In many cases, Iraqi drivers may not be trying to run through the American checkpoints, but cannot see the soldiers on unlit roads at night, officials said.

The techniques are being used in some of the most violence-plagued parts of the country.

"We do use several different methods to communicate our intentions and to issue instructions to folks as we interact with them on the highways and streets in and around Falluja," said Lt. Nathan J. Braden, a Marine spokesman, in an e-mail message from Iraq.

"Our marines are equipped with a myriad of nonkinetic tools, such as signs in Arabic, flags, spotlights, horns, flares, sirens," Lieutenant Braden wrote.

The Army's Fourth Infantry Division, responsible for a region of cities and rural areas in central Iraq the size of West Virginia, including Baghdad, uses large, hand-held paddles to signal the road movements of its armored vehicles, Humvees and trucks.

American military convoys have been a constant irritant to Iraqi drivers.

"They have 'Stop' and 'Slow' written in Arabic and English, and we hand them up to the gunner in the turret to wave at Iraqi drivers along our route to indicate our movements," said Staff Sgt. Jeffrey Barker, who patrols southern Baghdad.

Lt. Col. Jonathan B. Withington, spokesman for the division, which arrived in Iraq in January, said large convoys also include a translator, loudspeakers and strobe lights. "We go through a deliberate convoy planning process, and speed is always

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a factor," Colonel Withington said in a telephone interview. "Our leaders drill down on this all the time. We have to be cognizant of how we carry ourselves here."

Some of these techniques were already being used in Iraq, but their use is being refined and accelerated in this sensitive time as Iraq struggles to establish a permanent government.

Commanders in the field, whose units interact directly with Iraqis, acknowledge the need to not offend the local population — but some say the new guidelines make their task far more difficult, especially against an adversary that shows no similar concern about reducing civilian casualties.

"Cultural sensitivity and trying not to alienate the neutral Iraqis is obviously one of the keys to the strategy here," said one field-grade officer in Iraq, who was granted anonymity to discuss the issue more freely. "However, we are fighting a brutal, ruthless gang of terrorists, who exploit any possible advantage beyond all human decency or morals."

The officer cautioned, "The restrained approach, as it is manifesting itself on the ground, is beginning to significantly handcuff our soldiers and leaders." He expressed concerns that "this undoubtedly is producing hesitancy" on the part of some soldiers and some unit leaders.

General Chiarelli said these measures were guidelines and did not replace formal "rules of engagement" that define when soldiers may and may not resort to deadly firepower to protect themselves from danger.

"What we are asking people to do is think through and talk through with soldiers the 'shoot-no shoot' scenarios, and ask, 'When should you apply deadly force?' " said General Chiarelli, who in January took over the Multinational Corps-Iraq and became the second-highest-ranking American combat commander in the country. "We want to give the soldier the opportunity to make the best decision possible."

General Chiarelli is known for his emphasis on missions beyond combat, such as creating jobs and providing city services, in securing and stabilizing the country, a view he developed during a previous tour serving more than a year in Iraq as commander of the First Cavalry Division.

"We risk the chance of creating an insurgent, of creating somebody who gets so disgusted with the quote-unquote 'occupiers' that they get off the fence and go to the wrong side," General Chiarelli said. "That has probably happened in many instances."

U.S. Snipers Protect Strategic Ramadi Road (AP)

By Todd Pitman

AP, May 1, 2006

On the roof of a ruined hotel-turned-observation post nicknamed "the Ramadi Inn," two U.S. snipers listen to Johnny Cash's "Ring of Fire" on an iPod and watch a firefight through holes knocked out of a penthouse wall.

Marines at another sandbagged outpost up the road are firing grenades at insurgents, sending clouds of smoke rising above a hazy midday skyline of rusting water towers, minarets and an exquisite blue-domed mosque.

"It's a never-ending war," says one of the snipers, 22-year-old Spc. Jarrod York of Mansfield, Pa., as explosions boom in the distance.

Ramadi, populated by Sunni Arabs 70 miles west of Baghdad, is the most dangerous city in Iraq for U.S. forces. Commanders say there are more insurgent attacks here than anywhere else in the country, with militants and American troops exchanging fire several times a day — at least.

American troops seized "the Ramadi Inn," known officially as OP Hotel, in 2004 to protect a road through the heart of the city. Two years later, they are using the building and others like it to secure Route Michigan, a key supply road for U.S. forces.

This four-story structure is one of the tallest in town, offering panoramic views over an urban wasteland crawling with insurgents. The troops say the militants are also watching them — casing their positions in vehicles, peeking around corners, looking from afar through binoculars and video cameras.

It's difficult to imagine the hotel ever had a place in Ramadi's hospitality industry. Rocket blasts have pummeled the building, a truck bomb nearly destroyed it and human hands have stripped it bare of furnishings.

The rooms on one dusty, darkened floor have been converted into sandbagged machine-gun nests manned by U.S. and Iraqi forces.

With boxes of ammunition and spent bullet casings at their feet, troops sit with binoculars 24 hours a day. They brace for attacks, watch for guerrillas and keep an eye out for battles — muzzle-flashes, explosions, plumes of smoke.

"We watch for anything that's not normal. But nothing's normal around this place," said Spc. Joe Sommer, 20, of Lawrenceville, Ga., his belt-fed machine-gun poking out a hallway window.

Past dreary halls draped with camouflage nets, soldiers sleep in cot-crammed quarters with no electricity, running water, phones or Internet.

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Iraqi forces arrived a couple weeks ago and sleep on their own floor. A few promptly installed a satellite on the roof so they could watch TV in their rooms.

Every window has been sealed with leaking sandbags. Troops joke the weight of the bags may bring down the building. Scrawled on one wall: "Ramadi Inn, aka OP Sandbag."

Only a few rooms have generator-driven fluorescent lights: the command center and a kitchen stacked with military rations. A few rays of sunlight stream in during the day, but the darkness "makes you feel like you're living in a cave," said Army Lt. Nicholas Goshen, 24, of Cleveland.

Ringed by trash, blast walls and razor wire, the hotel's crumbling brown balconies and boarded windows are covered by chicken-wire fencing that hangs from the roof to help deflect shoulder-fired grenades.

Exchanges of fire have wasted most surrounding buildings and forced nearby residents to flee.

"It's sad, but this hotel is critical to keeping Route Michigan open," Goshen said, looking at vacant, bullet-sprayed shops across the street.

The snipers are stationed in a small enclosed room called the penthouse, which is on the roof.

Sgt. 1st Class Britt Ruble, platoon commander for Charlie Company of the Army's 1st Battalion, 506th Infantry Regiment, said snipers had "taken out quite a few people digging in alleys" — planting roadside bombs — in the past year.

Ruble said rocket-propelled grenades struck the hotel at least 10 times in recent months, one of which hit the wall above Spc. Richard Cruz, 27, of Los Angeles.

"It knocked him back off his gun, but he got right back up and kept shooting," Ruble said.

Soldiers said bullets flew through the windows during that gunbattle in March, ricocheting off walls. One round hit an American soldier in the ankle; a medic found the 7.62 mm slug in his boot.

After that, "we took the sandbags all the way to the ceiling, doubled 'em, made 'em so we can actually fight from 'em," Ruble said.

Black marks and chips on the walls and ceilings bear testament to such stories, but soldiers say it is quieter here now than it had been — and quieter than other Marine-manned outposts along Michigan that are attacked daily.

When not on guard duty, troops read, play hand-held video games or write letters. On Sunday, a few watched "The Greatest Wrestling Stars of the 80s" on a laptop. Hot meals arrive in plastic containers once a day. Sometimes breakfast and even ice cream are thrown in.

But luxury it is not.

On some walls the words "never forgotten" are written beside the names of fallen soldiers.

Goshen said he tries to call his girlfriend before going on a four-day stint at the hotel. This time, coming off another mission, he had no time.

"She knows I'm guarding a hotel, but she probably thinks it's a nice hotel and I live in a room. She doesn't understand," he said. "My family would probably get a little scared if they saw what this place looks like."

Shiite Cleric Seen Trying To Broaden His Base Of Support (KRT)

By Nancy A. Youssef

Knight Ridder, May 1, 2006

BAGHDAD, Iraq - Firebrand cleric Muqtada al-Sadr is working behind the scenes to maintain his armed militant wing and portray it as a social movement, a step that would make him one of Iraq's most powerful figures if it succeeds, U.S. officials and Iraqi politicians say.

American officials think that al-Sadr, who already controls the largest bloc of votes in the National Assembly, is modeling himself after Lebanon's Hezbollah, the Iranian-backed Shiite Muslim movement born during that country's civil war in the 1980s. Although it began largely as an armed group, it eventually became a powerful political force with a large social-service component.

Some U.S. and Iraq officials think that al-Sadr's shift is a symptom of a growing rift within the powerful Shiite United Iraqi Alliance, which has dominated Iraq's two parliamentary elections. That split pits al-Sadr and his Mahdi Army militia against members of the Supreme Council for Islamic Revolution in Iraq to be the voice of all Iraqi Shiites.

"It's a struggle for power," said Adnan Pachachi, a secularist and member of parliament.

A successful move by al-Sadr would be a major transformation for the 30-something scion of a clan of revered Shiite religious figures. Once derided as ill educated and undisciplined, al-Sadr has been on the verge of defeat twice at the hands of the American military and once was charged by an Iraqi court with murdering two prominent Shiite clerics.

But he's maintained his role in Iraq, joining the United Iraqi Alliance while maintaining his Mahdi Army, which controls Sadr City, Baghdad's largest Shiite neighborhood, named for al-Sadr's father.

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Now al-Sadr is working to expand his influence, building regional offices in major Shiite communities to help widows, workers, children and the sick with services the Iraqi government can't yet provide, such as health care and potable water.

Al-Sadr also is insisting in talks to form a new government that his followers, who hold 32 of the assembly's 275 seats, lead key service ministries such as education and health.

At the same time, U.S. officials think al-Sadr is trying to better organize and train the Mahdi Army, expanding his reach by placing fighters in Shiite communities beyond Sadr City.

"I think he is now trying to work a parallel program and make (the Mahdi Army) more professional while also developing these organizations throughout the districts that ensure religious outreach, education, social advantage and opportunity," said a top U.S. intelligence official who agreed to speak only if granted anonymity because of the sensitive nature of the subject. "All the things that the government doesn't fill in, he will."

Sheik Yousif al-Nasseri, an al-Sadr supporter and the head of al-Shaheedin, an al-Sadr-oriented research center, embraced the comparison between al-Sadr's movement and Lebanon's Hezbollah, particularly if it means that the populace sees al-Sadr as representing the people.

"If this is their vision, that we resemble Hezbollah, then God willing we are going to be stronger than Hezbollah and move the people and the nation," al-Nasseri said.

Hezbollah began as a militant group that opposed the Israeli presence in southern Lebanon, but it began to provide services such as clinics and clean water with the help of financial backing from Iran. In the most recent Lebanese elections, Hezbollah won 23 of the 128 seats in the Lebanese Parliament, and it holds two ministerial posts.

The State Department lists Hezbollah as among the Middle East's "active extremist and terrorist groups."

American officials also take a dim view of al-Sadr, whom they hold chiefly responsible for attacks on Sunni Muslim mosques after the Feb. 22 bombing of the Askariya shrine, a Shiite holy site, in the mostly Sunni city of Samarra. In the aftermath of those attacks, U.S. Ambassador Zalmay Khalilzad said militias were a greater threat to Iraq than the country's Sunni insurgency.

Al-Sadr publicly says his Mahdi Army isn't a militia but an unorganized group of street fighters who take up arms only when needed. "There is no party organization, no salaries paid out, no bases and they use only their personal weapons," Sadr said at a rare news conference last week.

Officials say al-Sadr's effort to establish the Mahdi Army as a provider of essential services also highlights his disagreement with other key members of the United Iraqi Alliance, particularly the Supreme Council for Islamic Revolution in Iraq. Al-Sadr views the Supreme Council's militia, the Badr Organization, as too close to Iran, which gave shelter to many Supreme Council leaders during Saddam Hussein's rule.

Al-Sadr also rejects calls for allowing Iraqi regions a great deal of autonomy, which is known here as federalism. The Supreme Council supports the idea.

U.S. officials think al-Sadr is trying to broaden his base of support so that he can challenge the Supreme Council for prominence.

Not everyone thinks he'll be successful. They note that in contrast to Hezbollah's leader, Sheik Hassan Nasralla, who's considered one of the most charismatic figures in the Middle East, al-Sadr often appears awkward and indecisive in his public appearances.

In addition, they argue, he can't win over the majority of Shiites, particularly since most are loyal first to Iraq's No. 1 Shiite cleric, Grand Ayatollah Ali al-Sistani.

"He is trying, but I don't think he can," said Saad al-Janabi, a former Sunni negotiator who joined the National Assembly as a secularist. "There is no one voice of the Shiites."

Pachachi noted Hezbollah's close ties to Iran, an important element in its survival and something that al-Sadr could be lacking.

But they agree that there's a vacuum for someone to fill, because the government remains weak and residents are frustrated by the religious and ethnic discord and the lack of services.

"In a strange way, he has emerged as a nationalist leader," said James Denselow, an Iraq specialist at the London-based Chatham House, an international research center. "Whether he can do it or not is something else."

200 Shiites Push For Better Security Throughout Iraq (USAT/AP)

By The Associated Press

USA Today, May 2, 2006

BAGHDAD — About 200 Shiites, many of them women in full-length black abayas, rallied Monday outside the Green Zone to demand that U.S. and Iraqi forces do more to stop attacks on Iraqis.

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Some protesters waved large banners with slogans demanding better care for families displaced by sectarian violence.

Two Iraqi men — a soldier and a civilian — emerged from the Green Zone, home of the U.S. Embassy and the Iraqi government, to meet with the protesters and take notes about their demands.

Such demonstrations are rare in Baghdad because of fears large groups might attract suicide bombers.

In the latest violence, four people were killed Monday when a bomb exploded in a market in Madain, a mostly Shiite town 14 miles southeast of Baghdad, police told the Associated Press. Two people were wounded.

At least 15 bullet-riddled bodies were found in the capital, the Interior Ministry said. The victims were men; all were handcuffed and blindfolded, the ministry said.

In addition, two people were killed Monday in drive-by shootings in Diyala province northeast of Baghdad, police told the AP.

In other news:

·In northern Iraq, Iranian forces shelled a border area used by Iranian Kurdish rebels, forcing some families to flee but causing no casualties. Mustafa Qader, a member of the political bureau of the Patriotic Union of Kurdistan Party, said the shelling began at about 9 a.m. Sunday and continued until 5:30 a.m. Monday.

·An Arab television station aired videotape Monday of what it said was the dead body of a prime minister under Saddam Hussein, showing Iraqi men kicking and stepping on the head of the corpse.

Al-Arabiya said the body in the videotape was that of Mohammed Hamza al-Zubaidi. The individual appeared dead and men wearing boots were kicking the head.

The U.S. military reported on Dec. 5 that al-Zubaidi, 67, had died of heart failure three days earlier in a U.S. military hospital. Two days before the death announcement that carried al-Zubaidi's name, the military had said an unnamed 67-year-old Iraqi died at the 344th Corps Support Hospital.

Al-Arabiya quoted a U.S. Army spokesman as saying al-Zubaidi's body had been turned over to the appropriate Iraqi government ministry after an autopsy.

Video Shows Mistreatment Of Hussein Official's Body (WP)

By Nelson Hernandez And Saad Al-izzi

The Washington Post, May 2, 2006

BAGHDAD, May 1 -- The dead body of one of Saddam Hussein's top lieutenants was kicked and insulted after U.S. forces transferred it into Iraqi custody, according to a video of the incident that aired on al-Arabiya television on Monday evening.

The brief, grainy video appears to show the pale, lifeless face of Muhammad Hamza al-Zubaydi, a former prime minister of Iraq, with an unidentified man's shoe upon it. "Step over his mouth, step over it," another man says. A man kicks the face. Apart from the obvious indignity of being kicked, being touched by the bottom of a shoe is a grave insult in Arab culture.

Zubaydi was captured on April 20, 2003, as the "queen of spades" in the pack of cards of fugitives distributed by U.S.-led forces early in the war. The new government says he was instrumental in Hussein's brutal suppression of a Shiite uprising in 1991 after Iraq's defeat in the Persian Gulf War.

A video from that period depicted Zubaydi, a Shiite, kicking and abusing Shiites captured by the Iraqi army.

He was set to face charges in the special tribunal trying Hussein on war crimes charges. But in December, U.S. officials announced that Zubaydi had died of natural causes while in U.S. custody. He was 67.

U.S. authorities transferred his body to the Iraqi Ministry of Health for an autopsy. It was there that he received the blows, according to the al-Arabiya report.

Ali Ghalib, the deputy interior minister, said the country's police force had nothing to do with the incident. He promised an investigation.

"This act took place away from the eyes of the police," Ghalib said in an interview broadcast on al-Arabiya. "We do not have any security or administrative supervision over the department of forensic medicine, and it is an open place for any Iraqi citizen to enter. So for those who were harmed by the crimes of this man during his time, this came as a personal, individual reaction."

Calm At The Center Of The Storm (NYT)

By Bartle Breese Bull

The New York Times, May 2, 2006

Hilla, Iraq

HERE in the hometown of Iraq's prime minister-designate, Nuri al-Maliki, people are understandably excited. And not just because a local boy has done well. Rather, they hope Mr. Maliki's ascension is a sign that Iraq as a whole may emulate their

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province's remarkable success in combating Iraq's two main security threats: Sunni Arab terrorism and the infiltration of Shiite militias into the state security forces.

Hilla is the capital of Babil Province, 900 square miles just south of Baghdad that could well turn out to be the country's crucial province. Babil's population of 1.6 million, like that of Arab Iraq in general, is mostly Shiite with a Sunni minority. The province borders not only the capital but also the Sunni heartland, Anbar Province, to the west and the Shiite holy places Najaf and Karbala to the south. In the east, Babil's neighboring provinces stretch to Iran and feel its influence heavily.

Babil's date palm plantations, flat alluvial landscape and almost infinitely divided lattice of irrigation canals give the place a timeless and emblematic feeling. It was home to Babylon — and the Tower of Babel. Thus it was here that Iraq gave the world the "confusion of languages": what should be the blessing of diversity, now cast as the curse of identity politics.

If everything goes to pieces in Iraq, we will not hear much more about Babil. In that case it will be Anbar, Basra, Kirkuk, Sadr City and the Green Zone in Baghdad that will symbolize pessimism and disaster. But if things go well, or at least better — if Iraq still exists five years from now, and continues to be more free than all of its neighbors except Turkey and less of a threat to them than it used to be — then Babil will have been a major reason for the success.

What Iraqis care about above all else these days is security, and Babil — apart from the so-called Death Triangle around the towns of Latifiya, Mahmudiya and Yusufiya in the Sunni north — is a safe place. In the December national elections, voter turnout in Babil was nearly 70 percent without a single serious incident of violence.

During the Shiite festival of Ashura this year, marked by 10 days of pilgrimage to Najaf and Karbala, some half a million pilgrims walked and drove through the province without reports of a single insurgent attack. Of the 81 civil reconstruction projects undertaken in Babil outside the Death Triangle in the last year — most related to water and electricity — not one has been attacked by Sunni insurgents or Shiite militias, according to the executive officer of the American troops here, the First Squadron of the 10th Cavalry. He told me that his troops had experienced only eight cases of hostile contact, and not a single casualty, since arriving in December. (They are vacating the base now and will not be replaced.)

Order here is not of the same magnitude as that in the Kurdish north, where 15 years of freedom have allowed the development of a highly efficient police state. Nor is it the false quiet of the south, where the allied forces' ceding of the streets to Shiites militias has masked a situation in which Basra is more frightening to liberal Iraqis and to foreigners than is Baghdad. Order in Babil is real order, not gangster order.

What really makes Babil special is that it is a largely Shiite province in which the Shiite militias — the Mahdi Army and the Badr Brigades — have almost no foothold. But they are trying. All Iraq's police answer to the Interior Ministry, which is held by the Supreme Council for Islamic Revolution in Iraq, the main Iranian organ in the country. And the interior minister, Bayan Jabr, has repeatedly tried to replace Babil's independent-minded provincial police chief, Gen. Qais Hamza al-Maamony. Under heavy pressure from the Americans, however, the minister agreed in January to a moratorium on the replacement of senior police officers until after the formation of the new government.

Nonetheless, according to American officials in the province, General Maamony was recently forced to accept 700 candidates recommended by the ministry — that is, by the Supreme Council for Islamic Revolution — for the incoming class of the provincial police academy. The police chief, I'm told, plans to spread these recruits as thinly as possible around the province upon their graduation to lessen their impact on the force.

General Maamony and his 8,000 men — especially the provincial SWAT teams, which supply the muscle that the relatively poorly trained and lightly armed regular police often cannot or will not provide — are understandably unpopular with the council and its military wing, the Badr Brigades. And they are equally feared by the Mahdi Army of the rebel Shiite cleric Moktada al-Sadr. A member of one local SWAT team often wears a baseball hat with "Mahdi Militia Killer" inscribed on it.

One Iraqi-American living here told me that he saw an operation in which the SWAT team drove up to a Mahdi checkpoint in civilian cars and clothes one night last year and killed 38 of the militiamen. While this number may be an exaggeration, unquestionably the local police forces are taking on the militias.

Of course, the Shiite militias are not the only danger. Up in the Sunni north, the province's police commandos mount 40-man daylight patrols in support of the overwhelmed local police officers, bouncing down rural byways, swerving around holes in the main roads created by homemade bombs, pointing out to me the places where in recent weeks they have fought in gun battles that often lasted several hours.

AT night they conduct more focused missions, often in the company of American Special Forces operatives, to apprehend suspected insurgents. One Special Forces commander told me he had worked with local policemen in just about every hot spot around the world since 1980, and that the Iraqi commandos in Babil are "the best any of us have ever seen."

They are also worried, as are their colleagues among the regular police. When the current moratorium on firing nonpartisan police officials expires with the formation of the new government (Mr. Maliki has about three weeks to finish that task), a momentous drama will break out inside the Interior Ministry in Baghdad. If the ministry stays in the hands of the Supreme Council

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for Islamic Revolution, then the people of Babil might find their streets and markets patrolled by men with greater allegiance to the council than to the legitimate Iraqi government and the country's best interests.

Should this happen, the assault commander of the provincial police commandos told me, he and his men might have to retire together to a rural compound where they would be out of jobs and out of uniform, but they could try to keep one another safe.

Can the new government prevent this success story at the heart of Arab Iraq from becoming yet another stronghold of theocrats, thugs and meddling neighbors? Handicapping Iraqi politics is a fool's game, of course, but if anyone can, it might well be Mr. Maliki. While he spent some years of his exile in Iran, he was the leader of the pro-Arab, rather than the pro-Iranian, wing of his party, Dawa. He has a strongly Shiite identity, yet his acceptance in his new post by Kurdish and Sunni politicians has been on surprisingly warm terms.

Undoubtedly, Mr. Maliki is less of an Iranian stooge and a far more forceful character than his predecessor, Ibrahim al-Jaafari. He also has solid anti-insurgent credentials. As chairman of the Parliament's national security committee, he was the architect of the popular new law that, among other things, attacks the economic basis of domestic insurgent support by going after the property and wealth of those convicted of abetting terrorists.

The key for the incoming government will be to apply this law vigorously in the knowledge that nonsectarian and nonpartisan control of local security forces is the key to domestic order and, ultimately, reconstruction.

Babil shows that such a thing is possible. But if this province is to continue to provide an island of relative order in the heart of Arab Iraq, people like General Maamony need to keep their jobs. For now, in the blast-walled compounds of the Hilla police forces and commandos, the real sense of siege is not from the insurgents and militias they fight almost every day, but from the politicians in Baghdad.

White Guilt And The Western Past (WSJ)

By Shelby Steele

The Wall Street Journal, May 2, 2006

There is something rather odd in the way America has come to fight its wars since World War II.

For one thing, it is now unimaginable that we would use anything approaching the full measure of our military power (the nuclear option aside) in the wars we fight. And this seems only reasonable given the relative weakness of our Third World enemies in Vietnam and in the Middle East. But the fact is that we lost in Vietnam, and today, despite our vast power, we are only slogging along -- if admirably -- in Iraq against a hit-and-run insurgency that cannot stop us even as we seem unable to stop it. Yet no one -- including, very likely, the insurgents themselves -- believes that America lacks the raw power to defeat this insurgency if it wants to. So clearly it is America that determines the scale of this war. It is America, in fact, that fights so as to make a little room for an insurgency.

Certainly since Vietnam, America has increasingly practiced a policy of minimalism and restraint in war. And now this unacknowledged policy, which always makes a space for the enemy, has us in another long and rather passionless war against a weak enemy. * * *

Why this new minimalism in war?

It began, I believe, in a late-20th-century event that transformed the world more profoundly than the collapse of communism: the world-wide collapse of white supremacy as a source of moral authority, political legitimacy and even sovereignty. This idea had organized the entire world, divided up its resources, imposed the nation-state system across the globe, and delivered the majority of the world's population into servitude and oppression. After World War II, revolutions across the globe, from India to Algeria and from Indonesia to the American civil rights revolution, defeated the authority inherent in white supremacy, if not the idea itself. And this defeat exacted a price: the West was left stigmatized by its sins. Today, the white West -- like Germany after the Nazi defeat -- lives in a kind of secular penitence in which the slightest echo of past sins brings down withering condemnation. There is now a cloud over white skin where there once was unquestioned authority.

I call this white guilt not because it is a guilt of conscience but because people stigmatized with moral crimes -- here racism and imperialism -- lack moral authority and so act guiltily whether they feel guilt or not.

They struggle, above all else, to dissociate themselves from the past sins they are stigmatized with. When they behave in ways that invoke the memory of those sins, they must labor to prove that they have not relapsed into their group's former sinfulness. So when America -- the greatest embodiment of Western power -- goes to war in Third World Iraq, it must also labor to dissociate that action from the great Western sin of imperialism. Thus, in Iraq we are in two wars, one against an insurgency and another against the past -- two fronts, two victories to win, one military, the other a victory of dissociation.

The collapse of white supremacy -- and the resulting white guilt -- introduced a new mechanism of power into the world: stigmatization with the evil of the Western past. And this stigmatization is power because it affects the terms of legitimacy for

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Western nations and for their actions in the world. In Iraq, America is fighting as much for the legitimacy of its war effort as for victory in war. In fact, legitimacy may be the more important goal. If a military victory makes us look like an imperialist nation bent on occupying and raping the resources of a poor brown nation, then victory would mean less because it would have no legitimacy. Europe would scorn. Conversely, if America suffered a military loss in Iraq but in so doing dispelled the imperialist stigma, the loss would be seen as a necessary sacrifice made to restore our nation's legitimacy. Europe's halls of internationalism would suddenly open to us.

Because dissociation from the racist and imperialist stigma is so tied to legitimacy in this age of white guilt, America's act of going to war can have legitimacy only if it seems to be an act of social work -- something that uplifts and transforms the poor brown nation (thus dissociating us from the white exploitations of old). So our war effort in Iraq is shrouded in a new language of social work in which democracy is cast as an instrument of social transformation bringing new institutions, new relations between men and women, new ideas of individual autonomy, new and more open forms of education, new ways of overcoming poverty -- war as the Great Society.

This does not mean that President Bush is insincere in his desire to bring democracy to Iraq, nor is it to say that democracy won't ultimately be socially transformative in Iraq. It's just that today the United States cannot go to war in the Third World simply to defeat a dangerous enemy.

White guilt makes our Third World enemies into colored victims, people whose problems -- even the tyrannies they live under -- were created by the historical disruptions and injustices of the white West. We must "understand" and pity our enemy even as we fight him. And, though Islamic extremism is one of the most pernicious forms of evil opportunism that has ever existed, we have felt compelled to fight it with an almost managerial minimalism that shows us to be beyond the passions of war -- and thus well dissociated from the avariciousness of the white supremacist past.

Anti-Americanism, whether in Europe or on the American left, works by the mechanism of white guilt. It stigmatizes America with all the imperialistic and racist ugliness of the white Western past so that America becomes a kind of straw man, a construct of Western sin. (The Abu Ghraib and Guantanamo prisons were the focus of such stigmatization campaigns.) Once the stigma is in place, one need only be anti-American in order to be "good," in order to have an automatic moral legitimacy and power in relation to America. (People as seemingly desperate as President Jacques Chirac and the Rev. Al Sharpton are devoted pursuers of the moral high ground to be had in anti-Americanism.) This formula is the most dependable source of power for today's international left. Virtue and power by mere anti-Americanism. And it is all the more appealing since, unlike real virtues, it requires no sacrifice or effort -- only outrage at every slight echo of the imperialist past.

Today words like "power" and "victory" are so stigmatized with Western sin that, in many quarters, it is politically incorrect even to utter them. For the West, "might" can never be right. And victory, when won by the West against a Third World enemy, is always oppression. But, in reality, military victory is also the victory of one idea and the defeat of another. Only American victory in Iraq defeats the idea of Islamic extremism. But in today's atmosphere of Western contrition, it is impolitic to say so. * * *

America and the broader West are now going through a rather tender era, a time when Western societies have very little defense against the moral accusations that come from their own left wings and from those vast stretches of nonwhite humanity that were once so disregarded.

Europeans are utterly confounded by the swelling Muslim populations in their midst. America has run from its own mounting immigration problem for decades, and even today, after finally taking up the issue, our government seems entirely flummoxed. White guilt is a vacuum of moral authority visited on the present by the shames of the past. In the abstract it seems a slight thing, almost irrelevant, an unconvincing proposition. Yet a society as enormously powerful as America lacks the authority to ask its most brilliant, wealthy and superbly educated minority students to compete freely for college admission with poor whites who lack all these things. Just can't do it.

Whether the problem is race relations, education, immigration or war, white guilt imposes so much minimalism and restraint that our worst problems tend to linger and deepen. Our leaders work within a double bind. If they do what is truly necessary to solve a problem -- win a war, fix immigration -- they lose legitimacy.

To maintain their legitimacy, they practice the minimalism that makes problems linger. What but minimalism is left when you are running from stigmatization as a "unilateralist cowboy"? And where is the will to truly regulate the southern border when those who ask for this are slimed as bigots? This is how white guilt defines what is possible in America. You go at a problem until you meet stigmatization, then you retreat into minimalism.

Possibly white guilt's worst effect is that it does not permit whites -- and nonwhites -- to appreciate something extraordinary: the fact that whites in America, and even elsewhere in the West, have achieved a truly remarkable moral transformation. One is forbidden to speak thus, but it is simply true. There are no serious advocates of white supremacy in America today, because whites see this idea as morally repugnant. If there is still the odd white bigot out there surviving past his time, there are millions of whites who only feel goodwill toward minorities.

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This is a fact that must be integrated into our public life -- absorbed as new history -- so that America can once again feel the moral authority to seriously tackle its most profound problems. Then, if we decide to go to war, it can be with enough ferocity to win.

Mr. Steele, a research fellow at the Hoover Institution at Stanford University, is author, most recently, of "White Guilt: How Blacks and Whites Together Destroyed the Promise of the Civil Rights Era," published this week by HarperCollins.

CORPORATE SCANDALS:

Lay Defends Family's Role In Selling Shares (WSJ)

By Gary McWilliams And John R. Emshwiller

The Wall Street Journal, May 2, 2006

HOUSTON -- In an effort to repair damage done to his credibility, former Enron Corp. Chairman Kenneth Lay1 and his attorney challenged a government claim that his son had shown a lack of faith in the company's stock by selling it "short" in expectation of a decline.

The effort came in the fifth day of Mr. Lay's testimony in the conspiracy and fraud trial of him and his co-defendant, former Enron President Jeffrey Skilling2. Yesterday afternoon, prosecutor John Hueston3 continued to hammer away at Mr. Lay for his actions in the months prior to Enron's December 2001 collapse.

Last week, Mr. Hueston had seemed to score a point when he surprised Mr. Lay with evidence that the former executive's son, Mark, had in March 2001 bet against, or shorted, Enron stock. Mr. Lay and Mr. Skilling have both asserted professional short sellers attacked Enron's stock, contributing to the collapse.

While Mark Lay's trading records show several short sales, the elder Mr. Lay's attorney, George Secrest, focused on other parts of those records indicating that Enron stock had been moved into the brokerage account later the same day. Mr. Secrest and his client agreed that Mark Lay put in a sale order that apparently got listed as a short sale.

Yesterday morning, Mr. Hueston pushed to add new items to a list of purported misstatements by Mr. Lay. He noted Mr. Lay had repeatedly claimed that he was "forced" in 2001 to sell $70 million of Enron stock back to the company to pay off pressing margin calls on private loans. The prosecutor also noted that Mr. Lay had previously testified he tried to hold on to as many Enron shares as possible because he believed they were undervalued.

Mr. Hueston proceeded to demonstrate, at length, that Mr. Lay had millions of dollars of other assets and credit lines to meet those margin calls, but instead kept selling Enron stock back. The prosecutor also argued that Mr. Lay and his family continued to live lavishly in 2001, maintaining several vacation homes and taking expensive trips. During a May 2001 vacation to Spain, Mr. Lay's wife bought $20,000 in antiques and the same month he made a $588,000 investment in a real-estate fund.

In late July 2001, Mr. Hueston said, Mr. Lay received a $483,000 bank margin call and sold $4 million of stock back to Enron. Mr. Hueston showed he could have tapped about $13 million in other, non-Enron securities to meet the call. Mr. Lay said while there were other assets he could have tapped, "the line of credit was the best way or easiest way for me to do it."

The repeated stock sales back to Enron showed "you put your own troubles ahead of Enron employees," Mr. Hueston said.

In September 2001, Mr. Lay told Enron employees the stock-price drop had made Enron shares "an incredible bargain" and later told employees he was a net buyer of stock, though he was a net seller when his stock sales to the company were included.

Mr. Lay said that many factors went into his personal financial activities, which were largely handled by advisers. As for his personal spending, he acknowledged that "we lived a very expensive lifestyle. It's the type of lifestyle that's very difficult to turn on and off like a spigot." But Mr. Lay continued to argue under repeated challenges that he did his best to minimize his Enron stock sales.

After several tough days on the witness stand last week, Mr. Lay appeared to be more comfortable testifying yesterday. His responses to the questions were crisper and more direct, unlike last week when he appeared defensive.

Mr. Hueston last week hit Mr. Lay particularly hard on the fact that he didn't publicly report in 2001 the tens of millions of dollars of stock sales back to the company. Yesterday, Mr. Lay and his attorney, Mr. Secrest reiterated that under federal rules he was required to report his stock sales back to the company only once a year -- as opposed to any stock sales into the public markets, which had to be reported monthly.

Early in the day, Mr. Hueston hit at a series of what he described as misleading statements by Mr. Lay in the fall of 2001 and contrasted them with warnings the chairman had received from employees in the same time period. The warnings dealt with the company's "aggressive" accounting practices, controversial investment partnerships, and troubles at its retail energy unit. Mr.

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Lay repeatedly assured employees and investors that Enron was financially strong and its accounting practices were proper. "You never shared even a hint" of the concerns with them, said the prosecutor.

Mr. Lay countered that "aggressive accounting was a catchphrase" for concerns about Enron's dealings with outside partnerships run by the chief financial officer at the time, Andrew Fastow4. He has repeatedly said Enron handled those dealings properly.

Mr. Lay was also asked about his alleged 2001 comment to company colleagues that The Wall Street Journal had a "hate on" for Enron in connection with a series of articles looking at Mr. Fastow and his partnership operation. "I might have used that term," Mr. Lay acknowledged, adding that the Journal was "trying to paint a very negative image of Enron." (As previously reported, the Journal said it stands by the accuracy of its coverage.)

Mr. Lay is back on the stand today.

Lay Contends Banks 'forced' Majority Of His Stock Sales (USAT)

By Greg Farrell

USA Today, May 2, 2006

HOUSTON — Former Enron CEO Ken Lay sold tens of millions of dollars of Enron stock in 2001 to finance a lavish lifestyle that included a chartered boat for his wife's birthday and holidays on the French Riviera and in Mexico, a prosecutor said in court here Monday morning.

In November 2001, when Enron was suffocating from a cash shortage and two weeks before it filed for bankruptcy court protection, Lay canceled Enron's Christmas party, then drew down the final $1 million that was available to him through a company credit line.

Despite the revelations in his trial on charges of criminal conspiracy here, Lay insisted that the vast majority of his stock sales in 2001, which totaled $70 million, were "forced" by banks making margin calls on loans that were secured by Enron stock. Those margin calls were precipitated by Enron's sinking stock price throughout much of 2001.

Under questioning from prosecutor John Hueston, Lay acknowledged that some stock sales, which did not have to be immediately disclosed to the investing public, were used to fund his lifestyle. But Lay maintained that after he regained the CEO title in August 2001, when his co-defendant and former CEO Jeff Skilling resigned, he sold Enron stock only because he had no other liquid assets.

The government has accused Lay, 64, and Skilling, 52, of conspiring to hide the true state of Enron's financial condition from the investing public from 1999 to 2001. In particular, Lay is accused of making bullish statements about Enron to investors and employees in the fall of 2001. In September of that year, for example, Lay told employees that Enron's stock was undervalued and that he had recently bought stock.

Prosecutors displayed documents showing that even while Lay was buying $4 million in Enron stock at that time, he was unloading more than $20 million worth of stock through a line-of-credit program at Enron that did not require immediate public disclosure of the sales.

Lay sold his Enron stock to pay down personal debt even though he had access to about $19 million in cash and other stocks that could be sold quickly. In addition to his stocks, Lay also owned a $10 million luxury apartment in Houston and $20 million in other real estate holdings, mostly his three homes in Aspen, Colo.

In his opening statement in January, Mike Ramsey, Lay's lead attorney, said his client never sold a share of Enron stock in 2001 that he wasn't forced to sell. Ramsey said the case would "rise or fall" on that fact.

Challenging that assertion, Hueston presented evidence that Lay could have tapped other sources to pay debt.

"I always thought Enron stock was undervalued," Lay said in an attempt to explain his sales. But Hueston mocked him, saying, "Day after day you were denoting your optimism by choosing to sell Enron stock."

Attitude, Finances May Have Hurt Lay (WP)

By Carrie Johnson

The Washington Post, May 2, 2006

HOUSTON, May 1 -- When trouble befell Enron Corp. in the fall of 2001, a pollster advised the energy company to "take advantage" of its "most powerful weapon," genial chief executive Kenneth L. Lay.

But as Lay, 64, prepares to exit the witness stand in his fraud trial Tuesday, the central question is whether his appearance did more harm than good.

On Monday, with the government using his personal finances against him to sometimes brutal effect, Lay tried to fend off accusations that he chose to quietly sell more than $70 million in stock back to Enron, rather than liquidate real estate and other investments as the company spiraled downward.

Assistant U.S. Attorney John C. Hueston painted Lay as a man so addicted to an extravagant lifestyle, and so centered on his personal needs, that he "maxed out" his corporate line of credit a day before Enron's ill-fated merger with rival Dynegy cratered. Five days later, in December 2001, the company filed for Chapter 11 bankruptcy protection, and thousands of employees lost their jobs and retirement savings.

For his part, Lay insisted that he always believed Enron's stock price would swing back upward and that, as banks began to call in nearly $100 million in personal debts in 2001, he was "hoping and praying that each and every time would be the last time" he would be forced to sell stock.

In one of the biggest surprises of the 14-week-old trial, Lay never appeared entirely comfortable in five days on the witness stand, particularly for a man who once moved easily among world leaders, corporate titans and religious figures. His lead attorney, Michael W. Ramsey, left the case midstream with heart trouble, requiring the defense to regroup. For the first couple of days of his testimony last week, Lay struggled to find the right tone.

Instead, he sometimes seemed far more aggrieved by his treatment by the government than grief-stricken over the plight of Enron workers and investors who lost billions of dollars because of Enron's demise.

"There may have been very few people in history who have been more investigated than I have and my family," Lay said last week, enumerating at least six federal agencies that have probed his finances. "Who knows how many people, how many resources, how many dollars?"

Last week, he reacted irritably to a question from his own attorney about Joanne Cortez, a former Enron employee who told the jury she cried after learning about Lay's stock sales.

"I didn't know her before, but she of course did testify in this trial, and I suppose that's the reason we're having to respond to all these matters," he said testily.

Lay repeatedly accused prosecutors of misleading the jury, taking his statements out of context and spending hours on issues that do not form the basis of six criminal charges that could send him to prison for more than a decade if he is convicted. Chief among them, Lay said, were his financial dealings.

Monday afternoon, a few jurors watched his wife, Linda, as Lay forcefully argued that she had made an appropriate decision to sell 500,000 shares of Enron stock held by their family foundation the morning of Nov. 28, 2001. Prosecutors claim the sale came hours before the death of the Dynegy merger was publicly acknowledged. No one has been charged with wrongdoing in the transaction, Lay testified.

If jurors' attention wandered last week as prosecutors explored the role Lay played in Enron's accounting decisions, they focused intently Monday when Hueston displayed the trappings of Lay's lifestyle, including a $20,000 antiques bill, a $193,000 voyage on a yacht named Amnesia and millions of dollars in real estate holdings.

A young female alternate juror, who has rested her head in her hand for days, snapped to attention and took notes as the prosecutor argued that Lay could have unloaded a $10 million Aspen, Colo., home rather than his Enron shares. A buyer paid cash for the property two days after it went on the market in January 2002, Hueston said. "Cash," the juror mouthed.

"We were living the American dream," Lay said. "It was a very expensive lifestyle, a lifestyle that's difficult to turn on and off like a spigot."

But Lay's temper, which he unleashed on the prosecutor last week, remained under control Monday. And his humor, which had struggled to find an audience last week, hit the mark several times. When Lay pointed out that he paid far more to celebrate his wife's birthday than his own, family members laughed and several jurors cracked smiles.

Under a second round of questioning from defense lawyer George "Mac" Secrest on Monday afternoon, Lay also provided an alternate and less damaging explanation for stock sales by his son Mark in March 2001. Lay told jurors that his son's broker had made a decision to sell Enron shares short, that is to make a sale betting that the stock price would fall, as a result of a misunderstanding with his son. Prosecutors had used Mark Lay's trades last week to mock the defense argument that short selling had contributed to the market panic that killed Enron.

The prosecutor repeatedly accused Lay of shirking responsibility for financial decisions and securities filings at the same time he earned $220 million in Enron's final years. Lay, who once thanked his lawyer for "correcting" him Monday after an uneasy rapport last week, unyieldingly argued that he had relied on subordinates as a "delegator" and a "decentralized" leader.

"The corpse is on the gurney now Mr. Hueston, and you're carving it up any way you want to carve it up," Lay testified. "I didn't have that luxury when I was right in the middle of battle."

Prosecutor: Lay Ignored Accounting Worries (FINDLAW/AP)

By Kristen Hays, Ap Business Writer

AP, May 2, 2006

(AP) - HOUSTON-Enron Corp. founder Kenneth Lay ignored employees' concerns about accounting integrity in the weeks before the company collapsed in 2001, a prosecutor sought to show Monday.

On the third day of cross-examination in his federal fraud and conspiracy trial, Lay again flashed his temper to prosecutor John Hueston, comparing Hueston's second-guessing of his decisions during Enron's downward spiral to carving up a corpse.

Lay was confronted with e-mails and survey responses from October 2001 in which employees raised questions about accounting "trickery" and Enron's business ethics.

One veteran Enron employee said, "I've lost all respect for Enron senior management" and suggested it was criminal for Enron executives to exercise stock options when they knew accounting tricks were being used to manipulate earnings.

At the time, about six weeks before Enron sought bankruptcy protection, its stock price was falling fast, and The Wall Street Journal was raising questions about unusual business partnerships created by Enron Chief Financial Officer Andrew Fastow.

When prosecutor John Hueston asked Lay why he did not question Fastow directly, Lay responded that "I was getting information from all sides" and said other senior officers thought the Journal and others were on a "witch hunt" against Fastow.

Lay bristled as he told Hueston repeatedly that it was easy in hindsight to second-guess his decisions.

"The corpse is on the gurney now, Mr. Hueston, and you're carving it up any way you want to carve it up," Lay said. "I didn't have that luxury when I was right in the middle of battle."

Hueston also questioned Lay about positive remarks he has made about Drexel Burnham Lambert Inc., the junk bond-dealing Wall Street firm that went bankrupt in 1990 after pleading guilty to illegal securities trading.

Lay said Drexel had made significant contributions in financial innovation and said that "failure is not equated with criminal activity, or does not need to be equated with criminal activity."

"They had a run on the bank back in the 1980s based on a number of events that occurred," Lay testified. He has used the "run-on-the-bank" phrase to describe Enron's collapse, blaming short-sellers, Fastow and bad press, among other factors.

Lay returned to the witness stand in the 14th week of the government's premier trial to emerge from its sprawling investigation of what led to Enron's spectacular collapse in December 2001.

The ex-chairman's performance during four days of testimony last week was in stark contrast to that of his co-defendant, former Enron Chief Executive Jeffrey Skilling. Lay, a generally affable man, was openly combative with Hueston, the prosecutor who secured the indictment against him. Skilling, known to be more temperamental, kept his anger largely in check, despite a few flare-ups during his 7 1/2 days on the stand.

Sam Buell, a former prosecutor with the Justice Department's Enron Task Force who is a visiting professor at the University of Texas School of Law, said Hueston should wrap up his cross-examination fairly quickly Monday.

"To the extent Lay thought he could get this jury to the point where they wouldn't take the government's case seriously after his testimony, that's not happening," Buell said. "I would think at this point, the key for the government is to make the one or two critical additional points left to be made and sit down. A too-long cross can turn this back into Lay's favor."

Lay and Skilling are accused of repeatedly lying to portray Enron as healthy when the government alleges they knew the company's purported success stemmed from accounting tricks that hid debt and inflated profits.

The two men counter that no fraud occurred at Enron other than a few executives who stole money through secret scams behind their backs. They attribute Enron's descent into bankruptcy protection to a combination of bad publicity and lost market confidence.

Last week lawyers on both sides told U.S. District Judge Sim Lake that they expect testimony to wrap up by May 11, followed by closing arguments on May 15. The defense teams expect to rest their case this week, and then the government aims to call a string of rebuttal witnesses the following week.

Skilling faces 28 counts of fraud, conspiracy, insider trading and lying to auditors, while Lay faces six counts of fraud and conspiracy.

Lay also faces a separate trial on bank fraud charges unrelated to any of the issues in the current trial. That case will be tried before Lake without a jury during deliberations of the conspiracy case.

Quattrone Case Gets A New Retrial Judge (WSJ)

By Paul Davies And Randall Smith

The Wall Street Journal, May 2, 2006

NEW YORK -- A new judge has been assigned to oversee the possible retrial of former star investment banker Frank Quattrone, whose 2004 conviction on obstruction-of-justice charges was overturned in March1.

U.S. District Judge George Daniels will replace Judge Lewis Kaplan, who was assigned to the case last week but recused himself because he worked at Paul, Weiss, Rifkind, Wharton & Garrison LLP, the law firm overseeing Mr. Quattrone's defense.

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Judge Kaplan had been given the case after the appeals-court panel overturned the verdict, citing errors by the case's original trial judge, Richard Owen.

Judge Daniels spent three years as a New York state criminal court judge and five years as a state Supreme Court justice before former President Clinton nominated him to the federal bench in August 1999. He was a legal aid attorney for two years, spent three years as counsel to former Mayor David Dinkins and six years as an assistant U.S. Attorney in Brooklyn. Judge Daniels graduated from Yale and received his law degree from the University of California, Berkley, Boalt Hall School of Law.

"He runs an orderly courtroom, and is a very fair judge and very pleasant," said Thomas Curran, a defense attorney at Ganfer & Shore LLP in New York, who was an assistant district attorney and tried a criminal assault case before Judge Daniels. "He's stoic on the bench. He lets lawyers try the case but doesn't let lawyers run the show." Mr. Curran also said Judge Daniels hands out "tough" sentences.

Judge Daniels couldn't be reached for comment.

Judge Daniels recently dismissed a federal lawsuit brought by the Securities and Exchange Commission that accused Siebel Systems Inc. of improperly providing material information to a group of institutional investors. It was a setback in the SEC's effort to prevent selective disclosure of financial information through a rule known as Regulation Fair Disclosure. Judge Daniels said the agency was applying the rule in an "overly aggressive manner."

"He's a good experienced judge who I think will call the shots as he sees them with no attempt to tilt the table one way or the other," said Mark Zauderer, an attorney at Flemming Zulack Williamson Zauderer LLP in New York.

Prosecutors haven't announced whether they plan to seek a retrial. They confirmed last week that two new prosecutors -- William Johnson and Raymond Lohier -- have been assigned to the case. Mr. Johnson and former assistant U.S. Attorney David Anders won an accounting-fraud conviction against former WorldCom CEO Bernard Ebbers. Mr. Anders, who prosecuted the last trial against Mr. Quattrone, is now an attorney at Wachtell, Lipton, Rosen & Katz. Mr. Lohier won a securities-fraud conviction earlier this year against Richard Adelson, the former Chief Executive of Impath Inc.

Mr. Quattrone, former head of technology-industry investment banking at Credit Suisse Group's then-named Credit Suisse First Boston, has made changes to his legal team, giving the lead to Mark Pomerantz and Ted Wells of Paul Weiss, the law firm that led his successful appeal.

Mr. Quattrone was charged with obstructing investigations into initial public offerings of stock for sending an email to members of his group endorsing a colleague's earlier message urging recipients to "clean up" their files in compliance with the CSFB document-retention policy. Mr. Quattrone sent his note shortly after he was told about a grand-jury investigation into how his firm handled IPOs. After his first trial ended in a hung jury in October 2003, Mr. Quattrone was convicted in May 2004. The appeals-court panel that overturned the verdict ruled that Judge Owen made errors in his jury instructions and other areas.

Comverse CEO Quits As Options Probe Heats Up (WSJ)

By James Bandler And Charles Forelle

The Wall Street Journal, May 2, 2006

The chief executive and two other officials of Comverse Technology Inc. resigned as a board probe of possible backdating of stock-options grants gathered steam at the company.

The departures, effective immediately, include Kobi Alexander, chairman, CEO and a founder of the New York telecommunications-software company; Chief Financial Officer David Kreinberg; and Senior General Counsel William Sorin.

Separately, the board of another company facing options scrutiny, medical-insurance giant UnitedHealth Group Inc., approved a new set of management-compensation guidelines, including the establishment of a fixed date each year for granting options to existing employees.

The moves come as the Securities and Exchange Commission is engaged in a wide-ranging examination of options practices. The SEC is investigating whether grants were backdated or granted ahead of favorable news to give recipients a better chance of profiting from exercising the options.

Options give their holders the right to buy shares at a fixed, or exercise, price. Holders can profit by buying shares at the exercise price and selling them when the stock-market price exceeds it, pocketing the difference.

From 1995 through Jan. 31, 2005, Comverse's Mr. Alexander realized $135 million in gains from exercising options, according to SEC filings. At the end of that period, he had an additional $50 million in unrealized gains.

Mr. Alexander signed an agreement that calls for a freeze of any option exercises for six months following his resignation. He would then have a short window of time to exercise. Under the terms of some of the company's options plans, an option holder would normally be permitted to exercise options immediately after resigning for a 90-day period. The agreement also gives the company time to complete its inquiry. Under terms of the pact, both parties reserve the right to make further "claims or defenses" related to stock options.

Mr. Alexander will serve as an adviser to the company for six months at an annual salary of $25,000. He won't receive any additional option grants, and none of his earlier option or restricted-stock grants will vest. Messrs. Kreinberg and Sorin signed similar agreements, though Mr. Sorin won't be paid.

Mr. Alexander received eight grants between 1994 and 2001, usually ahead of sharp gains in his company's share price and sometimes at or near the bottom of steep declines. His grant dated July 15, 1996, carried an exercise price of $7.9167, adjusted for stock splits. It was priced at the end of a day that the stock fell 13%; the next day it recovered nearly all of its steep one-day loss. Another grant, dated Oct. 22, 2001, was on the date with the second-lowest closing price of the year.

The likelihood of the eight-grant pattern occurring if the option dates were chosen at random is around one in six billion, according to a mathematical analysis presented in a Wall Street Journal article in March. Comverse was one of six companies profiled in the article, which raised questions about whether stock-option grants had been backdated. Five of the six companies, including UnitedHealth, have since said they are conducting internal probes on the matter, with two disclosing that they have been contacted by the SEC.

The shake-up at Comverse comes two weeks after the company said it would restate more than five years of financial results because the option-grant dates used in its accounting "differed" from the actual grant date. The company also has indicated it could face delisting from the Nasdaq Stock Market because of its inability to file financial statements on time.

Independent director Raz Alon was named interim CEO, and independent director Ron Hiram was appointed nonexecutive chairman. Avi Aronovitz, Comverse's treasurer and vice president of finance, has been installed as interim finance chief.

Messrs. Alexander and Kreinberg couldn't be reached for comment. Mr. Sorin declined to comment. John Friedman, a board member, referred a call to a company spokesman.

Mr. Alexander's share holdings in Comverse are small compared with his options holdings. As of April 15, 2005, he held about 297,000 shares of Comverse stock, according to the company's most recent proxy statement.

UnitedHealth CEO William McGuire yesterday addressed a gathering of the Society of American Business Editors and Writers in Minneapolis, where he declined to answer questions about possible options backdating at his company. Dr. McGuire, who at the end of last year held $1.6 billion of unrealized, exerciseable gains from stock options, said any comments by him could prejudice an investigation of the matter by a committee of UnitedHealth's outside directors.

Yesterday, UnitedHealth, of Minnetonka, Minn., said its board adopted a slew of compensation and governance changes, including a 40% pay cut for its directors and a regular schedule for employee option grants.

The company said it also capped benefits under a supplemental retirement plan for executive officers. Along with Dr. McGuire, No. 2 executive Stephen Hemsley would cease receiving stock and option awards. The men also wouldn't receive company-paid health insurance after their retirements. And "certain executive officers," the company said, would no longer get perks such as life-insurance premiums and free personal use of the company jets. Dr. McGuire, who previously indicated some of the moves were coming, vowed again yesterday to make public the results of the board's options probe.

The policy changes come as UnitedHealth faces resistance from shareholders over the hefty levels of compensation paid to Dr. McGuire and other top executives. The California Public Employees' Retirement System, which holds 6.7 million UnitedHealth shares, said yesterday that it is withholding its votes from four directors standing for re-election, including Dr. McGuire and members of the compensation committee.

Nacchio's Attorneys Continue Bid To Have Charges Dropped (WSJ)

By A Wall Street Journal Staff Reporter

The Wall Street Journal, May 2, 2006

DENVER -- In a series of legal filings yesterday, attorneys for Joseph Nacchio continued their bid to have criminal insider-trading charges against the former Qwest Communications International Inc. chief executive dismissed.

In filings in U.S. District Court here, Mr. Nacchio's attorney Herbert Stern argued that prosecutors didn't make it clear that to commit a crime, Mr. Nacchio must have based his decision to sell Qwest stock on insider information. Mr. Nacchio says he didn't act on the basis of insider information. The distinction between selling while in possession of inside information and selling on the basis of inside information has been debated between the two sides.

No trial date has been set.

CRIMINAL LAW:

Common Cause Seeks Justice Probe Of Harris (AP)

AP, May 2, 2006

DOJ_NMG_0027905

WASHINGTON May 1, 2006 (AP)— A congressional watchdog group asked the Justice Department on Monday to investigate whether Rep. Katherine Harris, R-Fla., attempted to obtain a $10 million appropriation for a defense contractor in return for his financial support.

Common Cause filed a complaint with the Justice Department, citing information provided by contractor Mitchell Wade, as part of a plea agreement in the bribery case of convicted former Rep. Randy "Duke" Cunningham, R-Calif.

Justice Department spokesman Bryan Sierra said the department does not comment on, or confirm, criminal investigations.

Harris is a two-term House member who is running for the Senate. However, she is best known as the state official who certified President Bush's 537-vote win in Florida in the disputed 2000 presidential election.

Wade, former president of MZM Inc., admitted making $32,000 in illegal contributions to Harris' 2004 campaign for the House.

Harris said she did not knowingly do anything illegal and said she would donate the money to charity.

Wade said that he and a "Representative B" later identified as Harris had dinner in Washington in early 2005. The contractor said they discussed the possibility of Wade's company hosting a fundraiser for the lawmaker and the possibility of Harris obtaining funding for a Navy counterintelligence program in her district.

The Common Cause complaint said that after the dinner, Harris sent a letter to the chairman and ranking member of a House subcommittee requesting funding for the counterintelligence program.

Harris' office said in a news release that the request was for $10 million.

Federal law prohibits public officials from corruptly seeking or receiving anything of value in return for being influenced in the performance of any official act.

Harris is trying to unseat Sen. Bill Nelson, but statewide polls show her trailing the Florida Democrat by double digits. National Republicans have openly criticized her campaign and have tried to court other GOP candidates to challenge Harris in the primary. The filing deadline for the primary is May 12.

Common Cause Asks Feds To Investigate Harris (ORS)

Jim Stratton Sentinel Staff Writer

The Orlando Sentinel, May 2, 2006

The watchdog wants to know whether the Senate candidate violated bribery laws.

A well-known government-watchdog group will ask the Justice Department today to investigate U.S. Rep. Katherine Harris' dealings with a now disgraced defense contractor accused of bribery.

Common Cause wants to know whether Harris broke the law when she and Mitchell Wade met at an exclusive Georgetown restaurant in early 2005. At that dinner -- which cost Wade up to $2,800 -- Wade offered to hold a fundraiser for Harris and sought her help obtaining $10 million in federal money.

Common Cause's director of ethics campaigns said there is sufficient evidence to suggest Harris submitted the appropriations request in exchange for Wade's fundraising support.

"There's certainly the appearance of a quid pro quo," said Mike Surrusco. "We absolutely think this complaint has merit."

Harris spokesman Chris Ingram would not comment on the complaint Sunday, saying he had not yet seen it. He suggested Common Cause was politically motivated, saying that "different liberal interest groups" were trying to undermine Harris' U.S. Senate campaign against Democratic Sen. Bill Nelson.

The complaint centers on Harris' ties to Wade and the dinner he and Harris shared last year.

Two weeks ago, the Sentinel reported that dinner cost up to $2,800 and that despite Harris' earlier statements, Wade had paid the entire bill.

The dinner took place at Citronelle, one of the most exclusive restaurants in Washington, D.C., in early 2005. Harris and Wade discussed organizing a fundraiser for Harris, and Wade -- whose company gave Harris $50,000 in campaign contributions in 2004 -- asked her to support his request for $10 million to establish a counterintelligence facility in Sarasota.

A few weeks later, Harris sent that request to a House appropriations subcommittee.

"Bribery takes two," said Surrusco. "We know Mitchell Wade has been guilty of bribery. The question is, 'Is Katherine Harris guilty?' "

Harris has said she supported Wade's project only because she "thought it would bring new jobs to Sarasota." She said she "never requested funding . . . in exchange for any contributions . . ."

Wade is the former CEO of MZM Inc., a defunct defense company that in recent years obtained more than $150 million in government contracts.

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In February, he pleaded guilty to bribing U.S. Rep. Duke Cunningham, R-Calif., and funneling about $32,000 in illegal campaign contributions to Harris in 2004.

The Justice Department has said Wade did not tell Harris the contributions, which she has since donated to charity, were illegal.

Though Harris had long maintained she paid her share of the Citronelle bill, the Longboat Key Republican acknowledged to the Sentinel recently that was not true. She said she thought her campaign had "reimbursed" for her meal but later learned that had not happened.

After being questioned by the Sentinel, Harris gave $100 to a Jacksonville ministry saying it would "more than adequately compensate for the cost of my beverage and appetizers."

House ethics rules prohibit members from accepting gifts or meals worth $50 or more.

Harris has sought to distance herself from Wade since the Cunningham scandal broke last summer.

In July, she said she wasn't sure why Wade and his company had contributed so generously to her 2004 campaign. She told The Tampa Tribune she knew little of Wade's Sarasota project and had done nothing to support it.

That was three months after she had asked the defense appropriations committee to give Wade's project $10 million in federal money.

Common Cause is one of Washington, D.C.'s oldest government-watchdog groups. Founded in 1970 by John Gardner -- a Republican who served as Secretary of Health, Education and Welfare under President Johnson -- the group focuses on issues such as campaign-finance reform, government ethics, government spending and voting-system reforms.

During its history, it has investigated the conduct of both Republicans and Democrats, including former House speakers Newt Gingrich, R-Ga., and Jim Wright, D-Texas.

Surrusco said the group has not filed a complaint with the Justice Department "in many years." More typically, it will appeal to congressional ethics committees.

Justice Department spokesman Channing Phillips said Sunday that the investigation into Wade's conduct was continuing. He would not say whether Harris was part of the probe.

"We're looking into all his activities," Phillips said. "The investigation is wide open."

Jim Stratton can be reached at jstratton@orlandosentinel.comor 407-420-5379.

Activist Group Seeks Katherine Harris Investigation (TAMPTRIB)

By Keith Epstein

Tampa Tribune, May 2, 2006

WASHINGTON – The nonpartisan activist group Common Cause is asking the Justice Department to investigate whether U.S. Rep. Katherine Harris' request of a $10 million earmark for a defense contractor in exchange for personal favors and campaign contributions violated the law.

"We're filing the complaint today," Common Cause spokesperson Mary Boyle confirmed this morning.

The Justice Department has kept the scope of its investigation of the defense contractor, MZM Inc., under wraps, though it has already netted a California congressman for accepting favors and bribes in exchange for earmarks.

Common Cause is well-known for its activism for open government and accountability in Congress. Although nonpartisan, the group has on occasion been accused of having a liberal bias.

Seeking an earmark does not necessarily imply illegality. One reason for the growth of lobbyists in Washington is the increasing number of opportunities by members of Congress to secure federal dollars, though fine-print "earmarks" in legislation, for private interests and pet causes.

The Common Cause complaint centers on a dinner at an exclusive Georgetown restaurant in 2005 at which the defense contractor, Mitchell Wade, offered to hold a fundraiser for Harris' U.S. Senate campaign and picked up the $2,800 tab.

Wade admitted bribing former Rep. Randy "Duke" Cunningham of California, who helped him obtain earmarks giving his company government business.

Wade wanted Harris, too, to seek a $10 million earmark in congressional spending legislation. That spring, Harris asked that the money be included in spending legislation.

The project was, however, never funded. Harris has said she made the request to bring jobs to her district, where MZM would have opened a new facility.

Harris has for weeks declined to address many questions surrounding her relationship with Wade and MZM, including two dinners they had, except for her assertion, in remarks to the Orlando Sentinel last month, which she had thought her campaign had reimbursed Wade for the 2005 dinner.

Former Harris campaign strategist Ed Rollins said he, too, had had concerns about the dinner when joining her campaign last year and learning of the large tab for the dinner.

Rollins said it was at that time he urged Harris to hire a lawyer, Ben Ginsburg.

Harris has denied any wrongdoing.

Graft Trial Opens For Ex-Ala. Governor (AP)

By Bob Johnson, ASSOCIATED PRESS WRITER

AP, May 2, 2006

MONTGOMERY, Ala. -- The corruption trial of former Alabama Gov. Don Siegelman opened Monday with prosecutors accusing him of scheming with his chief of staff to obtain bribes for state help, including assistance allegedly sought by then-HealthSouth CEO Richard Scrushy.

Siegelman's lawyer countered that the federal case was built on the lies of unbelievable witnesses who have pleaded guilty in the case and are hoping for lenient sentences.

"The government is going to have to call a bunch of liars, a bunch of con artists, a bunch of thieves," said attorney Vince Kilborn.

The opening statements showed the trial of Siegelman, Scrushy and two former members of Siegelman's administration may hinge largely on the testimony of two former government insiders - Nick Bailey, once a close aide to Siegelman, and Lanny Young, a lobbyist and landfill developer with clout in the Siegelman administration.

Both have pleaded guilty and won't be sentenced until after the trial, which is going on as Siegelman, a Democrat, campaigns for another term as governor.

Chief federal prosecutor Louis Franklin spelled out the government's wide-ranging bribery and conspiracy case, which includes racketeering and obstruction of justice charges against Siegelman and former chief of staff Paul Hamrick, counts of bribery and mail fraud against Scrushy, and charges of wire and mail fraud against former state transportation director Mack Roberts.

The government intends to prove Siegelman traded state contracts, appointments and favors from his office for cash, gifts and campaign contributions - including $500,000 arranged by Scrushy for Siegelman's campaign to create a state lottery, Franklin said.

"Don Siegelman took the executive branch of state government and he turned it into an unlawful enterprise," the prosecutor told the jury.

Franklin said Scrushy, after backing Siegelman's opponent in the 1998 race won by Siegelman, had to scramble to get into the new governor's good graces so he could stay on a state board that oversees hospital development.

"He had to bribe our governor," Franklin said.

Siegelman's attorney insisted Siegelman did nothing wrong.

The government's witnesses are trying "to save their own skin by coming in and telling you things that are not true," he said.

Attorneys for Hamrick and Roberts said their clients had nothing to do with any scheme or conspiracy with Siegelman.

Siegelman, governor from 1999 to 2003, has said the charges were filed to hurt his election campaign. Polls show he is in a close race with his chief opponent for the Democratic nomination, Lt. Gov. Lucy Baxley.

In May 2004, a separate federal grand jury in north Alabama indicted Siegelman and Hamrick on charges of conspiring to rig bids on state Medicaid contracts while Siegelman was governor. That case ended when a federal judge ruled there was insufficient evidence to support the main charge.

Scrushy, who drew national attention when HealthSouth was accused of accounting fraud, was acquitted by a federal jury in June 2005 of criminal charges connected to the company medical services chain, which he founded.

On Monday, the judge in Siegelman's case allowed Scrushy to add a prominent black lawyer to his defense team - Fred Gray, who represented Rosa Parks in 1955 when she challenged Montgomery's segregation by refusing to give up her bus seat to a white man. During Scrushy's HealthSouth trial, black ministers had been visibly supportive of Scrushy, who is white.

Prosecutors accused Scrushy's attorneys of hiring Gray to influence black jurors. The jury, including alternates, has nine blacks and nine whites. The judge instructed Gray to limit his remarks to the facts.

Opening Arguments Made In Scrushy Bribery Trial (WSJ)

By Valerie Bauerlein

The Wall Street Journal, May 2, 2006

DOJ_NMG_0027908

MONTGOMERY, Ala. -- A federal prosecutor accused Richard M. Scrushy of funneling $500,000 to former Alabama Gov. Don Siegelman because the HealthSouth Corp. founder needed to make up for supporting a rival politician.

In opening arguments at the trial of Messrs. Scrushy, Siegelman and two other defendants, Louis V. Franklin Sr., criminal-division chief of the U.S. attorney's office here, said Mr. Scrushy helped fuel the Birmingham, Ala., company's growth by exchanging money for political favors.

"Fob James didn't win, folks," Mr. Franklin said, referring to the incumbent Republican governor whom Mr. Siegelman, a Democrat, defeated in 1998. Mr. Scrushy had backed Gov. James, so he "had to scramble," Mr. Franklin added. Prosecutors allege Mr. Scrushy made two hidden payments to then-Gov. Siegelman in 1999 and 2000 to get a spot on a state regulatory panel that oversees HealthSouth.

Defense lawyer Fred D. Gray, known for his work on landmark civil-rights cases, told jurors that Mr. Scrushy hadn't done anything illegal and was a good citizen and humanitarian whose actions are "typical of the people I've represented for the last 50 years in this court, including Rosa Parks and Martin Luther King Jr."

Vincent F. Kilborn III, a lawyer for Mr. Siegelman, who lost a re-election race in 2002 and is campaigning for governor, said his client met with Mr. Scrushy shortly after the 1998 election to patch up their differences. Mr. Kilborn told the jury his client never used the power of his office for financial gain.

Among more than 120 people crowded in the courtroom was Mr. Scrushy's wife, Leslie, who sat in the front row. Mr. Scrushy was ousted from HealthSouth shortly after a $2.7 billion accounting fraud was exposed at the company in 2003. More than 15 other former HealthSouth executives have pleaded guilty.

Mr. Scrushy, who was acquitted on accounting-fraud charges last year, faces seven counts of bribery, conspiracy and mail fraud. The other defendants face a total of 27 criminal charges.

Before the trial began, U.S. District Judge Mark E. Fuller asked the jury of seven African-Americans and five whites if any of them had previous dealings with Mr. Gray, who joined Mr. Scrushy's defense team last week. All of the jurors indicated they didn't know the lawyer. Mr. Franklin, the lead prosecutor, strongly objected when Mr. Gray referred to Ms. Parks and Dr. King, saying their names are being used as part of a racially motivated strategy to sway the jury.

Plea Deal Points To Milberg Partners (LAW)

By Justin Scheck, The Recorder

California Recorder, May 2, 2006

It took six years and a detour through Beverly Hills, but on Friday, federal prosecutors in Los Angeles finally got their first guilty plea in the long-running investigation of the class action plaintiffs firm Milberg Weiss Bershad & Schulman.

And it looks to be a significant one: in saying that he and his family took nearly $2.5 million in illegal kickbacks from Milberg Weiss in exchange for serving as lead plaintiffs in several class actions, Howard Vogel fingered four partners at the New York firm and agreed to cooperate in the ongoing investigation.

Vogel and Milberg -- referred to as "the New York Law Firm" -- "had an established pattern and practice that the New York Law Firm would secretly pay defendant Vogel a percentage of the attorneys' fees that the New York Law Firm obtained in class actions and shareholder derivative actions," prosecutors alleged in a document charging Vogel with a single count of making false statements in federal court.

Plea documents also allege that a high-profile Denver criminal defense attorney and a small New York real estate firm passed Vogel payments from Milberg in cases stretching from 1991 to 2005.

While no lawyers are named in the indictment, sources familiar with the case said the three Milberg partners with whom Vogel says he dealt are David Bershad, Steven Schulman and Robert Sugarman.

Bershad and Schulman have been in the sights of L.A. federal prosecutors for several months, and lawyers close to the case said the main sticking point in their indictment has been prosecutors' delay in deciding whether to indict their firm as well.

Sugarman, who left Milberg in 1999, has been cooperating with prosecutors for some time, Edward Hayes, Schulman's former lawyer, said last month. Hayes said Friday that he is no longer representing Schulman, and Schulman's current lawyer, New Jersey-based Herbert Stern, did not respond to a phone call by press time. Sugarman couldn't be reached by press time, and Andrew Lawler, a lawyer for Bershad, did not return calls seeking comment.

The plea papers allege that in 1991, Vogel approached the firm hoping to file a securities class action, and to share in the profits if it was successful. Sugarman -- referred to as "Partner E" -- "confirmed that Vogel would be paid," the papers allege.

But "it was explained to Vogel that since he was a plaintiff, a possible conflict of interest arose from his receipt of payment from the New York Law Firm," the documents allege. So Sugarman and Bershad -- identified as "Partner C" -- told him "that he needed to find a lawyer through whom the New York Law Firm would pay Vogel. Partner C and Partner E explained that this was an established practice of the New York Law Firm."

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It would be illegal for a client to accept such fees because lead plaintiffs must represent other class members, and are required to sign papers saying their interests are in line with the rest of the class. Vogel's plea relates to such a document.

The lawyer Vogel found -- identified in the indictment as "Intermediary A" -- was Gary Lozow, said lawyers familiar with the case. Lozow is a well-known Denver lawyer who has recently represented a former Qwest Communications executive who pleaded guilty to wire fraud, in addition to the family of Dylan Klebold, one of two teenagers who killed 13 people in the 1999 Columbine High School shootings. Reached last month, Lozow would not comment on the Milberg case.

Nor would Lawrence Drath, a partner at Holm & Drath, a small New York real estate firm identified as "Intermediary B" in court papers, beyond saying that he is representing his firm in the case. The government alleged that Holm & Drath accepted a single payment of about $44,000 from Milberg in 1997 and passed it on to Vogel, a Florida real estate developer.

In another case, against Mercie Corp. in 1996, prosecutors allege Sugarman "handed Vogel an envelope constituting Vogel's share of the attorneys' fees. Partner E explained that the amount of cash being paid to Vogel was less than Vogel's usual 14 percent share of attorneys' fees because Vogel was being paid in cash, Vogel would not have to report the cash on his tax returns, and there were other plaintiffs in Mercer with respect to whom the New York Law Firm had financial obligations."

The issue of Vogel's percentage came up again in 2003, the papers allege, when Lozow went to New York to discuss the matter with Partner A. Sources close to the case say Partner A is Melvyn Weiss, Milberg's lead partner.

Weiss' attorney, Benjamin Brafman, didn't return a phone call late Friday. But Weiss does not appear to be facing imminent indictment, and the Vogel plea papers say only that he discussed a fee to be paid to Lozow.

In 2003, the papers allege, Vogel wanted to negotiate payment in a case where his stepson was lead plaintiff. Schulman, the documents allege, "instructed Vogel to have an intermediary lawyer contact another partner." That partner -- Partner A -- is Weiss, said sources close to the case. He "refused to engage in substantive discussions with Vogel Intermediary A" -- Lozow -- "over the phone, but instead insisted on meeting with Vogel Intermediary A in person in New York." Lozow allegedly met with Weiss that November, and Weiss "reaffirmed that the New York Law Firm would pay Vogel a percentage of its attorneys' fees" in two cases.

The scheme outlined in the Vogel plea is not new; in fact, it first came up in 2000 when a Beverly Hills eye doctor named Steven Cooperman, facing a lengthy prison sentence for insurance fraud, told prosecutors that as a former Milberg lead plaintiff, he accepted kickbacks from the firm paid via his personal attorney.

The information provided by Cooperman and his circle is too old to be of much use to prosecutors, say sources familiar with the investigation. And Cooperman's testimony is looked at with particular skepticism because his history as a fraudster won't go over well with a jury.

Cooperman's allegations spawned a lengthy probe into some of the less savory elements of tony Brentwood and Beverly Hills, a circle of millionaires with a tenuous hold on their wealth who served repeatedly as lead plaintiffs.

They include Cooperman, the pop psychologist Melvyn Kinder -- who has immunity from prosecution -- and Ron Fischman, a doctor who was O.J. Simpson's next-door neighbor and an oft-mentioned figure in the civil litigation surrounding the death of Simpson's wife. Fischman's lawyer, Ronald Nessim, did not return calls by press time.

Another Milberg client, Seymour Lazar, was indicted last year with his attorney, Paul Selzer, on similar charges. Lazar and Selzer have so far refused to cooperate, and are slated for trial this fall.

Lawyers close to the case expect indictments of Bershad, Schulman and likely the Milberg Weiss firm to follow in coming weeks. But William Lerach -- the star partner who split away to start his own firm, Lerach Coughlin Stoia Geller Rudman & Robbins -- seems to be outside the prosecutors' sights for the foreseeable future, they said.

Records Of Abramoff's White House Visits (AP)

By Toni Locy

The Associated Press, May 1, 2006

The Secret Service has agreed to turn over White House visitor logs that will show how often convicted lobbyist Jack Abramoff met with Bush administration officials — and with whom he met.

U.S. District Judge John Garrett Penn last Tuesday approved an agreement between the Secret Service and Judicial Watch, a public interest group, that requires the agency to produce records of Abramoff's visits from Jan. 1, 2001, to the present.

Judicial Watch filed suit in February after the Secret Service failed to respond to its request under the federal Freedom of Information Act.

Abramoff, who represented Indian tribes in their dealings with Washington politicians, once was one of the city's most successful lobbyists.

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He pleaded guilty in January in Washington to federal charges stemming from an investigation into his ties with members of Congress and the Bush administration. He also pleaded guilty to fraud charges in Miami concerning a multimillion-dollar purchase of SunCruz Casinos gambling fleet in 2000.

Administration officials have refused to say how many times Abramoff, who raised at least $100,000 for President Bush's re-election, has been to the White House. Bush has said he doesn't know Abramoff.

Chris Farrell, Judicial Watch's director of investigations, said, "The documents will speak loud and clear on what Abramoff was doing in and out of the White House."

The visitor logs are to be delivered to Judicial Watch by May 10.

Bush's spokesman has said Abramoff attended "a few staff-level meetings" at the White House, as well as Hanukkah receptions in 2001 and 2002.

The president has said he does not know Abramoff personally. When a photo of Bush with Abramoff surfaced earlier this year, the president said he has his picture taken with "a lot of people." In the 2001 photo, Bush is shaking hands with a leader of an Indian tribe. Abramoff is in the background.

A few days after Bush made the remarks about the photo, Abramoff expressed surprise in e-mails to a magazine editor about the president's faulty memory. Abramoff told the Washingtonian magazine that he had met with Bush nearly a dozen times and that Bush knew him well enough to joke with him.

Three former business associates of Abramoff also told The Associated Press that Abramoff often mentioned White House adviser Karl Rove when talking about his influence inside the White House.

Abramoff was a $100,000 fundraiser for Bush and lobbying records obtained by the AP show his lobbying team logged nearly 200 meetings with the administration during its first 10 months in office on behalf of one of his clients, the Northern Mariana Islands.

The contacts between Abramoff's team and the administration included meetings with Attorney General John Ashcroft and policy advisers to Vice President Dick Cheney, the AP reported last year.

Lawyers Look Into Leaks In Wiretap Case (AP)

By Linda Deutsch, AP Special Correspondent

AP, May 2, 2006

LOS ANGELES (AP) - Troubled by leaks to the media, a federal prosecutor said Monday he would delay filing grand jury transcripts and other crucial documents in the case of an indicted Hollywood private eye because he fears the material will "end up on the front page."

Assistant U.S. Attorney Daniel Saunders also confirmed during the federal court hearing that the U.S. Justice Department had launched an investigation to determine who leaked confidential FBI reports to The New York Times.

The wiretapping case against private detective Anthony Pellicano and other defendants has drawn in a growing list of celebrities, and with them increasing media attention.

The confidential information began showing up two weeks ago in the Times, which cited FBI interviews with top Hollywood power brokers.

"We have no confidence that these will not end up on the front page of the newspaper," Saunders told U.S. District Judge Dale S. Fischer on Monday in saying he would delay other filings.

A number of lawyers attended the hearing to say neither they nor their clients were responsible for the leaks. Some said they had not even seen the files before the material began appearing in print.

"Let me say unequivocally this did not come from the Pellicano camp or on the directive of Mr. Pellicano," said attorney Steve Gruel, who represents Pellicano. "I did not have these materials when they started appearing in the paper."

The judge said she was not convinced there had been a violation of her protective order limiting access to the information to prosecutors, investigators, defense attorneys and their clients.

She advised lawyers to file written motions if they want her to act on the leaks issue.

Pellicano is suspected of being the kingpin of a ring that used threats and blackmail while digging up dirt to help celebrity and other clients in legal disputes.

"Die Hard" director John McTiernan pleaded guilty in April to making false statements to an FBI agent. Former Hollywood Records president Robert Pfeifer admitted hiring Pellicano to wiretap the phone of his former girlfriend.

At Monday's hearing, attorney Terree Bowers, who represents defendant Terry Christensen, a longtime attorney for MGM mogul Kirk Kerkorian, complained about the government's plan to delay filing information.

Many of Pellicano's tapes have yet to be turned over to the defense, Bowers said.

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The U.S. Justice Department probe of the leaks was requested by attorney Terry W. Bird, whose clients include divorce lawyer Dennis M. Wasser, another of Kerkorian's lawyers. Wasser has not been charged with a crime, but authorities have named him as a person of interest in the case.

Gruel complained that by cutting off the filing of government documents, Saunders was trying to blame defense attorneys for the leaks. He asked the judge to order the government not to go forward with its leak investigation until motions are filed in court.

"I don't have the power to tell the Justice Department what it can and can't do," the judge said.

She scheduled another hearing for May 22.

Delay Planned In Turning Over Evidence (LAT)

By Andrew Blankstein, Times Staff Writer

The Los Angeles Times, May 2, 2006

A federal attorney says he fears the information about the Pellicano wiretap case would be leaked to the media if given to defense lawyers.

A federal prosecutor said Monday that he would delay release to defense attorneys of additional evidence in the wiretapping case against Hollywood private eye Anthony Pellicano because he was concerned the information would be leaked to the media.

Assistant U.S. Atty. Daniel Saunders told U.S. District Judge Dale S. Fischer of his plans at a status conference days after the Justice Department launched an investigation into who provided the New York Times with reports from the FBI.

Citing the possibility that materials would "end up on the front page of the newspaper," Saunders said he planned to withhold grand jury testimony and other privileged materials from lawyers representing Pellicano and six other defendants.

They were indicted in February on charges of conspiring to wiretap, blackmail and intimidate dozens of celebrities and business executives on behalf of clients, many of whom were attorneys looking for information that would give an advantage in civil and criminal litigation.

Several defense attorneys, including Pellicano's lawyer Steven Gruel, denied responsibility for the leaks. Gruel said his client, who is being housed at the downtown Metropolitan Detention Center, had not received any of 10,000 pages of discovery in the case or compact discs containing recorded conservations, other audio files and documents.

"This did not come from the Pellicano camp, nor Pellicano," Gruel said. "He didn't have the stuff" that has been leaked.

From the bench, Fischer said prosecutors were under no particular timetable for turning over grand jury testimony and other evidence, including prior statements by witnesses.

Fischer said she would consider acting only on written requests to look into any violations of her protective order in which both sides agreed not to divulge materials related to the government's investigation.

Attorney Terree Bowers, who is representing indicted lawyer Terry Christenson, said counsel for various defendants agreed to a protective order only because of a quid pro quo in which the government agreed to hand over grand jury materials in discovery.

Christensen was indicted on charges of hiring Pellicano to conduct illegal wiretaps of the ex-wife of billionaire investor Kirk Kerkorian. Christensen was representing Kerkorian in a child-custody case.

Bowers also complained that "a whole universe of potential discovery" would not quickly be turned over to defense teams under Saunders' plan. Bowers said he and other defense attorneys needed as much time as possible to study the evidence, particularly because there are still audio files seized from Pellicano's office that have not been decoded and may be hard to authenticate or are possibly damaged.

Federal authorities, in the meantime, delayed plans to unseal three of six searches conducted by FBI agents at Pellicano's Sunset Boulevard offices and one of the private investigator's storage lockers. Attorney Carmen Trutanich asked Fischer to keep search warrant affidavits sealed on behalf of two clients he described in court only as "John Does."

Law enforcement sources who asked not to be named, citing the ongoing investigation, said Trutanich is representing John Rottger and actor Steven Seagal.

The Pellicano probe began in 2002 after the investigator allegedly hired a former convict to put a dead fish and a note that said "Stop" on the windshield of then-Los Angeles Times reporter Anita Busch. The FBI believed that Pellicano had hired Alexander Proctor to scare Busch off a story about Seagal's problems with organized crime. But the FBI has since found no convincing evidence that Seagal was involved.

Trutanich, who did not explain his request, did not return repeated calls for comment.

Corrections (NYT)

The New York Times, May 2, 2006

A front-page article last Tuesday about seating options that airlines are considering to accommodate more passengers in economy class referred incorrectly to the concept of carrying passengers standing up with harnesses holding them in position. During preparation of the article, The Times's questions to one aircraft manufacturer, Airbus, were imprecise. The company now says that while it researched that idea in 2003, it has since abandoned it. The article also misstated the capacity of the Airbus A380 superjumbo jet. The airliner can accommodate 853 passengers in regular seats; standing-room positions would not be needed. (Go to Article)

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Because of an editing error, an article in Business Day on Monday about the friendship between Ron Meyer, president of Universal Studios, and Anthony Pellicano, the private detective accused of wiretapping and conspiracy, referred imprecisely to the sources on which the article was based. It was based on government evidence, including written summaries of interviews by F.B.I. agents with witnesses in the case, not on interviews with F.B.I. agents. (Go to Article)

For the Record

The On Education column on Wednesday, about problems in the college admissions process, misstated the number of private academic counselors who belong to the Independent Educational Consultants Association. It is 500; 3,500 is the number of private educational consultants nationwide. (Go to Article)

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An obituary on Friday about Alexander Trowbridge, a former secretary of Commerce, referred incorrectly to the president he served in the 1980's as a member of the National Commission on Social Security. It was Ronald Reagan, not Richard M. Nixon. (Go to Article)

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A front-page article on Saturday about a proposal for a fourth airport to serve the New York City area misidentified the location of a Metro-North Railroad line that comes within several miles of Stewart International Airport in New Windsor, N.Y., which is being considered for expansion. It is Orange County, not Rockland. (Go to Article)

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A picture caption on Friday with an article about Quashay Everett, a 15-year-old Queens girl whose body was found near Kennedy Airport in March, referred incorrectly to the person reflected in a television screen at her home. The image was of Jermaine Everett, Quashay's brother — not her foster sister. A note with the article omitted the name of a contributing reporter. He was Janon Fisher. (Go to Article)

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An article on April 22 about student efforts to improve Cornell University's image referred imprecisely to the administration of the university's College of Agriculture and Life Sciences. Like three other colleges on campus, it is overseen by both Cornell and the State University of New York, not just by the state. (Go to Article)

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A picture caption in Business Day on Friday with an article about the Enron trial misidentified the woman with Kenneth L. Lay as he left court. She was his daughter, Robyn, not his publicist, Kelly Kimberly. (Go to Article)

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A note in The Arts yesterday directing readers to an online Critic's Notebook article about the New Orleans Jazz and Heritage Festival misstated the timetable for the event. The subject was the conclusion of the first weekend; the festival itself ends on Sunday. (An updated version of the article appears today, on Page B5.) (Go to Article)

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The Times welcomes comments and suggestions, or complaints about errors that warrant correction. Messages on news coverage can be e-mailed to nytnews@nytimes.com or left toll-free at 1-888-NYT-NEWS (1-888-698-6397). Comments on editorials may be e-mailed to letters@nytimes.com or faxed to (212) 556-3622.

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For newspaper delivery questions: 1-800-NYTIMES (1-800-698-4637).

Gang Presence In U.S. Military Investigated (CHIT)

By Charles Sheehan

Chicago Tribune, May 2, 2006

Tribune staff reporter -- The FBI has assigned an agent to monitor any connections between U.S. soldiers and a Chicago-based gang alliance, federal agents said.

Of particular concern are reports that the Folk Nation, consisting of more than a dozen gangs in the Chicago area, is placing young members in the military in an effort to gather information about weapons and tactics, said FBI Special Agent Andrea Simmons, who is based in El Paso, Texas.

"Our understanding is that they find members without a criminal history so that they can join, and once they get out, they will have a new set of skills that they can apply to criminal enterprises," Simmons said. "This could be a concern for any law enforcement agency that has to deal with gangs on a daily basis."

Chicago gang symbols can be found amid other graffiti, mostly in latrines on U.S. military bases such as Camp Fallujah in Iraq's Anbar Province.

Yet military investigators say the soldiers who left those symbols had no gang affiliation and little knowledge of how gangs operate.

"In nearly every one of the cases that we have looked into, it is a young man or woman who thought that the symbol looked cool," said Christopher Grey, spokesman for the Army's Criminal Investigation Command. "We have found some people even get gang tattoos not really knowing what they are, or at least that they have not had any gang affiliation the past."

Still, Army investigators have opened 10 cases in the last year in which evidence of gang activity was found, he said.

Some of those cases have since been closed, but no further details were released by the military.

"We're looking at a million-plus people in the Army," he said. "Any suggestion that this is rampant, we just don't see that."

Grey acknowledged that there are gang members in the military, but he said their presence has not become a problem.

The FBI, however, has two agents looking into gang affiliations in Texas in anticipation of a major realignment of military bases that is about to shift as many as 20,000 soldiers to Ft. Bliss near El Paso, Simmons said.

One of those agents has been assigned to look at affiliations with Folk Nation, she said.

Police departments around Ft. Hood, near Austin, about 600 miles away, have reported some gang-related incidents, and the FBI will monitor whether there is an increase in such crimes near Ft. Bliss over the next two years, Simmons said.

A number of soldiers transferred to Ft. Bliss are expected to come from Ft. Hood, Simmons said.

Military recruiters are trained to spot gang tattoos and affiliated clothing, said Maj. Nathan Banks, stationed at the Pentagon.

Membership in a gang does not automatically exclude individuals from the military, he said.

"There are people who want to become soldiers because they want something better," he said. "That's a fact, and people do join gangs, but they also leave that behind in some instances to serve."

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'BLAME IT ON GOTTI' SUBPOENAS (NYPOST)

By Kati Cornell

The New York Post, May 2, 2006

Lawyers for John "Junior" Gotti say the FBI is delivering an unusual verbal message along with its subpoenas for a sweeping grand-jury probe of the Gambinos - subjects are told, "You can thank Gotti . . . for this."

In a letter to Manhattan federal Judge Shira Scheindlin, defense lawyer Charles Carnesi complains that numerous subpoena targets have told him they received the same message from FBI agents, words to the effect of: "You can thank Gotti and Carnesi for this."

The feds have suggested Gotti, his younger brother Peter and others could be hit with new charges, including money laundering, tax fraud and perjury.

But Carnesi claims the supposed verbal message from the FBI is further proof the feds are misusing the grand-jury process in an effort to intimidate witnesses and spark "raging publicity."

Gotti, 42, is facing his third trial on racketeering charges after two previous juries failed to agree on a verdict.

AP: Conn. Governor Reassigns Official (AP)

By Matt Apuzzo, The Associated Press

AP, May 2, 2006

HARTFORD, Conn. (AP) — Connecticut's governor stripped a top fraud investigator of her duties Monday after The Associated Press reported that she had testified to receiving many of the same gifts that toppled former Gov. John G. Rowland's administration.

Kristine Ragaglia, head of the Medicaid fraud unit, was reassigned to administrative duties at Gov. M. Jodi Rell's order, pending an investigation, Department of Social Services spokesman Matthew Barrett said. As a classified employee, she can't immediately be fired.

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Ragaglia testified in 2004 before a grand jury investigating corruption in the Rowland administration.

In sealed grand jury transcripts, FBI reports and personal diaries examined by the AP, Ragaglia detailed how she took the same expensive hotel getaways, lavish dinners and limousine rides that were used to bribe the officials in Rowland's administration.

She testified that she took the luxuries while head of the state Department of Children and Families and helped steer a $57 million detention center contract to a developer who had provided gifts to Rowland.

Prosecutors agreed not to use her testimony against her, a deal that allowed her to keep her $104,000-a-year job, though she faces a civil case brought by the state attorney general.

"The fact that she is heading up a fraud unit, having defrauded the state, I see no humor in that," said Rell, who has been criticized by Democrats for keeping on too many Rowland-hired staff members while campaigning for clean government.

Ragaglia, a 44-year-old former assistant attorney general, ran the child protection agency from 1997 until 2003, when she left amid the FBI's burgeoning investigation. After a brief second stint at the attorney general's office, she was hired by the state's Department of Social Services as head of the fraud unit.

In documents reviewed by the AP, Ragaglia testified that she sometimes wrote letters or placed phone calls to push a project along. Other times, she said, she just looked the other way.

Asked about the documents Sunday night, Ragaglia said she didn't know that developer William Tomasso, who has since pleaded guilty to corruption charges, was paying for her lavish trips. She noted that her cooperation helped send corrupt officials to prison.

"I did my part to make it right," she told the AP.

Ragaglia's admissions have never been made public because all those charged in the case avoided trials by striking plea deals.

Rowland pleaded guilty in late 2004 to one corruption count and served 10 months; he is now on four months of home confinement. Tomasso and Peter Ellef, Rowland's top aide, pleaded guilty to corruption and fraud charges, and were sentenced to 2 1/2 years in prison.

Ragaglia wrote in her diary in 1998 that Ellef introduced her to Tomasso and outlined plans to replace an antiquated juvenile detention center with the Connecticut Juvenile Training School, a project touted as Ragaglia's greatest hope for success.

Rowland hailed it as a key step toward reforming an agency that was under federal oversight and reeling from a series of child deaths in state custody.

His administration steered the construction contract to Tomasso, who secretly paid for repairs at Rowland's summer cottage and his vacations to Florida.

Ellef and his deputy, Lawrence Alibozek, directed the effort. But the reform school came under Ragaglia's agency.

Ragaglia's diaries paint a conflicting portrait: She enjoyed being near Rowland's inner circle but she also worried that her reputation would be ruined and cited Tomasso's "disconcerting" ties to the governor's office. She was excited that her agency — and Connecticut's children — could benefit from his work.

"It was pretty clear to me that I am a pawn in this whole thing — I guess I shouldn't care as long as I get what I want," Ragaglia wrote in late 1998, saying she cared most about getting a new reform school.

According to Ragaglia's testimony, she began receiving perks while she pushed for the deal. She told investigators she joined Ellef, Alibozek and Tomasso for expensive dinners, limousine rides and vacations. Prosecutors describe the trips as bribes Tomasso gave the Rowland administration to land the juvenile center contract.

Ragaglia told investigators that she never knew who paid for the trips but assumed it was Alibozek, with whom she had a yearlong affair.

In the grand jury room, a prosecutor asked Ragaglia directly whether she thought the contract was being steered.

"That was my belief," Ragaglia replied.

Tomasso officially landed the training school contract in April 1999 when a state public works panel, which included Ragaglia, gave him the job.

The next day, Ellef, Alibozek and Ragaglia slipped away for a night in New York at the Waldorf Astoria, according to the grand jury testimony and the FBI documents. The bill topped $2,700, which prosecutors say was paid for with Tomasso's money.

By 2002, the Rowland administration's dealings had drawn the attention of the FBI. Ragaglia agreed to cooperate and Alibozek resigned, pleaded guilty to a corruption charge and become a key FBI witness. He is awaiting sentencing.

The Juvenile Training School, meanwhile, never lived up to its promise. Rell announced plans last year to shut it down by 2008, saying it was too much like a prison and wasn't rehabilitating the children.

Defense To Open In Trial Of Pair Tied To Mariano (PHI)

By Michael Currie Schaffer

The Philadelphia Inquirer, May 2, 2006

The father-and-son duo accused of bribing Philadelphia City Councilman Rick Mariano are expected to begin presenting their defense this morning by calling a series of witnesses that will include labor leader and potential mayoral candidate John J. Dougherty.

Dougherty will likely be asked about a $6,000 loan he made to Mariano, who was convicted on March 18 of bribery, fraud and conspiracy.

Dougherty told a grand jury last fall that the money was intended to help the councilman repay the defendants, Erie Steel owners Louis and Philip Chartock. Likewise, the defense has said an initial $5,873 payment of Mariano's credit-card bill in 2002 was a loan rather than a bribe.

The question of whether or not it was a loan also hung in the air yesterday at U.S. District Court, as prosecutors presented a succession of witnesses, and voluminous quantities of paperwork, designed to show it was not.

Thomas J. Rapak, an accountant working for Erie since 2003, said the money had been mischaracterized as a business expense in tax forms filed before his arrival. He said he adjusted the filings this spring.

Steve Hyman, a retired Philadelphia prosecutor, said Louis Chartock had first drawn his attention to the payment as city prosecutors were preparing a case against former Erie bookkeeper Maggie Greer, accused of embezzling more than $40,000 from the firm. Hyman said Chartock had told him Greer would try to make hay out of the payments to deflect from her own woes, although Chartock told him the money had been repaid. Greer ultimately confessed to a single misdemeanor charge and was sentenced to probation.

Mitchell Chartock, a son of Louis Chartock and younger brother of Philip Chartock, testified that he overheard a loud exchange between his father and brother in which Philip Chartock demanded to know why a receipt had been made. Prosecutors have cast doubt on the accuracy of a document purporting to prove that the money had been paid back.

Also yesterday, two defense witnesses testified early because of scheduling conflicts. A Disney employee testified that Greer had been on a cruise on the Disney Magic on a day prosecutors say she helped her bosses bribe Mariano.

And a US Airways employee confirmed that Philip Chartock was in Ohio at the time.

Defense attorneys have suggested that, other than the initial loan, the rest of the $23,000 that went from Erie to Mariano was stolen by Greer and the councilman - something Mariano's attorney has denied.

Dougherty's spokesman, Frank Keel, said he had no idea why the electricians' union leader had been called. He said Dougherty had never met the Chartocks.

Yesterday was also Mariano's final day as an official member of City Council. He resigned last week, effective at the close of business yesterday. He will be sentenced in July and could face six to 10 years in prison.

Defense's Claim That Rick Stole (PHI)

By Chris Brennan

The Philadelphia Inquirer, May 2, 2006

Prosecutors yesterday attacked the claims made by two businessmen accused of bribing former City Councilman Rick Mariano that Mariano actually stole much of the money.

Louis Chartock and his son, Philip, are charged with giving Mariano $23,455 in exchange for his help on issues their company had with the city.

The U.S. Attorney's Office called Steve Hyman, a former assistant district attorney in Philadelphia, who prosecuted a former bookkeeper at Erie Steel Co. for embezzlement.

Hyman said Erie Steel owner Philip Chartock repeatedly insisted that Margaret "Maggie" Greer be prosecuted even though she had threatened to "ruin his life" if the case went forward.

Hyman said Chartock had told him Greer was trying to exploit a $5,873 loan he made in 2002 to Mariano as a "personal favor."

But Hyman said the Chartocks never mentioned two other checks for a combined $17,582.

Defense attorneys for both men now claim Mariano stole those two checks with Greer's help.

Greer cut a deal last year to have 95 felonies reduced to a single misdemeanor with a sentence of one year of probation in return for her testimony against Mariano and the Chartocks.

Prosecutors also called Thomas Rapak, Erie Steel's accountant, who said Philip Chartock told him recently to file amended 2002 tax returns for the company, listing all three checks as loans to Mariano.

Two of the checks had been filed as expenses for freight or sales.

"He just claimed that they were put in the wrong place," Rapak said.

Elizabeth Ainslie, Philip Chartock's attorney, plans to call John Dougherty, the electricians union chief, as a defense witness today.

Dougherty, Mariano's one-time political patron, told the FBI he gave Mariano $6,000 to repay an Erie Steel loan but later learned no payment was made.

Ainslie and Bobby Simone, attorney for Louis Chartock, yesterday said they did not know if their clients would testify.

"I never know until the last minute," Simone said. "And the last people I tell are reporters."

Closings Begin In Bribery Trial Of Former Clark County Lawmakers (AP)

By Ken Ritter, ASSOCIATED PRESS

AP, May 2, 2006

LAS VEGAS (AP) - Closing arguments began Monday in the federal corruption trial of two former Clark County commissioners who could face prison if a jury finds them guilty of accepting bribes from a former striptease club owner.

"Dario Herrera and Mary Kincaid-Chauncey were two corrupt public officials," prosecutor Daniel Schiess declared as he began summarizing wiretaps, videotapes, documents and testimony that he said proved the two former commissioners sold their votes for cash, campaign contributions and sex.

Schiess characterized Herrera and Kincaid-Chauncey as savvy politicians who, following their indictments in May 2003, tailored their testimony and told "partial truths" to defend themselves.

The prosecutor quickly acknowleged credibility problems surrounding the prosecution's star witness, former strip club owner Michael Galardi, who pleaded guilty to bribing officials and testified in return for a promise of leniency in sentencing.

Schiess said FBI wiretaps recorded from 1999 to 2003 revealed the real truth behind what he called a scheme to defraud Clark County residents of honest government.

"Tape recordings, witness testimonies, stand in this courtroom. They are not erased by the credibility of Mr. Galardi," Schiess told the U.S. District Court jury. "When a case is born in hell, you're not going to find heavenly messengers as witnesses."

Defense lawyers for Herrera, a young former star in Democratic politics who lost a bid for Congress in 2002, and Kincaid-Chauncey, a grandmotherly flower shop owner and political veteran, maintain that Galardi lied when he testified he provided cash and sexual favors to Herrera and cash and family favors to Kincaid-Chauncey.

Herrera, 32, and Kincaid-Chauncey, 67, have each pleaded not guilty to conspiracy, wire fraud and extortion under color of official right charges that could get them 45 years in prison if convicted on all counts.

Herrera testified he received sex from Galardi employees, and said he received a $10,000 check as a campaign contribution. But he denied ever receiving cash bribes.

Kincaid-Chauncey acknowledged asking Galardi twice for money - once to help send her grandson to a competition ski racing school, and another time to help her son pay campaign costs for his unsuccessful bid for a North Las Vegas City Council seat. She also helped set up a strip club outing at a Galardi club for her son, an Air Force captain.

Schiess called Kincaid-Chauncey "subtle," "smart" and "wiley" in admitting to the FBI that she accepted Galardi money for the benefit of her relatives. But the prosecutor said Kincaid-Chauncey failed to account for at least three other times he said she took money.

The prosecutor summoned images from six weeks of sometimes lurid testimony about Herrera accepting lap dances, sexual favors and money after becoming, at age 25, the youngest person ever elected to the county commission in 1998.

"Ladies and gentlemen, as you sit here today, is there any doubt (Herrera) ... used his office to satisfy his own greed, to satisfy his own lust, to satisfy his own wants and wishes?" Schiess asked the jury.

Lawyers for Kincaid-Chauncey and Herrera could begin their closing arguments Tuesday. The case could go to the jury on Wednesday.

Another former commissioner, Erin Kenny, pleaded guilty in the case and testified for the prosecution in return for a promise of leniency at sentencing. But the 45-year-old mother of five denied Galardi's claim that she provided oral sex to him six times while she was on the commission.

Galardi claimed on the witness stand that he spent hundreds of thousands of dollars bribing judges, lawyers, police, political figures and public officials, besides the $200,000 he claimed he paid Herrera, and the $85,000 he said he paid Kincaid-Chauncey. None of those other officials has been charged.

Galardi said much of the money was funneled through former Clark County Commissioner Lance Malone, who Galardi hired as his lobbyist after Malone lost a bid for re-election.

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The government contends that in return, the commissioners voted to further Galardi's goals - including opening a $15 million, 20,000-square-foot strip palace he built just off the Las Vegas Strip, expanding laws allowing close contact between dancers and patrons, and limiting competition.

Galardi pleaded guilty and Malone was convicted in a related case in San Diego on extortion, wire fraud conspiracy and wire fraud charges after he was found guilty of delivering cash to San Diego City Council members on behalf of Galardi.

Malone remains free while appealing his conviction and a three-year prison sentence in the San Diego case, which also resulted in the conviction of two city council members. Malone did not testify in the Las Vegas trial. He will be tried separately in August.

The jury in Las Vegas learned Monday of Malone's conviction, but it has not heard that the federal judge who heard the San Diego case last year expressed doubts about Galardi's credibility and granted a new trial to one of the convicted council members.

G-Sting: Prosecutors Let Loose On Kincaid-Chauncey (KLAS-TV)

KLAS-TV, May 2, 2006

The defense wrapped up their case and closing arguments began Monday in the political corruption trial of two former Clark County Commissioners Dario Herrera and Mary Kincaid-Chauncey. They are both accused of accepting bribes from former strip club owner Mike Galardi in exchange for favorable votes on his clubs.

Prosecutors let loose on Kincaid-Chauncey using her own words against her. Kincaid-Chauncey acknowledges two payments from Galardi; money she solicited for family members. She says she got the first payment in October 2001.

In closing arguments, federal prosecutor Daniel Schiess told the jury, quote, "Mary Kincaid-Chauncey received more than the two payments she has talked about."

Schiess played an FBI wiretap from June 2001 where Lance Malone speaks to his former county commission assistant -- the topic: Kincaid-Chauncey.

FBI wiretap of Lance Malone: "I was able to get her some money for her son. I got her son like five grand and I got her five grand."

Prosecutor Schiess told the jury Malone would have no reason to lie to his former assistant about this. Schiess believes this is one of two Galardi payments Kincaid-Chauncey tried to conceal. The other, he says, occurred in August 2001 when she had lunch with Lance Malone. Following that lunch, Kincaid-Chauncey called Galardi on Malone's phone with the FBI listening in.

FBI wiretap of Mary Kincaid-Chauncey: "Hi Mike. It's Mary. Lance said you were in San Diego. Sorry I missed having lunch with you, but maybe when you get back we can go have some lunch or do something, just as long as it's a diet lunch. Anyway, thanks for all your help. I really appreciate it. Talk to you later. Bye."

When Kincaid-Chauncey testified about this wiretap she said she didn't know what she was thanking Galardi for.

Prosecutors showed a cash deposit slip from the day of that lunch -- $3,800 into the account of Kincaid-Chauncey's son, Mark. He testified last week that he doesn't remember that deposit.

After court Monday, Kincaid-Chauncey appeared flustered and did not speak with reporters. Her attorney Richard Wright was upset as well.

Wright said, "Sounded like a filibuster to me. If he can keep talking, I can't get up."

Prosecutors began discussing Dario Herrera late in the day saying Mike Galardi paid him off with lap dances and sexual favors because that was the currency of Herrera's corruption.

Both Herrera and Kincaid-Chauncey could face 45 years in prison if convicted on all counts.

Closing arguments continue Tuesday. The jury could get the case later this week.

George Federal Courthouse -- May 1 -- 1:20 p.m.

The defense in the G-Sting political corruption trial rested its case this morning. Before doing so, Dario Herrera's attorney, Jerry Bernstein read an agreement between all parties involved to the jury.

It informs the jury that in November of last year, Lance Malone was convicted in San Diego of bribing city councilmen there. Defense attorneys hope this hurts Malone's credibility in the eyes of the jury.

Following that, Judge Larry Hicks read the indictment against Dario Herrera and Mary Kincaid-Chauncey outlining how each face charges of conspiracy, wire fraud and extortion. Hicks then read to the jury a set of 42 rules they are to follow once deliberations begin.

At 11:07 this morning, federal prosecutor Daniel Schiess began his closing statements. He told the jury, quote, "Dario Herrera and Mary Kincaid-Chauncey were two corrupt public officials. You know the evidence shows beyond a reasonable doubt they sold their public office."

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Schiess also worked to overcome credibility issues involving Mile Galardi's testimony. Schiess argued, quote, "When a case is born in hell, you're not going to find heavenly messengers as witnesses."

Schiess then began reestablishing the prosecution's case against Mary Kincaid-Chauncey. Kincaid-Chauncey says she received two payments from Galardi -- the first in October of 2001. Schiess played a wiretap from late June of 2001 where Galardi tells Lance Malone they should give her $5,000; quote, "again."

Schiess told the jury they could infer that by late June of 2001, Kincaid-Chauncey had already received money from Galardi. Schiess told the jury, quote, "If the evidence shows she received more payments then those two, she was lying to you."

Schiess continues his closing statements at this afternoon.

George Federal Courthouse -- May 1 -- 12 p.m.

Within the last hour, federal prosecutors in the G-Sting political corruption trial began presenting their closing arguments. Assistant U.S. Attorney Daniel Schiess reminded the jury of numerous contacts between former Clark County Commissioners Dario Herrera and Mary Kincaid- Chauncey and former strip club owner Mike Galardi.

Schiess told the jury, quote, "Dario Herrera and Mary Kincaid-Chauncey were two corrupt public officials. You know the evidence shows beyond a reasonable doubt they sold their public office."

Before closing arguments began, defense attorneys rested their case but not before providing the jury with one final piece of evidence.

George Federal Courthouse -- May 1 -- 9:05 a.m.

The defense rested its case in the G-Sting political corruption trial this morning. Judge Larry Hicks will now begin presenting jury instructions to the jurors. Closing arguments are expected to begin in 90 minutes with the prosecution going first.

Email reporter Brian Allen at ballen@klastv.com

Church Workers Not Told About Money (LYN&A)

By Conor Reilly

Lynchburg News & Advance, May 2, 2006

ROANOKE - Federal prosecutors spent day four of Carl Hutcherson's trial trying to establish that the Lynchburg mayor was the brains behind a now-defunct church charity they say he used as his personal ATM.

But defense attorneys tried to convince a jury the city's top political figure was simply a bumbling businessman who mistakenly relied on another to look after the charity's affairs.

The government rested its case against the Lynchburg mayor, pastor and businessman Monday. Charges allege Hutcherson stole from Social Security recipients, raided a church group he directed and then lied to cover it up.

During a brief hearing without the jury present, prosecutor William Gould rejected the defense's notion that Hutcherson was just a "feckless buffoon" in the hands of a consultant.

The bulk of the testimony came from that consultant, Davida Wingfield. It was her job to set up Trinity New Life Community Development Corporation, a group affiliated with the church where Hutcherson is pastor.

Wingfield testified that, though she had made the applications on behalf of the CDC, all the information for those documents came from Hutcherson.

After the Bank of the James raised questions about an "odd" $32,500 transaction from the Jerry Falwell Ministries that wound up in the mayor's account, Wingfield said Hutcherson asked her "two or three times" to draw up fake documents to support what he told bank officials.

Wingfield said she felt it was "wrong" to draft minutes for a meeting she knew never took place, and said she was hesitant to provide the "board minutes" because she wasn't sure they were accurate.

However, she went ahead and prepared the minutes anyway, she said. "I believed what Carl told me."

Defense attorneys pointed out that prosecutors granted Wingfield immunity just a few months before Hutcherson was indicted. That means she can't be charged, though she forged signatures on key nonprofit applications and created fake documents, according to testimony.

John Fishwick, one of Hutcherson's attorneys, spent cross-examination showing Wingfield was the "expert" in the nonprofit world and that the mayor had to rely on her advice.

Wingfield said she was being compensated by the CDC to take care of all grant applications and making sure the organization got its nonprofit status, which were documents she said Hutcherson "barely glanced at"

The jury then heard from two church volunteers involved with the fledgling Trinity New Life CDC. One no longer attends Hutcherson's church because she hasn't been "comfortable" since the criminal investigation began.

Cheryl Glass, who once served on Hutcherson's church board, testified that she was never told about the $32,500 loan from the Falwell ministries to the CDC.

Though quoted in the fake meeting minutes saying Hutcherson could use that gift for himself as long as he paid it back, Glass said there was no meeting and she never spoke those words.

Assistant U.S. Attorney Tom Bondurant asked what the CDC's board would have done if Hutcherson had left the money in the proper account.

"We would have used the money to make the dream come alive across the street," Glass said, referring to a rundown house the CDC was hoping to turn into a community center.

After jurors listened to a taped phone conversation between Hutcherson and Falwell Jr. about the $32,500 donation, FBI Special Agent Christian Pettyjohn testified about his role as lead investigator and said that Hutcherson told him that Falwell Jr. donated the money to Hutcherson's charity and knew that Hutcherson planned to use it to pay back some of his back taxes.

Both sides used Pettyjohn to point out passages in Falwell Jr.'s phone conversation that favored their side.

Prosecutors tried to show that Falwell Jr. intended the money to be a donation to Hutcherson's charity, pointing out when Falwell Jr. said, "And if the ministry (Trinity New Life) decides to loan you the money, I don't see anything wrong with that," and "If the charity decides to loan you the money, it's between you and them."

Defense attorneys tried to show that Falwell Jr. knew that Hutcherson planned to use the money to pay off his back taxes.

"Make sure Davida Wingfield books that as a loan to you from that corporation (Trinity New Life). That's what I thought we were going to do," Falwell Jr. said twice during the conversation.

One day before his re-election bid, prosecutors called City Councilman Bert Dodson to testify regarding a $5,000 loan to Hutcherson he made in 2004 to help his fellow councilman's struggling funeral home business.

He said he had loaned thousands to the mayor several times over the past few years, and that Hutcherson still owes him around $2,000.

Prosecutors documented that Hutcherson paid back Dodson with a portion of the Falwell donation, which was supposed to help the CDC.

The government also documented that $26,500 of the Falwell gift went to pay a portion of Hutcherson's IRS debt.

After the government rested its case, defense attorneys asked the judge to dismiss the indictment. Defense lawyer John Lichtenstein told the judge the government failed to prove that Hutcherson committed any crimes.

Prosecutors downplayed the defense's request, saying the evidence against the mayor remains strong. The judge agreed, overruled the motion, and the trial will continue today.

Defense attorneys are expected to call their first witness today. It's unclear who may testify, but City Attorney Walter Erwin confirmed he was subpoenaed by Hutcherson's lawyers.

Closing arguments could also come as early as today.

Staff writer Dionne Waugh contributed to this story.

Prosecution Winds Up Case In Lynchburg Mayor's Trial (DPHR/AP)

By Sue Lindsey, Associated Press Writer

Daily Press, May 2, 2006

ROANOKE, Va. -- A consultant who helped set up a church charity testified Monday that she falsified minutes documenting a loan to the church's pastor, Lynchburg Mayor Carl B. Hutcherson Jr. Two women associated with the charity said they were unaware of the loan.

The three testified as the prosecution wrapped up its case in the U.S. District Court trial for Hutcherson, 62. He is charged with taking more than $30,000 given to the church's charity by the Rev. Jerry Falwell and his son to pay his funeral home's back taxes and stealing from two Social Security recipients.

After the prosecution rested, Judge James Turk took under advisement a defense motion to dismiss an obstruction of justice count against Hutcherson, but denied its motion to dismiss the other six counts of fraud and lying to federal and bank officials.

Davida Wingfield testified that at Hutcherson's request she fabricated minutes for the board of Trinity New Life Development Corp. The minutes included her actions on behalf of organizing the charity, she said, but also documented the charity's loan to Hutcherson.

Under questioning from Assistant U.S. Attorney Tom Bondurant, Wingfield said she hesitated to write the minutes because she didn't know whether any board meetings had actually occurred.

Asked why she did it, Wingfield answered, "I guess because he's a trusted friend."

Cheryl Glass, the charity's volunteer executive director, testified that the minutes contained quotes from her about the loan that she never said. Wingfield, who has immunity from prosecution, admitted making them up.

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Both Glass and Serena Gardner said that had they known about the $32,500 gift from the Falwells, they would have wanted to use the money to fix up the dilapidated church parsonage for the charity's use.

Glass testified that Hutcherson told her he expected a friend to give him money and that he was going to use those funds "to bless the church" and the charity.

Defense attorney John Lichtenstein pointed out that Hutcherson returned the money plus interest to Trinity New Life within a year of the loan in September of 2004.

Glass said she'd never seen two checks written to the funeral home that had her signature on them as well as Hutcherson's. Checks written on the charity's account required two signatures, and Glass testified that both she and Hutcherson had signed some blank checks because they had trouble coordinating their schedules.

Gardner, who said Glass asked her to serve on the charity's board, said Hutcherson told her in January of 2005 that he was in trouble but that "Jerry (Falwell) Jr. said it was OK." She said he told her "some moneys were funneled through one account to another."

"I told him we would not have authorized that," she said.

FBI agent Christian Pettyjohn testified that he and Bondurant asked Hutcherson to make a phone call to Jerry Falwell Jr. about the loan that was recorded covertly "because we were concerned about public corruption."

Defense attorneys had played the recording when the trial began last Wednesday, but it was repeated by the prosecution Monday. In it, Falwell said he didn't see anything wrong with the loan.

John Fishwick, another of Hutcherson's attorneys, said he expected the defense to complete its case Tuesday.

Alito Pens First Opinion As A Supreme Court Justice (LAW)

By Tony Mauro, Legal Times

Legal Times, May 2, 2006

In his maiden opinion for the Supreme Court, new Justice Samuel Alito Jr. said on Monday that states may not prevent criminal defendants from introducing evidence at trial that another person committed the crime.

The unanimous, pro-defendant decision in Holmes v. South Carolina was an unusual debut for Alito, a former U.S. Attorney not known for ruling in favor of the defense when he was a judge on the 3rd U.S. Circuit Court of Appeals. Alito joined the high court Jan. 31, replacing Sandra Day O'Connor.

But Alito said that South Carolina had gone too far in barring evidence of third-party guilt in cases in which the prosecution has presented forensic evidence that strongly supports a guilty verdict for the defendant.

"By evaluating the strength of only one party's evidence, no logical conclusion can be reached regarding the strength of contrary evidence offered by the other side to rebut or cast doubt," Alito wrote.

Also on Monday, the Court ruled in the high-profile case of Marshall v. Marshall that Vickie Lynn Marshall, better known as the model Anna Nicole Smith, could resume her battle for part of her late husband's estate in federal court. Justice Ruth Bader Ginsburg, writing for a unanimous Court, said the 9th U.S. Circuit Court of Appeals had interpreted the "probate exception" to federal court jurisdiction too broadly. Though probate is mainly a state matter, Ginsburg said that Smith's claim of tortious interference with a gift could be pursued in federal court.

In the South Carolina criminal case, Bobby Lee Holmes was convicted in the 1989 murder of an 89-year-old woman based on evidence that Holmes' palm print, DNA, and fibers from his clothing were found at the crime scene. Lawyers for Holmes said the evidence had been contaminated, and they also claimed that another man had committed the crime.

But the trial court excluded all evidence suggesting third-party guilt. South Carolina, like many states, has a rule that allows judges to exclude such evidence when it is speculative or remote and might confuse or prejudice the jury.

Alito explicitly said those rules of evidence were not at issue in the Holmes case. Rather, Alito said the South Carolina Supreme Court had "radically changed and extended the rule" by stating in two cases that if the prosecution's forensic evidence was strong enough, then the defense evidence of third-party guilt is to be excluded automatically.

Alito said that South Carolina's exclusive focus on the strength of the prosecution's evidence, without any assessment of the probative value of the defense evidence, violates the Constitution's guarantee of a "meaningful opportunity to present a complete defense." Barry Scheck, a former president of the National Association of Criminal Defense Lawyers, called Monday's decision a "profoundly significant ruling."

Scheck, co-director of the Innocence Project, said the decision will help future defendants challenge forensic evidence. "The mere fact that forensic evidence helped secure a conviction can't prevent people from trying to prove their innocence," he said. "Today's ruling is a strong signal that the Supreme Court is taking the right of defendants to prove their innocence very seriously and is taking a critical look at forensic evidence."

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A member of Holmes' legal team, Edward Lazarus of Akin Gump Strauss Hauer & Feld, said the case "hit the Court at a very opportune spot." It was a case in which actual innocence was claimed, coming from a state whose handling of capital cases has troubled the Court in the past. One sign South Carolina was in trouble came during oral argument in February, when conservative Justice Clarence Thomas asked a question -- almost unheard of for him -- and it was hostile to the state.

Holmes was represented by Akin Gump as well as by Cornell Law School professor John Blume, director of the school's death penalty project. Calls seeking comment from the office of South Carolina Attorney General Henry McMaster were not returned.

Alito's maiden opinion for the Court fit the tradition that new justices are usually given cases in which the Court is unanimous. But it was also notable for the fact that it featured only one footnote, an asterisk, as did Chief Justice John Roberts Jr.'s first ruling, last December.

Seton Hall Law School professor Charles Sullivan, author of a tongue-in-cheek 2005 Georgetown Law Journal article on the use of asterisked footnotes, laughed when he heard that Alito had used one. As with Roberts' footnote, Sullivan said it was likely that Alito used an asterisk rather than a number because "some people think it odd if you use a 'one' and there is no 'two.'"

Alito used to teach at Seton Hall, but Sullivan said the two never discussed footnotes. "If there is any subtext about today's development, it is that the new justices are going to be chary about using footnotes," no matter which variety.

In Death Row Case, Justices Order Retrial Over Evidence (NYT)

By Linda Greenhouse

The New York Times, May 2, 2006

WASHINGTON, May 1 — With the first opinion by Justice Samuel A. Alito Jr., the Supreme Court ordered a new trial on Monday for an inmate on South Carolina's death row because the state courts improperly excluded evidence showing that another man might have committed the crime. The decision was unanimous.

Justice Alito said the rule of evidence applied by the South Carolina courts was irrational and arbitrary and served to deprive the defendant, Bobbie Lee Holmes, of a "meaningful opportunity to present a complete defense."

The rule in question, which is used by a small minority of states, says that when the state has presented strong forensic evidence of the defendant's guilt, like DNA analysis or a fingerprint, the defense can be prevented from offering the jury contradictory evidence that points to the guilt of another person.

Justice Alito noted that the South Carolina courts applied the rule even when the defense evidence, "if viewed independently, would have great probative value," as it might have had in the case at hand.

Justice Alito, the newest member of the court and a former federal prosecutor, said that "the true strength of the prosecution's proof cannot be assessed without considering challenges to the reliability of the prosecution's evidence."

He added, "The point is that by evaluating the strength of only one party's evidence, no logical conclusion can be reached regarding the strength of contrary evidence offered by the other side to rebut or cast doubt."

The South Carolina rule was arbitrary and irrational in failing to heed this point, he said.

Although the unanimous 11-page opinion made the conclusion seem rather obvious, that was not necessarily how the case appeared as it reached the court. A coalition of 18 states, led by Attorney General Phill Kline of Kansas, filed a brief on South Carolina's behalf to argue that the issue was one of federalism, urging the court to grant the states "substantial latitude and respect" for their various approaches to their criminal justice systems.

Steffen N. Johnson, the lawyer for the state coalition, told the justices when the case was argued on Feb. 22 that nine states had similar rules.

On the defendant's side, the case, Holmes v. South Carolina, No. 04-1327, drew interest from the National Association of Criminal Defense Lawyers and from a group of 40 professors of evidence law, who told the court in their brief that the South Carolina rule was "a judicial usurpation of the jury's constitutional authority to decide guilt or innocence in criminal prosecutions." The professors' brief said "the fundamental issue in this case is the right to trial by jury."

The court has in recent years been paying renewed attention to the Sixth Amendment right to trial by jury, overturning, for example, sentencing systems that allow judges to make the central factual findings that in the court's view should be left to juries.

In his opinion on Monday, however, Justice Alito did not analyze the case as presenting a question under the Sixth Amendment or any other specific constitutional provision. His emphasis on what he called the irrationality and illogic of the South Carolina rule brought the opinion closer to a generalized due process analysis.

No matter what route the court took, its opinion was greeted with approval by defense lawyers. Barry C. Scheck, co-director of the Innocence Project at the Benjamin N. Cardozo School of Law at Yeshiva University, which filed a brief for Mr. Holmes, said the decision was "a strong signal that the Supreme Court is taking the right of defendants to prove their innocence very seriously and is taking a critical look at forensic evidence."

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Mr. Scheck said that while DNA evidence had led to many exonerations of criminal defendants, it was "still subject to erroneous interpretation or application, and the defense has a right to challenge that in court."

In this case, Mr. Holmes was convicted of murdering an 86-year-old woman, Mary Stewart, who was robbed, beaten and raped by someone who entered her home. Mr. Holmes was connected to the scene through a palm print, fiber analysis and DNA evidence. He argued that the forensic evidence was unreliable because it had been contaminated and that the police were trying to frame him.

At a pretrial hearing, his lawyers presented witnesses to support his argument that another man was Ms. Stewart's attacker. But the trial court refused, under the South Carolina rule, to allow this evidence to be introduced at trial.

Justice Alito said that while states were free to exclude defense evidence that "has only a very weak logical connection to the central issues," the type of evidence at issue in this case did not come under that description.

"Just because the prosecution's evidence, if credited, would provide strong support for a guilty verdict," he said, "it does not follow that evidence of third-party guilt has only a weak logical connection to the central issues in the case."

In other action on Monday, the court granted review in a death penalty case from California. The case, Ornaski v. Belmontes, No. 05-493, filed by Bill Lockyer, the state attorney general, is an appeal from a ruling by the United States Court of Appeals for the Ninth Circuit that found inadequate a jury instruction on how to consider mitigating evidence about a defendant's background and character.

Ex-OP Lawyer Pleads Guilty To Embezzlement (KCBIZ)

Kansas City Business Journal, May 2, 2006

A former Overland Park attorney faces as much as 10 years in prison after pleading guilty Monday to embezzling nearly $300,000 from a Kansas City church.

Keith Koenigsdorf was disbarred in both Kansas and Missouri last year after he admitted he had stolen the money from Central United Methodist Church, 5144 Oak St., court records show.

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Koenigsdorf, 50, pleaded guilty to taking about $297,000 from the church where he served as treasurer, Bradley Schlozman, U.S. attorney for the Western District of Missouri, said in a release. Koenigsdorf used the money to pay for personal and business expenses, Schlozman said.

Koenigsdorf waived his right to a grand jury and pleaded guilty before U.S. District Judge Fernando Gaitan to a charge of interstate transportation of stolen property, Schlozman said.

According to Schlozman, Koenigsdorf admitted that he had started embezzling money from the church in November 1999. Koenigsdorf, who also was a member of the church's board of trustees, was an authorized signatory on church checks, Schlozman said. Central United Methodist's policy required the trustees to approve all payments and each check to have two authorized signatures.

Koenigsdorf stole the money by taking blank checks that already bore a signature from an authorized signatory, adding his own signature and making the check payable to himself, and then depositing the checks into his law firm's operating account at Bank of America in Overland Park, Schlozman said.

Beginning in late February 2003, Central United Methodist stopped providing blank checks already signed by an authorized signatory, so Koenigsdorf began forging a second signature, Schlozman said.

The embezzlement was discovered at some point after July 20, 2004, Schlozman said. Koenigsdorf wrote about 90 checks drawn on Central United Methodist's bank account, Schlozman said.

Schlozman said the funds transfer from the church's bank in Kansas City, Mo., to Koenigsdorf's account in Overland Park resulted in the charge of interstate transportation of stolen property.

The case was prosecuted by Assistant U.S. Attorney Michael Green and investigated by the Federal Bureau of Investigation.

A sentencing hearing is pending.

Koenigsdorf campaigned for Overland Park City Council in 1999 but was defeated by Kris Kobach. Koenigsdorf's father, Richard Koenigsdorf, was a Jackson County Circuit judge in the 1960s.

Church Treasurer Pleads Guilty To Embezzling $297,000 (KMCI-TV)

KMCI-TV, May 2, 2006

KANSAS CITY, Mo. – The former treasurer of Central United Methodist Church pleaded guilty in federal court today to stealing $297,000 from the church.

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Bradley J. Schlozman, United States Attorney for the Western District of Missouri, announced that Keith B. Koenigsdorf, 50, of Overland Park, Kan., waived his right to a grand jury and pleaded guilty before U.S. District Judge Fernando J. Gaitan this morning to an information that charges him with interstate transportation of stolen property.

Koenigsdorf admitted that, beginning in November 1999, he began embezzling money from Central United Methodist Church, 5144 Oak Street in Kansas City. Koenigsdorf, an attorney, served as the treasurer and a member of the board of trustees of the church and was an authorized signatory on church checks. Central United Methodist's policy required all expense payments to be approved by the board of trustees, with two authorized signatures on each church check.

Koenigsdorf stole the funds, Schlozman explained, by taking blank checks which already bore a signature from an authorized signatory, adding his own signature, making the check payable to himself, and then depositing the check into his law firm's operating account at Bank of America in Overland Park. Koenigsdorf used these funds to pay for personal and business expenses.

Beginning in late February 2003, Koenigsdorf began forging the signature of the second authorized signatory on church checks used to embezzle funds, because Central United Methodist stopped providing blank checks already signed by an authorized signatory. Koenigsdorf would forge the signature of a second authorized signatory, make the check payable to himself, and deposit the check into his law firm's bank account.

Koenigsdorf's embezzlement was discovered at some point after July 20, 2004. Koenigsdorf wrote approximately 90 checks drawn on Central United Methodist's bank account, Schlozman said, resulting in a total loss of approximately $297,000 in church funds.

Central United Methodist has its bank account at a Bank of America branch in Kansas City, Mo., Schlozman explained that, because Koenigsdorf deposited the church check into the account of his law firm, a sole proprietorship, at a Bank of America branch in Overland Park, the transfer of funds constituted the interstate transportation of stolen property.

Under federal statutes, Koenigsdorf could be subject to a sentence of up to 10 years in federal prison without parole, plus a fine up to $250,000 and an order of restitution. A sentencing hearing will be scheduled after the completion of a presentence investigation by the United States Probation Office.

This case is being prosecuted by Assistant U.S. Attorney D. Michael Green. It was investigated by the Federal Bureau of Investigation.

College's Ex-President Pleads Guilty To Fraud (WP)

By Lois Romano

The Washington Post, May 2, 2006

The former president of Morris Brown College, a historic black school in Atlanta, pleaded guilty yesterday to embezzling millions of dollars in federal funds from the government and students, the climax of a financial debacle that caused the school to lose its accreditation.

Delores Cross, 69, who led the school from November 1998 until February 2002, pleaded in federal court in Atlanta to one court of illegally obtaining student loans, allowing her to avoid a trial and more than two dozen other counts she was confronting.

"I will always regret what happened, and I apologize to the students, the faculty and the staff of Morris Brown College," Cross said in a statement through her lawyer.

According to the 2004 indictment, $3.4 million in federally insured student loans and Pell grants were fraudulently obtained in the names of ineligible students -- some who never attended the college, some who were enrolled part time and others who had already left. It was never alleged that Cross personally benefited from the scheme, but that the money was used to pay bills at the strapped school. Ultimately the students found themselves responsible for loans they never requested.

"The Morris Brown College family is elated that this sad chapter in the college's history has come to closure," said Getchel L. Caldwell, vice president for institutional advancement at the school. "We are looking forward to building a new foundation."

Parvesh Singh, a former director of financial aid at the college, pleaded guilty last week to one count of theft of federal funds, admitting to fraudulently securing more than $92,000 in government loans for students whom he was aware were not attending the school. As part of his deal, Singh, 64, was committed to testify against Cross.

Had Cross gone to trial on the single count, she could have faced up to five years in prison and a $250,000 fine. Prosecutors are asking for up to 16 months in jail.

Under the agreement, she will pay $11,000 in restitution.

"Dr. Cross is relieved . . . this ordeal is over," said her lawyer Drew Findling, reading a prepared statement. "She hopes that ending the prosecution will assist Morris Brown in regaining its accreditation."

The 125-year-old college, which counts civil rights leader Hosea Williams and Pulitzer Prize-winning author James A. McPherson among its alumni, is still in a tenuous situation. It has gone from a robust campus of 2,000-plus students to an

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enrollment of 66 this year, with nine instructors. Students are no longer eligible for financial aid. Recently a group of students filed a lawsuit asking a judge to remove the board of trustees for breaching its fiduciary duty.

Prosecutors say that the mismanagement that devastated the school also hurt the credit ratings of students who only found out about the loans years later when they tried to obtain credit. The school is also fighting lawsuits brought by former students, and other suits stemming from the financial woes.

Caldwell said the school intends to reapply for accreditation -- which requires the institution to have a balanced budget for three years -- in 2009. It has $25 million in long-term debt.

He said both the alumni association and the African Methodist Episcopal Church, which founded the school in 1881, have promised to help the school rebound.

"We will have 107 students in the fall," Caldwell said. "That's how many students were enrolled when the school was founded. We're definitely going to make it."

Views Of Jury Pool Trouble Sniper (BSUN)

By Andrea Siegel, Sun Reporter

The Baltimore Sun, May 2, 2006

As his trial begins, Muhammad finds many say he killed six people in Md.

ROCKVILLE -- The difficulty of finding jurors in Montgomery County who had not decided that convicted sniper John Allen Muhammad was responsible for the county's six sniper killings in 2002 became immediately apparent Monday as the presiding judge questioned the first batch of 300 potential jurors.

During initial questioning -- which was disrupted by a profanity-laced outburst from a victim's relative -- nearly all of the first 25 potential jurors said they believed he committed six murders in the county, and many were aware that he had been convicted of a sniper killing in Virginia.

They pointed to the heavy media coverage of the shootings, their children being forced to stay inside at school and their personal fears at the time. One referred to the images he saw of Muhammad in prison garb from the first trial in Virginia.

"It happened right around my old job, right around my house," said Quinn McCreary, 24, who lived across from one of the shooting scenes in Silver Spring. "It was right in my face."

McCreary was excused by Montgomery County Circuit Judge James L. Ryan.

The trial's first day illustrated the difficulty posed by a defendant who seeks to represent himself, particularly when the suspect has no legal training and is charged in a high-profile crime.

Muhammad, 45, had bitterly criticized his court-appointed attorneys in previous cases and has chosen to represent himself in this case, something he did briefly in his Virginia trial.

Monday, he sat at the defense table, staring at each possible juror who were called for individual questioning. The potential jurors had filled out a form of 32 questions, asking their opinion of the case, whether they thought they could still be fair and whether they had experience with guns such as the Bushmaster rifle used in the murders.

Minds 'made up'

As more people said they believed he was guilty, Muhammad grew more agitated. He objected to most, and at midafternoon, he told the judge he would object to all potential jurors who said they couldn't be fair to him.

"These people are saying their minds are already made up," he complained.

Outside the courthouse, A. Jai Bonner, one of Muhammad's appointed standby lawyers, said: "This court has no business trying this case. It should have been moved a long time ago."

On Friday, Ryan rebuffed Muhammad's request to move the trial, saying that three days before the trial's start was too late to ask. The public defenders Muhammad fired had not sought a new location for the trial.

Muhammad faces six counts of murder in Montgomery County in the October 2002 shooting rampage that claimed 10 lives in the Washington, D.C., area, injured three others and placed millions of people in fear that they could be next in the sniper's sights.

Already on Virginia's death row for a sniper killing, Muhammad could be sentenced to multiple life terms without parole if convicted in Maryland. Lee Boyd Malvo, 21, convicted as Muhammad's accomplice in two Virginia sniper shootings, is serving life prison terms there.

Jury selection began about 10 a.m. with more than 300 people called in. The final panel will consist of 12 jurors and four alternates.

'I hope you rot'

Within the first hour as more pretrial motions were being argued, a cousin of one of Muhammad's six alleged victims in Montgomery County was ejected from the courtroom after screaming obscenities at the suspect.

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"I hope you rot in hell," hollered Christopher Roberts, wearing a bright red T-shirt that said, "Why?" Roberts said he was as a cousin of bus driver Conrad E. Johnson, the final sniper victim.

Deputies escorted the man from the courthouse and told him not to return. Outside the courthouse, he said what he wanted to tell Muhammad: "Don't be antagonizing these families."

He said he thought Muhammad should admit to the crimes.

"You see what I was telling you -- that is why we have so much security," Ryan told Muhammad as Roberts was removed. "It's not just for everybody else. It's for you, too."

Replied Muhammad: 'That's America, your honor -- freedom of speech."

Emotions ran high among some potential jurors.

One sniper shooting "was at a gas station that I use, the Shell. That's where I went when I was in high school," one weeping young woman said. "I feel that there is nothing anybody can say that will change my mind."

Excused from consideration, she still shook. "I didn't look at him. I couldn't look at him at all," she said as she ran toward the elevator.

Said another woman during questioning, "It's a very emotional case, especially for people living in this area. I have small children in Montgomery County public schools."

Legal experts said the challenge of impaneling an impartial jury for so notorious a case is difficult, but not impossible.

Michael Greenberger, a law professor who is director of the Center for Health and Homeland Security at the University of Maryland, said: "There will ultimately be prospective jurors who were possibly intimidated at the time but are still able to put those feelings aside."

Finding jurors willing to take a fresh look at the case could take a while, Greenberger said.

Two previous sniper trials were moved from Northern Virginia to the Hampton Roads area because of pretrial publicity.

Greenberger said the question of an unbiased jury could "ultimately be a basis of appeal that he couldn't get a fair trial."

Byron Warnken, a law professor at the University of Baltimore School of Law, said: "The practical reality is for people who lived in this area, for people who know that he was convicted in Virginia, is it will be very difficult to find people who say, 'I'm not considering any of that.'"

But just because a juror knows about the case doesn't mean he or she can't hear the trial. "What you have to be able to do is state under oath that whatever experience you had will not inform your decision," he said.

Ryan tried to impress that point upon the 55 people questioned Monday, and the standby lawyers later expressed unhappiness with what they called Ryan's effort to "rehabilitate the potential jurors."

Still, only 21 passed the first cut and were told to return Thursday, the tentative date for picking jurors. More of the first 300 called for this trial will be questioned Tuesday and, if necessary, tomorrow.

Until Monday, Muhammad was appearing in court in a green jail jumpsuit. Monday, he wore a dark suit; a French-cuffed, blue-and-white shirt and a pale blue tie from the closets of the two standby lawyers who are men.

A simmering defense issue promises to resurface Tuesday. As of Monday, Ryan had allowed Muhammad to subpoena 28 in-state witnesses of the 178 on his handwritten list.

Muhammad wants to put his Virginia prosecutors and numerous other out-of-state witnesses on the stand, but Ryan turned him down again Monday because Muhammad had not filed the appropriate paperwork with the clerk's office.

His standby lawyers said Muhammad raised solid issues Monday. They also said he did not appear to be mentally ill, a point in dispute.

Ryan rebuffed an attempt by the Montgomery County public defender's office, which used to represent Muhammad, to submit a letter from Annapolis psychiatrist David Williamson suggesting that Muhammad was bipolar and not competent to stand trial. It was the second such diagnosis of Muhammad. The judge said it was inappropriate for the public defender to send it.

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Reporter Annie Linskey and the Associated Press contributed to this article.

Suspect's Notoriety Shrinks Jury Pool (WP)

By Eric Rich And Ernesto Londoño

The Washington Post, May 2, 2006

A remarkable number of potential jurors in a Montgomery County courtroom yesterday had what seemed to be a legitimate reason to be excused from that most dreaded of civic responsibilities.

"I think he's guilty, sir," said one, referred to in court as juror 34, under questioning by Circuit Court Judge James L. Ryan.

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In a back room, where they were gathered, the talk was said to be still more blunt. Several jury candidates agreed that the trial was a waste of time and that the defendant could be convicted "in 20 minutes," according to another, who reported the conversation to Ryan.

And so it went as jury selection began in the Maryland trial of John Allen Muhammad, charged in six sniper slayings in Montgomery. Most of the potential jurors questioned yesterday told Ryan that they hold Muhammad, already convicted and sentenced to die in Virginia, responsible for the random shootings in October 2002. Many said the shootings had touched them personally.

Not more than a handful of the 60 or so people questioned by Ryan said they had formed no opinion as to Muhammad's guilt. A larger number, however, said that if selected to serve they could set aside their views and base their decisions on the evidence presented in court.

By the end of the day, Ryan had picked 21 for a pool of eligible jurors, a group that is expected to be whittled down under more intensive questioning late this week.

The judge's decision to allow many of those candidates to remain in the jury pool drew protests from Muhammad, 45, whose previous motion to have the trial moved to another jurisdiction was denied. Muhammad, who is defending himself, told Ryan that he doubted that opinions held over years could be so easily set aside.

"He walked through the door with a preconceived notion," Muhammad said of one juror, "and you spoke a couple words and all the sudden -- Shazam! -- his mind's not made up anymore."

Muhammad's alleged accomplice, Lee Boyd Malvo, 21, also has been convicted in Virginia and will face trial later this year in Montgomery.

One of the day's more dramatic turns occurred before jury selection began, when a man dressed in a bright red T-shirt with "WHY?" on the front lashed out at Muhammad after a discussion about the witnesses the defense hoped to call.

"I hope you rot in hell!" shouted Christopher Roberts, who said he was a relative of Conrad Johnson, a 35-year-old bus driver killed Oct. 22, 2002.

Deputies quickly grabbed Roberts by the arms and escorted him from the courtroom. "He killed my cousin, man," he told the deputies.

"You see what I was telling you," Ryan said to Muhammad as Roberts was ushered away. "That is why we have so much security. It's not just for everybody else; it's for you, too."

Muhammad replied, "That's America, your honor, freedom of speech."

Muhammad also dismissed a psychiatrist's report that his former public defenders, whom he has fired, provided to the court Friday. The report said Muhammad probably is bipolar and should be evaluated to determine his competency to stand trial.

"I read it last night," Muhammad said. "My position was I put it in the trash."

Many of the potential jurors recalled the anxiety that gripped them during those tense days, when the sniper shootings caused them to fear for their own or their children's lives. One sobbed as she described the terror that has kept her from lingering at a neighborhood gas station in Kensington since Oct. 3, 2002.

"There's nothing anyone can say that would change my opinion," said that woman, who was excused from service.

Seeing Muhammad summoned a variety of emotions, those who were excused later said.

"From what I knew and saw and heard and what he did, you'd think he'd look like a monster," said Quinn McCreary, 24, a store manager.

Amanda Abeya, 19, of Rockville said: "I hated it. I didn't even look at him."

And Margie Topps, 54, of Kensington said: "I did notice he was staring. I felt those eyes on me."

Sniper Case Jury Selection Begins (WT)

By Jon Ward, The Washington Times

The Washington Times, May 2, 2006

Jury selection in the second trial of convicted sniper John Allen Muhammad began yesterday with a difficult search for impartial minds, punctuated by a courtroom gallery outburst from one of the victim's relatives.

Muhammad, 45, is charged with six killings in Montgomery County, which were part of a three-week shooting spree in 2002 that killed 10, wounded three and caused fear throughout the region.

Montgomery County Circuit Court Judge James L. Ryan called more than 300 potential jurors and walked them through 32 yes or no questions primarily related to their ability to serve and judge impartially.

He then interviewed about 60 potential jurors individually, pressing most of them about their answers. Most potential jurors said they already thought Muhammad was guilty.

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"It really made me angry at the time, and I don't think I could be impartial because of the fear inflicted on children and adults," said the first potential juror, a mother of small children. She was dismissed.

Muhammad expressed displeasure to the judge about being presumed guilty and seemed unable to grasp that preconceived notions could be put aside in order to base a judgment only on facts and evidence presented in court.

"It's one thing to have heard about it. It's another thing to already have made your mind up," Muhammad said.

A Virginia Beach jury in 2003 found Muhammad guilty of murder in the death of Dean Harold Meyers at a Manassas service station and using an accomplice, Lee Boyd Malvo, now 21, in the crime. That jury sentenced Muhammad to death. Malvo was given life without parole by a Chesapeake jury for a different killing two months after Muhammad's sentencing.

Authorities say they brought Muhammad to Maryland on the off chance something goes wrong on appeal in Virginia and to deliver justice to the families of victims at the epicenter of the shooting spree.

Early in yesterday's proceeding, before potential jurors came into the courtroom and after a brief motions hearing, a man wearing a red T-shirt that said "Why?" stood and began yelling at Muhammad.

"I hope you rot in hell," Christopher Roberts shouted at Muhammad, who looked up briefly from his table and then back down and continued writing on a piece of paper.

Mr. Roberts, who said he was a cousin of Conrad E. Johnson, a bus driver who was the final victim in the sniper rampage, then began to hurl obscenities at Muhammad.

Sheriff's deputies forcibly removed Mr. Roberts from the courthouse, and Judge Ryan reassured Muhammad that the tight security was for his benefit.

"That's America, your honor. Freedom of speech," Muhammad said.

Outside, Mr. Roberts said Muhammad's choice to represent himself in this case is "insulting" to relatives of the shooting victims.

"It's not fair," Mr. Roberts said. "Be honest with yourself and say, 'I did a crime.' "

About 20 potential jurors were selected yesterday, and 49 must be chosen before a round of strikes narrows the pool to a jury of 12 with four alternates.

Muhammad will have 22 strikes, and the prosecution will have 11.

Opening statements are tentatively scheduled to begin Thursday. The trial is supposed to last about six weeks.

Muhammad's standby counsel, J. Wyndal Gordon, asked Judge Ryan for more leeway in helping Muhammad with jury selection.

"We're not taking over his case," Mr. Gordon said.

Judge Ryan said he would read the case that Mr. Gordon cited in support of his point, but Muhammad's reliance on his standby attorneys drew the ire of prosecutor Katherine Winfree, the county's assistant state's attorney.

Ms. Winfree also grew agitated when she saw the number of witnesses Muhammad wants to call in his defense. Muhammad submitted a list of about 150 names he wants called as witnesses, his attorneys said.

Judge Ryan initially told Muhammad that he could not subpoena out-of-state witnesses, because it was too late to do so. But the judge later read the witnesses' names to the jury pool.

Duke Case Prosecutor's Media Whirl Raises Eyebrows (USAT)

By Oren Dorell

USA Today, May 2, 2006

DURHAM, N.C. — The alleged rape of a stripper by members of the Duke lacrosse team has put the spotlight on a North Carolina county prosecutor who is pushing his biggest case ever while trying to win an election.

Mike Nifong (NY-fong) is described as a tough-but-fair prosecutor by several people who have worked cases with him. Yet detractors say he has pushed ethical limits on what to say publicly about the rape case and has used the issue for political gain.

The alleged attack has roiled the community. It pits white university athletes who their lawyers say are being railroaded against a black community that is demanding justice for the accuser. At the center of it all is Nifong.

“I've never seen him do one so public like this one,” said Edward Sarvis Sr., a retired Durham police captain who has seen Nifong try a lot of cases over the years.

Sarvis said Nifong has always been a subdued, behind-the-scenes kind of prosecutor. However, in this case, Nifong has been more open, Sarvis said.

“It makes me think it's because of the upcoming election,” he said.

That election is being held today. Nifong, 55, is running in the Democratic primary for Durham County district attorney against Freda Black, a former prosecutor, and Keith Bishop, a Durham lawyer. No Republicans are seeking the office.

Nifong's campaign coordinator, Jackie Brown, says the campaign is based on experience, not politics.

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“His job as a district attorney is to run the district attorney's office and to prosecute cases,” he says.

Brad Dixon, spokesman for Freda Black, says Black sees the job as more than “just a prosecutor.”

“She wants to bring community groups together to solve the community's problems,” Dixon says.

Keith Bishop says he is running because “we have a record of poor prosecution in Durham. Durham has become a revolving door for crime.”

Nifong became the county's acting district attorney last year when North Carolina Gov. Mike Easley appointed him to replace Jim Hardin, who left the post to became a Superior Court judge.

Nifong has been working for the Durham County District Attorney's office since he graduated from law school in 1978. Over the next two decades, he tried scores of cases, including rapes and murders.

James “Butch” Williams, a defense lawyer representing one of the lacrosse team captains, called Nifong a “hard-nosed prosecutor,” who is prepared, organized and fair-minded. But he can also be “testy,” Williams said.

Williams described a drug case he tried against Nifong where Williams put his hand on Nifong's shoulder while making a point to the jury. When it was Nifong's turn, he used Williams to illustrate how police conduct a pat-down search.

“Because I did it to him, he decided to do it to me,” Williams said. “He can be aggressive that way.”

Lawrence Campbell, head of the Durham public defender's office, last month described Nifong's courtroom demeanor as ranging from low key to “vicious.”

“He will slice you up as a witness. He takes particular delight in it,” said Campbell, who has tried many cases against Nifong. “If he's pursuing this case, it's a case that he believes he can win.”

Even so, some have wondered whether the heat of a political campaign has influenced a man who has never run for office.

Early on, Nifong gave at least 50 interviews to the media in which he insisted that the victim's injuries were consistent with a sexual assault. Before a grand jury had heard the allegations Nifong publicly said he believed the woman and appealed for the lacrosse players to say what happened.

Two teammates, Collin Finnerty, 19, and Reade Seligmann, 20, were indicted April 17 on charges of first-degree rape and kidnapping.

Nifong publicly discussed some of his views on the evidence, particularly the lack of DNA evidence.

“It would probably be fair to share that Mike should have been a little more circumspect with some of the comments he made early on,” said Tom Lock, the district attorney for three North Carolina counties.

Lock said Nifong discussed the case with some colleagues during an early April meeting in Florida of the North Carolina Conference of District Attorneys.

Lock said Nifong “certainly seemed on top of the case,” though he was also “a little surprised by the massive publicity.”

Lock said Nifong's relative silence of late on the case is “probably” related to the advice he got from his fellow prosecutors.

Joseph Cheshire, a lawyer for some of the lacrosse players, said the case is hurting Durham.

“I think that it is a false accusation that has been made for some reason against these boys. And I think it has been used to hurt their lives forever and to tear this community apart,” he said.

Black, a former assistant district attorney and Nifong opponent, said Nifong gave so many interviews “before all the facts are in” that he jeopardized the outcome. She said his statements stirred up the community and may have violated state ethics rules.

But Campbell said people in Durham wanted to know the case was being treated like any other, and there was a perception that members of the lacrosse team were getting special treatment.

Nifong, Campbell said, “felt compelled to respond so his constituents, and the public, would know how he felt, right or wrong.”

And if he feels he is right, he will not be dissuaded, Williams said.

Williams said he and Nifong had a quiet talk away from the public attention not too long ago.

“He told me personally outside the courtroom that he thinks something happened,” Williams said. “That's the kind of prosecutor he is. Once he gets that in his mind, he's hard to budge.”

Duke Student's Lawyers Want D.A. Off Case (LAT)

By Richard Fausset, Times Staff Writer

The Los Angeles Times, May 2, 2006

They say Mike Nifong, up for election today, has put politics ahead of the evidence in the alleged rape of a dancer.

Attorneys for a Duke University student arrested on suspicion of raping an exotic dancer demanded Monday that Dist. Atty. Mike Nifong be taken off the case, alleging in court documents that the Durham, N.C., prosecutor ignored key evidence "in his zeal to make national headlines and win a hotly contested primary."

But Nifong's supporters argued that the motion seemed motivated as much by politics as by law, coming on the eve of Nifong's bid for election to a post he was appointed to last year.

"It's just outrageous and unfortunate that things have been spun this way," said Sharon Thompson, a Durham civil attorney. "There may have been a few missteps, but Mike is not the kind of person where his whole motivation is to benefit his campaign."

The allegations were contained in a motion filed Monday on behalf of Reade William Seligmann, one of two Duke lacrosse team members indicted April 17 on charges of rape and kidnapping. Nifong said he was hoping to indict a third team member for participating in the alleged March 14 attack.

The case has also become the central issue in Nifong's effort to keep his job as Durham County's top prosecutor. Today he faces off in an election with two contenders who, like the players' attorneys, have criticized Nifong for his bold statements early in the investigation. Some of those statements, critics say, seemed to unfairly implicate Duke lacrosse players before any indictments were handed down by a grand jury.

Monday's motion — filed by attorneys J. Kirk Osborn of Chapel Hill and Ernest L. Conner Jr. of Greenville — introduced a new and unsparing tone to the criticism. The motion calls the case a "shakedown" and asserts that Nifong has been willing to "prostitute the truth" in the case to get elected.

The defense attorneys called for the appointment of an independent prosecutor. They also alleged that Nifong violated the North Carolina State Bar's Rules of Professional Conduct by potentially prejudicing the jury pool, among other things. (A spokeswoman for the state bar would not comment Monday on such complaints, saying they could only be considered if a formal complaint were filed.)

A separate motion — one of several filed Monday — asks the court to suppress the accuser's identification of the two suspects, arguing that the photo lineup that Nifong and police put her through was flawed.

It also alleges that the accuser has "serious credibility problems." The motion makes reference to a 1996 rape allegation the accuser made, which police did not pursue for reasons that are unclear. It also alleges that the accuser stated that her husband threatened to kill her in 1998, but failed to appear at a hearing to prove her allegations, ending the investigation.

Durham police were unable to verify that allegation Monday evening.

Nifong would not return calls for comment, and it is unclear what chance the motions have of succeeding in court. A more immediate question, however, was how the filing would affect his political fortunes.

For weeks, other critics have suggested that Nifong, a white candidate, was pursuing the Duke case to make political gains in a county that is about 38% African American. The accuser, a 27-year-old college student, is black, whereas all but one of the Duke lacrosse members are white.

But a number of Durham lawyers — prosecutors and defense attorneys — have scoffed at the idea that Nifong would play politics with such a serious matter.

Brian Aus, a Durham defense attorney, noted that Nifong shied away from politics for most of his 25-plus years in the district attorney's office. Last year, however, the top district attorney post opened up, and North Carolina Gov. Michael F. Easley, a Democrat, appointed Nifong, who by that time had tried more than 300 felony cases.

For the first time, Nifong has had to campaign to keep his job.

"But he is not a political figure," Aus said. "He's stayed in the past away from politics. The only reason I can see that he's politically involved these days is because the governor appointed him to the job, and now he wants to keep it. But I don't believe there was any political idea regarding these indictments."

Over the years, Nifong earned a reputation among many Durham criminal attorneys as a tough prosecutor, but also a fair one: Aus said Nifong often gave the defense access to files beyond those he was required to turn over under North Carolina discovery laws.

Indeed, Nifong counts a number of the dozen or so lawyers on the Duke defense team among his friends and supporters: One of them, Bill Thomas II, gave $1,000 to Nifong's reelection campaign in January, records show. Another, James D. "Butch" Williams, endorses him on Nifong's campaign website.

While some of the players' attorneys criticized Nifong's specific actions in the Duke case in recent weeks, they continued to vouch for his fitness for public office. But Nifong's refusal to meet with some of them and hear exculpatory evidence has been a source of frustration.

Nifong's opponents, both of whom are private attorneys, present potential problems for him. Keith Bishop has no prosecutorial experience, but he is black, and was recently endorsed by an influential African American political group, the Durham Committee on the Affairs of Black People. Freda Black is a former prosecutor who won a conviction in the murder trial of novelist Michael Peterson in 2003.

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Black has raised more money than Nifong — about $45,000 to his $32,000, according to campaign finance records. (Bishop's records were not on file with the State Board of Elections.)

Today's election is a Democratic primary; no Republicans are running. If no candidate gets more than 40% of the votes, the top two vote-getters will go to a May 30 runoff. A new district attorney would take office Jan. 1.

In that scenario, Nifong could continue to pursue the case for months, but a successor might take the case to trial. Neither of Nifong's challengers has said whether they would drop or pursue the case if elected — but Nifong's supporters said they were sure defense lawyers would be happier trying the case against a different district attorney.

CIVIL LAW:

U.S. Says It Overpaid Delta For Tickets (WSJ)

By A Wall Street Journal Staff Reporter

The Wall Street Journal, May 2, 2006

The U.S. government said it overpaid Delta Air Lines more than $26 million for tickets used by military personnel and accused the airline of overcharging it an additional $240,000 for tickets bought in the past three years.

The disclosures were made Friday in documents filed with the U.S. Bankruptcy Court in Manhattan, where Delta has sued to force the government to pay nearly $19 million for flights provided mainly to U.S. Army personnel. The government, in response, asked a judge to throw out Delta's lawsuit, saying it has the right to deduct past overcharges and overpayments from current obligations to Delta.

A Delta spokesman in Atlanta didn't respond to a request for comment. Its quarrel with the government stems from a probe by the Government Accountability Office, which found that military personnel misused a fly-now-pay-later system operated by the Department of Defense. Delta, which has been in bankruptcy reorganization since September, has said it's transporting military personnel at a cost of $117,000 a day without indication that it will ever receive anything in return.

CIVIL RIGHTS:

Chicago Schools Reach Desegregation Agreement (CHIT)

By Lori Olszewski And David Mendell, Tribune Staff Reporters

Chicago Tribune, May 2, 2006

With the historic legal battle to integrate America's big-city schools being abandoned across the nation, the Chicago schools and the federal government have reached a tentative agreement that would release the district from 26 years of federal oversight on desegregation efforts by the 2007-08 school year.

The settlement, filed jointly Monday in U.S. District Court, effectively allows the school system to decide on its own, without federal intervention, how much money and resources to devote toward integrating its schools. School officials maintain that desegregation will remain a primary objective.

Under the agreement, the admission process for Chicago's magnet and selective enrollment schools will remain for at least two more school years.

The tentative pact represents a retreat by the Justice Department from its more aggressive stance toward the district on equity issues in recent years, although it does keep Chicago under its scrutiny one year longer than school officials wanted.

As recently as five months ago, Justice Department attorneys opposed Chicago's bid to be released from court oversight at the end of this school year, citing a long list of transgressions. But the trend nationally has been to release districts from longstanding court orders, after the Supreme Court ruled in 1991 that districts have to desegregate only "to the extent practicable."

"This decree like most around the country is on its last legs," said Harvey Grossman, legal director of the American Civil Liberties Union of Illinois.

With the student body less than 9 percent white, Chicago school leaders have argued that it is nearly impossible to integrate the entire system. In fact, officials made the same arguments in 1980, when nearly 20 percent of Chicago school students were white. Today, the dearth of white students in urban districts is a contributing factor in why so many desegregation lawsuits are being abandoned.

African-American students, who represented 61 percent of the district in 1980, still are the largest group at almost 50 percent. The percentage of Latinos has doubled, from 19 percent to 38 percent.

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The latest agreement still requires the approval of U.S. District Judge Charles P. Kocoras, who has scheduled a hearing on it for 9:30 a.m. Thursday. Kocoras had planned two weeks of public hearings on the case to begin May 15. Those hearings, which would be averted under the settlement, were expected to spotlight the district's long and controversial history of how it has handled integration and the allocation of its resources.

Although the school district has spent at least $2.5 billion on desegregation in the last 26 years, most of the city's black and Latino children still attend class in racially isolated schools that mirror the city's segregated housing patterns.

What little integration there is occurs in the city's magnet schools, where admission is determined by a racially weighted lottery, and in other special schools that screen for academic qualifications while also considering race and ethnicity. These remain some of the most desirable schools because they tend to have higher test scores and extra programs.

School officials said they are committed to integration, even without the federal government monitoring those efforts through the courts.

"Our goal is to maintain the diversity we have achieved and to expand that if we can," said Patrick Rocks, chief legal counsel for the school system.

Schools chief Arne Duncan promised that the system will continue to provide extra academic support in racially isolated schools and will preserve its integrated magnet and selective enrollment schools.

"This is core to my values and how I was raised," said Duncan, who attended the private, racially integrated University of Chicago Laboratory Schools in Hyde Park.

"We can spend hundreds of thousands dollars less on lawyers and put it in the schools. Money that went to legal fees will be spent on the students."

Duncan estimated the case has cost more than $1 million in the last four years.

Being under court supervision did provide Chicago with some protection from possible lawsuits, attorneys said. Some parents in other districts have challenged race-based admissions criteria.

For that reason, Duncan said the schools will undertake an extensive review of its magnet and selective enrollment admissions policies and may propose a new system after the case ends. It would not be effective until the 2008-09 school year at the earliest, Rocks said.

Rocks said he cannot guarantee that racial weights will stay in the new admissions policy but said recent court decisions have upheld racial considerations if there is a compelling educational reason.

Race-neutral considerations, such as family income and education levels, are not always sufficient to increase diversity, Rocks said.

The agreement filed Monday replaces one approved in March 2004 that also was supposed to lead to the end of federal oversight. That agreement was the first change in the district's desegregation plan since it negotiated a 1980 settlement. The Justice Department had sued Chicago to force it to integrate, and the voluntary settlement avoided a lengthy legal battle. Chicago never admitted segregating its schools.

The 2004 decree had a host of more stringent reporting requirements that caused friction between Justice Department lawyers and the school district.

"We were very quickly, after that decree was entered, fighting over details," Rocks said. "I think it just proved to be unworkable."

The Justice Department declined to comment Monday on the new agreement.

Alonzo Rivas, an attorney with the Mexican American Legal Defense and Educational Fund, who has watched the case, said he wonders if Chicago will keep up its commitment to diversity once no outside body is watching over it.

For example, the district failed to offer any African-American or Latino children the opportunity to transfer into largely white schools in the 2004-05 school year before the court ordered it to do so.

Others in the community also have expressed concern about whether the district spends equally on its neighborhood schools and on magnet and special schools.

"I am not sure one more year is enough time to answer all this," Rivas said.

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Ruling Ends 8-year Federal Control Of La. Juvenile Prisons (AP)

AP, May 2, 2006

BATON ROUGE, La. -- Louisiana's juvenile prisons, once a byword for beatings and chaotic brawls, are on the road to reform and no longer need oversight from the federal courts, a federal district judge ruled Monday.

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The U.S. Justice Department sued the state in 1998, saying conditions inside the lockups were unconstitutional. Judge James Brady's dismissal of the suit Monday came after Justice Department experts determined that reform efforts have made the lockups safer and better at rehabilitating the teen prisoners they house.

"I don't say this lightly: Louisiana has emerged as a model for juvenile justice systems in this country," said Judy Preston, deputy chief of special litigation and the department's expert on youth prison systems.

True reform efforts started in the 2003 Legislature with a commitment to shifting punishment of delinquent youth from imprisonment to less harsh settings like group homes and to closing the youth prison at Tallulah, which was pointed to as an example of brutality. Experts say the move to less prisonlike settings improves the chances of rehabilitation.

When she took office in 2004, Gov. Kathleen Blanco, who backed the reform efforts, ordered the creation of a new state agency, within the Department of Corrections, to deal with youthful offenders. The corrections department had previously been responsible for juveniles, housing and punishing them in a way similar to its treatment of adult convicts.

Brady's ruling will have little practical effect on how the state's three youth prisons operate, but Blanco hailed it as proof that her reforms are succeeding. Blanco said the state's old juvenile justice system was so full of violence and fear that inmates left them more dangerous and more likely to commit crimes. They are now more humane, she said, with programs for education, mental health and substance abuse problems, preparing the prisoners for a return to the outside world.

"Louisiana is not throwing its children away," Blanco said at a news conference outside the courthouse.

The Justice Department filed the lawsuit with the Louisiana Juvenile Justice Project, a nonprofit activist group that has long been critical of the prisons. David Utter, the group's director, called Brady's ruling "a great first step," but said complete reform is a distant goal.

"We still have a lot of work to do," Utter said.

Simon Gonsoulin, chief of the state's juvenile justice system, said his agency plans to have reforms complete by 2008, with all of its prisoners living in small groups of about a dozen inside homelike buildings, instead of cellblocks. His agency has a budget of $140 million in Blanco's proposed 2006-2007 budget, up from $136 million this year.

At the Jetson prison, near Baton Rouge, the average dorm population is 15 youths, down from 36 before the reforms began, Gonsoulin said.

Raids Net 66 Linked To Human Trafficking (WT/AP)

By Wayne Parry, Associated Press

The Washington Times, May 2, 2006

NEWARK, N.J. -- Federal agents yesterday rounded up 66 persons in a series of raids that officials said smashed a suspected human-trafficking ring that smuggled Mexicans into the United States and may have forced the women to work as prostitutes in the Washington area.

Officers with the U.S. Bureau of Immigration and Customs Enforcement (ICE) raided 15 locations in Union City, West New York and New York City early yesterday after New Jersey State Police pulled over two vehicles containing at least 10 women who worked in brothels in Maryland, Virginia and the District, said Kyle Hutchins, special agent in charge of the bureau's Newark office.

"How many were doing it willingly, we don't know," he said. "We believe some of them had been trafficked."

Agents were trying to interview as many of the women as possible yesterday afternoon, a process Mr. Hutchins said would be time-consuming.

The operation was at least the fourth major alien-smuggling ring operating in New Jersey in recent years. Prosecutions involving Russian strippers forced to work in go-go bars, and young Honduran women forced to work as hostesses in Union City bars are ongoing in federal court.

Mr. Hutchins said authorities were trying to determine whether the latest suspected ring was connected to either of the previous smuggling rings.

None of the prostitution involving the Mexican women took place in New Jersey, authorities said. Rather, when their weekly or monthly shifts in Washington-area brothels was finished, the women would be transported to northern New Jersey and New York by van, Mr. Hutchins said.

Thirty-six women and 30 men were taken into custody. All but two were being held on immigration charges for being in the United States illegally, Mr. Hutchins said.

Two brothers, Jose Luis Notario Guzman, 50, and Jose Ignacio Notario Guzman, 46, were held yesterday without bail. The older brother is in the country legally; his younger brother is not, the U.S. Attorney's Office said.

Jose Luis Notario Guzman faces three charges: conspiracy to harbor illegal aliens, operating an unlicensed money-transfer business and bulk cash smuggling.

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His brother was charged with operating an unlicensed money-transfer business.

The older brother owned the safe house in Union City where the women were kept after being taken by van from the Washington area, according to the federal complaint.

It said authorities began investigating after they noticed vehicles with out-of-state plates dropping women at his apartment on Sunday nights and Monday mornings.

Authorities traced the license plates and determined they had been used to transport prostitutes to and from brothels in New York City, Maryland and other areas, the complaint said.

Immigration officials also said Jose Luis Notario Guzman regularly transported money, including proceeds of prostitution, from Newark to Mexico City by using couriers.

The younger brother operates a bodega in West New York, where authorities said he stored and sold large amounts of condoms and illegal abortion-inducing drugs made in Mexico that were used in the prostitution operation.

An informant told authorities that he witnessed Jose Ignacio Notario Guzman remove the items from a drop ceiling in the store, the complaint said.

The public defender for Jose Luis Notario Guzman, Esther Salas, declined to comment after a court hearing in which the brothers were told of the charges.

The public defender for Jose Ignacio Notario Guzman, Paul Condon, said his client is not guilty of the money-transfer charge.

The arrests came the same day that illegal aliens and their supporters gathered around the nation to protest, boycotting work, school and shopping to show their importance to the country.

Jason Taylor's Stabbing Incident Being Charged As Hate Crime (FLSUNSEN)

By Alex Marvez And Marlene Naanes, Sun-sentinel.com

South Florida Sun-Sentinel, May 2, 2006

Dolphins defensive end/outside linebacker Jason Taylor suffered a minor stab wound Sunday night in a road-rage incident, according to Davie police.

Redmond Charles Burns of Davie was arrested on three charges, including aggravated battery/hate crime, after allegedly assaulting Taylor.

"My wife and I were the victims of an unfortunate incident last night but we are both fine," Taylor said Monday in a statement released by his charity foundation. "I truly appreciate everyone's concern."

Seth Levit, who is the Jason Taylor Foundation spokesman, said the cut Taylor suffered on his left forearm was so minor that he wasn't even wearing a bandage while playing in a golf tournament in Tampa on Monday morning to benefit the charity foundation of Tampa Bay Buccaneers linebacker Derrick Brooks.

According to a Davie police report, Taylor and his wife Katina were driving south on Flamingo Road when he noticed a red pickup truck coming toward his car as it backed up eastbound across State Road 84's westbound lanes. Taylor honked at the truck and the two vehicles avoided a crash.

Taylor was then driving behind the truck, which was traveling at 10 miles per hour, when he tried to pass on the left. As Taylor passed, the truck intentionally swerved toward him, causing his car to run off the road.

The truck and Taylor's car stopped at Southwest 130th Avenue and Eighth Street. The report states an unidentified passenger in the truck then got out and banged on Taylor's car trunk.

Burns, who was driving the truck, also emerged and used racial obscenities and threatened to kill Taylor. The 5-11, 168-pound Burns then retrieved an unknown metal object from his truck and tried to stab the 6-6, 255-pound Taylor, the report said.

As he backed away from Burns, Taylor was cut on his left forearm.

Taylor drove after the truck, calling 911 in the process, after it fled but lost site of the vehicle inside a trailer park. Taylor later identified Burns from a photo lineup, leading to his apprehension at a trailer in the 13200 block of SW 7th Place.

During the arrest, Burns kicked and punched an officer and later kicked at a window in a police car until being pepper-sprayed by officers, the report said.

Besides the battery charge, the 24-year-old Burns also was arrested for resisting with and without violence. The truck passenger was not charged.

Taylor declined further comment on the incident.

In December 2003, Taylor was identified by the FBI as being one of six active or retired professional athletes to receive a hate letter threatening him with physical harm for being married to a white woman. Katina Taylor is the sister of Dolphins middle linebacker Zach Thomas.

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An FBI spokesman said similar letters were sent to prominent black politicians, entertainers and business leaders in a two-year span.

Taylor, 31, is set to enter his 10th season with the Dolphins as one of the NFL's top defensive players. Taylor began his charity foundation in July 2004 with the focus on helping children in need with improved health care, education and quality of life.

NLV On Track For Meeting ADA Rules (LVS)

By Brian Wargo, Las Vegas Sun

Las Vegas Sun, May 2, 2006

Thousands to be spent on fixing dozens of violations

Seven months after North Las Vegas reached a tentative agreement with the Justice Department over violations of the Americans with Disabilities Act, the city is putting its money where its mouth is.

North Las Vegas plans to award a contract Wednesday to spend nearly $350,000 for wheelchair-accessible ramps, sidewalks and other safety improvements for the disabled at more than 133 locations around schools and older sections of the city.

The contract is part of the city's plan to spend more than $600,000 this year and similar amounts during its next two budgets to comply with the 1990 federal law requiring local governments to improve the disabled's access to government programs and access on government property.

In September, North Las Vegas reached an agreement with the Justice Department over the city's long-standing violations of the federal law. The agreement helped the city avoid potential fines of up to $55,000 for a first violation and $110,000 for subsequent violations.

"We are well on our way to compliance," said City Manager Gregory Rose. "Beyond that, it is the right thing to do. We want to ensure all of our citizens, regardless whether they have a handicap, have access."

Justice Department spokesman Eric Holland said North Las Vegas is on schedule to correct the violations. City officials said North Las Vegas already has spent thousands of dollars to fix dozens of violations.

North Las Vegas came under fire from the Justice Department after a January 2004 federal review of 75 percent of the city's parks and facilities found 182 ADA violations.

The violations included the absence of accessible drinking fountains, a need for restroom improvements and a need to alter sidewalks where street lights or signage hindered the mobility of wheelchair users.

Under the ADA, since 1992, when streets are constructed or resurfaced, cities have been required to reconfigure sidewalks and curbs to accommodate wheelchairs.

Rose said the $2 million that the city has budgeted for the improvements is the minimum amount needed to meet ADA requirements, but the city plans to surpass that amount.

"The improvements are way overdue," said North Las Vegas Councilman William Robinson. "We are taking a proactive role to meet their mandate."

A year ago two hearing-impaired people sued in federal court, saying North Las Vegas violated their civil rights. They said police failed to provide a sign language interpreter or to communicate in writing following their arrests on two unrelated traffic cases in 2003 and 2004.

Since the lawsuit was filed, the city moved to comply with a Justice Department request by hiring sign language interpreters. Brian Wargo can be reached at 259-4011 or at wargo@lasvegassun.com.

First EEOC Racial Bias Suit Against Movie Studio Can Proceed (AP)

The Associated Press

AP, May 2, 2006

The first racial discrimination case brought by the government against a movie studio can proceed to trial, a federal judge ruled.

The Equal Employment Opportunity Commission sued Universal Pictures in 2003, claiming that a first assistant director on the film "2 Fast 2 Furious" was fired because he was black.

The studio has denied the allegation and asked the court to dismiss the case.

But late Wednesday, U.S. District Judge Gary Allen Feess ruled that the commission's lawsuit contained sufficient evidence to allow a jury to decide the case.

The lawsuit was filed on behalf of Frank Davis, 47, who worked on the film under director John Singleton, who is also black. The lawsuit claims Davis was fired without cause even after Singleton objected.

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"Singleton adamantly asserts that Davis was performing satisfactorily and that Singleton would have terminated Davis had he not performed," Feess wrote in his decision.

"These facts, among many others, raise a genuine issue for trial regarding the true motive for Davis' termination and could support an inference that he was terminated because of race," the judge wrote.

Universal said witnesses have testified that Davis was replaced solely for his inadequate performance as first assistant director.

"For '2 Fast 2 Furious,' Universal Pictures assembled one of the most diverse casts and crews ever and did not and would not single out any individual for replacement because of his race," Universal spokeswoman Cindy Gardner said.

The trial is set to begin June 27.

The commission had been looking for an opportunity to investigate hiring practices in the entertainment industry, said Anna Park, lead attorney for the Los Angeles office of the EEOC.

"We would hear complaints all the time. But it has taken until now for someone to finally come forward. People were too afraid," she said.

Davis had been working as an assistant director since 1992 and was hired by Singleton to work on "2 Fast 2 Furious," the commission complaint said.

Singleton, who had worked with Davis on a previous film, said in the complaint that he thought Davis was "discharged because of his race."

Universal said Davis could not handle his duties on a complicated, big-budget film that contained many action sequences and stunts.

The commission is asking for damages of as much as $8 million, including back pay and punitive damages. The commission also wants federal monitoring of the studio's hiring practices.

Jury Considers Hate-crime Award (CHIT)

By Matt O'Connor

Chicago Tribune, May 2, 2006

In an unemotional voice, Deona Williams recounted Monday how she cried hysterically and begged for her life as three skinheads cornered her one summer night in 2002, shouted racial epithets and held a knife to her throat.

"I was so scared," said Deona, an African-American who was 14 and about to start high school when the assault took place in Fox Lake. "I was thinking either they're going to kill me or try to rape me."

The testimony came at a federal trial at which the only issue for the all-woman jury to decide is how much in monetary damages should be awarded to Deona, now 17, and her family. A judge already has found the three white defendants legally liable for their actions.

Two of the defendants, Harley Hermes and Michael Canlas, portrayed themselves in court Monday as changed young men who regretted their conduct. "I've grown up a lot since this incident," Canlas, who has no lawyer, said in a brief opening statement.

The third defendant, Shaun Derifield, didn't show up for the trial.

All three were convicted of criminal offenses for the hate crime and served time.

The lawsuit appears to be more of a symbolic battle for the family because none of the three defendants apparently has any significant assets or income. Hermes said he owns only a truck with 100,000 miles on it. At the time the suit was filed in 2004, a lawyer for the family said the litigation was intended to deter other hate crimes.

Testimony concluded in one day in U.S. District Judge Samuel Der-Yeghiayan's courtroom. Closing arguments are set for Tuesday morning.

Among those to testify were Deona's parents, Phyllis Williams and Jimmy Gilmore, who spoke how the assault changed the personalities of their three youngest children, caused them to be overprotective parents and turned their dream house into a nightmare.

Deona and her twin brothers, Tywon and Juwon, then 15, were walking home from a high school football game when the three defendants chased after them, screaming epithets and death threats. Derifield and Canlas brandished knives.

The brothers escaped, but Deona was cornered. As Derifield held a knife to her throat, law enforcement authorities said he warned: "Remember our faces, [racial epithet]. This is our town and you better get out before we kill you!"

In testifying Monday, Hermes acknowledged he was nervous at the time that Derifield might cut Deona with the knife, yet in a statement to the court just 2½ months ago, he flatly denied seeing a knife held to her throat.

Phyllis Williams said the ordeal devastated her and her three youngest children. Deona gained 75 to 100 pounds within 1½ years of the assault and her grades dropped. Tywon, who had been energetic and athletic, quit playing sports, rebelled against

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authority figures and became argumentative and angry, his mother said. Juwon, who had always been quiet, withdrew even further, she said.

Phyllis Williams said she became quick to blame racism for everyday slights and grew fearful out in public whether the defendants might be present.

"I don't know if they're in the store with me or if they're going to do this again," she said in a voice choked with emotion.

Hermes and his grandmother, Kittye Hermes of Glenview, both testified about how his childhood was chaotic because both his natural mother and stepmother were drug addicts. He was kicked out of his home when he was 12, he said.

Hermes' lawyer, Beau Greiman, told jurors that Hermes wasn't trying to make excuses for his role in the attack but wanted to give a complete picture of his life "to understand he's not a monster."

"There's reasons why he ended up where he ended up on Aug. 30, 2002," Greiman said.

Beyond Chastity Belts (NYT)

By Nicholas D. Kristof

The New York Times, May 2, 2006

Abortion may be the single most polarizing issue in America today, but there's one thing Democrats and Republicans mostly agree on: it would be better if Americans had fewer abortions.

The best way to reduce the number of abortions, in turn, would be to reduce the number of unwanted pregnancies. Every year, Americans have three million unplanned pregnancies, leading to 1.3 million abortions.

So it should be a no-brainer that we increase access to contraception, and in particular make the "morning after" pill available over the counter. That would be the single simplest step to reduce the U.S. abortion rate, while also helping hundreds of thousands of women avert unwanted pregnancies.

Plan B, the emergency contraceptive, normally prevents pregnancy when taken within 72 hours of unprotected sex — although it is most effective when taken within 24 hours. It is now available in most of the U.S. only by prescription, but the American Medical Association and the American College of Obstetricians and Gynecologists have both endorsed it for over-the-counter use.

President Bush's Food and Drug Administration has blocked that, apparently fearing that better contraception will encourage promiscuity. But unless the libidophobes in the administration mandate chastity belts, their opposition to Plan B amounts to a pro-abortion policy.

One study, now a bit dated, found that if emergency contraceptives were widely available in the U.S., there would be 800,000 fewer abortions each year. And even though they are generally available only by prescription, emergency contraceptives averted 51,000 abortions in 2000, according to the Guttmacher Institute.

That's one of the paradoxes in the abortion debate: The White House frequently backs precisely the policies that cause America to have one of the highest abortion rates in the West. Compared with other countries, the U.S. lags in sex education and in availability of contraception — financing for contraception under the Title X program has declined 59 percent in constant dollars since 1980 — so we have higher unintended pregnancy rates and abortion rates.

Germany, the Netherlands and Belgium have abortion rates only one-third of America's, and France's is half of America's. France has made a particular push for emergency contraception to lower its abortion rate by making free morning-after pills available to French teenagers, without informing the parents. Nurses in French junior high and high schools are authorized to hand out emergency contraception pills.

That broad availability is the global pattern. While American women cannot normally obtain emergency contraception without a prescription (by which time the optimal 24-hour window has often passed), it is available without a prescription in much of the rest of the world, from Albania to Tunisia, from Belgium to Britain.

One thought that paralyzes the Bush administration is that American teenage girls might get easy access to emergency contraception and turn into shameless hussies. But contraception generally doesn't cause sex, any more than umbrellas cause rain.

The reality is that almost two-thirds of American girls have lost their virginity by the time they turn 18 — and one-quarter use no contraception their first time. Some 800,000 American teenagers become pregnant each year, 80 percent of the time unintentionally.

So we may wince at the thought of a 15-year-old girl obtaining Plan B after unprotected sex. But why does the White House prefer to imagine her pregnant?

Indeed, Plan B may be more important for teenagers than for adults, because adults are more likely to rely on a regular contraceptive. Teenagers wing it.

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Granted, making contraceptives available — all kinds, not just Plan B — presents a mixed message. We encourage young people to abstain from sex, and then provide condoms in case they don't listen. But that's because we understand human nature: We also tell drivers not to speed, but provide air bags in case they do.

The administration's philosophy seems to be that the best way to discourage risky behavior is to take away the safety net. Hmmm. I suppose that if we replaced air bags with sharpened spikes on dashboards, people might drive more carefully — but it still doesn't seem like a great idea.

So let's give American women the same rights that they would have if they were Albanians or Tunisians, and make Plan B available over the counter. It's time for President Bush to end his policies that encourage abortions.

Phantom Constituents Behind Bars (NYT)

The New York Times, May 2, 2006

Demographers and voting rights advocates are rightly pressuring the Census Bureau to begin counting the nation's 1.4 million prison inmates at their home communities — and not as "residents" of the prisons, the current practice. Counting the inmates at prison inflates the prison community's population and political influence, while draining political clout from the communities where inmates actually live.

Most Americans aren't aware that prisoners are counted as part of the population in the electoral district where they serve time — even though they often live hundreds of miles away and are barred from voting in all but two states. But recent evidence shows that voters in nonprison communities become outraged when they learn that nonvoting prison populations in adjacent districts are being leveraged against them. When made aware of the scheme, voters typically demand that the inmates be dropped from the district count so as not to skew local legislative authority. But state legislatures inevitably include inmates in the count when drawing state legislative districts, which shifts political power from the places were inmates actually live to the prison districts.

The Census Bureau balked and raised unconvincing excuses recently when Congress asked it to consider a system that would count inmates at home instead of at prison. But the prison census controversy is a potentially explosive issue whose time has clearly come.

The bureau should get busy on a system for counting inmates where they live as opposed to where they do time.

ANTITRUST:

Phone Firms' Bid To Ease Cable Push Hits Senate Snag (WSJ)

By Amy Schatz

The Wall Street Journal, May 2, 2006

WASHINGTON -- Phone companies' bid for help in getting into the cable-television business faster hit a snag yesterday, when a key Senate lawmaker introduced sweeping telecom legislation that would do many things -- except establish a national video franchise.

Senate Commerce Committee Chairman Ted Stevens (R., Alaska) offered long-awaited legislation without including the Bell companies' top wish: the ability to bypass local governments when offering pay-television service.

Reaction from the Bells to Mr. Stevens's effort was lukewarm. The committee's top Democrat, Hawaii Sen. Daniel Inouye, released a statement saying he agreed to sign on to the legislation, but noting that his "co-sponsorship ... is not a demonstration of support for the bill itself."

Mr. Stevens's decision to introduce a telecom-rewrite bill may make it more difficult for the Bells to get changes to the law this year to help them enter the cable business faster. In the House, lawmakers have been receptive to the Bells' pleas, and a bill dealing with the cable issue could reach a full vote in a few weeks. Differences between the two bills -- and the short legislative year -- could doom the prospects for telecom overhaul this year.

Unlike the House bill, the legislation doesn't establish a national video franchise, although it would set a 30-day deadline for local governments to decide on an application by a phone or cable company to offer local video service.

It is far-reaching in other areas, setting rules that would open unused television-broadcast spectrum for unlicensed wireless gadgets, bar cable companies from entering into exclusive deals to show sports events, and allow cities and counties to offer high-speed Internet access.

The bill places the issue of "net neutrality," or concerns that phone and cable companies will discriminate against some Internet sites or limit how consumers use the Internet, with the Federal Communications Commission.

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The bill's introduction kicks off the Senate debate about telecom issues, although it is unclear how far the effort will get. Two hearings will be set during the next few weeks to discuss the bill, according to a committee aide, and a markup could come after the Memorial Day recess.

Google Concerned About Microsoft Browser (AP)

By Allison Linn, Ap Business Writer

AP, May 2, 2006

SEATTLE -- Google Inc. is hoping to pressure Microsoft Corp. into changing a new Internet Explorer browser feature that could direct more people to Microsoft's online search engine instead of Google's far more popular offering.

Google has informally complained to U.S. and European antitrust regulators about what it says are biased settings on Microsoft's latest Web browser, marking the latest spat between two companies whose business models are increasingly bumping up against one another.

Mountain View, Calif.-based Google regards Microsoft as the biggest threat to its continued success, and Microsoft has conceded that Goggle is a formidable competitor as well.

The next version of Internet Explorer, available now in test form, includes a box in the corner that lets people perform an Internet search without going to a separate Web page, much like what's available from Google's downloadable "toolbar."

Users who download IE 7 will be assigned a search engine preference based on the AutoSearch function from the previous version of IE, which is likely to be MSN Search. Google says it's concerned that Microsoft's own search engine is getting favored treatment, and said research it has sponsored shows that it's difficult to change the settings in the new browser to a rival search engine.

"The market favors open choice for search, and companies should compete for users based on their quality of search services," Marissa Mayer, Google's vice president of search products and user experience, said Monday.

Gary Schare, director of product management for Internet Explorer, said Redmond-based Microsoft's goal is to let users choose the search engine they want. He also said Microsoft's feedback has shown that it's not difficult to change to a different search engine.

"MSN has a certain amount of (market) share. This is not designed to change this," Schare said. "This is designed to essentially keep the status quo."

Internet Explorer's main competitors, Firefox and Opera, both include similar boxes with the default search engine set to Google, although users can change to another provider.

Google said it has talked about the browser feature with the U.S. Department of Justice and European Union regulators, although it has not filed any formal complaints.

Microsoft fought a long-running antitrust case with the Justice Department, and is awaiting a ruling on its appeal of an EU antitrust ruling against it. In both cases, competitors claimed that the company was using the dominance of its Windows operating system to wield influence over other markets, squelching competition. IE 7 will ship with the next version of Microsoft's Windows operating system, and also will be available for free download.

Analyst Rob Enderle said he thinks Google's complaints signal that the company is getting more aggressive in its competition against Microsoft, although he doesn't think the search box poses any serious threat to Google's business.

He added that Google's move was interesting in that, while Microsoft dominates the computer operating system market, Google is the dominant search engine provider. Nielsen/Net Ratings reported that Google had 49 percent of the U.S. search market share in March, compared with nearly 11 percent for Microsoft's MSN Search.

"Once you start raising unfairness questions, and you're the dominant player, then it would be very easy for somebody to use those arguments against you," Enderle said.

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AP Business Writer Michael Liedtke in San Francisco contributed to this report.

Google Expresses Concerns Over New Microsoft Browser (Update1) (BLOOM)

By Jonathan Thaw

Bloomberg, May 2, 2006

May 1 (Bloomberg) -- Google Inc., the most-used Internet search engine, expressed concerns to the European Commission over Microsoft Corp.'s new Internet browser, which directs Web surfers to Microsoft's search site.

Google raised the concern as part of a European Commission investigation into Vista, the next version of Microsoft's Windows operating system, Steve Langdon, a spokesman for Mountain View, California-based Google, said today in an interview.

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``In those discussions, we have expressed our concerns that Microsoft's approach to setting search defaults in IE 7.0 benefits Microsoft while taking away choice from users," Langdon said.

Microsoft is ``fully committed" to supporting search-engine options in Internet explorer and will ensure users can easily choose from a very long list, Microsoft spokeswoman Stacy Drake McCredy said in an e-mailed statement.

The tussle highlights Google's concern that Redmond, Washington-based Microsoft may be able to gain Internet traffic by directing people to its own search engine. Microsoft handled 11 percent of U.S. searches in March, compared with Google's 49 percent, according to market research Nielsen//NetRatings.

Shares of Google fell $19.04, or 4.6 percent, to $398.90 at 4 p.m. New York time in Nasdaq Stock Market composite trading. They have fallen 3.8 percent this year. Microsoft shares rose 14 cents to $24.29 and have fallen 7.1 percent this year.

Google brought up the concerns over Internet Explorer with the U.S. Justice Department and European Commission, the New York Times reported today.

Google Expresses Concerns Over Microsoft's Internet Explorer (MERCN)

By Elise Ackerman

The San Jose Mercury News, May 2, 2006

Google accused Microsoft of not playing fair in its quest for a bigger share of the $10 billion online advertising market on Monday and revealed that it has shared its concerns with antitrust regulators in the United States and Europe.

Google's gripe: An upcoming release of Microsoft's Internet Explorer Web browser will contain a search box that in some cases defaults to the MSN search engine.

As a result, Microsoft might be able to persuade more people to use its search technology and potentially win a larger share of the extremely lucrative market for Internet advertising.

Someone who wants to use Google to find information on the Internet would be forced to choose the Mountain View-based company from a list of almost two dozen other search providers.

``Our biggest concern is for the users," said Marissa Mayer, vice president search products and user experience, in a written statement prepared for reporters. ``The market favors open choice for search, and companies should compete for users based on the quality of their search services."

The dispute illustrates how the importance of the browser has diminished in the wake of the epic anti-trust battles involving Microsoft and the rest of the tech industry. Now, the focus is on search technology, which matches advertising with search results.

Still, Google's protest puzzled some observers, who noted that the objectionable feature was nearly identical to the search box of FireFox, an open-source browser with 10 to 13 percent of the U.S. market.

Last week, Google took the unusual step of promoting the FireFox browser, which defaults to Google's search engine, on its home page. People who use FireFox who want a search powered by MSN have to choose it from a list that includes rival search engines, as well as Wikipedia's online encyclopedia and Merriam Webster's online dictionary.

Gary Schare, the Microsoft executive overseeing marketing for the new browser, Internet Explorer 7, said in an interview that Microsoft had consulted with search engines around the world and received ``universal positive feedback" -- except for Google.

Schare also noted that the new browser is built to default to whatever search engine a person is currently using, whether it is Google or Ask.com. People who download the new browser, which is now available for testing, might not even realize that the controversial default exists, he said.

In addition, people who buy personal computers preloaded with Microsoft's software, will also not necessarily encounter the MSN default when they click the small search box built into the top of their browser. That is because computer manufacturers are free to set the default to any search engine they choose in accordance with deals they have struck with companies like Google and Yahoo.

In February, Dell confirmed it was trying out a partnership with Google to bundle Google's toolbar and desktop search software on its machines.

Keith Hylton, professor at the Boston University School of Law, said such deals showed ``there's a lot of room for competition here."

But Ralph Palumbo, a Seattle attorney who has sued Microsoft twice for anticompetitive practices, said default settings ``are tremendously important" and that Google was right to raise concerns before Microsoft's new browser is released.

In October 2005, Microsoft agreed to pay RealNetworks $761 million in response to allegations that Microsoft had used its monopoly power to keep computer makers from installing RealNetwork's media player.

In 2001, a federal appeals court ruled that Microsoft had abused its monopoly over operating-system software. Since then, Microsoft has paid hundreds of millions of dollars to companies and individuals who claimed they were hurt by its business practices.

And the legal battles continue. Last week, Microsoft's lawyers appeared in front of the European Union's highest court to challenge a 2004 antitrust ruling by the European Commission that included a record $613 million fine.

``Microsoft is vulnerable because of bad behavior," said Joe Wilcox, an analyst with Jupiter Research.

However, in the dispute over search defaults, both Google and Microsoft appear to be vying for any advantage they can get over the other.

While Microsoft remains the undisputed leader in operating system and browser software, its MSN search engine lags both Google and Yahoo, handling only 11 percent of U.S. searches in March, compared to Yahoo's 22 percent and Google's 49 percent, according to Nielsen//NetRatings.

Yet Google Chief Executive Eric Schmidt has said repeatedly that he views Microsoft as Google's main foe. If Microsoft could increase its share of searches, it has the ability to deliver advertising to an audience that is segmented not only by geography but by age.

Samir Patel, president of SearchForce, a San Mateo company that runs Internet advertising campaigns also said customers are finding ads delivered along with search results powered by Microsoft's newest search technology are significantly more profitable, as more shoppers who click on them buy products.

Last week, Amazon.com, the world's largest online retailer, quietly switched from using Google's search technology to Microsoft's.

BlackBerry Maker RIM Faces New Lawsuit (FT)

By Paul Taylor

Financial Times, May 2, 2006

Research in Motion, maker of the popular BlackBerry family of wireless e-mail devices, faces a new legal threat after Visto, a US-based wireless e-mail technology company, filed a new patent infringement suit against the Canadian group.

The move follows Visto's victory in another long-running patent infringment suit against rival Seven Networks, and comes just weeks after Rim paid more than $612m to settle a patent case with Washington-based NTP, a patent holding firm that also holds a small stake in Visto.

"Based on Visto's sweeping victory in court against Seven Networks on Friday, Rim must understand that there is no place in the mobile e-mail space for this sort of behavior," said Brian Bogosian, Visto's chief executive. "Under the law, which protects consumers from products that contain infringing technology, Rim should not be able to sell the BlackBerry system."

Rim did not immediately comment on the new suit which could lead to further uncertainly in the fast expanding market for corporate wireless "push" e-mail services – a market that Rim and the BlackBerry helped define. It is also likely to fuel further demands for a revision of US patent law and overhaul of the patent and trademark system.

Visto previosly filed a separate patent infringement suits against several other wireless e-mail technology companies - including Microsoft - but said on Monday that it has no plans to file a suit against Intellisynch, another wireless e-mail technology vendor now owned by Nokia.

On Friday a Texas jury found that Seven had willfully infringed on three separate Visto wireless e-mail patents and awarded Visto about $3.6m in damages. Visto had originally asserted nearly 200 claims from six patents, and sought more than $12m in damages while seeking to have the patents reevaluated and upheld by the US Patent and Trademark Office.

Seven said it was, "clearly disappointed" with the verdict, but added that it was "grateful for the limited nature of the damages and looks forward to the next phase of the litigation and the outcome of the [US Patent and Trademark Office] re-examination proceedings."

So far one of the patents in question has been upheld as valid, while another has been rejected.

"While this is the first step in a long process, our primary objective is to protect the interests of our customers and their ability to continue to use Seven's innovative real-time mobile e-mail solution," said Harvey Anderson, general counsel for Seven. "We believe minor alterations of the software will avoid the claims in the future, with no disruption to our customers or the user experience."

Seven counter sued Visto in August claiming that Visto had infringed two of its mobile e-mail patents. That trial is set for June 2007.

Both companies have developed technology that enables mobile users to retrieve their e-mail from belind a coprorate security "firewall" – technology that is used by wirelss carriers including Cingular to enable their customers to receive wireless e-mails on a wide range of smartphone devices.

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New Patent Fight Looms For RIM Over BlackBerry (WSJ)

By Stuart Weinberg

The Wall Street Journal, May 2, 2006

Closely held Visto Corp., a maker of wireless-email software, sued BlackBerry maker Research in Motion Ltd., claiming RIM infringed four of its patents.

RIM, which two months ago agreed to pay NTP Inc. $612.5 million to settled a separate patent dispute, denied infringing Visto's patents and said in a statement that it will now consider asserting its own claims against Visto. RIM, of Waterloo, Ontario, said it doesn't expect customers of its popular BlackBerry wireless-email device to be impacted by Visto's complaint.

RIM's shares fell $3.60, or 4.7%, to $73.03 in 4 p.m. Nasdaq Stock Market composite trading yesterday.

The suit by Visto, filed in U.S. federal court in the Eastern District of Texas, comes after a federal jury in the same district Friday decided in favor of the Redwood Shores, Calif., software maker in yet another patent dispute. In that case, the jury found closely held software maker Seven Networks Inc. had infringed three Visto patents and awarded it $3.6 million. Visto said the court is expected to hold a hearing concerning an injunction against Seven Networks that would prohibit further use of the infringing system.

Seven Networks, of Redwood City, Calif., said in a statement Friday that it was "disappointed with the verdict" but that the damages were lower than Visto had sought. In a statement yesterday, Seven Networks indicated that it is developing a workaround to avoid any infringement of Visto's patents.

Regarding its suit against RIM, Visto Chief Executive Brian Bogosian said the "breadth and depth" of Visto's patents would make it difficult for RIM to modify its email-delivery system to work around them. Before deciding to settle with NTP, RIM said it had developed a workaround to bypass NTP's patents.

Visto also has several other pending infringement actions, including one against Microsoft Corp. Microsoft has declined to comment on the case.

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Keeping A Democratic Web (NYT)

The New York Times, May 2, 2006

"Net neutrality" is a concept that is still unfamiliar to most Americans, but it keeps the Internet democratic. Cable and telephone companies that provide Internet service are talking about creating a two-tiered Internet, in which Web sites that pay them large fees would get priority over everything else. Opponents of these plans are supporting Net-neutrality legislation, which would require all Web sites to be treated equally. Net neutrality recently suffered a setback in the House, but there is growing hope that the Senate will take up the cause.

One of the Internet's great strengths is that a single blogger or a small political group can inexpensively create a Web page that is just as accessible to the world as Microsoft's home page. But this democratic Internet would be in danger if the companies that deliver Internet service changed the rules so that Web sites that pay them money would be easily accessible, while little-guy sites would be harder to access, and slower to navigate. Providers could also block access to sites they do not like.

That would be a financial windfall for Internet service providers, but a disaster for users, who could find their Web browsing influenced by whichever sites paid their service provider the most money. There is a growing movement of Internet users who are pushing for legislation to make this kind of discrimination impossible. It has attracted supporters ranging from MoveOn.org to the Gun Owners of America. Grass-roots political groups like these are rightly concerned that their online speech could be curtailed if Internet service providers were allowed to pick and choose among Web sites.

The House Energy and Commerce Committee defeated a good Net-neutrality amendment last week. But the amendment got more votes than many people expected, suggesting that support for Net neutrality is beginning to take hold in Congress. In the Senate, Olympia Snowe, a Maine Republican, and Byron Dorgan, a North Dakota Democrat, are drafting a strong Net-neutrality bill that would prohibit broadband providers from creating a two-tiered Internet. Senators who care about the Internet and Internet users should get behind it.

Calling All Plaintiffs (WSJ)

The Wall Street Journal, May 2, 2006

Hey, did you hear? The Twombly case may go all the way to the Supreme Court. What's that? You haven't heard about Twombly? Maybe someone should have told you by now, since if you have a phone, you're probably one of the plaintiffs. And if the dial tone you hear is provided by one of the Baby Bells, your phone company is one of the defendants.

But believe us, this is one case you don't want to win. In 2003, William Twombly sued all the Bells on behalf of all the Bells' customers. His allegation is that since 1996, when Congress (sort of) deregulated the telecom industry, the Bells have conspired to stay out of each other's territory instead of competing and so have kept the price of phone service artificially high for a decade. His evidence for the conspiracy? Well, he doesn't really have any, other than that the Bells have not, in fact, chosen to break into each others' territory in the decade since Congress gave them the green light to do so.

But no matter. Just let the case proceed to the discovery phase and Mr. Twombly and his lawyers are sure to uncover something unseemly sounding in the phone companies' files. And even if they didn't, the cost in time and money of complying with discovery demands in a case this broad might well compel the phone companies to settle and make the suit go away.

You might think a fishing expedition this extreme would never make it that far, and you'd almost be right. The trial judge, Gerard Lynch, threw the case out on its ear. But Mr. Twombly, et al. (that's everyone else in the country), appealed, and the Second Circuit has reinstated the case. The appeals court ruled, in short, that it was enough for Mr. Twombly to have alleged a conspiracy that could plausibly exist, since if it did exist his case could have merit. The Supreme Court is currently weighing whether to hear an appeal of the Second Circuit's ruling.

The case has caught the attention of the business community, even if most of the 100 million-odd plaintiffs haven't been paying it much mind. Firms engage in "parallel" activity the way the Bells do all the time, as former Federal Trade Commission Chairman Timothy Muris pointed out in an amicus brief filed on behalf of Visa and MasterCard. Credit cards, he noted, are the same size and shape. They all have that same magnetic strip on the back, located in the same place. This type of "parallel" action is not only legal, but sensible -- and beneficial.

The examples could be multiplied. These days, we hesitate to mention the phenomenon of gas station prices often moving up and down in parallel. If the Twombly decision is not struck down by the Supreme Court, we can expect that lawsuit to follow directly -- the American Petroleum Institute has already filed a brief in the case pointing this out. The U.S. Chamber of Commerce, the National Association of Manufacturers and the pharmaceutical industry have also all filed briefs out of fear that they may be the next targets of Twombly-like litigation.

In Twombly, the Second Circuit essentially ruled that if competitors act in parallel, all a plaintiff has to do is say, "Conspiracy!" to open discovery and start searching for evidence in the files of an entire industry. It's true that the plaintiffs offered some fig-leaf suggestions about why it might be in the phone companies' interest to conspire, but you can always spin that sort of tale if you don't need evidence to support it. Most of the motives for conspiring in the first place also happen to look like reasonable business decisions without the existence of a conspiracy.

That Twombly lowered the bar dramatically for plaintiffs and trial lawyers alleging business conspiracies has not been lost on those lawyers, either. Since the decision was handed down in October, dozens of legal filings have already cited it as a reason for letting this or that case proceed. If the Supreme Court allows Twombly to stand unchallenged, unsupported charges of antitrust conspiracy could well prove to be the next great wave of the litigation tsunami.

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The Second Circuit panel admitted as much in its decision, writing, "the overall result" of its ruling "may well be a burden on the courts and a deleterious effect on the manner in which and efficiency with which business is conducted." But the court reinstated the case anyway, saying that the problem was one for the Supreme Court to address. Here's hoping it does.

ENVIRONMENT:

Government Drafts Pandemic Flu Plan (AP)

By Nedra Pickler

AP, May 2, 2006

Employers should have plans to keep workers at least three feet apart, colleges should consider which dormitories could be used to quarantine the sick, and flight crews should have surgical masks to put on coughing travelers under a draft of the government's pandemic flu plan obtained by The Associated Press.

The Bush administration forecasts massive disruptions if bird flu or some other super-strain of influenza arises in the United States. A response plan scheduled to be released at the White House on Wednesday warns employers that as much as 40 percent of the work force could be off the job and says every segment of society must prepare.

"The collective response of 300 million Americans will significantly influence the shape of the pandemic and its medical, social and economic outcomes," says an undated 228-page draft version of the report that had not been finalized. "Institutions in danger of becoming overwhelmed will rely on the voluntarism and sense of civic and humanitarian duty of ordinary Americans."

An outbreak could lead to a variety of restrictions on movement in and around the country, including limiting the number of international flights and quarantining exposed travelers. But the government does not foresee closing U.S. borders to fight the spread of flu, in part because it would only slow the pandemic's spread by a few weeks and because it would have such significant consequences for the economy and foreign affairs.

It's impossible to predict when the next pandemic will strike, or how great its toll might be. But concern is rising that the Asian bird flu, called the H5N1 strain, might lead to one if it eventually starts spreading easily from person to person.

So far, H5N1 has struck more than 200 people since 2003, killing about half of them. Virtually all the victims caught it from close contact with infected poultry or droppings.

The government is preparing for a worst-case scenario of up to 2 million deaths in the United States.

With no border restrictions, pandemic influenza would arrive in the United States within two months of an outbreak abroad, the document estimates. But models of influenza's spread suggest that sealing the U.S. border would not only be impractical — 1.1 million people cross the nation's 317 official ports of entry daily — but it would only delay the inevitable by a few weeks, it says.

Ship and plane captains already are required to report certain on-board illnesses upon arrival, but crews would be trained to take such steps as putting a surgical mask on a traveler who is coughing.

The new document calls mandatory quarantine a last resort, and urges planners to consider, for example, that closing a community would sever it from the delivery of groceries and other essential goods.

The report aims to energize the private sector, noting that 85 percent of the systems that are vital to society, such as food production, medicine and financial services, are privately run.

Not only would sick workers stay home, but so would anyone who was caring for ill family members, under quarantine because of possible exposure to the flu or taking care of children when schools shut down. The same could go for anyone who simply feels safer at home.

Included in the report's advice:

_Employers should have workers remain at least three feet apart or otherwise limit face-to-face contact to limit the flu's spread, including by working from home or substituting teleconferences for office meetings.

_Colleges should consider whether dormitories could be used to house or quarantine the sick, and establish mandatory sick-leave policies for anyone exposed to the flu.

The report envisions possible breakdowns in public order and says governors might deploy National Guard troops or request federal troops to maintain order. The military also could be activated to enforce travel restrictions and deliver vaccines and medicines, the report says.

Last fall, President Bush announced a $7.1 billion strategy to fight the next flu pandemic, focusing largely on public health preparations, including plans to stockpile enough bird flu vaccine for 20 million people and anti-flu drugs for 81 million. So far, the stockpile contains enough vaccine for 4 million people and medication for 5 million.

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This new report is Step 2, outlining how every branch of government would have to work with federal health officials to try to contain a pandemic and minimize its damage to the economy and society. By early next month, government agencies are to release the specific steps they plan.

The report attempts to settle any turf battle within the administration, saying the Health and Human Services Department would lead the government's interagency response effort and the Homeland Security Department would have a secondary role to assist with the health response and non-medical support.

Business Plan For A Pandemic? (WP)

By David Brown

The Washington Post, May 2, 2006

More than half of U.S. companies think there will be a global flu epidemic in the next two years. Two-thirds think it will seriously disrupt their operations as well as foment social unrest. But two-thirds also say they aren't prepared. One-third of executives surveyed say nobody in their organization has been appointed to plan for a pandemic; another one-quarter couldn't or wouldn't answer the question.

"Corporations are looking at this like deer at headlights," said Tommy G. Thompson, who spent much of his last two years as secretary of health and human services sounding the pandemic alarm and is now doing the same as a private consultant. "They are very skittish. They don't know which way to go. They are hoping the car is not going to hit them."

Pandemic influenza is the latest imponderable facing U.S. business, a form of unwanted globalization that threatens the life and health of even the smallest companies in the most literal way.

Several surveys show that a small but growing number of corporations is convinced -- as many epidemiologists have been for a while -- that a global flu outbreak is inevitable. The uncertainty about whether it will be the H5N1 strain of bird flu, which has spread from Asia into Europe, or some other strain is not stopping them from getting ready.

But how ready they are -- and the readiness of the business world as a whole -- is difficult to assess. The government does not require companies to have pandemic response plans, customers don't demand them, and many boards of directors doubt they are necessary.

Thompson, who heads the Deloitte Center for Health Solutions in Washington, estimates that only one in five U.S. companies "are in good position in terms of being able to react -- and even those are going to have to restructure and improve their plans."

In the past year, federal agencies, public health organizations and consulting firms have begun to provide guidance to businesses. One of the larger consultants is Singapore-based International SOS, which provides advice, clinical services and medical evacuations to about 1,000 large corporations and organizations.

In the past eight months, about 220 of its clients have sought help planning for a pandemic. For $5,000 a year, a company can get a 130-page guide, a weekly e-mail newsletter and a monthly Web-based seminar to provide updated epidemiological data and advice. At the high end, some corporations with unusual vulnerabilities, often because they have factories in Asia, are spending up to $40,000 a month for customized planning, said Tim Daniel, an International SOS executive.

"We are now seeing some organizations put together long-term budgets for pandemic planning -- line items for two or three years -- in seven figures per year," he said.

Current models, based on seasonal influenza and the three 20th-century flu pandemics, suggest that a new and highly contagious virus strain would spread across the United States in about five weeks. It would affect communities for six to eight weeks before receding. There would probably be at least two waves, separated by months.

At least a third of the population is likely to become ill in each wave, with peak absenteeism somewhat higher, about 40 percent of the workforce. Depending on the strain's virulence, 900,000 to 10 million people might be hospitalized, and 200,000 to 2 million might die.

Given this scenario, the consultants say, companies should expect that a pandemic will kill some employees, temporarily cripple workforces, sow confusion and fear, and force people to make harrowing decisions between allegiances to work or family. It would make communication difficult, threaten supply chains, and probably interrupt production of goods and delivery of services.

Manufacturing is especially vulnerable, said Michael T. Osterholm, an epidemiologist and former adviser to the Department of Health and Human Services. Factories increasingly rely on parts made in numerous places, which are then shipped, often from overseas, and assembled into finished products.

In February, the University of Minnesota's Center for Infectious Disease Research and Policy, which Osterholm heads, sponsored a pandemic-preparedness conference for businesses. More than 200 companies sent representatives. Osterholm goes into metaphor overdrive when describing what he told them.

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"This is a global blizzard of potentially 12 to 18 months' duration," he said. "This is the grain of sand that is going to bring the huge gear of the just-in-time economy to a stop."

Chelsea C. White III, the chairman of industrial and systems engineering at the Georgia Institute of Technology, agreed, saying many companies have supply chains that are "fragile and subject to ungraceful degradations." One of his favorite examples is Toyota. In 1997, fire damaged a factory that made brake parts, stopping production. Within 12 hours, every one of Toyota's Japanese plants had to stop or slow the assembly of cars, White said.

There may be lessons from history that today's companies find useful. But the teacher isn't the 1918 Spanish flu, which killed an estimated 50 million. It's SARS.

Severe acute respiratory syndrome emerged in China in November 2002. By the following July it had spread to at least 28 countries, infected 8,437 people and killed 813, including nearly 350 in China and 300 in Hong Kong.

Canada had only about 40 SARS deaths. But the outbreak caused a 14-week emergency in Toronto, where 30,000 people were quarantined at home or in hospitals. The city lost nine conventions and 12,000 jobs, and the economy lost $1 billion and took two years to fully recover. Yet in public health terms, the city's response was a nearly unqualified success, and globally SARS was a bullet dodged.

A year ago, the CDC Foundation in Atlanta held a two-day meeting with two dozen Toronto business leaders to talk about SARS. To encourage candor, the meeting was not recorded. But the 13-page report that came out of it, while stripped of company-specific anecdotes, is full of observations about work during a time of plague:

Business becomes a co-leader with government in the public health response to an epidemic. Fear is worse than disease, so communication is key. Password-protected Web sites are a good way to communicate with employees. Companies are better than government or medical institutions at rotating fresh people onto crisis-management teams. Fear of lost wages is the single biggest concern when workers are asked to home-quarantine, so companies should have clear policies in advance.

Thinking about operational decisions -- not buying drugs and equipment -- is the most important thing, the experts said.

Who can work at home? Who needs IT upgrades in advance to make that possible? Who needs to come in? What lines of production or service can be shut down without jeopardizing the entire enterprise? Who are the fourth and fifth understudies, not just the first and second, for key positions?

Nevertheless, some firms are laying in supplies, too. Roche, the pharmaceutical company, reports that more than 50 firms have contacted it about building stockpiles of its antiviral drug Tamiflu (oseltamivir).

"About two dozen have placed orders ranging from a few hundred to hundreds of thousands of treatment courses," said Terence J. Hurley, a Roche spokesman.

Some companies hold dry runs.

The international research and engineering firm SAIC Inc., which has 16,000 employees in the Washington area, periodically "surges the system" to simulate pandemic conditions, said Bowman Olds, the company's emergency operations center manager.

On a Saturday two months ago, SAIC tested its telecommuting capability with a unit that operates in Northern Virginia, Hawaii and several foreign countries to see whether everyone could work outside the office with all necessary functions, programs and communications. Several software problems arose.

"Now we have to go through those and find out how to make them work," Olds said.

Eric Grant, a spokesman for The Washington Post, said the company "is prepared to continue production of the newspaper under various emergency conditions" and "is reviewing its plans regarding how they would apply in the event of a flu outbreak."

The companies that feel most vulnerable are those with large "footprints" in Asia, and they are the most likely to have started planning for a pandemic.

Shure Inc., a privately held firm with factories in Illinois and Mexico that make microphones, earphones and other audio equipment, opened a plant with 150 workers outside Shanghai last July. In September, it began planning for a pandemic.

Its plant managers are learning about flu and how to limit its spread. Each factory now has a five-week supply of protective gloves and masks. Company executives are identifying the product mix they feel must be kept on the market at all cost. The Chinese division has formed a relationship with two private hospitals.

"We are pretty much guaranteed access for our people even if it is a very, very serious situation," said Richard S. Burgess, Shure's vice president for human resources.

Corning Inc. is also deep into flu planning.

The venerable glassmaker from upstate New York makes its money primarily from display technology -- basically glass screens -- made in Asia. Its response to SARS was "organized confusion," recalled James Schuppert, a physician and the company's medical director. "We responded the best way we could. But it was not around a strategy that we could refer to and that already had buy-in from senior management."

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Corning's pandemic plan is now long and detailed. It requires plant managers to meet face to face at least once a year with a local public health official. This is especially important in Asia, Schuppert believes, and the company recently audited work sites to make sure it was being done.

"Taking the health officer out to lunch -- that wasn't a practice we used to engage in," he said with a laugh.

FBI/DEA/ATF/USMS:

Intelligence Mission Troubles FBI (BSUN)

By Siobhan Gorman, Sun Reporter

The Baltimore Sun, May 2, 2006

Critics say National Security Branch lacks leadership and urgency

WASHINGTON -- More than four years after the Sept. 11 attacks, the FBI is having trouble asserting itself as the country's pre-eminent domestic intelligence agency, according to intelligence specialists and congressional critics.

Even after revamping its intelligence and anti-terrorism operations last year into a new National Security Branch, the bureau "is a long way from doing what it needs to do to stay on top of the war on terror," Republican Sen. Charles E. Grassley of Iowa said in an interview yesterday.

Among the problems that have slowed the FBI's efforts to transform itself: dizzying turnover in its senior leadership ranks and what some intelligence experts describe as a lack of urgency about its new mission.

"They need leadership, obviously, and they need people who are going to stick around for a while," Grassley said, referring to the recently announced resignation of Gary Bald, who heads the National Security Branch. "I hope they'll fill the position with somebody who will bring real direction to it."

FBI Director Robert S. Mueller III is expected to face questions about his efforts to remake the law enforcement agency into an intelligence organization when he testifies today before a Senate panel that includes Grassley.

Responding to criticism of their efforts, FBI officials say they have made significant progress in charting a new course for the FBI, and that their classified plan is on the verge of being implemented. Training for analysts and agents is being updated to meet the demands of the fight against terrorism and technology programs are being upgraded and adapted, they said.

The FBI created its domestic-intelligence branch, on orders from the White House, in response to recommendations from a presidential commission that said the FBI still faced significant hurdles in developing its domestic intelligence capability and was resistant to change.

But according to a former intelligence official familiar with deliberations inside the administration, Justice Department and FBI officials waged a fierce, though ultimately unsuccessful, effort to block creation of the new division, which reports to the new national spy chief, John D. Negroponte, as well as to the FBI director.

Turnover in the new office is a major concern, critics say, because it could stall plans for change and create confusion about the direction of the agency among agents and analysts in the field.

Former 9/11 Commissioner Tim Roemer, noting that three al-Qaida devotees, including Osama bin Laden, issued tapes last week recommitting themselves to attacks against Americans, said turnover at top levels of the FBI intelligence operation is likely to harm "our ability to find al-Qaida or terrorists when they come into the country."

The latest to go is Bald, the first director of the FBI's counter-terrorism operation, who is leaving his post after less than a year on the job

In his first interview since his departure was announced last week, Bald said his decision was made "in the best interest of my family." He is expected to become the head of security for a cruise-ship line, according to several former intelligence and FBI officials, but Bald refused to discuss his future plans.

Bald's deputy, Philip Mudd, said he expected to implement plans that Bald has drawn up for the National Security Branch. "I'm not going anywhere," Mudd said.

Bald, a former special agent in charge of the FBI office in Baltimore, took over as the first head of the National Security Branch last summer. His job: to build a new division that would merge the FBI's two-year-old intelligence operation into more established FBI counterterrorism and counter-intelligence offices.

Mudd said he has been touring the FBI's field offices to help agents learn how to fill intelligence gaps. But some intelligence veterans say that instead of using intelligence to assess long-range domestic threats, such as terrorism, the FBI is continuing its traditional practice of using intelligence in a secondary role to support investigations of cases.

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John Rollins, who worked at the FBI before focusing on homeland security intelligence at the White House and the Homeland Security department, said the pace of change within the FBI has slowed since the creation of the National Security Branch.

An earlier effort to create an intelligence division, which began in 2003 under a National Security Agency veteran, Maureen Baginski, built up considerable momentum even though she had three factors working against her - agency culture, the fact that she was not from the FBI, and that she was female - Rollins said.

"I don't think intelligence has nearly the visibility within the bureau as it did when Mo Baginski was there," he said. "Nobody is saying, 'Here is our plan and here is where we want to go.' There's continued frustration and confusion at the state and local level and the private sector level."

He said the FBI and the Department of Homeland Security continue to fight over which agency should be responsible for pulling in intelligence from local officials. Homeland Security got so frustrated that it was not getting what it needed that it began dispatching its own people to key cities like New York and Los Angeles-a move the department took without consulting with the FBI, Rollins said.

Other intelligence experts also worry that intelligence analysts remain second-class citizens within the FBI, where gun-toting agents have long held higher status.

According to one government official familiar with the FBI's reform efforts, the intelligence division "has been sidelined. People are looking to leave."

Bald countered that part of his challenge in explaining his "blueprint" for the National Security Branch publicly is that the details are almost entirely classified. The goal, he said, is to get FBI agents and analysts focused on filling intelligence gaps, regardless of how they relate to different criminal investigations.

Bald added that he had doubled the number of agents and analysts assigned to intelligence and counter-terrorism at the FBI. There are now 5,000 agents and 2,000 intelligence analysts in the domestic security branch.

"If this does not succeed, then I failed in what I built," he said

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Critics Train Sights On Laggard FBI (BSU)

By Siobhan Gorman, The Baltimore Sun

Baltimore Sun, May 2, 2006

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Turnover in the new office is a major concern, critics say, because it could stall plans for change and create confusion about the direction of the agency among agents and analysts in the field.

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Former 9/11 Commissioner Tim Roemer, noting that three al-Qaida devotees, including Osama bin Laden, issued tapes last week recommitting themselves to attacks against Americans, said turnover at top levels of the FBI intelligence operation is likely to harm "our ability to find al-Qaida or terrorists when they come into the country."

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Rose Jr. Sentenced For Drug Distribution (AP)

AP, May 2, 2006

NASHVILLE, Tenn. (AP) -- Pete Rose Jr., the son of baseball's career hits leader, was sentenced Monday to one month in prison and five months of home detention for distributing a steroid alternative to his minor league teammates.

Rose faced up to two years in prison and a $1 million fine. Federal judge Robert Echols waived a fine for Rose.

"I made a mistake and hurt a lot of people," Rose said outside the courthouse after the sentencing. "The judge is great. He was very generous and I can't thank him enough. He doesn't have to worry about me doing anything like this again," Rose said.

Rose's attorney, Jeffrey Brodey, said his client will start his monthlong sentence June 5. Brodey said he will request that Rose be incarcerated in Cincinnati, where he lives with his pregnant wife and child.

The 36-year-old Rose pleaded guilty Nov. 7 to distributing the steroid alternative GBL, a drug he used as a sleep aid, to some of his teammates with the Chattanooga Lookouts. Rose played for the Double-A affiliate of the Cincinnati Reds in 1997, 2001 and 2002.

The Drug Enforcement Administration has said Rose's arrest was part of a larger investigation into a major GBL trafficking organization. He surrendered to authorities shortly before he entered his guilty plea.

The indictment said Rose admitted he received GBL from a person in Tennessee while playing for Chattanooga. He also said he supplied half the players on that team with the drug. Rose said his teammates would take GBL to relax after games.

Rose played most of his career in the minor leagues, but made it to the majors for 11 games with the Reds in 1997, going 2-for-14. Last season, he played for the Long Island Ducks of the independent Atlantic League.

Pete Rose Sr. holds the major league record of 4,256 hits. He agreed to a lifetime ban from baseball in 1989 following an investigation that he bet on games; after 14 years of denying it, he admitted in his autobiography that he bet on Reds games while managing them in the late 1980s.

He also served a five-month sentence in federal prison in 1990-91 for failing to report income from signing autographs, memorabilia sales and gambling.

GBL, or gamma butyrolactone, is sold under the counter at retailers and gyms with claims to build muscle, improve physical performance, enhance sex, reduce stress and induce sleep. When taken orally, GBL is converted to the "date-rape" drug GHB, or gamma hydroxybutyrate.

Watts, Three Other Area People Sent (CTI)

Carmi Times, May 1, 2006

Randy G. Massey, Acting United States Attorney for the Southern District of Illinois, announced Friday the recent sentencings in U.S. District Court in Benton of four defendants in their roles in a large methamphetamine manufacturing and distribution conspiracy centered in White, Gallatin and Saline counties.

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Those sentenced were Tony W. Watts, 53, Carmi; Christopher W. Williams, 30, Harrisburg; Sean L. Logsdon, 36, Equality; and Eugenia K. Horton, 41, Shawneetown.

These convictions and sentences resulted from a long-term and on-going investigation into the manufacture of methamphetamine in southeastern Illinois by the Southern Illinois Drug Task Force and the U.S. Drug Enforcement Administration, said Massey.

Watts and Logsdon were sentenced April 18 to 20 years imprisonment each, a fine of $200, a special assessment of $100 and a term of 10 years supervised release to follow their incarceration.

Williams was sentenced April 26 to 20 years imprisonment, a fine of $250, a special assessment of $100 and a term of 10 years supervised release to follow his incarceration. Horton was sentenced April 19 to a term of 121 months imprisonment, a fine of $200, a special assessment of $100 and a term of five years supervised release to follow her incarceration.

Thus far, said Massey, the investigation (which began in 2001) has resulted in the federal indictment of 65 people in related cases who were responsible for the manufacture or attempted manufacture of the equivalent of over 600,000 grams of methamphetamine.

Under federal law, parole has been abolished and defendants are required to serve at least 85 percent of their sentences.

In addition to the 65 defendants who have been indicted federally, over 50 additional defendants have been prosecuted in related cases in state court by the state's attorneys in White, Gallatin and Saline counties, said Massey.

And since the investigation and prosecutions began, law enforcement agencies in the three counties have seen at least an 80 percent drop in the number of methamphetamine labs found in those counties, he added.

The Iron Chef investigation is part of an Organized Crime Drug Enforcement Task Force (OCDETF) operation and is currently being led by the Carmi office of the Southern Illinois Drug Task Force, with the assistance of the Illinois State Police, the sheriff's departments and state's attorneys' offices of the counties of White, Gallatin and Saline, the police departments of Carmi, Shawneetown, Harrisburg, Eldorado and Galatia, the Multi-Agency Drug Enforcement Unit of the Saline County Sheriff's Department and the Posey County, Ind. Narcotics Task Force. The OCDETF program targets large drug-trafficking organization.

The case is being prosecuted by Assistant U.S. Attorney James M. Cutchin of Carmi.

Breast Cancer Has Made Me A Criminal (BOS)

The Boston Globe, May 2, 2006

LOS ANGELES

AT 9 O'CLOCK on the night of my first round of chemotherapy, exactly six hours after I left the oncologist's office wondering what all the fuss was about, my stomach tumbled into my knees, my knees refused to work altogether, and I crumpled to the floor in a clammy, shivering heap.

I lay there until dawn, at one point vomiting on myself, at another crying that I'd rather die of cancer than undergo chemo again. I was hot. I was cold. My shoulders wouldn't stop shaking. My legs wouldn't move at all. Huge hallucinations rolled over me.

In the morning I was stunned to realize I was still alive. But there was my 2 1/2-year-old daughter, poking me with her toe, wondering whether we could dance. I made my way to the stereo and made myself a vow: I'd do whatever necessary to avoid having her find me on the ground again.

First call was to the doctor, who promised to fine-tune my protocol and adjust my pre-chemo meds. The second was to a friend I thought might have a marijuana connection. I had read enough, and written some, about the medicinal uses of marijuana to believe it might keep me from suffering so in three weeks, when I was scheduled for my second poison drip. Not to mention that months of treatment loomed.

A day or two later, a manila envelope with nothing but my initials on it was delivered to me, free of charge. I stuck the gift deep in the freezer without even opening it. I didn't need to then. But I needed the option. For one of the few times since I had been diagnosed with Stage 1 breast cancer, I felt a sense of control.

Maybe someone who hasn't been there can't understand my willingness to break the law. Sure, a number of states, including mine, have legalized the medicinal use of marijuana. But the Drug Enforcement Administration refuses to go along. It sees me as a criminal. Then again, none of the Supreme Court justices who ruled that medical marijuana users could be arrested despite those state laws stopped by to see how skinny I'd gotten or to retrieve me from a bookstore when I wasn't able to walk another step without retching.

That was left to D., one of my more conservative friends. She was the one who had warned me: Do not get high, or you'll be sorry. She was not, however, telling me to forgo marijuana. The forbidden leaf had, after all, seen her through her own chemotherapy. Now my own unfortunate turn was at hand, and she was encouraging me to smoke until the nausea passed but to stop smoking before any paranoia set in.

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"Trust me," she said dryly, "cancer and thinking too much are not a good mix."

And now the Food and Drug Administration has said cancer and cannabis don't mix at all. The federal agency recently announced that "no sound scientific studies" support the medicinal use of marijuana, a finding contrary to a 1999 review by scientists from the Institute of Medicine. That highly regarded panel confirmed what many sick people already knew: Marijuana makes the nausea bearable during chemotherapy and can keep AIDS patients without appetites from wasting away. Proponents of its use called the FDA ruling political, as opposed to scientific or, say, humane.

Within weeks of starting chemo, I was down a dozen pounds, not so much queasy as unable to eat. Of course, since I live in Los Angeles this was considered by some a perk. "You're so teeny," women would tell me. "Yeah, well, I have cancer," I'd reply, running a hand through my shockingly good synthetic wig. "Oh, sorry, but . . . you're so teeny."

My oncologist, however, wasn't as thrilled about my size, especially with my cell counts so dangerously low that any cut and every sneeze put me at risk. Alone with her in the examination room, the scar from my lumpectomy still raised and raw to her touch, I asked about marijuana use in cases like mine. The doctor didn't scoff. She did say I needed to stop losing weight despite having eliminated dairy, sugar, and alcohol from my diet in a cancer-fighting frenzy.

So I dug into the freezer for the manila envelope. I undid the clasp and removed a fat bud of seriously stinky marijuana. I remember standing in the kitchen thinking, I have to save the life of my daughter's mother, and whose business is that but mine?

The Politics Of Pot (RGU)

Register-Guard, May 1, 2006

The FDA should change its name to the Politically Approved Food and Drug Administration - PAFDA. It's a longer acronym, but it rolls off the tongue nicely and people would appreciate its greater honesty.

The agency's other option is to stop embarrassing its dedicated doctors and scientists with utterly unscientific announcements such as the recent bulletin that smoked marijuana has no medicinal value.

Since no FDA expert panel or newly published research provided the basis for the pronouncement, it's safe to assume the sloppy one-page statement was the handiwork of Bush administration political appointees. The statement is devoid of any data to support its dishonest conclusion, but it does have one thing going for it: It's a masterpiece of circular logic.

Marijuana is a dangerous drug, according to the FDA, because it is listed in Schedule I of the Controlled Substances Act, where only the most dangerous drugs are listed. (Wait, there's more.) The FDA has been disinclined since the "reefer madness" days of federal pot policy to authorize any studies of marijuana's potential as medicine. That gives the FDA continuing cover to maintain that "no sound scientific studies support medical use of marijuana for treatment in the United States."

Here the FDA is fibbing, because it knows full well that in 1999, the Institute of Medicine, the medical arm of the National Academy of Sciences, examined the question of medical marijuana use in considerable depth and published a 288-page report of its findings.

Among other conclusions, the report said, "For patients such as those with AIDS or who are undergoing chemotherapy, and who suffer simultaneously from severe pain, nausea, and appetite loss, cannabinoid drugs might offer broad-spectrum relief not found in any other single medication." Furthermore, the active ingredient in marijuana has long been known to reduce the intraocular pressure associated with glaucoma.

Medical marijuana has earned the endorsement of The New England Journal of Medicine, the American Academy of Family Physicians and numerous oncologists. The anecdotal evidence of 10,000 Oregonians who've been prescribed medical marijuana by more than 2,000 licensed Oregon physicians adds to the mountain of data supporting the medicinal value of pot.

The IOM report urged further research, but very little has been done in the seven years since its findings were published. The federal government controls the only legal supply of marijuana available for research, and the administration isn't much interested in providing scientists with the means to debunk its absolutist position on pot.

The FDA is partly right about one thing: Lighting marijuana on fire and inhaling its smoke into the lungs is a crude and toxic delivery system. Smoking is a nonstarter as a way to wider acceptance of marijuana as medicine.

More research is needed into development of safe alternatives to smoking, such as Sativex, a cannabis extract that is administered by means of a spray into the mouth. It has won preliminary approval in Canada for relief of symptoms of multiple sclerosis and for treatment of severe neuropathic pain.

It's tragic to witness the FDA's credibility implosion at the hands of an administration that places politics ahead of impartial science. Combined with its disgraceful refusal to allow women nonprescription access to emergency contraception, the FDA's latest stumble into the politics of pot as medicine would be laughable, if it weren't so sad.

Studies Belie Claims Of Medical Marijuana As Safe Option To Pain (APP)

By TERRENCE P. FARLEY

DOJ_NMG_0027951

Asbury (NJ) Park Press, May 2, 2006

I have been involved in drug prevention, education and enforcement on the county, state and national levels for about 19 years. I have spent years reviewing research on so-called "medical marijuana." I can state, as a result of that research, that "medical marijuana" and "Compassionate Use" acts are a hoax.

Ken Wolski said in his April 27 commentary that his group, The Coalition for Medical Marijuana-New Jersey, has as a mission "to bring about safe and legal access to marijuana for New Jersey patients." While I assume this is in part the truth, the real truth is that his group's ultimate goal, as is the case with all organizations supported by George Soros' Drug Policy Alliance, is to legalize marijuana and eventually all drugs.

The mission itself is flawed. The coalition wants to bring about safe and legal access to marijuana. There is no safe access. In our society, we do not approve drugs on mere conjecture or a popular vote. We have an extensive testing program overseen by the Food and Drug Administration. Just recently, the FDA concluded that "no sound scientific studies supported medical use of marijuana for treatment in the United States, and no animal or human data supported the safety or efficacy of marijuana for general medical use. There are alternative FDA-approved medications in existence of treatment of many of the proposed uses of smoked marijuana. Therefore, the FDA has not approved smoked marijuana for any condition or disease indication."

Also, the U.S. Supreme Court just last year ruled that marijuana is not "medicine" and the federal government could arrest anyone using marijuana, even for medical purposes and even in the states that have legalized its use.

John Walters, director of the Office of National Drug Control Policy, noted, "Smoking illegal drugs may make some people "feel better.' However, civilized societies and modern-day medical practices differentiate between inebriation and the safe, supervised delivery of proven medicine by legitimate doctors."

Rep. Mark Souder, R-Ind., chairman of the House subcommittee on criminal justice, drug policy and human resources, aptly noted, "smoked marijuana has never been approved for medical use by the FDA. For several years, the FDA allowed a limited number of seriously ill patients to use smoked marijuana. The program was terminated in 1992 when the Public Health Service stated there was no scientific evidence that the drug was assisting patients, and issued a warning that using smoked marijuana as a form of medical therapy may actually be harmful to some patients."

Perhaps that is because various studies have shown that smoked marijuana is equivalent to smoking tobacco in that it leads to the same (or even worse) health conditions, that it can cause premature cancer, addiction, coordination and perception impairment, a number of mental disorders including depression, hostility and increased aggressiveness; general apathy, memory loss, reproductive disabilities and impairment of the immune system.

In California, Jeff Stone, a Riverside County supervisor (freeholder) and registered pharmacist, who wants to overturn that state's medical marijuana law, bases his position on the fact that many of the claims of marijuana's benefits are already addressed by better and easier-to-use FDA-approved medications. He has also expressed concerns about the increased availability of today's much more potent marijuana.

New Jersey's congressmen have addressed this topic.

Rep. Christopher H. Smith, R-N.J., recently pointed out his opposition to "medical marijuana" based on studies published in The New England Journal of Medicine and Science magazine that question the use of marijuana for those suffering from cancer, AIDS or other diseases. He also spoke of the Institute of Medicine report, often misquoted by marijuana advocates, that actually stated, "in no way do we wish to suggest that patients should, under any circumstances, medicate themselves with marijuana . . . there is no future in smoked marijuana as medicine."

Rep. H. James Saxton, R-N.J., recently noted that "there have been over 10,000 documented studies that confirm the harmful physical and psychological effects of the use of marijuana. The federal government over the past 20 years, through both Republican and Democratic administrations, has determined that marijuana has no redeeming medical or recreational value and is in fact harmful to one's health."

Saxton noted that the American Medical Association, National Cancer Institute, National Institute of Allergy and Infectious Diseases, American Cancer Society and, most importantly, the National Multiple Sclerosis Society have all rejected the use of marijuana for positive medical treatment.

Terrence P. Farley is first Ocean County assistant prosecutor and director of the county Narcotics Strike Force. He is spokesman for the New Jersey Narcotics Enforcement Officers Association and New Jersey Narcotics Task Force Commanders Association.

Limbaugh Cuts Deal In Prescription Case (AP)

AP, May 2, 2006

WEST PALM BEACH, Fla. (AP) -- Rush Limbaugh declared victory Monday after signing a deal with prosecutors that will dismiss a prescription fraud charge in 18 months if he complies with the terms.

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Under the deal, Limbaugh cannot own a gun, must submit to random drug tests and has to continue treatment for his acknowledged addiction to painkillers. But he did not have to admit guilt, and he continued to proclaim his innocence on his radio show.

"From my point of view, the end result will be as if I had gone to court and won, but the matter is concluded much sooner," the 55-year-old conservative commentator told his listeners. "I have spent thousands of hours and millions of dollars with lawyers over the past 27 months fighting this at every stage."

He pleaded not guilty Friday to seeking a prescription from a physician in 2003 without revealing that he had received medications from another practitioner within 30 days. The charge carries a maximum sentence of five years in prison.

The deal also requires Limbaugh to be available to a court officer for any questioning throughout the 18-month period. The Palm Beach County state attorney's office may revoke or modify the deal if he violates the terms.

Limbaugh's attorney, Roy Black, said his client has been undergoing scheduled and random drug tests as part of a voluntary treatment program and has passed them all.

Before his own problems became public, Limbaugh had decried drug use and abuse, often making the case that drug crimes deserve punishment.

Prosecutors launched their investigation in 2003 after Limbaugh's housekeeper alleged he abused OxyContin and other painkillers. He entered a five-week rehabilitation program that year and publicly blamed his addiction on back pain.

Limbaugh had blasted the investigation as a "fishing" expedition and repeatedly maintained he was innocent.

Prosecutors accused him of illegally deceiving multiple doctors to receive overlapping prescriptions, a practice known as doctor shopping. After seizing his medical records, authorities learned Limbaugh received up to 2,000 painkillers, prescribed by four doctors in six months.

The charge against Limbaugh alleged that he illegally obtained about 40 pills, said Mike Edmondson, a state attorney's spokesman. He would not elaborate or explain why prosecutors scaled back the case.

Man Pleads Guilty To Importing, Distributing Steroids (AP)

AP, May 1, 2006

CONCORD, N.H. --A man has pleaded guilty to importing and distributing thousands of anabolic steroid pills.

Authorities say Kevin Thompson, 30, of Manchester, pleaded guilty to a variety of charges accusing him of using New Hampshire grocery stores to wire money to foreign countries such as Poland, Greece and China in order to illegally buy steroids.

Officials say 29,000 steroid pills as well as 680 vials of various human growth hormones were found at his home. He is to be sentenced on Aug. 31.

Church Fire Called 'ugly, Ugly Crime' (AZREP)

By Michael Clancy

Arizona Republic, May 2, 2006

A fire that caused $200,000 damage at Mission Bell United Methodist Church in northwest Phoenix was the city's thirteenth church fire, the tenth set on purpose, since Jan. 1 .

"I have not seen this kind of spike in church fires in 10 years, since the mid-90s," said Bob Khan, assistant chief with the Phoenix Fire Department. "This is an ugly, ugly crime. The churches, like schools, are the heart of their neighborhoods."

Khan said investigators continued to work Monday at Mission Bell, 4645 W. Bell Road, which shares its building with a Jewish congregation, Temple Gan Elohim. Besides Phoenix fire and police, the federal Bureau of Alcohol, Tobacco and Firearms and the FBI were involved, he said.

advertisement

Khan said investigators know a brick was thrown through a window, and investigators are studying whether any type of fuel was used. "We are still looking at the physical evidence," Khan said.

Joan Klein, office manager for the church, said she, pastor Todd Rogers and others spent the day talking to insurance investigators, police and fire officials and each other. High on the list of subjects: where to hold church services while repairs are under way.

Klein said the church administrative council, a group of members, would meet Wednesday to assign responsibilities.

Bill Straus, who heads the local office of the Anti-Defamation League, said the fire concerned him for two reasons.

One is that a Jewish congregation uses the facility. Last June, the church was damaged by anti-Semitic graffiti, including swastikas. "It is so important to report all incidents," Straus said, because it can help police conduct their investigation. The temple had completed its Saturday evening worship just hours before the fire was reported.

Second, Straus said, "we have had so many church attacks this year."

Khan confirmed that numbers of church fires are up, as are arson-caused blazes.

In recent years, the previous high was seven fires in 2004, four of them set on purpose, Khan said.

"At this point you have to ask what is going on," Khan said. "We need to stir up a hornets' nest and take a second look" at all church arsons.

Khan said church arsons often are "crimes of convenience." Churches, like schools, often have people around after hours, and they generally are not completely locked off from the public. In addition, few employ overnight security guards.

Nationally, churches report an estimated 1,300 fires a year. About 325 of them are arson, according to the U.S. Fire Administration.

Insurance Information Institute statistics show the proportion of arson fires among all church fires has declined from one in three in the '80s to one in four through the 1990s. Since 2000, only one of eight church fires nationally was caused by vandalism, with most of the fires starting through carelessness, old mechanical systems or accidents.

The current Phoenix rate has officials concerned about how to solve the crimes. One thing that is know is that three of four church fires are started by young men, including a high number of teens.

"They can be strategic, as in hate crimes or crimes to cover up other crimes, or they can be mere delinquency," Khan said. "But there is no such thing as a friendly arson fire."

Nor is there such as thing as an easy recovery.

A Seventh-Day Adventist church that burned in February still is waiting for building inspectors, insurance investigators and others to complete their work before rebuilding can begin.

Pastor Claudio M. Martin of North Valley Spanish Church said he hoped to get the go-ahead "in the next few weeks."

Betty Mathis, executive director of the Wesley Community Center in south Phoenix, said the Methodist-based nonprofit just has begun to rebuild after a January fire at that facility damaged its health center.

Mathis was front and center in helping Mission Bell pastor Rogers, office manager Klein and others begin their recovery.

"We are there to help," she said. "We've been in situations like this a lot."

Cliff Wright, music director at the church, said an outdoor service Sunday morning drew close to 300 people.

"It was a pretty positive service," he said. "I think a lot of people were moved."

He said he told the congregation, which calls itself "a church without walls," that it could now live up to its motto.

Temple Gan Elohim had good news of its own. Congregation members joined on the lawn on Mission Bell Sunday afternoon and agreed to hire Lisa Tzur as their new rabbi.

The church is collecting donations through an account established at United Methodist Federal Credit Union, 1550 E. Meadowbrook Ave., Phoenix, Arizona 85014.

IMMIGRATION:

From Coast To Coast, Immigrants Say 'We Need To Be Heard' (USAT)

By Judy Keen And Martin Kasindorf

USA Today, May 2, 2006

Supporters of immigrant rights boycotted businesses and schools or attended rallies in more than 40 states Monday, closing businesses from Providence to San Diego and drawing protesters to rallies from Anchorage to Atlanta.

The protests, called "A Day Without Immigrants" or el gran paro — "the big stop" — were meant to disrupt commerce and highlight the U.S. economy's reliance on immigrant workers.

Hundreds of thousands of people marched in Los Angeles and Chicago. Supporters in New York City formed human chains on sidewalks to protest a bill passed by the House of Representatives that would make illegal immigration a felony. Thousands more filled Manhattan's Union Square.

Debate in Congress over changes in immigration law has "woken up a sleeping giant," said Raul Garcia, 38, who joined a Chicago crowd estimated by police at 400,000. "We can make a difference."

In Los Angeles, the wholesale produce market and garment factories closed, ports were quiet, and traffic eased. Mayor Antonio Villaraigosa estimated up to 400,000 people participated in two marches. The Los Angeles Unified School District, which is 73% Hispanic, said 27% of middle- and high-school students were absent.

Some companies closed in anticipation of worker absences. Perdue Farms closed eight of its 14 chicken processing plants, Goya Foods halted deliveries, and Tyson Foods shut 12 of 100 plants. But casinos in Las Vegas stayed open. Julie Craven of Hormel Foods said the company's 22 plants were open and had fewer absences than on a typical Monday.

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Some supporters of immigrant rights, including Cardinal Roger Mahony of Los Angeles, were cautious about endorsing boycotts. Organizers in Chicago promoted the march instead. Sen. Mel Martinez, R-Fla., who came to the USA as a Cuban refugee, called boycotts counterproductive. "This is an issue that isn't going to get fixed on the streets," he said. Scott McClellan, President Bush's spokesman, said Bush "is not a fan of boycotts."

Most gatherings were festive and peaceful. In Denver, where about 75,000 attended a rally, Mayor John Hickenlooper said the gathering "wasn't about anger or about hate."

There were some counterdemonstrations. About 200 people — some with signs that read "What part of illegal don't you understand?" — were in Centennial Park in Fort Myers, Fla. In Denver, about 50 people gathered to object to illegal immigration. Annette Palmer, 49, said she lost her telemarketing job last summer because she couldn't speak Spanish and refused to take lessons. "I can't even get a job now at McDonald's because they want bilingual," she said.

In Los Angeles, accountant Melrose Larry Green, 55, waved a handwritten sign reading, "Get in line." He said immigrants cost the USA "millions of dollars." Noel Breen, 49, general manager of a Radisson Hotel in Whittier, Calif., disagreed. "These people work their butts off," he said. "Without them, the hospitality industry in this country would be out of business."

Harry Holzer, a professor of public policy at Georgetown University in Washington, said many studies show immigrant labor has little impact on U.S.-born workers with at least a high school education, but that immigrant workers help keep down the cost of food, housing, child care and other services.

"The costs and the benefits to the overall U.S. economy are not large," but legal immigrants and their children contribute more to the economy over the long term than they take from it, he said.

The impact of the protests was felt in communities of every size:

· About 4,500 people participated in a rally in Atlanta. The crowd was much smaller than the estimated 30,000-40,000 who attended a march April 10. Armado Topete, 45, lost about $2,000 by closing his bridal shop in Norcross, Ga., for the day. Topete, a U.S. citizen, said it was important to speak out for other immigrants. "We pay taxes," he said. "We do everything for this country. We want respect."

· About half the 1,600 hourly workers at Tanimura & Antle, a large vegetable grower in Salinas, Calif., took the day off. "We sat down with everybody and talked to them and supported them in what they wanted to do," said Ken Silveira, company president.

Manuel Cunha, president of the Nisei Farm League, which represents 1,000 growers in California's Central Valley, said some could be hurt. "One day will not destroy a business," he said. "But one day could hurt a business because of trying to pick up lost time."

· Hundreds of students at White Plains (N.Y.) High School walked out after their first class and marched to the courthouse. "It's the right thing to do," said Nayal Howard, 18.

· At Elementary School 96 in Indianapolis, where more than half the students are Hispanic, about a quarter of students were absent. Students at George Washington Community School there wore white T-shirts, the unofficial uniform of the protesters.

· David Watkins of Merrifield Garden Center in Merrifield, Va., had five landscaping crews at work instead of the usual 60. "The ultimate impact of not having that labor force was tremendous," he said. "If it lasted any length of time, we'd be in trouble."

· In Bonita Springs, Fla., some immigrant laborers gathered as usual, hoping for work. "If we don't work, we don't eat," said Rodriguez Lopez, 44.

· In Storm Lake, Iowa, some Tyson Foods workers complained about the plant's closure. "Mexicans were in the hall shouting, 'Yeah, we did it!' But I'll be out $130 because of it. Why am I losing money?" said Robin Book, 49.

· In Phoenix, protesters gathered at Home Depot and Wal-Mart stores to form human chains. Trinidad Monge, 52, said she closed her beauty shop to "help people get their papers to work legally."

Gilberto Villasenor of V and V Supremo Foods in Chicago gave his 200 workers the day off with pay. "We need to be heard," he said.

Immigrants Walk Off The Job In Boycott (AP-Y2)

By Gillian Flaccus

AP2, May 1, 2006

Hundreds of thousands of mostly Hispanic immigrants skipped work and took to the streets Monday, flexing their economic muscle in a nationwide boycott that succeeded in slowing or shutting many farms, factories, markets and restaurants.

From Los Angeles to Chicago, Houston to New Orleans, the "Day Without Immigrants" attracted widespread participation despite divisions among activists over whether a boycott would send the right message to Washington lawmakers considering sweeping immigration reform.

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"We are the backbone of what America is, legal or illegal, it doesn't matter," said Melanie Lugo, who with her husband and their third-grade daughter joined a rally of some 75,000 in Denver. "We butter each other's bread. They need us as much as we need them."

Police estimated 400,000 people marched through Chicago's business district. In Los Angeles, there was no announced count, but one law enforcement official put it at about 300,000. Tens of thousands more marched in New York, along with about 15,000 in Houston and 30,000 more across Florida. Smaller rallies in cities from Pennsylvania and Connecticut to Arizona and South Dakota attracted hundreds not thousands.

In Los Angeles, protesters wearing white and waving U.S. flags sang the national anthem in English as traditional Mexican dancers wove through the crowd. In Chicago, illegal immigrants from Ireland and Poland marched alongside Hispanics as office workers on lunch breaks clapped. In Phoenix, protesters formed a human chain in front of Wal-Mart and Home Depot stores. A protest in Tijuana, Mexico, blocked vehicle traffic heading to San Diego at the world's busiest border crossing.

Many carried signs in Spanish that translated to "We are America" and "Today we march, tomorrow we vote." Others waved Mexican flags or wore hats and scarves from their native countries. Some chanted "USA" while others shouted slogans, such as "Si se puede!" Spanish for "Yes, it can be done!" Others were more irreverent, wearing T-shirts that read "I'm illegal. So what?"

The White House reacted coolly.

"The president is not a fan of boycotts," said press secretary Scott McClellan. "People have the right to peacefully express their views, but the president wants to see comprehensive reform pass the Congress so that he can sign it into law."

The boycott was organized by immigrant activists angered by federal legislation that would criminalize illegal immigrants and fortify the U.S-Mexico border. Its goal was to raise awareness about immigrants' economic power.

Industries that rely on immigrant workers were clearly affected, though the impact was not uniform.

Tyson Foods Inc., the world's largest meat producer, shuttered about a dozen of its more than 100 plants and saw "higher-than-usual absenteeism" at others. Most of the closures were in states such as Iowa and Nebraska. Eight of 14 Perdue Farms chicken plants also closed for the day.

Goya Foods, which bills itself as the nation's largest Hispanic-owned food chain, suspended delivery everywhere except Florida, saying it wanted to express solidarity with immigrants who are its primary customers.

None of the 175 seasonal laborers who normally work Mike Collins' 500 acres of Vidalia onion fields in southeastern Georgia showed up.

"We need to be going wide open this time of year to get these onions out of the field," he said. "We've got orders to fill. Losing a day in this part of the season causes a tremendous amount of problems."

It was the same story in Indiana, where the owner of a landscaping business said he was at a loss. About 25 Hispanic workers — 90 percent of the field work force — never reported Monday to Salsbery Brothers Landscaping.

"We're basically shut down in our busiest month of the year," said owner Jeff Salsbery. "It's going to cost me thousands of dollars."

In the Los Angeles area, restaurants and markets were dark and truckers avoided the nation's largest shipping port. About one in three small businesses was closed downtown, including the cluttered produce market and fashion district.

The construction and nursery industries were among the hardest hit by the work stoppage in Florida.

Bill Spann, executive vice president of the Associated General Contractors of Greater Florida said more than half the workers at construction sites in Miami-Dade County did not show up Monday.

"If I lose my job, it's worth it," said Jose Cruz, an immigrant from El Salvador who protested with several thousand others in the rural Florida city of Homestead rather than work his construction job. "It's worth losing several jobs to get my papers."

But the effect was minimal in some places. On Manhattan's busy 14th Street, only a few shops were closed, including a Spanish-language bookstore and a tiny Latin American restaurant.

The impact on some school systems was significant. In the sprawling Los Angeles Unified School District, which is 73 percent Hispanic, about 72,000 middle and high school students were absent — roughly one in every four.

In San Francisco, Benita Olmedo pulled her 11-year-old daughter and 7-year-old son from school.

"I want my children to know their mother is not a criminal," said Olmedo, a nanny who came here illegally in 1986 from Mexico. "I want them to be as strong I am. This shows our strength."

Truck traffic at the twin ports of Los Angeles and Long Beach — the nation's largest port complex — was off 90 percent, said spokeswoman Theresa Adams Lopez.

Some of the rallies drew small numbers of counter-protesters, including one in Pensacola, Fla.

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"You should send all of the 13 million aliens home, then you take all of the welfare recipients who are taking a free check and make them do those jobs," said Jack Culberson, a retired Army colonel who attended the Pensacola rally. "It's as simple as that."

Jesse Hernandez, who owns a Birmingham, Ala., company that supplies Hispanic laborers to companies around the Southeast, shut down his four-person office in solidarity with the demonstrations.

"Unfortunately," he said, "human nature is that you don't really know what you have until you don't have it."

Immigrants Take To U.S. Streets In Show Of Strength (NYT)

By Randal C. Archibold

The New York Times, May 2, 2006

LOS ANGELES, May 1 — Hundreds of thousands of immigrants and their supporters skipped work, school and shopping on Monday and marched in dozens of cities from coast to coast.

The demonstrations did not bring the nation to a halt as planned by some organizers, though they did cause some disruptions and conveyed in peaceful but sometimes boisterous ways the resolve of those who favor loosening the country's laws on immigration.

Originally billed as a nationwide economic boycott under the banner "Day Without an Immigrant," the day evolved into a sweeping round of protests intended to influence the debate in Congress over granting legal status to all or most of the estimated 11 million illegal immigrants in the country.

The protesters, a mix of illegal immigrants and legal residents and citizens, were mostly Latino, but in contrast to similar demonstrations in the past two months, large numbers of people of other ethnicities joined or endorsed many of the events. In some cases, the rallies took on a broader tone of social action, as gay rights advocates, opponents of the war in Iraq and others without a direct stake in the immigration debate took to the streets.

"I think it's only fair that I speak up for those who can't speak for themselves," said Aimee Hernandez, 28, one of an estimated 400,000 people who turned out in Chicago, the site of one of the largest demonstrations. "I think we're just too many that you can't just send them back. How are you going to ignore these people?"

But among those who favor stricter controls on illegal immigration, the protests hardly impressed.

"When the rule of law is dictated by a mob of illegal aliens taking to the streets, especially under a foreign flag, then that means the nation is not governed by a rule of law — it is a mobocracy," Jim Gilchrist, a founder of the Minutemen Project, a volunteer group that patrols the United States-Mexico border, said in an interview.

While the boycott, an idea born several months ago among a small group of grass-roots immigration advocates here, may not have shut down the country, it was strongly felt in a variety of places, particularly those with large Latino populations.

Stores and restaurants in Los Angeles, Chicago and New York closed because workers did not show up or as a display of solidarity with demonstrators. In Los Angeles, the police estimated that more than half a million people attended two demonstrations in and near downtown. School districts in several cities reported a decline in attendance; at Benito Juarez High School in Pilsen, a predominantly Latino neighborhood in Chicago, only 17 percent of the students showed up, even though administrators and some protest organizers had urged students to stay in school.

Lettuce, tomatoes and grapes went unpicked in fields in California and Arizona, which contribute more than half the nation's produce, as scores of growers let workers take the day off. Truckers who move 70 percent of the goods in ports in Los Angeles and Long Beach, Calif., did not work.

Meatpacking companies, including Tyson Foods and Cargill, closed plants in the Midwest and the West employing more than 20,000 people, while the flower and produce markets in downtown Los Angeles stood largely and eerily empty.

Israel Banuelos, 23, and more than 50 of his colleagues skipped work, with the grudging acceptance of his employer, an industrial paint plant in Hollister, Calif.

"We were supposed to work," Mr. Banuelos said, "but we wanted to close down the company. Our boss didn't like it money-wise."

The economic impact of the day's events was hard to gauge, though economists expected a one-day stoppage to have little long-term effect. In large swaths of the country, life went on with no noticeable difference. But protesters in numerous cities, many clad in white and waving mostly American flags in response to complaints that earlier rallies featured too many Latin American ones, declared victory as chanting throngs shut down streets.

Most of the demonstrators' ire was directed at a bill passed by the House that would increase security at the border while making it a felony for an illegal immigrant to be in the country or to aid one. The marchers generally favored a plan in the Senate, for which President Bush has shown signs of support, that would include more protection at the border but offer many illegal workers a path to citizenship.

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Still, the divide among advocates over the value and effectiveness of a boycott resulted in some cities, including Los Angeles and San Diego, playing host to two sizable demonstrations, one organized by boycotters and the other by people neutral or opposed to it.

That split played out across the country. While many business owners warned employees about taking the day off, many others also sought to negotiate time off or other ways to register workers' sentiments.

Las Vegas casinos reported few disruptions, partly because many of their owners announced their support for workers at a news conference last week. On Monday, more than 40 casinos set up tables in employee lunchrooms for workers to sign pro-immigration petitions.

Leaders of Local 226 of the Culinary Workers Union also urged members to go to work. The union is Las Vegas's largest hospitality union, representing 50,000 workers, of which 40 percent are Hispanic.

Smaller businesses in Las Vegas, where tens of thousands of demonstrators gathered on the Strip, also took a hit. Javier Barajas said he closed his family's four Mexican restaurants in Las Vegas because members of his staff warned him they would not show up, costing him more than $60,000 in revenue.

"I cannot fire anybody over this, but I would have liked to see some other way to express themselves," said Mr. Barajas, who was once an illegal immigrant from central Mexico but became a United States citizen. "It's the small businesses that are hurt by this."

For many immigrants, however, it was just another workday.

At a Home Depot in Hollywood, day laborers as always crowded parking lot entrances, hoping for work. At a car wash in the Echo Park neighborhood of Los Angeles, employees buzzed, with workers vacuuming, buffing and drying cars. People lined up at markets, though some reported slower business.

"I was thinking about not buying things, but then I needed to buy stuff," said Alex Sanchez, 28, a construction worker buying an avocado, chilies and beer.

The boycott grew from an idea hatched by a small band of grass-roots advocates in Los Angeles, inspired by the farmworker movement of the 1960's led by Cesar Chavez and Bert Corona. Through the Internet and mass media catering to immigrants, they developed and tapped a network of union organizers, immigrant rights groups and others to spread the word and plan events tied to the boycott, timed to coincide with International Workers' Day.

The Los Angeles organizers said some 70 cities held boycott activities.

The day spawned all manner of supportive actions here. A department store chain offered space for lawyers to give legal advice to immigrants; in Hollywood, the comedian Paul Rodriguez appeared at the comedy club the Laugh Factory to promote a daylong health care fair for immigrant workers.

In Chicago, there was solidarity in diversity, as Latinos were joined by immigrants of Polish, Irish, Asian and African descent. Jerry Jablonski, 30, said he had moved to Chicago from Poland six years ago, flying to Mexico and then crossing the border. He now works a construction job.

"Poland is my old country," Mr. Jablonski said. "This is my new country. I can make everything happen here."

Immigrants Take Economic Impact To The Streets (LAT)

By Michael Muskal And Carol J. Williams

The Los Angeles Times, May 2, 2006

Across the country, hundreds of thousands of Latino immigrants and their supporters took to the streets to demonstrate that they are a political and economic presence that can't be ignored.

Marches in Los Angeles and Chicago, demonstrations in New York and boycotts that forced closures of Midwest and Southern meat-packing plants marked a day when immigration rights activists again called for a new policy, the first in two decades.

The earliest marches began this morning in Florida, quickly followed by protests in New Orleans and Denver, where tens of thousands marched to the state Capitol.

In Chicago, the site of violence in 1886 that turned May 1 into an international labor holiday celebrating the right of legal protest, as many as 300,000 were reportedly marching toward the city's civic center. Smaller rallies were planned in more than 50 other cities nationwide.

Ernest Calderon, 38, came to the Chicago rally with a sign listing the names of his heroes: Abraham Lincoln, John F. Kennedy and Pancho Villa.

"Our heroes understood that they had to fight for freedom and democracy, and we are here doing the same," Calderon, a concrete worker who came from Mexico and gained his citizenship more than a decade ago, told the Associated Press. "We are here for the same reasons."

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Washington has been debating its first major revision of immigration policy in two decades. There is bipartisan support for toughening border security, but the key issues of how to deal with the estimated 11 million to 12 million undocumented workers in the United States and a guest worker plan has opened fissures in both parties.

The issue has also created unusual political alliances. Major industries, including parts of agriculture, apparel and tourism, have joined with labor unions and human rights activists to support changes. Conservatives in both the Democrat and Republican parties have opposed guest-worker programs and paths for citizenship for those illegally in the United States, insisting that border security had a higher priority.

President Bush supports a guest-worker program and has praised a Senate approach, backed by top Republicans and Democrats. The House has passed a harsher plan that among other provisions would make it a felony to be an illegal immigrant or to assist them.

Most economist said there would be little long-term impact from the boycotts — but there were visible signs of dislocation.

Some major U.S. companies, dependent on Latino immigrant labor, announced that they would be closed for the day. Tyson Foods, the world's largest meat producer, shut nine U.S. beef plants and four pork plants. Cargill, the second-largest meatpacker, also closed some plants. Six of 14 Perdue Farms plants were closed.

Gallo Wines in Sonoma, Calif., gave its 150 workers the day off. Restaurants across the country were forced to close or to limit their hours.

The sharp social divisions on the immigration issue were also felt in non-Latino communities where immigrants had faced the same issues.

In Miami, Fla., Stanislav Fridman said he got from the Soviet Ukraine to South Florida the legal way, with a visa and enough hustle to propel his extended Russian family into the good life.

But the 43-year-old taxi fleet manager said he doesn't begrudge those who cut legal corners or climb fences in pursuit of their own share of the American dream.

Today's events provoked emotional solidarity with undocumented immigrants but not to an extent that would come out of his pocket.

"It's not an easy life here. It's real hard work and immigrants know that the best," he said. "We all understand each other, but we're not united. Everyone is out for himself."

A burly, jovial man with a wife in real estate and two sons thriving in the upscale Sunny Isles Beach public school system, Fridman, who has been a U.S. citizen since 1984, socializes and identifies with the Russian community, less so with the ethnically and politically factionalized Latinos.

He waves off as hypocrisy the contentions of anti-immigrant conservatives that others don't have the right to seek opportunities in his adopted nation.

"This is an immigrant country. Only Native Americans come from here. Everybody else's parents came from someplace else," he said, taking both hands off the steering wheel to gesture in all directions. "Even the rednecks in Texas -- their relatives came from somewhere else!"

Despite large crowds that thronged through downtown Denver, it was mostly business as usual at the Denver International Airport, with restaurants, newsstands and shops fully staffed.

Several immigrants said they had contemplated taking the day off to rally, but decided that earning their paycheck was more important than making a political statement. Others said they were doubtful the protest would have any practical effect.

Delia Rivera's employer, the Cantina Grill restaurant chain, offered workers the day off and even provided transportation to the rally in downtown Denver. But Rivera chose to put on her white uniform, slick her hair into a ponytail and assemble taco salads for her regular eight-hour shift.

"I think it will cause more problems. I think it will bring more racism," said Rivera, 19, who emigrated from Mexico when she was a toddler. "I worry that you'll be walking down the street and someone will see you as Hispanic and get mad that you're here."

At a large immigration rally at Houston's Memorial Park, Latinos waved American and Mexican flags, shouted chants, listened to mariachi music as police on horseback watched from the sidelines.

Standing under the shade of a tree, Wilfred Navarro, a 77 year old retired Houston police officer, attended the rally with four generations of his family, including his daughters, grandchildren and great grandchildren.

"Immigrants work hard and contribute to society. It should not be so hard for them to become citizens," said the Texas native whose grandfather was the first in his family to cross into Texas from Mexico. "We sympathize what they are going through. They should have the same privileges as other Americans."

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The boycott made a mixed impact in Phoenix, where some restaurants and supermarkets were closed, but many immigrants were still working. Across the street from one pro-immigrant rally, several Latino workers clambered on the roof of a shopping center, finishing new store buildings.

Benjamin Ruiz, 32, said that after work he'll refrain from shopping and will join in a candlelight vigil planned for tonight, but he could not get the day off.

"There's a lot of pressure for us to be here," said. Ruiz, an electrician. "I'll make my impact felt at home."

Larger crowds gathered at two Home Depots, where several hundred people shielded themselves from the searing desert sun with umbrellas, waved American flags and chanted "Si se puede!" (Yes we can) and "Aqui estamos! Y no nos vamos!" (We're here and we're not leaving.)

Jose Cruz said that most of his fellow employees at a company that installs shower doors were given the day off.

"He supports all of us," Cruz, 34, said of his boss, who is Anglo. "He wants all of us out here supporting other Latinos."

In Seattle, officials were preparing for thousands of protesters to take part in a late afternoon march in the downtown area. But there was hardly any other visible signs of protest in Seattle.

Pete Kosin, 31, a Ukrainian immigrant who works on office interiors for a construction company, said he never considered taking the day off despite his uncertain future in the United States. The Seattle resident said his visa is going to expire soon and he is not sure what he will do.

"I understand why people are marching. It's frustrating — immigrants are invisible in this country," said Kosin as he smoked a cigarette near a downtown office building. "But I have no backup — I lose my job, or get in trouble at some protest, I'm done. I can't afford it."

In the opposite corner of the country, immigration protests and rallies in Miami were notable for the absence of the area's two largest immigrant groups: Cubans and Haitians.

The small shows of defiance — at least in comparison with the massive marches in other immigrant-rich cities — testify to the disproportionate political power wielded by conservative Cubans and the disinterest among hard-working Haitians to lose time and money in a symbolic gesture.

Just back from a cross-country trip to Los Angeles , trucker Sergio Diaz was virtually a lone Cuban voice among the 1,000 or so demonstrators gathered in the Orange Bowl parking lot for what was billed as Miami's main event.

"I think Cubans do support the whole Hispanic community, but the reason you don't see so many here is because we have our law and we have been living here legally," Diaz, 46, said of the U.S. government's "Wet-Foot, Dry-Foot" policy for Cuban migrants. Those who make it to U.S. shores are generally allowed to stay and apply for residency, while those intercepted at sea are repatriated to Cuba or a third country.

Haitians, who cut a significantly lower profile in Florida politics despite having roughly equal numbers to the Cubans, share interest in the plight of undocumented immigrants but insisted that it was more important to put food on the table.

"In the last few days my car has been disabled. I need to make some money," said Haitian-born cabdriver Joseph Louis.

Throngs Show Their Potent Role In Economy (LAT)

By David Streitfeld

The Los Angeles Times, May 2, 2006

Immigrant workers powerfully asserted their importance Monday, making clear they are vital to California's economy. Without us, they declared, industries would tremble, jobs go undone and prices rise.

Dolls from China, DVD players from Japan and shirts from Malaysia piled up at the ports. Lettuce wasn't picked in Blythe and strawberries languished in Oxnard. On one block of L.A.'s Koreatown, only two out of nine businesses were open. The garment district was nearly deserted.

By itself, the "Day Without Immigrants" won't hurt the economy in the long run, analysts said. Shoppers will quickly go back to shopping and workers to working.

The economic message, however, was emphatic and unmistakable.

"This was a reality check," said Economic Roundtable President Daniel Flaming. "You can't wish away these workers. They are rooted in the community. Not everyone realized that before."

Flaming and others have extensively studied the role played by recent arrivals, both legal and illegal. The protests provided vivid evidence that the bulk of the country's estimated 11 million to 12 million illegal immigrants don't just cut lawns and wash dishes in restaurants.

This is an unusual protest movement. There's little precedent in American history for a simultaneous combination of consumer boycotts, demonstrations and work stoppages. And there's none for a labor rights struggle that is cheered on by many employers.

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"I don't remember hearing a single major business group complaining about today's actions," said Stephen Levy, director of the Center for Continuing Study of the California Economy.

Employers haven't suddenly grown more compassionate. In this era of low unemployment, they are eager to have sources of cheap labor. And they fear the sanctions that would accompany a serious crackdown on illegal hiring.

Beyond this, Levy said, there is a sense that everyone is complicit. "I've hired a housekeeper or a gardener or a baby-sitter where I certainly didn't check their papers," he said. "There's an acknowledgment here that we're all involved."

The industries hit the hardest Monday were agriculture, long the domain of immigrants, and, somewhat surprisingly, the ports.

At the nation's largest seaport complex, the ports of Los Angeles and Long Beach, as few as 10% of the truckers showed up to haul freight.

"It's eerie, looking out at the Vincent Thomas Bridge with no trucks on it. It just looks kind of flat and lonely," said Teresa Adams Lopez, a spokeswoman for the Port of Los Angeles.

The 110, 710 and 47 freeways — the latter includes the Vincent Thomas Bridge — had only a few of the rigs that are normally so thick that motorists sometimes miss their exits because the trucks obscure the signs.

The work stoppage was quickly seized upon by union organizers, who hoped to redirect it into traditional labor activism. Organizers with the International Brotherhood of Teamsters made their case in several locations while in Wilmington's Banning Park, an independent movement to form a Los Angeles Port Truckers Assn. was gathering signatures. So far, every effort to organize most of the 10,000 drivers who work the ports has failed.

One driver who stayed away, 24-year-old George Fernandez of Los Angeles, said he supported the immigration rights movement. But he added that the drivers, who clear as little as $20,000 annually after their overhead, were also hoping for "some sort of relief from all the costs, like for fuel, and the low pay and the working conditions."

The effect in the fields was even more significant.

"No one is packing today," said strawberry grower Hector Gutierrez, managing partner of Otilio Farms in Oxnard. "This will put us behind, and we might have to throw some overripe fruit away."

Operations at Bart Fisher's 10,000-acre ranch in Blythe came to a halt as his 120 workers disappeared for the day. "We don't even have a tractor operating," said Fisher, who grows hay, lettuce, broccoli, melons and cotton.

On some farms it was a normal Monday. Tulare dairyman Rob Fletcher was relieved when his milkers, all immigrants, showed up to work his 700 cows.

Overall, however, it was apparently the biggest agricultural work stoppage on record in the state. The 1973 grape strike in the Coachella and San Joaquin valleys and 1970's Salinas Valley vegetable strike had been the largest.

"But both of them only involved targeted crops and didn't come close to the numbers of farm workers participating today," said Marc Grossman, a spokesman for the United Farm Workers union. The state's year-round farm workforce numbers about 225,000, according to the California Farm Bureau Federation.

It wasn't just the size of the farm worker protest that was eye-opening but the unusual harmony between growers and workers.

In Greenfield, south of Salinas, the frontage roads along U.S. 101 were lined with idled tractors, trailers and harvesters in a show of solidarity.

"The harvest companies are giving their workers the opportunity to bring out the equipment and make a statement," Greenfield Mayor John Huerta said.

It was a shift in attitude that Huerta — the son of a Mexican employed in the bracero guest worker program in the 1940s who went on to become a United Farm Workers organizer — found "amazing."

Across the nation, the protests touched many industries but hurt only a few. Major meat producers, including Tyson Foods Inc., Perdue Farms Inc., Cargill Inc. and Swift & Co., closed or cut back work at dozens of plants. Another industry that depends heavily on Latino labor, construction, also took a hit.

The protests were telegraphed far in advance, which intentionally muted their effect. Michael Niemira of the International Council of Shopping Centers said he didn't expect the demonstrations or boycott to have significant economic repercussions.

But he added, "From the political side, it made a statement."

A small, informal survey conducted by the California Assn. of Employers found that very few businesses shut down or operated with skeleton crews. The vast majority of the 88 firms surveyed operated normally.

"When you know it's a one-day thing, as an employer you say, 'We're going to survive it, and we're going to run our business as usual,' " said Kim Parker, executive vice president of the trade group.

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In some parts of Los Angeles, however, the fallout was far greater. Some shopkeepers opened and then quickly gave up. "There's no business," said Sueli Shin, manager of Pelicana Fashion, a wholesaler of party dresses in the garment district. She had locked the door by 10:15 a.m.

Much of Koreatown was shuttered. One factor was the neighborhood's large Latino population. But some business owners, noting their proximity to the march route on Wilshire Boulevard, expressed fears that the demonstrations might get out of hand.

On a normal day, Ham Hung restaurant serves lunch to 200 people. On Monday, there were only 70 customers. Many "stayed away because of news reports that warned people not to drive around downtown," said assistant manager Calvin Zhin.

He noted that he lives in the San Fernando Valley and made it to work in record time. "Great day for driving, horrible day for business," Zhin said.

After Marches, Finding The Way Forward (LAT)

By Teresa Watanabe And Nicole Gaouette

The Los Angeles Times, May 2, 2006

They've staged marches, rallies and boycotts.

They've brought hundreds of thousands of people into the streets.

They've thrust themselves into the headlines and broadcasts of the nation's major media.

Now what?

As immigrants and their supporters boycotted work and school, refrained from consumer spending and marched in cities across the nation, the urgent question they face is how to translate the passion of the streets into lasting political gains.

Immigrant rights organizers said Monday's marches marked the last major street demonstrations they plan until September, when they hope to draw 1 million protesters to Washington D.C.

Until then, they will shift their energy into making a difference at the polls through registering voters, helping legal immigrants become citizens and getting out the vote in June primary elections around the nation.

"We understand that marching is not a solution but that we need to organize in a strategic way," said Hilda Delgado of Local 1877 of the Service Employees International Union in Los Angeles.

Organizers have their work cut out for them. According to the Pew Hispanic Center, only 39% of the nation's 41 million Latinos are eligible to vote_compared to 76% for whites and 65% for blacks. Among 16 million eligible Latino voters, fewer than half actually voted in the 2004 general election.

As a result, said the Pew center director Roberto Suro, Latinos will need to convince the broader public that legislation expanding guest worker programs and offering undocumented immigrants a chance to legalize is good for the nation.

That message, however, will be fought by immigration control advocates, who say the past two months of marches and rallies have energized their forces and drawn new recruits to their cause of cracking down on illegal immigration.

Since the March 25 Los Angeles march startled the nation by drawing 500,000 people into the streets, the Phoenix-based Minuteman Civil Defense Corps, which monitors the nation's borders, has significantly increased its volunteers, fundraising and Web site traffic, said spokeswoman Connie Hair.

She said 400 new volunteers joined the group in the first week after the march, compared to a normal flow of about 135. An Internet appeal for support to begin building private fences on private land along the U.S.-Mexican border has raised $150,000 in a week. The group's Web traffic has quadrupled to 36,000 hits per day, she said.

"(The marches) have focused the American people's attention on people marching in the streets and waving Mexican flags...who may not be grateful for the taxpayer-subsidized benefits they're getting and who are jumping in line ahead of those who are doing it legally," Hair said. "There is a quiet rage building."

In Washington, where the Senate may resume debate on an immigration bill as early as next week, a few congressional officials said the demonstrations served to keep the issue on the agenda. But most lawmakers warned that the rallies could polarize the public, make it harder for Congress to negotiate the thorny issue and create a backlash against immigrants — on the Hill and off.

"To get thoughtful legislation passed is going to be harder the more emotions get inflamed on either side of the debate," said Rep. Mary Bono, R-Palm Springs. "It's overwhelmingly polarizing people and the majority of my constituents are upset about [the boycott]."

Conservative Republicans who backed the House legislation dismissed suggestions that the demonstrations would move them to soften their legislative stance, or that members had any regret about passing a bill that has sparked such opposition.

"Opponents of the bill have demagogued it and misled people; that's been their strategy," said Jeff Lungren, a spokesman for the House bill's main author, Rep. F. James Sensenbrenner Jr. (R-Wis.).

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On Monday, Republicans on both sides were voicing their unhappiness with the demonstrations. "On the basis of what I've heard in public meetings, these demonstrations are making people less and less inclined to support them," said Rep. Lamar Smith (R-Texas), a member of the House's Immigration Reform Caucus, which promotes an enforcement-only approach. Smith and Rep. Tom Tancredo (R-Colo.), who heads the caucus, cited polls that show similar results.

A Rasmussen poll released last week showed that 26% of Americans hold a favorable opinion of immigration demonstrations, while 56% do not.

Immigrant rights advocates are well aware that they need to transform the marchers into voters for lasting gains. On Monday, many marchers in downtown Los Angeles held signs in Spanish, "Today we march, tomorrow we vote."

Such influential figures as Spanish-language radio DJ Eduardo "El Piolin" Sotelo urged crowds to become U.S. citizens_a suggestion greeted with a roar of approval.

One immigrant who may do just that is Juan Almendares, a 31-year-old Garden Grove legal resident who runs a gardening firm with his brother.

The brothers took the day off because "it's the right thing to do. We have to be heard," Almendares said.

"I never thought I would say it or even think it, but this whole thing makes me want to vote in this country and I'm seriously thinking of becoming a U.S. citizen now," he said.

"We can't just protest because it's like we are protesting to ourselves. Who is listening? Look around. There is no one here except Mexicans like us."

Washington Wire (WSJ)

By Various Writers

Wall Street Journal, May 1, 2006

May 1, 2006, 8:22 pm

Emergency Room Emergency

Emergency patients are receiving less attention because of physician shortages and are more likely to be admitted without a bed for four hours or more, according to a new report by the American College of Emergency Physicians.

“Emergency medicine is in a state of emergency itself and patients are suffering,” said Dr. Frederick Blum, ACEP’s president.

In 2004, patients received inadequate on-call care according to two-thirds of emergency department directors. Last year, three-fourths directors surveyed from 1,327 hospital emergency departments now say service is inadequate. Nearly half of the directors surveyed in the 2005 report said one to five patients per day were admitted without beds.

The report seeks to measure the impact of 2003 regulation changes to the Emergency Medical Treatment and Labor Act that allow specialists to stretch their services at more than one hospital. – Shearon Roberts

May 1, 2006, 6:16 pm

Probable Cause

NBC Sports executive Dick Ebersol plans to attend a hearing Tuesday examining what caused a 2004 jet crash that killed his 14-year-old son, Teddy, and two others. At Tuesday’s meeting, the National Transportation Safety Board will consider a preliminary report by investigators and vote on the probable cause.

At issue in the crash of the twin-engine Canadair jet is whether ice on the wings contributed to the accident. There were conflicting reports as to whether ice was present, and the plane took off without deicing. The crash seriously injured Dick Ebersol and his 21-year-old son, Charlie, who dragged his father out of the fiery wreckage.

Mr. Ebersol’s attorney, Robert Clifford, said his client will review the board’s findings before deciding whether to file suit against anybody involved.

Also killed in the crash were pilot Luis Alberto Polanco-Espiallat, 50, and flight attendant Warren Richardson III, 36. – Laura Meckler

May 1, 2006, 3:14 pm

Cautious Optimism

Hours into the Great American Boycott, advocates of a guest worker program for illegal immigrants expressed confidence that Monday’s event wouldn’t make passage of comprehensive reform legislation more difficult. “Not much” of a backlash from conservatives, predicted one senior White House official. Another Bush adviser credited some large employers with minimizing conflict by giving workers the day off. An aide to Democrat Edward Kennedy of Massachusetts, co-sponsor of a comprehensive Senate bill along with Republican John McCain of Arizona, said their effort will get a boost from the boycott — because it keeps the issue in the spotlight at a time when rising gas prices threaten to elbow everything else off Washington’s political agenda. – John Harwood

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May 1, 2006, 3:01 pm

Falling Behind in the Obesity Battle

Despite mounting concern over childhood obesity, most states have failed to implement federal physical-education recommendations, according to a report to be released Tuesday afternoon.

The "Shape of the Nation" report — from the National Association for Sport and Physical Education and the American Heart Association — is expected to say that most states are not following PE advice from the U.S. Surgeon General and the Centers of Disease Control and Prevention. Both recommend that schools require daily PE for all K-12 students.

The new report updates a 2001 version that showed that 27 states allowed students to substitute other classes for PE. Some school districts exempt athletes and marching band members. The 2001 report said most high school students took PE classes for only one of their four years.

A sedentary lifestyle contributes to obesity, a risk factor for heart disease and stroke. In the past 30 years, the obesity rate has more than tripled for children ages 6 to 11 and more than doubled for those in the 2 to 5 and 12 to 19 age groups, according to a 2004 report by the Institute of Medicine, part of the National Academy of Sciences. About nine million American children over six years old are considered obese.

The American Academy of Pediatrics, in a statement issued today, is asking pediatricians to record children's activity levels and recommend that parents prevent children under 2 from watching TV and to allow those older than 2 no more than two hours of TV every day. –Jane Zhang

May 1, 2006, 12:34 pm

Those Wild and Crazy Swiss

The Swiss embassy announced a five-hour Sudoku contest for May 13, starting at 10 a.m. Sudoku — a mind-bending logic exercise that is the equivalent of a crossword puzzle for the numerate — is usually played alone. But the embassy promises players they can "test [their]patience and strategy against like-minded players." Grand prize is a coffee machine.

Switzerland's connection to a puzzle that was first popularized in Japan and uses a Japanese name? The embassy says a Sudoku puzzle is a Latin square, which in turn is an arrangement of numbers in which no column or row contains the same number twice. Swiss mathematician Leonhard Euler (1707-1783) was the first person to show how to mathematically construct Latin squares, the embassy says. –June Kronholz

May 1, 2006, 10:00 am

Medicare Report Draws Fire

The latest report on the financial health of Medicare and Social Security is drawing fire before it's even released. Lawmakers criticize President Bush for reappointing the programs' two public trustees, John Palmer and Thomas Saving, during a congressional recess. In letters sent last week to the president and the trustees, the lawmakers say the two men should not sign this year's report, due out later today.

The public trustees are supposed to provide greater accountability to the annual release of the Social Security and Medicare trustees reports. But Bush delayed in nominating the public trustees for more than seven months, and then re-submitted the names of Drs. Palmer and Saving, though they had already served the traditional single term. During that lapse, "any role they may have played in the development of this year's report…is unofficial and inappropriate," wrote Rep. Pete Stark of California and Rep. Sander Levin of Michigan, the ranking Democrats on House subcommittees that oversee Medicare and Social Security respectively.

Sens. Charles Grassley (R., Iowa) and Max Baucus (D., Mont.) joined the fray. They say in a letter to the public trustees that it was wrong for them to have worked as "paid consultants" to the Treasury Department, and therefore be involved in the process of compiling the 2006 trustees' report, before being reappointed by Bush earlier this month. "The last minute appointment of paid administration consultants threatens our system of checks and balances and the position of public trustee." –Sarah Lueck

Immigration Dissent Sweeps L.A. And The Nation (LAT)

By Michael Muskal

The Los Angeles Times, May 2, 2006

Hundreds of thousands of undocumented workers and their supporters demonstrated today in Los Angeles and flexed their political and economic muscles in support of an overhaul of national immigration policy.

About 250,000 people attended the early demonstration in front of City Hall and a crowd estimated at more than 400,000 worked its way from MacArthur Park to La Brea Avenue in the afternoon. Tens of thousands more demonstrated across the region and hundreds of thousands took to the streets from coast to coast.

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At 7:40 p.m., with the words "Go in peace, God bless America" echoing from the stage at La Brea and Wilshire, the afternoon march officially ended. A huge crows remained, but many began drifting away, as they had been for a couple hours.

It was hard to get an exact number of those protesting because many who attended the early rally also moved to the later one. But the final number was likely to approach or surpass the record rally on March 25 when half a million people protested federal efforts to make enforcement tougher on undocumented immigrants.

Mayor Antonio Villaraigosa estimated nearly a million people demonstrated throughout the day. "We come to work, we come for a better life, we come to participate for the American dream," he told the marchers on Wilshire at La Brea this evening.

The local protests, part of a national day of demonstration, was in response to efforts by Congress to overhaul immigration policy for the first time in two decades. But it has become something more, a cry from the normally hidden undocumented community for a way to socially and economically come into the sunlight.

"If we didn't come, who will build the houses?" asked Jose Abrego, 40, from Acapulco, one of the thousands in MacArthur Park. "We're not flowers. We're not asking to be treated delicately. We just want respect."

Abrego said he came in July to do construction work so he could save money to build his own house back home, where he earned about $100 a week driving trucks. Here he earns about $400 a week.

"We are asking the rich of the United States to respect us," he said.

It was a day of jubilation for demonstrators across the city. Those congregating in front of City Hall had marched blocks through downtown, where seldom anyone is seen walking. It was the second major demonstration to rock the city in less than two months as festive protesters paraded to the Latin rhythms. Across the street from their destination, they heard the blaring of Neil Diamond's "America," which has become an immigrant musical cry.

"I am part of this," said Ofelia Luna, 42, now a U.S. citizen after holding a green card for nearly two decades. "I want my voice to be heard."

The biggest cheers seemed to come around 1:40 p.m. when the popular disc jockey, Eddy "El Piolin" Sotelo spoke.

"We have the same heart, we believe in the same God," he told the crowd.

Rev. Lewis Logan II, pastor at Bethel AME Church in South L.A., also praised the crowd:

"A power more powerful than Katrina has been unleashed here in Los Angeles."

Speaking from a raised platform at the side of City Hall, he got his biggest cheers when he said, "What are we here for?"

The crowd responded: "To triumph, to succeed."

Many waved their U.S. flags, bought from vendors for $2 along the route.

In the nearby bastions of municipal power, officials monitored the situation on the streets.

"All is well," Mayor Antonio Villaraigosa, who had urged students to stay in school and away from the earlier demonstration, told reporters at a later briefing. "This march — protest, as it's developed, has been very peaceful as we suspected from the beginning."

The mayor's teenage son had planned to join the protests after school with his father's approval.

Villaraigosa did not speak at the downtown rally, but said he might at the later demonstration, depending on his schedule. He was to fly to Dallas at 7 p.m. to lobby NFL owners for a professional football team in Los Angeles.

"I'm mayor for all the people," Villaraigosa said. "But without question, I'm also someone who is a proud American, [and] also proud of where my family came from. I've never been shy about the fact that these people out here want to be a part of the American dream. I support them. I don't necessarily have to make every single demonstration to manifest that support."

The crowd overflowed City Hall Plaza and filled the green areas that serve as a buffer for the official buildings. Dressed in white for peace, people waved American flags as they roared what they hope would be a demand heard across the nation in Washington.

Many then went home, but others headed to MacArthur Park for the second march down Wilshire Boulevard to La Brea Avenue. There, too, the mood was festive at they chanted and blew horns.

"This is America," said Juan Medina, 54, from Guatemala, as the crowds filed through the park, a sea of white shirts and waving flags. He said he spent the day painting houses because, "I need to work."

He stood with a group of construction workers from Mexico, Guatemala, El Salvador — hesitant at first, then growing animated with the crowd, feeling their strength in the numbers.

"When the Mayflower came from England, they were people looking for freedom and to follow God. Now these people are rich and powerful. They need to go back to having a big, good heart, to following God," Medina said.

The scene was similar to the earlier rally when many of the demonstrators appeared in white shirts and jeans. They also wore their disparate backgrounds like identity badges: Men from the Mexican countryside wore straw hats and handlebar mustaches, while Los Angeles-bred boys strutted in sunglasses and baggy pants. Politically active women wore T-shirts with pictures of the Mexican revolutionary hero Emiliano Zapata, while many teenagers came in bare-midriff tops and tight pants.

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The demonstrators also came in Central American guayabera shirts and soccer shirts, they wore tattoos and they wrapped giant American flags around their shoulders like Mexican shawls.

They were smiling, walking with a bounce in their step. One held a sign that said, "All Gringos Are Immigrants."

Many said they had not come to previous demonstrations and felt they had missed something. They said they planned to join the afternoon march, as well.

Candido Henriquez, 42, held a sign that said: "We are not criminals. Why do they treat us like animals? We are workers and we deserve respect."

Demonstrations took place across the Southland.

In one of the earliest marches of the day, as many as 10,000 people stepped off from Santa Rosa de Lima Church in Maywood, coursing down Atlantic Boulevard in southeast L.A. County.

As the march moved, its ranks swelled with others from communities such as Huntington Park, Arlington and Bell Gardens. These are the communities where the Mexican American dream has unfolded, the step up for immigrants who have earned a degree of economic stability.

The mood was jubilant, and the symbol of choice was an American flag. Marchers also carried signs, proclaiming "Hoy Marchamos, Manana Votamos."(Today We March; Tomorrow We Vote.)

They chanted "Si su puede," and "Aqui estamos y no nos vamos," "We're here and we're not leaving."

Other demonstrations were planned in Pasadena, Pomona, Santa Ana, Fullerton, Riverside, San Diego, Oxnard, Huntington Park, Long Beach and San Bernardino.

Today's protests represent an evolution of ideas since an estimated 500,000 people rallied on March 25 in front of Los Angeles City Hall to protest the stricter plan that passed the House of Representatives last year. That bill would make being an undocumented worker and those who helped them a felony.

Relying on the Latino media, especially radio personalities, and high-tech communications, the rally caught the Anglo establishment flat-footed.

In the following days, schools, particularly in Southern California, were forced to close as students repeatedly walked out to support immigration rights.

Hilda Ramirez, a spokeswoman for LAUSD, said no major walkouts had been reported early this morning, but that the absentee rate was at 27% -- nearly three times that of the same day last year when only 10% of students did not attend classes.

The second major protest was April 10, when at least hundreds of thousands of people peacefully rallied across the country for broader immigrant rights. Organizers put the number in the millions across the country, but the Los Angeles protest was on the order of thousands.

Organizers were hoping for a major turnout today for demonstrations that were based on the idea of making the Latino presence felt politically, but also economically by boycotting businesses. It was being organized by dozens of groups under the slogan of Un Dia Sin Inmigrantes — A Day Without Immigrants.

A hand-scrawled sign on the Pasadena Freeway last week warned motorists in Spanish: "No work, no school, no buying, no selling." As far away as Mexico, activists echoed the boycott call, urging people to forgo U.S. companies and even to skip American fast food outlets.

It was difficult to tell what impact the boycotts were having, but there were some signs.

At the Los Angeles Wholesale Produce Market and the Los Angeles-Long Beach port complex, business was below normal.

There were also scattered reports of closed restaurants and shops. Virtually all of the stores were closed along Whittier and Cesar Chavez, two main boulevards of heavily Latino neighborhoods in East Los Angeles.

At Nico's Market, near the Ramona Gardens housing projects in Boyle Heights, a sign in Spanish announced, "This Monday, May 1, we close the store to support the immigrants."

The immediate impact was borne by small businesses and low-paid workers.

Ana Miriam Garcia, 52, said her boss decided to close for the day -- and to dock them a day's pay.

"If I don't work, I don't eat," said Garcia, a Salvadoran immigrant who became a citizen after the 1986 amnesty. Garcia said she earns minimum wage at a sewing factory and said she suffers when she can't work, even for one day.

"What can I do?" she said.

Still, the long-term impact was expected to be minimal. Except for meals, purchases given up today can be made up tomorrow. Many businesses, including service and manufacturing industries, had employees work through the weekend to get ahead so that today's closings would not be disastrous.

Today's boycotts also politically split the Latino community.

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Those calling for the boycotts tended to be from non-traditional groups, while leaders of established institutions urged students to stay in class and were neutral at best about whether workers should take the day off for the morning protest.

That division was clearly illustrated in Southern California.

Mayor Villaraigosa, the first Latino in more than 130 years to have the city's top job, and Cardinal Roger M. Mahony on Sunday repeated their pleas that students not take part in the day's activities until after school. Villaraigosa also warned motorists to prepare for gridlock in the affected areas.

Demonstrators today again wore white as a gesture of peace and waved U.S. flags in the hopes of decreasing any backlash. Organizers have urged protesters to avoid carrying Mexican flags or singing the national anthem in any language other than English. A Spanish version of the anthem, released last week, sparked complaints, including from President Bush.

Over the weekend, some groups, which call for tougher enforcement against illegal immigrants, held their own demonstrations along the U.S.-Mexican border and promised more protests. About 200 volunteers organized by the Minuteman Civil Defense Corps of California worked on a 6-foot barbed-wire fence along a quarter-mile stretch of rugged terrain near the U.S.-Mexico border about 50 miles east of San Diego.

The U.S. government has also vowed to crack down on employers who hire illegal immigrants. And there have been well-publicized raids by immigration authorities, rounding up hundreds of immigrants with criminal backgrounds in Florida and the Midwest.

Still, most polls show that Americans favor changes in immigration policy by better than a ratio of 2 to 1 and that Californians are even more supportive. Americans tell pollsters that they would like to see a guest worker program and some sort of plan that would lead to citizenship for those in the United States.

Thousands Join Boycott (WT)

By Valerie Richardson And Jerry Seper

The Washington Times, May 2, 2006

Hundreds of thousands of people boycotted their own jobs and stayed away from what they saw as "gringo" businesses yesterday.

Many instead took to the streets in major cities to demonstrate the political and economic power of immigrants and illegal aliens.

Protesters -- most of whom were Hispanic -- waved U.S., and Mexican and other Latin American flags as they flooded streets in New York and Los Angeles. An estimated 400,000 marched in Chicago, 75,000 took part in Denver, and thousands showed up for rallies in other cities. The largest demonstrations were in Los Angeles, where police estimated that two major marches drew more than 650,000 people.

Both police and organizers said more than a million people marched nationwide yesterday, with some estimates topping 1.5 million.

The protesters sought to influence the current immigration debate, by both supporting efforts to legalize the estimated 12 million illegal aliens and opposing the bill that passed the House of Representatives in December that would make illegal presence a felony and would crack down on employers who hire illegal aliens.

Speaking earlier in the day, White House press secretary Scott McClellan said he couldn't predict the rallies' effect on the policy debate, but the president's position on the walkouts was clear.

"The president is not a fan of boycotts," Mr. McClellan said. "People have the right to peacefully express their views, but the president wants to see comprehensive reform pass the Congress so that he can sign it into law."

Unlike last month's marches in protest of the House immigration-enforcement bill, which drew support from a broad spectrum of politicians, lawmakers yesterday urged schoolchildren to attend class and workers to go to their jobs.

Last month's marches may also have hurt the protesters' cause. Some polls showed Americans were less sympathetic to immigrants' demands in the wake of those marches, and many people complained publicly about the proliferation of non-American flags at the events.

"We're not criminals," Belem Orozco, an illegal alien who attended the rally in Denver, said in Spanish as her 9-year-old son, David, translated. "We're people who work. We want to help the United States."

Mrs. Orozco, who has lived in Denver for 13 years, didn't have to call in sick -- her employer Cintas, a uniform supplier, gave its employees the day off, she said.

In Phoenix, where about 3,000 people turned out for protests at various locations, Angel Lopez, an illegal alien, said she is not a criminal and has worked as a hotel housekeeper every day since arriving three years ago.

"I did not understand why members of Congress think I'm a criminal and want to deport me and think nothing of employers that hired me," she said. "Shouldn't they be penalized, too?"

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Miss Lopez said none of the illegals she knows here fear being arrested while on the job. She also said she has a 9-month-old son who was born in Phoenix, making him a U.S. citizen.

"When you send me home because I'm a criminal, will you deport him, too?" she said.

The total effect of the economic boycott was not clear yesterday. Some firms closed their doors, and no major disturbances were reported.

In Dallas, several supermarkets -- including nine owned by Malone's Food Stores -- closed. General manager Rick Gomez said the move was a gesture of support. The company's work force is more than 45 percent Hispanic and upward of 90 percent of its business is from the Hispanic community.

The most immediate effect was in some schools in heavily Hispanic areas, which reported high absentee rates. About 72,000 middle- and high-school students stayed home from school in Los Angeles, and one Denver high school reported an absentee rate of 98 percent.

Late in the afternoon, hundreds of people gathered on Pennsylvania Avenue near the White House fence for a rally. Of the dozens of flags they waved at the presidential residence, about half were American and the rest were from Latin America, including Brazilian, Mexican, Dominican and Honduran.

They shouted slogans and sometimes began chanting "U-S-A," although that chant often morphed into "si se puede," a common protest rally cry which translates roughly from Spanish as "Yes, we can."

Dallas television station KXAS conducted an online poll yesterday of whether employers should be allowed to fire workers who missed work to attend the rallies and found overwhelming support for employers. As of 7 p.m., 68 percent, or more than 38,000 votes, of responses to the unscientific, self-selecting survey, said it was OK to fire workers, while 13 percent said it was legally OK but morally wrong. Just 18 percent said they should keep their jobs.

For yesterday's boycott, the protesters chose May Day, traditionally a worldwide socialist holiday, with workers marching in recognition of workers' rights.

Opponents organized against the protests, although on a much smaller scale. Some Hispanics announced the formation of a group called You Don't Speak for Me, meant to highlight Hispanics who want more border enforcement and oppose legalization of illegal aliens.

"Millions of Hispanic-Americans -- including many who have gone through the immigration process the right way -- are offended by the demands being made by people who have broken our nation's laws," said Pete Nunez, former assistant Treasury Department secretary, at a press conference organized by the Federation for American Immigration Reform.

In Denver, Defend Colorado Now, an anti-illegal immigration group, held a counterrally, and Ron Niemala spent his day off holding anti-illegal immigration signs and tangling with demonstrators.

"You're invading our country, buddy," he told one young Hispanic man.

"This country isn't yours," the man retorted. "We were here first."

Marchers numbered in the tens of thousands in New York, Atlanta and Oakland, Calif., with about 15,000 more in Houston and 50,000 in San Jose, Calif.

In Los Angeles, marchers chanted, "Today, we march, tomorrow, we vote, and if they deport us, we will jump over the border fence." Whole neighborhoods in the nation's second-largest city and its port were virtually shut down, though the usually congested Southern California freeways were largely empty.

U.S. Immigration and Customs Enforcement agents yesterday raided 15 locations in New York and New Jersey to smash a "human-trafficking ring" that smuggled Mexicans into the country and may have forced women to work as prostitutes.

ICE conducted the raids early Monday after New Jersey State Police pulled over two vehicles carrying at least 10 women who had been working in brothels in Virginia, Maryland and Washington. Agents arrested 36 women and 30 men.

'The Pot Is Boiling' (WSJ)

By Miriam Jordan, June Kronholz And Ilan Brat

The Wall Street Journal, May 2, 2006

Hundreds of thousands of immigrants walked off the job and into the streets to call for immigration reform as part of a so-called National Day of Action. But while the protests severely disrupted industries that rely on immigrant labor, the impact was damped by advance planning at businesses where it was clear there would be a one-day worker shortage.

Absenteeism was high in industries such as construction, agriculture and meatpacking, and some restaurants reported early closures, staff depletions and other problems. Perdue Farms Inc., the Salisbury, Md., poultry processor, closed six poultry plants for the rallies yesterday. Likewise, meatpacking giant Tyson Foods Inc., Springdale, Ark., closed six of its nine beef processing plants and four of its six pork processing plants.

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But attendance at midday rallies across the country was a mixed bag. Hundreds of thousands turned out in places like Chicago to support legal work status for illegal immigrants, but in Texas, Atlanta and other places, turnout was more modest. That was partly a result of calls within the pro-immigrant community to keep workers and their kids in place until events later in the day. But it was also due to fear that recently swept through some immigrant communities in the wake of a government crackdown on employers who intentionally hire undocumented workers. Some immigrants were also rattled by reports of protesters being fired after skipping work for similar rallies last month.

Overall, the effect was mostly symbolic. "This isn't a big economic event," said Nigel Gault, U.S. economist at Global Insight, a nonpartisan forecasting and consulting group in Waltham, Mass. "Economically, it would be a huge event if suddenly 12 million [immigrants] were gone" permanently.

Frank Sharry, director of the National Immigration Forum, a coalition of business, union and advocate groups that favor immigration overhaul, stopped short of predicting the marches would press noncommitted legislators to back a bill now before the Senate that would give legal status to most illegal immigrants. Nevertheless, "the pot is boiling -- immigrants are marching in the streets, the public is demanding a solution," he said.

Likewise, Randy Johnson, vice president of the U.S. Chamber of Commerce, predicted the rallies will "show decision makers we've got a major issue that Congress needs to address." But the chance of the demonstrations irking voters is possible, he added. "If everyone's waving foreign flags and singing the National Anthem in Spanish, it's going to have a negative effect," he said.

Opponents of the Senate bill predict that the protests will create a backlash that could kill immigration overhaul. "By the end of today, any possibility of a bill reaching the president's desk will be dead," said Mark Krikorian, director of the Center for Immigration Studies, a Washington policy group that favors more-restrictive immigration policies.

Similar protests were held last month, catching employers somewhat off-guard. This time, most immigrant-dependent industries were better prepared. In some of those industries, employers are anxious to see changes that would protect their access to immigrant workers. For example, tens of thousands of meatpacking workers attended the rallies in part because their employers closed many plants yesterday. Industry analysts figure that the meatpacking industry slaughtered less than half of the number of cattle and hogs yesterday that it usually kills on a Monday.

Pilgrim's Pride Corp., the country's second-largest poultry processor, decided to halt operations at some of its 34 plants, although most remained up and running, said spokesman Ray Atkinson. About 50% of the Pittsburg, Texas, company's employees are Hispanic, Mr. Atkinson said.

Fashion concern American Apparel Inc. shuttered its factory and executive offices in downtown Los Angeles. "We didn't want our workers to have to decide between allegiance to the corporation or this immigrant cause," said Dov Charney, the company's 37-year-old founder, when reached in the midst of a throng of demonstrators in central Los Angeles. Mr. Charney said about 3,000 workers at his company have a Latino background. Shrugging off any notion of a negative financial impact, Mr. Charney said, "I can't imagine this hurts me in the long term."

Truckers avoided the large shipping port complex of Long Beach, Calif., and Los Angeles, and tens of thousands of students skipped school in the Los Angeles area.

McDonald's Corp., the nation's largest restaurant chain by revenue, said that at some locations it shut outlets except for their drive-throughs, reduced operating hours and employed fewer crew members to accommodate workers participating in rallies, spokesman William Whitman said in a statement.

In the landscaping industry, nine out of 10 workers took the day off, especially in warehouse and distribution centers, according to the American Nursery and Landscape Association. About 70% of more than 500,000 workers in the sector are believed to be undocumented.

Construction, the largest employer of illegal workers, suffered some disruptions. "Most of our members are giving workers flex-time, but the majority seem to be working," said Paul Lopez at the National Association of Homebuilders.

Agriculture was especially affected in Florida and California. With the harvest under way, lettuce fields in Salinas Valley, Calif. were practically void of workers. Several lettuce packers in the area closed their plants for the day as workers joined protests.

Law firms have been advising their clients that the immigrant labor boycott is protected by the National Labor Relations Act, even though it isn't specifically a union action. Morgan, Lewis & Bockius, a Philadelphia-based law firm, on April 27 issued a client alert that recommended employers not impose restrictions or penalties on workers' absence for the rallies -- which employers don't impose on other types of absences.

At the rallies, which were orderly in most places regardless of the size, immigrant workers largely heeded calls to carry American flags -- as opposed to flags from their home countries -- and expressed pride in what they generate for U.S. business.

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At a march through downtown Chicago, Miguel Salguero, 37, held a sign that read, "I pay taxes. Does that make me a criminal?" Mr. Salguero said he pays taxes using an Individual Taxpayer Identification Number issued by the Internal Revenue Service. He said he used the same number to get a bank loan and mortgage on his house in a Chicago suburb. Though he works jobs in two area restaurants, he is not in the country legally. "I have my whole life here," he said. "We're here and we're not leaving."

While Mexico's immigrant labor force expressed itself loudly across the U.S., it was largely business as usual for Mexican companies in the U.S. Dispensing some $5 billion in annual payrolls in its operations north of the border, Mexican companies employ nearly 150,000 workers in the U.S., of whom very few appeared to join public demonstrations yesterday.

"Today's boycott had no material impact on our company's operations or on attendance," said David Margulies, a spokesman for Bimbo Bakeries USA, the U.S. unit of Grupo Bimbo SA, Latin America's largest baked-goods manufacturer. Fort Worth, Texas-based Bimbo, with about 7,500 U.S. employees, is the principal supplier of such popular brands as OroWheat Bread, Thomas's English Muffins and Entenmann's pastries to the U.S. west of Chicago.

At Immigrant Rally, Divided They Stand (WP)

By David Montgomery

The Washington Post, May 2, 2006

The problem is, a guy has to make a living. And if you happen to be a Salvadoran with a green card; with a mortgage, a wife and three kids in Lanham; and two janitorial jobs in D.C. that keep you busy 14 hours a day, you might not have the leverage with the boss to boycott work in a demonstration of how important immigrants are to the U.S. economy.

And so there yesterday in sun-dappled Meridian Hill Park was Milton Bonilla, 38, leaning against a tree in his white work uniform listening to the speakers rage against certain lawmakers and celebrate the People United. He was a typical un-boycotter. He had worked hard for the word "Supervisor" stitched on his breast, and he could not afford to give it up.

He was headed to work for the night shift at 5:30 p.m. But he still felt urgently drawn to the demonstration, which was called "a day without immigrants."

"It's important to show support for the people without documents," Bonilla said. "We're here because we want better treatment in this country. We came to work. We are not criminals."

For some the notion summoned visions of Bethesda matrons cutting their own grass and taking care of their own kids; K Street lawyers and lobbyists pushing mops and taking out the trash at their offices; bureaucrats having to serve themselves Navy bean soup, meatloaf, blackened sole and soggy broccoli in the cafeteria line -- that would teach them a lesson, was the idea.

But the work boycott sent an odd, ambiguous message, others thought. When immigrants list the personal attributes they are proudest of, "hardworking" is at or near the top of every list. And now they were going to show their value to society by not working?

Most members of the main immigrant organizing coalition in the Washington area were against the boycott. So were some of the local movement's most important motivators -- radio disc jockeys. They said now was not the time to get too radical, while there is still a chance that the Senate will produce an immigration bill that would provide a path to citizenship for undocumented immigrants.

Still, other local organizers urged the boycott, saying now was the time to flex some muscle.

Both factions picked Meridian Hill for an afternoon rally, and more than 1,000 boycotters and un-boycotters assembled in the leafy splendor of perfect park weather.

You could spot differences in the two crowds. The un-boycotters were more likely to have on work uniforms or work boots with fresh dust. They came and left at odd times, going to punch in, or just punching out, in the middle of chants that sounded better in Spanish ("Bush, listen, we are committed to the struggle!") or a song in English ("Amazing Grace").

The boycotters were more likely to be young, holding disposable jobs they might easily replace in a fast-food nation. Also more likely to be wearing the red and black of revolution.

Eber Garcia, 25, said his boss in a roofing company told him if he didn't show up for work yesterday, he would think about firing him. Garcia said he could live with that.

"Say you work in a restaurant and I work in construction," he said. "I lose my job and you lose your job [for joining the boycott]. I can go to your restaurant and you can go to my construction. They need us. We are not afraid."

Garcia is as hard a worker as any, and he says he knows stuff about roofing that his boss depends on. He says he earns about $1,000 in a good week and sends $800 of it back to his mother and two sisters in Mexico. Yesterday cost him about $140 in lost wages.

"If I have to do this I'm going to do this to catch their attention," Garcia said.

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To boycott or not to boycott? So much riding on the answer in individual lives, such high stakes for a movement groping for its voice and next steps.

But there in the park, with the guitars and the flags and the children in strollers, at a time and a place when the tactical rift could have betrayed weakness and the spectacle of protesters protesting the protest, the leaders showed some savvy. They pretended there were no differences of opinion. They shared one stage, one sound system near the statue of Joan of Arc, and they didn't talk about whether to boycott or not to boycott. It was too late for that anyway. They kept saying over and over how united they were.

"All organizations present are united for legalization" of those without papers, shouted a typical speaker. "We demand real comprehensive reform legislation that recognizes the contributions of" -- here it comes -- "hardworking immigrants."

Did Cesar Chavez have to fake a united front during the five-year grape boycott he launched with the United Farm Workers in 1965? In any case, it was an effective tactic. In the end, growers agreed to let the union bargain for the workers, and they got higher wages, health care and retirement benefits.

The dissonant thing about Chavez as an inspiration for the current movement, however, is that he didn't care much for undocumented workers. He considered them "strikebreakers." He came to Washington in 1979 to accuse immigration authorities of letting such workers avoid the law in order to defeat the union.

Chavez himself may have been inspired by the Montgomery, Ala., bus boycott in 1955-56, sparked after Rosa Parks was arrested for refusing to give up her seat. The boycott brought the bus companies to the brink of bankruptcy and proved the mettle of the civil rights movement. But it took the Supreme Court to finally desegregate the buses.

Still, the bus boycott made a 26-year-old preacher named Martin Luther King Jr. a national figure, and set a tide in motion -- a taste of what possibilities were in the air in the park yesterday.

Yesterday's rally also drew energy from fiction. People in the crowd were passing out fliers about the 2004 mockumentary "A Day Without a Mexican" -- as if we could have forgotten. The premise of the movie is that suddenly all the Latinos disappear from California -- all the nannies, groundskeepers, street sweepers, car mechanics. The state can't function and goes crazy.

Which is also what happens in a fictional Southern town in the 1965 play "Day of Absence" by Douglas Turner Ward. All the black people suddenly disappear. The playwright later said he had been in Montgomery during the bus boycott, and he had been inspired by what happens when invisible people make themselves visible by, paradoxically, disappearing. Not riding the bus, not going to work.

Some of the boycotters were like Juan Arreaga, 30, who came from Mexico 10 years ago, lives in Manassas and owns a remodeling business. He gave all 40 of his workers the day off. Nobody was going to get fired for this "boycott." It wasn't a radical, personally risky act. Nor was it for Carlos Rosales, a self-employed financial analyst in Hyattsville, who boycotted himself.

Joanna Salguero and Jacqueline Ortiz are cashiers at a fast-food restaurant in Centreville. They boycotted. But they got permission from their boss.

If your boss says it's okay, or if you are the boss, is that a boycott? Do you have to risk getting fired for the act to acquire moral gravitas?

No, said the organizers. The point was just to show how many productive Latinos there are. Permission or no, there they were, there in the park, standing up to be counted.

Carlos M. Bermudez, chef with a food-service company in the District, boycotted -- but he went to work Sunday to cook all of yesterday's food ahead of time. In other words, he found a way to work and boycott.

The un-boycotters, for their part, looked for ways to show workplace solidarity. Germain Gutierrez, 27, from Beltsville by way of El Salvador, got to the park a little late. He had reported to the D.C. body shop where he works. But his boss let him leave after he put in four hours.

Think of all the cars coming in after a weekend of wrecks. Think of all the minivans of the Bethesda matrons, and the BMWs of the K Street lawyers.

Different Paths To Same Goal (WSJ)

By Barry Newman And Miriam Jordan

The Wall Street Journal, May 2, 2006

Hundreds of thousands of immigrants and their supporters snarled the streets of Los Angeles twice yesterday in support of a common goal separated by diametrically opposed tactics. One protest, at midday, sought to have illegal immigrants miss work and school to drive home how integral they are to American life; the other, in the late afternoon, sought to minimize disruptions for fear of arousing more opposition to their cause.

The dueling demonstrations were evidence that, even as the pro-immigrant movement swells, there isn't unanimity about tactics -- and it could take years to advance its goal of legalizing the status of millions of undocumented immigrants. Immigration

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rallies in major U.S. cities like Los Angeles and Chicago have drawn crowds of up to 500,000 during the past six weeks as a huge show of short-term popular opposition to a get-tough bill passed in the House in December. Now, some groups and individuals have to a degree tempered the call for activism, fearing that too much disruption to U.S. businesses that rely on immigrants could create a political backlash that would actually undermine their efforts and raise doubts about hasty compromises under debate in Washington.

And while the coalition has so far been deep and wide, encompassing many nationalities, not all groups are in sync with the Hispanics who form the overwhelming majority of undocumented immigrants. In New York's Chinatown yesterday, for example, a demonstration intended to rally shoppers and shopkeepers was a dud. Fewer than 100 Asian members of Unite Here, the union of textile, hotel and restaurant workers, set off along East Broadway against an indifferent tide of delivery men pushing handcarts and pedestrians on cellphones. "We need to form a human chain," said a woman leading the march, but nobody did.

There are even divisions among Hispanics, as immigrants from Mexico and elsewhere who have attained legal status in the U.S. do not always want to open the door to others who might follow. In a new Wall Street Journal/NBC News poll1, for instance, those surveyed were asked whether they would favor building a fence all along the border between Mexico and California. While 60% of Hispanics opposed that idea, a third of the Hispanics surveyed said they backed it.

Similarly, sentiment among Hispanics was mixed on yesterday's no-work day. Some 34% of Hispanics said the protest would help the cause of immigrants, but 43% said it would hurt their cause.

Of course, many protest movements -- including the civil-rights and anti-Vietnam War activists in the 1960s -- have overcome such fissures to get across broad, effective support that translates into government action. "I don't think there are two camps," said Pablo Alvarado, director of the National Day Laborer Organization, which backed a work stoppage yesterday. "What I see is one big camp with different tactics. The goal is the same: legalization for the undocumented. Some believe that by demonstrating we have economic power we can help persuade America. That is good, and we have to do it. This type of radical action has to take place."

But Mr. Alvarado added: "At same time I know that many Americans don't like these kind of actions. ... For them, we need to do other type of things. One of ways to achieve legalization is by winning hearts and minds of Americans."

There is disagreement on the streets about how to accomplish that, however. Typically, when asked, Latino workers say they are in favor of mobilization. But many say they think it sends the wrong message to miss school and work.

"Some people are taking it too far," said Blanca Alvarenga, a 20-year-old daughter of El Salvadoran immigrants who came here illegally and now have green cards. "We shouldn't pull kids out of school or be missing work," said Ms. Alvarenga, a saleswoman at a Payless Shoe Source in Los Angeles.

Vicky Cruz, a college student born in the U.S. who works at a Baskin Robbins ice-cream shop in Los Angeles and has undocumented relatives from El Salvador here, said: "We came here to go to work and go to school." Plus, "I have bills to pay."

The divide among immigration protesters is not just about the style of dissent, however. The broad movement initially coalesced around opposition to the House immigration bill passed last year, which opened no avenue to citizenship for undocumented immigrants and made a felony out of both being in the U.S. illegally and helping an undocumented worker. The compromise produced by the Senate Judiciary Committee at the end of March, days after a massive march in Los Angeles, was cheered as a victory by most pro-immigrant lobbyists.

But now a faction of immigrant supporters who have checked the fine print in the 614-page committee compromise are going public with serious misgivings. While the compromise bill does offer eventual citizenship to millions, it also creates concern that millions could be found ineligible to apply. In particular, questions are surfacing about a provision that disqualifies workers who supply false information -- including fake Social Security numbers -- on the federal form employers must submit for all new hires.

While the tough House bill and another Senate bill backed by Republican Majority Leader Bill Frist both make past document fraud punishable by deportation, the softer Senate Judiciary Committee compromise would only penalize fraud exposed after the bill became law. But it leaves vague whether immigrants who keep working past the day of the law's passage would also face deportation. If they obtained their jobs earlier with false papers, they could fall into a trap.

"We can't be fooled into believing there's a breakthrough when proposed measures actually make undocumented immigrants ineligible," said Eun Sook Lee, director of the National Korean American Service and Education Consortium in Los Angeles. "The numbers impacted would be in the millions. You can't do backdoor delegalization while you're proposing legalization."

By yesterday, though, the subtleties of the political debate largely hadn't filtered down to the streets, leading some activists to ask if the demonstrators are sending a useful and unified message. "It's a little hard to be sure what people are opposing or

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supporting," said Paul Igasaki, who heads an immigration and civil-rights "working group" speaking out against provisions "that would erode basic rights for everyone in America."

Even groups promoting the compromise -- including the National Immigration Forum -- want to cut out new enforcement tools in it that would, among other things, add the names of immigration violators to the national crime database, require criminal checks on U.S. citizens sponsoring relatives for green cards, and mandate deportation for legal immigrants convicted three times for drunken driving.

But others say it's time to slow the whole legislative process down and wait for something much better.

"There's a big gap between what advocates in D.C. are negotiating and what [immigrant] communities are really demanding," said Arnoldo Garcia of the National Network for Immigrant and Refugee Rights in Oakland, Calif. "It'll take a lot more time before we get changes that make people happy -- so we can have one of those photo ops like the one of Martin Luther King standing behind Lyndon Baines Johnson."

Mr. Garcia was thinking of a famous picture of President Johnson signing the Civil Rights Act of 1964 -- taken nine years after Rosa Parks sat down in the front of a bus in Montgomery, Ala.

Today's Protests Shutter L.A.'s Produce And Garment Districts (LAT)

By Jesus Sanchez

The Los Angeles Times, May 2, 2006

The normally bustling downtown Los Angeles produce and garment districts were virtually shut down today, and truck traffic at the ports was down sharply after many employees protesting the nation's immigration policy's did not show up for work.

The dearth of activity in the produce and garment districts, both heavily dependent on immigrant labor, was so far the most dramatic sign of the impact of today's organized immigration protests on local commerce. Only sporadic business closures and staffing shortages reported across the remainder of Southern California.

The Los Angeles Wholesale Produce Market — which provides fresh food to restaurants, grocery store chains and countless mom and pop outlets — was unusually quiet at 2:30 am when the sprawling complex is normally a din of shouting workers and rumbling trucks The nearby 7th Street Market, the region's second-largest wholesale food market, never even bothered to open.

"This is not a normal day," said Robert Barrios as he viewed the sedate concrete loading docks at the Los Angeles Wholesale Produce Market. "This time of the day, you usually have trucks pulling in, pulling out. People yelling, "Hey, let's go! Get out of the way!"

A few hours later, visitors to the nearby downtown garment district were greeted by block after block of shuttered storefronts and garment factories. Many businesses had decided to close after workers informed them of their plans not to show up today, according to business owners.

Pelicana Fashion on Maple Street was one of the few businesses that tried to open today but manager Sueli Shin decided to close up shop before 11 am.

"Only one of my six workers showed up," Shin said as she was preparing to close the shop.

The labor boycott also apparently made itself felt at Southland hospitals, where more than twice as many nurses, aides and housekeepers failed to show up as usual for the 7 a.m. shift, said Jim Lott, a spokesman for the Hospital Assn. of Southern California.

"Usually we see 3 to 5% absenteeism on a Monday, and we're running 8 to 12%," Lott said.

Hospitals called in temporary workers and consolidated patients, but absenteeism returned to normal levels during the afternoon shift. "So far the shortages haven't been so severe that they've had to stop anything," Lott said.

Truckers who honored the immigration boycott hobbled shipping operations throughout the ports of Los Angeles and Long Beach, the fifth-largest harbor complex in the world. Traffic on the roads that cut through the ports as well as on the Long Beach Freeway was noticeably lighter as truck activity was down by as much as 80%, according to marine terminal operators.

At the APL Global Gateway South terminal at the Port of Los Angeles, spokesman Mike Zampa said that about 40 trucks an hour were moving through the terminal's gates this morning, compared to 175 an hour during the same time last week.

Terminal managers and port officials said, however, the immigration boycott has not affected the unloading of ships or railroad operations in the port. They also said the impact will be shortlived because the backlogs of cargo will be cleared in the days ahead, and some companies that anticipated the boycott moved and picked up cargo over the weekend.

"It's been pretty quiet," McCorkle said. "But a one-day event isn't going to have a big impact. We expect we will be able to move some cargo tonight."

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Some port truck drivers who chose not to work gathered for a noon rally that drew about 200 people to Banning Park in Wilmington. There, supporters wearing white waved the U.S. and Mexican flags at drivers passing on Pacific Coast Highway. Roughly half the drivers honked in response.

Independent trucker Lucio Vasquez, 38, of Wilmington said he came to the United States from Mexico City illegally in 1981 to find work. Although he is now a citizen, he chose to join the boycott to show solidarity with illegal immigrants. "A long time ago, I was in the same situation," Vasquez said.

At Hannam Chain Market World, one of the oldest Korean supermarkets in Koreatown, about 60 non-Korean employees, mostly Latino, didn't show up for work today. And those who did were planning to leave at noon.

But manager B.J. Kim was hoping to keep his store, at Olympic and Vermont, open all day with the help of his Korean workers, who did show up.

"You have to pass the day," said Kim, who planned to do little more than staff the cashiers, forgoing stocking the shelves and other nonessential work. The store's sound system was tuned to Korean radio to keep abreast of the day's events.

One of Hannam's Latino workers who did report for his regular shift was bagger Michael Carranza, 39, a long-time employee and immigrant from Guatemala

"I've been here for 11 years and being here helped me raise a family," said Carranza, who is undocumented but said he is in the process of getting papers. "So I volunteered to come here this morning."

In the San Fernando Valley, it was a shortage of shoppers and not necessarily workers that prompted 11 businesses to close at the Panorama Mall by late morning.

"I've never seen it like this," said Edward Ourishian, who was planning to close his shop, Prime Time, a watch and jewelry stand, by noon. "There is nobody here. Usually it's crowded here. Ninety-five percent of the shoppers are Hispanic. But, look, now you see only white faces."

In the same mall, employees at the Wal-Mart outnumbered the shoppers, while a branch of La Curacao, a department store that caters to newly arrived immigrants, was closed for shopping but open to offer free legal advice.

"We're taking a big hit but it's worth it," said manager Jose Cruz, whose store normally would serve up to 3,000 customers on a Monday.

The nearly 700 Carl's Jr. fast food restaurants in California were open for business today but about half a dozen outlets in the Los Angeles area had to close their dining rooms and limit service to drive-thrus because of a lack of workers, said spokeswoman Anne Hallock.

"They have signs on the windows saying they have limited service," Hallock said.

Migrants' Walk-outs Hit Business Across US (FT)

By Edward Alden, Jenny Johnson, Holly Yeager , And Christopher Parkes

Financial Times, May 2, 2006

US farms, restaurants, meat processing companies and other businesses were hit by walkouts on Monday as hundred of thousands of immigrants across the country rallied to underscore their importance to the economy and to protest against legislation that would target illegal migrants.

In Los Angeles, where the the protest march stretched out for more than mile and was growing late on Monday, local reports said that only 10 per cent of the truckers serving the Port of Los Angeles turned up. The union representing California farmworkers said tens of thousands had joined marches and rallies, leaving many fields empty for a day.

Florida fruit and vegetable growers similarly reported that about half of farm workers did not show up on Monday. In the Midwest, the top US meat processors, including Tyson Foods, Cargill and Swift, shut their operations for the day. And the country's largest Hispanic-owned food company, Goya Foods, suspended deliveries throughout the US in support of the boycott.

The work stoppages and the demonstrations – which included huge marches in Los Angeles, Chicago, New York and Philadelphia – marked the latest and biggest in an escalating series of protests.

Sonia Umanzor, a nurse who marched in Washington, DC, said she had pulled her daughter out of school and had received permission from her employer to skip work and join in the day-long boycott. She said: "A lot of people start to see us as criminals and don't trust us. And we are the ones working hard in the worst jobs."

The demonstrators are objecting to legislation passed by the US House of Representatives that would criminalise illegal immigration and drastically increase barriers and police enforcement along the US border with Mexico. The US Senate is divided over more liberal legislation that would toughen enforcement but allow many of the country's nearly 12m undocumented immigrants to remain legally.

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Most companies appeared to have planned in advance to avoid serious disruptions. Mary Price Burk, a partner with Baker & Hostetler in Denver, said that none of her business clients had reported any problems in spite of large demonstrations there. “People are working with it, and it’s not having a substantial negative effect,” she said.

The biggest effects appeared to be on restaurants, construction projects and small retail businesses, though hotels and casinos reported little disruption.

At the Old Ebbitt Grill, a popular Washington restaurant just a block from the White House, the take-out shop was offering a sharply scaled-back menu on Monday and most of the staff were absent. The usually cramped short-order kitchen was quiet. “Everyone who asked for the day off got the day off,” said a manager who was filling in.

Crossroads Trade And Immigration Battles Of The Past Offer Lesson For U.S. (WSJ)

By Greg Ip

The Wall Street Journal, May 2, 2006

Surging immigration unsettles workers and prompts calls to stop the flow. Congress ponders higher tariffs to protect struggling industries. National-security fears heighten anxiety about foreigners. A growing gap between the rich and the middle class fuels angst about globalization.

It sounds like today, but it could also be the 1920s. After a backlash against immigration and a "Red Scare," the U.S. sharply limited the inflow of immigrants for years. The Smoot-Hawley Tariff, conceived to protect farmers, then helped trigger a trade war that deepened the Great Depression.

It could also describe the 1980s. With factory layoffs blamed on imports and public cries to limit illegal immigration, Ronald Reagan struck compromises. His administration persuaded Japan to agree to "voluntary" export restraints, coordinated a drop in the value of the dollar and toughened immigration enforcement while granting amnesty to some. The U.S. kept its doors open to goods, capital and people -- and its economy prospered.

As America faces similar pressures today, what are the lessons? Buffeted by similar political and economic tensions, these two periods had different outcomes, largely due to how political leaders responded. These days, leaders know better the dangers of closed borders than their 1920s predecessors, and a return to that degree of isolationism seems unlikely. But they also lack the political assets of their 1980s counterparts, and that could make it hard to resist calls to restrict or even reverse America's traditional openness to foreign goods, services and people.

"The potential for an explosion in protectionist sentiment is greater now than it was" in the 1980s, says William Brock, who was Reagan's U.S. Trade Representative after representing Tennessee in Congress for 15 years. "This is the least constructive atmosphere in my 40 or 50 years in and out of government. People want to find someone to blame for almost everything."

Romano Mazzoli, a former Democratic congressman from Louisville, Ky., who co-sponsored immigration legislation in the 1980s, worries that a failure to deal with illegal immigration could hurt the legal kind. "I like to think we've come so far since the 1920s that we could never repeat" that era's racially motivated immigrant quotas, says Mr. Mazzoli, whose father emigrated from Italy in 1914. But, he adds, "The guy whose job is on the line...may not have an economics degree from Harvard. What he does have is the vote. And people like him can make troublesome noises on Election Day."

American ambivalence about trade and immigration is nothing new even when the economy is doing well. While globalization -- the increased movement of goods, capital and people across borders -- may benefit society as a whole, it tends to harm specific groups. Cheap imports, for instance, are good for consumers but threaten U.S. companies making rival products. And those harmed, whether farmers in the 1920s, auto workers in the 1980s or small manufacturers today, can be vocal.

The 1920s backlash followed decades of heavy immigration from Eastern and Southern Europe, which labor leaders and others believed threatened the wages of native-born Americans. The 1980s backlash came after the emergence of large, intractable trade deficits, in particular with Japan, which were blamed for turning the industrial Midwest into the Rust Belt.

Today, immigration rates are back to levels not seen consistently since the early 1920s, fueling an increasingly divisive debate highlighted by demonstrations across the U.S. yesterday campaigning against the possibility of new restrictions on immigration. At the same time, imports now command their largest share of U.S. gross domestic product in two centuries, according to Douglas Irwin, an economist specializing in trade history at Dartmouth College. Cross-border merger deals are sparking fears that overseas companies, some state-owned, could control vital U.S. assets.

President George W. Bush has shown both protectionist and pro-globalization streaks. He raised steel tariffs and tightened restrictions on Chinese textile imports. But he also opposes broader tariffs on China, unsuccessfully defended a proposed acquisition of some U.S. port operations by a Dubai-based company and is lobbying for a guest-worker program, the details of which he has left vague. Yet his lack of popularity, political capital and bipartisan support makes it harder to prevail in Congress, or even with his own party.

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Senate Finance Chairman Charles Grassley, an Iowa Republican, supported the 1986 immigration reform but opposes Mr. Bush's guest-worker program. In 1986, "I was told amnesty along with employer sanctions would solve our problems, and...it just led to an 11-million-person problem," he says in an interview. "I've been burned once and am not going to be burned twice."

The 1920s: Perils of Protection

The period from 1871 to 1914 is sometimes considered globalization's golden age. With the United Kingdom leading the way, international trade and finance flourished. As the U.S. became an exporter of manufactured goods, it warmed to free trade. Before becoming president, William McKinley was a leading protectionist in Congress. But by 1901, as president, he began to espouse the benefits of reciprocated free trade, most notably in the speech he gave in Buffalo the day before he was fatally shot.

Woodrow Wilson reduced tariffs in 1913. But World War I ended the era of globalization. Britain lost economic leadership. The gold standard was abandoned. Republicans, then the party of protection, took back Congress in 1919 and the White House in 1921. Determined to keep the U.S. free of foreign entanglements, they refused to join the League of Nations and after a deep recession, raised tariffs sharply in 1922.

The rest of the 1920s were prosperous for the U.S. and for the rich in particular. But farmers struggled. Many took on debt to expand when prices were high; foreclosures soared after the war when prices collapsed. Herbert Hoover campaigned in 1928 for "limited tariff relief" for farmers. In the subsequent Republican landslide all sorts of industries demanded protection and Congress gave it. A year and a half later, Congress passed the Smoot-Hawley Tariff of 1930, which raised 890 tariffs.

Legislators wanted to protect favored industries and largely ignored the ramifications of their actions, says Mr. Irwin. "The inadequately protected potato is a nationwide issue," intoned Rep. Carroll Beedy, a Maine Republican. Willis C. Hawley, a Republican from Oregon and a co-sponsor of the tariff bill, said the law did not "exclude foreign products from our markets, but does propose that such products shall not come into this country to the detriment of the American producers and wage earners."

Over 50 countries sent letters to the U.S. government to protest, Mr. Irwin says. Smoot-Hawley helped bring a new government to power in Canada that retaliated against the U.S. All this contributed to a collapse in global trade and exacerbated the Great Depression, although historians differ as to the extent.

"Congressional trade policy is very heavy-handed, doesn't take into account all the interests at stake and can lead to an incredible foreign backlash that can be very difficult to unwind or defuse," says Mr. Irwin.

The 1920s also saw a reaction against immigration. The annual arrival of about a million immigrants from 1905 to 1914 aroused resentment among native-born workers and resistance from labor unions that felt the competition depressed wages. The reaction was drenched with racism. "Russian Jews, Hungarians, Greeks and Italians were viewed as inferior to earlier stock immigrants: the Irish, English, Scandinavians and Germans," says Daniel Tichenor, a political scientist at Rutgers University.

As Mr. Tichenor wrote in his 2002 book "Dividing Lines: The Politics of Immigration Control in America," Congress passed its first immigration quotas after being galvanized by a 1920 State Department warning of a wave of "filthy" and "unassimilable" Jews fleeing European persecution. Just as terrorism adds fuel to the issue today, the 1920 "Red Scare" sowed worries that such immigrants carried "Bolshevik revolution, anarchy and other forms of political radicalism," Mr. Tichenor wrote.

The first attempt to reduce immigration, a literacy test, was vetoed by Wilson in 1915, but Congress overrode him in 1917. Shortly after Warren Harding took office in 1921, Congress passed the Quota Act, dramatically cutting inflows. In 1924, it dictated that immigrant inflows should reflect the ethnic makeup of the U.S.

The consequences were profound. Many Jews fleeing Nazi Germany could not enter the U.S. As it happens, fears that immigrants wouldn't assimilate proved unfounded, Mr. Tichenor says. "Over the next decades they assimilated culturally, politically, economically, educationally just fine."

The 1980s: Benefits of Compromise

After World War II, the U.S. abandoned its isolationist stance and helped create the United Nations, the General Agreement on Tariffs and Trade and the International Monetary Fund. In the two decades that followed, a wealthy and open U.S. facilitated a new era of globalization.

But as economic growth slowed in the 1970s, the U.S. saw its competitive edge slip. Congress rewrote trade laws allowing industries to more easily obtain protection from overseas competition. When Reagan took office in 1981, there were many proposals in Congress to slash the flow of imported cars from Japan, recalls Mr. Brock, the former trade representative.

Reagan "at his core, really detested any government intervention in the marketplace," Mr. Brock says. He recalls telling his Japanese counterparts that although Reagan would be challenged by Congress, "no restraints would pass over his veto." To maintain good relations with the U.S., the Japanese agreed in 1981 to limit exports of automobiles to the U.S. to just below their 1980 levels for three years. Similar agreements were reached covering motorcycles, semiconductors and machine tools.

Mr. Brock says Reagan was popular enough to veto any trade bill he didn't like. That contrasts with Congress's willingness to defy Mr. Bush's veto threat when it moved to block the recent ports deal.

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At the same time, U.S. manufacturers complained that the strong U.S. dollar and weak Japanese yen gave Japanese companies an unfair advantage. In 1985, to fend off protectionist sentiment from Congress, Reagan's influential Treasury Secretary James Baker coordinated an international effort to drive the dollar down, principally through massive selling of dollars by world central banks. That eventually helped narrow the trade deficit by making imports more expensive and exports cheaper.

Gary Hufbauer, a trade expert at the Institute for International Economics, a Washington, D.C., think tank, says Reagan "opportunistically allowed protection, to deal with congressional pressures at the moment." Free trade made little progress but it didn't suffer lasting setbacks either.

A similar dynamic occurred with immigration. By the 1980s, Mexico's stagnant economy and growing population led between three and six million Mexicans to seek a new life in the U.S., albeit an illegal one. That sparked a growing clamor to crack down. In 1981, Mr. Mazzoli and Wyoming Republican Senator Alan Simpson introduced a bill that would punish employers for hiring illegal immigrants, require Americans to show an identification card to get a job and put some illegal immigrants on the path to citizenship.

Pro-immigration critics of the bill compared the ID card to "dog tags" or "bar codes" while anti-immigration critics said it would reward lawbreakers and displace Americans from their jobs. Mr. Mazzoli says it passed because of broad, bipartisan support: The bill was rooted in the recommendations of a Carter-era bipartisan commission, sponsored by a Republican senator and a Democratic congressman, and signed by Reagan. Ultimately, about three million illegal immigrants took advantage of the amnesty, and immigration -- both legal and illegal -- rose over the next two decades.

Today: At the Crossroads

These compromises allowed globalization to advance but did not remove some underlying irritants. Income inequality has continued to widen. Domestic auto makers have lost more market share to foreign brands. The trade deficit has ballooned to new records. The number of illegal immigrants has soared. Gordon Hanson, an economist at the University of California at San Diego, says the 1986 law may have unintentionally "legitimized" the hiring of illegal immigrants because it didn't require that companies ensure the authenticity of their employees' documentation.

President Bush has emphasized the dangers of turning away from the world. "What I hope you don't see is a nation that loses its nerve and becomes isolationist and protectionist," Mr. Bush told an audience in Irvine, Calif., last week, defending his proposed guest-worker program. "What I hope you don't see is a nation that loses its confidence in the capacity to trade with countries like China."

Yet progress on opening borders has been difficult under Mr. Bush. The U.S. has signed an array of bilateral and regional trade deals but hopes are fading for a broader world-trade pact before Mr. Bush's negotiating authority expires in mid-2007. Congress is now drafting tighter restrictions on foreign investment in the U.S., and the fate of Mr. Bush's proposed guest-worker program is uncertain.

Although some of these setbacks are beyond his control, Mr. Bush's lack of personal popularity and bipartisan support has hampered his ability to promote pro-globalization policies. Rep. Sander Levin, a Michigan Democrat who has supported trade deals in the past, has opposed many negotiated by Mr. Bush. Unlike Reagan or Bill Clinton, he says, the president hasn't accommodated Democrats' concerns, such as worker protection in trade pacts.

Federal Reserve chairman Ben Bernanke, a scholar of the Great Depression, recently warned Congress that growing inequality threatens the U.S.'s commitment to open markets. "Our society is based on opportunity, it's based on flexibility in labor markets and product markets, it's based in open and fair trade," he told lawmakers. "And all of those things are at risk if a growing portion of the population feels they're not sharing in the benefits from those changes."

Thousands Turn Out, But Support Is Mixed Among City's Immigrants (NYT)

By Michelle O'Donnell

The New York Times, May 2, 2006

At his corner grocery on Coney Island Avenue in Ditmas Park, Brooklyn, Tariq Asheik minded the store alone yesterday morning, having given his two Mexican employees the day off to join rallies in support of immigrant rights.

"I love immigrants," said Mr. Asheik, who is from Pakistan. "Everyone's an immigrant here."

Along the unusually quiet commercial strip, dozens of Hispanics and Pakistanis joined hands to form a human chain.

But up the street at his sign store, David Lanzman said he had no plans to close his business, despite the shuttering of other stores nearby in gestures of support.

"Who's going to secure the store?" said Mr. Lanzman, a Romanian who immigrated to the United States more than 30 years ago. "Maybe I lose $1,000 or $2,000."

Across the New York region, thousands of people took part in demonstrations and an economic boycott called for by some immigration leaders and labor unions, culminating in a demonstration last evening by tens of thousands of people in Union

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Square in Manhattan. But despite the large turnout of Hispanics, there was far from uniform support for the rallies among all immigrant groups.

The divide was visible in New York City, where immigrants from different countries live side by side. In Ditmas Park, the door to La Nueva Union, a Mexican bakery, was locked, while a nearby film developing shop, owned by a Pakistani man, remained open.

Denise Rodriguez, a Mexican immigrant who works as a maid, said she stayed home from work and kept her two young sons home from school yesterday to attend a rally. Education officials said attendance in city schools yesterday was down about 6 percent.

In the Sunset Park neighborhood of Brooklyn, which is home to large numbers of Hispanics and Asians, about 3,000 people, mostly Hispanic, turned out for a midday rally, although Asian-owned businesses largely remained open. That was to be expected, said Artemio Guerra, a rally organizer, who said legislation pending before Congress that would overhaul immigration law was a "racial attack on Hispanics."

Some of the store closings and rallies took place at 12:16 p.m., a time chosen as a symbolic protest against the passage of the bill by the House of Representatives on Dec. 16 last year.

One of the most visible demonstrators in Sunset Park was Sylvia Garcia, an immigrant from Mexico, who held a large hand-lettered sign reading, "I lost my job to be here today." Ms. Garcia, 32, said she was dismissed from her job as a cashier at Cafe O in Midtown Manhattan, along with five co-workers, after attending the rally without being given the day off, an account confirmed by Patrick Lee, the manager.

"They came last minute without a heads up," Mr. Lee, an immigrant from Korea, said yesterday as he worked a long day as cashier. "I understand their situation, but I don't understand why she didn't give me a heads up."

In Jackson Heights, Queens, an area with a large Central and South American population, thousands of people poured onto 37th Avenue, waving flags and holding signs adorned with a red apple reading, "I love immigrant New York!"

In Albany, the State Assembly, controlled by Democrats, stopped business for the day to show support for the national rallies. Shortly after the session was called to order around 3 p.m., about two dozen Assembly members turned and walked out in silence. The Assembly adjourned several minutes later, without acting on any legislation.

On Long Island, where the most visible pools of immigrant labor are the outdoor sites where Hispanic men and women gather to wait for daily work, the boycott appeared more uniform.

Along Willis Avenue in Roslyn, where a line of hundreds of Hispanic men awaiting work usually stretches for nearly a mile, there was no one yesterday, said the Rev. Allan B. Ramirez, an advocate for immigrants.

"It looked like the streets were abandoned," Mr. Ramirez said.

Salvadoran Shopkeeper Sacrifices To Achieve (WP)

By Karin Brulliard

The Washington Post, May 2, 2006

On any other Monday afternoon, Gerardo Sanchez would have been at his Columbia Heights photo studio snapping family portraits, selling Mexican DVDs, maybe ordering supplies by phone.

Yesterday, the shop's door was locked and the sign that normally blinks O-P-E-N in its window was dark. Sanchez was in Hyattsville, kneeling on his wet driveway, hosing off a hubcap of his minivan.

"See you there?" Sanchez, 32, called in Spanish to a neighbor. The neighbor nodded; there was no need to explain where. Like Sanchez, he would head to a rally in the District and add his voice to a call for immigration reform. To show his support, Sanchez had not only shuttered his store. He planned a day without spending a dime.

Until the Good Humor truck rolled up the street, that is, drawing Sanchez's 3-year-old daughter, Tirza, like a magnet. A few minutes later, Sanchez had purchased ice cream for Tirza, two neighbor children and his wife.

"It is for the children! I forgot because of the children," he said in an eruption of laughter. Then, reconsidering, he put up his hands in a who-me ? gesture. "I did not buy anything. I gave a gift."

Like many immigrants who participated in yesterday's boycott and strike, Sanchez did it with a few calculated risks. His three school-age daughters went to class because he had not told school officials they would stay home, and he knows there are rules. Much of his work is arranged over his cellphone, and because he is the boss, he would not imperil his job -- something he was not sure he was willing to do.

Still, Sanchez, a Salvadoran with a temporary work permit, said he did not think twice about closing his shop, though he knew he would lose money. He predicted he would lose $400 to $500 from walk-ins -- people like the girl who arrived Sunday afternoon, celebrating her sweet-15 in a sparkling tiara and taffeta hoop skirt that she squeezed through the shop's front door.

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"I think people have to sacrifice something to achieve something," he said. The something Sanchez wants: legal status for illegal immigrants and residency for those with work permits like the one he has, which does not permit him to leave the country. Hope for a law that could grant that wish has inspired in Sanchez a previously dormant political interest. He also closed his store April 10 to attend a rally on the Mall.

Sanchez said he knew many activists discouraged the boycott, but he was unconcerned. Part of him suspected a "political game" in which members of Congress unsympathetic to immigrants influenced the organizers. Mostly he thought that the immigrant community wanted the boycott. Besides, he figured, why wait when you do not know what tomorrow will bring?

"When a human being has decided, he has decided," Sanchez said.

For Sanchez, the morning passed much as it would on a typical day off: He slept late and watched the news. After washing the van, he took a shower, spritzed on cologne and picked up his girls at school a few blocks away.

Back home, Sanchez and his daughters -- ages 5, 7 and 9 -- paged through a book club pamphlet. He boasts that his daughters know the U.S. national anthem but not its Salvadoran counterpart.

In 1999, Sanchez flew to the United States with a professional visa in his passport to cover the Cherry Blossom Festival for a television station in El Salvador, where he worked as a photographer, journalist and cameraman. He says he did not intend to stay. But he did, picking up freelance photo jobs here and there. In 2000, he started doing weddings and other events.

Last year, he bought a brick duplex for $272,000. Four months ago, he opened his shop in a low-ceilinged basement with orange walls. He put speakers on the sidewalk and blasted Latin music to draw in clients. Sanchez is demure about his store's profits, preferring to say it "maintains itself."

Even with that dream realized, Sanchez knows his situation is tenuous. His work permit does not allow him to apply for a green card, and his wife and children are here illegally. Yesterday, he leaned back on his plaid sofa and looked at his daughters, who raced wildly around the living room.

"My dream is that they study" in a university, he said. And that they learn three languages, and maybe study overseas.

That last point is at the heart of Sanchez's feelings about legalization: He believes it is only fair that people should be able to come and go from a country, especially if they are hardworking and responsible.

Sanchez speaks these thoughts like a preacher. He peppers intense monologues with sudden whispers for emphasis and is given to parables and metaphors. A dove lives in a beautiful tree surrounded by bars, he recounted. "What is it? It is still a jail," Sanchez said, hissing the second sentence. Set the dove free, he continued, and it will return to nurture the tree.

In mid-afternoon, he got into his Toyota and headed for the rally alone. Taking his daughters somewhere police are present would make him nervous, he said. But Sanchez was eager. The anticipation had been mounting all day.

As he crossed a street toward Malcolm X Park, Sanchez gripped a stack of fliers given to him that morning by day-labor organizers in Langley Park. The fliers tell day laborers how to avoid getting stiffed, but Sanchez handed them out indiscriminately, offering a " Como esta ?" to each taker.

"I would like to be like a leader of the community -- no matter your race, no matter your color," he said, entering the park. Making his way to the stage, Sanchez shook hands with photographer friends and paused to sign a petition supporting voting rights for legal immigrants in the District. The rally was lovely, he decided.

And he decided something else: He would risk his job for this after all, if it came to that.

"I would do it," he said, squinting under the sun. "To help others. I know tomorrow I can find another job."

A few minutes later, Sanchez squeezed under the scaffolding near the front of the stage, next to a man holding a giant U.S. flag and a small Salvadoran one. He raised his hands above his head and clapped.

Most Turn Deaf Ear To Spanish U.S. Anthem (USAT)

By Bill Nichols

USA Today, May 2, 2006

WASHINGTON — More than two out of three Americans say the national anthem should be sung only in English, according to a USA TODAY/Gallup Poll.

The finding comes after the release last week of a Spanish-language version of the anthem called Nuestro Himno or Our Anthem.

The poll, taken Friday through Sunday, found that 69% believe it is only appropriate for the anthem to be sung in English, while 29% say it is OK to sing it in Spanish. The poll's margin of error is +/-3 percentage points.

The new recording of the national anthem is part of an album called Somos Americanos (We Are Americans), set for release May 16. Part of the CD's $10 price will go to pro-immigration organizations.

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Producer Adam Kidron has said he wanted the new recording of the anthem to honor America's immigrants. However, the release has generated strong opposition, including from President Bush, who was asked about it last week and said, “People who want to be a citizen of this country ought to learn English, and they ought to learn to sing the national anthem in English.”

Poll respondents largely agreed with Bush on the anthem, but they were not in sync with his policies on immigration.

Nearly two-thirds — 64% — disapproved of Bush's immigration policy; 26% approved. Bush wants tougher border enforcement, an expanded “guest worker” program and a way, yet to be specified, to allow illegal immigrants already in the USA to become citizens.

Proponents Of Spanish Anthem Point To Rice (AP)

By Pauline Jelinek, Associated Press Writer

AP, May 2, 2006

President Bush wants people to sing the national anthem in English only. Promoters of singing it in Spanish are pointing to comments by Secretary of State Condoleezza Rice — and her department's Web site — as ammunition for their side of the argument.

There are four Spanish versions on USINFO.State.gov, a multi-language Web site.

"I've heard the national anthem done in rap versions, country versions, classical versions," Rice said Sunday on CBS's "Face the Nation." "The individualization of the American national anthem is quite under way."

The State Department site for some time has offered translations of the U.S. Constitution, pledge of allegiance and other documents in French, Arabic and other foreign languages to help people understand America better.

This is what promoters say they had in mind with the Spanish anthem recording, which has drawn criticism from Internet bloggers.

Weighing in on Bush's side of the argument was Sen. Lamar Alexander (news, bio, voting record), R-Tenn., who introduced a resolution affirming that the song, pledge allegiance to the flag and other "statements of national unity" should be done in English.

When 'Nuestro Himno,' a Spanish version of the anthem, debuted last week, Bush said "people who want to be a citizen of this country ought to learn English and they ought to learn to sing the national anthem in English."

After Bush rejected the idea, British music producer Adam Kidron said, "We instead view `Nuestro Himno' as a song that affords those immigrants that have not yet learned the English language the opportunity to fully understand the character of 'The Star-Spangled Banner,' the American flag and the ideals of freedom that they represent."

CHC Members Split On Boycotts (RC)

By Steve Kornacki

Roll Call, May 2, 2006

The “National Day of Action,” organized to draw attention to the role of undocumented workers in the U.S economy, provoked diverse reactions from the 22 Democratic members of the Congressional Hispanic Caucus.

On the supportive end, Rep. Raúl Grijalva (Ariz.), who hails from an immigrant-rich section of Tucson, closed his Capitol Hill office for much of the day as a show of solidarity. Others, though, treaded more gingerly, fearful that mass walkouts from work and school might set their cause back and embolden supporters of the immigration bill that cleared the House in December, which would declare all undocumented workers felons.

“Although I understand how outraged many Latinos feel, I fear that a nationwide boycott will do more harm than good,” said Rep. Charlie Gonzalez (Texas).

The varied opinions within the CHC were apparent in a statement released in the run-up to the Day of Action by Rep. Grace Napolitano (Calif.), the group’s chairwoman. Napolitano urged workers not to take “unnecessary steps that would cause them to put their jobs, families or education at risk,” without explicitly endorsing or opposing the marches and rallies that were planned.

If there was consensus within the CHC, it was that parents should not pull their children from school for the day.

In the Bronx, hometown Rep. José Serrano was one of about 3,000 demonstrators who gathered Monday morning on a heavily commercial stretch of Fordham Road, near the Bronx Zoo and Fordham University.

“We formed a human chain in front of those businesses to make the point that the businesses in that area could not function — and indeed, some of them may not be functioning today — without immigrant workers,” reported Serrano, who was also slated to appear at a late afternoon rally in downtown Manhattan.

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In many cities, rallies were scheduled for later in the day, to allow participants to first put in a full or near-full day at work or school. But unlike some fellow CHC members, Serrano said he hoped most immigrants would leave their jobs for the day, and noted that many employers had actually cooperated in encouraging workers to take part.

"In general, I don't think it's a bad thing for immigrants to say, 'I'm going to show you for a couple of hours — a couple of hours — what I mean, and what we mean, to this country,'" Serrano said.

Three-thousand miles west of the Bronx, the largest single rally in the country took place in Los Angeles on Monday afternoon. Southern California is home to about a quarter of the CHC's membership, but it seemed none of them were planning to attend.

"I'm in a tough district," said Rep. Loretta Sanchez, who first won her Orange County seat in a nail-biter against then-Rep. Robert Dornan in 1996. "I don't get elected because I go out in the streets and march. I get elected because I go door-to-door. ... If I went out and marched all day, I wouldn't get any votes."

Sanchez, who spent Monday in Washington, D.C., expressed doubt that the demonstrations will advance the immigration debate at all.

"Obviously, I support free speech, as long as people are peaceful," she said. "But I would prefer if they went door-to-door and registered voters to vote. I'm a much more constructive person."

Rep. Hilda Solis, whose district is dominated by the suburbs east of Los Angeles, also seemed attuned to the potential public relations damage if the intent of demonstrators is misconstrued.

"For those that choose to participate in rallies, I encourage them to wear white as a sign of peace and unity and to wave American flags with great pride," she said.

Rep. Linda Sanchez, the sister of Loretta, taped a video message for Los Angeles schoolchildren last month urging them to stay in class on Monday and was focused on making sure Monday's events "are not counterproductive for anyone," according to her chief of staff, Michael Torra.

Rep. Xavier Becerra, who represents part of Los Angeles, also passed up the rally in his hometown, but only because of a scheduling conflict.

"The fact that he's not taking part in any of the rallies today in no way means he's not fully engaged in the immigration debate," said his spokesman, Steve Haro.

The office of Rep. Lucille Roybal-Allard, another Angeleno and the first Mexican-American woman to serve in the House, refused to comment on her plans for the day.

Some of the CHC's strongest Day of Action proponents were more visible than others.

Rep. Luis Gutierrez (Ill.) helped organize a midday march from Union Park to Grant Park in Chicago, while Serrano spent some of the afternoon working through more than a dozen interview requests from newspapers and radio shows. He said he'd developed a strategy to rebut some of the more aggressive and conservative radio hosts he deals with.

"I ask them, 'Can you put your hand on the Bible and swear to me right now that none of your ancestors came to this country illegally?' And all I get is silence."

By 11 a.m. Monday, calls to Grijalva's office in the Longworth Building went immediately to an answering machine, and a mid-afternoon visit found the door shut and locked.

"I think closing in the afternoon was supposed to be in solidarity with what was going on, but it was open in the morning and all of our district offices are open," said Grijalva's press secretary, Natalie Luna, who spent the day working from Tucson. Her boss, she said, had no plans to participate in any rallies and was planning to spend Monday afternoon at his D.C. home.

Republicans Set Sights On Aliens' Employers (WT)

By Charles Hurt

The Washington Times, May 2, 2006

House Republicans called on U.S. Immigration and Customs Enforcement to prosecute businesses shut down yesterday by their illegal alien employees who took the day off to participate in protests of immigration legislation.

"Too often, we presume that fault lies with the illegal migrant worker, but we need to recognize that the employer broke the law by hiring the illegal alien," wrote Republican Reps. Jack Kingston of Georgia and Marsha Blackburn of Tennessee. "We believe the federal government has an obligation to enforce the nation's immigration laws and must actively investigate any and all instances where it is apparent industries have knowingly and willingly hired those who entered this country illegally."

In a letter to ICE Assistant Secretary Julie Myers, Mr. Kingston and Mrs. Blackburn noted "the multiple reports in the news media today regarding companies which have been forced to halt operations because large numbers of their employees appear to be in the United States illegally and are participating in the protest rallies."

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"ICE has an obligation to use this public information to enforce immigration laws," they wrote. "We respectfully request that you look into this matter and report back to us on your findings."

Rep. Tom Tancredo, Colorado Republican, meanwhile, observed that the "Day Without Immigrants" would have been a "boon" for taxpayers if they could have taken the day off from paying all the costs associated with the illegal alien community.

"The activist protesters are trying to confuse the American public by lumping legal immigrants with illegal aliens," Mr. Tancredo said. "A day without legal immigrants would be a day without almost all Americans. A day without illegal aliens, on the other hand, would be a boon to the American taxpayer."

He said the government pays out more than $10 billion annually in health care, education and incarceration costs for illegal aliens. He also said the government may be forgoing as much as $35 billion in lost tax revenue to the underground labor market.

"Americans don't respond well to illegal aliens who demand amnesty. As I've said before, that doesn't play well in Peoria," Mr. Tancredo said. "Every time illegal aliens and their supporters take to the streets, it drives home the point to most Americans that illegal immigration is a problem in their hometowns, and that we urgently need to get control of our borders."

In the Senate, Republicans introduced a resolution affirming that statements of "national unity" such as the national anthem should be recited or sung in English.

Sen. Lamar Alexander, Tennessee Republican and author of the resolution, said the protesters' message gets "lost in translation" when the "Star-Spangled Banner" is rewritten in Spanish.

"Ours is a diverse nation, but diversity is not our greatest accomplishment," he said. "Jerusalem is diverse. The Balkans are diverse. Iraq is diverse. What makes America unique is that we have taken all that magnificent diversity and turned it into one nation."

Pederson Ad Cites Bush To Criticize Kyl (HILL)

By Andrew Barr

The Hill, May 2, 2006

Two ads from Arizona Democratic Senate candidate Jim Pederson use President Bush and Sen. John McCain (R-Ariz.) to criticize Sen. Jon Kyl (R-Ariz.) on immigration reform.

One ad shows Bush with Kyl and says, “Even President Bush calls Kyl’s immigration plan for massive deportation unrealistic.” Bush supports a guest-worker program, which Kyl opposes. The second ad quotes McCain saying Kyl’s plan “borders on fantasy.” McCain and Kyl were on opposite sides of the Senate battle on immigration reform last month.

In both ads, the quotes are followed by Pederson holding up a document titled the “Pederson Immigration Plan” and saying, “My plan is not amnesty; it’s realistic, and a long-term solution.”

Kyl’s campaign manager, Jake Logan, responded, “No one we know of is calling for massive deportation, and certainly nothing in the Kyl bill calls for massive deportation.” The Kyl bill would require “mandatory departure” for any illegal immigrants applying for guest-worker status.

“I am disappointed that my name is being used in an attack ad in this U.S. Senate race,” McCain said of the ad. “I continue to strongly support Jon Kyl and am proud to serve as his campaign chairman.”

A recent poll conducted by Arizona State University shows that the race is tightening, with Kyl up 11 percentage points over Pederson, 42-31, and 27 percent undecided. Three months ago, Kyl was up 22 points.

In Mexico, Residents Boycott U.S. Goods In Show Of Solidarity (USAT)

By Danna Harman

USA Today, May 2, 2006

MEXICO CITY — The fast checkout line was closed at the Wal-Mart in the capital's Coyoacan district on Monday because there was not much of a line. Only about a dozen shoppers were in the produce section. No one was in the home-appliances department.

Mexicans staged boycotts of U.S. goods and stores in a show of solidarity with migrants in the USA who cut school and stopped work to call for immigration reform. The Pew Hispanic Center estimates that more than half of the illegal immigrants in the USA are Mexican.

In Mexico, thousands participated in the protests. But because May Day is a public holiday here, it was difficult to assess the boycott's economic impact, according to the American Chamber of Commerce of Mexico, which represents more than 2,000 U.S. and other foreign companies.

Groups including the Coalition for the Political Rights of Mexicans Abroad and the Mexican Association of Electricians urged members to boycott U.S. franchises such as McDonald's and Dunkin' Donuts. Thousands of Mexicans joined solidarity marches.

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Raine Cortez Robles, 53, had intended to buy school supplies for her two daughters at an Office Depot on Insurgentes Boulevard in southern Mexico City, but she decided against it. “Just because I need a ruler and a pencil sharpener, I should let down my brothers and sisters? No!” she said.

Many Mexicans, however, did not seem to know about the boycott. Or, if they were aware of it, they chose to take advantage of the May Day public holiday to shop.

“I was born in Arizona, where my parents used to live illegally,” said Mirsa Arellano, 47. She was buying soft drinks and hamburger at the Coyoacan-area Wal-Mart. “My son is there now, so I know about the hardships. But how is boycotting these stores really going to help? It might even backfire.”

In a radio address Sunday, Mexican President Vicente Fox suggested that protesters avoid any “element of provocation that could promote xenophobia or opposition to immigration reform.”

Felipe Caldern, the presidential candidate from Fox's National Action Party seemed conflicted about the protests and boycott. “I feel the temptation to show solidarity with the movement,” he said in an interview Saturday.

Activists from populist presidential candidate Andrés Manuel Lpez Obrador's Democratic Revolution Party handed out fliers in support of the boycott.

The American Chamber of Commerce, which charts U.S.-Mexican business ties, says its members are responsible for $100 billion in investment here. Larry Rubin the group's president, noted that more than 40% of Mexico's workforce is employed by U.S. companies. Walmex, the Mexican subsidiary of Wal-Mart, is the biggest private employer with 140,000 workers. Rubin said the boycott is “not a good way for Mexicans to pay back our support. It's like shooting oneself in the foot.”

At the Starbucks in San Angel, a southern Mexico City neighborhood, Marina Elizalde, 23, studied for her medical school exams. “I forgot,” she said, when asked about the boycott. “But now that I know, I am going to … walk out immediately — after I finish my mocha.”

Mexicans Boycott U.S. Over Migrants (WT/AP)

By Mark Stevenson, Associated Press

The Washington Times, May 2, 2006

MEXICO CITY -- Thousands of Mexicans took to the streets yesterday to support illegal aliens in the United States and celebrated what they called "A Day Without Gringos" by shunning U.S.-owned supermarkets, fast-food restaurants and American goods.

Measuring the boycott's effect proved difficult, however, because business is normally reduced to a fraction of normal volume on Mexico's May Day holiday.

Some Mexicans vowed not to buy from or patronize any businesses related to the United States, while others said they found it difficult to avoid doing so.

Customers streamed into some branches of Wal-Mart, McDonald's and Burger King in the Mexican capital despite the boycott, which coincided with a call for aliens in the United States to skip work, school and shopping.

Juan Ortiz, a 28-year-old salesman who left a Wal-Mart in downtown Mexico City pushing a cart load of food and bathroom goods, said he supported legalizing aliens in the United States, but didn't think it was practical to boycott U.S. goods.

"You have to buy what is least expensive here, and I have to buy things for my family," he said.

Celestino Garcia, a 32-year-old sandwich seller outside the Wal-Mart, said he was seeing the same number of shoppers yesterday as on any other day.

It also appeared to be business as usual at a McDonald's franchise in a working-class neighborhood near Mexico City's international airport.

But Marina Serna, deputy manager for a downtown Burger King, said she thought the boycott was having an effect: The restaurant had only one customer in its first 90 minutes yesterday, even though it is owned by Mexican franchise holders.

Sergio Segura, 42, a member of an Aztec Indian dance group, stood outside of a McDonald's waiting for some friends, but said he did not plan to eat there.

"Sure, Mexicans buy the franchises, but part of the earnings go to the markets on Wall Street. I'm not eating here today or tomorrow."

Pointing across the street to a vast market replete with tacos, tortillas and sandwiches, Mr. Segura said, "For what it costs for three hamburgers from McDonald's, you can buy for the whole family and eat well at the market."

But as he leaned against his Ford minivan, Mr. Segura acknowledged the difficulty of avoiding all U.S. products. "Here in Mexico, there is no way to buy Mexican" cars, he said.

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Although federal officials tried to distance themselves from the events, at least a half-dozen state governors in Mexico endorsed the boycott of U.S. companies, and thousands of unionized workers -- who traditionally hold labor rallies on May 1 -- dedicated yesterday's marches to the cause.

Some of the demonstrators who gathered in the huge downtown plaza known as the Zocalo carried banners with slogans that read "Unrestricted Support for Migrants."

Producing Smaller Numbers, But Laying Claim To Majority (NYT)

By Monica Davey

The New York Times, May 2, 2006

CHICAGO, May 1 — Around the edges of the immigration demonstrations that filled cities like this one on Monday, there were some who went to disagree.

In Las Vegas, Jackie Pinjuv, 68, and another woman waded into the immigration demonstration and offered their own sign: "Illegals, Go Home. Your Rights Are There." An angry crowd surrounded the women at one point with objections, but Ms. Pinjuv said her views were unchanged.

"I believe that these people are hurting our country and they need to go back," she said.

In Denver, a group gathered near the larger march to voice support for a proposed constitutional amendment barring illegal immigrants in the state from getting some social services.

And here, Rick Biesada, a founder of the Chicago Minuteman Project, which opposes illegal immigration, said four supporters of his group's philosophy tried to attend events but were turned away.

"We were telling our people that you should 'shop till you drop' today as a way to counter this whole boycott thing," Mr. Biesada said. "We have nothing against immigration; it's illegal immigration that has to stop."

Compared with the hundreds of thousands who marched urging Congress to consider legal status for some of the 11 million illegal immigrants in this country, far fewer went to speak for the other side.

But advocates for tighter border security and increased enforcement of immigration laws said that their quieter voices were actually more representative of the views of Americans as a whole.

"I think the majority of Americans are very, very upset," said Fred Elbel, the co-chairman of Defend Colorado Now, an organization pressing for the amendment to bar illegal immigrants from receiving some social services. "The illegals are organized by a massive, well-funded campaign with a tremendous amount of organization out there. There's no equivalent organization to get Americans out to protest and say: 'Enforce our laws.' "

Around the country, conservative radio and television talk show hosts often spoke of the demonstrations. Even their choices of words ("illegal alien" and "amnesty") often clashed with those used by organizers at the demonstrations ("immigrant" and "reform").

In Cicero, Ill., Susan Masek said she drove past the protest in that suburb of Chicago with a sign on her car window saying "No Amnesty" and "Illegal is Illegal." A group of demonstrators surrounded her car, Ms. Masek said, and a few started jumping on its front end. After a tense confrontation, she said she left at the request of the police.

"I was shaking like a devil, and I was upset," Ms. Masek said later. "They made me feel like, 'What are you doing here? You're causing trouble.' "

Dave Gorak, the executive director of the Midwest Coalition to Reduce Immigration, said the demonstrations did not represent another group of people losing out to illegal immigrants: millions of "underemployed Americans, who would love to have a fulltime job."

"What this is about is disrespect and contempt for the law," Mr. Gorak said. "These people are laughing in the faces of everybody who came to this country playing by the rules. They are laughing at everybody who has fought and died for this country. For them to stand up and say, 'You owe us something,' is just wrong."

In Houston, Leslie Wetzel, a director of U.S. Border Watch, was one of two anti-immigration protesters outside the office of Senator John Cornyn, a Republican. She carried signs that said, "Remember the Alamo" and "Come and Take It."

In response, Ms. Wetzel said, advocates for immigrants pushed bullhorns in her face and tried otherwise to intimidate her.

"They should all be put on a bus and deported," she said. "If you're illegal, you're out of here. Period. It's not a racist thing. It's a question of law and order. Either we're a nation of law, or we're going to be a nation of anarchy."

They Are America (NYT)

The New York Times, May 2, 2006

Warnings of a crippling immigrant boycott did not come true yesterday. The economy survived. But what may not survive — we hope — is people's willful misunderstanding of the nature of the immigrant-rights movement.

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The worst among our citizens and politicians are eager to depict illegal immigrants as criminals, potential terrorists and alien invaders. But what we saw yesterday, in huge, peaceful rallies in Los Angeles, Las Vegas, Chicago, Denver, New York, Atlanta and other cities, were regular people: the same types of assimilation-minded moms, dads and children we wistfully romanticize on holidays devoted to, say, St. Patrick and Columbus.

If these extraordinarily positive events were a protest of anything, it was the idea of the immigrant as temporary and unwelcome guest worker. The marches flew in the face of theories that undocumented workers want nothing but to labor unnoticed and separate from the nation that employs them to make its meals, trim its hedges and slaughter its beef.

These immigrants, weary of silent servitude, are speaking up and asking for something simple: a chance to work to become citizens, with all the obligations and opportunities that go with it.

Our lawmakers, to their discredit, have erected barriers within barriers, created legal hurdles and bureaucratic hoops, and dangled the opportunity for lowly guest-worker status without the citizenship to go with it. It is an invitation to create a society with a permanent underclass deprived of any ladder to something better. It is a path to creating a different, and lower, vision of our country and ourselves.

It is not only the border-obsessed Minutemen who should be shamed by yesterday's joyous outpouring. Lawmakers who have stymied comprehensive immigration reform with stalemated name-calling and cold electoral calculation should listen up. A silent, shadow population is speaking with one voice. The message, aimed at Washington but something the whole country should hear, is clear: We are America. We want to join you.

It's a simple message. It should be sinking in by now.

Primero De Mayo (LAT)

The Los Angeles Times, May 2, 2006

IT'S HARD OUT THERE FOR AN anti-illegal immigration activist. Just when you think the long-awaited middle-class "backlash" against the immigrant rights movement will kick in, the hundreds of thousands of peaceful and mostly joyous protesters refuse to live down to your low expectations.

Instead of being dominated by aggressive anarchists bent on "reconquista" and violent confrontation, even Monday's first march — the one frowned upon by Cardinal Roger M. Mahony, Mayor Antonio Villaraigosa and other members of the pro-reform establishment — was yet another passionate and upbeat street party.

We don't believe students should skip school, and we shared the concern of those who felt a labor walkout might come across as economic blackmail, but the tenor of the day was overwhelmingly positive. Sure, there were a handful of Che Guevara flags sprinkled in the sea of Old Glories, and some protesters tried their best to interest passersby in an upcoming conference on socialism. But those messages were overwhelmed by 40-piece mariachi bands, infectious drum corps and beaming 4-year-old girls sitting on their daddies' shoulders and waving U.S. flags.

L.A.'s invisible workforce emerged not in a spirit of anger or defiance but with pride and exuberance. It was all so, well, American.

The scale and tenor of the demonstrations have had the salutary and corrective benefit of marginalizing those who conflate Latino immigration with crime, a lack of patriotism, a security threat or any other ill under the sun. Six months ago, opponents of reform drove the political debate. No more.

None of this makes immigration policy easier to concoct. When the world's leading economy shares a 2,000-mile border with a poor country, it's a challenge. Even though the United States benefits from immigration as a whole, cities and counties on the front lines can groan under the strain. From the deportation of felons to in-state tuition for undocumented students, the legal to-and-fro of 12 million humans illegally residing in the U.S. presents serious policy issues about which good people can and do disagree.

But when this issue has reared its head in the past, too often debate was driven by an irrational fear and dislike of The Other, leading to policies that represented the darker angels of Americans' nature. The singular triumph of this spring's protests is that they have indelibly attached a human face to a debate dominated by dehumanizing words such as "illegals" and "aliens." And that face brings a message resonant across 230 years: "We want to be one of you."

DHS Official: 'We're Building A Better System' (USAT)

By Jim Williams

USA Today, May 2, 2006

On Sept. 11, 2001, our nation lacked the necessary tools to identify and stop those who used fraudulent documents to illegally enter the country. We also know that government agencies enforcing immigration laws did not always coordinate or share information, which made it even easier for visitors to overstay their visas.

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Today, the Department of Homeland Security (DHS) is implementing a comprehensive border security strategy to shut down vulnerabilities in our immigration and border management system and aggressively enforce our immigration laws.

We are building the capacity to confirm that individuals seeking to enter our country are who they claim they are, do not pose a security risk and leave when required. We are improving our ability to give federal partners the information they need to make sound, timely decisions. And we've built a more effective and reliable system for welcoming legitimate travelers to our country while protecting privacy and meeting our critical security goals.

US-VISIT, for example, has installed biometric entry capabilities at our ports of entry, making it nearly impossible for terrorists and criminals to enter the country using fraudulent documents. With this new tool, we have denied entry to thousands of criminals and immigration violators and tens of thousands more who have applied for visas.

US-VISIT complements the department's strong enforcement measures at the border and inside our country. By coupling these efforts with a proposed temporary worker program, we would make it more difficult for illegal immigrants to evade the law and would dramatically reduce incentives for visa overstays. We would take pressure off the border by creating a legal channel for temporary workers and free up law enforcement to focus on the greatest threats to our security — terrorists, drug dealers and other dangerous criminals.

The challenges we face at our borders were years in the making, but the transformation of our immigration and border management system is well underway.

Jim Williams is director of the Homeland Security Department's US-VISIT program office.

Think All Illegal Immigrants Are Sneaking In? Think Again. (USAT)

USA Today, May 2, 2006

Place in your mind the image of an illegal immigrant and chances are you'll think of a Spanish-speaking worker who sneaked across the porous Mexican border in search of a job. That is the stereotype — and it was the dominant image caught by TV cameras Monday as hundreds of thousands of protesters from Boston to Los Angeles took to the streets for the "Day Without Immigrants" rallies.

But an accurate portrait of the illegal immigrant population is surprisingly different — so much so that it exposes some proposed responses as off-target, particularly those aimed at border security.

Here's a fact you don't hear much about: Between a third and a half of the nation's illegal immigrants — at least 3.8 million people — entered the USA legally. That's right. They didn't slip across the border in the dead of night. They came from all over the world, stayed longer than their visas or entry documents allowed, and melted into society. There's little to stop them, despite millions spent on a post-9/11 program supposedly aimed at those who "overstay."

That's what four of the 19 Sept. 11 hijackers did, according to a 2004 report by Congress' Government Accountability Office. Ringleader Mohamed Atta, who came legally on a visitor's visa, stayed longer than he was supposed to, left and was allowed back in the USA, despite having illegally overstayed.

Record-keeping on who stays and goes has been so haphazard for decades that the government can't even say how many "overstays" there are, let alone figure out how to find and deport them. To do those jobs, the Department of Homeland Security (DHS) would need three things: an effective system to track all foreign entrants, another to track those who leave, and enough agents and judicial manpower to go after those who remain illegally.

It has none of those.

But DHS isn't solely to blame. Until 9/11, Congress was as schizophrenic about tracking foreigners who overstayed their visas as it is about nearly every other aspect of immigration.

More than two years after the terror attacks, the government started an automated entry-exit system called US-VISIT. Then-DHS undersecretary Asa Hutchinson promised that "we will be able to know who is overstaying their visa." But US-VISIT can't deliver because of how DHS has chosen to run it:

· The program covers a small percentage of foreign visitors. It exempts the vast majority of Canadians, as well as Mexicans who enter for short-term stays, even though an estimated 80% of illegal immigrants are from Mexico and other Latin American nations. People from Canada and Mexico accounted for nearly 156 million border crossings in 2002, the latest data available.

· The exit system, the key to detecting overstays, is running at only a dozen airports, three seaports and none of the nation's 154 land ports of entry. Where it exists, there's nothing to prevent visitors from ignoring it.

While the program has denied entry to about 1,100 criminals and other violators, it has done little to prevent or detect overstays.

Fixes for the nation's out-of-control immigration problem aren't easy in any case, but they'll prove useless as long as those who write the laws respond solely to stereotypes. A fence in the backyard isn't the solution if as many as half of the illegal immigrants are walking in through the front door.

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CONGRESS-ADMINISTRATION:

3 Democrats Slam President Over Defying Statutes (BOS)

By Charlie Savage

The Boston Globe, May 2, 2006

WASHINGTON -- Three leading Democratic senators blasted President Bush yesterday for having claimed he has the authority to defy more than 750 statutes enacted since he took office, saying that the president's legal theories are wrong and that he must obey the law.

"We're a government of laws, not men," Senate minority leader Harry Reid, Democrat of Nevada, said in a statement. "It is not for George W. Bush to disregard the Constitution and decide that he is above the law."

Senator Patrick Leahy of Vermont, the ranking Democrat on the Judiciary Committee, accused Bush and Vice President Dick Cheney of attempting to concentrate ever more government power in their own hands.

"The Bush-Cheney administration has cultivated an insidious brand of unilateralism that regularly crosses into an arrogance of power," Leahy said in a statement. "The scope of the administration's assertions of power is stunning, and it is chilling."

Senator Edward M. Kennedy, Democrat of Massachusetts, also said that the Bush administration, abetted by "a compliant Republican Congress," was undermining the checks and balances that "guard against abuses of power by any single branch of government."

The opposition lawmakers were reacting to a report in Sunday's Boston Globe detailing the scope of Bush's assertions that he can ignore laws that conflict with his interpretation of the Constitution.

Bush is the first president since Thomas Jefferson to stay so long in office without vetoing a bill -- an act that gives the public notice that he has rejected a provision and gives Congress a chance to override his judgment. Instead, Bush has signed into law every bill that reached his desk, often in public ceremonies in which he praises the legislation and its sponsors.

Then, after the ceremony, Bush has quietly appended "signing statements" to more than one out of every 10 bills he has signed, laying out his legal interpretation for government officials to follow when implementing the new laws. The statements, which until recently attracted little attention in Congress or in the media, are filed without fanfare in the federal record.

In many cases, Bush has said he can ignore acts of Congress that seek to regulate the military and spy agencies, asserting the Constitution grants him that power as commander in chief. For example, he has claimed the power to waive a torture ban, provisions for oversight in the Patriot Act, limits on domestic wiretapping, and numerous regulations for the military.

Other statutes Bush has asserted that he can ignore have little to do with national security. They include some types of affirmative-action provisions, "whistle-blower" protections for nuclear regulatory officials, and safeguards against political interference in federally funded research.

The White House has declined to answer questions about Bush's legal claims in his signing statements. "We follow the practice that has been followed by previous administrations," spokeswoman Dana Perino said yesterday.

But legal scholars say Bush's assertions have gone far beyond that of any previous president in US history. Bush has applied his signing statements to more than 750 new statutes. His numbers are by far a record for any US president, scholars say.

Many scholars also contend that Bush is usurping some of the lawmaking powers of the Congress and Constitution-interpreting powers of the courts.

But, Leahy said, because Bush's fellow Republicans control Congress, Democrats have no power to call hearings on Bush's attempt to "pick and choose which laws he deems appropriate to follow."

"Just as disturbing as the president's use of press releases to announce which laws he will follow is the abject failure of the Republican-controlled Congress to act as a check against this executive power grab," Leahy said. "Until Republican leaders let Congress fulfill its oversight role, this White House will have no incentive to stop this abuse of power."

Medicare's Cost Of Drug Benefit Will Be Lower Than Expected (WSJ)

By Sarah Lueck

The Wall Street Journal, May 2, 2006

WASHINGTON -- Medicare's prescription-drug benefit will cost the government about 20% less during the next decade than was projected a year ago, but largely for reasons outside the government's control.

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Most of the reduction will result from lower-than-expected growth in the nation's per capita drug spending, Medicare's actuaries said in their latest projections, which came as part of the annual release of data on the financial health of Medicare and Social Security from the trustees of the programs.

The actuaries said fewer people than expected are signing up for the new coverage. Since last year, Medicare actuaries have lowered estimates for enrollment by May 15 -- this year's deadline for signing up -- from about 37 million to 31.4 million, a move that fueled calls in Congress to give people more time to sign up.

The latest cost projection for the drug benefit is "substantially lower" than projected last year, the trustees report said. Last year, Medicare's actuaries estimated the benefit would cost a total of $997 billion over 10 years, not including savings to Medicaid. Now that estimate is $788 billion. Another reason for the reduction: The private insurers selling the new, government-subsidized coverage achieved discounts on medications sooner than the actuaries had expected. That offset a 4% increase in what the government thought it would spend on Medicare beneficiaries with costly drug bills.

"The outlook for Medicare [drug coverage] is much better," said Mark McClellan, administrator of the federal agency that runs the program. He credited the competition for customers between private insurers that resulted in lower than expected premiums for drug coverage this year. On enrollment, he and Health and Human Services Secretary Michael Leavitt said they are hitting their own goals to have 28 to 30 million Medicare beneficiaries getting drug coverage.

The reduced cost of the drug benefit was a bit of good news accompanying continued warnings about financial trends that are unsustainable in Medicare and Social Security. The reports showed that Medicare's hospital insurance trust fund will be depleted in 2018, two years earlier than forecast last year. Social Security will begin running a deficit in 2017, the same as projected last year, and its accounting trust fund will be exhausted in 2040, one year earlier than projected. (Read the report.4)

Several of the six trustees, including the secretaries of Treasury and Health and Human Services, said fundamental changes are needed to rein in the costs of the programs. Treasury Secretary John Snow warned of a "looming fiscal crisis" if changes aren't made before Baby Boomers retire. "The message of this report is urgency," Mr. Leavitt said.

But in the near term, little is expected to change. President Bush, in his budget proposal for next year, recommended trimming spending on Medicare provider-payments and raising premiums for higher income beneficiaries. But Congress isn't enthusiastic about tackling the issue with mid-term elections approaching. Mr. Bush also recommended the formation of an entitlement commission to examine Medicare and Social Security, after his attempt to add private accounts to the federal retirement stalled last year.

Still, months after it was suggested, the commission hasn't yet been formed. Mr. Snow said it's "being worked hard," but conversations about who should be on the panel continue between prospective members, the White House and Congress.

The Medicare report held two other important developments. Under a requirement passed with the Medicare drug benefit, legislative action is supposed to occur if Medicare's trustees predict that, within the first seven years of their annual 75-year projections, general revenues fund more than 45% of total Medicare spending for two years in a row. Yesterday's report said that threshold would be reached in 2012. That means the trigger for action would occur in 2007 if projections hold. President Bush would be required to propose legislative changes, and Congress would have to give them fast-track consideration

Also, Medicare beneficiaries will see a big jump in the premiums they pay for physician and other outpatient care, under the portion of the program known as Part B. Medicare officials said yesterday that premiums would increase next year by 11%, to $98.20 a month from $88.50, partly because of a surge in the volume and intensity of Part B services and a decision by Congress to override a reduction in physician payment that was scheduled to occur this year.

Inside The Beltway (WT)

By John McCaslin

The Washington Times, May 2, 2006

Dinner's on me

"Whenever I'm at a restaurant and spot somebody in a military uniform, I pick up their check to show them my appreciation for what they're doing for my country."

-- Former Los Angeles Dodgers Manager Tommy Lasorda, in a conversation about the war in Iraq with this columnist on Sunday.

Fish tales and tarts

"You cannot possibly imagine how thoroughly crushed I was this morning when I read your article regarding the fish caught by chef David Guas," angler Charlie Loveless of Baltimore writes to Inside the Beltway about the popular DC Coast chef.

"Prior to his [50-pound] catch, I believe that I was the current record holder this year with the rockfish I caught May 19 out of Chesapeake Beach. My fish weighed in at 48.5 pounds and was 493/4[inches] long.

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"I don't mind so much that my fish didn't hold up for this year's record, but to lose to a pastry chef out of Washington, D.C. ... was just too much for me to handle this morning. I'm not sure I'll be able to recover this year. By the way, he doesn't play golf, too, does he?"

Physical proof

The villagers are referred to by a leading scientist in Washington as the "first refugees of global warming."

Igor Krupnik, an anthropologist with the Smithsonian Institution's National Museum of Natural History, has conducted more than 30 years of field work in Arctic communities on the human and cultural aspects of climate change.

In the latest issue of Smithsonian magazine, he calls attention to "refugees" from the Alaskan village of Shismaref, until the mid-1970s encased and well-protected by 20 to 30 miles of land ice that in the height of winter now only reaches 6 to 7 miles.

"We tend to describe climate change in terms that are abstract -- a one-degree rise in temperatures, an increase in greenhouse gasses -- but when waves wash away a village, that's concrete and very emotional," Mr. Krupnik says.

Tabard, for two

What's the No. 1 hotel in Washington?

According to the "Guide to the Capital's Wild Side" contained in the latest issue of Men's Journal, "There's more than just power lunches inside the Beltway. Little known by most locals, the 40-room Tabard Inn in Dupont Circle is hands down the best hotel in D.C."

This just in

The Paradigm Clock, set into motion by the Paradigm Research Group (PRG) to track the proximity to a formal announcement by the U.S. government confirming an extraterrestrial presence engaging the human race, has been reset to 11:59:45 -- 15 seconds to midnight.

Such an announcement is formally referred to as "disclosure" and supposedly would mark the end of a 59-year truth embargo imposed by federal authorities. Midnight on the Paradigm Clock is disclosure.

According to PRG Executive Director Stephen Bassett, "Due to extraordinary circumstances primarily pertaining but not limited to the United States, a window of opportunity has opened for a disclosure event to take place. This window should last through the November election and may remain open or possibly close depending upon the outcome of the election."

Mr. Bassett didn't mention what the "extraordinary circumstances" were; however, if you're as suspicious of your neighbor as this columnist, you might keep your distance until such time as Uncle Sam comes clean.

The previous setting for the Paradigm Clock was 11:58:45, on March 8, 2004.

King-size legend

"Dr. Martin Luther King Jr. was a Republican" -- or so state T-shirts (white and "urban black" in all sizes), buttons and mousepads being peddled by the National Black Republican Association, headquartered along Pennsylvania Avenue.

Hillary care

Yet another House Republican critical of his own party leaders is Rep. Jeff Flake of Arizona, upset that the House Republican leadership continues to encourage GOP members "to boast" about the new Medicare prescription-drug entitlement.

Because of the new entitlement, "30 million people are more dependent on the federal government than they were a year ago, and future generations will have to foot the bill," he says. "That is something that no party professing to believe in limited government should be proud of."

Wind Shifts On Medicare Drug Benefit (HILL)

By Jeffrey Young

The Hill, May 2, 2006

Despite a recent stream of apparently good news about the Medicare prescription-drug benefit, congressional Democrats are counting on their criticisms to translate into political gains in the midterm elections.

“I don’t know of any Democrat who thinks this is working the way it should,” Sen. Debbie Stabenow (D-Mich) said recently. “You betcha this is going to be an issue” in November.

Democrats have described the drug benefit as a disaster and said senior citizens would be too confused to choose the right plan.

But that strategy could prove risky. The Medicare figures show that nearly all beneficiaries now have some form of drug coverage, and recent polls suggest that seniors who have joined a drug plan are satisfied with their coverage.

Republicans have taken note, and attitudes toward Medicare Part D seem to be shifting. Many congressional Republicans shied away from the program and criticized the Bush administration’s handling of its implementation this year. But Republicans are changing their tune. House Majority Leader John Boehner (R-Ohio) has become an enthusiastic cheerleader, as his office has taken to launching almost daily statements praising it.

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After ignoring Democratic requests all year, the House Ways and Means Committee will have its first hearing on the program when the Health Subcommittee meets tomorrow. Subcommittee Chairman Nancy Johnson (R-Conn.) has been a favorite target of Democratic attacks over the drug benefit and has endured months of hammering from her Democratic opponent, state Sen. Chris Murphy.

The administration has taken steps in recent weeks to disarm some Democratic criticisms. Insurance companies will not be permitted to stop paying for drugs they covered at the time a beneficiary bought a plan, even if they drop the drug for future customers. Rep. Pete Stark (D-Calf.) responded to the policy by saying, "Better late than never."

The administration also said people eligible for a special low-income subsidy would have more time to qualify, though they will still have to sign up for a drug plan by the May 15 deadline.

Since the program launched Jan. 1, Democratic lawmakers and candidates have consistently decried it as confusing and have accused the GOP of selling out to the pharmaceutical and health-insurance industries.

Congressional Democrats are showing more unity than in 2003, when the bill passed with crucial Democratic votes.

Last week, four Democratic senators who voted for the bill introduced legislation to change it. Leading them was Sen. Max Baucus (D-Mont.), who was one of only two Democratic senators who helped create the program, along with then-Sen. John Breaux (D-La.).

Democrats have focused this year on extending the time beneficiaries have to choose a drug plan. Left-leaning groups such as the Campaign for America's Future and Americans United have joined with Democratic lawmakers to push for a deadline extension. Medicare beneficiaries who wait until after the deadline face a permanent surcharge on their premiums that increases every month.

In spite of the apparent shift of political momentum amid improving public opinion, Democrats see the drug program as a ticking time bomb of discontent among senior citizens.

"They haven't hit the 'doughnut hole' yet. … Let's do the poll then," Stark said.

Beneficiaries will have to pay 100 percent of their drug expenses during a coverage gap between $2,250 and $5,100 that is known as the "doughnut hole." Before spending hits the lower limit, enrollees pay only 25 percent of costs after meeting a $250 deductible. Above $5,100, the plan pays 95 percent.

Democrats say that once seniors hit the "doughnut hole" their feelings will sour. Analysts expect that most people at risk to hit the coverage gap will do so shortly before the elections. Some with high drug costs already have.

"It's not about telling people whether it's working or not. They will know," Stabenow said.

At present, most beneficiaries seem pleased, according to opinion polls. A Washington Post-ABC News survey last month showed 65 percent of people are satisfied with their drug plans. An AARP poll concluded that 78 percent are satisfied. Industry-sponsored surveys made similar findings.

Democrats downplay the surveys and the rising enrollment. "You have [almost] a trillion dollars out there. Some people are going to benefit," said Rep. Sherrod Brown (D-Ohio), who is challenging Sen. Mike DeWine (R) in November.

Critics say that, though they have not done surveys that contradict the other polls, they see anger brewing. "We're only hearing anecdotally" that people are unhappy, said Diane Archer, special counsel to the Medicare Rights Center, but her organization has received a lot of complaints.

The Post-ABC poll showed support for the Democrats' short-term goal: 71 percent of seniors believe the deadline should be extended.

At least 19 House Republicans sponsored or co-sponsored bills to extend the deadline. In the Senate, DeWine and Olympia Snowe (R-Maine) joined with Democrats to press for a vote on the issue.

The Bush administration flatly rejects lifting the deadline. Health and Human Services Secretary Mike Leavitt said more time would not make a difference.

"If they were not prepared to sign up before, there's no indication" beneficiaries would enroll after May 15, he said.

Leavitt predicted the administration would get almost everybody in a plan. "If we keep at the same pace … we have a shot at being able to [sign up] 90 percent" of the 42.5 million people who receive Medicare benefits, which would amount to 38.3 million people.

According to the administration, 35.8 million Medicare beneficiaries had drug coverage as of April 18, leaving the administration 2.8 million people short of Leavitt's projection with less than two weeks to go. About 6 million have not signed up.

Thirty million people are getting coverage as part of the new benefit, of which 8.1 million voluntarily enrolled in one of the new drug plans. An additional 5.8 million people have so-called "creditable coverage" from other sources. Ten million of the newly enrolled did not have drug coverage last year.

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Leavitt said that people who are not covered are split about evenly between the low-income category and those who have no or very little drug expenses and believe they do not need coverage. He said the administration would target its 11th-hour outreach to those groups.

Medicare In Poor Financial Health, Trustees Say (LAT)

By Ricardo Alonso-zaldivar And Joel Havemann

The Los Angeles Times, May 2, 2006

WASHINGTON — The financial condition of Medicare is growing progressively worse and its problems will eventually eclipse those of Social Security, the trustees of the government's two biggest social programs reported Monday.

But the warning, for all its urgency, appeared unlikely to spur major action on such a sensitive issue in an election year. Far from cutting back, Congress and the president have expanded Medicare with the creation of the prescription drug benefit.

"There is no crisis," Rep. Pete Stark (D-Fremont), the senior Democrat on the House health subcommittee, said in a sharp response to the report. "Much as President Bush manipulated intelligence to justify an unnecessary war in Iraq, his administration is using these projections to rationalize dismantling Medicare."

Social Security and Medicare help virtually every American family, and the trustees' report provides an annual accounting of the programs' long-term financial health. By law, four of the six trustees are senior officials of the administration in office and two are independent experts chosen to represent the public.

Compared to Medicare, Social Security faces a rosy future.

This year's report projects that the massive Social Security trust fund will be able to pay full retirement and disability benefits for another 34 years. That will change in 2040. Unless benefits are reduced, taxes are increased or additional funds are allocated from some other source, Social Security will run out of reserves and will only be able to cover 74% of promised benefits. The 2040 date is one year closer than the trustees had projected in 2005.

If Congress chose to plug the Social Security gap solely by raising more revenue, it would have to jack up Social Security's share of the payroll tax — now 12.4%, shared equally by employers and workers — by an immediate 2.02 percentage points. If it chose to close the gap by cutting benefits, it would have to slash them by 13.3% below current levels.

Medicare faces a more serious problem. Its "financial difficulties come sooner — and are much more severe — than those confronting Social Security," the report said.

The huge Medicare trust fund that pays for inpatient care will only be able to cover 80% of estimated billings in 2018, and its condition will deteriorate dramatically after that. The 2018 date is two years closer than the trustees had projected in 2005.

Medicare has been in financial straits before. As recently as 1997, the Medicare fund that covers hospital bills had only four years of solvency left. But this time the financial challenge is made much greater by the approaching retirement of 78 million baby boomers.

"The message of this report is urgency," said Health and Human Services Secretary Mike Leavitt. "I do not want to stand here another year with just another bad report and another year of inaction. It's time to act."

Leavitt and Treasury Secretary John W. Snow urged Congress to adopt the president's budget proposals for $36 billion in Medicare cuts over the next five years, along with automatic spending reductions of 0.4% a year if the program's costs exceed specified levels.

Bush has also called for the creation of a bipartisan commission on entitlement programs to study the pension and healthcare burdens of an aging society and make recommendations.

Although Congress may go along with the idea of a commission, there is little enthusiasm among lawmakers for more cuts.

"At some point, Congress is going to have to get down to the difficult business of restraining the cost growth of these programs," said Sen. Charles E. Grassley (R-Iowa), chairman of the Finance Committee, which oversees Social Security and Medicare. But he stopped short of promising action soon.

Medicare's funding is extraordinarily complex. Financing is cobbled together from payroll taxes; premiums and cost-sharing paid by beneficiaries; and the government's general fund. The various funding streams serve different purposes.

In 2003, Congress approved a requirement that could start the discussion on Medicare's future. It provided that the president must propose changes — and Congress must consider them — if two consecutive trustees' reports project that Medicare would draw 45% or more of its financing from the general fund in the near term. The first such warning — for 2012 — was issued in this year's report.

"That could give the president a good rationale for having a major Medicare reform proposal in next year's budget," said health economist Marilyn Moon, a former trustee. But she went on to call the requirement an indicator of "a very phony crisis."

Part of the dilemma for Bush and the Republican-led Congress is that they have significantly increased Medicare benefits in recent years, tapping into general revenue to do so.

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For example, spending per beneficiary is expected to grow by nearly 33% this year, largely as a result of the new prescription benefit.

Social Security, Medicare Given Less Time (USAT)

By From Staff And Wire Reports

USA Today, May 2, 2006

WASHINGTON — Medicare's trust fund will be exhausted in 12 years, and Social Security's trust fund will be depleted in 34 years, trustees for the programs said Monday in their annual report on the government's two largest benefit programs.

The new report moved up slightly the dates when the trust funds will be exhausted — to 2018 for Medicare from 2020 in last year's report, and to 2040 for Social Security from 2041. If nothing changes by then, the programs could still pay partial benefits with each year's payroll tax revenue.

The trustees, who include the head of the Social Security Administration and three members of President Bush's Cabinet, gave a sober assessment of the health of the two programs in advance of the looming retirements of 78 million baby boomers.

“We do not believe the currently projected long-run growth rates of Social Security or Medicare are sustainable under current financing arrangements,” the trustees said in this year's report.

The trustees' report sends an annual signal that two of the nation's most politically sensitive benefit programs are in serious financial trouble — but the reports have rarely provoked major action.

Bush's efforts last year to overhaul Social Security went nowhere in Congress. Even members of his own party refused to support the benefit cuts that would have accompanied new individual accounts for younger workers.

While the programs' reserves are expected to last another one to three decades, both programs will face financing issues much sooner, when the benefits exceed the payroll taxes that fund them.

For Medicare, that occurred temporarily in 2004 before a revenue adjustment erased the deficit for 2005. But the trustees projected that Medicare benefits will exceed revenues this year and thereafter. In 2017, Social Security will begin paying out more in benefits than it takes in, the trustees projected.

The trust funds contain no actual cash, just government IOUs. To pay beneficiaries once the cost of benefits exceeds tax collections, the government must raise the deficit, raise taxes or cut other spending.

Social Security, Medicare Depletion Dates Get Earlier (WT)

By Amy Fagan

The Washington Times, May 2, 2006

Social Security's trust fund will run out of money in 2040, one year earlier than expected, and Medicare's trust fund will be depleted in 2018, two years earlier than expected, trustees for the programs said in their annual report yesterday.

Administration officials said the bleak outlook is all the more reason for Congress to significantly reform both programs.

"We do not believe the currently-projected long-run growth rates of Social Security or Medicare are sustainable under current financing arrangements," wrote the six trustees, who include the Social Security Administration commissioner and three Cabinet members. "The sooner that solutions are adopted, the more varied and gradual they can be."

President Bush's efforts to change Social Security stalled in Congress last year, with even some Republicans hesitant to support his plan to create personal accounts. And Medicare spending is unlikely to be cut by Congress this election year, as Mr. Bush has suggested.

The long-term outlook for both programs worsened slightly in the past year. Last year's report projected that the Social Security Trust Fund would last until 2041 and Medicare's hospital insurance trust fund would run out in 2020.

As in past years, trustees said Medicare's situation is more dire. Costs exceeded income for the hospital insurance program in 2004, and it's expected to go into the black briefly before it once again pays out more than it receives. The trust fund depletes in 2018, when the government will be able to cover only 80 percent of the costs. Medicare's outpatient coverage and drug-benefit programs are expected to cost more and require increasingly more federal revenue to pay for them.

Social Security will pay out more than it takes in 2017, the same as last year's projection.

"The Social Security problem remains with us," warned Treasury Secretary John W. Snow, a trustee. Medicare, he said, faces "even greater and far-reaching challenges."

Moreover, under the Medicare drug-benefit law, the numbers triggered an initial warning to Congress. If next year's numbers do the same, an official warning will be issued and the president will have to submit Medicare reform legislation to Congress.

Democrats and liberal groups said the Bush administration's policies have clearly hurt Medicare, because the trustees estimated in 2001 that Medicare's trust fund would be depleted by 2029, more than a decade after the new estimate.

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But trustees said the new Medicare drug program, known as Part D, is working well. "Premiums for Part D are sharply lower than projected," said Mr. Snow, calling the new program "a success."

House Minority Leader Nancy Pelosi, California Democrat, said the new 2018 estimate "is a direct result of the mismanagement of the economy, excessive subsidies to HMOs and the failure to constrain medical costs."

The trustees said the 2018 date was created by higher-than-expected costs in 2005 and higher utilization rates estimated for the hospital insurance.

But conservatives complained that the administration's new Medicare prescription-drug benefit is a big part of the fiscal problem.

Rep. Jeff Flake, an Arizona Republican who voted against the drug program, called for it to be scaled back. And John C. Goodman, president of the National Center for Policy Analysis and an administration health care adviser, noted the "unfunded liability" for Social Security -- or the promised future benefits that government currently cannot pay -- is projected to be $13.4 trillion, up from the $11 trillion projected in last year's report. But the new drug program's unfunded liability is projected to be $16.2 trillion.

"We've made our fiscal situation much worse," Mr. Goodman said, noting however that Democrats would have made the drug benefit even costlier.

Finances Of Social Security And Medicare Deteriorate (NYT)

By Robert Pear

The New York Times, May 2, 2006

WASHINGTON, May 1 — The financial condition of Medicare and Social Security deteriorated in the last year, the Bush administration reported Monday, and it warned again that the programs were unsustainable in their current form.

Medicare's hospital insurance trust fund, a widely watched gauge of the program's solvency, will run out of money in 2018, two years earlier than projected in last year's report, the trustees said.

And the Social Security trust fund will be exhausted in 2040, one year earlier than projected last year, the trustees said. At that point, in 2040, Social Security tax collections would be adequate to pay only 74 percent of scheduled benefits.

Lawmakers said they would never allow the trust funds to run dry. But the insolvency dates are a vivid way of showing that the programs are unsustainable. To keep them solvent, Congress would need to trim benefits, raise taxes or take some combination of such steps.

"The systems are going broke," President Bush said Monday in a speech to the American Hospital Association.

Almost every element of the programs reflects a political judgment, but Mr. Bush said, "It's time to set aside politics and restructure Social Security and Medicare for generations to come."

Republicans and Democrats seized on the reports to renew the political battle over Social Security and Medicare, with an eye to Congressional elections this fall.

The Senate Democratic leader, Harry Reid of Nevada, said the reports showed that "despite White House scare tactics, Social Security remains sound for decades to come." Senator Max Baucus, Democrat of Montana, said the administration had worsened Medicare's problems by promoting managed-care plans, which he said often "cost more than traditional Medicare."

The administration urged Congress to approve the president's proposals to slow the growth of Medicare by curbing payments to hospitals. Under current law, the trustees said, doctors already face a cut of 4.7 percent or more in Medicare fees in each of the next nine years.

The trustees' reports are authoritative documents prepared by career civil servants, mainly actuaries, and are full of data used as a basis for policy making and political debate.

In the report on Medicare, the Bush administration reduced its estimates of the number of people who would sign up for the new prescription drug benefit.

The trustees now predict that 31.4 million people will have signed up for the drug benefit by the end of the initial enrollment period in two weeks, and that monthly enrollment for 2006 will average 29.2 million, down from an estimate of 39 million published in last year's report.

Likewise, the administration now predicts enrollment of 34 million for 2007, down from an estimate of 39.8 million in last year's report.

Treasury Secretary John W. Snow said Medicare's financial problems were more severe than those of Social Security because of "steady large increases in underlying health care costs."

The new report estimates that the basic Medicare premium — what a beneficiary pays for coverage of doctors' services and other outpatient care — will be higher than predicted last year. The premium has increased more than 50 percent in the last three years, to $88.50 a month, from $58.70 in 2003, and the Bush administration predicts that it will rise to $98.20 next year.

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By contrast, in last year's report, the administration predicted that the basic 2007 premium would be $87.70.

But the average premiums for drug coverage are lower than expected: $32.20 this year and $35.86 in 2007. The comparable figures in last year's report were $37.37 and $41.22.

The administration lowered its estimate of the cost of the drug benefit for the period from 2006 to 2014. The administration now puts the cost at $872 billion, down from $1.1 trillion last year. (The figures do not reflect premiums paid by beneficiaries or compulsory payments by states to help defray the costs.)

In a joint statement, the public trustees of the two programs, John L. Palmer and Thomas R. Saving, said the projected costs of the drug benefit were "significantly lower than those in the 2005 report due to recent slower growth in overall prescription drug spending and lower enrollment in stand-alone prescription drug plans than was expected a year ago."

Still, the administration said, the cost of the drug benefit will grow an average of 11.5 percent a year in the next decade, more than twice as fast as the economy.

Social Security, Medicare Trust Funds Sink (AP-Y2)

By Martin Crutsinger

AP2, May 1, 2006

The trustees for the government's two biggest benefit programs said Monday that the trust fund for Social Security will be depleted in 2040, a year earlier than expected, while Medicare will exhaust its trust fund just 12 years from now.

The annual report showed deterioration in the financial condition of both programs although the problems in Medicare were depicted as far more serious because of the skyrocketing costs for health care.

A year ago, the depletion of the Social Security trust fund had been projected to occur in 2041, one year later than the current estimate, and the Medicare hospital insurance fund had been forecast to last until 2020, two years longer than the current estimate.

The trustees, who include the head of the Social Security Administration and three members of President Bush's Cabinet, painted a sober assessment of the health of the two programs in advance of the looming retirements of 78 million baby boomers.

They stated that the projected long-term growth rates for both Social Security and Medicare are not "sustainable under current financing arrangements."

The trust funds contain the equivalent of government IOUs. To raise the actual cash to meet obligations, the government must borrow more money from the public by issuing marketable Treasury securities, raise taxes or cut spending in other programs.

Bush tried last year to overhaul Social Security with the introduction of private investment accounts for younger workers but the idea went nowhere in Congress. Democrats attacked the Bush program as a hidden effort to cut future benefits.

In this year's State of the Union address, Bush asked Congress to create a bipartisan commission to study entitlement reform. But even this modest proposal has not generated much interest, in part because lawmakers do not want to address entitlement reforms in a congressional election year.

Treasury Secretary John Snow, the chairman of the trustees group, said the new report depicted "a looming fiscal crisis as the baby boom generation moves into retirement" and he urged Congress to move forward.

"The serious concerns raised by the trustees' reports demand the attention of America's policy-makers and the public," Snow said.

But Democrats charged that the administration was using the trustees reports to try to create an air of crisis to make radical changes to the two benefit programs.

"There is no crisis," said Rep. Pete Stark, D-Calif. "There remains plenty of time to mend rather than end Medicare."

While the depletion of the reserves built up over past years is projected to occur in just 12 years for Medicare and 34 years for Social Security, both programs will face financing issues much sooner at the point that the amount paid out each year exceeds the amount the government collects to fund them.

For Medicare, that occurred for the year of 2004. However, the program is projected to be in the black again this year before crossing over to paying out more than it takes in permanently in 2006 and the years following that.

For Social Security, the point at which the program will pay out more in benefits than it takes in will occur in 2017, the trustees projected, the same as in last year's report.

The one-year faster depletion of trust funds in the case of Social Security occurred because the government estimated a slightly lower average of 2.9 percent rather than 3 percent for the inflation-adjusted return for the trust fund's government bonds.

For Medicare, the faster exhaustion of the trust fund occurred because of rising prices for hospital care and greater utilization by sick people of the program.

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The trustees estimated that in 2040 when the Social Security trust fund is depleted, it will be able to pay 74 percent of benefits from the taxes imposed on current workers.

The trustees estimated that the monthly Part B premium that Medicare beneficiaries must pay to cover insurance for doctor visits will have to rise by around 11 percent next year to $98.20 after an increase this year of 12 percent.

Sens. Edward Kennedy, D-Mass., and Debbie Stabenow, D-Mich., said in a statement that the projected increase for next year, if it comes about, would mark the fourth double-digit advance in Medicare premiums.

They said they would introduce legislation to cap future increases to the amount the Consumer Price Index rises in a given year. Last year, consumer prices rose 3.4 percent.

The trustees report reduced the estimate for the cost of the new drug prescription benefit in Medicare, which went into effect this year, by around 20 percent, attributing part of this reduction to the fact that people are signing up for less costly drug plans.

Democratic critics said the funding shortfalls for Social Security and Medicare should be viewed in the context of Bush's drive to make the tax cuts of his first term permanent.

Sen. Jack Reed (news, bio, voting record), D-R.I., said that if Congress approved Bush's request to make his tax cuts permanent and enacted a permanent fix for the alternative minimum tax, which was designed to tax the wealthy but is falling on more middle-class tax payers, that would represent a cumulative revenue shortfall equal to 2 percent of the total economy over a 75-year period.

That is three times the shortfall estimated by the trustees for Social Security over the same period, Reed said.

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Social Security: http://www.socialsecurity.gov

Medicare: http://www.cms.hhs.gov

Medicare Will Go Broke By 2018, Trustees Report (WP)

By Amy Goldstein

The Washington Post, May 2, 2006

The financial troubles daunting the Medicare system have deepened during the past year, according to a government forecast that says the federal fund that pays for hospital care for older Americans will become unable to cover all its bills a dozen years from now.

The annual report, issued yesterday by the trustees who monitor the fiscal health of the Medicare and Social Security programs, said the trust fund for the health insurance system for the elderly will run out of money in 2018 -- two years sooner than predicted a year ago and 12 years sooner than had been anticipated when President Bush first took office.

The problem, the report says, has accelerated largely because hospital costs last year were greater than expected.

The forecast also said that Social Security's financial condition has weakened, although its problems are not as great or urgent. It said the retirement system will have enough cash to pay the benefits it owes retirees, disabled workers and workers' survivors until 2040 -- one year less than expected in the 2005 forecast.

In releasing the report, the trustees -- including three of Bush's Cabinet secretaries -- slightly altered the message accompanying the forecast the past few years, when the administration sought to use the predictions as leverage to persuade a reluctant Congress to embrace the president's goal of letting Americans divert some of their payroll taxes into personal retirement accounts. That emphasis prompted Democrats and other critics to chastise the administration for dwelling on Social Security while Medicare's problems were more acute.

Yesterday, the president's aides -- and Bush himself -- drew attention equally to the frailty of the two largest benefits programs that form the twin pillars of the government's assistance to the elderly. The solution, they said, is for Congress to approve changes Bush already has proposed.

Treasury Secretary John W. Snow, one of the trustees, said the programs "form the basis of a looming fiscal crisis for our nation as the baby-boom generation moves into retirement."

"The systems are going broke," Bush said in a health-care speech earlier in the day. "And now is the time to do something about it."

Administration officials portrayed the report as containing some bright news, because spending on the new Medicare prescription drug benefits -- paid for from general revenue, not the same trust fund as covers hospital bills -- appears less than expected. Several of Bush's aides said costs will be lower because drug companies are charging less than predicted for medicine. However, two independent trustees had a different explanation: Fewer Medicare patients are signing up for the drug benefits than anticipated last year.

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Administration officials did not emphasize yesterday the idea of private retirement accounts, a plan that is relatively inert on Capitol Hill. Instead, they focused on proposals Bush made early this year -- to create a federal commission on the plight of entitlement programs and to slow Medicare spending by $36 billion during the next five years. Neither has drawn much enthusiasm among lawmakers.

And yesterday's report -- released a month after its due date -- did not produce any surge of momentum. The chairman and the top Democrat on the Senate Finance Committee are griping that the White House has diminished the role of independent experts in preparing the trustees' report, by failing to appoint replacements for the public trustees, economists Thomas R. Saving and John L. Palmer, when their terms expired a year ago.

Instead, the White House renominated them last November and, after lawmakers complained that they preferred to rotate outside trustees, installed them without Senate confirmation as "recess appointments" while Congress took Easter vacation. Saving and Palmer said yesterday they had served as unpaid consultants in preparing the report until they were reappointed.

White House spokesman Ken Lisiaus said that Saving and Palmer were reappointed because they "are true experts in economics" and that the position of public trustee, created in 1984, is too recent "to establish any sort of long-held precedent" that they must serve only one term.

Medicare's Fiscal Future Getting Worse, Report Says (KRT)

By Tony Pugh

Knight Ridder, May 1, 2006

WASHINGTON - Medicare's long-term financial woes deepened over the last year as the program's main funding source for hospital care is projected to go broke in 2018 - two years sooner than predicted last year, according to an annual report by the program's trustees.

The Medicare Hospital Insurance trust fund, which pays primarily for inpatient care and is funded through a 2.9 percent payroll tax, is already operating at a deficit and is projected to hit a new low in 2012. By then, total Medicare spending will exceed program funding by 45 percent, the report found.

If that projected funding gap is not closed by next year's report, the projected shortfall would be considered a "funding warning," triggering a requirement that the president must offer a legislative remedy to Congress that must be considered on an expedited basis.

Health and Human Services Secretary Michael Leavitt used the report to urge Congress to adopt President Bush's plan to cut Medicare spending. Bush's plan would reduce Medicare's spending growth by $36 billion between 2007 and 2011, mainly by trimming annual inflation updates in payments to doctors and hospitals. Medicare would grow at 7.7 percent a year under the Bush plan compared with the current growth rate of 8.1 percent.

"The message of this report is urgency," said Leavitt. "I do not want to stand here another year with just another bad report and another year of inaction. It's time to act."

The report also found funding problems with Social Security, the nation's largest entitlement program. Without changes, tax revenues for Social Security are expected to fall below program costs in 2017, the same estimate as last year's report. The program will no longer be able to pay benefits at promised levels in 2040, one year earlier than predicted last year.

While the two popular but costly programs face a daunting economic future, the trustees and most experts agree that Medicare's problems are much more severe, imminent and harder to fix.

Today there are about four taxpaying workers for each of the estimated 43 million elderly and disabled Medicare beneficiaries. By 2075, that ratio will be about two-to-one. That's an insufficient tax base to take care of the nation's retirees, whose numbers will grow dramatically as nearly 80 million baby boomers born before 1964 begin to retire in the coming decades.

While Congress can raise taxes or cut benefits to meet Medicare's growing obligations, neither provides a long-term fix because program spending is largely at the mercy of rising health care costs. And Americans have resisted previous efforts, notably during the Clinton administration, to curb costs by limiting access.

With no change to the system, Medicare would eat up 25 percent of all federal income tax revenues by 2021 - more than triple its funding requirements in 2005.

"At present there are no clear indications of when, or even how, the past trend (of rising health costs) might abate. If it does not soon, then the serious fiscal problem discussed above will become dire," wrote trustees John L. Palmer and Thomas R. Saving.

Despite the bad news, the trustees found that Medicare's projected spending for the new drug benefit will drop significantly due to lower than expected enrollments in the drug plans and a slowdown in overall prescription drug spending.

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In a speech to the American Hospital Association on Monday, President Bush said the government has an obligation to provide care for the nation's poor and elderly, "And I intend to keep that obligation," he said.

The president also has called for a bipartisan commission to study possible fixes for all federal entitlement programs, including Medicare and Social Security.

On Capitol Hill, Democrats and Republicans took away distinctly different messages from the trustees' report. Republicans warned that the findings portrayed a retirement system in crisis; Democrats noted that the threat of insolvency was still years away.

"The dire situation that the Medicare trustees warn will be reached in 2012 is an ill-disguised scare tactic to force cuts in a program that millions of Americans depend on," said Rep. John Dingell, D-Mich., one of Congress' health care experts.

Senator Jim DeMint, R-S.C., said Democrats have ignored signs of trouble and have failed to offer remedies.

"This report is another wakeup call that Medicare and Social Security are in critical condition," said DeMint. "Democrats who stick their heads in the sand and applaud their own obstruction are putting the retirement security of millions of Americans in jeopardy."

To read the entire report go to: http://www.ssa.gov/OACT/TR/TR06/

Serving Up Social Security And Medicare, Without The Fixings (WP)

By Dana Milbank

The Washington Post, May 2, 2006

"The job of a president," George W. Bush used to say almost daily during the 2004 campaign, "is to confront problems, not to pass them on to future presidents and future generations."

Astute observers may have noticed he's been saying that a bit less frequently these days. Yesterday showed why.

The president was over at the Washington Hilton, speaking to the American Hospital Association about his Medicare Modernization Act of 2003. "When I came into office I found a Medicare program that was outdated," he announced. Seeing this "not very cost-effective" program, he continued, "I decided to do something about it. And I worked with the Congress, and we passed critical legislation that modernizes Medicare."

An hour after Bush finished his speech, Treasury Secretary John W. Snow kicked off a news conference announcing the latest on Medicare's financial standing. The "modernized," cost-effective program is forecast to go belly-up in 2018 -- two years earlier than previously forecast.

Somebody stop us before we reform again.

Snow also announced that Social Security -- reform of which the Bush administration abandoned last year -- will become insolvent in 2040, a year earlier than previously projected.

The Treasury secretary warned of "a looming financial crisis for our nation."

Medicare and Social Security trustee Thomas Saving chimed in, "Either government is going to have to be a lot smaller, or these programs are going to have to be dramatically changed."

Bush himself, while talking about the success of his addition of prescription-drug coverage to Medicare, acknowledged that both programs are, as he put it, "going broke." He added, "It's time to set aside politics and restructure Social Security and Medicare for generations to come."

Then again, what's the hurry?

In his State of the Union address, the president called for a bipartisan commission to study Medicare and Social Security. Lawmakers immediately recognized that as a punt. Now it seems the punt is being followed by a delay-of-game penalty. More than three months after Bush proposed the commission, there is no commission and no commissioners; he has mentioned the idea only twice since January.

"Well," Snow ad-libbed yesterday when asked about the commission, "it's being worked hard." Asked to elaborate, he said, "there's outreach by the White House."

Congress Daily's Keith Koffler wasn't satisfied. "It's been three months -- why haven't you been able to get a commission together?" he pressed.

"I think it's important to get this done right," Snow ventured.

Treasury spokesman Sean Kevelighan didn't like the direction this was taking. "One more question," he called out.

Accepting the Republican presidential nomination in 2000, Bush chided Bill Clinton: "So much promise, to no great purpose." By contrast, Bush vowed to put Medicare on "firm financial ground" and said of Social Security, "I intend to fix it." Six years later, the president is floating some of the bite-size policies he once criticized Clinton for doing.

The jumbo TV screen in the Hilton ballroom before Bush entered proclaimed this "Cover the Uninsured Week" and pointed out that "Today, 45 million Americans have no health insurance."

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Bush opened with a bold vow: "a comprehensive health care strategy that will make health care more affordable and available for all our citizens." Then he outlined a five-point program: medical malpractice reform, pooled insurance for small businesses, tax-free health savings accounts, better medical information technology and more "transparency" in medical pricing.

The hospital administrators liked all the ideas, particularly the malpractice bit, which prompted an enthusiastic ovation. But they didn't see Bush's proposals (a plan to have doctors display their fees just as restaurants post menus) as all that comprehensive. "It will help, but it won't solve the problem," said Thomas Nickels, the hospitals' top lobbyist, after the speech. "Not to be critical, but we need to look at this as one element of a broad package."

Broad package? At the moment, the administration and Congress can't even agree on who should be a trustee of Social Security and Medicare. The chairman and the ranking Democrat on the Senate Finance Committee wrote to Bush last week calling for the resignation of the two public trustees he recently reappointed. At yesterday's news conference at the Treasury Department, one of the trustees devoted his remarks entirely to rebutting the two senators.

Snow and his administration colleagues, for their part, sought to celebrate the prescription drug plan. "A success," pronounced Snow, in front of a money-green backdrop. "Enrollment has so far exceeded the expectations the administration put forward earlier this year."

That line fell apart when the first questioner pointed out that the trustees had, in fact, found lower enrollment in the drug plan "than was expected a year ago." Enrollment had exceeded expectations because the administration had lowered the expectations.

But not to worry: Even with yesterday's bad news, we still have a dozen years before Medicare collapses.

Bush Says Health Care Costs Unacceptable (AP-Y2)

AP2, May 1, 2006

President Bush said Monday health care costs are rising at an unacceptably fast pace and he called on Congress to enact White House proposals to tame medical expenses.

Private health insurance premiums have risen 73 percent in the last five years, forcing some businesses to drop health coverage for their employees and prompting others to raise co-payments and premiums, the president said in a speech to the American Hospital Association.

"This is unacceptable for this country to have health care costs rising as fast as they are," Bush said. "If we want to be the leader of the world, we must do something about it. And my administration is determined to do something about it."

The primary element in Bush's plan calls for expanding health savings accounts — an idea that congressional Republicans rebuffed earlier this year. These accounts let people who have high-deductible health insurance policies save money, tax-free, for their future health care expenses.

"People here in Washington need to do commonsense things to address the rising costs of health care," the president said.

Mitt's Non-Miracle (WSJ)

The Wall Street Journal, May 2, 2006

Well, that didn't take long. Only two weeks ago Massachusetts passed an experiment in compulsory, subsidized health insurance, and already it's turning into an employer mandate and a vehicle for increasing the role of government.

Last week the Democrat-controlled Massachusetts legislature began moving in just that direction, overriding all of the line-item vetoes that Republican Governor Mitt Romney had cast in an effort to give the state's new insurance law a market-oriented veneer. Various Medicaid expansions were restored, as, more importantly, was a $295-per-employee annual penalty on employers who don't provide health insurance.

That $295 may not sound like much, but it's sure to grow over time. And in any case the real employer penalty in the bill is a draconian provision that puts employers on the hook for the major medical bills of employees they don't insure. This might as well be considered an employer mandate, since it means just one case of cancer for an uncovered employee would be enough to wipe out a small business.

Meanwhile, Governor Romney recently offered what sounded like a response to some of our editorial criticisms at an appearance before the U.S. Chamber of Commerce in Washington. "The key factor that some of my libertarian friends forget is that today everybody who doesn't have health insurance is getting free coverage from the government," he said. He also repeated his claim that treating such free riders adds significantly to the cost of private insurance for those who do have it, thus justifying his compulsory scheme.

Nice try, Governor. But there's actual data out there on the cost of "free care" for the uninsured, and the numbers suggest it should rank fairly low among policy makers' concerns. A 2003 study by Jack Hadley and John Holahan in the policy journal

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Health Affairs estimated that in 2001 the nationwide cost of such uncompensated treatment was $34.5 billion, or 2.8% of all health spending.

That's not nothing, but neither has it been the major cost driver for private insurance that the Governor claims it is. The real cost drivers are two regulations -- guaranteed issue and community rating -- that unreasonably restrict the freedom of insurers to offer and price coverage, and which his new law explicitly preserves in his state. If Governor Romney thinks care for the uninsured is expensive now, wait until Massachusetts taxpayers see how much his government-heavy "solution" costs.

Senate GOP Backs Off From Oil Tax Increase (AP)

By H. Josef Hebert

The Associated Press, May 2, 2006

WASHINGTON - Senate Majority Leader Bill Frist, under pressure from business leaders, retreated Monday from a plan that would have used a tax increase on oil companies and other businesses to fund a $100 gasoline rebate for millions of motorists.

Frist, the Tennessee Republican, had proposed an accounting change that would have required oil companies to pay more taxes on their inventory of crude as a way to pay the one-time rebate which GOP leaders rolled out last week as they scrambled to find ways to ease public anger over soaring gasoline prices.

In a statement, Frist said he will still push the rebate, but abandoned the accounting change and said the Senate Finance Committee planned a hearing on the issue in the near future.

Frist gave no indication how the rebate, estimated to cost about $10 billion, will be paid for, although he said he still planned to "find a way to bring our proposals to the Senate floor for a vote."

The rebate proposal, meanwhile, seemed to have little appeal among motorists who would benefit.

Aids to several Republican senators, including some who support the proposal, said Monday they have received generally negative feedback from the public in telephone calls and e-mails.

"There are some who say this is a Band-Aid and they want a real solution. .... There are people who say, `Do you think I can be satisfied so easily,'" said Don Steward, an aide to Sen. John Cornyn, R-Texas. He said almost all of the comments received about the rebate - which Cornyn has characterized as "a theatrical response" - have been negative.

Another Senate staffer, who spoke on condition of anonymity because the senator was among those who have been pushing the GOP energy package, said voters know that with gas costing more than $3 a gallon the rebate likely will pay for only a couple of tanks of gas.

"It's probably one fill-up for a Sequoia," added the aide, referring to the Toyota SUV that gets 15 miles to the gallon in city driving.

But Frist said the rebate "will help people who are emptying their wallets at the pump. ... We've got to help those who are feeling pain ... as quickly as possible." Single taxpayers earning up to $145,950 and married couples earning up to $218,950 would get the rebate in August under the Frist proposal.

The Energy Department reported Monday that the average cost of regular grade gasoline nationwide had increased to $2.92 a gallon with many parts of the country showing prices at more than $3 a gallon.

The tax accounting change involving inventories was the most substantial tax hit Congress has been seriously considering in response to the huge oil industry profits at the time of soaring costs at the pump. The change, applying only to five of the largest oil companies, had been approved by the Senate, but faced strong opposition in the House.

Oil companies waged an intense lobbying effort to block the change.

Rex Tillerson, chairman of Exxon Mobil Corp., at an energy conference Monday, called it "nothing more than a backdoor windfall profits tax" and a "very dangerous and very poorly thought out step to take." The change was estimated to increase taxes for the five major oil companies by $4.3 billion over five years.

Frist would have expanded the tax to other industries, which prompted a chorus of protests, prompting his retreat from the proposal. The National Association of Manufacturers and Wal-Mart Stores Inc., among others, made known their strong opposition to the inventory taxing change.

Senate Republicans said the rebate is an attempt to counter the Democrats' push for a suspension of the 18.4 cent a gallon gasoline tax for 60 days.

A gasoline tax "holiday" has been proposed by Sen. Bob Menendez, D-N.J., and embraced by the Democratic leadership as a short-term response to counter the sudden run-up of gas prices.

While one GOP senator, John Thune of South Dakota, introduced his own tax holiday bill, most Republicans oppose the idea.

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They argue there's no assurance the tax break - which is collected from refiners - will be passed on to consumers at the pump. If the lost revenue from a tax suspension - estimated at $6 billion - is made up by imposing additional taxes on oil companies, as Democrats envision, there's incentive for companies not to pass the savings on to retailers, said critics of the plan.

Republicans Drop A Tax Plan After Businesses Protest (NYT)

By Carl Hulse

The New York Times, May 2, 2006

WASHINGTON, May 1 — Senate Republicans on Monday hurriedly abandoned a broad tax proposal opposed by the oil industry and business leaders, another sign of their struggle to come up with an acceptable political and legislative answer to high gasoline prices.

Senator Bill Frist of Tennessee, the majority leader, said he had decided to jettison the provision, which would have generated billions of dollars by changing the way businesses treat inventories for tax purposes. Instead, he said the Senate Finance Committee would hold hearings on the plan "later this year, so the pluses and minuses of the provision can become well known."

The retreat came after a torrent of objections from business leaders and their advocates, who typically view Republicans in Congress as allies. They said they had been blindsided by the inclusion of the proposal as a central element of the Republican leadership's energy package late last week.

The centerpiece of the leadership proposal, a $100 rebate check to compensate taxpayers for higher gasoline prices, continued to receive a rough reception. Members of the public have telephoned and written to ridicule the idea, and even Republican lawmakers are finding fault.

"Political anxiety in an election year is to blame for a lot of the bad bills Congress passes," said Representative Jeff Flake, Republican of Arizona, who on Monday called the rebate a "knee-jerk populist idea" that voters would see through.

Democrats are trying to rally voters against Republicans, pointing to the rising fuel costs as evidence of how consumers were hurt by the opposition's ties to the oil industry.

The Republican energy package was assembled quickly last week after lawmakers returned from a recess punctuated by public complaints about the rapidly rising gas costs . Senate officials acknowledged privately that they were paying a price for rolling out the proposal before having time to vet it fully.

Besides the tax provision and the rebate, the measure includes new protections against price gouging, incentives to expand domestic oil refinery capacity, support for new energy initiatives and tax incentives for buying hybrid vehicles.

Outside Congress, experts have said the government has few realistic options that would quickly reduce gas prices. And as lawmakers struggle to gain political advantage on the issue, they must juggle the often competing goals of curbing prices, increasing production and tamping down populist anger about oil industry profits.

Major trade groups quickly and vociferously registered their disdain for the tax provision, saying the plan amounted to a hefty new tax not only on the oil industry, but also on many manufacturers, wholesalers and retailers that rely on large inventories as well.

"This just came out of the blue," said Dorothy Coleman, vice president of tax and domestic economic policy at the National Association of Manufacturers. "Before you make a change in longstanding tax policy — I am talking 70 years or so — you don't just up and do it in an energy bill."

At the National Retail Federation, Rochelle Bernstein, vice president and tax counsel, said lobbyists there immediately raised a red flag with lawmakers and aides. "Our concern was did they understand what they were doing, did they know this was a proposal that could have wide-ranging implications?" Ms. Bernstein said.

One leadership aide who did not want to be identified as discussing internal deliberations said the decision was made to drop the provision rather than have the energy proposals caught up in a secondary tax fight. It remained unclear how quickly the leadership might move to bring its plan to the floor but it appeared unlikely to be added to the emergency spending bill the Senate is considering this week.

Though the Senate previously approved a more narrowly defined proposal to require the accounting change for major oil companies, the plan announced last week would have extended to all business sectors. It would have represented a major shift in policy for Congressional Republicans, who have wrapped their economic approach around tax cuts rather than increases.

The decision to drop it eliminates a chief source of revenue to pay for the rebate checks to be mailed to an estimated 100 million taxpayers. After the tax plan was dropped, Mr. Frist said money to pay for the rebate program could be generated by opening the Arctic National Wildlife Refuge to oil and gas drilling, another element of the plan. But the drilling initiative, previously rebuffed in Congress several times, faces serious opposition of its own and the revenues would not be realized for years.

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Senator Harry Reid of Nevada, the Democratic leader, called the decision to drop the tax proposal "just another example of the Bush Republicans' inability to break their ties to big oil."

There were no estimates of how much money the change would have produced, though it had been projected at more than $11 billion in the past. The proposal in a separate tax bill to bar the accounting practice known as last in, first out for the oil companies was estimated to raise about $4.3 billion from them alone. That idea is still part of the continuing tax negotiations. But whether it will be in the final measure is unclear, and President Bush has threatened to veto it.

Business advocates said taxes could have been driven up significantly by ending the practice that allows companies to record sales from inventory at the higher, current cost of acquiring or producing the goods rather than a potentially lower original price.

Some panicked executives told their Washington representatives the increase could be from $30 million to $60 million for their individual companies alone.

"When this deal first surfaced late Thursday, the business community was just shocked," said Bruce Josten, at the United States Chamber of Commerce. "Instantly, if not rather simultaneously, people started making calls to the Senate leadership, to the staff of the Senate Finance Committee. It was the wholesalers, the manufacturers, the mass retailers."

Jade West, senior vice president at the National Association of Wholesaler-Distributors, said she learned about the full reach of Mr. Frist's proposal at midafternoon on Thursday and did not believe the report at first.

When Ms. West polled some of the association's largest members, all of whom juggle large inventories, their response was frantic. One called the proposal "dumb and irrational," she said. By Friday, the wholesalers had mobilized an e-mail campaign that resulted in about 350 letters to the Senate by Monday morning.

The Retail Industry Leaders Association, a trade group representing about 400 businesses including Wal-Mart and Target, began rallying their big-box store members first thing Friday.

"It was just surprising that they didn't see the writing on the wall, they didn't see the opposition that this provision would face," said Shannon Campagna, the organization's vice president for government affairs. "They didn't have their ear to the ground."

Frist To Withdraw Oil-Tax Increase From Energy Bill (WSJ)

By Laura Meckler

The Wall Street Journal, May 2, 2006

WASHINGTON -- Senate Republicans backtracked on their proposal for a multibillion-dollar tax increase on oil and other companies, saying they would drop it from their fast-moving energy legislation.

Senate Majority Leader Bill Frist said he plans to remove the accounting tax change from the gasoline-price relief package that was proposed just last week and that may reach the Senate floor as early as next week.

The Republican-backed proposal would give most taxpayers $100 rebate checks meant to compensate for surging gas prices. The package would also allow drilling in the Arctic National Wildlife Refuge, pay for research into alternative fuels and authorize the Bush administration to overhaul fuel-economy standards for passenger cars, among other initiatives meant to increase supply and decrease demand for oil.

The tax provision, called the "last in, first out" accounting method and known by the acronym LIFO, has helped oil companies as well as retailers and manufacturers cut their tax liability. Mr. Frist (R., Tenn.) and other party leaders proposed eliminating it as a way to help pay for the rebate checks. It would have raised about $10 billion, Senate aides said, though it wasn't clear over how many years.

But the proposal came under immediate fire from retailers and manufacturers who said they've come to rely on this accounting method. Mr. Frist said he conferred with Senate Finance Committee Chairman Charles Grassley (R., Iowa) and decided to drop it from the bill. Instead, Mr. Frist said, the matter would be considered "later this year" in the Finance Committee, "so the pluses and minuses of the provision can become well-known." Jill Gerber, a spokeswoman for Mr. Grassley, said the decision kills the provision "for now but not for good."

Amy Call, a spokeswoman for Mr. Frist, said the $100 rebates would cost $15 billion. Now senators will "look for other options" to make up the lost revenue, Ms. Call said, adding that they also might simply move the bill without any additions, meaning the increased spending will add to the deficit.

The reversal demonstrates how politically difficult it can be to raise taxes, even at a time when high gasoline prices have made highly profitable oil companies unpopular.

The last in, first out accounting method is typically used when prices are rising rapidly, as is the case for oil companies today. It allows companies selling goods from inventory that were purchased at a lower price to account for them as if they were

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selling the same goods bought more recently at a higher price. By doing that, taxable profits are lower, because the difference between how much they paid for something and how much they sold it for shrinks.

A similar provision was included in a Senate tax bill late last year, but it was focused only on large oil companies. It, too, was dropped from the package amid opposition. Last year's provision would have raised about $4.3 billion over five years.

The Circle Of Crude (NYT)

The New York Times, May 2, 2006

The public derision of Republicans' idea for a $100 gasoline rebate has focused on the desperate political pandering embodied in the proposal. But there's another view that makes it seem even worse. Consider the China angle.

With the nation already deeply in debt — and with Congress angling this week to cut taxes for affluent investors by more than $20 billion — lawmakers would need to borrow $10 billion to make the rebates happen. Since more than 80 percent of the immense borrowing of the Bush years has been from foreigners, it's safe to assume that most of the rebates would be courtesy of foreign lenders, of which China has been one of the most willing.

It's the circle of crude: China's competition for the world's oil is pushing up prices. Congress piles on more debt to calm angry consumers with a rebate. The increased debt is a prescription for a weaker dollar, which in turn would make imports, including oil, even more expensive.

The United States' huge — and growing — foreign indebtedness and its refusal to curb its appetite for oil risk eroding its position in the world, at precisely the moment when it needs to use its leverage as the world's dominant power to manage the extraordinary repercussions that will come with China's growth. Energy prices and the effect on global warming are only the beginning. China's demand for other natural resources poses new dangers as well, as The Times's report last week on China's planned leveling of the Indonesian tropical forests attests.

The United States can't, and shouldn't, try to curb China's economic progress, or the appetite of Chinese consumers for the good things in life. But dealing with the effects will require strong and savvy diplomacy. President Bush blew the chance to make that point — to Americans and the Chinese — during the recent visit of China's president, Hu Jintao. Then last week, as Bill Frist, the Senate majority leader, was dreaming up his $100 rebate plan, President Hu moved on to Africa. He exchanged warm hugs with Nigeria's president, Olusegun Obasanjo, and signed a deal to buy a big share of a major oil field in Nigeria. A few days later, in Kenya, he banged happily on a traditional drum at the welcoming ceremony, and then proceeded to sign a deal that will allow China to explore for oil off the coast of Kenya.

The United States' outsized needs for the same resources that China covets, plus its need to borrow from China and other countries, diminish its influence with countries whose importance goes beyond that of their oil wells. Nigeria, the United States' fifth-largest oil supplier, is also important to American counterterrorism efforts, especially in the strategically important Gulf of Guinea. Kenya is also important in the fight against terror because its location on the Horn of Africa has made it both a training ground and a way station for terrorists.

Both countries are rife with corruption that the United States has been trying to help mitigate, in hopes of more stable economic relations and of a safer, more humane world. But America's laudable goals are, at best, wishful thinking — at worst, propaganda — unless the United States develops energy and fiscal policies that will allow it the maneuverability it needs to balance China's deepening ties not only with places like Nigeria and Kenya, but also with Saudi Arabia, Sudan, Indonesia, Myanmar and so on, as global competition continues unabated. Unfortunately, as of now, the level of America's response to this new challenge has been embodied in that pathetic recipe: borrow money from the Chinese central bank, and use it to give every voter $100 to buy more gas.

Pumped Up (USNEWS)

By Marianne Lavelle

U.S. News and World Report, May 2, 2006

Desperate to show that they feel the citizenry's pain at the gas pump, politicians battled last week to don the mantle of Robin Hood. Leaders of both parties took turns pledging to dispatch the IRS to slap around the oil companies--take away tax breaks, hit them with a windfall-profits tax, and even haul them in for a good audit. Democrats proposed a summer holiday from the federal gasoline tax while Republicans favored simply mailing out $100 rebate checks.

Certainly no one expects a handout from Uncle Sam to turn back the clock on rising gas prices, which topped $3 a gallon in many places last week. But it wouldn't even go far as a feel-good measure, with the typical two-car family on track to spend at least $1,260 more to drive this year than it did five years ago. Subtracting the 18.4-cent federal tax from the pump price would only put prices back to where they were two weeks ago. Still, alarm bells were ringing all over Washington, with average gas prices up 30 percent from a year ago and nearing the all-time high after Hurricane Katrina.

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No excuses. "This is not something that is disconnected from the voters, or obscure to them, or something that tangentially affects them," says GOP pollster Tony Fabrizio. "This is something they pay every week or several times a week."

Pity the poor politicians. There's nothing the federal government can do in the short term about a global imbalance in oil supply and demand, the nuclear ambitions of an oil-rich Iran, and a shortage of U.S. gasoline refining capacity. "It's like the weather," says Texas oilman T. Boone Pickens. "There's a lot said about it, but there's not anything you can do about it. There's nothin' the government can do." But poll-watchers know that average American voters aren't interested in excuses. In a survey that bodes ill for any incumbent, pollster Daniel Yankelovich found that 85 percent of Americans believe the government could do something about oil prices if it tried. Yankelovich wrote in Foreign Affairs that energy has become a classic "tipping point" issue, where an overwhelming majority is concerned, with unease intense and a widespread belief that government could be doing far more.

In suburban Philadelphia, Democrat Lois Murphy has been working the voters right at the gas stations in her bid to unseat vulnerable GOP Rep. Jim Gerlach. "It was really quite educational," she says. "People were spending $75 to fill up their trucks. People were very angry, very frustrated, very concerned. People volunteered that they were looking for a change in Congress." Gerlach, for his part, was calling for tough scrutiny of the oil industry, a suspension of the federal gas tax, and "serious measures" in short order. "Congress needs to make it a front-burner issue," he says. Murphy noted, however, that her opponent has taken campaign funds from the oil and gas industry--putting her finger on a sore spot for the entire Republican Party. The Center for Responsive Politics found that Big Oil contributions are more lopsided this year than ever before in 16 years of tracking, with 84 percent of industry dollars flowing to the GOP.

Spin city. "It's a dreadful nightmare for the Republicans," says Democratic strategist Bill Carrick, who points out that the issue has particular resonance because both President Bush and Vice President Cheney are former oilmen. Democratic memos circulating last week made liberal mention of the task force of energy industry officials that met with Cheney early in the administration, the records of which have been jealously guarded through several lawsuits. "You can spin a lot of conspiracy theories out of that," says Ross Baker, political scientist at Rutgers University.

For his part, President Bush did his best to trade his image as a Texas wildcatter for one as a New Age alternative- fuels booster. He appeared at an ethanol industry meeting to back wider use of the corn alcohol fuel, proposed a modest rollback in tax breaks for the industry, and suspended government purchases of oil for the Strategic Petroleum Reserve. The latter move was one Bush rejected two years ago when recommended by his 2004 opponent, Democratic Sen. John Kerry of Massachusetts. But now, Bush says, "every little bit helps."

Likewise taking a page out of the Democrats' playbook, Bush and the top Republican leaders on the Hill, House Speaker Dennis Hastert and Senate Majority Leader Bill Frist, all called for tough scrutiny of any potential price gouging by the oil industry. The pledge of vigilance came as four large oil companies reported combined quarterly earnings of more than $21 billion, a 6 percent increase from last year. The companies took out full-page newspaper ads urging Americans to view their profits as a windfall for millions of retirement funds and for the nation's energy future.

Cornering Democrats. Republicans also returned to old favorite themes, such as the need to open the Arctic National Wildlife Refuge to oil exploration. Senate Republicans linked their $100 rebate proposal to a planned vote on Alaska drilling this week, hoping to corner Democrats into both voting against taxpayer relief and displaying their steadfast opposition to energy exploration there. Of course, it was moderate Republicans in the last Congress who put the kibosh on further drilling in environmentally sensitive areas.

GOP senators from New England also joined with Democrats last year to block oil refiners from gaining protection from lawsuits for cleanup of the clean-air additive MTBE, particularly in the Northeast. Refiners, as a result, are abruptly halting MTBE use this summer--contributing to high prices because of the changeover's logistics.

With the threat that the summer driving season and hurricanes could push prices even higher, the political peril going into the pivotal November election is great. "I don't think anyone actually believes they can vote for someone who can lower their gas prices," says GOP pollster Fabrizio. "But this is a point of frustration that feeds into the 'throw the bums out' mentality."

10 States, In Challenge To U.S., Plan Suit To Force Better Mileage Rules For S.U.V.'s (NYT)

By Danny Hakim

The New York Times, May 2, 2006

ALBANY, May 1 — Ten states, including California and New York, plan to file suit this week to force the Bush administration to toughen mileage regulations for sport utility vehicles and other trucks.

The suit, which the states are to announce on Tuesday, contends that the administration did not do a rigorous enough analysis of the environmental benefits of fuel economy regulations, as required by law, before issuing new rules for S.U.V.'s,

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pickup trucks and minivans last month. The suit will also claim that the government did not consider the impact of gasoline consumption on climate change when devising the new rules.

While the states have initiated a number of suits over Washington's environmental policies, the new suit is the first to take aim at federal fuel economy regulations. With gasoline reaching $3 a gallon in many parts of the country, there has been a broad outcry for action but little consensus on what to do.

Senate Republicans have proposed a $100 rebate to help taxpayers pay gas bills, a proposal that has been met with criticism even from the right, while President Bush has asked for Congressional authority to revise mileage regulations for passenger cars. He already has the authority to do so for S.U.V.'s and other trucks.

California will be lead plaintiff in the suit, which also includes Connecticut, Maine, Massachusetts, New Jersey, New Mexico, Oregon, Rhode Island and Vermont, as well as New York City and the District of Columbia. Many of the same states have teamed up in other environmental suits against the administration, though with mixed success; a recent suit against the Environmental Protection Agency over power plant emissions was dismissed.

"It's disappointing when you see power exercised to benefit the auto industry rather than consumers or environmental challenges," said Bill Lockyer, the attorney general of California, discussing the Bush administration's fuel economy rules.

The attorney general of Massachusetts, Thomas F. Reilly, said in a statement, "At a time when we are all facing a gas crisis, the Bush administration is pushing for fuel economy standards that appear to be authored by the oil and auto industries."

Rae Tyson, a spokesman for the National Highway Traffic Safety Administration, said he could not comment on the suit because he had not seen it. But Mr. Tyson defended the regulations and said, "There's no question the analysis was rigorous."

Several top Democrats, and also some Republicans, including Senator John McCain, Republican of Arizona, have called for tougher mileage requirements for S.U.V.'s, which must meet less stringent fuel economy guidelines because they are classified in the same category as light trucks, instead of with passenger cars .

Late last year, the Bush administration unveiled the first broad overhaul of mileage regulations for S.U.V.'s, pickup trucks and minivans since the rules were created in the 1970's. While new cars must average 27.5 miles a gallon, light trucks, including S.U.V.'s, must average 21.6 miles a gallon in 2006 models.

The administration's new system would take the single truck category and break it up into a number of smaller categories with varying requirements. Government officials predict that overall truck fuel economy will rise to 24 miles a gallon by 2011, though it will depend on the sales mix among S.U.V.'s and other trucks.

Automakers have said the new regulations are tough enough.

Jennifer Moore, a spokeswoman for the Ford Motor Company, referred to a previous company statement that commended the traffic safety agency for creating a new regulatory system that would "pose significant challenges" but also be "more equitable to every automaker."

An overdependence on sales of large S.U.V.'s like Hummers, Chevrolet Suburbans and Ford Explorers is seen as among the reasons General Motors and Ford, the last two American-owned automakers, are suffering steep losses and closing plants.

Environmentalists say the Bush administration's new truck fuel economy system will not do enough to curb oil consumption and adds uncertainty to a complex system already characterized by loopholes.

In setting the standards, the administration "looked high gas prices, oil addiction and global warming squarely in the eye and blinked," said Daniel Becker, the director of the global warming program at the Sierra Club.

The administration is, however, closing one loophole, an exemption that has left the largest S.U.V.'s, including the Hummer H2, outside the regulatory system.

But the administration's rules are considerably less daunting than new California global warming emissions regulations that would force steeper fuel economy increases on vehicles sold there. New York is planning to pass similar air-quality rules. The industry is challenging the state rules in court, and the administration has strongly opposed the movement by states to regulate global warming emissions.

Mr. Tyson, of the traffic safety agency, said many other factors were considered in addition to the price of gas, including "the ability of industry to be able to meet the standard."

"You can't propose something that's not technically feasible for them to achieve," he added.

Gas-price Surge Strains Oil-auto Pact (HILL)

By Jim Snyder

The Hill, May 2, 2006

The high price of gasoline and the growing call for congressional action are undermining the gentleman's agreement under which the oil and auto lobbies do not attack each other.

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Tyson Slocum, an energy specialist at Public Citizen, said the two lobbies have benefited from a "non-aggression pact." But as pressure mounts on Capitol Hill against the oil industry, which has been reporting huge profits, the truce may be ending, Slocum said.

"The oil industry is feeling lots of pressure," Slocum said. "They are not used to this. They want to break the détente," to shift some of that pressure to the auto industry.

Sources in both the oil and auto camps say there is no split yet. But several lobbyists acknowledged that tensions appear to be rising in a political environment where even some Republicans, long oil-industry allies, are calling for what the industry considers to be punitive measures.

One oil lobbyist said he and his colleagues have discussed more aggressively challenging the auto industry, which for years has fought increases in gasoline-mileage standards, known as corporate average fuel economy, or CAFE. In particular, some oil lobbyists say Detroit has pushed too hard for the development of alternative fuels, such as ethanol.

"The pile-on factor is pretty enormous at this point," the oil lobbyist said.

Dozens of bills have been introduced in recent weeks as gasoline prices have risen and angry motorists demand their members to act.

What makes oil lobbyists especially red in the face when discussing the auto industry is the recent embrace of E85, a fuel type that is 85 percent ethanol, which is made primarily from corn.

"If the oil industry learns that the autos are using political pressure to force E85 on the industry as a branded fuel with no liability, then, yes, we very much think it is fair play to raise CAFE standards," said Don Duncan, a lobbyist for ConocoPhillips.

Duncan said the two industries cooperate on the development of new fuels but the oil industry believes in general that E85 is not ready for widespread use. He said there is evidence that E85 can corrode a car's catalytic converters, for example. A gallon of E85 is also less efficient — it produces less energy — than a gallon of gasoline, he said.

Michelle Kautz, a spokeswoman for the National Ethanol Vehicle Coalition, said that there are no corrosion issues when E85 is used in a compatible car. Coalition members include ethanol producers and vehicle makers, according to its website.

She said the oil industry has not done enough to build the infrastructure necessary for the 6 million E85-compatible vehicles now on the road. Only 681 stations sell E85, Kautz said.

Duncan said he has heard that some auto lobbyists have urged the White House and Energy Department to put pressure on oil companies to build more infrastructure, namely gas stations, that offer alternative fuels. But overall, he said, he doesn't believe that auto executives are taking a position in opposition to his industry.

To the extent that there is a feud, oil lobbyists point to a blog entry posted by the vice president of communications for DaimlerChrysler's American division as the starting point. According to a story in The Wall Street Journal, the entry criticized oil companies for not doing enough to reduce the cost of gasoline.

An auto-industry source said oil companies fired the first shot, however, when ExxonMobil ran advertisements in newspapers that some saw as suggesting the auto industry was too reliant on large, gas guzzling sport utility vehicles.

The source said the oil industry has not developed the infrastructure to support alternative fuels, although executives say publicly that they support their development.

"It would be helpful if oil companies could identify what exactly they are doing on alternative fuels," the source said.

Oil-industry officials say they spend millions of dollars to develop new energy sources.

If tensions are rising in Washington, several lobbyists stressed that war hasn't been declared.

"The two big goliaths can tend toward canceling each other out and forcing [members of Congress] into having to take tough votes," one oil lobbyist said. "Because both sectors require a degree of cooperation in making each other's products commercially viable, there is no joy taken by either side in having to go to war."

The story is one of increasingly divergent fortunes.

Indicative of oil companies' good fortune recently, ExxonMobil reported $36 billion in profits last year, a record for an American company. In contrast, the U.S. auto industry is losing money and laying off workers.

One advantage domestic carmakers say they have is in the development of so-called "flex-fuel" vehicles that run on oil or ethanol or other alternative fuels, such as E85.

President Bush, meanwhile, has asked Congress to allow him to raise standards for fuel economy. That gives environmentalists and consumer advocates that have challenged both the auto and oil lobbies hope — as does rumors of frayed relations between the two.

States Find It Tough To Prove Gas Prices Illegal (USAT)

By James R. Healey And Matt Krantz

USA Today, May 2, 2006

Arizona's comprehensive investigation into that state's high fuel prices after Hurricane Katrina concludes that while there was “profiteering” at all levels of the oil industry, nothing illegal took place.

Washington's attorney general's office said in a report last week that its more recent investigation of today's high prices “has not found any evidence so far of illegal activity among gasoline retailers or producers in Washington.”

Together, the two reports show that it is hard for authorities to prove consumers are being ripped off even in times of extraordinary price increases.

Attorneys general in at least nine states, responding to outrage by their residents, are investigating whether current high gasoline prices are a result of wrongdoing by the petroleum industry, according to the National Association of Attorneys General.

Arizona's statewide average price is $3.022, still nearly 11 cents less than the record $3.131 shortly after Katrina, according to travel club AAA's daily survey.

Washington's average $3.011 Monday set a record for that state.

The attorney general in California, where the statewide average hit a record $3.251 a gallon Monday, says he will subpoena documents from the state's 21 refineries, including those operated by major oil companies ChevronTexaco, ExxonMobil and ConocoPhillips.

The attorney general's office said state data for 2006 show that crude oil prices have risen 14%, but the difference between what oil companies pay for crude oil and prices at the pump has soared 130%.

Gasoline is made from crude oil, which accounts for roughly 55% of the pump price for gasoline, the U.S. government says.

And Washington Attorney General Rob McKenna, in a statement about his investigation, said, “Gas prices are influenced by the basic laws of supply and demand.”

Energy-industry veterans wonder if such probes are misleading.

California's own Energy Commission, for instance, acknowledges in an explanation of fuel prices on its website: “Rumors and charges of collusion among the oil companies have been raised for decades with nothing ever proven.”

Charles Swanson, director of Ernst & Young's Energy Center, says, “Politicians can posture all they want, but there's nothing they can do to help.”

Some states have made price-gouging cases. Florida sued individual gas stations for overcharging after Katrina.

But Florida, unlike Arizona, has an anti-gouging law. It is in effect only when a state of emergency is declared. Florida was a hurricane target, making an emergency declaration logical.

Arizona's report, unveiled last week, says, “Profit margins realized by every segment of the oil industry were two or three times their normal margins.”

But the state has no law making that illegal, underscoring, the report says, the need for a federal price-gouging law.

The Federal Trade Commission is expected to deliver a report by May 22 that will say whether the agency found any price manipulation after Katrina.

Fuel Costs Ease But Could Climb Higher (USAT)

By James R. Healey

USA Today, May 2, 2006

Gasoline prices have stopped their spring-loaded daily leaps, but it's too soon to say the worst is over.

The numbers on the pump have declined slightly three consecutive days, to a nationwide average $2.919 a gallon Monday, according to travel club AAA. It's the first time that's happened since late March. But the March respite totaled just 0.8 of a cent over three days and turned out to be only a hiccup before prices zipped higher.

AAA warns that might happen again. "A few days of slight declines does not make a trend," spokesman Geoff Sundstrom cautions. "We may continue to see higher prices between now and Memorial Day."

That's the beginning of the warm-weather driving season, when gasoline consumption rises as Americans take more vacations and weekend trips.

A weekly report by the U.S. Energy Information Administration showed a U.S. average Monday identical to AAA's — $2.919 — up just 0.5 of a cent from a week ago. That's a big slowdown after four weeks of prices jumping an average 10.4 cents a gallon per week.

On one hand, it should be no surprise that prices are easing. U.S. gasoline supplies are ample. U.S. demand is a little soft. Refineries are mostly through with their routine maintenance and are cranking out generous amounts of gasoline.

But prices aren't down as far as they should be under those circumstances, energy veterans say. That's partly because petroleum products have become an investment instead of traders' best guess about the value of crude oil, gasoline and heating oil the next few months.

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"Money is flowing into direct or indirect purchases of oil futures as an inflation hedge. That flow sends futures higher, fueling more inflation, and then fueling more money into futures positions as an inflation hedge," says Tom Kloza, senior analyst at the Oil Price Information Service. Oil rose $1.82 to settle at $73.70 Monday.

Still, "We can put to rest some of the hyperbole — $3.50 average for gasoline, or $4-plus," he says.

Keeping upward pressure on prices:

· Hostility toward the U.S. in oil-producers Iran and Venezuela implies shortages at any minute.

· Indelible memories of disruptions caused by hurricanes in the Gulf of Mexico last year keep petroleum traders jumpy about supplies. That makes them willing to pay more for oil and for the gasoline made from it.

"We're heading into the peak demand season and the potential for refinery outages" from hurricanes, cautions Thomas Bentz, senior energy analyst at BNP Paribas, a big investment bank.

The U.S. Minerals Management Service in its latest report, April 19, said that 22.3% of Gulf oil output still hadn't restarted after hurricane damage last year. The MMS plans to update that number Wednesday.

Ex-CIA Chief: Oil Key To U.S. Security (PTR)

By Jason Cato

Pittsburgh Tribune-Review, May 2, 2006

Think gas prices are bad now?

Imagine another terrorist attack -- especially one on Saudi Arabian oil refineries, former CIA Director R. James Woolsey said Monday during a visit to Pittsburgh.

If terrorists took out the sulfur-cleaning towers in northeastern Saudi Arabia, as described in the beginning of Robert Baer's book, "Sleeping With the Devil," crude oil prices could easily top $150 a barrel and stay there for more than a year, Woolsey said.

A barrel of oil sold for about $73 yesterday, with gas prices in the United States hovering around $3 a gallon.

Most Americans don't want to think about paying double that.

They also don't want to think about where some of the money goes when they buy gasoline -- to groups that threaten the U.S., Woolsey said. And it's not just terrorists, but established Middle Eastern regimes that restrict women's rights, have poor education systems and fail to invest in their societies.

"If you want to see who's paying for all that, next time you pull in to fill up, turn the rearview mirror a little bit so you can look at yourself for a minute as you get out with your credit card," Woolsey said during a meeting with reporters and editors of the Pittsburgh Tribune-Review.

One way to beat that -- and hit Islamic extremists in the pocketbook -- is for Americans to start using renewable fuel, Woolsey said. That includes ethanol and biofuels as alternatives to gas and diesel.

In the U.S., ethanol is mostly made from corn and biodiesel from vegetable oil. Both are mixed with gasoline or diesel.

Neither is widely produced or used now, but could be in coming years -- in part because of skyrocketing gas costs.

"We're a few years off, but it's on the horizon," said Greg Boulos, of Steel City Biofuels, who sees alternative fuels as a way to bolster local economies while also curbing U.S. dependency on foreign oil. "At this point, though, alternative fuels are more expensive than gas."

That will change.

By 2020, the National Commission on Energy Policy says it will cost less than 80 cents a gallon to produce cellulosic ethanol.

In addition to alternative fuels, Woolsey also advocates fuel-efficient vehicles and technological advances to build cars and trucks out of lighter carbon composites -- all in an effort to use less oil.

Buying less foreign oil will make the United States more secure, Woolsey said, by providing less money to Middle Eastern groups -- particularly radical Islamists.

Continued dependency on foreign oil could pose problems if future Middle Eastern regimes are not as cooperative, such as Osama bin Laden's assertion that he would cut Saudi oil production if he were in charge. It's possible other countries also could restrict the flow of oil to the U.S., Woolsey said.

That's the tactic Woolsey said he would use against Iran, which is shrugging off international concerns about its nuclear ambitions.

Iran produces about 4 million barrels of oil a day, most of which it exports. The country imports nearly all of its refined petroleum products -- such as gasoline and diesel fuel -- from Europe and India.

"And I think the thing that would bring the Iranian government and economy to its knees, quite quickly, would not be a cut-off of their exports of unrefined petroleum (but to ban) their imports of refined petroleum products," Woolsey said.

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Short of sweeping technological and fuel changes, lawmakers in Washington, D.C., have become focused on more short-term answers to high gasoline prices.

Sen. Edward Kennedy, D-Mass., said President Bush should drill oil companies until "outrageous profits are returned to working Americans" and have the Federal Trade Commission report on price-fixing and gouging.

"They ought to be working seven days a week to make sure that we know exactly who is price-gouging," Kennedy said. "Congress also needs to pass an excess profits tax that will return revenue to working families -- this is not the time for greed."

The U.S. oil industry has been peppered with bad press in recent weeks for posting huge first-quarter profits.

Bush has resisted any call for a windfall profits tax.

Senate Majority Leader Bill Frist, R-Tenn., has called for more homegrown oil.

"Consumers are feeling pain at the pump, and Republicans are moving aggressively to address their concerns," he said. "We must reduce our dependence on foreign oil by increasing domestic exploration, improving our energy infrastructure and continuing to encourage conservation."

Frist also supports giving taxpayers a gas refund check.

Woolsey said that isn't enough. The country's gas woes need long-range solutions, he said.

"Rather than mailing everyone $100, we ought to do something to fix it," Woolsey said.

Frist Could Offer Bill To Resolve DRA Lawsuit (RC)

By Jennifer Yachnin

Roll Call, May 2, 2006

Senate Majority Leader Bill Frist (R-Tenn.) is considering legislative options to end an ongoing a dispute over Medicare payments to a group of Tennessee hospitals, in the process potentially shelving what could be the first test of the 2005 budget reconciliation act's constitutionality.

"Frist is working with [Finance] Chairman [Chuck] Grassley [R-Iowa] to explore legislative options," said a Frist aide, adding Monday afternoon that a proposal was not "imminent."

"This is a complex change legislatively," the aide said.

According to documents filed in the U.S. District Court for the District of Columbia, the lawsuit, Cookeville Regional Medical Center v. Thompson, centers on a disagreement over how certain Medicare payments should be calculated.

In late January, a federal judge found in favor of the hospitals, which had filed the suit in 2004, and awarded the institutions an increase in payments worth up to $100 million.

But less than two weeks later, the Health and Human Services Department and its Centers for Medicare & Medicaid Services filed a motion to overturn that decision, citing a provision in the Deficit Reduction Act signed into law that month.

The appeal raised the ire of Tennessee's 11 Members, who criticized the move in a March 10 letter to Attorney General Alberto Gonzales and HHS Secretary Michael Leavitt.

In that letter, the lawmakers, including Frist, asserted the provision cited in the appeal was drafted at the recommendation of the Centers for Medicare & Medicaid Services to clarify the policy that sparked the original dispute.

In the meantime, however, attorneys for the hospitals have responded to the appeal, asserting that not only is the law inapplicable to the case, but also that the DRA fails to meet constitutional standards.

In court documents, the hospitals' attorneys note that although both chambers voted in favor of the act in December 2005, a technical error inserted by a Senate clerk resulted in the House and Senate approving different bills.

Because the House did not approve the exact version signed by President Bush, the response states, the act fails to meet the Constitution's bicameral clause.

(The mistake impacts the duration of Medicare payments for medical equipment, including hospital beds and wheelchairs.)

While at least four other challenges to the law's constitutionality have been filed in federal court — including a lawsuit filed Friday by 11 senior House Democrats — the Cookeville case could produce the first ruling on the law's validity because it is already under way.

According to court documents, Justice Department attorneys are slated to file a response in the case Wednesday. Although initially required to file April 7, the department received two extensions from the court.

It remains unclear exactly how Congressional legislation could impact progress in the case. A spokesman with the Justice Department's Civil Division declined to comment.

GOP To Focus On Spending (RC)

By Erin P. Billings

Roll Call, May 2, 2006

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Feeling increasing heat from their base for living too high on the hog, Republican Senators are putting in place an election-year strategy to try to reclaim the fiscal discipline brand that helped the GOP win and maintain its majority for more than a decade.

Sources within the Republican Conference say that the leadership plans to make federal spending a major piece of its 2006 campaign. Those sources say there is a widespread acknowledgement that a wake-up call on spending is overdue and that the party must start pushing forth initiatives and a message to show voters it is serious about getting the federal government in the black.

"People are pissed off about high gas prices, a potential immigration snafu — there are a cluster of problems," said a Republican leadership aide. "It's something that's a big issue for the base, and they are very annoyed."

"After border security, it's probably the second most important issue right now," another GOP staffer said. "People are fed up."

GOP Senators and aides said that to make their case, the majority will spend the coming months holding numerous press events on federal spending, the budget and earmarks. Republicans also plan to push for Senate passage of a line-item veto and possibly revisit the issue of a two-year appropriations process.

With fiscal discipline squarely on the GOP must-do list, several Republican Congressional sources also said that the Senate is already sending signals to the House Republican leadership that, except for Defense and Homeland Security, consideration of the fiscal 2007 appropriations bills likely will be pushed off until after the November elections.

The reason, several GOP aides said, is that the other spending bills would only fracture the GOP and provide Democrats with ammunition to use in a hotly contested campaign.

Sen. John McCain (R-Ariz.), a potential 2008 presidential hopeful and a leading proponent of earmark reform, said the GOP must act now to put its money where its mouth is on reining in federal spending. He said if Republicans fail to do that, it will hurt them at the ballot box.

"I think it's vital" to victory in 2006, McCain said. "Our base is committed to the concept of fiscal discipline and has been alienated. It's not that they are going to vote Democrat, but they may stay home."

McCain cited a recent NBC-Wall Street Journal poll that showed that 39 percent of respondents said banning earmarks was the most important job for Congress to finish before it adjourns for the Memorial Day recess. That was the highest level of support among the proposals offered, beating out immigration reform at 32 percent and extending President Bush's tax cuts at 10 percent.

The first outward sign of the new GOP offensive came last week when Senate Majority Leader Bill Frist (R-Tenn.) won a sought-after veto threat from Bush over the cost of the pending supplemental appropriations for Iraq and Hurricane Katrina. Frist tried to reinforce the message of GOP fiscal responsibility by following up the veto warning with a letter signed by 34 of his GOP colleagues backing the president.

Republicans then tried once more to press their anti-excessive spending campaign when, in an extremely rare if not unprecedented vote, Senators eliminated a $15 million earmark in the supplemental for a seafood-promotion program for Gulf Coast fishing interests.

"There's a lot of pressure up here to spend more, and not as much pressure to spend less," said Sen. Lamar Alexander (R-Tenn.). "It's important for Republicans to talk about fiscal discipline not only in an election year, but every year."

A Republican Senate aide said that the recent GOP fiscal strategy has "been percolating" for several weeks, beginning in February after Bush presented his fiscal 2007 budget proposal to Congress. Republican Senators — led by Frist, Jon Kyl (Ariz.) and Rick Santorum (Pa.) — are continuing to discuss how best to press their case through November.

"Talks are literally going on as we speak as to what our initiatives will be come early summer and early fall," this staffer said.

Sen. Sam Brownback (R-Kan.), a leading fiscal conservative, said that Republicans have been, and will continue to be, more vocal on spending, not only because it is an important issue for voters but also because the GOP must get its fiscal house in order. He said that natural disasters and other catastrophes aside, Republicans have gone too far in pushing pet programs that aren't essential.

"People are disappointed in Republican governance" on fiscal issues, and the party must regain their trust, Brownback said. While he doesn't believe Democrats have much credibility on that issue, Republicans cannot take anything for granted.

Asked whether Republicans will be victorious come Election Day, Brownback said: "Yes, if we reclaim the topic; no, if we don't listen. It's important we do something."

The Democrats have spent the better part of two cycles trying to convince the electorate that their party would be better stewards of taxpayer dollars than the Republicans, often citing the zeroing-out of the federal budget, which occurred on then-President Bill Clinton's watch.

Voters, they say, are tired of Republican policies they say favor the rich and strap the middle class.

"They are a day late and a dollar short — no pun intended," said Jim Manley, spokesman for Minority Leader Harry Reid (D-Nev.). "They've had five and a half years to govern this country. It's time for a change."

Manley said Republicans "find themselves between a rock and a hard place" in trying to negotiate fiscal discipline in a party divided by "moderates who support modest increases in spending and the fiscal conservatives who want to slash spending programs to the bone."

To remain unified on the subject, Republicans say they may have to focus Members' attention to the polling results and the looming election to drive home their case. It also doesn't hurt, they say, to have fiscal conservatives such as McCain and Brownback keeping the Conference on focus.

Some Republican hardliners blame those moderates and their own appropriators, who are charged with determining fiscal spending priorities, for letting spending get out of hand in recent years. They also allege it is appropriators who have gotten too gluttonous with "pork barrel" projects and earmarks — one of the very issues they hope to address this year.

But one GOP appropriations aide countered that "the blame is being misplaced," arguing that the current House and Senate Republican chairmen "are as committed to fiscal restraint as any ever have been."

"The growth in federal spending over the past decade can be blamed chiefly on entitlement programs and other mandatory spending that the Appropriations committees have no control over," the staffer said.

Republicans widely acknowledge that the party lost focus on hard-line budgeting in the wake of the Sept. 11, 2001, terrorist attacks, and that has only increased since the war in Iraq began and Hurricane Katrina hit the Gulf Coast. Those unexpected and costly endeavors necessarily put a pinch on fiscal restraint, they say — but now it's time to come back to reality.

"We're right on time to do something now, because no one is really paying attention yet," said one Republican aide. "There's still time between now and August to re-brand ourselves as the party of fiscal responsibility."

Bold Bid To Cut 'Pork' In Congress (CSM)

By Gail Russell Chaddock

The Christian Science Monitor, May 2, 2006

WASHINGTON - If Congress gets into funding local projects, there will be no end to it, and it might be "productive of evil."

So warned President James Monroe in 1822. Since then, members of Congress have siphoned off billions in federal tax dollars for their own projects, or, some say, "pork." Previous bids to limit or end this practice of earmarks have proven as doable as nudging a spring chick back into its egg.

But this week, Congress is on track for its boldest step yet. The reason? Republicans are increasingly anxious about this fall's elections, and, with gas prices soaring, the public is paying attention to waste and corruption in Washington.

Higher gas prices are "making the public more conscious of waste and corruption," says Ross Baker, a political scientist at Rutgers University in New Brunswick, N.J.

Americans in a recent poll said that ending earmarks should be the No. 1 priority for Congress this session, according to an NBC News/Wall Street Journal poll released last week. Thirty-nine percent said that members should be prohibited from "directing federal funds to specific projects benefiting only certain constituents."

In the House, still reeling from the scandals involving former lobbyist Jack Abramoff and ex-Rep. Randy "Duke" Cunningham, Republican leaders are pushing for the disclosure of the names of members who propose earmarks and are seeking a process to remove them. Standoff over spending

It's an issue that roils those on spending committees, who nearly derailed the GOP lobby reform bill over the issue of earmark reform. Under pressure from House leaders, the appropriators caved, on condition that earmark reform be extended to taxwriting committees as well.

"It's our only chance to maintain the majority. It really is," said Rep. Jeff Flake (R) of Arizona, a lead sponsor of earmark reform, after the vote.

In the Senate, the fight is over reining in spending. In a political move only used once before in the US Senate, freshman Sen. Tom Coburn (R) of Oklahoma is forcing his colleagues this week to vote on individual pork projects attached to a $106.5 billion emergency defense bill.

He lost the first round, barely. His effort to drop the so-called railroad to nowhere, a $700 million project to relocate a recently repaired railway line away from the Gulf Coast, was heading toward success. But Sen. Trent Lott (R) of Mississippi, one of the project's chief promoters, armed himself with charts and photos of the Gulf Coast and made a last-minute, personal appeal to GOP moderates and saved the railroad funding, 49-48.

But, in a move that stunned the chamber, Senator Coburn won his next bid to remove a $15 million earmark for a Gulf seafood ad campaign. "I guess Senator Coburn is the new Miss Congeniality," said Sen. John McCain (R) of Arizona, a

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reference to the heat one takes from peers for opposing pork projects. "I hope we can pry some more pork out of it," he added. Every zero counts

This week, the Oklahoma freshman is going after 17 other earmarks, amounting to $2,680,145,000. (Unlike most other senators, Coburn doesn't round big numbers: Every zero counts.) These include $100,000 for a drivers' license facility in Georgia, $500 million to cover business disruption expenses for Northrop Grumman, and $20 million for a study of shrimp and reef fishery profitability.

"Hurricane Katrina should not be an excuse for corporate welfare," Coburn wrote to his colleagues last week.

Until the 1900s, earmarks were rarely used on Capitol Hill. In 1987, President Reagan vetoed a highway bill because it had targeted funds for member demonstration projects. In 1988, the Office of Management and Budget (OMB) issued a report showing all unauthorized projects, or member earmarks, in that year's appropriations bills.

"Lawmakers told OMB that if they ever did it again, they would cut their budget," says Tom Schatz, president of Citizens Against Government Waste, which has published a list of earmarks since 1991.

Other budget-cutting groups hail a new mood on Capitol Hill. "Pigs are going to start flying," says Ed Frank, a spokesman for the Ending Earmarks Express, a project of the conservative Americans for Prosperity Foundation. "The voice of the taxpayers is finally being heard in Congress."

Still, the Senate version of lobby reform falls short of the House proposal. It provides a process to eliminate earmarks that were added late in the legislative process, but does not require lawmakers to disclose their sponsorship of earmarks.

Anti-Spending Senators Skeptical Of Frist Plan (RC)

By John Stanton

Roll Call, May 2, 2006

The Senate will wrap up its short-lived debate over the growing use of supplemental appropriations bills as a vehicle for pork-barrel spending midweek, as the chamber is expected to approve a fiscal 2006 supplemental package by Wednesday that includes most of the nearly $14 billion in controversial earmarks that touched the fight last week.

With appropriators angered and bruised from a week of harsh attacks from conservatives and the White House, the decision by Senate Majority Leader Bill Frist (R-Tenn.) to limit debate on the bill will test the ability of GOP leaders and the White House to impose their will on the chamber's notoriously territorial appropriators.

Frist filed cloture on the bill last Thursday, essentially limiting reformers' opportunities to whittle away at the bill's price tag by forcing a series of politically embarrassing votes on 17 controversial earmarks challenged by Sen. Tom Coburn (R-Okla.).

Although at press time Republicans were still working out the details of which amendments to the bill would be considered, a GOP leadership aide indicated that Coburn would not get a floor vote on all of his amendments.

While Coburn and Sens. John McCain (R-Ariz.), Lindsey Graham (R-S.C.) and John Ensign (R-Nev.) had hoped to spend several days debating and voting on a list of 19 earmarks, only two of the provisions made it to a floor vote. Coburn and other reformers had argued both privately and publicly that the best way to cut the bill's price tag was during Senate floor consideration of the bill, since members of the House and Senate Appropriations committees would likely protect the extra spending.

But leadership aides indicated that Frist was comfortable approving the committee-passed bill largely intact, arguing that in addition to a White House veto threat and opposition from Senate leaders, Senate conference negotiators would face resistance from the House leadership as well, since they passed a bill that essentially reflected President Bush's original request.

But reformers reject that argument as foolish at best and, at worst, an indication that, in McCain's words, someone "has been smoking something stronger than I ever inhaled."

In fact, even in the best of times, imposing leadership's will on appropriators has proved to be a difficult task, often requiring the full attention of Frist, Speaker Dennis Hastert (R-Ill.) and former House Majority Leader Tom DeLay (R-Texas) to keep spending bills within the leadership's designated limits.

But with House Majority Leader John Boehner (R-Ohio) still solidifying control of the GOP Conference and Frist straining to control a fractured Senate, that task will prove significantly more difficult, particularly since the earmarks are written in such a way as to appeal to a broad swath of lawmakers. Appropriators in the House have also been emboldened by their recent successful stare-down with leadership over the budget and their near-win on lobbying reform, which the House will finally take up this week.

Finishing the supplemental this week clears the decks in the Senate for the chamber to take up the tax reconciliation conference report, which has itself become a target for its own brand of earmarks and financial breaks for the energy industry, among other interests.

Meanwhile, this week's expected approval of the ethics overhaul in the House sets up the bill's next major hurdle, as Senate Democrats maneuver to defeat a provision targeting 527 groups that House Republicans reinserted into their version of

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the measure. If that provision survives the House-Senate conference, Senate Democrats could filibuster the conference report, or the bill itself, using as cover the argument that the bill is too light on reform.

The chamber will also tackle a pair of hastily scheduled energy bills — one sponsored by Rep. Heather Wilson (R-N.M.) that would strengthen laws against price gouging, and another by Energy and Commerce Chairman Joe Barton (R-Texas) and Rep. Charles Bass (R-N.H.) that is designed to increase oil refining capacity.

Rounding out the week, the House will take up a bipartisan port security bill authored by California Reps. Dan Lungren (R) and Jane Harman (D).

Hog-Tied (WSJ)

The Wall Street Journal, May 2, 2006

In the eternal battle against Congressional pork-barrel, we'll take even modest victories wherever we can find them. Following a bruising 12-round, behind-the-scenes prize fight last week between new House Majority Leader John Boehner and Appropriations Chairman Jerry Lewis, Mr. Boehner won on a technical knockout.

Heeding fiscal conservatives for a change, Mr. Boehner and fellow House GOP leaders wanted to attach budget changes to an otherwise useless lobbying-reform bill. These columns recently memorialized Mr. Lewis as the "Minority Maker" for his opposition to spending controls.

And sure enough, Mr. Lewis threatened to bring the whole lobbying bill down on the House floor with the help of most of his 36 fellow GOP appropriators, including a threat to bar money for projects in the districts of Members who dared support the bill. But Mr. Lewis backed down at the last moment, lest he and his big-spending mates be blamed for another embarrassing Republican defeat.

The House proceeded to vote 216-207 for budget rule changes that for the first time in many years limit the power of the College of Cardinals who run Appropriations to pass out tax dollars. The changes include reforms that should help repel some of the worst spending abuses, in particular the proliferation of Member-supported earmarks -- 2,600 in the 2006 Defense Appropriations bill alone and 6,371 in last year's highway bill -- that have been such a GOP embarrassment, such as Alaska's famous "Bridge to Nowhere."

Jeff Flake of Arizona, a lead sponsor of the earmark reform, says a major goal is transparency. From now on Members of Congress will have to put their John Hancocks next to the slabs of bacon they slip into big spending bills. Another reform will force up or down votes in the House on line-item pork projects if they are added during conference negotiations. The Nielsen ratings for CSPAN are going to explode. OK, maybe not, but it's a start.

Speaking of votes on pork, there was a related victory last week against white-elephant projects in the Senate. Republican Tom Coburn of Oklahoma forced a series of floor votes on parochial projects in Iraq supplemental spending that is already $14 billion above President Bush's request. Alas, a $700 million Mississippi railroad project survived by one vote. But Mr. Coburn did prevail on a vote to strip $15 million in subsidies to the seafood industry. Mississippi Senator Trent Lott said he's getting "damn tired" of Mr. Coburn and his fellow troublemakers, so they must be doing something right.

That $15 million is nickel-and-dime stuff by Washington standards -- about what Congress spends every 12 minutes. Still, you've got to crawl before you walk. And it sure is refreshing to see the Appropriators, so famous for bullying the Congressional leadership, lose a couple for a change. Taxpayers can only hope there are more such votes to come.

Appropriations Chair Not Afraid To Stand Apart From House GOP (WP)

By Jonathan Weisman

The Washington Post, May 2, 2006

As House Republicans' unity frays in a difficult election year, House Appropriations Committee Chairman Jerry Lewis (R-Calif.) and his expansive 66-member panel are challenging the GOP leadership and Republican conservatives.

Twice last month, Lewis and his committee nearly derailed high-profile legislation, first forcing GOP leaders to pull their 2007 budget blueprint from House debate and then bringing consideration of a major lobbying and ethics bill to a halt Thursday. Only after House Speaker J. Dennis Hastert (R-Ill.) pleaded, saying that his reputation was at stake, did committee members allow the lobbying bill to proceed to a vote, now scheduled for tomorrow.

Those actions are underscoring a political truism often uttered by Sen. John McCain (R-Ariz.): Congress has three political parties -- Republicans, Democrats and appropriators. Traditionally, the appropriations committees in both chambers of Congress have operated with bipartisan comity and an independent streak. GOP leaders tried to rein them in after the Republican takeover in 1994, but Lewis in recent weeks has emerged as a force, reasserting his panel's independence.

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"We are getting more authoritative," said Rep. Mike Simpson (R-Idaho), an Appropriations Committee member who behind closed doors spoke vociferously against the lobbying bill, which he thought unfairly singled out the panel. "We are standing up for our turf."

Lewis, elected to the House in 1978, once used his background as a lifeguard to save former House speaker Jim Wright (D-Tex.) as he flailed off the shores of Hawaii. And the insurance salesman-turned-California pol has been reaching out to the other party ever since, so much so that in 1992, conservatives allied with then-Rep. Newt Gingrich (R-Ga.) derailed Lewis's rise through the House leadership. That left him to build his power through the Appropriations Committee.

Lewis assumed the committee chairmanship in 2005 with the Republican leadership's blessing, after a brutal competition with two other Appropriations subcommittee chairmen, Reps. Harold Rogers (R-Ky.) and Ralph Regula (R-Ohio). But if GOP leaders expected a more docile committee, they have been taken by surprise -- so much so that some House conservatives have been calling for Lewis to be replaced.

Lewis's leadership first came into focus early last month, when he balked at a 2007 budget plan that would have restricted his committee's ability to pass emergency spending bills in response to natural disasters by limiting annual emergency bills and funding them through a designated rainy-day fund. That budget plan remains in limbo.

But the issue of the committee's conduct came to a head last week when the panel refused to accept provisions in the lobbying bill to restrict the number of earmarks -- narrowly tailored measures to fund home-district projects. Appropriators have guarded their earmarking prerogative for years, generously funding their own districts while doling out favors to House members off the committee.

Under the lobbying bill, such measures and their sponsors would have to be clearly delineated in legislation. Opponents would be granted new power to strip such earmarks from legislation, even if it meant bringing down an entire bill deemed excessively larded with pet projects.

Appropriators first said that the provisions were unnecessary and would tie the House in knots, handing Democrats a cudgel to hit Republicans with. Then they said that if earmarks are to be targeted in the 11 annual appropriations bills that fund the government, it should be done in tax measures and "authorization" bills, such as last year's huge highway bill that funded Alaska's "Bridge to Nowhere."

Conservatives, such as Rep. Mike Pence (Ind.), said that Lewis had no real desire to spread earmark reform. By applying earmark limits to the bills of the Ways and Means and Transportation committees, they said, Lewis hoped those committees' chairmen, Reps. Bill Thomas (R-Calif.) and Don Young (R-Alaska), would join the effort to scuttle the earmark measures.

Most panel members denied that charge, but Simpson conceded the point to a degree.

"Are there people who still don't like what's happening in terms of earmark reform? Yeah," he said. "And some probably did think Don Young and Bill Thomas would say, 'No, no, no, no,' and kill it altogether."

But most committee members, including Lewis, really thought that spreading the earmark limits was a matter of fairness, Simpson said. In fact, several members who are also on the House leadership's team of vote counters said they were prepared to give up their spots on the "whip" team to vote against the leadership.

"I had the decision, 'Am I a member of the leadership as a whip, or am I an appropriator?' " said Rep. Kay Granger (R-Tex.), who ultimately backed Lewis. "Well, I'm both, and I worked hard to get on the committee."

To panel members, what happened last week was a clear triumph for Lewis. During a closed meeting Thursday afternoon, Hastert and House Majority Leader John A. Boehner (R-Ohio) assured members that no final lobbying bill would reach the floor unless its restrictions on earmarking applied to all committees. Boehner said, "There will be no bill, there will be no bill, there will be no bill."

Then Hastert made his appeal, according to GOP aides who were present. He wants his legacy to be a unified, effective Republican conference. The popular speaker is expected to retire in 2008, and Hastert said he needed members' help to preserve his reputation.

Rep. Rodney Alexander (La.), who was elected in 2002 as a Democrat and switched parties two years later, said he believes in Republican principles and does not want to see his party break apart. One member asked Hastert if it is true that momentum is building to unseat Lewis from his chairmanship. Hastert assured the group that Lewis is safe. The committee then moved to back the speaker.

"This was a spontaneous, grass-roots reaction of the entire committee to demand full-scale earmark reform to apply to all committees," said Rep. John A. Culberson (R-Tex.). "And we won."

Budget-Cutting Endangers Indian Clinics (LAT)

By Sam Howe Verhovek

The Los Angeles Times, May 2, 2006

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HELENA, Mont. — Karen Jester went to a local emergency room several years ago with complications from diabetes. When the doctor asked what the trouble was, she began by saying she had heard her late grandfather talking to her that day.

"They thought I was crazy, of course," recalled Jester, 46, an Assiniboine Indian. "They said: 'We think you're depressed. Here are some pills.' "

Jester recalled the incident as a cultural clash: To her, it was natural to invoke the spirit of an elder in describing her condition. It is just the sort of thing she feels comfortable expressing at the Leo Pocha Clinic, a federally financed Indian health clinic, where Jester comes regularly to manage her illness.

The clinic is one of five such facilities in Montana and 34 across the nation intended to serve about 70% of American Indians who live in urban areas, not on a tribal reservation.

But in a budget-cutting proposal that has set off protests and indignation among Indians from Los Angeles to New York and several smaller cities in between, the Bush administration has proposed eliminating funds for these clinics, which served about 106,000 Indians last year.

Under the plan, Native Americans in urban areas would use the already overburdened municipal clinics, hospitals and other health services that most Americans use — and that many Indians say have no concept of their traditional forms of care and healing, which are often used in tandem with modern healthcare.

Alternatively, under the plan, urban Indians could go to federally funded clinics on the reservation of the tribe to which they are registered. For many Indians, some of whom left those reservations because of crushing poverty and a lack of jobs, the latter option smacks of insult.

"They're basically saying, 'Go back to the Rez,' " said Donald L. Clayborn, executive director of the Helena Indian Alliance, which runs the clinic here. "There is an absolute sense of frustration over that message. They are trying to balance the budget on the backs of some of the poorest people in the nation."

Federal budget officials deny that is the case, arguing that the $33-million subsidy for the inner-city clinics provides an unnecessary duplication of services.

"Unlike Indian people living in isolated rural areas," President Bush's budget proposal says, "urban Indians can receive healthcare through a wide variety of federal, state and local providers."

If the cuts are adopted by Congress, at least half of the 34 clinics would face sudden closure, while the rest would have to curtail services, said Greg Fine of the National Council of Urban Indian Health, a nonprofit alliance in Washington.

Eight of the targeted clinics are in California, including United American Indian Involvement in downtown Los Angeles, near Good Samaritan Hospital; the San Diego American Indian Health Center; and American Indian Health & Services Corp. in Santa Barbara.

"In our clinic, we do have that real sense of being in an Indian environment," said David Rambeau, executive director of L.A.'s United American Indian Involvement, which has served about 15,000 Indians with medical problems over the last decade and receives about $800,000 in annual federal subsidies.

"If a person is diabetic, we not only give them pills, we deal with their emotional part, we deal with the spiritual part," said Rambeau, a Paiute Indian. "That is definitely part of our program; that is what would be lost if Indian-oriented clinics have to close."

Here in Helena, the state capital, the Pocha Clinic clearly has more than just a medical function: It is something of a community center built around a clinic, with a food pantry, an after-school program for children to learn about Indian heritage, and meetings for Indians dealing with substance abuse. Indian quilts, buffalo hides and other decorations line the hallways in the small building along Last Chance Gulch, a downtown thoroughfare whose name dates to Helena's 19th century mining history.

"When you're Native American, it's honestly not that easy to express yourself, especially in a crowded place like a hospital," said Julie Gardipee-Chriske, 49, a Chippewa Cree Indian who deals with chronic pain from diabetes and persistent swelling, welts and cracking in her legs.

"If I lose this place, I'm someone that will probably die," said Gardipee-Chriske, a former tribal liaison with the U.S. Forest Service, explaining that she wouldn't go to an emergency room unless she felt horribly sick or someone took her there by force.

Jester, the Assiniboine Indian, left her reservation and took a seven-hour bus ride to Helena when she was 15 and pregnant. She was desperate to find work and a more hopeful place to raise her son, Jester said.

She found work as a cook and a home health aide, but still felt she was living as "a stranger in a strange land." Here at the clinic, she said, she has not only regained some of her health but has found a way to reconnect with her Indian identity.

"It would be insanity to close a place such as this," Jester said. "It would be like taking a knife to the Indian community."

Directors at the four other clinics in Montana — in Butte, Billings, Missoula and Great Falls — said they worried that their patients would be swallowed up or ignored by the non-Indian health system.

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Indians suffer disproportionately from diabetes, obesity, tuberculosis and alcoholism, said Marjorie Bear Don't Walk, executive director of the Indian Health Board, which operates the clinic in Billings.

"A lot of our work is targeted at preventing these very problems," Bear Don't Walk said. "We have helped a lot of people, but these are the very people we worry about now, the kind of people who could disappear into the system, or perhaps maybe never even make it into the system at all."

Opponents See GOP Win (HILL)

By Josephine Hearn And Elana Schor

The Hill, May 2, 2006

Opponents of the House GOP leadership's upcoming lobbying and ethics reform bill were pessimistic yesterday that they could defeat it, noting that increased support among Democrats would likely offset any erosion of enthusiasm in the Republican ranks.

Republican leaders narrowly won a vote last week on a closed rule to bring the reform measure to the floor. The outcome of that vote signified that GOP leaders would face a tough, but not hopeless, battle to muster the votes to pass the lobbying reform measure itself this week.

Some Democrats are expected to break ranks tomorrow to vote for the bill itself, especially if they face competitive reelection races.

"Some members just want to take this issue off the table," a Democratic aide said. "They don't want to have to explain that they voted against this bill because they wanted a stronger bill."

Fewer than 10 Democrats are expected to cross over tomorrow, but it could be enough to eke out a victory.

A spokeswoman for House Democratic Whip Steny Hoyer (D-Md.), who has been aggressively whipping against the bill, said Democrats would be "overwhelmingly unified" on the vote.

Meanwhile, on the Republican side, support is in flux. The 12 members who voted against the rule last week could change their votes, while others who voted for the rule may now indicate their disapproval.

Many Republicans voted against the rule to protest the idea of having a closed rule, which limits debate and amendments, on a reform measure.

"While the bill has many positive reforms, members should have an opportunity to offer additional amendments. Congress needs to have a full and open debate on meaningful reforms," Rep. Steve Chabot (R-Ohio) said in a statement.

A Chabot spokesman said the congressman was still undecided on the bill itself.

A spokesman for Rep. Mark Green (R-Wis.), who also voted against the rule on the grounds that it didn't allow additional amendments, was similarly undecided.

"It's going to depend on what's in there," the spokesman said.

A reform advocate at watchdog group Public Citizen, which has called the bill a sham and urged members to vote against it, was disappointed that some Republicans would vote against the rule and then leave open the possibility of backing the measure itself.

"It seems like 12 might be the upper limit," said Public Citizen's Craig Holman. "We only got 12 on the rule, and that was seen as the easier vote for us because some members saw it as undemocratic."

The group issued a scathing statement yesterday calling the bill a "mockery of the lobbying-reform drive."

Some Republicans, such as Reps. Walter Jones (N.C.) and Joel Hefley (Colo.), were likely to stick with their no votes.

"I think we should have a full debate allowing amendments on the floor in open rules," Jones said. "I don't think this bill goes nearly as far as it should to win back the public trust."

Attendance is likely to play a key role in tomorrow's vote. Ten members were absent for the rule vote last week.

Rep. Solomon Ortiz (D-Texas), who missed the vote to visit an ill family member in Texas, is undecided, according to his spokeswoman, Cathy Travis. "He is still deliberating."

Rep. Ron Paul (R-Texas), a second absentee, is similarly undecided, said his spokesman, Jeff Deist.

A spokeswoman for Rep. Earl Blumenauer (D-Ore.), another absentee, said her boss would stick with his party and vote no tomorrow.

Meanwhile, Rep. Lane Evans (D-Ill.) has been ill and will miss tomorrow's vote.

Rep. Chaka Fattah (D-Pa.) had "an official leave of absence" last week and plans to oppose the bill this week, his spokesman said.

Outside the Beltway, Rep. Heather Wilson (R-N.M.) is taking heat from Democratic challenger Patsy Madrid, the state attorney general, for voting in favor of the rule Thursday after publicly calling for stronger ethics enforcement in the legislation.

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In March, Wilson signed on to a proposal by Rep. Christopher Shays (R-Conn.) for an independent Office of Public Integrity to police lawmakers and lobbyists for ethics violations. Wilson, Shays and Rep. Marty Meehan (D-Mass.) unsuccessfully pushed for a floor vote on the public-integrity plan as an amendment to Republican leaders' lobbying overhaul, but Wilson ultimately voted for the rule on the reform bill even as Shays and other GOP centrists cast a protest vote against it.

Madrid's campaign has hammered Wilson on ethics issues, prompting the fifth-term incumbent to return $10,000 of the $47,000 she received from the PAC of former House Majority Leader Tom DeLay (R-Texas). Madrid's communications director, Heather Brewer, seized on Wilson's vote for the rule as an abdication of her support for the public-integrity office.

"She stood with Chris Shays and got media attention here for doing that. At the end of the day, where's the accountability?" Brewer said. "She makes a big splash over issues she thinks are going to resonate with voters and then doesn't follow up."

Wilson's office did not return a request for comment on whether her vote in favor of the rule on the lobbying bill signaled her support for the overall package, which is scheduled for a floor vote tomorrow.

In a statement released March 30, Wilson said: "The House reform bill must include the creation of a third-party ethics council," reiterating her support for the Office of Public Integrity.

Civil Service Steps Up Recruitment (WP)

By Zachary A. Goldfarb And Christopher Lee

Washington Post, May 2, 2006

Civil service leaders announced a media campaign yesterday to lure talented applicants to the federal workforce at the same time that a new study says the government needs to do a more effective job of recruiting college students for federal jobs.

Linda M. Springer, director of the Office of Personnel Management, said the agency will begin airing four 30-second television ads featuring federal employees touting the work they do and encouraging viewers to explore job opportunities at http://www.usajobs.gov/ . The ads come as the federal government faces an unprecedented wave of retirements among the baby-boom generation, with about 60 percent of the government's 1.8 million workers eligible to retire over the next 10 years.

"We often call it the retirement tsunami," Springer said. "We've got to get ready for it."

However, the new study by the nonprofit Partnership for Public Service, scheduled for release today, shows that federal officials have often failed to reach out to a group of people who might be expected to fill the jobs of departing civil servants: university students.

The partnership, whose mission is to entice talented people to consider federal careers, found that university students -- as measured by the responses of juniors, seniors and engineering graduate students at six universities -- say they lack the knowledge of federal jobs and internships necessary to map out career decisions.

Specifically, 54 percent of students said they did not feel knowledgeable about federal opportunities, compared with 13 percent who said they were very or extremely knowledgeable. Forty-two percent of students said they were very interested in federal jobs, slightly less than the percentage who said they were interested in private-sector spots.

Students said their biggest concern about taking a job in government was too much bureaucracy.

The OPM ads and the report come as the difficulty of maintaining a skilled federal workforce is building. The problem is especially critical at the uppermost levels of career bureaucrats, with 90 percent of Senior Executive Service members eligible to retire in the next decade.

Max Stier, president of the partnership, said the next generation of federal workers will think differently about their career paths than the generation that is about to retire.

"The generation that's leaving" believed in a system in which "they came into government for lifetime employment," Stier said. "The model no longer works today. This is a problem the government has never had to address before."

Springer acknowledged the new demands yesterday, saying the government must offer more flexible work arrangements. "We can't just bank on employees today in the 21st century that want to come work in a bricks-and-mortar building and stay there for 20, 30 or 40 years," she said. "It's not going to happen."

The partnership's report urges the government to create substantive relationships with colleges and universities, pool resources of agencies to recruit for certain careers, stress the public-service component of government work and tailor recruitment with as much face-to-face effort as possible.

Springer also said OPM and other agencies must redouble their efforts to simplify the red-tape-laden federal hiring process, which is notorious for leaving job applicants in the dark for months. And OPM is encouraging workers who could retire over the next few years to stick around longer, perhaps through new part-time arrangements.

An area of acute concern is workers with technical skills. The Defense Department needs to hire 6,000 engineers annually, while various agencies need 2,000 information technology experts, according to the partnership. About 12,500 new air traffic

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controllers will be needed over the next 10 years. At the same time, scientific proficiency in U.S. schools is not keeping pace with that in foreign schools.

"The numbers are dramatic," said Doris Hausser, an OPM senior policy adviser. "The university systems of foreign competitors are generating engineers and scientists at a much higher rate than we are. That's not to say we don't have good engineering schools, but what needs to happen is for federal agencies to establish good working relationships with the departments at some of these schools."

The partnership's report said engineering students tend to be less interested in federal jobs than others, with only a quarter having actually sought information about them.

The report reflects the views of 3,200 students who responded to a survey sent to about 31,000 students at Clark Atlanta University, George Washington University, Louisiana State, Ohio State, Stanford and the University of New Mexico. At Ohio State, only language and engineering students were surveyed.

Ohio State engineering seniors Andrew Bramnik and Erica Nollen chose different paths to employment, illustrating some of the challenges and successes of federal recruitment.

Bramnik, 22, an electrical engineer, stopped at the booth of the Nuclear Regulatory Commission at a job fair last fall and talked to a representative for about 20 minutes. He was then invited to an interview in Illinois and visited a training room simulating a nuclear power station.

Soon after, though he was still talking to several companies about lucrative positions, he accepted a post in the commission's nuclear material safety branch. "I have friends who have accepted employment with other companies who will be starting in more entry-level, low-level positions," he said. "I get the feeling that going to work for the NRC is going to give me an opportunity to learn and progress a lot, while studying and being trained."

And, Bramnik said, "I've always known I wanted to do something with my engineering background that could provide a benefit to society."

Nollen, 22, a mechanical engineer, considered a job with the Puget Sound Naval Shipyard in Washington state but elected instead to be a consultant for McKinsey & Co., which offered her several thousand dollars more in salary. After an interview on campus about the shipyard position, she flew to Puget Sound for a tour. Officials there explained that though the pay was less than what the private sector offered, other benefits, such as a 40-hour workweek or guaranteed overtime, would make up for that gap.

Yet Nollen said she was worried that officials didn't put much effort into tailoring a position to her interests in strategic management. McKinsey, she said, conducted a demanding series of interviews that probed her career interests clearly.

"It wasn't necessarily that I didn't want to work for the government," Nollen said. "I don't know how they got a good read on me being a fit or not. It was just such a short screening process. You want to make sure you're getting the right people in the job."

Objective: Replace Retirees (WP)

By Stephen Barr

The Washington Post, May 2, 2006

The government will soon need recruits to help it ride out a coming wave of retirements. At the same time, it wants to hang on to its experienced hands for as long as possible.

That was the message yesterday from Linda M. Springer , director of the Office of Personnel Management, as she announced the launch of a television advertising campaign to showcase important and interesting jobs in the civil service.

"We aren't as well known as we probably ought to be," Springer said. "We're not really good in the civilian workforce side of making known these great [employment] opportunities."

The armed forces have long run TV ads to boost military recruiting, and the OPM's effort is a first for the agency, which oversees government-wide personnel policies and benefits.

About 60 percent of the 1.8 million civil service employees will be eligible to retire in the next 10 years and 40 percent of them will leave, based on the government's past experience with retirements, Springer said. She noted that 90 percent of federal executives will be eligible to retire in the next decade.

"We are not being overly dramatic here," Springer said. "It is a big number, and we've got to do something to get ready for it."

As the baby-boom generation departs, Springer has asked agencies to work with the OPM on ways to speed up their hiring and to offer alternatives to the traditional 20- and 30-year careers that have been the mainstay of the federal workforce.

The next generation of workers may be drawn to jobs that allow people to come and go from government and offer flexible working hours and chances to telecommute, she said.

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The OPM's inaugural TV ad campaign features four federal employees -- Elizabeth N. Mazzae , a human factors engineer with the National Highway Traffic Safety Administration; Maxine M. Brown , a branch chief who manages software development and maintenance for the National Weather Service's environmental prediction centers; Walter W. Douglas , the South Carolina state conservationist at the Agriculture Department's Natural Resource Conservation Service; and Earl H. Stockdale , chief counsel at the Army Corps of Engineers.

They appear in 30-second spots showing them on the job and reminding viewers that people in public service make a difference in the lives of citizens. The ads will start airing in the Flint and Saginaw region of Michigan and in the Greenville-Spartanburg area of South Carolina next week. Much of the work on the advertising campaign was done in-house at the OPM, and officials estimated the total cost for the initial effort at about $184,000.

In addition to making the point that the government needs to ramp up its recruiting efforts, Springer also made a pitch to would-be retirees to stay on the job as long as possible.

She noted that many federal retirees start a second career, either to maintain their lifestyle or to avoid boredom, and she urged them to think about remaining in the federal service to help their agencies cope with the generational transition that is coming.

The president's fiscal 2007 budget, she said, would offer employees a way to move in steps toward retirement. The proposal would permit employees covered by the Civil Service Retirement System to work part time in the latter stages of their careers without facing a reduction in their pensions, as current law requires. The proposed change requires the approval of Congress.

Although OPM's ad campaign will focus on the government as an employer, some agencies have run targeted ad campaigns to boost hiring. Last year, for example, the FBI launched its first national TV ads to attract potential employees.

The government's hiring challenges go beyond ad campaigns, however. Many job applicants complain about the red tape in federal hiring and lack of feedback from agencies on where their applications stand. Requirements for security clearances also slow hiring.

Finding job applicants with advanced degrees and specialized skills also is a challenge for many agencies. Yesterday, for example, the nonprofit Partnership for Public Service sponsored a Capitol Hill forum, featuring Sen. Daniel K. Akaka (D-Hawaii), on efforts to recruit and retain persons who can speak Arabic, Chinese, Hindi, Korean, Farsi and other languages where there are shortages of talent.

Pelosi Urges Hastert To Probe Alleged Prostitution (RC)

By John Bresnahan

Roll Call, May 2, 2006

In a move sure to increase the already high level of partisan tensions over alleged corruption in Congress, House Minority Leader Nancy Pelosi (D-Calif.) on Monday called for an ethics committee investigation into whether two defense contractors supplied now-imprisoned former Rep. Duke Cunningham (R-Calif.) and other lawmakers with prostitutes, free hotel rooms and limousine rides.

Citing media reports, Pelosi wrote to Speaker Dennis Hastert (R-Ill.) to urge the House's top Republican to join her in introducing a bipartisan resolution that directs the ethics panel to look into the allegations, notwithstanding an ongoing criminal probe by the Justice Department into Cunningham's activities. Traditionally, the ethics committee has avoided becoming involved in any matter in which DOJ has already begun a criminal investigation.

"Mr. Speaker, these disclosures, along with other indictments and allegations of unethical behavior, demand strong action by congressional leaders to uphold the integrity of the House," Pelosi wrote in her letter to Hastert. "Since these new charges uniquely affect the House of Representatives, I believe that, regardless of what action may be taken in the [Justice Department] criminal investigation, the House must act."

The issue of prostitutes and other illegal gratuities being provided to lawmakers beyond Cunningham was first raised by the San Diego Union-Tribune last year, and The Wall Street Journal added more details in an article last week.

According to the Journal, Mitchell Wade, a California defense contractor who in February pleaded guilty to paying hundreds of thousands of dollars in bribes to Cunningham, has told federal investigators that Cunningham would call him and ask him to procure prostitutes. Another defense contractor implicated in the Cunningham scandal, Brent Wilkes, allegedly provided hotel rooms for Cunningham and other lawmakers, as well as finding a limousine company that allegedly had "relationships" with Washington, D.C.-area "escort services."

The limousine company in question, Shirlington Limousine & Transportation Inc., won a $21.2 million contract with the Department of Homeland Security last year to provide "shuttle services and executive transportation support" to the agency.

Wilkes has not been charged with any wrongdoing, and his lawyer insists Wilkes has done nothing illegal or improper.

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Democrats, however, are using the stories to open a new front with the GOP leadership over the "culture of corruption" that they say has been brought to Capitol Hill and the White House by the GOP.

"Please join me in drafting and bringing to the floor this week a bipartisan resolution directing the Committee on Standards of Official Conduct to determine whether other Members of the House participated in unethical or illegal conduct related to the Cunningham conviction," Pelosi wrote.

Ron Bonjean, Hastert's spokesman, said that House leaders from both parties should not dictate to the ethics committee what it should investigate.

Bonjean also criticized Pelosi for having to replace Rep. Alan Mollohan (D-W.Va.) as the ranking member on the ethics panel after the FBI began looking into his financial dealings with a handful of nonprofit groups he created or controls.

"The ethics committee should decide this, not the Minority Leader who just removed her top Democrat from the panel due to allegedly corrupt behavior," Bonjean said.

CIA Confirms Official Attended Poker Games (WSJ)

By Scot J. Paltrow

The Wall Street Journal, May 2, 2006

The Central Intelligence Agency confirmed its third-ranking official, Executive Director Kyle "Dusty" Foggo, attended poker games in Washington, D.C., hotel hospitality suites, the use of which is the focus of a federal criminal investigation.

A CIA spokeswoman said Mr. Foggo strongly denies anything improper occurred while he was present during the games, held at times in the Watergate and Westin Grand hotels in Washington.

As reported, federal prosecutors in San Diego and Federal Bureau of Investigation agents have evidence the suites were paid for by Poway, Calif., defense contractor Brent Wilkes, an unindicted co-conspirator in the bribery case involving former California congressman Randall "Duke" Cunningham.

Mr. Foggo's longstanding friendship with Mr. Wilkes has been known for months, after it was detailed in the San Diego Union Tribune and other news outlets. The CIA hadn't commented until now on Mr. Foggo's socializing with Mr. Wilkes.

Prosecutors are looking into whether Mr. Wilkes and contractor Mitchell Wade, who has pleaded guilty to bribing Mr. Cunningham, had supplied prostitutes and the suites' use to Mr. Cunningham and possibly other members of Congress from the 1990s until 2005. The CIA in March confirmed that its inspector general is investigating the relationship between Messrs. Foggo and Wilkes, to see whether Mr. Foggo may have played any improper role in the awarding of CIA contracts to Mr. Wilkes's companies. A 27-year CIA veteran, Mr. Foggo became the agency's executive director in 2004. His duties have included overseeing the letting of CIA contracts. The two have been close friends since junior high school.

The CIA has said that the inspector general's inquiry was a routine response to public allegations of improprieties involving contracts and that launching the investigation didn't imply evidence of wrongdoing. CIA spokeswoman Jennifer Millerwise Dyck said "Mr. Foggo maintains that government contracts for which he was responsible were properly awarded and administered. If he attended occasional card games with friends over the years, Mr. Foggo insists they were that and nothing more." She said Mr. Foggo says he never witnessed any prostitutes at the games and that any allegation to the contrary would be "false, outrageous and irresponsible."

Mr. Wilkes' lawyer has denied his client had any involvement in hiring prostitutes.

Sour News For GOP In Poll (USAT)

By David Jackson

USA Today, May 2, 2006

WASHINGTON — Six months before Republicans try to hold on to control of Congress in the fall elections, a new poll shows President Bush has slid to the lowest approval rating of his presidency, and a majority of voters say they'll vote for Democrats in November.

A USA TODAY/Gallup Poll taken Friday through Sunday found Bush's approval rating at 34%, two points under his previous low. He also received the lowest ratings of his presidency on his handling of the economy, energy and foreign affairs. He tied his previous low on Iraq: 32%.

The poll showed Democrats leading 54%-39% among registered voters who were asked which party they would prefer in a congressional race.

White House spokesman Scott McClellan said the president is not focused on polls but "on achieving results for the American people."

A spokesman for the House Republicans' campaign committee, Carl Forti, said unhappiness with Bush doesn't doom the GOP's 29-seat House majority because "President Bush is not on the ballot."

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Forti also noted that the poll showed 59% of respondents said their own representative deserves to be re-elected. However, poll data show that's the lowest percentage since 1994, when Republicans won control of Congress from the Democrats.

Sarah Feinberg, a spokeswoman for the Democratic Congressional Campaign Committee, said voters are linking Bush's problems to his GOP colleagues: "The American people want change."

Since 1950, there have been six times when presidents had Gallup approval ratings below 50% in the spring as their party sought to keep control of Congress. The president's party lost House seats in all six years, ranging from five in 1968 to 54 in 1994.

A 15-seat switch in November would give the Democrats a majority in the House. A six-seat switch would give Democrats control of the Senate.

The poll comes as the Iraq war and a sharp increase in gasoline prices have contributed to public uneasiness.

Bush has repeatedly said he does not pay attention to opinion polls. At a fundraiser last week for Rep. Jon Porter, R-Nev., he said he wants congressional colleagues "who don't listen to polls and focus groups but stand strong for what they think we're doing right."

Talks Held With At-risk Republicans (HILL)

By Patrick O'Connor

The Hill, May 2, 2006

Demonstrating concern about retaining the majority in November, the office of House Majority Leader John Boehner (R-Ohio) is holding weekly meetings with a handful of staffers of potentially vulnerable Republicans.

The sessions are part of a larger outreach effort by the majority leader to improve communications with every member of the Republican Conference.

The weekly gatherings are an opportunity for the leader's staff to walk the rank-and-file staffers through the upcoming agenda and hear from the offices about the political climate in some of the party's most competitive districts. The member input provides insights and intelligence from campaigns across the country that leaders can use to influence their legislative agenda and strategy during a bitter election year.

Former Majority Leader Tom DeLay (R-Texas) used his regular meetings with the committee chairmen for the same purpose. Majority Whip Roy Blunt (R-Mo.) and his chief deputy whip, Rep. Eric Cantor (R-Va.), rely on their whip network to gauge support for bills and hold "listening sessions" with small groups of Republicans in preparation for many of the toughest votes.

The meetings with the staffs of vulnerable members occur once a week when the House is in session, Boehner spokesman Kevin Madden said, and staff from 12 offices usually attend.

Some of the members involved include Republican Reps. Steve Chabot (Ohio), Mike Fitzpatrick (Pa.), Jim Gerlach (Pa.), Bob Ney (Ohio), Dave Reichert (Wash.), Clay Shaw (Fla.) and Heather Wilson (N.M.). Each of those members' districts is among the party's most competitive, according to a chart compiled by The Cook Political Report.

Greg Maurer, who directs member services for the majority leader, organized the meetings soon after Boehner assumed the title of leader. The hour-long sessions are equal parts briefing and discussion about the agenda and overall communications strategy for the week.

Jo-Marie St. Martin, Boehner's general counsel, begins most meetings by walking staffers through the floor schedule for the coming week. Then Maurer turns it over to Madden, who briefs the assembled chiefs of staff and press aides about the national communications strategy.

The rank-and-file staffers then tell Boehner's team how particular issues, such as the Medicare prescription-drug benefit or lobbying reform, are playing in their bosses' districts.

"It's tremendous help," said Eric Eikenberg, Shaw's chief of staff. "It gives us an opportunity to raise questions and have a direct dialogue."

With the elections approaching, many of these members are also encouraging leaders to move on key pieces of legislation so that they can tout those accomplishments back home.

"Gas prices and job creation are the two most important issues in [Ohio's 18th Congressional District]," Ney spokesman Brian Walsh wrote yesterday while accompanying Ney on a tour of his eastern Ohio district. "And it's clear that [Republican leaders] are listening to the Members and their constituents" by bringing energy initiatives to the floor later this week.

Likewise, Madden said, the meetings give Boehner's staff a good sampling of what local media outlets have been saying about the controversial Medicare prescription-drug benefit in the months leading up to the May 15 sign-up deadline.

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With limited days remaining on the legislative calendar and an increasingly difficult political dynamic in the House itself, Republican leaders must be more selective in the bills they choose to bring to the floor. They are still struggling to pass lobbying reform, which is expected to be back on the floor tomorrow, and were forced to pull the budget early last month when it was clear they lacked the votes necessary to pass it.

"We make every effort to work with key staff in these offices to sync up our legislative and communications offices so they have the very best access and the very best information about what issues the conference is working on and how we can help them message with constituents back home," Madden said of the outreach effort with Republican incumbents in difficult districts.

Boehner's office also holds similar meetings with the staffs of freshman members to encourage communications.

Some members and staff have grumbled about the heavy itinerary of meetings, but most are happy to share more face time with the leader and his staff.

Boehner's staff would still like to take another stab at passing the annual budget, and meetings like these with vulnerable members will give Boehner's office insight into whether or not that's a realistic goal.

Shaw, who faces Democratic state Sen. Ron Klein, would like to see the House pass its budget bill this year, despite the political sensitivities of the vote.

"It's the roadmap," Shaw said, adding that the budget is the only mechanism Congress employs to build consensus on the annual spending requests that come out of each committee. "I could drive to Fort Lauderdale without a map, but it's easier if I have one."

In this difficult election year, leaders must account for the fragile political terrain on every vote and message campaign.

"There is an atmosphere out there that doesn't favor incumbents," Shaw said. "Boehner has really opened communications."

The 'Gang Of 14' Compromise Was A Victory For The GOP (RC)

By Cesar Conda

Roll Call, May 2, 2006

Last spring, 14 Senators — seven Republicans and seven Democrats — forged a compromise on President Bush's judicial nominees that conservatives roundly and universally criticized. Yet almost one year later, it turns out the Republican Senators of the "Gang of 14" were mostly right — at least so far.

Under the pact, the Republicans agreed not to support a Senate rule change to prohibit filibusters on judicial nominees, a maneuver known among Republicans as the "constitutional option" and among Democrats as the "nuclear option." The Democrats, meanwhile, agreed to end their filibusters against Bush's judicial nominees, including Supreme Court nominees, except in "extraordinary circumstances."

The gang's Republicans — Mike DeWine of Ohio, Susan Collins and Olympia Snowe of Maine, John Warner of Virginia, Lindsey Graham of South Carolina, John McCain of Arizona and Lincoln Chafee of Rhode Island — were attacked from the right for their supposed betrayal of the party and of the people. The compromise was viewed, in their minds, as a capitulation — a surrender of Republicans' ability to force an up-or-down vote on all judicial nominees.

Perhaps because he is a staunch pro-life champion, DeWine took the brunt of the conservatives' wrath. For instance, the Family Research Council ran radio ads in Ohio urging voters to tell DeWine that "they were not happy with his backroom deal." Phil Burress, a Cincinnati-based conservative activist, said that the Senator "basically stabbed pro-life people in the back by joining the Gang of 14."

At that time, I, too, had reservations about the agreement because I thought the Democrats would broadly define the term "extraordinary circumstances" to justify continued filibusters of the president's judicial nominees, including nominees to the Supreme Court.

But since the agreement went into effect, seven of Bush's previously blocked nominees — some of whom were waiting for more than four years to get a vote in the Senate — are now judges in the United States Courts of Appeal. Those who criticized DeWine should know that three judges have taken their seats in the 6th Circuit covering Ohio. These judges are now interpreting law and shaping the legal landscape in the country's second highest courts. Their effect will be felt for years to come.

And, of course, the Republicans were able to confirm Chief Justice of the United States John Roberts and Associate Justice Samuel Alito. Not too bad for a group that allegedly ceded control of the nomination process to the Democrats and liberal interest groups.

While conservative columnist Charles Krauthammer bemoaned that the seven judges would not be approved by the Senate, they were. He complained that the agreement of the Gang of 14 would never "go nuclear." But DeWine, for example, repeatedly admonished the Democrats during the Alito nomination that he would do exactly that. And, his cautionary remarks worked: The Democrats did not mount a filibuster against Alito.

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The deal worked exactly as designed and ensured that the Republicans were able to fill the two most important judicial openings that have existed during the Bush presidency. That is an unprecedented victory — not just for conservatives and Republicans, but for our entire nation as well.

Senate Republicans must do more to get conservative appellate judges confirmed. Because of four and a half years of opposition from Michigan Democratic Sens. Carl Levin and Debbie Stabenow, Michigan Judge Henry Saad recently withdrew his nomination to the U.S. Court of Appeals for the 6th Circuit. Senate Republicans should have pushed for an up-or-down vote on Saad's nomination, thereby forcing Stabenow, who is up for re-election in November, to either support Saad or explain to her significant Arab-American constituency why she opposed an outstanding jurist who would have been the first Arab-American judge on the 6th Circuit.

Highly qualified nominees, such as U.S. District Judge Terrence Boyle, White House staff secretary Brett Kavanaugh, Department of Defense General Counsel William Haynes and Mississippi lawyer Michael Wallace, continue to languish in the Senate for no legitimate reason.

For the Gang of 14 compromise to be a success, the group's Republican members should press their leadership and their Democratic gang members to confirm Boyle, Kavanaugh, Haynes, Wallace and other Bush nominees this year. Senate Majority Leader Bill Frist (R-Tenn.) recently announced his intention to bring Kavanaugh's 3-year-old nomination to the Senate floor sometime this month. For Bush, a renewed fight over conservative judges against the likes of Sen. Edward Kennedy (D-Mass.) just might be the cure to the Republican Party's current political doldrums.

Cesar Conda, former assistant for domestic policy to Vice President Cheney, is a senior fellow at FreedomWorks and a principal of Navigators LLC.

OTHER NEWS:

Economy's Hot Streak Continues (WSJ)

By Mark Whitehouse

The Wall Street Journal, May 2, 2006

The first significant piece of economic data for April reinforced the widening view that the U.S. economy entered the second quarter with a good deal of momentum. But a whiff of inflation fueled concern that the Federal Reserve will be forced to step harder on the brakes.

The Institute for Supply Management, a purchasing managers' trade group, said yesterday that its index of manufacturing activity came in at 57.3 for April, higher than expected and up from 55.2 in March. Any level above 50 suggests that the manufacturing sector is growing. A reading in the mid-50s is strong for an economy already in its fifth year of expansion.

"It's an impressive number," said Peter Kretzmer, senior economist at Bank of America in New York. "With businesses feeling good and starting to hire, that adds to personal income and is likely to keep consumer spending going, even if other elements are slowing it down."

A drop in the new-orders component of the ISM index, however, suggests that April's number might be more an echo of a strong first quarter than a sign of things to come. "We'll have to see how well that translates into future growth," said Norbert Ore, who oversees the index and serves as procurement director at Georgia-Pacific Corp.

Separately, two reports from the Commerce Department showed U.S. consumers going strong in March. Personal consumption rose 0.6%, and a jump in home improvements helped boost construction spending by 0.9%. Both numbers were higher than economists' expectations for the month.

Economists said that after adjusting for inflation, personal spending was on a trajectory to rise at an annualized rate of about 3% in the second quarter, compared with 5.5% in the first quarter. That is consistent with expectations that the economy's rate of growth will slow in the current quarter, as higher gasoline prices and a cooling housing market make consumers feel poorer.

Personal income rose 0.8% in March, double the rate economists expected. A $40 billion annualized jump in payments under Medicare prescription-drug benefits accounted for most of the increase, but wages and salaries also rose at a healthy 0.4% rate, indicating that consumers are benefiting from a stronger job market. People kept spending beyond their immediate means: Expenditures exceeded disposable income by $32.5 billion, or 0.3%.

The Commerce Department also reported a larger-than-expected increase in its index of consumer-goods prices -- a number that Fed officials watch closely for signs of inflationary pressures. The "core" index, which excludes food and fuel, rose 0.3% in March and 2% for the 12 months ending in March, at the top of the 1% to 2% range that the Fed considers acceptable.

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The inflation number led more investors to bet that the Fed will take its short-term interest-rate target a notch higher, to 5.25%, at its June policy-making meeting, after an expected increase to 5% from 4.75% at its May 10 meeting. In early afternoon trading, the futures market put the probability of a June increase at about one-in-three, compared with odds of about one-in-four last week.

In statements to Congress last week, Federal Reserve Chairman Ben Bernanke suggested that the Fed might take a break in June from two years of consistent rate increases, but the new inflation data will "make the case for a pause at the June meeting a little difficult," said John Ryding, chief U.S. economist at Bear Stearns in New York.

Until recently, U.S. manufacturers' good fortunes hadn't translated much into jobs and gains in household income, as companies found ways to produce more with the same workers and equipment. But recent robust jobs data suggest that they are getting to the point where they need to boost capacity to keep growing -- a factor that could mitigate any slowdown in consumer spending. In March, companies added 211,000 jobs to nonfarm payrolls. The government will release April jobs data Friday.

"We try to do lean manufacturing, but there's a point where you're bumping up against capacity and you're going to need to add more people," said Tony Raimondo Jr., president of Behlen Country, a division of Behlen Mfg. Co., of Columbus, Neb. He said Behlen Country, which makes ranch equipment such as horse stalls and dog kennels, is already hiring at one plant in Oregon.

Construction And Consumer Spending Rise (NYT)

By Vikas Bajaj

The New York Times, May 2, 2006

Strong demand for homes, cars and other big-ticket goods kept the economy moving at a brisk pace in March, according to reports released today.

The Commerce Department said personal spending and income increased more than economists had projected and inflation rose modestly in the month. Another government report showed construction spending jumped 0.9 percent, with most of the gains coming from home building. And a closely-watched report on the sentiments of manufacturers showed that managers were more optimistic about the economy in April than March.

Bonds traded down after the reports were released as investors bet that the strong economic momentum and hints of inflation would force the Federal Reserve to increase short-term interest rates twice more before stopping their nearly two-year campaign to raise rates. At midday, the yield on the 10-year Treasury note, which moves in the opposite direction of the price, was 5.126 percent, up from 5.053 percent late Friday. Stocks were up mixed.

Personal spending increased by 0.6 percent in March after rising 0.2 percent in February and 0.9 percent in January. The biggest jump was seen in services, up 0.7 percent, and durable goods, up 0.5 percent. Economists had expected spending to rise by 0.4 percent, according to a survey by Bloomberg News.

Personal incomes jumped 0.8 percent, with about half the increase coming from the federal government's new Medicare prescription drug plan. Incomes increased 0.3 percent in February and 0.7 percent in January, and analysts had expected an increase of 0.4 percent in March. Wages, salaries and other forms of compensation increased by 0.5 percent.

Prices for personal spending on items other than food and energy rose at an annualized rate of 2 percent, up from 1.8 percent in February and at the high end of the range that Fed officials consider healthy. Inflation including food and energy was at 2.9 percent, unchanged from February.

In deciding whether it should raise short-term rates, now at 4.75 percent, again at its meetings on May 10 and June 29, the Fed will have to weigh the pickup in prices and strong signs of growth against signs that the economy may start to lose some of its current vigor because of higher gasoline prices, now about $3 a gallon in many parts of the country, and rising interest rates for mortgages and home equity loans.

Ben S. Bernanke, the chairman of the Federal Reserve, told a Congressional committee last week that the Fed may hold up rate increases to give policy makers more time to evaluate the competing signals from different statistics.

Another reason to pause and take stock is that the economy has not fully registered the impact of the 15 rate increases since June 2004 or of the rising oil and gasoline prices yet, said Gregory Miller, chief economist at Suntrust Banks in Atlanta. "Policy takes time to resonate through the economy," he said.

The Institute of Supply Management said today that its index of manufacturing managers rose to 57.3 from 55. A reading greater than 50 indicates managers are generally optimistic about their businesses' prospects for growth.

Dollar Declines On Trade Deficit (WP)

By Paul Blustein

The Washington Post, May 2, 2006

DOJ_NMG_0028023

The U.S. dollar is having a sinking spell -- which is good news for U.S. manufacturers and bad news for American tourists traveling abroad. Spurring the greenback's slide are recent statements by top economic policymakers, notably declarations about the need to reduce global trade imbalances.

The dollar has suffered sharp losses against other currencies the past two weeks, and yesterday it hit a fresh, seven-month low against the Japanese yen. Although it rallied yesterday afternoon against the euro, it fell to an 11-month low against the European currency earlier in the day and is down nearly 6 percent against the euro since late February.

Some of the strongest gains against the U.S. currency have come from the Canadian dollar. The "loonie" rose to 89.82 cents late yesterday afternoon -- it was around 85 U.S. cents at the beginning of last month -- and at one point yesterday, it touched 89.97 U.S. cents, the highest since 1978.

Like previous swoons in the U.S. dollar, the latest one has come during renewed attention to the U.S. trade deficit, which swelled to $723.6 billion last year and was the focus of discussion at high-level international meetings last month.

The currency shift means that Americans must shell out more dollars for foreign goods while foreigners can buy U.S.-made goods for fewer yen, euros and pounds. That is why U.S. travelers overseas will see their hotel bills and restaurant meals rise in dollar terms and why U.S. exporters are hoping that if the dollar continues its decline, they will get more orders from abroad.

"This could be a trigger to start a slide down," said Franklin J. Vargo, vice president for international economic affairs at the National Association of Manufacturers. "I don't envision a collapse. But everyone's waiting to see -- will these steps start a trend? We certainly hope they do."

The dollar's recent move is a reversal of its pattern during much of last year, when rising interest rates made investments in U.S. Treasury bonds and other securities more attractive and drew investors into the U.S. currency. Although interest rates in the United States have continued to head upward, many traders expect rising rates on securities elsewhere -- especially Japan and Europe -- to narrow the gap. That is especially true since last week's comments by Federal Reserve Chairman Ben S. Bernanke, which were interpreted by financial markets as suggesting that the U.S. central bank would stop raising rates at least temporarily.

Also fueling the dollar's descent were pronouncements last month by officials of the Group of Seven major industrial nations indicating deepening concern about the U.S. trade deficit and the corresponding surpluses in Asia and oil-exporting nations. The trade gap has long been a source of worry for many economists because as Americans buy massive amounts of goods from abroad, the dollars they pay are piling up in the hands of foreign investors, who could eventually lose confidence in the U.S. economy and dump their holdings in a panic.

At the spring meetings of the International Monetary Fund and the World Bank, the G-7 declared their recognition that shrinking the trade gap will require action by many countries, and they created a stir in markets by prodding Asian nations in particular to let their currencies rise. "In emerging Asia, particularly China, greater flexibility in exchange rates is critical to allow necessary appreciations," the G-7 communique said.

In addition to exhorting China to end its system of pegging its currency to the dollar, that statement suggested that the dollar should decline against currencies such as the South Korean won and Indonesian rupiah, and that Asian governments should refrain from their frequent practice of intervening in currency markets. Asian officials have often sought to keep their currencies cheap to give their exporters an extra competitive edge.

"There's a perception in the market -- a correct perception, I think -- that the [trade gap] is at such a high level that it's been moved to the front burner in U.S. policy," said Steven Englander, chief currency strategist for the Americas at Barclays Capital Inc. in New York. And the policies needed to shrink the imbalance, he added, "mean a substantially weaker dollar."

It is unclear, however, whether Asian countries will abide by the G-7 prescriptions. The steep rise in the Korean won prompted Kim Sung Jin, Korea's deputy finance minister, to warn, "the won's gain is too fast," adding, "We will take appropriate measures if necessary." Some traders have said they think the government may be resuming its previous policy of purchasing massive amounts of dollars to keep the won from moving upward.

Stocks Fall On Report Fed Chief Meant Rate Increases May Pause, Not End (WSJ)

By E.S. Browning

The Wall Street Journal, May 2, 2006

After spending most of the day in positive territory, stocks suddenly slumped after a late-day television report that Federal Reserve Chairman Ben Bernanke isn't as dovish on interest rates as investors had believed.

CNBC anchor Maria Bartiromo reported that she had seen Mr. Bernanke at the White House Correspondents Dinner during the weekend, and that he said investors misinterpreted his congressional testimony Thursday as a signal that the Fed is almost done raising rates. Ms. Bartiromo said Mr. Bernanke told her that the Fed is trying to be "flexible" in its response to economic data, and that it might pause in its rate increases and then raise rates again later. A Federal Reserve representative declined to comment.

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The Dow Jones Industrial Average, which was showing a gain of about 49 points when Ms. Bartiromo spoke, finished down 23.85 points, or 0.21%, at 11343.29. The Dow still is up 5.8% this year, and is less than 400 points below its January 2000 record finish of 11722.98.

Bond prices, already down, fell further on the report, pushing the yield of the 10-year Treasury note to a four-year high.

"If he really did say the market misinterpreted his comments last Thursday, you have to expect the Fed to be more aggressive" in raising interest rates in the future, said Jay Suskind, director of trading at brokerage firm Ryan Beck in Florham Park, N.J. Higher rates make life more expensive for businesses and consumers, which can be bad for stocks.

Thursday, Mr. Bernanke told Congress the Fed could take a break from rate increases at some future meeting, in order to analyze data. That was widely taken as a signal that, after one further increase in its target for short-term rates at its next policy meeting, May 10, the Fed could stop its long-running rate-increase campaign in June. Now investors fear Mr. Bernanke is sending the message that he could raise rates more. They also worry that they were wrong in thinking that his comments would be easy to understand.

"His whole thing was that he was going to try to be more visible and transparent than Greenspan was, and less opaque," Mr. Suskind said.

Earlier in the day, with interest-rate increases seemingly not a worry, investors had applauded Wal-Mart Stores' report of robust April sales, as well as a series of strong economic reports on manufacturing growth, construction spending and consumer spending. They had been shrugging off a surge in crude-oil futures, which finished the day up $1.82 at $73.70 a barrel. Now they worry that a strong economy could provoke more rate increases.

Gold finished the day at a 25-year high, up $5.70 at $657.50 a troy ounce.

The Standard & Poor's 500-stock index fell 0.41%, or 5.42 points, to 1305.19, up 4.6% this year. The Nasdaq Composite Index declined 0.77%, or 17.78 points, to 2304.79, ahead 4.5% for 2006.

Outside the U.S., stocks advanced in dollar terms. The Dow Jones World Stock Index, excluding U.S. stocks, rose 0.63%, or 1.43 points, to a record 226.73.

In major U.S. market action:

Stocks retreated1. Total trading volume for stocks listed on the New York Stock Exchange was 2.41 billion shares, as 1,467 stocks rose and 1,823 fell.

Bond prices declined2. The 10-year Treasury note fell 18/32, or $5.625 for each $1,000 invested. The 30-year bond was down 28/32 to yield 5.230%.

The dollar was mixed3. Late in New York, the currency traded at 113.25 yen, down from 113.86, while the euro fell against the dollar to $1.2591 from $1.2616.

Fears Of Rate Hikes Take Wind Out Of Sails (USAT)

By Adam Shell

USA Today, May 2, 2006

NEW YORK — The broad U.S. stock market was on the verge of posting a five-year high Monday but ended in the red after a late-afternoon report on CNBC left the door open for more interest rate increases by the Federal Reserve.

Last week, stocks rallied after Fed Chairman Ben Bernanke suggested in his prepared remarks Thursday to Congress that the Fed was nearing the end of its nearly two-year-long interest rate-raising campaign and might pause after raising rates for the 16th-consecutive time at its May 10 meeting.

But a report on the business channel aired Monday noted that Bernanke said over the weekend that financial markets had misinterpreted the Fed's language last week and that Fed policy remained “flexible.” He also reiterated that the Fed rate decisions would be determined by economic data.

Investors interpreted Bernanke's comments as a signal the Fed may not pause after all, sparking fears that the target for short-term rates, at 4.75%, could top the hoped-for stopping point of 5%. “Everybody is again trying to second guess what the Fed is going to do,” says Joe Williams, portfolio manager at Commerce Trust. “The assumption is when they stop, the market will do well. But we are at a very delicate time.”

It's a delicate time because despite sky-high oil prices and 15 rate increases since June 2004, the economy keeps chugging along. That was confirmed Monday with a report showing U.S. manufacturing boomed more than expected in April, a record high jump in construction spending in March, as well as bigger-than-expected increases in personal income and consumption.

Those reports again fueled fears of increased inflation. The Dow, which had been comfortably in the black, closed down 23.85 points, or 0.2%, to 11,343.29. The Standard & Poor's 500, which had hit a five-year high intraday, fell 5.42 points, 0.4%, to 1305.19. The Nasdaq composite also took it on the chin, sliding 17.78 points, or 0.8%, to 2304.79.

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The price of the benchmark 10-year Treasury note also fell, pushing the yield, which moves in the opposite direction, to 5.14%, a four-year high.

David Sowerby, money manager at Loomis Sayles, says Bernanke's comments did not necessarily rule out the Fed pausing after raising rates at its May 10 meeting. Sowerby says he will be closely watching what the Fed does and says that day.

Investors Misunderstood Bernanke Testimony, CNBC Anchor Says (WP)

By Nell Henderson

The Washington Post, May 2, 2006

Stock prices fell yesterday after CNBC, the financial news cable television network, reported that Federal Reserve Chairman Ben S. Bernanke said investors would be wrong to think the central bank has finished raising interest rates.

Bernanke had told Congress on Thursday that the Fed might pause in its series of interest rate increases, even if high oil prices and strong economic growth threaten to push inflation higher.

Stocks rallied then as investors concluded the Fed is likely to rest after raising its benchmark short-term interest rate just once more in May, for a 16th consecutive hike.

"Ben Bernanke . . . told me over the weekend the media and the markets got it wrong last week in speculating the Fed is done raising interest rates," CNBC anchor Maria Bartiromo said at about 3:15 p.m. during her afternoon program. "I asked him whether the markets got it right after his congressional testimony, and he said, flatly, no."

Stock prices dropped sharply after Bartiromo's description of a conversation she said she held with the new Fed chairman at the White House Correspondents' Association Dinner on Saturday night. The Dow Jones industrial average closed at 11,343.29, down 23.85 points, or 0.2 percent, as investors reconsidered the possibility of several more Fed rate hikes. The Standard & Poor's 500-stock index lost 5.42 points, or 0.4 percent, to close at 1305.19. The Nasdaq composite index fell 17.78, or 0.8 percent, to 2304.79.

Bernanke and the Fed declined to comment on Bartiromo's report. He has not spoken for publication to any other reporters since becoming Fed chairman Feb. 1.

Bernanke did not say Thursday when the Fed might pause or how high it will move short-term interest rates before it stops tightening credit. He said the Fed will be closely monitoring whether the economy slows and whether inflationary pressures ebb as forecast in coming months.

The Fed chairman on Saturday said he was "trying to basically create some flexibility for the Federal Reserve, saying the Fed may pause, but the data will really dictate whether more rate hikes will occur at future meetings," Bartiromo said.

Inflation picked up in March, as consumer incomes and spending rose strongly, the Commerce Department reported yesterday. Consumer prices rose 0.4 percent in March, after edging up just 0.1 percent in February, according to the department's personal consumption expenditure index.

The Fed's preferred gauge, the core PCE index, which excludes food and energy prices, rose 0.3 percent in March, the fastest monthly gain since October. Core inflation was up 2 percent from March of last year, the upper limit of Bernanke's preferred range.Movers

Wal-Mart jumped 90 cents, to $45.93, after the discount retailer said its sales at stores open at least a year grew 6.8 percent in April, better than the 4 percent to 6 percent it had predicted.

Boeing rose 41 cents, to $83.86. It agreed to buy aircraft parts and services supplier Aviall.

Aviall surged $9.26, to $46.96.

Level 3 Communications rose 32 cents, to $5.772. It is acquiring regional telecommunications company TelCove.

Aramark soared $5.79, to $33.90. A group of investors offered almost $5.8 billion to acquire the food-service provider.

Tyson Foods added 11 cents, to $14.71. The world's largest meat processor said it fell to a $127 million loss last quarter, hurt by an oversupply of meat and charges from closing plants.Indexes

New York Stock Exchange composite index fell 9.68, to 8461.75.

American Stock Exchange index rose 7.60, to 2015.43.

Russell 2000 index of smaller-company stocks fell 3.12, to 761.42.Volume

NYSE: 2.48 billion shares, down from 2.54 billion on Friday. Decliners outnumbered advancers 5 to 4.

Nasdaq: 2.13 billion shares, down from 2.56 billion. Decliners outnumbered advancers 5 to 3.Commodities

Crude oil for June delivery: $73.70, up $1.82.

Gold for current delivery: $657.50 a troy ounce, up from $651.80 on Friday.

Former Playmate Wins Procedural Round In Fight Over Estate (NYT)

By Linda Greenhouse

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The New York Times, May 2, 2006

WASHINGTON, May 1 — The Supreme Court on Monday gave the onetime Playboy Playmate Anna Nicole Smith a new day in federal court to try to prove that her late husband, 63 years her senior, intended to leave her a substantial share of his billion-dollar estate. The two had been married 14 months at the time of his death, at age 90.

In an opinion by Justice Ruth Bader Ginsburg, the court ruled unanimously that the dispute between Ms. Smith and her late husband's son E. Pierce Marshall was properly one for the federal courts.

The Supreme Court addressed itself only to the question of jurisdiction, leaving many issues open for consideration in the lower federal courts. Unless the two sides settle, which seems unlikely after 10 years of bitter litigation, the outcome ensured that the case would go on, perhaps for years longer.

That was undoubtedly good news to the many people who, while perhaps lacking deep interest in the "probate exception to federal jurisdiction" that is the actual issue in the case, appeared fascinated by Ms. Smith's trajectory from a Houston strip club to the Supreme Court. While calm prevailed in court when the case was argued in February, several people were knocked down in the scrum of photographers outside when Ms. Smith and her entourage passed by.

Although purely procedural, the decision in Marshall v. Marshall, No. 04-1544, was a victory for Ms. Smith, whose legal name is Vickie Lynn Marshall. It overturned a ruling by the United States Court of Appeals for the Ninth Circuit, in San Francisco, which threw out an $88 million judgment in Ms. Smith's favor issued by the Federal District Court in Los Angeles.

The appeals court ruled that because the dispute was ultimately related to the disposition of an estate, the federal courts lacked jurisdiction over it under a longstanding judicial doctrine known as the probate exception to federal jurisdiction. Under this ruling, the case belonged in the exclusive jurisdiction of the Texas Probate Court, where E. Pierce Marshall prevailed three years ago in his effort to prove that his father, J. Howard Marshall II, who died in 1995, had left Ms. Smith nothing beyond the gifts he gave her during his lifetime.

In her opinion on Monday, Justice Ginsburg said that to come within the probate exception, and therefore to fall outside the federal courts' jurisdiction, a dispute had to directly involve the probate or annulment of a will, the administration of an estate or the disposition of property in a state probate court's custody.

Because the dispute ranged far beyond those narrow categories, Justice Ginsburg said, their case fell "far outside" the exception and the Ninth Circuit had been wrong to interpret the probate exception as expansively as it did.

The federal government had entered the case on Ms. Smith's behalf to argue to the justices that the probate exception should be applied narrowly, if at all. While, on the surface, the government's intervention may have seemed improbable, Solicitor General Paul D. Clement explained in his brief that the government often went to federal court to assert tax-related claims against an estate and needed to preserve its ability to do so.

The case began in federal court as a bankruptcy filing by Ms. Smith. In the course of the bankruptcy proceedings, she claimed that E. Pierce Marshall had wrongfully interfered with her right to share in her husband's estate. The bankruptcy court awarded her nearly $500 million, which the district court reduced substantially.

In a statement issued from Dallas, Mr. Marshall said he would continue to fight Ms. Smith's "false claims and libelous accusations" and would argue to the Ninth Circuit that the district court's judgment in her favor should be overturned.

Ms. Smith's lawyer, Kent Richland, said in a statement, "We are confident that the Ninth Circuit will have no problem in ruling in our favor on the issues that remain."

Former Stripper Anna Nicole Smith Scores Supreme Court Victory (FINDLAW/AP)

By Gina Holland, Associated Press Writer

AP, May 2, 2006

(AP) - WASHINGTON-The Supreme Court ruled Monday that one-time stripper and Playboy magazine Playmate Anna Nicole Smith could pursue part of her late husband's oil fortune.

Justices gave new legal impetus to Smith's bid to collect millions of dollars from the estate of J. Howard Marshall II. Her late husband's estate has been estimated at as much as $1.6 billion (â‚¬1.2 billion).

Smith has been embroiled in a long running cross-country court fight with Marshall's youngest son, E. Pierce Marshall. The court's decision, which was unanimous, means that it will not end anytime soon.

Justice Ruth Bader Ginsburg, writing for the court, said Smith should have a fresh chance to pursue claims in federal court.

Smith's case had brought unusual drama to the normally sedate high court.

Dressed in all black, the former stripper wept in the courtroom in late February as justices discussed Marshall and whether he had intended to provide for her in death. When she arrived at the court, several photographers were knocked to the ground in a scuffle to photograph her.

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She was a 26-year-old topless dancer when she married Marshall, then 89, in 1994. He died the following year, setting off an intense family fight.

At issue in the legal battle was competing court jurisdiction. A Texas court held a five-month trial before deciding that Smith was entitled to nothing from Marshall's estate. Smith brought a separate claim in federal court in California.

Justices said Monday that the 9th U.S. Circuit Court of Appeals in California was wrong in ruling that federal courts could not handle Smith's case.

Ginsburg noted, however, that there are several pending issues that could still keep Smith from collecting any money.

So far, Smith has received nothing from Marshall's estate, although before his death Marshall showered Smith with $6.6 million (â,¬5.2 million) in gifts that included two homes, expensive jewelry and clothes. She contends that he also promised her half his estate.

Group Sues Video Firms On Tot-Learning Claims (WP)

By Caroline E. Mayer

The Washington Post, May 2, 2006

A child-advocacy group whose mission is to limit marketing aimed at children yesterday asked the federal government to bar two major baby-video companies from promoting their products as educational and beneficial to child development.

The Campaign for a Commercial-Free Childhood filed a complaint with the Federal Trade Commission, saying Baby Einstein Co. and Brainy Baby Co. should not be able to say their products inspire "logical thinking," foster "the development of your toddler's speech and language skills," or give "your child a jumpstart on learning."

The group said the claims are deceptive, since there is no proof that these increasingly popular videos are beneficial and educational. In fact, it said, "research shows that television viewing is potentially harmful for infants and toddlers," because it could adversely affect cognitive development if it replaces creative play and interaction with a child's parents and surroundings.

Dennis Fedoruk, the founder and president of Brainy Baby, said the company does not make any educational claims and "does not promise parents their children will be Harvard graduates." He said, "There is enough research to show that early education is valid and does work. We're simply providing another tool in the early-educational library," along with books and toys.

Baby Einstein had no comment.

The CCFC's complaint comes at a time when the baby-video market is booming, with more than $1 billion in sales so far in videos aimed at children 2 and younger. Baby Einstein, owned by Walt Disney Co., has the largest share of the market, and sales last year reached $200 million.

The growth of this relatively new business -- Brainy Baby was started in 1995, Baby Einstein in 1997 -- comes despite the American Academy of Pediatrics recommendation that children younger than 2 be discouraged from watching television. The academy, in a policy statement issued in 1999, said: "Although certain television programs may be promoted to this age group, research on early brain development shows that babies and toddlers have a critical need for direct interactions with parents and other significant care givers . . . for healthy brain growth and the development of appropriate social, emotional, and cognitive skills."

The academy has been sharply criticized for that recommendation. Baby Einstein, for example, said the academy failed to differentiate between traditional broadcast television and videos, which can be more carefully selected by parents.

But the academy's chair of the communications committee, which deals with the impact of media on children's health, said yesterday that the group stands by its recommendation. Video for infants and toddlers "is a great uncontrolled experiment on the nation's under-2-year-old set," said Donald Shifrin, a Seattle pediatrician, in a telephone interview. "It is based on marketing, not research. . . . The Academy would like to reassure parents that children have been doing fine for thousands of years" without baby videos.

The CCFC has asked the FTC to make the video companies clearly and conspicuously disclose the academy's recommendations on their advertising and packaging. The FTC had no comment on the complaint.

Although there are several other companies that produce videos for young children, the CCFC is seeking action against only two firms because they are the largest and most popular. "We hope that this will set a precedent" and apply to all baby-video companies, said Susan Linn, a Harvard psychologist and one of CCFC's founders.

The complaint said the companies' very names suggest their products are educational and beneficial. So do their slogans, according to the complaint -- "Great minds start little" for Baby Einstein and "A little genius in the Making" for Brainy Baby. Fedoruk said Brainy Baby was in the process of changing the motto to "learning for a lifetime."

"These companies are exploiting parents' natural tendency to want what's best for their children, and their deceptive marketing may be putting babies at risk," said Alvin F. Poussaint, head of the Boston-based Judge Baker Children's Center, which serves as the headquarters for CCFC.

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Law-Firm Life Doesn't Suit Some Associates Long Hours For Big Perks Is A Tough Case To Argue; Rebuttal On 'Lifestyle'? (WSJ)

By Ashby Jones

The Wall Street Journal, May 2, 2006

At most big law firms, the partner-associate compact goes something like this: The partners give the associates big salaries, meals on the client, cars home at night, fancy offices, secretaries and a prestigious name on their résumés. The associates give their complete professional devotion and availability -- every hour of the day, every day of the year.

That compact has gone unspoken, and largely unquestioned, until recently.

More and more associates at law firms across the U.S. are second guessing whether they want to sign over their lives to their jobs. Some are working fewer hours. Some are losing interest in making partner. And they are leaving big law firms in droves: "The rate of associate attrition we're seeing today at big firms is the highest level we've ever seen," says Paula A. Patton, chief executive of the NALP Foundation, a nonprofit group in Overland Park, Kan., that examines law-firm hiring trends and practices.

For partners, it's a quizzical and unwelcome development. Last fall, Cesar L. Alvarez, president of Greenberg Traurig, was interviewing a student at an Ivy League law school. The interview was just beginning when the student asked Mr. Alvarez to tell him what the "lifestyle would be like" at the firm.

The student didn't get a "call-back" interview. "I told him that if he's going to work at a large law firm, that mind-set isn't going to get you very far," recalls Mr. Alvarez, who is based in the firm's Miami office. In his opinion, the question reflected the attitude of more and more young lawyers. "A generation ago, nobody would have asked that question, even if they'd thought of it. But there is a difference in people coming out of law school now."

Two decades ago, few segments of the work force routinely put in longer hours than young law-firm associates, who toiled day and night to please partner-masters and climb the firms' ranks. But many today "are more interested in going to their children's soccer games" than they are in staying in the office late in the hopes of getting extra work done or making a good impression, says Joseph Altonji, a consultant with Hildebrandt International, a law-firm consultancy in Chicago.

Ellie Schilling, a former bankruptcy associate at New York's Kaye Scholer, left the firm in March as a third-year associate after deciding that the pathway to partnership "is so long and arduous, that it just didn't seem worth it." She and her husband, also a young lawyer, plan to depart for Europe this month to pursue a business plan they began dreaming up after they realized life at a big law firm wasn't for them. "We figured there had to be another way to go, a way with less pressure, less stress, fewer hours," says Ms. Schilling. "We feel like we had to give something else a shot."

Why the change in attitude? It's partly due to the explosive growth experienced by the largest firms over the past two decades. That growth has increased demand for more worker bees at the bottom of the law-firm pyramid, without an equivalent spike in demand for new partners, experts say. The result: It's harder than ever to make partner at the biggest firms, leaving associates less incentive to churn the grindstone early on.

Partners are working harder than ever as well, taking a little of the luster off partnership's holy-grail mystique. Claude Millman, a litigation partner at Proskauer Rose in New York, says he gets questions from associates about his lifestyle fairly frequently. And what he tells them isn't always what they want to hear: "I try to be honest with them," he says. "The pressure to be available to your clients only increases as your career moves along."

Generational factors are also at work. More than in any previous generation, say experts, today's associates were raised in the lap of affluence. Many have safety nets to fall back on. And many are jaded about what big law firms have to offer. Michael Boone, a co-founder of Haynes & Boone, a large general-practice firm based in Dallas, says that the current crop of associates often aren't satisfied with working hard and making money. "They want to feel like they're contributing to the greater good," he says.

According to an NALP Foundation study unveiled last year that looked at law firms for the three years from 2002 through 2004, nearly 60% of all entry-level associates at firms with more than 500 lawyers had left their firms by the end of their fourth years. For firms of all sizes, it was 62%, a record since NALP began tracking it nearly 10 years ago.

Some law-firm executives fear that uncommitted associates are failing to put out the top-quality work that's expected of them. "There's a perception among managing partners that the short-termers are less focused on crossing T's and dotting I's," says Dan DiPietro, head of the law-firm lending practice at Citibank, a unit of Citigroup Inc., in New York. "They're perceived as putting a burden on quality control."

Associate productivity and billing are additional issues. Greenberg Traurig's Mr. Alvarez, for instance, says he is hearing about a decline in hours worked at big firms, a drop attributable not only to the youngest associates, but also to baby boomers, many of whom are nearing retirement age and winding down their practices. "It's a double whammy effect," says Mr. Alvarez.

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"People in my generation don't need to work 2,500 hours [a year] anymore, and at the same time, the new generation is concerned with its lifestyle. It's creating a downward trend at firms."

Some associates appreciate the benefits of big law-firm life. Moe Keshavarzi, a second-year associate at Sheppard, Mullin, Richter & Hampton in Los Angeles, says associates are "very concerned with lifestyle," but he thinks the hours matter less than the amount of responsibility associates have. "The more responsibility you're given, the more you're going to want to work hard."

Several years ago, Greenberg Traurig changed its recruiting strategy to focus on finding associates who were better geared for law-firm life, ones with leadership qualities and work experience prior to law school.

Washington firm Dickstein Shapiro Morin & Oshinsky, which in 2005 finished first in the American Lawyer magazine's associate satisfaction survey, has for several years had a well-publicized part-time policy that lets its lawyers work four days a week. And it has put a renewed emphasis on training its lawyers, says Michael Nannes, the firm's managing partner.

Proskauer's Mr. Millman agrees with that philosophy. "We have to recognize that not everyone is going to want to spend his or her life at a law firm," he says. "But that doesn't mean you can't be wonderful associate and get a lot out of your time while you're here."

DeLay Bills Top $400K In 2006 (RC)

By Paul Kane

Roll Call, May 2, 2006

Rep. Tom DeLay's (R-Texas) legal defense fund burned through $312,000 in expenses in the first quarter of the year, paying out fees to four different law firms representing the former House Majority Leader on two different legal fronts.

When combined with the $110,000 DeLay paid out of his campaign committee to a firm in January, the new filings show he spent more than $400,000 in the first three months of the year on legal fees and expenses connected to raising money for the defense fund.

DeLay, who is facing a trial on campaign finance charges in Texas and under scrutiny by a Justice Department task force probing the affairs of ex-lobbyist Jack Abramoff, has now shelled out $1.3 million in legal fees in less than two years, according to filings with the Federal Election Commission and the House ethics committee.

Aides to DeLay said no final decision had been made with regard to how the lawmaker will finance his mounting legal bills once he retires from the House, which is expected to happen sometime in June. But the simplest course would be to continue to raise money through a privatized version of the Tom DeLay Legal Expense Trust and raise unlimited donations without having to publicly report who the donors are.

DeLay could also choose to pay future attorneys' fees with the leftover campaign cash from his re-election committee, which had almost $1.5 million in cash on hand as of March 31.

"No decision's been made yet whether to close it down or keep it open," said Brent Perry, a Houston-based lawyer who is in charge of the legal defense fund.

The fund raised $314,000 in the first quarter and went through almost that exact amount, doling out $312,000 — $280,000 to the four firms handling the various aspects of DeLay's legal defense and another $32,000 in costs associated with raising money for and maintaining the fund.

Perry said there are currently no efforts under way aimed at raising more money for the fund, which has historically not maintained much of a cash balance and instead has doled out payments to firms as soon as money comes into the fund.

Even though he is out of leadership, DeLay continued to be as popular as ever among his colleagues, who funneled more than $104,000 into his defense account, roughly one-third of all the money he raised so far this year. Faced with $5,000 annual limits in donations to defense funds, Rep. Pete Sessions (R-Texas) managed to give $10,000 to DeLay, giving $5,000 from his leadership political action committee and $5,000 from his re-election campaign committee.

DeLay also took in $5,000 from Rep. John Doolittle (R-Calif.), a close ally who also recently hired his own attorney to handle questions connected to his relationship with Abramoff. Former Rep. Joe McDade (R-Pa.) — who was himself indicted by federal prosecutors on corruption charges in the early 1990s but eventually defeated the allegations at trial and retired in 1998 — gave $2,000 to the defense fund.

With his trial in Texas pending, DeLay has also had to contend with increasingly large bills to firms dealing with the Abramoff matter, which has already drawn guilty pleas from the lobbyist and two former aides to DeLay. Out of the roughly $400,000 in legal bills paid out from January through March, McGuire Woods received $150,000 for the work of Richard Cullen, who has been DeLay's lead lawyer on Abramoff questions.

In addition, another $125,000 went to Bracewell & Giuliani, which has done work on both the Texas case and the Abramoff probe. Dick DeGuerin, the lead attorney battling the money laundering accusations in Texas, received $110,000 in February from the fund.

DeLay is just one of four lawmakers to have defense funds that are actively raising money to pay legal bills to handle courtroom dealings.

Rep. Jim McDermott (D-Wash.), who has been in a decade-long civil legal fight with House Majority Leader John Boehner (R-Ohio), raised $12,000 in the first quarter. Most of that came from two $5,000 donations, one from the Teamsters and another from a wealthy Seattle donor.

McDermott paid out $10,328 in legal fees to the firm Kirkland and Ellis. McDermott's legal bills are likely to continue to mount because last month the House ethics committee voted to approve the formation of an investigative subcommittee to examine whether the lawmaker should be punished for leaking an illegally recorded mobile-phone conversation between Boehner and other GOP leaders in 1996.

Two other Members have defense funds related to Justice Department investigations — Reps. Bob Ney (R-Ohio) and William Jefferson (D-La.) — but their financial reports had not been turned in early enough Monday for the Legislative Resources Center to process them.

Aides to Ney, who is expected to prevail in a GOP primary in his district today, said that he raised about $40,000 for his legal trust but hadn't yet focused much on raising cash to fight potential charges in the Abramoff investigation.

Giuliani Says GOP Open To Diverse Views (AP-Y2)

By Mike Glover

AP2, May 1, 2006

Raising money for local Republicans even as he ponders his own political future, former New York City Mayor Rudolph Giuliani said Monday that Republicans must increasingly be "a big party" that accepts divergent views.

Giuliani said that broad-brush themes, like limited government, ought to define the Republican Party — not hot-button social issues like abortion and gay rights.

"The major thing that we organize around as Republicans is government that puts more reliance on people than government," Giuliani said. "They (Democrats) tend to think of government solutions as most of the answers."

Giuliani was in Iowa to raise money for Jeff Lamberti, a Republican candidate for Congress, and Rep. Jim Nussle (news, bio, voting record), who is running unopposed for the Republican nomination for governor.

Giuliani was also clear he's considering his own future ambitions.

"I am interested in public service again," he said. "My effort this year will be to help Republicans get elected and, quite honestly, a part of it also is saying to myself 'Does it look like I have a chance in 2008?'"

Some strategists believe Giuliani will face significant hurdles in Republican politics because he supports abortion rights and favors tough gun control laws, views that contrast those held by many core Republican voters.

Giuliani is working hard to counter that notion by helping other Republicans get elected, while reaching out to conservatives to ease their concerns.

"I've got a lot of places to go and a lot of people to talk to and a long process to go through to see if it makes sense for me to run for president in 2008," Giuliani said.

Iowa Republican Chairman Ray Hoffman, of Sioux City, declined to handicap Giuliani's outlook in a state where the conservative wing of the party is dominant.

"I hope to really be able to talk to him at some point and say where do you stand on gun control, where do stand on this, where do you stand on that," Hoffman said. "I haven't done that yet."

Meeting with reporters, Giuliani took an immigration stance likely to cause heartburn with GOP conservatives — arguing for a pragmatic approach that both toughens border security but also sets up a mechanism for illegal aliens to earn citizenship.

"If you try to deal with it through either extreme, I think you would make a terrible mistake," Giuliani said. "If you were to pass a law making everybody who is here, allegedly, illegally a criminal with a penalty of five years in jail, we would become a much more insecure country. You drive them farther underground, you push them more toward criminal activity."

Giuliani's swing through Iowa was lucrative. He raised $40,000 for Lamberti's bid to oust Democratic Rep. Leonard Boswell (news, bio, voting record), and later raised $25,000 for Nussle.

Giuliani Displays A Candidate's Mettle In Iowa (NYT)

By Patrick Healy

The New York Times, May 2, 2006

DAVENPORT, Iowa, May 1 — Former Mayor Rudolph W. Giuliani said on Monday that he was seriously exploring whether he has "a chance" of winning the presidency in 2008, as he visited politically important Iowa and huddled with state advisers, donors to President Bush and other prominent Republicans.

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While Mr. Giuliani was officially in Iowa to attend two Republican fund-raisers, his behavior and remarks came close to politicking for himself. He ruminated openly about running, disclosed he was not sure what he would do if his friend John McCain also ran, and argued that if Republicans are to be a majority party, they need to accept politicians like himself who support abortion rights, gay rights and gun control.

"I've got a lot of places to go and a lot of people to talk to and a long process of figuring out whether it makes sense to run for president in 2008," Mr. Giuliani said before speaking at a daytime fund-raiser in Des Moines for a Republican congressional candidate. "I don't know the answer to that yet."

He added: "My effort this year will be to help Republicans get elected, and then, quite honestly, as part of it, saying to myself, does it look like I have a chance in 2008? And make that decision after the 2006 election."

At a fund-raiser in Davenport on Monday night, Mr. Giuliani offered a stout defense of President Bush's leadership, arguing that the economy was growing and that Mr. Bush would go down in history as "a great president."

"I don't know what we're all so upset about," he said, referring to concerns about the economy and rising costs, such as gas prices.

At another point he called the war in Afghanistan "successful," noting that the Taliban had been ousted from power and that elections had been held. Later, when pressed, he acknowledged that a primary American goal — the capture of Osama bin Laden — had not been achieved.

"It would be better if bin Laden were captured," Mr. Giuliani said, "but it's better that he's on the run."

In response to another question, Mr. Giuliani disclosed that he was not sure if his own presidential plans would be swayed if Senator McCain of Arizona also ran in 2008, as many expect.

"John is a good friend and someone I have tremendous admiration for, and he's a hero of mine, so I haven't really thought about how I would approach that," Mr. Giuliani said.

And Mr. Giuliani weighed in on the new film "United 93," about one of the hijacked planes on Sept. 11, saying that he saw the film on Saturday and found it "very difficult to watch."

"I thought it was a valuable contribution to explaining the heroism of those people who I believed saved the Capitol, and gave up their lives to do that," he said. "I think it's something that people should see in order to remind themselves of what's going on. When we say the war on terror, there's a reason for it."

At an early news conference in Des Moines, where he spoke briefly at a private fund-raiser, Mr. Giuliani said he did not think his moderate views on social issues would hurt his chances in the presidential sweepstakes in places that are less liberal than New York City.

"The party's a big party, and I fit in to the party real well over the last 10, 15 years," he said.

For the most part, Mr. Giuliani said, his views were in the mainstream with the party faithful in Iowa and nationally, noting that he favored lower taxes, free trade, smaller government and a strong military.

"We then have a party that has disagreements on issues that have to do with religion and what you call social issues," he said. "But it's a party that has room for Arnold Schwarzenegger and me, and a party that has room for people who have different views on that. The more we grow like that, the more of a chance we're going to have to be a majority party."

Mr. Giuliani also acknowledged that his personal popularity — burnished by his leadership of New York City during and after the Sept. 11 terror attack — did not guarantee that Iowa voters would support him in the January 2008 caucuses.

"I do understand that there is a difference between popularity, and then, you know, does that convert itself into somebody voting for you in a caucus, primary, an election," he said.

Still, he noted, "It's always nicer when people cheer for you than when they boo you."

Mr. Giuliani was cheerful as he faced reporters from Iowa, New York and Washington after the fund-raiser, and he rather politely parried questions about his plans for 2008. As news cameras rolled, he showed a local touch, noting Iowa's problems with methamphetamine — a concern of Iowa caucusgoers in 2004 — and joked that there was more balance between Republicans and Democrats in Iowa than in New York.

Mr. Giuliani also endorsed "appropriate levels" of federal subsidies for farmers and aligned himself with government support for ethanol, an alternative fuel made from corn that is a prized issue in Iowa.

Before the fund-raiser, Mr. Giuliani met with several Iowa Republican leaders who were players in past presidential caucuses — among them David M. Roederer, the state chairman of the Bush-Cheney campaign in 2004, and Terry E. Branstad, a four-term governor who left office in 1999.

Mr. Giuliani was a host at a cocktail party in New York on Sunday night for Governor Schwarzenegger of California, and he helped raise money last month for Senator Rick Santorum of Pennsylvania.

Washington Whispers (USNEWS)

DOJ_NMG_0028032

By Paul Bedard

U.S. News and World Report, May 2, 2006

Church and State: A Cue From JFK

About two months before the heated 1960 election, John F. Kennedy tried to put to rest the whole debate over his Catholicism to beat Richard Nixon. It was in Houston on September 12 when he famously hit the issue head-on: "No public official either requests or accepts instructions on public policy from the pope." Now, 46 years later, Massachusetts has coughed up another presidential hopeful who belongs to what some see as a weird religion--the Church of Jesus Christ of Latter-day Saints. And the candidate, Republican Gov. Mitt Romney, plans to copy, almost exactly, JFK's winning approach.

Romney says he'll give a similar address, in which he will pledge allegiance to the Constitution, not the Mormon church. It will be a simple approach: Explain the religion, maybe touch on the banned practice of polygamy, then ask voters to judge him on his years in business, as head of the 2002 Winter Olympics in Salt Lake City, and as the Bay State's governor. All things being equal, he says, some voters will reject a Mormon. But "all things are not equal," an aide tells us, "and the most important consideration for Republicans is fielding a candidate who can beat Hillary Clinton." Mormonism has its limits, though. Asked if he'd consider former Utah Gov. Michael Leavitt, now health and human services secretary, as a running mate, Romney says: "Two Mormons? I don't think that'll work."

Another From '04 With an Eye on '08

First John Edwards, then Sen. John Kerry, and now 2004 hopeful Wes Clark is mulling a second presidential bid. Helping Democrats in the midterm elections is "the first step," he says. The next is the 2008 presidential election. And allies have been told to ready their boots and parkas for another trip to New Hampshire, home of the first primary.

Maybe 2008 Is the Third-Party Charm

GOP political guru Frank Luntz thinks 2008 could be the year for a third-party success, but only if the presidential candidate is a big name. The ideal guy: New York Mayor Michael Bloomberg, who isn't interested. Why Mike? Luntz says he's frugal with the city budget, socially liberal, and rich enough to buy the advertising it takes to win the election. Two others: Sen. John McCain and former Secretary of State Colin Powell.

Exporting Capital 'D' Democracy

Arab nations upset with President Bush's war on terrorism finally heard something they liked from Washington last month. The problem: It was former Democratic Party boss Terry McAuliffe, not a Bush administration official, delivering the news. Over 21 days, McAuliffe was on a speech-a-thon in nine nations, including Kuwait, Egypt, Dubai, Qatar, and Abu Dhabi, where he commiserated about concerns that the United States wasn't ready for a drawn-out war in Iraq. "They wanted to know where we were going," he tells us. "I told them we're headed back to the Democratic Party," he says, promising them that a Dem would win in 2008 and fix the problems in the war on terrorism.

Arkansas Royalty: Huckabee or Times

Arkansas Gov. Mike Huckabee, a likely 2008 GOP presidential hopeful, has never been a fan of the Arkansas Times. And why should he be? "We have been very critical of him," says Editor Max Brantley. But now it's payback time. Brantley says the guv has stopped E-mailing releases and schedules to the popular tabloid. "A guy who has a hard time with a throwaway mag," says Brantley, "will have a heck of a time in the national spotlight. He ain't royalty." Right back at you, says Huckabee. "We don't have to hand-deliver information with a bow tie on it," he says. "That's special treatment." Anyway, most of the info is on his state website. "I guess he is too lazy to access it," says the guv. It won't end with name-calling--Brantley's considering suing.

Grudging Praise for a Russian Thorn

The Iran nuclear showdown returns this week to the United Nations Security Council, and that means we'll be hearing more from Russia's foreign minister, Sergey Lavrov. He has been leading the opposition--with China--to U.S. efforts to get tough on Iran's nuke program, bedeviling American diplomats who privately admire his diplo-smarts. "Lavrov is brilliant," allows one U.S. official.

ABC News Tries a 'Smooth' Approach

We used to hear New York-based ABC Radio hostess Daria Albinger on satellite radio. So when she popped up on a Washington radio station delivering local news, we called to say "hi," only to find out that she never moved. Instead, she's part of a new gig by ABC News to reach FM listeners who prefer tunes to talk. "We've got AM covered," says ABC's Andrew Kalb. "We want to find new FM listeners." An ABC study found that a short minute of hard and lifestyle news works well on FM. "ABC FM News" works this way: Via the Internet, Albinger from New York uploads to the stations a minute of local, national, and sports news. Her conversational broadcast sounds as if she's in their newsroom, though no local news staff is needed. Two Washington stations, Smooth Jazz 105.9 and Mix 107.3, get it now, but Kalb hopes to add many more.

The Questioner Behind the Decider

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Pay attention to new CNN White House Correspondent Ed Henry. President Bush does. After just three weeks on the beat, the TV newbie--Henry recently celebrated two years in the biz--asked the question that resulted in the latest Bushism: "I'm the decider." And he's the reporter who pressed Robert Novak about publishing ex-CIA spy Valerie Plame's name, prompting the columnist to storm off the live-TV set and eventually quit CNN. Other reporters say they haven't seen such a fast start since CNN's Wolf Blitzer arrived to cover former President Bill Clinton. Still, we hear that Henry hasn't been on the beat long enough to earn a presidential nickname yet, though "decider" wouldn't be a bad start for Dubya.

Ex-Pentagon Official To Teach At Georgetown (AP-Y2)

AP2, May 1, 2006

Douglas J. Feith, the former Pentagon policy chief who was an architect of the administration's war on terrorism, is joining the faculty of Georgetown University's School of Foreign Service.

In an announcement Monday, the university said Feith will teach a course on the Bush administration's strategy for the war on terror and also will conduct seminars as a visiting professor and distinguished practitioner in national security policy. He will start this fall.

"I think it'll be enjoyable and useful to teach Georgetown students about the administration's national security policies and policy making," Feith said in an interview. "I may be able to shed some light on little-understood topics that have generated enormous heat in the public debate."

Feith himself has been a target of heat from some Democrats in Congress who accuse him of having misled Congress about Iraq's prewar links to al-Qaida. Last November the Pentagon's inspector general's office said it had begun an investigation into allegations that an office run by Feith engaged in illegal or inappropriate intelligence activities before the war. Feith has called those allegations groundless.

Feith was the under secretary of defense for policy from July 2001 to August 2005. Since leaving the Pentagon he has been a visiting fellow at the Hoover Institute at Stanford University while writing his memoirs and working on a counterterrorism strategy project at Harvard University's Kennedy School of Government.

In announcing the hiring of Feith, Robert L. Gallucci, dean of Georgetown's School of Foreign Service, said, "He brings a combination of legal, foreign and defense policymaking experience that I am confident will enrich campus discussions on a wide range of critical international issues of the day."

Feith also served in the Pentagon and at the White House during the Reagan administration. He holds a law degree from Georgetown and a bachelor's degree from Harvard.

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On the Net:

Georgetown University: http://www.georgetown.edu

Iran Urges United Nations To Oppose American 'Threats' (NYT)

By Warren Hoge

The New York Times, May 2, 2006

UNITED NATIONS, May 1 — Iran asked the United Nations on Monday to take a stand against American threats that it said included possible nuclear strikes on its territory and that were "in total contempt of international law."

In a letter to Secretary General Kofi Annan, Javad Zarif, Iran's ambassador to the United Nations, pointed to recent comments by President Bush and Secretary of State Condoleezza Rice on ways to halt Iran's nuclear program and to news reports of Pentagon planning for possible nuclear attacks on nuclear facilities in Iran.

"Such dangerous statements, particularly those of the United States president, widely considered in political and media circles as a tacit confirmation of the shocking news on the administration's possible contemplation of nuclear strikes against certain targets in Iran, defiantly articulate the United States' policies and intentions on the resort to nuclear weapons," Mr. Zarif wrote in the letter. He made no mention of any specific news reports, referring only to "recent news in U.S. newspapers."

He said the comments by the United States were "matters of extreme gravity that require an urgent, concerted and resolute response on the part of the United Nations, and particularly the Security Council."

Mr. Zarif also faulted the United Nations for remaining silent on "these illegal and inexcusable threats" and said the lack of action had "emboldened senior United States officials to go further and even consider the use of nuclear weapons as 'an option on the table.' "

American officials have said they are pursuing a diplomatic solution to the dispute over Iran's nuclear program, but they have repeatedly said that all options, including military ones, are being considered. Iran says its nuclear program is only for producing energy, but the United States and its European allies contend that Iran is preparing to build weapons.

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Mr. Bush, asked at the White House on April 18 if the United States was considering military action against Iran, said, "All options are on the table."

Two days later, Ms. Rice echoed the president in a speech to the Chicago Council on Foreign Relations. In his letter, Mr. Jarif made specific mention of both comments.

Stéphane Dujarric, Mr. Annan's spokesman, said that the letter from Mr. Zarif had been received but that there would be no immediate comment.

Last month, the Security Council adopted a nonbinding statement that urged Iran to stop enriching uranium and asked the International Atomic Energy Agency to report on Iran's compliance by the end of April.

That report, issued Friday, said that Iran had failed to comply and that it had drastically curtailed its cooperation with the agency's inspectors as it sped forward with nuclear enrichment.

The United States, Britain and France are preparing a resolution to be circulated to Security Council members this week. The resolution would require Iran to stop nuclear enrichment under Chapter VII of the United Nations Charter, which makes compliance mandatory under international law and holds out the possibility of economic penalties and military action.

China and Russia are expected to object to any measure that imposes sanctions on Iran, and weeks of negotiations are anticipated.

Iran Urges U.N. Action Against U.S. (AP)

By Edith M. Lederer, Associated Press Writer

AP, May 2, 2006

Iran denounced the United States on Monday for contemplating possible nuclear strikes against Iranian targets and urged the United Nations to take urgent action against what it called a dangerous violation of international law.

In a letter to U.N. Secretary-General Kofi Annan obtained by The Associated Press, Iran's U.N. Ambassador Javad Zarif called President Bush's refusal to rule out a U.S. nuclear strike on Iran and a similar follow-up statement by Secretary of State Condoleezza Rice "illegal and insolent threats."

Bush was asked on April 18 whether U.S. options regarding Iran "include the possibility of a nuclear strike" if Tehran refuses to halt uranium enrichment. "All options are on the table," the president replied, but he stressed that the United States will continue to focus on diplomacy.

Iran insists it is legally entitled under the Nuclear Nonproliferation Treaty to enrich uranium to provide fuel for civilian power plants but the United States suspects its real aim is to produce nuclear weapons, a view backed by Britain and France.

Zarif said the use of "false pretexts" by senior U.S. officials "to make public and illegal threats of resort to force against the Islamic Republic of Iran is continuing unabated in total contempt of international law and fundamental principles of the United Nations Charter."

The "U.S. aggressive policy" of contemplating the possible use of nuclear weapons also violates the Nuclear Nonproliferation Treaty and other U.S. multilateral agreements, he said.

Zarif's letter made no mention of recent threats by Iran's President Mahmoud Ahmadinejad to wipe Israel "off the map."

Instead, the Iranian ambassador honed in on statements from U.S. officials, especially from Bush, which he said "defiantly articulate the United States policies and intentions on the resort to nuclear weapons."

Zarif said past U.N. failures to respond "to these illegal and inexcusable threats have emboldened senior United States officials to go further and even consider the use of nuclear weapons as an `option on the table.'"

In a brief statement responding to the letter, U.S. Ambassador John Bolton said "if Iran wants to be treated differently, then Iran should stop pursuing nuclear weapons and give up terrorism."

The secretary-general had no immediate comment on the letter, said Marie Okabe, a U.N. spokeswoman.

After lengthy negotiations, the U.N. Security Council adopted a statement a month ago demanding that Iran stop enriching uranium. A new report Friday from the International Atomic Energy Agency, the U.N. nuclear watchdog, confirmed what the world already knew: Iran has refused to stop enriching uranium.

The United States, Britain and France immediately announced plans to introduce a new Security Council resolution this week which would make Iran's compliance with their demands mandatory. To intensify pressure, they want the resolution under Chapter 7 of the U.N. Charter which means it can be enforced through sanctions or military action.

China and Russia, the two other council members with veto power, oppose sanctions and military action and want the Iran nuclear issue resolved diplomatically, with the IAEA taking the lead, not the Security Council.

Iran's top nuclear negotiator, Ali Larijani, reiterated Monday that Tehran was "ready for any kind of negotiation to achieve our rights" and again called for Iran's dispute with the international community to be returned to the IAEA, rather than taken up by the Security Council.

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He spoke on the eve of a meeting in Paris of political directors from the six countries that have been trying to find a diplomatic solution to the standoff — Britain, France, Germany, the United States, Russia and China.

Iran Nuclear Negotiator Calls For Talks (AP)

By Nasser Karimi

AP, May 1, 2006

Iran's top nuclear negotiator Monday said Tehran was "ready for any kind of negotiation to achieve our rights," renewing a call for further talks on the Islamic republic's atomic program.

As officials from the five permanent U.N. Security Council members gathered in Paris to discuss strategy, Ali Larijani also called again for Iran's dispute with the international community to be returned to the U.N. nuclear watchdog, the International Atomic Energy Agency, headed by Mohamed ElBaradei.

"Let's allow Mr. ElBaradei to do his job based on the international conventions," Larijani told group of students in Tehran University, the official Iranian news agency reported.

Diplomats representing the United States, Britain, France, Russia and China, which hold Security Council vetoes, meet in Paris on Tuesday with Germany to discuss ElBaradei's report to the council that Iran was in violation of the council's demand that Tehran stop enriching uranium, a process that can produce fuel for a nuclear reactor or fissile material for a bomb.

The report opened the way for the council to take punitive measures against Iran, but immediate action was not seen as likely because Russia and China now are opposed to international sanctions against Tehran at this point.

Iran contends it has a right to enrich uranium as long as it does not attempt to use it for nuclear weapons. Its opponents contend Iran ceded that right by conducting secret nuclear research and development.

Earlier Monday, government spokesman Gholam-Hossein Elham told reporters Tehran had earmarked $242.5 million for the completion of the Bushehr reactor in southwest Iran.

Larijani said Bushehr would go on stream in 2007. Iran had expected the plant, which was built with Russian help, to be in operation by the end of this year.

Putin, Bush Discuss Iran Nuclear Dispute (AP)

AP, May 2, 2006

President Bush called Russian President Vladimir Putin on Monday to discuss the standoff over Iran's nuclear program, days before the issue goes before the U.N. Security Council.

The council is expected this week to begin debating new steps aimed at persuading Iran to comply with international demands to halt its uranium enrichment activities. The United States and Russia are on opposite sides of that debate, with Washington and its European allies pushing for possible penalties.

"The two leaders stressed the importance of preventing Iran from obtaining nuclear weapons, especially in the United Nations Security Council," White House press secretary Scott McClellan said. "And they committed to remaining in close contact on this important priority."

A Kremlin statement said the two sides "discussed interaction on urgent international problems, including the Iranian nuclear issue, on which numerous consultations at various levels are to be held in the coming days."

The U.N. nuclear agency issued a report Friday confirming that Tehran refused to comply with a Security Council demand that it halt enrichment by that day.

Secretary of State Condoleezza Rice said Sunday the United States would seek a U.N. resolution requiring Iran to comply. She mentioned a resolution under Chapter 7 of the U.N. Charter, which can be enforced through penalties or military action.

Veto-wielding Security Council members Russia and China oppose that idea.

The United States and other nations believe Tehran's nuclear activities are aimed at creating nuclear weapons, although Iran insists its program is peaceful and aimed only at producing power.

Moscow has close ties to Iran and is building the nation's first nuclear power plant. But the Kremlin has been frustrated by Tehran's defiance of international pressure and refusal to accept a Russian proposal aimed at easing tension by moving Iran's uranium enrichment to Russia.

On Monday, the Iranian government allocated about $243 million to finish the plant in Bushehr in the southwest, spokesman Gholam-Hossein Elham said. Also, workers demonstrated in front of the former U.S. Embassy to support the disputed program.

Top nuclear negotiator Ali Larijani said Monday that Bushehr would go on line in 2007. Iran had expected the plant, which was built with Russian help, to be in operation by Dec. 31.

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"I think the plant will begin to operate a year later," Larijani was quoted as saying by the official Islamic Republic News Agency.

It was the first time a top Iranian official mentioned another possible delay.

Back To The Security Council (WP)

The Washington Post, May 2, 2006

THE UNITED STATES will begin a long, difficult and possibly unsuccessful campaign this week to persuade the U.N. Security Council to order an end to Iran's nuclear program -- even though Iran's president has already said the regime does "not give a damn about such resolutions." While the diplomacy drags on, Iran's race for a bomb will continue: The International Atomic Energy Agency reported Friday that Tehran's work on enriching uranium was accelerating even as it continued to stonewall inspectors' attempts to learn about still more troubling parts of its program. The Bush administration's pursuit of a resolution at the United Nations is nonetheless a necessary step -- in part because of what it may reveal about the international coalition it has tried to build against Iran.

A debate on a legally binding resolution should set the United States and its European allies more firmly on a course toward adopting specific sanctions against Iran. It should also force China and Russia to decide whether they wish to be partners of the West in addressing such threats to global security. Russian President Vladimir Putin has skillfully exploited the growing crisis with Iran, cooperating with the West just enough to forestall a response to his increasingly belligerent policies in other parts of the world, while also reaping the benefit of rising oil prices -- and retaining the option of selling advanced weapons to Tehran. By the time of this summer's Group of Eight summit in St. Petersburg, Mr. Putin should be obliged either to stand with the democratic governments he will host in supporting Security Council action or to demonstrate that he does not belong in their company. China, too, will show whether it is interested in taking up the role of global "stakeholder" urged on it by the Bush administration.

Russian and Chinese diplomats say their resistance to sanctions stems from concern that they will lead to more defiance by Iran, military action by the United States, or both. The same worries prompt the growing chorus of calls in Europe and in Washington for the Bush administration to offer the mullahs a "strategic dialogue." If there is to be a diplomatic solution to the Iranian nuclear threat, some such negotiations will eventually be needed. But the United States has already spent most of the past year supporting negotiations with Iran by Britain, France, Germany and Russia; their offers were crudely rejected. Iran's leaders evidently have concluded that they need not respond to offers of carrots because the coalition they face is incapable of producing a stick. The United States and its allies must now prove that thinking wrong -- ideally within the Security Council, but if necessary outside of it.

Tzipi Livni Named Vice Premier In Israel (AP)

AP, May 2, 2006

Interim Prime Minister Ehud Olmert announced his Cabinet appointments Monday, naming Tzipi Livni, a rising star in Israeli politics, as vice premier and foreign minister.

Livni is a senior member of Olmert's Kadima Party and had served as acting foreign minister in recent months. Monday's appointment makes Livni the second most powerful politician in Israel.

The defense portfolio went to Amir Peretz, head of the moderate Labor Party, the junior partner in Olmert's coalition. The posting is considered controversial since Peretz is widely perceived as strong on social issues but inexperienced in military matters. Labor also received six other ministerial appointments, including education, infrastructure, agriculture and tourism.

Israel's elder statesman, Shimon Peres, who switched from Labor to Kadima last year, was given a minor portfolio — minister in charge of developing the Negev and the Galilee. He was also named deputy prime minister, a title less senior than Livni's rank of vice premier.

Outgoing Defense Minister Shaul Mofaz was appointed transportation minister, a significant demotion from his current job.

Kadima's Meir Sheetrit was another of those disappointed. He was considered a leading candidate for the prestigious finance ministry but was appointed housing minister instead. Sheetrit's snubbing apparently clears the way for current Tourism Minister Abraham Hirchson, an Olmert confidante, to lead the finance ministry.

Israel's Finance Minister Named (FT)

By Sharmila Devi

Financial Times, May 2, 2006

Avraham Hirchson, a close friend of Ehud Olmert, acting Israeli prime minister, was named finance minister yesterday in a new government that is expected to maintain free market budgetary and fiscal policies.

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Mr Olmert's new coalition - his Kadima party, Labour, the ultra-Orthodox Shas and Pensioners party - was expected to be sworn in on Thursday in the Knesset. The government will control at least 67 seats in the 120-seat Knesset, fewer than Mr Olmert had sought.

Other key appointments include Tzipi Livni as foreign minister and vice-premier and Labour's Amir Peretz as defence minister. Mr Peretz, a former trades union leader, replaces the hardline Shaul Mofaz, who becomes transport minister. Sharmila Devi, Jerusalem

What next for Hamas and the Palestinian funding crisis?

Wolfensohn Steps Down As Gaza Envoy (AFP)

AFP, May 2, 2006

Former World Bank president James Wolfensohn formally stepped down as economic coordinator for Gaza, saying the rise of a Hamas-led Palestinian government made his job untenable.

At a news conference with US Secretary of State Condoleezza Rice, Wolfensohn announced his expected resignation after a year as envoy of the Middle East "quartet": the United States, United Nations, European Union and Russia.

Wolfensohn, 72, told reporters he had made "quite a lot of progress" in promoting economic development of Gaza after the Israelis withdrew in September of last year.

But he said that given the militant Hamas' accession to power after its surprise win in January's Palestinian elections, "the political events are such that I think the issues are above my pay grade."

"With the government of Hamas having taken over with the Palestinians, it's a very difficult movement to be able to try and negotiate any independent type of arrangements," Wolfensohn said.

The United States considers Hamas a terrorist group and refuses to help it until it recognizes Israel, renounces violence and agrees to respect agreements struck by the previous Palestinian government.

Wolfensohn, who had frequently complained of being "disenfranchised" in his Gaza role and threatened to quit, left with a warning that the West should not consider trying to starve the Hamas-led Palestinians into submission.

"I don't think anyone in the quartet believes that to be the policy -- although, sometimes, it is made to appear that that is what it is," he said. "I think that's a losing gambit."

Wolfensohn had initially intended to leave the job in December but bowed to a US request that he stay on until the end of April to allow the Palestinian and Israeli elections to play out.

While agreeing it was time for Wolfensohn to step down, Rice signaled he might be called back for another stint and said, "I hope he will keep his uniform not very far from the door."

"While conditions currently are very complicated in the Palestinian-Israeli issue, we all hope and all look forward to and are going to continue to work for movement toward the (peace) road map," she said.

Hamas has rejected the road map, drafted by the quartet and aimed at creation of an independent Palestinian state living alongside Israel.

Rice, who was to host a quartet meeting in New York next week, said there were no immediate plans to replace Wolfensohn but did not rule out a move in the future.

"What we need to do is to try, over the next period of time, to get the political conditions right so that we can move forward," she said.

"Nobody wants to be in a situation in which the prospects for the two-state solution, to which we are all devoted, do not seem immediately before us."

The chief US diplomat deflected a question on whether the West was creating a crisis in the Palestinian territories by cutting off aid badly needed to pay salaries and provide services.

She said the priority was to deal with Hamas' refusal to recognize Israel's right to exist: "We've simply got to get through that. It can't be business as usual."

France has proposed creating a special World Bank account to pay the salaries of the 160,000 Palestinian civil servants directly without going through the Hamas hierarchy.

Rice's spokesman Sean McCormack declined to comment on the idea but suggested the salaries of Palestinian government workers did not fit into the US pledge to maintain humanitarian aid.

"The reason why they might not get paid is because they have a Hamas-led government that advocates the use of terror," McCormack said. "It's not because of the international community or their behaviors."

Pakistan Gets Praise, But No U.S. Trade Deal (WSJ)

By Shahid Shah

DOJ_NMG_0028038

The Wall Street Journal, May 2, 2006

WASHINGTON -- Pakistan, an early ally in America's war on terrorism, hoped its close relations with Washington would also strengthen commercial ties between the two countries. But Islamabad is learning that not all alliances are created equal.

On a tour of South Asia earlier this year, President Bush went to Pakistan and congratulated President Pervez Musharraf on his economic policies, which have spurred growth in the country's gross domestic product and its stock markets. The visit followed Mr. Bush's stop in neighboring rival India, where the two countries sealed a range of trade deals, including a landmark agreement on nuclear power.

Pakistani officials had hoped for a textile-trade pact, but Mr. Bush didn't offer one. Textiles comprise about 60% of Pakistan's economy, and officials there are working to expand sales to America. But opposition from U.S. companies has frustrated these hopes somewhat.

During Mr. Bush's visit to Pakistan, he referred to a bilateral investment treaty, although details of the pact -- which was proposed in 2004 -- are still being worked out. On textiles, "there is no concrete development yet," said Ashraf Hayat, Pakistan's trade minister here.

Mr. Bush also pushed creating a trade zone along the Pakistan-Afghanistan border to stimulate business in that violent region. Products from the zone would be exported duty-free to the U.S., boosting local textile producers and possibly sparking expansion in other industries. Even so, the program's scope is narrower than trade preferences sought by Pakistan, underscoring the Bush administration's limits on granting trade favors, even to an ally who backed the campaign against terrorism after the Sept. 11, 2001, attacks.

Making Pakistan's quest tougher is a political climate in which many Capitol Hill lawmakers are loath to offer special benefits to trading partners. With the U.S. trade deficit at an all-time high, unease is spreading in Congress with the tightening integration of the global economy.

U.S. textile producers, who have lost tens of thousands of jobs to foreign competition, have proved effective against trade liberalization. Last year, the industry helped lead a coalition that nearly derailed a trade pact with Central America, a major piece of the Bush agenda.

Though a world-wide textile-quota system expired last year, Pakistan is pushing to get American tariffs suspended or lowered. U.S. tariffs on Pakistani goods, which average 10.4%, vary across hundreds of products, with some facing levies of nearly 30% and others none at all. The White House hasn't responded, in part because Congress must approve changes in tariff rates.

The U.S. is Pakistan's largest textile market, buying $3.01 billion in apparel, textile products, cotton, yarn and fabric, and floor coverings last year. Cutting tariffs could boost these numbers, as well as the Pakistani economy. But the end of the quota system has lifted U.S. textile imports from a host of nations by 6.4% to $95.57 billion last year, alarming already-struggling U.S. textile makers.

"We have lost half a million jobs during the past six years, as we see enormous U.S. access to textile-producing countries," said Auggie Tantillo, executive director of the American Trade Action Committee, which represents textile producers. "Naturally, we are concerned about this and little bit resistant too."

Mindful of this resistance, Pakistan has sought joint ventures with textile companies in North Carolina, South Carolina, Georgia and Alabama as an alternative way to boost exports. Islamabad has suggested strategic alliances, marketing partnerships and technical-collaboration accords with Pakistani firms but has yet to get a response from U.S. companies.

Textiles are Pakistan's largest industrial sector, employing about 15 million people and accounting for 8.5% of total gross domestic product. Opening the U.S. market further could create as many as 200,000 more jobs, officials say.

The benefits offered by the prospective investment treaty are less clear. Proposed in September 2004, it "can play an important role in strengthening Pakistan's economy, so as to create new opportunities for exporters and investors in both economies and assist in meeting the economic conditions to counter terrorism," said then-U.S. Trade Representative Robert Zoellick.

The U.S has such pacts with 39 countries, providing protection for U.S. investors doing business there without a free-trade agreement. They also encourage adoption of market-oriented domestic policies that treat private investment in an open, transparent and nondiscriminatory way.

Details are being negotiated, said Mr. Hayat, the Pakistani trade minister, adding, "We are very close to the treaty."

In 2004, U.S. foreign direct investment in Pakistan was $991 million, up from $790 million in 2003. Still, the country's authoritarian government, as well as fears of corruption and violence, have curbed investment over the past five years, experts say.

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Meanwhile, U.S textile makers aim to capitalize on U.S.-Pakistan ties to expand their sales. American textile exports -- mainly raw cotton, cotton fiber cloth, finished textile supplies, apparel, household goods and sports apparel -- face tariffs of 15% to 25% from Pakistan.

"Pakistan must give something to get something," says Cass Johnson, president of the National Council of Textile Organizations, an industry advocacy group.

Militants Kill 35 Hindus Days Before Talks On Kashmir (NYT)

By Somini Sengupta

The New York Times, May 2, 2006

NEW DELHI, May 1 — Thirty-five Hindus were killed in recent days in two separate incidents in the Indian-administered portion of the disputed Kashmir province, the police said. The killings were believed to be the handiwork of Islamist militants just days before a scheduled meeting between the Indian prime minister and Kashmiri separatists.

In one incident, gunmen stormed a village in the Doda district, dragged Hindu villagers from their homes and shot 22 of them dead. In another, in the neighboring Udhampur district, suspected militants kidnapped 13 villagers from a remote mountainous spot. Four of their bodies were found lying in the woods late Sunday, while the rest were discovered Monday, the police said.

Even by the standards of blood-soaked Kashmir, it was a particularly grisly pair of incidents — and the deadliest violence since peace talks began more than two years ago between India and Pakistan, neighbors and rivals on the question of Kashmir. The attacks are worrisome because they appear intended to fuel Hindu-Muslim tensions.

Their impact is likely to be felt during the talks about Kashmir's future, scheduled to begin Wednesday between the Indian prime minister, Manmohan Singh, and a coalition of Kashmiri separatist leaders known as the All Parties Hurriyat Conference.

Mr. Singh and the leaders of Hurriyat were swift to condemn the fresh violence. But that does not mean that the negotiations will yield quick results. The last time the prime minister announced a roundtable on Kashmir, in February, Hurriyat leaders did not show up. Along with the Pakistani government, they have stepped up their criticism of the Indian government, contending that it is dragging its feet on a resolution to the Kashmir dispute.

"People of Kashmir have rejected and rebuffed terrorists repeatedly," Mr. Singh said in a statement on Monday.

Killings of Hindu and Sikh villagers became a routine form of terrorism some years ago, when relations between India and Pakistan were at a low ebb. The most infamous of the massacres was in March 2000, on the eve of President Clinton's state visit to India, when 37 Sikhs were killed in the village of Chattisinghpora.

Peace talks between India and Pakistan have, even by the Indian government's assessment, radically reduced violence in Indian Kashmir. But the killings, for which India blames both Pakistani security forces and militants, have hardly stopped.

The coming months are crucial for the peace efforts. It is usually in the summer, after the snows have melted on the rugged mountains of Kashmir, that Indians accuse Pakistan-backed insurgents of crossing over to the Indian side of the de facto border and stirring up trouble.

Only if Indians see that infiltration and violence are down are they likely to agree to any deals on Kashmir, including pulling back troops from the Siachen Glacier, one of the costliest and deadliest missions for the armies of both countries.

Kashmir Killings Cast Shadow On India Peace Talks (FT)

By Jo Johnson In New Delhi

Financial Times, May 2, 2006

India suffered the single worst incident of communal violence in Jammu & Kashmir in three years on Monday when suspected Islamic militants gunned down 22 people in a pre-dawn massacre of Hindu villagers.

Manmohan Singh, India's prime minister, condemned the killings, which appeared timed to disrupt his meetings on Tuesday with Mirwaiz Umar Farooq, a moderate leader from the All Party Hurriyat Conference, an alliance of separatist groups.

The weekend death toll in Kashmir totalled at least 35. Nine Hindu herdsmen were found shot dead yesterday in Udhampur after a further four had been killed on Sunday.

Mr Singh is due to chair a second round table – part of the central government's efforts to resolve the Kashmir issue – later this month. The first was held in New Delhi on February 25.

India and Pakistan agreed a ceasefire along Line of Control (LoC) in November 2003 and began peace talks in 2004. They have restored diplomatic, travel and sports links, but made little progress with what Islamabad refers to as the "core issue of Kashmir".

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In a sign of determination to press ahead with peace talks, the Indian Ministry of Foreign Affairs said a seven-member delegation from Pakistan would arrive in New Delhi on Tuesday for two days of talks on confidence-building measures across the LoC in Jammu & Kashmir.

Indian diplomats say militant infiltration from Pakistan-controlled Kashmir across the LoC is the main "trust issue" that is preventing progress in the two-and-a-half-year-old peace process.

One injured man told Sahara News television channel over the telephone that armed militants had pulled people out of their homes, lined them up and opened fire. No group has yet claimed responsibility.

"They took one man from each house. The others they told to go inside. They said they would set us free later. After going some distance, they started beating us up and then opened fire," the witness said.

The killings in the remote Doda district took place hours after the slaughter of four Hindu shepherds near the town of Udhampur on Sunday. Hindus comprise slightly more than 40 per cent of Indian-administered Jammu & Kashmir's 11m population.

"By singling out Hindus for such a major massacre, they are sending a message to the entire Indian nation that this exercise [peace process] undertaken by the government is futile," deputy chief minister Muzaffar Baig said.

The deaths have aroused fears of a new wave of minority killings in the disputed state. At least 45,000 people have been killed during the 16-year insurgency against Indian rule in Kashmir. Thousands of Hindus have fled the state.

The de facto border area, high in the Himalayas, is one of the most militarised in the world. Some of those fighting Indian rule want full independence, while others would like to merge with Pakistan.

India accuses Pakistan of arming and training the guerrillas.

Pakistan, which denies aiding infiltration by militants, says the revolt is indigenous and it only gives moral and diplomatic support to what it calls Kashmiri "freedom fighters".

Ghulam Nabi Azad, chief minister of Jammu & Kashmir, said: "We will not allow them to succeed in their designs, we would rather give a big push to the peace process. I want to make it clear once and for all that we will not bow to any pressure from terrorists."

U.S. Diplomat Heads To Nigeria To Try To Unsnarl Darfur Talks (NYT)

By Joel Brinkley And Lydia Polgreen

The New York Times, May 2, 2006

WASHINGTON, May 1 — The Bush administration on Monday dispatched Robert B. Zoellick, the deputy secretary of state, to Nigeria, where he plans to plunge directly into the negotiations over a treaty to end the carnage in the Darfur region of Sudan, which stalled again on Monday.

Mediators extended the talks for 48 hours after the Sudanese government and Darfur rebel groups, meeting in Abuja, Nigeria, failed to reach full agreement by the deadline on Sunday night. Then on Monday morning, Vice President Ali Osman Taha of Sudan, the senior representative of his government at the talks, abruptly left Abuja and returned to Sudan's capital, Khartoum, complaining that the rebel leaders had been intransigent, officials said.

The Sudanese government offered on Sunday to accept the terms of the proposed agreement, but two of the three principal Darfur rebel groups refused. On Monday, the third and most important rebel group also expressed strong reservations.

Among the provisions of the proposed agreement are several that call on the rebels and government militias to disarm in a carefully choreographed sequence. But each side holds deep distrust for the other.

Sudanese officials said Monday that if the peace talks failed, the blame would fall squarely on the rebels, for refusing what the government claims is a fair deal. But the State Department urged Mr. Taha to return to Abuja, saying in a statement that the negotiations had come "down to a few difficult issues."

Abduljabbar Dosa, chief negotiator of the largest and most important rebel faction of the Sudanese Liberation Movement, reacted angrily to Mr. Taha's decision to leave.

"The departure of Ali Osman Taha at this time, it gives a wrong sign," Mr. Dosa said.

Frustrated by the state of affairs, Salim Ahmed Salim, the lead mediator, called Mr. Zoellick on Monday morning and asked him to come to Abuja immediately. Mr. Zoellick has been deeply engaged in the Darfur issue since he took office last year, and knows nearly everyone involved in the talks. He agreed and left Monday afternoon and will arrive in Abuja Tuesday morning, in time to play a role in the final day of negotiations.

In Abuja, negotiators for the rebel movements sounded defiant and upbeat, firmly rejecting the plan as presented yet leaving open the possibility of a deal.

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Ahmed Tugod Lissan, chief negotiator for one of the rebel groups, the Justice and Equality Movement, said of the agreement: "It left out critical areas as far as power sharing and the status of Darfur region. But I am optimistic something could be achieved within the next 24 hours."

Mr. Dosa called the deal unacceptable because it did not include compensation for those driven off their land.

In Khartoum, Jamal Ibrahim, a spokesman for the Sudanese government, said: "We have been committed to the deadline on the 30th of April. But now the problem is that the rebel movements are not accepting to sit and sign."

A senior Sudanese diplomat who has been following the talks closely said the government might have erred in so quickly accepting the deal, because it gave the impression that it was far more favorable to the government than to the rebels.

"It complicated the matter further, because the rebels saw the quick acceptance as a trick for them," said the diplomat, who spoke on the condition of anonymity because he was not authorized to speak openly on the matter.

More than 200,000 people have died and two million more have been driven from their homes since the conflict began in February 2003. The Abuja peace talks have limped along for almost two years.

But in early April, the African Union, with the support of the United Nations, said the talks would end if no agreement was reached by April 30. As a result, both the government and Darfur rebel groups sent senior representatives to Abuja last week.

Part of the difficulty of persuading the rebels to accept the deal, said John Prendergast, a former senior Africa specialist for the United States government, is that the rebels are afraid of giving away "the one card they have, which is military pressure, before being certain of movement implementing the peace deal."

U.S. Sends Diplomat For Darfur Talks (AP)

By Barry Schweid

AP, May 1, 2006

Deputy Secretary of State Robert Zoellick was dispatched to Africa on Monday to push for a peace agreement to end political and ethnic conflict in the Darfur region of Sudan.

Zoellick's trip was announced after the first day of a two-day extended deadline for a settlement ended without a pact. Sudan's government has said it will accept the accord, but rebel groups are still pressing additional demands.

"As long as the parties are talking, there's always a chance for an agreement," Secretary of State Condoleezza Rice said. But she declined to predict the outcome.

At a news conference, Rice said President Bush felt "very strongly and very passionately" about both the need for an agreement and getting a robust and largely African security force in to protect the people of Darfur.

"It takes time," she said, "We need to shake the trees a little bit, shake the bureaucracy a little bit and say to people: 'It's not acceptable to wait any longer for at least the planning for a robust security force.'"

Disarming militias and integrating them into an armed force are among a handful of matters that must be resolved before completion of a historic deal. Sunday's deadline was extended at U.S. request.

"We are down to a few difficult issues," State Department spokesman Sean McCormack said in announcing Zoellick's mission to the talks supervised by the African Union in Abuja, Nigeria. "Nothing is done until everything is done," he said shortly before Zoellick's plane took off.

By some estimates, at least 200,000 people have been killed and 2 million driven from their homes since 2003 in the western Sudan province. After a slow start, the world's attention has focused on the conflict between a rebel insurgency and tribal militias linked to an Arab-dominated Khartoum government.

U.S. efforts to end the warfare in Darfur accelerated in the spring of 2004, when the 10th anniversary of the genocide in Rwanda helped focus attention on it. The United States has pledged or provided $1.7 billion to help Sudan, much of which is for Darfur.

Thousands of people, some clutching signs that read, "Never Again," rallied Sunday in Washington and several of the speakers urged President Bush to take stronger action to end the suffering amid what the administration has determined was genocide.

"You need the participation and public good will of all states who have an interest in seeing that this humanitarian situation, that this tragedy is corrected," McCormack said.

Zoellick is "results-oriented" and prepared to meet with whomever can help get the agreement over the goal line, McCormack said.

The deputy secretary will be there "into the undetermined future," McCormack said.

Besides Zoellick's trip, the U.S. has been working with officials of NATO, which Washington wants to provide more logistical and training support for African Union peacekeepers.

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Efforts are also under way to provide a possible United Nations force to aid African Union troops, a move the Sudanese government has said it would support if a peace treaty is signed.

In the Sudanese capital, the country's chief negotiator, Majzoub Khalifa, said the rebels' reluctance to sign the agreement was "regrettable," but that the government would begin immediately abiding by the agreement.

The African Union must decide what to do if the talks fail, Khalifa said.

Extended Deadline Fails To Lift Hopes Of Deal On Darfur (FT)

By Andrew England In Nairobi

Financial Times, May 2, 2006

The African Union yesterday extended a deadline for the Sudanese government and rebels fighting in Darfur to accept a peace accord by two days, in a last ditch attempt to convince the insurgents to reach an agreement.

But the prospects of a deal looked bleak, with the rebels insisting amendments had to be made to a draft agreement put forward by the AU last week.

The AU, which has led more than two years of tortuous negotiations between the belligerents, had given the warring parties until the end of Sunday to sign the accord. That was extended until midnight tonight to allow the parties to "engage amongst themselves", said Salim Ahmed Salim, chief AU mediator at the talks in Abuja, the Nigerian capital.

The government said on Sunday it accepted the draft deal, but one of the rebel groups said it wanted fundamental changes to the accord. Factions of the main group also failed to sign because of objections to power-sharing and security arrangements listed in the agreement.

Mr Salim said it had been "frustrating" to deal with the rebels, and urged all the groups to agree to a deal.

"I can tell you that this war in Darfur has shaken Africa to its core . . . The eyes of Africa and the wider international community are fixed on us here," he said. "The consequence of not signing this agreement will be a drastic and negative impact on the people of Darfur, whose suffering and death will continue for no reason."

The violence in Darfur erupted in 2003 when rebel groups took up arms seeking a greater share of power and national wealth for their marginalised region. Since then, violence has killed tens of thousands of people and made over 2m homeless.

The US has accused the government and pro-government Arab militia of genocide, and on Sunday thousands of Americans demonstrated to urge Washington to do more to end the conflict.

The accord is seen as critical to the planned transfer of the AU peacekeeping mission in Darfur to the UN.

Bolivian President Seizes Gas Industry (WP)

By Monte Reel And Steven Mufson

The Washington Post, May 2, 2006

CARACAS, Venezuela, May 1 -- Bolivian President Evo Morales seized control of the country's natural gas industry Monday, sending soldiers to occupy fields that he contends private companies have plundered for years.

Morales said that unless foreign energy firms agreed to give Bolivia's state oil company oversight of production and a majority of their revenue generated in Bolivia, the government would evict them from the fields.

"The time has come, the awaited day, a historic day in which Bolivia retakes absolute control of our natural resources," Morales said during a televised speech from a gas field near the country's southern border. "The looting by foreign companies has ended."

Morales's announcement was expected, but his deployment of troops to gas fields was a strong statement in a region where governments are moving to block outside influence, particularly from the United States, and exert more control over the energy industry. Venezuela recently voided drilling contracts with private companies at 32 oil fields, demanding new contracts that give the state oil company a 60 percent stake. Ecuador is finalizing a law that could limit excessive profits by foreign crude producers.

The developments in Bolivia were not expected to affect the U.S. energy market. Even in Bolivia, analysts played down the importance of the troop deployment, but they acknowledged the message Morales was trying to send.

"I think it was a symbolic move to send the military to the oil fields to show that Bolivians are now in charge of taking care of their own property," said Gonzalo Chavez, a political analyst with the Catholic University in La Paz, the Bolivian capital. "It's an extremely popular move. There's a lot of nationalism in the country right now, and this is something that a lot of people are going to like."

During his victorious electoral campaign last year, Morales promised that he would force energy companies to give at least 50 percent of their revenue to the government's state energy company. The plan announced Monday called for a substantially

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higher percentage -- 82 percent -- to be surrendered by any company producing more than 100 million cubic feet of natural gas daily. He said that all companies have six months to agree to the terms or be kicked out of the country.

Bolivia boasts South America's second-largest reserves of natural gas, behind Venezuela. The country does not play a major role in international energy markets, but its natural gas exports are important to some of its neighbors.

About 25 international energy firms operate in Bolivia. Brazil's Petrobras and Spain's Repsol YPF have the largest operations in the country, and Exxon Mobil Corp. of the United States maintains a smaller presence.

Morales has conceded that Bolivia needs the help of those foreign companies to get reserves out of the ground, and he has said his nationalization plan is not designed to cut those companies completely out of the sector.

Bob Davis, an Exxon spokesman, said Monday that the company was "monitoring the situation" in Bolivia. He said that earlier concerns prompted Exxon to submit a letter to an international arbitration board saying that the company was contemplating a request for arbitration.

Oil industry officials have been increasingly concerned about the investment climate in Bolivia. According to news reports, Bolivia's attorney general, Pedro Gareca, opened criminal cases in mid-March against three former Bolivian presidents and eight former energy ministers for alleged wrongdoing in drawing up and signing contracts with foreign oil companies.

Morales's government has held bilateral talks with energy firms in recent weeks, but negotiations sputtered. Petrobras, after announcing additional investments of $5 billion shortly after Morales's inauguration in January, rescinded the plan in March because of uncertainty over the government's policies. Tensions also flared with Repsol YPF after the government accused its executives of smuggling oil out of the country.

Monday's announcement coincided with May Day workers' celebrations throughout the country. Morales had been under political pressure to announce the plan, which his backers consider a key to the success of his administration. He has said he plans to use increased state revenue from the takeover to fund social programs in South America's poorest country.

A longtime leader of Bolivia's coca growers union, Morales was elected in December after leading protests railing against foreign corporations and the management of the country's gas resources, which are mostly located in the Santa Cruz province in the southeastern corner of Bolivia. He spent the weekend in Cuba with ideological ally Hugo Chavez, the Venezuelan leader who has helped lead a regional shift away from the privatization of South American industries and toward more state control.

Even though it recently reached oil independence, Brazil is the country that leans most heavily on Bolivia for natural gas. In the 1990s, the Brazilian government reinforced the country's hydroelectric power grid with plants fueled by natural gas, and many of Brazil's automobiles run on natural gas. About half of Brazil's natural gas needs -- 520 million cubic feet daily -- are supplied by Bolivia via a 2,000-mile pipeline financed mostly by Petrobras. In 2003, Petrobras discovered gas deposits within Brazil that some experts say could significantly ease demand, but tapping that gas could prove costly and difficult.

Bolivian Nationalizes The Oil And Gas Sector (NYT)

By Paulo Prada

The New York Times, May 2, 2006

RIO DE JANEIRO, May 1 — President Evo Morales of Bolivia ordered the military to occupy energy fields around the country on Monday as he placed Bolivia's oil and gas reserves under state control.

Surrounded by soldiers at an oil field operated by the Brazilian energy giant Petróleo Brasileiro, or Petrobras, Mr. Morales ordered foreign producers to relinquish control of all fields and channel future sales of hydrocarbons through the state-owned energy company.

He gave foreign companies 180 days to renegotiate existing contracts with the government, or leave the country.

"The time has come, the awaited day, a historic day in which Bolivia retakes absolute control of our natural resources," Mr. Morales declared, according to The Associated Press. "The looting by the foreign companies has ended."

The decree is the latest step by Latin America governments from Venezuela to Ecuador to assert greater control over the energy sector, moves that have sent shivers through foreign producers.

Motivated by nationalist politics and soaring oil and gas prices, governments have seized an opportunity to gain higher revenues while parlaying their control over future energy supplies into greater political leverage, both at home and abroad.

"Governments in the region see energy as a commodity they can use to push populist agendas," said Adriano Pires, director of the Brazilian Center for Infrastructure Studies, an energy consultancy in Rio de Janeiro.

"From a political point of view, it's a powerful issue to manipulate, but from an industrial point of view, it can do real harm."

Mr. Morales's decree, in effect to nationalize Bolivia's energy industry, which includes the second-biggest gas reserves in Latin America after Venezuela, quickly added to the nervousness of foreign producers.

They said they would proceed with caution until the government clarified under what conditions it plans to renegotiate contracts.

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"We're worried," said Begoña Elices, director of external relations in Madrid at Repsol YPF S.A., the Spanish oil company, the second biggest investor in Bolivia's gas sector. "There will be a lot of fine print to consider."

Petrobras, the biggest investor, with over $1 billion invested in Bolivia, criticized the government's "unilateral attitude" and said it would take whatever steps necessary to "protect the rights of the company" and guarantee Brazil's supply of gas, half of which comes from Bolivia.

The importance of Bolivian gas to Brazil — the largest market in the region — prompted concern even from President Luiz Inácio Lula da Silva, a leftist and former union leader who publicly hailed Mr. Morales's rise to power.

Mr. da Silva is to meet with José Gabrielli de Azevedo, chief executive at Petrobras, on Tuesday, along with senior officials from Brazil's Ministry of Mines and Energy.

The Bolivian announcement fulfilled a campaign pledge that helped Mr. Morales rise to power last December. It was foreshadowed last year when Bolivia approved a major increase in the royalties paid by foreign producers for the right to operate in the country.

In April, President Hugo Chávez of Venezuela, a mentor to Mr. Morales, seized two oil fields operated by the Total group, of France, and Ente Nazionale Idrocarburi, of Italy, because they were unwilling to give more control of their operations to Petróleos de Venezuela, the state-run energy giant.

But Mr. Morales's step on Monday was the most assertive yet, and many industry observers feared such moves would scare away investors and jeopardize the region's economies.

"This isn't like Saudi Arabia, which over the years has developed a know-how to dominate the industry independently," said Gal Luft, co-director of the Institute for the Analysis of Global Security, a consultancy in Washington that studies energy issues.

"When you cause problems for foreign investors, you cause problems for those who know how to create and develop the industry."

Bolivian Leader Nationalizes Fuel Industry (LAT)

By Patrick J. Mcdonnell, Times Staff Writer

The Los Angeles Times, May 2, 2006

Morales threatens to throw out foreign firms that don't agree to sell most assets to the state. It's unclear where the money will come from.

SANTA CRUZ, Bolivia — President Evo Morales, who won a landslide election victory in December vowing an end to foreign "looting" of the country's natural resources, nationalized Bolivia's crucial natural gas and oil industry Monday, the latest indication of Latin America's leftward drift.

Morales ordered soldiers to secure Bolivia's natural gas fields and installations, the media here reported, and he threatened to throw out foreign companies unless they agreed to new contracts within six months giving the state control of energy production.

"The time has come, the awaited day, a historic day in which Bolivia retakes absolute control of its natural resources," Morales declared in a speech from the San Alberto petroleum field in the country's south.

Negotiations are to begin immediately with affected firms, mostly from Europe and other South American countries. Experts said the move should not affect U.S. energy prices because the United States is not a major consumer of Bolivian natural gas or oil.

Morales is closely allied with Cuba's Fidel Castro and Venezuela's Hugo Chavez, both outspoken critics of U.S. policy. The Bolivian leader signed the nationalization decree after returning from a trip to Havana, where he was warmly welcomed by Castro and Chavez.

The trio proposed a new trade bloc to counter what they called U.S. domination in the region.

Left-leaning governments are also in charge in Brazil, Argentina, Chile and Uruguay, but all are on better terms with Washington than Morales and his allies — and role models — in Havana and Caracas.

Elsewhere in Latin America, left-wing nationalist and Chavez admirer Ollanta Humala, a former army officer, is in a runoff election for Peru's presidency, and leftist Andres Manuel Lopez Obrador is making a strong bid for the presidency of Mexico.

In Bolivia, Morales, wearing a helmet of the state energy firm, chose May 1, International Day of the Workers and a national holiday here, to unveil his nationalization plan.

There was little overt reaction on the streets of this bustling eastern Bolivian city, a stronghold of anti-Morales sentiment where a civic shutdown is planned this week to protest Morales' governance.

On Monday evening, Morales addressed a roaring crowd in La Paz, the Andean administrative capital where he has strong support, especially among the poor and working class tired of the lack of social progress in South America's most impoverished nation.

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Television here aired footage of soldiers and police standing guard outside some gas installations, along with images of gas stations with banners proclaiming the sites had been nationalized.

Thousands gathered to celebrate the president's move in La Paz's central Plaza Murillo, where Morales addressed an enthusiastic crowd and folk singers chanted nationalist anthems.

The government's plan appeared to be less of an outright takeover of foreign assets than a mandatory sale of most assets to the government energy concern. Morales had said he would not take the expropriation route and has indicated a willingness to allow some foreign companies to remain as minority shareholders under his new terms.

Bolivia has the continent's second-largest natural gas reserves, after Venezuela, but most of its capacity remains untapped because of a lack of infrastructure and investment. Much of its gas is sold to neighboring Brazil and Argentina.

Petroleum production is less significant.

U.S. energy firms including Exxon Mobil, which holds a partial stake in a currently non-producing field, have relatively small interests here. But European and South American companies — including Brazil's Petrobras, the Spanish-Argentine Repsol, Britain's BG Group and France's Total — have significant holdings.

Morales indicated that some major producers would be able to retain 18% of their production, but he did not name which firms would qualify.

The move could presage friction with neighboring nations as well as European investors.

In Madrid, the Associated Press reported, Spain's Foreign Ministry expressed "deep concern" about the decree to nationalize the hydrocarbons sector, which includes significant Spanish investment.

"The government hopes … there is authentic negotiation and dialogue between the government and the different companies in which each other's interests are respected," the ministry said in a statement.

Morales and his aides depicted the move as a bold stroke for a man who rose in 10 years from a regional representative of growers of coca leaf — the raw ingredient in cocaine — to the first Indian president of a nation that is largely of Indian and mixed-race origin.

Morales has been waging an escalating war of words with Washington, which is worried about his vow to decriminalize the cultivation of coca and his friendships with Castro and Chavez. Morales has accused Washington of working to undermine his government, a charge denied by U.S. officials.

It remained unclear where Bolivia would secure the funds to purchase the private assets for its state energy concern, Yacimientos Petroliferos Fiscales Bolivianos, and how much the government would be willing to pay — market value or a price dictated by the Bolivian government.

"The big question is where the money is going to come from, and who will set the prices," said Eduardo Gamarra, a Bolivia expert at Florida International University in Miami.

International companies say they have invested about $3.5 billion in the Bolivian energy sector since the mid-1990s, when the formerly state-run industry was privatized in a move Morales harshly criticized during his election campaign. Investors worry they won't be able to recoup the massive amounts of money they plowed into Bolivia's gas fields, pipelines and other infrastructure since the government shed what was viewed by many as an inefficient and plodding state monopoly a decade ago. YPFB, the state entity, has since become largely administrative in nature, and a major unknown is how it will perform as a dominant force in the dynamic energy sector.

In recent years, two Bolivian presidents have been chased from office in large part because of protests by those who believed that gas and other natural resources were being siphoned off by foreign concerns and wealthy Bolivian allies. Morales' allies had called for a quick nationalization of gas and oil reserves.

Morales' election had already sent shock waves through the international investment community, and Monday's announcement seemed likely to make foreign companies hesitate even more to pump money into Bolivia.

"I think foreign investors will read this is in the correct way: Your investment is not safe in Bolivia," Gamarra said. "That's problematic for a country that needs investment."

But Morales and his supporters have argued that a new way of doing business is needed because foreign companies have plundered the national resources for decades without reducing a poverty rate that tops 60%.

"They have robbed us of our national patrimony," Morales said during his campaign. "We cannot continue to allow our most precious resources in the hands of foreign companies."

Morales won 54% of the vote in December's presidential election and assumed office in mid-January with a pledge to return resources to the people, rewrite the constitution and restore rights to Bolivia's long-repressed Indian population.

His popularity has declined in recent months, polls show, but he still enjoys more than 60% support after 100 days in office, much of it in La Paz, the altiplano that is the Indian heartland, and the coca-growing regions.

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Andrés D'Alessandro of The Times' Buenos Aires Bureau and special correspondent Óscar Ordóñez Arteaga in La Paz contributed to this report.

Bolivia Set To Seize Foreign-run Gas Fields (FT)

By Hal Weitzman In Lima

Financial Times, May 2, 2006

Bolivia ordered its military to seize natural gas fields controlled by foreign investors as the 100-day-old government of Evo Morales signalled it was putting into effect a campaign pledge to nationalise the sector.

Bolivia's gas industry is dominated by international energy companies, including Brazil's Petrobras, Repsol of Spain, Total of France, and BG and BP of the UK, and the decree is the latest sign of a hardening approach to foreign investors since Mr Morales' election.

"We want to ask [the armed forces] that, starting now, they occupy all the energy fields in Bolivia along with battalions of engineers," Mr Morales said after signing an official nationalisation decree in a ceremony at a gas field in south-eastern Bolivia operated by Petrobras.

The document stated that "the state recovers ownership, possession, and total and absolute control of these resources". Bolivia has the second-biggest reserves of natural gas in Latin America.

The intervention will heighten investors' concerns about the investment climate in the energy sector generally, and Mr Morales' willingness to pursue a leftwing agenda in particular. The Bolivian leader was in Havana on Saturday to sign a trade deal with Hugo Chávez, the Venezuelan leader, and Fidel Castro, the Cuban president.

Francisco Blanch, head of commodities at Merrill Lynch in London, said: "This is another step into the recent tide towards greater state control of commodities resources, as we have seen previously in Russia and Venezuela. States are taking a larger amount of the cake and that translates into higher oil and gas prices. This is extremely negative news for the oil and gas worldwide investment climate."

Álvaro García, Bolivia's vice-president, said officials from YPFB, the state energy company, and the military had begun to take control of 53 installations. YPFB and the state, he added, would assume responsibility for production, sales and pricing.

Congress last year passed a law that obliges foreign energy companies to hand over 50 per cent of their revenues in taxes and royalities. But Mr Garcia indicated that at the two largest gas fields, San Alberto and Sabalo, the split would now be 82-18 in the state's favour.

Significantly, both fields are operated by Petrobras and its subsidiaries. Petrobas, the biggest investor in Bolivian sector, is state-owned. Brazil's president Luiz Inácio Lula da Silva has good relations with Mr Morales. "Petrobas is the key to how the negotiations will play out for all the foreign companies in the sector," said one industry insider.

Foreign companies affected by Mr Morales' move, which together have invested about $3.5bn in the country in the past decade, said they needed time to study the presidential decree.

Last month Mr Morales expelled EBX, a Brazilian steelmaker, for allegedly breaking environmental law. Repsol's chief executives were imprisoned in March on oil-smuggling charges.

There has been growing concern in the US about the influence of Mr Chávez on Mr Morales. Washington is thought to be as worried about what it perceives as the Morales administration's weak commitment to democracy and close relations with Venezuela as it is about the slowing pace of coca eradication.

Mr Morales, Bolivia's first elected indigenous president, enjoys an approval rating of 80 per cent.

Bolivia Seeks Control Of Gas Production (WT/AP)

By Alvaro Zuazo, Associated Press

The Washington Times, May 2, 2006

LA PAZ, Bolivia -- President Evo Morales ordered soldiers to immediately occupy Bolivia's natural gas fields yesterday and threatened to evict foreign companies unless they sign new contracts within six months giving Bolivia majority control over the entire chain of production.

Mr. Morales said soldiers and engineers with Bolivia's state-owned oil company would be sent to installations operated by foreign petroleum companies.

"The time has come, the awaited day, a historic day in which Bolivia retakes absolute control of our natural resources," Mr. Morales said in a speech from the San Alberto petroleum field in southern Bolivia to decree what he called a nationalization of the natural gas industry. The field has been operated by Brazil's Petroleo Brasileiro SA, also called Petrobras, in association with the Spanish-Argentine Repsol YPF SA and France's Total SA.

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Bolivia has South America's second largest natural gas reserves after Venezuela, and all foreign companies must turn over most production control to Bolivia's cash-strapped state-owned oil company, Yacimientos Petroliferos Fiscales Bolivianos (YPFB), Mr. Morales said.

Multinational companies that produced 100 million cubic feet of natural gas daily last year in Bolivia will be able to retain only 18 percent of their production, with the rest being given to YPFB, he said. Mr. Morales did not name the companies.

Mr. Morales has acknowledged that nationalization will not mean a complete state takeover, because Bolivia lacks the ability to tap all its natural gas on its own.

Last week, Mr. Morales told Brazil's Valor Economico newspaper that Bolivia would have to "set up a new battalion, a new army of oil and gas specialists to exert the property right" for a complete state takeover of petroleum production.

Other major petroleum companies doing business in Bolivia, besides Petroleo Brasileiro and Repsol, include Britain's BG Group PLC and BP PLC and U.S.-based Exxon Mobil Corp.

A Repsol spokesman said the company could not respond because it had not received official word of the announcement. Petrobras officials did not immediately return messages seeking comment yesterday, a national holiday in Brazil.

Mr. Morales said the government would begin negotiations immediately with the companies to make sure they are willing to comply, but said they could be stripped of their rights to operate in Bolivia if they don't sign new contracts within the six-month deadline.

In the past, YPFB produced Bolivia's natural gas, but it was reduced to an administrative role in the mid-1990s after the country's gas exploration and production business was privatized. Analysts have warned that the company is incapable of becoming a producer again without a massive infusion of cash.

Mr. Morales, a strident leftist, won a presidential election late last year after saying the country's natural resources had been "looted" by foreign companies and must be nationalized so that Bolivians could benefit from the profits that were being sent overseas.

Mr. Morales chose May 1, International Day of the Workers, to announce the nationalization plan. He wore a YPFB helmet as he gave his speech. Afterward, a soldier unfurled a Bolivian flag from atop the natural gas installation.

Mr. Morales also said the state would retake control of Bolivian hydrocarbon companies that were partially privatized in the 1990s, with the state taking a majority stake.

With the nationalization announcement, Mr. Morales is following the path of Venezuelan President Hugo Chavez, his populist political mentor, said Pietro Pitts, editor in chief for the Venezuela-based LatinPetroleum.com.

Mr. Chavez has also made moves to exert greater control over his country's vast petroleum reserves. Most foreign companies have decided to keep producing in Venezuela, though some announced they would abandon some production.

"You can call Bolivia Venezuela Part II because it seems like [Mr. Morales] is going to try to do the same thing that Chavez is doing," said Mr. Pitts, namely giving the state majority control in its fossil fuel wealth.

Bolivia Seizes Natural-Gas Fields In A Show Of Energy Nationalism (WSJ)

By David Luhnow And José De Córdoba

The Wall Street Journal, May 2, 2006

Emboldened by Venezuelan President Hugo Chávez's moves against private oil companies, Bolivia nationalized its natural-gas industry, ordering foreign companies to give up control of fields and accept much tougher operating terms within six months or leave the country.

In a dramatic sign of how high energy prices have sparked a resurgence of nationalism from Caracas to Moscow, Bolivian President Evo Morales yesterday announced the nationalization at the country's biggest natural-gas field, San Alberto, and then ordered army troops to take control of it and the country's other fields, operated mainly by Brazil's state-run Petróleo Brasileiro SA, or Petrobras, and Spain's Repsol YPF SA. To date, foreign investment in Bolivia's energy sector totals about $3.5 billion.

"The time has come, the awaited day, a historic day on which Bolivia retakes absolute control of our natural resources," said Mr. Morales. The former coca grower won a landslide victory in December elections partly on a promise to nationalize the gas industry, seen by many poor here as the country's ticket to prosperity.

Mr. Morales's move mimics recent measures against Big Oil by Mr. Chávez, a close ally of the Bolivian politician who has seized on high energy prices in recent years to rewrite the rules of Venezuela's oil industry. Mr. Chávez has forced major oil companies to accept a minority stake in fields they previously owned and put more money in Venezuelan coffers through higher taxes and royalties.

"Chávez and Morales are both playing a game of chicken with foreign oil companies," said David Mares, a professor of political science at the University of California at San Diego who studies the regional oil industry. "In a period with high profits of

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oil companies, this is giving both of them a sense that the companies will really bend over backward to keep access to these places, and that this is the time to renegotiate the contracts."

It remains to be seen whether the moves by Messrs. Chávez and Morales, who signed a free-trade accord over the weekend with Cuba's Fidel Castro, will lead to a broader regional backlash against foreign oil companies and further complicate the global energy market. "Obviously there are concerns" about a ripple effect, "but we don't know what the future impact is going to be," said Bob Davis, an Exxon Mobil Corp. spokesman.

In Peru, presidential candidate Ollanta Humala has called for nationalizing the country's mining and natural-gas industries, spooking foreign investors. Mr. Humala won a first round of voting last month and faces a tough run-off against former President Alan Garcia, who vows to continue to welcome private investment. Ecuador last month passed a law designed to cut into windfall profits of foreign crude producers, among them U.S.-based Occidental Petroleum Corp., by giving the government 50% of oil-company profits whenever the international oil market exceeds the prices established in existing contracts.

Venezuela is the world's fifth-biggest oil exporter. The stakes are much smaller in Bolivia, which boasts the second-largest natural-gas reserves in South America but isn't ranked in the top 20 of the world's biggest gas deposits. Since natural gas isn't as easily transported as oil, it tends to be a more regional market than oil, too, meaning events in Bolivia don't affect the price of natural gas in other parts of the world. Bolivia exports nearly all its 1.3 million cubic feet a day of output to Brazil.

On energy markets, Bolivia's announcement was overshadowed by unrest in Nigeria and the West's standoff with Iran over its nuclear program, both of which contributed to a rally in crude-oil prices, which gained $1.82, or 2.5%, to $73.70 a barrel, near a record.

Still, the move dramatically raises the stakes for companies that operate in Bolivia. The two biggest operators by far are Petrobras and Repsol. Britain's BP PLC and France's Total SA have smaller positions there. In a brief statement, Petrobras said Bolivia had taken "unilateral action that substantially alters" operating and business conditions in the country. The company said it would review the situation and take appropriate action to guarantee gas supplies to Brazil and safeguard the company's rights in Bolivia.

Mr. Davis, the Exxon Mobil spokesman, said the company isn't sure whether the move will affect the Itau natural-gas field, in which it holds a 34% interest. The field, for which Total serves as operator, is not currently producing natural gas, he said. "We don't know if this affects all assets or just producing ones," he said.

The U.S. State Department said details were too sketchy for it to comment on the Bolivia nationalization. Many other national capitals were closed for May Day. When officials return to work, they will be weighing whether Mr. Morales's action marked a sharp leftward shift -- or was the minimum he could do to satisfy the constituency that catapulted him into the presidency.

Bolivia's move is not equal to oil nationalizations of the past, such as Mexico's in 1938. In those cases, the countries kicked out private companies altogether and did not allow them to claim any production from fields. Bolivia wants private companies to stay and help operate the sector, but under strict conditions.

Bolivian law has always claimed that the state has ownership of the resources in the ground. But it allowed private companies in effect to own the resources by allowing them to operate fields and take the lion's share of production to sell as they saw fit.

Last year, Bolivia raised the state's take to an effective 50% of production by raising taxes and royalties. Yesterday's announcement goes further, declaring that the state owns the gas after it has been extracted. It also indicated that companies at the country's two largest fields would get just 18% of the production.

While it will play well at home, this could be a risky move for Mr. Morales if foreign operators decide to pull up stakes. "Companies can't really ignore Venezuela because there's too much oil there. But Bolivia is in a different situation...and companies can walk away," said Matthew Shaw, an industry analyst at Wood Mackenzie in Scotland.

Indeed, Bolivia admits it needs foreign oil companies to stay. Last month, Energy Minister Andres Soliz Rada said state energy company YPFB was in no shape to take over from foreign energy companies. "It's easy to say we will expel them, but then 45 or 60 days without fuel [and] we would generate anarchy in the country," he said. Among YPFB's problems, said Mr. Soliz Rada, is a shortage of qualified personnel and the money to hire such workers.

Investment in the energy sector has plummeted in the past three years due to political turmoil and uncertainty about the future of the industry. Earlier this year, Repsol slashed estimates of its gas reserves in Bolivia -- partly because higher taxes made developing some fields unprofitable. The company also froze about $476 million in planned investment.

Landlocked Bolivia is South America's poorest country. Many believe the country, which in the 16th century was the site of the world's most profitable silver mines, has been systematically looted, first by Spanish colonial masters and then by foreign multinationals.

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In 2003, a consortium of foreign companies led by Repsol planned to spend about $6 billion to pipe natural gas to Chile, where a plant would liquefy it and tankers would ship it to Mexico and the U.S. But the project was killed after Mr. Morales and other radical leaders rallied thousands of poor Bolivians to protest against the plan as the latest foreign attempt to exploit Bolivian workers.

The protesters argued that the gas should stay in Bolivia. They opposed any project that included Chile, a country widely hated in Bolivia for having stripped it of its access to the sea as a result of a 19th-century war. Army troops killed dozens of protesters and the spiraling violence pressured President Gonzalo Sanchez de Lozada to resign.

A Conservative Takes The Lead In Mexico Race (CSM)

By Danna Harman

The Christian Science Monitor, May 2, 2006

SALAMANCA, MEXICO - He seems nervous waving to crowds, uncomfortable when supporters chant his name. "Uncharismatic" is what he's usually called. But now Felipe de Jesús Calderón Hinojosa is the man to beat in Mexico's July 2 elections.

The young, at 43, lawyer and economist was far behind when the campaign season took off last fall. To begin with, President Vicente Fox, barred constitutionally from running for a second term, backed a different candidate to lead his center-right National Action Party (PAN). More critically, there was the seemingly unstoppable rise of populist Andrés Manuel López Obrador, the candidate for the Democratic Revolution Party (PRD), who is as charismatic and dynamic as Calderón is ho-hum.

But that was then. Calderón compares himself to a racehorse from a well-known Mexican ballad that - slow and steady - ends up winning the big race.

The self-appointed local Seabiscuit, Calderón surprised everyone by winning his party's primary in October, and has been closing the gap between himself and former Mexico City mayor López Obrador ever since.

"I was not the favorite at first, but I have gained ground and come from behind just like the racehorse. Now I am going to win," he says, speaking to the Monitor in his campaign bus.

"Things really took off at the end of March. That is when we made some strategic changes," explains Calderón. The PAN logo was switched, the staff was reshuffled, and the stump speech was revamped. But the most effective strategic decision was probably to "go negative" and air controversial television commercials portraying López Obrador as a demagogue in the style of Venezuela's Hugo Chávez. "We decided to ... show Mexicans who Obrador really is," says Calderón.

The commercials, along with López Obrador's decision to skip last week's presidential debate, hurt the PRD candidate's popularity. A poll in the local Reforma newspaper the day of the debate showed Calderón with 38 percent support, with López Obrador slipping to second place - at 35 percent - for the first time in over a year. Roberto Madrazo, candidate of the Revolutionary Institutional party (PRI) that ruled Mexico for 71 years before Fox came into office in 2000, was in third place with 23 percent. Post-debate snap polls have confirmed the trend of Calderón's rise.

With the wind at his back, Calderón set out this past weekend on a three-day campaign trip across the states of Tamaulipas, Guanajuato, and Michoacan - all PAN strongholds - in high spirits. "We finally see who's who among the candidates," Calderón told throngs of supporters at a San Miguel de Allende rally Friday evening. "Now we can see who is the rooster and who didn't even show up at the cockfight," referring to López Obrador's absence at last week's debate.

Going from early morning meetings with poor farmers to white-tablecloth breakfasts with business leaders, Calderón emitted an air of calm confidence. His wife Margarita Zavala and three young children - decked out in Calderón '06 T-shirts - joined him for parts of the journey.

"I used to come play kick-the-can here on my summer vacations when I was a child," Calderón said at a breakfast meeting in Salamanca Saturday. He went on to explain how that child's game was dependent on teamwork, and segued into a request for support for PAN congressional aspirants. But a fair number of the crowd seem more interested in their chilaquiles, the traditional dish of fried tortilla chips bathed in salsa, chicken, and cheese.

"He is not the man to get people jumping up and down with excitement," says Marisol Padilla Avila, a public accountant, looking over at Calderón standing stiffly, hands at his side, as a few supporters chant "si se puede!" - "yes it can be done!" - his campaign slogan. "But he knows what he is saying and he has sound ideas, and that's what counts."

Creating jobs is the centerpiece of Calderón's platform. While López Obrador speaks of increasing welfare programs, Calderón talks about reform. A former energy secretary under Mr. Fox, Calderón says he intends to extend the president's free-market policies, open up the troubled energy sector, and fix tax and labor laws - all in order to create new jobs. "The President of Employment" read the white flags that his operatives hands out at rallies.

"How many of you have family in the United States?" Calderón asks a crowd of thousands Saturday evening. Nearly every hand goes up. "I have a cousin and brother-in-law there too," admits Calderón. "Our fathers, sons, sisters ... we need to bring

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them back here," he says. "A good economy rests on two legs: workers and jobs. We have the workers. Now let's bring investment and jobs here," he says.

"I will remain firm in demanding fair rights for Mexicans in the US," stresses Calderón. "If we build one kilometer of road here it will be better than 10 kilometers of a fence along the border."

Honest government is another of Calderón's key promises. Whenever he takes the stage at his rallies, he holds his palms up, the campaign's symbol for clean government.

Calderón's messages go down well not only in the dusty villages but also in the country's boardrooms, with most of Mexico's business community supporting him.

Still, with elections two months away, a large number of undecided voters, and López Obrador still exceedingly popular, a Calderón victory is far from guaranteed. "We have a lot of work ahead," admits the candidate. "This is a tight race."

Victor Florencio, an elderly man with a cowboy hat, walked slowly out of a Calderón rally in Yuriria on Saturday. "Not bad," he says of the candidate's platform. He believes Calderón can win, but has some advice: "Someone should tell him to yell more, that is what we expect from our politicians."

Impunity On Trial In Africa (WP)

By Craig Timberg

The Washington Post, May 2, 2006

In Cases of Ex-Leaders, Justice Shifts From Soldiers to Courts

JOHANNESBURG -- The arrest in March of former Liberian president Charles Taylor was the latest in a series of tentative steps toward holding political leaders in Africa accountable for alleged crimes including corruption, rape and genocide.

After decades in which senior government officials were largely beyond the reach of national and international law, prosecutors recently have pursued Taylor for war crimes committed in Sierra Leone, a U.N.-backed tribunal has tried former leaders in the 1994 Rwandan genocide, and international investigators have been invited into four other African countries.

National courts have also become increasingly aggressive. In Zambia, former president Frederick Chiluba is battling corruption allegations, as are several top officials in Nigeria, Kenya and Malawi. In South Africa, former deputy president Jacob Zuma, accused of raping a family friend half his age, is awaiting a court judgment.

"There is a very important shift in the way people conceive of power and want to do things on the continent," said Claude Kabemba, who monitors governance issues across Africa for the Human Sciences Research Council in Pretoria, South Africa. "Impunity in many instances is not allowed as it was a decade ago."

The recent series of legal proceedings across the continent has the feel of victors' justice to some observers. Taylor's arrest was facilitated by President Ellen Johnson-Sirleaf, a former political rival. The case against Chiluba has been pushed by his successor. And Zuma, a populist once widely expected to be South Africa's next president, has blamed his legal troubles on a conspiracy to block his ascent to power.

Despite the political flavor of many of the cases, however, analysts, legal experts and human rights activists say the court actions mark a new era in which African disputes increasingly are being resolved by judges rather than soldiers. It may be a necessary first step, these advocates say, toward a more advanced variety of the rule of law in which all citizens -- regardless of political power -- are treated equally by impartial courts.

"What's wrong with victors' justice if this is a better form of justice than was there before?" said Desmond deSilva, chief prosecutor of the U.N.-backed tribunal trying Taylor. De Silva recently announced his resignation from the post but said he hoped to return to the job to lead Taylor's prosecution.

Taylor now waits in a jail cell in Freetown, the capital of Sierra Leone, for trial on 11 counts of war crimes, including crimes against humanity for backing a rebel group that relied heavily on child soldiers and was known for mass rapes and severing the limbs of civilians. He has pleaded not guilty.

The rise in international tribunals began in the 1990s after the genocides in Rwanda and Bosnia. The movement gained strength with the creation of the International Criminal Court in The Hague in 2002.

The Bush administration opposed the international tribunal, instead supporting special courts such as the one that is trying Taylor. It argued that a permanent international court with broad authority could infringe on U.S. sovereignty and put its citizens in improper legal jeopardy.

Despite U.S. opposition, support for the International Criminal Court is strong throughout most of the world, and it is widely seen as a way to bring the world's worst human rights violators to justice. The idea has grown popular enough in Africa that national leaders, who traditionally have jealously guarded their sovereignty, have turned to the international court for help.

The presidents of Ivory Coast, Congo and Uganda asked the International Criminal Court to investigate the actions of armed groups that control parts of their countries, and in Uganda and Congo arrest warrants have been issued for militia leaders.

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In the Central African Republic, President Francois Bozize has asked the court to investigate the actions of his predecessor, Ange-Felix Patasse.

"Politically, it makes sense to be an exponent of justice," said Richard Dicker, head of the international justice program for Human Rights Watch, speaking from the organization's New York headquarters.

As international courts have gained strength, national courts in many nations have grown in clout and independence. With the decline of leaders who rule for life, newer generations of African leaders increasingly have been pressured -- by the international community and their own citizens -- to rely on means other than violence to resolve their disputes.

"There seems to be a movement to say we will not tolerate a situation in which impunity is a norm," said Nobuntu Mbelle, coordinator of the Coalition for an Effective African Court on Human and People's Rights, with offices in both South Africa and Nigeria. "It's not business as usual."

Corruption investigations in Kenya have led to the resignations of three cabinet ministers, and two sons of former president Daniel arap Moi have been accused of wrongdoing.

In South Africa, which in the 12 years since the end of apartheid has become a diplomatic powerhouse and a democratic role model to many other countries, Zuma faces the prospect of years in jail for his rape charge. He also faces corruption allegations.

Many South Africans saw political motives in the prosecutions of Zuma. The same is true in Nigeria, where the anti-corruption campaign led by President Olusegun Obasanjo is seen by many within his country as an attack on enemies as he clears the way for a possible run for a third four-year term.

One effect of the prominent court cases has been to modestly curb corruption in Nigeria, according to political analysts there, because officials are attempting to insulate themselves against damaging investigations. Another effect is a growing, if grudging, respect for the rule of law, said Chidi Odinkalu, founder of Coalition Against Impunity, a Nigerian-based umbrella group of more than 350 human rights organizations worldwide.

"The motivations are less altruistic than promotion of the rule of law for the heck of it," said Odinkalu, speaking from Lagos, Nigeria. He added, "The politics of the rule of law is having positive consequences for the cause of justice."

There are crucial exceptions, including the longevity of Zimbabwean President Robert Mugabe, who has ruled his southern African nation through increasingly authoritarian means since 1980. Other African leaders have been reluctant to challenge his authority, despite devastating economic decline and extensive evidence of human rights abuses and election rigging.

Even some advocates for imposing international standards of justice in Africa worry that the fear of prosecution has encouraged Mugabe, 82, to resort to any means to stay in power.

Enduring that problem, said John Stremlau, a former professor of international relations in Johannesburg now working at the Carter Center in Atlanta, is better than forgoing justice for the victims of the most brutal of African regimes.

"Putting rogues at risk is a good thing," said Stremlau, speaking from Atlanta. "It's fraught with idiosyncrasies and inconsistencies, but the trend line is right."

Pollution Reports Hurt CO2 Emissions Market (WT/AFP)

By Richard Ingham, Agence France-Presse

The Washington Times, May 2, 2006

PARIS -- Dark clouds suddenly have gathered over the fledgling market for carbon dioxide (CO2) emissions, where prices plunged by more than half last week as European countries discovered they were polluting far less than they thought.

The innovative market was established under the Kyoto Protocol for controlling emissions of greenhouse gases -- the carbon gases emitted mainly by burning oil, gas and coal that most scientists think are driving climate change.

Its backbone is the Emissions Trading System (ETS) of the European Union.

Under the system, 11,500 firms that are big users of fossil fuels must meet target levels for CO2 emissions or else pay a penalty of $50 per metric ton for 2006 and 2007 -- a punishment that will rise to $125 per ton in 2008.

Companies that have used less than their quota can sell their surplus on the ETS to companies that have used more than their quota, thus providing a financial carrot to companies to exceed the requirements.

At the start of last week, CO2 was changing hands at $37.75 a ton, compared with $25.80 a ton at the beginning of the year.

On Wednesday, the price fell to $29.45, and on Thursday, the price fell to $20.75. On Friday, it closed at $16.60 ahead of the May 1 holiday.

"The downturn is due to exceptional circumstance -- the publication of verified emissions by a number of European countries," said Jean-Francois Conil-Lacoste, director-general of Powernext, Europe's biggest CO2 market.

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Authorities in five of the 25 EU countries -- France, the Netherlands, the Czech Republic, Estonia and Belgium's Wallonia region -- reported that their CO2 pollution last year was less than their quota levels, whereas Spain said it had exceeded its quota, but by less than expected.

This was the first time that governments reported their actual levels of emissions. The quotas established for the firms participating in the ETS were based on estimates.

On the face of it, this is a rare bit of good news for the environment, given that global levels of CO2 are surging, fueling growing concern about the stability of Earth's climate system.

The announcements, though, have the effect of unloading more sellers on the market. Analysts warn that a white-knuckle price ride could undermine confidence in what Kyoto's supporters claim is the smartest and most flexible way to tackle carbon pollution.

"It would be premature to trumpet this as good news," the Financial Times commented on Friday.

"For there is a strong suspicion that EU governments, of which at least 15 are on track to exceed their eventual Kyoto targets, are being too generous in awarding permits to their industries rather than the latter being unexpectedly successful in cutting pollution."

An analyst for Point Carbon, an Oslo-based market monitor, cautioned that the six reporting countries account for only about a quarter of all EU emissions.

The big economies of Germany, Britain, Italy and Poland are among the other countries still to announce verified figures, the analyst said. The deadline for reporting these is May 15.

"Eventually it will sort itself out, and the market will adjust accordingly," said the analyst, who noted that the market was introduced only in January 2005 and was still in a pilot phase.

Mr. Conil-Lacoste generally shares that view.

"The market has reacted healthily to fundamentals, albeit somewhat brutally," he said. "However, an adjustment may be needed in the national quota allocations."

U.S., Japan Ask China For Military Transparency (WT)

By Bill Gertz

The Washington Times, May 2, 2006

Senior U.S. and Japanese leaders called on China yesterday to explain its secret military buildup and urged North Korea to return to six-party talks on its nuclear program.

A joint statement by Defense Secretary Donald H. Rumsfeld, Secretary of State Condoleezza Rice and their Japanese counterparts called for "greater transparency on the modernization of military capabilities in the region," in what U.S. defense officials said was reference to a Chinese arms buildup that is prompting worries for both governments.

Beijing has refused to disclose details about the scope and goals of a large-scale military buildup under way for at least a decade that includes three new types of strategic nuclear missiles, three new types of submarines, and large purchases of weapons from Russia and other developed nations.

The statement followed meetings of Mr. Rumsfeld, Miss Rice, Japanese Foreign Minister Taro Aso and Defense Minister Fukushiro Nukaga on reorganizing U.S. forces in Japan.

Mr. Nukaga said during a press conference that China's economic growth has led to increases in defense spending and called for pressure to "increase the transparency of military capabilities of China to ensure the sense of security among the neighbors." The matter was discussed during the talks, he said.

Mr. Rumsfeld called the alliance "vital" and said military changes being made in Japan will "ensure the enduring capabilities of the alliance, built on a stable, sustainable U.S.-forward presence in the Pacific."

"The reality of the world today is that to be credible, to deliver on real deterrents, to assure peace we're committed to maintain, we need to match our words with our deeds," he said.

Mr. Aso said "very close cooperation" with the United States is needed because of continued "uncertainty" in the Asia-Pacific region.

The leaders "urged North Korea to return expeditiously to the talks without preconditions, to dismantle its nuclear programs in a complete, verifiable and irreversible manner, and to cease all illicit and proliferation activities."

The leaders' meeting, known as the U.S.-Japan Security Consultative Committee, finalized Pentagon plans to relocate about 8,000 Marines now based in Okinawa to Guam. The shift is part of a major international force reorganization program, and Japan will pay for $6 billion of the $10 billion Guam-relocation costs.

Other elements include moving Marine Corps CH-53 helicopters now based on Okinawa to Guam and upgrading U.S. Army command and control systems at Camp Zama near Tokyo to boost coordination between U.S. and Japanese forces.

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Japanese air forces also will move to the U.S. Air Force's Yakota air base, west of Tokyo, and Japan will set up a new missile defense center to coordinate U.S. and Japanese defenses against missile attack.

The Pentagon also will deploy a new X-band radar for use with its ground-based missile defense at the Japanese air force Shariki Base, in Tsugaru in northern Japan. Additionally, Patriot PAC-3 missile defenses also will be deployed in Japan.

GOP Senator Questions White House Data On Coca Growth In Colombia (LAT)

By Chris Kraul

The Los Angeles Times, May 2, 2006

BOGOTA, Colombia — A prominent Republican senator has raised questions about the statistics offered by the Bush administration to show progress in fighting drugs in Colombia, as Congress prepares to debate hundreds of millions of dollars in additional aid to the strife-torn nation.

Writing to the White House's Office of National Drug Control Policy, Sen. Charles E. Grassley (R-Iowa) asked for an explanation of apparent inconsistencies between positive numbers released last fall and figures released last month that indicated ground was being lost.

The letter, which tacitly upbraided the White House for insufficient or possibly manipulated figures, comes as Congress prepares to consider President Bush's request for a one-year extension of Plan Colombia. The six-year effort, which has already cost $4 billion, is the largest U.S. aid program outside of the Mideast and Afghanistan.

"The numbers being released out of the Office of National Drug Control Policy just don't add up, and I hope ONDCP takes the opportunity to respond to my letter in a forthright and transparent manner," Grassley said in a statement to The Times.

In November, the White House announced that the street price of cocaine had risen significantly and that the purity of the drug had declined, indications that supplies had been reduced. But in the data released last month, the White House said total acreage of coca cultivated in Colombia measured by satellite image monitoring had increased 26% from 2004 to 2005.

In the letter, which was addressed to White House drug office director John P. Walters, Grassley asked for an explanation of the apparent discrepancy.

The White House has said the year-on-year comparisons of coca cultivation are not relevant because 81% more terrain in Colombia was surveyed in 2005. In an interview, James O'Gara, deputy director for supply reduction at the Office of National Drug Control Policy, said the eradication program was having its desired effect. Satellite imaging and the software used to assess the potency of the plants indicated that cultivation and production were down, he said.

"Despite casting the wider net in terms of the terrain that it surveys, aerial monitoring shows Colombia's productive capacity is down 21% since the peak year of 2001," O'Gara said.

Critics of Plan Colombia say monitoring should have been expanded long ago to include the so-called balloon effect of the aerial spraying program — the movement of growers from "industrial" coca farms to more remote areas.

Grassley, who is the chairman of the Senate Caucus on International Narcotics Control, said he suspected that the figures were being manipulated to "provide a rosier but not necessarily more accurate picture of the current situation."

"While I am very hopeful that the tide is turning in our efforts to combat cocaine and heroin production and exportation from Colombia, I believe that these assumptions may be premature and even unfounded," Grassley wrote.

John Walsh of the Washington Office on Latin America said the new figures for cultivation cast doubt on November's cocaine street sales statistics, which he said were poorly documented.

"The [White House's] claim that Plan Colombia drove up the U.S. street price of cocaine in 2005 has never been substantiated," Walsh said. "And glaring discrepancies with the well-documented price estimates published … earlier in 2005 make full disclosure of the methods behind the new data even more crucial."

Ricardo Vargas, a drug-policy analyst at Bogota-based Accion Andina, said Grassley's criticisms were legitimate because the new figures showed that despite the spraying, the Colombian government had not been able to "control the replanting and relocation to new zones by coca growers."

"The army would need three or four times the soldiers it has to control the vast areas such as the Amazon, where much of the growing has relocated to," Vargas said.

Although the five-year foreign aid program formally ended in September, the Bush administration extended the $600 million-plus in annual funding this year, and Bush has requested a similar appropriation for fiscal 2007.

Aid for Colombia is widely supported in the U.S. Congress, where President Alvaro Uribe is generally perceived as a strong leader who has reduced crime and extradited more than 400 drug-trafficking suspects.

Backers of Plan Colombia say that success in the anti-drug program should be measured by more than just the number of acres cultivated. Also important, said a senior staffer on the U.S. House International Relations Committee, is improved security in Colombia.

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"Colombia is in a different place than it was five or six years ago," said the senior staff member, who asked not to be named. "You can drive around the country, the Colombian government is asserting itself in all its municipalities, and kidnappings and terrorist attacks are down. To focus the debate on how many hectares of coca or opium is grown in Colombia is off the mark."

At the same time, Walsh said that official figures showed that total Colombian acreage of coca cultivation was now 6% more than before Plan Colombia began in 2000.

Grassley said, "As Congress begins debate on appropriations in an especially tight budget, it's important we know the real facts and figures on Plan Colombia. We need to know if it's really working."

The New Muslim TV: Media-savvy, Modern, And Moderate (CSM)

By Ursula Lindsey

The Christian Science Monitor, May 2, 2006

CAIRO - The Egyptian actress Sabreen was at the peak of her fame when, in 2001, she underwent a religious "awakening," retired from acting, and donned the veil.

Now she's back on television, hosting a talk show on a new Islamic satellite channel called Al Risala ("The Message"). Sabreen, who is still a household name thanks to the popular films and TV shows she used to appear in, says she chose to make her come-back on Al Risala because the channel "talks about Islam in an enlightened, moderate way ... a very honest and frank way."

She's a far cry from the bearded men in white robes who dominate traditional religious programming here. With her smiling face framed by a stylish, sequined veil, Sabreen has become the spokesperson for a new sort of Islam: media-savvy, modern, and moderate. Her producers say they hope she will be the Muslim world's Oprah.

"For a very long time all religious programs were just isolated, artificial, old, obsolete," says Al Risala executive Ahmed Abu Haiba.

Al Risala, by contrast, has splashy graphics and state-of-the-art sets. The channel does air some traditional religious programming, but many of the shows have nothing overtly religious about them.

The set of Sabreen's show looks like a colorful living room, and the backdrop is a night-time view of the skyscrapers of Dubai. In the audience, young men and women sit next to each other, and some of the women are unveiled.

On the show, guests discuss social issues such as Muslim immigration to the West, domestic abuse, and polygamy.

Introducing an episode about non-Muslim minorities in the Middle East, Sabreen asks her audience: "Have you ever felt distinctions being made between you and a neighbor or a co-worker because of religion? Have you ever had trouble practicing the rites of your religion?"

Towards the end of the show, she tells her listeners that "Islam does not discriminate on the basis of religion or nationality or color, as long as we return to learning true Islam."

"I'm not a mufti," says Sabreen, referring to a religious scholar. "My show is not for conservative Muslims," she explains. "It's for Muslims who don't know right from wrong, because of the [other] media that targets them."

According to Al Risala's executives, that media can be both secular shows that undermine family values and religious programs that foment extremism.

"Islam has been changed throughout time," says Al Risala's general manager, Sheikh Tarek Swidan. "If we go back to the roots then we see Islam being very peaceful, very open. Respect of all humans, respect of all religions, respect of all races - that is the original message of Islam."

"We are directing the channel to be in clash with ... terrorist ideas," adds Mr. Swidan. "We are going head to head."

Swidan is from Kuwait, but lived 17 years in the US. The smiling sheikh speaks fluent English and - unlike many religious figures - shakes women's hands. He's an engineer, a business management specialist, and a popular motivational speaker.

"In our understanding, Islamic media is any clean media," he says. "So any program that is clean and has a message to improve a human being - improve them religiously, ethically, socially; push them towards being productive and effective, having ambitions." A new Islamic media revolution

Mr. Abu Haiba, the station's Cairo bureau manager, says the station espouses the values of tolerance, peace, and progress, while being critical of some modern developments. Abu Haiba rails against cellphones and fast food, and says people should "be honest, be punctual, not raise their voices."

According to Abu Haiba, Al Risala is just the latest step in a "new Islamic media" revolution. This movement includes everything from Islamic "televangelists," who strut the stage in business suits, calling on the audience to tell personal stories, to Islamic pop stars, who sell catchy tunes about the prophet Muhammad.

It's a phenomenon that Swiss researcher Patrick Haenni calls "market Islam."

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"When we speak of Islamic revival, we always focus on political organized groups aiming at gaining power," says Mr. Haenni. But just as important a phenomenon, he says, are "private religious entrepreneurs."

These entrepreneurs target the upper middle class, and focus on personal enlightenment rather than political engagement. They're socially conservative and opposed to what they see as the decadence of much of Western culture. But they want to benefit from Western science, education, and progress, and they condemn violence and extremism.

And, says Haenni, they use "fully all the means of mass culture ... chats on the Net, chat shows on TV, Islamic rap in the West. Mass culture is not the enemy anymore."

"It's a more worldly view of Islam," says sociologist Madiha al Safty. "They are trying to reconcile modernity with Islam." Reality TV and quiz shows

Al Risala's programming includes a quiz show called "House of Dignity," in which families can win household appliances by answering general knowledge questions such as "What is the organ that cleans blood in the body?" The kidney; "What is the fastest land animal?" The cheetah; and "Who was the first Islamic caliph?" Abu Bakr al Sadiq.

Swidan hosts a program called "The Making of a Leader," in which the sheikh puts aspiring young businessmen through various tests. The station also airs music videos, although it eschews the hits of scantily clad Lebanese pop stars in favor of songs about religion and family. There is even a reality TV show, in which three young men travel through Jordan, Syria, and Lebanon, following the path of early Islam's expansion.

Al Risala is financed by Saudi billionaire Prince al Walid bin Talal. Mr. bin Talal, who recently donated $40 million dollars to Harvard and Georgetown universities, is one of the more liberal members of the Saudi royal family.

The Kuwait-based channel started broadcasting at the beginning of March on two satellite carriers that reach millions across the Middle East and in Europe.

Al Risala executives say data isn't available yet on the size of the station's audience. But they note that viewers are sending thousands of daily messages of support from their mobile phones.

Yet some viewers say they've been put off by what they see as Al Risala's "commercialism." Amir El Meligi is a 21-year-old Web designer. He says Al Risala is "Iqraa TV with a Rotana flavor"- referring on the one hand to a well-known conservative religious channel, and on the other to a popular music video station. Al Risalah "has a new way of introducing stuff," says al Meligi, but "it's very showy, not very spiritual."

Others are more enthusiastic. Al Risala "is really good," says Radwa Atia, a 20-year-old art student. "It discusses a lot of things, in a more free way. It discusses real life issues."

The only fault Atia finds with the station is its cast of celebrity presenters. "All the announcers are famous actors," she says. "That annoyed me. When talking about religious matters, you should have someone who has done religious studies, someone with experience. Not just anybody." Muslim Brotherhood approves

Some members of the Egyptian Muslim Brotherhood - the banned but tolerated Islamist group that recently won 88 seats in Egypt's parliament - have expressed enthusiasm for the station.

Al Risala also has the support of some members of the religious establishment, such as Egypt's grand mufti, Ali Gomaa, one of the country's highest religious authorities and the host of his own show on the channel. The mufti, who is generally considered a moderate figure, issues fatwas, or religious rulings, on his program. One recent fatwa was that it is acceptable for Muslims in non-Muslims countries to engage in haram (forbidden) activities when necessary, such as serving or selling alcohol.

But the station has come under attack on conservative Islamist websites. "The only Islamic thing about this station is its name," wrote one critic. The channel has received hate mail calling Swidan "an agent of the West" and accusing the station of "misguiding people."

Al Risala has also been criticized by liberal and secular voices. "They're only changing the words, the language," says Amin al Mahdi, a critic of Islamism who writes for the pan-Arab newspaper Al Hayat. "Peacefulness and tolerance come from development and democracy, not from religion - any religion." Profiting on religion?

The other accusation leveled against Al Risala and other Islamic TV channels, is that they use religion for profit.

"It is a business for many people," says Mr. al Safty. "People are really making good money out of that. You say the word Islam, and people will rush to that."

Of course, says Al Risala executive Abu Haiba, the channel hopes to "promote our ideas without losing money. If I lose money, that means I'm not appealing, that means I don't have my viewership, that means I'm not promoting my ideas."

But, Abu Haiba says, there's a higher goal. "I'm promoting ideas in the first places," he explains. "But I'm trying to make the difficult equation. That these values should be put in an attractive shape."

In Saudi Arabia, A Resurgence Of Sufism (WP)

By Faiza Saleh Ambah

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The Washington Post, May 2, 2006

JIDDAH, Saudi Arabia -- A hush came over the crowd as the young man sitting cross-legged on the floor picked up the microphone and sang, a cappella, a poem about Islam's prophet Muhammad. His eyes shut tight, his head covered by an orange-and-white turban, he crooned with barely contained ardor of how the world rejoiced and lights filled the skies the day the prophet was born.

The men attending the mawlid -- a celebration of the birth and life of Muhammad -- sat on colorful rugs, rocking gently back and forth, while the women, on the upper floor watching via a large projection screen, passed around boxes of tissues and wiped tears from their eyes.

The centuries-old mawlid, a mainstay of the more spiritual and often mystic Sufi Islam, was until recently viewed as heretical and banned by Saudi Arabia's official religious establishment, the ultraconservative Wahhabis. But a new atmosphere of increased religious tolerance has spurred a resurgence of Sufism and brought the once-underground Sufis and their rituals out in the open.

Analysts and some Sufis partly credit reaction to the Sept. 11, 2001, attacks in the United States for the atmosphere that has made the changes possible. When it was discovered that 15 of the 19 hijackers were Saudi, the kingdom's strict Wahhabi doctrine -- which had banned all other sects and schools of thought -- came under intense scrutiny from inside and outside the country. The newfound tolerance Sufis have come to enjoy is perhaps one of the most concrete outcomes of that shift.

"This is one of the blessings of September 11. It put the brakes on the [Wahhabi] practice of takfir , excommunicating everyone who didn't exactly follow their creed," said Sayed Habib Adnan, a 33-year-old Sufi teacher. The government "realized that maybe enforcing one religious belief over all others was not such a good idea."

When Adnan moved to Saudi Arabia from his native Yemen four years ago, Sufi gatherings were often clandestine, sometimes held in orchards outside the city, or in basements and without microphones, for fear of drawing attention. "I couldn't wear this," he said, pointing to his turban. "Or this," he said, pulling at his white cotton overcoat. "Or I would be branded a Sufi. You couldn't even say the word 'Sufi.' It was something underground, dangerous, like talking about drugs."

Sufis here say they are not a separate sect or followers of a separate religion, but adherents to a way of life based on the Muslim concept of ihsan . Muhammad explained ihsan to the angel Gabriel as "worshiping God as if you see Him. Because if you don't see Him, He sees you." Another Sufi characteristic is a strong belief in the power of blessings from the prophet, his close relatives and his companions.

Sufism had previously been predominant in Hejaz, the western region of Saudi Arabia, which includes Muhammad's birthplace, Mecca; Medina, where he is buried; and the Red Sea port city of Jiddah. Muslims prayed often at shrines where the prophet's daughter Fatima, his wife Khadija and his companions were buried. Mawlids were public affairs with entire cities decked out in lights, and parades and festivities commemorating the prophet's birthday and his ascension to Jerusalem.

When the al-Saud family that would later come to rule Saudi Arabia took over Hejaz in the 1920s, the Wahhabis banned mawlids as a form of heresy and destroyed the historic shrines of Khadija, Fatima and the prophet's companions, fearing they would lead to idolatry and polytheism.

Wahhabis, crucial allies in the Saud conquest of the disparate regions that became Saudi Arabia in 1932, were awarded control of religious affairs.

Discrimination against Sufis, among others, intensified after armed Wahhabi extremists took over Mecca's Grand Mosque in 1979, demanding that a more puritanical form of Islam be applied in the country. Though the government quelled the uprising and executed its leaders, authorities were shaken by the incident, and lest other Wahhabis defy them, they allowed them more rein.

Soon after, extremist clerics issued a religious edict, or fatwa, declaring Sufi's spiritual leader, Muhammad Alawi Malki, a nonbeliever. He was removed from his teaching position, banned from giving lessons at the Grand Mosque, where both his father and grandfather had taught, and interrogated by the religious police and the Interior Ministry. After Malki was later attacked by a throng of radicals incensed at his presence in the mosque, he could pray there only under armed guard.

Meanwhile, thousands of cassettes and booklets circulated calling Sufis "grave-lovers" and dangerous infidels who had to be stopped before they made a comeback. Their salons were raided, and those caught with Sufi literature were often arrested or jailed.

The tide finally turned in 2003, with the new atmosphere that took hold following the Sept. 11 attacks, when the future King Abdullah, then the crown prince, held a series of meetings to acknowledge the country's diverse sects and schools of thought. One of the guests was Sufi leader Malki. When he died the following year, Abdullah and the powerful defense and interior ministers attended his funeral. The rehabilitation of his legacy was almost complete.

"We were then upgraded from infidels, to people who are ignorant and practicing their religion wrong," said Wasif Kabli, a 59-year-old businessman.

But many Sufis complain that despite outward appearances, Wahhabis continue to destroy shrines in and around their holy places, their salons continue to be raided and their literature is still banned.

Wahhabis and Sufis view Islam from opposite directions. To Wahhabis, who emerged from the kingdom's stark, harsh desert, a believer's relationship can be only directly with God. To them, Sufis' celebrations of the prophet's life smack of idolatry, and supplications to him, his relatives and companions appear to replace or bypass the link with God.

Sufis answer that the prophet celebrated his own birthday by fasting on Mondays, that he himself offered to intervene with God on behalf of Muslims and that he could often be found in the evenings at the grave sites of his wives and companions.

Last month, on the occasion of the prophet's birthday, a crowd of more than 1,000 gathered to celebrate at a private residence. Sufi books, cassettes and DVDs were selling out in one corner of the large garden where the event was held. Adnan, the Sufi teacher, was one of four speakers who addressed the crowd. He asked: Why are we Sufis always on the defensive? "Nobody asks [soccer] fans for religious proof that sanctifies their gatherings at the stadium because of their devotion to their team," he said. "How come we are always asked for an explanation of our devotion to our beloved prophet?"

Muhammad Jastaniya, a 20-year-old economics major and part of a new wave of young Saudis who have embraced Sufism, said what drew him was the focus on God.

On a recent moonlit evening, Jastaniya sipped sugary mint tea with his friends on rugs spread on the rooftop of a Zawiya, or lodge where Sufis go to meditate, chant or sit in on lessons. The words 'God' and 'Muhammad' were written in green neon lights, and Islam's 99 names for God were stenciled in black paint around the wall. "To be a Sufi is to clear your heart of everything but God," he explained. "The Islam we were taught here is like a body without a soul. Sufism is the soul. It's not an alternative religion -- it can contain all Muslims."

That thought seems to be taking hold, even in faraway corners.

Salman al-Odah, the country's most popular puritanical cleric, who was jailed in the 1990s for opposing the presence of U.S. troops in the kingdom, accepted an invitation to visit Sufi cleric Abdallah Fadaaq's mawlid and lesson last week. The scene at Fadaaq's house was an obvious sign of conciliation.

Al-Odah sat with his hands neatly folded in his lap, wearing a red-and-white checkered headdress and clear wraparound glasses and sporting the short scraggly beard that indicates a conservative. Fadaaq, who at 39 is emerging as the new symbol of Hejazi Sufism, wore the white turban, the white overcoat and shawl typical of Sufis, wooden prayer beads resting on his lap. "It's true that there are differences between the way people practice their faith in this country, and this is an indication that people are using their minds and thinking, which is a good thing," Fadaaq said. "But what we should concentrate on are the expanses that bring us together, like the prophet. We must take advantage of what we have in common."

Turkey's 'Vaizes' Expedite Reform (WT)

By Nicholas Birch

The Washington Times, May 2, 2006

KONYA, Turkey -- Dressed in the head scarf and ankle-length coat that mark her as a devout Muslim woman, Sule Yuksel Uysal brushes off any suggestion that she is a revolutionary. But her job places her and her country on the front lines of Islamic reform.

Appointed 18 months ago by Turkey's directorate of religious affairs, or Diyanet, Mrs. Uysal is one of 200 state-paid "vaizes," or female preachers, whose very existence breaks with centuries of Muslim tradition.

Women acted informally as preachers in the early days of Islam, but they never before have been recognized officially as such.

"Turkey is a country that has accepted the idea of sexual equality, and that must be reflected in religious practice," said Diyanet head Ali Bardakoglu, who implemented the changes. "Anyway, the Koran has taught the equality of men and women for 1,400 years."

His words belie the depth of animosity in the Muslim world toward women's religious authority. When American theologian Amina Wadud led Friday prayers in New York last year, Saudi Arabia's top cleric, Sheik Abdul Aziz-Seikh, described her as "an enemy of Islam" who had "violated God's law."

Unlike Mrs. Wadud, the Turkish vaizes make no claims to be religious leaders. For Mrs. Uysal, their fundamental role is to provide women with a woman's perspective on Islam.

"Turkish mosques remain male-dominated places, and most women only hear what imams say via their husbands or fathers," she said. "We give them an opportunity to go to mosques and ask questions they otherwise wouldn't dare to."

That may not sound like much, but the vaizes' sermons often touch on contentious issues such as honor killings and women's rights under Islam.

Not all men are happy with their wives' newfound learning.

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"One of the first sermons I heard was about women's marital rights," said Meryem Uzun, from the southeastern city of Mardin. "When I told my husband what I had heard, he got angry and tried to prevent me going to the mosque again."

For Esra Ozdemir, a preacher in another southeastern town, Sirnak, the interest of local women in her teachings offers stark evidence of the need to increase the number of vaizes.

"They see me almost as a savior," she told the Islamic weekly Aktuel late last year. "I don't think anybody had listened to their problems before."

Despite the problems, Turkish women in the past few years have benefited from a raft of changes aimed at legitimizing their place in the religious order.

As well as being preachers, women now have the right to lead groups on the annual pilgrimage to Mecca, and 15 Turkish provinces have women serving as deputy muftis -- specialists on religious law who monitor the work of imams in mosques.

Significantly, given that 70 percent of requests for advice come from women, the assistant muftis have the right to issue fatwas, or religious opinions.

Theologian Hidayet Tuksal thinks these are crucial changes.

"Religion is the best way to reach religious women, much better than dictates handed down by secularist feminists in Istanbul," she said.

Perhaps the best-known of a growing band of what the Turkish press calls Islamic feminists, Mrs. Tuksal attributes the changes to the rise of a new sort of Turkish woman who is feisty and not afraid to question tradition.

"When I began teaching in the 1980s, I had to justify my demand for a salary," she said. "Today, those attitudes are unthinkable."

But like her colleagues at the Ankara-based foundation that she set up to combat attempts to justify sexual inequality on religious grounds, Mrs. Tuksal still thinks much is left to be done. Of the 80,000 employees of the Diyanet, she said, fewer than 3,000 are women.

More importantly, many Turks still subscribe to explicitly sexist interpretations of the traditions of the prophet Muhammad, such as the belief that a woman needs a man's consent to go to heaven.

"Good intentions are not enough," Mrs. Tuksal said. "Such traditions have to be tackled forcibly."

Though he acknowledges the length of the road still to be traveled, the Diyanet's Mr. Bardakoglu said the speed of reform has limits.

"The Diyanet aims to lead believers," he said. "It can't do that if it's running so fast it disappears from sight."

Blair Fights To Rescue Labour At Polls (FT)

By James Blitz

Financial Times, May 2, 2006

Tony Blair, the UK prime minister, will launch on Tuesday a desperate bid to avert a serious setback for his Labour party in this Thursday's local elections, seeking to draw a line under a week of disastrous news stories for the British government.

On Monday night, Downing Street continued to give staunch support to two senior ministers in his government under pressure to resign – John Prescott, the deputy prime minister, and Charles Clarke, the home secretary.

Mr Prescott has been at the centre of a media firestorm after revelations last week that he had had an affair with his former diary secretary.

Mr Clarke has been under intense pressure to quit after it emerged that more than 1,000 foreign criminals had been released over recent years without being considered for deportation as was necessary.

Labour said ministers would be making more than a hundred visits to local election contests across England in the next 48 hours.

"This is a campaign to win every vote, despite the bad headlines we are facing," said one Labour minister.

Labour's prospects in the local elections were looking grim last night, with a string of weekend polls showing its vote falling back significantly.

Two polls – YouGov and BPIX – both put Labour on 32 points, three points behind the Conservatives on 35 per cent.

However, the focus of political attention at Westminster continued to be on Mr Clarke, who was facing opposition Conservative demands to make another parliamentary statement today about the 1,023 offenders released from prison without being considered for deportation.

Labour, meanwhile, gave no guarantee that Mr Prescott – usually the party's most visible election campaigner – would make any public appearance between now and Thursday's elections.

Labour insiders said there was a possibility that the party would lose more than 200 council seats on Thursday, a threshold that would be politically uncomfortable.

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There was speculation from one seasoned observer of local elections that Labour would also struggle to avoid losing Camden in London – a long-standing local election flagship – to "no overall control."

Downing Street maintained staunch support for Mr Clarke on Monday.

Senior aides brushed aside newspaper allegations that Mr Clarke had misled the public when he said he had offered his resignation to Mr Blair.

However, Bob Wareing, a Labour MP, told the BBC: "I think he [Mr Clarke] should resign.

"The point is that you can't get away from this basic principle that the minister is responsible," he added.

"It's not just a small error, where he could come to the House of Commons and apologise and that would be it. This is a major error within his department."

As far as Mr Prescott was concerned, one Blair aide insisted that revelations about his private life in the newspapers at the weekend were "prurient, not political".

Sensing Opportunity, Rightist Seeks The French Presidency Again (NYT)

By Craig S. Smith

The New York Times, May 2, 2006

PARIS, May 1 — France's aging right-wing firebrand, Jean-Marie Le Pen, building on a recent surge of popular support after successive national political crises, on Monday called on the country's increasingly fragmented far right to unite behind him in next year's presidential election.

Speaking to thousands of supporters at his traditional May Day rally in central Paris, Mr. Le Pen, 77, predicted that he would make it into a runoff election next year just as he did against Jacques Chirac in 2002. But this time, Mr. Le Pen said, he expects to win.

"I believe in a national victory after two rounds of presidential elections," Mr. Le Pen roared as the crowd assembled in Place de la Opéra responded with chants of "Le Pen, président!" Mr. Le Pen was the first politician to make a formal announcement that he plans to run for president next year.

His party, the National Front, has lost supporters to a fellow anti-immigration politician, Philippe de Villiers, and to Interior Minister Nicolas Sarkozy, who heads the governing party, the Union for a Popular Movement.

But recent opinion surveys indicate that Mr. Le Pen's approval rating has surged to more than 20 percent after government missteps over a draft European constitution a year ago, rioting last fall in immigrant neighborhoods, largely by second-generation residents, and a labor law that drew nationwide protests last month.

Despite his bravado, few analysts believe that Mr. Le Pen can beat the opposition Socialist Party in the first round of the presidential election as he did in 2002. The Socialists, too, have been strengthened by the country's recent crises, and one of their members, Ségolène Royal, is already the front-runner in presidential opinion polls.

The rally on Monday featured a Caribbean steel drum band, and much of the chanting was led by a black supporter, an apparent effort to broaden the National Front's appeal and combat charges that it is racist. But the discourse did not stray from the pro-Christian, anti-Muslim line that the party's supporters have grown to expect.

When Mr. Le Pen spoke of the Turks' invasion of Constantinople in the 15th century and the subsequent "Islamization" of the Middle East, a roar rose from the crowd. Much of Mr. Le Pen's 50-minute speech involved an emotional recounting of the life of Joan of Arc, the 15th-century heroine who fought British domination in France and whom the National Front has adopted as its patron saint. The march to the rally had begun with Mr. Le Pen placing a wreath at the foot of her statue in front of the St.-Agustin church.

Today, Mr. Le Pen said, the threat to the nation is from "wild immigration" that threatens to turn France into a country of "neo-tribalism" in which the native French will be marginalized and forced to support the various groups that outnumber them.

Though his chances of doing well in the election appear slim, Mr. Le Pen's nationalist, anti-immigration discourse is clearly influencing the country's political debates. In an apparent allusion to Mr. de Villiers and Mr. Sarkozy, Mr. Le Pen decried the "plagiarists" and "pale imitators" who he said had adopted his ideas to win votes.

That is enough success for many of his supporters, some of whom expect Mr. Sarkozy to be France's next president even if Mr. Le Pen does make it to a second round of voting.

"It's going to be President Sarkozy, for sure," said Louis Lajarrige, 62, a longtime National Front supporter. "But if Le Pen were in the government we wouldn't be in the mess we're in today."

French Reformer Finds Comfort In Fuzziness (NYT)

By John Vinocur, International Herald Tribune

The New York Times, May 2, 2006

DOJ_NMG_0028060

PARIS Nicolas Sarkozy is damned smart, a won't-flinch brawler and survivor, and the only politician in France whose ambitions have been solidified by the country's dreadful months of underclass riots and no-to-change demonstrations. Some days, but not all, he has never looked closer to becoming president in 2007.

The polls last week said for the first time that whomever the left might run against him next year, Sarkozy wins. The demographic breakdowns even showed him scoring at the top among young voters, who were supposed to regard the interior minister as an authoritarian turn-off.

Although almost everybody in French politics has taken a try, responsibility for France's grief has not been slopped onto Sarkozy's coat. That's no small accomplishment for a man simultaneously fighting Jacques Chirac and Dominique de Villepin within his own Gaullist and government camp, plus the entire left, and Jean-Marie Le Pen on the disreputable right.

Now, with Villepin and Chirac trying since Friday to extricate themselves from accusations that they were behind a machination to make Sarkozy look like he stashed payoff money in a secret bank account, Sarkozy is trying to add the status of righteous victim to his exceptional poll results.

No simple task from the middle of a sea of perceived sleaze. He must continue to separate his candidacy in the public mind from the president and prime minister of this country of devastated self-esteem and forgotten calm. Essentially, Sarkozy has to succeed in casting himself for France as a symbolic buoy of stability.

That would be remarkable stuff, considering he has always hovered at the edge of frenetic overexposure, exhausting opponents and, some say, one day the French electorate as well. Not to mention his various and less-than- harmonious public styles: here, earnestly modulated and in control, as in an up-close television appearance last week; or there, just days earlier, the pol-and-pitchman, hands and arms in 50-gesture-per-minute hummingbird- flutter, socking a proposed immigration-control bill to a party meeting.

In all this, Sarkozy's essential interest to the outside world had been his choice to wrap himself in reform, promising a different France, a place capable of accepting change.

Meeting Angela Merkel and Tony Blair, visiting the United States, Sarkozy introduced himself as the Frenchman who wanted to break with the crabby motionlessness that made up much of FranÃ§ois Mitterrand's two presidential terms and Chirac's 11 years in office.

Affirmative action, slashing the bureaucracy, giving a vote to foreigners in local elections, opening up the job market, dismissing the so-called French social model as a barrier to progress, or mocking the knee-jerk contrarianism of Chirac's foreign policy: In the narrow margins of French reality, you could say, wow, Sarkozy talked a new game.

That was way back when. Now, affected by the new political mess, after the riots, after the streets filled with demonstrations against minor employment law reform (transmogrifying Sarkozy-the-hard-guy into instant conciliator), he's adding soft, hedging modifiers to all his old assertions of change to come.

Sarkozy cannot renounce his use of the word "rupture" to describe the effect on French life of the deep reforms he had called for; that would be a gift to the social conservatives of the left and their front-runner, SÃ©golÃ¨ne Royal, who trashed job market flexibility as a reasonable alternative to the demos' demands for a risk-free future.

But proportionate to his real chances at the presidency, Sarkozy increasingly sounds, on the things that count most, as nonexplicit as everybody always sounds in France.

Sarko now says, "I want to put change and reform at the service of new security for the French." Or: "Change is a factor of protection for the French." And: "Flexibility isn't a dirty word on the condition it's accompanied by security."

The fuzzed-over meaning here looks like a rollback signaling there's less on hand in his candidacy to discomfort French habit or demand much future courage on his part. His aides call this a re-centering of his image. In more practical terms, it results in Sarkozy's promising that a reduction in the number of state employees (through retirement, of course) would mean salary increases and "more consideration" for the next wave of hires. This from the man who argued that France was stultified by an impossibly large public sector and its self-protective reflexes.

Affirmative action, which the French left rejects, has been taken off his front burner. And while people with U.S. presidential ambitions like Hillary Clinton and John McCain have positions on Iran or Iraq, Sarkozy has chosen to steer clear of the big international issues. In an earlier mode, he had made public his scorn for Chirac's view of a world divided into competing poles (read a French-led Europe versus America).

For Sarkozy these days, commitment looks only like more trouble, unnecessary clarity without political yield. The once-eager reformist may not be returning soon.

It's an easier move now for Sarkozy, president of the Gaullist party, to hunt for votes on the hard right with his reworking in French of the repugnant phrase "love America or leave it" - he has a bill to tighten immigration regulations going to the National Assembly this week - than to return to last year's call for educational and employment quotas to help France's millions of legal immigrants.

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In fact, while waiting for the accusations about Villepin and Chirac to explode into resignations and even arrests - or to go pschtt! - playing stability's rampart requires that Sarkozy stay near-silent and project the wisdom of imperturbability.

The problem for Sarkozy, who has always run against Chirac as much as for reform, is that he will probably be drawn into the business of countering the accusation both from the left and from the far right that the whole deal comes down to a botched rub-out attempt within the thuggish circle of current-day Gaullists.

To protect his party, Sarkozy, the thugs' intended victim, could then be required to defend Chirac, a preposterous undertaking given their relationship. Or, if Villepin must depart, he might be asked to clean up his mess as replacement prime minister, a job whose vulnerability Sarkozy cannot accept.

The numbers and circumstances still say that Sarkozy has an excellent shot at becoming president next year. But not as the ramrod of reform he once portrayed against a background of fascination and admiration beyond France, and to fears and incompatible realities at home.

France To Shine A Light On Its Notorious Camp (WP)

By Jacqueline Trescott

The Washington Post, May 2, 2006

A memorial marking the role of France's Vichy government in shipping Jews and others to Nazi death camps will be created at Rivesaltes, an internment facility near France's border with Spain, representatives of the French government and the U.S. Holocaust Memorial Museum, which will assist in the effort, announced yesterday in Washington.

It will be the first official Holocaust memorial in Southern France, the stronghold of the Vichy government, which collaborated with the Nazis from 1940 to 1944.

Thousands of Jews, many of them children, were sent from Rivesaltes to the notorious Nazi concentration camp at Auschwitz. During one three-month period in 1942, nine convoys carried 2,313 Jews to Auschwitz.

Rivesaltes was the most active way station for persecuted Jews and political opponents. In 1941, the height of its operation, Rivesaltes had a population of 8,000, an estimated 3,000 of whom were children.

In making the announcement, Jean-David Levitte, the French ambassador to the United States, said, "The present and future generations must understand and feel the tragedies of the last century."

Author and Nobel Peace Prize winner Elie Wiesel, who survived nine months in Auschwitz and other camps, observed that Jacques Chirac was the first president to talk publicly about France's responsibility in World War II atrocities. Wiesel, the founding chairman of the U.S. Holocaust Memorial Museum, said, "It took so long for France to do certain things because of unpleasant memories."

Christian Bourquin, president of the Conseil General for the Pyrenees-Orientales region, where the Rivesaltes camp was built, said, "The camp is in very good condition, exactly like it was in the 1940s. Everything is still there. You can see the barracks."

The camp, located near the Mediterranean, covered 362 acres, 42 of which are reserved for the memorial. "It will be a very modest cousin to the U.S. Holocaust Memorial Museum," he added. Rudy Ricciotti, the well-known designer of cultural institutions, is the architect for the memorial's education center, which will be underground. It is to be completed by the end of 2008.

The Rivesaltes camp's history is complicated. It was built in 1936 as a military facility. It served as a camp for those displaced during the Spanish Civil War during the 1930s, and later as a prison for refugees on the losing side of that conflict. After World War II, it was used as a prisoner of war camp for captured Germans. Later it was a camp for the harkis -- Algerians who fought against the French in the Algerian War. It wasn't until a 1998 proposal to destroy the site that politicians and others began to plan what to do with the sprawling grounds.

Bourquin said the memorial would honor Holocaust victims and survivors, the harkis and the humanitarian workers who labored at Rivesaltes over the years. The U.S. Holocaust Memorial Museum will give guidance on materials that should be included and help with the creation of databases on people who were interned at Rivesaltes.

At yesterday's news conference, Sara J. Bloomfield, director of the Holocaust Museum, said she, Levitte and Wiesel will address the International Committee of the Red Cross this month to argue that it open Holocaust-era archives it controls in Bad Arolsen, Germany. The German government two weeks ago said it supports a move to unlock the records. "The importance of opening the archives can never be overestimated," Bloomfield said. "When the authentic voices of the Holocaust are gone," she said, the records will guarantee their "history will be taught."

Zimbabwe's Prices Rise 900%, Turning Staples Into Luxuries (NYT)

By Michael Wines

DOJ_NMG_0028062

The New York Times, May 2, 2006

HARARE, Zimbabwe, April 25 — How bad is inflation in Zimbabwe? Well, consider this: at a supermarket near the center of this tatterdemalion capital, toilet paper costs $417.

No, not per roll. Four hundred seventeen Zimbabwean dollars is the value of a single two-ply sheet. A roll costs $145,750 — in American currency, about 69 cents.

The price of toilet paper, like everything else here, soars almost daily, spawning jokes about an impending better use for Zimbabwe's $500 bill, now the smallest in circulation.

But what is happening is no laughing matter. For untold numbers of Zimbabweans, toilet paper — and bread, margarine, meat, even the once ubiquitous morning cup of tea — have become unimaginable luxuries. All are casualties of the hyperinflation that is roaring toward 1,000 percent a year, a rate usually seen only in war zones.

Zimbabwe has been tormented this entire decade by both deep recession and high inflation, but in recent months the economy seems to have abandoned whatever moorings it had left. The national budget for 2006 has already been largely spent. Government services have started to crumble.

The purity of Harare's drinking water, siphoned from a lake downstream of its sewer outfall, has been unreliable for months, and dysentery and cholera swept the city in December and January. The city suffers rolling electrical blackouts. Mounds of uncollected garbage pile up on the streets of the slums.

Zimbabwe's inflation is hardly history's worst — in Weimar Germany in 1923, prices quadrupled each month, compared with doubling about once every three or four months in Zimbabwe. That said, experts agree that Zimbabwe's inflation is currently the world's highest, and has been for some time.

Public-school fees and other ever-rising government surcharges have begun to exceed the monthly incomes of many urban families lucky enough to find work. The jobless — officially 70 percent of Zimbabwe's 4.2 million workers, but widely placed at 80 percent when idle farmers are included — furtively hawk tomatoes and baggies of ground corn from roadside tables, an occupation banned by the police since last May.

Those with spare cash put it not in banks, which pay a paltry 4 to 10 percent annual interest on savings, but in gilt-edged investments like bags of corn meal and sugar, guaranteed not to lose their value.

"There's a surrealism here that's hard to get across to people," Mike Davies, the chairman of a civic-watchdog group called the Combined Harare Residents Association, said in an interview. "If you need something and have cash, you buy it. If you have cash you spend it today, because tomorrow it's going to be worth 5 percent less.

"Normal horizons don't exist here. People live hand to mouth."

President Robert G. Mugabe has responded to the hardship in two ways.

Although there is no credible threat to his 26-year rule, Zimbabwe's political opposition is calling for mass protests against the economic situation. So Mr. Mugabe has tightened his grip on power even further, turning the economy over to a national security council of his closest allies. In addition, he has seeded the government's civilian ministries this year with loyal army and intelligence officers who now control key functions, from food security to tax collection.

At the same time, Mr. Mugabe's government has printed trillions of new Zimbabwean dollars to keep ministries functioning and to shield the salaries of key supporters — and potential enemies — against further erosion. Supplemental spending proposed early in April would increase the 2006 spending limits approved last November by fully 40 percent, and more such emergency spending measures are all but certain before the year ends.

On Friday, the government said it would triple the salaries of 190,000 soldiers and teachers. But even those government workers still badly trail inflation; the best of the raises, to as much as $33 million a month, already are slightly below the latest poverty line for the average family of five.

This will only worsen inflation, for printing too many worthless dollars is in part what got Zimbabwe into this mess to begin with. Zimbabwe fell into hyperinflation after the government began seizing commercial farms in about 2000. Foreign investors fled, manufacturing ground to a halt, goods and foreign currency needed to buy imports fell into short supply and prices shot up.

Inflation, about 400 percent per year last November, edged over 600 percent in January, but began to soar after the government revealed that it had paid the International Monetary Fund $221 million to cover an arrears that threatened Zimbabwe's membership in the organization.

In February, the government admitted that it had printed at least $21 trillion in currency — and probably much more, critics say — to buy the American dollars with which the debt was paid.

By March, inflation had touched 914 percent a year, at which rate prices would rise more than tenfold in 12 months. Experts agree that quadruple-digit inflation is now a certainty.

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In the midst of this craziness, some Harare enclaves seem paradoxically normal. North of downtown, where diplomats and aid workers are financed with American dollars, and generators and bottled water are the norm, the cafes still serve cappuccino and the markets sell plump roasting chickens, albeit $1 million chickens.

Everywhere else, the hardship is inescapable.

In Glen Norah, a dense suburb of thousands of tiny homes southwest of the city, 58-year-old Ayina Musoni and her divorced daughter Regai, 26, share their five-room house with Regai's two children and three lodgers. The lodgers, two security guards and a teacher, pay monthly rent totaling $3 million, or about $14.25 in American money.

Ms. Musoni's latest monthly bill for services from the Harare city government was $2.4 million. The refrigerator in her closet-size kitchen is empty except for a few bottles of boiled water. Christmas dinner was sadza, or corn porridge, with hard-boiled eggs. For Easter, there was nothing.

Mother and daughter make as much as $10 in American money each week by selling vegetables, from 7 a.m. to 6 p.m. daily. But the profits are being consumed by rising costs at the farmers' market where they buy stock. "Like potatoes," Regai said. "I went last week, and it was $500,000 for a packet. And when I went this weekend, it was $700,000.

Millions of Zimbabweans survive these days on the kindness of outsiders — foreigners who donate food or medicine and, more important, family members who have fled the nation for better lives abroad.

As many as three million Zimbabweans now live elsewhere, usually in Britain, South Africa or the United States. An economist here, John Robertson, estimates that they remit as much as $50 million a month to their families — the equivalent of one sixth of the gross domestic product.

Ms. Musoni's is not a hard-luck story; in Harare, most people now live this way, or worse. Indeed, life for many may be better in the nation's impoverished rural areas, where subsistence farming is the only industry and millions of people are guaranteed free monthly rations from the United Nations and other donors. In the cities, little is free.

Unity Motize, 64, lives with her 65-year-old husband, Simeon, in Highfield, a middle-class suburb turned slum not far south of town. The couple occupies one room of their three-room house. The second sleeps two sons, their wives and their two infants, all left homeless last May after riot police bulldozed the homes of hundreds of thousands of slum-dwellers. A 23-year-old son and an unemployed daughter sleep in the living room.

Hyperinflation is a cradle-to-grave experience here. The government recently announced that the price of childbirth, now $7 million, would rise 463 percent by October. Funeral costs are to double over the same period.

In rural areas, said one official of a foreign-based charity who declined to be named, fearing consequences from the government, even the barest funeral costs at least $6 million, or about $28.50 — well beyond most families' means. The dead are buried in open fields at night, she said. Recently, she watched one family dismantle their home's cupboard to construct a makeshift coffin.

"I'll never forget that," she said. "The incredible sadness of it all."

Critics say that Zimbabwe's rulers are oblivious to such suffering — last year, Mr. Mugabe completed his own 25-bedroom mansion in a gated suburb north of town, close by the mansions of top ministers and military allies.

But the government says it has a plan to revive the economy. That plan, the latest of perhaps seven in 10 years, would quickly raise billions of American dollars to end a chronic foreign currency shortage, cut the inflation rate to double digits by year's end and an end to the recession that has gripped Zimbabwe, halving its economic output, since 1999.

Mr. Robertson, the economist, says that is unlikely. Zimbabweans can and probably will endure greater hardship, he says. As a whole, the nation has only now sunk to standards common elsewhere in Africa. But the government may have reached the limit of its ability to do anything about it. Cutting spending seems impossible, and raising taxes further is unthinkable.

That leaves one option: "much more inflation," he said. "Because this government is always going to be printing its way out of its current difficulty."

Why Montenegro Is No One's Junior Partner (FT)

By Milo Djukanovic

Financial Times, May 2, 2006

The bloody collapse of Yugoslavia shamed Europe. But those of us who live in the Balkans know particularly well that dismantling that artificial state involved a series of murderous ethnic and religious wars and cost at least 100,000 lives, while hundreds of thousands had to flee their homes. This is not to mention the physical devastation. Such appalling and widespread massacres and ethnic cleansing Europe had not seen since the defeat of Nazism.

There is, however, one positive story from those dreadful years. It involves my own small but fiercely proud multi-ethnic country, Montenegro, which was wiped off the map by the Allies after the first world war and forced to become part of the kingdom of Serbs, Croats and Slovenes, which was renamed Yugoslavia. Before that, Montenegro had taken pride in its 1,000-

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year history and its freedom- loving spirit, the only nation in the region not to have succumbed to Turkish rule during the Ottoman empire.

But today our inspiration for restoring statehood is not derived solely from national and historic sentiments. It is about the future. We want to take charge of our – European – destiny.

We Montenegrins, who hope to reclaim our national sovereignty and independence in a referendum this month and then accelerate accession talks with the European Union, have more recent reasons to be proud. We are the only one of the six former Yugoslav republics in which there was no war at the time of Yugoslavia's disintegration. Uniquely, we defied the evil that swept across Yugoslavia in the 1990s and stood up for all that is best in European culture. Our mixed population – Montenegrins, Serbs, Bosniaks, Muslims, Albanians and Croats – stood together throughout the horrors. We refused to join the madness and slaughter each other. We took in wave after wave of refugees from the killing fields across our borders, regardless of their ethnic or religious background. At times, refugees accounted for more than 20 per cent of our population.

You might have thought the EU would hold Montenegro up as an example to the region. Instead, it sometimes seems Montenegro is being punished by the rest of Europe for its generosity and self-restraint. When the wars ended, my country was the only one of the Yugoslav republics (Kosovo is a province of Serbia) not allowed by the international community to go its own way as an independent nation. Instead, under the Belgrade agreement of 2002, we consented – after overwhelming pressure from the EU – to stay in a kind of union with Serbia that is unknown in international practice. Consequently, we had to apply for membership of the EU as one nation.

So why was the EU so determined to force us to retain a link with Serbia that was disliked by most Montenegrins? Part of the problem, perhaps, was that Europe was preoccupied with the possibility of another bloody round of destabilising breakaways in the Balkans. Was the EU worried that an independent Montenegro would set a "bad example" to those in Kosovo who wanted independence from Serbia?

Whatever the reason, it is simply not fair to deny us our democratic and national rights in order to set an example to others. Luckily, the Belgrade agreement gave us a way out. It stipulated that after three years both Serbia and Montenegro could hold a referendum to decide whether these old Balkan and European states would head for Europe as independent nations just as the other Yugoslav republics did.

Montenegro decided to exercise this option and the vote will be held on May 21. Our decision did not please the EU, which last month imposed yet another condition on us. Our independence would not be recognised – and so talks on joining the EU would be impossible – unless at least 55 per cent of those voting endorsed independence. As prime minister, I protested that this was undemocratic. But I decided that we had no option but to accept it, convinced that a majority of Montenegrins is determined to enter the EU.

The alternative evidently preferred by the EU – for Montenegro and Serbia to attempt to join the EU as a single entity – has already been fraught with difficulties. To put it frankly, the choice is between Montenegro joining the EU as an independent, modern state with a clear sense of identity, or joining as the junior partner in an unbalanced, dysfunctional union with big brother Serbia, constantly fearful of losing our identity. The truth is that the imposed union between our two states does not work properly and its continued existence would delay the integration of both states into the EU.

Montenegro's economic record in the past three years is impressive. As an independent Balkan state within the EU, we can rapidly become one of the most developed nations in the region. So, within a few weeks, I believe Montenegro will become a sovereign state, ready, willing and able to take its rightful place in the EU.

If a substantial majority of my fellow countrymen and women vote for independence, do not take this as a sign that we are small-minded, inward- looking, Balkan nationalists. We have proved we are not. Instead, accept the result of the referendum as a welcome victory for democracy, tolerance and, above all, for European values.

The writer is prime minister of Monte-negro

Fear Of The West In Russia (WP)

By Masha Lipman

The Washington Post, May 2, 2006

MOSCOW -- Early in the perestroika years, Mikhail Gorbachev declared the preeminence of human values for Soviet Russia. It was a truly revolutionary pronouncement: During decades of Cold War the U.S.S.R. had staunchly rejected civil liberties and other pillars of liberal democracy as "bourgeois" and alien to the Soviet man and state. Gorbachev sought to convince the West that the Soviet Union was opening up for real.

After the collapse of communism and the Soviet Union, Russia rid itself of its oppressive police state, and the Russian people were finally free to choose how they wanted their country to evolve. In those days it was believed that Russia would become part of a broader democratic world. The time of irreconcilable confrontation with the West seemed to be over.

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But by 2003 Alexander Vershbow, then-U.S. ambassador to Russia, was talking about a widening "values gap" between the United States and Russia with regard to democracy and the rule of law. And in today's Russia, the West -- and especially the United States -- is increasingly regarded as an adversary whose values are not shared by Russians. For example, Western human rights views were challenged last month by participants in a "World Council of the Russian People" held under the auspices of the Russian Orthodox Church. A leading figure in the Russian Orthodox Church raised doubts about whether the "secular liberal" concept of human rights can be accepted as universal "without an appropriate correction." He emphasized that Russia should not uncritically adopt these ideas since they had been formulated in Western Europe, with Russian Orthodoxy taking no part in the process.

The Russian Orthodox Church has, of course, traditionally been hostile to values and influences from the West. What seems noteworthy here is that the council session was attended by several high-ranking pro-Kremlin legislators and government executives who listened reverentially as this church leader challenged liberal values and denounced what he referred to as the "militant zeal of a secular, humanitarian approach." Moreover, the council was broadly publicized by the government-controlled media, and a television talk show a couple of days later had an audience that showed its strong support for the view that the Western concept of human rights was inherently alien to the Russian people.

Throughout Russian history the inevitable need to catch up with the West has been accompanied by a reluctance to accept the Western model of development, and this has led to xenophobia, anti-Western sentiments and isolationism. The late 1980s and early '90s were the years of promise, when it seemed that Russia might break out from this vicious circle of national development. But this promise was not fulfilled.

The hardships of the early post-communist years caused bitter disillusionment. The insecurity and disparities in wealth under fledgling capitalism brought anxiety and resentment. The task of reforming a nation crippled and demoralized by decades under an inhuman regime proved insurmountable. It would have taken a true visionary to mobilize the Russian people and pursue the path of modernization. And Vladimir Putin is no visionary. He addressed his nation's pain and anger by offering a return to traditional paternalism -- a model that people welcomed with a sense of relief. For even if the government was habitually self-seeking, incompetent and corrupt, it was once again possible for people to avoid making choices and assuming responsibility for Russia's future.

Putin put an end to incipient political modernization; the development of institutions, checks and balances, and public participation were all scrapped. Instead there was the Kremlin as the sole center of decision making and control, the obsequious and greedy bureaucracy, and the fatherly figure of the superior ruler. Alternative political thinking has become unwelcome and the object of suspicion. Challenging superior authority is increasingly seen as unacceptable. The nation and the state have slipped back to the familiar pattern of seeing enemies inside and outside, regarding the West as a force that seeks to harm Russia and Westerners as potential spies.

To be sure, human rights are unequivocally defined in the Russian constitution. Russia is a signatory of quite a number of charters based on the concept of human rights and liberty. President Putin has repeatedly stated that Russia is a European country. Lyudmila Alekseeva, a veteran human rights activist persecuted during communist times, is a prominent member of his Council for Human Rights and Civil Society. And at this point, Putin is hardly likely to make an open and radical reversal of course and formally announce that Russia does not belong to the Western world. After all, Russia is seeking accession to the World Trade Organization and is preparing for the Group of Eight summit in July.

Yet the values gap between Russia and the West is bound to grow, even if Putin is chairing the meeting of the world's chief democratic leaders does have a vision of his country as part of the world of shared liberal values. This is dictated by the logic of Russian domestic political development in Putin's tenure and the increasingly divergent priorities of Russia and the West in global affairs.

Some in the Kremlin have voiced cautious concern over the threat of isolationism. Vladislav Surkov, an influential aide to Putin, was talking in February about "opponents" of Putin's course: He described them as those who seek to take Russia "two steps back" by emphasizing the "Western scare" and "Western threat." Though Surkov wouldn't specify who these opponents are, he was probably referring to his rivals in the Kremlin administration, which is constantly torn by internal feuding. But the problem is more serious than a hypothetical group of hard-line xenophobes on Putin's staff. The growing isolationism and the deepening rift with the West are real and powerful, and it is not at all clear whether Putin will choose to -- or even be able to -- resist this trend.

Masha Lipman, editor of the Carnegie Moscow Center's Pro et Contra journal, writes a monthly column for The Post.

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Sours, Raquel

From: Sours, Raquel
Sent: Tuesday, May 02, 2006 9:22 AM

Good morning. Today, the Attorney General kicks off our Project Safe Neighborhoods conference in Denver, Colorado. To learn about the Deparment's record-setting work to combat gun crime in communities across America, visit: http://www.psn.gov/. Updates and news from the conference will be posted as the week progresses. Have a great day.

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<http://www.whitehouse.gov/>
MAY 2, 2006

Today, the President has no public events.

Economy's Hot Streak Continues. "The first significant piece of economic data for April reinforced the widening view that the U.S. economy entered the second quarter with a good deal of momentum <http://online.wsj.com/article/SB114648659187040358.html?mod=economy_lead_story_lsc> ." (Mark Whitehouse, "Economy's Hot Streak Continues," The Wall Street Journal, 5/2/06)

Construction And Consumer Spending Rise. "Strong demand for homes, cars and other big-ticket goods kept the economy moving at a brisk pace in March, according to reports released today <http://www.nytimes.com/2006/05/01/business/01cnd-econ.html> . The Commerce Department said personal spending and income increased more than economists had projected and inflation rose modestly in the month. Another government report showed construction spending jumped 0.9 percent, with most of the gains coming from home building. And a closely-watched report on the sentiments of manufacturers showed that managers were more optimistic about the economy in April than March." (Vikas Bajaj, "Construction And Consumer Spending Rise," The New York Times, 5/2/06)

Medicare Prescription Drug Benefit Will Cost 20 Percent Less Than Expected. "Medicare's prescription-drug benefit will cost the government about 20% less during the next decade than was projected a year ago, but largely for reasons outside the government's control. Most of the reduction will result from lower-than-expected growth in the nation's per capita drug spending, Medicare's actuaries said in their latest projections, which came as part of the annual release of data on the financial health of Medicare and Social Security from the trustees of the programs. ... 'The outlook for Medicare [drug coverage] is much better,' said Mark McClellan, administrator of the federal agency that runs the program <http://online.wsj.com/article/SB114651311031340677.html?mod=economy_lead_story_lsc> ." (Sarah Lueck, "Medicare's Cost Of Drug Benefit Will Be Lower Than Expected," The Wall Street Journal, 5/2/06)

Medicare Prescription Drug Beneficiaries Are Satisfied With Coverage.

"Democrats have described the drug benefit as a disaster and said senior citizens would be too confused to choose the right plan. But that strategy could prove risky. The Medicare figures show that nearly all beneficiaries now have some form of drug coverage, and recent polls suggest that seniors who have joined a drug plan are satisfied with their coverage. <http://www.thehill.com/thehill/export/TheHill/News/Frontpage/050206/news4.html> " (Jeffrey Young, "Wind Shifts On Medicare Drug Benefit," The Hill, 5/2/06)

Medicare And Social Security Trustees Report Shows Need For Curbing Spending Growth. "Yesterday, the president's aides - and Bush himself - drew attention equally to the frailty of the two largest benefits programs that form the twin pillars of the government's assistance to the elderly. The solution, they said, is for Congress to approve changes Bush already has proposed. ... 'The systems are going broke,' Bush said in a health-care speech earlier in the day. 'And now is the time to do something about it.' <http://www.washingtonpost.com/wp-dyn/content/article/2006/05/01/AR2006050101448.html> " (Amy Goldstein, "Medicare Will Go Broke By 2018, Trustees Report," The Washington Post, 5/2/06)

Hometown Of Iraqi Prime Minister Designate Maliki Profiled As "Calm At The Center Of The Storm." "Here in the hometown of Iraq's prime minister-designate, Nuri al-Maliki, people are understandably excited. And not just because a local boy has done well. Rather, they hope Mr. Maliki's ascension is a sign that Iraq as a whole may emulate their province's remarkable success in combating Iraq's two main security threats: Sunni Arab terrorism and the infiltration of Shiite militias into the state security forces <http://www.nytimes.com/2006/05/02/opinion/02bull.html> ." (Bartle Breese Bull, Op-Ed, "Calm At The Center Of The Storm," The New York Times, 5/2/06)

Deputy Secretary Of State Zoellick Heads To Nigeria For Darfur Neogtiations. "The Bush administration on Monday dispatched Robert B. Zoellick, the deputy secretary of state, to Nigeria, where he plans to plunge directly into the negotiations over a treaty to end the carnage in the Darfur region of Sudan, which stalled again on Monday. ... Frustrated by the state of affairs, Salim Ahmed Salim, the lead mediator, called Mr. Zoellick on Monday morning and asked him to come to Abuja immediately. Mr. Zoellick has been deeply engaged in the Darfur issue since he took office last year, and knows nearly everyone involved in the talks <http://www.nytimes.com/2006/05/02/world/africa/02sudan.html> . He agreed and left Monday afternoon and will arrive in Abuja Tuesday morning, in time to play a role in the final day of negotiations." (Joel Brinkley and Lydia Polgreen, "U.S. Diplomat Heads To Nigeria To Try To Unsnarl Darfur Talks," The New York Times, 5/2/06)

Homeland Security Department Official Jim Williams Touts US-VISIT Border Enforcement Program. "We are building the capacity to confirm that individuals seeking to enter our country are who they claim they are, do not pose a security risk and leave when required. ...US-VISIT complements the department's strong enforcement measures at the border and inside our country. By coupling these efforts with a proposed temporary worker program, we would make it more difficult for illegal

immigrants to evade the law and would dramatically reduce incentives for visa overstays. We would take pressure off the border by creating a legal channel for temporary workers and free up law enforcement to focus on the greatest threats to our security - terrorists, drug dealers and other dangerous criminals. The challenges we face at our borders were years in the making, but the transformation of our immigration and border management system is well underway. <http://www.usatoday.com/news/opinion/editorials/2006-05-01-opposing-view_x.htm> " (Jim Williams, Op-Ed, "DHS Official: 'We're Building A Better System,'" USA Today, 5/2/06)

Civil Service Steps Up Recruitment. "Civil service leaders announced a media campaign yesterday to lure talented applicants to the federal workforce at the same time that a new study says the government needs to do a more effective job of recruiting college students for federal jobs. Linda M. Springer, director of the Office of Personnel Management, said the agency will begin airing four 30-second television ads featuring federal employees touting the work they do and encouraging viewers to explore job opportunities at http://www.usajobs.gov/ <http://www.washingtonpost.com/wp-dyn/content/article/2006/05/01/AR2006050100631.html> . The ads come as the federal government faces an unprecedented wave of retirements among the baby-boom generation, with about 60 percent of the government's 1.8 million workers eligible to retire over the next 10 years." (Zachary A. Goldfarb and Christopher Lee, "Civil Service Steps Up Recruitment," The Washington Post, 5/2/06)

President Discusses Recent Visit To Iraq By Secretary Of State Rice And Defense Secretary Rumsfeld
<http://www.whitehouse.gov/news/releases/2006/05/20060501.html>

* In Focus: Renewal In Iraq
<http://www.whitehouse.gov/infocus/iraq/>

President And Mrs. Bush Present Preserve America Presidential Awards
<http://www.whitehouse.gov/news/releases/2006/05/20060501-1.html>

Remarks By The President On Health Care Initiatives
<http://www.whitehouse.gov/news/releases/2006/05/20060501-5.html>

* In Focus: Health Care
<http://www.whitehouse.gov/infocus/healthcare/>

Remarks By The Vice President At The World Affairs Council Of Philadelphia Luncheon Honoring Professor Bernard Lewis
<http://www.whitehouse.gov/news/releases/2006/05/20060501-3.html>

Nominations Sent To The Senate
<http://www.whitehouse.gov/news/releases/2006/05/20060501-10.html>

Press Briefing By Scott McClellan
<http://www.whitehouse.gov/news/releases/2006/05/20060501-4.html>

Moye, Pam

Subject:	Anti-Methamphetamine Coordination Supply Subcommittee Meeting
Location:	Conference room 4133
Start:	Friday, May 12, 2006 3:00 PM
End:	Friday, May 12, 2006 4:00 PM
Show Time As:	Tentative
Recurrence:	(none)
Meeting Status:	Not yet responded
Organizer:	Moye, Pam
Required Attendees:	Anti-Methamphetamine Coordination Committee

When: Friday, May 12, 2006 3:00 PM-4:00 PM (GMT-05:00) Eastern Time (US & Canada).
Where: Conference room 4133

~~*~*~*~*~*~*~*~*~*

From:	Grider, Mark (ODAG)
Sent:	Monday, May 01, 2006 7:05 PM
To:	Moye, Pam
Subject:	Anti-Methamphetamine Coordination Supply Subcommittee Meeting
When:	Friday, May 12, 2006 3:00 PM-4:00 PM (GMT-05:00) Eastern Time (US & Canada).
Where:	Room 4133

POC: M. Grider 514-8500

Supply Reduction Subcommittee

Coordinator: CRM/DEA

Mike Geffroy (CRM)/Michele Leonhart, Jodi Avergun, Michael Braun, and Joe Rannazzisi (DEA)

Contributors: DEA,CRIM, OJP, ENRD, FBI, ATF, BOP, EOUSA, OTJ, COPS, OIPL, USMS,

EDCA, NDIC, OLA, OPA

Grider, Mark (ODAG)

From: Grider, Mark (ODAG)
Sent: Tuesday, May 02, 2006 7:16 PM
To: Macklin, Kristi R; Nash, Stuart (ODAG); 'A. J. Turner'; Avergun, Jodi L.; Barrera, Staci; Baxter, John; Brand, Rachel; Braun, Michael A.; Buchanan, David; Burch, Jim; Caballero, Luis (USMS); Carroll, Carson W.; 'Chip Burrus'; Coughlin, Robert; Crews, John (USAEO); Davis, Margaret (USANCE); Donovan, Joseph; Elston, Michael (ODAG); Epley, Mark D; Geffroy, Michael; Gorsuch, Neil M; Hagy, David; Harris, Greg; Jezierski, Crystal; Manning, John; Matz, Harry; McFarland, Steven T (ODAG); McKeown, Matt (ENRD); Mercer, Bill (ODAG); Moore, Miriam (ODAG); Peed, Carl; Phillips, Bob; Quinn, Timothy; Rannazzisi, Joseph T.; Roehrkasse, Brian; Roland, Sarah E; Sampson, Kyle; Scolinos, Tasia; Scott, McGregor (USACAE); Seidel, Rebecca; Shores, R. Trent (USAEO); Shults, Frank (ODAG); Sola, Stephen; Swenson, Lily F; Taylor, Jeffrey (OAG); Todd, Gordon (SMO); Toulou, Tracy (USAEO); Vargas, Omar; Voris, Natalie (USAEO); Vroegh, Jerry L.; Walther, Michael; Whitney, Claire (ENRD); Cooper, Mary Irene
Cc: Martinson, Wanda; Moye, Pam; Keasley, Monica (ODAG)
Subject: Anti-Methamphetamine Coordination Committee Update

All,

The Friday, May 12, 2006, Anti-Methamphetamine Coordination Supply Subcommittee meeting is in lieu of the Meth Supply Reduction meeting previously scheduled for May 4.

Also, we are continuing to work on a DOJ Meth Accomplishments report. We need to have a short summary from each component outlining your efforts and/or accomplishments toward combating Methamphetamine. Please include this year's efforts and next year's goals.

The summary paragraphs as well as the monthly reports are needed by COB Monday, May 8, 2006.

Thank you

Monheim, Thomas

From:	Monheim, Thomas
Sent:	Wednesday, May 03, 2006 7:27 AM
To:	Purpura, Michael M (ODAG); Rothenberg, Laurence E; Jaffer, Jamil N
Cc:	Gorsuch, Neil M
Subject:	FW: CAT team
Attachments:	LEGAL-#24977-v1-cat_press_guidance.DOC; LEGAL-#24435-v1-CAT_POCS_in_Washington_for_May_2006.DOC; CAT-ROSTER.wpd; LEGAL-#24887-v1-CAT_Qs_and_As_to_send_to_Geneva.pdf; LEGAL-#10992-v1-CAT_Report_--_5-3-05.DOC

Gentlemen,

FYI, Neil Gorsuch also graciously volunteered to help with "air traffic control" on matters falling within the Associate's purview if you need him.

Thanks to all.

Tom

-----Original Message-----
From: Monheim, Thomas
Sent: Tuesday, May 02, 2006 7:51 PM
To: Purpura, Michael M (ODAG); Rothenberg, Laurence E; Jaffer, Jamil N; Marshall, C. Kevin; Eisenberg, John; Cutlar, Shanetta (CRT); Dummermuth, Matt (CRT); Kappelhoff, Mark (CRT); Sabin, Barry; St. Hilaire, Pierre; Teresinski, Jerome; Kline, David (CIV); Garre, Gregory G; Garrett, Judi
Cc: McIntosh, Brent; Edney, Michael; Longwitz, Tobi (CRT)
Subject: CAT team

DC-based CAT team,

Thanks again for supporting the USG delegation appearing at the CAT hearing in Geneva on May 5-8.

Attached, FYI, are the following background documents:
(1) "CAT press guidance" (which provides an overview of the process) (2) "CAT Roster" (which has contact info for all the Geneva-based and DC-based team members) (3) "CAT POCs" (which has contact info for the DC-based POCs from other departments) (4) "CAT Q&As" (our written responses to the Committee's recent questions about our report) (5) "CAT Report" (the Second Periodic Report we filed in May 2005)

I currently anticipate that after our initial oral presentations in Geneva on Friday, the Committee members will ask a number of questions. Similar to the process for responding to the written questions, we (the Geneva-based USG team) will divide those questions up among various departments and agencies and then we (the Geneva-based DOJ team) will decide how to handle the drafting/reviewing responsibilities within DOJ. Unlike the written questions, however, we will have extremely tight turn around times, because we will need to draft, review, and clear the written

responses to all the questions over the weekend and then present -- and orally defend -- those answers at the hearing on Monday.

FYI, I expect that the majority of the Geneva-DC communications will come through (a) Brent McIntosh or me on the Geneva end, and (b) Larry Rothenberg, Jamil Jaffer, and/or Mike Purpura on the DC end. Because of the compressed timeline, and potential issues with connectivity, etc., please copy all five of us on all relevant e-mails.

Please let me know if you have any questions. Otherwise, you can expect to hear more mid-day Friday. Thanks.

Tom

Thomas A. Monheim
Associate Deputy Attorney General
950 Pennsylvania Ave, NW
Washington, DC 20530
202-514-8086
202-532-3553 (cell)
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INTERNAL DOJ USE ONLY
[Current as of: April 25, 2006]

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INTERNAL DOJ USE ONLY
[Current as of: April 25, 2006]

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[redacted]	BOP	(202) 514-6537	[redacted]	[redacted]@usdoj.gov

Second Periodic Report of the United States of America to the Committee Against Torture

Submitted by the United States of America to the Committee Against Torture, May 6, 2005

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Annex 3 – December 30, 2004 Memorandum Opinion of the Acting Assistant Attorney General of the Office of Legal Counsel, United States Department of Justice, to the Deputy Attorney General on the Legal Standards Applicable under

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18 U.S.C. §§ 2340-2340A, December 30, 2004. (Also available at http://www.usdoj.gov/olc/dagmemo.pdf).

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I. Introduction

1. The Government of the United States of America welcomes the opportunity to report to the Committee Against Torture on measures giving effect to its undertakings under the Convention Against Torture and Other Cruel, Inhuman or Degrading Treatment or Punishment (Torture Convention), pursuant to Article 19 thereof and on other information that may be helpful to the Committee. The organization of this Second Periodic report follows the General guidelines regarding the form and contents of periodic reports to be submitted by states parties (CAT/C/14/Rev.1).

2. This report was prepared by the U.S. Department of State ("Department of State") with extensive assistance from the U.S. Department of Justice ("Department of Justice"), the U.S. Department of Homeland Security ("Department of Homeland Security"), the U.S. Department of Defense ("Department of Defense") and other relevant departments and agencies of the United States Government. Except where otherwise noted, the report covers the situation for the period after October 1999 and prior to March 1, 2005.

3. The United States submitted its Initial Report to the Committee Against Torture in October 1999 (CAT/C/28/Add.5), hereafter referred to as "Initial Report". It made its oral presentation of that report to the Committee on May 10-15, 2000. Accordingly, the purpose of this Second Periodic Report is to provide an update of relevant information arising since the submission of the Initial Report.

4. Since the Initial Report, with the attacks against the United States of September 11, 2001, global terrorism has fundamentally altered our world. In fighting terrorism, the U.S. remains committed to respecting the rule of law, including the U.S. Constitution, federal statutes, and international treaty obligations, including the Torture Convention.

5. The President of the United States has made clear that the United States stands against and will not tolerate torture under any circumstances. On the United Nations International Day in Support of Victims of Torture, June 26, 2004, the President confirmed the continued importance of these protections and of U.S. obligations under the Torture Convention, stating:

> …[T]he United States reaffirms its commitment to the worldwide elimination of torture . . . . To help fulfill this commitment, the United States has joined 135 other nations in ratifying the Convention Against Torture and other Cruel, Inhuman or Degrading Treatment or Punishment. America stands against and will not tolerate torture. We will investigate and prosecute all acts

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> of torture and undertake to prevent other cruel and unusual punishment in all territory under our jurisdiction….
>
> These times of increasing terror challenge the world. Terror organizations challenge our comfort and our principles. The United States will continue to take seriously the need to question terrorists who have information that can save lives. But we will not compromise the rule of law or the values and principles that make us strong. Torture is wrong no matter where it occurs, and the United States will continue to lead the fight to eliminate it everywhere. *See* Annex 2.

6. The United States is unequivocally opposed to the use and practice of torture. No circumstance whatsoever, including war, the threat of war, internal political instability, public emergency, or an order from a superior officer or public authority, may be invoked as a justification for or defense to committing torture. This is a longstanding commitment of the United States, repeatedly reaffirmed at the highest levels of the U.S. Government.[1]

7. All components of the United States Government are obligated to act in compliance with the law, including all United States constitutional, statutory, and treaty obligations relating to torture and cruel, inhuman or degrading treatment or punishment. [2] The U.S. Government does not permit, tolerate, or condone torture, or other unlawful practices, by its personnel or employees under any circumstances. U.S. laws prohibiting such practices apply both when the employees are operating in the United States and in other parts of the world.

8. The legal and policy framework through which the United States gives effect to its Convention undertakings has not changed fundamentally since the Initial Report. Unless otherwise noted, the scope of the relevant protections afforded by the United States Constitution and comparable state constitutions, as well as the statutory and regulatory provisions governing the criminal justice system, detention conditions, and the relevant immigration laws and policies continue to apply. Furthermore, the U.S. federal court cases that have referenced the Torture Convention in some way since October, 1999, numbering well over 1000,

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[1] See, e.g., President's Statement on the United Nations International Day in Support of Victims of Torture, 39 Weekly Comp. Pres. Doc. 824 (June 30, 2003) ("Torture anywhere is an affront to human dignity everywhere."); *see also Message from the President of the United States Transmitting the Convention Against Torture and Other Cruel, Inhuman or Degrading Treatment or Punishment*, S. Treaty Doc. No. 100-20, at ii (1988) ("Ratification of the Convention by the United States will clearly express United States opposition to torture, an abhorrent practice still prevalent in the world today.").

[2] Unless specified otherwise in this report, whenever the terms "torture" and "cruel, inhuman or degrading treatment or punishment" are employed in this report, they are understood to mean those terms as they are defined by the United States in its reservations and understandings. *See* Annex 3.

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illustrate the real impact of U.S. Convention undertakings on the U.S. legal system.[3]

9. By letter of May 21, 2004, the Committee requested "updated information concerning the situation in places of detention in Iraq, up to the time of the submission of the report." In Annex 1, Part Two the United States provides a discussion and related materials relevant to its detention of individuals under the control of U.S. Armed Forces in Iraq captured during military operations. The United States provides similar information in Annex 1, Part One, with respect to detentions of individuals under the control of U.S. Armed Forces in Afghanistan and Guantanamo Bay, Cuba.

10. The United States is aware of allegations that detainees held in U.S. custody pursuant to the global war on terrorism have been subject to torture or other mistreatment. The President of the United States, as noted above, has clearly stated that torture is prohibited. When allegations of torture or other unlawful treatment arise, they are investigated and, if substantiated, prosecuted. These issues are addressed in detail in this report and its annexes with a view to conveying the seriousness of the commitment of the United States on these issues.

II. Information on New Measures and New Developments Relating to the Implementation of the Convention

Article 1 (Definition)

11. The definition of torture accepted by the United States upon ratification of the Convention and reflected in the understanding issued in its instrument of ratification remains unchanged. The definition of torture is codified in U.S. law in several contexts.

12. As explained in the Initial Report, this definition is codified at Chapter 113B of Title 18 of the United States Code, which provides federal criminal jurisdiction over an extraterritorial act or attempted act of torture if (1) the alleged offender is a national of the United States or (2) if the alleged offender is present in the United States, irrespective of the nationality of the victim or alleged offender. *See* 18 U.S.C. §§ 2340 and 2340A, as amended (the extraterritorial criminal torture statute), which is set forth in Annex 5. On October 26, 2001, the Uniting and Strengthening America by Providing Appropriate Tools Required to Intercept and Obstruct Terrorism Act of 2001 (USA PATRIOT Act), Pub. L. 107-56, Title VIII, § 811(g), amended § 2340A to add an explicit conspiracy provision with strengthened penalties to the substantive offense described in the extraterritorial criminal statute. This prohibition on torture and conspiracy to torture extends, *inter alia*, to U.S. employees and U.S. contractors of the United States anywhere

[3] The vast majority of these cases involve aliens in removal proceedings where regulations permit aliens to challenge their removal to countries under Article 3 of the Torture Convention.

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in the world outside of the United States, provided that the conduct falls within the enumerated elements of the statute. At the time of the enactment of 18 U.S.C. §§ 2340, 2340A, 18 U.S.C. § 2 already punished those who aid, abet, counsel, command, induce, procure or cause the commission of an offense against the United States.

13. On December 30, 2004 the Department of Justice's Office of Legal Counsel (OLC), which provides legal advice to the Executive Branch, published a memorandum that addresses the legal standards applicable under the extraterritorial criminal torture statute. This memorandum is available at Annex 3 and at http://www.usdoj.gov/olc/dagmemo.pdf. Under the language Congress adopted in enacting the statute, in order to constitute "torture" under § 2340 – 2340A, the conduct in question must have been "specifically intended to inflict severe physical or mental pain or suffering." The December 30, 2004 memorandum separately considers each of the principal components of that key phrase: (1) the meaning of "severe"; (2) the meaning of "severe physical pain or suffering"; (3) the meaning of "severe mental pain or suffering"; and (4) the meaning of "specifically intended." The memorandum supersedes an earlier memorandum of that same office in August 2002 on the same statute, discussing the definition of torture and the possible defenses to torture under U.S. law. The Department of Justice had previously withdrawn the August 2002 memorandum.

14. Torture is also defined in the immigration and extradition regulations that implement U.S. obligations under Article 3, as discussed below. *See* 8 Code of Federal Regulations (C.F.R.) § 208.18(a) and 22 C.F.R. § 95.1(b).

15. The term "torture" is also defined in the Torture Victim Protection Act (TVPA), 28 U.S.C. § 1350, note, which, as discussed in greater detail in paragraph 82 below, permits victims of torture and extrajudicial killings to claim damages for such abuses.

Article 2 (Prohibition)

16. As indicated in the Initial Report, in the U.S. legal system, acts of torture are prohibited by law and contrary to U.S. policy, subject to prompt and impartial investigations, and punished by appropriate sanction. As noted above, the core legal framework through which the United States gives effect to its Convention undertakings to prevent acts of torture has not changed fundamentally since the Initial Report. As explained in the Initial Report, it is clear that any act of torture falling within the Torture Convention definition would in fact be criminally prosecutable in every jurisdiction within the United States. Such acts may be prosecuted, for example, as assault, battery or mayhem in cases of physical injury; as homicide, murder or manslaughter, when a killing results; as kidnapping, false imprisonment or abduction where an unlawful detention is concerned; as rape, sodomy, or molestation; or as part of an attempt, or a conspiracy, an act of racketeering, or a criminal violation of an individual's civil rights.

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17. Since the Initial Report, the jurisdiction to prosecute torture as well as other serious abuses short of torture that are committed outside the United States has been expanded. The extraterritorial jurisdiction to prosecute torture and other serious abuses is discussed in greater detail under Article 5.

18. Throughout this report, we refer to numerous specific actions that the United States is taking to combat various forms of serious abuse. Although the examples cited throughout the report do not necessarily involve acts of torture as defined under Article 1 of the Convention, as ratified by the United States, or cruel, inhuman or degrading treatment or punishment as defined under Article 16 of the Convention, as ratified by the United States, they are included to illustrate the commitment of the United States, or as the case may be, the sub-Federal level authorities in the United States, to prevent and prosecute serious abuses, whether or not they fall within these definitions of torture or cruel, inhuman or degrading treatment or punishment.[4]

19. The United States is fully aware of allegations that U.S. military or intelligence personnel have subjected detainees in various locations to torture. Allegations with respect to the military are discussed in more detail in Annex 1. The numerous statements by Executive Branch officials condemning the use of torture, made in response to allegations of abuse arising out of detentions in Afghanistan, Guantanamo Bay and Iraq, have emphasized that torture is prohibited as a matter of U.S. law. When allegations of abuses arise, they in all cases will be investigated and, if substantiated, prosecuted. As described in the Initial Report, the Congress of the United States has authorized a separate system of military justice for members of the United States armed forces. Members of the armed forces are subject to the Uniform Code of Military Justice, which, among other things, includes a specific offense of cruelty or maltreatment. *See* Annex 1. Annex 1 provides a description of the investigations into abuse allegations arising out of detentions of individuals under the control of U.S. Armed Forces in Afghanistan, Iraq and Guantanamo Bay, Cuba and actions to hold personnel of the U.S. armed forces accountable under the military justice system when they have been found to have committed unlawful acts. *See* Annex 1. Allegations regarding intelligence activities are currently under review by the Inspector General of the Central Intelligence Agency (CIA). That office has reported and will continue to report its findings to the Director of the Central Intelligence Agency and the Congressional Intelligence Oversight Committees and will continue to forward substantiated cases of abuse for investigation and prosecution to the Department of Justice.

20. Federal criminal prosecutions of complaints about abuse. Since the Initial Report, complaints about abuse including physical injury by individual law enforcement officers continue to be made and are investigated, and if the facts so

[4] See in particular the examples cited in the discussion following Article 2 and Article 16.

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warrant, officers are prosecuted by federal and state authorities. As described in the Initial Report, the Criminal Section of the Department of Justice's Civil Rights Division is charged with reviewing such complaints made to the Federal Government and ensuring the vigorous enforcement of the federal statutes that make torture, or any willful use of excessive force, illegal. The Department of Justice is committed to investigating all incidents of willful use of excessive force by law enforcement officers and to prosecuting federal law violations should action by the local and state authorities fail to vindicate the federal interest. Between October 1, 1999 and January 1, 2005, 284 officers were convicted of violating federal civil rights statutes. Most of these law enforcement officers were charged with using excessive force.

21. Below are some significant examples of recent federal law enforcement prosecutions that occurred between October 1, 1999 and January 1, 2005.

- On September 7, 2004, a Texas police officer was convicted on federal civil rights charges under 18 U.S.C. § 242 for repeatedly assaulting a handcuffed man while the officer was acting under color of law during an arrest, and then attempting to cover up his actions. The police officer first kicked and choked the man, who was handcuffed to the side of a police car, then proceeded to stick his gun barrel into the victim's mouth, threatening to kill him. As of January 1, 2005, the defendant had not yet been sentenced.

- On July 14, 2004, an Oklahoma police officer was convicted and awaits sentencing for assaulting and fracturing the hip of a 67-year-old man he stopped for a traffic violation. The officer was prosecuted under 18 U.S.C. § 242 for the willful unreasonable seizure of the victim under the color of law.

- On May 19, 2004, a Louisiana detention officer was convicted and is awaiting sentencing for repeatedly throwing a handcuffed detainee against a wall resulting in significant lacerations to his face. The officer was prosecuted under 18 U.S.C. § 242 for the willful deprivation of the victim's liberty without due process under color of law.

- On March 25, 2004, the United States Court of Appeals for the Eleventh Circuit affirmed the conviction and sentence of a former deputy sheriff with the Jacksonville, Florida Sheriff's Department, who was charged and convicted for kidnapping, murdering, and stealing money from motorists, bank customers, and drug dealers whom he falsely arrested in 1998 and 1999. The deputy sheriff was sentenced to life in prison for, among other charges, the violation of 18 U.S.C. § 241 for conspiracy to deprive one of

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the victims of life and the others of liberty and property without due process under color of law.

- On September 24, 2003, a North Carolina police officer pleaded guilty to a felony civil rights charge for coercing women, whom he stopped or arrested, into having sex with him. He was sentenced to ten years in prison for willful deprivation of liberty without due process under color of law.

- On January 29, 2002, a North Carolina chief of police was convicted of using excessive force in seven separate incidents, involving six separate arrestees. The defendant was sentenced to 37 months in prison for willfully conducting unreasonable seizures under color of law in violations of 18 U.S.C. § 242.

- On May 27, 2001, the last of five male orderlies at a state-run care facility for developmentally disabled adults near Memphis, Tennessee was convicted for routinely beating residents. One of these beatings resulted in the death of a developmentally disabled patient who could not cry out for help because he was mute. The orderlies received sentences ranging from 60 to 180 months in prison under 18 U.S.C. § 242 for willful deprivation of the victim's liberty without due process under color of law.

- On February 7, 2001, six correctional officers with the Arkansas Department of Corrections beat and repeatedly shocked two naked and handcuffed victims with a hand-held stun gun and cattle prod. During a separate incident, three of the six defendants shocked and beat another handcuffed inmate. Ultimately, five officers entered guilty pleas while the sixth was convicted at trial. They were sentenced to terms of incarceration ranging from 24 to 78 months under 18 U.S.C. § 242 for imposing cruel and unusual punishment under color of law. Between March 3, 2001 and August 21, 2001, another three correctional officers with the Arkansas Department of Corrections pled guilty to assaulting an inmate while his hands were handcuffed behind his back. They were later sentenced to terms of incarceration ranging from 8 to 18 months in prison under 18 U.S.C. § 242 for imposing cruel and unusual punishment under color of law.

- On January 23, 2001, a Florida Department of Corrections officer with the Metro Dade Jail was convicted of assaulting a female inmate resulting in multiple contusions to her face, back, and neck. He was sentenced to 17 months in prison under 18 U.S.C. § 242 for imposing cruel and unusual punishment under color of law.

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- On November 9, 2000, a correctional officer captain from a state of Florida jail pled guilty to having forcible sexual contact with a female inmate and was thereafter sentenced to 15 months in prison. He was prosecuted under 18 U.S.C. § 242 for willful deprivation of the victim's liberty without due process under color of law.

- On November 2, 2000, seven federal correctional officers from the U.S. Penitentiary in Florence, Colorado, were indicted for systematically beating inmates and making false statements to cover-up their illegal conduct. On June 24, 2003, the jury convicted the three ringleaders on conspiracy and substantive counts. They were sentenced to 30 and 41 months in prison for, among other charges, the violation of 18 U.S.C. § 241 for conspiring to impose cruel and unusual punishment under color of law.

- On March 23, 2000, a U.S. Bureau of Prisons correctional officer in Oklahoma City was convicted of engaging in various degrees of sexual misconduct with five female inmates. As a result, he was sentenced to 146 months in prison under 18 U.S.C. § 242 for imposing cruel and unusual punishment under color of law.

- On February 15, 2000, a Mississippi chief of police was convicted of striking an arrestee several times in the head with a baton while the victim was handcuffed in the back of a patrol car. He was sentenced to 13 months in prison under 18 U.S.C. § 242 for a willful unreasonable seizure under color of law.

- On December 13, 1999, New York City Police Officer, Justin Volpe, was sentenced to thirty years in prison under 18 U.S.C. § 242, for brutally sodomizing Abner Louima in a New York City police station, while acting under the color of law. Five other officers were convicted of obstructing justice during the investigation of the assault of Louima and a second arrestee and three of the officers were incarcerated for sentences ranging from three to five years. The convictions of two of these officers were, however, reversed by the United States Court of Appeals for the Second Circuit, which found their conduct did not violate federal obstruction of justice law.

22. <u>Criminal prosecutions of complaints of abuse at the state and local level.</u> Additionally, prosecutions of abuse at the state and local level continue, some examples of which are cited below.

- In July 2004, a District of Columbia police officer was found guilty by a D.C. Superior Court jury of simple assault after shoving the barrel of his gun into the cheek of a man, following a confrontation at a gas station.

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- On April 1, 2004, three Miami, Florida police officers were convicted on conspiracy charges after they took part in a scheme to plant guns near the bodies of two fleeing robbers shot to death by police. Sentences ranged from five to ten years.

- In 2002, a New York City, New York police officer was convicted of sodomy and reckless endangerment after forcing a 16-year old prostitute to engage in oral sex. The officer was sentenced to 7 years in prison.

- On November 1, 2000 the Appellate Court of Illinois upheld the decision by a municipal police board to dismiss a Chicago police officer for striking a detained suspect in the head and mouth.

23. Federal criminal prosecutions of violations of procedural rights. Complaints about failures to accord due process or "procedural rights" by individual law enforcement officers continue to be made to federal and state authorities. As described in the Initial Report, the Criminal Section of the Department of Justice's Civil Rights Division is charged with reviewing such complaints made to the Federal Government and ensuring the vigorous enforcement of the applicable federal criminal civil rights statutes. The Department of Justice is committed to investigating all allegations of willful violations of constitutional rights and to prosecute federal law violations should action by the local and state authorities fail to vindicate the federal interest. For example, as of January 1, 2005, the Civil Rights Division is conducting two separate ongoing investigations in two different states involving allegations that local police officers used threats of force to coerce information or a confession from an arrestee.

24. Civil Pattern or Practice Enforcement. As discussed in the Initial Report, the Department of Justice's Civil Rights Division may institute civil actions for equitable and declaratory relief pursuant to the Pattern or Practice of Police Misconduct provision of the Crime Bill of 1994, 42 U.S.C. § 14141 (Section 14141), which prohibits law enforcement agencies from engaging in a pattern or practice of violating people's civil rights. Since October 1999, the Civil Rights Division has negotiated 16 settlements with law enforcement agencies. These settlements include two consent decrees regarding the Detroit, Michigan Police Department, and consent decrees covering Prince George's County, Maryland and Los Angeles, California police departments. Other recent settlements include those entered into with police departments in the District of Columbia; Cincinnati, Ohio; Buffalo, New York; Villa Rica, Georgia; and Cleveland, Ohio. As of January 1, 2005, there are currently 13 ongoing investigations of law enforcement agencies.

25. The resolution of the Division's investigation of the Detroit Michigan Police Department illustrates the impact of the Division's law enforcement misconduct program. On June 12, 2003, the Division filed a complaint alleging a pattern or

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practice of conduct by Detroit officers subjecting individuals to uses of excessive force, false arrests, illegal detentions and unconstitutional conditions of confinement. On the same date, the Division and the City of Detroit filed two proposed consent decrees and a Joint Motion to Appoint a Monitor. The consent decrees require reform in the following areas: use of force, arrest and witness detention practices, and holding cell conditions. Both consent decrees enhance the Police Department's policies, as well as require the supervision, accountability, and training necessary to implement and sustain the policies.

26. CRIPA. The Civil Rights of Institutionalized Persons Act (CRIPA), 42 U.S.C. § 1997 et seq., which permits the Attorney General to bring civil lawsuits against state institutions regarding the civil rights of their residents, including the conditions of their confinement and use of excessive force, is another statute pursuant to which the Department of Justice's Civil Rights Division continues to prevent unlawful use of force. By August 2004, the Civil Rights Division had initiated CRIPA actions regarding approximately 400 facilities, resulting in approximately 120 consent decrees and settlements governing conditions in about 240 facilities, since CRIPA was enacted in 1980. CRIPA enforcement has been a major priority of the Division. Since October 1999, the Division has opened 52 new investigations covering 66 facilities. The Division has also entered into 39 settlement agreements including seven consent decrees. As of January 1, 2005, there are currently 59 active investigations covering 69 facilities.

27. Federal enforcement actions addressing prison conditions. As stated above, the Civil Rights Division investigates conditions in state prisons and local jail facilities pursuant to CRIPA, and investigates conditions in state and local juvenile detention facilities pursuant to either CRIPA or Section 14141. These statutes allow the Department of Justice to bring legal actions for declaratory or equitable relief for a pattern or practice of unconstitutional conditions of confinement. Some examples of these investigations follow.

- On July 16, 2004, the Civil Rights Division reached an out-of-court agreement with the Wicomico County Detention Center in Salisbury, Maryland regarding systematic violations of prisoners' federally protected civil rights. The Division's three-year investigation revealed evidence that the Detention Center failed to provide required medical and mental health care, failed to provide adequate inmate safety, and failed to provide sufficiently sanitary living conditions. Under the terms of the agreement, the Detention Center will address and correct the deficiencies identified by the Division.

- On June 7, 2004, the Civil Rights Division filed a lawsuit challenging the conditions of confinement at the Terrell County Jail in Dawson, Georgia. The Division's complaint alleges that the jail routinely violates federally protected rights, including failing to protect inmate safety, and failing to provide required medical and mental health care.

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28. The Division has also recently issued letters reporting its findings regarding conditions at the McPherson and Grimes Correctional Units in Newport, Arkansas, the Garfield County Jail and County Work Center in Enid, Oklahoma, the Patrick County Jail in Virginia, and the Santa Fe Adult Detention Center in New Mexico.

29. Litigation of prison conditions in state courts. Additionally, inmates have been successful in challenging prison conditions in state courts as violations of state and federal law. Some examples follow.

- On April 29, 2003, the Supreme Court of Montana held that the Montana State Prison system violated the Montana Constitutional rights of inmates housed in filthy, uninhabitable prison cells. Inmates were forced to inhabit cells that contained blood, feces, vomit and other types of debris. The Montana Supreme Court held that such living conditions were an "affront to the inviolable right of human dignity." Walker v. State, 68 P.3d 872, 885 (Mont. 2003).

- On October 5, 2000, the Supreme Court of Arkansas found that the established constitutional right against cruel and unusual punishment included a prison inmate's right to be reasonably protected from attacks by other prisoners. Boyd v. Norris, No. 00-536, 2000 Ark. LEXIS 458, at *2 (Ark. Oct. 5, 2000)

Article 3 (Non-refoulement)

30. The United States continues to recognize its obligation not to "expel, return ('refouler') or extradite a person to another state where there are substantial grounds for believing that he would be in danger of being subjected to torture". The United States is aware of allegations that it has transferred individuals to third countries where they have been tortured. The United States does not transfer persons to countries where the United States believes it is "more likely than not" that they will be tortured.[5] This policy applies to all components of the United States government. The United States obtains assurances, as appropriate, from the foreign government to which a detainee is transferred that it will not torture the individual being transferred. If assurances were not considered sufficient when balanced against treatment concerns, the United States would not transfer the person to the control of that government unless the concerns were satisfactorily resolved. The procedures for evaluating torture concerns in the immigration removal and extradition context are described in greater detail below.

[5] This policy has been articulated by the President of the United States and various United States governmental personnel. . *See* www.whitehouse.gov/news/releases/2005/03/20050316-3.html (visited March 19, 2005); *see also* Declaration of Pierre-Richard Prosper at Annex 1, Tab 2; *see also* Declaration of Matthew C. Waxman at Annex 1, Tab 1; *see also* Letter from General Counsel of the Department of Defense William G. Haynes II to Senator Patrick Leahy of June 25, 2003.

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31. Creation of the Department of Homeland Security (DHS). Since the United States submitted the Initial Report and subsequent to the terrorist attacks of September 11, 2001, the United States Government restructured several agencies within the Executive Branch, creating the U.S. Department of Homeland Security (DHS). *See* Homeland Security Act of 2002, Public Law 107–296, 116 Stat. 2310. As part of this restructuring, the Immigration and Naturalization Service (INS) was abolished and its functions were transferred from the U.S. Department of Justice to the new DHS. Pursuant to the Homeland Security Act, all authorities exercised by the Commissioner of the INS, on behalf of the Attorney General, were transferred to the Secretary of Homeland Security. The Executive Office for Immigration Review (EOIR), whose immigration judges preside over removal proceedings and adjudicate Torture Convention claims, remain within the Department of Justice. Immigration removal proceedings, and the adjudication of Torture Convention claims within those proceedings, remain unchanged since the Initial Report, but the functions described in that report as implemented by INS are now performed by DHS.[6]

32. Observance of Article 3 obligations in the immigration removal context. As discussed in the Initial Report, regulations implementing Article 3 of the Torture Convention permit aliens to raise Article 3 claims during the course of immigration removal proceedings. These regulations fully implement U.S. obligations under Article 3 and set forth a fair and rule-bound process for considering claims for protection. Individuals routinely assert Article 3 claims before immigration judges within the EOIR, whose decisions are subject to review by the Board of Immigration Appeals, and ultimately, to review in U.S. federal courts. In exceptional cases where an arriving alien is believed to be inadmissible on terrorism-related grounds, Congress has authorized alternate removal procedures in limited circumstances that do not require consideration or review by EOIR. *See* INA § 235(c). The implementing regulations provide that removal pursuant to section 235(c) of the Act shall not proceed "under circumstances that violate … Article 3 of the Convention Against Torture." *See* 8 C.F.R. 235.8(b)(4).

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[6] Shortly after its creation, the Department of Homeland Security reaffirmed its commitment to fulfilling U.S. obligations under Article 3 of the Torture Convention. *See* Immigration Relief under the Convention Against Torture for Serious Criminals and Human Rights Violators; Hearing Before the House Subcomm. on Immigration, Border Security, and Claims of the House Comm. on the Judiciary, 108th Cong., 1st Sess. 45, Serial No. 34, at 11 (July 11, 2003) (prepared statement of C. Stewart Verdery, Asst. Secretary for Policy and Planning, Border and Transportation Security Directorate, U.S. Dept. of Homeland Security). *See* http://commdocs.house.gov/committees/judiciary/hju88220.000/hju88220_0.HTM#19 (visited May 3, 2005) ("The Department of Homeland Security is committed to ensuring the proper balance between our convention obligations and our mission to make our communities safe. . . . [W]e will fulfill the President's declaration that ... the United States is committed to the worldwide elimination of torture, and we are leading this fight by example.")

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33. Article 3 protection is a more limited form of protection than that afforded to aliens granted asylum under the Immigration and Nationality Act (INA). This more limited form of protection is similar to withholding of removal, *see* INA§ 241(b)(3), through which the United States implements its non-refoulement obligations under the Refugee Protocol. An alien granted protection under the Torture Convention may be removed to a third country where there are no substantial grounds for believing that the alien will be subjected to torture. Furthermore, the regulations contain special streamlined provisions for terminating Article 3 protection for an alien who is subject to criminal and security-related bars, when substantial grounds for believing the alien would be tortured if removed to a particular country no longer exist. Finally, in a very small number of appropriate cases, pursuant to 8 C.F.R. § 208.18(c), the U.S. may consider diplomatic assurances from the country of proposed removal that the alien will not be tortured if removed there. In such removal cases, the Secretary of Homeland Security (and in cases arising prior to the enactment of the Homeland Security Act, the Attorney General), in consultation with the Department of State, would carefully assess such assurances to determine whether they are sufficiently reliable so as to allow the individual's removal consistent with Article 3 of the Torture Convention. The United States reserves the use of diplomatic assurances for a very small number of cases where it believes it can reasonably rely on such assurances that the individuals would not be tortured. Since the Initial Report, the United States has removed several individuals to their countries based on assurances that they would not be tortured. However, as is the case in the extradition context, the United States credits assurances and removes or extradites individuals only when it determines that it can remove or extradite a person consistent with its obligations under Article 3.

34. In practice, the record demonstrates that individuals seeking protection under Article 3 of the Torture Convention have asserted torture claims and in many cases have obtained protection under the regulations implementing the Convention. In the period from 1999, when the regulations implementing Article 3 of the Convention went into effect, through 2003, the available data indicates the following statistics regarding grants of protection by immigration judges based on the Torture Convention: [7]

	Grants of Torture Convention protection by immigration judges
FY 2000	519
FY 2001	554
FY 2002	546
FY 2003	486
FY 2004	532

[7] The data were compiled by the EOIR and represent only decisions taken by the Immigration Courts.

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35. However, these statistics do not convey the full extent to which U.S. law affords protection against return to individuals who "more likely than not" will be tortured upon their return. In light of the similarities between the harm feared by asylum and torture applicants, the same application form is used to request both forms of protection and most individuals who assert torture claims simultaneously assert asylum claims. In such cases, if an individual is eligible for asylum, the immigration judge may grant asylum and thus not reach the torture claim. Accordingly, the statistics on grants of torture protection cited above may reflect cases where individuals were deemed ineligible for a grant of asylum by virtue of the bars to such relief (e.g., individuals who committed serious crimes) under U.S. law and U.S. obligations under the 1967 Protocol relating to the Status of Refugees or because they failed to demonstrate that the persecution feared would be "on account" of one of the protected grounds specified in the definition of "refugee" set forth at § 101(a)(42) of the Immigration and Nationality Act. Therefore, for a more complete understanding of the extent to which protection against return is afforded to aliens, it is relevant to note the following available statistics on grants of asylum and withholding of removal:[8]

	Grants of asylum by DHS (former INS)	Grants of asylum by an immigration judge	Grants of withholding of removal by an immigration judge
FY 2000	16,556	8,903	3,244
FY 2001	20,290	7,956	3,463
FY 2002	18,880	8,663	3,544
FY 2003	11,434	10,913	4,417
FY 2004	10,278	10,825	4,723

36. As the United States implements Article 3, the contours of elements unique to Torture Convention claims, such as the meaning of "torture" and government "acquiescence," are taking shape in the United States through the development of interpretive case law. Since the Initial Report, there have been a number of precedent-setting decisions relating to Article 3 protection under the Torture Convention issued by the EOIR and by various federal district and circuit courts

[8] The data on grants of asylum by DHS (former INS) were compiled by U.S. Citizenship and Immigration Services (USCIS) of the U.S. Department of Homeland Security and reflect decisions on applications, including those filed by principal applicants on behalf of themselves and family members. Accordingly, these statistics do not reflect the number of actual individuals who are granted asylum by DHS. The data on grants of asylum and withholding of removal by immigration judges were compiled by EOIR and reflect the actual numbers of individuals who were granted asylum or withholding of removal, as EOIR evaluates each individual claim separately. The data compiled by EOIR represent decisions taken by Immigration Courts; accordingly, they do not include decisions on cases appealed to the Board of Immigration Appeals. As a result, the data do not necessarily represent the final disposition on these cases.

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throughout the United States. Precedent administrative decisions by EOIR are available at http://www.usdoj.gov/eoir/vll/intdec/lib_indecitnet.html, and include:

- Matter of S-V-, 22 I&N Dec. 1306 (BIA 2000) (Applicant for Torture Convention protection must establish that the torture feared would be inflicted by or with the acquiescence of a public official or other person acting in an official capacity; therefore, protection does not extend to persons who fear private entities that a government is unable to control.)

- Matter of G-A-, 23 I&N Dec. 366 (BIA 2002) (An Iranian Christian of Armenian descent demonstrated eligibility for Torture Convention protection by establishing that it is more likely than not that he will be tortured if deported to Iran based on a combination of factors, including his religion, his ethnicity, the duration of his residence in the United States, and his drug-related convictions in this country. The evidence of record demonstrated that Armenian Christians were subject to harsh and discriminatory treatment in Iran, that persons associated with narcotics trafficking, like G-A, faced particularly severe punishment, and that Iranians who had spent an extensive amount of time in the United States were perceived to be opponents of the Iranian Government or even pro-American spies. The combination of these traits, and the evidence of widespread use of torture in Iran, demonstrated that the respondent was likely to be subjected to torture if deported to Iran.)

- Matter of J-E-, 23 I&N Dec. 291 (BIA 2002) (For an act to constitute "torture" it must satisfy each of the following five elements in the definition of torture set forth at 8 C.F.R. § 208.18(a): (1) the act must cause severe physical or mental pain or suffering; (2) the act must be intentionally inflicted; (3) the act must be inflicted for a proscribed purpose; (4) the act must be inflicted by or at the instigation of or with the consent or acquiescence of a public official who has custody or physical control of the victim; and (5) the act cannot arise from lawful sanctions. Neither the indefinite detention of criminal deportees by Haitian authorities nor the substandard prison conditions in Haiti constitute torture within the meaning of 8 C.F.R. § 208.18(a) where there is no evidence that the authorities intentionally detain deportees or create and maintain conditions in order to inflict torture. Isolated instances of mistreatment that may rise to the level of torture as defined in the Torture Convention are insufficient to establish that it is more likely than not that the respondent will be tortured if returned to Haiti.)

37. Relevant decisions by federal courts on Article 3 claims are issued daily and are too numerous to list in this report. Generally, precedent decisions are publicly available on the Internet. Attached in Annex 6 is a sampling of federal court decisions on Article 3 claims.

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38. The United States remains committed to providing Article 3 protection to all aliens in its territory who require such protection, and recognizes that there are no categories of aliens who are excluded from protection under Article 3. As such, some aliens who are subject to criminal- or security-related grounds and are thus ineligible for other immigration benefits or protection may be eligible for protection under Article 3. As described in paragraph 171 of the Initial Report, the United States provides a more limited form of protection – "deferral of removal" – to aliens otherwise subject to exclusion grounds. At the time the Initial Report was submitted, implementing regulations authorized continued detention of aliens granted deferral of removal. In 2001, the Supreme Court held in Zadvydas v. Davis, 533 U.S. 678 (2001), discussed also in paragraph 132, that existing statutory authority under INA § 241(a)(6) to detain aliens with final orders of removal is generally limited to such detention as necessary to achieve removal in the reasonably foreseeable future. While the Zadvydas decision limits the authority of the Department of Homeland Security to detain certain aliens granted deferral of removal, DHS remains committed to ensuring the proper balance between United States obligations under the Torture Convention and DHS's mission to improve the security of the United States.

39. Observance of Article 3 obligations in the extradition context. As described in the Initial Report, in U.S. practice, an extradition judge's decision whether to certify extraditability is not dependent upon consideration of any humanitarian claims, including claims under the Torture Convention. After the Secretary of State receives a certification of extraditability from a magistrate or judge, the Secretary of State must determine whether a fugitive who has been found extraditable should actually be extradited to a requesting State. In determining whether a fugitive should be extradited, the Secretary of State is authorized to consider *de novo* any and all issues properly raised before the extradition court, as well as any other considerations for or against surrender, including whether it is more likely than not that the fugitive would face torture in the requesting State.

40. Pursuant to Department of State regulations set forth in the Initial Report, whenever allegations relating to torture are raised by the fugitive or other interested parties, appropriate policy and legal offices within the Department of State review and analyze information relevant to a particular case. Information provided by the relevant regional bureau, country desk, or U.S. embassy also plays an important role in the evaluation of torture claims. Based on the analysis of relevant information, the Secretary of State may decide to surrender the fugitive to the requesting State, deny surrender of the fugitive, or condition the extradition on the requesting State's provision of assurances, deemed to be credible by the Secretary of State, related to torture or aspects of the requesting State's criminal justice system that protect against mistreatment, such as regular access to counsel. Whether such assurances are sought is determined on a case-by-case basis, fully bearing in mind U.S. obligations under Article 3 of the Torture Convention.

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41. The Secretary of State will evaluate claims for protection under Article 3 of the Torture Convention after judicial extradition proceedings have been completed. This position is based on the longstanding "rule of non-inquiry," which leaves to the consideration of the Secretary of State questions regarding the treatment extraditees may receive following their surrender for extradition. In U.S. practice, the Secretary of State is uniquely well-suited to determine the risks that a fugitive would be subject to torture upon his return to a requesting state. In appropriate cases, it may be necessary for the Secretary of State to decide against surrender or to obtain assurances as necessary from the foreign government to persuade the Secretary of State that the United States would be acting in compliance with Article 3 of the Convention.

42. The issue of whether federal courts in the United States can consider an extradition fugitive's claims under the Torture Convention was litigated in Cornejo-Barreto v. Seifert. A panel of the United States Court of Appeals for the Ninth Circuit concluded that a fugitive facing extradition has a statutory right to judicial review of his claims under the Torture Convention, which attaches not during the extradition or habeas corpus proceedings, but after all the legal avenues are exhausted and the Secretary of State has signed the surrender warrant. Cornejo-Barreto v. Seifert, 218 F.3d 1004 (9th Cir. 2000). A different panel of the Ninth Circuit subsequently rejected this conclusion and, in agreement with the position of the Executive Branch, held that the Secretary of State's determination to extradite a fugitive is not subject to judicial review. Cornejo-Barreto v. Seifert, 379 F.3d 1075, 1089 (9th Cir. 2004). A majority of the Ninth Circuit judges voted to rehear the case *en banc*, but prior to the date of the rehearing, the Mexican government withdrew its extradition request pursuant to the dismissal of the Mexican state prosecution that served as the basis for the request. Upon motion of the government, the Ninth Circuit then dismissed the case as moot and vacated the second panel decision. Cornejo-Barreto v. Seifert, 839 F.3d 1307 (9th Cir. 2004). In Mironescu v. Costner, 345 F.Supp. 2d 538 (M.D.N.C. 2004) a district court recently held that a petitioner could not seek habeas review, asserting a CAT Article 3 claim, when the Secretary of State had not yet determined whether to extradite the petitioner, but concluded that it was inappropriate, given the stage of the proceedings, to decide whether the petitioner could seek habeas review after the Secretary has made a determination to extradite.

43. Since enactment of the Department of State regulations, torture claims have been raised in less than 1% of extradition cases and surrender warrants have been issued in all cases. In some of those cases, it was determined that the evidence submitted by the claimants provided no basis to conclude that it would be more likely than not that the claimants would be tortured. In several cases, assurances, which were deemed adequate, were received from the requesting country.

Article 4 (Torture as a criminal offense)

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44. As discussed in the Initial Report and as restated in paragraph 16 above, within the United States, acts which would constitute torture under the Convention are punishable under state or federal law. This is also true of attempts to commit torture, conspiracies to commit torture and those who aid and abet the commission of an act of torture. Acts of torture committed outside the United States, as defined by the extraterritorial criminal torture statute, codified at 18 U.S.C. § 2340, in which the alleged offender is a national of the United States, or the alleged offender is present in the United States (irrespective of the nationality of the victim or alleged offender), are punishable under 18 U.S.C. § 2340A. The same prohibitions apply to persons who attempt to commit, conspire to commit, or aid and abet the commission of acts of torture within the definition contained in 18 U.S.C. § 2340.

Article 5 (Jurisdiction)

45. Since the submission of the Initial Report, two pieces of legislation, described below, were enacted that provide additional but distinct statutory bases for asserting jurisdiction over acts committed beyond the territory of the United States in addition to those discussed at paragraph 185 of the Initial Report. In addition to the extraterritorial criminal torture statute, which establishes extra-territorial jurisdiction over certain offenses involving torture, the statutes discussed below extend criminal jurisdiction over an array of offenses, which may include torture, when committed within the "Special Maritime and Territorial Jurisdiction of the United States" (SMTJ). *See* 18 U.S.C. § 7. As discussed in the Initial Report, certain provisions of the federal criminal code apply to acts taking place outside United States geographical territory, but which fall within the SMTJ.

46. On November 22, 2000, the President signed into law the "Military Extraterritorial Jurisdiction Act (MEJA)," codified at 18. U.S.C. §§ 3261 *et seq.* This statute extends criminal jurisdiction over certain categories of individuals for conduct outside the United States that would constitute an offense punishable by imprisonment for more than 1 year if the conduct had been engaged in within the SMTJ. As reflected in House Report No. 106-778(I) which was adopted by the House Judiciary Committee when it considered the statute, the background and purpose of the statute was to amend federal law to extend the application of its criminal jurisdiction to persons, including civilians, both United States citizens and foreign nationals, who commit acts while employed by or otherwise accompanying the U.S. Armed Forces outside the United States. It also extends federal jurisdiction to active duty members of the Armed Forces who commit acts while outside the United States, with one or more other defendants, at least one of whom is not subject to the UCMJ. *See* 18 USC 3261(d)(2). It also extends federal jurisdiction to former members of the Armed Forces who commit such acts while they were members of the Armed Forces, but who are not tried for those crimes by military authorities and later cease to be subject to the Uniform Code of Military Justice. Because many federal crimes, such as sexual assault,

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arson, robbery, larceny, embezzlement, and fraud, did not have extraterritorial effect, there was a "jurisdictional gap" that in many cases allowed such crimes to go unpunished. Although host nations have jurisdiction to prosecute such acts committed within their territory, they frequently declined to exercise jurisdiction when an American was the victim or when the crime involved only property owned by Americans. Accordingly, the statute was designed to close this gap by establishing a new federal crime involving conduct that would constitute an offense punishable by imprisonment for more than 1 year if the conduct had been engaged in within the special maritime and territorial jurisdiction of the U.S. As of January 1, 2005, there have been two prosecutions under MEJA, neither involving torture.

47. An additional legislative development that extended U.S. criminal jurisdiction extraterritorially was enacted on October 26, 2001, when the USA PATRIOT Act amended § 7 of Title 18 of the United States Code, which defines the Special Maritime and Territorial Jurisdiction (SMTJ) of the United States. In pertinent part, a new paragraph 9 added to § 7 provides that, with respect to an offense that would otherwise apply within the SMTJ, committed by or against a national of the United States, premises of United States military or other United States Government missions or entities in foreign States are within the SMTJ. This paragraph, however, does not apply with respect to an offense committed by a person described in section 3261(a) of Title 18, United States Code, which codifies a provision of the Military Extraterritorial Jurisdiction Act described above.[9]

48. The MEJA and SMTJ statutes each provide separate bases for asserting U.S. jurisdiction over extraterritorial crimes. Each statute was designed to address a different problem: MEJA was designed primarily to address the jurisdictional gap over civilians employed by, or accompanying, the armed forces overseas other than in times of a declared war; the expanded SMTJ in 18 U.S.C. §7(9), contained in the USA PATRIOT Act, was enacted as part of a comprehensive program to deal with the Global War on Terrorism. While neither statute was specifically designed to address torture, both statutes in fact complement the separate jurisdictional reach of the extraterritorial criminal torture statute. This is because, depending on the status of the offender or the victim, or the location of the offense, the U.S. may be able to assert jurisdiction over other crimes, which are related to torture, but may not meet the statutory elements of 18 U.S.C. §§ 2340 and 2340A, i.e. murder. It became apparent in 2004, however, that there was an unintended legislative anomaly to the enactment of 18 U.S.C. §7(9).

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[9] The carve out from the expanded definition of the SMTJ provided by 18 U.S.C.§7(9) for those as defined by MEJA, was the result of a legislative compromise to avoid the applicability of the complex MEJA provisions relating to initial appearances and removals to the United States. The SMTJ and MEJA statutes each provide a separate basis for asserting U.S. jurisdiction, and the legislative intent was to keep these jurisdictional bases separate and distinct, not to co-mingle them.

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49. By expanding the territory within the SMTJ to include premises of United States military or other United States Government missions or entities in foreign States, the SMTJ statute had the effect of narrowing the reach of the extraterritorial criminal torture statute. The statute, by definition, only applies "outside the United States." The term "United States" was originally defined as including "all areas under the jurisdiction of the United States including any of the places described in sections 5 and 7 of this title [Title 18 of the U.S. Code, § 7 of which defines the Special Maritime and Territorial Jurisdiction of the United States] and section 46501(2) of title 49." Thus, when the USA PATRIOT Act expanded the SMTJ, the extraterritorial criminal torture statute no longer applied to areas included in the expanded SMTJ. This anomaly was corrected by § 1089 of the National Defense Authorization Act for Fiscal Year 2005 (NDAA05), which amended 18 U.S.C. §2340(3) to read as follows: "'United States' means the several States of the United States, the District of Columbia, and the commonwealths, territories, and possessions of the United States." By narrowing the definition of the United States, and making that definition part of the extraterritorial criminal torture statute, the reach of that statute is expanded prospectively, and the anomaly presented by the expansion of the SMTJ is now avoided. It also became apparent in 2004, that the MEJA statute did not cover situations involving contractors, unless they were employed by the Department of Defense. In October 2004, §1088 of the NDAA05 amended MEJA so that it covered a much broader group of contractors. 18 U.S.C. §3267's definition of the term "employed by the Armed Forces outside the United States" in MEJA was amended to include "employees, contractors and subcontractors" of "any other Federal agency or any provisional authority, to the extent such employment relates to supporting the mission of the Department of Defense overseas."

50. <u>The extraterritorial criminal torture statute.</u> As discussed above in paragraph 12, the USA PATRIOT Act amended the extraterritorial criminal torture statute, codified at 18 U.S.C. §§ 2340, 2340A, to also provide extraterritorial jurisdiction over conspiracy to commit such offenses. As of January 1, 2005, the United States has considered applying the statute in several cases, but it has not initiated any prosecutions under this provision to date. In some cases, investigations are pending. As is necessarily true of any successful criminal prosecution, the available evidence must establish the various elements of the offense. Accordingly, in order for the extraterritorial criminal torture statute to apply, the conduct must fall within the definition of torture, it must have been committed subsequent to the effective date of the statute (November 20, 1994), and it must have been committed "outside the United States."

51. The extraterritorial criminal torture statute is available to prosecute U.S. and foreign nationals "acting under the color of law," provided that the enumerated elements of the offense are met. As a result of initial investigations in some cases, although criminal charges have not been brought under the extraterritorial criminal statute, immigration charges have resulted. Also, as discussed above, U.S. employees and contractors may also be subject to other criminal statutes

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governing their conduct extraterritorially, which apply in a broader range of circumstances than those described in the extraterritorial criminal torture statute. For example, depending on the circumstances, U.S. employees and contractors may be subject to those criminal statutes defining crimes within the SMTJ, which as discussed above in paragraph 47, generally includes overseas facilities (except for certain persons, such as members of the armed forces and those employed by or accompanying them, who are subject to MEJA or the United States Code of Military Justice). Those statutes defining crimes within the SMTJ prohibit, for example, assault (18 U.S.C. § 113), maiming (18 U.S.C. § 114), manslaughter (18 U.S.C. § 1112), and murder (18 U.S.C. § 1111).

52. In the context of U.S. detention operations overseas, these criminal prohibitions may be available to prosecute abuses of detainees by particular members of the military (as noted, members of the military are also subject to the Uniform Code of Military Justice), intelligence and other non-military personnel. For example, on June 17, 2004, the Department of Justice announced that a contractor working for the Central Intelligence Agency had been indicted on charges stemming from the death of a prisoner in Afghanistan, Mr. Abdul Wali. The four-count indictment alleges that in June 2003 the contractor beat an Afghan prisoner who had surrendered voluntarily at the front of a U.S. detention facility near Asadabad in the northeast Kunar province of Afghanistan. The indictment includes two counts of assault causing serious injury and two counts of assault with a deadly weapon. Each count carries a maximum penalty of ten years in prison and a $250,000 fine upon conviction. The indictment charges that the assaults occurred within the expanded SMTJ provided by 18 U.S.C. §7(9).

Article 6 (Detention and preliminary inquiry in cases of extradition) and Article 7 (Extradite or prosecute)

53. As described in the Initial Report, federal law and bilateral extradition treaties provide the legal basis by which the United States can either extradite or prosecute individuals alleged to have committed offenses involving torture, as required by Article 7 of the Convention. Acts which would constitute or involve the offense of torture, as defined under the Convention, and as interpreted by the understandings expressed by the United States at the time of ratification, are crimes under state or federal law, and subject to prosecution by the appropriate authorities. The crime of torture also continues to fall within the scope of extradition treaties concluded by the United States since the time of its Initial Report.

Article 8 (Extraditable offenses)

54. Consistent with Article 8 of the Convention, any act of torture within the meaning of the Convention continues to be an extraditable offense under relevant United States law and extradition treaties with countries that are also party to the

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Convention. The crime of torture continues to fall within the scope of extradition treaties concluded by the United States since the time of its Initial Report.

55. Since the Initial Report, the United States has received a small number of requests for extradition involving individuals wanted for serious human rights abuses or war crimes. Since October 1999, the United States extradited Elizaphan Ntakirutimana to the International Criminal Tribunal for Rwanda (ICTY), which had requested his extradition for genocide, complicity in genocide, and crimes against humanity.

Article 9 (Mutual legal assistance)

56. As discussed in the Initial Report, United States law permits both law enforcement authorities and the courts to request and to provide many forms of "mutual legal assistance" in criminal cases covered by the provisions of the Torture Convention.

Article 10 (Education and Information)

57. As described in the Initial Report, a variety of training programs exist at the federal, state and local level to educate law enforcement personnel, corrections officers and immigration officials in the proper treatment of persons in custody, including information related to the prohibition against torture and other abuses. Training programs for the U.S. Armed Forces, particularly regarding the prohibition of torture and other standards governing detentions by the U.S. Armed Forces in Afghanistan, Guantanamo Bay, and Iraq are described in greater detail in Annex 1.

58. The United States continues to attach considerable importance to the task of providing education and information regarding the prohibition against torture and other abuses to persons who may be involved in the custody, interrogation, and treatment of persons arrested, detained or imprisoned. In furtherance of this effort, and as was the case with the Initial Report, this report will be posted on the U.S. Department of State web site: http://www.state.gov/g/drl.

59. As part of a broader effort to educate and inform the public, on June 26, 2004 honoring the U.N. International Day in Support of Victims of Torture, President Bush reaffirmed the U.S. commitment to ending torture and stated that the U.S. "stands against and will not tolerate torture." *See* Annex 2. In so doing, the President informed the public and the international community of U.S. programs aimed at combating torture and assisting victims of torture. President Bush issued a similar statement in honor of victims of torture on June 26, 2003, which can be found at http://www.whitehouse.gov/news/releases/2003/06/20030626-3.html, and the Department of State has also issued similar statements. Additionally, as allegations of abuses have surfaced with respect to detentions of foreign nationals by the U.S. Armed Forces (*see* Annex 1), U.S. officials have repeatedly

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condemned the use of torture. At the same time, the U.S. Congress, advocacy groups, and the press have directed considerable attention to these issues.

Article 11 (Interrogation techniques)

60. As described in the Initial Report, police interrogation of criminal suspects is strictly regulated by court-made rules based on constitutional law. As a result, the methods and practices of interrogation of criminal suspects and their treatment while in custody are routinely subject to judicial review and revision.

61. Concerns have been raised about what detention and interrogation practices were authorized on the basis of the memorandum drafted by the Department of Justice's Office of Legal Counsel in August 2002 interpreting the extraterritorial criminal torture statute (discussed at paragraph 13). On June 22, 2004, upon the release of numerous government documents related to interrogation techniques and U.S. laws regarding torture, then White House Counsel Alberto Gonzales stated the following:

> "The administration has made clear before and I will reemphasize today that the President has not authorized, ordered or directed in any way any activity that would transgress the standards of the torture conventions or the torture statute, or other applicable laws. [L]et me say that the U.S. will treat people in our custody in accordance with all U.S. obligations including federal statutes, the U.S. Constitution and our treaty obligations. The President has said we do not condone or commit torture. Anyone engaged in conduct that constitutes torture will be held accountable."[10]

62. Interrogation techniques employed by U.S. government personnel and contractors have been reviewed in light of the revised Department of Justice Office of Legal Counsel memorandum of December 30, 2004. *See* Annex 1.

Article 12 (Prompt and impartial investigation)

63. As noted in the Initial Report, as a matter of law, policy and practice, the competent authorities at all levels of Government and in all components of the U.S. government should proceed with a thorough, prompt and impartial investigation whenever they have reason to believe that an act of torture or other abuse has been committed within their jurisdiction. The discussion under Article 2 above demonstrates the commitment of the law enforcement mechanisms in the United States to investigate and rigorously prosecute such abuses in cases within

[10] Press Briefing by White House Counsel Judge Alberto Gonzales, DoD General Counsel William Haynes, Department of Defense Deputy General Counsel Daniel Dell'Orto and Army Deputy Chief of Staff for Intelligence General Keith Alexander, June 22, 2004, at <http://www.whitehouse.gov/news/releases/2004/06/20040622-14.html> (visited February 28, 2005).

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their respective spheres of jurisdiction. Depending on the circumstances, and as noted in the discussion referred to above, this may include prosecutions of misconduct that may arise at the federal, state, county or local law enforcement levels.

Article 13 (Right to complain)

64. As indicated in the Initial Report, individuals who allege that they have been subject to torture or other forms of mistreatment have numerous opportunities to bring complaints and to have their cases promptly and impartially examined by competent authorities.

65. Legislation on Victims' Rights. On October 30, 2004, President Bush signed H.R. 5107, known as the Justice for All Act of 2004. [Pub. L. 108-405] Title I of that Act amends the Federal criminal code to grant victims specified rights, including: (1) the right to be protected from the accused, to be heard at any public proceeding involving release, plea, or sentencing, and to be treated with fairness and respect; (2) the right to timely notice of any public proceeding involving the crime or any release or escape of the accused and to proceedings free from unreasonable delay; (3) the right to confer with the Government attorney; and (4) the right to full and timely restitution. It also authorizes grants to help states implement and enforce their own victims' rights laws. Other provisions of the law relate to the expanded and improved use of DNA evidence in the criminal justice system.

66. Victims' Assistance Programs. The Office for Victims of Crime (OVC) within the U.S. Department of Justice administers programs authorized by the Victims of Crime Act of 1984, as amended, in addition to the Crime Victims Fund (the Fund), which is also authorized by the same statute. The Fund is composed of criminal fines and penalties, special assessments, and bond forfeitures collected from convicted federal perpetrators, as well as gifts and donations received from the general public. Money deposited in this fund is used to support a wide range of activities on behalf of crime victims, including victim compensation and assistance services, demonstration programs, training and technical assistance, program evaluation and replication, and programs to assist victims of terrorism and mass violence.

67. OVC administers two major formula grant programs: Victim Assistance and Victim Compensation. During the past decade, these two grant programs have greatly improved the accessibility and quality of services for federal and state crime victims nationwide.

68. Victim Assistance. Each year, all 50 states, the District of Columbia and various U.S. territories are awarded OVC funds to support community-based organizations that serve crime victims. Approximately 6,400 grants are made to

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domestic violence shelters, rape crisis centers, child abuse programs, and victim service units in law enforcement agencies, prosecutors' offices, hospitals, and social service agencies. These programs provide services including crisis intervention, counseling, emergency shelter, criminal justice advocacy and emergency transportation. States and territories are required to give priority to programs serving victims of domestic violence, sexual assault, and child abuse. Additional funds must be set aside for underserved victims, such as survivors of homicide victims and victims of drunk drivers.

69. Victim Compensation. All 50 states, the District of Columbia, Puerto Rico and Guam have established compensation programs for crime victims. These programs reimburse victims for crime-related expenses such as medical costs, mental health counseling, funeral and burial costs, and lost wages or loss of support. Compensation is paid only when other financial resources, such as private insurance and offender restitution, do not cover the loss. Some expenses are not covered by most compensation programs, including theft, damage, and property loss. Although each state compensation program is administered independently, most programs have similar eligibility requirements and offer comparable benefits.

70. Congress has twice re-authorized the Torture Victims Relief Act (TVRA) [P.L. 105-320], since its initial enactment in 1998. Most recently, the TVRA Reauthorization Act of 2003 [P.L. 108-179], which authorized further increases in funding, was signed by the President on December 15, 2003. The Act authorizes funding for the U.S Department of Health and Human Services (HHS) to support treatment centers inside the U.S. and for programs for the treatment of victims of torture abroad. The Act also authorizes funding for the U.S. Agency for International Development (USAID) to support centers in foreign countries and programs for the treatment of victims of torture. Finally, as a result of the Act's authorizations of appropriations to the United Nations Voluntary Fund for Victims of Torture, the United States continues to lead the world in its support of the United Nations Voluntary Fund For Victims of Torture. Appropriations to the Fund, distributed through the Department of State, were:

Fiscal Year	Amount
1999	$3 million
2000	$5 million
2001	$5 million
2002	$5 million
2003	$5 million
2004	$5.5 million

71. Domestic Assistance to Victims of Torture. Since the late-1990's the National Institute of Mental Health of the National Institutes of Health within the U.S. Department of Health and Human Services has funded research for survivors of torture and related trauma. HHS, in coordination with other Departments and

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Congress, has reached out to representatives from the human rights, refugee, and medical communities to discuss treatment for torture survivors.

72. The Office of Refugee Resettlement (ORR) within the Agency for Children and Families (ACF) of the U.S. Department of Health and Human Services (HHS) awards funds to assist survivors of torture. In fiscal year (FY) 2000, the first year of this program, Congress appropriated $7.5 million for services and rehabilitation for survivors of torture. From FY 2001 through 2004, Congress has appropriated $10 million each year to HHS, which has supported 25 torture treatment programs in fifteen states.

73. The activities funded by ORR include the following: training refugee resettlement staff, English language teachers, volunteers and community services staff to identify torture survivors and refer them to the services they need; orienting refugees to the help available from mental health services; and orienting mental health professionals to serve refugees effectively across language and cultural barriers.

74. ORR works with a network of non-profit organizations around the country whose mission is to serve the needs of torture survivors. The services needed by survivors of torture are a combination of medical care, spiritual healing, psychological help and other social and legal services. The Center for Victims of Torture (CVT) in Minneapolis, Minnesota provides technical assistance to these organizations. CVT has assisted centers in building data management systems to manage clients, aided in the development of fundraising, and trained professionals in the particulars in treating members of this population. Other examples of projects funded under this program include: the Arab Community Center for Economic and Social Services in Dearborn, Michigan, which operates a career counseling and training center to assist survivors identify career options; Community Mental Health Services in Falls Church, Virginia, which has a transitional housing program to provide housing for survivors for up to six months; and Solace/Safe Horizon, which provides survivors with culturally and linguistically appropriate mental health services.

75. Foreign Assistance to Victims of Torture. In keeping with its legislative mandate under the Torture Victims Relief Act of 1998 and its subsequent reauthorizations, the U.S. Agency for International Development (USAID) works through the Victims of Torture Fund (VTF) to assist the treatment and rehabilitation of individuals who suffer from the physical and psychological effects of torture. According to the International Rehabilitation Council for Torture Victims (IRCT), rehabilitation aims to empower the torture victim to regain the capacity, confidence, and ability to resume as full a life as possible. In FY 2000, Congress appropriated $7,500,000 to USAID for assistance to survivors of torture. For FY 2001 and 2002, Congress appropriated $10,000,000 in each year. The appropriation levels for FY 2003 and 2004 were $7,950,000 each year.

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76. Toward this end, the Fund administers treatment programs based in 26 countries that span four regions (Latin America and the Caribbean, Africa, Asia and the Near East, and Europe and Eurasia). Currently, VTF is supporting treatment programs that attend to the medical, psychological, and social needs of torture survivors and their families. In addition to treatment services, some programs include advocacy, training, technical assistance, and research.

77. To complement the work that the Fund supports in the particular countries, the Fund also supports a global initiative through support for the Center for Victims of Torture (CVT) to strengthen the capacity of 15 treatment centers located in Africa, Asia, the Near East, Latin America, and Eastern Europe and to enhance their organizational and financial sustainability, clinical capacity and services, and advocacy campaigns.

78. Additionally, the Fund supports several regional initiatives. In Latin America and the Caribbean, the Fund supports the Inter-American Institute for Human Rights (IIHR) and the Center for Justice and International Law (CEJIL) and their collaborative work to provide psychological support for victims or relatives bringing claims of torture and cruel, inhuman, and degrading treatment before the Inter-American system of human rights. In Southern Africa, the Fund works through the Inter-African Network for Human Rights and Development (Afronet), a host organization for the Southern Africa Human Rights NGO Network (SAHRINGON), to strengthen the capacity of selected human rights nongovernmental organizations in the region to monitor, document, and advocate against torture and violence. In West Africa, the Fund supports the International Rescue Committee (IRC), the CVT, and Search for Common Ground (SFCG) in their program collaborating with national and sub-regional social organizations and employing a cross-border approach to facilitate the return and rehabilitation of refugees and to improve access to information.

Article 14 (Right of redress and/or compensation)

79. As described in the Initial Report, the legal system of the United States provides a variety of mechanisms through which persons subjected to torture or other abuse may seek redress, which are consistent with the obligations assumed by the United States upon ratification of the Convention.

80. Civil actions in state and federal courts. Individuals continue to file civil suits in state and federal courts seeking redress against officials for allegedly violating their rights, which may involve seeking monetary damages or equitable or declaratory relief. One of the most common methods by which prisoners seek redress against state and municipal officials is by means of a civil law suit for violations of fundamental rights pursuant to 42 U.S.C. § 1983. Some examples of such civil litigation follow.

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- On February 20, 2003, the city of Oakland, CA agreed to a $10.9 million settlement with dozens of plaintiffs in federal court who said they were victimized by four Oakland police officers, infamously known as the "Riders." Allegations included excessive use of force, planting of evidence, and assault and battery. In addition to the monetary settlement, the Oakland Police Department was compelled to make systemic changes to bolster the accountability of the department.

- On September 26, 2002, the Court of Appeals of Arizona upheld the decision of a trial court jury that handed down a judgment against a local sheriff in an incident where an inmate in the county jail brutally attacked another inmate. The incident gave rise to a civil rights claim for damages under § 1983. The sheriff was found by the jury to have demonstrated deliberate indifference to inmate safety. The jury awarded, and the appellate court affirmed the award of compensatory and punitive damages.

- On April 5, 2002, a federal jury awarded a NY woman nearly $1.7 million in punitive and compensatory damages in a § 1983 civil rights suit after being victimized by the excessive force of a NY police officer.

- In June 2001, the city of Asbury Park, NJ agreed to a $5 million settlement with the family of a man who hung himself while in custody of the police. The police failed to notice the man committing suicide, despite video surveillance of his holding cell, until such a late point that he was left in a permanent vegetative state. The suit was settled just prior to June 11, 2001, the scheduled start date for the trial.

- In 2001, the District of Columbia spent over $3 million to settle allegations of police and prison guard brutality. Nearly $2 million was spent to settle 45 prisoner abuse cases that included inmate-on-inmate violence and beatings by prison guards. The remaining money was used to settle 48 allegations of police brutality and false arrest.

81. Alien Tort Statute. As discussed in the Initial Report, the Alien Tort Statute (ATS), which was enacted in 1789 and is currently codified at 28 U.S.C. § 1350, provides that "[the] district courts shall have original jurisdiction in any civil action by an alien for a tort only, committed in violation of the law of nations or a treaty of the United States." The United States Supreme Court recently had occasion to consider the ATS in Sosa v. Alvarez-Machain, 124 S.Ct. 2739 (2004). While adopting a restrictive interpretation of the range of civil actions that could be brought under this statute consistent with the intent of the legislators who originally enacted it, the Court left open the possibility that federal courts may recognize as a matter of federal common law claims for damages based on alleged violations of the law of nations.

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82. Torture Victims Protection Act (TVPA). As described in the Initial Report, the 1992 Torture Victims Protection Act allows both foreign nationals and United States citizens to claim damages against any individual who engages in torture or extrajudicial killing under "actual or apparent authority, or under color of law of any foreign nation." It allows suits for redress for torture or extrajudicial killings perpetrated by officials of foreign governments. In July 2002, following a four week trial of a suit brought under the TVPA, a federal jury in the Southern District of Florida in West Palm Beach returned a verdict of $54.6 million against two Salvadoran generals for their responsibility for the torture of three Salvadorans in the early 1980s. Romagoza Arce v. Garcia, No. 99-8364 CIV-Hurley (S.D. Fla. Feb 17, 2000) The U.S. Court of Appeals for the Eleventh Circuit subsequently reversed this decision on the grounds that the claims were time-barred by the statute of limitations. Romagoza Arce v. Garcia, No. 02-14427 (11th Cir. 2005)

83. Treatment and rehabilitation. As noted in the Initial Report, the United States continues to hold the view that in addition to monetary compensation, States should take steps to make available other forms of remedial benefits to victims of torture, including medical and psychiatric treatment as well as social and legal services. For examples of the U.S. commitment to such programs, see paragraphs 66-78.

84. The United States continues to be a haven for victims of persecution in foreign lands, including torture victims. Various private facilities exist in the United States for the treatment of individuals who suffered torture abroad. The CVT in Minneapolis, Minnesota, established in 1985, is the nation's pre-eminent comprehensive torture treatment center. Other facilities exist in the following locations: Hotevilla, Arizona; Phoenix, Arizona; Los Angeles, California; San Diego, California; San Francisco, California; San Jose, California; Denver, Colorado; Clearwater, Florida; Chicago, Illinois; Baltimore, Maryland; Dearborn, Michigan; Lincoln, Nebraska; New York, New York; Columbus, Ohio; Portland, Oregon; Philadelphia, Pennsylvania; and Falls Church, Virginia.

Article 15 (Coerced statements)

85. United States law continues to provide strict rules regarding the exclusion of coerced statements and the inadmissibility of illegally obtained evidence in criminal trials.

86. Also, some states have taken steps recently to further protect the rights of the accused. In 2003, Illinois passed a crime law that requires police to videotape or audiotape questioning of suspects in homicide cases for the entirety of the interview. The reform measure joins Illinois with Alaska and Minnesota as the leading states to require such tapings.

Article 16 (Other cruel, inhuman or degrading treatment or punishment)

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87. As the President of the United States explained on the United Nations International Day in Support of Victims of Torture, in addition to its commitment to investigating and prosecuting all acts of torture, the United States will "undertake to prevent other cruel and unusual punishment in all territory under our jurisdiction." *See* Annex 2.

88. In the United States a robust legal and policy framework operates to give effect to U.S. obligations under Article 16 of the Torture Convention. Article 16 requires that States parties act to "prevent in any territory under its jurisdiction other acts of cruel, inhuman or degrading treatment or punishment which do not amount to torture as defined in Article 1, when such acts are committed by or at the instigation of or with the consent or acquiescence of a public official or other person acting in an official capacity." The particular undertakings of Article 16 are those specified in Articles 10-13, "with the substitution for references to torture of references to other forms of cruel, inhuman or degrading treatment or punishment." As we did in the Initial Report, we note the reservation to Article 16 included by the United States in its instrument of ratification: "That the United States considers itself bound by the obligation under Article 16 to prevent 'cruel, inhuman or degrading treatment or punishment,' only insofar as the term 'cruel, inhuman or degrading treatment or punishment' means the cruel, unusual, and inhumane treatment or punishment prohibited by the Fifth, Eighth, and/or Fourteenth Amendments to the Constitution of the United States." As described in the Initial Report, federal and state law provide extensive protections against conduct that may amount to cruel, inhuman or degrading treatment or punishment.

89. The Initial Report addressed a number of specific issues of concern where law enforcement authorities acted in a manner inconsistent with the legal framework described above. Many of the shortcomings described in the Initial Report continue to arise in particular instances. At the same time, however, U.S. law continues to provide effective mechanisms at the federal and state level to address such abuses and to prevent their recurrence.

90. As we noted earlier in paragraph 18, although the examples cited below in the discussion under Article 16, like other examples cited throughout the report, do not necessarily involve acts of torture as defined under Article 1 of the Convention, as ratified by the United States, or cruel, inhuman or degrading treatment or punishment as defined under Article 16 of the Convention, as ratified by the United States, they are included to illustrate the commitment of the United States, or as the case may be, the sub-Federal level authorities in the United States, to prevent and prosecute serious abuses, whether or not they fall within these definitions of torture or cruel, inhuman or degrading treatment or punishment.

91. Police brutality. Efforts continue to be made to punish and prevent police brutality. Indeed, the discussion in paragraph 21 above that includes an

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illustrative list of prosecutions of law enforcement officers who employed unlawful force illustrates both the continuing problems that arise in this area as well as the resolve of the United States to take action to both punish the perpetrators of such abuses and to prevent their recurrence. As discussed in the Initial Report, and as evidenced by the discussion above, certain excessive use of force by law enforcement officers violates the United States Constitution and federal law, as well as the law of the state where the incident occurs. United States law, at both the federal and state level, continues to provide victims of such abuses several methods for seeking compensation and rehabilitation as well as grounds for punishing those who have used excessive force.

92. Conditions of Confinement. U.S. law enforcement authorities continue to work to improve conditions of confinement in detention facilities within the United States. In fact, the discussion in paragraph 27 above provides an illustration of such problems, as well as the mechanisms employed by the Civil Rights Division of the Department of Justice to challenge conditions of confinement in various prisons and other remedies available under federal and state law. United States law, at both the federal and state level, continues to provide inmates themselves with several methods to challenge conditions of confinement. Indeed, it is common practice in prisons and jails throughout the United States for inmates to challenge conditions of confinement in federal and state courts as evidenced by the numerous district and appellate court decisions handed down every year in federal reporters (collections of federal case decisions), and as further exemplified by the discussion under paragraph 27 above. Additionally, various non-governmental organizations continue to employ advocacy and litigation to draw attention to sub-standard conditions in the nation's prisons. For example, as a result of a class-action lawsuit over conditions for prisoners in a county jail in Washington State filed by the ACLU's National Prison Project in February 2002, a U.S. District Court approved a settlement agreement in January 2004 to improve conditions for inmates in the jail.

93. As indicated in the Initial Report, the United States Constitution, along with federal and state laws, establishes standards of care to which all inmates are entitled. The Federal Bureau of Prisons (BOP) meets its constitutional and statutory mandates by confining inmates in prisons and community-based facilities that are safe, humane, and appropriately secure, and that provide opportunities and programs to help inmates develop the personal and work-related skills they will need to maintain a crime-free lifestyle after release.

94. The BOP strives to ensure that all inmates in its custody are treated fairly and with dignity. The agency does not tolerate abuse of inmates, and takes all allegations of staff misconduct and the mistreatment of inmates very seriously. Every allegation is investigated vigorously and thoroughly. If warranted, offending staff are referred for prosecution.

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95. Supermaximum security prisons. For certain violent inmates, supermaximum security ("supermax") facilities may be necessary, for among other reasons, to protect the safety of the community at large and of other members of the prison population. As discussed in the preceding paragraphs, U.S. law requires that prisons throughout the United States satisfy U.S. constitutional requirements. When they fail to do so, a variety of remedies are available, as described under Article 2 above. For example, in March 2003, the ACLU and others settled a lawsuit brought against Wisconsin's Department of Corrections regarding conditions at its supermax prison in Boscobel, Wisconsin. The settlement agreement included a ban on seriously mentally ill prisoners being housed in the facility; a modest improvement to exercise provision and rehabilitation programs; and a reduction in the use of restraints and electro-shock control devices.

96. Sexual abuse of prisoners. Law enforcement authorities in the United States continue to prevent and punish acts of sexual abuse committed against prisoners. Illustrative of the problem of sexual abuse in correctional facilities are the facts animating United States v. Arizona and United States v. Michigan, both filed in 1997 and dismissed in 1999 and 2000, respectively, subject to a settlement whereby state prisons agreed to make significant changes in conditions of confinement for female inmates. In these cases, brought pursuant to CRIPA, described above, the Department of Justice's Civil Rights Division sought to remedy a pattern or practice of sexual misconduct against female inmates by male staff, including sexual contact and unconstitutional invasions of privacy.

97. Enhancing the protections already in place under U.S. law, the Prison Rape Elimination Act of 2003 (PREA) [Pub. L. 108-79] was enacted by Congress to address the problem of sexual assault of persons in the custody of U.S. correctional agencies. The Act applies to all public and private institutions that house adult or juvenile offenders and is also relevant to community-based agencies. On September 4, 2003, President George W. Bush signed PREA into law. The purpose of the Act is to: (a) establish a zero-tolerance standard for the incidence of rape in prisons in the United States; (b) make the prevention of prison rape a top priority in each prison system; (c) develop and implement national standards for the detection, prevention, reduction, and punishment of prison rape; (d) increase the available data and information on the incidence of prison rape, consequently improving the management and administration of correctional facilities; (e) standardize the definitions used for collecting data on the incidence of prison rape; (f) increase the accountability of prison officials who fail to detect, prevent, reduce, and punish prison rape; (g) protect the Eighth Amendment rights of federal, state, and local prisoners; (h) increase the efficiency and effectiveness of federal expenditures through grant programs such as those dealing with health care, mental health care, disease prevention, crime prevention, investigation, and prosecution, prison construction, maintenance, and operation, race relations, poverty, unemployment, and homelessness; and (i) reduce the costs that prison rape imposes on interstate commerce.

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98. Additionally, the Director of the Bureau of Prisons has repeatedly affirmed, both to BOP staff and the public, the agency's zero tolerance standard for sexual abuse of inmates. The agency is committed to developing systemic approaches to prevent and control sexual abuse in prisons. As part of this initiative, in 1997 the BOP issued a policy on sexual abuse and sexual assault prevention and intervention programs. Program Statement 5324.04, Sexual Abuse/Assault Prevention Programs, updated December 31, 1997, addresses (1) prevention of sexual assaults on inmates, (2) the safety and treatment needs of inmates who have been sexually assaulted, and (3) discipline and prosecution of those who sexually assault inmates. The policy requires that all staff receive training annually to recognize the physical, behavioral, and emotional signs of sexual assault, understand the identification and referral process when a sexual assault occurs, and have a basic understanding of sexual assault prevention and response techniques.

99. BOP staff receive training annually on this topic. BOP staff members know that inmates must report inappropriate conduct by staff and that inmates will be safeguarded against any reprisals by staff or inmates. BOP staff members also know that if they become aware of sexual activity occurring between staff and inmates, they must report such conduct or be subject to disciplinary action. In addition, all federal inmates receive a pamphlet about sexual abuse; and, during orientation to the institution, inmates are taught that it is illegal for a staff member to have sexual contact with an inmate, how they should report such contact, and what process they will go through once a report is made.

100. The BOP takes seriously all allegations of sexual misconduct and refers such matters to appropriate investigative agencies. Allegations of mistreatment of prisoners are ordinarily investigated by the Department of Justice's Civil Rights Division or the Office of Inspector General. Some examples follow.

- On November 25, 2003, the Division reported its findings of its investigation of the McPherson Correctional facility in Newport, Arkansas. The Division found that serious problems existed at the McPherson facility with regard to sexual misconduct. The Division noted lapses in supervision of staff and inmates, privacy violations, and substandard investigations.

- On March 6, 2003, the Division reported its findings regarding the Santa Fe County Adult Detention Center in which the Division recommended that the Detention Center make more concerted efforts to guide and train staff, avoid leaving female inmates isolated and vulnerable, and improve the system of reporting and investigating allegations of sexual misconduct.

101. Examples of prosecutions of law enforcement officers for abusing female detainees and inmates by the U.S. Department of Justice's Civil Rights Division include the following examples:

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- On September 24, 2003, a North Carolina state police officer pleaded guilty to a felony civil rights charge for coercing women, whom he stopped or arrested, into having sex with him. He was sentenced to ten years in prison.

- On November 9, 2000, a correctional officer captain from a jail in Florida pled guilty to having forcible sexual contact with a female inmate and was sentenced to 15 months in prison.

- On March 23, 2000 a U.S. Bureau of Prisons correctional officer in Oklahoma City was convicted of engaging in various degrees of sexual misconduct with five female inmates. He was sentenced to 146 months in prison.

- January 23, 2001 a Florida Department of Corrections officer with the Metro Dade Jail was convicted of assaulting a female inmate resulting in multiple contusions to her face, back and neck. He was sentenced to 17 months in prison.

102. Restraint devices. The use of restraint and electro-shock devices continues to form the basis of allegations of abuse by law enforcement officers. Advocacy groups have directed considerable attention to publicizing such allegations and taking legal action to remedy alleged abuses. According to a 2002 Amnesty International report, between 2000 and 2002, at least four inmates died in the United States after being subdued in a restraint chair. In February 2001, the American Civil Liberty Union's National Prison Project and the Connecticut branch of the ACLU filed a lawsuit against the Connecticut Department of Corrections alleging that Connecticut prisoners held in a Virginia state prison, Wallens Ridge State Prison, were being subjected to cruel and unusual punishment in violation of the U.S. Constitution, by being placed in mechanical restraints for prolonged periods for minor offenses.

103. At the federal level, whether inmates are in the custody of the Federal Bureau of Prisons, or the U.S. Marshals Service (USMS), the use of restraint devices, including electro-shock devices, is permissible, subject to imposition in a manner consistent with the applicable policies and procedures. As described in greater detail below, such devices are sparingly used, if at all, and only as a last resort.

104. In federal prisons, the BOP's Program Statement 5566.05, Use of Force and Application of Restraints on Inmates, updated December 31, 1996, applies. It outlines specific procedures and protocols for the use of force and restraints. The BOP authorizes staff to use force only as a last alternative after all other reasonable efforts to resolve a situation have failed. Staff are authorized to use only the amount of force necessary to gain control of the inmate; to protect and ensure the safety of inmates, staff, and others; to prevent serious property damage; to enforce institution regulations; to prevent a crime or to apprehend someone

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who is believed to have committed a crime; and to ensure the security and good order of the institution. Staff may immediately use force if it is determined through sound correctional judgment that an inmate's behavior constitutes an immediate, serious threat to the safety of another individual, or to the security of the institution and its property. Staff may use force in an immediate (rather than calculated) fashion if it is determined through sound correctional judgment that an inmate's behavior constitutes an immediate, serious threat to the safety of another individual, or to the security of the institution and its property.

105. Staff are authorized to apply physical restraints to gain control of an inmate who appears to be dangerous because the inmate is assaulting another individual, destroying government property, attempting suicide, inflicting injury upon himself or herself, or displaying signs of imminent violence. Four-point restraints can be used when the warden has determined that this method is the only means available to maintain control of an inmate. The BOP uses soft four-point restraints unless soft restraints have been previously proven ineffective on the inmate. The BOP's use of restraint chairs is intended only for short-term use, such as transporting an inmate on or off of an airplane. The BOP policy outlines procedures that call for the guidance of health care personnel in the application of restraints and for qualified staff to regularly check the restraints and the inmate's medical condition.

106. The BOP routinely removes inmates from secure institutions, typically for medical treatment, inmate transfers, and court appearances. The safety of citizens and staff, as well as the security of inmates, is paramount during these moves. Some of these escorted trips involve high-risk inmates who require full physical restraints. To increase security and reduce the risk to the community in these instances, "stun belts" have been adopted for agency use, but only for Maximum custody inmates who require greater security than can be afforded through conventional restraints. To date the BOP has not activated the stun belt on an inmate.

107. The stun belt is a defensive device. Only trained, qualified staff members at the supervisory level are authorized to apply and activate a stun belt during an escorted trip. When activated, it produces a medically tested, less than lethal electrical charge of 50,000 volts, which temporarily immobilizes the inmate without causing permanent injury, allowing staff to regain immediate control of the situation. The stun belt has been determined to be essentially harmless to individuals in good health. The BOP medical staff have reviewed the stun belt and concluded the technology is medically safe for use on the great majority of the BOP's inmate population. The exceptions are: 1) pregnant female inmates, 2) inmates with heart disease, 3) inmates with multiple sclerosis, 4) inmates with muscular dystrophy, and 5) inmates who are epileptic. As part of pre-escort screening, inmates identified as having these conditions are prohibited from wearing the belt.

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108. When federal pretrial detainees are remanded to the custody of the U.S. Marshals Service, USMS policies and procedures regarding restraints apply. However, the USMS does not operate any facilities that house pretrial detainees. Rather, the USMS contracts with state, local, and private jails throughout the United States to house and care for federal pretrial detainees. Although the daily safekeeping and care of federal pretrial detainees is the responsibility of these jails, the jails must nonetheless undergo regular USMS inspections under the standards promulgated by the U.S. Department of Justice and the American Correctional Association.

109. Stun belts are also used for courtroom security purposes to control potentially violent defendants. The stun belt is placed underneath the clothing of the individual, on the individual's waist, and is activated by remote control.

110. The USMS has distributed approximately 200 stun belts to district offices across the country, principally for use on high-risk federal prisoners in courtrooms. The use of stun belts is strictly regulated pursuant to USMS policy and procedures, including application and activation guidelines and reporting procedures. Any deputy who is authorized to employ the device must successfully complete a four-hour basic certification program, including a written and practical examination, ensuring that he/she is competent in the proper use of the belt. Stun belts are placed on federal prisoners in court only with the court's approval and are not utilized where a prisoner's medical condition would pose a danger with its application. In fact, the actual practice of the USMS reveals that stun belts have been sparingly activated. The USMS reports that there have been two instances in which USMS staff have intentionally activated the device. In both instances they were deployed in courtroom settings and the detainee suffered no injuries in either case. In addition, current FAA regulations have not approved the use of stun belts on board aircraft.

111. The USMS believes that, although resort to activation of stun belts is infrequent in U.S. courts, stun belts are a proper, safe, legal and effective part of the USMS overall courtroom security program. In instances in which USMS personnel must physically control a prisoner, this device, if activated, would allow USMS personnel to restrain the prisoner in a manner that presents less of a physical danger to U.S. personnel and others requiring protection from the accused. Alternatively, USMS personnel must either choose to strike a violent defendant with an expandable baton or with a hand/foot technique. Chemical/pepper spray is another option. However, the use of such spray in the courtroom poses substantial difficulties in the cross contamination of other parties such as the judge and jurors, as well as a higher probability of physical injury to the prisoner and the USMS personnel. Finally, the United States Court of Appeals for the Ninth Circuit recently upheld the constitutionality of placing a stun belt on a defendant for security purposes in the courtroom. Hawkins v. Comparet, 251 F.3d 1230, 1240-42 (9th Cir. 2001). In that decision, the court recognized the effectiveness of the stun belt to ensure courtroom security without

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prejudicing a defendant's right to a fair trial. *See also* United States v. Joseph, 333 F.3d 587, 590-591 (5th Cir. 2003), cert. denied, 124 S.Ct. 446 2003).

112. At the state level, while the use of electro-shock devices continues in many state courts and prisons, some state courts have taken steps to curtail the application of such devices. In 2001, the Supreme Court of Indiana banned the use of stun belts on defendants in court. Wrinkles v. State, 749 N.E. 2d 1179, 1194 (Ind. 2001).

113. More recently, other states have also limited the use of stun belts. In 2002, the California Supreme Court ruled that the use of a stun belt requires a showing, on the record, of a manifest need for such restraints, supported by evidence of "violence or a threat of violence or other nonconforming conduct" by the defendant. People v. Mar, 52 P.3d 95, 104-5 (Cal. 2002). Illinois courts have begun taking steps to limit the use of stun belts during state trials. In 2004, the Appellate Court ruled that the use of stun belts must be held to the same stringent requirements as those for other physical restraints, and that failure to do so constituted a violation of the defendant's due process rights. People v. Martinez, 808 N.E.2d 1089 (Ill.App.Ct. 2004).

114. Detention of juveniles. The Department of Justice continues to make it a priority to investigate and remedy unlawful conditions in juvenile justice facilities across America. Between October 1, 1999 and January 1, 2005, the Civil Rights Division authorized 16 investigations covering 26 juvenile justice facilities, issued eight findings letters – letters detailing patterns or practices of civil rights violations and minimum remedial measures to remedy the violations – regarding conditions in 17 juvenile justice facilities, and entered 11 settlement agreements involving 26 facilities. In fiscal year 2004, the Civil Rights Division authorized five investigations of five facilities; issued three findings letters regarding conditions at six facilities; filed one lawsuit involving two facilities; and entered three consent decrees or agreements regarding four facilities.

115. The Civil Rights Division's investigations of juvenile facilities have revealed that, in various locations throughout the country, there are facilities that contravene the constitutional and/or statutory rights of the resident inmates. In December 2003, the Division sued Mississippi over the conditions of confinement at the Oakley Training School in Raymond, Mississippi and the Columbia Training School in Columbia, Mississippi. The Division's investigation found evidence of numerous abusive practices, including hogtying, pole-shackling, and placing suicidal students for extended periods of time into a "dark room," naked, with only a hole in the floor for a toilet. Children who became ill during strenuous physical exercise were made to eat their vomit. As of January 1, 2005, the Civil Rights Division remains in litigation with the State of Mississippi.

116. Although practice varies within prisons at the state level, in federal prisons, juveniles are not regularly held in prison with the regular prison

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population. Federal law prohibits juvenile offenders held in custody of federal authorities from being placed in correctional institutions or detention facilities in which they could have regular contact with adult offenders. *See* 18 U.S.C. § 5039.

117. Care and Placement of Unaccompanied Alien Children. In March 2003, § 462 of the Homeland Security Act of 2002 transferred functions under U.S. immigration laws regarding the care and placement of unaccompanied alien children (UACs) from the Commissioner of the Immigration and Naturalization Service to the Office of Refugee Resettlement (ORR) within the Administration for Children and Families (ACF) at the Department of Health and Human Services.

118. Responsibilities of ORR under the law include: making and implementing placement determinations and policies, identifying sufficient qualified placements to house UACs, ensuring that the interests of the child are considered in decisions related to the care and custody of UACs, reuniting UAC with guardians and/or sponsors, overseeing the infrastructure and personnel of UAC facilities, conducting investigations and inspections of facilities housing UACs, collecting and comparing statistical information on UACs, and compiling lists of qualified entities to provide legal representation for UACs.

119. The UAC Program has accomplished a great deal since its inception within ORR. The program has made great strides in improving overall services within facilities, including enhanced clinical and mental health services. The program has also been faced with a dramatic increase in the number of apprehended juveniles due to increased Department of Homeland Security border initiatives. As a result, the program has added over 300 shelter/foster care beds to accommodate the influx, marking a significant achievement for this program. This was accomplished without reliance on secure detention facilities. In fact, since March 2003 the program has dramatically reduced its reliance on secure detention by ensuring that only those with a severe criminal background are placed in a secure juvenile facility. Children are never mixed with an adult population, since the current facilities under contract are licensed to serve only juvenile populations. Currently, less than 2 percent of the total UAC population is in a secure environment. Finally, all facilities are required to ensure an appropriate level of care in terms of education, counseling, recreation and mental health services.

120. Abuse of the institutionalized. Between October 1 1999 and January 1, 2005, pursuant to CRIPA, described above in paragraph 26, the Civil Rights Division authorized 5 investigations covering 8 facilities housing persons with mental illness, 6 investigations covering 6 facilities housing persons with developmental disabilities, and 10 investigations covering 10 nursing homes. During that period, the Civil Rights Division entered into four settlement agreements concerning three facilities housing persons with mental illness, 10 settlement agreements concerning 17 facilities housing persons with

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developmental disabilities, and 3 settlements concerning 3 nursing homes. During that period, pursuant to CRIPA, the Civil Rights Division issued findings letters regarding conditions in 7 facilities for persons with mental illness, 5 facilities for persons with developmental disabilities, and 11 nursing homes. Some examples of these investigations follow.

- On January 12, 2004, the U.S. Department of Justice's Civil Rights Division and the State of Louisiana filed a complaint and consent decree in United States v. Louisiana (M.D. La.) regarding the Hammond and Pinecrest Developmental Centers. The action resolved an investigation into allegations of a pattern or practice of violations at the two facilities. Pinecrest and Hammond are the two largest state-owned and operated residential facilities in Louisiana serving persons with developmental disabilities. Staff at one of the facilities have been arrested for abuse such as kicking a resident, dragging him to his room, placing a blanket over his head, and hitting him. At the other facility, staff had left residents alone for long periods of time and when the residents were eventually found, they were found in appalling and unclean conditions. The Department of Justice's Civil Rights Division and the State of Louisiana entered into a consent decree in which the State agreed to remedy the alleged constitutional deficiencies.

- On February 17, 2004, the Civil Rights Division filed a complaint and a consent decree in United States v. Breathitt County, Kentucky (E.D. Ky.) regarding Nim Henson Geriatric Center, a case concerning unconstitutional conditions at the county nursing home, including the use of inappropriate medications for an elderly population, unnecessary medical interventions such as feeding tubes, and residents with untreated bed sores. For example, during the Division's investigation, the Division found that in many instances, residents' medical records contained no clinical justification for their medications, and frequently certain medications appeared to be prescribed inappropriately. Often, powerful psychotropic medications were administered to patients based solely on nurses' observations that they were "agitated," and a high number of Nim Henson residents displayed symptoms consistent with many of the harmful side effects of harmful medication use, particularly muscular rigidity, swallowing difficulties, restricted speech and movement, and mental confusion. The consent decree contains remedial measures addressing these and all of the Division's other findings of unconstitutional conditions at Nim Henson.

- In October 2001, the Civil Rights Division obtained the first court-ordered comprehensive community service plan for persons with developmental disabilities after President Bush signed the New Freedom Initiative (a domestic initiative to help Americans with disabilities by increasing access to assistive technologies, expanding educational opportunities,

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increasing the ability of Americans with disabilities to integrate into the workforce, and promoting increased access into daily community life). In 1997, the Division investigated all six of the residential facilities for persons with developmental disabilities operated by the Commonwealth of Puerto Rico. The Division found dire conditions at the institutions such as no running water, broken toilets, showers and sinks, as well as medication and food shortages. Many residents were found in filthy conditions and suffered serious injuries such as black eyes, deep cuts to the head, bruises, and significant weight loss. The Division responded quickly, filing suit and securing a series of agreements to remedy deficient conditions. The Division reached agreement on a comprehensive community-based service plan whereby the Commonwealth would create a community system to serve the residents with developmental disabilities in the most integrated setting. As a result, the Commonwealth closed its deficient institutions and created a good community system. Virtually all of the residents who had been institutionalized in dire conditions now live in clean, safe homes staffed by caring and involved staff. The Division has conducted several monitoring tours of community placements and programs. Most recently, the Commonwealth committed to increasing its mental health care for former residents of institutions now living in the community.

121. Prisoners on chain gangs. Chain gangs are employed by a minority of states, where their use has sparked controversy. However, the use of chain gangs is not *per se* unconstitutional.

122. The Bureau of Prisons does not employ chain gangs. While only a minority of states and some local jurisdictions employ chain gang work crews, one county in Arizona has attracted particular attention for its approach. Maricopa County, Arizona operates four chain gangs, two for adult males, one for females, and one for juveniles. Common duty for chain gang members is to bury indigent members of the community. In the past, federal authorities have in some instances taken measures to regulate state authorities who have employed chain gangs.

123. Some states have stopped using chain gangs for a variety of reasons, including safety concerns for inmates. Although Alabama was the first state to resurrect the practice in 1995, it ended its chain gangs only two years later. Inmate safety was a significant factor behind Alabama's decision after a guard shot an inmate who attacked a fellow prisoner while they were chained together and the victim could not escape. Also, in 2002, the Alabama Supreme Court ruled that prison guards could be held liable for injuries suffered by a prisoner while on a chain gang.

124. One of the issues involved in the investigations by the Civil Rights Division of the Department of Justice into two Alabama prisons involved use of the "hitching post." The Department of Justice concluded that Alabama's systematic use of the hitching post constituted improper corporal punishment.

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Later, in Hope v. Pelzer, 536 U.S. 730 (2002), the Supreme Court agreed with the petitioner and the United States (which participated as a "friend of the court") that the use of the "hitching post" was, under the alleged circumstances, an unconstitutional practice. In that case, a hitching post referred to a metal bar located outdoors to which inmates were attached by means of mechanical restraints. The Court held that it is unconstitutional for prison officials to, with deliberate indifference to the health or safety of inmates, expose inmates to the "unnecessary and wanton infliction of pain." Hope v. Pelzer, 536 U.S. 730, 737 (2002) (internal quotation marks omitted).

125. Adult aliens in immigration custody. The Department of Homeland Security continues to address allegations that arise about the treatment of aliens held in immigration detention. Within the Department of Homeland Security, the Bureau of Immigration and Customs Enforcement (ICE), Office of Detention and Removal Operations (DRO) detains approximately 19,000 aliens in Service Processing Centers, Contract Detention Facilities and local facilities through Inter-governmental Service Agreements (IGSA). ICE regularly meets at both the national and local levels with various non-governmental organizations (NGOs) (such as the American Immigration Lawyers Association, the American Bar Association, Catholic Charities, Las Americas) to address such allegations. A national NGO working group meets in Washington, D.C. at ICE Headquarters. ICE also regularly meets with consular officials to address allegations of mistreatment.

126. In a particularly noteworthy development since the Initial Report, in November 2000, the former Immigration and Naturalization Service (INS) promulgated the National Detention Standards (NDS). These 36 standards were the result of negotiations between the American Bar Association, the Department of Justice, the INS and other organizations involved in pro bono representation and advocacy for immigration detainees. The NDS provides policy and procedures for detention operations. Previously, policies governing detention operations were not consolidated in one location, but were instead sent to field officers via periodic memoranda containing guidance and policy statements. As a result, local differences among INS detention offices were possible.

127. The NDS are comprehensive, encompassing areas from legal access to religious and medical services, marriage requests to recreation. The four legal access standards concern visitation, access to legal materials, telephone access, and group presentations on legal rights. In July 2003, the 37th standard was introduced for Staff-Detainee Communication, which is discussed further at paragraph 137. Effective March 2003, the Office of Detention and Removal Operations became a division of ICE within the Department of Homeland Security. Effective September 2004, the Detainee Transfer standard was added. The 38 NDS can be accessed by the public and other interested parties via the Internet at http://www.ice.gov/graphics/dro/opsmanual/index.htm.

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128. ICE is committed to ensuring that the conditions of confinement for aliens detained pursuant to ICE authority meet or exceed the National Detention Standards. These standards are based on current ICE detention policies, Bureau of Prisons' Program Statements and the widely accepted American Correctional Association Standards for Adult Local Detention Facilities, but are tailored to serve the unique needs of ICE detainees. All ICE facilities are required to comply with such standards. Additionally, wherever possible, ICE works with private contract facilities and state, local and federal government agencies which are holding aliens under Intergovernmental Service Agreements to ensure that non-ICE facilities comply with ICE's detention standards.

129. On January 24, 2002, DRO completed and implemented the Detention Management Control Program (DMCP) to operational components at all levels. The DMCP replaced the outdated INS Jail Inspection Program. The purpose of the DMCP is to prescribe policies, standards, and procedures for ICE detention operations and to ensure detention facilities are operated in a safe, secure and humane condition for both detainees and staff. The DMCP consists of a series of events designed to ensure that reviews/inspections of detention facilities are conducted in a uniform manner.

130. All Service Processing Centers, Contract Detention Facilities, and Intergovernmental Service Agreements are reviewed annually using procedures and guidance as outlined in DMCP. During FY 2003, a cumulative total of 8 Special Assessments were conducted as a result of reported significant incidents, reported deficiencies, at-risk detention reviews or significant media event. Some examples follow:

- A special assessment was prompted at a facility in Oklahoma following an escape. Health, welfare and safety issues were identified during the assessment. Corrective actions taken by ICE included the removal of all ICE detainees from the facility and the termination of the agreement.

- Following an escape of a detainee, a special assessment was conducted at a facility used in Washington. The population was ordered reduced due to health, welfare and safety issues. Monthly site visits were instituted until the facility became compliant with the contract and applicable standards. The contractor removed the Warden and Assistant Warden.

- After allegations of assault on a detainee by staff at a parish jail in Louisiana, a special assessment was conducted. The officer was arrested and prosecuted by the Parish District Attorney, other staff were terminated, and disciplinary action initiated. No further action by ICE was required.

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131. ICE concluded capacity studies for its Service Processing Centers (SPCs) in 2003. These studies were conducted by an independent agency. They determined the proper population levels at each facility based on operational, design, and emergency capacity parameters. Pursuant to completion of these studies, ICE issued policy directives mandating facility compliance with assessed appropriate population levels.

132. Another noteworthy development since the Initial Report affecting the rights of aliens is the U.S. Supreme Court's decision in Zadvydas v. Davis, 533 U.S. 678 (2001), which established, as a matter of statutory interpretation, certain limitations upon the government's ability to detain aliens. In Zadvydas, discussed above at paragraph 38, the Supreme Court construed INA § 241(a)(6), 8 U.S.C. § 1231(a)(6), the statute authorizing immigration detention of aliens after the issuance of a final order of removal, to require that an alien who "has effected entry into the United States" and been ordered removed may only be detained for a period reasonably necessary to remove the alien. The Court held that detention for six months after a final removal order is entered is presumptively reasonable. After six months, however, detention may not be reasonable absent evidence that removal is likely to occur in the reasonably foreseeable future or evidence that "special circumstances," such as a national security threat or an alien's dangerousness, may warrant continued detention. District and appellate courts have also held that where the alien has created the delay in removal, the alien's continued detention does not violate the statute. In light of this ruling, the regulations governing detentions of aliens were revised. Specifically, 8 C.F.R. § 241.4 was revised in November 2001 to provide post-order custody review procedures for inadmissible and deportable criminal and other aliens in detention whose prompt removal is delayed or impracticable because their own governments have not agreed to their return. To implement the standards established in Zadvydas, an additional provision was promulgated. Section 241.13 of Title 8 of the C.F.R. establishes procedures to determine whether there is a significant likelihood that an alien who has effected an entry into the U.S. will be removed in the reasonably foreseeable future.

133. Finally, in January 2005 in Clark v. Martinez, 125 S.Ct. 716 (2005), the Supreme Court of the United States held that the construction of 8 U.S.C. § 1231(a)(6), which the Court announced in Zadvydas (discussed above), applies to aliens "ordered removed who are inadmissible under § 1182" of Title 8 of the United States Code, which sets forth the general classes of aliens ineligible to receive visas and ineligible for admission to the United States. Thus, the Court held that such aliens may be detained only as long as "reasonably necessary" to remove them from the United States and that the six-month presumptive detention period prescribed in Zadvydas applies to such aliens. Accordingly, the Court concluded that the detention of Sergio Suarez Martinez and Daniel Benitez, both

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Mariel Cubans who have been ordered removed and who are inadmissible under § 1182, was subject to the limitations articulated in Zadvydas.[11]

134. Immigration detentions connected with September 11 investigations. In response to the attacks against the United States on September 11, 2001, the United States initiated an investigation to identify any accomplices to the terrorists who committed the September 11 attacks and to prevent a future attack. Department of Justice officials from numerous components, including employees of the Federal Bureau of Investigation (FBI), the former Immigration and Naturalization Service, the United States Marshals Service, the Bureau of Prisons, the Criminal Division, and many United States Attorney's Offices, along with officials at the state level, worked tirelessly to do everything within their legal authority to protect against another terrorist attack. As a result of the Federal Bureau of Investigation's (FBI) investigation, known as "PENTTBOM" (Pentagon Twin Towers Bombing), 762 aliens were detained on immigration charges after the attacks.

135. During the course of these detentions and in their aftermath, individual detainees, their families and human rights and immigrant rights groups asserted a broad range of allegations of abuses resulting from the investigations and detentions. These assertions included that individuals did not receive prompt notice of the charges on which they were being held, that they were deprived of procedural protections, that the immigration proceedings were closed to the public, and in some cases, that detainees were physically abused. Several lawsuits have been filed. At least one has been settled, while others are still pending.

136. On June 2, 2003, the U.S. Department of Justice Office of the Inspector General (OIG) issued a report entitled "The September 11 Detainees: A Review of the Treatment of Aliens Held on Immigration Charges in Connection with the Investigation of the September 11 Attacks." The report is available at http://www.usdoj.gov/oig/special/0306/full.pdf. The OIG undertook this investigation pursuant to its responsibilities under the Inspector General Act and pursuant to its responsibilities under the USA PATRIOT Act, section 1001 of which requires the OIG to designate an official to review information and receive complaints alleging abuses of civil rights and civil liberties by employees and officials of the Department of Justice. The report described DOJ's response to the attacks, including the PENTTBOM investigation. The OIG's report focused on the 762 aliens who were detained on immigration charges after the attacks. The report examined all aspects of the detainees' treatment, from the serving of the charging document to the policies governing the conditions of the detainees' confinement during their detention. Some of the detainees were held in Bureau of Prisons facilities, while others were held at INS detention centers or in state or

[11] It should be that in its decision, the Supreme Court noted in *dicta*, "The Government fears that the security of our borders will be compromised if it must release into the country inadmissible aliens who cannot be removed. If that is so, Congress can attend to it." Clark v. Martinez, 125 S.Ct. 716, 727 (2005).

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local facilities under contract with INS. The report described the manner in which the BOP classified the detainees – initially putting them under its witness security group— and the problems this created for those who attempted to communicate with them. The report made 21 recommendations to address the issues identified in the DOJ OIG review. The recommendations covered a broad range of issues, including, *inter alia*, the adoption of clearer and more objective criteria to govern arrests, the development of more effective means of coordination and communication between the various law enforcement agencies involved in such investigations, and the need for new standards governing conditions of detention.

137. Both the Department of Justice and the Department of Homeland Security have responded to the various recommendations identified by the Department of Justice's OIG. The respective responses of the agencies, as well as the analyses of such reports by the Department of Justice's OIG, are available at: www.usdoj.gov/oig/special/0306/analysis.htm and http://www.usdoj.gov/oig/special/0401/index.htm. As evidenced by their responses to the OIG's report, in some cases the respective Departments adopted new policies, such as the adoption by the Department of Homeland Security's Immigration and Custom Enforcement (ICE) of a new detention standard on Staff-Detainee Communication. The central goal of this new standard is to ensure that ICE personnel monitor detention conditions and promptly address concerns that arise. The standard also includes specific timeframes during which officers must respond to certain enumerated detainee requests.

138. On December 18, 2003, DOJ's Office of Inspector General issued a supplemental report entitled "Supplemental Report on September 11 Detainees' Allegations of Abuse at the Metropolitan Detention Center (MDC) in Brooklyn, New York." This report is available at http://www.usdoj.gov/oig/special/0312/final.pdf. The report described the investigation conducted by the OIG concerning allegations that staff members of the Federal Bureau of Prisons' Metropolitan Detention Center in Brooklyn, New York physically and verbally abused aliens who were detained in connection with the terrorist attacks of September 11, 2001. It supplemented Chapter 7 of the June 2003 OIG report described above, in which the OIG found evidence that the conditions of detention at the MDC were excessively restrictive and unduly harsh. According to the OIG, those allegations included inadequate access to counsel, sporadic and mistaken information to detainees' families and attorneys about where they were being detained, lockdown for at least 23 hours a day, cells remaining illuminated 24 hours a day, detainees placed in heavy restraints whenever they were moved outside their cells, limited access to recreation, and inadequate notice to detainees about the process for filing complaints about their treatment. In its June 2003 report, the OIG also noted that there was evidence that some MDC correctional officers physically and verbally abused some September 11 detainees, particularly during the months immediately following the September 11 attacks. The December 2003 supplemental report contained the results of the OIG's completed investigation into the allegations of abuse at the MDC. It

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recommended that the BOP consider taking disciplinary action against ten current BOP employees, counseling two current MDC employees, and informing employers of four former staff members about the OIG's findings against them. The Bureau of Prisons is continuing its investigation of the allegations of staff misconduct based on the OIG's report and recommendation and will consider appropriate action based on the results of that investigation.

139. Separate from the OIG's investigation into the MDC, allegations of abuse at the MDC were also investigated by the Bureau of Prisons' Office of Internal Affairs, the Department of Justice's Civil Rights Division and the United States Attorney's Office for the Eastern District of New York. Following a very thorough review, the Civil Rights Division and United States Attorney's Offices determined that there was no criminal conduct at the MDC facility. However, even if a matter is declined criminally at the Department of Justice, the OIG can continue that investigation to determine if there was misconduct that should result in disciplinary or other administrative action. In this case, the OIG did pursue the investigation as an administrative matter after prosecution was declined, and as noted above, the BOP Office of Internal Affairs is continuing its investigation into this matter.

140. Capital punishment. The issue of capital punishment remains a matter of active discussion within the United States. As was true when the United States submitted its Initial Report, a majority of the people in a majority of the states, and of the country as a whole, have chosen through their democratically elected representatives to provide the possibility of capital punishment for the most serious of crimes. Capital punishment is permitted by 38 states and by the Federal Government, whereas 12 states and the District of Colombia prohibit its use.

141. As has been explained elsewhere in this report and as discussed in detail in the Initial Report, the reservation to Article 16 contained in the U.S. instrument of ratification limits U.S. obligations under Article 16 of the Convention to the prohibitions against "cruel, unusual and inhumane treatment or punishment prohibited by the Fifth, Eighth, and/or Fourteenth Amendments to the Constitution of the United States." Moreover, the United States understanding, also included in the U.S. instrument of ratification, states that "The United States understands that international law does not prohibit the death penalty, and does not consider this Convention to restrict or prohibit the United States from applying the death penalty consistent with the Fifth, Eighth and/or Fourteenth Amendments to the Constitution of the United States, including any constitutional period of confinement prior to the imposition of the death penalty."

142. Accordingly, as stated in the Initial Report, the United States considers the issue of capital punishment to be outside the scope of its reporting obligations

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under the Torture Convention. Nevertheless, in an annex to the Initial Report, the United States provided for the information of the Committee a summary of some aspects of the issue. As a matter of courtesy to the Committee, the United States provides updated information on this issue in Annex 7.

III. Additional Information Requested By the Committee

143. By letter of May 21, 2004, the Committee requested "updated information concerning the situation in places of detention in Iraq, up to the time of the submission of the report." This and other relevant information regarding U.S. military operations is provided in Annex 1 for the Committee's review.

IV. Observations on the Committee's Conclusions and Recommendations

144. The United States has carefully considered the Committee's Conclusions and Recommendations. Observations of the United States on those conclusions and recommendations appear below.

The Committee expressed concern over "The failure of the State Party to enact a federal crime of torture in terms consistent with Article 1 of the Convention."

145. As was discussed in considerable detail in the Initial Report, every act of torture within the meaning of the Convention, as ratified by the United States, is illegal under existing federal and/or state law, and any individual who commits such an act is subject to penal sanctions as specified in criminal statutes at either the state or federal level. While the specific legal nomenclature and definitions vary from jurisdiction to jurisdiction, it is clear that any act of torture falling within the Convention would in fact be criminally prosecutable in every jurisdiction within the United States. The United States appreciates many merits in the suggestion advanced by the Committee. However, as the United States substantively has fulfilled the requirements of the Convention in this respect and for the reasons it determined to apply at the time it became party to the Convention, the United States has decided to retain the current statutory regime within the United States on this point.

The Committee expressed concern over "The reservation lodged to Article 16, in violation of the Convention, the effect of which is to limit the application of the Convention."

146. The Committee's use of the phrase "in violation of the Convention" is confusing as a matter of international treaty law. By their nature, reservations alter the scope of treaty obligations assumed by State Parties. Accordingly, reservations that are not prohibited by a treaty or by the applicable international law rules relating to reservations are not violations of that treaty. As the Torture Convention does not prohibit the making of a reservation and as the reservation in

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question is not incompatible with the object and purpose of the Convention, there is nothing in the U.S. reservation that would be unlawful or otherwise constitute a violation of the Convention.

147. The decision by the United States to condition its ratification upon a reservation to Article 16 (construing its obligations under Article 16 to prevent "cruel, inhuman or degrading treatment or punishment" only insofar as the term means the cruel, unusual and inhumane treatment or punishment prohibited by the Fifth, Eighth and/or Fourteenth Amendments to the U.S. Constitution) was made after careful deliberation. Indeed, the existence of this reservation was a critical element in the decision by the United States to become a State Party to the Convention. The rationale set forth in the Initial Report, in particular the vague and ambiguous nature of the term "degrading treatment," remains equally valid at this time.

The Committee expressed concern over "The number of cases of police ill-treatment of civilians, and ill-treatment in prisons (including instances of inter-prisoner violence). Much of this ill-treatment by police and prison guards seems to be based upon discrimination."

148. Please see discussion under under Article 2 and Article 16 above. In a country of some 280 million people with a prison population of over 2 million people it is perhaps unavoidable, albeit unfortunate, that there are cases of abuse. Continuing U.S. efforts to deal with these problems and punish perpetrators of such acts are set out throughout this report. The United States fully agrees that the rights of detainees should be protected, in particular against unlawful discrimination.

The Committee expressed concern over "Alleged cases of sexual assault upon female detainees and prisoners by law enforcement officers and prison personnel. Female detainees and prisoners are also very often held in humiliating and degrading circumstances."

149. Please see discussion under Article 16 above.

The Committee expressed concern over "The use of electro-shock devices and restraint chairs as methods of constraint, which may violate the provisions of Article 16 of the Convention."

150. Please see discussion under Article 16 above.

The Committee expressed concern over "The excessively harsh regime of the 'supermaximum' prisons."

151. Please see discussion under Article 16 above.

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The Committee expressed concern over "The use of 'chain gangs', particularly in public."

152. Please see discussion under Article 16 above.

The Committee expressed concern over "The legal action by prisoners seeking redress, which has been significantly restricted by the requirement of physical injury as a condition for bringing a successful action under the Prison Litigation Reform Act."

153. The Prison Litigation Reform Act of 1996 (PLRA), which was enacted as part of Pub. L. 104-134, contains several provisions designed to curtail frivolous lawsuits by prison inmates. One such provision is the requirement that no action shall be brought with respect to prison conditions under federal law by a prisoner until such administrative remedies as are available are exhausted. Another is the provision that no federal civil action may be brought by a prisoner for mental or emotional injury suffered while in custody without a prior showing of physical injury. Courts of appeals have held that the physical injury requirement does not prevent a prisoner from obtaining injunctive or declaratory relief. *E.g.*, Thompson v. Carter, 284 F.3d 411, 418 (2d Cir. 2002). Moreover, the "physical injury" requirement has been challenged in U.S. courts and its constitutionality has been upheld. Since their enactment in 1996, the statutory amendments provided by the PLRA have achieved their fundamental purpose of restricting frivolous lawsuits by inmates that were disrupting the efficient operation of the federal judicial system.

The Committee expressed concern over "The holding of minors (juveniles) with adults in the regular prison population."

154. Please see discussion under Article 16.

RECOMMENDATIONS:

"enact a federal crime of torture in terms consistent with Article 1 of the Convention and withdraw its reservations, interpretations and understandings relating to the Convention."

155. As described above, the United States respectfully disagrees with the Committee regarding the necessity and advisability of enacting a new federal crime of torture when existing U.S. law already provides that every act of torture within the meaning of the Torture Convention, as ratified by the United States, is prohibited by criminal law under existing federal and/or state law.

156. The United States respectfully reminds the Committee that the United States reached its conclusion that it would be necessary to condition U.S. ratification of the Convention on certain reservations, understandings and declarations as a result of a serious and careful review of U.S. law. The Initial

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Report sets forth the rationale for each of those reservations, understandings and declarations. While the United States has considered its existing reservations, understandings, and declarations in light of the Committee's recommendation, there have been no developments in the interim that have caused the United States to revise its view of the continuing validity and necessity of the conditions set forth in its instrument of ratification.

"take such steps as are necessary to ensure that those who violate the Convention are investigated, prosecuted and punished, especially those who are motivated by discriminatory purposes or sexual gratification."

157. Much of this report has described actions taken within the United States that are consistent with this recommendation. The United States Government is aware of continuing allegations of specific types of abuse and ill-treatment in particular cases. The United States believes that, overall, the country's law enforcement agencies and correctional institutions set and maintain high standards of conduct for their officers and treatment for persons in their custody. The United States believes that there is a deterrent effect on prospective individual conduct due to the successful federal and state criminal prosecutions of law enforcement officers who are responsible for abuse. It also realizes that such conduct has not been eradicated and that its efforts in this regard must continue.

158. The discussion under Article 2 above provides accounts of examples of the Department of Justice's efforts to prosecute law enforcement officers for misconduct, as exemplified by the 284 convictions of law enforcement officers for violating federal civil rights statutes between October 1, 1999 and January 1, 2005. When sufficient evidence of a violation of an individual's constitutional rights is established, such cases are prosecuted by the Federal Government and substantial sentences are adjudged. Please refer also to the discussion under Article 16 above regarding police brutality and the action taken to remedy such abuses. In addition to federal law enforcement efforts, local and state prosecutions are also brought.

159. Recognizing that female offenders have different social, psychological, educational, family, and health care needs than male offenders, the Bureau of Prisons continues to design and implement special programs for women offenders. However, the BOP treats all inmates, male and female, in a firm, fair, and consistent manner, with a primary focus being the maintenance of the inmates' dignity and humanity. Prospective employees undergo a rigorous pre-employment screening and background check to ensure the highest standards of integrity. Once employed, staff receive initial training and refresher training at least annually throughout their careers regarding the importance of proper treatment of inmates, and appropriate boundaries between staff and inmates.

160. Despite these measures, there have been unfortunate instances where staff have violated these standards of trust. Federal law expressly criminalizes sexual activity between correctional workers and inmates in federal prisons. Every

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allegation is investigated thoroughly. In cases where an allegation of inappropriate conduct by a staff member towards an inmate is substantiated, offending staff are referred for prosecution, to eradicate this deplorable behavior. Examples of prosecutions of such conduct are provided in the discussion under Article 16 above.

"Abolish electro-shock stun belts and restraint chairs as methods of restraining those in custody; their use almost invariably leads to breaches of Article 16 of the Convention."

161. The policies regarding the use of restraint chairs adopted by the Department of Justice reflect an awareness that the use of restraint chairs and stun belts, while lawful, should nevertheless be carefully circumscribed. The Bureau of Prisons' use of restraint chairs is intended only for short-term use, such as transporting an inmate on or off of an airplane. In the course of several investigations, the Civil Rights Division of the Department of Justice has investigated the use of the restraint chair in non-federal jails and prisons. The Civil Rights Division has recommended that such devices should only be used to keep an inmate from hurting himself or others, when less restrictive means of controlling the inmate have failed. The use of such devices should be carefully controlled and the inmate should be monitored at least every 15 minutes, vital signs should be checked and opportunities for movement, eating, and toileting should be provided. Restraints should be removed as soon as the inmate is no longer a threat to himself or others.

162. In the course of its investigations of adult correctional facilities, juvenile correctional facilities and law enforcement agencies pursuant to the Civil Rights of Institutionalized Persons Act (CRIPA) and the Pattern or Practice of Police Misconduct provision of the Crime Bill of 1994, described above, the Civil Rights Division has recommended limitations on the use of electro-shock weapons in both law enforcement agencies and corrections facilities, as well as increased training for officers using such weapons. However, the *per se* use of such restraints does not violate constitutional standards. Used appropriately, stun belts, stun guns, certain types of choke holds, and pepper spray can be effective tools for law enforcement under certain conditions where use of force is warranted due to the actions of a suspect whom the police are justifiably attempting to detain or arrest and in the correctional setting. In particular, these devices sometimes can be used as effective alternatives where more serious or deadly force would otherwise be justified. In the corrections setting, medical screening is required to determine if use of stun devices and pepper spray is contraindicated.

"Consider declaring in favor of Article 22 of the Convention."

163. At the time it undertook its domestic procedures to become a State Party to the Convention, the United States Executive and Legislative Branches gave substantial thought to the question of whether to avail the United States of the procedure set forth in Article 22. Since receiving the Committee's

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recommendation, the United States has further considered whether to make a declaration recognizing the competence of the Committee to consider communications made by or on behalf of individuals claiming to be victims of a violation of the Convention by the United States. While noting that at any time it could decide to reconsider the issue, the United States continues to decline to make such a declaration. As has been discussed at considerable length throughout this report, the United States legal system affords numerous opportunities for individuals to complain of abuse, and to seek remedies for such alleged violations. Accordingly, the United States will continue to direct its resources to addressing and dealing with violations of the Convention pursuant to the operation of its own domestic legal system.

"Ensure that minors (juveniles) are not held in prison with the regular prison population."

164. As stated under Article 16 above, in federal prisons, juveniles are not regularly held in prison with the regular prison population. Federal law prohibits juvenile offenders held in custody of federal authorities from being placed in correctional institutions or detention facilities in which they could have regular contact with adult offenders. *See* 18 U.S.C. § 5039. When a juvenile must be temporarily detained in an adult facility, it is for a minimal period of time and "sight and sound" separation from the adult offenders is ensured within the institution. The Bureau of Prisons has less than 300 juvenile offenders in its custody, and all such offenders are housed in contract facilities. All juvenile offenders in BOP custody are required to receive 50 hours per week of quality programming (e.g., GED, drug treatment, sex offender treatment, violent offender treatment).

165. The United States appreciates this opportunity to update its Initial Report on the operation of the Convention within the United States and looks forward to further work with the Committee Against Torture on these important issues.

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POCs in Washington for CAT Hearing

DoJ

Below please find information on the primary and back-up DOJ POCs in Washington. Please note that there will be two primary POCs, switching off times.

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List of issues to be considered during the examination of the second periodic report of the United States of America

Response of the United States of America

Article 1

1. If, according to the report (CAT/C/48/Add.3 ("the report"), para. 11)**, "[t]he definition of torture accepted by the United States upon ratification of the Convention … remains unchanged", why did the Department of Justice issue a memorandum in August 2002 (**United States Department of Justice, Office of Legal Counsel, Office of the Assistant Attorney General, *Memorandum for Alberto R. Gonzales*, 1 August 2002, p. 46) **which concluded "that torture as defined in and proscribed by section 2340-2340A [of the United States Code] covers only extreme acts?" Please explain how this is compatible with article 1 of the Convention.**

2. Please explain the substantive reasons why, if the definition of torture remained unchanged, the August 2002 memorandum was itself replaced in December 2004 (United States Department of Justice, Office of Legal Counsel, Office of the Assistant Attorney General, *Memorandum for James B. Comey, Deputy Attorney General*, 30 December 2004)**, by a new memorandum and whether any of the conclusions of the August 2002 memorandum are still valid. How does a memorandum interpret a convention, and is it legally binding?**

The United States has not changed the definition of torture it accepted upon ratification of the Convention.

When the United States Senate provided its advice and consent to ratification of the Convention Against Torture and Other Cruel, Inhuman or Degrading Treatment or Punishment ("CAT"), it adopted understandings which clarified how the United States would interpret and apply the definition of torture contained in Article 1 of the CAT. The United States included these understandings in its instrument of ratification deposited with the Secretary General in 1994. In light of the fact that the CAT required the imposition of criminal penalties under U.S.

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law, these understandings were intended to clarify the standards by which the Convention would be applied as a matter of U.S. law, as well as guard against the improper application of the CAT to legitimate U.S. law enforcement activities. These understandings of the definition of torture were also reflected in 18 U.S.C. § 2340 and 2340A, as amended ("the extraterritorial criminal torture statute"), providing for federal criminal jurisdiction over certain extraterritorial acts of torture.

Within the United States Government, the U.S. Department of Justice ("DOJ") enforces the criminal laws of the United States. Indispensable to that task is interpreting the scope of criminal statutes such as 18 U.S.C. § 2340 and 2340A. In addition, the Department's Office of Legal Counsel ("OLC") provides opinions on questions of law, including matters related to statutes and treaties, to the Executive Branch of the United States Government, including the President and heads of departments.

In August 2002, the OLC issued a memorandum that provided legal advice on the meaning of the term "torture" under the extraterritorial criminal torture statute (which, as explained below, implements portions of the CAT), as well as addressing issues concerning the separation of powers under the United States Constitution. This opinion was requested to provide operational guidance with respect to the implementation of the criminal statute at the level of detail needed to guide officials who were concerned about compliance with the Convention and domestic law.

As noted above, the August 2002 opinion concluded that torture as defined in the criminal statute only covers extreme acts. As explained in the response to Question 3 below, extreme acts were precisely what the CAT was intended to cover.

As the Committee notes, the OLC later withdrew that opinion and issued another opinion dated December 30, 2004, which is confined to an interpretation of the extraterritorial criminal torture statute. The December 2004 opinion supersedes the August 2002 opinion in its entirety and thus provides the Executive Branch's authoritative interpretation of the extraterritorial criminal torture statute.

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The August 2002 opinion was withdrawn not because it purported to change the definition of torture but rather because it addressed questions that were not necessary to address. In this regard, the December 2004 Memorandum clarified that "[b]ecause the discussion in that [August 2002] memorandum concerning the President's Commander-in-Chief power and the potential defenses to liability was—and remains—unnecessary, it has been eliminated from the analysis that follows. Consideration of the bounds of any such authority would be inconsistent with the President's unequivocal directive that United States personnel not engage in torture."[1]

The purpose of both opinions was to provide legal advice related to a domestic criminal statute. Neither opinion purported to change the definition of torture set out in Article 1 as understood by the United States. The question that the OLC addressed was simply what the terms of that definition, as now reflected in the United States Code, mean.

3. Please explain the compatibility with the Convention of the memorandum of 30 December 2004 (Para. 13 and annex 3 to the report)**, which states that "[t]he term 'torture', in United States and international usage, is usually reserved for extreme, deliberate and unusually cruel practices …", (***Memorandum for James B. Comey***, op. cit., p. 6) **and that "[t]he [Convention against Torture] thus treats torture as an 'extreme form' of cruel, inhumane, or degrading treatment", (**Ibid.) **and that "[t]he requirement that torture be an extreme form of cruel and inhuman treatment is expressed in article 16 …" (**Ibid., p. 7) **[of the Convention]. J. Herman Burgers and Hans Danelius (**Burgers and Danelius, *The United Nations Convention against Torture: A Handbook on the Convention against Torture and Other Cruel, Inhuman or Degrading Treatment or Punishment*, Martinus Nijhoff, 1988, p. 117, *in fine*)**, quoted as authorities in the 30 December 2004 memorandum, expressly state that " … extreme or extremely severe pain [was] suggested during the *travaux préparatoires*, but the phrase 'severe pain' was considered sufficient to convey the idea that only acts of a certain gravity shall be considered to constitute torture". Please explain how this interpretation is compatible with article 1 of the Convention.**

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[1] Memorandum for James. B. Comey, Deputy Attorney General, *Re: Legal Standards Applicable Under 18 U.S.C. §§ 2340-2340A* (Dec. 30, 2004) at 2.

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The language in the CAT that defines torture and that subsequently refers to "other acts of cruel, inhuman or degrading treatment or punishment" reflects the recognition of the negotiators that torture applied to more severe acts of cruelty and abuse than did cruel, inhuman or degrading treatment or punishment. Thus, Article 1(1) of the CAT provides that "the term 'torture' means any act by which *severe* pain or suffering, whether physical or mental, is intentionally inflicted on a person,…" (Emphasis added). In contrast, Article 16(1) of the CAT does not use the term "severe" but provides, "Each State Party shall undertake to prevent in any territory under its jurisdiction *other acts* of cruel, inhuman or degrading treatment or punishment *which do not amount to torture* as defined in Article 1." (Emphasis added). This basic distinction between the severity of the conduct constituting torture and cruel, inhuman and degrading treatment or punishment is reflected in the underlying regime to combat and prevent each form of conduct. Specifically because of the aggravated nature of torture, States Parties agreed to comprehensive measures to prohibit it under their criminal law, to prosecute perpetrators found in territory under their jurisdiction, and not to return individuals to other States where there are substantial grounds for believing that such persons would be in danger of being subjected to torture. In contrast, the obligations regarding cruel, inhuman or degrading treatment or punishment are more limited.

The December 2004 memorandum recognizes what is clear from the text and structure of the CAT. As an initial matter, the passages quoted in the Committee's question were themselves quotations from the Senate Committee Report recommending ratification of the CAT. *See Convention Against Torture and Other Cruel, Unusual or Degrading Treatment or Punishment*, S. Exec. Rep. No. 101-30 at 6, 13-14 (1990). Consistent with the Senate Report, the December 2004 memorandum also distinguishes "torture" from "other acts of cruel, inhuman or degrading treatment or punishment" as expressed in Article 16 of the CAT, by explaining that torture is a more severe or extreme form of mistreatment than that described by Article 16. The use of the word "extreme" in these contexts clarifies the meaning of the word "severe" contained in the definition of torture set forth in Article 1 of the CAT and further elaborated in the U.S. understanding. *See December 2004 Memorandum* at 3 (citing dictionary definitions of "severe" as "extreme")

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The negotiating history of the CAT confirms the plain language of the treaty, and that the definition of torture was reserved for those acts involving more severe pain and suffering, as distinguished from cruel, inhuman or degrading treatment or punishment. During the negotiations of the CAT, both the United States and the United Kingdom emphasized the intensity and severity required in order for an act to be considered "torture." *See* Question of the Human Rights of All Persons Subjected to Any Form of Detention or Imprisonment, in particular, Torture and Other Cruel, Inhuman or Degrading Treatment or Punishment: Summary Prepared by the Secretary-General In Accordance With Commission Resolution 18, E/CN.4/1314, December 19, 1978; *see also,* J. Herman Burgers & Hans Danelius, *The United Nations Convention Against Torture: A Handbook on the Convention Against Torture and Other Cruel, Inhuman or Degrading Treatment or Punishment* 44, 80 (1988) ("CAT Handbook"). Moreover, as the Committee's own question indicates that the word "severe" adequately included the concept of "extreme," and the negotiating history of the CAT confirms that use of the word "severe" was sufficient to convey the idea that acts of an extreme gravity were covered by that term. It is also worth noting that the term "extremely severe" would be different from either "severe" or "extreme."

It should also be noted that the original Swedish draft of the CAT also included a provision that highlighted that torture should be distinguished from cruel, inhuman or degrading treatment or punishment by virtue of the more severe, or aggravated nature of the acts involved in torture. Article 1(2) of the original Swedish draft provided that "[t]orture constitutes an aggravated and deliberate form of cruel, inhuman or degrading treatment or punishment." [2]

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[2] The negotiating history reflects that delegations differed over the utility of including the provision in Article 1 of the CAT. The presence of the term "cruel, inhuman or degrading treatment or punishment" in Article 1 had been controversial from the beginning of the negotiations, as many had expressed concern over the vagueness of the term and expressed the need to distinguish it from "torture." When the Working Group met in March 1979 some delegates proposed deleting this provision because it unduly restricted the definition of torture. Other delegates disagreed, but believed that deletion wouldn't "prejudge the broader issue of whether subsequent articles of the Convention should apply only to torture or also to other forms of cruel, inhuman or degrading treatment or punishment." *See* Report of the Working Group on A Draft

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This approach – distinguishing torture from lesser forms of cruel, inhuman, or degrading treatment or punishment– is consistent with other international law sources. These include the 1975 Declaration on the Protection of All Persons from Torture and Other Cruel, Inhuman or Degrading Treatment or Punishment and reflected a distinction between torture and lesser forms of cruel, inhuman or degrading treatment or punishment contained in other international law sources, including the European Convention for the Protection of Human Rights and Fundamental Freedoms, and caselaw from the European Court of Human Rights[3] and European Commission on Human Rights and the International Criminal Tribunal for the Former Yugoslavia.[4] This distinction has also been noted by commentators. For example, Burgers and Danelius note that Article 16 implies "that torture is the *gravest form* of [cruel, inhuman or degrading] treatment or punishment."[5] Professor Evans notes that the CAT "formalises a distinction between torture on the one hand and inhuman and degrading treatment on the other by attributing different legal consequences to them."[6]

Additionally, the record of the U.S. ratification deliberations demonstrates the longstanding U.S. view that torture can be distinguished from other forms of mistreatment or abuse by virtue of the severity of the

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Convention Against Torture and Other Cruel, Inhuman or Degrading Treatment or Punishment, E.CN.4/L.1470, 12 March 1979.

[3] *See, e.g., Ireland v. United Kingdom*, 25 Eur. Ct. H.R. (ser. A) (1978); *Aktas v. Turkey*, No. 24351/94 (E.C.H.R. 2003); *Akkoc v. Turkey,* Nos 22947/93 & 22948/93 (E.C.H.R. 2000); *Kaya v. Turkey*, No. 22535/93 (E.C.H.R. 2000).

[4] *See, e.g., Prosecutor v. Delacic*, IT-96-21, Trial Chamber Judgment ¶542 (ICTY Nov. 16, 1998) ("[I]nhuman treatment is treatment which deliberately causes serious mental and physical suffering that falls short of the severe mental and physical suffering required for the offense of torture.")

[5] J. Herman Burgers a& Hans Danelius, *The United Nations Convention Against Torture: A Handbook on the Convention Against Torture and Other Cruel, Inhuman or Degrading Treatment or Punishment* 80 (1988) (emphasis added).

[6] Malcolm D. Evans, *Getting to Grips with Torture*, 51 Int'l & Comp. L.Q. 365, 369 (2002).

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underlying acts. Thus, when the United States Department of State transmitted the CAT in May 1988 to the Senate for its advice and consent to ratification, it explained that "[the CAT] seeks to define 'torture' in a relatively limited fashion, corresponding to the common understanding of torture as an extreme practice which is universally condemned." It also noted that "'torture' is thus to be distinguished from lesser forms of cruel, inhuman or degrading treatment or punishment, which are to be deplored and prevented, but are not so universally and categorically condemned as to warrant the severe legal consequences that the Convention provides in the case of torture." It further explained that "the requirement that torture be an extreme form of cruel and inhuman treatment is expressed in Article 16, which refers to 'other acts of cruel, inhuman or degrading treatment or punishment *which do not amount to torture'* [and that] the negotiating history indicates that the [italicized] portion of this description was adopted in order to emphasize that torture is at the extreme end of cruel, inhuman and degrading treatment or punishment and that Article 1 should be construed with this in mind." (Emphasis added in the original.) This analysis was subsequently adopted by the Senate in its report recommending that the Senate consent to ratification of the CAT. *See* S. Exec. Rep. No. 101-30 at 13-14. Accordingly, the discussion in the December 2004 memorandum clarifies that the use of "severe" in the definition of torture as ratified by the United States indicates that the Convention defined torture in a relatively limited fashion that involved an intensity not characteristic of less extreme forms of mistreatment or abuse.

4. Please explain why the interpretation of both memorandums seems to be much more restrictive than previous United Nations standards, namely the Declaration on the Protection of All Persons from Being Subjected to Torture and Other Cruel, Inhuman or Degrading Treatment or Punishment (Adopted by General Assembly resolution 3452 (XXX) of 9 December 1975, art. 1.2)**, which states that "[T]orture constitutes an aggravated and deliberate form of cruel, inhuman or degrading treatment or punishment."**

As described above, the interpretation of the term "severe" contained in the December 2004 memorandum reflects the understanding, express in the text of the Convention, that torture constitutes a more aggravated form of abuse than that covered by the "cruel, inhuman or degrading treatment or punishment" described in Article 16 of the CAT.

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This is consistent with and is not more restrictive than the Declaration on the Protection of All Persons from Being Subjected to Torture and Other Cruel, Inhuman or Degrading Treatment or Punishment, which distinguishes torture from other lesser forms of abuse, in part on the basis of the severity of the underlying acts.

Article 2

5. Considering that the reservation of the State party to the Convention states that the "provisions of articles 1 through 16 of the Convention are not self-executing" (Annex 4 to the report)**, the only legislation that has been enacted to give effect to the Convention was a law giving the United States courts criminal jurisdiction over extraterritorial acts of torture (**See the core document (HRI/CORE/1/Add.49), para. 141 and the initial report (CAT/C/28/Add.5), para 47)**. Is the State party actively considering formally incorporating all the provisions of the Convention into domestic law? If not, how will the State party ensure that its legislative, judicial, administrative and other measures fully meet the obligations of the Convention? What guarantees and controls does the State party have to ensure the monitoring of the activities of law enforcement officials in prisons and other detention centres under the jurisdiction of states of the Union or under its jurisdiction or de facto control? (**De facto control of the State party, means, e.g., territories, or parts of territories, where United States troops are operating under United States command.)

The statement made by the United States regarding the non-self-executing nature of the Convention, which was included in the U.S. instrument of ratification, is a declaration regarding the domestic implementation of the CAT and is not a reservation intended to exclude or modify U.S. rights or obligations under the Convention. It was only necessary to enact legislation regarding the extraterritorial offense of torture in order to fully implement the Convention at the time of our ratification. The reason for this is that at the time of ratification existing United States law fully met the obligations of the United States under the CAT, as clarified by the Reservations, Understandings, and Declaration of the United States. No further legislative changes were required, nor are they required today. Prior to U.S. ratification of the Convention, the United States carefully reviewed U.S. federal and state laws for

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compliance with the terms of the CAT. The United States concluded that, with the sole exception of prohibiting certain acts of torture committed outside the territory of the United States, U.S. state and federal law covered all of the offenses stated in the Convention. The United States filled this lone shortcoming by enactment of 18 U.S.C. 2340A, prohibiting certain acts of torture committed outside the territory of the United States.

The United States ensures compliance with its CAT obligations through operation and enforcement of its existing laws. As discussed in paragraphs 16, 44 and 155 of the *Second Periodic Report*, acts which would constitute torture when committed inside the United States are punishable under state or federal criminal law. As the United States has explained before, there is no specific federal crime styled as "torture" for acts occurring within U.S. territory. The reason for this is simply that any act of torture falling within the Convention's definition, as ratified by the United States, is criminally prosecutable, for example, as aggravated assault or battery or as mayhem in cases of physical injury; as homicide, murder or manslaughter, when a killing results; as kidnapping, false imprisonment or abduction where an unlawful detention is concerned; as rape, sodomy, or molestation; or as part of an attempt, or a conspiracy, or a criminal violation of an individual's civil rights. These laws, which meet the requirements of the CAT, are binding on governmental officials and are enforced through a variety of administrative procedures, criminal prosecutions, and civil suits.

With regard to torture, "cruel and unusual punishments" have always been proscribed by the Eighth Amendment to the U.S. Constitution. This Amendment is directly applicable to actions of the federal government and, through the Fourteenth Amendment, to those of the constituent states. *See Robinson v. California,* 370 U.S. 660, *reh'g den.* 371 U.S. 905 (1962); *Estelle v. Gamble*, 429 U.S. 97 (1976). While the constitutional and statutory law of the individual states in some cases offers more extensive or more specific protections, the protections of the right to life and liberty, personal freedom and physical integrity found in the Fourth, Fifth and Eighth Amendments to the U.S. Constitution, as incorporated by the Fourteenth Amendment to the U.S. Constitution, create a minimum legal protection against the actions of state and local governments. Every state constitution also contains detailed guarantees of individual liberties, in most cases paralleling the protections set forth

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in the federal bill of rights. For example, nearly all state constitutions expressly forbid cruel and unusual punishment (including acts constituting "torture") and guarantee due process protections no less stringent than those in the federal Constitution.

Finally, U.S. law provides various avenues for seeking redress, including financial compensation, in cases of torture and other violations of constitutional and statutory rights relevant to the Convention. Besides the general rights of appeal, these can include any of the following, depending on the location of the conduct, the actor, and other circumstances:

- Seeking a writ of habeas corpus, which, in certain circumstances, allows judicial review of whether there is a valid reason for detention;
- Filing criminal charges, which can lead to investigation and possible prosecution. As noted previously and in the response to Question 11, at the federal level, 18 U.S.C. §§ 2340 and 2340A permits the Department of Justice to prosecute any person who, outside of the United States, commits or attempts to commit the crime of torture, which is defined as an act committed by a person acting under color of law specifically intended to inflict severe physical or mental pain or suffering upon another person within his custody or physical control. Additionally, under 18 U.S.C. § 242, the Department of Justice can also prosecute any person who, under color of law, subjects a victim in any state, Territory, Commonwealth, Possession, or District to the deprivation of any rights or privileges secured or protected by the Constitution or laws of the United States.
- Bringing a civil action in federal or state court under the federal civil rights statute, 42 U.S.C. § 1983, directly against state or local officials for money damages or injunctive relief;
- Seeking damages for negligence of federal officials and for negligence and intentional torts of federal law enforcement officers under the Federal Tort Claims Act, 22 U.S.C. § 2671 *et seq.*, or of other state and municipal officials under comparable state statutes;
- Suing federal officials directly for damages under provisions of the U.S. Constitution for "constitutional torts," *see Bivens v. Six Unknown Named Agents*, 403 U.S. 388 (1971), and *Davis v. Passman*, 442 U.S. 228 (1979);

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- Challenging official action or inaction through judicial procedures in state courts and under state law, based on statutory or constitutional provisions;
- Seeking civil damages from participants in conspiracies to deny civil rights under 42 U.S.C. § 1985;
- Bringing civil suits for damages for certain acts of torture perpetrated by officials of foreign governments based on international legal prohibitions against torture under the Alien Tort Statute and the Torture Victims Protection Act, 28 U.S.C. § 1350, and note;
- Pursuing administrative remedies, including proceedings before civilian complaints review boards, for the review of alleged police misconduct;
- The federal government may institute civil proceedings under the pattern or practice provision of the Violent Crime Control and Law Enforcement Act of 1994, 42 U.S.C. § 14141, to eliminate patterns or practices of misconduct by law enforcement officers of any governmental authority, or any agent thereof, or any person acting on behalf of a governmental authority. Similarly, the federal government may institute administrative and civil proceedings against law enforcement agencies receiving federal funds who discriminate on the basis of race, sex, national origin, or religion.
- Individuals may bring administrative actions and civil suits against law enforcement agencies receiving federal funding that discriminate on the basis of race, sex, national origin, or religion, under the federal civil rights laws. *See* 42 U.S.C. § 2000d (Title VI) and 42 U.S.C. § 3789d (Safe Streets Act).
- In the case of persons in detention, the federal government may institute proceedings under the Civil Rights of Institutionalized Persons Act of 1980 ("CRIPA"), 42 U.S.C. § 1997, to eliminate a pattern or practice of abuse in any state prison, jail or detention facility.

With respect to the Committee's final question in this paragraph, of all the mechanisms listed above, CRIPA is perhaps the most direct source of the federal government's authority to enforce the federal constitutional rights of persons in jails and prisons at the state and local level. CRIPA authorizes the U.S. Department of Justice ("DOJ") Civil Rights Division ("CRD") to enforce the constitutional and statutory rights of persons confined to state and local institutions, including prisons, jails, and juvenile justice facilities. The federal government's authority to investigate juvenile justice facilities also flows from provisions of Section

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14141, which authorize the Attorney General to bring civil actions when administrators of juvenile justice systems engage in a pattern or practice of violating juveniles' federal rights. Federal investigations focus on myriad issues depending on the type of institution and the nature of alleged unconstitutional conditions. Issues include, for example, physical and sexual abuse, medical and mental health care, fire safety, security, adequacy of treatment and training, and, with regard to juveniles, special education services.

Once DOJ enters into an agreement to require reform of a facility, it works vigilantly to ensure compliance. To assess a facility's compliance status, DOJ requests and reviews documents from the facility which demonstrate its degree of compliance. Such documents include written policies and procedures, incident reports, investigative files, and patient records. After reviewing these documents, DOJ conducts on-site facility inspections with teams of consultants. DOJ uses consultants who are subject matter experts, like medical and psychiatric doctors, protection from harm specialists, and penological experts. These consultants accompany DOJ personnel during on-site inspections to conduct interviews of facility staff and inmates, tour the facility, and observe operations. Following the site inspections, DOJ typically provides the facility with a written assessment of its compliance status.

DOJ's process is a collaborative one in which it works with the facility to promptly identify and remediate issues of non-compliance. DOJ's consultants provide technical assistance tailored to address the facility's identified deficiencies. This approach generally brings facilities into compliance. When, however, a facility fails to comply with a consent agreement, DOJ takes enforcement action, such as filing a motion to hold the facility in contempt of court or to appoint a special master to facilitate compliance with the provisions of the decree.

Since 2001, DOJ has concluded formal investigations of 42 jails, prisons, and juvenile facilities. It is currently monitoring agreements involving 97 jails, prisons, and juvenile facilities.

See also the response to Question 29 below.

6. Is the transfer of detainees from one place of detention to another duly registered and is this registrar public? Do foreigners

detained under the jurisdiction of the State party receive any consular assistance? Please provide updated and detailed data regarding the incarcerated population in the State party's territory (Initial report) **and in areas under the jurisdiction of the State party, including in Afghanistan, Iraq and Guantánamo Bay** (Annex 1 to the report, pp. 50 and 71)**. Regarding the latter, please provide information on their exact legal status, the offences they are detained for, for what period and the process which determines the length of their detention. Do detainees have access to legal advice, medical treatment and family visits? Is there any independent review of the grounds of detention and their continuing applicability? Please provide detailed information on the matter.**

This question is exceptionally broad. It asks for information concerning persons detained both within and outside the United States. With respect to persons detained in the United States, this question seeks information about persons detained at the federal, state, county and municipal levels. While relevant individual federal, state and local authorities maintain appropriate administrative records relating to such information, the United States does not maintain a unified national database. Consequently, the U.S. response to this question will not be comprehensive.

Registration of Detainee Transfers

The Convention Against Torture has no provision requiring the registration of detainee transfers. The relevant federal, state, and local authorities have their own policies governing how detainee transfers are registered. For example, the Bureau of Prisons' public website (www.bop.gov) contains an Inmate Locator tool that reflects each inmate's current location; if the place of confinement changes because of transfer, the results are reflected via this tool, which is readily available and accessible to the public.

To the extent that this question relates to transfers of detainees outside the United States, the United States takes exception to the premise of the question that the areas outside of the jurisdiction of the United States are within the scope of the Convention.

Consular Assistance

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With regard to consular notification and access procedures, such procedures are not a matter that is addressed by the Convention. Under the Vienna Convention on Consular Relations, the United States is obligated to inform foreign nationals arrested or detained within a consular district that they may request consular notification and access. The United States is also party to several bilateral consular conventions that require mandatory notification whenever a national of the contracting State is arrested or detained within a consular district. In most cases (*i.e.*, under the Vienna Convention on Consular Relations), the foreign national then has the option to decide whether to have consular representatives notified of the arrest or detention. In other cases (*i.e.*, countries with mandatory notification bilateral consular treaties), however, the foreign national's consular officials for the district in which the individual is detained must be notified of an arrest and/or detention regardless of the foreign national's wishes. In cases involving mandatory notification treaties, the United States only releases the information necessary to fulfill its treaty obligation. In most cases, our obligation is limited to notice of the arrest or detention and does not include sharing other details.

Data regarding the Incarcerated Population in the United States

As of December 31, 2004, there were approximately 2,267,787 people incarcerated in the United States, of whom 1,421,911 were held in federal and state prisons (not including the 74,378 state and federal inmates incarcerated in local jails), 713,990 in local jails, 102,338 in juvenile facilities, 15,757 in U.S. Territory prisons, 9,788 in facilities operated by or exclusively for the Bureau of Immigration and Customs Enforcement within the Department of Homeland Security, 2,177 in military prisons and 1,826 in Indian country jails.

Persons held in Bureau of Prisons (BOP) custody

As of March 9, 2006, approximately four percent of the Bureau of Prisons' total inmate population (189,025) were in pre-trial detention status (not yet sentenced) and one percent of the population was confined for the Bureau of Immigration and Customs Enforcement. Pre-trial detainees are typically confined in the Bureau's Administrative facilities, which are institutions with special missions, such as the detention of pretrial offenders or the treatment of inmates with serious or chronic

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medical problems; some pre-trial inmates are held in jail units located within federal prisons that house sentenced offenders. Generally, unless otherwise specifically noted "policies and standards applicable to persons committed to the custody of the Attorney General or the Bureau of Prisons apply also to pretrial inmates as defined in §551.101" (from Program Statement 7331.04, Pretrial Inmates). For example, pretrial inmates meet with lawyers and have family visits, they are provided with medical care and are allowed to meet with representatives from their respective consulates. Additionally, they are offered the opportunity to participate in institution programs and services in a manner consistent with safety and the orderly running of the institution.

Administrative facilities include Metropolitan Correctional Centers (MCCs), Metropolitan Detention Centers (MDCs), Federal Detention Centers (FDCs)--all of which are jail-type facilities, Federal Medical Centers (FMCs), the Federal Transfer Center (FTC), and the Medical Center for Federal Prisoners (MCFP). Administrative facilities are capable of holding inmates in all security categories. Federal jails (MCC's, MDC's and FDC's) are located in Honolulu, HI; Houston, TX; Miami, FL; Oakdale, LA; Philadelphia, PA; Seattle, WA; Brooklyn, NY; Guaynabo, Puerto Rico; Los Angeles, CA; Chicago, IL; New York, NY; and San Diego, CA. The Bureau also contracts with privately-managed facilities, and to a lesser extent, state or local facilities, to manage its population.

Internally, the Bureau of Prisons uses an online, real-time, inmate database system that maintains detailed information about each inmate. This system, known as Sentry, provides the official count of inmates at each BOP site, and it enables the Bureau to maintain proper custody of inmates, as well as keep information regarding sentence computations, programs, and assignments. A public record of inmates' (including detainees') locations is available on the internet at the Bureau of Prisons's public website (www.bop.gov) which contains an Inmate Locator tool that reflects each inmate's current location. If place of confinement changes because of transfer, the results are reflected via this tool, which is readily available and accessible to the public.

Persons held in Department of Homeland Security Custody

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The Department of Homeland Security (DHS) oversees two component agencies that are charged with securing the borders and enforcing the immigration and customs laws. U.S. Immigration and Customs Enforcement (ICE) handles interior enforcement, while U.S. Customs and Border Protection (CBP) generally handles enforcement at the borders. Agents of both component agencies possess investigation, arrest, and detention authority.

U.S. Immigration and Customs Enforcement (ICE) is currently budgeted on an annual basis to detain an average of 20,800 detainees per day. Approximately 250,000 aliens enter into ICE custody during any given year, with various lengths of stay. The detained population consists of individuals who are currently in proceedings to determine whether they are to be removed from the United States, as well as those who have been ordered removed from the United States and are awaiting travel documents or arrangements to be made to effect their removal. The Office of Detention and Removal Operations (DRO) within ICE keeps electronic records of all transfers, but those records are not publicly available.

U.S. Customs and Border Protection (CBP) apprehends aliens who attempt unlawful entry between ports of entry and aliens denied entry at official ports. As such, its facilities are only for the temporary holding of persons awaiting return abroad or transfer to detention facilities. In the course of its responsibilities securing the U.S. borders, CBP Border Patrol maintains custody of persons who are apprehended as they illegally cross the border as well as persons who are refused entry into the United States. Such custody is temporary in nature, and lasts only until such persons may be transferred to another detention agency or until they are removed or voluntarily depart from the United States. In 2005, Border Patrol maintained temporary custody over 1.2 million apprehended aliens and maintained custody over 500,000 inadmissible aliens at ports of entry. Every effort is made by CBP to transfer, transport or release detainees in custody as quickly as possible, both at Border Patrol stations and at ports of entry. Both ports of entry and Border Patrol stations maintain records, according to local procedures, of the disposition and transfer of custody of detainees to other agencies (ICE's DRO or the Department of Health and Human Service's Office of Refugee Resettlement for unaccompanied juvenile aliens) or release of

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the individual from custody. Once transferred to another responsible agency, any further record of transfer is under that agency's authority.

Persons held under Department of Defense Control

With respect to persons under the control of the United States Department of Defense (DoD), detainees are accounted for fully as required under DoD policies. Detainees under the control of the Department of Defense are issued an internment serial number, or "ISN," as soon as practicable, normally within 14 days of capture.

Because of operational security considerations, public disclosure of transfers or releases from DoD control are not announced publicly until the movement of detainees from DoD control is completed. As explained in the response to Question 13 below, although not required by the CAT for persons outside of U.S. territory, the U.S. government will not transfer an individual to a country where it is more likely than not that the individual will be tortured.

Operational Demographics for Department of Defense Detainees

As of February 20, 2006, the Department of Defense holds approximately 490 detainees at its facilities in Guantanamo Bay, Cuba; approximately 400 detainees at its facilities in Afghanistan; and approximately 14,000 detainees at its facilities in Iraq.

Basis, Classification, and Legal Status

Individuals detained by the Department of Defense in Afghanistan and at Guantanamo are held pursuant to the Order of the President of the United States of November 13, 2001 (Federal Register: November 16, 2001 (Volume 66, Number 222), Page 57831-57836). This Order was discussed in the Annex to the *Second Periodic Report*. In addition, the classification of their legal status, the basis for their detention, and their expected duration of detention, is further described in the Memorandum of the President of the United States, February 7, 2002. This memorandum is discussed at length on pages 53 and 54 of the Annex to the *Second Periodic Report*.

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With respect to individuals detained at DoD detention facilities in Iraq, as discussed at length on pages 74-76 of the Annex to the *Second Periodic Report*, individuals in Iraq are detained as part of the ongoing military operations conducted by Multinational Forces Iraq (MNF-I). As an update to that information, it should be noted that the United Nations Security Council, on November 11, 2005, decided to extend the relevant provisions of UNSCR 1546 in issuing UNSCR 1637 until December 31, 2006.[7]

Conditions of Detention

The standard for conditions under which detainees detained by the Department of Defense in Afghanistan and at Guantanamo are to be held, including their access to medical care, is set forth in the Memorandum of the President of the United States, February 7, 2002. Further, with respect to detention operations at Guantanamo Bay, Cuba, the United States would redirect the Committee's attention to pages 61-62 of the Annex to the *Second Periodic Report*, and with respect to the conditions of detention in Afghanistan, to page 62 of the Annex to the *Second Periodic Report*. Similarly, the conditions of individuals detained at DoD detention facilities in Iraq is discussed at length on pages 74-76 of the Annex to the *Second Periodic Report*.

Medical Care

The United States recognizes that medical care is an important part of ensuring the safe and humane detention of individuals under its custody. The United States therefore considers it appropriate to describe to the Committee the measures taken to ensure adequate medical care for detainees. While the information provided herein relates to medical care for detainees at Guantanamo, applicable Department of Defense policy on medical care for detainees[8] governs Department of Defense operations worldwide. Further information is provided at Annex 1 to these answers.

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[7] *Available at* http://daccessdds.un.org/doc/UNDOC/GEN/N05/592/77/PDF/N0559277.pdf?OpenElement (visited April 28, 2006)

[8] Assistant Secretary of Defense (Health Affairs) Policy 05-006, Medical Program Principles and Procedures for the Protection and Treatment of Detainees in the

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Status Review Processes

Processes available to review the status of detainees at Guantanamo, potentially resulting in their release or transfer, are described in detail at pages 54-62 of the Annex to the *Second Periodic Report*. With respect to Afghanistan, those processes are described on page 57 of the Annex to the *Second Periodic Report*. With respect to Iraq, these processes are described at pages 71-72 of the Annex to the *Second Periodic Report*.

Access to Counsel

As described in the subsection II(g) of Annex I of the *Second Periodic Report*, detainees who have filed habeas corpus claims in the U.S. federal courts have access to counsel.

7. According to information before the Committee (Report of the Working Group on Enforced or Involuntary Disappearances (E/CN.4/2005/65), para. 364**), the State party has established secret detention facilities, including on-board vessels, and holds unacknowledged detainees with no access to the International Committee of the Red Cross (ICRC), no notification of families, no oversight with regard to their treatment, and in most cases no acknowledgement that they are even being held. Please provide a list of all detention facilities where detainees are being held under the de facto effective control of the State party's authorities (**Conclusions and recommendations of the Committee against Torture: United Kingdom of Great Britain and Northern Ireland - Dependent Territories (CAT/C/CR/33/3), para. 4 (b))**, outside its territory or on State party vessels, as well as information on the number, nationality, charges against and exact legal status of these persons. Why have such secret detention facilities been established? Does the State party assume responsibility for alleged acts of torture perpetrated by its own public agents outside its territory but in territories under its jurisdiction or de facto control (**See note 12)**, as well as in cases where**

Custody of the Armed Forces of the United States) (June 3, 2005), *available at* http://www.ha.osd.mil/policies/2005/05-006.pdf.

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those acts are perpetrated by persons who are not public agents but are subject to the control of the State party?

As a preliminary matter, we would note that the customary law of armed conflict does not require States to provide the ICRC with access to unlawful combatants who are in their custody. Even where the Geneva Conventions apply, those conventions specifically acknowledge that, where a Party to the conflict is satisfied that an individual protected person on its territory is definitely suspected of or engaged in activities hostile to the security of the State, such persons are not entitled to the rights and privileges afforded by the Convention as would be prejudicial to the security of the State. Similarly, in occupied territory, where an individual protected person is detained as a spy or saboteur, or as a person under definite suspicion of activity hostile to the security of the Occupying Power, such person shall, in those cases where absolute military security so requires, be regarded as having forfeited rights of communication with the outside world because they pose a security threat. Of course, in all cases, such persons must be treated with humanity.

Moreover, it is the policy of the United States not to comment on allegations of intelligence activities.

However, the U.S. government is clear in the standard to which all entities must adhere. As noted in paragraph 7 of the *Second Periodic Report*, all components of the U.S. government are obligated to act in compliance with the law, including all United States constitutional, statutory, and treaty obligations relating to torture and cruel, inhuman or degrading treatment or punishment, as defined in U.S. law. The U.S. government does not permit, tolerate, or condone unlawful practices by its personnel or employees under any circumstances. As already noted, 18 U.S.C. §§ 2340 & 2340A make it a crime for a person acting under the color of law to commit, attempt to commit, or conspire to commit torture outside the United States. In addition, pursuant to the Detainee Treatment Act of 2005, the prohibition on cruel, inhuman, and degrading treatment or punishment applies as a matter of law to protect any persons "in the custody or under the physical control of the United States Government, regardless of nationality or physical location."

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8. In view of the numerous allegations of torture and ill-treatment of persons in detention under the jurisdiction of the State party and the case of the Abu Ghraib prison, what specific measures have been taken to identify and remedy problems in the command and operation of those detention facilities under the jurisdiction of the State party? What measures have been undertaken to ensure that the ICRC has appropriate access to all such facilities and to all detainees, and that its reports are made known to sufficiently senior members of the chain of command for purposes of implementation?

While the United States is aware of allegations of torture and ill-treatment and takes them very seriously, it disagrees with the suggestion that such practices are widespread or systematic. These allegations must be placed in context: they relate to an extremely small percentage of the overall number of persons in detention. Moreover, it is obvious that not all allegations reflect actual abuse. For example, it is well-known that the Al Qaeda Manchester training manual instructs all Al Qaeda members to allege torture when captured, even if they are not subjected to abuse. Of course, where allegations are well-founded, the United States deplores the abuse and takes action.

Examples of specific measures taken in response to alleged abuses are provided in the *Second Periodic* Report. Section III(B) of Part One of the Annex provides extensive information about specific measures taken in response to alleged abuses at DoD detention facilities in Afghanistan and Guantanamo Bay, Cuba. Section III(B) and V of Part Two provide details about specific measures taken in response to the shocking events of Abu Ghraib in Iraq.

With respect to access and information provided by the International Commiteee of the Red Cross (ICRC), the ICRC has access to every detainee at DoD facilities worldwide, including at Guantanamo and in Iraq and Afghanistan, and may meet privately with detainees under DoD control. DoD accounts for detainees under its control fully and provides notice of detention to the ICRC as soon as practicable. The policy of the Department of Defense is to assign an internment serial number (ISN) and register detainees with the ICRC as soon as practicable, normally within 14 days from capture.

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The ICRC transmits its confidential communications to senior officials in the Department of Defense, including military commanders in Afghanistan, Iraq, and Guantanamo, and to other senior officials of the United States Government. The Department of Defense has established procedures to ensure that ICRC communications are properly routed to senior leadership and acted upon in a timely manner. The Department of Defense works with the ICRC to identify and correct matters of concern that come to light. Although our dialogue with the ICRC is confidential, we take seriously the matters the ICRC raises and have made changes and improvements based on its recommendations. Representatives of the ICRC meet routinely with DoD and other U.S. government officials to discuss detention issues. We value the relationship between the U.S. government and the ICRC, and DoD officials will continue to discuss detention issues with the ICRC.

9. Under the State party's domestic law, is it possible to derogate from the principle of the absolute prohibition of torture? Have any measures taken by the State party derogated from this prohibition? Can any provision of the Patriot Act of 2001 be interpreted as a possible derogation? What legal or administrative measures has the State party put in place to ensure that the Convention's prohibition against torture is not derogated from under any circumstances?

Under U.S. law, there is no derogation from the express statutory prohibition on torture. Nothing in the Patriot Act can be read to be a derogation from this prohibition. The legal and administrative measures undertaken by the United States to implement this prohibition are described in detail in the *Initial Report* and the *Second Periodic Report*.

10. Please comment on information transmitted to the Committee that criminal responsibility of perpetrators of torture may be waived under the President's authority as Commander-in-Chief. Does the State party attribute to any person the right to authorize torture or ill-treat anyone under any circumstances? If so, to whom? How is such an authorization compatible with article 2 of the Convention? Has there been an independent investigation regarding the possible responsibility of the high-ranking officials of the Administration, including the CIA, the Department of Defense, the Department of Justice and the Armed Forces, for authorizing or consenting in any way, including through the issuance of orders or guidelines, to acts

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committed by their subordinates, especially during the interrogation of detainees, which could be considered as acts of torture?

As noted in Section III(B)(1) of the Annex to the *Second Periodic Report*, concerns such as those cited by the Committee were generated by the August 2002 Memorandum prepared by the Office of Legal Counsel at the U.S. Department of Justice, on the definition of torture and the possible defenses to torture under U.S. law. As described also in response to Questions 1 and 2 above, the 2002 Memorandum was withdrawn on June 22, 2004 and replaced with the December 2004 Memorandum.

The December 2004 Memorandum stated that it "supersede[d] the August 2002 Memorandum in its entirety" and clarified that "[b]ecause the discussion in that [August 2002] memorandum concerning the President's Commander-in-Chief power and the potential defenses to liability was—and remains—unnecessary, it has been eliminated from the analysis that follows. Consideration of the bounds of any such authority would be inconsistent with the President's unequivocal directive that United States personnel not engage in torture."[9]

Under Article 2 of the CAT, "[a]n order from a superior officer or a public authority may not be invoked as a justification of torture." Moreover, under Article 2, "[n]o exceptional circumstances whatsoever, whether a state of war or a threat of war, internal political instability or any other public emergency, may be invoked as a justification of torture." The United States stands by these obligations under the CAT. As noted in paragraph 6 of the *Second Periodic Report*, the United States is unequivocally opposed to the use and practice of torture. No circumstance whatsoever, including war, the threat of war, internal political instability, public emergency, or an order from a superior officer or public authority may be invoked as a justification or defense to committing torture under the CAT. This is a longstanding commitment of the United States, repeatedly reaffirmed at the highest levels of the U.S. government.

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[9] Memorandum for James. B. Comey, Deputy Attorney General, *Re: Legal Standards Applicable Under 18 U.S.C. §§ 2340-2340A* (Dec. 30, 2004) at 2.

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With regard to investigations conducted by the Department of Defense, the Department has conducted numerous investigations into all aspects of its detention operations following the events of Abu Ghraib. It has conducted over 12 major reviews and continues to examine this issue. Further, the United States refers the Committee to Section III(B)(1) of the Annex to the *Second Periodic Report* which describes in detail the reviews and investigations that have already occurred. Of particular relevance to the Committee's question is the citation to the testimony of Vice Admiral Church to the U.S. Senate Armed Services Committee that after his lengthy investigation – the broadest review of interrogation policies to date – he had concluded that "clearly there was no policy, written or otherwise, at any level, that directed or condoned torture or abuse; there was no link between the authorized interrogation techniques and the abuses that, in fact, occurred."[10]

In addition, U.S. policy regarding the care and treatment of detainees under its control is clear. Alberto Gonzales, then Counsel to the President, stated: "The administration has made clear before and I will reemphasize today that the President has not authorized, ordered or directed in any way any activity that would transgress the standards of the torture conventions or the torture statute, or other applicable laws. . . . [L]et me say that the U.S. will treat people in our custody in accordance with all U.S. obligations including federal statutes, the U.S. Constitution and our treaty obligations. The President has said we do not condone or commit torture. Anyone engaged in conduct that constitutes torture will be held accountable."[11]

11. Can an order from a superior be invoked as a justification of torture? Please indicate the appropriate legal measures in place to ensure this does not occur. Are there any circumstances, such as

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[10] *Id.* [DoD: need full citation of transcript cited in CAT Annex].

[11] *Id.* (citing Press Briefing by White House Counsel Judge Alberto Gonzales, DoD General Counsel William Haynes, DoD Deputy General Counsel Daniel Dell'Orto and Army Deputy Chief of Staff for Intelligence General Keith Alexander, June 22, 2004, *available at* <http://www.whitehouse.gov/news/releases/2004/06/20040622-14.html>).

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"necessity", "self-defence", "superior orders", or any other principle, which can be invoked as a defence for those who torture or ill-treat detainees?

As noted above in response to Question 10, the United States adheres to its obligation under Article 2 of the CAT that "[a]n order from a superior officer or a public authority may not be invoked as a justification of torture," under the CAT.

The CAT requires a State to "ensure that all acts of torture are offences under its criminal law." Every act of torture within the meaning of the CAT, as ratified by the U.S. Senate, is an offense under U.S. criminal law. The U.S. Constitution and numerous state and federal criminal laws prohibit conduct that amounts to torture within the United States. The extraterritorial criminal torture statute, 18 U.S.C. §§ 2340-2340A, also makes it a crime for any person outside the United States to commit, attempt to commit, or conspire to commit torture under the color of the law. If it appears that the criminal laws have been violated, then those violations are investigated and prosecuted as appropriate by the relevant authorities.

Under Article 2 of the CAT, "An order from a superior officer or a public authority may not be invoked as a justification of torture." Moreover, under Article 2, "No exceptional circumstances whatsoever, whether a state of war or a threat of war, internal political instability or any other public emergency, may be invoked as a justification of torture." The United States stands by these obligations under the CAT. The U.S. government is committed to investigating and holding accountable those who engage in acts of torture or other unlawful treatment of detainees. With regard to any defenses for "ill-treat[ment]" of detainees, Article 2 of the CAT does not address such matters, and it is not clear to us what other provision of the CAT the question might be based on.

12. Have the several versions of interrogation rules, instructions and methods, specially regarding persons suspected of terrorism, that have been adopted been consolidated for civilian and military use, especially for the CIA and the military intelligence services? Are persons detained outside the State party, but under its jurisdiction, protected by the same norms regarding interrogation rules, instructions and methods?

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The Detainee Treatment Act of 2005, enacted December 30, 2005, prohibits cruel, inhuman, and degrading treatment or punishment and applies as a matter of law to protect any persons "in the custody or under the physical control of the United States Government regardless of nationality or physical location." The Act further provides that "[n]o person in the custody or under the effective control of the Department of Defense or under detention in a Department of Defense facility shall be subject to any treatment or technique of interrogation not authorized by and listed in the United States Army Field Manual on Intelligence Interrogation."[12]

As required under the law, only those interrogation techniques authorized by and listed in the United States Army Field Manual on Intelligence Interrogation are authorized for the interrogation of detainees under the control of the Department of Defense personnel, without regard to whether interrogations are conducted by military or civilian interrogators. The Department of Defense issued on December 30, 2005, specific instructions notifying every Command of this requirement, as well as all DoD Components and field activities.

The question also asks about any interrogation rules, instructions, and methods that may have been adopted by the CIA. As already noted, the United States does not comment publicly on alleged intelligence activities. But, as also already noted, any activities of the CIA would be subject to the extraterritorial criminal torture statute and the Detainee Treatment Act's prohibition on cruel, inhuman, or degrading treatment or punishment.

Article 3

13. Please provide detailed information on the provisions implementing article 3 of the Convention in domestic law and on the

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[12] Detainee Treatment Act of 2005, H.R. 2863, Title X, Section 1002(a). Section 1002(b) provides that "[s]ubsection (a) shall not apply with respect to any person in the custody or under the effective control of the Department of Defense pursuant to a criminal law or immigration law of the United States."

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procedures, including judicial remedies, to ensure that it is implemented in practice, including in respect of persons under the jurisdiction of the State party outside its territory. Have any decisions prohibiting expulsion, refoulement or extradition to another State under article 3 of the Convention been revoked? Are any categories of foreign persons considered as having committed a crime or suspected of having committed a crime automatically excluded from the protection of article 3 of the Convention?

As stated in paragraph 38 of the *Second Periodic Report*, the United States remains committed to complying with its obligations under Article 3 of the CAT by providing protection to all aliens in its territory who require such protection. The United States' implementing laws and regulations do not exclude categories of persons from protection from refoulement under Article 3. The United States may not revoke or terminate protection under Article 3 from involuntary removal to a particular country so long as it continues to be shown that the protected individual would more likely than not be tortured in that country.

As explained in paragraph 30 of the *Second Periodic Report*, the United States does not transfer persons to countries where it determines that it is "more likely than not" that they would be tortured. This applies to all components of the U.S. Government.

In both the *Initial Report* and the *Second Periodic Report*, the United States provided detailed information on the implementation of Article 3 in the immigration removal and extradition contexts. In these respective contexts, regulations permit aliens to assert Article 3 claims as a defense to either removal or extradition. The regulations of the Department of Homeland Security ("DHS") that provide for the implementation of Article 3 in the immigration removal context and the regulations of the Department of State ("DOS") that provide for the implementation of Article 3 in the extradition context were provided in the *Initial Report*, were cited in the *Second Periodic Report*, and are referenced again in Annex 2.

Removal context

With respect to Article 3 claims raised in removal proceedings, paragraphs 32-38 of the *Second Periodic Report* describe how such

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claims are considered. Paragraph 32 of the *Second Periodic Report* describes how individuals may assert Article 3 claims before immigration judges within the Department of Justice's Executive Office for Immigration Review ("EOIR"), whose decisions are subject to review by the Board of Immigration Appeals, and ultimately, to review in U.S. federal courts. For further information regarding appeals of such claims, please see the response to Question 15 below. In cases involving individuals who are subject to criminal- or security-related exceptions, CAT protection from refoulement is still available, known as "deferral of removal." *See* 8 CFR §§ 208.17, 1208.17.

The regulations implementing Article 3 of the CAT in the immigration removal context are publicly available on the Internet and well-known to attorneys representing aliens in removal proceedings. The statutes and regulations governing removal proceedings before an immigration judge provide for ample process, such as the right to representation by counsel of the alien's choosing (at no expense to the Government), 8 U.S.C. § 1229a(b)(4)(A); 8 C.F.R. §§1003.16, 1240.3, 1240.10(a); competent, impartial interpretation of the immigration proceedings, 8 C.F.R. §§1003.33, 1240.3; and a reasonable opportunity to examine and object to evidence against the alien, to present evidence on the alien's own behalf, and to cross-examine witnesses presented by the U.S. government, 8 U.S.C. § 1229a(b)(4)(B); 8 C.F.R. § 1240.10(a). Additional process rights are discussed in response to Question 15.

Generally, an alien applying for protection from removal under Article 3 has the burden of proving that he is more likely than not to be tortured in the designated country or countries of removal. *See* 8 C.F.R. § 1206.16(c)(2). In assessing whether it is "more likely than not" that an applicant would be tortured if removed to the proposed country, all evidence relevant to the possibility of future torture is required to be considered, including, *inter alia*, (1) evidence of past torture inflicted upon the applicant; (2) a pattern or practice of gross human rights violations within the proposed country of removal; and (3) other relevant information regarding conditions in the country of removal. 8 C.F.R. § 1208.16(c)(3). The evidence concerning the likelihood of torture must be particularized to the applicant's circumstances. *See Matter of M-B-A-*, 23 I&N Dec. 474 (BIA 2002).

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If the immigration judge determines that an alien would more likely than not be tortured in the country of removal, the alien is entitled to protection consistent with Article 3. 8 C.F.R. § 1208.16(c)(4). The protection afforded will be in the form of withholding of removal or deferral of removal. Aliens subject to the national security, criminal, or related grounds for exclusion from eligibility for withholding of removal, *see* 8 U.S.C. § 1231(b)(3)(B), will receive only deferral of removal. *See id.*

In light of the categorical prohibition contained in Article 3, the United States does not "revoke" Article 3 protection from removal to a particular country for an individual who has been granted such protection as long as it is "more likely than not" that the individual would be tortured in that country. The removal regulations contain procedures for terminating Article 3 protection when substantial grounds for believing the alien would be tortured if removed to a particular country no longer exist. *See* 8 C.F.R. §§208.17(d)-(f), 1208.17(d)-(f), 1003.2, 1003.23. In addition an alien granted such protection may be removed to a third country where there are no substantial grounds for believing that the alien will be subjected to torture, an action that is fully consistent with Article 3 of the Convention. (*See* 8 C.F.R. §§ 208.16(f), 208.17(b)(2), 1208.16(f), 1208.17(b)(2).) Finally, in a small number of appropriate cases an alien who has been granted Article 3 protection may nevertheless be removed to the country from which he was originally granted protection against removal if the United States has obtained assurances it deems credible from the country of proposed removal that the alien would not be tortured if removed there. *See* 8 C.F.R. §§208.18(c), 1208.18(c). In such a case, action would be based upon the judgment of the United States that, with this assurance, it is no longer more likely than not that the person would be tortured.

In exceptional cases where an arriving alien is believed to be inadmissible on terrorism-related grounds, Congress has authorized alternate removal procedures in limited circumstances that do not require consideration or review by EOIR. *See* 8 U.S.C. § 1225(c). The implementing regulations provide that removal pursuant to section 235(c) of the Act shall not proceed "under circumstances that violate Article 3 of the Convention Against Torture." 8 C.F.R. § 235.8(b)(4); *see also* 8 C.F.R. §§ 208.18(d), 1208.18(d). The statutory and regulatory framework for expedited removal proceedings under 8 U.S.C. § 1225(c)

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is more streamlined than the general process for alien removal under 8 U.S.C. § 1229a. The regulatory process, however, ensures that the final decision to remove an arriving alien under 8 U.S.C. § 1225(c) is made at a senior level within DHS. In terms of assessing whether the proposed removal would be consistent with Article 3 of the CAT, consideration would be given to relevant evidence, including but not limited to evidence of past torture suffered by the alien, whether there is a pattern or practice of gross human rights violations in the proposed country of removal, and other information bearing upon conditions in the designated country or countries of removal.

Extradition context

The procedures for evaluating Article 3 claims in the extradition context are discussed in detail in paragraphs 39—43 of the *Second Periodic Report*. The regulations of the Department of State ("DOS") at 22 C.F.R. Part 95, which DOS promulgated pursuant to section 2242 of the Foreign Affairs Reform and Restructuring Act of 1998, P.L. 105-277, outline the procedures for considering the question of torture when the Secretary of State determines whether a fugitive will be extradited. Whenever allegations relating to torture are brought to DOS's attention by the fugitive or other interested parties, appropriate policy and legal offices within DOS with regional or substantive expertise review and analyze information relevant to the particular case in preparing a recommendation to the Secretary. DOS's Bureau of Democracy, Human Rights, and Labor, which drafts the U.S. Government's annual Human Rights Reports, is a key participant in this process. The views of the relevant regional bureau, country desk, or U.S. Embassy also play an important role in DOS's evaluation of torture claims, because its regional bureaus, country desks, and Embassies are knowledgeable about matters such as human rights, prison conditions, and prisoners' access to counsel, in general and as they may apply to a particular case in a requesting State.

DOS will consider information concerning judicial and penal conditions and practices of the requesting State, including the Department's annual Human Rights Reports, and the relevance of that information to the individual whose surrender is at issue. The Department will examine materials submitted by the fugitive, persons acting on his behalf, or other interested parties, and will examine other relevant materials that may come to its attention.

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In determining whether a fugitive will be extradited, the Secretary of State must determine whether it is more likely than not that the particular fugitive will be tortured in the country requesting extradition. Based on the analysis of relevant information, the Secretary may decide to surrender the fugitive to the requesting State or to deny surrender of the fugitive. Or, in some cases, the Secretary might condition the extradition on the requesting State's provision of assurances related to torture or aspects of the requesting State's criminal justice system that protect against mistreatment, such as that the fugitive will have regular access to counsel and the full protections afforded under that State's constitution or laws. Whether such assurances are sought is decided on a case-by-case basis. In several cases in recent years, the Secretary signed a warrant only after the Department engaged in a diplomatic dialogue and received adequate assurances of humane treatment from the requesting State. See response to Question 18 below for further information describing when diplomatic assurances are pursued and how they are evaluated.

The DOS regulations governing Article 3 claims are publicly available and well-known to attorneys representing fugitives in extradition proceedings. Fugitives may submit whatever documentation they consider relevant for consideration of their claims. The decision of the Secretary of State regarding any claims for protection under Article 3 of the CAT is not subject to judicial review, consistent with U.S. law and practice governing extraditions.[13] The "rule of non-inquiry" leaves to the

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[13] The issue of whether federal courts in the United States can consider an extradition fugitive's claims under the Torture Convention was litigated in *Cornejo-Barreto v. Seifert*. A panel of the United States Court of Appeals for the Ninth Circuit concluded that a fugitive facing extradition has a statutory right to judicial review of his claims under the Torture Convention, which attaches not during the extradition or habeas corpus proceedings, but after all the legal avenues are exhausted and the Secretary of State has signed the surrender warrant. *Cornejo-Barreto v. Seifer*t, 218 F.3d 1004 (9th Cir. 2000). A different panel of the Ninth Circuit subsequently rejected this conclusion and, in agreement with the position of the Executive Branch, held that the Secretary of State's determination to extradite a fugitive is not subject to judicial review. *Cornejo-Barreto v. Seifert*, 379 F.3d 1075, 1089 (9th Cir. 2004). A majority of the Ninth Circuit judges voted to rehear the case *en banc*, but prior to the date of the rehearing, the Mexican government withdrew its extradition request pursuant to the dismissal of the Mexican state prosecution that served as the basis for the request.

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consideration of the Secretary of State questions regarding the treatment extraditees may receive following their surrender for extradition.

As is the case in the immigration removal context, all fugitives in extradition proceedings in the United States are protected by Article 3 of the CAT. Regarding the Committee's question related to "revocation", as explained above, claims for protection under Article 3 are made by the Secretary of State and are not reviewable. Thus, a decision by the Secretary to prohibit the extradition of a person to another State under Article 3 of the Convention cannot be revoked.

Territorial scope of Article 3

Regarding the Committee's question concerning implementation of Article 3 to persons outside of U.S. territory, the United States, while recognizing that some members of the Committee may disagree, believes that Article 3 of the CAT does not impose obligations on the United States with respect to an individual who is outside the territory of the United States. Article 3 provides that "No State Party shall expel, return ("refouler") or extradite a person to another State where there are substantial grounds for believing that he would be in danger of being subjected to torture." Neither the text of the Convention, its negotiating history, nor the U.S. record of ratification supports a view that Article 3 of the CAT applies to persons outside the territory of the United States.

On its face, the text of Article 3 speaks of actions taken with respect to persons already present in the territory of a State. Both in the cases of expulsion, the deportation of an individual, and extradition, the transfer of a person pursuant to an extradition treaty to another country for the purpose of prosecution, there is no question that such terms describe conduct taken against individuals within a State Party's territory. Accordingly, if there is any debate at all as to whether Article 3 applies outside the territory of a State Party, it turns on whether the term "return

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Consequently, the Ninth Circuit dismissed the case as moot and vacated the second panel decision. *Cornejo-Barreto v. Seifert*, 389 F.3d 1307 (9th Cir. 2004) (en banc). . *In Mironescu v. Rice*, 2006 WL 167981 (M.D.N.C. January 20, 2006), a district court followed the first *Cornejo-Barreto* decision. This issue is discussed further in response to Question 18 below.

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('refouler')" prohibits the return of persons by a State Party in those circumstances covered by Article 3, regardless of where the officials and the individual benefiting from the protection are located.

In the view of the United States, the meaning of the term "return ('refouler')" contained in Article 3 of the CAT is limited to actions occurring within the territory of a State Party. Construing the same term, "return ('refouler')," as employed in Article 33 of the Refugee Convention, the U.S. Supreme Court found that both the text and the negotiating history of Article 33 "affirmatively indicate that it was not intended to have extraterritorial effect." in Sale vs. Haitian Centers Council, Inc., 509 U.S. 155, 179 (1993). In examining the text of Article 33, the Supreme Court found two aspects of Article 33's text persuasive. The first aspect concerns Article 33(2) of the Refugee Convention, which exempted from Article 33(1)'s non-refoulement protection "a refugee whom there are reasonable grounds for regarding as a danger to the security of *the country in which he is*." As Article 3 of the CAT contains no such limitation, the Supreme Court's discussion of this provision is not relevant to the question at hand.[14] However, the second aspect of the Supreme Court's interpretation of the use of the term "return ('refouler')" in Article 33 of the Refugee Convention and Protocol is relevant to the interpretation of that same term in Article 3 of the CAT. Specifically, the Court found that the legal meaning of the term "return," as modified by reference to the French "refouler" (the English translations of which included "repulse," "repel," "drive back," and "expel"), implied that "'return' means a defensive act of resistance or exclusion at a border rather than an act of transporting someone to a particular destination." *Id.* at 182. The Supreme Court thereby concluded that the non-refoulement protection contained in the Refugee Convention and Protocol was not intended to govern the conduct of States Parties outside of their national

[14] The Supreme Court made it clear that Article 33(1) was limited to persons within the territory of a State Party, otherwise the interplay between Article 33(1) and 33(2) would have created an "absurd anomaly" whereby "[d]angerous aliens on the high seas would be entitled to the benefits of 33.1 while those residing in the country that sought to expel them would not." The Supreme Court concluded that it was "more reasonable to assume that the coverage of 33.2 was limited to those already in the country because it was understood that 33.1 obligated the signatory state only with respect to aliens within its territory." *Id.,* at 180.

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borders and noted that "[f]rom the time of the Convention, commentators have consistently agreed with this view." *Id.* The Court further examined the negotiating history of Article 33 of the Refugee Convention and concluded that the negotiating history supports the Court's interpretation of Article 33 not to impose obligations on States Parties outside of their territory.[15]

The negotiating history of Article 3 of the CAT confirms the view that the provision was intended to apply to the territory of a State Party, and not to persons who had not yet entered the country. The original Swedish proposal spoke only of expulsion or extradition, and did not employ the term "return ('refouler')." However, when the draft was revised to expand the prohibition to include "return ('refouler')," considerable discussion ensued over the advisability of including the term, including references to ambiguity surrounding the extra-territorial reach of the provision. At no point was there agreement that the term was intended to apply to individuals located outside the territory of a State Party. Additionally, both the text and the negotiating history of the CAT make clear that negotiators used explicit language applying certain provisions of the CAT extra-territorially when they intended those provisions to have extra-territorial effect.[16] The negotiators' failure to do so in Article 3 further confirms that there was no express intent to apply Article 3 extra-territorially.

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[15] This conclusion was based on a series of statements by delegates of several countries (including Switzerland, the Netherlands, and the U.K.) that indicated that the word "return ('refouler')" did not apply to persons who had not entered the territory of the State Party. Following a statement by the Swiss to this effect, the representative of the Netherlands noted that representatives of several countries supported that view and he "wished to have it placed on record that the Conference was in agreement with the interpretation that the possibility of mass migrations across frontiers or of attempted mass migrations was not covered by article 33." Noting that there was no objection, the President of the Conference ruled that the interpretation given by the representative of the Netherlands be placed on the record. 509 U.S. at 186 (1993).

[16] *See*, for example, Articles 2(1), 5, 12, 13, and 16.

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Finally, the record of proceedings related to U.S. ratification of the CAT demonstrates that at the time of ratification, the United States did not interpret Article 3 to impose obligations with respect to individuals located outside of U.S. territory. When the Secretary of State transmitted the CAT to the Senate for its advice and consent to ratification, the State Department's analysis of Article 3 indicates that it understood that the non-refoulement obligations it was undertaking related to removal or extradition *from* the United States, and not to extraterritorial action by U.S. officials. In the immigration deportation (removal) context, the State Department indicated that the new protection afforded by Article 3 could be implemented by simply extending the protections then-available under U.S. law implementing the Refugee Protocol to "cases of torture not involving persecution on one of the listed impermissible grounds." *See* Message from the President of the United States Transmitting the Convention Against Torture and Other Cruel, Inhuman or Degrading Treatment or Punishment, Adopted by Unanimous Agreement of the United Nations General Assembly on December 10, 1984, and Signed by the United States on April 18, 1988. Treaty Doc. 100-20, at 6. The State Department explained, "This prohibition applies to expulsion or return of persons *in the United States* to a particular State, and does not grant a right to seek entry or to avoid expulsion to other States." (Emphasis added.) *Id*. By emphasizing that Article 3 of the CAT does not grant a right to seek entry, the State Department thereby indicated its view that Article 3 did not apply to persons who had not yet entered U.S. territory. The State Department's analysis discussed the implementation of Article 3 solely in terms of the authorities of the Attorney General under the Immigration and Nationality Act and of the Secretary of State in cases of surrender pursuant to extradition treaties.[17] This analysis was subsequently adopted by the Senate in its report recommending that the

[17] In fact, when the State Department transmitted the CAT to the Senate for its advice and consent to ratification in 1988, it originally proposed a declaration to this effect. The declaration provided, "The United States declares that the phrase, 'competent authorities,' as used in Article 3 of the Convention, refers to the Secretary of State in extradition cases and to the Attorney General in deportation cases." The State Department later withdrew this proposal, but it nevertheless reflects the understanding that Article 3 only applied to cases in which persons who were physically present in the United States were subject to immigration deportation (removal) or extradition proceedings.

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Senate provide its advice and consent to ratification of the CAT. *See* S. Exec. Rep. No. 101-30 at 16-17.

Although as a legal matter Article 3 does not impose obligations on the United States with respect to an individual who is outside the territory of the United States, as a matter of policy, the United States does not transfer persons to countries where it believes it is "more likely than not" that they will be tortured. This policy applies to all components of the U.S. Government and with respect to individuals in U.S. custody or control regardless of where they may be detained. In the case of interdictions of migrants at sea, as a matter of policy, in addition to screening individuals for fears of persecution, the United States screens individuals to assess whether it is "more likely than not" that they face torture. This policy finds support, in part, from language contained in section 2242 of the Foreign Affairs Reform and Restructuring Act of 1998, Pub. L. No. 105-227, 112 Stat. 2681-822, which directed that "it shall be the policy of the United States not to expel, extradite, or otherwise effect the involuntary return of any person to a country in which there are substantial grounds for believing the person would be in danger of being subjected to torture, regardless of whether the person is physically present in the United States." Also, as noted in the Annex to the *Second Periodic Report,* with respect to individuals detained by the U.S. Armed Forces at the U.S. Naval Base in Guantanamo Bay, Cuba, after determinations are made that a detainee no longer continues to pose a threat to the U.S. security interests or that a detainee no longer meets the criteria of enemy combatant and is eligible for release or transfer, the United States generally seeks to return the detainee to his or her country of nationality. It is always of a particular concern to the United States in such cases that the foreign government concerned will continue to treat the detainee humanely, in a manner consistent with its international obligations. U.S. policy is not to transfer a person to a country if it is determined that it is more likely than not that the person will be tortured, or, in appropriate cases, that the person has a well-founded fear of persecution and would not be disqualified from persecution protection on criminal- or security-related grounds. The essential question in evaluating government assurances is whether the competent U.S. government officials believe it is more likely than not that the individual will be tortured in the country to which he is being transferred. If a case were to arise in which the assurances obtained from the receiving government are not sufficient when balanced against treatment concerns, the United

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States would not transfer an individual to the control of another government unless the treatment concerns were satisfactorily resolved.

Finally, in those exceptional cases where the United States conducts renditions of individuals, the United States does not transport anyone to a country if the United States believes he or she will be tortured. Where appropriate, the United States seeks assurances it considers to be credible that transferred persons will not be tortured.

14. Does the reservation of the State party to article 3 of the Convention restrict or change the protective scope of this provision? Please explain the practical differences between article 3 of the Convention and the State party's reservation to article 3 (Para. 33 of the report.)**. How and by whom is the determination that a person is "more likely than not" to be tortured made? Please provide examples, *in abstracto* if necessary.**

This question turns on the meaning of the phrase "substantial grounds." The U.S. understanding made at the time the United States became a State Party to the Convention was made precisely to provide operational content to what is otherwise a somewhat open-ended treaty term.

As an initial matter, contrary to the suggestion made in the question, the United States did not take a reservation to Article 3 of the Convention. Rather, as described in the *Initial Report* and the *Second Periodic Report*, at the time the United States became a State Party to the CAT, then-President Clinton on September 19, 1994 formally signed the U.S. instrument of ratification of the Convention, which contained, *inter alia*, the following understanding:

> [T]he United States understands the phrase 'where there are substantial grounds for believing that he would be in danger of being subjected to torture,' as used in Article 3 of the Convention, to mean 'if it is more likely than not that he would be tortured.'

At the time the United States reviewed whether to become a State Party to the CAT, it considered whether to provide more specific definitional content to the phrase "substantial grounds for believing that he would be in danger of being subjected to torture." The reasons for the

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understanding entered into by the United States are described clearly in the August 30, 1990 Report from the U.S. Senate Committee on Foreign Relations:

> "Article 3 provides that no State Party shall expel, return, or extradite a person to another State where substantial grounds exist for believing that he would be in danger of being subjected to torture.
>
> Under current U.S. law, an individual may not normally be expelled or returned where his "life or freedom would be threatened * * * on account of race, religion, nationality, membership in a particular social group, or political opinion". 8 U.S.C. 1253(h)(1). The U.S. Supreme Court has interpreted this provision to mean that a person entitled to its protections may not be deported to a country where it is more likely than not that he would be persecuted. *INS v. Stevic,* 467 U.S. 407 (1984). To clarify that Article 3 is not intended to alter this standard of proof, the following understanding is recommended:
>
> "The United States understands the phrase, "where there are substantial grounds for believing that he would be in danger of being subjected to torture," as used in Article 3 of Convention, to mean "if it is more likely than not that he would be tortured.""

At the time the United States became a State Party to the CAT, it considered that the standard enunciated in the U.S. understanding was merely a clarification of the definitional scope of Article 3, rather than a statement that would exclude or modify the legal effect of Article 3 as it applied to the United States. As the scope of U.S. obligations under Article 3 are set forth in the understanding quoted above that was contained in the U.S. instrument of ratification, there is no difference between the scope of the standard set forth in the U.S. understanding and the obligations assumed by the United States under Article 3.

With respect to the question of who is the competent authority to make the determinations with respect to Article 3, please see the answers to Questions 13 above and 15 and 17 below and in the discussions of Article 3 in the *Initial Report* and the *Second Periodic Report*.

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15. May foreigners who claim the right not to be removed to another State under article 3 of the Convention appeal to the courts against the decision of the Secretary of State? Do asylum-seekers have the right to appeal against removal? Please provide detailed information on any such procedure. Does an appeal against a removal have suspensive effect? Please provide information on the number of appeals filed and their outcome. Does the State party have a list of "safe third countries" for removal? If so, how is it created and maintained?

Regarding the Committee's first question above concerning individual appeals of Article 3 decisions by the Secretary of State to the courts, the United States would like to clarify that the Secretary of State is the decision-maker on Article 3 claims only in the extradition context. As discussed at paragraph 42 of the *Second Periodic Report*, and in response to Question 13 above and Question 18 below, the issue of whether the federal courts in the United States can consider an extradition fugitive's claims under the Torture Convention was litigated in Cornejo-Barreto v. Seifert and additional cases.

Regarding the Committee's question concerning appeal rights for asylum seekers, appeal rights and procedures for aliens in immigration removal proceedings are described in paragraphs 31-37 of the *Second Periodic Report* and in paragraphs 159, 169, 170, 172-174 of the *Initial Report*. Although protection under the 1951 Convention relating to the Status of Refugees is beyond the scope of the Committee's area of responsibility, the administrative and judicial appeals processes are similar for applicants for asylum and applicants for protection from torture. Additional detail is provided below.

Determinations of whether a person more likely than not would face torture if removed are most frequently made in removal proceedings under the immigration laws of the United States. Those determinations are made, in the first instance, by immigration judges within the U.S. Department of Justice, Executive Office for Immigration Review (EOIR), who are appointed by the Attorney General. *See* 8 C.F.R. §§ 1003.0, 1003.1, 1003.14, 1208.16-.18, 1240.11(c); *see also* Foreign Affairs Reform and Restructuring Act (FARRA), Pub. L. No. 105-227, Div. G., Title XXII, § 2242(b), 112 Stat. 2681, 2681-822, codified as note to 8 U.S.C. § 1231 (directing "the heads of the appropriate agencies" to

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"prescribe regulations to implement the obligations of the United States under Article 3 of the [CAT], subject to any reservations, understandings, declarations, and provisos contained in the United States Senate resolution of ratification of the Convention").

With the exception of expedited removal procedures under 8 U.S.C. §1225 described below, an alien seeking protection from removal from the United States under Article 3 of the CAT may appeal an adverse decision of the immigration judge on the alien's CAT protection claim to the Board of Immigration Appeals (BIA). *See* 8 C.F.R. § 1003.1(b). The BIA is an administrative appellate tribunal within the U.S. Department of Justice. *See generally* 8 C.F.R. § 1003.1 (describing the organization, jurisdiction, composition, and authority of the BIA). Board Members are "attorneys appointed by the Attorney General to act as the Attorney General's delegates in the cases that come before them." 8 C.F.R. § 1003.1(a)(1). The BIA conducts de novo review of questions of law and reviews findings of fact, including findings relating to prevailing human rights practices in the designated country or countries of removal, under a "clearly erroneous" standard. 8 C.F.R. § 1003.1(d)(3).

At the conclusion of the removal hearing, the alien is provided notice of the opportunity to file an appeal to the BIA. 8 U.S.C. § 1229a(c)(4); 8 C.F.R. § 1003.3(a)(1). The appeal must be filed within 30 days of an immigration judge's decision. 8 C.F.R. § 1003.38(b). Both before an immigration judge and upon appeal to the BIA, the alien may be represented by an attorney or an accredited representative. *See* 8 C.F.R. §§ 1003.16(b), 1003.38(g). The EOIR maintains and provides to *pro se* aliens a list of *pro bono* legal service providers in the locality of the immigration court. *See* 8 C.F.R. § 1003.61-.65. An alien may file a written brief in support of his appeal in accordance with BIA rules and procedures. 8 C.F.R. §§ 1003.3(c), 1003.38(f). Subject to certain time, numerical, and jurisdictional limitations, the alien may also file with the immigration judge or the BIA a motion to reopen removal proceedings based on previously unavailable information concerning changed country conditions that bear materially upon the alien's eligibility for protection from removal under Article 3 of the CAT. *See* 8 U.S.C. § 1229a(c)(6); 8 C.F.R. §§ 1003.2, 1003.23. If an immigration judge denies the motion to reopen, the alien may appeal the denial to the BIA.

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The U.S. Department of Homeland Security (DHS) may file a brief in opposition to the alien's appeal. 8 C.F.R. § 1003.3(c)(1). In addition, DHS may appeal to the BIA an immigration judge order granting an alien's application for protection from removal under Article 3 of the CAT. DHS may also request that the Attorney General review a BIA decision concerning an application for protection under Article 3. *See* 8 C.F.R. § 1003.1(h)(1)(iii). DHS, however, may not challenge a BIA or Attorney General decision in the federal courts.

If the BIA dismisses the alien's administrative appeal or denies the alien's motion to reopen, the alien may file a petition for review of the BIA's decision with the appropriate federal court of appeals. *See* 8 U.S.C. § 1252(a)(1), (4). An alien—including an alien seeking to challenge a BIA decision denying his application for protection under Article 3 of the CAT—who is removable by reason of having committed a serious criminal offense may obtain judicial review only of constitutional claims or questions of law raised upon a petition for review with the appropriate court of appeals. 8 U.S.C. § 1252(a)(2)(D); *Enwonwu v. Gonzales*, 438 F.3d 22, 33-35 (1st Cir. 2006). The alien must exhaust his administrative law remedies before EOIR before proceeding to the federal court of appeals. 8 U.S.C. § 1252(d)(1); *Ivanishvili v. United States Dep't of Justice*, 433 F.3d 332, 343 (2d Cir. 2006). If unsuccessful before the federal court of appeals, the alien may file a petition for certiorari with the United States Supreme Court, but there is no appeal as of right to the Supreme Court. Federal law precludes any judicial review of an action, decision, or claim raised under the CAT, except as part of the review of a final order of removal to the extent permitted under the immigration laws. *See* FARRA § 2242(d); 8 C.F.R. §§ 208.18(e); 1208.18(e). The sole and exclusive means for judicial review of any cause or claim under Article 3 of the CAT is through a petition for review filed with an appropriate court of appeals challenging a final order of removal. 8 U.S.C. § 1252(a)(4).

In expedited removal proceedings under 8 U.S.C. § 1225(b), an arriving alien may challenge a determination of a DHS asylum officer that the alien does not have a "credible fear" of torture in the designated country or countries of removal. *See* 8 C.F.R. §§ 208.30(g)(2), 1208.30(g)(2). That challenge lies exclusively with the immigration judge. *See id.*; 8 C.F.R. § 1003.42. A negative "credible fear" determination, if sustained by the immigration judge, cannot be further

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appealed to the BIA or to the federal courts. *See* 8 U.S.C. § 1252(a)(2)(A)(iii); 8 C.F.R. §§ 208.30(g), 1208.30(g)(2)(iv)(A). The same is true with respect to "reasonable fear" determinations in the expedited removal procedures under 8 U.S.C. §§ 1228(b) (administrative removal of certain criminal aliens) and 1251(a)(5) (reinstatement of removal for aliens previously removed). *See* 8 C.F.R. §§ 208.31(g), 1208.31(g).

Regarding the Committee's question about whether an appeal against a removal has a suspensive effect, a timely administrative appeal to the BIA of an immigration judge's order of removal does have suspensive effect. An order of removal entered by an immigration judge is not considered to be final until the BIA has affirmed the order or the time for filing an administrative appeal has expired. *See* 8 U.S.C. § 1101(a)(47)(B); *see also* 8 C.F.R. §§ 1003.39, 1241.1. Removal of the alien cannot be effectuated "while the appeal is pending . . . before the [BIA]." 8 C.F.R. § 1003.6(a). The filing of a motion to reopen or motion to reconsider, on the other hand, generally does not have suspensive effect. *See* 8 C.F.R. §§ 1003.2(f), 1003.6(b). The alien, however, may request a stay of removal pending consideration of the motion. *Id.* The filing of a petition for review with a federal court of appeals likewise does not have suspensive effect. To forestall removal pending consideration by the court of appeals, the alien must obtain a stay of removal from the court. *See* 8 U.S.C. § 1252(b)(3)(B) (service of petition for review does not stay removal pending court's decision unless court so orders); *Tesfamichael v. Gonzales*, 411 F.3d 169, 171-76 (5th Cir. 2005). Regarding the Committee's interest in information on the number of appeals filed and their outcome, the United States does not track cases and their outcomes by reference to the CAT.

Regarding the Committee's final questions above concerning "safe third countries" for removal, the United States does not maintain a list of countries that are presumed to be safe for purposes of consideration of claims for protection against persecution or torture. Each protection application is considered on its own merits.

We note, however, that the United States and Canada have entered into a "Safe Third Country Agreement." The Agreement permits the United States, subject to a host of important exceptions, to return to Canada two specific classes of non-Canadian aliens seeking protection

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under the 1951 Convention relating to the Status of Refugees and its 1967 Protocol or under the CAT: those attempting to enter the United States from Canada at a land border port-of-entry and those who assert protection claims while being removed by Canada through the United States. Upon return to Canada, the alien's protection claims will be considered under Canadian law. Similarly, certain aliens arriving in Canada from the United States, either at a shared land border port-of-entry, or in transit during removal by the United States, may be returned to the U.S. for consideration of their protection claims under U.S. law.

Under the specific terms of the Agreement, an individual referred by either Canada or the United States to the other country cannot be removed to a third country until an adjudication of the individual's protection claims has been made. The Agreement also provides that an individual returned to the other signatory country by the United States or Canada shall not be removed onward to any other country pursuant to any other Safe Third Country Agreement or regulatory designation.

16. According to information before the Committee, the State party has adopted a policy to send, or to assist in the sending of persons to third countries, either from the State party's territory or from areas under its jurisdiction, for purposes of detention and interrogation. How many persons have been affected by this policy, to which countries were they sent, and what measures have been adopted to ensure that they will not be subjected to torture? Please comment on allegations (Report of the Special Rapporteur on torture (E/CN.4/2004/56/Add.1), paras. 1818-1833) **that persons are detained without charges in certain countries at the request of the State party's authorities.**

The United States does not transport, and has not transported, detainees from one country to another for the purpose of interrogation using torture. The United States has not transported anyone, and will not transport anyone, to a country if the United States believes he or she will be tortured. Where appropriate, the United States seeks assurances it considers to be credible that transferred persons will not be tortured.

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As has been stated publicly and in prior responses,[18] the United States does not comment on information or reports relating to alleged intelligence operations. The United States and other countries, however, long "have used 'renditions' to transport terrorist suspects from the country where they were captured to their home country or to other countries where they can be questioned, held, or brought to justice." The United States considers rendition "a vital tool in combating international terrorism," which "take[s] terrorists out of action, and save[s] lives."[19] However, as is true with the case of immigration removals and extraditions, described more fully in response to Question 13 and Question 18, the United States acts in accordance with its obligations under the CAT and does not transport individuals to a country when it believes that the individuals would more likely than not be tortured in that country.

17. Are enforced or involuntary disappearances, which can be considered a form of torture, a crime punishable by law in the State party? How does the State party prevent persons removed to another State to be interrogated from disappearing?

As an initial matter, it should be noted that enforced or involuntary disappearances are not synonymous with acts of torture. As noted above, acts of torture are prohibited under United States law and are punishable by law. In addition, U.S. federal and state penal codes proscribe abductions and kidnappings, regulate the release or detention of defendants, and prohibit acts that would constitute an enforced or involuntary forced disappearance.

The United States notes that the non-refoulement protection of Article 3 of the CAT does not explicitly prohibit the return of individuals

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[18] *See, e.g.,* Secretary of State Condoleezza Rice, Remarks on Her Departure for Europe, Dec. 5, 2005, *available at* <http://www.state.gov/secretary/rm/2005/57602.htm>

[19] *See, e.g.,* Secretary of State Condoleezza Rice, Remarks on Her Departure for Europe, Dec.5, 2005, *available at* <http://www.state.gov/secretary/rm/2005/57602.htm>

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to countries where they may face an enforced disappearance.[20] However, during both immigration removal and extradition proceedings, an individual may raise any fears that he or she have regarding forced disappearance. The United States further notes that it also rigorously implements its obligations under the Protocol Relating to the Status of Refugees, including the non-refoulement provisions contained therein.

18. Please provide further information on the procedure used to obtain diplomatic assurances that a person will not be tortured if removed or extradited to another State (Para. 33 of the report**). Have there been any cases where those assurances were not considered adequate and, therefore, the person was not removed or extradited? Please provide examples, *in abstracto* if necessary. Please provide details of the assurances that must be fulfilled by the receiving country in order for the State party to remove or extradite a person. What monitoring mechanisms are in place to assess if the assurances have been honoured (**Para. 43 of the report**)? Please provide further information on the "rule of non-inquiry" of the Secretary of State (**Para. 41 of the report**). What purpose does this rule serve?**

The United States described the use of diplomatic assurances in the immigration removal and extradition contexts in paragraphs 33 and 40 of the *Second Periodic Report.* The United States would like to emphasize, as it did in paragraph 33 of the *Second Periodic Report*, that diplomatic assurances are used sparingly but that, in both contexts, assurances may be sought in order to be satisfied that it is not "more likely than not" that the individual in question will be tortured upon return. It is important to note that diplomatic assurances are only a tool that may be used in appropriate cases and are not used as a substitute for a case-specific assessment as to whether it is not more likely than not that a person will be tortured if returned.

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[20] The proposed International Convention for the Protection of All Persons From Enforced Disappearance contains an explicit non-refoulement obligation with respect to states who will become States Parties to that Convention (Article 16). Although negotiations on the draft text were completed in 2005, the draft text has not been considered for adoption by the U.N., and has not entered into force.

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Decisions by immigration judges in removal proceedings demonstrate that between 2000 and 2004, over 2500 individuals have been granted protection from immigration removal under the protection afforded by regulations implementing Article 3 of the Torture Convention alone. These statistics of course do not include the tens of thousands of persons per year who were granted asylum, and who may have been eligible for protection under Article 3 of the CAT but whose claims for Article 3 CAT protection were never reached because they had already been granted protection from refoulement. In these cases, where protection was granted pursuant to Article 3 by an immigration judge, an individual is afforded protection and on that basis, may lawfully remain in the United States absent the availability of removal to a safe third country consistent with the Article 3 implementing regulations and other applicable laws. In the vast majority of cases where Article 3 of the CAT is at issue, diplomatic assurances are never even considered, let alone pursued.

In those limited cases where diplomatic assurances may be sought, it is difficult to comment on the specifics as decisions are made on a case-by-case basis and the circumstances of the individual cases differ in substantial respects. As we explained in paragraph 33 of the *Second Periodic Report*, the United States reserves the use of diplomatic assurances for a very small number of cases where it can reasonably rely on such assurances that the individuals would not be tortured. In the immigration removal context, regulations at 8 C.F.R. § 208.18(c) set forth a process that the U.S. may use with respect to diplomatic assurances from the country of proposed removal that the alien will not be tortured if removed there. In such removal cases, the United States would carefully assess such assurances to determine whether they are sufficiently reliable to allow the individual's removal consistent with Article 3 of the CAT. The small number of instances in which assurances have been sought reflects the degree of care that goes into this process and the degree to which the United States internally screens cases to secure and obtain diplomatic assurances only in appropriate cases.

In the extradition context, pursuant to Department of State regulations, whenever allegations relating to torture are raised by the fugitive or other interested parties, appropriate policy and legal offices within the Department of State review and analyze the information. Based on such analysis, the Secretary of State may decide to surrender

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the fugitive to the requesting State, deny surrender of the fugitive, or condition the extradition on the requesting State's provision of assurances, deemed to be credible by the Secretary of State, related to torture or aspects of the requesting State's criminal justice system that protect against mistreatment, such as regular access to counsel. As is the case in the removal context, whether such assurances are sought in particular extradition cases is determined on a case-by-case basis, fully bearing in mind U.S. obligations under Article 3 of the CAT.

Whether sought in the immigration removal or extradition context, the content and the structure of the assurances will differ depending upon the facts relating to the individual, and the analysis of the country conditions in the receiving State. When evaluating assurances or other information provided by the requesting State, the Department of State will consider the identity, position, or other information concerning the official relaying the assurances, and political or legal developments in the requesting State that would provide context for the assurances provided. Department officials may also consider U.S. diplomatic relations with the requesting State when evaluating the substantive reliability of the assurances. For instance, Department officials may make a judgment regarding the requesting State's incentives and capacities to fulfil its assurances to the United States, including the importance to the requesting State of maintaining an effective extradition relationship. Monitoring by the United States (typically U.S. political or consular officers at U.S. embassies overseas) or a third party may also be warranted. As with the issue of assurances, the decision whether to seek a monitoring arrangement is made on a case-by-case basis, based on the circumstances of a particular case, which could include the identity of the requesting State, the nationality of the fugitive, the groups or persons that might be available to monitor the fugitive's condition, the ability of such groups or persons to provide effective monitoring, and similar considerations.

If, taking into account all relevant information, including any assurances received, the United States believes that a person more likely than not would be tortured if returned to a foreign country, the United States would not approve the return of the person to that country. There have been cases where the United States has considered the use of diplomatic assurances, but declined to return individuals because the

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United States was not satisfied such an assurance would satisfy its obligations under Article 3 of the CAT.

The United States also notes an analogous practice relating to the transfer or repatriation of individuals detained by the U.S. Armed Forces at the U.S. Naval Base in Guantanamo Bay, Cuba, which was described in the Annex to the *Second Periodic Report.*

The "rule of non-inquiry"

The "rule of non-inquiry," mentioned in Paragraph 41 of the *Second Periodic Report*, is a judicial doctrine under which courts of the United States refrain from examining the penal systems of nations requesting extradition of fugitives when considering whether to permit extradition. Rather, such issues are considered by the Secretary of State in making the final extradition decision. The rule of non-inquiry recognizes that, among the three branches of the U.S. Government, the Executive branch is best equipped to evaluate and deal with such issues. The rule of non-inquiry is regularly cited and relied upon in U.S. judicial opinions involving extradition.

Paragraph 42 of the *Second Periodic Report* describes recent developments in U.S. law regarding whether federal courts in the United States can consider an extradition fugitive's claims under the Torture Convention. As an update to that Paragraph, we note that, recently, a district court in the United States has called into question the scope of the rule of non-inquiry in the context of torture claims. *Mironescu v. Rice*, 2006 WL 167981 (M.D.N.C. Jan. 20, 2006). The court decided that it could review the Secretary of State's decision that the Torture Convention did not bar a fugitive's extradition to determine whether the Secretary's decision was "arbitrary, capricious, or not in accordance with law." *Id.* at *10. The court stressed that it would not substitute its opinion for the Secretary's as to whether the fugitive would face torture upon return to the requesting State but, rather, limit its consideration to the question of whether the Secretary did, in fact, consider the fugitive's evidence regarding his claim that he would face torture upon return to the requesting State. *Id.* This decision has been appealed to the U.S. Court of Appeals for the Fourth Circuit.

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19. According to information before the Committee, persons have been sent to countries which the State party itself considers not to respect human rights (The State Department's annual Country Reports on Human Rights Practices, http://www.state.gov/g/drl/rls/hrrpt/2004/c14136.htm)**, where they have been tortured and ill-treated. Were those cases investigated, and what was the result of the investigations? Are all the State party's agencies, when operating outside the State party's territory, under the obligation to respect the non-refoulement rule? Please explain "extraordinary renditions", the procedures followed and the guarantees extended.**

Insofar as the question on extraordinary renditions is meant to refer to the practice of rendering a person to a place where he or she will be tortured, the United States does not engage in extraordinary renditions. To the extent that the question is meant to refer to rendering persons outside normal extradition procedures, the United States has acknowledged that it, like other countries, has long used procedures in addition to extraditions or other judicial procedures to transport terrorist suspects from the country where they were captured to their home country or to other countries where they can be questioned, held, or brought to justice.

While reiterating its view that Article 3 of the CAT does not by its terms apply to individuals outside of U.S. territory, the United States would also like to emphasize what was stated in paragraph 30 of the *Second Periodic Report*: the United States does not transfer persons to countries where it believes that it is more likely than not that they will be tortured. This policy applies to all components of the United States Government with respect to individuals in U.S. custody regardless of whether they are inside or outside of U.S. territory. For additional information concerning renditions, please see the response above to question 16 and the material cited therein.

With regard to the rest of the question, it is important to emphasize that Article 3 does not *per se* prohibit the return or transfer of individuals to countries with a poor human rights record nor does it apply with respect to returns that might involve "ill treat[ment]" that does not

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amount to torture.[21] Rather, the United States understands Article 3 to require that an individualized determination as to whether an individual "more likely than not" will face torture in a particular country. As the United States explained in response to Question 18, if, taking into account all relevant information, including any assurances received, the United States believes that a person more likely than not will be tortured if returned to a foreign country, the United States would not approve the return of the person to that country. The U.S. Government's views on the application of the non-refoulement protection in Article 3 outside of U.S. territory are provided in response to Question 13 above.

Article 4

20. Does torture, under the State party's federal law, constitute a specific type of criminal offence when committed inside the State party (United States Code, Title 18, part I, chapter 113C, para. 2340)**? If so, please provide examples. If not, is the State party actively considering making torture a specific federal crime, if committed inside its territory? How is this lacuna reconciled with the necessity of preventing torture and, specifically, with the obligations of the State party under articles 1, 2 and 4 of the Convention? According to the State party report (**Para. 16 of the report)**, acts of torture "may be prosecuted" as other criminal acts (assault, homicide, kidnapping, rape, etc.). Please explain how and under which other offences acts of torture can be prosecuted.**

As discussed in paragraphs 16, 44 and 155 of the *Second Periodic Report*, all acts which would constitute torture when committed inside the

[21] As far as the United States is aware, the jurisprudence of the Committee is consistent on this point. *See, e.g.,* Communication No. 209/2002, para 6.2 (Denmark) ("The Committee must take into account all relevant considerations, including the existence of ... a consistent pattern of gross, flagrant, or mass violations of human rights[, but such a pattern] does not of itself constitute sufficient grounds for determining whether the person in question would be at risk of [torture]. [T]he aim is to establish whether the individual concerned would be at personal risk of torture.... The risk of torture ... must be 'personal and present.'").

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United States are punishable under state or federal criminal law. In this context, the phrase "may be prosecuted," employed in paragraph 16 of the *Second Periodic Report* was intended to express the idea that acts of torture are punishable as crimes.

As the United States has explained before, there is no specific federal crime styled as "torture" for acts occurring within U.S. territory. The reason for this is simply that any act of torture falling within the Convention's definition, as ratified by the United States, is criminally prosecutable, for example, as aggravated assault or battery or as mayhem in cases of physical injury; as homicide, murder or manslaughter, when a killing results; as kidnapping, false imprisonment or abduction where an unlawful detention is concerned; as rape, sodomy, or molestation; or as part of an attempt, a conspiracy, or a criminal violation of an individual's civil rights. At the time the United States became a State Party to the CAT, it carefully reviewed the definition contained in Article 1 of the CAT and existing criminal law that would apply with respect to torture occurring within the territory of the United States. It determined that acts falling within that definition were already covered under existing criminal laws. As any conduct which could result in an act of torture under Article 1 of the Convention was and remains criminally prosecutable in every jurisdiction within the United States, there is no need to establish federal jurisdiction over an offense committed in U.S. territory separately styled as "torture." Thus there is no "lacuna" in U.S. law as all acts that would constitute torture under the CAT are crimes in the United States.

Most, if not all, acts which would qualify as "torture" could, provided the torturer was acting under color of law, be prosecuted under 18 U.S.C. § 242 as deprivations of Constitutional rights, such as the rights to be free from unreasonable seizure, to be free from summary punishment or cruel and unusual punishment, and the right not to be deprived of liberty without due process of law. Indeed, as the examples in paragraphs 20 and 21 of the *Second Periodic Report* make clear, 18 U.S.C. § 242 reaches, and the Department prosecutes, many violations which do not rise to the level of "torture."

U.S. compliance with its CAT obligations is assured by the availability of this and other tools described in response to Question 5 above to ensure that individuals are protected from torture and other

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serious forms of abuse, and that when violations arise, prosecution at the federal and state level and appropriate remedies are available.

If mental harm rose to the level of cruel and unusual punishment, a prosecution under section 242 could be instituted. In addition, investigations conducted pursuant to CRIPA may reveal conditions in which inmates are subjected to conditions which result in "mental harm." Where such conditions are so egregious as to violate constitutional standards, the Attorney General is authorized to bring suit under CRIPA for injunctive relief. The Department to date has not brought a case, however, where only mental harm, and no physical harm, was present.

21. According to the State party's report (Para. 19 of the report.**), the Uniform Code of Military Justice includes the offences of cruelty and maltreatment, but does it include the offence of torture? If not, please explain why and how this is compatible with the State party's obligations under article 4 of the Convention.**

Charging of violations of the UCMJ

As explained in the *Second Periodic Report* and in the answer to Question 20 above, any act of torture falling within the Convention's definition, as ratified by the United States, is criminally prosecutable under either state or Federal law. This is also the case in military justice system. As described in the Annex to the *Second Periodic Report*, it is a violation of the UCMJ to engage in cruelty and maltreatment. Further, under the UCMJ, individuals may be charged with acts of assault, maiming, rape and carnal knowledge, manslaughter, murder, and unlawful detention.

Under the UCMJ, individuals may also be charged for violations of U.S. federal criminal statutes, including the extraterritorial criminal torture statute (18 U.S.C. Section 2340 *et seq.*) and provisions relating to the other federal crimes listed in the response to question 20 above.

Furthermore, it is important to emphasize that the United States takes very seriously all violations of the law, including the Uniform Code of Military Justice (UCMJ). Many of the measures taken to hold

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individuals responsible for violations are described in paragraphs 75-89 and 116-119 of the Annex to the *Second Periodic Report*.

In addition, the Military Extraterritorial Jurisdiction Act ("MEJA"), as amended, enables the prosecution of U.S. civilians employed by or accompanying U.S. armed forces overseas. Specifically, MEJA enables prosecution of DOD civilian employees (including contractors) overseas in connection with such employment, civilian dependants of service members and DOD employees (including contractors), former service members who committed felony offenses while members of the armed forces overseas, and employees of any federal agency or provisional authority, to the extent that their employment relates to supporting the mission of DOD overseas.

Article 5

22. According to the domestic law of the State party, in what cases do foreigners have penal immunity regarding the crime of torture, including if they are present in the territory of the State party? Considering that there were investigations pending at the date of submission of the report (Para. 50 of the report.**), have any prosecutions been initiated under the extraterritorial criminal torture statute (**United States Code, Title 18, part I, chapter 113C, para. 2340A.**)? Taking into consideration that the prohibition of torture and conspiracy to torture extends to contractors outside the State party (**Para. 12 of the report.**), have any contractors been charged with this specific offence?**

There is no "penal immunity" for any person for the crime of torture under U.S. law.

Although there have been no criminal prosecutions initiated under the extraterritorial criminal torture statute to date, there have been prosecutions for offenses occurring outside the United States under other statutory provisions, including the Uniform Code of Military Justice.

Article 10

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23. Are the terms of the Convention applicable to the armed forces and other personnel, including contractors, when participating in peacekeeping or other military operations either alone or as part of an internationally authorized contingent? If so, have they been informed of their obligations under the Convention, and which other international human rights instruments apply to them?

Article 10 relates to the education and training of all persons "who may be involved in the custody, interrogation or treatment of any individual subjected to any form of arrest, detention or imprisonment" about the prohibition against torture.

The education and training of military personnel, including contractors, in this regard, both inside and outside the United States, is detailed in the response to Question 24 below.

24. What educational programmes and information, rules and instructions, and mechanisms of systematic review exist for military personnel involved in the custody, interrogation or treatment of individuals in detention?

There are extensive programs of training and information, rules and instructions, and mechanisms of systematic review that apply to military personnel involved in the custody, interrogation or treatment of detainees. These programs are described at length below. Of course, the United States recognizes that no training program, however extensive, will be able to prevent every case of abuse.

Education programs and information for military personnel, including contractors, involved in the custody, interrogation or treatment of individuals in detention include training on the law of war, which is provided on at least an annual basis (and more frequently as appropriate) for the members of every service and for every person, including contractors, who works with detainees. This extensive training on law of war includes instruction on the prohibition against torture and the requirement of humane treatment and other subjects, including human rights. This training is described in detail in Annex 3.

Rules and instructions regarding the custody, interrogation, and treatment of detainees are described in the Annex to the *Second Periodic*

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Report and, among other places in the present document, in the response to Question 26 below.

Mechanisms for systematic review include inspector general visits, command visits and inspections, Congressional and intelligence oversight committees and visits as well as reviews conducted pursuant to unit procedures and by the chain of command. They also include case-specific investigations and overall reviews, including the 12 major Department of Defense reviews of detainee policy described in detail in the Annex to the *Second Periodic Report.*

25. What use does the State party make of private contractors in respect of the operation of detention facilities and the interrogation of detainees, and how is this personnel recruited? According to information before the Committee, human rights training for contractors is non-existent or very limited. Please provide detailed information on their training.

Detention Facilities Subject to the Jurisdiction of the Bureau of Prisons

The Bureau of Prisons holds formal training meetings with private contract providers, and also provides a substantial amount of informal training to contract providers via the contract monitoring process. For example, in 2005 the Bureau conducted two community corrections contractors' trainings that ran concurrently from April 11-15: the Bureau's North Central Region provided training in Sioux Falls, South Dakota, for representatives from all private community corrections contractors in that region, while the Bureau's South Central Region held the same training in Dallas, Texas, for all contractors in that region. Approximately 125-175 participants attended each event. In fact, training of private providers is provided by all agency levels, from the institution all the way to Central Office (the Bureau's headquarters). At Bureau institutions, Volunteer and Contract Coordinators provide training on such issues as diversity management, rights and responsibilities, respect for inmate rights and privacy, appropriate communication and interaction with inmates, and in the case of contractors, on the employee code of conduct.

The Bureau's Director has taken a very active role in communicating his expectations of those contracting with the agency to

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provide offender services, and has personally addressed private contract providers at national training meetings sponsored by the Bureau. These training meetings have included discussions of standards of employee conduct, the Bureau's policy of zero tolerance for any type of abuse of inmates, and standards of service and support expected from the private providers.

To further safeguard the rights of inmates placed in privately operated correctional facilities, the Bureau's Statements of Work (SOW) used with contractors include the following provisions:

1. Specification of the contractor's responsibility to provide a working environment that is free from sexual harassment and intimidation in accordance with Title VII of the Civil Rights Act of 1964, as amended. Sexual abuse/assault/misconduct is defined as verbal or physical conduct of a sexual nature directed toward an offender or employee by another offender, employee, or volunteer of the facility.

2. Incorporation in contractor's policy of the prohibition of sexual abuse/assault/misconduct by employees against Federal offenders or other employees.

3. The requirement that the contractor develop and implement a comprehensive staff training program addressing the facility's sexual abuse/assault/misconduct prevention and intervention program. Additionally, written policy, procedure, and practice shall provide that all staff receive such training during employee orientation and on an annual basis as part of the facility's in-service training plan.

Because these are included in the SOW as a contract requirement staff in the Bureau monitor compliance. However, the specifics of the training program are up to the contractor.

In keeping with the Bureau's leadership role in the field of corrections, the Bureau's Director has also addressed standards of conduct and inmate management issues (including their application to private providers) in meetings of the Association of State Correctional Administrators and the North American Association of Wardens and Superintendents, in an effort to promote adoption of best practices in the field.

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Department of Homeland Security Contract Detention Facilities

The Department of Homeland Security, through its component agency U.S. Immigration and Customs Enforcement (ICE), operates eight Service Processing Centers (SPCs) for the detention of aliens. These facilities are located in Batavia, New York; Krome, Florida; Aguadilla, Puerto Rico; Port Isabel, Texas; El Paso, Texas; Florence, Arizona; San Pedro, California; and El Centro, California. They service approximately 25% of the ICE detainee population. Certain support services are necessary for the successful operation of the facilities and are acquired through competitive acquisition to include security guard service, food services, maintenance services, transportation and other ancillary services.

ICE frequently enters into intergovernmental service agreements, under which immigration detainees are held in state and local government detention facilities across the country. Due to the transient nature and diversity of the detainee populations managed by ICE, it is necessary to coordinate detention and transportation services across the United States to meet fluctuating detention requirements. As locations for detention needs are identified, ICE partners with local governments who wish to participate in providing local detention services. Approximately 55% of the ICE population is managed through such agreements.

ICE also contracts with private detention facility operators. The contract detention facilities provide additional bed space and service approximately 20% of the ICE detainee population. Contracts are awarded through competitive acquisition procedures and, in addition to housing for detainees, provide for security, food service, health care, and all other necessary requirements to manage the detainee population.

ICE detention management contracts require service providers to meet all guidelines and standards set forth in DHS's National Detention Standards and the American Correctional Association (ACA) Standards for Adult Detention, on which the National Detention Standards are in turn based. (The National Detention Standards are described in paragraphs 126-128 of the *Second Periodic Report* and discussed further in response to Question 45 below.) Private contractors also are required to maintain ACA accreditation during the term of performance.

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Prior to commencement of a service contract, all contract detention service providers are required to submit policies, plans and detention operations procedures to ICE for review and approval. Contractors are required to institute a management system that ensures that all written plans, policies and procedures are reviewed by ICE at least annually and updated as necessary. Contract service providers are required to develop and maintain a Quality Assurance Plan that institutes critical, measurable operational performance standards for the treatment of detainees and for the provision of services required under detention contracts.

DRO detention management contracts require all contractors to provide adequate management staff and oversight for the successful performance of detention operations. Contractors are required to submit organizational charts detailing all employees' qualifications, job descriptions, and the structure of authority, responsibility and accountability within each facility staffing structure. ICE requires security background checks on all contract staff prior to performance of their duties within ICE facilities.

Contract service providers are also responsible for supplying adequate training programs to ensure staff competency and fitness for duty. All employees who have regular or daily detainee contact receive 160 hours of training during their first year of employment, at least 40 hours to be completed prior to assignment to any post. Contract detention officers receive at least 40 hours of training each subsequent year of employment. At a minimum, this training covers the following areas: sexual abuse/assault awareness, cultural diversity of detainees, rights and responsibilities of detainees, communication skills, signs of suicide risk, counselling techniques, cardiopulmonary resuscitation (CPR) and first aid, security procedures and regulations, and use-of-force regulations.

ICE, in collaboration with the DHS Office for Civil Rights and Civil Liberties, is developing a computer-based training program, modeled on the National Detention Standards. This training will provide uniform guidance to detention facilities for the detention, safety and well-being of detained aliens, and to ensure consistent treatment and care while in custody. The training program will be made available to the staff, including private contractors, employed at the facilities housing alien detainees.

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Training of Contractors and Third-parties accompanying DoD Components

The Department of Defense requires all contractors to comply fully with its rules, regulations, and standards, regarding the humane treatment of detainees and has explicitly required contractors to agree to adhere to these requirements. With respect to all of the specific functions that contractors may perform, it is important to note that the exact nature and composition of non-military personnel accompanying DoD Components does not remain static.

Combatant Commands

The Combatant Commanders must ensure that all contract personnel have been certified by their respective service components. Within the United States Central Command (USCENTCOM), Department of Defense contractor personnel are utilized as linguists, screeners, analysts and interrogators in detention/interrogation facilities throughout the USCENTCOM Area of Responsibility (AOR).

Contactor personnel are recruited by individual businesses through a variety of means, including the use of internet websites to review resumes based on keyword searches and word-of-mouth recruitment. After an initial review of resumes, candidates are contacted to ensure that basic requirements are met for each position. Specific requirements are designated within the Statements of Work for each individual contract. The following are standard requirements for contract interrogators:

- Must have graduated from a DoD approved interrogator training course (97E or service equivalent) or a Federal Law Enforcement Training Center (FLETC) approved interrogator training course.
- At a minimum, must have an interim SECRET security clearance. This requirement means that at a minimum, contract interrogators will be screened for a criminal history, citizenship, and financial risk factors that would indicate poor or compromised judgment.

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Upon arrival in the AOR, contractors receive specific training for the local area to ensure adherence to host unit standard operating procedures and policies, as well as a refresher course in detention/interrogation policy, in accordance with the Geneva Conventions, U.S. laws, and U.S. treaties. Much of the training outlined in Annex 3 is applicable to contractors, as stated above.

In the United States European Command (USEUCOM), their regulations prohibit the use of private contractors from participating in interrogations. Also, United States Army Europe (USAREUR) policy prohibits private contractors from participating in any interrogation of detainees in the USAREUR AOR. (AER Supplement 1 to AR 190-8, 3 Nov 04.)

In the United States Southern Command (USSOUTHCOM,)all contractors have the same training requirements as DOD personnel, as outlined above.

Military Departments

Within the Army, the military intelligence community uses contractors as linguists, interrogators, and analysts. Contract linguists, interrogators, and analysts are contracted through mechanisms that prescribe the required qualifications of personnel. The Headquarters of Department of the Army has established a policy on the minimum training requirements for contract interrogators and has incorporated it into the Contract Statement of Work. The contractor has a responsibility for hiring contractors who meet the training requirements established by the Army.

On 11 April 2005, the Secretary of Defense established a policy that all federal employees and civilian contractors engaged in the handling or interrogation of individuals detained by the Department of Defense shall complete annual training on the law of war, including the obligations of the United States under domestic and international law. In addition, all personnel deploying to the Iraq and Afghanistan theaters will

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receive Geneva Convention training at U.S. Replacement Centers.[22] In addition, personnel receive periodic training with their units while deployed. This is applicable to all the services.

The Marine Corps does not, as part of its service responsibilities, train contractors. All Marines are trained that they are to report all violations of the law of war; that no torture is allowed or tolerated; that all detainees are protected and extended fair, humane treatment along with food, water, and shelter. Corrections Marines are informed that there may be contract interrogators, and that contractors must follow the law of war. Also, Corrections Marines are taught they are responsible for the custody and safety of detainees, and they should and will not participate in or assist with interrogation(s). Theater combatant commanders have control over what type of contractor support the command currently needs for their current situation/mission. Theater combatant commanders are responsible to provide training to contractors on law of war matters, which include humane treatment as required by the Geneva Conventions.

Article 11

26. Could the use of the word "extreme" in the December 2004 memorandum (*Memorandum for James B. Comey*, op. cit.**) create unnecessary confusion for trainers and personnel, considering that, according to the report by Major General Fay, Lieutenant-General Jones, and General Kerna, "military personnel or civilians appeared to have abused Iraqi prisoners due to … confusing interrogation rules" (**Page 75 of the report (annex 1).**).**

As explained in the Annex to the *Second Periodic Report*, the main finding of the investigation conducted by General Kern, Lieutenant General Jones, and Major General Fay (commonly referred to as the Jones-Fay report) was that a small group of individuals, acting in contravention of U.S. law and DoD policy, were responsible for perpetrating the acts of abuse at Abu Ghraib. Specifically, in an

[22] U.S. Replacement Centers are central locations in the United States, such as Fort Bliss, Texas, for individuals deploying to Iraq and Afghanistan to receive uniforms and additional training and conduct paperwork processing. This process ensures that each individual receives the appropriate training prior to deployment.

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interview after the report's release, General Kern told reporters, "We found that the pictures you have seen, as revolting as they are, were not the result of any doctrine, training or policy failures, but violations of the law and misconduct." This finding has been supported in 12 other major reviews conducted by the Department of Defense.

27. Please provide detailed examples of revisions of interrogation rules, instructions, methods and practices after the August 2002 memorandum was superseded by the December 2004 memorandum (Para. 62 of the report.**). Are there any specific interrogation rules, instructions and methods for specific agencies, or do the same apply to all personnel, including the limits on interrogation techniques? Please provide the Committee with all the interrogation rules, instructions and methods currently applicable.**

On an ongoing basis, the United States reviews and, where appropriate, makes revisions to its interrogation rules, instructions, and methods. For example, with regard to the Department of Defense, pursuant to the Detainee Treatment Act of 2005, the Deputy Secretary of Defense issued Department-wide guidance on December 30, 2005. The Deputy Secretary noted that the President's February 7, 2002 direction that all persons detained by the U.S. Armed Forces in the War on Terrorism shall be treated humanely remains in effect. The Deputy Secretary further directed that consistent with the President's guidance, DoD shall continue to ensure that no person in the custody or under the physical control of the Department of Defense, regardless of nationality or physical location, shall be subject to cruel, inhuman, or degrading treatment or punishment. Finally, the Deputy Secretary directed that "effective immediately, and until further notice, no person in the custody or under the effective control of the Department of Defense or under detention in a Department of Defense facility shall be subject to any treatment or interrogation approach that is not authorized by and listed in United States Army Field Manual 34-52, "Intelligence Interrogation, September 28, 1992."

Other U.S. government agencies may also have their own interrogation policies. As already noted, any activities of such other agencies would be subject to the extraterritorial criminal torture statute and the prohibition on cruel, inhuman, or degrading treatment or punishment in the Detainee Treatment Act of 2005.

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Article 12

28. Please provide information on the programmes, activities, resources and results of the Civil Rights Division of the Department of Justice.

The Civil Rights Division of the Department of Justice ("CRD") was established in 1957 during the Administration of President Dwight Eisenhower to enforce the Civil Rights Act of 1957 and the criminal civil rights laws enacted during the Reconstruction period that followed the American Civil War. The Civil Rights Act of 1957 was primarily intended to ensure the right to vote of all U.S. citizens. Today, CRD is responsible for enforcing federal statutes prohibiting discrimination on the basis of race, sex, handicap, religion, and national origin.

In addition to enforcing the Civil Rights Act of 1957, CRD also enforces the Civil Rights Acts of 1960, 1964, and 1968; the Voting Rights Act of 1965, as amended; the Equal Credit Opportunity Act; the Americans with Disabilities Act; the National Voter Registration Act; the Uniformed and Overseas Citizens Absentee Voting Act; the Voting Accessibility for the Elderly and Handicapped Act; and additional civil rights provisions contained in other laws and regulations. These laws prohibit discrimination in education, employment, credit, housing, public accommodations and facilities, voting, and certain federally funded and conducted programs.

CRD also enforces CRIPA, described further in response to Question 5 above, which authorizes the Attorney General to seek relief for persons confined in public institutions where conditions exist that deprive residents of their constitutional rights; the Freedom of Access to Clinic Entrances Act, the pattern or practice provisions of the Violent Crime Control and Law Enforcement Act of 1994; and Section 102 of the Immigration Reform and Control Act of 1986, as amended, which prohibits discrimination on the basis of national origin and citizenship status as well as document abuse and retaliation under the Immigration and Nationality Act. In addition, CRD prosecutes actions under several federal criminal civil rights statutes, described in response to Question 5 above, including those prohibiting conspiracy to interfere with Constitutional rights (18 U.S.C. § 241), deprivation of rights under color

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of law (18 U.S.C. § 242), interference with federally protected activities (18 U.S.C. § 245), peonage and involuntary servitude (18 U.S.C. §§ 1581-1594), interference with access to reproductive health care (18 U.S.C. § 248), and interference with the exercise of religious beliefs or destruction of religious property (18 U.S.C. § 247).

Finally, CRD is responsible for coordinating the civil rights enforcement efforts of federal agencies whose programs are covered by Title VI of the Civil Rights Act of 1964, Title IX of the Education Amendments of 1972, the Omnibus Crime Control and Safe Streets Act of 1968, 42 U.S.C. §3789d, and Section 504 of the Rehabilitation Act of 1973, as amended, and assists federal agencies in identifying and removing discriminatory provision in their policies and programs.

The chief executive of CRD is the Assistant Attorney General for Civil Rights. The Office of the Assistant Attorney General, which includes Deputy Assistant Attorneys General and several counsels and other staff, establishes policy and provides executive direction and control over enforcement and administrative management activities in the Division. As of December 31, 2005, there were nearly 655 employees of the Division, 340 of whom were attorneys. All Division employees are stationed in Washington, D.C. Nearly all Division attorneys and, occasionally, some paralegal and clerical personnel, are required to travel since litigation activities occur in all parts of the United States in coordination with the nation's various United States Attorneys' Offices. The Division has increased its staffing of criminal prosecutors by 13 percent since 2001 to reflect the expanded responsibilities of the CRD and to maintain vigorous enforcement.

CRD has achieved impressive results over the past five years. Since October 1999, CRD has achieved an impressive level of accomplishments protecting and enforcing the civil rights of all persons, filing 537 criminal civil rights cases against 971 defendants and obtaining 766 convictions to date. This includes 254 cases filed charging 436 law enforcement officers with official misconduct, which have resulted in 359 convictions to date.

In addition to these responsibilities, CRD has been involved in the investigation and prosecution of longstanding civil rights cases. In 2003, the Division successfully prosecuted Ernest Henry Avants for the 40-

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year-old murder of an African-American farm worker in Mississippi, and in 2004, spearheaded the formation of a task force to reopen the investigation into the 1955 murder of Emmett Till, a notorious criminal case stemming from the Civil Rights Movement-era. Also of note, the Division's Criminal Section successfully prosecuted two high profile civil rights crimes in 2005 where the defendants were initially acquitted on state charges. In the State of Mississippi, Division lawyers secured a conviction against a former Jackson police officer on civil rights charges relating to the rape of a young woman in police custody. And in the State of Georgia, Division attorneys successfully prosecuted and secured life sentences against two defendants, one a former deputy sheriff, for the murder of DeKalb County Sheriff-Elect Derwin Brown.

In recent years, CRD has further intensified its enforcement activities in the areas of disability rights, voting rights, housing rights, religious liberties, and the rights of institutionalized persons. For example, in 2004 and again in 2005, the Division brought more cases to enforce section 203 of the Voting Rights Act than in the previous 25 years combined. During 2004, the Division also mounted the largest election monitoring program in the Division's history, dispatching more than 1,900 federal personnel to monitor elections around the country. In the past five years, the Division conducted more desegregation case reviews than in the previous five years of the last administration and filed the first case under Title IV of the Civil Rights Act since 1990. In fiscal year 2004, the Division also filed more cases challenging a pattern or practice of employment discrimination than in any year since the mid-1990s. Moreover, the Division filed significant cases against major financial institutions for discrimination in lending; a major public accommodations case against Cracker Barrel Old Country Stores, a nationwide chain of restaurants; the first ever case brought under section 504 of the Rehabilitation Act; and a case where the Division won the highest monetary award by a jury ever obtained by the Department in a suit under the Fair Housing Act.

The steps taken with regard to the rights of the disabled are also significant. CRD has a 16 percent higher success rate in mediation involving disability rights violations than in the previous five years, and the Division has secured nine times the number of favorable court rulings in the same time period. CRD also successfully defended the rights of people with disabilities twice before the United States Supreme Court in

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Specter v. Norwegian Cruise Lines,125 S. Ct. 2169 (2005) (finding ADA applies to foreign-flag cruise ships in U.S. waters) and Tennessee v. Lane, 541 U.S. 509 (2004) (finding ADA applies to state courts). In Project Civic Access – a wide-ranging effort to ensure that counties, cities, towns, and villages comply with the ADA by eliminating physical and communication barriers that prevent people with disabilities from participating fully in community life – the Division reached 121 settlement agreements, which represents a 67 percent increase over the comparable prior period. CRD has also created 12,000 new housing opportunities for people with disabilities in fiscal year 2005 alone, which is four times that of the entire eight prior years.

CRD has also brought a substantial number of religious discrimination cases in recent years. For example, in 2004 and 2005, CRD prosecuted three cases alleging patterns or practices of religious discrimination in employment by state agencies. CRD also helped to obtain successful resolutions in 14 cases of religious discrimination in education, through filing suits, investigation and settlement, and participation as amicus curiae before the nation's courts. CRD has also brought cases involving religious discrimination in public accommodations, public facilities, and housing. Under the enforcement of the Religious Land Use and Institutionalized Persons Act of 2000, CRD launched 25 formal investigations, filed three lawsuits, and obtained nine favorable outcomes without litigation in cases involving discrimination against houses of worship.

For more information, please visit http://www.usdoj.gov/crt/crt-home.html.

29. Since October 1999, what has been the outcome of the enforcement of the Civil Rights of Institutionalized Persons Act (Para. 26 of the report.**)? How many investigations ended in prosecution for torture or cruel, inhuman or degrading treatment or punishment, or similar offences? What measures have been taken to improve conditions of detention? Please provide detailed information.**

The Department of Justice has continued its vigorous enforcement of CRIPA, protecting the constitutional and statutory rights of persons confined to state and local institutions, including institutionalized persons with disabilities who reside in nursing homes and others who suffer from

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mental illness or developmental disabilities who reside in psychiatric hospitals and other state-operated care facilities. Since October 1999, the Department of Justice has opened 65 investigations covering 79 facilities. The Department of Justice has also entered into 39 settlement agreements, including seven consent decrees. Over the past five years the Department of Justice has initiated 25 percent more new investigations than in the preceding five-year period. In fiscal year 2005 alone, the Department of Justice opened 11 CRIPA investigations; sent nine findings letters; obtained nine agreements involving 12 facilities; entered four consent decrees involving six facilities; and conducted approximately 120 investigatory and compliance tours of facilities. In addition, the Department of Justice is monitoring compliance with court orders that cover persons who previously resided in institutions but who currently reside in community-based residential settings in the District of Columbia, Hawaii, Pennsylvania, Indiana, Puerto Rico, Wisconsin, and Tennessee. As of April, 2006, there are currently 41 active investigations covering 44 facilities.

Pursuant to 42 U.S.C. § 1997f, the Attorney General provides an annual report to Congress describing the Department of Justice's enforcement efforts under the Civil Rights of Institutionalized Persons Act. These reports are available online at: http://www.usdoj.gov/crt/split/findsettle.htm#congrep

With regard to the various means by which acts which would constitute torture under the Convention, as ratified by the United States, are prohibited under U.S. law, we refer the Committee to paragraphs 13-15 and 41 of the United States' *Second Periodic Report*. With regard to "prosecution for . . . cruel, inhuman or degrading treatment or punishment," we refer the Committee to the United States reservation, which explains the extent to which the United States considers itself bound by the obligation to prevent such treatment or punishment. In addition, please see the response to Question 43 below. As paragraph 15 of the *Second Periodic Report* notes, the United States, in referring to actions taken to combat various forms of serious abuse, is not necessarily indicating that the examples given involve acts of torture as defined under Article 1 of the Convention, as ratified by the United States, or cruel, inhuman or degrading treatment or punishment as defined under Article 16 of the Convention, as ratified by the United States. Rather, the examples are included to illustrate the commitment of the United States

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or, as the case may be, the sub-federal level authorities in the United States, to prevent and prosecute serious abuses, whether or not they fall within these definitions of torture or cruel, inhuman or degrading treatment or punishment.

As noted in the *Second Periodic Report*, complaints about abuse, including physical injury by individual law enforcement officers, continue to be made and are investigated and, if the facts so warrant, prosecuted. The Criminal Section of the Civil Rights Division is charged with reviewing such complaints made to the federal government and ensuring the vigorous enforcement of the applicable federal statutes. The Department remains committed to investigating all incidents of willful use of excessive force by law enforcement officers and to prosecuting federal law violations where action by state or local authorities fails to vindicate the federal interest.

The Civil Rights Division also investigates conditions in state prisons and local jail facilities pursuant to CRIPA, and investigates conditions in state and local juvenile detention facilities pursuant to either CRIPA or Section 14141. These statutes allow the Department to bring legal actions for declaratory or equitable relief for a pattern or practice of unconstitutional conditions of confinement. For additional information, see the responses to Questions 5 and 29.

Regarding the Committee's final question about what measures have been taken to improve conditions of detention, when the investigations of the Civil Rights Division uncover unconstitutional conditions at prisons, jails, or juvenile detention facilities, it works with local and state authorities to remedy these conditions. As noted above (see response to question 12), the Department of Justice utilizes subject matter consultants to develop remedial measures tailored to the problems identified and to the particularities of the facility. The remedies, often memorialized in negotiated settlement agreements, represent constitutional solutions and recognized best national practices. Once the reforms are agreed upon with the facility, DOJ will often work cooperatively with the jurisdiction to jointly select a monitor to ensure implementation. The monitor will then work with the jurisdiction to promptly identify issues of non-compliance and provide status assessments regarding compliance to both the jurisdiction and DOJ. A hallmark of DOJ's approach is transparency. For instance, CRD charges

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its consultants with providing technical assistance on how to remedy identified issues throughout the investigation. CRD also ensures that the jurisdiction is fully apprized of problems through the use of exit interviews during each on-site visit and, when appropriate, immediate notification to the jurisdictions of life-threatening conditions.

In addition, CRD prosecutes law enforcement officers who have unconstitutionally used excessive force against persons in custody. Prosecution enhances conditions of confinement by providing general and specific deterrence to law enforcement officers, and ensuring persons in custody that laws prohibiting use of excessive force or other constitutional violations will be vigorously enforced. Since October 1, 1999, 359 law enforcement officers have been convicted of violating federal civil rights statutes. Most of these officers were charged with using excessive force.

30. Please provide statistical data regarding deaths in custody disaggregated by location of detention; gender, age and ethnicity of the deceased; and cause of death. Please provide detailed information on the results of the investigations in respect of those deaths, including any specific recommendations made following the inquiries.

Bureau of Prisons Institutions

From October 1, 2000 through September 30, 2005 (or Fiscal Years 2001 through 2005), a total of 1,692 inmate deaths occurred while the individual was housed in a Bureau of Prisons institution, and 44 deaths occurred while housed in a private facility under contract with the Bureau. A total of 151 were reported by Community Corrections Centers (CCCs). Statistical data disaggregated by gender, age, and ethnicity of the deceased and cause of death are provided in Annex 4.

Given the large number of cases, the Bureau is unable to provide detailed results of investigations. However, as a matter of practice and policy, serious incidents having criminal implications are referred to the Federal Bureau of Investigation for investigation. Additionally, follow-ups of each such incident with "after action reviews" are conducted by senior level staff from other Bureau sites to examine what occurred

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leading up to the event or events and offer recommendations based on the findings to ensure any possible breakdowns are not repeated.

Department of Homeland Security

As described further in response to Question 6, the Department of Homeland Security (DHS) oversees two component agencies that are charged with securing the borders and enforcing the immigration and customs laws. U.S. Immigration and Customs Enforcement (ICE) handles interior enforcement, while U.S. Customs and Border Protection (CBP) generally handles enforcement at the borders.

U.S. Immigration and Customs Enforcement (ICE)

From October 1, 2003, to February 20, 2006, a total of 50 aliens have died while in ICE custody. Statistical data disaggregated by gender, age, and ethnicity of the deceased and cause of death are provided in Annex 5.

All ICE detainee deaths are reported to the ICE Office of Professional Responsibility (OPR) and the Joint Intake Center, which then refer cases, as appropriate, to the DHS Office of the Inspector General (OIG) or other agencies for a thorough investigation. In addition, any death where the preliminary cause of death is unclear or where questions arise regarding how the detainee died are also investigated independently of ICE by the custodial facility (*e.g.*, BOP), corporate owner (*e.g.*, Cornell), or local police department. Deaths due to suspicious circumstances or suspected violations of the ICE National Detention Standards will lead to a special on-site assessment conducted jointly by the ICE Detention Standards Compliance Unit (DMCP) and the Division of Immigration Health Services.

Since October 1, 2003, approximately 50% of detainee deaths have been followed by an autopsy, either at the request of ICE or based upon standard procedure in the state or locality where the death occurred. Generally speaking, the deaths that are not autopsied are deaths that occur in hospitals, nursing homes or chronic care facilities. These are situations where a detainee was known to have a terminal illness or a chronic condition with a poor prognosis for survival.

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ICE does not maintain a central repository of recommendations made by investigating agencies or internal audits or corporate reviews. ICE's Office of Detention and Removal Operations maintains copies of all on-site special assessments by DMCP and DIHS.

U.S. Customs and Border Protection (CBP)

Statistical data on deaths in CBP custody, disaggregated by gender, age, and nationality of the deceased and cause of death, for 2005 and 2006 to date are provided in Annex 6. There were six reported deaths in all. Various federal agencies (e.g., Federal Bureau of Investigation, DHS Office of Inspector General, ICE Office of Professional Responsibility), as well as local law enforcement authorities conducted investigations into the custodial deaths. As reflected in the material provide in Annex 6, the causes of death were determined to be suicide, possible suicide, attempted escape, medical condition (seizure), and possible medical condition (viral infection).

With respect to the six deaths that occurred in CBP custody in the calendar year 2005, CBP reviewed detention standards to ensure their proper implementation and strict adherence of all officers to these standards. In response to one of the deaths caused by an attempted escape from a fifth floor hospital hold room, CBP relocated the hold room to the first floor and to ensure that it has no outside access.

31. Please provide information in respect to the numerous deaths of detainees which have occurred under the State party's jurisdiction in Afghanistan and Iraq, allegedly after being tortured. Have those deaths been fully and impartially investigated, those found to be responsible prosecuted and punished in accordance with the seriousness of the offences?

The U.S. response to Question 31 and 32 is provided below.

32. Please provide updated detailed information on any specific cases of torture or cruel, inhuman or degrading treatment or punishment or similar offences committed by personnel of the State party in Afghanistan, Iraq and Guantánamo Bay, including number of cases, their status, the authorities before which they are pending and their outcome. In the view of the State party, how did such acts

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occur, and what actions have been taken to ensure that there will be no recurrence of any such acts in places of detention under the State party's control?

Investigation of Deaths in DoD control

There have been a total of 120 deaths of detainees under Department of Defense control in Afghanistan and Iraq. There have been no deaths at Guantanamo. As the breakdown of cause of death in Annex 6 shows, the vast majority of these deaths were caused by factors such as natural causes or detainee-on-detainee violence. In only 29 cases was abuse or other violations of law or policy suspected. In these cases, these violations were properly investigated, and appropriate action was taken. As noted previously, the Department of Defense takes very seriously violations of the law, including the Uniform Code of Military Justice (UCMJ). The Department has described many of the measures it has taken to hold individuals responsible for violations at pages 64-70 and 79 -80 of the Annex to the *Second Periodic Report*. Further information is provided below.

Investigations of Deaths by Combatant Commands

On June 9, 2004, the Secretary of Defense issued a directive regarding the procedures and policies governing the death of a detainee in the control of the Armed Forces of the United States. This directive prescribes the processes and procedures to ensure that the circumstances and causes of death of a detainee are accurately determined and that violations of law or policy, if the cause of such death, is properly investigated and appropriate action taken.

Investigations regarding detainee deaths are conducted through Service Components, typically the Army Criminal Investigation Division (CID) or the Naval Criminal Investigation Service (NCIS). Prosecutions for alleged violations of the UCMJ are conducted by the Service Components.

Military Departments

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In the Army, there were 6 investigations of detainees who died as a result of an alleged assault or as a result of an alleged act of unlawful violence while in U.S. custody in Afghanistan from 2001 to date. A brief synopsis of each investigation and court-martial summary, where applicable, is provided at Annex 6.

The Army conducted 19 investigations of detainees who died as a result of an alleged assault or as a result of an alleged act of unlawful violence while in U.S. custody in Iraq from March 2003 to date. A brief synopsis of each investigation is provided at Annex 6. In every case, allegations involving the death (or any allegation of abuse of a detainee) were fully and impartially investigated and the cases were carefully reviewed for prosecution.

The Department of the Navy, Naval Criminal Investigative Service (NCIS), has investigated two deaths of individuals under Navy control from March 2003 to date. Details are provided at Annex 6.

The Marine Corps have 14 known detainees who have died while being detained or while making escape attempts from USMC detention from March 2003 to date. The investigations into 10 of the deaths are closed. The investigations into four of the deaths, all NCIS investigations, are still open. One of the closed investigations involved two detainee deaths. All the other investigations, both open and closed, involve only one detainee death each. Therefore, the total number of investigations is 13. A summary of these investigations is provided at Annex 6.

Courts-Martial

As for the Army, there were nine investigations involving soldiers physically assaulting detainees under DoD control in Afghanistan. There were also 5 investigations whose allegations were unfounded, and another 4 investigations whose allegations could not be either substantiated or unsubstantiated. There remain 15 investigations involving assaults in Afghanistan that are still active, and in which a final determination as to the validity of the claims has not been made. In every case, allegations were fully and impartially investigated and the cases were carefully reviewed for prosecution.

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There were 115 substantiated investigations involving soldiers physically assaulting detainees under DoD control in Iraq. There were 139 investigations where the allegations were unsubstantiated, and another 90 investigations where the allegations could neither be substantiated nor unsubstantiated. There remain 109 investigations involving assaults in Iraq that are still active, and in which a final determination as to the validity of the claims has not been made. In every case, allegations were fully and impartially investigated and the cases were carefully reviewed for prosecution.

There were no founded investigations involving service members' physically assaulting detainees under DoD control at Guantanamo Bay. There was one investigation where the allegations could neither be substantiated nor unsubstantiated. There are no other pending investigations involving assaults in Guantanamo Bay.

Of the above Army investigations, including cases involving the death of a detainee or other allegations of detainee abuse, there have been 85 cases that have resulted in courts-martial.

The U.S. Marine Corps has conducted courts-martial for various incidents of detainee abuse under the Uniform Code of Military Justice. There have been 22 substantiated incidents of abuse in Iraq involving 40 suspects. There were 119 incidents that were investigated and found to be unsubstantiated. 20 investigations are still pending. Of the 40 suspects, there have been 17 courts-martials, 7 nonjudicial punishments, and the remainder involve either pending cases (3) or administrative action.

Neither the Navy or Air Force reported any courts-martial for detainee abuse.

33. Please comment on the information that the official investigations conducted into allegations of torture and ill-treatment in Afghanistan and Iraq, and especially in the Abu Ghraib prison, were not fully independent. Were any investigations (Page 74 of the report (annex 1).**) carried out by an independent, judicial or non-military authority? If not, are any independent investigations foreseen in the future? Are there any independent entities monitoring these facilities (national or international or non-**

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governmental)? Please provide the results of the investigations that were still ongoing at the time of submission of the report, including by the Naval Criminal Investigation Service and by the Naval Inspector General (Page 68 of the report.**).**

Investigations

The Department of Defense has conducted 12 major reviews of its detention operations. These reviews have focused on all aspects of detention operations – from the point of capture to theatre-level detention facility operations. The investigations were not overseen or directed by DoD officials. Panels were allowed access to all materials and individuals they requested. They were provided any resources for which they asked, including the assignment of more senior personnel when investigations required it. Finally, senior DoD officials did not direct the conclusions drawn by the panels. As Secretary of Defense Donald H. Rumsfeld has said on numerous occasions and in numerous venues, with respect to the investigations, DoD policy was "to let the chips fall where they may." This fact was affirmed by former Secretary of Defense James R. Schlesinger in the presentation of his panel's report into detention operations. (See http://www.defenselink.mil/transcripts/2004/tr20040824-secdef1221.html, visited April 28, 2006.)

All investigations conducted by the Department have been impartial, fact-finding, reviews of detention operations. The recommendations generated by these investigations have been taken seriously (as described at pages 81-82 of the Annex to the *Second Periodic Report*).

With the exception of investigations that pertained to intelligence operations or sensitive ongoing military activities, the Department has made available to the public copies of the final reports (as in the case of the Army IG Report and the Schlesinger Report, or executive summaries of the major findings, as was the case in the Church report). The majority of all information gathered by the Department during its investigations has been made available to the public for review. Department officials have also briefed Members of the U.S. Congress and have spoken at length regarding the lessons learned and corrective measures the

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Department of Defense has implemented resulting from the investigations' findings.

As the Department of Defense has conducted an honest, open, impartial, and fact-finding set of investigations since the events of Abu Ghraib into all aspects of detention operations, investigations by others are not foreseen at this time, as they would not add value. Should information come to light that would suggest additional investigation is warranted, the Department of Defense will, as it has prior, investigate such allegations fully and determine if an additional inquiry is warranted.

International Committee of the Red Cross (ICRC) access to detention facilities is described in the answer to Question 8 above.

In response to the Committee's question about the investigation conducted by the Naval Inspector General, the Department of Defense would direct the Committee to the executive summary of that inquiry.[23] The status of various investigations conducted by the Naval Criminal Investigation Service is provided in Annex 7.

Articles 13 and 14

34. Do the Combatant Status Review Tribunals and the Administrative Review Boards (Page 53 of the report (annex 1)**) have any jurisdiction regarding complaints of torture and cruel, inhuman or degrading treatment or punishment? How is their impartiality ensured when dealing with such cases?**

Scope/Subject Matter Focus of the CSRT and ARB Processes

Pages 54-62 of the Annex to the *Second Periodic Report* describe the scope, jurisdiction, and impartiality of the Combatant Status Review Tribunal and the Administrative Review Board processes. These

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[23] *Available at* http://www.defenselink.mil/news/Mar2005/d20050310exe.pdf, visited February 20, 2006.

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processes do not exercise jurisdiction over complaints of torture and/or cruel, inhuman or degrading treatment or punishment. To the extent such credible allegations would be raised during such proceedings, they would be investigated and acted upon based upon the information that is uncovered. The Department of Defense takes very seriously allegations of detainee abuse and will hold accountable those who have violated the law or DoD policy.

35. Please provide detailed information on how, in practical terms, the "Justice For All Act" of 2004 has provided an improvement of the rights of victims of torture to obtain redress (Para. 65 of the report.**)? Since the enactment of the Act, has there been an increase in the number of complaints? Please provide statistical information.**

The Justice for All Act, discussed also at paragraph 65 of the *Second Periodic Report*, provides for the following rights of victims of federal crimes:

- the right to be reasonably protected from the accused;
- the right to reasonable, accurate, and timely notice of any public court proceeding, or any parole proceeding, involving the crime or of any release or escape of the accused;
- the right not to be excluded from any such public court proceeding, unless the court, after receiving clear and convincing evidence, determines that testimony by the victim would be materially altered if the victim heard other testimony at that proceeding;
- the right to be reasonably heard at any public proceeding in the district court involving release, plea, sentencing, or any parole proceeding; the reasonable right to confer with the attorney for the government in the case;
- the right to full and timely restitution as provided in law; the right to proceedings free from unreasonable delay; and
- the right to be treated with fairness and with respect for the victim's dignity and privacy.

See 18 U.S.C. § 3771.

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These rights attach upon indictment of a defendant. The crime victim, the crime victim's lawful representative, and the attorney for the government may then assert these rights through a motion to the court in the district in which the defendant is being prosecuted for the crime. If the motion is denied, the crime victim, the crime victim's lawful representative, or the attorney for the government may apply for a writ of mandamus from the appeals court for that district. If a victim believes that he has been denied these rights by an employee of the Department, he may file a complaint with the Department of Justice's Victims' Rights Ombudsman (VRO), as provided for by regulation. See 70 Fed. Reg. 69650 (Nov. 17, 2005).

As far as the DOJ is aware, no alleged victims of torture by U.S. government personnel have asserted any of these rights, filed for writs of mandamus, or filed complaints with the VRO.

36. What remedies are available to detainees under the State party's jurisdiction outside the State party's territory with regard to acts of torture, and before what authority may they seek compensation? How many detainees have exercised this right so far? Please provide a breakdown of the statistical data regarding complaints of torture or ill-treatment according to gender, age, location of the complainant, and result of the investigation. Has compensation been provided to date, to how many victims, and in what amounts? Please provide information on compensation given to the Abu Ghraib victims (Page 79 of the report.**).**

Specific Claims made to the Department of Defense

Claims for alleged detainee abuse or maltreatment made against the Department of Defense are resolved through the Military Departments. The Army has responsibility for Operation Iraqi Freedom (OIF) and the Air Force has responsibility for Operation Enduring Freedom (OEF). Although not a basis for judicial proceedings, administrative tort claims may be filed and voluntarily paid under the Military Claims Act, 10 U.S.C. § 2733 and the Foreign Claims Act, 10 U.S.C. § 2734. Payment will depend on the facts presented. By statute, the Military Claims Act requires acts to be done within the scope of employment or incident to noncombat activities in order to be cognizable. The claimant must be found to be friendly to the United States or its allies. By statute, the

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Foreign Claims Act provides possible monetary payment if the incident is caused by (or otherwise incident to the noncombat activities of) the armed forces, or if caused by a member of the military; however, a claim may be allowed only if in the case of a national of a country at war with the United States, or any ally of that country, the claimant is determined to be friendly to the United States.

Detainees may seek remedy under the Foreign Claims Act (FCA), 10 U.S.C. 2734, and the Military Claims Act, 10 U.S.C. 2733, when the FCA is not applicable. Detainees may seek compensation before the Secretary of the Army or his designee. The Secretary of the Army's designee is the Deputy General Counsel (Ethics and Fiscal).

The Army as the responsible service for all claims reports that there have been 33 detainees who have filed claims for compensation. The table at Annex 8 provides a breakdown of the statistical data regarding complaints of torture or ill-treatment according to gender, age, location of the complaint and result of the investigation.

No compensation has been provided to date, however, compensation has been offered in two cases. The amounts offered are annotated below:

- In case 04C01T065, which involved an Abu Ghraib detainee, a payment of $5,000 USD was recommended for lost wages and exacerbation of pre-existing post-traumatic stress disorder. (The Claimant had sought $3,582,000 USD.)

- In case 04C01T064, a payment of $350 USD was recommended, $300 USD for lost cash and $50 USD for the value of lost documents. These losses occurred while the claimant was under DOD control. (The Claimant had sought $350,000 USD.)

37. Please explain how the Prison Litigation Reform Act, which contains a provision establishing "that no federal civil action may be brought by a prisoner for mental or emotional injury suffered while

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in custody without a prior showing of physical injury" (Para. 153 of the report.**), is compatible with, amongst others, article 13 of the Convention, in view of the fact that it limits the right of victims to complain and increases the possibility of impunity for perpetrators.**

The Prison Litigation Reform Act of 1995 ("PLRA"), discussed also at paragraph 153 of the *Second Periodic Report*, contains several provisions designed to curtail frivolous lawsuits by prison inmates. One provision is that no federal civil action for damages may be brought by a prisoner for mental or emotional injury suffered while in custody without a prior showing of physical injury. 42 U.S.C. 1997e(e). This provision is fully compatible with article 13 of the Convention, which provides that "[e]ach State Party shall ensure that any individual who alleges he has been subjected to torture in any territory under its jurisdiction has the right to complain to, and to have his case promptly and impartially examined by, its competent authorities."

Section 1997e(e) does not limit a prisoner's ability to "complain to and to have his case promptly and impartially examined by competent authorities regarding allegations of torture." CAT Article 13. Section 1997e(e) allows a prisoner to bring a federal civil action to redress allegations of torture. A prisoner alleging actual physical injury may seek compensatory, nominal, and punitive damages, and injunctive and declaratory relief. See, *e.g.*, *Thompson* v. *Carter*, 284 F.3d 411, 416 (2d Cir. 2002); see also 42 U.S.C. 1997e(e). Courts of appeals have held that Section 1997e(e) permits prisoners alleging a non-physical constitutional injury to seek nominal and punitive damages, and injunctive and declaratory relief. See, *e.g.*, *Thompson*, 284 F.3d at 416; see also *Mitchell* v. *Horn*, 318 F.3d 523, 533-534 (3d Cir. 2003); *Allah* v. Al-*Hafeez* 226 F.3d 247,251-252 (3d Cir. 2000). Thus, the PLRA does not "limit[] the rights of victims to complain."

In any event, Article 13 merely provides that a covered individual have "the right to complain to, and to have his case promptly and impartially examined by, [the State Party's] *competent authorities*." Article 13 does not restrict "competent authorities" to federal courts constituted under Article III of the U.S. Constitution. Nothing in the PLRA displaces the wide range of administrative and other avenues by which prisoners may present complaints and grievances, including

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several judicial remedies before state courts. Some of these remedies are listed in response to Question 5 above.

Section 1997e(e) also does not "increase[] the possibility of impunity for perpetrators." Those who violate the rights of prisoners are subject to both civil and criminal liability for their actions. See, *e.g.*, 42 U.S.C. 1997e(e); 18 U.S.C. § 242. In addition, the government is authorized under CRIPA to investigate institutional conditions and file suit against state and local governments for a pattern or practice of egregious or flagrant unlawful conditions in government-run juvenile correctional facilities, and adult jails and prisons. See 42 U.S.C. § 1997a(a). The PLRA does not impact the United States' authority under CRIPA.

38. Have victims of torture perpetrated by personnel of the State party been treated in any Centre for Victims of Torture in the State party (Para. 84 of the report.**)?**

The work of the Center for Victims of Torture, both within the United States and abroad, is summarized in paragraphs 74 and 77 of the *Second Periodic Report*. The United States is not aware of any allegations of torture by U.S. Government personnel that have been brought to the attention of the Center.

39. Please update information on the habeas corpus cases pending before district courts (Page 59 of the report.**), following the decisions of the Supreme Court in *Rasul v. Bush*. Does the State party ensure the right of habeas corpus to detainees under its control in other parts of the world?**

Between the date of the United States' *Second Periodic Report* and March 2006, approximately 140 additional petitions for writ of *habeas corpus* were filed in U.S. district courts on behalf of more than 200 additional Guantanamo detainees, for a total of approximately 195 *habeas corpus* cases on behalf of more than 350 detainees presently pending before 15 district court judges. By order of those judges, proceedings on the merits of almost all of these cases are awaiting a decision of the U.S. Court of Appeals for the District of Columbia Circuit ("D.C. Circuit") on the related appeals pending before it. These proceedings and appeals are described in the *Second Periodic Report*. This decision is also expected

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to address the position of the U.S. government that the Detainee Treatment Act eliminated district court jurisdiction over these cases. In the meantime, a few judges have considered some emergency motions for relief concerning conditions of confinement and access to counsel. No judge has ordered changes to the detainees' conditions of confinement, however.

On December 30, 2005, the President signed the Detainee Treatment Act of 2005. This new statute amends the *habeas corpus* statute to withdraw the prior jurisdiction of U.S. courts to consider *habeas corpus* petitions or other claims by or on behalf of Guantanamo detainees except under certain circumstances delineated within the statute. At the same time, however, the statute also provides Guantanamo detainees held as enemy combatants the opportunity to obtain review of the determination of their enemy combatant status or a conviction by a military commission with a resulting sentence of greater than 10 years imprisonment through a special proceeding in the D.C. Circuit and whether the military tribunal followed its own procedures. Specifically, the court may consider whether the status determination of the Combatant Status Review Tribunal (CSRT) was consistent with the standards and procedures specified by the Secretary of Defense and, to the extent the Constitution and laws of the United States are applicable, whether the use of the CSRT standards and procedures to make the determination is consistent with the Constitution and laws of the United States. In the case of military commission convictions, the court may consider whether the final decision was consistent with the standards and procedures specified in Military Commission Order No. 1, and, to the extent the Constitution and laws of the United States are applicable, whether those standards and procedures are consistent with the Constitution or laws of the United States.

With respect to the Committee's second question, under U.S. law, the writ of *habeas corpus* may be granted by federal judges "within their respective jurisdictions." Generally, this language means that a writ of *habeas corpus* is available where appropriate to individuals detained within the territorial jurisdictions of the federal courts, or, in certain circumstances, to U.S. citizens detained abroad by United States officials subject to the jurisdiction of the federal courts. In *Rasul v. Bush*, 124 S. Ct. 2686 (2004), the U.S. Supreme Court held that the federal courts have statutory jurisdiction to issue writs of *habeas corpus* with respect to

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aliens detained as enemy combatants at Guantanamo. The Detainee Treatment Act of 2005 revised the *habeas corpus* statute to eliminate such jurisdiction while providing defined review of a detainee's enemy combatant status determination or military commission conviction.

With respect to detainees under Department of Defense control in Iraq and Afghanistan, as described in the *Second Periodic Report*, the Department of Defense conducts a procedure for reviewing a detainee's status.

40. Is the State party considering reviewing its decision not to apply the Geneva Conventions of 12 August 1949 to detainees who are considered "enemy combatants" by the State party, in Afghanistan, Iraq, Guantánamo Bay or in other locations under the jurisdiction of the State party? What is the exact legal status of those persons, and what international instruments are applicable to them for the protection of their human rights?

The applicability of and compliance with the Geneva Conventions is a matter unrelated to the scope of U.S. obligations under the CAT.

In addition, as is made clear by the detailed discussion in Part One, Section II(B) of the Annex to the *Second Periodic Report*, the Committee's question has false premises. The United States has not made any "decision not to apply" the Geneva Convention where it would by its terms apply. For example, the President made clear at the start of Operation Iraqi Freedom that the United States would apply the Geneva Conventions to the conflict.

The President determined that the Third Geneva Convention Relative to Prisoners of War *does* apply to the Taliban detainees, but that the Taliban fail to meet the requirements of Article 4 of that Convention and so are not entitled to the status of prisoners of war. With regard to the al-Qaeda detainees, the President did determine that the Geneva Convention did not apply because al-Qaeda is not a party to the Convention. Article 2 of the Convention makes it clear that the Convention only applies as between High Contracting Parties.

Nevertheless, President Bush determined in 2002 that "the United States Armed Forces shall continue to treat detainees humanely, and to

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the extent appropriate and consistent with military necessity, in a manner consistent with the principles of Geneva."

Moreover, the United States Government complies with its Constitution, its laws, and its treaty obligations. Acts of physical or mental torture are expressly prohibited. The United States Government does not authorize or condone torture of detainees. Torture and conspiracy to commit torture are crimes under U.S. law, wherever they may occur in the world. Moreover, no individual in the custody or under the physical control of the United States Government, regardless of nationality or physical location, shall be subject to cruel, inhuman, or degrading treatment or punishment. Violations of these and other detention standards have been investigated and punished.

On a final note, the United States is aware that questions are often raised about the concept of "unlawful combatants," which certain academics and others have asserted is not a concept found in the Geneva Conventions. The United States strongly disagrees: the concept of "unlawful combatants" is well-recognized in international law by courts, in military manuals, and by international legal scholars. For example, Professor Adam Roberts, who has written widely on the law of armed conflict, has stated that the concept of unlawful combatants is implicit in the Geneva Conventions. Another leading scholar, Ingrid Detter, has noted that unlawful combatants, while legitimate targets for belligerent action, are not entitled to prisoner of war status if they are captured.

Article 15

41. Please provide examples of any judicial cases where the courts have declared statements inadmissible on the ground of having being obtained coercively.

As the United States explained in its *Initial Report*, and in its *Second Periodic Report*, U.S. law provides strict rules regarding the inadmissibility of coerced statements. U.S. courts take these rules seriously. *See*, *e.g.*, *United States v. Lopez*, 437 F.3d 1059 (10th Cir. 2006) (suppressing confession despite the fact that officers delivered Miranda warnings in advance of questioning); *United States v. Williams*, 435 F.3d 1148 (9th Cir. 2006) (holding that, under the circumstances of the case, a

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renewed confession after intervening Miranda warnings was not voluntary and thus inadmissible). The *Initial Report* included a several page discussion, citing well over a dozen cases, describing how U.S. rules regarding the exclusion of coerced statements are even stricter than the CAT requires. We direct the Committee to those reports for further details.

42. How is the provision in article 15 of the Convention prohibiting the use of any statement obtained as a result of torture as evidence in any proceedings, except against the alleged torturer, specifically guaranteed at the Combatant Status Review Tribunals and at the Administrative Review Boards (Page 53 of the report (annex 1).**)? Please provide information on any statement that has been considered inadmissible in this context.**

Article 15 of the Convention is a treaty obligation of the United States, and the United States is obligated to abide by that obligation in Combatant Status Review Tribunals and Administrative Review Boards.

With regard to military commissions proceedings, the United States would like to draw the Committee's attention to Military Commission Instruction Number 10, dated March 24, 2006, which provides that "the commission shall not admit statements established to have been made as a result of torture as evidence against an accused, except as evidence against a person accused of torture as evidence the statement was made."[24]

Article 16

43. The reservation by the State party to article 16 limits the meaning of cruel, inhuman or degrading treatment or punishment to the treatment or punishment prohibited by the Fifth, Eighth and Fourteenth Amendments to the Constitution. In practical terms, what kinds of treatment or punishment are prohibited, and admissible, by the amendments but not by the Convention? Please provide concrete examples.

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[24] Available at http://www.defenselink.mil/news/Mar2006/d20060327MCI10.pdf

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Pursuant to the U.S. reservation, the United States agreed under Article 16 to "undertake to prevent in any territory under its jurisdiction other acts of cruel, inhuman or degrading treatment or punishment which do not amount to torture," "insofar as the term 'cruel, inhuman or degrading treatment or punishment' means the cruel, unusual and inhumane treatment or punishment prohibited by the Fifth, Eighth, and/or Fourteenth Amendments to the Constitution." As explained in the *Initial Report*, and reiterated in the *Second Periodic Report* to, this reservation was adopted because of concern over the uncertain meaning of the phrase "cruel, inhuman or degrading treatment or punishment" ("CIDTP") and was intended to ensure that existing U.S. constitutional standards would satisfy U.S. obligations under Article 16. Moreover, while the United States recognizes that other courts in other countries, often dealing with different instruments than the CAT, have held that certain types of conduct satisfy standards similar to CIDTP, the relevant test for the United States is set forth in the U.S. reservation.

Because the meaning of Article 16's "cruel, inhuman or degrading treatment or punishment" standard is uncertain, it is difficult to state with certainty and precision what treatment or punishment, in the absence of a clarifying reservation, would be prohibited by Article 16, but permitted by the reservation. It is this very uncertainty that prompted the reservation in the first place.

In light of this uncertainty it is difficult to provide concrete examples of what kind of treatment or punishment would be permissible under the U.S. Constitution, but not by the Convention. Without expressing a view on whether Electro-muscular disruption devices ("EMD's"), or specifically "Tasers", stun devices or restraint chairs would be covered by Article 16 of the Convention absent the United States reservation, the United States is aware, as indicated by Question 46 below, that the Committee has questioned the compatibility of the use of such devices with Article 16 of the CAT. However, under U.S. law, courts have routinely upheld the lawfulness and constitutionality of such practices when employed correctly, as described in greater detail below in response to Question 46.

44. In view of the reservation by the State party to article 16, is this article fully applicable outside the State party's territory, or in territories under the jurisdiction of the State party or under the de

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facto control of the State party (See note 12.**)? Please clarify what is considered to be within the Special Maritime and Territorial Jurisdiction. Does article 16 of the Convention apply to the Special Maritime and Territorial Jurisdiction (**Para. 45 of the report.**)? Is cruel, inhuman or degrading treatment or punishment committed by its agents against foreigners outside the territory of the State party punishable by law in the State party?**

By its terms, Article 16 of the CAT obliges States Parties "to prevent in any territory under its jurisdiction other acts of cruel, inhuman or degrading treatment or punishment which do not amount to torture" (emphasis added). Clearly this legal obligation does not apply to activities undertaken outside of "territory under [the] jurisdiction" of the United States. The United States does not accept the concept that "de facto control" equates to territory under its jurisdiction. There is nothing in the text or the travaux of the Convention that indicates that the two are equivalent.

It is also important to note that the United States accepted Article 16 subject to the following reservation:

> That the United States considers itself bound by the obligation under article 16 to prevent `cruel, inhuman or degrading treatment or punishment', only insofar as the term `cruel, inhuman or degrading treatment or punishment' means the cruel, unusual and inhumane treatment or punishment prohibited by the Fifth, Eighth, and/or Fourteenth Amendments to the Constitution of the United States.

Therefore, the United States did not accept the obligation to prohibit "cruel, unusual or degrading treatment or punishment" but to prevent "cruel and unusual treatment or punishment" as proscribed by the U.S. Constitution.

Nevertheless, as a matter of U.S. law, as noted in the answer to Question 53 below, the Detainee Treatment Act of 2005 provides that "[n]o individual in the custody or under the physical control of the U.S. government, regardless of nationality or physical location, shall be subject to cruel, inhuman, or degrading treatment or punishment."

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The special maritime and territorial jurisdiction of the United States is a creation of statute. *See* 18 U.S.C. § 7. It includes aircraft belonging to a U.S. citizen or corporation when in flight over the high seas, certain spacecraft while in flight, and, when the offense is committed by or against a U.S. national, or at certain U.S. diplomatic and military installations in foreign states. *Id.* For certain criminal statutes, Congress uses this definition to extend their coverage beyond the territory of the United States.

The territorial restriction in Article 16 of the CAT, which also appears in other provisions of the CAT, uses different terms to describe its coverage and serves a purpose entirely different from the technical term "special maritime and territorial jurisdiction," which Congress used to define the jurisdiction of certain U.S. criminal statutes. Article 16 is limited, by its own terms, to "territory under [the State Party's] jurisdiction." Article 5 of the CAT expressly distinguishes between "territory under [a State Party's] jurisdiction" and "on board a ship or aircraft of that State." *See* Article 5(a) (requiring a State Party to "establish its jurisdiction" over offenses that constitute torture "[w]hen the offences are committed in any territory under its jurisdiction or on board a ship or aircraft registered in that State"). Yet a crucial part of Congress's definition of "special maritime and territorial jurisdiction," is vessels and aircraft belonging to United States citizens traveling on or flying over the high seas. 18 U.S.C. § 7(1), (5). Moreover, "special maritime and territorial jurisdiction" includes concepts obviously inapposite to Article 16's reach, such as offenses committed on certain spacecraft and in "places outside the jurisdiction of any nation." 8 U.S.C. § 7(6)-(7). Thus, the "territory under [a State Party's] jurisdiction," as employed by the CAT, and the "special maritime and territorial jurisdiction," as employed by U.S. criminal law, are distinct concepts.

Also, Congress's use of the term "special maritime and territorial jurisdiction" reaches some geographic areas only with regard to offenses committed by or against U.S. nationals. In contrast, the term "territory under [a State Party's] jurisdiction," is not cast in terms of the nationality of perpetrators or victims, but solely the place in which the activity occurs. Indeed, Article 5 of the CAT expressly recognizes that "territory under [a State Party's] jurisdiction" is distinct from jurisdiction that is based upon the nationality of the victim of conduct. *See* Article 5(a), (c) (requiring the extension of the jurisdiction to "any territory under [a State

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Party's] jurisdiction," on the one hand, and "[w]hen the alleged offender is a national of that State," as well as "[w]hen the victim is a national of that State if that State considers it appropriate," on the other). Under these circumstances, the technical device of "special maritime and territorial jurisdiction" occasionally deployed by Congress to extend certain criminal prohibitions extra-territorially does not govern the scope of Article 16's restrictions in "territory under [a Contracting Party's] jurisdiction."

Although unrelated to the treaty obligations of the United States under Article 16, that Congress occasionally extends the reach of certain criminal statutes to the 'special maritime and territorial jurisdiction of the United States' will occasionally prohibit conduct resembling 'cruel, inhuman or degrading treatment' outside of U.S. territory.

In reference to the Committee's final question, as already noted, cruel, inhuman or degrading treatment or punishment, as defined by the Detainee Treatment Act of 2005, is prohibited under that Act and is also prohibited under the Uniform Code of Military Justice, which governs U.S. military personnel wherever they may be located and prohibits abusive conduct.

45. Please provide examples of practical implementation of the National Detention Standards by which non-citizen detainees were provided with better conditions of detention (Para. 126 of the report.**). Please provide information on the measures taken to address the complaints of harassment and sexual violence against immigrant women by border patrol agents.**

The National Detention Standards, discussed also at paragraphs 126-128 of the *Second Periodic Report*, originated in the former Immigration and Naturalization Service (INS) in March 1998 in response to an American Bar Association request to the DOJ and now serve as a framework for selection of contract detention facilities. They were augmented by 19 additional standards in 2000 and generally follow the American Correctional Association guidelines. They were phased in over a two-year period at all DHS detention facilities, including facilities operated by contract service providers, and state and local government partners. The American Bar Association applauded the standards as a

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"significant achievement" and "good first step towards providing uniform treatment and access to counsel for immigrants and asylum seekers."[25]

One practical example of the current applicability of the National Detention Standards can be seen in the recently opened South Texas Detention Complex, a contract detention facility comprised of several secure "pods," which allow for separation of detainees based on gender and degree of risk posed, consistent with the National Detention Standard relating to detainee classification,[26] and a modern kitchen and half-million gallon fresh-water backup tank to ensure that detainees are provided secure food service and ample water, consistent with the National Detention Standard relating to food service and hunger strikes,[27] For more information on this new facility, please see the related ICE press release issued on May 17, 2005, available at http://www.ice.gov/pi/news/newsreleases/articles/sna051705.htm. For other examples of the National Detention Standards, please see the response to Question 49 below, which also addresses measures to address complaints of and prevent sexual violence for persons held in the custody of the Department of Homeland Security.

The Department of Homeland Security, through its component immigration enforcement agencies, U.S. Immigration and Customs Enforcement (ICE) and U.S, Customs and Border Protection (CBP), continues to adhere to the National Detention Standards. ICE compliance with the National Detention Standards is discussed in paragraphs 126-128 of the *Second Periodic Report*. All ICE facilities used to house immigration detainees are reviewed for compliance with the National Detention Standards on an annual basis. In 2005, over 300 such reviews were conducted. ICE currently has over 309 trained officers authorized to conduct compliance reviews.

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[25] The related INS press release is available at http://www.uscis.gov/text/publicaffairs/newsrels/detainee.htm

[26] Available at http://www.ice.gov/doclib/partners/dro/opsmanual/classif.pdf

[27] Available at http://www.ice.gov/doclib/partners/dro/opsmanual/foodsvc.pdf and http://www.ice.gov/doclib/partners/dro/opsmanual/hunger.pdf.

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CBP operates two types of facilities for temporarily holding apprehended aliens pending transfer to longer-term ICE detention facilities or Department of Health and Human Service facilities for unaccompanied juvenile aliens or pending imminent return abroad.

First, CBP's Office of Border Patrol (OBP) operates hold rooms for individuals apprehended by the Border Patrol attempting illegal entry to the United States between lawful ports of entry. The Border Patrol adheres to the National Detention Standards to the extent that they may apply to its temporary and limited holding facilities. The Border Patrol is in the process of promulgating its own hold room standards that address the specific needs of the hold rooms at Border Patrol stations.

Second, CBP's Office of Field Operations manages hold rooms at official ports of entry. On March 9, 2004, CBP issued Directive No. 3340-030A titled "Secure Detention Procedures at Ports of Entry." As with the Border Patrol procedures, the port of entry detention procedures are specific to the temporary holding of individuals denied entry and awaiting either transfer to an ICE detention facility pending formal removal proceedings or imminent return following withdrawal of their applications for admission or following a determination that they are subject to expedited removal under 8 U.S.C. §§ 1187 (visa waiver refusals) or 1225(b) (expedited removal for misrepresentation or fraud or attempted entry without proper documents) of the Immigration and Nationality Act. This directive consolidates the former INS and U.S. Customs Service ports of entry detention policies and procedures, including those provisions of the National Detention Standards that related to holding facilities at ports of entry. The current CBP Directive contains strict guidelines providing for (1) prioritization of detention resources for terrorists, special interest cases or criminals, smuggling attempts, entry through fraud, and violators of law; (2) duration of detention whereby detention at ports of entry is limited to no more than 24 hours; (3) exceptions to detention for persons for those with medical conditions, for family units, for persons of advanced age, or unaccompanied juveniles; (4) maintenance of detention controls to include detention logs, detention cell monitoring, segregation by gender and age, and medical issues; (5) safe, humane use of restraints, provided the officer has reasonably articulable facts to support the decision to use

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restraints; and (6)search, restraint, transfer and escort procedures designed to ensure officer and detainee safety.

Separate guidelines and procedures are established to ensure the protection of juveniles in detention. CBP procedures for the detention and processing of juvenile aliens are generally governed by regulations at 8 C.F.R. § 236.3 (promulgated in 2002 by the former INS). Certain aspects, however, have been amended to reflect the changes made by the Homeland Security Act of 2002, which transferred responsibility for the detention of unaccompanied juvenile aliens to the Department of Health and Human Services' Office of Refugee Resettlement. Furthermore, CBP follows the protocols described in the INS Juvenile Protocol Manual (Mar. 1999). These protocols include separation of unaccompanied juveniles from unrelated adults whenever possible, access to clean toilets and sinks, drinking water and food (to include hot meals), medical assistance whenever required, adequate ventilation and environmental controls, adequate supervision to protect juveniles from others, and reasonable allowance for contact with family members.

The Department of Homeland Security has established management controls and reporting requirements to ensure complete compliance with all detention policies. ICE and CBP employees are required to report allegations of misconduct to the DHS Office of the Inspector General, the ICE Office of Professional Responsibility or the Joint Intake Center. The Office of the Inspector General is notified of any misconduct reported directly to ICE Office of Professional Responsibility or the Joint Intake Center and retains authority to investigate any allegation involving DHS employees or contractors.

46. According to information before the Committee, several deaths following the use of tasers have occurred, raising serious concerns about the safety of this instrument. Please provide detailed information on their use, including any measures taken to make their use safe.

Electro-muscular disruption devices ("EMD's") have been in use by law enforcement agencies in the United States for many years. Several companies have sold EMD-based devices, but Taser International, Inc. now dominates the market. Police agencies have deployed two models from Taser International, Inc., the M26 and X26, in

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large numbers in recent years. These weapons deliver high-voltage electrical pulses to a targeted individual through two wire contacts and induce muscle tetany, thus incapacitating the individual. EMD devices are considered "less-lethal weapons," because they incapacitate without intending to kill the targeted individual. After the deployment of EMD devices, many jurisdictions have seen dramatic drops in injuries and deaths in suspects, officers, and bystanders involved in use-of-force incidents.

Through the Departments of Justice and Defense, the U.S. Government is conducting extensive research into the safety and effectiveness of EMD devices. Research is underway to improve the understanding of electrical current flow through the human body, examine the effect of EMD on human volunteers, monitor the use of less-lethal devices in actual incidents, and determine if use-of-force outcomes improve when less-lethal devices are available. In addition, the Department of Justice works with local police agencies to assist them in their development of policies regarding the use of EMD devices. This policy guidance includes consideration of community acceptance, use-of-force protocols, continuous monitoring of all uses of EMD devices, medical response, and training. A hypothetical example of such guidance would be working with a law enforcement agency to develop a specific protocol regarding the removal of EMD taser probes and training officers to identify when emergency medical personnel should be contacted for such removal. Finally, the Departments of Justice and Defense continue to develop less-lethal options, including novel EMD devices, that may provide improved safety and effectiveness to law enforcement and military personnel.

The use of tasers to control arrestees and inmates is consistent with the law. Courts have reviewed the application of such devices for consistency with the Eighth Amendment's "prohibition of cruel and unusual punishment" under the Eighth Amendment of the U.S. Constitution, examining whether the use of such force was excessive of whether the infliction of pain is "unnecessary and wanton." *Gregg v. Georgia*, 428 U.S. 153, 173 (1976). A prison official's use of force against a post-sentencing inmate is unconstitutional if the force was inflicted "maliciously and sadistically to cause harm," rather than in a "good faith effort to maintain or restore discipline." *Hudson v. McMillian*, 503 U.S. 1, 6 (1992) (quoting *Whitley v. Albers*, 475 U.S.

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312, 320-321 (1986)). Analysis of the use of excessive force with regard to pre-trial detainees begins under the Fifth Amendment. *See e.g., Bell v. Wolfish*, 441 U.S. 520, 535 (1979), *Andrews v. Neer*, 253 F.3d 1052, 1061; *Johnson-El v. Schoemehl*, 878 F.2d 1043, 1048-49 (8th Cir. 1989).

Courts, in applying the *Hudson* standard to both pre-sentencing and post-sentencing inmates, have found the use of stun technology, restraint chairs, or other devices unconstitutional where they were not used in good faith. *See, e.g., U.S. v. Tines*, 70 F.3d 891 (6th Cir. 1995) (plaintiff prisoners prevailed in their suit against prison guards' use of stun guns, leg irons, handcuffs, and riot sticks against them as punishment for stealing another prisoner's shoes); *Estate of Moreland v. Dieter*, 395 F.3d 747 (7th Cir. 2005) (police officers' fatal beating and use of pepper spray and a restraint chair against a pre-trial inmate was unconstitutional); *Hickey v. Reader*, 12 F.3d 754 (8th Cir. 1993) (the use of a stun gun on a non-violent inmate who refused to sweep his cell was unconstitutional). On the other hand, the use of such devices does not constitute a constitutional violation where the force is applied in good faith to respond to the security risk posed. *See, e.g., Fuentes v. Wagner*, 206 F.3d 335 (3d. Cir. 2000) (no excessive force where a combative pre-sentencing detainee was placed in a restraint chair for 8 hours and was given regular breaks out of the chair according to policy); *Caldwell v. Moore*, 968 F.2d 595 (6th Cir. 1992) (the use of a straightjacket and stun gun to subdue an inmate after he kicked his cell door and shouted for hours was in good faith and constitutional); *Jasper v. Thalacker*, 999 F.2d 353 (8th Cir. 1993) (no constitutional violation where stun gun was used on an inmate who threatened and lunged at a guard).

Furthermore, use of tasers often obviates the need to use deadly or other forms of more severe force. Nevertheless, the Department of Justice remains committed to investigating and, where appropriate, prosecuting use of tasers where the circumstances indicate a willful use of excessive force in violation of Constitutional standards.

DoD Combatant Commands

The Department of Defense employs tasers as a non-lethal means of dispersing unruly crowds, rioting detainees, or for the protection of designated personnel. Tasers have passed legal review with the Department of the Army, Office of the Staff Judge Advocate, which is

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responsible for ensuring U.S. military compliance with the Law of War. As with other Riot Control Means (RCM), taser users, including on-scene commanders, must be properly trained and qualified under the appropriate service regulations and non-lethal weapons course instruction prior to use. Tasers are authorized for use IAW CFC-A and MNF-I policy. USCENTCOM policy has approved the use for tasers with respect to detainees. There are SOPs and TTPs that must be followed with respect to any use of a taser.

Military Departments

The Army has reported that there are no investigations of detainee deaths at any location involving the use of Tasers. The Taser has been evaluated and found to be an acceptable alternative to the use of deadly force when properly employed by trained personnel.

There have been 14 investigations involving the alleged use of Tasers on detainees, but none of those detainees died. Two of the 14 investigations are still open and active. In 7 of the 14 investigations, the allegations of unlawful use of the Taser were unfounded, and in 3 more investigations, the allegations could neither be substantiated nor unsubstantiated. In only 2 of the 14 investigations have the allegations of unlawful use of the Tasers been substantiated. In those two cases, the investigations were referred to the appropriate Army commanders for disciplinary action. Seven soldiers received nonjudicial punishment. Six soldiers were punished at a summary court-martial. Three were tried at a court-martial:

1. On 13 July 2005, Staff Sergeant M was charged with Dereliction of Duty, Maltreatment, and False Official Statement. On 7 August 2005 the charges were referred to General Court-Martial. The charges were withdrawn on 5 September 2005 when an offer to plead guilty before a Summary Court-Martial was accepted. On 22 September 2005, Staff Sergeant M was convicted and sentenced to reduction to E-5 and forfeiture of 2/3 pay for 1 month.

2. On 13 July 2005, Sergeant D was charged with Dereliction of Duty, Maltreatment, and False Official Statement. He pled guilty at a Special Court-Martial on 11 September 2005 and was

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sentenced to reduction to E-1 (the lowest enlisted rank), forfeiture of $600 pay per month for 5 months, and confinement for 5 months

3. On 13 July 2005, Sergeant F was charged with Conspiracy, Dereliction of Duty, Maltreatment, False Official Statement, Assault, and Obstruction of Justice. He pled guilty at a Special Court-Martial on 5 September 2005 and was sentenced to reduction to E-1 (the lowest enlisted rank), forfeiture of $823 pay per month for 12 months, confinement for 12 months, and a Bad-Conduct Discharge.

▪ In Fiscal Year (FY) 2004, the Department of Defense Joint Non-Lethal Weapons Program (JNLWP) investigated Electro-Muscular Incapacitation devices as a potential Non-Lethal Weapon under the definition of a weapon that "incapacitates" while minimizing injuries or fatalities. The JNLWP requested the DoD Human Effects Center of Excellence (HECOE) conduct a thorough Human Effects Risk Characterization (HERC) in order to determine the safety of use. The HERC completed in FY 05 found that Taser's are generally effective for their intended use. Subsequent to the HERC, the Services, in their Title 10 role, procured the Taser device and, coupled with formal policy and treaty reviews, deployed them in small quantities. Prior to being deployed for operational use, two separate legal reviews were done, as well as a safety release. To further ensure their safe use, Tasers are only authorized for use by individuals who have been trained by certified instructors on the proper operation and employment of this device. To date, no deaths have occurred because of DoD Taser use.

The Air Force does not normally employ Tasers in detention operations and is not employing them today. However, they were carried during detainee transport operations, but none were actually used. All personnel were trained and certified in their use.

The Marine Corps does not normally use Tasers in enemy detainee operations. Corrections Marines are taught unarmed self-defense (USD), and the use of batons for riot control situations, oleoresin capisum (OC) spray for use in limited situations, and non-lethal shotgun use in emergency responses only. The method of USD taught is modified gain physical control using minimum force necessary.

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Training for proper use of Tasers is included in the pre-deployment training of detention personnel; however, the Department of Defense has no recorded data on the actual use of Tasers within Marine Corps operated detention facilities in theater.

Department of Homeland Security –

As a matter of policy Bureau of Immigration and Customs Enforcement (ICE) and U.S. Customs and Border Protection (CBP) officers are not authorized to use Tasers and other electronic muscular disruption devices.

47. Why are juveniles detained with adults in federal or state facilities, and under what conditions, considering that federal law prohibits juveniles being held in custody with adults? How many juveniles are still detained with adults in federal or state facilities (Para. 116 of the report.**)?**

Detention of juveniles for law enforcement purposes

As an initial matter, it should be noted that that the detention of juveniles with adults would not *per se* constitute cruel, inhuman or degrading treatment or punishment.

As a matter of United States criminal law, the term "juvenile" signifies a legal status that, for the purposes of prosecution and incarceration, depends on age and offense, and often the subject's court history. In the United States, each of the fifty states are free to define the term "juvenile," and age is often one of multiple factors. In most states, a juvenile court has original jurisdiction over all youth charged with a violation of law who were younger than age 18 years at the time the criminal offense was committed, the arrest, or when referral to a court is made. In 10 states, the oldest age of original juvenile court jurisdiction is 16 years. In 3 states it is 15 years. For the purposes of disposition, state statutes may also extend juvenile court jurisdiction beyond the age of original jurisdiction. As of 2004, 34 states extend juvenile court jurisdiction in juvenile delinquency cases until the 21st birthday of the offender. Under state statutes, jurisdiction over juveniles charged with a violation of law may be transferred from the juvenile court to the criminal court. Each state may establish its own criteria for such transfers, often

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including age, the type of offense, prior court history of the subject charged. State statutes may also contain "blended sentencing" provisions under which youth of juvenile age may face adult sanctions. These "blended sentencing" provisions also have state-specific age, offense, and court history criteria.

As a general rule, the state prison populations do not include "juveniles." State prisons house primarily inmates convicted in criminal court (adult court) of felony offenses. Individuals younger than 18 may be admitted to prisons, but would have been adjudicated and convicted as adults in state criminal courts. On the other hand, not all persons under the age of 18 who are convicted as adults would necessarily be sent to prisons with persons over the age of 18.

As stated in the Second Periodic Report, at Paragraph 164, in federal prisons, juveniles are not regularly held in prison with the regular prison population. Federal law prohibits juvenile offenders held in custody of federal authorities from being housed in correctional institutions or detention facilities in which they could have regular contact with adult offenders. *See* 18 U.S.C. § 5039. When a juvenile must be temporarily detained in an adult facility, as, for example, immediately following arrest, it is for a minimal period of time and "sight and sound" separation from the adult offenders is ensured within the institution. Similarly, under the Juvenile Justice and Delinquency Act, accused juvenile delinquents in custody of state authorities may be detained in adult jails for only 6 hours after arrest and only for the purposes of identification, processing, awaiting parental/guardian pickup. Juvenile delinquents also may be detained in adult jails 6 hours before and 6 hours after a court appearance. In both instances, juveniles must be "sight and sound" separated from adult inmates.

Regarding the Committee's second question, the 2004 Juvenile Residential Facility Census, the latest information available, provides counts of the number of residents who were younger than 21 who were held in juvenile facilities with residents who were older than 21. (Twenty-one years of age presents a meaningful benchmark because most states allow extended jurisdiction of juveniles up to age 21.) According to the census, there were 5,236 under-21 residents held in 29 state juvenile facilities with 767 residents who were 21 or older. At the federal level, as described at paragraph 164 of the *Second Periodic Report*, the Bureau of

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Prisons holds less than 300 juvenile offenders in its custody, and all such offenders are housed in contract facilities where they are required to receive 50 hours per week of quality programming (e.g., GED, drug treatment, sex offender treatment, violent offender treatment.)

Detention of juveniles for immigration purposes

Juveniles are generally not detained with adults in DHS adult or juvenile detention facilities. DHS policy and the *Reno* v. *Flores* Settlement Agreement generally prohibit juveniles and unrelated adults being detained together. One exception allows for the detention of a juvenile with an unrelated adult for a temporary period of time (not to exceed 24 hours) only to the extent necessary for processing or for transport from a remote area.

A juvenile also may be detained in a family shelter care facility with an adult relative, such as the juvenile's parent(s). In the event a family is apprehended together and the decision is made to detain the family, DHS makes every effort to keep the family together in one of two family shelter care facilities: Berks in Leesport, Pennsylvania, or Casa San Juan in San Diego, California. This family unification policy is dependent upon available bed space. Where necessary, because of bed space limitations, families are separated. Adult family members are placed in DHS adult facilities and juveniles are placed with Department of Health and Human Services facilities for unaccompanied juveniles.

The family shelters are arranged like a college dormitory, contain schools for children, and provide English language instruction for adults, interpretation and translation services, and recreational activities. The shelters provide a safe, secure, and humane setting for detained families. There have been no serious incidents of domestic violence, child abuse, suicide, escape attempts, or staff misconduct at the family facilities.

For information concerning the care and placement of unaccompanied alien children, please see paragraphs 117-119 of the *Second Periodic Report.*

48. According to information before the Committee, detained women are kept shackled during childbirth. Why does the State party consider such a measure to be necessary? Please describe the

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measures taken to prohibit detainees being chained together in gangs and to hitching posts (Paras. 121 and 124 of the report.**). What measures have been taken to review the regime of super maximum security prisons (**Para. 95 of the report.**)?**

It is not the general policy or practice of the United States Government to shackle female prisoners during childbirth. Although the use of restraints is not prohibited, the Bureau of Prisons does not generally restrain inmates in any manner during labor and delivery because they are not considered a flight risk. An inmate would be restrained only in the unlikely case that she posed a threat to herself, her baby, or others around her. The determination of whether the shackling of inmates in labor is permissible therefore depends on the facts of each case.

Allegations of the misuse of shackles or other restraints in both federal and state prisons (whose policy and practices may vary from those of the federal government) are investigated by the Department of Justice. It should be noted that the use of shackles on prisoners is not per se unconstitutional. In *Hope v. Pelzer*, 536 U.S. 730 (2002), the Supreme Court stated that violations of the Eighth Amendment's ban on cruel and unusual punishments are measures that are "unnecessary and wanton inflictions of pain," that is, those that are "totally without penological justification," which may involve "deliberate indifference to the inmates' health or safety." Case law establishes that there are circumstances in which the use of shackles does not violate these principles. For example, in LeMaire v. Maass, 12 F.3d 1444 (9th Cir. 1993), the Ninth Circuit Court of Appeals denied the claim of an inmate who argued that being handcuffed and shackled while showering violated the Eighth Amendment's prohibition on cruel and unusual punishment. With regard to women in labor specifically, the district court in Women Prisoners of the Dist. of Columbia Dept. of Corrections v. Dist. of Columbia, 877 F. Supp. 634, 668 (D.D.C. 1994), vacated on other grounds, 899 F. Supp. 659 (D.D.C. 1995), and reversed on other grounds, 93 F.3d 910 (D.C. Cir. 1996), held that shackling is inhumane while a woman is in labor and shortly thereafter. DOJ's investigations of allegations of misuse of shackles are based on Eighth Amendment jurisprudence.

As discussed at paragraphs 121 –124 of the *Second Periodic Report,* the Department of Justice has been vigilant in its monitoring of

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unconstitutional practices by prisons, including use of chain gangs and the hitching post.

The term "chain gang" commonly refers to a group of convicts chained together for work outside of the facility in which they are incarcerated. The use of chain gangs is not *per se* unconstitutional. However, the Department's investigations examine whether the practice is conducted in conformity with the Constitution (*i.e.*, providing inmates on chain gangs with adequate water, access to toilets, medical care, etc.). If the practice were conducted in violation of constitutional principles, the Department would seek immediate prohibition of such practices.

The Supreme Court declared the use of a hitching post unconstitutional under the circumstances in which it was used in *Hope v. Pelzer*, 536 U.S. 730 (2002). There a hitching post referred to a metal bar located outdoors to which inmates were attached by means of mechanical restraints. The Court held that it is unconstitutional for prison officials, with deliberate indifference to the health or safety of inmates, to expose inmates to the "unnecessary and wanton infliction of pain." *Hope*, 536 U.S. at 737 (internal quotation marks omitted). The United States filed an amicus curiae brief in that case arguing that the use of the "hitching post" was, under the alleged circumstances, an unconstitutional practice.

Regarding the Committee's final question, CRIPA authorizes the Department of Justice to investigate conditions in state super maximum security prisons. The Department's investigations of such facilities apply the same constitutional standards as in other penal facility investigations.

DOJ has reviewed allegations involving several super maximum facilities in the last several years. To date, it has completed the investigation of one super maximum facility, in Baltimore, Maryland. In this instance, the Department worked with the State to address the identified deficiencies. The Department intends to continue to fully investigate all credible allegations pertaining to super maximum facilities.

49. What measures have been taken to prevent sexual violence against detainees, including inter-prisoner violence? What specific measures have been taken to protect female, juvenile and immigrant detainees against this type of violence? How many complaints have

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been lodged by detainees and what was the outcome of the investigations; if compensation was paid, what was the amount?

Detainees in Bureau of Prison institutions

Bureau of Prisons staff and inmates alike are encouraged to report incidents of misconduct or otherwise inappropriate behavior. All allegations of staff misconduct, including allegations that a staff member has abused an inmate, are referred to the Office of the Inspector General (OIG), which then refers back to the Bureau of Prisons' organizationally independent Office of Internal Affairs those they want the Bureau to investigate. The OIG also has a hotline available to the public for reporting any Department of Justice employee they believe has violated their civil rights or civil liberties. When allegations of serious abuse are accompanied by credible evidence, the staff member is removed from contact with inmates or placed on administrative leave. Serious cases of staff misconduct are referred for criminal prosecution when warranted. Federal law, 18 U.S.C. § 5039, prohibits placing juvenile offenders in correctional institutions or detention facilities in which they could have regular contact with adult offenders.[28]

Bureau of Prison staff working with female inmates receive training on issues related to managing this specific population. In addition, all other existing Bureau policies regarding sexual abuse/assault/intimidation apply.

Additionally, paragraphs 96-101 of the *Second Periodic Report* discuss this issue in considerable detail.

Regarding the Committee's third question, allegations of the sexual abuse of inmates by Bureau of Prison's staff are tracked in accordance with the definitions outlined Title 18, United States Code, Chapter 109A. Non-criminal behaviors, such as indecent exposure, staff voyeurism, and

[28] The definition of juvenile for the purposes of this law is provided in the footnote to Question 47 above.

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inappropriate comments of a sexual nature, are also tracked and are included with the criminal conduct allegations.

During Calendar Year (CY) 2004, the latest figures available, there were 17 allegations of *inmate-on-inmate non-consensual sexual acts* (also broadly referred to as "rape"). During CY 2004, there were no (0) guilty findings for *non-consensual sexual acts.* Please note that there is not necessarily a correspondence between allegations and findings because cases may span more than one calendar year.

During CY 2004, there were 66 allegations of *inmate-on-inmate abusive sexual contacts* (also broadly referred to as "touching offenses"). During CY 2004, there were 36 guilty findings for *abusive sexual contacts.* Please note that there is not necessarily a correspondence between allegations and findings because cases may span more than one calendar year.

During CY 2004, there were 201 allegations of BOP staff sexual misconduct. During CY 2004, 11 allegations were substantiated. Please note that it is possible for a single case to have multiple subjects; and similarly, the same subject could be charged with multiple allegations in the same case. If a single case involved multiple subjects, an allegation is counted for each subject and for each behavior. Any allegations made during previous years which were closed during CY 2004 are not reflected.

Regarding the Committee's final question, no compensation has been paid to any of the victims. The Bureau of Prisons' Administrative Remedy Program found at 28 C.F.R. 542.10 - 542.19 does not provide for monetary compensation for abusive treatment of inmates. Inmates may, however, seek compensation from the United States under the Federal Tort Claims Act, 18 U.S.C. 2671 et seq. That process requires submission, and denial, of an administrative claim before the claimant may bring a civil action against the United States in federal court.

Detainees in Department of Homeland Security Custody

The Department of Homeland Security has taken a number of serious steps to prevent violence, including sexual violence, towards detainees. To help prevent detainee-on-detainee violence, U.S.

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Immigration and Customs Enforcement (ICE) officers classify all detainees upon arrival, before admitting them into any general housing populations in its facilities. ICE's "objective classification" system, promulgated pursuant to an ICE National Detention Standard entitled "Detainee Classification System" ensures that each detained alien is placed in the appropriate category and physically separated from detainees in other categories. In making classification determinations, ICE relies on objective information from the detainee's file such as current offense and past offenses and any history of escapes or attempted escapes, institutional disciplinary actions, violent episodes or incidents, or sexual or other physical assaults. Detainees with minor criminal records or convicted of nonviolent felonies, for instance, may not be housed with detainees who have been convicted of violent felonies.

DHS has also undertaken strong measures to prevent sexual violence in its detention facilities. For example, under the National Detention Standard entitled "Staff—Detainee Communication," ICE detainees must be afforded informal access to principal facility staff members on a regular basis. That policy promotes communication and leads to the increased reporting of incidents such as sexual approaches and acts of violence. Further, ICE field offices have local policies that specifically address sexual assaults and its consequences, to include criminal prosecution for prohibited acts of a sexual nature. ICE distributes detainee handbooks, pamphlets, and hand-outs that address sexual awareness and protection. The Prison Rape Elimination Act of 2000 mandates that all correctional facilities have standards that identify and report sexual assaults and rapes. In addition, all ICE contract detention facilities and six of the eight ICE service processing centers currently hold American Correctional Association accreditation, which requires the satisfaction of strict standards for the prevention, protection, reporting, and investigation of sexual assaults and other acts of violence. Also, DHS requires the posting of information regarding how to report incidents of misconduct or violence to the DHS Office of the Inspector General. That information, including toll-free phone numbers, is posted in highly visible areas of all detainee housing so that any detained alien can report an allegation of misconduct or a violent incident directly to the Office of the Inspector General in addition to or in lieu of reporting such assaults to ICE officers, facility staff, or medical personnel.

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Similar policies govern the short-term holding facilities operated by U.S. Customs and Border Protection (CBP). To the extent practicable, juveniles, males and females are segregated while detained in such holding facilities, with certain exceptions made for family units (*e.g.* nursing mothers, related adults with infants or toddlers). Juveniles and females are generally detained in attended areas. Where placement in a secure detention area is required, monitoring procedures are strictly followed. Most CBP holding rooms are outfitted with television cameras and all are physically checked on a regular basis. Violent or potentially violent detainees are detained in segregated hard cells where such cells are available.

As discussed previously, allegations of civil rights violations, excessive force or abuse of authority made against DHS employees or contractors are reported to the Joint Intake Center or the ICE Office of Professional Responsibility and are subsequently referred to the DHS Office of the Inspector General. Such allegations also may be reported directly to the Office of the Inspector General. Allegations of criminal or other serious misconduct that the Inspector General declines to pursue are referred to the ICE Office of Professional Responsibility for investigation. Allegations of other, lesser misconduct or policy violations that do not warrant investigation by the Inspector General or the ICE Office of Professional Responsibility may be referred to management for appropriate inquiry and action. . In addition, the Office for Civil Rights and Civil Liberties within DHS has authority to investigate complaints alleging violations of civil rights and civil liberties.

50. How is the use of solitary confinement regulated and how is detainees' mental health monitored (Report of the Special Rapporteur on the question of torture (E/CN.4/2005/62/Add.1), para. 1857.**)? How is prolonged isolation and indefinite detention, with or without charges, compatible with the obligation of the State party under article 16?**

The Bureau of Prisons does not use solitary confinement in its facilities. Bureau facilities needing the option of separating inmates from the general population have Special Housing Units (SHU), which include two categories of cells: disciplinary segregation and administrative detention. Disciplinary segregation housing status is imposed by a Discipline Hearing Officer as a sanction for inmates who commit serious

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violations of Bureau rules and is time-limited. Administrative detention housing status is non-punitive in nature – it is used to achieve separation from the general population when the inmate's presence in that population poses a "serious threat to life, property, self, staff or other inmates, or to the security or orderly running" of the facility. It is also used for those needing protective custody, those en route to another institution, or those pending a disciplinary hearing. SHU operations are tightly controlled by policy and regulations. Generally, inmates confined in the Special Housing Unit are placed in two-person cells, recreate outside with at least one other inmate, and have regular and frequent contact with staff, visitors, lawyers, medical personnel, etc. Even in the exceptional case in which a person is placed in a one-person cell, he continues to have such contact with non-inmates and with other inmates also housed in the SHU.

Regarding the Committee's question about the monitoring of detainees' mental health, Bureau of Prisons policy clearly specifies the types and frequency of formal reviews of inmates housed in disciplinary segregation. With respect to mental health monitoring, qualified staff must conduct a psychiatric or psychological assessment (including a personal interview with the inmate), whenever placement in disciplinary segregation continues beyond 30 days. This type of assessment must be repeated thereafter at one month intervals as long as the inmate remains in disciplinary segregation status.

Key institution personnel must make regular visits to the SHU to provide inmates in either status with access to avenues for problem identification and resolution. Internal audits are conducted by specific institution departments to ensure actions required by policy are in fact being completed. This may include, for example, an examination of visiting logs for the SHU to ensure the institution's executive staff, department heads, and a psychologist have conducted rounds as required.

To supplement the shift lieutenant's daily tour of the entire facility, the institution duty officer (IDO) must also visit areas of major activity or special interest daily. The IDO must visit every area of the institution at least once during the week, reporting any significant concerns to the appropriate party immediately. Any staff concerned about an inmate's mental status while in SHU (or anywhere else) may refer the individual

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for a mental health evaluation. Having this requirement for visits to SHU provides additional oversight and safeguarding of inmate rights.

Information about the mental health care provided to detainees at Guantanamo is provided in Annex 1.

On the second question, the United States takes exception to the assumption contained in the question that prolonged isolation and indefinite detention *per se* constitutes cruel, inhuman, or degrading treatment or punishment. In any event, under United States criminal law, the United States does not detain individuals convicted of criminal charges indefinitely. Rather, their sentences are imposed for a term of years, or for life, as the case may be, by judges, and if elected by the defendant, by juries of his or her peers. Under the law of war, there is no question that a State is authorized to detain combatants – whether lawful or unlawful – for the duration of the armed conflict without charges.

51. Please provide information in respect of allegations that extreme pain is experienced during the procedure of execution by lethal injection, as the sedative is not properly administrated (Ibid., para. 1858.**). How are executions monitored, especially those by lethal injection?**

The United States included an understanding in its instrument of ratification of the CAT that the treaty does not "restrict or prohibit the United States from applying the death penalty consistent with the Fifth, Eighth, and Fourteenth Amendments to the Constitution of the United States." The Supreme Court of the United States has found lethal injection to be consistent with the Constitution, and thus this particular question addresses a question beyond the scope of U.S. obligations under the CAT.

Pursuant to Federal Regulations, 28 CFR Part 26, Federal executions are carried out by intravenous injection of a lethal substance or substances in a quantity sufficient to cause death. Lethal injection was chosen as the method of execution for federal death sentences precisely because it could be carried out with no discomfort to the inmate. The lethal injection procedure is administered by qualified personnel. Federal executions are generally witnessed by ten representatives of the press, eight citizens (who may be victim witnesses), two defense

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attorneys of the inmate, one spiritual advisor of the inmate, three adult friends or relatives of the inmate, and appropriate government officials.

The Eighth Amendment's "cruel and unusual punishments" clause applies equally to Federal and State executions. A method of execution may not "involve the unnecessary and wanton infliction of pain," Gregg v. Georgia, 428 U.S. 153, 173 (1976) (plurality opinion), or "involve torture or a lingering death," In re Kemmler, 136 U.S. 436, 447 (1890). States use similar lethal injection procedures as those used by the Federal government and do not entail infliction of unnecessary pain or suffering.

52. According to information before the Committee, the State party has authorized the use of interrogation techniques such as 20-hour interrogations, stress positions, isolation, sensory deprivation, hooding, exposure to cold or heat, sleep and dietary adjustments, use of dogs to instill fear, removal of clothing, forced shaving, use of female interrogators, physical contact and removal of religious items. If this is the case, how does the State party reconcile the use of such techniques with its obligations under article 16 of the Convention? Please provide detailed information on interrogation techniques authorized and practised in Guantánamo Bay, Afghanistan, Iraq, and in other places of detention under the State party's control. Are there any specific rules regarding the use of gender or sexualized practices as methods of interrogation?

The U.S. government is committed to treating all detainees in a manner consistent with the U.S. Constitution, laws, and treaty obligations. These laws now include the Detainee Treatment Act of 2005. Referring to that Act, the President of the United States recently explained that "[o]ur policy has . . . been not to use cruel, inhuman or degrading treatment, at home or abroad. This legislation now makes that a matter of statute for practices abroad." Although broader in territorial scope than the CAT, this new domestic legislation now prohibits subjecting individuals in U.S. custody or control, "regardless of nationality or physical location," to "cruel, inhuman, or degrading treatment or punishment," as defined by the Senate reservation to Article 16 of the CAT.

With regard to the request for information, the United States Department of Defense, on June 22, 2004, made public the techniques for

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interrogation that were in force (prior to December 30, 2005) in Guantanamo. This document can be accessed at http://www.defenselink.mil/releases/2004/nr20040622-0930.html. In Afghanistan and Iraq, forces utilized the techniques that were described in U.S. Army Field Manual 34-52.

In addition, we direct the Committee to the response to Question 26 above, which details the status of interrogation techniques after the Detainee Treatment Act of 2005. According to the Act, "the term 'cruel, unusual, and inhumane treatment or punishment' means the cruel, unusual, and inhumane treatment or punishment prohibited by the Fifth, Eighth, and Fourteenth Amendments to the Constitution of the United States, as defined in the United States Reservations, Declarations and Understandings to the United Nations Convention Against Torture and Other Forms of Cruel, Inhuman or Degrading Treatment or Punishment done at New York, December 10, 1984."

53. While acknowledging the federal structure of the State party, it is the federal State that is responsible for the international obligations assumed by the State party under the Convention. Please provide detailed information on the existing mechanisms the State party has to monitor the implementation of the Convention at the state level, in order to fulfill its international obligations under the Convention? Please provide detailed information on the McCain and Graham-Levin amendments as well as on the changes they will introduce to the current legislative, administrative, judicial and other measures preventing cruel, inhuman or degrading treatment or punishment.

As stated above, the United States ratified the Convention after a review that concluded that state and federal laws prohibited the conduct proscribed by the Convention. Consistent with the U.S. statement that was included in the U.S. instrument of ratification to the CAT, the CAT is implemented by the U.S. Government to the extent that it exercises legislative and judicial jurisdiction over the matters covered by the Convention and otherwise by the state and local governments. As explained in the *Initial Report* to the Committee, under the U.S. Constitution, the federal government is a government of limited authority and responsibility. Those powers not delegated to the federal government are specifically reserved to the states and the people. The resulting

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division of authority means that state and local governments retain significant responsibility in many areas, including in areas relevant to certain aspects of the implementation of the CAT. Nonetheless, this has not detracted from or limited the substantive obligations regarding the prohibition, prevention, and punishment of torture or cruel, inhuman or degrading treatment or punishment, as defined in the U.S. reservation because the U.S. Constitution prohibits such conduct by state and local government officials. Much of the *Initial Report* to the Committee and the *Second Periodic Report* to the Committee is devoted to discussing the measures taken by state and local governments to fulfill U.S. obligations under the CAT, and we direct the Committee to those reports for further elaboration.

With regard to the final request for information under this topic, the U.S. Government is committed to treating all detainees in a manner consistent with the U.S. Constitution, laws, and treaty obligations. These laws now include the Detainee Treatment Act of 2005. Referring to that Act, the President of the United States recently explained that "[o]ur policy has . . . been not to use cruel, inhuman or degrading treatment, at home or abroad. This legislation now makes that a matter of statute for practices abroad." Although Article 16 of the CAT applies only to "territory under [the State Party's] jurisdiction," the United States has now voluntarily prohibited as a matter of its domestic law subjecting individuals in U.S. custody or control, "regardless of nationality or physical location," to "cruel, inhuman, or degrading treatment or punishment," as defined by the Senate reservation to Article 16 of the CAT.

The Act provides that "[n]o individual in the custody or under the physical control of the United States Government, regardless of nationality or physical location, shall be subject to cruel, inhuman, or degrading treatment or punishment." Detainee Treatment Act of 2005, Pub. L. No. 109-148, div. A, tit. X, § 1003, 119 Stat. 2680, 2739-40 (2005). It further provides that "[n]othing in this section shall be construed to impose any geographical limitation on the applicability of the prohibition against cruel, inhuman, or degrading treatment or punishment under this section." It provides that "[i]n this section, the term 'cruel, inhuman, or degrading treatment or punishment' means the cruel, unusual, and inhumane treatment or punishment prohibited by the Fifth, Eighth, and Fourteenth Amendments to the Constitution of the

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United States, as defined in the United States Reservations, Declarations and Understandings to the United Nations Convention Against Torture and Other Forms of Cruel, Inhuman or Degrading Treatment or Punishment done at New York, December 10, 1984."

The Act also amends the federal *habeas corpus* statute, 28 U.S.C. § 2241, to provide that "no court, justice, or judge shall have jurisdiction to hear or consider" (1) "an application for a writ of habeas corpus filed by or on behalf of an alien detained by the Department of Defense at Guantanamo Bay, Cuba;" or (2) "any other action against the United States or its agents relating to any aspect of the detention by the Department of Defense of an alien at Guantanamo Bay, Cuba, who—(A) is currently in military custody; or (B) has been determined by the United States Court of Appeals for the District of Columbia Circuit in accordance with the procedures set forth [elsewhere in the Amendment] to have been properly detained as an enemy combatant." Detainee Treatment Act of 2005, Pub. L. No. 109-148, div. A, tit. X, § 1005(e), 119 Stat. 2680, 2742 (2005). The Act also provides that, subject to its specifications, "the United States Court of Appeals for the District of Columbia Circuit shall have exclusive jurisdiction to determine the validity" of (1) "any final decision of a Combatant Status Review Tribunal that an alien is properly detained as an enemy combatant," or (2) "any final decision rendered pursuant to Military Commission Order No. 1, dated August 31, 2005 (or any successor military order)."

Under the Act, the jurisdiction of the U.S. Court of Appeals for the District of Columbia Circuit to review any final decision of a Combatant Status Review Tribunal is "limited to claims brought by or on behalf of an alien—(i) who is, at the time a request for review by such court is filed, detained by the Department of Defense at Guantanamo Bay, Cuba; and (ii) for whom a Combatant Status Review Tribunal has been conducted, pursuant to applicable procedures specified by the Secretary of Defense." Moreover, the court's jurisdiction over any such claims is "limited to the consideration of—(i) whether the status determination of the Combatant Status Review Tribunal with regard to such alien was consistent with the standards and procedures specified by the Secretary of Defense for Combatant Status Review Tribunals . . . ; and (ii) to the extent the Constitution and laws of the United States are applicable, whether the use of such standards and procedures to make the determination is consistent with the Constitution and laws of the United

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States." With respect to Military Commissions, the court's review of any final decision of a Military Commission is available as a matter of right for capital cases or those in which the alien was sentenced to 10 years or more of prison. With respect to any other case, it is at the court's discretion. The court's jurisdiction to review any final decision of a Military Commission is "limited to an appeal brought by or on behalf of an alien—(i) who was, at the time of the proceedings . . . , detained by the Department of Defense at Guantanamo Bay, Cuba; and (ii) for whom a final decision has been rendered pursuant to such military order." The jurisdiction of the court is "limited to the consideration of—(i) whether the final decision was consistent with the standards and procedures specified in the military order . . . ; and (ii) to the extent the Constitution and laws of the United States are applicable, whether the use of such standards and procedures to reach the final decision is consistent with the Constitution and laws of the United States."

Other issues

54. Is the State party considering making the declaration under article 22, recognizing the competence of the Committee to receive and consider individual communications?

As it explained in paragraph 163 of the *Second Periodic Report*, the United States is not considering making the declaration under article 22. At the time it undertook its domestic procedures to become a State Party to the Convention, the United States Executive and Legislative Branches gave substantial thought to the question of whether to avail the United States of the procedure set forth in Article 22. Since that time, the United States has further considered whether to make a declaration recognizing the competence of the Committee to consider communications made by or on behalf of individuals claiming to be victims of a violation of the Convention by the United States. While noting that at any time it could decide to reconsider the issue, the United States continues to decline to make such a declaration. As the United States explained at considerable length throughout the *Initial Report* and *Second Periodic Report,* the United States' legal system affords numerous opportunities for individuals to complain of abuse, and to seek remedies for such alleged violations. Accordingly, the United States will continue to direct its resources to addressing and dealing with violations of the Convention pursuant to operation of its own domestic legal system.

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55. Is the State party considering withdrawing any of its reservations to the Convention, as they might be interpreted, and applied, as limiting the full application of the Convention?

As it noted in paragraph 156 of the *Second Periodic Report*, the United States reached its conclusion that it would be necessary to condition U.S. ratification of the Convention on certain reservations, understandings and declarations as a result of a serious and careful review of U.S. law. The *Initial Report* set forth the rationale for each of those reservations, understandings and declarations. While the United States has considered its existing reservations, understandings and declarations in light of the Committee's recommendation to withdraw them, there have been no developments in the interim that have caused the United States to revise its view of the continuing validity and necessity of the conditions set forth in its instrument of ratification.

56. Does the State party envisage ratifying the Optional Protocol to the Convention? If so, has the State party taken any steps to set up or designate a national mechanism that would conduct periodic visits to places of deprivation of liberty in order to prevent torture or other cruel, inhuman or degrading treatment or punishment?

The United States is not considering ratification of the Optional Protocol to the Convention Against Torture. Throughout the negotiations of this instrument, the United States engaged constructively to improve the instrument. However, ultimately those changes were not accepted. Because, in the view of the United States, the Optional Protocol will not substantially contribute to the eradication of torture, the United States has declined to ratify the instrument.

Moreover, as noted in response to question 54 above and throughout the *Initial Report* and *Second Periodic Report*, the United States' legal system affords numerous opportunities for individuals to complain of abuse, and to seek remedies for such alleged violations. Additionally, numerous mechanisms are available to the Department of Justice to ensure that the civil rights of persons in detention in the United States are protected and various remedies and protections are available that individuals may seek in federal, state and administrative proceedings, as described in further detail in response to Question 5 above.

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Accordingly, the United States will continue to direct its resources to addressing and dealing with violations of the Convention pursuant to operation of its own domestic legal system.

57. Please indicate whether the State party's legislation prevents and prohibits the production, trade, import, export and use of equipment specifically designed to inflict torture or other cruel, inhuman or degrading treatment. If so, please provide information about its content and implementation. If not, please indicate whether the adoption of such legislation is being actively considered.

The United States recognizes that trade and export of certain items should be controlled to prevent their misuse. Under the Export Administration Regulations, the export of such items requires a special license. Human rights vetting is a prerequisite for the issuance of such licenses. Items specifically designed for the use of torture would never receive such a license. The United States has also considered that there are many items that have permissible uses that may also be used for torture. The United States does not prevent or prohibit the production of such items.

58. Please provide information on the legislative, administrative and other measures the State party has taken to respond to the threats of terrorism, and please describe if, and how, these measures have affected human rights safeguards in law and practice. Please describe the relevant training given to law enforcement officers, the legal remedies available to persons subjected to anti-terrorist measures, the number of complaints of non-observance of international standards, and the outcome of these complaints.

This question raises issues outside the ambit of the Convention. Relevant issues are discussed at various locations within the *Second Periodic Report*. For other information, the Committee may wish to refer to the latest U.S. Periodic Report to the Committee on Human Rights.

59. Please provide information on the legislative and other measures the State party has taken to prevent domestic violence and to classify acts of domestic violence as specific offences under the criminal law.

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Many acts of domestic violence are crimes under the laws in effect in the United States, and the United States has many programs aimed at deterring and punishing such acts and at helping the victims of such acts. With respect, however, the United States regards this question to be outside the mandate of the Committee, since the Convention relates to acts committed by officials or agents of officials. Nonetheless, the Committee may wish to refer to the latest U.S. Periodic Report to the Human Rights Committee. That Report deals extensively with this subject, both within the body of the Report and in its Annex.

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Annex 1 (Question 6)
Information on Medical Care Provided to Detainees

It is the Policy of the Department of Defense to provide detainees under its control with access to medical care similar to that which it provides U.S. service members. U.S. military medical staff have provided detainees with first-aid and emergency care to treat combat wounds, provided detainees with artificial limbs, conducted dental examinations, issued inoculations, conducted complex surgery to repair serious, sometimes otherwise fatal, congenital defects, and a wide-range of medical services from the mundane to life-saving medical procedures. In short, the U.S. Government provides detainees with a very high standard of medical care and attention, consistent with the values of the United States.

As a practical matter, it is difficult for the Department of Defense to aggregate for the Committee all of the medical activity in all theatres. However, we believe it may be helpful to provide information on Guantanamo, a facility where the United States has been accused of not providing superior medical care, to demonstrate the processes and resources the United States has made to detainees under its control. The examples raised in this section can be found in other theatres – our policy remains to provide detainees medical care similar to that which we provide our own forces in theatre.

Access to Medical Care for Guantanamo Detainees

Detainee hospital statistics show an average of more than 2500 clinic, sick call, or specialty visits per month for a detainee population of about 500. Medical services are available 24 hours a day, 7 days a week by a corps staff currently consisting of 7 physicians, 17 nurses, and 83 corpsman. Any detainee can request medical care at any time by making a request to a guard or to medical personnel who make rounds on the cellblock every other day.

The facility at Guantanamo features an outpatient clinic, an inpatient detention hospital, and an inpatient behavioral health unit structured much like any other Department of Defense medical facility. When the medical professionals who staff these facilities are not

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deployed to Guantanamo, they provide care to United States service members, their families, and retirees. Full ancillary services are also available, including laboratory, radiology, and pharmacy services. In addition, supplemental services are available at the Naval Base Hospital including an Acute Care Unit dedicated to the treatment of detainees.

All specialty care (including cardiology, gastroenterology, dermatology and others) is available on a routinely or on an emergency basis if needed. Over the past 12 months, 17 specialty clinics have been conducted for the detainees. In support of unexpected medical needs, augmentation staff can be readily mobilized. During the recent hunger strike, for example, two teams totaling 6 physicians, 11 nurses, one dietician, one physical therapist, and 25 corpsman/technicians aided in delivery over 400 feedings without a complication.

Behavior health services are available for the approximately 22% of detainees with a mental health diagnosis. Currently, this service is actively following and treating 8% of the detainee population.

The dental service has seen 322 visits since November 2005 and completed 168 treatment plans, including 35 cleanings, 91 cavities filled, 36 root canals and 6 oral surgeries. The remaining dental treatment plans are in progress.

Scope of Care for Guantanamo Detainees

Since 2002 there have been 275 surgical cases or procedures. Initial cases were predominately orthopedic to repair battlefield injuries or remove shrapnel. Recent cases are focused predominately on hernia repairs, occasional appendectomies, and tonsillectomy or hemorrhoid removal. There has been one total thymectomy for a malignant thymoma and placement of cardiac stints in another patient.

General medical problems among the detainees, whose ages range from the 20's to the mid 60's, are followed using the same guidelines as in a military treatment facility. For example, some of the medical conditions currently being monitored include cardiac disease (7 cases), hypertension (12 cases), diabetes (8 cases), and gastrointestinal disorders (30 cases).

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Physical therapy averages 7 patients per day in support of rehabilitation for battlefield injuries or prosthetic care/training. There have been 22 prosthetic appliances provided to the detainees since 2002.

Behavioral health services are available for the approximately 22% of detainees with a mental health diagnosis. Currently, this service is actively following and treating 8% of the detainee population and is staffed with a board certified psychiatrist and psychologist.

Full scope eye care is made available to all detainees. Optometry delivers primary eye care and averages 45 routine exams per month and has dispensed 174 pairs of eyeglasses over the last year. Ophthalmology is available for surgical eye care when needed.

Preventative Medical Care for Guantanamo Detainees

Twelve colonoscopies have been performed as part of colon-cancer screening where age appropriate.

The following immunizations recommended by the Centers for Disease Control have been offered to this group of detainees, whose immunization status has generally been poor:

Diphtheria and Tetanus series:	98% completed
Measles, Mumps & Rubella:	100% completed
Hepatitis A & B series	86% completed
Influenza vaccine:	32% completed
Annual PPD monitoring:	38% completed

Involuntary Feeding Procedures

With regard to involuntary feeding that has been medically necessary to maintain human life in some cases as a result of a hunger strike, the fundamental focus of Department of Defense policy on the prevention of loss of life through standard medical intervention using means that are clinically appropriate, humane, and in accordance with all applicable laws and procedures and medical ethics. The focus at Guantanamo is safe, humane, care and custody of all detainees.

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Medical professionals provide regular and detailed warnings to detainees concerning the dangers of failure to eat or drink. All efforts are being made by medical personnel to counsel detainees to end the strike, including by making detainees aware that continuation of the hunger strike could endanger their health or life. The Department of Defense has brought in medical specialists, including nutritionists and behavioral health professionals to increase monitoring or provide any specialized care.

Only when previous protocols failed to eliminate the threat to the health of the detainees did dedicated medical professionals conduct involuntary feedings in a careful, compassionate, and humane manner using a U.S. Federal Bureau of Prisons' model for feeding hunger strikers.

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Annex 2 (Question 13)
Regulations Relating to Implementation of CAT Article 3 in the Immigration Removal and Extradition Contexts

Code of Federal Regulations Currentness

Title 22. Foreign Relations

Chapter I. Department of STATE

Subchapter J. Legal and Related Services

Part 95. Implementation of Torture Convention in Extradition Cases (Refs & Annos)

➡§ 95.4 Review and construction.

Decisions of the Secretary concerning surrender of fugitives for extradition are matters of executive discretion not subject to judicial review. Furthermore, pursuant to section 2242(d) of the Foreign Affairs Reform and Restructuring Act of 1998, P.L. 105-277, notwithstanding any other provision of law, no court shall have jurisdiction to review these regulations, and nothing in section 2242 shall be construed as providing any court jurisdiction to consider or review claims raised under the Convention or section 2242, or any other determination made with respect to the application of the policy set forth in section 2242(a), except as part of the review of a final order of removal pursuant to section 242 of the Immigration and Nationality Act (8 U.S.C. 1252), which is not applicable to extradition proceedings.

SOURCE: 64 FR 9437, Feb. 26, 1999, unless otherwise noted.

AUTHORITY: 18 U.S.C. 3181 et seq.; Convention Against Torture and Other Cruel, Inhuman or Degrading Treatment or Punishment.

22 C. F. R. § 95.4, 22 CFR § 95.4

Current through December 28, 2005; 70 FR 76935

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Code of Federal Regulations Currentness

Title 8. Aliens and Nationality

Chapter I. Department of Homeland Security (Immigration and Naturalization) (Refs & Annos)

Subchapter B. Immigration Regulations

Part 208. Procedures for Asylum and Withholding of Removal (Refs & Annos)

Subpart A. Asylum and Withholding of Removal

➡§ 208.16 Withholding of removal under section 241(b)(3)(B) of the Act and withholding of removal under the Convention Against Torture.

(a) Consideration of application for withholding of removal. An asylum officer shall not decide whether the exclusion, deportation, or removal of an alien to a country where the alien's life or freedom would be threatened must be withheld, except in the case of an alien who is otherwise eligible for asylum but is precluded from being granted such status due solely to section 207(a)(5) of the Act. In exclusion, deportation, or removal proceedings, an immigration judge may adjudicate both an asylum claim and a request for withholding of removal whether or not asylum is granted.

(b) Eligibility for withholding of removal under section 241(b)(3) of the Act; burden of proof. The burden of proof is on the applicant for withholding of removal under section 241(b)(3) of the Act to establish that his or her life or freedom would be threatened in the proposed country of removal on account of race, religion, nationality, membership in a particular social group, or political opinion. The testimony of the applicant, if credible, may be sufficient to sustain the burden of proof without corroboration. The evidence shall be evaluated as follows:

(1) Past threat to life or freedom.

(i) If the applicant is determined to have suffered past persecution in the proposed country of removal on account of race, religion, nationality, membership in a particular social group, or political opinion, it shall be presumed that the applicant's life or freedom would be threatened in the future in the country of removal on the basis of the original claim. This presumption may be rebutted if an asylum officer or immigration judge finds by a preponderance of the evidence:

(A) There has been a fundamental change in circumstances such that the applicant's life or freedom would not be threatened on account of any of the five grounds mentioned in this paragraph upon the applicant's removal to that country; or

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(B) The applicant could avoid a future threat to his or her life or freedom by relocating to another part of the proposed country of removal and, under all the circumstances, it would be reasonable to expect the applicant to do so.

(ii) In cases in which the applicant has established past persecution, the Service shall bear the burden of establishing by a preponderance of the evidence the requirements of paragraphs (b)(1)(i)(A) or (b)(1)(i)(B) of this section.

(iii) If the applicant's fear of future threat to life or freedom is unrelated to the past persecution, the applicant bears the burden of establishing that it is more likely than not that he or she would suffer such harm.

(2) Future threat to life or freedom. An applicant who has not suffered past persecution may demonstrate that his or her life or freedom would be threatened in the future in a country if he or she can establish that it is more likely than not that he or she would be persecuted on account of race, religion, nationality, membership in a particular social group, or political opinion upon removal to that country. Such an applicant cannot demonstrate that his or her life or freedom would be threatened if the asylum officer or immigration judge finds that the applicant could avoid a future threat to his or her life or freedom by relocating to another part of the proposed country of removal and, under all the circumstances, it would be reasonable to expect the applicant to do so. In evaluating whether it is more likely than not that the applicant's life or freedom would be threatened in a particular country on account of race, religion, nationality, membership in a particular social group, or political opinion, the asylum officer or immigration judge shall not require the applicant to provide evidence that he or she would be singled out individually for such persecution if:

(i) The applicant establishes that in that country there is a pattern or practice of persecution of a group of persons similarly situated to the applicant on account of race, religion, nationality, membership in a particular social group, or political opinion; and

(ii) The applicant establishes his or her own inclusion in and identification with such group of persons such that it is more likely than not that his or her life or freedom would be threatened upon return to that country.

(3) Reasonableness of internal relocation. For purposes of determinations under paragraphs (b)(1) and (b)(2) of this section, adjudicators should consider, among other things, whether the applicant would face other serious harm in the place of suggested relocation; any ongoing civil strife within the country; administrative, economic, or judicial infrastructure; geographical limitations; and social and cultural constraints, such as age, gender, health, and social and familial ties. These factors may or may not be relevant, depending on all the circumstances of the case, and are not necessarily determinative of whether it would be reasonable for the applicant to relocate.

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(i) In cases in which the applicant has not established past persecution, the applicant shall bear the burden of establishing that it would not be reasonable for him or her to relocate, unless the persecutor is a government or is government-sponsored.

(ii) In cases in which the persecutor is a government or is government-sponsored, or the applicant has established persecution in the past, it shall be presumed that internal relocation would not be reasonable, unless the Service establishes by a preponderance of the evidence that under all the circumstances it would be reasonable for the applicant to relocate.

(c) Eligibility for withholding of removal under the Convention Against Torture.

(1) For purposes of regulations under Title II of the Act, "Convention Against Torture" shall refer to the United Nations Convention Against Torture and Other Cruel, Inhuman or Degrading Treatment or Punishment, subject to any reservations, understandings, declarations, and provisos contained in the United States Senate resolution of ratification of the Convention, as implemented by section 2242 of the Foreign Affairs Reform and Restructuring Act of 1998 (Pub.L. 105-277, 112 Stat. 2681, 2681-821). The definition of torture contained in § 208.18(a) of this part shall govern all decisions made under regulations under Title II of the Act about the applicability of Article 3 of the Convention Against Torture.

(2) The burden of proof is on the applicant for withholding of removal under this paragraph to establish that it is more likely than not that he or she would be tortured if removed to the proposed country of removal. The testimony of the applicant, if credible, may be sufficient to sustain the burden of proof without corroboration.

(3) In assessing whether it is more likely than not that an applicant would be tortured in the proposed country of removal, all evidence relevant to the possibility of future torture shall be considered, including, but not limited to:

(i) Evidence of past torture inflicted upon the applicant;

(ii) Evidence that the applicant could relocate to a part of the country of removal where he or she is not likely to be tortured;

(iii) Evidence of gross, flagrant or mass violations of human rights within the country of removal, where applicable; and

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(iv) Other relevant information regarding conditions in the country of removal.

(4) In considering an application for withholding of removal under the Convention Against Torture, the immigration judge shall first determine whether the alien is more likely than not to be tortured in the country of removal. If the immigration judge determines that the alien is more likely than not to be tortured in the country of removal, the alien is entitled to protection under the Convention Against Torture. Protection under the Convention Against Torture will be granted either in the form of withholding of removal or in the form of deferral of removal. An alien entitled to such protection shall be granted withholding of removal unless the alien is subject to mandatory denial of withholding of removal under paragraphs (d)(2) or (d)(3) of this section. If an alien entitled to such protection is subject to mandatory denial of withholding of removal under paragraphs (d)(2) or (d)(3) of this section, the alien's removal shall be deferred under § 208.17(a).

(d) Approval or denial of application--

(1) General. Subject to paragraphs (d)(2) and (d)(3) of this section, an application for withholding of deportation or removal to a country of proposed removal shall be granted if the applicant's eligibility for withholding is established pursuant to paragraphs (b) or (c) of this section.

(2) Mandatory denials. Except as provided in paragraph (d)(3) of this section, an application for withholding of removal under section 241(b)(3) of the Act or under the Convention Against Torture shall be denied if the applicant falls within section 241(b)(3)(B) of the Act or, for applications for withholding of deportation adjudicated in proceedings commenced prior to April 1, 1997, within section 243(h)(2) of the Act as it appeared prior to that date. For purposes of section 241(b)(3)(B)(ii) of the Act, or section 243(h)(2)(B) of the Act as it appeared prior to April 1, 1997, an alien who has been convicted of a particularly serious crime shall be considered to constitute a danger to the community. If the evidence indicates the applicability of one or more of the grounds for denial of withholding enumerated in the Act, the applicant shall have the burden of proving by a preponderance of the evidence that such grounds do not apply.

(3) Exception to the prohibition on withholding of deportation in certain cases. Section 243(h)(3) of the Act, as added by section 413 of Pub.L. 104- 132 (110 Stat. 1214), shall apply only to applications adjudicated in proceedings commenced before April 1, 1997, and in which final action had not been taken before April 24, 1996. The discretion permitted by that section to override section 243(h)(2) of the Act shall be exercised only in the case of an applicant convicted of an aggravated felony (or felonies) where he or she was sentenced to an aggregate term of imprisonment of less than 5 years and the immigration judge determines on an individual basis that the crime (or crimes) of which the applicant was convicted does not constitute a particularly serious crime. Nevertheless, it shall be presumed that an alien convicted of an aggravated felony has been convicted of a particularly serious crime. Except in the cases specified in this paragraph, the grounds for denial of withholding of deportation in section 243(h)(2) of the Act as it appeared prior to April 1, 1997, shall be deemed to comply with the Protocol Relating to the Status of Refugees, Jan. 31, 1967, T.I.A.S. No. 6577.

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(e) Reconsideration of discretionary denial of asylum. In the event that an applicant is denied asylum solely in the exercise of discretion, and the applicant is subsequently granted withholding of deportation or removal under this section, thereby effectively precluding admission of the applicant's spouse or minor children following to join him or her, the denial of asylum shall be reconsidered. Factors to be considered will include the reasons for the denial and reasonable alternatives available to the applicant such as reunification with his or her spouse or minor children in a third country.

(f) Removal to third country. Nothing in this section or § 208.17 shall prevent the Service from removing an alien to a third country other than the country to which removal has been withheld or deferred.

[64 FR 8488, Feb. 19, 1999; 65 FR 76135, Dec. 6, 2000]

SOURCE: 62 FR 10337, March 6, 1997; 68 FR 10923, March 6, 2003; 68 FR 35275, June 13, 2003, unless otherwise noted.

AUTHORITY: 8 U.S.C. 1103, 1158, 1226, 1252, 1282; 8 CFR part 2.

8 C. F. R. § 208.16, 8 CFR § 208.16

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Chapter I. Department of Homeland Security (Immigration and Naturalization) (Refs & Annos)

Subchapter B. Immigration Regulations

Part 208. Procedures for Asylum and Withholding of Removal (Refs & Annos)

Subpart A. Asylum and Withholding of Removal

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➡§ 208.17 Deferral of removal under the Convention Against Torture.

(a) Grant of deferral of removal. An alien who: has been ordered removed; has been found under § 208.16(c)(3) to be entitled to protection under the Convention Against Torture; and is subject to the provisions for mandatory denial of withholding of removal under § 208.16(d)(2) or (d)(3), shall be granted deferral of removal to the country where he or she is more likely than not to be tortured.

(b) Notice to alien.

(1) After an immigration judge orders an alien described in paragraph (a) of this section removed, the immigration judge shall inform the alien that his or her removal to the country where he or she is more likely than not to be tortured shall be deferred until such time as the deferral is terminated under this section. The immigration judge shall inform the alien that deferral of removal:

(i) Does not confer upon the alien any lawful or permanent immigration status in the United States;

(ii) Will not necessarily result in the alien being released from the custody of the Service if the alien is subject to such custody;

(iii) Is effective only until terminated; and

(iv) Is subject to review and termination if the immigration judge determines that it is not likely that the alien would be tortured in the country to which removal has been deferred, or if the alien requests that deferral be terminated.

(2) The immigration judge shall also inform the alien that removal has been deferred only to the country in which it has been determined that the alien is likely to be tortured, and that the alien may be removed at any time to another country where he or she is not likely to be tortured.

(c) Detention of an alien granted deferral of removal under this section. Nothing in this section shall alter the authority of the Service to detain an alien whose removal has been deferred under this section and who is otherwise subject to detention. In the case of such an alien, decisions about the alien's release shall be made according to part 241 of this chapter.

(d) Termination of deferral of removal.

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(1) At any time while deferral of removal is in effect, the INS District Counsel for the District with jurisdiction over an alien whose removal has been deferred under paragraph (a) of this section may file a motion with the Immigration Court having administrative control pursuant to § 3.11 of this chapter to schedule a hearing to consider whether deferral of removal should be terminated. The Service motion shall be granted if it is accompanied by evidence that is relevant to the possibility that the alien would be tortured in the country to which removal has been deferred and that was not presented at the previous hearing. The Service motion shall not be subject to the requirements for reopening in § § 3.2 and 3.23 of this chapter.

(2) The Immigration Court shall provide notice to the alien and the Service of the time, place, and date of the termination hearing. Such notice shall inform the alien that the alien may supplement the information in his or her initial application for withholding of removal under the Convention Against Torture and shall provide that the alien must submit any such supplemental information within 10 calendar days of service of such notice (or 13 calendar days if service of such notice was by mail). At the expiration of this 10 or 13 day period, the Immigration Court shall forward a copy of the original application, and any supplemental information the alien or the Service has submitted, to the Department of State, together with notice to the Department of State of the time, place and date of the termination hearing. At its option, the Department of State may provide comments on the case, according to the provisions of § 208.11 of this part.

(3) The immigration judge shall conduct a hearing and make a de novo determination, based on the record of proceeding and initial application in addition to any new evidence submitted by the Service or the alien, as to whether the alien is more likely than not to be tortured in the country to which removal has been deferred. This determination shall be made under the standards for eligibility set out in § 208.16(c). The burden is on the alien to establish that it is more likely than not that he or she would be tortured in the country to which removal has been deferred.

(4) If the immigration judge determines that the alien is more likely than not to be tortured in the country to which removal has been deferred, the order of deferral shall remain in place. If the immigration judge determines that the alien has not established that he or she is more likely than not to be tortured in the country to which removal has been deferred, the deferral of removal shall be terminated and the alien may be removed to that country. Appeal of the immigration judge's decision shall lie to the Board.

(e) Termination at the request of the alien.

(1) At any time while deferral of removal is in effect, the alien may make a written request to the Immigration Court having administrative control pursuant to § 3.11 of this chapter to terminate the deferral order. If satisfied on the basis of the written submission that the alien's request is knowing and voluntary, the immigration judge shall terminate the order of deferral and the alien may be removed.

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(2) If necessary the immigration judge may calendar a hearing for the sole purpose of determining whether the alien's request is knowing and voluntary. If the immigration judge determines that the alien's request is knowing and voluntary, the order of deferral shall be terminated. If the immigration judge determines that the alien's request is not knowing and voluntary, the alien's request shall not serve as the basis for terminating the order of deferral.

(f) Termination pursuant to § 208.18(c). At any time while deferral of removal is in effect, the Attorney General may determine whether deferral should be terminated based on diplomatic assurances forwarded by the Secretary of State pursuant to the procedures in § 208.18(c).

[64 FR 8489, Feb. 19, 1999]

SOURCE: 62 FR 10337, March 6, 1997; 68 FR 10923, March 6, 2003; 68 FR 35275, June 13, 2003, unless otherwise noted.

AUTHORITY: 8 U.S.C. 1103, 1158, 1226, 1252, 1282; 8 CFR part 2.

8 C. F. R. § 208.17, **8 CFR § 208.17**

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Part 208. Procedures for Asylum and Withholding of Removal (Refs & Annos)

Subpart A. Asylum and Withholding of Removal

➡§ 208.18 Implementation of the Convention Against Torture.

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(a) Definitions. The definitions in this subsection incorporate the definition of torture contained in Article 1 of the Convention Against Torture, subject to the reservations, understandings, declarations, and provisos contained in the United States Senate resolution of ratification of the Convention.

(1) Torture is defined as any act by which severe pain or suffering, whether physical or mental, is intentionally inflicted on a person for such purposes as obtaining from him or her or a third person information or a confession, punishing him or her for an act he or she or a third person has committed or is suspected of having committed, or intimidating or coercing him or her or a third person, or for any reason based on discrimination of any kind, when such pain or suffering is inflicted by or at the instigation of or with the consent or acquiescence of a public official or other person acting in an official capacity.

(2) Torture is an extreme form of cruel and inhuman treatment and does not include lesser forms of cruel, inhuman or degrading treatment or punishment that do not amount to torture.

(3) Torture does not include pain or suffering arising only from, inherent in or incidental to lawful sanctions. Lawful sanctions include judicially imposed sanctions and other enforcement actions authorized by law, including the death penalty, but do not include sanctions that defeat the object and purpose of the Convention Against Torture to prohibit torture.

(4) In order to constitute torture, mental pain or suffering must be prolonged mental harm caused by or resulting from:

(i) The intentional infliction or threatened infliction of severe physical pain or suffering;

(ii) The administration or application, or threatened administration or application, of mind altering substances or other procedures calculated to disrupt profoundly the senses or the personality;

(iii) The threat of imminent death; or

(iv) The threat that another person will imminently be subjected to death, severe physical pain or suffering, or the administration or application of mind altering substances or other procedures calculated to disrupt profoundly the sense or personality.

(5) In order to constitute torture, an act must be specifically intended to inflict severe physical or mental pain or suffering. An act that results in unanticipated or unintended severity of pain and suffering is not torture.

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(6) In order to constitute torture an act must be directed against a person in the offender's custody or physical control.

(7) Acquiescence of a public official requires that the public official, prior to the activity constituting torture, have awareness of such activity and thereafter breach his or her legal responsibility to intervene to prevent such activity.

(8) Noncompliance with applicable legal procedural standards does not per se constitute torture.

(b) Applicability of § § 208.16(c) and 208.17(a)--

(1) Aliens in proceedings on or after March 22, 1999. An alien who is in exclusion, deportation, or removal proceedings on or after March 22, 1999 may apply for withholding of removal under § 208.16(c), and, if applicable, may be considered for deferral of removal under § 208.17(a).

(2) Aliens who were ordered removed, or whose removal orders became final, before March 22, 1999. An alien under a final order of deportation, exclusion, or removal that became final prior to March 22, 1999 may move to reopen proceedings for the sole purpose of seeking protection under § 208.16(c). Such motions shall be governed by § § 3.23 and 3.2 of this chapter, except that the time and numerical limitations on motions to reopen shall not apply and the alien shall not be required to demonstrate that the evidence sought to be offered was unavailable and could not have been discovered or presented at the former hearing. The motion to reopen shall not be granted unless:

(i) The motion is filed within June 21, 1999; and

(ii) The evidence sought to be offered establishes a prima facie case that the applicant's removal must be withheld or deferred under § § 208.16(c) or 208.17(a).

(3) Aliens who, on March 22, 1999, have requests pending with the Service for protection under Article 3 of the Convention Against Torture.

(i) Except as otherwise provided, after March 22, 1999, the Service will not:

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(A) Consider, under its pre-regulatory administrative policy to ensure compliance with the Convention Against Torture, whether Article 3 of that Convention prohibits the removal of an alien to a particular country, or

(B) Stay the removal of an alien based on a request filed with the Service for protection under Article 3 of that Convention.

(ii) For each alien who, on or before March 22, 1999, filed a request with the Service for protection under Article 3 of the Convention Against Torture, and whose request has not been finally decided by the Service, the Service shall provide written notice that, after March 22, 1999, consideration for protection under Article 3 can be obtained only through the provisions of this rule.

(A) The notice shall inform an alien who is under an order of removal issued by EOIR that, in order to seek consideration of a claim under § § 208.16(c) or 208.17(a), such an alien must file a motion to reopen with the immigration court or the Board of Immigration Appeals. This notice shall be accompanied by a stay of removal, effective until 30 days after service of the notice on the alien. A motion to reopen filed under this paragraph for the limited purpose of asserting a claim under § § 208.16(c) or 208.17(a) shall not be subject to the requirements for reopening in § § 3.2 and 3.23 of this chapter. Such a motion shall be granted if it is accompanied by a copy of the notice described in paragraph (b)(3)(ii) or by other convincing evidence that the alien had a request pending with the Service for protection under Article 3 of the Convention Against Torture on March 22, 1999. The filing of such a motion shall extend the stay of removal during the pendency of the adjudication of this motion.

(B) The notice shall inform an alien who is under an administrative order of removal issued by the Service under section 238(b) of the Act or an exclusion, deportation, or removal order reinstated by the Service under section 241(a)(5) of the Act that the alien's claim to withholding of removal under § 208.16(c) or deferral of removal under § 208.17(a) will be considered under § 208.31.

(C) The notice shall inform an alien who is under an administrative order of removal issued by the Service under section 235(c) of the Act that the alien's claim to protection under the Convention Against Torture will be decided by the Service as provided in § 208.18(d) and 235.8(b)(4) and will not be considered under the provisions of this part relating to consideration or review by an immigration judge, the Board of Immigration Appeals, or an asylum officer.

(4) Aliens whose claims to protection under the Convention Against Torture were finally decided by the Service prior to March 22, 1999. Sections 208.16(c) and 208.17 (a) and paragraphs (b)(1) through (b)(3) of this section do not apply to cases in which, prior to March 22, 1999, the Service has made a final administrative determination about the applicability of Article 3 of the Convention Against Torture to the case of an alien who filed a request with the Service for

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protection under Article 3. If, prior to March 22, 1999, the Service determined that an applicant cannot be removed consistent with the Convention Against Torture, the alien shall be considered to have been granted withholding of removal under § 208.16(c), unless the alien is subject to mandatory denial of withholding of removal under § 208.16(d)(2) or (d)(3), in which case the alien will be considered to have been granted deferral of removal under 208.17(a). If, prior to March 22, 1999, the Service determined that an alien can be removed consistent with the Convention Against Torture, the alien will be considered to have been finally denied withholding of removal under § 208.16(c) and deferral of removal under § 208.17(a).

(c) Diplomatic assurances against torture obtained by the Secretary of State.

(1) The Secretary of State may forward to the Attorney General assurances that the Secretary has obtained from the government of a specific country that an alien would not be tortured there if the alien were removed to that country.

(2) If the Secretary of State forwards assurances described in paragraph (c)(1) of this section to the Attorney General for consideration by the Attorney General or her delegates under this paragraph, the Attorney General shall determine, in consultation with the Secretary of State, whether the assurances are sufficiently reliable to allow the alien's removal to that country consistent with Article 3 of the Convention Against Torture. The Attorney General's authority under this paragraph may be exercised by the Deputy Attorney General or by the Commissioner, Immigration and Naturalization Service, but may not be further delegated.

(3) Once assurances are provided under paragraph (c)(2) of this section, the alien's claim for protection under the Convention Against Torture shall not be considered further by an immigration judge, the Board of Immigration Appeals, or an asylum officer.

(d) Cases involving aliens ordered removed under section 235(c) of the Act. With respect to an alien terrorist or other alien subject to administrative removal under section 235(c) of the Act who requests protection under Article 3 of the Convention Against Torture, the Service will assess the applicability of Article 3 through the removal process to ensure that a removal order will not be executed under circumstances that would violate the obligations of the United States under Article 3. In such cases, the provisions of Part 208 relating to consideration or review by an immigration judge, the Board of Immigration Appeals, or an asylum officer shall not apply.

(e) Judicial review of claims for protection from removal under Article 3 of the Convention Against Torture.

(1) Pursuant to the provisions of section 2242(d) of the Foreign Affairs Reform and Restructuring Act of 1998, there shall be no judicial appeal or review of any action, decision, or claim raised under the Convention or that section, except as part of the review of a final order of removal

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pursuant to section 242 of the Act; provided however, that any appeal or petition regarding an action, decision, or claim under the Convention or under section 2242 of the Foreign Affairs Reform and Restructuring Act of 1998 shall not be deemed to include or authorize the consideration of any administrative order or decision, or portion thereof, the appeal or review of which is restricted or prohibited by the Act.

(2) Except as otherwise expressly provided, nothing in this paragraph shall be construed to create a private right of action or to authorize the consideration or issuance of administrative or judicial relief.

[64 FR 8490, Feb. 19, 1999; 64 FR 13881, March 23, 1999]

SOURCE: 62 FR 10337, March 6, 1997; 68 FR 10923, March 6, 2003; 68 FR 35275, June 13, 2003, unless otherwise noted.

AUTHORITY: 8 U.S.C. 1103, 1158, 1226, 1252, 1282; 8 CFR part 2.

8 C. F. R. § 208.18, **8 CFR § 208.18**

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Part 208. Procedures for Asylum and Withholding of Removal (Refs & Annos)

Subpart B. Credible Fear of Persecution

➡§ 208.30 Credible fear determinations involving stowaways and applicants for admission found inadmissible pursuant to section 212(a)(6)(C) or 212(a)(7) of the Act.

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(a) Jurisdiction. The provisions of this subpart apply to aliens subject to sections 235(a)(2) and 235(b)(1) of the Act. Pursuant to section 235(b)(1)(B) of the Act, the Service has exclusive jurisdiction to make credible fear determinations, and the Executive Office for Immigration Review has exclusive jurisdiction to review such determinations. Except as otherwise provided in this subpart, paragraphs (b) through (g) of this section are the exclusive procedures applicable to credible fear interviews, determinations, and reviews under section 235(b)(1)(B) of the Act.

(b) Treatment of dependents. A spouse or child of an alien may be included in that alien's credible fear evaluation and determination, if such spouse or child:

(1) Arrived in the United States concurrently with the principal alien; and

(2) Desires to be included in the principal alien's determination. However, any alien may have his or her credible fear evaluation and determination made separately, if he or she expresses such a desire.

(c) Authority. Asylum officers conducting credible fear interviews shall have the authorities described in § 208.9(c).

(d) Interview. The asylum officer, as defined in section 235(b)(1)(E) of the Act, will conduct the interview in a nonadversarial manner, separate and apart from the general public. The purpose of the interview shall be to elicit all relevant and useful information bearing on whether the applicant has a credible fear of persecution or torture, and shall conduct the interview as follows:

(1) If the officer conducting the credible fear interview determines that the alien is unable to participate effectively in the interview because of illness, fatigue, or other impediments, the officer may reschedule the interview.

(2) At the time of the interview, the asylum officer shall verify that the alien has received Form M-444, Information about Credible Fear Interview in Expedited Removal Cases. The officer shall also determine that the alien has an understanding of the credible fear determination process.

(3) The alien may be required to register his or her identity electronically or through any other means designated by the Attorney General.

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(4) The alien may consult with a person or persons of the alien's choosing prior to the interview or any review thereof, and may present other evidence, if available. Such consultation shall be at no expense to the Government and shall not unreasonably delay the process. Any person or persons with whom the alien chooses to consult may be present at the interview and may be permitted, in the discretion of the asylum officer, to present a statement at the end of the interview. The asylum officer, in his or her discretion, may place reasonable limits on the number of persons who may be present at the interview and on the length of the statement.

(5) If the alien is unable to proceed effectively in English, and if the asylum officer is unable to proceed competently in a language chosen by the alien, the asylum officer shall arrange for the assistance of an interpreter in conducting the interview. The interpreter must be at least 18 years of age and may not be the applicant's attorney or representative of record, a witness testifying on the applicant's behalf, a representative or employee of the applicant's country of nationality, or, if the applicant is stateless, the applicant's country of last habitual residence.

(6) The asylum officer shall create a summary of the material facts as stated by the applicant. At the conclusion of the interview, the officer shall review the summary with the alien and provide the alien with an opportunity to correct any errors therein.

(e) Determination.

(1) The asylum officer shall create a written record of his or her determination, including a summary of the material facts as stated by the applicant, any additional facts relied on by the officer, and the officer's determination of whether, in light of such facts, the alien has established a credible fear of persecution or torture.

(2) An alien will be found to have a credible fear of persecution if there is a significant possibility, taking into account the credibility of the statements made by the alien in support of the alien's claim and such other facts as are known to the officer, the alien can establish eligibility for asylum under section 208 of the Act or for withholding of removal under section 241(b)(3) of the Act.

(3) An alien will be found to have a credible fear of torture if the alien shows that there is a significant possibility that he or she is eligible for withholding of removal or deferral of removal under the Convention Against Torture, pursuant to 8 CFR 208.16 or 208.17.

(4) In determining whether the alien has a credible fear of persecution, as defined in section 235(b)(1)(B)(v) of the Act, or a credible fear of torture, the asylum officer shall consider whether the alien's case presents novel or unique issues that merit consideration in a full hearing before an immigration judge.

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(5) Except as provided in paragraph (e)(6) of this section, if an alien is able to establish a credible fear of persecution or torture but appears to be subject to one or more of the mandatory bars to applying for, or being granted, asylum contained in section 208(a)(2) and 208(b)(2) of the Act, or to withholding of removal contained in section 241(b)(3)(B) of the Act, the Department of Homeland Security shall nonetheless place the alien in proceedings under section 240 of the Act for full consideration of the alien's claim, if the alien is not a stowaway. If the alien is a stowaway, the Department shall place the alien in proceedings for consideration of the alien's claim pursuant to 8 CFR 208.2(c)(3).

(6) Prior to any determination concerning whether an alien arriving in the United States at a U.S.-Canada land border port-of-entry or in transit through the U.S. during removal by Canada has a credible fear of persecution or torture, the asylum officer shall conduct a threshold screening interview to determine whether such an alien is ineligible to apply for asylum pursuant to section 208(a)(2)(A) of the Act and subject to removal to Canada by operation of the Agreement Between the Government of the United States and the Government of Canada For Cooperation in the Examination of Refugee Status Claims from Nationals of Third Countries ("Agreement"). In conducting this threshold screening interview, the asylum officer shall apply all relevant interview procedures outlined in paragraph (d) of this section, provided, however, that paragraph (d)(2) of this section shall not apply to aliens described in this paragraph. The asylum officer shall advise the alien of the Agreement's exceptions and question the alien as to applicability of any of these exceptions to the alien's case.

(i) If the asylum officer, with concurrence from a supervisory asylum officer, determines that an alien does not qualify for an exception under the Agreement during this threshold screening interview, the alien is ineligible to apply for asylum in the United States. After the asylum officer's documented finding is reviewed by a supervisory asylum officer, the alien shall be advised that he or she will be removed to Canada in order to pursue his or her claims relating to a fear of persecution or torture under Canadian law. Aliens found ineligible to apply for asylum under this paragraph shall be removed to Canada.

(ii) If the alien establishes by a preponderance of the evidence that he or she qualifies for an exception under the terms of the Agreement, the asylum officer shall make a written notation of the basis of the exception, and then proceed immediately to a determination concerning whether the alien has a credible fear of persecution or torture under paragraph (d) of this section.

(iii) An alien qualifies for an exception to the Agreement if the alien is not being removed from Canada in transit through the United States and

(A) Is a citizen of Canada or, not having a country of nationality, is a habitual resident of Canada;

(B) Has in the United States a spouse, son, daughter, parent, legal guardian, sibling, grandparent, grandchild, aunt, uncle, niece, or nephew who has been granted asylum, refugee,

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or other lawful status in the United States, provided, however, that this exception shall not apply to an alien whose relative maintains only nonimmigrant visitor status, as defined in section 101(a)(15)(B) of the Act, or whose relative maintains only visitor status based on admission to the United States pursuant to the Visa Waiver Program;

(C) Has in the United States a spouse, son, daughter, parent, legal guardian, sibling, grandparent, grandchild, aunt, uncle, niece, or nephew who is at least 18 years of age and has an asylum application pending before U.S. Citizenship and Immigration Services, the Executive Office for Immigration Review, or on appeal in federal court in the United States;

(D) Is unmarried, under 18 years of age, and does not have a parent or legal guardian in either Canada or the United States;

(E) Arrived in the United States with a validly issued visa or other valid admission document, other than for transit, issued by the United States to the alien, or, being required to hold a visa to enter Canada, was not required to obtain a visa to enter the United States; or

(F) The Director of USCIS, or the Director's designee, determines, in the exercise of unreviewable discretion, that it is in the public interest to allow the alien to pursue a claim for asylum, withholding of removal, or protection under the Convention Against Torture, in the United States.

(iv) As used in 8 CFR 208.30(e)(6)(iii)(B), (C) and (D) only, "legal guardian" means a person currently vested with legal custody of such an alien or vested with legal authority to act on the alien's behalf, provided that such an alien is both unmarried and less than 18 years of age, and provided further that any dispute with respect to whether an individual is a legal guardian will be resolved on the basis of U.S. law.

(7) An asylum officer's determination shall not become final until reviewed by a supervisory asylum officer.

(f) Procedures for a positive credible fear finding. If an alien, other than an alien stowaway, is found to have a credible fear of persecution or torture, the asylum officer will so inform the alien and issue a Form I-862, Notice to Appear, for full consideration of the asylum and withholding of removal claim in proceedings under section 240 of the Act. If an alien stowaway is found to have a credible fear of persecution or torture, the asylum officer will so inform the alien and issue a Form I-863, Notice of Referral to Immigration Judge, for full consideration of the asylum claim, or the withholding of removal claim, in proceedings under § 208.2(c). Parole of the alien may be considered only in accordance with section 212(d)(5) of the Act and § 212.5 of this chapter.

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(g) Procedures for a negative credible fear finding.

(1) If an alien is found not to have a credible fear of persecution or torture, the asylum officer shall provide the alien with a written notice of decision and inquire whether the alien wishes to have an immigration judge review the negative decision, using Form I-869, Record of Negative Credible Fear Finding and Request for Review by Immigration Judge. The alien shall indicate whether he or she desires such review on Form I-869. A refusal by the alien to make such indication shall be considered a request for review.

(i) If the alien requests such review, or refuses to either request or decline such review, the asylum officer shall arrange for detention of the alien and serve him or her with a Form I-863, Notice of Referral to Immigration Judge, for review of the credible fear determination in accordance with paragraph (f)(2) of this section.

(ii) If the alien is not a stowaway and does not request a review by an immigration judge, the officer shall order the alien removed and issue a Form I-860, Notice and Order of Expedited Removal, after review by a supervisory asylum officer.

(iii) If the alien is a stowaway and the alien does not request a review by an immigration judge, the asylum officer shall refer the alien to the district director for completion of removal proceedings in accordance with section 235(a)(2) of the Act.

(2) Review by immigration judge of a negative credible fear finding.

(i) Immigration judges will review negative credible fear findings as provided in 8 CFR 1208.30(g)(2).

(ii) The record of the negative credible fear determination, including copies of the Form I-863, the asylum officer's notes, the summary of the material facts, and other materials upon which the determination was based shall be provided to the immigration judge with the negative determination.

[64 FR 8492, Feb. 19, 1999; 65 FR 76136, Dec. 6, 2000; 69 FR 69488, Nov. 29, 2004]

SOURCE: 62 FR 10337, March 6, 1997; 68 FR 10923, March 6, 2003; 68 FR 35275, June 13, 2003,

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unless otherwise noted.

AUTHORITY: 8 U.S.C. 1103, 1158, 1226, 1252, 1282; 8 CFR part 2.

8 C. F. R. § 208.30, **8 CFR § 208.30**

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Title 8. Aliens and Nationality

Chapter I. Department of Homeland Security (Immigration and Naturalization) (Refs & Annos)

Subchapter B. Immigration Regulations

Part 208. Procedures for Asylum and Withholding of Removal (Refs & Annos)

Subpart B. Credible Fear of Persecution

➡§ 208.31 Reasonable fear of persecution or torture determinations involving aliens ordered removed under section 238(b) of the Act and aliens whose removal is reinstated under section 241(a)(5) of the Act.

(a) Jurisdiction. This section shall apply to any alien ordered removed under section 238(b) of the Act or whose deportation, exclusion, or removal order is reinstated under section 241(a)(5) of the Act who, in the course of the administrative removal or reinstatement process, expresses a fear of returning to the country of removal. The Service has exclusive jurisdiction to make reasonable fear determinations, and EOIR has exclusive jurisdiction to review such determinations.

(b) Initiation of reasonable fear determination process. Upon issuance of a Final Administrative Removal Order under § 238.1 of this chapter, or notice under § 241.8(b) of this chapter that an alien is subject to removal, an alien described in paragraph (a) of this section shall be referred to an asylum officer for a reasonable fear determination. In the absence of exceptional circumstances, this determination will be conducted within 10 days of the referral.

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(c) Interview and procedure. The asylum officer shall conduct the interview in a non-adversarial manner, separate and apart from the general public. At the time of the interview, the asylum officer shall determine that the alien has an understanding of the reasonable fear determination process. The alien may be represented by counsel or an accredited representative at the interview, at no expense to the Government, and may present evidence, if available, relevant to the possibility of persecution or torture. The alien's representative may present a statement at the end of the interview. The asylum officer, in his or her discretion, may place reasonable limits on the number of persons who may be present at the interview and the length of the statement. If the alien is unable to proceed effectively in English, and if the asylum officer is unable to proceed competently in a language chosen by the alien, the asylum officer shall arrange for the assistance of an interpreter in conducting the interview. The interpreter may not be a representative or employee of the applicant's country or nationality, or if the applicant is stateless, the applicant's country of last habitual residence. The asylum officer shall create a summary of the material facts as stated by the applicant. At the conclusion of the interview, the officer shall review the summary with the alien and provide the alien with an opportunity to correct errors therein. The asylum officer shall create a written record of his or her determination, including a summary of the material facts as stated by the applicant, any additional facts relied on by the officers, and the officer's determination of whether, in light of such facts, the alien has established a reasonable fear of persecution or torture. The alien shall be determined to have a reasonable fear of persecution or torture if the alien establishes a reasonable possibility that he or she would be persecuted on account of his or her race, religion, nationality, membership in a particular social group or political opinion, or a reasonable possibility that he or she would be tortured in the country of removal. For purposes of the screening determination, the bars to eligibility for withholding of removal under section 241(b)(3)(B) of the Act shall not be considered.

(d) Authority. Asylum officers conducting screening determinations under this section shall have the authority described in § 208.9(c).

(e) Referral to Immigration Judge. If an asylum officer determines that an alien described in this section has a reasonable fear of persecution or torture, the officer shall so inform the alien and issue a Form I-863, Notice of Referral to the Immigration Judge, for full consideration of the request for withholding of removal only. Such cases shall be adjudicated by the immigration judge in accordance with the provisions of § 208.16. Appeal of the immigration judge's decision shall lie to the Board of Immigration Appeals.

(f) Removal of aliens with no reasonable fear of persecution or torture. If the asylum officer determines that the alien has not established a reasonable fear of persecution or torture, the asylum officer shall inform the alien in writing of the decision and shall inquire whether the alien wishes to have an immigration judge review the negative decision, using Form I-898, Record of Negative Reasonable Fear Finding and Request for Review by Immigration Judge, on which the alien shall indicate whether he or she desires such review.

(g) Review by immigration judge. The asylum officer's negative decision regarding reasonable fear shall be subject to review by an immigration judge upon the alien's request. If the alien requests such review, the asylum officer shall serve him or her with a Form I-863. The record of determination, including copies of the Form I-863, the asylum officer's notes, the summary of the material facts, and other materials upon which the determination was based shall be provided to the immigration judge with the negative determination. In the absence of exceptional circumstances, such review shall be

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conducted by the immigration judge within 10 days of the filing of the Form I-863 with the immigration court. Upon review of the asylum officer's negative reasonable fear determination:

(1) If the immigration judge concurs with the asylum officer's determination that the alien does not have a reasonable fear of persecution or torture, the case shall be returned to the Service for removal of the alien. No appeal shall lie from the immigration judge's decision.

(2) If the immigration judge finds that the alien has a reasonable fear of persecution or torture, the alien may submit Form I-589, Application for Asylum and Withholding of Removal.

(i) The immigration judge shall consider only the alien's application for withholding of removal under § 208.16 and shall determine whether the alien's removal to the country of removal must be withheld or deferred.

(ii) Appeal of the immigration judge's decision whether removal must be withheld or deferred lies to the Board of Immigration Appeals. If the alien or the Service appeals the immigration judge's decision, the Board shall review only the immigration judge's decision regarding the alien's eligibility for withholding or deferral of removal under § 208.16.

[64 FR 8493, Feb. 19, 1999; 64 FR 13881, March 23, 1999]

SOURCE: 62 FR 10337, March 6, 1997; 68 FR 10923, March 6, 2003; 68 FR 35275, June 13, 2003, unless otherwise noted.

AUTHORITY: 8 U.S.C. 1103, 1158, 1226, 1252, 1282; 8 CFR part 2.

8 C. F. R. § 208.31, **8 CFR § 208.31**

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Title 8. Aliens and Nationality

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➡§ 235.8 Inadmissibility on security and related grounds.

(a) Report. When an immigration officer or an immigration judge suspects that an arriving alien appears to be inadmissible under section 212(a)(3)(A) (other than clause (ii)), (B), or (C) of the Act, the immigration officer or immigration judge shall order the alien removed and report the action promptly to the district director who has administrative jurisdiction over the place where the alien has arrived or where the hearing is being held. The immigration officer shall, if possible, take a brief sworn question-and-answer statement from the alien, and the alien shall be notified by personal service of Form I-147, Notice of Temporary Inadmissibility, of the action taken and the right to submit a written statement and additional information for consideration by the Attorney General. The district director shall forward the report to the regional director for further action as provided in paragraph (b) of this section.

(b) Action by regional director.

(1) In accordance with section 235(c)(2)(B) of the Act, the regional director may deny any further inquiry or hearing by an immigration judge and order the alien removed by personal service of Form I-148, Notice of Permanent Inadmissibility, or issue any other order disposing of the case that the regional director considers appropriate.

(2) If the regional director concludes that the case does not meet the criteria contained in section 235(c)(2)(B) of the Act, the regional director may direct that:

(i) An immigration officer shall conduct a further examination of the alien, concerning the alien's admissibility; or,

(ii) The alien's case be referred to an immigration judge for a hearing, or for the continuation of any prior hearing.

(3) The regional director's decision shall be in writing and shall be signed by the regional director. Unless the written decision contains confidential information, the disclosure of which would be prejudicial to the public interest, safety, or security of the United States, the written decision shall be served on the alien. If the written decision contains such confidential information, the alien

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shall be served with a separate written order showing the disposition of the case, but with the confidential information deleted.

(4) The Service shall not execute a removal order under this section under circumstances that violate section 241(b)(3) of the Act or Article 3 of the Convention Against Torture. The provisions of part 208 of this chapter relating to consideration or review by an immigration judge, the Board of Immigration Appeals, or an asylum officer shall not apply.

(c) Finality of decision. The regional director's decision under this section is final when it is served upon the alien in accordance with paragraph (b)(3) of this section. There is no administrative appeal from the regional director's decision.

(d) Hearing by immigration judge. If the regional director directs that an alien subject to removal under this section be given a hearing or further hearing before an immigration judge, the hearing and all further proceedings in the matter shall be conducted in accordance with the provisions of section 240 of the Act and other applicable sections of the Act to the same extent as though the alien had been referred to an immigration judge by the examining immigration officer. In a case where the immigration judge ordered the alien removed pursuant to paragraph (a) of this section, the Service shall refer the case back to the immigration judge and proceedings shall be automatically reopened upon receipt of the notice of referral. If confidential information, not previously considered in the matter, is presented supporting the inadmissibility of the alien under section 212(a)(3)(A) (other than clause (ii)), (B) or (C) of the Act, the disclosure of which, in the discretion of the immigration judge, may be prejudicial to the public interest, safety, or security, the immigration judge may again order the alien removed under the authority of section 235(c) of the Act and further action shall be taken as provided in this section.

(e) Nonapplicability. The provisions of this section shall apply only to arriving aliens, as defined in § 1.1(q) of this chapter. Aliens present in the United States who have not been admitted or paroled may be subject to proceedings under Title V of the Act.

[22 FR 9791, Dec. 6, 1957; 22 FR 9519, Nov. 28, 1957, as amended at 37 FR 11470, June 8, 1972; 46 FR 8, Jan. 3, 1983; 48 FR 30350, July 1, 1983; 62 FR 10358, March 6, 1997; 64 FR 8494, Feb. 19, 1999]

SOURCE: 53 FR 23380, June 22, 1988; 53 FR 30021, Aug. 10, 1988; 54 FR 101, Jan. 4, 1989; 56 FR 50812, Oct. 9, 1991; 62 FR 10353, March 6, 1997; 67 FR 71449, Dec. 2, 2002; 68 FR 10923, March 6, 2003; 68 FR 35275, June 13, 2003; 69 FR 480, Jan. 5, 2004, unless otherwise noted.

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AUTHORITY: 8 U.S.C. 1101 and note, 1103, 1183, 1185 (pursuant to E.O. 13323, published January 2, 2004), 1201, 1224, 1225, 1226, 1228, 1365a note, 1379, 1731-32.

8 C. F. R. § 235.8, **8 CFR § 235.8**

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Title 22. Foreign Relations

Chapter I. Department of STATE

Subchapter J. Legal and Related Services

Part 95. Implementation of Torture Convention in Extradition Cases

AUTHORITY: 18 U.S.C. 3181 et seq.; Convention Against Torture and Other Cruel, Inhuman or Degrading Treatment or Punishment.

SOURCE: 64 FR 9437, Feb. 26, 1999, unless otherwise noted.

C. F. R. T. 22, Ch. I, Subch. J, Pt. 95, Refs & Annos, CFR T. 22, Ch. I, Subch. J, Pt. 95, Refs & Annos

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Title 22. Foreign Relations

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Chapter I. Department of STATE

Subchapter J. Legal and Related Services

Part 95. Implementation of Torture Convention in Extradition Cases (Refs & Annos)

➡§ 95.1 Definitions.

(a) Convention means the United Nations Convention Against Torture and Other Forms of Cruel, Inhuman or Degrading Treatment or Punishment, done at New York on December 10, 1984, entered into force for the United States on November 10, 1994. Definitions provided below in paragraphs (b) and (c) of this section reflect the language of the Convention and understandings set forth in the United States instrument of ratification to the Convention.

(b) Torture means:

(1) Any act by which severe pain or suffering, whether physical or mental, is intentionally inflicted on a person for such purposes as obtaining from him or a third person information or a confession, punishing him for an act he or a third person has committed or is suspected of having committed, or intimidating or coercing him or a third person, or for any reason based on discrimination of any kind, when such pain or suffering is inflicted by or at the instigation of or with the consent or acquiescence of a public official or other person acting in an official capacity. It does not include pain or suffering arising only from, inherent in or incidental to lawful sanctions.

(2) In order to constitute torture, an act must be specifically intended to inflict severe physical or mental pain or suffering and that mental pain or suffering refers to prolonged mental harm caused by or resulting from:

(i) The intentional infliction or threatened infliction of severe physical pain or suffering;

(ii) The administration or application, or threatened administration or application, of mind altering substances or other procedures calculated to disrupt profoundly the senses or the personality;

(iii) The threat of imminent death; or

(iv) The threat that another person will imminently be subjected to death, severe physical pain or

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suffering, or the administration or application of mind altering substances or other procedures calculated to disrupt profoundly the senses or personality.

(3) Noncompliance with applicable legal procedural standards does not per se constitute torture.

(4) This definition of torture applies only to acts directed against persons in the offender's custody or physical control.

(5) The term "acquiescence" as used in this definition requires that the public official, prior to the activity constituting torture, have awareness of such activity and thereafter breach his or her legal responsibility to intervene to prevent such activity.

(6) The term "lawful sanctions" as used in this definition includes judicially imposed sanctions and other enforcement actions authorized by law, provided that such sanctions or actions were not adopted in order to defeat the object and purpose of the Convention to prohibit torture.

(7) Torture is an extreme form of cruel and inhuman treatment and does not include lesser forms of cruel, inhuman or degrading treatment or punishment.

(c) Where there are substantial grounds for believing that [a fugitive] would be in danger of being subjected to torture means if it is more likely than not that the fugitive would be tortured.

(d) Secretary means Secretary of State and includes, for purposes of this rule, the Deputy Secretary of State, by delegation.

SOURCE: 64 FR 9437, Feb. 26, 1999, unless otherwise noted.

AUTHORITY: 18 U.S.C. 3181 et seq.; Convention Against Torture and Other Cruel, Inhuman or Degrading Treatment or Punishment.

22 C. F. R. § 95.1, 22 CFR § 95.1

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Title 22. Foreign Relations

Chapter I. Department of STATE

Subchapter J. Legal and Related Services

Part 95. Implementation of Torture Convention in Extradition Cases (Refs & Annos)

➡§ 95.2 Application.

(a) Article 3 of the Convention imposes on the parties certain obligations with respect to extradition. That Article provides as follows:

(1) No State party shall expel, return ("refouler") or extradite a person to another State where there are substantial grounds for believing that he would be in danger of being subjected to torture.

(2) For the purpose of determining whether there are such grounds, the competent authorities shall take into account all relevant considerations including, where applicable, the existence in the State concerned of a consistent pattern of gross, flagrant or mass violations of human rights.

(b) Pursuant to sections 3184 and 3186 of Title 18 of the United States Criminal Code, the Secretary is the U.S. official responsible for determining whether to surrender a fugitive to a foreign country by means of extradition. In order to implement the obligation assumed by the United States pursuant to Article 3 of the Convention, the Department considers the question of whether a person facing extradition from the U.S. "is more likely than not" to be tortured in the State requesting extradition when appropriate in making this determination.

SOURCE: 64 FR 9437, Feb. 26, 1999, unless otherwise noted.

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AUTHORITY: 18 U.S.C. 3181 et seq.; Convention Against Torture and Other Cruel, Inhuman or Degrading Treatment or Punishment.

22 C. F. R. § 95.2, 22 CFR § 95.2

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Title 22. Foreign Relations

Chapter I. Department of STATE

Subchapter J. Legal and Related Services

Part 95. Implementation of Torture Convention in Extradition Cases (Refs & Annos)

➡§ 95.3 Procedures.

(a) Decisions on extradition are presented to the Secretary only after a fugitive has been found extraditable by a United States judicial officer. In each case where allegations relating to torture are made or the issue is otherwise brought to the Department's attention, appropriate policy and legal offices review and analyze information relevant to the case in preparing a recommendation to the Secretary as to whether or not to sign the surrender warrant.

(b) Based on the resulting analysis of relevant information, the Secretary may decide to surrender the fugitive to the requesting State, to deny surrender of the fugitive, or to surrender the fugitive subject to conditions.

SOURCE: 64 FR 9437, Feb. 26, 1999, unless otherwise noted.

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AUTHORITY: 18 U.S.C. 3181 et seq.; Convention Against Torture and Other Cruel, Inhuman or Degrading Treatment or Punishment.

22 C. F. R. § 95.3, 22 CFR § 95.3

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Annex 3 (Question 24)

Information about Training for Military Personnel and Other Persons Working with Detainees

Training on the law of war, including the prohibition against torture, is an annual training requirement for the members of every service and for every person, including DoD contractor personnel, who are involved in detainee operations.

Service and Multi-Service level tactics, techniques and procedures (TTP) provide the basis for the majority of warfighter education and training with respect to the day-to-day tactical-level execution of detainee and interrogation operations. TTP is systematically revised in accordance with Service policy.

Theater specific training is a function of the Combatant Command (COCOM) Commander's guidance and is conducted during service pre-deployment training.

With respect to education and mechanisms of systematic review, joint education and training are derived from joint doctrine. Joint doctrine discussions are largely at the operational level and each publication is subject to systematic review following publication in accordance with Chairman, Joint Chiefs of Staff Instructions (CJCSI) 5120.02, *Joint Doctrine Development System*. In addition, changes may be made out of the normal revision cycle to address lessons learned. Joint doctrine is available through the Internet and a distributed learning (web-based) environment.

Extant joint doctrine, reflecting current capabilities and practice, contains guidance for warfighting commanders regarding operational planning for and handling of prisoners of war (POW) and detainees. 18 Joint Publications (JP) address detainee operations and 16 address interrogation operations. Seminal documents include:

- JP 1-0, *Personnel Support to Joint Operations*, 1998
- JP 2-01, *Intelligence Support to Military Operations*, 2004
- JP 5-00.1, *Joint Doctrine for Campaign Planning*, 2002
- JP 5-00.2, *Joint Task Force Headquarters Planning Guidance and Procedures*, 1999

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Joint doctrine continues to be revised in order to meet warfighter requirements. Detainee and interrogation operations are currently addressed in the following draft publications:

- JP 3-63, *Detainee Operations*, is a stand-alone joint publication delineating detainee operations doctrine. Publication is expected in the near future - pending approval of DOD 2310, *DOD Detainee Program.*
- JP 2-01.2, *Counterintelligence and HUMINT Support to Joint Operations,* deals with interrogation operations. Approval and publication is expected in the 3rd Quarter of 2006.
- JP 3-0, *Joint Operations*, details need for restraint and exercise of sound judgment when dealing with POWs and detainees. Approval and publication is expected in the 3rd Quarter of 2006.
- JP 5-0, *Joint Operations Planning*, contains support planning considerations regarding POWs and detainees. Approval and publication is expected in the 4th Quarter of 2006.

Commanders ensure that all detainees are treated humanely, all intelligence interrogations are conducted in accordance with applicable law and policy; torture is prohibited; and violations and any incidents must be reported immediately.

Mechanisms to enforce this include inspector general visits, command visits and inspections, Congressional and intelligence oversight committees and visits; Unit Standard Operating Procedures (SOPs), and the chain of command. Personnel are certified by their Service at the initial entry training and awarded the interrogation skill identifier.

Combatant Commander (Theatre) Training Requirements

In Central Command (CENTCOM), each Service trains its deploying personnel and other armed forces personnel as tasked by Department of the Army and Joint Forces Command on the rules of engagement for the area to which they are deploying, the Geneva Conventions, the Law of Land Warfare, and detainee handling. The doctrinal proponent of the Services and Joint Forces Command develop training programs, standards, and revisions as applicable using information provided by their embed teams and other sources. These proponents provide assistance in terms of training material, equipment, and subject matter experts to assist in conducting training. Each Service

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coordinates with their doctrinal proponents for updates and subject matter experts.

In Pacific Command (PACOM), personnel, including those deploying into the U.S. Pacific Command Area of Operations (USPACOM AOR), receive Law of Armed Conflict (LOAC)/Human Rights briefings either before deploying to ongoing USPACOM operations or upon arrival in theater. Other personnel in the USPACOM AOR receive yearly LOAC briefings tailored to their job specialty through their service components. USPACOM is developing a detailed instruction on interrogation. In the interim, PACOM issued a policy letter on humane treatment of detainees and that all intelligence interrogations, debriefings, or tactical questioning to gain intelligence from captured or detained personnel shall be conducted humanely, in accordance with applicable law and policy.

In European Command (EUCOM), all personnel, including contractors, are required to receive Law of Armed Conflict (LOAC) prior to deploying in support of peacekeeping or other military operations. (See Secretary of Defense (SECDEF) Memorandum dated APR 11 20005, "FY 2005 National Defense Authorization Act Provisions Regarding Persons Detained By the Department of Defense); United States Army Europe (USAREUR) Directives for U.S. Army Forces Command and Control in Kosovo and Bosnia Areas of Operation, dated 19 May 2005). In addition to the pre-deployment training requirement, all personnel are required to receive at least annual LOAC training when deployed in support of USAREUR military operations.

The Army Training Policy (AR 350-1) and the USAREUR Directive on Contingency Holding Facilities, dated 29 June 2004, require that any personnel engaged in activities involving detainees receive LOAC training that incorporate the principles embodied in the UN Convention Against Torture as well as other international and domestic obligations. The USAREUR/7A policy goes further and prohibits contractors from participating in the interrogation of detainees. (See AER Supplement 1 to AR 190-8, 3 Nov 04; USAREUR/7A Handbook, "Contingency Holding Facility and Interrogation Operations," Oct 2004).

With respect to education programs in EUCOM, USAREUR/7A military personnel involved in the custody, interrogation or treatment of

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detained persons are subject to a number of regulations, command policies, training programs and standard operating procedures (SOPs) that are intended to ensure comprehensive adherence to U.S. law and applicable international law. Further, USAREUR/7A personnel and detention facilities are also subject to regular inspections from the Inspector General at all Army levels as well as bi-annual Staff Assistance Visits (SAV), to ensure that personnel and facilities that deal with detainees are reviewed systematically.

Revised versions of Army in Europe Regulation (AER) 27-8 (USAREUR Law of War Program) and AER Pamphlet 350-27 (Army Soldier Rules) require "qualified instructors" to conduct at least annual LOAC training for all military personnel. These training requirements are similarly reflected in AER 350-1 and the newly published AR 350-1, 13 Jan 06. In addition to SAV's, USAREUR/7A staff sections, including the Office of the Provost Marshal, the USAREUR G2 and the Office of the Judge Advocate are required to conduct at least one unannounced on-site inspection of each contingency holding facility.

Included in these SAVs are checklists from each staff section that require detention facility personnel to review, and if necessary, adjust all facility procedures (including interrogation), and facility infrastructure to comport with all of the legal and medical requirements relating to the treatment of detainees. Only MOS qualified personnel are authorized to handle or interrogate detained persons within the USAREUR/7A AOR and only trained and certified personnel are permitted to handle detainees.

Additionally, commanders of detention facilities are required to establish comprehensive SOPs in accordance with the USAREUR policy and must present these SOPs for review during SAVs and during unannounced, on-site inspections. These requirements are reflected in AER Supplement 1 to AR 190-8, 3 Nov 04; USAREUR/7A Handbook, "Contingency Holding Facility and Interrogation Operations," Oct 2004; and the USAREUR Command Directives for Bosnia and Kosovo, 19 May 2005.

In Southern Command (SOUTHCOM), USSOUTHCOM Regulation 1-20 requires that all Department of Defense (DoD) personnel, including civilian employees and contractors on DoD contracts, take human rights training prior to deploying into the

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USSOUTHCOM Area of Responsibility or upon assignment to USSOUTHCOM and annually thereafter. All must take a related exam and receive a score of at least 80%.

Both the HR training and exam are delivered via a computer-based training module (CBT). The CBT includes the following information:

1. Definition of human rights, including information on international and regional human rights treaties (including the UN Convention against Torture)
2. Trafficking in persons
3. The relationship between human rights, customary international law, and the Law of Armed Conflict (Law of War, International Humanitarian Law)
4. Department of Defense personnel responsibility to promote respect for human rights
5. History of human rights violations in USSOUTHCOM's Area of Responsibility
6. USSOUTHCOM human rights policy of zero tolerance for human rights violations with four basic tenets:
a. Requirement for human rights training
b. Duty to report any human rights violation observed immediately through the chain of command
c. Requirement to include human rights component in all activities with partner nation militaries, such as exercises, training courses, etc.
d. Issuance of card with human rights standing orders
7. Specific responsibilities of DoD personnel if they witness a gross violation of human rights by either U.S. or partner nation personnel, covered by the Five R's : Recognize, refrain, react, record, report.
8. Current human rights issues in the region

As the Joint Trainer, U.S. Joint Forces Command (USJFCOM) provides training and exercises to DoD elements in furtherance of the Chairman's Exercise Program and in response to request for training from other combatant commanders. That training process, in summary, consists of academic programs and exercise events. There are no academic programs presented by USJFCOM which specifically address CAT or other international human rights instruments. In certain exercises, dependent on the training audience, events are submitted to

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stimulate activities related to detainee operations, to include procedures for reporting detainee abuse.

Armed Services

The Army informs its personnel of their obligations under the Convention as follows:

- Law of War training. U.S. Army personnel and leaders at all levels receive Law of War training throughout their careers commensurate with their duties and responsibilities. This training does not specifically address the Convention against Torture (CAT) as a stand alone body of instruction; however, the substantive CAT provisions on torture and cruel, inhumane and degrading treatment are incorporated in the broader instruction provided to all soldiers, which includes the full range of protective provisions contained in Common Article 3 of the Geneva Conventions.

- Army Regulation 350-1, *Army Training and Leader Development*, provides specific regulatory guidance concerning Law of War training and integration of detainee operations training into other appropriate training events.

- Military contractors are trained on their obligations to comply with U.S. military policy when performing detainee and detainee interrogation operations.

- Contract interrogators are subject to additional requirements. In accordance with Department of the Army policy memorandum, "Contract Interrogator Selection and Training Requirements," contract interrogators must be graduates of the U.S. Army or Marine Corps interrogation training course or have equivalent experience and then be re-certified in proper interrogation tactics, techniques and procedures by attending the Enhanced Analysis and Interrogator Course. The policy memorandum also directs that contract interrogators receive training on the rules governing the treatment of detainees under the Geneva Conventions and Law of Land Warfare, prior to conducting interrogations. Further, the organizational Commander or Director, grade O-6/GS-15 or above, initiating the contract must certify that the contractor completed training.

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▪ "The Soldier's Rules" (*AR 350-1, para 4-18b*) stipulates that Soldiers will not harm enemies who surrender, will not kill or torture enemy prisoners of war, will treat civilians humanely, will do their best to prevent violations, and will report all violations of the law of war.

With respect to education, Army doctrine meets and exceeds U.S. law, policy, and international obligations. Army doctrine guides training and operations while incorporating lessons learned for both detainee and detainee interrogation operations. All soldiers receive training to reinforce humane treatment. Soldiers responsible for detainees are guided by Army detainee operations policy and doctrine (*i.e.*, AR 190-8, *Enemy Prisoners of War, Retained Personnel, Civilian Internees and Other Detainees* and FMI 3-19.40*, Internment /Resettlement Operations*) to conduct detainee operations across the spectrum from the moment of capture until they are transferred, repatriated, or released.

The United States Air Force trains its personnel on a recurring basis in the principles of the law of armed conflict. Pursuant to AFPD 51-4 (*Compliance with the Law of Armed Conflict*), AFI 51-401 (*Training and Reporting to Ensure Compliance with the Law of Armed Conflict*), and DODD 5100.77(DOD Law of War Program)), Air Force commanders ensure their people are trained in the principles and rules of LOAC needed to carry out their duties. This includes, as a minimum, training required by the 1949 Geneva Conventions for the Protection of War Victims and the Hague Convention of 1907. Included in this training is the responsibility to report suspected violations of the law of armed conflict so that appropriate action can take place.

With respect to education, Air Force Security Forces have deployed to perform duty as detainee/prison guards. Air Force Office of Special Investigations (AFOSI) personnel have deployed to perform duty as interrogators. These deployments have been "in lieu of" U.S. Army taskings and personnel have been placed under the C2 of U.S. Army commanders. In accordance with the response to Question 93 above, all AF personnel receive Law of Armed Conflict (LOAC) training annually. Those involved in the custody, interrogation and treatment of individuals in detention receive training upon assignment to those locations. The U.S. Army, as lead service for detention facilities, provides the education programs and information, rules, instructions and mechanisms of systematic review.

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Navy commands provide extensive training on the law of armed conflict, especially prior to deployment, on subjects that would include proper treatment of prisoners of war and other detainees in accordance with Department of Defense Directive 5100.77 of December 9, 1998 (DoD Law of War Program), Secretary of the Navy Instruction 3300.1B of December 27, 2005 (Law of Armed Conflict (Law of War) Program to Ensure Compliance by the Naval Establishment), and Chief of Naval Operations Instruction 3300.52 of March 18, 1993 (Law of Armed Conflict (Law of War) Program to Ensure Compliance by the U.S. Navy and Naval Reserve).

The primary regulation concerning custody of personnel is Army Field Manual 190-8. Several regulations apply to the interrogation of individuals, including Department of Defense Directive 3115.09 of November 3, 2005 (Intelligence Interrogations), and the Army Field Manual 34-52 of September 28, 1992 (Interrogation Manual, which will be replaced by Army Field Manual 2-22.3 in the near-future). The primary regulation concerning treatment (presumably medical) of individuals is Assistant Secretary of Defense for Health Affairs memorandum of June 3, 2005 ("Medical Program Principles and Procedures for the Protection and Treatment of Detainees in the Custody of the Armed Forces of the United States").

With respect to training personnel for operations at Guantanamo Bay, the Joint Detention Group (JDG) (guard force) personnel complete training in Gulfport, Mississippi and Fort Lewis, Washington. These personnel receive approximately four weeks of pre-deployment training on topics such as: Law of War and Rules on the Use of Force, actual use of nonlethal weapons, combat life saving training, frisk and search procedures, and cultural awareness. At the end of this training, the personnel complete a Situational Training Exercise (STX) evaluation.

Once assigned duties at Guantanamo Bay, personnel receive continuous training throughout their assignment including lethal weapons training.

With respect to operations in Iraq, individuals receive two weeks of training at Fort Jackson, South Carolina, on topics concerning Enemy Prisoners of War, Rules of Engagement and Rules for the Use of Force

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before being provided specific training for the types of operations that they will be performing (such as civil affairs support, etc.).

With respect to interrogators, per current Department of Defense (DoD) policy, the Director, Defense Intelligence Agency (DIA), in his role as Defense Human Intelligence Manager (DHM), is responsible for establishing interrogation training and certification standards to ensure all personnel who conduct DoD intelligence interrogations are properly trained and certified. To date, DHM has recognized the three existing DoD interrogation courses (the Marine Counter Intelligence/Human Intelligence course, the Army 97E HUMINT Collector course, and the DIA/DH interrogation course) as meeting the requirements/standards for certification. All three of these courses have blocks of instruction on the applicable laws, policies and standards governing the treatment of detained individuals. All Navy personnel are required to successfully complete one of these three courses before serving as an interrogator.

Individuals being assigned to Guantanamo Bay (Joint Interrogation Group, or JIG) receive training in Gulfport on topics such as law of armed conflict, followed by the Army 20-week 97E course at Fort Huachuca, Arizona. At Fort Huachuca, interrogators also complete the U.S. Army Enhanced Analyst Interrogator Training (EAIT) course.

After reporting to Guantanamo Bay, JIG personnel continue to receive training.

With respect to the treatment of personnel, the Joint Medical Group personnel also complete pre-deployment training at Gulfport, and for those going to Guantanamo, they receive training on matters such as detainee interaction and safety training in case of an incident with a detainee. There are no different standards in medical care for detainees or servicemembers – both receive the same level of care.

The Marine Corps also has a robust Law of War (LOW) training program, which is set forth in Marine Corps Order 3000.4. It requires LOW training at the entry and follow-on levels, as well as requiring specialized training for commanders and their staffs. It also requires intensive detailed training of Marine Judge Advocates.

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The Marine Corps currently trains LOW/ROE across the training and education continuum. This includes the requirement to treat detainees humanely. There is an on-going effort to improve and formalize follow on LOW training in light of current and future operations. Specifically, Marine Corps Training and Education Command's (TECOM) goal is to review and develop required knowledge sets by grade, billet/MOS for training and develop and publish method of assessment for pre-deployment training for all USMC units deploying ISO OIF/OEF.

In addition, all Marines attending the Basic Lawyers Course, Naval Justice School, Newport, RI, are required to receive training in the LOW and Operational Law (OPLAW) in order to be certified as Judge Advocates. This weeklong course of instruction includes specific instruction on each of the Geneva Conventions, and emphasizes the humane treatment of all persons. Moreover, the International and Operational Law Branch, Headquarters, U.S. Marine Corps, provides refresher LOW and OPLAW training to all Judge Advocates scheduled to deploy to Iraq. This refresher training also includes specific courses on each of the Geneva Conventions.

The U.S. Marine Corps LOW Reserve Detachment (LOW DET) provides specialized LOW training to commanders and their staffs throughout the year. The LOW DET, at a minimum, travels to each of the major commands on the East Coast, West Coast, and WESTPAC, once a year. The LOW DET has been involved in the pre-deployment training at the Battalion level as well.

With respect to education, the Marine Corps' Enemy Detainee Operations Course (EDOC), taught at Marine Detachment Lackland AFB, TX, provides information in all areas noted to pipeline corrections course graduates, Military Occupational Specialty (MOS) 5831. This instruction is based on FM27-10, *The Law of Land Warfare,* and FM3-19.40, and other established references and doctrine. All Marines assigned to detention missions are provided a detailed training package developed by TECOM in detention operations during pre-deployment training. In addition, a Mobile Training Team (MTT) based on EDOC has been provided on (2) occasions for provisional MP units slated to guard enemy detainee facilities as pre-deployment training.

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CI/HUMINT Marines, MOS 0211, who are the only Marines authorized to conduct interrogations, are trained in the Geneva Conventions, and the LOW during the MOS producing school at the Navy and Marine Corps Training Center.

Service Academies

Each of the services has a military academy. For the U.S. Army, it is the United States Military Academy located at West Point, New York. The United States Naval Academy is located at Annapolis, Maryland, and the Air Force Academy is located at Colorado Springs, Colorado. Each academy has both required and elective courses in law. As part of that curriculum, the law of war is taught to the students and includes discussions on the prohibition of torture.

For example, the United States Military Academy discusses torture, the CAT, and some leading cases during the required law of war course. In the advanced law of war classes, several classes are devoted to the subject of the CAT and prohibitions on torture and maltreatment. It delves into case law, case studies, both actual and imagined, and also includes a discussion of related ethical issues.

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Annex 4 (Question 30)

Statistical Data on Deaths in Bureau of Prisons Facilities

Fiscal Years (FY) 2001-2005 Deaths by Gender

Gender	BOP Facilities					CCCs					Private Facilities Under Contract wi		
	FY 01	FY 02	FY 03	FY 04	FY 05	FY 01	FY 02	FY 03	FY 04	FY 05	FY 01	FY 02	FY 03
Femal e	12	14	20	16	25	3	2	0	1	0	0	0	0
Male	278	285	363	314	365	31	42	31	19	22	5	9	6
Total	290	299	383	330	390	34	44	31	20	22	5	9	6

Fiscal Years (FY) 2001-2005 Deaths by Age Categories

Age Range	BOP Facilities					CCCs					Private Facilities Under Contract wit		
	F Y 01	FY 02	FY 03	FY 04	FY 05	FY 01	FY 02	FY 03	FY 04	FY 05	FY 01	FY 02	FY 03
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
40-49	85	59	104	87	91	7	12	16	6	7	3	2	2
50-59	82	101	127	101	135	12	11	3	5	9	1	2	2
60-69	48	71	65	68	74	3	5	2	1	3	0	1	0
70-79	23	16	32	24	31	1	1	0	1	0	0	0	0

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80-89	3	1	1	5	3	0	0	0	0	0	0	0	0
90+	0	0	0	1	1	0	0	0	0	0	0	0	0
Total	290	299	383	330	390	34	44	31	20	22	5	9	6

Fiscal Years (FY) 2001-2005 Deaths by Ethnicity

Ethnicity	BOP Facilities					CCCs					Private Facilities Under Contract with			
	FY 01	FY 02	FY 03	FY 04	FY 05	FY 01	FY 02	FY 03	FY 04	FY 05	FY 01	FY 02	FY 03	F 0
Asian	3	4	6	2	4	0	0	0	0	0	0	1	0	0
Black	98	103	131	108	116	6	12	12	10	4	1	3	2	0
Black-Hispanic	5	3	4	5	11	0	2	0	0	0	0	0	0	0
Native American	0	0	0	5	6	0	0	0	1	0	0	0	0	0
Other	7	2	8	1	0	0	1	1	0	0	0	0	0	0
Unknow	0	0	1	0	0	13	8	1	1	0	0	0	0	0

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n														
White	114	146	163	148	187	10	12	9	3	13	1	4	0	3
White-Hispanic	63	41	70	61	66	5	9	8	5	5	3	1	4	4
Total	290	299	383	330	390	34	44	31	20	22	5	9	6	7

Fiscal Years (FY) 2001-2005 Deaths by Cause of Death
Fiscal Years (FY) 2001-2005 Deaths by Cause

	BOP Facilities					CCCs					Private Facilities Under Contract wit			
	FY 01	FY 02	FY 03	FY 04	FY 05	FY 01	FY 02	FY 03	FY 04	FY 05	FY 01	FY 02	FY 03	
Accidental	4	6	6	3	8	0	0	2	1	0	0	0	0	
Execution	2	0	1	0	0	0	0	0	0	0	0	0	0	
Homicide	9	4	3	4	15	1	2	1	0	1	0	0	0	
Natural Causes	260	274	363	314	355	9	14	8	1	8	4	9	3	
Suici	15	15	10	9	12	1	1	0	0	2	1	0	0	

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de													
Unknown[1]	0	0	0	0	0	23	27	20	18	11	0	0	3
Total	290	299	383	330	390	34	44	31	20	22	5	9	6

[1]pending final autopsy results or death certificates

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Annex 5 (Question 30)
Statistical Data on Deaths in Immigration and Customs Enforcement Facilities

Location of Detention

Location	**Number of Aliens**
ICE-owned Service Processing Center (SPC)	2
Contract Detention Facility (CDF)	1
Intergovernmental Service Agreement (IGSA) Facility	10
Bureau of Prisons (BOP) Facility (including medical facility)	9
Hospital/Nursing Home/Chronic Care Facility	28

Gender

Gender	**Number of Aliens**
Male	45
Female	5

Age

Age Bracket	**Number of Aliens**
Under 18	0
18—40	15
41—60	25
61—80	9
Over 80	1

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Ethnicity of the Deceased

Ethnicity	**Number of Aliens**
Asian	2
Black/African	7
Caucasian	1
Latino/Hispanic	38
Middle Eastern	2

Cause of Death

Cause of Death	**Specifics, if applicable**	**Number of Aliens**
Natural	Atherosclerosis	2
	Brain-Related (*e.g.*, aneurism, stroke)	5
	Cardiac-Related	13
	Cancer	3
	Chronic Care (*e.g.*, renal failure, liver disease)	11
	HIV/AIDs	7
	Other (e.g., accidents, slips and falls)	2
Homicide/Manslaughter/Assault		0
Suicide		7

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Annex 6 (Question 30)
Statistical Data on Deaths in Customs and Border Protection Facilities

Location of Custody

Deaths in CBP Office of Field Operations (OFO) custody occurred at the following locations during calendar year 2005:

Location	**Number of Aliens**
Laredo	1
El Paso	1

Deaths in CBP Border Patrol Sectors occurred at the following locations since 4/2005:

Location	**Number of Aliens**
Tucson Sector	1
Laredo Sector	1
Rio Grande Valley Sector	1
Calexico Sector	1

Gender

The following deaths in CBP OFO custody occurred during calendar year 2005:

Gender	**Number of Aliens**
Male	2
Female	0

In Border Patrol Custody since 4/2005:

Gender	Number of Aliens

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Male	3
Female	1

Age

The following deaths in CBP OFO or Border Patrol custody occurred during calendar year 2005:

Age Bracket	**Number of Aliens**
Under 18	0
18—40	5
41—60	0
60 and Older	0

(Note: The age of one person was unknown.)

Ethnicity

The following deaths in CBP [OFO or Border Patrol] custody occurred during calendar year 2005:

Ethnicity	**Number of Aliens**
United States Citizen	2
Mexican Citizen	4

Cause of Death

The following deaths in CBP [OFO or Border Patrol] custody occurred during calendar year 2005:

Cause of Death	**Number of Aliens**
Suicide	1
Possible suicide	1
Attempted escape	2

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Medical condition (seizure)	1
Possible medical condition (viral infection)	1

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Annex 7 (Question 30)
Statistical Data on Deaths under Department of Defense Control

Army Investigations

In the Army, there were 6 investigations of detainees who died as a result of an alleged assault or as a result of an alleged act of unlawful violence while in U.S. custody in Afghanistan. A brief synopsis of each investigation is provided.

1. On 21 Jun 03, at the Asadabad Fire Base, a detainee died while in U.S. Army custody. Testimony from various Soldiers identified a civilian employee of another agency as being responsible for physically assaulting the detainee prior to his death.

2. On 4 Dec 02, at the Bagram Detention Facility, a detainee died while in U.S. custody. An autopsy determined the detainee had suffered blunt force trauma. Investigation determined various enlisted MI and MP Soldiers were involved at various times in assaulting and mistreating the detainee. See courts-martial summary below.

3. On 10 Dec 02, at the Bagram Detention Facility, a detainee died while in U.S. custody. An autopsy determined the detainee had suffered blunt force trauma. Investigation determined various enlisted MI and MP Soldiers were involved at various times in assaulting and mistreating the detainee. See courts-martial summary below.

a. On 18 May 2005, charges were referred against SGT S for Dereliction, Battery and Maltreatment. Pleading guilty, SGT S was convicted of Dereliction and Assault on 4 August 2005 and sentenced to reduction to E4, forfeiture of $250 pay per month for 4 months, and a reprimand.

b. SPC B was charged with Assault, Maltreatment, False Swearing, and Involuntary Manslaughter and Maiming on 3 February 2005. SPC B was found guilty of Aggravated Assault, Maltreatment, Maiming, and False Official Statement and acquitted of three Assault charges. On 16 August 2005, SPC B was sentenced to Reduction to E-1.

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c. On 20 May 2005, SPC C pled guilty to Assault and False Official Statement and was sentenced to reduction to E-1, forfeiture of 2/3 pay for 4 months, and confinement for 3 months.

d. On 28 September 2005, SPC C pled guilty to Maltreatment, False Official Statement and Battery and was sentenced to 5 months confinement.

e. On 30 August 2005, SPC M pled guilty to Assault and Dereliction of Duty at Special Court-Martial. He was sentenced to reduction to E-1, 75 days confinement, and a Bad-Conduct Discharge.

f. On 23 August SPC W pled guilty to Dereliction of Duty and Assault Consummated by Battery and sentenced to a reduction to E1, forfeiture of $822 of pay per month for 2 months, 2 months confinement, and a Bad-Conduct Discharge.

g. On 7 September 2005, SGT G was acquitted by a court-martial panel of all charges of Maltreatment, Assault, and False Statement.

h. On 8 September 2005, SGT B was acquitted by a court-martial panel of all charges of Maltreatment, Assault, and False Official Statement.

i. On 3 November 2005, SGT G was acquitted by a court-martial panel of all charges of Maltreatment and Dereliction.

j. On 22 February 2006, SGT D was convicted of all charges of Aggravated Assault, Maltreatment, and False Official Statement.

4. On 6 Nov 03, at FOB Gereshk, a detainee was found dead in his cell. The detainee had been in custody for 48 hours prior to his death. Afghanistan Militia Forces had interrogated the detainee for an unknown period before being released to U.S. custody. When received into U.S.

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custody, he had bruising about his hips, groin, and buttocks. An autopsy revealed multiple blunt force injuries complicated by rhabdomyolysis (tissue death). The matter was referred to Afghanistan authorities for investigation.

5. In Feb 03, While in custody of Afghan authorities seven Afghan nationals alleged they were abused by US soldiers when they were previously detained at Gardez Detention Facility and that a detainee had been killed by US soldiers while detained at Gardez. Subsequent investigation revealed that US soldiers failed to report a death of a detainee at Gardez, two soldiers allegedly assaulted the detainee who died and that several soldiers physically abused other detainees. The allegations of physical abuse and killing are from Afghan nationals who have been released. Efforts are underway to locate Afghan nationals as possible witnesses in potential action against several U.S. soldiers.

6. On 28 Aug 02, near Lwara, an Afghanistan male was detained because he was following a U.S. Army patrol. While being detained and questioned, he allegedly lunged for a weapon and was shot and killed. Subsequent investigation indicated that story was false. Five Soldiers were identified for the offenses of Conspiracy, Murder, Dereliction of Duty and Obstruction of Justice. Upon legal review, prosecutors determined the case lacked prosecutorial merit.

The Army conducted 19 investigations of detainees who died as a result of an alleged assault or as a result of an alleged act of unlawful violence while in U.S. custody in Iraq. A brief synopsis of each investigation is provided.

1. On 11 Sep 03, at the Forward Operating Base Packhorse detention facility, a detainee died while in U.S. custody. Investigation determined a soldier, while on guard duty, failed to follow the rules of engagement and wrongfully shot the detainee who was standing close to the perimeter wire. Charges were originally preferred against the Soldier. Soldier was subsequently discharged in Lieu of Court-Martial Under AR 635-200, Chapter 10 with an Other than Honorable Discharge.

2. On 13 Jun 03, at Camp Cropper in Baghdad, a detainee died while in U.S. custody. While in custody, the detainee was subjected to both physical and psychological stress. Because of several escape attempts, as

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well as assaulting guards, the detainee was restrained to a chair using flexible handcuffs. The detainee continued attempts to escape with the chair secured to a pipe. About two hours later, an interpreter entered the room and discovered the detainee deceased. An autopsy determined he died of a subdural hematoma to the head. Investigation determined there was probable cause to believe four soldiers committed assault and dereliction of duty in connection with this matter. There was insufficient evidence to link any one soldier's actions to the death of the detainee.

3. On 4 Nov 03, at the Abu Ghraib detention facility, a detainee died while in U.S. custody. The detainee died during an interview process by Navy SEAL and other governmental agency personnel. Allegedly, the detainee also resisted arrest and had to be physically restrained. Further investigation by the U.S. Navy determined seven U.S. Navy personnel confessed to assaulting the detainee.

4. On 26 Nov 03, at FOB Tiger in Iraq, a detainee died while in U.S. custody. Testimony from various soldiers indicated local national interviews of the detainee on 24 and 25 Nov 03 had involved physical assaults. On 26 Nov 03, the detainee died while undergoing "stress technique" interrogation by MI and other soldiers. Investigation determined there was probable cause to believe seven soldiers were responsible for the death and/or related offenses.

a. On 21 January 2006, CW3 W was convicted of Negligent Homicide and Negligent Dereliction of Duty and was sentenced to forfeiture of $1,500 pay per month for 4 months, 60 days restriction, and a reprimand.

b. Other cases are pending trial.

5. On 9 Jan 04, at FOB Rifles, Al Asad, a detainee died while in U.S. custody. The detainee had been taken into custody on 4 Jan 04, placed in an isolation cell and questioned at least two times in ensuing days. An examination of the detainee's remains disclosed extensive bruising on his upper body, and an autopsy indicated the cause of death as blunt force injuries and asphyxia. Investigation determined there was probable cause to believe eleven soldiers were responsible for various assaults and the death of the detainee. A subsequent legal review determined that the

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detainee died as a result of a series of applications of lawful force in response to aggression by the detainee.

6. On 5 Apr 04, at LSA Diamondback, Mosul, a detainee died in U.S. custody. The detainee was taken into U.S. custody by Navy SEAL team after a struggle. After being interrogated, the detainee was allowed to sleep. At 0137, 5 Apr 04, the detainee was checked and found to be unresponsive. Autopsy results indicate multiple minor injuries; however, there was no definitive evidence of any trauma significant enough to explain the detainee's death. The matter was referred to U.S. Navy for follow-up investigation.

7. On 31 Jan 04, at Camp Cropper, a detainee died in U.S. custody. The detainee, who was being treated for chest pains at an Army hospital reportedly fell out of bed, struck his head on the floor, and lapsed into a coma. A CAT scan and surgery revealed inter-cranial bleeding and signs of prior head injuries. The detainee subsequently died on 31 Jan 04. The detainee had been in U.S. custody for over a year. The autopsy determined the cause of death as internal bleeding on the brain; however, the manner of death was listed as undetermined.

8. On 22 Mar 05, at Camp Charlie, Al Hillah, a detainee, who was initially detained and interrogated by Iraqi Police (IP) for his alleged involvement against Coalition Forces, died. The IP videotaped their interrogation wherein the detainee alleged he was kidnapped and beaten by another clan, before IP apprehended him. The detainee was medically screened by U.S. Forces, when the U.S. assumed custody of him, on the same day of his death. It found apparent visible blunt force injuries (bruises). An autopsy revealed numerous indications of injury; however, without background information to give the injuries context, the Medical Examiner was unable to give an opinion as to the manner of death.

9. On 28 Feb 04, near Taal Al Jal, Kirkuk, a detainee resisted when a soldier attempted to place flexi-cuffs on him. A second soldier raised his weapon to protect the first soldier. The first soldier was able to complete the cuffing process and was leading the detainee away when the second soldier fired one round from his weapon which struck the detainee in the head and killed him. Investigation determined there was probable cause to believe the soldier committed the offense of murder.

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a. On 5 August 2004, PFC R was convicted by a court-martial panel of Voluntary Manslaughter and acquitted of Unpremeditated Murder. PFC R was sentenced to Reduction to E-1, total forfeitures, confinement for 3 years, and a Dishonorable Discharge.

10. On 3 Jan 04, near Samarra, a detainee was apparently drowned after he was forced off a bridge by Soldiers. The detainee had been taken into custody after having been found out after hours. Investigation determined there was probable cause to believe four soldiers committed the offense of involuntary manslaughter.

a. On 14 March 2005, LT S pled guilty to Obstruction of Justice, Dereliction of Duty, and Aggravated Assault. A Manslaughter charge was dismissed. LT S was sentenced to forfeiture of $2,000 pay for 6 months and confinement for 45 days.

b. On 4 January 2005, SFC P was convicted of Battery, Aggravated Assault, and Obstruction of Justice and was acquitted of Manslaughter. SFC P was sentenced to reduction to E-6, forfeiture of $2004 for one month, and confinement.

11. On 20 Aug 04, in Sadr City, Iraq, U.S. Forces engaged a hostile vehicle. Once the vehicle was demobilized, three soldiers approached the vehicle to evaluate casualties. During their evaluation, an Iraqi citizen was determined to have untreatable injuries. One of the soldiers, a 2LT, ordered the other two soldiers, both SSGs, to shoot the victim. Both soldiers shot and killed the Iraqi. Investigation determined there was probable cause to believe the soldiers committed the offenses of conspiracy and murder.

a. On 10 December 2004, SSG H pled guilty to Unpremeditated Murder and Conspiracy to Commit Murder and was sentenced to reduction to E-1, total forfeitures, confinement for 3 years, and a Dishonorable Discharge. In post-trial review, the Convening Authority granted clemency to bring SSG H's sentence in line with SSG A's case; the

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sentence was reduced to confinement for 1 year and a Bad-Conduct Discharge.

b. On 14 January 2005, SSG A pled guilty to Murder and Conspiracy to Commit Murder and was sentenced to reduction to E-1, confinement for 1 year, and a Bad-Conduct Discharge.

12. In Aug 04, in Sadr City, Iraq, a soldier detained and flexi-cuffed an Iraqi male for possession of an AK-47 rifle. After completing the search of the residence, the soldier instructed other soldiers to remove the flexi-cuffs from the Iraqi. The SGT then shot the Iraqi twice in the chest, killing him. During the same operation, but at another residence, the same soldier discovered another AK-47 rifle and a revolver. After removing the family from the house, the soldier instructed the Iraqi adult male to enter the residence with himself and a second soldier. The first soldier then directed the second soldier to shoot the Iraqi, which the SPC did by firing two rounds, killing him. Investigation determined there was probable cause to believe the soldiers committed the offense of murder.

a. On 13 May 2005, SGT W was convicted on Premeditated Murder was sentenced to reduction to E-1, total forfeitures, confinement for life with eligibility for parole, and a Dishonorable Discharge. Pursuant to an agreement, the period of confinement was limited to 25 years.

b. On 9 April 2005, SPC M was convicted of Unpremeditated Murder and was sentenced to reduction to E-1, confinement for 5 years, and a Dishonorable Discharge.

13. On 21 May 04, in An-Najaf, two wounded Iraqis were captured. One of the detainee's injuries was determined to be terminal by the military medic. When the medic departed to treat the other wounded detainee, a soldier lowered his weapon and fired what appeared to be two shots into the back of the detainee's head, killing him. Investigation determined there was probable cause to believe the soldiers committed the offense of murder. On 30 March 2005, the Soldier was convicted of Assault with Intent to commit Voluntary Manslaughter and sentenced to a dismissal.

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14. On Dec 03, at an Army hospital in Balad, an Army doctor reported an unknown, unidentified white male American, believed to be a U.S. Forces soldier, brought in an injured (bruise on forehead), unconscious, unknown/unidentified detainee for evaluation. According to the person who delivered the detainee to the hospital, the detainee had fallen unconscious during an interrogation session. A subsequent CT scan revealed a dated blunt force trauma injury to the detainee's head as well as a subdural hemorrhage. The detainee subsequently died of his injuries. Investigation failed to identify the parties responsible.

15. On 25 Oct 04, in Balad, during an operation, numerous small arms weapons and ammunition were discovered in a residence. Subsequent to the search, the Iraqi citizen was detained and placed in flexi-cuffs while other members of the household were interviewed. Investigation revealed the soldier admitted the detainee was flexi-cuffed and he was interrogating him regarding ownership of an AK-47 discovered in the residence. The soldier then shot and killed the detainee. On 18 May 2005, SFC D was convicted of Unpremeditated Murder and Assault and sentenced to Reduction to E1, Confinement for 7 years, and a Dishonorable Discharge.

16. On 3 Jan 04, near Balad, during an operation, an Iraqi was captured whose name was reportedly on a list of possible insurgents. The squad leader told his soldiers to stand back, and when they did so, the squad leader shot the Iraqi several times in the body, killing him. The squad leader then produced a non-U.S. military 9mm pistol, fired one shot from the pistol at the entrance door to the residence and had the soldier place the pistol in the dead Iraqi's hand. On 26 May 2005, the Soldier was acquitted of all charges by a court-martial panel

17. On 11 Nov 04, near Mosul, a unit was engaged under small arms fire with insurgents. As a result of the firefight, one Iraqi was injured. He was captured and detained; however, during treatment, he became limp and unresponsive. Shortly thereafter, the unit came under attack a second time. The unit made a decision to leave the detainee behind, but, as they were pulling away, a soldier fired two rounds into the detainee. Investigation determined there was probable cause to believe the soldiers committed the offense of murder. Charges were originally preferred against the soldier. Soldier was subsequently discharged in Lieu of

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Court-Martial Under AR 635-200, Chapter 10 with an Other than Honorable Discharge.

18. On 28 Mar 05, in Sukair, after a pursuit of an occupied vehicle related to mortar and improvised explosive device attacks in the area, the vehicle stopped at a residence. The occupants were detained, separated, flexi-cuffed and individually guarded by soldiers. At some point during the detention, one of the soldiers shot and killed one of the detainees. Investigation continues.

19. On 3 Jan 04, in Balad, during the conduct of a raid, an Iraqi allegedly produced a 9mm pistol after being restrained by soldiers. One of the soldiers shot and killed him. Witness statements from family members contradict the details of the incident. The investigation continues.

In every case, allegations involving the death (or any allegation of abuse of a detainee) were fully and impartially investigated and the cases are carefully reviewed for prosecution. Some of these cases are still pending trial.

Navy Invesigations

The Department of the Navy, Naval Criminal Investigative Service (NCIS), has investigated two deaths of individuals under Navy control

1. On April 5, 2004, Farhad Mohamed was delivered to medical authorities at Mosul Airfield, Iraq, where life-saving procedures were unsuccessful. No abuse was reported, but the final autopsy concluded that the cause and manner of death were undetermined. On September 1, 2005, the NCIS investigation was closed.

2. On November 4, 2003, Manadel Al-Jamadi – a suspect in the bombing of an International Committee of the Red Cross Facility – died while in U.S. custody at Abu Ghraib prison, Iraq. In June 2004, allegations were raised that members of SEAL TEAM SEVEN abused Al-Jamadi and took unofficial pictures of detainees; NCIS initiated an investigation. One member of SEAL TEAM SEVEN was tried before a general court-martial for the charges of dereliction of duty, false official statement, and assault (other cases were resolved through alternate

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means). On 27 May 2005, he was acquitted of all charges. There were no charges of homicide because it could not be determined whether Navy or other personnel had caused the death.

Investigations Related to the Marine Corps

The Marine Corps have fourteen (14) known detainees who have died while being detained or while making escape attempts from USMC detention. The investigations into ten of the deaths are closed. The investigations into four of the deaths, all NCIS investigations, are still open. One of the closed investigations involved two detainee deaths. All the other investigations, both open and closed, involve only one detainee death each. Therefore, the total number of investigations is thirteen (13). The following is a summary of these investigations:

Closed investigations
(Dates refer to the date of death.)

1. 29 March 2003. A Marine guard from Task Force Tarawa shot and killed a detainee at a detainee collection point in An Nasariyah, Iraq, when the detainee attacked the Marine Guard and then lunged for the Marine's service rifle. The NCIS investigation determined that the guard acted in self-defense and no legal action ensued.

2. 6 June 2003. An autopsy determined that a detainee died of strangulation and listed the cause of death as "homicide." Nine Marine Corps suspects (three officers and six enlisted) were charged with offenses under the UCMJ. One officer was convicted at General Court-Martial of violating Article 92 (dereliction), and Article 93 (maltreatment). This officer was sentenced to dismissal. One enlisted was convicted at General Court-Martial of violating Article 92 (dereliction), and Article 128 (abuse of prisoners), and was sentenced to 60 days hard labor, 60 days restriction, and reduction to E-1. One enlisted suspect was subject to administrative discipline. One officer underwent a Board of Inquiry that determined there was no misconduct on the part of that officer. Charges were dropped against the last officer and four enlisted.

3. 13 April 2004. After encountering small arms fire north of Fallujah, a Marine Captain and his unit, elements of 3rd Bn, 4th Marines,

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detained an individual. The detainee died after being placed in a chokehold by the Captain. The Captain was charged with offenses under the UCMJ. After completion of an Article 32 investigation, the General Court-Martial Convening Authority (GCMCA) determined the allegations to be unsubstantiated and dismissed the charges.

4. 15 April 2004. A platoon from 2nd Bn, 2nd Marines, lead by a Marine Lieutenant, detained two Iraqis attempting to flee in a vehicle. The detainees allegedly threatened the Lieutenant and/or attempted to flee. The Lieutenant then shot and killed them both. The Lieutenant was charged with offenses under the UCMJ. After completion of an Article 32 investigation, the GCMCA determined the allegations to be unsubstantiated and dismissed the charges.

5. 19 April 2004. A detainee died from head injuries after he removed his restraints and threw himself out of a window during an escape attempt at a 3rd Bn, 7th Marines, holding area in Husaybah, Iraq. A Reportable Incident Assessment Team (RIAT) determined that the detainee died from cranial bleeding. No legal action ensued.

6. 21 June 2004. During an Army raid with Marines from RCT-7, in support near Mosul, a flexi-cuffed detainee died. An Army CID investigation determined the cause of death to be a heart attack. No legal action ensued.

7. 2 October 2004. A 71-year-old detainee died while being detained by 1st Bn, 7th Marines at Al Qaim. An NCIS investigation and an autopsy determined that Nahar had a pre-existing ulcer and heart condition. He died of acute peritonitis from a perforated gastric ulcer. No legal action ensued.

8. 17 December 2004. A detainee was shot during the cordon and search of a house in Fallujah. The search resulted in the discovery of IED materials. As the individuals in the house were being flexi-cuffed, one lunged at a Marine Sergeant, who then shot that individual in the head. An RCT-7 Command Investigation determined that the Sergeant acted in self-defense. No legal action ensued.

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9. 20 September 2005. A detainee was shot by a HET Marine near Fallujah after the detainee lunged at the Marine. NCIS investigation did not find any abuse. No legal action ensued.

Open investigations
(Dates refer to the date the investigation was initiated by the NCIS.)

1. 25 May 2005. The father of the victim claims that his son was burned by members of 24th MEU in a house near Mohamudiyah in December 2004. The father did not make a report until six months later.

2. 26 June 2005. Unknown detainee died on 26 June 2005, near Hadithah Dam, after being shot by members of 3rd Bn, 25th Marines, while apparently attempting to escape. There is no allegation of abuse.

3. 22 July 2005. The detainee died at Kalsu of apparent natural causes while in the custody of the 2nd MP Bn. There is no allegation of abuse.

4. 04 January 2006. A 50-year old male detainee being transported to a transitory holding area died of an apparent heart attack. Incident is under investigation by NCIS, Al Asad, IZ.

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Annex 8 (Question 36)
Compensation Claims Filed with Army

There have been 33 detainees who have filed claims for compensation. The following table provides a breakdown of the statistical data regarding complaints of torture or ill-treatment according to gender, age, location of the complaint and result of the investigation.

Claim Number	Gender	Age	Location of the Complaint	Result of Investigation
06C90T012	Male	41	Gardez Firebase and Bagram Air Force Base, Afghanistan.	Ongoing.
06C90T013	Male	50	Gardez Firebase and Bagram Air Force Base, Afghanistan.	Ongoing.
05C91T001	Male	52	Abu Ghraib, Iraq.	Investigation complete. Claim denied. Claimant received sympathy payment.
05C90T012	Male	23	Abu Ghraib, Iraq.	Investigation complete. Claim denied.
05C90T013	Male	28	Abu Ghraib, Iraq.	Investigation complete. Claim denied.
05C90T015	Male	42	Abu Ghraib, Iraq.	Ongoing.
05C90T016	Male	27	Abu Ghraib, Iraq.	Ongoing.
05C90T021	Female	42	Tikrit and Abu Ghraib, Iraq.	Ongoing.
05C90T023	Male	65	Adamia Palace, Iraq.	Ongoing.
05C90T024	Male	43	Al-Gezlany[29], Mosul Airport, and Abu Ghraib, Iraq	Investigation stopped. Claim transferred.
05C90T025	Male	Unknown, Approx Fifties	Hai Al Amel, and Abu Ghraib, Iraq.	Investigation complete. Pending denial.
05C90T026	Male	52	Whitehorse Detention Facility, An-Nasiriyah, Iraq.	Ongoing.
05C90T033	Male	31	Gardez Firebase, Kandahar Air Force Base, Bagram Air Force Base, and various locations in Afghanistan.	Ongoing. Claimant has filed suit in federal court.
05C90T035	Male	29	Baghdad International Airport, Camp Bucca, and Abu Ghraib, Iraq.	Ongoing. Claimant has filed suit in federal court.
05C90T036	Male	50	Gardez Firebase, Kandahar Air Force Base, and Bagram Air Force Base, Afghanistan.	Ongoing. Claimant has filed suit in federal court.
05C90T041	Male	62[30]	Iraq	Ongoing.
05C90T042	Male	38	Al-Qasr Al-Jumhouri/Al-Qasr Al-Sujood, Baghdad International Airport, Camp Bucca, and Abu Ghraib, Iraq.	Ongoing.

[29] This spelling appears to be incorrect.

[30] Claimant believes actual birth date to be 1947.

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Claim Number	Gender	Age	Location of the Complaint	Result of Investigation
05C90T043	Male	36	Al-Qasr Al-Jumhouri/Al-Qasr Al-Sujood, Baghdad International Airport, and various locations in Iraq.	Ongoing. Claimant has filed suit in federal court.
05C90T048	Male	21	Former Baghdad Police station, Al-Tasferat, Baghdad International Airport, Abu Ghraib Yusufiya, Mosul, and various locations in Iraq.	Ongoing.
05C90T049	Male	61	Camp Copper, Baghdad International Airport and Abu Ghraib, Iraq.	Ongoing.
05C90T050	Male	Unknown	Camp Bucca, and Abu Ghraib, Iraq.[31]	Ongoing.
05C90T051	Male	50	Camp Bucca, Iraq.	Ongoing.
05C90T052	Male	51	Unknown.	Ongoing.
05C90T055	Male	51	H3 Camp, Camp Bucca, Iraq.	Ongoing
04C90T006	Male	46	Camp Poko, Am Qser, Iraq.	Investigation complete. Claim denied.
04C90T009	Male	Thirties	Abu Ghraib, Iraq.	Ongoing.
04C90T010	Male	27[32]	Abu Ghraib, Iraq.	Ongoing.
04C90T011	Male	49	Asad Airbase prison, Iraq.	Investigation complete. Claim denied.
04C90T012	Male	Unknown	LSA Anaconda, Iraq.	Ongoing.
04C90T013	Male	63	FOB Pacesetter, near Al Duloiya, Iraq.	Investigation stopped. Claim transferred.
04C90T016	Male	Unknown	Abu Ghraib, Iraq.	Ongoing.
04C01T064	Male	60	Outside the Palestine Hotel, Baghdad and Camp Bucca, Iraq.	Investigation complete. Offered Claimant $350 USD.
04C01T065	Male	44	City of Dewaniya and Abu Ghraib, Iraq.	Investigation complete. Offered Claimant $5,000 USD.

[31] Claimant injured during capture.

[32] Need Arabic translation to confirm age.

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L Press Guidance
DRAFT: April 26, 2006

United States Periodic Report on the Convention Against Torture

Q: Is it true that the United States on May 5 and 8, 2006 is in Geneva presenting to the Committee Against Torture a report on U.S. implementation of the Convention Against Torture and Other Cruel Inhuman or Degrading Treatment or Punishment? What is this report, and why did the United States produce it?

A:

- Yes, on May 5th and 8th a senior U.S. delegation [is appearing][appeared] before the Committee Against Torture ("the Committee") to present a U.S. report, filed in May of 2005, on the U.S. implementation of the Convention Against Torture and Other Cruel, Inhuman or Degrading Treatment or Punishment ("CAT") and to respond to questions from the Committee regarding the U.S. report.
    - The May 2005, report was a routine periodic update of the U.S. Initial Report on its implementation of the CAT, which was filed in October 1999.
    - Article 19 of the CAT provides that all States Parties shall submit to the Committee Against Torture reports on measures they have taken to

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implement the CAT.

- This hearing before the Committee Against Torture is a process that all States Parties to the Convention Against Torture are expected to participate in, as part of their responsibilities to report on their implementation of the CAT.

- The Convention Against Torture created a body of experts known as the Committee Against Torture. Among its responsibilities, the Committee reviews reports submitted by CAT States Parties.
- The U.S. report provides an update since the filing of the Initial Report in 1999 on new legislation, caselaw, policies, and programs and other relevant information to update the initial report. The material provided is comprehensive, as the report provides an article-by-article discussion of the various provisions of the CAT.
- The report also contains a lengthy annex on detentions of individuals under the control of U.S. Armed Forces in Afghanistan, Iraq and Guantanamo Bay, Cuba, investigations into abuse allegations arising out of these detentions, and actions to hold personnel of the U.S. armed forces accountable under the military justice system when they have been found to have

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committed unlawful acts.

Core themes to emphasize:

- The United States takes its obligations under the Convention Against Torture seriously, and has gone to great lengths to provide the Committee with a thorough report.
- Through an extensive inter-agency process we have produced a serious report, consistent with our reporting obligations under the Convention.
- The senior-level delegation representing all federal agencies directly involved in implementing the Convention further demonstrates the U.S. commitment to its obligations under the Convention.
- The delegation [will be][was] led by Assistant Secretary of State for Democracy, Human Rights and Labor, Barry Lowenkron, and the State Department's Legal Adviser, John Bellinger. Senior representatives from the Departments of Defense, Justice and the Homeland Security [will be actively participating][actively participated] in this session.
- The U.S. delegation [will engage][engaged] in a lengthy dialogue with the Committee about various aspects of U.S. implementation of the Convention. Prior to appearing before the Committee, the

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delegation submitted detailed responses to questions from the Committee. During the hearing, the U.S. delegation [will further elaborate][further elaborated] on these subjects and [will respond][responded] to additional questions raised by the Committee.

- As the President has clearly stated, "America stands against and will not tolerate torture." We take the prohibition against torture seriously.
  - Every jurisdiction in the United States, at the federal and state level, prohibits torture.
  - We have enacted legislation to ensure that acts of torture committed outside of the United States by U.S. nationals or by foreign nationals subsequently found in the United States are subject to U.S. criminal jurisdiction.
  - The United States also takes seriously allegations of abuse that falls short of being torture and fully implements the requirements under the CAT to prevent cruel, inhuman or degrading treatment or punishment.
  - Those individuals who violate the law will be held accountable.

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- The U.S. report documents this robust legal framework and notes how it has been applied to discourage abuse and in response to allegations of abuse. As reflected in the report, where there are allegations of torture or other unlawful treatment of detainees, they will be investigated, and if substantiated, the individuals responsible will be held accountable.
- In every country in the world there are human rights violations.
    - What is important is having institutions in place to investigate them and to provide for accountability.
    - The U.S. report and its presentation before the Committee acknowledged serious allegations of abuses by officials acting within the United States and abroad.
    - The United States takes seriously allegations of abuse by any government official, whether at the federal or state level, by the military, or by intelligence agencies.
- The report also acknowledged that some have made allegations that the United States has transferred individuals to third countries where they have been tortured.

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- We reiterated the policy we have repeatedly reaffirmed at the highest levels of the U.S. government: the United States does not transfer persons to countries where we believe it is more likely than not that they will be tortured.

- The U.S. delegation [looks forward to][appreciated] the opportunity to have a dialogue with the Committee on these and other issues. The United States will give due regard to the Committee's ideas and views as the United States continues to fully implement its Convention obligations in the future.
- With respect to detention of terrorist combatants, as the U.S. report acknowledges, the United States continues to look for ways to improve our detainee policies and procedures and recognizes that this is a new and difficult challenge in a very different kind of war.

IF ASKED:

Substance of the report:

- Much of the report is focused on the implementation of the CAT in the criminal justice setting.
    - For example, it provides examples of Department of Justice prosecutions of abuses by law enforcement

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officers since 1999.

  - It describes new legislation that Congress has passed since 1999 that expands the ability of the United States to prosecute acts of torture as well as other serious abuses that fall short of torture.

- The report describes how aliens in immigration proceedings are granted protection when it is "more likely than not" that they would face torture if removed to another country, and how this same standard is applied in extradition cases as well.
- It also describes the generous support provided by the United States to victims of torture or other mistreatment, through assistance to groups working on these issues both domestically and overseas.

<u>Reporting process:</u>

Q. Isn't it true that the United States was many years behind schedule in submitting its report? Doesn't that send a negative signal about the seriousness of its commitment to preventing torture?

A:

- It is not unusual for countries, including democracies with strong human rights records, to be behind schedule in filing these reports.

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- The U.S. was indeed behind schedule. We regret the delay in filing our report.
- Because of the importance we attach to timely and serious submissions by all countries to the Committee Against Torture on these issues, we have taken extraordinary steps to get back on track in filing this report and staying current in our future submissions.
- The United States is strongly committed to preventing torture. The United States condemns the use of torture wherever it occurs.

Q. What happens after the United States appearance before the Committee?

A:

- Before the end of its current session in Geneva, the Committee will adopt "observations and conclusions" regarding the U.S. report.
- The United States will carefully study these observations and conclusions and give due regard to the Committee's views.

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Q: When will the United States appear before the U.N. to present its report on its implementation of the International Covenant on Civil and Political Rights?

A:

- **In October of 2005, the United States submitted a report on its implementation of the International Covenant on Civil and Political Rights to the Human Rights Committee, the body of experts established by the treaty to receive reports from States Parties pursuant to their reporting obligations under that treaty.**
- **The United States is scheduled to present that report to the Human Rights Committee in Geneva on July 17 and 18 of this year.**

Treatment of Terrorist Detainees

Q. Does the U.S. Report discuss the treatment of U.S. detainees overseas captured during operations against the Taliban, al-Qaida and their affiliates and supporters or treatment of detainees in Iraq?

A:

- **Yes. The U.S. report contains a lengthy Annex describing the treatment of detainees under the control of the U.S. Armed Forces in Afghanistan, Guantanamo, and Iraq. The U.S. [will further**

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elaborate and update] [further elaborated and provided updated] information on these issues during its presentation before the Committee.

Q: What does the Report or its annex say about treatment of U.S. detainees In Iraq, Afghanistan and Guantanamo?

A:

- The Annex to the Report describes the background to the war against the Taliban, al-Qaida, and their affiliates and supporters. It describes the status of the detainees held by U.S. Armed Forces, the combatant status review tribunals, how the U.S. assesses detainees for release and/or transfer, military commissions, and the U.S. court proceedings that are underway. It also addresses generally the issue of treatment of detainees and summarizes the numerous USG reviews and reports released to date addressing DoD treatment.
- None of the detailed examinations and reports addressing DoD operations have found a governmental policy that promoted, encouraged, or directed the abuses that took place at Abu Ghraib or elsewhere, and the Annex to the Report notes this.

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- The report and its annexes underscore that the United States takes all allegations of abuse seriously and investigates them. Those people who are found to have committed unlawful acts are held accountable and disciplined as the circumstances warrant. Investigations are thorough and have high priority.

Q: Does the Report address the CIA's treatment of detainees?

A:

- The report states that the entire United States Government is obligated to act in compliance with the law, including all United States constitutional, statutory and treaty obligations relating to torture and cruel, inhuman or degrading treatment or punishment.
- The U.S. Government does not permit, tolerate, or condone torture, or other unlawful treatment of detainees by its personnel or employees under any circumstances. U.S. laws prohibiting such practices apply when United States government personnel or contractors are operating in the United States and in other parts of the world.

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- **Beyond the above we do not comment on intelligence activities.**

<u>If Pressed on CIA practices (including specific cases, so-called "ghost detainees," alleged CIA detention facilities)</u>

- **We do not comment on intelligence activities. The report speaks for itself.**

<u>Renditions/Removals to countries despite fears of torture</u>

Q: Does the report address renditions of persons to countries in which they face torture?

A:

- **The report acknowledges that some have made allegations that the United States has transferred individuals to third countries where they have been tortured.**
- **The report reiterates the policy that has been repeatedly reaffirmed at the highest levels of the U.S. government: the United States does not transfer persons to countries where the United States believes it is "more likely than not" that they will be tortured.**
- **This policy, which applies worldwide, exceeds our obligations under the CAT.**

<u>If pressed on whether this policy applies to the CIA</u>

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This policy applies to all components of the United States government.

<u>If pressed on specific allegations of CIA renditions</u>

- **The policy not to return people to countries in which the United States believes it is more likely than not that the person would be tortured applies to all components of the United States government.**
- **In keeping with longstanding practice, we do not comment on intelligence activities.**

<u>If pressed about diplomatic assurances</u>

Q: Does the report address the legality of diplomatic assurances? How is it possible for the U.S. to trust the word of governments that are known human rights violators?

A:

- **The report restates the policy that has been repeatedly reaffirmed at the highest levels of the U.S. government: the United States does not transfer persons to countries where the United States believes it is "more likely than not" that they will be tortured.**

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- **The United States may obtain assurances, as appropriate, from the foreign government to which a detainee is transferred that it will not torture the individual being transferred.**
- **If such assurances are not considered sufficient to address concerns about the treatment of detainees if transferred, the U.S. would not transfer the person to the control of that government.**

<u>If pressed on specific interrogation techniques</u>

Q: Does the report address alleged interrogation techniques such as water-boarding, etc.? Are such techniques permissible under the CAT?

A:

- **The report does not address specific interrogation techniques.**
- **The report reiterates that the U.S. is committed to complying with all United States Constitutional, statutory, and treaty obligations relating to torture and cruel, inhuman, and degrading treatment or punishment. The United States does not permit, tolerate, or condone torture or other unlawful treatment by its personnel or employees under any circumstances,**

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regardless of whether the abuse occurred within the United States or overseas.

<u>If asked about specific cases</u>

Q: Does the report address the case of [specific case]?

A:

- **We will need to get back to you on that. As always, we will not be in a position to comment on cases that are the subject of pending litigation.**

DOJ_NMG_0028337

Gorsuch, Neil M

From: Gorsuch, Neil M
Sent: Wednesday, May 3, 2006 7:31 AM
To: Monheim, Thomas
Subject: Re: CAT team

Good luck in Geneva.

-----Original Message-----
From: Monheim, Thomas
To: Purpura, Michael M (ODAG); Rothenberg, Laurence E; Jaffer, Jamil N
CC: Gorsuch, Neil M
Sent: Wed May 03 07:27:00 2006
Subject: FW: CAT team

Gentlemen,

FYI, Neil Gorsuch also graciously volunteered to help with "air traffic control" on matters falling within the Associate's purview if you need him.

Thanks to all.

Tom

-----Original Message-----
From: Monheim, Thomas
Sent: Tuesday, May 02, 2006 7:51 PM
To: Purpura, Michael M (ODAG); Rothenberg, Laurence E; Jaffer, Jamil N; Marshall, C. Kevin; Eisenberg, John; Cutlar, Shanetta (CRT); Dummermuth, Matt (CRT); Kappelhoff, Mark (CRT); Sabin, Barry; St. Hilaire, Pierre; Teresinski, Jerome; Kline, David (CIV); Garre, Gregory G; Garrett, Judi
Cc: McIntosh, Brent; Edney, Michael; Longwitz, Tobi (CRT)
Subject: CAT team

DC-based CAT team,

Thanks again for supporting the USG delegation appearing at the CAT hearing in Geneva on May 5-8.

Attached, FYI, are the following background documents:
(1) "CAT press guidance" (which provides an overview of the process) (2) "CAT Roster" (which has contact info for all the Geneva-based and DC-based team members) (3) "CAT POCs" (which has contact info for the DC-based POCs from other departments) (4) "CAT Q&As" (our written responses to the Committee's recent questions about our report) (5) "CAT Report" (the Second Periodic Report we filed in May 2005)

I currently anticipate that after our initial oral presentations in Geneva on Friday, the Committee

I currently anticipate that after our initial oral presentations in Geneva on Friday, the Committee members will ask a number of questions. Similar to the process for responding to the written questions, we (the Geneva-based USG team) will divide those questions up among various departments and agencies and then we (the Geneva-based DOJ team) will decide how to handle the drafting/reviewing responsibilities within DOJ. Unlike the written questions, however, we will have extremely tight turn around times, because we will need to draft, review, and clear the written responses to all the questions over the weekend and then present -- and orally defend -- those answers at the hearing on Monday.

FYI, I expect that the majority of the Geneva-DC communications will come through (a) Brent McIntosh or me on the Geneva end, and (b) Larry Rothenberg, Jamil Jaffer, and/or Mike Purpura on the DC end. Because of the compressed timeline, and potential issues with connectivity, etc., please copy all five of us on all relevant e-mails.

Please let me know if you have any questions. Otherwise, you can expect to hear more mid-day Friday. Thanks.

Tom

Thomas A. Monheim
Associate Deputy Attorney General
950 Pennsylvania Ave, NW
Washington, DC 20530
202-514-8086
202-532-3553 (cell)
202-616-1239 (fax)

Monheim, Thomas

From: Monheim, Thomas
Sent: Wednesday, May 3, 2006 7:32 AM
To: Gorsuch, Neil M
Subject: RE: CAT team

Thanks. It's a privilege to help represent the USG.

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From: Gorsuch, Neil M
Sent: Wednesday, May 03, 2006 7:31 AM
To: Monheim, Thomas
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Thanks again for supporting the USG delegation appearing at the CAT hearing in Geneva on May 5-8.

Attached, FYI, are the following background documents:
(1) "CAT press guidance" (which provides an overview of the process) (2) "CAT Roster" (which has contact info for all the Geneva-based and DC-based team members) (3) "CAT POCs" (which has contact info for the DC-based POCs from other departments) (4) "CAT Q&As" (our written responses to the Committee's recent questions about our report) (5) "CAT Report" (the Second Periodic Report we filed in May 2005)

I currently anticipate that after our initial oral presentations in Geneva on Friday, the Committee members will ask a number of questions. Similar to the process for responding to the written questions, we (the Geneva-based USG team) will divide those questions up among various departments and agencies and then we (the Geneva-based DOJ team) will decide how to handle the drafting/reviewing responsibilities within DOJ. Unlike the written questions, however, we will have extremely tight turn around times, because we will need to draft, review, and clear the written responses to all the questions over the weekend and then present -- and orally defend -- those answers at the hearing on Monday.

FYI, I expect that the majority of the Geneva-DC communications will come through (a) Brent McIntosh or me on the Geneva end, and (b) Larry Rothenberg, Jamil Jaffer, and/or Mike Purpura on the DC end. Because of the compressed timeline, and potential issues with connectivity, etc., please copy all five of us on all relevant e-mails.

Please let me know if you have any questions. Otherwise, you can expect to hear more mid-day Friday. Thanks.

Tom

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Sours, Raquel

From: Sours, Raquel
Sent: Wednesday, May 03, 2006 9:50 AM
Subject: The Morning Update: 5/3/06

<http://www.whitehouse.gov/>
MAY 3 , 2006

Today, President Bush will make remarks on taxes and spending, participate in a photo opportunity with recipients of the 2005 Presidential Award for Excellence in Mathematics and Science Teaching, and meet with the Chancellor of Germany.

11:25 am:
EST THE PRESIDENT makes Remarks on Taxes and Spending
Grand Hyatt Washington | Washington, DC

12:35 pm:
EST THE PRESIDENT participates in a Photo Opportunity with Recipients of the 2005 Presidential Award for Excellence in Mathematics and Science Teaching
The White House | Washington, DC

5:10 pm:
EST THE PRESIDENT meets with the Chancellor of Germany
The White House | Washington, DC

President Bush Urges Sudan To Continue With Peace Talks. "President Bush called Sudan's president, Omar Hassan al-Bashir, on Tuesday, urging him to send a senior representative back to peace talks in Nigeria intended to end the carnage in Darfur, as international pressure mounted on Sudan and the Darfur rebels to reach an agreement. <http://www.nytimes.com/2006/05/03/world/africa/03sudan.html> " (Lydia Polgreen and Joel Brinkley, "Bush Urges Sudan To Continue With Peace Talks," The New York Times, 5/3/06)

President Bush Congratulates Afghan President Hamid Karzai On Swearing In 20 New Cabinet Members. "President Hamid Karzai swore in 20 members of his new Cabinet on Tuesday in Afghanistan's latest step toward democracy, <http://news.yahoo.com/s/ap/20060503/ap_on_re_as/afghanistan;_ylt=AqCBj194vQhxYQ0ji_f8aMFvaA8F;_ylu=X3oDMTA5aHJvMDdwBHNlYwN5bmNhdA--> as a top NATO commander warned of stiff security challenges ahead from an eruption of suicide attacks by Taliban militants. ... President Bush called Karzai to congratulate him on the approval of his choices for top ministries in the historic Cabinet vote." (Amir Shah, "Afghan President Swears In New Cabinet," The Associated Press, 5/3/06)

Dow Jones Industrial Average Hits Another Six-Year High. "Monday's interest-rate angst evaporated, as optimism about corporate profits and economic strength helped to propel the Dow Jones Industrial Average to another six-year high. <http://online.wsj.com/article/SB114661682585642119.html?mod=todays_us_money_and_investing> ... The industrial average now is a little more than 300 points below its record close of 11722.98, hit Jan. 14, 2000." (E.S. Browning, "Stocks Rebound On Solid Profits, Fresh Optimism," The Wall Street Journal, 5/3/06)

The Associated Press Reports Republicans Have Reached Agreement On Extending Tax

Relief. "Majority Republicans have reached agreement in principle on a $70 billion tax-relief package that would extend tax cuts on capital gains and dividends for two years <http://www.usatoday.com/printedition/news/20060503/a_capcol03.art.htm> and keep 15 million middle-income taxpayers from getting hit with a tax designed for the wealthy, GOP aides told the Associated Press late Tuesday." ("GOP Aides Say Deal Reached On Tax Cuts," The Associated Press, 5/3/06)

House Republican Leaders Back The President's Veto Threat On Spending Bill. "House Republican leaders yesterday warned senators that they support President Bush's veto threat against the Senate's $108 billion war and hurricane-relief emergency-spending bill, which is laden with extra, unrelated spending items. ...'The Senate emergency-spending bill represents a huge spending spree, but the big losers will be the American taxpayers stuck with the tab,' House Speaker J. Dennis Hastert, Illinois Republican, and House Majority Leader John A. Boehner, Ohio Republican, said in a joint statement. 'We support the president's threat to veto the wayward spending bill. The American people don't deserve a special-interest shopping cart disguised as a supplemental.' <http://www.washingtontimes.com/national/20060502-110437-7877r.htm> " (Amy Fagan, "House GOP Backs Spending Veto," The Washington Times, 5/3/06)

White House To Release Pandemic Flu Plan Today. "A bird flu 'implementation plan' that lays out specific tasks for each U.S. federal government agency will be released on Wednesday, the White House said. President George W. Bush announced the initial plan in November <http://today.reuters.com/News/CrisesArticle.aspx?storyId=N02296710> , and asked Congress for $7.1 billion to fund it." (Maggie Fox, "US To Outline Another Part Of Bird Flu Plan," Reuters, 5/2/06)

Deputy Director Of National Intelligence Gen. Michael V. Hayden Says U.S. And International Efforts Have Limited Al Qaeda's Ability To Acquire WMD. "U.S. and international programs to defeat al Qaeda have limited the terrorist group's ability to acquire weapons of mass destruction, the No. 2 U.S. intelligence official said. Air Force Gen. Michael V. Hayden, principal deputy director of national intelligence, said in a recent speech that al Qaeda remains dangerous but has grown more diffuse. In explaining successes in the global war against terrorists in the past 4½ years, Gen. Hayden noted that the United States and its allies 'disrupted [al Qaeda´s] efforts to acquire weapons of mass destruction.' <http://www.washingtontimes.com/national/20060502-110459-4728r.htm> " (Bill Gertz, "U.S. 'Disrupted' Al Qaeda WMD Efforts," The Washington Times, 5/3/06)

Capture Of Al-Qaeda Strategist In Pakistan "Has Dealt A Blow To Al-Qaeda." "A top al-Qaeda strategist with a $5 million bounty on his head was captured in Pakistan last November and flown out of the country to an undisclosed location, a U.S. law enforcement official said. Mustafa Setmarian Nasar, 47, who holds dual Syrian and Spanish citizenship, wrote a 1,600-page autobiographical book on ways to attack Islam's enemies. ... Terrorism analysts said Nasar's capture has dealt a blow to al-Qaeda and other militant movements he aided through his virulent anti-Western writings and weapons training. <http://www.washingtonpost.com/wp-dyn/content/article/2006/05/02/AR2006050201775.html> " ("Top Al-Qaeda Strategist In Custody, Official Says," The Associated Press, 5/3/06)

Retired Gen. Barry McCaffery Says The Iraqi Army Is Improving. "The new Iraqi army is 'real, growing and willing to fight,' but lacks basic equipment and will need up to five more years before it can wage war without U.S. military help, says a new report by a retired four-star general who toured Iraq in April. ... The

assessment from Gen. McCaffrey - a Vietnam combat veteran, division commander in Desert Storm and President Clinton's counterdrug czar - is more evidence that Iraq's 250,000-strong security force, which includes the army, is much improved compared with 18 months ago. ... 'This is simply a brilliant success story,' Gen. McCaffrey writes. <http://www.washingtontimes.com/national/20060502-110459-2311r.htm> " (Rowan Scarborough, "General Says Iraq Army Is 'Willing,' But Not Ready," The Washington Times, 5/3/06)

U.S. Troops Raid Insurgent Safe House In Iraq. "U.S. troops raided a suspected al-Qaeda hide-out Tuesday, killing 10 insurgents <http://www.usatoday.com/printedition/news/20060503/a_iraqnews03.art.htm> - three of them wearing suicide vests, the military said. U.S. servicemembers searched for 'an al-Qaeda terrorist leader' in the pre-dawn raid at a safe house about 25 miles southwest of the U.S. air base in Balad, north of Baghdad, the military said." ("U.S. Troops Hit Insurgent Safe House And Kill 10," USA Today, 5/3/06)

U.S. Working With European Allies To Draft U.N. Resolution On Iran. "The United States is working with European allies to craft a binding U.N. resolution demanding that Iran immediately stop nuclear-related activities, and will push for tough economic and diplomatic sanctions if it refuses <http://www.washingtonpost.com/wp-dyn/content/article/2006/05/02/AR2006050201250.html> , a senior U.S. official said Tuesday. The statement from R. Nicholas Burns, undersecretary of state for political affairs, came as Iranian officials said they had boosted the purity of their uranium enrichment from 3.6 percent to 4.8 percent, found three new uranium deposits in Iran and would retaliate against Israel if attacked by the United States." (John Ward Anderson and Colum Lynch, "U.S. Crafts Response On Iran," The Washington Post, 5/3/06)

U.N. Ambassador Bolton Urges Reform. "U.N. Ambassador John R. Bolton yesterday told Congress that timely reform of the world body is necessary if sanctions against Iran and Sudan are to work better than they did in Iraq. ... 'We start from the proposition that [President Bush's] efforts at reform at the U.N. are designed to fundamentally change the way the organization operates, to make it possible for the United States and other governments to entrust the United Nations with important responsibilities in international affairs,' Mr. Bolton said yesterday morning. <http://www.washingtontimes.com/world/20060502-101028-1904r.htm> " (Betsy Pisik, "Bolton Urges Reform Before Sanctions," The Washington Times, 5/3/06)

Mrs. Bush Focuses On Education And Medicare In Visit To Fort Smith, Arkansas. "The First Lady's trip to Fort Smith lasted less than two hours, but the memory of the event will likely last a group of 6th graders a lifetime. <http://www.kfsm.com/Global/story.asp?S=4850970> Mrs. Bush was in town to honor a class that has been helping seniors sign up for the Medicare prescription drug program. ... The event tied together two issues important to the first couple: education and the President's prescription plan." ("First Lady's Trip To Fort Smith," KFSM-TV, 5/2/06)

President Announces Mrs. Bush To Lead Delegation To Inauguration In Costa Rica <http://www.whitehouse.gov/news/releases/2006/05/20060502.html>

Statement On Federal Emergency Assistance For Connecticut <http://www.whitehouse.gov/news/releases/2006/05/20060502-1.html>

Statement On Federal Disaster Assistance For Hawaii
<http://www.whitehouse.gov/news/releases/2006/05/20060502-5.html>

Nominations Sent To The Senate
<http://www.whitehouse.gov/news/releases/2006/05/20060502-6.html>

Press Briefing By Scott McClellan
<http://www.whitehouse.gov/news/releases/2006/05/20060502-4.html>

Ames, Andrew

From: Ames, Andrew
Sent: Wednesday, May 3, 2006 10:28 AM
To: Agarwal, Asheesh (CIV); Ames, Andrew; Baxter, Felix (CIV); Branda, Joyce (CIV); Brett Gerry; Brody, Stephen (CIV); Bucholtz, Jeffrey (CIV); Bukvics, Jennifer (CIV); Claterbos, Barbara (CIV); Cohen, David M. (CIV); Cohn, Jonathan (CIV); Davidson, Jeanne (CIV); Davis, Dan (CIV); Fargo, John (CIV); Fielding, Gabrielle (CIV); Figley, Paul (CIV); Flentje, August (CIV); Frost, Peter (CIV); Garren, Timothy (CIV); Glynn, J.Patrick (CIV); Gorsuch, Neil M; Hertz, Michael (CIV); Hollis, Robert (CIV); Hunt, Jody (CIV); Hussey, Thom (CIV); Jennifer Brosnahan; Jeweler, James (CIV); Katsas, Gregory (CIV); Keisler, Peter D (CIV); Kohn, Chris (CIV); Kopp, Robert (CIV); Letter, Douglas (CIV); Levine, Larry (EOIR); Lindemann, Michael (CIV); Magnuson, Cynthia; McCallum, Robert (SMO); Miller, Charles S; Nichols, Carl (CIV); Nowacki, John; Pyles, Phyllis (CIV); Riley, Sharon (CIV); Rivera, Jennifer (CIV); Roehrkasse, Brian; Schiffer, Stuart (CIV); Scolinos, Tasia; Seidel, Rebecca; Senger, Jeffrey M; Spellberg, Dianne (CIV); Swenson, Lily F; Thirolf, Eugene; Wilson, Karen L; Zwick, Ken (CIV)
Subject: 5/3/06 Civil Division News

Records of Abramoff contacts may be incomplete

10 States Sue Feds Over SUV Fuel Standards

Court revives suit that seeks access to experimental drugs for terminally ill patients

Federal inquiry targets Reston firm

Sen. Tim Johnson Seeks Answers from Department of Justice on Contract Abuse in Iraq; Pushes Measure to Move Whistleblower Lawsuits Along

How The Times Destroyed An Innocent Man; The Times tried to play down the result

AP

Wed, May. 03, 2006

Records of Abramoff contacts may be incomplete

The Associated Press

WASHINGTON - The Secret Service's records documenting convicted lobbyist Jack Abramoff's contacts with Bush administration officials may not reveal all such meetings, the White House said Tuesday.

The Secret Service has agreed to turn over White House visitor logs showing when Abramoff met with administration officials -- and with whom. But presidential spokesman Scott McClellan cautioned reporters

from viewing the release as all-inclusive.

"I don't know exactly what they'll be providing, but they only have certain records, and so I just wouldn't view it as a complete historical record," McClellan said.

Abramoff, who represented Indian tribes in their dealings with Washington politicians and raised at least $100,000 for Bush's re-election campaign, was once one of the city's most successful lobbyists.

When a photo of Bush with Abramoff surfaced earlier this year, the president said he has his picture taken with "a lot of people." In the 2001 photo, Bush is shaking hands with a leader of an Indian tribe. Abramoff is in the background.

The president has said that he does not know Abramoff personally, but Abramoff told *Washingtonian* magazine that he had met with Bush nearly a dozen times and that the president knew him well enough to joke with him.

McClellan has said that Abramoff attended Hanukkah receptions at the White House in 2001 and 2002, and some additional staff-level meetings. "But I said I couldn't rule out that there might be other large events that may have taken place that he attended, but that's what I know and that still stands," McClellan said.

Abramoff pleaded guilty in January in Washington to federal charges stemming from an investigation of his ties to members of Congress and the Bush administration. He also pleaded guilty to fraud charges in Miami concerning a multimillion-dollar purchase of a gambling fleet in 2000.

END

Greenwire.com

May 3, 2006

10 States Sue Feds Over SUV Fuel Standards

Ten states, the District of Columbia and New York City will file suit today against the National Highway Traffic Safety Administration for not addressing air quality and greenhouse gas emissions in its fuel economy standards issued last month for sport-utility vehicles and light trucks.

California will be the lead plaintiff in the suit, to be filed in the 9th U.S. Circuit Court of Appeals. It will also include Connecticut, Maine, Massachusetts, New Jersey, New Mexico, New York, Oregon, Rhode Island and Vermont. The suit alleges that the government did not consider the effect of gasoline consumption on climate change.

Massachusetts Attorney General Tom Reilly (D) said in a statement: "At a time when we are all facing a gas crisis, the Bush administration is pushing for fuel economy standards that appear to be authored by the oil and auto industries".

Announced last month, the new standard for light trucks will be 22.2 miles per gallon, up from 21.6 mpg for the current model year. The current standard for passenger cars is 27.5 mpg. The administration estimated that requiring vehicles weighing between 8,500 and 10,000 pounds to improve their mileage would save half a billion gallons of fuel in 2011 and would cost manufacturers between $900 and $2,800 per vehicle. The rules will be in effect from 2008 through 2011.

The federal regulations are considerably less stringent than California and nine other states' limits on greenhouse emissions that would mandate stricter fuel economy on vehicles sold there. The Alliance of Automobile Manufacturers, the Association of International Automobile Manufacturers and several local dealerships sued Vermont last week in U.S. District Court in Burlington, and two similar suits are pending in Rhode Island and California.

California Attorney General Bill Lockyer (D) said yesterday in a statement: "The Bush administration once again has missed an opportunity to promote new technology, fuel economy and conservation by issuing fuel economy goals that are status quo."

Transportation Department spokesman Robert Johnson called the suit "predictable," adding, "we have every confidence our rule will be upheld when it is reviewed by the courts".

END

AP

May 3, 2006

Court revives suit that seeks access to experimental drugs for terminally ill patients

By ANDREW BRIDGES

Associated Press Writer

WASHINGTON_Terminally ill patients, seeking early access to experimental drugs unlikely to be approved before they die, won a legal reprieve in a federal appeals court.

A three-judge panel on Tuesday reinstated a lawsuit against the Food and Drug Administration filed on behalf of the patients and returned the case to district court that had dismissed it in 2004.

"Barring a terminally ill patient from the use of a potentially lifesaving treatment impinges on this right of self-preservation," Judge Judith W. Rogers wrote in the 2-1 opinion from the panel of the U.S\l "l". Court of Appeals for the District of Columbia Circuit.

The Abigail Alliance for Better Access to Developmental Drugs and the Washington Legal Foundation sued\l "l" the FDA in 2003, seeking access for terminally ill patients to drugs that have undergone preliminary safety testing in as few as 20 people but have yet to be approved.

FDA approval of drugs generally requires extensive testing that can involve years of trials and thousands of patients.

The Abigail Alliance, in an earlier FDA petition, asked that the agency create a three-tiered drug approval system that would allow some experimental drugs to gain restricted approval following initial, phase 1 testing. That would expand the availability of those drugs beyond the limited "compassionate use" programs now permitted.

"The FDA has long prohibited lifesaving medicines for terminally ill patients," said Paul Kamenar, senior executive counsel for the Washington Legal Foundation. "We think this is a tremendous victory for patient groups and those who are in need of these kinds of medicines."

The FDA said it was studying the opinion and would consult with the Department of Justice on its next steps.

"We remain sympathetic to the desire of terminally ill patients to get access to experimental treatments when they have exhausted other therapeutic options, and have a number of new efforts under way inside FDA to improve how we make investigational drugs available through expanded access programs. We plan to have much more to say about this soon," agency spokeswoman Susan Bro said in a statement.

Donald Kennedy, a former FDA commissioner, called the lawsuit "Laetrile redux."

In the late 1970s, terminally ill cancer patients and their spouses sought access to Laetrile, a then- and still-unapproved drug, eventually suing the FDA _ and Kennedy _ in a case that landed in the Supreme Court.

In 1979, the top Court ruled unanimously that there should be no exemption to the FDA's safety and effectiveness standards, which all drugs must meet, for medicines sought by terminally ill patients.

The U.S. District Court had dismissed the Abigail Alliance lawsuit in 2004, and the groups appealed shortly thereafter. Tuesday's opinion revives their case, but also means that years more of litigation are likely. The FDA can ask for the full appeals court to rehear the case. Otherwise, it returns to the lower court.

Judge Thomas B. Griffith, in a dissenting opinion, said the case raises "a number of vexing questions," including whether patients could access any drug, including marijuana, that they and their doctors believe is potentially lifesaving. Griffith also noted that allowing access to a toxic drug can hasten a terminally ill patient's death.

Tuesday's ruling comes amid heightened criticism of how the FDA handles access to drugs under its review.

Sen. Sam Brownback, a Kansas Republican, introduced legislation last year that would require the FDA to create a three-tiered approval system similar to what the Abigail Alliance proposed. It would expand access to experimental drugs for patients with serious or life-threatening conditions and diseases. The bill was referred to committee in November.

Frank Burroughs, president of the Abigail Alliance, said providing access should not be solely an FDA decision.

"The decision is the patient's decision, in consultation with their doctor, knowing at the time the known risks and benefits," said Burroughs, who founded the group after his daughter, Abigail, died of cancer in 2001.

END

Washington Times

May 3, 2006

Federal inquiry targets Reston firm

By Jim McElhatton
THE WASHINGTON TIMES

Federal authorities have begun a criminal investigation of Maximus Inc. in the wake of a lawsuit claiming that the Reston-based consulting giant overcharged the government tens of millions of dollars while

working for the District's foster care agency, unsealed court records and other official files show.
The investigation follows a federal False Claims Act lawsuit that says Maximus lacked proper documentation for most of the more than $30 million in Medicaid claims the company prepared for the D.C. government, starting in 1999.

In February, Maximus disclosed to the Securities and Exchange Commission that it had received a subpoena from the criminal division of the U.S. Department of Justice pertaining to the company's work preparing Medicaid claims for the D.C. government. The company received more than $3 million for its work for the D.C. Child and Family Services Agency, according to the lawsuit.

Maximus has declined to comment on the focus of the investigation beyond what it disclosed to the SEC.

However, previously sealed court records show that federal authorities began a probe as far back as 2004 into claims in a 2003 lawsuit against the company by Benjamin Turner, a former employee who says Maximus fired him in 2002.

According to Mr. Turner, Maximus was hired to help the city recoup federal Medicaid funds for services for foster children in the D.C. Child and Family Services Agency (CFSA).

Under the deal, Maximus pocketed 10 cents of every Medicaid dollar it helped the city recoup, eventually netting the company more than $3 million for at least $30 million in Medicaid claims it prepared, according to the lawsuit.

Mr. Turner, who says in the lawsuit that he worked on the billing project, says the Medicaid billing was "grounded in fraud."

"After obtaining confirmation that such services were not performed through a CFSA computer search, and in the majority of instances after contacting the social workers who confirmed the services were not performed, Maximus nevertheless created files that indicated services were performed and used such information to demand Medicaid pay for services not rendered," the lawsuit states.

Maximus declined to comment on the substance of complaint, saying it has not been served with the lawsuit and that public records show the suit was dismissed from Alexandria federal court in June 2005.

Mr. Turner and his attorneys, the U.S. Attorney's Office and the D.C. Office of the Attorney General also had no comment.

Within days of the lawsuit's dismissal in Alexandria, filings in Mr. Turner's case show that the suit was filed in D.C. federal court June 21, 2005. Records filed by Mr. Turner's attorney, Candace McCall, show that federal authorities wanted to prosecute the case in the District.

No records of the case appear on the public docket in the District. False Claims Act complaints usually are kept under seal until dismissal or the government decides whether to take over the case, according to legal experts.

In April 2005, Justice Department attorney Diana J. Younts stated in Alexandria court filings that the government wasn't finished investigating Mr. Turner's case. She said authorities were unable to decide whether to intervene in the case by a court-ordered May 2, 2005, deadline.

"However, the government's investigation will continue," Miss Younts wrote.

The timeline in Mr. Turner's lawsuit suggests that federal authorities are "taking the matter very seriously," said Stephen M. Kohn, chairman of the board of directors for the National Whistleblower Center.

"This is consistent with a very serious federal investigation into potential fraud," Mr. Kohn said.
Industry leader

Founded in 1975, Maximus is one of the country's largest government consulting companies. The publicly

traded company employs more than 5,000 workers and reported revenue of more than $640 million last year.

Jason Kupferberg, an analyst for New York-based UBS Securities who follows Maximus, said the company has a good reputation in the industry.
"Anytime a company is in the business of doing work for the government, there's always a lot of scrutiny. It's not uncommon from time to time for investigations and subpoenas and other legal matters to arise," Mr. Kupferberg said.

"They certainly can never be taken lightly," he added. "But it is premature to jump to any conclusions regarding the potential outcome of this situation."
Maximus derives nearly 80 percent of its revenue from state and local contracts covering a broad range of government services, including tracking down deadbeat parents, managing child welfare programs and implementing public retirement benefit systems.

The company finds itself in the wake of a management shake-up.

It announced last week the firing of Chief Executive Lynn Davenport, citing unspecified conduct toward a former female employee. The company's former chief financial officer, Richard A. Montoni, was appointed to take over as chief executive officer.

Earlier this year, Mr. Montoni spoke to analysts briefly about the D.C. investigation, saying it's not clear whether Maximus would incur more than $500,000 it recently set aside for legal costs in connection with the probe.

"Obviously, we have to wait to see ... the results of the process, but this is our best estimate for at least the foreseeable future," Mr. Montoni said of the legal costs.
Billing review

Maximus hired Mr. Turner in March 1999 to direct its human services division and assigned the health care consultant to its "revenue maximation" project for the CFSA -- which some employees dubbed "Operation Lightning Rod," according to the former employee's lawsuit. At the time, the CFSA oversaw about 3,000 D.C. foster children.
According to the lawsuit, Mr. Turner conducted a billing review and found nearly 80 percent of the foster children for whom Maximus prepared Medicaid claims had no record of actually having received services, according to the lawsuit.

"CFSA was overwhelmed with work, and the files of children coming into the system or to be assigned to a different social worker due to social worker turnover would sit for months, untouched, in office cubicles," the lawsuit states.

"These foster children were not receiving any services at all. [Mr. Turner] saw hundreds of such files over a period of about one year," the suit states.
According to the lawsuit, Maximus relied heavily on court records to piece together information it needed to bill Medicaid after officials found "a massive lack of data to support the majority of invoices."

"Maximus would get the Medicaid number and name of each child from the court records, match the names to the Medicaid file, and invoice from there," the lawsuit says.
Those invoices were based on court records of children to be assigned to CFSA, not on actual services delivered, the lawsuit notes.

The lawsuit says Mr. Turner told Maximus officials about "mounting problems in collecting past data" but that "there was little response except a retort that Maximus would not be paid unless and until invoices went out."

A CFSA spokeswoman declined to comment on the suit, but said the agency is reviewing its Medicaid operations.

"It's handled in-house right now, but we have a contractor in there in an attempt to help us do it better," CFSA spokeswoman Mindy Good said. "We're in the process of putting in place a business unit that would take care of those kinds of things."

For much of the timeframe outlined in Mr. Turner's lawsuit, the District's foster care agency was under receivership.

"We have federal audits every year," Miss Good said. "The federal agencies are not just going to give you money unless they can verify services."

Mr. Turner's whistleblower lawsuit states that his health worsened, he suffered psychological problems and that he was ultimately fired for complaining about the company's billing practices.

Maximus declined to comment on Mr. Turner's employment.

In response to questions about the company's work for CFSA, Maximus referred to its Securities and Exchange Commission disclosures.
In quarterly SEC filings since late 2004, the company has said it was cooperating in a federal probe "primarily relating to the preparation and submission of Medicaid claims" pertaining to the company's work for the District.

"We are fully cooperating with the U.S. Attorney's Office in producing documents in response to the subpoena and making employees available for interviews, and we have initiated an internal review of this matter through independent outside legal counsel," the company said in a recent SEC filing.

Lawrence Mitchell, law professor at George Washington University Law School and a corporate governance expert, said the update in the latest SEC filing, which contains new details about the involvement of the Justice Department's Criminal Division, shows Maximus is getting more information about the probe.

"This suggests to me that they're doing their own internal investigation, they're learning more and that they're telling shareholders, 'Here's what we know right now,' " Mr. Mitchell said.

END

Black Hills Today

May 3, 2006

Sen. Tim Johnson Seeks Answers from Department of Justice on Contract Abuse in Iraq; Pushes Measure to Move Whistleblower Lawsuits Along

Washington, DC –U.S. Senator Tim Johnson (D-SD) today contacted the U.S. Department of Justice (DOJ) regarding reports that the Department may be stalling the process of prosecuting claims of contractor abuse in the reconstruction of Iraq. In a letter to Attorney General Alberto Gonzales, Johnson expressed his concern and urged the Department to take immediate and concrete steps to retrieve wasted funds. Johnson is also cosponsoring a measure designed to prevent such delays.

“Reports that the Department of Justice may actually be slowing down efforts to combat contract abuse are especially troubling considering the millions of taxpayer dollars that have been squandered due to abuse and inadequate oversight in the reconstruction in Iraq,” Johnson said. “Rather than mucking up the works, the Department of Justice should be aggressively pursuing claims of fraud and abuse.”

The *Wall Street Journal* recently reported that a number of lawsuits have been filed on behalf of

whistleblowers using the False Claims Act, which allows individuals to recoup ill-gotten funds by government contractors. However, before any claim filed under the False Claims Act can move forward, the Bush Administration must make a formal decision whether or not to be a party to the lawsuit. According to press reports, the Administration has made a formal decision in only one case, raising concerns that the DOJ is deliberately preventing cases from moving forward.

Additionally, Johnson is co-sponsoring an amendment offered by Senator Tom Harkin (D-IA) to the Fiscal Year 2006 Iraq Emergency Supplemental Appropriations bill. This amendment would require the DOJ complete their review of each lawsuit within one year. After the one year period, the allegations become public, and the cases can proceed forward.

END

Accuracy in Media

May 3, 2006

How The Times Destroyed An Innocent Man; The Times tried to play down the result

By Cliff Kincaid

You may have missed it-on page 14 of the March 28 New York Times, there was a six-paragraph story about former government scientist Steven Hatfill being allowed by the U.S. Supreme Court to proceed with his defamation suit. His target is the Times and its columnist Nicholas Kristof.

There have been several recent problems for the paper, including the inaccurate designation of the masked man in the Abu Ghraib prisoner-abuse scandal, but the Hatfill suit holds the potential of forcing the paper to pay millions of dollars in damages. The Times should have to pay.

The Times tried to play down the result. A story posted by the Reporters Committee for Freedom of the Press had attorney David Schultz quoted as saying, "It's not unexpected. Now it's back to the trenches. We're confident that at the end of the day that the case lacks merit." David Schulz is with the New York law firm of Levine Sullivan Koch & Schulz.

As we noted in a 2002 column, "New York Times columnist Nicholas Kristof is one of those behind the FBI's campaign against Dr. Steven Hatfill in the anthrax case. Without contacting Hatfill or his representatives, Kristof wrote five columns and thousands of words urging more FBI scrutiny of the scientist. He portrayed Hatfill as a despicable character with an unsavory past. But Hatfill's attorney has been unable to get his side of the story in the paper. The Times now says it will run a Hatfill column on the matter, but only if it does not criticize Kristof by name. How's that for fairness?"

The Kristof treatment of Hatfill was a classic case of defamation. As we know, despite being labeled a "person of interest" in the Anthrax case, Hatfill was never accused or charged with anything. Absolutely no evidence has been presented against him. But he has lost two jobs and his career has been destroyed.

Gail Collins, editorial page editor of The Times, had said of Kristof, "We have confidence in our columnists." That confidence should be tested in court. But the Times wanted the courts to let Kristof off the hook.

In addition to his media defamation lawsuits, he is suing the Department of Justice over invasion of privacy. He wants the government agents who smeared him, by using the media, to pay for their crimes.

The proposed federal media shield law, enabling journalists to hide their government sources from public scrutiny, would make it harder if not impossible for Hatfill to get justice in his case. He would not be able to identify those "sources" behind his personal destruction.

AIM has been the only national organization opposed to a federal media shield law.

Kristof, by the way, has been shedding crocodile tears for the poor people of the Sudan, and the Times is running a contest to send someone to Africa with him to document the catastrophe in the Darfur region. It's too bad Kristof doesn't have any compassion for the innocent man whose life he ruined.

END

USDOJ- Office of Public Affairs

From:	USDOJ- Office of Public Affairs
Sent:	Thursday, May 4, 2006 8:10 AM
To:	USDOJ- Office of Public Affairs
Subject:	Attorney General's News Briefing for Thursday, May 04, 2006
Attachments:	agnb060504.pdf; agnb060504.doc

THE ATTORNEY GENERAL'S *NEWS BRIEFING*

PREPARED FOR THE OFFICE OF PUBLIC AFFAIRS, U.S. DEPARTMENT OF JUSTICE

TO: THE ATTORNEY GENERAL AND SENIOR STAFF

DATE: THURSDAY, MAY 4, 2006 7:45 AM EDT

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TERRORISM NEWS:

In Setback For Administration, Moussaoui Jury Returns Sentence Of Life In Prison. After long deliberations, the jury yesterday returned a sentence of life in prison in the case of Zacarias Moussaoui. Reacting to the verdict, said ABC World News Tonight (5/3, story 2, :15, Vargas), "President Bush said he thought Moussaoui got a fair trial. And noted that the jury spared Moussaoui's life, which Bush said is something the confessed terrorist wasn't willing to do for Americans on 9/11." On NBC Nightly News (5/3, lead story, 3:40, P. Williams), the President was shown saying, "They spared his life, which is something that he evidently wasn't willing to do for innocent American citizens." CNN's The Situation Room (5/3, Malveaux) reported Bush "used this occasion to make a couple of points. First, he offered his condolences to those who suffered and who died on September 11th. Secondly, he recognized the heroes, specifically those passengers of United Flight 93. And third, he used this occasion to promote the war on terror." In a statement, Bush said, "We can be confident our cause is right and the outcome is certain. Justice will be served. … Evil will not have the final say."

The Los Angeles Times (5/4, Havemann) quotes Bush saying, "We are still deeply touched by the memory of rescuers who gave all, the passengers who ran a hijacked plane into the ground to prevent an event greater loss of life, and the frightened souls who comforted one another during their final moments on earth. … The end of this trial represents the end of this case but not an end to the fight against terror."

The Moussaoui story generated extensive reporting on TV, where it led all three network newscasts and received a total of about 15 minutes of coverage, as well as on print media. Most reports portray the decision as a setback for the Department of Justice and the Administration in general. For instance, on ABC World News Tonight (5/3, lead story, 3:45), correspondent Elizabeth Vargas called the verdict a "stinging defeat" for the Administration. The AP (5/4, Sniffen, Barakat) also calls the verdict "a stinging defeat," particularly "for the Justice Department and Deputy Attorney General Paul McNulty, a former federal prosecutor in Alexandria who was overseeing the case." The CBS Evening News (5/3, lead story, 3:20, Stewart), meanwhile, called decision "a painful setback for the Justice Department."

Also on the CBS Evening News (5/3, story 2, 1:15, Schieffer), legal analyst Andrew Cohen said, "You could certainly argue now…that there was overreaching by the government. … There was never an independent concrete link in the evidence between Moussaoui and the hijackers." Reporter Jeanne Meserve, meanwhile, said on CNN's The Situation Room (5/3) that the verdict is a "major disappointment" for the Justice Department, adding, "This was four years of effort on the part of the Justice Department. It is their only 9/11-related trial. They saved up and stored up the best evidence they had and put it out here. They put their best prosecutors on this case. … I have to believe that there is disappointment on the part of the U.S. government at this point in time."

USA Today (5/4, Johnson) says "the verdict was a setback for the Justice Department," and quotes Deputy Attorney General Paul McNulty saying, "The jury has spoken. We respect and accept the verdict." Asked "whether the government planned to prosecute two suspected planners of the 9/11 attacks -- Khalid Shaikh Mohammed and Ramzi Bin al-Shibh, both of whom are in custody at undisclosed locations -- McNulty said only that 'the investigation was continuing.'"

In an analysis piece, USA Today (5/4, Johnson, Willing) reports, "Several legal analysts said Wednesday that in the Moussaoui case, the administration essentially gambled on linking him to 9/11 to try to have him executed -- and lost." The Los Angeles Times (5/4, Savage), in its own analysis piece is sharply critical of the Administration, and sees the Moussaoui verdict as outlining larger problems with the Department of Justice's war on terror strategy. Says the Times, "A central contradiction in the Bush administration's fight against terrorism is that bit players often have been put on trial, while those thought to have orchestrated the plots have been held in secret for questioning."

The Washington Post (5/4, A1, Markon, Dwyer) reports some analysts "said the verdict showed that the government had wasted years and millions of taxpayer dollars pursuing Moussaoui when prosecutors could have settled for a life sentence several years ago." Along those lines, the Post quotes Stephen A. Saltzburg, a law professor at George Washington University, saying, "We would have spared

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ourselves enormous cost and expense and having to deal with Moussaoui and giving him the forum he wanted. … The government will say the 9/11 families got closure and had a chance to tell their stories, but the fact is they didn't get closure. What they got was a defendant who insulted them and demeaned their dead." Meanwhile, the New York Times (5/4, Lewis) says the verdict "seemed to surprise most people in the courtroom, notably Justice Department prosecutors."

ABC World News Tonight (5/3, lead story, 3:45, Vargas) reported, "The jurors spent more than 40 hours deciding Moussaoui's fate. His six-week trial was notable for his defiance and his disrespect. Today, as he left the courtroom, he made a final taunt, saying, 'America, you lost. I won.'" ABC (Thomas) added, "A death sentence requires a unanimous vote by the jury. We now know that at least one jury member simply did not buy the government's case. The announcement stunned many at the courthouse." Some family members "who wanted the death penalty accepted the verdict." CNN's The Situation Room (5/3, Arena) noted Moussaoui's exact comment was: "America, you lost. Raskin and Novak [the names of two of the prosecutors] you lost. I won." Then, CNN added, "he clapped his hands on his way out of the courtroom." Fox News' Special Report (5/3, Emmanuel) noted "The Federal judge…praised the jury and said, quote, 'The government always wins when justice is done.'"

In a separate story, ABC World News Tonight (5/3, story 3, 2:40, Vargas) reported the reaction of the 9/11 family members was "as divided as their testimony." ABC (Muir) added, "The families watched as Moussaoui clapped his hands while leaving the courtroom. For them, there were no winners. Just another painful day that won't bring their loved ones back."

The CBS Evening News (5/3, lead story, 3:20, Stewart) reported, "I think a month ago, no one would have predicted this verdict, especially after Moussaoui himself took the stand and sneered at the victims of 9/11 and said he'd like to kill more Americans. But after 41 hours of deliberation, you could start to feel this one coming." The "key point for the holdouts appeared to be their belief that Moussaoui was a bit player at best in 9/11 and was never intended to be the pilot of a 5th plane that day, as he claimed from the witness stand."

NBC Nightly News (5/3, lead story, 3:40, P. Williams) reported, "At least some of the jurors found that Moussaoui's role in the 9/11 attacks was so limited it didn't justify capital punishment." His "court-appointed lawyers said it was the right punishment for someone they described as an al Qaeda wannabe." Family members "were by no means unanimous on how Moussaoui should be punished. Many said they were relieved by the verdict." The New York Times (5/4, Santora) also reports on the families, in a story titled "Some 9/11 Families Side With Jury On Moussaoui, But Most Express Regrets." The Washington Post (5/4, A16, Dwyer, Markon) runs a similar report under the headline "For Victims' Families, Verdict Elicits Mix Of Shock, Relief."

The Washington Times (5/4, Taylor) reviews the main events in the Moussaoui prosecution, reporting, that "in April 2005, Moussaoui pleaded guilty to charges of conspiring with al Qaeda in the attacks. At the time, he denied being a part of the initial hijacking plot, saying he had, in fact, been in training for a second wave of hijacked airplanes to slam into US targets." In his plea, he "admitted knowing that the 19 al Qaeda hijackers were going to fly aircraft into US buildings." However, the Christian Science Monitor (5/4, Richey) notes Moussaoui "stunned many terrorism experts" when he later "testified that he was tasked to fly an airplane into the White House on 9/11 with convicted shoe bomber Richard Reid. … Many legal analysts said it suggested Moussaoui wanted to become a martyr and was tailoring his testimony to help achieve that result."

The Financial Times (5/4, Sevastopulo, Alden) reports, "The trial provided yet another reckoning of the failure of the US government to act on the many clues that might have prevented the September 11 attacks." Harry Samit, the Minneapolis FBI agent who arrested Mr Moussaoui, "told the jurors that had had warned his superiors repeatedly before September 11 that Mr Moussaoui was a terrorist who should be investigated aggressively." He "accused his bosses of 'obstructionism, criminal negligence and careerism.'"

Scripps/McClatchy (5/4, Gordon) reports, "It was not immediately clear how many of the jurors held out for a life sentence -- and that may remain a secret. The jurors have been kept anonymous and were whisked to their cars by deputy U.S. marshals after the verdict. … But the complicated, 42-page verdict form showed that, while the jury unanimously agreed that Moussaoui's crime met legal thresholds for a death penalty, a number of jurors gave weight to mitigating factors." McClatchy continues, "Three jurors found that Moussaoui had 'limited knowledge' of the Sept. 11 plot, three said he was a minor player and as many as nine factored his troubled childhood and abusive father in his favor on the three terrorism-related conspiracy counts. … Four

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jurors gave weight to psychotic disorders suffered by his two sisters and father -- an indication that those jurors also questioned Moussaoui's mental stability. Three jurors said they took into account that he was subjected to racism as a Moroccan growing up in southern France. … None of the jurors mentioned Moussaoui's desire for martyrdom as a mitigating factor, and it was not clear if the verdict was influenced by any jurors' desire to prevent him from dying an al Qaeda hero."

Bloomberg (5/4, Elsibai) called the verdict "a resounding defeat for the Bush administration's Justice Department …"

The London (UK) Times (5/4, Baldwin, McGrory, Sage) reports, "There certainly are others more deserving of punishment, including several who have spent years in US military custody such as Sheikh Mohammed, Ramzi Binashibh, a close associate of Atta, and Mohamed al-Kahtani, the real 20th hijacker. … The US Government says they cannot yet be prosecuted because they are all yielding valuable intelligence information. Perhaps, but others suspect that 4½ years after the event, the real reason they have not been put on trial is because the process of yielding such information — through dubious interrogation techniques such as water-boarding — means their case would be thrown out by any US court worthy of the name. … . Instead, America was given the Zacarias Moussaoui show."

CBS 2 Chicago (5/4, Blakley) reports, "Gary (IN)'s Denise Dillard says no verdict could have eased her loss. Her brother-in-law, 54-year-old Eddie Dillard, died in the airliner that crashed into the Pentagon. … 'I don't know if there will ever be justice for a 9/11 family,' Dillard said." CBS 2 continues, "DePaul historian Tom Mockaitis believes denying Moussaoui's wish for martyrdom aids the War on Terror. … 'The message is, in some way, we've risen above the level of the terrorists themselves,' Mockaitis said."

Editorials Praise Jury's Decision. Editorials in most major newspapers this morning generally express agreement with the verdict. USA Today (5/4) editorializes, "Twelve average citizens sent the world a proud message Wednesday about America, that this nation can dispense justice even to its vilest enemies. The jurors' decision to send Zacarias Moussaoui to a stark, solitary cell for life…was a victory of rationality over emotion."

In an editorial, the New York Times (5/4) calls the verdict "like the best possible outcome. For all his bombast, Mr. Moussaoui had no direct role in the 9/11 attacks. And it is good to know that he will not achieve a fanatic's martyrdom."

The Washington Post (5/4, A24), meanwhile, offers praise for the presiding judge. In its editorial, the Post calls the jury's decision "correct as well as courageous," adding "it would not have been possible without the exemplary handling of this case from its outset by US District Judge Leonie M. Brinkema." Brinkema "presided in such a fashion as to preserve the dignity of her court -- which Mr. Moussaoui repeatedly sought to mock -- and to ensure that he would be tried fairly."

In an editorial, the Los Angeles Times (5/4) says the jury made "the right decision," adding a "death sentence…could have endowed" Moussaoui "with undeserved martyr status. In sparing Moussaoui's life, the jury resisted the temptation to treat him as a stand-in for the 9/11 hijackers. And it refused to succumb to the notion that a death sentence for Moussaoui was justified because it would provide 'closure' to the families of those who were killed in the attacks."

The Wall Street Journal (5/4) disagreed with assessments such as the ones above and was critical of the jury's decision. It said in an editorial, "Fretting over whether enemy agents had dysfunctional childhoods is no way to win" the war on terror.

Also disagreeing with the verdict, former US assistant attorney general for legal policy Viet Dinh writes in a USA Today piece titled "Justice Not Served" (5/4), "The decision was careful and deliberate. It was also wrong. … No one on the jury believed that putting Moussaoui to death would make him a martyr. In the end, perhaps the most telling fact is that nine jurors thought that Moussaoui was abused by his father and abandoned by his family. A bad childhood vs. 3,000 good lives. You do the math."

Biden Says Moussaoui Should Have Been Sentenced To Death. Sen. Joe Biden said on MSNBC's Hardball (5/3), "My reaction is I wish he had gotten death," but the trial was "an incredible demonstration that we are totally, completely free and we are a pretty fair outfit.'

Schumer Says Death Sentence Would Have Been Appropriate. Sen. Charles Schumer said on MSNBC's Hardball (5/3), "My reaction is that the death penalty clearly would have been appropriate. If it ever was appropriate, this kind of situation is the case. But the fact that he will be in jail the rest of his life surrounded by Americans, not be a martyr, is the other side of it. So I would have, if I would have voted, I

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couldn't sit in the jury. But I probably, looking at it from afar, would have preferred the death penalty."

King Says He Supported Death For Moussaoui. Rep. Peter King said on MSNBC's Hardball (5/3), "I certainly supported the death penalty. … I had approximately 150 friends, neighbors, constituents who were killed on September 11, many people in my parish, my neighborhood. And almost all of them -- and I don't want to speak for the victims -- but almost everyone that I spoke to of the victims' families strongly supported the death penalty. I did. If there was ever a case where a person was evil incarnate, it was that day."

Pataki "Disappointed" By Moussaoui Verdict. New York Gov. George Pataki said on MSNBC's Hardball (5/3) that the verdict "sent a message to the world here that we are a nation of laws. We are going to apply those laws equally to everyone. And it just, I think, shows the greatness of our country, as disappointed as some family members and as disappointed as I am in the final outcome of the verdict."

Giuliani Says He Would Have Preferred "Different Verdict." Former New York City Mayor Rudy Giuliani said on MSNBC's Hardball (5/3) , "I'm not personally involved in this, but I would have preferred a different verdict. But it does show that we have a legal system, that we follow, that we respect it. And it is exactly what is missing in the parts of the world or a lot of the parts of the world that are breeding terrorism. So maybe there is something good that come out of this in showing these people that -- at least showing the ones that have any kind of an open mind that we are a free society, a lawful society, a decent society, that we have respect for people's rights and that we can have disagreements about whether the death penalty should be imposed on somebody like Moussaoui."

Gonzales Defends Renditions, Denies US Torture. The AP (5/4, Oleksyn) reports, "U.S. Attorney General Alberto Gonzales insisted Wednesday the United States does not condone torture and said terrorist suspects will not be sent to countries where they could face such treatment." The AP continues, "Gonzales, who met with Austria's interior and justice ministers and EU officials, was responding to allegations by European lawmakers that they had discovered a 'widespread regular practice' of human rights violations by the CIA on their continent." The AP adds, "The lawmakers claimed in a report last week that the CIA had conducted more than 1,000 undeclared flights over European territory since the Sept. 11 terror attacks – some carrying suspected terrorists to countries where they could face torture. The practice is known as 'extraordinary rendition.' … 'The United States does not engage in torture and does not condone torture. There are domestic laws that prohibit such conduct and of course we have our international obligations under the convention against torture,' Gonzales told a news conference. … 'The obligation with respect to torture obviously applies also in respect to renditions ... as we all know, renditions in and of itself is nothing extraordinary,' he said. 'We understand that there are real obligations in respect to all renditions and that we will not transfer someone to another country where it is more likely than not that they will be tortured.'"

AFP (5/4) reports, "The United States has come under fire over the past year following press reports about hundreds of CIA flights suspected of carrying undeclared prisoners across European airspace as part of the 'war on terror' launched after the September 11, 2001, terror attacks in the US." AFP adds, "Gonazales did not provide any specifics about any of the alleged CIA flights. … 'We understand how important it is that the perceptions and reality is that the United States meets its commitment under both domestic and international law,' he said. … 'We also very much respect the sovereignty of other nations in the way that we engage in this war against terrorism, and we will be as cooperative as we possibly can be in providing and sharing information that we can,' he added."

Amnesty International Report Blames Top US Government Officials For Torture. Knight Ridder (5/4, Schofield) reports that an Amnesty International report says "torture and other cruel, inhuman or degrading treatment of detainees by U.S. forces is widespread and, in many cases, sanctioned by top government officials." These allegations "are likely to influence a U.N. hearing on U.S. compliance with international torture agreements that begins Friday in Geneva." While "American officials denied the allegations," Javier Zuniga, Amnesty International's Americas director said, "Most of the torture and ill-treatment stemmed directly from officially sanctioned procedures and policies, including interrogation techniques approved by Secretary of Defense Donald Rumsfeld."

Hayat Alternate Juror Alleges Jury Foreman Contacted Her During Deliberations. The Sacramento Bee (5/4, Walsh, 301K) reports that during the

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Hamid Hayat jury deliberations, "the jury foreman contacted an alternate juror about a member of the jury who was frustrating the foreman. The seemingly inappropriate conduct in the trial of Hamid Hayat came to light Wednesday when U.S. District Judge Garland E. Burrell Jr. issued a notice of the contact." Alternate juror Marta Watanabe said "that she was contacted April 20 by jury foreman Joseph Cote, who 'asked her a question about Arcelia Lopez,' according to Burrell's one-sentence notice. It was not clear Wednesday whether Burrell intends to investigate the Cote's conduct." The San Francisco Chronicle (5/4, Bulwa) notes that Lopez "now asserts she was bullied into her verdict." The Chronicle adds that Cote, reached yesterday at his home, "at first denied calling Watanabe during deliberations, saying, 'I don't know about it.' … Moments later, Cote said, 'I spoke with her but I don't remember what it was about.' He said he knew 'for sure' that the conversation was not about Lopez. Cote then said he probably had spoken to Watanabe about the jury's plans to hold a reunion party after the case was over."

KXTV-TV Sacramento (5/3, Kobely) reports on the jury contact and adds, "Meanwhile, Hayat attorney Wazhma Mojaddidi filed a motion Wednesday asking Burrell to overturn Hayat's guilty verdict, claiming insufficient evidence and other grounds to throw out last week's guilty verdict. … If Burrell declines to overturn the verdict, Mojaddidi is asking for a new trial. … U.S. Attorney McGregor Scott issued a statement late in the afternoon" saying, "We will vigorously litigate defendant's new trial motion and we'll do so in court."

PATRIOT ACT:

DOJ Reports Sharp Rise In FISA Warrants Since 9/11. As was widely-reported by newspapers and wire services earlier this week, The Washington Times (5/4, Hudson) reports the Justice Department has informed Congress that "more than 2,000 wiretaps were approved last year by the Foreign Intelligence Surveillance Court to spy on suspects of terrorism or espionage, compared with a little more than 900 wiretaps in 2001. In addition, more than 9,000 warrants were issued without court approval last year through National Security Letters to snoop through the records of more than 3,500 people, according to the report to the House Republican leadership." David Sobel of the Electronic Privacy Information Center said, "Now that they've seen the numbers, hopefully Congress will be even more curious and continue to ask about the scope of these letters."

Senators Seek DOJ Clarification Of Domestic Wiretapping Measures. McClatchy Newspapers (5/4, Talev) reports, "As the immigration debate grips Capitol Hill, some lawmakers are quietly turning their attention back to a subject that was just as much a lightning rod only a few months ago: President Bush's domestic eavesdropping program." McClatchy continues, "The Senate Judiciary Committee was scheduled to consider three measures Thursday that alternately seek to legitimize the controversial program with few changes; give a secret court power to oversee the administration's program; and pave the way for the Supreme Court to quickly take up cases challenging the program's legality. … The Judiciary Committee's chairman, Sen. Arlen Specter, R-Pa., said he wants to send all of these measures to the Senate floor for a full debate, but he acknowledged enough controversy exists within his own committee that he may have trouble putting together the votes to move ahead this week. 'We're trying to work out some problems,' he said in an interview. 'Different senators have different concerns.'" McClatchy notes, "Sen. Dianne Feinstein, D-Calif., a member of the committee, asked Specter in a letter Wednesday to postpone the markup session until Attorney General Alberto Gonzales provides lawmakers more details about the program. Specifically, Feinstein has asked Gonzales what procedural changes to the Foreign Intelligence Surveillance Act should be considered by Congress to make oversight of the eavesdropping program by the secret FISA court - as some lawmakers favor - palatable to the administration. Feinstein told Specter she received word just Wednesday that the Department of Justice would issue a response by May 15. … 'We cannot fairly consider legislation before the attorney general has even spelled out whether and why a specific warrant approach must be abandoned,' she said."

Newsday Says FBI Wiretapping Necessary, But Finds NSA Surveillance "Troubling." Newsday (5/4) editorializes, "The FBI was authorized to wiretap and search the belongings of a record number of people for intelligence purposes last year. That's not surprising. The war on terror has stretched the FBI's mission beyond prosecuting crimes to preventing terrorist attacks. Prevention demands prior knowledge, and that often requires spying. What is surprising, and deeply troubling, is that Congress has allowed the National Security Agency to tap an unknown number of Americans' overseas calls and e-mails without warrants or review by any court, even the secretive Foreign Intelligence

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Surveillance Court, which exists for that very purpose." Newsday adds, "Lawmakers should demand to know the nature and extent of the NSA wiretapping. Congress has been far too docile in allowing the off-the-books snooping to continue unchecked when it appears both to violate the law and offend the Constitution."

HOMELAND RESPONSE:

Defense At Bombing Trial Wants To Call Police Commissioner As Witness. The New York Times (5/4, Rashbaum) reports, "Federal prosecutors at the trial of" Shahawar Matin Siraj, a Pakistani immigrant accused of plotting to blow up the Herald Square subway station, "said yesterday that they would fight an effort by the man's defense lawyers to call Police Commissioner Raymond W. Kelly as a witness." A "defense lawyers, Martin R. Stolar, told the judge that he wanted to put Mr. Kelly on the witness stand as part of his effort to show that his client…was entrapped by a paid police informer."

FCC Gives Internet Providers 90 Days To Comply With CALEA On VoIP. TMCnet.com (5/3, Liu) reports, "The Federal Communications Commission on Wednesday issued a multi-tiered order to all facilities-based broadband Internet access providers and interconnected voice over Internet protocol (VoIP) providers mandating, among other things, that carriers have 90 days to come into compliance with the security requirements needed to implement the Communications Assistance for Law Enforcement Act (CALEA)." FCC also "decided against the adoption of a national surcharge to cover CALEA costs, instead concluding that the carriers are responsible for CALEA development and implementation costs." TMCnet notes, "The current CALEA proceeding was initiated in response to a joint petition filed by the Department of Justice, Federal Bureau of Investigation, and Drug Enforcement Administration in March 2004."

CNET News.com (5/3, McCullagh, Broache) reports, "Even without the CALEA regulations, police have the legal authority to conduct Internet wiretaps--that's precisely what the FBI's Carnivore system was designed to do. Still, the FBI has argued, the need for 'standardized broadband intercept capabilities is especially urgent in light of today's heightened threats to homeland security and the ongoing tendency of criminals to use the most clandestine modes of communication.'"

DHS Notice Urges Mass Transit Systems To Remain Alert. In an article appearing on more than 100 news websites, the AP (5/4, Jordan) reports on what DHS spokesman Russ Knocke described as "a routine reminder" Wednesday, in which the agency warned US mass transit systems "to remain alert against possible terror attacks," highlighting "suspicious activity at unnamed European subway stations last fall." The notice from DSH said the agency "has no credible or specific intelligence regarding active plots targeting US mass transit systems," and Knocke said there are "no immediate plans to raise the nation's terror threat alert level." In Washington, Metropolitan Transit Authority spokeswoman Candace Smith said "the new notice did not spark any alarms, but 'we constantly remain vigilant.'"

In an article focusing on the "suspicious activity" that prompted the notice, the Washington Post (5/4, A19, Hsu) reports that DHS did not describe the "incidents of 'suspicious videotaping' of a European mass-transit system," but said that they "provided 'indications of continued terrorist interest in mass-transit systems as targets and potentially useful insight into terrorist surveillance techniques.'" The notice also said that "a foreign national detained last November used a hand-held video camera to film several stations, two line routes, and the interior and exterior of a subway car."

More Humor Aimed At TSA. The AP (5/3, Miller) reports that a recent Tank McNamara comic strip in which an ex-Transportation Security Administration screener working security at a Major League baseball stadium said that he missed "pawing ladies' underwear like I could when I was screenin' for the TSA," was not "the first time someone took a comic shot at the agency hastily created to take over airport security after the Sept. 11 terrorist attacks." The agency has been mocked in newspaper columns, editorial cartoons, comic strips, a parody song, even a Super Bowl commercial." The AP continues, "All that attention to an agency that's still in its infancy raises the question of whether TSA screeners are likely to replace post office workers as the butt of jokes and the subject of late-night talk show monologues."

UN Official Says Anti-Terror Laws Have Made It Harder For Victims To Win Asylum In US. The Washington Times (5/4, Behn) reports that Antonio

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Guterres, the United Nations High Commissioner for Refugees, said in an interview yesterday that post-9/11 anti-terrorist laws in the US "inadvertently have made it more difficult for legitimate political refugees to find asylum in the United States." Guterres said that "in many circumstances," people denied asylum because they had given material assistance to terrorists "are victims of terrorist organizations who blackmailed them." He "said he had discussed the situation with the State Department, legislators, the attorney general and the secretary of Homeland Security." The Times adds, "Bush administration officials appear ready to be flexible in certain cases."

SBA Criticized For Failing To Utilize Damage Inspectors. Several men hired early this year by the SBA as "loss verifiers" are say they were laid off after being trained and flown to New Orleans during Mardi Gras in February, but not given work. According to the Washington Post (5/4, A23, Babcock) one man "said an SBA official recruiter told him he would be working for at least two months and to be prepared to be gone for six months. Instead, after being trained in Sacramento, he was told there was no inspection work left." The Post reports "The SBA said that it expects some of the laid-off workers to join a permanent 'disaster reserve' corps to help assess property damage in the future, and that the trip to New Orleans was 'an investment' in their training."

Gutierrez To Lead Delegation Of Business Leaders To Gulf Coast. The Los Angeles Times (5/4, Simmons) reports that today and Friday, Commerce Secretary Carlos Gutierrez "will bring U.S. business leaders to the Gulf Coast, hoping to persuade them to invest in hurricane- and flood-damaged New Orleans and neighboring areas. … The trade delegation brings together 32 companies of various sizes and sectors, including home-building, retail, transportation and travel and tourism. … Executives will tour commercial and residential areas, review repairs to the region's levees and ports, and discuss investment opportunities with local, state and federal officials, including Donald E. Powell, federal coordinator for Gulf Coast rebuilding."

Advocate Says FEMA Rebuilding Guidelines Will Put "Residents In Harm's Way." J. Robert Hunter, the director of insurance for the Consumer Federation of America, in an op-ed in the New York Times (5/4, Hunter) writes that FEMA's guidelines for rebuilding New Orleans "were devised with the best of intentions to spur the reconstruction of a devastated city," but "will have negative repercussions far beyond Louisiana." Hunter says the "guidelines will cripple FEMA's National Flood Insurance Program, which is the only assistance available to most Americans trying to protect themselves from flooding caused by natural disasters. They will also cause taxpayers to subsidize dangerous and improper rebuilding in New Orleans, putting many residents in harm's way." The agency's "new guidance for the area bounded by the New Orleans levees will allow rebuilding even though, as the agency has stated, 'the flood control system will not meet the standards necessary for providing protection' against a 100-year flood."

First Lady Announces Grants For Hurricane-Damaged School Libraries. First Lady Laura Bush and media executives yesterday announced that school libraries destroyed by hurricanes Katrina and Rita will receive grants worth $500,000 to help them rebuild. The AP (5/4, McConnaughey) reports, "Bush, a former librarian and public school teacher, announced the grants at Chalmette High School in St. Bernard Parish, where every building -- including 15 schools -- was flooded. Seven public and private schools in Louisiana and three in Mississippi will receive the money from the Laura Bush Foundation's Gulf Coast Library Recovery Initiative." The AP adds, "Every school that gets a grant from the foundation also is getting magazines from Time Inc., chairman and CEO Ann Moore announced. Time also will provide books along with German media giant Bertelsmann AG."

The CBS Evening News (5/3, story 9, 2:20, Schieffer) reported on the efforts of Kelsie Buckley, a young girl "who has been raising money for Mississippi libraries destroyed by Hurricane Katrina. Her story caught the eye of someone who has a special place in her heart for books, a former librarian named Laura Bush." CBS (Hartman) added, "Mrs. Bush was in Biloxi to give out the first grants from her Laura Bush Foundation, money that will help restock school libraries lost to Katrina, but she was also here to meet Kelsie." Laura Bush: "Thank you, Kelsie, for your very hard work." Hartman: "Mrs. Bush first learned of Kelsie the same way you did. She saw our story about how this 11-year-old girl was raising money to rebuild libraries even though she's legally blind and lost her home too. … You know, she's here so I don't want you

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to say too many nice things about her, but there must have been something in there that grabbed you, that touched you. What was it about her? You see lots of stories on the news." Laura Bush: "Well, of course, it was because she loved books, and she wanted schools to have books and libraries to have books and that's what I liked too when I was Kelsie's age that was my favorite thing to do."

WAR NEWS:

Rumsfeld Says US Drawdown Contingent On Seating Of Iraqi Ministers. The AP (5/4, Sidoti) reports Defense Secretary Donald H. Rumsfeld said yesterday "he does not expect U.S. commanders to make a recommendation for withdrawing forces from Iraq until after the country appoints ministers of its fledgling government, perhaps by the end of May." Rumsfeld said Gen. George Casey, "the top U.S. commander in Iraq, and U.S. Ambassador Zalmay Khalilzad have not yet been able to begin discussions with Iraqi defense and interior ministers 'about the conditions on the ground and the responsibility being passed over to the Iraqis.'" But after the Iraqi government is installed, Rumsfeld said, "I do expect that, after that happens, they will be having those discussions and that, as we pass over more responsibility, we ought to be able to reduce our forces."

Retired General Calls For Immediate Withdrawal From Iraq. In a Los Angeles Times op-ed (5/4), retired Lt. Gen. William Odom says, "Only with a rapid withdrawal from Iraq will Washington regain diplomatic and military mobility. Tied down like Gulliver in the sands of Mesopotamia, we simply cannot attract the diplomatic and military cooperation necessary to win the real battle against terror. In fact, getting out now may be our only chance to set things right in Iraq. For starters, if we withdraw, European politicians would be more likely to cooperate with us in a strategy for stabilizing the greater Middle East. Following a withdrawal, all the countries bordering Iraq would likely respond favorably to an offer to help stabilize the situation. The most important of these would be Iran."

Broder Praises Biden Partition Plan For Iraq. In his Washington Post column (5/4, A25), David Broder praised Sen. Joseph Biden's suggestion for Iraq: "This week, after his sixth trip to the war zone, he said that the threat of sectarian violence -- an incipient civil war between Shiites and Sunnis -- has become so great that the United States must redefine its political goals in Iraq. Instead of betting everything on the creation of a unified government in Baghdad, Biden said, we should encourage the development of separate but linked regional authorities in northern Iraq for the Kurds, in southern Iraq for the Shiites and in central Iraq for the Sunnis." Biden would "retain control of defense, foreign policy and oil resources for the central government now on the way to formation, but he would let the regional governments largely run their own affairs. This is, he told me, not a call for partition. It is a recognition of what he considers a reality -- that the component parts of Iraqi society need 'breathing space' to adjust their relations."

Herbert Notes US Death Toll In Iraq Has Passed 2,400. In his New York Times column (5/4), Bob Herbert says, "Like a disease for which there is no vaccine and no cure, the war in Iraq drags on. American deaths have now passed 2,400. Tens of thousands of Iraqi men, women and children have died. The suffering continues to spread like a fire sprayed with gasoline."

Suicide Bomber Kills Eighteen In Fallujah. The Los Angeles Times (5/4, Daragahi) reports a suicide bomber "wearing an explosives-laden belt set off a blast this morning amid a crowd of aspiring police recruits, killing 18 Iraqis and injuring 20 in the restive Sunni city of Fallouja, police and hospital officials said." Iraqi police "in the capital also reported a sudden increase in death squad killings, with at least 34 bodies of men bearing marks of torture and felled by single bullet-wounds to the head found in and around the capital since Tuesday morning." Meanwhile, the "ongoing gambit to stem sectarian and ethnic violence by drawing Iraq's disparate ethnic and religious groups into the political arena also continued. In a conference room inside Baghdad's U.S.-protected Green Zone, Iraqi lawmakers convened a second session of parliament, forming an 11-member rules committee and agreeing to put off potentially divisive discussions on the constitution until after a cabinet has been named and approved."

The AP (5/4, Reid) reports Sunni insurgents "boldly attacked fellow Sunni Arabs on Wednesday, the latest in a growing campaign against those who cooperate with the U.S.-backed Iraqi government." A "suicide bomber cloaked in explosives killed two policemen and 13 police recruits gathered in Fallujah, a city surrounded by U.S. Marine checkpoints. In a nearby town, three Sunni soldiers from the U.S.-trained Iraqi army were found slain." Violence "shows

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little sign of abating. Instead, it has shifted from mainly attacks against U.S. and Iraqi forces to carefully targeted murders of Iraqis."

The Washington Post (5/4, A19, Hernandez, Ibrahim) reports a "wave of killings in the capital and a suicide bomber's attack on a group of Iraqi police recruits" in Fallujah "on Wednesday punctuated a day in which Iraq's newly formed parliament put off debating difficult issues and discussed its bylaws." Insurgents have "repeatedly targeted crowds of army and police recruits, particularly in Fallujah and other parts of Anbar province, a vast desert area west of Baghdad that is considered the heartland of the Sunni Arab insurgent movement." Iraqi police "also discovered 37 bodies in several Baghdad neighborhoods, all of them handcuffed, blindfolded and shot dead, said Maj. Gen. Mahmoud al-Waeli, an Interior Ministry official."

Taliban Intensifies Attacks On NATO Troops In Southern Afghanistan. The AP (5/4, Garwood) reports Taliban militants "and their allies have launched an intensified campaign against thousands of NATO troops deploying to southern Afghanistan, where the multinational force is taking over from U.S. soldiers." The "stepped-up attacks" by the "remnants of the ousted Islamic regime" range from "ambushing Afghan police from mountain passes or detonating bombs on lonely highways." Military officials and analysts "said Wednesday the Taliban threat is the No. 1 challenge facing more than 7,000 U.S., Canadian, British and Dutch troops that by September will be fighting under the NATO flag in four southern provinces."

US Commander In Afghanistan Seeks To Strengthen Reach Of Central Government. The Washington Post (5/4, A18, Constable) reports while "the world may be wondering whether U.S.-led troops will ever find Osama bin Laden, Lt. Gen. Karl W. Eikenberry has his eye on smaller, more immediate tasks." During a "day in remote Laghman province last week," Gen. Eikenberry, "the top U.S. commander in Afghanistan, immersed himself in the daily concerns of local residents: the lack of a market road for farmers, the danger of bomb attacks against schools, the remoteness of the national government in Kabul." Although for "most of the 23,000 U.S. troops stationed in Afghanistan, the main task is still to hunt down, capture or kill anti-government fighters," after "several months of intensified attacks by insurgents, including roadside and suicide bombings, Eikenberry argues that the most effective antidote is to strengthen and protect Afghanistan's weak central government."

House Panel Would Authorize Pentagon To Increase Number Of Ground Troops. The AP (5/4, Sidoti) reports the House Armed Services Committee would permit the Pentagon to "add thousands of ground troops under" the military authorization bill, "reflecting lawmakers' long-standing concerns that U.S. forces must be increased, particularly during wartime." The provision "is part of a massive measure the House Armed Services Committee planned to approve on Wednesday. The bill sets Defense Department policy and spending levels of roughly $510 billion for the military for next year, including $50 billion to cover the first portion of next year's costs for wars in Iraq and Afghanistan." The bill "permits the Army to increase the number of active-duty soldiers by 30,000 — or 6 percent beyond what President Bush requested — to a maximum target of 512,400. It also requires the Army to maintain an active-duty force of at least 504,400, roughly 2,000 more soldiers than the current level." Additionally, the "bill allows the Marine Corps to add 5,000 troops — or 3 percent more than Bush sought — to reach a force of 180,000 Marines."

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DOJ Probing McNally Testimony At Ryan Trial. The AP (5/4) reports, "A letter sent to U-S Senator Richard Durbin says the Justice Department is investigating a former prosecutor from southern Illinois whose testimony at the trial of former Governor George Ryan angered government lawyers." The AP continues, "Durbin wrote to the Justice Department in March asking whether it was investigating Edward McNally. Durbin received a reply dated April 24th that says allegations against McNally are being reviewed." The AP adds, "McNally appeared as a defense witness for Ryan, his client in private practice years earlier. He testified that at an interview he was at with Ryan in 2001 he told prosecutors an F-B-I agent was taking inadequate notes. He said they stared and said nothing. At Ryan's trial, prosecutors said McNally's account was false. … McNally now works at the Justice Department in Washington."

The Chicago Sun-Times (5/3, Herman) reported, "Federal prosecutor Edward McNally is the target of an ethics investigation by the U.S. Justice Department over his

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involvement in the defense of former Gov. George Ryan, according to a letter from the department to Sen. Dick Durbin." The Sun-Times notes that McNally could have been sued by Winston & Strawn – the firm representing Ryan – over his partnership in a bankrupt firm before he joined DOJ. "Prosecutors…said McNally could have given testimony favorable to Ryan in exchange for Winston's refraining from suing him. The prosecutors called the situation a 'huge financial conflict of interest.'"

CORPORATE SCANDALS:

Defense Experts Support Enron's Bookkeeping. USA Today/AP (5/4, Graczyk) reports that Walter Rush, an accounting expert hired by Enron CEO Jeff Skilling testified Wednesday that "last-minute changes to quarterly earnings reports prosecutors contend were ordered by Enron CEO Jeff Skilling to improve the company's reputation on Wall Street were accurate, and not the result of improper tapping of company reserves." Rush "also disputed the charge Enron executives improperly moved parts of the retail operation into its highly profitable wholesale business unit to hide financial problems." His testimony follows "University of Southern California professor Jerry Arnold, who testified for Enron founder and former CEO Ken Lay."

The Wall Street Journal (5/4, McWilliams) adds that Rush "said if Mr. Skilling had decided to fold a retail-energy unit into another business, the reason didn't matter. Even if it was done to hide losses, as the government contends, Enron didn't have to tell investors there would have been losses." Arnold, who "was chastised by Presiding Judge Sim Lake at one point for declining to answer a question about a reduction in Enron's shareholder equity," also "testified that Mr. Lay didn't have to write down the value of international operations if they weren't soon to be sold or if the company hadn't determined the declines were permanent."

Causey Probably Won't Be Called As A Witness. The Wall Street Journal (5/4, Emshwiller, McWilliams) reports that Enron's chief accounting officer in the years before the company's December 2001 collapse into bankruptcy, Richard Causey, "has been brought up repeatedly by both prosecution and defense." However, "it looks as if neither side is likely to call Mr. Causey to the stand." Both "appear to have the same reason for being reluctant: If he took the stand, he would likely say things that are helpful and hurtful to each party."

"Phantom" Stock Becoming More Popular For CEO Compensation. The Wall Street Journal (5/4, A1, Thurm) reports, "Amid the drive to tie executive pay more closely to company results, a little-known and poorly disclosed practice is allowing many executives to receive hundreds of thousands of dollars a year in dividends on performance stock -- shares that they may never earn." The "performance, or 'phantom,' shares are a form of restricted stock paid to an executive only if the company meets certain performance targets," and "the number of executives eligible to receive dividends on unvested shares likely has been rising as performance and restricted shares become more popular." However, "corporate-governance watchdogs and executive-pay consultants say the dividends on performance shares undermine the effort to link pay to performance."

Jabril Circuit Says Internal Reviews Didn't Find Backdating; SEC Will Conduct Probe. The Wall Street Journal (5/4, Bandler, Forelle) reports, "Jabil Circuit Inc. said two preliminary internal reviews determined that the company didn't backdate stock-options grants." A Jabil "special board committee will conduct its own probe," and it was "contacted Tuesday by the Securities and Exchange Commission" which "is conducting an informal inquiry of the matter" as well as "a broad review of options-grant practices, looking at whether companies backdated their options grants to take advantage of lower exercise prices or timed them ahead of favorable news."

Five Data Mongers Charged With "Pretexting" By The FTC. The Wall Street Journal (5/4, Roberts) reports, "The Federal Trade Commission brought its first set of charges against five data sellers accused of 'pretexting' -- acquiring telephone records, credit-card statements or other personal data under false pretenses." This "issue has gained increased national attention over the past year, spurring scrutiny by Congress, the FTC and the wireless industry, and heightening consumer fears that private records were being widely sold." Betsy Broder, assistant director of the FTC's privacy and identity-protection unit, said the FTC wants to "send a message to the industry that selling this kind of information is illegal."

Greenberg Is Starting Over. The Washington Post (5/4, D1, Masters) reports that Maurice R. "Hank" Greenberg, the ousted chairman of American International Group Inc., "is

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starting over." He "is building a privately held insurance firm, with an 'emphasis on private,' he said in a recent interview, with a wry nod to the regulatory troubles that led to his current position." While "in Washington…he was used to being treated as a titan of not only American commerce but also of international relations and philanthropy," over "the past few years, Greenberg has seen his ties to power weaken." The article then goes onto detail Greenburg's life.

CRIMINAL LAW:

Kentucky Businessman Pleads Guilty To Bribing Jefferson. The Washington Post (5/4, A1, Lengel) reports Kentucky businessman Vernon L. Jackson "pleaded guilty yesterday in federal court to bribing Rep. William J. Jefferson (D-La.) with more than $400,000 in payments, company stock and a share of the profits to promote the Kentucky firm's high-tech business ventures in Africa. … Jefferson denied any wrongdoing in the case yesterday, but his legal problems are steadily mounting and have undercut his party's efforts to portray the Republicans as the party of political corruption." Assistant Attorney General Alice S. Fisher said in a statement yesterday, "Vernon Jackson got favorable treatment from a Congressman because he paid for it. Public corruption is not a victimless crime -- all of us lose when people believe public officials can be bought." Likewise, the AP (5/4, Barakat) notes US Attorney Chuck Rosenberg said in a statement, "Those that pay bribes in return for favorable treatment, and public officials who corruptly trade on their office and line their own pockets do so at great risk, because we will pursue these cases relentlessly."

The New York Times (5/4, Shenon) adds, "While court papers have not referred to Representative Jefferson by name, they leave no doubt that the congressman and his family are the focus of the Justice Department's investigation. … In a statement released by his House office, Mr. Jefferson said he was 'surprised and disappointed to learn of Vernon Jackson's guilty plea and his characterization of our relationship.' He added, 'I have never over all the years of my public service accepted payment from anyone for the performance of any act or duty for which I have been elected.'"

The Los Angeles Times (5/4, Vartabedian) reports, "Federal law enforcement officials said Jefferson could be indicted as early as next month, and that others were likely to be snared in the investigation. Federal agents raided Jefferson's home and office in August, reportedly seizing a large amount of cash kept in the freezer."

The AP (5/4, Barakat) reports, "Jackson faces a maximum of 20 years when he is sentenced July 27. The plea agreement calls for a sentencing guideline range not to exceed seven to nine years in prison, but the judge is not bound by that."

AFP (5/4) reports, "In the plea, Jackson said the politician first helped him get his company's equipment on the US Army's list of approved products in 2000. … The politician then told Jackson that he would not help his company, iGate, any longer unless he began making monthly payments of 7,500 dollars to the shell company, according to the Justice Department. … The politician also requested five percent iGate's gross sales over five million dollars, five percent of capital investments obtained with help of the politician, and one million shares in the company, the plea agreement said."

House Republicans Hope Questions About Jefferson Will Hurt Democrats. The Hill (5/4, Allen) reports, "House Republicans portrayed congressional corruption as a bipartisan problem yesterday" after Jackson's guilty plea and they "hope questions about Democrats' conduct will undermine the minority party's claims that the GOP is responsible for a 'culture of corruption' in the Capitol." The NRCC "used the headline 'Culture of Hypocrisy' to link to a story about the plea deal from its website yesterday," but "House Republican leaders took a more subtle approach." Majority Whip Roy Blunt said, "Too many of the Democrats want to try to politicize the problem that members of both parties have been caught up in," while Government Reform Committee Chairman Tom Davis "characterized corruption as a bipartisan problem in the House."

Democrats Will Not Call For Jefferson To Quit, But Most Wish He Would Go. Roll Call (5/4, Bresnahan) reports, "Behind the scenes, Democratic insiders said that everyone from Minority Leader Nancy Pelosi…on down would love to see Jefferson resign from Congress, although they won't make an open declaration about Jefferson because of internal party politics. Among other things, the Democratic leadership does not want to alienate the Congressional Black Caucus." Roll Call notes, "Several CBC members…have donated to a legal defense fund set up by Jefferson in 2005, and African-American politicians have been concerned for years that law enforcement unfairly targets minority

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lawmakers for official scrutiny. 'There is a lot of sensitivity on the issue of African-American lawmakers being the subject of criminal investigations' by the FBI or other agencies, said an aide to one CBC member."

New Jersey Executives Sentenced To Prison For Illegal Technology Sales To PRC. The Camden Courier-Post (5/2) reported three former executives of New Jersey-based Manten Electronics "who admitted shipping nearly $400,000 of electronics that could be used for military purposes to entities controlled by the Chinese government were sentenced Monday to federal prison terms. A fourth was sentenced to home confinement." President Xu Weibo "was sentenced to 44 months in federal prison." His wife, purchasing agent Xiu Ling Chen, "was sentenced to 18 months in prison," and her brother, vice president Hao Li Chen, "was sentenced to 30 months in prison." Hao Li Chen's wife, controller Kwan Chun Chan, "was sentenced to six months of home confinement as part of a two-year probationary term." Additionally, "they agreed to forfeit the $391,337 in revenue their illegal exports generated." The AP (5/2) noted, "They admitted sending restricted items at the request of at least two Chinese agencies, the 20th and 41st Research Institutes, and lying to U.S. distributors and on documents to conceal the nature of the shipments. … The two Chinese agencies are part of the Ministry of Information Industry and develop military and civilian communications technology."

Ohio City Councilman Charged With Taking Bribes. The Toledo Blade (5/4) reports former Toledo City Councilman Bob McCloskey was charged yesterday "with two counts of bribery in a bill of information filed in U.S. District Court in Cleveland." He "is accused of violating the federal Hobbs Act for accepting two bribes totaling $5,000 from an unnamed Toledo businessman who was cooperating with an FBI sting operation." The Blade adds, "Mr. McCloskey is already scheduled to face trial Tuesday on two counts of bribery in Lucas County Common Pleas Court and is a defendant with the city in a related civil suit." The AP (5/4) notes McCloskey "is accused of accepting bribes totaling $5,000 from a businessman cooperating with the FBI."

Councilman Says McCloskey Offered Him Cash Campaign Contribution. The Toledo Blade (5/4) reports City Councilman George Sarantou said yesterday that two years ago "he was handed an envelope containing what he believed to be money by former Toledo City Councilman Bob McCloskey. … He said he immediately gave the unopened envelope back to Mr. McCloskey, and declined to characterize the incident as a bribe attempt. … The incident is similar to an incident reported by The Blade on Tuesday involving former City Councilman Wade Kapszukiewicz," who "told the FBI last week about a 2002 or 2003 incident involving him and Mr. McCloskey."

Massachusetts Man Gets Probation For Lying To FBI, IRS In Bribery Probe. The AP (5/4) reports, "A Massachusetts man was sentenced to two years probation Wednesday for lying to federal investigators looking into bribery allegations against former (Connecticut) state Sen. Ernest Newton. Federal prosecutors said Jerome Weiner…falsely told FBI and IRS agents in January 2005 that he did not directly supervise Newton and that Newton did not directly report to him." The AP notes that Newton, "who resigned amid the corruption investigation, began serving a five-year prison sentence last month for bribery and other charges."

Virginia Mayor Resigns In Wake Of Corruption Conviction. In a widely-distributed story, the AP (5/4) reports Lynchburg Mayor Carl B. Hutcherson Jr. "resigned Wednesday, a day after a federal jury convicted him of raiding his church's charity to pay his debts with money donated by the Rev. Jerry Falwell and his son. … He was convicted of fraud, lying to federal and bank officials and obstruction of justice." The AP adds, "Virginia United Methodist Church Bishop Charlene P. Kammerer said in a statement that Hutcherson's position as pastor of Trinity church is 'being reviewed.'" The Lynchburg News & Advance (5/4, Reilly) notes that at yesterday's announcement, "the mood was far different from the first news event Hutcherson held in December, when he said he would serve out his term despite the federal government's intervention in Lynchburg politics.

Chicago Construction Department Clerk Charged With Taking Bribes. The AP (5/4) reports, "An appointment clerk for Chicago's construction department allegedly accepted payoffs to speed up the process of getting building permits -- once taking a bribe placed in a brown bag and handed over in City Hall, federal prosecutors said." Dorothy E. Durham "took three bribes of $200 each in

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December and January, and one of the payoffs in January was secretly videotaped by an informant working for the FBI, said a criminal complaint filed in federal court Wednesday." The AP notes, "City officials cooperated in the investigation of Durham, said Randall Samborn, spokesman for U.S. Attorney Patrick Fitzgerald. Prosecutors also said the charge against Durham was not related to the federal investigation of Chicago's Hired Truck Program."

New Witness Says Former Daley Patronage Chief Ordered Record Deletions. The AP (5/4, Robinson) reports, "Federal prosecutors say a newly discovered witness admits that on orders from Mayor Richard M. Daley's former patronage chief, he deleted a computer index suspected of containing politically sensitive hiring records. The witness, an unnamed city computer operator, claims that patronage chief Robert Sorich and another man joked about throwing a hard drive into Lake Michigan, prosecutors said Tuesday. Prosecutors portrayed the alleged incident as an example of how Sorich and other city officials sought to thwart attempts by federal agents to investigate illegal patronage hiring." The AP notes, "Randall Samborn, a spokesman for the U.S. attorney's office, had no comment Wednesday on the newly filed court papers."

Prosecutor Grills Defense Witness At Philadelphia Bribery Trial. The Philadelphia Inquirer (5/4, Brennan, 423K) reports, "Briefly yesterday, the theory of the legal defense for two businessmen accused of bribing former City Councilman Rick Mariano hung unchallenged in the courtroom air. And then Assistant U.S. Attorney Michael Schwartz went to work on Andrea Wybranski, the office manager at Erie Steel Co.," who testified that "she had seen the company's former bookkeeper take a loan agreement signed by Mariano and other documents from the office in 2003. … Schwartz quickly shook Wybranski with questions about why she had not mentioned the loan agreement when she was interviewed twice last year by FBI Special Agent Ray Manna. 'Were you trying to hide something from Agent Manna?' Schwartz asked. 'No, I have nothing to hide,' Wybranski answered, adding she didn't remember what she had told Manna."

Jury Begins Deliberations As Nevada Bribery Trial. The AP (5/4) reports that the jury began deliberations yesterday on the bribery charges against former Clark County Commissioners Dario Herrera and Mary Kincaid-Chauncy. "Their two key accusers, the club owner and another ex-commissioner, have themselves pleaded guilty to bribery and related charges. Still another ex-commissioner, who didn't testify, will be tried in August and has already been convicted in a San Diego corruption case."

Plea Agreement Reached In Long-Running FBI Probe Of Las Vegas Strip Club. KLAS-TV Las Vegas (5/3) reports, "Agents with the Federal Bureau of Investigation have been probing the Crazy Horse II nightclub for several years. However, a tentative deal was reached between the club and the government on Wednesday." The FBI has "long suspected possible mafia ties by persons at the Crazy Horse." However, "if the tentative deal holds, the 18 possible defendants would agree to plead to tax violations, but there will be no RICO charges, no organized crime charges, nothing like that. All 18 would potentially be eligible for probation and the government would consider standing mute at the sentencing. Club owner Rick Rizzolo has agreed to pay a fine of five million dollars, will set aside $10 million for customer Kirk Henry who was paralyzed after getting into a beef at the club, and Rizzolo would agree to sell the Crazy Horse within a year."

Judge Upholds Mafia Cops Conviction, But Sees "Sound Basis For Appeal." The New York Times (5/4, Feuer, 1.19M) reports US District Judge Jack B. Weinstein yesterday upheld the convictions of former NYPD detectives Louis Eppolito and Stephen Caracappa. Weinstein said that the government case "was enough — 'just barely' — to convict. 'It was not a strong case,' the judge acknowledged, 'and the government was warned that from day one. There is a sound basis for appeal.'" The New York Post (5/4, Haberman, 624K) notes, "The problem - and what the judge will most likely let an appellate court decide - is whether the pair committed a crime five years before the Sin City drug dealing. If the higher court rules that no such crime occurred, the murder conviction would be scrapped." Newsday (5/4, DeStefano), The New York Daily News (5/4, Marzulli, 729K) and the AP (5/4) also report on Weinstein's ruling and warning that the conviction may well be overturned on appeal.

Former Harris Aides Say Contractor's Deal Was Priority. Knight Ridder distributes an Orlando Sentinel article (5/4, Stratton) that reports, "Senior members

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of Rep. Katherine Harris' congressional staff say they initially rejected a defense contractor's $10 million appropriation request last year but reversed course after being instructed by Harris to approve it." The Sentinel continues, "Harris insisted that Mitchell Wade's request for funding be given to a defense appropriations subcommittee, despite the request's being late and difficult to understand, according to two former staff members and Harris' former chief political strategist. … 'She said, "It's important to me, so submit it,"' said an ex-staffer who is involved in the process. 'She wanted it in.'" The Sentinel adds, "Wade is the contractor at the center of a congressional bribery scandal that has landed a California lawmaker in prison. … In the weeks before Harris submitted Wade's appropriations request, Wade spent up to $2,800 entertaining Harris at one of Washington's most expensive restaurants. … There, he and Harris discussed the request and Wade - whose company had contributed thousands to her 2004 congressional campaign - offered to have a fundraiser for her 2006 Senate race." The Sentinel notes, "On Monday, a well-known government watchdog group asked the Justice Department to investigate Harris' ties to Wade, the former chief operating officer of the now-defunct MZM Inc. … Common Cause officials said Harris may have violated anti-bribery laws by seeking money for Wade's project 'in exchange for MZM's holding a fundraiser for Rep. Harris.'"

FBI Probing Ties Between Genovese Family, Trash Industry. The AP (5/4, Apuzzo, Christoffersen) reports, "Federal authorities are scrutinizing the reputed boss of the Genovese crime family as part of their investigation into the mob's influence over the trash industry in New York and Connecticut, people close to the case said Wednesday." The AP continues, "The interest focuses on Matthew 'Matty the Horse' Ianniello, 85, who prosecutors have called the acting boss of the New York crime syndicate. … FBI agents searched Ianniello's New York home in recent months, according to one person close to the case. Another person with direct knowledge of the case said agents have been asking questions about Ianniello since executing dozens of search warrants last year." The AP adds, "The federal interest comes amid a developing FBI investigation of the Connecticut trash industry. … Defense attorneys have acknowledged that Danbury trash magnate James Galante, who owns a number of companies named in federal search documents, is a target of the Connecticut racketeering case. But they say Galante is an honest businessman. … Connecticut trash hauler Joseph R. LoStocco admitted in federal court last week that he was part of a so-called 'property rights' scheme, in which companies carved out specific routes, stifling competition and driving up prices."

Alabama County Seeks Restitution In Sewer Bribery Case. The Birmingham News (5/4, Wright) reports, "Jefferson County will seek restitution from a former commissioner and companies found guilty of bribery in the county's $3 billion sewer program." The News continues, "Commissioner Gary White, who oversees environmental services, said the county is working with government officials to recover any money that may be owed to the county by Chris NcNair and contractors convicted of bribery and conspiracy. … 'I've been meeting the county attorney and he is working with the U.S. Justice Department to make sure any of the restitution money that is paid is directed back to the county,' White said at Tuesday's meeting. 'We want to give that to ratepayers and not to the federal government.'" The News adds, "Five businessmen and their three companies were found guilty last month of giving McNair materials and work in exchange for contracts to work on the sewer rehabilitation and expansion program. The businessmen and their companies are Pat Dougherty and Dougherty Engineering & Associates; Roland Pugh Construction Inc. and owners Eddie Yessick and Roland Pugh; Rast Construction Inc. and brothers Bobby and Danny Rast. … White said the county may have to wait to see if companies appeal the verdict to know how much may be owed. 'We'll have to get a dollar amount from the U.S. attorney,' he said. … The county has already collected restitution from a former employee who pleaded guilty to taking a bribe. In August, Larry P. Creel, a former county maintenance supervisor, received probation for taking a $500 bribe from a construction company involving sewer work and paid $500 in restitution to the county, said Creel's attorney, Sheldon Perhacs."

Child Sex Abuse Victim Testifies To Congress About Role Of Internet. ABC World News Tonight (5/3, story 6, 2:20, Vargas) reported, "A congressional committee heard the chilling story from one abused young girl about how the Internet played a crucial role in enabling her abuse." ABC (Quinones) added, "Masha Allen is just 13 years old. But her message to Congress today was powerful, moving." Allen testified about her abuse at the hands of Matthew Mancuso, "a single American man who

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turned out to be a pedophile." Her "abuse continued for five years with Mancuso taking sexually explicit pictures of Masha and sharing them with other pedophiles." Congress "says Masha's pictures are among as many as 3.5 million photos of child porn floating around in cyberspace. It's a multibillion-dollar enterprise, they say. And they're still trying to figure out what to do about the problem."

The CBS Evening News (5/3, story 3, 3:00, Attkisson) reported, "Mancuso posted so many exploitive pictures on the Internet" that Masha Allen "became famous in the online pedophile subculture, depicted as she grew from little more than a toddler into a young girl in abusive photos." When police "raided Mancuso's house, they rescued Masha and arrested him. Mancuso will likely spend the rest of his life in prison. Masha told Congress because there's no way to remove all the images of her from the Internet, she continues to suffer." Allen: "Because he put my pictures on the Internet, the abuse is still going on." Attkisson: "Why air such unimaginable details? Masha says she wanted Congress to hear her story from her own lips and urged them to pass a law that's been named after her which would strengthen penalties for Internet pedophiles and also for those who download child porn."

Anti-Piracy Law Used For First Time In California Prosecution. The National Law Journal (5/4, Bronstad) reports, "In the first trial of its kind in the United States, a federal jury in Los Angeles recently convicted a 70-year-old retired painter of illegally bringing a camcorder into a movie theater to record 'The Legend of Zorro.'" The Journal continues, 'The jury's decision against Manuel Sandoval was the first brought under the U.S. Family and Entertainment Copyright Act, a year-old law that gives prosecutors the ability to pursue charges against individuals who illegally copy movies or music. USA v. Sandoval, No. 06cr00054 (C.D. Calif.). … FECA, signed into law in April 2005, makes it a crime to upload a copyrighted work onto the Internet, and also makes it a felony, not just a misdemeanor, to copy a movie in a theater using a camcorder." The Journal adds, "Also under FECA, prosecutors do not have a minimum value of copyrighted material in order to pursue a case, said Elena Duarte, chief of the cyber and intellectual property crimes section of the U.S. Attorney's Office for the Central District of California. In the past, prosecutors were limited to bringing only those cases that involved at least $1,000 worth of copyrighted material. … 'FECA enabled us to do away with the stringent requirement as to uploading and using a camcorder,' Duarte said. 'It enables us to have deterrent impact because we can charge smaller-scale activity.' … Since the act was passed, two other individuals have pleaded guilty to similar claims, and several others have been indicted."

NYPD, Federal Agents Bust International Motorcycle Theft Ring. The New York Daily News (5/4, Gendar, 729K) reports, "The NYPD and the feds busted an international motorcycle theft ring that boosted a bike a day and shipped the hot wheels to Budapest for resale, authorities said yesterday. The joint 'Operation Biker Boyz' nabbed 18 of the slick crew that stole 300 to 400 high-performance, high-priced motorcycles a year, most in the city, authorities said. The thieves snatched rides right out of their owners' garages or off the street. … 'They stole for speed,' said Inspector Howard Lawrence of the NYPD auto crime division, which participated in the 11- month probe with Homeland Security, the FBI and the Queens district attorney's office." The New York Post (5/4, 624K) also briefly reports on the bust.

Two Indicted In Florida On Medicare Fraud Charges. The Miami Herald (5/3, Dorschner, 323K) reports, "While Florida legislators are contemplating a proposal to reduce healthcare fraud by more careful licensing of clinics, federal officials have announced that two persons connected with a Miami laboratory and a diagnostic testing facility have been indicted in connection with a Medicare kickback scheme. Armando Jose Figueredo and Angela M. Sainz are charged with conspiracy to pay kickbacks involving a Federal healthcare program and with paying kickbacks involving a Federal healthcare program." The Herald notes, "U.S. Attorney R. Alexander Acosta said his South Florida prosecutors have brought 36 new criminal healthcare fraud cases since the fiscal year began Oct. 1."

Five Data Mongers Charged With "Pretexting" By FTC. The Wall Street Journal (5/4, Roberts, 2.11M) reports, "The Federal Trade Commission brought its first set of charges against five data sellers accused of 'pretexting' -- acquiring telephone records, credit-card statements or other personal data under false pretenses." This "issue has gained increased national attention over the past year, spurring scrutiny by Congress, the

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FTC and the wireless industry, and heightening consumer fears that private records were being widely sold." Betsy Broder, assistant director of the FTC's privacy and identity-protection unit, said the FTC wants to "send a message to the industry that selling this kind of information is illegal."

Illinois Businessman Sentenced to 40 Months In Prison For Fraud. The AP (5/1) reported, "A businessman was sentenced to more than three years in federal prison Monday after pleading guilty earlier this year to fraud at a sheep-rendering plant." Jeffrey Wayne Hooker "of Urbana, Ill., was also ordered to pay more than $1 million restitution, according to a release by U.S. Attorney Richard B. Roper. … Hooker must report June 2 for a 40-month sentence." Hooker and Jon Walter Miller "faced 132 counts ranging from wire fraud to money laundering involving their management of Strube Packing Co.," which "was the largest employer in Rowena before it closed in September 2004. The U.S. Department of Agriculture shut the plant because of what it said were deceptive and unfair trade practices."

2nd Circuit Upholds Polygraph Tests For Sex Offenders. The AP (5/4, Neumeister) reports, "A federal appeals court ruled that lie detector tests can be used to ensure convicted sex offenders are obeying the rules of their probation and that a ban on Internet use is appropriate for some offenders." The AP continues, 'The 2nd U.S. Circuit Court of Appeals ruling pertained to Jeffrey A. Johnson, an aerospace engineer and sophisticated computer user who, the court said, had used the Internet to conduct sexually explicit conversations with children from 1995 to 1997. … Johnson had been accused of luring several children to meetings, having sex with two victims under age 18 and arranging to have sex with a third. He pleaded guilty and was sentenced to more than seven years in prison and three years probation." The AP adds, "Johnson challenged polygraph testing during his probation on the grounds that it could deprive him of his Fifth Amendment right to avoid self-incrimination and subject him to testing that is unreliable and not reasonably related to sentencing purposes. … U.S. District Judge Thomas McAvoy in Albany ruled against Johnson but agreed to install safeguards to the polygraph testing process, including a requirement that questions be limited to information necessary for supervision, case monitoring and treatment. … The appeals court said in its ruling Monday that polygraph testing 'produces an incentive to tell the truth, and thereby advances the sentencing goals.'"

Former Homeland Security Press Aide To Appear In Florida On Sex Charges. The AP (5/4) reports, "A Homeland Security Department press aide has waived extradition on charges of sexually preying on a Polk County detective who was posing on the Internet as a 14-year-old girl, authorities said." The AP continues, "Brian J. Doyle, 55, will be transported from Maryland to Florida to appear Thursday before a circuit judge on 23 felony charges, said Chip Thullberry, spokesman for State Attorney Jerry Hill. Doyle is being held without bond in Maryland. … Doyle, of Silver Spring, Maryland, is accused of having sexually graphic conversations with an undercover Polk County detective posing as a teenage girl. The charges include 16 counts of sending pornographic movie clips to a minor. … Doyle also allegedly provide his government-issued office phone and cell phone numbers, showed off his department ID and may have used his official computer in communicating with the detective, authorities have said. Doyle's security clearance, employee badge and DHS access permissions have been suspended."

Publicity Makes Selecting Muhammad Jury Difficult. The Baltimore Sun (5/4, Siegel) reports, "In a three-day parade of potential jurors," for John Allen Muhammad's trial on six counts of murder in Montgomery County arising from the Washington-area sniper rampage in 2002, "Judge James F. Ryan has found virtually no one unaware of the sniper shootings and few who had not already decided that Muhammad is guilty." However, "when pressed by the judge telling them this is a different case, some potential jurors say they can be impartial." Still, "one of Muhammad's standby defense lawyers says "this makes the possibility of seating an unbiased jury 'slim to none.'"

Despite Possible Bias, Montgomery County Jury Considered Best For Muhammad. The Washington Post (5/4, B3, Rich, Londoño) reports that while this trial "might seem like a textbook example of a case that the defense would want moved to another jurisdiction," Muhammad's public defenders, before he fired them, "never asked that the trial be moved." Lawyers uninvolved in the case said "a jury in Montgomery might be more favorable to the defense than a jury picked elsewhere," as while "another jurisdiction would probably produce jurors who felt less connected to the

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crimes,…that advantage would not outweigh the risk inherent in drawing a jury in what might be a more conservative county."

DNA Database From All Convictions Gains Support In New York. The New York Times (5/4, Cardwell) reports, "A push to require all convicted criminals in New York to submit their DNA to a central database is gaining crucial support in Albany" and "would make New York the only state to require collecting DNA from everyone convicted of felonies and misdemeanors, including youthful offenders convicted in criminal court." New York Gov. George E. Pataki "pushed for an all-crimes DNA database for years," and while it "has languished in the Democratic-led Assembly," now "key lawmakers…say passage of a bill is quite likely if their concerns are addressed about DNA samples held by local crime labs that have been taken from people who have not been convicted."

Pro Athletes' Community Service Sentences Often Not Typical. USA Today (5/4, McCarthy, Upton) reports, "For non-celebrities, court-ordered community service typically involves collecting roadside trash, digging ditches on road crews or cleaning public parks. But…professional athletes have been allowed to fulfill their criminal sentences before star-struck audiences, signing autographs or making public appearances sometimes arranged by their own teams. USA TODAY examined the cases of 40 pro athletes sentenced to community service from 2001 through early 2006, gleaned from multiple databases," and "in 24 of the 28 cases in which the community service assignment could be determined, it involved activities such as throwing out a ceremonial first pitch at a Major League Baseball game, posing for pictures or attending or coaching at youth sports camps." Only four "served punishments that involved the kind of menial labor typically required of non-celebrity defendants."

CIVIL LAW:

DeGette Slams ISP Industry Over Data Retention. CNET News (5/4, Broache, McCullagh) reports, "Congress' leading proponent of forcing Internet service providers to retain records about their users' activities lashed out at the industry on Wednesday, saying such a federal law will be a 'very minor burden' to bear." CNET continues, "Rep. Diana DeGette, a Colorado Democrat, said at a House of Representatives hearing that new laws were necessary to thwart child pornographers and other Internet predators. Investigations into illicit behavior have been hampered because data may be routinely deleted in the normal course of business, DeGette and other data retention proponents claim. … 'This created havoc among the Internet service provider community,' DeGette said, referring to her proposed legislation announced last week. 'I am horrified that the provider community is not working with us on this, because it seems to me to be a very simple piece of legislation, and I'm going to continue to fight for it.'" CNET adds, "She added that the committee plans to grill ISP representatives at another hearing that may occur as soon as next week. … That happens to be a bipartisan view. CNET News.com was the first to report last June that the U.S. Justice Department was quietly shopping around the idea of mandatory data retention. In a move that may have led to broader interest among U.S. politicians, the European Parliament in December approved such a requirement for Internet, telephone and voice over Internet Protocol (VoIP) providers. … Then, two weeks ago, Attorney General Alberto Gonzales, a Republican, gave a speech saying that data retention by Internet service providers is an 'issue that must be addressed.' Child pornography investigations have been 'hampered' because data may be routinely deleted, Gonzales warned."

CIVIL RIGHTS:

Report Finds Hawaii Youth Prison Still Needs Improvement. The Honolulu Star-Bulletin (5/4, Daranciang) reports, "Disagreement and confusion over whether youthful offenders should be rehabilitated or incarcerated is at the heart of the problems at the Hawaii Youth Correctional Facility, said state Auditor Marion Higa." The Star-Bulletin continues, "Higa released a report yesterday with findings and recommendations echoing those of the U.S. Department of Justice following a 2004 inspection of the Kailua facility. … The Justice Department's investigation and report resulted in a lawsuit and state agreement to improve conditions at the youth prison in three years to avoid federal court oversight. Higa's audit was ordered by state lawmakers at the start of the current legislative session."

The Honolulu Advertiser (5/4, Boylan) reports, "The report, by the office of the state auditor, said the state Office of

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Youth Services 'has not provided the facility with adequate guidance and support to carry out its mission' and has not 'clearly communicated whether the facility's mission is primarily rehabilitation or secure incarceration.' … The report also took issue with job openings 'critical to the improvement of the facility' being left unfilled and the agency's 'reactive rather than proactive' management."

Starr Takes On Alaska Appeal Over "Bong Hits 4 Jesus" Banner. The AP (5/4) reports, "Kenneth Starr, the former Whitewater special prosecutor, will represent the (Juneau, AK) city school board in appealing a court ruling that favored a high school student who displayed a 'Bong Hits 4 Jesus' banner during an Olympic torch relay." The AP continues, "The school board wants the U.S. Supreme Court to hear the case. In April, an appeals court said school officials violated the student's free speech rights when they suspended him for 10 days. … Starr, who is dean at Pepperdine Law School in Malibu, Calif., has agreed to take the case for free, said Phyllis Carlson, president of the school board. … 'Federal law requires us to maintain a consistent message that use of drugs like marijuana is harmful and illegal. Yet, when we try to enforce our policies, our administrators are sued and exposed to damage awards,' she said." The AP notes, "Joseph Fredrick was 18 and a high school senior in 2002, when he unfurled his banner during the Winter Olympic torch relay through Juneau, hoping to grab the attention of television cameras. … School district officials said his banner violated the school's anti-drug policies and suspended him despite the fact that he was off campus at the time and did not disrupt school functions."

Support For Roe v. Wade At Lowest Level In Years. In its 'Washington Wire" column on its web site, the Wall Street Journal (5/4) reports, "US support for Roe v. Wade is at its lowest level in decades, according to a new Harris poll, with a slim 49% to 47% plurality of U.S. adults now favoring the 1973 Supreme Court decision on abortion. A modest majority would oppose a law that would ban abortions except to save the life of the mother, and a large majority supports a woman's right to an abortion under some circumstances."

Barbour Won't Pardon Civil Rights Advocate. The New York Times (5/4, Liptak) reports that Mississippi Gov. Haley Barbour will not grant a posthumous pardon to Clyde Kennard, black man who was falsely imprisoned after trying to desegregate Mississippi. State officials repeatedly rejected Kennard's to Mississippi Southern and "plotted to kill him. They kept him out of college by convicting him of helping to steal $25 of chicken feed based on what the sole witness now says was perjury. The 1960 conviction drew a seven-year prison term, and Mr. Kennard died of cancer in 1963." Barbour's spokesman Pete Smith said, "The governor isn't going to issue a pardon here," adding that "a pardon would be an empty gesture."

ANTITRUST:

Microsoft Unveils Online Ad Auction System. The Wall Street Journal (5/4, By, Delaney) reports, "Microsoft Corp. today plans to show off" adCenter, an "auction system it hopes to use to tap into the gusher of advertising dollars flowing online" and "Microsoft's most ambitious effort yet to catch Google Inc." It "is a critical part of a fundamental shift in strategy as the company tries to combine advertising with its traditional software business," as "the company has come to realize what a risk the advertising model…can pose to its traditional software business." However, adCenter is "a huge bet that demands a new set of skills that Microsoft is learning on the fly" even as "Yahoo Inc. will unveil long-awaited improvements to its auction system, and Google continues to improve and expand its approach."

Intel Seeks Dismissal Of AMD Antitrust Suit. CNET News (5/4, Kawamoto) reports, "Intel filed a motion Wednesday asking a federal court judge to dismiss an antitrust lawsuit brought by its archrival, Advanced Micro Devices." CNET continues, "Intel, in its motion filed in U.S. District Court in Delaware, states that the federal court should not have jurisdiction over AMD's antitrust case since AMD has alleged that its foreign sales, not domestic sales, are what Intel has damaged. … 'Before subjecting Intel to the burden of defending its foreign business practices in a U.S. Court, AMD must meet the burden of establishing that this court has subject matter jurisdiction over AMD's foreign commerce claims,' Intel's brief states." CNET adds, "AMD alleges that Intel violated antitrust laws by offering marketing and pricing programs that called for excluding the use of rival chipmakers."

MarketWatch (5/4, Andrejczak) reports, "Intel, the world's largest chipmaker, claims AMD cannot apply U.S.

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antitrust laws to alleged harms that supposedly occurred overseas. 'To a large extend, AMD seeks recovery under U.S. antitrust law for lost sales of its foreign-made processors to foreign companies in foreign locations,' Intel's attorneys wrote in court papers." MarketWatch adds, "AMD, Intel's attorneys argue, makes its personal computer chips at a factory in Germany and sells more than 70% of them to customers outside the United States. … Intel contends this falls outside the jurisdiction of U.S. federal courts under the Foreign Trade Antitrust Improvement Act. Intel does not seek to dismiss AMD's claims that concern lost sales of PC chips imported to the United States."

Danaher Receives Antitrust Approval For Sybron Dental Purchase. The AP (5/4) reports, "Manufacturing conglomerate Danaher Corp. on Wednesday said it received antitrust approval for its planned $2 billion cash purchase of Sybron Dental Specialties Inc." The AP continues, "Danaher, which makes products ranging from Craftsman tools to Leica microscopes, said U.S. regulators granted early antitrust approval under the Hart-Scott-Rodino Act. … Danaher's cash offer for the Newport Beach, Calif., maker of dental products such as orthodontics and endodontics is set to expire May 15."

Washington To Appeal Costco Wine Sales Ruling. The Seattle Times (5/4, Ouchi) reports, "The Washington State Liquor Control Board said today it plans to appeal a federal court ruling that fundamentally alters who profits from the sale of wine and beer and how much consumers pay for it." The Times continues, "On April 21, U.S. District Court Judge Marsha Pechman ordered the state to stop enforcing key parts of its system that governs the sale and distribution of wine and beer —ruling that the state's interests do not trump federal law." The Times adds, "The state's decades-old system regulates the sale of wine and beer by creating strict controls, which include artificially inflating prices, requiring beer and wine distributors to sell their products to every retailer at the same price, and banning volume discounts to large retailers. … Costco sued the state Liquor Control Board in February 2004, charging that its regulatory system was anticompetitive and violatedfederal antitrust law. … Pechman agreed with Costco in December, ruling that the system violated federal law." The Times notes, "The aim of the trial, held in late March, was to determine whether the state was shielded by the 21st Amendment despite the violation. The 21st Amendment granted each state broad power to control the sale of alcoholic beverages within its borders."

Warner Rejects EMI Group's Takeover Bid. Bloomberg (5/4) reports, "Warner Music Group Corp., controlled by a group led by Edgar Bronfman Jr., rejected a $4.23 billion takeover offer from EMI Group Plc, the third time the British record company has been rebuffed." Bloomberg continues, "EMI, based in London, offered $28.50 in cash and stock for the U.S. company, 4.4 percent more than the closing price yesterday. New York-based Warner said in a statement today the offer wasn't 'in the best interests of our shareholders.'" Bloomberg adds, "A merger would combine EMI acts including Coldplay and Joss Stone with Warner's James Blunt and Madonna, and would create the second-biggest recorded music company. The companies tried and failed to merge in 2000 after regulators rejected the plan, followed by another EMI attempt in 2003. Antitrust concerns also derailed talks with Bertelsmann AG's BMG music division in 2001."

ENVIRONMENT:

White House Releases Emergency Response Plan For Avian Flu. The White House yesterday officially released its emergency plan for an avian flu pandemic. The story is generating extensive coverage on TV print media. Newspaper stories this morning are critical of the White House plan, charging that it does not provide enough funding or support to state and local governments. For example, USA Today (5/4, A2, Manning, Jackson) calls the report "a good step toward getting the nation ready…health experts say, but it's missing a key element: how to pay for it." Although the plan "cites President Bush's $7.1 billion funding request for preparedness," it "doesn't address how to pay for services that would be needed after a pandemic hits." Irwin Redlener, director of the National Center for Disaster Preparedness at Columbia University in New York City, "says that by placing so much of the preparedness effort on state and local agencies," the federal government has imposed "the mother of all unfunded mandates."

Similarly, the Washington Post (5/4, A3, Brown) says the plan "hinges on sharing authority with global agencies such as the World Health Organization, and, at the opposite end of

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the spectrum, with governors, mayors and school superintendents." At the same time, the Post says the plan "lays out an ambitious agenda of more than 300 tasks for federal agencies, along with a timetable for completing them." Nevertheless, "many crucial questions about the government's response remain unanswered."

Under the headline "States Welcome Flu Plan But Say They Need Federal Money," the New York Times (5/4, Harris) reports state and local health officials "welcomed" the plan, "but some complained that the Bush administration had failed to provide the money needed to pay for the plan's long list of recommendations." Iowa Senator Tom Harkin, who advocated preparations for a pandemic, said the administration had "been slow in implementing plans and spending money already appropriated." Meanwhile, Senator Hillary Rodham Clinton said the plan failed to resolve the issue of leadership. "Under the president's plan," Clinton said, "we still don't know who is accountable within our federal government."

In a Web exclusive, Time (5/3, Allen) reports David Heyman, homeland security program director of the Center for Strategic and International Studies, "praised" the White House plan for placing "a greater emphasis on non-pharmacological interventions" than in previous reports, including Bush's plan last November. But he said "much more needed to be done," including providing more specific guidance to cities and states about what they should do.

The story was covered on all three networks, with NBC also interviewing Health and Human Services Secretary Mike Leavitt. ABC World News Tonight (5/3, story 5, 1:40, Vargas) reported, "In its plan, the White House sets out its emergency response and warns of a possible outbreak of panic." ABC (Raddatz) added, "The White House said today that the virus will likely infect wild birds in the US sometime this year." Frances Townsend, White House Homeland Security Adviser: "We are not in the midst of a human pandemic. But we cannot predict when one will happen. This is why it is important for everyone to prepare." Raddatz: "But it is clear the US is not prepared for everything." Buried "deep in the report is this disturbing note: 'Public anxiety may significantly hinder the effectiveness of the response.'" When "asked if the White House was fully prepared for an outbreak, the answer was, 'Well, we're better-prepared than last year.'"

The CBS Evening News (5/3, story 5, 0:40, Schieffer) reported, "The main focus will be screening travelers arriving from affected countries to slow the spread of the disease until vaccines can be developed. And the President is also calling on businesses to take action such as cleaning offices regularly and keeping co-workers three feet apart."

NBC Nightly News (5/3, story 3, 0:40, Williams) reported, "Some of the main points: The government will stockpile anti-viral drugs and vaccine, though actual medical response is left up to the individual states; the Federal Government will also screen travelers for flu symptoms; the borders would not be closed because in their view that wouldn't do any good; but Federal officials will encourage companies to adopt non-punitive sick leave policies so workers will stay home if they are affected."

Leavitt Says Local Communities Will Have Large Burden In Pandemic. NBC Nightly News (5/3, story 4, 1:55, Williams) interviewed Secretary of Health and Human Services Michael Leavitt. Asked if the mayor of Baltimore was correct to say "in effect it looks like you're moving early to say don't expect the world from the Federal Government, preparing localities to take on a lot of the burden," Leavitt said, "It is the case. Any community, large or small, that would fail to prepare with the expectation that the Federal Government would be able to reach every community at one time in the country, would be sadly disappointed. So we're working very hard to acknowledge that there is a Federal role and we'll play it, but for a prepared nation, we need to have prepared communities."

AP Poll Finds Only One-In-10 Americans Preparing For Outbreak. The AP (5/4, Neergaard) says a recent Associated Press-Ipsos poll found "only one in 10 Americans was doing anything to plan for an outbreak."

Miscommunication Said To Have Caused Erroneous Sago Mine Message. NBC Nightly News (5/3, story 9, 0:50, Williams) reported, "In West Virginia today, a second day of public hearings on that disaster at the Sago Mine, which you will recall left 12 miners dead: Only one survived. Today, the rescue worker that was the first to find the trapped men said he was probably the one responsible for starting that chain of communication to lead the miners family to believe they were found alive." Bill Tucker, assistant mine inspector: "I started screaming for help and saying, 'They're over here, they're over here!'. I don't recall the exact words that I used, but I, I -- and I didn't have a radio. I was just screaming out for help, and I think I said they're alive, and that may have been part of the communication error." Williams: "When that rescuer, Bill

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Tucker, found the miners, they had been barricaded behind a curtain more than tow miles inside that mine for about 41 hours straight in toxic air. The one survivor, Randall McCoy [sic] later said at least four of their air packs had failed."

NYTimes Says Sago Mine Disaster Should Be Thoroughly Investigated. An editorial in the New York Times (5/4) says that the revelation that miners trapped after Sago Mine explosion were forced to share one another's emergency oxygen because of faulty equipment "is only the latest in a long list of lethal shortfalls by company and government officials responsible for workers' safety." The Times adds, "The Bush administration has presided over the attrition of scores of critical mine regulatory jobs, plus the patronage appointments of mining industry officials to safety agencies. It's no wonder that the victims' families fear the Sago hearings will prove to be merely a means of venting the community's grief and frustration. The disaster should be examined as thoroughly and openly as a plane crash and its lessons promulgated industrywide."

Idaho, Seattle Company Fined For Lake Pollution. The AP (5/4, Geranios) reports, "A Seattle construction company and the Idaho Transportation Department have agreed to pay federal fines totaling $895,000 after part of a road project collapsed into Lake Coeur d'Alene in Idaho, federal agencies said Wednesday." The AP continues, "The fines against Idaho Transportation and Scarsella Brothers Inc. are for violations of the Clean Water Act during expansion of U.S. 95 near Coeur d'Alene, the Justice Department and U.S. Environmental Protection Agency said. … They are the largest fines ever assessed by the EPA's Seattle regional headquarters for storm water issues, the agencies said." The AP adds, 'The fines involve a 6-mile-long project to widen U.S. 95 to four lanes near the lake. … Federal and state regulators have said the bay and creek were swamped with sediment after a 2-million-gallon pond designed to catch muddy runoff from the project failed several times. … Mica Bay homeowners contend the construction created a large tongue of mud that left water only 2 to 3 feet deep in places, killed aquatic life and impeded boats."

Senate Democrats May Hold Kempthorne Nomination Over Gulf Drilling. The AP (5/4, Heilprin) reports Idaho Gov. Dirk Kempthorne's "nomination for interior secretary could run into trouble from Senate Democrats who want to use it as a bargaining chip to stop more oil and gas drilling in the Gulf of Mexico, or at least assure their states get a cut." Before today's hearing in the Senate Energy and Natural Resources Committee, Sen. Bill Nelson "said he would try to block Kempthorne unless Republicans back off their plan to open 3.6 million acres of the central Gulf to oil and gas drilling." Nelson said he "would 'keep all my options open' for delaying the nomination." The AP adds Sen. Mary Landrieu "also has threatened to use the maneuver if Kempthorne and the Bush administration are unwilling to let states share in federal proceeds from oil and gas leasing on the outer continental shelf."

FBI/DEA/ATF/USMS:

Mexico's President Seeks Changes In Drug-Possession Bill. Mexico's drug-possession bill received wide media coverage, with more than 500 news outlets making reference to the story. Previous reports said President Fox was set to sign the bill; however, later reports said he backed off the measure in its current form. For example, the AP (5/4) reports Mexican President Vicente Fox "refused to sign a drug decriminalization bill Wednesday, hours after U.S. officials warned the plan could encourage 'drug tourism.' Fox sent the measure back to Congress for changes, but his office did not mention the U.S. criticism. Fox will ask 'Congress to make the needed corrections to make it absolutely clear in our country, the possession of drugs and their consumption are, and will continue to be, a criminal offense,' according to a statement from the president's office. … Mexico's top police official, Eduardo Medina Mora, acknowledged on Tuesday that the U.S. anti-drug agency has expressed concern about the law."

In a separate story, the AP (5/3, Stevenson) writes, "The U.S. government urged Mexico on Wednesday to rethink a proposed law that would decriminalize possession of small amounts of drugs, after the DEA and officials in U.S. border states expressed concerns about the measure." ABC News, CNN, the New York Times, Dallas Morning News, Houston Chronicle, and Fort Worth Star Telegram are among the news outlets that used a version of the AP story.

The New York Times (5/4, McKinley, Broder) reports, "After intense pressure from the United States, President Vicente Fox has asked Congress to reconsider a law it passed last week that would decriminalize the possession of small amounts of drugs as part of a larger effort to crack down

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on street-level dealing. … Officials from the State Department and the White House's drug control office met with the Mexican ambassador in Washington Monday and expressed grave reservations about the law, saying it would draw tourists to Mexico who want to take drugs and would lead to more consumption, said Tom Riley."

The Los Angeles Times (5/3, Enriquez, Perry) reports the Bush administration "is refraining from public criticism of Mexico. But in private meetings Monday with Mexican officials in Washington, U.S. officials tried to discourage passage of the law, U.S. Embassy officials said. 'Any country that embarks on policies that encourage drug use will get more drug use and more drug addiction,' said Tom Riley. … 'Many countries, including the U.S. and Mexico, see the drug problem as a trafficking problem,' he said. 'But the real problem isn't trafficking, it's drug use. The costs of drug addiction are staggering.'"

The Chicago Tribune (5/3, Dellios) reports U.S. officials and others said the measure "gave the appearance that Mexico was condoning drug use. Karen Tandy, chief of the U.S. Drug Enforcement Administration, met with Mexican officials to express concerns that it could increase trafficking and lure Americans over the border for 'drug tourism.' 'We welcome the idea of Mexico reviewing the legislation to avoid the perception that drug use would be tolerated in Mexico,' said Judith Bryan, the spokeswoman for the U.S. Embassy in Mexico City." The Contra Costa Times, Kansas City Star, Myrtle Beach Sun News, Duluth Minnesota News Tribune, and Macon Georgia Telegraph are among the news outlets that published in newspapers and/or posted on Web sties the Chicago Tribune story.

Copley News Service (5/3) writes, "Stung by opposition to a bill that would permit the possession of small quantities of narcotics, a top Mexican senator said yesterday the legislation will be toughened to reassure critics that Mexico is not opening its doors to drug users. … Karen Tandy…was expressing her concerns during a meeting in Mexico City with Public Security Minister Eduardo Medina-Mora."

The San Antonio Express (5/4) wrties from Mexico City, "It seems this nation won't be a haven for small-time drug users after all, as President Vicente Fox said late Wednesday he won't sign a proposed law that would permit 'personal use' quantities of marijuana, cocaine and other illegal narcotics. … The legislation had come under heavy fire from the United States. Drug Enforcement Administration Chief Karen Tandy discussed it personally with Mexican officials here Tuesday."

For About.com (5/3), Robert Longley writes, "The same day Mexico's president Vicente Fox announced he would sign a law allowing the possession of small quantities of drugs including marijuana, cocaine and heroin, the U.S. Government praised Mexico for its efforts toward reducing the amount of those very drugs available for smuggling into the United States. According to drug czar John P. Walters…Mexico, using as many as 35,000 military troops, eradicated about 51,840 acres of opium poppy and 76,175 acres of marijuana during 2005."

The UK's Times Online (5/3) reports the United States "is up in arms over a proposed Mexican law that would decriminalize the possession of small amounts of drugs, including cocaine and heroin." Eduardo Medina Mora "met with Karen Tandy…although he said she had not been convinced about the need for the new law."

On its Web site, the Moderate Voice (5/4) writes, "Officials…expressed grave reservations about the law, saying it would draw tourists to Mexico who want to take drugs and would lead to more consumption, said Tom Riley, a spokesman for the Office of National Drug Control Policy."

Network TV Coverage. NBC Nightly News (5/3, story 6, 2:20, Williams) reported, "We are back now with NBC News 'In Depth' tonight. It is about the outrage in this country over a decision by Mexico to make possession of some illegal drugs legal. And we are talking here about marijuana, heroin, cocaine -- the Mexican government says the whole idea is to do a better job in the war on drugs. As to how that could that could be true, our report tonight from NBC's Peter Alexander." NBC included comment from John Walters who said, "We all know that encouraging people to use drugs is bad for them and bad for every nation that does it." NBC added, "And Walters is not alone. Critics warn if passed this law would send thousands of Americans over the border to experiment with the same illegal drugs this country has vowed to fight."

Cable TV Coverage. CNN's Anderson Cooper 360 (5/3, 10:00 p.m.) reported, "We begin with breaking news that every parent of a teen needs to know about. If your son or daughter goes to Mexico, the country was on the verge of making it legal for them to possess marijuana, cocaine, even heroin. Mexico's president, Vicente Fox, made it clear he was going to approve the bill. Tonight it seems he caved to pressure from Washington." The report continued, "We do know that the State Department officials personally called their counterparts in Mexico, the Office of National Drug

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Control Policy which is the drug czar, works out of the White House, also voiced concerns."

FOX's Hannity and Colmes (5/3, 9:00 p.m.) reported, "Vicente Fox refusing to sign a bill that would [de]criminalize the possession of small amounts of drugs. The U.S. has pressured Fox to oppose the bill, which initially he said he would sign."

MSNBC's The Situation with Tucker Carlson (5/3, 11:00 p.m.) reported, "Just hours after U.S. officials warned it would encourage drug tourism, Mexican President Vicente Fox said he won't sign it into law. The question is why was he even considering it?"

19 Accused Of Participating In San Francisco-Based Meth, Cocaine Ring. The Bay City News (5/3) reports a federal magistrate in San Francisco has "unsealed a grand jury indictment accusing 19 men of participating in a Bay Area-based methamphetamine and cocaine ring. The 13-count indictment was issued under seal by a federal grand jury on Tuesday. All 19 defendants are accused of a count of conspiring to distribute methamphetamine and cocaine." Bay City News also reports that FBI spokesman LaRae Quy said nine who appeared in court were arrested Wednesday in the Bay Area and other defendants were arrested in Southern California, Sacramento and Hawaii.

The San Francisco Chronicle (5/3, Van Derbeken) reports, "Hundreds of federal agents up and down the state conducted raids [Wednesday] targeting a San Francisco-based methamphetamine trafficking operation that allegedly brought in millions of dollars of the illegal drug from Mexico. … LaRae Quy, spokeswoman for the FBI, confirmed that the FBI and Drug Enforcement Administration had undertaken the joint operation."

Texas Court Employee Accused Of Helping Drug Traffickers Remains Free On Bond. The Brownsville (TX) Herald (5/4) reports a federal court employee "accused of helping drug traffickers must now wear a tracking device of his own after he allegedly violated his conditional release. Federal pretrial services officer Juan M. Cantu, who works with electronic monitoring, appeared in Brownsville…at a Wednesday hearing where he was allowed to remain free on bond but ordered to wear a global positioning system device of his own. Cantu was arrested by FBI agents at the McAllen Federal Courthouse on April 18 on a charge of making a false statement to investigators looking for convicted drug trafficker Esequiel Cortez Sr." The Herald notes that court records indicate Cantu denied knowing how to contact Cortez after DEA agents saw the two together.

IMMIGRATION:

Blacks Said To Be "Increasingly Uneasy" About Immigrant Movement. The New York Times (5/4, Swarns) reports that while "some Hispanic immigrants have compared the Rev. Dr. Martin Luther King Jr.'s struggle to their own," declaring a "new civil rights movement to win citizenship for millions of illegal immigrants," many black "professionals, academics and blue-collar workers feel increasingly uneasy as they watch Hispanics flex their political muscle while assuming the mantle of a seminal black struggle for justice." Some "bristle at the comparison between the civil rights movement and the immigrant demonstrations," arguing that blacks "had endured centuries of enslavement, rapes, lynchings and discrimination." Others worry that low-skilled black workers will be priced out of the market. And some "fear the unfinished business of the civil rights movement will fall to the wayside as America turns its attention to a newly energized Hispanic minority with growing political and economic clout."

In a similar vein, the Washington Times (5/4, Debose) reports some black leaders say "Mexicans and other Hispanic nationals are getting preferential immigration treatment, as the U.S. systematically turns away people from countries with largely African-descended populations, such as Jamaica and the Dominican Republic." They say the US "can't have an honest immigration reform debate without discussing how much people are being paid and why only certain nationalities are allowed to come into the country illegally and work off the books." Still, this does not mean blacks are embracing anti-immigration activists. The Los Angeles Times (5/4, So) reports the Minuteman Project, "the self-proclaimed citizen border patrol that has emerged as a vocal opponent of illegal immigration, arrived in the heart of South Los Angeles Wednesday hoping to recruit blacks to their cause. But instead, they were met by protesters, most of them black, who compared the group to the Ku Klux Klan and urged them to take their campaign elsewhere."

Rasmussen Poll Suggests Monday Demonstrations Failed To Shift Public Opinion. The Washington Times (5/4, Dinan) reports Monday's "Day

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Without Immigrants" boycott and demonstrations "didn't do much to shift the public debate on immigration in either direction," according to a Rasmussen Reports poll. Before the demonstrations, 67% of Americans "wanted an enforcement-first approach to immigration, and that number dropped a statistically insignificant one percentage point in the poll taken after the marches. Meanwhile, support for allowing illegal aliens a path to citizenship remained steady" at 53%.

Anti-Illegal Immigration Activists Use Variety Of Tactics. The Los Angeles Times (5/4, Riccardi) writes, "In contrast to the coordinated pro-immigration rallies across the country, hundreds of grass-roots activists…are veering in different directions as they try to influence Congress to crack down on illegal immigration. They are picketing Mexican consulates; they're building a barbed wire fence on the border and phoning lawmakers to protest legislation that would allow illegal immigrants to stay in the U.S. They have sponsored anti-illegal immigrant initiatives in Colorado and Phoenix. In recent weeks, they have staged demonstrations in cities in the Midwest and Southwest that have drawn a couple of hundred protesters each."

California Minutemen Leader Calls Vigil Successful. The Washington Times (5/4, Seper) reports California Minutemen leader Tim Donnelly called its just-finished 30-day vigil along the US-Mexico border a success, saying his group "left the area more secure than they found it" by helping to "mend and extend an existing primary U.S. government-built fence along a well-established alien- and drug-smuggling corridor about 75 miles east of San Diego."

Vietnamese Immigrant Now Serves US As ICE Agent. The Washington Post (5/4, A23, Slevin) runs a feature on Immigration and Customs Enforcement agent Hung Nguyen, who "was just 12 when he fled Vietnam aboard an overstuffed motorboat, without his parents. He had no documents, but U.S. authorities smoothed his way to Illinois, where foster parents took him in. He sees his job ferreting out immigration fraud as repayment to the nation that rescued him." Nguyen said, "There has to be a proper way of doing it. You have to have rules and regulations. You can't have open borders. Coming from an immigrant like myself, that sounds ironic."

WPost Defends Spanish-Language National Anthem. In an editorial, the Washington Post (5/4, A24) writes that "two-thirds of Americans don't know all the words" to the National Anthem "in English. Of the one-third who claim they do, only 39 percent…can correctly sing the phrase that follows 'whose broad stripes and bright stars' (answer: 'through the perilous fight'). Written to a British tune that spans multiple octaves, Francis Scott Key's national anthem has always presented a vocal as well as a verbal challenge. Nevertheless, it has inspired patriotic immigrants and native Americans to produce Finnish, German and Yiddish ('O'zog kenstu senh...') translations. … Are Americans really so insecure that they can't bear to hear their anthem sung in Spanish?"

More Commentary. In a New York Times (5/4) op-ed, former Mexican foreign minister Jorge G. Castañeda writes, "There are many excellent reasons to salvage the immigration bill that collapsed two months ago in the Senate. But one of the most overlooked lies not in the protests that have filled streets in Los Angeles and Washington, but in the wave of populism that has swept Latin American cities like Caracas, La Paz, Lima and Mexico City," where anti-US nationalists are taking, or nearing, power. Looking forward to Mexico's upcoming presidential election, Castañeda warns, "It is one thing to have populism in power in the Andes; it is quite another to have it controlling a 2,000-mile border with the United States."

In his Washington Post (5/4, A25) column, Peter Beinart writes, "Last week Senate Republicans passed an amendment diverting $1.9 billion from securing Iraq to securing Arizona." Sen. Judd Gregg said the money "will pay for 'the unmanned vehicles, the cars, the helicopters which are a critical part of our fight in the war on terrorism.' Senate Democrats generally opposed the diversion. But they wholeheartedly agreed that defeating terrorism requires more enforcement along the Rio Grande. … Rarely have the two parties been so united in a belief that is so wrong. Stopping terrorists from coming across America's southern border would be an urgent concern -- if any were actually coming. So far, however, there is little evidence they are. … Sinking billions into enforcement along the southern border may or may not safeguard American culture and American jobs, but it will do precious little to protect American lives."

Immigration Reform Proposal Would Reverse Streamlining Of Appeals. The National Law Journal (5/4, MacLean) reports, "The new immigration reform package pending in the U.S. Senate includes a proposal to kill quietly the controversial streamlining regulations applied to the Board of Immigration Appeals in

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2002 by former Attorney General John Ashcroft." The Journal continues, "Streamlining is not the only thing up for change. … Attorney General Alberto Gonzales added three immigration appeals judges in April, increasing the number of BIA appeals judges who review the work of 220 immigration judges nationwide from 11 to 14, although that total is still less than the 23 before Ashcroft's cuts. Gonzales also replaced embattled chief immigration judge Michael J. Creppy with a new judge to oversee the system." The Journal adds, "In just 15 pages of the 614-page immigration reform bill, Senator Arlen Specter, R-Pa., calls for adding at least 20 new immigration judges, 50 immigration lawyers and at least 50 new federal prosecutors nationally assigned to immigration cases. The bill would also restore the BIA to 23 appellate judges, essentially repealing the cutbacks made by Ashcroft in 2002. … Streamlining regulations expanded significantly in 2002 to reduce the backlog of 56,000 pending cases. The regulations allowed one appeals judge, rather than the usual panel of three, to decide cases without opinions, often in one-paragraph orders. … When Ashcroft cut the number of BIA judges from 23 to 11, he eliminated many who were considered too pro-immigrant, according to immigration court experts. By March 2003, 38% of the BIA decisions were summary rulings, compared with 9% just one month earlier, according to a Los Angeles Times study at the time. … Federal appellate judges around the country have repeatedly complained about incoherent and biased rulings by immigration judges that are simply passed through the BIA with perfunctory, one-page affirmances. Practitioners have also complained of abusive immigration judges with little or no discipline system at the Executive Office of Immigration Appeals [NLJ, Jan. 30, Feb. 6]."

TAX:

New York Accountant Acquitted Of Tax Charges. Long Island Newsday (5/4, Kessler) reports, "A Bay Shore accountant has been acquitted of income-tax evasion charges after he filed returns for 36 clients claiming that salaries cannot be legally taxed. … But don't get ready to go rushing out to your tax preparer next April. While the tactic initially saved the clients $500,000 in taxes, the Internal Revenue Service has since required them to pay tax on their salaries, according to court records." Newsday continues, "The acquittal Tuesday by a jury in U.S. District Court in Central Islip was the second time in three months that the government has failed to convict Paul Petrino of charges of aiding and abetting false tax filings from 1999 to 2001. His defense was based on arguments from the tax-protester movement, which questions the validity of the federal income tax laws. Petrino prepared the returns in his home office and most of his clients were from Long Island." Newsday adds, "The case was a retrial of the same charges in February that resulted in a hung jury, split 6-6, according to Petrino's attorney, Robert Fink. … The jurors who acquitted Petrino, who faced 61/2 years in prison, were angry that they had to do so, Fink acknowledged after speaking with them yesterday. But he said they accepted his argument that there was 'reasonable doubt' that his client was intentionally committing a crime. … He called the verdict a victory for the average man 'over the overwhelming power of the federal government, the Justice Department and the Internal Revenue Service.' … While acknowledging that they could not immediately think of a situation in which a criminal case based on tax-protester logic has resulted in an acquittal, officials of the Justice Department and the IRS cautioned yesterday that Petrino's case was unusual and that it would probably have no impact on the average citizen's tax filings."

Attorney Specializes In Tax Defense. Long Island Newsday (5/4, Kessler) reports, "When they hear that someone needs a defense against thorny federal income-tax charges, the name that often pops into the head of fellow defense attorneys and tax specialists is Robert Fink. … 'The hung jury was remarkable, but the acquittal was astonishing,' Noel Cunningham, director of the graduate tax program of the New York University School of Law, said yesterday, upon learning of the outcome of Fink's latest case: Bay Shore accountant Paul Petrino, who was charged with 36 counts of aiding and abetting false tax filings." Newsday continues, "Fink, a partner in the Manhattan firm of Kostelantz and Fink and an adjunct professor at NYU's School of Law, not only won an acquittal on Tuesday, but also got a hung jury in February on Petrino's first trial on the charges in U.S. District Court in Central Islip. … A victory for the defense against the Justice Department and the Internal Revenue Service in a case based on the logic of the tax-protester movement is almost unheard-of, according to federal officials and defense attorneys. But Petrino's acquittal was only the latest in a series of wins for Fink."

Collection Firm Contracted By IRS Is "Tangled In Legal Controversy." USA Today

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(5/4, McCoy) reports that Linebarger Goggan Blair & Sampson, "A private debt-collection firm tapped by the IRS to seek repayment from Americans who owe back taxes," is "tangled in legal controversy, including a bribery scheme involving a collection contract in Texas and a federal investigation of another collection deal in Louisiana." Now "the IRS initiative, set to start this year," is "placed on temporary hold amid a challenge of the IRS selection decision by one of the unsuccessful bidders." This follows a 2006 report to Congress by Nina Olson, the IRS National Taxpayer Advocate, that "warned that private collection firms, operating 'under rules of profit maximization' could 'have less incentive to provide important taxpayer rights training to their employees.'" In fact, the contract "has been viewed as a privatization plum because the winning bidders would be allowed to keep up to 24% of the amounts they collect."

CONGRESS-ADMINISTRATION:

Bush Urges Extension Of Tax Cuts As Lawmakers Near Agreement. The Financial Times (5/4, Yeager) reports, "President George W. Bush, seeking to reverse Republicans' sagging poll ratings, on Wednesday urged Congress to extend many of his popular first-term tax cuts and renew his party's commitment to spending restraint. 'It is important for there to be fiscal discipline in Washington, DC, if we want to keep this economy strong,' Mr Bush said." Bush "appeared likely to prevail on tax cuts, after a meeting at the White House late Tuesday prompted Republican leaders to reach a compromise on the legislation, which has been stalled since last year."

The AP (5/4, Crutsinger) says that "in addition to extending those cuts by two years, the proposal would keep 15 million taxpayers from getting hit this year with a tax aimed at the wealthy. … Republicans on a House-Senate committee negotiating the tax plan agreed late Tuesday on $70 billion in relief." Talks on Wednesday "sought to resolve differences over what breaks should go into a second tax bill expected later this year."

The Wall Street Journal (5/4, Mullins) reports, "Tax lobbyists close to Republicans say that there is little chance that Congress will wrap up the legislation this week. By not reaching a deal yesterday, lawmakers won't be able to approve the bill this week, because the floor schedule in the House is booked for today, and the House is out of session tomorrow." The Journal adds, "To sidestep a procedural hurdle, Senate Finance Committee Chairman Charles Grassley of Iowa and House Ways and Means Chairman Bill Thomas of California have agreed to craft two bills to extend the 15% rates on capital gains and dividends, exempt millions of Americans from the AMT and extend a range of temporary tax breaks for businesses and individuals that expired at the end of 2005."

The Washington Post (5/4, A4, Weisman) reports, "If the deal wins congressional approval, every major tax cut passed in Bush's first term will be set to expire on the same day five years from now. At that moment, politicians would face a choice: Either allow taxes to rise suddenly and sharply on everyone who pays income taxes, is married, has children, holds stocks and bonds, or expects a large inheritance, or impose mounting budget deficits on the government far into the future, according to projections by the nonpartisan Congressional Budget Office."

Bush Tax Cuts Said To Have Shifted Tax Burden On Wealthy. Stephen Moore, a member of the Wall Street Journal's editorial board, writes in this morning's edition (5/4), "With the House and Senate preparing to vote on extending…Bush's investment tax cuts, it's no surprise the cries against 'tax giveaways to the rich' grow increasingly shrill. Just yesterday Senate Minority Leader Harry Reid charged that the Bush tax plan 'offers next to nothing to average Americans while giving away the store to multi-millionaires' and then fumed that it will 'do much more for ExxonMobil board members than it will do for ExxonMobil customers.' Oh really." Moore adds "new IRS data released last month tell a very different story: In the aftermath of the Bush investment tax cuts, the federal income tax burden has substantially shifted onto the backs of the wealthy. Between 2002 and 2004, tax payments by those with adjusted gross incomes (AGI) of more than $200,000 a year, which is roughly 3% of taxpayers, increased by 19.4% -- more than double the 9.3% increase for all other taxpayers."

Senate Adds More To Spending Bill As Bush Reiterates Veto Threat. President Bush again told Congress he would veto any emergency spending bill that exceeds the $92.2 billion ceiling he has imposed. Fox News' Special Report (5/3, Hume) reported Bush, "who has yet to veto a single bill passed by Congress insists he may do it yet." Fox (Cameron) added, "During a speech to an engineering trade group in Washington, President Bush warned

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lawmakers working on federal spending and tax legislation that, particularly now with energy prices high, he will not tolerate waste or tax hikes." Bush said, "The Congress needs to hear me loud and clear. If they spend more than $92.2 billion plus pandemic flu emergency funds, I will veto this bill."

But as the New York Times (5/4, Hulse) reports, "The Senate did not seem deterred by the veto threat," agreeing to Sen. Edward Kennedy's request for an additional $289 million "to compensate emergency workers who might be injured by experimental flu vaccines," as well as requests for "an extra $1.6 billion for levees in Louisiana, $30 million for Gulf Coast election assistance and $30 million for forest projects." The Washington Post (5/4, A4, Murray) says senators "keep stuffing new provisions" into the bill, "ignoring President Bush's veto threat." The Washington Times (5/4, Dinan, Fagan) also notes that Bush "has threatened to veto other bills but has never done so, in part, he says, because Congress has met his targets for spending," but adds that the allocations added Wednesday "pushed the price tag of the bill near $109 billion." The Wall Street Journal (5/4, A7, Rogers) also says "senators kept adding more money" despite Bush's threat. The Los Angeles Times (5/4, Reynolds) reports the Senate "is expected to vote on the measure today, setting up a confrontation with President Bush."

Thomas Takes On Appropriators. The Hill (5/4, Bolton) reports House Ways and Means Chairman Bill Thomas "is challenging appropriators to prove their stated desire for parity with other panels by justifying their staff and budget levels." The Hill says the action "is a carefully aimed counterattack by a chairman whose panel would be one of those most affected if earmark reform were broadened beyond appropriations to tax and authorization bills." The House Administration Committee currently oversees the management of every committee except Appropriations," and during "what one participant described as a 'knock-down, drag-out fight' in the House Republican Conference last week," Thomas said appropriators should have to "justify their panel budget" with that committee as well.

As Bush And Legislators Seek Solutions, House Votes To Criminalize Gas "Price Gouging." President Bush and members of Congress discussed gasoline prices yesterday, and Congress voted to criminalize "price gouging." While the gouging vote dominates print coverage, it was only mentioned in passing in television coverage. NBC Nightly News (5/3, story 2, 2:10, Gregory) reported Bush and members of Congress "huddled" at the White House, "looking for a political solution to high gas prices." Bush: "The prices of gasoline should serve as a wake-up call to all of us involved in public office that we have got an energy security problem and a national security problem." Gregory: "In another sign of how nervous congressional Republicans are in this election year, a House panel today pressed Exxon Mobil to disclose details of the $400 million severance package for a former CEO, Lee Raymond.." And Congress is "scrambling to respond to public anger about gas prices. Today, the House passed criminal penalties for energy companies caught price gouging but failed to pass a measure to expand sorely-needed crude oil refining capacity." As the Christian Science Monitor (5/4, Feldmann) writes, "When it comes to gasoline prices, every politician is a populist, especially in an election year. And in the current scramble to ease motorists' pain over high prices, ideology has taken a back seat to the need for immediate results -- or at least the need to be seen trying."

USA Today (5/4, 10A) headlines its report "House Bill Criminalizes Price Gouging," writing that the House voted 389-34 "to impose criminal penalties and fines of up to $150 million on energy companies caught price gouging." The bill "comes at a time when the country is angry over gasoline prices and oil industry profits. The White House has not said whether President Bush supports the bill. He met for more than an hour with a bipartisan group from Congress and said it was important 'to make sure our consumers are treated fairly' by the oil markets." The AP (5/4, Hebert) reports that despite the vote, "lawmakers acknowledged there is no quick and easy fix to higher pump prices."

The Wall Street Journal (5/4, Fialka) writes that while 29 states have already laws against price gouging, "most require a declaration by the governor that a natural disaster or some other serious supply disruption has occurred" before a case can be made. The proposed federal law "would have wider application." Sponsor Rep. Heather Wilson (R-NM) "said it 'would prohibit gouging at any time' and could also be used by state attorneys general if their powers under state law fall short."

The AP (5/4, Hebert) reports, "Under Rep. Heather Wilson's bill, the Federal Trade Commission and Justice Department would have power over energy price gouging."

Kingston Says Bush Discussed New Drilling, Ethanol, Other Measures. Rep. Jack Kingston told MSNBC's Scarborough Country (5/3, 9:14 p.m.) that Bush

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discussed "opening oil drilling" off the Florida coast, as well as increasing use of alternative fuel vehicles and ethanol, during the meeting.

Democrats Block Effort To Streamline Refinery Approval Process. Fox News' Special Report (5/3, Hume) reported, "Democrats went along today as the Republican controlled House of Representatives passed a bill attempting to crackdown on the alleged price gouging in the gasoline industry. But when it came to another bill to streamline the process of building new refineries in this country, the result was different." The AP (5/4, Hebert) reports the House rejected "a Republican bill that supporters said would make it easier to build refineries in hopes of easing tight gasoline supplies. All but 13 Democrats opposed the measure, intended to quicken the permitting process. They said it would not bring down gas prices, could lessen environmental protection and usurp local say where refineries go." The Washington Times (5/4, Debose) quotes Energy and Commerce Chairman Joe Barton saying, "It is frustrating for me to sit in the White House talking to President Bush about bipartisan energy policy and have Democrats pledge to work with us and then have 94 percent of them vote against our policies."

Barton, Wilson Form "Unlikely" Partnership On Gasoline Legislation. The Hill (5/4, Kaplan) writes House GOP leaders "pressed two unlikely allies" in Wilson and Barton "to cooperate on legislation addressing the jump in gasoline prices." Republican leaders suggested Barton work with Wilson, "who is facing a tough reelection race," on the gouging bill. The "alliance between Barton and Wilson is unusual because the two lawmakers have a strained relationship. In 2004, Barton tried to oust Wilson from his prestigious committee because she voted with Democrats on a motion that would have forced the Bush administration to release internal cost estimates of the Medicare prescription-drug law," and earlier that same year, Barton "infuriated some of his committee members by requiring them to apply for waivers to serve on another top-tier committee," which could have hurt Wilson.

Several In House Switch To Support Stricter CAFE Standards. The Washington Post (5/4, A5, Eilperin) reports "several long-resistant lawmakers" said they "may consider raising fuel economy standards for passenger cars for the first time in more than 30 years." While it "remains unclear whether Congress will actually force automakers to produce more fuel-efficient fleets," several members of the House, including Republicans Michael Bilirakis, Michael Castle, Randy Kuhl, and John Sweeney, "have all switched their stance and now back stricter" federal CAFE standards.

Grassley Says No Windfall Profit Tax Coming. In an interview with Bloomberg's Money & Politics (5/5, 9:06 p.m.), Senate Finance Chairman Charles Grassley said Congress is "not going to pass a windfall profit tax." Instead, Grassley said "what we need to do is get more incentives for exploration of oil, number one, and…[put] more emphasis on ethanol, biodiesel and all sorts of alternative energy and incentives for conservation."

Energy Department Says Demand For Gasoline Leveling Off. The CBS Evening News (5/3, story 7, 3:15, Schieffer) reported, "The Energy Department predicted today that oil prices will remain high through next year and the high prices now seem to be having an impact on driving habits. The demand for gasoline seems to be leveling off."

Personal Income Soars In Energy-Producing States. USA Today (5/4, Cauchon) reports personal income "is growing dramatically in states that produce energy or have strong ties to the expanding federal government." The five states where per-capita income growth has grown most rapidly since 2000 "are major suppliers of oil, natural gas or coal," with Wyoming leading the list with personal income up "an inflation-adjusted 13.9% from 2000 to 2005."

Wyoming Discount Gasoline Dynasty Strives To Keep Prices Down. The Wall Street Journal (5/4, Levine) runs a front-page feature on the Call family of Evanston, Wyoming, which has kept the town "America's capital of cheap gas." The family has run a discount gasoline business since the 1930s. Wyoming residents "drive an average of 18,283 miles per year, more than any other state," and while "prices for regular gasoline here are up 24% from a year ago, but they are often still the nation's cheapest."

Foreign Government-Owned Fuel Companies Help Keep Prices High. The Washington Times (5/4, Hill) reports, "A principal reason fuel prices are high and likely to remain so is a trend worldwide toward state ownership and control of oil resources that is raising questions about how quickly large tracts of oil and gas will be developed and made available to consumers." While some government-owned oil companies like Saudi Arabia's Aramco "readily develop their vast oil reserves to help hold down prices and satisfy the demands of consuming nations," other fuel-rich nations like Bolivia and Venezuela "have fallen into the hands of governments that are less attuned or outright hostile to pleas

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from drivers around the world who want them to continue the flow of cheap and readily available fuel."

Companies Pass Fuel Costs On To Consumers. The Wall Street Journal (5/4, Brooks) reports that as energy costs climb, "delivery companies, cruise lines, taxis, electric utilities, garbage collectors, landscapers, pizza chains and numerous other businesses" across the US are passing the cost along to the consumer with added fees.

Minnesota "Fuel Bank" Cuts Customers' Gasoline Costs. NBC Nightly News (5/3, story 12, 0:40, Tibbles) reported on the St. Cloud, Minnesota fuel bank. Customers "buy gas in bulk up front. Then use a simple card each time they fill up from their reserve. The price remains fixed to the day they bought the gas." Jim Feneis, First Fuel Bank: "We currently still have 300 members that are fueling sub-$1, and literally thousands of members fueling sub-$2 per gallon."

More Commentary. In their USA Today (5/4) "Common Ground" column, "conservative columnist Cal Thomas and liberal strategist Bob Beckel" debate the gasoline price issue. Thomas argues, "I've heard this song before about high gas prices. Five years ago, when gas averaged $1.70 per gallon just before Memorial Day weekend, people complained and sharply criticized politicians and Big Oil. Though Republicans and Democrats both like to demagogue this issue, the fact is government can do little to alter the law of supply and demand." Beckel replies, "Try that little history out on American consumers who are paying $3 a gallon and you'll find they have no interest in history. I'll concede President Bush is not entirely to blame for the high price of gas, but he signed a Republican energy bill last year that was a gift to the U.S. energy industry. He has done virtually nothing to deal with the crisis we have today."

Bush To Promote Medicare Drug Benefit In Advance Of Enrollment Deadline. The AP (5/4) reports President Bush "is traveling to Florida next week to remind seniors to sign up for the Medicare prescription drug program before the May 15 deadline." Bush will visit seniors at a community college in Coconut Creek, make remarks at the retirement community Sun City Center, and host a "conversation" on the benefit in Orlando. Before "his Medicare events, Bush will be in Fort Lauderdale, Fla., on Monday to attend a reception for Rep. Clay Shaw, R-Fla."

GAO Report Criticizes Help Line For Medicare Prescription Benefit. The Washington Times (5/4, Fagan) reports a Government Accountability Report says "the help available to seniors signing up for Medicare's prescription drug benefit has sometimes been inadequate, and Democrats want the registration deadline -- which is less than two weeks away -- pushed back." GAO investigators "posing as seniors found problems getting their drug program questions adequately answered by the help line. The report found that the help line provided inadequate or incomplete answers to about one-third of the callers." And, "although accuracy rates varied depending on the question, when help-line officials were asked which plan would be cheapest for a senior who takes specific drugs, they answered correctly only 41 percent of the time." Medicare administrator Mark B. McClellan "refuted the findings, saying the survey was conducted months ago."

The AP (5/4, Freking) reports the GAO report prompted "Democratic critics of the Bush administration program to again request an extension of an approaching enrollment deadline." Rep. John Dingell said, "These findings also point to larger problems. Because of inaccurate or incomprehensible information, seniors haven't been given a fair shake. The president should extend the May 15th enrollment deadline and not penalize seniors for the administration's errors."

Bloomberg (5/4, Young) reports, "Medicare chief Mark McClellan said this week that the program, known as Part D, plans to stick with the deadline, and that the administration isn't 'focused at all' now on considering waiving penalties for late enrollment."

The Washington Post (5/4, A10, Connolly) says the report "also found that Medicare's written promotional materials used too much technical jargon, that call waiting times lasted from a few minutes to almost an hour, and the government Web site was so confusing that some people gave up before completing the process." Although the findings "did not surprise advocacy groups that have complained that the program is unnecessarily complicated, the report added fuel to the ongoing political brawl over one of President Bush's signature domestic achievements."

Leak Of Second Medicare Draft Rule Has Impact On Stock Markets. The Hill (5/4, Young) reports the "leaking of a Medicare document Tuesday afternoon had an immediate impact on the stock market and angered federal officials, investors and lobbyists alike." A "complete final draft of an unpublished regulation began to circulate throughout Washington and Wall Street hours before the Centers for Medicare and Medicaid Services (CMS) was to make it

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public at 4 p.m., after the stock market closed." Washington lobbyists "and Wall Street analysts and investors had been passing the regulation around since at least noon, sources said. The regulation sets Medicare's payment rates for certain hospitals. Tuesday's incident was Medicare's second major leak that produced a reaction in the financial markets in only a few weeks." The leak of the document prompted the stock of Kindred Healthcare to increase by 10% in a ten minute period on Tuesday afternoon.

NYTimes Says Cap On General Revenues For Medicare Not Progressive. The New York Times (5/4) says in an editorial, "The most worrisome news in the latest annual report on Medicare is not that the hospital trust fund will run out of money in 2018 or that premiums for coverage of doctor bills are rising faster than projected. Bad as that news is, Medicare is not really to blame — the culprit is the relentlessly escalating cost of health care that is staggering employers and private insurers as well. The really troubling development is that this year's report starts a process that will force the White House and Congress to confront Medicare's fiscal problems with one hand tied behind them." Capping "the share of financing from general revenues is a perverse way to deal with Medicare's very real financial problems" and "removes the most progressive source of financing from further consideration. That leaves only the regressive Medicare payroll tax, increases in premiums and co-payments, or cuts in services or payments to providers on the table."

Frist, Specter Taking Deliberate Approach To Judicial Nominations. CQ (5/3, Perine) reports Majority Leader Bill Frist and Judiciary Chairman Arlen Specter "are proceeding cautiously on judicial nominations as they balance the appeals of conservative activists who want President Bush's appellate court nominees pushed through the Senate in bunches and wary moderate Democrats seeking a more deliberative pace." Frist has "promised to bring Brett M. Kavanaugh, nominated to a seat on the U.S. Court of Appeals for the District of Columbia Circuit, to the floor before Memorial Day." But Frist is "waiting until after the Senate acts on Kavanaugh to decide how to handle other contentious appellate court nominations. Frist said he wants to 'see how secure our overall system is' before he attempts to take up other nominations." CQ adds Democrats on the Judiciary Committee "have asked Specter, R-Pa., to summon Kavanaugh to another hearing before the panel votes on his nomination. On Wednesday they received backing from the seven Democratic members of the 'gang of 14,' a bipartisan group that holds the balance of power on judicial nominations." Democratic critics "say Kavanaugh is too inexperienced for a D.C. Circuit seat. Those on the committee want to ask Kavanaugh, previously an associate White House counsel, about what role if any he played in administration policies on warrantless eavesdropping and treatment of detainees held by the U.S. military."

WSJournal Says Kavanaugh Will Be Confirmed If GOP Sticks Together. An editorial in the Wall Street Journal (5/4) that with Brett Kavanaugh's nomination to the DC Circuit Court of Appeals set to come for a vote before the Senate Judiciary Committee today, Democrats are being urged by the left "to use the F-word. Anything is possible, but it's hard to believe Democrats are nuts enough to launch a judicial filibuster in the middle of an election year with a GOP President so low in the polls. Talk about a get-out-the-vote gift for Republicans." The Journal adds that a "Samuel Alito scenario" is more likely. Senators John Kerry and Ted Kennedy "tried to rally (or faked) a Democratic filibuster against Mr. Alito's Supreme Court nomination, but the full Senate confirmed him by 58-42. … As long as Republicans hold together, Mr. Kavanaugh should be sworn in and sitting on the bench by summer."

Report Calls For Shift In Pentagon Spending. Knight Ridder (5/4, Brown) reports that the nonpartisan Task Force on a Unified Security Budget for the United States, "made up of defense and nonproliferation experts," says Congress should "cut $62 billion out of Cold War weapons programs and shift most of that money to homeland security, efforts to halt the spread of nuclear weapons and diplomatic measures that better address current national security needs." The report "singles out such programs as the F-22 stealth fighter jet, the Virginia-class submarine, the DD(X) destroyer, the V-22 Osprey tilt-rotor aircraft and the C-130J cargo plane as having 'scant relevance to the threats we face' and recommends that they be eliminated or reduced significantly."

First Lady Dismisses Criticism President Waited Too Long To Make Staff Changes. First Lady Laura Bush was asked on CNN's The Situation Room (5/3) about criticism that the President waited too long too make staff changes in the White House. Mrs. Bush said,

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"No, no, I don't think that at all. Andy Card served so ably. He was a terrific chief of staff. He turned -- served longer than every other chief of staff, save one, and he did a wonderful job. He's very beloved in the White House and all around Washington. But at the same time, it's great to have Josh Bolten in this job. He comes with a fresh perspective, and he'll be terrific."

First Lady Calls Rove "Valuable," And A "Brilliant Strategist." The First Lady was asked on CNN's The Situation Room (5/3) if Karl Rove is indispensable in President Bush's White House. Mrs. Bush said, "He's a very good friend, Karl is. He's been with the president through all his races, starting with the first governor's race. He's a very brilliant strategist. His politics are his avocation, his real interest. He's valuable, absolutely. There's no doubt about it."

First Lady Says Bush Will Continue To Be Effective Despite Low Poll Numbers. Mrs. Bush was also asked on CNN's The Situation Room (5/3) about the polls showing that the President's approval rating is in the mid-30s. Mrs. Bush said, "I'm sure he doesn't like that. I don't like that either obviously. But when you're elected for a second term, and there are term limits, then of course you start off in some ways as a lame duck. I still know that my husband is going to be very effective and has been very effective, and that his agenda that he ran on in the last election, in 2004, he will be able to get through."

White House Insiders Anxious About Effect Of Staff Changes. The White House Bulletin/US News (5/3) reported, "Long-time Bush advisors say that they are a bit anxious over the recent wave of staff changes and are slowly adjusting to the ways of new Chief of Staff Josh Bolten." Insiders tell US News and the Bulletin "that his style is far different than former Chief of Staff Andy Card, but his more aggressive approach is being embraced as the White House seeks to refocus its agenda and boost poll ratings. Also winning raves is the switch for Karl Rove, who relinquished his policy role to get back to handling politics and big picture issues where he shines, they said. Unclear, however, is the role of incoming press secretary Tony Snow, who officially joins the staff on Monday. Snow has been meeting with top Bush aides this week, signaling that he will get the broader policy-making job he sought coming into the post. But rumors that he will change the faces in the press and communications operation are unsettling, say the insiders."

House Narrowly Passes Lobbying Reform Measure. The House yesterday passed a lobbying reform bill by a narrow 217-213 margin. Media reports are generally depicting the measure as weak, and focus on the sharp partisan split in the House vote. USA Today (5/4, Drinkard) notes the House bill "passed with eight Democratic votes, which helped overcome the 20 Republican votes against it." The Hill (5/4, O'Connor) says "the eight Democrats' votes signaled a reluctance to take a possible political hit by voting against any reform legislation." The Washington Post (5/4, A1, Birnbaum) lists the eight Democrats who voted for final passage: "Reps. John Barrow (Ga.), Dan Boren (Okla.), Leonard L. Boswell (Iowa), Henry Cuellar (Tex.), Jim Marshall (Ga.), Jim Matheson (Utah), Charlie Melancon (La.) and Gene Taylor (Miss.)."

Before the vote, says The Hill (5/4, Hearn), Minority Leader Nancy Pelosi "issued a stern warning to her colleagues yesterday during a closed-door meeting, telling them not to buck their leadership on a pivotal lobbying reform bill. 'They want to use you to defeat us,' she warned. 'Trust us on this. It has absolutely no downside to your district.'" Democrats "have pinned their election-year hopes on painting an image of the GOP as a corrupt, entrenched majority that voters should reject in November. Pelosi and other leaders argued that Democrats would hand Republicans a victory if they voted for a measure that Democrats and others have denounced as a sham."

The Los Angeles Times (5/4, Fiore) says "the close vote on the measure -- 217 to 213, largely along party lines -- reflected criticisms by Democrats that the bill, intended to address Congress' ethically tarred image, would do little to change the way business is conducted on Capitol Hill." The House "declined to follow the lead of the Senate, which last month voted to prohibit its members from accepting gifts or meals from lobbyists."

Roll Call (5/4, Newmyer, Kornacki) reports lawmakers "now have to reconcile the House measure with stronger Senate language on earmarks, gifts, travel and disclosure, while determining the fate of a potentially deal-killing House clause that cracks down on so-called 527 groups." Republican leaders "believed that passing a reform bill was crucial to the party's chances in November and to its ability to get anything done in the House in the interim."

The AP (5/4, Abrams) reports "Democrats, and the good government groups pushing for stronger legislation, said the House bill would do little to stop acts such as the influence

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peddling of now-convicted lobbyist Jack Ambramoff and the corruption of former Rep. Randy 'Duke' Cunningham, R-Calif., who was convicted and sentenced to more than eight years in prison for taking some $2.4 million in bribes."

The New York Times (5/4, Stolberg) reports Democrats "denounced the measure as a sham, and 20 Republicans voted against it," while Knight Ridder (5/4, Kuhnhenn) says Republicans acted "in a bid to inoculate themselves from recent scandals." Knight Ridder adds the bill "is far more modest than what Republican leaders initially set out as their 'reform' anti-corruption agenda earlier this year. Watchdog groups called for the bill's defeat."

The Washington Times (5/4, Hurt) reports, "Democrats opposed the bill, saying it does not go far enough toward curbing the influence of lobbyists on members of Congress. 'The scope of what this bill doesn't do is stunning,' said Rep. Louise M. Slaughter, New York Democrat." Minority Whip Steny H. Hoyer "said the bill will do little to improve the image of the Republican Party."

The Wall Street Journal (5/4, Rogers) reports, "The Republican dilemma was captured by the fact that their most powerful closing speaker was a former member of the House Ethics Committee who later opposed the bill." Rep. Kenny Hulshof, "one of 20 Republicans to defect, said he wanted most to make an appeal to Democrats not to seek short- term political gain from the scandals now." But "his appearance was striking since he was one of those Republicans purged from the Ethics panel last year after being tough on then Majority Leader Tom DeLay (R., Tex.), an Abramoff ally."

Frist Pressing House Indecency Bill In Senate. The Washington Post (5/4, D1, Mohammed) reports Senate Majority Leader Bill Frist is "trying to push through a bill that would increase indecency fines on broadcasters and threaten to take away their licenses after three violations." Frist is "championing the bill after conservative groups, a key voting bloc if he runs for president, expressed frustration at the lack of congressional action to curb broadcast indecency. His stand also puts opponents of the Broadcast Decency Enforcement Act of 2005 in the position of appearing to cast a vote in an election year against decency." The House "passed the bill in February 2005, but it has languished in the Senate, where Commerce Committee Chairman Ted Stevens (R-Alaska), rather than drafting his own legislation, has encouraged media companies to regulate themselves." The House bill "would increase the fine for broadcasting 'obscene, indecent, or profane material' to a maximum of $500,000 from $32,500."

House Democratic Leaders Paint Optimistic Picture Of Party's Chances In November. Roll Call (5/4, Kornacki) reports, "House Democratic leaders Tuesday night treated their Members to a rosy assessment of their party's chances in this fall's elections." But "the 120 or so Democrats who attended the Leaders' Dinner at Democratic National Committee headquarters were warned that the most favorable climate in a dozen years for their party will be squandered if they do not each actively contribute to the campaign effort." Rep. Rahm Emanuel, the chairman of the Democratic Congressional Campaign Committee, and the four elected leaders of the Democratic Caucus, House Minority Leader Nancy Pelosi, House Minority Whip Steny Hoyer, Caucus Chairman James Clyburn and Vice Chairman John Larson, "all addressed what unofficially marked the kickoff of the House Democrats' election-year effort, an event that the same attendee described as 'one part pep talk, one part serious discussion about the state of the party and one part asking for help and unity.'"

Democrats See Strong Turnout In Tuesday's Primary Votes. Roll Call (5/4, Whittington) reports that operatives in both parties sought to spin the results of Tuesday's primary elections in Ohio, Indiana and North Carolina as favorable for their prospects in November, "voter turnout in each state could provide some of the best clues as to whether a Congressional sea change could be in the making this fall. … Overall, almost 65,800 Democrats voted Tuesday in the [Ohio's] 6th district, up from the almost 61,300 who voted there in the last midterm election in 2002. But Republican turnout was also up 4,226 votes over 2002, a year in which the GOP did not have competitive up ballot races. Republicans in Ohio had a competitive primary for governor on the ballot Tuesday, while Democrats did not have competitive races at the top of the ticket." In Indiana, "more Democratic ballots were cast than GOP ballots in all three of the competitive House districts." In North Carolina's 11th district "39,100 Democrats went to the polls in the 11th district Tuesday, compared to 33,812 Republicans."

DOE Changes Policy On Contractors' Traditional Pension Plans. In a move that is angering labor groups and some Democrats, the Energy Department has told contractors it will no longer cover the

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costs of traditional pension plans for their new hires. The Wall Street Journal (5/4, Schroeder) reports, "DOE has long reimbursed companies working for it for the costs of their employee defined-benefit pensions -- plans that pay a set monthly amount for retirees based on length of service. Early next year, DOE will begin paying only the costs of defined contribution plans, such as 401(k)s, for new workers. Individuals already working for DOE contractors won't be affected. … Labor groups and their supporters say they fear the move could inspire other agencies -- as well as companies -- to drop traditional pensions."

Voinovich Bill Would Deny Raises To Sub-Par Federal Workers. The Washington Post (5/4, D4, Barr) reports in its "Federal Diary" column that Sen. George Voinovich announced yesterday that he will introduce a measure to improve the government's performance appraisal system and deny pay raises to federal employees rated as less than successful. Voinovich's proposal "would prohibit agencies from giving annual raises and within-grade increases to employees deemed sub-par performers. … Voinovich said his proposal would fold into the General Schedule, the largest federal pay system, and would require agencies to provide training to managers to help them better judge employee performance and communicate job expectations to employees."

Rothenberg Says Bush Is Seen As "Irrelevant." Stuart Rothenberg writes in Roll Call (5/4,) that "fewer than half of those polled" give President Bush "credit for leadership, and his poll numbers also have plummeted on integrity and honesty." One Democratic pollster said Bush is "irrelevant" noting that "those being polled will mention the president by name only when prompted to do so." Rothenberg adds, "The president is neither loved nor feared anymore, which is a problem for any chief executive trying to wield power. The country could get along like this if the international arena was relatively calm and the nation could stumble its way through the next few years. But although the economy's fundamentals look good, the country is facing problems that demand immediate attention."

OTHER NEWS:

Service Sector Expansion Continues At "Healthy Levels." The Wall Street Journal (5/4, Whitehouse) reports service-sector businesses "enjoyed a solid gain in already healthy activity levels last month, although rising energy prices continue to create trouble for the sector." The "closely watched ISM nonmanufacturing index, which measures business activity mainly at service-related companies, rose to 63.0 in April, versus 60.5 in March. Economists had expected to see the expansion pull back."

Chicago Fed President Expects Gradual Reduction In US Current Account Deficit. The Wall Street Journal (5/4, Derby) reports Federal Reserve Bank of Chicago President Michael Moskow "said Wednesday he expects that the U.S. current account deficit will begin to adjust lower at some point, and the process is unlikely to cause harm to the economy." In comments "prepared for delivery before a business group in Northbrook, Ill.," Moskow said, "No one can say when this adjustment away from such high current account deficits will begin. But I expect that when it does, the adjustment will be gradual, without a major disruption to U.S. economic performance."

Stocks Close Down On Profit Worries. NBC Nightly News (5/3, story 10, 0:10, Williams) reported, "On Wall Street today, the Dow was off by 16 points [to close at 11,400.28]. The NASDAQ was down almost six [to close at 2,303.97]." And the Wall Street Journal (5/4, Browning) says, "Weak profit numbers and worries about a too-strong economy combined to knock the Dow Jones Industrial Average down from Tuesday's six-year high, but the decline was minor." Investors were "reacting to disappointing quarterly sales at Dow-industrials component-stock Procter & Gamble, which sent the household-products maker down more than 3%. Time Warner's sales also missed Wall Street expectations. In addition, the latest economic reports showed more strength than expected both in the nation's service sector, which accounts for the great majority of the economy, and in factory orders."

Bernanke, Others Discuss Easing Poverty In Poor DC Neighborhood. The Washington Post (5/4, D1, Irwin) reports Federal Reserve Board Chairman Ben S. Bernanke yesterday "gave his take on how to ease poverty in neighborhoods east of the Anacostia River in the District. So did World Bank President Paul D. Wolfowitz, a half-dozen

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Bush administration officials, and top leaders of several banks and other financial groups. It happened at the Anacostia Economic Summit, an event that aimed to engage some of the nation's financial leaders in discussing how to improve the lot of residents in the District's poorest neighborhoods and similar parts of other big cities." The officials' message was to "improve residents' access to banks, financial advice and homeownership, and broader prosperity will ensue."

Georgia Has Not Created Jobs To Keep Pace With Population Growth. USA Today (5/4, Copeland) reports that while Georgia was once a jobs magnet with firms routinely relocating or opening headquarters there, lately, economic news "has been almost all bad. … Georgia has been one of the nation's fastest-growing states for a quarter-century. … But population growth has not paid off financially for the Peach State: It ranks 49th among the states in per-capita income growth since 2000 -- ahead only of Hurricane Katrina-battered Louisiana, according to a USA TODAY analysis of government data. Georgia lost 2% of its income in the first half of this decade. The state has not generated enough new jobs, especially higher-paying ones, to keep pace with its growing population."

Annual Bible Reading Underway On Capitol Lawn. The Christian Science Monitor (5/4, Chaddock) reports that the 17th Annual US Capitol Bible Reading Marathon is underway on the west lawn of the US Capitol. According to the Monitor, "The 90-hour marathon, which will include readings by about two dozen members of Congress and their staffers, is a lead-up to Thursday's National Day of Prayer. President Harry Truman signed the day into law in 1952 as an interfaith event. But in recent years, evangelical Christian groups have taken the lead in organizing activities around the day, especially those located near seats of government. … Critics say that evangelical groups and their allies in Congress are staging events like the Bible Marathon near centers of power as a bid to link secular Washington to Christian ideals."

Phillips Book Called "Intellectual Dishonesty On Stilts." In his column in the New York Times (5/4) David Brooks reviews Ken Phillips' book "American Theocracy." Brooks notes that "when the left feels disinherited, liberals seize upon" Phillips' "conspiracy fantasies." Phillips "asserts that 50 to 60 percent of Republicans believe in Armageddon and are influenced by the argument that the 'destruction of the new Babylon' in Iraq will hasten the coming of the messiah. Phillips says that the Bush White House sends messages to these Americans through 'double-coding' in his speeches -- phrases that mean one thing to secular America but contain hidden meanings to people with the 'biblical worldview.'" Brooks notes "This is intellectual dishonesty on stilts. … And while many informed critics have picked apart Phillips's fantasies, other Americans, at once cynical and naïve, are willing to believe any whacked-out theory, so long as it focuses hatred on Bush."

Study Finds Public Seeks "Compatible" News Sources. The Washington Post (5/4, A2, Morin) reports in its "Unconventional Wisdom" column that an online experiment by The Washington Post, washingtonpost.com and Stanford University's political communication lab found that Republicans "preferred to get their news from Fox -- even when the news stories were about subjects far removed from politics, such as sports or travel. On the other hand, Democrats avoided Fox when it came to political news and preferred National Public Radio and CNN. … More than 2,000 people participated in the test of whether attention to the identical news story was increased or decreased when the story was attributed to Fox News, NPR, CNN or the BBC. … The results found strong evidence that people apply a political litmus test to the news, avoiding sources they view as unfriendly while seeking out compatible sources, a finding confirmed by researchers at Polimetrix in a national study with a representative sample of adults done in cooperation with the Stanford lab."

Doctors Oppose Collection Of Prescription Data. The New York Times (5/4, Saul) reports that some doctors are objecting to computerized dossiers showing which physicians are prescribing what drugs. They consider the data-gathering "an intrusion that feeds overzealous sales practices among the nation's estimated 90,000 drug company representatives. Public officials are also weighing in. A vote on a state bill to clamp down on the practice is scheduled for today in New Hampshire, and similar bills have been introduced in other states, including Arizona and West Virginia." The American Medical Association "will soon give individual physicians the choice of declaring their prescription records off limits to drug sales representatives.

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The new measure is viewed as a self-policing move that the drug industry and the A.M.A., which has lucrative contracts with data-mining companies, hope will keep states from banning sales of prescription data altogether."

Texas Cited As Example Of Effective Medical Tort Reform. Former US House Speaker Newt Gingrich and Dr. John Gill, an orthopedic surgeon in Dallas, write in the Wall Street Journal (5/4) that the state of Texas should serve as an example to senators who "want to expand access to health care by increasing the number of physicians and lowering costs." Texas lawmakers enacted medical litigation reform in the summer of 2003. A "voter-approved constitutional amendment, Proposition 12, followed later that year to solidify the changes. As a result, physicians are returning to the state, particularly in underserved specialties and counties. Insurance premiums to protect against frivolous lawsuits have declined dramatically." Gingrich and Gill add that Texas "has taken an important first step toward creating a 21st-century health justice system that meets the needs of doctors and patients alike."

Kondracke Says Politics Dominates Health Care Debate. Morton Kondracke writes in Roll Call (5/4) that "partisan political cacophony dominates the health care debate -- and it's likely to get worse if Democrats win control of part or all of Congress. With no resolution in sight, the twin crises afflicting health care -- inexorable increases in both costs and the number of uninsured -- are likely to continue unabated, posing a long-term threat to the economy and the nation's health. … At the moment, the process continues inexorably, and ideological differences between Democrats and Republicans are helping it along."

Cohen Says Colbert Was Rude At Correspondents' Dinner. Richard Cohen writes in the Washington Post (5/4, A25) that Stephen Colbert "was not funny at the White House Correspondents' Association Dinner." Colbert "was not just a failure as a comedian but rude." Cohen adds that Colbert "had a chance to tell the president and much of important (and self-important) Washington things it would have been good for them to hear. But he was, like much of the blogosphere itself, telling like-minded people what they already know and alienating all the others."

UK, France Ask Security Council To Take Action On Iranian Nuclear Program. ABC World News Tonight (5/3, story 4, :30, Vargas) reported, "The long-awaited showdown at the UN over Iran's nuclear program has begun. Britain and France introduced a resolution in the Security Council demanding that Iran stop enriching and reprocessing uranium. It warns that further measures may be necessary if Iran does not comply. It was a veiled threat of sanctions and possibly military force. The US supports the measure. But passage may be difficult. Russia and China have opposed a hard line toward Iran."

The Washington Post (5/4, A18, Lynch) reports that the draft makes "a veiled reference to possible sanctions," but "US and European diplomats stressed" it "is not intended to threaten sanctions or the use of force." Still, "Russia and China immediately signaled they will oppose" it, and "senior Iranian officials have said that they will not abide by the resolution." The Post calls the resolution "an escalation in a three-year campaign by the West to pressure Iran to scale back its accelerating nuclear activities." The Financial Times (5/4, Turner) calls the resolution "unexpectedly tough." The New York Times (5/4, Hoge) adds that negotiations on the draft "begin Thursday, leading to a scheduled meeting next Tuesday between" Secretary Rice "and the foreign ministers of Britain, China, France, Germany and Russia at which Iran is to be a central subject." Knight Ridder (5/4, Landay, Douglas), USA Today (5/4, Slavin), Los Angeles Times (5/4, Farley) and Washington Times (5/4, Curl), among other sources, run similar reports this morning.

In a front-page story, the Los Angeles Times (5/4, A1, Rubin, Murphy) analyzes "Moscow's complex motives" on the Iran debate, which "may make it a difficult partner" for the US. Russia "views the volatile, oil-rich region as the key to regaining its position as a world leader, diplomats and analysts say. Moscow also has strong economic ties to Tehran: Two-way trade topped $2 billion in 2004, and Iranian officials predicted recently that it would double in coming years. … Although Moscow shares the West's desire to prevent Iran from becoming a nuclear state, it has other interests as well, chief among them enhancing its own status as an alternative power to the United States, diplomats and experts say."

Meanwhile, the AP (5/4, Dareini) reports, "Iran's nuclear chief said Wednesday his nation had enriched uranium to the upper end of the range needed to make fuel for reactors, further defying U.S. and European demands to stop those

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efforts." The announcement by nuclear chief Gholamreza Aghazadeh "that Iran enriched uranium up to 4.8 percent purity tops Iran's declaration last month that it had surpassed the 3.6 percent purity level. Uranium enriched to between 3.5 percent and 5 percent is used to make fuel for reactors to generate electricity." Uranium enriched to more than 90 percent "becomes suitable for use in nuclear weapons."

Bush, Merkel Present Mostly United Front. The AFP (5/4) reports President Bush "met at the White House with German Chancellor Angela Merkel for talks dominated by the ongoing international crisis over Iran's nuclear program." Afterwards, "Merkel said the United States and Germany were in 'total agreement' on the need to prevent Iran from obtaining a nuclear weapon." Both "agreed that Merkel would return the favor in a few months' time, hosting the US president for a July 14 summit." However, the New York Times (5/4, Hoge) notes "there were hints of differences when Mrs. Merkel emphasized the need to move slowly through the diplomatic process." She "also signaled that Germany wanted to see the support of all countries on the Council for a resolution to stop Iran's critical nuclear activities."

Potential Rifts Said To Lie Between Western Powers. The Wall Street Journal (5/4, Champion) reports, "Washington and its allies still have profound differences over tactics and the bottom line -- including whether or not military force is an option -- that could pose trouble for the alliance in the future." Secretary Rice's commented last week about a "coalition of the willing," to deal with Iran, but a European diplomat said "the phrase 'frightened the horses.'" That reaction "showed underlying differences that could later break apart the new trans-Atlantic harmony."

Neighbors Uneasy With Iran's Nuclear Program. The AP (5/4, Hurst, Elias) reports that after Iranian President Mahmoud Ahmadinejad's "election last summer, Tehran's relations have significantly cooled with its oil- and gas-rich neighbors," and the "most anxious are Arab countries that lie on the east side of the Arabian Peninsula." Besides nuclear accidents and possible Western invasion, "there's anxiety about possible civil strife between their ruling Sunni Muslim majorities and Shiite minorities."

Iran Repudiates Statement It Would Target Israel If US Attacks. The AP (5/4, Lederer) reports, "The Iranian military on Wednesday rejected a statement from a top Revolutionary Guards commander that Israel would be Iran's first target in response to any U.S. attack." Brig. Gen. Alireza Afshar said Mohammad Ebrahim Dehghani's statement "is his personal view and has no validity as far as the Iranian military officials are concerned."

Poll Finds Radical Islamists Driven By Fear Of US Domination, Not Religiosity. The Wall Street Journal (5/4, Shah) reports that a Gallup survey of eight Islamic nations found that "what differentiates the minority that says 9/11 was either mostly or completely justified from the majority isn't religiosity or even poverty, but rather a sense of being controlled by the U.S." The threatened feeling "seemed to also extend beyond political domination to religious and cultural identity." Also, "political radicals were, comparatively, more educated and more affluent than the moderate majority." The poll found "support for extremism is on the rise in Morocco, Iran and Turkey, but declining in Pakistan and Lebanon."

Discord Grows Between Fatah, Hamas. The AP (5/4, Laub) reports that both Fatah and Hamas "insist they will not be drawn into civil war." Still, "tempers have been rising sharply in the Palestinian areas since Hamas took power" and "wrangling over control of the security forces has laid bare the deep enmity" between the two. Hamas accused Abbas of "conspiring with the West against Hamas," and "Fatah leaders countered that Hamas is trying to deflect attention from its financial troubles by attacking Abbas. In this charged climate, both sides are mobilizing."

Rattled By US Treasury, Banks Won't Transfer Funds To Palestine. The New York Times (5/4, Myre) reports, "As the Hamas-led government struggles to raise cash after the suspension of Western aid to the Palestinian Authority, it faces a new and unexpected obstacle: banks here are refusing to accept its money transfers from abroad." When the United States Treasury "barred almost all financial dealings with the Palestinian Authority" it "rattled" the banks, "which are tied to the American banking system." They "abruptly stopped handling even basic wire transfers needed for the authority to receive money donated by foreign countries." While "Arab countries…have raised more than $70 million," no bank is "willing to move the money to the West Bank or the Gaza Strip, wary of legal entanglements with the United States."

Deaths In Gaza Hospital Blamed On Shortages Due To Budget Crisis. The Washington Times (5/4, Mitnick) reports that the managing director of Gaza's Shifa Hospital

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says "patients…have started dying because the Palestinian Authority's budget crisis has left it without money to pay for critical medical treatment." The government "can't afford chemotherapy drugs, plaster for casts or surgery anesthetics," and the director noted that "medical employees who hadn't been paid stopped reporting for work." In addition, "the supply shortage has been compounded by Israel's frequent closure of Gaza's main commercial passage because of threats of additional suicide attacks."

US To Speed Nuclear Dismantling To Counter Impression Of New Arms Race. The Washington Post (5/4, A11, Pincus) reports, "The Bush administration plans to speed up the dismantling of old, retired nuclear warheads in coming years, in part to counter any impression that the United States is starting a new arms race with its work to develop a new generation of more reliable nuclear arms." Deputy Energy Secretary Clay Sell told a House Appropriations subcommittee "that dismantlements are 'very important for the arms-control reasons and for our own credibility.'" A "reason for the slow pace is that Pantex, the government production facility near Waco, Tex., could not handle much of the work while it is refurbishing thousands of operational nuclear weapons, officials said."

Rice Says Diplomats "Working Hard" To Produce Darfur Peace. The AFP (5/4) reports that, "as she welcomed her Japanese counterpart Taro Aso," Secretary Rice said "she had been updated on the efforts underway in Abuja" to reach a Darfur peace accord, and added, "They are all working very hard."

Meanwhile, the New York Times (5/4, Brinkly) adds that Deputy Secretary Zoellick "arrived in Abuja on Monday morning and has been negotiating almost nonstop." State Department officials added that "American officials took a forceful role" in the talks, "pushing through revisions of a proposed agreement." However, "given the mercurial attitudes of the Sudanese government and the rebels, Mr. Zoellick's direct involvement carries political risks."

Senate Panel Passes Measure Funding UN Peacekeeping Mission. The AP (5/4, De La Cruz) reports, "The US Senate on Wednesday passed an amendment sponsored by Sen. Robert Menendez that provides $60 million to fund a United Nations peacekeeping mission in the Darfur region of Sudan." The amendment "is part of a huge bill to fund military operations in Iraq and Afghanistan and hurricane relief on the Gulf Coast. President Bush has promised to veto the bill if it exceeds $94.5 billion." The bill "is already close to $109 billion."

Sudan Appears Ready To Accept Key Concessions. The AP (5/4, Faul) reports, "Sudan appeared ready Wednesday to agree to faster disarmament of Arab militias in Darfur and to accept more rebels into its security forces, key concessions that could clear the way for progress at peace talks." Sudan spokesman Abdulrahman Zuma said, "Through this so-called American initiative, it seems that the government is going to make some concessions, especially about reintegration and disarmament." However, "two rebels close to the negotiations offered a version different from Zuma's, saying U.S. Deputy Secretary of State Robert B. Zoellick and British Cabinet member Hilary Benn were preparing a substantially changed proposal to address their demands for greater power and wealth sharing."

Egeland To Visit Darfur. The AP (5/4, Lederer) reports that U.N. Undersecretary-General for Humanitarian Affairs and Emergency Relief Coordinator Jan Egeland said "he is heading to Sudan's western Darfur region to draw attention to the desperate need for money to help millions of people in the conflict-wracked area." Previously, he was "barred from visiting Darfur and Sudan's capital of Khartoum in April when the Sudanese government refused landing permission for his plane after it gave him a visa," but he now says "the government…invited him to come." The Wall Street Journal (5/4) carries an op-ed by Egeland today. "If we are to avoid an imminent, massive loss of life, we need immediate action." The people of Darfur "need strengthened security," but "instead of healing the wound, the world has preferred to apply bandages to an open hemorrhage." The people "need protection on the ground and they need peace."

Cheney Praises Eastern European Democracies. The AP (5/3, Espo) continued coverage of Vice President Cheney's overseas travel. "Opening a three-nation trip," Cheney "blended praise for Eastern European countries that have embraced freedom with a reminder that other residents of the region 'don't enjoy the full benefits' of democracy." Cheney met with Lithuanian President Valdas Adamkus yesterday, and plans to deliver "what aides touted as an important speech to" a regional leaders' forum today. The AP says "it was not clear how critical — if at all — [Cheney] would be of Russia in his remarks," and notes, "He did not

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identify by name any countries the administration views as lacking in democratic reform. But one official said that later, over dinner, Cheney told his host the administration stands 'with them in their support of the opposition' in Belarus."

Bush Will Attend Annual US-EU Summit. The AP (5/4) reports, "President Bush will travel to Vienna on June 21 for the annual U.S.-European Union summit." It "will give Bush a chance to discuss trans-Atlantic ties with the presidents of the European Council and European Commission." Topics at the summit are expected to include "preventing nuclear proliferation, combating terrorist financing, assisting reconstruction in Iraq, promoting peace and democracy in Europe and beyond, reducing trade barriers and energy security."

US, EU Stances On China Grow Closer. The Wall Street Journal (5/4, King, Champion) reports, "The U.S. and the European Union are adopting a more skeptical and unified stance on China, a trend that adds weight to calls for Beijing to modify some of its trade practices and be more open about its military." While this agreement is "clearest on the trade front," the EU is "looking more critically at China's defense buildup" as well. EU officials attribute the shift partly to "a wholesale European review of China policy" triggered by "the bitter spat last year with Washington over plans to lift the union's 16-year-old ban on arms sales to China." While "U.S. officials hail the converging views on China as another sign of improving relations across the Atlantic" and "added leverage in negotiations with Beijing," EU officials "note that fundamental differences in approach remain."

US Denies Taiwanese Leader's Request For Stopover. Knight Ridder (5/4, Johnson) reports, "Taiwan's president was forced Wednesday to delay a trip to Latin America for a day after Washington snubbed his request for a stopover in New York or San Francisco." Taiwan "asked the Bush administration on April 21 for permission for a stopover. Such transit requests have been granted routinely for more than a decade." The New York Times (5/4, Kahn) says Taiwan's president Chen Shui-bian delayed his trip "at the last minute." The "rebuke suggests that the Bush administration remains displeased by Mr. Chen's move in February to abolish a government agency set up to study reunification with mainland China. The United States is also eager to avoid antagonizing China after some embarrassing incidents during a visit by its president, Hu Jintao, late last month." The Washington Post (5/4, Graham) reports the story under the headline "Taiwan's Leader Cancels Stopover."

Bolivia Threatens To Seize Energy Company Assets. The New York Times (5/4, Orero) reports, "Bolivian authorities said Wednesday that they planned to scour the financial records of foreign energy companies and they threatened explicitly for the first time to seize company assets if new contracts giving the state greater control could not be negotiated." Although "Bolivian officials said the briefing was intended to reassure foreign multinationals here,…it seemed to have the opposite effect, and the message was unmistakable: the government is now in charge, and the companies can take it or leave it." Those companies, "though, expressed increasing indignation."

Experts Predict Negative Long-Term Effects. The Washington Post (5/4, D1, Mufson) reports that "many foreign companies and economists" say that "Bolivia -- and other countries that follow the same path -- might end up the loser," as, "in the past, countries that have abruptly nationalized their oil industries and booted out foreign companies with little or no compensation have rarely managed to meet earlier oil and gas production levels." They end up "starved of capital by leery foreign investors and lacking the skills to fully exploit their own resources."

Under US Pressure, Fox Asks Congress To Reconsider Drug Law. The New York Times (5/4, McKinley, Broder) reports, "After intense pressure from the United States, President Vicente Fox has asked Congress to reconsider a law it passed last week that would decriminalize the possession of small amounts of drugs as part of a larger effort to crack down on street-level dealing." In a statement issued late last night, Fox "said the law should be changed 'to make it absolutely clear that in our country the possession of drugs and their consumption are and continue to be crimes.'" The Times adds, "Officials from the State Department and the White House's drug control office met with the Mexican ambassador in Washington Monday and expressed grave reservations about the law, saying it would draw tourists to Mexico who want to take drugs and would lead to more consumption, said Tom Riley, a spokesman for the Office of National Drug Control Policy."

NBC Nightly News (5/3, story 6, 2:20, Williams) showed John Walters, Office of National Drug Policy Director, saying, "We all know that encouraging people to use drugs is bad for

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them and bad for every nation that does it." NBC (Alexander) adds, "Walters is not alone. Critics warn if passed this law would send thousands of Americans over the border to experiment with the same illegal drugs this country has vowed to fight." General Barry McCaffrey (Ret.), Clinton Administration Drug Czar: "This is going to have a huge impact on cross-border drug tourism out of the United States, to include, in particular, college kids who will go to Mexico, buy and consume."

The AP (5/4, Stevenson) reports "Mexico's top police official said Tuesday that the bill would have to be 'analyzed' and 'considered' because Congress had strayed from the intent of an original proposal by…Fox."

Blair Defends Record On Eve Of Local Elections. USA Today (5/4, Soriano) reports, "British Prime Minister Tony Blair, under fire over government scandals, defended his record Wednesday, the eve of local elections that could further weaken the grip of his ruling Labor Party." Blair and his party "have been rocked by embarrassing headlines and sinking public opinion polls for more than a week." Today's vote for "council members -- the equivalent of mayors and county supervisors in the USA -- will be a referendum on Blair, one of the Bush administration's closest allies, and his ruling party." According to a Populus poll published April 4 in the daily Times of London, "47% of respondents said Blair should step down now or at the end of the year -- a 6% jump since January." Blair "has said he will leave office before the next general election in 2009 or 2010." An ICM survey last week for The Guardian newspaper "found the Labor Party has a 32% approval rating, 5 points lower than a month ago and the party's lowest rating in its nine years in power."

The Financial Times (5/4, Blitz) runs a story titled "Highest Dissatisfaction With Labour In Third Term," in which it says "Labour goes into Thursday's local elections across England burdened by the highest level of public dissatisfaction with the government's performance since Tony Blair was elected in 1997, according to an opinion poll. As the government continues to reel from 10 days of torrid headlines relating to Charles Clarke and John Prescott, the poll by Ipsos MORI for the Financial Times shows that dissatisfaction with the government among Labour voters has soared remarkably in the past month." The poll "was conducted between April 27 and May 2, a period when the government was being rocked daily by negative headlines about the home secretary's handling of his department and the deputy prime minister's affair with a secretary."

The Christian Science Monitor (5/4, Rice-Oxley, Brandon) says "Thursday's vote has taken on far broader significance than usual because of two major developments: the deepening woes of Tony Blair's Labour government and the sudden emergence of the far-right British National Party (BNP) threatening an electoral breakthrough. … Will voters, dismayed at a sequence of government blunders, desert Labour en masse, putting pressure on Mr. Blair to advance his long-promised retirement? Will the new Conservative leader, David Cameron, make his mark in his first election at the helm? And will the BNP, like other anti-immigration parties elsewhere in Europe, achieve a historically high vote?"

The Washington Times (5/4, Webb) says that "if the Laborites lose 200 or more town-hall seats -- as many analysts expect -- rebels in Mr. Blair's Labor Party say they will move against him." They "can either demand that he name a precise date for his departure, or force a leadership election. 'We are reaching the position where, in order to restore confidence, we need change at the top,' said Geraldine Smith, a senior Labor member of Parliament."

Anti-Immigration Party Gaining Support. The Washington Post (5/4, A18, Sullivan) reports on the British National Party, which is "vehemently anti-immigration," a group "long dismissed by many as the racist fringe" that has "become increasingly popular as governments that once freely accepted immigrants question how many more their nations can take." The Times adds, "A British study this month concluded that up to a fourth of British voters were considering supporting the BNP. Their country now has an estimated 7 million people of various minority groups."

Nepal Declares Ceasefire With Maoists, Withdraws Terrorist Label. The Washington Post (5/4, A21, Sangraula) reports, "Nepal's new government on Wednesday declared a cease-fire with Maoist rebels and said it would no longer call them terrorists, the latest in a series of moves aimed at coaxing the guerrillas back into the political mainstream." This "added to the sense of political momentum that has been building," as "the new government has moved toward releasing imprisoned Maoists and has been in touch with the movement's underground political leaders." Also, "members of the reconvened parliament fulfilled a major demand of the Maoists when they agreed by unanimous voice vote to hold elections for a constituent

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assembly that would write a new constitution." This could result in the end of the monarchy, a goal of the Maoists.

Russia Rebuilding Chechnya. The New York Times (5/4, Chivers) reports, "After more than a decade of war, banditry and stubborn disorder, a noticeably different spring campaign has gained momentum" in the capital of Chechnya, as "with bombings and roadside ambushes less frequent than before, sections of Chechnya are being rebuilt at last." Despite "separatists…claims of success," Ramzan Kadyrov, Chechnya's new prime minister, "and the Kremlin have managed to set upon a program of repair in what was once the heart of rebel activity. Russia's counterinsurgency efforts now include not just guns and elections rigged to advance the careers of the Kremlin's proxies, but lumber, bricks and light."

EU Halts Serbian Membership Talks Until Mladic's Arrest. The Washington Post (5/4, A22, Williams) reports, "The European Union suspended membership talks with Serbia after a deadline passed Wednesday for the arrest of war crimes suspect Ratko Mladic," and "Serbia's failure to apprehend him has become the main obstacle to the eventual integration of Serbia into the E.U." While "Serbian Prime Minister Vojislav Kostunica appealed Wednesday to Mladic's sense of patriotism to end the chase and surrender," Serbian officials "acknowledged that Mladic has received help in avoiding arrest," and "the chief negotiator with the E.U., Deputy Prime Minister Miroljub Labus, blamed the government and resigned."

Powerful Earthquake Hits South Pacific. The CBS Evening News (5/3, story 6, 0:25, Schieffer) reported, "A powerful earthquake struck a remote part of the South Pacific today, triggering tsunami warnings as far away as New Zealand. Luckily, the tsunami was small because the warning never reached the place in the greatest danger. The magnitude 7.8 quake hit near the islands of Tonga, but because of a powerful failure there, the tsunami warning was not received."

WPost Urges Administration To Support Reformers, Not Mubarak. The Washington Post (5/4, A24) editorializes, "Why does the administration continue to give nearly $2 billion each year to a government that mocks President Bush's democracy initiative?" President Hosni Mubarak, "under pressure,…promised reforms, including multi-candidate elections and an end to emergency rule. Now, though, he apparently feels less pressure." He just reneged "on his earlier promise to end emergency rule in Egypt." Our government "limit themselves to Mr. Mubarak's no-win options. If they want to help Egypt, aid should go to that nation's civic society and democratic reformers, not the corrupt regime that persecutes those who favor a freedom agenda."

THE BIG PICTURE:

Headlines From Today's Front Pages.

Los Angeles Times:

"When The Artist Is Sketchy."
"Phil Angelides' Record Is A Study In Contrasts."
"Jurors Give Moussaoui Life Term."
"Russian Bridge To Iran Has Twists."
"Kaiser Denied Transplants Of Ideally Matched Kidneys."
"Anti-Illegal Immigration Forces Share A Wide Tent."
"No Trials For Key Players."

USA Today:

"Incomes Up Most In Energy States."
"Athletes Lightly Punished After Their Day In Court."
"Sago Mine Rescuers Sorry For Confusion."

New York Times:

"Moussaoui Given Life Term By Jury Over Link To 9/11."
"Growing Unease For Some Blacks On Immigration."
"Signs Of Renewal Emerge From Chechnya's Ruins."
"Newark Candidate Runs Against His Own Fame."
"Bottlers Agree To A School Ban On Sweet Drinks."
"Doctors Object As Drug Makers Learn Who's Prescribing What?"

Washington Post:

"Jurors Reject Death Penalty For Moussaoui."
"After 17 Months, Baseball Introduces Nats' Owners."
"House Lobbying Rules Call For More Disclosure."
"Businessman Pleads Guilty To Bribing Rep. Jefferson."
"Post Office Hopes Idea Of 'Forever Stamp' Sticks."

Washington Times:

"California Episcopalians Consider Gay Bishop."
"9/11 Terrorist Spared Death."
"Lerners Get The Nationals."
"Blacks Slam Immigration Bias."

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"State Control Of Resources Raises Oil Costs."
"A Chance To Buy 'Forever' For 42 Cents – Maybe."

Detroit Free Press:
"Plotter In 9/11 Attacks Spared."
"Council: Hang Up And Drive."
"Sugary Soda Could Vanish By 2009."
"UAW Asks Members For OK To Strike."

Atlanta Journal-Constitution:
"9/11 Conspirator Gets Life."
"DeKalb Police Chief Resigns."
"School Vending Goes On A Diet."
"Earl Woods Instilled Fundamentals Of Golf, Life."

Houston Chronicle:
"Moussaoui Life Term Stuns Many In Court."
"State Is Late On Its Payments — And It's Not Paying."
"Property Values Hit Home For Taxpayers."
"Company Officials Acted In Good Faith, Not Greed, Accounting Expert Testifies."
"Police Think Suspect May Be A Serial Killer."

Story Lineup From Last Night's Network News:
ABC: Moussaoui Verdict; Bush-Moussaoui Trial; 9/11 Families-Moussaoui Verdict; UN-Iranian Nukes; Bush-Avian Flu Plan; Internet Child Predators; Schools-Soda Ban; Dietary Supplements-Weight Loss; Rukeyser Obit; Earl Woods Obit.
CBS: Moussaoui Verdict; Moussaoui Verdict-Analysis; Internet Child Predators; Schools-Soda Ban; Bush-Avian Flu Plan; South Pacific-Earthquake; Gas Prices-Sports Team; Earl Woods Obit; Laura Bush-Library Fundraising.
NBC: Moussaoui Verdict; Congress-Gas Prices; Bush-Avian Flu Plan; Flu Plan-HHS Secretary; Schools-Soda Ban; Mexican Drug Laws; Earl Woods Obit; Rukeyser Obit; WV-Sago Mine Disaster; Stock Markets; Mothers-Salary Estimates; Minnesota-Cheap Gas; Prairie Home Companion-Movie Premiere.

Story Lineup From This Morning's Radio News Broadcasts:
ABC: Moussaoui Verdict; House-Energy Price Gouging; Gas Prices; Ford-Hybrid Vehicle Sales.
CBS: Moussaoui Verdict; PA-Pedophile Adoption; Medicare Drug Plan Help Line; South Korea-Riots.
NPR: Moussaoui Verdict; House-Energy Price Gouging; House-Ethics Reforms; WV-Sago Mine Disaster; UN-Egeland Headed To Darfur; Iran Nuclear Program; Wall Street.

WASHINGTON'S SCHEDULE:

Today's Events In Washington.
White House:

PRESIDENT BUSH — Speaks at the National Day of Prayer, East Room; meets with the President of Uruguay; speaks on Cinco de Mayo, East Room; speaks at the American Jewish Committee's dinner, National Building Museum.

VICE PRESIDENT CHENEY — Meets with President Yushchenko, Vilnius, Lithuania; speaks at the Vilnius Conference, Vilnius, Lithuania; meets with President Basescu of Romania; meets with President Purvanov of Bulgaria; meets with President Kaczynski of Poland; meets with President Saakashvili of Georgia; photo opportunity with leaders at the Vilnius conference.

US Senate: 9:30 a.m. APPROPRIATIONS _ Transportation, Treasury, the Judiciary and HUD Subcommittee. Hearing on the FY07 FAA budget. Administrator Marion Blakey. Location: Room 138, Dirksen.

9:30 a.m. ARMED SERVICES _ Full Committee. Continued markup of the defense authorization bill. Location: Room 222, Russell.

9:30 a.m. JUDICIARY _ Full Committee. Markup of pending nomination and votes on pending nominations, including Brett Kavanaugh to be a judge on the U.S. Circuit Court of Appeals for the District of Columbia. Location: Room 226, Dirksen.

10 a.m. COMMERCE, SCIENCE AND TRANSPORTATION _ Surface Transportation and Merchant Marine Subcommittee. Hearing on protecting consumers from fraudulent practices in the moving industry. DOT Acting Inspector General Todd J. Zinser; Maryland Attorney General J. Joseph Curran, Jr.; Warren Hoemann, Deputy Administrator, Federal Motor Carrier Safety Administration; Kay F. Edge, Assistant Professor of Architecture, Virginia Tech; J.R. Kelly, Florida Department of Agriculture and Consumer Services; Joe Harrison, President, American Moving and Storage Association. Location: Room 562, Dirksen.

10 a.m. ENERGY AND NATURAL RESOURCES _ Full Committee. Confirmation hearing on nomination of Dirk Kempthorne to be Interior Secretary. Location: Room 366, Dirksen.

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10:30 a.m. BANKING, HOUSING AND URBAN AFFAIRS _ Full Committee. Markup of pending legislation. Location: Room 538, Dirksen.

1 p.m. JUDICIARY _ Constitution Subcommittee. Hearing and vote on a constitutional amendment to prohibit flag burning. Location: Room 226, Dirksen.

2:30 p.m. COMMERCE, SCIENCE AND TRANSPORTATION _ Trade, Tourism and Economic development Subcommittee. Hearing on promoting economic development through nanocommercialization. Sean Murdock, Executive Director, NanoBusiness Alliance; Robert D. ``Skip" Rung, President and Executive Director, Oregon Nanoscience and Microtechnologies Institute; Dr. Philip Boudjouk, Vice President for Research, Creative Activities and Technology Transfer, North Dakota State University; David Rejeski, Director, Project on Emerging Nanotechnologies, Woodrow Wilson International Center for Scholars; Jerry Gwaltney, City Manager, City of Danville, Va. Location: Room 562, Dirksen.

2:30 p.m. FOREIGN RELATIONS _ Full Committee. Hearing on housing and urbanization issues in Africa. Assistant HUD Secretary Darlene Williams; James Smith, USAID; Jonathan Reckford, CEO, Habitat for Humanity International. Location: Room 419, Dirksen.

2:30 p.m. SELECT INTELLIGENCE _ Full Committee. Hearing on pending matters. Closed. Location: Room 219, Hart.

US House: FLOOR SCHEDULE _ 10 a.m. Meets for legislative business. Highlights: H.R. 4954 - SAFE Port Act.

9 a.m. JUDICIARY _ Constitution Subcommittee. Hearing on amendments to the Voting Rights Act. Roger Klegg of the Center for Equal Opportunity; Gerry Hebert, former DOH Voting Section Chief; Debo Adegbile, Assistant Director for Litigation, Legal Defense Fund. Location: Room 2141, Rayburn.

9 a.m. SELECT INTEL;LIGENCE _ Full Committee. Hearing on terrorist use of the Internet for strategic communications. Assistant Secretary of Defense Peter Rodman; Bruce Hoffman, RAND Corp. Location: Room 1302, Longworth.

10 a.m. APPROPRIATIONS _ Interior Subcommittee. Markup of the FY07 appropriations. Location: Room B-308, Rayburn.

10 a.m. ENERGY AND COMMERCE _ Full Committee. Hearing on world crude oil prices. Energy Information Agency Administrator Guy Caruso, analyst Daniel Yergin, and Bob Levin of the New York Mercantile Exchange. Location: Room 2123, Rayburn.

10 a.m. GOVERNMENT REFORM _ Full Committee. Markup of pending legislation and a hearing on contracting practices regarding Hurricane Katrina. William Woods, GAO; Matt Jadacki, Special Inspector General, Gulf Coast Hurricane Recovery, Department of Homeland Security; Emily Murphy, Chief, Acquisition Office, GSA; Major General Don Riley, Director of Civil Works, Army Corps of Engineers; Elaine Duke, Chief Procurement Officer, DHS; Deidre Lee, Deputy Director of Operations, FEMA; Randall Perkins, President, AshBritt, Inc.; George Schnug, CEO, AmeriCold Logistics, Inc.; Neal Fox, Member, Board of Advisors, FedBid, Inc.; James Necaise, Vice President, Necaise Brothers Construction. Location: Room 2154, Rayburn.

10 a.m. RESOURCES _ Energy and Mineral Resources Subcommittee. Oversight hearing on the future of coal. Location: Room 1324, Longworth.

10 a.m. SCIENCE _ Environment, Technology and Standards Subcommittee. Hearing on the National Integrated Drought Information System Act of 2006. Chester Koblinsky, NOAA; Duane Smith, Western States Water Council; Kenneth Dierschke, Texas Farm Bureau; Marc D. Waage, Raw Water Supply, Denver; Donald A. Wilhite, National Drought Mitigation Center. Location: Room 2318, Rayburn.

10 a.m. TRANSPORTATION AND INFRASTRUCTURE _ Water Resources and Environment Subcommittee.s Hearing on H.r. 4126, Chesapeake Bay Restoration and Enhancement Act. Assistant EPA Administrator Benjamin Grumbles, Maryland Natural Resources Secretary C. Ron Franks, Chesapeake Bay Commission Executive Director Ann Pesiri Swanson, Fairfax County Board of Supervisors member Penelope Gross, and Roy Hoagland of the Chesapeake Bay Foundation. Location: Room 2167, Rayburn.

10:30 a.m. EDUCATION AND THE WORKFORCE _ Employer-Employee Relations Subcommittee. Hearing on the impact of state mandates on employer-provided health insurance. With Larry Drombetta, CEO, HR Stores, Baltimore; Craig Garthwaite, chief economist, Employment Policies Institute; Paul Kelly, senior vice president, Retail Leaders Industry Association; and Mila Kofman, assistant research professor, Georgetown University Health Policy Institute. Location: Room 2175, Rayburn.

11:30 a.m. JUDICIARY _ Immigration, Border Security and Claims Subcommittee. Oversight hearing on the Energy

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Occupational illness Compensation Program Act. Location: Room 2141, Rayburn.

12 p.m. SCIENCE _ Environment, Technology and Standards Subcommittee. Hearing on H.R. 5136, National Integrated Drought Information System Act of 2006. Markup follows immediately. Location: Room 2318, Rayburn.

1 p.m. APPROPRIATIONS _ Military Quality of Life Subcommittee. Markup of FY07 appropriations. Location: Room H-140, Capitol.

1 p.m. ENERGY AND COMMERCE _ Health Subcommittee. Hearing on community health centers and access to medical care. Location: Room 2123, Rayburn.

2 p.m. INTERNATIONAL RELATIONS _ Africa, Global Human Rights and International Operations Subcommittee. Hearing on ``Germany's World Cup Brothels: 40,000 Women and Children at Risk of Exploitation through Trafficking." Michael Horowitz, Hudson Institute; Jennifer Roemhildt of Lois Coin (Athens); Katherine Chon, Polaris Project; Juliette Engel, MiraMed Institute. Location: Room 2200, Rayburn.

2 p.m. JUDICIARY _ Constitution Subcommittee. Continuation of a hearing on reauthorization of the Voting Rights Act. Deputy Attorney General Rena Comisac; Chris Norby, Orange County, Calif., Board of Supervisors; Karen Narasaki, President, Asian American Justice Center; James Thomas Tucker, Voting Rights Specialist, NALEO. Location: Room 2141, Rayburn.

2 p.m. RESOURCES _ Fisheries and Oceans Subcommittee. Hearing on H.r. 3835, to establish a coordinated national ocean exploration program within NOAA. Location: Room 1324, Longworth.

Other: PRESIDENT TABARE VAZQUEZ OF URUGUAY _ Highlights: 10 a.m. Meets with President Bush. White House.

GERMAN CHANCELLOR ANGELA MERKEL _ Highlights: 7 a.m. Departs for New York. Note: Returns to Washington mid-afternoon. 6 p.m. Attends the American Jewish Committee dinner. National Building Museum. Note: Departs for Germany after the dinner.

AMERICAN JEWISH CONGRESS _ The American Jewish Committee (AJC) kicks off its centennial year celebrations with its 100th annual meeting. Highlights: 7:30 a.m. Plenary Breakfast: :``Congressional Leadership Awards Presentation." Honorees are Sens. Joseph R. Biden Jr., D-Del.; Susan Collins, R-Maine; Barbara A. Mikulski, D-Md.; and George V. Voinovich, R-Ohio. Capital Hilton. 8:15 a.m. Congressional Forums: ``Religious Liberty in the 21st Century; ``International Human Rights;" ``Civil Rights and Immigration Policy;" ``Combating Terrorism at Home and Abroad;" and ``The New Middle East?" Capital Hilton. 6 p.m. The 100th Anniversary Gala Reception and Dinner. Keynote address by President George W. Bush. Speakers: Angela Merkel, Chancellor of the Federal Republic of Germany; Kofi Annan, Secretary-General of the UN; and John Howard, Prime Minister of Australia (on video). This event at the National Building Museum, 401 F St. NW. Location: Primary location is the Capital Hilton, 16th and K Sts. NW. Other locations as noted.

NATIONAL GUARD/RESERVES _ The second in a series of public hearings on the current and future roles of the National Guard and reserves in meeting the nation's security needs, at home and abroad, will be held. Highlights: 9:30 a.m. - 12 p.m. Speakers are: John O. Marsh, Jr., Distinguished Professor of Law, George Mason University; Frank J. Cilluffo, Associate Vice President for Homeland Security, and Director, Homeland Security Policy Institute, The George Washington University; and Dr. James J. Carafano, Senior Research Fellow, Defense and Homeland Security, The Heritage Foundation. Location: National Transportation Safety Board Conference Center, 429 L'Enfant Plaza SW.

CHINESE-SOVIET OPPRESSION _ 8 a.m. - 5 p.m. The Laogai Research Foundation holds a conference, ``The Soviet Gulag and the Chinese Laogai: Comparing Two Systems of Oppression." Highlights: 8:30 a.m. House Democratic Leader Rep. Nancy Pelosi. 9 a.m. Panel discussion on the Gulag and the Laogai. 10:45 a.m. Panel on concentration camps and the Laogai. 1:45 p.m. Panel on Laogai survivors and their stories. Location: 2nd floor ballroom, 1319 18th St. NW.

AFGHANISTAN _ 9:30 a.m. Army Maj. Gen. Robert Durbin, commander of Combined Security Transition Command-Afghanistan, and Lt. Gen. Sher Karimi, chief of operations for the Afghan National Army, hold a briefing live from Afghanistan to provide an update on ongoing security operations in Iraq. Location: Pentagon briefing room.

GEENA DAVIS _ 10 a.m. Actress Geena Davis joins Marie Wilson, president of The White House Project, to talk about the importance of women leaders to the future of America's democracy. Location: National Press Club.

LIABILITY-PANDEMIC FLU _ 10 a.m. Public Citizen holds a telephone briefing to discuss a new report showing that the White House and Senate Majority Leader Bill Frist heavily consulted drug industry lobbyists to craft a measure

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giving them limited liability for products used to treat pandemic diseases. Contacts: Angela Bradbery, 202-588-7741. Notes: Callin number: 800-377-8846; passcode: 36707396.

MOUSSAOUI _ 10 a.m. Convicted Al-Qaida conspirator Zacarias Moussaoui will be sentenced. Location: Albert V. Bryan U.S. Courthouse, 401 Courthouse Square, Alexandria, Va.

OIL-ENVIRONMENT _ 10 a.m. The Congressional Peak Oil Caucus holds a news conference to discuss the Sustainable Energy Forum 2006, ``Peak Oil and the Environment," May 7-9. Location: Cannon Terrace.

SUSTAINABLE ENERGY _ 10 a.m. Reps. Roscoe Bartlett and Tom Udall hold a news conference on sustainable energy. Location: Cannon Terrace.

COMPETITIVENESS _ 10:30 a.m. Sen. Max Baucus holds a media availability to introduce the Research Competitiveness Act of 2006. Location: Room 511, Hart.

PELOSI _ 10:45 a.m. House Democratic Leader Rep. Nancy Pelosi holds her weekly news conference. Location: Room H-206, Capitol.

DEMOCRATS-STEM CELLS _ 11 a.m. Senate Democratic Leader Harry Reid joins Senators Edward Kennedy, Tom Harkin, and Dianne Feinstein hold a press conference to call on Senate Majority Leader Bill Frist to bring the House-passed stem cell legislation (H.R. 810) to the Senate Floor for debate. Location: Room S-211, Capitol.

FAMILIES-WOMEN _ 11 a.m. The Cato Institute holds a forum to unveil the new book, “Leaving Women Behind: Modern Families, Outdated Laws," with authors John Goodman of the National Center for Policy Analysis and Kim Strassel of the Wall Street Journal. The forum will feature remarks by Sen. Kay Bailey Hutchison. Location: 1000 Massachusetts Ave. NW.

SNOW _ 11 a.m. Treasury Secretary Snow speaks on combating terrorist financing and financial crimes to the Financial Crimes Enforcement Network. Location: Tyson Conference Center, 2070 Chain Bridge Rd., Vienna.

STEM CELL VOTE _ 11 a.m. Sens. Harry Reid, Edward Kennedy, Tom Harkin and Dianne Feinstein hold a news conference to call on Senate Majority Leader Bill Frist to put the stem cell bill up for a vote. Location: LBJ Room, Capitol.

SENATORS-OIL _ 11:15 a.m. Senator Jeff Bingaman, Evan Bayh, Norm Coleman, Joe Lieberman, and Lincoln Chafee, will outline legislation they are introducing that they say addresses America's dependence on fossil fuels, especially imported oil. Location: Senate Radio/TV Gallery.

CHILD LABOR _ 12 p.m. The International Labor Office holds a news conference to release a ``major" report on child labor. Location: Room 432, Russell.

FISCHER _ 12 p.m. The American Society of International Law, others, hold a luncheon program with former German Foreign Minister Joschka Fischer. Location: ASIL offices, 2223 Massachusetts Ave. NW.

MIDDLE EAST _ 12 p.m. The Cato Institute holds a briefing on freedom, commerce and peace in the Mideast, with Tom Palmer of the institute, Rep. Paul Ryan and Zainab Al-Suwaij of the American Islamic Congress. Location: Room 418, Russell.

KENNEDY-VILLARAIGOSA _ 12:30 p.m. Sen. Edward M. Kennedy, D-Mass., meets with Los Angeles Mayor Antonio Villaraigosa on immigration reform. Location: Room 317, Russell Senate Office Building.

US-RUSSIA _ 12:30 p.m. The Kettering Foundation sponsors a conference to discuss Russian-American relations, with former Russian presidential candidate Irina Khakamanda, Moscow City Duma Deputy Evgeiy Bunimovich, former U.S. Amb. James Collins, others. Location: National Press Club.

HEALTH CARE _ 1 p.m. Rep. Thomas Allen holds a news conference on his bill providing health care for small businesses. Location: Cannon Terrace.

ECONOMICS-IRAQ WAR _ 1 p.m. - 4:30 p.m. The American Enterprise Institute (AEI) hosts a conference on economic perspectives on the Iraq War. Topics to include economics of war versus containment, economic costs of the war, and earnings losses of reservists. With Stephen J. Davis, University of Chicago; David Loughran, RAND Institute; Scott Wallsten, AEI-Brookings Joint Center; and others. Location: Wohlstetter Conference Center, 12th floor, AEI, 1150 17th St. NW.

NATIONAL DAY OF PRAYER OBSERVANCE _ 1:30 p.m. National Day of Prayer observance, with Labor Secretary Elaine Chao. Location: Cannon Caucus Room.

SOLOMON _ 2 p.m. Deputy Assistant Treasury Secretary Eric Solomon speaks on current tax policy issues at the American Bar Association Section of Taxation Council luncheon. Location: Grand Hyatt Hotel, 1000 H St. NW.

DEMOCRATS-HEALTH CARE _ 2:15 p.m. Assistant Democratic Leader Dick Durbin and Senator Blanche

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Lincoln hold a pen and pad briefing on upcoming health care legislation. Location: Senate Print Gallery.

PELOSI-MINORITY BUSINESS _ 3:45 p.m. House Democratic Leader Nancy Pelosi will be given the Congressional Leadership Award from the Minority Business Roundtable Congressional Leadership Summit. Location: Room HC-5, Capitol.

MATH-SCIENCE TEACHERS _ 7 p.m. Top math and science teachers attend a Presidential Awards Ceremony, with NSF Director Arden Bement, Jr., and White House Office of Science and Technology Policy Director John Marburger. Location: National Academy of Sciences, 21st and C Sts. NW.

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THE ATTORNEY GENERAL'S *NEWS BRIEFING*

PREPARED FOR THE OFFICE OF PUBLIC AFFAIRS, U.S. DEPARTMENT OF JUSTICE

TO: THE ATTORNEY GENERAL AND SENIOR STAFF

DATE: THURSDAY, MAY 4, 2006 7:45 AM EDT

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TERRORISM NEWS:

In Setback For Administration, Moussaoui Jury Returns Sentence Of Life In Prison. After long deliberations, the jury yesterday returned a sentence of life in prison in the case of Zacarias Moussaoui. Reacting to the verdict, said ABC World News Tonight (5/3, story 2, :15, Vargas), "President Bush said he thought Moussaoui got a fair trial. And noted that the jury spared Moussaoui's life, which Bush said is something the confessed terrorist wasn't willing to do for Americans on 9/11." On NBC Nightly News (5/3, lead story, 3:40, P. Williams), the President was shown saying, "They spared his life, which is something that he evidently wasn't willing to do for innocent American citizens." CNN's The Situation Room (5/3, Malveaux) reported Bush "used this occasion to make a couple of points. First, he offered his condolences to those who suffered and who died on September 11th. Secondly, he recognized the heroes, specifically those passengers of United Flight 93. And third, he used this occasion to promote the war on terror." In a statement, Bush said, "We can be confident our cause is right and the outcome is certain. Justice will be served. … Evil will not have the final say."

The Los Angeles Times (5/4, Havemann) quotes Bush saying, "We are still deeply touched by the memory of rescuers who gave all, the passengers who ran a hijacked plane into the ground to prevent an event greater loss of life, and the frightened souls who comforted one another during their final moments on earth. … The end of this trial represents the end of this case but not an end to the fight against terror."

The Moussaoui story generated extensive reporting on TV, where it led all three network newscasts and received a total of about 15 minutes of coverage, as well as on print media. Most reports portray the decision as a setback for the Department of Justice and the Administration in general. For instance, on ABC World News Tonight (5/3, lead story, 3:45), correspondent Elizabeth Vargas called the verdict a "stinging defeat" for the Administration. The AP (5/4, Sniffen, Barakat) also calls the verdict "a stinging defeat," particularly "for the Justice Department and Deputy Attorney General Paul McNulty, a former federal prosecutor in Alexandria who was overseeing the case." The CBS Evening News (5/3, lead story, 3:20, Stewart), meanwhile, called decision "a painful setback for the Justice Department."

Also on the CBS Evening News (5/3, story 2, 1:15, Schieffer), legal analyst Andrew Cohen said, "You could certainly argue now…that there was overreaching by the government. … There was never an independent concrete link in the evidence between Moussaoui and the hijackers." Reporter Jeanne Meserve, meanwhile, said on CNN's The Situation Room (5/3) that the verdict is a "major disappointment" for the Justice Department, adding, "This was four years of effort on the part of the Justice Department. It is their only 9/11-related trial. They saved up and stored up the best evidence they had and put it out here. They put their best prosecutors on this case. … I have to believe that there is disappointment on the part of the U.S. government at this point in time."

USA Today (5/4, Johnson) says "the verdict was a setback for the Justice Department," and quotes Deputy Attorney General Paul McNulty saying, "The jury has spoken. We respect and accept the verdict." Asked "whether the government planned to prosecute two suspected planners of the 9/11 attacks -- Khalid Shaikh Mohammed and Ramzi Bin al-Shibh, both of whom are in custody at undisclosed locations -- McNulty said only that 'the investigation was continuing.'"

In an analysis piece, USA Today (5/4, Johnson, Willing) reports, "Several legal analysts said Wednesday that in the Moussaoui case, the administration essentially gambled on linking him to 9/11 to try to have him executed -- and lost." The Los Angeles Times (5/4, Savage), in its own analysis piece is sharply critical of the Administration, and sees the Moussaoui verdict as outlining larger problems with the Department of Justice's war on terror strategy. Says the Times, "A central contradiction in the Bush administration's fight against terrorism is that bit players often have been put on trial, while those thought to have orchestrated the plots have been held in secret for questioning."

The Washington Post (5/4, A1, Markon, Dwyer) reports some analysts "said the verdict showed that the government had wasted years and millions of taxpayer dollars pursuing Moussaoui when prosecutors could have settled for a life sentence several years ago." Along those lines, the Post quotes Stephen A. Saltzburg, a law professor at George Washington University, saying, "We would have spared ourselves enormous cost and expense and having to deal with Moussaoui and giving him the forum he wanted. … The government will say the 9/11 families got closure and had a chance to tell their stories, but the fact is they didn't get closure. What they got was a defendant who insulted them and demeaned their dead." Meanwhile, the New York Times (5/4, Lewis) says the verdict "seemed to surprise most people in the courtroom, notably Justice Department prosecutors."

ABC World News Tonight (5/3, lead story, 3:45, Vargas) reported, "The jurors spent more than 40 hours deciding Moussaoui's fate. His six-week trial was notable for his defiance and his disrespect. Today, as he left the courtroom, he made a final taunt, saying, 'America, you lost.

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I won.'" ABC (Thomas) added, "A death sentence requires a unanimous vote by the jury. We now know that at least one jury member simply did not buy the government's case. The announcement stunned many at the courthouse." Some family members "who wanted the death penalty accepted the verdict." CNN's The Situation Room (5/3, Arena) noted Moussaoui's exact comment was: "America, you lost. Raskin and Novak [the names of two of the prosecutors] you lost. I won." Then, CNN added, "he clapped his hands on his way out of the courtroom." Fox News' Special Report (5/3, Emmanuel) noted "The Federal judge…praised the jury and said, quote, 'The government always wins when justice is done.'"

In a separate story, ABC World News Tonight (5/3, story 3, 2:40, Vargas) reported the reaction of the 9/11 family members was "as divided as their testimony." ABC (Muir) added, "The families watched as Moussaoui clapped his hands while leaving the courtroom. For them, there were no winners. Just another painful day that won't bring their loved ones back."

The CBS Evening News (5/3, lead story, 3:20, Stewart) reported, "I think a month ago, no one would have predicted this verdict, especially after Moussaoui himself took the stand and sneered at the victims of 9/11 and said he'd like to kill more Americans. But after 41 hours of deliberation, you could start to feel this one coming." The "key point for the holdouts appeared to be their belief that Moussaoui was a bit player at best in 9/11 and was never intended to be the pilot of a 5th plane that day, as he claimed from the witness stand."

NBC Nightly News (5/3, lead story, 3:40, P. Williams) reported, "At least some of the jurors found that Moussaoui's role in the 9/11 attacks was so limited it didn't justify capital punishment." His "court-appointed lawyers said it was the right punishment for someone they described as an al Qaeda wannabe." Family members "were by no means unanimous on how Moussaoui should be punished. Many said they were relieved by the verdict." The New York Times (5/4, Santora) also reports on the families, in a story titled "Some 9/11 Families Side With Jury On Moussaoui, But Most Express Regrets." The Washington Post (5/4, A16, Dwyer, Markon) runs a similar report under the headline "For Victims' Families, Verdict Elicits Mix Of Shock, Relief."

The Washington Times (5/4, Taylor) reviews the main events in the Moussaoui prosecution, reporting, that "in April 2005, Moussaoui pleaded guilty to charges of conspiring with al Qaeda in the attacks. At the time, he denied being a part of the initial hijacking plot, saying he had, in fact, been in training for a second wave of hijacked airplanes to slam into US targets." In his plea, he "admitted knowing that the 19 al Qaeda hijackers were going to fly aircraft into US buildings." However, the Christian Science Monitor (5/4, Richey) notes Moussaoui "stunned many terrorism experts" when he later "testified that he was tasked to fly an airplane into the White House on 9/11 with convicted shoe bomber Richard Reid. … Many legal analysts said it suggested Moussaoui wanted to become a martyr and was tailoring his testimony to help achieve that result."

The Financial Times (5/4, Sevastopulo, Alden) reports, "The trial provided yet another reckoning of the failure of the US government to act on the many clues that might have prevented the September 11 attacks." Harry Samit, the Minneapolis FBI agent who arrested Mr Moussaoui, "told the jurors that had had warned his superiors repeatedly before September 11 that Mr Moussaoui was a terrorist who should be investigated aggressively." He "accused his bosses of 'obstructionism, criminal negligence and careerism.'"

Scripps/McClatchy (5/4, Gordon) reports, "It was not immediately clear how many of the jurors held out for a life sentence -- and that may remain a secret. The jurors have been kept anonymous and were whisked to their cars by deputy U.S. marshals after the verdict. … But the complicated, 42-page verdict form showed that, while the jury unanimously agreed that Moussaoui's crime met legal thresholds for a death penalty, a number of jurors gave weight to mitigating factors." McClatchy continues, "Three jurors found that Moussaoui had 'limited knowledge' of the Sept. 11 plot, three said he was a minor player and as many as nine factored his troubled childhood and abusive father in his favor on the three terrorism-related conspiracy counts. … Four jurors gave weight to psychotic disorders suffered by his two sisters and father -- an indication that those jurors also questioned Moussaoui's mental stability. Three jurors said they took into account that he was subjected to racism as a Moroccan growing up in southern France. … None of the jurors mentioned Moussaoui's desire for martyrdom as a mitigating factor, and it was not clear if the verdict was influenced by any jurors' desire to prevent him from dying an al Qaeda hero."

Bloomberg (5/4, Elsibai) called the verdict "a resounding defeat for the Bush administration's Justice Department …"

The London (UK) Times (5/4, Baldwin, McGrory, Sage) reports, "There certainly are others more deserving of punishment, including several who have spent years in US military custody such as Sheikh Mohammed, Ramzi Binashibh, a close associate of Atta, and Mohamed al-Kahtani, the real 20th hijacker. … The US Government says they cannot yet be prosecuted because they are all yielding valuable intelligence information. Perhaps, but others suspect that 4½ years after the event, the real reason they have not been put on trial is because the process of yielding such information — through dubious interrogation techniques such as water-boarding — means their case would be thrown out by any US court worthy of the name. … . Instead, America was given the Zacarias Moussaoui show."

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CBS 2 Chicago (5/4, Blakley) reports, "Gary (IN)'s Denise Dillard says no verdict could have eased her loss. Her brother-in-law, 54-year-old Eddie Dillard, died in the airliner that crashed into the Pentagon. … 'I don't know if there will ever be justice for a 9/11 family,' Dillard said." CBS 2 continues, "DePaul historian Tom Mockaitis believes denying Moussaoui's wish for martyrdom aids the War on Terror. … 'The message is, in some way, we've risen above the level of the terrorists themselves,' Mockaitis said."

Editorials Praise Jury's Decision. Editorials in most major newspapers this morning generally express agreement with the verdict. USA Today (5/4) editorializes, "Twelve average citizens sent the world a proud message Wednesday about America, that this nation can dispense justice even to its vilest enemies. The jurors' decision to send Zacarias Moussaoui to a stark, solitary cell for life…was a victory of rationality over emotion."

In an editorial, the New York Times (5/4) calls the verdict "like the best possible outcome. For all his bombast, Mr. Moussaoui had no direct role in the 9/11 attacks. And it is good to know that he will not achieve a fanatic's martyrdom."

The Washington Post (5/4, A24), meanwhile, offers praise for the presiding judge. In its editorial, the Post calls the jury's decision "correct as well as courageous," adding "it would not have been possible without the exemplary handling of this case from its outset by US District Judge Leonie M. Brinkema." Brinkema "presided in such a fashion as to preserve the dignity of her court -- which Mr. Moussaoui repeatedly sought to mock -- and to ensure that he would be tried fairly."

In an editorial, the Los Angeles Times (5/4) says the jury made "the right decision," adding a "death sentence…could have endowed" Moussaoui "with undeserved martyr status. In sparing Moussaoui's life, the jury resisted the temptation to treat him as a stand-in for the 9/11 hijackers. And it refused to succumb to the notion that a death sentence for Moussaoui was justified because it would provide 'closure' to the families of those who were killed in the attacks."

The Wall Street Journal (5/4) disagreed with assessments such as the ones above and was critical of the jury's decision. It said in an editorial, "Fretting over whether enemy agents had dysfunctional childhoods is no way to win" the war on terror.

Also disagreeing with the verdict, former US assistant attorney general for legal policy Viet Dinh writes in a USA Today piece titled "Justice Not Served" (5/4), "The decision was careful and deliberate. It was also wrong. … No one on the jury believed that putting Moussaoui to death would make him a martyr. In the end, perhaps the most telling fact is that nine jurors thought that Moussaoui was abused by his father and abandoned by his family. A bad childhood vs. 3,000 good lives. You do the math."

Biden Says Moussaoui Should Have Been Sentenced To Death. Sen. Joe Biden said on MSNBC's Hardball (5/3), "My reaction is I wish he had gotten death," but the trial was "an incredible demonstration that we are totally, completely free and we are a pretty fair outfit.'

Schumer Says Death Sentence Would Have Been Appropriate. Sen. Charles Schumer said on MSNBC's Hardball (5/3), "My reaction is that the death penalty clearly would have been appropriate. If it ever was appropriate, this kind of situation is the case. But the fact that he will be in jail the rest of his life surrounded by Americans, not be a martyr, is the other side of it. So I would have, if I would have voted, I couldn't sit in the jury. But I probably, looking at it from afar, would have preferred the death penalty."

King Says He Supported Death For Moussaoui. Rep. Peter King said on MSNBC's Hardball (5/3), "I certainly supported the death penalty. … I had approximately 150 friends, neighbors, constituents who were killed on September 11, many people in my parish, my neighborhood. And almost all of them -- and I don't want to speak for the victims -- but almost everyone that I spoke to of the victims' families strongly supported the death penalty. I did. If there was ever a case where a person was evil incarnate, it was that day."

Pataki "Disappointed" By Moussaoui Verdict. New York Gov. George Pataki said on MSNBC's Hardball (5/3) that the verdict "sent a message to the world here that we are a nation of laws. We are going to apply those laws equally to everyone. And it just, I think, shows the greatness of our country, as disappointed as some family members and as disappointed as I am in the final outcome of the verdict."

Giuliani Says He Would Have Preferred "Different Verdict." Former New York City Mayor Rudy Giuliani said on MSNBC's Hardball (5/3) , "I'm not personally involved in this, but I would have preferred a different verdict. But it does show that we have a legal system, that we follow, that we respect it. And it is exactly what is missing in the parts of the world or a lot of the parts of the world that are breeding terrorism. So maybe there is something good that come out of this in showing these people that -- at least showing the ones that have any kind of an open mind that we are a free society, a lawful society, a decent society, that we have respect for people's rights and that we can have disagreements about whether the death penalty should be imposed on somebody like Moussaoui."

Gonzales Defends Renditions, Denies US Torture. The AP (5/4, Oleksyn) reports, "U.S. Attorney General Alberto Gonzales insisted Wednesday the United States does not condone torture and said terrorist suspects will not be sent to countries where they could face such treatment." The AP continues, "Gonzales, who met with Austria's interior and justice ministers and EU officials, was

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responding to allegations by European lawmakers that they had discovered a 'widespread regular practice' of human rights violations by the CIA on their continent." The AP adds, "The lawmakers claimed in a report last week that the CIA had conducted more than 1,000 undeclared flights over European territory since the Sept. 11 terror attacks – some carrying suspected terrorists to countries where they could face torture. The practice is known as 'extraordinary rendition.' … 'The United States does not engage in torture and does not condone torture. There are domestic laws that prohibit such conduct and of course we have our international obligations under the convention against torture,' Gonzales told a news conference. … 'The obligation with respect to torture obviously applies also in respect to renditions ... as we all know, renditions in and of itself is nothing extraordinary,' he said. 'We understand that there are real obligations in respect to all renditions and that we will not transfer someone to another country where it is more likely than not that they will be tortured.'"

AFP (5/4) reports, "The United States has come under fire over the past year following press reports about hundreds of CIA flights suspected of carrying undeclared prisoners across European airspace as part of the 'war on terror' launched after the September 11, 2001, terror attacks in the US." AFP adds, "Gonazales did not provide any specifics about any of the alleged CIA flights. … 'We understand how important it is that the perceptions and reality is that the United States meets its commitment under both domestic and international law,' he said. … 'We also very much respect the sovereignty of other nations in the way that we engage in this war against terrorism, and we will be as cooperative as we possibly can be in providing and sharing information that we can,' he added."

Amnesty International Report Blames Top US Government Officials For Torture. Knight Ridder (5/4, Schofield) reports that an Amnesty International report says "torture and other cruel, inhuman or degrading treatment of detainees by U.S. forces is widespread and, in many cases, sanctioned by top government officials." These allegations "are likely to influence a U.N. hearing on U.S. compliance with international torture agreements that begins Friday in Geneva." While "American officials denied the allegations," Javier Zuniga, Amnesty International's Americas director said, "Most of the torture and ill-treatment stemmed directly from officially sanctioned procedures and policies, including interrogation techniques approved by Secretary of Defense Donald Rumsfeld."

Hayat Alternate Juror Alleges Jury Foreman Contacted Her During Deliberations. The Sacramento Bee (5/4, Walsh, 301K) reports that during the Hamid Hayat jury deliberations, "the jury foreman contacted an alternate juror about a member of the jury who was frustrating the foreman. The seemingly inappropriate conduct in the trial of Hamid Hayat came to light Wednesday when U.S. District Judge Garland E. Burrell Jr. issued a notice of the contact." Alternate juror Marta Watanabe said "that she was contacted April 20 by jury foreman Joseph Cote, who 'asked her a question about Arcelia Lopez,' according to Burrell's one-sentence notice. It was not clear Wednesday whether Burrell intends to investigate the Cote's conduct." The San Francisco Chronicle (5/4, Bulwa) notes that Lopez "now asserts she was bullied into her verdict." The Chronicle adds that Cote, reached yesterday at his home, "at first denied calling Watanabe during deliberations, saying, 'I don't know about it.' … Moments later, Cote said, 'I spoke with her but I don't remember what it was about.' He said he knew 'for sure' that the conversation was not about Lopez. Cote then said he probably had spoken to Watanabe about the jury's plans to hold a reunion party after the case was over."

KXTV-TV Sacramento (5/3, Kobely) reports on the jury contact and adds, "Meanwhile, Hayat attorney Wazhma Mojaddidi filed a motion Wednesday asking Burrell to overturn Hayat's guilty verdict, claiming insufficient evidence and other grounds to throw out last week's guilty verdict. … If Burrell declines to overturn the verdict, Mojaddidi is asking for a new trial. … U.S. Attorney McGregor Scott issued a statement late in the afternoon" saying, "We will vigorously litigate defendant's new trial motion and we'll do so in court."

PATRIOT ACT:

DOJ Reports Sharp Rise In FISA Warrants Since 9/11. As was widely-reported by newspapers and wire services earlier this week, The Washington Times (5/4, Hudson) reports the Justice Department has informed Congress that "more than 2,000 wiretaps were approved last year by the Foreign Intelligence Surveillance Court to spy on suspects of terrorism or espionage, compared with a little more than 900 wiretaps in 2001. In addition, more than 9,000 warrants were issued without court approval last year through National Security Letters to snoop through the records of more than 3,500 people, according to the report to the House Republican leadership." David Sobel of the Electronic Privacy Information Center said, "Now that they've seen the numbers, hopefully Congress will be even more curious and continue to ask about the scope of these letters."

Senators Seek DOJ Clarification Of Domestic Wiretapping Measures. McClatchy Newspapers (5/4, Talev) reports, "As the immigration debate grips Capitol Hill, some lawmakers are quietly turning their attention back to a subject that was just as much a lightning rod only a few months ago: President Bush's domestic eavesdropping program." McClatchy continues, "The Senate Judiciary

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Committee was scheduled to consider three measures Thursday that alternately seek to legitimize the controversial program with few changes; give a secret court power to oversee the administration's program; and pave the way for the Supreme Court to quickly take up cases challenging the program's legality. … The Judiciary Committee's chairman, Sen. Arlen Specter, R-Pa., said he wants to send all of these measures to the Senate floor for a full debate, but he acknowledged enough controversy exists within his own committee that he may have trouble putting together the votes to move ahead this week. 'We're trying to work out some problems,' he said in an interview. 'Different senators have different concerns.'" McClatchy notes, "Sen. Dianne Feinstein, D-Calif., a member of the committee, asked Specter in a letter Wednesday to postpone the markup session until Attorney General Alberto Gonzales provides lawmakers more details about the program. Specifically, Feinstein has asked Gonzales what procedural changes to the Foreign Intelligence Surveillance Act should be considered by Congress to make oversight of the eavesdropping program by the secret FISA court - as some lawmakers favor - palatable to the administration. Feinstein told Specter she received word just Wednesday that the Department of Justice would issue a response by May 15. … 'We cannot fairly consider legislation before the attorney general has even spelled out whether and why a specific warrant approach must be abandoned,' she said."

Newsday Says FBI Wiretapping Necessary, But Finds NSA Surveillance "Troubling." Newsday (5/4) editorializes, "The FBI was authorized to wiretap and search the belongings of a record number of people for intelligence purposes last year. That's not surprising. The war on terror has stretched the FBI's mission beyond prosecuting crimes to preventing terrorist attacks. Prevention demands prior knowledge, and that often requires spying. What is surprising, and deeply troubling, is that Congress has allowed the National Security Agency to tap an unknown number of Americans' overseas calls and e-mails without warrants or review by any court, even the secretive Foreign Intelligence Surveillance Court, which exists for that very purpose." Newsday adds, "Lawmakers should demand to know the nature and extent of the NSA wiretapping. Congress has been far too docile in allowing the off-the-books snooping to continue unchecked when it appears both to violate the law and offend the Constitution."

HOMELAND RESPONSE:

Defense At Bombing Trial Wants To Call Police Commissioner As Witness. The New York Times (5/4, Rashbaum) reports, "Federal prosecutors at the trial of" Shahawar Matin Siraj, a Pakistani immigrant accused of plotting to blow up the Herald Square subway station, "said yesterday that they would fight an effort by the man's defense lawyers to call Police Commissioner Raymond W. Kelly as a witness." A "defense lawyers, Martin R. Stolar, told the judge that he wanted to put Mr. Kelly on the witness stand as part of his effort to show that his client…was entrapped by a paid police informer."

FCC Gives Internet Providers 90 Days To Comply With CALEA On VoIP. TMCnet.com (5/3, Liu) reports, "The Federal Communications Commission on Wednesday issued a multi-tiered order to all facilities-based broadband Internet access providers and interconnected voice over Internet protocol (VoIP) providers mandating, among other things, that carriers have 90 days to come into compliance with the security requirements needed to implement the Communications Assistance for Law Enforcement Act (CALEA)." FCC also "decided against the adoption of a national surcharge to cover CALEA costs, instead concluding that the carriers are responsible for CALEA development and implementation costs." TMCnet notes, "The current CALEA proceeding was initiated in response to a joint petition filed by the Department of Justice, Federal Bureau of Investigation, and Drug Enforcement Administration in March 2004."

CNET News.com (5/3, McCullagh, Broache) reports, "Even without the CALEA regulations, police have the legal authority to conduct Internet wiretaps--that's precisely what the FBI's Carnivore system was designed to do. Still, the FBI has argued, the need for 'standardized broadband intercept capabilities is especially urgent in light of today's heightened threats to homeland security and the ongoing tendency of criminals to use the most clandestine modes of communication.'"

DHS Notice Urges Mass Transit Systems To Remain Alert. In an article appearing on more than 100 news websites, the AP (5/4, Jordan) reports on what DHS spokesman Russ Knocke described as "a routine reminder" Wednesday, in which the agency warned US mass transit systems "to remain alert against possible terror attacks," highlighting "suspicious activity at unnamed European subway stations last fall." The notice from DSH said the agency "has no credible or specific intelligence regarding active plots targeting US mass transit systems," and Knocke said there are "no immediate plans to raise the nation's terror threat alert level." In Washington, Metropolitan Transit Authority spokeswoman Candace Smith said "the new notice did not spark any alarms, but 'we constantly remain vigilant.'"

In an article focusing on the "suspicious activity" that prompted the notice, the Washington Post (5/4, A19, Hsu) reports that DHS did not describe the "incidents of 'suspicious

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videotaping' of a European mass-transit system," but said that they "provided 'indications of continued terrorist interest in mass-transit systems as targets and potentially useful insight into terrorist surveillance techniques.'" The notice also said that "a foreign national detained last November used a hand-held video camera to film several stations, two line routes, and the interior and exterior of a subway car."

More Humor Aimed At TSA. The AP (5/3, Miller) reports that a recent Tank McNamara comic strip in which an ex-Transportation Security Administration screener working security at a Major League baseball stadium said that he missed "pawing ladies' underwear like I could when I was screenin' for the TSA," was not "the first time someone took a comic shot at the agency hastily created to take over airport security after the Sept. 11 terrorist attacks." The agency has been mocked in newspaper columns, editorial cartoons, comic strips, a parody song, even a Super Bowl commercial." The AP continues, "All that attention to an agency that's still in its infancy raises the question of whether TSA screeners are likely to replace post office workers as the butt of jokes and the subject of late-night talk show monologues."

UN Official Says Anti-Terror Laws Have Made It Harder For Victims To Win Asylum In US. The Washington Times (5/4, Behn) reports that Antonio Guterres, the United Nations High Commissioner for Refugees, said in an interview yesterday that post-9/11 anti-terrorist laws in the US "inadvertently have made it more difficult for legitimate political refugees to find asylum in the United States." Guterres said that "in many circumstances," people denied asylum because they had given material assistance to terrorists "are victims of terrorist organizations who blackmailed them." He "said he had discussed the situation with the State Department, legislators, the attorney general and the secretary of Homeland Security." The Times adds, "Bush administration officials appear ready to be flexible in certain cases."

SBA Criticized For Failing To Utilize Damage Inspectors. Several men hired early this year by the SBA as "loss verifiers" are say they were laid off after being trained and flown to New Orleans during Mardi Gras in February, but not given work. According to the Washington Post (5/4, A23, Babcock) one man "said an SBA official recruiter told him he would be working for at least two months and to be prepared to be gone for six months. Instead, after being trained in Sacramento, he was told there was no inspection work left." The Post reports "The SBA said that it expects some of the laid-off workers to join a permanent 'disaster reserve' corps to help assess property damage in the future, and that the trip to New Orleans was 'an investment' in their training."

Gutierrez To Lead Delegation Of Business Leaders To Gulf Coast. The Los Angeles Times (5/4, Simmons) reports that today and Friday, Commerce Secretary Carlos Gutierrez "will bring U.S. business leaders to the Gulf Coast, hoping to persuade them to invest in hurricane- and flood-damaged New Orleans and neighboring areas. … The trade delegation brings together 32 companies of various sizes and sectors, including home-building, retail, transportation and travel and tourism. … Executives will tour commercial and residential areas, review repairs to the region's levees and ports, and discuss investment opportunities with local, state and federal officials, including Donald E. Powell, federal coordinator for Gulf Coast rebuilding."

Advocate Says FEMA Rebuilding Guidelines Will Put "Residents In Harm's Way." J. Robert Hunter, the director of insurance for the Consumer Federation of America, in an op-ed in the New York Times (5/4, Hunter) writes that FEMA's guidelines for rebuilding New Orleans "were devised with the best of intentions to spur the reconstruction of a devastated city," but "will have negative repercussions far beyond Louisiana." Hunter says the "guidelines will cripple FEMA's National Flood Insurance Program, which is the only assistance available to most Americans trying to protect themselves from flooding caused by natural disasters. They will also cause taxpayers to subsidize dangerous and improper rebuilding in New Orleans, putting many residents in harm's way." The agency's "new guidance for the area bounded by the New Orleans levees will allow rebuilding even though, as the agency has stated, 'the flood control system will not meet the standards necessary for providing protection' against a 100-year flood."

First Lady Announces Grants For Hurricane-Damaged School Libraries. First Lady Laura Bush and media executives yesterday announced that school libraries destroyed by hurricanes Katrina and Rita will receive grants worth $500,000 to help them rebuild. The AP (5/4, McConnaughey) reports, "Bush, a former librarian and public school teacher, announced the grants at Chalmette High School in St. Bernard Parish, where every building -- including 15 schools -- was flooded. Seven public and private schools in Louisiana and three in Mississippi will receive the money from the Laura Bush Foundation's Gulf Coast Library Recovery Initiative." The AP adds, "Every school that gets a grant from the foundation also is getting magazines from Time Inc., chairman and CEO Ann Moore announced. Time also will provide books along with German media giant Bertelsmann AG."

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The CBS Evening News (5/3, story 9, 2:20, Schieffer) reported on the efforts of Kelsie Buckley, a young girl "who has been raising money for Mississippi libraries destroyed by Hurricane Katrina. Her story caught the eye of someone who has a special place in her heart for books, a former librarian named Laura Bush." CBS (Hartman) added, "Mrs. Bush was in Biloxi to give out the first grants from her Laura Bush Foundation, money that will help restock school libraries lost to Katrina, but she was also here to meet Kelsie." Laura Bush: "Thank you, Kelsie, for your very hard work." Hartman: "Mrs. Bush first learned of Kelsie the same way you did. She saw our story about how this 11-year-old girl was raising money to rebuild libraries even though she's legally blind and lost her home too. … You know, she's here so I don't want you to say too many nice things about her, but there must have been something in there that grabbed you, that touched you. What was it about her? You see lots of stories on the news." Laura Bush: "Well, of course, it was because she loved books, and she wanted schools to have books and libraries to have books and that's what I liked too when I was Kelsie's age that was my favorite thing to do."

WAR NEWS:

Rumsfeld Says US Drawdown Contingent On Seating Of Iraqi Ministers. The AP (5/4, Sidoti) reports Defense Secretary Donald H. Rumsfeld said yesterday "he does not expect U.S. commanders to make a recommendation for withdrawing forces from Iraq until after the country appoints ministers of its fledgling government, perhaps by the end of May." Rumsfeld said Gen. George Casey, "the top U.S. commander in Iraq, and U.S. Ambassador Zalmay Khalilzad have not yet been able to begin discussions with Iraqi defense and interior ministers 'about the conditions on the ground and the responsibility being passed over to the Iraqis.'" But after the Iraqi government is installed, Rumsfeld said, "I do expect that, after that happens, they will be having those discussions and that, as we pass over more responsibility, we ought to be able to reduce our forces."

Retired General Calls For Immediate Withdrawal From Iraq. In a Los Angeles Times op-ed (5/4), retired Lt. Gen. William Odom says, "Only with a rapid withdrawal from Iraq will Washington regain diplomatic and military mobility. Tied down like Gulliver in the sands of Mesopotamia, we simply cannot attract the diplomatic and military cooperation necessary to win the real battle against terror. In fact, getting out now may be our only chance to set things right in Iraq. For starters, if we withdraw, European politicians would be more likely to cooperate with us in a strategy for stabilizing the greater Middle East. Following a withdrawal, all the countries bordering Iraq would likely respond favorably to an offer to help stabilize the situation. The most important of these would be Iran."

Broder Praises Biden Partition Plan For Iraq. In his Washington Post column (5/4, A25), David Broder praised Sen. Joseph Biden's suggestion for Iraq: "This week, after his sixth trip to the war zone, he said that the threat of sectarian violence -- an incipient civil war between Shiites and Sunnis -- has become so great that the United States must redefine its political goals in Iraq. Instead of betting everything on the creation of a unified government in Baghdad, Biden said, we should encourage the development of separate but linked regional authorities in northern Iraq for the Kurds, in southern Iraq for the Shiites and in central Iraq for the Sunnis." Biden would "retain control of defense, foreign policy and oil resources for the central government now on the way to formation, but he would let the regional governments largely run their own affairs. This is, he told me, not a call for partition. It is a recognition of what he considers a reality -- that the component parts of Iraqi society need 'breathing space' to adjust their relations."

Herbert Notes US Death Toll In Iraq Has Passed 2,400. In his New York Times column (5/4), Bob Herbert says, "Like a disease for which there is no vaccine and no cure, the war in Iraq drags on. American deaths have now passed 2,400. Tens of thousands of Iraqi men, women and children have died. The suffering continues to spread like a fire sprayed with gasoline."

Suicide Bomber Kills Eighteen In Fallujah. The Los Angeles Times (5/4, Daragahi) reports a suicide bomber "wearing an explosives-laden belt set off a blast this morning amid a crowd of aspiring police recruits, killing 18 Iraqis and injuring 20 in the restive Sunni city of Fallouja, police and hospital officials said." Iraqi police "in the capital also reported a sudden increase in death squad killings, with at least 34 bodies of men bearing marks of torture and felled by single bullet-wounds to the head found in and around the capital since Tuesday morning." Meanwhile, the "ongoing gambit to stem sectarian and ethnic violence by drawing Iraq's disparate ethnic and religious groups into the political arena also continued. In a conference room inside Baghdad's U.S.-protected Green Zone, Iraqi lawmakers convened a second session of parliament, forming an 11-member rules committee and agreeing to put off potentially divisive discussions on the constitution until after a cabinet has been named and approved."

The AP (5/4, Reid) reports Sunni insurgents "boldly attacked fellow Sunni Arabs on Wednesday, the latest in a growing campaign against those who cooperate with the U.S.-backed Iraqi government." A "suicide bomber cloaked in explosives killed two policemen and 13 police recruits gathered in Fallujah, a city surrounded by U.S. Marine checkpoints. In a nearby town, three Sunni soldiers from the

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U.S.-trained Iraqi army were found slain." Violence "shows little sign of abating. Instead, it has shifted from mainly attacks against U.S. and Iraqi forces to carefully targeted murders of Iraqis."

The Washington Post (5/4, A19, Hernandez, Ibrahim) reports a "wave of killings in the capital and a suicide bomber's attack on a group of Iraqi police recruits" in Fallujah "on Wednesday punctuated a day in which Iraq's newly formed parliament put off debating difficult issues and discussed its bylaws." Insurgents have "repeatedly targeted crowds of army and police recruits, particularly in Fallujah and other parts of Anbar province, a vast desert area west of Baghdad that is considered the heartland of the Sunni Arab insurgent movement." Iraqi police "also discovered 37 bodies in several Baghdad neighborhoods, all of them handcuffed, blindfolded and shot dead, said Maj. Gen. Mahmoud al-Waeli, an Interior Ministry official."

Taliban Intensifies Attacks On NATO Troops In Southern Afghanistan. The AP (5/4, Garwood) reports Taliban militants "and their allies have launched an intensified campaign against thousands of NATO troops deploying to southern Afghanistan, where the multinational force is taking over from U.S. soldiers." The "stepped-up attacks" by the "remnants of the ousted Islamic regime" range from "ambushing Afghan police from mountain passes or detonating bombs on lonely highways." Military officials and analysts "said Wednesday the Taliban threat is the No. 1 challenge facing more than 7,000 U.S., Canadian, British and Dutch troops that by September will be fighting under the NATO flag in four southern provinces."

US Commander In Afghanistan Seeks To Strengthen Reach Of Central Government. The Washington Post (5/4, A18, Constable) reports while "the world may be wondering whether U.S.-led troops will ever find Osama bin Laden, Lt. Gen. Karl W. Eikenberry has his eye on smaller, more immediate tasks." During a "day in remote Laghman province last week," Gen. Eikenberry, "the top U.S. commander in Afghanistan, immersed himself in the daily concerns of local residents: the lack of a market road for farmers, the danger of bomb attacks against schools, the remoteness of the national government in Kabul." Although for "most of the 23,000 U.S. troops stationed in Afghanistan, the main task is still to hunt down, capture or kill anti-government fighters," after "several months of intensified attacks by insurgents, including roadside and suicide bombings, Eikenberry argues that the most effective antidote is to strengthen and protect Afghanistan's weak central government."

House Panel Would Authorize Pentagon To Increase Number Of Ground Troops. The AP (5/4, Sidoti) reports the House Armed Services Committee would permit the Pentagon to "add thousands of ground troops under" the military authorization bill, "reflecting lawmakers' long-standing concerns that U.S. forces must be increased, particularly during wartime." The provision "is part of a massive measure the House Armed Services Committee planned to approve on Wednesday. The bill sets Defense Department policy and spending levels of roughly $510 billion for the military for next year, including $50 billion to cover the first portion of next year's costs for wars in Iraq and Afghanistan." The bill "permits the Army to increase the number of active-duty soldiers by 30,000 — or 6 percent beyond what President Bush requested — to a maximum target of 512,400. It also requires the Army to maintain an active-duty force of at least 504,400, roughly 2,000 more soldiers than the current level." Additionally, the "bill allows the Marine Corps to add 5,000 troops — or 3 percent more than Bush sought — to reach a force of 180,000 Marines."

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DOJ Probing McNally Testimony At Ryan Trial. The AP (5/4) reports, "A letter sent to U-S Senator Richard Durbin says the Justice Department is investigating a former prosecutor from southern Illinois whose testimony at the trial of former Governor George Ryan angered government lawyers." The AP continues, "Durbin wrote to the Justice Department in March asking whether it was investigating Edward McNally. Durbin received a reply dated April 24th that says allegations against McNally are being reviewed." The AP adds, "McNally appeared as a defense witness for Ryan, his client in private practice years earlier. He testified that at an interview he was at with Ryan in 2001 he told prosecutors an F-B-I agent was taking inadequate notes. He said they stared and said nothing. At Ryan's trial, prosecutors said McNally's account was false. … McNally now works at the Justice Department in Washington."

The Chicago Sun-Times (5/3, Herman) reported, "Federal prosecutor Edward McNally is the target of an ethics investigation by the U.S. Justice Department over his involvement in the defense of former Gov. George Ryan, according to a letter from the department to Sen. Dick Durbin." The Sun-Times notes that McNally could have been sued by Winston & Strawn – the firm representing Ryan – over his partnership in a bankrupt firm before he joined DOJ. "Prosecutors…said McNally could have given testimony favorable to Ryan in exchange for Winston's refraining from suing him. The prosecutors called the situation a 'huge financial conflict of interest.'"

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CORPORATE SCANDALS:

Defense Experts Support Enron's Bookkeeping. USA Today/AP (5/4, Graczyk) reports that Walter Rush, an accounting expert hired by Enron CEO Jeff Skilling testified Wednesday that "last-minute changes to quarterly earnings reports prosecutors contend were ordered by Enron CEO Jeff Skilling to improve the company's reputation on Wall Street were accurate, and not the result of improper tapping of company reserves." Rush "also disputed the charge Enron executives improperly moved parts of the retail operation into its highly profitable wholesale business unit to hide financial problems." His testimony follows "University of Southern California professor Jerry Arnold, who testified for Enron founder and former CEO Ken Lay."

The Wall Street Journal (5/4, McWilliams) adds that Rush "said if Mr. Skilling had decided to fold a retail-energy unit into another business, the reason didn't matter. Even if it was done to hide losses, as the government contends, Enron didn't have to tell investors there would have been losses." Arnold, who "was chastised by Presiding Judge Sim Lake at one point for declining to answer a question about a reduction in Enron's shareholder equity," also "testified that Mr. Lay didn't have to write down the value of international operations if they weren't soon to be sold or if the company hadn't determined the declines were permanent."

Causey Probably Won't Be Called As A Witness. The Wall Street Journal (5/4, Emshwiller, McWilliams) reports that Enron's chief accounting officer in the years before the company's December 2001 collapse into bankruptcy, Richard Causey, "has been brought up repeatedly by both prosecution and defense." However, "it looks as if neither side is likely to call Mr. Causey to the stand." Both "appear to have the same reason for being reluctant: If he took the stand, he would likely say things that are helpful and hurtful to each party."

"Phantom" Stock Becoming More Popular For CEO Compensation. The Wall Street Journal (5/4, A1, Thurm) reports, "Amid the drive to tie executive pay more closely to company results, a little-known and poorly disclosed practice is allowing many executives to receive hundreds of thousands of dollars a year in dividends on performance stock -- shares that they may never earn." The "performance, or 'phantom,' shares are a form of restricted stock paid to an executive only if the company meets certain performance targets," and "the number of executives eligible to receive dividends on unvested shares likely has been rising as performance and restricted shares become more popular." However, "corporate-governance watchdogs and executive-pay consultants say the dividends on performance shares undermine the effort to link pay to performance."

Jabril Circuit Says Internal Reviews Didn't Find Backdating; SEC Will Conduct Probe. The Wall Street Journal (5/4, Bandler, Forelle) reports, "Jabil Circuit Inc. said two preliminary internal reviews determined that the company didn't backdate stock-options grants." A Jabil "special board committee will conduct its own probe," and it was "contacted Tuesday by the Securities and Exchange Commission" which "is conducting an informal inquiry of the matter" as well as "a broad review of options-grant practices, looking at whether companies backdated their options grants to take advantage of lower exercise prices or timed them ahead of favorable news."

Five Data Mongers Charged With "Pretexting" By The FTC. The Wall Street Journal (5/4, Roberts) reports, "The Federal Trade Commission brought its first set of charges against five data sellers accused of 'pretexting' -- acquiring telephone records, credit-card statements or other personal data under false pretenses." This "issue has gained increased national attention over the past year, spurring scrutiny by Congress, the FTC and the wireless industry, and heightening consumer fears that private records were being widely sold." Betsy Broder, assistant director of the FTC's privacy and identity-protection unit, said the FTC wants to "send a message to the industry that selling this kind of information is illegal."

Greenberg Is Starting Over. The Washington Post (5/4, D1, Masters) reports that Maurice R. "Hank" Greenberg, the ousted chairman of American International Group Inc., "is starting over." He "is building a privately held insurance firm, with an 'emphasis on private,' he said in a recent interview, with a wry nod to the regulatory troubles that led to his current position." While "in Washington…he was used to being treated as a titan of not only American commerce but also of international relations and philanthropy," over "the past few years, Greenberg has seen his ties to power weaken." The article then goes onto detail Greenburg's life.

CRIMINAL LAW:

Kentucky Businessman Pleads Guilty To Bribing Jefferson. The Washington Post (5/4, A1, Lengel) reports Kentucky businessman Vernon L. Jackson "pleaded guilty yesterday in federal court to bribing Rep. William J. Jefferson (D-La.) with more than $400,000 in payments, company stock and a share of the profits to promote the Kentucky firm's high-tech business ventures in Africa. … Jefferson denied any wrongdoing in the case

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yesterday, but his legal problems are steadily mounting and have undercut his party's efforts to portray the Republicans as the party of political corruption." Assistant Attorney General Alice S. Fisher said in a statement yesterday, "Vernon Jackson got favorable treatment from a Congressman because he paid for it. Public corruption is not a victimless crime -- all of us lose when people believe public officials can be bought." Likewise, the AP (5/4, Barakat) notes US Attorney Chuck Rosenberg said in a statement, "Those that pay bribes in return for favorable treatment, and public officials who corruptly trade on their office and line their own pockets do so at great risk, because we will pursue these cases relentlessly."

The New York Times (5/4, Shenon) adds, "While court papers have not referred to Representative Jefferson by name, they leave no doubt that the congressman and his family are the focus of the Justice Department's investigation. … In a statement released by his House office, Mr. Jefferson said he was 'surprised and disappointed to learn of Vernon Jackson's guilty plea and his characterization of our relationship.' He added, 'I have never over all the years of my public service accepted payment from anyone for the performance of any act or duty for which I have been elected.'"

The Los Angeles Times (5/4, Vartabedian) reports, "Federal law enforcement officials said Jefferson could be indicted as early as next month, and that others were likely to be snared in the investigation. Federal agents raided Jefferson's home and office in August, reportedly seizing a large amount of cash kept in the freezer."

The AP (5/4, Barakat) reports, "Jackson faces a maximum of 20 years when he is sentenced July 27. The plea agreement calls for a sentencing guideline range not to exceed seven to nine years in prison, but the judge is not bound by that."

AFP (5/4) reports, "In the plea, Jackson said the politician first helped him get his company's equipment on the US Army's list of approved products in 2000. … The politician then told Jackson that he would not help his company, iGate, any longer unless he began making monthly payments of 7,500 dollars to the shell company, according to the Justice Department. … The politician also requested five percent iGate's gross sales over five million dollars, five percent of capital investments obtained with help of the politician, and one million shares in the company, the plea agreement said."

House Republicans Hope Questions About Jefferson Will Hurt Democrats. The Hill (5/4, Allen) reports, "House Republicans portrayed congressional corruption as a bipartisan problem yesterday" after Jackson's guilty plea and they "hope questions about Democrats' conduct will undermine the minority party's claims that the GOP is responsible for a 'culture of corruption' in the Capitol." The NRCC "used the headline 'Culture of Hypocrisy' to link to a story about the plea deal from its website yesterday," but "House Republican leaders took a more subtle approach." Majority Whip Roy Blunt said, "Too many of the Democrats want to try to politicize the problem that members of both parties have been caught up in," while Government Reform Committee Chairman Tom Davis "characterized corruption as a bipartisan problem in the House."

Democrats Will Not Call For Jefferson To Quit, But Most Wish He Would Go. Roll Call (5/4, Bresnahan) reports, "Behind the scenes, Democratic insiders said that everyone from Minority Leader Nancy Pelosi…on down would love to see Jefferson resign from Congress, although they won't make an open declaration about Jefferson because of internal party politics. Among other things, the Democratic leadership does not want to alienate the Congressional Black Caucus." Roll Call notes, "Several CBC members…have donated to a legal defense fund set up by Jefferson in 2005, and African-American politicians have been concerned for years that law enforcement unfairly targets minority lawmakers for official scrutiny. 'There is a lot of sensitivity on the issue of African-American lawmakers being the subject of criminal investigations' by the FBI or other agencies, said an aide to one CBC member."

New Jersey Executives Sentenced To Prison For Illegal Technology Sales To PRC. The Camden Courier-Post (5/2) reported three former executives of New Jersey-based Manten Electronics "who admitted shipping nearly $400,000 of electronics that could be used for military purposes to entities controlled by the Chinese government were sentenced Monday to federal prison terms. A fourth was sentenced to home confinement." President Xu Weibo "was sentenced to 44 months in federal prison." His wife, purchasing agent Xiu Ling Chen, "was sentenced to 18 months in prison," and her brother, vice president Hao Li Chen, "was sentenced to 30 months in prison." Hao Li Chen's wife, controller Kwan Chun Chan, "was sentenced to six months of home confinement as part of a two-year probationary term." Additionally, "they agreed to forfeit the $391,337 in revenue their illegal exports generated." The AP (5/2) noted, "They admitted sending restricted items at the request of at least two Chinese agencies, the 20th and 41st Research Institutes, and lying to U.S. distributors and on documents to conceal the nature of the shipments. … The two Chinese agencies are part of the Ministry of Information Industry and develop military and civilian communications technology."

Ohio City Councilman Charged With Taking Bribes. The Toledo Blade (5/4) reports former Toledo City Councilman Bob McCloskey was charged yesterday "with two

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counts of bribery in a bill of information filed in U.S. District Court in Cleveland." He "is accused of violating the federal Hobbs Act for accepting two bribes totaling $5,000 from an unnamed Toledo businessman who was cooperating with an FBI sting operation." The Blade adds, "Mr. McCloskey is already scheduled to face trial Tuesday on two counts of bribery in Lucas County Common Pleas Court and is a defendant with the city in a related civil suit." The AP (5/4) notes McCloskey "is accused of accepting bribes totaling $5,000 from a businessman cooperating with the FBI."

Councilman Says McCloskey Offered Him Cash Campaign Contribution. The Toledo Blade (5/4) reports City Councilman George Sarantou said yesterday that two years ago "he was handed an envelope containing what he believed to be money by former Toledo City Councilman Bob McCloskey. … He said he immediately gave the unopened envelope back to Mr. McCloskey, and declined to characterize the incident as a bribe attempt. … The incident is similar to an incident reported by The Blade on Tuesday involving former City Councilman Wade Kapszukiewicz," who "told the FBI last week about a 2002 or 2003 incident involving him and Mr. McCloskey."

Massachusetts Man Gets Probation For Lying To FBI, IRS In Bribery Probe. The AP (5/4) reports, "A Massachusetts man was sentenced to two years probation Wednesday for lying to federal investigators looking into bribery allegations against former (Connecticut) state Sen. Ernest Newton. Federal prosecutors said Jerome Weiner…falsely told FBI and IRS agents in January 2005 that he did not directly supervise Newton and that Newton did not directly report to him." The AP notes that Newton, "who resigned amid the corruption investigation, began serving a five-year prison sentence last month for bribery and other charges."

Virginia Mayor Resigns In Wake Of Corruption Conviction. In a widely-distributed story, the AP (5/4) reports Lynchburg Mayor Carl B. Hutcherson Jr. "resigned Wednesday, a day after a federal jury convicted him of raiding his church's charity to pay his debts with money donated by the Rev. Jerry Falwell and his son. … He was convicted of fraud, lying to federal and bank officials and obstruction of justice." The AP adds, "Virginia United Methodist Church Bishop Charlene P. Kammerer said in a statement that Hutcherson's position as pastor of Trinity church is 'being reviewed.'" The Lynchburg News & Advance (5/4, Reilly) notes that at yesterday's announcement, "the mood was far different from the first news event Hutcherson held in December, when he said he would serve out his term despite the federal government's intervention in Lynchburg politics.

Chicago Construction Department Clerk Charged With Taking Bribes. The AP (5/4) reports, "An appointment clerk for Chicago's construction department allegedly accepted payoffs to speed up the process of getting building permits -- once taking a bribe placed in a brown bag and handed over in City Hall, federal prosecutors said." Dorothy E. Durham "took three bribes of $200 each in December and January, and one of the payoffs in January was secretly videotaped by an informant working for the FBI, said a criminal complaint filed in federal court Wednesday." The AP notes, "City officials cooperated in the investigation of Durham, said Randall Samborn, spokesman for U.S. Attorney Patrick Fitzgerald. Prosecutors also said the charge against Durham was not related to the federal investigation of Chicago's Hired Truck Program."

New Witness Says Former Daley Patronage Chief Ordered Record Deletions. The AP (5/4, Robinson) reports, "Federal prosecutors say a newly discovered witness admits that on orders from Mayor Richard M. Daley's former patronage chief, he deleted a computer index suspected of containing politically sensitive hiring records. The witness, an unnamed city computer operator, claims that patronage chief Robert Sorich and another man joked about throwing a hard drive into Lake Michigan, prosecutors said Tuesday. Prosecutors portrayed the alleged incident as an example of how Sorich and other city officials sought to thwart attempts by federal agents to investigate illegal patronage hiring." The AP notes, "Randall Samborn, a spokesman for the U.S. attorney's office, had no comment Wednesday on the newly filed court papers."

Prosecutor Grills Defense Witness At Philadelphia Bribery Trial. The Philadelphia Inquirer (5/4, Brennan, 423K) reports, "Briefly yesterday, the theory of the legal defense for two businessmen accused of bribing former City Councilman Rick Mariano hung unchallenged in the courtroom air. And then Assistant U.S. Attorney Michael Schwartz went to work on Andrea Wybranski, the office manager at Erie Steel Co.," who testified that "she had seen the company's former bookkeeper take a loan agreement signed by Mariano and other documents from the office in 2003. … Schwartz quickly shook Wybranski with questions about why she had not mentioned the loan agreement when she was interviewed twice last year by FBI Special Agent Ray Manna. 'Were you trying to hide something from Agent Manna?' Schwartz asked. 'No, I have nothing to hide,' Wybranski answered, adding she didn't remember what she had told Manna."

Jury Begins Deliberations As Nevada Bribery Trial. The AP (5/4) reports that the jury began deliberations yesterday on the bribery charges against former Clark County

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Commissioners Dario Herrera and Mary Kincaid-Chauncy. "Their two key accusers, the club owner and another ex-commissioner, have themselves pleaded guilty to bribery and related charges. Still another ex-commissioner, who didn't testify, will be tried in August and has already been convicted in a San Diego corruption case."

Plea Agreement Reached In Long-Running FBI Probe Of Las Vegas Strip Club. KLAS-TV Las Vegas (5/3) reports, "Agents with the Federal Bureau of Investigation have been probing the Crazy Horse II nightclub for several years. However, a tentative deal was reached between the club and the government on Wednesday." The FBI has "long suspected possible mafia ties by persons at the Crazy Horse." However, "if the tentative deal holds, the 18 possible defendants would agree to plead to tax violations, but there will be no RICO charges, no organized crime charges, nothing like that. All 18 would potentially be eligible for probation and the government would consider standing mute at the sentencing. Club owner Rick Rizzolo has agreed to pay a fine of five million dollars, will set aside $10 million for customer Kirk Henry who was paralyzed after getting into a beef at the club, and Rizzolo would agree to sell the Crazy Horse within a year."

Judge Upholds Mafia Cops Conviction, But Sees "Sound Basis For Appeal." The New York Times (5/4, Feuer, 1.19M) reports US District Judge Jack B. Weinstein yesterday upheld the convictions of former NYPD detectives Louis Eppolito and Stephen Caracappa. Weinstein said that the government case "was enough — 'just barely' — to convict. 'It was not a strong case,' the judge acknowledged, 'and the government was warned that from day one. There is a sound basis for appeal.'" The New York Post (5/4, Haberman, 624K) notes, "The problem - and what the judge will most likely let an appellate court decide - is whether the pair committed a crime five years before the Sin City drug dealing. If the higher court rules that no such crime occurred, the murder conviction would be scrapped." Newsday (5/4, DeStefano), The New York Daily News (5/4, Marzulli, 729K) and the AP (5/4) also report on Weinstein's ruling and warning that the conviction may well be overturned on appeal.

Former Harris Aides Say Contractor's Deal Was Priority. Knight Ridder distributes an Orlando Sentinel article (5/4, Stratton) that reports, "Senior members of Rep. Katherine Harris' congressional staff say they initially rejected a defense contractor's $10 million appropriation request last year but reversed course after being instructed by Harris to approve it." The Sentinel continues, "Harris insisted that Mitchell Wade's request for funding be given to a defense appropriations subcommittee, despite the request's being late and difficult to understand, according to two former staff members and Harris' former chief political strategist. … 'She said, "It's important to me, so submit it,"' said an ex-staffer who is involved in the process. 'She wanted it in.'" The Sentinel adds, "Wade is the contractor at the center of a congressional bribery scandal that has landed a California lawmaker in prison. … In the weeks before Harris submitted Wade's appropriations request, Wade spent up to $2,800 entertaining Harris at one of Washington's most expensive restaurants. … There, he and Harris discussed the request and Wade - whose company had contributed thousands to her 2004 congressional campaign - offered to have a fundraiser for her 2006 Senate race." The Sentinel notes, "On Monday, a well-known government watchdog group asked the Justice Department to investigate Harris' ties to Wade, the former chief operating officer of the now-defunct MZM Inc. … Common Cause officials said Harris may have violated anti-bribery laws by seeking money for Wade's project 'in exchange for MZM's holding a fundraiser for Rep. Harris.'"

FBI Probing Ties Between Genovese Family, Trash Industry. The AP (5/4, Apuzzo, Christoffersen) reports, "Federal authorities are scrutinizing the reputed boss of the Genovese crime family as part of their investigation into the mob's influence over the trash industry in New York and Connecticut, people close to the case said Wednesday." The AP continues, "The interest focuses on Matthew 'Matty the Horse' Ianniello, 85, who prosecutors have called the acting boss of the New York crime syndicate. … FBI agents searched Ianniello's New York home in recent months, according to one person close to the case. Another person with direct knowledge of the case said agents have been asking questions about Ianniello since executing dozens of search warrants last year." The AP adds, "The federal interest comes amid a developing FBI investigation of the Connecticut trash industry. … Defense attorneys have acknowledged that Danbury trash magnate James Galante, who owns a number of companies named in federal search documents, is a target of the Connecticut racketeering case. But they say Galante is an honest businessman. … Connecticut trash hauler Joseph R. LoStocco admitted in federal court last week that he was part of a so-called 'property rights' scheme, in which companies carved out specific routes, stifling competition and driving up prices."

Alabama County Seeks Restitution In Sewer Bribery Case. The Birmingham News (5/4, Wright) reports, "Jefferson County will seek restitution from a former commissioner and companies found guilty of bribery in the county's $3 billion sewer program." The News continues, "Commissioner Gary White, who oversees environmental

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services, said the county is working with government officials to recover any money that may be owed to the county by Chris NcNair and contractors convicted of bribery and conspiracy. … 'I've been meeting the county attorney and he is working with the U.S. Justice Department to make sure any of the restitution money that is paid is directed back to the county,' White said at Tuesday's meeting. 'We want to give that to ratepayers and not to the federal government.'" The News adds, "Five businessmen and their three companies were found guilty last month of giving McNair materials and work in exchange for contracts to work on the sewer rehabilitation and expansion program. The businessmen and their companies are Pat Dougherty and Dougherty Engineering & Associates; Roland Pugh Construction Inc. and owners Eddie Yessick and Roland Pugh; Rast Construction Inc. and brothers Bobby and Danny Rast. … White said the county may have to wait to see if companies appeal the verdict to know how much may be owed. 'We'll have to get a dollar amount from the U.S. attorney,' he said. … The county has already collected restitution from a former employee who pleaded guilty to taking a bribe. In August, Larry P. Creel, a former county maintenance supervisor, received probation for taking a $500 bribe from a construction company involving sewer work and paid $500 in restitution to the county, said Creel's attorney, Sheldon Perhacs."

Child Sex Abuse Victim Testifies To Congress About Role Of Internet. ABC World News Tonight (5/3, story 6, 2:20, Vargas) reported, "A congressional committee heard the chilling story from one abused young girl about how the Internet played a crucial role in enabling her abuse." ABC (Quinones) added, "Masha Allen is just 13 years old. But her message to Congress today was powerful, moving." Allen testified about her abuse at the hands of Matthew Mancuso, "a single American man who turned out to be a pedophile." Her "abuse continued for five years with Mancuso taking sexually explicit pictures of Masha and sharing them with other pedophiles." Congress "says Masha's pictures are among as many as 3.5 million photos of child porn floating around in cyberspace. It's a multibillion-dollar enterprise, they say. And they're still trying to figure out what to do about the problem."

The CBS Evening News (5/3, story 3, 3:00, Attkisson) reported, "Mancuso posted so many exploitive pictures on the Internet" that Masha Allen "became famous in the online pedophile subculture, depicted as she grew from little more than a toddler into a young girl in abusive photos." When police "raided Mancuso's house, they rescued Masha and arrested him. Mancuso will likely spend the rest of his life in prison. Masha told Congress because there's no way to remove all the images of her from the Internet, she continues to suffer." Allen: "Because he put my pictures on the Internet, the abuse is still going on." Attkisson: "Why air such unimaginable details? Masha says she wanted Congress to hear her story from her own lips and urged them to pass a law that's been named after her which would strengthen penalties for Internet pedophiles and also for those who download child porn."

Anti-Piracy Law Used For First Time In California Prosecution. The National Law Journal (5/4, Bronstad) reports, "In the first trial of its kind in the United States, a federal jury in Los Angeles recently convicted a 70-year-old retired painter of illegally bringing a camcorder into a movie theater to record 'The Legend of Zorro.'" The Journal continues, 'The jury's decision against Manuel Sandoval was the first brought under the U.S. Family and Entertainment Copyright Act, a year-old law that gives prosecutors the ability to pursue charges against individuals who illegally copy movies or music. USA v. Sandoval, No. 06cr00054 (C.D. Calif.). … FECA, signed into law in April 2005, makes it a crime to upload a copyrighted work onto the Internet, and also makes it a felony, not just a misdemeanor, to copy a movie in a theater using a camcorder." The Journal adds, "Also under FECA, prosecutors do not have a minimum value of copyrighted material in order to pursue a case, said Elena Duarte, chief of the cyber and intellectual property crimes section of the U.S. Attorney's Office for the Central District of California. In the past, prosecutors were limited to bringing only those cases that involved at least $1,000 worth of copyrighted material. … 'FECA enabled us to do away with the stringent requirement as to uploading and using a camcorder,' Duarte said. 'It enables us to have deterrent impact because we can charge smaller-scale activity.' … Since the act was passed, two other individuals have pleaded guilty to similar claims, and several others have been indicted."

NYPD, Federal Agents Bust International Motorcycle Theft Ring. The New York Daily News (5/4, Gendar, 729K) reports, "The NYPD and the feds busted an international motorcycle theft ring that boosted a bike a day and shipped the hot wheels to Budapest for resale, authorities said yesterday. The joint 'Operation Biker Boyz' nabbed 18 of the slick crew that stole 300 to 400 high-performance, high-priced motorcycles a year, most in the city, authorities said. The thieves snatched rides right out of their owners' garages or off the street. … 'They stole for speed,' said Inspector Howard Lawrence of the NYPD auto crime division, which participated in the 11- month probe with Homeland Security, the FBI and the Queens district attorney's office." The New York Post (5/4, 624K) also briefly reports on the bust.

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Two Indicted In Florida On Medicare Fraud Charges. The Miami Herald (5/3, Dorschner, 323K) reports, "While Florida legislators are contemplating a proposal to reduce healthcare fraud by more careful licensing of clinics, federal officials have announced that two persons connected with a Miami laboratory and a diagnostic testing facility have been indicted in connection with a Medicare kickback scheme. Armando Jose Figueredo and Angela M. Sainz are charged with conspiracy to pay kickbacks involving a Federal healthcare program and with paying kickbacks involving a Federal healthcare program." The Herald notes, "U.S. Attorney R. Alexander Acosta said his South Florida prosecutors have brought 36 new criminal healthcare fraud cases since the fiscal year began Oct. 1."

Five Data Mongers Charged With "Pretexting" By FTC. The Wall Street Journal (5/4, Roberts, 2.11M) reports, "The Federal Trade Commission brought its first set of charges against five data sellers accused of 'pretexting' -- acquiring telephone records, credit-card statements or other personal data under false pretenses." This "issue has gained increased national attention over the past year, spurring scrutiny by Congress, the FTC and the wireless industry, and heightening consumer fears that private records were being widely sold." Betsy Broder, assistant director of the FTC's privacy and identity-protection unit, said the FTC wants to "send a message to the industry that selling this kind of information is illegal."

Illinois Businessman Sentenced to 40 Months In Prison For Fraud. The AP (5/1) reported, "A businessman was sentenced to more than three years in federal prison Monday after pleading guilty earlier this year to fraud at a sheep-rendering plant." Jeffrey Wayne Hooker "of Urbana, Ill., was also ordered to pay more than $1 million restitution, according to a release by U.S. Attorney Richard B. Roper. … Hooker must report June 2 for a 40-month sentence." Hooker and Jon Walter Miller "faced 132 counts ranging from wire fraud to money laundering involving their management of Strube Packing Co.," which "was the largest employer in Rowena before it closed in September 2004. The U.S. Department of Agriculture shut the plant because of what it said were deceptive and unfair trade practices."

2nd Circuit Upholds Polygraph Tests For Sex Offenders. The AP (5/4, Neumeister) reports, "A federal appeals court ruled that lie detector tests can be used to ensure convicted sex offenders are obeying the rules of their probation and that a ban on Internet use is appropriate for some offenders." The AP continues, 'The 2nd U.S. Circuit Court of Appeals ruling pertained to Jeffrey A. Johnson, an aerospace engineer and sophisticated computer user who, the court said, had used the Internet to conduct sexually explicit conversations with children from 1995 to 1997. … Johnson had been accused of luring several children to meetings, having sex with two victims under age 18 and arranging to have sex with a third. He pleaded guilty and was sentenced to more than seven years in prison and three years probation." The AP adds, "Johnson challenged polygraph testing during his probation on the grounds that it could deprive him of his Fifth Amendment right to avoid self-incrimination and subject him to testing that is unreliable and not reasonably related to sentencing purposes. … U.S. District Judge Thomas McAvoy in Albany ruled against Johnson but agreed to install safeguards to the polygraph testing process, including a requirement that questions be limited to information necessary for supervision, case monitoring and treatment. … The appeals court said in its ruling Monday that polygraph testing 'produces an incentive to tell the truth, and thereby advances the sentencing goals.'"

Former Homeland Security Press Aide To Appear In Florida On Sex Charges. The AP (5/4) reports, "A Homeland Security Department press aide has waived extradition on charges of sexually preying on a Polk County detective who was posing on the Internet as a 14-year-old girl, authorities said." The AP continues, "Brian J. Doyle, 55, will be transported from Maryland to Florida to appear Thursday before a circuit judge on 23 felony charges, said Chip Thullberry, spokesman for State Attorney Jerry Hill. Doyle is being held without bond in Maryland. … Doyle, of Silver Spring, Maryland, is accused of having sexually graphic conversations with an undercover Polk County detective posing as a teenage girl. The charges include 16 counts of sending pornographic movie clips to a minor. … Doyle also allegedly provide his government-issued office phone and cell phone numbers, showed off his department ID and may have used his official computer in communicating with the detective, authorities have said. Doyle's security clearance, employee badge and DHS access permissions have been suspended."

Publicity Makes Selecting Muhammad Jury Difficult. The Baltimore Sun (5/4, Siegel) reports, "In a three-day parade of potential jurors," for John Allen Muhammad's trial on six counts of murder in Montgomery County arising from the Washington-area sniper rampage in 2002, "Judge James F. Ryan has found virtually no one unaware of the sniper shootings and few who had not already decided that Muhammad is guilty." However, "when pressed by the judge telling them this is a different case, some potential jurors say they can be impartial." Still, "one of Muhammad's standby defense lawyers says "this makes the possibility of seating an unbiased jury 'slim to none.'"

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Despite Possible Bias, Montgomery County Jury Considered Best For Muhammad. The Washington Post (5/4, B3, Rich, Londoño) reports that while this trial "might seem like a textbook example of a case that the defense would want moved to another jurisdiction," Muhammad's public defenders, before he fired them, "never asked that the trial be moved." Lawyers uninvolved in the case said "a jury in Montgomery might be more favorable to the defense than a jury picked elsewhere," as while "another jurisdiction would probably produce jurors who felt less connected to the crimes,…that advantage would not outweigh the risk inherent in drawing a jury in what might be a more conservative county."

DNA Database From All Convictions Gains Support In New York. The New York Times (5/4, Cardwell) reports, "A push to require all convicted criminals in New York to submit their DNA to a central database is gaining crucial support in Albany" and "would make New York the only state to require collecting DNA from everyone convicted of felonies and misdemeanors, including youthful offenders convicted in criminal court." New York Gov. George E. Pataki "pushed for an all-crimes DNA database for years," and while it "has languished in the Democratic-led Assembly," now "key lawmakers…say passage of a bill is quite likely if their concerns are addressed about DNA samples held by local crime labs that have been taken from people who have not been convicted."

Pro Athletes' Community Service Sentences Often Not Typical. USA Today (5/4, McCarthy, Upton) reports, "For non-celebrities, court-ordered community service typically involves collecting roadside trash, digging ditches on road crews or cleaning public parks. But…professional athletes have been allowed to fulfill their criminal sentences before star-struck audiences, signing autographs or making public appearances sometimes arranged by their own teams. USA TODAY examined the cases of 40 pro athletes sentenced to community service from 2001 through early 2006, gleaned from multiple databases," and "in 24 of the 28 cases in which the community service assignment could be determined, it involved activities such as throwing out a ceremonial first pitch at a Major League Baseball game, posing for pictures or attending or coaching at youth sports camps." Only four "served punishments that involved the kind of menial labor typically required of non-celebrity defendants."

CIVIL LAW:

DeGette Slams ISP Industry Over Data Retention. CNET News (5/4, Broache, McCullagh) reports, "Congress' leading proponent of forcing Internet service providers to retain records about their users' activities lashed out at the industry on Wednesday, saying such a federal law will be a 'very minor burden' to bear." CNET continues, "Rep. Diana DeGette, a Colorado Democrat, said at a House of Representatives hearing that new laws were necessary to thwart child pornographers and other Internet predators. Investigations into illicit behavior have been hampered because data may be routinely deleted in the normal course of business, DeGette and other data retention proponents claim. … 'This created havoc among the Internet service provider community,' DeGette said, referring to her proposed legislation announced last week. 'I am horrified that the provider community is not working with us on this, because it seems to me to be a very simple piece of legislation, and I'm going to continue to fight for it.'" CNET adds, "She added that the committee plans to grill ISP representatives at another hearing that may occur as soon as next week. … That happens to be a bipartisan view. CNET News.com was the first to report last June that the U.S. Justice Department was quietly shopping around the idea of mandatory data retention. In a move that may have led to broader interest among U.S. politicians, the European Parliament in December approved such a requirement for Internet, telephone and voice over Internet Protocol (VoIP) providers. … Then, two weeks ago, Attorney General Alberto Gonzales, a Republican, gave a speech saying that data retention by Internet service providers is an 'issue that must be addressed.' Child pornography investigations have been 'hampered' because data may be routinely deleted, Gonzales warned."

CIVIL RIGHTS:

Report Finds Hawaii Youth Prison Still Needs Improvement. The Honolulu Star-Bulletin (5/4, Daranciang) reports, "Disagreement and confusion over whether youthful offenders should be rehabilitated or incarcerated is at the heart of the problems at the Hawaii Youth Correctional Facility, said state Auditor Marion Higa." The Star-Bulletin continues, "Higa released a report yesterday with findings and recommendations echoing those of the U.S. Department of Justice following a 2004 inspection of the Kailua facility. … The Justice Department's investigation and report resulted in a lawsuit and state agreement to improve conditions at the youth prison in three

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years to avoid federal court oversight. Higa's audit was ordered by state lawmakers at the start of the current legislative session."

The Honolulu Advertiser (5/4, Boylan) reports, "The report, by the office of the state auditor, said the state Office of Youth Services 'has not provided the facility with adequate guidance and support to carry out its mission' and has not 'clearly communicated whether the facility's mission is primarily rehabilitation or secure incarceration.' … The report also took issue with job openings 'critical to the improvement of the facility' being left unfilled and the agency's 'reactive rather than proactive' management."

Starr Takes On Alaska Appeal Over "Bong Hits 4 Jesus" Banner. The AP (5/4) reports, "Kenneth Starr, the former Whitewater special prosecutor, will represent the (Juneau, AK) city school board in appealing a court ruling that favored a high school student who displayed a 'Bong Hits 4 Jesus' banner during an Olympic torch relay." The AP continues, "The school board wants the U.S. Supreme Court to hear the case. In April, an appeals court said school officials violated the student's free speech rights when they suspended him for 10 days. … Starr, who is dean at Pepperdine Law School in Malibu, Calif., has agreed to take the case for free, said Phyllis Carlson, president of the school board. … 'Federal law requires us to maintain a consistent message that use of drugs like marijuana is harmful and illegal. Yet, when we try to enforce our policies, our administrators are sued and exposed to damage awards,' she said." The AP notes, "Joseph Fredrick was 18 and a high school senior in 2002, when he unfurled his banner during the Winter Olympic torch relay through Juneau, hoping to grab the attention of television cameras. … School district officials said his banner violated the school's anti-drug policies and suspended him despite the fact that he was off campus at the time and did not disrupt school functions."

Support For Roe v. Wade At Lowest Level In Years. In its 'Washington Wire" column on its web site, the Wall Street Journal (5/4) reports, "US support for Roe v. Wade is at its lowest level in decades, according to a new Harris poll, with a slim 49% to 47% plurality of U.S. adults now favoring the 1973 Supreme Court decision on abortion. A modest majority would oppose a law that would ban abortions except to save the life of the mother, and a large majority supports a woman's right to an abortion under some circumstances."

Barbour Won't Pardon Civil Rights Advocate. The New York Times (5/4, Liptak) reports that Mississippi Gov. Haley Barbour will not grant a posthumous pardon to Clyde Kennard, black man who was falsely imprisoned after trying to desegregate Mississippi. State officials repeatedly rejected Kennard's to Mississippi Southern and "plotted to kill him. They kept him out of college by convicting him of helping to steal $25 of chicken feed based on what the sole witness now says was perjury. The 1960 conviction drew a seven-year prison term, and Mr. Kennard died of cancer in 1963." Barbour's spokesman Pete Smith said, "The governor isn't going to issue a pardon here," adding that "a pardon would be an empty gesture."

ANTITRUST:

Microsoft Unveils Online Ad Auction System. The Wall Street Journal (5/4, By, Delaney) reports, "Microsoft Corp. today plans to show off" adCenter, an "auction system it hopes to use to tap into the gusher of advertising dollars flowing online" and "Microsoft's most ambitious effort yet to catch Google Inc." It "is a critical part of a fundamental shift in strategy as the company tries to combine advertising with its traditional software business," as "the company has come to realize what a risk the advertising model…can pose to its traditional software business." However, adCenter is "a huge bet that demands a new set of skills that Microsoft is learning on the fly" even as "Yahoo Inc. will unveil long-awaited improvements to its auction system, and Google continues to improve and expand its approach."

Intel Seeks Dismissal Of AMD Antitrust Suit. CNET News (5/4, Kawamoto) reports, "Intel filed a motion Wednesday asking a federal court judge to dismiss an antitrust lawsuit brought by its archrival, Advanced Micro Devices." CNET continues, "Intel, in its motion filed in U.S. District Court in Delaware, states that the federal court should not have jurisdiction over AMD's antitrust case since AMD has alleged that its foreign sales, not domestic sales, are what Intel has damaged. … 'Before subjecting Intel to the burden of defending its foreign business practices in a U.S. Court, AMD must meet the burden of establishing that this court has subject matter jurisdiction over AMD's foreign commerce claims,' Intel's brief states." CNET adds, "AMD alleges that Intel violated antitrust laws by offering marketing and pricing programs that called for excluding the use of rival chipmakers."

MarketWatch (5/4, Andrejczak) reports, "Intel, the world's largest chipmaker, claims AMD cannot apply U.S. antitrust laws to alleged harms that supposedly occurred overseas. 'To a large extend, AMD seeks recovery under U.S. antitrust law for lost sales of its foreign-made processors to foreign companies in foreign locations,' Intel's attorneys wrote in court papers." MarketWatch adds, "AMD, Intel's attorneys argue, makes its personal computer chips at a factory in Germany and sells more than 70% of them to customers outside the United States. … Intel contends this

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falls outside the jurisdiction of U.S. federal courts under the Foreign Trade Antitrust Improvement Act. Intel does not seek to dismiss AMD's claims that concern lost sales of PC chips imported to the United States."

Danaher Receives Antitrust Approval For Sybron Dental Purchase. The AP (5/4) reports, "Manufacturing conglomerate Danaher Corp. on Wednesday said it received antitrust approval for its planned $2 billion cash purchase of Sybron Dental Specialties Inc." The AP continues, "Danaher, which makes products ranging from Craftsman tools to Leica microscopes, said U.S. regulators granted early antitrust approval under the Hart-Scott-Rodino Act. … Danaher's cash offer for the Newport Beach, Calif., maker of dental products such as orthodontics and endodontics is set to expire May 15."

Washington To Appeal Costco Wine Sales Ruling. The Seattle Times (5/4, Ouchi) reports, "The Washington State Liquor Control Board said today it plans to appeal a federal court ruling that fundamentally alters who profits from the sale of wine and beer and how much consumers pay for it." The Times continues, "On April 21, U.S. District Court Judge Marsha Pechman ordered the state to stop enforcing key parts of its system that governs the sale and distribution of wine and beer —ruling that the state's interests do not trump federal law." The Times adds, "The state's decades-old system regulates the sale of wine and beer by creating strict controls, which include artificially inflating prices, requiring beer and wine distributors to sell their products to every retailer at the same price, and banning volume discounts to large retailers. … Costco sued the state Liquor Control Board in February 2004, charging that its regulatory system was anticompetitive and violatedfederal antitrust law. … Pechman agreed with Costco in December, ruling that the system violated federal law." The Times notes, "The aim of the trial, held in late March, was to determine whether the state was shielded by the 21st Amendment despite the violation. The 21st Amendment granted each state broad power to control the sale of alcoholic beverages within its borders."

Warner Rejects EMI Group's Takeover Bid. Bloomberg (5/4) reports, "Warner Music Group Corp., controlled by a group led by Edgar Bronfman Jr., rejected a $4.23 billion takeover offer from EMI Group Plc, the third time the British record company has been rebuffed." Bloomberg continues, "EMI, based in London, offered $28.50 in cash and stock for the U.S. company, 4.4 percent more than the closing price yesterday. New York-based Warner said in a statement today the offer wasn't 'in the best interests of our shareholders.'" Bloomberg adds, "A merger would combine EMI acts including Coldplay and Joss Stone with Warner's James Blunt and Madonna, and would create the second-biggest recorded music company. The companies tried and failed to merge in 2000 after regulators rejected the plan, followed by another EMI attempt in 2003. Antitrust concerns also derailed talks with Bertelsmann AG's BMG music division in 2001."

ENVIRONMENT:

White House Releases Emergency Response Plan For Avian Flu. The White House yesterday officially released its emergency plan for an avian flu pandemic. The story is generating extensive coverage on TV print media. Newspaper stories this morning are critical of the White House plan, charging that it does not provide enough funding or support to state and local governments. For example, USA Today (5/4, A2, Manning, Jackson) calls the report "a good step toward getting the nation ready…health experts say, but it's missing a key element: how to pay for it." Although the plan "cites President Bush's $7.1 billion funding request for preparedness," it "doesn't address how to pay for services that would be needed after a pandemic hits." Irwin Redlener, director of the National Center for Disaster Preparedness at Columbia University in New York City, "says that by placing so much of the preparedness effort on state and local agencies," the federal government has imposed "the mother of all unfunded mandates."

Similarly, the Washington Post (5/4, A3, Brown) says the plan "hinges on sharing authority with global agencies such as the World Health Organization, and, at the opposite end of the spectrum, with governors, mayors and school superintendents." At the same time, the Post says the plan "lays out an ambitious agenda of more than 300 tasks for federal agencies, along with a timetable for completing them." Nevertheless, "many crucial questions about the government's response remain unanswered."

Under the headline "States Welcome Flu Plan But Say They Need Federal Money," the New York Times (5/4, Harris) reports state and local health officials "welcomed" the plan, "but some complained that the Bush administration had failed to provide the money needed to pay for the plan's long list of recommendations." Iowa Senator Tom Harkin, who advocated preparations for a pandemic, said the administration had "been slow in implementing plans and spending money already appropriated." Meanwhile, Senator Hillary Rodham Clinton said the plan failed to resolve the issue of leadership. "Under the president's plan," Clinton said, "we still don't know who is accountable within our federal government."

In a Web exclusive, Time (5/3, Allen) reports David Heyman, homeland security program director of the Center for Strategic and International Studies, "praised" the White

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House plan for placing "a greater emphasis on non-pharmacological interventions" than in previous reports, including Bush's plan last November. But he said "much more needed to be done," including providing more specific guidance to cities and states about what they should do.

The story was covered on all three networks, with NBC also interviewing Health and Human Services Secretary Mike Leavitt. ABC World News Tonight (5/3, story 5, 1:40, Vargas) reported, "In its plan, the White House sets out its emergency response and warns of a possible outbreak of panic." ABC (Raddatz) added, "The White House said today that the virus will likely infect wild birds in the US sometime this year." Frances Townsend, White House Homeland Security Adviser: "We are not in the midst of a human pandemic. But we cannot predict when one will happen. This is why it is important for everyone to prepare." Raddatz: "But it is clear the US is not prepared for everything." Buried "deep in the report is this disturbing note: 'Public anxiety may significantly hinder the effectiveness of the response.'" When "asked if the White House was fully prepared for an outbreak, the answer was, 'Well, we're better-prepared than last year.'"

The CBS Evening News (5/3, story 5, 0:40, Schieffer) reported, "The main focus will be screening travelers arriving from affected countries to slow the spread of the disease until vaccines can be developed. And the President is also calling on businesses to take action such as cleaning offices regularly and keeping co-workers three feet apart."

NBC Nightly News (5/3, story 3, 0:40, Williams) reported, "Some of the main points: The government will stockpile anti-viral drugs and vaccine, though actual medical response is left up to the individual states; the Federal Government will also screen travelers for flu symptoms; the borders would not be closed because in their view that wouldn't do any good; but Federal officials will encourage companies to adopt non-punitive sick leave policies so workers will stay home if they are affected."

Leavitt Says Local Communities Will Have Large Burden In Pandemic. NBC Nightly News (5/3, story 4, 1:55, Williams) interviewed Secretary of Health and Human Services Michael Leavitt. Asked if the mayor of Baltimore was correct to say "in effect it looks like you're moving early to say don't expect the world from the Federal Government, preparing localities to take on a lot of the burden," Leavitt said, "It is the case. Any community, large or small, that would fail to prepare with the expectation that the Federal Government would be able to reach every community at one time in the country, would be sadly disappointed. So we're working very hard to acknowledge that there is a Federal role and we'll play it, but for a prepared nation, we need to have prepared communities."

AP Poll Finds Only One-In-10 Americans Preparing For Outbreak. The AP (5/4, Neergaard) says a recent Associated Press-Ipsos poll found "only one in 10 Americans was doing anything to plan for an outbreak."

Miscommunication Said To Have Caused Erroneous Sago Mine Message. NBC Nightly News (5/3, story 9, 0:50, Williams) reported, "In West Virginia today, a second day of public hearings on that disaster at the Sago Mine, which you will recall left 12 miners dead: Only one survived. Today, the rescue worker that was the first to find the trapped men said he was probably the one responsible for starting that chain of communication to lead the miners family to believe they were found alive." Bill Tucker, assistant mine inspector: "I started screaming for help and saying, 'They're over here, they're over here!'. I don't recall the exact words that I used, but I, I -- and I didn't have a radio. I was just screaming out for help, and I think I said they're alive, and that may have been part of the communication error." Williams: "When that rescuer, Bill Tucker, found the miners, they had been barricaded behind a curtain more than tow miles inside that mine for about 41 hours straight in toxic air. The one survivor, Randall McCoy [sic] later said at least four of their air packs had failed."

NYTimes Says Sago Mine Disaster Should Be Thoroughly Investigated. An editorial in the New York Times (5/4) says that the revelation that miners trapped after Sago Mine explosion were forced to share one another's emergency oxygen because of faulty equipment "is only the latest in a long list of lethal shortfalls by company and government officials responsible for workers' safety." The Times adds, "The Bush administration has presided over the attrition of scores of critical mine regulatory jobs, plus the patronage appointments of mining industry officials to safety agencies. It's no wonder that the victims' families fear the Sago hearings will prove to be merely a means of venting the community's grief and frustration. The disaster should be examined as thoroughly and openly as a plane crash and its lessons promulgated industrywide."

Idaho, Seattle Company Fined For Lake Pollution. The AP (5/4, Geranios) reports, "A Seattle construction company and the Idaho Transportation Department have agreed to pay federal fines totaling $895,000 after part of a road project collapsed into Lake Coeur d'Alene in Idaho, federal agencies said Wednesday." The AP continues, "The fines against Idaho Transportation and Scarsella Brothers Inc. are for violations of the Clean Water Act during expansion of U.S. 95 near Coeur d'Alene, the Justice Department and U.S. Environmental Protection Agency said. … They are the largest fines ever assessed by the EPA's Seattle regional headquarters for storm water issues, the agencies said." The AP adds, 'The fines involve a 6-mile-long project to widen U.S. 95 to four lanes near the

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lake. … Federal and state regulators have said the bay and creek were swamped with sediment after a 2-million-gallon pond designed to catch muddy runoff from the project failed several times. … Mica Bay homeowners contend the construction created a large tongue of mud that left water only 2 to 3 feet deep in places, killed aquatic life and impeded boats."

Senate Democrats May Hold Kempthorne Nomination Over Gulf Drilling. The AP (5/4, Heilprin) reports Idaho Gov. Dirk Kempthorne's "nomination for interior secretary could run into trouble from Senate Democrats who want to use it as a bargaining chip to stop more oil and gas drilling in the Gulf of Mexico, or at least assure their states get a cut." Before today's hearing in the Senate Energy and Natural Resources Committee, Sen. Bill Nelson "said he would try to block Kempthorne unless Republicans back off their plan to open 3.6 million acres of the central Gulf to oil and gas drilling." Nelson said he "would 'keep all my options open' for delaying the nomination." The AP adds Sen. Mary Landrieu "also has threatened to use the maneuver if Kempthorne and the Bush administration are unwilling to let states share in federal proceeds from oil and gas leasing on the outer continental shelf."

FBI/DEA/ATF/USMS:

Mexico's President Seeks Changes In Drug-Possession Bill. Mexico's drug-possession bill received wide media coverage, with more than 500 news outlets making reference to the story. Previous reports said President Fox was set to sign the bill; however, later reports said he backed off the measure in its current form. For example, the AP (5/4) reports Mexican President Vicente Fox "refused to sign a drug decriminalization bill Wednesday, hours after U.S. officials warned the plan could encourage 'drug tourism.' Fox sent the measure back to Congress for changes, but his office did not mention the U.S. criticism. Fox will ask 'Congress to make the needed corrections to make it absolutely clear in our country, the possession of drugs and their consumption are, and will continue to be, a criminal offense,' according to a statement from the president's office. … Mexico's top police official, Eduardo Medina Mora, acknowledged on Tuesday that the U.S. anti-drug agency has expressed concern about the law."

In a separate story, the AP (5/3, Stevenson) writes, "The U.S. government urged Mexico on Wednesday to rethink a proposed law that would decriminalize possession of small amounts of drugs, after the DEA and officials in U.S. border states expressed concerns about the measure." ABC News, CNN, the New York Times, Dallas Morning News, Houston Chronicle, and Fort Worth Star Telegram are among the news outlets that used a version of the AP story.

The New York Times (5/4, McKinley, Broder) reports, "After intense pressure from the United States, President Vicente Fox has asked Congress to reconsider a law it passed last week that would decriminalize the possession of small amounts of drugs as part of a larger effort to crack down on street-level dealing. … Officials from the State Department and the White House's drug control office met with the Mexican ambassador in Washington Monday and expressed grave reservations about the law, saying it would draw tourists to Mexico who want to take drugs and would lead to more consumption, said Tom Riley."

The Los Angeles Times (5/3, Enriquez, Perry) reports the Bush administration "is refraining from public criticism of Mexico. But in private meetings Monday with Mexican officials in Washington, U.S. officials tried to discourage passage of the law, U.S. Embassy officials said. 'Any country that embarks on policies that encourage drug use will get more drug use and more drug addiction,' said Tom Riley. … 'Many countries, including the U.S. and Mexico, see the drug problem as a trafficking problem,' he said. 'But the real problem isn't trafficking, it's drug use. The costs of drug addiction are staggering.'"

The Chicago Tribune (5/3, Dellios) reports U.S. officials and others said the measure "gave the appearance that Mexico was condoning drug use. Karen Tandy, chief of the U.S. Drug Enforcement Administration, met with Mexican officials to express concerns that it could increase trafficking and lure Americans over the border for 'drug tourism.' 'We welcome the idea of Mexico reviewing the legislation to avoid the perception that drug use would be tolerated in Mexico,' said Judith Bryan, the spokeswoman for the U.S. Embassy in Mexico City." The Contra Costa Times, Kansas City Star, Myrtle Beach Sun News, Duluth Minnesota News Tribune, and Macon Georgia Telegraph are among the news outlets that published in newspapers and/or posted on Web sties the Chicago Tribune story.

Copley News Service (5/3) writes, "Stung by opposition to a bill that would permit the possession of small quantities of narcotics, a top Mexican senator said yesterday the legislation will be toughened to reassure critics that Mexico is not opening its doors to drug users. … Karen Tandy…was expressing her concerns during a meeting in Mexico City with Public Security Minister Eduardo Medina-Mora."

The San Antonio Express (5/4) wrties from Mexico City, "It seems this nation won't be a haven for small-time drug users after all, as President Vicente Fox said late Wednesday he won't sign a proposed law that would permit 'personal use' quantities of marijuana, cocaine and other illegal narcotics. … The legislation had come under heavy fire from the United States. Drug Enforcement Administration Chief Karen Tandy discussed it personally with Mexican officials here Tuesday."

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For About.com (5/3), Robert Longley writes, "The same day Mexico's president Vicente Fox announced he would sign a law allowing the possession of small quantities of drugs including marijuana, cocaine and heroin, the U.S. Government praised Mexico for its efforts toward reducing the amount of those very drugs available for smuggling into the United States. According to drug czar John P. Walters…Mexico, using as many as 35,000 military troops, eradicated about 51,840 acres of opium poppy and 76,175 acres of marijuana during 2005."

The UK's Times Online (5/3) reports the United States "is up in arms over a proposed Mexican law that would decriminalize the possession of small amounts of drugs, including cocaine and heroin." Eduardo Medina Mora "met with Karen Tandy…although he said she had not been convinced about the need for the new law."

On its Web site, the Moderate Voice (5/4) writes, "Officials…expressed grave reservations about the law, saying it would draw tourists to Mexico who want to take drugs and would lead to more consumption, said Tom Riley, a spokesman for the Office of National Drug Control Policy."

Network TV Coverage. NBC Nightly News (5/3, story 6, 2:20, Williams) reported, "We are back now with NBC News 'In Depth' tonight. It is about the outrage in this country over a decision by Mexico to make possession of some illegal drugs legal. And we are talking here about marijuana, heroin, cocaine -- the Mexican government says the whole idea is to do a better job in the war on drugs. As to how that could that could be true, our report tonight from NBC's Peter Alexander." NBC included comment from John Walters who said, "We all know that encouraging people to use drugs is bad for them and bad for every nation that does it." NBC added, "And Walters is not alone. Critics warn if passed this law would send thousands of Americans over the border to experiment with the same illegal drugs this country has vowed to fight."

Cable TV Coverage. CNN's Anderson Cooper 360 (5/3, 10:00 p.m.) reported, "We begin with breaking news that every parent of a teen needs to know about. If your son or daughter goes to Mexico, the country was on the verge of making it legal for them to possess marijuana, cocaine, even heroin. Mexico's president, Vicente Fox, made it clear he was going to approve the bill. Tonight it seems he caved to pressure from Washington." The report continued, "We do know that the State Department officials personally called their counterparts in Mexico, the Office of National Drug Control Policy which is the drug czar, works out of the White House, also voiced concerns."

FOX's Hannity and Colmes (5/3, 9:00 p.m.) reported, "Vicente Fox refusing to sign a bill that would [de]criminalize the possession of small amounts of drugs. The U.S. has pressured Fox to oppose the bill, which initially he said he would sign."

MSNBC's The Situation with Tucker Carlson (5/3, 11:00 p.m.) reported, "Just hours after U.S. officials warned it would encourage drug tourism, Mexican President Vicente Fox said he won't sign it into law. The question is why was he even considering it?"

19 Accused Of Participating In San Francisco-Based Meth, Cocaine Ring. The Bay City News (5/3) reports a federal magistrate in San Francisco has "unsealed a grand jury indictment accusing 19 men of participating in a Bay Area-based methamphetamine and cocaine ring. The 13-count indictment was issued under seal by a federal grand jury on Tuesday. All 19 defendants are accused of a count of conspiring to distribute methamphetamine and cocaine." Bay City News also reports that FBI spokesman LaRae Quy said nine who appeared in court were arrested Wednesday in the Bay Area and other defendants were arrested in Southern California, Sacramento and Hawaii.

The San Francisco Chronicle (5/3, Van Derbeken) reports, "Hundreds of federal agents up and down the state conducted raids [Wednesday] targeting a San Francisco-based methamphetamine trafficking operation that allegedly brought in millions of dollars of the illegal drug from Mexico. … LaRae Quy, spokeswoman for the FBI, confirmed that the FBI and Drug Enforcement Administration had undertaken the joint operation."

Texas Court Employee Accused Of Helping Drug Traffickers Remains Free On Bond. The Brownsville (TX) Herald (5/4) reports a federal court employee "accused of helping drug traffickers must now wear a tracking device of his own after he allegedly violated his conditional release. Federal pretrial services officer Juan M. Cantu, who works with electronic monitoring, appeared in Brownsville…at a Wednesday hearing where he was allowed to remain free on bond but ordered to wear a global positioning system device of his own. Cantu was arrested by FBI agents at the McAllen Federal Courthouse on April 18 on a charge of making a false statement to investigators looking for convicted drug trafficker Esequiel Cortez Sr." The Herald notes that court records indicate Cantu denied knowing how to contact Cortez after DEA agents saw the two together.

IMMIGRATION:

Blacks Said To Be "Increasingly Uneasy" About Immigrant Movement. The New York Times (5/4, Swarns) reports that while "some Hispanic immigrants have compared the Rev. Dr. Martin Luther King Jr.'s struggle to their own," declaring a "new civil rights movement to win citizenship for millions of illegal immigrants," many black

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"professionals, academics and blue-collar workers feel increasingly uneasy as they watch Hispanics flex their political muscle while assuming the mantle of a seminal black struggle for justice." Some "bristle at the comparison between the civil rights movement and the immigrant demonstrations," arguing that blacks "had endured centuries of enslavement, rapes, lynchings and discrimination." Others worry that low-skilled black workers will be priced out of the market. And some "fear the unfinished business of the civil rights movement will fall to the wayside as America turns its attention to a newly energized Hispanic minority with growing political and economic clout."

In a similar vein, the Washington Times (5/4, Debose) reports some black leaders say "Mexicans and other Hispanic nationals are getting preferential immigration treatment, as the U.S. systematically turns away people from countries with largely African-descended populations, such as Jamaica and the Dominican Republic." They say the US "can't have an honest immigration reform debate without discussing how much people are being paid and why only certain nationalities are allowed to come into the country illegally and work off the books." Still, this does not mean blacks are embracing anti-immigration activists. The Los Angeles Times (5/4, So) reports the Minuteman Project, "the self-proclaimed citizen border patrol that has emerged as a vocal opponent of illegal immigration, arrived in the heart of South Los Angeles Wednesday hoping to recruit blacks to their cause. But instead, they were met by protesters, most of them black, who compared the group to the Ku Klux Klan and urged them to take their campaign elsewhere."

Rasmussen Poll Suggests Monday Demonstrations Failed To Shift Public Opinion. The Washington Times (5/4, Dinan) reports Monday's "Day Without Immigrants" boycott and demonstrations "didn't do much to shift the public debate on immigration in either direction," according to a Rasmussen Reports poll. Before the demonstrations, 67% of Americans "wanted an enforcement-first approach to immigration, and that number dropped a statistically insignificant one percentage point in the poll taken after the marches. Meanwhile, support for allowing illegal aliens a path to citizenship remained steady" at 53%.

Anti-Illegal Immigration Activists Use Variety Of Tactics. The Los Angeles Times (5/4, Riccardi) writes, "In contrast to the coordinated pro-immigration rallies across the country, hundreds of grass-roots activists…are veering in different directions as they try to influence Congress to crack down on illegal immigration. They are picketing Mexican consulates; they're building a barbed wire fence on the border and phoning lawmakers to protest legislation that would allow illegal immigrants to stay in the U.S. They have sponsored anti-illegal immigrant initiatives in Colorado and Phoenix. In recent weeks, they have staged demonstrations in cities in the Midwest and Southwest that have drawn a couple of hundred protesters each."

California Minutemen Leader Calls Vigil Successful. The Washington Times (5/4, Seper) reports California Minutemen leader Tim Donnelly called its just-finished 30-day vigil along the US-Mexico border a success, saying his group "left the area more secure than they found it" by helping to "mend and extend an existing primary U.S. government-built fence along a well-established alien- and drug-smuggling corridor about 75 miles east of San Diego."

Vietnamese Immigrant Now Serves US As ICE Agent. The Washington Post (5/4, A23, Slevin) runs a feature on Immigration and Customs Enforcement agent Hung Nguyen, who "was just 12 when he fled Vietnam aboard an overstuffed motorboat, without his parents. He had no documents, but U.S. authorities smoothed his way to Illinois, where foster parents took him in. He sees his job ferreting out immigration fraud as repayment to the nation that rescued him." Nguyen said, "There has to be a proper way of doing it. You have to have rules and regulations. You can't have open borders. Coming from an immigrant like myself, that sounds ironic."

WPost Defends Spanish-Language National Anthem. In an editorial, the Washington Post (5/4, A24) writes that "two-thirds of Americans don't know all the words" to the National Anthem "in English. Of the one-third who claim they do, only 39 percent…can correctly sing the phrase that follows 'whose broad stripes and bright stars' (answer: 'through the perilous fight'). Written to a British tune that spans multiple octaves, Francis Scott Key's national anthem has always presented a vocal as well as a verbal challenge. Nevertheless, it has inspired patriotic immigrants and native Americans to produce Finnish, German and Yiddish ('O'zog kenstu senh...') translations. … Are Americans really so insecure that they can't bear to hear their anthem sung in Spanish?"

More Commentary. In a New York Times (5/4) op-ed, former Mexican foreign minister Jorge G. Castañeda writes, "There are many excellent reasons to salvage the immigration bill that collapsed two months ago in the Senate. But one of the most overlooked lies not in the protests that have filled streets in Los Angeles and Washington, but in the wave of populism that has swept Latin American cities like Caracas, La Paz, Lima and Mexico City," where anti-US nationalists are taking, or nearing, power. Looking forward to Mexico's upcoming presidential election, Castañeda warns, "It is one thing to have populism in power in the Andes; it is quite another to have it controlling a 2,000-mile border with the United States."

In his Washington Post (5/4, A25) column, Peter Beinart writes, "Last week Senate Republicans passed an amendment diverting $1.9 billion from securing Iraq to securing Arizona." Sen. Judd Gregg said the money "will pay

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for 'the unmanned vehicles, the cars, the helicopters which are a critical part of our fight in the war on terrorism.' Senate Democrats generally opposed the diversion. But they wholeheartedly agreed that defeating terrorism requires more enforcement along the Rio Grande. … Rarely have the two parties been so united in a belief that is so wrong. Stopping terrorists from coming across America's southern border would be an urgent concern -- if any were actually coming. So far, however, there is little evidence they are. … Sinking billions into enforcement along the southern border may or may not safeguard American culture and American jobs, but it will do precious little to protect American lives."

Immigration Reform Proposal Would Reverse Streamlining Of Appeals. The National Law Journal (5/4, MacLean) reports, "The new immigration reform package pending in the U.S. Senate includes a proposal to kill quietly the controversial streamlining regulations applied to the Board of Immigration Appeals in 2002 by former Attorney General John Ashcroft." The Journal continues, "Streamlining is not the only thing up for change. … Attorney General Alberto Gonzales added three immigration appeals judges in April, increasing the number of BIA appeals judges who review the work of 220 immigration judges nationwide from 11 to 14, although that total is still less than the 23 before Ashcroft's cuts. Gonzales also replaced embattled chief immigration judge Michael J. Creppy with a new judge to oversee the system." The Journal adds, "In just 15 pages of the 614-page immigration reform bill, Senator Arlen Specter, R-Pa., calls for adding at least 20 new immigration judges, 50 immigration lawyers and at least 50 new federal prosecutors nationally assigned to immigration cases. The bill would also restore the BIA to 23 appellate judges, essentially repealing the cutbacks made by Ashcroft in 2002. … Streamlining regulations expanded significantly in 2002 to reduce the backlog of 56,000 pending cases. The regulations allowed one appeals judge, rather than the usual panel of three, to decide cases without opinions, often in one-paragraph orders. … When Ashcroft cut the number of BIA judges from 23 to 11, he eliminated many who were considered too pro-immigrant, according to immigration court experts. By March 2003, 38% of the BIA decisions were summary rulings, compared with 9% just one month earlier, according to a Los Angeles Times study at the time. … Federal appellate judges around the country have repeatedly complained about incoherent and biased rulings by immigration judges that are simply passed through the BIA with perfunctory, one-page affirmances. Practitioners have also complained of abusive immigration judges with little or no discipline system at the Executive Office of Immigration Appeals [NLJ, Jan. 30, Feb. 6]."

TAX:

New York Accountant Acquitted Of Tax Charges. Long Island Newsday (5/4, Kessler) reports, "A Bay Shore accountant has been acquitted of income-tax evasion charges after he filed returns for 36 clients claiming that salaries cannot be legally taxed. … But don't get ready to go rushing out to your tax preparer next April. While the tactic initially saved the clients $500,000 in taxes, the Internal Revenue Service has since required them to pay tax on their salaries, according to court records." Newsday continues, "The acquittal Tuesday by a jury in U.S. District Court in Central Islip was the second time in three months that the government has failed to convict Paul Petrino of charges of aiding and abetting false tax filings from 1999 to 2001. His defense was based on arguments from the tax-protester movement, which questions the validity of the federal income tax laws. Petrino prepared the returns in his home office and most of his clients were from Long Island." Newsday adds, "The case was a retrial of the same charges in February that resulted in a hung jury, split 6-6, according to Petrino's attorney, Robert Fink. … The jurors who acquitted Petrino, who faced 61/2 years in prison, were angry that they had to do so, Fink acknowledged after speaking with them yesterday. But he said they accepted his argument that there was 'reasonable doubt' that his client was intentionally committing a crime. … He called the verdict a victory for the average man 'over the overwhelming power of the federal government, the Justice Department and the Internal Revenue Service.' … While acknowledging that they could not immediately think of a situation in which a criminal case based on tax-protester logic has resulted in an acquittal, officials of the Justice Department and the IRS cautioned yesterday that Petrino's case was unusual and that it would probably have no impact on the average citizen's tax filings."

Attorney Specializes In Tax Defense. Long Island Newsday (5/4, Kessler) reports, "When they hear that someone needs a defense against thorny federal income-tax charges, the name that often pops into the head of fellow defense attorneys and tax specialists is Robert Fink. … 'The hung jury was remarkable, but the acquittal was astonishing,' Noel Cunningham, director of the graduate tax program of the New York University School of Law, said yesterday, upon learning of the outcome of Fink's latest case: Bay Shore accountant Paul Petrino, who was charged with 36 counts of aiding and abetting false tax filings." Newsday continues, "Fink, a partner in the Manhattan firm of Kostelantz and Fink and an adjunct professor at NYU's School of Law, not only won an acquittal on Tuesday, but also got a hung jury in February on Petrino's first trial on the charges in U.S. District Court in Central Islip. … A victory for the defense against the

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Justice Department and the Internal Revenue Service in a case based on the logic of the tax-protester movement is almost unheard-of, according to federal officials and defense attorneys. But Petrino's acquittal was only the latest in a series of wins for Fink."

Collection Firm Contracted By IRS Is "Tangled In Legal Controversy." USA Today (5/4, McCoy) reports that Linebarger Goggan Blair & Sampson, "A private debt-collection firm tapped by the IRS to seek repayment from Americans who owe back taxes," is "tangled in legal controversy, including a bribery scheme involving a collection contract in Texas and a federal investigation of another collection deal in Louisiana." Now "the IRS initiative, set to start this year," is "placed on temporary hold amid a challenge of the IRS selection decision by one of the unsuccessful bidders." This follows a 2006 report to Congress by Nina Olson, the IRS National Taxpayer Advocate, that "warned that private collection firms, operating 'under rules of profit maximization' could 'have less incentive to provide important taxpayer rights training to their employees.'" In fact, the contract "has been viewed as a privatization plum because the winning bidders would be allowed to keep up to 24% of the amounts they collect."

CONGRESS-ADMINISTRATION:

Bush Urges Extension Of Tax Cuts As Lawmakers Near Agreement. The Financial Times (5/4, Yeager) reports, "President George W. Bush, seeking to reverse Republicans' sagging poll ratings, on Wednesday urged Congress to extend many of his popular first-term tax cuts and renew his party's commitment to spending restraint. 'It is important for there to be fiscal discipline in Washington, DC, if we want to keep this economy strong,' Mr Bush said." Bush "appeared likely to prevail on tax cuts, after a meeting at the White House late Tuesday prompted Republican leaders to reach a compromise on the legislation, which has been stalled since last year."

The AP (5/4, Crutsinger) says that "in addition to extending those cuts by two years, the proposal would keep 15 million taxpayers from getting hit this year with a tax aimed at the wealthy. … Republicans on a House-Senate committee negotiating the tax plan agreed late Tuesday on $70 billion in relief." Talks on Wednesday "sought to resolve differences over what breaks should go into a second tax bill expected later this year."

The Wall Street Journal (5/4, Mullins) reports, "Tax lobbyists close to Republicans say that there is little chance that Congress will wrap up the legislation this week. By not reaching a deal yesterday, lawmakers won't be able to approve the bill this week, because the floor schedule in the House is booked for today, and the House is out of session tomorrow." The Journal adds, "To sidestep a procedural hurdle, Senate Finance Committee Chairman Charles Grassley of Iowa and House Ways and Means Chairman Bill Thomas of California have agreed to craft two bills to extend the 15% rates on capital gains and dividends, exempt millions of Americans from the AMT and extend a range of temporary tax breaks for businesses and individuals that expired at the end of 2005."

The Washington Post (5/4, A4, Weisman) reports, "If the deal wins congressional approval, every major tax cut passed in Bush's first term will be set to expire on the same day five years from now. At that moment, politicians would face a choice: Either allow taxes to rise suddenly and sharply on everyone who pays income taxes, is married, has children, holds stocks and bonds, or expects a large inheritance, or impose mounting budget deficits on the government far into the future, according to projections by the nonpartisan Congressional Budget Office."

Bush Tax Cuts Said To Have Shifted Tax Burden On Wealthy. Stephen Moore, a member of the Wall Street Journal's editorial board, writes in this morning's edition (5/4), "With the House and Senate preparing to vote on extending…Bush's investment tax cuts, it's no surprise the cries against 'tax giveaways to the rich' grow increasingly shrill. Just yesterday Senate Minority Leader Harry Reid charged that the Bush tax plan 'offers next to nothing to average Americans while giving away the store to multi-millionaires' and then fumed that it will 'do much more for ExxonMobil board members than it will do for ExxonMobil customers.' Oh really." Moore adds "new IRS data released last month tell a very different story: In the aftermath of the Bush investment tax cuts, the federal income tax burden has substantially shifted onto the backs of the wealthy. Between 2002 and 2004, tax payments by those with adjusted gross incomes (AGI) of more than $200,000 a year, which is roughly 3% of taxpayers, increased by 19.4% -- more than double the 9.3% increase for all other taxpayers."

Senate Adds More To Spending Bill As Bush Reiterates Veto Threat. President Bush again told Congress he would veto any emergency spending bill that exceeds the $92.2 billion ceiling he has imposed. Fox News' Special Report (5/3, Hume) reported Bush, "who has yet to veto a single bill passed by Congress insists he may do it yet." Fox (Cameron) added, "During a speech to an engineering trade group in Washington, President Bush warned lawmakers working on federal spending and tax legislation that, particularly now with energy prices high, he will not tolerate waste or tax hikes." Bush said, "The Congress needs to hear me loud and clear. If they spend

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more than $92.2 billion plus pandemic flu emergency funds, I will veto this bill."

But as the New York Times (5/4, Hulse) reports, "The Senate did not seem deterred by the veto threat," agreeing to Sen. Edward Kennedy's request for an additional $289 million "to compensate emergency workers who might be injured by experimental flu vaccines," as well as requests for "an extra $1.6 billion for levees in Louisiana, $30 million for Gulf Coast election assistance and $30 million for forest projects." The Washington Post (5/4, A4, Murray) says senators "keep stuffing new provisions" into the bill, "ignoring President Bush's veto threat." The Washington Times (5/4, Dinan, Fagan) also notes that Bush "has threatened to veto other bills but has never done so, in part, he says, because Congress has met his targets for spending," but adds that the allocations added Wednesday "pushed the price tag of the bill near $109 billion." The Wall Street Journal (5/4, A7, Rogers) also says "senators kept adding more money" despite Bush's threat. The Los Angeles Times (5/4, Reynolds) reports the Senate "is expected to vote on the measure today, setting up a confrontation with President Bush."

Thomas Takes On Appropriators. The Hill (5/4, Bolton) reports House Ways and Means Chairman Bill Thomas "is challenging appropriators to prove their stated desire for parity with other panels by justifying their staff and budget levels." The Hill says the action "is a carefully aimed counterattack by a chairman whose panel would be one of those most affected if earmark reform were broadened beyond appropriations to tax and authorization bills." The House Administration Committee currently oversees the management of every committee except Appropriations," and during "what one participant described as a 'knock-down, drag-out fight' in the House Republican Conference last week," Thomas said appropriators should have to "justify their panel budget" with that committee as well.

As Bush And Legislators Seek Solutions, House Votes To Criminalize Gas "Price Gouging." President Bush and members of Congress discussed gasoline prices yesterday, and Congress voted to criminalize "price gouging." While the gouging vote dominates print coverage, it was only mentioned in passing in television coverage. NBC Nightly News (5/3, story 2, 2:10, Gregory) reported Bush and members of Congress "huddled" at the White House, "looking for a political solution to high gas prices." Bush: "The prices of gasoline should serve as a wake-up call to all of us involved in public office that we have got an energy security problem and a national security problem." Gregory: "In another sign of how nervous congressional Republicans are in this election year, a House panel today pressed Exxon Mobil to disclose details of the $400 million severance package for a former CEO, Lee Raymond.." And Congress is "scrambling to respond to public anger about gas prices. Today, the House passed criminal penalties for energy companies caught price gouging but failed to pass a measure to expand sorely-needed crude oil refining capacity." As the Christian Science Monitor (5/4, Feldmann) writes, "When it comes to gasoline prices, every politician is a populist, especially in an election year. And in the current scramble to ease motorists' pain over high prices, ideology has taken a back seat to the need for immediate results -- or at least the need to be seen trying."

USA Today (5/4, 10A) headlines its report "House Bill Criminalizes Price Gouging," writing that the House voted 389-34 "to impose criminal penalties and fines of up to $150 million on energy companies caught price gouging." The bill "comes at a time when the country is angry over gasoline prices and oil industry profits. The White House has not said whether President Bush supports the bill. He met for more than an hour with a bipartisan group from Congress and said it was important 'to make sure our consumers are treated fairly' by the oil markets." The AP (5/4, Hebert) reports that despite the vote, "lawmakers acknowledged there is no quick and easy fix to higher pump prices."

The Wall Street Journal (5/4, Fialka) writes that while 29 states have already laws against price gouging, "most require a declaration by the governor that a natural disaster or some other serious supply disruption has occurred" before a case can be made. The proposed federal law "would have wider application." Sponsor Rep. Heather Wilson (R-NM) "said it 'would prohibit gouging at any time' and could also be used by state attorneys general if their powers under state law fall short."

The AP (5/4, Hebert) reports, "Under Rep. Heather Wilson's bill, the Federal Trade Commission and Justice Department would have power over energy price gouging."

Kingston Says Bush Discussed New Drilling, Ethanol, Other Measures. Rep. Jack Kingston told MSNBC's Scarborough Country (5/3, 9:14 p.m.) that Bush discussed "opening oil drilling" off the Florida coast, as well as increasing use of alternative fuel vehicles and ethanol, during the meeting.

Democrats Block Effort To Streamline Refinery Approval Process. Fox News' Special Report (5/3, Hume) reported, "Democrats went along today as the Republican controlled House of Representatives passed a bill attempting to crackdown on the alleged price gouging in the gasoline industry. But when it came to another bill to streamline the process of building new refineries in this country, the result was different." The AP (5/4, Hebert) reports the House rejected "a Republican bill that supporters said would make it easier to build refineries in hopes of easing tight gasoline supplies. All but 13 Democrats opposed the measure, intended to quicken the permitting process. They said it would not bring down gas prices, could lessen environmental

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protection and usurp local say where refineries go." The Washington Times (5/4, Debose) quotes Energy and Commerce Chairman Joe Barton saying, "It is frustrating for me to sit in the White House talking to President Bush about bipartisan energy policy and have Democrats pledge to work with us and then have 94 percent of them vote against our policies."

Barton, Wilson Form "Unlikely" Partnership On Gasoline Legislation. The Hill (5/4, Kaplan) writes House GOP leaders "pressed two unlikely allies" in Wilson and Barton "to cooperate on legislation addressing the jump in gasoline prices." Republican leaders suggested Barton work with Wilson, "who is facing a tough reelection race," on the gouging bill. The "alliance between Barton and Wilson is unusual because the two lawmakers have a strained relationship. In 2004, Barton tried to oust Wilson from his prestigious committee because she voted with Democrats on a motion that would have forced the Bush administration to release internal cost estimates of the Medicare prescription-drug law," and earlier that same year, Barton "infuriated some of his committee members by requiring them to apply for waivers to serve on another top-tier committee," which could have hurt Wilson.

Several In House Switch To Support Stricter CAFE Standards. The Washington Post (5/4, A5, Eilperin) reports "several long-resistant lawmakers" said they "may consider raising fuel economy standards for passenger cars for the first time in more than 30 years." While it "remains unclear whether Congress will actually force automakers to produce more fuel-efficient fleets," several members of the House, including Republicans Michael Bilirakis, Michael Castle, Randy Kuhl, and John Sweeney, "have all switched their stance and now back stricter" federal CAFE standards.

Grassley Says No Windfall Profit Tax Coming. In an interview with Bloomberg's Money & Politics (5/5, 9:06 p.m.), Senate Finance Chairman Charles Grassley said Congress is "not going to pass a windfall profit tax." Instead, Grassley said "what we need to do is get more incentives for exploration of oil, number one, and…[put] more emphasis on ethanol, biodiesel and all sorts of alternative energy and incentives for conservation."

Energy Department Says Demand For Gasoline Leveling Off. The CBS Evening News (5/3, story 7, 3:15, Schieffer) reported, "The Energy Department predicted today that oil prices will remain high through next year and the high prices now seem to be having an impact on driving habits. The demand for gasoline seems to be leveling off."

Personal Income Soars In Energy-Producing States. USA Today (5/4, Cauchon) reports personal income "is growing dramatically in states that produce energy or have strong ties to the expanding federal government." The five states where per-capita income growth has grown most rapidly since 2000 "are major suppliers of oil, natural gas or coal," with Wyoming leading the list with personal income up "an inflation-adjusted 13.9% from 2000 to 2005."

Wyoming Discount Gasoline Dynasty Strives To Keep Prices Down. The Wall Street Journal (5/4, Levine) runs a front-page feature on the Call family of Evanston, Wyoming, which has kept the town "America's capital of cheap gas." The family has run a discount gasoline business since the 1930s. Wyoming residents "drive an average of 18,283 miles per year, more than any other state," and while "prices for regular gasoline here are up 24% from a year ago, but they are often still the nation's cheapest."

Foreign Government-Owned Fuel Companies Help Keep Prices High. The Washington Times (5/4, Hill) reports, "A principal reason fuel prices are high and likely to remain so is a trend worldwide toward state ownership and control of oil resources that is raising questions about how quickly large tracts of oil and gas will be developed and made available to consumers." While some government-owned oil companies like Saudi Arabia's Aramco "readily develop their vast oil reserves to help hold down prices and satisfy the demands of consuming nations," other fuel-rich nations like Bolivia and Venezuela "have fallen into the hands of governments that are less attuned or outright hostile to pleas from drivers around the world who want them to continue the flow of cheap and readily available fuel."

Companies Pass Fuel Costs On To Consumers. The Wall Street Journal (5/4, Brooks) reports that as energy costs climb, "delivery companies, cruise lines, taxis, electric utilities, garbage collectors, landscapers, pizza chains and numerous other businesses" across the US are passing the cost along to the consumer with added fees.

Minnesota "Fuel Bank" Cuts Customers' Gasoline Costs. NBC Nightly News (5/3, story 12, 0:40, Tibbles) reported on the St. Cloud, Minnesota fuel bank. Customers "buy gas in bulk up front. Then use a simple card each time they fill up from their reserve. The price remains fixed to the day they bought the gas." Jim Feneis, First Fuel Bank: "We currently still have 300 members that are fueling sub-$1, and literally thousands of members fueling sub-$2 per gallon."

More Commentary. In their USA Today (5/4) "Common Ground" column, "conservative columnist Cal Thomas and liberal strategist Bob Beckel" debate the gasoline price issue. Thomas argues, "I've heard this song before about high gas prices. Five years ago, when gas averaged $1.70 per gallon just before Memorial Day weekend, people complained and sharply criticized politicians and Big Oil. Though Republicans and Democrats both like to demagogue this issue, the fact is government can do little to alter the law of supply and demand." Beckel replies, "Try that little history out on American consumers who are paying $3 a gallon and you'll find they have no interest in history. I'll concede President Bush is not entirely to blame for the high price of gas, but he signed a Republican energy bill last year

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that was a gift to the U.S. energy industry. He has done virtually nothing to deal with the crisis we have today."

Bush To Promote Medicare Drug Benefit In Advance Of Enrollment Deadline. The AP (5/4) reports President Bush "is traveling to Florida next week to remind seniors to sign up for the Medicare prescription drug program before the May 15 deadline." Bush will visit seniors at a community college in Coconut Creek, make remarks at the retirement community Sun City Center, and host a "conversation" on the benefit in Orlando. Before "his Medicare events, Bush will be in Fort Lauderdale, Fla., on Monday to attend a reception for Rep. Clay Shaw, R-Fla."

GAO Report Criticizes Help Line For Medicare Prescription Benefit. The Washington Times (5/4, Fagan) reports a Government Accountability Report says "the help available to seniors signing up for Medicare's prescription drug benefit has sometimes been inadequate, and Democrats want the registration deadline -- which is less than two weeks away -- pushed back." GAO investigators "posing as seniors found problems getting their drug program questions adequately answered by the help line. The report found that the help line provided inadequate or incomplete answers to about one-third of the callers." And, "although accuracy rates varied depending on the question, when help-line officials were asked which plan would be cheapest for a senior who takes specific drugs, they answered correctly only 41 percent of the time." Medicare administrator Mark B. McClellan "refuted the findings, saying the survey was conducted months ago."

The AP (5/4, Freking) reports the GAO report prompted "Democratic critics of the Bush administration program to again request an extension of an approaching enrollment deadline." Rep. John Dingell said, "These findings also point to larger problems. Because of inaccurate or incomprehensible information, seniors haven't been given a fair shake. The president should extend the May 15th enrollment deadline and not penalize seniors for the administration's errors."

Bloomberg (5/4, Young) reports, "Medicare chief Mark McClellan said this week that the program, known as Part D, plans to stick with the deadline, and that the administration isn't 'focused at all' now on considering waiving penalties for late enrollment."

The Washington Post (5/4, A10, Connolly) says the report "also found that Medicare's written promotional materials used too much technical jargon, that call waiting times lasted from a few minutes to almost an hour, and the government Web site was so confusing that some people gave up before completing the process." Although the findings "did not surprise advocacy groups that have complained that the program is unnecessarily complicated, the report added fuel to the ongoing political brawl over one of President Bush's signature domestic achievements."

Leak Of Second Medicare Draft Rule Has Impact On Stock Markets. The Hill (5/4, Young) reports the "leaking of a Medicare document Tuesday afternoon had an immediate impact on the stock market and angered federal officials, investors and lobbyists alike." A "complete final draft of an unpublished regulation began to circulate throughout Washington and Wall Street hours before the Centers for Medicare and Medicaid Services (CMS) was to make it public at 4 p.m., after the stock market closed." Washington lobbyists "and Wall Street analysts and investors had been passing the regulation around since at least noon, sources said. The regulation sets Medicare's payment rates for certain hospitals. Tuesday's incident was Medicare's second major leak that produced a reaction in the financial markets in only a few weeks." The leak of the document prompted the stock of Kindred Healthcare to increase by 10% in a ten minute period on Tuesday afternoon.

NYTimes Says Cap On General Revenues For Medicare Not Progressive. The New York Times (5/4) says in an editorial, "The most worrisome news in the latest annual report on Medicare is not that the hospital trust fund will run out of money in 2018 or that premiums for coverage of doctor bills are rising faster than projected. Bad as that news is, Medicare is not really to blame — the culprit is the relentlessly escalating cost of health care that is staggering employers and private insurers as well. The really troubling development is that this year's report starts a process that will force the White House and Congress to confront Medicare's fiscal problems with one hand tied behind them." Capping "the share of financing from general revenues is a perverse way to deal with Medicare's very real financial problems" and "removes the most progressive source of financing from further consideration. That leaves only the regressive Medicare payroll tax, increases in premiums and co-payments, or cuts in services or payments to providers on the table."

Frist, Specter Taking Deliberate Approach To Judicial Nominations. CQ (5/3, Perine) reports Majority Leader Bill Frist and Judiciary Chairman Arlen Specter "are proceeding cautiously on judicial nominations as they balance the appeals of conservative activists who want President Bush's appellate court nominees pushed through the Senate in bunches and wary moderate Democrats seeking a more deliberative pace." Frist has "promised to bring Brett M. Kavanaugh, nominated to a seat on the U.S. Court of Appeals for the District of Columbia Circuit, to the floor before Memorial Day." But Frist is "waiting until after the Senate acts on Kavanaugh to decide how to handle other contentious appellate court nominations. Frist said he wants to 'see how secure our overall system is' before he attempts

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to take up other nominations." CQ adds Democrats on the Judiciary Committee "have asked Specter, R-Pa., to summon Kavanaugh to another hearing before the panel votes on his nomination. On Wednesday they received backing from the seven Democratic members of the 'gang of 14,' a bipartisan group that holds the balance of power on judicial nominations." Democratic critics "say Kavanaugh is too inexperienced for a D.C. Circuit seat. Those on the committee want to ask Kavanaugh, previously an associate White House counsel, about what role if any he played in administration policies on warrantless eavesdropping and treatment of detainees held by the U.S. military."

WSJournal Says Kavanaugh Will Be Confirmed If GOP Sticks Together. An editorial in the Wall Street Journal (5/4) that with Brett Kavanaugh's nomination to the DC Circuit Court of Appeals set to come for a vote before the Senate Judiciary Committee today, Democrats are being urged by the left "to use the F-word. Anything is possible, but it's hard to believe Democrats are nuts enough to launch a judicial filibuster in the middle of an election year with a GOP President so low in the polls. Talk about a get-out-the-vote gift for Republicans." The Journal adds that a "Samuel Alito scenario" is more likely. Senators John Kerry and Ted Kennedy "tried to rally (or faked) a Democratic filibuster against Mr. Alito's Supreme Court nomination, but the full Senate confirmed him by 58-42. … As long as Republicans hold together, Mr. Kavanaugh should be sworn in and sitting on the bench by summer."

Report Calls For Shift In Pentagon Spending. Knight Ridder (5/4, Brown) reports that the nonpartisan Task Force on a Unified Security Budget for the United States, "made up of defense and nonproliferation experts," says Congress should "cut $62 billion out of Cold War weapons programs and shift most of that money to homeland security, efforts to halt the spread of nuclear weapons and diplomatic measures that better address current national security needs." The report "singles out such programs as the F-22 stealth fighter jet, the Virginia-class submarine, the DD(X) destroyer, the V-22 Osprey tilt-rotor aircraft and the C-130J cargo plane as having 'scant relevance to the threats we face' and recommends that they be eliminated or reduced significantly."

First Lady Dismisses Criticism President Waited Too Long To Make Staff Changes. First Lady Laura Bush was asked on CNN's The Situation Room (5/3) about criticism that the President waited too long too make staff changes in the White House. Mrs. Bush said, "No, no, I don't think that at all. Andy Card served so ably. He was a terrific chief of staff. He turned -- served longer than every other chief of staff, save one, and he did a wonderful job. He's very beloved in the White House and all around Washington. But at the same time, it's great to have Josh Bolten in this job. He comes with a fresh perspective, and he'll be terrific."

First Lady Calls Rove "Valuable," And A "Brilliant Strategist." The First Lady was asked on CNN's The Situation Room (5/3) if Karl Rove is indispensable in President Bush's White House. Mrs. Bush said, "He's a very good friend, Karl is. He's been with the president through all his races, starting with the first governor's race. He's a very brilliant strategist. His politics are his avocation, his real interest. He's valuable, absolutely. There's no doubt about it."

First Lady Says Bush Will Continue To Be Effective Despite Low Poll Numbers. Mrs. Bush was also asked on CNN's The Situation Room (5/3) about the polls showing that the President's approval rating is in the mid-30s. Mrs. Bush said, "I'm sure he doesn't like that. I don't like that either obviously. But when you're elected for a second term, and there are term limits, then of course you start off in some ways as a lame duck. I still know that my husband is going to be very effective and has been very effective, and that his agenda that he ran on in the last election, in 2004, he will be able to get through."

White House Insiders Anxious About Effect Of Staff Changes. The White House Bulletin/US News (5/3) reported, "Long-time Bush advisors say that they are a bit anxious over the recent wave of staff changes and are slowly adjusting to the ways of new Chief of Staff Josh Bolten." Insiders tell US News and the Bulletin "that his style is far different than former Chief of Staff Andy Card, but his more aggressive approach is being embraced as the White House seeks to refocus its agenda and boost poll ratings. Also winning raves is the switch for Karl Rove, who relinquished his policy role to get back to handling politics and big picture issues where he shines, they said. Unclear, however, is the role of incoming press secretary Tony Snow, who officially joins the staff on Monday. Snow has been meeting with top Bush aides this week, signaling that he will get the broader policy-making job he sought coming into the post. But rumors that he will change the faces in the press and communications operation are unsettling, say the insiders."

House Narrowly Passes Lobbying Reform Measure. The House yesterday passed a lobbying reform bill by a narrow 217-213 margin. Media reports are generally depicting the measure as weak, and focus on the sharp partisan split in the House vote. USA Today (5/4, Drinkard) notes the House bill "passed with eight Democratic votes, which helped overcome the 20 Republican votes against it." The Hill (5/4, O'Connor) says "the eight Democrats' votes signaled a reluctance to take a possible political hit by voting against any reform legislation." The Washington Post (5/4, A1, Birnbaum) lists the eight Democrats who voted for final passage: "Reps. John Barrow (Ga.), Dan Boren (Okla.),

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Leonard L. Boswell (Iowa), Henry Cuellar (Tex.), Jim Marshall (Ga.), Jim Matheson (Utah), Charlie Melancon (La.) and Gene Taylor (Miss.)."

Before the vote, says The Hill (5/4, Hearn), Minority Leader Nancy Pelosi "issued a stern warning to her colleagues yesterday during a closed-door meeting, telling them not to buck their leadership on a pivotal lobbying reform bill. 'They want to use you to defeat us,' she warned. 'Trust us on this. It has absolutely no downside to your district.'" Democrats "have pinned their election-year hopes on painting an image of the GOP as a corrupt, entrenched majority that voters should reject in November. Pelosi and other leaders argued that Democrats would hand Republicans a victory if they voted for a measure that Democrats and others have denounced as a sham."

The Los Angeles Times (5/4, Fiore) says "the close vote on the measure -- 217 to 213, largely along party lines -- reflected criticisms by Democrats that the bill, intended to address Congress' ethically tarred image, would do little to change the way business is conducted on Capitol Hill." The House "declined to follow the lead of the Senate, which last month voted to prohibit its members from accepting gifts or meals from lobbyists."

Roll Call (5/4, Newmyer, Kornacki) reports lawmakers "now have to reconcile the House measure with stronger Senate language on earmarks, gifts, travel and disclosure, while determining the fate of a potentially deal-killing House clause that cracks down on so-called 527 groups." Republican leaders "believed that passing a reform bill was crucial to the party's chances in November and to its ability to get anything done in the House in the interim."

The AP (5/4, Abrams) reports "Democrats, and the good government groups pushing for stronger legislation, said the House bill would do little to stop acts such as the influence peddling of now-convicted lobbyist Jack Ambramoff and the corruption of former Rep. Randy 'Duke' Cunningham, R-Calif., who was convicted and sentenced to more than eight years in prison for taking some $2.4 million in bribes."

The New York Times (5/4, Stolberg) reports Democrats "denounced the measure as a sham, and 20 Republicans voted against it," while Knight Ridder (5/4, Kuhnhenn) says Republicans acted "in a bid to inoculate themselves from recent scandals." Knight Ridder adds the bill "is far more modest than what Republican leaders initially set out as their 'reform' anti-corruption agenda earlier this year. Watchdog groups called for the bill's defeat."

The Washington Times (5/4, Hurt) reports, "Democrats opposed the bill, saying it does not go far enough toward curbing the influence of lobbyists on members of Congress. 'The scope of what this bill doesn't do is stunning,' said Rep. Louise M. Slaughter, New York Democrat." Minority Whip Steny H. Hoyer "said the bill will do little to improve the image of the Republican Party."

The Wall Street Journal (5/4, Rogers) reports, "The Republican dilemma was captured by the fact that their most powerful closing speaker was a former member of the House Ethics Committee who later opposed the bill." Rep. Kenny Hulshof, "one of 20 Republicans to defect, said he wanted most to make an appeal to Democrats not to seek short- term political gain from the scandals now." But "his appearance was striking since he was one of those Republicans purged from the Ethics panel last year after being tough on then Majority Leader Tom DeLay (R., Tex.), an Abramoff ally."

Frist Pressing House Indecency Bill In Senate. The Washington Post (5/4, D1, Mohammed) reports Senate Majority Leader Bill Frist is "trying to push through a bill that would increase indecency fines on broadcasters and threaten to take away their licenses after three violations." Frist is "championing the bill after conservative groups, a key voting bloc if he runs for president, expressed frustration at the lack of congressional action to curb broadcast indecency. His stand also puts opponents of the Broadcast Decency Enforcement Act of 2005 in the position of appearing to cast a vote in an election year against decency." The House "passed the bill in February 2005, but it has languished in the Senate, where Commerce Committee Chairman Ted Stevens (R-Alaska), rather than drafting his own legislation, has encouraged media companies to regulate themselves." The House bill "would increase the fine for broadcasting 'obscene, indecent, or profane material' to a maximum of $500,000 from $32,500."

House Democratic Leaders Paint Optimistic Picture Of Party's Chances In November. Roll Call (5/4, Kornacki) reports, "House Democratic leaders Tuesday night treated their Members to a rosy assessment of their party's chances in this fall's elections." But "the 120 or so Democrats who attended the Leaders' Dinner at Democratic National Committee headquarters were warned that the most favorable climate in a dozen years for their party will be squandered if they do not each actively contribute to the campaign effort." Rep. Rahm Emanuel, the chairman of the Democratic Congressional Campaign Committee, and the four elected leaders of the Democratic Caucus, House Minority Leader Nancy Pelosi, House Minority Whip Steny Hoyer, Caucus Chairman James Clyburn and Vice Chairman John Larson, "all addressed what unofficially marked the kickoff of the House Democrats' election-year effort, an event that the same attendee described as 'one part pep talk, one part serious discussion about the state of the party and one part asking for help and unity.'"

Democrats See Strong Turnout In Tuesday's Primary Votes. Roll Call (5/4, Whittington) reports that operatives in both parties sought to spin the results of

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Tuesday's primary elections in Ohio, Indiana and North Carolina as favorable for their prospects in November, "voter turnout in each state could provide some of the best clues as to whether a Congressional sea change could be in the making this fall. … Overall, almost 65,800 Democrats voted Tuesday in the [Ohio's] 6th district, up from the almost 61,300 who voted there in the last midterm election in 2002. But Republican turnout was also up 4,226 votes over 2002, a year in which the GOP did not have competitive up ballot races. Republicans in Ohio had a competitive primary for governor on the ballot Tuesday, while Democrats did not have competitive races at the top of the ticket." In Indiana, "more Democratic ballots were cast than GOP ballots in all three of the competitive House districts." In North Carolina's 11th district "39,100 Democrats went to the polls in the 11th district Tuesday, compared to 33,812 Republicans."

DOE Changes Policy On Contractors' Traditional Pension Plans. In a move that is angering labor groups and some Democrats, the Energy Department has told contractors it will no longer cover the costs of traditional pension plans for their new hires. The Wall Street Journal (5/4, Schroeder) reports, "DOE has long reimbursed companies working for it for the costs of their employee defined-benefit pensions -- plans that pay a set monthly amount for retirees based on length of service. Early next year, DOE will begin paying only the costs of defined contribution plans, such as 401(k)s, for new workers. Individuals already working for DOE contractors won't be affected. … Labor groups and their supporters say they fear the move could inspire other agencies -- as well as companies -- to drop traditional pensions."

Voinovich Bill Would Deny Raises To Sub-Par Federal Workers. The Washington Post (5/4, D4, Barr) reports in its "Federal Diary" column that Sen. George Voinovich announced yesterday that he will introduce a measure to improve the government's performance appraisal system and deny pay raises to federal employees rated as less than successful. Voinovich's proposal "would prohibit agencies from giving annual raises and within-grade increases to employees deemed sub-par performers. … Voinovich said his proposal would fold into the General Schedule, the largest federal pay system, and would require agencies to provide training to managers to help them better judge employee performance and communicate job expectations to employees."

Rothenberg Says Bush Is Seen As "Irrelevant." Stuart Rothenberg writes in Roll Call (5/4,) that "fewer than half of those polled" give President Bush "credit for leadership, and his poll numbers also have plummeted on integrity and honesty." One Democratic pollster said Bush is "irrelevant" noting that "those being polled will mention the president by name only when prompted to do so." Rothenberg adds, "The president is neither loved nor feared anymore, which is a problem for any chief executive trying to wield power. The country could get along like this if the international arena was relatively calm and the nation could stumble its way through the next few years. But although the economy's fundamentals look good, the country is facing problems that demand immediate attention."

OTHER NEWS:

Service Sector Expansion Continues At "Healthy Levels." The Wall Street Journal (5/4, Whitehouse) reports service-sector businesses "enjoyed a solid gain in already healthy activity levels last month, although rising energy prices continue to create trouble for the sector." The "closely watched ISM nonmanufacturing index, which measures business activity mainly at service-related companies, rose to 63.0 in April, versus 60.5 in March. Economists had expected to see the expansion pull back."

Chicago Fed President Expects Gradual Reduction In US Current Account Deficit. The Wall Street Journal (5/4, Derby) reports Federal Reserve Bank of Chicago President Michael Moskow "said Wednesday he expects that the U.S. current account deficit will begin to adjust lower at some point, and the process is unlikely to cause harm to the economy." In comments "prepared for delivery before a business group in Northbrook, Ill.," Moskow said, "No one can say when this adjustment away from such high current account deficits will begin. But I expect that when it does, the adjustment will be gradual, without a major disruption to U.S. economic performance."

Stocks Close Down On Profit Worries. NBC Nightly News (5/3, story 10, 0:10, Williams) reported, "On Wall Street today, the Dow was off by 16 points [to close at 11,400.28]. The NASDAQ was down almost six [to close at 2,303.97]." And the Wall Street Journal (5/4, Browning) says, "Weak profit numbers and worries about a too-strong economy combined to knock the Dow Jones Industrial Average down from Tuesday's six-year high, but the decline was minor." Investors were "reacting to disappointing quarterly sales at Dow-industrials component-stock Procter & Gamble, which sent the household-products maker down more than 3%. Time Warner's sales also missed Wall Street expectations. In addition, the latest economic reports showed more strength than expected both in the nation's service sector, which accounts for the great majority of the economy, and in factory orders."

Bernanke, Others Discuss Easing Poverty In Poor DC Neighborhood. The Washington Post (5/4, D1, Irwin)

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reports Federal Reserve Board Chairman Ben S. Bernanke yesterday "gave his take on how to ease poverty in neighborhoods east of the Anacostia River in the District. So did World Bank President Paul D. Wolfowitz, a half-dozen Bush administration officials, and top leaders of several banks and other financial groups. It happened at the Anacostia Economic Summit, an event that aimed to engage some of the nation's financial leaders in discussing how to improve the lot of residents in the District's poorest neighborhoods and similar parts of other big cities." The officials' message was to "improve residents' access to banks, financial advice and homeownership, and broader prosperity will ensue."

Georgia Has Not Created Jobs To Keep Pace With Population Growth. USA Today (5/4, Copeland) reports that while Georgia was once a jobs magnet with firms routinely relocating or opening headquarters there, lately, economic news "has been almost all bad. … Georgia has been one of the nation's fastest-growing states for a quarter-century. … But population growth has not paid off financially for the Peach State: It ranks 49th among the states in per-capita income growth since 2000 -- ahead only of Hurricane Katrina-battered Louisiana, according to a USA TODAY analysis of government data. Georgia lost 2% of its income in the first half of this decade. The state has not generated enough new jobs, especially higher-paying ones, to keep pace with its growing population."

Annual Bible Reading Underway On Capitol Lawn. The Christian Science Monitor (5/4, Chaddock) reports that the 17th Annual US Capitol Bible Reading Marathon is underway on the west lawn of the US Capitol. According to the Monitor, "The 90-hour marathon, which will include readings by about two dozen members of Congress and their staffers, is a lead-up to Thursday's National Day of Prayer. President Harry Truman signed the day into law in 1952 as an interfaith event. But in recent years, evangelical Christian groups have taken the lead in organizing activities around the day, especially those located near seats of government. … Critics say that evangelical groups and their allies in Congress are staging events like the Bible Marathon near centers of power as a bid to link secular Washington to Christian ideals."

Phillips Book Called "Intellectual Dishonesty On Stilts." In his column in the New York Times (5/4) David Brooks reviews Ken Phillips' book "American Theocracy." Brooks notes that "when the left feels disinherited, liberals seize upon" Phillips' "conspiracy fantasies." Phillips "asserts that 50 to 60 percent of Republicans believe in Armageddon and are influenced by the argument that the 'destruction of the new Babylon' in Iraq will hasten the coming of the messiah. Phillips says that the Bush White House sends messages to these Americans through 'double-coding' in his speeches -- phrases that mean one thing to secular America but contain hidden meanings to people with the 'biblical worldview.'" Brooks notes "This is intellectual dishonesty on stilts. … And while many informed critics have picked apart Phillips's fantasies, other Americans, at once cynical and naïve, are willing to believe any whacked-out theory, so long as it focuses hatred on Bush."

Study Finds Public Seeks "Compatible" News Sources. The Washington Post (5/4, A2, Morin) reports in its "Unconventional Wisdom" column that an online experiment by The Washington Post, washingtonpost.com and Stanford University's political communication lab found that Republicans "preferred to get their news from Fox -- even when the news stories were about subjects far removed from politics, such as sports or travel. On the other hand, Democrats avoided Fox when it came to political news and preferred National Public Radio and CNN. … More than 2,000 people participated in the test of whether attention to the identical news story was increased or decreased when the story was attributed to Fox News, NPR, CNN or the BBC. … The results found strong evidence that people apply a political litmus test to the news, avoiding sources they view as unfriendly while seeking out compatible sources, a finding confirmed by researchers at Polimetrix in a national study with a representative sample of adults done in cooperation with the Stanford lab."

Doctors Oppose Collection Of Prescription Data. The New York Times (5/4, Saul) reports that some doctors are objecting to computerized dossiers showing which physicians are prescribing what drugs. They consider the data-gathering "an intrusion that feeds overzealous sales practices among the nation's estimated 90,000 drug company representatives. Public officials are also weighing in. A vote on a state bill to clamp down on the practice is scheduled for today in New Hampshire, and similar bills have been introduced in other states, including Arizona and West Virginia." The American Medical Association "will soon give individual physicians the choice of declaring their prescription records off limits to drug sales representatives. The new measure is viewed as a self-policing move that the drug industry and the A.M.A., which has lucrative contracts with data-mining companies, hope will keep states from banning sales of prescription data altogether."

Texas Cited As Example Of Effective Medical Tort Reform. Former US House Speaker Newt Gingrich and Dr. John Gill, an orthopedic surgeon in Dallas, write in

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the Wall Street Journal (5/4) that the state of Texas should serve as an example to senators who "want to expand access to health care by increasing the number of physicians and lowering costs." Texas lawmakers enacted medical litigation reform in the summer of 2003. A "voter-approved constitutional amendment, Proposition 12, followed later that year to solidify the changes. As a result, physicians are returning to the state, particularly in underserved specialties and counties. Insurance premiums to protect against frivolous lawsuits have declined dramatically." Gingrich and Gill add that Texas "has taken an important first step toward creating a 21st-century health justice system that meets the needs of doctors and patients alike."

Kondracke Says Politics Dominates Health Care Debate. Morton Kondracke writes in Roll Call (5/4) that "partisan political cacophony dominates the health care debate -- and it's likely to get worse if Democrats win control of part or all of Congress. With no resolution in sight, the twin crises afflicting health care -- inexorable increases in both costs and the number of uninsured -- are likely to continue unabated, posing a long-term threat to the economy and the nation's health. … At the moment, the process continues inexorably, and ideological differences between Democrats and Republicans are helping it along."

Cohen Says Colbert Was Rude At Correspondents' Dinner. Richard Cohen writes in the Washington Post (5/4, A25) that Stephen Colbert "was not funny at the White House Correspondents' Association Dinner." Colbert "was not just a failure as a comedian but rude." Cohen adds that Colbert "had a chance to tell the president and much of important (and self-important) Washington things it would have been good for them to hear. But he was, like much of the blogosphere itself, telling like-minded people what they already know and alienating all the others."

UK, France Ask Security Council To Take Action On Iranian Nuclear Program. ABC World News Tonight (5/3, story 4, :30, Vargas) reported, "The long-awaited showdown at the UN over Iran's nuclear program has begun. Britain and France introduced a resolution in the Security Council demanding that Iran stop enriching and reprocessing uranium. It warns that further measures may be necessary if Iran does not comply. It was a veiled threat of sanctions and possibly military force. The US supports the measure. But passage may be difficult. Russia and China have opposed a hard line toward Iran."

The Washington Post (5/4, A18, Lynch) reports that the draft makes "a veiled reference to possible sanctions," but "US and European diplomats stressed" it "is not intended to threaten sanctions or the use of force." Still, "Russia and China immediately signaled they will oppose" it, and "senior Iranian officials have said that they will not abide by the resolution." The Post calls the resolution "an escalation in a three-year campaign by the West to pressure Iran to scale back its accelerating nuclear activities." The Financial Times (5/4, Turner) calls the resolution "unexpectedly tough." The New York Times (5/4, Hoge) adds that negotiations on the draft "begin Thursday, leading to a scheduled meeting next Tuesday between" Secretary Rice "and the foreign ministers of Britain, China, France, Germany and Russia at which Iran is to be a central subject." Knight Ridder (5/4, Landay, Douglas), USA Today (5/4, Slavin), Los Angeles Times (5/4, Farley) and Washington Times (5/4, Curl), among other sources, run similar reports this morning.

In a front-page story, the Los Angeles Times (5/4, A1, Rubin, Murphy) analyzes "Moscow's complex motives" on the Iran debate, which "may make it a difficult partner" for the US. Russia "views the volatile, oil-rich region as the key to regaining its position as a world leader, diplomats and analysts say. Moscow also has strong economic ties to Tehran: Two-way trade topped $2 billion in 2004, and Iranian officials predicted recently that it would double in coming years. … Although Moscow shares the West's desire to prevent Iran from becoming a nuclear state, it has other interests as well, chief among them enhancing its own status as an alternative power to the United States, diplomats and experts say."

Meanwhile, the AP (5/4, Dareini) reports, "Iran's nuclear chief said Wednesday his nation had enriched uranium to the upper end of the range needed to make fuel for reactors, further defying U.S. and European demands to stop those efforts." The announcement by nuclear chief Gholamreza Aghazadeh "that Iran enriched uranium up to 4.8 percent purity tops Iran's declaration last month that it had surpassed the 3.6 percent purity level. Uranium enriched to between 3.5 percent and 5 percent is used to make fuel for reactors to generate electricity." Uranium enriched to more than 90 percent "becomes suitable for use in nuclear weapons."

Bush, Merkel Present Mostly United Front. The AFP (5/4) reports President Bush "met at the White House with German Chancellor Angela Merkel for talks dominated by the ongoing international crisis over Iran's nuclear program." Afterwards, "Merkel said the United States and Germany were in 'total agreement' on the need to prevent Iran from obtaining a nuclear weapon." Both "agreed that Merkel would return the favor in a few months' time, hosting the US president for a July 14 summit." However, the New York Times (5/4, Hoge) notes "there were hints of differences when Mrs. Merkel emphasized the need to move slowly through the diplomatic process." She "also signaled that Germany wanted to see the support of all countries on the

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Council for a resolution to stop Iran's critical nuclear activities."

Potential Rifts Said To Lie Between Western Powers. The Wall Street Journal (5/4, Champion) reports, "Washington and its allies still have profound differences over tactics and the bottom line -- including whether or not military force is an option -- that could pose trouble for the alliance in the future." Secretary Rice's commented last week about a "coalition of the willing," to deal with Iran, but a European diplomat said "the phrase 'frightened the horses.'" That reaction "showed underlying differences that could later break apart the new trans-Atlantic harmony."

Neighbors Uneasy With Iran's Nuclear Program. The AP (5/4, Hurst, Elias) reports that after Iranian President Mahmoud Ahmadinejad's "election last summer, Tehran's relations have significantly cooled with its oil- and gas-rich neighbors," and the "most anxious are Arab countries that lie on the east side of the Arabian Peninsula." Besides nuclear accidents and possible Western invasion, "there's anxiety about possible civil strife between their ruling Sunni Muslim majorities and Shiite minorities."

Iran Repudiates Statement It Would Target Israel If US Attacks. The AP (5/4, Lederer) reports, "The Iranian military on Wednesday rejected a statement from a top Revolutionary Guards commander that Israel would be Iran's first target in response to any U.S. attack." Brig. Gen. Alireza Afshar said Mohammad Ebrahim Dehghani's statement "is his personal view and has no validity as far as the Iranian military officials are concerned."

Poll Finds Radical Islamists Driven By Fear Of US Domination, Not Religiosity. The Wall Street Journal (5/4, Shah) reports that a Gallup survey of eight Islamic nations found that "what differentiates the minority that says 9/11 was either mostly or completely justified from the majority isn't religiosity or even poverty, but rather a sense of being controlled by the U.S." The threatened feeling "seemed to also extend beyond political domination to religious and cultural identity." Also, "political radicals were, comparatively, more educated and more affluent than the moderate majority." The poll found "support for extremism is on the rise in Morocco, Iran and Turkey, but declining in Pakistan and Lebanon."

Discord Grows Between Fatah, Hamas. The AP (5/4, Laub) reports that both Fatah and Hamas "insist they will not be drawn into civil war." Still, "tempers have been rising sharply in the Palestinian areas since Hamas took power" and "wrangling over control of the security forces has laid bare the deep enmity" between the two. Hamas accused Abbas of "conspiring with the West against Hamas," and "Fatah leaders countered that Hamas is trying to deflect attention from its financial troubles by attacking Abbas. In this charged climate, both sides are mobilizing."

Rattled By US Treasury, Banks Won't Transfer Funds To Palestine. The New York Times (5/4, Myre) reports, "As the Hamas-led government struggles to raise cash after the suspension of Western aid to the Palestinian Authority, it faces a new and unexpected obstacle: banks here are refusing to accept its money transfers from abroad." When the United States Treasury "barred almost all financial dealings with the Palestinian Authority" it "rattled" the banks, "which are tied to the American banking system." They "abruptly stopped handling even basic wire transfers needed for the authority to receive money donated by foreign countries." While "Arab countries…have raised more than $70 million," no bank is "willing to move the money to the West Bank or the Gaza Strip, wary of legal entanglements with the United States."

Deaths In Gaza Hospital Blamed On Shortages Due To Budget Crisis. The Washington Times (5/4, Mitnick) reports that the managing director of Gaza's Shifa Hospital says "patients…have started dying because the Palestinian Authority's budget crisis has left it without money to pay for critical medical treatment." The government "can't afford chemotherapy drugs, plaster for casts or surgery anesthetics," and the director noted that "medical employees who hadn't been paid stopped reporting for work." In addition, "the supply shortage has been compounded by Israel's frequent closure of Gaza's main commercial passage because of threats of additional suicide attacks."

US To Speed Nuclear Dismantling To Counter Impression Of New Arms Race. The Washington Post (5/4, A11, Pincus) reports, "The Bush administration plans to speed up the dismantling of old, retired nuclear warheads in coming years, in part to counter any impression that the United States is starting a new arms race with its work to develop a new generation of more reliable nuclear arms." Deputy Energy Secretary Clay Sell told a House Appropriations subcommittee "that dismantlements are 'very important for the arms-control reasons and for our own credibility.'" A "reason for the slow pace is that Pantex, the government production facility near Waco, Tex., could not handle much of the work while it is refurbishing thousands of operational nuclear weapons, officials said."

Rice Says Diplomats "Working Hard" To Produce Darfur Peace. The AFP (5/4) reports that, "as she welcomed her Japanese counterpart Taro Aso," Secretary Rice said "she had been updated on the efforts underway in Abuja" to reach a Darfur peace accord, and added, "They are all working very hard."

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Meanwhile, the New York Times (5/4, Brinkly) adds that Deputy Secretary Zoellick "arrived in Abuja on Monday morning and has been negotiating almost nonstop." State Department officials added that "American officials took a forceful role" in the talks, "pushing through revisions of a proposed agreement." However, "given the mercurial attitudes of the Sudanese government and the rebels, Mr. Zoellick's direct involvement carries political risks."

Senate Panel Passes Measure Funding UN Peacekeeping Mission. The AP (5/4, De La Cruz) reports, "The US Senate on Wednesday passed an amendment sponsored by Sen. Robert Menendez that provides $60 million to fund a United Nations peacekeeping mission in the Darfur region of Sudan." The amendment "is part of a huge bill to fund military operations in Iraq and Afghanistan and hurricane relief on the Gulf Coast. President Bush has promised to veto the bill if it exceeds $94.5 billion." The bill "is already close to $109 billion."

Sudan Appears Ready To Accept Key Concessions. The AP (5/4, Faul) reports, "Sudan appeared ready Wednesday to agree to faster disarmament of Arab militias in Darfur and to accept more rebels into its security forces, key concessions that could clear the way for progress at peace talks." Sudan spokesman Abdulrahman Zuma said, "Through this so-called American initiative, it seems that the government is going to make some concessions, especially about reintegration and disarmament." However, "two rebels close to the negotiations offered a version different from Zuma's, saying U.S. Deputy Secretary of State Robert B. Zoellick and British Cabinet member Hilary Benn were preparing a substantially changed proposal to address their demands for greater power and wealth sharing."

Egeland To Visit Darfur. The AP (5/4, Lederer) reports that U.N. Undersecretary-General for Humanitarian Affairs and Emergency Relief Coordinator Jan Egeland said "he is heading to Sudan's western Darfur region to draw attention to the desperate need for money to help millions of people in the conflict-wracked area." Previously, he was "barred from visiting Darfur and Sudan's capital of Khartoum in April when the Sudanese government refused landing permission for his plane after it gave him a visa," but he now says "the government…invited him to come." The Wall Street Journal (5/4) carries an op-ed by Egeland today. "If we are to avoid an imminent, massive loss of life, we need immediate action." The people of Darfur "need strengthened security," but "instead of healing the wound, the world has preferred to apply bandages to an open hemorrhage." The people "need protection on the ground and they need peace."

Cheney Praises Eastern European Democracies. The AP (5/3, Espo) continued coverage of Vice President Cheney's overseas travel. "Opening a three-nation trip," Cheney "blended praise for Eastern European countries that have embraced freedom with a reminder that other residents of the region 'don't enjoy the full benefits' of democracy." Cheney met with Lithuanian President Valdas Adamkus yesterday, and plans to deliver "what aides touted as an important speech to" a regional leaders' forum today. The AP says "it was not clear how critical — if at all — [Cheney] would be of Russia in his remarks," and notes, "He did not identify by name any countries the administration views as lacking in democratic reform. But one official said that later, over dinner, Cheney told his host the administration stands 'with them in their support of the opposition' in Belarus."

Bush Will Attend Annual US-EU Summit. The AP (5/4) reports, "President Bush will travel to Vienna on June 21 for the annual U.S.-European Union summit." It "will give Bush a chance to discuss trans-Atlantic ties with the presidents of the European Council and European Commission." Topics at the summit are expected to include "preventing nuclear proliferation, combating terrorist financing, assisting reconstruction in Iraq, promoting peace and democracy in Europe and beyond, reducing trade barriers and energy security."

US, EU Stances On China Grow Closer. The Wall Street Journal (5/4, King, Champion) reports, "The U.S. and the European Union are adopting a more skeptical and unified stance on China, a trend that adds weight to calls for Beijing to modify some of its trade practices and be more open about its military." While this agreement is "clearest on the trade front," the EU is "looking more critically at China's defense buildup" as well. EU officials attribute the shift partly to "a wholesale European review of China policy" triggered by "the bitter spat last year with Washington over plans to lift the union's 16-year-old ban on arms sales to China." While "U.S. officials hail the converging views on China as another sign of improving relations across the Atlantic" and "added leverage in negotiations with Beijing," EU officials "note that fundamental differences in approach remain."

US Denies Taiwanese Leader's Request For Stopover. Knight Ridder (5/4, Johnson) reports, "Taiwan's president was forced Wednesday to delay a trip to Latin America for a day after Washington snubbed his request for a stopover in New York or San Francisco." Taiwan "asked the Bush administration on April 21 for permission for a stopover. Such transit requests have been granted routinely for more than a decade." The New York Times (5/4, Kahn) says Taiwan's president Chen Shui-bian delayed his trip "at the last minute." The "rebuke suggests that the Bush administration remains displeased by Mr. Chen's move in February to abolish a government agency set up to study reunification with mainland China. The United States is also eager to avoid antagonizing China after some embarrassing

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incidents during a visit by its president, Hu Jintao, late last month." The Washington Post (5/4, Graham) reports the story under the headline "Taiwan's Leader Cancels Stopover."

Bolivia Threatens To Seize Energy Company Assets. The New York Times (5/4, Orero) reports, "Bolivian authorities said Wednesday that they planned to scour the financial records of foreign energy companies and they threatened explicitly for the first time to seize company assets if new contracts giving the state greater control could not be negotiated." Although "Bolivian officials said the briefing was intended to reassure foreign multinationals here,…it seemed to have the opposite effect, and the message was unmistakable: the government is now in charge, and the companies can take it or leave it." Those companies, "though, expressed increasing indignation."

Experts Predict Negative Long-Term Effects. The Washington Post (5/4, D1, Mufson) reports that "many foreign companies and economists" say that "Bolivia -- and other countries that follow the same path -- might end up the loser," as, "in the past, countries that have abruptly nationalized their oil industries and booted out foreign companies with little or no compensation have rarely managed to meet earlier oil and gas production levels." They end up "starved of capital by leery foreign investors and lacking the skills to fully exploit their own resources."

Under US Pressure, Fox Asks Congress To Reconsider Drug Law. The New York Times (5/4, McKinley, Broder) reports, "After intense pressure from the United States, President Vicente Fox has asked Congress to reconsider a law it passed last week that would decriminalize the possession of small amounts of drugs as part of a larger effort to crack down on street-level dealing." In a statement issued late last night, Fox "said the law should be changed 'to make it absolutely clear that in our country the possession of drugs and their consumption are and continue to be crimes.'" The Times adds, "Officials from the State Department and the White House's drug control office met with the Mexican ambassador in Washington Monday and expressed grave reservations about the law, saying it would draw tourists to Mexico who want to take drugs and would lead to more consumption, said Tom Riley, a spokesman for the Office of National Drug Control Policy."

NBC Nightly News (5/3, story 6, 2:20, Williams) showed John Walters, Office of National Drug Policy Director, saying, "We all know that encouraging people to use drugs is bad for them and bad for every nation that does it." NBC (Alexander) adds, "Walters is not alone. Critics warn if passed this law would send thousands of Americans over the border to experiment with the same illegal drugs this country has vowed to fight." General Barry McCaffrey (Ret.), Clinton Administration Drug Czar: "This is going to have a huge impact on cross-border drug tourism out of the United States, to include, in particular, college kids who will go to Mexico, buy and consume."

The AP (5/4, Stevenson) reports "Mexico's top police official said Tuesday that the bill would have to be 'analyzed' and 'considered' because Congress had strayed from the intent of an original proposal by…Fox."

Blair Defends Record On Eve Of Local Elections. USA Today (5/4, Soriano) reports, "British Prime Minister Tony Blair, under fire over government scandals, defended his record Wednesday, the eve of local elections that could further weaken the grip of his ruling Labor Party." Blair and his party "have been rocked by embarrassing headlines and sinking public opinion polls for more than a week." Today's vote for "council members -- the equivalent of mayors and county supervisors in the USA -- will be a referendum on Blair, one of the Bush administration's closest allies, and his ruling party." According to a Populus poll published April 4 in the daily Times of London, "47% of respondents said Blair should step down now or at the end of the year -- a 6% jump since January." Blair "has said he will leave office before the next general election in 2009 or 2010." An ICM survey last week for The Guardian newspaper "found the Labor Party has a 32% approval rating, 5 points lower than a month ago and the party's lowest rating in its nine years in power."

The Financial Times (5/4, Blitz) runs a story titled "Highest Dissatisfaction With Labour In Third Term," in which it says "Labour goes into Thursday's local elections across England burdened by the highest level of public dissatisfaction with the government's performance since Tony Blair was elected in 1997, according to an opinion poll. As the government continues to reel from 10 days of torrid headlines relating to Charles Clarke and John Prescott, the poll by Ipsos MORI for the Financial Times shows that dissatisfaction with the government among Labour voters has soared remarkably in the past month." The poll "was conducted between April 27 and May 2, a period when the government was being rocked daily by negative headlines about the home secretary's handling of his department and the deputy prime minister's affair with a secretary."

The Christian Science Monitor (5/4, Rice-Oxley, Brandon) says "Thursday's vote has taken on far broader significance than usual because of two major developments: the deepening woes of Tony Blair's Labour government and the sudden emergence of the far-right British National Party (BNP) threatening an electoral breakthrough. … Will voters, dismayed at a sequence of government blunders, desert Labour en masse, putting pressure on Mr. Blair to advance

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his long-promised retirement? Will the new Conservative leader, David Cameron, make his mark in his first election at the helm? And will the BNP, like other anti-immigration parties elsewhere in Europe, achieve a historically high vote?"

The Washington Times (5/4, Webb) says that "if the Laborites lose 200 or more town-hall seats -- as many analysts expect -- rebels in Mr. Blair's Labor Party say they will move against him." They "can either demand that he name a precise date for his departure, or force a leadership election. 'We are reaching the position where, in order to restore confidence, we need change at the top,' said Geraldine Smith, a senior Labor member of Parliament."

Anti-Immigration Party Gaining Support. The Washington Post (5/4, A18, Sullivan) reports on the British National Party, which is "vehemently anti-immigration," a group "long dismissed by many as the racist fringe" that has "become increasingly popular as governments that once freely accepted immigrants question how many more their nations can take." The Times adds, "A British study this month concluded that up to a fourth of British voters were considering supporting the BNP. Their country now has an estimated 7 million people of various minority groups."

Nepal Declares Ceasefire With Maoists, Withdraws Terrorist Label. The Washington Post (5/4, A21, Sangraula) reports, "Nepal's new government on Wednesday declared a cease-fire with Maoist rebels and said it would no longer call them terrorists, the latest in a series of moves aimed at coaxing the guerrillas back into the political mainstream." This "added to the sense of political momentum that has been building," as "the new government has moved toward releasing imprisoned Maoists and has been in touch with the movement's underground political leaders." Also, "members of the reconvened parliament fulfilled a major demand of the Maoists when they agreed by unanimous voice vote to hold elections for a constituent assembly that would write a new constitution." This could result in the end of the monarchy, a goal of the Maoists.

Russia Rebuilding Chechnya. The New York Times (5/4, Chivers) reports, "After more than a decade of war, banditry and stubborn disorder, a noticeably different spring campaign has gained momentum" in the capital of Chechnya, as "with bombings and roadside ambushes less frequent than before, sections of Chechnya are being rebuilt at last." Despite "separatists…claims of success," Ramzan Kadyrov, Chechnya's new prime minister, "and the Kremlin have managed to set upon a program of repair in what was once the heart of rebel activity. Russia's counterinsurgency efforts now include not just guns and elections rigged to advance the careers of the Kremlin's proxies, but lumber, bricks and light."

EU Halts Serbian Membership Talks Until Mladic's Arrest. The Washington Post (5/4, A22, Williams) reports, "The European Union suspended membership talks with Serbia after a deadline passed Wednesday for the arrest of war crimes suspect Ratko Mladic," and "Serbia's failure to apprehend him has become the main obstacle to the eventual integration of Serbia into the E.U." While "Serbian Prime Minister Vojislav Kostunica appealed Wednesday to Mladic's sense of patriotism to end the chase and surrender," Serbian officials "acknowledged that Mladic has received help in avoiding arrest," and "the chief negotiator with the E.U., Deputy Prime Minister Miroljub Labus, blamed the government and resigned."

Powerful Earthquake Hits South Pacific. The CBS Evening News (5/3, story 6, 0:25, Schieffer) reported, "A powerful earthquake struck a remote part of the South Pacific today, triggering tsunami warnings as far away as New Zealand. Luckily, the tsunami was small because the warning never reached the place in the greatest danger. The magnitude 7.8 quake hit near the islands of Tonga, but because of a powerful failure there, the tsunami warning was not received."

WPost Urges Administration To Support Reformers, Not Mubarak. The Washington Post (5/4, A24) editorializes, "Why does the administration continue to give nearly $2 billion each year to a government that mocks President Bush's democracy initiative?" President Hosni Mubarak, "under pressure,…promised reforms, including multi-candidate elections and an end to emergency rule. Now, though, he apparently feels less pressure." He just reneged "on his earlier promise to end emergency rule in Egypt." Our government "limit themselves to Mr. Mubarak's no-win options. If they want to help Egypt, aid should go to that nation's civic society and democratic reformers, not the corrupt regime that persecutes those who favor a freedom agenda."

THE BIG PICTURE:

Headlines From Today's Front Pages.

Los Angeles Times:

"When The Artist Is Sketchy."
"Phil Angelides' Record Is A Study In Contrasts."
"Jurors Give Moussaoui Life Term."
"Russian Bridge To Iran Has Twists."
"Kaiser Denied Transplants Of Ideally Matched Kidneys."
"Anti-Illegal Immigration Forces Share A Wide Tent."
"No Trials For Key Players."

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USA Today:
"Incomes Up Most In Energy States."
"Athletes Lightly Punished After Their Day In Court."
"Sago Mine Rescuers Sorry For Confusion."

New York Times:
"Moussaoui Given Life Term By Jury Over Link To 9/11."
"Growing Unease For Some Blacks On Immigration."
"Signs Of Renewal Emerge From Chechnya's Ruins."
"Newark Candidate Runs Against His Own Fame."
"Bottlers Agree To A School Ban On Sweet Drinks."
"Doctors Object As Drug Makers Learn Who's Prescribing What?"

Washington Post:
"Jurors Reject Death Penalty For Moussaoui."
"After 17 Months, Baseball Introduces Nats' Owners."
"House Lobbying Rules Call For More Disclosure."
"Businessman Pleads Guilty To Bribing Rep. Jefferson."
"Post Office Hopes Idea Of 'Forever Stamp' Sticks."

Washington Times:
"California Episcopalians Consider Gay Bishop."
"9/11 Terrorist Spared Death."
"Lerners Get The Nationals."
"Blacks Slam Immigration Bias."
"State Control Of Resources Raises Oil Costs."
"A Chance To Buy 'Forever' For 42 Cents – Maybe."

Detroit Free Press:
"Plotter In 9/11 Attacks Spared."
"Council: Hang Up And Drive."
"Sugary Soda Could Vanish By 2009."
"UAW Asks Members For OK To Strike."

Atlanta Journal-Constitution:
"9/11 Conspirator Gets Life."
"DeKalb Police Chief Resigns."
"School Vending Goes On A Diet."
"Earl Woods Instilled Fundamentals Of Golf, Life."

Houston Chronicle:
"Moussaoui Life Term Stuns Many In Court."
"State Is Late On Its Payments — And It's Not Paying."
"Property Values Hit Home For Taxpayers."
"Company Officials Acted In Good Faith, Not Greed, Accounting Expert Testifies."
"Police Think Suspect May Be A Serial Killer."

Story Lineup From Last Night's Network News:
ABC: Moussaoui Verdict; Bush-Moussaoui Trial; 9/11 Families-Moussaoui Verdict; UN-Iranian Nukes; Bush-Avian Flu Plan; Internet Child Predators; Schools-Soda Ban; Dietary Supplements-Weight Loss; Rukeyser Obit; Earl Woods Obit.
CBS: Moussaoui Verdict; Moussaoui Verdict-Analysis; Internet Child Predators; Schools-Soda Ban; Bush-Avian Flu Plan; South Pacific-Earthquake; Gas Prices-Sports Team; Earl Woods Obit; Laura Bush-Library Fundraising.
NBC: Moussaoui Verdict; Congress-Gas Prices; Bush-Avian Flu Plan; Flu Plan-HHS Secretary; Schools-Soda Ban; Mexican Drug Laws; Earl Woods Obit; Rukeyser Obit; WV-Sago Mine Disaster; Stock Markets; Mothers-Salary Estimates; Minnesota-Cheap Gas; Prairie Home Companion-Movie Premiere.

Story Lineup From This Morning's Radio News Broadcasts:
ABC: Moussaoui Verdict; House-Energy Price Gouging; Gas Prices; Ford-Hybrid Vehicle Sales.
CBS: Moussaoui Verdict; PA-Pedophile Adoption; Medicare Drug Plan Help Line; South Korea-Riots.
NPR: Moussaoui Verdict; House-Energy Price Gouging; House-Ethics Reforms; WV-Sago Mine Disaster; UN-Egeland Headed To Darfur; Iran Nuclear Program; Wall Street.

WASHINGTON'S SCHEDULE:

Today's Events In Washington.

White House:

PRESIDENT BUSH — Speaks at the National Day of Prayer, East Room; meets with the President of Uruguay; speaks on Cinco de Mayo, East Room; speaks at the American Jewish Committee's dinner, National Building Museum.

VICE PRESIDENT CHENEY — Meets with President Yushchenko, Vilnius, Lithuania; speaks at the Vilnius Conference, Vilnius, Lithuania; meets with President Basescu of Romania; meets with President Purvanov of Bulgaria; meets with President Kaczynski of Poland; meets with President Saakashvili of Georgia; photo opportunity with leaders at the Vilnius conference.

US Senate: 9:30 a.m. APPROPRIATIONS _ Transportation, Treasury, the Judiciary and HUD Subcommittee. Hearing on the FY07 FAA budget. Administrator Marion Blakey. Location: Room 138, Dirksen.

9:30 a.m. ARMED SERVICES _ Full Committee. Continued markup of the defense authorization bill. Location: Room 222, Russell.

9:30 a.m. JUDICIARY _ Full Committee. Markup of pending nomination and votes on pending nominations, including Brett Kavanaugh to be a judge on the U.S. Circuit Court of Appeals for the District of Columbia. Location: Room 226, Dirksen.

10 a.m. COMMERCE, SCIENCE AND TRANSPORTATION _ Surface Transportation and Merchant Marine Subcommittee. Hearing on protecting consumers from fraudulent practices in the moving industry. DOT Acting Inspector General Todd J. Zinser; Maryland Attorney General

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J. Joseph Curran, Jr.; Warren Hoemann, Deputy Administrator, Federal Motor Carrier Safety Administration; Kay F. Edge, Assistant Professor of Architecture, Virginia Tech; J.R. Kelly, Florida Department of Agriculture and Consumer Services; Joe Harrison, President, American Moving and Storage Association. Location: Room 562, Dirksen.

10 a.m. ENERGY AND NATURAL RESOURCES _ Full Committee. Confirmation hearing on nomination of Dirk Kempthorne to be Interior Secretary. Location: Room 366, Dirksen.

10:30 a.m. BANKING, HOUSING AND URBAN AFFAIRS _ Full Committee. Markup of pending legislation. Location: Room 538, Dirksen.

1 p.m. JUDICIARY _ Constitution Subcommittee. Hearing and vote on a constitutional amendment to prohibit flag burning. Location: Room 226, Dirksen.

2:30 p.m. COMMERCE, SCIENCE AND TRANSPORTATION _ Trade, Tourism and Economic development Subcommittee. Hearing on promoting economic development through nanocommercialization. Sean Murdock, Executive Director, NanoBusiness Alliance; Robert D. ``Skip" Rung, President and Executive Director, Oregon Nanoscience and Microtechnologies Institute; Dr. Philip Boudjouk, Vice President for Research, Creative Activities and Technology Transfer, North Dakota State University; David Rejeski, Director, Project on Emerging Nanotechnologies, Woodrow Wilson International Center for Scholars; Jerry Gwaltney, City Manager, City of Danville, Va. Location: Room 562, Dirksen.

2:30 p.m. FOREIGN RELATIONS _ Full Committee. Hearing on housing and urbanization issues in Africa. Assistant HUD Secretary Darlene Williams; James Smith, USAID; Jonathan Reckford, CEO, Habitat for Humanity International. Location: Room 419, Dirksen.

2:30 p.m. SELECT INTELLIGENCE _ Full Committee. Hearing on pending matters. Closed. Location: Room 219, Hart.

US House: FLOOR SCHEDULE _ 10 a.m. Meets for legislative business. Highlights: H.R. 4954 - SAFE Port Act.

9 a.m. JUDICIARY _ Constitution Subcommittee. Hearing on amendments to the Voting Rights Act. Roger Klegg of the Center for Equal Opportunity; Gerry Hebert, former DOH Voting Section Chief; Debo Adegbile, Assistant Director for Litigation, Legal Defense Fund. Location: Room 2141, Rayburn.

9 a.m. SELECT INTEL;LIGENCE _ Full Committee. Hearing on terrorist use of the Internet for strategic communications. Assistant Secretary of Defense Peter Rodman; Bruce Hoffman, RAND Corp. Location: Room 1302, Longworth.

10 a.m. APPROPRIATIONS _ Interior Subcommittee. Markup of the FY07 appropriations. Location: Room B-308, Rayburn.

10 a.m. ENERGY AND COMMERCE _ Full Committee. Hearing on world crude oil prices. Energy Information Agency Administrator Guy Caruso, analyst Daniel Yergin, and Bob Levin of the New York Mercantile Exchange. Location: Room 2123, Rayburn.

10 a.m. GOVERNMENT REFORM _ Full Committee. Markup of pending legislation and a hearing on contracting practices regarding Hurricane Katrina. William Woods, GAO; Matt Jadacki, Special Inspector General, Gulf Coast Hurricane Recovery, Department of Homeland Security; Emily Murphy, Chief, Acquisition Office, GSA; Major General Don Riley, Director of Civil Works, Army Corps of Engineers; Elaine Duke, Chief Procurement Officer, DHS; Deidre Lee, Deputy Director of Operations, FEMA; Randall Perkins, President, AshBritt, Inc.; George Schnug, CEO, AmeriCold Logistics, Inc.; Neal Fox, Member, Board of Advisors, FedBid, Inc.; James Necaise, Vice President, Necaise Brothers Construction. Location: Room 2154, Rayburn.

10 a.m. RESOURCES _ Energy and Mineral Resources Subcommittee. Oversight hearing on the future of coal. Location: Room 1324, Longworth.

10 a.m. SCIENCE _ Environment, Technology and Standards Subcommittee. Hearing on the National Integrated Drought Information System Act of 2006. Chester Koblinsky, NOAA; Duane Smith, Western States Water Council; Kenneth Dierschke, Texas Farm Bureau; Marc D. Waage, Raw Water Supply, Denver; Donald A. Wilhite, National Drought Mitigation Center. Location: Room 2318, Rayburn.

10 a.m. TRANSPORTATION AND INFRASTRUCTURE _ Water Resources and Environment Subcommittee.s Hearing on H.r. 4126, Chesapeake Bay Restoration and Enhancement Act. Assistant EPA Administrator Benjamin Grumbles, Maryland Natural Resources Secretary C. Ron Franks, Chesapeake Bay Commission Executive Director Ann Pesiri Swanson, Fairfax County Board of Supervisors member Penelope Gross, and Roy Hoagland of the Chesapeake Bay Foundation. Location: Room 2167, Rayburn.

10:30 a.m. EDUCATION AND THE WORKFORCE _ Employer-Employee Relations Subcommittee. Hearing on the impact of state mandates on employer-provided health insurance. With Larry Drombetta, CEO, HR Stores, Baltimore; Craig Garthwaite, chief economist, Employment Policies Institute; Paul Kelly, senior vice president, Retail Leaders Industry Association; and Mila Kofman, assistant research professor, Georgetown University Health Policy Institute. Location: Room 2175, Rayburn.

11:30 a.m. JUDICIARY _ Immigration, Border Security and Claims Subcommittee. Oversight hearing on the Energy

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Occupational illness Compensation Program Act. Location: Room 2141, Rayburn.

12 p.m. SCIENCE _ Environment, Technology and Standards Subcommittee. Hearing on H.R. 5136, National Integrated Drought Information System Act of 2006. Markup follows immediately. Location: Room 2318, Rayburn.

1 p.m. APPROPRIATIONS _ Military Quality of Life Subcommittee. Markup of FY07 appropriations. Location: Room H-140, Capitol.

1 p.m. ENERGY AND COMMERCE _ Health Subcommittee. Hearing on community health centers and access to medical care. Location: Room 2123, Rayburn.

2 p.m. INTERNATIONAL RELATIONS _ Africa, Global Human Rights and International Operations Subcommittee. Hearing on ``Germany's World Cup Brothels: 40,000 Women and Children at Risk of Exploitation through Trafficking." Michael Horowitz, Hudson Institute; Jennifer Roemhildt of Lois Coin (Athens); Katherine Chon, Polaris Project; Juliette Engel, MiraMed Institute. Location: Room 2200, Rayburn.

2 p.m. JUDICIARY _ Constitution Subcommittee. Continuation of a hearing on reauthorization of the Voting Rights Act. Deputy Attorney General Rena Comisac; Chris Norby, Orange County, Calif., Board of Supervisors; Karen Narasaki, President, Asian American Justice Center; James Thomas Tucker, Voting Rights Specialist, NALEO. Location: Room 2141, Rayburn.

2 p.m. RESOURCES _ Fisheries and Oceans Subcommittee. Hearing on H.r. 3835, to establish a coordinated national ocean exploration program within NOAA. Location: Room 1324, Longworth.

Other: PRESIDENT TABARE VAZQUEZ OF URUGUAY _ Highlights: 10 a.m. Meets with President Bush. White House.

GERMAN CHANCELLOR ANGELA MERKEL _ Highlights: 7 a.m. Departs for New York. Note: Returns to Washington mid-afternoon. 6 p.m. Attends the American Jewish Committee dinner. National Building Museum. Note: Departs for Germany after the dinner.

AMERICAN JEWISH CONGRESS _ The American Jewish Committee (AJC) kicks off its centennial year celebrations with its 100th annual meeting. Highlights: 7:30 a.m. Plenary Breakfast: :``Congressional Leadership Awards Presentation." Honorees are Sens. Joseph R. Biden Jr., D-Del.; Susan Collins, R-Maine; Barbara A. Mikulski, D-Md.; and George V. Voinovich, R-Ohio. Capital Hilton. 8:15 a.m. Congressional Forums: ``Religious Liberty in the 21st Century; ``International Human Rights;" ``Civil Rights and Immigration Policy;" ``Combating Terrorism at Home and Abroad;" and ``The New Middle East?" Capital Hilton. 6 p.m. The 100th Anniversary Gala Reception and Dinner. Keynote address by President George W. Bush. Speakers: Angela Merkel, Chancellor of the Federal Republic of Germany; Kofi Annan, Secretary-General of the UN; and John Howard, Prime Minister of Australia (on video). This event at the National Building Museum, 401 F St. NW. Location: Primary location is the Capital Hilton, 16th and K Sts. NW. Other locations as noted.

NATIONAL GUARD/RESERVES _ The second in a series of public hearings on the current and future roles of the National Guard and reserves in meeting the nation's security needs, at home and abroad, will be held. Highlights: 9:30 a.m. - 12 p.m. Speakers are: John O. Marsh, Jr., Distinguished Professor of Law, George Mason University; Frank J. Cilluffo, Associate Vice President for Homeland Security, and Director, Homeland Security Policy Institute, The George Washington University; and Dr. James J. Carafano, Senior Research Fellow, Defense and Homeland Security, The Heritage Foundation. Location: National Transportation Safety Board Conference Center, 429 L'Enfant Plaza SW.

CHINESE-SOVIET OPPRESSION _ 8 a.m. - 5 p.m. The Laogai Research Foundation holds a conference, ``The Soviet Gulag and the Chinese Laogai: Comparing Two Systems of Oppression." Highlights: 8:30 a.m. House Democratic Leader Rep. Nancy Pelosi. 9 a.m. Panel discussion on the Gulag and the Laogai. 10:45 a.m. Panel on concentration camps and the Laogai. 1:45 p.m. Panel on Laogai survivors and their stories. Location: 2nd floor ballroom, 1319 18th St. NW.

AFGHANISTAN _ 9:30 a.m. Army Maj. Gen. Robert Durbin, commander of Combined Security Transition Command-Afghanistan, and Lt. Gen. Sher Karimi, chief of operations for the Afghan National Army, hold a briefing live from Afghanistan to provide an update on ongoing security operations in Iraq. Location: Pentagon briefing room.

GEENA DAVIS _ 10 a.m. Actress Geena Davis joins Marie Wilson, president of The White House Project, to talk about the importance of women leaders to the future of America's democracy. Location: National Press Club.

LIABILITY-PANDEMIC FLU _ 10 a.m. Public Citizen holds a telephone briefing to discuss a new report showing that the White House and Senate Majority Leader Bill Frist heavily consulted drug industry lobbyists to craft a measure giving them limited liability for products used to treat pandemic diseases. Contacts: Angela Bradbery, 202-588-7741. Notes: Callin number: 800-377-8846; passcode: 36707396.

MOUSSAOUI _ 10 a.m. Convicted Al-Qaida conspirator Zacarias Moussaoui will be sentenced. Location: Albert V. Bryan U.S. Courthouse, 401 Courthouse Square, Alexandria, Va.

OIL-ENVIRONMENT _ 10 a.m. The Congressional Peak Oil Caucus holds a news conference to discuss the Sustainable Energy Forum 2006, ``Peak Oil and the Environment," May 7-9. Location: Cannon Terrace.

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SUSTAINABLE ENERGY _ 10 a.m. Reps. Roscoe Bartlett and Tom Udall hold a news conference on sustainable energy. Location: Cannon Terrace.

COMPETITIVENESS _ 10:30 a.m. Sen. Max Baucus holds a media availability to introduce the Research Competitiveness Act of 2006. Location: Room 511, Hart.

PELOSI _ 10:45 a.m. House Democratic Leader Rep. Nancy Pelosi holds her weekly news conference. Location: Room H-206, Capitol.

DEMOCRATS-STEM CELLS _ 11 a.m. Senate Democratic Leader Harry Reid joins Senators Edward Kennedy, Tom Harkin, and Dianne Feinstein hold a press conference to call on Senate Majority Leader Bill Frist to bring the House-passed stem cell legislation (H.R. 810) to the Senate Floor for debate. Location: Room S-211, Capitol.

FAMILIES-WOMEN _ 11 a.m. The Cato Institute holds a forum to unveil the new book, "Leaving Women Behind: Modern Families, Outdated Laws," with authors John Goodman of the National Center for Policy Analysis and Kim Strassel of the Wall Street Journal. The forum will feature remarks by Sen. Kay Bailey Hutchison. Location: 1000 Massachusetts Ave. NW.

SNOW _ 11 a.m. Treasury Secretary Snow speaks on combating terrorist financing and financial crimes to the Financial Crimes Enforcement Network. Location: Tyson Conference Center, 2070 Chain Bridge Rd., Vienna.

STEM CELL VOTE _ 11 a.m. Sens. Harry Reid, Edward Kennedy, Tom Harkin and Dianne Feinstein hold a news conference to call on Senate Majority Leader Bill Frist to put the stem cell bill up for a vote. Location: LBJ Room, Capitol.

SENATORS-OIL _ 11:15 a.m. Senator Jeff Bingaman, Evan Bayh, Norm Coleman, Joe Lieberman, and Lincoln Chafee, will outline legislation they are introducing that they say addresses America's dependence on fossil fuels, especially imported oil. Location: Senate Radio/TV Gallery.

CHILD LABOR _ 12 p.m. The International Labor Office holds a news conference to release a ``major'' report on child labor. Location: Room 432, Russell.

FISCHER _ 12 p.m. The American Society of International Law, others, hold a luncheon program with former German Foreign Minister Joschka Fischer. Location: ASIL offices, 2223 Massachusetts Ave. NW.

MIDDLE EAST _ 12 p.m. The Cato Institute holds a briefing on freedom, commerce and peace in the Mideast, with Tom Palmer of the institute, Rep. Paul Ryan and Zainab Al-Suwaij of the American Islamic Congress. Location: Room 418, Russell.

KENNEDY-VILLARAIGOSA _ 12:30 p.m. Sen. Edward M. Kennedy, D-Mass., meets with Los Angeles Mayor Antonio Villaraigosa on immigration reform. Location: Room 317, Russell Senate Office Building.

US-RUSSIA _ 12:30 p.m. The Kettering Foundation sponsors a conference to discuss Russian-American relations, with former Russian presidential candidate Irina Khakamanda, Moscow City Duma Deputy Evgeiy Bunimovich, former U.S. Amb. James Collins, others. Location: National Press Club.

HEALTH CARE _ 1 p.m. Rep. Thomas Allen holds a news conference on his bill providing health care for small businesses. Location: Cannon Terrace.

ECONOMICS-IRAQ WAR _ 1 p.m. - 4:30 p.m. The American Enterprise Institute (AEI) hosts a conference on economic perspectives on the Iraq War. Topics to include economics of war versus containment, economic costs of the war, and earnings losses of reservists. With Stephen J. Davis, University of Chicago; David Loughran, RAND Institute; Scott Wallsten, AEI-Brookings Joint Center; and others. Location: Wohlstetter Conference Center, 12th floor, AEI, 1150 17th St. NW.

NATIONAL DAY OF PRAYER OBSERVANCE _ 1:30 p.m. National Day of Prayer observance, with Labor Secretary Elaine Chao. Location: Cannon Caucus Room.

SOLOMON _ 2 p.m. Deputy Assistant Treasury Secretary Eric Solomon speaks on current tax policy issues at the American Bar Association Section of Taxation Council luncheon. Location: Grand Hyatt Hotel, 1000 H St. NW.

DEMOCRATS-HEALTH CARE _ 2:15 p.m. Assistant Democratic Leader Dick Durbin and Senator Blanche Lincoln hold a pen and pad briefing on upcoming health care legislation. Location: Senate Print Gallery.

PELOSI-MINORITY BUSINESS _ 3:45 p.m. House Democratic Leader Nancy Pelosi will be given the Congressional Leadership Award from the Minority Business Roundtable Congressional Leadership Summit. Location: Room HC-5, Capitol.

MATH-SCIENCE TEACHERS _ 7 p.m. Top math and science teachers attend a Presidential Awards Ceremony, with NSF Director Arden Bement, Jr., and White House Office of Science and Technology Policy Director John Marburger. Location: National Academy of Sciences, 21st and C Sts. NW.

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THE ATTORNEY GENERAL'S *NEWS BRIEFING*

PREPARED FOR THE OFFICE OF PUBLIC AFFAIRS, U.S. DEPARTMENT OF JUSTICE

TO: THE ATTORNEY GENERAL AND SENIOR STAFF

DATE: MONDAY, MAY 8, 2006 7:45 AM EDT

TODAY'S EDITION

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TERRORISM NEWS:

Further 9/11 Prosecutions In Doubt After Moussaoui Verdict. Agence France-Presse (5/8) reports, "Now that a jury has decided Zacarias Moussaoui had only a minor role in September 11, what fate awaits the primary masterminds and plotters of the world's worst terror strikes who are already in US custody?" AFP continues, "Moussaoui escaped a death sentence over the September 11, 2001 strikes because jurors did not believe US government arguments that he had played an integral role in the murder of nearly 3,000 people on that day. … Yet, in what some have hailed as a victory for traditional justice, he was brought to trial in the US criminal justice system and jailed for life, after what many legal observers have termed a fair trial." AFP adds, "However, the mastermind of the September 11

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attacks, Khalid Sheikh Mohammed; Ramzi bin al-Shibh, the money-mover behind the strikes; and the supposed intended 20th hijacker, Mohammad al-Khatani, are in US hands. … So far, there is no sign that they will have their day in court. … And the head of Al-Qaeda, Osama bin Laden, remains at large, tormenting America over crackly tapes -- despite US vows to bring him to justice over September 11." AFP notes, "Mohammed, also known as KSM, even played a key role in the Moussaoui trial -- through a summary of his interrogations at a secret US jail, in which he directly contradicted Moussaoui's claims to have been a September 11 plotter. … Prosecutor David Novak stirred intrigue when he referred to Mohammed and other top Al-Qaeda plotters in closing arguments at the Moussaoui trial. … But US authorities have given no sign they are considering any kind of criminal proceeding or even a military tribunal for suspects like Mohammed, who has simply disappeared since his arrest in 2003. … A decision on Mohammed's future will be made 'after careful evaluation of the circumstances of this particular case,' Attorney General Alberto Gonzales said in Vienna this week."

Bush Says He Wants Guantanamo Closed. The AP (5/7) reported comments President Bush made to German radio that "he would like to close the detention center in Guantanamo in Cuba, but is waiting for a U.S. Supreme Court ruling on whether inmates can face military tribunals. 'Obviously, the Guantanamo issue is a sensitive issue for people. I very much would like to end Guantanamo; I very much would like to get people to a court.'" The AP continued, "Bush said the United States 'is strong on human rights and civil rights. That's why we're leading the case in funding for HIV/AIDS in Africa. That's why we're trying to rally the nation to do something about Darfur…. That's why we provide food for the hungry. That's why we try to liberate people when we find them in the clutches of tyranny.'"

Administration Asks Agencies To Push Its Message On War On Terror. The Washington Post (5/8, A17, Kamen, 744K) reports in its "In the Loop" column, "Career appointees at the Department of Agriculture were stunned last week to receive e-mailed instructions that include Bush administration 'talking points' -- saying things such as 'President Bush has a clear strategy for victory in Iraq' -- in every speech they give for the department. 'The President has requested that all members of his cabinet and sub-cabinet incorporate message points on the Global War on Terror into speeches, including specific examples of what each agency is doing to aid the reconstruction of Iraq,' the May 2 e-mail from USDA speechwriter Heather Vaughn began. … The e-mail provided language 'being used by Secretary [Michael O.] Johanns and deputy secretary [Charles F.] Conner in all of their remarks and is being sent to you for inclusion in your speeches.'"

UN Torture Committee Probing US Interrogation Tactics. The Christian Science Monitor (5/8, Richey, 61K) reports, "The US government's use of aggressive interrogation tactics in the war on terror is under a United Nations microscope." The Bush Administration "has defended its tactics as a means of obtaining actionable intelligence to help thwart terror plots. Critics say it has opened the door to illegal abuse of detainees and even torture. Just how 'aggressive' the tactics have been is under close scrutiny by the UN's Committee Against Torture in Geneva." The Monitor adds, "A US delegation appeared before the committee Friday -- its first appearance since 9/11 -- and it is to face a second round of questioning Monday. The committee is expected to issue a report by May 19. Although it has no specific enforcement powers, the session is viewed as an opportunity to hold countries publicly accountable."

State Department Report Finds Use Of Suicide Attacks On Rise. The Washington Times (5/8, Sands, 90K) reports, "A quarter century into the modern age of suicide terrorism, specialists say the grim tactic is being used more frequently than ever before." The State Department, in its latest annual report on global terrorism, "said a surge in suicide attacks -- at sites ranging from the London subway to the Middle East to Afghanistan -- pushed the number of attacks to record heights last year." The report "counted some 3,000 deaths attributed to 360 suicide bombings last year. That compares with 472 suicide attacks in five years from 2000 to 2004 documented in a study by the Center for Strategic and International Studies; another study estimated 300 suicide attacks in all the years up to the middle of 2001."

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HOMELAND RESPONSE:

Lawmakers Uneasy About Prospective CIA Nominee's Military Background. With President Bush expected to nominate Air Force General Michael Hayden to replace Porter Goss as director of the CIA, key GOP and Democratic lawmakers over the weekend questioned whether it was appropriate to place a military officer at the head of the Agency. The Wall Street Journal (5/8, Solomon, 2.11M) reports "lawmakers from both parties said yesterday that there are concerns the military's growing involvement in intelligence collection, both overseas and domestically, could threaten Americans' civil liberties." Hayden's pick, adds the Journal, could also "prove contentious…because of his role in overseeing the White House's warrantless wiretapping program, which has been contested as illegal." USA Today (5/8, Diamond, 2.31M) focuses its report on that latter point, saying "some qualities that gained Hayden favor in the White House may complicate his confirmation." The Bush policy "most closely identified with Hayden is the program to intercept without court-approved warrants international calls and e-mails in the USA involving at least one person suspected of ties to terrorists."

The Washington Post (5/8, A1, Linzer, 744K) reports, "The challenges to Hayden's expected nomination come when Bush is politically at his weakest and Republicans are distancing themselves from the White House in the hopes of retaining their grip on Congress in the midterm elections." The White House "did not formally respond to the criticisms yesterday, but strategists said privately they are confident they can address Republican concerns and have Hayden confirmed." Vice President Cheney, "who is close both to Goss and to Hayden, said the next director will need to focus on the agency's core mission of sending out spies to collect information on targets such as al-Qaeda." NBC Nightly News (5/7, lead story, 3:30, Mitchell, 9.87M) reported, "The Vice President today told Kelly O'Donnell fighting terrorists has created fresh challenges for the CIA." Vice President Cheney: "It's a whole different kind of target. It places a much heavier emphasis on human intelligence than what was required necessarily before."

The New York Times (5/8, Mazzetti, Stolberg, 1.19M) runs a similar report under the headline "Republicans Fault A Top Pick To Lead The CIA," in which it notes "none of the Republican or Democratic lawmakers who appeared on television on Sunday or who were interviewed separately said directly that they would vote against General Hayden's nomination." But "Hoekstra's remarks, coupled with similar sentiments expressed by leading Senate Republicans, including Pat Roberts, the chairman of the Senate Intelligence Committee, suggest that the general might not have an easy ride toward confirmation."

The story was the lead on ABC, while CBS and NBC reported it prominently as well. ABC World News Tonight (5/7, lead story, 2:20, Harris, 8.78M) reported, "Reaction to Hayden is mixed, at best, from Democrats and Republicans. After a series of failures, many on Capitol Hill are asking whether Hayden is the right man to turn things around." ABC (Morrell) added, "It looks like the biggest obstacle to Michael Hayden taking over the CIA, may not be the fact he ran the President's controversial domestic spying program, but rather his uniform." GOP Sen. Saxby Chambliss: "Now, just resigning commission and moving on, putting on a striped suit, a pinstriped suit versus an Air Force uniform, I don't think makes much difference." Morrell: "The issue for Republicans and Democrats alike, is independence." CBS Evening News (5/7, story 4, 2:30, Chen, 7.66M) said that "surprisingly, a key Republican, Chair of the House Intelligence Committee Peter Hoekstra today came out fiercely opposed to a Hayden nomination." GOP Rep. Peter Hoekstra, chairman of the House Intelligence Committee, was shown saying, Bottom line: I do believe he's wrong person, the wrong place, at the wrong time. We should not have a military person leading a civilian agency at this time."

And NBC Nightly News (5/7, lead story, 3:30, Mitchell, 9.87M) reported, "Even though Hayden has clashed with Defense Secretary Donald Rumsfeld in the past, critics say a four-star general could still have divided loyalties." James Bamford, intelligence expert: "I think he would be subject to too much influence from the Pentagon. I mean, his chain of command takes him right up to the Secretary of Defense." Mitchell: "Another issue: Hayden's leading role in warrantless surveillance, which he has vigorously defended."

The Los Angeles Times (5/8, Schmitt, 958K) this morning refers to the "surprising opposition" to Hayden, and says it is "unclear how Sunday's burst of concern might affect the timing or substance of that announcement, or whether it reflected concerns that had been previously aired with the administration behind closed doors." USA Today (5/8, Diamond, Jackson, 2.31M) reports that according to "officials: who "spoke on the condition they not be identified," the

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President has decided to name Hayden as the new CIA director, and "planned to make the announcement today."

Hoekstra, chairman of the House Intelligence Committee, appearing on Fox News Sunday (5/7, Wallace) said, "I've got a lot of respect for Mike Hayden," but "I think putting a general in charge…is going to send the wrong signal through the agency here in Washington, but also to our agents in the field around the world." Asked if he has relayed his concerns to the White House, Hoekstra replied, "I've given them my feedback. I don't think anything that I've said to you this morning is news to the White House." Also, GOP Sen. Saxby Chambliss, on ABC's This Week (5/7, Stephanopoulos) said, "I too have a little bit of concern, frankly, about military personnel running the CIA. It is a civilian agency. It operates differently from the way that the Defense Intelligence Agency operates. But at the end of the day, Mike Hayden is just a class individual and somebody...who has an awful lot of experience."

Meanwhile, Democratic Rep. Jane Harman, on CNN's Late Edition (5/7, Blitzer) said, "Hayden is a capable man, but there are certain strikes against him. One is his military background. … It will send a bad signal to CIA employees in the field who are worried about a DOD takeover. A second is that he has a technical background. He doesn't have experience building the clandestine service, which is what the CIA needs to transition into. And the third thing is that it's not clear he will be independent of this White House."

Sen. John McCain came out in favor of Hayden, saying on CBS' Face the Nation (5/7, Schieffer), "Hayden is really more of an intelligence person than he is an Air Force officer. As you know, his career has been spent in that area, and his background -- of course, he comes from the NSA. I think that we should also remember that there had been other former military people who have been directors of the CIA."

GOP Sen. Pat Roberts, on CNN's Late Edition (5/7, Blitzer) said, "Here we have a man who everybody says is one of the best briefers that they've ever had on intelligence, a man who has been described by people on both sides of the aisle as probably knowing more about intelligence than anybody else. But there's some real concern about somebody from the military heading up the CIA. You can solve that pretty quickly by simply resigning in terms of his post of being a general and also putting in some deputies there that I think people would agree with, that have a strong civilian background and that would help the situation with the CIA as they transform and continue the transformation." Sen. Dianne Feinstein, on ABC's This Week (5/7, Stephanopoulos) made a similar point, saying she thought Hayden is "a logical choice. He is very well respected. He is a professional. He has run an agency, the NSA, which is twice the size of the CIA." However, the CIA is "meant to be a civilian agency. So, you know, he might think about resigning his commission if he's going to do this."

House Minority Leader Nancy Pelosi, meanwhile, expressed "serious concerns" about Hayden's role in the domestic surveillance program. On NBC's Meet The Press (5/7, Russert), Pelosi said, "First of all, he's too closely tied to this question of domestic surveillance. … There is a power struggle going on between the Department of Defense and the entire rest of the intelligence community, so I don't see how you have a four-star general heading up the CIA."

The AP (5/8, Pickler) notes additional criticism of Hayden from Democratic Sen. Joseph Biden, who said the general "could leave agents with the impression that the CIA has been 'just gobbled up by the Defense Department.'" And the Financial Times (5/8, Sevastopulo) reports "one former senior CIA officer said he was concerned that the Pentagon, which controls 80 per cent of the intelligence budget, was already encroaching into intelligence areas where they traditionally had little expertise." The Washington Times (5/8, Taylor, 90K) runs a similar story under the headline "Bipartisan Caution Over CIA Nominee."

The AP (5/8, Margasak) profiles Hayden, saying he "doesn't run from a fight, which is just what seemingly awaits the 61-year-old Air Force general expected to be named the new CIA chief. Weeks after the attacks of Sept. 11, 2001, the then-head of the National Security Agency was telling intelligence-gathering teams how they would fight back: White House-approved electronic monitoring, without court orders, of the international calls and e-mails of people in the United States when terrorism was suspected."

The New York Times (5/8, Shane, 1.19M) reports Hayden "won generally high marks at the NSA, though he has acknowledged that the agency deserves some blame for the Sept. 11 and Iraq weapons failures." He also "admitted to Congress last year the failings of his ambitious program to upgrade the N.S.A.'s technology, known as Trailblazer, which by all accounts has cost billions for meager results."

Pelosi Claims Goss's Resignation Was Triggered By Cunningham Investigation. On NBC's Meet The Press (5/7, Russert) Pelosi also was asked if she believes Goss resigned voluntarily, Pelosi responded, "No. … Depending on

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the story, he's been on his way out for at least one month because of the struggle between him and Mr. Negroponte, but I think that this dismissal was triggered by what has been happening on the scandal front for the Republicans with the third in command, who was hired by Mr. Goss, to be involved in these card games and whatever else it was."

Goss Departure Seen As Signal Negroponte Is Exercising Power. Time (5/15, Duffy) reports that "last week's coup at the CIA, orchestrated by White House officials and Director of National Intelligence John Negroponte, went only slightly awry -- and only at the last moment. Bush officials had hoped to take the weekend to quietly prepare for the surprise announcement," but Goss "wanted to control the choreography." Goss "had been hired as CIA chief at the very moment the job began to lose its clout. Less than a year after Goss stepped into the Langley, Va., post, Bush named Negroponte director of national intelligence (DNI) and gave him the authority to oversee and direct 16 intelligence shops -- among them the CIA, the Defense Intelligence Agency and the FBI. … Goss's departure was, above all, a signal that Negroponte was finally exercising his powers and trying to slip the stray agencies into harness."

Staring Down Pentagon Seen As Negroponte's Next Test. Time (5/15, Duffy) reports, "Goss's departure means Negroponte's next test will be facing down the Pentagon, which has steadily been gathering clout in intelligence since the war on terrorism began. Everyone knows that battle will make the tug of war with the CIA look like a warm-up, if only because Rumsfeld's skills as an infighter are unsurpassed."

Investigators Interested In Foggo's Role In Cunningham Bribery Scandal. Newsweek (5/15) reports in its "Periscope" column that outgoing CIA Director Porter Goss "leaves an outfit that has far more resources than it did five years ago, but still seems to be struggling with low morale and turf battles. Emblematic of the CIA's woes is its number-three man, Executive Director Kyle (Dusty) Foggo." Federal investigators "are examining Foggo's ties to a congressional bribery scandal. Foggo was a high-school football teammate and college buddy of Brent Wilkes's, a defense contractor who was identified as an unindicted co-conspirator when former San Diego congressman and ex-Navy air ace Randy (Duke) Cunningham pleaded guilty. The CIA has acknowledged that its internal watchdog is investigating if Foggo helped steer any contracts to Wilkes. According to three sources who declined to be identified commenting on the details of a government probe, there are also indications that the Feds are interested in Foggo's role in the wider Cunningham bribery scandal."

Time (5/15, Duffy) reports, "A source close to the investigation tells TIME that the Justice Department is investigating reports that one of Cunningham's benefactors, Pentagon and CIA contractor Brent Wilkes, a buddy of Foggo's since high school, provided Foggo with improper gifts, such as lavish vacations. A CIA spokesman says Foggo 'denies any improper gifts,' and Wilkes' lawyer has similarly denied any wrongdoing."

Gorelick Says CIA Is Demoralized. ABC World News Tonight (5/7, story 2, 1:00, Harris, 8.78M) last night interviewed former 9/11 Commissioner Jamie Gorelick, who said, "The CIA is demoralized. It has lost a great deal of talent. And the first thing for a new leader will be to really build up the esprit decor and the sense of mission and lead the place." Harris: "What does low morale mean for national security?" Gorelick: "It's a disaster. We've lost some of the key operatives, some of the key analysts over the last 12 months. And it's been a terrible event for the CIA. So, we are hurting in a place we need to be strong."

The Christian Science Monitor (5/8, Bowers, 61K) reports, "Morale, already low, plummeted further as Goss's team aggressively sought to identify the sources of leaks of classified information to the press, leading to a recent dismissal of a senior CIA official. … If nominated and confirmed, General Hayden will inherit the morale problems as well as the continued difficulties with collecting human intelligence."

Kristol Calls Decision To Replace Goss "An Outrage." The Weekly Standard's Bill Kristol, on Fox News Sunday (5/7, Wallace), said, "I think Porter Goss was doing what he had to do. I think he was trying to carry out the President's agenda. He took a lot of heat from the permanent bureaucracy at the agency. He fired someone two weeks ago for leaking, which the President wanted, and his reward was to be fired. And I think it's an outrage, and I think it's a terrible signal to conservatives anywhere…in the federal government who are trying to carry out the president's agenda against the bureaucracy, that, unfortunately, the White House is not going to stand behind them."

More Commentary On Goss Departure. USA Today (5/8, 2.31M) editorializes that "the forced resignation after just 19 months of Porter Goss, a Republican congressman and former CIA operative brought in after Tenet to fix the agency,

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was a minor tremor. But it was also a reminder that the nation's spy apparatus remains ill-prepared to cope with the terrorist threat." Goss "became known more as a wrecking ball than a Mr. Fixit. He lacked experience as a manager of thousands of employees, and the deputies he brought in were widely criticized. Experienced officers and leaders fled. Even more troubling, Goss seemed not to recognize that the time had finally arrived to change the CIA's role."

Historian's Book Blames Bush, Chertoff, Nagin For Katrina Aftermath. In USA Today (5/8, 2.31M), Bob Minzesheimer reviews historian Douglas Brinkley's "account of the natural and man-made disasters that were Hurricane Katrina indicts three public officials he holds most responsible for the chaos that followed the storm. The Great Deluge blames 'the incompetence of George W. Bush, who acted as though he were disinterested in a natural disaster in which there was no enemy to be found.' It says the inaction of Homeland Security chief Michael Chertoff 'cost lives' and holds Chertoff more culpable than the much-ridiculed Michael Brown, the former FEMA director. And it portrays New Orleans Mayor Ray Nagin as gutless, paranoid and 'cracking at the seams' when he needed to be decisive."

Mississippi Teacher Recognized. USA Today (5/8, Kaffer, 2.31M) profiles Mississippi teacher Christina Ross Daniels, a member of "the 2005 All-USA Teacher Team, USA TODAY's recognition program for outstanding K-12 teachers." Daniels "teaches behavior modification at the Picayune Center for Alternative Education. Her kids are all designated 'at risk.'" But "even Daniels' ingenuity was taxed after Katrina. Textbooks, materials and furniture were destroyed. Before the storm, the classroom was a cheery place with bright curtains and art on the walls."

New Orleans Landfill Decision Draws Fire. The New York Times (5/8, Eaton, 1.19M) reports New Orleans officials "have decided where several million tons of" the remains of houses destroyed by Hurricane Katrina "will be dumped: in man-made pits at the swampy eastern edge of town, out by the coffee-roasting plant and the space-shuttle factory and the big wildlife refuge. But more than a thousand Vietnamese-American families live less than two miles from the edge of the new landfill. And they are far from pleased at having the moldering remains of a national disaster plunked down nearby, alongside the canal that flooded their neighborhood when Hurricane Katrina surged through last year." Environmental groups "are also angry, accusing local and federal officials of ignoring or circumventing their own regulations, long after the immediate emergency has ended."

Davis, Shuster Criticize Senate Proposal To Replace FEMA. In a Washington Times op-ed (5/8), Reps. Tom Davis and Bill Shuster say, "A Senate committee recommendation to replace the Federal Emergency Management Agency with an even larger bureaucracy inside the Department of Homeland Security would compound, not solve, the problems laid bare by Hurricane Katrina. Creating the proposed National Preparedness and Response Authority (NPRA) only rearranges the deck chairs on the good ship DHS, while failing to address the most basic structural flaws that all agree hobbled the nation's response to the storm. Instead, we should go back to basics, back to the configuration and mission that enabled FEMA to succeed."

New Orleans Celebrates Jazz Festival. The CBS Evening News (5/7, story 9, 3:10, Mitchell, 7.66M) reported, "The Big Easy has been back in full swing for the New Orleans Jazz and Heritage Festival, which wraps up tonight. It has been a celebration of the past and a key to the future of an endangered city."

Swimming Pools Are Potential Mosquito Hazard In New Orleans. NBC Nightly News (5/7, story 11, 2:15, Savidge, 9.87M) reported, "In the flood-ravaged neighborhoods of New Orleans, thousands of abandoned swimming pools have become giant mosquito maternity wards. More than just a nuisance, they're a danger. Public health expert Dr. James Diaz says conditions in many neighborhoods are ripe for an epidemic." One of the biggest challenges was simply finding pools. There's no city directory that tells you where they are or even how many there are. Satellite pictures are a big help and so is the faith-based charity, Operation Blessing, which provides volunteers and the fish." Costing "about a dime each, the fish are poured into pools where they will eat the bugs and make more fish: A simple solution for a big problem of so many pools."

WAR NEWS:

Iraq Hit By Wave Of Suicide Attacks, Car Bombs. Iraq was hit by a wave of violence over the weekend, with reports of multiple car bombs and suicide attacks. The story was the lead on CBS and ran second on NBC; ABC reported it in a brief segment. CBS Evening News (5/7, lead story, 2:05, Mitchell, 7.66M) reported, "Car bomb explosions in Baghdad and the Shiite holy city of Karbala

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killed at least 16 people and the US Command today reported the death of a US Marine in Anbar province. The US death toll stands at 2,418 while 4,000 civilians were killed in sectarian violence in the first three months of this year alone."

NBC Nightly News (5/7, story 2, 2:05, Seigenthaler, 9.87M) reported, "In Iraq, this was one of the most violent and deadly days in weeks. There were more suicide car bombings and a gruesome discovery, more bodies of Iraqis believed to be the victims of torture." NBC (Aspell) added, "Iraqi government officials insist the suicide bombers are mostly foreigners." Mowafaq Al-Rubaie, Iraqi National Security Advisor: "We see them of Saudi origin. We see them of Egyptian origin, coming from Algeria, crossing the borders from Syria." Aspell: "But an underground war between Sunnis and Shiites in Baghdad has claimed more victims than suicide bombings lately. Police say the bodies of 42 men -- blindfolded and shot -- have been found in the past 24 hours."

ABC World News Tonight (5/7, story 3, 0:30, Harris, 8.78M) reported, "Another big challenge for the CIA, tracking terrorists, in Iraq. Today, in that country, 3 suicide bombers killed 16 Iraqis. Also, 35 bodies tortured and shot were dumped at a hospital in Baghdad. Almost 4,000 Iraqi civilians have been killed in Baghdad in the first three months of this year. That is the highest number since the fall of Saddam Hussein."

The AP (5/8, Reid) reports the violence cast "doubt on US hopes that formation of a new government alone would provide a quick end to the country's violence." The New York Times (5/8, Oppel, 1.19M), Washington Post (5/8, A11, Sebti, Sarhan, 744K), Christian Science Monitor (5/8, Murphy, 61K) and USA Today (5/8, 2.31M), among other sources, also report on the violence.

British Troops Attacked After Reporting To Site Of Helicopter Crash. NBC Nightly News (5/7, story 2, 2:05, Seigenthaler, 9.87M) reported, "In Southern Iraq, violence of a different kind this weekend, after British troops were attacked with rocks and Molotov cocktails when they rushed to the site of a helicopter crash in Basra Saturday. The British say 5 Iraqis were killed by Shiite militiamen firing at them from behind the crowd. Today, Basra was quiet after an overnight curfew."

Border Forts Designed To Stop Foreign Insurgents. The AP (5/8, Wagner) reports, "They look more like motels in rural America than forts in a war zone, but a string of low concrete structures are the US-led coalition's first line of defense against foreign fighters trying to sneak into Iraq from Iran and Syria." The United States "has built or renovated nearly 260 forts along Iraq's borders, and installations like Fort Tarik south of the Iranian city of Mehran have taken on new importance because of the showdown with Tehran over its disputed nuclear program. … Border patrols based at Fort Tarik recently captured several suspected Iranian intelligence agents who had crossed into Iraq, a US official said."

Kurdish Government Unifies. The Los Angeles Times (5/8, Daragahi, Rainey, 958K) reports that Iraqi politicians took a break from government formation talks Sunday to inaugurate the Kurds' new regional administration in Irbil. According to the Times, the Kurds "unveiled a new Cabinet, nominally reunifying the government. Kurdish Prime Minister Nechirvan Barzani announced a newly created Ministry of Natural Resources to manage and exploit newly discovered oil and energy deposits. He also vowed to support 'newly liberated' parts of the Kurdish region, including Kirkuk."

Biden Promotes Plan To Decentralize Iraq. Sen. Joseph Biden writes in USA Today (5/8, 2.31M), "President Bush does not have a strategy for victory in Iraq. His strategy is to prevent defeat and to hand the problem off to his successor. Meanwhile, the frustration of Americans is mounting so fast that Congress might end up mandating a rapid withdrawal, even at the risk of trading a dictator for chaos. Both are bad alternatives." Biden adds, "There is a third way. The idea is to maintain a unified Iraq by decentralizing it and giving Kurds, Shiites and Sunnis their own regions. The central government would be left in charge of common interests, such as border security and the distribution of oil revenue. Everything I'm proposing is already in Iraq's constitution. … The only way to hold Iraq together and create conditions for our troops to responsibly withdraw is to give Shiites, Sunnis and Kurds room to breathe in their own regions."

However, in an editorial titled "3 Iraqs Not Better Than 1," USA Today (5/8, 2.31M) says, "The minimum US objective in Iraq has to be to leave behind a relatively stable, democratic country that isn't a haven for terrorists. Ultimately, Iraq might well break down along sectarian lines or descend into full-scale civil war. If that happens, however, it should be despite the best efforts of the United States, not with its encouragement."

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National Guard Could Be Phased Out Of Combat Operations Next Year. National Guard troops in Iraq could be phased out of major combat responsibilities nest year, the Los Angeles Times (5/8, Barnes, 958K) reports. Iraq "was an important test of whether the Army could use the Guard more aggressively -- and not just as a last resort. … Leaders of the Guard say their Iraq service has made their force the most capable and experienced it has ever been. But the experience also has exposed weaknesses. Some active-duty soldiers argue the Guard was less prepared for the complexities of Iraq, while guardsmen complain they were subjected to longer separations from their families than active duty counterparts and had to train on out-of-date equipment."

Navy, Air Force Train Soldiers To Do Army Jobs. The Navy and Air Force are training their soldiers for jobs typically performed by the Army in Iraq and Afghanistan. USA Today (5/8, Brook, 2.31M) reports, "Navy and Air Force personnel are replacing Army soldiers to carry out such duties as guarding convoys, patrolling bases and watching for homemade bombs, the top killer of U.S. troops in Iraq. The Navy also is running a prison in Iraq, patrolling rivers and helping to clear and search buildings. … The Air Force has not said how many airmen are doing Army jobs."

US Troops Searching For Bin Laden In Kunar Province. CBS Evening News (5/7, story 3, 1:10, Van Dyke, 7.66M) reported, "In mid-April the US had 2,500 soldiers with Afghan soldiers and in 'Operation Mountain Lion,' the biggest operation in Afghanistan since the US invasion in October 2001. … They are searching for Osama bin Laden. The Pakistani Interior Ministry three weeks ago said they thought Osama bin Laden is in Kunar province and the US tried to hit the number two of al-Qaeda just 50 miles from where this helicopter went down in Pakistan so there's really no difference between Kunar province and Pakistan in this area. This is very strong al-Qaeda and Taliban area."

Ten US Soldiers Killed In Afghanistan Helicopter Crash. Ten US soldiers from Fort Drum in New York were killed in a helicopter crash in Afghanistan Friday. USA Today (5/8, Biskupic, 2.31M) reports, "They died when their CH-47 Chinook transport helicopter crashed near Asadabad in Afghanistan's Kunar province, according to the Pentagon."

CBS Evening News (5/7, story 2, 1:50, Mitchell, 7.66M) reported, "US military officials said today that enemy fire did not cause the crash of a Chinook helicopter in eastern Afghanistan Friday, which killed ten Americans. While the cause is still under investigation, the tragedy is being felt hard in Fort Drum, New York, home of the Army's 10th Mountain Division where the fallen soldiers were based." CBS (Miller) added, "The military says the helicopter in Friday's crash was not shot down and it is investigating what went wrong. It's the deadliest accident for US forces this year, the deadliest for Fort Drum since a helicopter crashed on base three years ago."

NBC Nightly News (5/7, story 3, 0:20, Seigenthaler, 9.87M) reported, "Military officials in Afghanistan say the bodies of 10 American soldiers have been recovered from the site of yesterday's helicopter crash. The Chinook chopper went down in the eastern mountains of Kunar Province."

Growing Number Of Afghan Women Starting Businesses. The Christian Science Monitor (5/8, Montero, 61K) reports that a growing number of female entrepreneurs in Afghanistan are "emerging from the isolation of war and oppression of the Taliban to contribute toward a more prosperous nation and greater independence for women, observers say. According to Microfinance Times, 75 percent of all active microcredit borrowers in Afghanistan are now women, many of whom use their loans to start businesses. … Their efforts, observers say, are indispensable in the struggle to reverse decades of deprivation in Afghanistan."

In a letter to the Wall Street Journal (5/8, 2.11M), Kate Buggeln, a member of the governing board of the Business Council for Peace, writes, "Small- and medium-size entrepreneurs are emerging in Afghanistan. If nurtured, these local business owners will create the economic platform that opens the door for big international business. Some of these entrepreneurs are women, who are even greater proof of the cultural transformation. With little to lose and everything to gain, such women are stepping beyond the Taliban's legacy."

CORPORATE SCANDALS:

11 Circuit Curbs Reduction Of Former HealthSouth Executive's Sentence. The Miami Daily Business Review (5/8, Jones) reports, "A federal appellate court ruled Friday that the five-year, probationary

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sentence given to HealthSouth executive Malcolm E. McVay was too extreme a reduction from prosecutors' recommended sentence of 65 months of prison time." The Review continues, "The three-judge panel of the 11th U.S. Circuit Court of Appeals in Atlanta said that U.S. District Judge U.W. Clemon in Birmingham, Ala., gave the reduced sentence 'virtually without explanation, and on a wholly improper basis.' Federal judges are bound to consult the federal criminal sentencing guidelines, though they are not obliged to follow them since a U.S. Supreme Court ruling last year." The Review continues, "The 11th Circuit panel noted that McVay was the fourth defendant in the HealthSouth scandal for which the appellate court overturned a trial court's downward departure in sentencing." The Review adds, "The appellate panel remanded McVay's case to the Northern District of Alabama for resentencing consistent with the court's opinion. Although the federal sentencing guidelines are now advisory, appellate courts still can overturn a sentence if the decrease is too dramatic, just as it can when a sentence is enhanced too much. … The HealthSouth scandal involved allegations that company executives, including founder and chief executive Richard Scrushy, improperly inflated its earnings by $400 million. McVay served as chief financial officer, senior vice president and treasurer. The resulting scandal caused a loss in stock price that amounted to $1.4 billion."

Few In Houston Notice Enron Trial. USA Today/AP (5/8, Hays) reports, "Former Enron employees and other Houstonians are going about their lives without dissecting the [Enron] case over water coolers." It adds, "Most say they are more interested in the outcome than the journey" and predicts that "the trial's end likely will renew interest."

Zale CFO Is Put on Leave. The Wall Street Journal (5/8, Zimmerman) reports, "Zale Corp. said it placed Chief Financial Officer Mark Lenz on indefinite administrative leave for failing to timely disclose delayed vendor payments that bolstered Zale's 2005 net cash flow." The Journal reports, "The delay of up to $8.2 million in payments didn't affect reported revenue and earnings but did increase net cash flow, the company said." Zale has had previous problems with the SEC: the Journal writes, "The SEC is also investigating how Zale accounted for extended-service agreements, leases and payroll accrual. Also, the SEC had requested material on executive compensation and severance, earnings forecasts, stock trading and the timing of certain vendor payments."

Investors May Take Heart From Citigroup Ruling. The Wall Street Journal (5/8, Riley) reports, "An arbitration ruling against Citigroup Inc.'s wealth-management unit may lead to similar cases being brought by affluent investors who lost money in portfolios that contained more risk than they say they were led to believe." An NASD arbitration panel ruled that "Citigroup must pay $900,000 to an Ohio couple who lost $1.23 million in retirement savings in less than four years" after entrusting the money to Citigroup's Smith Barney subsidiary. The couple's attorney said, "I tend to believe there were a lot of people taken in by this," thus implying the possibility of future suits. However, the Journal writes, "Under NASD arbitration rules, the legal concept of 'precedent' doesn't apply, so the future impact of the ruling is difficult to measure. Citigroup doesn't plan to appeal the ruling."

Study Says Smaller Firms Pay Higher Costs To Comply With Sarbanes-Oxley. A GAO study has found that smaller companies are paying disproportionately higher costs to comply with new investor-protection rules. The Washington Post (5/8, A10, Day, 744K) reports, "The effect on small and mid-size public companies has been debated since the new rules were adopted by Congress as part of the Sarbanes-Oxley Act of 2002." The GAO report "says the full cost and other effects of the new rules won't be known for years because the Securities and Exchange Commission has extended the deadline for small firms' compliance until next year. Even so, the report says, 'regulators, public companies, audit firms and investors generally agree' that the law has had 'a positive and significant impact on investor protection and confidence.'"

Author Suggests How Carnegie Might Address High Executive Pay. Author Curt Weeden writes in USA Today (5/8, 2.31M) that Andrew Carnegie would argue that there is a "connection between surging executive pay and relatively sluggish corporate philanthropy." Weeden adds, "Because shareholders and other stakeholders are showing more and more displeasure about the widening compensation gap between the highest- and lowest-paid workers, here's how Carnegie might try to calm the waters: CEOs and other executives whose compensation is made

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public in proxy reports would voluntarily agree to donate 50% of their annual increases in salary, bonus and realized long-term compensation to community foundations or other broad-based groups in locations where their companies have a presence or interest. Executives would openly disclose the value of their 'Carnegie Commitments' and would pledge that these special grants would not offset any of their other personal charitable donations. A community-based funding agency would determine how a CEO's gift would best meet high-priority local needs, thus removing any perception of self-interest."

CRIMINAL LAW:

Fitzgerald Reportedly Close To Final Decision On Rove. The Washington Post (5/8, A1, VandeHei, 744K) reports, "Special Counsel Patrick J. Fitzgerald is wrapping up his investigation into White House Deputy Chief of Staff Karl Rove's role in the CIA leak case by weighing this central question: Did Rove, who was deeply involved in defending President Bush's use of prewar intelligence about Iraq, lie about a key conversation with a reporter that was aimed at rebutting a tough White House critic?" Fitzgerald, "according to sources close to the case, is reviewing testimony from Rove's five appearances before the grand jury." Fitzgerald "is weighing Rove's foggy-memory defense against evidence he has acquired over nearly 2 1/2 years that shows Rove was very involved in White House efforts to beat back allegations that Bush twisted US intelligence to justify the Iraq war, according to sources involved in the case." Rove "expects to learn as soon as this month if he will be indicted -- or publicly cleared of wrongdoing." An indictment "would be devastating to a White House already battered by low poll numbers, a staff shake-up and a stalled agenda. If Rove is cleared, however, it would allow Bush's longtime top aide to resume his central role as White House strategic guru without a legal threat hanging over him."

Judge Delays Chicago Mob Trials Until May 2007. The Chicago Tribune (5/7, 643K) reported, "The trial of reputed mob boss Joey 'the Clown' Lombardo and 11 others accused of Outfit-related murders and extortion will not begin for more than a year, a federal judge said Friday. U.S. District Judge James Zagel pushed the trial back six months, to May 15, 2007, to accommodate defense lawyers who were committed to other cases, including the March 2007 trial of former Hollinger chief executive Conrad Black. The new trial date is 'essentially unmovable,' Zagel told lawyers at a status hearing Friday."

Judge To Hear Mafia Cop's Complaints About Defense Attorney. The New York Post (5/6, Singer, 624K) reported, "Mob cop Louis Eppolito will be allowed to air his gripes about his flashy former lawyer Bruce Cutler -- who he says defended him poorly at his murder trial. At the convicted killer's request, Brooklyn federal Judge Jack Weinstein ordered lawyers back into court June 29 to hash out the matter, including Cutler." The Post notes, "The hearing is unlikely to have an impact on whether Weinstein will throw out the conviction, because the judge has already hinted strongly that he would let an appeals court decide the matter."

New York Lawmakers Seek DOJ Action On Fake Police Badge Sales. Long Island Newsday (5/8, Virasami) reports, "Fake police badges continue to be available for sale with just a few clicks on the Internet, months after a federal ban took effect, Rep. Anthony Weiner (D-Forest Hills) said Sunday." Newsday continues, "Joined by Rep. Jerrold Nadler(D-Manhattan), the lawmakers called on the Justice Department to do more to crack down on retailers that sell police badges they fear could be used by criminals. … 'Criminals in Brooklyn and across New York City continue to use fake badges because the Department of Justice has dropped the ball,' Weiner said. 'With a few dollars and the click of a mouse, anyone can still impersonate a New York City police officer.' … They sent a letter to U.S. Attorney General Alberto Gonzales requesting that the ban be enforced."

Politicians Go Silent On Maryland Sniper Trial. The Washington Times (5/8, Ward) reports, "The trial for convicted sniper John Allen Muhammad has been under way for a week in Montgomery County, but the politicians who held numerous press conferences during his three-week rampage in 2002 are silent." Observers attribute the silence of County Executive Douglas Duncan and State's Attorney Douglas Gansler to their desire to protect their ambitions for "statewide office." Duncan is running for governor; Gansler will run for attorney general if incumbent Joseph Curran retires.

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Nonprofit Group Official's Bank Records Under Scrutiny In HUD Probe. The Washington Times (5/8, McElhatton) reports, "A probe into the use of federal housing money in the District has led investigators to examine the personal bank records of the chief executive of a prominent nonprofit group, court records show. Bessie E. Swann, executive director for the District-based Wheeler Creek Estates Community Development Corp., tried last year to stop investigators from obtaining her bank records, but a judge recently granted them access on the grounds that the U.S. Department of Housing and Urban Development (HUD) was conducting a 'legitimate and reasonable' law-enforcement inquiry, court records show. Wheeler Creek is a 314-unit housing development in Southeast, and Miss Swann has won praise for the nonprofit group's work transforming old public housing into a mix of rental properties and resident-owned homes." The Times notes, "The group, which also oversees job training and senior-citizen services, has received funding through HUD and the D.C. Housing Authority. Wheeler Creek receives most of its $3 million in annual revenue through government grants, tax records show. The financial records also show Miss Swann's compensation has nearly tripled in recent years."

Professor Decries Administration "Threats" To Prosecute Newspapers. Geoffrey R. Stone, a law professor at the University of Chicago, writes in the New York Times (5/8, 1.19M) that presidential administrations "have never been inclined to criminally prosecute the news media for publishing information they would rather keep secret. In recent weeks, however, the Bush administration and its advocates, including Attorney General Alberto Gonzales, have spoken of prosecuting," under the Espionage Act, "The Washington Post and The New York Times for publishing Pulitzer Prize-winning exposés of the administration's secret prisons in Eastern Europe and secret National Security Agency surveillance of Americans." Stone adds, "Although the threats of the White House are largely bluster, they must nonetheless be taken seriously. Not because newspapers are really in danger of being prosecuted, but because such intimidation is the latest step in this administration's relentless campaign to control the press and keep the American people in the dark."

CIVIL LAW:

Tobacco Case Features Allegations Of Conflicting Claims. The Nationial Law Journal (5/8, Geier) reports, "An Ohio state court judge is allowing lawyers for Lorillard Tobacco Co. to depose counsel in two asbestos plaintiffs' firms concerning allegedly inconsistent claims they filed relating to the same client's mesothelioma." The Journal continues, "The case of mesothelioma victim Harry Kananian's estate against Lorillard got hung up in Cuyahoga County Court of Common Pleas when the defense told the court that there were conflicting claims in other litigation filed on his behalf. Kananian v. Lorillard Tobacco Co., No. 442750 (Cuyahoga Co., Ohio, Ct. C. P.)." The Journal adds, "James F. Early, a principal of Early, Ludwick, Sweeney & Strauss of New Haven, Conn., one of the firms Lorillard will take discovery from, said his firm amended Kananian's claims when later testimony indicated the original filings were inaccurate or incomplete. The firm also volunteered to return to the trusts any parts of awards that they determined to have been unearned. 'You do the best you can with the information you have, especially when your clients are dying of mesothelioma,' Early said. … Both Early Ludwick and Brayton Purcell filed claims on behalf of Kananian and his family based on his military and occupational exposure to asbestos."

CIVIL RIGHTS:

"Unconscious Bias" Expert In Demand For Employment Bias Lawsuits. Business Week (5/15, Orey) reports that in the forum of employment law, "sociologist William T. Bielby is the leading courtroom proponent of a simple but powerful theory: 'unconscious bias.' He contends that white men will inevitably slight women and minorities because they just can't help themselves. So he tries to convince judges that no evidence of overt discrimination -- no smoking gun memo, for instance -- is needed to prove a case. As Allen G. King, an employment defense attorney at the Dallas office of Littler Mendelson, puts it: 'I just have to leave you to your own devices, and because you are a white male,' you will discriminate." Bielby has served "as an expert witness in dozens of major cases, including those currently pending against Wal-Mart (WMT), FedEx (FDX), Johnson & Johnson

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(JNJ), and Cargill. For plaintiffs, Bielby's fees -- now $450 an hour, and totaling $30,000 or more per case -- are often worth it. Numerous lawsuits in which he has been involved have ended in big dollar settlements, including suits against Merrill Lynch (MER), Morgan Stanley (MS), and Home Depot (HD). In 2004 a federal judge in San Francisco cited Bielby's testimony when he agreed to let the largest-ever employment class action go forward against Wal-Mart Stores Inc. The company is appealing but could face gender bias claims on behalf of more than 1 million women."

New Sorority Is Based On Islamic Principles. The Washington Post (5/8, B1, Kinzie, 744K) reports on a new sorority at the University of Maryland Baltimore County. The sorority, for Islamic women, "started with Althia Collins, an educational consultant in Alexandria, and her daughter Imani Abdul-Haqq, who wanted to pledge a sorority in North Carolina. When Abdul-Haqq walked in with her hijab , Collins said, 'everyone looked at her like she had three heads.' Collins and her daughter, who became Muslim several years ago, thought sororities' emphasis on volunteering and leadership would make Muslim women more visible and help dispel stereotypes."

ANTITRUST:

Wachovia Buys Golden West For $26 Billion. The Wall Street Journal (5/8, Berman, Mollenkamp, Bauerlein) reports, "Wachovia Corp. struck a roughly $26 billion stock-and-cash deal to buy Golden West Financial Corp., making a big gamble on the volatile mortgage business as it extends its ambition to become a true national bank." It observes, "Wachovia agreed to pay 1.051 shares of its stock, valued at $62.42 based on Friday's closing prices, plus $18.65 in cash for each share of Golden West. The price represents a roughly 15% premium to Golden West's current market value." The Journal characterizes Wachovia as "the most voracious of all [banking consolidators], forging about 140 takeovers and mergers -- large and small." The Journal writes, "The deal is expected to close in this year's fourth quarter." USA Today (5/8, Woodyard) reports the deal will extend Wachovia's "reach in high-growth Sun Belt markets." The New York Times (5/8, Sorkin, Creswell) reports, "While the deal will give Wachovia a strong foothold in the mortgage-lending space, there are growing concerns among investors and Wall Street analysts that growth in that business may have peaked as interest rates creep higher."

Fisher And Thermo Are Near Deal. The New York Times (5/8, Sorkin, Pollack) reports, "Fisher Scientific International, a supplier of medical laboratory equipment, was near a deal last night to merge with Thermo Electron Corporation, a rival, in a deal valued at about $11 billion." The merger would "create a new giant in the laboratory instrument business, an industry that has already been marked by some degree of consolidation." The Times writes, "An announcement of the deal is expected today, though people involved in the talks warned that the talks could collapse. The transaction is unusual in that Thermo Electron, which has only about half the revenues of Fisher, is technically the acquirer in the deal." The Wall Street Journal (5/8, Berman) reports, "Under the terms approved by both boards last night, Fisher shareholders will receive two shares of Thermo, which closed Friday at $39.45 each on the New York Stock Exchange. At a combined $78.90, Thermo's offer represents a premium of 7% to Fisher shareholders based on where the two stocks closed trading on Friday."

ENVIRONMENT:

BP Texas Refinery Called Nation's Biggest Polluter. The AP (5/8) reports, "The nation's worst polluting plant is the BP PLC oil refinery where 15 workers died in an explosion last year, raising questions about whether the company has been underreporting toxic emissions." The AP continues, "BP's Texas City refinery released three times as much pollution in 2004 as it did in 2003, according to the most recent data from the Environmental Protection Agency. … The increase at BP was so large that it accounted for the bulk of a 15 percent increase in refinery emissions nationwide in 2004, the highest level since 2000." The AP adds, "The company is investigating whether it has been accurately documenting pollution, the Houston Chronicle reported on Sunday. There could be more federal fines levied against the energy giant if mistakes are found. … BP already faces a record $21.3 million fine from the U.S. Occupational Safety and Health Administration for 300 safety and health violations found at the Texas City refinery after the deadly explosion in March 2005 that also injured 170 workers. … BP still faces criticism for management lapses that may have contributed to last year's

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explosion. The company faces a possible Justice Department investigation and is dealing with victims' lawsuits."

Former USDA Secretaries Call For Farm Policy Overhaul. The Wall Street Journal (5/8, A2, Roberts, 2.11M) reports, "US farm policy is outdated and needs to be overhauled in light of emerging global markets and tighter federal budgets," according to the American Farmland Trust that has the endorsement of two former agriculture secretaries. In a report to be released today, the Washington-based farmers group will "call on Congress to revamp the nation's agriculture programs rather than extend the 2002 Farm Bill before it expires next year." The plan, which will propose a new "safety net" for commodity-crop programs to replace certain subsidy programs, has been endorsed by former agriculture secretaries Dan Glickman and Clayton Yeutter.

Bond Said To Be Blocking Shift To Lower Emission Lawnmowers. The CBS Evening News (5/7, story 8, 2:30, Mitchell, 7.66M) reported lawnmowers are "loud" and they "fill the air with surprising amounts of pollutants, but efforts to reduce more emissions are being stymied." CBS (Bowen) added, "It may not look like a pollution monster, but California officials say the old family lawnmower is a smog machine -- taken all together, little engines that foul the state's air with 22 tons of pollutants a day, the equivalent of 800,000 cars a day." Adding catalytic converters "to lawnmower engines, the same device used on cars to cut smog. But Briggs & Stratton, America's largest mower engine manufacturer is strongly resisting, and with two plants in Missouri the company is getting some extraordinary help from Missouri Senator Christopher Bond." The Senator "has been able to delay new regulations in California by requiring EPA studies of the standards and when the EPA approved the new standards, Bond's office complained the EPA study was flawed."

FBI/DEA/ATF/USMS:

Former FBI Official Calls Bald Resignation "Slap" At Mueller. Under the headline "FBI Counterterror Chief Bald Bolts For Exit," CQ (5/8, Stein) reports that "after just eight months on the job," NSS Director Gary Bald "abruptly submitted his resignation to agency director Robert S. Mueller III. … FBI sources dismiss the idea that Bald, never a popular figure around the J. Edgar Hoover Building, was leaving for anything but a chance to retire comfortably," but "the hasty exit 'seems like a slap at the director,' one of Bald's predecessors said in an e-mail. 'It looks bad externally. Internally some are happy.'" CQ notes the "sharp questioning" Mueller received last week before the Senate Judiciary Committee about turnover, and adds that although "no replacement has been named," a "dark horse is Art Cummings, a Mueller favorite who…now runs the National Security Branch for the Washington Field Office. Whoever the choice, Mueller has to be hoping the seventh time is the charm."

Federal Law Limits Sale Of Some Medications. The Long Island Newsday (5/6, Ochs) reports that on April 8, federal law "began limiting the sale of over-the-counter cough and sinus products such as Sudafed and Claritin D with pseudoephedrine, ephedrine or phenylpropanolamine. … The law says that a person can buy no more than 3.6 grams per day of products with pseudoephedrine, ephedrine or phenylpropanolamine. That translates to 73 60-mg tablets, said Rusty Payne, spokesman for the federal Drug Enforcement Agency."

North Dakota Seeks To Allow Farmers To Grow Industrial Hemp. The AP (5/8) reports North Dakota "is pushing ahead with plans to license state farmers to grow industrial hemp even as it tries to allay law enforcement fears about marijuana's biological cousin. State Agriculture Commissioner Roger Johnson and his department are crafting hemp rules after meeting in February with Drug Enforcement Agency officials in Washington. A public hearing on the proposed rules is slated for June 15." More than 20 news outlets published in newspapers and/or posted on Web sites the AP story, including The Washington Post, Houston Chronicle, and Miami Herald.

New Source Of Heroin Said To Be Increasing Demand In St. Louis Area. The St. Louis Post-Dispatch (5/7) reports an incident that "kicked off a series of heroin seizures" also was an "early sign of a troubling, yet largely unnoticed, trend in the St. Louis area: the rise of a new source of heroin that is increasing the overall supply and expanding demand." The Post-Dispatch adds that the volume of Afghan heroin, which the United Nations "says now

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accounts for 87 percent of the world supply" means that even a small share "making its way to the United States constitutes large quantities of the drug. Afghan heroin now represents up to 20 percent of all heroin in the United States, Drug Enforcement Administration officials say."

Alaska House Passes Marijuana, Meth Bill. The AP (5/6, Volz) reports the Alaska House "passed legislation Friday night that would restore criminal penalties for marijuana possession and make it tougher to buy the ingredients to manufacture methamphetamine. The bill was approved by the Senate last month and now goes to Gov. Frank Murkowski to sign into law. … The bill says marijuana is a more potent and dangerous drug than it was 30 years ago."

The Juneau Empire (5/7) reports the vote "came up a day after Gov. Frank Murkowski called a news conference and put the 'methijuana' bill on his must pass list for the remainder of the session, which ends Tuesday night. … According to the bill, those possessing more than 4 ounces would be charged with a Class C felony, which would carry a maximum prison sentence of five years."

The Juneau Empire (5/5) also reported Murkowski "said the drug legislation, House Bill 149, is significant for children who are at risk from domestic abuse from meth addicts or want a future career in Alaska. Too many military recruits and other job applicants in Alaska fail their drug urine tests, the governor and his labor commissioner, Greg O'Claray, said."

Local TV Coverage. KCAL-TV, Los Angeles (5/6, 9:00 p.m.) reported, "Alaska has the most liberal laws on marijuana possession in the country, but that could soon change. The Alaska House passed legislation yesterday that would restore criminal penalties for marijuana possession. The bill has already been approved by the Alaska Senate and now goes to Governor Frank Murkowski whose backed it from the beginning. A…decision by the Alaska Supreme Court legalized the use of small amounts of pot."

Nigerian Report On Drug Testing Accuses Pfizer Of Violating International Law. The Washington Post (5/7, A1, Stephens, 744K) reports, "A panel of Nigerian medical experts has concluded that Pfizer Inc. violated international law during a 1996 epidemic by testing an unapproved drug on children with brain infections at a field hospital. That finding is detailed in a lengthy Nigerian government report that has remained unreleased for five years, despite inquiries from the children's attorneys and from the media." According to the Post, "The report concludes that Pfizer never obtained authorization from the Nigerian government to give the unproven drug to nearly 100 children and infants. ... Pfizer's experiment was 'an illegal trial of an unregistered drug,' the Nigerian panel concluded, and a 'clear case of exploitation of the ignorant.'"

Network TV Coverage. ABC World News Tonight (5/7, story 5, 0:30, **Harris**) reported, "There are allegations reported today that Pfizer tested an experimental drug on children and infants in Nigeria without informing parents or getting permission. 'The Washington Post' says the Nigerian government says about 100 patients received a drug called Trovan during a meningitis outbreak in 1996. For its part, Pfizer insists it acted ethically and that the drug saved lives."

Faulty Arson Probe In Texas Could Have National Implications. The AP (5/8, Tanner) reports, "We hear it after a smoky blaze that destroys a house, or an all-night warehouse inferno: The cause of the fire is under investigation. … Now those investigations themselves are getting a hard look, including the case of a Texas man executed two years ago for a house fire that killed his three little girls. Fire experts say he was wrongfully convicted because junk science was accepted as expert testimony." The AP continues, "The implications go far beyond Texas. More than 5,000 people are imprisoned nationwide for arson, and at least some are likely to have been wrongfully convicted, said five experts who analyzed testimony in the Texas case. The experts included veteran arson investigators and people with backgrounds in science and engineering who have taught other investigators." The AP notes that experts "concluded bad science was at the heart of the testimony that led to Cameron Todd Willingham's conviction for a 1991 fire in Corsicana, Texas. Willingham maintained his innocence up to his execution in 2004. … The expert panel, along with The Innocence Project, a New York-based group that seeks to uncover wrongful convictions, presented their study on Tuesday to a special Texas commission set up to examine forensic misconduct. … The problems with arson convictions could be huge. The Innocence Project commissioned the panel to study Willingham's case, but said its network of state projects around the country has already begun to review other arson convictions."

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IMMIGRATION:

Specter Says Senate Will Vote On Immigration Bill Next Week. Sen. Arlen Specter, appearing on Fox News Sunday (5/7, Wallace), said he expects the McCain-Kennedy immigration reform bill to be brought to the floor for a vote "a week from tomorrow." He added, "I've talked to the majority leader, Senator Frist, and I expect to be on the conference committee. … The speaker has said he's for a guest worker program. That's what the president wants."

Implementing Immigration Reforms Seen As Likely "Nightmare." CQ (5/8, Crowley) reports, "Whatever Congress agrees on — some sort of legalization plan, a guest-worker program, mass deportation or a combination of the three — would have to be implemented by the U.S. Citizenship and Immigration Services, the Immigration and Customs Enforcement agency, and the U.S. Customs and Border Protection agency. That, people on both sides of the debate agree, is likely to be a nightmare." The "big worry is that the immigration agencies are hard-pressed to handle their current responsibilities without having to administer a complicated new program such as the one envisioned by a Senate proposal that is most likely to form the basis for a congressional compromise. It would create a guest-worker program and provide different treatment for illegal immigrants depending on how long they have been in the United States. Some could stay; others would have to leave; and some could apply for re-entry." Complaints "about the agencies are widespread. The Government Accountability Office has issued 12 reports in the past year critical of the way the three agencies operate."

Report Finds Most Lawmakers Don't Know Words To National Anthem. Roll Call (5/8, Akers) reports in its "Heard on the Hill" column that tonight's episode of Nightline features a report by Claire Shipman in which she and a camera crew "came to Capitol Hill on Thursday and caught 16 House Members and four Senators off guard, asking each to sing the national anthem. … As Shipman will report tonight, the unscientific survey found that most lawmakers belong to the majority of Americans — 61 percent, to be exact — who don't know all the words to the national anthem, according to one recent poll."

Latin American Prosperity May Fuel Immigration To US. The Wall Street Journal (5/8, Millman, 2.11M) reports that economists and politicians have long "said the solution to surging emigration is prosperity at home. If Mexico and other Latin American nations that send millions of migrants to the U.S. could grow fast enough, the theory goes, their residents wouldn't head north for work." Last month, Mexican President Vicente Fox, "looking to influence the U.S. Congress's latest efforts at an immigration overhaul, pledged his country would do its part, creating good manufacturing jobs for Mexican workers on their home soil." But "now the theory looks wrong -- or at least simplistic. Emigration often surges along with economic development. In an expanding economy, would-be migrants gain the skills at home that pay better abroad. They also are better able to save the relatively modest sums -- $200 for a cut-rate airline ticket; $1,000 or so for a reliable border-crossing guide -- that workers looking to enter a better labor market need to take their skills north."

King Appears With 9/11 Family Members To Promote Immigration Crackdown. The New York Post (5/8, 624K) reports Rep. Peter King on Sunday "appeared with relatives of 9/11 victims at Ground Zero to urge the passage of harsher immigration laws to help thwart terrorism." King, who appeared with members of 9/11 Families for a Secure America, said, "Immigration control and border security are absolutely essential to homeland security."

Terms Of Immigration Debate Little Changed Since Turn Of 20th Century. The Washington Post (5/8, A1, Powell, 744K) reports in a front page story that the "bitter arguments of the past" about immigration "echo loudly these days as Congress debates toughening the nation's immigration laws and immigrants from Latin America and Asia swell the streets of U.S. cities in protest. Most of the concerns voiced today -- that too many immigrants seek economic advantage and fail to understand democracy, that they refuse to learn English, overcrowd homes and overwhelm public services -- were heard a century ago. And there was a nub of truth to some complaints, not least that the vast influx of immigrants drove down working-class wages. Yet historians and demographers are clear about the bottom line: In the long run, New York City -- and the United States -- owes much of its economic resilience to replenishing waves of immigrants."

European Governments Restricting Immigration To Highly Skilled. The Washington Times (5/8, Bryant, 90K) reports European governments, "facing an immigration debate much like that in the United States, are pulling in the welcome mat, especially for low-skilled, illegal aliens from

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Africa and other developing regions." The European governments are "introducing immigration tests and other devices to screen out all but the brightest and most qualified in the face of rising anti-immigration sentiments -- despite having an aging population that leaves many European countries in need of new workers to bankroll their welfare states."

Financial Barriers Help Prevent Immigrant Assimilation In Europe. The Wall Street Journal (5/8, Fleming, 2.11M) reports, "Redlining -- or the practice of refusing people bank loans based on their address -- has long been outlawed in the U.S. as discriminatory. But in Europe, although many countries are facing increasingly tense relations with their minority populations, there has been little debate about how financial discrimination -- ranging from redlining to setting higher insurance rates -- affects immigrants seeking to better integrate. Critics say that unless this changes, Europe will struggle to assimilate its already alienated immigrant population."

Many Salvadoran Villages Rely On Wages From Workers In US. The Washington Post (5/8, A1, Aizenman, 744K) reports in a front page story that "like villages across El Salvador, Piedras Blancas has been nearly emptied of its working-age inhabitants. Left behind are children and grandparents who live on money that relatives send from such previously unheard of places as 'Manassas, Virginia,' 'Houston, Texas,' and simply 'Maryland' -- the catchall term by which people here refer to a host of Washington area suburbs." Although "exact figures are difficult to determine, the director of the village school, who has tracked the student population for two decades, estimates that more than 3,500 Piedras Blancas natives, or about 40 percent of the population, live in the United States."

TAX:

Republicans, Democrats Disagree On Tax Bill's Beneficiaries. The Los Angeles Times (5/8, Havemann, 958K) reports, "Would the rich make out like bandits from the tax-cut bill that is the object of intense behind-the-scenes debate in Congress? Or would low-income taxpayers not only hold their own but come away with more than their share of tax breaks?" Republicans are "inclined to argue that the bill, notably its provision to extend beyond 2008 today's low tax rates on investment income, would particularly benefit the poor. Nonsense, say most Democrats; the bill is tilted sharply to the rich." Senate Finance Committee Chairman Charles Grassley "ratcheted up the fairness debate last week by contending that taxpayers in the lower brackets — particularly the elderly — would actually do better than those earning $200,000 and up." Democrats, "not surprisingly, scoff at this argument." Senate and House "tax writers have agreed on the central elements of the main tax bill — namely, relief in the 2006 tax year from the alternative minimum tax and extension for two more years, through 2009 and 2010, of the tax breaks for investment income." What has "delayed negotiations, which began late last year, are the contents of a second bill, potentially including extensions of the research and development tax credit and of the deduction for some college tuition costs, and more careful scrutiny of the tax-exempt status of charitable organizations."

More Investors Expecting Low Capital Gains Rates Caught In AMT Trap. Business Week (5/15, Gleckman) reports the alternative minimum tax "has been a problem since capital- gains rates were trimmed in '03, but it's about to get worse as millions more taxpayers fall under the AMT. In 2006, as many as 4 million investors may find themselves caught in this AMT trap, according to congressional estimates. That's twice as many as last year. And while many may not know it, they have been stuck in the middle of a battle on Capitol Hill over whether to extend the low rates on capital gains and dividends or overhaul the poorly understood AMT." The Urban-Brookings Tax Policy Center "estimates that nearly 64% of those making $100,000 to $200,000 could face the AMT in 2006." For months, Congress has "been trying to figure out which tax issue to address first. Short of both time and money, lawmakers have been arguing over whether to limit the AMT or extend the 15% rate on capital gains and dividends, which is due to expire at the end of 2008. President George W. Bush and many Hill Republicans say they are closing in on a deal that would extend the low cap-gains rates until 2010 but curb the AMT's reach for only this year." Ask investors "which problem they would rather see Congress address, and most would probably vote for capital-gains relief. But for many under the shadow of the AMT, that would be a bad choice."

Author Says Tax Cuts Correlated With Spending Increases. In his Washington Post column (5/8, A19), Sebastian Mallaby says tax cutters believe "that tax cuts will force matching cuts in spending by the government. It's a faith that" author Jonathan Rauch "traces to the presidential

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debates of 1980." The "starve the beast" argument "has been a favorite of Republicans. It's an expedient argument, of course, since it justifies the tax cuts that voters are assumed to love. But even the most nakedly cynical politicians need policy fig leaves. 'Starve the beast' has allowed tax cutters to feel decent." But the argument "has been discredited. Rauch cites William Niskanen, an economist who worked in the Reagan White House and now chairs the Cato Institute." Niskanen's "result punctures his own party's dogma. Tax cuts are associated with increases in government spending. The best strategy for forcing cuts in government is actually to raise taxes."

NYTimes Criticizes Use Of Supplementals To Finance Iraq War. An editorial in the New York Times (5/8, 1.19M) says, "President Bush is trying to score unearned points for fiscal rectitude by railing against the Senate's outsize $109 billion supplemental spending package, which includes money for the wars in Iraq and Afghanistan as well as hurricane relief. But the real scandal is Mr. Bush's own preference for financing much of the cost of the Iraq war outside the normal budget process. … Congress would gladly vote the Pentagon every cent it needs to fight in Iraq and Afghanistan and rebuild its ground forces so that they are available for other military emergencies. But with so much of the war off budget, as it were, Congress is instead being asked to approve one of the biggest military budgets in American history for projects having little to do with current fighting."

NYTimes Calls For Modest Social Security Benefit Cuts, Tax Increases. Another editorial in the New York Times (5/8, 1.19M), "Buried in the newly released 2006 annual report on Social Security, there is good news on the program's long-term health. … Projected 'cost rates' in this year's report show smaller annual deficits in Social Security than had previously been assumed, starting around mid-century." The Times adds, "What the big impact of small adjustments shows is that Social Security is a dynamic system, adaptable to the 21st century. … To that end, phasing in a modest package of benefit cuts and tax increases over the next several decades is the best way to ensure that the system won't come up short a generation from now.'

WPost Says Bush Leaving "Terrible Fiscal Predicament." In an editorial (5/8, A18), the Washington Post says, "Sheer coincidence: Last Monday, the Social Security and Medicare trustees released their annual depressing report. On Tuesday, congressional negotiators handed President Bush a 'victory' -- his assessment -- in agreeing to extend his capital gains and dividend tax cuts. Mr. Bush and his fellow tax-cuts-above-all proponents would like you to believe that the two events are unrelated. But taken together they underscore the terrible fiscal predicament that Mr. Bush has chosen to bequeath to his successor."

Novak Says Grassley Using "Phantom Bill" To Hold Up Pressing Tax Legislation. Syndicated columnist Robert Novak (5/8) writes this morning that Iowa Sen. Charles Grassley (R), who "last Tuesday cavalierly rejected a summons to meet in the Oval Office with" President Bush, "is playing his own game on tax legislation without interference from anybody, even the president." Grassley "has blocked the tax bill extending dividend and capital gains tax cuts that is essential to the economy. Until now, he has held it hostage for a 'second bill' on taxes containing unknown private deals cut by Grassley with other senators. In short, high-priority tax legislation is delayed by a phantom bill." Novak notes, "The 'second bill' is described in the news media as containing routine extenders of tax benefits, but it is surely more than that. The assumption on Capitol Hill is that Grassley has made specially tailored promises to individual senators to get enough votes for the tax reconciliation bill. If so, these tax goodies will have to be compensated for in the same bill by revenue raisers." Grassley's "critics among reform-minded Republicans refer to tax pork in the second bill, but they cannot be sure about something that is hidden. It is impossible to conduct a meaningful debate on a phantom bill, and that is precisely the way Grassley has constructed the situation."

CONGRESS-ADMINISTRATION:

Cheney Says Retirement Not An Option. NBC Nightly News (5/7, story 4, 2:10, O'Donnell, 9.87M) interviewed Vice President Cheney. Asked if there was a benefit "if you were to retire, to allow the President to choose someone else who might then have an advantage in 2008," Vice President Cheney said, "Well, I'm not sure it would be an advantage, but that's not my concern. I, in effect, took on the obligation when I put my name on the ballot to serve out my term. I've got a contract, if you will, with the American people. My term ends in January of 2009 and barring some unforeseen disaster, that's what I'll do." O'Donnell: "What role do you think you play for 2008?" Vice President Cheney:

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"We've got a lot of good candidates out there. At the appropriate time, I'll be happy to campaign for the ticket in 2008, if they want me do, they may not want me to. That'll be their call."

Rumsfeld Says He Has No Plans To Retire.

Fox News (5/7, Baier) ran an hour-long special report on Defense Secretary Donald Rumsfeld last night. The special examined Rumsfeld's tenure in the Bush Administration, including his high poll numbers and status as a "media star" following the 9/11 attacks and President Bush's response in Afghanistan, as well as his decline in the polls since then. The Fox report noted that former thee star Marine Corps General Paul Van Ryper "is the 8th retired general to say Rumsfeld must go," but the special also included an interview with Rumsfeld in which he said he has no plans to retire. The Secretary also said he does not think about his legacy, noting, "I think about doing what I am doing and I live full days I get up early, I stay up late. I feel fortunate to be doing what I am doing. To be able to be involved in something as important as this at this moment in our country's history I think is something that I feel fortunate to be involved in."

Rumsfeld Dismisses Journalist Criticism Of Iraq War. On Fox News (5/7, Baier), the Secretary also criticized journalists and their coverage of the Iraq war, saying that there is "a whole cluster of people in our country, a lot of them in the journalism business who had much of their lives formed by the Vietnam war, so it's understandable they would try to relate everything that happens in the 21st century to what they experienced in the 20th century. That doesn't make it accurate or apt."

Rumsfeld Says Success In War On Terror Is Hard To Measure. Asked how he measures success in the war on terror, Rumsfeld said on Fox News (5/7, Baier), "First of all, it's very hard to do. It's going to be a long war it will take years I am afraid like the Cold War. We are putting a lot of pressure on terrorists and life is more difficult for them. It's harder for them to raise money and harder for them to move around and harder for them to communicate with each other. More difficult to recruit people. But it's a difficult thing to measure."

Rumsfeld Says World Was Simpler When He Served Under Ford. Rumsfeld, who also served as Defense Secretary under President Gerald Ford, was also asked on Fox News (5/7, Baier) what is different between the job now and the job as it was under Ford. Rumsfeld said, "It was a simpler world. We had one major problem, the Soviet Union was expanding and it was active in this hemisphere. We had the advantage we could look at it month after month, year after year get good at understanding it and keep an eye on it."

Rumsfeld Critic's Anti-Israeli Views Noted. The Weekly Standard (5/15) reports in its "Scrapbook" column that, "The story line was compelling: A face-off between a beleaguered secretary of defense and a brave former intelligence professional. 'Rumsfeld Heckled by Former CIA Analyst' blared the headline on the ABC News website. The AP reported that a 'former CIA analyst, Ray McGovern, asked [Donald Rumsfeld], 'Why did you lie to get us into a war that caused these kind of casualties and was not necessary?'"" But almost all of the reports "failed to report was the relevant fact that McGovern is not simply a veteran of the CIA but a hard-left conspiracy theorist who blames the Iraq war on 'O.I.L.' As McGovern that night told MSNBC's Tucker Carlson, the only member of the mainstream media with the elementary curiosity to broach the subject, O stands 'for oil; I for Israel; and L for logistics, logistics being the permanent . . . military bases that the U.S. wants to keep in Iraq.'"

Biden Is "Unalterably Opposed" To Boyle's Nomination.

Sen. Joseph Biden was asked on Fox News Sunday (5/7, Wallace) if he expects federal judge nominees Brett Kavanaugh or Terrence Boyle will be filibustered, Biden said, "I have no line in the sand with Kavanaugh. I want to know more. I haven't made my judgment whether I'm for or against him, and I don't think we'd be part of a filibuster there. With regard to Boyle. … I am unalterably opposed to Boyle…and I think Boyle will not go forward, and I would consider joining an effort to prevent his vote."

Snow Expected To Improve White House Relationship With Press Corps.

NBC Nightly News (5/7, story 9, 2:35, Seigenthaler, 9.87M) reported that starting today, "It will be Tony Snow's turn to step up to the podium to face the Washington press corps." NBC (Alter) added, "Snow is the latest to go on the firing line. The Fox News anchor replaces Scott McClellan, who had problems handling the White House press corps. Snow is expected to do better." Benjamin Bradlee, former Washington Post editor: "He seems outspoken, confident."

In the National Review (5/15), Byron York says outgoing White House press secretary Scott McClellan "wasn't really right for the job, and two, he sometimes wasn't clued in on

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what was really going on. Add to that all the difficulties the Bush White House has experienced in the last year, and you've got the need for a new start. That's where Tony Snow comes in." When Snow's appointment was "announced, it was met with pretty much universal praise, at least from Republicans. Even the way it was announced was an encouraging sign, as some in the GOP saw it." Snow is "certainly expected to be more deft and understanding in dealing with the press," and as "far as being in the loop is concerned, Snow is said to have received assurances that he will be included in the policy-making process so that he can better explain it to the world." York concludes Snow will "undoubtedly have a honeymoon, and then, when the first big bad thing happens — or maybe when there's one of those tempests in a teapot that periodically consume the White House press corps — he'll be tested under fire. No one can say what will happen, but White House officials are looking for better days in the briefing room."

50% View Bush Decision To Hire Snow Favorably. The Washington Times (5/8, Harper, 90K) reports in its "Inside Politics" column, "Americans give a favorable initial assessment of Tony Snow, the newest White House press secretary, according to a new Zogby poll. The decision to bring the former Fox News TV and radio host on board is seen as 'an excellent or good' decision by 50 percent of the respondents and viewed negatively by 40 percent. … The online survey was conducted April 28 through May 1 and included 5,578 likely voters. The poll carries a margin of error of 1 percentage point."

Democratic Report Says Bush Team Less Diverse Than Clinton's. The Washington Post (5/8, A17, Lee, 744K) reports, "President Bush's crop of political appointees includes fewer women and minorities than did President Bill Clinton's at comparable points in their presidencies, according to a new report by House Democrats. Women made up about 37 percent of the 2,786 political appointees in the Bush administration in 2005, compared with about 47 percent in the Clinton administration in 1997, according to the report and supplemental data released last week by the Democratic staff of the House Government Reform Committee. Similarly, about 13 percent of Bush administration appointees last year were racial minorities, compared with 24 percent in the fifth year of Clinton's presidency, the report found." The Post adds, "The 13-page report, compiled using data from the Office of Personnel Management, says the number of women and minority appointees increased during the first five years after Clinton took office and has declined during Bush's tenure." However, the report "does not mention…that Bush has established a record of diversity in his Cabinet. Bush's Cabinet, which includes the vice president and the heads of 15 executive departments, currently has two Hispanics, two African Americans and two Asian Americans. Three departments -- State, Education and Labor -- are headed by women, and a fourth, Interior, has an acting secretary who is a woman. Before Bush took office, no minority had occupied any of the four highest-profile Cabinet positions -- attorney general and the secretaries of the Defense, State and Treasury departments."

Invitation For NIH Official's Party May Violate Ethics Rules. The Washington Post (5/8, A17, Weiss, 744K) reports there is a "cloud hanging over a going-away party for National Cancer Institute Director Andrew C. von Eschenbach, who in March was nominated by President Bush to head the Food and Drug Administration." An invitation "recently circulated to National Institutes of Health employees for a 'farewell reception and roast' to be held on the NIH campus in Bethesda in honor of von Eschenbach" asks for a "$25 entrance fee for the May 17 event" and "solicits additional 'contributions' for a gift for the outgoing boss. Problem is, that's a violation of federal ethics rules, according to legal eagles inside and outside the Beltway."

House, Senate Ethics Bills Would Identify Earmark Sponsors. Roll Call (5/8, Ackley) reports the House and Senate ethics bills "mirror one another when it comes to one earmark measure, with both calling for Members who sponsor the narrowly targeted pots of funding to attach their name." Vincent Versage, "a lobbyist with the National Group who has worked for appropriations clients for decades," said, "I don't know of any Member who would not want to have his or her name attached. A lot of these Members are proud of bringing projects back." Roll Call adds another appropriations lobbyist "said that forcing Members to disclose which earmarks they push for will have a chilling effect on Members' support for projects outside of their home states, even if the project is relevant to the committees they sit on."

Contractors Who Benefited From Earmarks Paid For Mollohan Travel. Roll Call (5/8, Bresnahan) reports

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Rep. Alan Mollohan (D-W.Va.), "his wife and two top aides took a five-day trip to Spain in June 2004 that was paid for by a group of government contractors for whom Mollohan steered tens of millions of dollars in earmarked funds, according to travel records and other documents." The trip sponsor "listed on travel disclosure forms is the 'West Virginia (WV)-01 Trade Delegation,' which Mollohan's office described as an 'ad hoc group' of 19 government contractors and West Virginia-based nonprofits that came together to pay for the trip. The total cost of the trip for Mollohan, his wife and aides was $7,874."

Former Aide Benefited From Stevens Earmark. CQ (5/8, Zeller) reports Sen. Ted Stevens "may someday be able to boast paternity of an Office Building That Made a Former Aide Rich. The aide in question is Trevor McCabe, who spent his first eight years out of Harvard in the 1990s rising from legislative correspondent to legislative director in Stevens' office. Now a lawyer and real estate developer in Anchorage, last fall he made a bit of a killing on the $558,000 sale of a bedraggled quarter-acre plot in downtown Seward to the nonprofit Alaska SeaLife Center — which had suddenly found itself with money to spend last summer thanks to some earmarking legerdemain by Stevens." McCabe has "a knack for owning property in the right place at the right time. He's also an investor in waterfront property in tiny Mat-Su, which should appreciate nicely once the hamlet is linked to Anchorage with the construction of Don Young's Way — one of the two Alaska bridges that drew such ridicule last summer when they received generous earmarks in the new highway and mass transit law." The Seward deal "was announced last October, two months after Stevens, the longest-serving Republican on the Senate Appropriations Committee, used the fiscal 2006 Interior spending law to take $1.6 million away from the National Park Service and give it to the SeaLife Center, an aquarium started eight years ago mainly with proceeds from the Exxon Valdez oil spill settlement."

Dean Distinguishes Democrats' Scandals From GOP's "Culture Of Corruption." DNC Chair Howard Dean was asked on ABC's This Week (5/7, Stephanopoulos) if he thought recent controversies surrounding Democratic members of congress could blunt his party's contention that the GOP is characterized by a "culture of corruption." Dean said, "There are individual Congressmen that have made mistakes. Unlike the Republicans, our leader, Nancy Pelosi, particularly asked for an ethics investigation of Congressman Jefferson. … This is a culture of corruption the Republicans have brought to Washington…that goes from the White House to the vice president's office to the leadership of the United States Senate to the leadership of the United States House of Representatives. And in the agencies, corruption has become a way of life, and it has to change."

WPost Says White House Should Release Records Of Abramoff Visits. The Washington Post (5/8, A18, 744K) says in an editorial, "It's taken a Freedom of Information Act request, a lawsuit and a court order, but the White House will soon release Secret Service records detailing lobbyist Jack Abramoff's visits there. This is long overdue, and the delay has been due to -- there's no other word for it -- stonewalling by the Bush administration. The administration says the lobbyist attended a Hanukkah party or two and 'a few staff-level meetings.' With whom? About what? We don't know, and it's not clear the Secret Service records will reveal that. But certainly, at this point, the White House does know, and leaving these questions unanswered, as it has tried to do, remains unacceptable." The Post's "challenge to -- and advice for -- the incoming press secretary, Tony Snow: Rather than a steady drip, drip, drip of Abramoff news, get it all out, quickly and with enough details to make clear what, exactly, transpired between the corrupt lobbyist and the president's aides."

Rhode Island Democrats Expected To Back Kennedy. NBC Nightly News (5/7, story 6, 2:30, Seigenthaler, 9.87M) reported, "In Rhode Island, Democrats are expected to unanimously endorse Congressman Patrick Kennedy for reelection at their convention tomorrow. This comes days after Kennedy's public statement that he is struggling with drug addiction, and the congressman's claim that the sleep aid, Ambien, may have in part caused him to drive his car into a security barrier on Capitol Hill last week. … He's not the only person to claim a link between that pill and some unusual actions." NBC (Ellis) added, "Patrick Kennedy insists Ambien, the popular sleeping pill, is partly to blame. Kennedy is just the latest person involved in bizarre behavior to say, in effect, the Ambien made me do it."

USA Today (5/8, 2.31M) also reports Kennedy's "decision Friday to return to drug-abuse rehabilitation after a traffic accident appears unlikely to have an impact on his political fortunes, political analysts say." Rhode Island Democratic Chairman Bill Lynch "said he expects Kennedy will be unanimously endorsed for re-election at tonight's state party convention." State GOP Chairman Patricia Morgan "issued a statement calling on Kennedy to vacate his House

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seat while he deals with the problems. No Republican has emerged as a potential challenger to the sixth-term lawmaker."

Kennedy Enters Rehab At Mayo Clinic. Time (5/15, Tumulty) reports in its "Periscope" column that Rep. Patrick Kennedy "once seemed the great hope of his generation of America's most storied political dynasty. … But Patrick's story turned stereotypically Kennedy in other ways. … The car crash last Thursday at about 2:45 a.m. was the most bizarre incident yet. … Strangest of all, Kennedy claimed, 'I simply do not remember' the incident. He blamed the sleeping pill Ambien and the gastrointestinal drug Phenergan and checked himself into the Mayo Clinic, where he had been treated in December for addiction to prescription painkillers."

Kennedy's April Car Accident In Rhode Island Not Widely Reported. The Weekly Standard (5/15) reports in its "Scrapbook" column that, "In last week's issue, The Scrapbook brought you the woefully under-reported tale of how Rhode Island Democratic congressman Patrick Kennedy had last month wrecked his car pulling into a CVS parking lot in his home state. His own handwritten account of the accident (in a police report supplied to us by Boston Herald columnist Howie Carr) looked like it had been scrawled with his teeth so that he could keep his cocktail-shaker hands free." Kennedy, "who usually takes a year or two off between career-debilitating incidents such as trashing yachts and pushing around female airport security guards, this time decided a quick follow-up was in order. Early last Thursday morning, at 2:45 a.m., he was involved in a single-car accident near the Capitol building."

Kurtz Says Kennedy Has Gotten "Easy Ride." Howard Kurtz writes in his "Media Notes" column in the Washington Post (5/8, C1, 744K) , Kurtz) reports in its "Media Notes" that given the journalistic obsession with the Kennedy family and its tragicomic soap opera," Rep. Patrick Kennedy "seem to have gotten an easy ride -- except in the New England press, which has chronicled his every misstep." Kurtz adds, "While Kennedy, the 38-year-old son of Ted Kennedy, was widely reported to have held a news conference Friday, it was nothing of the sort. He read a statement designed to elicit sympathy, saying he was going into rehab, and took no questions. This amounted to an age-old damage-control technique: changing the subject."

Capitol Police Upset Over Kennedy Fiasco, McKinney "Attack." Roll Call (5/8, McArdle) reports, "As an internal investigation conducted by the acting chief of the Capitol Police found that two police management officials improperly handled the department's investigation into a car crash involving Rep. Patrick Kennedy (D-R.I.) last Thursday, national Fraternal Order of Police called the incident a symptom of a broader problem of 'political policing' being encouraged by agency brass." Chuck Canterbury, president of the National FOP, said in a release Friday evening, "First, we had [Rep. Cynthia] McKinney (D-Ga.) attack a police officer, and now we allegedly have Rep. Kennedy narrowly miss striking a police cruiser before crashing into a security barrier. … In both cases, Capitol Police management favored politics over protocol." Union "officials are particularly upset that the officer who responded to Kennedy's accident was not allowed to complete his investigation at the scene but was instead ordered to leave the scene while Kennedy was given a ride home by department officials."

Protesters Rally Against Drug Benefit Plan Outside Leavitt's Home. Hundreds of demonstrators gathered outside HHS Secretary Michael Leavitt to protest the Medicare drug benefit. The Washington Post (5/8, B3, Thompson, 744K) reports, "The unannounced visit to Leavitt's home in Arlington County was made by members of the Chicago-based National People's Action, a coalition of neighborhood advocacy groups that is more than 30 years old." The group "demanded that the HHS chief extend until Dec. 31 the deadline that millions of seniors who lack prescription drug coverage have to select a plan." HHS spokesman Bill Hall said "Leavitt is out of town this week and will not meet with the group. 'He has said before that he opposes extending the May 15 deadline' for enrolling in Medicare Part D, which provides prescription drug coverage for people who qualify for Medicare."

Intelligence Employees Have Higher Job Satisfaction Rate Than Overall Government. The Washington Post (5/8, D4, Barr, 744K) reports in its "Federal Diary" column, "A survey of intelligence community employees shows they are dedicated to their work, with job satisfaction rates higher than for the overall government. The survey also shows that intelligence agencies have room to improve on some personnel practices, particularly in the areas of leadership and performance. Only 44 percent of the survey respondents said they were satisfied with the policies and practices of their senior leaders, and only 29 percent said their agencies take steps to deal with sub-par colleagues who

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cannot or will not improve their job performance." Seventy-seven percent "of IC employees said they have 'a real opportunity' to improve their skills at their agencies, compared with 63 percent of all federal employees."

Lawmakers' Use Of Acronyms To Name Bills Noted. The Los Angeles Times (5/8, Simon, 958K) reports that to "haiku, the limerick and the cameo brooch, Washington has added its own contribution to the diminutive arts. Remember Gramm-Rudman-Hollings, the deficit-fighting bill? Or Sarbanes-Oxley, the corporate reform law? Bills named for lawmakers are pretty much passe. These days, an attention-getting acronym — the political equivalent of a vanity license plate — is in." Though some bills "in the past did have acronyms, they rarely grabbed the public's attention. The Omnibus Budget Reconciliation Act of 1993, or OBRA, for example, is remembered by few people other than Washington's most die-hard number-crunchers. Now, acronyms help explain what the bill is all about. They are proof that even bill names have become part of Washington's all-consuming political spin."

FDA To Examine Infections In Women Who Took Abortion Pill. The FDA has released the agenda for meeting that will focus on infections in women who took a drug to induce abortion. The Wall Street Journal (5/8, Mathews, McKay, 2.11M) reports, "The meeting, to be held jointly with the Centers for Disease Control and Prevention and the National Institute of Allergy and Infectious Diseases at the CDC's Atlanta campus on Thursday, will focus on scientific questions about the origins, cause and need for future research about infections due to the bacterium Clostridium sordellii, as well as another type of pathogen that has no tie to the drug. … Panels of scientists are expected to discuss the infections, but possible regulatory actions won't be debated."

Former Official Decries FDA Budget Cuts. William Hubbard, who retired last year after more than 25 years at the Food and Drug Administration, writes in the Washington Post (5/8, A19, 744K), "For most of the FDA's 100-year history, presidents and congresses have recognized its importance to public health by giving it the resources and authority to respond to the rapid evolution in risks from the thousands of products it regulates. But for some years now, the agency's budget has remained essentially flat while major new responsibilities have been piled on. … How much does Congress appropriate for the agency that has responsibility for the safety of the whole country's supply of food, drugs, vaccines, medical devices, cosmetics, animal foods and drugs, dietary supplements, and more? The same amount as Fairfax County, Va., provides for its schools."

Pentagon Has Backlog Of Private Sector Security Clearance Applications. Since the Pentagon stopped processing applications for security clearances from the private sector, a backlog of thousands of applications has developed, according to the Washington Times (5/8, Waterman, 90K). The Times says "some are fretting that the moratorium is starting to threaten American security. The decision by the Defense Security Service "was announced late last month, but has attracted surprisingly little notice, perhaps because the Armed Services committees of both chambers of Congress were busy last week marking up the Pentagon budget authorization bill. In a statement e-mailed to contractors April 28, the agency, blaming 'funding constraints' said they had 'discontinued accepting industry requests for new personnel security clearances and periodic reinvestigations effective immediately and until further notice.'"

OTHER NEWS:

GOP Said Not To Be Benefiting From Positive Economic News. Roll Call (5/8, Pershing) reports that Friday morning, "the White House and Congressional Republican leaders sent out a flurry of press releases bragging about the latest economic news: 138,000 jobs were created in April, productivity is high, unemployment is low and consumer spending is on the rise." Meanwhile, the Associated Press "was reporting details about its latest national poll results: The job approval ratings of both Congress and President Bush were the lowest they'd ever been in the survey, while the percentage of Americans who believed the country is on the wrong track had climbed to 73 percent." The "question for Republicans — who are increasingly worried by the disconnect between those two sets of numbers — is whether voters can be convinced before they go to the polls in November that a) the economy is doing well; and b) that their Member of Congress deserves to be re-elected because of it." Republican "strategists and pollsters believe that high gas prices are definitely helping to prevent Americans from viewing the economy in rosy terms."

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The AP (5/8, Raum) reports, "America's economy is strong. Or it's in trouble. It just depends on who's talking. Trying to retool his message and right his listing presidency, President Bush is speaking out more frequently and forcefully on the economy. It's in good shape right now, his advisers say, and they want him to take more credit for it." The latest reports "show healthy increases in economic growth, job creation, home ownership, retail sales and consumer spending. The Dow Jones Industrial Average is at a six-year high." But "Democrats are peddling a different message: Soaring gasoline and health care costs are burdening ordinary people; mortgage costs and credit card rates are on the rise; jobs are threatened by outsourcing. As for those tax cuts treasured by Bush, Democrats argue they have benefited mainly the wealthy." Friday's unemployment report, "showing the jobless rate holding steady at 4.7 percent with a lower-than-expected job-creation rate of 138,000 in April, was seized by both sides to buttress their great-economy/troubled-economy arguments. Each party accuses the other of 'cherry picking' statistics to bolster its case."

Dow Nears All-Time Record High. USA Today (5/8, Shell, 2.31M) reports, "A rousing rally Friday — sparked by a weaker-than-expected jobs report that renewed hope that the Federal Reserve might soon stop raising interest rates -- lifted the Dow 139 points to 11,578 -- its highest close since its Jan. 14, 2000, peak. As a result, the venerable index, home to blue-chip names such as Caterpillar, McDonald's, IBM, Boeing and Home Depot, is just 145 points shy of topping its 11,722.98 record close. … If the Dow can set a record, despite a dizzying array of roadblocks ranging from $70-a-barrel oil to rising interest rates to ongoing instability in the Middle East, it's likely to provide a huge psychological boost to Wall Street."

Bush Aides Tout Job Market. Edward P. Lazear, chairman, and Katherine Baicker, a member, of the President's Council of Economic Advisers, write in the Wall Street Journal (5/8, Lazear, Baicker, 2.11M), "There is no question that the US is experiencing strong economic gains, with GDP growing at an impressive annual rate of 4.8% in the last quarter. The economy created about two million jobs last year, and Friday's jobs report for April showed that we are on track to add more than two million new jobs this year." This "job growth is undeniable." The labor market is "strong. Job growth has been impressive, and unemployment is at a very low 4.7%. Productivity is increasing at more than 3% per year. This strong economy means that we can look forward to even higher wages and living standards in the future. We should continue to strive to ensure that all Americans are able to obtain the skills that will enable them to share in this prosperity."

Small Business Employment Seen As "Mixed." USA Today (5/8, Hopkins, 2.31M) reports, "Small employers are sending contradictory signals about hiring, a new survey shows, as the broader economy produced unexpectedly slim job gains last month. Filling jobs continues to be tough: 31% of 1,094 small employers in a just-released April survey reported at least one hard-to-fill job opening, says the National Federation of Independent Business trade group. That's the highest share in six years. Plus, 16% of those surveyed said they plan to add jobs in the next three months, up from 9% in March. … The report offered a mixed view of US employment and suggested the economy is heading for more moderate growth that's less likely to trigger inflation woes."

Ranks Of "Near Poor" Said To Be Rising. The New York Times (5/8, Eckholm, 1.19M) reports, "Americans on the lower rungs of the economic ladder have always been exposed to sudden ruin. But in recent years, with the soaring costs of housing and medical care and a decline in low-end wages and benefits, tens of millions are living on even shakier ground than before, according to studies of what some scholars call the 'near poor.'" In "a rare study of vulnerability to poverty," Mark R. Rank, a sociologist at Washington University in St. Louis, has "found that the risk of a plummet of at least a year below the official poverty line rose sharply in the 1990's, compared with the two previous decades. By all signs, he said, such insecurity has continued to worsen."

Fed Widely Expected To Boost Rates This Week. USA Today (5/8, Hagenbaugh, 2.31M) reports, "There is little doubt Federal Reserve policymakers will raise interest rates for the 16th time in nearly two years when they meet Wednesday." But "when it comes to predicting what they will do after that, the picture is unusually cloudy." Fed Chairman Ben Bernanke and his colleagues "are widely expected to raise their target for short-term interest rates, which influence borrowing costs economywide, a quarter-percentage point to 5% this week. That would bring rates to the highest level in more than five years."

Gas Prices Rise To Average $2.95 Nationally.

The CBS Evening News (5/7, story 7, 0:15, Mitchell, 7.66M) reported, "Gas prices are still climbing, only not as fast.

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According to the Lundberg Survey, prices at the pump rose just four cents over the past two weeks to a national average of $2.95 for self-service regular."

Despite Record Profits, Oil Industry Faces Uncertain Future. Business Week (5/15, Reed) reports, "Big Oil, that clutch of oil and gas giants in the U.S. and Europe, has big problems. Yes, we know it sounds ridiculous. Exxon Mobil Corp. (XOM) has been reporting the lushest earnings in the history of the business, notching up $8.4 billion in its latest quarterly report. Combine the forecasted 2006 earnings of BP, Royal Dutch Shell (RD), Chevron (CVX), Total (TOT), ConocoPhillips (COP), and ExxonMobil, and you get roughly $135 billion, a sum greater than the gross domestic product of the Czech Republic or Israel. These companies, moreover, enjoy huge political clout in their home countries, have spotty environmental records, and staunchly defend outrageous prices at the gasoline pump." But one does not "have to love the big oil companies to worry about their ability to provide us with the energy we need. That job is getting difficult, thanks to huge technical challenges, competition from national oil companies, and demanding, even hostile foreign governments. Just look at events in Bolivia on May 1, when the government abruptly nationalized the nation's gas fields."

Daschle, Khosla Call For Setting Fuel Standards To Increase Ethanol Consumption. In a New York Times op-ed (5/8), former Sen. Tom Daschle and venture capitalist Vinod Khosla say, "Our national leadership must promote a market-based shift away from petroleum-based fuels toward renewable fuels produced in America with American technology. The CAFE standard does nothing to encourage that change. It requires American automakers to build cars and trucks that meet a minimum standard of average mileage traveled per gallon of gasoline." The US instead needs to "to upgrade to a new CAFE: Carbon Alternative Fuel Equivalent. This new CAFE will measure 'petroleum mileage' and give automakers incentives and credits for increasing ethanol consumption as a percentage of fuel use of their vehicles, not least by promoting flex-fuel vehicles, which can run on either gasoline or E85 fuel, a blend of 85 percent ethanol and 15 percent gasoline. This approach promises several significant benefits."

Convergence Of Factors Puts Focus On Raising CAFE Standards. The Christian Science Monitor (5/8, Knickerbocker, 61K) reports the "confluence of skyrocketing gasoline prices, new reports on climate change, and the never-ending debate over US energy policy sharpens efforts to encourage - if not mandate - better gas mileage in the cars Americans drive." New legislation "is being introduced, and President Bush has asked Congress to give him the authority to increase passenger-car fuel economy standards." In Washington Friday, "a bipartisan group of five senators introduced legislation that would offer government loan guarantees and grants to automakers and parts manufacturers. The bill would speed up development of vehicle technology designed to conserve fuel. This includes using lightweight materials, being able to plug in and recharge batteries of gas-electric hybrids, and making alternative fuels more available around the country. Another bipartisan bill would raise the CAFE standard for cars and light trucks to 33 m.p.g."

Higher Fuel Costs Contributing To Increases In Airline Fares. ABC World News Tonight (5/7, story 6, 1:45, Harris, 8.78M) reported airlines "recently raised ticket prices to their highest level since September 11th. Airlines are doing everything they can to save money. But airfares will not be descending anytime soon." ABC (Jamieson) added, "Quietly, airlines, even low-cost carriers, have been raising fares since January." Analysts say "recent fare increases are only the beginning as the skyrocketing fuel prices threaten the airlines' already shaky balance sheets. For the nation's biggest airline, American, every penny increase in the price of jet fuel adds another $28 million a year in costs."

Higher Gas Prices Not Deterring Vacation Travel. NBC Nightly News (5/7, story 7, 2:40, Seigenthaler, 9.87M) reported, "According to a new AP poll, 70% of Americans say they expect high gas prices will cause them financial hardship. 66% admit they are already cutting back on driving. How will that affect travel plans as the summer vacation season revs up?" NBC (Hattori) added, "With regular gas close to $3 a gallon nationwide and even higher in many western states, you'd think sticker shock would deter vacationers. Last Memorial Day weekend, an estimated 30 million Americans took a road trip. Believe it or not this year, even $3 a gallon gasoline isn't likely to put a huge dent in those plans." Travel experts "say vacationers are planning shorter trips or staying closer to home, but they're still going."

WSJournal Says Raising CAFE Standards Will Lead To More Dangerous Cars. The Wall Street Journal (5/8, 2.11M) says in an editorial, "John Kerry, take a bow. You may have lost the last election, but at least one of your policy ideas has seen its ship come in anyway. We refer to the Bush

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administration's recent embrace of higher auto-mileage standards." The White House "has now completed its surrender by inviting a similar change for cars as a 'proven way to conserve gasoline.' This is where President Bush's new 'addicted to oil' rhetoric is taking him and us -- namely, to the government further dictating the kind of cars Americans will be able to drive, even if those cars aren't as safe on the road. It is undeniable that higher CAFE standards kill people: Larger, heavier cars have lower death rates in crashes."

WSJournal Praises Shadegg Proposal To Lift Tariffs On Imported Ethanol. The Wall Street Journal (5/8, 2.11M) praises Rep. John Shadegg, the "the first politician of note to propose that the government suspend the outrageously high tariffs on imported ethanol. The idea here is to offset some of the gas price hikes that Congress has caused via the ethanol mandate it passed last year. That requirement -- that drivers use 7.5 billion gallons of ethanol annually by 2012 -- is currently helping to increase the cost of gas, since ethanol is in short supply. Gas refiners and transporters are struggling to move ethanol from its Midwest production base to places like the East and Gulf Coasts, contributing to the shortages."

Rove Using Threat Of Democratic Control As Way To Turn Out Base. The New York Times (5/8, Rutenberg, 1.19M) reports the "prospect of the administration spending its last two years being grilled by angry Democrats under the heat of partisan spotlights has added urgency to the efforts by Karl Rove and Mr. Bush's political team to hang on to the Republican majorities in Congress." Rove is "facing an increasingly difficult climate for Republicans, and an increasingly assertive Democratic Party." But the "prospect of Democrats capturing either, however, may be one of the best weapons Mr. Rove has as he turns to what he has traditionally done best: motivating his party's conservative base to turn out on Election Day."

GOP Also Sees Battle Over Judicial Nominees As Way To Motivate Base. The New York Times (5/8, Stolberg, 1.19M) reports it has "been a year since a bipartisan group of 14 senators, the Gang of 14, reached a compromise that smoothed the way for confirmation of President Bush's judicial nominees, including two Supreme Court justices. Conservatives, eager to stir some enthusiasm among their base in an otherwise gloomy election year, have spent months prodding the Senate majority leader, Bill Frist, to take up candidates left out of that deal." Frist "is doing just that. On Tuesday, the Senate Judiciary Committee will hold a hearing on the confirmation of Brett M. Kavanaugh, a White House aide, whose nomination to a federal appeals court has been stalled for three years. Mr. Frist has promised a vote on Mr. Kavanaugh this month. Conservatives are also pushing for a vote on an even more contentious nominee, Judge Terrence W. Boyle, a longtime federal district judge in North Carolina." With Democrats "promising to question Mr. Kavanaugh extensively and threatening to block Judge Boyle by filibuster, Republicans say they could not be happier." Sen. John Thune said, "A good fight on judges does nothing but energize our base."

Democrats Vow Probes Of Administration If They Win Congress. USA Today (5/8, 2.31M) reports Democrats will "launch investigations of the Bush administration if they take control of Congress in November but are not out to impeach the president, House Minority Leader Nancy Pelosi said Sunday." On NBC's Meet the Press, Pelosi said Democrats "would hold hearings on the use of intelligence in the lead-up to the Iraq war and investigate the high price of energy and prescription drugs if they win the extra 15 seats they need for a House majority in the midterm elections." But she added "investigation does not equate to impeachment."

GOP Campaign Officials Tell Candidates To Focus On Local Issues. The Washington Times (5/8, Lambro, 90K) reports Republican campaign officials "are urging their candidates to focus on local issues to blunt what they think is a sour national mood that could cut deeply into House and Senate majorities in the November elections." In a "strategic shift in response to generic congressional polls that show the Democrats lead the Republicans by 15 points among registered voters, the Republican campaign committees are falling back on an old election axiom: All politics is local. And they point to numerous races where their candidates have begun addressing more local issues -- from sales-tax increases to overcrowded suburbs -- issues that can spark more voter anger than some of the national issues Democrats would like the election to be about."

Republicans Benefit From More Even Distribution Across Country. The Washington Post (5/8, A3, Edsall, Goldfarb, 744K) reports that with Democrats "locked out of the White House and in the minority in Congress, it might seem that there just aren't enough Democratic voters to win elections. But political scientist Gary Jacobson says the problem is actually more complicated: The distribution of Republican voters is more politically effective across the

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nation." Jacobson's research "shows a little more than half of all the nation's 435 congressional districts over recent decades consistently favored Republican presidential candidates. A little less than 40 percent went for Democrats." Jacobson "said this is due to an 'inefficient' distribution of Democratic voters, with many concentrations of 60 percent or more in urban areas and places with large numbers of minorities. Republicans, he found, are distributed more evenly, yielding more districts in which GOP voters have a slimmer but sturdy majority."

The Los Angeles Times (5/8, Brownstein, Hook, 958K) reports control of Congress "may turn on whether the public's clear desire for change is powerful enough to overcome the resistance to change built into the political system." Discontent "with the nation's direction and the federal government's performance is virtually screaming from public opinion surveys, which show approval ratings for President Bush and the Republican-controlled Congress falling to their lowest levels." But "today's wave of dissatisfaction is crashing into a political structure that is much more stable than in 1994. It now is tougher to beat House incumbents or to win Senate seats in states that usually back the other party in presidential elections."

DeLay Admits GOP Has "Problems With Our Base." In an appearance on ABC's This Week (5/7, Stephanopoulos) former Rep. Tom DeLay was asked if the GOP should be concerned by diminished support from conservatives, DeLay answered, "We do have wind in our face. We do have problems with our base. We've also got six months to turn that around. … They may have problems with what's happening on a national basis, but they support their incumbent."

Local GOP Leaders Seek DeLay Replacement. The AP (5/8) reports, "Environmental lawyer Tom Campbell, who finished a distant second to Rep. Tom DeLay in the March primary, was among seven hopefuls who interviewed this weekend for the outgoing Republican's place on the November ballot." The potential candidates "met with GOP leaders from Harris County in a closed session on Saturday. Each handed in a questionnaire and gave presentations to about 50 local GOP officials. … A committee of party precinct chairmen from the four counties in DeLay's congressional district will pick a nominee to face Democrat Nick Lampson." Others who interviewed were Houston City Councilwoman Shelley Sekula-Gibbs; state Rep. Robert Talton of Pasadena; state Rep. Charlie Howard of Sugar Land; state Sen. Mike Jackson of La Porte; businessman Timothy Turner and Precinct 3 Fort Bend County Commissioner Andy Meyers.

Gore May Run For President In 2008 After All. The Wall Street Journal (5/8, Calmes, 2.11M) reports, "For former Vice President Al Gore, a rash of favorable publicity surrounding this month's opening of his movie 'An Inconvenient Truth,' and the growing political resonance of its subject -- global warming -- are stoking the most serious speculation about a Gore political comeback since his loss in the 2000 US presidential election." In 2008, "that could mean a once-unimaginable battle for Democrats' nomination between Bill Clinton's former vice president and his wife, Hillary Clinton. To some pro-Gore Democrats, worried about Mrs. Clinton's electability, that is part of the appeal."

Democrats Believe Webb Can Hobble Allen As Presidential Candidate. Time (5/15) reports in its "Periscope" column that with their US Senate candidate in Virginia, Jim Webb, Democrats "think they can score a trifecta by beating a Republican incumbent in the South, hobbling him as a possible presidential candidate and boosting the fortunes of one of their White House wannabes." Webb "still has to get through the June 13 Democratic primary, but pragmatists in his party are already tipping him as the man to win in November against the folksy Allen, who is also mulling a run for President in 2008. … University of Virginia political analyst Larry Sabato says both score about 40% in polls. 'Jim Webb is George Allen's worst nightmare: a war hero and a Reagan appointee who holds moderate positions,' says Sabato. 'Allen tries to project a Reagan aura, but Webb already has it.'"

Allen's Support Of Confederate Flag Said To Be More Extensive Than Previously Known. In the New Republic (5/15), Ryan Lizza says in his first statewide TV ad in his 1993 gubernatorial campaign, Republican Sen. George Allen "You can see the red field. You can make out the diagonal blue bar. And you can see what looks like a white star. It is the Confederate flag." Then-Allen media consultant Greg Stevens "denies that the flag was purposefully added to the scene, which lasts for ten seconds of the 60-second commercial, to appeal to pro-Confederate voters." But "as revealed by the 1993 campaign ad -- as well as the accounts of Allen associates now stepping forward -- his embrace of

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the Confederate flag is even more extensive than TNR previously reported. According to his colleagues, classmates, and published reports, Allen has either displayed the flag--on himself, his car, inside his home -- or expressed his enthusiastic approval of the emblem from approximately 1967 to 2000."

Mary Cheney Memoir To Be Released Tuesday. USA Today (5/8, Memmott, 2.31M) reports that "Now It's My Turn," a memoir by Mary Cheney, daughter of Vice President Dick Cheney, will be published on Tuesday. Cheney, "who ran her father's 2004 vice presidential campaign," said, "My job was to do whatever I could to help my dad. It wasn't to be making policy statements of my own." But now, she is "ready to share her feelings and opinions. … She says the vice president is 'a wonderful father and a wonderful grandfather, but he's also a very private person in terms of family life.'"

Elizabeth Birch, former executive director of the Human Rights Campaign, and Hilary Rosen, a partner in Berman Rosen Global Strategies, write in the Washington Post (5/8, A19, 744K) that in her book, Mary Cheney "says publicly for the first time that she disagrees with the positions President Bush has taken with respect to gay and lesbian issues. We had presumed that was the case but are certainly glad to hear it." They add, "Until now, in the calculus of choosing between her father and the realities of her own life, Cheney has apparently opted to be a loyal daughter. … Mary is leading the Cheney family to bring new understanding to dinner-table discussions across the land. We look forward to the Cheney family embracing this teachable moment, not just on the book tour but in election halls, state legislatures and Congress."

Huffington Post Has Become Online Force. USA Today (5/8, 2.31M) reports that Ariana Huffington's web log, The Huffington Post marks its one year anniversary this week. USA notes, "It's open to debate whether the Greek-born, Cambridge-educated Huffington, who famously went from conservative to liberal in the mid-1990s, is as influential a blogger as she says. But with what she says is 2 million visitors to her website each month, Huffpost has definitely emerged as an online force."

Herbert Says Hillary Clinton Should Show More Leadership On Iraq. Bob Herbert writes in the New York Times (5/8, 1.19M) writes that labor organizer Jonathan Tasini "is trying to piece together a primary challenge to the re-election bid of Senator Hillary Rodham Clinton, primarily because of her stance on the Iraq war. Mr. Tasini is against the war and wants American troops pulled out of Iraq forthwith." Herbert adds, "It's not at all clear what Senator Clinton's position is. And for a Democratic Party that has suffered a succession of brutal defeats with excessively cautious candidates, Mrs. Clinton's indecisiveness on the war may be a hint of yet another disaster in the making." Herbert notes that in terms of overall policy, Clinton "seems to be right there with Bush, Cheney, Condi et al," and adds that as the early front-runner for the Democratic presidential nomination in 2008, she "has a special obligation to Democratic voters. They deserve much better leadership than they've been getting from their party on President Bush's mindless trillion-dollar tragedy in Iraq."

Krugman Says Bush Supporters Have Taken Refuge In Conspiracy Theory. Paul Krugman writes in the New York Times (5/8, 1.19M), "Some people say that bizarre conspiracy theories play a disturbingly large role in current American political discourse. … For the last few years, the term 'conspiracy theory' has been used primarily to belittle critics of the Bush administration -- in particular, anyone suggesting that the Bush administration used 9/11 as an excuse to fight an unrelated war in Iraq." Krugman adds Administration supporters "won't admit that they built a personality cult around a man who has proved almost pathetically unequal to the job. Nor will they admit that opponents of the Iraq war, whom they called traitors for warning that invading Iraq was a mistake, have been proved right. So they have taken refuge in the belief that a vast conspiracy of America-haters in the media is hiding the good news from the public."

Newsweek Examines AIDS At 25. Newsweek dedicates most of its issue this week to a special report on AIDS at 25. Newsweek (5/15, Jefferson) notes that the disease has killed "more Americans than every conflict from World War II through Iraq," leaving "an indelible mark on our history and culture. … The death toll to date: 25 million and counting. Through the crucible of AIDS, America was forced to face its fears and prejudices." Other stories in the Special Report include examinations of AIDS' impact on black America and the challenges it poses for the black community, a profile of Dr. Peter Pilot, director of UNAIDS, the United Nations' Joint Program on HIV/AIDS, the story of Margaret

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Mukacyaka, a Rwandan women who learned she had contracted the disease after being raped, as well as an op-ed from former President Bill Clinton on the global fight against the disease and another from Melinda Gates about the disease's impact on women.

Turmoil In Puerto Rico Stems From Close 2004 Election. The New York Times (5/8, Lyman, 1.19M) reports on political turmoil in Puerto Rico, noting that it has its roots in the "razor-close 2004 election. The government has been unable to pass a new budget for two years, meaning that Puerto Rico continues to operate under the old one, even though costs have risen and the size of the government and the population have continued to grow. The result was that last week, Governor Acevedo-Vilá said the federal government had run out of money, almost two months before the end of the fiscal year on June 30. He ordered a partial government shutdown, furloughing 95,000 civil servants — more than half of them teachers — and closing some 43 agencies, including the largest, the Department of Education, which tossed thousands of students out of school and ended daily school-lunch programs that many of the island's poor families depend upon to feed their children."

Pastor Says Liberals, Conservatives Must Find Common Ground. Henry G. Brinton, pastor of Fairfax Presbyterian Church, writes in USA Today (5/8, 2.31M) that "conservatives and liberals tend to retreat to their respective corners and gird themselves for battle." Brinton says it is instructive to see these conflicts as an "ongoing struggle between 'obligation-keepers' and 'liberation-seekers.' … One group focuses on the obligations of religious life and seeks moral clarity, while the other tends to see religion as a liberation movement and stresses God's love for the oppressed." Brinton adds that "we need to find ways to combine respect for obligation with an understanding of the need for liberation. Because conservatives and liberals tend to have stakes in both categories, our nation's political polarization might actually shrink as people work together to reconcile the competing demands of these two spiritual truths."

Cheney Maintains Criticism Of Putin. The AP (5/8, Espo) reports that Vice President Cheney "defended his criticism of Russian President Vladimir Putin as measured in tone," rejecting claims that his remarks had been "strident." Cheney emphasized the need for "open, honest, frank discussions." On NBC Nightly News (5/7, story 4, 2:10, O'Donnell, 9.87M), Vice President Cheney was shown saying, "We have no desire to alienate Russia, but you also need to speak truth to your friends." The Wall Street Journal (5/8, McKinnon, 2.11M) says that Cheney endorsed equally critical remarks by former Putin advisor Andrei Illarionov, who said, "The story of destruction of freedom in my own country, Russia, is sad." The Journal says Cheney's "mention of the economist's views represents another ratcheting up of U.S. pressure on Russia, as the two countries' relations continue to fray, particularly over what administration officials describe as Russia's use of its oil and gas resources as a political club against other nations. Mr. Cheney also has criticized Russia's internal repression."

Putin's Popularity Allows Him To Brush Off Critics In The West. Time (5/15, Gumbel) reports, "With oil prices now more than $70 per bbl., Russia is awash in cash -- and more of it is trickling down to ordinary people in ordinary places. … President Vladimir Putin is reaping the benefit of the soaring economy. His approval rating is a rock-solid 70%. That support has allowed Putin to brush off his critics in the West, where the Russian President is often painted as a throwback to autocracy." The Bush Administration "has grown uneasy about Russian assertiveness beyond its borders," and "issued an unusually harsh indictment last week when Vice President Dick Cheney said Russia has 'unfairly and improperly restricted the rights of her people' and warned Moscow against trying to meddle in the affairs of neighboring countries."

Russian Energy Minister Strikes Back At Cheney. The Financial Times (5/8, Buckley) reports Russian Energy Minister Viktor Khristenko "has hit back at accusations by" Vice President Cheney "of [Russia] using its energy resources as 'tools of intimidation and blackmail.'" Khristenko's op-ed in today's Financial Times (5/8) says Russia is "deeply puzzled by recent commentary in the west that distorts Russian energy policies."

McCain Backs Cheney's Remarks. On CBS' Face the Nation (5/7, Schieffer) Sen. John McCain said, "I was very pleased with [Cheney's] comments. … There has been a steady retrogression and a sort of an effort to restore the old Soviet empire, intimidation -- Russian Empire. There's intimidation of its neighbors, using the oil card, throwing people in jail, centralization of power in the Kremlin."

Cheney's Remarks In Russia Were "Carefully Vetted." The New York Daily News (5/8, DeFrank, 729K)

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reports that as a "quintessential realist" Vice President Dick Cheney "understands full well that his negative public image -- his approval numbers are far worse than Bush's -- has contributed to his boss' decline." Cheney "remains the vice leader of the free world, and his muscular message at a regional conference in Lithuania resonated in many newly independent democracies struggling to reverse decades of Soviet domination." The News adds, "Cheney's remarks overseas had been carefully vetted - he knew precisely what he was saying." The Daly News adds, "The furor over Cheney's prose cleverly served another calculated purpose - deflecting media attention away from his lovefest with [Kazakhstan President Nursultan] Nazarbayev. The dictatorial leader sits on enormous oil reserves coveted by the U.S., but he's hardly a model of democratic reform."

Former Soviet Republics Strive To Conserve Energy. The Wall Street Journal (5/8, Champion, 2.11M) reports, "Russia's price shock … is also having an unexpected benefit: It's starting to force fundamental change on some of the most energy-wasteful economies in the world, those of former Soviet republics." Ukraine, Georgia, and Armenia are all investigating means of conserving energy, since Gazprom's pricing strategy has given them a sense of "great urgency."

Cheney Endorses NATO Hopes Of Three Nations. The AP (5/8, Espo) reports that Vice President Cheney "endorsed the NATO membership aspirations of Croatia, Albania and Macedonia." He praised the countries for their ability to "help rejuvenate [the EU and NATO] and rededicate ourselves to the basic and fundamental values of freedom and democracy." However, he "made no mention of any of the controversies on the path toward full membership by later this decade." The New York Times (5/8, Wood, 1.19M) reports that by visiting Dubrovnik, Cheney doled out a "reward for Croatia," which he praised for "substantial progress" such as delivering war crime suspect Gen. Ante Gotovina to an international tribunal. Croatia is now the "favorite" among ex-Yugoslav states "to be accepted into the [EU] and NATO," but it still "has resisted American pressure to sign an agreement that would shield American soldiers from prosecution at the International Criminal Court" and has lost US military aid as a result.

Merkel Invites Bush To Visit Former East Germany. The AP (5/8) reports, "Chancellor Angela Merkel has invited [President Bush] to see the old East Germany where she grew up." Speaking to the German newspaper Bild, Bush said, ""We're all products of how we are raised and, in many ways, where we were raised." He stated that Merkel would plan the itinerary for his July visit.

Iran Threatens To Withdraw From Nuclear Pact. With the UN Security Council expected to debate a draft resolution on Iran this week, the Washington Post/AP (5/8, A13, Dareini) reports, "Iran's parliament on Sunday threatened to pass legislation that would force the government to withdraw from the nuclear Non-Proliferation Treaty. ... In a letter to UN Secretary General Kofi Annan read on state-run radio, Iranian lawmakers said they would have 'no option' but to ask the government to withdraw from the treaty if the UN chief and the Security Council 'fail in their crucial responsibility to resolve differences peacefully.'" The USA Today (5/8, 2.31M) reports that US Ambassador to the UN John Bolton said the Iranians were "desperate" to conceal the military intent of their nuclear program.

US Pushing "De Facto Financial Sanctions." The Financial Times (5/8, Alden, Daniel) reports, "The US is attempting to persuade European governments, banks and companies to isolate the Iranian government by engaging in de facto financial sanctions, according to US government officials and advisers. The tactics are modeled on those used for the first time last year against North Korea." According to the Times, "John Snow, the US Treasury secretary, last week hinted strongly at the new effort against Iran, saying: 'When the US is confronted with a threat that is unreceptive to diplomatic outreach and when military action is not an option, [financial] tools are often the best authorities available to exert pressure and to wield a tangible impact.'" The Times goes on to quote a senior US official as saying, "I think these financial institutions are very responsible for the most part, and they're trying to figure out what kind of corporate citizens they want to be. They're starting to look at whether they really want to do business with the government of Iran."

Bush Says He's Taking Ahmadinejad's Threats "Very Seriously." The AP (5/8) reports President Bush "says he's paying close attention to threats made against Israel by Iranian President Mahmoud Ahmadinejad. 'I think that it's very important for us to take his words very seriously. When people speak, it is important that we listen carefully to what they say and take them seriously.'"

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Former Clinton Advisor Berger Says "Talk to Tehran." In a Wall Street Journal (5/8, 2.11M) op-ed column headlined "Talk To Tehran," former National Security Adviser Sandy Berger writes that "another course is possible, one that is more likely to prevent a military confrontation or, if it nonetheless becomes unavoidable, less likely to produce such dangerous aftershocks. The US should sit down with those who should share a sense of danger -- including, first and foremost, the European Union, Russia and China -- and explain that we are prepared for a bold diplomatic move toward Tehran if our allies are ready in exchange to impose tough sanctions on Iran should it reject a reasonable offer." Although "the Bush administration is quick to acknowledge that military confrontation is neither its only option, nor its first one...its ideological inflexibility may be the surest way of getting us there and getting us there in the worst possible posture: without strong international support and facing a united Iranian population. The president has stated that all options are on the table and that is as it should be. But all options include the diplomatic one. The least we ought to do is to try it robustly."

Israeli Police Evict Jewish Settlers In Hebron. In an incident seen as a test for Israeli Prime Minister Ehud Olmert's newly minted government, the New York Times (5/8, Myre, 1.19M) reports, "The Israeli police on Sunday evicted about 40 Jewish settlers from a Palestinian house in the volatile West Bank town of Hebron. A large police contingent cut through a barricaded door and persuaded some settlers to leave voluntarily, but others were dragged out." The AP (5/8, Plushnick-Masti) adds, "Olmert waited just minutes after the Hebron operation ended before telling his Cabinet that he would also remove unauthorized West Bank outposts" and quotes Olmert saying, "In the next few years, we will change Israel's character to ensure it will be a state with a solid Jewish majority living in defensible borders that can provide security to the residents of Israel." The Washington Times/AP (5/8, Plushnick-Masti) reports that Olmert has angered both settlers and Palestinians by (i) planning "to pull out from most of the West Bank and draw Israel's borders by 2010" and (ii) by vowing to "proceed even without a peace deal."

Jerusalem Barrier Has Unintended Consequences. The Washington Times (5/8, Mitnick, 90K) reports, "An unanticipated consequence of Israel's West Bank security barrier has been an influx of Israeli Arabs into Jewish neighborhoods in East Jerusalem who hope to remain on the Israeli side of the barrier." Palestinians fear "that they may be stripped of residency rights that give them access to Israeli government social services" and therefore "are willing to pay higher prices for small dwellings on the Israeli side of the barrier."

Public Health Declines In Cash-Strapped Gaza. The New York Times (5/8, Erlanger, 1.19M) reports, "Gaza's once impressive public health system is running down fast under the dual pressure of aid cutoffs and the closing of the Karni crossing point with Israel." Drugs and treatments are in short supply. A report by Physicians for Human Rights/Israel predicts, ""Lack of funding for this system will lead to the deaths of thousands of people in the short term and extensive morbidity in the long term."

Darfur Refugees See Little Change From Peace Pact. The New York Times (5/8, Polgreen, 1.19M) reports that the Darfur peace treaty has brought little tangible benefit so far. UN official Jan Egeland described "a 'scorched earth onslaught' that has driven 250,000 people from their homes in just the past three months, deepening despair even as hopes for peace began to rise." The Times writes that the treaty is threatened by "the failure of negotiators to persuade two [smaller] rebel factions to sign it." However, the Christian Science Monitor (5/8, Houreld, Soares, 61K) reports more optimistically, "Observers say that the most important result of the deal is that it could pave the way for a UN peacekeeping force to enter Sudan. In the past few days different spokesmen for the Sudanese government have confirmed that the government would now at least consider allowing UN peacekeeping troops on the ground, something Khartoum had flatly rejected before Friday's deal." The Monitor adds, "Crucially, this pact seeks to contain and disarm janjaweed fighters before the rebels are asked to withdraw from their positions."

Egeland Is Allowed To Visit Darfur. USA Today (5/8, Slavin, 2.31M) reports, "Sudan allowed a top United Nations relief official to visit the war-torn Darfur region Sunday, the first tangible result of a peace agreement reached Friday with the largest Darfur rebel group." Jan Egeland had "previously been blocked" by Sudan from visiting. US Deputy Secretary of State Robert Zoellick said expecting a quick end to the bloodshed would be "unrealistic" but expressed hope that the pact would be "an important step" toward peace.

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Blair Faces Growing Labour Party Revolt. After reshuffling his cabinet late last week, the Washington Post (5/8, A11, Sullivan, Jordan, 744K) reports, "Prime Minister Tony Blair, battered over his Iraq policy and a series of scandals in his cabinet, is facing a growing revolt within his Labour Party as scores of Labour members of Parliament demand that he set a date to step aside." The future of "the Bush administration's closest European ally suddenly appears more shaky and uncertain. Blair, who was already suffering low approval ratings and rebellion among some factions of his party after nine years in office, is facing sharp, new attacks." The AP (5/8, Gardiner) says Labor lawmakers "are circulating a draft of a letter calling on the prime minister to set a date for his departure, a legislator told The Associated Press Sunday." The letter "addressed to Labour's executive committee was widely reported in the British media on Sunday, two days after Blair's major overhaul of his government."

USA Today (5/8, Stinson, Soriano, 2.31M) notes Blair "reshuffled his government Friday after Labor lost 319 seats on local governing boards, mostly to Conservative Party candidates, in Thursday's local elections." It was "the Labor Party's worst election defeat since it rose to national power under Blair in 1997."

AFP (5/8) reports Blair's cabinet reshuffle "failed to silence calls for him to quit. Urging renewal, finance minister Gordon Brown -- widely expected to be his successor -- said a 'stable and orderly transition' of power was required, and put the onus on Blair to name the day for his departure." Meanwhile, according to the Financial Times (5/8, Eaglesham), "The defiant prime minister will on Monday use a press conference and a speech to Labour MPs to stress the risks of not driving through reform. His emissaries were sent out to 'spell out, in stark terms, the risks [of a rebellion] before anything crystallizes that danger', a senior Labour official told the Financial Times, adding that 'he is not going to have a timetable for his leaving dictated to him.'" According to the Times, "Tensions within the party over the succession risked escalating out of control yesterday. Relations between the prime minister and the chancellor appeared to have deteriorated to the point where a smooth handover will be extremely hard to engineer."

More Commentary. The Wall Street Journal (5/8, 2.11M) editorializes, "After the worst electoral loss of his career, Tony Blair has carried out the bloodiest purge ever of his cabinet. A last gasp from the British leader, or a big step toward a political rebirth?" Friday's reshuffle "can't substitute for a governing vision or the will to implement it. Mr. Blair and New Labour have been short on both counts of late and paid for it with a pasting in Thursday's local council elections."

Albright Says US Must Keep Pushing Mideast Democracy. In an op-ed in today's Washington Post (5/8, A19, 744K), former Secretary Albright writes, "While "it is customary for politicians and commentators to distance themselves from those responsible for foreign policy setbacks...my fear is that, in the process, a new conventional wisdom will emerge that promoting democracy in the Middle East is a mistake. It is not." Although "we should remember that the alternative to support for democracy is complicity in backing governments that lack the blessing of their own people...at the same time, we should keep a rein on our expectations. [President] Bush has said that America 'has a calling from beyond the stars' to proclaim liberty throughout the world." Secretary Rice "argues that the democratic transformation of the Middle East is the only way to guarantee that men do not fly airplanes into buildings. Such rhetoric is overblown. Just because the denial of political freedom is bad, that doesn't mean that the exercise of freedom will always be to our liking. … A successful foreign policy must begin with the world as it is but also work for what we would like it to be. ... If all America stands for is stability, no one will follow us for the simple reason that we aren't going anywhere."

Trial Of Egyptian Dissident Ayman Nour Decried. In the Wall Street Journal (5/8, 2.11M), American Enterprise Institute fellow Joshua Muravchik writes, "None of the setbacks [to democracy in the Mideast] echoes more loudly than President Hosni Mubarak's decision to take the one truly independent candidate who had the temerity to run against him and clap him in jail." Muravchik writes that Mubarak has done his utmost to silence Nour and Nour's wife with court proceedings; however, "a majority of Egypt's judges are in rebellion against the regime, demanding full judicial independence. Although less widely noted outside the country, this may prove to be a more important landmark on the road to democracy than last year's elections." Muravchik concludes that official Egyptian claims that US pressure is "inappropriate and pointless" are belied by the judiciary's "rebellion" and by the sense of insecurity that led to Nour's arrest.

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Congress Urged To Ratify Nuclear Deal With India. In the Washington Times (5/8, 90K), security expert Stanley Weiss says that, even though the US-Indian nuclear deal may be imperfect, Washington should ratify it. He warns that rejection could cause Prime Minister Manmohan Singth to "suffer a fatal political blow for aligning India so closely with Washington" and could give "a fresh dose of oxygen [to] the rapidly dying Moscow-New Delhi-Beijing triangle." Weiss concludes, "You go to the altar with the dowry you have, not the dowry you might want. Trying to renegotiate this nuclear deal could poison the U.S.-Indian relationship for years to come."

China Ordains Two Bishops Without Vatican Approval. Time (5/15, Elegant) reports on the "latest episode in the stormy relationship" between the Chinese government and the Catholic church. Last week, the state-controlled Chinese Patriotic Catholic Association "ordained two new bishops without the Vatican's permission. Considering that Rome has claimed absolute authority over clerical appointments for almost two millenniums, its reaction to the news was predictably swift." Time adds, "To some, China's decision to ordain the two bishops was a deliberate bid to reassert its authority over the country's Catholics. … The question is whether Beijing's moves have wrecked the possibility of détente with Rome."

THE BIG PICTURE:

Headlines From Today's Front Pages.

Los Angeles Times:
"Guard Faces Phase-Out Of Combat Role."
"GOP Can Win By Limiting Losses."
"Disney Loses Its Appetite For Happy Meal Tie-Ins."
"Prospect Of General At CIA Fuels Misgivings."
"L.A.'s Busiest Crooks To Do More Time."
"Entering Splitsville, China."
"She's Fled Both Koreas, And Controversy Has Followed."

USA Today:
"Concern Voiced Over CIA Choice."
"It's Always Open House As Real Estate Goes Online."
"Sailors, Airmen Land New Role."

New York Times:
"G.O.P. Lawmakers Fault A Top Pick To Lead The C.I.A."
"Dodging Perils On Way To Top Of Spy Game."
"Rove Is Using Threat Of Loss To Stir G.O.P."
"Funds Cut, Gaza Faces A Plague Of Health Woes."
"A New Landfill In New Orleans Sets Off A Battle."
"Whipping Up Cookbook Empire With Meatloaf Instead Of Sizzle."

Washington Post:
"In GOP, Doubts On Likely CIA Pick."
"Waiting Near An End For Rove In CIA Leak Case."
"Curran To Conclude Generation Of Service."
"In Tiny Md. Town, 18 Is Enough -- Or Is It?"
"U.S. Immigration Debate Is A Road Well Traveled."
"Vibrant Villages Quieted As Salvadorans Go North."

Washington Times:
"D.C. Gets $3.3 Million From Speeders."
"Many Wary Of General For CIA Post."
"Israeli Police Confront Settlers."
"Only Educated Aliens Need Apply In Europe."
"GOP Embraces Local Issues For 2006 Elections."
"Colleges See Cocktail Hour As Cure For Boozing."

Detroit Free Press:
"Casinos' Neighbors: Give Us Our Fair Share."
"Prince Rules."
"Get A Degree, Lose Health Plan."

Atlanta Journal-Constitution:
"Likely CIA Pick Already A Target."
"Two Fortresses Against The Storm."
"Bill Could Drop Health Procedures."

Story Lineup From Last Night's Network News:
ABC: CIA-Hayden; CIA Problems-Analysis; Iraq Violence; FBI-Polygamist; Pfizer-Drug-Testing Scandal; Airlines-Fuel Prices; Florida-Brushfire; Asplund Obit; Hasbro Redoes Monopoly.
CBS: Iraq Violence; Afghanistan-Helicopter Crash; Afghanistan-Taliban Resurgence; CIA-Hayden; Barry Bonds-Steroids; Asplund Obit; Gas Prices; Lawnmowers-Pollution Concerns; New Orleans-Jazz Fest.
NBC: CIA-Hayden; Iraq Violence; Afghanistan-Helicopter Crash; Cheney Interview-Balkans; Florida-Brushfires; Patrick Kennedy-Ambien; Gas Prices-Vacations; FBI-Polygamist; White House Press Secretaries; Asplund Obit; New Orleans-Mosquitoes.

Story Lineup From This Morning's Radio News Broadcasts:
ABC: CIA-Hayden; Gas Prices; Bonds-Home Run Record.

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CBS: CIA-Hayden; Gas Prices; Bonds-Home Run Record; New Orleans-Domino's Jazz Fest Performance Canceled; Richards-Surgery.
NPR: CIA-Hayden; Bush-Gitmo; Bush-Iran; Serbia-Mladic Search; Gas Prices; South Africa-Zuma Trial; AZ-Tractor-Trailer Accident; New Orleans-Domino's Jazz Fest Performance Canceled.

WASHINGTON'S SCHEDULE:

Today's Events In Washington.

White House:

PRESIDENT BUSH — No public schedule.

VICE PRESIDENT CHENEY — Departs Dubrovnik; returns to Andrews AFB.

LAURA BUSH — Participates in an education roundtable with local education experts, San Jose, Costa Rica; attends inauguration of President Oscar Arias Sanchez, San Jose, Costa Rica; participates in a greeting ceremony for the new president. San Jose, Costa Rica. Closed press.

US Senate: FLOOR SCHEDULE _ 1 p.m. Reconvenes. 3 p.m. ENERGY AND NATURAL RESOURCES _ Full Committee. Hearing on implementation of the Energy Policy Act of 2005 regarding hydroelectric facility licensing. Location: Room 366, Dirksen.

3:30 p.m. HOMELAND SECURITY AND GOVERNMENTAL AFFAIRS _ Full Committee. Hearing on pending nominations. Location: Room 342, Dirksen.

US House: FLOOR SCHEDULE _ 2 p.m. The House meets for a pro forma session.

Other: AMERICAN JEWISH CONGRESS _ The American Jewish Committee (AJC) kicks off its centennial year celebrations with its 100th annual meeting. The week-long meeting's agenda, with dozens of sessions on topics as diverse as immigration, Iran, anti-Semitism, energy independence and Zionism, highlights the breadth of AJC's global activism over its century of leadership. Location: Primary location is the Capital Hilton, 16th and K Sts. NW. Other locations as noted.

SUSTAINABLE ENERGY _ The Wallace Global Fund, Natural Resources Defense Fund, Sustainable Scale Project, and NRG Wind Systems host a conference with top leaders to discuss the twin challenges of peak oil production and climate change. Highlights: 8:40 a.m. Session on global production constraints, with Rep. Roscoe Bartlett, others. 2:15 p.m. James Hansen of the NASA Goddard Institute for Space Studies. 6:30 p.m. Montana Gov. Michael Schweitzer. Location: Marvin Center, 800 21st St. NW.

FARM BILL _ 10 a.m. The American Farmland Trust holds a news conference with former Agriculture Secretaries Clayton Yeutter and Dan Glickman, others, as they endorse the trust's policies for the 2007 farm bill. Location: National Press Club.

DIESEL TECHNOLOGY _ 10:30 a.m. The Diesel Technology Forum holds a news briefing and display to ``Meet Clean Diesel," with EPA Administrator Stephen Johnson, representatives of diesel manufacturers and truck makers. Location: Wilson Plaza, between the Reagan Trade Center and the EPA building, at Federal Triangle.

CHERTOFF _ 9 p.m. Homeland Security Secretary Chertoff speaks to the Tactical Interoperable Communications Conference. Location: International Ballroom East, Washington Hilton & Towers, 1919 Connecticut Ave. NW.

MASSACHUSETTS HEALTH _ 12:15 p.m. The Alliance for Health Reform and the Kaiser Family Foundation hold a briefing on the Massachusetts health plan and how it works, with Edmund Haislmaier of the Heritage Foundation, Tim Murphy of the Massachusetts Executive Office of Health and Human Services, and James Mongan of Partners HealthCare in Boston. Location: Room 902, Hart.

FEINGOLD-IRAQ _ 12:30 p.m. Senator Russ Feingold gives a speech titled, ``Redeploying from Iraq and Refocusing on Terrorist Threats." Location: National Press Club.

DEMOCRATS-GAS PRICES _ 1:30 p.m. The Senate Democratic Policy Committee holds an oversight hearing on gasoline prices and energy trading. Location: Room 138, Dirksen Senate Office Building.

MEDICARE RX CHARGES _ 2 p.m. Rep. Marion Berry, D-Ark.; Campaign for America's Future and Americans United hold a press conference call to unveil a report that they say links the failure of the new prescription drug program to former Rep. William Tauzin, R-La., who left his position in Congress to lead the pharmaceutical industry's political action committee. Notes: 866-866-2244. ID.869995.

REPUBLICANS-MEDICAL LIBAILITY _ 4 p.m. Senate Majority Leader Bill Frist joins Senator Rick Santorum, Chairman of the Senate Republican Conference and Senators Judd Gregg and Elizabeth Dole, along with more than 300 doctors with the American College of Obstetricians and Gynecology (ACOG) at a press conference to call for an

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up-or-down vote on two medical liability reform bills before the Senate. Location: Upper Senate Park (Near the Senate Terrace Fountain), corner of Delaware and Constitution Avenues.

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THE ATTORNEY GENERAL'S *NEWS BRIEFING*

PREPARED FOR THE OFFICE OF PUBLIC AFFAIRS, U.S. DEPARTMENT OF JUSTICE

TO: THE ATTORNEY GENERAL AND SENIOR STAFF

DATE: MONDAY, MAY 8, 2006 7:45 AM EDT

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TERRORISM NEWS:

Further 9/11 Prosecutions In Doubt After Moussaoui Verdict. Agence France-Presse (5/8) reports, "Now that a jury has decided Zacarias Moussaoui had only a minor role in September 11, what fate awaits the primary masterminds and plotters of the world's worst terror strikes who are already in US custody?" AFP continues, "Moussaoui escaped a death sentence over the September 11, 2001 strikes because jurors did not believe US government arguments that he had played an integral role in the murder of nearly 3,000 people on that day. … Yet, in what some have hailed as a victory for traditional justice, he was brought to trial in the US criminal justice system and jailed for life, after what many legal observers have termed a fair trial." AFP adds, "However, the mastermind of the September 11 attacks, Khalid Sheikh Mohammed; Ramzi bin al-Shibh, the money-mover behind the strikes; and the supposed intended 20th hijacker, Mohammad al-Khatani, are in US hands. … So far, there is no sign that they will have their day in court. … And the head of Al-Qaeda, Osama bin Laden, remains at large, tormenting America over crackly tapes -- despite US vows to bring him to justice over September 11." AFP notes, "Mohammed, also known as KSM, even played a key role in the Moussaoui trial -- through a summary of his interrogations at a secret US jail, in which he directly contradicted Moussaoui's claims to have been a September 11 plotter. … Prosecutor David Novak stirred intrigue when he referred to Mohammed and other top Al-Qaeda plotters in closing arguments at the Moussaoui trial. … But US authorities have given no sign they are considering any kind of criminal proceeding or even a military tribunal for suspects like Mohammed, who has simply disappeared since his arrest in 2003. … A decision on Mohammed's future will be made 'after careful evaluation of the circumstances of this particular case,' Attorney General Alberto Gonzales said in Vienna this week."

Bush Says He Wants Guantanamo Closed. The AP (5/7) reported comments President Bush made to German radio that "he would like to close the detention center in Guantanamo in Cuba, but is waiting for a U.S. Supreme Court ruling on whether inmates can face military tribunals. 'Obviously, the Guantanamo issue is a sensitive issue for people. I very much would like to end Guantanamo; I very much would like to get people to a court.'" The AP continued, "Bush said the United States 'is strong on human rights and civil rights. That's why we're leading the case in funding for HIV/AIDS in Africa. That's why we're trying to rally the nation to do something about Darfur…. That's why we provide food for the hungry. That's why we try to liberate people when we find them in the clutches of tyranny.'"

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Administration Asks Agencies To Push Its Message On War On Terror. The Washington Post (5/8, A17, Kamen, 744K) reports in its "In the Loop" column, "Career appointees at the Department of Agriculture were stunned last week to receive e-mailed instructions that include Bush administration 'talking points' -- saying things such as 'President Bush has a clear strategy for victory in Iraq' -- in every speech they give for the department. 'The President has requested that all members of his cabinet and sub-cabinet incorporate message points on the Global War on Terror into speeches, including specific examples of what each agency is doing to aid the reconstruction of Iraq,' the May 2 e-mail from USDA speechwriter Heather Vaughn began. … The e-mail provided language 'being used by Secretary [Michael O.] Johanns and deputy secretary [Charles F.] Conner in all of their remarks and is being sent to you for inclusion in your speeches.'"

UN Torture Committee Probing US Interrogation Tactics. The Christian Science Monitor (5/8, Richey, 61K) reports, "The US government's use of aggressive interrogation tactics in the war on terror is under a United Nations microscope." The Bush Administration "has defended its tactics as a means of obtaining actionable intelligence to help thwart terror plots. Critics say it has opened the door to illegal abuse of detainees and even torture. Just how 'aggressive' the tactics have been is under close scrutiny by the UN's Committee Against Torture in Geneva." The Monitor adds, "A US delegation appeared before the committee Friday -- its first appearance since 9/11 -- and it is to face a second round of questioning Monday. The committee is expected to issue a report by May 19. Although it has no specific enforcement powers, the session is viewed as an opportunity to hold countries publicly accountable."

State Department Report Finds Use Of Suicide Attacks On Rise. The Washington Times (5/8, Sands, 90K) reports, "A quarter century into the modern age of suicide terrorism, specialists say the grim tactic is being used more frequently than ever before." The State Department, in its latest annual report on global terrorism, "said a surge in suicide attacks -- at sites ranging from the London subway to the Middle East to Afghanistan -- pushed the number of attacks to record heights last year." The report "counted some 3,000 deaths attributed to 360 suicide bombings last year. That compares with 472 suicide attacks in five years from 2000 to 2004 documented in a study by the Center for Strategic and International Studies; another study estimated 300 suicide attacks in all the years up to the middle of 2001."

HOMELAND RESPONSE:

Lawmakers Uneasy About Prospective CIA Nominee's Military Background. With President Bush expected to nominate Air Force General Michael Hayden to replace Porter Goss as director of the CIA, key GOP and Democratic lawmakers over the weekend questioned whether it was appropriate to place a military officer at the head of the Agency. The Wall Street Journal (5/8, Solomon, 2.11M) reports "lawmakers from both parties said yesterday that there are concerns the military's growing involvement in intelligence collection, both overseas and domestically, could threaten Americans' civil liberties." Hayden's pick, adds the Journal, could also "prove contentious…because of his role in overseeing the White House's warrantless wiretapping program, which has been contested as illegal." USA Today (5/8, Diamond, 2.31M) focuses its report on that latter point, saying "some qualities that gained Hayden favor in the White House may complicate his confirmation." The Bush policy "most closely identified with Hayden is the program to intercept without court-approved warrants international calls and e-mails in the USA involving at least one person suspected of ties to terrorists."

The Washington Post (5/8, A1, Linzer, 744K) reports, "The challenges to Hayden's expected nomination come when Bush is politically at his weakest and Republicans are distancing themselves from the White House in the hopes of retaining their grip on Congress in the midterm elections." The White House "did not formally respond to the criticisms yesterday, but strategists said privately they are confident they can address Republican concerns and have Hayden confirmed." Vice President Cheney, "who is close both to Goss and to Hayden, said the next director will need to focus on the agency's core mission of sending out spies to collect information on targets such as al-Qaeda." NBC Nightly News (5/7, lead story, 3:30, Mitchell, 9.87M) reported, "The Vice President today told Kelly O'Donnell fighting terrorists has created fresh challenges for the CIA." Vice President Cheney: "It's a whole different kind of target. It places a much heavier emphasis on human intelligence than what was required necessarily before."

The New York Times (5/8, Mazzetti, Stolberg, 1.19M) runs a similar report under the headline "Republicans Fault A Top Pick To Lead The CIA," in which it notes "none of the Republican or Democratic lawmakers who appeared on television on Sunday or who were interviewed separately said directly that they would vote against General Hayden's nomination." But "Hoekstra's remarks, coupled with similar sentiments expressed by leading Senate Republicans, including Pat Roberts, the chairman of the Senate

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Intelligence Committee, suggest that the general might not have an easy ride toward confirmation."

The story was the lead on ABC, while CBS and NBC reported it prominently as well. ABC World News Tonight (5/7, lead story, 2:20, Harris, 8.78M) reported, "Reaction to Hayden is mixed, at best, from Democrats and Republicans. After a series of failures, many on Capitol Hill are asking whether Hayden is the right man to turn things around." ABC (Morrell) added, "It looks like the biggest obstacle to Michael Hayden taking over the CIA, may not be the fact he ran the President's controversial domestic spying program, but rather his uniform." GOP Sen. Saxby Chambliss: "Now, just resigning commission and moving on, putting on a striped suit, a pinstriped suit versus an Air Force uniform, I don't think makes much difference." Morrell: "The issue for Republicans and Democrats alike, is independence." CBS Evening News (5/7, story 4, 2:30, Chen, 7.66M) said that "surprisingly, a key Republican, Chair of the House Intelligence Committee Peter Hoekstra today came out fiercely opposed to a Hayden nomination." GOP Rep. Peter Hoekstra, chairman of the House Intelligence Committee, was shown saying, Bottom line: I do believe he's wrong person, the wrong place, at the wrong time. We should not have a military person leading a civilian agency at this time."

And NBC Nightly News (5/7, lead story, 3:30, Mitchell, 9.87M) reported, "Even though Hayden has clashed with Defense Secretary Donald Rumsfeld in the past, critics say a four-star general could still have divided loyalties." James Bamford, intelligence expert: "I think he would be subject to too much influence from the Pentagon. I mean, his chain of command takes him right up to the Secretary of Defense." Mitchell: "Another issue: Hayden's leading role in warrantless surveillance, which he has vigorously defended."

The Los Angeles Times (5/8, Schmitt, 958K) this morning refers to the "surprising opposition" to Hayden, and says it is "unclear how Sunday's burst of concern might affect the timing or substance of that announcement, or whether it reflected concerns that had been previously aired with the administration behind closed doors." USA Today (5/8, Diamond, Jackson, 2.31M) reports that according to "officials: who "spoke on the condition they not be identified," the President has decided to name Hayden as the new CIA director, and "planned to make the announcement today."

Hoekstra, chairman of the House Intelligence Committee, appearing on Fox News Sunday (5/7, Wallace) said, "I've got a lot of respect for Mike Hayden," but "I think putting a general in charge…is going to send the wrong signal through the agency here in Washington, but also to our agents in the field around the world." Asked if he has relayed his concerns to the White House, Hoekstra replied, "I've given them my feedback. I don't think anything that I've said to you this morning is news to the White House." Also, GOP Sen. Saxby Chambliss, on ABC's This Week (5/7, Stephanopoulos) said, "I too have a little bit of concern, frankly, about military personnel running the CIA. It is a civilian agency. It operates differently from the way that the Defense Intelligence Agency operates. But at the end of the day, Mike Hayden is just a class individual and somebody...who has an awful lot of experience."

Meanwhile, Democratic Rep. Jane Harman, on CNN's Late Edition (5/7, Blitzer) said, "Hayden is a capable man, but there are certain strikes against him. One is his military background. … It will send a bad signal to CIA employees in the field who are worried about a DOD takeover. A second is that he has a technical background. He doesn't have experience building the clandestine service, which is what the CIA needs to transition into. And the third thing is that it's not clear he will be independent of this White House."

Sen. John McCain came out in favor of Hayden, saying on CBS' Face the Nation (5/7, Schieffer), "Hayden is really more of an intelligence person than he is an Air Force officer. As you know, his career has been spent in that area, and his background -- of course, he comes from the NSA. I think that we should also remember that there had been other former military people who have been directors of the CIA."

GOP Sen. Pat Roberts, on CNN's Late Edition (5/7, Blitzer) said, "Here we have a man who everybody says is one of the best briefers that they've ever had on intelligence, a man who has been described by people on both sides of the aisle as probably knowing more about intelligence than anybody else. But there's some real concern about somebody from the military heading up the CIA. You can solve that pretty quickly by simply resigning in terms of his post of being a general and also putting in some deputies there that I think people would agree with, that have a strong civilian background and that would help the situation with the CIA as they transform and continue the transformation." Sen. Dianne Feinstein, on ABC's This Week (5/7, Stephanopoulos) made a similar point, saying she thought Hayden is "a logical choice. He is very well respected. He is a professional. He has run an agency, the NSA, which is twice the size of the CIA." However, the CIA is "meant to be a civilian agency. So, you know, he might think about resigning his commission if he's going to do this."

House Minority Leader Nancy Pelosi, meanwhile, expressed "serious concerns" about Hayden's role in the domestic surveillance program. On NBC's Meet The Press (5/7, Russert), Pelosi said, "First of all, he's too closely tied to this question of domestic surveillance. … There is a power struggle going on between the Department of Defense and the entire rest of the intelligence community, so I don't see how you have a four-star general heading up the CIA."

The AP (5/8, Pickler) notes additional criticism of Hayden from Democratic Sen. Joseph Biden, who said the general "could leave agents with the impression that the CIA has been 'just gobbled up by the Defense Department.'" And

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the Financial Times (5/8, Sevastopulo) reports "one former senior CIA officer said he was concerned that the Pentagon, which controls 80 per cent of the intelligence budget, was already encroaching into intelligence areas where they traditionally had little expertise." The Washington Times (5/8, Taylor, 90K) runs a similar story under the headline "Bipartisan Caution Over CIA Nominee."

The AP (5/8, Margasak) profiles Hayden, saying he "doesn't run from a fight, which is just what seemingly awaits the 61-year-old Air Force general expected to be named the new CIA chief. Weeks after the attacks of Sept. 11, 2001, the then-head of the National Security Agency was telling intelligence-gathering teams how they would fight back: White House-approved electronic monitoring, without court orders, of the international calls and e-mails of people in the United States when terrorism was suspected."

The New York Times (5/8, Shane, 1.19M) reports Hayden "won generally high marks at the NSA, though he has acknowledged that the agency deserves some blame for the Sept. 11 and Iraq weapons failures." He also "admitted to Congress last year the failings of his ambitious program to upgrade the N.S.A.'s technology, known as Trailblazer, which by all accounts has cost billions for meager results."

Pelosi Claims Goss's Resignation Was Triggered By Cunningham Investigation. On NBC's Meet The Press (5/7, Russert) Pelosi also was asked if she believes Goss resigned voluntarily, Pelosi responded, "No. … Depending on the story, he's been on his way out for at least one month because of the struggle between him and Mr. Negroponte, but I think that this dismissal was triggered by what has been happening on the scandal front for the Republicans with the third in command, who was hired by Mr. Goss, to be involved in these card games and whatever else it was."

Goss Departure Seen As Signal Negroponte Is Exercising Power. Time (5/15, Duffy) reports that "last week's coup at the CIA, orchestrated by White House officials and Director of National Intelligence John Negroponte, went only slightly awry -- and only at the last moment. Bush officials had hoped to take the weekend to quietly prepare for the surprise announcement," but Goss "wanted to control the choreography." Goss "had been hired as CIA chief at the very moment the job began to lose its clout. Less than a year after Goss stepped into the Langley, Va., post, Bush named Negroponte director of national intelligence (DNI) and gave him the authority to oversee and direct 16 intelligence shops -- among them the CIA, the Defense Intelligence Agency and the FBI. … Goss's departure was, above all, a signal that Negroponte was finally exercising his powers and trying to slip the stray agencies into harness."

Staring Down Pentagon Seen As Negroponte's Next Test. Time (5/15, Duffy) reports, "Goss's departure means Negroponte's next test will be facing down the Pentagon, which has steadily been gathering clout in intelligence since the war on terrorism began. Everyone knows that battle will make the tug of war with the CIA look like a warm-up, if only because Rumsfeld's skills as an infighter are unsurpassed."

Investigators Interested In Foggo's Role In Cunningham Bribery Scandal. Newsweek (5/15) reports in its "Periscope" column that outgoing CIA Director Porter Goss "leaves an outfit that has far more resources than it did five years ago, but still seems to be struggling with low morale and turf battles. Emblematic of the CIA's woes is its number-three man, Executive Director Kyle (Dusty) Foggo." Federal investigators "are examining Foggo's ties to a congressional bribery scandal. Foggo was a high-school football teammate and college buddy of Brent Wilkes's, a defense contractor who was identified as an unindicted co-conspirator when former San Diego congressman and ex-Navy air ace Randy (Duke) Cunningham pleaded guilty. The CIA has acknowledged that its internal watchdog is investigating if Foggo helped steer any contracts to Wilkes. According to three sources who declined to be identified commenting on the details of a government probe, there are also indications that the Feds are interested in Foggo's role in the wider Cunningham bribery scandal."

Time (5/15, Duffy) reports, "A source close to the investigation tells TIME that the Justice Department is investigating reports that one of Cunningham's benefactors, Pentagon and CIA contractor Brent Wilkes, a buddy of Foggo's since high school, provided Foggo with improper gifts, such as lavish vacations. A CIA spokesman says Foggo 'denies any improper gifts,' and Wilkes' lawyer has similarly denied any wrongdoing."

Gorelick Says CIA Is Demoralized. ABC World News Tonight (5/7, story 2, 1:00, Harris, 8.78M) last night interviewed former 9/11 Commissioner Jamie Gorelick, who said, "The CIA is demoralized. It has lost a great deal of talent. And the first thing for a new leader will be to really build up the esprit decor and the sense of mission and lead the place." Harris: "What does low morale mean for national security?" Gorelick: "It's a disaster. We've lost some of the key operatives, some of the key analysts over the last 12 months. And it's been a terrible event for the CIA. So, we are hurting in a place we need to be strong."

The Christian Science Monitor (5/8, Bowers, 61K) reports, "Morale, already low, plummeted further as Goss's team aggressively sought to identify the sources of leaks of classified information to the press, leading to a recent dismissal of a senior CIA official. … If nominated and confirmed, General Hayden will inherit the morale problems as well as the continued difficulties with collecting human intelligence."

Kristol Calls Decision To Replace Goss "An Outrage." The Weekly Standard's Bill Kristol, on Fox News Sunday (5/7, Wallace), said, "I think Porter Goss was doing what he had to do. I think he was trying to carry out the

President's agenda. He took a lot of heat from the permanent bureaucracy at the agency. He fired someone two weeks ago for leaking, which the President wanted, and his reward was to be fired. And I think it's an outrage, and I think it's a terrible signal to conservatives anywhere…in the federal government who are trying to carry out the president's agenda against the bureaucracy, that, unfortunately, the White House is not going to stand behind them."

More Commentary On Goss Departure. USA Today (5/8, 2.31M) editorializes that "the forced resignation after just 19 months of Porter Goss, a Republican congressman and former CIA operative brought in after Tenet to fix the agency, was a minor tremor. But it was also a reminder that the nation's spy apparatus remains ill-prepared to cope with the terrorist threat." Goss "became known more as a wrecking ball than a Mr. Fixit. He lacked experience as a manager of thousands of employees, and the deputies he brought in were widely criticized. Experienced officers and leaders fled. Even more troubling, Goss seemed not to recognize that the time had finally arrived to change the CIA's role."

Historian's Book Blames Bush, Chertoff, Nagin For Katrina Aftermath. In USA Today (5/8, 2.31M), Bob Minzesheimer reviews historian Douglas Brinkley's "account of the natural and man-made disasters that were Hurricane Katrina indicts three public officials he holds most responsible for the chaos that followed the storm. The Great Deluge blames 'the incompetence of George W. Bush, who acted as though he were disinterested in a natural disaster in which there was no enemy to be found.' It says the inaction of Homeland Security chief Michael Chertoff 'cost lives' and holds Chertoff more culpable than the much-ridiculed Michael Brown, the former FEMA director. And it portrays New Orleans Mayor Ray Nagin as gutless, paranoid and 'cracking at the seams' when he needed to be decisive."

Mississippi Teacher Recognized. USA Today (5/8, Kaffer, 2.31M) profiles Mississippi teacher Christina Ross Daniels, a member of "the 2005 All-USA Teacher Team, USA TODAY's recognition program for outstanding K-12 teachers." Daniels "teaches behavior modification at the Picayune Center for Alternative Education. Her kids are all designated 'at risk.'" But "even Daniels' ingenuity was taxed after Katrina. Textbooks, materials and furniture were destroyed. Before the storm, the classroom was a cheery place with bright curtains and art on the walls."

New Orleans Landfill Decision Draws Fire. The New York Times (5/8, Eaton, 1.19M) reports New Orleans officials "have decided where several million tons of" the remains of houses destroyed by Hurricane Katrina "will be dumped: in man-made pits at the swampy eastern edge of town, out by the coffee-roasting plant and the space-shuttle factory and the big wildlife refuge. But more than a thousand Vietnamese-American families live less than two miles from the edge of the new landfill. And they are far from pleased at having the moldering remains of a national disaster plunked down nearby, alongside the canal that flooded their neighborhood when Hurricane Katrina surged through last year." Environmental groups "are also angry, accusing local and federal officials of ignoring or circumventing their own regulations, long after the immediate emergency has ended."

Davis, Shuster Criticize Senate Proposal To Replace FEMA. In a Washington Times op-ed (5/8), Reps. Tom Davis and Bill Shuster say, "A Senate committee recommendation to replace the Federal Emergency Management Agency with an even larger bureaucracy inside the Department of Homeland Security would compound, not solve, the problems laid bare by Hurricane Katrina. Creating the proposed National Preparedness and Response Authority (NPRA) only rearranges the deck chairs on the good ship DHS, while failing to address the most basic structural flaws that all agree hobbled the nation's response to the storm. Instead, we should go back to basics, back to the configuration and mission that enabled FEMA to succeed."

New Orleans Celebrates Jazz Festival. The CBS Evening News (5/7, story 9, 3:10, Mitchell, 7.66M) reported, "The Big Easy has been back in full swing for the New Orleans Jazz and Heritage Festival, which wraps up tonight. It has been a celebration of the past and a key to the future of an endangered city."

Swimming Pools Are Potential Mosquito Hazard In New Orleans. NBC Nightly News (5/7, story 11, 2:15, Savidge, 9.87M) reported, "In the flood-ravaged neighborhoods of New Orleans, thousands of abandoned swimming pools have become giant mosquito maternity wards. More than just a nuisance, they're a danger. Public health expert Dr. James Diaz says conditions in many neighborhoods are ripe for an epidemic." One of the biggest challenges was simply finding pools. There's no city directory that tells you where they are or even how many there are. Satellite pictures are a big help and so is the faith-based charity, Operation Blessing, which provides volunteers and the fish." Costing "about a dime each, the fish are poured into pools where they will eat the bugs and make more fish: A simple solution for a big problem of so many pools."

WAR NEWS:

Iraq Hit By Wave Of Suicide Attacks, Car Bombs. Iraq was hit by a wave of violence over the weekend, with reports of multiple car bombs and suicide attacks. The story was the lead on CBS and ran second on NBC; ABC reported it in a brief segment. CBS Evening News (5/7, lead story, 2:05, Mitchell, 7.66M) reported, "Car bomb explosions in Baghdad and the Shiite holy city of Karbala

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killed at least 16 people and the US Command today reported the death of a US Marine in Anbar province. The US death toll stands at 2,418 while 4,000 civilians were killed in sectarian violence in the first three months of this year alone."

NBC Nightly News (5/7, story 2, 2:05, Seigenthaler, 9.87M) reported, "In Iraq, this was one of the most violent and deadly days in weeks. There were more suicide car bombings and a gruesome discovery, more bodies of Iraqis believed to be the victims of torture." NBC (Aspell) added, "Iraqi government officials insist the suicide bombers are mostly foreigners." Mowafaq Al-Rubaie, Iraqi National Security Advisor: "We see them of Saudi origin. We see them of Egyptian origin, coming from Algeria, crossing the borders from Syria." Aspell: "But an underground war between Sunnis and Shiites in Baghdad has claimed more victims than suicide bombings lately. Police say the bodies of 42 men -- blindfolded and shot -- have been found in the past 24 hours."

ABC World News Tonight (5/7, story 3, 0:30, Harris, 8.78M) reported, "Another big challenge for the CIA, tracking terrorists, in Iraq. Today, in that country, 3 suicide bombers killed 16 Iraqis. Also, 35 bodies tortured and shot were dumped at a hospital in Baghdad. Almost 4,000 Iraqi civilians have been killed in Baghdad in the first three months of this year. That is the highest number since the fall of Saddam Hussein."

The AP (5/8, Reid) reports the violence cast "doubt on US hopes that formation of a new government alone would provide a quick end to the country's violence." The New York Times (5/8, Oppel, 1.19M), Washington Post (5/8, A11, Sebti, Sarhan, 744K), Christian Science Monitor (5/8, Murphy, 61K) and USA Today (5/8, 2.31M), among other sources, also report on the violence.

British Troops Attacked After Reporting To Site Of Helicopter Crash. NBC Nightly News (5/7, story 2, 2:05, Seigenthaler, 9.87M) reported, "In Southern Iraq, violence of a different kind this weekend, after British troops were attacked with rocks and Molotov cocktails when they rushed to the site of a helicopter crash in Basra Saturday. The British say 5 Iraqis were killed by Shiite militiamen firing at them from behind the crowd. Today, Basra was quiet after an overnight curfew."

Border Forts Designed To Stop Foreign Insurgents. The AP (5/8, Wagner) reports, "They look more like motels in rural America than forts in a war zone, but a string of low concrete structures are the US-led coalition's first line of defense against foreign fighters trying to sneak into Iraq from Iran and Syria." The United States "has built or renovated nearly 260 forts along Iraq's borders, and installations like Fort Tarik south of the Iranian city of Mehran have taken on new importance because of the showdown with Tehran over its disputed nuclear program. … Border patrols based at Fort Tarik recently captured several suspected Iranian intelligence agents who had crossed into Iraq, a US official said."

Kurdish Government Unifies. The Los Angeles Times (5/8, Daragahi, Rainey, 958K) reports that Iraqi politicians took a break from government formation talks Sunday to inaugurate the Kurds' new regional administration in Irbil. According to the Times, the Kurds "unveiled a new Cabinet, nominally reunifying the government. Kurdish Prime Minister Nechirvan Barzani announced a newly created Ministry of Natural Resources to manage and exploit newly discovered oil and energy deposits. He also vowed to support 'newly liberated' parts of the Kurdish region, including Kirkuk."

Biden Promotes Plan To Decentralize Iraq. Sen. Joseph Biden writes in USA Today (5/8, 2.31M), "President Bush does not have a strategy for victory in Iraq. His strategy is to prevent defeat and to hand the problem off to his successor. Meanwhile, the frustration of Americans is mounting so fast that Congress might end up mandating a rapid withdrawal, even at the risk of trading a dictator for chaos. Both are bad alternatives." Biden adds, "There is a third way. The idea is to maintain a unified Iraq by decentralizing it and giving Kurds, Shiites and Sunnis their own regions. The central government would be left in charge of common interests, such as border security and the distribution of oil revenue. Everything I'm proposing is already in Iraq's constitution. … The only way to hold Iraq together and create conditions for our troops to responsibly withdraw is to give Shiites, Sunnis and Kurds room to breathe in their own regions."

However, in an editorial titled "3 Iraqs Not Better Than 1," USA Today (5/8, 2.31M) says, "The minimum US objective in Iraq has to be to leave behind a relatively stable, democratic country that isn't a haven for terrorists. Ultimately, Iraq might well break down along sectarian lines or descend into full-scale civil war. If that happens, however, it should be despite the best efforts of the United States, not with its encouragement."

National Guard Could Be Phased Out Of Combat Operations Next Year. National Guard troops in Iraq could be phased out of major combat responsibilities nest year, the Los Angeles Times (5/8, Barnes, 958K) reports. Iraq "was an important test of whether the Army could use the Guard more aggressively -- and not just as a last resort. … Leaders of the Guard say their Iraq service has made their force the most capable and experienced it has ever been. But the experience also has exposed weaknesses. Some active-duty soldiers argue the Guard was less prepared for the complexities of Iraq, while guardsmen complain they were subjected to longer

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separations from their families than active duty counterparts and had to train on out-of-date equipment."

Navy, Air Force Train Soldiers To Do Army Jobs. The Navy and Air Force are training their soldiers for jobs typically performed by the Army in Iraq and Afghanistan. USA Today (5/8, Brook, 2.31M) reports, "Navy and Air Force personnel are replacing Army soldiers to carry out such duties as guarding convoys, patrolling bases and watching for homemade bombs, the top killer of U.S. troops in Iraq. The Navy also is running a prison in Iraq, patrolling rivers and helping to clear and search buildings. … The Air Force has not said how many airmen are doing Army jobs."

US Troops Searching For Bin Laden In Kunar Province. CBS Evening News (5/7, story 3, 1:10, Van Dyke, 7.66M) reported, "In mid-April the US had 2,500 soldiers with Afghan soldiers and in 'Operation Mountain Lion,' the biggest operation in Afghanistan since the US invasion in October 2001. … They are searching for Osama bin Laden. The Pakistani Interior Ministry three weeks ago said they thought Osama bin Laden is in Kunar province and the US tried to hit the number two of al-Qaeda just 50 miles from where this helicopter went down in Pakistan so there's really no difference between Kunar province and Pakistan in this area. This is very strong al-Qaeda and Taliban area."

Ten US Soldiers Killed In Afghanistan Helicopter Crash. Ten US soldiers from Fort Drum in New York were killed in a helicopter crash in Afghanistan Friday. USA Today (5/8, Biskupic, 2.31M) reports, "They died when their CH-47 Chinook transport helicopter crashed near Asadabad in Afghanistan's Kunar province, according to the Pentagon."

CBS Evening News (5/7, story 2, 1:50, Mitchell, 7.66M) reported, "US military officials said today that enemy fire did not cause the crash of a Chinook helicopter in eastern Afghanistan Friday, which killed ten Americans. While the cause is still under investigation, the tragedy is being felt hard in Fort Drum, New York, home of the Army's 10th Mountain Division where the fallen soldiers were based." CBS (Miller) added, "The military says the helicopter in Friday's crash was not shot down and it is investigating what went wrong. It's the deadliest accident for US forces this year, the deadliest for Fort Drum since a helicopter crashed on base three years ago."

NBC Nightly News (5/7, story 3, 0:20, Seigenthaler, 9.87M) reported, "Military officials in Afghanistan say the bodies of 10 American soldiers have been recovered from the site of yesterday's helicopter crash. The Chinook chopper went down in the eastern mountains of Kunar Province."

Growing Number Of Afghan Women Starting Businesses. The Christian Science Monitor (5/8, Montero, 61K) reports that a growing number of female entrepreneurs in Afghanistan are "emerging from the isolation of war and oppression of the Taliban to contribute toward a more prosperous nation and greater independence for women, observers say. According to Microfinance Times, 75 percent of all active microcredit borrowers in Afghanistan are now women, many of whom use their loans to start businesses. … Their efforts, observers say, are indispensable in the struggle to reverse decades of deprivation in Afghanistan."

In a letter to the Wall Street Journal (5/8, 2.11M), Kate Buggeln, a member of the governing board of the Business Council for Peace, writes, "Small- and medium-size entrepreneurs are emerging in Afghanistan. If nurtured, these local business owners will create the economic platform that opens the door for big international business. Some of these entrepreneurs are women, who are even greater proof of the cultural transformation. With little to lose and everything to gain, such women are stepping beyond the Taliban's legacy."

CORPORATE SCANDALS:

11 Circuit Curbs Reduction Of Former HealthSouth Executive's Sentence. The Miami Daily Business Review (5/8, Jones) reports, "A federal appellate court ruled Friday that the five-year, probationary sentence given to HealthSouth executive Malcolm E. McVay was too extreme a reduction from prosecutors' recommended sentence of 65 months of prison time." The Review continues, "The three-judge panel of the 11th U.S. Circuit Court of Appeals in Atlanta said that U.S. District Judge U.W. Clemon in Birmingham, Ala., gave the reduced sentence 'virtually without explanation, and on a wholly improper basis.' Federal judges are bound to consult the federal criminal sentencing guidelines, though they are not obliged to follow them since a U.S. Supreme Court ruling last year." The Review continues, "The 11th Circuit panel noted that McVay was the fourth defendant in the HealthSouth scandal for which the appellate court overturned a trial court's downward departure in sentencing." The Review adds, "The appellate panel remanded McVay's case to the Northern District of Alabama for resentencing consistent with the court's opinion. Although the federal sentencing guidelines are now advisory, appellate courts still can overturn a sentence if the decrease is too dramatic, just as it can when a sentence is enhanced too much. … The HealthSouth scandal involved allegations that company executives, including founder and chief executive Richard Scrushy, improperly inflated its earnings by $400 million. McVay served as chief financial officer, senior

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vice president and treasurer. The resulting scandal caused a loss in stock price that amounted to $1.4 billion."

Few In Houston Notice Enron Trial. USA Today/AP (5/8, Hays) reports, "Former Enron employees and other Houstonians are going about their lives without dissecting the [Enron] case over water coolers." It adds, "Most say they are more interested in the outcome than the journey" and predicts that "the trial's end likely will renew interest."

Zale CFO Is Put on Leave. The Wall Street Journal (5/8, Zimmerman) reports, "Zale Corp. said it placed Chief Financial Officer Mark Lenz on indefinite administrative leave for failing to timely disclose delayed vendor payments that bolstered Zale's 2005 net cash flow." The Journal reports, "The delay of up to $8.2 million in payments didn't affect reported revenue and earnings but did increase net cash flow, the company said." Zale has had previous problems with the SEC: the Journal writes, "The SEC is also investigating how Zale accounted for extended-service agreements, leases and payroll accrual. Also, the SEC had requested material on executive compensation and severance, earnings forecasts, stock trading and the timing of certain vendor payments."

Investors May Take Heart From Citigroup Ruling. The Wall Street Journal (5/8, Riley) reports, "An arbitration ruling against Citigroup Inc.'s wealth-management unit may lead to similar cases being brought by affluent investors who lost money in portfolios that contained more risk than they say they were led to believe." An NASD arbitration panel ruled that "Citigroup must pay $900,000 to an Ohio couple who lost $1.23 million in retirement savings in less than four years" after entrusting the money to Citigroup's Smith Barney subsidiary. The couple's attorney said, "I tend to believe there were a lot of people taken in by this," thus implying the possibility of future suits. However, the Journal writes, "Under NASD arbitration rules, the legal concept of 'precedent' doesn't apply, so the future impact of the ruling is difficult to measure. Citigroup doesn't plan to appeal the ruling."

Study Says Smaller Firms Pay Higher Costs To Comply With Sarbanes-Oxley. A GAO study has found that smaller companies are paying disproportionately higher costs to comply with new investor-protection rules. The Washington Post (5/8, A10, Day, 744K) reports, "The effect on small and mid-size public companies has been debated since the new rules were adopted by Congress as part of the Sarbanes-Oxley Act of 2002." The GAO report "says the full cost and other effects of the new rules won't be known for years because the Securities and Exchange Commission has extended the deadline for small firms' compliance until next year. Even so, the report says, 'regulators, public companies, audit firms and investors generally agree' that the law has had 'a positive and significant impact on investor protection and confidence.'"

Author Suggests How Carnegie Might Address High Executive Pay. Author Curt Weeden writes in USA Today (5/8, 2.31M) that Andrew Carnegie would argue that there is a "connection between surging executive pay and relatively sluggish corporate philanthropy." Weeden adds, "Because shareholders and other stakeholders are showing more and more displeasure about the widening compensation gap between the highest- and lowest-paid workers, here's how Carnegie might try to calm the waters: CEOs and other executives whose compensation is made public in proxy reports would voluntarily agree to donate 50% of their annual increases in salary, bonus and realized long-term compensation to community foundations or other broad-based groups in locations where their companies have a presence or interest. Executives would openly disclose the value of their 'Carnegie Commitments' and would pledge that these special grants would not offset any of their other personal charitable donations. A community-based funding agency would determine how a CEO's gift would best meet high-priority local needs, thus removing any perception of self-interest."

CRIMINAL LAW:

Fitzgerald Reportedly Close To Final Decision On Rove. The Washington Post (5/8, A1, VandeHei, 744K) reports, "Special Counsel Patrick J. Fitzgerald is wrapping up his investigation into White House Deputy Chief of Staff Karl Rove's role in the CIA leak case by weighing this central question: Did Rove, who was deeply involved in defending President Bush's use of prewar intelligence about Iraq, lie about a key conversation with a reporter that was aimed at rebutting a tough White House critic?" Fitzgerald, "according to sources close to the case, is reviewing testimony from Rove's five appearances before the grand jury." Fitzgerald "is weighing Rove's foggy-memory defense against evidence he has acquired over nearly 2 1/2 years that shows Rove was very involved in White House efforts to beat back allegations that Bush twisted US intelligence to justify the Iraq war, according to sources involved in the case." Rove "expects to learn as soon as this month if he will be indicted -- or publicly cleared of wrongdoing." An indictment "would be devastating to a White House already battered by low poll numbers, a staff shake-up and a stalled agenda. If Rove is cleared, however, it would allow Bush's longtime top aide to resume his central role as White House strategic guru without a legal threat hanging over him."

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Judge Delays Chicago Mob Trials Until May 2007. The Chicago Tribune (5/7, 643K) reported, "The trial of reputed mob boss Joey 'the Clown' Lombardo and 11 others accused of Outfit-related murders and extortion will not begin for more than a year, a federal judge said Friday. U.S. District Judge James Zagel pushed the trial back six months, to May 15, 2007, to accommodate defense lawyers who were committed to other cases, including the March 2007 trial of former Hollinger chief executive Conrad Black. The new trial date is 'essentially unmovable,' Zagel told lawyers at a status hearing Friday."

Judge To Hear Mafia Cop's Complaints About Defense Attorney. The New York Post (5/6, Singer, 624K) reported, "Mob cop Louis Eppolito will be allowed to air his gripes about his flashy former lawyer Bruce Cutler -- who he says defended him poorly at his murder trial. At the convicted killer's request, Brooklyn federal Judge Jack Weinstein ordered lawyers back into court June 29 to hash out the matter, including Cutler." The Post notes, "The hearing is unlikely to have an impact on whether Weinstein will throw out the conviction, because the judge has already hinted strongly that he would let an appeals court decide the matter."

New York Lawmakers Seek DOJ Action On Fake Police Badge Sales. Long Island Newsday (5/8, Virasami) reports, "Fake police badges continue to be available for sale with just a few clicks on the Internet, months after a federal ban took effect, Rep. Anthony Weiner (D-Forest Hills) said Sunday." Newsday continues, "Joined by Rep. Jerrold Nadler(D-Manhattan), the lawmakers called on the Justice Department to do more to crack down on retailers that sell police badges they fear could be used by criminals. … 'Criminals in Brooklyn and across New York City continue to use fake badges because the Department of Justice has dropped the ball,' Weiner said. 'With a few dollars and the click of a mouse, anyone can still impersonate a New York City police officer.' … They sent a letter to U.S. Attorney General Alberto Gonzales requesting that the ban be enforced."

Politicians Go Silent On Maryland Sniper Trial. The Washington Times (5/8, Ward) reports, "The trial for convicted sniper John Allen Muhammad has been under way for a week in Montgomery County, but the politicians who held numerous press conferences during his three-week rampage in 2002 are silent." Observers attribute the silence of County Executive Douglas Duncan and State's Attorney Douglas Gansler to their desire to protect their ambitions for "statewide office." Duncan is running for governor; Gansler will run for attorney general if incumbent Joseph Curran retires.

Nonprofit Group Official's Bank Records Under Scrutiny In HUD Probe. The Washington Times (5/8, McElhatton) reports, "A probe into the use of federal housing money in the District has led investigators to examine the personal bank records of the chief executive of a prominent nonprofit group, court records show. Bessie E. Swann, executive director for the District-based Wheeler Creek Estates Community Development Corp., tried last year to stop investigators from obtaining her bank records, but a judge recently granted them access on the grounds that the U.S. Department of Housing and Urban Development (HUD) was conducting a 'legitimate and reasonable' law-enforcement inquiry, court records show. Wheeler Creek is a 314-unit housing development in Southeast, and Miss Swann has won praise for the nonprofit group's work transforming old public housing into a mix of rental properties and resident-owned homes." The Times notes, "The group, which also oversees job training and senior-citizen services, has received funding through HUD and the D.C. Housing Authority. Wheeler Creek receives most of its $3 million in annual revenue through government grants, tax records show. The financial records also show Miss Swann's compensation has nearly tripled in recent years."

Professor Decries Administration "Threats" To Prosecute Newspapers. Geoffrey R. Stone, a law professor at the University of Chicago, writes in the New York Times (5/8, 1.19M) that presidential administrations "have never been inclined to criminally prosecute the news media for publishing information they would rather keep secret. In recent weeks, however, the Bush administration and its advocates, including Attorney General Alberto Gonzales, have spoken of prosecuting," under the Espionage Act, "The Washington Post and The New York Times for publishing Pulitzer Prize-winning exposés of the administration's secret prisons in Eastern Europe and secret National Security Agency surveillance of Americans." Stone adds, "Although the threats of the White House are largely bluster, they must nonetheless be taken seriously. Not because newspapers are really in danger of being prosecuted, but because such intimidation is the latest step in this administration's relentless campaign to control the press and keep the American people in the dark."

CIVIL LAW:

Tobacco Case Features Allegations Of Conflicting Claims. The Nationial Law Journal (5/8,

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Geier) reports, "An Ohio state court judge is allowing lawyers for Lorillard Tobacco Co. to depose counsel in two asbestos plaintiffs' firms concerning allegedly inconsistent claims they filed relating to the same client's mesothelioma." The Journal continues, "The case of mesothelioma victim Harry Kananian's estate against Lorillard got hung up in Cuyahoga County Court of Common Pleas when the defense told the court that there were conflicting claims in other litigation filed on his behalf. Kananian v. Lorillard Tobacco Co., No. 442750 (Cuyahoga Co., Ohio, Ct. C. P.)." The Journal adds, "James F. Early, a principal of Early, Ludwick, Sweeney & Strauss of New Haven, Conn., one of the firms Lorillard will take discovery from, said his firm amended Kananian's claims when later testimony indicated the original filings were inaccurate or incomplete. The firm also volunteered to return to the trusts any parts of awards that they determined to have been unearned. 'You do the best you can with the information you have, especially when your clients are dying of mesothelioma,' Early said. … Both Early Ludwick and Brayton Purcell filed claims on behalf of Kananian and his family based on his military and occupational exposure to asbestos."

CIVIL RIGHTS:

"Unconscious Bias" Expert In Demand For Employment Bias Lawsuits. Business Week (5/15, Orey) reports that in the forum of employment law, "sociologist William T. Bielby is the leading courtroom proponent of a simple but powerful theory: 'unconscious bias.' He contends that white men will inevitably slight women and minorities because they just can't help themselves. So he tries to convince judges that no evidence of overt discrimination -- no smoking gun memo, for instance -- is needed to prove a case. As Allen G. King, an employment defense attorney at the Dallas office of Littler Mendelson, puts it: 'I just have to leave you to your own devices, and because you are a white male,' you will discriminate." Bielby has served "as an expert witness in dozens of major cases, including those currently pending against Wal-Mart (WMT), FedEx (FDX), Johnson & Johnson (JNJ), and Cargill. For plaintiffs, Bielby's fees -- now $450 an hour, and totaling $30,000 or more per case -- are often worth it. Numerous lawsuits in which he has been involved have ended in big dollar settlements, including suits against Merrill Lynch (MER), Morgan Stanley (MS), and Home Depot (HD). In 2004 a federal judge in San Francisco cited Bielby's testimony when he agreed to let the largest-ever employment class action go forward against Wal-Mart Stores Inc. The company is appealing but could face gender bias claims on behalf of more than 1 million women."

New Sorority Is Based On Islamic Principles. The Washington Post (5/8, B1, Kinzie, 744K) reports on a new sorority at the University of Maryland Baltimore County. The sorority, for Islamic women, "started with Althia Collins, an educational consultant in Alexandria, and her daughter Imani Abdul-Haqq, who wanted to pledge a sorority in North Carolina. When Abdul-Haqq walked in with her hijab , Collins said, 'everyone looked at her like she had three heads.' Collins and her daughter, who became Muslim several years ago, thought sororities' emphasis on volunteering and leadership would make Muslim women more visible and help dispel stereotypes."

ANTITRUST:

Wachovia Buys Golden West For $26 Billion. The Wall Street Journal (5/8, Berman, Mollenkamp, Bauerlein) reports, "Wachovia Corp. struck a roughly $26 billion stock-and-cash deal to buy Golden West Financial Corp., making a big gamble on the volatile mortgage business as it extends its ambition to become a true national bank." It observes, "Wachovia agreed to pay 1.051 shares of its stock, valued at $62.42 based on Friday's closing prices, plus $18.65 in cash for each share of Golden West. The price represents a roughly 15% premium to Golden West's current market value." The Journal characterizes Wachovia as "the most voracious of all [banking consolidators], forging about 140 takeovers and mergers -- large and small." The Journal writes, "The deal is expected to close in this year's fourth quarter." USA Today (5/8, Woodyard) reports the deal will extend Wachovia's "reach in high-growth Sun Belt markets." The New York Times (5/8, Sorkin, Creswell) reports, "While the deal will give Wachovia a strong foothold in the mortgage-lending space, there are growing concerns among investors and Wall Street analysts that growth in that business may have peaked as interest rates creep higher."

Fisher And Thermo Are Near Deal. The New York Times (5/8, Sorkin, Pollack) reports, "Fisher Scientific International, a supplier of medical laboratory equipment, was near a deal last night to merge with Thermo Electron Corporation, a rival, in a deal valued at about $11 billion." The merger would "create a new giant in the laboratory instrument business, an industry that has already been marked by some degree of consolidation." The Times writes, "An announcement of the deal is expected today, though people involved in the talks warned that the talks could collapse. The transaction is unusual in that Thermo Electron, which has only about half the revenues of Fisher, is technically the acquirer in the deal." The Wall Street Journal (5/8, Berman) reports, "Under the terms approved by both boards last night, Fisher shareholders will receive two shares

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of Thermo, which closed Friday at $39.45 each on the New York Stock Exchange. At a combined $78.90, Thermo's offer represents a premium of 7% to Fisher shareholders based on where the two stocks closed trading on Friday."

ENVIRONMENT:

BP Texas Refinery Called Nation's Biggest Polluter. The AP (5/8) reports, "The nation's worst polluting plant is the BP PLC oil refinery where 15 workers died in an explosion last year, raising questions about whether the company has been underreporting toxic emissions." The AP continues, "BP's Texas City refinery released three times as much pollution in 2004 as it did in 2003, according to the most recent data from the Environmental Protection Agency. … The increase at BP was so large that it accounted for the bulk of a 15 percent increase in refinery emissions nationwide in 2004, the highest level since 2000." The AP adds, "The company is investigating whether it has been accurately documenting pollution, the Houston Chronicle reported on Sunday. There could be more federal fines levied against the energy giant if mistakes are found. … BP already faces a record $21.3 million fine from the U.S. Occupational Safety and Health Administration for 300 safety and health violations found at the Texas City refinery after the deadly explosion in March 2005 that also injured 170 workers. … BP still faces criticism for management lapses that may have contributed to last year's explosion. The company faces a possible Justice Department investigation and is dealing with victims' lawsuits."

Former USDA Secretaries Call For Farm Policy Overhaul. The Wall Street Journal (5/8, A2, Roberts, 2.11M) reports, "US farm policy is outdated and needs to be overhauled in light of emerging global markets and tighter federal budgets," according to the American Farmland Trust that has the endorsement of two former agriculture secretaries. In a report to be released today, the Washington-based farmers group will "call on Congress to revamp the nation's agriculture programs rather than extend the 2002 Farm Bill before it expires next year." The plan, which will propose a new "safety net" for commodity-crop programs to replace certain subsidy programs, has been endorsed by former agriculture secretaries Dan Glickman and Clayton Yeutter.

Bond Said To Be Blocking Shift To Lower Emission Lawnmowers. The CBS Evening News (5/7, story 8, 2:30, Mitchell, 7.66M) reported lawnmowers are "loud" and they "fill the air with surprising amounts of pollutants, but efforts to reduce more emissions are being stymied." CBS (Bowen) added, "It may not look like a pollution monster, but California officials say the old family lawnmower is a smog machine -- taken all together, little engines that foul the state's air with 22 tons of pollutants a day, the equivalent of 800,000 cars a day." Adding catalytic converters "to lawnmower engines, the same device used on cars to cut smog. But Briggs & Stratton, America's largest mower engine manufacturer is strongly resisting, and with two plants in Missouri the company is getting some extraordinary help from Missouri Senator Christopher Bond." The Senator "has been able to delay new regulations in California by requiring EPA studies of the standards and when the EPA approved the new standards, Bond's office complained the EPA study was flawed."

FBI/DEA/ATF/USMS:

Former FBI Official Calls Bald Resignation "Slap" At Mueller. Under the headline "FBI Counterterror Chief Bald Bolts For Exit," CQ (5/8, Stein) reports that "after just eight months on the job," NSS Director Gary Bald "abruptly submitted his resignation to agency director Robert S. Mueller III. … FBI sources dismiss the idea that Bald, never a popular figure around the J. Edgar Hoover Building, was leaving for anything but a chance to retire comfortably," but "the hasty exit 'seems like a slap at the director,' one of Bald's predecessors said in an e-mail. 'It looks bad externally. Internally some are happy.'" CQ notes the "sharp questioning" Mueller received last week before the Senate Judiciary Committee about turnover, and adds that although "no replacement has been named," a "dark horse is Art Cummings, a Mueller favorite who…now runs the National Security Branch for the Washington Field Office. Whoever the choice, Mueller has to be hoping the seventh time is the charm."

Federal Law Limits Sale Of Some Medications. The Long Island Newsday (5/6, Ochs) reports that on April 8, federal law "began limiting the sale of over-the-counter cough and sinus products such as Sudafed and Claritin D with pseudoephedrine, ephedrine or phenylpropanolamine. … The law says that a person can buy no more than 3.6 grams per day of products with pseudoephedrine, ephedrine or phenylpropanolamine. That translates to 73 60-mg tablets, said Rusty Payne, spokesman for the federal Drug Enforcement Agency."

North Dakota Seeks To Allow Farmers To Grow Industrial Hemp. The AP (5/8) reports North Dakota "is pushing ahead with plans to license state farmers to grow industrial hemp even as it tries to allay law enforcement fears

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about marijuana's biological cousin. State Agriculture Commissioner Roger Johnson and his department are crafting hemp rules after meeting in February with Drug Enforcement Agency officials in Washington. A public hearing on the proposed rules is slated for June 15." More than 20 news outlets published in newspapers and/or posted on Web sites the AP story, including The Washington Post, Houston Chronicle, and Miami Herald.

New Source Of Heroin Said To Be Increasing Demand In St. Louis Area. The St. Louis Post-Dispatch (5/7) reports an incident that "kicked off a series of heroin seizures" also was an "early sign of a troubling, yet largely unnoticed, trend in the St. Louis area: the rise of a new source of heroin that is increasing the overall supply and expanding demand." The Post-Dispatch adds that the volume of Afghan heroin, which the United Nations "says now accounts for 87 percent of the world supply" means that even a small share "making its way to the United States constitutes large quantities of the drug. Afghan heroin now represents up to 20 percent of all heroin in the United States, Drug Enforcement Administration officials say."

Alaska House Passes Marijuana, Meth Bill. The AP (5/6, Volz) reports the Alaska House "passed legislation Friday night that would restore criminal penalties for marijuana possession and make it tougher to buy the ingredients to manufacture methamphetamine. The bill was approved by the Senate last month and now goes to Gov. Frank Murkowski to sign into law. … The bill says marijuana is a more potent and dangerous drug than it was 30 years ago."

The Juneau Empire (5/7) reports the vote "came up a day after Gov. Frank Murkowski called a news conference and put the 'methijuana' bill on his must pass list for the remainder of the session, which ends Tuesday night. … According to the bill, those possessing more than 4 ounces would be charged with a Class C felony, which would carry a maximum prison sentence of five years."

The Juneau Empire (5/5) also reported Murkowski "said the drug legislation, House Bill 149, is significant for children who are at risk from domestic abuse from meth addicts or want a future career in Alaska. Too many military recruits and other job applicants in Alaska fail their drug urine tests, the governor and his labor commissioner, Greg O'Claray, said."

Local TV Coverage. KCAL-TV, Los Angeles (5/6, 9:00 p.m.) reported, "Alaska has the most liberal laws on marijuana possession in the country, but that could soon change. The Alaska House passed legislation yesterday that would restore criminal penalties for marijuana possession. The bill has already been approved by the Alaska Senate and now goes to Governor Frank Murkowski whose backed it from the beginning. A…decision by the Alaska Supreme Court legalized the use of small amounts of pot."

Nigerian Report On Drug Testing Accuses Pfizer Of Violating International Law. The Washington Post (5/7, A1, Stephens, 744K) reports, "A panel of Nigerian medical experts has concluded that Pfizer Inc. violated international law during a 1996 epidemic by testing an unapproved drug on children with brain infections at a field hospital. That finding is detailed in a lengthy Nigerian government report that has remained unreleased for five years, despite inquiries from the children's attorneys and from the media." According to the Post, "The report concludes that Pfizer never obtained authorization from the Nigerian government to give the unproven drug to nearly 100 children and infants. ... Pfizer's experiment was 'an illegal trial of an unregistered drug,' the Nigerian panel concluded, and a 'clear case of exploitation of the ignorant.'"

Network TV Coverage. ABC World News Tonight (5/7, story 5, 0:30, **Harris**) reported, "There are allegations reported today that Pfizer tested an experimental drug on children and infants in Nigeria without informing parents or getting permission. 'The Washington Post' says the Nigerian government says about 100 patients received a drug called Trovan during a meningitis outbreak in 1996. For its part, Pfizer insists it acted ethically and that the drug saved lives."

Faulty Arson Probe In Texas Could Have National Implications. The AP (5/8, Tanner) reports, "We hear it after a smoky blaze that destroys a house, or an all-night warehouse inferno: The cause of the fire is under investigation. … Now those investigations themselves are getting a hard look, including the case of a Texas man executed two years ago for a house fire that killed his three little girls. Fire experts say he was wrongfully convicted because junk science was accepted as expert testimony." The AP continues, "The implications go far beyond Texas. More than 5,000 people are imprisoned nationwide for arson, and at least some are likely to have been wrongfully convicted, said five experts who analyzed testimony in the Texas case. The experts included veteran arson investigators and people with backgrounds in science and engineering who have taught other investigators." The AP notes that experts "concluded bad science was at the heart of the testimony that led to Cameron Todd Willingham's conviction for a 1991 fire in Corsicana, Texas. Willingham maintained his innocence up to his execution in 2004. … The expert panel, along with The Innocence Project, a New York-based group that seeks to uncover wrongful convictions, presented their study on Tuesday to a special Texas commission set up to examine forensic misconduct. … The problems with arson convictions could be huge. The Innocence Project commissioned the

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panel to study Willingham's case, but said its network of state projects around the country has already begun to review other arson convictions."

IMMIGRATION:

Specter Says Senate Will Vote On Immigration Bill Next Week. Sen. Arlen Specter, appearing on Fox News Sunday (5/7, Wallace), said he expects the McCain-Kennedy immigration reform bill to be brought to the floor for a vote "a week from tomorrow." He added, "I've talked to the majority leader, Senator Frist, and I expect to be on the conference committee. … The speaker has said he's for a guest worker program. That's what the president wants."

Implementing Immigration Reforms Seen As Likely "Nightmare." CQ (5/8, Crowley) reports, "Whatever Congress agrees on — some sort of legalization plan, a guest-worker program, mass deportation or a combination of the three — would have to be implemented by the U.S. Citizenship and Immigration Services, the Immigration and Customs Enforcement agency, and the U.S. Customs and Border Protection agency. That, people on both sides of the debate agree, is likely to be a nightmare." The "big worry is that the immigration agencies are hard-pressed to handle their current responsibilities without having to administer a complicated new program such as the one envisioned by a Senate proposal that is most likely to form the basis for a congressional compromise. It would create a guest-worker program and provide different treatment for illegal immigrants depending on how long they have been in the United States. Some could stay; others would have to leave; and some could apply for re-entry." Complaints "about the agencies are widespread. The Government Accountability Office has issued 12 reports in the past year critical of the way the three agencies operate."

Report Finds Most Lawmakers Don't Know Words To National Anthem. Roll Call (5/8, Akers) reports in its "Heard on the Hill" column that tonight's episode of Nightline features a report by Claire Shipman in which she and a camera crew "came to Capitol Hill on Thursday and caught 16 House Members and four Senators off guard, asking each to sing the national anthem. … As Shipman will report tonight, the unscientific survey found that most lawmakers belong to the majority of Americans — 61 percent, to be exact — who don't know all the words to the national anthem, according to one recent poll."

Latin American Prosperity May Fuel Immigration To US. The Wall Street Journal (5/8, Millman, 2.11M) reports that economists and politicians have long "said the solution to surging emigration is prosperity at home. If Mexico and other Latin American nations that send millions of migrants to the U.S. could grow fast enough, the theory goes, their residents wouldn't head north for work." Last month, Mexican President Vicente Fox, "looking to influence the U.S. Congress's latest efforts at an immigration overhaul, pledged his country would do its part, creating good manufacturing jobs for Mexican workers on their home soil." But "now the theory looks wrong -- or at least simplistic. Emigration often surges along with economic development. In an expanding economy, would-be migrants gain the skills at home that pay better abroad. They also are better able to save the relatively modest sums -- $200 for a cut-rate airline ticket; $1,000 or so for a reliable border-crossing guide -- that workers looking to enter a better labor market need to take their skills north."

King Appears With 9/11 Family Members To Promote Immigration Crackdown. The New York Post (5/8, 624K) reports Rep. Peter King on Sunday "appeared with relatives of 9/11 victims at Ground Zero to urge the passage of harsher immigration laws to help thwart terrorism." King, who appeared with members of 9/11 Families for a Secure America, said, "Immigration control and border security are absolutely essential to homeland security."

Terms Of Immigration Debate Little Changed Since Turn Of 20th Century. The Washington Post (5/8, A1, Powell, 744K) reports in a front page story that the "bitter arguments of the past" about immigration "echo loudly these days as Congress debates toughening the nation's immigration laws and immigrants from Latin America and Asia swell the streets of U.S. cities in protest. Most of the concerns voiced today -- that too many immigrants seek economic advantage and fail to understand democracy, that they refuse to learn English, overcrowd homes and overwhelm public services -- were heard a century ago. And there was a nub of truth to some complaints, not least that the vast influx of immigrants drove down working-class wages. Yet historians and demographers are clear about the bottom line: In the long run, New York City -- and the United States -- owes much of its economic resilience to replenishing waves of immigrants."

European Governments Restricting Immigration To Highly Skilled. The Washington Times (5/8, Bryant, 90K) reports European governments, "facing an immigration debate much like that in the United States, are pulling in the welcome mat, especially for low-skilled, illegal aliens from Africa and other developing regions." The European governments are "introducing immigration tests and other devices to screen out all but the brightest and most qualified in the face of rising anti-immigration sentiments -- despite having an aging population that leaves many European countries in need of new workers to bankroll their welfare states."

Financial Barriers Help Prevent Immigrant Assimilation In Europe. The Wall Street Journal (5/8, Fleming, 2.11M) reports, "Redlining -- or the practice of

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refusing people bank loans based on their address -- has long been outlawed in the U.S. as discriminatory. But in Europe, although many countries are facing increasingly tense relations with their minority populations, there has been little debate about how financial discrimination -- ranging from redlining to setting higher insurance rates -- affects immigrants seeking to better integrate. Critics say that unless this changes, Europe will struggle to assimilate its already alienated immigrant population."

Many Salvadoran Villages Rely On Wages From Workers In US. The Washington Post (5/8, A1, Aizenman, 744K) reports in a front page story that "like villages across El Salvador, Piedras Blancas has been nearly emptied of its working-age inhabitants. Left behind are children and grandparents who live on money that relatives send from such previously unheard of places as 'Manassas, Virginia,' 'Houston, Texas,' and simply 'Maryland' -- the catchall term by which people here refer to a host of Washington area suburbs." Although "exact figures are difficult to determine, the director of the village school, who has tracked the student population for two decades, estimates that more than 3,500 Piedras Blancas natives, or about 40 percent of the population, live in the United States."

TAX:

Republicans, Democrats Disagree On Tax Bill's Beneficiaries. The Los Angeles Times (5/8, Havemann, 958K) reports, "Would the rich make out like bandits from the tax-cut bill that is the object of intense behind-the-scenes debate in Congress? Or would low-income taxpayers not only hold their own but come away with more than their share of tax breaks?" Republicans are "inclined to argue that the bill, notably its provision to extend beyond 2008 today's low tax rates on investment income, would particularly benefit the poor. Nonsense, say most Democrats; the bill is tilted sharply to the rich." Senate Finance Committee Chairman Charles Grassley "ratcheted up the fairness debate last week by contending that taxpayers in the lower brackets — particularly the elderly — would actually do better than those earning $200,000 and up." Democrats, "not surprisingly, scoff at this argument." Senate and House "tax writers have agreed on the central elements of the main tax bill — namely, relief in the 2006 tax year from the alternative minimum tax and extension for two more years, through 2009 and 2010, of the tax breaks for investment income." What has "delayed negotiations, which began late last year, are the contents of a second bill, potentially including extensions of the research and development tax credit and of the deduction for some college tuition costs, and more careful scrutiny of the tax-exempt status of charitable organizations."

More Investors Expecting Low Capital Gains Rates Caught In AMT Trap. Business Week (5/15, Gleckman) reports the alternative minimum tax "has been a problem since capital- gains rates were trimmed in '03, but it's about to get worse as millions more taxpayers fall under the AMT. In 2006, as many as 4 million investors may find themselves caught in this AMT trap, according to congressional estimates. That's twice as many as last year. And while many may not know it, they have been stuck in the middle of a battle on Capitol Hill over whether to extend the low rates on capital gains and dividends or overhaul the poorly understood AMT." The Urban-Brookings Tax Policy Center "estimates that nearly 64% of those making $100,000 to $200,000 could face the AMT in 2006." For months, Congress has "been trying to figure out which tax issue to address first. Short of both time and money, lawmakers have been arguing over whether to limit the AMT or extend the 15% rate on capital gains and dividends, which is due to expire at the end of 2008. President George W. Bush and many Hill Republicans say they are closing in on a deal that would extend the low cap-gains rates until 2010 but curb the AMT's reach for only this year." Ask investors "which problem they would rather see Congress address, and most would probably vote for capital-gains relief. But for many under the shadow of the AMT, that would be a bad choice."

Author Says Tax Cuts Correlated With Spending Increases. In his Washington Post column (5/8, A19), Sebastian Mallaby says tax cutters believe "that tax cuts will force matching cuts in spending by the government. It's a faith that" author Jonathan Rauch "traces to the presidential debates of 1980." The "starve the beast" argument "has been a favorite of Republicans. It's an expedient argument, of course, since it justifies the tax cuts that voters are assumed to love. But even the most nakedly cynical politicians need policy fig leaves. 'Starve the beast' has allowed tax cutters to feel decent." But the argument "has been discredited. Rauch cites William Niskanen, an economist who worked in the Reagan White House and now chairs the Cato Institute." Niskanen's "result punctures his own party's dogma. Tax cuts are associated with increases in government spending. The best strategy for forcing cuts in government is actually to raise taxes."

NYTimes Criticizes Use Of Supplementals To Finance Iraq War. An editorial in the New York Times (5/8, 1.19M) says, "President Bush is trying to score unearned points for fiscal rectitude by railing against the Senate's outsize $109 billion supplemental spending package, which includes money for the wars in Iraq and Afghanistan as well as hurricane relief. But the real scandal is Mr. Bush's own preference for financing much of the cost of the Iraq war outside the normal budget process. … Congress would gladly vote the Pentagon every cent it needs to fight in Iraq and Afghanistan and rebuild its ground forces so that they are

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available for other military emergencies. But with so much of the war off budget, as it were, Congress is instead being asked to approve one of the biggest military budgets in American history for projects having little to do with current fighting."

NYTimes Calls For Modest Social Security Benefit Cuts, Tax Increases. Another editorial in the New York Times (5/8, 1.19M), "Buried in the newly released 2006 annual report on Social Security, there is good news on the program's long-term health. … Projected 'cost rates' in this year's report show smaller annual deficits in Social Security than had previously been assumed, starting around mid-century." The Times adds, "What the big impact of small adjustments shows is that Social Security is a dynamic system, adaptable to the 21st century. … To that end, phasing in a modest package of benefit cuts and tax increases over the next several decades is the best way to ensure that the system won't come up short a generation from now.'

WPost Says Bush Leaving "Terrible Fiscal Predicament." In an editorial (5/8, A18), the Washington Post says, "Sheer coincidence: Last Monday, the Social Security and Medicare trustees released their annual depressing report. On Tuesday, congressional negotiators handed President Bush a 'victory' -- his assessment -- in agreeing to extend his capital gains and dividend tax cuts. Mr. Bush and his fellow tax-cuts-above-all proponents would like you to believe that the two events are unrelated. But taken together they underscore the terrible fiscal predicament that Mr. Bush has chosen to bequeath to his successor."

Novak Says Grassley Using "Phantom Bill" To Hold Up Pressing Tax Legislation. Syndicated columnist Robert Novak (5/8) writes this morning that Iowa Sen. Charles Grassley (R), who "last Tuesday cavalierly rejected a summons to meet in the Oval Office with" President Bush, "is playing his own game on tax legislation without interference from anybody, even the president." Grassley "has blocked the tax bill extending dividend and capital gains tax cuts that is essential to the economy. Until now, he has held it hostage for a 'second bill' on taxes containing unknown private deals cut by Grassley with other senators. In short, high-priority tax legislation is delayed by a phantom bill." Novak notes, "The 'second bill' is described in the news media as containing routine extenders of tax benefits, but it is surely more than that. The assumption on Capitol Hill is that Grassley has made specially tailored promises to individual senators to get enough votes for the tax reconciliation bill. If so, these tax goodies will have to be compensated for in the same bill by revenue raisers." Grassley's "critics among reform-minded Republicans refer to tax pork in the second bill, but they cannot be sure about something that is hidden. It is impossible to conduct a meaningful debate on a phantom bill, and that is precisely the way Grassley has constructed the situation."

CONGRESS-ADMINISTRATION:

Cheney Says Retirement Not An Option. NBC Nightly News (5/7, story 4, 2:10, O'Donnell, 9.87M) interviewed Vice President Cheney. Asked if there was a benefit "if you were to retire, to allow the President to choose someone else who might then have an advantage in 2008," Vice President Cheney said, "Well, I'm not sure it would be an advantage, but that's not my concern. I, in effect, took on the obligation when I put my name on the ballot to serve out my term. I've got a contract, if you will, with the American people. My term ends in January of 2009 and barring some unforeseen disaster, that's what I'll do." O'Donnell: "What role do you think you play for 2008?" Vice President Cheney: "We've got a lot of good candidates out there. At the appropriate time, I'll be happy to campaign for the ticket in 2008, if they want me do, they may not want me to. That'll be their call."

Rumsfeld Says He Has No Plans To Retire. Fox News (5/7, Baier) ran an hour-long special report on Defense Secretary Donald Rumsfeld last night. The special examined Rumsfeld's tenure in the Bush Administration, including his high poll numbers and status as a "media star" following the 9/11 attacks and President Bush's response in Afghanistan, as well as his decline in the polls since then. The Fox report noted that former thee star Marine Corps General Paul Van Ryper "is the 8th retired general to say Rumsfeld must go," but the special also included an interview with Rumsfeld in which he said he has no plans to retire. The Secretary also said he does not think about his legacy, noting, "I think about doing what I am doing and I live full days I get up early, I stay up late. I feel fortunate to be doing what I am doing. To be able to be involved in something as important as this at this moment in our country's history I think is something that I feel fortunate to be involved in."

Rumsfeld Dismisses Journalist Criticism Of Iraq War. On Fox News (5/7, Baier), the Secretary also criticized journalists and their coverage of the Iraq war, saying that there is "a whole cluster of people in our country, a lot of them in the journalism business who had much of their lives formed by the Vietnam war, so it's understandable they would try to relate everything that happens in the 21st century to what they experienced in the 20th century. That doesn't make it accurate or apt."

Rumsfeld Says Success In War On Terror Is Hard To Measure. Asked how he measures success in the war on terror, Rumsfeld said on Fox News (5/7, Baier), "First of all, it's very hard to do. It's going to be a long war it will take years

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I am afraid like the Cold War. We are putting a lot of pressure on terrorists and life is more difficult for them. It's harder for them to raise money and harder for them to move around and harder for them to communicate with each other. More difficult to recruit people. But it's a difficult thing to measure."

Rumsfeld Says World Was Simpler When He Served Under Ford. Rumsfeld, who also served as Defense Secretary under President Gerald Ford, was also asked on Fox News (5/7, Baier) what is different between the job now and the job as it was under Ford. Rumsfeld said, "It was a simpler world. We had one major problem, the Soviet Union was expanding and it was active in this hemisphere. We had the advantage we could look at it month after month, year after year get good at understanding it and keep an eye on it."

Rumsfeld Critic's Anti-Israeli Views Noted. The Weekly Standard (5/15) reports in its "Scrapbook" column that, "The story line was compelling: A face-off between a beleaguered secretary of defense and a brave former intelligence professional. 'Rumsfeld Heckled by Former CIA Analyst' blared the headline on the ABC News website. The AP reported that a 'former CIA analyst, Ray McGovern, asked [Donald Rumsfeld], 'Why did you lie to get us into a war that caused these kind of casualties and was not necessary?'" But almost all of the reports "failed to report was the relevant fact that McGovern is not simply a veteran of the CIA but a hard-left conspiracy theorist who blames the Iraq war on 'O.I.L.' As McGovern that night told MSNBC's Tucker Carlson, the only member of the mainstream media with the elementary curiosity to broach the subject, O stands 'for oil; I for Israel; and L for logistics, logistics being the permanent . . . military bases that the U.S. wants to keep in Iraq.'"

Biden Is "Unalterably Opposed" To Boyle's Nomination. Sen. Joseph Biden was asked on Fox News Sunday (5/7, Wallace) if he expects federal judge nominees Brett Kavanaugh or Terrence Boyle will be filibustered, Biden said, "I have no line in the sand with Kavanaugh. I want to know more. I haven't made my judgment whether I'm for or against him, and I don't think we'd be part of a filibuster there. With regard to Boyle. … I am unalterably opposed to Boyle…and I think Boyle will not go forward, and I would consider joining an effort to prevent his vote."

Snow Expected To Improve White House Relationship With Press Corps. NBC Nightly News (5/7, story 9, 2:35, Seigenthaler, 9.87M) reported that starting today, "It will be Tony Snow's turn to step up to the podium to face the Washington press corps." NBC (Alter) added, "Snow is the latest to go on the firing line. The Fox News anchor replaces Scott McClellan, who had problems handling the White House press corps. Snow is expected to do better." Benjamin Bradlee, former Washington Post editor: "He seems outspoken, confident."

In the National Review (5/15), Byron York says outgoing White House press secretary Scott McClellan "wasn't really right for the job, and two, he sometimes wasn't clued in on what was really going on. Add to that all the difficulties the Bush White House has experienced in the last year, and you've got the need for a new start. That's where Tony Snow comes in." When Snow's appointment was "announced, it was met with pretty much universal praise, at least from Republicans. Even the way it was announced was an encouraging sign, as some in the GOP saw it." Snow is "certainly expected to be more deft and understanding in dealing with the press," and as "far as being in the loop is concerned, Snow is said to have received assurances that he will be included in the policy-making process so that he can better explain it to the world." York concludes Snow will "undoubtedly have a honeymoon, and then, when the first big bad thing happens — or maybe when there's one of those tempests in a teapot that periodically consume the White House press corps — he'll be tested under fire. No one can say what will happen, but White House officials are looking for better days in the briefing room."

50% View Bush Decision To Hire Snow Favorably. The Washington Times (5/8, Harper, 90K) reports in its "Inside Politics" column, "Americans give a favorable initial assessment of Tony Snow, the newest White House press secretary, according to a new Zogby poll. The decision to bring the former Fox News TV and radio host on board is seen as 'an excellent or good' decision by 50 percent of the respondents and viewed negatively by 40 percent. … The online survey was conducted April 28 through May 1 and included 5,578 likely voters. The poll carries a margin of error of 1 percentage point."

Democratic Report Says Bush Team Less Diverse Than Clinton's. The Washington Post (5/8, A17, Lee, 744K) reports, "President Bush's crop of political appointees includes fewer women and minorities than did President Bill Clinton's at comparable points in their presidencies, according to a new report by House Democrats. Women made up about 37 percent of the 2,786 political appointees in the Bush administration in 2005, compared with about 47 percent in the Clinton administration in 1997, according to the report and supplemental data released last week by the Democratic staff of the House Government Reform Committee. Similarly, about 13 percent of Bush administration appointees last year were racial minorities, compared with 24 percent in the fifth year of Clinton's presidency, the report found." The Post adds, "The 13-page report, compiled using data from the Office of Personnel Management, says the number of women and

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minority appointees increased during the first five years after Clinton took office and has declined during Bush's tenure." However, the report "does not mention…that Bush has established a record of diversity in his Cabinet. Bush's Cabinet, which includes the vice president and the heads of 15 executive departments, currently has two Hispanics, two African Americans and two Asian Americans. Three departments -- State, Education and Labor -- are headed by women, and a fourth, Interior, has an acting secretary who is a woman. Before Bush took office, no minority had occupied any of the four highest-profile Cabinet positions -- attorney general and the secretaries of the Defense, State and Treasury departments."

Invitation For NIH Official's Party May Violate Ethics Rules. The Washington Post (5/8, A17, Weiss, 744K) reports there is a "cloud hanging over a going-away party for National Cancer Institute Director Andrew C. von Eschenbach, who in March was nominated by President Bush to head the Food and Drug Administration." An invitation "recently circulated to National Institutes of Health employees for a 'farewell reception and roast' to be held on the NIH campus in Bethesda in honor of von Eschenbach" asks for a "$25 entrance fee for the May 17 event" and "solicits additional 'contributions' for a gift for the outgoing boss. Problem is, that's a violation of federal ethics rules, according to legal eagles inside and outside the Beltway."

House, Senate Ethics Bills Would Identify Earmark Sponsors. Roll Call (5/8, Ackley) reports the House and Senate ethics bills "mirror one another when it comes to one earmark measure, with both calling for Members who sponsor the narrowly targeted pots of funding to attach their name." Vincent Versage, "a lobbyist with the National Group who has worked for appropriations clients for decades," said, "I don't know of any Member who would not want to have his or her name attached. A lot of these Members are proud of bringing projects back." Roll Call adds another appropriations lobbyist "said that forcing Members to disclose which earmarks they push for will have a chilling effect on Members' support for projects outside of their home states, even if the project is relevant to the committees they sit on."

Contractors Who Benefited From Earmarks Paid For Mollohan Travel. Roll Call (5/8, Bresnahan) reports Rep. Alan Mollohan (D-W.Va.), "his wife and two top aides took a five-day trip to Spain in June 2004 that was paid for by a group of government contractors for whom Mollohan steered tens of millions of dollars in earmarked funds, according to travel records and other documents." The trip sponsor "listed on travel disclosure forms is the 'West Virginia (WV)-01 Trade Delegation,' which Mollohan's office described as an 'ad hoc group' of 19 government contractors and West Virginia-based nonprofits that came together to pay for the trip. The total cost of the trip for Mollohan, his wife and aides was $7,874."

Former Aide Benefited From Stevens Earmark. CQ (5/8, Zeller) reports Sen. Ted Stevens "may someday be able to boast paternity of an Office Building That Made a Former Aide Rich. The aide in question is Trevor McCabe, who spent his first eight years out of Harvard in the 1990s rising from legislative correspondent to legislative director in Stevens' office. Now a lawyer and real estate developer in Anchorage, last fall he made a bit of a killing on the $558,000 sale of a bedraggled quarter-acre plot in downtown Seward to the nonprofit Alaska SeaLife Center — which had suddenly found itself with money to spend last summer thanks to some earmarking legerdemain by Stevens." McCabe has "a knack for owning property in the right place at the right time. He's also an investor in waterfront property in tiny Mat-Su, which should appreciate nicely once the hamlet is linked to Anchorage with the construction of Don Young's Way — one of the two Alaska bridges that drew such ridicule last summer when they received generous earmarks in the new highway and mass transit law." The Seward deal "was announced last October, two months after Stevens, the longest-serving Republican on the Senate Appropriations Committee, used the fiscal 2006 Interior spending law to take $1.6 million away from the National Park Service and give it to the SeaLife Center, an aquarium started eight years ago mainly with proceeds from the Exxon Valdez oil spill settlement."

Dean Distinguishes Democrats' Scandals From GOP's "Culture Of Corruption." DNC Chair Howard Dean was asked on ABC's This Week (5/7, Stephanopoulos) if he thought recent controversies surrounding Democratic members of congress could blunt his party's contention that the GOP is characterized by a "culture of corruption." Dean said, "There are individual Congressmen that have made mistakes. Unlike the Republicans, our leader, Nancy Pelosi, particularly asked for an ethics investigation of Congressman Jefferson. … This is a culture of corruption the Republicans have brought to Washington…that goes from the White House to the vice president's office to the leadership of the United States Senate to the leadership of the United States House of Representatives. And in the agencies, corruption has become a way of life, and it has to change."

WPost Says White House Should Release Records Of Abramoff Visits. The Washington Post (5/8, A18, 744K) says in an editorial, "It's taken a Freedom of Information Act request, a lawsuit and a court order, but the White House will soon release Secret Service records detailing lobbyist Jack Abramoff's visits there. This is long overdue, and the delay has been due to -- there's no other word for it -- stonewalling by the Bush administration. The administration says the lobbyist attended a Hanukkah party or two and 'a few staff-

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level meetings.' With whom? About what? We don't know, and it's not clear the Secret Service records will reveal that. But certainly, at this point, the White House does know, and leaving these questions unanswered, as it has tried to do, remains unacceptable." The Post's "challenge to -- and advice for -- the incoming press secretary, Tony Snow: Rather than a steady drip, drip, drip of Abramoff news, get it all out, quickly and with enough details to make clear what, exactly, transpired between the corrupt lobbyist and the president's aides."

Rhode Island Democrats Expected To Back Kennedy. NBC Nightly News (5/7, story 6, 2:30, Seigenthaler, 9.87M) reported, "In Rhode Island, Democrats are expected to unanimously endorse Congressman Patrick Kennedy for reelection at their convention tomorrow. This comes days after Kennedy's public statement that he is struggling with drug addiction, and the congressman's claim that the sleep aid, Ambien, may have in part caused him to drive his car into a security barrier on Capitol Hill last week. … He's not the only person to claim a link between that pill and some unusual actions." NBC (Ellis) added, "Patrick Kennedy insists Ambien, the popular sleeping pill, is partly to blame. Kennedy is just the latest person involved in bizarre behavior to say, in effect, the Ambien made me do it."

USA Today (5/8, 2.31M) also reports Kennedy's "decision Friday to return to drug-abuse rehabilitation after a traffic accident appears unlikely to have an impact on his political fortunes, political analysts say." Rhode Island Democratic Chairman Bill Lynch "said he expects Kennedy will be unanimously endorsed for re-election at tonight's state party convention." State GOP Chairman Patricia Morgan "issued a statement calling on Kennedy to vacate his House seat while he deals with the problems. No Republican has emerged as a potential challenger to the sixth-term lawmaker."

Kennedy Enters Rehab At Mayo Clinic. Time (5/15, Tumulty) reports in its "Periscope" column that Rep. Patrick Kennedy "once seemed the great hope of his generation of America's most storied political dynasty. … But Patrick's story turned stereotypically Kennedy in other ways. … The car crash last Thursday at about 2:45 a.m. was the most bizarre incident yet. … Strangest of all, Kennedy claimed, 'I simply do not remember' the incident. He blamed the sleeping pill Ambien and the gastrointestinal drug Phenergan and checked himself into the Mayo Clinic, where he had been treated in December for addiction to prescription painkillers."

Kennedy's April Car Accident In Rhode Island Not Widely Reported. The Weekly Standard (5/15) reports in its "Scrapbook" column that, "In last week's issue, The Scrapbook brought you the woefully under-reported tale of how Rhode Island Democratic congressman Patrick Kennedy had last month wrecked his car pulling into a CVS parking lot in his home state. His own handwritten account of the accident (in a police report supplied to us by Boston Herald columnist Howie Carr) looked like it had been scrawled with his teeth so that he could keep his cocktail-shaker hands free." Kennedy, "who usually takes a year or two off between career-debilitating incidents such as trashing yachts and pushing around female airport security guards, this time decided a quick follow-up was in order. Early last Thursday morning, at 2:45 a.m., he was involved in a single-car accident near the Capitol building."

Kurtz Says Kennedy Has Gotten "Easy Ride." Howard Kurtz writes in his "Media Notes" column in the Washington Post (5/8, C1, 744K) , Kurtz) reports in its "Media Notes" that given the journalistic obsession with the Kennedy family and its tragicomic soap opera," Rep. Patrick Kennedy "seem to have gotten an easy ride -- except in the New England press, which has chronicled his every misstep." Kurtz adds, "While Kennedy, the 38-year-old son of Ted Kennedy, was widely reported to have held a news conference Friday, it was nothing of the sort. He read a statement designed to elicit sympathy, saying he was going into rehab, and took no questions. This amounted to an age-old damage-control technique: changing the subject."

Capitol Police Upset Over Kennedy Fiasco, McKinney "Attack." Roll Call (5/8, McArdle) reports, "As an internal investigation conducted by the acting chief of the Capitol Police found that two police management officials improperly handled the department's investigation into a car crash involving Rep. Patrick Kennedy (D-R.I.) last Thursday, national Fraternal Order of Police called the incident a symptom of a broader problem of 'political policing' being encouraged by agency brass." Chuck Canterbury, president of the National FOP, said in a release Friday evening, "First, we had [Rep. Cynthia] McKinney (D-Ga.) attack a police officer, and now we allegedly have Rep. Kennedy narrowly miss striking a police cruiser before crashing into a security barrier. … In both cases, Capitol Police management favored politics over protocol." Union "officials are particularly upset that the officer who responded to Kennedy's accident was not allowed to complete his investigation at the scene but was instead ordered to leave the scene while Kennedy was given a ride home by department officials."

Protesters Rally Against Drug Benefit Plan Outside Leavitt's Home. Hundreds of demonstrators gathered outside HHS Secretary Michael Leavitt to protest the Medicare drug benefit. The Washington Post (5/8, B3, Thompson, 744K) reports, "The unannounced visit to Leavitt's home in Arlington County was made by members of the Chicago-based National People's Action, a coalition of neighborhood advocacy groups that is more than 30 years old." The group "demanded that the HHS chief extend until

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Dec. 31 the deadline that millions of seniors who lack prescription drug coverage have to select a plan." HHS spokesman Bill Hall said "Leavitt is out of town this week and will not meet with the group. 'He has said before that he opposes extending the May 15 deadline' for enrolling in Medicare Part D, which provides prescription drug coverage for people who qualify for Medicare."

Intelligence Employees Have Higher Job Satisfaction Rate Than Overall Government. The Washington Post (5/8, D4, Barr, 744K) reports in its "Federal Diary" column, "A survey of intelligence community employees shows they are dedicated to their work, with job satisfaction rates higher than for the overall government. The survey also shows that intelligence agencies have room to improve on some personnel practices, particularly in the areas of leadership and performance. Only 44 percent of the survey respondents said they were satisfied with the policies and practices of their senior leaders, and only 29 percent said their agencies take steps to deal with sub-par colleagues who cannot or will not improve their job performance." Seventy-seven percent "of IC employees said they have 'a real opportunity' to improve their skills at their agencies, compared with 63 percent of all federal employees."

Lawmakers' Use Of Acronyms To Name Bills Noted. The Los Angeles Times (5/8, Simon, 958K) reports that to "haiku, the limerick and the cameo brooch, Washington has added its own contribution to the diminutive arts. Remember Gramm-Rudman-Hollings, the deficit-fighting bill? Or Sarbanes-Oxley, the corporate reform law? Bills named for lawmakers are pretty much passe. These days, an attention-getting acronym — the political equivalent of a vanity license plate — is in." Though some bills "in the past did have acronyms, they rarely grabbed the public's attention. The Omnibus Budget Reconciliation Act of 1993, or OBRA, for example, is remembered by few people other than Washington's most die-hard number-crunchers. Now, acronyms help explain what the bill is all about. They are proof that even bill names have become part of Washington's all-consuming political spin."

FDA To Examine Infections In Women Who Took Abortion Pill. The FDA has released the agenda for meeting that will focus on infections in women who took a drug to induce abortion. The Wall Street Journal (5/8, Mathews, McKay, 2.11M) reports, "The meeting, to be held jointly with the Centers for Disease Control and Prevention and the National Institute of Allergy and Infectious Diseases at the CDC's Atlanta campus on Thursday, will focus on scientific questions about the origins, cause and need for future research about infections due to the bacterium Clostridium sordellii, as well as another type of pathogen that has no tie to the drug. … Panels of scientists are expected to discuss the infections, but possible regulatory actions won't be debated."

Former Official Decries FDA Budget Cuts. William Hubbard, who retired last year after more than 25 years at the Food and Drug Administration, writes in the Washington Post (5/8, A19, 744K), "For most of the FDA's 100-year history, presidents and congresses have recognized its importance to public health by giving it the resources and authority to respond to the rapid evolution in risks from the thousands of products it regulates. But for some years now, the agency's budget has remained essentially flat while major new responsibilities have been piled on. … How much does Congress appropriate for the agency that has responsibility for the safety of the whole country's supply of food, drugs, vaccines, medical devices, cosmetics, animal foods and drugs, dietary supplements, and more? The same amount as Fairfax County, Va., provides for its schools."

Pentagon Has Backlog Of Private Sector Security Clearance Applications. Since the Pentagon stopped processing applications for security clearances from the private sector, a backlog of thousands of applications has developed, according to the Washington Times (5/8, Waterman, 90K). The Times says "some are fretting that the moratorium is starting to threaten American security. The decision by the Defense Security Service "was announced late last month, but has attracted surprisingly little notice, perhaps because the Armed Services committees of both chambers of Congress were busy last week marking up the Pentagon budget authorization bill. In a statement e-mailed to contractors April 28, the agency, blaming 'funding constraints' said they had 'discontinued accepting industry requests for new personnel security clearances and periodic reinvestigations effective immediately and until further notice.'"

OTHER NEWS:

GOP Said Not To Be Benefiting From Positive Economic News. Roll Call (5/8, Pershing) reports that Friday morning, "the White House and Congressional Republican leaders sent out a flurry of press releases bragging about the latest economic news: 138,000 jobs were created in April, productivity is high, unemployment is low and consumer spending is on the rise." Meanwhile, the Associated Press "was reporting details about its latest national poll results: The job approval ratings of both Congress and President Bush were the lowest they'd ever been in the survey, while the percentage of Americans who believed the country is on the wrong track had climbed to 73

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percent." The "question for Republicans — who are increasingly worried by the disconnect between those two sets of numbers — is whether voters can be convinced before they go to the polls in November that a) the economy is doing well; and b) that their Member of Congress deserves to be re-elected because of it." Republican "strategists and pollsters believe that high gas prices are definitely helping to prevent Americans from viewing the economy in rosy terms."

The AP (5/8, Raum) reports, "America's economy is strong. Or it's in trouble. It just depends on who's talking. Trying to retool his message and right his listing presidency, President Bush is speaking out more frequently and forcefully on the economy. It's in good shape right now, his advisers say, and they want him to take more credit for it." The latest reports "show healthy increases in economic growth, job creation, home ownership, retail sales and consumer spending. The Dow Jones Industrial Average is at a six-year high." But "Democrats are peddling a different message: Soaring gasoline and health care costs are burdening ordinary people; mortgage costs and credit card rates are on the rise; jobs are threatened by outsourcing. As for those tax cuts treasured by Bush, Democrats argue they have benefited mainly the wealthy." Friday's unemployment report, "showing the jobless rate holding steady at 4.7 percent with a lower-than-expected job-creation rate of 138,000 in April, was seized by both sides to buttress their great-economy/troubled-economy arguments. Each party accuses the other of 'cherry picking' statistics to bolster its case."

Dow Nears All-Time Record High. USA Today (5/8, Shell, 2.31M) reports, "A rousing rally Friday — sparked by a weaker-than-expected jobs report that renewed hope that the Federal Reserve might soon stop raising interest rates -- lifted the Dow 139 points to 11,578 -- its highest close since its Jan. 14, 2000, peak. As a result, the venerable index, home to blue-chip names such as Caterpillar, McDonald's, IBM, Boeing and Home Depot, is just 145 points shy of topping its 11,722.98 record close. … If the Dow can set a record, despite a dizzying array of roadblocks ranging from $70-a-barrel oil to rising interest rates to ongoing instability in the Middle East, it's likely to provide a huge psychological boost to Wall Street."

Bush Aides Tout Job Market. Edward P. Lazear, chairman, and Katherine Baicker, a member, of the President's Council of Economic Advisers, write in the Wall Street Journal (5/8, Lazear, Baicker, 2.11M), "There is no question that the US is experiencing strong economic gains, with GDP growing at an impressive annual rate of 4.8% in the last quarter. The economy created about two million jobs last year, and Friday's jobs report for April showed that we are on track to add more than two million new jobs this year." This "job growth is undeniable." The labor market is "strong. Job growth has been impressive, and unemployment is at a very low 4.7%. Productivity is increasing at more than 3% per year. This strong economy means that we can look forward to even higher wages and living standards in the future. We should continue to strive to ensure that all Americans are able to obtain the skills that will enable them to share in this prosperity."

Small Business Employment Seen As "Mixed." USA Today (5/8, Hopkins, 2.31M) reports, "Small employers are sending contradictory signals about hiring, a new survey shows, as the broader economy produced unexpectedly slim job gains last month. Filling jobs continues to be tough: 31% of 1,094 small employers in a just-released April survey reported at least one hard-to-fill job opening, says the National Federation of Independent Business trade group. That's the highest share in six years. Plus, 16% of those surveyed said they plan to add jobs in the next three months, up from 9% in March. … The report offered a mixed view of US employment and suggested the economy is heading for more moderate growth that's less likely to trigger inflation woes."

Ranks Of "Near Poor" Said To Be Rising. The New York Times (5/8, Eckholm, 1.19M) reports, "Americans on the lower rungs of the economic ladder have always been exposed to sudden ruin. But in recent years, with the soaring costs of housing and medical care and a decline in low-end wages and benefits, tens of millions are living on even shakier ground than before, according to studies of what some scholars call the 'near poor.'" In "a rare study of vulnerability to poverty," Mark R. Rank, a sociologist at Washington University in St. Louis, has "found that the risk of a plummet of at least a year below the official poverty line rose sharply in the 1990's, compared with the two previous decades. By all signs, he said, such insecurity has continued to worsen."

Fed Widely Expected To Boost Rates This Week. USA Today (5/8, Hagenbaugh, 2.31M) reports, "There is little doubt Federal Reserve policymakers will raise interest rates for the 16th time in nearly two years when they meet Wednesday." But "when it comes to predicting what they will do after that, the picture is unusually cloudy." Fed Chairman Ben Bernanke and his colleagues "are widely expected to raise their target for short-term interest rates, which influence borrowing costs economywide, a quarter-percentage point to 5% this week. That would bring rates to the highest level in more than five years."

Gas Prices Rise To Average $2.95 Nationally.

The CBS Evening News (5/7, story 7, 0:15, Mitchell, 7.66M) reported, "Gas prices are still climbing, only not as fast. According to the Lundberg Survey, prices at the pump rose just four cents over the past two weeks to a national average of $2.95 for self-service regular."

Despite Record Profits, Oil Industry Faces Uncertain Future. Business Week (5/15, Reed) reports, "Big

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Oil, that clutch of oil and gas giants in the U.S. and Europe, has big problems. Yes, we know it sounds ridiculous. Exxon Mobil Corp. (XOM) has been reporting the lushest earnings in the history of the business, notching up $8.4 billion in its latest quarterly report. Combine the forecasted 2006 earnings of BP, Royal Dutch Shell (RD), Chevron (CVX), Total (TOT), ConocoPhillips (COP), and ExxonMobil, and you get roughly $135 billion, a sum greater than the gross domestic product of the Czech Republic or Israel. These companies, moreover, enjoy huge political clout in their home countries, have spotty environmental records, and staunchly defend outrageous prices at the gasoline pump." But one does not "have to love the big oil companies to worry about their ability to provide us with the energy we need. That job is getting difficult, thanks to huge technical challenges, competition from national oil companies, and demanding, even hostile foreign governments. Just look at events in Bolivia on May 1, when the government abruptly nationalized the nation's gas fields."

Daschle, Khosla Call For Setting Fuel Standards To Increase Ethanol Consumption. In a New York Times op-ed (5/8), former Sen. Tom Daschle and venture capitalist Vinod Khosla say, "Our national leadership must promote a market-based shift away from petroleum-based fuels toward renewable fuels produced in America with American technology. The CAFE standard does nothing to encourage that change. It requires American automakers to build cars and trucks that meet a minimum standard of average mileage traveled per gallon of gasoline." The US instead needs to "to upgrade to a new CAFE: Carbon Alternative Fuel Equivalent. This new CAFE will measure 'petroleum mileage' and give automakers incentives and credits for increasing ethanol consumption as a percentage of fuel use of their vehicles, not least by promoting flex-fuel vehicles, which can run on either gasoline or E85 fuel, a blend of 85 percent ethanol and 15 percent gasoline. This approach promises several significant benefits."

Convergence Of Factors Puts Focus On Raising CAFE Standards. The Christian Science Monitor (5/8, Knickerbocker, 61K) reports the "confluence of skyrocketing gasoline prices, new reports on climate change, and the never-ending debate over US energy policy sharpens efforts to encourage - if not mandate - better gas mileage in the cars Americans drive." New legislation "is being introduced, and President Bush has asked Congress to give him the authority to increase passenger-car fuel economy standards." In Washington Friday, "a bipartisan group of five senators introduced legislation that would offer government loan guarantees and grants to automakers and parts manufacturers. The bill would speed up development of vehicle technology designed to conserve fuel. This includes using lightweight materials, being able to plug in and recharge batteries of gas-electric hybrids, and making alternative fuels more available around the country. Another bipartisan bill would raise the CAFE standard for cars and light trucks to 33 m.p.g."

Higher Fuel Costs Contributing To Increases In Airline Fares. ABC World News Tonight (5/7, story 6, 1:45, Harris, 8.78M) reported airlines "recently raised ticket prices to their highest level since September 11th. Airlines are doing everything they can to save money. But airfares will not be descending anytime soon." ABC (Jamieson) added, "Quietly, airlines, even low-cost carriers, have been raising fares since January." Analysts say "recent fare increases are only the beginning as the skyrocketing fuel prices threaten the airlines' already shaky balance sheets. For the nation's biggest airline, American, every penny increase in the price of jet fuel adds another $28 million a year in costs."

Higher Gas Prices Not Deterring Vacation Travel. NBC Nightly News (5/7, story 7, 2:40, Seigenthaler, 9.87M) reported, "According to a new AP poll, 70% of Americans say they expect high gas prices will cause them financial hardship. 66% admit they are already cutting back on driving. How will that affect travel plans as the summer vacation season revs up?" NBC (Hattori) added, "With regular gas close to $3 a gallon nationwide and even higher in many western states, you'd think sticker shock would deter vacationers. Last Memorial Day weekend, an estimated 30 million Americans took a road trip. Believe it or not this year, even $3 a gallon gasoline isn't likely to put a huge dent in those plans." Travel experts "say vacationers are planning shorter trips or staying closer to home, but they're still going."

WSJournal Says Raising CAFE Standards Will Lead To More Dangerous Cars. The Wall Street Journal (5/8, 2.11M) says in an editorial, "John Kerry, take a bow. You may have lost the last election, but at least one of your policy ideas has seen its ship come in anyway. We refer to the Bush administration's recent embrace of higher auto-mileage standards." The White House "has now completed its surrender by inviting a similar change for cars as a 'proven way to conserve gasoline.' This is where President Bush's new 'addicted to oil' rhetoric is taking him and us -- namely, to the government further dictating the kind of cars Americans will be able to drive, even if those cars aren't as safe on the road. It is undeniable that higher CAFE standards kill people: Larger, heavier cars have lower death rates in crashes."

WSJournal Praises Shadegg Proposal To Lift Tariffs On Imported Ethanol. The Wall Street Journal (5/8, 2.11M) praises Rep. John Shadegg, the "the first politician of note to propose that the government suspend the outrageously high tariffs on imported ethanol. The idea here is to offset some of the gas price hikes that Congress has caused via the ethanol mandate it passed last year. That requirement -- that drivers use 7.5 billion gallons of ethanol annually by 2012 -- is currently helping to increase the cost of gas, since ethanol is in short supply. Gas refiners and

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transporters are struggling to move ethanol from its Midwest production base to places like the East and Gulf Coasts, contributing to the shortages."

Rove Using Threat Of Democratic Control As Way To Turn Out Base. The New York Times (5/8, Rutenberg, 1.19M) reports the "prospect of the administration spending its last two years being grilled by angry Democrats under the heat of partisan spotlights has added urgency to the efforts by Karl Rove and Mr. Bush's political team to hang on to the Republican majorities in Congress." Rove is "facing an increasingly difficult climate for Republicans, and an increasingly assertive Democratic Party." But the "prospect of Democrats capturing either, however, may be one of the best weapons Mr. Rove has as he turns to what he has traditionally done best: motivating his party's conservative base to turn out on Election Day."

GOP Also Sees Battle Over Judicial Nominees As Way To Motivate Base. The New York Times (5/8, Stolberg, 1.19M) reports it has "been a year since a bipartisan group of 14 senators, the Gang of 14, reached a compromise that smoothed the way for confirmation of President Bush's judicial nominees, including two Supreme Court justices. Conservatives, eager to stir some enthusiasm among their base in an otherwise gloomy election year, have spent months prodding the Senate majority leader, Bill Frist, to take up candidates left out of that deal." Frist "is doing just that. On Tuesday, the Senate Judiciary Committee will hold a hearing on the confirmation of Brett M. Kavanaugh, a White House aide, whose nomination to a federal appeals court has been stalled for three years. Mr. Frist has promised a vote on Mr. Kavanaugh this month. Conservatives are also pushing for a vote on an even more contentious nominee, Judge Terrence W. Boyle, a longtime federal district judge in North Carolina." With Democrats "promising to question Mr. Kavanaugh extensively and threatening to block Judge Boyle by filibuster, Republicans say they could not be happier." Sen. John Thune said, "A good fight on judges does nothing but energize our base."

Democrats Vow Probes Of Administration If They Win Congress. USA Today (5/8, 2.31M) reports Democrats will "launch investigations of the Bush administration if they take control of Congress in November but are not out to impeach the president, House Minority Leader Nancy Pelosi said Sunday." On NBC's Meet the Press, Pelosi said Democrats "would hold hearings on the use of intelligence in the lead-up to the Iraq war and investigate the high price of energy and prescription drugs if they win the extra 15 seats they need for a House majority in the midterm elections." But she added "investigation does not equate to impeachment."

GOP Campaign Officials Tell Candidates To Focus On Local Issues. The Washington Times (5/8, Lambro, 90K) reports Republican campaign officials "are urging their candidates to focus on local issues to blunt what they think is a sour national mood that could cut deeply into House and Senate majorities in the November elections." In a "strategic shift in response to generic congressional polls that show the Democrats lead the Republicans by 15 points among registered voters, the Republican campaign committees are falling back on an old election axiom: All politics is local. And they point to numerous races where their candidates have begun addressing more local issues -- from sales-tax increases to overcrowded suburbs -- issues that can spark more voter anger than some of the national issues Democrats would like the election to be about."

Republicans Benefit From More Even Distribution Across Country. The Washington Post (5/8, A3, Edsall, Goldfarb, 744K) reports that with Democrats "locked out of the White House and in the minority in Congress, it might seem that there just aren't enough Democratic voters to win elections. But political scientist Gary Jacobson says the problem is actually more complicated: The distribution of Republican voters is more politically effective across the nation." Jacobson's research "shows a little more than half of all the nation's 435 congressional districts over recent decades consistently favored Republican presidential candidates. A little less than 40 percent went for Democrats." Jacobson "said this is due to an 'inefficient' distribution of Democratic voters, with many concentrations of 60 percent or more in urban areas and places with large numbers of minorities. Republicans, he found, are distributed more evenly, yielding more districts in which GOP voters have a slimmer but sturdy majority."

The Los Angeles Times (5/8, Brownstein, Hook, 958K) reports control of Congress "may turn on whether the public's clear desire for change is powerful enough to overcome the resistance to change built into the political system." Discontent "with the nation's direction and the federal government's performance is virtually screaming from public opinion surveys, which show approval ratings for President Bush and the Republican-controlled Congress falling to their lowest levels." But "today's wave of dissatisfaction is crashing into a political structure that is much more stable than in 1994. It now is tougher to beat House incumbents or to win Senate seats in states that usually back the other party in presidential elections."

DeLay Admits GOP Has "Problems With Our Base." In an appearance on ABC's This Week (5/7, Stephanopoulos) former Rep. Tom DeLay was asked if the GOP should be concerned by diminished support from conservatives, DeLay answered, "We do have wind in our face. We do have problems with our base. We've also got six months to turn that around. … They may have problems with what's happening on a national basis, but they support their incumbent."

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Local GOP Leaders Seek DeLay Replacement. The AP (5/8) reports, "Environmental lawyer Tom Campbell, who finished a distant second to Rep. Tom DeLay in the March primary, was among seven hopefuls who interviewed this weekend for the outgoing Republican's place on the November ballot." The potential candidates "met with GOP leaders from Harris County in a closed session on Saturday. Each handed in a questionnaire and gave presentations to about 50 local GOP officials. … A committee of party precinct chairmen from the four counties in DeLay's congressional district will pick a nominee to face Democrat Nick Lampson." Others who interviewed were Houston City Councilwoman Shelley Sekula-Gibbs; state Rep. Robert Talton of Pasadena; state Rep. Charlie Howard of Sugar Land; state Sen. Mike Jackson of La Porte; businessman Timothy Turner and Precinct 3 Fort Bend County Commissioner Andy Meyers.

Gore May Run For President In 2008 After All. The Wall Street Journal (5/8, Calmes, 2.11M) reports, "For former Vice President Al Gore, a rash of favorable publicity surrounding this month's opening of his movie 'An Inconvenient Truth,' and the growing political resonance of its subject -- global warming -- are stoking the most serious speculation about a Gore political comeback since his loss in the 2000 US presidential election." In 2008, "that could mean a once-unimaginable battle for Democrats' nomination between Bill Clinton's former vice president and his wife, Hillary Clinton. To some pro-Gore Democrats, worried about Mrs. Clinton's electability, that is part of the appeal."

Democrats Believe Webb Can Hobble Allen As Presidential Candidate. Time (5/15) reports in its "Periscope" column that with their US Senate candidate in Virginia, Jim Webb, Democrats "think they can score a trifecta by beating a Republican incumbent in the South, hobbling him as a possible presidential candidate and boosting the fortunes of one of their White House wannabes." Webb "still has to get through the June 13 Democratic primary, but pragmatists in his party are already tipping him as the man to win in November against the folksy Allen, who is also mulling a run for President in 2008. … University of Virginia political analyst Larry Sabato says both score about 40% in polls. 'Jim Webb is George Allen's worst nightmare: a war hero and a Reagan appointee who holds moderate positions,' says Sabato. 'Allen tries to project a Reagan aura, but Webb already has it.'"

Allen's Support Of Confederate Flag Said To Be More Extensive Than Previously Known. In the New Republic (5/15), Ryan Lizza says in his first statewide TV ad in his 1993 gubernatorial campaign, Republican Sen. George Allen "You can see the red field. You can make out the diagonal blue bar. And you can see what looks like a white star. It is the Confederate flag." Then-Allen media consultant Greg Stevens "denies that the flag was purposefully added to the scene, which lasts for ten seconds of the 60-second commercial, to appeal to pro-Confederate voters." But "as revealed by the 1993 campaign ad -- as well as the accounts of Allen associates now stepping forward -- his embrace of the Confederate flag is even more extensive than TNR previously reported. According to his colleagues, classmates, and published reports, Allen has either displayed the flag--on himself, his car, inside his home -- or expressed his enthusiastic approval of the emblem from approximately 1967 to 2000."

Mary Cheney Memoir To Be Released Tuesday. USA Today (5/8, Memmott, 2.31M) reports that "Now It's My Turn," a memoir by Mary Cheney, daughter of Vice President Dick Cheney, will be published on Tuesday. Cheney, "who ran her father's 2004 vice presidential campaign," said, "My job was to do whatever I could to help my dad. It wasn't to be making policy statements of my own." But now, she is "ready to share her feelings and opinions. … She says the vice president is 'a wonderful father and a wonderful grandfather, but he's also a very private person in terms of family life.'"

Elizabeth Birch, former executive director of the Human Rights Campaign, and Hilary Rosen, a partner in Berman Rosen Global Strategies, write in the Washington Post (5/8, A19, 744K) that in her book, Mary Cheney "says publicly for the first time that she disagrees with the positions President Bush has taken with respect to gay and lesbian issues. We had presumed that was the case but are certainly glad to hear it." They add, "Until now, in the calculus of choosing between her father and the realities of her own life, Cheney has apparently opted to be a loyal daughter. … Mary is leading the Cheney family to bring new understanding to dinner-table discussions across the land. We look forward to the Cheney family embracing this teachable moment, not just on the book tour but in election halls, state legislatures and Congress."

Huffington Post Has Become Online Force. USA Today (5/8, 2.31M) reports that Ariana Huffington's web log, The Huffington Post marks its one year anniversary this week. USA notes, "It's open to debate whether the Greek-born, Cambridge-educated Huffington, who famously went from conservative to liberal in the mid-1990s, is as influential a blogger as she says. But with what she says is 2 million visitors to her website each month, Huffpost has definitely emerged as an online force."

Herbert Says Hillary Clinton Should Show More Leadership On Iraq. Bob Herbert writes in the New York Times (5/8, 1.19M) writes that labor organizer Jonathan

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Tasini "is trying to piece together a primary challenge to the re-election bid of Senator Hillary Rodham Clinton, primarily because of her stance on the Iraq war. Mr. Tasini is against the war and wants American troops pulled out of Iraq forthwith." Herbert adds, "It's not at all clear what Senator Clinton's position is. And for a Democratic Party that has suffered a succession of brutal defeats with excessively cautious candidates, Mrs. Clinton's indecisiveness on the war may be a hint of yet another disaster in the making." Herbert notes that in terms of overall policy, Clinton "seems to be right there with Bush, Cheney, Condi et al," and adds that as the early front-runner for the Democratic presidential nomination in 2008, she "has a special obligation to Democratic voters. They deserve much better leadership than they've been getting from their party on President Bush's mindless trillion-dollar tragedy in Iraq."

Krugman Says Bush Supporters Have Taken Refuge In Conspiracy Theory. Paul Krugman writes in the New York Times (5/8, 1.19M), "Some people say that bizarre conspiracy theories play a disturbingly large role in current American political discourse. … For the last few years, the term 'conspiracy theory' has been used primarily to belittle critics of the Bush administration -- in particular, anyone suggesting that the Bush administration used 9/11 as an excuse to fight an unrelated war in Iraq." Krugman adds Administration supporters "won't admit that they built a personality cult around a man who has proved almost pathetically unequal to the job. Nor will they admit that opponents of the Iraq war, whom they called traitors for warning that invading Iraq was a mistake, have been proved right. So they have taken refuge in the belief that a vast conspiracy of America-haters in the media is hiding the good news from the public."

Newsweek Examines AIDS At 25. Newsweek dedicates most of its issue this week to a special report on AIDS at 25. Newsweek (5/15, Jefferson) notes that the disease has killed "more Americans than every conflict from World War II through Iraq," leaving "an indelible mark on our history and culture. … The death toll to date: 25 million and counting. Through the crucible of AIDS, America was forced to face its fears and prejudices." Other stories in the Special Report include examinations of AIDS' impact on black America and the challenges it poses for the black community, a profile of Dr. Peter Pilot, director of UNAIDS, the United Nations' Joint Program on HIV/AIDS, the story of Margaret Mukacyaka, a Rwandan women who learned she had contracted the disease after being raped, as well as an op-ed from former President Bill Clinton on the global fight against the disease and another from Melinda Gates about the disease's impact on women.

Turmoil In Puerto Rico Stems From Close 2004 Election. The New York Times (5/8, Lyman, 1.19M) reports on political turmoil in Puerto Rico, noting that it has its roots in the "razor-close 2004 election. The government has been unable to pass a new budget for two years, meaning that Puerto Rico continues to operate under the old one, even though costs have risen and the size of the government and the population have continued to grow. The result was that last week, Governor Acevedo-Vilá said the federal government had run out of money, almost two months before the end of the fiscal year on June 30. He ordered a partial government shutdown, furloughing 95,000 civil servants — more than half of them teachers — and closing some 43 agencies, including the largest, the Department of Education, which tossed thousands of students out of school and ended daily school-lunch programs that many of the island's poor families depend upon to feed their children."

Pastor Says Liberals, Conservatives Must Find Common Ground. Henry G. Brinton, pastor of Fairfax Presbyterian Church, writes in USA Today (5/8, 2.31M) that "conservatives and liberals tend to retreat to their respective corners and gird themselves for battle." Brinton says it is instructive to see these conflicts as an "ongoing struggle between 'obligation-keepers' and 'liberation-seekers.' … One group focuses on the obligations of religious life and seeks moral clarity, while the other tends to see religion as a liberation movement and stresses God's love for the oppressed." Brinton adds that "we need to find ways to combine respect for obligation with an understanding of the need for liberation. Because conservatives and liberals tend to have stakes in both categories, our nation's political polarization might actually shrink as people work together to reconcile the competing demands of these two spiritual truths."

Cheney Maintains Criticism Of Putin. The AP (5/8, Espo) reports that Vice President Cheney "defended his criticism of Russian President Vladimir Putin as measured in tone," rejecting claims that his remarks had been "strident." Cheney emphasized the need for "open, honest, frank discussions." On NBC Nightly News (5/7, story 4, 2:10, O'Donnell, 9.87M), Vice President Cheney was shown saying, "We have no desire to alienate Russia, but you also need to speak truth to your friends." The Wall Street Journal (5/8, McKinnon, 2.11M) says that Cheney endorsed equally critical remarks by former Putin advisor Andrei Illarionov, who said, "The story of destruction of freedom in my own country, Russia, is sad." The Journal says Cheney's "mention of the economist's views represents another ratcheting up of U.S. pressure on Russia, as the two countries' relations continue to fray, particularly over what administration officials describe

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as Russia's use of its oil and gas resources as a political club against other nations. Mr. Cheney also has criticized Russia's internal repression."

Putin's Popularity Allows Him To Brush Off Critics In The West. Time (5/15, Gumbel) reports, "With oil prices now more than $70 per bbl., Russia is awash in cash -- and more of it is trickling down to ordinary people in ordinary places. … President Vladimir Putin is reaping the benefit of the soaring economy. His approval rating is a rock-solid 70%. That support has allowed Putin to brush off his critics in the West, where the Russian President is often painted as a throwback to autocracy." The Bush Administration "has grown uneasy about Russian assertiveness beyond its borders," and "issued an unusually harsh indictment last week when Vice President Dick Cheney said Russia has 'unfairly and improperly restricted the rights of her people' and warned Moscow against trying to meddle in the affairs of neighboring countries."

Russian Energy Minister Strikes Back At Cheney. The Financial Times (5/8, Buckley) reports Russian Energy Minister Viktor Khristenko "has hit back at accusations by" Vice President Cheney "of [Russia] using its energy resources as 'tools of intimidation and blackmail.'" Khristenko's op-ed in today's Financial Times (5/8) says Russia is "deeply puzzled by recent commentary in the west that distorts Russian energy policies."

McCain Backs Cheney's Remarks. On CBS' Face the Nation (5/7, Schieffer) Sen. John McCain said, "I was very pleased with [Cheney's] comments. … There has been a steady retrogression and a sort of an effort to restore the old Soviet empire, intimidation -- Russian Empire. There's intimidation of its neighbors, using the oil card, throwing people in jail, centralization of power in the Kremlin."

Cheney's Remarks In Russia Were "Carefully Vetted." The New York Daily News (5/8, DeFrank, 729K) reports that as a "quintessential realist" Vice President Dick Cheney "understands full well that his negative public image -- his approval numbers are far worse than Bush's -- has contributed to his boss' decline." Cheney "remains the vice leader of the free world, and his muscular message at a regional conference in Lithuania resonated in many newly independent democracies struggling to reverse decades of Soviet domination." The News adds, "Cheney's remarks overseas had been carefully vetted - he knew precisely what he was saying." The Daly News adds, "The furor over Cheney's prose cleverly served another calculated purpose - deflecting media attention away from his lovefest with [Kazakhstan President Nursultan] Nazarbayev. The dictatorial leader sits on enormous oil reserves coveted by the U.S., but he's hardly a model of democratic reform."

Former Soviet Republics Strive To Conserve Energy. The Wall Street Journal (5/8, Champion, 2.11M) reports, "Russia's price shock … is also having an unexpected benefit: It's starting to force fundamental change on some of the most energy-wasteful economies in the world, those of former Soviet republics." Ukraine, Georgia, and Armenia are all investigating means of conserving energy, since Gazprom's pricing strategy has given them a sense of "great urgency."

Cheney Endorses NATO Hopes Of Three Nations. The AP (5/8, Espo) reports that Vice President Cheney "endorsed the NATO membership aspirations of Croatia, Albania and Macedonia." He praised the countries for their ability to "help rejuvenate [the EU and NATO] and rededicate ourselves to the basic and fundamental values of freedom and democracy." However, he "made no mention of any of the controversies on the path toward full membership by later this decade." The New York Times (5/8, Wood, 1.19M) reports that by visiting Dubrovnik, Cheney doled out a "reward for Croatia," which he praised for "substantial progress" such as delivering war crime suspect Gen. Ante Gotovina to an international tribunal. Croatia is now the "favorite" among ex-Yugoslav states "to be accepted into the [EU] and NATO," but it still "has resisted American pressure to sign an agreement that would shield American soldiers from prosecution at the International Criminal Court" and has lost US military aid as a result.

Merkel Invites Bush To Visit Former East Germany. The AP (5/8) reports, "Chancellor Angela Merkel has invited [President Bush] to see the old East Germany where she grew up." Speaking to the German newspaper Bild, Bush said, ""We're all products of how we are raised and, in many ways, where we were raised." He stated that Merkel would plan the itinerary for his July visit.

Iran Threatens To Withdraw From Nuclear Pact. With the UN Security Council expected to debate a draft resolution on Iran this week, the Washington Post/AP (5/8, A13, Dareini) reports, "Iran's parliament on Sunday threatened to pass legislation that would force the government to withdraw from the nuclear Non-Proliferation Treaty. ... In a letter to UN Secretary General Kofi Annan read on state-run radio, Iranian lawmakers said they would have 'no option' but to ask the government to withdraw from the treaty if the UN chief and the Security Council 'fail in their crucial responsibility to resolve differences peacefully.'" The USA Today (5/8, 2.31M) reports that US Ambassador to the UN John Bolton said the Iranians were "desperate" to conceal the military intent of their nuclear program.

US Pushing "De Facto Financial Sanctions." The Financial Times (5/8, Alden, Daniel) reports, "The US is attempting to persuade European governments, banks and companies to isolate the Iranian government by engaging in de facto financial sanctions, according to US government officials and advisers. The tactics are modeled on those used

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for the first time last year against North Korea." According to the Times, "John Snow, the US Treasury secretary, last week hinted strongly at the new effort against Iran, saying: 'When the US is confronted with a threat that is unreceptive to diplomatic outreach and when military action is not an option, [financial] tools are often the best authorities available to exert pressure and to wield a tangible impact.'" The Times goes on to quote a senior US official as saying, "I think these financial institutions are very responsible for the most part, and they're trying to figure out what kind of corporate citizens they want to be. They're starting to look at whether they really want to do business with the government of Iran."

Bush Says He's Taking Ahmadinejad's Threats "Very Seriously." The AP (5/8) reports President Bush "says he's paying close attention to threats made against Israel by Iranian President Mahmoud Ahmadinejad. 'I think that it's very important for us to take his words very seriously. When people speak, it is important that we listen carefully to what they say and take them seriously.'"

Former Clinton Advisor Berger Says "Talk to Tehran." In a Wall Street Journal (5/8, 2.11M) op-ed column headlined "Talk To Tehran," former National Security Adviser Sandy Berger writes that "another course is possible, one that is more likely to prevent a military confrontation or, if it nonetheless becomes unavoidable, less likely to produce such dangerous aftershocks. The US should sit down with those who should share a sense of danger -- including, first and foremost, the European Union, Russia and China -- and explain that we are prepared for a bold diplomatic move toward Tehran if our allies are ready in exchange to impose tough sanctions on Iran should it reject a reasonable offer." Although "the Bush administration is quick to acknowledge that military confrontation is neither its only option, nor its first one...its ideological inflexibility may be the surest way of getting us there and getting us there in the worst possible posture: without strong international support and facing a united Iranian population. The president has stated that all options are on the table and that is as it should be. But all options include the diplomatic one. The least we ought to do is to try it robustly."

Israeli Police Evict Jewish Settlers In Hebron. In an incident seen as a test for Israeli Prime Minister Ehud Olmert's newly minted government, the New York Times (5/8, Myre, 1.19M) reports, "The Israeli police on Sunday evicted about 40 Jewish settlers from a Palestinian house in the volatile West Bank town of Hebron. A large police contingent cut through a barricaded door and persuaded some settlers to leave voluntarily, but others were dragged out." The AP (5/8, Plushnick-Masti) adds, "Olmert waited just minutes after the Hebron operation ended before telling his Cabinet that he would also remove unauthorized West Bank outposts" and quotes Olmert saying, "In the next few years, we will change Israel's character to ensure it will be a state with a solid Jewish majority living in defensible borders that can provide security to the residents of Israel." The Washington Times/AP (5/8, Plushnick-Masti) reports that Olmert has angered both settlers and Palestinians by (i) planning "to pull out from most of the West Bank and draw Israel's borders by 2010" and (ii) by vowing to "proceed even without a peace deal."

Jerusalem Barrier Has Unintended Consequences. The Washington Times (5/8, Mitnick, 90K) reports, "An unanticipated consequence of Israel's West Bank security barrier has been an influx of Israeli Arabs into Jewish neighborhoods in East Jerusalem who hope to remain on the Israeli side of the barrier." Palestinians fear "that they may be stripped of residency rights that give them access to Israeli government social services" and therefore "are willing to pay higher prices for small dwellings on the Israeli side of the barrier."

Public Health Declines In Cash-Strapped Gaza. The New York Times (5/8, Erlanger, 1.19M) reports, "Gaza's once impressive public health system is running down fast under the dual pressure of aid cutoffs and the closing of the Karni crossing point with Israel." Drugs and treatments are in short supply. A report by Physicians for Human Rights/Israel predicts, ""Lack of funding for this system will lead to the deaths of thousands of people in the short term and extensive morbidity in the long term."

Darfur Refugees See Little Change From Peace Pact. The New York Times (5/8, Polgreen, 1.19M) reports that the Darfur peace treaty has brought little tangible benefit so far. UN official Jan Egeland described "a 'scorched earth onslaught' that has driven 250,000 people from their homes in just the past three months, deepening despair even as hopes for peace began to rise." The Times writes that the treaty is threatened by "the failure of negotiators to persuade two [smaller] rebel factions to sign it." However, the Christian Science Monitor (5/8, Houreld, Soares, 61K) reports more optimistically, "Observers say that the most important result of the deal is that it could pave the way for a UN peacekeeping force to enter Sudan. In the past few days different spokesmen for the Sudanese government have confirmed that the government would now at least consider allowing UN peacekeeping troops on the ground, something Khartoum had flatly rejected before Friday's deal." The Monitor adds, "Crucially, this pact seeks to contain and disarm janjaweed fighters before the rebels are asked to withdraw from their positions."

Egeland Is Allowed To Visit Darfur. USA Today (5/8, Slavin, 2.31M) reports, "Sudan allowed a top United Nations relief official to visit the war-torn Darfur region Sunday, the first tangible result of a peace agreement reached Friday with

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the largest Darfur rebel group." Jan Egeland had "previously been blocked" by Sudan from visiting. US Deputy Secretary of State Robert Zoellick said expecting a quick end to the bloodshed would be "unrealistic" but expressed hope that the pact would be "an important step" toward peace.

Blair Faces Growing Labour Party Revolt. After reshuffling his cabinet late last week, the Washington Post (5/8, A11, Sullivan, Jordan, 744K) reports, "Prime Minister Tony Blair, battered over his Iraq policy and a series of scandals in his cabinet, is facing a growing revolt within his Labour Party as scores of Labour members of Parliament demand that he set a date to step aside." The future of "the Bush administration's closest European ally suddenly appears more shaky and uncertain. Blair, who was already suffering low approval ratings and rebellion among some factions of his party after nine years in office, is facing sharp, new attacks." The AP (5/8, Gardiner) says Labor lawmakers "are circulating a draft of a letter calling on the prime minister to set a date for his departure, a legislator told The Associated Press Sunday." The letter "addressed to Labour's executive committee was widely reported in the British media on Sunday, two days after Blair's major overhaul of his government."

USA Today (5/8, Stinson, Soriano, 2.31M) notes Blair "reshuffled his government Friday after Labor lost 319 seats on local governing boards, mostly to Conservative Party candidates, in Thursday's local elections." It was "the Labor Party's worst election defeat since it rose to national power under Blair in 1997."

AFP (5/8) reports Blair's cabinet reshuffle "failed to silence calls for him to quit. Urging renewal, finance minister Gordon Brown -- widely expected to be his successor -- said a 'stable and orderly transition' of power was required, and put the onus on Blair to name the day for his departure." Meanwhile, according to the Financial Times (5/8, Eaglesham), "The defiant prime minister will on Monday use a press conference and a speech to Labour MPs to stress the risks of not driving through reform. His emissaries were sent out to 'spell out, in stark terms, the risks [of a rebellion] before anything crystallizes that danger', a senior Labour official told the Financial Times, adding that 'he is not going to have a timetable for his leaving dictated to him.'" According to the Times, "Tensions within the party over the succession risked escalating out of control yesterday. Relations between the prime minister and the chancellor appeared to have deteriorated to the point where a smooth handover will be extremely hard to engineer."

More Commentary. The Wall Street Journal (5/8, 2.11M) editorializes, "After the worst electoral loss of his career, Tony Blair has carried out the bloodiest purge ever of his cabinet. A last gasp from the British leader, or a big step toward a political rebirth?" Friday's reshuffle "can't substitute for a governing vision or the will to implement it. Mr. Blair and New Labour have been short on both counts of late and paid for it with a pasting in Thursday's local council elections."

Albright Says US Must Keep Pushing Mideast Democracy. In an op-ed in today's Washington Post (5/8, A19, 744K), former Secretary Albright writes, "While "it is customary for politicians and commentators to distance themselves from those responsible for foreign policy setbacks...my fear is that, in the process, a new conventional wisdom will emerge that promoting democracy in the Middle East is a mistake. It is not." Although "we should remember that the alternative to support for democracy is complicity in backing governments that lack the blessing of their own people...at the same time, we should keep a rein on our expectations. [President] Bush has said that America 'has a calling from beyond the stars' to proclaim liberty throughout the world." Secretary Rice "argues that the democratic transformation of the Middle East is the only way to guarantee that men do not fly airplanes into buildings. Such rhetoric is overblown. Just because the denial of political freedom is bad, that doesn't mean that the exercise of freedom will always be to our liking. … A successful foreign policy must begin with the world as it is but also work for what we would like it to be. ... If all America stands for is stability, no one will follow us for the simple reason that we aren't going anywhere."

Trial Of Egyptian Dissident Ayman Nour Decried. In the Wall Street Journal (5/8, 2.11M), American Enterprise Institute fellow Joshua Muravchik writes, "None of the setbacks [to democracy in the Mideast] echoes more loudly than President Hosni Mubarak's decision to take the one truly independent candidate who had the temerity to run against him and clap him in jail." Muravchik writes that Mubarak has done his utmost to silence Nour and Nour's wife with court proceedings; however, "a majority of Egypt's judges are in rebellion against the regime, demanding full judicial independence. Although less widely noted outside the country, this may prove to be a more important landmark on the road to democracy than last year's elections." Muravchik concludes that official Egyptian claims that US pressure is "inappropriate and pointless" are belied by the judiciary's "rebellion" and by the sense of insecurity that led to Nour's arrest.

Congress Urged To Ratify Nuclear Deal With India. In the Washington Times (5/8, 90K), security expert Stanley Weiss says that, even though the US-Indian nuclear deal may be imperfect, Washington should ratify it. He warns that rejection could cause Prime Minister Manmohan Singth to "suffer a fatal political blow for aligning India so closely with Washington" and could give "a fresh dose of oxygen [to] the

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rapidly dying Moscow-New Delhi-Beijing triangle." Weiss concludes, "You go to the altar with the dowry you have, not the dowry you might want. Trying to renegotiate this nuclear deal could poison the U.S.-Indian relationship for years to come."

China Ordains Two Bishops Without Vatican Approval. Time (5/15, Elegant) reports on the "latest episode in the stormy relationship" between the Chinese government and the Catholic church. Last week, the state-controlled Chinese Patriotic Catholic Association "ordained two new bishops without the Vatican's permission. Considering that Rome has claimed absolute authority over clerical appointments for almost two millenniums, its reaction to the news was predictably swift." Time adds, "To some, China's decision to ordain the two bishops was a deliberate bid to reassert its authority over the country's Catholics. … The question is whether Beijing's moves have wrecked the possibility of détente with Rome."

THE BIG PICTURE:

Headlines From Today's Front Pages.

Los Angeles Times:
"Guard Faces Phase-Out Of Combat Role."
"GOP Can Win By Limiting Losses."
"Disney Loses Its Appetite For Happy Meal Tie-Ins."
"Prospect Of General At CIA Fuels Misgivings."
"L.A.'s Busiest Crooks To Do More Time."
"Entering Splitsville, China."
"She's Fled Both Koreas, And Controversy Has Followed."

USA Today:
"Concern Voiced Over CIA Choice."
"It's Always Open House As Real Estate Goes Online."
"Sailors, Airmen Land New Role."

New York Times:
"G.O.P. Lawmakers Fault A Top Pick To Lead The C.I.A."
"Dodging Perils On Way To Top Of Spy Game."
"Rove Is Using Threat Of Loss To Stir G.O.P."
"Funds Cut, Gaza Faces A Plague Of Health Woes."
"A New Landfill In New Orleans Sets Off A Battle."
"Whipping Up Cookbook Empire With Meatloaf Instead Of Sizzle."

Washington Post:
"In GOP, Doubts On Likely CIA Pick."
"Waiting Near An End For Rove In CIA Leak Case."
"Curran To Conclude Generation Of Service."
"In Tiny Md. Town, 18 Is Enough -- Or Is It?"
"U.S. Immigration Debate Is A Road Well Traveled."
"Vibrant Villages Quieted As Salvadorans Go North."

Washington Times:
"D.C. Gets $3.3 Million From Speeders."
"Many Wary Of General For CIA Post."
"Israeli Police Confront Settlers."
"Only Educated Aliens Need Apply In Europe."
"GOP Embraces Local Issues For 2006 Elections."
"Colleges See Cocktail Hour As Cure For Boozing."

Detroit Free Press:
"Casinos' Neighbors: Give Us Our Fair Share."
"Prince Rules."
"Get A Degree, Lose Health Plan."

Atlanta Journal-Constitution:
"Likely CIA Pick Already A Target."
"Two Fortresses Against The Storm."
"Bill Could Drop Health Procedures."

Story Lineup From Last Night's Network News:
ABC: CIA-Hayden; CIA Problems-Analysis; Iraq Violence; FBI-Polygamist; Pfizer-Drug-Testing Scandal; Airlines-Fuel Prices; Florida-Brushfire; Asplund Obit; Hasbro Redoes Monopoly.
CBS: Iraq Violence; Afghanistan-Helicopter Crash; Afghanistan-Taliban Resurgence; CIA-Hayden; Barry Bonds-Steroids; Asplund Obit; Gas Prices; Lawnmowers-Pollution Concerns; New Orleans-Jazz Fest.
NBC: CIA-Hayden; Iraq Violence; Afghanistan-Helicopter Crash; Cheney Interview-Balkans; Florida-Brushfires; Patrick Kennedy-Ambien; Gas Prices-Vacations; FBI-Polygamist; White House Press Secretaries; Asplund Obit; New Orleans-Mosquitoes.

Story Lineup From This Morning's Radio News Broadcasts:
ABC: CIA-Hayden; Gas Prices; Bonds-Home Run Record.
CBS: CIA-Hayden; Gas Prices; Bonds-Home Run Record; New Orleans-Domino's Jazz Fest Performance Canceled; Richards-Surgery.
NPR: CIA-Hayden; Bush-Gitmo; Bush-Iran; Serbia-Mladic Search; Gas Prices; South Africa-Zuma Trial; AZ-Tractor-Trailer Accident; New Orleans-Domino's Jazz Fest Performance Canceled.

WASHINGTON'S SCHEDULE:

Today's Events In Washington.

White House:

PRESIDENT BUSH — No public schedule.

VICE PRESIDENT CHENEY — Departs Dubrovnik; returns to Andrews AFB.

LAURA BUSH — Participates in an education roundtable with local education experts, San Jose, Costa

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Rica; attends inauguration of President Oscar Arias Sanchez, San Jose, Costa Rica; participates in a greeting ceremony for the new president. San Jose, Costa Rica. Closed press.

US Senate: FLOOR SCHEDULE _ 1 p.m. Reconvenes. 3 p.m. ENERGY AND NATURAL RESOURCES _ Full Committee. Hearing on implementation of the Energy Policy Act of 2005 regarding hydroelectric facility licensing. Location: Room 366, Dirksen.

3:30 p.m. HOMELAND SECURITY AND GOVERNMENTAL AFFAIRS _ Full Committee. Hearing on pending nominations. Location: Room 342, Dirksen.

US House: FLOOR SCHEDULE _ 2 p.m. The House meets for a pro forma session.

Other: AMERICAN JEWISH CONGRESS _ The American Jewish Committee (AJC) kicks off its centennial year celebrations with its 100th annual meeting. The week-long meeting's agenda, with dozens of sessions on topics as diverse as immigration, Iran, anti-Semitism, energy independence and Zionism, highlights the breadth of AJC's global activism over its century of leadership. Location: Primary location is the Capital Hilton, 16th and K Sts. NW. Other locations as noted.

SUSTAINABLE ENERGY _ The Wallace Global Fund, Natural Resources Defense Fund, Sustainable Scale Project, and NRG Wind Systems host a conference with top leaders to discuss the twin challenges of peak oil production and climate change. Highlights: 8:40 a.m. Session on global production constraints, with Rep. Roscoe Bartlett, others. 2:15 p.m. James Hansen of the NASA Goddard Institute for Space Studies. 6:30 p.m. Montana Gov. Michael Schweitzer. Location: Marvin Center, 800 21st St. NW.

FARM BILL _ 10 a.m. The American Farmland Trust holds a news conference with former Agriculture Secretaries Clayton Yeutter and Dan Glickman, others, as they endorse the trust's policies for the 2007 farm bill. Location: National Press Club.

DIESEL TECHNOLOGY _ 10:30 a.m. The Diesel Technology Forum holds a news briefing and display to ``Meet Clean Diesel,'' with EPA Administrator Stephen Johnson, representatives of diesel manufacturers and truck makers. Location: Wilson Plaza, between the Reagan Trade Center and the EPA building, at Federal Triangle.

CHERTOFF _ 9 p.m. Homeland Security Secretary Chertoff speaks to the Tactical Interoperable Communications Conference. Location: International Ballroom East, Washington Hilton & Towers, 1919 Connecticut Ave. NW.

MASSACHUSETTS HEALTH _ 12:15 p.m. The Alliance for Health Reform and the Kaiser Family Foundation hold a briefing on the Massachusetts health plan and how it works, with Edmund Haislmaier of the Heritage Foundation, Tim Murphy of the Massachusetts Executive Office of Health and Human Services, and James Mongan of Partners HealthCare in Boston. Location: Room 902, Hart.

FEINGOLD-IRAQ _ 12:30 p.m. Senator Russ Feingold gives a speech titled, ``Redeploying from Iraq and Refocusing on Terrorist Threats.'' Location: National Press Club.

DEMOCRATS-GAS PRICES _ 1:30 p.m. The Senate Democratic Policy Committee holds an oversight hearing on gasoline prices and energy trading. Location: Room 138, Dirksen Senate Office Building.

MEDICARE RX CHARGES _ 2 p.m. Rep. Marion Berry, D-Ark.; Campaign for America's Future and Americans United hold a press conference call to unveil a report that they say links the failure of the new prescription drug program to former Rep. William Tauzin, R-La., who left his position in Congress to lead the pharmaceutical industry's political action committee. Notes: 866-866-2244. ID.869995.

REPUBLICANS-MEDICAL LIBAILITY _ 4 p.m. Senate Majority Leader Bill Frist joins Senator Rick Santorum, Chairman of the Senate Republican Conference and Senators Judd Gregg and Elizabeth Dole, along with more than 300 doctors with the American College of Obstetricians and Gynecology (ACOG) at a press conference to call for an up-or-down vote on two medical liability reform bills before the Senate. Location: Upper Senate Park (Near the Senate Terrace Fountain), corner of Delaware and Constitution Avenues.

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Sellers, Kiahna (OAG)

From: Sellers, Kiahna (OAG)
Sent: Monday, May 08, 2006 9:34 AM
To: Sellers, Kiahna (OAG); Sampson, Kyle; Elwood, Courtney; Taylor, Jeffrey (OAG); Pacold, Martha M; Oldham, Jeffrey L; Mercer, Bill (ODAG); Gorsuch, Neil M; Brand, Rachel; Scolinos, Tasia; Jezierski, Crystal; Moschella, William; Goodling, Monica; Fisher, Alice; McNeil, Tucker (OPA); Masugi, Ken (OPA); Beach, Andrew; Nelson, Carrie
Subject: 050806 AG's Upcoming Speech Calendar
Attachments: 050806 AG speeches.xls; 05082006 Quadrennial Meeting, Federal Judges Association (FJA).doc; 050806 Federal Judges Association (FJA) Quadrennial Meeting.pdf; 051306 National Law Enforcement Officers Memorial Fund Program.doc; 051306 National Law Enforcement Officers Memorial Fund.doc; 051306 National Law Enforcement Officers Memorial Fund BofDirectors.doc; 051806 National Methamphetamine Chemicals Initiative.doc; 051806 National Methamphetamine & Chemicals Initiative (NMCI) Strategy Conference.doc.rtf; 051906 Houston Forum.doc; 052006 Leadership Houstons 25th Anniversary.doc; 052506 National Missing Children' Day.doc

Please find attached the AG's upcoming speech calendar as well as the accompanying event scheduling information forms.

Kiahna Sellers
Deputy Director of Scheduling
Office of the Attorney General
United States Department of Justice
[redacted]

Date	Location	Event	Length & Format	Audience	Topic	Press	Staff Contact	Speechwrtr	Clearance POC's	1st Draft	2nd Draft	AG Draft
05/08/06	Arlington, VA	Quadrennial Meeting, Federal Judges Association (FJA)	10-20 min speech	250 Federal Judges and Guests	Sentencing	OPEN	[redacted]					
05/13/06	DC	National Law Enforcement Officers Memorial Fund Candlelight Vigil	8 - 10 min keynote address	Several thousand Local Law Enforcement Officers & Families	Honoring LEOs	OPEN	[redacted]					
05/17/06	DC	Project Safe Childhood	Speech	TBD	PSC Roll-Out	OPEN	[redacted]					
05/18/06	Dallas, TX	National Methamphetamine & Chemicals Initiative (NMCI) Strategy Conference with Attorney General Cabeza de Vaca	20-30 min speech	Approx. 275-300 attendess including federal, state, and local representatives from law enforcement, intelligence, prosecution, and agency chemist communities	Methamphetamine law enforcement and related issues	TBD	[redacted]	[redacted]				
05/18/06	Dallas, TX	Anti-Gang Initiative	5 minutes	Media & Community Leaders	Anti-Gang Init/ PSN	OPEN	[redacted]					
05/19/06	Houston, TX	Houston Forum	20 min speech plus Q&A	200 Business professional community at large	Personal Reflections	OPEN	[redacted]					
05/20/06	Houston, TX	Leadership Houston's 25th Anniversary Gala	10 min speech	300 Houston's leaders from the business, governmental and not-for-profit community.	Acceptance	OPEN	[redacted]					
05/24/06	DC	Coalitions for America Wednesday Strategy Luncheon	TBD	TBD	TBD	TBD	[redacted]					
05/25/06	DC	National Missing Children's Day Event	TBD	TBD	TBD	TBD	[redacted]					
07/19/06	DC	Video Conference National Advocacy Center Meth Training Conference	15 min speech	TBD	TBD	TBD	[redacted]					

Date	Location	Event	Length & Format	Audience	Topic	Press	Staff Contact	Speechwrtr	Clearance POC's	1st Draft	2nd Draft	AG Draft

Date	Location	Event	Length & Format	Audience	Topic	Press	Staff Contact	Speechwrtr	Clearance POC's	1st Draft	2nd Draft	AG Draft

Date	Location	Event	Length & Format	Audience	Topic	Press	Staff Contact	Speechwrtr	Clearance POC's	1st Draft	2nd Draft	AG Draft

Date	Location	Event	Length & Format	Audience	Topic	Press	Staff Contact	Speechwrtr	Clearance POC's	1st Draft	2nd Draft	AG Draft

5/8

Ok

SCHEDULING INFORMATION FORM
ATTORNEY GENERAL GONZALES

Event: Quadrennial Meeting, Federal Judges Association (FJA)
City & State: Washington, DC
Date(s): May 7-9, 2006
Date/Time event begins: May 7, 2006 at 6:30 pm
Date/Time event concludes: May 9, 2006 at 5:00 pm
Proposed/Requested Date & Time of the Attorney General's participation: May 8 or 9, 2006 between 9:00 am and 10:30 am, 10-20 mins

Nature of Event: Quadrennial Meeting of Federal Judges Association

Event Venue: The Ritz-Carlton, Pentagon City
Room Name or number: TBA
Street Address: 1250 Hayes Street
City/State/Zip: Arlington, VA 22202
Venue Phone #: 1-703-415-5000
Venue FAX #: 1-703-415-5061

Event Sponsor: Federal Judges Association
Address: c/o Irene M. Keeley, President
500 West Pike Street
P. O. Box 2808
City/State/Zip: Clarksburg, WV 26301
Website address: [redacted]@wvnd.uscourts.gov

Person Inviting: Honorable Irene M. Keeley
Title: Chief U. S. District Judge/President of Federal Judges Association
Telephone #: [redacted]
FAX #: 304-622-1928
E-mail address: [redacted]@wvnd.uscourts.gov

Contact Person: Honorable Alan B. Johnson
Title: U. S. District Court Judge
Telephone: [redacted]
FAX #: 307-433-2175
E-mail address: [redacted]@wyd.uscourts.gov
Cell phone:

Are there corporate sponsors or other underwriters of the event? NO

Please provide the following information:

Approximate size / description of the audience: 250/Federal Judges and Guests

List of other invited speakers and program participants:
- Federal Judges and Guests
- Rep. F. James Sensenbrenner (not confirmed)
- Robert Mueller, Director, FBI
- Harriet Miers (not confirmed)
- Associate Justice Samuel Alito (not confirmed)
- Prof. Charles Ogletree
- Theodore Olson, former Solicitor General
- Sen. Lindsey Graham (not confirmed)

Sen. Trent Lott
Sen. Dianne Feinstein (not confirmed)
Carol Sefren, Administrative Office
Karen Mathis, President-Elect, American Bar Association (ABA)
Sen. Arlen Specter
Sen. Patrick J. Leahy
L. Ralph Mecham, Retiring Director of Administrative Office
New Director of Administrative Office
Honorable Barbara J. Rothstein, Director Federal Judicial Center (FJC)
Honorable Joan Lefkow
John Clark, Director of U. S. Marshals Service (not confirmed)
Honorable David B. Sentelle (not confirmed)
Representative of Department of Justice (DOJ)
Chief District Judges from Hurricane Katrina Disaster Areas
Chief Circuit Judges - Fifth and Eleventh Circuits
Honorable E. Grady Jolly
Chief Justice John Roberts, Jr.

List of invited government officials, dignitaries, VIPS: See above
Senate and House of Representatives

Will the portion of the event at which Mr. Gonzales is being asked to participate be open to the press? YES

Is the Attorney General being asked to speak? YES
If yes, how long is he expected to speak? 10-20 minutes

What is the theme/topic/subject of the event? Current concerns of mutual interest to the Department of Justice, e.g. court and judicial security, judicial independence, criminal litigation, methamphetamine, trends and concerns

What is the ATTIRE for the event? Business

Is this invitation for the Attorney General or the Attorney General and a guest? Guest welcome

Is this a fund raising event? NO
If this is a fund raising event, what group(s) or organization(s) benefit(s) from the event? NA
Are tickets being sold for this event? If yes, what is the face value of the ticket? NO

What is your deadline for confirming a speaker? (if the date of the event is open ended, please indicate how many weeks or months advance notice you require to set up the event): 03/1/06

Please include any additional information that may be helpful to Mr. Gonzales as he considers this invitation.

UNITED STATES DISTRICT COURT
DISTRICT OF WYOMING
OFFICE OF THE HONORABLE ALAN B. JOHNSON
2120 Capitol Avenue, Room 2242
Cheyenne, Wyoming 82001
(307) 433-2170 (FAX) (307) 433-2175

TELECOPIER TRANSMITTAL SHEET

DATE: February 15, 2006

FROM: Alan B. Johnson

TO: The Honorable Alberto R. Gonzales c/o Andrew Beach

FIRM: Attorney General of the United States of America

CITY: Washington, DC

FAX #: 1-202-307-2825

RE: Scheduling Information Form - FJA Quadrennial Meeting

Number of pages (including this transmittal sheet):

3 Letter

____ Legal

This transmission is being sent from Telecopier No (307) 433-2175.

If possible, please check transmission after last page. If you are not receiving clearly or if you have any problems with the transmission, please call us back immediately at (307) 433-2170. Thank you.

[redacted]
OPERATOR

Quadrennial Meeting, Federal Judges Association (FJA) on Mon 5/8/2006 - EVENT DETAILS

1. Please provide a detailed program/sequence of events from the time the Attorney General is scheduled to arrive at the event until he departs. If the AG will be in more than one room, please note the room name or number for each room he will be in.

Location of the event will be the Ritz-Carlton Hotel at Pentagon City.

Time of arrival should be 1:50 pm.

General Gonzales and his party will be met at the door by Judge Edward Prado.

General Gonzales will be escorted immediately to the 2d floor ballroom of the Ritz-Carlton Hotel. A conference/information desk is on the second floor, outside the ballroom.

At 2:00 pm General Gonzales and his party will be escorted by Judge Prado into the ballroom. General Gonzales will be introduced with brief introduction relying upon the Standard Introduction by Judge Alan Johnson.

Between 2:00 pm and 2:15 pm General Gonzales will speak from a rostrum provided by the hotel. General Gonzales will be thanked at the conclusion of his presentation and a memento of his appearance presented by FJA President Irene Keeley.

At 2:20 pm General Gonzales will be escorted to the entrance of the hotel for his departure. (We were made aware that the General has an earlier luncheon engagement, but should his schedule accommodate an earlier arrival, the FJA would be honored to host the General and his party at the luncheon beginning at 12:45 pm at the same location. Sen. Trent Lott will be the speaker, followed by General Gonzales)

2. If you are requesting a photo op for a small group of individuals prior to the AG's participation in the event (that request would need to be approved by the Attorney General's office in advance) please provide a list of the names of individuals for whom you are requesting a photo.

A photo op is not anticipated, although the editor of the FJA publication will undoubtably take photographs of the proceedings, including the appearance of General Gonzales. In the past photographs, have been taken by Judge Sarah Evans Barker of the Southern District of Indiana. No special time or location for a photo op is planned.

3. Please send us an updated list of other Speakers/Program Participants.

An up to date agenda of conference events is attached.

4. Please send us an updated list of government officials, other dignitaries invited or expected to be in attendance.

In addition to the speakers listed on the agenda, FJA has invited approximately 20 members of Congress (Judiciary and Appropriation Committees) or their selected staff members to attend the luncheon on May 8. Most have reported that they will be returning to Washington that day, will be unavailable, and have turned the matter over to their staff person. Sen. Thad Cochran from Mississippi is planning to attend.

5. We understand that the portion of the event at which the Attorney General is speaking will be open to the press/media. Is this correct?

The last Quadrennial Conference of the FJA drew some coverage by Cspan. Cspan is aware of this conference. We have requested information from Cspan as to their intention to attend, but we have not received a reply.

6. Who will introduce the Attorney General before he speaks? Please include full name and title and send brief biographical information.

Alan B. Johnson, a District Judge from the District of Wyoming, will briefly introduce General Gonzales. Judge Johnson is stationed at Cheyenne. He has served the District of Wyoming for 20 years, following his nomination by President Reagan. He is the Vice President of the FJA for Programs. He is married to [redacted] and has two grown daughters. He served as an Air Force Officer on active duty and as a reserve officer. In addition he served as a trial judge in the State of Wyoming for 11 years.

7. Who will be the MC for the event (if different from the individual who introduces the AG)?

FJA President Irene Keeley will preside over the conference. She is a District Judge in the District of West Virginia.

8. Will there be a podium from which the Attorney General can deliver remarks?

A podium will be provided for General Gonzales.

9. We understand that the Attorney General is expected to speak for

approximately 10-15 minutes without any Q&A. Is this correct?

We hope that the General will speak for 15 minutes. No question and answer period is scheduled. The Conference will take a 15 minute break immediately following General Gonzales? presentation and will resume with a panel discussion on topics related to judicial independence.

10. The Attorney General's FBI Security Detail will come to survey the venue/room(s) sometime on the day of the event (or, in some cases, the day before). Please provide an on-site contact person for the security detail, and include all contact phone numbers for that person.

Chris Lighthall will be available on and after May 5, 2006 at the Ritz-Carlton. She is the conference arranger for the FJA, having retired from a career with the Circuit Executive?s office for the 10th Circuit. Ms. Lighthall?s contact number is: You may also wish the numbers for Judge Wiley Daniel which are:

11. Will there be a Speaker's Hold room? If so, what is the name or room number of the Speaker's Hold room?

No speaker?s hold room will be used. Security from the U.S. Marshal will be present. The General should expect to be escorted promptly into the Main Ballroom.

12. Where will the Attorney General be seated immediately before he speaks? With whom will he be seated?

Should the General need to be seated before speaking, he will be at the head table with President Keeley.

13. As an fyi...our Chief of Staff, Kyle Sampson and the AG's personal asst. Grant Nichols will be accompanying the Attorney General to the event.

The number for the on site contact persons and the registration desk are [redacted] and [redacted]. The number(s) are:

14. Please provide an on-site/day of event contact person's name, title, and telephone contact numbers, including cell phone and pager numbers.
15. If there is an on-site office or registration desk for the event, please provide the phone number for that desk.
16. Please include any additional information that may be helpful to the Attorney General as he prepares for this event.

I hope that this information is helpful. The FJA greatly appreciates General Gonzales? participation in the Quadrennial Conference
and we look forward to his presentation.

In addition, Chris gave me these numbers:

Judge Wiley Daniel?s cell: [redacted]

Our contact at the Ritz-Carlton is [redacted], [redacted], if a
contact person is needed before our arrival.

Thank you and please let us know if you require anything further.

Linda

Federal Judges Association
Sixth Quadrennial Conference
May 7-9, 2006

Contact Sheet

FJA Quadrennial Conference Office at The Ritz-Carlton This is the Registration Desk
703-412-0059 (May 6-9)
703-412-0060 (direct fax to FJA Office)

U.S. Marshals Service Command Post at The Ritz-Carlton
Suite 1401

U.S. Marshal Senior Inspector for Quadrennial Conference: [redacted]
[redacted] (cell)

U.S. Marshals 24-Hour Communication Center
1-800-336-0102

[redacted] Conference Planner
[redacted] (cell)

[redacted] FJA Administrative Assistant
[redacted] (cell) (Sunday)
(312) 641-1441 (Monday and Tuesday, 9:00 - 4:00 (CST))

THE NATIONAL LAW ENFORCEMENT OFFICERS MEMORIAL FUND

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National Black Police Association

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Executive Director,
Police Executive Research Forum

HUBERT WILLIAMS
President, Police Foundation

ROBERT GORDON
Executive Vice-President,
United Federation of Police

- Please take special care not to drip candle wax (as it can seriously damage the Memorial walls) or carry burning candles while walking along the pathways of remembrance. Do not place lit candles on the walls of honor. Please discard the candles and drip guards in the receptacles placed throughout the grounds.
- With regard to safety, please do not permit children to climb on the walls or lions.
- The National Law Enforcement Officers Memorial takes no responsibility for any object left at the wall. The Memorial is not patrolled or guarded, and items may disappear or be damaged by inclement weather.
- At the close of National Police Week, all items left at the Memorial are deemed to be the property of the National Law Enforcement Officers Memorial Fund. The NLEOMF may choose to save items and accession them into the National Law Enforcement Museum collection, or may respectfully dispose of them. Anyone who has left an item at the Memorial but wishes to keep it should remove it by May 17th. For more information, contact [redacted], Director of Museum Programs at [redacted]
- For your convenience, restroom facilities are located on F Street.
- The Memorial Visitors Center and Gift Shop is two blocks west of the Memorial at 605 E Street, NW. We will be open until midnight following the ceremony and from 9:00 a.m. until 9:00 p.m. on May 14th and 15th.
- Thank you for sharing in this special evening.

PROGRAM OF THE EVENING

PRESENTATION OF THE COLORS
United States Park Police

NATIONAL ANTHEM
Performed by Officer [redacted]
Fairfax County (VA) Police Department

INVOCATION
Sergeant [redacted]
Chaplain, West Orange (NJ) Police Department

WELCOMING REMARKS
[redacted], Chairman
National Law Enforcement Officers Memorial Fund

KEYNOTE ADDRESS
The Honorable Alberto R. Gonzales
Attorney General of the United States

MUSICAL TRIBUTE
"Amazing Grace – The Policeman's Tribute"
Performed by Police Officer [redacted]
Jersey City (NJ) Police Department

HONORING THE FALLEN
[redacted] National President
Concerns of Police Survivors

CANDLELIGHTING
"You Raise Me Up"
Performed by Trooper [redacted] (ret.)
Massachusetts State Police

TRIBUTE TO AMERICA'S "THIN BLUE LINE"
Produced by [redacted]
Steadfast Productions, Inc. with Laser Show Design

MUSICAL TRIBUTE
"God Bless the U.S.A"
Performed by [redacted]

Bagpipe Solo
Performed by Officer [redacted]
Port Authority of New York and New Jersey PBA

ROLL CALL OF FALLEN HEROES

"TAPS"
Lieutenant [redacted] United States Park Police

RETREAT OF COLORS
United States Park Police

NLEOMF National Police Week events and activities are supported in part by a generous contribution from the Target Corporation.

RE: National Law Enforcement Officers Memorial Fund
18th Annual Candlelight Vigil
Saturday, May 13, 2006 scheduled to begin at 8:00 p.m.

Name of the Event: National Law Enforcement Officers Memorial Fund's (NLEOMF) 17th Annual Candlelight Vigil

Location: Washington, DC 20004

Date: Saturday, May 13, 2006

Time of Arrival: 7:50 p.m. There will be a penned area where the Attorney General will be staged.

Time of Presentation: Approximately at 8:20 p.m.

Nature of the Event: Candlelight Vigil honoring law enforcement officers killed in the line of duty. The names of 466 officers will be dedicated that evening; 155 of whom were killed in 2005. In total, there are now 17,535 on the Memorial Walls.

Event Venue: National Law Enforcement Officers Memorial. It is an outdoor event. Staffed and maintained by the Memorial Fund, however, comes under the jurisdiction of the National Park Service; host law enforcement agency is the United States Park Police.

Event Address: 400 Block of F Street, NW (between 4th & 5th Streets)
Washington, DC 2004

Venue Phone: It is an outdoor event. Three good telephone numbers are [redacted] (information kiosk at the site), or [redacted] ([redacted] event producer's cell phone) [redacted] ([redacted], event manager's cell phone number.

Venue Fax: 202/737-3405 (NLEOMF Administrative Officers) or 202/737-7740 (NLEOMF Visitors Center).

Event Sponsor: National Law Enforcement Officers Memorial Fund

Address: Administrative Offices
400 7th Street, NW; Suite 300
Washington, DC 20004

Website address: www.nleomf.com

Person Inviting: Craig W. Floyd (Chairman) and the NLEOMF Board of Directors

Telephone Number: [redacted]

Fax Number: 202/737-3405

Contact Person: [redacted] Senior Director of Memorial Programs

Telephone Number: Office: [redacted]; Cell: [redacted]; Home: [redacted]

Email Address: [redacted]

As of today (March 22, 2006) there is no Corporate Sponsor for this event.

1. The audience is comprised of survivors of law enforcement officers killed in the line of duty, law enforcement professionals and law enforcement supporters.

2. We expect approximately 18,000 people to attend the event.

3. Program participants:
   Craig Floyd, NLEOMF Chairman
   Shirley Gibson, National President of the Concerns of Police Survivors
   The Honorable Mario Biaggi (retired US House of Representatives) NLEOMF Founder
   Chaplain (To Be Determined)
   Police Officer Laura Zambron, Fairfax County (VA) Police Department (singer)
   Police Officer Elsie Mendoza-Thongvichith, Jersey City (NJ) Police Department (singer)
   Daniel Clark, Massachusetts State Police (ret), singer.
   Marie Connelly Conroy '89 Survivor (Interpreter for the Hearing Impaired)

4. We have not received our RSVP's as of this date. In the past those in attendance include a good number of Police Chiefs, as well as some federal agency directors, although they do not participate in the event. Members of the NLEOMF Board of Directors will be onsite, as well as representatives from law enforcement agencies from across the country. A list of the Board of Directors is attached.

5. **Yes, there will be press on site.** Their activities and credentialing are handled by Bruce Mendelsohn, NLEOMF Communications Director [redacted] (cell).

6. We are requesting that the Attorney General deliver the keynote speech at the National Law Enforcement Officers Memorial's 18th Annual Candlelight Vigil. The Attorney General will be introduced by Craig Floyd, NLEOMF Chairman and MC for the event. Mr. Floyd's bio is attached.

7. The remarks should be approximately 10 minutes in length. There is a podium from which the Attorney General will speak

8. The theme/purpose of the event is to honor the service and sacrifice of America's law enforcement professionals who have given their lives in the line of duty. The names of 467 fallen officers will be added to the Memorial this year and dedicated that evening. Attached is a listing of the 155 officers were killed in 2005.

9. Business attire is most appropriate.

10. The Attorney General is welcomed to bring guests.

11. This is not a fundraising event.

12. No tickets are sold for this event.

13. We would like to confirm as soon as possible that the Attorney General is available, so that we might print our programs.

14. We are requesting that the Attorney General arrive on F Street, between 4th & 5th Streets, no later than 7:50 pm where he will be met by Mrs. Lyons-Wynne and Craig Floyd. Since it is an outdoor event, there is no holding "room" rather we will have a penned in area in which the AG will be staged. This area is in the back of the stage area on F Street, between 4th & 5th Streets. While in the penned area, the Attorney General might be requested to have his photo taken with members of our board of directors.

15. The NLEOMF Board of Directors, host a reception prior to the Candlelight Vigil. The reception is held from 6:30 to 7:30 p.m. at the *Casa Italiana* located at 595 Third Street, NW, at the intersection of F & Third Streets. The Attorney General and his guests are welcomed to attend.

16. The contact for the security detail is Lynn Lyons-Wynne ([redacted]; [redacted]) or Margaret Roberts ([redacted]; [redacted]). The United States Park Police will sweep the site prior to the arrival of the Attorney General.

17. Historically, the person delivering the keynote address is introduced, along with the NLEOMF Chairman, after the dais has been seated. The Attorney General & the Chairman of the NLEOMF will be announced and seated just prior to the beginning of the ceremony.

18. There are approximately 40 people seated on the dais. The AG would be seated stage right, on the center aisle, just to the right of the podium. Seated on his left would be Craig Floyd, NLEOMF Chairman, and to his right would be Shirley Gibson, National President of the Concerns of Police Survivors. Shirley Gibson is the mother of Officer Brian Gibson of the D.C. Metropolitan Police Department, who was killed on 2/5/1997. Officer Gibson was sitting at a traffic light in his cruiser when he was ambushed and shot in the head, neck and body by a man who had been kicked out of a nearby nightclub and was seeking revenge against a police officer. He was 27 years of age and left two young daughters. Mrs. Gibson is the first mother of a deceased officer to hold the office of National President of the Concerns of Police Survivors.

19. Attached is a copy of the proposed "Minute by Minute" for the event. Contact person is:

    Lynn Lyons-Wynne
    Office: [redacted]
    Cell: [redacted]
    Home: [redacted]

1. Detailed sequence of events. Minute by Minute is attached.

2. There are approximately 60 people who will be seated on the dais with the Attorney General; this list is attached. When the Attorney General arrives, he will be escorted into a penned-in area behind the stage, along with these individuals. In the past some members of our Board of Directors (list attached) have requested to have their photo taken with the Attorney General at this time.

3. Attached is an updated Program of the Evening.

4. Those other government officials invited to the event are:

The Honorable James M. Sullivan, INTERPOL
The Honorable W. Ralph Basham, USSS
The Honorable Mark J. Sullivan, USSS
The Honorable Paul Irving
The Honorable Robert Mueller, FBI
The Honorable John Miller, FBI
The Honorable Chris Sweiker, FBI
The Honorable Brad Bucklers, Former ATF
Dr. Richard H. Carmona, Surgeon General
The Honorable William Daddio, US Mint Police
The Honorable Curtis Eldridge; USSS Uniformed Division
The Honorable Dwight Pettiford, US Park Police
The Honorable Bob Filner, US Congressman
The Honorable John F. Clark, US Marshals Service
The Honorable Marcy Forman, ICE
The Honorable Julie Myers, ICE
The Honorable Barney Frank, US Congressman
The Honorable Steny Hoyer, US Congressman
The Honorable Alfonso Elenhardt, Sergeant at Arms
The Honorable Bob Etheridge, US Congressman
The Honorable Vito Fossella
Senator Judd Gregg
Marshal Joseph R. Guccione
Marshal Johnny Hughes
Marshal George Walsh
Marshal David G. Jolley
Senator Orrin Hatch
The Honorable Lee Heath, US Postal Inspection Service
The Honorable Rosco C. Howard, US Attorny for Washington
Mr. K. David Holmes, Department of Commerce

The Honorable Richard Griffin, US Department of State
Mr. Greg Harris, ATF
The Honorable Carl Truscott, ATF
The Honorable Mark Logan, ATF
Mr. Daniel S. Butler, NID
The Honorable Kenneth L. Wainstein, US Attorney's Office
Mr. David Palmer, Civil Rights Division, DOJ
The Honorable John P. Walters, Office of National Drug Control Policy
The Honorable John Jester, Defense Protective Services
Mr. Patrick Hynes, DOT
The Honorable Wilson Livingood, Sergeant at Arms
The Honorable Fran Mainella, National Park Service
The Honorable Paul McNulty, US Attorney
The Honorable Kendrick Meek, US Congressman
The Honorable Martin Meehan, US Congressman
The Honorable Lisa Murkowski, US Senator
The Honorable Donald Murphy, National Park Service
The Honorable Michael Oxley, US Congressman
The Honorable Rob Portman, US Trade Representative
The Honorable Carl Peed, COPS
The Honorable David Reichert, US Congressman
The Honorable Harry Reed, US Senate
The Honorable Adam Schiff
The Honorable John B. Shadegg

Only FBI Mueller will be on the Dais with the Attorney General. We have not received many other confirmations that people will attend, other than James Sullivan from Interpol and William Daddio from the US Mint Police.

5. We have invited the press to cover this event. Media coordination is being handled by Bruce Mendelsohn, the NLEOMF Director of Communications; [redacted], ext. 14.

6. Craig Floyd, Chairman of the NLEOMF will introduce the Attorney General. Mr. Floyd's bio
I is attached. Mr. Floyd is the MC for the entire event.

7. There is a podium from which the Attorney General will speak. It is in the center of the stage.

8. We are requesting that the Attorney General speak for approximately 10 minutes.
9. The contact for the security detail is Lynn Lyons-Wynne ([redacted]; [redacted], or 202/638-6630) or Margaret Roberts ([redacted]; [redacted]). The United States Park Police will sweep the site prior to the arrival of the Attorney General, who is our keynote speaker this year.

10. There is no speaker's holding room; it is an outdoor event. There is a penned in area behind the stage on F Street, between 4th & 5th Street.

11. The Attorney General will be seated (facing the audience) on stage right; the second seat from the center aisle. He will be sitting next to Mr. Craig Floyd.

12. We are pleased that Mrs. Gonzales will be joining us. If she wishes, she can be seated with the Attorney General on the stage. She would sit to his immediate right. If she does not wish to be on the dais, she will be seated with Mr. Herbert V. Giobbi, the NLEOMF Chief Operations Officer.

13. The day of the event contacts are: The contact for the security detail is Lynn Lyons-Wynne ([redacted]; [redacted]) or Margaret Roberts ([redacted]; [redacted]). The United States Park Police will sweep the site prior to the arrival of the Attorney General, who is our keynote speaker this year. There is an information kiosk on the Memorial Grounds; that telephone number is or 202/638-6630.

14.
15.

Attorney General Scheduling Request

TO: Andrew Beach
Assistant to the Attorney General for Scheduling

FAX: 7-2825

THROUGH: Office of the Deputy Attorney General (Mark Grider)

FROM: McGregor Scott, U.S. Attorney, Eastern District of CA, Sacramento

REQUEST: National Methamphetamine & Chemicals Initiative (NMCI) Strategy Conference

PURPOSE: This is an ONDCP/HIDTA Program national methamphetmine initiative. Yearly, the NMCI hosts meetings of federal, state, and local representatives from law enforcement, intelligence, prosecution, and agency chemist communities from throughout the United States. The purpose is for participants to report on current trends and create strategy in regards to methamphetamine issues, especially domestic and foreign illicit manufacturing affecting the United States. NMCI meetings are also attended by DEA Agents stationed in Mexico and Canada as well as Canadian law enforcement.

For the first time, as a result of the flood of methamphetamine coming from Mexico, the DEA Mexico City Country office has received permission from NMCI members to invite Mexican government counterparts. The purpose is to create a better mutual understanding of the problem and promote a bi-national anti-methamphetamine strategy and "team effort" with Mexico.

WHAT IS THE REQUESTED ROLE OF THE ATTORNEY GENERAL:

It is requested that the Attorney General invite the Mexican Attorney General to attend the two day NMCI conference. Actual participation would be on the second day.

The first day of the conference (5/17) will address domestic issues and the second day (5/18) will focus in on issues related to effects of Mexican methamphetamine drug trafficking organizations operating in the United States and Mexico.

At the close of the first day, from 6pm to 9pm, a networking reception will be held for all attendees at the hotel site. Both AGs are invited to attend if only for a short time following their arrival in Dallas. A private VIP board room will be available all day throughout the conference should it be needed for any private meetings.

As part of the opening of the second day of the conference, both AGs are requested to address attendees who are dealing with methamphetamine law enforcement and related issues as part of their everyday responsibilities. The AG is requested to speak first as to the U.S. situation and importance of addressing the problem and in particular as to the importance of a bi-national approach (approx. 20 to 30 minutes). The Mexican AG can then follow and give a general overview of Mexican government efforts, accomplishments, and goals as related to methamphetamine production and chemical precursor controls (approx. 20 to 30 minutes).

If the Mexican AG cannot attend, it is very important to the success of the conference that the U.S. AG continues with his participation. Mexican law enforcement counterparts will be in attendance.

BACKGROUND: This is the NMCI's twelfth methamphetamine strategy conference since its inception in

1999. It has been successful in promoting communication, cooperation, and coordination of anti-methamphetamine efforts on a national and international basis (initially Canada and now Mexico).

DATE & TIME: Wednesday, May 17 & Thursday, May 18, 2006 - 8:30 a.m. to 5:00 p.m.
Reception: May 17 - 6 p.m. to 9 p.m.

LOCATION: Adams Mark Hotel - Dallas
400 North Olive Street
Dallas, Texas 75201

DURATION: AG participation at Reception (5/17) and remarks at opening of 2nd day (5/18)

PRESS COVERAGE: Press can be allowed into conference to cover AG and Mexican AG remarks, if desired.
Press conference room will be available following remarks, if desired.

POSSIBLE PARTICIPANTS AND APPROXIMATE NUMBER:
Federal, State and Locals from all U.S. (as stated above). Majority are State & Locals.
275 - 300 attendees
Possible attendance by Karen Tandy, DEA Administrator (has attended in the past)
Attendance by U.S. Attorneys, DEA & ICE SACS

REMARKS REQUIRED: As stated above.

RECOMMENDED BY: McGregor Scott, United States Attorney, Eastern District of CA, Sacramento

COORDINATED WITH:

APPROVED BY:

EVENT CONTACT AND PHONE NUMBER:
[redacted]
NMCI Coordinator
[redacted] - office
([redacted] - cell
tony.loya@usdoj.gov

DRAFT AGENDA
(Not for distribution)

Day One

Conference Opening	[redacted] NMCI Coordinator HIDTA, ONDCP
Dignitary Welcome	Richard B. Roper U.S. Attorney Northern District of Texas
The NMCI: "Past and Present"	[redacted]
-Introduction: 2006 NMCI Advisory Board	McGregor Scott, Chair U.S. Attorney Eastern District of California
	[redacted] DEA Headquarters, OED
	[redacted] ICE, San Diego, California
	[redacted] DEA Headquarters
	[redacted] Narcotics Enforcement Sacramento, California
	[redacted] Oregon State Police
	[redacted] Illinois State Police

2006 NMCI Advisory Board Cont.

	[redacted] Hamilton County Sheriff, TN
Introduction of Attendees	[redacted]
Status of the National Meth Problem a) What the Seizure Statistics Tell Us b) Regional Reports: "Snap Shots" & Trends c) East Coast Meth Hub Update: "Atlanta"	[redacted] [redacted] DEA, Atlanta, Georgia
Meth Issues on Indian Lands	DEA Wyoming
Canada Report	[redacted] RCMP Headquarters
Northern Border Report	(TBD) ICE Headquarters
DEA Headquarters Domestic Report	[redacted]
Combat Meth Act (CMA)	[redacted] DOJ
Oregon Experience: CMA Potential Side Effects	[redacted] Oregon ONEA
DEA Lab Report Liquid Meth & Phosphorous Acid	[redacted] Southwest Lab
Contamination Research Update -Decontamination Protocols	[redacted] Industrial Hygiene Program National Jewish Medical & Research Center
The National Seizure System & the CLSS	(TBD) - EPIC
National DEC Alliance Overview	[redacted] North Metro TF, Colorado
Reception and Networking	Adam's Mark Hotel 6-9 p.m.

Day Two

Opening Remarks	Karen Tandy DEA Administrator
	[redacted] UNDCP Director
Keynote Address	Alberto R. Gonzales U.S. Attorney General
	Daniel Cabeza de Vaca Mexico Attorney General
DEA Headquarters International Report	[redacted]
Southern Border Report	(TBD) ICE Headquarters
Meth Made in Mexico: Case Study	[redacted] DEA Phoenix
The Dallas Meth "Hub"	[redacted] CLC DEA Dallas
-"FIT" Team	[redacted]
Highway Interdiction: Meth & Money	[redacted] Texas DPS
Mexico Report	[redacted] DEA Mexico City
Bi-National Effort and Mexico Regulations	[redacted] International Affairs Section Mexico PGR
Recent Meth Lab Cases – Mexico	[redacted] Mexico
Mexico Vetted Units, Meth Trends and Intelligence	[redacted] AFI, Mexico

Drug Money in Mexico: What Do We Know?	[redacted] DEA San Diego
Iodine Case Study: Mexico and Chile	[redacted] AUSA San Diego
The Importance of Bi-National Efforts	[redacted]
Discussion Re: Next National Meeting	All Attendees

SCHEDULING INFORMATION FORM
ATTORNEY GENERAL GONZALES

Event: A Conversation with Attorney General Alberto Gonzales
City & State: Houston, TX
Date(s): May 19, 2006
Event begins: Breakfast program – 7:30 a.m. Reception – Buffet, 8:10 a.m. – 9 a.m. Program
Event concludes: 9 a.m.

Proposed/Requested Date & Time of the Attorney General's participation:
To be determined by Attorney General's schedule

Nature of Event: Update on homeland security, Internet pornography, Patriot Act, etc.

Event Venue Name: The Junior League Tea Room
Room Name or Room #:
Address: 1811 Briar Oaks Lane
City/State/Zip: Houston, TX 77027
Venue Phone #: 713-622-4222
Venue FAX #:
Event Sponsor: The Houston Forum
Address: 3100 Richmond Avenue, Suite 405
City/State/Zip: Houston, TX 77098
Website address: www.thehoustonforum.org

Person Inviting: The Honorable Ewing Werlein, Jr.,
U.S. District Court, Southern District of Texas
Telephone #: [redacted]
FAX #: NA
E-mail address: NA

Contact Person: [redacted] The Houston Forum
Telephone: [redacted] Ext. 12
FAX #: 713-522-0044
E-mail address: [redacted]thehoustonforum.org
Cell phone: [redacted]

Please provide the following information:

Size/Description of audience: 600-800 Business/professional/community at large
List of other invited speakers and program participants: None
List of invited government officials, dignitaries, VIPS: None as of this date
Will the portion of the event at which Mr. Gonzales is being asked to participate be open to the press? YES
Is the Attorney General being asked to speak? Yes
If yes, how long is he expected to speak? Approximately 20 mins. Followed by a Q&A
What is the theme/topic/subject of the event? See above
What is the ATTIRE for the event? Business
Is this a fund raising event? No
If it is a fund raising event, what group(s) or organization(s) benefit(s) from the event?
Are tickets being sold for this event? If yes, what is the face value of the ticket? $20 for meal cost

What is your deadline for confirming a speaker? (if the date of the event is open ended, please indicate how many weeks or months advance notice you require to set up the event) We would prefer 30 days' notice to ensure securing desired venue.

Please include any additional information that may be helpful to Mr. Gonzales as he considers this invitation.

Mr. Gonzales is a Houstonian and is familiar with The Houston Forum 's reputation as one of the nation's premier speaking platforms. With his appearance, through our educational outreach efforts, we would include in the audience (underwritten by a grant from Houston Endowment), students from the High School for Criminal Justice, as well as university-level students enrolled in pre-law and students in the law colleges. In addition, we would reach out to other Houston community groups including the Houston Hispanic Chamber of Commerce and the Houston Bar Association, to share with them the opportunity to hear Attorney General Gonzales.

The Houston Forum has many ties to the Administration, and on February 1, 2006, will have the honor to present to President and Mrs. George H.W. Bush "The Woodson Medal" for outstanding community leadership. The Woodson Medal is named for Benjamin N. Woodson, the founding chairman of The Houston Forum.

The motto of The Houston Forum is taken from the words of General Sam Houston, the city's namesake: "…in the diversity of opinion Democracy may rest securely."

Our speakers are leaders and newsmakers from all walks of life with a diverse mix of experiences and viewpoints. Previous speakers exemplify our mission: Condoleezza Rice, The Dalai Lama, Yitzhak Rabin, General Colin L. Powell, Ted Turner, General Tommy R. Franks, President Jose Maria Aznar, and Roberto Goizueta.

Recent speakers (within the past twelve months) include: Bob Schieffer, Jack Welch, David McCullough, James A. Baker, III, General John Abizaid, and Dr. Mae Jemison.

On the current schedule are Kinky Friedman, General Leon LaPorte, Dr. Doris Kearns Goodwin, Kurt Eichenwald, Richard W. Fisher (present of the Federal Reserve Bank, Dallas), and Admiral Richard Carmona, U.S. Surgeon General.

SPEAKING ENGAGEMENT INFORMATION FORM
ATTORNEY GENERAL GONZALES

Event: Leadership Houston's 25th Anniversary Gala
City & State: Houston, Texas
Date(s): one evening in May 2006 - May 18, 2006, May 20, 2006, May 24, 2006, May 25, 2006 or another date
event begins: 6 p.m. event concludes: 10 p.m.
Proposed/Requested Date & Time of the Attorney General's participation: 6 p.m. – 10 p.m.

Nature of Event: Gala honoring Leadership Houston's 25th Anniversary and its accomplished alumni, including Attorney General Gonzales as the evening's "Honoree"

Event Venue Name: TBD – a large hotel/gala venue such as River Oaks Country Club, InterContinental Hotel – venue will be confirmed once we know the date
Room Name or Room #: TBD
Address: TBD
City/State/Zip: Houston, Texas
Venue Phone #: TBD
Venue FAX #: TBD

Event Sponsor: Leadership Houston
Address: 3015 Richmond, STE 290
City/State/Zip: Houston, TX 77098
Website address: www.leadershiphouston.org

Person Inviting: [redacted]
Telephone #: [redacted]
FAX #: (713) 227-9508/(281) 596-4590
E-mail address: [redacted]@shb.com
educationalprogram@sbcglobal.net
[redacted]@sbcglobal.net

On-site Contact: TBD
Telephone: TBD
FAX #: TBD
E-mail address: TBD
Cell phone: TBD

Please provide the following information:

Size & Description of the audience: 500 Houston's leaders from the business, governmental and not-for-profit community. Many of whom will be graduates of Leadership Houston (or people affiliated with Leadership Houston).

List of other invited speakers and program participants: Attorney General Gonzales would be our honoree for this event. If we find a date that works for him, we will strive to work with him on other speakers and program participants. These will be the Honorary Chairs and prominent underwriters who will be invited to participate in honoring Attorney General Gonzales.

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Please describe in greater detail how the Attorney General would be honored: Is he being presented with a specific award? If so, please provide the name of the award; how many years the award has been in existence.
Leadership Houston will present Attorney General Gonzales with the "Distinguished Leadership Award." There have been six past recipients of this award in our organization's 25 year history. The 25th "Silver" Anniversary award has been given special emphasis as our organization celebrates its first 25 years promoting leaders and leadership in Houston.
****

List of invited government officials, dignitaries, VIPS: See response to Question 3. The invitation list will include Houston based governmental officials, including the Mayor, the County Judge, and members of the House of Representatives. Members of Houston's Consular Corps will also be invited to attend. Other dignitaries will be invited once we have confirmed the date of the event.

Will the portion of the event be open to the press? Yes.

Is the Attorney General expected to speak? Yes.
If yes, how long is he expected to speak? 10 minutes or less.
What is the ATTIRE for the event? Business attire, not formalwear.
Is this a fund raising event? Yes.
If it is a fund raising event, what group(s) or organization(s) benefit(s) from the event? Leadership Houston
Are tickets being sold for this event? If yes, what is the face value of the ticket? TBD

Please include any additional information that may be helpful to Mr. Gonzales as he considers this invitation: As a past Chair and former graduate of Leadership Houston, Attorney General Gonzales is the perfect honoree for Leadership Houston's 25th anniversary gala. He has several good friends who have remained involved with the organization and would love to honor him during this event. We will flexible as much as possible to accommodate his schedule.

Are there corporate sponsors or other underwriters of the event?

Will the portion of the event at which Mr. Gonzales is being asked to participate be open to the press?

What is the theme/topic/subject of the event?

Is this invitation for the Attorney General or the Attorney General and a guest?

Please provide a detailed sequence of events for the evening.

SCHEDULING INFORMATION FORM
ATTORNEY GENERAL GONZALES

Name of Event: National Missing Children's Day
City & State of Event: Washington, D.C.
Date(s): May 25, 2006
Date/Time the event begins: 9:30 a.m.
Date/Time the event concludes: 12:00 p.m.
Proposed/Requested Date & Time of the Attorney General's participation: May 25, 2006 9:30-10:30 a.m.

Nature of Event: Press conference and public ceremony to commemorate National Missing Children's Day.

Event Venue Name: Great Hall, US Department of Justice
Room Name or Room #:
Address:
City/State/Zip:
Venue Phone #:
Venue FAX #:

Event Sponsor: Administrator J. Robert Flores
Office of Juvenile Justice and Delinquency Prevention
Office of Justice Programs
Address: 810 7th Street, NW
City/State/Zip: Washington, D.C. 20531
Website address:

Person Inviting: Assistant Attorney General Regina B. Schofield
Telephone #:
FAX #:
E-mail address:

On-site Contact Person: Ron C. Laney
Associate Administrator, Office of Juvenile Justice and Delinquency Prevention
Office of Justice Programs
Telephone: [redacted]
FAX #: 202-514-6382
E-mail address: [redacted]@usdoj.gov
Cell phone: [redacted]

Are there corporate sponsors or other underwriters of the event?
No

Please provide the following information:

1. Description of the audience:
The Missing Children's Day Press Conference will commemorate the official release of the AMBER Alert postage stamp. OPA and the Communications Office of the Office of Justice Programs will coordinate press coverage of the event, which will be held in the 7th floor press room of the Department of Justice. The Attorney General is invited to hold the joint press conference with U.S. Post Master General John E. Potter. The Attorney General unveiled the design of the AMBER Alert postage stamp at a public event on January 10, 2006.

The Missing Children=s Day ceremony in the Great Hall will be attended by children who have been missing and subsequently reunited with their families, parents of children who are still missing, law enforcement officers who investigate these cases, child advocates, and private individuals and corporate sponsors who have dedicated themselves to reuniting families. A list of attendees who will be invited to attend the ceremony is forthcoming.

2. Approximate size of the audience:
   300 persons

3. List of other invited speakers and program participants:
   The Press Conference portion of the event (9:30-9:55 a.m.) will be conducted with U.S. Post Master General John E. Potter.

   The ceremony portion of the event (beginning at 10:00 a.m.) will include:
   Assistant Attorney General Regina B. Schofield
   Office of Juvenile Justice and Delinquency Prevention Administrator J. Robert Flores
   National Center for Missing and Exploited Children President[redacted]

4. List of invited government officials, dignitaries, VIPS:
   Members of Congressional Missing and Exploited Children's Caucus
   Winners of the Law Enforcement Officer of the Year Awards and Internet Crimes Against Children Leadership Award (who are local, State, and Federal law enforcement officers)
   Winners of Courage Awards (who are civilians)

5. Will the portion of the event at which Mr. Gonzales is being asked to participate be open to the press?
   Yes

6. Is the Attorney General being asked to speak?
   Yes

7. If yes, how long is he expected to speak?
   15 minutes, plus 10 minutes to present the Law Enforcement Officer of the Year Award and the Internet Crimes Against Children Leadership Award

8. What is the theme/topic/subject of the event?
   Missing children

9. What is the ATTIRE for the event?
   Business attire

10. Is this invitation for the Attorney General or the Attorney General and a guest?
    The Attorney General

11. Is this a fund raising event?
    No

12. If it is a fund raising event, what group(s) or organization(s) benefit(s) from the event?
    N/A

13. Are tickets being sold for this event? If yes, what is the face value of the ticket?
    N/A

14. What is your deadline for confirming a speaker? (if the date of the event is open ended, please indicate how many weeks or months advance notice you require to set up the event)

    As soon as possible

15. Please include any additional information that may be helpful to Mr. Gonzales as he considers this invitation.

    A sequence of events for the press conference and ceremony is attached. Synopses of the cases and award winner for the awards the Attorney General is invited to present are attached.

SEQUENCE OF EVENTS—MISSING CHILDREN'S DAY MAY 25, 2006

9:30 a.m. **[Department's 7th Floor Press Conference Room]**

Press conference with the Attorney General and U.S. Post Master General John E. Potter to announce the release of the AMBER Alert postage stamp.

10:00 a.m. **[Great Hall]**

10:00 a.m. Presentation of Colors, Junior ROTC Corps of _____
National Anthem, performed by the DC Boys' Choir

Pledge of Allegiance, led by the DC Boys' Choir

10:05 Office of Juvenile Justice and Delinquency Prevention Administrator J. Robert Flores opens ceremony welcomes the guests.

Administrator Flores introduces Assistant Attorney General for the Office of Justice Programs Regina B. Schofield.

10:10 AAG Schofield introduces the Attorney General.

The Attorney General makes remarks and presents the National Law Enforcement Awards and the Internet Crime Against Children Officer of the Year Award.

In presenting the National Law Enforcement Awards, the Attorney General will read six brief case synopses and present plaques to approximately 15-25 law enforcement personnel involved in those cases. [Case synopses attached.] AAG Schofield and Administrator Flores will assist with the distribution of the plaques as necessary.

In presenting the ICAC Internet Crimes Against Children Leadership Award the Attorney General will read one case synopsis and present a plaque to the recipient. [Case Synopsis attached.]

[Attorney General departs.]

10:35 a.m. Following the Attorney General=s remarks, AAG Schofield makes remarks and presents the AMBER Alert Citizen Award.

10:50 a.m. Administrator Flores introduces [redacted]
(Abducted and murdered in 2000).

[redacted] makes remarks.

11:05 a.m. AAG Schofield Presents Courage Awards (2) [Case synopses attached.]

11:15 a.m. AAG Schofield introduces soloist from Orr School, who will perform 2 songs about children.

11:20 a.m. Following AAG Schofield =s remarks, Administrator Flores introduces Ernie Allen, President, and National Center for Missing and Exploited Children and asks him to come up and present the Corporate Leadership Awards.

11:30 a.m. Administrator Flores introduces and presents the National Missing Children=s Day Art Contest Award to the recipient. He will ask that last year=s winner [redacted] to join him on stage with the recipient's art teacher.

11:40 a.m. Administrator Flores introduces and thanks the DC Boys' Choir, who will perform a medley of patriotic songs.

11:45 a.m. Administrator Flores will make closing remarks and thank everyone for coming to Ceremony.

CATEGORY/CASE: #01 MISSING – FAMILY ABDUCTION
NOMINEE: U.S. Embassy Bangkok [redacted]

[redacted]

CATEGORY/CASE: #02 MISSING – NON FAMILY ABDUCTION
NOMINEE: Lyon County (NV) Sheriff's Office [redacted] and Federal Bureau of Investigation [redacted]

[redacted]

CATEGORY/CASE: #03 MISSING – NON FAMILY ABDUCTION
NOMINEE: Lake Worth (FL) Police Department [redacted]

At 3 a.m on Sunday, May 22, 2005, Milagro Cunningham of Lake Worth, Florida, dialed 911 and stated to the dispatcher that five unknown white men had entered an apartment belonging to Lisa Taylor and snatched Lachele Nance, Taylor's 8-year-old god-daughter, while she was sleeping. Cunningham, a 17-year-old high school dropout living at the Taylor residence, related that he had run after the suspects, caught up with them as they tried to enter a brown station wagon, and struggled with the men. Finally, according to Cunningham, the men had escaped and Cunningham returned to the residence to report the incident.

Upon receiving the call, the dispatcher summoned patrol officers to the location and a manhunt for the five suspects ensued. Before sunrise, a command post was set up one block away from the apartment where Nance was last seen. Officers were called to the scene and at 4:45 a.m., a statewide AMBER Alert was issued. Intent on finding Nance, the Florida Department of Law Enforcement's Child Abduction Response Team helped coordinate efforts, and at 8:30 a.m., the Palm Beach, Florida Sheriff's Office positioned a helicopter and marine unit. Less than an hour later, bloodhounds canvassed the scene.

Eager to help with the search, Sergeant Michael Hall of the Lake Worth, Florida Police Department arrived at the scene on his day off, and began assisting task force officers.

Armed with no new leads and having found holes in Cunningham's story, officers zeroed in on him, and a search grid was established around the perimeter of the apartment complex. Assigned to examine a large secluded landfill behind the command post, Sgt. Hall meticulously sifted through rubbish around the area. To his horror, after having opened a recycling bin at 10:28 a.m., Sgt. Hall saw a hand and foot emerging from under a pile of concrete blocks. Certain that Nance had been murdered, Sgt. Hall radioed into the station and summoned a superior.

Although she had been stuffed head first inside a large bright yellow recycling bin with rocks and crushed concrete covering her, Nance suddenly and miraculously moved her finger. Reacting to what he had just seen, Sgt. Hall and others quickly and carefully unearthed Nance. Following her recovery, Nance stated to police that Cunningham had choked her, thrown her into the dumpster, and tried to kill her. Nance was transported to a nearby medical facility for examination.

Cunningham was arrested and taken into custody. Having confessed to his involvement in the incident, Cunningham faces charges of attempted murder, sexual battery and false imprisonment. He is currently awaiting trial.

Nance was rescued in the nick of time and has since been referred to as the "Miracle Child of Lake Worth." It is unlikely that she could have survived much longer. Aside from the brutal assault she experienced and its psychological impact, Nance emerged from the seven-hour ordeal largely unscathed.

Sgt. Hall's commitment to find the missing child, along with his painstaking attention to detail, resulted in the recovery of a courageous little girl. Because of his efforts Sgt. Hall has been nominated to receive the 2006 National Missing Children's Award.

CATEGORY/CASE: #04 EXPLOITED – CHILD PORNOGRAPHY
NOMINEE: Fresno County (CA) Sherriff's Office [redacted] U.S. Immigration and Customs Enforcement [redacted]

[redacted]

CATEGORY/CASE: #05 EXPLOITED –CHILD PORNOGRAPHY
NOMINEE: Indiana State Police [redacted] U.S. Immigration and Customs Enforcement [redacted]

[redacted]

CATEGORY/CASE: #06 EXPLOITED – CHILD PROSTITUTION
NOMINEE: Pennsylvania State Police, [redacted] Internal Revenue Service, [redacted] Federal Bureau of Investigation, [redacted] and [redacted]

[redacted]

CATEGORY/CASE: Internet Crimes Against Children Leadership Award
NOMINEE: Wyoming Department of Law Enforcement
[redacted]

[redacted]

Ames, Andrew

From: Ames, Andrew
Sent: Monday, May 8, 2006 10:20 AM
To: Agarwal, Asheesh (CIV); Ames, Andrew; Baxter, Felix (CIV); Branda, Joyce (CIV); Brett Gerry; Brody, Stephen (CIV); Bucholtz, Jeffrey (CIV); Bukvics, Jennifer (CIV); Claterbos, Barbara (CIV); Cohen, David M. (CIV); Cohn, Jonathan (CIV); Davidson, Jeanne (CIV); Davis, Dan (CIV); Fargo, John (CIV); Fielding, Gabrielle (CIV); Figley, Paul (CIV); Flentje, August (CIV); Frost, Peter (CIV); Garren, Timothy (CIV); Glynn, J.Patrick (CIV); Gorsuch, Neil M; Hertz, Michael (CIV); Hollis, Robert (CIV); Hunt, Jody (CIV); Hussey, Thom (CIV); Jennifer Brosnahan; Jeweler, James (CIV); Katsas, Gregory (CIV); Keisler, Peter D (CIV); Kohn, Chris (CIV); Kopp, Robert (CIV); Letter, Douglas (CIV); Levine, Larry (EOIR); Lindemann, Michael (CIV); Magnuson, Cynthia; McCallum, Robert (SMO); Miller, Charles S; Nichols, Carl (CIV); Nowacki, John; Pyles, Phyllis (CIV); Riley, Sharon (CIV); Rivera, Jennifer (CIV); Roehrkasse, Brian; Schiffer, Stuart (CIV); Scolinos, Tasia; Seidel, Rebecca; Senger, Jeffrey M; Spellberg, Dianne (CIV); Swenson, Lily F; Thirolf, Eugene; Wilson, Karen L; Zwick, Ken (CIV)
Subject: 5/8/06 Civil Division News

U.S. Officials Respond to Torture Queries

Chinese Muslims sent from Guantanamo to Albania

Google 'profits from child porn', lawsuit claims

Undercover Cover-Up

Court Skeptical of FCC's Internet Wiretap Rules

AP

U.S. Officials Respond to Torture Queries

By Sam Cage

May 8, 2006

GENEVA — U.S. officials responded Monday to a U.N. panel's questions on its compliance with international human rights law, saying that all U.S. government employees are prohibited from engaging in torture.

The U.S. delegation, in its first appearance before the U.N. Committee Against Torture in six years, was addressing a series of issues ranging from Washington's interpretation of the absolute ban on torture to its interrogation methods in prisons such as Abu Ghraib, Iraq, and Guantanamo Bay, Cuba.

"U.S. officials from all government agencies are prohibited from engaging in torture at all times and in all places," said State Department legal adviser John B. Bellinger III, heading the U.S. delegation. "This is the case even in situations where the law of armed conflict applies."

In the first session of the review last week, members of the U.N. Committee Against Torture told the United States that it has to set a better example in combating torture and cannot hide behind intelligence activities in refusing to discuss violations of the global ban on prisoner abuse in the war on terror.

The delegation told the U.N. watchdog for a 22-year-old treaty forbidding prisoner abuse that mistakes had occurred in the U.S. treatment of detainees in the war against terror, and that 29 detainees in U.S. facilities in Iraq and Afghanistan had died of what appeared to be abuse or other violations of U.S. law.

Andreas Mavrommatis, who chaired the session, said the U.S. investigations would be more convincing if they were conducted by an independent judge or lawyer rather than by staff of the Defense Department.

Bellinger said the 25-member delegation _ including officials from the Defense, Justice and Homeland Security departments _ was committed to answering the committee's questions, but would be unable to discuss "alleged intelligence activities."

Jennifer Daskal of Human Rights Watch said the delegation had not fully answered all of the committee's questions and hopefully would give more detailed replies later Monday. But she said the presence of such a large delegation indicated that the United States was taking the hearing seriously.

"I think that what's important is that they're here," Daskal told The Associated Press. "I do think that they're taking this process very seriously."

But Jamil Dakwar, staff attorney of the American Civil Liberties Union, said the U.S. government needed to go further and take "vigorous and sincere measures" that will "end secret imprisonment and detainee abuse and hold officials accountable."

The ACLU presented the committee with a book with more than 200 pages of U.S. documents that "clearly prove that the abuse of detainees was systemic and widespread," Dakwar said.

The United States is taking its turn as one of the 141 signatories to the Convention Against Torture in submitting to a periodic review by the 10 independent members of the committee.

Intelligence matters such as alleged secret CIA prisons and flights transferring suspects for possible torture in other countries were key items on a list of questions submitted to the U.S. government by the committee in advance.

Criticism by the U.N. panel brings no penalties beyond international scrutiny, but Daskal said it could influence U.S. public opinion and hence the government. The committee is expected to issue conclusions at the end of its session on May 19.

END

Boston Globe

Chinese Muslims sent from Guantanamo to Albania

By Charlie Savage

May 6, 2006

WASHINGTON -- The US military said yesterday that it had transferred five Chinese Muslims from its Guantanamo Bay prison to Albania, apparently ending a long legal fight over their fate on the eve of arguments before a federal appeals court.

The five men, who all belong to an ethnic group known as "Uighurs," had been imprisoned at the base for more than four years. More than a year ago, a military tribunal had determined that none of them had been enemies of the United States after all, and cleared them for release.

However, the US could not send them back to their homeland because the Chinese government has a history of persecuting Uighurs, who have been seeking greater autonomy from the central government. No other country would take them in, either, and they remained stuck in the American prison.

Last December, a federal district judge ruled that it was illegal for the Bush administration to continue to incarcerate the men because it had no basis for holding them.

But the judge ruled that he did not have the power to order the government to release them, saying he could not ask the administration to bring them into the United States for national security reasons. Meanwhile, the State Department kept looking for a third country willing to take them.

Sabin Willett, a Boston-based attorney who represents two of the Uighurs, said the Justice Department abruptly informed him late yesterday that the search was over, and that his clients were no longer at Guantanamo.

Willett had been preparing to argue his clients' case before a federal appeals court on Monday morning. Upon learning the news, he suddenly began making plans to fly to Albania.

"An hour ago I was told by the government that the men have been sent to Albania and are there," Willett said yesterday evening in a telephone interview. "I have not been able to reach them or anybody who could confirm this in Albania. I hope to [reach them] tomorrow morning, and I'll get on a plane tomorrow night and be there on Sunday."

Albania has a majority-Muslim population. It is in southeastern Europe -- thousands of miles from the Uighurs' native China -- but Willett said he was cautiously optimistic that the five men would be comfortable there.

Willett said he was told by the US government that his clients were being held at the "national accomodations center for asylum seekers" in Tirana, the Albanian capital. The center is operated by the Albanian interior ministry in conjunction with the United Nations High Commissioner for Refugees, he said.

Beyond that, he knew nothing more.

"It's all very unclear," Willett said. "They didn't give us any warning. Until we can be sure that the men are safe, I'm worried, but I'm going to be cautiously optimistic about this."

For its part, the Bush administration signaled that it was relieved to have at least found a home for the Uighurs and resolved a case which has generated negative publicity for Guantanamo Bay prison, since the military itself acknowledged that it had held people for nearly five years who were not enemies of the United States.

"The United States has done the utmost to ensure that the Uighurs will be treated humanely upon release," a Pentagon statement said. "Our key objective has been to resettle the Uighurs in an environment that will permit them to rebuild their lives. Albania will provide this opportunity."

END

CNET News

Google 'profits from child porn', lawsuit claims

By Anne Broache

Monday 8 May 2006

Google has made child pornography an "obscenely profitable and integral part" of its business and must be stopped, a new lawsuit claims.

Jeffrey Toback, a Democratic representative in New York's Nassau County Legislature, charged in a complaint filed on Thursday that Google has been taking in billions of dollars by allowing child pornography and "other obscene content" operators to advertise their sites through sponsored links, which are tailored to a user's search terms and automatically accompany search results. The suit was filed in the New York Supreme Court.

Among other allegations, the complaint evoked the politically volatile topic of the search engine's dealings in China.

The complaint states: "[The] defendant is willing to accede to the demands of the Chinese autocrats to block the search term 'democracy' but when it comes to the protection and well-being of our nation's innocent children, [the] defendant refuses to spend a dime's worth of resources to block child pornography from reaching children."

A Google representative said on Friday that the company prohibits child pornography in its products and removes all such content whenever it finds or is made aware of it. A spokesman said in an email: "We also report it to the appropriate law enforcement officials and fully co-operate with the law enforcement community to combat child pornography."

The spokesman pointed to the content policy for Google's AdWords sponsored links service, which broadly prohibits "promotion of child pornography or other non-consensual material". He also noted Google offers a filtering tool called SafeSearch that aims to block offensive content in search results. The availability of such tools could mean the suit may not go far. Section 230 of the federal Communications Decency Act protects providers and users of an "interactive computer service" from liability if it can be shown they took good-faith measures to restrict access to obscene material. It also provides that "no provider or user of an interactive computer service shall be treated as the publisher or speaker of any information provided by another information content provider".

The suit, which claims Google acted negligently and intentionally inflicted emotional distress on the public, requests monetary damages to be determined at trial. It also accuses Google of violating federal statutes relating to child pornography and calls for the court to order that Google cease "advertising, promoting, or distributing" child pornography through its site or otherwise providing any links to such content.

The suit was filed by Meiselman, Denlea, Packman, Carton & Eberz. Other recent lawsuits filed by the firm have sought at least $10m for alleged sex discrimination against casino cocktail waitresses, and $600m from the maker of an ephedra-based dietary supplement claimed to cause the death of a Baltimore Orioles pitcher.

Toback, the politician backing the action, describes himself in his biography on Nassau County's website as a "quality of life guy" who has focused on legislation promoting open space and recreational areas. He

has also co-sponsored a law designed to protect teenagers from tanning beds and has planned this year to pursue a ban of toy guns in the area.

The legal action against Google comes as Congress and the Bush administration have been attempting to step up their crackdown on online sexual exploitation of children. The Justice Department has proposed a mandatory labelling system for sites bearing sexually explicit content and higher penalties for ISPs that don't report child pornography on their networks to the appropriate authorities.

END

In These Times

Undercover Cover-Up

May 8, 2006

Thomas Nelson knew someone had been going through his northeast Portland law office. He didn't know who, or why, but several times—from January to July 2005—he noticed that papers on his desk had been moved and his computer rebooted. Yet, he says, "as far as I [could] tell, nothing was taken."

Then he got an e-mail from Jon Norling, another lawyer in the same suite, alerting him that twice on a previous night someone posing as a member of the cleaning crew had tried to enter the office. "I know the cleaning crew," Norling says. "For a while they were all Hispanic, and women. … [This was] a middle-aged white guy speaking perfect English." A few weeks later, on July 5, it happened again.

Nelson met with the building manger, but was offered no explanations or solutions. Nelson started to feel nervous. "I didn't know what they were doing, what they were looking for … so I moved all my files," he says. He took them to his home in the mountain town of Zigzag, because "It's more inconvenient to get there. The home has a burglar alarm, and there's a gate getting into the subdivision."

Still, within a few weeks he noticed more disturbing signs. Mulitple times, he came home to find that the electricity had been out and the alarm deactivated. The alarm company failed to follow protocol and notify him of the lapse in service. When he called to inquire, they were uncharacteristically circumspect.

At that point, Nelson started to suspect federal involvement. "When the FBI wants to go to a place, they put out what's called a 'National Security Letter,'" he explains. "That letter tells, for example, the landlord, or another person who might have to facilitate the entry, that it is illegal to ever say anything about the assistance that is provided. My guess is that those letters went out to the building management, including the security company, and to the alarm company."

In December, when the *New York Times* revealed the existence of a National Security Agency (NSA) domestic eavesdropping program, the pieces started coming together. The NSA was listening in on international calls to or from the United States, and Nelson was representing an Islamic charity, Al-Haramain, that had been accused of funding Chechen terrorists. The charges were eventually dropped, but the organization's director, Soliman Al-Buthe, is still wanted for illegally taking money out of the country. Al-Buthe now lives in Saudi Arabia, communicating with his attorneys largely by phone and e-mail.

Nelson won't say how, but he had received a document showing, he says, that these confidential attorney-client conversations had been intercepted. He knew right away that the document was important, but didn't realize just how important it was. When he learned of the NSA program, it seemed what he had

was not just evidence of the government overstepping its bounds in one particular case, but evidence suggesting an entire *program* of government misconduct.

The break-ins suddenly made a lot more sense: "Keep in mind that these break-ins occurred after the illegal wiretaps and before the illegal wiretaps were public knowledge. It's more than a neat coincidence," Nelson says. "Overall, I think they were fishing for a document that they thought perhaps could forestall the entire NSA investigation that's going on now."

In other words, the break-ins were part of an attempted cover-up. "It's worrisome," Nelson says, "that they went to that kind of effort to hide what we allege is an illegal program—not just 'kind of' illegal, but a fundamental violation of basic constitutional principles."

On Feb. 28, Nelson became the first attorney to file a suit alleging specific damages from the NSA spy program. The complaint—*Al-Haramain Islamic Foundation v. Bush*—accuses the NSA of monitoring communications between Al-Buthe and two of Al-Haramain's lawyers, Wendell Belew and Asim Ghafoor. It also alleges that the NSA then shared its information with the Treasury Department, who used it to freeze Al-Haramain's assets.

The NSA has refused to acknowledge or deny involvement. But Nelson's theory is plausible. The sort of surveillance the lawsuit alleges—focusing on international calls to supposed terror suspects—fits within the scope of the NSA's activities.
But it is impossible to verify Nelson's specific claims without seeing the evidence. And the crucial document has not only been sealed by the court, but transferred to Seattle and placed in a sensitive compartmented information facility (SCIF)—a specialized vault designed to hold classified documents. Steve Borgen, the security expert for the U.S. Attorney who determined that the document should be stored in the SCIF, declined to say why it required such protection, saying only that "it just had to do with the content of the document itself." Nelson won't discuss its contents either, except to say "the document supports the allegation that's in [our] complaint."

However, Nelson suggests that the document is being so closely guarded, not because of the information it reports, but because of how that information was collected. "I think the interesting thing about the document isn't what's in it, but rather … that it supports our complaint of warrantless wiretapping." If he's right, then the government is protecting a secret that is already public knowledge.

Nelson expects that the document will eventually be declassified. *The Oregonian* has petitioned the court to make it public. While the Justice Department opposes the newspaper's motion altogether, Nelson asks only that the attorney-client correspondence be deleted.

In the meantime, Nelson is focused on the larger issue: "I don't mind the spying. I don't mind the eavesdropping. [But] do it through a judge," he says. "If you take out the judges, which the NSA program does, you run a real serious possibility of tyranny."

END

AP

Court Skeptical of FCC's Internet Wiretap Rules

May 6, 2006

WASHINGTON — A U.S. appeals court panel sharply challenged the Bush administration Friday over new rules making it easier for police and the FBI to wiretap Internet phone calls. A judge said the government's courtroom arguments were "gobbledygook."

The skepticism expressed so openly toward the administration's case encouraged civil liberties and education groups that argued that the U.S. was improperly applying telephone-era rules to a new generation of Internet services.

"Your argument makes no sense," U.S. Circuit Judge Harry T. Edwards told Jacob Lewis, the lawyer for the Federal Communications Commission.

"When you go back to the office, have a big chuckle. I'm not missing this. This is ridiculous. Counsel!"

At another point in the hearing, Edwards told the FCC lawyer that his arguments were "gobbledygook" and "nonsense."

The court's decision is expected within several months.

In an unrelated case last year affecting digital television, two of the same three judges found that the FCC had significantly exceeded its authority and threw out new government rules requiring anti-piracy devices in new video devices. Lewis was also the losing lawyer in that case, and Edwards also was impassioned then in his criticisms of the FCC.

In the current case, Edwards appeared especially skeptical over the FCC's decision to require that providers of Internet phone service and broadband services must ensure their equipment can accommodate police wiretaps under the 1994 Communications Assistance for Law Enforcement Act.

The new rules go into effect in May 2007.

The 1994 law was originally aimed at ensuring court-ordered wiretaps could be placed on wireless phones.

The Justice Department, which has lobbied aggressively on the subject, warned in court papers that failure to expand the wiretap requirements to the fast-growing Internet phone industry "could effectively provide a surveillance safe haven for criminals and terrorists who make use of new communications services."

Critics argued that the new FCC rules were too broad and inconsistent with the intent of Congress when it passed the law, which excluded categories of companies described as information services.

The FCC asserted that providers of high-speed Internet services should be covered under the law because their voice-transmission services can be considered separately from information services.

"Congress intended to cover services that were functionally equivalent" to traditional telephones, Lewis said during the hearing in U.S. Court of Appeals for the District of Columbia.

Edwards replied, "There's nothing to suggest that in the statute. Stating that doesn't make it so."

The panel appeared more inclined to support the FCC's argument that Internet phone services that allow users to dial and receive calls from traditional phone numbers may be covered under the 1994 law and required to accommodate court-ordered wiretaps.

The technology, popularized by Holmdel, N.J.-based Vonage Holdings Corp., is known as voice over Internet protocol, or VOIP.

"Voice-over is a very different thing," U.S. Circuit Judge David B. Sentelle said.

He said it offered "precisely the same" functions as traditional telephone lines.

END

McKenzie, Peggy (CIV)

From:	McKenzie, Peggy (CIV)
Sent:	Tuesday, May 9, 2006 11:49 AM
To:	Agarwal, Asheesh (CIV); Bahr, Dorothy (CIV); Baxter, Felix (CIV); Bordeaux, JoAnn (CIV); Bucholtz, Jeffrey (CIV); Calvert, Chris (CIV); Cohen, David M. (CIV); Cohn, Jonathan (CIV); Davis, Dan (CIV); Davis, Deborah J; Fargo, John (CIV); Fielding, Gabrielle (CIV); Fishback, David (CIV); Flentje, August (CIV); Fowler, Liane (SMO); Frost, Peter (CIV); Garren, Timothy (CIV); Glynn, J.Patrick (CIV); Goldberg, Arthur (CIV); Gorsuch, Neil M; Gray, Towanda (CIV); Hertz, Michael (CIV); Hollis, Robert (CIV); Hudson, Lewis (CIV); Hunt, Jody (CIV); Hussey, Thom (CIV); Jennings, Geraldine (CIV); Katsas, Gregory (CIV); Keener, Donald (CIV); Kent, Alexander (CIV); Kohl, Christine (CIV); Kohn, Chris (CIV); Kopp, Robert (CIV); Liner, Linda (CIV); Lloyd, Shirley (CIV); Lucas, Regina E. (CIV); Magnuson, Cynthia; McCallum, Robert (SMO); Miller, Charles S; Pyles, Phyllis (CIV); Riley, Sharon (CIV); Rivera, Jennifer (CIV); Schiffer, Stuart (CIV); Shannen Coffin; Shaw, Aloma A; Swenson, Lily F; Thirolf, Eugene; Williams, Angela (CIV); Williams, Toni (CIV); Willis, Kerry (CIV); Zwick, Ken (CIV)
Subject:	5/9 CIV Weekly Report to the AG
Attachments:	CivDivWkly0509.wpd

U.S. Department of Justice

Civil Division

Assistant Attorney General *Washington, D.C. 20530*

May 9, 2006

MEMORANDUM FOR THE ATTORNEY GENERAL

THROUGH: THE DEPUTY ATTORNEY GENERAL

THROUGH: THE ASSOCIATE ATTORNEY GENERAL

FROM: Peter D. Keisler
Assistant Attorney General

SUBJECT: Civil Division Weekly Report to the Attorney General

A. NEXT WEEK

- No items to report.

B. THIS WEEK

- ***Federal Circuit Orders Argument on Mandamus Petition in Case Challenging Third Circuit's Denial of Reappointment to Bankruptcy Judge***
  In re United States, Misc. 2006-806 [United States Court of Appeals for the Federal Circuit; United States Court of Federal Claims]. On April 21, the Federal Circuit ordered oral argument to be held May 10 on a mandamus petition filed by the United States, challenging the district court's refusal to dismiss a challenge brought by a bankruptcy judge denied reappointment and its order to the government to turn over privileged and confidential judicial documents for *in camera* review.

C. LAST WEEK

- ***Fifth Circuit Holds that Attorney General Has Discretion to Deem Arriving Aliens in Removal Proceedings Ineligible for Adjustment of Status***
  Momin v. Gonzales [5th Cir.]. On April 24, the Fifth Circuit upheld 8 C.F.R.§ 245.1, the

regulation that deems arriving aliens in removal proceedings ineligible for adjustment of status. The Court joined the Eighth Circuit in upholding the regulation. The First, Third, Ninth, and Eleventh Circuits have found the regulation invalid.

- ***The Court of Appeals for the Federal Circuit Dismissed Cotton Importers Constitutional Challenge to the Cotton Act***
  Cricket Hosiery, Inc. v. United States and F.T.B. Farms, et al., No. 03-0553 [Court of International Trade]. On April 24, the Court of International Trade granted the United States' and defendant-intervenors' motions to dismiss, upholding the constitutionality of the Cotton Research and Promotion Act ("Cotton Act"). Plaintiffs specifically alleged the Cotton Act violated their rights of Freedom of Speech and Free Association, and alleged an "as-applied" challenge that the message resulting from the Cotton Act was attributable to plaintiffs, an exception to the government speech defense, as well as a due process violation. The court held that the Supreme Court's decision in *Johanns v. Livestock Marketing Ass'n,* 125 S. Ct. 2055 (2005), involving the same constitutional issues in the nearly identical Beef Research and Promotion Act, controlled, and that the speech created by the Cotton Act was government speech. Further, the court dismissed plaintiffs' as-applied challenge because the existence of the contractor, Cotton, Inc., and the use of the Seal of Cotton did not attribute messages of the Cotton Act to plaintiffs. Plaintiffs' Freedom of Association claim was also dismissed because the court found that the Cotton Act does not force plaintiffs to associate with their competitors. Finally, plaintiffs' due process claim was determined to be time barred under 28 U.S.C. § 1581(I).

- ***Fifth Circuit Affirms Conviction for Illegal Possession of a Firearm by an Alien Unlawfully in the United States***
  United States v. Elrawy [5th Cir.]. On April 26, the Fifth Circuit affirmed a conviction for unlawful possession of a firearm by an alien illegally in the United States, reversed a second conviction for unlawful possession of a firearm by an alien who has been admitted into the United States as a non-immigrant, and remanded to the district court for re-sentencing. The alien had entered the United States on a non-immigrant visa but failed to depart when the visa expired. The Court observed that "a formerly illegal alien who applies for adjustment of status is not in lawful status merely because he is allowed to remain in the United States while his application is pending."

- ***District Court Vacates Injunction on Removal to Somalia and Decertifies a Nationwide***

Class
Ali Ali, et al. v. Ashcroft, et al. [Western District of Washington]. On remand from the Ninth Circuit, on April 27, the district court vacated an injunction on the removal of aliens to Somalia and de-certified a nationwide class of aliens whose removal to Somalia was barred under the injunction. The Ninth Circuit's remand stemmed from the government's motion to vacate the injunction after the Supreme Court, in *Jama v. ICE*, affirmed the Eighth Circuit's decision that ICE could remove an alien to his country of birth under 8 U.S.C. § 1231(b)(2), without prior acceptance of his repatriation from a government in his country of removal.

- ***Ninth Circuit, in Light of* Thomas*, Grants Stay of Mandate and Reconsideration of Government's Panel Rehearing Petition Asking the Court to Remand under* Ventura *for Determinations on Credibility, Past Persecution, and Rebuttal of Presumption of Well-founded Fear***
Kheiro v. Gonzales [9th Cir.]. On April 28, the Ninth Circuit: (1) granted the government's motion, in light of *Gonzales v. Thomas*, seeking stay of the mandate and reconsideration of the Court's April 14 denial of the government's panel petition; and (2) ordered the alien to respond to the rehearing petition within 14 days, taking *Thomas* into consideration. On February 10, in an unpublished decision, the Court reversed a finding of adverse credibility, found past persecution, and stated that it would not allow the government to raise new arguments intended to rebut the presumption of well-founded fear "four years after Kheiro's original asylum hearing." The Court remanded for the Attorney General to exercise his discretion with regard to asylum and with instructions that the alien be granted withholding of removal. The government then filed a rehearing petition seeking a *Ventura* remand for determinations on credibility, past persecution, and rebuttal of the presumption of well-founded fear.

- ***United States Moves for Summary Judgment in Challenge to Appropriations Law Barring Discrimination Against Health Care Providers Opposed to Performing Abortion***
California ex rel. Lockyer v. United States [Northern District of California]. On April 28, the United States moved for summary judgment, in which the State of California challenges the constitutionality of the Weldon Amendment, which provides that federal funding for labor, health, and education programs may not be made available to State or local governments that discriminate against health care providers who refuse to perform, pay for, or make referrals for, abortions. California, which requires health care facilities to perform abortions when necessary in a medical emergency, contends that the Weldon Amendment exceeds Congress's authority under the Spending Clause, violates the Tenth Amendment, and infringes on women's rights of access to abortion. The United States argues in support of its motion (and in opposition to plaintiffs' motion for summary judgment, filed April 14): (1) that California lacks standing because it has never had to enforce its own laws regarding emergency abortion services at the risk of violating the Weldon Amendment, (2) that the Weldon Amendment is a valid exercise of Congress's spending power to discourage various forms of discrimination by federal funds recipients, (3) that the Weldon Amendment does not infringe on state sovereignty through

impermissible "coercion," and (4) that merely protecting the free exercise of conscience by health care providers who are unwilling to perform abortions in the first place does not violate a constitutionally protected right of access to abortion.

· ***Court of International Trade Affirms Commerce's Scope Ruling***
Sango Int'l v. United States, No. 05-0145 [Court of International Trade]. On May 1, the Court of International Trade denied plaintiff's motion for judgment upon the agency record and granted judgment for the United States. Plaintiff challenged the Department of Commerce's determination that gas meter swivels and gas meter nuts unambiguously fall within the scope of the antidumping duty order Certain Malleable Iron Pipe Fittings,

Cast, Other Than Grooved, from the People's Republic of China, 68 Fed. Reg. 69,376 (Dec. 12, 2003). The court held that Commerce's determination is supported by substantial evidence and is in accordance with law.

· ***Federal Circuit Affirms in Part, Vacates in Part, and Remands Dismissal of Challenge to U.S. Trustee's Determination Not to Modify Retaliation List***
Gilda Indus. Inc. v. United States, Consol. No. 05-0324 [Fed. Cir.] On May 1, the Court of Appeals for the Federal Circuit affirmed in part, and reversed in part, the decision of the Court of International Trade dismissing a challenge to the imposition of 100 percent ad valorem duties upon toasted breads in retaliation for the European Communities' exclusion of hormone-treated beef from the United States. The appellate court rejected plaintiff-appellant's contention that Congress had only authorized retaliation against beef imported from the European Communities and held that the United States Trade Representative possesses broad discretion to target products other than those in dispute to induce U.S. trading partners to comply with their international obligations. The court remanded the case, however, for further record development of the government's explanation that it was not required to rotate products on the retaliation list in this instance because a resolution of the trade dispute is "imminent." The court limited any remedy that might be imposed on remand to a directive requiring the Trade Representative to comply with statutory requirements and specified that the plaintiff is not entitled to any refund of duties or removal of its product from the retaliation list. Finally, the court affirmed the denial of the plaintiff-appellant's petition for class certification.

· ***Motion for Preliminary Injunction to Continue Katrina Assistance Denied as Moot***
Armstead v. Nagin [E.D. La.]. On May 2, Magistrate Judge Joseph C. Wilkinson, Jr. denied as moot the plaintiffs' motion for preliminary injunction. Plaintiffs, a husband and wife residing in a Houston apartment funded by the Federal Emergency Management Agency (FEMA), allege that FEMA has not given them the financial assistance to which they are entitled, that the President failed to provide sufficient notice of the need to evacuate New Orleans and to "render prompt and necessary aid" after Hurricane Katrina, and that FEMA discriminates among Katrina victims by giving more support to some applicants than to others. Plaintiffs filed a motion for preliminary injunction seeking to require FEMA to provide continuing rental assistance, but the motion was mooted when FEMA reversed its initial denial of rental assistance. Plaintiffs' counsel did not respond to the offer to stipulate that the motion had become moot, and the motion was opposed on grounds of mootness. The federal defendants must respond to the complaint by May 30.

- ***Nationwide Class Certified in Challenge to Tobacco Transition Program***
Neese v. Johanns [Western District of Virginia]. On May 2, Magistrate Judge Pamela Sargent issued a Report and Recommendation to the district court recommending certification of a nation-wide class action. This case is an Administrative Procedure Act challenge to regulations promulgated by the Department of Agriculture (USDA) implementing the Fair and Equitable Tobacco Reform Act of 2004. The Tobacco Reform Act terminates the 70-year-old program of tobacco price supports and marketing quotas, and provides for transition payments to be made to tobacco farmers over a ten-year period, in accordance with a formula for calculating payments set out in the statute. The transition payments are funded by special assessments laid on manufacturers of tobacco products. The plaintiffs, producers of burley and flue-cured tobacco, contend that the formula for calculating payments adopted in USDA's regulations is inconsistent with the statutory formula, and that, as a result, they received less in transition payments than required by the statute. The case was brought as a putative class action, and on plaintiffs' motion for class certification, the Magistrate Judge recommended that a class consisting of all burley and flue-cured tobacco producers who received less money under the agency regulations than they would have received under the statutory formula (as interpreted by the plaintiffs) be certified pursuant to Federal Rule of Civil Procedure 23(b)(2). In addition, the Magistrate Judge granted the motion by Philip Morris USA, Inc., to intervene in the case as a defendant. On the same day, May 2, the plaintiffs moved for summary judgment, contending that USDA's regulations are contrary to the plain language of the Tobacco Reform Act. Defendants' opposition is currently due on May 17, although we anticipate negotiating a schedule for submission of an opposition and cross-motion for summary judgment at a later time.

- ***Israeli Court dismisses Law Suit Claiming Damages for Denial of Visa***
Dimitri Aronov v. United States [Magistrate's Court - Tel Aviv]. On May 2, we were notified that the Israeli Magistrate's Court of Tel Aviv had dismissed on the grounds of sovereign immunity, a claim brought against the United States for the denial of a visa under the Diversity Immigrant Visa Program for Permanent Residents. The plaintiff claimed that his visa application was improperly denied after having received assurances from the Consular Section of the U.S. Embassy that his application would be granted. The plaintiff claimed 200,000 NIS ($45,000) in damages were sustained when, in reliance upon the preliminary and erroneous assurances of the Embassy, he sold his apartment and took other affirmative steps to move to the United States. In dismissing this case, the court found that the courts of Israel have no jurisdiction over litigation arising out of the internal immigration policies of a foreign state, and therefore the United States was entitled to sovereign immunity.

- ***Tenth Circuit Rejects Challenge to Restriction on Compensation for Work-Related Publications***
Wolf v. Barnhart [United States Court of Appeals for the Tenth Circuit; United States District Court for the Northern District of Oklahoma]. On May 3, the Tenth Circuit rejected a challenge by an Administrative Law Judge in the Social Security Administration asserting a right to receive compensation for a book entitled *Social Security and the Legal*

Professional, notwithstanding ethics regulations that prohibit receipt of compensation for writing relating to an employee's current duties. The panel rejected various Administrative Procedure Act challenges and distinguished the regulation at issue from the general ban on honoraria held invalid on First Amendment grounds by the Supreme Court.

- ***Ninth Circuit Affirms Ruling Dismissing Claims Under the Feres Doctrine***
  Flowers v. Department of the Army [United States Court of Appeals for the Ninth Circuit; United States District Court for the District of Hawaii]. On May 3, the Ninth Circuit issued an unpublished per curiam decision affirming the dismissal of claims under the *Feres* doctrine, which bars suits for injuries arising out of military service. The plaintiff, a former Sergeant Major in the Army, alleged that the Army had violated the Right to Financial Privacy Act in issuing subpoenas for his bank records in connection with its larceny investigation. The district court dismissed the claims on *Feres* grounds, and the panel agreed that the claims implicate concerns at the heart of the *Feres* doctrine.

- ***Motion to Stay Tort Litigation Filed in NASA Space Shuttle Property Loss Claim***
  SPACEHAB, Inc. v. United States [Southern District of Texas]. On May 4, a motion was filed seeking a stay of this Federal Tort Claims Act action for damages arising out of the destruction of a private research module that was in the cargo bay of the ill-fated Space Shuttle Columbia. The Columbia was destroyed on reentry into the earth's atmosphere on February 1, 2003, causing the deaths of the astronauts and the loss of the shuttle and its cargo. NASA had provided $8 million in property loss coverage under its contract with SPACEHAB, and believed this was the limit of the government's liability. SPACEHAB disagrees and is suing to recover an additional $79 million in damages. SPACEHAB is concurrently pursuing a breach of contract claim before the Board of Contract Appeals. It now seeks identical relief in this action, characterizing the same loss as a tort (negligent destruction of property). The United States has moved to stay the tort action pending resolution of the Board proceedings.

- ***Federal Circuit Holds Contract Claims Against TRICARE Contractor Are Not Claims Against The United States***
  Board of Trustees of Bay Medical Center v. Humana Military Healthcare [Fed. Cir.]. On May 4, the Court of Appeals for the Federal Circuit affirmed the refusal by the United States District Court for the Northern District of Florida to "transfer" to the Court of Federal Claims a contract action brought against a former TRICARE managed care provider by hospitals in its contracted network. Humana Military Healthcare argued that the government is the real party in interest because damages paid to the hospitals would allegedly be reimbursable under Humana's TRICARE contract (which has expired during the lawsuit). The court held that the complaint properly pleaded breaches of private contracts, and that Humana's stated intent to seek compensation from the government if held liable is irrelevant to jurisdiction.

- ***First Circuit Denies Stay/Injunction Sought by Army Reserve Captain Ordered to Active Duty After Army Refused to Accept Resignation***
  O'Reilly v. Rumsfeld [United States Court of Appeals for the First Circuit; United States District Court for the District of Massachusetts]. On May 5, Jonathan O'Reilly, a Captain

in the Army Reserve, submitted multiple requests to resign his commission after completing more than eight years of service, but those requests were denied by the Army, and Captain O'Reilly has been ordered to active duty for service in Iraq. The district court denied his request for an injunction and dismissed his habeas claim, which challenged his mobilization orders and the denials of his resignation requests, ruling that such a claim must be brought where a soldier's custodian (commanding officer) is located. The First Circuit denied a stay or injunction pending appeal, and set the case for expedited briefing,

ruling that Captain O'Reilly's alleged harms are outweighed by the harm to the military if he does not report for duty as ordered.

- ***Motion to Enjoin Guantanamo Military Commission Proceeding Filed***
  Al Sharbi v. Bush [District Court for the District of Columbia]. On May 8, counsel purporting to represent Guantanamo Bay detainee Ghassan Abdulla Al Sharbi filed a motion seeking to enjoin military commission proceedings with respect to Al Sharbi pending a decision of the Supreme Court. Al Sharbi previously told the military commission that he did not want representation before the commission. Proceedings before the commission to decide whether Al Sharbi should go without counsel are scheduled for May 17. The motion to enjoin the commission proceedings was filed by counsel purporting to represent Al Sharbi in a separate habeas action brought through a family next friend. The government's response is currently due May 18.

Contact: Daniel J. Davis, Counsel, 353.9334

Nichols, Carl (CIV)

From: Nichols, Carl (CIV)
Sent: Wednesday, May 10, 2006 10:57 AM
To: Gorsuch, Neil M
Subject: FW: 5/10/06 Civil Division News

Congrats. I had heard rumors, but this is great.

From: Ames, Andrew
Sent: Wednesday, May 10, 2006 10:51 AM
To: Agarwal, Asheesh (CIV); Ames, Andrew; Baxter, Felix (CIV); Branda, Joyce (CIV); Brett Gerry; Brody, Stephen (CIV); Bucholtz, Jeffrey (CIV); Bukvics, Jennifer (CIV); Claterbos, Barbara (CIV); Cohen, David M. (CIV); Cohn, Jonathan (CIV); Davidson, Jeanne (CIV); Davis, Dan (CIV); Fargo, John (CIV); Fielding, Gabrielle (CIV); Figley, Paul (CIV); Flentje, August (CIV); Frost, Peter (CIV); Garren, Timothy (CIV); Glynn, J.Patrick (CIV); Gorsuch, Neil M; Hertz, Michael (CIV); Hollis, Robert (CIV); Hunt, Jody (CIV); Hussey, Thom (CIV); Jennifer Brosnahan; Jeweler, James (CIV); Katsas, Gregory (CIV); Keisler, Peter D (CIV); Kohn, Chris (CIV); Kopp, Robert (CIV); Letter, Douglas (CIV); Levine, Larry (EOIR); Lindemann, Michael (CIV); Magnuson, Cynthia; McCallum, Robert (SMO); Miller, Charles S; Nichols, Carl (CIV); Nowacki, John; Pyles, Phyllis (CIV); Riley, Sharon (CIV); Rivera, Jennifer (CIV); Roehrkasse, Brian; Schiffer, Stuart (CIV); Scolinos, Tasia; Seidel, Rebecca; Senger, Jeffrey M; Spellberg, Dianne (CIV); Swenson, Lily F; Thirolf, Eugene; Wilson, Karen L; Zwick, Ken (CIV)
Subject: 5/10/06 Civil Division News

Federal Court Holds 'Anti-Prostitution Pledge Requirement' Violates First Amendment

New York judge halts government restrictions on AIDS funding

Records will reveal Abramoff's White House visits

Attorney for 5 Chinese ex-Guantanamo inmates slams US for dumping them in Albania

Ex-Pfizer VP Peter Rost Takes On Goliath

Bush to nominate Gorsuch to Denver appeals court

Two patent rulings raise issues for biotechs, generics

Pledge atheist' set to challenge 'In God We Trust'

Klein Gives Powerful "No Child" Defense

Press Release: CREW Sues Secret Service Over Abramoff-Related Visitor Records, Secret Service Refuses to Hand Over Docs to Ethics Org

Ascribe Newswire

Tue May 9 17:53:31 2006 Pacific Time

Federal Court Holds 'Anti-Prostitution Pledge Requirement' Violates First Amendment

NEW YORK, May 9 (AScribe Newswire) -- A federal judge ruled today that a sweeping restriction on the

privately funded speech of groups participating in the federal government's international HIV/AIDS program violates the First Amendment.

At issue in the case is a requirement that public health groups receiving U.S. funds pledge their "opposition to prostitution" in order to continue their life-saving HIV prevention work. Under this "pledge requirement," recipients of U.S. funds are forced to censor even their privately funded speech regarding the most effective ways to engage high-risk groups in HIV prevention.

In his opinion issued today, Judge Victor Marrero of the U.S. District Court for the Southern District of New York ruled that the pledge requirement violated the First Amendment rights of two plaintiff organizations, Alliance for Open Society International (AOSI) and Pathfinder International, by restricting their privately funded speech and by forcing them to adopt the government's viewpoint in order to remain eligible for funds. "The Supreme Court has repeatedly found that speech, or an agreement not to speak, cannot be compelled or coerced as a condition of participation in a government program," wrote Judge Marrero. The plaintiffs are represented by the Brennan Center for Justice at NYU School of Law.

While none of the relief organizations receiving funds "supports prostitution," it is essential that they maintain their ability to engage in proven, effective HIV prevention methods with at-risk populations. "Today's ruling by Judge Marrero enables Pathfinder to continue serving the most vulnerable women in many of the world's poorest nations without impediment," said Daniel Pellegrom, Executive Director of Pathfinder International, one of the plaintiffs in the case.

"We're delighted that the court recognized the pledge requirement as unconstitutional and overreaching," said Ricardo Castro, a board member of Alliance for Open Society ("AOSI") International, one of the plaintiffs. "The provision not only violates the First Amendment, but also hampers organizations on the front lines of the AIDS epidemic working to save lives through proven prevention methods. We believe that public health policy should be based on science--not ideology."

Rebekah Diller, Associate Counsel at the Brennan Center, attorney for the plaintiffs, explained. "It's wrong for the government to force public health organizations to make ideological pledges on unrelated issues in order to do their work of preventing HIV/AIDS. This decision has wider implications. As nonprofit organizations partner with government to address social problems, it should be clear that what counts is whether they do the work, not whether they are willing to espouse ideological positions."

The plaintiffs are among a chorus of voices that have objected to a requirement that interferes with proven HIV prevention approaches. In July 2005, Brazil declined tens of millions of dollars in U.S. funds for its anti-AIDS work. In February 2005, 13 charitable organizations, including the International Rescue Committee, Save the Children and CARE, criticized the pledge requirement, saying that it "greatly undermines" AIDS prevention efforts.

The lawsuit, Alliance for Open Society International v. United States Agency for International Development, was brought by Pathfinder International, AOSI, and the Open Society Institute, with which AOSI is affiliated. The Brennan Center for Justice, through its Non-Profit Rights Project which works to protect the freedom of non-profit organizations when they partner with government, is counsel to the plaintiffs. Defendants are the United States Agency for International Development, the U.S. Department of Health and Human Services, and the U.S. Centers for Disease Control, all of which distribute U.S. funds for international HIV/AIDS work.

In his ruling today, Judge Marrero determined that a preliminary injunction against the enforcement of the pledge requirement was necessary to prevent AOSI and Pathfinder from suffering irreparable harm. While the courts decision applies directly only to AOSI and Pathfinder, it could have a broad impact on the many other public health organizations also forced to sacrifice their privately funded speech in order to receive government funds.

Plaintiff AOSI is an independent nongovernmental organization headquartered in the United States that is affiliated with the Open Society Institute (OSI). Plaintiff OSI, a private operating and grantmaking foundation, aims to shape public policy to promote democratic governance, human rights, and economic,

legal, and social reform.

Plaintiff Pathfinder International, based in Watertown, Mass., provides reproductive health services and HIV/AIDS prevention to women and families in many of the world's most economically challenged countries.

The Brennan Center for Justice at NYU School of Law unites thinkers and advocates in pursuit if a vision of inclusive and effective democracy. Its mission is to develop and implement an innovative, nonpartisan agenda of scholarship, public education and legal action that promotes equality and human dignity while safeguarding fundamental freedom.

END

AP

May 10, 2006

New York judge halts government restrictions on AIDS funding

By LARRY NEUMEISTER

Associated Press Writer

NEW YORK_The U.S. government is violating the free-speech rights of key partners in its international fight against AIDS with a policy forcing groups to denounce prostitution as a condition for receiving funding, a federal judge ruled Tuesday.

U.S. District Judge Victor Marrero said the U.S. Supreme Court "has repeatedly found that speech, or an agreement not to speak, cannot be compelled or coerced as a condition of participation in a government program."

The judge wrote that the government's "somewhat cavalier take-it-or-leave-it answer to an infringement of speech _ which can more or less be characterized as 'if you don't like it, lump it' _ is simply not in keeping with the expectations our society derives from First Amendment freedoms."

He ruled after hearing arguments three weeks ago from the government and lawyers for three health organizations. The ruling was a preliminary injunction, temporarily blocking the government from continuing the actions while the legal case continues.

Lawyer Rebekah Diller had argued on behalf of the health organizations that the government had created "a First Amendment nightmare" with the rules.

Assistant U.S\l "l". Attorney\l "l" Richard E. Rosberger, arguing for the government, had said no provision of the 2003 law containing the anti-prostitution pledge requirement was meant to discourage the treatment of those with AIDS, including prostitutes.

A spokeswoman for the U.S. attorney's office in Manhattan, Megan Gaffney, said the government had no immediate comment on the decision.

END

New York Daily News

Wed, May. 10, 2006

Records will reveal Abramoff's White House visits

BY KENNETH R. BAZINET

New York Daily News

WASHINGTON - Secret Service logs set for release Wednesday should reveal some of convicted ex-lobbyist Jack Abramoff's White House connections, according to conservative group Judicial Watch.

As part of a court-sanctioned deal, the Secret Service will hand over to Judicial Watch records expected to show when Abramoff was at the White House, how long he was there, and who signed him in for the visit.

Abramoff is the linchpin in a federal grand jury investigation into corruption and influence-peddling that stretches from Congress to the White House.

So far, a half-dozen current and ex-government employees have been indicted. But while the focus is now on top GOP congressmen, the Secret Service logs could put the heat on the Bush administration.

The records may show which White House offices Abramoff visited, though they probably won't list everyone Abramoff met with while there, said Judicial Watch President Tom Fitton.

"We're not sure what we will get. In terms of how many visits, who knows?" Fitton said. "But there may be something interesting in there."

A Bush loyalist told the Daily News: "There are a bunch of visits, (but) he didn't get into the West Wing very often."

President Bush's outgoing spokesman Scott McClellan cautioned reporters there might be records beyond what the Secret Service maintains, but he has refused to elaborate.

Taking on the administration may seem odd for a right-wing outfit that made a name for itself by dogging President Bill Clinton over the Monica Lewinsky and Paula Jones scandals.

But Judicial Watch is now an odd-couple ally with the left-leaning Citizens for Responsibility and Ethics in Washington. The liberal legal watchdog also is suing the Secret Service for related records involving a half dozen of Abramoff's associates.

"We're serious when we say we're anti-corruption," Fitton said, explaining the zeal with which he has taken on the White House over the Abramoff scandal.

Still, Judicial Watch hasn't completely shed its anti-Clinton image. It is now running a project called "Hillary Watch 2006," monitoring the New York Democrat's campaign contributions and government-funded travel.

"We still think (the Clintons) are corrupt politicians and they need to be held accountable," Fitton said.

END

AP

May 10, 2006

Attorney for 5 Chinese ex-Guantanamo inmates slams US for dumping them in Albania

By LLAZAR SEMINI

Associated Press Writer

TIRANA, Albania_The attorney for five Chinese Muslims released from the U.S. prison at Guantanamo Bay has criticized the United States for dumping them in Albania, a country where he said it would be virtually impossible for them to assimilate.

Sabin Willett told The Associated Press on Tuesday that the administration of U.S. President George W. Bush "has simply taken advantage of the good relationship with Albania to try to make one of its problems go away and I think that's unfortunate."

U.S. officials in Albania were not immediately available for comment.

China, meanwhile, has demanded the return of the five men and criticized a U.S. decision to allow them to seek asylum in Albania.

The United States allowed the men to go to Albania after concluding they posed no terrorist threat to the United States but might face persecution if they returned to China.

Chinese officials have said the five, members of the Uighur minority, are suspected of being members of a group accused of waging a violent separatist campaign in China's northwestern Muslim region of Xinjiang.

Beijing says the group _ the East Turkistan Islamic Movement _ has links to Osama bin Laden's al-Qaida terror network and has received arms and training from it. But the government hasn't released evidence to support its claims.

The five men were brought straight from Guantanamo Bay, Cuba, in a U.S. military plane accompanied by some 30 soldiers last week, Willett said.

No one here understands the language of the five men, he said. "I don't see how this is going to work."

The five are being sheltered at a National Center for Refugees in the suburbs of Tirana and they have not been allowed to meet with reporters, the attorney said. He said Albanian authorities were trying to minimize the controversy by "keeping the men out of the public eye."

The men were seen Monday having lunch at a Tirana restaurant and Willett said he had asked special permission, and thanked Albanian authorities for allowing them to get out "as they had not gone to restaurants in five years."

An Albanian Interior Ministry official, speaking on condition on anonymity because of the delicate issue, said "they normally are not allowed to get out of the center until the request for asylum is over and they get the proper documentation."

But Willett criticized the whole idea of keeping them in Albania, especially in a refugee center.

"Doing a refugee settlement, to make it work there should be some kind of family or community or some language similarity, some way to help people integrate into the society, get good jobs and become productive members of the community. And here there is just no point of contact," Willett said.

Beijing blames Uighur separatists for sporadic bombings and other violence in the Xinjiang region. But

diplomats and foreign experts are skeptical and say most violence stems from personal disputes.

Xinjiang is a massive desert region in China's far northwest that abuts several Central Asian nations. It is home to about 8 million Uighurs, who are ethnically Turkic _ not Han Chinese _ and who have their own distinct culture and language.

The five men were detained during the U.S. invasion of Afghanistan following the Sept\l "l". 11\l "l" attacks.

In announcing their release last week, the U.S. Defense Department gave scant information about the former detainees\l "l". Their names were not listed and the statement did not say explicitly why they were not returned to China.

END

Op-Ed News

May 9, 2006

Ex-Pfizer VP Peter Rost Takes On Goliath

By Evelyn Pringle

Beginning in 1997, Pharmacia, currently a subsidiary of Pfizer, sought to boost its sales of the drug Genotropin. To that end, the company illegally marketed the drug to spur growth in short children and as an anti-aging drug for adults looking for the fountain of youth.

In a nutshell, the off-label marketing scheme included: (1) direct payments to doctors; (2) all-expense paid junkets for doctors; (3) financial incentives to distributors: and (4) phony consultant contracts to funnel payments for the off-label promotion.

As a result of the scheme‘s success, sales of the Genotropin sky-rocketed and over the years, Medicaid and other public healthcare programs paid millions of dollars for its improper use. The full amount of damage to health care programs is not yet known.

"But this much is certain," former Pfizer Vice President turned whistleblower, Dr Peter Rost, says, "Pharmacia turned Genotropin into a cash cow by illegally peddling a dangerous drug to make short kids tall and their grandparents young."

Genotropin is a man made human growth hormone approved to treat a limited range of hormonal deficiencies. The FDA has never approved the drug to spur growth for children without hormonal deficiencies or to prevent aging.

Genotropin has serious side effects according to the National Institute of Health: “If growth hormone is given to children or adults with normal growth, who do not need growth hormone, serious unwanted effects may occur because levels in the body become too high. These effects include the development of diabetes; abnormal growth of bones and internal organs such as the heart, kidneys, and liver, arteriosclerosis; and hypertension.”

Dr Rost joined Pharmacia in June of 2001 as a VP of Marketing Endocrine Care. One of his primary responsibilities was to oversee the marketing of Genotropin but he did not handle day-to-day marketing activities.

A group of about 70 people reported to Dr Rost, among them a US marketing director with a group of about 22 people under him. The marketing people who sold Genotropin throughout the US reported to the Endocrine Care sales director.

A few days after Dr Rost came on board he received a copy of a letter from his supervisor that discussed the off-label sale of Genotropin and stated that Pharmacia would not promote or encourage the use of the drug outside approved uses.

Dr Rost said he found the letter unusual because "any marketing director would be well aware that it is illegal to promote drugs for off-label indications." When he asked about it he was told that there had been some problems in the past, but that the issue had since been resolved.

In the fall of 2001, Dr Rost became aware that the company was paying for between 600 and 800 doctors and their spouses to attend an annual meeting at a posh Caribbean resort as part of its marketing of Genotropin. When he expressed concerns, he was assured that the company's legal department had approved this type of trip.

In early 2002, Dr Rost conducted a profitability analysis of the Genotropin franchise and became uneasy when the senior director of marketing would not disclose key sales and marketing information related to the audit.

During the analysis, Dr Rost learned that Pharmacia paid cash incentives to sales reps for each new patient who was prescribed Genotropin and that 16 of the top 20 earning territories came from the adult team, in spite of the fact that adult sales accounted for only about 10% of total sales. He also learned that they received incentives regardless of whether treatment was on-label or off-label.

Dr Rost then decided to track every new patient to determine exactly how many new anti-aging patients were signed on each month. Based on high number in his analysis, Pharmacia agreed to change the incentive payment plan and exclude payments for any patients from physicians known to engage in off-labeling prescribing.

Later in February 2002, Dr Rost learned that Pharmacia had numerous contracts to sell Genotropin directly to doctors specializing in the anti-aging field, as well as contracts with wholesalers who specialized in servicing the off-label Genotropin market.

Around this same time, he decided to delve deeper into the marketing practices and it soon became clear that his subordinates knew that off-label marketing was illegal, and they were not forthcoming. For instance, the payments to physicians were not revealed until a manager left the company and doctors started to call and ask about their payments.

Dr Rost first approached Pharmacia management in the fall of 2001, and in February 2002, the company started an internal investigation. In March, the firm's Associate General Counsel informed Dr Rost that she had found that marketing director, Carl Worrell, had engaged in gross misconduct relating to the off-label promotion and that he was not forthcoming during the investigation. Based on their concerns, a decision was made to terminate Worrell's employment in April 2002.

After he left, Dr Rost discovered documents that showed that Pharmacia had been actively engaged in the off-label marketing since at least 2000. In one example, Dr William Abelove, an anti-aging doctor at a longevity center, had sent a letter to Pharmacia CEO, Fred Hassan, in 2000, and wanted to purchase Genotropin at a discount rate. Mr Hassan forwarded the letter to the marketing departments and by May 1, 2000, Worrell had signed a consulting contract with Dr Abelove to assist in the promotion of Genotropin.

In effort to ensure that the off-label promotion was terminated, Dr Rost sent an email to the associate director of marketing and her product managers and explained his concerns about continued payments

and consultancy agreements, and instructed them not to approve any additional payments without seeing him first.

In May 2002, Pharmacia cancelled contracts that gave rebates to anti-aging doctors and wholesalers who supplied anti-aging clinics but continued to sell to these doctors and wholesalers.

The same month, Dr Rost received a short debriefing of the internal legal review and was assured that appropriate corrective action had been taken.

In July 2002, Pfizer announced the friendly take-over of Pharmacia. With this merger, it became clear to Mr Rost that he would have to address his concerns with Pfizer's management team. To prepare, Dr Rost started to research the legal statutes related to growth hormones and the False Claims Act, and other laws Pharmacia may have violated.

During the time period of July through September 2002, Dr Rost continued to receive reports about discoveries of kick-backs paid to doctors.

On October 28, 2002, Mr Rost and several marketing directors participated in a meeting with Pfizer that included employees from Pfizer's medical, marketing, regulatory and legal department, as well as Judith Tytel, Pharmacia's Senior Corporate Counsel.

The meeting was intended to be an opportunity for Pharmacia employees to provide information to their Pfizer counterparts. At the meeting Dr Rost and his team disclosed that Pharmacia was sponsoring all-expense paid junkets for physicians and that Pharmacia maintained a data base, known as the Bridge Program, that contained detailed information regarding the 30,000 patients who received Genotropin prescriptions.

They also explained that payments were being made to US doctors and discussed how the Bridge Program supplied new patients with free Genotropin for several months while the company assisted in seeking reimbursement.

Following the meeting, several Pfizer executives asked for more information and on November 8, 2002, Dr Rost and several directors, and Associate General Counsel, met with Pfizer representatives and lawyers and reviewed the Bridge Program.

During this time, Dr Rost continued to discuss his concerns with executives and lawyers at Pharmacia and believed that the company was concerned about the potential legal exposure related to the off-label sale of Genotropin.

In response to continued reports indicating illegal activities, Dr Rost repeatedly tried to implement corrective measures. However, he learned that the corporate culture at Pharmacia made it impossible to eliminate illegal conduct because of the financial incentives that drove sales reps to continue it.

Through further investigation, Dr Rost learned that the illegal activities started long before he arrived, and as far back as 1997. He came to conclude that at times, company officers condoned the activities despite knowing that they were illegal.

On April 16, 2003, the merger between Pfizer and Pharmacia was final. Pharmacia directors and officers realized enormous financial benefits. CEO Fred Hassan, received a $9.9 million severance package, 9 other directors received packages worth, in the aggregate, $31.6 million, and company directors were able to obtain early vesting of approximately 6.7 million in stock options.

Pharmacia's sales were also a shot in the arm to Pfizer. According to Pfizer's 2003 Annual Report: "Revenues increased 40% to $45,188 million in 2003 ... Revenue increases in 2003 were primarily due to the inclusion of Pharmacia products," it said.

The off-label sales paid off extremely well. Between 1997 and 2003, Genotropin generated more than $550 million in sales in the US alone and the company's database shows that about 60% of adult sales, and 25% to 30% of pediatric sales, were for off-label use.

On May 22, 2003, Dr Rost became aware of the pervasive nature of ongoing illegal activity when he met with a manager of the Bridge Program and was shown documents that confirmed that a massive number of patients were listed with an off-label diagnosis.

In fact, 25% to 30% of the pediatric prescriptions were for off-label use. Dr Rost understood that pediatric patients received significant funding from Medicaid and other government programs.

He was alarmed at the extent of pediatric use - a staggering number, he says, not only due to the medial implications to children but also because it demonstrated that a great percentage of the cost was reimbursed by Medicaid or other governmental programs.

Disturbed by these findings, he decided to file a lawsuit and with Attorney Erika Kelton, and another Phillips & Cohen attorney, started drafting a complaint.

On June 3, 2003, Ms Kelton, informed an assistant US Attorney that Dr Rost would be filing a qui tam action alleging fraud relating to the off-label marketing of Genotropin and delivered a copy of the complaint to the US Attorney's Office on June 4, 2003.

In the Complaint, Dr Rost provides details of a complex scheme including the nature of the fraud - where it occurred, how it occurred, when it occurred and the persons responsible for its commission. The following is a summary of the complaint's specific factual allegations:

Approximately 60% of adult sales and 25% of its pediatric sales were for off-label uses.

Pharmacia bribed 16 named distributors to promote off-label usage of Genotropin.

Under the pretext of participating in a "study," Pharmacia paid doctors $200 for every patient they prescribed to, including off-label subscriptions, and paid doctors an additional $200 for every year that such patients continued to use Genotropin.

Pharmacia sponsored junkets for physicians and their spouses and awarded substantial "honoraria" as inducements/kickbacks to promote the off-label usage of Genotropin.

Pharmacia provided discounts to doctors working exclusively in the anti-aging area, knowing that they would sell Genotropin off-label for anti-aging treatment and least 18 named doctors signed contracts for such price discounts.

Through contracts and "retainer" agreements, Pharmacia hired persons and entities, some named in the Complaint, to promote off-label use of Genotropin and such "consultants" provided no other services.

The false claims were submitted from 1997 to June 5, 2003 across the US and included false claims and statements made by dozens of named distributors and doctors, and Pfizer's Bridge Program lists the patients for which the false claims were submitted.

But come to find out, off-label marketing seems to habitual with Pfizer. At the same time that Dr Rost reported the illegal activities, Pfizer was fighting off a whistleblower lawsuit arising out of the off-label marketing of the drug Neurontin, by another company acquired through a merger, in promoting the drug for pain control and Attention Deficit Disorder.

In the end, Pfizer settled the lawsuit and a related criminal case for $430 million.

In a motion filed in attempt to dismiss Dr Rost's lawsuit, Pfizer states: "After investigating for more than

two years, the Justice Department recently declined to intervene in this qui tam complaint." The inference being that the DOJ does not consider this to be a serious case.

However, a decision by the DOJ not to intervene means nothing. According to a study by the Government Accounting Office, the DOJ has declined to intervene in 72% of all qui tam actions initiated between 1987 and 2005.

A review of Pfizer regulatory filings reveals an ongoing affair with the DOJ. In its Form 10-K for 2003, filed with the SEC on March 10, 2004, Pfizer disclosed the following:

"The company recently was notified that the US Department of Justice is conducting investigations relating to the marketing and sale of Genotropin and Bextra, as well as certain managed care payments."

In its Form 10-K for 2004, filed with the SEC on February 29, 2005, Pfizer disclosed that: "In late 2003, we received a request for information and documents from the US Department of Justice concerning the marketing of Genotropin as well as certain managed care payments."

Nine months later, in a Form 10-Q filed on November 9, 2005, Pfizer revealed that: "The U.S. Department of Justice has informed us that it is investigating Pharmacia's former contractual relationship with a health care intermediary."

And make no mistake, Pfizer's legal troubles are far from over. According to Dr Rost's attorney, Mark Labaton, "a grand jury in Boston is investigating the illegal promotion and marketing of Genotropin based on an investigation conducted by the US Attorney's office."

In addition according to news reports, the US Attorney in the Eastern District of New York also has an active criminal investigation involving Pfizer's off-label promotion of Lipitor, he says.

Mark Labaton, is a partner at the firm Kreindler & Kreindler, LLP, with offices in New York and LA. The firm handles cases including securities and consumer class actions, and FCA whistleblower, antitrust, and consumer cases.

His resume includes 7 years as an Assistant US Attorney for the Central District of California, where he prosecuted white-collar fraud cases, including whistleblower actions.

Pfizer is the largest pharmaceutical company in the world, and according to Mr Labaton, "Like most large pharmaceutical companies, it is financially and politically powerful."

"Litigating against such companies is not for the faint-hearted," he warns.

"But whistleblower lawyers are inspired by their clients," Mr Labaton says. "Warts and all, these clients are a strong, determined, and courageous lot."

He claims that "off-label promotion of drugs is a form of quackery that victimizes vulnerable individuals who take these drugs with serious and dangerous side effects for purposes never intended and approved by the FDA."

"That's exactly what happened in our case," he notes.

"Pharmacia and its successor company, Pfizer," Mr Labaton says, "generated hundreds of millions in revenue by peddling Genotropin to spurt growth in short children and as an anti-aging drug for adults seeking eternal youth."

"Genotropin was never intended to make short kids tall and their grandparents young," he said.

In some whistleblower cases, he says, there is one victim -- "the taxpayer who foots the bill for the fraud."

It costs law firms a fortune to go up against the giant drug makers. In the Pfizer Neurontin lawsuit, “the civil/whistleblower plaintiffs in that case took more than 20 depositions and obtained thousands of pages of documents in discovery,” Mr Labaton reports.

But he says he‘s not complaining. “The costs to us as lawyers and to our firms can be substantial,” he says, “but these costs pale when compared to what whistleblowers, like Dr. Rost, have to endure.”

“So far,” he points out, “Pfizer has used its muscle to reactively and vigorously oppose Dr. Rost and to make his life tough.”

Dr Rost is indeed being hit from all sides.

On December 30, 2005, he was officially nominated for the "Whiny Whistleblower of the Year" award by a Pharma backed front group and won. In truth, whether he knows it or not, it is a top honor, when considering that he competed against two of the nation's most beloved whistleblowers, Dr David Graham of Vioxx fame from the FDA, and Dr Eric Topol, of the Cleveland Clinic.

Dr Rost's award was announced by Gilbert Ross, MD, who bills himself as a doctor and Executive and Medical Director of the American Council on Science and Health.

That in itself is amazing being that Doctor Ross’ own achievement of ripping off Medicaid to the tune of $8 million was only given the recognition that it deserved last fall.

"Ross actually had to abandon medicine on July 24, 1995, when his license to practice as a physician in New York was revoked by the unanimous vote of a state administrative review board for professional misconduct," according to the November/December issue of Mother Jones Magazine.

"Instead of tending to patients," Jones reports, "Ross spent all of 1996 at a federal prison camp in Schuylkill, Pennsylvania, having being sentenced to 46 months in prison for his participation in a scheme that ultimately defrauded New York's Medicaid program of approximately $8 million.”

For its part, the American Council on Science and Health stopped disclosing its corporate donors in the early 1990s, according to Integrity in Science on its web site at
http://www.cspinet.org/integrity/nonprofits/american_council_on_science_and_health.html

However, the companies noted as contributors in ACSH’s 1991 annual report and ACSH’s list of Corporate Donors for 1997 include: Pfizer, Abbott Laboratories, American Cyanamid, Bristol-Myers Squibb, Ciba-Geigy, Eli Lilly, Hoffman-La Roche, Johnson & Johnson, Rhone-Poulenc, Sandoz, Searle, Syntex, Warner-Lambert, Upjohn, and Pharmaceutical Manufacturers Association.

For too many years, off-label marketing offenses resulted in nothing more than a slap on the wrist to drug makers, if that.

The FDA regulated the industry and when it found "off-label" marketing, the agency sent the company a warning letter. Sometimes companies were required to sign a consent degree, but they did not face fines.

In 1991, all that changed. Pharmaceutical giant Genentech started the False Claims ball rolling when the company was caught selling another growth hormone, Protropin, off-label by influencing doctors to prescribe it to children who did not suffer from hormone deficiency.

Genentech was prosecuted under the FCA and paid $50 million to settle the case.

Since then, the government has used the FCA in 15 cases that were settled out of court, but according to Taxpayers Against Fraud, a non-profit advocacy group that assists whistleblowers, 150 more cases are currently pending.

The FCA has become effective in large part due to the reward for whistleblowers who can receive between 15% and 30% of the amount recovered in the lawsuit with the average award being $120,000, according to Taxpayers Against Fraud.

In most cases, off-label marketing is usually not a jailable offense; but it is with Genotropin.

“Growth hormone is different from any other drug,” Dr Rost explains, “distributing the drug for off-label purposes is a crime.”

“Not even a doctor is allowed to prescribe growth hormone for off-label use,” he says.

The Controlled Substances Act states in part: “…whoever knowingly distributes, or possesses with intent to distribute, human growth hormone for any use in humans other than the treatment of a disease or other recognized medical condition, where such use has been authorized by the Secretary of Health and Human Services … and pursuant to the order of a physician, is guilty of an offense punishable by not more than 5 years in prison.

“None of us who became employed by Pharmacia asked to be put into an incriminating situation,” Dr Rost points out.

The criminal penalties were a result of the 1988 and 1990 amendments to the Food, Drug and Cosmetic Act, that made off-label sale of human growth hormone to treat age-associated illnesses illegal, according to a report in the October 26, 2005 Journal of the American Medical Association.

In the JAMA article, authors Dr Thomas Perls, director of the New England Centenarian Study at Boston Medical Center; Dr Neal Reisman, clinical professor of plastic surgery at Baylor College of Medicine, who is also an attorney; and S. Jay Olshansky, professor of epidemiology at the University of Illinois at Chicago School of Public Health discuss the little known law.

According to the article, human growth hormone can be legally prescribed for only 3 conditions: HGH deficiency-related syndromes that cause short stature in children, adult deficiency due to rare pituitary tumors and their treatment, and muscle-wasting disease associated with HIV/AIDS.

According to Dr Olshansky, "off-label use for many drugs is a normal and accepted practice in medicine, but that is not true for growth hormone. According to laws instituted by Congress more than 10 years ago, HGH can only be distributed for indications specifically authorized by the Secretary of Health and Human Services, and aging and its related disorders are not among them.”

“The use of HGH as an alleged anti-aging intervention is a major public health concern not just because it is illegal,” Dr Olshansky explains, “but also because its provision for anti-aging is not supported by science and it is potentially harmful."

People are spending a fortune on HGH under the belief that it reverses aging. "On the contrary, responsibly conducted and peer-reviewed science indicates that HGH could in fact accelerate aging and shorten lifespan,” according to Dr Perls.

“It is associated with very high rates of serious adverse effects,” he advised, “and long-term use could increase one's risk of cancer."

In 2004, sales of HGH totaled $622 million (nearly 213,000 prescriptions) not including sales on anti-aging Web sites. "These data suggest that a very large proportion of HGH sales are for illegal uses," Dr Perls noted.

Logically, the vast majority of prescriptions should be for children, but according to the study, 74% of prescriptions in 2004 were for people 20 and older, and 44% were for people between the age of 40 and

59.

END

Denver Rocky Mountain News (CO)

May 10, 2006

Bush to nominate Gorsuch to Denver appeals court

M.E. Sprengelmeyer, Rocky Mountain News

President Bush is expected to nominate attorney and legal scholar Neil Gorsuch to take a seat on the 10th Circuit Court of Appeals in Denver, Sen. Wayne Allard announced late Tuesday.

Gorsuch, who has a long paper trail of writings against issues such as euthanasia and judicial activism, currently serves in the U.S. Department of Justice as a principal deputy to the associate attorney general.

A Denver native, he comes from a family of well-known Colorado conservatives, including his late mother, Anne Gorsuch Burford, who was former President Reagan's Environmental Protection Agency director until she resigned in 1983 amid a mismanagement scandal.

Allard, a Republican, praised Neil Gorsuch's legal credentials. Gorsuch earned a law degree from Harvard University and later a doctorate in legal philosophy from the University of Oxford. He has been a clerk to two U.S. Supreme Court justices, fellow Coloradan Byron White and current Associate Justice Anthony Kennedy.

"He reflects a deep understanding of the law," Allard said. "One of the most assuring things to me is he does not believe in an activist court. You stick with the intent of the legislation."

His writings include the book The Future of Assisted\l "l" Suicide\l "l" and Euthanasia, which, according to one review, presents arguments on both sides but concludes with "the idea that human life is intrinsically valuable and that intentional killing is always wrong."

In an article titled Liberals 'n' Lawsuits for National Review Online, he quotes Washington Post columnist David von Drehle and skewers Democrats who, he argues, have wrongly pushed for courts to decide issues they can't settle in the legislative arena.

"There's no doubt that constitutional lawsuits have secured critical civil-right victories, with the desegregation cases culminating in Brown v. Board of Education topping the list," Gorsuch writes.

"But rather than use the judiciary for extraordinary cases, von Drehle recognizes that American liberals have become addicted to the courtroom, relying on judges and lawyers rather than elected leaders and the ballot box, as the primary means of effecting their agenda on everything from gay marriage to assisted\l "l" suicide\l "l" to the use of vouchers for private-school education."

Gorsuch would need to go through confirmation hearings in the Senate Judiciary Committee and to win a confirmation vote in the full Senate, where partisan fighting has slowed or even halted some contentious nominations in the past.

Drew Nannis, spokesman for Sen. Ken Salazar, D-Colo., said, "the senator looks forward to the hearings and looks forward to the process that is going to come forth."

END

PharmExec Direct

Two patent rulings raise issues for biotechs, generics

May 10, 2006

By: Beth Herskovits

Two court decisions in the past two weeks set new bounds in the murky territory of patent infringement.

A jury last week found that Eli Lilly owes $65 million in back royalties to Ariad Pharmaceuticals for infringing on a patent that covers the biological pathway known as NF-Kappa B. Lilly was also ordered to pay a 2.3 percent royalty on future sales of osteoporosis drug Evista and sepsis drug Xigris, which act on the NF-Kappa B pathway.

The suit raised questions about the scope of patents covering naturally-occurring phenomena in the body.

Ariad has argued that its patent -- which it licenses from Harvard University, the Massachusetts Institute of Technology, and the Whitehead Institute -- covers all methods of treating diseases through regulating NF-Kappa B.

Lilly has argued that the patent is "unenforceable" and demonstrates "improper coverage of natural processes." The company issued a statement saying that it will appeal the decision.

The US Patent and Trademark Office is currently examining the patent. Neither company could immediately be reached for comment.

Bradford Duft, a partner at law firm Duane Morris, which was not involved in the case, noted that the suit raises common issues in the area of biotech law.

"These cases all depend on individual patents," he said. "Just about everything in biotechnology involves some aspect of nature."

Separately, Teva Pharmaceuticals won its suit against FDA and received 180 days of marketing exclusivity for a generic version of Merck's cholesterol drug Zocor.

Teva had challenged Merck's patent under Paragraph IV of the Hatch-Waxman Act, a provision of which provides marketing exclusivity to generic companies that can successfully prove that a brand's patent is invalid.

But when Merck decided not to fight Teva, FDA determined that the patent was not in dispute and denied marketing exclusivity for Teva?s generic product.

Gregory Glass, principal of the consulting firm Gregory Glass Associates, noted that the case clarifies what happens when a generic company challenges a patent and the brand name company does not fight the challenge.

In the past, FDA has required generic companies to win a lawsuit in order to get marketing exclusivity. "That rule's gone now," Glass said. "[This case] provides more certainty in circumstances where the brand choose not to sue the generic company."

He estimated that brand name companies decline to sue the generic company in about 15% of patent challenges.

END

WorldNetDaily.com

May 10, 2006

Pledge atheist' set to challenge 'In God We Trust'

The California atheist known for his legal challenge against the Pledge of Allegiance is in court arguing the national motto "In God We Trust" is unconstitutional.

Michael Newdow, who filed a 162-page complaint against the president and Congress, will argue his case in federal district court in Sacramento May 19.

The national public-interest Thomas More Law Center has filed a brief supporting the United States government's motion to dismiss the suit.

The Law Center argues, "This nation and its form of government were founded upon an essential idea: Individuals have God-given rights that the government may neither bestow nor deny."

Richard Thompson, the center's chief counsel, says Newdow's "attempt to eliminate the mere acknowledgement of our religious heritage by our National Motto has no basis in constitutional law." "Even the Supreme Court, in past decisions, has understood there is an unbroken history of official invocations of Divine guidance beginning with our founding fathers and continuing to our present day leaders," Thompson said.

Discussing the case last November, Newdow told KWTV in Oklahoma City, "The key principle is that we're supposed to treat everybody equally especially in terms of religious belief."

"Clearly it's not treating atheists equal with people who believe in God when you say 'In God We Trust' or we are a 'nation under God,'" he insisted.

"People say, 'Are you an atheist activist?' And I'm not," he continued. "I couldn't care less what anyone believes. I just care that our government treats everybody equally."

Last September, in Newdow's second challenge against the Pledge of Allegiance, a federal judge in Sacramento ruled the reciting of the pledge in public schools is unconstitutional.

The pledge's reference to one nation "under God" violates school children's right to be "free from a coercive requirement to affirm God," said U.S. District Judge Lawrence Karlton.

Karlton granted legal standing to two families represented by Newdow, who lost his previous battle before the U.S. Supreme Court.

The judge, nominated to his seat by President Carter in 1979, said he was bound by the precedent of the 9th U.S. Circuit Court of Appeals' in 2002, which favored Newdow.

In 2004, the U.S. Supreme Court rejected Newdow's case 8-0 because he did not have legal standing to represent his daughter, who is under sole custody of her mother.

In January 2005, however, Newdow filed a complaint in federal court in Sacramento with eight new co-plaintiffs, seeking to remove "under God" from the Pledge of Allegiance on the grounds it violates the so-called "separation of church and state."

END

NY Daily News

May 10, 2006

Klein Gives Powerful "No Child" Defense

City Schools Chancellor Joel Klein gave an impassioned defense of the federal No Child Left Behind law yesterday, saying schools need more testing and accountability - not less - to bolster performance and close the achievement gap.

And Klein stressed that the city's own promotion policies and school measures go well beyond what the NCLB requires.

The NCLB - approved by Congress and signed into law by President Bush in 2001 - requires standardized testing in schools and a breakdown in scores of students by race, ethnicity and disability.

"It is incredibly valuable because it recognizes that the achievement gap - the gap that separates our African-American and Latino students from their white and Asian peers - is the chief problem in American schooling," Klein said during a speech before the Aspen Institute's Commission on NCLB in West Hartford, Conn.

Klein testified right after Connecticut officials, who filed suit against the U.S. Education Department, claiming the federal law is too intrusive and requires too many tests. Klein disagreed.

"When they passed NCLB, our national leaders finally took responsibility for the fact that white and Asian students are performing four years ahead of African-American and Latino students in high school. Four years. And this law finally put muscle behind the attempt to close that gap," Klein said.

Klein also flunked his anti-testing critics, who claim NCLB and the Bloomberg administration's policy curbing social promotion have turned schools into testing mills.

He said NCLB - like most laws - is not perfect. But he described as "fundamental" the law's focus on holding educators responsible for teaching all students.

"I've never met a law that couldn't improve. But to criticize the heart of No Child Left Behind is to refuse to take responsibility for the achievement gap - the most serious civil-rights, social and economic crisis facing America today," Klein said.

He added that schools should be testing students "routinely," as long as the exams are based on solid standards.

"The anti-testing advocates would have you believe that people like me want our students to run through daily drills on how to properly fill in bubbles with No. 2 pencils. That couldn't be further from the truth," the chancellor said.

"Our teachers should teach students the skills and ideas they must master in order to pass their tests. That's teaching to the test," he said.

Klein also emphasized the city's program has carrots to go along with the sticks, by giving principals more power over curriculum, budgeting and hiring decisions in exchange for greater accountability.

The chancellor said the city Education Department also will begin using data more precisely than NCLB requires to track student performance over a number of years - called the "value-added" approach.

END

US Newswire

May 9, 2006

Press Release: CREW Sues Secret Service Over Abramoff-Related Visitor Records, Secret Service Refuses to Hand Over Docs to Ethics Org

WASHINGTON, May 9 /U.S. Newswire/ — Citizens for Responsibility and Ethics in Washington (CREW) has sued the Department of Homeland Security (DHS) today for its failure to respond to a Freedom of Information Act (FOIA) request on documents detailing Abramoff-related visits to the White House, the executive office buildings and the Vice President's house.

On Feb. 2, CREW sent a Freedom of Information Act (FOIA) request to the Secret Service, a component of the Department of Homeland Security, asking for records relating to any visit that Jack Abramoff, Michael Scanlon, Neil Volz, Tony Rudy, Shawn Vassell, Kevin Ring, Edwin Buckham and Patrick Pizzella made between Jan. 1, 2001 and Feb. 2, 2006.

CREW has not received any documents from DHS regarding the FOIA request.

"We are trying to discover the extent of the ties between Abramoff and his colleagues and the Bush administration. Unfortunately -- as has become commonplace -- the administration is stonewalling," said Melanie Sloan, executive director of CREW. "The American people deserve to know the truth about Abramoff's influence with the Bush administration, something the administration is clearly trying to hide."

The CREW FOIA and suit against DHS are available at http://www.citizensforethics.org.

Swenson, Lily F

From: Swenson, Lily F
Sent: Wednesday, May 10, 2006 1:14 PM
To: Gorsuch, Neil M
Subject: RE: OASG Assignments.doc

Neil,
Kyle wants a portfolio description for OASG. The only thing I know we have to give him is this OASG assignments document that you created. Can I send this to him? Do you have a final version that contains the Jeff Senger revisions? If no, I will enter Jeff's revisions to the document you circulated and send that to Kyle. Thanks.
Lily

From: Gorsuch, Neil M
Sent: Tuesday, April 04, 2006 1:10 PM
To: Swenson, Lily F; Senger, Jeffrey M; Todd, Gordon (SMO)
Subject: RE: OASG Assignments.doc

Sorry, my mistake. I didn't mean to make any changes, only reflect where things stand.

From: Swenson, Lily F
Sent: Monday, April 03, 2006 4:54 PM
To: Senger, Jeffrey M; Gorsuch, Neil M; Todd, Gordon (SMO)
Subject: RE: OASG Assignments.doc

I've been handling commercial but I thought maybe Jeff wanted it. Whatever, it's all good with me.

From: Senger, Jeffrey M
Sent: Monday, April 03, 2006 4:39 PM
To: Gorsuch, Neil M; Swenson, Lily F; Todd, Gordon (SMO)
Subject: RE: OASG Assignments.doc

The following should be added to my list: legislative/interagency clearance, weekly and quarterly reporting, tobacco-related litigation. Also, I have the Office of Consumer Litigation in the Civil Division (not the Commercial branch).

From: Gorsuch, Neil M
Sent: Monday, April 03, 2006 2:19 PM
To: Swenson, Lily F; Todd, Gordon (SMO); Senger, Jeffrey M
Subject: OASG Assignments.doc

Gordon rightly pointed out that our assigment list needed some updating! Attached is a draft for your review - please don't hesitate to let me know where I've erred (I'm sure there are many). Thanks!

<< File: OASG Assignments.doc >>

Moye, Pam

Subject:	Anti-Methamphetamine Coordination Supply Subcommittee Meeting
Location:	UPDATED LOCATION: 7th Floor Conference Center
Start:	Friday, May 12, 2006 3:00 PM
End:	Friday, May 12, 2006 4:00 PM
Show Time As:	Tentative
Recurrence:	(none)
Meeting Status:	Not yet responded
Organizer:	Moye, Pam
Required Attendees:	'A. J. Turner'; Avergun, Jodi L.; Barrera, Staci; Baxter, John; Brand, Rachel; Braun, Michael A.; Buchanan, David; Burch, Jim; Caballero, Luis (USMS); Carroll, Carson W.; 'Chip Burrus'; Coughlin, Robert; Crews, John (USAEO); Davis, Margaret (CRM) (OCDETF); Donovan, Joseph; Elston, Michael (ODAG); Epley, Mark D; Geffroy, Michael; Gorsuch, Neil M; Grider, Mark (ODAG); Hagy, David; Harris, Greg; Jezierski, Crystal; Macklin, Kristi R; Manning, John; Matz, Harry; McFarland, Steven T (ODAG); McKeown, Matt (ENRD); Mercer, Bill (ODAG); Moore, Miriam (ODAG); Nash, Stuart (ODAG); Peed, Carl; Phillips, Bob; Quinn, Timothy; Rannazzisi, Joseph T.; Roehrkasse, Brian; Roland, Sarah E; Sampson, Kyle; Scolinos, Tasia; Scott, McGregor (USACAE); Seidel, Rebecca; Shores, R. Trent (USAEO); Shults, Frank (ODAG); Sola, Stephen; Swenson, Lily F; Taylor, Jeffrey (OAG); Todd, Gordon (SMO); Toll, Donald A.; Toulou, Tracy (USAEO); Vargas, Omar; Voris, Natalie (USAEO); Vroegh, Jerry L.; Walther, Michael; Whitney, Claire (ENRD)

When: Friday, May 12, 2006 3:00 PM-4:00 PM (GMT-05:00) Eastern Time (US & Canada).
Where: UPDATED LOCATION: 7th Floor Conference Center

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PLEASE NOTE: ROOM CHANGED TO 7TH FLOOR CONFERENCE CENTER

POC: M. Grider 514-8500

Supply Reduction Subcommittee

Coordinator: CRM/DEA

Mike Geffroy (CRM)/Michele Leonhart, Jodi Avergun, Michael Braun, and Joe Rannazzisi (DEA)

Contributors: DEA,CRIM, OJP, ENRD, FBI, ATF, BOP, EOUSA, OTJ, COPS, OIPL, USMS,
EDCA, NDIC, OLA, OPA

Grider, Mark (ODAG)

Subject:	Anti-Methamphetamine Coordination Supply Subcommittee Meeting
Location:	UPDATED LOCATION: 7th Floor Conference Center
Start:	Friday, May 12, 2006 3:00 PM
End:	Friday, May 12, 2006 4:00 PM
Recurrence:	(none)
Meeting Status:	Accepted
Organizer:	Grider, Mark (ODAG)
Required Attendees:	'A. J. Turner'; Avergun, Jodi L.; Barrera, Staci; Baxter, John; Brand, Rachel; Braun, Michael A.; Buchanan, David; Burch, Jim; Caballero, Luis (USMS); Carroll, Carson W.; 'Chip Burrus'; Coughlin, Robert; Crews, John (USAEO); Davis, Margaret (CRM) (OCDETF); Donovan, Joseph; Elston, Michael (ODAG); Epley, Mark D; Geffroy, Michael; Gorsuch, Neil M; Grider, Mark (ODAG); Hagy, David; Harris, Greg; Jezierski, Crystal; Macklin, Kristi R; Manning, John; Matz, Harry; McFarland, Steven T (ODAG); McKeown, Matt (ENRD); Mercer, Bill (ODAG); Moore, Miriam (ODAG); Nash, Stuart (ODAG); Peed, Carl; Phillips, Bob; Quinn, Timothy; Rannazzisi, Joseph T.; Roehrkasse, Brian; Roland, Sarah E; Sampson, Kyle; Scolinos, Tasia; Scott, McGregor (USACAE); Seidel, Rebecca; Shores, R. Trent (USAEO); Shults, Frank (ODAG); Sola, Stephen; Swenson, Lily F; Taylor, Jeffrey (OAG); Todd, Gordon (SMO); Toll, Donald A.; Toulou, Tracy (USAEO); Vargas, Omar; Voris, Natalie (USAEO); Vroegh, Jerry L.; Walther, Michael; Whitney, Claire (ENRD)

When: Friday, May 12, 2006 3:00 PM-4:00 PM (GMT-05:00) Eastern Time (US & Canada).
Where: UPDATED LOCATION: 7th Floor Conference Center

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PLEASE NOTE: ROOM CHANGED TO 7TH FLOOR CONFERENCE CENTER

POC: M. Grider 514-8500

Supply Reduction Subcommittee

Coordinator: CRM/DEA

Mike Geffroy (CRM)/Michele Leonhart, Jodi Avergun, Michael Braun, and Joe Rannazzisi (DEA)

Contributors: DEA,CRIM, OJP, ENRD, FBI, ATF, BOP, EOUSA, OTJ, COPS, OIPL, USMS, EDCA, NDIC, OLA, OPA

Gorsuch, Neil M

From: Gorsuch, Neil M
Sent: Thursday, May 11, 2006 2:48 PM
To: Nichols, Carl (CIV)
Subject: RE: 5/10/06 Civil Division News

Carl, Thanks so much. We shall see what happens next, but I sure appreciate good wishes from such a talented colleague. NMG

From: Nichols, Carl (CIV)
Sent: Wednesday, May 10, 2006 10:57 AM
To: Gorsuch, Neil M
Subject: FW: 5/10/06 Civil Division News

Congrats. I had heard rumors, but this is great.

From: Ames, Andrew
Sent: Wednesday, May 10, 2006 10:51 AM
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Subject: 5/10/06 Civil Division News

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Ascribe Newswire

Tue May 9 17:53:31 2006 Pacific Time

Federal Court Holds 'Anti-Prostitution Pledge Requirement' Violates First Amendment

NEW YORK, May 9 (AScribe Newswire) -- A federal judge ruled today that a sweeping restriction on the privately funded speech of groups participating in the federal government's international HIV/AIDS program violates the First Amendment.

At issue in the case is a requirement that public health groups receiving U.S. funds pledge their "opposition to prostitution" in order to continue their life-saving HIV prevention work. Under this "pledge requirement," recipients of U.S. funds are forced to censor even their privately funded speech regarding the most effective ways to engage high-risk groups in HIV prevention.

In his opinion issued today, Judge Victor Marrero of the U.S. District Court for the Southern District of New York ruled that the pledge requirement violated the First Amendment rights of two plaintiff organizations, Alliance for Open Society International (AOSI) and Pathfinder International, by restricting their privately funded speech and by forcing them to adopt the government's viewpoint in order to remain eligible for funds. "The Supreme Court has repeatedly found that speech, or an agreement not to speak, cannot be compelled or coerced as a condition of participation in a government program," wrote Judge Marrero. The plaintiffs are represented by the Brennan Center for Justice at NYU School of Law.

While none of the relief organizations receiving funds "supports prostitution," it is essential that they maintain their ability to engage in proven, effective HIV prevention methods with at-risk populations. "Today's ruling by Judge Marrero enables Pathfinder to continue serving the most vulnerable women in many of the world's poorest nations without impediment," said Daniel Pellegrom, Executive Director of Pathfinder International, one of the plaintiffs in the case.

"We're delighted that the court recognized the pledge requirement as unconstitutional and overreaching," said Ricardo Castro, a board member of Alliance for Open Society ("AOSI") International, one of the plaintiffs. "The provision not only violates the First Amendment, but also hampers organizations on the front lines of the AIDS epidemic working to save lives through proven prevention methods. We believe that public health policy should be based on science--not ideology."

Rebekah Diller, Associate Counsel at the Brennan Center, attorney for the plaintiffs, explained. "It's wrong for the government to force public health organizations to make ideological pledges on unrelated issues in order to do their work of preventing HIV/AIDS. This decision has wider implications. As nonprofit organizations partner with government to address social problems, it should be clear that what counts is whether they do the work, not whether they are willing to espouse ideological positions."

The plaintiffs are among a chorus of voices that have objected to a requirement that interferes with proven HIV prevention approaches. In July 2005, Brazil declined tens of millions of dollars in U.S. funds for its anti-AIDS work. In February 2005, 13 charitable organizations, including the International Rescue Committee, Save the Children and CARE, criticized the pledge requirement, saying that it "greatly undermines" AIDS prevention efforts.

The lawsuit, Alliance for Open Society International v. United States Agency for International Development, was brought by Pathfinder International, AOSI, and the Open Society Institute, with which AOSI is affiliated. The Brennan Center for Justice, through its Non-Profit Rights Project which works to protect the freedom of non-profit organizations when they partner with government, is counsel to the plaintiffs. Defendants are the United States Agency for International Development, the U.S. Department of Health and Human Services, and the U.S. Centers for Disease Control, all of which distribute U.S. funds for international HIV/AIDS work.

In his ruling today, Judge Marrero determined that a preliminary injunction against the enforcement of the pledge requirement was necessary to prevent AOSI and Pathfinder from suffering irreparable harm. While

the courts decision applies directly only to AOSI and Pathfinder, it could have a broad impact on the many other public health organizations also forced to sacrifice their privately funded speech in order to receive government funds.

Plaintiff AOSI is an independent nongovernmental organization headquartered in the United States that is affiliated with the Open Society Institute (OSI). Plaintiff OSI, a private operating and grantmaking foundation, aims to shape public policy to promote democratic governance, human rights, and economic, legal, and social reform.

Plaintiff Pathfinder International, based in Watertown, Mass., provides reproductive health services and HIV/AIDS prevention to women and families in many of the world's most economically challenged countries.

The Brennan Center for Justice at NYU School of Law unites thinkers and advocates in pursuit if a vision of inclusive and effective democracy. Its mission is to develop and implement an innovative, nonpartisan agenda of scholarship, public education and legal action that promotes equality and human dignity while safeguarding fundamental freedom.

END

AP

May 10, 2006

New York judge halts government restrictions on AIDS funding

By LARRY NEUMEISTER

Associated Press Writer

NEW YORK_The U.S. government is violating the free-speech rights of key partners in its international fight against AIDS with a policy forcing groups to denounce prostitution as a condition for receiving funding, a federal judge ruled Tuesday.

U.S. District Judge Victor Marrero said the U.S. Supreme Court "has repeatedly found that speech, or an agreement not to speak, cannot be compelled or coerced as a condition of participation in a government program."

The judge wrote that the government's "somewhat cavalier take-it-or-leave-it answer to an infringement of speech _ which can more or less be characterized as 'if you don't like it, lump it' _ is simply not in keeping with the expectations our society derives from First Amendment freedoms."

He ruled after hearing arguments three weeks ago from the government and lawyers for three health organizations. The ruling was a preliminary injunction, temporarily blocking the government from continuing the actions while the legal case continues.

Lawyer Rebekah Diller had argued on behalf of the health organizations that the government had created "a First Amendment nightmare" with the rules.

Assistant U.S\l "l". Attorney\l "l" Richard E. Rosberger, arguing for the government, had said no provision of the 2003 law containing the anti-prostitution pledge requirement was meant to discourage the treatment of those with AIDS, including prostitutes.

A spokeswoman for the U.S. attorney's office in Manhattan, Megan Gaffney, said the government had no immediate comment on the decision.

END

New York Daily News

Wed, May. 10, 2006

Records will reveal Abramoff's White House visits

BY KENNETH R. BAZINET

New York Daily News

WASHINGTON - Secret Service logs set for release Wednesday should reveal some of convicted ex-lobbyist Jack Abramoff's White House connections, according to conservative group Judicial Watch.

As part of a court-sanctioned deal, the Secret Service will hand over to Judicial Watch records expected to show when Abramoff was at the White House, how long he was there, and who signed him in for the visit.

Abramoff is the linchpin in a federal grand jury investigation into corruption and influence-peddling that stretches from Congress to the White House.

So far, a half-dozen current and ex-government employees have been indicted. But while the focus is now on top GOP congressmen, the Secret Service logs could put the heat on the Bush administration.

The records may show which White House offices Abramoff visited, though they probably won't list everyone Abramoff met with while there, said Judicial Watch President Tom Fitton.

"We're not sure what we will get. In terms of how many visits, who knows?" Fitton said. "But there may be something interesting in there."

A Bush loyalist told the Daily News: "There are a bunch of visits, (but) he didn't get into the West Wing very often."

President Bush's outgoing spokesman Scott McClellan cautioned reporters there might be records beyond what the Secret Service maintains, but he has refused to elaborate.

Taking on the administration may seem odd for a right-wing outfit that made a name for itself by dogging President Bill Clinton over the Monica Lewinsky and Paula Jones scandals.

But Judicial Watch is now an odd-couple ally with the left-leaning Citizens for Responsibility and Ethics in Washington. The liberal legal watchdog also is suing the Secret Service for related records involving a half dozen of Abramoff's associates.

"We're serious when we say we're anti-corruption," Fitton said, explaining the zeal with which he has taken on the White House over the Abramoff scandal.

Still, Judicial Watch hasn't completely shed its anti-Clinton image. It is now running a project called "Hillary Watch 2006," monitoring the New York Democrat's campaign contributions and government-funded travel.

"We still think (the Clintons) are corrupt politicians and they need to be held accountable," Fitton said.

END

AP

May 10, 2006

Attorney for 5 Chinese ex-Guantanamo inmates slams US for dumping them in Albania

By LLAZAR SEMINI

Associated Press Writer

TIRANA, Albania_The attorney for five Chinese Muslims released from the U.S. prison at Guantanamo Bay has criticized the United States for dumping them in Albania, a country where he said it would be virtually impossible for them to assimilate.

Sabin Willett told The Associated Press on Tuesday that the administration of U.S. President George W. Bush "has simply taken advantage of the good relationship with Albania to try to make one of its problems go away and I think that's unfortunate."

U.S. officials in Albania were not immediately available for comment.

China, meanwhile, has demanded the return of the five men and criticized a U.S. decision to allow them to seek asylum in Albania.

The United States allowed the men to go to Albania after concluding they posed no terrorist threat to the United States but might face persecution if they returned to China.

Chinese officials have said the five, members of the Uighur minority, are suspected of being members of a group accused of waging a violent separatist campaign in China's northwestern Muslim region of Xinjiang.

Beijing says the group _ the East Turkistan Islamic Movement _ has links to Osama bin Laden's al-Qaida terror network and has received arms and training from it. But the government hasn't released evidence to support its claims.

The five men were brought straight from Guantanamo Bay, Cuba, in a U.S. military plane accompanied by some 30 soldiers last week, Willett said.

No one here understands the language of the five men, he said. "I don't see how this is going to work."

The five are being sheltered at a National Center for Refugees in the suburbs of Tirana and they have not been allowed to meet with reporters, the attorney said. He said Albanian authorities were trying to minimize the controversy by "keeping the men out of the public eye."

The men were seen Monday having lunch at a Tirana restaurant and Willett said he had asked special permission, and thanked Albanian authorities for allowing them to get out "as they had not gone to restaurants in five years."

An Albanian Interior Ministry official, speaking on condition on anonymity because of the delicate issue, said "they normally are not allowed to get out of the center until the request for asylum is over and they get the proper documentation."

But Willett criticized the whole idea of keeping them in Albania, especially in a refugee center.

"Doing a refugee settlement, to make it work there should be some kind of family or community or some language similarity, some way to help people integrate into the society, get good jobs and become productive members of the community. And here there is just no point of contact," Willett said.

Beijing blames Uighur separatists for sporadic bombings and other violence in the Xinjiang region. But diplomats and foreign experts are skeptical and say most violence stems from personal disputes.

Xinjiang is a massive desert region in China's far northwest that abuts several Central Asian nations. It is home to about 8 million Uighurs, who are ethnically Turkic _ not Han Chinese _ and who have their own distinct culture and language.

The five men were detained during the U.S. invasion of Afghanistan following the Sept\l "l". 11\l "l" attacks.

In announcing their release last week, the U.S. Defense Department gave scant information about the former detainees\l "l". Their names were not listed and the statement did not say explicitly why they were not returned to China.

END

Op-Ed News

May 9, 2006

Ex-Pfizer VP Peter Rost Takes On Goliath

By Evelyn Pringle

Beginning in 1997, Pharmacia, currently a subsidiary of Pfizer, sought to boost its sales of the drug Genotropin. To that end, the company illegally marketed the drug to spur growth in short children and as an anti-aging drug for adults looking for the fountain of youth.

In a nutshell, the off-label marketing scheme included: (1) direct payments to doctors; (2) all-expense paid junkets for doctors; (3) financial incentives to distributors: and (4) phony consultant contracts to funnel payments for the off-label promotion.

As a result of the scheme‘s success, sales of the Genotropin sky-rocketed and over the years, Medicaid and other public healthcare programs paid millions of dollars for its improper use. The full amount of damage to health care programs is not yet known.

"But this much is certain," former Pfizer Vice President turned whistleblower, Dr Peter Rost, says, "Pharmacia turned Genotropin into a cash cow by illegally peddling a dangerous drug to make short kids tall and their grandparents young."

Genotropin is a man made human growth hormone approved to treat a limited range of hormonal deficiencies. The FDA has never approved the drug to spur growth for children without hormonal deficiencies or to prevent aging.

Genotropin has serious side effects according to the National Institute of Health: “If growth hormone is given to children or adults with normal growth, who do not need growth hormone, serious unwanted

effects may occur because levels in the body become too high. These effects include the development of diabetes; abnormal growth of bones and internal organs such as the heart, kidneys, and liver, arteriosclerosis; and hypertension."

Dr Rost joined Pharmacia in June of 2001 as a VP of Marketing Endocrine Care. One of his primary responsibilities was to oversee the marketing of Genotropin but he did not handle day-to-day marketing activities.

A group of about 70 people reported to Dr Rost, among them a US marketing director with a group of about 22 people under him. The marketing people who sold Genotropin throughout the US reported to the Endocrine Care sales director.

A few days after Dr Rost came on board he received a copy of a letter from his supervisor that discussed the off-label sale of Genotropin and stated that Pharmacia would not promote or encourage the use of the drug outside approved uses.

Dr Rost said he found the letter unusual because "any marketing director would be well aware that it is illegal to promote drugs for off-label indications." When he asked about it he was told that there had been some problems in the past, but that the issue had since been resolved.

In the fall of 2001, Dr Rost became aware that the company was paying for between 600 and 800 doctors and their spouses to attend an annual meeting at a posh Caribbean resort as part of its marketing of Genotropin. When he expressed concerns, he was assured that the company's legal department had approved this type of trip.

In early 2002, Dr Rost conducted a profitability analysis of the Genotropin franchise and became uneasy when the senior director of marketing would not disclose key sales and marketing information related to the audit.

During the analysis, Dr Rost learned that Pharmacia paid cash incentives to sales reps for each new patient who was prescribed Genotropin and that 16 of the top 20 earning territories came from the adult team, in spite of the fact that adult sales accounted for only about 10% of total sales. He also learned that they received incentives regardless of whether treatment was on-label or off-label.

Dr Rost then decided to track every new patient to determine exactly how many new anti-aging patients were signed on each month. Based on high number in his analysis, Pharmacia agreed to change the incentive payment plan and exclude payments for any patients from physicians known to engage in off-labeling prescribing.

Later in February 2002, Dr Rost learned that Pharmacia had numerous contracts to sell Genotropin directly to doctors specializing in the anti-aging field, as well as contracts with wholesalers who specialized in servicing the off-label Genotropin market.

Around this same time, he decided to delve deeper into the marketing practices and it soon became clear that his subordinates knew that off-label marketing was illegal, and they were not forthcoming. For instance, the payments to physicians were not revealed until a manager left the company and doctors started to call and ask about their payments.

Dr Rost first approached Pharmacia management in the fall of 2001, and in February 2002, the company started an internal investigation. In March, the firm's Associate General Counsel informed Dr Rost that she had found that marketing director, Carl Worrell, had engaged in gross misconduct relating to the off-label promotion and that he was not forthcoming during the investigation. Based on their concerns, a decision was made to terminate Worrell's employment in April 2002.

After he left, Dr Rost discovered documents that showed that Pharmacia had been actively engaged in the off-label marketing since at least 2000. In one example, Dr William Abelove, an anti-aging doctor at a

longevity center, had sent a letter to Pharmacia CEO, Fred Hassan, in 2000, and wanted to purchase Genotropin at a discount rate. Mr Hassan forwarded the letter to the marketing departments and by May 1, 2000, Worrell had signed a consulting contract with Dr Abelove to assist in the promotion of Genotropin.

In effort to ensure that the off-label promotion was terminated, Dr Rost sent an email to the associate director of marketing and her product managers and explained his concerns about continued payments and consultancy agreements, and instructed them not to approve any additional payments without seeing him first.

In May 2002, Pharmacia cancelled contracts that gave rebates to anti-aging doctors and wholesalers who supplied anti-aging clinics but continued to sell to these doctors and wholesalers.

The same month, Dr Rost received a short debriefing of the internal legal review and was assured that appropriate corrective action had been taken.

In July 2002, Pfizer announced the friendly take-over of Pharmacia. With this merger, it became clear to Mr Rost that he would have to address his concerns with Pfizer's management team. To prepare, Dr Rost started to research the legal statutes related to growth hormones and the False Claims Act, and other laws Pharmacia may have violated.

During the time period of July through September 2002, Dr Rost continued to receive reports about discoveries of kick-backs paid to doctors.

On October 28, 2002, Mr Rost and several marketing directors participated in a meeting with Pfizer that included employees from Pfizer's medical, marketing, regulatory and legal department, as well as Judith Tytel, Pharmacia's Senior Corporate Counsel.

The meeting was intended to be an opportunity for Pharmacia employees to provide information to their Pfizer counterparts. At the meeting Dr Rost and his team disclosed that Pharmacia was sponsoring all-expense paid junkets for physicians and that Pharmacia maintained a data base, known as the Bridge Program, that contained detailed information regarding the 30,000 patients who received Genotropin prescriptions.

They also explained that payments were being made to US doctors and discussed how the Bridge Program supplied new patients with free Genotropin for several months while the company assisted in seeking reimbursement.

Following the meeting, several Pfizer executives asked for more information and on November 8, 2002, Dr Rost and several directors, and Associate General Counsel, met with Pfizer representatives and lawyers and reviewed the Bridge Program.

During this time, Dr Rost continued to discuss his concerns with executives and lawyers at Pharmacia and believed that the company was concerned about the potential legal exposure related to the off-label sale of Genotropin.

In response to continued reports indicating illegal activities, Dr Rost repeatedly tried to implement corrective measures. However, he learned that the corporate culture at Pharmacia made it impossible to eliminate illegal conduct because of the financial incentives that drove sales reps to continue it.

Through further investigation, Dr Rost learned that the illegal activities started long before he arrived, and as far back as 1997. He came to conclude that at times, company officers condoned the activities despite knowing that they were illegal.

On April 16, 2003, the merger between Pfizer and Pharmacia was final. Pharmacia directors and officers realized enormous financial benefits. CEO Fred Hassan, received a $9.9 million severance package, 9

other directors received packages worth, in the aggregate, $31.6 million, and company directors were able to obtain early vesting of approximately 6.7 million in stock options.

Pharmacia's sales were also a shot in the arm to Pfizer. According to Pfizer's 2003 Annual Report: "Revenues increased 40% to $45,188 million in 2003 ... Revenue increases in 2003 were primarily due to the inclusion of Pharmacia products," it said.

The off-label sales paid off extremely well. Between 1997 and 2003, Genotropin generated more than $550 million in sales in the US alone and the company's database shows that about 60% of adult sales, and 25% to 30% of pediatric sales, were for off-label use.

On May 22, 2003, Dr Rost became aware of the pervasive nature of ongoing illegal activity when he met with a manager of the Bridge Program and was shown documents that confirmed that a massive number of patients were listed with an off-label diagnosis.

In fact, 25% to 30% of the pediatric prescriptions were for off-label use. Dr Rost understood that pediatric patients received significant funding from Medicaid and other government programs.

He was alarmed at the extent of pediatric use - a staggering number, he says, not only due to the medial implications to children but also because it demonstrated that a great percentage of the cost was reimbursed by Medicaid or other governmental programs.

Disturbed by these findings, he decided to file a lawsuit and with Attorney Erika Kelton, and another Phillips & Cohen attorney, started drafting a complaint.

On June 3, 2003, Ms Kelton, informed an assistant US Attorney that Dr Rost would be filing a qui tam action alleging fraud relating to the off-label marketing of Genotropin and delivered a copy of the complaint to the US Attorney's Office on June 4, 2003.

In the Complaint, Dr Rost provides details of a complex scheme including the nature of the fraud - where it occurred, how it occurred, when it occurred and the persons responsible for its commission. The following is a summary of the complaint's specific factual allegations:

Approximately 60% of adult sales and 25% of its pediatric sales were for off-label uses.

Pharmacia bribed 16 named distributors to promote off-label usage of Genotropin.

Under the pretext of participating in a "study," Pharmacia paid doctors $200 for every patient they prescribed to, including off-label subscriptions, and paid doctors an additional $200 for every year that such patients continued to use Genotropin.

Pharmacia sponsored junkets for physicians and their spouses and awarded substantial "honoraria" as inducements/kickbacks to promote the off-label usage of Genotropin.

Pharmacia provided discounts to doctors working exclusively in the anti-aging area, knowing that they would sell Genotropin off-label for anti-aging treatment and least 18 named doctors signed contracts for such price discounts.

Through contracts and "retainer" agreements, Pharmacia hired persons and entities, some named in the Complaint, to promote off-label use of Genotropin and such "consultants" provided no other services.

The false claims were submitted from 1997 to June 5, 2003 across the US and included false claims and statements made by dozens of named distributors and doctors, and Pfizer's Bridge Program lists the patients for which the false claims were submitted.

But come to find out, off-label marketing seems to habitual with Pfizer. At the same time that Dr Rost

reported the illegal activities, Pfizer was fighting off a whistleblower lawsuit arising out of the off-label marketing of the drug Neurontin, by another company acquired through a merger, in promoting the drug for pain control and Attention Deficit Disorder.

In the end, Pfizer settled the lawsuit and a related criminal case for $430 million.

In a motion filed in attempt to dismiss Dr Rost's lawsuit, Pfizer states: "After investigating for more than two years, the Justice Department recently declined to intervene in this qui tam complaint." The inference being that the DOJ does not consider this to be a serious case.

However, a decision by the DOJ not to intervene means nothing. According to a study by the Government Accounting Office, the DOJ has declined to intervene in 72% of all qui tam actions initiated between 1987 and 2005.

A review of Pfizer regulatory filings reveals an ongoing affair with the DOJ. In its Form 10-K for 2003, filed with the SEC on March 10, 2004, Pfizer disclosed the following:

"The company recently was notified that the US Department of Justice is conducting investigations relating to the marketing and sale of Genotropin and Bextra, as well as certain managed care payments."

In its Form 10-K for 2004, filed with the SEC on February 29, 2005, Pfizer disclosed that: "In late 2003, we received a request for information and documents from the US Department of Justice concerning the marketing of Genotropin as well as certain managed care payments."

Nine months later, in a Form 10-Q filed on November 9, 2005, Pfizer revealed that: "The U.S. Department of Justice has informed us that it is investigating Pharmacia's former contractual relationship with a health care intermediary."

And make no mistake, Pfizer's legal troubles are far from over. According to Dr Rost's attorney, Mark Labaton, "a grand jury in Boston is investigating the illegal promotion and marketing of Genotropin based on an investigation conducted by the US Attorney's office."

In addition according to news reports, the US Attorney in the Eastern District of New York also has an active criminal investigation involving Pfizer's off-label promotion of Lipitor, he says.

Mark Labaton, is a partner at the firm Kreindler & Kreindler, LLP, with offices in New York and LA. The firm handles cases including securities and consumer class actions, and FCA whistleblower, antitrust, and consumer cases.

His resume includes 7 years as an Assistant US Attorney for the Central District of California, where he prosecuted white-collar fraud cases, including whistleblower actions.

Pfizer is the largest pharmaceutical company in the world, and according to Mr Labaton, "Like most large pharmaceutical companies, it is financially and politically powerful."

"Litigating against such companies is not for the faint-hearted," he warns.

"But whistleblower lawyers are inspired by their clients," Mr Labaton says. "Warts and all, these clients are a strong, determined, and courageous lot."

He claims that "off-label promotion of drugs is a form of quackery that victimizes vulnerable individuals who take these drugs with serious and dangerous side effects for purposes never intended and approved by the FDA."

"That's exactly what happened in our case," he notes.

“Pharmacia and its successor company, Pfizer,” Mr Labaton says, “generated hundreds of millions in revenue by peddling Genotropin to spurt growth in short children and as an anti-aging drug for adults seeking eternal youth.”

“Genotropin was never intended to make short kids tall and their grandparents young,” he said.

In some whistleblower cases, he says, there is one victim -- “the taxpayer who foots the bill for the fraud.”

It costs law firms a fortune to go up against the giant drug makers. In the Pfizer Neurontin lawsuit, “the civil/whistleblower plaintiffs in that case took more than 20 depositions and obtained thousands of pages of documents in discovery,” Mr Labaton reports.

But he says he‘s not complaining. “The costs to us as lawyers and to our firms can be substantial,” he says, “but these costs pale when compared to what whistleblowers, like Dr. Rost, have to endure.”

“So far,” he points out, “Pfizer has used its muscle to reactively and vigorously oppose Dr. Rost and to make his life tough.”

Dr Rost is indeed being hit from all sides.

On December 30, 2005, he was officially nominated for the "Whiny Whistleblower of the Year" award by a Pharma backed front group and won. In truth, whether he knows it or not, it is a top honor, when considering that he competed against two of the nation's most beloved whistleblowers, Dr David Graham of Vioxx fame from the FDA, and Dr Eric Topol, of the Cleveland Clinic.

Dr Rost's award was announced by Gilbert Ross, MD, who bills himself as a doctor and Executive and Medical Director of the American Council on Science and Health.

That in itself is amazing being that Doctor Ross’ own achievement of ripping off Medicaid to the tune of $8 million was only given the recognition that it deserved last fall.

"Ross actually had to abandon medicine on July 24, 1995, when his license to practice as a physician in New York was revoked by the unanimous vote of a state administrative review board for professional misconduct," according to the November/December issue of Mother Jones Magazine.

"Instead of tending to patients," Jones reports, "Ross spent all of 1996 at a federal prison camp in Schuylkill, Pennsylvania, having being sentenced to 46 months in prison for his participation in a scheme that ultimately defrauded New York's Medicaid program of approximately $8 million.”

For its part, the American Council on Science and Health stopped disclosing its corporate donors in the early 1990s, according to Integrity in Science on its web site at
http://www.cspinet.org/integrity/nonprofits/american_council_on_science_and_health.html

However, the companies noted as contributors in ACSH’s 1991 annual report and ACSH’s list of Corporate Donors for 1997 include: Pfizer, Abbott Laboratories, American Cyanamid, Bristol-Myers Squibb, Ciba-Geigy, Eli Lilly, Hoffman-La Roche, Johnson & Johnson, Rhone-Poulenc, Sandoz, Searle, Syntex, Warner-Lambert, Upjohn, and Pharmaceutical Manufacturers Association.

For too many years, off-label marketing offenses resulted in nothing more than a slap on the wrist to drug makers, if that.

The FDA regulated the industry and when it found "off-label" marketing, the agency sent the company a warning letter. Sometimes companies were required to sign a consent degree, but they did not face fines.

In 1991, all that changed. Pharmaceutical giant Genentech started the False Claims ball rolling when the company was caught selling another growth hormone, Protropin, off-label by influencing doctors to

prescribe it to children who did not suffer from hormone deficiency.

Genentech was prosecuted under the FCA and paid $50 million to settle the case.

Since then, the government has used the FCA in 15 cases that were settled out of court, but according to Taxpayers Against Fraud, a non-profit advocacy group that assists whistleblowers, 150 more cases are currently pending.

The FCA has become effective in large part due to the reward for whistleblowers who can receive between 15% and 30% of the amount recovered in the lawsuit with the average award being $120,000, according to Taxpayers Against Fraud.

In most cases, off-label marketing is usually not a jailable offense; but it is with Genotropin.

“Growth hormone is different from any other drug,” Dr Rost explains, “distributing the drug for off-label purposes is a crime.”

“Not even a doctor is allowed to prescribe growth hormone for off-label use,” he says.

The Controlled Substances Act states in part: “...whoever knowingly distributes, or possesses with intent to distribute, human growth hormone for any use in humans other than the treatment of a disease or other recognized medical condition, where such use has been authorized by the Secretary of Health and Human Services ... and pursuant to the order of a physician, is guilty of an offense punishable by not more than 5 years in prison.

“None of us who became employed by Pharmacia asked to be put into an incriminating situation,” Dr Rost points out.

The criminal penalties were a result of the 1988 and 1990 amendments to the Food, Drug and Cosmetic Act, that made off-label sale of human growth hormone to treat age-associated illnesses illegal, according to a report in the October 26, 2005 Journal of the American Medical Association.

In the JAMA article, authors Dr Thomas Perls, director of the New England Centenarian Study at Boston Medical Center; Dr Neal Reisman, clinical professor of plastic surgery at Baylor College of Medicine, who is also an attorney; and S. Jay Olshansky, professor of epidemiology at the University of Illinois at Chicago School of Public Health discuss the little known law.

According to the article, human growth hormone can be legally prescribed for only 3 conditions: HGH deficiency-related syndromes that cause short stature in children, adult deficiency due to rare pituitary tumors and their treatment, and muscle-wasting disease associated with HIV/AIDS.

According to Dr Olshansky, "off-label use for many drugs is a normal and accepted practice in medicine, but that is not true for growth hormone. According to laws instituted by Congress more than 10 years ago, HGH can only be distributed for indications specifically authorized by the Secretary of Health and Human Services, and aging and its related disorders are not among them.”

“The use of HGH as an alleged anti-aging intervention is a major public health concern not just because it is illegal,” Dr Olshansky explains, “but also because its provision for anti-aging is not supported by science and it is potentially harmful."

People are spending a fortune on HGH under the belief that it reverses aging. "On the contrary, responsibly conducted and peer-reviewed science indicates that HGH could in fact accelerate aging and shorten lifespan,” according to Dr Perls.

“It is associated with very high rates of serious adverse effects,” he advised, “and long-term use could increase one's risk of cancer."

In 2004, sales of HGH totaled $622 million (nearly 213,000 prescriptions) not including sales on anti-aging Web sites. "These data suggest that a very large proportion of HGH sales are for illegal uses," Dr Perls noted.

Logically, the vast majority of prescriptions should be for children, but according to the study, 74% of prescriptions in 2004 were for people 20 and older, and 44% were for people between the age of 40 and 59.

END

Denver Rocky Mountain News (CO)

May 10, 2006

Bush to nominate Gorsuch to Denver appeals court

M.E. Sprengelmeyer, Rocky Mountain News

President Bush is expected to nominate attorney and legal scholar Neil Gorsuch to take a seat on the 10th Circuit Court of Appeals in Denver, Sen. Wayne Allard announced late Tuesday.

Gorsuch, who has a long paper trail of writings against issues such as euthanasia and judicial activism, currently serves in the U.S. Department of Justice as a principal deputy to the associate attorney general.

A Denver native, he comes from a family of well-known Colorado conservatives, including his late mother, Anne Gorsuch Burford, who was former President Reagan's Environmental Protection Agency director until she resigned in 1983 amid a mismanagement scandal.

Allard, a Republican, praised Neil Gorsuch's legal credentials. Gorsuch earned a law degree from Harvard University and later a doctorate in legal philosophy from the University of Oxford. He has been a clerk to two U.S. Supreme Court justices, fellow Coloradan Byron White and current Associate Justice Anthony Kennedy.

"He reflects a deep understanding of the law," Allard said. "One of the most assuring things to me is he does not believe in an activist court. You stick with the intent of the legislation."

His writings include the book The Future of Assisted\l "l" Suicide\l "l" and Euthanasia, which, according to one review, presents arguments on both sides but concludes with "the idea that human life is intrinsically valuable and that intentional killing is always wrong."

In an article titled Liberals 'n' Lawsuits for National Review Online, he quotes Washington Post columnist David von Drehle and skewers Democrats who, he argues, have wrongly pushed for courts to decide issues they can't settle in the legislative arena.

"There's no doubt that constitutional lawsuits have secured critical civil-right victories, with the desegregation cases culminating in Brown v. Board of Education topping the list," Gorsuch writes.

"But rather than use the judiciary for extraordinary cases, von Drehle recognizes that American liberals have become addicted to the courtroom, relying on judges and lawyers rather than elected leaders and the ballot box, as the primary means of effecting their agenda on everything from gay marriage to assisted\l "l" suicide\l "l" to the use of vouchers for private-school education."

Gorsuch would need to go through confirmation hearings in the Senate Judiciary Committee and to win a confirmation vote in the full Senate, where partisan fighting has slowed or even halted some contentious nominations in the past.

Drew Nannis, spokesman for Sen. Ken Salazar, D-Colo., said, "the senator looks forward to the hearings and looks forward to the process that is going to come forth."

END

PharmExec Direct

Two patent rulings raise issues for biotechs, generics

May 10, 2006

By: Beth Herskovits

Two court decisions in the past two weeks set new bounds in the murky territory of patent infringement.

A jury last week found that Eli Lilly owes $65 million in back royalties to Ariad Pharmaceuticals for infringing on a patent that covers the biological pathway known as NF-Kappa B. Lilly was also ordered to pay a 2.3 percent royalty on future sales of osteoporosis drug Evista and sepsis drug Xigris, which act on the NF-Kappa B pathway.

The suit raised questions about the scope of patents covering naturally-occurring phenomena in the body.

Ariad has argued that its patent -- which it licenses from Harvard University, the Massachusetts Institute of Technology, and the Whitehead Institute -- covers all methods of treating diseases through regulating NF-Kappa B.

Lilly has argued that the patent is "unenforceable" and demonstrates "improper coverage of natural processes." The company issued a statement saying that it will appeal the decision.

The US Patent and Trademark Office is currently examining the patent. Neither company could immediately be reached for comment.

Bradford Duft, a partner at law firm Duane Morris, which was not involved in the case, noted that the suit raises common issues in the area of biotech law.

"These cases all depend on individual patents," he said. "Just about everything in biotechnology involves some aspect of nature."

Separately, Teva Pharmaceuticals won its suit against FDA and received 180 days of marketing exclusivity for a generic version of Merck's cholesterol drug Zocor.

Teva had challenged Merck's patent under Paragraph IV of the Hatch-Waxman Act, a provision of which provides marketing exclusivity to generic companies that can successfully prove that a brand's patent is invalid.

But when Merck decided not to fight Teva, FDA determined that the patent was not in dispute and denied marketing exclusivity for Teva?s generic product.

Gregory Glass, principal of the consulting firm Gregory Glass Associates, noted that the case clarifies what happens when a generic company challenges a patent and the brand name company does not fight the challenge.

In the past, FDA has required generic companies to win a lawsuit in order to get marketing exclusivity. "That rule's gone now," Glass said. "[This case] provides more certainty in circumstances where the brand choose not to sue the generic company."

He estimated that brand name companies decline to sue the generic company in about 15% of patent challenges.

END

WorldNetDaily.com

May 10, 2006

Pledge atheist' set to challenge 'In God We Trust'

The California atheist known for his legal challenge against the Pledge of Allegiance is in court arguing the national motto "In God We Trust" is unconstitutional.

Michael Newdow, who filed a 162-page complaint against the president and Congress, will argue his case in federal district court in Sacramento May 19.

The national public-interest Thomas More Law Center has filed a brief supporting the United States government's motion to dismiss the suit.

The Law Center argues, "This nation and its form of government were founded upon an essential idea: Individuals have God-given rights that the government may neither bestow nor deny."

Richard Thompson, the center's chief counsel, says Newdow's "attempt to eliminate the mere acknowledgement of our religious heritage by our National Motto has no basis in constitutional law." "Even the Supreme Court, in past decisions, has understood there is an unbroken history of official invocations of Divine guidance beginning with our founding fathers and continuing to our present day leaders," Thompson said.

Discussing the case last November, Newdow told KWTV in Oklahoma City, "The key principle is that we're supposed to treat everybody equally especially in terms of religious belief."

"Clearly it's not treating atheists equal with people who believe in God when you say 'In God We Trust' or we are a 'nation under God,'" he insisted.

"People say, 'Are you an atheist activist?' And I'm not," he continued. "I couldn't care less what anyone believes. I just care that our government treats everybody equally."

Last September, in Newdow's second challenge against the Pledge of Allegiance, a federal judge in Sacramento ruled the reciting of the pledge in public schools is unconstitutional.

The pledge's reference to one nation "under God" violates school children's right to be "free from a coercive requirement to affirm God," said U.S. District Judge Lawrence Karlton.

Karlton granted legal standing to two families represented by Newdow, who lost his previous battle before the U.S. Supreme Court.

The judge, nominated to his seat by President Carter in 1979, said he was bound by the precedent of the 9th U.S. Circuit Court of Appeals' in 2002, which favored Newdow.

In 2004, the U.S. Supreme Court rejected Newdow's case 8-0 because he did not have legal standing to represent his daughter, who is under sole custody of her mother.

In January 2005, however, Newdow filed a complaint in federal court in Sacramento with eight new co-plaintiffs, seeking to remove "under God" from the Pledge of Allegiance on the grounds it violates the so-called "separation of church and state."

END

NY Daily News

May 10, 2006

Klein Gives Powerful "No Child" Defense

City Schools Chancellor Joel Klein gave an impassioned defense of the federal No Child Left Behind law yesterday, saying schools need more testing and accountability - not less - to bolster performance and close the achievement gap.

And Klein stressed that the city's own promotion policies and school measures go well beyond what the NCLB requires.

The NCLB - approved by Congress and signed into law by President Bush in 2001 - requires standardized testing in schools and a breakdown in scores of students by race, ethnicity and disability.

"It is incredibly valuable because it recognizes that the achievement gap - the gap that separates our African-American and Latino students from their white and Asian peers - is the chief problem in American schooling," Klein said during a speech before the Aspen Institute's Commission on NCLB in West Hartford, Conn.

Klein testified right after Connecticut officials, who filed suit against the U.S. Education Department, claiming the federal law is too intrusive and requires too many tests. Klein disagreed.

"When they passed NCLB, our national leaders finally took responsibility for the fact that white and Asian students are performing four years ahead of African-American and Latino students in high school. Four years. And this law finally put muscle behind the attempt to close that gap," Klein said.

Klein also flunked his anti-testing critics, who claim NCLB and the Bloomberg administration's policy curbing social promotion have turned schools into testing mills.

He said NCLB - like most laws - is not perfect. But he described as "fundamental" the law's focus on holding educators responsible for teaching all students.

"I've never met a law that couldn't improve. But to criticize the heart of No Child Left Behind is to refuse to take responsibility for the achievement gap - the most serious civil-rights, social and economic crisis facing America today," Klein said.

He added that schools should be testing students "routinely," as long as the exams are based on solid standards.

"The anti-testing advocates would have you believe that people like me want our students to run through daily drills on how to properly fill in bubbles with No. 2 pencils. That couldn't be further from the truth," the chancellor said.

"Our teachers should teach students the skills and ideas they must master in order to pass their tests. That's teaching to the test," he said.

Klein also emphasized the city's program has carrots to go along with the sticks, by giving principals more power over curriculum, budgeting and hiring decisions in exchange for greater accountability.

The chancellor said the city Education Department also will begin using data more precisely than NCLB requires to track student performance over a number of years - called the "value-added" approach.

END

US Newswire

May 9, 2006

Press Release: CREW Sues Secret Service Over Abramoff-Related Visitor Records, Secret Service Refuses to Hand Over Docs to Ethics Org

WASHINGTON, May 9 /U.S. Newswire/ — Citizens for Responsibility and Ethics in Washington (CREW) has sued the Department of Homeland Security (DHS) today for its failure to respond to a Freedom of Information Act (FOIA) request on documents detailing Abramoff-related visits to the White House, the executive office buildings and the Vice President's house.

On Feb. 2, CREW sent a Freedom of Information Act (FOIA) request to the Secret Service, a component of the Department of Homeland Security, asking for records relating to any visit that Jack Abramoff, Michael Scanlon, Neil Volz, Tony Rudy, Shawn Vassell, Kevin Ring, Edwin Buckham and Patrick Pizzella made between Jan. 1, 2001 and Feb. 2, 2006.

CREW has not received any documents from DHS regarding the FOIA request.

"We are trying to discover the extent of the ties between Abramoff and his colleagues and the Bush administration. Unfortunately -- as has become commonplace -- the administration is stonewalling," said Melanie Sloan, executive director of CREW. "The American people deserve to know the truth about Abramoff's influence with the Bush administration, something the administration is clearly trying to hide."

The CREW FOIA and suit against DHS are available at http://www.citizensforethics.org.

Murphy, Stephen J. (USAMIE)

From: Murphy, Stephen J. (USAMIE)
Sent: Friday, May 12, 2006 10:34 AM
To: Gorsuch, Neil M
Subject: FW: ACS Weekly Bulletin
Attachments: tmp.htm

Don't know if you saw this (below).

From: American Constitution Society [mailto:sbuttar@acslaw.org]
Sent: Thursday, May 11, 2006 11:30 PM
To: MWitus
Subject: ACS Weekly Bulletin

<http://rs6.net/on.jsp?t=1101303610999.0.1011118412099.25135&o=http://ui.constantcontact.com/images/p1x1.gif>
American Constitution Society for Law and Policy<http://ih.constantcontact.com/fs063/1011118412099/img/7.png> Weekly Bulletin<http://ih.constantcontact.com/fs063/1011118412099/img/5.png>
<http://img.constantcontact.com/letters/images/spacer.gif>
The American Constitution Society's Weekly Electronic Newsletter <http://img.constantcontact.com/letters/images/spacer.gif> May 11, 2006
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Registration for the 2006 ACS National Convention is now available. <http://rs6.net/tn.jsp?t=xt45mvbab.0.qy5y6ubab.dkevvvn6.25135&p=http%3A%2F%2Fwww.acslaw.org%2Fconvention>

Overview
In law and policy news this week:

* Fourth Circuit judge Michael Luttig resigned his seat on the bench in favor of joining the private sector;

* Reports emerged of a warrantless domestic surveillance program far more extensive than any previously disclosed;

* Air Force General Michael Hayden was nominated to head the CIA;

* The U.N. Committee on Torture investigated U.S. interrogation practices to assess U.S. compliance with the 1984 Convention Against Torture;

* The U.S. announced that it will ban "waterboarding," a controversial interrogation tactic involving creating the impression of drowning, as President Bush spoke for the first time of closing the detention facility at Guantanamo Bay;

* The nomination of White House Staff Secretary Brett Kavanaugh to the D.C. Circuit was approved by the Senate Judiciary Committee, as Senate leaders announced plans to bring a vote before by the full Senate before Memorial Day;

* Fourth Circuit nominee Terrence Boyle and Fifth Circuit Nominee Michael Wallace encountered new obstacles, as Boyle's alleged ethical violations were declared a "disqualifier" by Senator Arlen Specter (R- PA) and Wallace received a rare unanimous "unqualified" rating from the ABA;

* President Bush nominated Justice Department official Neil Gorsuch to the Tenth Circuit;

* The Senate rejected a proposed cap on jury awards in medical malpractice suits;

* A corruption trial began involving four Chicago city officials, which observers said may ultimately implicate Mayor Richard Daley;

* The Justice Department found that "justice is simply unavailable" in New Orleans due to the decimation of the public defender's office;

* Two reporters at The San Francisco Chronicle received subpoenas from federal prosecutors relating to reports of steroid use among baseball players that quoted verbatim from secret grand jury proceedings; and

* The Ninth Circuit upheld a Major League Baseball program granting pension benefits to former players in the Negro Leagues, rejected a "reverse discrimination" challenge by white players.

ACS Chapter and Member News
<http://img.constantcontact.com/letters/images/spacer.gif>
Registration Now Available for the 2006 ACS National Convention
During the weekend of June 15-18, ACS will host its 2006 National Convention, "Democracy and the Rule of Law. <http://rs6.net/tn.jsp?t=xt45mvbab.0.qy5y6ubab.dkevvvn6.25135&p=http%3A%2F%2Fwww.acslaw.org%2Fconvention> " The Convention will feature over a dozen federal judges, leading policymakers, practitioners, advocates and scholars. In addition to the compelling speeches and panels featured at past Conventions, this year's event also will include opportunities to gain insight into litigation strategies and tactics in sessions with leading practitioners, book signings with authors of the latest cutting edge scholarship and numerous chances for lawyers to meet and mentor law students. Additional information, including registration details, is available. <http://rs6.net/tn.jsp?t=xt45mvbab.0.qy5y6ubab.dkevvvn6.25135&p=http%3A%2F%2Fwww.acslaw.org%2Fconvention>

Convention participants will include:

* Federal Judges Marsha Berzon, Merrick Garland, Nancy Gertner, Thelton Henderson, William

Wayne Justice, Boyce Martin, Theodore McKee, Richard Paez, Virginia Phillips, Stephen Reinhardt and Jeffrey Sutton;

* Former judges Nathaniel Jones, Abner Mikva and Patricia Wald;

* U.S. Representative Artur Davis (D-AL);

* Former U.S. Senator Gary Hart (D-CO);

* Former U.S. Solicitor General Walter Dellinger;

* Former Deputy Attorney General Eric Holder;

* Former Assistant Attorney General Deval Patrick;

* Yale Law School Dean Harold Koh;

* Supreme Court journalists Jan Crawford Greenburg, Linda Greenhouse and Dahlia Lithwick; and

* Debo Adegbile, Sam Bagenstos, Jack Balkin, Preeta Bansal, Bob Bauer, Ann Beeson, Richard Ben-Veniste, Stephen Berzon, Paul Bland, Donna Brazile, Rebecca Brown, Cassandra Butts, Elizabeth Cabraser, Michael Carvin, Roger Clegg, David Cole, Mary DeRosa, Anita Earls, Peter Edelman, Julie Fernandes, Steven Fineman, Jami Floyd, Heather Gerken, Deborah Goldberg, Tom Goldstein, Marcia Greenberger, Michael Greve, Vanita Gupta, Jeremy Gunn, Lucas Guttentag, Laura Handman, Leslie Harris, Pamela Harris, John Harrison, Kevin Hasson, Antonia Hernandez, Jon Hiatt, Stuart Ishimaru, Tamar Jacoby, Alan Jenkins, Dawn Johnsen, Jerry Kang, Pamela Karlan, Neal Katyal, Orin Kerr, Neil Kinkopf, Ronald Klain, Douglas Kmiec; David Kris, Ray Krone, Bill Lann Lee, Robert Lenhard, Judith Lichtman, Goodwin Liu, Abbe Lowell, Bill Marshall, Larry Marshall, Jeralyn Merritt, Alan Morrison, Beth Nolan, Spencer Overton, Deval Patrick, Deborah Pearlstein, Nina Perales, Nina Pillard, Andrew Pincus, John Podesta, Michele Roberts, Melissa Rogers, Teresa Wynn Roseborough, Marc Rotenberg, Margaret Russell, Will Saletan, Christopher Schroeder, Louis Michael Seidman, Ricki Seidman, Reva Siegel, Paul Smith, Bryan Stevenson, Geoffrey Stone, Neera Tanden, Bill Taylor, Aimee Thorne-Thompsen, Dan Tokaji, Robert Turner, Reid Weingarten, Evan Wolfson and Kenji Yoshino.

Further information about the convention, including online registration and hotel reservations, is available at www.acslaw.org/convention <http://rs6.net/tn.jsp?t=xt45mvbab.0.qy5y6ubab.dkevvvn6.25135&p=http%3A%2F%2Fwww.acslaw.org%2Fconvention> .

Student Retreat and Moot Court Final Round Information Students are encouraged to review the latest information about the 2006 Convention and Student Retreat <http://rs6.net/tn.jsp?t=xt45mvbab.0.6ewnyubab.dkevvvn6.25135&p=http%3A%2F%2Fwww.acslaw.org%2Fnode%2F2699> , including information on applying for convention scholarships and the final round of the 2006 ACS Constance Baker Motley National Moot Court Competition in Constitutional Law. In addition, before the end of the school year, please take a brief break from preparing for finals to sign-up for summer contact lists <http://rs6.net/tn.jsp?t=xt45mvbab.0.mdetsubab.dkevvvn6.25135&p=http%3A%2F%2Fwww.acslaw.org%2Fnode%2F2678%2F> and update your permanent contact information <http://rs6.net/tn.jsp?t=xt45mvbab.0.ndetsubab.dkevvvn6.25135&p=http%3A%2F%2Fwww.acslaw.org%2Fnode%2F2677%2F> .

ACS Supporter David Isbell Receives 2006 Thurgood Marshall Award from D.C. Bar ACS supporter and Covington & Burling senior counsel David B. Isbell was recently selected by the District of Columbia

Bar as the winner of the 2006 Thurgood Marshall Award <http://rs6.net/tn.jsp?t=xt45mvbab.0.ugfinvb ab.dkevvvn6.25135&p=http%3A%2F%2Fwww.dcbar.org%2Finside_the_bar%2Fbar_news%2Faward_winners.cfm> . The Thurgood Marshall Award is presented biennially to an individual demonstrating a strong commitment to and excellence in the fields of civil rights and individual liberties. Isbell said, "I feel deeply honored to be considered a worthy successor to the previous winners of this award." Isbell has worked at the American Civil Liberties Union, the American Bar Association, the University of Virginia School of Law and Georgetown University Law Center, and is a former President of the District of Columbia Bar.

ACS Member Craig Gurian Releases Analysis of Local Human Rights Law ACS member Craig Gurian, Executive Director of the Anti-Discrimination Center of Metro New York and Scholar-in-Residence at Fordham Law School's Stein Center for Law and Ethics, has written a comprehensive analysis of the purposes and intended consequences of New York City's recently passed Local Civil Rights Restoration Act. The article, A Return to Eyes on the Prize: Litigating Under the Restored New York City Human Rights Law, 33 Fordham Urb. L.J. 255 (2006), argues that The Restoration Act, in addition to specific right- enhancing provisions in areas like retaliation, domestic partner protection, and catalyst case fees, protects against the federal rollback of civil rights by rejecting the premise that the City Human Rights Law is nothing more than a carbon copy of its state and federal counterparts, and by reaffirming that the purpose and sweep of the local law is uniquely broad and remedial.

ACS Member Ian Millhiser Wins 2006 Burton Award for Legal Achievement Duke 3L Ian Millhiser has received the 2006 Burton Award for Legal Achievement <http://rs6.net/tn.jsp?t=xt45mvbab.0.vgfinvb ab.dkevvvn6.25135&p=http%3A%2F%2Fwww.law.duke.edu%2Ffeatures%2F2006%2Fianmillhiser.html> , awarded to 15 law students around the country who demonstrate particular excellence and clarity in legal writing. Millhiser was recognized for his note, "What happened to a dream deferred? Cleansing the taint of San Antonio Independent School District v. Rodriguez <http://rs6.net/tn.jsp?t=xt45mvbab .0.wgfinvbab.dkevvvn6.25135&p=http%3A%2F%2Fwww.law.duke.edu%2Fjournals%2Fdlj%2Farticles%2F dlj55p405.htm> ," published in the Duke Law Journal. He will receive the award at a ceremony at the Library of Congress on June 12, and after preparing for the bar exam this summer, will join ACS as assistant director for communications and outreach in the fall.

ACSBlog Update
Over the past week, ACSBlog <http://rs6.net/tn.jsp?t=xt45mvbab.0.g4jp5a44.dkevvvn6.25135&p=http%3A%2F%2Fwww.acsblog.org%2F> posts included the following news and discussions:

* Professor Geoffrey Stone's analysis of potential espionage prosecution of journalists disclosing classified information <http://rs6.net/tn.jsp?t=xt45mvbab.0.xgfinvbab.dkevvvn6.25135&p=http%3A%2F%2Fwww.acsblog.org%2Fguest-bloggers-2824-united-states-v-the-new-york-times-and-the-washington-post.html> , and arguments as to why such threats are "largely empty";

* An analysis by Guest Blogger Jonathan Hafetz of the Brennan Center for Justice at NYU School of Law, of "The Runaway Executive: Trying to Escape Accountability Yet Again <http://rs6.net/tn.jsp?t =xt45mvbab.0.ygfinvbab.dkevvvn6.25135&p=http%3A%2F%2Fwww.acsblog.org%2Fguest-bloggers-2822 -the-runaway-executive-trying-to-escape-accountability-yet-again.html> ";
* A report by Guest Blogger Justin Levitt of the Brennan Center, arguing that the Second Circuit's recent decision in Hayden v. Pataki <http://rs6.net/tn.jsp?t=xt45mvbab.0.zgfinvbab.dkevvvn6.25135&p= http%3A%2F%2Fwww.acsblog.org%2Fguest-bloggers-2821-hayden-v-pataki-taking-race-out-of-the-votin g-rights-act.html> effectively "Tak[es] Race out of the Voting Rights Act";
* Student Blog Editor John Weaver's report on recent developments relating to school funding in Texas <http://rs6.net/tn.jsp?t=xt45mvbab.0.9gfinvbab.dkevvvn6.25135&p=http%3A%2F%2Fwww.acs

blog.org%2F-2828-school-funding-litigation-debate-heats-up-in-texas.html> , where the legislature faces a June 1 deadline to devise a new funding plan by order of the state supreme court; and

* Student Blog Editor Eric Magnusson's review of recent commentary by Judge Posner <http://rs6.net/tn.jsp?t=xt45mvbab.0.8gfinvbab.dkevvvn6.25135&p=http%3A%2F%2Fwww.acsblog.org%2Fnews-and-announcements-2823-posners-take-on-active-liberty.html> on Justice Breyer's theory of "Active Liberty".

You can contribute to ACSBlog as a Guest Blogger by preparing an analysis on a topic in which you have an interest. Pieces of any length are welcome. To submit a piece or for additional information, please email ACSBlog Editor-in-Chief John Elias at John@ACSLaw.org.

Battle for the Courts
<http://img.constantcontact.com/letters/images/spacer.gif>
Conservatives Promote Renewed Focus on Judicial Nominations Conservative leaders met with White House Counsel Harriet Miers this Monday <http://rs6.net/tn.jsp?t=xt45mvbab.0.7gfinvbab.dkevvvn6.25135&p=http%3A%2F%2Fwww.humaneventsonline.com%2Fblog-detail.php%3Fid%3D14649> to seek a renewed emphasis on judicial nominees. The move may reflect a political calculus. According to Senator John Thune (R-SD), "A good fight on judges does nothing but energize our base. <http://rs6.net/tn.jsp?t=xt45mvbab.0.6gfinvbab.dkevvvn6.25135&p=http%3A%2F%2Fwww.nytimes.com%2F2006%2F05%2F08%2Fwashington%2F08judges.html> Right now our folks are feeling a little flat. They need a reason to get engaged, and fights over judges will do that." Thune was echoed by Senator John Cornyn (R-TX), who said, "this is excellent timing. From a political standpoint, when we talk about judges, we win." Rove told the group that the White House will soon send more than twenty nominations to the Senate for confirmation <http://rs6.net/tn.jsp?t=xt45mvbab.0.5gfinvbab.dkevvvn6.25135&p=http%3A%2F%2Fwww.thehill.com%2Fthehill%2Fexport%2FTheHill%2FNews%2FFrontpage%2F050906%2Fnews4.html> .

D.C. Circuit Nominee Brett Kavanaugh Proceeds to Full Senate Today, the Senate Judiciary Committee voted 10-8 along party lines to approve <http://rs6.net/tn.jsp?t=xt45mvbab.0.4gfinvbab.dkevvvn6.25135&p=http%3A%2F%2Fwww.foxnews.com%2Fstory%2F0%2C2933%2C195132%2C00.html> the nomination of White House Staff Secretary Brett Kavanaugh to the D.C. Circuit. Kavanaugh faced a rare second hearing by the committee on Tuesday, at which he denied any involvement <http://rs6.net/tn.jsp?t=xt45mvbab.0.ahfinvbab.dkevvvn6.25135&p=http%3A%2F%2Fwww.sfgate.com%2Fcgi-bin%2Farticle.cgi%3Ffile%3D%2Fchronicle%2Farchive%2F2006%2F05%2F10%2FMNGAQIOMEC1.DTL> in formulating controversial policies on domestic surveillance and torture while serving in the White House. The influential bipartisan "Gang of 14" Senators met on Wednesday <http://rs6.net/tn.jsp?t=xt45mvbab.0.bhfinvbab.dkevvvn6.25135&p=http%3A%2F%2Fwww.cnn.com%2F2006%2FPOLITICS%2F05%2F10%2Fsenate.judges%2F> to discuss whether Kavanaugh raised "extraordinary circumstances" of the sort required to justify a filibuster under their prior agreement; Senator Lindsay Grahan (R-SC) suggested that "some people [among the Gang of 14] have not yet made the judgment," adding that "there's a generally good feeling about him." Majority Leader Bill Frist (R-TN) has vowed that the full Senate will vote on Kavanaugh's nomination before Memorial Day.

Fourth Circuit Nominee Terrence Boyle FAces Mounting Opposition Last week, Senate Minority Leader Harry Reid (D-NV) promised to filibuster <http://rs6.net/tn.jsp?t=xt45mvbab.0.chfinvbab.dkevvvn6.25135&p=http%3A%2F%2Fwww.nytimes.com%2F2006%2F05%2F08%2Fwashington%2F08judges.html%3Fex%3D1304740800%26en%3D8f52317023263c2d%26ei%3D5090%26partner%3Drssuserland%26emc%3Drss> the Fourth Circuit nomination of Terrence Boyle, who has been criticized for failing to

recuse himself from cases in which he faced financial conflicts of interest, as well as being reversed with unusually high frequency. This Sunday, Senator Joe Biden (D-DE) announced that he is "unalterably opposed to Boyle," <http://rs6.net/tn.jsp?t=xt45mvbab.0.dhfinvbab.dkevvvn6.25135&p=http%3A%2F%2Fwww.foxnews.com%2Fstory%2F0%2C2933%2C194590%2C00.html> and indicated his consideration of a filibuster. Judiciary chair Arlen Specter (R-PA) argued that Boyle does not raise "extraordinary circumstances," since failing to recuse himself in the face of financial conflicts would be a per se "disqualifier" for confirmation to a higher court.

Fifth Circuit Nominee Michael Wallace Receives "Not Qualified" Rating from ABA For the first time in nearly 25 years, the American Bar Association has issued a rare "not qualified" rating for a judicial nominee <http://rs6.net/tn.jsp?t=xt45mvbab.0.ehfinvbab.dkevvvn6.25135&p=http%3A%2F%2Fwww.washingtonpost.com%2Fwp-dyn%2Fcontent%2Farticle%2F2006%2F05%2F10%2FAR2006051002101.html> , declaring Michael Wallace unfit for his nomination to the Fifth Circuit. The unanimous decision <http://rs6.net/tn.jsp?t=xt45mvbab.0.5lj9rubab.dkevvvn6.25135&p=http%3A%2F%2Fwww.abanet.org%2Fscfedjud%2Fratings109.pdf> by the ABA's 15-member special judicial nominations did not explain its rationale. While Ralph G. Neas of People for the American Way argued that "[t]he president should immediately withdraw his nomination," White House spokeswoman Erin E. Healy said that "We disagree with the ABA and reject their rating . . . . Mike Wallace . . . . will make an excellent addition to the bench. <http://rs6.net/tn.jsp?t=xt45mvbab.0.fhfinvbab.dkevvvn6.25135&p=http%3A%2F%2Fwww.nytimes.com%2F2006%2F05%2F11%2Fwashington%2F11aba.html%3F_r%3D1%26oref%3Dslogin> " Wallace, who currently practices in Jackson, Mississippi, was a law clerk for then- Associate Justice William Rehnquist and worked on numerous controversial issues as an aide to Senator Trent Lott (R-MS).

Justice Department Official Neil Gorsuch Nominated to 10th Circuit President Bush nominated Neil Gorsuch to the 10th Circuit <http://rs6.net/tn.jsp?t=xt45mvbab.0.ghfinvbab.dkevvvn6.25135&p=http%3A%2F%2Fwww.denverpost.com%2Fnews%2Fci_3803780> today to fill the seat of Judge David Ebel, who is taking senior status. Gorsuch currently serves the Bush Administration <http://rs6.net/tn.jsp?t=xt45mvbab.0.ghfinvbab.dkevvvn6.25135&p=http%3A%2F%2Fwww.denverpost.com%2Fnews%2Fci_3803780> in the Justice Department, and before obtaining a doctorate in legal philosophy from Oxford, previously clerked for Justices Byron White and Anthony Kennedy after graduating from Harvard Law School. Gorsuch has met with Senator Wayne Allard (R-CO), who described him as "a top-flight nominee for the appellate bench . . . . with extensive court experience and the appropriate judicial temperament. <http://rs6.net/tn.jsp?t=xt45mvbab.0.ghfinvbab.dkevvvn6.25135&p=http%3A%2F%2Fwww.denverpost.com%2Fnews%2Fci_3803780> " He also predicted that Gorsuch will be confirmed by the Senate if he successfully avoids being depicted as an "activist judge." Gorsuch was described in 1987 as a ringleader among "seven or eight young men who are reinventing conservatism" <http://rs6.net/tn.jsp?t=xt45mvbab.0.hhfinvbab.dkevvvn6.25135&p=http%3A%2F%2Fwww.findarticles.com%2Fp%2Farticles%2Fmi_m1282%2Fis_v39%2Fai_4665104> as undergraduates at Columbia University, and his prior writings include "Liberals n' Lawsuits, <http://rs6.net/tn.jsp?t=xt45mvbab.0.ihfinvbab.dkevvvn6.25135&p=http%3A%2F%2Fwww.nationalreview.com%2Fcomment%2Fgorsuch200502070742.asp> " a 2005 article in the National Review arguing that liberals' "addiction to the courtroom as the place to debate social policy is bad for the country and bad for the judiciary."

Fourth Circuit's Luttig Resigns to Join Private Sector Judg e Michael Luttig resigned from the Fourth Circuit on Wednesday <http://rs6.net/tn.jsp?t=xt45mvbab.0.jhfinvbab.dkevvvn6.25135&p=http%3A%2F%2Fhosted.ap.org%2Fdynamic%2Fstories%2FL%2FLUTTIG_RESIGNS%3FSITE%3DAP%26SECTION%3DHOME%26TEMPLATE%3DDEFAULT> to join Boeing Aerospace as senior vice president and general counsel. Luttig was appointed to the Fourth Circuit in 1991 at age 37 and was considered a top candidate for a Supreme Court nomination <http://rs6.net/tn.jsp?t=xt45mvbab.0.khfinvbab.dkevvvn6.25135&p=http%3A%2F%2Fwww.washingtonpost.com%2Fwp-dyn%2Fcontent%2Farticle%2F2006%2F0

5%2F10%2FAR2006051000929.html> under the current President. Today, The Wall Street Journal reported that Luttig's resignation may have resulted from his clash with the President over the case of Jose Padilla <http://rs6.net/tn.jsp?t=xt45mvbab.0.lhfinvbab.dkevvvn6.25135&p=http%3A%2F%2Fonline.wsj.com%2Farticle_email%2FSB114727449814548996-lMyQjAxMDE2NDE3MTIxNzE0Wj.html> , an accused terrorist whose military detention Luttig approved in a landmark decision, only two months before the administration announced criminal charges that Luttig later wrote undermined its "credibility before the courts." Boeing is currently negotiating a settlement of two federal criminal investigations <http://rs6.net/tn.jsp?t=xt45mvbab.0.mhfinvbab.dkevvvn6.25135&p=http%3A%2F%2Fwww.chicagotribune.com%2Fnews%2Fcustom%2Fnewsroom%2Fchi-060510-luttig%2C1%2C6207769.story%3Fcoll%3Dchi-news-hed> into ethics violations and allegedly improper corporate espionage, which could reportedly lead to a fine of up to $500 million. Some have suggested that Luttig's announcement will help indicate the company's seriousness about addressing the substance of the allegations.

For the latest developments on judicial nominations, please visit the nominations section of ACSBlog <http://rs6.net/tn.jsp?t=xt45mvbab.0.4vgy6ebab.dkevvvn6.25135&p=http%3A%2F%2Fwww.acsblog.org%2Fcat-judicial-nominations.html> .

Civil Liberties In a Time of Crisis
<http://img.constantcontact.com/letters/images/spacer.gif>
NSA Collecting Phone Records of Tens of Millions of Americans
USA Today reported today that the NSA has amassed records on the phone calls of tens of millions of Americans <http://rs6.net/tn.jsp?t=xt45mvbab.0.nhfinvbab.dkevvvn6.25135&p=http%3A%2F%2Fwww.usatoday.com%2Fnews%2Fwashington%2F2006-05-10-nsa_x.htm> , using information voluntarily provided by a number of private telecommunications companies. An anonymous informant said the program has created "the largest database ever assembled in the world," and ultimately aims "to create a database of every call ever made" within the nation's borders. USA Today noted that the program is "far more expansive than what the White House has acknowledged," noting that the administration's public defense of the program revealed by The New York Times last December has relied heavily upon the notion that warrantless surveillance is limited to international calls. In addition to monitoring domestic calls, the program disclosed by USA Today reportedly collects records indiscriminately, without regard to suspicion of terrorist activity, in order to identify potential patterns. President Bush asserted this morning that all surveillance activities are "within the law," although former NSA director Bobby Ray Inman said on Monday that even the previously known "activity is not authorized. <http://rs6.net/tn.jsp?t=xt45mvbab.0.ohfinvbab.dkevvvn6.25135&p=http%3A%2F%2Fwww.wired.com%2Fnews%2Ftechnology%2F0%2C70855-0.html> " Senator Arlen Spectre (R-PA) promised to contact participating phone companies to learn "what we can't find out from the Department of Justice or other administration officials," as Senator Dianne Feinstein (D-CA) of the Senate Intelligence Committee predicted that "we are on our way to a major Constitutional confrontation on the Fourth Amendment guarantees over unreasonable search and seizure. <http://rs6.net/tn.jsp?t=xt45mvbab.0.phfinvbab.dkevvvn6.25135&p=http%3A%2F%2Fwww.nytimes.com%2F2006%2F05%2F11%2Fwashington%2F11cnd-phone.html%3Fhp%26ex%3D1147406400%26en%3D9ebc2132b83f0bfd%26ei%3D5094%26partner%3Dhomepage> "

Hayden Hearings Likely to Probe Warrantless Surveillance Program President Bush nominated Air Force General Michael V. Hayden to replace Porter Goss as director of the Central Intelligence Agency <http://rs6.net/tn.jsp?t=xt45mvbab.0.qhfinvbab.dkevvvn6.25135&p=http%3A%2F%2Fwww.washingtonpost.com%2Fwp-dyn%2Fcontent%2Farticle%2F2006%2F05%2F08%2FAR2006050800311.html> (CIA). Hayden's nomination has inspired criticism by numerous critics, including Senators of both parties concerned with the possibility of undue military influence over the agency <http://rs6.net/tn.jsp?t=xt45

mvbab.0.rhfinvbab.dkevvvn6.25135&p=http%3A%2F%2Fwww.nytimes.com%2F2006%2F05%2F09%2Fwa shington%2F09intel.html> . Within hours of the nomination's announcement, officials also announced further changes at the CIA's top ranks, including the return of longtime CIA veterans who left after disputes with Goss. Other critics have focused on Hayden's role in creating the controversial warrantless surveillance program <http://rs6.net/tn.jsp?t=xt45mvbab.0.shfinvbab.dkevvvn6.25135&p= http%3A%2F%2Fwww.sfgate.com%2Fcgi-bin%2Farticle.cgi%3Ffile%3D%2Fchronicle%2Farchive%2F2006 %2F05%2F10%2FEDGQHIOURG1.DTL> while at the National Security Agency (NSA). Upcoming hearings on the nomination will likely include extensive questioning on the NSA wiretapping program disclosed last December, which may be the only opportunity to delve deeply into it since the Justice Department abruptly ended an inquiry into the eavesdropping program <http://rs6.net/tn.jsp?t=xt45mvbab.0.thfinvb ab.dkevvvn6.25135&p=http%3A%2F%2Fwww.msnbc.msn.com%2Fid%2F12727867%2F> after the NSA refused to grant investigators security clearance. Judiciary Committee chairman Arlen Specter (R-PA) said that the hearings could provide "leverage" to force the administration to be more forthcoming <http://rs6.net/tn.jsp?t=xt45mvbab.0.uhfinvbab.dkevvvn6.25135&p=http%3A%2F%2Fwww.upi.com% 2FSecurityTerrorism%2Fview.php%3FStoryID%3D20060509-110427-4799r> with details.

U.N. Committee Against Torture Examines Abuse of Detainees in U.S. Prisons U.S. interrogation practices were scrutinized this week at the U.N. Committee Against Torture <http://rs6.net/tn.jsp?t =xt45mvbab.0.vhfinvbab.dkevvvn6.25135&p=http%3A%2F%2Fwww.mercurynews.com%2Fmld%2Fmerc urynews%2Fnews%2Fworld%2F14529067.htm> in Geneva, during a periodic review of compliance with the 1984 Convention Against Torture. John B. Bellinger III, a State Department legal adviser, argued that "U.S. officials from all government agencies are prohibited from engaging in torture at all times and in all places," whereas Norwegian expert Nora Sveaass said the committee had seen official U.S. documents allowing interrogation techniques widely regarded as torture. The panel rejected arguments for secrecy in discussing intelligence matters, insisting that the U.S. has a "duty to answer" questions about a number of issues <http://rs6.net/tn.jsp?t=xt45mvbab.0.whfinvbab.dkevvvn6.25135&p=http% 3A%2F%2Fwww.wcsh6.com%2Fhome%2Farticle.asp%3Fid%3D34901> , such as prisoner interrogations at Abu Ghraib and Guantanamo, secret CIA prisons and extraordinary rendition. In addition to alleged abuses at overseas prisons, the U.N. committee also heard reports of torture in Chicago jails, where interrogation practices have reportedly included placing guns in prisoners' mouths <http://rs6.net/tn.jsp?t=xt45mvbab.0.xhfinvbab.dkevvvn6.25135&p=http%3A%2F%2Fwww.pacifica.org% 2Fprograms%2Fdn%2F060509.html> , bags over their heads, and inflicting electric shocks to their genitals. A group of 13 European Union legislators also separately visited Washington this week, seeking information about the potential involvement of European countries in secret overseas prisons allegedly run by the CIA <http://rs6.net/tn.jsp?t=xt45mvbab.0.yhfinvbab.dkevvvn6.25135&p=http%3A% 2F%2Fwww.washingtonpost.com%2Fwp-dyn%2Fcontent%2Farticle%2F2006%2F05%2F09%2FAR2006 050900638.html> .

U.S. Says it Will Ban Water-Boarding as Bush Speaks of Closing Guantanamo The State Department's legal adviser told the U.N. Committee Against Torture on Monday that the U.S. Army will prohibit "waterboarding," the practice of submerging a prisoner's head in water to simulate drowning <http://rs6.net/tn.jsp?t=xt45mvbab.0.9hfinvbab.dkevvvn6.25135&p=http%3A%2F%2Fwww.realcities.co m%2Fmld%2Fkrwashington%2Fnews%2Fworld%2F14531370.htm%3Fsource%3Drss%26channel%3D krwashington_world> , when it issues a new interrogation manual. The adviser emphasized that by banning the practice, the U.S. was not admitting to having used it in the past, but Jamil Dakwar of the ACLU noted that its specific mention "raises questions." Meanwhile, The Los Angeles Times reported today that the Pentagon has been forced to delay the release of its updated Field Manual <http://rs6.net/tn.jsp?t=xt45mvbab.0.8hfinvbab.dkevvvn6.25135&p=http%3A%2F%2Fwww.latimes. com%2Fnews%2Fnationworld%2Fnation%2Fla-na-manual11may11%2C0%2C2174549.story%3Fcoll%3D la-home-headlines> because of congressional opposition to provisions that some argued would violate the torture ban passed by Congress last year. Speaking in Germany, President Bush said on Sunday that

he "would like to close the camp [at Guantanamo Bay] and put the prisoners on trial," <http://rs6.net/tn.jsp?t=xt45mvbab.0.7hfinvbab.dkevvvn6.25135&p=http%3A%2F%2Fwww.nytimes.com%2F2006%2F05%2F08%2Fwashington%2F08bush.html> and that he is awaiting a Supreme Court ruling as to whether their prosecution must proceed in civilian courts, rather than through ad hoc military commissions.

Moussaoui Moves in Vain to Rescind his Guilty Plea
Late last week, convicted 9-11 conspirator Zacarias Moussaoui filed a motion saying that his confession about being involved in the plot "was a complete frabrication" <http://rs6.net/tn.jsp?t=xt45mvbab.0.6hfinvbab.dkevvvn6.25135&p=http%3A%2F%2Fwww.nytimes.com%2Faponline%2Fus%2Fwire-mous.html%3Fhp%26ex%3D1147147200%26en%3D57ebf94e99896f8e%26ei%3D5094%26partner%3Dhomepage> and that he wanted to withdraw his guilty plea. Moussaoui argued that he was "extremely surprised" that the jury decided to spare his life <http://rs6.net/tn.jsp?t=xt45mvbab.0.5hfinvbab.dkevvvn6.25135&p=http%3A%2F%2Fwww.nytimes.com%2F2006%2F05%2F09%2Fus%2F09moussaoui.html> , which indicated to him that he could receive a fair trial despite his earlier impression that the proceedings were rigged. He wrote that spending over four years in solitary confinement had "made me hostile toward everyone and I began taking extreme positions <http://rs6.net/tn.jsp?t=xt45mvbab.0.4hfinvbab.dkevvvn6.25135&p=http%3A%2F%2Fwww.latimes.com%2Fnews%2Fnationworld%2Fnation%2Fla-na-moussa9may09%2C1%2C4997187.story%3Fcoll%3Dla-headlines-nation> to fight the system . . . . I now see that I can receive a fair trial even with Americans as jurors and that I can have the opportunity to prove that I . . . was not a member of the plot." U.S. District Judge Leonie M. Brinkema rejected Moussaoui's motion, noting that federal law prevents a defendant from withdrawing a plea after sentencing. Moussaoui's lawyers explained that they filed the motion notwithstanding that rule because of their "problematic relationship with Moussaoui."

Law and Policy News and Analysis
<http://img.constantcontact.com/letters/images/spacer.gif>
(a) Supreme Court

Court Allows Deportation of British Citizen In a two-sentence order released yesterday, the Court voted 5-4 to allow the deportation of British man who sought a stay pending another case raising similar issues <http://rs6.net/tn.jsp?t=xt45mvbab.0.aifinvbab.dkevvvn6.25135&p=http%3A%2F%2Fwww.bloomberg.com%2Fapps%2Fnews%3Fpid%3D10000085%26sid%3DaCI36n_RDHns%26refer%3Deurope> that the Court will hear next year. Specifically, the case will present the question of whether immigrants must face deportation for all state drug convictions. Kiren Kumar Bharti has lived in the U.S. for 25 years, and will leave behind relatives including a young daughter <http://rs6.net/tn.jsp?t=xt45mvbab.0.bifinvbab.dkevvvn6.25135&p=http%3A%2F%2Fhosted.ap.org%2Fdynamic%2Fstories%2FS%2FSCOTUS_DEPORTATION%3FSITE%3DAP%26SECTION%3DHOME%26TEMPLATE%3DDEFAULT> .

For more Supreme Court news and commentary, visit Tom Goldstein's SCOTUSblog <http://rs6.net/tn.jsp?t=xt45mvbab.0.vqckeibab.dkevvvn6.25135&p=http%3A%2F%2Fwww.scotusblog.com%2Fmovabletype%2F> .

(b) Other Courts

Reporters Face Federal Subpoena for Sources in Steroids Investigation Last Friday, in what The New York Times called "the latest effort by the government to learn the identities of reporters' confidential sources <http://rs6.net/tn.jsp?t=xt45mvbab.0.cifinvbab.dkevvvn6.25135&p=http%3A%2F%2Fwww.nytimes.com%2F2006%2F05%2F09%2Fus%2F09leak.html> ," the U.S. Attorney in Los Angeles issued subpoenas to two San Francisco Chronicle reporters in an effort to compel them to disclose sources

subpoenas to two San Francisco Chronicle reporters in an effort to compel them to disclose sources who provided grand jury testimony relating to steroid use among professional baseball players. Disclosure of secret grand jury proceedings is a crime. The Times also noted "[t]he relative ordinariness of the case, which arose out of reporting on steroid use in baseball rather than on covert operatives, domestic eavesdropping or secret prisons" that have raised arguably more widespread concerns about the possibility of government intrusion on the press <http://rs6.net/tn.jsp?t=xt45mvbab.0.xgfinvbab.dkevvvn6.25135&p=http%3A%2F%2Fwww.acsblog.org%2Fguest-bloggers-2824-united-states-v-the-new-york-times-and-the-washington-post.html> . According to George Washington University journalism professor Mark Feldstein, the subpoenas from federal prosecutors nonetheless represent "a further escalation . . . of the war that the Bush administration has been waging on the press and public's right <http://rs6.net/tn.jsp?t=xt45mvbab.0.difinvbab.dkevvvn6.25135&p=http%3A%2F%2Fwww.nysun.com%2Farticle%2F32296> to know."

Illinois Corruption Trial Begins
On Wednesday, jury selection began in the trial of four former Chicago city officials accused of unethical hiring practices <http://rs6.net/tn.jsp?t=xt45mvbab.0.eifinvbab.dkevvvn6.25135&p=http%3A%2F%2Fwww.nytimes.com%2F2006%2F05%2F11%2Fus%2F11corruption.html> violating the 1983 "Shakman" consent degree that ended a landmark lawsuit against the city. Accusations include charges that candidates were hired for positions based on political reasons, despite being unqualified, overseas during the interview process, or troubled by alcoholism. Jurors were questioned exceptionally carefully <http://rs6.net/tn.jsp?t=xt45mvbab.0.fifinvbab.dkevvvn6.25135&p=http%3A%2F%2Fwww.chicagotribune.com%2Fnews%2Flocal%2Fchicago%2Fchi-0605110271may11%2C1%2C1803891.story> during voir dire to avoid errors of the sort that plagued the recent trial of former governor George Ryan (R-IL), who was recently convicted of numerous corruption- related charges after reports emerged that some jurors had lied about their prior arrest records. Some observers have speculated that the latest prosecution could ultimately implicate the office of Mayor Richard Daley, as the FBI revealed that it is currently investigating some 2,000 cases of public corruption <http://rs6.net/tn.jsp?t=xt45mvbab.0.gifinvbab.dkevvvn6.25135&p=http%3A%2F%2Fwww.nytimes.com%2F2006%2F05%2F11%2Fwashington%2F11fbi.html> around the country.

Ninth Circuit Upholds MLB Pensions for Negro League Players Against "Reverse Discrimination" Challenge On Tuesday, the Ninth Circuit ruled that Major League Baseball may continue to give benefits to former players in the Negro Leagues to help compensate for their exclusion <http://rs6.net/tn.jsp?t=xt45mvbab.0.hifinvbab.dkevvvn6.25135&p=http%3A%2F%2Ftoday.reuters.com%2Fnews%2FnewsArticle.aspx%3Ftype%3DsportsNews%26storyID%3D2006-05-09T234604Z_01_N09353749_RTRUKOC_0_US-COURT-BASEBALL.xml%26archived%3DFalse> from the majors. The compensation program, established in 1993 and extended in 1997, pays $10,000 a year and provides medical coverage to some two dozen former players whose careers were impeded by discrimination. In 2003, a former catcher for the Chicago White Sox filed suit on behalf of a group of white former players <http://rs6.net/tn.jsp?t=xt45mvbab.0.hifinvbab.dkevvvn6.25135&p=http%3A%2F%2Ftoday.reuters.com%2Fnews%2FnewsArticle.aspx%3Ftype%3DsportsNews%26storyID%3D2006-05-09T234604Z_01_N09353749_RTRUKOC_0_US-COURT-BASEBALL.xml%26archived%3DFalse> who did not receive similar benefits, alleging that the League's actions constituted racial discrimination violating Title VII of the 1964 Civil Rights Act. Judge Stephen Reinhardt wrote that the plaintiffs "were never the victims of discrimination," and instead the "beneficiaries <http://rs6.net/tn.jsp?t=xt45mvbab.0.iifinvbab.dkevvvn6.25135&p=http%3A%2F%2Fwww.sfgate.com%2Fcgi-bin%2Farticle.cgi%3Ff%3D%2Fc%2Fa%2F2006%2F05%2F10%2FBAG9MIOO551.DTL> of the discriminatory policy" that allowed them the opportunity to qualify for benefits formally unavailable to players from minority groups.

(c) Law and Public Policy

Senate Rejects Caps on Malpractice Suits
On Monday, the Senate rejected an effort to cap jury awards for pain & suffering in medical malpractice cases <http://rs6.net/tn.jsp?t=xt45mvbab.0.jifinvbab.dkevvvn6.25135&p=http%3A%2F%2Fwww.nytimes.com%2F2006%2F05%2F09%2Fwashington%2F09malpractice.html> . It was the fourth time in three years that such measures - one of which related to healthcare providers generally, and the other specifically to obstetrician-gynecologists - failed to attain passage. The L.A. Times noted that "Monday's votes came as the broader debate over malpractice appears to be shifting away from limits on jury awards <http://rs6.net/tn.jsp?t=xt45mvbab.0.kifinvbab.dkevvvn6.25135&p=http%3A%2F%2Fwww.latimes.com%2Fnews%2Fnationworld%2Fnation%2Fla-na-medmal9may09%2C1%2C2717190.story%3Fcoll%3Dla-headlines-nation> to . . . alternatives to litigation." President Bush said, "It is time for the Senate to put the needs of the American people ahead of the interests of trial lawyers," while Senator Edward Kennedy (D-MA) noted that "[t]he explanation for . . . [malpractice insurance] premium spikes can be found not in legislative halls or courtrooms, but in the boardrooms" of insurance companies.

Bush Acknowledges Anxieties Over Prescription Drug Program; Reid Calls to Extend Deadline In the face of a looming May 15 deadline for joining the government's prescription drug program, President Bush went to Florida this week to urge seniors to sign up for it while acknowledging the anxieties the complicated program - which includes over 40 options - has caused <http://rs6.net/tn.jsp?t=xt45mvbab.0.lifinvbab.dkevvvn6.25135&p=http%3A%2F%2Fwww.latimes.com%2Fnews%2Fnationworld%2Fnation%2Fla-050906bush_lat%2C0%2C5382305.story%3Fcoll%3Dla-home-headlines> among some potential beneficiaries. Bush defended the multiple options available, insisting that he would not extend the May 15 deadline after which higher premiums will apply to all new subscribers except those considered low-income. The President exhorted seniors to "Sign up now. Now's the time. This is a good deal. It's the government doing its duty. . . ." <http://rs6.net/tn.jsp?t=xt45mvbab.0.mifinvbab.dkevvvn6.25135&p=http%3A%2F%2Fwashingtontimes.com%2Fnational%2F20060510-115723-4797r.htm> Minority Leader Harry Reid, however, argued that the deadline should be extended because "[t]he White House botched the implementation of the prescription drug plan, and millions have been unable to navigate their way through the confusing sign-up process." A recent study by the General Accounting Office revealed that Medicare's telephone operators frequently give false or incomplete information to seniors <http://rs6.net/tn.jsp?t=xt45mvbab.0.oifinvbab.dkevvvn6.25135&p=http%3A%2F%2Fseattletimes.nwsource.com%2Fhtml%2Fhealth%2F2002970411_webmedicare03.html> calling with questions about the program.

Justice Department Finds "Justice is Simply Unavailable" in New Orleans A Justice Department report made public on Tuesday concludes that "justice is simply unavailable" for indigent criminal defendants in New Orleans now <http://rs6.net/tn.jsp?t=xt45mvbab.0.pifinvbab.dkevvvn6.25135&p=http%3A%2F%2Fwww.latimes.com%2Fnews%2Fnationworld%2Fnation%2Fla-na-indigent9may09%2C1%2C5200713.story%3Fcoll%3Dla-headlines-nation> , and suggests that the city needs 70 full-time public defenders and a $10-million infusion of cash to ensure defendants the opportunity for to exercise their constitutional rights. Several days before the report was released, Qatar announced plans to award $60 million in grants <http://rs6.net/tn.jsp?t=xt45mvbab.0.sifinvbab.dkevvvn6.25135&p=http%3A%2F%2Fselect.nytimes.com%2Fgst%2Fabstract.html%3Fres%3DF30B13FA3A5B0C718CDDAC0894DE404482> to benefit Katrina victims. New Orleans had 39 public defenders before Hurricane Katrina struck last August, nearly all of whom were laid off after the storm. Katrina exacerbated existing problems, according to the report, which emphasizes a lack of accountability within the Orleans Parish Indigent Defender program. It noted that "[t]here were no client files or any other records or data, save a monthly tabulation of cases closed," and suggests a series of short and long-term measures to address a variety of problems. State Judge Calvin Johnson said on Wednesday that the recomm ended changes are "not going to happen overnight," <http://rs6.net/tn.jsp?t=xt45mvbab.0.tifinvbab.dkevvvn6.25135&p=http%3A%2F%2Fwww.nola.com%2Fnewsflash%2Flouisiana%2Findex.ssf%3F%2Fbase%2Fnews-2

53&p=http%3A%2F%2Fwww.nola.com%2Fnewsflash%2Flouisiana%2Findex.ssf%3F%2Fbase%2Fnews-24%2F114729326428350.xml%26storylist%3Dlouisiana> but added that "the Justice Department report is going to be the foundation for rebuilding the public defender's office and making sure there is justice for everyone."

New Measure to Let D.C. Residents Vote Unveiled in the House Earlier today, Representative Thomas Davis III (R-VA) and Delegate Eleanor Holmes Norton (D-DC) - who is allowed to observe the House on behalf of the District of Columbia (DC) but not to participate in votes - introduced a bill that would grant voting rights for the first time <http://rs6.net/tn.jsp?t=xt45mvbab.0.uifinvbab.dkevvvn6.25135&p=http%3A%2F%2Fwww.washingtonpost.com%2Fwp-dyn%2Fcontent%2Farticle%2F2006%2F05%2F11%2FAR2006051100725.html%3Fsub%3DAR> to over 500,000 residents of DC. The legislation, known as "the DC Fair and Equal House Voting Rights Act of 2006 <http://rs6.net/tn.jsp?t=xt45mvbab.0.vifinvbab.dkevvvn6.25135&p=http%3A%2F%2Fwww.dcvote.org%2Fadvocacy%2Fdcfairact.cfm> ," would expand the House from 435 to 437 seats. One of the new seats would be allocated to DC; the other would go to Utah, the next state in line to receive another representative based on the 2000 census. Davis, who was joined by the Government Reform Committee's senior Republican and Democrat (Christopher Shays (CT) and Henry Waxman (CA), respectively), said that "this plan is partisan-neutral, freeing us to do the right thing." According to Ilir Zherka, Executive Director of DC Vote, "We are on the brink of a major voting rights victory. <http://rs6.net/tn.jsp?t=xt45mvbab.0.wifinvbab.dkevvvn6.25135&p=http%3A%2F%2Fwww.dcvote.org%2Fmedia%2Frelease.cfm%3FreleaseID%3D231> "

ACS Upcoming Events and Opportunities
<http://img.constantcontact.com/letters/images/spacer.gif>
(a) Upcoming Events

* DC Circuit

May 23: American Constitution Society <http://rs6.net/tn.jsp?t=xt45mvbab.0.xifinvbab.dkevvvn6.25135&p=http%3A%2F%2Fwww.acslaw.org%2Fnode%2F2847>
Book Signing, Reception and Discussion with Taylor Branch, Pulitzer Prize-winning biographer of Martin Luther King, Jr.; Author, At Canaan's Edge. Welcome and introduction by Roger Wilkins, Clarence J. Robinson Professor of History and American Culture, George Mason University; Author, Jefferson's Pillow: The Founding Fathers and the Dilemma of Black Patriotism; Member, ACS Board of Directors. The event will be held at 1333 H St. NW, 11th Floor at 6:00 pm. This event is free and open to the public. A networking reception at which Washington DC Lawyer Chapter members may welcome recently-arrived summer associates and law clerks will follow the program.

* 2nd Circuit

May 29: New York Lawyer Chapter <http://rs6.net/tn.jsp?t=xt45mvbab.0.yifinvbab.dkevvvn6.25135&p=http%3A%2F%2Fwww.acslaw.org%2Fnode%2F2841>
"Why the Death Penalty Will End this Decade" featuring Barry Scheck, founder of the Innocence Project; former President, National Association of Criminal Defense Lawyers; and Professor of Law, Benjamin N. Cardozo School of Law. Event to be held at Mayer, Brown, Rowe & Maw LLP, 1675 Broadway, at 12:30 pm.

* 5th Circuit

May 23: Austin Lawyer Chapter <http://rs6.net/tn.jsp?t=xt45mvbab.0.zifinvbab.dkevvvn6.25135&p=http%3A%2F%2Fwww.acslaw.org%2Fnode%2F2832>
"Indefensible: One Lawyer's Journey into the Inferno of American Justice" featuring David Feige, Author of Indefensible and former Public Defender in the South Bronx. Event to be held at Habana Calle 6, 709 East 6th St., at 12:00 pm.

May 25: Dallas Lawyer Chapter <http://rs6.net/tn.jsp?t=xt45mvbab.0.9ifinvbab.dkevvvn6.25135&p=http%3A%2F%2Fwww.acslaw.org%2Fnode%2F2778>
"The Legality of Warrantless Surveillance" featuring Paul E. Coggins, Principal, Fish & Richardson and Richard B. Roper, U.S. Attorney, Northern District of Texas, in the Jones Day Conference Room, 2727 N. Harwood St., at 12:00 pm.

* 6th Circuit

May 25: Northeast Ohio Lawyer Chapter <http://rs6.net/tn.jsp?t=xt45mvbab.0.8ifinvbab.dkevvvn6.25135&p=http%3A%2F%2Fwww.acslaw.org%2Fnode%2F2848>
ACS Attorney-Student Networking Event & Cocktail Hour at The Offices Hahn Loeser and Parks, 200 Public Square, Suite 3300, Cleveland, from 5:00 - 7:00 pm.

* 7th Circuit

May 18: Milwaukee Lawyer Chapter <http://rs6.net/tn.jsp?t=xt45mvbab.0.7ifinvbab.dkevvvn6.25135&p=http%3A%2F%2Fwww.acslaw.org%2Fnode%2F2771>
Happy Hour at Hotel Metro, 411 E. Mason Street, at 5:30 pm.

May 25: Milwaukee Lawyer Chapter <http://rs6.net/tn.jsp?t=xt45mvbab.0.6ifinvbab.dkevvvn6.25135&p=http%3A%2F%2Fwww.acslaw.org%2Fnode%2F2773>
A planning meeting will be held at 826 N. Plankiton Ave., Suite 600, at 12:00 pm.

* 11th Circuit

May 27: South Florida Lawyer Chapter <http://rs6.net/tn.jsp?t=xt45mvbab.0.5ifinvbab.dkevvvn6.25135&p=http%3A%2F%2Fwww.acslaw.org%2Fnode%2F2766>
A Discussion with Award-Winning Journalist and Author Sasha Abramsky, Author of Conned: How Millions Went to Prison, Lost the Vote, and Helped Send George W. Bush to the White House. The event will be held at Books & Books, 265 Aragon Ave., Coral Gables, FL, at 7:00 pm.

(b) Noteworthy Events & Opportunities

Center for Constitutional Rights (CCR) Seeks Pro Bono Volunteers to Represent Guantanamo Detainees
The Center for Constitutional Rights <http://rs6.net/tn.jsp?t=xt45mvbab.0.xgwnyubab.dkevvvn6.25135&p=http%3A%2F%2Fwww.ccr-ny.org%2Fv2%2Fgac%2F> , a New York-based human rights organization, has filed a single habeas petition in federal court on behalf of nearly 200 men who were waiting for individual attorneys to represent them. CCR is now looking for pro bono attorneys willing to enter an appearance in the case on behalf of individual prisoners. No experience with habeas petitions is necessary. CCR and a team of cooperating counsel from the private bar can offer extensive

is necessary. CCR and a team of cooperating counsel from the private bar can offer extensive background materials and regular training sessions for attorneys beginning their habeas representations. However, volunteer attorneys must be prepared to devote significant resources -- including the time and expense associated with travel to Guantánamo and, perhaps, to Washington, D.C., and foreign countries -- in order to identify legal issues and develop facts specific to the detention of their clients. For example, attorneys must be prepared to navigate (with CCR's help) the necessary paperwork to obtain the security clearance needed to work on cases involving classified information and for visits with clients at Guantánamo. In addition, attorneys may need to expend resources to pursue political and diplomatic avenues for their clients' repatriation to their home countries or resettlement elsewhere. If you would like to learn more about representing a Guantánamo prisoner, or if you are prepared to volunteer as a pro bono habeas lawyer, please contact CCR <http://rs6.net/tn.jsp?t=xt45mvbab.0.xgwnyubab.dkevvvn6.25135&p=http%3A%2F%2Fwww.ccr-ny.org%2Fv2%2Fgac%2F> directly at gtmo@ccr-ny.org.

June 7: The Century Foundation and the Center for American Progress Co-Sponsor "Power and Superpower: Global Leadership in the 21st Century" in New York City On Tuesday, June 6, the Security and Peace Initiative <http://rs6.net/tn.jsp?t=xt45mvbab.0.ygwnyubab.dkevvvn6.25135&p=http%3A%2F%2Fwww.securitypeace.org%2F> -- a joint venture of the Center for American Progress <http://rs6.net/tn.jsp?t=xt45mvbab.0.ooddm8aab.dkevvvn6.25135&p=http%3A%2F%2Fwww.americanprogress.org%2F> and The Century Foundation <http://rs6.net/tn.jsp?t=xt45mvbab.0.zgwnyubab.dkevvvn6.25135&p=http%3A%2F%2Fwww.tcf.org%2F> -- is convening its 2006 conference, "Power and Superpower: Global Leadership in the 21st Century," to provide a forum for debate about achieving the public's aspirations for security and economic progress and for dialogue on the changes needed for effective cooperative action. As a supplement to the conference, expert working groups will define the relevant issues in policy papers that inform and frame the conference debate for wider dissemination in a published volume. The conference program <http://rs6.net/tn.jsp?t=xt45mvbab.0.9gwnyubab.dkevvvn6.25135&p=http%3A%2F%2Fwww.securitypeace.org%2Findex.asp%3Ftypeid%3D3%26eventid%3D1%26pgid%3D130> will explore, in four sessions, the uses of force, unconventional threats, international values and interests, and the global economy. The conference will take place at the Essex House Hotel, 160 Central Park South, New York, NY 10019. Space is limited. To register, please click here <http://rs6.net/tn.jsp?t=xt45mvbab.0.8gwnyubab.dkevvvn6.25135&p=http%3A%2F%2Fwww.americanprogress.org%2Fspireg> . For information about the conference program or the Security and Peace Initiative, please contact Spencer P. Boyer at 202-481-8164 or sboyer@americanprogress.org.

(c) Job Opportunities

* Fellowships

Lichtman, Trister & Ross Seeks Summer Associate/Law Clerk Lichtman, Trister & Ross PLLC is a small law firm in Washington, DC with an immediate opening for a first or second year law student to work with 4 lawyers on nonprofit tax and campaign finance law. Full time preferred for the summer. Excellent compensation. Submit resumes to William McNichols, Lichtman, Trister & Ross PLLC, 1666 Connecticut Avenue, NW, Washington DC.

* Public Interest Attorney positions

Earthjustice Seeks Legislative Associate
Earthjustice, the nonprofit law firm for the environment, seeks a Legislative Associate in its

Washington, DC Office to provide research, public education and congressional advocacy on environmental concerns with federal judicial nominations and the importance of the judiciary to protecting our environment. Candidates must have excellent analytical, writing, and oral communication skills and 2-3 years relevant experience. Experience in lobbying or organizing required, JD preferred and media experience a plus. To apply, please send a cover letter, resume, references and writing sample to kfreund@earthjustice.org or Associate Search, Earthjustice, 1625 Massachusetts Ave., NW, Suite 702, Washington, DC 20036.

Brennan Center for Justice Seeks Senior Attorney / Democracy Program The Brennan Center for Justice at NYU School of Law (the "Center"), a non-profit legal policy and advocacy group fighting for the nation's core progressive values: democracy, opportunity, justice and individual liberty. Founded just a decade ago by the law clerks, family and friends of Supreme Court Justice William J. Brennan, Jr., the Center advances an innovative, nonpartisan agenda of scholarship, public education and legal action. The Center is seeking an experienced litigator for its Democracy Program. The Program seeks to bring the ideal of representative self-government closer to reality, by eliminating barriers to full and equal political participation and by striving to ensure that public policy and institutions reflect the diverse voices and interests that make for a rich and energetic democracy. The Program works in five project areas: Voting & Representation, Campaign Finance Reform, Fair Courts, Free Expression Policy, and Voter Choice. This position involves work principally on voting rights and reform of election administration, including: registration restrictions, photo ID requirements for voting, and other practices likely to have a disproportionate impact on communities of color. The attorney will principally be responsible for managing affirmative constitutional cases challenging laws that are likely to disenfranchise already under-represented voters. The position is currently funded for one year, with a possibility of renewal, and will commence as soon as possible. The ideal candidate will have substantial litigation experience (including trial experience) and a strong entrepreneurial spirit. Excellent legal research, analysis, and writing skills; initiative, imagination, and versatility; organizational skills; ability to deal with diverse clients and to coordinate work effectively with other organizations are a must. Strong preference for experience litigating constitutional or voting rights cases. Demonstrated commitment to public interest law a real plus. To apply, please send cover letter, resume, two writing samples, and the names, e-mail addresses, and telephone numbers of three references by May 12 to: Senior Attorney, Democracy Program, Brennan Center for Justice, 161 Avenue of the Americas, 12th floor, NY, NY 10013 or via e-mail to brennancenterjobs@nyu.edu with Senior Attorney in the subject line.

Brennan Center for Justice Seeks Junior Attorney / Democracy Program The Brennan Center for Justice at NYU School of Law (the "Center"), a non-profit legal policy and advocacy group fighting for the nation's core progressive values: democracy, opportunity, justice and individual liberty. Founded just a decade ago by the law clerks, family and friends of Supreme Court Justice William J. Brennan, Jr., the Center advances an innovative, nonpartisan agenda of scholarship, public education and legal action. The Center is seeking a junior attorney for its Democracy Program. The Program seeks to bring the ideal of representative self- government closer to reality, by eliminating barriers to full and equal political participation and by striving to ensure that public policy and institutions reflect the diverse voices and interests that make for a rich and energetic democracy. The Program works in five project areas: Voting & Representation, Campaign Finance Reform, Fair Courts, Free Expression Policy, and Voter Choice. This position involves work principally on voting rights (especially the rights of people with felony convictions) and reform of election administration (including registration restrictions, photo ID requirements for voting, and other practices likely to have a disproportionate impact on communities of color). Activities include legal and policy analysis and counseling; legislative drafting at federal, state, and local levels; administrative and legislative advocacy; public education and scholarship; and litigation in trial and appellate courts. The position will commence in the fall of 2006. The ideal candidate will have approximately three years of legal experience (including clerkships, if

The ideal candidate will have approximately three years of legal experience (including clerkships, if any) and a strong entrepreneurial spirit. Excellent legal research, analysis, and writing skills; initiative, imagination, and versatility; organizational skills; ability to deal with diverse clients and to coordinate work effectively with other organizations. Strong preference for a lawyer with legal advocacy experience on voting rights and elections at the state level. Demonstrated commitment to public interest law a real plus. To apply, please send a cover letter, resume, two writing samples, and the names, e-mail addresses, and telephone numbers of three references to: Junior Attorney, Democracy Program, Brennan Center for Justice, 161 Avenue of the Americas, 12th floor, NY, NY 10013 or via e-mail to brennancenterjobs@nyu.edu with Junior Attorney in the subject line.

* Public Interest Staff positions

National Security Archive Seeks Freedom of Information Coordinator The National Security Archive, an independent, non- profit research institute and library located at George Washington University, is seeking a full-time Freedom of Information Coordinator. The National Security Archive undertakes research projects to enrich the debate on American public policy by making available information on a variety of key foreign, defense and intelligence issues. The Freedom of Information Coordinator oversees the National Security Archive's Freedom of Information Act (FOIA) process and plays a leading role in FOIA education and policy matters for the Archive. The Coordinator manages the Archive's FOIA Microsoft Access database (which contains more than 150,000 records), works with federal agencies to negotiate pending FOIA requests, counsels the public and other NGOs about the FOIA, keeps up-to-date on breaking issues relating to government transparency, assists the Archive's legal staff with secrecy litigation and advocacy, and assists Archive analysts in crafting FOIA requests and appeals. The Coordinator will have the opportunity to interact with other non-profits, government personnel, and international delegations as well as publish articles and reports on open government issues. Applicants should have strong organizational skills and attention to detail, a demonstrated interest in current events, national security policy, foreign relations, or other similar substantive areas, and writing experience. The position is best suited to someone with good communications skills and who is able to balance a wide range of diverse activities. Applicants must have a bachelor's degree and computer literacy. Additional skills that are helpful include: knowledge of the U.S. Freedom of Information Act; knowledge of the U.S. Federal Government, including specifically the national security, intelligence, military and foreign relations establishment; and knowledge of United States foreign policy and national security policy. For further information, visit http://www.gwu.edu/~nsarchiv/index .html <http://rs6.net/tn.jsp?t=xt45mvbab.0.mici5ubab.dkevvvn6.25135&p=http%3A%2F%2Fwww.gwu .edu%2F%7Ensarchiv%2Findex.html> .

Management Assistance Group Seeks Senior Consultant The Management Assistance Group (MAG) seeks a Senior Consultant to join our diverse team of organizational development consultants. MAG is a 501 (c)(3) nonprofit organization that provides customized, high-quality consulting services to social-change organizations. MAG helps its clients revitalize missions, set bold goals, manage growth, design organizational structures, ensure stable funding, strengthen governance, and cultivate leadership. MAG works only with organizations that share MAG's vision of a just, equitable, and sustainable world for all. Over than 1,000 social-change organizations have worked with MAG over the last 25 years. The consultant we hire will be expected to deliver high- quality organizational development services to MAG's clients, develop new business, manage client engagements, and to create and disseminate ideas and practices that will strengthen individual clients and the social change sector overall. Qualifications include: extensive experience (10+ years) consulting with nonprofits, including advocacy and activist organizations; deep understanding of and fascination with the organizational aspects of nonprofits: structure, staffing, leadership style, management, culture, strategic planning, internal

relationships and communication, fundraising, finances, and board development; strong commitment to the values and goals of organizations working for economic, political, and social justice; excellent people skills, including insight into and perceptiveness about people and organizational dynamics, ability to quickly win confidence and trust, and willingness to tell the truth and tackle tough issues; excellent communication skills: speaking, writing, and especially listening; excellent client-development and client-relationship skills; strong grounding in theories of individual, organizational, or systemic change; desire to contribute to the development of nonprofit management theory and practice. Experience and credentials in private sector management and consulting is highly desirable. To apply, please email your resume to Lori Green at LDGreen@magmail.org.

Freedom to Marry Seeks Program Director
Freedom to Marry is the gay and non-gay partnership working to win marriage equality nationwide. Headed by Evan Wolfson, one of America's leading civil rights advocates and lawyers, Freedom to Marry brings new resources and a renewed context of urgency and opportunity to this social justice movement. Freedom to Marry brings the work of its partner organizations into a larger whole, a shared civil rights campaign that fosters heightened outreach to non-gay allies. The Program Director reports directly to Freedom to Marry's Executive Director; supervises our Mobilization Coordinator; works closely with leaders and counterparts in national, state and local partner organizations. Applicant must be excellent strategist, manager, educator, and coalition-builder, must possess exceptional oral and written communications skills; and must have leadership experience in fast- paced national or state wide advocacy organizations, political campaigns or the like. Qualified applicants will have: dynamic public speaking skills; experience facilitating educational trainings and workshops; experience leading a non-profit organization and/or mobilizing grassroots constituencies, including working for national or state-wide advocacy campaigns designed to achieve a major public policy goal; proven ability to bring together diverse individuals and/or organizations to pursue a common objective, as well as to work with a wide range of organizations and/or national leaders and public figures; experience working with at least one or more of the following groups: faith, feminist, labor, LGBT, people of color; solid contacts with progressive organizations; experience with proposal writing, general grants management, report writing, prospect research or foundation stewardship; experience managing, supervising, and evaluating staff; and an ability to work quickly, in a campaign-like environment, managing multiple assignments simultaneously. To apply, please send a cover letter, resume, and three references all in a single Microsoft Word document as an attachment via e-mail with JOB-DIRECTOR as the topic to Charles Ignacio, Deputy Director, at charles@freedomtomarry.org.

Constitution Project Seeks Director of Management and Operations
The Constitution Project, a small nonprofit public policy organization based in Washington, DC, seeks an experienced Director of Management and Operations. The Project conducts bipartisan public education on controversial legal and governance issues, including criminal justice issues, liberty and security after 9/11, the constitutional amendment process, and U.S. war powers. It acts primarily through bipartisan, blue- ribbon committees of current and former legislators, judges, and other government officials, law enforcement officers, prosecutors and defense lawyers, national security experts, scholars, and other experts. The Director of Management and Operations will report directly to the President of the Constitution Project and to its Board of Directors. He or she will be responsible for fund-raising, budgeting, and management. The ideal candidate will have superb organizational and management ability, mature judgment, excellent writing skills, and an ability to meet short deadlines. He or she must have a demonstrated ability to take charge and also work as a member of a team, to anticipate and overcome obstacles to success, and to juggle competing demands. Experience in nonprofit management, including fund-raising, are required. A J.D. is preferred. To apply, please submit a resume, references, and writing sample to casteel@constitutionproject.org. Please include the word "Application" in the subject line. Alternatively, you may mail your application materials to Emily Casteel, The Constitution Project, 1025 Vermont Ave., N.W., 3rd Fl., Washington, DC 20005.

The American Judicature Society Seeks Director for Institute of Forensic Science and Public Policy
The American Judicature Society (AJS) is an independent, national, nonpartisan, not-for-profit 501 (c)(3) organization of judges, lawyers, and other members of the public who seek to secure and promote an independent and qualified judiciary and a fair system of justice. Through research, educational programs, and publications, AJS's primary areas of focus are judicial independence, ethics, and selection; the jury; and the criminal justice system. The AJS Institute of Forensic Science and Public Policy, located in Greensboro, N.C., is a new branch of the organization which will focus on justice issues at the nexus of science and law, particularly as they relate to the reliable and efficient operation of the justice system. Institute staff will work with scientists, legal experts, justice system stake holders, and the AJS Commission on Forensic Science and Public Policy, a commission made up of national scientific and justice system experts, to identify and develop best practices and standards in the areas of forensic science and justice administration. The Director will report directly to and work in close collaboration with the AJS President. The Director will attract, develop, and retain highly qualified employees and develop a productive, self-motivated, and positive work environment; establish the Institute as a respected central repository of scientific and legal research relating to justice system reform through conferences, educational opportunities, and publications and will represent the Institute to the greater community locally, nationally, and internationally; establish and maintain contact with current and potential donors, foundations, and governmental agencies; be responsible for developing multi-year long-range plans as the basis for strategic decisions as well as long-term budget needs; identify, prioritize, and develop research plans and educational opportunities for the Institute, including conferences and courses of study for the various constituencies in the justice system. Qualifications include ten plus years of significant and relevant experience, including managing complex projects and building teams and project plans from the ground up; managing and developing employees; and dealing with a broad range of constituencies. Law degree and/or forensic science background desirable. Experience in the not- for-profit sector, particularly in fundraising, a plus. To apply, send a cover letter and resume to AJS Institute of Forensic Science and Public Policy, 101 West Friendly Ave., Suite 100, Greensboro, NC 27401, or via e-mail to scarboneau@ajs.org.

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This email was sent to mwitus@bsdd.com, by sbuttar@acslaw.org Update Profile/Email Address <http://ui.constantcontact.com/d.jsp?p=oo&m=1011118412099&ea=mwitus%40bsdd.com&se=25135&t=1101303610999&lang=en&reason=F> | Instant removal with SafeUnsubscribe <http://ui.constantcontact.com/d.jsp?p=un&m=1011118412099&ea=mwitus%40bsdd.com&se=25135&t=1101303610999&lang=en&reason=F> (tm) | Privacy Policy <http://ui.constantcontact.com/roving/CCPrivacyPolicy.jsp> .
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Don't know if you saw this (below).

From: American Constitution Society [mailto:sbuttar@acslaw.org]
Sent: Thursday, May 11, 2006 11:30 PM
To: MWitus
Subject: ACS Weekly Bulletin

The American Constitution Society's Weekly Electronic Newsletter May 11, 2006

Registration for the 2006 ACS National Convention is now available.

Overview
In law and policy news this week:

- Fourth Circuit judge Michael Luttig resigned his seat on the bench in favor of joining the private sector;
- Reports emerged of a warrantless domestic surveillance program far more extensive than any previously disclosed;
- Air Force General Michael Hayden was nominated to head the CIA;
- The U.N. Committee on Torture investigated U.S. interrogation practices to assess U.S. compliance with the 1984 Convention Against Torture;
- The U.S. announced that it will ban "waterboarding," a controversial interrogation tactic involving creating the impression of drowning, as President Bush spoke for the first time of closing the detention facility at Guantanamo Bay;
- The nomination of White House Staff Secretary Brett Kavanaugh to the D.C. Circuit was approved by the Senate Judiciary Committee, as Senate leaders announced plans to bring a vote before by the full Senate before Memorial Day;
- Fourth Circuit nominee Terrence Boyle and Fifth Circuit Nominee Michael Wallace encountered new obstacles, as Boyle's alleged ethical violations were declared a "disqualifier" by Senator Arlen Specter (R- PA) and Wallace received a rare unanimous "unqualified" rating from the ABA;
- President Bush nominated Justice Department official Neil Gorsuch to the Tenth Circuit;
- The Senate rejected a proposed cap on jury awards in medical malpractice suits;
- A corruption trial began involving four Chicago city officials, which observers said may ultimately implicate Mayor Richard Daley;

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- The Justice Department found that "justice is simply unavailable" in New Orleans due to the decimation of the public defender's office;
- Two reporters at *The San Francisco Chronicle* received subpoenas from federal prosecutors relating to reports of steroid use among baseball players that quoted verbatim from secret grand jury proceedings; and
- The Ninth Circuit upheld a Major League Baseball program granting pension benefits to former players in the Negro Leagues, rejected a "reverse discrimination" challenge by white players.

ACS Chapter and Member News

Registration Now Available for the 2006 ACS National Convention

During the weekend of June 15-18, ACS will host its 2006 National Convention, "Democracy and the Rule of Law." The Convention will feature over a dozen federal judges, leading policymakers, practitioners, advocates and scholars. In addition to the compelling speeches and panels featured at past Conventions, this year's event also will include opportunities to gain insight into litigation strategies and tactics in sessions with leading practitioners, book signings with authors of the latest cutting edge scholarship and numerous chances for lawyers to meet and mentor law students. Additional information, including registration details, is available.

Convention participants will include:

- Federal Judges Marsha Berzon, Merrick Garland, Nancy Gertner, Thelton Henderson, William Wayne Justice, Boyce Martin, Theodore McKee, Richard Paez, Virginia Phillips, Stephen Reinhardt and Jeffrey Sutton;
- Former judges Nathaniel Jones, Abner Mikva and Patricia Wald;
- U.S. Representative Artur Davis (D-AL);
- Former U.S. Senator Gary Hart (D-CO);
- Former U.S. Solicitor General Walter Dellinger;
- Former Deputy Attorney General Eric Holder;
- Former Assistant Attorney General Deval Patrick;
- Yale Law School Dean Harold Koh;
- Supreme Court journalists Jan Crawford Greenburg, Linda Greenhouse and Dahlia Lithwick; and
- Debo Adegbile, Sam Bagenstos, Jack Balkin, Preeta Bansal, Bob Bauer, Ann Beeson, Richard Ben-Veniste, Stephen Berzon, Paul Bland, Donna Brazile, Rebecca Brown, Cassandra Butts, Elizabeth Cabraser, Michael Carvin, Roger Clegg, David Cole, Mary DeRosa, Anita Earls, Peter Edelman, Julie Fernandes, Steven Fineman, Jami Floyd, Heather Gerken, Deborah Goldberg, Tom Goldstein, Marcia Greenberger, Michael Greve, Vanita Gupta, Jeremy Gunn, Lucas Guttentag, Laura Handman, Leslie Harris, Pamela Harris, John Harrison, Kevin Hasson, Antonia Hernandez, Jon Hiatt, Stuart Ishimaru, Tamar Jacoby, Alan Jenkins, Dawn Johnsen, Jerry Kang, Pamela Karlan, Neal Katyal, Orin Kerr, Neil Kinkopf, Ronald Klain,

Douglas Kmiec; David Kris, Ray Krone, Bill Lann Lee, Robert Lenhard, Judith Lichtman, Goodwin Liu, Abbe Lowell, Bill Marshall, Larry Marshall, Jeralyn Merritt, Alan Morrison, Beth Nolan, Spencer Overton, Deval Patrick, Deborah Pearlstein, Nina Perales, Nina Pillard, Andrew Pincus, John Podesta, Michele Roberts, Melissa Rogers, Teresa Wynn Roseborough, Marc Rotenberg, Margaret Russell, Will Saletan, Christopher Schroeder, Louis Michael Seidman, Ricki Seidman, Reva Siegel, Paul Smith, Bryan Stevenson, Geoffrey Stone, Neera Tanden, Bill Taylor, Aimee Thorne-Thompsen, Dan Tokaji, Robert Turner, Reid Weingarten, Evan Wolfson and Kenji Yoshino.

Further information about the convention, including online registration and hotel reservations, is available at www.acslaw.org/convention.

Student Retreat and Moot Court Final Round Information
Students are encouraged to review the latest information about the 2006 Convention and Student Retreat, including information on applying for convention scholarships and the final round of the 2006 ACS Constance Baker Motley National Moot Court Competition in Constitutional Law. In addition, before the end of the school year, please take a brief break from preparing for finals to sign-up for summer contact lists and update your permanent contact information.

ACS Supporter David Isbell Receives 2006 Thurgood Marshall Award from D.C. Bar
ACS supporter and Covington & Burling senior counsel David B. Isbell was recently selected by the District of Columbia Bar as the winner of the 2006 Thurgood Marshall Award. The Thurgood Marshall Award is presented biennially to an individual demonstrating a strong commitment to and excellence in the fields of civil rights and individual liberties. Isbell said, "I feel deeply honored to be considered a worthy successor to the previous winners of this award." Isbell has worked at the American Civil Liberties Union, the American Bar Association, the University of Virginia School of Law and Georgetown University Law Center, and is a former President of the District of Columbia Bar.

ACS Member Craig Gurian Releases Analysis of Local Human Rights Law
ACS member Craig Gurian, Executive Director of the Anti-Discrimination Center of Metro New York and Scholar-in-Residence at Fordham Law School's Stein Center for Law and Ethics, has written a comprehensive analysis of the purposes and intended consequences of New York City's recently passed Local Civil Rights Restoration Act. The article, *A Return to Eyes on the Prize: Litigating Under the Restored New York City Human Rights Law*, 33 Fordham Urb. L.J. 255 (2006), argues that The Restoration Act, in addition to specific right-enhancing provisions in areas like retaliation, domestic partner protection, and catalyst case fees, protects against the federal rollback of civil rights by rejecting the premise that the City Human Rights Law is nothing more than a carbon copy of its state and federal counterparts, and by reaffirming that the purpose and sweep of the local law is uniquely broad and

remedial.

ACS Member Ian Millhiser Wins 2006 Burton Award for Legal Achievement
Duke 3L Ian Millhiser has received the 2006 Burton Award for Legal Achievement, awarded to 15 law students around the country who demonstrate particular excellence and clarity in legal writing. Millhiser was recognized for his note, "What happened to a dream deferred? Cleansing the taint of *San Antonio Independent School District v. Rodriguez*," published in the Duke Law Journal. He will receive the award at a ceremony at the Library of Congress on June 12, and after preparing for the bar exam this summer, will join ACS as assistant director for communications and outreach in the fall.

ACSBlog Update
Over the past week, ACSBlog posts included the following news and discussions:

- Professor Geoffrey Stone's analysis of potential espionage prosecution of journalists disclosing classified information, and arguments as to why such threats are "largely empty";
- An analysis by Guest Blogger Jonathan Hafetz of the Brennan Center for Justice at NYU School of Law, of "The Runaway Executive: Trying to Escape Accountability Yet Again";
- A report by Guest Blogger Justin Levitt of the Brennan Center, arguing that the Second Circuit's recent decision in *Hayden v. Pataki* effectively "Tak[es] Race out of the Voting Rights Act";
- Student Blog Editor John Weaver's report on recent developments relating to school funding in Texas, where the legislature faces a June 1 deadline to devise a new funding plan by order of the state supreme court; and
- Student Blog Editor Eric Magnusson's review of recent commentary by Judge Posner on Justice Breyer's theory of "Active Liberty".

You can contribute to ACSBlog as a Guest Blogger by preparing an analysis on a topic in which you have an interest. Pieces of any length are welcome. To submit a piece or for additional information, please email ACSBlog Editor-in-Chief John Elias at John@ACSLaw.org.

Battle for the Courts

Conservatives Promote Renewed Focus on Judicial Nominations
Conservative leaders met with White House Counsel Harriet Miers this Monday to seek a renewed emphasis on judicial nominees. The move may reflect a political calculus. According to Senator John Thune (R-SD), "A good fight on judges does nothing but energize our base. Right now our folks are feeling a little flat. They need a reason to get engaged, and fights over judges will do that." Thune was echoed by Senator John Cornyn (R-TX), who said, "this is excellent timing. From a

political standpoint, when we talk about judges, we win." Rove told the group that the White House will soon send more than twenty nominations to the Senate for confirmation.

D.C. Circuit Nominee Brett Kavanaugh Proceeds to Full Senate

Today, the Senate Judiciary Committee voted 10-8 along party lines to approve the nomination of White House Staff Secretary Brett Kavanaugh to the D.C. Circuit. Kavanaugh faced a rare second hearing by the committee on Tuesday, at which he denied any involvement in formulating controversial policies on domestic surveillance and torture while serving in the White House. The influential bipartisan "Gang of 14" Senators met on Wednesday to discuss whether Kavanaugh raised "extraordinary circumstances" of the sort required to justify a filibuster under their prior agreement; Senator Lindsay Grahan (R-SC) suggested that "some people [among the Gang of 14] have not yet made the judgment," adding that "there's a generally good feeling about him." Majority Leader Bill Frist (R-TN) has vowed that the full Senate will vote on Kavanaugh's nomination before Memorial Day.

Fourth Circuit Nominee Terrence Boyle FAces Mounting Opposition

Last week, Senate Minority Leader Harry Reid (D-NV) promised to filibuster the Fourth Circuit nomination of Terrence Boyle, who has been criticized for failing to recuse himself from cases in which he faced financial conflicts of interest, as well as being reversed with unusually high frequency. This Sunday, Senator Joe Biden (D-DE) announced that he is "unalterably opposed to Boyle," and indicated his consideration of a filibuster. Judiciary chair Arlen Specter (R-PA) argued that Boyle does not raise "extraordinary circumstances," since failing to recuse himself in the face of financial conflicts would be a *per se* "disqualifier" for confirmation to a higher court.

Fifth Circuit Nominee Michael Wallace Receives "Not Qualified" Rating from ABA

For the first time in nearly 25 years, the American Bar Association has issued a rare "not qualified" rating for a judicial nominee, declaring Michael Wallace unfit for his nomination to the Fifth Circuit. The unanimous decision by the ABA's 15-member special judicial nominations did not explain its rationale. While Ralph G. Neas of People for the American Way argued that "[t]he president should immediately withdraw his nomination," White House spokeswoman Erin E. Healy said that "We disagree with the ABA and reject their rating . . . . Mike Wallace . . . . will make an excellent addition to the bench." Wallace, who currently practices in Jackson, Mississippi, was a law clerk for then- Associate Justice William Rehnquist and worked on numerous controversial issues as an aide to Senator Trent Lott (R-MS).

Justice Department Official Neil Gorsuch Nominated to 10th Circuit

President Bush nominated Neil Gorsuch to the 10th Circuit today to fill the seat of Judge David Ebel, who is taking senior status. Gorsuch currently serves the Bush Administration in the Justice Department, and before obtaining a doctorate in legal philosophy from Oxford, previously clerked for Justices Byron

philosophy from Oxford, previously clerked for Justices Byron White and Anthony Kennedy after graduating from Harvard Law School. Gorsuch has met with Senator Wayne Allard (R-CO), who described him as "a top-flight nominee for the appellate bench . . . . with extensive court experience and the appropriate judicial temperament." He also predicted that Gorsuch will be confirmed by the Senate if he successfully avoids being depicted as an "activist judge." Gorsuch was described in 1987 as a ringleader among "seven or eight young men who are reinventing conservatism" as undergraduates at Columbia University, and his prior writings include "Liberals n' Lawsuits," a 2005 article in the National Review arguing that liberals' "addiction to the courtroom as the place to debate social policy is bad for the country and bad for the judiciary."

Fourth Circuit's Luttig Resigns to Join Private Sector
Judg e Michael Luttig resigned from the Fourth Circuit on Wednesday to join Boeing Aerospace as senior vice president and general counsel. Luttig was appointed to the Fourth Circuit in 1991 at age 37 and was considered a top candidate for a Supreme Court nomination under the current President. Today, *The Wall Street Journal* reported that Luttig's resignation may have resulted from his clash with the President over the case of Jose Padilla, an accused terrorist whose military detention Luttig approved in a landmark decision, only two months before the administration announced criminal charges that Luttig later wrote undermined its "credibility before the courts." Boeing is currently negotiating a settlement of two federal criminal investigations into ethics violations and allegedly improper corporate espionage, which could reportedly lead to a fine of up to $500 million. Some have suggested that Luttig's announcement will help indicate the company's seriousness about addressing the substance of the allegations.

For the latest developments on judicial nominations, please visit the nominations section of ACSBlog.

Civil Liberties In a Time of Crisis

NSA Collecting Phone Records of Tens of Millions of Americans
USA Today reported today that the NSA has amassed records on the phone calls of tens of millions of Americans, using information voluntarily provided by a number of private telecommunications companies. An anonymous informant said the program has created "the largest database ever assembled in the world," and ultimately aims "to create a database of every call ever made" within the nation's borders. *USA Today* noted that the program is "far more expansive than what the White House has acknowledged," noting that the administration's public defense of the program revealed by *The New York Times* last December has relied heavily upon the notion that warrantless surveillance is limited to international calls. In addition to monitoring domestic calls, the program disclosed by *USA Today* reportedly collects records indiscriminately, without regard to suspicion of terrorist activity, in order to identify potential patterns. President Bush asserted this morning that all surveillance activities are "within the law," although former NSA director Bobby Ray Inman said on Monday that even the previously known "activity is not

on Monday that even the previously known "activity is not authorized." Senator Arlen Spectre (R-PA) promised to contact participating phone companies to learn "what we can't find out from the Department of Justice or other administration officials," as Senator Dianne Feinstein (D-CA) of the Senate Intelligence Committee predicted that "we are on our way to a major Constitutional confrontation on the Fourth Amendment guarantees over unreasonable search and seizure."

Hayden Hearings Likely to Probe Warrantless Surveillance Program

President Bush nominated Air Force General Michael V. Hayden to replace Porter Goss as director of the Central Intelligence Agency (CIA). Hayden's nomination has inspired criticism by numerous critics, including Senators of both parties concerned with the possibility of undue military influence over the agency. Within hours of the nomination's announcement, officials also announced further changes at the CIA's top ranks, including the return of longtime CIA veterans who left after disputes with Goss. Other critics have focused on Hayden's role in creating the controversial warrantless surveillance program while at the National Security Agency (NSA). Upcoming hearings on the nomination will likely include extensive questioning on the NSA wiretapping program disclosed last December, which may be the only opportunity to delve deeply into it since the Justice Department abruptly ended an inquiry into the eavesdropping program after the NSA refused to grant investigators security clearance. Judiciary Committee chairman Arlen Specter (R-PA) said that the hearings could provide "leverage" to force the administration to be more forthcoming with details.

U.N. Committee Against Torture Examines Abuse of Detainees in U.S. Prisons

U.S. interrogation practices were scrutinized this week at the U.N. Committee Against Torture in Geneva, during a periodic review of compliance with the 1984 Convention Against Torture. John B. Bellinger III, a State Department legal adviser, argued that "U.S. officials from all government agencies are prohibited from engaging in torture at all times and in all places," whereas Norwegian expert Nora Sveaass said the committee had seen official U.S. documents allowing interrogation techniques widely regarded as torture. The panel rejected arguments for secrecy in discussing intelligence matters, insisting that the U.S. has a "duty to answer" questions about a number of issues, such as prisoner interrogations at Abu Ghraib and Guantanamo, secret CIA prisons and extraordinary rendition. In addition to alleged abuses at overseas prisons, the U.N. committee also heard reports of torture in Chicago jails, where interrogation practices have reportedly included placing guns in prisoners' mouths, bags over their heads, and inflicting electric shocks to their genitals. A group of 13 European Union legislators also separately visited Washington this week, seeking information about the potential involvement of European countries in secret overseas prisons allegedly run by the CIA.

U.S. Says it Will Ban Water-Boarding as Bush Speaks of Closing Guantanamo

The State Department's legal adviser told the U.N. Committee

Against Torture on Monday that the U.S. Army will prohibit "waterboarding," the practice of submerging a prisoner's head in water to simulate drowning, when it issues a new interrogation manual. The adviser emphasized that by banning the practice, the U.S. was not admitting to having used it in the past, but Jamil Dakwar of the ACLU noted that its specific mention "raises questions." Meanwhile, *The Los Angeles Times* reported today that the Pentagon has been forced to delay the release of its updated Field Manual because of congressional opposition to provisions that some argued would violate the torture ban passed by Congress last year. Speaking in Germany, President Bush said on Sunday that he "would like to close the camp [at Guantanamo Bay] and put the prisoners on trial," and that he is awaiting a Supreme Court ruling as to whether their prosecution must proceed in civilian courts, rather than through ad hoc military commissions.

Moussaoui Moves in Vain to Rescind his Guilty Plea
Late last week, convicted 9-11 conspirator Zacarias Moussaoui filed a motion saying that his confession about being involved in the plot "was a complete frabrication" and that he wanted to withdraw his guilty plea. Moussaoui argued that he was "extremely surprised" that the jury decided to spare his life, which indicated to him that he could receive a fair trial despite his earlier impression that the proceedings were rigged. He wrote that spending over four years in solitary confinement had "made me hostile toward everyone and I began taking extreme positions to fight the system . . . . I now see that I can receive a fair trial even with Americans as jurors and that I can have the opportunity to prove that I . . . was not a member of the plot." U.S. District Judge Leonie M. Brinkema rejected Moussaoui's motion, noting that federal law prevents a defendant from withdrawing a plea after sentencing. Moussaoui's lawyers explained that they filed the motion notwithstanding that rule because of their "problematic relationship with Moussaoui."

Law and Policy News and Analysis

(a) Supreme Court

Court Allows Deportation of British Citizen
In a two-sentence order released yesterday, the Court voted 5-4 to allow the deportation of British man who sought a stay pending another case raising similar issues that the Court will hear next year. Specifically, the case will present the question of whether immigrants must face deportation for all state drug convictions. Kiren Kumar Bharti has lived in the U.S. for 25 years, and will leave behind relatives including a young daughter.

For more Supreme Court news and commentary, visit Tom Goldstein's SCOTUSblog.

(b) Other Courts

Reporters Face Federal Subpoena for Sources in Steroids Investigation

Last Friday, in what *The New York Times* called "the latest effort by the government to learn the identities of reporters' confidential sources," the U.S. Attorney in Los Angeles issued subpoenas to two *San Francisco Chronicle* reporters in an effort to compel them to disclose sources who provided grand jury testimony relating to steroid use among professional baseball players. Disclosure of secret grand jury proceedings is a crime. The Times also noted "[t]he relative ordinariness of the case, which arose out of reporting on steroid use in baseball rather than on covert operatives, domestic eavesdropping or secret prisons" that have raised arguably more widespread concerns about the possibility of government intrusion on the press. According to George Washington University journalism professor Mark Feldstein, the subpoenas from federal prosecutors nonetheless represent "a further escalation . . . of the war that the Bush administration has been waging on the press and public's right to know."

Illinois Corruption Trial Begins
On Wednesday, jury selection began in the trial of four former Chicago city officials accused of unethical hiring practices violating the 1983 "Shakman" consent degree that ended a landmark lawsuit against the city. Accusations include charges that candidates were hired for positions based on political reasons, despite being unqualified, overseas during the interview process, or troubled by alcoholism. Jurors were questioned exceptionally carefully during *voir dire* to avoid errors of the sort that plagued the recent trial of former governor George Ryan (R-IL), who was recently convicted of numerous corruption- related charges after reports emerged that some jurors had lied about their prior arrest records. Some observers have speculated that the latest prosecution could ultimately implicate the office of Mayor Richard Daley, as the FBI revealed that it is currently investigating some 2,000 cases of public corruption around the country.

Ninth Circuit Upholds MLB Pensions for Negro League Players Against "Reverse Discrimination" Challenge
On Tuesday, the Ninth Circuit ruled that Major League Baseball may continue to give benefits to former players in the Negro Leagues to help compensate for their exclusion from the majors. The compensation program, established in 1993 and extended in 1997, pays $10,000 a year and provides medical coverage to some two dozen former players whose careers were impeded by discrimination. In 2003, a former catcher for the Chicago White Sox filed suit on behalf of a group of white former players who did not receive similar benefits, alleging that the League's actions constituted racial discrimination violating Title VII of the 1964 Civil Rights Act. Judge Stephen Reinhardt wrote that the plaintiffs "were never the victims of discrimination," and instead the "beneficiaries of the discriminatory policy" that allowed them the opportunity to qualify for benefits formally unavailable to players from minority groups.

(c) Law and Public Policy

Senate Rejects Caps on Malpractice Suits
On Monday, the Senate rejected an effort to cap jury awards for pain & suffering in medical malpractice cases. It was the

for pain & suffering in medical malpractice cases. It was the fourth time in three years that such measures – one of which related to healthcare providers generally, and the other specifically to obstetrician-gynecologists – failed to attain passage. The L.A. Times noted that "Monday's votes came as the broader debate over malpractice appears to be shifting away from limits on jury awards to . . . alternatives to litigation." President Bush said, "It is time for the Senate to put the needs of the American people ahead of the interests of trial lawyers," while Senator Edward Kennedy (D-MA) noted that "[t]he explanation for . . . [malpractice insurance] premium spikes can be found not in legislative halls or courtrooms, but in the boardrooms" of insurance companies.

Bush Acknowledges Anxieties Over Prescription Drug Program; Reid Calls to Extend Deadline

In the face of a looming May 15 deadline for joining the government's prescription drug program, President Bush went to Florida this week to urge seniors to sign up for it while acknowledging the anxieties the complicated program - which includes over 40 options - has caused among some potential beneficiaries. Bush defended the multiple options available, insisting that he would not extend the May 15 deadline after which higher premiums will apply to all new subscribers except those considered low-income. The President exhorted seniors to "Sign up now. Now's the time. This is a good deal. It's the government doing its duty. . . ." Minority Leader Harry Reid, however, argued that the deadline should be extended because "[t]he White House botched the implementation of the prescription drug plan, and millions have been unable to navigate their way through the confusing sign-up process." A recent study by the General Accounting Office revealed that Medicare's telephone operators frequently give false or incomplete information to seniors calling with questions about the program.

Justice Department Finds "Justice is Simply Unavailable" in New Orleans

A Justice Department report made public on Tuesday concludes that "justice is simply unavailable" for indigent criminal defendants in New Orleans now, and suggests that the city needs 70 full-time public defenders and a $10-million infusion of cash to ensure defendants the opportunity for to exercise their constitutional rights. Several days before the report was released, Qatar announced plans to award $60 million in grants to benefit Katrina victims. New Orleans had 39 public defenders before Hurricane Katrina struck last August, nearly all of whom were laid off after the storm. Katrina exacerbated existing problems, according to the report, which emphasizes a lack of accountability within the Orleans Parish Indigent Defender program. It noted that "[t]here were no client files or any other records or data, save a monthly tabulation of cases closed," and suggests a series of short and long-term measures to address a variety of problems. State Judge Calvin Johnson said on Wednesday that the recommended changes are "not going to happen overnight," but added that "the Justice Department report is going to be the foundation for rebuilding the public defender's office and making sure there is justice for everyone."

New Measure to Let D.C. Residents Vote Unveiled in the House
Earlier today, Representative Thomas Davis III (R-VA) and Delegate Eleanor Holmes Norton (D-DC) – who is allowed to observe the House on behalf of the District of Columbia (DC) but not to participate in votes – introduced a bill that would grant voting rights for the first time to over 500,000 residents of DC. The legislation, known as "the DC Fair and Equal House Voting Rights Act of 2006," would expand the House from 435 to 437 seats. One of the new seats would be allocated to DC; the other would go to Utah, the next state in line to receive another representative based on the 2000 census. Davis, who was joined by the Government Reform Committee's senior Republican and Democrat (Christopher Shays (CT) and Henry Waxman (CA), respectively), said that "this plan is partisan-neutral, freeing us to do the right thing." According to Ilir Zherka, Executive Director of DC Vote, "We are on the brink of a major voting rights victory."

ACS Upcoming Events and Opportunities

(a) Upcoming Events

- **DC Circuit**

May 23: American Constitution Society
Book Signing, Reception and Discussion with **Taylor Branch**, Pulitzer Prize-winning biographer of Martin Luther King, Jr.; Author, *At Canaan's Edge*. Welcome and introduction by **Roger Wilkins**, Clarence J. Robinson Professor of History and American Culture, George Mason University; Author, *Jefferson's Pillow: The Founding Fathers and the Dilemma of Black Patriotism*; Member, ACS Board of Directors. The event will be held at 1333 H St. NW, 11th Floor at 6:00 pm. This event is free and open to the public. A networking reception at which Washington DC Lawyer Chapter members may welcome recently-arrived summer associates and law clerks will follow the program.

- **2nd Circuit**

May 29: New York Lawyer Chapter
"Why the Death Penalty Will End this Decade" featuring **Barry Scheck**, founder of the Innocence Project; former President, National Association of Criminal Defense Lawyers; and Professor of Law, Benjamin N. Cardozo School of Law. Event to be held at Mayer, Brown, Rowe & Maw LLP, 1675 Broadway, at 12:30 pm.

- **5th Circuit**

May 23: Austin Lawyer Chapter
"Indefensible: One Lawyer's Journey into the Inferno of American Justice" featuring **David Feige**, Author of Indefensible and former Public Defender in the South Bronx. Event to be held at Habana Calle 6, 709 East 6th St., at 12:00

pm.

May 25: Dallas Lawyer Chapter
"The Legality of Warrantless Surveillance" featuring **Paul E. Coggins**, Principal, Fish & Richardson and **Richard B. Roper**, U.S. Attorney, Northern District of Texas, in the Jones Day Conference Room, 2727 N. Harwood St., at 12:00 pm.

- **6th Circuit**

May 25: Northeast Ohio Lawyer Chapter
ACS Attorney-Student Networking Event & Cocktail Hour at The Offices Hahn Loeser and Parks, 200 Public Square, Suite 3300, Cleveland, from 5:00 – 7:00 pm.

- **7th Circuit**

May 18: Milwaukee Lawyer Chapter
Happy Hour at Hotel Metro, 411 E. Mason Street, at 5:30 pm.

May 25: Milwaukee Lawyer Chapter
A planning meeting will be held at 826 N. Plankiton Ave., Suite 600, at 12:00 pm.

- **11th Circuit**

May 27: South Florida Lawyer Chapter
A Discussion with Award-Winning Journalist and Author **Sasha Abramsky**, Author of *Conned: How Millions Went to Prison, Lost the Vote, and Helped Send George W. Bush to the White House.* The event will be held at Books & Books, 265 Aragon Ave., Coral Gables, FL, at 7:00 pm.

(b) Noteworthy Events & Opportunities

Center for Constitutional Rights (CCR) Seeks Pro Bono Volunteers to Represent Guantanamo Detainees
The Center for Constitutional Rights, a New York-based human rights organization, has filed a single habeas petition in federal court on behalf of nearly 200 men who were waiting for individual attorneys to represent them. CCR is now looking for pro bono attorneys willing to enter an appearance in the case on behalf of individual prisoners. No experience with habeas petitions is necessary. CCR and a team of cooperating counsel from the private bar can offer extensive background materials and regular training sessions for attorneys beginning their habeas representations. However, volunteer attorneys must be prepared to devote significant resources -- including the time and expense associated with travel to Guantánamo and, perhaps, to Washington, D.C., and foreign countries -- in order to identify legal issues and develop facts specific to the detention of their clients. For example, attorneys must be prepared to navigate (with CCR's help) the necessary paperwork to obtain the security clearance needed to work on cases involving classified information and for visits with clients at Guantánamo. In addition, attorneys may need to expend resources to pursue political and diplomatic avenues for their clients' repatriation to their home countries or resettlement

elsewhere. If you would like to learn more about representing a Guantánamo prisoner, or if you are prepared to volunteer as a pro bono habeas lawyer, please contact CCR directly at gtmo@ccr-ny.org.

June 7: The Century Foundation and the Center for American Progress Co-Sponsor "Power and Superpower: Global Leadership in the 21st Century" in New York City
On Tuesday, June 6, the Security and Peace Initiative -- a joint venture of the Center for American Progress and The Century Foundation -- is convening its 2006 conference, "Power and Superpower: Global Leadership in the 21st Century," to provide a forum for debate about achieving the public's aspirations for security and economic progress and for dialogue on the changes needed for effective cooperative action. As a supplement to the conference, expert working groups will define the relevant issues in policy papers that inform and frame the conference debate for wider dissemination in a published volume. The conference program will explore, in four sessions, the uses of force, unconventional threats, international values and interests, and the global economy. The conference will take place at the Essex House Hotel, 160 Central Park South, New York, NY 10019. Space is limited. To register, please click here. For information about the conference program or the Security and Peace Initiative, please contact Spencer P. Boyer at 202-481-8164 or sboyer@americanprogress.org.

(c) Job Opportunities

- **Fellowships**

Lichtman, Trister & Ross Seeks Summer Associate/Law Clerk
Lichtman, Trister & Ross PLLC is a small law firm in Washington, DC with an immediate opening for a first or second year law student to work with 4 lawyers on nonprofit tax and campaign finance law. Full time preferred for the summer. Excellent compensation. Submit resumes to William McNichols, Lichtman, Trister & Ross PLLC, 1666 Connecticut Avenue, NW, Washington DC.

- **Public Interest Attorney positions**

Earthjustice Seeks Legislative Associate
Earthjustice, the nonprofit law firm for the environment, seeks a Legislative Associate in its Washington, DC Office to provide research, public education and congressional advocacy on environmental concerns with federal judicial nominations and the importance of the judiciary to protecting our environment. Candidates must have excellent analytical, writing, and oral communication skills and 2-3 years relevant experience. Experience in lobbying or organizing required, JD preferred and media experience a plus. To apply, please send a cover letter, resume, references and writing sample to kfreund@earthjustice.org or Associate Search, Earthjustice, 1625 Massachusetts Ave., NW, Suite 702, Washington, DC 20036.

Brennan Center for Justice Seeks Senior Attorney / Democracy

Brennan Center for Justice Seeks Senior Attorney / Democracy Program

The Brennan Center for Justice at NYU School of Law (the "Center"), a non-profit legal policy and advocacy group fighting for the nation's core progressive values: democracy, opportunity, justice and individual liberty. Founded just a decade ago by the law clerks, family and friends of Supreme Court Justice William J. Brennan, Jr., the Center advances an innovative, nonpartisan agenda of scholarship, public education and legal action. The Center is seeking an experienced litigator for its Democracy Program. The Program seeks to bring the ideal of representative self-government closer to reality, by eliminating barriers to full and equal political participation and by striving to ensure that public policy and institutions reflect the diverse voices and interests that make for a rich and energetic democracy. The Program works in five project areas: Voting & Representation, Campaign Finance Reform, Fair Courts, Free Expression Policy, and Voter Choice. This position involves work principally on voting rights and reform of election administration, including: registration restrictions, photo ID requirements for voting, and other practices likely to have a disproportionate impact on communities of color. The attorney will principally be responsible for managing affirmative constitutional cases challenging laws that are likely to disenfranchise already under-represented voters. The position is currently funded for one year, with a possibility of renewal, and will commence as soon as possible. The ideal candidate will have substantial litigation experience (including trial experience) and a strong entrepreneurial spirit. Excellent legal research, analysis, and writing skills; initiative, imagination, and versatility; organizational skills; ability to deal with diverse clients and to coordinate work effectively with other organizations are a must. Strong preference for experience litigating constitutional or voting rights cases. Demonstrated commitment to public interest law a real plus. To apply, please send cover letter, resume, two writing samples, and the names, e-mail addresses, and telephone numbers of three references by May 12 to: Senior Attorney, Democracy Program, Brennan Center for Justice, 161 Avenue of the Americas, 12th floor, NY, NY 10013 or via e-mail to brennancenterjobs@nyu.edu with Senior Attorney in the subject line.

Brennan Center for Justice Seeks Junior Attorney / Democracy Program

The Brennan Center for Justice at NYU School of Law (the "Center"), a non-profit legal policy and advocacy group fighting for the nation's core progressive values: democracy, opportunity, justice and individual liberty. Founded just a decade ago by the law clerks, family and friends of Supreme Court Justice William J. Brennan, Jr., the Center advances an innovative, nonpartisan agenda of scholarship, public education and legal action. The Center is seeking a junior attorney for its Democracy Program. The Program seeks to bring the ideal of representative self- government closer to reality, by eliminating barriers to full and equal political participation and by striving to ensure that public policy and institutions reflect the diverse voices and interests that make for a rich and energetic democracy. The Program works in five project areas: Voting & Representation, Campaign Finance Reform, Fair Courts, Free Expression Policy, and Voter Choice. This position

Courts, Free Expression Policy, and Voter Choice. This position involves work principally on voting rights (especially the rights of people with felony convictions) and reform of election administration (including registration restrictions, photo ID requirements for voting, and other practices likely to have a disproportionate impact on communities of color). Activities include legal and policy analysis and counseling; legislative drafting at federal, state, and local levels; administrative and legislative advocacy; public education and scholarship; and litigation in trial and appellate courts. The position will commence in the fall of 2006. The ideal candidate will have approximately three years of legal experience (including clerkships, if any) and a strong entrepreneurial spirit. Excellent legal research, analysis, and writing skills; initiative, imagination, and versatility; organizational skills; ability to deal with diverse clients and to coordinate work effectively with other organizations. Strong preference for a lawyer with legal advocacy experience on voting rights and elections at the state level. Demonstrated commitment to public interest law a real plus. To apply, please send a cover letter, resume, two writing samples, and the names, e-mail addresses, and telephone numbers of three references to: Junior Attorney, Democracy Program, Brennan Center for Justice, 161 Avenue of the Americas, 12th floor, NY, NY 10013 or via e-mail to brennancenterjobs@nyu.edu with Junior Attorney in the subject line.

- **Public Interest Staff positions**

National Security Archive Seeks Freedom of Information Coordinator
The National Security Archive, an independent, non- profit research institute and library located at George Washington University, is seeking a full-time Freedom of Information Coordinator. The National Security Archive undertakes research projects to enrich the debate on American public policy by making available information on a variety of key foreign, defense and intelligence issues. The Freedom of Information Coordinator oversees the National Security Archive's Freedom of Information Act (FOIA) process and plays a leading role in FOIA education and policy matters for the Archive. The Coordinator manages the Archive's FOIA Microsoft Access database (which contains more than 150,000 records), works with federal agencies to negotiate pending FOIA requests, counsels the public and other NGOs about the FOIA, keeps up-to-date on breaking issues relating to government transparency, assists the Archive's legal staff with secrecy litigation and advocacy, and assists Archive analysts in crafting FOIA requests and appeals. The Coordinator will have the opportunity to interact with other non-profits, government personnel, and international delegations as well as publish articles and reports on open government issues. Applicants should have strong organizational skills and attention to detail, a demonstrated interest in current events, national security policy, foreign relations, or other similar substantive areas, and writing experience. The position is best suited to someone with good communications skills and who is able to balance a wide range of diverse activities. Applicants must have a bachelor's degree and computer literacy. Additional skills that are helpful include: knowledge of the U.S. Freedom of Information Act;

knowledge of the U.S. Federal Government, including specifically the national security, intelligence, military and foreign relations establishment; and knowledge of United States foreign policy and national security policy. For further information, visit http://www.gwu.edu/~nsarchiv/index.html.

Management Assistance Group Seeks Senior Consultant
The Management Assistance Group (MAG) seeks a Senior Consultant to join our diverse team of organizational development consultants. MAG is a 501 (c)(3) nonprofit organization that provides customized, high-quality consulting services to social- change organizations. MAG helps its clients revitalize missions, set bold goals, manage growth, design organizational structures, ensure stable funding, strengthen governance, and cultivate leadership. MAG works only with organizations that share MAG's vision of a just, equitable, and sustainable world for all. Over than 1,000 social-change organizations have worked with MAG over the last 25 years. The consultant we hire will be expected to deliver high- quality organizational development services to MAG's clients, develop new business, manage client engagements, and to create and disseminate ideas and practices that will strengthen individual clients and the social change sector overall. Qualifications include: extensive experience (10+ years) consulting with nonprofits, including advocacy and activist organizations; deep understanding of and fascination with the organizational aspects of nonprofits: structure, staffing, leadership style, management, culture, strategic planning, internal relationships and communication, fundraising, finances, and board development; strong commitment to the values and goals of organizations working for economic, political, and social justice; excellent people skills, including insight into and perceptiveness about people and organizational dynamics, ability to quickly win confidence and trust, and willingness to tell the truth and tackle tough issues; excellent communication skills: speaking, writing, and especially listening; excellent client-development and client-relationship skills; strong grounding in theories of individual, organizational, or systemic change; desire to contribute to the development of nonprofit management theory and practice. Experience and credentials in private sector management and consulting is highly desirable. To apply, please email your resume to Lori Green at LDGreen@magmail.org.

Freedom to Marry Seeks Program Director
Freedom to Marry is the gay and non-gay partnership working to win marriage equality nationwide. Headed by Evan Wolfson, one of America's leading civil rights advocates and lawyers, Freedom to Marry brings new resources and a renewed context of urgency and opportunity to this social justice movement. Freedom to Marry brings the work of its partner organizations into a larger whole, a shared civil rights campaign that fosters heightened outreach to non-gay allies. The Program Director reports directly to Freedom to Marry's Executive Director; supervises our Mobilization Coordinator; works closely with leaders and counterparts in national, state and local partner organizations. Applicant must be excellent strategist, manager, educator, and coalition-builder, must possess exceptional oral and written communications skills; and must have leadership experience in fast- paced national or state wide advocacy

organizations, political campaigns or the like. Qualified applicants will have: dynamic public speaking skills; experience facilitating educational trainings and workshops; experience leading a non-profit organization and/or mobilizing grassroots constituencies, including working for national or state-wide advocacy campaigns designed to achieve a major public policy goal; proven ability to bring together diverse individuals and/or organizations to pursue a common objective, as well as to work with a wide range of organizations and/or national leaders and public figures; experience working with at least one or more of the following groups: faith, feminist, labor, LGBT, people of color; solid contacts with progressive organizations; experience with proposal writing, general grants management, report writing, prospect research or foundation stewardship; experience managing, supervising, and evaluating staff; and an ability to work quickly, in a campaign-like environment, managing multiple assignments simultaneously. To apply, please send a cover letter, resume, and three references all in a single Microsoft Word document as an attachment via e-mail with JOB-DIRECTOR as the topic to Charles Ignacio, Deputy Director, at charles@freedomtomarry.org.

Constitution Project Seeks Director of Management and Operations

The Constitution Project, a small nonprofit public policy organization based in Washington, DC, seeks an experienced Director of Management and Operations. The Project conducts bipartisan public education on controversial legal and governance issues, including criminal justice issues, liberty and security after 9/11, the constitutional amendment process, and U.S. war powers. It acts primarily through bipartisan, blue-ribbon committees of current and former legislators, judges, and other government officials, law enforcement officers, prosecutors and defense lawyers, national security experts, scholars, and other experts. The Director of Management and Operations will report directly to the President of the Constitution Project and to its Board of Directors. He or she will be responsible for fund-raising, budgeting, and management. The ideal candidate will have superb organizational and management ability, mature judgment, excellent writing skills, and an ability to meet short deadlines. He or she must have a demonstrated ability to take charge and also work as a member of a team, to anticipate and overcome obstacles to success, and to juggle competing demands. Experience in nonprofit management, including fund-raising, are required. A J.D. is preferred. To apply, please submit a resume, references, and writing sample to casteel@constitutionproject.org. Please include the word "Application" in the subject line. Alternatively, you may mail your application materials to Emily Casteel, The Constitution Project, 1025 Vermont Ave., N.W., 3rd Fl., Washington, DC 20005.

The American Judicature Society Seeks Director for Institute of Forensic Science and Public Policy

The American Judicature Society (AJS) is an independent, national, nonpartisan, not-for-profit 501 (c)(3) organization of judges, lawyers, and other members of the public who seek to secure and promote an independent and qualified judiciary and a fair system of justice. Through research, educational

programs, and publications, AJS's primary areas of focus are judicial independence, ethics, and selection; the jury; and the criminal justice system. The AJS Institute of Forensic Science and Public Policy, located in Greensboro, N.C., is a new branch of the organization which will focus on justice issues at the nexus of science and law, particularly as they relate to the reliable and efficient operation of the justice system. Institute staff will work with scientists, legal experts, justice system stake holders, and the AJS Commission on Forensic Science and Public Policy, a commission made up of national scientific and justice system experts, to identify and develop best practices and standards in the areas of forensic science and justice administration. The Director will report directly to and work in close collaboration with the AJS President. The Director will attract, develop, and retain highly qualified employees and develop a productive, self-motivated, and positive work environment; establish the Institute as a respected central repository of scientific and legal research relating to justice system reform through conferences, educational opportunities, and publications and will represent the Institute to the greater community locally, nationally, and internationally; establish and maintain contact with current and potential donors, foundations, and governmental agencies; be responsible for developing multi-year long-range plans as the basis for strategic decisions as well as long-term budget needs; identify, prioritize, and develop research plans and educational opportunities for the Institute, including conferences and courses of study for the various constituencies in the justice system. Qualifications include ten plus years of significant and relevant experience, including managing complex projects and building teams and project plans from the ground up; managing and developing employees; and dealing with a broad range of constituencies. Law degree and/or forensic science background desirable. Experience in the not- for-profit sector, particularly in fundraising, a plus. To apply, send a cover letter and resume to AJS Institute of Forensic Science and Public Policy, 101 West Friendly Ave., Suite 100, Greensboro, NC 27401, or via e-mail to scarboneau@ajs.org.

email: info@acslaw.org
phone: (202) 393-6181
web: http://www.acslaw.org

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American Constitution Society | 50 F St. NW | Washington | DC | 20001

Gorsuch, Neil M

From: Gorsuch, Neil M
Sent: Friday, May 12, 2006 1:22 PM
To: Murphy, Stephen J. (USAMIE)
Subject: Re: ACS Weekly Bulletin

Thanks for this and your kind vm. I've been on the road but will give you a ring to catch up next wk.

-----Original Message-----
From: Murphy, Stephen J. (USAMIE)
To: Gorsuch, Neil M
Sent: Fri May 12 10:34:08 2006
Subject: FW: ACS Weekly Bulletin

Don't know if you saw this (below).

From: American Constitution Society [mailto:sbuttar@acslaw.org]
Sent: Thursday, May 11, 2006 11:30 PM
To: MWitus
Subject: ACS Weekly Bulletin

<http://rs6.net/on.jsp?t=1101303610999.0.1011118412099.25135&o=http://ui.constantcontact.com/images/p1x1.gif>
American Constitution Society for Law and Policy<http://ih.constantcontact.com/fs063/1011118412099/img/7.png> Weekly Bulletin<http://ih.constantcontact.com/fs063/1011118412099/img/5.png>
<http://img.constantcontact.com/letters/images/spacer.gif>
The American Constitution Society's Weekly Electronic Newsletter <http://img.constantcontact.com/letters/images/spacer.gif> May 11, 2006
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Registration for the 2006 ACS National Convention is now available. <http://rs6.net/tn.jsp?t=xt45mvbab.0.qy5y6ubab.dkevvvn6.25135&p=http%3A%2F%2Fwww.acslaw.org%2Fconvention>

Overview
In law and policy news this week:

* Fourth Circuit judge Michael Luttig resigned his seat on the bench in favor of joining the private sector;

* Reports emerged of a warrantless domestic surveillance program far more extensive than any previously disclosed;

* Air Force General Michael Hayden was nominated to head the CIA;

* The U.N. Committee on Torture investigated U.S. interrogation practices to assess U.S. compliance with the 1984 Convention Against Torture;

* The U.S. announced that it will ban "waterboarding," a controversial interrogation tactic involving creating the impression of drowning, as President Bush spoke for the first time of closing the detention facility at Guantanamo Bay;

* The nomination of White House Staff Secretary Brett Kavanaugh to the D.C. Circuit was approved by the Senate Judiciary Committee, as Senate leaders announced plans to bring a vote before by the full Senate before Memorial Day;

* Fourth Circuit nominee Terrence Boyle and Fifth Circuit Nominee Michael Wallace encountered new obstacles, as Boyle's alleged ethical violations were declared a "disqualifier" by Senator Arlen Specter (R- PA) and Wallace received a rare unanimous "unqualified" rating from the ABA;

* President Bush nominated Justice Department official Neil Gorsuch to the Tenth Circuit;

* The Senate rejected a proposed cap on jury awards in medical malpractice suits;

* A corruption trial began involving four Chicago city officials, which observers said may ultimately implicate Mayor Richard Daley;

* The Justice Department found that "justice is simply unavailable" in New Orleans due to the decimation of the public defender's office;

* Two reporters at The San Francisco Chronicle received subpoenas from federal prosecutors relating to reports of steroid use among baseball players that quoted verbatim from secret grand jury proceedings; and

* The Ninth Circuit upheld a Major League Baseball program granting pension benefits to former players in the Negro Leagues, rejected a "reverse discrimination" challenge by white players.

ACS Chapter and Member News
<http://img.constantcontact.com/letters/images/spacer.gif>
Registration Now Available for the 2006 ACS National Convention
During the weekend of June 15-18, ACS will host its 2006 National Convention, "Democracy and the Rule of Law. <http://rs6.net/tn.jsp?t=xt45mvbab.0.qy5y6ubab.dkevvvn6.25135&p=http%3A%2F%2Fwww.acslaw.org%2Fconvention> " The Convention will feature over a dozen federal judges, leading policymakers, practitioners, advocates and scholars. In addition to the compelling speeches and panels

featured at past Conventions, this year's event also will include opportunities to gain insight into litigation strategies and tactics in sessions with leading practitioners, book signings with authors of the latest cutting edge scholarship and numerous chances for lawyers to meet and mentor law students. Additional information, including registration details, is available. <http://rs6.net/tn.jsp?t=xt45mvbab.0.qy5y6ubab.dkevvvn6.25135&p=http%3A%2F%2Fwww.acslaw.org%2Fconvention>

Convention participants will include:

* Federal Judges Marsha Berzon, Merrick Garland, Nancy Gertner, Thelton Henderson, William Wayne Justice, Boyce Martin, Theodore McKee, Richard Paez, Virginia Phillips, Stephen Reinhardt and Jeffrey Sutton;

* Former judges Nathaniel Jones, Abner Mikva and Patricia Wald;

* U.S. Representative Artur Davis (D-AL);

* Former U.S. Senator Gary Hart (D-CO);

* Former U.S. Solicitor General Walter Dellinger;

* Former Deputy Attorney General Eric Holder;

* Former Assistant Attorney General Deval Patrick;

* Yale Law School Dean Harold Koh;

* Supreme Court journalists Jan Crawford Greenburg, Linda Greenhouse and Dahlia Lithwick; and

* Debo Adegbile, Sam Bagenstos, Jack Balkin, Preeta Bansal, Bob Bauer, Ann Beeson, Richard Ben-Veniste, Stephen Berzon, Paul Bland, Donna Brazile, Rebecca Brown, Cassandra Butts, Elizabeth Cabraser, Michael Carvin, Roger Clegg, David Cole, Mary DeRosa, Anita Earls, Peter Edelman, Julie Fernandes, Steven Fineman, Jami Floyd, Heather Gerken, Deborah Goldberg, Tom Goldstein, Marcia Greenberger, Michael Greve, Vanita Gupta, Jeremy Gunn, Lucas Guttentag, Laura Handman, Leslie Harris, Pamela Harris, John Harrison, Kevin Hasson, Antonia Hernandez, Jon Hiatt, Stuart Ishimaru, Tamar Jacoby, Alan Jenkins, Dawn Johnsen, Jerry Kang, Pamela Karlan, Neal Katyal, Orin Kerr, Neil Kinkopf, Ronald Klain, Douglas Kmiec; David Kris, Ray Krone, Bill Lann Lee, Robert Lenhard, Judith Lichtman, Goodwin Liu, Abbe Lowell, Bill Marshall, Larry Marshall, Jeralyn Merritt, Alan Morrison, Beth Nolan, Spencer Overton, Deval Patrick, Deborah Pearlstein, Nina Perales, Nina Pillard, Andrew Pincus, John Podesta, Michele Roberts, Melissa Rogers, Teresa Wynn Roseborough, Marc Rotenberg, Margaret Russell, Will Saletan, Christopher Schroeder, Louis Michael Seidman, Ricki Seidman, Reva Siegel, Paul Smith, Bryan Stevenson, Geoffrey Stone, Neera Tanden, Bill Taylor, Aimee Thorne-Thompsen, Dan Tokaji, Robert Turner, Reid Weingarten, Evan Wolfson and Kenji Yoshino.

Further information about the convention, including online registration and hotel reservations, is available at www.acslaw.org/convention <http://rs6.net/tn.jsp?t=xt45mvbab.0.qy5y6ubab.dkevvvn6.25135&p=http%3A%2F%2Fwww.acslaw.org%2Fconvention> .

Student Retreat and Moot Court Final Round Information Students are encouraged to review the latest information about the 2006 Convention and Student Retreat <http://rs6.net/tn.jsp?t=xt45mvbab.0.6ewnyubab.dkevvvn6.25135&p=http%3A%2F%2Fwww.acslaw.org%2Fnode%2F2699> , including information on applying for convention scholarships and the final round of the 2006 ACS Constance

information on applying for convention scholarships and the final round of the 2006 ACS Constance Baker Motley National Moot Court Competition in Constitutional Law. In addition, before the end of the school year, please take a brief break from preparing for finals to sign-up for summer contact lists <http://rs6.net/tn.jsp?t=xt45mvbab.0.mdetsubab.dkevvvn6.25135&p=http%3A%2F%2Fwww.acslaw.org%2Fnode%2F2678%2F> and update your permanent contact information <http://rs6.net/tn.jsp?t=xt45mvbab.0.ndetsubab.dkevvvn6.25135&p=http%3A%2F%2Fwww.acslaw.org%2Fnode%2F2677%2F> .

ACS Supporter David Isbell Receives 2006 Thurgood Marshall Award from D.C. Bar ACS supporter and Covington & Burling senior counsel David B. Isbell was recently selected by the District of Columbia Bar as the winner of the 2006 Thurgood Marshall Award <http://rs6.net/tn.jsp?t=xt45mvbab.0.ugfinvbab.dkevvvn6.25135&p=http%3A%2F%2Fwww.dcbar.org%2Finside_the_bar%2Fbar_news%2Faward_winners.cfm> . The Thurgood Marshall Award is presented biennially to an individual demonstrating a strong commitment to and excellence in the fields of civil rights and individual liberties. Isbell said, "I feel deeply honored to be considered a worthy successor to the previous winners of this award." Isbell has worked at the American Civil Liberties Union, the American Bar Association, the University of Virginia School of Law and Georgetown University Law Center, and is a former President of the District of Columbia Bar.

ACS Member Craig Gurian Releases Analysis of Local Human Rights Law ACS member Craig Gurian, Executive Director of the Anti-Discrimination Center of Metro New York and Scholar-in-Residence at Fordham Law School's Stein Center for Law and Ethics, has written a comprehensive analysis of the purposes and intended consequences of New York City's recently passed Local Civil Rights Restoration Act. The article, A Return to Eyes on the Prize: Litigating Under the Restored New York City Human Rights Law, 33 Fordham Urb. L.J. 255 (2006), argues that The Restoration Act, in addition to specific right- enhancing provisions in areas like retaliation, domestic partner protection, and catalyst case fees, protects against the federal rollback of civil rights by rejecting the premise that the City Human Rights Law is nothing more than a carbon copy of its state and federal counterparts, and by reaffirming that the purpose and sweep of the local law is uniquely broad and remedial.

ACS Member Ian Millhiser Wins 2006 Burton Award for Legal Achievement Duke 3L Ian Millhiser has received the 2006 Burton Award for Legal Achievement <http://rs6.net/tn.jsp?t=xt45mvbab.0.vgfinvbab.dkevvvn6.25135&p=http%3A%2F%2Fwww.law.duke.edu%2Ffeatures%2F2006%2Fianmillhiser.html> , awarded to 15 law students around the country who demonstrate particular excellence and clarity in legal writing. Millhiser was recognized for his note, "What happened to a dream deferred? Cleansing the taint of San Antonio Independent School District v. Rodriguez <http://rs6.net/tn.jsp?t=xt45mvbab.0.wgfinvbab.dkevvvn6.25135&p=http%3A%2F%2Fwww.law.duke.edu%2Fjournals%2Fdlj%2Farticles%2Fdlj55p405.htm> ," published in the Duke Law Journal. He will receive the award at a ceremony at the Library of Congress on June 12, and after preparing for the bar exam this summer, will join ACS as assistant director for communications and outreach in the fall.

ACSBlog Update
Over the past week, ACSBlog <http://rs6.net/tn.jsp?t=xt45mvbab.0.g4jp5a44.dkevvvn6.25135&p=http%3A%2F%2Fwww.acsblog.org%2F> posts included the following news and discussions:

* Professor Geoffrey Stone's analysis of potential espionage prosecution of journalists disclosing classified information <http://rs6.net/tn.jsp?t=xt45mvbab.0.xgfinvbab.dkevvvn6.25135&p=http%3A%2F%2Fwww.acsblog.org%2Fguest-bloggers-2824-united-states-v-the-new-york-times-and-the-washington-post.html> , and arguments as to why such threats are "largely empty";

* An analysis by Guest Blogger Jonathan Hafetz of the Brennan Center for Justice at NYU School of

Law, of "The Runaway Executive: Trying to Escape Accountability Yet Again <http://rs6.net/tn.jsp?t=xt45mvbab.0.ygfinvbab.dkevvvn6.25135&p=http%3A%2F%2Fwww.acsblog.org%2Fguest-bloggers-2822-the-runaway-executive-trying-to-escape-accountability-yet-again.html> ";

* A report by Guest Blogger Justin Levitt of the Brennan Center, arguing that the Second Circuit's recent decision in Hayden v. Pataki <http://rs6.net/tn.jsp?t=xt45mvbab.0.zgfinvbab.dkevvvn6.25135&p=http%3A%2F%2Fwww.acsblog.org%2Fguest-bloggers-2821-hayden-v-pataki-taking-race-out-of-the-voting-rights-act.html> effectively "Tak[es] Race out of the Voting Rights Act";
* Student Blog Editor John Weaver's report on recent developments relating to school funding in Texas <http://rs6.net/tn.jsp?t=xt45mvbab.0.9gfinvbab.dkevvvn6.25135&p=http%3A%2F%2Fwww.acsblog.org%2F-2828-school-funding-litigation-debate-heats-up-in-texas.html> , where the legislature faces a June 1 deadline to devise a new funding plan by order of the state supreme court; and
* Student Blog Editor Eric Magnusson's review of recent commentary by Judge Posner <http://rs6.net/tn.jsp?t=xt45mvbab.0.8gfinvbab.dkevvvn6.25135&p=http%3A%2F%2Fwww.acsblog.org%2Fnews-and-announcements-2823-posners-take-on-active-liberty.html> on Justice Breyer's theory of "Active Liberty".

You can contribute to ACSBlog as a Guest Blogger by preparing an analysis on a topic in which you have an interest. Pieces of any length are welcome. To submit a piece or for additional information, please email ACSBlog Editor-in-Chief John Elias at John@ACSLaw.org.

Battle for the Courts
<http://img.constantcontact.com/letters/images/spacer.gif>
Conservatives Promote Renewed Focus on Judicial Nominations Conservative leaders met with White House Counsel Harriet Miers this Monday <http://rs6.net/tn.jsp?t=xt45mvbab.0.7gfinvbab.dkevvvn6.25135&p=http%3A%2F%2Fwww.humaneventsonline.com%2Fblog-detail.php%3Fid%3D14649> to seek a renewed emphasis on judicial nominees. The move may reflect a political calculus. According to Senator John Thune (R-SD), "A good fight on judges does nothing but energize our base. <http://rs6.net/tn.jsp?t=xt45mvbab.0.6gfinvbab.dkevvvn6.25135&p=http%3A%2F%2Fwww.nytimes.com%2F2006%2F05%2F08%2Fwashington%2F08judges.html> Right now our folks are feeling a little flat. They need a reason to get engaged, and fights over judges will do that." Thune was echoed by Senator John Cornyn (R-TX), who said, "this is excellent timing. From a political standpoint, when we talk about judges, we win." Rove told the group that the White House will soon send more than twenty nominations to the Senate for confirmation <http://rs6.net/tn.jsp?t=xt45mvbab.0.5gfinvbab.dkevvvn6.25135&p=http%3A%2F%2Fwww.thehill.com%2Fthehill%2Fexport%2FTheHill%2FNews%2FFrontpage%2F050906%2Fnews4.html> .

D.C. Circuit Nominee Brett Kavanaugh Proceeds to Full Senate Today, the Senate Judiciary Committee voted 10-8 along party lines to approve <http://rs6.net/tn.jsp?t=xt45mvbab.0.4gfinvbab.dkevvvn6.25135&p=http%3A%2F%2Fwww.foxnews.com%2Fstory%2F0%2C2933%2C195132%2C00.html> the nomination of White House Staff Secretary Brett Kavanaugh to the D.C. Circuit. Kavanaugh faced a rare second hearing by the committee on Tuesday, at which he denied any involvement <http://rs6.net/tn.jsp?t=xt45mvbab.0.ahfinvbab.dkevvvn6.25135&p=http%3A%2F%2Fwww.sfgate.com%2Fcgi-bin%2Farticle.cgi%3Ffile%3D%2Fchronicle%2Farchive%2F2006%2F05%2F10%2FMNGAQIOMEC1.DTL> in formulating controversial policies on domestic surveillance and torture while serving in the White House. The influential bipartisan "Gang of 14" Senators met on Wednesday <http://rs6.net/tn.jsp?t=xt45mvbab.0.bhfinvbab.dkevvvn6.25135&p=http%3A%2F%2Fwww.cnn.com%2F2006%2FPOLITICS%2F05%2F10%2Fsenate.judges%2F> to discuss whether Kavanaugh raised "extraordinary circumstances" of the sort required to justify a filibuster under their prior agreement; Senator Lindsay Grahan (R-SC) suggested that "some people [among the Gang of 14] have not yet made the judgment," adding that "there's a generally good feeling about him." Majority Leader

not yet made the judgment," adding that "there's a generally good feeling about him." Majority Leader Bill Frist (R-TN) has vowed that the full Senate will vote on Kavanaugh's nomination before Memorial Day.

Fourth Circuit Nominee Terrence Boyle FAces Mounting Opposition Last week, Senate Minority Leader Harry Reid (D-NV) promised to filibuster <http://rs6.net/tn.jsp?t=xt45mvbab.0.chfinvbab.dkevvvn6.25135&p=http%3A%2F%2Fwww.nytimes.com%2F2006%2F05%2F08%2Fwashington%2F08judges.html%3Fex%3D1304740800%26en%3D8f52317023263c2d%26ei%3D5090%26partner%3Drssuserland%26emc%3Drss> the Fourth Circuit nomination of Terrence Boyle, who has been criticized for failing to recuse himself from cases in which he faced financial conflicts of interest, as well as being reversed with unusually high frequency. This Sunday, Senator Joe Biden (D-DE) announced that he is "unalterably opposed to Boyle," <http://rs6.net/tn.jsp?t=xt45mvbab.0.dhfinvbab.dkevvvn6.25135&p=http%3A%2F%2Fwww.foxnews.com%2Fstory%2F0%2C2933%2C194590%2C00.html> and indicated his consideration of a filibuster. Judiciary chair Arlen Specter (R-PA) argued that Boyle does not raise "extraordinary circumstances," since failing to recuse himself in the face of financial conflicts would be a per se "disqualifier" for confirmation to a higher court.

Fifth Circuit Nominee Michael Wallace Receives "Not Qualified" Rating from ABA For the first time in nearly 25 years, the American Bar Association has issued a rare "not qualified" rating for a judicial nominee <http://rs6.net/tn.jsp?t=xt45mvbab.0.ehfinvbab.dkevvvn6.25135&p=http%3A%2F%2Fwww.washingtonpost.com%2Fwp-dyn%2Fcontent%2Farticle%2F2006%2F05%2F10%2FAR2006051002101.html> , declaring Michael Wallace unfit for his nomination to the Fifth Circuit. The unanimous decision <http://rs6.net/tn.jsp?t=xt45mvbab.0.5lj9rubab.dkevvvn6.25135&p=http%3A%2F%2Fwww.abanet.org%2Fscfedjud%2Fratings109.pdf> by the ABA's 15-member special judicial nominations did not explain its rationale. While Ralph G. Neas of People for the American Way argued that "[t]he president should immediately withdraw his nomination," White House spokeswoman Erin E. Healy said that "We disagree with the ABA and reject their rating . . . . Mike Wallace . . . . will make an excellent addition to the bench. <http://rs6.net/tn.jsp?t=xt45mvbab.0.fhfinvbab.dkevvvn6.25135&p=http%3A%2F%2Fwww.nytimes.com%2F2006%2F05%2F11%2Fwashington%2F11aba.html%3F_r%3D1%26oref%3Dslogin> " Wallace, who currently practices in Jackson, Mississippi, was a law clerk for then- Associate Justice William Rehnquist and worked on numerous controversial issues as an aide to Senator Trent Lott (R-MS).

Justice Department Official Neil Gorsuch Nominated to 10th Circuit President Bush nominated Neil Gorsuch to the 10th Circuit <http://rs6.net/tn.jsp?t=xt45mvbab.0.ghfinvbab.dkevvvn6.25135&p=http%3A%2F%2Fwww.denverpost.com%2Fnews%2Fci_3803780> today to fill the seat of Judge David Ebel, who is taking senior status. Gorsuch currently serves the Bush Administration <http://rs6.net/tn.jsp?t=xt45mvbab.0.ghfinvbab.dkevvvn6.25135&p=http%3A%2F%2Fwww.denverpost.com%2Fnews%2Fci_3803780> in the Justice Department, and before obtaining a doctorate in legal philosophy from Oxford, previously clerked for Justices Byron White and Anthony Kennedy after graduating from Harvard Law School. Gorsuch has met with Senator Wayne Allard (R-CO), who described him as "a top-flight nominee for the appellate bench . . . . with extensive court experience and the appropriate judicial temperament. <http://rs6.net/tn.jsp?t=xt45mvbab.0.ghfinvbab.dkevvvn6.25135&p=http%3A%2F%2Fwww.denverpost.com%2Fnews%2Fci_3803780> " He also predicted that Gorsuch will be confirmed by the Senate if he successfully avoids being depicted as an "activist judge." Gorsuch was described in 1987 as a ringleader among "seven or eight young men who are reinventing conservatism" <http://rs6.net/tn.jsp?t=xt45mvbab.0.hhfinvbab.dkevvvn6.25135&p=http%3A%2F%2Fwww.findarticles.com%2Fp%2Farticles%2Fmi_m1282%2Fis_v39%2Fai_4665104> as undergraduates at Columbia University, and his prior writings include "Liberals n' Lawsuits, <http://rs6.net/tn.jsp?t=xt45mvbab.0.ihfinvbab.dkevvvn6.25135&p=http%3A%2F%2Fwww.nationalreview.com%2Fcomment%2Fgorsuch200502070742.asp> " a 2005 article in the National Review arguing that liberals' "addiction to the courtroom

as the place to debate social policy is bad for the country and bad for the judiciary."

Fourth Circuit's Luttig Resigns to Join Private Sector Judg e Michael Luttig resigned from the Fourth Circuit on Wednesday <http://rs6.net/tn.jsp?t=xt45mvbab.0.jhfinvbab.dkevvvn6.25135&p=http%3A%2F%2Fhosted.ap.org%2Fdynamic%2Fstories%2FL%2FLUTTIG_RESIGNS%3FSITE%3DAP%26SECTION%3DHOME%26TEMPLATE%3DDEFAULT> to join Boeing Aerospace as senior vice president and general counsel. Luttig was appointed to the Fourth Circuit in 1991 at age 37 and was considered a top candidate for a Supreme Court nomination <http://rs6.net/tn.jsp?t=xt45mvbab.0.khfinvbab.dkevvvn6.25135&p=http%3A%2F%2Fwww.washingtonpost.com%2Fwp-dyn%2Fcontent%2Farticle%2F2006%2F05%2F10%2FAR2006051000929.html> under the current President. Today, The Wall Street Journal reported that Luttig's resignation may have resulted from his clash with the President over the case of Jose Padilla <http://rs6.net/tn.jsp?t=xt45mvbab.0.lhfinvbab.dkevvvn6.25135&p=http%3A%2F%2Fonline.wsj.com%2Farticle_email%2FSB114727449814548996-lMyQjAxMDE2NDE3MTIxNzE0Wj.html> , an accused terrorist whose military detention Luttig approved in a landmark decision, only two months before the administration announced criminal charges that Luttig later wrote undermined its "credibility before the courts." Boeing is currently negotiating a settlement of two federal criminal investigations <http://rs6.net/tn.jsp?t=xt45mvbab.0.mhfinvbab.dkevvvn6.25135&p=http%3A%2F%2Fwww.chicagotribune.com%2Fnews%2Fcustom%2Fnewsroom%2Fchi-060510-luttig%2C1%2C6207769.story%3Fcoll%3Dchi-news-hed> into ethics violations and allegedly improper corporate espionage, which could reportedly lead to a fine of up to $500 million. Some have suggested that Luttig's announcement will help indicate the company's seriousness about addressing the substance of the allegations.

For the latest developments on judicial nominations, please visit the nominations section of ACSBlog <http://rs6.net/tn.jsp?t=xt45mvbab.0.4vgy6ebab.dkevvvn6.25135&p=http%3A%2F%2Fwww.acsblog.org%2Fcat-judicial-nominations.html> .

Civil Liberties In a Time of Crisis
<http://img.constantcontact.com/letters/images/spacer.gif>
NSA Collecting Phone Records of Tens of Millions of Americans
USA Today reported today that the NSA has amassed records on the phone calls of tens of millions of Americans <http://rs6.net/tn.jsp?t=xt45mvbab.0.nhfinvbab.dkevvvn6.25135&p=http%3A%2F%2Fwww.usatoday.com%2Fnews%2Fwashington%2F2006-05-10-nsa_x.htm> , using information voluntarily provided by a number of private telecommunications companies. An anonymous informant said the program has created "the largest database ever assembled in the world," and ultimately aims "to create a database of every call ever made" within the nation's borders. USA Today noted that the program is "far more expansive than what the White House has acknowledged," noting that the administration's public defense of the program revealed by The New York Times last December has relied heavily upon the notion that warrantless surveillance is limited to international calls. In addition to monitoring domestic calls, the program disclosed by USA Today reportedly collects records indiscriminately, without regard to suspicion of terrorist activity, in order to identify potential patterns. President Bush asserted this morning that all surveillance activities are "within the law," although former NSA director Bobby Ray Inman said on Monday that even the previously known "activity is not authorized. <http://rs6.net/tn.jsp?t=xt45mvbab.0.ohfinvbab.dkevvvn6.25135&p=http%3A%2F%2Fwww.wired.com%2Fnews%2Ftechnology%2F0%2C70855-0.html> " Senator Arlen Spectre (R-PA) promised to contact participating phone companies to learn "what we can't find out from the Department of Justice or other administration officials," as Senator Dianne Feinstein (D-CA) of the Senate Intelligence Committee predicted that "we are on our way to a major Constitutional confrontation on the Fourth Amendment guarantees over unreasonable search and seizure. <http://rs6.net/tn.jsp?t=xt45mvbab.0.phfinvbab.dkevvvn6.25135&p=http%3A%2F%2Fwww.nytimes.com%2F2006%2F05%2F11%2Fwashington%2F11cnd-phone.html%3Fhp%26ex%3D1147406400%26en%3D9ebc2132b83f0bfd%26ei%3D5094%26p

[illegible]
artner%3Dhomepage> "

Hayden Hearings Likely to Probe Warrantless Surveillance Program President Bush nominated Air Force General Michael V. Hayden to replace Porter Goss as director of the Central Intelligence Agency <http://rs6.net/tn.jsp?t=xt45mvbab.0.qhfinvbab.dkevvvn6.25135&p=http%3A%2F%2Fwww.washingtonpost.com%2Fwp-dyn%2Fcontent%2Farticle%2F2006%2F05%2F08%2FAR2006050800311.html> (CIA). Hayden's nomination has inspired criticism by numerous critics, including Senators of both parties concerned with the possibility of undue military influence over the agency <http://rs6.net/tn.jsp?t=xt45mvbab.0.rhfinvbab.dkevvvn6.25135&p=http%3A%2F%2Fwww.nytimes.com%2F2006%2F05%2F09%2Fwashington%2F09intel.html> . Within hours of the nomination's announcement, officials also announced further changes at the CIA's top ranks, including the return of longtime CIA veterans who left after disputes with Goss. Other critics have focused on Hayden's role in creating the controversial warrantless surveillance program <http://rs6.net/tn.jsp?t=xt45mvbab.0.shfinvbab.dkevvvn6.25135&p=http%3A%2F%2Fwww.sfgate.com%2Fcgi-bin%2Farticle.cgi%3Ffile%3D%2Fchronicle%2Farchive%2F2006%2F05%2F10%2FEDGQHIOURG1.DTL> while at the National Security Agency (NSA). Upcoming hearings on the nomination will likely include extensive questioning on the NSA wiretapping program disclosed last December, which may be the only opportunity to delve deeply into it since the Justice Department abruptly ended an inquiry into the eavesdropping program <http://rs6.net/tn.jsp?t=xt45mvbab.0.thfinvbab.dkevvvn6.25135&p=http%3A%2F%2Fwww.msnbc.msn.com%2Fid%2F12727867%2F> after the NSA refused to grant investigators security clearance. Judiciary Committee chairman Arlen Specter (R-PA) said that the hearings could provide "leverage" to force the administration to be more forthcoming <http://rs6.net/tn.jsp?t=xt45mvbab.0.uhfinvbab.dkevvvn6.25135&p=http%3A%2F%2Fwww.upi.com%2FSecurityTerrorism%2Fview.php%3FStoryID%3D20060509-110427-4799r> with details.

U.N. Committee Against Torture Examines Abuse of Detainees in U.S. Prisons U.S. interrogation practices were scrutinized this week at the U.N. Committee Against Torture <http://rs6.net/tn.jsp?t=xt45mvbab.0.vhfinvbab.dkevvvn6.25135&p=http%3A%2F%2Fwww.mercurynews.com%2Fmld%2Fmercurynews%2Fnews%2Fworld%2F14529067.htm> in Geneva, during a periodic review of compliance with the 1984 Convention Against Torture. John B. Bellinger III, a State Department legal adviser, argued that "U.S. officials from all government agencies are prohibited from engaging in torture at all times and in all places," whereas Norwegian expert Nora Sveaass said the committee had seen official U.S. documents allowing interrogation techniques widely regarded as torture. The panel rejected arguments for secrecy in discussing intelligence matters, insisting that the U.S. has a "duty to answer" questions about a number of issues <http://rs6.net/tn.jsp?t=xt45mvbab.0.whfinvbab.dkevvvn6.25135&p=http%3A%2F%2Fwww.wcsh6.com%2Fhome%2Farticle.asp%3Fid%3D34901> , such as prisoner interrogations at Abu Ghraib and Guantanamo, secret CIA prisons and extraordinary rendition. In addition to alleged abuses at overseas prisons, the U.N. committee also heard reports of torture in Chicago jails, where interrogation practices have reportedly included placing guns in prisoners' mouths <http://rs6.net/tn.jsp?t=xt45mvbab.0.xhfinvbab.dkevvvn6.25135&p=http%3A%2F%2Fwww.pacifica.org%2Fprograms%2Fdn%2F060509.html> , bags over their heads, and inflicting electric shocks to their genitals. A group of 13 European Union legislators also separately visited Washington this week, seeking information about the potential involvement of European countries in secret overseas prisons allegedly run by the CIA <http://rs6.net/tn.jsp?t=xt45mvbab.0.yhfinvbab.dkevvvn6.25135&p=http%3A%2F%2Fwww.washingtonpost.com%2Fwp-dyn%2Fcontent%2Farticle%2F2006%2F05%2F09%2FAR2006050900638.html> .

U.S. Says it Will Ban Water-Boarding as Bush Speaks of Closing Guantanamo The State Department's legal adviser told the U.N. Committee Against Torture on Monday that the U.S. Army will prohibit "waterboarding," the practice of submerging a prisoner's head in water to simulate drowning <http://rs6.net/tn.jsp?t=xt45mvbab.0.9hfinvbab.dkevvvn6.25135&p=http%3A%2F%2Fwww.realcities.co

m%2Fmld%2Fkrwashington%2Fnews%2Fworld%2F14531370.htm%3Fsource%3Drss%26channel%3D krwashington_world> , when it issues a new interrogation manual. The adviser emphasized that by banning the practice, the U.S. was not admitting to having used it in the past, but Jamil Dakwar of the ACLU noted that its specific mention "raises questions." Meanwhile, The Los Angeles Times reported today that the Pentagon has been forced to delay the release of its updated Field Manual <http://rs6.net/tn.jsp?t=xt45mvbab.0.8hfinvbab.dkevvvn6.25135&p=http%3A%2F%2Fwww.latimes.com%2Fnews%2Fnationworld%2Fnation%2Fla-na-manual11may11%2C0%2C2174549.story%3Fcoll%3Dla-home-headlines> because of congressional opposition to provisions that some argued would violate the torture ban passed by Congress last year. Speaking in Germany, President Bush said on Sunday that he "would like to close the camp [at Guantanamo Bay] and put the prisoners on trial," <http://rs6.net/tn.jsp?t=xt45mvbab.0.7hfinvbab.dkevvvn6.25135&p=http%3A%2F%2Fwww.nytimes.com%2F2006%2F05%2F08%2Fwashington%2F08bush.html> and that he is awaiting a Supreme Court ruling as to whether their prosecution must proceed in civilian courts, rather than through ad hoc military commissions.

Moussaoui Moves in Vain to Rescind his Guilty Plea
Late last week, convicted 9-11 conspirator Zacarias Moussaoui filed a motion saying that his confession about being involved in the plot "was a complete frabrication" <http://rs6.net/tn.jsp?t=xt45mvbab.0.6hfinvbab.dkevvvn6.25135&p=http%3A%2F%2Fwww.nytimes.com%2Faponline%2Fus%2Fwire-mous.html%3Fhp%26ex%3D1147147200%26en%3D57ebf94e99896f8e%26ei%3D5094%26partner%3Dhomepage> and that he wanted to withdraw his guilty plea. Moussaoui argued that he was "extremely surprised" that the jury decided to spare his life <http://rs6.net/tn.jsp?t=xt45mvbab.0.5hfinvbab.dkevvvn6.25135&p=http%3A%2F%2Fwww.nytimes.com%2F2006%2F05%2F09%2Fus%2F09moussaoui.html> , which indicated to him that he could receive a fair trial despite his earlier impression that the proceedings were rigged. He wrote that spending over four years in solitary confinement had "made me hostile toward everyone and I began taking extreme positions <http://rs6.net/tn.jsp?t=xt45mvbab.0.4hfinvbab.dkevvvn6.25135&p=http%3A%2F%2Fwww.latimes.com%2Fnews%2Fnationworld%2Fnation%2Fla-na-moussa9may09%2C1%2C4997187.story%3Fcoll%3Dla-headlines-nation> to fight the system . . . . I now see that I can receive a fair trial even with Americans as jurors and that I can have the opportunity to prove that I . . . was not a member of the plot." U.S. District Judge Leonie M. Brinkema rejected Moussaoui's motion, noting that federal law prevents a defendant from withdrawing a plea after sentencing. Moussaoui's lawyers explained that they filed the motion notwithstanding that rule because of their "problematic relationship with Moussaoui."

Law and Policy News and Analysis
<http://img.constantcontact.com/letters/images/spacer.gif>
(a) Supreme Court

Court Allows Deportation of British Citizen In a two-sentence order released yesterday, the Court voted 5-4 to allow the deportation of British man who sought a stay pending another case raising similar issues <http://rs6.net/tn.jsp?t=xt45mvbab.0.aifinvbab.dkevvvn6.25135&p=http%3A%2F%2Fwww.bloomberg.com%2Fapps%2Fnews%3Fpid%3D10000085%26sid%3DaCI36n_RDHns%26refer%3Deurope> that the Court will hear next year. Specifically, the case will present the question of whether immigrants must face deportation for all state drug convictions. Kiren Kumar Bharti has lived in the U.S. for 25 years, and will leave behind relatives including a young daughter <http://rs6.net/tn.jsp?t=xt45mvbab.0.bifinvbab.dkevvvn6.25135&p=http%3A%2F%2Fhosted.ap.org%2Fdynamic%2Fstories%2FS%2FSCOTUS_DEPORTATION%3FSITE%3DAP%26SECTION%3DHOME%26TEMPLATE%3DDEFAULT> .

For more Supreme Court news and commentary, visit Tom Goldstein's SCOTUSblog
<http://rs6.net/tn.jsp?t=xt45mvbab.0.vgckeibab.dkevvvn6.25135&p=http%3A%2F%2Fwww.scotusbl

og.com%2Fmovabletype%2F> .

(b) Other Courts

Reporters Face Federal Subpoena for Sources in Steroids Investigation Last Friday, in what The New York Times called "the latest effort by the government to learn the identities of reporters' confidential sources <http://rs6.net/tn.jsp?t=xt45mvbab.0.cifinvbab.dkevvvn6.25135&p=http%3A%2F%2Fwww.nytimes.com%2F2006%2F05%2F09%2Fus%2F09leak.html> ," the U.S. Attorney in Los Angeles issued subpoenas to two San Francisco Chronicle reporters in an effort to compel them to disclose sources who provided grand jury testimony relating to steroid use among professional baseball players. Disclosure of secret grand jury proceedings is a crime. The Times also noted "[t]he relative ordinariness of the case, which arose out of reporting on steroid use in baseball rather than on covert operatives, domestic eavesdropping or secret prisons" that have raised arguably more widespread concerns about the possibility of government intrusion on the press <http://rs6.net/tn.jsp?t=xt45mvbab.0.xgfinvbab.dkevvvn6.25135&p=http%3A%2F%2Fwww.acsblog.org%2Fguest-bloggers-2824-united-states-v-the-new-york-times-and-the-washington-post.html> . According to George Washington University journalism professor Mark Feldstein, the subpoenas from federal prosecutors nonetheless represent "a further escalation . . . of the war that the Bush administration has been waging on the press and public's right <http://rs6.net/tn.jsp?t=xt45mvbab.0.difinvbab.dkevvvn6.25135&p=http%3A%2F%2Fwww.nysun.com%2Farticle%2F32296> to know."

Illinois Corruption Trial Begins
On Wednesday, jury selection began in the trial of four former Chicago city officials accused of unethical hiring practices <http://rs6.net/tn.jsp?t=xt45mvbab.0.eifinvbab.dkevvvn6.25135&p=http%3A%2F%2Fwww.nytimes.com%2F2006%2F05%2F11%2Fus%2F11corruption.html> violating the 1983 "Shakman" consent degree that ended a landmark lawsuit against the city. Accusations include charges that candidates were hired for positions based on political reasons, despite being unqualified, overseas during the interview process, or troubled by alcoholism. Jurors were questioned exceptionally carefully <http://rs6.net/tn.jsp?t=xt45mvbab.0.fifinvbab.dkevvvn6.25135&p=http%3A%2F%2Fwww.chicagotribune.com%2Fnews%2Flocal%2Fchicago%2Fchi-0605110271may11%2C1%2C1803891.story> during voir dire to avoid errors of the sort that plagued the recent trial of former governor George Ryan (R-IL), who was recently convicted of numerous corruption- related charges after reports emerged that some jurors had lied about their prior arrest records. Some observers have speculated that the latest prosecution could ultimately implicate the office of Mayor Richard Daley, as the FBI revealed that it is currently investigating some 2,000 cases of public corruption <http://rs6.net/tn.jsp?t=xt45mvbab.0.gifinvbab.dkevvvn6.25135&p=http%3A%2F%2Fwww.nytimes.com%2F2006%2F05%2F11%2Fwashington%2F11fbi.html> around the country.

Ninth Circuit Upholds MLB Pensions for Negro League Players Against "Reverse Discrimination" Challenge On Tuesday, the Ninth Circuit ruled that Major League Baseball may continue to give benefits to former players in the Negro Leagues to help compensate for their exclusion <http://rs6.net/tn.jsp?t=xt45mvbab.0.hifinvbab.dkevvvn6.25135&p=http%3A%2F%2Ftoday.reuters.com%2Fnews%2FnewsArticle.aspx%3Ftype%3DsportsNews%26storyID%3D2006-05-09T234604Z_01_N09353749_RTRUKOC_0_US-COURT-BASEBALL.xml%26archived%3DFalse> from the majors. The compensation program, established in 1993 and extended in 1997, pays $10,000 a year and provides medical coverage to some two dozen former players whose careers were impeded by discrimination. In 2003, a former catcher for the Chicago White Sox filed suit on behalf of a group of white former players <http://rs6.net/tn.jsp?t=xt45mvbab.0.hifinvbab.dkevvvn6.25135&p=http%3A%2F%2Ftoday.reuters.com%2Fnews%2FnewsArticle.aspx%3Ftype%3DsportsNews%26storyID%3D2006-05-09T234604Z_01_N09353749_RTRUKOC_0_US-COURT-BASEBALL.xml%26archived%3DFalse> who did not receive similar

benefits, alleging that the League's actions constituted racial discrimination violating Title VII of the 1964 Civil Rights Act. Judge Stephen Reinhardt wrote that the plaintiffs "were never the victims of discrimination," and instead the "beneficiaries <http://rs6.net/tn.jsp?t=xt45mvbab.0.iifinvbab.dkevvvn6.25135&p=http%3A%2F%2Fwww.sfgate.com%2Fcgi-bin%2Farticle.cgi%3Ff%3D%2Fc%2Fa%2F2006%2F05%2F10%2FBAG9MIOO551.DTL> of the discriminatory policy" that allowed them the opportunity to qualify for benefits formally unavailable to players from minority groups.

(c) Law and Public Policy

Senate Rejects Caps on Malpractice Suits
On Monday, the Senate rejected an effort to cap jury awards for pain & suffering in medical malpractice cases <http://rs6.net/tn.jsp?t=xt45mvbab.0.jifinvbab.dkevvvn6.25135&p=http%3A%2F%2Fwww.nytimes.com%2F2006%2F05%2F09%2Fwashington%2F09malpractice.html> . It was the fourth time in three years that such measures - one of which related to healthcare providers generally, and the other specifically to obstetrician-gynecologists - failed to attain passage. The L.A. Times noted that "Monday's votes came as the broader debate over malpractice appears to be shifting away from limits on jury awards <http://rs6.net/tn.jsp?t=xt45mvbab.0.kifinvbab.dkevvvn6.25135&p=http%3A%2F%2Fwww.latimes.com%2Fnews%2Fnationworld%2Fnation%2Fla-na-medmal9may09%2C1%2C2717190.story%3Fcoll%3Dla-headlines-nation> to . . . alternatives to litigation." President Bush said, "It is time for the Senate to put the needs of the American people ahead of the interests of trial lawyers," while Senator Edward Kennedy (D-MA) noted that "[t]he explanation for . . . [malpractice insurance] premium spikes can be found not in legislative halls or courtrooms, but in the boardrooms" of insurance companies.

Bush Acknowledges Anxieties Over Prescription Drug Program; Reid Calls to Extend Deadline In the face of a looming May 15 deadline for joining the government's prescription drug program, President Bush went to Florida this week to urge seniors to sign up for it while acknowledging the anxieties the complicated program - which includes over 40 options - has caused <http://rs6.net/tn.jsp?t=xt45mvbab.0.lifinvbab.dkevvvn6.25135&p=http%3A%2F%2Fwww.latimes.com%2Fnews%2Fnationworld%2Fnation%2Fla-050906bush_lat%2C0%2C5382305.story%3Fcoll%3Dla-home-headlines> among some potential beneficiaries. Bush defended the multiple options available, insisting that he would not extend the May 15 deadline after which higher premiums will apply to all new subscribers except those considered low-income. The President exhorted seniors to "Sign up now. Now's the time. This is a good deal. It's the government doing its duty. . . ." <http://rs6.net/tn.jsp?t=xt45mvbab.0.mifinvbab.dkevvvn6.25135&p=http%3A%2F%2Fwashingtontimes.com%2Fnational%2F20060510-115723-4797r.htm> Minority Leader Harry Reid, however, argued that the deadline should be extended because "[t]he White House botched the implementation of the prescription drug plan, and millions have been unable to navigate their way through the confusing sign-up process." A recent study by the General Accounting Office revealed that Medicare's telephone operators frequently give false or incomplete information to seniors <http://rs6.net/tn.jsp?t=xt45mvbab.0.oifinvbab.dkevvvn6.25135&p=http%3A%2F%2Fseattletimes.nwsource.com%2Fhtml%2Fhealth%2F2002970411_webmedicare03.html> calling with questions about the program.

Justice Department Finds "Justice is Simply Unavailable" in New Orleans A Justice Department report made public on Tuesday concludes that "justice is simply unavailable" for indigent criminal defendants in New Orleans now <http://rs6.net/tn.jsp?t=xt45mvbab.0.pifinvbab.dkevvvn6.25135&p=http%3A%2F%2Fwww.latimes.com%2Fnews%2Fnationworld%2Fnation%2Fla-na-indigent9may09%2C1%2C5200713.story%3Fcoll%3Dla-headlines-nation> , and suggests that the city needs 70 full-time public defenders and a $10-million infusion of cash to ensure defendants the opportunity for to exercise their constitutional rights. Several days before the report was released, Qatar announced plans to award $60 million in grants <http://rs6.net/tn.jsp?t=xt45mvbab.0.sifinvbab.dkevvvn6.25135&p=http%3A%2F%

2Fselect.nytimes.com%2Fgst%2Fabstract.html%3Fres%3DF30B13FA3A5B0C718CDDAC0894DE404482> to benefit Katrina victims. New Orleans had 39 public defenders before Hurricane Katrina struck last August, nearly all of whom were laid off after the storm. Katrina exacerbated existing problems, according to the report, which emphasizes a lack of accountability within the Orleans Parish Indigent Defender program. It noted that "[t]here were no client files or any other records or data, save a monthly tabulation of cases closed," and suggests a series of short and long-term measures to address a variety of problems. State Judge Calvin Johnson said on Wednesday that the recomm ended changes are "not going to happen overnight," <http://rs6.net/tn.jsp?t=xt45mvbab.0.tifinvbab.dkevvvn6.25135&p=http%3A%2F%2Fwww.nola.com%2Fnewsflash%2Flouisiana%2Findex.ssf%3F%2Fbase%2Fnews-24%2F114729326428350.xml%26storylist%3Dlouisiana> but added that "the Justice Department report is going to be the foundation for rebuilding the public defender's office and making sure there is justice for everyone."

New Measure to Let D.C. Residents Vote Unveiled in the House Earlier today, Representative Thomas Davis III (R-VA) and Delegate Eleanor Holmes Norton (D-DC) - who is allowed to observe the House on behalf of the District of Columbia (DC) but not to participate in votes - introduced a bill that would grant voting rights for the first time <http://rs6.net/tn.jsp?t=xt45mvbab.0.uifinvbab.dkevvvn6.25135&p=http%3A%2F%2Fwww.washingtonpost.com%2Fwp-dyn%2Fcontent%2Farticle%2F2006%2F05%2F11%2FAR2006051100725.html%3Fsub%3DAR> to over 500,000 residents of DC. The legislation, known as "the DC Fair and Equal House Voting Rights Act of 2006 <http://rs6.net/tn.jsp?t=xt45mvbab.0.vifinvbab.dkevvvn6.25135&p=http%3A%2F%2Fwww.dcvote.org%2Fadvocacy%2Fdcfairact.cfm> ," would expand the House from 435 to 437 seats. One of the new seats would be allocated to DC; the other would go to Utah, the next state in line to receive another representative based on the 2000 census. Davis, who was joined by the Government Reform Committee's senior Republican and Democrat (Christopher Shays (CT) and Henry Waxman (CA), respectively), said that "this plan is partisan-neutral, freeing us to do the right thing." According to Ilir Zherka, Executive Director of DC Vote, "We are on the brink of a major voting rights victory. <http://rs6.net/tn.jsp?t=xt45mvbab.0.wifinvbab.dkevvvn6.25135&p=http%3A%2F%2Fwww.dcvote.org%2Fmedia%2Frelease.cfm%3FreleaseID%3D231> "

ACS Upcoming Events and Opportunities
<http://img.constantcontact.com/letters/images/spacer.gif>
(a) Upcoming Events

* DC Circuit

May 23: American Constitution Society <http://rs6.net/tn.jsp?t=xt45mvbab.0.xifinvbab.dkevvvn6.25135&p=http%3A%2F%2Fwww.acslaw.org%2Fnode%2F2847>
Book Signing, Reception and Discussion with Taylor Branch, Pulitzer Prize-winning biographer of Martin Luther King, Jr.; Author, At Canaan's Edge. Welcome and introduction by Roger Wilkins, Clarence J. Robinson Professor of History and American Culture, George Mason University; Author, Jefferson's Pillow: The Founding Fathers and the Dilemma of Black Patriotism; Member, ACS Board of Directors. The event will be held at 1333 H St. NW, 11th Floor at 6:00 pm. This event is free and open to the public. A networking reception at which Washington DC Lawyer Chapter members may welcome recently-arrived summer associates and law clerks will follow the program.

* 2nd Circuit

May 29: New York Lawyer Chapter <http://rs6.net/tn.jsp?t=xt45mvbab.0.yifinvbab.dkevvvn6.25135&p=http%3A%2F%2Fwww.acslaw.org%2Fnode%2F2841>
"Why the Death Penalty Will End this Decade" featuring Barry Scheck, founder of the Innocence Project; former President, National Association of Criminal Defense Lawyers; and Professor of Law, Benjamin N. Cardozo School of Law. Event to be held at Mayer, Brown, Rowe & Maw LLP, 1675 Broadway, at 12:30 pm.

* 5th Circuit

May 23: Austin Lawyer Chapter <http://rs6.net/tn.jsp?t=xt45mvbab.0.zifinvbab.dkevvvn6.25135&p=http%3A%2F%2Fwww.acslaw.org%2Fnode%2F2832>
"Indefensible: One Lawyer's Journey into the Inferno of American Justice" featuring David Feige, Author of Indefensible and former Public Defender in the South Bronx. Event to be held at Habana Calle 6, 709 East 6th St., at 12:00 pm.

May 25: Dallas Lawyer Chapter <http://rs6.net/tn.jsp?t=xt45mvbab.0.9ifinvbab.dkevvvn6.25135&p=http%3A%2F%2Fwww.acslaw.org%2Fnode%2F2778>
"The Legality of Warrantless Surveillance" featuring Paul E. Coggins, Principal, Fish & Richardson and Richard B. Roper, U.S. Attorney, Northern District of Texas, in the Jones Day Conference Room, 2727 N. Harwood St., at 12:00 pm.

* 6th Circuit

May 25: Northeast Ohio Lawyer Chapter <http://rs6.net/tn.jsp?t=xt45mvbab.0.8ifinvbab.dkevvvn6.25135&p=http%3A%2F%2Fwww.acslaw.org%2Fnode%2F2848>
ACS Attorney-Student Networking Event & Cocktail Hour at The Offices Hahn Loeser and Parks, 200 Public Square, Suite 3300, Cleveland, from 5:00 - 7:00 pm.

* 7th Circuit

May 18: Milwaukee Lawyer Chapter <http://rs6.net/tn.jsp?t=xt45mvbab.0.7ifinvbab.dkevvvn6.25135&p=http%3A%2F%2Fwww.acslaw.org%2Fnode%2F2771>
Happy Hour at Hotel Metro, 411 E. Mason Street, at 5:30 pm.

May 25: Milwaukee Lawyer Chapter <http://rs6.net/tn.jsp?t=xt45mvbab.0.6ifinvbab.dkevvvn6.25135&p=http%3A%2F%2Fwww.acslaw.org%2Fnode%2F2773>
A planning meeting will be held at 826 N. Plankiton Ave., Suite 600, at 12:00 pm.

* 11th Circuit

May 27: South Florida Lawyer Chapter <http://rs6.net/tn.jsp?t=xt45mvbab.0.5ifinvbab.dkevvvn6.25135&p=http%3A%2F%2Fwww.acslaw.org%2Fnode%2F2766>
A Discussion with Award-Winning Journalist and Author Sasha Abramsky, Author of Conned: How Millions Went to Prison, Lost the Vote, and Helped Send George W. Bush to the White House. The event will be held at Books & Books, 265 Aragon Ave., Coral Gables, FL, at 7:00 pm.

(b) Noteworthy Events & Opportunities

Center for Constitutional Rights (CCR) Seeks Pro Bono Volunteers to Represent Guantanamo Detainees The Center for Constitutional Rights <http://rs6.net/tn.jsp?t=xt45mvbab.0.xgwnyubab.dkevvvn6.25135&p=http%3A%2F%2Fwww.ccr-ny.org%2Fv2%2Fgac%2F> , a New York-based human rights organization, has filed a single habeas petition in federal court on behalf of nearly 200 men who were waiting for individual attorneys to represent them. CCR is now looking for pro bono attorneys willing to enter an appearance in the case on behalf of individual prisoners. No experience with habeas petitions is necessary. CCR and a team of cooperating counsel from the private bar can offer extensive background materials and regular training sessions for attorneys beginning their habeas representations. However, volunteer attorneys must be prepared to devote significant resources -- including the time and expense associated with travel to Guantánamo and, perhaps, to Washington, D.C., and foreign countries -- in order to identify legal issues and develop facts specific to the detention of their clients. For example, attorneys must be prepared to navigate (with CCR's help) the necessary paperwork to obtain the security clearance needed to work on cases involving classified information and for visits with clients at Guantánamo. In addition, attorneys may need to expend resources to pursue political and diplomatic avenues for their clients' repatriation to their home countries or resettlement elsewhere. If you would like to learn more about representing a Guantánamo prisoner, or if you are prepared to volunteer as a pro bono habeas lawyer, please contact CCR <http://rs6.net/tn.jsp?t=xt45mvbab.0.xgwnyubab.dkevvvn6.25135&p=http%3A%2F%2Fwww.ccr-ny.org%2Fv2%2Fgac%2F> directly at gtmo@ccr-ny.org.

June 7: The Century Foundation and the Center for American Progress Co-Sponsor "Power and Superpower: Global Leadership in the 21st Century" in New York City On Tuesday, June 6, the Security and Peace Initiative <http://rs6.net/tn.jsp?t=xt45mvbab.0.ygwnyubab.dkevvvn6.25135&p=http%3A%2F%2Fwww.securitypeace.org%2F> -- a joint venture of the Center for American Progress <http://rs6.net/tn.jsp?t=xt45mvbab.0.ooddm8aab.dkevvvn6.25135&p=http%3A%2F%2Fwww.americanprogress.org%2F> and The Century Foundation <http://rs6.net/tn.jsp?t=xt45mvbab.0.zgwnyubab.dkevvvn6.25135&p=http%3A%2F%2Fwww.tcf.org%2F> -- is convening its 2006 conference, "Power and Superpower: Global Leadership in the 21st Century," to provide a forum for debate about achieving the public's aspirations for security and economic progress and for dialogue on the changes needed for effective cooperative action. As a supplement to the conference, expert working groups will define the relevant issues in policy papers that inform and frame the conference debate for wider dissemination in a published volume. The conference program <http://rs6.net/tn.jsp?t=xt45mvbab.0.9gwnyubab.dkevvvn6.25135&p=http%3A%2F%2Fwww.securitypeace.org%2Findex.asp%3Ftypeid%3D3%26eventid%3D1%26pgid%3D130> will explore, in four sessions, the uses of force, unconventional threats, international values and interests, and the global economy. The conference will take place at the Essex House Hotel, 160 Central Park South, New York, NY 10019. Space is limited. To register, please click here <http://rs6.net/tn.jsp?t=xt45mvbab.0.8gwnyubab.dkevvvn6.25135&p=http%3A%2F%2Fwww.americanprogress.org%2Fspireg> . For information about the conference program or the Security and Peace Initiative, please contact Spencer P. Boyer at 202-481-8164 or sboyer@americanprogress.org.

(c) Job Opportunities

* Fellowships

Lichtman, Trister & Ross Seeks Summer Associate/Law Clerk Lichtman, Trister & Ross PLLC is a small law firm in Washington, DC with an immediate opening for a first or second year law student to work with 4 lawyers on nonprofit tax and campaign finance law. Full time preferred for the summer.

Excellent compensation. Submit resumes to William McNichols, Lichtman, Trister & Ross PLLC, 1666 Connecticut Avenue, NW, Washington DC.

* Public Interest Attorney positions

Earthjustice Seeks Legislative Associate
Earthjustice, the nonprofit law firm for the environment, seeks a Legislative Associate in its Washington, DC Office to provide research, public education and congressional advocacy on environmental concerns with federal judicial nominations and the importance of the judiciary to protecting our environment. Candidates must have excellent analytical, writing, and oral communication skills and 2-3 years relevant experience. Experience in lobbying or organizing required, JD preferred and media experience a plus. To apply, please send a cover letter, resume, references and writing sample to kfreund@earthjustice.org or Associate Search, Earthjustice, 1625 Massachusetts Ave., NW, Suite 702, Washington, DC 20036.

Brennan Center for Justice Seeks Senior Attorney / Democracy Program The Brennan Center for Justice at NYU School of Law (the "Center"), a non-profit legal policy and advocacy group fighting for the nation's core progressive values: democracy, opportunity, justice and individual liberty. Founded just a decade ago by the law clerks, family and friends of Supreme Court Justice William J. Brennan, Jr., the Center advances an innovative, nonpartisan agenda of scholarship, public education and legal action. The Center is seeking an experienced litigator for its Democracy Program. The Program seeks to bring the ideal of representative self-government closer to reality, by eliminating barriers to full and equal political participation and by striving to ensure that public policy and institutions reflect the diverse voices and interests that make for a rich and energetic democracy. The Program works in five project areas: Voting & Representation, Campaign Finance Reform, Fair Courts, Free Expression Policy, and Voter Choice. This position involves work principally on voting rights and reform of election administration, including: registration restrictions, photo ID requirements for voting, and other practices likely to have a disproportionate impact on communities of color. The attorney will principally be responsible for managing affirmative constitutional cases challenging laws that are likely to disenfranchise already under-represented voters. The position is currently funded for one year, with a possibility of renewal, and will commence as soon as possible. The ideal candidate will have substantial litigation experience (including trial experience) and a strong entrepreneurial spirit. Excellent legal research, analysis, and writing skills; initiative, imagination, and versatility; organizational skills; ability to deal with diverse clients and to coordinate work effectively with other organizations are a must. Strong preference for experience litigating constitutional or voting rights cases. Demonstrated commitment to public interest law a real plus. To apply, please send cover letter, resume, two writing samples, and the names, e-mail addresses, and telephone numbers of three references by May 12 to: Senior Attorney, Democracy Program, Brennan Center for Justice, 161 Avenue of the Americas, 12th floor, NY, NY 10013 or via e-mail to brennancenterjobs@nyu.edu with Senior Attorney in the subject line.

Brennan Center for Justice Seeks Junior Attorney / Democracy Program The Brennan Center for Justice at NYU School of Law (the "Center"), a non-profit legal policy and advocacy group fighting for the nation's core progressive values: democracy, opportunity, justice and individual liberty. Founded just a decade ago by the law clerks, family and friends of Supreme Court Justice William J. Brennan, Jr., the Center advances an innovative, nonpartisan agenda of scholarship, public education and legal action. The Center is seeking a junior attorney for its Democracy Program. The Program seeks to bring the ideal of representative self- government closer to reality, by eliminating barriers to full and equal political participation and by striving to ensure that public policy and institutions reflect the diverse

voices and interests that make for a rich and energetic democracy. The Program works in five project areas: Voting & Representation, Campaign Finance Reform, Fair Courts, Free Expression Policy, and Voter Choice. This position involves work principally on voting rights (especially the rights of people with felony convictions) and reform of election administration (including registration restrictions, photo ID requirements for voting, and other practices likely to have a disproportionate impact on communities of color). Activities include legal and policy analysis and counseling; legislative drafting at federal, state, and local levels; administrative and legislative advocacy; public education and scholarship; and litigation in trial and appellate courts. The position will commence in the fall of 2006. The ideal candidate will have approximately three years of legal experience (including clerkships, if any) and a strong entrepreneurial spirit. Excellent legal research, analysis, and writing skills; initiative, imagination, and versatility; organizational skills; ability to deal with diverse clients and to coordinate work effectively with other organizations. Strong preference for a lawyer with legal advocacy experience on voting rights and elections at the state level. Demonstrated commitment to public interest law a real plus. To apply, please send a cover letter, resume, two writing samples, and the names, e-mail addresses, and telephone numbers of three references to: Junior Attorney, Democracy Program, Brennan Center for Justice, 161 Avenue of the Americas, 12th floor, NY, NY 10013 or via e-mail to brennancenterjobs@nyu.edu with Junior Attorney in the subject line.

* Public Interest Staff positions

National Security Archive Seeks Freedom of Information Coordinator The National Security Archive, an independent, non- profit research institute and library located at George Washington University, is seeking a full-time Freedom of Information Coordinator. The National Security Archive undertakes research projects to enrich the debate on American public policy by making available information on a variety of key foreign, defense and intelligence issues. The Freedom of Information Coordinator oversees the National Security Archive's Freedom of Information Act (FOIA) process and plays a leading role in FOIA education and policy matters for the Archive. The Coordinator manages the Archive's FOIA Microsoft Access database (which contains more than 150,000 records), works with federal agencies to negotiate pending FOIA requests, counsels the public and other NGOs about the FOIA, keeps up-to-date on breaking issues relating to government transparency, assists the Archive's legal staff with secrecy litigation and advocacy, and assists Archive analysts in crafting FOIA requests and appeals. The Coordinator will have the opportunity to interact with other non-profits, government personnel, and international delegations as well as publish articles and reports on open government issues. Applicants should have strong organizational skills and attention to detail, a demonstrated interest in current events, national security policy, foreign relations, or other similar substantive areas, and writing experience. The position is best suited to someone with good communications skills and who is able to balance a wide range of diverse activities. Applicants must have a bachelor's degree and computer literacy. Additional skills that are helpful include: knowledge of the U.S. Freedom of Information Act; knowledge of the U.S. Federal Government, including specifically the national security, intelligence, military and foreign relations establishment; and knowledge of United States foreign policy and national security policy. For further information, visit http://www.gwu.edu/~nsarchiv/index .html <http://rs6.net/tn.jsp?t=xt45mvbab.0.mici5ubab.dkevvvn6.25135&p=http%3A%2F%2Fwww.gwu .edu%2F%7Ensarchiv%2Findex.html> .

Management Assistance Group Seeks Senior Consultant The Management Assistance Group (MAG) seeks a Senior Consultant to join our diverse team of organizational development consultants. MAG is a 501 (c)(3) nonprofit organization that provides customized, high-quality consulting services to social-change organizations. MAG helps its clients revitalize missions, set bold goals, manage growth, design

organizational structures, ensure stable funding, strengthen governance, and cultivate leadership. MAG works only with organizations that share MAG's vision of a just, equitable, and sustainable world for all. Over than 1,000 social-change organizations have worked with MAG over the last 25 years. The consultant we hire will be expected to deliver high- quality organizational development services to MAG's clients, develop new business, manage client engagements, and to create and disseminate ideas and practices that will strengthen individual clients and the social change sector overall. Qualifications include: extensive experience (10+ years) consulting with nonprofits, including advocacy and activist organizations; deep understanding of and fascination with the organizational aspects of nonprofits: structure, staffing, leadership style, management, culture, strategic planning, internal relationships and communication, fundraising, finances, and board development; strong commitment to the values and goals of organizations working for economic, political, and social justice; excellent people skills, including insight into and perceptiveness about people and organizational dynamics, ability to quickly win confidence and trust, and willingness to tell the truth and tackle tough issues; excellent communication skills: speaking, writing, and especially listening; excellent client-development and client-relationship skills; strong grounding in theories of individual, organizational, or systemic change; desire to contribute to the development of nonprofit management theory and practice. Experience and credentials in private sector management and consulting is highly desirable. To apply, please email your resume to Lori Green at LDGreen@magmail.org.

Freedom to Marry Seeks Program Director
Freedom to Marry is the gay and non-gay partnership working to win marriage equality nationwide. Headed by Evan Wolfson, one of America's leading civil rights advocates and lawyers, Freedom to Marry brings new resources and a renewed context of urgency and opportunity to this social justice movement. Freedom to Marry brings the work of its partner organizations into a larger whole, a shared civil rights campaign that fosters heightened outreach to non-gay allies. The Program Director reports directly to Freedom to Marry's Executive Director; supervises our Mobilization Coordinator; works closely with leaders and counterparts in national, state and local partner organizations. Applicant must be excellent strategist, manager, educator, and coalition-builder, must possess exceptional oral and written communications skills; and must have leadership experience in fast- paced national or state wide advocacy organizations, political campaigns or the like. Qualified applicants will have: dynamic public speaking skills; experience facilitating educational trainings and workshops; experience leading a non-profit organization and/or mobilizing grassroots constituencies, including working for national or state-wide advocacy campaigns designed to achieve a major public policy goal; proven ability to bring together diverse individuals and/or organizations to pursue a common objective, as well as to work with a wide range of organizations and/or national leaders and public figures; experience working with at least one or more of the following groups: faith, feminist, labor, LGBT, people of color; solid contacts with progressive organizations; experience with proposal writing, general grants management, report writing, prospect research or foundation stewardship; experience managing, supervising, and evaluating staff; and an ability to work quickly, in a campaign-like environment, managing multiple assignments simultaneously. To apply, please send a cover letter, resume, and three references all in a single Microsoft Word document as an attachment via e-mail with JOB-DIRECTOR as the topic to Charles Ignacio, Deputy Director, at charles@freedomtomarry.org.

Constitution Project Seeks Director of Management and Operations
The Constitution Project, a small nonprofit public policy organization based in Washington, DC, seeks an experienced Director of Management and Operations. The Project conducts bipartisan public education on controversial legal and governance issues, including criminal justice issues, liberty and security after 9/11, the constitutional amendment process, and U.S. war powers. It acts primarily through bipartisan, blue- ribbon committees of current and former legislators, judges, and other government officials, law enforcement officers, prosecutors and defense lawyers, national security experts, scholars, and other experts. The Director of Management and Operations will report directly to

the President of the Constitution Project and to its Board of Directors. He or she will be responsible for fund-raising, budgeting, and management. The ideal candidate will have superb organizational and management ability, mature judgment, excellent writing skills, and an ability to meet short deadlines. He or she must have a demonstrated ability to take charge and also work as a member of a team, to anticipate and overcome obstacles to success, and to juggle competing demands. Experience in nonprofit management, including fund-raising, are required. A J.D. is preferred. To apply, please submit a resume, references, and writing sample to casteel@constitutionproject.org. Please include the word "Application" in the subject line. Alternatively, you may mail your application materials to Emily Casteel, The Constitution Project, 1025 Vermont Ave., N.W., 3rd Fl., Washington, DC 20005.

The American Judicature Society Seeks Director for Institute of Forensic Science and Public Policy
The American Judicature Society (AJS) is an independent, national, nonpartisan, not-for-profit 501 (c)(3) organization of judges, lawyers, and other members of the public who seek to secure and promote an independent and qualified judiciary and a fair system of justice. Through research, educational programs, and publications, AJS's primary areas of focus are judicial independence, ethics, and selection; the jury; and the criminal justice system. The AJS Institute of Forensic Science and Public Policy, located in Greensboro, N.C., is a new branch of the organization which will focus on justice issues at the nexus of science and law, particularly as they relate to the reliable and efficient operation of the justice system. Institute staff will work with scientists, legal experts, justice system stake holders, and the AJS Commission on Forensic Science and Public Policy, a commission made up of national scientific and justice system experts, to identify and develop best practices and standards in the areas of forensic science and justice administration. The Director will report directly to and work in close collaboration with the AJS President. The Director will attract, develop, and retain highly qualified employees and develop a productive, self-motivated, and positive work environment; establish the Institute as a respected central repository of scientific and legal research relating to justice system reform through conferences, educational opportunities, and publications and will represent the Institute to the greater community locally, nationally, and internationally; establish and maintain contact with current and potential donors, foundations, and governmental agencies; be responsible for developing multi-year long-range plans as the basis for strategic decisions as well as long-term budget needs; identify, prioritize, and develop research plans and educational opportunities for the Institute, including conferences and courses of study for the various constituencies in the justice system. Qualifications include ten plus years of significant and relevant experience, including managing complex projects and building teams and project plans from the ground up; managing and developing employees; and dealing with a broad range of constituencies. Law degree and/or forensic science background desirable. Experience in the not- for-profit sector, particularly in fundraising, a plus. To apply, send a cover letter and resume to AJS Institute of Forensic Science and Public Policy, 101 West Friendly Ave., Suite 100, Greensboro, NC 27401, or via e-mail to scarboneau@ajs.org.

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Forward email <http://ui.constantcontact.com/sa/fwtf.jsp?m=1011118412099&ea=mwitus%40bsdd.com&a=1101303610999>

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This email was sent to mwitus@bsdd.com, by sbuttar@acslaw.org Update Profile/Email Address <http://ui.constantcontact.com/d.jsp?p=oo&m=1011118412099&ea=mwitus%40bsdd.com&se=25135&t=1101303610999&lang=en&reason=F> | Instant removal with SafeUnsubscribe <http://ui.constantcontact.com/d.jsp?p=un&m=1011118412099&ea=mwitus%40bsdd.com&se=25135&t=1101303610999&lang=en&reason=F> (tm) | Privacy Policy <http://ui.constantcontact.com/roving/CCPrivacyPolicy.jsp> .
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From: Ames, Andrew
Sent: Tuesday, May 16, 2006 10:47 AM
To: Agarwal, Asheesh (CIV); Ames, Andrew; Baxter, Felix (CIV); Branda, Joyce (CIV); Brett Gerry; Brody, Stephen (CIV); Bucholtz, Jeffrey (CIV); Bukvics, Jennifer (CIV); Claterbos, Barbara (CIV); Cohen, David M. (CIV); Cohn, Jonathan (CIV); Davidson, Jeanne (CIV); Davis, Dan (CIV); Fargo, John (CIV); Fielding, Gabrielle (CIV); Figley, Paul (CIV); Flentje, August (CIV); Frost, Peter (CIV); Garren, Timothy (CIV); Glynn, J.Patrick (CIV); Gorsuch, Neil M; Hertz, Michael (CIV); Hollis, Robert (CIV); Hunt, Jody (CIV); Hussey, Thom (CIV); Jennifer Brosnahan; Jeweler, James (CIV); Katsas, Gregory (CIV); Keisler, Peter D (CIV); Kohn, Chris (CIV); Kopp, Robert (CIV); Letter, Douglas (CIV); Levine, Larry (EOIR); Lindemann, Michael (CIV); Magnuson, Cynthia; McCallum, Robert (SMO); Miller, Charles S; Nichols, Carl (CIV); Nowacki, John; Pyles, Phyllis (CIV); Riley, Sharon (CIV); Rivera, Jennifer (CIV); Roehrkasse, Brian; Schiffer, Stuart (CIV); Scolinos, Tasia; Seidel, Rebecca; Senger, Jeffrey M; Spellberg, Dianne (CIV); Swenson, Lily F; Thirolf, Eugene; Wilson, Karen L; Zwick, Ken (CIV)
Subject: 5/16/06 Civil Division News

Boeing to pay $615 million to avoid trial

U.S. opens assault on wiretap suit : AT&T is accused of aiding surveillance

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Lincare settles for $12-million; The Clearwater company, which supplies home oxygen equipment, admits nothing in a deal to end federal inquiries.

Migrants returned to Cuba after reaching Florida bridge grow frustrated waiting to leave

New York Times

May 16, 2006

Boeing to pay $615 million to avoid trial

By Leslie Wayne The New York Times

NEW YORK Boeing, the second- largest U.S. military contractor, has agreed to pay $615 million under a tentative deal with federal prosecutors that will allow the company to avoid criminal charges, according to Boeing and senior Justice Department officials.

The agreement, which is expected to become final in a few weeks, would end a three-year investigation into wrongdoing by Boeing employees and would require the aircraft maker to pay $565 million to cover civil claims and $50 million to end a criminal inquiry. Senior Justice Department officials said Monday that they believed this to be the largest fine ever imposed on a military contractor.

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While avoiding criminal charges, Boeing will agree to "accept responsibility," those officials said, for the actions of its employees. One case involved the theft of proprietary data from the largest military contractor, Lockheed Martin. The other involved Boeing's hiring of a former air force official who had overseen Boeing contracts at the Pentagon.

Boeing will also be monitored by the Justice Department for a two-year period and be required to maintain a federal ethics and compliance program as well as cooperate with investigators in any future inquiries. Should Boeing violate these provisions, it could be prosecuted and fined as much as $10 million, according to the settlement.

"Boeing does accept responsibility for the actions of its employees," said the senior Justice Department official, who added that the $615 million figure reflected "money that was lost to the government due to Boeing's illicit activities."

The company declined to comment other than to issue a statement saying that "Boeing will accept responsibility for the conduct of its employees and make additional commitments regarding ongoing compliance."

News of the settlement was first reported Monday by The Wall Street Journal.

"This is a heck of a penalty," said Howard Rubel, an aerospace analyst with the brokerage firm Jefferies. "But it has eliminated the 'bad citizenship' knock from being on the company. It pushes into the past things that were done in the past. And it gets rid of the uncertainty that a defense contractor could have been convicted of fraud or a felony."

Settlement of the charges also reflects efforts by the Boeing chief executive, W. James McNerney, who was hired last year after the two previous Boeing chief executives resigned under fire. McNerney responded to the ethical controversies by reorganizing the company's military business, putting a new emphasis on training and pressing for a resolution of the government investigations.

"McNerney inherited a company in crisis," said Loren Thompson, a military industry analyst at the Lexington Institute, a research group. "There was a danger that all these controversies would distract the company from getting business. His top goal was to eliminate these distractions. To announce that this controversy is behind them would be a major breakthrough."

The settlement grew out of two investigations into the company.

In one, Boeing employees were found to have stolen thousands of pages of proprietary documents from Lockheed in the late 1990s and used them to help bid for government rocket-launch business. The Pentagon penalized Boeing by stripping it of $1 billion in rocket launch business in 2004. In March, Boeing was allowed to bid for rocket-launch business after a 20-month suspension, the longest for any major military contractor.

In the other case, Boeing was found to have improperly recruited an air force contracting official, Darleen Druyun, while she was still at the Pentagon, where she was overseeing billions of dollars in Boeing business. Druyun later admitted to steering contracts to Boeing to help her get a job with the company. Druyun was fired from Boeing and then pleaded guilty to conflict-of-interest charges and was sentenced to a nine- month prison term. Michael Sears, who as chief financial officer of Boeing had met with Druyun to recruit her, was also fired and later imprisoned.

Those scandals also led to Philip Condit's resignation as chief executive. His successor, Harry Stonecipher, was fired last year after an extramarital affair with a Boeing employee.

McNerney has taken several steps to clean up the company. He let Boeing's in-house counsel, Douglas Bain, make a blistering presentation to Boeing executives at an Florida meeting this year about unethical behavior. He restructured the military division to provide for greater accountability. A U.S. Circuit Court judge, J. Michael Luttig, is replacing Bain, who is retiring. And Boeing's board recently altered the company's executive compensation plan to put more emphasis on ethical behavior.

END

San Francisco Chronicle (CA)

May 16, 2006

U.S. opens assault on wiretap suit : AT&T is accused of aiding surveillance

Bob Egelko

The Bush administration has launched a multipronged attack on a lawsuit that accuses AT&T of collaborating with the U.S. government in illegal electronic surveillance, arguing that customers can't prove their phones were tapped or that the company or the government broke the law -- and that, in any event, the entire case endangers national security.

Those assertions in a move for dismissal were based on arguments and evidence that the government submitted to a federal judge under seal, keeping them secret from the public and from the privacy-rights group that filed the suit on

behalf of AT&T customers.

The sealed documents and a heavily edited public version were submitted in federal court in San Francisco early Saturday along with declarations from John Negroponte, the director of national intelligence, and Lt. Gen. Keith Alexander, director of the National Security Agency. Both officials attest to the need for secrecy as a reason to keep the lawsuit, filed by the Electronic Frontier Foundation, from going forward.

"Any attempt to proceed in this case will substantially risk disclosure of ... privileged information and will cause exceptionally grave damage to the national security of the United States," Alexander said in a public filing accompanying his sealed statement.

The foundation filed suit in January accusing AT&T of illegally giving the NSA access to its voice and data network and its customer databases to help the agency's surveillance program.

The suit was accompanied by documents obtained by a former AT&T technician describing equipment installed in the company's San Francisco office that allegedly would enable the federal agency to sweep up huge amounts of data that it could screen for targeted information. AT&T plans to ask a federal judge Wednesday to declare the documents, which have been sealed, to be trade secrets and order them returned.

The former employee, Mark Klein, handled problems on Internet fiber optic circuits and said in a statement that the equipment was being attached to the circuits in San Francisco and other AT&T offices. The equipment allowed the National Security Agency to conduct "vacuum-cleaner surveillance of all the data crossing the Internet," he said.

His lawyers said in a court filing that the government had never classified as a secret anything that Klein saw.

In Saturday's filing, government lawyers wrote that "the lawfulness of the alleged activities cannot be determined without a full factual record, and that record cannot be made without seriously compromising U.S. national security interests."

Without evidence of how the program operated and whom it targeted -- evidence that the Justice Department argued can't be made public -- the plaintiffs have no chance of proving the essential elements of their case, the government said.

Those elements are:

-- That President Bush exceeded his legal authority by authorizing wiretaps and e-mail interception without a warrant;

-- That innocent Americans not in contact with al Qaeda or affiliated groups had their calls or messages intercepted;

-- That AT&T participated in the program;

-- And that any participation by AT&T lacked authorization from the government. The Justice Department endorsed AT&T's argument that the plaintiffs must prove that the company failed to obtain written approval from top federal officials.

The administration asked Chief U.S. District Judge Vaughn Walker to hear its dismissal motion June 21, the day Walker is scheduled to consider the Electronic Frontier Foundation's request for an injunction that would prohibit AT&T from any further cooperation in the surveillance program.

Bush acknowledged in December that he had authorized the National Security Agency to intercept phone calls and e-mails between U.S. residents and terror suspects abroad without the court approval required by a 1978 federal law.

The alleged role of telecommunications companies gained new prominence last week when USA Today reported that the National Security Agency had paid AT&T, Verizon and Bell South for the telephone records of tens of millions of Americans. The government's goal reportedly was to find calling patterns that could indicate communications with terrorists. (BellSouth later said a "thorough review" had found no indication that it had given such records to the NSA.)

The government's dismissal motion in the San Francisco case against AT&T relies on the "state secrets" privilege that the Supreme Court recognized in a 1953 ruling allowing the government to keep military secrets out of court. Lower courts, including the Ninth U.S. Circuit Court of Appeals in San Francisco, have ruled that a lawsuit must be dismissed if it can't be litigated without the risk of exposing military secrets.

A court's consideration of the Electronic Frontier Foundation suit "would require confirmation or denial of the existence, scope and potential targets of alleged intelligence activities, as well as AT&T's alleged involvement," information that

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cannot be revealed "without causing exceptionally grave danger to the national security," government lawyers said.

Their brief repeatedly referred to arguments that were filed under seal, along with the sealed declarations of Negroponte and Alexander.

Kevin Bankston, a lawyer with the foundation, said Monday that it would be difficult for its attorneys to contest government arguments they hadn't been allowed to see. But he said the factual claims in the lawsuit have already been widely reported in the press, and to some extent conceded by the government, without harming national security.

"We're seeking to protect national security by protecting millions of Americans from a government that is colluding with telecommunications companies in spying on their phone and Internet communications," Bankston said.

He also said the plaintiffs were not arguing that the government had monitored particular calls or messages, only that their phone and Internet records had been turned over to the government illegally, without a warrant or suspicion of wrongdoing. That should be enough to allow them to sue, Bankston said, unless AT&T produces evidence of valid authorization by the government.

The plaintiffs are four AT&T customers. The Electronic Frontier Foundation is proposing that the case become a class action on behalf of all affected customers.

Ann Beeson, an attorney with the American Civil Liberties Union, said she anticipates a similar government dismissal motion Friday in the ACLU's\l "l" suit\l "l" on behalf of private citizens who say they have reason to believe their calls and messages have been or will be monitored. That suit\l "l", filed in a Michigan federal court, seeks to halt the federal surveillance program.

"There are no secrets here," Beeson said. "All the facts that are needed to decide the case are known and conceded: that the government wiretapped without a warrant and that it did so on U.S. soil."

END

AP

May 16, 2006

FCC commissioner calls for probe of phone companies working with NSA

By DOUGLASS K. DANIEL

Associated Press Writer

WASHINGTON_The Federal Communications Commission should investigate whether phone companies are violating federal communications law by providing calling records to the National Security Agency as part of an anti-terrorism program, an FCC commissioner said Monday.

"There is no doubt that protecting the security of the American people is our government's No. 1 responsibility," Commissioner Michael J. Copps, a Democrat, said in a statement. "But in a digital age where collecting, distributing and manipulating consumers' personal information is as easy as a click of a button, the privacy of our citizens must still matter."

USA Today reported last week that AT&T Corp., Verizon Communications Inc. and BellSouth Corp. began turning over tens of millions of phone records to the NSA after the spy agency requested the records shortly after the terrorist attacks of Sept. 11, 2001. The paper reported that the NSA is building a massive call databank to analyze calling patterns.

The telecommunications company Qwest said it refused to cooperate with the NSA after determining that doing so would violate privacy law.

On Monday, Atlanta-based BellSouth issued a statement that it had found no contract to provide phone records to the NSA and had not been providing bulk customer calling records to the agency. Verizon has refused to confirm or deny whether it has participated in the program.

The New York Times reported in December that the NSA was eavesdropping on electronic communications in the U.S. and abroad involving suspected al-Qaida members and operatives. Critics of the eavesdropping programs, Democrats

and Republicans, have questioned whether the NSA has stepped outside the law by not seeking court-ordered warrants.

President Bush, while not discussing the details of any NSA programs directed at detecting terrorism plots, has repeatedly assured Americans that the initiatives he authorizes are within the law and the Constitution and are not violating the privacy of ordinary Americans.

When the NSA developed the programs it was under the direction of Air Force Gen. Michael Hayden, now Bush's choice to replace Porter Goss as head of the CIA. The eavesdropping program and the phone call databank are likely to be the focus of questions Thursday when the Senate Intelligence Committee begins Hayden's confirmation hearings.

Sen. Arlen Specter, the Pennsylvania Republican who chairs the Senate Judiciary Committee, has said he wants to gather testimony from phone company representatives about how they work with the NSA because they cannot decline to cooperate by claiming executive privilege.

An FCC investigation, if undertaken, would be the second attempt this year by the government to explore an aspect of an NSA program. The Justice\l "l" Department\l "l" sought to investigate the role of its lawyers in the warrantless eavesdropping program, but it ended the inquiry last week because its lawyers were denied security clearances.

Copps cited the federal Communications Act when he questioned the legality of the phone companies' reported cooperation with the NSA.

"We need to be certain that the companies over which the FCC has public-interest oversight have not gone _ or been asked to go _ to a place where they should not be," Copps said.

END

AP

May 16, 2006

Pentagon hands over list of all Guantanamo Bay detainees

By BEN FOX

Associated Press Writer

SAN JUAN, Puerto Rico_After years of secrecy, the Pentagon has disclosed the names, ages and home countries of everyone held at the isolated Guantanamo Bay Naval Base in southeastern Cuba as a suspect in the U.S.-led war on terror.

The U.S. says it has held 759 males, ranging from teenagers to older than 70, from more than 40 countries, according to the list released late Monday in response to a Freedom of Information Act lawsuit filed by The Associated Press.

The list includes some 200 previously undisclosed names. They are of former Guantanamo detainees\l "l" who were moved out before the military began hearings in the summer of 2004 to determine whether detainees\l "l" were properly classified as "enemy combatants" who should be held at the base.

While the list includes the 10 detainees\l "l" who have been charged with crimes, it doesn't include the most notorious U.S. prisoners, like alleged Sept\l "l". 11\l "l" plotters Khalid Shaikh Mohammed and Ramzi Binalshibh _ whose whereabouts are secret.

"There's still much more in darkness," said Priti Patel, a lawyer with New York-based Human Rights First who has monitored legal proceedings at Guantanamo.

Lawyers and other advocates will be able to use the new list to track who has been held at the base and find former detainees\l "l" to help investigate allegations of abuse, Patel said.

The Pentagon released the list while denying the AP access to other information about the detainees\l "l", who were mostly held on suspicion of links to al-Qaida or the Taliban following the U.S.-led invasion of Afghanistan after the Sept\l "l". 11\l "l" attacks.

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The handover marks the first time that everyone who has been held by the Defense Department at Guantanamo Bay has been identified, said Navy Lt. Cmdr. Chito Peppler, a Pentagon spokesman.

Last month, the military released the names of 558 detainees\l "I", also in response to an AP lawsuit\l "I".

The names of all detainees\l "I" held at Guantanamo Bay were previously kept classified because of "the security operation as well as the intelligence operation that takes place down there," said Pentagon spokesman Bryan Whitman.

The new list, when compared to the one from April, shows the Pentagon released many Afghans who were swept up early in the war. More than 90 were transferred out of Guantanamo between January 2002 and the summer of 2004.

Anthony Romero, executive director of the American Civil Liberties Union, believes U.S. officials are trying to deflect international criticism of Guantanamo Bay by gradually moving out detainees.

"They are trying to slowly let the air out of the tires as a way to make the problem go away," Romero said.

The list released Monday also does not specify what has happened to former Guantanamo Bay detainees.

The fate of some is documented. All British nationals held at Guantanamo Bay, for example, were transferred back to Britain. But what has become of dozens of other detainees was not known.

Some could be free. Others could be in secret U.S. detention centers, or in torture cells of prisons in other countries.

The AP sought the names, photos and other details of current and former Guantanamo Bay detainees through a Freedom of Information Act request on Jan. 18. After the Pentagon didn't respond, the AP filed a lawsuit in March seeking compliance.

The Pentagon later agreed to turn over much of the information. Motions are pending in court for additional information, including the height and weight of the roughly 480 detainees still at Guantanamo Bay to assist with news coverage of a hunger strike.

The Pentagon refused to release that information, arguing that medical records are private. The military said the hunger strike began in August and has involved a maximum of 131 detainees.

The Pentagon also argued that releasing photos of current detainees would damage U.S. intelligence gathering. Releasing pictures would make it easier for al-Qaida to retaliate against detainees suspected of cooperating with interrogators, said Paul B. Rester, the director of the Joint Intelligence Group at Guantanamo. That would make it harder for the U.S. to collect intelligence, Rester said in a May 10 affidavit filed in response to the AP's Freedom of Information Act suit.

"No human intelligence sources interested in cooperating with the United States officials under any hope of anonymity will be willing to do so if their photographs and names are publicly released," he said.

The U.S. military says about 480 detainees are now at Guantanamo Bay. About 275 have been released or transferred.

END

Legal Times
05-16-2006

Supreme Court Ruling for eBay a Major Victory for Big Patent Holders

By Tony Mauro

A Supreme Court ruling Monday in favor of eBay Inc. in a closely watched patent dispute made it harder for those claiming infringement to win permanent injunctions against major patent holders and manufacturers.

The unanimous decision was a major win for eBay and other big patent holders that frequently face crippling litigation from parties that get injunctions to protect one of thousands of patents used in a complex product.

Writing for the Court, Justice Clarence Thomas said district court judges have discretion, guided by traditional factors such as whether "irreparable harm" would result if an injunction is not issued, in deciding whether a party claiming infringement

should win a permanent injunction against continued use of the product. The ruling in *eBay Inc. v. MercExchange* spells an end to the long-standing presumption in patent cases that an injunction should issue almost automatically when infringement is found.

That presumption has been used as leverage against manufacturers that would rather settle with challengers than risk seeing a product halted in its tracks. The recent multimillion-dollar settlement between the makers of BlackBerry devices and a patent holder, NTP Inc., which narrowly averted a shutdown of the BlackBerry network, was often cited in debate over the issues in the eBay case.

"The decision whether to grant or deny injunctive relief rests within the equitable discretion of the district courts, and that such discretion must be exercised consistent with traditional principles of equity," Thomas wrote.

The ruling sends the dispute between eBay and MercExchange, a Virginia company that sued eBay for infringement, back to the U.S. District Court for the Eastern District of Virginia. A statement from MercExchange predicted it would win an injunction even under the standards the Supreme Court articulated on Monday.

Some analysts predicted that the ruling would not put an end to efforts by challengers to seek injunctions. "Patentees will continue to exploit the threat of an injunction, along with the always-present threat of an enormous judgment, in their negotiations with deep-pocket defendants, says Erik Puknys of Finnegan, Henderson, Farabow, Garrett & Dunner in Palo Alto, Calif.

In a concurring opinion four justices -- Anthony Kennedy, David Souter, John Paul Stevens and Stephen Breyer -- also took note of the growth of what they described as an "industry" of small patent holders, known as patent trolls, who use patents not to manufacture products but as a "bargaining tool to charge exorbitant fees" from major companies to license their patents.

But Thomas' majority opinion did not take such a dim view of patent holders who do not manufacture their products, asserting that solo inventors and university researchers might have legitimate reasons for seeking licensing arrangements, and they could still win injunctions if they meet the traditional test for injunctive relief in civil cases.

Chief Justice John Roberts Jr. also wrote a concurrence, joined by Justices Antonin Scalia and Ruth Bader Ginsburg, suggesting that judges, while having discretion, should still issue injunctions more often than not. Roberts noted that since the early 19th century, "courts have granted injunctive relief upon a finding of infringement in the vast majority of patent cases."

In a statement, Robert Holleyman of the Business Software Alliance, which supported eBay, called the decision a "clear victory for innovation and for consumers, and a defeat for patent trolls and others who are abusing the legal system. ... By giving courts greater latitude on whether or not to issue an injunction, we are making progress towards restoring much-needed balance to the out-of-control patent litigation process."

The Court's ruling was one of several unanimous decisions Monday. The rulings seem to bolster a growing perception that, at least for the moment, the high court under Roberts is achieving a considerable degree of agreement. Even though Thomas' decision drew several concurrences, they were brief and devoid of any criticism of the majority opinion. At oral argument in March, it was far from clear that the justices would come to such a pro-patent decision unanimously.

The eBay dispute began in 2001, when MercExchange sued eBay for infringing its patent that enabled the "Buy it Now" feature used on the popular online-auction site. A jury in the Eastern District of Virginia awarded MercExchange $35 million for infringement, and the company promptly sought a permanent injunction to prevent future infringement by eBay. MercExchange invoked the 1908 precedent, *Continental Paper Bag Co. v. Eastern Paper Bag Co.*, that established the presumption in favor of an injunction against the infringer. But the judge denied MercExchange's motion, finding that the company, which licenses but does not practice its patents, would not suffer irreparable harm without an injunction.

But the U.S. Court of Appeals for the Federal Circuit rejected the District Court's reasoning and said that nothing in the case justified deviating from the rule in favor of an injunction.

"We are extremely gratified by the Supreme Court's unanimous decision," said Jay Monahan, eBay's deputy general counsel for intellectual property, in a statement. "The trial judge originally found in this case that money was sufficient and denied an injunction. We are confident that when the District Court revisits this issue, particularly in light of the ongoing re-examination of the patents, that the result will be the same."

But other companies, joined by the Bush administration, argued that the precedent should be upheld to give needed protection to valid patents. The solicitor general argued that infringement alone amounts to irreparable harm and, therefore, should trigger an injunction against the infringer.

Also on Monday, the Court ruled that Ohio taxpayers had no standing to challenge a tax-incentive program that encouraged Daimler-Chrysler to build a new facility in Toledo. The case, *DaimlerChrysler v. Cuno*, was closely watched by businesses and states because it threatened commonly used tax incentives aimed at luring business investment. A group of taxpayers successfully challenged the program before the 6th U.S. Circuit Court of Appeals, which found a

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commerce clause violation because it favors companies that invest in Ohio. The high court opted to sidestep the merits of the issue, focusing instead on the standing issue.

Roberts, writing for the Court, said expanding the concept of standing to allow the suit to proceed to the merits would have "remarkable implications" for both state and federal taxpayer claims.

"The Supreme Court's ruling today is a big win for America because it sends a clear message that states will not be held hostage to lawsuits brought by individuals or groups with no direct connection to the issue at hand," says W. Frank Fountain, spokesman for DaimlerChrysler.

In a third decision, the Court ruled that hydroelectric dams have the potential for creating a "discharge" that triggers federal and state regulation through the Clean Water Act, even though the water is not changed by the dam itself. Souter, writing in *S.D. Warren Co. v. Maine Board of Environmental Protection*, said the word "discharge" is not limited to the release of pollutants, as Warren had argued, but also includes the mere release of water from one location to another.

Souter also accepted the argument of environmentalists that hydroelectric dams alter the temperature and quality of the water downstream and have significant environmental effects. The ruling boosts state as well as federal regulation, because the Clean Water Act gives states a major role in the federal licensing of any activity that produces a discharge into a navigable water.

Scalia dissented only to the extent that Souter used the legislative history of the Clean Water Act to justify his decision. Scalia has long rejected legislative history as a way to interpret statutes, arguing instead that the law's words should guide the interpretation.

END

Forbes

5/16/06

Supreme Court Buries Patent Trolls

Jessica Holzer

WASHINGTON, D.C. - The U.S. Supreme Court has tipped the balance in patent disputes ever so slightly toward the end users of patented technology and away from inventors, owners of intellectual property and the hated "patent trolls"--companies that make money by suing for infringement of patents they own but don't use.

In a victory for eBay, the justices ruled unanimously that federal courts must weigh several factors before barring a patent infringer from using a contested technology or business method.

The online auction house had petitioned the Supreme Court to review the practice of automatically issuing a permanent injunction whenever a patent was found valid and infringed, arguing that the standard was not grounded in the law.

At stake for eBay was the viability of the popular, fixed-price "Buy It Now" section of its Web site. MercExchange, a tiny Virginia-based patent-holding company, won millions of dollars in damages when it successfully sued eBay for violating one of its patents related to the fixed-price auction feature.

Now the case will be sent back to the district court where eBay originally won the right to continue operating "Buy It Now" while it designs around the patents.

For years now, the U.S. Court of Appeals--the Federal Circuit in Washington, D.C., which reviews all appeals of patent suits--has slapped infringers with permanent injunctions as a matter of course, except in the most extreme circumstances.

But the Supreme Court ruled that traditional "principles of equity" must be taken into account before such a drastic sanction is imposed. These principles include whether the patent holder has suffered irreparable damage or whether monetary awards might be enough to compensate for the harm done to the patent holder.

In this case, a district court stopped short of forcing eBay to shut down the service entirely, saying that MercExchange wouldn't be harmed if eBay continues to offer the service while it tries to design around the patents. MercExchange hasn't used its patents, the court wrote, and could eventually be compensated with additional monetary damages if the infringing continued. But on appeal, the Federal Circuit stuck to its rule of always handing down injunctions and reversed the decision.

The high court's decision deals a blow to patent trolls, which are notorious for using the threat of permanent injunction to extort hefty fees in licensing negotiations as well as huge settlements from companies they have accused of infringing. Often, those settlements can be far greater than the value of the infringing technology: Recall the $612.5 million that Canada's Research in Motion forked over to patent-holding company NTP to avoid the shutting down of its popular BlackBerry service.

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Patent trolls have thrived as American industries have churned out more and more high-tech gizmos containing dozens or even hundred of patented bits of technology. In accepting the case and ruling as they did, the justices seemed to have had it in mind to hem in the power granted to patent holders.

But doesn't the ruling also hurt bona fide inventors, not to mention the many universities that fund their research and own the patents? To be sure, it plainly erodes the power that has been typically bestowed by a patent. Patent law unambiguously grants owners of intellectual property the same rights as regular property holders, including the right to exclude others from using their property. But the law also clearly states that injunctions "may"--not "shall"--be issued "in accordance with the principles of equity."

"All this is saying is that district courts are free to use their discretion and to be fair. And it takes away a little of the edge from those patent-licensing operations," says Steven Bauer, a partner at Proskauer Rose in Boston who often represents biotech firms in patent disputes.

The justices drew the line on ruling out injunctive relief in all cases where the patent holder does not use the patents it owns to produce anything, as is often the case with universities. That makes the ruling somewhat less than an unmitigated victory for eBay, since the lower court had refrained from imposing an injunction on the basis of MercExchange not using its patents.

The courts will have to work out on a case-by-case basis when an injunction is appropriate, says Mark Davis, a patent litigator at McDermott Will & Emery in Washington, D.C. "There's going to be more uncertainty here, and it's going to take a while for the law to develop to figure out when you can expect an injunction," he says.

END

Roll Call

Courtroom Defense (Deficit Reduction Act)

May 15, 2006

Courtroom Defense. Attorneys for the Justice Department refuted allegations last week that the Deficit Reduction Act is unconstitutional, citing an 1892 Supreme Court ruling.

Plaintiffs in a lawsuit that has questioned the law's status assert that because the House and Senate approved different versions of the bill in December - an error inserted by a Senate clerk caused the discrepancy - the act is unconstitutional.

But the government's response, filed late Wednesday in the U.S. District Court for the District of Columbia, argues that the act, signed into law in February, meets the Constitution's bicameral clause because both the Speaker and the Senate President Pro Tem certified the legislation before it reached the president.

Citing a Supreme Court ruling in Field v. Clark, Justice Department attorney Steven Bressler wrote: "The enrolled bill rule ... provides that if a legislative document is authenticated in regular form by the appropriate officials, the courts treat that document as properly adopted."

The lawsuit, Cookeville Regional Medical Center v. Leavitt, centers on a dispute over Medicare payments to a group of Tennessee hospitals but has prompted questions over the act's constitutionality as the case has progressed.

In an unrelated case that also challenges the law's constitutionality, filed in the U.S. District Court for the Southern District of New York, the U.S. Attorney's Office filed a similar defense Tuesday, citing the same 1892 decision.

At least three other lawsuits questioning the law's legal status, including one brought by senior House Democrats, have been filed in the federal court system, but the government has yet to respond in those cases.

More than a dozen House Democrats also have sought to file an amicus brief in the Cookeville lawsuit. The watchdog group Public Citizen, which has filed its own challenge, also has asked to submit a friend-of-the-court brief in that case.

END

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St. Petersburg Times

May 16, 2006

Lincare settles for $12-million; The Clearwater company, which supplies home oxygen equipment, admits nothing in a deal to end federal inquiries.

By KRIS HUNDLEY, Times Staff Writer

CLEARWATER - Lincare Holdings Inc., one of the nation's largest suppliers of home oxygen equipment, resolved four long-standing federal investigations Monday at a cost of $12-million.

The Clearwater company said the settlement payments did not include admission of wrongdoing for allegations, some of which were more than a decade old.

"We are pleased to have resolved these matters with the government," Lincare's chief executive John P. Byrnes said in a release after the close of the stock market. "Lincare fully cooperated with the government during the course of their inquiries. Our board of directors believes that it was in the best interests of the company to put these matters behind us."

Byrnes said the company had reserves for a substantial portion of the settlement charges. Lincare, which held its annual meeting on Monday, had reported the four investigations in previous filings with the Securities and Exchange Commission.

The longest-running investigation was disclosed in June 2000 and concerned a Florida inquiry into Lincare's relationships with "certain physicians and other referral sources" from January 1993 through December 2000. The company said the Office of Inspector General of the U.S. Department of Health and Human Services alleged the company had given kickbacks to providers in violation of federal laws.

Three separate investigations of the company's practices had taken place in Massachusetts, Tennessee and Idaho. Each involved allegations that Lincare had inappropriately sought reimbursement under Medicare. Under scrutiny were billing practices from January 1995 through March 2004.

In addition to the $12-million, Lincare, as part of the settlements, entered into what the company's press release described as a "corporate integrity agreement" with the Office of Inspector General. Satisfying government regulators is critical because Lincare, which had $1.3-billion in revenue last year, receives 67 percent of its revenue from Medicare and Medicaid.

Lincare, which has more than 800 locations nationwide, settled an investigation by the U.S. Attorney's Office in Sacramento, Calif., in 2001, paying $4.15-million while admitting no wrongdoing.

END

AP

5/15/06

Migrants returned to Cuba after reaching Florida bridge grow frustrated waiting to leave

By ANDREA RODRIGUEZ Associated Press Writer

(AP) - HAVANA-A group of Cuban migrants sent home after reaching an abandoned bridge in the Florida Keys said they are becoming frustrated waiting for final Cuban government approval to leave for good.

"It has been 48 days, we have the U.S. visas, we have passports," Ernesto Hernandez said Monday.

Hernandez added that all the migrants lack is the "white card," the exit permit that Cubans must get from the communist-run government to leave the island.

The 14 members of the group applied for the exit permits about six weeks ago at Cuba's migration office in Matanzas Province.

In the meantime, Hernandez said, they have quit their jobs as instructed by Cuban authorities in preparation for their migration to the United States and had even turned in their monthly food ration cards.

The migrants had said earlier in the day that they would travel to Havana on Tuesday to seek help from U.S. officials.

But they decided to wait another week or two for the last documents from the Cuban government, group member Junior Blanco said by telephone from the central province of Matanzas.

Blanco and Hernandez part of the group of would-be migrants who were returned to Cuba in January after reaching the old bridge in Florida.

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Under the United States' "wet foot/dry foot" policy, most Cubans who reach U.S. soil are allowed to remain, while those intercepted at sea are generally sent home.

U.S. Coast Guard officials determined that the bridge did not qualify as dry land because parts of it are missing and it no longer connects to U.S. soil.

The repatriations caused an uproar in South Florida's large Cuban exile community.

A deal allowing most of the Cubans to emigrate permanently was reached March 15 between U.S. District Judge Federico Moreno in Miami and the U.S. government, which had argued that the U.S. Coast Guard acted correctly.

END

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Image not available for this document, ID: 0.7.10316.17653-000001

McKenzie, Peggy (CIV)

From:	McKenzie, Peggy (CIV)
Sent:	Tuesday, May 16, 2006 11:40 AM
To:	Agarwal, Asheesh (CIV); Bahr, Dorothy (CIV); Baxter, Felix (CIV); Bordeaux, JoAnn (CIV); Bucholtz, Jeffrey (CIV); Calvert, Chris (CIV); Cohen, David M. (CIV); Cohn, Jonathan (CIV); Davis, Dan (CIV); Davis, Deborah J; Fargo, John (CIV); Fielding, Gabrielle (CIV); Fishback, David (CIV); Flentje, August (CIV); Fowler, Liane (SMO); Frost, Peter (CIV); Garren, Timothy (CIV); Glynn, J.Patrick (CIV); Goldberg, Arthur (CIV); Gorsuch, Neil M; Gray, Towanda (CIV); Hertz, Michael (CIV); Hollis, Robert (CIV); Hudson, Lewis (CIV); Hunt, Jody (CIV); Hussey, Thom (CIV); Jennings, Geraldine (CIV); Katsas, Gregory (CIV); Keener, Donald (CIV); Kent, Alexander (CIV); Kohl, Christine (CIV); Kohn, Chris (CIV); Kopp, Robert (CIV); Liner, Linda (CIV); Lloyd, Shirley (CIV); Lucas, Regina E. (CIV); Magnuson, Cynthia; McCallum, Robert (SMO); Miller, Charles S; Pyles, Phyllis (CIV); Riley, Sharon (CIV); Rivera, Jennifer (CIV); Schiffer, Stuart (CIV); Shannen Coffin; Shaw, Aloma A; Swenson, Lily F; Thirolf, Eugene; Williams, Angela (CIV); Williams, Toni (CIV); Willis, Kerry (CIV); Zwick, Ken (CIV)
Subject:	5/16 CIV Weekly Report to the AG
Attachments:	CivDivWkly0516.wpd

U.S. Department of Justice

Civil Division

Assistant Attorney General *Washington, D.C. 20530*

May 16, 2006

MEMORANDUM FOR THE ATTORNEY GENERAL

THROUGH: THE DEPUTY ATTORNEY GENERAL

THROUGH: THE ASSOCIATE ATTORNEY GENERAL

FROM: Peter D. Keisler
Assistant Attorney General

SUBJECT: Civil Division Weekly Report to the Attorney General

A. NEXT WEEK

- No items to report.

B. THIS WEEK

- ***Supreme Court Grants Certiorari to Resolve Conflict Among Circuits on the Scope of the Attorney General's Certification Authority Under the Westfall Act***
  Pat Osborn v. Barry Haley [United States Supreme Court; United States Court of Appeals for the Sixth Circuit; United States District Court for the Western District of Kentucky]. On May 15, the Supreme Court granted certiorari to resolve conflicts among the circuits concerning application of the Federal Employee Liability Reform and Torts Compensation Act of 1988 (Westfall Act). The Westfall Act generally provides immunity to federal employees from torts committed within the employee's scope of employment. Upon the Attorney General's certification that the employee was in the scope of employment, the United States is substituted for the employee and the case proceeds against the United States under the Federal Tort Claims Act. In this case, the Sixth Circuit followed the majority of circuits to rule that the Attorney General, in making the scope certification, could deny that the underlying incident had occurred. The Sixth Circuit also ruled, following another majority of the circuits, that the certification is

"conclusive" with respect to removal and that the district court lacked authority to remand the case even if the court rejected the scope certification. Noting the conflict among the circuits, the Department, which represents the individual federal employee in this matter, acquiesced to certiorari on both the scope of the Attorney General's scope certification authority and on the scope of the district court's remand authority. The Court's May 15, order granting certiorari also ordered the parties to brief the question of whether the court of appeals lacked jurisdiction under 28 U.S.C. 1447(d) to review the district court's remand decision. That issue was not presented by petitioner.

· ***Supreme Court Holds that Traditional Four-Factor Test Determines Whether Injunctions Should be Granted in Patent Infringement Cases***
eBay Inc. v. MercExchange, L.L.C. [United States Supreme Court; United States Court of Appeals for the Federal Circuit; United States District Court for the Eastern District of Virginia]. On May 15, the Supreme Court held that the traditional tests for granting a permanent injunction "apply with equal force to disputes arising under the Patent Act." Those tests are: (1) irreparable injury, (2) inadequacy of legal remedies, such as damages, (3) balance of hardships, and (4) the public interest. The Court disapproved both: (a) the Federal Circuit's rule that injunctions should be granted in infringement cases except in extraordinary circumstances, and (b) the district court's holding that the patentee's willingness to license its patent rather than to commercially develop the invention on its own should weigh against granting an injunction.

C. LAST WEEK

· ***Fifth Circuit Holds West Bank Palestinian Asylum Seekers Were Victims of Circumstance***
Majd v. Gonzales [5th Cir.]. On April 17, in a published decision, the Fifth Circuit granted the petition for panel rehearing, ordered its previous published opinion of March 8, withdrawn and substituted a new opinion. The Court upheld the Immigration Judge's denial of asylum, withholding of removal, and Convention Against Torture to West Bank Palestinians, determining that the record supported the determination that the aliens had suffered discrimination and harassment not rising to the level of persecution on account of one of the five statutory grounds. The court also rejected the alien's claim that he qualifies as a refugee pursuant to the 1951 Convention Relating to the Status of Refugees, adopting the holding of *Al-Fara v. Gonzales*, 404 F.3d 733 (3d Cir. 2005) that an alien cannot assert rights beyond those contained in the Immigration and Nationality Act.

· ***York County, Pennsylvania, Settles False Claims Allegations for $16 Million***
On April 26, York County, Pennsylvania, agreed to pay the United States $16 million to resolve allegations that the county inflated the per diem rate it charged the Immigration and Naturalization Service to house detainees from October 1999 to March 2003. In 2000, the county sought to increase the per diem rate it charged. In support of the increase, York submitted a certified statement of prison operating costs and represented the average daily population of the prison to be 996. In fact, the average daily population was 1,544 inmates. As a result, INS paid $60 a day per detainee, rather than the $38.70 it would have paid had York been truthful. York is one of the largest providers of detention services to INS/Immigration and Customs Enforcement in the nation.

- ***First Circuit Concludes that It Lacks Jurisdiction to Review "Due Diligence" Determination***
  Boakai v. Gonzales [1st Cir.]. On April 27, the First Circuit in a published decision found that it lacked jurisdiction under the REAL ID Act to review the Board's finding that the alien, who was convicted of an aggravated felony, had failed to exercise due diligence in filing his motion to reopen out of time. The motion to reopen had been filed fourteen months after the Board's decision denying protection under the Convention Against Torture and failed to mention the timeliness issue. The Court concluded that the finding that the alien had not exercised due diligence was a factual determination not subject to review. The Court also refused to consider the merits of the motion to reopen because it held that the failure to file a timely motion to reopen is a failure to exhaust administrative remedies.

- ***Seventh Circuit Concludes that Sua Sponte Denial of Motion to Reopen Raises No Due Process Issue***
  Cevilla v. Gonzales [7th Cir.]. On May 1, the Seventh Circuit, in a published decision, affirmed the Board's decision to decline to grant the alien's motion to reopen *sua sponte*. The Court concluded that although the REAL ID Act granted jurisdiction to review the denial of *sua sponte* reopening for questions of law and constitutional questions, no due process right attached to the failure to grant discretionary relief and that the "analysis that generated the finding, the procedure and evidence on which that analysis rested, and the finding itself are not so unreasonable as to constitute a denial of due process."

- ***Seventh Circuit Rules that Adverse Credibility Cannot be Based on the Submission of Forged Documents Without a Determination of Whether the Alien Knew of the Forgery***
  Hanaj v. Gonzales [7th Cir.]. On May 3, the Seventh Circuit in a published decision, vacated and remanded the Board's denial of asylum and withholding of removal. Primarily relying upon the testimony of the government's expert document witness that certain of the documents submitted by the alien were forgeries, the Immigration Judge determined that the alien was not credible and denied relief. The Court held that the submission of forged documents cannot negate the credibility of an entire claim unless the Immigration Judge determined that the alien knew or suspected that the documents were forged.

- ***D.C. Circuit Holds Orders Dismissal of Federal Tort Claims Act and Rehabilitation Act Claims on Interlocutory Appeal***
  Spinelli v. Goss [United States Court of Appeals for the District of Columbia; United States District Court for the District of Columbia]. On May 5, the District of Columbia Circuit (Randolph, Tatel, C.J, Williams, S.C.J.) reversed on interlocutory appeal the district court's denial of a motion to dismiss claims under the Federal Tort Claims Act and the Rehabilitation Act. Adopting our arguments with respect to both claims, the Court held that: (1) a determination by the Secretary of Labor that a condition is covered by the Federal Employees Compensation Act conclusively forecloses a Federal Tort Claims Act claim based on that condition, and (2) the Rehabilitation Act requires exhaustion of administrative remedies that cannot be excused on the basis of alleged futility. The

decision also indicates (at least implicitly) that the court may grant permission to take a § 1292(b) appeal even when the district court provides no written decision of any kind in denying a motion to dismiss, when two dispositive issues are raised, and even when additional claims remain in district court.

- ***Court of Appeals for the Fifth Circuit Affirms Ruling Dismissing Claims Arising From Overturned Convictions***
  Carney et al. v. United States, et al., Appeal No. 05-10198 [5th Cir. 2006]. On May 10, the Court of Appeals for the Fifth Circuit affirmed the rulings of the district court, dismissing the United States and the FBI for failure to timely exhaust claims under the Federal Tort Claims Act. Twenty-three months after plaintiffs' acquittal on criminal charges, plaintiffs filed suit alleging claims for malicious prosecution, abuse of process, and false imprisonment against the United States and individual federal employees. The United States was substituted for the federal employees. The district court dismissed the tort claims, finding that the plaintiffs had not exhausted their administrative remedies within two years of accrual. 28 U.S.C. § 2401(b). The court further ruled that plaintiffs claims did not fall within 28 U.S.C. § 2679(d)(5), under which certain cases may be deemed timely if dismissed after the substitution of the United States, because the plaintiffs had known of the federal presence in the case prior to filing suit.

- ***Plaintiffs Voluntarily Dismiss Action Against the United States in Long-standing Nevada Munitions Factory Case***
  Kemp, et al. v. United States [District of Nevada] (Judge Hicks). On May 10, the court granted plaintiffs' voluntary dismissal of their $20 million Federal Tort Claims Act action, alleging that their son suffered serious personal injuries, including failure of a transplanted kidney, as a result of exposure to hazardous chemicals emanating from an explosives factory ruin located on public land managed by the U.S. Department of the Interior's Bureau of Land Management in North Sparks, Nevada. The voluntary dismissal came immediately after the United States filed a comprehensive motion to exclude the testimony of plaintiffs' toxicological and medical expert witness, pursuant to *Daubert v. Merrell Dow Pharmaceuticals, Inc.*, 509 U.S. 579 (1993). The *Daubert* challenge demonstrated that the purported expert's knowledge of the toxins at issue was litigation-driven and that her method of determining general causation was flawed.

- ***Two Defendants Indicted in $15,000,000 Business Opportunity Scam***
  United States v. Leonard Needelman, et al. [Southern District of Florida] (Judge Cohn). On May 11, a federal grand jury in Ft. Lauderdale indicted Leonard Needelman and Jason Kowal for fraudulent sale of business opportunities at a firm called Cash Link Systems. The Indictment charges both defendants with conspiracy and mail and wire fraud. According to the Indictment, defendants and others sold fraudulent business opportunities through Cash Link. Cash Link purported to sell cash-less ATMs and potential purchasers were told that for approximately $12,000, Cash Link would, among other things: perform the most difficult and time consuming part of the business – securing viable locations in which to place the cash-less ATMs; find appropriate high-traffic locations to place the kiosks; and relocate any kiosk that underperformed. Cash Link Systems victimized over 900 people and caused over $15,000,000 in victim losses.

- ***Nine Defendants Indicted in $17,000,000 Business Opportunity Scam***

United States v. Jay Mayne, et al. [Southern District of Florida] (Judge Martinez). On May 12, a Superseding Indictment against nine defendants was unsealed, charging fraud in connection with business opportunity sales at Pantheon Holdings, a/k/a Internet Machine Company (Pantheon). The nine defendants played various roles at the company, primarily in sales positions, or acting as bogus references. The Superseding Indictment charges all defendants with conspiracy to commit mail and wire fraud, and various defendants with substantive mail and wire fraud counts. Pantheon purported to sell Internet kiosks, and potential purchasers were told that for approximately $18,000, Pantheon would, among other things: perform all the legwork of the business; find viable, high-traffic locations to place the kiosks; relocate any kiosk that underperformed; and place national advertisements on the kiosk. Pantheon victimized over 700 people and caused more than $17,000,000 in victim losses.

- ***Court Enjoins Guantanamo Bay Military Commission Proceeding***
  Hamdan v. Rumsfeld. *Al Sharbi v. Bush* [District of Columbia]. On May 12, Judge Emmet G. Sullivan enjoined military commission proceedings with respect to a Guantanamo Bay detainee, Ghassan Abdullah Al Sharbi, pending a decision of the Supreme Court. The court rejected the government's argument that the court lacked jurisdiction under the Detainee Treatment Act of 2005 as "premature," given the pendency of the issue of the Act's effect before the D.C. Circuit and the Supreme Court. The court considered enjoining the commission proceedings to be imminently practical since a decision in the *Hamdan* case is expected soon. The court stated, "The government has not explained . . . why the Court must adhere to the laws of war now [by permitting the continuation of commission proceedings intended ultimately to address accused violations of the law of war], rather than wait a few weeks so that it may follow the rule of law, as it will be determined by the Supreme Court."

D. LONG RANGE EVENTS

- ***Oral Argument Rescheduled and Supplemental Briefing Ordered in Establishment Clause Challenge to National Motto***
  Newdow v. Congress of the United States of America [Eastern District of California]. On May 10, the court rescheduled oral argument on defendants' pending motion to dismiss. The argument, which had previously been set for May 19, will now be heard on June 16. This case against the United States, Congress, its Law Revision Counsel, and Department of Treasury officials challenges the constitutionality of the national motto, "In God We Trust," and its inscription on United States coins and currency, under the Establishment Clause, the Free Exercise Clause, and various other theories. Our supplemental brief addressing an amended complaint is due May 26

Contact: August Flentje, Counsel, 514.3309

Grider, Mark (ODAG)

From: Grider, Mark (ODAG)
Sent: Tuesday, May 16, 2006 12:22 PM
To: A. J. Turner; Avergun, Jodi L.; Barrera, Staci; Battle, Michael (USAEO); Baxter, John; Brand, Rachel; Braun, Michael A.; Buchanan, David; Bukovac, Michael A.; Burch, Jim; Caballero, Luis (USMS); Carroll, Carson W.; Chip Burrus; Coughlin, Robert; Crews, John (USAEO); Davis, Margaret (CRM) (OCDETF); Donovan, Joseph; Elston, Michael (ODAG); Epley, Mark D; Geffroy, Michael; Goodling, Monica; Gorsuch, Neil M; Grider, Mark (ODAG); Hagy, David; Harris, Greg; Jezierski, Crystal; Macklin, Kristi R; Manning, John; Matz, Harry; McFarland, Steven T (ODAG); McKeown, Matt (ENRD); Mercer, Bill (ODAG); Moore, Miriam (ODAG); Nash, Stuart (ODAG); Peed, Carl; Phillips, Bob; Quinn, Timothy; Rannazzisi, Joseph T.; Roehrkasse, Brian; Roland, Sarah E; Sampson, Kyle; Scolinos, Tasia; Scott, McGregor (USACAE); Seidel, Rebecca; Shores, R. Trent (USAEO); Shults, Frank (ODAG); Sola, Stephen; Swenson, Lily F; Taylor, Jeffrey (OAG); Todd, Gordon (SMO); Toll, Donald A.; Toulou, Tracy (USAEO); Vargas, Omar; Voris, Natalie (USAEO); Vroegh, Jerry L.; Walther, Michael; Whitney, Claire (ENRD)
Subject: Anti-Methamphetamine Coordination Committee Update
Attachments: Draft Meth Initiatives 5 14 06doc.doc; PatriotMethSummary.doc; Master Report 5-14-06.doc

All,

As mentioned at the last Anti-Methamphetamine Coordination Subcommittee meeting, we need the following from you by COB Friday, May 26, 2006:

1) Please review and make any changes or additions to the attached updated Department Meth Initiatives. **Please make sure your component's goals or strategies are represented and captured accurately in the Meth Initiatives**; and

2) Please review the attached **DOJ Meth Report.** Please review sections for accuracy and completeness. Please remember to submit a short (1 to 2 paragraphs) prose summary of your component's accomplishments.

Also, please find attached OLP's summary on the Combat Meth Act.

The next Anti-Methamphetamine Coordination meeting will be held on Thursday, July 13, 2006, at 2:00 p.m. at the 7th floor Conference Center.

Please e-mail all changes and updates to the Meth Initiatives and the Meth Report to Mark Grider, Kristi Macklin, and John Manning.

Thank you.

Stuart Nash and Rachel Brand

METHAMPHETAMINE INITIATIVES for the Department of Justice

Executive Summary

The Department of Justice is working with federal, state, tribal, and local law enforcement and our international partners to combat methamphetamine production capabilities and the trafficking and abuse of methamphetamine that plagues our Nation. Addressing the illegal distribution of methamphetamine is the Department's top drug enforcement priority.

To achieve a significant reduction in methamphetamine distribution and use, the Department will:

Establish the Anti-Methamphetamine Coordination Committee

- the Committee will oversee the implementation of the Department Initiatives and ensure the most effective coordination of Department anti-methamphetamine efforts.

Decrease Methamphetamine Production

- increase our cooperation with Mexican law enforcement authorities to halt the spread of this deadly and addictive drug and disrupt and dismantle the trafficking organizations responsible; and

- seek the cooperation of law enforcement authorities in countries that are a source of precursor chemicals in order to cut off the international supply of precursor chemicals to methamphetamine producers.

Enhance Anti-Methamphetamine Trafficking Capabilities

- assist tribal, state, and local authorities with training, cleanup, and enforcement initiatives;

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- enhance intelligence gathering capabilities through the OCDETF Fusion Center and the El Paso Intelligence Center; and

Maximize Department Resources in the Area of Prevention and Education

- coordinate efforts of DOJ components to assure that available resources for training, prevention, intervention, and treatment efforts are deployed efficiently and in a manner that serves overarching policy goals.

PRIORITY THREE: DRUG ENFORCEMENT

Strategic Objectives and Initiatives:

I. Establish the Anti-Methamphetamine Coordination Committee

a. Ensure the most effective coordination of anti-meth efforts by the Department of Justice.

i. Participants: OLP, OLA, DEA, ATF, OTJ, BOP, NMCI, CRIM, ENRD, OJP, HIDTA, EOUSA, COPS, OPA, OIPL, FBI, USMS, OAAG, OCDETF, NDIC, USAs.

ii. Establish Clear Objectives:

1. Implement 2006 Department's Meth Initiatives.

2. Develop a quarterly Meth Report for the Department.

3. Prepare 2008 Budget for Meth.

4. Coordinate Department policy and efforts with the *2006 Synthetic Drug Control Strategy*.

iii. Develop *Methamphetamine Trafficking Intelligence*.

1. *Prepare, within the next 120 days, an up-to-date assessment of methamphetamine trafficking into, and within, the United States*.

2. *Receive work product and briefing from the participants in Anti-drug Intelligence community*.

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3. Direct NDIC to produce, in selected regions, methamphetamine-specific regional intelligence assessments to establish the current baseline threat and periodic (120-180 day) follow-up assessments.

4. DEA and State will continue to review the feasibility of employing newly emerging technologies to identify, monitor, and intercept foreign shipments of precursor chemical diverted from appropriate commercial distribution channels.

II. Decrease Methamphetamine Production

a. Enhance international cooperation to decrease illegal importation of methamphetamine and chemicals.

b. Build Mexican capacity to tackle its methamphetamine and chemical problem.

i. Full clandestine lab training by DEA Quantico for Mexican counterparts. (March 2006)

ii. *DEA will offer basic identification, interdiction, and clan lab training seminars to state and local police agencies in key Mexican states on an ongoing basis. (NAS-funded, 40-50 per class, about 2 per month, coordinated by Mexican nationals using U.S. instructors – March-December 2006)*

iii. Offer interdiction training opportunities including:

1. Share "best practices" with Mexican law enforcement on how to interdict chemicals by land, sea, border and highway. (August/September 2006)

2. Operation Jetway training in airport interdiction – offer classes to Mexican law enforcement assigned to the Mexico City Airport to be followed by several other identical training at DEA's various resident offices in Mexico (e.g. Guadalajara, Tijuana, Monterrey, etc.).

iv. One week chemical identification class to Mexican FDA-type groups that have jurisdiction over precursor chemicals and pharmaceutical drugs. (Tentative)

v. Support Mexican outreach efforts, including –

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1. Educating "first responders" (*e.g.*, fire, ambulance, etc.); and

2. Raising public awareness of the dangers of meth labs and destructive nature of the drug.

vi. Provide material assistance to Mexico, including surplus clan lab trucks and safety and testing equipment.

c. Convene Principals meeting: Attorneys General of the U.S. and Mexico to meet during the National Methamphetamine & Chemicals Initiative Conference. (May 2006)

d. Partnership with Precursor Source Countries.

i. Convene Hong Kong Conference to monitor flow and identify suspect shipments of ephedrine and pseudoephedrine; ask precursor source countries to share historical and current data on production and distribution through law enforcement channels. (February 2006) ***COMPLETED (partial success – resolution makes info sharing voluntary and references national laws)***

ii. Petition Commission on Narcotics Drugs in Vienna. The United States will seek a resolution by all nations that are signatories to the various UN drug and precursor conventions to provide and share information relating to their annual requirements for key meth precursors. (March 2006) ***COMPLETED***

iii. DEA will continue to work with the State Department and ONDCP to raise the awareness and profile of the problem of meth production and the largely unregulated flow of chemicals that permits it in international contacts. DEA and DOJ sit on international committees that specifically address international precursor chemical issues with producing countries such as India, China, and Germany.

e. Monitor and ensure enforcement of the key methamphetamine precursor provisions in the Combat Meth Act.

i. Retail sales limited to 3.6 grams;

ii. Behind the counter and related provisions; and,

iii. Spot market control.

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f. Support State and Local Law Enforcement.

i. Promote groundbreaking for Clan Lab Training Center at Quantico in Spring 2006.

ii. Travel to states to promote the Combat Meth Act provisions and encourage federal, state, tribal, and local partnership in the fight against methamphetamine. (GA, MO)

OCDETF will work with NDIC to integrate docex with existing Post Seizure Analysis Teams (PSATs) pursued by OCDETF in OCDETF's 9 Regions. PSATs, an OCDETF initiative, involves partnering with and training state and local law enforcement with the ultimate goal of fully exploiting evidence collected from highway interdictions. Pursuant to these initiatives, state and locals have agreed to contact the PSATs who collect and analyze evidence from the scene for subsequent follow-up, with the goal of linking these seizures to organizations.

III. Enhance Anti-Methamphetamine Trafficking Capabilities

a. Partner with Mexican counterparts to build cases against distribution groups.

i. Encourage agents, investigators, and prosecutors to engage in bilateral investigations and prosecutions working with trusted Mexican counterparts to prosecute key members of methamphetamine distribution organizations.

ii. Post a NDDS attorney in Mexico City to work with Mexican counterparts to develop meth chemical cases in both countries.

iii. Designate a dedicated NDDS meth/chemicals prosecutor.

b. Intensify domestic enforcement efforts against methamphetamine traffickers.

i. Continue the redirection of DEA Mobile Enforcement Teams (METs) to prioritize the investigation of methamphetamine crimes, coordinating with DEA's Clandestine Lab Enforcement Teams where necessary.

ii. Expand the focus of DEA's existing Clan Lab Enforcement Teams, comprised of agents and task force officers, to enhance

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efforts in areas particularly hard hit by meth in order to identify meth targets or help with ongoing investigations.

iii. Enhance the use of DEA's chemical importer inspection teams that can be quickly deployed to perform on-site inspections of DEA registered importers if information is developed that indicates possible diversion at importer facilities.

iv. Encourage U.S. Attorneys to grant high priority to the prosecution of methamphetamine "cooks" and repeat offenders in areas where methamphetamine is a problem, even if the cooks are not large-scale.

v. Seek a new mandatory minimum sentence or, alternatively, a new sentencing guideline to establish a federal sentencing floor of approximately 3 to 4 years for any meth lab operator.

vi. Consider amendments to the CSA to reach international chemical trafficking to third countries where meth is destined for the U.S.

vii. Promote the OCDETF Fusion Center. Commit one section of the OCDETF Fusion Center to analyze data gathered in investigations to determine whether there are connections among and between existing cases in an effort to support cases involving CPOT-level traffickers in methamphetamine and precursor chemicals.

viii. Suspicious Activity Reports (SAR): Encourage United States Attorney's Offices to establish Suspicious Activity Report Review Teams.

ix. Increase prosecutor and LEA Training. *(per National Synthetic Drug Action Plan (Oct. 2004)*

x. Enhance partnership between EPIC and OCDETF Fusion Center in order to include all relevant EPIC databases and analytical capabilities concerning the movement of drugs and other contraband, as well as organizations that control them, across the Southwest Border.

xi. The Trifecta: Guns – Gangs – Drugs: Analyze Nexus between Guns – Gangs – Drugs. Coordinate with Gang groups to address Meth and Gangs.

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IV. Methamphetamine and Indian Country

a. Focus on the Department's unique responsibilities to federally recognized tribes and recognize that methamphetamine production, use, and distribution is a major issue in Indian country.

   i. Promote the continued use of regional multi-jurisdictional investigative task forces to combat methamphetamine in Indian Country, consistent with the federal government's exclusive investigative and prosecutorial jurisdiction over felony level offenses in Indian country.

   ii. Support U.S. Attorneys and Federal investigative agencies efforts to adjust threshold amounts as necessary based on the needs of tribal communities and specific prosecution and investigation strategies.

   iii. Provide tribal law enforcement training for the management of methamphetamine investigations as force multiplier in Indian country.

   iv. When conducting intelligence gathering include a representative from the FBI's Indian Country Unit. Despite enhanced efforts by DEA, the FBI is still the primary federal law entity investigating drug offenses in Indian country. Information on trafficking in Indian country is often not reflected in information obtained from general intelligence sources. Should additional Indian country intelligence or background be needed, the Office of Tribal Justice would also welcome the opportunity to sit on the Intelligence Group.

V. Demand Reduction Strategies and the 2008 Budget

a. Establish Demand Reduction Subcommittee

   i. Participants: OLP, DEA, EOUSA, OJP, OTJ, OPA, OIPL, BOP, COPS

   ii. Coordinate efforts of DOJ components to ensure that available resources are deployed efficiently

   iii. Develop comprehensive list of all existing Demand Reduction programs

   iv. Gather existing DOJ component anti-methamphetamine

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educational materials/best practices

v. Coordinate DOJ sponsored anti-methamphetamine conferences

b. Identify methamphetamine user demographics to ensure that the Department's efforts are appropriately focused

i. Review all existing studies on methamphetamine use:

1. National Survey of Drug Use and Health (NSDUH)

2. Monitoring the Future (MTF)

3. Youth Risk behavior Surveillance System (YRBSS)

4. Treatment and Episode Data Set (TEDS)

5. Drug Abuse Warning Network (DAWN)

6. Arrestee Drug Abuse Monitoring (ADAM)

7. Quest Diagnostics Drug Testing Index

ii. Commission new research if appropriate and feasible

c. Create educational programs directed at groups that currently are underserved by existing DOJ and other anti-methamphetamine education efforts

i. Identify underserved groups:

1. College students (near average age of first use)

2. Women (use meth almost as much as men, unlike other drugs)

3. Workforce/professions (encompass most of meth using population, but are only reached if enter hospital or treatment, or get arrested)

4. Tribes (meth use doubled between 2000 and 2004)

ii. Draft plans to disseminate educational materials to each group identified

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d. Partner with industry and the private sector as a force multiplier in education and prevention efforts

   i. Identify corporations that can help disseminate educational materials (e.g., through advertising/banner space)

   ii. Identify corporations with large percentage of methamphetamine use and assist with establishing or improving drug free workplace programs

   iii. Establish good corporate citizen awards

e. Continue to support drug endangered children (DEC) programs.

   i. Collect DEC educational/best practices

   ii. Ensure relevant DOJ websites link to best practices DEC sites

f. Coordinate National Methamphetamine Awareness Day (NMAD) (October 2006)

   i. Coordinate with potential cosponsors

   ii. Develop list of target forums for meth education efforts on NMAD.

   iii. Develop list of participating organizations, to include all USAOs and federal law enforcement agency field offices

   iv. Develop educational materials for dissemination on NMAD

   v. Conduct coordinated media outreach effort

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Bureau of Alcohol, Tobacco, Firearms and Explosives (ATF)

Accomplishments:

- During the past year, ATF has seized numerous firearms, real estate, currency, vehicles, and methamphetamine as a result of investigations into methamphetamine trafficking.

Training:

- ATF offers training to our law enforcement partners in the identification of improvised explosive devices used as booby traps in clandestine meth labs.

In progress/future plans:

- ATF continues to work with other federal, state, and local law enforcement agencies to combat the proliferation of methamphetamine. ATF's expertise in firearm and explosives investigations enhances investigations of methamphetamine trafficking organizations utilizing firearms and/or explosives. ATF has numerous undercover investigations currently underway into outlaw motorcycle gangs (OMG) that distribute meth.

Bureau of Prisons (BOP)

Accomplishments:

- Consistent with the Violent Crime Control and Law Enforcement Act of 1994, BOP provides appropriate substance abuse treatment to 100% of all eligible inmates, including inmates with a diagnosis of methamphetamine abuse or dependence. This program has been proven to reduce recidivism and relapse for participants.

Training:

- No information.

In progress/future plans:

- In FY 06, BOP will continue to provide substance abuse treatment to all eligible inmates.

Community Oriented Policing Services (COPS)

Accomplishments:

- COPS supports state, local and tribal law enforcement and their fight against methamphetamine through grants, training, technical assistance, conferences, best practices, publications, and evaluations. Since 1998, COPS has invested more than $385 million nationwide to combat the spread of methamphetamine.

- DARE America used COPS funding to educate youth on the dangers of meth use.

- COPS Publications:
  - Clandestine Drug Labs Guide
  - Combating Methamphetamine Laboratories and Abuse: Strategies for Success
  - Drug Dealing in Open Air Markets Guide
  - Drug Dealing in Privately Owned Apartment Complexes Guide
  - Prescription Fraud Guide

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- Rave Parties Guide
- Evaluation of the COPS Meth Program (evaluates COPS' first six methamphetamine grants)

Training:

- The California Department of Justice used COPS funding to establish the Western Regional Training Center, which provides training on a variety of methamphetamine-related issues, including clan lab training, to law enforcement agencies from California and 12 other western states.

- Circle Solutions, Inc. used COPS funding to develop and deliver awareness training on community policing approaches to meth reduction.

- COPS funded Regional Community Policing Institutes (RCPI) in Carolinas, Colorado, Florida, Oregon

- COPS sponsored COPS hosted five annual national meth conferences for grantees that brought together the nation's leading meth enforcement experts and practitioners.

In progress/future plans:

- For FY 06, COPS is working to distribute $63.5 million to meth-related efforts. Of that amount, $43.8M is earmarked. $19.7M is for the DEA to assist state and local law enforcement with DEC programs, clandestine meth labs hazmat removal and disposal, and container programs, including funds for training, technical assistance, and purchase of equipment to remove and store hazardous waste.

  - Meth Earmark Projects include training to prevent and detect methamphetamine operations, augmenting enforcement efforts, reducing production, enhancing prevention, monitoring precursor chemical sales, expanding treatment, intelligence gathering and effective prosecution preparation, equipment purchases to develop needed infrastructure, and clean-up efforts for methamphetamine manufacturing by-products.

- COPS is also currently working to make over 100 grant awards to state and local law enforcement programs to combat meth production and distribution; to target drug "hot spots"; and to remove and dispose of hazardous materials at clandestine meth labs. The application deadline is May 31, 2006. COPS plans to have all of these awards obligated by September of this year.

- In FY 2007, the COPS Methamphetamine program will continue to provide resources to improve the crime fighting and criminal justice system capabilities of state, tribal, and local governments. The FY 2007 request includes $40 million for local law enforcement meth clean up efforts led by the DEA.

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Drug Enforcement Administration (DEA)

Accomplishments:

- Since January 1, 2003, the Document Exploitation (Doc Ex) Division has completed 25 methamphetamine/pseudoephedrine missions. A synopsis of significant missions follows:

  - **DEA Guadalajara, Mexico** –On January 5, 2006, a meth lab was discovered in Guadalajara. 500 kilos of meth, 11 kilos of ephedrine, 18 fifty-five gallon drums of hydriodic acid, 50 five-gallon cans of acetone, 11 large "cookers," 60 sacks of sodium hydroxide, and an assortment of laboratory equipment were seized. A Doc Ex mission will be conducted at a date to be determined.

  - **FBI Sacramento (March 2006) –** Doc Ex conducted an in-house mission in support of an FBI Sacramento investigation into five Palestinian brothers who were sending large amounts of cash to the West Bank, including to accounts, businesses, and individuals associated with Hamas and Islamic Jihad. The brothers generated revenue by supplying large quantities of pseudoephedrine to Mexican meth organizations and retail businesses. The proceeds were moved to the Middle East through wire transfers, overseas money exchangers, and bulk shipments of cash and money orders.

  - **DEA Oklahoma City (March 14-24, 2006), Operation Surge** – Doc Ex and Comp Ex deployed in support of an investigation by DEA Oklahoma City, the Central Oklahoma Metro Interdiction Team (COMIT), and the Oklahoma Highway Patrol. The team exploited documents and telephone numbers from three real-time seizures and eight historical cases, and performed additional database queries and analysis at NDIC.

  - **DEA Atlanta (Chattanooga) (November 2005**) – Doc Ex conducted an in-house mission in support of an OCDETF investigation by DEA Chattanooga. The investigation targeted the intentional distribution of chemicals, primarily pseudoephedrine and ephedrine, and equipment by businesses to individuals engaged in the manufacture of meth. Comp Ex conducted forensic analysis on six computers seized in this investigation.

  - **DEA Miami (Ft. Lauderdale) (September 2005)** –Doc Ex conducted an in-house mission in support of an investigation of a meth manufacturer by DEA Fort Lauderdale. Through the exploitation of the data on the suspect's computer, the case agents were able to discover child pornography to support additional charges against the suspect.

  - **DEA Washington, DC (Wheeling, WV) (August 2005)** –Doc Ex conducted an in-house mission in support of an investigation by DEA Wheeling targeting an individual suspected of producing and selling methamphetamine. Comp Ex conducted forensic analysis on one computer seized in this investigation.

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- **DEA Seattle (Portland) (May 2005)** – Doc Ex conducted an in-house mission in support of an investigation by DEA Portland targeting individuals ordering, via the Internet, large quantities of precursor chemicals for the production of meth. These individuals had used several different names and e-mail addresses to purchase the precursor chemicals.

- **DEA Seattle (Portland) (May 2005)** – Doc Ex conducted an in-house mission in support of an investigation by DEA Portland targeting a meth manufacturer. The suspect originally was a source of supply to area motorcycle gangs in Salt Lake City, but had relocated his operations to the Portland area. Comp Ex conducted forensic analysis on five computers seized in this investigation.

- **DEA Phoenix (May 2005)** – Doc Ex deployed to Phoenix, Arizona, in support of a DEA Phoenix OCDETF investigation targeting a meth, cocaine, and marijuana trafficking organization. This organization principally obtained its drugs from a source in Mexico, and oversees the distribution of the narcotics to California, Nebraska, and New Mexico, as well as the eventual transfer of drug proceeds back to Mexico.

- **FBI Omaha (April 2005) –** Doc Ex conducted an in-house mission in support of a FBI Omaha OCDETF investigation called "Operation Backtrack." The investigation targeted an organization distributing large quantities of meth in south-central Nebraska. The first Doc Ex mission in support of this investigation was conducted in May 2003. The Doc Ex information identified additional locations to search for assets.

- **DEA Hong Kong (March 2005)** – Doc Ex conducted an in-house mission in support of a DEA Hong Kong and SOD coordinated investigation. The investigation targeted an organization that provided chemists and lab equipment to establish crystal methamphetamine mega-labs for various drug trafficking organizations in Southeast Asia. To date, one lab has been seized in the United States.

Training:

- DEA sponsors Meth Summits (11 so far). Upcoming summits will be in Alabama, New York and D.C. area. DRCs conduct meth training at national conferences. Additionally, Victim Witness specialists speak at DEC conferences and work with state DEC alliances.

- In 2007, DEA will open the new Clandestine Laboratory Training Center at the DEA Training Academy. The Clandestine Laboratory Training Unit has successfully trained thousands of DEA personnel and state and local officers. The new Training Center will enhance the current training programs, and allow for the flexibility necessary to combat an ever-changing threat.

- DEA's Clandestine Laboratory Training program certifies Special Agents, Forensic Chemists, and state and local officers to comply with OSHA standards regarding

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hazardous waste operations. It also provides training on how to operate safely in a clan lab environment, and offers tailored awareness training for different groups.

Clan Lab Training
FY 1998-2006 *(Second Qtr)*

Fiscal Year	State and Local Schools	International Schools	Total
1998	664	0	664
1999	1131	0	1131
2000	1564	0	1564
2001	1049	0	1049
2002	1275	55	1330
2003	1570	88	1658
2004	939	97	1036
2005	1043	366	1409
2006 *(through 2nd Qtr)*	552	0	552
Total	**9787**	**606**	**10393**

State and Local Schools include:
State and Local Clan Lab (SALC)
State and Local Tactical (TAC)
Site Safety (SS)
National Guard (NG)
Network Environmental Systems (NES)

International Schools include
Clandestine Heroin Processing
Site Safety
Clan Lab Seminar

- DEA has also entered into a partnership with the National Guard Midwest Counter-Drug Training Center (MCTC) in Des Moines, Iowa, to conduct joint training.

- DEA has also worked with individual states receiving grants to conduct basic certification schools. DEA has coordinated state-funded schools in Illinois, South Carolina, Florida, and Virginia.

- If funded, DEA will train Mexican law enforcement on methamphetamine and clandestine labs. INL funded training, scheduled to be conducted by contractors, will train an additional 650 Mexican law enforcement officials by the end of 2006.

In progress/future plans:
- The DEA's efforts to combat the methamphetamine problem include a vigorous enforcement program targeting major drug and chemical trafficking organizations, domestic and international precursor chemical controls, the identification and clean up of

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small toxic laboratories, drug prevention and education programs, and training of DEA personnel and its domestic and international law enforcement counterparts.

- **Methamphetamine Task Force (MTF)**
  The MTF is dedicated to the improvement of the federal government's response to methamphetamine. The MTF is comprised of DEA, DOJ, and ONDCP representatives. The MTF will collect, analyze, and disseminate information concerning meth trafficking. The MTF will identify specific issues that require action and will work with the Synthetic Drugs Interagency Working Group on potential solutions. The MTF first met in March 2006 and plans to meet on a monthly basis.

- **Drug & Chemical Enforcement Initiatives**
  - 7 of the 44 organizations on the FY 2006 CPOT list (16 percent) are engaged in methamphetamine trafficking. At the end of the first quarter of FY 2006, DEA had 31 PTO investigations with methamphetamine as the primary drug type. Since the inception of the PTO program in FY 2001, DEA has disrupted 223, and dismantled 204, PTOs with methamphetamine as the primary drug type.

  - Since March 2005, DEA Mobile Enforcement Teams (METs) have prioritized meth investigations. In FY 2005, 41 percent of new MET deployments targeted methamphetamine trafficking organizations.

  - DEA has a Special Investigative Unit (SIU) program in Mexico, working with Mexican law enforcement to combat meth.

  - DEA, in conjunction with the Department of States Office of International Narcotics and Law Enforcement Affairs (INL), is working to improve the enforcement and intelligence collection capabilities of our Mexican counterparts through training and commodities assistance programs, including clandestine lab and precursor chemical training programs in Mexico during the coming year.

  - DEA is working with the international law enforcement and precursor control community to improve international chemical controls. DEA attended the *Precursor Chemical Producer's Meeting* in Hong Kong in February 2006, and the 49th Commission on Narcotic Drugs (CND) in Vienna, Austria in March 2006.

  - In FY 2005, DEA administered approximately 8,700 clandestine lab clean ups for state and local agencies.

  - DEA Clandestine Laboratory Enforcement Teams (CLET or Team) now also target major Mexico and U.S. based Mexican organizations involved in the manufacture, trafficking, and distribution of methamphetamine.

  - In 2003, DEA began the Authorized Central Storage Program (ACS), otherwise known as the Container Storage Program, to expedite the removal of seized chemicals at clandestine drug laboratories, thereby minimizing on-site wait time

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for law enforcement, and overtime costs. A pilot program was successfully initiated in Kentucky. Alabama, Illinois, Nebraska, Indiana, and Oklahoma have also signed letters of agreement to participate in the program.

- **Demand Reduction / Prevention / Education Initiatives**

  - DEA's Demand Reduction program enhances prevention programs across the nation by developing strategic alliances with prevention and treatment agencies, community coalitions, and state and local governments. With its partners like the Partnership for Drug Free America, DEA engages in aggressive public messaging campaigns to illustrate the consequences of drug use. These efforts include PSAs and on-the-ground outreach with pediatricians, editorial boards, and community leaders.

  - Demand Reduction Coordinators (DRC) in 31 Field Divisions work on meth prevention.

  - In 2005, DEA and the Elks collaborated on a publication titled "Meth: It's Everyone's Problem." The Elks have also agreed to publish a teen meth magazine.

  - DEA sponsors a traveling exhibit called "Target America: Opening Eyes to the Damage Drugs Cause." The exhibit includes a replica of a hotel room with a meth lab.

  - DEA's teen website **Justthinktwice.com** has a portion called "Got Meth?" dedicated to meth issues. Since its launch, the site has attracted 1.5 million visitors.

Environmental and Natural Resources Division

Accomplishments:

- ENRD did not report any methamphetamine related activity prior to April 2006.

Training:

- ENRD plans to incorporate a meth component into existing training programs for (1) federal land managers and investigators, and (2) federal, state and local prosecutors, investigators, and regulators. There will be no separate ENRD budget item for meth training. Existing programs include:
  - Environmental Crimes Seminar at the NAC (May 8-12), which is ENRD's principal environmental crimes training program for prosecutors
  - Environmental Crimes Policy Committee, which is led by the Environmental Crimes Section, and attended by prosecutors and government lawyers
  - Regional state environmental association meetings
  - Law enforcement coordinating committee meetings and task force meetings

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- Training at the Federal Law Enforcement Training Center in Brunswick, GA.

In progress/future plans:

- In FY 06, there will be "a surge day" on the U.S./Mexican border looking for violations of environmental criminal laws. Enforcement personnel will look for meth and its precursors.

- The Environmental Crimes Section will prosecute, or provide support for, meth cases charged as environmental crimes, as appropriate.

National Drug Intelligence Center (NDIC)

Accomplishments:

- During the past year, NDIC has produced a number of intelligence products and briefings pertaining, either in whole or in part, to methamphetamine trafficking and abuse, including:

- **Treat Assessments**:
  - National Drug Threat Assessment 2006
  - Marijuana and Methamphetamine Trafficking on Federal Lands Threat Assessment
  - Methamphetamine and Identity Theft Intelligence Bulletin
  - Methamphetamine Prices and Profit Margins Intelligence Bulletin
  - Native American Reservation Lands Drug Threat Assessment
  - U.S.-Canada Drug Smuggling Threat Assessment
  - Bilateral U.S.-Canada Drug Smuggling Threat Assessment
  - 6 Regional Drug Threat Assessments
  - 37 Drug Market Analyses

- **Special Projects**:
  - Paper prepared for the Office of Congressman Patrick T. McHenry, North Carolina – Methamphetamine Laboratory Seizures and Children Affected Nationwide, in North Carolina, and in the 10th Congressional District of North Carolina
  - Paper prepared for the Office of Congressman Collin C. Peterson, Minnesota – The methamphetamine situation in Minnesota and in the Seventh Congressional District of Minnesota
  - Paper prepared for the Office of Congressman John E. Peterson, Pennsylvania, 5th District – Using liquid preparations of pseudoephedrine in methamphetamine production
  - Paper prepared for the Office of Congressman William M. "Mac" Thornberry, Texas – The methamphetamine threat in Texas and the 13th Congressional District
  - Paper prepared for Mr. J. Spencer Morgan, Subcommittee Legislative Assistant, Subcommittee on Crime, Terrorism, and Homeland Security Committee on the Judiciary – Methamphetamine production using the three predominant methods (Lithium/Ammonia, Phenyl-2-Propanone, and Red Phosphorus); Powder and ice methamphetamine production in Asia and distribution in the United States

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- Paper prepared for the American Academy of Pediatrics – The presence of children at methamphetamine laboratories

- **Briefings**:
  - Methamphetamine Situation brief for the Western District of Oklahoma Methamphetamine Conference
  - Methamphetamine Situation on Big Ten College Campuses brief for the Big Ten Campus Police Conference
  - Anhydrous Ammonia in Methamphetamine Production brief for the Congressional Caucus to Fight and Control Methamphetamine
  - National Methamphetamine Situation brief for the U.S. Interdiction Coordinator
  - National Methamphetamine Situation brief for Congressman J.M. Peterson, Titusville, Pa Community Methamphetamine Summit
  - National Methamphetamine Situation brief for Virginia Methamphetamine Leadership Summit

Training:
- No information

In progress/future plans:
- In FY 2006, NDIC anticipates producing several meth-related intelligence products, including:
  - National Drug Threat Assessment 2007
  - National Methamphetamine Threat Assessment
  - 9 Organized Crime Drug Enforcement Task Force (OCDETF) Regional Drug Threat Assessments
  - 32 High Intensity Drug Trafficking Area (HIDTA) Program Market Analyses
  - 9 OCDETF Regional Methamphetamine Assessments
  - Special Projects and briefings relating to methamphetamine, upon request.

Office of Intergovernmental and Public Liaison (OIPL)

Accomplishments:
- **Outreach to Groups Working to Prevent or Treat Methamphetamine Use:** OIPL has established relationships with national organizations representing the interests of state and local law enforcement, prosecution offices, child protection advocates, and other state and local government officials, including state legislators. OIPL has also established relationships with key meth substance abuse treatment and counseling service providers and groups that work to prevent meth use.
- **Outreach to College Groups:** OIPL contacted leading associations of institutions of higher education, such as county and community colleges, independent colleges, and the National Collegiate Athletic Association (NCAA), to understand the ways in which their members are addressing meth use. With the exception of the NCAA's general program to combat drug use, it appears that institutions of higher education do not see meth use as a significant issue.

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Training:

- No information

In progress/future:

- OIPL will continue to work to develop and implement an outreach strategy.

Office of Justice Programs

Accomplishments:

- Sponsored Meth-related Conferences

DATE	EVENT	PRESENTATION TYPE	NUMBER TRAINED /ATTENDEES
1/10/05	COPS Meth Conference, Ft. Lauderdale, FL Drug Endangered Children & Victims of Meth Abuse	Presentation & Exhibit	300
3/30-31	School Social Workers Conference, Jekyll Island, GA	Victims of Meth Crimes & Drug Endangered Children	120
4/20/05	Cross Border Investigations, Buffalo, NY	Drug Endangered Children & Communities Presentation	300
4/25/05	Charleston, West Virginia Meth Summit	Drug Endangered Children & Victims of Meth Crimes	300
5/11/05	Drug Endangered Children, DEA Quantico/Camp Upshur	DEA Clan Lab Coordinators & Unit	30
7/19/05	Drug Identification Awareness for Educators; Hattiesburg, MS	Drug Endangered Children & Meth Crimes Presentation	100
10/3/05	National Alliance DEC Conference, Washington, D.C.	Exhibit	300
11/5-6/05	PDFA & Pediatricians, Memphis & Nashville, TN	Victims of Meth Abuse Presentation	20
11/8/05	DEC Buffalo	Drug Endangered Children	300
11/13 – 11/17/05	National Native America Law Enforcement Association (NNALEA) Conference	The Ripple Effect of Meth Predatory Drug Victimization	400
	South Carolina Meth Summit	VWAP & DEC Exhibit	250

- Sponsored other meetings, training, and presentations on meth, victims of meth abuse, and Drug Endangered Children:

DATE	TITLE	ATTENDEES & LOCATION
October 3-5	Exhibit & Resources only	2nd Annual DEC Conference, Washington, D.C.
October 12-13, 2005	VWAP & Drug Endangered Children	DEA New York Field Division New York, NY; 205 attendees
November 3, 2005	VWAP & Drug Endangered Children	DEA Dallas Field Division, Dallas, TX; 130 attendees
November 4-5, 2005	Meth & Drug Endangered Children	Pediatricians; Nashville, TN and Memphis TN. Requested by DEA Demand Reduction SES and Partnership for Drug Free America

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		(PDFA) in support of the Methamphetamine Project.
November 8, 2005	Identifying Children at Risk: Drug Endangered Children	Buffalo, NY. Invited by USAO and DEA. 114 attendees.
November 15, 2005	The Ripple Effect of Methamphetamine, Drug Endangered Children and Community Impact	National Native America Law Enforcement Association (NNALEA), National Conference, Las Vegas, NV. 500 attendees. Requested by NNALEA.
November 16, 2005	Predatory Drug Victimization	National Native America Law Enforcement Association (NNALEA), National Conference, Las Vegas, NV. Requested by NNALEA.
November 30, 2005	VWAP & DEC	DEA Confidential Source Coordinator Conference held in Washington, D.C.; 50 attendees.
January 24, 2006	Victim Witness & Drug Endangered Children 3 Training Sessions	DEA Philadelphia Field Division; 90 attendees
February 2, 2006	Conference call with HHS representatives providing DEC overview	DEA Headquarters
February 8, 2006	Meth & DEC	Assistance provided to the DEA Phoenix Field Division Special Agent in Charge. The SAC was scheduled for interviews on the subject of Meth & DEC.
February 15, 2006	Drug Endangered Children: Meth & More	CADCA Conference (Community Anti-Drug Coalitions of America). 150 attendees. Resources provided. Requested by CADCA & DEA Demand Reduction
March 17, 2006	Meth & Drug Endangered Children	Public Relations Summit, Partnership for Drug Free America, Methamphetamine Demand Reduction Program, New York, NY
March 21, 2006	Drug Endangered Children (presentation and exhibit)	Office of Attorney General, Victims Advocacy Division, Victim Assistance Conference, Lexington, Kentucky. Unable to attend.
	Drug Endangered Children & Victims of Meth Abuse	Main Justice. Meeting with DOJ-OLP for briefing on Meth & DEC. This meeting was requested by OLP. Meth Demand Reduction efforts were discussed by SES.

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March 23, 2006	Meth & DEC	DEC and related victim information requested by DEA London Country Office for a presentation to law enforcement officials
	Meth	Request by Laurel Shuster, OVC, for resources specific to Clandestine Labs (for proposed conference)
March 29, 2006	Witness Protection	OCDETF Conference, Ocean City, Maryland (invited, however, could not attend). Included was a discussion of child victims.
April 26, 2006	Drug Endangered Children	EOUSA. 28 attendees. Requested by Crystal Gaines.
April 27, 2006	Methamphetamine: The Costs to Society (focus on DEC) Lectures on various victim related subjects will continue through the year	DEA Headquarters Auditorium, National Crime Victims' Rights Week. Speakers included Special Agent Philippa Levine, Dangerous Drugs & Chemical Section; Deb Augustine with national overview of Meth victims and drug endangered children; and one state's response to Meth Abuse and its victims by Holly Hopper, Kentucky DEC Training Network. This week included two additional lectures on Identity Theft and Child Safety. Resources were provided to all attendees.

- NIJ Published *Methamphetamine Use: Lessons Learned* (NIJ sponsored, May 2005, NCJ 209730) serves as an overview of meth, including a review of the history of the meth problem, trends in its use, characteristics of users, adverse effects, production and trafficking, and treatment. The analysis involved a literature review of the extant knowledge on meth, a review of the existing datasets relevant to meth, and interviews with law enforcement and government personnel.

- National DEC Training Coordinator for DEC Programs. Since September 2003, OVC, through USAO-SDCA, has provided $233,000 to cover the salary and training costs of the coordinator. The program has trained thousands of individuals and many communities to respond to the children found at meth sites. In the past 6 months the program has conducted training for over 3,000 individuals. The coordinator follows up with trained communities to monitor the impact of the training sessions. Many of the trained communities develop their own DEC Programs. A request from USAO-SD CA for $205,000 to continue the project funding is being reviewed to determine whether these funds will be needed.

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- *Substance Dependence, Abuse, and Treatment of Jail Inmates, 2002,* (BJS 2005) presents data on inmates' prior use, dependence, and abuse of alcohol and illegal drugs. Prior drug use by jail inmates by type of drug is provided, however, meth use is not presented as an individual category; rather it is included within a "stimulant" category.

Training:

- **Interagency Agreement for Training and Technical Assistance with DEA (OVC)** (October 1, 2003), provides support for DEA's Victim Witness Assistance Program (VWAP) through funding for travel, lodging, per diem, registration, and consulting costs to assist in the agency's training and technical assistance efforts to better serve federal victims of crime.

In progress/future plans:

- **National Drug Endangered Children (DEC) Resource Center** will raise awareness of the problem of drug endangered children; provide information and respond to inquiries from individuals, agencies, and communities in establishing or maintaining DEC programs; and provide a forum for experts in the various fields who serve drug endangered children. The Resource Center will provide a national resource for individuals, communities, states, and federal agencies working to combat the problem of drug endangered children. A grant for the center, totaling $605,000 for the first year, will be awarded to the National Alliance for Drug Endangered Children. \

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- **Multi-jurisdictional Methamphetamine Task Forces (MMTFs):** Will make available funding to support the development of multi-jurisdictional, local law enforcement task forces to address meth production, trafficking, and use. MMTFs will work in a coordinated and collaborative fashion with federal law enforcement entities.

Bureau of Justice Assistance (BJA)

- BJA also maintains http://www.methresources.gov/.

- Sponsoring the following programs:
  - **Drug Court programs**

  - **Meth Response Training for Tribal Law Enforcement**: Will provide up to 10 intensive meth investigation management training sessions for Tribal law enforcement officers and officers from neighboring jurisdictions. This training will focus on managing meth investigations, with a special emphasis on officer safety.

  - **Indian Alcohol and Substance Abuse (IASA):** Designed to improve comprehensive responses to drug and alcohol abuse on tribal lands, addressing the demand for these illicit substances. In FY 2006 and 2007, DOJ=s Bureau of Justice Assistance will work with Tribal communities to determine the impact of methamphetamine on their communities and to develop appropriate responses to address them.

  - **Reentry of Methamphetamine Addicted Offenders**: A pilot project with selected communities to develop innovative, promising reentry supervision and service practices for methamphetamine addicted offenders returning to the community.

  - **Residential Substance Abuse Treatment (RSAT) Grant Program**: Assists states and local governments in developing and implementing residential substance abuse treatment programs in their correctional and detention facilities. RSAT programs provide individual and group treatment activities for offenders, and must last between 6 and 12 months, be provided in residential treatment facilities set apart from the general correctional population, focus on the substance abuse problems of the inmate, and develop the inmate's cognitive, behavioral, social, vocational, and other skills to solve the substance abuse and related problems. In FY06, $9,600,000 was awarded to the states in support of the RSAT program.

  - **Expand Community, Law Enforcement, and Youth Partnerships:** In partnership with the Boys and Girls Clubs of America and many other national crime prevention and youth development organizations, DOJ will make meth demand reduction a special focus of its 3rd Annual Law Enforcement and Youth Partnerships for Crime Prevention Conference, scheduled for October 2006. This conference involves over 100 teams of law enforcement and community leaders

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which gain exposure to dozens of promising strategies that engage law enforcement, community leaders and youth in prevention-oriented activities, including drug-demand reduction strategies. Each team creates a blueprint for action that can be implemented when they return home, with assistance and training from many of the initiative co-sponsors.

- **Ensuring Law Enforcement Officer Safety:** DOJ=s Office of Justice Programs will undertake a review of the latest scientific information available regarding the health risks for law enforcement officers and other justice professionals associated with exposure to meth. OJP will work with its national partners to ensure that the latest exposure research findings are readily available to law enforcement agencies and are incorporated into training for these officers. Products such as publications and audiovisual productions may also be developed and disseminated.

- New/Proposed Efforts (No current funding):

  - **Engaging the Community:** Will call on Neighborhood Watch groups to join in the fight against meth. Created in 2002, the USAonwatch initiative will include a special focus on meth, engaging citizens in the struggle to eradicate meth labs, to protect children from exposure to meth or its hazards, and to work closely with local businesses to prevent the theft and excessive purchase of methamphetamine precursor chemicals.

  - **Drug Endangered Children (DEC):** DOJ will provide support for enhanced, multi-disciplinary-focused training, technical assistance, and other efforts to address DEC. Such support will further the development of standard response protocols, delivery of a standardized training curriculum through existing DOJ training entities, enable the identification and promotion of promising approaches and programs, and support national DEC conferences and training.

<u>Bureau of Justice Statistics</u>

- Forthcoming Publications and Reports:

  - Report on law enforcement meth clandestine laboratories training (Early 2007). In June 2006, BJS will field a survey of law enforcement training academies which will include items on specialized training, including training in the identification of, response to, and handling of meth clan labs.

  - *Drug Abuse and Treatment, State and Federal Prisoners, 2004* (Summer 2006). The report will provide national estimates of drug involvement, including meth, among the prison population. Also included will be a profile of meth. These findings are from the 2004 Survey of Inmates in State and Federal Correctional Facilities that interviewed about 14,000 State prisoners and another 6,000 Federal prisoners. A number of the questions asked of the inmates pertained to their drug

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use habits and behaviors and their need for treatment (tracking DSM-IV and HHS and NIAAA definitions of treatment need).

- *Federal Criminal Justice Trends 2003*, which contains data on meth-related arrests by DEA (1994-2003), including regional and demographic breakdowns.

- Through the State Justice Statistics Program (SJS), BJS provides funds to the Program for Statistical Analysis Centers (SACs) in the states. SACs collect, analyze, and report statistics on crime and justice. In 2006, one of the themes for the SJS is the impact of meth abuse on state and local criminal justice and public health systems.

- BJS staff will attend "Meth: What's Working? What's Next?" (Helena, MT May 15-16, 2006), which is a joint project of the Wheeler Center, the Montana Governor's Office, the Montana DOJ, the Montana Meth Project and the MSU 4H Center for Youth Development.

Community Capacity Development Office (CCDO)

- **Meth Lab Special Emphasis Area:** FY 2006 Weed and Seed Continuation Sites may apply for up to $25,000 to implement targeted programs that may encompass Meth Lab/Environmental Activities. This Special Emphasis Area provides funds for training, equipment, and contractor expenses needed to handle, contain, and dispose of these dangerous substances at meth labs.

National Institute of Justice (NIJ)

- *Controlling Methamphetamine Precursors: from Policy to Practice* (NIJ Grant Award #2005-IJ-CX-0028) will provide policy makers, practitioners, and researchers with both a macro and detailed picture of state efforts to control meth precursor chemicals. Dissemination plans include working with NIJ to produce practitioner briefs; presentations at relevant NIJ conferences, state practitioner meetings, and scientific meetings; as well as publication in peer-reviewed journals.

- *The Chinese Connection: Changing Patterns of Drug Trafficking in the Golden Triangle* (NIJ Grant Award #2004-IJ-CX-0023) seeks to build basic knowledge about cross-border drug trafficking in the Golden Triangle and to advance theories on transnational organized crime by examining existing conceptual frameworks in a comparative context with studies of the Latin American drug trade. Two specific drugs will be of particular attention: heroin and amphetamine-type stimulants. Data will be collected through face-to-face interviews with drug enforcement authorities in China, government officials in three Southeast Asian urban centers, warlords in Burma border regions, and convicted drug traffickers in Kunming, China.

- *The Voice Stress Analysis Project* will contribute to data collection that could easily be used to compare data with earlier research data to show impact, if any, of the "Sudafed Law". Respondents of the voice stress analysis project will be asked a series of questions, including queries about drug use (marijuana, cocaine, opiates, meth, and PCP) in the past 3 days, past 30 days, and past year. At the conclusion of the questionnaire,

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respondents will be asked to provide a voluntary urine sample. Data collection on drug use among arrestees had been conducted at the proposed research site from 1998 to 2004. The proposed study would provide arrestee urinalysis data that could easily be used to compare with earlier research data using the same protocols.

Office for Victims of Crime (OVC)

- Published *Children at Clandestine Methamphetamine Labs: Helping Meth's Youngest Victims, June 2003*. http://www.ojp.usdoj.gov/ovc/publications/bulletins/children/welcome.html.

Organized Crime and Drug Enforcement Task Force (OCDETF)

Accomplishments:

- OCDETF has refocused its guidelines to target the most significant drug trafficking organizations and their financial infrastructures. Between FY 2003 and 2005, OCDETF had a 59% increase in the number of investigations initiated involving methamphetamine.

- The OCDETF Executive Office requires each of its nine regions to develop and implement annual strategic plans. Strategic initiatives to target the most significant drug threats in each region are a critical component of each region's strategic plan. Several regions have developed methamphetamine initiatives including the Pacific, Southeast, New England, New York/New Jersey and Florida/Caribbean. Other regions have developed strategic initiatives designed to ensnare large poly-drug trafficking organizations by targeting distribution vulnerabilities. These often identify links to organizations involved in methamphetamine trafficking. Highway interdiction initiatives are being carried out by state and local law enforcement. These agencies have agreed to contact federal "Post Seizure Analysis Teams" (PSAT's), which collect and analyze evidence from the scene for subsequent follow up. PSAT's have been effective in identifying links to OCDETF investigations across the country, many involving methamphetamine distribution.

- The following cases demonstrate the types of investigations OCDETF partner agencies are conducting to attack the methamphetamine threat.

  - **OPERATION 700 ROUND UP**
    On March 7, 2006, the DEA Dallas Field Division MET concluded a nine-month deployment and OCDETF investigation that resulted in the dismemberment of seven methamphetamine trafficking organizations and two crack cocaine organizations. The investigation targeted Rocky Salazar (Priority Target) who headed a street gang named Satan's Disciples, which was responsible for distributing methamphetamine in the Gainesville, Texas area. The Satan's Disciples also distributed narcotics and laundered money in three separate casinos located on Indian Reservations in Oklahoma. The investigation culminated with the arrest of 93 individuals (81 state and 12 federal), including Salazar, and the seizure of 0.6 kilograms of crack cocaine, 0.2 kilograms of powder cocaine, 2.5 kilograms of marijuana, 8.8 kilograms of methamphetamine, 0.6 kilograms of GHB, 65 firearms, $167,000 in U.S. currency, $70,000 in real property, and four

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vehicles. DEA conducted this enforcement operation together with ATF, BIA, the Chickasaw Indian Nation, and state and local officers from Texas and Oklahoma.

- **OPERATION WEST EASY**
  In the Fall of 2003, the Los Angeles Field Division of the DEA began an investigation of Ventura Rios who was identified as a lieutenant for the Zambada-Garcia Drug Trafficking Organization, a CPOT target. Ismael Rodriguez worked for Rios and headed a cell in California. Rodriguez was assisted by a group in Arkansas that was involved in transporting and distributing approximately 60 kilograms of meth and 20 kilograms of cocaine a year. DEA Los Angeles and DEA Fayetteville worked together to investigate the Arkansas cell of the organization. They conducted four wire taps during one sixty day period. 12 pounds of methamphetamine and 2 kilograms of cocaine were seized, including a load of methamphetamine and cocaine that was being transported from California to Minnesota by an Arkansas member of the organization. 14 defendants, including all the leaders of the Arkansas cell, were eventually convicted.
  The financial investigation revealed drug proceeds were either transported or wire transferred from Arkansas to Rodriguez in California. Approximately $750,000 worth of assets was seized from Rodriguez.

- **OPERATION ICE BREAKER**
  This investigation resulted in the conviction of 28 defendants in Nebraska for conspiring to distribute more than 600 pounds of methamphetamine, which was transported to Nebraska from California. Proceeds from the drug sales were collected and transported back to California after the bills were exchanged for $100 bills at local retail stores, and larger transactions were laundered at area casinos. Connections to seven other DEA investigations in the Midwest, Oregon, and California were established including a link to one Regional Priority Target (RPOT). In addition, one of the principal targets was linked to a money launderer with ties to the Arellano-Felix Organization which is a designated CPOT. A number of firearms, one Ford Harley Davidson model pickup, and over $150,000 in currency was seized.

- **OPERATION WYLIE COYOTE**
  This investigation targeted a large drug trafficking organization in the Fargo, ND/ Moorhead, MN, area operated by Ruben Hernandez, who supervised the organization from jail. The Hernandez organization obtained large quantities of methamphetamine, marijuana, and cocaine by an organization in Fresno, California, operated by Alejandrino Guerrero. Guerrero's organization was supplying another organization in North Dakota located on the Turtle Mountain Indian Reservation. This organization was estimated to be transporting approximately 227 kilograms of methamphetamine and 68 kilograms of cocaine on an annual basis, as well as laundering $1,000,000 in currency annually. 27 defendants were indicted during the course of this case. Sentences ranged from probation to 22 years in prison. This case was investigated by numerous state and federal law enforcement agencies including: DEA, IRS, ICE, ATF, USAO -

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District of ND, USAO - Eastern District of California, USAO - District of Nevada, Las Vegas Police Department, Fargo Police Department, North Dakota Bureau of Criminal Investigation, Minnesota Bureau of Criminal Apprehension, Cass County Sheriff's Department (ND), Clay County Sheriff's Department (MN), Bureau of Indian Affairs, and the Belcourt Police Department (ND).

- **OPERATION S.M.I.L.E.**
  This investigation, involving multiple law enforcement agencies at the federal, state and local level, dismantled the Jimenez Organization, which was responsible for distributing 1,000 pounds of marijuana and hundreds of pounds of methamphetamine over a three-year period in Wyoming and Nebraska. Jimenez obtained the methamphetamine and marijuana from his former prison associates in Mexico. The drugs were transported to Jimenez through an associated RPOT, Renaldo Olivas in Nevada. This organization was also estimated to be laundering approximately $500,000 per year. 45 defendants have been convicted and sentenced so far in this case.

- **OPERATION SPEED BUMP**
  From 1994 through March 2004, a California organization supplied various distributors in the Eastern District of Arkansas with approximately two pounds of methamphetamine a month. This organization was also estimated to be laundering approximately $1,000,000 in currency on an annual basis. Local authorities in Conway, Arkansas, who initiated the investigation, did not possess the manpower to fully identify and dismantle this multi-state operation. By combining their resources, however, with OCDETF partner agencies (DEA, ATF and IRS-CID), 26 members of the Arkansas organization were convicted of drug conspiracy and money laundering charges and sentenced to between 24 months to 235 months. Defendants in California and Missouri were also convicted.

- **OPERATION TRIFECTA**
  This was a 19-month long OCDETF investigation, which concluded on July 31, 2003, and resulted in the indictment of Ismael Zambada-Garcia and the arrests of more than 400 associates in the United States and Mexico. The Zambada-Garcia Organization (CPOT) is one of the largest and most powerful drug trafficking organizations in Mexico. The operation resulted in the seizure of over 12 tons of cocaine, approximately 6 tons of marijuana, approximately 160 pounds of methamphetamine, and more than $10.5 million in U.S. currency. Zambada-Garcia, who has been indicted in California and Texas on narcotics trafficking charges, was not arrested and remains a fugitive. The investigation was coordinated by the Special Operations Division and involved the efforts of DEA, FBI, ICE, IRS, ATF, U.S. Postal Inspectors, USMS, U.S. Attorneys offices from nine judicial districts, and numerous state and local agencies.

Training:

- No information

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In progress/future:

- The OCDETF Program is committed to reducing the domestic supply of methamphetamine by disrupting and dismantling the most significant drug trafficking organizations operating regionally, nationally, and internationally that manufacture, smuggle, transport and distribute this devastating drug into the United States. OCDETF partner agencies will also continue to target the financial infrastructure of these organizations. Mexican drug trafficking organizations are now the primary source for domestic methamphetamine, and are directly in the cross-hairs of the OCDETF Program.

- In 2007, the OCDETF Program will continue to pursue investigations of the highest level drug trafficking organizations, many of whom are responsible for manufacturing methamphetamine in Mexico, smuggling it into the Untied States, transporting it across the nation, and distributing it in our neighborhoods. OCDETF will work with each region to critically evaluate and revise strategic initiatives that target methamphetamine. OCDETF, through our leadership structure, will continue to make the methamphetamine threat the program's highest priority. The Executive Office will support regional leadership in developing innovative and effective investigative and training initiatives by directing resources to these efforts. In addition, the OCDETF Program will continue to expand its usage of intelligence resources like the OCDETF Fusion Center and the El Paso Intelligence Center to support national and regional strategic initiatives and intelligence driven strategies targeting methamphetamine drug trafficking organizations. Through these efforts, we expect that OCDETF partner agencies will continue to improve their effectiveness and significantly impact the domestic supply of methamphetamine.

United States Marshals Service (USMS)

Accomplishments:

- USMS currently heads 93 District Fugitive Task Forces (DFTF) and five Congressionally funded Regional Fugitive Task Forces (RFTF). These task forces bring together federal, state, and local resources, thereby strengthening and streamlining the process of locating and apprehending fugitives. Task forces promote communication and information sharing, help eliminate duplication of efforts, and consolidate resources dedicated to fugitive apprehension.

    - In FY 2005, USMS task forces closed 16,820 federal and 51,270 state/local warrants by arrest. This figure includes 7,205 federal and 15,547 state/local warrants for narcotics-related offenses.

- The USMS locates and arrests OCDETF fugitives, and participates in pre-arrest planning as well as execution of large-scale takedowns in OCDETF cases. The USMS currently has thirty-five investigators and one analyst dedicated full-time to the OCDETF program, including one investigator assigned to the OCDETF Fusion Center and one assigned to the DEA Special Operations Division.

    - With FY 2006 appropriations, the USMS will provide an analyst to each location to further enhance the narcotics intelligence mission.

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- The USMS International Investigations Branch (IIB) is responsible for processing, reviewing, and forwarding information concerning the pursuit and apprehension of international fugitives (fugitives wanted in the US who fled to foreign countries) and locating and apprehending foreign fugitives (fugitives wanted in other countries, but believed to be in the U.S.). The USMS has Foreign Field Offices in Mexico, Jamaica, and the Dominican Republic, as well as investigative liaison programs along the Mexican and Canadian borders dedicated to the apprehension of fugitives. The USMS works with law enforcement authorities around the world on investigations, apprehensions, extraditions, and deportation of fugitives. The success of the USMS Foreign Field Offices and other International Investigation programs has increased the number of extradition cases handled by the USMS, especially those associated with narcotics and narco-terrorism.

    - From FY 2000 to FY 2005 the number of extraditions increased from 288 to 653. The majority of these extraditions followed narcotics and OCDETF international fugitive arrests.

    - Over 400 of the international extraditions conducted in FY 2005 were narcotics related, with 74 of those resulting from OCDETF cases.

- The USMS has conducted numerous Fugitive Investigation Strike Team (FIST) Operations targeting fugitives in specific geographic areas and/or wanted for specific types of offenses.

    - In FY 2005 the USMS and more than 950 participating law enforcement agencies conducted Operation FALCON, a one-week nationwide fugitive operation targeting fugitives wanted for violent offenses. More than 10,300 fugitives were arrested, including more than 3,300 wanted on narcotics charges, with more than 275 kg of narcotics seized.

    - In April 2006 the USMS and 793 participating law enforcement agencies conducted Operation FALCON II, targeting sex offenders and other violent/dangerous fugitives in the western half of the country. After the one-week operation, more than 9,000 fugitives were arrested, including 2,600 wanted on narcotics charges with more than 90 kg of narcotics seized, including the discovery of several meth labs.

Training:

- No information

In progress/future plans:

- The USMS will continue to utilize its fugitive task forces, OCDETF program, and Foreign Field Office programs to apprehend narcotics offenders, specifically targeting fugitives associated with large scale narcotics organizations, focusing on those identified as OCDETF consolidated priority targets, and those individuals wanted for meth distribution and production. The USMS will also continue to assist its federal, state, and

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local law enforcement counterparts in conducting search warrants and takedowns in meth cases.

- The USMS will continue to work with foreign law enforcement partners to locate, arrest, and extradite foreign and international fugitives wanted on large-scale drug trafficking charges.

- The USMS will continue to coordinate large-scale FIST operations targeting dangerous fugitives, including those wanted on narcotics charges.

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USA PATRIOT IMPROVEMENT AND REAUTHORIZATION ACT OF 2005

TITLE VII – COMBAT METHAMPHETAMINE EPIDEMIC ACT OF 2005

SUBTITLE A – DOMESTIC REGULATION OF PRECURSOR CHEMICALS

Sec. 711. Scheduled Listed Chemical Products; Restrictions on Sale Quantity, Behind-the-Counter Access, and Other Safeguards.

- Defines over-the-counter drug products containing pseudoephedrine, ephedrine, and phenylpropanolamine as "scheduled listed chemical products";

- Imposes a daily retail sales limit of 3.6 grams of the "base" chemical (very similar quantity to, e.g., 30- or 60-mg strength on the pill) – previous federal law imposed a requirement to verify ID and keep records of retail transactions of 9 grams or more;

- Requires that solid doses (as opposed to liquids) be sold in "blister packs" with up to 2 pills per blister;

- Requires behind-the-counter placement or display and storage in locked cabinets;

- Requires that regulated sellers maintain a written logbook of purchases and that buyers present photo ID and sign the log;

- Restricts monthly sales by mail order (including Internet) sellers and "mobile retail vendors" to no more than 7.5 grams;

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- Requires each regulated seller to submit a certification to the DEA:
    - that it agrees to comply with these requirements,
    - that its employees have been trained as to these requirements, and
    - Such certifications are to be made available by the Attorney General to State and local law enforcement (anticipated by an Internet link).
    - Introduces new civil penalties for "knowing" or "reckless" sales that violate these provisions.
        - Note: Later removes any sales covered by these civil penalties (subject to misdemeanor in certain instances) from the possibility of felony prosecution.

Sec. 712. Regulated Transactions.

- Repeals the Federal "blister pack" exemption (rendered obsolete by Sec. 711) and, in effect, will require the AG to make a determination that OTC drugs containing methamphetamine precursors are being diverted, or else sales at distribution levels above retail would become deregulated;

Sec. 713. Authority to Establish Production Quotas.

- Attorney General may set production quotas for pseudoephedrine, ephedrine, and phenylpropanolamine

Sec. 714. Penalties; Authority for Manufacturing; Quota.

- Expands the existing civil penalty for illegal production beyond established quotas (*see* 21 U.S.C. § 842(b)) to take into account the Attorney General's new authority to set quotas for methamphetamine precursors.

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Sec. 715. Restrictions on Importation; Authority to Permit Imports for Medical, Scientific, or other Legitimate Purposes.

- Attorney General may set annual import quotas for pseudoephedrine, ephedrine, and phenylpropanolamine;

- Registered importers may apply for temporary or permanent increases in a quota at any time during the year to meet legitimate needs.

    - AG must respond within 60 days or approval is automatic.

Sec. 716. Notice of Importation or Exportation; Approval of Sale or Transfer by Importer or Exporter.

- Attempts to eliminate the after-import "spot market" by requiring importers to notify DEA of changes from transfers originally notified to DEA.

    - If the originally declared sale by the importer or exporter falls through, and if the transaction would otherwise require 15 days advance notice (i.e., not to a "regular customer" abroad), the importer or exporter will be required to file a second notice with DOJ identifying the new proposed purchaser. DOJ would then have 15 days to review the new transaction and decide whether it presents enough of a risk of diversion to warrant suspension.

        - Note: A suspension can be appealed through an administrative process, and if the new proposed purchaser qualifies as a "regular" foreign customer under existing law, the importer/exporter would not be required to file a second advance notice.

Sec. 717. Enforcement of Restrictions on Importation and of Requirement of Notice of Transfer.

- Conforming amendment to extend existing penalties for illegal imports or exports to the new regulatory requirements.

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Sec. 718. Coordination with United States Trade Representative.

- Requires coordination by the Attorney General with the United States Trade Representative.

SUBTITLE B – INTERNATIONAL REGULATION OF PRECURSOR CHEMICALS

Sec. 721. Information on Foreign Chain of Distribution; Import Restrictions Regarding Failure of Distributors to Cooperate.

- Expands the scope of the existing notice of importation to include all information the importer knows about the chain of distribution of the listed chemicals from manufacturer to importer.
    - This will assist U.S. law enforcement agencies to better track where meth precursors come from, and how they get to the U.S.
    - If the AG determines that a "foreign chain distributor" is refusing to cooperate by providing such information, the DEA may issue an order prohibit imports in any instance where the firm is in the distribution chain.

Sec. 722. Requirements Relating to the Largest Exporting and Importing Countries of Certain Precursor Chemicals.

- Requires the State Department, as part of the annual INCSR report process, to identify the five largest exporters of major meth precursor chemicals, and the five largest importers that also have the highest rate of meth production or diversion of these chemicals to the production of meth. If the President does not certify that countries are cooperating fully with U.S. law enforcement, they may face decertification and ineligibility for U.S. aid.

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Sec. 723. Prevention of Smuggling of Methamphetamine into the United States from Mexico.

- Requires the State Department's Bureau for International Narcotics and Law Enforcement Affairs (INL) to provide assistance to Mexico to prevent the production of meth in that country and to encourage Mexico to stop illegal diversion of meth precursor chemicals.

    - Authorizes appropriation of $4 million for FY-2006 and 2007 for this purpose.

SUBTITLE C – ENHANCED CRIMINAL PENALTIES FOR METHAMPHETAMINE PRODUCTION AND TRACKING

Sec. 731. Smuggling Methamphetamine or Methamphetamine Precursor Chemicals into the United States While Using Facilitated Entry Programs.

- "Fastpass" systems like SENTRI (for passenger traffic on the Southwest border), FAST (for commercial truck traffic), and NEXUS (for passenger traffic on the Northern border) allow pre-screened individuals to use dedicated lanes at border crossings, subject only to occasional searches to test compliance with customs and immigration laws. For anyone who misuses a facilitated entry program to smuggle meth or its precursor chemicals, an additional penalty of up to 15 years imprisonment is added to the punishment for the base offense along with permanent disbarment from using a fastpass system.

Sec. 732. Manufacturing Controlled Substances on Federal Property.

- Clarifies that current penalties for cultivating illegal drugs on Federal property also apply to manufacturing synthetic drugs such as meth to combat meth cookers who frequently move their operations to parks, national forests and other public lands, causing serious environmental damage.

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Sec. 733. Increased Punishment for Methamphetamine Kingpins.

- Kingpins of Continuing Criminal Enterprises would be exposed to life imprisonment for a reduced threshold amount of meth (from 300 to 200 times the threshold for base violations) and profits from meth (from $10 million to $5 million).

Sec. 734. New Child-Protection Criminal Enhancement.

- Punishes an offender who manufactures meth at a location where a child resides or is present and imposes a consecutive sentence of up to an additional 20 years imprisonment.

Sec. 735. Amendments to Certain Sentencing Court Reporting Requirements.

- Authorizes the U.S. Sentencing Commission to establish a form to be used by U.S. District Judges when imposing criminal sentences in order to facilitate data gathering and reporting by the Sentencing Commission.

Sec. 736. Semiannual Reports to Congress.

- Requires the Attorney General to report to Congress on investigations and prosecutions relating to meth production.

SUBTITLE D – ENHANCED ENVIRONMENTAL REGULATION OF METHAMPHETAMINE BYPRODUCTS

Sect. 741. Biennial Report to Congress on Agency Designations of By-Products on Methamphetamine Laboratories as Hazardous Materials.

- Requires the Department of Transportation to report to Congress every two years whether then-existing statutes and regulations cover methamphetamine by-products as hazardous materials.

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Sec. 742. Methamphetamine Production Report.

- Requires the Environmental Protection Agency to report to Congress every two years on whether then-existing statutes and regulations cover methamphetamine by-products as hazardous materials.

Sec. 743. Cleanup costs.

- Clarifies existing law imposing the obligation of restitution for environmental cleanup costs on person involved in meth production and trafficking.

SUBTITLE E – ADDITIONAL PROGRAMS AND ACTIVITIES

Sec. 751. Improvements to Department of Justice Drug Courts Program.

- Revises the Drug Court program statute to clarify the requirements for periodic testing, graduated sanctions when an offender tests positive, and a list of potential sanctions when a positive test occurs.

Sec. 752 Drug Courts Funding.

- Authorizes appropriations for drug courts.

Sec. 753. Feasibility Study on Federal Drug Courts.

- Directs the Attorney General to conduct a study on the feasibility of Federal drug courts.

Sec. 754. Grants to Hot Spot Areas to Reduce Availability of Methamphetamine.

- Authorizes $99 million for fiscal years 2006 to 2010 for grants to State and local law enforcement agencies to assist in the investigation of meth traffickers and to reimburse the DEA for assistance in cleaning up meth labs.

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Sec. 755. Grants for Programs for Drug-Endangered Children.

- Authorizes grants to States to assist in treatment of children who have been endangered by living at a residence where meth has been manufactured or distributed.

Sec. 756. Authority to Award Competitive Grants to Address Meth Use by Pregnant and Parenting Women Offenders.

- Authorizes the Attorney General to award grants to address the use of methamphetamine around pregnant and parenting women offenders to promote public safety, public health, family permanence and well being.

DOJ_NMG_0028725

From: [redacted]

Sent: Tuesday, May 16, 2006 2:01 PM

To: Vasaio, Tony; Scolinos, Tasia; Rybicki, James E; Rubin, Jim (ENRD); Gorsuch, Neil M; Ferber, Alan L; Burton, Faith; Bradbury, Steve; Allen, Michael (JMD); Carter, Judy (USPC); Gillis, John; Hagy, David; Palma, Josephine; Schofield, Regina; Jezierski, Crystal; Taylor, Jeffrey (OAG); Tzitzon, Nicholas; McIntosh, Brent; Hart, Rosemary; [redacted] DHS); [redacted] @ic.fbi.gov; Bouchard, Michael R.; [redacted] @ic.fbi.gov; [redacted] @ic.fbi.gov; [redacted] @ic.fbi.gov; [redacted] @ic.fbi.gov; Anderson, David (EOIR); Scavo, Tara; Rubenstein, Steve R.; Koett, Imelda M.; O'Keefe, Kevin C.; Bukovac, Michael A.; Zellers, Steven S.; McAtamney, James A; Metzger, C. Michael; Augustine, Donald P.; Graham-Wyatt, Nina; Vargas, Omar; Drake, Herbert W.; [redacted] @usda.gov; [redacted] @ios.doi.gov; [redacted] @ios.doi.gov; [redacted] @ios.doi.gov; [redacted] @do.treas.gov; [redacted] @ios.doi.gov; [redacted] @dhs.gov; [redacted] @dhs.gov; [redacted] @dhs.gov; [redacted] @dhs.gov; [redacted] @dhs.gov; [redacted] @usss.dhs.gov; [redacted] @dhs.gov; [redacted] @dhs.gov; [redacted] (DHS); ge@DOC.gov; [redacted] @who.eop.gov; Martin, Mark D.; Chait, Mark R.; Vanyur, John; Burch, Jim; Augustine, Donald P.; Metzger, C. Michael; Conley, Joyce; McManamon, Michael J; [redacted] (USMS); [redacted] (CTS); [redacted] USMS); [redacted] (USMS)

Cc: Turner, Sandra

Subject: ESF-13 Steering Committee Meeting--Wednesday, May 17-- 2:30 PM

Our apologies for the short notice, but we would like to hold an ESF-13 "steering committee" meeting tomorrow at 2:30 PM. The purpose of the meeting will be to discuss plans for moving forward to implement White House recommendations for ESF-13 and also to discuss organizational structures, roles and responsibilities within this ESF.

We will meet at ATF headquarters, 650 Massachusetts Avenue, N.W (at the corner of 7th and Massachusetts) in the Director's Conference Room. Please enter the building on the 7th-street side. Escorts will meet attendees in the lobby beginning at 2:20.

A formal meeting notice will follow. We look forward to seeing you at tomorrow's meeting.

Thanks very much.

[redacted]

[redacted]

Bureau of Alcohol, Tobacco, Firearms and Explosives
United States Department of Justice

[redacted]

Gorsuch, Neil M

From: Gorsuch, Neil M
Sent: Tuesday, May 16, 2006 2:11 PM
To: Todd, Gordon (SMO)
Subject: FW: ESF-13 Steering Committee Meeting--Wednesday, May 17-- 2:30 PM

Can you go?

From: Wulf, David M.
Sent: Tuesday, May 16, 2006 2:01 PM
To: Vasaio, Tony; Scolinos, Tasia; Rybicki, James E; Rubin, Jim (ENRD); Gorsuch, Neil M; Ferber, Alan L; Burton, Faith; Bradbury, Steve; Allen, Michael (JMD); Carter, Judy (USPC); Gillis, John; Hagy, David; Palma, Josephine; Schofield, Regina; Jezierski, Crystal; Taylor, Jeffrey (OAG); Tzitzon, Nicholas; McIntosh, Brent; Hart, Rosemary; [redacted](DHS); [redacted]@ic.fbi.gov; Bouchard, Michael R.; [redacted]@ic.fbi.gov; [redacted]@ic.fbi.gov; [redacted]@ic.fbi.gov; [redacted]@ic.fbi.gov; Anderson, David (EOIR); Scavo, Tara; Rubenstein, Steve R.; Koett, Imelda M.; O'Keefe, Kevin C.; Bukovac, Michael A.; Zellers, Steven S.; McAtamney, James A; Metzger, C. Michael; Augustine, Donald P.; Graham-Wyatt, Nina; Vargas, Omar; Drake, Herbert W.; [redacted]@usda.gov; [redacted]@ios.doi.gov; [redacted]@ios.doi.gov; [redacted]@ios.doi.gov; [redacted]@do.treas.gov; [redacted]@ios.doi.gov; [redacted]@dhs.gov; [redacted]@dhs.gov; [redacted]@dhs.gov; [redacted]@dhs.gov; [redacted]@dhs.gov; [redacted]@usss.dhs.gov; [redacted]@dhs.gov; [redacted]@dhs.gov; [redacted](DHS); ge@DOC.gov; [redacted]@who.eop.gov; Martin, Mark D.; Chait, Mark R.; Vanyur, John; Burch, Jim; Augustine, Donald P.; Metzger, C. Michael; Conley, Joyce; McManamon, Michael J [redacted](USMS); [redacted](CTS); [redacted](USMS); [redacted] (USMS)
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Thanks very much.

[redacted]

[redacted]

Bureau of Alcohol, Tobacco, Firearms and Explosives
United States Department of Justice
[redacted]

Todd, Gordon (SMO)

From: Todd, Gordon (SMO)
Sent: Tuesday, May 16, 2006 3:03 PM
To: Gorsuch, Neil M
Subject: RE: ESF-13 Steering Committee Meeting--Wednesday, May 17-- 2:30 PM

Yes, but I'm unfamiliar with this. Is anything expected of us?

From: Gorsuch, Neil M
Sent: Tuesday, May 16, 2006 2:11 PM
To: Todd, Gordon (SMO)
Subject: FW: ESF-13 Steering Committee Meeting--Wednesday, May 17-- 2:30 PM

Can you go?

From: [redacted]
Sent: Tuesday, May 16, 2006 2:01 PM
To: Vasaio, Tony; Scolinos, Tasia; Rybicki, James E; Rubin, Jim (ENRD); Gorsuch, Neil M; Ferber, Alan L; Burton, Faith; Bradbury, Steve; Allen, Michael (JMD); Carter, Judy (USPC); Gillis, John; Hagy, David; Palma, Josephine; Schofield, Regina; Jezierski, Crystal; Taylor, Jeffrey (OAG); Tzitzon, Nicholas; McIntosh, Brent; Hart, Rosemary; [redacted] (DHS); [redacted]@ic.fbi.gov; Bouchard, Michael R.; [redacted]@ic.fbi.gov; [redacted]@ic.fbi.gov; [redacted]@ic.fbi.gov; [redacted]@ic.fbi.gov; Anderson, David (EOIR); Scavo, Tara; Rubenstein, Steve R.; Koett, Imelda M.; O'Keefe, Kevin C.; Bukovac, Michael A.; Zellers, Steven S.; McAtamney, James A; Metzger, C. Michael; Augustine, Donald P.; Graham-Wyatt, Nina; Vargas, Omar; Drake, Herbert W.; [redacted]@usda.gov; [redacted]@ios.doi.gov; [redacted]@ios.doi.gov; [redacted]@ios.doi.gov; [redacted]@do.treas.gov; [redacted]@ios.doi.gov; [redacted]@dhs.gov; [redacted]@dhs.gov; [redacted]@dhs.gov; [redacted]@dhs.gov; [redacted]@dhs.gov; [redacted]@usss.dhs.gov; [redacted]@dhs.gov; [redacted]@dhs.gov; [redacted] (DHS); [redacted]@DOC.gov; [redacted]@who.eop.gov; Martin, Mark D.; Chait, Mark R.; Vanyur, John; Burch, Jim; Augustine, Donald P.; Metzger, C. Michael; Conley, Joyce; McManamon, Michael J; [redacted] (USMS); Schmitz, Fran (CTS); [redacted] (USMS); Trono, Robert (USMS)
Cc: Turner, Sandra
Subject: ESF-13 Steering Committee Meeting--Wednesday, May 17-- 2:30 PM

Our apologies for the short notice, but we would like to hold an ESF-13 "steering committee" meeting tomorrow at 2:30 PM. The purpose of the meeting will be to discuss plans for moving forward to implement White House recommendations for ESF-13 and also to discuss organizational structures, roles and responsibilities within this ESF.

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A formal meeting notice will follow. We look forward to seeing you at tomorrow's meeting.

Thanks very much.

[redacted]

[redacted]

Bureau of Alcohol, Tobacco, Firearms and Explosives
United States Department of Justice
[redacted]

Gorsuch, Neil M

From: Gorsuch, Neil M
Sent: Tuesday, May 16, 2006 3:05 PM
To: Todd, Gordon (SMO)
Subject: RE: ESF-13 Steering Committee Meeting--Wednesday, May 17-- 2:30 PM

Prob not

From: Todd, Gordon (SMO)
Sent: Tuesday, May 16, 2006 3:03 PM
To: Gorsuch, Neil M
Subject: RE: ESF-13 Steering Committee Meeting--Wednesday, May 17-- 2:30 PM

Yes, but I'm unfamiliar with this. Is anything expected of us?

From: Gorsuch, Neil M
Sent: Tuesday, May 16, 2006 2:11 PM
To: Todd, Gordon (SMO)
Subject: FW: ESF-13 Steering Committee Meeting--Wednesday, May 17-- 2:30 PM

Can you go?

From: [redacted]
Sent: Tuesday, May 16, 2006 2:01 PM
To: Vasaio, Tony; Scolinos, Tasia; Rybicki, James E; Rubin, Jim (ENRD); Gorsuch, Neil M; Ferber, Alan L; Burton, Faith; Bradbury, Steve; Allen, Michael (JMD); Carter, Judy (USPC); Gillis, John; Hagy, David; Palma, Josephine; Schofield, Regina; Jezierski, Crystal; Taylor, Jeffrey (OAG); Tzitzon, Nicholas; McIntosh, Brent; Hart, Rosemary; [redacted](DHS); [redacted]@ic.fbi.gov; Bouchard, Michael R.; [redacted]@ic.fbi.gov; [redacted]@ic.fbi.gov; [redacted]@ic.fbi.gov; [redacted]@ic.fbi.gov; Anderson, David (EOIR); Scavo, Tara; Rubenstein, Steve R.; Koett, Imelda M.; O'Keefe, Kevin C.; Bukovac, Michael A.; Zellers, Steven S.; McAtamney, James A; Metzger, C. Michael; Augustine, Donald P.; Graham-Wyatt, Nina; Vargas, Omar; Drake, Herbert W.; [redacted]@usda.gov; [redacted]@ios.doi.gov; [redacted]@ios.doi.gov; [redacted]@ios.doi.gov; [redacted]@do.treas.gov; [redacted]@ios.doi.gov; [redacted]@dhs.gov; [redacted]@dhs.gov; [redacted]@dhs.gov; [redacted]@dhs.gov; [redacted]@dhs.gov; [redacted]@usss.dhs.gov; [redacted]@dhs.gov; [redacted]@dhs.gov; [redacted](DHS); [redacted]@DOC.gov; [redacted]@who.eop.gov; Martin, Mark D.; Chait, Mark R.; Vanyur, John; Burch, Jim; Augustine, Donald P.; Metzger, C. Michael; Conley, Joyce; McManamon, Michael J; [redacted] (USMS); Schmitz, Fran (CTS); [redacted](USMS); [redacted]USMS)
Cc: Turner, Sandra
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Thanks very much.

Dave

[redacted]
Bureau of Alcohol, Tobacco, Firearms and Explosives
United States Department of Justice
[redacted]

Turner, Sandra

Subject: ESF-13 Steering Committee Meeting
Location: Director's Conference Room, 8th Floor

Start: Wednesday, May 17, 2006 2:30 PM
End: Wednesday, May 17, 2006 3:30 PM
Show Time As: Tentative

Recurrence: (none)

Meeting Status: Not yet responded

Organizer: Turner, Sandra
Required Attendees: Turner, Sandra; Cagigas, Jaime; Hart, Rosemary; McIntosh, Brent; 'Tzitzon, Nicholas'; Taylor, Jeffrey (OAG); Jezierski, Crystal; '[redacted]@ic.fbi.gov'; 'Schofield, Regina'; 'Palma, Josephine'; 'Hagy, David'; 'Gillis, John'; 'Carter, Judy (USPC)'; Bouchard, Michael R.; Allen, Michael (JMD); Bradbury, Steve; Burton, Faith; Ferber, Alan L; '[redacted]@ic.fbi.gov'; Gorsuch, Neil M; 'Rubin, Jim (ENRD)'; Rybicki, James E; Scolinos, Tasia; Vasaio, Tony; 'Vanyur, John'; [redacted] (USMS)'; [redacted] (USMS)'; 'Schmitz, Fran (CTS)'; '[redacted] (USMS)'; 'McManamon, Michael J'; 'Conley, Joyce'; '[redacted]@ic.fbi.gov'; '[redacted]@ic.fbi.gov'; '[redacted]@ic.fbi.gov'; '[redacted]@usdoj.gov'; Scavo, Tara; Rubenstein, Steve R.; Koett, Imelda M.; O'Keefe, Kevin C.; Bukovac, Michael A.; Zellers, Steven S.; McAtamney, James A; '[redacted]@usdoj.gov'; '[redacted]@usdoj.gov'; Graham-Wyatt, Nina; 'Metzger, C. Michael'; Vargas, Omar; Drake, Herbert W.; 'Augustine, Donald P.'; 'Burch, Jim'; [redacted]@usda.gov; [redacted]@ios.doi.gov; [redacted]@ios.doi.gov; [redacted]@ios.doi.gov; [redacted]@do.treas.gov; [redacted]@ios.doi.gov; [redacted]@dhs.gov; [redacted]@dhs.gov; [redacted]@dhs.gov; [redacted]@dhs.gov; [redacted]@dhs.gov; [redacted]@usss.dhs.gov; [redacted]@dhs.gov; [redacted]@dhs.gov; [redacted]@dhs.gov; [redacted]@DOC.gov; Nielsen, Kirstjen M.; Martin, Mark D.; Chait, Mark R.; Nurthen, Christine M.; [redacted]

When: Wednesday, May 17, 2006 2:30 PM-3:30 PM (GMT-05:00) Eastern Time (US & Canada).

Where: Director's Conference Room, 8th Floor

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Thanks very much.

Dave

[redacted]

Bureau of Alcohol, Tobacco, Firearms and Explosives

United States Department of Justice

[redacted]

Turner, Sandra

Subject: ESF-13 Steering Committee Meeting
Location: Director's Conference Room, 8th Floor

Start: Wednesday, May 17, 2006 2:30 PM
End: Wednesday, May 17, 2006 3:30 PM
Show Time As: Tentative

Recurrence: (none)

Meeting Status: Not yet responded

Organizer: Turner, Sandra
Required Attendees: Allen, Michael (JMD); Carter, Judy (USPC); Gillis, John; Hagy, David; Palma, Josephine; Schofield, Regina; Jezierski, Crystal; Taylor, Jeffrey (OAG); Tzitzon, Nicholas; McIntosh, Brent; Hart, Rosemary; Burch, Jim; Vasaio, Tony; Rybicki, James E; Rubin, Jim (ENRD); Gorsuch, Neil M; [redacted] (DHS); [redacted]@ic.fbi.gov; Bouchard, Michael R.; [redacted]@ic.fbi.gov; [redacted]@ic.fbi.gov; [redacted]@ic.fbi.gov; [redacted]@ic.fbi.gov; Anderson, David (EOIR); Scavo, Tara; Rubenstein, Steve R.; Koett, Imelda M.; O'Keefe, Kevin C.; Bukovac, Michael A.; Zellers, Steven S.; McAtamney, James A; Metzger, C. Michael; Augustine, Donald P.; Graham-Wyatt, Nina; Vargas, Omar; Drake, Herbert W.; [redacted]@usda.gov; [redacted]@ios.doi.gov; [redacted]@ios.doi.gov; [redacted]@ios.doi.gov; [redacted]@do.treas.gov; [redacted]@ios.doi.gov; [redacted]@dhs.gov; [redacted]@dhs.gov; [redacted]@dhs.gov; [redacted]@dhs.gov; [redacted]@dhs.gov; [redacted]@usss.dhs.gov; [redacted]@dhs.gov; [redacted]@dhs.gov; [redacted] (DHS); [redacted]@DOC.gov; [redacted]@who.eop.gov; Martin, Mark D.; Chait, Mark R.; Nurthen, Christine M.; [redacted] Augustine, Donald P.; Metzger, C. Michael; Conley, Joyce; McManamon, Michael J; [redacted] (USMS); Schmitz, Fran (CTS); [redacted] (USMS); [redacted] (USMS); Vanyur, John; Ferber, Alan L; Burton, Faith; Bradbury, Steve; Scolinos, Tasia

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Dave

[redacted]

[redacted]

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[redacted]

Gorsuch, Neil M

Subject: FW: ESF-13 Steering Committee Meeting
Location: Director's Conference Room, 8th Floor

Start: Wednesday, May 17, 2006 2:30 PM
End: Wednesday, May 17, 2006 3:30 PM
Show Time As: Tentative

Recurrence: (none)

Meeting Status: Not yet responded

Organizer: Gorsuch, Neil M
Required Attendees: Todd, Gordon (SMO)

When: Wednesday, May 17, 2006 2:30 PM-3:30 PM (GMT-05:00) Eastern Time (US & Canada).

Where: Director's Conference Room, 8th Floor

~~*~*~*~*~*~*~*~*~*

From: Turner, Sandra
Sent: Tuesday, May 16, 2006 3:39 PM
To: Turner, Sandra; Allen, Michael (JMD); Carter, Judy (USPC); Gillis, John; Hagy, David; Palma, Josephine; Schofield, Regina; Jezierski, Crystal; Taylor, Jeffrey (OAG); Tzitzon, Nicholas; McIntosh, Brent; Hart, Rosemary; Burch, Jim; Vasaio, Tony; Rybicki, James E; Rubin, Jim (ENRD); Gorsuch, Neil M; [redacted](DHS); [redacted]@ic.fbi.gov; Bouchard, Michael R.; [redacted]@ic.fbi.gov; [redacted]@ic.fbi.gov; [redacted]@ic.fbi.gov;[redacted]@ic.fbi.gov; Anderson, David (EOIR); Scavo, Tara; Rubenstein, Steve R.; Koett, Imelda M.; O'Keefe, Kevin C.; Bukovac, Michael A.; Zellers, Steven S.; McAtamney, James A; Metzger, C. Michael; Augustine, Donald P.; Graham-Wyatt, Nina; Vargas, Omar; Drake, Herbert W.; [redacted]@usda.gov; [redacted]@ios.doi.gov;[redacted]@ios.doi.gov; [redacted]@ios.doi.gov; [redacted]@do.treas.gov;[redacted]@ios.doi.gov; [redacted]@dhs.gov; [redacted]@dhs.gov;[redacted]@dhs.gov; [redacted]@dhs.gov; [redacted]@dhs.gov; [redacted]@usss.dhs.gov;[redacted]@dhs.gov; [redacted]@dhs.gov; [redacted] (DHS); [redacted]@DOC.gov; [redacted]@who.eop.gov; Martin, Mark D.; Chait, Mark R.; Nurthen, Christine M.; [redacted]; Augustine, Donald P.; Metzger, C. Michael; Conley, Joyce; McManamon, Michael J;[redacted] (USMS); Schmitz, Fran (CTS);[redacted] (USMS); [redacted](USMS); Vanyur, John; Ferber, Alan L; Burton, Faith; Bradbury, Steve; Scolinos, Tasia
Subject: ESF-13 Steering Committee Meeting
When: Wednesday, May 17, 2006 2:30 PM-3:30 PM (GMT-05:00) Eastern Time (US & Canada).
Where: Director's Conference Room, 8th Floor

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Thanks very much.

Dave

[redacted]

[redacted]

Bureau of Alcohol, Tobacco, Firearms and Explosives

United States Department of Justice

[redacted]

USDOJ- Office of Public Affairs

From:	USDOJ- Office of Public Affairs
Sent:	Thursday, May 18, 2006 8:20 AM
To:	USDOJ- Office of Public Affairs
Subject:	Attorney General's News Briefing for Thursday, May 18, 2006
Attachments:	agnb060518.pdf; agnb060518.doc

THE ATTORNEY GENERAL'S NEWS BRIEFING

PREPARED FOR THE OFFICE OF PUBLIC AFFAIRS, U.S. DEPARTMENT OF JUSTICE

TO: THE ATTORNEY GENERAL AND SENIOR STAFF

DATE: THURSDAY, MAY 18, 2006 7:45 AM EDT

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TERRORISM NEWS:

Gonzales Defends Termination Of Probe Of Into Surveillance Program. In its report on today's hearings on CIA director nominee Gen. Michael Hayden, Washington Post (5/18, A5, Linzer, Babington) reports senators "will face an array of questions, loose ends and seeming contradictions about the administration's domestic surveillance techniques." Regarding National Security Agency surveillance, "an internal Justice Department investigation tried to determine whether lawyers who authorized the program may have acted improperly." But Attorney General Gonzales "suggested yesterday that secrecy concerns shut down the inquiry. The department's Office of Professional Responsibility notified lawmakers last week that it was forced to end its investigation because the office was denied security clearances to access information on the NSA program. Gonzales defended that decision yesterday and suggested that the probe was unnecessary because Justice issued a legal analysis supporting the effort." Gonzales said, "It's a very important program to the United States, and so certain decisions are made in terms of…how much information should be shared throughout the federal government. We don't want to be talking so much about the program that we compromise the effectiveness." Gonzales "declined to discuss who denied security clearances to OPR investigators or whether he was consulted on the issue."

Fox News (5/17, 3:35 p.m.) reported, "The White House says it is taking legal and vital steps to win the war on terror. … One of those steps is collecting millions of private phone conversations. Attorney General Gonzales came on this newscast and said he will not confirm or deny the existence

DOJ_NMG_0028741

of that program, but the average American would be safer because of it." Gonzales: "Let me just say that winning the war on terror requires winning the war on information. More information we have about what terrorists may be potentially doing is going to make America safer. And again, our intelligence activities are not focused on the communications of innocent Americans. We are focused on what al Qaeda is doing."

DOJ Motion To Dismiss EFF Suit Against AT&T Gets Coverage. The Boston Phoenix (5/18, Miliard) writes, "As we learn more and more about the scope and extent of the National Security Agency's (NSA) warrantless wiretapping program, we're also learning -- to the surprise of precisely no one -- how difficult it will be to challenge such domestic espionage in court." In January, Electronic Frontier Foundation "brought a class-action suit against AT&T, accusing the telecom giant of offering the NSA unfettered access to key facilities and databases, and of continuing to assist the government in the surveillance of phone and Internet communications among millions of Americans. Last Saturday, in the wee hours of the morning, lawyers from the Justice Department filed a motion in San Francisco federal court seeking to dismiss the suit, claiming that a trial would reveal state secrets and compromise national security."

NSA Director Briefs Intelligence Committees About Surveillance Program. NSA Director Lt. Gen. Keith B. Alexander yesterday briefed the full House and Senate intelligence committees about the agency's domestic surveillance program. The CBS Evening News (5/17, story 4, 1:35, Schieffer, 7.66M) reported, "Why is the Administration suddenly so forthcoming, at least with Congress?" CBS (Borger) added, "Well, of course the timing of this is absolutely no coincidence. Tomorrow on Capitol Hill, General Michael Hayden will come up for his confirmation hearings to head the CIA." Gen. Hayden was "was in charge of those controversial eavesdropping programs. So, what they really want to do is diffuse that controversy before he starts testifying on Capitol Hill. And one other thing, if you ask questions in a private classified briefing, you can't ask them again in an open hearing. So it'll probably ease the tension for him tomorrow." CNN's The Situation Room (5/17, Blitzer) also reported that the briefing "comes on the day before the confirmation hearings for the CIA Director nominee General Michael Hayden. He's expected to be grilled about his leading role in the NSA secret spying program." CNN's The Situation Room (5/17, Ensor) noted that Sen. Pat Roberts "said it's going well. But whether Senate Democrats and even some Republicans agree they're learning what they want to know, will it become clear at the hearings on the nomination of General Michael Hayden, former NSA director, to be director of the CIA? And based on past comments by senators, the probable answer to that is no."

The Washington Times (5/18, Bellantoni, 90K) reports Senators "would not disclose the particulars of the briefing," but Roberts "said the discussion allowed members to move past the 'very awkward' position of having just half the committee familiar with the program." Without "getting into specifics, Mr. Roberts said newspapers have printed misinformation about the top-secret program, which he said has prevented terrorist attacks." The New York Times (5/18, A1, Mazzetti, Stolberg, 1.19M) adds that White House press secretary Tony Snow "sought to play down the significance of the tactical shift. He said" Roberts "argued that the briefings were necessary 'to have a full and appropriate confirmation hearing for General Hayden, and we agreed with it.' But Republicans as well as Democrats said the White House had blundered by waiting until the last minute to share information on the spying program with members of the intelligence panel."

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NSA Scrapped Pilot Communications Analysis Program With Legal Safeguards In 1990s. The Baltimore Sun (5/18, Gorman, 296K) reports NSA "developed a pilot program in the late 1990s that would have enabled it to gather and analyze massive amounts of communications data without running afoul of privacy laws. But after the Sept. 11 attacks, it shelved the project -- not because it failed to work -- but because of bureaucratic infighting and a sudden White House expansion of the agency's surveillance powers, according to several intelligence officials." The agency "opted instead to adopt only one component of the program, which produced a far less capable and rigorous program. It remains the backbone of the NSA's warrantless surveillance efforts, tracking domestic and overseas communications from a vast databank of information, and monitoring selected calls."

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Judge Rules Sealed Documents In Class Action Lawsuit Against AT&T Can Be Used. The Wall Street Journal (5/18, Solomon, Searcey, 2.11M) reports a Federal judge in San Francisco "ruled that sealed documents filed by a privacy-rights group can be used in its class-action lawsuit against AT&T Inc." The documents "in the suit filed by the Electronic Frontier Foundation include statements from retired AT&T technician Mark Klein as well as other internal AT&T documents. It is unclear what information is contained in the documents, but Mr. Klein has issued a statement saying he saw the NSA set up a room in AT&T's San Francisco office that tapped into one of AT&T's major networks." USA Today (5/18, Iwata, 2.31M) adds that the foundation "praised the action Wednesday" by US District Judge Vaughn Walker. But "AT&T also scored an early win, when the judge rebuffed requests by the plaintiffs, joined by media companies including the Associated Press, Bloomberg News and USA TODAY, to unseal the documents for the public." The Washington Post (5/18, D5, Gullo, Rosenblatt, 744K) notes, "Even if the documents remain secret and the suit is thrown out, the case ties AT&T to a program that has troubled politicians and privacy groups, said Steven Aftergood, director of the Project on Government Secrecy."

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officials indicate." The statements have "come in the week since USA Today reported that the National Security Agency had collected local and long-distance phone records on tens of millions of Americans from Verizon, BellSouth and AT&T in the aftermath of the Sept. 11 attacks." The responses "by the companies suggest that the agency, in an effort to find patterns that could identify terrorists, sought records from major long-distance providers like the former MCI (now part of Verizon), AT&T and Qwest, but did not ask for data on local calls."

Hayden To Face Tough Questions On NSA Tenure. Knight Ridder (5/18, Kuhnhenn) reports Gen. Michael Hayden "might seem to be a fine candidate for Senate confirmation as director of central intelligence," but he will "testify Thursday at his Senate confirmation hearing amid intense congressional interest in the National Security Agency's warrantless spying program, which began while Hayden headed it. And some lawmakers also chafe at the way President Bush is changing the guard at the CIA." The Senate is "expected to confirm Hayden eventually, but first he'll face tough questions about the NSA's secret eavesdropping and phone-record collection programs." USA Today (5/18, Brook, Stone, 2.31M) adds that DNI John Negroponte's "view of Hayden as an independent thinker is shared by a variety of former colleagues. They describe Hayden, deputy director of national intelligence, as a forceful, objective and fair-minded intelligence officer who's not cowed by political pressure." Still, Democratic senators "such as Carl Levin of Michigan, say they want to know whether he maintained that independence when the Bush administration wanted to create two NSA programs," the "surveillance without court warrants," and the "phone call database."

The Washington Post (5/18, A5, Linzer, Babington, 744K) reports senators "will face an array of questions, loose ends and seeming contradictions about the administration's domestic surveillance techniques. The first mystery they must unravel, however, is the nominee himself…who pitched the eavesdropping program after the Sept. 11, 2001, attacks and has become its most forceful defender." Hayden's "message and independence made him a favorite on Capitol Hill, where he was viewed as a champion of national security, privacy rights and press freedoms. But recent revelations about the nature of Hayden's highly classified world -- in the Air Force, at the NSA and most recently in the office of the director of national intelligence -- are forcing lawmakers to reexamine a man many of them have known for years." Their questions "are driven largely by what appear to be inconsistencies between the scale of the surveillance program and administration assertions about its limits." The Wall Street Journal (5/18, Solomon, Searcey, 2.11M) notes Democrats yesterday "outlined what they said will be the wide scope of questions they will put to Gen. Hayden during the hearings…which will include an extensive focus on the NSA. They also said they will question Gen. Hayden on his plans to keep the CIA's operations independent of the Pentagon's, as well as to reduce what they say has been the Bush administration's politicization of intelligence activities."

GOP Leaders Aim To Let Hayden Keep Rank, Independence. Roll Call (5/18, Stanton) reports GOP leaders and the Bush Administration "have agreed to take a series of unusual steps aimed at allowing Hayden to maintain his rank as a four-star general while suspending Defense Secretary Donald Rumsfeld's authority over Hayden as a military officer while he serves as CIA director." Democrats and "some Republicans have expressed concerns that if Hayden remains on active military duty, technically he'll be under Rumsfeld's command. At the very least, they say, this would create an impression that the strict lines dividing the military and civilian branches of government since the nation's founding were being blurred."

Hayden To Emphasize CIA's Unique Humint Role To Help Rebuild Morale. The Washington Post (5/18, A4, Pincus, 744K) reports Gen. Michael Hayden "would work to rebuild morale at the agency in part by emphasizing its central role in managing the collection of human intelligence overseas, including by agencies other than his own, according to active and retired senior intelligence officials." Hayden has "told colleagues that he expects to act as the intelligence community's manager for human collection, coordinating and overseeing clandestine efforts abroad of the CIA, Defense Department and other government agencies. That would be similar to a role he played for intelligence collected by electronic intercepts when he ran the National Security Agency. In that role, and more recently as Negroponte's deputy, he has clashed with some senior defense officials." Hayden has also said "he would emphasize the CIA's importance as home to the largest number of 'all-source' analysts within the U.S. intelligence community. He plans to remind them, an associate said, that the 'CIA's primary customer remains the president' and they are still the 'major,' if not the only, contributor to the PDB, the

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President's Daily Brief, the highly classified intelligence report provided to Bush each morning."

Critics Say Hayden Had Mixed Record At NSA. The New York Times (5/18, Shane, 1.19M) reports that last year, "when Gen. Michael V. Hayden last sought Senate confirmation to a new job, protecting Americans' privacy from the global eavesdropping system he had overseen for six years at the National Security Agency was almost an afterthought on Capitol Hill." Hayden "assured senators then that the agency acted 'absolutely in compliance with all U.S. law and the Constitution,' and sailed to easy confirmation in April 2005 as principal deputy director of national intelligence." But now, the "question of whether General Hayden misled the committee last year is only one of several that could, in theory, cause trouble. Senators could press him on his role in costly, floundering modernization programs at the N.S.A., or his views on the C.I.A.'s secret prisons for terrorism suspects." But there "is also a pronounced minority view, expressed by some former senior N.S.A. officials and advisers: that General Hayden is better at public relations than at management, and that his record at the agency was far more mixed than his many admirers realize."

Hearings To Highlight Pentagon's Increased Intelligence Role. The Christian Science Monitor (5/18, Sappenfield, 61K) reports, "Experts widely agree that Hayden is independent and not likely to be bullied by the Department of Defense. But the issue points to how the war on terror is reshaping the US intelligence structure - and whether it is wise for the Pentagon to take more of the nation's spying needs upon itself."

Gates Says Hayden Should Be Confirmed. In a Washington Post op-ed (5/18, A23), Robert M. Gates, deputy director of central intelligence under President Ronald Reagan and director of central intelligence under President George H.W. Bush, says, "As the last career intelligence officer to serve as director of central intelligence, I believe Gen. Mike Hayden should be confirmed as director of the CIA. Hayden is an intelligence professional and widely regarded as one of the very best."

Novak Says Goss Ouster "Enraged" Hastert. Syndicated columnist Robert Novak (5/18) writes that "according to Capitol Hill sources," House Speaker J. Dennis Hastert "engaged in a high decibel rant last week when he met with Vice President Dick Cheney. The speaker was enraged by the sacking of his friend and former colleague, Porter Goss." Hastert's "wrath reflects the feeling in the House Republican cloakroom that" Goss "is being made a scapegoat for the government's intelligence mess."

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More Commentary. The Richmond Times-Dispatch (5/18) editorializes, "When news broke about the National Security Agency's warrantless wiretaps of telephone calls, conducted in seeming contravention of the Foreign Intelligence Surveillance Act, President Bush insisted the nation's spymasters were targeting only persons with possible terrorist ties. … Attorney General Alberto Gonzales asserted that the agency was interested only in calls reaching beyond America's borders, and that while the administration might someday want to turn its attention to strictly domestic calls, it had not done so yet. Comes now word that major telephone companies have turned over to the NSA the domestic telephone records of… millions of innocent Americans."

Foggo Lawyer Says FBI Agents Seized Items Relating To Vacations With Wilkes. The Los Angeles Times (5/18, Schmitt, 958K) reports, "Federal agents who raided the home and office of former top CIA official Kyle 'Dusty' Foggo were looking for evidence about trips that he and his family took with the family of San Diego defense contractor Brent Wilkes and whether Foggo paid his fair share," Foggo attorney William G. Hundley said yesterday. "In addition to other material collected in the raids, FBI agents seized family vacation photos, bank records and Cuban cigars from Foggo's home," Hundley said. He added that "the government appears to view the trips as a potential 'quid pro quo' for the water contract that Wilkes won while Foggo was heading a logistics unit for the CIA in Germany. Hundley said that Foggo 'never knowingly awarded a contract' to Wilkes, and that the cost of the trips was shared appropriately."

Undercover NYPD Officer Testifies Siraj Hoped For Terror Attacks On US. The New York Times (5/18, Rashbaum, 1.19M) reports, "An undercover police officer testified yesterday that a Pakistani immigrant charged with plotting to blow up the Herald Square subway station in 2004 had said two years earlier that he hoped Al Qaeda operatives would blow up New York City and 'the American people.' Prosecutors called the officer as a witness…in an effort to undermine the case" of Shahawar Matin Siraj, "who testified in his own defense over the last two and a half days, and his lawyers have argued that he was entrapped by a paid police informant. … But yesterday, the officer…testified about a series of conversations he had with

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Mr. Siraj between 2002 and early 2003 in which he said the young man talked supportively about terrorism." The AP (5/18, Hays) adds that the officer, who used "his street name, Kamil Pasha, because he's still involved in active investigations," testified "Siraj declared in December 2002 that, 'The mission was not complete on 9/11 because it did not hit Wall Street.'" The New York Post (5/18, Haberman, 624K) notes Pasha testified Siraj "caught the terror bug well before he ever met the NYPD informant he claims urged him to carry out an attack." The New York Daily News (5/18, Marzulli, 729K) and New York Sun (5/18, Goldstein) also report on Pasha's testimony.

Man Charged With Making Bomb Threat Against Philippine Embassy. The AP (5/17, Ritter) reports, "A Nevada man was arrested and charged Wednesday with making a false bomb threat against the U.S. Embassy in the Philippines. Apolinar Agelio Tiu, 62, of Las Vegas, pleaded not guilty in federal court to one count of conveying false information relating to explosive materials and one count of making a false statement involving terrorism."

Poll Finds Americans More Concerned About Weather Than Terrorism. The Washington Times (5/18, Harper, 90K) reports that a Harris poll released Tuesday finds that 72% rank hurricanes as the most destructive disaster, followed by earthquakes and tornadoes, each cited by 53 percent, and terrorism, cited by 43 percent. The Times adds, "Floods (37 percent), wildfires (19 percent) and drought (16 percent) followed. But Americans don't seem particularly concerned by sloppy soil and blizzards. … When asked whether the federal government was prepared to deal with the nine types of disasters, almost half -- 47 percent -- said agencies would not be able to cope with any of them. Only a quarter said the government could cope with a terrorist attack, while 20 percent said it could respond to a wildfire. The numbers go downhill from there: Only 2 percent said the government could deal with a mudslide. … The poll of 3,979 adults was conducted online April 12 to 20 and had a margin of error of two percentage points."

HOMELAND RESPONSE:

House Panel Delivers "Tongue-Lashing" To DHS, But Boosts Agency's Budget. In an article appearing on at least 58 news websites, the AP (5/17, Taylor) reports that the House Appropriations Committee approved a $32.1 billion spending plan for the "troubled" Department of Homeland Security yesterday, but not before giving the agency "a tongue-lashing" over what Rep. Martin Sabo called a "bureaucratic mess." The bill was approved following the defeat of "Democratic proposals to boost funding for port and border security and grants to emergency first-responders" and "registers about $200 million less than Bush sought, since the Appropriations panel rejected for the second year in a row a Bush administration plan to raise airline ticket taxes." Though the budget provides a 6 percent increase over current levels, Rep. Hal Rogers said "excuses and delays due to reorganizations, personnel shortages, and poor financial management" will no longer be tolerated.

The Wall Street Journal (5/18, Rogers, 2.11M) reports that as part of the budget, "an estimated $4.18 billion is provided for government-port and cargo-security agencies, a $448 million increase over this year. And for the first time, the panel endorsed language authorizing Secretary Michael Chertoff to issue regulations establishing minimum security requirements for U.S. chemical facilities."

Administration Cites Reservations Over Changes To Foreign-Deal Rules. The Wall Street Journal (5/18, A13, Hitt, 2.11M) reports speaking before a House Financial Services subcommittee yesterday, Clay Lowery, Treasury's assistant secretary of international affairs, said the Bush Administration is "ready to embrace modest proposals to improve communications with Congress over foreign-investment reviews and raise accountability within the administration." However, he expressed "concerns with several proposals written into the bill, including measures to require the secretaries of Treasury and Homeland Security to sign off on all deals," which he said "would lengthen and delay the process, presenting an unnecessary impediment to legitimate investment." Lowery also said that requiring extended 45-day investigations for all cases involving foreign government-owned entities "would require the administration to devote attention to cases that don't raise security concerns, and potentially could divert 'critical resources away from examination of acquisitions that do pose potential hazards.'"

Columnist Proposes Independent Homeland Security Board. Harlan Ullman, in his column for the Washington Times (5/18, 90K) writes, "The nation's security

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is…in need of a fix" and the "appropriate assignment of responsibility, authority and accountability among our security agencies" is the "fundamental issue." Ullman continues that Director of National Intelligence John Negroponte must integrate "the intelligence community into a more effective and cohesive operation." In an assessment of DHS, Ullman writes that having merged "an eclectic menage of dozens of disparate agencies and differing bureaucratic cultures totaling nearly 180,000 people, …perhaps it is amazing the department functions at all." Ullman states that due to "the principles of federalism and checks and balances," it is impossible for any "single person or organization" to be is "in charge of homeland security." He proposes the creation of "an independent Homeland Security Board to function along the lines of the Fed and the SEC" that would "regulate and set homeland security standards and policies, and, with DHS, to ensure compliance."

WAR NEWS:

Rumsfeld Acknowledges Divisions Over Interrogation Techniques. The AP (5/18, Baldor) reports Defense Secretary Donald H. Rumsfeld "said for the first time Wednesday that officials are at odds over whether a new Army manual should endorse different interrogation techniques for enemy insurgents than are allowed for regular prisoners of war." The debate "hinges on whether suspected terrorists or other insurgents can be treated more severely than captured members of an enemy army. There are concerns such a distinction could fly in the face of a law enacted last year, pressed by Sen. John McCain, R-Ariz., that explicitly banned cruel, inhuman or degrading treatment of prisoners by U.S. troops." Rumsfeld told the Senate Appropriations Committee's defense subcommittee, "There is a debate over the difference between a prisoner of war under the Geneva Convention and an unlawful combatant in a situation that is different from the situation envisioned by the Geneva Convention. And those issues are being wrestled with at the present time." Rumsfeld "did not say whether there would be one uniform standard. But he said the manual, which will guide troops on the handling of detainees, 'will comply with U.S. law.'"

US To Return 16 Detainees To Saudi Arabia. The New York Times (5/18, Weisman, 1.19M) reports that US officials and the Saudi foreign minister said yesterday that the US plans to turn over 16 Saudis suspected of terrorist activities and held at Guantánamo Bay, Cuba, to Saudi Arabian authorities. The decision "came after months of wrangling over American demands for guarantees that they would be treated humanely once in Saudi custody, but it was not entirely clear what sort of agreement had been reached. … The Defense Department, which runs the prison camp at Guantánamo, declined to confirm that the Saudis would be repatriated soon."

Rumsfeld Can't "Promise" Substantial US Troop Pullouts This Year. The Washington Post (5/18, A3, Ricks, 744K) reports, "Defense Secretary Donald H. Rumsfeld said he cannot guarantee that there will be substantial withdrawals of US troops from Iraq this year, and warned instead that leaving that country precipitously could create a sanctuary for al-Qaeda and other terrorists." Rumsfeld "told a Senate panel yesterday that he still hopes a big troop cut will occur this year but added, 'I can't promise it.'" Rumsfeld also "reprised some of his past optimism about the war in Iraq, which has grown increasingly unpopular with the public and dragged down President Bush's poll ratings in recent months. With the formation of a new government almost complete, Rumsfeld said, Iraq has 'entered a hopeful new phase in what has been a long and difficult journey.'"

Murtha Says Marines Killed Innocent Iraqi Civilians "In Cold Blood." Rep. John Murtha, the hawkish Democrat and retired Marine who broke character to call for the immediate withdrawal of US troops from Iraq, yesterday there is evidence US Marines killed civilians in the town of Haditha. The story was covered by NBC in a full segment. NBC Nightly News (5/17, story 3, 2:55, Williams, 9.87M) reported Rep. Murtha is "accusing US Marines of killing innocent civilians in cold blood." NBC (Miklaszewski) added that last November, Iraqis "in the town of Haditha claimed US Marines deliberately killed at least 15 unarmed Iraqi civilians, including 7 women and three children." In "a remarkable statement in Washington, Democratic Congressman John Murtha claims it's true." Rep. John Murtha, Pennsylvania: "There was no firefight. There was no IED that killed these innocent people. Our troops overreacted because of the pressure on them, and they killed innocent civilians in cold blood." Miklaszewski: "Military officials today tell NBC News the Marine Corps' own evidence appears to show Murtha is right."

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The Wall Street Journal (5/18, Rogers, Phillips, 2.11M) reports "the Marines announced last month that three officers were relieved of command after the battalion involved in the Nov. 19 incident in Haditha ended its tour of Iraq and returned to the US." Those relieved "included both the commander of the rifle company involved in the events under investigation and his direct superior. Neither of the two was willing to comment Wednesday, according to a Marine Corps spokesman at their base, Camp Pendleton, in Southern California." The Washington Times (5/18, 90K) runs a similar story under the headline "Murtha Says Marines Killed Innocent Iraqis."

Iraqi Cabinet To Be Announced Saturday. The New York Times (5/18, Tavernise, Mizher, 1.19M) reports government statements that Iraqi's political leadership "struck tentative agreements on candidates for several cabinet ministries on Wednesday and said a complete list of names would be announced on Saturday. Leaders have been negotiating for weeks over what will be Iraq's first permanent government since the fall of Saddam Hussein, and, under Iraqi law, have until Monday to finish." Hussein Shahristani, a nuclear scientist jailed by Saddam for ten years for refusing to design a nuclear weapons program, appears to be the consensus candidate for oil minister, while Interior Minister appears to be a three-way race between Ahmad Chalabi, Mowaffak al-Rubaie and Nasir al-Feyadh. Hoshyar Zebari seems likely to remain Foreign Minister, while Thamir Sultan al-Tikriti and Muhammad Baraa al-Rubaie are said to be the leading candidates to lead the Defense Ministry.

USA Today/AP (5/18) says Saturday's announcements will be "the first sign that the country may finally be moving ahead with a national unity government after weeks of wrangling. There are hopes that sharing power successfully will help heal the sectarian rift underlying the relentless wave of violence that has swept Iraq since the US-led invasion three years ago and open the way for American troops to begin returning home." Knight Ridder (5/18, Fadel), among other sources, runs a similar story this morning.

US Military Developing Laser To Blind Drivers Temporarily. The Los Angeles Times (5/18, Rainey, 958K) reported on its web site, "The U.S. military is deploying a laser device in Iraq that would temporarily blind drivers who fail to heed warnings at checkpoints, in an attempt to stem shootings of innocent Iraqis. The pilot project would equip thousands of M-4 rifles with the 10 1/2-inch-long weapon, which projects an intense beam of green light to 'dazzle the vision of oncoming drivers."

Baghdad Neighborhood Residents Scramble To Save Mosque. The Washington Post (5/18, A16, Knickmeyer, 744K) reports on an attack on a mosque in the Zayuna neighborhood of Baghdad. According to the Post as the attack began, the mosque's imam shouted, "God is great" over a loud speaker. "The imam's cry was the alarm recognized in all neighborhoods -- Sunni or Shiite -- across Baghdad. The mosque was under attack." The Post adds, "Across that pocket of Zayuna, a neighborhood originally created for army officers in the 1960s, the largely middle-class and heavily secular population of retired colonels, shop owners and professionals slammed their drinks down on coffee tables or lurched upright from their sleep. Though some could count the months, even years, since they last attended prayers, they knew that if the mosque was under attack, Zayuna might be under attack."

Canadian Lawmakers Vote To Extend Afghanistan Deployment. The New York Times (5/18, Krauss, 1.19M) reports that Canada's House of Commons last night voted t extend Canada's military deployment in Afghanistan by two years. The Times notes that the vote givers Prime Minister Stephen Harper "a foreign policy victory but only after an emotional and deeply partisan debate."

Pakistani Official Says Afghanistan's Problems Are Internal. Mansoor Suhail, Press Minister for the Pakistan Mission to the United Nations, writes in a letter to the Wall Street Journal (5/18, 2.11M) , "Afghanistan's security problems are internal, not external, and arise from religious extremism, warlordism, narcotics trade and local rivalries. The Taliban originated from and continue to be based in Afghanistan. Failure to address the country's complex security challenges cannot be externalized."

Afghan TV Channel Draws Fire For Reporting On Taliban. The Christian Science Monitor (5/18, Montero, 61K) reports that Afghanistan's top television channel, Tolo TV, "finds Afghanistan's hot buttons -- and pushes them. … Now, in an indication of how security is surpassing Westernization as a major preoccupation in this

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country, the station is angering the government with dogged reporting on the Taliban. As Tolo's team of reporters digs deeper into the insurgency, it faces increasing challenges from the central government, Tolo reporters and analysts say. Covering the Taliban, they explain, means delving into the reasons driving the rebels, and that often requires investigating allegations of corruption and abuse within the central government."

US House Of Representatives Urges Russia To Continue Klebnikov Investigation. Russia's RIA Novosti (5/17) reported on its English-language Web site, "The U.S. House of Representatives passed a resolution Tuesday urging Russia to continue an inquiry into the murder of American journalist Paul Klebnikov. … 'The House of Representatives ... urges the Government of Russia to take appropriate action to protect the independence and freedom of the Russian media and all visiting members of the media,' the House resolution said. … The House said 'a group of United States investigative journalists who doubt the Russian Government's claim has launched its own inquiry into the death of Mr. Klebnikov' and voiced concern about press freedom in Russia."

DOJ:

"Suspicious Package" Removed From DOJ Mailroom. The AP (5/17) reports, "Authorities removed a suspicious package from the Justice Department mailroom Wednesday in downtown Washington after initial testing indicated it was not dangerous. The building was not evacuated, but emergency workers in hazardous materials suits were sent to investigate."

Anonymous Letter Renews FBI Probe Of Seattle US Attorney's Murder. ABC's Good Morning America (5/17, Sullivan) reported that in the stalled investigation into the murder of Seattle US Attorney Thomas Wales four years ago, "a mysterious letter has surfaced, giving the FBI new clues, kick starting a real-life CSI investigation." ABC (Shipman) added, "The FBI is making this case a huge priority, offering an unprecedented $1 million reward to anybody who has information that might help solve it. … Law enforcement suspect the culprit is somebody with a grudge against Wales from his years as a tough prosecutor and ardent gun control activist." FBI Special Agent Gary Schoenlein: "We have to consider strongly the possibility that this homicide was connected to his professional duties." Shipman: "We went behind the scenes with FBI forensic experts as they performed rigorous tests to extract fingerprints and other residue which might yield clues. … But maybe the most telling clues can be found in the letter itself. … It reads like a dime store crime novel," and "the FBI says the murder plot detailed in the letter is highly uncharacteristic of a professional hit man." FBI Supervisory Special Agent Shawn Vanslyke: "This letter was a very sophomoric and unsophisticated attempt to throw us off course." Shipman: They do believe, though, the writer of the letter is connected to the crime and will lead them closer to an arrest." FBI Seattle SAC Laura Laughlen: "I would hope that the public would see this and be willing to come forward with any piece of information no Matter how small they might think it is." Additionally, ABC News (5/17) posts a version of the story on its Web site.

MSNBC's Abrams Report (5/17) also reported on the letter and the FBI investigation, interviewing Seattle Times reporter Steve Miletich and Northeastern University criminologist Jack Levin. Miletich said that the FBI is "treating the letter seriously, because it came out of nowhere four years plus into this investigation. And it would be highly unlikely that someone would sit down and write a letter like this unless that person had some interest in the case, a connection to the case or is the killer." Levin said of the letter, "A serial killer might be motivated to write a letter like this, send it to the FBI in order to taunt them or become big shot celebrities. A professional hit man would not feel pains of conscience, certainly wouldn't confess years later…so I really don't see the motivation for the killer to write this letter." Host Dan Abrams said at the end of the interviews, "If you have got any information, please contact the FBI, toll free, 866-322-7009 -- I believe there's a $1 million reward."

Financial Times Puzzled By Luttig Resignation, But Sees Benefit For Boeing. The Financial Times (5/18) asks, "Just why did Judge Michael Luttig, once considered a top contender to join the Supreme Court, step down from the bench last week to become general counsel of Boeing? The day after his resignation was made public, The Wall Street Journal linked the departure to Luttig's fury over the government's handling of the case of José Padilla, the American who had been held without charge for two years as an enemy combatant. Two

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months after Luttig handed the administration a significant victory, the justice department reversed course, keeping the case from going before the Supreme Court." Luttig has denied that. The Times continues, "While Observer has no reason to doubt Luttig's sincerity, it is surely good news for Boeing that the former judge has clarified the mix-up with the justice department. After all, Boeing has just tentatively agreed to pay $615m to settle various government allegations. A new tiff between their general counsel and the Bush administration is the last thing the company needs."

CORPORATE SCANDALS:

Jury Deliberations Begin In Trial Of Ex-Enron Chiefs. NBC Nightly News (5/17, story 8, 0:10, Williams) reported, "In Houston tonight, the jury has the case now in the Enron trial. The company's founder, Ken Lay, and former chief executive Jeff Skilling face multiple counts of fraud and conspiracy in the case." The Los Angeles Times (5/18, Mulligan) reports the jury got the case "after the government launched its final attempt to bolster its charges."

USA Today (5/18, 3B, Farrell) reports "all the talk from lawyers ended Wednesday morning at 10:35, when prosecutor Sean Berkowitz summed up the government's case against the defendants with a simple maneuver. Berkowitz pulled out a large poster, which he displayed on an easel. On the one side, in big, capital letters, was the word, 'TRUTH,' and on the other, 'LIES.' After all the intricately detailed testimony that came before the jury about 'dirty hedges,' 'goodwill write-downs,' 'monetizations' and 'dark fiber sales,' the black-and-white chart boiled it down to those two words." Berkowitz said, "These men lied. They withheld the truth. They put themselves ahead of the investors. I'm asking you to send them a message, that it's not all right. You can't buy justice. You have to earn it."

The New York Times (5/18, Romero, Barrionuevo) adds Berkowitz " reserved specific but quietly stated ire for what he called the 'ranting and yelling' of Chip Lewis, a lawyer for Mr. Lay, who in one of the testiest moments of the trial, shouted in the direction of prosecutors on Tuesday, 'Don't come to Houston, Tex., and lie to us!'" The Financial Times (5/18, McNulty) adds that Berkowitz "rejected the defence's warnings that any hesitation in reaching a decision over who told the truth meant jurors had to acquit the defendants. He urged jurors to go through the multitude of documents, and video and audio tapes."

The Washington Post (5/18, D1, Johnson) reports that following Berkowitz's two-hour presentation, "rhe eight-woman, four-man panel recessed to a private room at mid-morning to consider 28 charges against Skilling and six more against Lay." As jurors "filed out of the courtroom, Skilling took deep breaths and struggled to contain his emotions while his lawyer squeezed his neck. Lay looked solemn as he watched the jurors walk by."

The Wall Street Journal (5/18, C2, McWilliams) writes that the "start of jury deliberations won't give Mr. Lay much of a break. He begins a trial here Thursday in a separate case in which he is accused of bank fraud. The four charges will be heard without a jury before U.S. District Judge Sim Lake, the same judge overseeing the conspiracy-and-fraud trial." Lay is "accused of borrowing $75 million from Bank of America, Compass Bank and Chase Bank and improperly using the money to carry or buy stocks on credit. The trial is expected to last several days."

HealthSouth Says It Has Reached Non-Prosecution Deal With DOJ. The Birmingham Business Journal (5/17) reports HealthSouth "announced Wednesday evening it has reached a non-prosecution agreement with the Department of Justice. Negotations were conducted through the U.S. Attorney's Office in Birmingham. The agreement 'removes the threat of an indictment of HealthSouth by the United States government for the accounting fraud committed against the company by members of its former management,' the company states in a news release."

Scrushy, HealthSouth Tangle Over Bylaws Proposal. The Wall Street Journal (5/18, C2, Brooks) reports HealthSouth founder Richard Scrushy and the "management team still cleaning up the mess left by the massive accounting fraud that occurred while he was in charge" sparred Wednesday over a Scrushy attempt to "put an unusual proposal before shareholders at today's annual meeting." His effort, "which concerned bylaw changes to give shareholders the power to set the size of the board and fill any vacant director slots, sparked a technical debate on whether it was one proposal or two." The SEC "was called in to referee," and Scrushy's efforts eventually failed. The Journal writes, "HealthSouth has spent $495 million on outside help to reconstruct its books as part of its recovery from the fraud the company has said inflated profits by almost $4 billion. So

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it is little surprise that HealthSouth's current bosses weren't interested in Mr. Scrushy's idea."

Leslie Scrushy Profiled. The Washington Post (5/18, D1, Guyon) runs a profile of Scrushy's wife Leslie Scrushy entitled "Richard Scrushy's Chief Believer." The piece runs more than 2,600 words.

Delaware Judge Could Boot Milberg Weiss From Class-Action Suit Role. The Wall Street Journal (5/18, A2, Brickley, Plitch) reports Vice Chancellor Stephen Lamb of Delaware's "influential" Court of Chancery says he is not inclined to let Milberg Weiss Bershad & Schulman LLP maintain the lead counsel slot in a shareholder class-action case regarding Russia's OAO Lukoil Holdings and its proposed takeover of a Kazakhstan company. Lamb cited the possibility that Milberg Weiss "could be indicted for allegedly paying kickbacks to lure lead plaintiffs." While the Lukoil lawsuit "isn't one of those believed to be at issue in the kickback probe," Lamb said the "chance that Milberg Weiss as well as some partners could face indictment argued against keeping it in charge of the case."

Federal Prosecutors Probing UnitedHealth Options Practices. The Wall Street Journal (5/18, C1, Bandler, Forelle, Hechinger) reports Manhattan federal prosecutors have opened a criminal probe into the options-granting practices of UnitedHealth. The Minnesota-based health insurer "disclosed late yesterday that it had received a subpoena from the U.S. attorney's office in the Southern District of New York. People familiar with the matter say that least one other company besides UnitedHealth has received a subpoena, and that the probe by the Southern District appears to be broad." UnitedHealth also said the IRS "had made a request for documents, suggesting that the agency may be looking at the tax implications of possibly misdated stock options." The AP (5/17) reports UnitedHealth "said it is cooperating fully" with the government requests.

Tenet Healthcare Settles Federal Case. The Wall Street Journal (5/18, A13, Rundle) reports Tenet Healthcare "agreed to pay $21 million and divest its San Diego hospital in a federal settlement that ends a three-year criminal case. The deal potentially clears the way for Tenet to reach a wider resolution of its government investigations." The settlement between San Diego US Attorney Carol Lam and the company "averts a potential third criminal trial against Alvarado Hospital Medical Center, its former Chief Executive Officer Barry Weinbaum and a Tenet unit. The defendants were charged with paying kickbacks to doctors in exchange for patient referrals to the hospital." The Journal says the settlement "was a victory of sorts" for Lam "after her failure to obtain conviction of the defendants in two lengthy criminal trials."

The Los Angeles Times (5/18, Yi) quotes a Tenet spokesman saying, "We are optimistic that with the resolution of the Alvarado case, we can reach agreement soon with the federal government." The Los Angeles Business (5/18) reports Tenet "has long contended that it is innocent, and that overzealous prosecutors are taking advantage of vague federal regulations that are open to interpretation."

SEC Will Not Exempt Small Firms From Sarbanes-Oxley Audit Rules. The Wall Street Journal (5/18, C4, Reilly, Scannell) reports the SEC has declined to exempt small companies from rules contained in the Sarbanes-Oxley Act that "would require them to prove they have adequate safeguards in place to catch accounting mistakes and fraud." The SEC "defied the wishes of its own small-business advisory panel" in the decision; the panel had said the internal control rules "are too costly for small companies and offer little benefit to investors."

The New York Times (5/18, Norris) writes that the SEC did move to make the rules "easier and less expensive to apply. But despite political pressure, the commission said smaller companies would eventually have to comply with rules governing their internal controls." SEC Chairman Christopher Cox said, "The basic message is the SEC is saying that there is no ultimate postponement for smaller companies." The Washington Post (5/18, D2, Day) writes that the SEC "will not issue proposed final rules for public comment for several months because of their complexity. But Cox said the agency took the unusual step of outlining the general form the rules will take to alert companies that an exemption will not be in the picture."

Ex-Musicland CEO Testifies At Teo Insider Trading Trial. The St. Paul Pioneer-Press (5/18, Voreacos) reports Musicland Stores investor Alfred Teo "was told in 2000 that a pending acquisition of the company was a secret," according to ex-Musicland CEO Jack Eugster in testimony at Teo's insider trading trial. Eugster said he told Teo at the time that the offer by Best Buy "was confidential. Prosecutors say Teo illegally tipped eight friends to buy

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Musicland stock and bought 25,000 shares himself before the transaction was announced on Dec. 7, 2000."

FBI, Miami Police Arrest Former Atlanta Hedge Fund Manager. The Wall Street Journal (5/18, McDonald, 2.11M) reports Kirk S. Wright, "a former Atlanta hedge-fund manager whose funds are missing more than $100 million in client assets," was "arrested in a Miami hotel yesterday by the Federal Bureau of Investigation and Miami Beach police." Wright, "founder and Chief Executive of International Management Associates LLC, was apprehended at a Miami hotel after authorities received 'numerous leads from across the country,' said Stephen Emmett, a spokesman in the FBI's Atlanta office."

Professor Argues CEOs Are Not Overpaid. Tyler Cowen a professor of economics at George Mason University, writes in the New York Times (5/18), "Not surprisingly, many people think the American executives are overpaid." But in a new paper, "economists Xavier Gabaix of the Massachusetts Institute of Technology and Augustin Landier of the Stern School of Business at New York University offer a contrarian view. They suggest that the higher salaries for chief executives can largely be explained by increases in the value of the stock market. Viewed as a whole, these salaries are a result of competitive pressures rather than the exploitation of shareholders. … The growth in executive compensation reflects how much more is at stake in American companies. Is not the real question which policies and institutions have led to this explosion of value?"

CRIMINAL LAW:

Gonzales Announces Creation Of Nationwide Anti-Web Predator Campaign. The Washington Times (5/18, Seper) reports Attorney General Gonzales "yesterday put into motion a nationwide program to protect children from online exploitation and abuse." Project Safe Childhood will "enhance the national response to a 'growing threat' to America's youths, and will allow U.S. attorneys nationwide to partner with a national network of 46 regional task forces to target online predators," Gonzales said. He also warned that, "at any given time, 50,000 predators are on the Internet 'prowling' for children." Gonzales continued, "Just this morning, I visited the FBI's Innocent Images Unit in Maryland, where I observed some of the aggressive behavior and graphic language used by these online pedophiles as they solicit our children. It is not an exaggeration to say that we are in the midst of an epidemic of sexual abuse and exploitation of our children."

Bloomberg TV (5/17, 4:54 p.m.) reported, "Attorney General Alberto Gonzales announced the start of a nationwide program called Project Safe Childhood designed to protect children from online exploitation and abuse. The Attorney General toured a Justice Department computer center in Maryland where authorities track online predators. It's been estimated that at any given time there are some 50,000 predators on the Internet who are, in Gonzales's words, 'prowling' for children."

The AP (5/17) reports the project "calls for each U.S. attorney's office in the country to partner with state and local law enforcement to target internet predators. They will also try to find the children whose images have been found on the computers of those arrested. Project Safe Childhood will also provide training for investigators and prosecutors working cases involving computer crimes against children."

KATC-TV Lafayette, Louisiana (5/17, David) reports on its website that Gonzales "announced a new project to protect children from online abuse." The channel followed with a locally focused report on the impact of the program in the Lafayette area, where it "is already in place." US Attorney Donald Washington said, "The chances of you getting caught have gone up dramatically."

Sex Offender Charged In Child Porn Case. KTVB-TV Boise (5/18) reports on its website that convicted sex offender Jerry Banks has been charged producing and possessing child porn. Banks "is accused of producing and possessing child pornography. A federal grand jury charged 53-year-old Jerry Banks Sr. with producing a pornographic video of a baby boy, then taking those pictures and putting them on the Internet. The U.S. attorney's office says Banks is also charged with enticing a minor to engage in sexual activities."

Wisconsin Lawmakers Approve Satellite Monitoring Of Sex Offenders. The Milwaukee Journal Sentinel (5/18, Forster) reports that Wisconsin lawmakers voted Wednesday to require "lifetime global positioning system monitoring for certain child sex offenders." Gov. Jim Doyle said he intends to sign the measure. The "bill says that those who sexually assault a child under age 12, or use or threaten force or violence while molesting a child, would be subject to GPS tracking as a condition of parole, probation or

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extended supervision. The Legislative Fiscal Bureau estimated that such monitoring would cost $1.2 million for 285 offenders in the first year, and $2.3 million for 570 offenders in the second year."

DOJ Shuts Down Online Gambling Operation. The AP (5/17) reports that the Justice Department has dismantled a $2.5 billion offshore Internet gambling operation and charged two fugitives and their companies with laundering gambling proceeds from Internet casino games and sporting events. According to the AP, "A newly unsealed 12-count indictment filed in April 2005 accuses William Scott and Jessica Davis of illegally enticing gamblers to send funds from the United States to the Caribbean island of Antigua for wagers over the past eight years."

FBI Official Warns Of Offshoring's Intellectual Property Risks. In his Computerworld.com (5/17) blog, Robert L. Mitchell writes, "A few years back Boston-based FBI special agent Nenette Day busted a rogue programmer in India who had stolen the source code to SolidWorks Corp's CAD program. The sting, which took place in India, was a success in that SolidWorks was able to recover its software." But if "you think the perpetrator is rotting in jail, however, you'd be sadly mistaken." The case is "still dragging on in court, and it's unlikely that the defendant will ever serve jail time due to weak laws, Day says."

Pennsylvania Gambling Kingpin Returned To Prison. The Pittsburgh Tribune-Review (5/18, Cato) reports that John Francis "Duffy" Conley, the former kingpin of Western Pennsylvania's largest video poker empire, "was sent back to federal prison Wednesday for returning to his old ways -- running an illegal gambling operation and associating with known felons." Conley "was sentenced to four years by U.S. District Judge Arthur J. Schwab for violating the conditions of his supervised release from previous gambling convictions. … State investigators say wiretaps from the investigation showed that Conley handled $3 million in bets in less than a month late last year and was employing people with felony convictions. He also hired people who have known ties to organized crime, investigators say."

House Ethics Committee Launches Ney, Jefferson, Cunningham Investigations. In a front-page story, The Washington Post (5/18, Weisman, 744K) reports, "After 16 months of inactivity and partisan infighting, the House ethics committee launched investigations last night into bribery allegations against Reps. Robert W. Ney (R-Ohio) and William Jefferson (D-La.) and a separate inquiry into the widening scandal surrounding former congressman Randy 'Duke' Cunningham." The probes "come after the Justice Department intensified corruption investigations of Ney and Jefferson, and after Cunningham pleaded guilty to accepting $2.4 million in bribes and was sent to prison." The Post adds that the committee "logjam was broken last month when Rep. Alan B. Mollohan…was forced to leave the panel amid accusations that he used his congressional position to funnel money to his own home-state foundations, possibly enriching himself." The New York Times (5/18, Shenon, 1.19M) notes that former Ney and Jefferson aides "have pleaded guilty to federal corruption charges" and "suggested in court papers that they were prepared to testify that their former bosses accepted bribes or other illegal gifts from government contractors or lobbyists. In a separate brief statement, the ethics committee…said that it would have investigated Representative Tom DeLay…but that the inquiry was short-circuited by Mr. DeLay's announcement that he would retire from the House." The AP (5/18, Margasak), Wall Street Journal (5/18, Mullins, 2.11M) and Roll Call (5/18, Bresnahan) also report on the ethics committee probes and the allegations against Ney and Jefferson.

Illinois Governor Accused Of Maintaining A Political "Favors List." WLS-TV Chicago (5/17, Goudie) reports on its website, "Allegations of lawbreaking have emerged in the race for governor of Illinois. Republican candidate Judy Barr Topinka says Democratic Governor Rod Blagoejvich doled out political favors to supporters. … According to Republican State Treasurer Judy Barr Topinka, Blagojevich was keeping an illegal 'favors list.'" … The so-called favors list includes 291 names and the names of their references, from ward bosses to political moguls to influential associates, even Blagojevich's now estranged father-in-law, Chicago Alderman Richard Mell, who Wednesday acknowledged making hiring recommendations to his son-in-law governor."

Senate Panel's Report On Abramoff Expected In June. Roll Call (5/18, Kane) reports Sens. John McCain (R-Ariz.) and Byron Dorgan (D-N.D.) "said Wednesday that their staffs were close to finishing a final

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report on the Indian Affairs Committee investigation into ex-lobbyist Jack Abramoff's bilking of his tribal clients." The Senators "said that the final report has been delayed because of the sheer amount of work involved in compiling a single narrative that attempts to wrap up the committee's roughly two-year probe into what the Justice Department has concluded was an Abramoff-led operation that stole at least $40 million from a handful of tribes." It "now appears likely that the report won't be completed until sometime in June at the earliest, with the Senate adjourning for the week-long Memorial Day recess late next week."

Safavian Defense Dealt Setbacks As Trial Approaches. Roll Call (5/18, Bresnahan) reports that with his "trial set to begin next week, David Safavian, the former Bush administration official accused of lying about his relationship with ex-lobbyist Jack Abramoff, was dealt a series of setbacks by a federal judge Wednesday." US District Judge Paul L. Friedman "has ruled against an effort by Safavian to keep jurors from hearing allegations that he gave Abramoff confidential government information about one of Abramoff's clients." Friedman also "ordered that jurors can be told the full cost of a controversial Scotland golf junket that Safavian took part in during August 2002."

Former Chicago Official Testifies City Employees Forced To Work Campaigns. The Chicago Tribune (5/18, Mihalopoulos, Higgins, 643K) reports, "In a meeting at his City Hall office, the patronage chief for Mayor Richard Daley directed Mary Jo Falcon and her group of Asian city workers to help the mayor's re-election effort, Falcon testified Wednesday" at he corruption trial of the former patronage chief, Robert Sorich, and three codefendants. Falcon "vividly detailed how she recruited her underlings in the city's Sewers and Water Management Departments for hands-on, street-level campaigning." The Tribune notes, "She said when the FBI searched her city office last year, she did not think she had committed a crime, although she 'thought there was something wrong with what I was doing.' Falcon conceded that Sorich never told her to falsify records to get favored job candidates on the payroll." The AP (5/18, Robinson) notes, "Prosecutors wanted the jurors to hear about the campaigning to give substance to the charge that the employees were hired because of their willingness to do political work -- in direct violation of a court order. The idea was to show how a so-called patronage army, banned by the court and subsidized by taxpayers, was put on the street to propel candidates to victory. Falcon testified that some of the campaigning was arranged in her office on city time. But there was no testimony that city workers hit the streets to ring doorbells on taxpayers' time."

Under the headline "Altering, Lying On City Forms 'Was My Job'," The Chicago Sun-Times (5/18, Steve, Korecki) reports, "Sorich's attorney, Thomas Durkin, gently tried to put Falcon's credibility in question as he had her acknowledge that she cooperated with federal investigators because she didn't want to go to jail. Falcon is testifying under immunity."

Illinois Supreme Court Disbars Former City Clerk. The Chicago Sun-Times (5/18, Herman) reports, "The Illinois Supreme Court took away former Chicago City Clerk James Laski's law license -- a penalty for his role in a bribery scandal. Laski pleaded guilty in March to taking bribes and trying to block an investigation into his role in the city's Hired Truck Program. The case triggered a probe by the Attorney Registration and Disciplinary Commission, the disciplinary arm of the Supreme Court."

Ryan Juror Brought Outside Research Not Related To Evidence Into Deliberations. The Chicago Tribune (5/18, O'Connor, 643K) reports, "A juror in former Gov. George Ryan's trial acknowledged bringing outside legal research into deliberations out of what she described as frustration over another juror's refusal to discuss testimony, according to a newly unsealed transcript. Under oath during a private telephone interview by a federal judge, the juror, Denise Peterson, emphasized that her limited research on the Internet had nothing to do with evidence in the case and played no part in the ultimate guilty verdict. U.S. District Judge Rebecca Pallmeyer called Peterson's move an 'innocent mistake,' according to the transcript." The Tribune adds, "Peterson said she did a Google search about deliberating and printed out two pages from the American Judicature Society, a legal group. She also found an article about 'Dealing with Difficult People,' according to the transcript." The AP (5/18, Robinson) adds, "Defense attorneys argued the documents might be prejudicial enough to warrant throwing out the guilty verdict and ordering a new trial," but Pallmeyer "spoke with Peterson and another juror by phone May 5 and then allowed the verdict to stand."

Prosecutors Say Race Not Factor In Tennessee Waltz Targets. The AP (5/18) reports, "Prosecutors deny targeting black lawmakers in the Tennessee Waltz investigation and say transcripts a

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defendant is using to make such a claim show racial bias by one of the accused, not government agents. Former state Sen. Roscoe Dixon, in seeking to get his bribery and extortion indictment dismissed, argues he is a victim of selective prosecution because he is black. … But prosecutors say a recorded conversation with a government informant shows that a Dixon associate tried to direct bribes to black lawmakers while blocking white legislators from getting at what appeared to be a rich pool of payoff cash. 'All racial discussion is initiated not by the government informant but by the co-defendant and agent for the defendant Dixon,' prosecutors say in opposition to Dixon's petition for dismissal of charges."

Former RNC Official Gets 10 Months In Prison For Phone Jamming Scheme. The AP (5/18, Saunders) reports, "Former Republican National Committee official James Tobin was sentenced to 10 months in prison Wednesday for his role in an Election Day phone-jamming plot against New Hampshire Democrats. … He also was fined $10,000, followed by two years probation. Prosecutors had asked for a two-year prison sentence." The AP adds, "U.S. District Judge Steven McAuliffe said Wednesday he was impressed by character witnesses who testified on Tobin's behalf, but wished Tobin 'had a better sense of how serious this was.'"

Muhammad Jurors View Alleged "Sniper's Nest" Car. The Washington Post (5/18, B5, Rich, Londoño) reports jurors in the Montgomery County, Maryland, trial of sniper John Allen Muhammad "were escorted to a secure loading dock in the courthouse building yesterday to see the modified Chevrolet Caprice that was allegedly used as a sniper's nest during the attacks that claimed 10 lives in the Washington area in October 2002." The Washington Times (5/18, Manning) says the " beaten-up former police car" is the "key to the prosecution's case against Muhammad -- the Bushmaster rifle used in the killings was in the Caprice when he and Lee Boyd Malvo were arrested Oct. 24, 2002. A hole was bored in the trunk, for a rifle barrel. Investigators also found two-way radios, a scrap of paper with the sniper task force tip-line phone number and paper with a list of schools in the Baltimore area."

Muhammad Underwent "Metamorphosis" Before Current Trial. The Washington Post (5/18, Rich) runs a front-page feature on what it calls "Muhammad's metamorphosis." He no longer is clad in "the orange jumpsuit he wore in Virginia when he was sentenced to death. Gone, too, is the hair that towered over him as he prepared for trial in Maryland." Looking "every bit the lawyer," he now "wears suits and ties. He carries with him a stack of legal papers, shuffling them purposefully at the defense table. He speaks the language of law, begging the 'court's indulgence' and asking that a 'continuous objection' be noted for the record." Because Muhammad is acting as his own attorney, the Maryland trial "has showcased Muhammad's personality and demeanor to a degree that his Virginia trial did not."

Virginia Police Officer Dies Of Gunshot Wounds From Attack. The Washington Times (5/18, Cella, Emerling) reports Fairfax County, Virginia, Master Police Officer Michael Garbarino died early Wednesday, a week after he was shot five times by Michael Kennedy in an "ambush" on a police station in Chantilly. Fairfax County Police Detective Vicky Armel was also killed in the incident, as was Kennedy.

The Washington Post (5/18, A22) editorializes that it "remains unclear" why Kennedy "was free to go on such a rampage. The details of his psychiatric history are still unknown to the public. Everything that is known, however, suggests that he was in desperate need of help he did not get. … Society pays in so many ways for failing to take the problem of mental illness seriously. One of those ways is tragic killings, like those of Detective Armel and Officer Garbarino."

Case Against Austin Cop Dismissed. KXAN-TV Austin, Texas (5/17) reports on its website, "An Austin police officer-involved shooting case has been thrown out of court, just before it was supposed to go to trial. Officer Scott Glasgow shot Jesse Owens Jr. five times back in 2003." Glasgow "shot 20-year-old Owens during a traffic stop where Glasgow pulled Owens over because he believed he was driving a stolen car. Glasgow then says Owens pulled him in through the window and drove off. That's when Glasgow shot and killed the young man. … The judge decided Glasgow was justified in using deadly force because there was no dispute Owens dragged him with his car."

Both Sides Of Duke Rape Case Playing To Public. The Christian Science Monitor (5/18, Jonsson) reports that legal analysts say both sides in the Duke sexual

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assault case "are going to new heights in playing to the public. … Going public is a strategy that has succeeded in the past, especially for defense teams who want the accuser's sexual history to be part of the trial, but who have been impeded in that aim by state shield laws intended to protect rape victims."

Federal Investigators Looking In To Connecticut Priest's Activities. The AP (5/17, Christoffersen) reports the Rev. Michael Jude Fay, a priest at St. John Roman Catholic Church in Darien, Connecticut, resigned "amid suspicions of financial wrongdoing and questions about his 'suitability for priestly ministry,'" according to Diocese of Bridgeport officials. The announcement "came the same day a private investigator gave results of his investigation to Darien police. Investigator Vito Colucci Jr. said he documented at least $200,000 in church money used to pay for Fay's lifestyle with a male companion." A spokesman for the US Attorney's office said federal authorities are also investigating.

Gargiulo Convicted Of Murder. The New York Times (5/18, Brick) reports that reputed organized crime figure Andrew Gargiulo was convicted of murder yesterday for killing his brother in law during a fight at a Brooklyn restaurant. Gargiulo "faces 25 years to life in prison when sentenced."

Washington-Area Bank Robber Gets Life Plus 95 Years. The Washington Post (5/18, B1, Weiss) reports that 29 year old Miquel Morrow yesterday was sentenced to life in prison plus 95 years on racketeering, conspiracy and other federal charges stemming from his in assaulting six banks, "terrifying employees and customers, spraying machine gun fire at a pursuing Prince George's County police officer." US District Judge Colleen Kollar-Kotelly "was not about to be lenient, noting that Morrow 'terrorized' the community to satisfy his lust for money and a violent lifestyle."

Man Gets 14 Years For Swindling Scheme. Newsday (5/18, Kessler) reports that John Surgent, a convicted confidence man, was sentenced to 14 years in prison, "probably the stiffest sentence for a nonviolent, white-collar crime in the history of the U.S. District Court for the Eastern District." Surgent "was sentenced Friday following conviction in July on charges of swindling hundreds of people around the country out of millions of dollars. A jury in Brooklyn deliberated for less than two hours before convicting Surgent of conspiracy, securities fraud and money laundering. Many of the victims were elderly. Some lost all their retirement savings after being conned into investing in a shell company, Orex Mining, that Surgent set up in Plandome Manor, which he claimed could extract gold efficiently from very low-grade ore, officials said."

Witnesses In Lakin Case Make Courthouse Appearance. The Belleville (IL) News-Democrat (5/18) reports, "Lawyer Ed Unsell was at the federal courthouse Wednesday morning with witnesses who entered the federal grand jury room. Unsell filed and then dismissed a suit against prominent Madison County attorney L. Thomas Lakin, alleging Lakin sexually abuse minors and that the Lakin law firm tried to cover it up. Brad Lakin now runs the law practice and said the allegations are lies by people who tried to get $50 million from the firm."

Three Fugitives Arrested In Tallahassee. The Tallahassee Democrat (5/18) reports, "Two men wanted on warrants out of Maryland -- along with another man with a warrant out of Jacksonville -- were arrested in Tallahassee today the North Florida Violent Fugitives Task Force, Frank Chiumento, U.S. Marshals supervisor, said." Clinton Frie was wanted by Montgomery County, Maryland, "on warrants for home invasion, armed robbery, burglary, kidnapping, four counts of conspiracy, and possession of a firearm during a felony," while the county sought Deandre Goodrich "for two counts of violation of probation." The third man, Reginald Williams, "was wanted by the Jacksonville Sheriff's Office for forgery."

Former HBO Executive Jailed For Probation Violation. Brandweek.com (5/17, Edwards) reports, "Michele Rios-Nicosia Komack, the former director of print services at HBO who used her position to illegally obtain free designer shoes, foreign trips and parties at The Plaza Hotel, has been sentenced to seven months in federal prison for violating the terms of her probation. Komack pled guilty last year to charges of bid rigging, anti-trust conspiracy and tax evasion and was sentenced to five years' probation and 37 months of house arrest with electronic monitoring." Komack "violated the terms of that probation, which led to her being sentenced anew at U.S. Southern District Court in Manhattan on May 11."

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CIVIL LAW:

Lawyers Will Seek To Postpone Depositions In UCI Medical Center Case. The Orange County (CA) Register (5/18) reports, "Attorneys for the former chief executive officer of UCI Medical Center will ask a judge today to halt next week's scheduled deposition by lawyers representing former patients suing over the now-shut liver transplant program. The hearing was sought by attorneys for Dr. Ralph Cygan, the first official placed on administrative leave when the program closed amid allegations of mismanagement. … More than 35 people have sued over the failure of the program. A subpoena for records was served on the UC Regents by the U.S. Justice Department in April, but federal authorities have declined to comment on what they are focusing on."

ITC Says Qualcomm Infringed On Broadcom Patents. The Wall Street Journal (5/18, A9, Cheng) reports, "The U.S. International Trade Commission filed an opinion saying Qualcomm Inc. infringed on some of Broadcom Corp.'s patents -- a negative sign for Qualcomm in the two companies' ongoing legal dispute." The ITC report "said that two of Broadcom's patents were valid and that the protected technology was used illegally in several Qualcomm semiconductor sets, which go into cellphones. The two patents cover wireless telecommunications systems relating to power management and the maintenance of network integrity and optimal efficiency."

CIVIL RIGHTS:

ACLU To Sue Black Jack, Missouri, Over Housing Law. USA Today (5/18, 3A, Moore) reports that the ACLU plans to sue the city of Black Jack, Missouri, which voted not to broaden a regulation on how many unrelated people can live together. … The federal Department of Housing and Urban Development is investigating whether Black Jack is violating fair housing law, which prohibits discrimination on the basis of family status or the number of children. The ACLU plans to sue the city whether or not HUD finds a violation."

Jurors In Bias Attack Case Asked About Use Of Racial Slur. The New York Times (5/18, Kilgannon) reports, "Potential jurors for the trial of a 19-year-old charged in a bias attack in Howard Beach last summer have been asked some unusual questions during jury selection: Do they listen to rap music? Are they familiar with hip-hop culture? Yesterday, the prosecution and defense asked them how they feel about a certain longstanding epithet denigrating black people. The epithet — or "the N-word," as the lawyer representing the defendant, Nicholas Minucci, repeatedly described it in court — may well be the crux of this high-profile case."

FBI Investigating Racist Graffiti At Kansas City Citgo Station. KSDK-TV Kansas City, MO (5/17) reports on its Web site, "Words of hate stunned motorists pulling into the Citgo station at exit 170" near Kansas City. "Investigators say sometime between 11:15 Tuesday night and 6 a.m. Wednesday morning, vandals with spray paint left their mark on walls, cars, and even gas pumps. One message believed to be directed to the owner and his clerk read, "Go back home to the Middle Eeast (sic)." … 'Pretty ignorant. We're not even from the Middle East, so just because we're kind of colored,' says Soofia Ahmed with a sigh. The clerk and her boss, store owner Andy Haroon, were both born in America, but they're of Pakistani heritage." KDKA notes FBI Kansas City SAC Thomas Noble said, "The reporting of hate crimes has increased significantly," and that the "are the number one priority for the civil rights unit." Noble added, "Primarily, the things we see are individuals doing dumb things that just express their own prejudice, bias against certain groups or people, which is unfortunate."

Wisconsin Elections Board Reverses Ruling On Voter IDs. The Milwaukee Journal Sentinel (5/18, Johnson) reports that the Wisconsin elections board has ruled that people who register to vote at the polls on election day won't be prohibited from casting ballots if they fail to produce their driver's licenses as long as they provide the last four digits of their Social Security number. The move "reverses the board's January decision that said people registering to vote on the day of an election must show their licenses or provide the license numbers. Under the rule, if people were issued a license but forgot to bring it, they would not have been allowed to vote until they showed it or provided the numbers."

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ANTITRUST:

Judge Approves Extension Of Microsoft Antitrust Settlement Through 2009. The Wall Street Journal (5/18, B2, Anderson) reports US District Judge Colleen Kollar-Kotelly said she will let DOJ extend portions of Microsoft's 2002 antitrust settlement "for at least two years until the end of 2009." Kollar-Kotelly said, "It sounds like at least on paper this is the way to go." She agreed with antitrust regulators and Microsoft officials that the extension "is needed while Microsoft improves the technology information it must give to software companies seeking to make products compatible with Microsoft operating software." The New York Times (5/18) reports Kollar-Kotelly "urged" Microsoft "to do all it could to expedite the process." She said, "I want to make sure we have the resources to get things done. I want to make sure we are not shortchanged." The Los Angeles Times (5/18) and the technology news service ZDNet (5/18, Broache) also report on the approval of the extension.

DOJ Says IE7 Does Not Violate Microsoft's Antitrust Agreement. The NewsFactor Network (5/17, Haskins), an online technology-related news service, reports that the Justice Department has concluded that "Internet Explorer 7 defaulting to the MSN search engine does not violate the conditions of Microsoft's antitrust agreement with federal and state governments. Google brought the Internet Explorer 7 search feature to the attention of Justice Department regulators and the European Commission earlier this month. In the informal complaint, Google alleged that the default setting was biased and would give Microsoft an unfair advantage. Rejecting Microsoft's contention that users simply could change the setting, Google said its research showed that picking a new default engine would be difficult, requiring multiple steps."

McClatchy Considers Bids For Philadelphia Newspapers. The AP (5/17, Sutel) reports, "McClatchy Co. on Wednesday began considering bids from several parties for two newspapers in Philadelphia, the latest to be sold as part of McClatchy's acquisition of Knight Ridder Inc. The Philadelphia Inquirer and the Philadelphia Daily News are among 12 Knight Ridder newspapers that McClatchy doesn't plan to keep. … The bidders for the two Philadelphia papers included Mortimer B. Zuckerman, owner of the New York Daily News; Black Press Group Ltd., a Victoria, Canada-based newspaper publisher; and Yucaipa Cos., an investment firm that is working with a newspaper union. The bids were due late Tuesday."

ENVIRONMENT/INDIAN AFFAIRS:

American Indian Arguments For Hemp Farming Rejected By South Dakota Appeals Court. In Sioux Falls, a federal appeals court has turned down American Indian arguments for hemp farming. The AP (5/18) reports the court said, "An American Indian treaty and U.S. law do not allow industrial hemp to be grown on an Indian reservation. … Alex White Plume, vice president of the Oglala Sioux tribe, and members of his family planted hemp three times on the Pine Ridge Indian Reservation from 2000 to 2002, but it was confiscated by federal agents. … The family's lawyer...argued that the family had a right to grow hemp without a permit because of an 1868 treaty that encouraged Indian farming." According to the AP, a prosecutor argued that the family could have asked the DEA for permission to grow the crop on the reservation in South Dakota.

Nevada Company Charged With Clean Water Act Violation. The AP (5/18) reports that a federal grand jury has indicted Nevada-based Greg Street Plating Inc., with violating the Clean Water Act by dumping contaminated wastewater into a municipal sewer system in 2003. The one-count indictment "charges that late on the night of April 12, 2003, or early on April 13, 2003, an unknown employee dumped highly acidic waste into the sewer system leading to the Truckee Meadows Sewage Treatment Facility, serving the Reno-Sparks metropolitan area."

FBI Says Texas Environmental Activist Not Terrorist. The Corpus Christi Caller-Times (5/17, Martinez) reported, "Corpus Christi port and refinery officials know environmental activist Suzie Canales by sight. They say they've become accustomed to her standing outside their facilities, snapping photos and catching air samples in buckets. That's why the visit to her apartment by the FBI came as such a surprise, she said. 'My work is well-documented,' she said. 'I'm no terrorist.' The FBI agreed, after checking out a report from Citgo Petroleum Corp. to the National Response Center of suspicious activity outside its refinery April 1." The Caller-Times adds, "Albert Holl,

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supervisory senior resident agent with the FBI Corpus Christi office, confirmed that agents interviewed Canales at her apartment two weeks ago about the report from Citgo. 'Most of the time, when we approach people, we try to make it clear that it's pretty routine now,' Holl said."

FDA Seeks Possession Of Eggs From Disease Cure Case. The Pittsburgh Post-Gazette (5/18, Templeton) reports, "The U.S. Food and Drug Administration and U.S. Attorney Mary Beth Buchanan are scrambling to get possession of eggs -- 24.75 tons of powdered ones -- that were the focus of an FDA case against claims the eggs cure disease. The FDA case against Dr. Marilyn Coleman, 60, of Richwood, Ohio, and Mitchell Kaminski, whose business address is Northfield, Ill., and their company, Ovlmmune Inc., led to convictions against both and the corporation on charges the egg powder was mislabeled as a treatment or cure for diseases, including AIDS and cancer, without FDA approval."

FBI/DEA/ATF/USMS:

Florida Pipe Bomb Suspect Pleads Not Guilty. The South Florida Sun-Sentinel (5/18, Gardiner) reports Sean Britnell of Broward County, Florida, who allegedly sold pipe bombs to an undercover ATF agent, "pleaded not guilty Wednesday in Fort Lauderdale federal court to charges of possessing a destructive device." Last month, a restaurant co-worker of Britnell's overheard him talking about making pipe bombs and notified ATF. An undercover agent "arranged to meet with Britnell on April 19 in the restaurant's parking lot. Saying that he wanted to scare someone who owed him money, the agent asked Britnell if he could buy some pipe bombs from him, according to court records. Britnell told the agent the bombs cost $75 each. The agent ordered 10 of them, the records said." One week later, the agent met Britnell in a strip mall, where Britnell "delivered the 18-inch pipes filled with gunpowder, authorities said. A green fuse stuck out of one end of the capped pipes, court records said. The next day, ATF agents obtained records from Home Depot showing that on April 25, Britnell bought 10 pipes, a drill and end caps. He was arrested May 3. Britnell has been ordered held on $300,000 bond."

Woman Angered By ATF Raid Of Home. WDTN-TV Dayton (5/17, D'Marko) reports on its website that ATF agents "raided a Dayton home and arrested a man for dealing firearms illegally. Now the woman who lives there said they got the wrong man, and she's upset about the damage they did during the raid." Latisha Haynes said she and her boyfriend James Lamar Gober "got a rude awakening" when the ATF entered their home "with guns drawn about six o'clock Wednesday morning." Gober was arrested on charges of dealing firearms without a license and distribution of crack cocaine. Haynes said the agents "broke the lock, emptied drawers and closets, even ripped open her couch cushions. But the most frightening part for her was the wake-up call." Haynes said, "They come in with guns pointed at me, and I'm naked in the bed, me and my dude."

FBI Searches For Hoffa's Remains On Michigan Farm. Following up on new leads, FBI agents yesterday searched a farm in Milford, Michigan, for the remains of Jimmy Hoffa. The story received heavy press coverage, particularly on TV news programs last night.

ABC World News Tonight (5/17, story 4, 1:30, Vargas, 8.78M) reported, "It's been more than 30 years since the former Teamsters Union boss disappeared under very suspicious circumstances." ABC (Thomas) added, "A source familiar with the investigation, tell us that recent leads appear to corroborate earlier tips that Hoffa may have been buried at a horse farm just outside of Detroit." Vargas: "Now, this is the latest in a long string of searches that have been thus far, fruitless." Thomas: "The FBI has been down this road many times before. In each case, failing to find Hoffa's remains. … This is the third time in the last three years that the FBI has been digging in the Detroit area." Vargas: "But clearly they think they there's enough merit to this tip to go forward and dig, in fact." Thomas: "Yes, I spoke to a senior FBI official a little while ago who said we have reached the threshold that we have to go out there and take a look."

USA Today (5/18, 3A, Johnson, 2.31M) reports, "FBI Special Agent Terry Booth said he hoped the dig would end up differently than several unsuccessful excavations from the past. 'We're hoping to put this to bed after 30 years,' Booth said. … 'This is one we felt we needed to follow up on,' FBI agent Dawn Clenney said of the tip that led them to Milford Township." In a very widely-distributed story, the AP (5/18, Martin) adds Clenney said that "investigators are looking for 'evidence of criminal activity that may have occurred under previous ownership' on the property," but "asked if they were looking for Hoffa's remains, she said, 'Could be,' but declined

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to comment further. A law enforcement source in Washington, D.C., said Wednesday's search was based on information developed several years ago and verified more recently. … Organized crime figures had used the area for meetings, but the location was never used again after Hoffa disappeared, the source said."

The Detroit News (5/18, Shepardson) reports Clenney said that the search "was based on one of numerous leads the FBI has received and declined to say if the search would continue into the night. The search could take several days. … Unlike previous excavations in recent years by local police, this is the first by the FBI and approved by federal prosecutors -- suggesting it might have more credibility than other efforts. But one senior federal official downplayed the search, saying the odds of finding Hoffa's body were '30 percent at best.'" The Detroit Free Press (5/18, Ashenfelter) notes Clenney's comments to the AP and adds, "Oakland County Prosecutor David Gorcyca said Bloomfield Township police, who the FBI called in for assistance, told him that the FBI had received a promising tip in the case." WDIV-TV reported Wednesday that "agents planned to return Thursday morning with heavy equipment to dig."

In last night's broadcasts, CNN's Situation Room, CNN's Paula Zahn Now, CNN's Anderson Cooper 360, MSNBC's Rita Cosby Live and Direct, MSNBC's Hardball with Chris Matthews, MSNBC's Countdown with Keith Olbermann, FOX News' Fox Report with Shepard Smith and FOX News' On the Record with Greta Van Susteren also reported on the FBI search.

Colorado FBI Agent Indicted For Allegedly Falsifying Travel Expenses. The Denver Post (5/18, Caldwell) reports, "An FBI agent based in Colorado Springs was indicted today by a federal grand jury, accused of falsifying $6,832 in travel expenses." Douglas V. Brennan "was staying in a Denver hotel for nine weeks in 2003 as he testified in a federal trial, according to a news release from the U.S. Department of Justice. The DOJ paid for his lodging. But according to the indictment, Brennan also submitted bills and was reimbursed by the FBI for hotel costs. … 'He billed the FBI for lodging expenses knowing full well that they had not been incurred by him,' said Melodie Rydalch, a spokeswoman for the U.S. Attorney's Office in Utah." The AP (5/18) adds, "He has been placed on paid administrative leave, said FBI spokeswoman Monique Kelso. … Federal prosecutors in Utah were assigned the case to avoid a conflict of interest for prosecutors in Colorado. Court documents said Brennan had not been arrested and that prosecutors would not ask that he be jailed pending a trial." The Rocky Mountain News (5/18) notes, "A summons was issued for Brennan to appear in federal court on June 2 before Magistrate Judge Craig B. Shaffer."

Florida FBI Employee Arrested On Housing Subsidy Fraud Charges. The South Florida Sun-Sentinel (7/17, Blum, 249K) reported, "Prosecutors say Raquel Bonifacio of Davie received valuable housing subsidies from the federal government for three years by lying about her income. That she may have gotten away with it until recently is particularly surprising given her place of employment -- the FBI." Bonifacio, an FBI administrative assistant who earned more than $40,000 a year, "was arrested Tuesday on charges she stole money from taxpayers by collecting almost $25,000 in Section 8 housing assistance that she was not entitled to receive." The Sun-Sentinel noted, "The FBI suspended Bonifacio without pay and revoked her top-secret security clearance as a result of the criminal charges, FBI spokeswoman Judith Orihuela said. Bonifacio has worked for the FBI for approximately three years."

Pennsylvania Felon Faces Gun Possession Charge. The Pittsburgh Tribune-Review (5/18) reports that Desmond Ham "has been indicted by a federal grand jury in Pittsburgh on a charge of possession of a firearm by a convicted felon. … According to the indictment, Ham possessed a .357 Smith & Wesson handgun on or about May 13, 2005. A person convicted of a felony is prohibited by federal law from possessing a firearm. Ham has a prior felony conviction for aggravated assault."

Activists Call For Stricter Enforcement Against Gun Trafficking. The AP (5/17, Pfister) reports that New Jersey legislators, law enforcement officials and gun control advocates "renewed their call for stricter enforcement against illegal gun trafficking across state lines. Trenton Mayor Doug Palmer and activists from Ceasefire NJ and the Million Mom March said Wednesday that many violent crimes are committed with firearms purchased by 'straw purchasers.'"

FBI Arrests Alabama Sheriff's Deputy On Weapons Charge. WTVY-TV Dothan, AL (5/17) reports on its Web site, "The FBI arrested a member of the Houston

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County sheriff's department." Michael Shawn Campbell "is charged with selling a firearm to a convicted felon. Campbell, a member of the sheriff's narcotics unit, is also charged with possession of a controlled substance with intent to distribute. He was arrested by FBI agents just before reporting to work Wednesday."

FBI Agent Testifies Gambino Capo Pressed DJ To Promote Mob-Owned Restaurant. The New York Daily News (5/18, Zambito, 729K) reports, "Reputed mobster Greg DePalma allegedly tried to pressure WKTU-FM (103.5 FM) morning show host Goumba Johnny and deejay Johnny Rocks into plugging a Harlem restaurant owned by another reputed wiseguy. 'He wanted to promote the restaurant because it was owned by [Louis] Filipelli,' FBI agent Joaquin Manuel Garcia testified yesterday during DePalma's racketeering trial in Manhattan Federal Court. … The 49-year-old radio host, whose real name is John Sialiano, served five months in prison in 2000 for cheating on his taxes while managing the Manhattan strip club Scores in the mid-1990s. DePalma and his son were snared in the same FBI probe." The New York Post (5/18, Cornell, 624K) adds, "But the agent said DePalma was only partly successful because Goumba Johnny refused to plug the restaurant. 'He was angry at Greg,' Garcia told defense attorney Martin Geduldig during cross-examination. 'I think Johnny Rocks did it.'"

FBI Seeks Interviews With GOP Convention Protesters In NYPD Civil Rights Probe. As The New York Times reported yesterday, he AP (5/18, Neumeister) reports in a widely-distributed story, "The FBI is investigating whether police violated the rights of protesters at the 2004 Republican National Convention, according to a letter sent by the bureau to the New York Civil Liberties Union. In the letter…the FBI asked the civil rights group for help, saying it believed the organization's lawyers had represented people arrested at the convention." The AP adds, "The NYCLU was prepared to provide the FBI with videos showing that officers of the New York Police Department failed to properly warn hundreds of protesters before they were arrested, said Chris Dunn, the group's legal director. FBI spokesman James Margolin on Wednesday said only that he did not deny the letter had been sent to the NYCLU."

Protesters' Lawyer Says FBI Should Investigate Former NYPD Attorney. The New York Sun (5/18, Hope) reports, "A former top lawyer for the New York Police Department, Stephen Hammerman, who was commended by Police Commissioner Raymond Kelly for his role in handling the protests at the 2004 Republican convention, may soon have the FBI knocking on his door" in the civil rights investigation. "A lawyer for several protesters, Gideon Oliver, said yesterday he would push to have the former deputy commissioner of legal affairs investigated for his role in the arrests, based on Mr. Hammerman's actions as documented in video evidence." The Sun adds, "Mr. Hammerman said yesterday that allegations that he acted inappropriately were 'nonsense.' A spokesman for the police department, Paul Browne, said in a statement that the NYPD is cooperating with the FBI investigation."

NYDaily News Criticizes NYCLU, Conyers For Pushing Probe On FBI. Under the headline "The FBI Has Better Things To Do," The New York Daily News (5/18, 729K) editorializes, "The very long list of duties assigned to the FBI's New York office starts with counterterrorism investigations and is fully subscribed after that by more traditional, pressing criminal matters like the mob, Internet fraud and political corruption. The city's G-men and G-women have their hands full." Now, "thanks to the New York Civil Liberties Union and Rep. John Conyers, a Michigan Democrat and inveterate police basher, the bureau's targets in the city have been expanded…to include one Officer Matthew Wohl, who is alleged to have sworn falsely in connection with the arrest of a convention protester or three." The Daily News adds that the FBI letter to the NYCLU "was in its own way comforting and funny. If you know of anybody whose rights may have been violated, give us a call, the FBI said. An agent will answer the phone, and that's all the effort this case deserves."

Plea Agreements End 10-Year FBI Probe Of Vegas Nightclub. KLAS-TV Las Vegas (5/17, Knapp) reports on its Web site, "A ten-year FBI investigation into the Crazy Horse Too adult nightclub is over. A deal was reached Wednesday between the club and federal prosecutors, and it will avoid a lengthy trial for 18 defendants." Nightclub owner Rick Rizzolo "agreed to get out of the adult business forever and could serve a maximum of 16 months in prison with half of that as house arrest." His lawyer "says he will ask for probation. For Rizzolo, the deciding factor might have been the government's promise that it would not indict his father, sister, and brother."

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FBI, Coast Guard Say Missing Cruise Passenger Fell Overboard. In a widely-distributed story, the AP (5/18, Kay) reports Royal Caribbean passenger Daniel DiPiero of Canfield, Ohio, "fell overboard after a night of heavy drinking with friends, authorities said Wednesday as Coast Guard crews suspended their search for the man. … Investigators from the FBI and the Coast Guard interviewed DiPiero's companions, other travelers and crew members Wednesday aboard the ship, the company said. They found that DiPiero and his friends concealed liquor in mouthwash bottles and brought a bottle of rum in their luggage." WPLG-TV Miami (5/17) adds on its Web site, "The FBI and Coast Guard thoroughly reviewed the digital video recording captured by the ship's security systems, which recorded the young man alone on an outside portion of deck four…between 12:12 a.m. and 2:16 a.m. Monday. The FBI and Coast Guard indicated to family members that the young man went overboard at 2:16 a.m. Monday and that he was alone at the time."

FBI, Texas Police Searching For Bank Robber. KGBT-TV Harlingen, TX (5/17, Cavazos) reports on its Web site, "The FBI and Brownsville police are searching for the man involved in a bank robbery in Brownsville. Investigators are hoping someone can recognize the thief from this surveillance video taken at the bank. … The man reportedly stood in line to talk to a clerk, then gave her a note with directions to hand over the money. He then calmly walked out of the bank with $3500 in cash."

Philadelphia On Way To Record Number Of Bank Robberies. WPVI-TV Philadelphia (5/17) reports on its Web site, "The number of bank robberies is up 123% from last year. That's because numbers in 2005 were down. The FBI says if things don't change, we could see a new record and this is concerning to law enforcement. It is quick to carry out and difficult to prevent."

Man Among World's "Most Hunted" Drug Traffickers Arrested In Brazil. The arrest of accused drug trafficker Pablo Rayo Montano received wide media coverage, with news outlets making more than 200 references to his capture. For example, the AP (5/18, Goodman) reports, "One of the world's most hunted drug traffickers _ accused of shipping more than 70 tons of cocaine to the United States _ has been arrested in Brazil as part of an international crackdown. Colombian-born Pablo Rayo Montano, who had been on the run for a decade, was captured Tuesday in Sao Paulo as part of an operation coordinated by the U.S. Drug Enforcement Administration and involving anti-drug police in eight other countries. … 'The Rayo-Montano organization had its own private, rogue navy to run a drug business that was nearly as sophisticated as a small nation,' said DEA administrator Karen P. Tandy in a press release." The AP story was published in newspapers and/or posted on the Web sites of CBS News, the New York Times, Washington Post, USA Today, Forbes, San Diego Union Tribune, Houston Chronicle, San Jose Mercury News, the UK's Guardian, and the China Post.

The Washington Times/ UPI (5/17) reports, "An international team of drug investigators has seized 52 tons of cocaine and three islands off Panama in breaking up an alleged drug-trafficking ring. … U.S. federal indictments in the case were returned in Florida and Washington, charging members of the RAYO-Montano operation with money laundering and conspiracy and possession with intent to distribute cocaine."

According to AFP (5/17), "Thirty-two people were indicted in Miami, and three islands as well as yachts and art work were seized in a 10-nation operation against a Colombian drug trafficking ring. The Twin Oceans operation dismantled the cartel led by Colombian Pablo Rayo-Montano, considered one of the world's leading drug dealers. … The US Justice Department said another 70 million dollars worth of assets, including yachts, fishing trawlers, art galleries and other businesses would be seized."

The Washington Times (5/18, Seper) reports, "DEA spokesman Steven Robertson said the investigation revealed a far-reaching cocaine trafficking and money laundering organization based in Colombia. Mr. Robertson said arrests were made in Colombia, Brazil, Panama, Ecuador and Costa Rica. He said four gang suspects also were arrested in Miami and one was taken into custody in Indianapolis. In Los Angeles, he said, DEA agents tracked down one suspect to an apartment complex, where he was taken into custody after answering a knock on his door by a DEA agent posing as a pizza delivery man."

Operation Twin Oceans was a three-year multi-agency probe, according to the Miami Herald (5/17, Yanez, Weaver), which adds that the operation "snared Pablo Rayo-Montano, one of the U.S. government's most-wanted drug traffickers, along with 100 associates." The Herald reports that in a

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press release, Karen Tandy said, "As well-equipped and complex as this enterprise was, it was a matter of time before law enforcement caught on, and now Rayo-Montano's decadent, drug-funded lifestyle has caught up with him. … His real estate holdings went from three islands to one jail cell."

Knight Ridder (5/18) reports, "New York City-based DEA agents involved in 'Operation Twin Oceans' helped identify Rayo-Montano's associates, and an investigation was continuing to run down his city connections, a DEA spokeswoman said. Rayo-Montano used the small islands off Panama's Pacific coast as shipment points for his fleet of cargo vessels outfitted with underwater lines to tow submersibles packed with cocaine, DEA officials said." The Knight Ridder story was used by New York Daily News and Florida's Bradenton Herald.

The South Florida Sun-Sentinel (5/17, Blum) reports, "Law enforcement officials said Rayo-Montano's cartel smuggled more than 15 tons of Colombian cocaine per month into the United States. The enterprise was involved in the production, transport, distribution, and sale of drugs, officials said. Thirty-two individuals associated with the drug ring face charges in South Florida." DEA agent Mark Trouville in Miami "said the effort was dubbed Operation Twin Oceans because the Rayo-Montano organization shipped drugs from both the west and north coasts of Colombia using a variety of vessels." The Sun-Sentinel story also was used by the Kansas City Star and Contra Costa Times.

On its Web site, CNN (5/17) reports, "The DEA said Rayo-Montano, who is in his late 40s, has been involved in drug trafficking for almost two decades. He is the 42nd person arrested on the U.S. list of alleged drug traffickers designated as 'consolidated priority organization targets.'"

According to the FOX News (5/17) Web site, the DEA "says 'Don Pablo' RAYO-Montano was the chief of a crime organization that used highly sophisticated technological methods to coordinate the movement of cocaine north and illegal drug proceeds south. The RAYO-Montano organization also has been associated with Colombian narco-terrorist groups such as the Autodefensas Unidas de Colombia (AUC), the Fuerzas Armadas Revolucionarias de Colombia (FARC) and the Norte del Valle Cartel."

Local TV Coverage. WSCV-TV, Telemundo Miami-Ft. Lauderdale (5/17, 6:00 p.m.) reported, "Colombian drug lord Pablo Rayo Montano was captured in Sao Paulo, Brazil, with [another] 31 people [in a] DEA coordinated operation. Montano is accused of moving 70 tons of cocaine into the US."

WRGB-TV, Albany-Schenectady-Troy, New York (5/17, 5:30) reported, "The Drug Enforcement Administration says Operation Twin Oceans was a success, arresting 100 people, seizing 52 tons of cocaine and 70-million dollars in assets. The DEA along with officers from Brazil, Panama and Colombia brought down Pablo Rayo-Montano's drug trafficking organization. Which was responsible for smuggling more than 15 tons of cocaine per month into the US and Europe."

WCTV-TV, Tallahassee-Thomasville, Florida (5/17, 11:00 p.m.) reported, "One of the world's most hunted drug traffickers arrested in Brazil. Colombian-born Pablo Rayo Montano, on the run for a decade [was] captured yesterday in Sao Paulo as part of an operation coordinated by the US Drug Enforcement Administration."

Customs Agents In New York Make $1 Million Marijuana Seizure. The AP (5/17) reports from Lewiston, New York, that a truck driver "tried to smuggle nearly 340 pounds of hydroponic marijuana worth more than $1 million into the United States," according to U.S. Customs and Border Protection. "Amarjit Singh, 35, a citizen of India with resident status in Canada, applied for entry into the United States at the Lewiston Bridge Sunday, saying he was hauling a commercial shipment of bales of grow mix destined for Alabama."

Sixteen Indicted In Drug Ring Investigation Linked To Bloods Street Gang. The Sunbury (PA) Daily Item (5/18) reports, "Sixteen more people were indicted on federal drug charges Wednesday morning in the second day of a drug sweep targeting the Bloods, a New York City-based gang allegedly selling crack cocaine in Northumberland, Snyder and Union counties. Thirteen of those indicted were in custody Wednesday morning with officials searching for three more. All were connected to the Bloods with 14 of the 16 from the New York City area. Two were from Sunbury."

Texas Police Find MS-13 Members Among Group Of Illegals. KRG-TV Harlingen, TX (5/17) reported on its website, "Sheriff's investigators were looking for robbery suspects but stumbled across MS-13 gang

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members instead. Officers found 84 illegal immigrants in an apartment complex in Granjeno. Two of them were discovered to be members of the Mara Salvatruchas, the notoriously violent gang from El Salvador. Officers sent 83 of the illegals, including the MS-13 gang members, to the Border Patrol. They are being processed for deportation."

Reporting On Project Mas Dinero Continues. Canada's YorkRegion.com (5/17) writes, "Cops on both sides of the border helped put the sting on a multi-million dollar drug smuggling ring last week, accused of shipping dope by land and lake. Dubbed Project Masdinero…the joint forces initiative lead to more than 250 charges against 24 people, including 11 York Region residents from Richmond Hill, Markham and Vaughan. … The Canada Border Security Agency also played a role, and as the investigation progressed, assistance was provided by the Windsor OPP drug squad, the U.S. Drug Enforcement Agency and Detroit law enforcement agencies."

$1.6 Million In Cocaine Seized In New Jersey Bust. NorthJersey.com (5/17) reports detectives descended on a house in West Paterson Tuesday, arrested two people and seized 180 pounds of cocaine worth about $1.6 million. "The arrests resulted from a six-month investigation by a team of 10 detectives assigned to the county's anti-drug task force. They were assisted by officers from Paterson and West Paterson and agents from the federal Drug Enforcement Administration."

Accused Gang Members Face Drug Conspiracy Charges In New Jersey. The Philadelphia Inquirer (5/18) reports, "Rashad Smith and 19 other people who authorities say belong to a South Camden drug gang called the M.O.B. Boys were charged with drug conspiracy in a criminal complaint unsealed yesterday in federal court. … The M.O.B. Boys sold at least $20,000 worth of cocaine and crack each week in the 1200 block of Morton Street, where they sometimes operated 24 hours a day, authorities said."

The AP (5/17) reports, "A violent Camden cocaine-dealing operation was broken up Wednesday as authorities arrested 10 people in early-morning raids, officials said. In all, 20 alleged drug dealers, suppliers and bulk purchasers were charged in criminal complaints. Four were already in custody and six were fugitives, authorities said. Legal filings show the so-called 'M.O.B. Boys' organization killed a man…to protect its turf in March."

Cherry (NJ) Hill Courier-Post (5/18) writes, "Drug peddlers whose violent, sometimes deadly influence stretched from Camden to Atlantic City were in jail or on the run Wednesday at the conclusion of a three-year investigation," according to federal authorities.

DEA Assists In Rhode Island Cocaine Investigation. The Providence (RI) Journal (5/18) reports from Newport that police "say they arrested four major suppliers of crack cocaine and a slew of street-level dealers Tuesday, capping an eight-month investigation that focused on local public-housing projects. One of the prime suspects was subdued with a Taser stun gun when he tried to escape during the drug sweep, according to Lt. Michael Brennan. … Brennan said that the department requested the assistance of the federal Drug Enforcement Administration because of the amount of drugs being moved and because some of the suspects had extensive criminal records for dealing drugs."

DEA Agents Help Capture Carjacking Suspect In Florida. Florida Today (5/17) reports DEA agents "conducting surveillance in Orange County, Fla., [yesterday] spotted a carjacking in progress and helped police capture a suspect. Police said a 20-year-old man carjacked a vehicle near…the Florida Mall. … DEA agents helped police get a quick jump on the crime as it was happening."

Two Men Sentenced In Illinois In Cocaine, Gun-Possession Cases. The Benton (IL) Evening News (5/17) reports on the sentencing of two Mt. Vernon men in unrelated federal cases that involved the DEA. "Jason R. Myers, 26, was sentenced May 10 to 292 months of imprisonment after he had pleaded guilty to a three-count superseding indictment charging conspiracy to distribute crack cocaine and two counts of distribution of crack cocaine. … Deondery L. Chambers Jr., May 12 was sentenced to 188 months in prison after he had pleaded guilty to one count of being a convicted felon in possession of a firearm."

Sentence Expected In Meth Case Following Colorado Man's Guilty Plea. The Brighton (CO) Standard-Blade (5/17) reports, "A 26-year-old Brighton man is scheduled to be sentenced Thursday, May 18, in U.S. District Court for his role in a drug ring that led to federal charges against seven men following an eight-month, multijurisdiction

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investigation. Kenneth F. Fuqua, 26, of Brighton pleaded guilty March 9 to one count of conspiracy to possess with the intent to distribute more than 500 grams of methamphetamine. … Fuqua was one of seven men charged with felony drug violations following an investigation that involved the Drug Enforcement Administration and Boulder County Drug Task Force."

IMMIGRATION:

Gonzales Comments On Grandparents' Immigration Get Attention. CNN (5/17, 10:48 a.m., Kagan) reported, "A startling admission by one of the President's most trusted insiders. Here now is Attorney General Alberto Gonzales in a candid exchange with CNN's Wolf Blitzer during 'The Situation Room.'" Gonzales: "Three of my grandparents were born in Mexico. They came to Texas. My parents, both my parents, were born in Texas. Extremely poor. My mother had--" Blitzer: "But when they came to Texas, were they legally documented, were they unlegally documented?" Gonzales: "You know, it's unclear. It's unclear. And I've looked at this issue, I've talked to my parents about it, and it's just not clear." Kagan: "Gonzales says that those humble beginnings gave him the route to the American Dream. His father had only a second grade education. Gonzales has gone on to become the government's top lawyer."

The Washington Post (5/18, C3, Argetsinger, Roberts) "Reliable Source" also runs the quote, and writes that "in the midst of the fierce congressional debate about immigration reform," Gonzales "says he's not sure whether his Mexican grandparents entered the country legally."

CONGRESS-ADMINISTRATION:

Bush Signs Tax Cut Extension Bill. ABC World News Tonight (5/17, story 2, :25, Vargas, 8.78M) reported, "President Bush was bullish on the economy today. He predicted a strong lift from the $70 billion tax cut package he signed into law. He said the cuts originally passed in 2003, have helped expand the economy and create jobs. The major provisions extend tax breaks on dividends and capital gains for two years. And protect 15 million taxpayers for the minimum tax for one more year."

NBC Nightly News (5/17, story 2, 0:30, Williams, 9.87M) reported the President "said tax cuts have spurred economic growth in this country, but Democrats said today that cuts mainly help the very wealthy and have ballooned that Federal deficit number." The CBS Evening News (5/17, lead story, 2:05, Mason, 7.66M), in a story about stock market losses yesterday, showed Bush saying, "The American economy is powerful, productive, and prosperous and we're going to keep it this way."

In a story about the budget resolution debate in the House, the New York Times (5/18, Andrews, 1.19M) reports "the $70 billion bill that Mr. Bush signed would extend his 2003 tax cuts on stock dividends and capital gains for an extra two years, to 2010, and shield 15 million taxpayers for one more year from a big increase in the Alternative Minimum Tax."

CNN's The Situation Room (5/17, Quijano) reported, "The White House and Republicans believe that by highlighting this victory on tax cuts, that can help on a number of fronts, particularly at a time when there is such a deep divide within the GOP on the issue of immigration. … This is also coming at a time when the President has of course been trying to boost his approval ratings, which are now hovering in the low 30s and at a time when Republicans are trying to keep control of Congress. So now President Bush can put these tax cuts in his win column, and Republicans will be able to tout the cuts this election year." The AP (5/18, Riechmann) also says the GOP "sees the extensions as a chance to raise approval ratings for the president and the Republican-controlled Congress. Public opinion surveys put the ratings at their lowest points in the Bush presidency. … Voters will not feel the impact before the November election; for investors, it will be until the next president is about to take office, in 2009." Democrats "say the cuts favor the wealthy and even oil companies."

The Washington Times (5/18, Dinan, 90K) reports the National Republican Senatorial Committee "issued press releases accusing Democratic candidates in swing states of having voted for a tax increase." But Sen. Charles E. Schumer, chairman of the Democratic Senatorial Campaign Committee, "said the vote will 'stay with the president and stay with every Republican member who voted for this bill from now until November 6.'"

House Expected To Approve Budget Resolution Today. The Washington Times (5/18,

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Fagan, 90K) reports, "The House was expected to approve a $2.7 trillion budget blueprint early this morning, after Republican leaders promised the more liberal wing of their party some increase in health and education spending. 'We have the votes, and we expect to pass it late evening or early morning,' said Ron Bonjean, spokesman for House Speaker J. Dennis Hastert, Illinois Republican." The Times adds, "Approval of the nonbinding blueprint for 2007 spending comes after weeks of negotiations between Republican leaders and their members."

The AP (5/18, Taylor) says "House Republican leaders seemed confident they would be able to pass" the measure. They "became more optimistic Wednesday afternoon after promising to insert into the bill nonbinding language endorsing a 5 percent increase over President Bush's $138 billion request for a popular measure funding the departments of Labor, Health and Human Services and Education."

The Wall Street Journal (5/18, Rogers, 2.11M), however, says that "as lawmakers worked late into last night, the outcome remained uncertain on final passage." But "having pulled back twice before, the leadership could no longer postpone action on what has been a signature responsibility for decades for whichever party rules the House." The Journal adds that "final changes, approved on a 226-193 vote last evening would create a new 'deficit neutral' $3.1 billion reserve fund dedicated to increase resources for health and education programs. Together with money already shifted from defense and foreign-aid accounts, the resolution pledges that at least $7.16 billion more will be added to what Mr. Bush allowed for the departments of Labor, Education and Health and Human Services."

The New York Times (5/18, Andrews, 1.19M) reports "the measure calls for increasing military spending by 7 percent, to nearly $558 billion in 2007, a figure that includes $50 billion for military operations in Iraq and Afghanistan." The package "would essentially freeze or cut spending on most domestic discretionary programs, including education, energy and national parks, and it calls for trimming $6.8 billion over five years from entitlement programs like Medicaid and farm subsidies." The plan "would raise the debt ceiling by $653 billion, to $9.6 trillion, and it assumes that the shortfall next year will be $348 billion, about what it is likely to be in 2006."

Boehner Warns Incumbents Could Lose Committee Assignments If They Oppose Resolution. The Hill (5/18, Bolton) reports, "House Majority Leader John Boehner issued a veiled threat to GOP incumbents yesterday that they could be stripped of plum committee assignments if they voted against his budget resolution. Three and a half months into his job, Boehner flexed his authority at a closed-door meeting, saying those lawmakers who do not face difficult races in November's midterm election have no reason to vote against the budget, according to people who attended the conference session."

Cost Of Retirement Programs To Balloon Soon. USA Today (5/18, Cauchon, 2.31M) reports, "Taxpayers will soon get a surprise bill that could exceed $1 trillion for the cost of paying future medical benefits for state and local workers who retire. Retiree medical costs are the biggest long-term challenge that state and local governments face. By comparison, state and local pensions have an unfunded liability of about $500 billion." State and local governments "have set aside $2.5 trillion to help pay pension benefits for 19 million civil servants and 7 million retirees. But they have set aside almost nothing to pay for retiree medical benefits." USA Today adds, "New accounting rules require that governments, starting next year, put a price tag on the value of medical benefits promised to civil servants when they retire. New York City's liability, for example, approaches $50 billion. The city's total budget last year was $53 billion." The Federal government also "has a $2.3 trillion unfunded liability for medical and disability benefits promised to civil servants and military personnel who retire. The costs are not the nation's biggest financial problem. Medicare has a $33.4 trillion unfunded liability. Social Security has a $4.6 trillion shortfall."

White House Threatens Veto Over Agriculture Subsidies. The AP (5/18, Quaid) reports, "Giving money to farmers, traditionally a popular election-year idea, is growing less popular in this election year." The Senate "wants to spend nearly $4 billion to help farmers cope with high fuel prices and damage from severe weather. House leaders object to the aid, saying Congress spends money too freely. President Bush is threatening a veto." The White House "dislikes the farm aid because it raises the price of a spending bill for the Iraq war and hurricane recovery. Beyond that, the farm money would not give energy relief to every farmer, said Bush's agriculture secretary, Mike Johanns."

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White House Considers Commerce's Gutierrez For Treasury. The White House Bulletin/US News (5/17) reports, "Unable so far to find any takers on Wall Street for the Treasury secretary's post, administration officials say that the White House is more open to considering Commerce Secretary Carlos Gutierrez as John Snow's replacement. 'They can't find anyone for the job,' said one Bush associate of the drawn out search for a new Treasury secretary. 'They like Gutierrez,' he added." The Bulletin adds it has "been long expected that Snow would leave this spring or summer, serving out the normal three years in the post. Officials emphasized that Snow is not being pushed out. As the Administration has failed to find a Wall Street executive to take the post, it has looked inside its ranks for a replacement and is focusing on Gutierrez, said the insiders. The Cuban immigrant who ran Kellogg's has fast become a favorite in the West Wing because of his tireless salesmanship of the Administration's agenda, his strong congressional relations, and his ability to bring a businessman's perspective to government actions."

Congressional Republicans Fear Bush May Be Using "Triangulation" Strategy. Roll Call (5/18, Ben Pershing, Billings) reports with Republicans "desperate to pass big-ticket legislative items to reverse their slide in the polls, the House and Senate have increasingly moved in opposite directions as the White House has played each chamber off the other to achieve its own goals." On the supplemental spending bill, President Bush "has teamed up with House Republicans against the Senate's more expensive plan. And on immigration, Bush has sided more with the Senate — particularly some Senate Democrats — against the House's stricter position, raising fears among some GOP lawmakers and aides that 'triangulation' is back." To "some House Republicans, Bush's tactics on immigration are reminiscent of those used by President Bill Clinton to pass welfare reform in the mid-1990's. In that case, Clinton joined forces with Republicans to support a bill much of his own party detested." Bush has "used the tactic of moving to the center and teaming up with Democrats rarely since he came into office, and in 2003 Rove specifically told House GOP leaders at their retreat that the White House had sworn off triangulation."

Bush Vows Vigorous Campaign To Maintain GOP Control Of Congress. The New York Times (5/18, Nagourney, 1.19M) reports that President Bush "vowed Wednesday to lead an aggressive campaign this fall to maintain Republican control of Congress, saying there was a 'stark difference' between the two parties." Speaking at an RNC fundraiser, Bush "left little doubt that the White House would return to the same themes it used over the past six years, portraying Democrats as weak on terrorism and committed to higher taxes and government spending. … 'It's a stark choice,' Mr. Bush said. 'And I'm going to keep talking about it because we have a record to run on.' 'We are the party of the future, and our candidates will be running against the party of the past -- a party that offers no new ideas like the Republican Party, a party that can only offer opposition,' Mr. Bush said." He "also offered a strong defense of the war in Iraq," saying, "The enemy can't defeat us in Iraq -- and they can't defeat us anywhere else in the world. The only way we can be defeated is if we lose our nerve -- and the Republican Party will not lose its nerve." The president "also argued strongly to the crowd of 800 Republican donors in support of the changes in immigration law he proposed in a speech to the nation on Monday night," and touted the new Medicare prescription drug benefit program, saying, "We reformed Medicare."

Bush Helps Raise Record $17 Million For RNC. The AP (5/18, Loven) reports that President Bush "helped raise $17 million for the" RNC on Wednesday at its annual spring gala, "a welcome financial boost amid GOP gloom over the possible loss of majority control of Congress in November." Bush "repeatedly voiced optimism and signaled a no-holds-barred effort against Democrats, whom he argued would 'run up your taxes,' increase the deficit, enact shortsighted isolationist policies and fail to protect family values and national security." The $17 million raised for the RNC represented a record "for a nonpresidential election year since campaign finance law changes. The gala raised $15 million last year and $14 million in 2003. In 2004, when Bush was seeking re-election, the dinner brought in a record $38.5 million."

Conyers Says Impeachment Premature, Wants Bipartisan Probe Of Bush "Abuses." In a Washington Post op-ed titled "No Rush to Impeachment" (5/18, A23), Rep. John Conyers says, "As Republicans have become increasingly nervous about whether they will be able to maintain control of the House in the midterm elections, they have resorted to the straw-man strategy of identifying a

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parade of horrors to come if Democrats gain the majority. Among these is the assertion that I, as the new chairman of the House Judiciary Committee, would immediately begin impeachment proceedings against President Bush." But Conyers adds, "I will not do that. I readily admit that I have been quite vigorous, if not relentless, in questioning the administration. The allegations I have raised are grave, serious, well known, and based on reliable media reports and the accounts of former administration officials. … So, rather than seeking impeachment, I have chosen to propose comprehensive oversight of these alleged abuses. The oversight I have suggested would be performed by a select committee made up equally of Democrats and Republicans and chosen by the House speaker and the minority leader. The committee's job would be to obtain answers -- finally. At the end of the process, if -- and only if -- the select committee, acting on a bipartisan basis, finds evidence of potentially impeachable offenses, it would forward that information to the Judiciary Committee. This threshold of bipartisanship is appropriate, I believe, when dealing with an issue of this magnitude."

Social Conservatives Want Stronger Bush Support For Gay Marriage Amendment. The Washington Times (5/18, Dinan, 90K) reports social conservatives "say President Bush must work harder before next month's scheduled Senate vote to pass the Federal Marriage Amendment that would define marriage as between a man and a woman, and some even say the White House is sending all the wrong signals on the issue." Tony Perkins of the Family Research Council said, "The only thing we're hearing now from the administration are either comments that are totally opposed to the amendment or those that appear to be opposed to the amendment. The president needs to speak to the issue just as passionately as he did in the campaign." The Times adds conservatives "said Mr. Bush could stand to push the Federal Marriage Amendment, especially given his faltering support among his base and the widespread support for defining marriage as the union of a man and a women."

Senate Democrats Propose Energy Independence Strategy. The New York Times (5/18, Janofsky, 1.19M) reports Senate Democrats "on Wednesday fueled the debate over rising gas prices by introducing an energy bill they said would do more to wean the country off foreign oil than the plan advanced three weeks ago by Republicans." The bill "would cut domestic oil consumption to 12 million barrels a day in 2020 from about 20 million barrels, its supporters say. It calls for expanding the use of alternative fuels for vehicles, in part by requiring more federally owned vehicles to use them, and by ensuring that more service stations sell them." Sen. Harry Reid said, "We need lower gas prices and energy independence. Republican leaders have proposed the same old solution: drill, drill, drill. But drill, drill, drill is not going to deliver the results we need."

In an interview with Bloomberg's After Hours (5/17, 5:12 PM), Sen. Byron Dorgan (D-ND), one of the bill's sponsors, said the US is "always going to use fossil fuels in this country—oil, natural gas and coal," but at the same time, the government should also "encourage all of the biofuels — ethanol, biodiesel and others — and in the long term, we also are very interested in the issue of hydrogen and fuel cells." Dorgan said the Democrat's plan aims "to make the government a leader in this area. … They, of course, purchase a lot of vehicles and use a lot of fuel, to be moving in the direction of flex-fuel vehicles and hybrid vehicles and use of biofuels." Asked about the release Monday of the Federal Trade Commission's report on gas price gouging, Dorgan said the FTC has "been deceased from the shoulders up for a long while," and he has "very little hope that the Federal Trade Commission will really dig into this."

Talent, Moran Seek To Add More Ethanol Fuel Stations. The AP (5/18, Hananel) reports that a group of Midwestern lawmakers Wednesday proposed legislation aimed at "getting more gas stations to carry ethanol-based fuel—known as E-85." Sens. Jim Talent (R-MO), John Thune (R-SD) and Barack Obama (D-IL) seek to "reimburse gas station owners for 30 percent of the cost—up to $30,000—of replacing regular gas tanks with tanks for alternative fuel, such as E-85 and biodiesel." Lawmakers touted the measure as a "way to reduce reliance on foreign oil and, at the same time, use cleaner fuels."

Coleman's Gasoline Bill Attracts GOP Critics. The Hill (5/18, Allen) reports Republican Sen. Norm Coleman "wants to raise taxes on oil companies to subsidize gas costs for low- and middle-income drivers, but the idea is attracting criticism from other GOP lawmakers." Coleman unveiled his proposal Wednesday, "but some lawmakers were quick to criticize the offering, saying either that it does too much or too little both on the tax and spending sides of the ledger." The

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bill would "raise $4.3 billion through a retroactive revaluation of oil companies' inventory," and "the money would then be disbursed to the states through a block-grant program that would defray prices at the pump for low- and middle-income drivers." Sen. John Sununu (R-NH) called Coleman's plan "a dangerous precedent and a foolish idea." Sununu said Congress "should not legislate accounting standards that are regulated by the Financial Accounting Standards Board."

Chevron CEO Says Oil, Gas Exploration Should Be Part Of Strategy. As part of an hour-long show dedicated to the energy debate, Chevron CEO, David O'Reilly, told CNN's Larry King Live (5/17, 9:23 PM) that now "is the time to debate energy supply. Certainly, we should be pursuing ethanol. And when we're importing in increasing amounts why not open up gas and oil exploration? We ought to be…getting the message out we need to value energy and conservative energy, be more prudent how we use it." Similarly, Texas Sen. Kay Bailey Hutchinson told Larry King that the US has "to diversify our energy sources," increase our refinery capacity, and "drill more in our own country for our own resources…so we're not dependent on foreign sources for our energy needs." At the same time, she said Americans "need to conserve and have renewable energy."

Administration Plans For Extra Bonneville Power Revenue Draws Northwest Opposition. The Wall Street Journal (5/18, Fialka, 2.11M) reports that last December, the Bush Administration "tucked a proposal into its 2007 budget to raise $1 billion over the next decade by squeezing more money out of one of the federal government's few cash cows: The Bonneville Power Administration." But the "plan is being fiercely resisted by Northwest lawmakers and other critics. Sen. Maria Cantwell, a Washington Democrat who has vowed to fight the proposal 'every step of the way,' has the backing of the entire Northwest congressional delegation -- a rare bipartisan show of unanimity on an energy issue this year." Bonneville, a "federal agency in Portland, Ore., sells about half the electricity used in the Northwest at relatively low cost." A surplus of snow means the utility, "which usually earns $3.2 billion a year, could make as much as $250 million extra this year by selling excess power mainly to California, where electricity rates are high." The Administration "wants to divert some of those profits to the federal Treasury by accelerating BPA's federal debt repayments. Critics of the plan say as long as Bonneville pays its debts, the utility should follow its traditional practice of using profits, or what it calls 'secondary revenue,' to reduce its wholesale electricity rates in the Northwest."

Taylor Says He'll Back Pelosi For Speaker If Necessary For Democratic Control. Roll Call (5/18, Kornacki) reports, "He hasn't voted with his party in an election for Speaker since 1999, but Rep. Gene Taylor, an iconoclastic Mississippi Democrat, is prepared to break with his recent tradition -- if it would ensure Democratic control of the House." Taylor, who "possesses the most conservative voting record of the House's 202 Democrats," said, "I'm not going to vote against my own self-interest. .. And I think I'd make a good subcommittee chairman." Taylor "figures to be the fourth most senior of the 28 Armed Services Committee Democrats when the 110th Congress opens next year. That puts him in line to chair the projection forces subcommittee if his party reclaims the majority."

Pelosi Angling To Remove Harman From Intelligence Committee. The Los Angeles Times (5/18, Miller, Simon, 958K) reports Rep. Jane Harman, "who has gained national prominence as the top Democrat on the House Intelligence Committee, is fighting to hold on to the job amid indications she will be rotated off the panel next year." The dispute "pits the Venice lawmaker against House Democratic leader Nancy Pelosi of San Francisco. Its outcome could determine what role Harman, who once ran for California governor and is one of the most quoted Democrats on intelligence matters, will play in the next Congress — if she is reelected." Pelosi has "informed colleagues that she intends to force Harman to step down, replacing her with Rep. Alcee L. Hastings of Florida, the second most senior Democrat on the intelligence panel." Democratic leadership aides "described the move as a routine rotation. But other congressional officials attribute the anticipated assignment change to internal party politics, including concern among Democrats that Harman is too moderate and inclined to accommodate the Republican agenda."

Tuesday's Primary Results Said To Signal Anti-Incumbency Mood Brewing. The Washington Post (5/18, A3, Balz, Cillizza, 744K) reports, "Pennsylvania voters dumped two Republican leaders in the state Senate and scared a GOP member of Congress, while Oregon voters sent a warning they are unhappy with"

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Democratic Gov. Ted Kulongoski, who "won his primary election but claimed just 54 percent of the vote." Taken together, "the results Tuesday were the latest signals of brewing unrest that could threaten incumbents of both parties in the November elections." The Post relates, "The defeats of Pennsylvania Senate President Pro Tempore Robert C. Jubelirer, Majority Leader David J. Brightbill and at least a dozen other state legislators there stunned the political establishment. Grass-roots protests brought primary challenges to 61 incumbent legislators, the most since 1980, according to the Philadelphia Inquirer." The Times adds, "More than a dozen legislators in Pennsylvania lost their jobs in a revolt over a pay raise for lawmakers that was enacted and later repealed but which provoked outrage among the electorate." Meanwhile, PA10 Rep. Don Sherwood's (R) "primary victory with 56 percent of the vote over a little-known and underfunded opponent signaled that his admission of an extramarital affair had damaged his standing and makes him vulnerable to a Democrat in November."

Defeat Of Two GOP Pennsylvania State Senate Leaders Enthuses, Concerns Conservatives. The New York Times (5/18, DeParle, 1.19M) reports, "A revolt among Pennsylvania conservatives gained national attention on Wednesday after challengers toppled at least 12 state lawmakers they deemed insufficiently committed to small government and fiscal restraint." The defeats of "the two State Senate leaders," Republicans Jubelirer and Brightbill, "drew cheers from conservatives nationally, many of whom voice similar criticisms of Republican incumbents in Washington and have threatened their own revolts. The Fiscal Restraint Coalition, a network of organizations calling for smaller government, sent out an e-mail message saying the election showed 'that the fiscal restraint message is a winner.'" However, "others, while celebrating the results, saw danger for the party. 'It shows a very worrisome, elevated level of anger and frustration on the part of Republicans,' said Pat Toomey, president of the Club for Growth, which supports low taxes and small government. 'In a primary, they can vent that by voting for challengers. The problem is, in a general election they stay home. It's a very worrisome sign for Republicans in Washington.'"

WSJournal Says Pennsylvania Primary Results Should Send Message To National GOP. Citing Tuesday's primary results in Pennsylvania, an editorial in the Wall Street Journal (5/18, A14, 2.11M) relates, "If Republican leaders in Washington still think their break-the-bank spending won't cause trouble with voters in November, they'd better pay attention to what just happened in the Quaker State's elections," in which "the two top senate leaders were thrown out and 13 incumbent House members bit the dust." The Journal notes, "Over the past three years the GOP majorities in the House and Senate have expanded the budget by twice the inflation rate and rubber-stamped an unpopular Rendell income tax hike. The final straw for voters…was that, in an act of remarkable arrogance, the Republicans violated the state constitution against a midterm pay raise by voting at 2 a.m. to hike their own salaries as much as 50%." The Journal adds, "We hope the tremors are felt by Republicans in Congress and in state capitols around the country. It seems this is a message GOP politicians have to relearn over and over: When they run as Reagan Republicans they win; when they run as big government Democrats they lose."

Specter Says Santorum's Reelection Is His Top Priority. The Hill (5/18, Kaplan) reports that during a tough 2004 primary race with Rep. Pat Toomey (R), Pennsylvania Sen. Arlen Specter (R) "called on Rick Santorum, Pennsylvania's conservative junior senator, to help extend his political career." Santorum responded by reassuring "Republican voters that Specter would be a reliable vote for conservative issues." He "also raised money, appeared in television advertisements and direct-mail pieces and blocked Toomey from getting help from the state GOP." Now, with Santorum facing a difficult reelection challenge from Pennsylvania State Treasurer Bob Casey Jr. (D), Specter "is stepping in to help his GOP colleague. 'His reelection is my No. 1 priority this year,' Specter told The Hill." Specter "has helped Santorum rake in campaign cash this cycle. He held two fundraisers last year in Washington, including one at his condominium, and another in Philadelphia. Specter said he has also written letters to potential donors. Perhaps most important, Specter has leveraged his perch as a subcommittee chairman on the Appropriations Committee to deliver federal dollars to Pennsylvania to help Santorum."

Political Analyst Critical Of Reasoning Behind Primary Challenge To Lieberman. In a piece in Roll Call (5/18), Stuart Rothenberg, editor of the Rothenberg Political Report, discusses the primary challenge Connecticut Sen. Joe Lieberman (D) is facing from businessman Ned Lamont. Rothenberg relates that Lamont

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is "running against Lieberman -- and drawing attention from local Democrats, the 'netroots' and members of the national media -- primarily because of the Senator's relatively hawkish position on Iraq. … It doesn't seem to matter to those angry Democrats, or to Lamont, that Lieberman is widely respected for his thoughtfulness, integrity, civility and intellect. Or his overall voting record." Rothenberg notes, "Ironically, most of the House and Senate Democratic challengers that I have interviewed this cycle have decried their opponents' party-line voting and promise to be an 'independent' voice for their state or district. … Well, somebody better tell those candidates I'm interviewing that if they are 'independent,' they may well draw a primary opponent who, like Lamont, thinks that they aren't 'real Democrats' if they don't toe the party line." Rothenberg adds that "there certainly ought to be a place in our political system for someone like Lieberman. His defeat, unlikely as it may be, would be a sad, sad chapter in American politics."

Steele Criticizes Bush Education Policies. The Washington Times (5/18, Ward, 90K) reports Maryland Lt. Gov. Michael S. Steele (R) "yesterday announced his U.S. Senate campaign's education platform by criticizing the federal government's implementation of the No Child Left Behind Act and President Bush's recommendation of cutting financial aid for low-income college students." Steele said that NCLB "has fallen short of expectations" and causes teachers to "teach to the test." Steele also said, "It was wrong for President Bush to call for eliminating" Perkins loans. Maryland students have "almost $19 million" in the low-interest loans for low-income college students. Steele further said that "the U.S. education system is 'fundamentally unequal,' describing it as 'cumbersome,' 'often myopic' and 'immoral.'"

OTHER NEWS:

Stock Markets Fall Dramatically On Inflation Fears. Inflation fears spooked stock traders, who sold on news the Consumer Price Index rose by a more-than-expected 0.6% in April, and that the core CPI, excluding volatile food and energy prices, also rose by 0.3%. The Dow Jones Industrial Average fell by 214.28 or 1.88 percent to close at 11,205.61; on broader indexes, the S&P 500 fell 21.76 or 1.68 to 1,270.32 and the Nasdaq fell 33.33 or 1.5% to close at 2,195.80. The story was the lead on all three networks. ABC World News Tonight (5/17, lead story, 3:05, Vargas, 8.78M) reported, "What a difference a week makes. Last Wednesday, the stock market was poised to break records. Investors were expecting an end to interest rate hikes and they were ready to spend. But in a matter of days, new signs of inflation have appeared and stocks have taken an enormous tumble." The CBS Evening News (5/17, lead story, 2:05, Mason, 7.66M) said the Dow "had its worst day in more than three years. It came as they were rolling out a cake on the floor of the stock exchange, but inflation spoiled the party. The New York Stock Exchange threw a birthday celebration, but the bulls were not on the guest list." NBC Nightly News (5/17, lead story, 2:35, Williams, 9.87M) reported, "Tonight, the stock market dramatically has reversed course. Late today, it became clear the closing bell today would bring bad news and it did."

The Los Angeles Times (5/18, Petruno, 958K) says "the markets' sudden turmoil is shaping up to be the first major test faced by new Fed Chairman Ben S. Bernanke. … Many Fed officials have continued to declare in recent months that inflation was 'contained,' despite the surge in energy costs over the last year." But "the core inflation figure suggested that energy cost pressures could be bleeding into prices overall." That "could dash widespread hopes that the Fed was nearly done with its two-year-long credit-tightening campaign."

The Washington Times (5/18, Hill, 90K) reports "analysts said the surge in inflation ensures the Federal Reserve will remain wary and keep raising interest rates," while the New York Times (5/18, Uchitelle, 1.19M) says "the sudden unwinding in the market began on May 11, the day after Fed policy makers raised interest rates another quarter-point, to 5 percent, and left open the prospect that more interest rate increases 'might yet be needed to address inflation risks.'" USA Today (5/18, Kirchhoff, 2.31M) runs a similar report under the headline "Inflation Renews Pressure On Fed," and the Wall Street Journal (5/18, Whitehouse, 2.11M) reports on the "worries…that the Federal Reserve could face a tough battle with inflation in coming months." The Washington Post (5/18, D1, Henderson, 744K), Christian Science Monitor (5/18, Trumbull, 61K), Knight Ridder (5/18, Hall) and Financial Times (5/18, Atkins, Hughes, Chisholm, Tsui), among other sources, also run stories on inflation fears. The Wall Street Journal (5/18, McKay, 2.11M) and USA Today (5/18, 2.31M), meanwhile, run separate stores on the stock numbers.

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New College Graduates Seen As Entering Stellar Job Market. ABC World News Tonight (5/17, story 6, 2:35, Vargas, 8.78M) reported it is the "best hiring market for newly-minted college graduates in years. The economy has added 700,000 jobs just since January. And the unemployment rate has fallen to 4.7%, the lowest in five years. It is an extraordinary time to be graduating into the work force." ABC (Harris) added graduates are "waltzing out of academia and into what one career counselor is calling the best job market for college grads since the dotcom boom." Career counselors "at colleges and universities across the country say they saw real increases in the numbers of job recruiters on campus this year. Today, ABC News learned of increases of up to 30% at Georgetown, Rutgers, Rice, Stanford, Duke, and the University of Chicago."

North Carolina, Tennessee Given New Flexibility Under No Child Left Behind Act. The AP (5/18, Feller) reports U.S. Secretary of Education Margaret Spellings announced yesterday at a lunch with reporters that North Carolina and Tennessee have been chosen as "the only two states" that will be "allowed to change the way they measure student progress" under No Child Left Behind. The states will track individual students' math and reading tests scores rather than "comparing the scores of different groups of children from one year to the next." The change is regarded as "hugely important." 13 states applied to be part of the pilot program, but the two selected "have data systems to track individual students" and "committed to closing achievement gaps between whites and minorities."

The New York Times (5/18, Schemo, 1.19M) reports the program is a response to "years of hearing state officials appeal for more flexibility in judging schools." The change is "critical" and will allow the states "to count students as meeting the goals of the law if the students are judged to be on a trajectory toward proficiency in reading and math in three or four years." Spellings said that "the change did not amount to a weakening of the law's demands for student achievement."

The Washington Post (5/18, Romano, 744K) reports Spellings said that "those states were selected because they have a sophisticated data-collection system already in place for assessing students." Some "prefer the growth model to the current policy because they believe it gives them more flexibility to meet the standards." Spellings "dismissed the suggestion the new model would leave room for lax assessments."

Flood Insurance Becoming More Costly. The CBS Evening News (5/17, story 2, 2:35, Schieffer, 7.66M) reported, "Many homeowners are discovering this week that they will be paying more for flood insurance. That is, if they can get it at all." CBS (Alfonsi) added, "Flooding is the most common natural disaster in all 50 states. And despite last year's epic hurricane season, most homeowners in high-risk areas still don't have flood insurance. And almost no one is covered in low-risk areas. The problem, as the rain showed us this weekend in New England, low risk doesn't exist anymore." The "proof is in Pennsylvania. It's nowhere near the ocean, but residents filed more insurance claims for floods in 2004 than any state except Florida. Emergency officials are worried the Northeast is overdue for a major storm, so FEMA is urging homeowners everywhere to shell out more money for flood insurance."

NYTimes Says Greater Oversight Needed For Army Corps, Flood Insurance Reform. The New York Times (5/18, 1.19M) editorializes that as the situation in New England has provided a reminder "that the destructive force of floodwaters" is not a threat specific to the Gulf Coast, "The Army Corps of Engineers must learn, or be compelled, to place a higher priority on safety projects than on Congressional pork. At the same time, the government should use its federal flood insurance to encourage safe building, not to subsidize irresponsible development." The Times goes on to tout a measure sponsored by Sens. Russell Feingold and John McCain "that would bring more accountability to the corps' multibillion-dollar construction budget" and "require greater independent review of project designs to head off engineering failures like the ones that led to the breach in the New Orleans levees." Meanwhile, changes to the Federal flood insurance program should start with the exclusion of "vacation homes from…subsidized rates."

Race Likely To Be Key Factor In New Orleans Mayoral Contest. The New York Times (5/18, Nossiter, 1.19M) profiles New Orleans Mayor Ray Nagin (D), who is facing Louisiana Lt. Gov. Mitch Landrieu (D) in Saturday's election. The Times notes that Nagin's calm demeanor "has not dispelled a question haunting" his "tenure since Hurricane Katrina. Is he up to what has

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become one of the toughest mayoral jobs in the country? Lingering fleets of flooded-out cars parked under the elevated freeways, piles of garbage on the streets, and ever-shifting policies at City Hall: all these are constants in postflood New Orleans, and have only amplified the question." But "on Election Day…these details may not matter because so much of the vote will turn instead on the matter of race." Nagin "commands sympathetic allegiance from most of the city's remaining African-Americans, who supported him overwhelmingly in the primary. Many black voters say they do not blame the mayor for the limping recovery, accepting his assertion that Gov. Kathleen Babineaux Blanco, or FEMA, or President Bush, or Mr. Landrieu, are responsible."

Columnist Says Hillary Clinton Not Shoo-In For '08 Democratic Nomination. In a piece in the New York Times (5/18, 1.19M), columnist Bob Herbert writes that while New York Sen. Hillary Clinton (D) is widely viewed as the frontrunner for the '08 Democratic presidential nomination by people in both the Republican and Democratic parties, "I wouldn't crown the candidate yet. There are ominous stirrings in the tea leaves. A WNBC/Marist Poll released this week found that 60 percent of registered voters in" New York "believe that she will make a run for the White House. But 66 percent of the voters do not think she will be elected president. … Fifty-seven percent of the Democrats surveyed said it was 'not very likely' or 'not likely at all' that she would be elected." Also, Herbert notes, Democratic activists are unhappy with Clinton's co-sponsorship of "a bill that would criminalize the burning of the American flag," her "support for President Bush's war in Iraq," and the news that Rupert Murdoch will be holding a fundraiser for Clinton. Clinton also may be "handicapped by her gender," says Herbert, who concludes that "while the strategists may claim that this or that development is inevitable, the only thing we can really be sure of is that history is full of surprises."

Daschle To Test Presidential Waters In Key States Next Month. The AP (5/18, Jalonick) reports that ex-Senate Democratic leader Tom Daschle "will gauge potential support for a 2008 presidential bid with stops in Iowa, New Hampshire and Michigan next month. 'It's just taking the next step to a more thoughtful consideration of a presidential campaign,' Daschle said in an interview with The Associated Press. Daschle said he will be traveling to states to 'sound out presidential themes, talk to voters and get a sense of what kind of a reception I might be getting.' He also will be campaigning for local candidates." Daschle "said he would decide by the end of this year, maybe sooner, if he will run for president."

McCain Attends Sinking Of USS Oriskany Off Florida Coast. ABC World News Tonight (5/17, story 8, 2:00, Cochran, 8.78M) reported the Navy yesterday sank the 1950's era aircraft carrier USS Oriskany off Florida to form an artificial barrier. ABC (Cochran) added, "It was hard for Navy veterans to take. To see the Oriskany, the ship known as the Big 'O,' sunk not by the enemy, but by the Navy itself, to create an artificial reef. Today, one of the best-known veterans was thinking about the Big 'O.'" Sen. John McCain: "It was a very gallant ship. And those of us that had the honor of serving on it loved it very much." Cochran: "Lieutenant Commander, now Senator John McCain, was on the ship during the Vietnam War." Sen. McCain: "That air wing had the highest losses of any air win in the war. So I lost a lot of friends. At the same time, some of the bravest men I've ever knew, I was privileged to fly with, who were obviously better pilots than I was. They didn't get shot down." Cochran: "McCain remembers his final takeoff from the carrier in 1967, the day he was shot down. The start of five years of captivity." Sen. McCain: "I remember that last takeoff, as if it happened five minutes ago. It was a very vivid memory because my entire life changed. Your entire life changes when you go from a free member of the Armed Forces to a captive of the enemy. It is a rather traumatic experience."

NBC Nightly News (5/17, story 11, 0:35, Williams, 9.87M) reported, "Among the Navy vets who served onboard, Senator John McCain, who today called her a brave ship and said he would someday like to dive down to visit his old quarters."

Clegg Invitation Withdrawn By EEOC. The Washington Times' (5/18, McCaslin) "Inside The Beltway" reports that the Equal Employment Opportunity Commission (EEOC) chairwoman, Cari M. Dominguez, "decided to withdraw" an invitation to be part of a panel discussion extended to the president and general counsel of the Center for Equal Opportunity, Roger Clegg. Clegg later "learned from an unnamed source that career staff at the EEOC threatened 'mutiny' if he were to participate; not to mention

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that several 'establishment civil rights groups' had called to object to his testimony.

NRA To Target Local Officials Over Fears Of Gun Confiscation During Disasters. ABC World News Tonight (5/17, story 5, 2:30, Vargas, 8.78M) reported, "ABC News has learned the National Rifle Association is about to launch a very aggressive and very controversial new campaign." ABC (Tapper) added, "ABC News has learned that the NRA's new campaign targets mayors and chiefs of police. At issue -- when can law enforcement confiscate weapons? The NRA is fired up, saying after Hurricane Katrina, law enforcement officers in Louisiana confiscated firearms from law-abiding citizens." In "this ad to appear in tomorrow's paper, the powerful gun lobby demands a pledge from every police chief and mayor in the country to never confiscate guns after emergencies." NRA executive vice president Wayne LaPierre: "We can't allow these local tyrannies to exist after disaster hits. Where they throw the Constitution out the window. And that's what the police chief in New Orleans did." Tapper: "The NRA will likely also demand that Congress make it a felony to order widespread confiscation of weapons. Louisiana law enforcement officials say, in the chaos after Katrina, some guns were confiscated in the interest of preserving order. But they argue the NRA overestimates how many guns were taken." The NRA is "confident the new message will resonate with its members and the public. Its opponents feel the NRA is overreaching and exploiting the Hurricane Katrina tragedy."

Promising AIDS Prevention Drug Is Long Delayed. The Wall Street Journal (5/18, A1, Hamilton, Chase, 2.11M) reports on the political and economic delays to introducing a drug as an AIDS preventative. Currently, tenofovir is sold only as a drug for treatment rather than prevention. The Journal writes, "The failure of [tenofovir] to get more rapid attention as a preventive step partly reflects the contentious politics of AIDS. Since 2004 protests and other issues have forced researchers to scrap trials in four nations in Asia and Africa." Furthermore, "regulatory hurdles to approval are lower when the people taking a drug are already sick, and so are legal risks. The company has sought to avoid being dragged into culture wars over whether an AIDS-prevention pill might encourage unsafe sex."

Kenya Said To Have Lessons For Fighting AIDS. The New York Times (5/18, Dugger, 1.19M) reports that Kenya "has become a hunting ground of a different sort, attracting policy makers and researchers looking for keys to slowing the relentless spread of AIDS elsewhere on the continent." Researchers have found that, besides the loss of HIV-positive people to death, useful "behavioral change" has helped reduce the incidence of AIDS.

Former President Clinton To Focus On Activism, Service In New Book. The New York Times (5/18, Rich, 1.19M) reports that ex-President Bill Clinton "is following up his best-selling 2004 memoir, 'My Life,' with a book on citizen activism and service, to be published by Alfred A. Knopf sometime late next year or early in 2008. Mr. Clinton was paid more than $10 million for 'My Life,'" but "neither Knopf executives nor Robert Barnett, the lawyer who negotiated both of Mr. Clinton's deals, would comment yesterday on the financial terms of the new book. But one industry veteran with knowledge of the deal estimated that Knopf is paying an advance of around $5 million. The new book will cover the work of the Clinton Foundation, the nonprofit group the president set up to work on issues including AIDS, poverty, women's empowerment and religious and racial reconciliation, Mr. Barnett said."

The Wall Street Journal (5/18, B4, 2.11M) notes that the new Clinton book will also touch on "the public service work of private citizens, some famous, some not. The book will likely contain chapters that detail how readers can personally become involved with specific causes. 'President Clinton remains a leader on the global stage, someone with an ability to inspire citizens all over the world,' said Paul Bogaards, a spokesman for Knopf."

Tony Blair's Son Ends Hill Internship. Roll Call's (5/18, Akers) "HoH" reports that Euan Blair's, eldest son of British Prime Minister Tony Blair, internship with Rep. Jane Harman (D-Calif.) came to a mysteriously abrupt halt" after about two weeks. "Sources contend that it's because the 22-year-old lad was a wee bit on the spoiled side" and "seemed 'bored' and uninterested in doing the work of other interns."

Oklahoma Medicaid Reform Touted. In the Wall Street Journal (5/18, 2.11M), Sen. Tom Coburn and Prof. Regina Herzlinger write, "[The Oklahoma legislature] is working to finalize an agreement for Medicaid reform legislation creating personal health accounts (PHAs) for Medicaid enrollees … Are we on the verge of a consumer revolution in health care?" Rather than trim costs by reducing

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enrollment or benefits, Coburn and Herzlinger argue that Oklahoma, South Carolina, and Florida have chosen a "less draconian" Medicaid reform by "permitting Medicaid enrollees to choose health services and providers for themselves." The results are that "health costs remain low, government outlays stable and state finances healthy."

Will Says Term "Value Voter" Is Meaningless. In the Washington Post (5/18, 744K), George Will calls "value voter" an "aggressively annoying new phrase" currently monopolized by "social conservatives." He argues that the term applies to any voter, since liberals "vote their values" too. He concludes that Sens. Hillary Clinton and John McCain "will remain busy courting only values voters, since there is no other kind."

Scholar Says Title IX Should Not Be "Misused" Against Science Programs. In USA Today (5/18, 2.31M), American Enterprise Institute scholar Christina Hoff Sommers argues against the prospect of using Title IX to conduct "a review of math, physics and engineering programs at selected universities to root out supposed bias against women and girls." Since males are underrepresented in increasingly many fields, Sommers says, the perception of universities as hostile to women is clearly outdated. She warns, "If the Education Department and National Science Foundation were strictly to impose Title IX compliance standards on academic science, we could see men's participation in math, physics, technology and engineering capped at the level of female interest. That would wreak havoc in fields that drive the economy and where the USA already lags other countries."

Renewal Of US Commitment To High-Energy Physics Urged. In the New York Times (5/18, 1.19M), scientist Verlyn Klinkenborg endorses the conclusion of the National Research Council "that the United States should make a determined effort to build the International Linear Collider in this country as part of an international consortium." He warns, "The overwhelming risk, the panel concluded, is that without this project, the thrust of high-energy physics in this country will simply die away. This country desperately needs to recommit itself to basic research."

WPost Says Free Trade In Services Is Beneficial To US. The Washington Post (5/18, 744K) writes in an editorial, "So far, rather few service jobs have been 'offshored.'" But "if a teenager in Potomac can learn geometry from a tutor in Cochin, India, there's no reason why many other U.S. service jobs can't be done from abroad." Princeton University's Alan S. Blinder "estimates that as many as 42 million U.S. jobs are potentially at risk." That suggests "the future of trade politics looks grim." But "the case for trade in services is as sound as the case for trade in manufactures." And "Indian math tutors may boost U.S. high school math scores, fixing a much lamented weak spot in the nation's competitive outlook."

LATimes Criticizes Bill To Give DC Voting Member In US House. The Los Angeles Times (5/18, 958K) says in an editorial, "Since the adoption of the 23rd Amendment to the Constitution in 1961, the almost 600,000 residents of the District of Columbia have been allowed to vote for president, but otherwise they have no say in the federal government that is their hometown's biggest tourist attraction. Residents of the nation's capital would finally get a vote in Congress under the D.C. Fair and Equal House Voting Rights Act proposed by Eleanor Holmes Norton, the Democrat who serves as the district's nonvoting 'delegate' in the House of Representatives, and Rep. Thomas M. Davis III, a Virginia Republican and chairman of the Government Reform Committee." The "selling point of the bill is that it deals only with representation in the House — historically the 'people's chamber' — and not with the more problematic question of whether the district should become a state with two votes in the Senate." The "real problem with the bill, however, is that it also bakes a little bread for Utah, which would get a fourth House member because it came the closest of any state to achieving an additional seat in the 2000 census. Not so coincidentally, that additional Utah representative — who would be elected statewide until after the 2010 census — probably would be a Republican, balancing the Democrat who surely would be elected to represent D.C. Partisan horse-trading is a venerable part of the legislative process, of course, but the Utah add-on is an unseemly gimmick in a bill designed to redress a long-standing grievance."

Judges Urged To "Get Serious" About Ethics. The New York Times (5/18, 1.19M) editorializes that installing an inspector general to investigate federal judges "would pose a threat to the independence of the judiciary." To forestall this possibility, it says, "is for judges to

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finally get serious about holding themselves to high ethical standards."

Net Neutrality Called Web's "Worst New Idea." The Wall Street Journal (5/18, 2.11M) editorializes that the Internet's progress was "accomplished with a light regulatory touch." It argues that the predominantly liberal backers of net neutrality would introduce a stifling "federal regulatory apparatus."

THE BIG PICTURE

Headlines From Today's Front Pages.

Los Angeles Times:
"Neptune's Medicine Chest."
"A Job Americans Won't Do, Even At $34 An Hour."
"Faithful Filmmakers Unable To Crack The 'Code' For Thrills."
"Consumers Feeling Pinch As Inflation Rises; Stocks Fall On Interest Rate Fears."
"Senate Toughens Border Stand, Approves Miles Of New Fence."
"Harman Resists Push Off Spy Panel."

USA Today:
"Huge Bill For Public Retirees Hits Soon."
"Always On Guard In Nuevo Laredo."
"Inflation Renews Pressure On Fed."

New York Times:
"U.S. Said To Weigh A New Approach On North Korea."
"Wider Briefing For Lawmakers On Spy Efforts."
"Colleges Chase As Cheats Shift To Higher Tech."
"Inflation Rising, Markets Tumble."
"Seeking To Control Borders, Bush Turns To Big Military Contractors."
"And If It's A Boy, Will It Be Lleh?"

Washington Post:
"Ethics Panel Starts 3 Probes."
"Senate Backs Fence, Guest-Worker Curbs."
"Despite Security And Dangers, Border Crossers Find Way North."
"Muhammad's Metamorphosis Impresses Some Trial Observers."
"Human Ancestors May Have Interbred With Chimpanzees."
"China's Symbol, And Source, Of Power."

Washington Times:
"Stocks Plunge On Inflation Fears."
"Fairfax Cop Dies Of Attack Wounds."
"Senate Approves 370-Mile Fence On South Border."
"Cannes Pans 'Da Vinci.'"
"Zimbabwe Inflation Rate Hits More Than 1,000 Percent."

Detroit Free Press:
"Sex, Booze & Silence."
"Panic Time!"
"GM On Defensive Again With Loss Of 2 Top Accountants."

Atlanta Journal-Constitution:
"Legislators Urge Action On Same-Sex Ruling."
"Franklin Will Veto Freebies."
"'Code' Of Controversy."
"Vitamin Pills' Benefits Iffy, Scientists Warn."

Houston Chronicle:
"Now It's Up To The Jury."
"Tax Bill Includes Surprise For Teens."
"Ertman, Pena Killer Again Faces Execution."
"It's Easy To Get Lost In Our Big, Fat, Hot, Polluted City."
"Bush's Border Plan Calls For $1.9 Billion."

Story Lineup From Last Night's Network News:
ABC: Stock Markets; Bush-Tax Cuts; Senate Immigration Bill; Hoffa Search; NRA-Confiscated Guns; College Graduates-Jobs; New Orleans Fire; USS Oriskany Sunk; 100 Meter Dash Record; Da Vinci Code Controversy.
CBS: Stock Markets; Flood Insurance; Senate Immigration Bill; NSA Surveillance-Congress; College Students-Fertility Clinics; Paul McCartney-Divorce; Da Vinci Code-Treasure Hunters; Autism-Facilitated Communication.
NBC: Stock Markets; Bush-Tax Cuts; Murtha-Marines Shooting; Senate Immigration Bill; Immigration-Mexican Border; Immigration-Canadian Border; Sleep-Businesses; Enron Trial; New Orleans Fire; New England Flooding; USS Oriskany Sunk; Paul McCartney-Divorce.

Story Lineup From This Morning's Radio News Broadcasts:
ABC: Wall Street; Bush-Tax Cuts; Gas Prices; Bush-AZ.
CBS: Consumer Prices; Wall Street; Gas Prices; Senate-Immigration; Enron Trial; Iraq-US KIA.
NPR: Congress-Immigration; Pace-Iraqi Army; New Orleans Mayoral Race; NSA-Domestic Surveillance; Blair-Nuclear Power; Venezuela, Libya Talks; Wall Street.

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WASHINGTON'S SCHEDULE

Today's Events In Washington.

White House:

PRESIDENT BUSH — Makes tour, Yuma, Ariz; makes remarks on border security and immigration reform, Yuma, Ariz.

VICE PRESIDENT CHENEY — No public schedule.

US Senate: FLOOR SCHEDULE _ 9 a.m. The Senate convenes and will vote on Kennedy amendment to Immigration Bill.

9 a.m. BANKING, HOUSING AND URBAN AFFAIRS _ Full Committee. Markup of pending legislation. Location: Room 538, Dirksen.

9 a.m. JUDICIARY _ Full Committee. Markup of pending legislation and votes on pending nominations. Location: Room 226, Dirksen.

9:30 a.m. BANKING, HOUSING AND URBAN AFFAIRS _ Full Committee. Hearing on the International Economic and Exchange Rate policies report. Treasury Secretary Snow. Location: Room 538, Dirksen.

9:30 a.m. FOREIGN RELATIONS _ Full Committee. hearing on Iran's nuclear and political policies. Frank G. Wisner, American International Group Inc.. New York; Vali R. Nasr, Naval Postgraduate School, Monterey, Calif.; Julia Nanay, PFC Energy; James A. Phillips, Heritage Foundation. Location: Room 419, Dirksen.

9:30 a.m. SELECT INTELLIGENCE _ Full Committee. Confirmation hearing for Michael Hayden to be CIA director. Location: Room 216, Hart.

10 a.m. COMMERCE, SCIENCE AND TRANSPORTATION _ Full Committee. Hearing on S.2686 - Communications Act of 2006. Kyle McSlarrow, president and CEO, National Cable and Telecommunications Association; Walter McCormick, president and CEO, USTelecom; Michael A. Guido, U.S. Conference of Mayors; Julia Johnson, Video Access Alliance; Gene Kimmelman, Consumer's Union; Shirley Bloomfield, National Telecommunications Cooperative Association; Steve Largent, president and CEO, CTIA-The Wireless Association; Joslyn Read, chairwoman, Board of Directors, Satellite Industry Association; Philip McClelland, Pennsylvania Office of Consumer Advocate. Location: Room 106, Dirksen.

10 a.m. HOMELAND SECURITY AND GOVERNMENTAL AFFAIRS _ Full Committee. Hearing on pending nominations. Location: Room 342, Dirksen.

10 a.m. SPECIAL AGING _ Full Committee. Hearing on care of seniors during a national emergency. Maurice Frisella, senior citizen, New Orleans; Jean Cefalu, nurse, Slidell, La.; Dan Sutherland, Interagency Coordinating Council on Emergency Preparedness and Individuals with Disabilities, Department of Homeland Security; Cindy Bascetta, GAO; Amy B. Aiken, Miami-Dade Office of Emergency Management; Carmel Bitondo Dyer, Harris County Hospital District, Houston. Location: Room 628, Dirksen.

10:30 a.m. FINANCE _ Full Committee. Meeting for preliminary recommendations on the U.S.-Oman trade bill. Location: Room 215, Dirksen.

2 p.m. INTERNATIONAL RELATIONS _ Africa, Global Human Rights and International Operations Subcommittee. Hearing on corruption in Nigeria. Linda Thomas Greenfield, deputy assistant secretary State; Nuhu Ribadu, executive chairman, Economic and Financial Crimes Commission, Federal Republic of Nigeria; David Goldwyn, president, Goldwyn International Strategies; George B. N. Ayittey, American University. Location: Room 2172, Rayburn.

2:30 p.m. COMMERCE, SCIENCE AND TRANSPORTATION _ Full Committee. Markup of pending legislation. Location: Room 562, Dirksen.

2:30 p.m. FOREIGN RELATIONS _ Full Committee. Hearing on Nepal. Assistant Secretary of State Richard A. Boucher; Deepak Thapa, Asia Foundation; Sam Zia-Zarifi, Human Rights Watch; John Norris, International Crisis Group. Location: Room 419, Dirksen.

2:30 p.m. HOMELAND SECURITY AND GOVERNMENTAL AFFAIRS _ Federal Financial Management, Government Information and International Security Subcommittee. Hearing on unobligated funds held by federal agencies. Assistant Transportation Secretary Phyllis Scheinberg; Deputy Assistant Attorney General Lee Lofthus; John Roth, deputy comptroller, Department Of Defense; Charles Johnson, assistant secretary of Health and Human Services; Robert Hanke, assistant secretary of Veterans Affairs. Location: Room 342, Dirksen.

US House: FLOOR SCHEDULE _ 10 a.m. Meets for legislative business. Highlights: H.R. 5384 - Agriculture, Rural Development, FDA and Related Agencies Appropriations Act.

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9 a.m. ENERGY AND COMMERCE _ Telecommunications and the Internet Subcommittee. Hearing on H.R. 5126 - Truth in Caller ID Act of 2006. Tom Navin, Wireline Bureau Chief, FCC; Staci Pies, Vice President, PointOne Communications, Austin, Texas; Lance James, Chief Technology Officer, Secure Science Corporation, San Diego; Marc Rotenberg, Executive Director, Electronic Privacy Information Center. Location: Room 2123, Rayburn.

9 a.m. SELECT INTELLIGENCE _ Intelligence Policy Subcommittee. Closed, members only briefing on denial and deception. Location: Room H-405, Capitol.

9:30 a.m. HOMELAND SECURITY _ Management, Integration, and Oversight Subcommittee. Hearing on security clearance issues in DHS. K. Gregg Prillaman, chief human capital officer, DHS; Dwight Williams, director, Office of Security; Kathy Dillaman ,OPM; Colleen M. Kelley, president, National Treasury Employees Union; John Gage, national president, American Federation of Government Employees; Charles Tiefer, University of Baltimore School of Law. Location: Room 311, Cannon.

10 a.m. EDUCATION AND THE WORKFORCE _ Full Committee. Hearing on No Child Left Behind law. Betsy Ablott, teacher, Arlington, Va.; Mickey Garrison, principal, Roseburg, Ore.; Rick Holt, principal, Lewiston, Mich.; Garrett Lydic, teacher, Laurel, Del.; Ray Zeigler, Maryland State Department of Education. Location: Room 2175, Rayburn.

10 a.m. ENERGY AND COMMERCE _ Energy and Air Quality Subcommittee. Hearing on the next generation of energy resources. Dan E. Arvizu, Director, National Renewable Energy Laboratory, Golden, Colo.; John Novak, Electric Power Research Institute; Victor R. Abate, GE Energy; Troy D. Hammond, Products Plextronics, Inc., Pittsburgh; Tom Linebarger, Power Generation Business, Minneapolis; James Katzer, MIT; Joseph E. Cresci, Chairman, Environmental Power Corp., Portsmouth, N.H.; Marvin Yoder, Manager, City of Galena, Alaska. Location: Room 2322, Rayburn.

10 a.m. FINANCIAL SERVICES _ Oversight and Investigations Subcommittee. Hearing on financial services needs to military personnel. Brig. Gen. Dana B. Demand, commander, 105th Airlift Division, Stewart Air National Guard Base, Newburgh, N.Y.; Valerie Melvin, GAO; Retired Vice Adm. Cutler Dawson, president and CEO, Navy Federal Credit Union, Merrifield, Va.; Elisse Walter, National Association of Securities Dealers; Kathy Moakler, National Military Family Association, Alexandria, Va. Location: Room 2128, Rayburn.

10 a.m. INTERNATIONAL RELATIONS _ Full Committee. Hearing on Darfur. Assistant Secretary of State Jendayi Frazier, Lloyd Pierson, USAID. Location: Room 2172, Rayburn.

10 a.m. TRANSPORTATION AND INFRASTRUCTURE _ Water Resources and Environment Subcommittee. Hearing on EPA grants management. John B. Stephenson, GAO; Bill A. Roderick, acting inspector general, EPA; Luis A. Luna, assistant administrator, Office of Administration and Resources Management; Donald S. Welsh, administrator, Region III. Location: Room 2167, Rayburn.

11 a.m. RESOURCES _ Energy and Mineral Resources Subcommittee. Hearing on energy and mineral requirements for renewable fuels for transportation uses. Location: Room 1324, Longworth.

11:30 a.m. JUDICIARY _ Crime, Terrorism and Homeland Security Subcommittee. Hearing on H.R. 817 - Animal Fighting Prohibition Endorcement Act; and markup of firearms and background check legislation. Location: Room 2141, Rayburn.

1:30 p.m. ENERGY AND COMMERCE _ Environment and Hazardous Materials Subcommittee. Markup of H.R. 4591 - Stockholm and Rotterdam Toxics Trdat Act of 2005. Location: Room 2123, Rayburn.

2 p.m. FINANCIAL SERVICES _ Financial Institutions and Consumer Credit Subcommittee. Hearing on H.r. 5341 - Seasoned Customer CTR Exemption Act. Robert W. Werner, Director, Financial Crimes Enforcement Network, Treasury Department; Michael F.A. Morehart, Chief, Terrorist Financing Operations Section, FBI; Kevin A. Delli-Colli, Deputy Assistant Director, Financial and Trade Investigations, Office of Investigations, ICE; F. Weller Meyer, Chairman, President & CEO, Acacia Federal Savings Bank; Robert Rowe, Independent Community Bankers of America; Bradley E. Rock, Chairman of the Board and President & CEO, Bank of Smithtown. Location: Room 2128, Rayburn.

2 p.m. INTERNATIONAL RELATIONS _ International Terrorism and Nonproliferation Subcommittee. Markup of H.R. 5333 - Shoulder-Fired Missile Threat Reducation Act. Location: Room 2200, Rayburn.

2 p.m. JUDICIARY _ Immigration, Border Security and Claims Subcommittee. Hearing on legislation to make the J-1

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visa program (dealing with physicians) permanent. Location: Room 2141, Rayburn.

2 p.m. WAYS AND MEANS _ Health Subcommittee. Markup of H.R. 4157 - Health Information Technology Promotion Act. Location: Room 1100, Longworth.

3 p.m. GOVERNMENT REFORM _ Full Committee. Markup of pending legislation, including H.R. 5316 - Restoring Emergency Services to Protect Out Nation From Disasters Actr, H.R. 5388 - District of Columbia Fair and Equal House Voting Rights Act, and H.R. 398 - No Taxation Without Representation Act. Location: Room 2154, Rayburn.

Other: MILKEN EDUCATION _ The Milken Family Foundation holds its 17th annual National Education Conference. Highlights: 8:30 a.m. Rep. Ralph Regula. 9 a.m. Session on globalization, with Mike Milken. 10:30 a.m. Session on the role of government in enhancing teacher quality, with Rep. George Miller; Chester Finn, Fordham Foundation; Assistant Education Secretary Henry Johnson; others. 1:15 p.m. Session on the Teacher Incentive Fund, with representatives from Congress, Education Department. 3 p.m. Session on the role of teachers in improving student performance with principals and teachers from Peachtree City, Ga.; Geismar, La.; Boston; Xenia, Ohio, others. 7:30 p.m. Presention of the Milken National Educator Awards. Location: Washington Renaissance Hotel, 999 9th St. NW.

HIGHER EDUCATION _ Meeting of the Commission on the Future of Higher Education. Highlights: 1 p.m. Opening remarks with Education Secretary Spellings. 5:50 p.m. Media availability with Chairman Charles Miller. Location: Watergate Hotel, 2450 Virginia Ave. NW.

TAXES _ The National Tax Association holds its spring symposium. Highlights: 9 a.m. Session on the roles of citizen attitudes and knowledge in policy formation. 10:45 a.m. Session on tax policy and health care. 12:15 p.m. Council of Economic Advisers Chairman Edware Lazear speaks. 2 p.m. Session on charities and tax policy. Location: Holiday Inn-Capitol Hill, 550 C St. NW.

IMMIGRATION _ 8:30 a.m. Representative Lincoln Diaz-Balart joins Senator McCain and members of the Hispanic Caucus for a press conference on immigration reform. Location: Room HC-5, Capitol.

UN PEACEKEEPING _ 8:30 a.m. The Council on Foreign Relations holds a meeting on challenges in UN peacekeeping operations, with Un Undersecretary-General for Peacekeeping Operations Jean-Marie Guehenno. Location: 1779 Massachusetts Ave. NW.

CHILD PROTECTION _ 8:30 a.m. - 10:30 a.m. Members of the U.S. Senate Caucus on Missing, Exploited and Runaway Children along with members of the U.S. House Caucus on Missing and Exploited Children will host an issue briefing, ""How Do We Protect Our Children?," with experts on child safety. Location: Room B-339, Rayburn House Office Building.

IMMIGRATION _ 9 a.m. Judicial watch holds a panel discussion on "New Fronts in the Immigration Battle,' with president Tom Fitton, Rep. Tom Tancredo, T.J. Bonner of the National Border Patrol Council, Erin Anderson of Help Save Herndon, others. Location: National Press Club.

ISLAMIC FUNDAMENTALISM-EUROPE _ 9:30 a.m. The School of Advanced International Studies holds a panel discussion on Islamic fundamentalism in Europe with a trans-Atlantic viewpoint, with Francis Fukuyama of SAIS, Lorenzo Vidino of the Investigative Project on Terrorism, Daniel Benjamin of CSIS, others. Location: Room 500, 1717 Massachusetts Ave. NW.

ARMY SECRETARY _ 10 a.m. Army Secretary Francis Harvey May is the guest on "Ask the Secretary of the Army" program, broadcast on WTWP Radio, 1500-AM. Location: Program originates form WTWP studios, 3400 Idaho Ave. NW.

BOEHNER _ 10:30 a.m. House Majority Leader Rep. John Boehner holds an on-camera media availability. Location: House Radio-TV Gallery.

PELOSI _ 10:45 a.m. House Democratic leader Rep. Nancy Pelosi holds a media briefing. Location: Room H-206, Capitol.

GASOLINE PRICES _ 11 a.m. Reps. Marsha Blackburn, John Sullivan, others, hold a news conference on energy and gasoline prices. Location: Cannon Terrace.

GOP-GASOLINE PRICES _ 11 a.m. Leading Republican members of the House Energy and Commerce Committee and the House Resources Committee will outline both principles and legislation to address rising gasoline prices. Participants include Reps. Cathy McMorris, R-Wash., and Devin Nunes, R-Calif., of the Resources Committee and Reps. Marsha Blackburn, R-Tenn., and John Sullivan, R-Okla., of the Energy and Commerce Committee. Location: House Radio/TV Gallery.

GOP-MEDICARE RX _ 11 a.m. Representatives Pryce, Tom Price, and Gingrey john HHS Secretary Leavitt, others, for a briefing on what they say is the unprecedented success of the Medicare Prescription Drug Benefit. Location: South Capitol Street (in between Rayburn and Longworth House

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Office Buildings). Medicare Bus will park on South Capitol Street.

LOUISIANA HOUSING _ 11 a.m. Louisiana Gov. Kathleen Blanco others, hold a telephone briefing on how the $2 billion in recovery aid to the state was calculated, why it's needed and how the money will be spent, if approved. Contacts: Natalie Wyeth, 202-835-9473. Notes: 888-419-5570; passcode: 79641550.

MEDICARE PART D _ 11:30 a.m. Rep. Nancy Johnson holds a news conference on the Medicare Part D late enrollment penalty. Location: House Radio-TV Gallery.

SCALIA _ 12 p.m. Supreme Court Justice Antonin Scalia addresses a forum sponsored by the National Italian American Foundation, others. Location: Gold Room, Rayburn Building.

SECURITY-FOREIGN INVESTMENT _ 12 p.m. - 2 p.m. The Institute for International Economics hosts a luncheon meeting to release its new study, "US National Security and Foreign Direct Investment." Participants include Rep. Michael Oxley. Location: Peter G. Peterson Conference Center, Institute for International Economics, 1750 Massachusetts Ave. NW.

PALESTINIAN _ 12:15 p.m. - 1:45 p.m. The Carnegie Endowment hosts a panel of of Middle East experts to discuss, "Coping with Hamas." Participants are: Larry Garber, a former USAID mission director for the West Bank and Gaza and current executive director of the New Israel Fund; Ori Nir a Washington correspondent for The Forward; and Julia Choucair, a project associate at the Carnegie Endowment and assistant editor of the Arab Reform Bulletin. Location: Carnegie Endowment for International Peace, 1779 Massachusetts Ave. NW.

DEMOCRATS-AUTOMAKERS _ 12:45 p.m. Senate Democrats will hold a photo opportunity with the CEOs of the Big Three automakers. Location: Senate Ohio Clock Corridor.

INTERNET _ 1 p.m. Rep. Edward Markey, musician Moby and the Save the Internet.com Coalition hold a Save the Internet rally. ocation: Cannon Terrace.

SHEEHAN-IRAN _ 1 p.m. - 3 p.m. Anti-war activist Cindy Sheehan will lead the delivery of a petition to the White House opposing on attack on Iran, followed by a march to Defense Secretary Rumsfeld's home by retired CIA analyst Ray McGovern. Location: Gathering and prayer at Lafayette Square, followed by a march to the Rumsfeld residence.

CHINESE COMPUTERS _ 1:30 p.m. Rep. Frank Wolf, R-Va., holds a press conference on release of the State Department's response to national security concerns raised over purchase of 16,000 computers from a Chinese-owed company. Location: Room H-309, Capitol.

ACLU-WIRETAPPING _ 1:45 p.m. The American Civil Liberties Union holds a conference call briefing for reporters and editorial writers to discuss warrantless wiretapping by the National Security Agency (NSA). Contacts: Rachel Perrone, 202-675-2312. Notes: Conference Call. Dial-in number is 800-816-4134. The access code is 69922.

WENYI WANG _ 1:45 p.m. Court hearing for Dr. Wenyi Wang who interurupted a White House ceremony for Chinese Leader Hu Jintao. Location: U.S. District Court, 333 Constitution Ave. NW.

POLLUTION TRADING _ 2:30 p.m. Sen. Richard Lugar and the Chicago Climate Exchange hold a news conference on trading of carbon credits, and the new participation of Lugar's Indiana farm. Location: Room S-116, Capitol.

VEHICLE DISPLAY _ 4 p.m. Rep. John Dingell and automobile manufacturer CEOs hold a media availability and display autos. Location: S. Capitol St. in front of the Rayburn Horseshoe.

AUTO EXECUTIVES _ 4 p.m. - 4:20 p.m. The three CEOs of America's automotive companies, Tom LaSorda, DaimlerChrysler, Bill Ford, Ford and Rick Wagoner, General Motors, will have media availability and a vehicle display following their congressional meetings on Thursday, May 18. The CEOs will meet with Congressional leadership to discuss the advanced technology domestic automakers are pursuing to promote energy security and diversify transportation energy sources. They will also talk about their commitment and current initiatives to introduce new technology, and to increase demand and production of flexible or alternative fuels in the marketplace. Location: Rayburn Horseshoe. In case of rain, the media availability will be held in Room 2322, Rayburn.

IMMIGRATION AWARDS _ 5:30 p.m. The National Immigration Forum holds its seventh annual "Keepers of the American Dream" awards dinner. Awardees are: Rep. Luis V. Gutierrez, D-Ill. This year's Carvel Immigrant Entrepreneur Award will go to Peter Orum, owner of Midwest Groundcovers in St. Charles, Ill., and Immediate past president of the American Nursery and Landscape Association. Location:

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Grand Ballroom, Renaissance Mayflower Hotel, 1127 Connecticut Ave. NW.

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THE ATTORNEY GENERAL'S *NEWS BRIEFING*

PREPARED FOR THE OFFICE OF PUBLIC AFFAIRS, U.S. DEPARTMENT OF JUSTICE

TO: THE ATTORNEY GENERAL AND SENIOR STAFF

DATE: THURSDAY, MAY 18, 2006 7:45 AM EDT

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TERRORISM NEWS:

Gonzales Defends Termination Of Probe Of Into Surveillance Program. In its report on today's hearings on CIA director nominee Gen. Michael Hayden, Washington Post (5/18, A5, Linzer, Babington) reports senators "will face an array of questions, loose ends and seeming contradictions about the administration's domestic surveillance techniques." Regarding National Security Agency surveillance, "an internal Justice Department investigation tried to determine whether lawyers who authorized the program may have acted improperly." But Attorney General Gonzales "suggested yesterday that secrecy concerns shut down the inquiry. The department's Office of Professional Responsibility notified lawmakers last week that it was forced to end its investigation because the office was denied security clearances to access information on the NSA program. Gonzales defended that decision yesterday and suggested that the probe was unnecessary because Justice issued a legal analysis supporting the effort." Gonzales said, "It's a very important program to the United States, and so certain decisions are made in terms of…how much information should be shared throughout the federal government. We don't want to be talking so much about the program that we compromise the effectiveness." Gonzales "declined to discuss who denied security clearances to OPR investigators or whether he was consulted on the issue."

Fox News (5/17, 3:35 p.m.) reported, "The White House says it is taking legal and vital steps to win the war on terror. … One of those steps is collecting millions of private phone conversations. Attorney General Gonzales came on this newscast and said he will not confirm or deny the existence of that program, but the average American would be safer because of it." Gonzales: "Let me just say that winning the war on terror requires winning the war on information. More information we have about what terrorists may be potentially doing is going to make America safer. And again, our intelligence activities are not focused on the communications of innocent Americans. We are focused on what al Qaeda is doing."

DOJ Motion To Dismiss EFF Suit Against AT&T Gets Coverage. The Boston Phoenix (5/18, Miliard) writes, "As we learn more and more about the scope and extent of the National Security Agency's (NSA) warrantless wiretapping program, we're also learning -- to the surprise of precisely no one -- how difficult it will be to challenge such domestic espionage in court." In January, Electronic Frontier Foundation "brought a class-action suit against AT&T, accusing the telecom giant of offering the NSA unfettered access to key facilities and databases, and of continuing to assist the government in the surveillance of phone and Internet communications among millions of Americans. Last Saturday, in the wee hours of the morning, lawyers from the Justice Department filed a motion in San Francisco federal court seeking to dismiss the suit, claiming that a trial would reveal state secrets and compromise national security."

NSA Director Briefs Intelligence Committees About Surveillance Program. NSA Director Lt. Gen. Keith B. Alexander yesterday briefed the full House and Senate intelligence committees about the agency's domestic surveillance program. The CBS Evening News (5/17, story 4, 1:35, Schieffer, 7.66M) reported, "Why is the Administration suddenly so forthcoming, at least with Congress?" CBS (Borger) added, "Well, of course the timing of this is absolutely no coincidence. Tomorrow on Capitol Hill, General Michael Hayden will come up for his confirmation hearings to head the CIA." Gen. Hayden was "was in charge of those controversial eavesdropping programs. So, what they really want to do is diffuse that controversy before he starts testifying on Capitol Hill. And one other thing, if you ask questions in a private classified briefing, you can't ask them again in an open hearing. So it'll probably ease the tension for him tomorrow." CNN's The Situation Room (5/17, Blitzer) also reported that the briefing "comes on the day before the confirmation hearings for the CIA Director nominee General Michael Hayden. He's expected to be grilled about his leading role in the NSA secret spying program." CNN's The Situation Room (5/17, Ensor) noted that Sen. Pat Roberts "said it's going well. But whether Senate Democrats and even some Republicans agree they're learning what they want to know, will it become clear at the hearings on the nomination of General Michael Hayden, former NSA director, to be director of the CIA? And based on past comments by senators, the probable answer to that is no."

The Washington Times (5/18, Bellantoni, 90K) reports Senators "would not disclose the particulars of the briefing," but Roberts "said the discussion allowed members to move

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past the 'very awkward' position of having just half the committee familiar with the program." Without "getting into specifics, Mr. Roberts said newspapers have printed misinformation about the top-secret program, which he said has prevented terrorist attacks." The New York Times (5/18, A1, Mazzetti, Stolberg, 1.19M) adds that White House press secretary Tony Snow "sought to play down the significance of the tactical shift. He said" Roberts "argued that the briefings were necessary 'to have a full and appropriate confirmation hearing for General Hayden, and we agreed with it.' But Republicans as well as Democrats said the White House had blundered by waiting until the last minute to share information on the spying program with members of the intelligence panel."

Administration Has Briefed Members Of Congress On NSA Program 30 Times Since 9/11. USA Today (5/18, Stone, 2.31M) reports the Bush Administration "briefed select members of Congress 30 times on the National Security Agency's surveillance programs since the Sept. 11 attacks, according to a declassified list released Wednesday." National Intelligence Director John Negroponte "released the document on the eve of today's confirmation hearings for Gen. Michael Hayden to lead the CIA." The "declassified list shows that half the secret briefings were held in the past five months, after The New York Times revealed the NSA was spying on international calls in the USA without court warrants. Until then, only party leaders and senior members of the intelligence committees attended briefings on the 'terrorist surveillance program' at the White House." The Washington Times (5/18, Bellantoni, 90K) notes the list "showed 31 of the 535 voting members of Congress have been 'briefed in' to the program." The AP (5/18, Shrader) adds that House Minority Leader Nancy Pelosi "has pushed for the list's disclosure because the administration repeatedly has said that the appropriate lawmakers were briefed. Just who was included in those sessions was previously unknown."

NSA Scrapped Pilot Communications Analysis Program With Legal Safeguards In 1990s. The Baltimore Sun (5/18, Gorman, 296K) reports NSA "developed a pilot program in the late 1990s that would have enabled it to gather and analyze massive amounts of communications data without running afoul of privacy laws. But after the Sept. 11 attacks, it shelved the project -- not because it failed to work -- but because of bureaucratic infighting and a sudden White House expansion of the agency's surveillance powers, according to several intelligence officials." The agency "opted instead to adopt only one component of the program, which produced a far less capable and rigorous program. It remains the backbone of the NSA's warrantless surveillance efforts, tracking domestic and overseas communications from a vast databank of information, and monitoring selected calls."

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Judge Rules Sealed Documents In Class Action Lawsuit Against AT&T Can Be Used. The Wall Street Journal (5/18, Solomon, Searcey, 2.11M) reports a Federal judge in San Francisco "ruled that sealed documents filed by a privacy-rights group can be used in its class-action lawsuit against AT&T Inc." The documents "in the suit filed by the Electronic Frontier Foundation include statements from retired AT&T technician Mark Klein as well as other internal AT&T documents. It is unclear what information is contained in the documents, but Mr. Klein has issued a statement saying he saw the NSA set up a room in AT&T's San Francisco office that tapped into one of AT&T's major networks." USA Today (5/18, Iwata, 2.31M) adds that the foundation "praised the action Wednesday" by US District Judge Vaughn Walker. But "AT&T also scored an early win, when the judge rebuffed requests by the plaintiffs, joined by media companies including the Associated Press, Bloomberg News and USA TODAY, to unseal the documents for the public." The Washington Post (5/18, D5, Gullo, Rosenblatt, 744K) notes, "Even if the documents remain secret and the suit is thrown out, the case ties AT&T to a program that has troubled politicians and privacy groups, said Steven Aftergood, director of the Project on Government Secrecy."

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Hayden To Face Tough Questions On NSA Tenure. Knight Ridder (5/18, Kuhnhenn) reports Gen. Michael Hayden "might seem to be a fine candidate for Senate confirmation as director of central intelligence," but he will "testify Thursday at his Senate confirmation hearing amid intense congressional interest in the National Security Agency's warrantless spying program, which began while Hayden headed it. And some lawmakers also chafe at the way President Bush is changing the guard at the CIA." The Senate is "expected to confirm Hayden eventually, but first he'll face tough questions about the NSA's secret eavesdropping and phone-record collection programs." USA Today (5/18, Brook, Stone, 2.31M) adds that DNI John Negroponte's "view of Hayden as an independent thinker is shared by a variety of former colleagues. They describe Hayden, deputy director of national intelligence, as a forceful, objective and fair-minded intelligence officer who's not cowed by political pressure." Still, Democratic senators "such as Carl Levin of Michigan, say they want to know whether he maintained that independence when the Bush administration wanted to create two NSA programs," the "surveillance without court warrants," and the "phone call database."

The Washington Post (5/18, A5, Linzer, Babington, 744K) reports senators "will face an array of questions, loose ends and seeming contradictions about the administration's domestic surveillance techniques. The first mystery they must unravel, however, is the nominee himself…who pitched the eavesdropping program after the Sept. 11, 2001, attacks and has become its most forceful defender." Hayden's "message and independence made him a favorite on Capitol Hill, where he was viewed as a champion of national security, privacy rights and press freedoms. But recent revelations about the nature of Hayden's highly classified world -- in the Air Force, at the NSA and most recently in the office of the director of national intelligence -- are forcing lawmakers to reexamine a man many of them have known for years." Their questions "are driven largely by what appear to be inconsistencies between the scale of the surveillance program and administration assertions about its limits." The Wall Street Journal (5/18, Solomon, Searcey, 2.11M) notes Democrats yesterday "outlined what they said will be the wide scope of questions they will put to Gen. Hayden during the hearings…which will include an extensive focus on the NSA. They also said they will question Gen. Hayden on his plans to keep the CIA's operations independent of the Pentagon's, as well as to reduce what they say has been the Bush administration's politicization of intelligence activities."

GOP Leaders Aim To Let Hayden Keep Rank, Independence. Roll Call (5/18, Stanton) reports GOP leaders and the Bush Administration "have agreed to take a series of unusual steps aimed at allowing Hayden to maintain his rank as a four-star general while suspending Defense Secretary Donald Rumsfeld's authority over Hayden as a military officer while he serves as CIA director." Democrats and "some Republicans have expressed concerns that if Hayden remains on active military duty, technically he'll be under Rumsfeld's command. At the very least, they say, this would create an impression that the strict lines dividing the military and civilian branches of government since the nation's founding were being blurred."

Hayden To Emphasize CIA's Unique Humint Role To Help Rebuild Morale. The Washington Post (5/18, A4, Pincus, 744K) reports Gen. Michael Hayden "would work to rebuild morale at the agency in part by emphasizing its central role in managing the collection of human intelligence overseas, including by agencies other than his own, according to active and retired senior intelligence officials." Hayden has "told colleagues that he expects to act as the intelligence community's manager for human collection, coordinating and overseeing clandestine efforts abroad of the CIA, Defense Department and other government agencies. That would be similar to a role he played for intelligence collected by electronic intercepts when he ran the National Security Agency. In that role, and more recently as Negroponte's deputy, he has clashed with some senior defense officials." Hayden has also said "he would emphasize the CIA's importance as home to the largest number of 'all-source' analysts within the U.S. intelligence community. He plans to remind them, an associate said, that the 'CIA's primary customer remains the president' and they are still the 'major,' if not the only, contributor to the PDB, the President's Daily Brief, the highly classified intelligence report provided to Bush each morning."

Critics Say Hayden Had Mixed Record At NSA. The New York Times (5/18, Shane, 1.19M) reports that last year, "when Gen. Michael V. Hayden last sought Senate confirmation to a new job, protecting Americans' privacy from the global eavesdropping system he had overseen for six years at the National Security Agency was almost an afterthought on Capitol Hill." Hayden "assured senators then

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that the agency acted 'absolutely in compliance with all U.S. law and the Constitution,' and sailed to easy confirmation in April 2005 as principal deputy director of national intelligence." But now, the "question of whether General Hayden misled the committee last year is only one of several that could, in theory, cause trouble. Senators could press him on his role in costly, floundering modernization programs at the N.S.A., or his views on the C.I.A.'s secret prisons for terrorism suspects." But there "is also a pronounced minority view, expressed by some former senior N.S.A. officials and advisers: that General Hayden is better at public relations than at management, and that his record at the agency was far more mixed than his many admirers realize."

Hearings To Highlight Pentagon's Increased Intelligence Role. The Christian Science Monitor (5/18, Sappenfield, 61K) reports, "Experts widely agree that Hayden is independent and not likely to be bullied by the Department of Defense. But the issue points to how the war on terror is reshaping the US intelligence structure - and whether it is wise for the Pentagon to take more of the nation's spying needs upon itself."

Gates Says Hayden Should Be Confirmed. In a Washington Post op-ed (5/18, A23), Robert M. Gates, deputy director of central intelligence under President Ronald Reagan and director of central intelligence under President George H.W. Bush, says, "As the last career intelligence officer to serve as director of central intelligence, I believe Gen. Mike Hayden should be confirmed as director of the CIA. Hayden is an intelligence professional and widely regarded as one of the very best."

Novak Says Goss Ouster "Enraged" Hastert. Syndicated columnist Robert Novak (5/18) writes that "according to Capitol Hill sources," House Speaker J. Dennis Hastert "engaged in a high decibel rant last week when he met with Vice President Dick Cheney. The speaker was enraged by the sacking of his friend and former colleague, Porter Goss." Hastert's "wrath reflects the feeling in the House Republican cloakroom that" Goss "is being made a scapegoat for the government's intelligence mess."

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More Commentary. The Richmond Times-Dispatch (5/18) editorializes, "When news broke about the National Security Agency's warrantless wiretaps of telephone calls, conducted in seeming contravention of the Foreign Intelligence Surveillance Act, President Bush insisted the nation's spymasters were targeting only persons with possible terrorist ties. … Attorney General Alberto Gonzales asserted that the agency was interested only in calls reaching beyond America's borders, and that while the administration might someday want to turn its attention to strictly domestic calls, it had not done so yet. Comes now word that major telephone companies have turned over to the NSA the domestic telephone records of… millions of innocent Americans."

Foggo Lawyer Says FBI Agents Seized Items Relating To Vacations With Wilkes. The Los Angeles Times (5/18, Schmitt, 958K) reports, "Federal agents who raided the home and office of former top CIA official Kyle 'Dusty' Foggo were looking for evidence about trips that he and his family took with the family of San Diego defense contractor Brent Wilkes and whether Foggo paid his fair share," Foggo attorney William G. Hundley said yesterday. "In addition to other material collected in the raids, FBI agents seized family vacation photos, bank records and Cuban cigars from Foggo's home," Hundley said. He added that "the government appears to view the trips as a potential 'quid pro quo' for the water contract that Wilkes won while Foggo was heading a logistics unit for the CIA in Germany. Hundley said that Foggo 'never knowingly awarded a contract' to Wilkes, and that the cost of the trips was shared appropriately."

Undercover NYPD Officer Testifies Siraj Hoped For Terror Attacks On US. The New York Times (5/18, Rashbaum, 1.19M) reports, "An undercover police officer testified yesterday that a Pakistani immigrant charged with plotting to blow up the Herald Square subway station in 2004 had said two years earlier that he hoped Al Qaeda operatives would blow up New York City and 'the American people.' Prosecutors called the officer as a witness…in an effort to undermine the case" of Shahawar Matin Siraj, "who testified in his own defense over the last two and a half days, and his lawyers have argued that he was entrapped by a paid police informant. … But yesterday, the officer…testified about a series of conversations he had with Mr. Siraj between 2002 and early 2003 in which he said the young man talked supportively about terrorism." The AP (5/18, Hays) adds that the officer, who used "his street name, Kamil Pasha, because he's still involved in active investigations," testified "Siraj declared in December 2002 that, 'The mission was not complete on 9/11 because it did not hit Wall Street.'" The New York Post (5/18, Haberman, 624K) notes Pasha testified Siraj "caught the terror bug well before he ever met the NYPD informant he claims urged him to carry out an attack." The New York Daily News (5/18, Marzulli, 729K) and New York Sun (5/18, Goldstein) also report on Pasha's testimony.

Man Charged With Making Bomb Threat Against Philippine Embassy. The AP (5/17, Ritter) reports, "A Nevada man was arrested and charged Wednesday with making a false bomb threat against the U.S. Embassy in the Philippines. Apolinar Agelio Tiu, 62, of Las Vegas, pleaded not guilty in federal court to one count of conveying false information relating to explosive materials and one count of making a false statement involving terrorism."

Poll Finds Americans More Concerned About Weather Than Terrorism. The Washington Times (5/18, Harper, 90K) reports that a Harris poll released Tuesday finds that 72% rank hurricanes as the most destructive disaster, followed by earthquakes and tornadoes, each cited by 53 percent, and terrorism, cited by 43 percent. The Times adds, "Floods (37 percent), wildfires (19 percent) and drought (16 percent) followed. But Americans don't seem particularly concerned by sloppy soil and blizzards. … When asked whether the federal government was prepared to deal with the nine types of disasters, almost half -- 47 percent -- said agencies would not be able to cope with any of them.

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Only a quarter said the government could cope with a terrorist attack, while 20 percent said it could respond to a wildfire. The numbers go downhill from there: Only 2 percent said the government could deal with a mudslide. … The poll of 3,979 adults was conducted online April 12 to 20 and had a margin of error of two percentage points."

HOMELAND RESPONSE:

House Panel Delivers "Tongue-Lashing" To DHS, But Boosts Agency's Budget. In an article appearing on at least 58 news websites, the AP (5/17, Taylor) reports that the House Appropriations Committee approved a $32.1 billion spending plan for the "troubled" Department of Homeland Security yesterday, but not before giving the agency "a tongue-lashing" over what Rep. Martin Sabo called a "bureaucratic mess." The bill was approved following the defeat of "Democratic proposals to boost funding for port and border security and grants to emergency first-responders" and "registers about $200 million less than Bush sought, since the Appropriations panel rejected for the second year in a row a Bush administration plan to raise airline ticket taxes." Though the budget provides a 6 percent increase over current levels, Rep. Hal Rogers said "excuses and delays due to reorganizations, personnel shortages, and poor financial management" will no longer be tolerated.

The Wall Street Journal (5/18, Rogers, 2.11M) reports that as part of the budget, "an estimated $4.18 billion is provided for government-port and cargo-security agencies, a $448 million increase over this year. And for the first time, the panel endorsed language authorizing Secretary Michael Chertoff to issue regulations establishing minimum security requirements for U.S. chemical facilities."

Administration Cites Reservations Over Changes To Foreign-Deal Rules. The Wall Street Journal (5/18, A13, Hitt, 2.11M) reports speaking before a House Financial Services subcommittee yesterday, Clay Lowery, Treasury's assistant secretary of international affairs, said the Bush Administration is "ready to embrace modest proposals to improve communications with Congress over foreign-investment reviews and raise accountability within the administration." However, he expressed "concerns with several proposals written into the bill, including measures to require the secretaries of Treasury and Homeland Security to sign off on all deals," which he said "would lengthen and delay the process, presenting an unnecessary impediment to legitimate investment." Lowery also said that requiring extended 45-day investigations for all cases involving foreign government-owned entities "would require the administration to devote attention to cases that don't raise security concerns, and potentially could divert 'critical resources away from examination of acquisitions that do pose potential hazards.'"

Columnist Proposes Independent Homeland Security Board. Harlan Ullman, in his column for the Washington Times (5/18, 90K) writes, "The nation's security is…in need of a fix" and the "appropriate assignment of responsibility, authority and accountability among our security agencies" is the "fundamental issue." Ullman continues that Director of National Intelligence John Negroponte must integrate "the intelligence community into a more effective and cohesive operation." In an assessment of DHS, Ullman writes that having merged "an eclectic menage of dozens of disparate agencies and differing bureaucratic cultures totaling nearly 180,000 people, …perhaps it is amazing the department functions at all." Ullman states that due to "the principles of federalism and checks and balances," it is impossible for any "single person or organization" to be is "in charge of homeland security." He proposes the creation of "an independent Homeland Security Board to function along the lines of the Fed and the SEC" that would "regulate and set homeland security standards and policies, and, with DHS, to ensure compliance."

WAR NEWS:

Rumsfeld Acknowledges Divisions Over Interrogation Techniques. The AP (5/18, Baldor) reports Defense Secretary Donald H. Rumsfeld "said for the first time Wednesday that officials are at odds over whether a new Army manual should endorse different interrogation techniques for enemy insurgents than are allowed for regular prisoners of war." The debate "hinges on whether suspected terrorists or other insurgents can be treated more severely than captured members of an enemy army. There are concerns such a distinction could fly in the face of a law enacted last year, pressed by Sen. John McCain, R-Ariz., that explicitly banned cruel, inhuman or degrading treatment of prisoners by U.S. troops." Rumsfeld told the Senate Appropriations Committee's defense subcommittee, "There is a debate over the difference between a prisoner of war under the Geneva Convention and an unlawful combatant in a situation that is different from the situation envisioned by the Geneva Convention. And those issues are being wrestled with at the present time." Rumsfeld "did not say whether there would be one uniform standard. But he said the manual, which will guide troops on the handling of detainees, 'will comply with U.S. law.'"

US To Return 16 Detainees To Saudi Arabia. The New York Times (5/18, Weisman, 1.19M) reports that US officials and the Saudi foreign minister said yesterday that the US plans to turn over 16 Saudis suspected of terrorist

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activities and held at Guantánamo Bay, Cuba, to Saudi Arabian authorities. The decision "came after months of wrangling over American demands for guarantees that they would be treated humanely once in Saudi custody, but it was not entirely clear what sort of agreement had been reached. … The Defense Department, which runs the prison camp at Guantánamo, declined to confirm that the Saudis would be repatriated soon."

Rumsfeld Can't "Promise" Substantial US Troop Pullouts This Year. The Washington Post (5/18, A3, Ricks, 744K) reports, "Defense Secretary Donald H. Rumsfeld said he cannot guarantee that there will be substantial withdrawals of US troops from Iraq this year, and warned instead that leaving that country precipitously could create a sanctuary for al-Qaeda and other terrorists." Rumsfeld "told a Senate panel yesterday that he still hopes a big troop cut will occur this year but added, 'I can't promise it.'" Rumsfeld also "reprised some of his past optimism about the war in Iraq, which has grown increasingly unpopular with the public and dragged down President Bush's poll ratings in recent months. With the formation of a new government almost complete, Rumsfeld said, Iraq has 'entered a hopeful new phase in what has been a long and difficult journey.'"

Murtha Says Marines Killed Innocent Iraqi Civilians "In Cold Blood." Rep. John Murtha, the hawkish Democrat and retired Marine who broke character to call for the immediate withdrawal of US troops from Iraq, yesterday there is evidence US Marines killed civilians in the town of Haditha. The story was covered by NBC in a full segment. NBC Nightly News (5/17, story 3, 2:55, Williams, 9.87M) reported Rep. Murtha is "accusing US Marines of killing innocent civilians in cold blood." NBC (Miklaszewski) added that last November, Iraqis "in the town of Haditha claimed US Marines deliberately killed at least 15 unarmed Iraqi civilians, including 7 women and three children." In "a remarkable statement in Washington, Democratic Congressman John Murtha claims it's true." Rep. John Murtha, Pennsylvania: "There was no firefight. There was no IED that killed these innocent people. Our troops overreacted because of the pressure on them, and they killed innocent civilians in cold blood." Miklaszewski: "Military officials today tell NBC News the Marine Corps' own evidence appears to show Murtha is right."

The Wall Street Journal (5/18, Rogers, Phillips, 2.11M) reports "the Marines announced last month that three officers were relieved of command after the battalion involved in the Nov. 19 incident in Haditha ended its tour of Iraq and returned to the US." Those relieved "included both the commander of the rifle company involved in the events under investigation and his direct superior. Neither of the two was willing to comment Wednesday, according to a Marine Corps spokesman at their base, Camp Pendleton, in Southern California." The Washington Times (5/18, 90K) runs a similar story under the headline "Murtha Says Marines Killed Innocent Iraqis."

Iraqi Cabinet To Be Announced Saturday. The New York Times (5/18, Tavernise, Mizher, 1.19M) reports government statements that Iraqi's political leadership "struck tentative agreements on candidates for several cabinet ministries on Wednesday and said a complete list of names would be announced on Saturday. Leaders have been negotiating for weeks over what will be Iraq's first permanent government since the fall of Saddam Hussein, and, under Iraqi law, have until Monday to finish." Hussein Shahristani, a nuclear scientist jailed by Saddam for ten years for refusing to design a nuclear weapons program, appears to be the consensus candidate for oil minister, while Interior Minister appears to be a three-way race between Ahmad Chalabi, Mowaffak al-Rubaie and Nasir al-Feyadh. Hoshyar Zebari seems likely to remain Foreign Minister, while Thamir Sultan al-Tikriti and Muhammad Baraa al-Rubaie are said to be the leading candidates to lead the Defense Ministry.

USA Today/AP (5/18) says Saturday's announcements will be "the first sign that the country may finally be moving ahead with a national unity government after weeks of wrangling. There are hopes that sharing power successfully will help heal the sectarian rift underlying the relentless wave of violence that has swept Iraq since the US-led invasion three years ago and open the way for American troops to begin returning home." Knight Ridder (5/18, Fadel), among other sources, runs a similar story this morning.

US Military Developing Laser To Blind Drivers Temporarily. The Los Angeles Times (5/18, Rainey, 958K) reported on its web site, "The U.S. military is deploying a laser device in Iraq that would temporarily blind drivers who fail to heed warnings at checkpoints, in an attempt to stem shootings of innocent Iraqis. The pilot project would equip thousands of M-4 rifles with the 10 1/2-inch-long weapon, which projects an intense beam of green light to 'dazzle the vision of oncoming drivers."

Baghdad Neighborhood Residents Scramble To Save Mosque. The Washington Post (5/18, A16, Knickmeyer, 744K) reports on an attack on a mosque in the Zayuna neighborhood of Baghdad. According to the Post as the attack began, the mosque's imam shouted, "God is great" over a loud speaker. "The imam's cry was the alarm recognized in all neighborhoods -- Sunni or Shiite -- across Baghdad. The mosque was under attack." The Post adds, "Across that pocket of Zayuna, a neighborhood originally created for army officers in the 1960s, the largely middle-

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class and heavily secular population of retired colonels, shop owners and professionals slammed their drinks down on coffee tables or lurched upright from their sleep. Though some could count the months, even years, since they last attended prayers, they knew that if the mosque was under attack, Zayuna might be under attack."

Canadian Lawmakers Vote To Extend Afghanistan Deployment. The New York Times (5/18, Krauss, 1.19M) reports that Canada's House of Commons last night voted t extend Canada's military deployment in Afghanistan by two years. The Times notes that the vote givers Prime Minister Stephen Harper "a foreign policy victory but only after an emotional and deeply partisan debate."

Pakistani Official Says Afghanistan's Problems Are Internal. Mansoor Suhail, Press Minister for the Pakistan Mission to the United Nations, writes in a letter to the Wall Street Journal (5/18, 2.11M) , "Afghanistan's security problems are internal, not external, and arise from religious extremism, warlordism, narcotics trade and local rivalries. The Taliban originated from and continue to be based in Afghanistan. Failure to address the country's complex security challenges cannot be externalized."

Afghan TV Channel Draws Fire For Reporting On Taliban. The Christian Science Monitor (5/18, Montero, 61K) reports that Afghanistan's top television channel, Tolo TV, "finds Afghanistan's hot buttons -- and pushes them. … Now, in an indication of how security is surpassing Westernization as a major preoccupation in this country, the station is angering the government with dogged reporting on the Taliban. As Tolo's team of reporters digs deeper into the insurgency, it faces increasing challenges from the central government, Tolo reporters and analysts say. Covering the Taliban, they explain, means delving into the reasons driving the rebels, and that often requires investigating allegations of corruption and abuse within the central government."

US House Of Representatives Urges Russia To Continue Klebnikov Investigation. Russia's RIA Novosti (5/17) reported on its English-language Web site, "The U.S. House of Representatives passed a resolution Tuesday urging Russia to continue an inquiry into the murder of American journalist Paul Klebnikov. … 'The House of Representatives ... urges the Government of Russia to take appropriate action to protect the independence and freedom of the Russian media and all visiting members of the media,' the House resolution said. … The House said 'a group of United States investigative journalists who doubt the Russian Government's claim has launched its own inquiry into the death of Mr. Klebnikov' and voiced concern about press freedom in Russia."

DOJ:

"Suspicious Package" Removed From DOJ Mailroom. The AP (5/17) reports, "Authorities removed a suspicious package from the Justice Department mailroom Wednesday in downtown Washington after initial testing indicated it was not dangerous. The building was not evacuated, but emergency workers in hazardous materials suits were sent to investigate."

Anonymous Letter Renews FBI Probe Of Seattle US Attorney's Murder. ABC's Good Morning America (5/17, Sullivan) reported that in the stalled investigation into the murder of Seattle US Attorney Thomas Wales four years ago, "a mysterious letter has surfaced, giving the FBI new clues, kick starting a real-life CSI investigation." ABC (Shipman) added, "The FBI is making this case a huge priority, offering an unprecedented $1 million reward to anybody who has information that might help solve it. … Law enforcement suspect the culprit is somebody with a grudge against Wales from his years as a tough prosecutor and ardent gun control activist." FBI Special Agent Gary Schoenlein: "We have to consider strongly the possibility that this homicide was connected to his professional duties." Shipman: "We went behind the scenes with FBI forensic experts as they performed rigorous tests to extract fingerprints and other residue which might yield clues. … But maybe the most telling clues can be found in the letter itself. … It reads like a dime store crime novel," and "the FBI says the murder plot detailed in the letter is highly uncharacteristic of a professional hit man." FBI Supervisory Special Agent Shawn Vanslyke: "This letter was a very sophomoric and unsophisticated attempt to throw us off course." Shipman: They do believe, though, the writer of the letter is connected to the crime and will lead them closer to an arrest." FBI Seattle SAC Laura Laughlen: "I would hope that the public would see this and be willing to come forward with any piece of information no Matter how small they might think it is." Additionally, ABC News (5/17) posts a version of the story on its Web site.

MSNBC's Abrams Report (5/17) also reported on the letter and the FBI investigation, interviewing Seattle Times reporter Steve Miletich and Northeastern University criminologist Jack Levin. Miletich said that the FBI is "treating the letter seriously, because it came out of nowhere four years plus into this investigation. And it would be highly unlikely that someone would sit down and write a letter like this unless that person had some interest in the case, a connection to the case or is the killer." Levin said of the letter,

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"A serial killer might be motivated to write a letter like this, send it to the FBI in order to taunt them or become big shot celebrities. A professional hit man would not feel pains of conscience, certainly wouldn't confess years later…so I really don't see the motivation for the killer to write this letter." Host Dan Abrams said at the end of the interviews, "If you have got any information, please contact the FBI, toll free, 866-322-7009 -- I believe there's a $1 million reward."

Financial Times Puzzled By Luttig Resignation, But Sees Benefit For Boeing. The Financial Times (5/18) asks, "Just why did Judge Michael Luttig, once considered a top contender to join the Supreme Court, step down from the bench last week to become general counsel of Boeing? The day after his resignation was made public, The Wall Street Journal linked the departure to Luttig's fury over the government's handling of the case of José Padilla, the American who had been held without charge for two years as an enemy combatant. Two months after Luttig handed the administration a significant victory, the justice department reversed course, keeping the case from going before the Supreme Court." Luttig has denied that. The Times continues, "While Observer has no reason to doubt Luttig's sincerity, it is surely good news for Boeing that the former judge has clarified the mix-up with the justice department. After all, Boeing has just tentatively agreed to pay $615m to settle various government allegations. A new tiff between their general counsel and the Bush administration is the last thing the company needs."

CORPORATE SCANDALS:

Jury Deliberations Begin In Trial Of Ex-Enron Chiefs. NBC Nightly News (5/17, story 8, 0:10, Williams) reported, "In Houston tonight, the jury has the case now in the Enron trial. The company's founder, Ken Lay, and former chief executive Jeff Skilling face multiple counts of fraud and conspiracy in the case." The Los Angeles Times (5/18, Mulligan) reports the jury got the case "after the government launched its final attempt to bolster its charges."

USA Today (5/18, 3B, Farrell) reports "all the talk from lawyers ended Wednesday morning at 10:35, when prosecutor Sean Berkowitz summed up the government's case against the defendants with a simple maneuver. Berkowitz pulled out a large poster, which he displayed on an easel. On the one side, in big, capital letters, was the word, 'TRUTH,' and on the other, 'LIES.' After all the intricately detailed testimony that came before the jury about 'dirty hedges,' 'goodwill write-downs,' 'monetizations' and 'dark fiber sales,' the black-and-white chart boiled it down to those two words." Berkowitz said, "These men lied. They withheld the truth. They put themselves ahead of the investors. I'm asking you to send them a message, that it's not all right. You can't buy justice. You have to earn it."

The New York Times (5/18, Romero, Barrionuevo) adds Berkowitz " reserved specific but quietly stated ire for what he called the 'ranting and yelling' of Chip Lewis, a lawyer for Mr. Lay, who in one of the testiest moments of the trial, shouted in the direction of prosecutors on Tuesday, 'Don't come to Houston, Tex., and lie to us!'" The Financial Times (5/18, McNulty) adds that Berkowitz "rejected the defence's warnings that any hesitation in reaching a decision over who told the truth meant jurors had to acquit the defendants. He urged jurors to go through the multitude of documents, and video and audio tapes."

The Washington Post (5/18, D1, Johnson) reports that following Berkowitz's two-hour presentation, "rhe eight-woman, four-man panel recessed to a private room at mid-morning to consider 28 charges against Skilling and six more against Lay." As jurors "filed out of the courtroom, Skilling took deep breaths and struggled to contain his emotions while his lawyer squeezed his neck. Lay looked solemn as he watched the jurors walk by."

The Wall Street Journal (5/18, C2, McWilliams) writes that the "start of jury deliberations won't give Mr. Lay much of a break. He begins a trial here Thursday in a separate case in which he is accused of bank fraud. The four charges will be heard without a jury before U.S. District Judge Sim Lake, the same judge overseeing the conspiracy-and-fraud trial." Lay is "accused of borrowing $75 million from Bank of America, Compass Bank and Chase Bank and improperly using the money to carry or buy stocks on credit. The trial is expected to last several days."

HealthSouth Says It Has Reached Non-Prosecution Deal With DOJ. The Birmingham Business Journal (5/17) reports HealthSouth "announced Wednesday evening it has reached a non-prosecution agreement with the Department of Justice. Negotations were conducted through the U.S. Attorney's Office in Birmingham. The agreement 'removes the threat of an indictment of HealthSouth by the United States government for the accounting fraud committed against the company by members of its former management,' the company states in a news release."

Scrushy, HealthSouth Tangle Over Bylaws Proposal. The Wall Street Journal (5/18, C2, Brooks) reports HealthSouth founder Richard Scrushy and the "management team still cleaning up the mess left by the massive accounting fraud that occurred while he was in charge" sparred Wednesday over a Scrushy attempt to "put an unusual proposal before shareholders at today's annual meeting." His effort, "which concerned bylaw changes to give shareholders the power to set the size of the board and fill any vacant

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director slots, sparked a technical debate on whether it was one proposal or two." The SEC "was called in to referee," and Scrushy's efforts eventually failed. The Journal writes, "HealthSouth has spent $495 million on outside help to reconstruct its books as part of its recovery from the fraud the company has said inflated profits by almost $4 billion. So it is little surprise that HealthSouth's current bosses weren't interested in Mr. Scrushy's idea."

Leslie Scrushy Profiled. The Washington Post (5/18, D1, Guyon) runs a profile of Scrushy's wife Leslie Scrushy entitled "Richard Scrushy's Chief Believer." The piece runs more than 2,600 words.

Delaware Judge Could Boot Milberg Weiss From Class-Action Suit Role. The Wall Street Journal (5/18, A2, Brickley, Plitch) reports Vice Chancellor Stephen Lamb of Delaware's "influential" Court of Chancery says he is not inclined to let Milberg Weiss Bershad & Schulman LLP maintain the lead counsel slot in a shareholder class-action case regarding Russia's OAO Lukoil Holdings and its proposed takeover of a Kazakhstan company. Lamb cited the possibility that Milberg Weiss "could be indicted for allegedly paying kickbacks to lure lead plaintiffs." While the Lukoil lawsuit "isn't one of those believed to be at issue in the kickback probe," Lamb said the "chance that Milberg Weiss as well as some partners could face indictment argued against keeping it in charge of the case."

Federal Prosecutors Probing UnitedHealth Options Practices. The Wall Street Journal (5/18, C1, Bandler, Forelle, Hechinger) reports Manhattan federal prosecutors have opened a criminal probe into the options-granting practices of UnitedHealth. The Minnesota-based health insurer "disclosed late yesterday that it had received a subpoena from the U.S. attorney's office in the Southern District of New York. People familiar with the matter say that least one other company besides UnitedHealth has received a subpoena, and that the probe by the Southern District appears to be broad." UnitedHealth also said the IRS "had made a request for documents, suggesting that the agency may be looking at the tax implications of possibly misdated stock options." The AP (5/17) reports UnitedHealth "said it is cooperating fully" with the government requests.

Tenet Healthcare Settles Federal Case. The Wall Street Journal (5/18, A13, Rundle) reports Tenet Healthcare "agreed to pay $21 million and divest its San Diego hospital in a federal settlement that ends a three-year criminal case. The deal potentially clears the way for Tenet to reach a wider resolution of its government investigations." The settlement between San Diego US Attorney Carol Lam and the company "averts a potential third criminal trial against Alvarado Hospital Medical Center, its former Chief Executive Officer Barry Weinbaum and a Tenet unit. The defendants were charged with paying kickbacks to doctors in exchange for patient referrals to the hospital." The Journal says the settlement "was a victory of sorts" for Lam "after her failure to obtain conviction of the defendants in two lengthy criminal trials."

The Los Angeles Times (5/18, Yi) quotes a Tenet spokesman saying, "We are optimistic that with the resolution of the Alvarado case, we can reach agreement soon with the federal government." The Los Angeles Business (5/18) reports Tenet "has long contended that it is innocent, and that overzealous prosecutors are taking advantage of vague federal regulations that are open to interpretation."

SEC Will Not Exempt Small Firms From Sarbanes-Oxley Audit Rules. The Wall Street Journal (5/18, C4, Reilly, Scannell) reports the SEC has declined to exempt small companies from rules contained in the Sarbanes-Oxley Act that "would require them to prove they have adequate safeguards in place to catch accounting mistakes and fraud." The SEC "defied the wishes of its own small-business advisory panel" in the decision; the panel had said the internal control rules "are too costly for small companies and offer little benefit to investors."

The New York Times (5/18, Norris) writes that the SEC did move to make the rules "easier and less expensive to apply. But despite political pressure, the commission said smaller companies would eventually have to comply with rules governing their internal controls." SEC Chairman Christopher Cox said, "The basic message is the SEC is saying that there is no ultimate postponement for smaller companies." The Washington Post (5/18, D2, Day) writes that the SEC "will not issue proposed final rules for public comment for several months because of their complexity. But Cox said the agency took the unusual step of outlining the general form the rules will take to alert companies that an exemption will not be in the picture."

Ex-Musicland CEO Testifies At Teo Insider Trading Trial. The St. Paul Pioneer-Press (5/18, Voreacos) reports Musicland Stores investor Alfred Teo "was told in 2000 that a pending acquisition of the company was a secret," according to ex-Musicland CEO Jack Eugster in testimony at Teo's insider trading trial. Eugster said he told Teo at the time that the offer by Best Buy "was confidential. Prosecutors say Teo illegally tipped eight friends to buy Musicland stock and bought 25,000 shares himself before the transaction was announced on Dec. 7, 2000."

FBI, Miami Police Arrest Former Atlanta Hedge Fund Manager. The Wall Street Journal (5/18, McDonald, 2.11M) reports Kirk S. Wright, "a former Atlanta hedge-fund manager whose funds are missing more than

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$100 million in client assets," was "arrested in a Miami hotel yesterday by the Federal Bureau of Investigation and Miami Beach police." Wright, "founder and Chief Executive of International Management Associates LLC, was apprehended at a Miami hotel after authorities received 'numerous leads from across the country,' said Stephen Emmett, a spokesman in the FBI's Atlanta office."

Professor Argues CEOs Are Not Overpaid. Tyler Cowen a professor of economics at George Mason University, writes in the New York Times (5/18), "Not surprisingly, many people think the American executives are overpaid." But in a new paper, "economists Xavier Gabaix of the Massachusetts Institute of Technology and Augustin Landier of the Stern School of Business at New York University offer a contrarian view. They suggest that the higher salaries for chief executives can largely be explained by increases in the value of the stock market. Viewed as a whole, these salaries are a result of competitive pressures rather than the exploitation of shareholders. … The growth in executive compensation reflects how much more is at stake in American companies. Is not the real question which policies and institutions have led to this explosion of value?"

CRIMINAL LAW:

Gonzales Announces Creation Of Nationwide Anti-Web Predator Campaign. The Washington Times (5/18, Seper) reports Attorney General Gonzales "yesterday put into motion a nationwide program to protect children from online exploitation and abuse." Project Safe Childhood will "enhance the national response to a 'growing threat' to America's youths, and will allow U.S. attorneys nationwide to partner with a national network of 46 regional task forces to target online predators," Gonzales said. He also warned that, "at any given time, 50,000 predators are on the Internet 'prowling' for children." Gonzales continued, "Just this morning, I visited the FBI's Innocent Images Unit in Maryland, where I observed some of the aggressive behavior and graphic language used by these online pedophiles as they solicit our children. It is not an exaggeration to say that we are in the midst of an epidemic of sexual abuse and exploitation of our children."

Bloomberg TV (5/17, 4:54 p.m.) reported, "Attorney General Alberto Gonzales announced the start of a nationwide program called Project Safe Childhood designed to protect children from online exploitation and abuse. The Attorney General toured a Justice Department computer center in Maryland where authorities track online predators. It's been estimated that at any given time there are some 50,000 predators on the Internet who are, in Gonzales's words, 'prowling' for children."

The AP (5/17) reports the project "calls for each U.S. attorney's office in the country to partner with state and local law enforcement to target internet predators. They will also try to find the children whose images have been found on the computers of those arrested. Project Safe Childhood will also provide training for investigators and prosecutors working cases involving computer crimes against children."

KATC-TV Lafayette, Louisiana (5/17, David) reports on its website that Gonzales "announced a new project to protect children from online abuse." The channel followed with a locally focused report on the impact of the program in the Lafayette area, where it "is already in place." US Attorney Donald Washington said, "The chances of you getting caught have gone up dramatically."

Sex Offender Charged In Child Porn Case. KTVB-TV Boise (5/18) reports on its website that convicted sex offender Jerry Banks has been charged producing and possessing child porn. Banks "is accused of producing and possessing child pornography. A federal grand jury charged 53-year-old Jerry Banks Sr. with producing a pornographic video of a baby boy, then taking those pictures and putting them on the Internet. The U.S. attorney's office says Banks is also charged with enticing a minor to engage in sexual activities."

Wisconsin Lawmakers Approve Satellite Monitoring Of Sex Offenders. The Milwaukee Journal Sentinel (5/18, Forster) reports that Wisconsin lawmakers voted Wednesday to require "lifetime global positioning system monitoring for certain child sex offenders." Gov. Jim Doyle said he intends to sign the measure. The "bill says that those who sexually assault a child under age 12, or use or threaten force or violence while molesting a child, would be subject to GPS tracking as a condition of parole, probation or extended supervision. The Legislative Fiscal Bureau estimated that such monitoring would cost $1.2 million for 285 offenders in the first year, and $2.3 million for 570 offenders in the second year."

DOJ Shuts Down Online Gambling Operation. The AP (5/17) reports that the Justice Department has dismantled a $2.5 billion offshore Internet gambling operation and charged two fugitives and their companies with laundering gambling proceeds from Internet casino games and sporting events. According to the AP, "A newly unsealed 12-count indictment filed in April 2005 accuses William Scott and Jessica Davis of illegally enticing gamblers to send funds from the United States to the Caribbean island of Antigua for wagers over the past eight years."

FBI Official Warns Of Offshoring's Intellectual Property Risks. In his Computerworld.com (5/17) blog, Robert L. Mitchell writes, "A few years back Boston-based FBI special agent Nenette Day busted a rogue programmer in India who had stolen the source code to SolidWorks Corp's

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CAD program. The sting, which took place in India, was a success in that SolidWorks was able to recover its software." But if "you think the perpetrator is rotting in jail, however, you'd be sadly mistaken." The case is "still dragging on in court, and it's unlikely that the defendant will ever serve jail time due to weak laws, Day says."

Pennsylvania Gambling Kingpin Returned To Prison. The Pittsburgh Tribune-Review (5/18, Cato) reports that John Francis "Duffy" Conley, the former kingpin of Western Pennsylvania's largest video poker empire, "was sent back to federal prison Wednesday for returning to his old ways -- running an illegal gambling operation and associating with known felons." Conley "was sentenced to four years by U.S. District Judge Arthur J. Schwab for violating the conditions of his supervised release from previous gambling convictions. … State investigators say wiretaps from the investigation showed that Conley handled $3 million in bets in less than a month late last year and was employing people with felony convictions. He also hired people who have known ties to organized crime, investigators say."

House Ethics Committee Launches Ney, Jefferson, Cunningham Investigations. In a front-page story, The Washington Post (5/18, Weisman, 744K) reports, "After 16 months of inactivity and partisan infighting, the House ethics committee launched investigations last night into bribery allegations against Reps. Robert W. Ney (R-Ohio) and William Jefferson (D-La.) and a separate inquiry into the widening scandal surrounding former congressman Randy 'Duke' Cunningham." The probes "come after the Justice Department intensified corruption investigations of Ney and Jefferson, and after Cunningham pleaded guilty to accepting $2.4 million in bribes and was sent to prison." The Post adds that the committee "logjam was broken last month when Rep. Alan B. Mollohan…was forced to leave the panel amid accusations that he used his congressional position to funnel money to his own home-state foundations, possibly enriching himself." The New York Times (5/18, Shenon, 1.19M) notes that former Ney and Jefferson aides "have pleaded guilty to federal corruption charges" and "suggested in court papers that they were prepared to testify that their former bosses accepted bribes or other illegal gifts from government contractors or lobbyists. In a separate brief statement, the ethics committee…said that it would have investigated Representative Tom DeLay…but that the inquiry was short-circuited by Mr. DeLay's announcement that he would retire from the House." The AP (5/18, Margasak), Wall Street Journal (5/18, Mullins, 2.11M) and Roll Call (5/18, Bresnahan) also report on the ethics committee probes and the allegations against Ney and Jefferson.

Illinois Governor Accused Of Maintaining A Political "Favors List." WLS-TV Chicago (5/17, Goudie) reports on its website, "Allegations of lawbreaking have emerged in the race for governor of Illinois. Republican candidate Judy Barr Topinka says Democratic Governor Rod Blagoejvich doled out political favors to supporters. … According to Republican State Treasurer Judy Barr Topinka, Blagojevich was keeping an illegal 'favors list."' … The so-called favors list includes 291 names and the names of their references, from ward bosses to political moguls to influential associates, even Blagojevich's now estranged father-in-law, Chicago Alderman Richard Mell, who Wednesday acknowledged making hiring recommendations to his son-in-law governor."

Senate Panel's Report On Abramoff Expected In June. Roll Call (5/18, Kane) reports Sens. John McCain (R-Ariz.) and Byron Dorgan (D-N.D.) "said Wednesday that their staffs were close to finishing a final report on the Indian Affairs Committee investigation into ex-lobbyist Jack Abramoff's bilking of his tribal clients." The Senators "said that the final report has been delayed because of the sheer amount of work involved in compiling a single narrative that attempts to wrap up the committee's roughly two-year probe into what the Justice Department has concluded was an Abramoff-led operation that stole at least $40 million from a handful of tribes." It "now appears likely that the report won't be completed until sometime in June at the earliest, with the Senate adjourning for the week-long Memorial Day recess late next week."

Safavian Defense Dealt Setbacks As Trial Approaches. Roll Call (5/18, Bresnahan) reports that with his "trial set to begin next week, David Safavian, the former Bush administration official accused of lying about his relationship with ex-lobbyist Jack Abramoff, was dealt a series of setbacks by a federal judge Wednesday." US District Judge Paul L. Friedman "has ruled against an effort by Safavian to keep jurors from hearing allegations that he gave Abramoff confidential government information about one of Abramoff's clients." Friedman also "ordered that jurors can be told the full cost of a controversial Scotland golf junket that Safavian took part in during August 2002."

Former Chicago Official Testifies City Employees Forced To Work Campaigns. The Chicago Tribune (5/18, Mihalopoulos, Higgins, 643K) reports, "In a meeting at his City Hall office, the patronage chief for Mayor Richard Daley directed Mary Jo Falcon and her group of Asian city workers to help the mayor's re-election effort, Falcon testified Wednesday" at he corruption trial of the former patronage chief, Robert Sorich, and three codefendants. Falcon "vividly detailed how she recruited her

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underlings in the city's Sewers and Water Management Departments for hands-on, street-level campaigning." The Tribune notes, "She said when the FBI searched her city office last year, she did not think she had committed a crime, although she 'thought there was something wrong with what I was doing.' Falcon conceded that Sorich never told her to falsify records to get favored job candidates on the payroll." The AP (5/18, Robinson) notes, "Prosecutors wanted the jurors to hear about the campaigning to give substance to the charge that the employees were hired because of their willingness to do political work -- in direct violation of a court order. The idea was to show how a so-called patronage army, banned by the court and subsidized by taxpayers, was put on the street to propel candidates to victory. Falcon testified that some of the campaigning was arranged in her office on city time. But there was no testimony that city workers hit the streets to ring doorbells on taxpayers' time."

Under the headline "Altering, Lying On City Forms 'Was My Job'," The Chicago Sun-Times (5/18, Steve, Korecki) reports, "Sorich's attorney, Thomas Durkin, gently tried to put Falcon's credibility in question as he had her acknowledge that she cooperated with federal investigators because she didn't want to go to jail. Falcon is testifying under immunity."

Illinois Supreme Court Disbars Former City Clerk. The Chicago Sun-Times (5/18, Herman) reports, "The Illinois Supreme Court took away former Chicago City Clerk James Laski's law license -- a penalty for his role in a bribery scandal. Laski pleaded guilty in March to taking bribes and trying to block an investigation into his role in the city's Hired Truck Program. The case triggered a probe by the Attorney Registration and Disciplinary Commission, the disciplinary arm of the Supreme Court."

Ryan Juror Brought Outside Research Not Related To Evidence Into Deliberations. The Chicago Tribune (5/18, O'Connor, 643K) reports, "A juror in former Gov. George Ryan's trial acknowledged bringing outside legal research into deliberations out of what she described as frustration over another juror's refusal to discuss testimony, according to a newly unsealed transcript. Under oath during a private telephone interview by a federal judge, the juror, Denise Peterson, emphasized that her limited research on the Internet had nothing to do with evidence in the case and played no part in the ultimate guilty verdict. U.S. District Judge Rebecca Pallmeyer called Peterson's move an 'innocent mistake,' according to the transcript." The Tribune adds, "Peterson said she did a Google search about deliberating and printed out two pages from the American Judicature Society, a legal group. She also found an article about 'Dealing with Difficult People,' according to the transcript." The AP (5/18, Robinson) adds, "Defense attorneys argued the documents might be prejudicial enough to warrant throwing out the guilty verdict and ordering a new trial," but Pallmeyer "spoke with Peterson and another juror by phone May 5 and then allowed the verdict to stand."

Prosecutors Say Race Not Factor In Tennessee Waltz Targets. The AP (5/18) reports, "Prosecutors deny targeting black lawmakers in the Tennessee Waltz investigation and say transcripts a defendant is using to make such a claim show racial bias by one of the accused, not government agents. Former state Sen. Roscoe Dixon, in seeking to get his bribery and extortion indictment dismissed, argues he is a victim of selective prosecution because he is black. … But prosecutors say a recorded conversation with a government informant shows that a Dixon associate tried to direct bribes to black lawmakers while blocking white legislators from getting at what appeared to be a rich pool of payoff cash. 'All racial discussion is initiated not by the government informant but by the co-defendant and agent for the defendant Dixon,' prosecutors say in opposition to Dixon's petition for dismissal of charges."

Former RNC Official Gets 10 Months In Prison For Phone Jamming Scheme. The AP (5/18, Saunders) reports, "Former Republican National Committee official James Tobin was sentenced to 10 months in prison Wednesday for his role in an Election Day phone-jamming plot against New Hampshire Democrats. … He also was fined $10,000, followed by two years probation. Prosecutors had asked for a two-year prison sentence." The AP adds, "U.S. District Judge Steven McAuliffe said Wednesday he was impressed by character witnesses who testified on Tobin's behalf, but wished Tobin 'had a better sense of how serious this was.'"

Muhammad Jurors View Alleged "Sniper's Nest" Car. The Washington Post (5/18, B5, Rich, Londoño) reports jurors in the Montgomery County, Maryland, trial of sniper John Allen Muhammad "were escorted to a secure loading dock in the courthouse building yesterday to see the modified Chevrolet Caprice that was allegedly used as a sniper's nest during the attacks that claimed 10 lives in the Washington area in October 2002." The Washington Times (5/18, Manning) says the " beaten-up former police car" is the "key to the prosecution's case against Muhammad -- the Bushmaster rifle used in the killings was in the Caprice when he and Lee Boyd Malvo were arrested Oct. 24, 2002. A hole was bored in the trunk, for a rifle barrel. Investigators also found two-way radios, a scrap of paper with the sniper task force tip-line phone number and paper with a list of schools in the Baltimore area."

Muhammad Underwent "Metamorphosis" Before Current Trial. The Washington Post (5/18, Rich) runs a front-page feature on what it calls "Muhammad's

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metamorphosis." He no longer is clad in "the orange jumpsuit he wore in Virginia when he was sentenced to death. Gone, too, is the hair that towered over him as he prepared for trial in Maryland." Looking "every bit the lawyer," he now "wears suits and ties. He carries with him a stack of legal papers, shuffling them purposefully at the defense table. He speaks the language of law, begging the 'court's indulgence' and asking that a 'continuous objection' be noted for the record." Because Muhammad is acting as his own attorney, the Maryland trial "has showcased Muhammad's personality and demeanor to a degree that his Virginia trial did not."

Virginia Police Officer Dies Of Gunshot Wounds From Attack. The Washington Times (5/18, Cella, Emerling) reports Fairfax County, Virginia, Master Police Officer Michael Garbarino died early Wednesday, a week after he was shot five times by Michael Kennedy in an "ambush" on a police station in Chantilly. Fairfax County Police Detective Vicky Armel was also killed in the incident, as was Kennedy.

The Washington Post (5/18, A22) editorializes that it "remains unclear" why Kennedy "was free to go on such a rampage. The details of his psychiatric history are still unknown to the public. Everything that is known, however, suggests that he was in desperate need of help he did not get. … Society pays in so many ways for failing to take the problem of mental illness seriously. One of those ways is tragic killings, like those of Detective Armel and Officer Garbarino."

Case Against Austin Cop Dismissed. KXAN-TV Austin, Texas (5/17) reports on its website, "An Austin police officer-involved shooting case has been thrown out of court, just before it was supposed to go to trial. Officer Scott Glasgow shot Jesse Owens Jr. five times back in 2003." Glasgow "shot 20-year-old Owens during a traffic stop where Glasgow pulled Owens over because he believed he was driving a stolen car. Glasgow then says Owens pulled him in through the window and drove off. That's when Glasgow shot and killed the young man. … The judge decided Glasgow was justified in using deadly force because there was no dispute Owens dragged him with his car."

Both Sides Of Duke Rape Case Playing To Public. The Christian Science Monitor (5/18, Jonsson) reports that legal analysts say both sides in the Duke sexual assault case "are going to new heights in playing to the public. … Going public is a strategy that has succeeded in the past, especially for defense teams who want the accuser's sexual history to be part of the trial, but who have been impeded in that aim by state shield laws intended to protect rape victims."

Federal Investigators Looking In To Connecticut Priest's Activities. The AP (5/17, Christoffersen) reports the Rev. Michael Jude Fay, a priest at St. John Roman Catholic Church in Darien, Connecticut, resigned "amid suspicions of financial wrongdoing and questions about his 'suitability for priestly ministry,'" according to Diocese of Bridgeport officials. The announcement "came the same day a private investigator gave results of his investigation to Darien police. Investigator Vito Colucci Jr. said he documented at least $200,000 in church money used to pay for Fay's lifestyle with a male companion." A spokesman for the US Attorney's office said federal authorities are also investigating.

Gargiulo Convicted Of Murder. The New York Times (5/18, Brick) reports that reputed organized crime figure Andrew Gargiulo was convicted of murder yesterday for killing his brother in law during a fight at a Brooklyn restaurant. Gargiulo "faces 25 years to life in prison when sentenced."

Washington-Area Bank Robber Gets Life Plus 95 Years. The Washington Post (5/18, B1, Weiss) reports that 29 year old Miquel Morrow yesterday was sentenced to life in prison plus 95 years on racketeering, conspiracy and other federal charges stemming from his in assaulting six banks, "terrifying employees and customers, spraying machine gun fire at a pursuing Prince George's County police officer." US District Judge Colleen Kollar-Kotelly "was not about to be lenient, noting that Morrow 'terrorized' the community to satisfy his lust for money and a violent lifestyle."

Man Gets 14 Years For Swindling Scheme. Newsday (5/18, Kessler) reports that John Surgent, a convicted confidence man, was sentenced to 14 years in prison, "probably the stiffest sentence for a nonviolent, white-collar crime in the history of the U.S. District Court for the Eastern District." Surgent "was sentenced Friday following conviction in July on charges of swindling hundreds of people around the country out of millions of dollars. A jury in Brooklyn deliberated for less than two hours before convicting Surgent of conspiracy, securities fraud and money laundering. Many of the victims were elderly. Some lost all their retirement savings after being conned into investing in a shell company, Orex Mining, that Surgent set up in Plandome Manor, which he claimed could extract gold efficiently from very low-grade ore, officials said."

Witnesses In Lakin Case Make Courthouse Appearance. The Belleville (IL) News-Democrat (5/18) reports, "Lawyer Ed Unsell was at the federal courthouse Wednesday morning with witnesses who entered the federal

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grand jury room. Unsell filed and then dismissed a suit against prominent Madison County attorney L. Thomas Lakin, alleging Lakin sexually abuse minors and that the Lakin law firm tried to cover it up. Brad Lakin now runs the law practice and said the allegations are lies by people who tried to get $50 million from the firm."

Three Fugitives Arrested In Tallahassee. The Tallahassee Democrat (5/18) reports, "Two men wanted on warrants out of Maryland -- along with another man with a warrant out of Jacksonville -- were arrested in Tallahassee today the North Florida Violent Fugitives Task Force, Frank Chiumento, U.S. Marshals supervisor, said." Clinton Frie was wanted by Montgomery County, Maryland, "on warrants for home invasion, armed robbery, burglary, kidnapping, four counts of conspiracy, and possession of a firearm during a felony," while the county sought Deandre Goodrich "for two counts of violation of probation." The third man, Reginald Williams, "was wanted by the Jacksonville Sheriff's Office for forgery."

Former HBO Executive Jailed For Probation Violation. Brandweek.com (5/17, Edwards) reports, "Michele Rios-Nicosia Komack, the former director of print services at HBO who used her position to illegally obtain free designer shoes, foreign trips and parties at The Plaza Hotel, has been sentenced to seven months in federal prison for violating the terms of her probation. Komack pled guilty last year to charges of bid rigging, anti-trust conspiracy and tax evasion and was sentenced to five years' probation and 37 months of house arrest with electronic monitoring." Komack "violated the terms of that probation, which led to her being sentenced anew at U.S. Southern District Court in Manhattan on May 11."

CIVIL LAW:

Lawyers Will Seek To Postpone Depositions In UCI Medical Center Case. The Orange County (CA) Register (5/18) reports, "Attorneys for the former chief executive officer of UCI Medical Center will ask a judge today to halt next week's scheduled deposition by lawyers representing former patients suing over the now-shut liver transplant program. The hearing was sought by attorneys for Dr. Ralph Cygan, the first official placed on administrative leave when the program closed amid allegations of mismanagement. … More than 35 people have sued over the failure of the program. A subpoena for records was served on the UC Regents by the U.S. Justice Department in April, but federal authorities have declined to comment on what they are focusing on."

ITC Says Qualcomm Infringed On Broadcom Patents. The Wall Street Journal (5/18, A9, Cheng) reports, "The U.S. International Trade Commission filed an opinion saying Qualcomm Inc. infringed on some of Broadcom Corp.'s patents -- a negative sign for Qualcomm in the two companies' ongoing legal dispute." The ITC report "said that two of Broadcom's patents were valid and that the protected technology was used illegally in several Qualcomm semiconductor sets, which go into cellphones. The two patents cover wireless telecommunications systems relating to power management and the maintenance of network integrity and optimal efficiency."

CIVIL RIGHTS:

ACLU To Sue Black Jack, Missouri, Over Housing Law. USA Today (5/18, 3A, Moore) reports that the ACLU plans to sue the city of Black Jack, Missouri, which voted not to broaden a regulation on how many unrelated people can live together. … The federal Department of Housing and Urban Development is investigating whether Black Jack is violating fair housing law, which prohibits discrimination on the basis of family status or the number of children. The ACLU plans to sue the city whether or not HUD finds a violation."

Jurors In Bias Attack Case Asked About Use Of Racial Slur. The New York Times (5/18, Kilgannon) reports, "Potential jurors for the trial of a 19-year-old charged in a bias attack in Howard Beach last summer have been asked some unusual questions during jury selection: Do they listen to rap music? Are they familiar with hip-hop culture? Yesterday, the prosecution and defense asked them how they feel about a certain longstanding epithet denigrating black people. The epithet — or "the N-word," as the lawyer representing the defendant, Nicholas Minucci, repeatedly described it in court — may well be the crux of this high-profile case."

FBI Investigating Racist Graffiti At Kansas City Citgo Station. KSDK-TV Kansas City, MO (5/17) reports on its Web site, "Words of hate stunned motorists pulling into the Citgo station at exit 170" near Kansas City. "Investigators say sometime between 11:15 Tuesday night and 6 a.m. Wednesday morning, vandals with spray paint left their mark on walls, cars, and even gas pumps. One message believed to be directed to the owner and his clerk read, "Go back home to the Middle Eeast (sic)." … 'Pretty ignorant. We're not even from the Middle East, so just because we're kind of colored,' says Soofia Ahmed with a sigh. The clerk and her boss, store owner Andy Haroon, were both born in America,

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but they're of Pakistani heritage." KDKA notes FBI Kansas City SAC Thomas Noble said, "The reporting of hate crimes has increased significantly," and that the "are the number one priority for the civil rights unit." Noble added, "Primarily, the things we see are individuals doing dumb things that just express their own prejudice, bias against certain groups or people, which is unfortunate."

Wisconsin Elections Board Reverses Ruling On Voter IDs. The Milwaukee Journal Sentinel (5/18, Johnson) reports that the Wisconsin elections board has ruled that people who register to vote at the polls on election day won't be prohibited from casting ballots if they fail to produce their driver's licenses as long as they provide the last four digits of their Social Security number. The move "reverses the board's January decision that said people registering to vote on the day of an election must show their licenses or provide the license numbers. Under the rule, if people were issued a license but forgot to bring it, they would not have been allowed to vote until they showed it or provided the numbers."

ANTITRUST:

Judge Approves Extension Of Microsoft Antitrust Settlement Through 2009. The Wall Street Journal (5/18, B2, Anderson) reports US District Judge Colleen Kollar-Kotelly said she will let DOJ extend portions of Microsoft's 2002 antitrust settlement "for at least two years until the end of 2009." Kollar-Kotelly said, "It sounds like at least on paper this is the way to go." She agreed with antitrust regulators and Microsoft officials that the extension "is needed while Microsoft improves the technology information it must give to software companies seeking to make products compatible with Microsoft operating software." The New York Times (5/18) reports Kollar-Kotelly "urged" Microsoft "to do all it could to expedite the process." She said, "I want to make sure we have the resources to get things done. I want to make sure we are not shortchanged." The Los Angeles Times (5/18) and the technology news service ZDNet (5/18, Broache) also report on the approval of the extension.

DOJ Says IE7 Does Not Violate Microsoft's Antitrust Agreement. The NewsFactor Network (5/17, Haskins), an online technology-related news service, reports that the Justice Department has concluded that "Internet Explorer 7 defaulting to the MSN search engine does not violate the conditions of Microsoft's antitrust agreement with federal and state governments. Google brought the Internet Explorer 7 search feature to the attention of Justice Department regulators and the European Commission earlier this month. In the informal complaint, Google alleged that the default setting was biased and would give Microsoft an unfair advantage. Rejecting Microsoft's contention that users simply could change the setting, Google said its research showed that picking a new default engine would be difficult, requiring multiple steps."

McClatchy Considers Bids For Philadelphia Newspapers. The AP (5/17, Sutel) reports, "McClatchy Co. on Wednesday began considering bids from several parties for two newspapers in Philadelphia, the latest to be sold as part of McClatchy's acquisition of Knight Ridder Inc. The Philadelphia Inquirer and the Philadelphia Daily News are among 12 Knight Ridder newspapers that McClatchy doesn't plan to keep. … The bidders for the two Philadelphia papers included Mortimer B. Zuckerman, owner of the New York Daily News; Black Press Group Ltd., a Victoria, Canada-based newspaper publisher; and Yucaipa Cos., an investment firm that is working with a newspaper union. The bids were due late Tuesday."

ENVIRONMENT/INDIAN AFFAIRS:

American Indian Arguments For Hemp Farming Rejected By South Dakota Appeals Court. In Sioux Falls, a federal appeals court has turned down American Indian arguments for hemp farming. The AP (5/18) reports the court said, "An American Indian treaty and U.S. law do not allow industrial hemp to be grown on an Indian reservation. … Alex White Plume, vice president of the Oglala Sioux tribe, and members of his family planted hemp three times on the Pine Ridge Indian Reservation from 2000 to 2002, but it was confiscated by federal agents. … The family's lawyer...argued that the family had a right to grow hemp without a permit because of an 1868 treaty that encouraged Indian farming." According to the AP, a prosecutor argued that the family could have asked the DEA for permission to grow the crop on the reservation in South Dakota.

Nevada Company Charged With Clean Water Act Violation. The AP (5/18) reports that a federal grand jury has indicted Nevada-based Greg Street Plating Inc., with violating the Clean Water Act by dumping contaminated wastewater into a municipal sewer system in 2003. The one-count indictment "charges that late on the night of April 12, 2003, or early on April 13, 2003, an unknown employee dumped highly acidic waste into the sewer system leading to the Truckee Meadows Sewage Treatment Facility, serving the Reno-Sparks metropolitan area."

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FBI Says Texas Environmental Activist Not Terrorist. The Corpus Christi Caller-Times (5/17, Martinez) reported, "Corpus Christi port and refinery officials know environmental activist Suzie Canales by sight. They say they've become accustomed to her standing outside their facilities, snapping photos and catching air samples in buckets. That's why the visit to her apartment by the FBI came as such a surprise, she said. 'My work is well-documented,' she said. 'I'm no terrorist.' The FBI agreed, after checking out a report from Citgo Petroleum Corp. to the National Response Center of suspicious activity outside its refinery April 1." The Caller-Times adds, "Albert Holl, supervisory senior resident agent with the FBI Corpus Christi office, confirmed that agents interviewed Canales at her apartment two weeks ago about the report from Citgo. 'Most of the time, when we approach people, we try to make it clear that it's pretty routine now,' Holl said."

FDA Seeks Possession Of Eggs From Disease Cure Case. The Pittsburgh Post-Gazette (5/18, Templeton) reports, "The U.S. Food and Drug Administration and U.S. Attorney Mary Beth Buchanan are scrambling to get possession of eggs -- 24.75 tons of powdered ones -- that were the focus of an FDA case against claims the eggs cure disease. The FDA case against Dr. Marilyn Coleman, 60, of Richwood, Ohio, and Mitchell Kaminski, whose business address is Northfield, Ill., and their company, OvImmune Inc., led to convictions against both and the corporation on charges the egg powder was mislabeled as a treatment or cure for diseases, including AIDS and cancer, without FDA approval."

FBI/DEA/ATF/USMS:

Florida Pipe Bomb Suspect Pleads Not Guilty. The South Florida Sun-Sentinel (5/18, Gardiner) reports Sean Britnell of Broward County, Florida, who allegedly sold pipe bombs to an undercover ATF agent, "pleaded not guilty Wednesday in Fort Lauderdale federal court to charges of possessing a destructive device." Last month, a restaurant co-worker of Britnell's overheard him talking about making pipe bombs and notified ATF. An undercover agent "arranged to meet with Britnell on April 19 in the restaurant's parking lot. Saying that he wanted to scare someone who owed him money, the agent asked Britnell if he could buy some pipe bombs from him, according to court records. Britnell told the agent the bombs cost $75 each. The agent ordered 10 of them, the records said." One week later, the agent met Britnell in a strip mall, where Britnell "delivered the 18-inch pipes filled with gunpowder, authorities said. A green fuse stuck out of one end of the capped pipes, court records said. The next day, ATF agents obtained records from Home Depot showing that on April 25, Britnell bought 10 pipes, a drill and end caps. He was arrested May 3. Britnell has been ordered held on $300,000 bond."

Woman Angered By ATF Raid Of Home. WDTN-TV Dayton (5/17, D'Marko) reports on its website that ATF agents "raided a Dayton home and arrested a man for dealing firearms illegally. Now the woman who lives there said they got the wrong man, and she's upset about the damage they did during the raid." Latisha Haynes said she and her boyfriend James Lamar Gober "got a rude awakening" when the ATF entered their home "with guns drawn about six o'clock Wednesday morning." Gober was arrested on charges of dealing firearms without a license and distribution of crack cocaine. Haynes said the agents "broke the lock, emptied drawers and closets, even ripped open her couch cushions. But the most frightening part for her was the wake-up call." Haynes said, "They come in with guns pointed at me, and I'm naked in the bed, me and my dude."

FBI Searches For Hoffa's Remains On Michigan Farm. Following up on new leads, FBI agents yesterday searched a farm in Milford, Michigan, for the remains of Jimmy Hoffa. The story received heavy press coverage, particularly on TV news programs last night.

ABC World News Tonight (5/17, story 4, 1:30, Vargas, 8.78M) reported, "It's been more than 30 years since the former Teamsters Union boss disappeared under very suspicious circumstances." ABC (Thomas) added, "A source familiar with the investigation, tell us that recent leads appear to corroborate earlier tips that Hoffa may have been buried at a horse farm just outside of Detroit." Vargas: "Now, this is the latest in a long string of searches that have been thus far, fruitless." Thomas: "The FBI has been down this road many times before. In each case, failing to find Hoffa's remains. … This is the third time in the last three years that the FBI has been digging in the Detroit area." Vargas: "But clearly they think they there's enough merit to this tip to go forward and dig, in fact." Thomas: "Yes, I spoke to a senior FBI official a little while ago who said we have reached the threshold that we have to go out there and take a look."

USA Today (5/18, 3A, Johnson, 2.31M) reports, "FBI Special Agent Terry Booth said he hoped the dig would end up differently than several unsuccessful excavations from the past. 'We're hoping to put this to bed after 30 years,' Booth said. … 'This is one we felt we needed to follow up on,' FBI agent Dawn Clenney said of the tip that led them to Milford Township." In a very widely-distributed story, the AP (5/18, Martin) adds Clenney said that "investigators are looking for 'evidence of criminal activity that may have occurred under previous ownership' on the property," but "asked if they were looking for Hoffa's remains, she said, 'Could be,' but declined

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to comment further. A law enforcement source in Washington, D.C., said Wednesday's search was based on information developed several years ago and verified more recently. … Organized crime figures had used the area for meetings, but the location was never used again after Hoffa disappeared, the source said."

The Detroit News (5/18, Shepardson) reports Clenney said that the search "was based on one of numerous leads the FBI has received and declined to say if the search would continue into the night. The search could take several days. … Unlike previous excavations in recent years by local police, this is the first by the FBI and approved by federal prosecutors -- suggesting it might have more credibility than other efforts. But one senior federal official downplayed the search, saying the odds of finding Hoffa's body were '30 percent at best.'" The Detroit Free Press (5/18, Ashenfelter) notes Clenney's comments to the AP and adds, "Oakland County Prosecutor David Gorcyca said Bloomfield Township police, who the FBI called in for assistance, told him that the FBI had received a promising tip in the case." WDIV-TV reported Wednesday that "agents planned to return Thursday morning with heavy equipment to dig."

In last night's broadcasts, CNN's Situation Room, CNN's Paula Zahn Now, CNN's Anderson Cooper 360, MSNBC's Rita Cosby Live and Direct, MSNBC's Hardball with Chris Matthews, MSNBC's Countdown with Keith Olbermann, FOX News' Fox Report with Shepard Smith and FOX News' On the Record with Greta Van Susteren also reported on the FBI search.

Colorado FBI Agent Indicted For Allegedly Falsifying Travel Expenses. The Denver Post (5/18, Caldwell) reports, "An FBI agent based in Colorado Springs was indicted today by a federal grand jury, accused of falsifying $6,832 in travel expenses." Douglas V. Brennan "was staying in a Denver hotel for nine weeks in 2003 as he testified in a federal trial, according to a news release from the U.S. Department of Justice. The DOJ paid for his lodging. But according to the indictment, Brennan also submitted bills and was reimbursed by the FBI for hotel costs. … 'He billed the FBI for lodging expenses knowing full well that they had not been incurred by him,' said Melodie Rydalch, a spokeswoman for the U.S. Attorney's Office in Utah." The AP (5/18) adds, "He has been placed on paid administrative leave, said FBI spokeswoman Monique Kelso. … Federal prosecutors in Utah were assigned the case to avoid a conflict of interest for prosecutors in Colorado. Court documents said Brennan had not been arrested and that prosecutors would not ask that he be jailed pending a trial." The Rocky Mountain News (5/18) notes, "A summons was issued for Brennan to appear in federal court on June 2 before Magistrate Judge Craig B. Shaffer."

Florida FBI Employee Arrested On Housing Subsidy Fraud Charges. The South Florida Sun-Sentinel (7/17, Blum, 249K) reported, "Prosecutors say Raquel Bonifacio of Davie received valuable housing subsidies from the federal government for three years by lying about her income. That she may have gotten away with it until recently is particularly surprising given her place of employment -- the FBI." Bonifacio, an FBI administrative assistant who earned more than $40,000 a year, "was arrested Tuesday on charges she stole money from taxpayers by collecting almost $25,000 in Section 8 housing assistance that she was not entitled to receive." The Sun-Sentinel noted, "The FBI suspended Bonifacio without pay and revoked her top-secret security clearance as a result of the criminal charges, FBI spokeswoman Judith Orihuela said. Bonifacio has worked for the FBI for approximately three years."

Pennsylvania Felon Faces Gun Possession Charge. The Pittsburgh Tribune-Review (5/18) reports that Desmond Ham "has been indicted by a federal grand jury in Pittsburgh on a charge of possession of a firearm by a convicted felon. … According to the indictment, Ham possessed a .357 Smith & Wesson handgun on or about May 13, 2005. A person convicted of a felony is prohibited by federal law from possessing a firearm. Ham has a prior felony conviction for aggravated assault."

Activists Call For Stricter Enforcement Against Gun Trafficking. The AP (5/17, Pfister) reports that New Jersey legislators, law enforcement officials and gun control advocates "renewed their call for stricter enforcement against illegal gun trafficking across state lines. Trenton Mayor Doug Palmer and activists from Ceasefire NJ and the Million Mom March said Wednesday that many violent crimes are committed with firearms purchased by 'straw purchasers.'"

FBI Arrests Alabama Sheriff's Deputy On Weapons Charge. WTVY-TV Dothan, AL (5/17) reports on its Web site, "The FBI arrested a member of the Houston County sheriff's department." Michael Shawn Campbell "is charged with selling a firearm to a convicted felon. Campbell, a member of the sheriff's narcotics unit, is also charged with possession of a controlled substance with intent to distribute. He was arrested by FBI agents just before reporting to work Wednesday."

FBI Agent Testifies Gambino Capo Pressed DJ To Promote Mob-Owned Restaurant. The New York Daily News (5/18, Zambito, 729K) reports, "Reputed mobster Greg DePalma allegedly tried to pressure WKTU-FM (103.5 FM) morning show host Goumba Johnny and deejay

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Johnny Rocks into plugging a Harlem restaurant owned by another reputed wiseguy. 'He wanted to promote the restaurant because it was owned by [Louis] Filipelli,' FBI agent Joaquin Manuel Garcia testified yesterday during DePalma's racketeering trial in Manhattan Federal Court. … The 49-year-old radio host, whose real name is John Sialiano, served five months in prison in 2000 for cheating on his taxes while managing the Manhattan strip club Scores in the mid-1990s. DePalma and his son were snared in the same FBI probe." The New York Post (5/18, Cornell, 624K) adds, "But the agent said DePalma was only partly successful because Goumba Johnny refused to plug the restaurant. 'He was angry at Greg,' Garcia told defense attorney Martin Geduldig during cross-examination. 'I think Johnny Rocks did it.'"

FBI Seeks Interviews With GOP Convention Protesters In NYPD Civil Rights Probe. As The New York Times reported yesterday, he AP (5/18, Neumeister) reports in a widely-distributed story, "The FBI is investigating whether police violated the rights of protesters at the 2004 Republican National Convention, according to a letter sent by the bureau to the New York Civil Liberties Union. In the letter…the FBI asked the civil rights group for help, saying it believed the organization's lawyers had represented people arrested at the convention." The AP adds, "The NYCLU was prepared to provide the FBI with videos showing that officers of the New York Police Department failed to properly warn hundreds of protesters before they were arrested, said Chris Dunn, the group's legal director. FBI spokesman James Margolin on Wednesday said only that he did not deny the letter had been sent to the NYCLU."

Protesters' Lawyer Says FBI Should Investigate Former NYPD Attorney. The New York Sun (5/18, Hope) reports, "A former top lawyer for the New York Police Department, Stephen Hammerman, who was commended by Police Commissioner Raymond Kelly for his role in handling the protests at the 2004 Republican convention, may soon have the FBI knocking on his door" in the civil rights investigation. "A lawyer for several protesters, Gideon Oliver, said yesterday he would push to have the former deputy commissioner of legal affairs investigated for his role in the arrests, based on Mr. Hammerman's actions as documented in video evidence." The Sun adds, "Mr. Hammerman said yesterday that allegations that he acted inappropriately were 'nonsense.' A spokesman for the police department, Paul Browne, said in a statement that the NYPD is cooperating with the FBI investigation."

NYDaily News Criticizes NYCLU, Conyers For Pushing Probe On FBI. Under the headline "The FBI Has Better Things To Do," The New York Daily News (5/18, 729K) editorializes, "The very long list of duties assigned to the FBI's New York office starts with counterterrorism investigations and is fully subscribed after that by more traditional, pressing criminal matters like the mob, Internet fraud and political corruption. The city's G-men and G-women have their hands full." Now, "thanks to the New York Civil Liberties Union and Rep. John Conyers, a Michigan Democrat and inveterate police basher, the bureau's targets in the city have been expanded…to include one Officer Matthew Wohl, who is alleged to have sworn falsely in connection with the arrest of a convention protester or three." The Daily News adds that the FBI letter to the NYCLU "was in its own way comforting and funny. If you know of anybody whose rights may have been violated, give us a call, the FBI said. An agent will answer the phone, and that's all the effort this case deserves."

Plea Agreements End 10-Year FBI Probe Of Vegas Nightclub. KLAS-TV Las Vegas (5/17, Knapp) reports on its Web site, "A ten-year FBI investigation into the Crazy Horse Too adult nightclub is over. A deal was reached Wednesday between the club and federal prosecutors, and it will avoid a lengthy trial for 18 defendants." Nightclub owner Rick Rizzolo "agreed to get out of the adult business forever and could serve a maximum of 16 months in prison with half of that as house arrest." His lawyer "says he will ask for probation. For Rizzolo, the deciding factor might have been the government's promise that it would not indict his father, sister, and brother."

FBI, Coast Guard Say Missing Cruise Passenger Fell Overboard. In a widely-distributed story, the AP (5/18, Kay) reports Royal Caribbean passenger Daniel DiPiero of Canfield, Ohio, "fell overboard after a night of heavy drinking with friends, authorities said Wednesday as Coast Guard crews suspended their search for the man. … Investigators from the FBI and the Coast Guard interviewed DiPiero's companions, other travelers and crew members Wednesday aboard the ship, the company said. They found that DiPiero and his friends concealed liquor in mouthwash bottles and brought a bottle of rum in their luggage." WPLG-TV Miami (5/17) adds on its Web site, "The FBI and Coast Guard thoroughly reviewed the digital video recording captured by the ship's security systems, which recorded the young man alone on an outside portion of deck four…between 12:12 a.m. and 2:16 a.m. Monday. The FBI and Coast Guard indicated to family members that the young man went overboard at 2:16 a.m. Monday and that he was alone at the time."

FBI, Texas Police Searching For Bank Robber. KGBT-TV Harlingen, TX (5/17, Cavazos) reports on its Web site, "The FBI and Brownsville police are searching for the man involved in a bank robbery in Brownsville. Investigators

are hoping someone can recognize the thief from this surveillance video taken at the bank. … The man reportedly stood in line to talk to a clerk, then gave her a note with directions to hand over the money. He then calmly walked out of the bank with $3500 in cash."

Philadelphia On Way To Record Number Of Bank Robberies. WPVI-TV Philadelphia (5/17) reports on its Web site, "The number of bank robberies is up 123% from last year. That's because numbers in 2005 were down. The FBI says if things don't change, we could see a new record and this is concerning to law enforcement. It is quick to carry out and difficult to prevent."

Man Among World's "Most Hunted" Drug Traffickers Arrested In Brazil. The arrest of accused drug trafficker Pablo Rayo Montano received wide media coverage, with news outlets making more than 200 references to his capture. For example, the AP (5/18, Goodman) reports, "One of the world's most hunted drug traffickers _ accused of shipping more than 70 tons of cocaine to the United States _ has been arrested in Brazil as part of an international crackdown. Colombian-born Pablo Rayo Montano, who had been on the run for a decade, was captured Tuesday in Sao Paulo as part of an operation coordinated by the U.S. Drug Enforcement Administration and involving anti-drug police in eight other countries. … 'The Rayo-Montano organization had its own private, rogue navy to run a drug business that was nearly as sophisticated as a small nation,' said DEA administrator Karen P. Tandy in a press release." The AP story was published in newspapers and/or posted on the Web sites of CBS News, the New York Times, Washington Post, USA Today, Forbes, San Diego Union Tribune, Houston Chronicle, San Jose Mercury News, the UK's Guardian, and the China Post.

The Washington Times/ UPI (5/17) reports, "An international team of drug investigators has seized 52 tons of cocaine and three islands off Panama in breaking up an alleged drug-trafficking ring. … U.S. federal indictments in the case were returned in Florida and Washington, charging members of the RAYO-Montano operation with money laundering and conspiracy and possession with intent to distribute cocaine."

According to AFP (5/17), "Thirty-two people were indicted in Miami, and three islands as well as yachts and art work were seized in a 10-nation operation against a Colombian drug trafficking ring. The Twin Oceans operation dismantled the cartel led by Colombian Pablo Rayo-Montano, considered one of the world's leading drug dealers. … The US Justice Department said another 70 million dollars worth of assets, including yachts, fishing trawlers, art galleries and other businesses would be seized."

The Washington Times (5/18, Seper) reports, "DEA spokesman Steven Robertson said the investigation revealed a far-reaching cocaine trafficking and money laundering organization based in Colombia. Mr. Robertson said arrests were made in Colombia, Brazil, Panama, Ecuador and Costa Rica. He said four gang suspects also were arrested in Miami and one was taken into custody in Indianapolis. In Los Angeles, he said, DEA agents tracked down one suspect to an apartment complex, where he was taken into custody after answering a knock on his door by a DEA agent posing as a pizza delivery man."

Operation Twin Oceans was a three-year multi-agency probe, according to the Miami Herald (5/17, Yanez, Weaver), which adds that the operation "snared Pablo Rayo-Montano, one of the U.S. government's most-wanted drug traffickers, along with 100 associates." The Herald reports that in a press release, Karen Tandy said, "As well-equipped and complex as this enterprise was, it was a matter of time before law enforcement caught on, and now Rayo-Montano's decadent, drug-funded lifestyle has caught up with him. … His real estate holdings went from three islands to one jail cell."

Knight Ridder (5/18) reports, "New York City-based DEA agents involved in 'Operation Twin Oceans' helped identify Rayo-Montano's associates, and an investigation was continuing to run down his city connections, a DEA spokeswoman said. Rayo-Montano used the small islands off Panama's Pacific coast as shipment points for his fleet of cargo vessels outfitted with underwater lines to tow submersibles packed with cocaine, DEA officials said." The Knight Ridder story was used by New York Daily News and Florida's Bradenton Herald.

The South Florida Sun-Sentinel (5/17, Blum) reports, "Law enforcement officials said Rayo-Montano's cartel smuggled more than 15 tons of Colombian cocaine per month into the United States. The enterprise was involved in the production, transport, distribution, and sale of drugs, officials said. Thirty-two individuals associated with the drug ring face charges in South Florida." DEA agent Mark Trouville in Miami "said the effort was dubbed Operation Twin Oceans because the Rayo-Montano organization shipped drugs from both the west and north coasts of Colombia using a variety of vessels." The Sun-Sentinel story also was used by the Kansas City Star and Contra Costa Times.

On its Web site, CNN (5/17) reports, "The DEA said Rayo-Montano, who is in his late 40s, has been involved in drug trafficking for almost two decades. He is the 42nd person arrested on the U.S. list of alleged drug traffickers designated as 'consolidated priority organization targets.'"

According to the FOX News (5/17) Web site, the DEA "says 'Don Pablo' RAYO-Montano was the chief of a crime organization that used highly sophisticated technological methods to coordinate the movement of cocaine north and

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illegal drug proceeds south. The RAYO-Montano organization also has been associated with Colombian narco-terrorist groups such as the Autodefensas Unidas de Colombia (AUC), the Fuerzas Armadas Revolucionarias de Colombia (FARC) and the Norte del Valle Cartel."

Local TV Coverage. WSCV-TV, Telemundo Miami-Ft. Lauderdale (5/17, 6:00 p.m.) reported, "Colombian drug lord Pablo Rayo Montano was captured in Sao Paulo, Brazil, with [another] 31 people [in a] DEA coordinated operation. Montano is accused of moving 70 tons of cocaine into the US."

WRGB-TV, Albany-Schenectady-Troy, New York (5/17, 5:30) reported, "The Drug Enforcement Administration says Operation Twin Oceans was a success, arresting 100 people, seizing 52 tons of cocaine and 70-million dollars in assets. The DEA along with officers from Brazil, Panama and Colombia brought down Pablo Rayo-Montano's drug trafficking organization. Which was responsible for smuggling more than 15 tons of cocaine per month into the US and Europe."

WCTV-TV, Tallahassee-Thomasville, Florida (5/17, 11:00 p.m.) reported, "One of the world's most hunted drug traffickers arrested in Brazil. Colombian-born Pablo Rayo Montano, on the run for a decade [was] captured yesterday in Sao Paulo as part of an operation coordinated by the US Drug Enforcement Administration."

Customs Agents In New York Make $1 Million Marijuana Seizure. The AP (5/17) reports from Lewiston, New York, that a truck driver "tried to smuggle nearly 340 pounds of hydroponic marijuana worth more than $1 million into the United States," according to U.S. Customs and Border Protection. "Amarjit Singh, 35, a citizen of India with resident status in Canada, applied for entry into the United States at the Lewiston Bridge Sunday, saying he was hauling a commercial shipment of bales of grow mix destined for Alabama."

Sixteen Indicted In Drug Ring Investigation Linked To Bloods Street Gang. The Sunbury (PA) Daily Item (5/18) reports, "Sixteen more people were indicted on federal drug charges Wednesday morning in the second day of a drug sweep targeting the Bloods, a New York City-based gang allegedly selling crack cocaine in Northumberland, Snyder and Union counties. Thirteen of those indicted were in custody Wednesday morning with officials searching for three more. All were connected to the Bloods with 14 of the 16 from the New York City area. Two were from Sunbury."

Texas Police Find MS-13 Members Among Group Of Illegals. KRG-TV Harlingen, TX (5/17) reported on its website, "Sheriff's investigators were looking for robbery suspects but stumbled across MS-13 gang members instead. Officers found 84 illegal immigrants in an apartment complex in Granjeno. Two of them were discovered to be members of the Mara Salvatruchas, the notoriously violent gang from El Salvador. Officers sent 83 of the illegals, including the MS-13 gang members, to the Border Patrol. They are being processed for deportation."

Reporting On Project Mas Dinero Continues. Canada's YorkRegion.com (5/17) writes, "Cops on both sides of the border helped put the sting on a multi-million dollar drug smuggling ring last week, accused of shipping dope by land and lake. Dubbed Project Masdinero…the joint forces initiative lead to more than 250 charges against 24 people, including 11 York Region residents from Richmond Hill, Markham and Vaughan. … The Canada Border Security Agency also played a role, and as the investigation progressed, assistance was provided by the Windsor OPP drug squad, the U.S. Drug Enforcement Agency and Detroit law enforcement agencies."

$1.6 Million In Cocaine Seized In New Jersey Bust. NorthJersey.com (5/17) reports detectives descended on a house in West Paterson Tuesday, arrested two people and seized 180 pounds of cocaine worth about $1.6 million. "The arrests resulted from a six-month investigation by a team of 10 detectives assigned to the county's anti-drug task force. They were assisted by officers from Paterson and West Paterson and agents from the federal Drug Enforcement Administration."

Accused Gang Members Face Drug Conspiracy Charges In New Jersey. The Philadelphia Inquirer (5/18) reports, "Rashad Smith and 19 other people who authorities say belong to a South Camden drug gang called the M.O.B. Boys were charged with drug conspiracy in a criminal complaint unsealed yesterday in federal court. … The M.O.B. Boys sold at least $20,000 worth of cocaine and crack each week in the 1200 block of Morton Street, where they sometimes operated 24 hours a day, authorities said."

The AP (5/17) reports, "A violent Camden cocaine-dealing operation was broken up Wednesday as authorities arrested 10 people in early-morning raids, officials said. In all, 20 alleged drug dealers, suppliers and bulk purchasers were charged in criminal complaints. Four were already in custody and six were fugitives, authorities said. Legal filings show the so-called 'M.O.B. Boys' organization killed a man…to protect its turf in March."

Cherry (NJ) Hill Courier-Post (5/18) writes, "Drug peddlers whose violent, sometimes deadly influence stretched from Camden to Atlantic City were in jail or on the run Wednesday at the conclusion of a three-year investigation," according to federal authorities.

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DEA Assists In Rhode Island Cocaine Investigation. The Providence (RI) Journal (5/18) reports from Newport that police "say they arrested four major suppliers of crack cocaine and a slew of street-level dealers Tuesday, capping an eight-month investigation that focused on local public-housing projects. One of the prime suspects was subdued with a Taser stun gun when he tried to escape during the drug sweep, according to Lt. Michael Brennan. … Brennan said that the department requested the assistance of the federal Drug Enforcement Administration because of the amount of drugs being moved and because some of the suspects had extensive criminal records for dealing drugs."

DEA Agents Help Capture Carjacking Suspect In Florida. Florida Today (5/17) reports DEA agents "conducting surveillance in Orange County, Fla., [yesterday] spotted a carjacking in progress and helped police capture a suspect. Police said a 20-year-old man carjacked a vehicle near…the Florida Mall. … DEA agents helped police get a quick jump on the crime as it was happening."

Two Men Sentenced In Illinois In Cocaine, Gun-Possession Cases. The Benton (IL) Evening News (5/17) reports on the sentencing of two Mt. Vernon men in unrelated federal cases that involved the DEA. "Jason R. Myers, 26, was sentenced May 10 to 292 months of imprisonment after he had pleaded guilty to a three-count superseding indictment charging conspiracy to distribute crack cocaine and two counts of distribution of crack cocaine. … Deondery L. Chambers Jr., May 12 was sentenced to 188 months in prison after he had pleaded guilty to one count of being a convicted felon in possession of a firearm."

Sentence Expected In Meth Case Following Colorado Man's Guilty Plea. The Brighton (CO) Standard-Blade (5/17) reports, "A 26-year-old Brighton man is scheduled to be sentenced Thursday, May 18, in U.S. District Court for his role in a drug ring that led to federal charges against seven men following an eight-month, multijurisdiction investigation. Kenneth F. Fuqua, 26, of Brighton pleaded guilty March 9 to one count of conspiracy to possess with the intent to distribute more than 500 grams of methamphetamine. … Fuqua was one of seven men charged with felony drug violations following an investigation that involved the Drug Enforcement Administration and Boulder County Drug Task Force."

IMMIGRATION:

Gonzales Comments On Grandparents' Immigration Get Attention. CNN (5/17, 10:48 a.m., Kagan) reported, "A startling admission by one of the President's most trusted insiders. Here now is Attorney General Alberto Gonzales in a candid exchange with CNN's Wolf Blitzer during 'The Situation Room.'" Gonzales: "Three of my grandparents were born in Mexico. They came to Texas. My parents, both my parents, were born in Texas. Extremely poor. My mother had--" Blitzer: "But when they came to Texas, were they legally documented, were they unlegally documented?" Gonzales: "You know, it's unclear. It's unclear. And I've looked at this issue, I've talked to my parents about it, and it's just not clear." Kagan: "Gonzales says that those humble beginnings gave him the route to the American Dream. His father had only a second grade education. Gonzales has gone on to become the government's top lawyer."

The Washington Post (5/18, C3, Argetsinger, Roberts) "Reliable Source" also runs the quote, and writes that "in the midst of the fierce congressional debate about immigration reform," Gonzales "says he's not sure whether his Mexican grandparents entered the country legally."

CONGRESS-ADMINISTRATION:

Bush Signs Tax Cut Extension Bill. ABC World News Tonight (5/17, story 2, :25, Vargas, 8.78M) reported, "President Bush was bullish on the economy today. He predicted a strong lift from the $70 billion tax cut package he signed into law. He said the cuts originally passed in 2003, have helped expand the economy and create jobs. The major provisions extend tax breaks on dividends and capital gains for two years. And protect 15 million taxpayers for the minimum tax for one more year."

NBC Nightly News (5/17, story 2, 0:30, Williams, 9.87M) reported the President "said tax cuts have spurred economic growth in this country, but Democrats said today that cuts mainly help the very wealthy and have ballooned that Federal deficit number." The CBS Evening News (5/17, lead story, 2:05, Mason, 7.66M), in a story about stock market losses yesterday, showed Bush saying, "The American economy is powerful, productive, and prosperous and we're going to keep it this way."

In a story about the budget resolution debate in the House, the New York Times (5/18, Andrews, 1.19M) reports "the $70 billion bill that Mr. Bush signed would extend his 2003 tax cuts on stock dividends and capital gains for an extra two years, to 2010, and shield 15 million taxpayers for one more year from a big increase in the Alternative Minimum Tax."

CNN's The Situation Room (5/17, Quijano) reported, "The White House and Republicans believe that by highlighting this victory on tax cuts, that can help on a number of fronts, particularly at a time when there is such a deep

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divide within the GOP on the issue of immigration. … This is also coming at a time when the President has of course been trying to boost his approval ratings, which are now hovering in the low 30s and at a time when Republicans are trying to keep control of Congress. So now President Bush can put these tax cuts in his win column, and Republicans will be able to tout the cuts this election year." The AP (5/18, Riechmann) also says the GOP "sees the extensions as a chance to raise approval ratings for the president and the Republican-controlled Congress. Public opinion surveys put the ratings at their lowest points in the Bush presidency. … Voters will not feel the impact before the November election; for investors, it will be until the next president is about to take office, in 2009." Democrats "say the cuts favor the wealthy and even oil companies."

The Washington Times (5/18, Dinan, 90K) reports the National Republican Senatorial Committee "issued press releases accusing Democratic candidates in swing states of having voted for a tax increase." But Sen. Charles E. Schumer, chairman of the Democratic Senatorial Campaign Committee, "said the vote will 'stay with the president and stay with every Republican member who voted for this bill from now until November 6.'"

House Expected To Approve Budget Resolution Today. The Washington Times (5/18, Fagan, 90K) reports, "The House was expected to approve a $2.7 trillion budget blueprint early this morning, after Republican leaders promised the more liberal wing of their party some increase in health and education spending. 'We have the votes, and we expect to pass it late evening or early morning,' said Ron Bonjean, spokesman for House Speaker J. Dennis Hastert, Illinois Republican." The Times adds, "Approval of the nonbinding blueprint for 2007 spending comes after weeks of negotiations between Republican leaders and their members."

The AP (5/18, Taylor) says "House Republican leaders seemed confident they would be able to pass" the measure. They "became more optimistic Wednesday afternoon after promising to insert into the bill nonbinding language endorsing a 5 percent increase over President Bush's $138 billion request for a popular measure funding the departments of Labor, Health and Human Services and Education."

The Wall Street Journal (5/18, Rogers, 2.11M), however, says that "as lawmakers worked late into last night, the outcome remained uncertain on final passage." But "having pulled back twice before, the leadership could no longer postpone action on what has been a signature responsibility for decades for whichever party rules the House." The Journal adds that "final changes, approved on a 226-193 vote last evening would create a new 'deficit neutral' $3.1 billion reserve fund dedicated to increase resources for health and education programs. Together with money already shifted from defense and foreign-aid accounts, the resolution pledges that at least $7.16 billion more will be added to what Mr. Bush allowed for the departments of Labor, Education and Health and Human Services."

The New York Times (5/18, Andrews, 1.19M) reports "the measure calls for increasing military spending by 7 percent, to nearly $558 billion in 2007, a figure that includes $50 billion for military operations in Iraq and Afghanistan." The package "would essentially freeze or cut spending on most domestic discretionary programs, including education, energy and national parks, and it calls for trimming $6.8 billion over five years from entitlement programs like Medicaid and farm subsidies." The plan "would raise the debt ceiling by $653 billion, to $9.6 trillion, and it assumes that the shortfall next year will be $348 billion, about what it is likely to be in 2006."

Boehner Warns Incumbents Could Lose Committee Assignments If They Oppose Resolution. The Hill (5/18, Bolton) reports, "House Majority Leader John Boehner issued a veiled threat to GOP incumbents yesterday that they could be stripped of plum committee assignments if they voted against his budget resolution. Three and a half months into his job, Boehner flexed his authority at a closed-door meeting, saying those lawmakers who do not face difficult races in November's midterm election have no reason to vote against the budget, according to people who attended the conference session."

Cost Of Retirement Programs To Balloon Soon. USA Today (5/18, Cauchon, 2.31M) reports, "Taxpayers will soon get a surprise bill that could exceed $1 trillion for the cost of paying future medical benefits for state and local workers who retire. Retiree medical costs are the biggest long-term challenge that state and local governments face. By comparison, state and local pensions have an unfunded liability of about $500 billion." State and local governments "have set aside $2.5 trillion to help pay pension benefits for 19 million civil servants and 7 million retirees. But they have set aside almost nothing to pay for retiree medical benefits." USA Today adds, "New accounting rules require that governments, starting next year, put a price tag on the value of medical benefits promised to civil servants when they retire. New York City's liability, for example, approaches $50 billion. The city's total budget last year was $53 billion." The Federal government also "has a $2.3 trillion unfunded liability for medical and disability benefits promised to civil servants and military personnel who retire. The costs are not the nation's biggest financial problem. Medicare has a $33.4 trillion unfunded liability. Social Security has a $4.6 trillion shortfall."

White House Threatens Veto Over Agriculture Subsidies. The AP (5/18, Quaid) reports, "Giving money

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to farmers, traditionally a popular election-year idea, is growing less popular in this election year." The Senate "wants to spend nearly $4 billion to help farmers cope with high fuel prices and damage from severe weather. House leaders object to the aid, saying Congress spends money too freely. President Bush is threatening a veto." The White House "dislikes the farm aid because it raises the price of a spending bill for the Iraq war and hurricane recovery. Beyond that, the farm money would not give energy relief to every farmer, said Bush's agriculture secretary, Mike Johanns."

White House Considers Commerce's Gutierrez For Treasury. The White House Bulletin/US News (5/17) reports, "Unable so far to find any takers on Wall Street for the Treasury secretary's post, administration officials say that the White House is more open to considering Commerce Secretary Carlos Gutierrez as John Snow's replacement. 'They can't find anyone for the job,' said one Bush associate of the drawn out search for a new Treasury secretary. 'They like Gutierrez,' he added." The Bulletin adds it has "been long expected that Snow would leave this spring or summer, serving out the normal three years in the post. Officials emphasized that Snow is not being pushed out. As the Administration has failed to find a Wall Street executive to take the post, it has looked inside its ranks for a replacement and is focusing on Gutierrez, said the insiders. The Cuban immigrant who ran Kellogg's has fast become a favorite in the West Wing because of his tireless salesmanship of the Administration's agenda, his strong congressional relations, and his ability to bring a businessman's perspective to government actions."

Congressional Republicans Fear Bush May Be Using "Triangulation" Strategy. Roll Call (5/18, Ben Pershing, Billings) reports with Republicans "desperate to pass big-ticket legislative items to reverse their slide in the polls, the House and Senate have increasingly moved in opposite directions as the White House has played each chamber off the other to achieve its own goals." On the supplemental spending bill, President Bush "has teamed up with House Republicans against the Senate's more expensive plan. And on immigration, Bush has sided more with the Senate — particularly some Senate Democrats — against the House's stricter position, raising fears among some GOP lawmakers and aides that 'triangulation' is back." To "some House Republicans, Bush's tactics on immigration are reminiscent of those used by President Bill Clinton to pass welfare reform in the mid-1990's. In that case, Clinton joined forces with Republicans to support a bill much of his own party detested." Bush has "used the tactic of moving to the center and teaming up with Democrats rarely since he came into office, and in 2003 Rove specifically told House GOP leaders at their retreat that the White House had sworn off triangulation."

Bush Vows Vigorous Campaign To Maintain GOP Control Of Congress. The New York Times (5/18, Nagourney, 1.19M) reports that President Bush "vowed Wednesday to lead an aggressive campaign this fall to maintain Republican control of Congress, saying there was a 'stark difference' between the two parties." Speaking at an RNC fundraiser, Bush "left little doubt that the White House would return to the same themes it used over the past six years, portraying Democrats as weak on terrorism and committed to higher taxes and government spending. … 'It's a stark choice,' Mr. Bush said. 'And I'm going to keep talking about it because we have a record to run on.' 'We are the party of the future, and our candidates will be running against the party of the past -- a party that offers no new ideas like the Republican Party, a party that can only offer opposition,' Mr. Bush said." He "also offered a strong defense of the war in Iraq," saying, "The enemy can't defeat us in Iraq -- and they can't defeat us anywhere else in the world. The only way we can be defeated is if we lose our nerve -- and the Republican Party will not lose its nerve." The president "also argued strongly to the crowd of 800 Republican donors in support of the changes in immigration law he proposed in a speech to the nation on Monday night," and touted the new Medicare prescription drug benefit program, saying, "We reformed Medicare."

Bush Helps Raise Record $17 Million For RNC. The AP (5/18, Loven) reports that President Bush "helped raise $17 million for the" RNC on Wednesday at its annual spring gala, "a welcome financial boost amid GOP gloom over the possible loss of majority control of Congress in November." Bush "repeatedly voiced optimism and signaled a no-holds-barred effort against Democrats, whom he argued would 'run up your taxes,' increase the deficit, enact shortsighted isolationist policies and fail to protect family values and national security." The $17 million raised for the RNC represented a record "for a nonpresidential election year since campaign finance law changes. The gala raised $15 million last year and $14 million in 2003. In 2004, when Bush was seeking re-election, the dinner brought in a record $38.5 million."

Conyers Says Impeachment Premature, Wants Bipartisan Probe Of Bush "Abuses." In a Washington Post op-ed titled "No Rush to Impeachment" (5/18, A23), Rep. John Conyers says, "As Republicans have become increasingly nervous about whether they will be able to maintain control of the House in the midterm elections, they have resorted to the straw-man strategy of identifying a parade of horrors to come if Democrats gain the majority.

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Among these is the assertion that I, as the new chairman of the House Judiciary Committee, would immediately begin impeachment proceedings against President Bush." But Conyers adds, "I will not do that. I readily admit that I have been quite vigorous, if not relentless, in questioning the administration. The allegations I have raised are grave, serious, well known, and based on reliable media reports and the accounts of former administration officials. … So, rather than seeking impeachment, I have chosen to propose comprehensive oversight of these alleged abuses. The oversight I have suggested would be performed by a select committee made up equally of Democrats and Republicans and chosen by the House speaker and the minority leader. The committee's job would be to obtain answers -- finally. At the end of the process, if -- and only if -- the select committee, acting on a bipartisan basis, finds evidence of potentially impeachable offenses, it would forward that information to the Judiciary Committee. This threshold of bipartisanship is appropriate, I believe, when dealing with an issue of this magnitude."

Social Conservatives Want Stronger Bush Support For Gay Marriage Amendment. The Washington Times (5/18, Dinan, 90K) reports social conservatives "say President Bush must work harder before next month's scheduled Senate vote to pass the Federal Marriage Amendment that would define marriage as between a man and a woman, and some even say the White House is sending all the wrong signals on the issue." Tony Perkins of the Family Research Council said, "The only thing we're hearing now from the administration are either comments that are totally opposed to the amendment or those that appear to be opposed to the amendment. The president needs to speak to the issue just as passionately as he did in the campaign." The Times adds conservatives "said Mr. Bush could stand to push the Federal Marriage Amendment, especially given his faltering support among his base and the widespread support for defining marriage as the union of a man and a women."

Senate Democrats Propose Energy Independence Strategy. The New York Times (5/18, Janofsky, 1.19M) reports Senate Democrats "on Wednesday fueled the debate over rising gas prices by introducing an energy bill they said would do more to wean the country off foreign oil than the plan advanced three weeks ago by Republicans." The bill "would cut domestic oil consumption to 12 million barrels a day in 2020 from about 20 million barrels, its supporters say. It calls for expanding the use of alternative fuels for vehicles, in part by requiring more federally owned vehicles to use them, and by ensuring that more service stations sell them." Sen. Harry Reid said, "We need lower gas prices and energy independence. Republican leaders have proposed the same old solution: drill, drill, drill. But drill, drill, drill is not going to deliver the results we need."

In an interview with Bloomberg's After Hours (5/17, 5:12 PM), Sen. Byron Dorgan (D-ND), one of the bill's sponsors, said the US is "always going to use fossil fuels in this country—oil, natural gas and coal," but at the same time, the government should also "encourage all of the biofuels — ethanol, biodiesel and others — and in the long term, we also are very interested in the issue of hydrogen and fuel cells." Dorgan said the Democrat's plan aims "to make the government a leader in this area. … They, of course, purchase a lot of vehicles and use a lot of fuel, to be moving in the direction of flex-fuel vehicles and hybrid vehicles and use of biofuels." Asked about the release Monday of the Federal Trade Commission's report on gas price gouging, Dorgan said the FTC has "been deceased from the shoulders up for a long while," and he has "very little hope that the Federal Trade Commission will really dig into this."

Talent, Moran Seek To Add More Ethanol Fuel Stations. The AP (5/18, Hananel) reports that a group of Midwestern lawmakers Wednesday proposed legislation aimed at "getting more gas stations to carry ethanol-based fuel—known as E-85." Sens. Jim Talent (R-MO), John Thune (R-SD) and Barack Obama (D-IL) seek to "reimburse gas station owners for 30 percent of the cost—up to $30,000—of replacing regular gas tanks with tanks for alternative fuel, such as E-85 and biodiesel." Lawmakers touted the measure as a "way to reduce reliance on foreign oil and, at the same time, use cleaner fuels."

Coleman's Gasoline Bill Attracts GOP Critics. The Hill (5/18, Allen) reports Republican Sen. Norm Coleman "wants to raise taxes on oil companies to subsidize gas costs for low- and middle-income drivers, but the idea is attracting criticism from other GOP lawmakers." Coleman unveiled his proposal Wednesday, "but some lawmakers were quick to criticize the offering, saying either that it does too much or too little both on the tax and spending sides of the ledger." The bill would "raise $4.3 billion through a retroactive revaluation of oil companies' inventory," and "the money would then be disbursed to the states through a block-grant program that would defray prices at the pump for low- and middle-income drivers." Sen. John Sununu (R-NH) called Coleman's plan "a dangerous precedent and a foolish idea." Sununu said Congress "should not legislate accounting standards that are regulated by the Financial Accounting Standards Board."

Chevron CEO Says Oil, Gas Exploration Should Be Part Of Strategy. As part of an hour-long show dedicated to the energy debate, Chevron CEO, David O'Reilly, told CNN's Larry King Live (5/17, 9:23 PM) that now "is the time to debate energy supply. Certainly, we should be pursuing ethanol. And when we're importing in increasing amounts why not open up gas and oil exploration? We ought to

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be…getting the message out we need to value energy and conservative energy, be more prudent how we use it." Similarly, Texas Sen. Kay Bailey Hutchinson told Larry King that the US has "to diversify our energy sources," increase our refinery capacity, and "drill more in our own country for our own resources…so we're not dependent on foreign sources for our energy needs." At the same time, she said Americans "need to conserve and have renewable energy."

Administration Plans For Extra Bonneville Power Revenue Draws Northwest Opposition. The Wall Street Journal (5/18, Fialka, 2.11M) reports that last December, the Bush Administration "tucked a proposal into its 2007 budget to raise $1 billion over the next decade by squeezing more money out of one of the federal government's few cash cows: The Bonneville Power Administration." But the "plan is being fiercely resisted by Northwest lawmakers and other critics. Sen. Maria Cantwell, a Washington Democrat who has vowed to fight the proposal 'every step of the way,' has the backing of the entire Northwest congressional delegation -- a rare bipartisan show of unanimity on an energy issue this year." Bonneville, a "federal agency in Portland, Ore., sells about half the electricity used in the Northwest at relatively low cost." A surplus of snow means the utility, "which usually earns $3.2 billion a year, could make as much as $250 million extra this year by selling excess power mainly to California, where electricity rates are high." The Administration "wants to divert some of those profits to the federal Treasury by accelerating BPA's federal debt repayments. Critics of the plan say as long as Bonneville pays its debts, the utility should follow its traditional practice of using profits, or what it calls 'secondary revenue,' to reduce its wholesale electricity rates in the Northwest."

Taylor Says He'll Back Pelosi For Speaker If Necessary For Democratic Control. Roll Call (5/18, Kornacki) reports, "He hasn't voted with his party in an election for Speaker since 1999, but Rep. Gene Taylor, an iconoclastic Mississippi Democrat, is prepared to break with his recent tradition -- if it would ensure Democratic control of the House." Taylor, who "possesses the most conservative voting record of the House's 202 Democrats," said, "I'm not going to vote against my own self-interest. .. And I think I'd make a good subcommittee chairman." Taylor "figures to be the fourth most senior of the 28 Armed Services Committee Democrats when the 110th Congress opens next year. That puts him in line to chair the projection forces subcommittee if his party reclaims the majority."

Pelosi Angling To Remove Harman From Intelligence Committee. The Los Angeles Times (5/18, Miller, Simon, 958K) reports Rep. Jane Harman, "who has gained national prominence as the top Democrat on the House Intelligence Committee, is fighting to hold on to the job amid indications she will be rotated off the panel next year." The dispute "pits the Venice lawmaker against House Democratic leader Nancy Pelosi of San Francisco. Its outcome could determine what role Harman, who once ran for California governor and is one of the most quoted Democrats on intelligence matters, will play in the next Congress — if she is reelected." Pelosi has "informed colleagues that she intends to force Harman to step down, replacing her with Rep. Alcee L. Hastings of Florida, the second most senior Democrat on the intelligence panel." Democratic leadership aides "described the move as a routine rotation. But other congressional officials attribute the anticipated assignment change to internal party politics, including concern among Democrats that Harman is too moderate and inclined to accommodate the Republican agenda."

Tuesday's Primary Results Said To Signal Anti-Incumbency Mood Brewing. The Washington Post (5/18, A3, Balz, Cillizza, 744K) reports, "Pennsylvania voters dumped two Republican leaders in the state Senate and scared a GOP member of Congress, while Oregon voters sent a warning they are unhappy with" Democratic Gov. Ted Kulongoski, who "won his primary election but claimed just 54 percent of the vote." Taken together, "the results Tuesday were the latest signals of brewing unrest that could threaten incumbents of both parties in the November elections." The Post relates, "The defeats of Pennsylvania Senate President Pro Tempore Robert C. Jubelirer, Majority Leader David J. Brightbill and at least a dozen other state legislators there stunned the political establishment. Grass-roots protests brought primary challenges to 61 incumbent legislators, the most since 1980, according to the Philadelphia Inquirer." The Times adds, "More than a dozen legislators in Pennsylvania lost their jobs in a revolt over a pay raise for lawmakers that was enacted and later repealed but which provoked outrage among the electorate." Meanwhile, PA10 Rep. Don Sherwood's (R) "primary victory with 56 percent of the vote over a little-known and underfunded opponent signaled that his admission of an extramarital affair had damaged his standing and makes him vulnerable to a Democrat in November."

Defeat Of Two GOP Pennsylvania State Senate Leaders Enthuses, Concerns Conservatives. The New York Times (5/18, DeParle, 1.19M) reports, "A revolt among Pennsylvania conservatives gained national attention on Wednesday after challengers toppled at least 12 state lawmakers they deemed insufficiently committed to small government and fiscal restraint." The defeats of "the two

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State Senate leaders," Republicans Jubelirer and Brightbill, "drew cheers from conservatives nationally, many of whom voice similar criticisms of Republican incumbents in Washington and have threatened their own revolts. The Fiscal Restraint Coalition, a network of organizations calling for smaller government, sent out an e-mail message saying the election showed 'that the fiscal restraint message is a winner.'" However, "others, while celebrating the results, saw danger for the party. 'It shows a very worrisome, elevated level of anger and frustration on the part of Republicans,' said Pat Toomey, president of the Club for Growth, which supports low taxes and small government. 'In a primary, they can vent that by voting for challengers. The problem is, in a general election they stay home. It's a very worrisome sign for Republicans in Washington.'"

WSJournal Says Pennsylvania Primary Results Should Send Message To National GOP. Citing Tuesday's primary results in Pennsylvania, an editorial in the Wall Street Journal (5/18, A14, 2.11M) relates, "If Republican leaders in Washington still think their break-the-bank spending won't cause trouble with voters in November, they'd better pay attention to what just happened in the Quaker State's elections," in which "the two top senate leaders were thrown out and 13 incumbent House members bit the dust." The Journal notes, "Over the past three years the GOP majorities in the House and Senate have expanded the budget by twice the inflation rate and rubber-stamped an unpopular Rendell income tax hike. The final straw for voters…was that, in an act of remarkable arrogance, the Republicans violated the state constitution against a midterm pay raise by voting at 2 a.m. to hike their own salaries as much as 50%." The Journal adds, "We hope the tremors are felt by Republicans in Congress and in state capitols around the country. It seems this is a message GOP politicians have to relearn over and over: When they run as Reagan Republicans they win; when they run as big government Democrats they lose."

Specter Says Santorum's Reelection Is His Top Priority. The Hill (5/18, Kaplan) reports that during a tough 2004 primary race with Rep. Pat Toomey (R), Pennsylvania Sen. Arlen Specter (R) "called on Rick Santorum, Pennsylvania's conservative junior senator, to help extend his political career." Santorum responded by reassuring "Republican voters that Specter would be a reliable vote for conservative issues." He "also raised money, appeared in television advertisements and direct-mail pieces and blocked Toomey from getting help from the state GOP." Now, with Santorum facing a difficult reelection challenge from Pennsylvania State Treasurer Bob Casey Jr. (D), Specter "is stepping in to help his GOP colleague. 'His reelection is my No. 1 priority this year,' Specter told The Hill." Specter "has helped Santorum rake in campaign cash this cycle. He held two fundraisers last year in Washington, including one at his condominium, and another in Philadelphia. Specter said he has also written letters to potential donors. Perhaps most important, Specter has leveraged his perch as a subcommittee chairman on the Appropriations Committee to deliver federal dollars to Pennsylvania to help Santorum."

Political Analyst Critical Of Reasoning Behind Primary Challenge To Lieberman. In a piece in Roll Call (5/18), Stuart Rothenberg, editor of the Rothenberg Political Report, discusses the primary challenge Connecticut Sen. Joe Lieberman (D) is facing from businessman Ned Lamont. Rothenberg relates that Lamont is "running against Lieberman -- and drawing attention from local Democrats, the 'netroots' and members of the national media -- primarily because of the Senator's relatively hawkish position on Iraq. … It doesn't seem to matter to those angry Democrats, or to Lamont, that Lieberman is widely respected for his thoughtfulness, integrity, civility and intellect. Or his overall voting record." Rothenberg notes, "Ironically, most of the House and Senate Democratic challengers that I have interviewed this cycle have decried their opponents' party-line voting and promise to be an 'independent' voice for their state or district. … Well, somebody better tell those candidates I'm interviewing that if they are 'independent,' they may well draw a primary opponent who, like Lamont, thinks that they aren't 'real Democrats' if they don't toe the party line." Rothenberg adds that "there certainly ought to be a place in our political system for someone like Lieberman. His defeat, unlikely as it may be, would be a sad, sad chapter in American politics."

Steele Criticizes Bush Education Policies. The Washington Times (5/18, Ward, 90K) reports Maryland Lt. Gov. Michael S. Steele (R) "yesterday announced his U.S. Senate campaign's education platform by criticizing the federal government's implementation of the No Child Left Behind Act and President Bush's recommendation of cutting financial aid for low-income college students." Steele said that NCLB "has fallen short of expectations" and causes teachers to "teach to the test." Steele also said, "It was wrong for President Bush to call for eliminating" Perkins loans. Maryland students have "almost $19 million" in the low-interest loans for low-income college students. Steele further said that "the U.S. education system is 'fundamentally unequal,' describing it as 'cumbersome,' 'often myopic' and 'immoral.'"

OTHER NEWS:

Stock Markets Fall Dramatically On Inflation Fears. Inflation fears spooked stock traders, who sold on news the Consumer Price Index rose by a more-than-

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expected 0.6% in April, and that the core CPI, excluding volatile food and energy prices, also rose by 0.3%. The Dow Jones Industrial Average fell by 214.28 or 1.88 percent to close at 11,205.61; on broader indexes, the S&P 500 fell 21.76 or 1.68 to 1,270.32 and the Nasdaq fell 33.33 or 1.5% to close at 2,195.80. The story was the lead on all three networks. ABC World News Tonight (5/17, lead story, 3:05, Vargas, 8.78M) reported, "What a difference a week makes. Last Wednesday, the stock market was poised to break records. Investors were expecting an end to interest rate hikes and they were ready to spend. But in a matter of days, new signs of inflation have appeared and stocks have taken an enormous tumble." The CBS Evening News (5/17, lead story, 2:05, Mason, 7.66M) said the Dow "had its worst day in more than three years. It came as they were rolling out a cake on the floor of the stock exchange, but inflation spoiled the party. The New York Stock Exchange threw a birthday celebration, but the bulls were not on the guest list." NBC Nightly News (5/17, lead story, 2:35, Williams, 9.87M) reported, "Tonight, the stock market dramatically has reversed course. Late today, it became clear the closing bell today would bring bad news and it did."

The Los Angeles Times (5/18, Petruno, 958K) says "the markets' sudden turmoil is shaping up to be the first major test faced by new Fed Chairman Ben S. Bernanke. … Many Fed officials have continued to declare in recent months that inflation was 'contained,' despite the surge in energy costs over the last year." But "the core inflation figure suggested that energy cost pressures could be bleeding into prices overall." That "could dash widespread hopes that the Fed was nearly done with its two-year-long credit-tightening campaign."

The Washington Times (5/18, Hill, 90K) reports "analysts said the surge in inflation ensures the Federal Reserve will remain wary and keep raising interest rates," while the New York Times (5/18, Uchitelle, 1.19M) says "the sudden unwinding in the market began on May 11, the day after Fed policy makers raised interest rates another quarter-point, to 5 percent, and left open the prospect that more interest rate increases 'might yet be needed to address inflation risks.'" USA Today (5/18, Kirchhoff, 2.31M) runs a similar report under the headline "Inflation Renews Pressure On Fed," and the Wall Street Journal (5/18, Whitehouse, 2.11M) reports on the "worries…that the Federal Reserve could face a tough battle with inflation in coming months." The Washington Post (5/18, D1, Henderson, 744K), Christian Science Monitor (5/18, Trumbull, 61K), Knight Ridder (5/18, Hall) and Financial Times (5/18, Atkins, Hughes, Chisholm, Tsui), among other sources, also run stories on inflation fears. The Wall Street Journal (5/18, McKay, 2.11M) and USA Today (5/18, 2.31M), meanwhile, run separate stores on the stock numbers.

New College Graduates Seen As Entering Stellar Job Market. ABC World News Tonight (5/17, story 6, 2:35, Vargas, 8.78M) reported it is the "best hiring market for newly-minted college graduates in years. The economy has added 700,000 jobs just since January. And the unemployment rate has fallen to 4.7%, the lowest in five years. It is an extraordinary time to be graduating into the work force." ABC (Harris) added graduates are "waltzing out of academia and into what one career counselor is calling the best job market for college grads since the dotcom boom." Career counselors "at colleges and universities across the country say they saw real increases in the numbers of job recruiters on campus this year. Today, ABC News learned of increases of up to 30% at Georgetown, Rutgers, Rice, Stanford, Duke, and the University of Chicago."

North Carolina, Tennessee Given New Flexibility Under No Child Left Behind Act. The AP (5/18, Feller) reports U.S. Secretary of Education Margaret Spellings announced yesterday at a lunch with reporters that North Carolina and Tennessee have been chosen as "the only two states" that will be "allowed to change the way they measure student progress" under No Child Left Behind. The states will track individual students' math and reading tests scores rather than "comparing the scores of different groups of children from one year to the next." The change is regarded as "hugely important." 13 states applied to be part of the pilot program, but the two selected "have data systems to track individual students" and "committed to closing achievement gaps between whites and minorities."

The New York Times (5/18, Schemo, 1.19M) reports the program is a response to "years of hearing state officials appeal for more flexibility in judging schools." The change is "critical" and will allow the states "to count students as meeting the goals of the law if the students are judged to be on a trajectory toward proficiency in reading and math in three or four years." Spellings said that "the change did not amount to a weakening of the law's demands for student achievement."

The Washington Post (5/18, Romano, 744K) reports Spellings said that "those states were selected because they have a sophisticated data-collection system already in place for assessing students." Some "prefer the growth model to the current policy because they believe it gives them more flexibility to meet the standards." Spellings "dismissed the suggestion the new model would leave room for lax assessments."

Flood Insurance Becoming More Costly. The CBS Evening News (5/17, story 2, 2:35, Schieffer, 7.66M) reported, "Many homeowners are discovering this week that they will be paying more for flood insurance. That is, if they

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can get it at all." CBS (Alfonsi) added, "Flooding is the most common natural disaster in all 50 states. And despite last year's epic hurricane season, most homeowners in high-risk areas still don't have flood insurance. And almost no one is covered in low-risk areas. The problem, as the rain showed us this weekend in New England, low risk doesn't exist anymore." The "proof is in Pennsylvania. It's nowhere near the ocean, but residents filed more insurance claims for floods in 2004 than any state except Florida. Emergency officials are worried the Northeast is overdue for a major storm, so FEMA is urging homeowners everywhere to shell out more money for flood insurance."

NYTimes Says Greater Oversight Needed For Army Corps, Flood Insurance Reform. The New York Times (5/18, 1.19M) editorializes that as the situation in New England has provided a reminder "that the destructive force of floodwaters" is not a threat specific to the Gulf Coast, "The Army Corps of Engineers must learn, or be compelled, to place a higher priority on safety projects than on Congressional pork. At the same time, the government should use its federal flood insurance to encourage safe building, not to subsidize irresponsible development." The Times goes on to tout a measure sponsored by Sens. Russell Feingold and John McCain "that would bring more accountability to the corps' multibillion-dollar construction budget" and "require greater independent review of project designs to head off engineering failures like the ones that led to the breach in the New Orleans levees." Meanwhile, changes to the Federal flood insurance program should start with the exclusion of "vacation homes from…subsidized rates."

Race Likely To Be Key Factor In New Orleans Mayoral Contest. The New York Times (5/18, Nossiter, 1.19M) profiles New Orleans Mayor Ray Nagin (D), who is facing Louisiana Lt. Gov. Mitch Landrieu (D) in Saturday's election. The Times notes that Nagin's calm demeanor "has not dispelled a question haunting" his "tenure since Hurricane Katrina. Is he up to what has become one of the toughest mayoral jobs in the country? Lingering fleets of flooded-out cars parked under the elevated freeways, piles of garbage on the streets, and ever-shifting policies at City Hall: all these are constants in postflood New Orleans, and have only amplified the question." But "on Election Day…these details may not matter because so much of the vote will turn instead on the matter of race." Nagin "commands sympathetic allegiance from most of the city's remaining African-Americans, who supported him overwhelmingly in the primary. Many black voters say they do not blame the mayor for the limping recovery, accepting his assertion that Gov. Kathleen Babineaux Blanco, or FEMA, or President Bush, or Mr. Landrieu, are responsible."

Columnist Says Hillary Clinton Not Shoo-In For '08 Democratic Nomination. In a piece in the New York Times (5/18, 1.19M), columnist Bob Herbert writes that while New York Sen. Hillary Clinton (D) is widely viewed as the frontrunner for the '08 Democratic presidential nomination by people in both the Republican and Democratic parties, "I wouldn't crown the candidate yet. There are ominous stirrings in the tea leaves. A WNBC/Marist Poll released this week found that 60 percent of registered voters in" New York "believe that she will make a run for the White House. But 66 percent of the voters do not think she will be elected president. … Fifty-seven percent of the Democrats surveyed said it was 'not very likely' or 'not likely at all' that she would be elected." Also, Herbert notes, Democratic activists are unhappy with Clinton's co-sponsorship of "a bill that would criminalize the burning of the American flag," her "support for President Bush's war in Iraq," and the news that Rupert Murdoch will be holding a fundraiser for Clinton. Clinton also may be "handicapped by her gender," says Herbert, who concludes that "while the strategists may claim that this or that development is inevitable, the only thing we can really be sure of is that history is full of surprises."

Daschle To Test Presidential Waters In Key States Next Month. The AP (5/18, Jalonick) reports that ex-Senate Democratic leader Tom Daschle "will gauge potential support for a 2008 presidential bid with stops in Iowa, New Hampshire and Michigan next month. 'It's just taking the next step to a more thoughtful consideration of a presidential campaign,' Daschle said in an interview with The Associated Press. Daschle said he will be traveling to states to 'sound out presidential themes, talk to voters and get a sense of what kind of a reception I might be getting.' He also will be campaigning for local candidates." Daschle "said he would decide by the end of this year, maybe sooner, if he will run for president."

McCain Attends Sinking Of USS Oriskany Off Florida Coast. ABC World News Tonight (5/17, story 8, 2:00, Cochran, 8.78M) reported the Navy yesterday sank the 1950's era aircraft carrier USS Oriskany off Florida to form an artificial barrier. ABC (Cochran) added, "It was hard for Navy veterans to take. To see the Oriskany, the ship known as the Big 'O,' sunk not by the enemy, but by the Navy itself, to create an artificial reef. Today, one of the best-known veterans was thinking about the Big 'O.'" Sen. John McCain: "It was a very gallant ship. And those of us that had the honor of serving on it loved it very much." Cochran: "Lieutenant Commander, now Senator John McCain, was on the ship during the Vietnam War." Sen. McCain: "That air wing had the highest losses of any air win in the war. So I lost a lot of friends. At the same time, some of the bravest

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men I've ever knew, I was privileged to fly with, who were obviously better pilots than I was. They didn't get shot down." Cochran: "McCain remembers his final takeoff from the carrier in 1967, the day he was shot down. The start of five years of captivity." Sen. McCain: "I remember that last takeoff, as if it happened five minutes ago. It was a very vivid memory because my entire life changed. Your entire life changes when you go from a free member of the Armed Forces to a captive of the enemy. It is a rather traumatic experience."

NBC Nightly News (5/17, story 11, 0:35, Williams, 9.87M) reported, "Among the Navy vets who served onboard, Senator John McCain, who today called her a brave ship and said he would someday like to dive down to visit his old quarters."

Clegg Invitation Withdrawn By EEOC. The Washington Times' (5/18, McCaslin) "Inside The Beltway" reports that the Equal Employment Opportunity Commission (EEOC) chairwoman, Cari M. Dominguez, "decided to withdraw" an invitation to be part of a panel discussion extended to the president and general counsel of the Center for Equal Opportunity, Roger Clegg. Clegg later "learned from an unnamed source that career staff at the EEOC threatened 'mutiny' if he were to participate; not to mention that several 'establishment civil rights groups' had called to object to his testimony.

NRA To Target Local Officials Over Fears Of Gun Confiscation During Disasters. ABC World News Tonight (5/17, story 5, 2:30, Vargas, 8.78M) reported, "ABC News has learned the National Rifle Association is about to launch a very aggressive and very controversial new campaign." ABC (Tapper) added, "ABC News has learned that the NRA's new campaign targets mayors and chiefs of police. At issue -- when can law enforcement confiscate weapons? The NRA is fired up, saying after Hurricane Katrina, law enforcement officers in Louisiana confiscated firearms from law-abiding citizens." In "this ad to appear in tomorrow's paper, the powerful gun lobby demands a pledge from every police chief and mayor in the country to never confiscate guns after emergencies." NRA executive vice president Wayne LaPierre: "We can't allow these local tyrannies to exist after disaster hits. Where they throw the Constitution out the window. And that's what the police chief in New Orleans did." Tapper: "The NRA will likely also demand that Congress make it a felony to order widespread confiscation of weapons. Louisiana law enforcement officials say, in the chaos after Katrina, some guns were confiscated in the interest of preserving order. But they argue the NRA overestimates how many guns were taken." The NRA is "confident the new message will resonate with its members and the public. Its opponents feel the NRA is overreaching and exploiting the Hurricane Katrina tragedy."

Promising AIDS Prevention Drug Is Long Delayed. The Wall Street Journal (5/18, A1, Hamilton, Chase, 2.11M) reports on the political and economic delays to introducing a drug as an AIDS preventative. Currently, tenofovir is sold only as a drug for treatment rather than prevention. The Journal writes, "The failure of [tenofovir] to get more rapid attention as a preventive step partly reflects the contentious politics of AIDS. Since 2004 protests and other issues have forced researchers to scrap trials in four nations in Asia and Africa." Furthermore, "regulatory hurdles to approval are lower when the people taking a drug are already sick, and so are legal risks. The company has sought to avoid being dragged into culture wars over whether an AIDS-prevention pill might encourage unsafe sex."

Kenya Said To Have Lessons For Fighting AIDS. The New York Times (5/18, Dugger, 1.19M) reports that Kenya "has become a hunting ground of a different sort, attracting policy makers and researchers looking for keys to slowing the relentless spread of AIDS elsewhere on the continent." Researchers have found that, besides the loss of HIV-positive people to death, useful "behavioral change" has helped reduce the incidence of AIDS.

Former President Clinton To Focus On Activism, Service In New Book. The New York Times (5/18, Rich, 1.19M) reports that ex-President Bill Clinton "is following up his best-selling 2004 memoir, 'My Life,' with a book on citizen activism and service, to be published by Alfred A. Knopf sometime late next year or early in 2008. Mr. Clinton was paid more than $10 million for 'My Life,'" but "neither Knopf executives nor Robert Barnett, the lawyer who negotiated both of Mr. Clinton's deals, would comment yesterday on the financial terms of the new book. But one industry veteran with knowledge of the deal estimated that Knopf is paying an advance of around $5 million. The new book will cover the work of the Clinton Foundation, the nonprofit group the president set up to work on issues including AIDS, poverty, women's empowerment and religious and racial reconciliation, Mr. Barnett said."

The Wall Street Journal (5/18, B4, 2.11M) notes that the new Clinton book will also touch on "the public service work of private citizens, some famous, some not. The book will likely contain chapters that detail how readers can personally become involved with specific causes. 'President Clinton remains a leader on the global stage, someone with an ability to inspire citizens all over the world,' said Paul Bogaards, a spokesman for Knopf."

Tony Blair's Son Ends Hill Internship. Roll Call's (5/18, Akers) "HoH" reports that Euan Blair's, eldest son of

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British Prime Minister Tony Blair, internship with Rep. Jane Harman (D-Calif.) came to a mysteriously abrupt halt" after about two weeks. "Sources contend that it's because the 22-year-old lad was a wee bit on the spoiled side" and "seemed 'bored' and uninterested in doing the work of other interns."

Oklahoma Medicaid Reform Touted. In the Wall Street Journal (5/18, 2.11M), Sen. Tom Coburn and Prof. Regina Herzlinger write, "[The Oklahoma legislature] is working to finalize an agreement for Medicaid reform legislation creating personal health accounts (PHAs) for Medicaid enrollees … Are we on the verge of a consumer revolution in health care?" Rather than trim costs by reducing enrollment or benefits, Coburn and Herzlinger argue that Oklahoma, South Carolina, and Florida have chosen a "less draconian" Medicaid reform by "permitting Medicaid enrollees to choose health services and providers for themselves." The results are that "health costs remain low, government outlays stable and state finances healthy."

Will Says Term "Value Voter" Is Meaningless. In the Washington Post (5/18, 744K), George Will calls "value voter" an "aggressively annoying new phrase" currently monopolized by "social conservatives." He argues that the term applies to any voter, since liberals "vote their values" too. He concludes that Sens. Hillary Clinton and John McCain "will remain busy courting only values voters, since there is no other kind."

Scholar Says Title IX Should Not Be "Misused" Against Science Programs. In USA Today (5/18, 2.31M), American Enterprise Institute scholar Christina Hoff Sommers argues against the prospect of using Title IX to conduct "a review of math, physics and engineering programs at selected universities to root out supposed bias against women and girls." Since males are underrepresented in increasingly many fields, Sommers says, the perception of universities as hostile to women is clearly outdated. She warns, "If the Education Department and National Science Foundation were strictly to impose Title IX compliance standards on academic science, we could see men's participation in math, physics, technology and engineering capped at the level of female interest. That would wreak havoc in fields that drive the economy and where the USA already lags other countries."

Renewal Of US Commitment To High-Energy Physics Urged. In the New York Times (5/18, 1.19M), scientist Verlyn Klinkenborg endorses the conclusion of the National Research Council "that the United States should make a determined effort to build the International Linear Collider in this country as part of an international consortium." He warns, "The overwhelming risk, the panel concluded, is that without this project, the thrust of high-energy physics in this country will simply die away. This country desperately needs to recommit itself to basic research."

WPost Says Free Trade In Services Is Beneficial To US. The Washington Post (5/18, 744K) writes in an editorial, "So far, rather few service jobs have been 'offshored.'" But "if a teenager in Potomac can learn geometry from a tutor in Cochin, India, there's no reason why many other U.S. service jobs can't be done from abroad." Princeton University's Alan S. Blinder "estimates that as many as 42 million U.S. jobs are potentially at risk." That suggests "the future of trade politics looks grim." But "the case for trade in services is as sound as the case for trade in manufactures." And "Indian math tutors may boost U.S. high school math scores, fixing a much lamented weak spot in the nation's competitive outlook."

LATimes Criticizes Bill To Give DC Voting Member In US House. The Los Angeles Times (5/18, 958K) says in an editorial, "Since the adoption of the 23rd Amendment to the Constitution in 1961, the almost 600,000 residents of the District of Columbia have been allowed to vote for president, but otherwise they have no say in the federal government that is their hometown's biggest tourist attraction. Residents of the nation's capital would finally get a vote in Congress under the D.C. Fair and Equal House Voting Rights Act proposed by Eleanor Holmes Norton, the Democrat who serves as the district's nonvoting 'delegate' in the House of Representatives, and Rep. Thomas M. Davis III, a Virginia Republican and chairman of the Government Reform Committee." The "selling point of the bill is that it deals only with representation in the House — historically the 'people's chamber' — and not with the more problematic question of whether the district should become a state with two votes in the Senate." The "real problem with the bill, however, is that it also bakes a little bread for Utah, which would get a fourth House member because it came the closest of any state to achieving an additional seat in the 2000 census. Not so coincidentally, that additional Utah representative — who would be elected statewide until after the 2010 census — probably would be a Republican, balancing the Democrat who surely would be elected to represent D.C. Partisan horse-trading is a venerable part of the legislative process, of course, but the Utah add-on is an unseemly gimmick in a bill designed to redress a long-standing grievance."

Judges Urged To "Get Serious" About Ethics. The New York Times (5/18, 1.19M) editorializes that installing an inspector general to investigate federal judges "would pose a threat to the independence of the judiciary." To

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forestall this possibility, it says, "is for judges to finally get serious about holding themselves to high ethical standards."

Net Neutrality Called Web's "Worst New Idea."

The Wall Street Journal (5/18, 2.11M) editorializes that the Internet's progress was "accomplished with a light regulatory touch." It argues that the predominantly liberal backers of net neutrality would introduce a stifling "federal regulatory apparatus."

THE BIG PICTURE

Headlines From Today's Front Pages.

Los Angeles Times:
"Neptune's Medicine Chest."
"A Job Americans Won't Do, Even At $34 An Hour."
"Faithful Filmmakers Unable To Crack The 'Code' For Thrills."
"Consumers Feeling Pinch As Inflation Rises; Stocks Fall On Interest Rate Fears."
"Senate Toughens Border Stand, Approves Miles Of New Fence."
"Harman Resists Push Off Spy Panel."

USA Today:
"Huge Bill For Public Retirees Hits Soon."
"Always On Guard In Nuevo Laredo."
"Inflation Renews Pressure On Fed."

New York Times:
"U.S. Said To Weigh A New Approach On North Korea."
"Wider Briefing For Lawmakers On Spy Efforts."
"Colleges Chase As Cheats Shift To Higher Tech."
"Inflation Rising, Markets Tumble."
"Seeking To Control Borders, Bush Turns To Big Military Contractors."
"And If It's A Boy, Will It Be Lleh?"

Washington Post:
"Ethics Panel Starts 3 Probes."
"Senate Backs Fence, Guest-Worker Curbs."
"Despite Security And Dangers, Border Crossers Find Way North."
"Muhammad's Metamorphosis Impresses Some Trial Observers."
"Human Ancestors May Have Interbred With Chimpanzees."
"China's Symbol, And Source, Of Power."

Washington Times:
"Stocks Plunge On Inflation Fears."
"Fairfax Cop Dies Of Attack Wounds."
"Senate Approves 370-Mile Fence On South Border."
"Cannes Pans 'Da Vinci.'"
"Zimbabwe Inflation Rate Hits More Than 1,000 Percent."

Detroit Free Press:
"Sex, Booze & Silence."
"Panic Time!"
"GM On Defensive Again With Loss Of 2 Top Accountants."

Atlanta Journal-Constitution:
"Legislators Urge Action On Same-Sex Ruling."
"Franklin Will Veto Freebies."
"'Code' Of Controversy."
"Vitamin Pills' Benefits Iffy, Scientists Warn."

Houston Chronicle:
"Now It's Up To The Jury."
"Tax Bill Includes Surprise For Teens."
"Ertman, Pena Killer Again Faces Execution."
"It's Easy To Get Lost In Our Big, Fat, Hot, Polluted City."
"Bush's Border Plan Calls For $1.9 Billion."

Story Lineup From Last Night's Network News:
ABC: Stock Markets; Bush-Tax Cuts; Senate Immigration Bill; Hoffa Search; NRA-Confiscated Guns; College Graduates-Jobs; New Orleans Fire; USS Oriskany Sunk; 100 Meter Dash Record; Da Vinci Code Controversy.
CBS: Stock Markets; Flood Insurance; Senate Immigration Bill; NSA Surveillance-Congress; College Students-Fertility Clinics; Paul McCartney-Divorce; Da Vinci Code-Treasure Hunters; Autism-Facilitated Communication.
NBC: Stock Markets; Bush-Tax Cuts; Murtha-Marines Shooting; Senate Immigration Bill; Immigration-Mexican Border; Immigration-Canadian Border; Sleep-Businesses; Enron Trial; New Orleans Fire; New England Flooding; USS Oriskany Sunk; Paul McCartney-Divorce.

Story Lineup From This Morning's Radio News Broadcasts:
ABC: Wall Street; Bush-Tax Cuts; Gas Prices; Bush-AZ.
CBS: Consumer Prices; Wall Street; Gas Prices; Senate-Immigration; Enron Trial; Iraq-US KIA.
NPR: Congress-Immigration; Pace-Iraqi Army; New Orleans Mayoral Race; NSA-Domestic Surveillance; Blair-Nuclear Power; Venezuela, Libya Talks; Wall Street.

WASHINGTON'S SCHEDULE

Today's Events In Washington.

White House:

PRESIDENT BUSH — Makes tour, Yuma, Ariz; makes remarks on border security and immigration reform, Yuma, Ariz.

VICE PRESIDENT CHENEY — No public schedule.

US Senate: FLOOR SCHEDULE _ 9 a.m. The Senate convenes and will vote on Kennedy amendment to Immigration Bill.

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9 a.m. BANKING, HOUSING AND URBAN AFFAIRS _ Full Committee. Markup of pending legislation. Location: Room 538, Dirksen.

9 a.m. JUDICIARY _ Full Committee. Markup of pending legislation and votes on pending nominations. Location: Room 226, Dirksen.

9:30 a.m. BANKING, HOUSING AND URBAN AFFAIRS _ Full Committee. Hearing on the International Economic and Exchange Rate policies report. Treasury Secretary Snow. Location: Room 538, Dirksen.

9:30 a.m. FOREIGN RELATIONS _ Full Committee. hearing on Iran's nuclear and political policies. Frank G. Wisner, American International Group Inc.. New York; Vali R. Nasr, Naval Postgraduate School, Monterey, Calif.; Julia Nanay, PFC Energy; James A. Phillips, Heritage Foundation. Location: Room 419, Dirksen.

9:30 a.m. SELECT INTELLIGENCE _ Full Committee. Confirmation hearing for Michael Hayden to be CIA director. Location: Room 216, Hart.

10 a.m. COMMERCE, SCIENCE AND TRANSPORTATION _ Full Committee. Hearing on S.2686 - Communications Act of 2006. Kyle McSlarrow, president and CEO, National Cable and Telecommunications Association; Walter McCormick, president and CEO, USTelecom; Michael A. Guido, U.S. Conference of Mayors; Julia Johnson, Video Access Alliance; Gene Kimmelman, Consumer's Union; Shirley Bloomfield, National Telecommunications Cooperative Association; Steve Largent, president and CEO, CTIA-The Wireless Association; Joslyn Read, chairwoman, Board of Directors, Satellite Industry Association; Philip McClelland, Pennsylvania Office of Consumer Advocate. Location: Room 106, Dirksen.

10 a.m. HOMELAND SECURITY AND GOVERNMENTAL AFFAIRS _ Full Committee. Hearing on pending nominations. Location: Room 342, Dirksen.

10 a.m. SPECIAL AGING _ Full Committee. Hearing on care of seniors during a national emergency. Maurice Frisella, senior citizen, New Orleans; Jean Cefalu, nurse, Slidell, La.; Dan Sutherland, Interagency Coordinating Council on Emergency Preparedness and Individuals with Disabilities, Department of Homeland Security; Cindy Bascetta, GAO; Amy B. Aiken, Miami-Dade Office of Emergency Management; Carmel Bitondo Dyer, Harris County Hospital District, Houston. Location: Room 628, Dirksen.

10:30 a.m. FINANCE _ Full Committee. Meeting for preliminary recommendations on the U.S.-Oman trade bill. Location: Room 215, Dirksen.

2 p.m. INTERNATIONAL RELATIONS _ Africa, Global Human Rights and International Operations Subcommittee. Hearing on corruption in Nigeria. Linda Thomas Greenfield, deputy assistant secretary State; Nuhu Ribadu, executive chairman, Economic and Financial Crimes Commission, Federal Republic of Nigeria; David Goldwyn, president, Goldwyn International Strategies; George B. N. Ayittey, American University. Location: Room 2172, Rayburn.

2:30 p.m. COMMERCE, SCIENCE AND TRANSPORTATION _ Full Committee. Markup of pending legislation. Location: Room 562, Dirksen.

2:30 p.m. FOREIGN RELATIONS _ Full Committee. Hearing on Nepal. Assistant Secretary of State Richard A. Boucher; Deepak Thapa, Asia Foundation; Sam Zia-Zarifi, Human Rights Watch; John Norris, International Crisis Group. Location: Room 419, Dirksen.

2:30 p.m. HOMELAND SECURITY AND GOVERNMENTAL AFFAIRS _ Federal Financial Management, Government Information and International Security Subcommittee. Hearing on unobligated funds held by federal agencies. Assistant Transportation Secretary Phyllis Scheinberg; Deputy Assistant Attorney General Lee Lofthus; John Roth, deputy comptroller, Department Of Defense; Charles Johnson, assistant secretary of Health and Human Services; Robert Hanke, assistant secretary of Veterans Affairs. Location: Room 342, Dirksen.

US House: FLOOR SCHEDULE _ 10 a.m. Meets for legislative business. Highlights: H.R. 5384 - Agriculture, Rural Development, FDA and Related Agencies Appropriations Act.

9 a.m. ENERGY AND COMMERCE _ Telecommunications and the Internet Subcommittee. Hearing on H.R. 5126 - Truth in Caller ID Act of 2006. Tom Navin, Wireline Bureau Chief, FCC; Staci Pies, Vice President, PointOne Communications, Austin, Texas; Lance James, Chief Technology Officer, Secure Science Corporation, San Diego; Marc Rotenberg, Executive Director, Electronic Privacy Information Center. Location: Room 2123, Rayburn.

9 a.m. SELECT INTELLIGENCE _ Intelligence Policy Subcommittee. Closed, members only briefing on denial and deception. Location: Room H-405, Capitol.

9:30 a.m. HOMELAND SECURITY _ Management, Integration, and Oversight Subcommittee. Hearing on security clearance issues in DHS. K. Gregg Prillaman, chief human capital officer, DHS; Dwight Williams, director, Office of Security; Kathy Dillaman ,OPM; Colleen M. Kelley, president, National Treasury Employees Union; John Gage, national president, American Federation of Government Employees; Charles Tiefer, University of Baltimore School of Law. Location: Room 311, Cannon.

10 a.m. EDUCATION AND THE WORKFORCE _ Full Committee. Hearing on No Child Left Behind law. Betsy Ablott, teacher, Arlington, Va.; Mickey Garrison, principal, Roseburg, Ore.; Rick Holt, principal, Lewiston, Mich.; Garrett Lydic, teacher, Laurel, Del.; Ray Zeigler, Maryland State Department of Education. Location: Room 2175, Rayburn.

10 a.m. ENERGY AND COMMERCE _ Energy and Air Quality Subcommittee. Hearing on the next generation of

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energy resources. Dan E. Arvizu, Director, National Renewable Energy Laboratory, Golden, Colo.; John Novak, Electric Power Research Institute; Victor R. Abate, GE Energy; Troy D. Hammond, Products Plextronics, Inc., Pittsburgh; Tom Linebarger, Power Generation Business, Minneapolis; James Katzer, MIT; Joseph E. Cresci, Chairman, Environmental Power Corp., Portsmouth, N.H.; Marvin Yoder, Manager, City of Galena, Alaska. Location: Room 2322, Rayburn.

10 a.m. FINANCIAL SERVICES _ Oversight and Investigations Subcommittee. Hearing on financial services needs to military personnel. Brig. Gen. Dana B. Demand, commander, 105th Airlift Division, Stewart Air National Guard Base, Newburgh, N.Y.; Valerie Melvin, GAO; Retired Vice Adm. Cutler Dawson, president and CEO, Navy Federal Credit Union, Merrifield, Va.; Elisse Walter, National Association of Securities Dealers; Kathy Moakler, National Military Family Association, Alexandria, Va. Location: Room 2128, Rayburn.

10 a.m. INTERNATIONAL RELATIONS _ Full Committee. Hearing on Darfur. Assistant Secretary of State Jendayi Frazier, Lloyd Pierson, USAID. Location: Room 2172, Rayburn.

10 a.m. TRANSPORTATION AND INFRASTRUCTURE _ Water Resources and Environment Subcommittee. Hearing on EPA grants management. John B. Stephenson, GAO; Bill A. Roderick, acting inspector general, EPA; Luis A. Luna, assistant administrator, Office of Administration and Resources Management; Donald S. Welsh, administrator, Region III. Location: Room 2167, Rayburn.

11 a.m. RESOURCES _ Energy and Mineral Resources Subcommittee. Hearing on energy and mineral requirements for renewable fuels for transportation uses. Location: Room 1324, Longworth.

11:30 a.m. JUDICIARY _ Crime, Terrorism and Homeland Security Subcommittee. Hearing on H.R. 817 - Animal Fighting Prohibition Endorcement Act; and markup of firearms and background check legislation. Location: Room 2141, Rayburn.

1:30 p.m. ENERGY AND COMMERCE _ Environment and Hazardous Materials Subcommittee. Markup of H.R. 4591 - Stockholm and Rotterdam Toxics Trdat Act of 2005. Location: Room 2123, Rayburn.

2 p.m. FINANCIAL SERVICES _ Financial Institutions and Consumer Credit Subcommittee. Hearing on H.r. 5341 - Seasoned Customer CTR Exemption Act. Robert W. Werner, Director, Financial Crimes Enforcement Network, Treasury Department; Michael F.A. Morehart, Chief, Terrorist Financing Operations Section, FBI; Kevin A. Delli-Colli, Deputy Assistant Director, Financial and Trade Investigations, Office of Investigations, ICE; F. Weller Meyer, Chairman, President & CEO, Acacia Federal Savings Bank; Robert Rowe, Independent Community Bankers of America; Bradley E. Rock, Chairman of the Board and President & CEO, Bank of Smithtown. Location: Room 2128, Rayburn.

2 p.m. INTERNATIONAL RELATIONS _ International Terrorism and Nonproliferation Subcommittee. Markup of H.R. 5333 - Shoulder-Fired Missile Threat Reducation Act. Location: Room 2200, Rayburn.

2 p.m. JUDICIARY _ Immigration, Border Security and Claims Subcommittee. Hearing on legislation to make the J-1 visa program (dealing with physicians) permanent. Location: Room 2141, Rayburn.

2 p.m. WAYS AND MEANS _ Health Subcommittee. Markup of H.R. 4157 - Health Information Technology Promotion Act. Location: Room 1100, Longworth.

3 p.m. GOVERNMENT REFORM _ Full Committee. Markup of pending legislation, including H.R. 5316 - Restoring Emergency Services to Protect Out Nation From Disasters Actr, H.R. 5388 - District of Columbia Fair and Equal House Voting Rights Act, and H.R. 398 - No Taxation Without Representation Act. Location: Room 2154, Rayburn.

Other: MILKEN EDUCATION _ The Milken Family Foundation holds its 17th annual National Education Conference. Highlights: 8:30 a.m. Rep. Ralph Regula. 9 a.m. Session on globalization, with Mike Milken. 10:30 a.m. Session on the role of government in enhancing teacher quality, with Rep. George Miller; Chester Finn, Fordham Foundation; Assistant Education Secretary Henry Johnson; others. 1:15 p.m. Session on the Teacher Incentive Fund, with representatives from Congress, Education Department. 3 p.m. Session on the role of teachers in improving student performance with principals and teachers from Peachtree City, Ga.; Geismar, La.; Boston; Xenia, Ohio, others. 7:30 p.m. Presention of the Milken National Educator Awards. Location: Washington Renaissance Hotel, 999 9th St. NW.

HIGHER EDUCATION _ Meeting of the Commission on the Future of Higher Education. Highlights: 1 p.m. Opening remarks with Education Secretary Spellings. 5:50 p.m. Media availability with Chairman Charles Miller. Location: Watergate Hotel, 2450 Virginia Ave. NW.

TAXES _ The National Tax Association holds its spring symposium. Highlights: 9 a.m. Session on the roles of citizen attitudes and knowledge in policy formation. 10:45 a.m. Session on tax policy and health care. 12:15 p.m. Council of Economic Advisers Chairman Edware Lazear speaks. 2 p.m. Session on charities and tax policy. Location: Holiday Inn-Capitol Hill, 550 C St. NW.

IMMIGRATION _ 8:30 a.m. Representative Lincoln Diaz-Balart joins Senator McCain and members of the Hispanic Caucus for a press conference on immigration reform. Location: Room HC-5, Capitol.

UN PEACEKEEPING _ 8:30 a.m. The Council on Foreign Relations holds a meeting on challenges in UN

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peacekeeping operations, with Un Undersecretary-General for Peacekeeping Operations Jean-Marie Guehenno. Location: 1779 Massachusetts Ave. NW.

CHILD PROTECTION _ 8:30 a.m. - 10:30 a.m. Members of the U.S. Senate Caucus on Missing, Exploited and Runaway Children along with members of the U.S. House Caucus on Missing and Exploited Children will host an issue briefing, ""How Do We Protect Our Children?," with experts on child safety. Location: Room B-339, Rayburn House Office Building.

IMMIGRATION _ 9 a.m. Judicial watch holds a panel discussion on "New Fronts in the Immigration Battle,' with president Tom Fitton, Rep. Tom Tancredo, T.J. Bonner of the National Border Patrol Council, Erin Anderson of Help Save Herndon, others. Location: National Press Club.

ISLAMIC FUNDAMENTALISM-EUROPE _ 9:30 a.m. The School of Advanced International Studies holds a panel discussion on Islamic fundamentalism in Europe with a trans-Atlantic viewpoint, with Francis Fukuyama of SAIS, Lorenzo Vidino of the Investigative Project on Terrorism, Daniel Benjamin of CSIS, others. Location: Room 500, 1717 Massachusetts Ave. NW.

ARMY SECRETARY _ 10 a.m. Army Secretary Francis Harvey May is the guest on "Ask the Secretary of the Army" program, broadcast on WTWP Radio, 1500-AM. Location: Program originates form WTWP studios, 3400 Idaho Ave. NW.

BOEHNER _ 10:30 a.m. House Majority Leader Rep. John Boehner holds an on-camera media availability. Location: House Radio-TV Gallery.

PELOSI _ 10:45 a.m. House Democratic leader Rep. Nancy Pelosi holds a media briefing. Location: Room H-206, Capitol.

GASOLINE PRICES _ 11 a.m. Reps. Marsha Blackburn, John Sullivan, others, hold a news conference on energy and gasoline prices. Location: Cannon Terrace.

GOP-GASOLINE PRICES _ 11 a.m. Leading Republican members of the House Energy and Commerce Committee and the House Resources Committee will outline both principles and legislation to address rising gasoline prices. Participants include Reps. Cathy McMorris, R-Wash., and Devin Nunes, R-Calif., of the Resources Committee and Reps. Marsha Blackburn, R-Tenn., and John Sullivan, R-Okla., of the Energy and Commerce Committee. Location: House Radio/TV Gallery.

GOP-MEDICARE RX _ 11 a.m. Representatives Pryce, Tom Price, and Gingrey john HHS Secretary Leavitt, others, for a briefing on what they say is the unprecedented success of the Medicare Prescription Drug Benefit. Location: South Capitol Street (in between Rayburn and Longworth House Office Buildings). Medicare Bus will park on South Capitol Street.

LOUISIANA HOUSING _ 11 a.m. Louisiana Gov. Kathleen Blanco others, hold a telephone briefing on how the $2 billion in recovery aid to the state was calculated, why it's needed and how the money will be spent, if approved. Contacts: Natalie Wyeth, 202-835-9473. Notes: 888-419-5570; passcode: 79641550.

MEDICARE PART D _ 11:30 a.m. Rep. Nancy Johnson holds a news conference on the Medicare Part D late enrollment penalty. Location: House Radio-TV Gallery.

SCALIA _ 12 p.m. Supreme Court Justice Antonin Scalia addresses a forum sponsored by the National Italian American Foundation, others. Location: Gold Room, Rayburn Building.

SECURITY-FOREIGN INVESTMENT _ 12 p.m. - 2 p.m. The Institute for International Economics hosts a luncheon meeting to release its new study, "US National Security and Foreign Direct Investment." Participants include Rep. Michael Oxley. Location: Peter G. Peterson Conference Center, Institute for International Economics, 1750 Massachusetts Ave. NW.

PALESTINIAN _ 12:15 p.m. - 1:45 p.m. The Carnegie Endowment hosts a panel of of Middle East experts to discuss, "Coping with Hamas." Participants are: Larry Garber, a former USAID mission director for the West Bank and Gaza and current executive director of the New Israel Fund; Ori Nir a Washington correspondent for The Forward; and Julia Choucair, a project associate at the Carnegie Endowment and assistant editor of the Arab Reform Bulletin. Location: Carnegie Endowment for International Peace, 1779 Massachusetts Ave. NW.

DEMOCRATS-AUTOMAKERS _ 12:45 p.m. Senate Democrats will hold a photo opportunity with the CEOs of the Big Three automakers. Location: Senate Ohio Clock Corridor.

INTERNET _ 1 p.m. Rep. Edward Markey, musician Moby and the Save the Internet.com Coalition hold a Save the Internet rally. ocation: Cannon Terrace.

SHEEHAN-IRAN _ 1 p.m. - 3 p.m. Anti-war activist Cindy Sheehan will lead the delivery of a petition to the White House opposing on attack on Iran, followed by a march to Defense Secretary Rumsfeld's home by retired CIA analyst Ray McGovern. Location: Gathering and prayer at Lafayette Square, followed by a march to the Rumsfeld residence.

CHINESE COMPUTERS _ 1:30 p.m. Rep. Frank Wolf, R-Va., holds a press conference on release of the State Department's response to national security concerns raised over purchase of 16,000 computers from a Chinese-owed company. Location: Room H-309, Capitol.

ACLU-WIRETAPPING _ 1:45 p.m. The American Civil Liberties Union holds a conference call briefing for reporters and editorial writers to discuss warrantless wiretapping by the National Security Agency (NSA). Contacts: Rachel Perrone,

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202-675-2312. Notes: Conference Call. Dial-in number is 800-816-4134. The access code is 69922.

WENYI WANG _ 1:45 p.m. Court hearing for Dr. Wenyi Wang who interurupted a White House ceremony for Chinese Leader Hu Jintao. Location: U.S. District Court, 333 Constitution Ave. NW.

POLLUTION TRADING _ 2:30 p.m. Sen. Richard Lugar and the Chicago Climate Exchange hold a news conference on trading of carbon credits, and the new participation of Lugar's Indiana farm. Location: Room S-116, Capitol.

VEHICLE DISPLAY _ 4 p.m. Rep. John Dingell and automobile manufacturer CEOs hold a media availability and display autos. Location: S. Capitol St. in front of the Rayburn Horseshoe.

AUTO EXECUTIVES _ 4 p.m. - 4:20 p.m. The three CEOs of America's automotive companies, Tom LaSorda, DaimlerChrysler, Bill Ford, Ford and Rick Wagoner, General Motors, will have media availability and a vehicle display following their congressional meetings on Thursday, May 18. The CEOs will meet with Congressional leadership to discuss the advanced technology domestic automakers are pursuing to promote energy security and diversify transportation energy sources. They will also talk about their commitment and current initiatives to introduce new technology, and to increase demand and production of flexible or alternative fuels in the marketplace. Location: Rayburn Horseshoe. In case of rain, the media availability will be held in Room 2322, Rayburn.

IMMIGRATION AWARDS _ 5:30 p.m. The National Immigration Forum holds its seventh annual "Keepers of the American Dream" awards dinner. Awardees are: Rep. Luis V. Gutierrez, D-Ill. This year's Carvel Immigrant Entrepreneur Award will go to Peter Orum, owner of Midwest Groundcovers in St. Charles, Ill., and Immediate past president of the American Nursery and Landscape Association. Location: Grand Ballroom, Renaissance Mayflower Hotel, 1127 Connecticut Ave. NW.

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THE ATTORNEY GENERAL'S *NEWS BRIEFING*

PREPARED FOR THE OFFICE OF PUBLIC AFFAIRS, U.S. DEPARTMENT OF JUSTICE

TO: THE ATTORNEY GENERAL AND SENIOR STAFF

DATE: FRIDAY, MAY 19, 2006 7:45 AM EDT

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TERRORISM NEWS:

Hayden Grilled On NSA Programs During Confirmation Hearing. Gen. Michael Hayden yesterday testified at the Senate Intelligence Committee hearings on his nomination to be CIA director. As expected, senators questioned Hayden closely over his handling of domestic surveillance programs while at the helm of the NSA. Media observers generally agree that nothing arose that would prevent Hayden's eventual approval. Knight Ridder (5/19, Kuhnhenn), for example, says Hayden "seems assured of Senate confirmation to take over the CIA and would become the agency's third director since the Sept. 11 attacks. The committee will vote next week." USA Today (5/19, Stone, 2.31M), meanwhile, quotes Sen. Carl Levin, the Intelligence Committee's senior Democrat, saying of Hayden, "It's very likely he'll be confirmed." And the New York Times (5/19, Mazzetti, 1.19M) reports that "for the most part, Democrats as well as Republicans praised his experience and said he was a good choice to lead an agency."

The story was the lead on NBC, and also ran early in the lineup of ABC and CBS. NBC Nightly News (5/18, lead story, 2:50, Mitchell, 9.87M) reported, "General Hayden aggressively defended warrantless eavesdropping and a second program to track telephone numbers as legal. Under fire about government surveillance from committee Democrats, Hayden wouldn't back down." Hayden "insisted the National Security Agency targets al Qaeda, not ordinary Americans. Most committee members were not briefed on the secret programs until late yesterday, a last-minute White House effort to blunt today's questions. It didn't completely work." The CBS Evening News (5/18, story 4, 2:15, Schieffer, 7.66M) reported, "Instead of focusing on how Hayden planned to handle his new job, the senators spent most of the day asking him about his old job, head of the National Security Agency." CBS (Attkisson) added Hayden "remained cool as he faced more than six hours of questions, most of them on the fine line between protecting Americans and stepping on liberties. For the first time publicly, Hayden seemed to confirm reports that a terror surveillance program he helped devise does access phone call data but not conversations of millions of Americans." Hayden "also defended another surveillance method, eavesdropping on targeted phone conversations between people in the US and foreign countries." General Hayden's "performance has even Democrats telling me today that barring any unforeseen surprises, he's probably going to sail on through confirmation."

ABC World News Tonight (5/18, story 2, 2:35, Stephanopoulos, 8.78M) reported Hayden "disarmed the committee by promising to crack down on leaks, train better spies and obey the law. From the start, the four-star General appeared to be among friends." Still, Democrats "wasted no time grilling Hayden on the controversial warrantless wiretapping program he ran at the National Security Agency. Especially recent allegations that the NSA collected records of billions of American phone calls." ABC ran an exchange in which Sen. Carl Levin pressed Hayden over whether he had concerns about the privacy of ordinary Americans while at the NSA. CNN's The Situation Room (5/18, Blitzer) added that Hayden promised "to try to take the politics out of intelligence gathering. But…Hayden may be feeling like a political football himself, as questioning by the Senate Intelligence Committee members continues." The AP (5/19, Shrader) notes Hayden "vigorously defended the Bush administration's warrantless eavesdropping program as a legal spy tool needed to ensnare terrorists." He "portrayed himself as an independent thinker, capable of taking over the CIA as it struggles with issues ranging from nuclear threats to its place among 15 other spy agencies."

The Chicago Tribune (5/19, Hedges, 643K) reports Hayden said that "he initially doubted the legality of a Bush administration program to expand domestic wiretaps on US

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citizens after the Sept. 11 attacks, but that White House officials convinced him the program was lawful." The New York Times (5/19, Lichtblau, 1.19M) adds that "again and again, he cited the legal and constitutional authority for the program, the safeguards against abuses, and the need for secrecy to ensure its effectiveness." But while "the message was constant, General Hayden sought to put a more human face on the effort, explaining his role and that of his aides in running the surveillance program." The Washington Post (5/19, A1, Linzer, Babington, 744K) notes Hayden "deflected specific questions on sensitive subjects, including interrogation methods involving terrorism detainees and the scope of the National Security Agency's warrantless eavesdropping operation, telling senators he would respond only during the closed-door portion of the hearing." On the wiretapping program, Hayden "said the White House's legal basis is rooted in the opinion that Article II of the Constitution gives the president expansive authorities in a time of war to conduct domestic surveillance. Hayden said he never personally reviewed the legal opinion that was drawn up in support of the program, but 'when they came to me and we discussed its lawfulness, our discussion anchored itself on Article II.'"

The Los Angeles Times (5/19, Miller, 958K) reports, "In perhaps the clearest signal of a looming shift in course for the troubled agency, Hayden made it clear that he believes the CIA has become too bogged down tracking daily developments in Iraq and other global trouble spots." Instead, "he suggested that the CIA should surrender more of that work to the Pentagon, focus more of its energies on anticipating longer-term threats and trends, and reconcile itself to a diminished role in which it is an important, but not isolated, member of the US intelligence community." The Wall Street Journal (5/19, Solomon, 2.11M) notes, "Currently, the Defense Department controls 80% of the US government's intelligence budget." Hayden's confirmation "would place active military officers in charge of all of Washington's principal spy agencies."

BellSouth Seeks Retraction From USA Today On Phone Record Database Story. USA Today (5/19, 2.31M) reports BellSouth "asked USA TODAY on Thursday to 'retract the false and unsubstantiated statements' about the company that it contends were in a May 11 story about a database of domestic calling records maintained by the National Security Agency." In a letter to USA publisher, Craig Moon, "the company noted that the story said BellSouth is 'working under contract with the NSA' to provide 'phone call records of tens of millions of Americans' that have been incorporated into the database." The letter says, "No such proof was offered by your newspaper because no such contracts exist. You have offered no proof that BellSouth provided massive calling data to the NSA as part of a warrantless program because it simply did not happen." The Wall Street Journal (5/19, Searcey, Ellison, 2.11M) adds BellSouth spokesman Jeff Battcher "said the demand for a retraction was in part prompted by the cost BellSouth likely will incur defending against as many as five lawsuits seeking billions of dollars that have been filed against the Atlanta-based company since the article's publication."

Four Suspected Terrorists Attempt Suicide At Guantanamo. The Los Angeles Times (5/19, Williams, 958K) reports that at Guantanamo Bay, "four terrorism suspects at the sprawling prison network here attempted suicide Thursday, and detainees at a camp for the most compliant prisoners attacked guards with improvised weapons when the guards tried to rescue a man attempting to hang himself, a spokesman for the U.S. military-run prison said." The disturbance "at Camp 4, a communal facility housing 175 prisoners, followed three overdose attempts earlier in the day at Camp 1, where about 180 detainees live in metal mesh cages." As many "as 10 detainees participated in the incident. It was unclear why the men sought to take their lives simultaneously or on this specific day."

State Department Will Not Use PRC-Made Computers On Classified Networks. Government Computer News (5/18, Wait) reports Rep. Frank Wolf announced yesterday "that the State Department has agreed that approximately 900 computers purchased from Lenovo Corp. will not be used on classified networks. The U.S.-China Commission…raised concerns with Wolf in April," and "Wolf contacted secretary of State Condoleezza Rice, FBI director Robert Mueller and John Negroponte, the director of national intelligence, and asked them to look into the matter." Wolf said yesterday, "This decision would have had dire consequences for our national security, potentially jeopardizing our investment in a secure IT infrastructure. It is no secret, and becoming more obvious…that the United States is a principal target of Chinese intelligence services."

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HOMELAND RESPONSE:

DHS Officials Face "Grilling" Over Perceived Security Gaps, Staff Vacancies. In an article appearing on at least 40 news websites, the AP (5/19, Jordan) reports DHS officials Dwight M. Williams and K. Gregg Prillaman "sat through two hours of grilling" yesterday by members of the House Homeland Security oversight subcommittee who questioned the agency's contract with Shirlington Limousine, which has been tied to the investigation surrounding former Rep. Randall 'Duke' Cunningham, and the security clearance of former spokesman Brian Doyle, who is now charged with sex offences. Williams and Prillaman, along with the associate director of the US Office of Personnel Management, "largely portrayed the department as victim to a few bad employees and constraining contracting rules." Subcommittee members "also criticized department officials about rampant staff turnover at the third-largest federal agency, leaving some high-level jobs vacant."

Government Executive (5/18, Marino) reported Prillaman said, "Recruitment is probably our highest priority right now." However, a memorandum released by the subcommittee late Thursday said "senior-level vacancies" exist at FEMA, ICE, CBP and the TSA. Rep. Bennie Thompson said that with the approach of hurricane season, FEMA "must beef up its ranks. 'When I see only 73 percent of FEMA employees on board, I'm concerned,' he said." GovExec added, "This is the second time in recent weeks DHS officials have been grilled by legislators; Rep. Tom Davis, R-Va., chairman of the House Government Reform Committee, told DHS Secretary Michael Chertoff in a memo sent in late April that the department must announce how many jobs FEMA still has open. Davis' staff is still processing the results of that request."

In its "Federal Diary" column, the Washington Post (5/19, D4, Barr) reports, "It's no secret that morale is a problem at" DHS. Bush administration officials have tried to play down turf battles and culture clashes as transitional woes that would fade after the rank and file had worked together for five to seven years, but complaints by employees continue and are starting to get to the ears of members of Congress." Prillaman and Williams acknowledged yesterday "that turnover in top management jobs…appears to be adversely affecting employee morale." Meanwhile, Rep. Kendrick B. Meek "pointed to MaxHR, the department's new performance-based pay system, as a source of anxiety for the employees."

Rogers Wants Hearing On Shirlington Contract. The Washington Times/UPI (5/19, Waterman) reports DHS officials "have repeatedly defended" the way the Shirlington contract "was awarded and the security procedures under which it is operated. They have launched a counteroffensive on Capitol Hill, visiting with lawmakers in an attempt to assuage concerns." However, aides for Rep. Mike D. Rogers say he hopes to hold a hearing on the contract award "when Congress returns in mid-June from its Memorial Day recess, but that the timing would depend on when they were able to get documentation from the department."

Bill Requiring Agencies To Conduct Privacy Review Seen As Unlikely To Become Law. Government Executive/CongressDaily (5/18, Sherman) reported the House Judiciary Commercial and Administrative Law Subcommittee approved legislation Wednesday that would require agencies "to assess the privacy implications of any new or proposed rule," though it "appears to have little chance of becoming law despite the recent and ongoing furor over reports that certain phone companies have been giving calling data to the federal government." George Mason University Law School Professor Sally Katzen suggested in testimony "that agencies be required to give a copy of their privacy impact assessment to the director of the Office of Management and Budget." She "also…excoriated the administration for failing to name a replacement for Nuala O'Connor Kelly, who headed privacy efforts at the Department of Homeland Security but resigned last fall." CongressDaily added that the bill was "first…introduced by panel member Steve Chabot, R-Ohio, in the 106th Congress," and that Rep. Melvin Watt said, "This may be just another show."

TSA Looking Into Machine That Would Allow Passengers To Leave Shoes On. USA Today (5/19, Frank, 2.31M) reports that a machine being developed by GE called the ShoeScanner, which "would allow airline passengers to keep their shoes on while going through security checkpoints," is being looked at "with great interest," according to TSA chief Kip Hawley. "Anything that speeds up explosive detection through the checkpoint, we want to encourage," said Hawley. The machine, which "uses technology similar to a medical MRI to detect explosives in 5

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to 8 seconds," will have to "pass testing in an airport before" before it can be used for passenger screening.

Four Suspected Terrorists Attempt Suicide At Guantanamo. The Los Angeles Times (5/19, Williams, 958K) reports that at Guantanamo Bay, "four terrorism suspects at the sprawling prison network here attempted suicide Thursday, and detainees at a camp for the most compliant prisoners attacked guards with improvised weapons when the guards tried to rescue a man attempting to hang himself, a spokesman for the U.S. military-run prison said." The disturbance "at Camp 4, a communal facility housing 175 prisoners, followed three overdose attempts earlier in the day at Camp 1, where about 180 detainees live in metal mesh cages." As many "as 10 detainees participated in the incident. It was unclear why the men sought to take their lives simultaneously or on this specific day."

Judge Dismisses Detainee Lawsuit. The New York Times (5/19, Lewis, 1.19M) reports, "A federal judge on Thursday dismissed a lawsuit brought by a man who says he was an innocent victim of the United States government's program transferring terrorism suspects secretly to other countries." Judge T. S. Ellis III ruled against the plaintiff, Khaled el-Masri, to prevent "exposure of state secrets." The ACLU said it would consider an appeal.

WAR NEWS:

Five Americans, Two Dozen Iraqis Slain In Violent Day. ABC World News Tonight (5/18, story 6, 1:55, Vargas, 8.78M) reported that yesterday was "a very bad day in Iraq. Four American soldiers, one US sailor and two dozen Iraqis have been killed." ABC (Berman) also profiled one of the slain Iraqis, 37-year-old Thaier al-Ubeidi, "a police officer in Baghdad, dangerous work. But he was not killed on the job. He was killed on his way to buy dinner for his children. A group of gunmen drove past in a car, says his brother. They shot him five times. His brothers say they don't know why he was killed."

The AP (5/19, Quinn) reports that meanwhile, "the kidnappers of a United Arab Emirates diplomat in Iraq demanded the closing of the country's embassy in Baghdad in a videotape aired on Arab television. Al-Jazeera TV did not air audio with the video, which showed a man said to be the hostage, Naji Rashid al-Nuaimi, 28, who was abducted by gunmen Tuesday in Baghdad." The Washington Post (5/19, A14, Knickmeyer, Sarhan, 744K) also reports in the Iraqi violence in a story headlined "Iraqi Leader Acts To Defuse Shiite Rivalry In Basra," in which it says President Jalal Talabani "convened an emergency meeting Thursday to discuss the southern port of Basra, Iraq's second-largest city and the heart of a growing, lethal power struggle among some of the Shiite Muslim religious parties that lead Iraq's governing coalition."

Violence Said To Be Driving Middle-Class Away. The New York Times (5/19, Tavernise, 1.19M) reports, "In the latest indication of the crushing hardships weighing on the lives of Iraqis, increasing portions of the middle class seem to be doing everything they can to leave the country. In the last 10 months, the state has issued new passports to 1.85 million Iraqis, 7 percent of the population and a quarter of the country's estimated middle class." The Times adds, "The school system offers another clue: Since 2004, the Ministry of Education has issued 39,554 letters permitting parents to take their children's academic records abroad. The number of such letters issued in 2005 was double that in 2004, according to the director of the ministry's examination department. Iraqi officials and international organizations put the number of Iraqis in Jordan at close to a million. Syrian cities also have growing Iraqi populations."

Iraqi Reporters Risking Their Lives. The Washington Times (5/19, Behn, 90K) reports, "The recent killings of six Iraqi journalists have rattled the country's fledgling press corps, a battle-worn crew that has persisted in covering the nation's turmoil while suffering dozens of dead at the hands of insurgents, government troops and even American forces." Reporters Without Borders "counts 68 reporters and cameramen killed so far trying to cover Iraq at war; if translators and other assistants are counted the total is 86, making this the deadliest conflict for journalists since World War II."

Marine Officials Not Disputing Murtha Statements On Attack That Killed Civilians. The AP (5/19, Baldor) reports, "Military officials said Thursday that a criminal investigation into a firefight in western Iraq that left at least 15 civilians dead is not complete, but they did not dispute a congressman's charges that the attack by Marines was far worse than originally reported." The AP adds, "Officials in the Pentagon and at U.S. Central Command declined to say whether Rep. John Murtha…was correct in saying Marines killed innocent women and children 'in cold blood' during the

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attacks last November. … Pentagon spokesman Bryan Whitman said he would not comment on the veracity of Murtha's remarks, but said individuals will be held accountable if it is determined they did something wrong."

Meanwhile, the New York Times (5/19, Shanker, 1.19M) says that "an official military investigation into allegations that American marines killed innocent Iraqis last November has uncovered evidence that the number of dead civilians is higher than the 15 originally reported, Congressional and Defense Department officials said."

New Iraqi Government To Be Announced Over Weekend. USA Today (5/19, Jervis, 2.31M) reports, "Iraqi leaders will announce the makeup of the country's new government this weekend, then turn to the task of running a country increasingly divided along ethnic and religious lines. After months of wrangling, those leaders say they have come up with a system that will help develop consensus on critical issues." The new government "has established oversight committees in which representatives of Iraq's various groups will debate issues and resolve problems, said Humam Hammoudi, an influential cleric with the United Iraqi Alliance, the religious Shiite alliance that is the largest political bloc in parliament." The Washington Times (5/19, Behn, 90K) says the new cabinet "will include a new Ministry of National Dialogue, in an effort to stop the sectarian killings and violence that has spread through most of the country." But "the effort might fall short, because Sunni leaders are not satisfied with the Cabinet lineup cobbled together after months of closed-door negotiations."

Rumsfeld Says Efforts To Stop Formation Of Iraqi Government Will Fail. Defense Secretary Donald Rumsfeld was asked on Fox News' The O'Reilly Factor (5/18) what he would say to people who feel the Iraq war cannot be won. Rumsfeld said, "I can say that I can understand how some people could feel that way, given what they hear on the television and what they see in the press. And on the other hand, if you put yourself in the position of Zarqawi and the terrorists and the insurgents, they tried to stop the election last year in January, and they failed. They tried to stop the drafting of a constitution and they failed. They tried to stop the referendum on the constitution and they failed. They tried to stop the election December 15 and they failed. They're now trying to stop the formation of a new government and they're going to fail in the next few days. It's going to be completed and announced."

Senate Investigates Allegations Of Torricelli Link To Oil-For-Food Scheme. The Financial Times (5/19, Gatti) reports, "The US Senate is looking into allegations that" former US Senator Robert Torricelli "urged Baghdad to give a US company lucrative contracts under the much-criticised United Nations oil-for-food programme." It "is the first time that a leading US lawmaker has been linked to the controversial UN programme, whose shortcomings have been an important element of the Bush administration's critique of the UN." According to documents retrieved after the Saddam Hussein was overthrown, Torricelli "had a series of meetings in the late 1990s, when he was a congressman, with Nizar Hamdoun, then the Iraqi ambassador to the United Nations. During these meetings, Mr Torricelli allegedly urged the Iraqi authorities to help" Torricelli campaign contributor David Chang and his lobbying company Bright and Bright "get oil-for-food contracts on good terms."

Over 100 Killed As Taliban Violence In Afghanistan Spikes. In Afghanistan, the arrival of spring has brought a new wave of violence, as Taliban fighters cross the border from Pakistan into two southern provinces. More than 100 people, mostly Taliban fighters, were killed yesterday in ongoing attacks. ABC World News Tonight (5/18, story 5, :30, Vargas, 8.78M) reported, "There's been an explosion of violence in Afghanistan, some of the worst fighting since the US helped to overthrow the Taliban government after 9/11. Most of the fighting has been in two southern provinces, including a brazen assault by hundreds of Taliban fighters on one, small town. 87 Taliban, 15 police officers, a Canadian soldier and an American contractor have been killed. The American died in a car bombing in the northwest city of Herat."

The CBS Evening News (5/18, story 5, 1:40, Logan, 7.66M) added, "This time of year, springtime, is always the fighting season in Afghanistan, so it's no surprise to see an increase in the attacks here. But what this is really about is the fact that the Taliban have continued to have a safe haven across the Afghan border inside Pakistan, and no one has done anything about that." The Taliban, "according to the Afghans that I speak to, they say they're better equipped than the Afghan security forces."

NBC Nightly News (5/18, story 6, 2:25, Maceda, 9.87M) reported, "The Taliban's comeback is not only on the battlefield, but increasingly in the hearts and minds of Afghans. Why? Analysts say the democratic values

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embodied by Afghan President Hamid Karzai haven't caught on." Despite "some $12 billion in aid and the loss of over 220 US soldiers, many Afghan men in the street want the Taliban back. Increasingly, the Taliban is seen here as a protector of Islamic values against an invasion of threatening Western ways."

Knight Ridder (5/19, Landay) says the unrest "comes as thousands of British, Canadian and Dutch peacekeepers are deploying into southern Afghanistan, replacing .. troops in a major expansion of NATO's International Security Assistance Force." Some of the violence "is related to tribal rivalries and a major Afghan government drive to eradicate the poppy crops that make the country the world's largest producer of opium, from which heroin is made."

USA Today/AP (5/19, Khan) reports Karzai "said the violence was coming from the mountainous regions of neighboring Pakistan. The area is populated by ethnic Pashtuns, who make up the majority of the Taliban militants. 'In the madrassas (Islamic schools), the mullahs and teachers are saying to their students: "Go to Afghanistan for jihad,"' Karzai said." Pakistan's Foreign Ministry spokeswoman, Tasnim Aslam, "called the allegations 'baseless.'" Similar stories appear in the Washington Post (5/19, A1, Constable, 744K) and New York Times (5/19, Gall, 1.19M).

US Soldier Rewarded With Silver Star For Bravery In Afghanistan. The Washington Post (5/19, A13, Tyson, 744K) reports, "Sgt. 1st Class David Lowe and his Special Forces A-team were in their last week in Afghanistan on June 10, 2005, when their base received an urgent call: A small group of 82nd Airborne paratroopers was pinned down in a firefight near the Pakistan border and needed support. … Lowe's bravery in the Afghan mountains that sweltering summer day was rewarded Thursday with a Silver Star, which was pinned on by Brig. Gen. John F. Mulholland Jr., the head of the Special Forces Command, as Lowe and 12 fellow soldiers from 1st Battalion, 7th Special Forces Group, were honored at a ceremony here."

Army Doctor Arranges For Afghan Child's Heart Surgery In US. Army cardiologist Maj. Sloane Guy arranged for an Afghan child to travel to the US for surgery to correct a severe heart defect. The story was covered by the CBS Evening News (5/18, story 8, 2:35, Assuras, 7.66M), which reported, "His Army nickname is Blue because that's the color Mohammed Umer's lips, fingers, and toes were when Major Sloane Guy found him half a world away in Afghanistan." Mohammed is "from a remote village in northeastern Afghanistan. Last April, he was so sick, his father turned to the US military for help. Major Guy realized the equipment needed to save Mohammed's life wasn't available in Afghanistan." Maj. Guy: "I made a commitment to him to try to bring him over here." Assuras: "It took more than a year to get here. He and his father were twice denied visas, so Major Guy went to the top for help, calling Senator and surgeon Bill Frist, with whom he had trained. This week, father and Blue arrived and Major Guy was at Andrews Air Force Base in Maryland to greet them." Today, "a big thumbs up after open heart surgery at Children's National Medical Center in Washington. The next two days are critical for Mohammed but" he is expected to "return to Afghanistan within two months with a healthy heart, needing a new nickname since he will no longer be blue."

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US Attorney Says Active Solutions' Routing Calls To Him Is Harassment. The Roanoke Times (5/19, Nair) reports that Assistant U.S. Attorney Patrick Hogeboom "claims in court documents that he recently received calls from six elderly customers of Active Solutions, an Ohio-based medical equipment company, requesting that he service their broken-down motorized wheelchairs" and "filed a motion seeking a temporary restraining order against Active Solutions and its parent company, CBI Co. LLC." The companies are "under federal investigation for suspected Medicare fraud," and "Active Solutions has been telling wheelchair owners that Hogeboom can 'explain why the company cannot repair chairs.'" As "the customers…are potential witnesses or victims in the case, the government is requesting that a judge deem the company's behavior harassment." Hogeboom calls the companies actions "a sick practical joke."

CORPORATE SCANDALS:

Second Lay Trial Begins As Enron Conspiracy Jurors End First Day Of Deliberations. The Wall Street Journal (5/19, C3, McWilliams) reports ex-Enron chairman Kenneth Lay's "'other' trial -- on charges of violating bank-lending

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agreements -- began Thursday with his defense attorney insisting Mr. Lay wasn't aware of any violations." Lay is charged with bank fraud and misrepresentation for borrowing $75 million from three banks, Bank of America, Chase Bank, and Compass Bank, in order to buy Enron stock. The government contends the purchases violated loan agreements. Meanwhile, jurors in the conspiracy and fraud case against Lay and ex-Enron president Jeffrey Skilling completed their first full day of deliberations without reaching a verdict, and will resume on Monday.

The New York Times (5/19, Bajaj) reports the bank fraud charges against Lay were broken off from the main Enron case by Judge Simeon T. Lake III "after Mr. Lay's defense team sought to have the entire case against him separated from Mr. Skilling's" in what the Times calls "an unusual compromise." Lake has said he will not issue a decision "until the jury in the other case, which he also presided over, renders a verdict, which is expected to take a week or more."

USA Today (5/19, 8B, Farrell) reports prosecutor Robb Adkins said in his opening statement that Lay "repeatedly violated 'Regulation U,' a rule put in place following the 1929 stock market crash to protect banks from borrowers who speculate in the stock market. According to the rule, when a borrower uses stock as collateral for a loan, banks are only allowed to lend an amount equal to 50% of the stock's value. Every borrower has to sign a form indicating he or she understands the rule."

The Washington Post (5/19, D1, Johnson) reports ex-Bank of America executive James Shelton testified he discussed Regulation U with Lay on several occasions. But on cross-examination by Lay attorney Ken Carroll, Shelton said he "did not believe Lay had engaged in a scheme to defraud the bank." The Los Angeles Times (5/19) reports that "each of the four counts of bank fraud and false statements to banks carry prison terms of as many as 30 years and a fine of $1 million. Those penalties are in addition to the decades in prison Lay could face if convicted in the fraud and conspiracy trial."

First Enron Executive Retrial Also Gets Underway. The AP (5/19) reports, "Next door to Lay's bank fraud trial, the first of three retrials of five former Enron broadband-unit executives was winding down in its third week, with closing arguments expected as early as Friday. In that case, former unit finance chief Kevin Howard and former in-house accountant Michael Krautz are charged with conspiracy, fraud and falsifying records for allegedly using a sham deal to fake earnings in late 2000. Both testified this week that the deal was legitimate." A three-month trial in 2005 ended in a hung jury.

Ailing Lay Lead Attorney Profiled. The New York Times (5/19, Barrionuevo) runs a story on the much-covered health problems of Lay's lead attorney, Michael Ramsey, who "was forced into surgery to clear an arterial blockage" during the conspiracy trial. For Ramsey, "who describes himself as a hard-drinking, chain-smoking legal warhorse, it was the beginning of the most challenging personal odyssey of his career and an event that may turn out to play a crucial role in the outcome of Mr. Lay's case." He ultimately "missed more than a month of the 56-day trial, including the testimony of Mr. Lay."

White-Collar Law Firms Turning To Corporate Criminal Defense. The Los Angeles Times (5/19, Selvin) writes that "white-shoe" law firm O'Melveny & Myers "probably won't be fully compensated" for their work defending Skilling, who "appears to have exhausted his defense fund. But the payoff down the road could be well worth it, even if Skilling is convicted. The decision to defend Skilling is seen as a business move by Petrocelli and his firm, O'Melveny & Myers, to burnish their reputation and expertise in white-collar criminal defense." Firms like O'Melveny "that had once shunned criminal work as distasteful have come to see defending alleged corporate wrongdoers as a potential growth business. Enron's collapse, other corporate scandals and passage of the Sarbanes-Oxley law tightening corporate accounting rules have fueled much of this growth."

LATimes Says Enron Executives Are On Trial For Arrogance. An editorial in the Los Angeles Times (5/19) says, "Jurors finally began deliberations Wednesday in the nation's latest trial of the century, the criminal case against former Enron executives Jeffrey Skilling and Kenneth Lay. Although charged with multiple counts of conspiracy, fraud and insider trading related to the energy company's 2001 collapse, the ex-CEOs were really on trial for arrogance -- 'extraordinary arrogance,' as one prosecutor called it in her closing argument. … Now the fates of Skilling and Lay are in the hands of 12 fatigued jurors in Houston. Their charge is to consider only the evidence in the 28 counts of fraud, conspiracy and insider trading against Skilling and the six counts of fraud and conspiracy against Lay. But it's unlikely that they will forget all that they have seen and heard in the last 15 weeks. Nor will the rest of us."

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Columnist Says Lay, Skilling Betting On "Nothing Happened" Defense. In his New York Times (5/19) business column, Floyd Norris writes, "In the previous trials of chief executives whose companies imploded in fraud, the defense has always been one of ignorance, that underlings pulled it off behind the boss's back. It is an embarrassing defense, given that it implies the boss got millions for doing a very bad job, but sometimes it has worked." But Lay and Skilling "went for the 'nothing happened' defense, holding that there was nothing really wrong until Enron folded because of a loss of confidence." The "audacious" argument is meant to suggest that since "there was nothing really wrong at Enron, Mr. Lay and Mr. Skilling seek to preserve both their freedom and their reputations."

Milberg Indicted For Kickbacks In Class Action Suits. A federal grand jury indicted Milberg Weiss Bershad & Schulman, the nation's best-known class-action law firm, for a 20-year conspiracy to funnel payments to plaintiffs in dozens of securities class-action cases as part of a scheme to improve their prospects of gaining the lucrative status of lead counsel. The Wall Street Journal (5/19, A1, Wilke, Koppel, Sanders) reports this "could prove fatal" to Milberg, as it "will find it nearly impossible to win future assignments." Discussions between the firm and the government on "a deferred-prosecution agreement that would have avoided criminal charges" collapse after Milberg wouldn't agree to "a waiver of attorney-client privilege and access to privileged internal records," and the case "is expected to bring new scrutiny of the government's tactics in its crackdown on corporate crime, including the increasingly common demand that companies under investigation waive attorney-client privilege and cut off legal-defense funds for partners or executives who have been accused -- not convicted -- of a crime."

The New York Times (5/19, Creswell) adds that this "is the first instance of a law firm with national reach facing criminal charges." However, "prosecutors have so far been stymied in efforts to charge the two primary targets of the investigation, Mr. Weiss and his former partner, William S. Lerach." Also, some "said they were disturbed that the entire law firm had been indicted, especially as the Justice Department has been reluctant to take such an action since the 2002 indictment of the accounting firm Arthur Andersen," which went out of business even though the Supreme Court overturned its conviction.

The Financial Times (5/19, Kirchgaessner) characterizes the indictment as "a sea change in the Justice Department's handling of white-collar crime and law firms." The Los Angeles Times (5/19, Reckard, Friedman), USA Today (5/19, 3B, Iwata) and Bloomberg (5/18, Pearson) also cover this story.

Government Widens Stock-Option Probe. The Wall Street Journal (5/19, A3, Bandler, Levitz) reports, "In a dramatic widening of the investigations into potential stock-option abuses, federal prosecutors in Manhattan have launched criminal probes of at least five U.S. companies," including Caremark Rx Inc., SafeNet Inc., Affiliated Computer Services Inc., Vitesse Semiconductor Corp., and UnitedHealth Group Inc. This "signals a significant ratcheting up of government scrutiny of option-granting practices." Lynn Turner, a former chief accountant for the SEC, notes that "unlike some complicated revenue-recognition cases brought by federal prosecutors in recent years, backdating would be easy for jurors to grasp." He also "predicted pressure would mount for boards to fire chief executives who had been involved in backdating." The New York Times (5/19) and AP (5/18) also cover this story.

Justice Department Joins Suit Against Abbott On Drug Pricing. The Wall Street Journal (5/19, B2, Carreyrou) reports, "The Justice Department joined a whistleblower lawsuit against Abbott Laboratories Inc. and Hospira Inc., alleging that the companies conspired to inflate Medicare and Medicaid reimbursements on some drugs from 1991 to 2001" by reporting "prices for its drugs to price publishers, such as the Drug Topics Red Book, that were as much as 1,000% higher than the prices the company charged hospitals and doctors," who could then "reap big profits by filing Medicare and Medicaid reimbursement claims that were much higher than what they had actually paid," Abbott allegedly marketed the scheme as "an inducement to buy its drugs" and "thereby increasing its own sales and profits." However, "Abbott denied the allegations and said it would defend itself vigorously." The Chicago Tribune (5/19, Japsen) notes that the suit "mirrors similar allegations brought against Abbott and dozens of other drugmakers in recent years" and is "part of a legal assault on pharmaceutical industry pricing."

HealthSouth To Pay $3 Million To Avoid Prosecution For Accounting Fraud. The New

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York Times (5/19, Whitmire) reports that in a deal that avoids "prosecution over a giant accounting fraud," HealthSouth "agreed to accept responsibility for crimes committed by its executives, must pay the money to the United States Postal Inspection Service's consumer fraud division, enact more stringent internal controls and commit no other illegal acts for three years." This ends "an investigation that began in March 2003" during which "15 executives, including 5 chief financial officers, have pleaded guilty or been convicted of participating in the fraud." The Los Angeles Times (5/19) also reports on the HealthSouth settlement.

NASDAQ May Delist Maces Security. The Philadelphia Business Journal (5/19) reports, "Mace Security International Inc. "faces a delisting from the NASDAQ stock exchange" as "an independent investigation into its hiring practices," including "t alleged hiring of undocumented workers at its car washes," which "was commissioned by the company's audit committee" delayed its "filing of the company's 10-K annual report for 2005 and its 10-Q quarterly report for the period ended March 31." However, Mace "received a stay of the delisting" and "a hearing before the NASDAQ Listing Qualifications Panel…is scheduled for May 25."

Financial Times Criticizes Sarbanes-Oxley. The Financial Times (5/19) editorializes, "America's smaller public companies had reason to hope the cost of complying with the Sarbanes-Oxley (Sox) act would this week be lightened. Their hopes were largely belied." Furthermore, the SEC "failed to specify when the reporting holiday for small caps would come to an end; and it forgot to clarify whether foreign companies could use this postponement." The result of all this is that "many US small businesses have reportedly avoided going public altogether, or are conducting initial public offerings on small cap exchanges in foreign markets," and "New York has lost its position as favourite port of call for the secondary listings of foreign companies in favour of London, Hong Kong and other less burdensome jurisdictions" The SEC's "most pressing concern" in its new guidelines "must be to address the incentive for the big four accounting firms to pile ever greater disclosure requirements on companies' internal controls."

CRIMINAL LAW:

House Probes Of Ney, Jefferson To Run Parallel To DOJ Investigations. The Washington Post (5/19, A4, Birnbaum, 744K) reports the House ethics committee "plans to quickly begin its probes into the activities" of Reps. Ney and Jefferson "while working with the Justice Department to avoid interference with federal prosecutors' investigations of the same lawmakers, according to people familiar with the panel's efforts." The committee's "surprise decision Wednesday to open inquiries into allegations that the congressmen accepted bribes -- as well as a third, wider-ranging probe -- was meant to tamp down criticism that the panel is dysfunctional and that the House is not policing the ethical lapses of its members, according to the sources." But it "was not clear that the committee would have enough time to complete its work before the end of the legislative session this autumn, or that its efforts would not complicate the work of Justice Department prosecutors and investigators." The logjam "over starting new investigations was finally broken after Rep. Alan B. Mollohan (D-W.Va.) was replaced last month as the committee's ranking Democrat by a respected veteran of the panel, Rep. Howard L. Berman (D-Calif.)." Yesterday, Republicans "sought to portray Mollohan as the primary cause of the long holdup in new investigations."

The AP (5/19, Margasak) reports the House ethics committee, "fortified by a pile of new money to conduct investigations, has become a player in major bribery probes that could leave some lawmakers facing double trouble: criminal prosecution and punishment by their peers." One "potential legal obstacle for the committee could be the Justice Department, which sometimes asks the ethics panel to step aside temporarily to avoid jeopardizing a prosecution. In the cases announced Wednesday, the committee could need some of the same witnesses and documents that are crucial to the Justice Department investigations."

The NBC Nightly News (5/18, story 7, 2:10, Williams, 9.87M) last night noted the investigations, reporting, "In Washington, this is the season of investigations into members of Congress. The ethics committee in the House has been paralyzed, dormant for over a year, because of a fight about its own rules of operation. But this week, it suddenly came to life and opened investigations into two members of Congress, perhaps with more to come." NBC (Reid) added,

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"Republican Bob Ney of Ohio and Democrat William Jefferson of Louisiana, both already under investigation by Federal prosecutors. Now, the House ethics committee, ending 16 months of partisan gridlock, has launched its own investigation into whether the two men accepted bribes. The allegations are serious, but longtime Congress watchdog Fred Wertheimer says these two cases are just the tip of an ethics iceberg." Fred Wertheimer, Congress watchdog: "We are facing the worst corruption scandals in Congress in decades."

Justice Department Goes To Trial In Safavian Case On Monday. The Wall Street Journal (5/19, Cummings, 2.11M) reports the Justice Department's "investigation of the Jack Abramoff lobbying scandal already has produced four guilty pleas. Now, prosecutors are about to find out whether an influence-peddling probe based largely on emails and a network of low-profile Republican aides can pass muster with a jury." David Safavian, "a longtime friend of Mr. Abramoff and a former White House official, is scheduled to go on trial Monday. He is charged with making false statements and obstructing government inquiries about Mr. Abramoff's relationship with him while he served as chief of staff of the General Services Administration, which manages government property." The trial "comes at a critical moment as the focus of the Abramoff investigation appears to be broadening from staff to members of Congress, most notably Ohio Republican Rep. Bob Ney. While the Safavian trial is narrowly focused on the former government official's actions, a court loss could be a psychological blow to the high-profile inquiry." The prosecutors' "task is complicated by the fact that they aren't planning to call Mr. Abramoff."

DOJ Funds Texas Internet Crimes Against Children Task Force. KTBC-TV Austin, Texas (5/18, 6:07 p.m.) reported, "Texas Attorney General Greg Abbott announced a grant from the US Department of Justice. The grant will help establish an Internet Crimes Against Children Task Force responsible for investigating online child exploitation cases in southern and central Texas. The task force will be responsible for both proactive and reactive investigations as well as prevention and education."

KXAN-TV Austin, Texas (5/18, 4:05 p.m.) reported, "Fighting cyber crime in Texas gets a boost today. The US Department of Justice has given $300,000 to the Texas Attorney General's cyber crimes unit. The money will be used to create an Internet Crimes Against Children Task Force, responsible for fighting child exploitation online."

Oklahoma Creating Online Predator Investigation Agency. KVII-TV Amarillo, Texas (5/18, 12:35 p.m.) reported, "Oklahoma will soon have a new crime-fighting agency. The state senate passed a bill yesterday creating a full-time crime bureau unit that will investigate cases of child pornography and pedophiles targeting children on the Internet. The bill now goes to Gov. Brad Henry, who made it a part of his legislative agenda. The Department of Justice estimates that one in every five teenagers is approached online by a sexual predator."

Former Weekly Reader Editor Guilty Of Internet Child Predator Charges. The Stamford (CT) Advocate (5/19) reports that former Weekly Reader editor Noel Neff was convicted on "charges of using the Internet to lure a minor to engage in sexual activity and traveling across state lines to engage in sexual conduct with a minor." He "faces a minimum of five year, and up to 60 years in prison." Francis O'Reilly of Fairfield, Neff's lawyer, "said his client never committed a criminal act and was only trying to share his insight as a sexually confused teenager with someone he thought was going through the same experience."

Louisiana Teacher Faces Federal Child Porn Charges. The AP (5/18) reports that a Jefferson Parish, Louisiana public school teacher "was in custody Thursday, booked on charges of possession of child pornography, federal authorities said. The FBI arrested Russell Counterman, 44, of New Orleans, after getting a tip that he allegedly downloaded files _ while at work _ containing sexually explicit images of children who ranged in age from 4 years old to teenagers, U.S. Attorney Jim Letten said. … Federal agents said Counterman was accused of using a school-issued laptop to download child pornography from the Internet at the school. After agreeing to a search, authorities said some of the alleged material was found in Counterman's classroom in a briefcase as well as in his home."

Florida Man Admits To Internet Sex Solicitation Charges. WTSP-TV Tampa Bay (5/18) reports on its website that Leroy Walter Lasky, Jr., of Port Orange, Florida, plead guilty "to using a computer to entice a minor to meet and have sex," and now "faces 5 to 30 years in prison.

Pentagon Contracting Probe Shows Federal Emphasis On Fighting Corruption. The Boston

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Globe (5/19, Kranish, 484K) reports that after covering a $15,000 luxury trip to Miami by former Rep. Randy Cunningham in March 2004, prosecutors say defense contractor Mitchell Wade "gave $32,000 in laundered campaign funds to Representative Katherine Harris" and "funneled $46,000 into the campaign account of Representative Virgil H. Goode Jr." Wade "then discussed getting specific defense appropriations with Harris and Goode or their staffs, according to court documents." The Globe notes that in addition to Harris and Goode, federal agents are investigating Reps. Robert Ney and William Jefferson, and "the totality of these investigations marks one of the Justice Department's most concentrated public corruption efforts in recent history. In a speech last week in San Diego, FBI Director Robert S. Mueller III said the bureau has made those cases its top priority. 'More than ever, the FBI must be actively engaged in combating public corruption,' Mueller said."

House Ethics Committee Hopes To Avoid Conflict With DOJ Ney, Jefferson Probes. The Washington Post (5/19, A4, Birnbaum, 744K) reports, "The House ethics committee plans to quickly begin its probes into the activities of Reps. Robert W. Ney (R-Ohio) and William J. Jefferson (D-La.) while working with the Justice Department to avoid interference with federal prosecutors' investigations of the same lawmakers, according to people familiar with the panel's efforts. Yet it was not clear that the committee would have enough time to complete its work before the end of the legislative session this autumn." The Post notes that DOJ "has traditionally opposed such parallel inquiries by congressional committees for fear that lawmakers might complicate its collection of testimony and information. … Stanley Brand, a lawyer and expert on congressional ethics, said that simultaneous inquiries are 'impractical' and might put the Justice Department's efforts in jeopardy."

Meanwhile, NBC Nightly News (5/18, story 7, 2:10, Williams, 9.87M) reported, "In Washington, this is the season of investigations into members of Congress. The ethics committee in the House has been paralyzed, dormant for over a year, because of a fight about its own rules of operation. But this week, it suddenly came to life and opened investigations into two members of Congress, perhaps with more to come." NBC (Reid) added that Ney and Jefferson are "already under investigation by federal prosecutors. Now, the House ethics committee, ending 16 months of partisan gridlock, has launched its own investigation into whether the two men accepted bribes. The allegations are serious, but longtime Congress watchdog Fred Wertheimer says these two cases are just the tip of an ethics iceberg."

Gillespie Says White House Was Told Of Intended Payment For Tobin Defense. The New Hampshire Union Leader (5/19, DiStaso) reports that ex-RNC Chairman Ed Gillespie "remembers telling someone at the White House that he had decided to have the RNC pay the legal defense bills for convicted phone-jamming conspirator James Tobin, but he can't remember who." Gillespie "told the New Hampshire Union Leader yesterday he informed the White House after he decided to authorize payment. The Washington Post reported on Wednesday that Gillespie told its reporter that he had 'informed the White House, without seeking formal approval, before authorizing the payments.' Gillespie told the Union Leader the two accounts were 'consistent' because he decided to authorize the payments before telling the White House and actually authorized the payments after telling the White House." Gillespie "yesterday told the Union Leader he could not remember who at the White House he informed of his decision to pick up Tobin's legal bills. 'I'm not going to guess,' he said. 'It was years ago, but as a matter of routine, I would have told somebody over there.' If someone at the White House had expressed displeasure with his decision, Gillespie said, 'It was too late. I had made the decision and they were not involved in it.'"

Kentucky High Court Rules Fletcher's Pardon Valid. The AP (5/19, Alford) reports, "The Kentucky Supreme Court on Thursday invalidated a string of indictments charging members of Gov. Ernie Fletcher's administration with rewarding political supporters with state jobs, leaving only the misdemeanor counts against the governor himself. Fletcher had pardoned his entire administration -- other than himself -- for any charges that could result from a probe into allegations of hiring misconduct. The state's high court said Thursday that Fletcher had the authority to issue the blanket pardon, something prosecutors had questioned. 'A gubernatorial pardon operates to cease any further legal proceeding concerning the pardon conduct including indictments,' Justice Martin Johnstone wrote in the court's 4-2 opinion. A special grand jury indicted Fletcher last week on misdemeanor charges of criminal conspiracy, official misconduct and violating a prohibition against political

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discrimination. It was among 29 indictments issued in the case -- 14 of which remain sealed by the court."

Former CDC Director Pleads Guilty On Padded Expense Accounts. The Atlanta Journal-Constitution (5/19, Torpy) reports that Donna Stroup, former director of the Coordinating Center for Health Promotion for the Atlanta-based Centers for Disease Control and Prevention, "pleaded guilty in federal court Thursday to a charge of theft of government funds for padding her travel expense accounts by an estimated $7,500."

Shootings Culminated Teen's Descent Into Madness. A front page story in the Washington Post (5/19, A1, Duggan) reports that friends of Michael W. Kennedy, who killed two police officers outside a Fairfax County police station last week, say the 18 year old "longed to have his mental health back, saying he felt tortured by strange delusions and might kill himself to find peace." The shootings "marked the end of a half-year descent from normalcy to homicidal madness. His decline began suddenly in the fall, they said, with the unexplained onset of chronic severe headaches and bouts of sleeplessness."

Deputy US Marshal Killed In Gun Battle With Police. The Memphis Commercial Appeal (5/19, Conley) reports, "A deputy U.S. marshal was shot numerous times by Memphis police before dying in an exchange of gunfire, a Shelby County Medical Examiner's report revealed Thursday. Mary Fisher, 46, died Sunday morning after she began shooting at two police officers in the driveway of her Cordova home at 1143 Palmina Cove." The Appeal adds, "The circumstances that sparked the shooting remain a mystery, and Shelby County Sheriff's deputies hope toxicology tests will help."

Homeland Security Officer Facing Murder Charge. The AP (5/18) reported, "A Department of Homeland Security officer faces a murder charge in connection with a shooting outside his apartment after authorities dismissed a lesser charge as his trial was about to begin. Douglas William Bates, 44, had been scheduled to go to trial Wednesday on a voluntary manslaughter charge, which carried a possible 11-year sentence. He now faces a sentence of 40 years to life on a second-degree murder charge with a gun enhancement, authorities said." Bates, who worked at Los Angeles International Airport, "is accused of firing his gun outside his apartment at 20-year-old Bassim Chmait after a dispute with Chmait and his friends in February of 2005."

Judge Won't Fast Track Duke Rape Case. The AP (5/19) reports that while one of the three Duke University lacrosse players charged with rape wants the case resolved in time for the next school year, Superior Court Judge Ronald L. Stephens said he will not fast track the proceedings. After the hearing, District Attorney Mike Nifong "said that he intends to try all three players together and that he does not expect any trial to begin before next year. [Reade] Seligmann, 20, of Essex Fells, N.J., and Collin Finnerty, 19, of Garden City, N.Y., were indicted last month on charges of raping a woman who had been hired to strip at a team party in March. A third player, co-captain David Evans, was indicted on Monday."

Fugitive Millionaire Hinckley Turns Himself In. The Des Moines Register (5/19) reports, "One of Iowa's most-wanted federal fugitives, a suspected millionaire swindler who disappeared nearly two years ago, has surrendered to federal marshals in Laredo, Texas, with only $40, a Mexican calling card and a pack of cigarettes. Federal authorities say Scott William Hinckley Sr., 57, surrendered to U.S. Marshals at the Mexican border on Sunday. Hinckley had been missing for nearly two years since he bolted from his Des Moines apartment with 33 months of probation left."

The AP (5/18, Beltran) reports, "Scott Hinckley served 47 months in prison for stealing an estimated $5.5 million from 330 investors in his Iowa and Missouri Rural Investment companies. He was released in March 2004 but missed an appointment with his parole officer four months later and had not been seen since."

DOJ Charges Online Casino Duo On 12 Counts. TechWeb (5/18, Keizer) reports on DOJ's announcement of a "dozen money-laundering charges against the fugitive owners of an online gambling Web site who walked away with a quarter of a billion dollars." William Scott and Jessica Davis "laundered some $250 million raked in by their Internet betting site, which they sold in 2003 to an Australian company, Betcorp."

Kansas Man Charges As "Kingpin" Of Fraud Scheme. KMBC-TV Kansas City (5/18, Flink) reports on its

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website that F. Jeffrey Miller, operator of Miller Enterprises and Star Land Development, is charged with "60 counts, including conspiracy, bank fraud and money laundering" connected to "a $25 million fraud scheme." Prosecutors say he was the "kingpin of an operation that included loan officers who forged signatures, appraisers who inflated values, realtors and developers -- all allegedly designed to con banks and down-and-out home buyers out of millions of dollars."

The Kansas City Business Journal (5/19) reports Miller "is charged with one count of conspiracy, 53 counts of bank fraud and five counts of money laundering. Miller also faces one count of criminal forfeiture, in which the government seeks forfeiture of proceeds traceable to the alleged crimes, including $25 million, a residence in Stilwell, Kan., and an airplane."

Former North Carolina Lottery Commissioner Indicted For Fraud. The AP (5/18, Robertson) reports that a federal grand jury has indicted former North Carolina state lottery commissioner Kevin Geddings on fraud charges yesterday, saying he failed to disclose his work for a leading supplier of scratch-off lottery tickets. Geddings "was indicted on multiple counts of mail and wire fraud. If found guilty, he could face up to five years in prison and a $250,000 fine for each charge, said U.S. Attorney Frank Whitney."

The Winston-Salem Journal (5/19, Ingram) reports, "The release said that the indictment 'is part of an ongoing investigation' by federal and state authorities. It did not elaborate, but several lobbyists and state officials have appeared at the federal courthouse in Raleigh on days when the grand jury was expected to meet."

Two Elderly Women Investigated For Insurance Fraud. The AP (5/18, Nguyen) reports, "Two women in their 70s were arrested Thursday for investigation of insurance fraud after they collected more than $2 million in benefits from policies issued on the lives of homeless men who were killed in hit-and-run crashes, authorities said. Police believe the women may have committed the fatal accidents and were befriending other men to set up more insurance policies. … Helen Golay, 75, and Olga Rutterschmidt, 72, allegedly paid for the men to stay in apartments for as long as two years, police said. In exchange, they obtained the victims' signatures and opened more than a dozen life insurance policies that named the women as beneficiaries. In the November 1999 and June 2005 hit-and-runs, both victims were struck in street alleys in the early morning hours and no witnesses were found, police said. In both cases, Golay and Rutterschmidt came forward claiming to be relatives or fiancees of the men."

Missing Couple Found. The Charlotte (FL) Sun-Herald (5/19) reports that police near Nashville, Tenn. Detained Shannon Gordon and Nathan Myers, who were "reported missing and endangered" by "a family member for Myers," who said they were "missing for a week" and that "family members had received anonymous calls saying Gordon had been beaten up and Myers had been killed."

New Jersey University's Records Subpoenaed. The New York Times (5/19, Smothers) reports, "Federal prosecutors subpoenaed a wide range of documents on Thursday from the southern campus of the University of Medicine and Dentistry of New Jersey as part of their investigation into allegations of corruption and patronage at the institution, a lawyer for the university said. The action came one day after F.B.I. agents raided the state university's 366-student Stratford campus to stop the shredding of documents in the office of Warren S. Wallace, the senior associate dean for academic and student affairs at the School of Osteopathic Medicine."

Tax Fraud Nets Eight Years In Jail. The Puget Sound (WA) Business Journal (5/19) reports, "David Carroll Stephenson of Tacoma was sentenced to eight years in jail" and "ordered to pay $8.5 million in restitution to the IRS" after his conviction on "conspiring to defraud the United States and for not filing income tax returns for three years." He "formed and operated 'pure equity trusts,' where he told his clients to place their money so they could avoid paying income taxes." John Imhoff Jr., acting IRS chief, criminal investigation, released a statement that said the case, "should serve as a warning that taxpayers should be wary of tax planning arrangements that claim to drastically reduce or eliminate their tax liability while still allowing them unlimited access to their money."

Ex-Old Mutual Manager Makes Guilty Plea On Fraud Charges. The Baltimore Business Journal (5/19) reports that Bryn D. Phillips, a former treasury operations manager at Old Mutual Financial Network, "pleaded guilty to" one count of bank fraud and one count of

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mail fraud" alleging "she defrauded Old Mutual and banks of more than $850,000." She took the money "by falsely representing to Wachovia Bank that she had authority to transfer money from Old Mutual bank accounts into accounts that she controlled."

California Panel Calls For Recording Of Police Interrogations. The Los Angeles Times (5/19, Hong) reports the California Commission on the Fair Administration of Justice "called for police to tape interrogations of crime suspects in serious felonies and to videotape homicide interrogations. The proposal is meant to prevent wrongful convictions." The panel "called on the Legislature to mandate the taping through a new statute. Under the law, if interrogations are not recorded, jurors would be instructed to view confessions with caution."

CIVIL LAW:

Povich Lawyers Seek Dismissal Of Sexual Harassment Case. The AP (5/18) reports, "Lawyers for television talk-show host Maury Povich have asked a court to dismiss a $100 million sex harassment lawsuit against him and members of his staff and to compel the producer who filed it to arbitrate the dispute. Bianca Nardi, 28, of Fort Lee, N.J., complained in a lawsuit filed last month that some of her supervisors at The Maury Povich Show barraged her with sexual remarks and made her watch pornographic movies, wear revealing clothing and expose her body. … The lawsuit names Povich, NBC Universal Television Inc. and Povich's production company, Mopo, among others, as defendants."

Amazon.com Online Order Patent To Face Review. The Wall Street Journal (5/19, B2, Clark) reports, "The U.S. Patent and Trademark Office has agreed to re-examine Amazon.com Inc.'s high-profile patent on 'one-click' online shopping, after" Peter Calveley, an actor from New Zealand, "claimed there were possible prior inventions in the field." An agency examiner ruled that the re-examination "raised a 'substantial new question of patentability' affecting Amazon's patent."

CIVIL RIGHTS:

California Supreme Court Finds No Misconduct By Late Judge. The Los Angeles Times (5/19, Dolan) reports the California Supreme Court "rejected claims that a judge advised a prosecutor to remove prospective jurors from a death penalty trial because they were Jewish. The justices found insufficient evidence of misconduct by Alameda County Superior Court Judge Stanley Golde, who died in 1998. A misconduct finding could have led the courts to overturn dozens of death sentences." The court "also discounted claims that the Alameda County district attorney had a policy of barring not only Jews but also African American women from death penalty juries. A former Alameda County prosecutor had alleged that Golde, who was Jewish, had advised removing Jewish jurors because of their perceived aversion to the death penalty."

Judge Rejects Tennessee Senator's Claim Of Racial Bias In FBI Probe. The Memphis Commercial-Appeal (5/19, Buser) reports US District Judge Jon McCalla yesterday "rejected former state senator Roscoe Dixon's claims of unfair selective prosecution and refused to delay his upcoming Tennessee Waltz public corruption trial. … McCalla said federal prosecutors have 'broad discretion' to enforce federal laws within boundaries set by the constitution. He said that Dixon's claim of race-based prosecution in the FBI sting operation is not supported by any evidence that there are non-black individuals who could have been prosecuted for similar offenses but were not." The AP (5/19, Baird) adds that "McCalla rejected a petition to dismiss the bribery and extortion charges…or to delay his trial set for May 30. In that petition, Dixon claimed he is the victim of selective prosecution because he is black. … Dixon also sought more access to government files to search for evidence of racial bias and for a trial delay until October. McCalla rejected those requests, too."

West Virginia To Seek Compensation For Election Systems Costs. The AP (5/18) reports that West Virginia "Secretary of State Betty Ireland is asking county clerks to submit detailed information about how much voting machine snafus cost them," which will "be used to seek compensation from Election Systems & Software." The day after the primary, "Ireland complained to federal officials…

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blaming the voting machine vendor for 'vast delays' and 'broken promises.'"

Charges Dropped Against Mother In Mall Incident. The Columbia (MO) Tribune (5/18, Agnew) reports, "Charges have been dropped against a Columbia mother who was wrestled to the floor and handcuffed by Columbia police officers trying to contain a disturbance at the Columbia Mall. The incident was one of several involving Columbia police and black residents described last month to a U.S. Department of Justice official during a meeting of the National Association for the Advancement of Colored People. Columbia attorney David Tyson Smith said his client, Alva Scott, who is black, was simply trying to protect her children and leave the mall when officers prevented her from returning to her children, ages 2 and 8. Scott was eventually arrested and charged with trespassing, assaulting a police officer and resisting arrest."

GOP Constituents' Letters Seeking Probe Of NAACP Were Forwarded To IRS. The AP (5/19) reports that several Congressional Republicans "forwarded constituents' letters to the" IRS "claiming the NAACP had veered into political advocacy, a potential violation of the civil rights group's tax-exempt status, according to documents released by the NAACP." The IRS began scrutinizing the NAACP "about a month before the 2004 presidential election after a speech by NAACP Chairman Julian Bond that was largely critical of President Bush's policies. Political campaigning is prohibited under the NAACP's tax-exempt status. The IRS said its inquiry would focus on whether Bond's speech was too political." The NAACP "received more than 500 pages of documents the IRS has gathered to begin its inquiry and posted them on its Web site. … The documents include letters that members of Congress sent to the IRS on behalf of their constituents. The lawmakers include Sens. Lamar Alexander of Tennessee and Susan M. Collins of Maine, Rep. Jo Ann Davis of Virginia, the late Sen. Strom Thurmond of South Carolina and former Reps. Larry Combest of Texas and Joe Scarborough of Florida. All are Republicans. Spokespeople for those members of Congress still in office said they simply forwarded the concerns of their constituents, as they would for any constituent, and took no position on the issue."

Southern Lawmakers Block Voting Rights Act Renewal. The Dallas Morning News (5/19, Gillman) reports, "A revolt by Texas Republicans and other Southern lawmakers is threatening the Voting Rights Act, the landmark civil-rights law enacted to overcome the legacy of poll taxes and literacy tests. House leaders planned a routine vote this week to extend the LBJ-era law for 25 years, avoiding a potentially ugly eruption of racial politics. But a Georgia-Texas coalition of conservatives slammed on the brakes, angry over the special regulatory burdens of the act."

Georgia DA's Office Faces Discrimination Charges. The Jonesboro (GA) News-Daily (5/19, Boron) reports, "The Clayton County District Attorney's office has been hit with a trio of discrimination claims from current and former employees, at least one of whom has named the top assistant prosecutor in the office, John Turner, for retaliation and discrimination against a minority woman. The allegations come during the first term of Jewel Scott, the county's first black district attorney. … Two victims advocates — Andrea Rhymes, who is black, and Rebecca Miller, who is Latino — allege in formal complaints they were retaliated against. Rhymes alleges it was on the basis of race and a disability. Miller alleges it was on the basis of sex and national origin."

ANTITRUST:

DOJ Antitrust Division To investigation Florida Utility Contracts. The Southwest Florida News-Press (5/19, Ruane) reports that the Antitrust Division of the Justice Department will run the "federal investigation of Cape Coral utilities contracts" to "extended water, sewer and irrigation lines into portions of southwest Cape Coral." These projects are "controversial among residents," who "turned out in large numbers at City Council meetings to protest the $12,000 assessments they received to pay for" them.

Knight Vinke Drops Opposition To VNU Deal. The Wall Street Journal (5/19, C3, Singer) reports that Valcon Acquisition BV, A group of six private-equity firms, "is likely to win its €7.7 billion ($9.82 billion) takeover bid for Dutch media giant VNU NV as activist shareholder Knight Vinke Asset Management LLC, leader of a revolt against the bid, has thrown in the towel and said it will tender its shares by the Friday deadline." This "was the first time a big private-equity

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buyout, agreed to on friendly terms, met opposition from shareholders threatening to reject it and impose their own plan for turning around the firm," one offered by Knight Vinke. However, Valcon "raised its offer by 2.6% to €29.50 a share," and "the higher price, combined with the difficulty and time that would be needed to implement the Knight Vinke plan, led many shareholders that had been backing Mr. Knight to defect and say they would accept the offer."

Symantec Sues Microsoft Over Volume Manager Software. The Wall Street Journal (5/19, B4, Richmond) reports, "Symantec Corp. sued Microsoft Corp. on Thursday, citing misappropriation of intellectual property and breach of contract." The suit "involves Symantec's Volume Manager product, software it acquired with its purchase of Veritas Software Corp. Volume Manager allows operating systems to store and manipulate large amounts of data and protect systems from data loss when storage hardware fails. Symantec alleged that Microsoft, which had licensed the Volume Management technology from Veritas, violated terms of its license agreement by using the technology to develop competing features and products."

FBI/DEA/ATF/USMS:

Gonzales Says US, Mexico Developing Joint Meth Trafficking Strategy. The Washington Times (5/19, Seper) reports, "Attorney General Alberto R. Gonzales yesterday said the United States and Mexico are developing a strategy to attack large methamphetamine trafficking organizations operating on both sides of the border. Mr. Gonzales, speaking at a National Methamphetamine Chemical Initiative conference in Dallas, said the two countries had reached an agreement for the U.S. Drug Enforcement Administration (DEA) and the Mexican government to establish specialized anti-meth enforcement teams." Gonzales said strong US demand for methamphetamines "is fueling its production and that the public needs to be better informed about its dangers. He said the trafficking organizations combine the 'sophistication of a contemporary corporation with the brutality of a street gang.'"

CNSNews.com (5/19) reports, "Appearing with the Mexican attorney general at a conference in Dallas, Gonzales stressed the importance of international cooperation in fighting meth production and trafficking. 'Approximately 80 percent of all meth purchases in the U.S. originate from Mexican labs,' Gonzales said. 'Accordingly, we are refocusing our investigative resources on large meth trafficking organizations. DEA enforcement teams will now concentrate on meth transportation and distribution cells in the U.S. and Mexico.'"

WFAA-TV Dallas (5/18, 5:07 p.m.) reported, "The US and Mexico are joining forces to fight the growing meth trade. Today, Attorney General Alberto Gonzales and his Mexican counterpart announced the plan to go after traffickers. About 80% of the meth distributed here is now made south of the border. US drug enforcement agents will train about 1,000 Mexican police, Specialized teams will then focus on breaking up the most wanted meth gangs."

Gonzales Praises Grants To Fight Gangs. The AP (5/18) reports that at a news conference in Dallas, Attorney General Alberto Gonzales "praised federal grants intended to combat gangs, saying it is never too late to help youths. … The Dallas-Fort Worth metroplex was awarded $2.5 million in March as part a $15 million pilot program that includes equal grants to Los Angeles; Tampa, Fla.; Cleveland; Milwaukee and other cities deemed to have serious gang problems. The money will go to prevention, enforcement and rehabilitation of former gang members."

Six High-Ranking Gang Members Caught By Operation Triggertown. The Chicago Sun-Times News Group (5/18) reports, "Federal and local authorities on Thursday announced" that "a six-month investigation dubbed 'Operation Triggertown'" lead to "the arrest of six high-ranking gang members and drug traffickers:" Rashod "Fatman" Bethany, Quenten Hawkins, Shannon Evans, Charles "TuTu" Golden, Roosevelt "Jimmy Mac" Adams, and Rickey "L'il Rickey" Long. Conducted by both Chicago police's Narcotics and Gang Investigation Section and the Bureau of Alcohol, Tobacco, Firearms and Explosives, the operation involved "undercover buys and police used a variety of electronic and technical devices that assisted the investigation."

FBI Continues Intense Search For Hoffa's Remains On Michigan Farm. FBI agents continued their search for Jimmy Hoffa's remains at a Michigan horse farm yesterday, and the story garnered even heavier media coverage than on Wednesday evening TV and in yesterday's newspapers. FBI Detroit SAC Daniel Roberts held a briefing for reporters yesterday, and every print and network news story included at least one of his comments, "In the last two years,

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I've been here as the agent in charge, this is the best lead I've seen come across on the Hoffa investigation," and "You can see from the amount of FBI and police department personnel out here that this is probably a fairly credible lead."

ABC World News Tonight (5/18, story 9, 2:15, Vargas, 8.78M) reported, "The FBI began digging yesterday, not far from where the legendary former Teamsters union boss disappeared." ABC (Reynolds) added, "With the help of architects, anthropologists, and archaeologists, the FBI acted on what is clearly a very compelling tip." SAC Daniel Roberts: "In the last two years, I've been here as the agent in charge, this is the best lead I've seen come across on the Hoffa investigation. … We plan to be out here for probably a couple of weeks, at least." Reynolds: "No discoveries today. And local residents remain pretty skeptical." The CBS Evening News (5/18, story 2, 2:15, Schieffer, 7.66M) reported that "the FBI has a new tip that he may be buried near where he was last seen alive in Michigan." CBS (Stewart) added, "Law enforcement officials suggest it's the best lead they've had in years…and are prepared to dig here for up to two weeks to check it out." Roberts: "You can see from the amount of FBI and police department personnel out here that this is probably a fairly credible lead." Stewart: "Law enforcement officials say several months ago, a jailed informant offered detailed information that Hoffa was buried on the farm, near a large barn," and "the prisoner's information was checked several ways, officials said, including polygraph tests."

NBC Nightly News (5/18, story 5, 2:15, Williams, 9.87M) reported, "When we entered this new century, there were two enduring mystery in the American life left over from the last century: the identity of Deep Throat and the location of Jimmy Hoffa. We now know the answer to the first one and it's possible we may soon know the second as a huge dig is underway tonight in a farm in suburban Michigan." NBC also shows Roberts saying, "In the last two years I've been here as the agent in charge, this is the best lead I've seen come across on the Hoffa investigation." In a very widely-distributed story, the AP (5/19, Krisher) adds, "A law enforcement official in Washington said the latest search was based on information developed several years ago and verified more recently. Among other things, there was a high level of suspicious activity on the farm the day Hoffa vanished, the official said, speaking on condition of anonymity.

The Detroit News (5/19, Wisely) reports, "The farm once was owned by Rolland McMaster, often described at Hoffa's right-hand man in the union. McMaster was not in Michigan at the time of Hoffa's…disappearance from the Machus Red Fox restaurant, said Mayer Morganroth, McMaster's attorney. … 'They went through that place with a fine-toothed comb in 1975,' Morganroth said. 'There is nothing there. It is ridiculous.'" In a story widely-distributed by Knight Ridder, The Detroit Free Press (5/19, Ashenfelter, Swickard) adds, "The tip that Hoffa was buried on the farm came from Donovan Wells, who was sentenced to 10 years in prison two years ago in a marijuana smuggling scheme." He "is a former associate of McMaster, who was a top Detroit Teamsters official until a reputed falling-out with Hoffa in the late 1960s. ... During an interview Thursday, McMaster said that account was worthy of a drug-addled imagination," and "some old Hoffa hands were skeptical of the new tip. Retired FBI agent John Anthony said the horse farm is a new theory to him, and doubted its value: 'Even if they find something, will it be able to lead to a prosecution?'"

Under the headline "Hoffa Tip 'Fairly Credible,' FBI Says," The Washington Post (5/19, A8, Lengel, 744K) reports, "Authorities said the latest search for Hoffa is the most intensive in decades. Privately, some expressed skepticism, though they said the information is credible enough to pursue." The New York Times (5/19, Maynard, Bunkley, 1.19M) notes, "The latest search is the third in the past two years by the F.B.I. in the Detroit area. Mr. Roberts acknowledged those efforts, saying, 'We do not leave any leads uncovered, obviously.' Or any stones unturned, apparently. He said the F.B.I. might have to move a barn in order to dig for evidence of Mr. Hoffa's remains." The Chicago Tribune (5/19, Jones, 643K) adds that "the FBI, by all appearances, seems determined to exhaust this latest lead. Graduate students schooled in geology will be used to determine whether the earth has been removed and then replaced, Roberts said. If anything is found they will check for a DNA match."

WXYZ-TV Detroit, WWJ-TV Detroit, WDIV-TV Detroit and WJRT-TV Flint, among other local TV stations across Michigan, covered the FBI search yesterday. The story also was prominently reported on cable news programs last night, including CNN's American Morning, CNN's Paula Zahn Now, MSNBC's Countdown with Keith Olbermann, MSNBC's Abrams Report, MSNBC's Scarborough Country, FOX News' Live PM, FOX News's Big Story with John Gibson and FOX News' Studio B with Shepard Smith.

Neighbors Say Mobsters Used To Gather At Farm, Until Hoffa Disappeared. The CBS Evening News (5/18,

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story 3, 0:55, Alfonsi, 7.66M) also reported from the scene, "We can actually see a fresh pile of dirt that earlier they had some police tape around. And I was talking to neighbors out here. They told me this old horse farm is a place where mobsters used to come and have lunch, an out-of-the-way spot. They say after Jimmy Hoffa disappeared, the lunches stopped and they saw a backhoe show up on the property. … There's about 50 FBI agents out here right now. We also learned that a famous forensic anthropologist from Michigan State University by the name of Norman Sauer is out here. I spoke to him on the phone, he confirms he's out here with seven students today. So, it's a little like CSI but in the country."

New Technology Expected To Aid Search. The Detroit News (5/19, Donnelly) reports that the geologists and forensic anthropologists working at the site "have at their command technology that wasn't around when the former Teamster leader disappeared 31 years ago. … If any human remains are located, modern DNA testing may be used for comparison with Hoffa's genetic code. The FBI wouldn't discuss the search in detail but a Colorado expert who heads a team of scientists that searches for bodies said today's technology will save police a lot of time. … Should searchers come across bones, forensic anthropologists from Michigan State University will quickly be able to tell whether they are human or animal," and "since the FBI is searching a horse farm, they're likely to come across many bones of horses."

FBI Investigating USAF Generals Over Thunderbirds Contract. ABC World News Tonight (5/18, story 4, 2:50, Vargas, 8.78M) reported that an investigation of the US Air Force Thunderbirds has "the FBI and the Pentagon inspector general reaching into the highest ranks of the military. They involve Air Force Chief of Staff Gen. T. Michael Moseley, the man he replaced." ABC (Ross) added, "The FBI's investigation is focused on a $49 million contract for an audio/visual system for spectators that the Thunderbirds have said they didn't ask for, but that was pushed through at the Pentagon anyway. … Documents submitted to the Air Force and obtained by ABC News show the contract went to a company partially owned by a recently-retired four-star General, Hal Hornburg, who…had been in charge of the Thunderbirds and initially requested the improved audio/visual system." Hornburg "says he did not get involved in soliciting the contract until a year after he left the military, as provided by law. But a document obtained by ABC News from the US Trademark office shows the General was listed as co-owner of the company just six months after he retired. The general says that was an error."

Newark FBI Agents To Meet With Egyptian-American Group. The AP (5/19, Parry) reports, "In September, a group of Muslim men praying near the main air intake duct at Giants Stadium was detained by suspicious FBI agents. On Saturday, the federal agency and an Egyptian-American group plan to meet at the stadium in the latest FBI push to recruit Arab-Americans and repair relations strained in the wake of the Sept. 11 attacks. 'It's an effort to build bridges with this community,' said Les Wiser Jr., special agent in charge of the FBI's Newark bureau, who has made improving ties with New Jersey's Muslim community a priority. 'We think it's important for them to get to know us. We're fighting perceptions we think are skewed against us.'" Egyptian American Group member Suzanne Loutfy noted, "We were afraid of them, and they were suspicious of us. It was thought by many people that the FBI is the enemy. That's the perception we're fighting against."

Detective Testifies NYPD Recruited Him As "Walking Camera" Among Muslims. The New York Times (5/19, Rashbaum, 1.19M) reports, "A young police detective testified yesterday at the Herald Square bombing plot trial that he was recruited from the Police Academy 13 months after 9/11 to work deep undercover in the Muslim community to investigate Islamic extremists." The Bangladeshi immigrant, identified only by his alias, Kamil Pasha, "took an apartment in Bay Ridge, Brooklyn, where, he testified, his assignment was to be a 'walking camera' among Muslims there." Over two years, "he was involved in 'numerous' investigations, he testified, and was at times shadowed by a field team to ensure his safety." The Times notes, "His testimony confirmed what many Muslims have believed since the Sept. 11 attacks: that law enforcement agencies have worked to infiltrate their community during terrorism investigations. … He said he was told 'never to push for information,' but instead to 'take a back seat' and 'observe, be the ears and eyes.'" The AP (5/19, Hays) adds, "One place he hung out was an Islamic bookstore near a Brooklyn mosque, where he said he heard" Shahawar Matin Siraj "openly praise Osama bin Laden while damning the U.S."

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Grand Jury Doesn't Indict In Police Attacker's Death. The Baton Rouge Advocate (5/19, Angelette) reports, "A grand jury Thursday decided against charging anyone in the death of motorist George Temple II," who was "shot and killed by" Perry Stephens, a civilian Stephens "came to help the officer" after Temple fought the officer when he was arrested. "The U.S. Justice Department is still investigating the case."

New York Measure Would Require DNA Samples For All Convicts. The Christian Science Monitor (5/19, Scherer) reports that under a proposal being considered by state lawmakers, New York "would be the first state in the nation to require DNA samples for all convicted offenders. Gov. George Pataki (R), who is asking the Legislature to expand DNA collection, argues that a larger database will help solve more crimes. Supporters add it will help solve future crimes because criminals who start off committing petty crimes sometimes graduate to more serious offenses." The New York proposal would require "DNA collection for all convicted of misdemeanors. This would add about 80,000 additional DNA profiles per year to the DNA bank, say researchers at the state's Division of Criminal Justice."

States Seek To Bar Marketing Of "Little Cigars." The Washington Post (5/19, D1, Day) reports, "Forty states have asked the U.S. Treasury Department to bar tobacco companies from marketing products they say are identical to cigarettes as 'little cigars,' a designation the states say lets the firms evade taxes and target younger consumers. Attorneys general from the 40 states, including Maryland, want the department's Alcohol and Tobacco Tax and Trade Bureau to reverse decades-old rules that permit products the size, shape and weight of cigarettes, but have brown rather than white wrappers, to be labeled as little cigars. … The 'little cigar' label allows the companies to pay lower federal and state taxes, and to avoid payments and advertising restrictions required for cigarettes under the 1998 master agreement between tobacco companies and all 50 states, according to the petition for rule changes."

Chicago FBI Informant Slain During Weapons Sting. The Chicago Tribune (5/19, Rybarczyk, O'Connor, 643K) reports, "An FBI-orchestrated weapons buy in a Dolton parking lot went awry late Wednesday, leading to the fatal shooting of an informant who was wearing a wire and being watched by surveillance teams, officials said. … FBI agents watched as the man meeting" informant Timothy Forrest "exited his vehicle and got into Forrest's car. They did not suspect anything amiss until the man hurried away and drove off, officials said. The suspect's name was known to investigators, who captured him more than 10 hours later at a house in Alsip. He was being held for questioning Thursday night." The Tribune notes, "FBI Special Agent Tom Simon said every safety precaution was taken as the weapons buy was set up, but events like this happen 'once every blue moon.' … FBI spokesman Frank Bochte confirmed that Forrest was wearing a wire but said the gunshots were inaudible to those listening." The Chicago Sun-Times (5/19, Main) notes, "The FBI's Evidence Response Team was helping Dolton police process the murder scene, officials said. In 2003, an FBI informant committed suicide while wearing a hidden recording device outside the police station in south suburban Chicago Heights. Otis Moore, 43, died of a bullet wound to the mouth, the medical examiner's office said. … He was key to a federal corruption investigation that led to the 1995 racketeering conviction of Sam Mangialardi, Chicago Heights' deputy police chief."

WMAQ-TV Chicago (5/18, Rogers), WBBM-TV Chicago (5/18, Hartman) and WLS-TV Chicago (5/18, Bradley) also reported on the informant's murder and noting Moore's 2003 suicide.

Reporting On Operation Twin Oceans Continues. The UK's Guardian (5/19) reports, "By the end of the operation, more than 100 people in nine different countries had been taken into custody, including one of the big cheeses in the cocaine trade, the Colombian-born Pablo Rayo-Montano, known as El Tio (the uncle) who was captured in Brazil. The prime catch, as far as the DEA officials and their colleagues in Brazil were concerned, was Rayo-Montano, who had been on the run for 10 years."

The UK's Telegraph (5/19) writes, "Colombia's biggest drug baron has been captured in Brazil in a raid that stretched from Indianapolis to the Pacific Coast of Panama and involved police forces in nine different countries. 'Don Pablo' Rayo-Montano, 46, successor to the late Pablo Escobar, had been on the run for a decade before he was caught by American drug enforcement agents at his hideout in Sao

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Paulo. Thirty-six of his henchmen were apprehended in simultaneous raids in Miami, Indianapolis and Los Angeles."

Australia's Daily Telegraph (5/19) notes Rayo-Montano's arrest, saying it toppled an empire that "used submarines to put 15 tons of cocaine a month into the U.S. and Europe." On its Web site, Australia's Melbourne Herald Sun (5/19) posts a similar but longer story attributed to the AP.

More Than 400 Arrested In Seattle Drug Investigation. The Seattle Times (5/18) reports DEA Special Agent in Charge Rodney Benson and others yesterday announced the arrests of 403 people, including 14 juveniles, since mid-September. "Of those arrested, 239 had prior drug arrests, and of those, 39 had been arrested 10 or more times for drug violations, 86 were considered violent drug offenders, and 46 had been previously charged for weapons violations. At least 25 of the arrestees admitted they were members of gangs," according to Benson.

Public Defender Criticizes Operation. The Seattle Post Intelligencer (5/19) reports, "While police were proud of the joint effort and community members pleased to see drug dealers get arrested, there were critics of the operation. 'What the Seattle Police Department, as well as the DEA, is interested in doing is the same old failed policies toward drug enforcement,' said Sunil Abraham, a local public defender. Abraham and his colleagues argue that 'buy-bust' operations, by focusing on street dealers, unfairly target minorities and the poor -- ignoring drug sales in other neighborhoods or behind closed doors."

Indiana Woman Faces Drug, Money Laundering Charges Following Sting. The Indianapolis Star (5/18) reports, "A 32-year-old Plainfield woman was among those arrested in a multination drug sting this week. Monica Patricia Ruiz-Matorel faces four counts: importation of drugs, conspiracy to distribute, smuggling and money laundering. The money-laundering component of the charges involves about $150 million in assets, said Steve Robertson, a special agent with the Drug Enforcement Agency at its Washington headquarters."

Sentencing Delayed In Rhode Island For Accused Mob Associate. The Providence (RI) Journal (5/19, Stanton) reports the case of Alan Blamires, "the mob associate caught guarding a shipment of cocaine in an undercover FBI sting, encountered another detour yesterday. … Some confusion over the value of cooperation that Blamires…has provided the authorities prompted Chief U.S. District Judge Ernest C. Torres, reluctantly, to postpone the sentencing." The Journal reports Blamires has claimed to have "pertinent information" regarding lawyer Joseph Bevilacqua, who also has been a target of an investigation by the DEA.

DEA Agents' Work In "Operation Royal Flush" Recognized In Rhode Island. The Providence (RI) Journal (5/19, Smith) reports on Operation Royal Flush in which "a slew of federal and state law enforcement agencies cooperated in 2003-2004, and the Providence police made the largest single seizure of cocaine in department history in 2004: Nearly 23 kilos worth an estimated $575,000, which had been stashed in a minivan." In connection with the case, the Journal says the work of three members of the U.S. Drug Enforcement Administration was noted. They include special agents Anthony Cardello and Kathleen Kelleher and intelligence analyst Andrea Metz.

Accused Pennsylvania Cocaine Trafficker Is Arrested. The Pittsburgh Post-Gazette (5/19, Ward) reports a man who federal authorities "say has been selling large amounts of cocaine for years in New Castle was arrested this week. Dion Mercer, 37, has been charged with one count of conspiracy to distribute more than 5 kilograms of cocaine and more than 50 grams of crack. According to a six-page affidavit filed by a Drug Enforcement Administration agent, Mr. Mercer has been selling large quantities of cocaine for four years."

Supreme Court Seen As Deeply Divided On Detroit Drug-Search Case. According to The New York Times (5/19, Greenhouse), a second hearing on a Detroit drug-search case has shown "deep divisions" among U.S. Supreme Court justices. For example, the Times says Justice Breyer "proceeded to make it clear that he remained unpersuaded by [the] argument that the Michigan Court of Appeals was correct in refusing to exclude from Booker T. Hudson's trial the drugs the police found when they executed a search warrant by bursting into his home without knocking or waiting for him to open the apparently unlocked door. … Chief Justice John G. Roberts Jr. also appeared firmly in the state's camp. He asked…what difference it would have made had the police waited 15 or 20 seconds instead of 3 or

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4 after announcing their presence." Hudson had been found guilty of drug possession and was given18 months' probation.

Alito Expected To Be Deciding Vote On Detroit Fourth Amendment Case. The New York Times (5/19, Greenhouse, 1.19M) reports it "did not take very long during the Supreme Court's final argument of its term on Thursday to see why the court had decided to schedule a second hearing in this less-than-monumental case about a search for illegal drugs in a Detroit home. The justices were deeply engaged, and deeply split." It is "a logical inference that they were deadlocked at 4 to 4 after the first argument on Jan. 9, and that it is now up to Justice Samuel A. Alito Jr., who took his seat later that month, to break the tie." Justice Stephen Breyer made "it clear that he remained unpersuaded" by Wayne County prosecutor Timothy A. Baughman's "argument that the Michigan Court of Appeals was correct in refusing to exclude from Booker T. Hudson's trial the drugs the police found when they executed a search warrant by bursting into his home without knocking or waiting for him to open the apparently unlocked door." This "means of entry violated the 'knock and announce' rule that modern Supreme Court precedents have made part of the current understanding of the Fourth Amendment's prohibition of unreasonable search and seizure. There was no dispute that the Detroit officers' action violated the rule. The question for the justices was what consequences should flow from the violation."

The Washington Post (5/19, A11, Lane, 744K) reports the court "heard a rare mid-May oral argument yesterday, on the authority of police to search private homes without knocking first -- in a major privacy-rights case likely to be decided by the vote of the court's newest member, Justice Samuel A. Alito Jr." Liberals on the court "openly worried that Michigan's approach would carry the day -- effectively gutting the 'knock and announce' rule and, potentially, other restrictions on police searches." Michigan "does not dispute that the officers technically violated the 'knock and announce' rule. It argues, rather, that since they had a warrant, their presence in the house was legal even if the way they got inside was not."

IMMIGRATION:

Many Immigrant Smugglers Are Never Prosecuted. The AP (5/19, Spagat) reports that an internal Border Patrol document shows that the vast majority of people caught smuggling immigrants into the US across the border near San Diego are never prosecuted for the offense. According to the AP, "The report offers a stark assessment of the situation at a Border Patrol station responsible for guarding 13 miles of mountainous border east of the city. Federal officials say it reflects a reality along the entire 2,000-mile border: Judges and federal attorneys are so swamped that only the most egregious smuggling cases are prosecuted."

Additional Suspected Illegal Immigrants Caught In Kentucky. the Cincinnati Enquirer (5/19, Hannah) reports, "U.S. Marshals have detained more suspected illegal aliens as part of an ongoing investigation into the use of laborers in Northern Kentucky's home-building industry." Fort Mitchell police Chief Steve Hensley said "officers found the suspected illegal aliens while helping federal agents serve a search warrant at one of the apartments" in the 2500 block of Kirkland Court. "Last week, 76 suspected illegal aliens were arrested as part of the two-year investigation."

Bush Declares Support For Border Fence In Visit To Yuma, Arizona. President Bush yesterday visited Yuma, Arizona, yesterday, to highlight his immigration reform proposals. Much of the reporting from national papers this morning notes the President stated his backing for building some fences along parts of the US-Mexico border. While in Yuma, says the New York Times (5/19, Bumiller, 1.19M), the President "declared that he supported fencing some but not all of America's 1,950-mile border with Mexico." Bush said in his speech, "It makes sense to use fencing along the border in key locations in order to do our job." Bush, adds the Times, "has in the past indicated he is opposed to fencing, and White House officials were kept busy on Thursday trying to explain the change in his position. Tony Snow, the new White House press secretary, told reporters on Air Force One that the White House supported a Senate amendment, passed on Wednesday, that would build 370 miles of fence in areas most often used by smugglers and illegal workers. 'We don't think you fence off the entire border,' Mr. Snow said. But, he added, 'there are places when fences are appropriate.'" The AP (5/19, Loven) reports on the fence issue, and says that "eager to win over conservative opponents, the president has been talking increasingly tough."

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The Washington Times (5/19, Dinan, 90K) reports "the Bush administration announced yesterday it supported the Senate amendment calling for 370 miles of fence along the US-Mexico border, marking the first time it is has endorsed a specific amount of fencing." During his speech, says the Times, Bush said, "It makes sense to use fencing along the border in key locations in order to do our job." The Wall Street Journal (5/19, Kronholz, Lueck, Dreazen, 2.11M) adds that "almost no one disagrees with Mr. Bush that the border needs reinforcing," and the President "made a further bow to his conservative base by supporting a Senate call to build a fence along more than 300 miles of the 1,951-mile border." The Los Angeles Times (5/19, Gerstenzang, 958K) notes, "As Bush headed to Yuma Thursday morning, the White House sent to Congress a revision in its $92-billion request for emergency spending, most of it to cover costs associated with the wars in Iraq and Afghanistan and the recovery from Hurricane Katrina. Within that amount, it is seeking $1.95 billion to meet the costs of deploying 1,000 new Border Patrol agents, and for fences, lights, and some of the border work of the National Guard." Snow "said the Border Patrol's Yuma sector was 'emblematic of what we're talking about in terms of border security.'" He also told reporters aboard Air Force One, "We've got an area with the fence; we've got Border Patrol there. But also this is an area where National Guardsmen are involved in non-law-enforcement roles."

The Chicago Tribune (5/19, Silva, 643K) reports Bush "has assumed a potentially perilous political role, with his own public approval ratings already at all-time lows." He "is attempting to mediate between the conservative base of the GOP, which has no patience for the president's talk of enabling millions of undocumented immigrants already living in the United States to eventually seek citizenship, and a fast-growing and traditionally Democratic-voting Hispanic population." The President "has worked hard to woo Hispanics since his days as Texas governor." USA Today (5/19, Jackson, 2.31M) notes, "The flight aboard Air Force One underscored GOP differences. Bush's guests included Rep. J.D. Hayworth, R-Ariz., who wants a law enforcement bill only." Hayworth "said he and Bush have profound disagreements.' 'I don't believe the House will accede to his wishes on a "guest worker" program, despite his recent protestations to the contrary,' Hayworth said."

Chertoff Emphasizes Surveillance Role For National Guard. DHS Secretary Chertoff traveled to El Paso yesterday where he discussed the administration's immigration strategy, while President Bush visited Yuma, Arizona. Most regional papers covering Chertoff's visit are focusing on his statements that the National Guard would not engage in law enforcement while working on the US-Mexico border. The Dallas Morning News (5/19, Mittelstadt) reports, "President Bush and Homeland Security Secretary Michael Chertoff traveled to the US-Mexico border Thursday in a push to convince the public – and conservatives in Congress – that they're serious about beefing up efforts to halt illegal immigration." On his way to El Paso, Secretary Chertoff said the president's plan to put National Guard troops at the US-Mexico border "offers a 'turbocharged' boost to the strategy of taming illegal immigration with a mix of added manpower, high-tech surveillance and the guest worker program." At Fort Bliss, Chertoff told reporters the Guard will be "using their eyes and…their binoculars and all the high-tech equipment they have to identify groups of migrants that are crossing."

In an article appearing on news websites in the Southwest, the AP (5/19, Caldwell) reports Chertoff "assured border residents" that the Guard plan "was 'enhancing or scaling up' operations that have long been in place as a backup for US Border Patrol agents."

The Las Cruces Sun-News (5/19, Ramirez) reports that at Fort Bliss, where he met with "with officials of Joint Task Force North," Chertoff said "that not much will change with daily security operations along the border with Mexico, even with the addition of 6,000 National Guard troops." He "emphasized that the Guard troops would have no law enforcement authority, and would mostly be used for administrative and surveillance duties along the border."

Senate Votes To Make English "National Language." Knight Ridder (5/18, James) reports that the Senate yesterday voted to make English the national language of the US. The 63-34 vote "came after an impassioned debate in which the word 'racist' was used on the Senate floor to describe the effort. It was the first time in U.S. history that the Senate had passed such legislation. More negotiations on the final bill are expected, but if a 'national language' measure cleared both the Senate and House and was signed by President Bush, it could mean a greater emphasis on the federal government providing its services in English."

The Los Angeles Times (5/19, Muskal, Gaouette, 958K) reports, "English would be declared the 'national language' of the United States under a measure approved by

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the Senate today, a largely symbolic move that supporters said would promote unity and ensure assimilation by immigrants." The Senate "passed two amendments, one Democratic and one Republican. The Democratic version is more specific on protecting translation and bilingual services." The GOP-backed amendment, "which passed 63 to 34, would allow the government to continue to offer publications and services -- such as bilingual ballots -- in languages other than English." It "would require all illegal immigrants seeking to legalize their status in the United States to pass English proficiency tests and would offer guidelines to the Department of Homeland Security for a revised citizenship test."

The AP (5/19, Espo) reports Sen. Jim Inhoffe "led the attempt to declare English the national language, a campaign he said began more than a century ago. The Oklahoma Republican quoted President Theodore Roosevelt as having said that among other things, those living in the United States 'must also learn one language and that language is English.'" Senate Democratic leader Harry Reid said of the amendment, "I really believe this amendment is racist. I think it's directed basically to people who speak Spanish." Sen. Ken Salazar, a Democrat, "advanced the alternative that declared English to be a 'common and unifying language.'" It "passed, 58-39, leaving the outcome of the symbolic debate uncertain." Knight Ridder (5/19, Montgomery) adds that Salazar, "one of three Hispanic senators, whose family settled in Colorado before it became a state, asserted that the Inhofe amendment threatened a return 'to the dark days of American history' when Hispanic children were punished for speaking Spanish in school, sometimes by having soap thrust in their mouths."

The New York Times (5/19, Hulse, 1.19M) calls Salazar's amendment "a weaker, less-binding alternative." The House "did not include a similar provision on English in the legislation it passed in December, but there is strong support among House Republicans for such a move." AFP (5/19) notes the House of Representatives "is considering similar legislation presented by Iowa Republican Steve King. It already has the backing of 150 representatives."

Senate Kills Amendment Blocking Temporary Workers' Eventual Citizenship. The Washington Post (5/19, A1, Weisman, VandeHei, 744K) reports by 58 to 35, the Senate "killed an amendment that would have blocked eventual citizenship for future immigrants who arrive under a temporary work permit. Democrats and Republicans agreed that the amendment would have destroyed the fragile, bipartisan coalition backing the Senate bill."

Senate Allows Immigrants To Get Social Security Earned While Illegally In US. The Washington Times (5/19, Hurt, 90K) reports, "The Senate voted yesterday to allow illegal aliens to collect Social Security benefits based on past illegal employment -- even if the job was obtained through forged or stolen documents. There was a felony they were committing, and now they can't be prosecuted. That sounds like amnesty to me,' said Sen. John Ensign, the Nevada Republican who offered the amendment yesterday to strip out those provisions of the immigration reform bill." Sen. John McCain replaied, "We all know that millions of undocumented immigrants pay Social Security and Medicare taxes for years and sometimes decades while they work to contribute to our economy. … The Ensign amendment would undermine the work of these people by preventing lawfully present immigrant workers from claiming Social Security benefits that they earned before they were authorized to work in our community."

CONGRESS-ADMINISTRATION:

Bush Blames Approval Numbers On War; Laughs Off Comparison To Nixon. NBC Nightly News (5/18, story 2, 3:20, Gregory, 9.87M) reported President Bush yesterday "brushed off the fact that his poll ratings are now similar to Richard Nixon's when he resigned the Presidency." Gregory: "You're laughing. Why do you -- " President Bush: "I'm not laughing, I just – " Gregory: "Why do you think that is?" President Bush: "Because we're at war. And war unsettles people." Gregory: "Do you think it's possible that, like Nixon and Watergate, that the American people have rendered a final judgment of disapproval on you and your war in Iraq?" President Bush: "Of course not. The enemy's got a powerful tool -- that is to get on your TV screen by killing innocent people -- and my job is to continue to remind the people it's worth it. We're not going to retreat hastily." Gregory: "What's the momentum changer in your mind for your Presidency to turn it around?" President Bush: "You know, I guess, Iraq. I mean, that's what colors everybody's vision it seems like."

Bush was asked on CNN's The Situation Room (5/18) whether Americans have lost faith in the Iraq mission. Bush said, "No question, Iraq has unsettled the American people. I understand that. You know, people don't like war. And war --

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this war is as brutal as other wars because we face an enemy that will kill, you know, innocent people in order to achieve an objective. And, you know, I'm also -- I don't believe Americans want us to cut and run either. I think they want us to succeed. And what Americans will see is a new government, a unity government emerging. What they saw last December, and admittedly, it seems like an eternity ago, were 12 million people saying, 'We want to live in a free society.'" Asked when US troops can be expected to leave Iraq, Bush said, "When the commanders on the ground say that the Iraqis are more prepared to take over more of the security needs. This -- the temptation, of course, is to do things for political purposes in America. I don't want to fight a war based upon politics or polls or focus groups. I want to win this war based upon a strategy that's working but also based upon -- and the military decisions being based upon the advice of General Casey, who's the leader on the ground."

Gillespie Blames Slide In GOP Poll Numbers On Gasoline Prices. Former Republican National Committee chairman Ed Gillespie was asked on CNN's Larry King Live (5/18) about Republicans' drop in the polls. Gillespie said, "I think that has something to do with gas prices that have gone over $3 per gallon but Republicans have the policies to correct that. The fact is it's Republicans who put forward ideas to increase our domestic production so we reduce our reliance on foreign source of oil. The president has put forward a very vigorous program for alternative fuel sources, drilling in the Arctic National Wildlife Reserve, which can be done while protecting the environment but increasing our domestic capacity, so that's one factor. I think as we get closer to the election, you're going to see these choices of policies between Democrats and Republicans turn those numbers around and you'll see the Republicans close that gap pretty quickly."

Shays Says Katrina Response Hurt Bush. Rep. Chris Shays said on CNN's Larry King Live (5/18), "Let me just say that I think the thing that has hurt the president most is not Iraq. It's Katrina. People saw an arrogant but confident administration but when they saw Katrina they saw arrogance and frankly incompetence and that was very unsettling."

Blackburn Says Bush Should Show "Decisive Leadership." Rep. Marsha Blackburn said on CNN's Larry King Live (5/18), "think that what we had to admit is that there has been a problem with perceived leadership. And what the American people are wanting to see right now is strong, decisive leadership. The American people I think and the people in my district they agree with President Bush when it comes to the war on terror. They agree with President Bush on what he has done on the economy and on taxes and on jobs growth. They disagree with him on immigration. They disagree with him when it comes to government spending and what they want to do is see him take that strong, decisive leadership role back. That is how they like him best when he is being true to his roots and when he is showing that decisive leadership."

Snow Said To Have Quickly Learned "Art Of Saying Nothing." The Washington Post (5/19, A19, 744K) reports in a "Verbatim" column that after the Bush Administration "was accused of secretly aiding militias in Somalia, new White House spokesman Tony Snow demonstrated on Wednesday that he had quickly learned the art of saying nothing." The Post quotes Snow from the briefing, in which he gave an approximately 280 word reply to a question on Somalia, after which the reporter asked, "What are you really saying?" Snow replied, "Every word will be in the transcript, every single one."

House Passes Budget Blueprint. The Wall Street Journal (5/19, Rogers, 2.11M) reports House Republicans "won approval of their long-delayed budget blueprint for the new fiscal year that begins Oct.1. The 218-210 budget vote, which followed a late-night debate spilling into early yesterday morning, ended weeks of frustration for party leaders who had twice pulled back in the final hours for fear of losing." Democrats "were united in opposition, but just 12 Republicans broke ranks after moderates won promises that at least $7.1 billion would be added back to President Bush's budget for core job-training, health and education programs." Meanwhile, the Washington Times (5/19, Fagan, 90K) reports House "conservatives say they scored key spending reform victories in the $2.7 trillion budget approved early yesterday, but major changes are needed to achieve the fiscal discipline promised when Republicans took over the chamber more than a decade ago. 'The budget, while not visionary, was an important first step,' said Rep. Mike Pence, Indiana Republican and chairman of the conservative Republican Study Committee (RSC)."

But the New York Times (5/19, Hulse, 1.19M), which titles its story "Future Is Cloudy For House GOP Budget Bill," calls the Republican win "more symbolic than substantive."

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Lawmakers "doubt the House blueprint will ever be reconciled with a larger Senate budget. "

Specter, Feingold Clash As Senate Panel Approves Gay Marriage Amendment. ABC World News Tonight (5/18, story 3, :25, Vargas, 8.78M) reported, "Another divisive issue resurfaced on Capitol Hill today. A Senate Committee voting along party lines approved a constitutional amendment stating that marriage in the United States shall consist only of the union of a man and a woman. The full Senate is expected to debate the ban on same-sex marriage in two weeks. It is not expected to get the approval of two-thirds of the senate, which is necessary to pass a constitutional amendment." The Washington Times (5/19, Hurt, 90K) also says that "even backers of the amendment say it's not likely to go far this year beyond becoming a hot-button political issue in the November elections." The Washington Post/AP (5/19, A3) notes Democrats "complained that bringing up the amendment is a political move designed to appeal to the GOP's conservative base in a midterm-election year."

CNN's The Situation Room (5/18, Blitzer) reported "one Democrat walked out of the session that was held in a private chamber just off the Senate floor." Sen. Russ Feingold "complained to Chairman Arlen Specter that the meeting wasn't sufficiently open to the public. We're told that led to this exchange. Specter told Feingold, 'I don't need to be lectured by you. You are no more of a protector of the Constitution than am I. If you want to leave, good riddance.' Feingold then responded, 'I've enjoyed your lecture, too, Mr. Chairman. See you.'"

USA Today (5/19, 2.31M) notes the amendment says, "Marriage in the United States shall consist only of the union of a man and a woman." Specter "said he opposes the measure but wants it debated."

House Votes Against Lifting Offshore Drilling Ban. The AP (5/19, Hebert) reports, "The House rejected an attempt late Thursday to end a quarter-century ban on oil and natural gas drilling in 85 percent of the country's coastal waters despite arguments that the new supplies are needed to lower energy costs." Lawmakers from Florida and California "led the fight to maintain the long-standing drilling moratorium, contending that energy development as close as three miles from shore would jeopardize multibillion-dollar tourism industries." A measure, offered by Rep. Adam Putnam of Florida and Rep. Lois Capps of California "to continue the prohibition on drilling for natural gas -- which some lawmakers argued was less of an environmental threat than oil -- was approved 217-203 and inserted into a $25.9 billion Interior Department spending bill." Earlier, the House, by a 279-141 vote, "rejected an attempt by Rep. Ted Poe…to lift the long-standing moratorium as it applies to oil drilling." The Los Angeles Times (5/19, Simon, 958K) runs a similar report.

Measure Would Pressure Oil Firms To Renegotiate Drilling Leases. The New York Times (5/19, Andrews, 1.19M) reports, "In an attempt to revoke billions of dollars worth of government incentives to oil and gas producers, the House on Thursday approved a measure that would pressure companies to renegotiate more than 1,000 leases for drilling in the Gulf of Mexico." The measure, "approved 252 to 165 over the objections of many Republican leaders, is intended to prevent companies from avoiding at least $7 billion in payments to the government over the next five years for oil and gas they produce in publicly owned waters."

Auto Companies Push Lawmakers On Alternative Fuel Measures. During a visit to Capitol Hill Thursday, the chief executives of the nation's "Big Three" auto makers, the Wall Street Journal (5/19, A5, Meckler, 2.11M) reports, "made clear to Congress what they want—and what they think they might get—from the government: financing for the pumps and other support needed to encourage Americans to use more ethanol and other gasoline alternatives." In exchange, the heads of Ford Motor Co., General Motors Corp. and DaimlerChrysler AG's Chrysler division "promised to produce millions more vehicles that can run on domestically produced alternatives to petroleum." However, the executives "didn't push for any particular piece of legislation." Rather, they said there were a lot of good ideas on the table. USA Today/AP (5/19, Thomas) says the executives "endorsed a plan to have renewable fuels meet 25% of the nation's transportation energy needs by 2025."

Noting that US automakers have "had difficulty getting their message across in Washington in the past year," the Washington Post (5/19, D2, Freeman, 744K) called the meeting "an uncharacteristic display of unity to build support for ethanol fuel and to rally legislators behind the financially strapped industry." The Post also said the automakers, which had been scheduled to meet with President Bush this week but was postponed the gathering until June 2, "said yesterday that the June 2 meeting has also been postponed."

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Commerce Secretary Dismisses Concerns About Inflation. Commerce Secretary Carlos Gutierrez in an interview during a breakfast meeting with the Christian Science Monitor (5/19, 61K) was asked about concerns that "rising inflation" was a threat to "the US economy." Gutierrez said, "Everything suggests that we should be able to get through this period without seeing inflation increase to a point where it would become a problem."

Stocks Continue Slide. The New York Times/AP (5/19) reports, "Wall Street extended its losses yesterday, a day after an inflation scare sent the Dow Jones industrial average on its biggest one-day drop in three years and put the Nasdaq composite index in the red for 2006." The Dow "dropped 77.32 points, or 0.69 percent, to 11,128.29. The Standard & Poor's 500-stock index lost 8.51 points, or 0.67 percent, to 1,261.81, and the Nasdaq sank 15.48 points, or 0.7 percent, to 2,180.32." The Wall Street Journal (5/19, Browning, 2.11M), among other sources, also reports the stock numbers.

Report Suggests Economic Growth Slowing. The New York Times/AP (5/19), reports, "An important gauge of the nation's future economic activity dipped in April, once again suggesting slower growth in the months ahead." The Conference Board, "a private research group, reported Thursday that its index of leading economic indicators fell by 0.1 percentage point, to 138.9, last month. Economists were predicting a small rise. In March the index climbed by 0.4 percentage point, to 139." The index "predicts economic activity three to six months in the future." Economists "said the decline reinforced the Federal Reserve's forecast that economic growth, which has been brisk, would most likely moderate to a more sustainable pace in the coming months."

Bernanke Says Housing Market Cooling. The Washington Post (5/19, D1, Tse, 744K) reports, "Confirming what home buyers suspected and real estate sales figures have indicated for months, Federal Reserve Chairman Ben S. Bernanke said yesterday that the U.S. housing market was showing clear signs of cooling off." Bernanke "said the slowdown is 'moderate' and 'orderly' and pointed to the overall strength of the economy."

Krugman Says Market "Coming Down To Earth." In a column titled "Coming Down To Earth," Paul Krugman writes in the New York Times (5/19, 1.19M), "Um, wasn't the stock market supposed to bounce back after Wednesday's big drop? We shouldn't read too much into a couple of days' movements in stock prices." But "it seems that investors are suddenly feeling uneasy about the state of the economy. They should be; the puzzle is why they haven't been uneasy all along."

WSJournal Says Bernanke Must Show He Understands Inflation Dangers. The Wall Street Journal (5/19, 2.11M) editorializes, "Stocks continued their weeklong plunge yesterday, selling off again at the end of the day on more inflationary fears. The way to understand this washout -- knocking 4.4% off the Dow -- is that Adam Smith is giving the US financial establishment a warning." The consumer price index reading "that triggered Wednesday's selloff is a lagging indicator" that "tells you inflation is here only after it has already arrived. … All of which suggests that…Ben Bernanke, is facing a rough passage. He's arrived at a Fed that has clearly made a mistake in letting inflation expectations build and has been very slow to admit it. The only questions now are the magnitude of that mistake and of the resulting financial casualties. … The sooner Mr. Bernanke shows that he understands the problem, and has the fortitude to do something about it, the fewer casualties there will be. Sooner or later Adam Smith will take over if Mr. Bernanke doesn't."

Mortgage Rates Rise. ABC World News Tonight (5/18, story 8, :20, Vargas, 8.78M) reported, "The cost of financing a home is up again. The average rate on a 30-year mortgage rose to 6.6% in the last week. That's the highest rate in almost four years. As that was being announced, the stock market was sliding again. The Dow Jones Industrial Average lost 77 points to close at 11,128.29."

Bush To Nominate Casey To Open SEC Seat. The Washington Post/AP (5/19, D2) reports President Bush "will nominate Kathleen L. Casey, a Senate aide and expert on banking and securities law, to the five-member Securities and Exchange Commission, the White House said yesterday." The announcement "came four days after Cynthia A. Glassman said she did not intend to serve a second term as a commissioner and will leave after her term ends June 5."

Media Shield Law Reintroduced In Senate. The AP (5/19, Kellman) reports Senators "began a new effort to pass a media shield law Thursday, re-introducing legislation they said would protect journalists from being sent to jail for refusing to reveal their sources in most cases." The bill, "re-written with guidance from more than 30 news organizations including The Associated Press, drew new support after changes that could force reporters to disclose sources if they witnessed a crime or obtained information

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deemed secret by law." Sen. Charles Schumer said, "We need to protect the press, especially with a big, large government that keeps things secret more and more. We also have to have some respect for the fact that there are certain things that shouldn't be made public by statute." The AP adds, "Some lawmakers remained skeptical about shielding reporters in wartime."

GOP Negotiators Say Pension Bill Unlikely To Pass Before Memorial Day. The AP (5/19, Abrams) reports Republican negotiators said "despite recent progress, Congress is unlikely to pass by Memorial Day legislation aimed at assuring financial solvency for the nation's employer-based pension system." House and Senate conferees "originally hoped to send a bill to the president before April 15, the time some companies had to recalculate their contributions to defined-benefit pension plans. But the two sides have stalled over several intractable issues, including Senate proposals to give special breaks to financially struggling airlines and to require companies with poor credit ratings to pay more into their pension plans."

Competing FEMA Bills Advancing Through House. CQ (5/18, Hunter) reported, "A proposal to restore the Federal Emergency Management Agency to its pre-Sept. 11 status as an independent, Cabinet-level agency gained ground Thursday" with the approval of HR 5316 in he House Government Reform Committee. The bill is competing with HR 5351, which "would leave FEMA in the Homeland Security Department but grant it power to report directly to the president in a disaster." CQ added that while the "bills reflect a simmering turf war between the chairmen of the Homeland Security and Transportation and Infrastructure committees," both "would give FEMA control of disaster preparedness and response. A reorganization of Homeland stripped FEMA of its disaster preparedness duties last year."

Possible Bush Shift To Right Seen As Bad Strategy For Party. In his Washington Post column (5/19, A21), E.J. Dionne says as they "watch President Bush's approval ratings tumble, conservative activists are offering a surefire strategy for presidential recovery: Bush should move to the right and 'rally his base.'" There's "one problem with this approach: It could do the president's party far more harm than good, even within its own ranks. The conservative view ignores the roots of the president's difficulties in the disaffection of moderate voters who are more concerned with performance -- or the lack thereof -- than ideology." Bush's "best shot at a quick jolt upward in his approval ratings is among conservatives in his own party, who are already more inclined to support him than anyone else and might come home in response to a presidential tilt rightward. But Rep. Chris Shays, a moderate from Connecticut, noted that many of the House Republicans most endangered in this fall's election -- himself included -- are moderates who would be hurt if his party and his president moved farther right."

Democratic Admiration Of McCain Seen As Contradiction. In his Washington Post column (5/19, A21), Michael Kinsley says Sen. John McCain "has a unique genius for telling the truth from his heart and making people believe that he is lying. And these people are his supporters! They admire him as a straight-talking truth-teller, and they forgive him for taking positions on big issues that they find repellent, on the grounds that he doesn't really mean what he says. 'Oh, he has to say that to get the Republican nomination,' explain many Democrats with a girlish crush on the charming, funny, intelligent and heroic Republican senator from Arizona, and/or a special loathing of their party's own star, the junior senator from New York. 'That' might refer to McCain's strong right-to-life stand on abortion, or his strong support for the war in Iraq, or his recent rapprochement with Jerry Falwell. They admire McCain as a straight shooter among sneaks, a truth-teller amid bull artists. They long, understandably, for some fresh air in the fetid atmosphere of politics. And McCain delivers that."

OTHER NEWS:

Rita Survivors Believe They Are On Their Own. Freelance writer Joyce King, in a column for USA Today (5/19, 2.31M) writes that "Hurricane Rita's devastation to the coastal towns of southwest Louisiana is still fresh nearly eight months later." King says she continues to "meet people who talk of living through 'the forgotten hurricane.'" King continues, "Many Rita victims are still awaiting federal housing funds to rebuild." Residents of Cameron Parish "are frightened. Help is slow to arrive. New codes make rebuilding prohibitive." Many of the storm's survivors "believe they're on their own."

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Brinkley's Criticism Of Nagin Seen As Prominent Feature In New Orleans Mayoral Race. The Washington Post (5/19, A3, Whoriskey, 744K) reports "The Great Deluge," by Tulane University historian Douglas Brinkley, has figured "prominently" in New Orleans' mayoral race for its depiction of "Mayor C. Ray Nagin as too vain, too stunned and too paranoid to have been effective in the city's crisis. Relying in part on accounts from Nagin's political rivals, the book has been characterized by his supporters as a campaign attack timed to sink his bid for reelection on Saturday." The Post adds that the "leadership abilities" of Nagin and opponent Mitch Landrieu "have become a central issue…, and that is one reason Brinkley's account of Nagin has proved to be a sensitive subject."

Nagin Says His Victory Would Send Racial Message. The Washington Times (5/19, Debose, 90K) reports "Nagin says a victory in tomorrow's election will send a message on race that 'will echo throughout America.' 'This election will say in spite of American prejudice, I was able to attract votes from all races and classes and move forward with the process of healing,' said Mr. Nagin, who has hinted that whites locally and nationally are working to unseat him from the post, which blacks have held for nearly 30 years." Landrieu, meanwhile, "said the tightly contested runoff election will turn on whether 'African-Americans [will] vote for white politicians and will whites vote for black ones.'"

Landrieu Said To Stick To Script. The New York Times (5/19, Nossiter, 1.19M) reports, "If Mr. Landrieu wins, he will offer the classic prescriptions for governing that have been his armor in debates with an unpredictable opponent, Mayor C. Ray Nagin. Unlike the mayor, Mr. Landrieu rarely throws away the script." He has used a "promise of competence" against Nagin, who "he accuses of incarnating the opposite."

Giuliani Campaigns For Reed In Georgia. CNN's The Situation Room (5/18, Blitzer) reported, "Former New York mayor Rudy Giuliani headlined a fundraiser in Georgia today for the lieutenant governor candidate Ralph Reed. Reed is a conservative, a former leader of the Christian Coalition, founded by Pat Robertson. Giuliani is a moderate Republican who, as you probably know, is considering -- considering -- a run for the White House." CNN (Crowley) added that Reed "gets a marquee player in Giuliani, who will help him raise money for what looks to be a to-the-wire primary fight. And Giuliani, who's thinking about running for president, gets the attention of Reed's core supporters, which is to say culturally conservative Republicans, something the pro-gay rights, pro-abortion rights, pro-gun licensing former mayor of New York is not."

The AP (5/19, Bluestein) notes that Reed said just prior to the fundraiser, "I just want to say I believe Rudy Giuliani is one of the finest leaders in not only the Republican Party but in either party." Giuliani replied, "We're here to get you elected. It would be a great thing for Georgia." Reed's "campaign was looking for a boost before the July 18 Republican primary after being dogged by ties between" Reed and disgraced lobbyist Jack Abramoff." Meanwhile, the appearance "could also help Giuliani draw conservative support in a run for president. His endorsement of Reed comes weeks after the Rev. Jerry Falwell said he admired the former mayor but could not support him for president because of 'irreconcilable differences on life and family.'"

The New York Post (5/19, Haberman, 624K) adds, "Later asked by reporters about how his past pro-gay rights, pro-choice stands mesh with Reed's positions, Giuliani said, 'We are a broad party. I agree with Ralph on many things.' 'There are going to be some things I disagree with him on…in Ralph's case I know him, and I think he's going to be a really effective leader,' he said."

Giuliani Emphasizes Fiscal Conservatism. The New York Times (5/19, Healy, 1.19M) reports that Rudy Giuliani "was warmly received at a Reed fund-raiser here, though advisers to Mr. Reed noted that most of the donors were politically moderate business people, and that a truer test of Mr. Giuliani's appeal among more conservative Southerners would come in rural counties." The Times adds, "Aligning himself closely with the Bush administration," Giuliani "called for more federal tax cuts as a means of creating jobs and stimulating the economy, and argued that tax cuts would invigorate business and ultimately yield greater total tax receipts, thereby helping to reduce the deficit. 'President Bush understands that, the Republican Congress understands that, Ralph understands that, and the Democrats don't,' Mr. Giuliani told the audience of about 250 people. 'We can take a big step back, either state by state or nationally. And this election in 2006 is going to determine if we keep seeing our economy grow, or we take a real step backwards.'"

"Progressive" Democrats Said To Be Targeting Moderates. Bloomberg (5/19) reports

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Democratic activist groups "that mounted an aggressive campaign against President George W. Bush in the 2004 election have a new target: Democrats who support his policies." A "loose network of organizations, ranging from women's groups to Internet bloggers, is pressuring incumbents such as Senator Joseph Lieberman of Connecticut and Representatives Jane Harman of California and Melissa Bean of Illinois, in some cases by backing insurgent candidates in primary elections." The groups "charge that these and other Democrats have been too supportive of Bush on issues like Iraq and trade, and say they're trying to energize voters disillusioned with a party that has failed to draw clear distinctions with Republicans." The "organizations and Web logs that identify themselves as the party's "progressive" wing include MoveOn.org, a coalition of groups that raised $60 million and enlisted 100,000 volunteers in the 2004 elections; DailyKos, a blog that averages 20 million visitors a month; and Democracy for America, a political action committee with 500 affiliates."

Democrats Counting On Female Candidates To Help Regain Control Of House. The Christian Science Monitor (5/19, Feldmann, 61K) reports that heading into the '06 elections, EMILY's List "boasts its largest crop of candidates in its 21 years. … And as the Democratic Party seeks to regain control of Congress -- doable with a net shift of just 15 seats -- it is counting on these EMILY's List women to play a major role. Of the 24 Republican-held House seats deemed competitive by the nonpartisan Cook Political Report, 11 feature Democratic women, all of them getting help from Emily's List. By comparison, of Cook's 11 competitive Democratic-held House seats, only one features a Republican woman contender. Voter discontent with Washington is high, and women candidates could be the natural beneficiaries of that 'throw the bums out' mentality, say experts on women in politics. 'When people get disgusted with politics and they are looking for change, women embody that change,' says Debbie Walsh, director of the Center for American Women and Politics at Rutgers University."

Shays Says GOP Majority Is In Jeopardy. CT4 Rep. Chris Shays (R) was asked on CNN's Larry King Live (5/18) if he agrees with former House Speaker Newt Gingrich that the GOP's majority in Congress is in jeopardy. Shays said, "Oh, absolutely. We're in grave danger for a variety of reasons but one of them is there's an ethics issue here and I think that our side of the aisle doesn't get it. I honestly think we came to change Washington. I think Washington has changed too many in Washington. So, we're not the reformers that we set out to be and we need to regain that."

Liberals From Across US Helping Lieberman's Primary Foe. The New York Times (5/19, Yardley, 1.19M) reports that "from across the nation, a determined alliance of antiwar activists is working overtime online and on doorsteps to defeat" Connecticut Sen. Joe Lieberman (D), "whose political moderation helped him earn the Democratic nomination for vice president six years ago. Their goal is not only to punish Mr. Lieberman for staunchly supporting the war in Iraq but also to protest what the activists consider the Democratic Party's willingness to accommodate President Bush. Without a national race to focus on, thousands of activists from other states -- encouraged by a host of liberal bloggers -- have contributed money and volunteered to help the campaign of" businessman Ned Lamont, "who is trying to unseat Mr. Lieberman in the state's Democratic primary in August." The Times notes, "Many Democrats assert that the vigorous challenge to Mr. Lieberman is overshadowing the governor's race and taking money and attention away from three closely contested House races in Connecticut that many strategists consider crucial to the Democrats' majority hopes. 'It's absolute Democratic cannibalism,'" said ex-Connecticut Democratic Chairman John F. Droney.

Unifying Message Proves Elusive For Religious Liberals. The New York Times (5/19, Banerjee, 1.19M) reports that religious liberals have been meeting this week in Washington, D.C. at the Spiritual Activism Conference in an effort to plan "how to take their message to those in power. … Since the last presidential election, liberals of various faiths have talked about taking back religion from the conservative Christians who helped bring President Bush and a Republican Congress to power. Yet liberal believers have so far been unable to approach, even modestly, the success of the religious right and command the attention of Congress." The Times notes that if the gathering at the conference "is any indication, the biggest barrier for liberals may be their regard for pluralism: for letting people say what they want, how they want to, and for trying to include everyone's priorities, rather than choosing two or

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three issues that could inspire a movement. 'We didn't get on the same page with everyone, and it is about getting on the same page,' said the Rev. Tony Campolo, an outspoken liberal Baptist minister from Pennsylvania who once served as a spiritual adviser to President Bill Clinton, and attended the conference."

DHS Officials Says Many States Not Ready For Bird Flu. The AP (5/19, Jordan) reports many states have a "spotty" record in preparing for bird flu and it is matter of "not if, but when" the deadly virus reaches the United States, the Homeland Security Department's top doctor said Thursday. Dr. Jeffrey Runge, the department's chief medical officer, "said state and local governments carry most of burden of preparing for an outbreak," including "readying emergency medical workers, providing hospital beds and setting up treatment centers outside of immediate disaster areas." In an interview with the AP, Runge did not identify the states he said have been slow to prepare. However, he did say that states with "experience in dealing with hurricanes or terrorist attacks are further along."

Scientists Begin Testing For Bird Flu In Alaska. The AP (5/19) reports federal scientists Wednesday began testing migratory birds on a coastal wildlife refuge in Alaska for signs of bird flu, according to Bruce Woods, spokesman with the US Fish and Wildlife Service. It is the first sampling of a $4 million federal project to study 15,000 birds for the disease throughout the state this summer, Woods said.

WHO Probes Indonesian Bird Flu Cases For Human Transmission. The Washington Post (5/19, A17, Sipress, 744K) reports, "An international team of health investigators arrived on the Indonesian island of Sumatra on Thursday to determine whether an unusually large cluster of human bird flu cases indicates that the highly lethal virus has mutated into a form easily spread among people." USA Today (5/19, A6, 2.31M) reports, "The source of bird flu that killed five members of an Indonesian family isn't known, and human-to-human transmission can't be ruled out," the World Health Organization said on its Website. The WHO said the "most plausible" source was poultry, but "the possibility of limited human-to-human transmission cannot be ruled out." If that occurred, "it has not been either efficient or sustained," the WHO said.

However, the New York Times (5/19, Gelling, 1.19M) reports under the headline "5 Bird Flu Deaths In Indonesia Not Linked To Human Exchange," that WHO officials "said Thursday that the five avian flu deaths confirmed this week on Sumatra were probably not a result of human-to-human infection and did not suggest that the virus had mutated into a more deadly form." The Times quotes WHO epidemiologist Gina Samaan, who is investigating the recent cluster, as saying "the number of deaths had raised eyebrows, but so far the outbreak was similar to others in Indonesia that were caused by close contact with infected poultry."

Author Says Virginity Pledges Need To Be Re-Thought. In a New York Times op-ed (5/19), author Lauren F. Winner says, "The recent Harvard study that found teenagers' virginity pledges to be ineffective should come as a surprise to no one. Several studies had already come to that conclusion. If we are truly to help our teenagers adopt the countercultural sexual ethic of abstinence until marriage, Christians concerned about the rampant premarital sex in our communities need to rethink, rather than simply defend, young people's abstinence pledges." Although "the church devotes an immense amount of energy to teaching about sexuality — just go to the Christian inspiration section of your nearest Barnes & Noble and compare the number of books about chastity to books that challenge, say, consumerism — many Christians still 'struggle with' (in that euphemistic evangelical phrase) premarital sex, adultery and pornography." No "retooled pledge will guarantee teenagers' chastity, but words of grace and communal commitment are perhaps a firmer basis for sexual ethics than simple assertions that true love waits."

WSJournal Says House Earmark Reform Legislation Full Of Loopholes. The Wall Street Journal (5/19, 2.11M) says in an editorial, "When the House passed its lobbyist-reform bill last month, we praised the earmark transparency provision as a rare bright spot. Maybe we spoke too soon. Outsiders have now had a chance to inspect the fine print, and if Sarbanes-Oxley were this full of loopholes, few businesses would complain." Perhaps with "the House's Appropriator-in-Chief, Californian Jerry Lewis, now under investigation for allegedly steering millions in appropriations to a lobbyist via earmarks, reform will take on added urgency. But GOP leaders should understand that this kind of cynical loophole-writing won't make voters feel any better about them come November."

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WSJournal Says GOP Won't Get Payoff From Medicare Drug Benefit. The Wall Street Journal (5/19, 2.11M) says in an editorial, "Republicans have been touting new polls showing rising popularity for their Medicare drug benefit. But this week's panic in Congress to extend Monday's deadline for penalty-free enrollment is further evidence that the program has been far from the political home run the GOP once hoped." At "best, the drug benefit will be a political wash this first national election following its implementation, and there is reason for Republicans to worry that come November many seniors will be hitting the dread 'doughnut hole' where coverage stops. More ominously, Democrats are making a pledge to 'fix' the benefit -- meaning expand it -- their top campaign plank. So while Republicans might have gotten to play Santa for five minutes, they'll spend decades playing Scrooge as Democrats demagogue for more generous coverage."

NYTimes Cautions Against Investing In Emerging Markets. The New York Times (5/19, 1.19M) says in an editorial that the "lucky investors who have ridden the bull run of the emerging markets in recent years — and those still thinking about getting onboard — should remember one thing. What goes up quickly often goes down quickly as well." Investors are "stampeding, cash in hand, toward countries like Russia and India. As Landon Thomas Jr. reported in this paper yesterday, hedge funds, mutual funds and pension funds are embracing the risks and the returns in countries as far-flung as Zambia and the former Soviet republic of Georgia. Speculation may have overtaken smart investment." The "wise investors won't lose their heads and weight their portfolios too heavily toward the most exotic funds. The problem with hot money is that it's easy to get burned."

Personnel News. CQ (5/18, Blinkhorn) reports **Lea Fisher** "has been named government relations manager for the American Heart Association and **Kimberly Becker** has been named communications manager."

THE BIG PICTURE:

Headlines From Today's Front Pages.

Los Angeles Times:
"Hayden Defends Spying By NSA."
"Iconic Marine Is At Home But Not At Ease."
"L.A.'s Play For NFL Raises Concerns."
"Class-Action Law Firm Indicted In Fraud Case."
"2 Arrested In Homeless Life Insurance Scam."
"Senate Backs Role Of English."
"Cervical Cancer Vaccine One Step From Approval."

USA Today:
"Hayden Says NSA Program Is Legal."
"Starbucks Nation."
"Fliers Could Keep Their Shoes On If New Airport Scanner Is Approved."

New York Times:
"C.I.A. Choice Says He's Independent Of The Pentagon."
"Vote In House Seeks To Erase Oil Windfall."
"U.S. Indictment For Big Law Firm In Class Actions."
"Iran's Secrecy Widens Gap In Nuclear Intelligence."
"As Death Stalks Iraq, Middle-Class Exodus Begins."
"Violent Rebel Rift Adds Layer To Darfur's Misery."

Washington Post:
"Hayden Urges CIA Critics To Refrain."
"Afghanistan Rocked As 105 Die In Violence."
"Parks Official Is Blamed In Snyder Land-Clearing."
"Senate Votes English As National Language."
"Shooter Languished Between Delusions, Despair."
"Mubarak Rival Loses Freedom Bid."

Washington Times:
"Illegals Granted Social Security."
"Vaccine To Halt Cancer Endorsed."
"Hayden Defends Legal Tapping."
"Iraqi Journalists Risk Their Lives To Get The Story."
"Nagin Says Win Would Send Racial Message."
"Chef Finds It Hard To Get A Table In Washington."

Detroit Free Press:
"Shock Follows Athlete's Sentence."
"The Hunt For Hoffa Heats Up."
"New Construction On Shaky Ground."
"After-Hours Clubs Party Right On In Proof's Wake."

Atlanta Journal-Constitution:
"Registered Sex Offenders Ordered To Find New Homes."
"Senators Grill CIA Nominee."
"A Kindler; Gentler Stance On Seafood."
"Bird-Watchers Crestfallen Over Costly No-Show."

Houston Chronicle:
"Insurance For Winds No Longer A Breeze."
"Hayden Defends NSA Eavesdropping."

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"Panel OKs Cervical Cancer Vaccine."
"Civilian Traffic Force Could Help In A Jam."
"Lay's Team Challenges Validity Of Signatures."
"Senate Votes To 'Preserve' English."

Story Lineup From Last Night's Network News:

ABC: Bush-Yuma, AZ; Hayden Confirmation Hearing; Senate-Gay Marriage Ban; Air Force-Unnecessary Contract; Afghanistan Violence; Iraq Violence; Cervical Cancer Vaccine; Mortgage Rates Up; Hoffa Search; Unusual Names.

CBS: Cervical Cancer Vaccine; Hoffa Search; Hoffa Search-Analysis; Hayden Confirmation Hearing; Afghanistan-Taliban; Bush-Yuma, AZ; Mexican Drug Cartels; Afghan Child-US Military.

NBC: Hayden Confirmation Hearing; Bush-Yuma, AZ; Cervical Cancer Vaccine; Vioxx-Stroke Risk; Hoffa Search; Afghanistan Violence; Congress-Ethics Investigations; London-Airbus A-380; Sleep Requirements.

Story Lineup From This Morning's Radio News Broadcasts:

ABC: CA-Border Crosser Killed; Issa-Immigrant Smuggler Prosecutions; Bush-Yuma, AZ; Senate-English As National Language; MI-Search For Hoffa's Body.

CBS: Senate-Immigration; Bush-Yuma, AZ; CA-Border Crosser Killed; Study-Women, High Blood Pressure; Cervical Cancer Vaccine.

NPR: Bush-Yuma, AZ; CA-Border Crosser Killed; Hayden Confirmation Hearing; Chile-Fujimori Released On Bail; North Korea-Nuke Talks; Iraq-US KIA; Wall Street.

WASHINGTON'S SCHEDULE:

Today's Events In Washington.

White House:

PRESIDENT BUSH — Attends Thelma Drake for Congress reception, Private residence, Virginia Beach, Va.; speaks on competitiveness, Northern Kentucky University, Highland Heights, Ky.; attends Geoff Davis for Congress reception, Hilton Cincinnati Airport Hotel, Florence, Ky.

VICE PRESIDENT CHENEY — Delivers commencement address at Louisiana State University. Baton Rouge.

LAURA BUSH — Speaks at a Martha Rainville for Congress and Vermont Republican Party reception, The Inn at Essex, Essex, Junction, Vt.; speaks at a Lincoln Chafee for Senate and Rhode Island Victory 2006 reception. Providence Biltmore Hotel, Providence.

US Senate: HOMELAND SECURITY AND GOVERNMENTAL AFFAIRS _ Full Committee. Vote on pending nominations of Rob Portman to be director, Office of Management and Budget; Robert I. Cusick to be director, Office of Government Ethics, Office of Personnel Management; David L. Norquist to be chief financial officer, Department of Homeland Security. Notes: Time and location are TBA. Meeting will be after the first vote on the day on the Senate floor.

8:30 a.m. APPROPRIATIONS _ Labor, HHS and Education Subcommittee. Hearing on the FY07 budget for NIH. Dr. Elias A. Zerhouni, Director, National Institute of health; Dr. John E. Niederhuber, Acting Director, National Cancer Institute; Dr. Francis Collins, Director, National Human Genome Research Institute; Dr. Elizabeth Nabel, Director, National Heart, Lung, and Blood Institute; and Dr. Anthony Fauci, Director, National Institute of Allergy and Infectious Diseases. Location: Room 192, Dirksen.

US House: FLOOR SCHEDULE _ 9 a.m. Meets for legislative business. Highlights: H.R. 5385 - Military Quality of Life and Veterans Affairs Appropriations Act.

8 a.m. APPROPRIATIONS _ Foreign Operations, Export financing and Related Programs Subcommittee. Markup of the foreign operations appropriations bill. Location: Room H-140, Capitol. Notes: Immediately following the markup Subcommittee Chairman Rep. Jim Kolbe will hold a media availability.

Other: TAXES _ The National Tax Association holds its spring symposium. Highlights: 10:45 a.m. Session on the impact of piecemeal tax policies. Location: Holiday Inn-Capitol Hill, 550 C St. NW.

CHILDREN'S RIGHTS _ The Campaign for US Ratification of the UN Convention on the Rights of the Child holds a summit meeting on the convention, "Mobilizing Communities for Ratification." Highlights: 10 a.m. Nashville Mayor Bill Purcell discusses the state of U.S. children. Location: American University.

GEORGETOWN COMMENCEMENTS _ Schedule of Georgetown University commencement events. Highlights: 3 p.m. School of Business Tropaia, with Metropolitan Opera General Manager Joseph Volpe. Gaston Hall. 6:30 p.m. Commerce Secretary Gutierrez. McDonough Arena.

INTERNET _ 8 a.m. Federal IPv6 Summit on The New Internet, also known as Internet Protocol version 6 (IPv6), a

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massive upgrade to the existing Internet (IPv4, in service since 1973) that offers major improvements in security, mobility and interoperability, which resulted in recent actions by the Department of Defense and the OMB (Office of Management and Budget of the White House) that mandated this new standard for the entire Federal Government. Location: Hyatt Regency Hotel, 1800 Presidents St. Reston, Va.

PRESCRIPTION DRUGS _ The National Legislative Association on Prescription Drug Prices holds its spring meeting. Highlights: 10:15 a.m. Keynote presentation: drug industry whistleblower Peter Rost. Location: Wilson Building, 1350 Pennsylvania Ave. NW.

CHINA-TRADE _ 8:30 a.m. The Council of Supply Chain Management Professionals holds a roundtable on trade with China, with Deputy Assistant Commerce Secretary Henry Leving, Zhong Chuanshui of the Chinese Embassy, others. Location: George Mason University Law School, 3301 Fairfax Dr., Arlington.

RUSSIA-OIL _ 10 a.m. - 4 p.m. The American Enterprise Institute holds a conference on the Russian oil industry, with Clifford Gaddy of Brookings Institution, Julia Nanay of PFC Energy, Thomas Graham of NSC, Vladimir Milov of the Institute of Energy Policy, others. Location: 12th floor, AEI, 1150 17th St. NW.

NUCLEAR TERRORISM _ 8 a.m. Linton Brooks, administrator of the National Nuclear Security Administration, discusses nuclear terrorism at a seminar hosted by the National Defense University Foundation. Location: Capitol Hill Club, 300 1st St. SE.

CHINA-INTELLECTUAL PROPERTY _ 8:30 a.m. American Association of Publishers holds a program on perspectives on opportunities and challenges facing publishers in the Chinese Market. Participants include Commerce Undersecretary Jon Dudas, Assistant USTR Victoria Espinel, others. Location: Room 202A, Washington Convention Center.

PANAMA CANAL _ 9 a.m. Vice President Samuel Lewis Navarro of Panama speaks at the Center for Strategic and International Studies on expansion of the Panama Canal. Location: B-1 conference level, 1800 K St. NW.

PENTAGON-IRAQ SECURITY _ 9 a.m. Army Lt. Gen. Peter W. Chiarelli, commander of the Multinational Corps-Iraq, will brief live from Iraq to provide an update on ongoing security operations in Iraq. Location: DOD Briefing Studio, Pentagon 2E579.

SOCIAL SECURITY _ 9 a.m. The Hudson Institute holds a discussion with David Macpherson of Florida State University discussing Social Security, with respondents Deputy Labor Secretary Steven Law, John Turner of AARP, others. Location: 6th floor, 1015 15th St. NW.

WOMEN_TAXES _ 9 a.m. The National Council for Research on women, others, hold a briefing on the impact of tax and budget policies on women and people of color. Location: Room 2105, Rayburn.

DEMOCRATS-FEMA TRAILERS _ 10 a.m. The Senate Democratic Policy Committee (DPC) will conduct an oversight hearing to examine reports that FEMA has broken not only its promise to re-compete massive no-bid contracts awarded in the wake of Hurricane Katrina, but that it has failed to award new contracts to local businesses as promised earlier this year. Location: Room 138, Dirksen Senate Office Building.

MILITARY EXPERIMENT _ 10 a.m. NATO's Supreme Allied Commander Transformation and Commander, U.S.Joint Forces Command USJFCOM) Air Force Gen. Lance Smith host a media availability at the conclusion of the Multinational Experiment 4 (MNE 4) Senior Leader Seminar May 19. In addition to Gen. Smith, MNE 4 representatives will also take part in the briefing. The news media briefing, to be held in Brussels, Belgium, will discuss lessons learned from MNE 4 and the way ahead for Multinational Experiment 5. Location: DOD Press Briefing Room, Pentagon.

MOUSSAOUI _ 10 a.m. U.S. District Judge Leonie Brinkema holds a hearing on a government motion to reconsider the court's order granting counsel for family members of victims of the 9/11 attacks access to certain materials in the Moussaoui case. Location: U.S. District Court, Alexandria.

HOMELESS VETERANS _ 10:30 a.m. Reps. Lane Evans and Robert Filner hold a congressional forum on homeless veterans. Location: Room 334, Cannon.

DEMOCRATS-TAXES _ 11 a.m. Representatives James E. Clyburn, Charles Rangel, Xavier Becerra and Debbie Wasserman Schultz hold a press conference to refute what they say are House Speaker Dennis Hastert's "out of touch comments" regarding the taxes paid by middle-class families. They will be joined by members of a working middle class family, who sponsors say Republican policies have consistently ignored. Location: Cannon Terrace.

OAS-PANAMA _ 11 a.m. The Permanent Council of the Organization of American States holds a special meeting to

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receive Panama's Vice President and Minister of Foreign Affairs, Samuel Lewis. Location: OAS, Constitution Ave. and 17th St. NW.

PENTAGON TOWN HALL _ 11 a.m. Defense Secretary Rumsfeld and Joint Chiefs of Staff Chairman Gen. Peter Pace hold a Pentagon town hall meeting. Location: Pentagon Auditorium.

MEDICARE _ 12:15 p.m. The Alliance for Health Reform and the Commonwealth Fund hold a luncheon briefing on the Medicare Advantage program, with Abby Block of CMMS, Brian Biles of George Washington University, Karne Ignagni of Amnerica's Health Insurance Plans, Marsha Gold of Mathematica Policy Research, others. Location: Room 325, Russell.

IRAQ _ 12:30 p.m. The Center for Strategic and International Studies holds a discussion with Sen. Russ Feingold on Iraq and refocusing the national security strategy. Location: B-1 conference level, 1800 K St. NW.

MAYORS _ 12:30 p.m. National Press Club luncheon with Mayor Beverly O'Neill of Long Beach, Calif., president of the U.S. Conference of Mayors. Location: National Press Club.

SAUDI PRISONS _ 3 p.m. The Federation of Indian American Christian Organizations of North America holds a briefing with a man arrested by Saudi police for practicing Christianity. Location: Wilson Room, 100 Maryland Ave. NE.

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THE ATTORNEY GENERAL'S *NEWS BRIEFING*

PREPARED FOR THE OFFICE OF PUBLIC AFFAIRS, U.S. DEPARTMENT OF JUSTICE

TO: THE ATTORNEY GENERAL AND SENIOR STAFF

DATE: FRIDAY, MAY 19, 2006 7:45 AM EDT

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TERRORISM NEWS:

Hayden Grilled On NSA Programs During Confirmation Hearing. Gen. Michael Hayden yesterday testified at the Senate Intelligence Committee hearings on his nomination to be CIA director. As expected, senators questioned Hayden closely over his handling of domestic surveillance programs while at the helm of the NSA. Media observers generally agree that nothing arose that would prevent Hayden's eventual approval. Knight Ridder (5/19, Kuhnhenn), for example, says Hayden "seems assured of Senate confirmation to take over the CIA and would become the agency's third director since the Sept. 11 attacks. The committee will vote next week." USA Today (5/19, Stone, 2.31M), meanwhile, quotes Sen. Carl Levin, the Intelligence Committee's senior Democrat, saying of Hayden, "It's very likely he'll be confirmed." And the New York Times (5/19, Mazzetti, 1.19M) reports that "for the most part, Democrats as well as Republicans praised his experience and said he was a good choice to lead an agency."

The story was the lead on NBC, and also ran early in the lineup of ABC and CBS. NBC Nightly News (5/18, lead story, 2:50, Mitchell, 9.87M) reported, "General Hayden

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aggressively defended warrantless eavesdropping and a second program to track telephone numbers as legal. Under fire about government surveillance from committee Democrats, Hayden wouldn't back down." Hayden "insisted the National Security Agency targets al Qaeda, not ordinary Americans. Most committee members were not briefed on the secret programs until late yesterday, a last-minute White House effort to blunt today's questions. It didn't completely work." The CBS Evening News (5/18, story 4, 2:15, Schieffer, 7.66M) reported, "Instead of focusing on how Hayden planned to handle his new job, the senators spent most of the day asking him about his old job, head of the National Security Agency." CBS (Attkisson) added Hayden "remained cool as he faced more than six hours of questions, most of them on the fine line between protecting Americans and stepping on liberties. For the first time publicly, Hayden seemed to confirm reports that a terror surveillance program he helped devise does access phone call data but not conversations of millions of Americans." Hayden "also defended another surveillance method, eavesdropping on targeted phone conversations between people in the US and foreign countries." General Hayden's "performance has even Democrats telling me today that barring any unforeseen surprises, he's probably going to sail on through confirmation."

ABC World News Tonight (5/18, story 2, 2:35, Stephanopoulos, 8.78M) reported Hayden "disarmed the committee by promising to crack down on leaks, train better spies and obey the law. From the start, the four-star General appeared to be among friends." Still, Democrats "wasted no time grilling Hayden on the controversial warrantless wiretapping program he ran at the National Security Agency. Especially recent allegations that the NSA collected records of billions of American phone calls." ABC ran an exchange in which Sen. Carl Levin pressed Hayden over whether he had concerns about the privacy of ordinary Americans while at the NSA. CNN's The Situation Room (5/18, Blitzer) added that Hayden promised "to try to take the politics out of intelligence gathering. But…Hayden may be feeling like a political football himself, as questioning by the Senate Intelligence Committee members continues." The AP (5/19, Shrader) notes Hayden "vigorously defended the Bush administration's warrantless eavesdropping program as a legal spy tool needed to ensnare terrorists." He "portrayed himself as an independent thinker, capable of taking over the CIA as it struggles with issues ranging from nuclear threats to its place among 15 other spy agencies."

The Chicago Tribune (5/19, Hedges, 643K) reports Hayden said that "he initially doubted the legality of a Bush administration program to expand domestic wiretaps on US citizens after the Sept. 11 attacks, but that White House officials convinced him the program was lawful." The New York Times (5/19, Lichtblau, 1.19M) adds that "again and again, he cited the legal and constitutional authority for the program, the safeguards against abuses, and the need for secrecy to ensure its effectiveness." But while "the message was constant, General Hayden sought to put a more human face on the effort, explaining his role and that of his aides in running the surveillance program." The Washington Post (5/19, A1, Linzer, Babington, 744K) notes Hayden "deflected specific questions on sensitive subjects, including interrogation methods involving terrorism detainees and the scope of the National Security Agency's warrantless eavesdropping operation, telling senators he would respond only during the closed-door portion of the hearing." On the wiretapping program, Hayden "said the White House's legal basis is rooted in the opinion that Article II of the Constitution gives the president expansive authorities in a time of war to conduct domestic surveillance. Hayden said he never personally reviewed the legal opinion that was drawn up in support of the program, but 'when they came to me and we discussed its lawfulness, our discussion anchored itself on Article II.'"

The Los Angeles Times (5/19, Miller, 958K) reports, "In perhaps the clearest signal of a looming shift in course for the troubled agency, Hayden made it clear that he believes the CIA has become too bogged down tracking daily developments in Iraq and other global trouble spots." Instead, "he suggested that the CIA should surrender more of that work to the Pentagon, focus more of its energies on anticipating longer-term threats and trends, and reconcile itself to a diminished role in which it is an important, but not isolated, member of the US intelligence community." The Wall Street Journal (5/19, Solomon, 2.11M) notes, "Currently, the Defense Department controls 80% of the US government's intelligence budget." Hayden's confirmation "would place active military officers in charge of all of Washington's principal spy agencies."

BellSouth Seeks Retraction From USA Today On Phone Record Database Story. USA Today (5/19, 2.31M) reports BellSouth "asked USA TODAY on Thursday to 'retract the false and unsubstantiated statements' about the company that it contends were in a May 11 story about a database of domestic calling records maintained by the National Security Agency." In a letter to USA publisher, Craig Moon, "the company noted that the story said BellSouth is 'working under contract with the NSA' to provide 'phone call records of tens of millions of Americans' that have been incorporated into the database." The letter says, "No such proof was offered by your newspaper because no such contracts exist. You have offered no proof that BellSouth provided massive calling data to the NSA as part of a warrantless program because it simply did not happen." The Wall Street Journal (5/19, Searcey, Ellison, 2.11M) adds BellSouth spokesman Jeff Battcher "said the demand for a retraction was in part prompted by the cost BellSouth likely will incur defending

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against as many as five lawsuits seeking billions of dollars that have been filed against the Atlanta-based company since the article's publication."

Four Suspected Terrorists Attempt Suicide At Guantanamo. The Los Angeles Times (5/19, Williams, 958K) reports that at Guantanamo Bay, "four terrorism suspects at the sprawling prison network here attempted suicide Thursday, and detainees at a camp for the most compliant prisoners attacked guards with improvised weapons when the guards tried to rescue a man attempting to hang himself, a spokesman for the U.S. military-run prison said." The disturbance "at Camp 4, a communal facility housing 175 prisoners, followed three overdose attempts earlier in the day at Camp 1, where about 180 detainees live in metal mesh cages." As many "as 10 detainees participated in the incident. It was unclear why the men sought to take their lives simultaneously or on this specific day."

State Department Will Not Use PRC-Made Computers On Classified Networks. Government Computer News (5/18, Wait) reports Rep. Frank Wolf announced yesterday "that the State Department has agreed that approximately 900 computers purchased from Lenovo Corp. will not be used on classified networks. The U.S.-China Commission…raised concerns with Wolf in April," and "Wolf contacted secretary of State Condoleezza Rice, FBI director Robert Mueller and John Negroponte, the director of national intelligence, and asked them to look into the matter." Wolf said yesterday, "This decision would have had dire consequences for our national security, potentially jeopardizing our investment in a secure IT infrastructure. It is no secret, and becoming more obvious…that the United States is a principal target of Chinese intelligence services."

HOMELAND RESPONSE:

DHS Officials Face "Grilling" Over Perceived Security Gaps, Staff Vacancies. In an article appearing on at least 40 news websites, the AP (5/19, Jordan) reports DHS officials Dwight M. Williams and K. Gregg Prillaman "sat through two hours of grilling" yesterday by members of the House Homeland Security oversight subcommittee who questioned the agency's contract with Shirlington Limousine, which has been tied to the investigation surrounding former Rep. Randall 'Duke' Cunningham, and the security clearance of former spokesman Brian Doyle, who is now charged with sex offences. Williams and Prillaman, along with the associate director of the US Office of Personnel Management, "largely portrayed the department as victim to a few bad employees and constraining contracting rules." Subcommittee members "also criticized department officials about rampant staff turnover at the third-largest federal agency, leaving some high-level jobs vacant."

Government Executive (5/18, Marino) reported Prillaman said, "Recruitment is probably our highest priority right now." However, a memorandum released by the subcommittee late Thursday said "senior-level vacancies" exist at FEMA, ICE, CBP and the TSA. Rep. Bennie Thompson said that with the approach of hurricane season, FEMA "must beef up its ranks. 'When I see only 73 percent of FEMA employees on board, I'm concerned,' he said." GovExec added, "This is the second time in recent weeks DHS officials have been grilled by legislators; Rep. Tom Davis, R-Va., chairman of the House Government Reform Committee, told DHS Secretary Michael Chertoff in a memo sent in late April that the department must announce how many jobs FEMA still has open. Davis' staff is still processing the results of that request."

In its "Federal Diary" column, the Washington Post (5/19, D4, Barr) reports, "It's no secret that morale is a problem at" DHS. Bush administration officials have tried to play down turf battles and culture clashes as transitional woes that would fade after the rank and file had worked together for five to seven years, but complaints by employees continue and are starting to get to the ears of members of Congress." Prillaman and Williams acknowledged yesterday "that turnover in top management jobs…appears to be adversely affecting employee morale." Meanwhile, Rep. Kendrick B. Meek "pointed to MaxHR, the department's new performance-based pay system, as a source of anxiety for the employees."

Rogers Wants Hearing On Shirlington Contract. The Washington Times/UPI (5/19, Waterman) reports DHS officials "have repeatedly defended" the way the Shirlington contract "was awarded and the security procedures under which it is operated. They have launched a counteroffensive on Capitol Hill, visiting with lawmakers in an attempt to assuage concerns." However, aides for Rep. Mike D. Rogers say he hopes to hold a hearing on the contract award "when Congress returns in mid-June from its Memorial Day recess, but that the timing would depend on when they were able to get documentation from the department."

Bill Requiring Agencies To Conduct Privacy Review Seen As Unlikely To Become Law. Government Executive/CongressDaily (5/18, Sherman) reported the House Judiciary Commercial and Administrative Law Subcommittee approved legislation Wednesday that would require agencies "to assess the privacy implications of any new or proposed rule," though it "appears to have little

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chance of becoming law despite the recent and ongoing furor over reports that certain phone companies have been giving calling data to the federal government." George Mason University Law School Professor Sally Katzen suggested in testimony "that agencies be required to give a copy of their privacy impact assessment to the director of the Office of Management and Budget." She "also…excoriated the administration for failing to name a replacement for Nuala O'Connor Kelly, who headed privacy efforts at the Department of Homeland Security but resigned last fall." CongressDaily added that the bill was "first…introduced by panel member Steve Chabot, R-Ohio, in the 106th Congress," and that Rep. Melvin Watt said, "This may be just another show."

TSA Looking Into Machine That Would Allow Passengers To Leave Shoes On. USA Today (5/19, Frank, 2.31M) reports that a machine being developed by GE called the ShoeScanner, which "would allow airline passengers to keep their shoes on while going through security checkpoints," is being looked at "with great interest," according to TSA chief Kip Hawley. "Anything that speeds up explosive detection through the checkpoint, we want to encourage," said Hawley. The machine, which "uses technology similar to a medical MRI to detect explosives in 5 to 8 seconds," will have to "pass testing in an airport before" before it can be used for passenger screening.

Four Suspected Terrorists Attempt Suicide At Guantanamo. The Los Angeles Times (5/19, Williams, 958K) reports that at Guantanamo Bay, "four terrorism suspects at the sprawling prison network here attempted suicide Thursday, and detainees at a camp for the most compliant prisoners attacked guards with improvised weapons when the guards tried to rescue a man attempting to hang himself, a spokesman for the U.S. military-run prison said." The disturbance "at Camp 4, a communal facility housing 175 prisoners, followed three overdose attempts earlier in the day at Camp 1, where about 180 detainees live in metal mesh cages." As many "as 10 detainees participated in the incident. It was unclear why the men sought to take their lives simultaneously or on this specific day."

Judge Dismisses Detainee Lawsuit. The New York Times (5/19, Lewis, 1.19M) reports, "A federal judge on Thursday dismissed a lawsuit brought by a man who says he was an innocent victim of the United States government's program transferring terrorism suspects secretly to other countries." Judge T. S. Ellis III ruled against the plaintiff, Khaled el-Masri, to prevent "exposure of state secrets." The ACLU said it would consider an appeal.

WAR NEWS:

Five Americans, Two Dozen Iraqis Slain In Violent Day. ABC World News Tonight (5/18, story 6, 1:55, Vargas, 8.78M) reported that yesterday was "a very bad day in Iraq. Four American soldiers, one US sailor and two dozen Iraqis have been killed." ABC (Berman) also profiled one of the slain Iraqis, 37-year-old Thaier al-Ubeidi, "a police officer in Baghdad, dangerous work. But he was not killed on the job. He was killed on his way to buy dinner for his children. A group of gunmen drove past in a car, says his brother. They shot him five times. His brothers say they don't know why he was killed."

The AP (5/19, Quinn) reports that meanwhile, "the kidnappers of a United Arab Emirates diplomat in Iraq demanded the closing of the country's embassy in Baghdad in a videotape aired on Arab television. Al-Jazeera TV did not air audio with the video, which showed a man said to be the hostage, Naji Rashid al-Nuaimi, 28, who was abducted by gunmen Tuesday in Baghdad." The Washington Post (5/19, A14, Knickmeyer, Sarhan, 744K) also reports in the Iraqi violence in a story headlined "Iraqi Leader Acts To Defuse Shiite Rivalry In Basra," in which it says President Jalal Talabani "convened an emergency meeting Thursday to discuss the southern port of Basra, Iraq's second-largest city and the heart of a growing, lethal power struggle among some of the Shiite Muslim religious parties that lead Iraq's governing coalition."

Violence Said To Be Driving Middle-Class Away. The New York Times (5/19, Tavernise, 1.19M) reports, "In the latest indication of the crushing hardships weighing on the lives of Iraqis, increasing portions of the middle class seem to be doing everything they can to leave the country. In the last 10 months, the state has issued new passports to 1.85 million Iraqis, 7 percent of the population and a quarter of the country's estimated middle class." The Times adds, "The school system offers another clue: Since 2004, the Ministry of Education has issued 39,554 letters permitting parents to take their children's academic records abroad. The number of such letters issued in 2005 was double that in 2004, according to the director of the ministry's examination department. Iraqi officials and international organizations put the number of Iraqis in Jordan at close to a million. Syrian cities also have growing Iraqi populations."

Iraqi Reporters Risking Their Lives. The Washington Times (5/19, Behn, 90K) reports, "The recent killings of six Iraqi journalists have rattled the country's fledgling press corps, a battle-worn crew that has persisted in covering the nation's turmoil while suffering dozens of dead at the hands of insurgents, government troops and even American forces." Reporters Without Borders "counts 68 reporters and

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cameramen killed so far trying to cover Iraq at war; if translators and other assistants are counted the total is 86, making this the deadliest conflict for journalists since World War II."

Marine Officials Not Disputing Murtha Statements On Attack That Killed Civilians. The AP (5/19, Baldor) reports, "Military officials said Thursday that a criminal investigation into a firefight in western Iraq that left at least 15 civilians dead is not complete, but they did not dispute a congressman's charges that the attack by Marines was far worse than originally reported." The AP adds, "Officials in the Pentagon and at U.S. Central Command declined to say whether Rep. John Murtha…was correct in saying Marines killed innocent women and children 'in cold blood' during the attacks last November. … Pentagon spokesman Bryan Whitman said he would not comment on the veracity of Murtha's remarks, but said individuals will be held accountable if it is determined they did something wrong."

Meanwhile, the New York Times (5/19, Shanker, 1.19M) says that "an official military investigation into allegations that American marines killed innocent Iraqis last November has uncovered evidence that the number of dead civilians is higher than the 15 originally reported, Congressional and Defense Department officials said."

New Iraqi Government To Be Announced Over Weekend. USA Today (5/19, Jervis, 2.31M) reports, "Iraqi leaders will announce the makeup of the country's new government this weekend, then turn to the task of running a country increasingly divided along ethnic and religious lines. After months of wrangling, those leaders say they have come up with a system that will help develop consensus on critical issues." The new government "has established oversight committees in which representatives of Iraq's various groups will debate issues and resolve problems, said Humam Hammoudi, an influential cleric with the United Iraqi Alliance, the religious Shiite alliance that is the largest political bloc in parliament." The Washington Times (5/19, Behn, 90K) says the new cabinet "will include a new Ministry of National Dialogue, in an effort to stop the sectarian killings and violence that has spread through most of the country." But "the effort might fall short, because Sunni leaders are not satisfied with the Cabinet lineup cobbled together after months of closed-door negotiations."

Rumsfeld Says Efforts To Stop Formation Of Iraqi Government Will Fail. Defense Secretary Donald Rumsfeld was asked on Fox News' The O'Reilly Factor (5/18) what he would say to people who feel the Iraq war cannot be won. Rumsfeld said, "I can say that I can understand how some people could feel that way, given what they hear on the television and what they see in the press. And on the other hand, if you put yourself in the position of Zarqawi and the terrorists and the insurgents, they tried to stop the election last year in January, and they failed. They tried to stop the drafting of a constitution and they failed. They tried to stop the referendum on the constitution and they failed. They tried to stop the election December 15 and they failed. They're now trying to stop the formation of a new government and they're going to fail in the next few days. It's going to be completed and announced."

Senate Investigates Allegations Of Torricelli Link To Oil-For-Food Scheme. The Financial Times (5/19, Gatti) reports, "The US Senate is looking into allegations that" former US Senator Robert Torricelli "urged Baghdad to give a US company lucrative contracts under the much-criticised United Nations oil-for-food programme." It "is the first time that a leading US lawmaker has been linked to the controversial UN programme, whose shortcomings have been an important element of the Bush administration's critique of the UN." According to documents retrieved after the Saddam Hussein was overthrown, Torricelli "had a series of meetings in the late 1990s, when he was a congressman, with Nizar Hamdoun, then the Iraqi ambassador to the United Nations. During these meetings, Mr Torricelli allegedly urged the Iraqi authorities to help" Torricelli campaign contributor David Chang and his lobbying company Bright and Bright "get oil-for-food contracts on good terms."

Over 100 Killed As Taliban Violence In Afghanistan Spikes. In Afghanistan, the arrival of spring has brought a new wave of violence, as Taliban fighters cross the border from Pakistan into two southern provinces. More than 100 people, mostly Taliban fighters, were killed yesterday in ongoing attacks. ABC World News Tonight (5/18, story 5, :30, Vargas, 8.78M) reported, "There's been an explosion of violence in Afghanistan, some of the worst fighting since the US helped to overthrow the Taliban government after 9/11. Most of the fighting has been in two southern provinces, including a brazen assault by hundreds of Taliban fighters on one, small town. 87 Taliban, 15 police officers, a Canadian soldier and an American contractor have been killed. The American died in a car bombing in the northwest city of Herat."

The CBS Evening News (5/18, story 5, 1:40, Logan, 7.66M) added, "This time of year, springtime, is always the fighting season in Afghanistan, so it's no surprise to see an increase in the attacks here. But what this is really about is the fact that the Taliban have continued to have a safe haven across the Afghan border inside Pakistan, and no one has done anything about that." The Taliban, "according to the Afghans that I speak to, they say they're better equipped than the Afghan security forces."

NBC Nightly News (5/18, story 6, 2:25, Maceda, 9.87M) reported, "The Taliban's comeback is not only on the

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battlefield, but increasingly in the hearts and minds of Afghans. Why? Analysts say the democratic values embodied by Afghan President Hamid Karzai haven't caught on." Despite "some $12 billion in aid and the loss of over 220 US soldiers, many Afghan men in the street want the Taliban back. Increasingly, the Taliban is seen here as a protector of Islamic values against an invasion of threatening Western ways."

Knight Ridder (5/19, Landay) says the unrest "comes as thousands of British, Canadian and Dutch peacekeepers are deploying into southern Afghanistan, replacing .. troops in a major expansion of NATO's International Security Assistance Force." Some of the violence "is related to tribal rivalries and a major Afghan government drive to eradicate the poppy crops that make the country the world's largest producer of opium, from which heroin is made."

USA Today/AP (5/19, Khan) reports Karzai "said the violence was coming from the mountainous regions of neighboring Pakistan. The area is populated by ethnic Pashtuns, who make up the majority of the Taliban militants. 'In the madrassas (Islamic schools), the mullahs and teachers are saying to their students: "Go to Afghanistan for jihad,"' Karzai said." Pakistan's Foreign Ministry spokeswoman, Tasnim Aslam, "called the allegations 'baseless.'" Similar stories appear in the Washington Post (5/19, A1, Constable, 744K) and New York Times (5/19, Gall, 1.19M).

US Soldier Rewarded With Silver Star For Bravery In Afghanistan. The Washington Post (5/19, A13, Tyson, 744K) reports, "Sgt. 1st Class David Lowe and his Special Forces A-team were in their last week in Afghanistan on June 10, 2005, when their base received an urgent call: A small group of 82nd Airborne paratroopers was pinned down in a firefight near the Pakistan border and needed support. … Lowe's bravery in the Afghan mountains that sweltering summer day was rewarded Thursday with a Silver Star, which was pinned on by Brig. Gen. John F. Mulholland Jr., the head of the Special Forces Command, as Lowe and 12 fellow soldiers from 1st Battalion, 7th Special Forces Group, were honored at a ceremony here."

Army Doctor Arranges For Afghan Child's Heart Surgery In US. Army cardiologist Maj. Sloane Guy arranged for an Afghan child to travel to the US for surgery to correct a severe heart defect. The story was covered by the CBS Evening News (5/18, story 8, 2:35, Assuras, 7.66M), which reported, "His Army nickname is Blue because that's the color Mohammed Umer's lips, fingers, and toes were when Major Sloane Guy found him half a world away in Afghanistan." Mohammed is "from a remote village in northeastern Afghanistan. Last April, he was so sick, his father turned to the US military for help. Major Guy realized the equipment needed to save Mohammed's life wasn't available in Afghanistan." Maj. Guy: "I made a commitment to him to try to bring him over here." Assuras: "It took more than a year to get here. He and his father were twice denied visas, so Major Guy went to the top for help, calling Senator and surgeon Bill Frist, with whom he had trained. This week, father and Blue arrived and Major Guy was at Andrews Air Force Base in Maryland to greet them." Today, "a big thumbs up after open heart surgery at Children's National Medical Center in Washington. The next two days are critical for Mohammed but" he is expected to "return to Afghanistan within two months with a healthy heart, needing a new nickname since he will no longer be blue."

DOJ:

US Attorney Says Active Solutions' Routing Calls To Him Is Harassment. The Roanoke Times (5/19, Nair) reports that Assistant U.S. Attorney Patrick Hogeboom "claims in court documents that he recently received calls from six elderly customers of Active Solutions, an Ohio-based medical equipment company, requesting that he service their broken-down motorized wheelchairs" and "filed a motion seeking a temporary restraining order against Active Solutions and its parent company, CBI Co. LLC." The companies are "under federal investigation for suspected Medicare fraud," and "Active Solutions has been telling wheelchair owners that Hogeboom can 'explain why the company cannot repair chairs.'" As "the customers…are potential witnesses or victims in the case, the government is requesting that a judge deem the company's behavior harassment." Hogeboom calls the companies actions "a sick practical joke."

CORPORATE SCANDALS:

Second Lay Trial Begins As Enron Conspiracy Jurors End First Day Of Deliberations. The Wall Street Journal (5/19, C3, McWilliams) reports ex-Enron chairman Kenneth Lay's "'other' trial -- on charges of violating bank-lending agreements -- began Thursday with his defense attorney insisting Mr. Lay wasn't aware of any violations." Lay is charged with bank fraud and misrepresentation for borrowing $75 million from three banks, Bank of America, Chase Bank, and Compass Bank, in order to buy Enron stock. The government contends the purchases violated loan agreements. Meanwhile, jurors in the conspiracy and fraud case against Lay and ex-Enron president Jeffrey Skilling completed their first full day of deliberations without reaching a verdict, and will resume on Monday.

The New York Times (5/19, Bajaj) reports the bank fraud charges against Lay were broken off from the main

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Enron case by Judge Simeon T. Lake III "after Mr. Lay's defense team sought to have the entire case against him separated from Mr. Skilling's" in what the Times calls "an unusual compromise." Lake has said he will not issue a decision "until the jury in the other case, which he also presided over, renders a verdict, which is expected to take a week or more."

USA Today (5/19, 8B, Farrell) reports prosecutor Robb Adkins said in his opening statement that Lay "repeatedly violated 'Regulation U,' a rule put in place following the 1929 stock market crash to protect banks from borrowers who speculate in the stock market. According to the rule, when a borrower uses stock as collateral for a loan, banks are only allowed to lend an amount equal to 50% of the stock's value. Every borrower has to sign a form indicating he or she understands the rule."

The Washington Post (5/19, D1, Johnson) reports ex-Bank of America executive James Shelton testified he discussed Regulation U with Lay on several occasions. But on cross-examination by Lay attorney Ken Carroll, Shelton said he "did not believe Lay had engaged in a scheme to defraud the bank." The Los Angeles Times (5/19) reports that "each of the four counts of bank fraud and false statements to banks carry prison terms of as many as 30 years and a fine of $1 million. Those penalties are in addition to the decades in prison Lay could face if convicted in the fraud and conspiracy trial."

First Enron Executive Retrial Also Gets Underway. The AP (5/19) reports, "Next door to Lay's bank fraud trial, the first of three retrials of five former Enron broadband-unit executives was winding down in its third week, with closing arguments expected as early as Friday. In that case, former unit finance chief Kevin Howard and former in-house accountant Michael Krautz are charged with conspiracy, fraud and falsifying records for allegedly using a sham deal to fake earnings in late 2000. Both testified this week that the deal was legitimate." A three-month trial in 2005 ended in a hung jury.

Ailing Lay Lead Attorney Profiled. The New York Times (5/19, Barrionuevo) runs a story on the much-covered health problems of Lay's lead attorney, Michael Ramsey, who "was forced into surgery to clear an arterial blockage" during the conspiracy trial. For Ramsey, "who describes himself as a hard-drinking, chain-smoking legal warhorse, it was the beginning of the most challenging personal odyssey of his career and an event that may turn out to play a crucial role in the outcome of Mr. Lay's case." He ultimately "missed more than a month of the 56-day trial, including the testimony of Mr. Lay."

White-Collar Law Firms Turning To Corporate Criminal Defense. The Los Angeles Times (5/19, Selvin) writes that "white-shoe" law firm O'Melveny & Myers "probably won't be fully compensated" for their work defending Skilling, who "appears to have exhausted his defense fund. But the payoff down the road could be well worth it, even if Skilling is convicted. The decision to defend Skilling is seen as a business move by Petrocelli and his firm, O'Melveny & Myers, to burnish their reputation and expertise in white-collar criminal defense." Firms like O'Melveny "that had once shunned criminal work as distasteful have come to see defending alleged corporate wrongdoers as a potential growth business. Enron's collapse, other corporate scandals and passage of the Sarbanes-Oxley law tightening corporate accounting rules have fueled much of this growth."

LATimes Says Enron Executives Are On Trial For Arrogance. An editorial in the Los Angeles Times (5/19) says, "Jurors finally began deliberations Wednesday in the nation's latest trial of the century, the criminal case against former Enron executives Jeffrey Skilling and Kenneth Lay. Although charged with multiple counts of conspiracy, fraud and insider trading related to the energy company's 2001 collapse, the ex-CEOs were really on trial for arrogance -- 'extraordinary arrogance,' as one prosecutor called it in her closing argument. … Now the fates of Skilling and Lay are in the hands of 12 fatigued jurors in Houston. Their charge is to consider only the evidence in the 28 counts of fraud, conspiracy and insider trading against Skilling and the six counts of fraud and conspiracy against Lay. But it's unlikely that they will forget all that they have seen and heard in the last 15 weeks. Nor will the rest of us."

Columnist Says Lay, Skilling Betting On "Nothing Happened" Defense. In his New York Times (5/19) business column, Floyd Norris writes, "In the previous trials of chief executives whose companies imploded in fraud, the defense has always been one of ignorance, that underlings pulled it off behind the boss's back. It is an embarrassing defense, given that it implies the boss got millions for doing a very bad job, but sometimes it has worked." But Lay and Skilling "went for the 'nothing happened' defense, holding that there was nothing really wrong until Enron folded because of a loss of confidence." The "audacious" argument is meant to suggest that since "there was nothing really wrong at Enron, Mr. Lay and Mr. Skilling seek to preserve both their freedom and their reputations."

Milberg Indicted For Kickbacks In Class Action Suits. A federal grand jury indicted Milberg Weiss Bershad & Schulman, the nation's best-known class-action law firm, for a 20-year conspiracy to funnel payments to plaintiffs in dozens of securities class-action cases as part of a scheme to improve their prospects of gaining the lucrative status of lead counsel. The Wall Street Journal (5/19, A1, Wilke, Koppel, Sanders) reports this "could prove fatal" to Milberg, as it "will find it nearly impossible to win future assignments." Discussions between the firm and the government on "a deferred-prosecution agreement that would have avoided

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criminal charges" collapse after Milberg wouldn't agree to "a waiver of attorney-client privilege and access to privileged internal records," and the case "is expected to bring new scrutiny of the government's tactics in its crackdown on corporate crime, including the increasingly common demand that companies under investigation waive attorney-client privilege and cut off legal-defense funds for partners or executives who have been accused -- not convicted -- of a crime."

The New York Times (5/19, Creswell) adds that this "is the first instance of a law firm with national reach facing criminal charges." However, "prosecutors have so far been stymied in efforts to charge the two primary targets of the investigation, Mr. Weiss and his former partner, William S. Lerach." Also, some "said they were disturbed that the entire law firm had been indicted, especially as the Justice Department has been reluctant to take such an action since the 2002 indictment of the accounting firm Arthur Andersen," which went out of business even though the Supreme Court overturned its conviction.

The Financial Times (5/19, Kirchgaessner) characterizes the indictment as "a sea change in the Justice Department's handling of white-collar crime and law firms." The Los Angeles Times (5/19, Reckard, Friedman), USA Today (5/19, 3B, Iwata) and Bloomberg (5/18, Pearson) also cover this story.

Government Widens Stock-Option Probe. The Wall Street Journal (5/19, A3, Bandler, Levitz) reports, "In a dramatic widening of the investigations into potential stock-option abuses, federal prosecutors in Manhattan have launched criminal probes of at least five U.S. companies," including Caremark Rx Inc., SafeNet Inc., Affiliated Computer Services Inc., Vitesse Semiconductor Corp., and UnitedHealth Group Inc. This "signals a significant ratcheting up of government scrutiny of option-granting practices." Lynn Turner, a former chief accountant for the SEC, notes that "unlike some complicated revenue-recognition cases brought by federal prosecutors in recent years, backdating would be easy for jurors to grasp." He also "predicted pressure would mount for boards to fire chief executives who had been involved in backdating." The New York Times (5/19) and AP (5/18) also cover this story.

Justice Department Joins Suit Against Abbott On Drug Pricing. The Wall Street Journal (5/19, B2, Carreyrou) reports, "The Justice Department joined a whistleblower lawsuit against Abbott Laboratories Inc. and Hospira Inc., alleging that the companies conspired to inflate Medicare and Medicaid reimbursements on some drugs from 1991 to 2001" by reporting "prices for its drugs to price publishers, such as the Drug Topics Red Book, that were as much as 1,000% higher than the prices the company charged hospitals and doctors," who could then "reap big profits by filing Medicare and Medicaid reimbursement claims that were much higher than what they had actually paid," Abbott allegedly marketed the scheme as "an inducement to buy its drugs" and "thereby increasing its own sales and profits." However, "Abbott denied the allegations and said it would defend itself vigorously." The Chicago Tribune (5/19, Japsen) notes that the suit "mirrors similar allegations brought against Abbott and dozens of other drugmakers in recent years" and is "part of a legal assault on pharmaceutical industry pricing."

HealthSouth To Pay $3 Million To Avoid Prosecution For Accounting Fraud. The New York Times (5/19, Whitmire) reports that in a deal that avoids "prosecution over a giant accounting fraud," HealthSouth "agreed to accept responsibility for crimes committed by its executives, must pay the money to the United States Postal Inspection Service's consumer fraud division, enact more stringent internal controls and commit no other illegal acts for three years." This ends "an investigation that began in March 2003" during which "15 executives, including 5 chief financial officers, have pleaded guilty or been convicted of participating in the fraud." The Los Angeles Times (5/19) also reports on the HealthSouth settlement.

NASDAQ May Delist Maces Security. The Philadelphia Business Journal (5/19) reports, "Mace Security International Inc. "faces a delisting from the NASDAQ stock exchange" as "an independent investigation into its hiring practices," including "t alleged hiring of undocumented workers at its car washes," which "was commissioned by the company's audit committee" delayed its "filing of the company's 10-K annual report for 2005 and its 10-Q quarterly report for the period ended March 31." However, Mace "received a stay of the delisting" and "a hearing before the NASDAQ Listing Qualifications Panel…is scheduled for May 25."

Financial Times Criticizes Sarbanes-Oxley. The Financial Times (5/19) editorializes, "America's smaller public companies had reason to hope the cost of complying with the Sarbanes-Oxley (Sox) act would this week be lightened. Their hopes were largely belied." Furthermore, the SEC "failed to specify when the reporting holiday for small caps would come to an end; and it forgot to clarify whether foreign companies could use this postponement." The result of all this is that "many US small businesses have reportedly avoided going public altogether, or are conducting initial public offerings on small cap exchanges in foreign markets," and "New York has lost its position as favourite port of call for the secondary listings of foreign companies in favour of London, Hong Kong and other less burdensome jurisdictions" The SEC's "most pressing concern" in its new guidelines

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"must be to address the incentive for the big four accounting firms to pile ever greater disclosure requirements on companies' internal controls."

CRIMINAL LAW:

House Probes Of Ney, Jefferson To Run Parallel To DOJ Investigations. The Washington Post (5/19, A4, Birnbaum, 744K) reports the House ethics committee "plans to quickly begin its probes into the activities" of Reps. Ney and Jefferson "while working with the Justice Department to avoid interference with federal prosecutors' investigations of the same lawmakers, according to people familiar with the panel's efforts." The committee's "surprise decision Wednesday to open inquiries into allegations that the congressmen accepted bribes -- as well as a third, wider-ranging probe -- was meant to tamp down criticism that the panel is dysfunctional and that the House is not policing the ethical lapses of its members, according to the sources." But it "was not clear that the committee would have enough time to complete its work before the end of the legislative session this autumn, or that its efforts would not complicate the work of Justice Department prosecutors and investigators." The logjam "over starting new investigations was finally broken after Rep. Alan B. Mollohan (D-W.Va.) was replaced last month as the committee's ranking Democrat by a respected veteran of the panel, Rep. Howard L. Berman (D-Calif.)." Yesterday, Republicans "sought to portray Mollohan as the primary cause of the long holdup in new investigations."

The AP (5/19, Margasak) reports the House ethics committee, "fortified by a pile of new money to conduct investigations, has become a player in major bribery probes that could leave some lawmakers facing double trouble: criminal prosecution and punishment by their peers." One "potential legal obstacle for the committee could be the Justice Department, which sometimes asks the ethics panel to step aside temporarily to avoid jeopardizing a prosecution. In the cases announced Wednesday, the committee could need some of the same witnesses and documents that are crucial to the Justice Department investigations."

The NBC Nightly News (5/18, story 7, 2:10, Williams, 9.87M) last night noted the investigations, reporting, "In Washington, this is the season of investigations into members of Congress. The ethics committee in the House has been paralyzed, dormant for over a year, because of a fight about its own rules of operation. But this week, it suddenly came to life and opened investigations into two members of Congress, perhaps with more to come." NBC (Reid) added, "Republican Bob Ney of Ohio and Democrat William Jefferson of Louisiana, both already under investigation by Federal prosecutors. Now, the House ethics committee, ending 16 months of partisan gridlock, has launched its own investigation into whether the two men accepted bribes. The allegations are serious, but longtime Congress watchdog Fred Wertheimer says these two cases are just the tip of an ethics iceberg." Fred Wertheimer, Congress watchdog: "We are facing the worst corruption scandals in Congress in decades."

Justice Department Goes To Trial In Safavian Case On Monday. The Wall Street Journal (5/19, Cummings, 2.11M) reports the Justice Department's "investigation of the Jack Abramoff lobbying scandal already has produced four guilty pleas. Now, prosecutors are about to find out whether an influence-peddling probe based largely on emails and a network of low-profile Republican aides can pass muster with a jury." David Safavian, "a longtime friend of Mr. Abramoff and a former White House official, is scheduled to go on trial Monday. He is charged with making false statements and obstructing government inquiries about Mr. Abramoff's relationship with him while he served as chief of staff of the General Services Administration, which manages government property." The trial "comes at a critical moment as the focus of the Abramoff investigation appears to be broadening from staff to members of Congress, most notably Ohio Republican Rep. Bob Ney. While the Safavian trial is narrowly focused on the former government official's actions, a court loss could be a psychological blow to the high-profile inquiry." The prosecutors' "task is complicated by the fact that they aren't planning to call Mr. Abramoff."

DOJ Funds Texas Internet Crimes Against Children Task Force. KTBC-TV Austin, Texas (5/18, 6:07 p.m.) reported, "Texas Attorney General Greg Abbott announced a grant from the US Department of Justice. The grant will help establish an Internet Crimes Against Children Task Force responsible for investigating online child exploitation cases in southern and central Texas. The task force will be responsible for both proactive and reactive investigations as well as prevention and education."

KXAN-TV Austin, Texas (5/18, 4:05 p.m.) reported, "Fighting cyber crime in Texas gets a boost today. The US Department of Justice has given $300,000 to the Texas Attorney General's cyber crimes unit. The money will be used to create an Internet Crimes Against Children Task Force, responsible for fighting child exploitation online."

Oklahoma Creating Online Predator Investigation Agency. KVII-TV Amarillo, Texas (5/18, 12:35 p.m.) reported, "Oklahoma will soon have a new crime-fighting agency. The state senate passed a bill yesterday creating a full-time crime bureau unit that will investigate cases of child pornography and pedophiles targeting children on the Internet. The bill now goes to Gov. Brad Henry, who made it

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a part of his legislative agenda. The Department of Justice estimates that one in every five teenagers is approached online by a sexual predator."

Former Weekly Reader Editor Guilty Of Internet Child Predator Charges. The Stamford (CT) Advocate (5/19) reports that former Weekly Reader editor Noel Neff was convicted on "charges of using the Internet to lure a minor to engage in sexual activity and traveling across state lines to engage in sexual conduct with a minor." He "faces a minimum of five year, and up to 60 years in prison." Francis O'Reilly of Fairfield, Neff's lawyer, "said his client never committed a criminal act and was only trying to share his insight as a sexually confused teenager with someone he thought was going through the same experience."

Louisiana Teacher Faces Federal Child Porn Charges. The AP (5/18) reports that a Jefferson Parish, Louisiana public school teacher "was in custody Thursday, booked on charges of possession of child pornography, federal authorities said. The FBI arrested Russell Counterman, 44, of New Orleans, after getting a tip that he allegedly downloaded files _ while at work _ containing sexually explicit images of children who ranged in age from 4 years old to teenagers, U.S. Attorney Jim Letten said. … Federal agents said Counterman was accused of using a school-issued laptop to download child pornography from the Internet at the school. After agreeing to a search, authorities said some of the alleged material was found in Counterman's classroom in a briefcase as well as in his home."

Florida Man Admits To Internet Sex Solicitation Charges. WTSP-TV Tampa Bay (5/18) reports on its website that Leroy Walter Lasky, Jr., of Port Orange, Florida, plead guilty "to using a computer to entice a minor to meet and have sex," and now "faces 5 to 30 years in prison.

Pentagon Contracting Probe Shows Federal Emphasis On Fighting Corruption. The Boston Globe (5/19, Kranish, 484K) reports that after covering a $15,000 luxury trip to Miami by former Rep. Randy Cunningham in March 2004, prosecutors say defense contractor Mitchell Wade "gave $32,000 in laundered campaign funds to Representative Katherine Harris" and "funneled $46,000 into the campaign account of Representative Virgil H. Goode Jr." Wade "then discussed getting specific defense appropriations with Harris and Goode or their staffs, according to court documents." The Globe notes that in addition to Harris and Goode, federal agents are investigating Reps. Robert Ney and William Jefferson, and "the totality of these investigations marks one of the Justice Department's most concentrated public corruption efforts in recent history. In a speech last week in San Diego, FBI Director Robert S. Mueller III said the bureau has made those cases its top priority. 'More than ever, the FBI must be actively engaged in combating public corruption,' Mueller said."

House Ethics Committee Hopes To Avoid Conflict With DOJ Ney, Jefferson Probes. The Washington Post (5/19, A4, Birnbaum, 744K) reports, "The House ethics committee plans to quickly begin its probes into the activities of Reps. Robert W. Ney (R-Ohio) and William J. Jefferson (D-La.) while working with the Justice Department to avoid interference with federal prosecutors' investigations of the same lawmakers, according to people familiar with the panel's efforts. Yet it was not clear that the committee would have enough time to complete its work before the end of the legislative session this autumn." The Post notes that DOJ "has traditionally opposed such parallel inquiries by congressional committees for fear that lawmakers might complicate its collection of testimony and information. … Stanley Brand, a lawyer and expert on congressional ethics, said that simultaneous inquiries are 'impractical' and might put the Justice Department's efforts in jeopardy."

Meanwhile, NBC Nightly News (5/18, story 7, 2:10, Williams, 9.87M) reported, "In Washington, this is the season of investigations into members of Congress. The ethics committee in the House has been paralyzed, dormant for over a year, because of a fight about its own rules of operation. But this week, it suddenly came to life and opened investigations into two members of Congress, perhaps with more to come." NBC (Reid) added that Ney and Jefferson are "already under investigation by federal prosecutors. Now, the House ethics committee, ending 16 months of partisan gridlock, has launched its own investigation into whether the two men accepted bribes. The allegations are serious, but longtime Congress watchdog Fred Wertheimer says these two cases are just the tip of an ethics iceberg."

Gillespie Says White House Was Told Of Intended Payment For Tobin Defense. The New Hampshire Union Leader (5/19, DiStaso) reports that ex-RNC Chairman Ed Gillespie "remembers telling someone at the White House that he had decided to have the RNC pay the legal defense bills for convicted phone-jamming conspirator James Tobin, but he can't remember who." Gillespie "told the New Hampshire Union Leader yesterday he informed the White House after he decided to authorize payment. The Washington Post reported on Wednesday that Gillespie told its reporter that he had 'informed the White House, without seeking formal approval, before authorizing the payments.' Gillespie told the Union Leader the two accounts were 'consistent' because he decided to authorize the payments before telling the White House and actually authorized the payments after telling the White House." Gillespie "yesterday told the Union Leader he could not remember who at the White House he informed of his decision to pick up Tobin's

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legal bills. 'I'm not going to guess,' he said. 'It was years ago, but as a matter of routine, I would have told somebody over there.' If someone at the White House had expressed displeasure with his decision, Gillespie said, 'It was too late. I had made the decision and they were not involved in it.'"

Kentucky High Court Rules Fletcher's Pardon Valid. The AP (5/19, Alford) reports, "The Kentucky Supreme Court on Thursday invalidated a string of indictments charging members of Gov. Ernie Fletcher's administration with rewarding political supporters with state jobs, leaving only the misdemeanor counts against the governor himself. Fletcher had pardoned his entire administration -- other than himself -- for any charges that could result from a probe into allegations of hiring misconduct. The state's high court said Thursday that Fletcher had the authority to issue the blanket pardon, something prosecutors had questioned. 'A gubernatorial pardon operates to cease any further legal proceeding concerning the pardon conduct including indictments,' Justice Martin Johnstone wrote in the court's 4-2 opinion. A special grand jury indicted Fletcher last week on misdemeanor charges of criminal conspiracy, official misconduct and violating a prohibition against political discrimination. It was among 29 indictments issued in the case -- 14 of which remain sealed by the court."

Former CDC Director Pleads Guilty On Padded Expense Accounts. The Atlanta Journal-Constitution (5/19, Torpy) reports that Donna Stroup, former director of the Coordinating Center for Health Promotion for the Atlanta-based Centers for Disease Control and Prevention, "pleaded guilty in federal court Thursday to a charge of theft of government funds for padding her travel expense accounts by an estimated $7,500."

Shootings Culminated Teen's Descent Into Madness. A front page story in the Washington Post (5/19, A1, Duggan) reports that friends of Michael W. Kennedy, who killed two police officers outside a Fairfax County police station last week, say the 18 year old "longed to have his mental health back, saying he felt tortured by strange delusions and might kill himself to find peace." The shootings "marked the end of a half-year descent from normalcy to homicidal madness. His decline began suddenly in the fall, they said, with the unexplained onset of chronic severe headaches and bouts of sleeplessness."

Deputy US Marshal Killed In Gun Battle With Police. The Memphis Commercial Appeal (5/19, Conley) reports, "A deputy U.S. marshal was shot numerous times by Memphis police before dying in an exchange of gunfire, a Shelby County Medical Examiner's report revealed Thursday. Mary Fisher, 46, died Sunday morning after she began shooting at two police officers in the driveway of her Cordova home at 1143 Palmina Cove." The Appeal adds, "The circumstances that sparked the shooting remain a mystery, and Shelby County Sheriff's deputies hope toxicology tests will help."

Homeland Security Officer Facing Murder Charge. The AP (5/18) reported, "A Department of Homeland Security officer faces a murder charge in connection with a shooting outside his apartment after authorities dismissed a lesser charge as his trial was about to begin. Douglas William Bates, 44, had been scheduled to go to trial Wednesday on a voluntary manslaughter charge, which carried a possible 11-year sentence. He now faces a sentence of 40 years to life on a second-degree murder charge with a gun enhancement, authorities said." Bates, who worked at Los Angeles International Airport, "is accused of firing his gun outside his apartment at 20-year-old Bassim Chmait after a dispute with Chmait and his friends in February of 2005."

Judge Won't Fast Track Duke Rape Case. The AP (5/19) reports that while one of the three Duke University lacrosse players charged with rape wants the case resolved in time for the next school year, Superior Court Judge Ronald L. Stephens said he will not fast track the proceedings. After the hearing, District Attorney Mike Nifong "said that he intends to try all three players together and that he does not expect any trial to begin before next year. [Reade] Seligmann, 20, of Essex Fells, N.J., and Collin Finnerty, 19, of Garden City, N.Y., were indicted last month on charges of raping a woman who had been hired to strip at a team party in March. A third player, co-captain David Evans, was indicted on Monday."

Fugitive Millionaire Hinckley Turns Himself In. The Des Moines Register (5/19) reports, "One of Iowa's most-wanted federal fugitives, a suspected millionaire swindler who disappeared nearly two years ago, has surrendered to federal marshals in Laredo, Texas, with only $40, a Mexican calling card and a pack of cigarettes. Federal authorities say Scott William Hinckley Sr., 57, surrendered to U.S. Marshals at the Mexican border on Sunday. Hinckley had been missing for nearly two years since he bolted from his Des Moines apartment with 33 months of probation left."

The AP (5/18, Beltran) reports, "Scott Hinckley served 47 months in prison for stealing an estimated $5.5 million from 330 investors in his Iowa and Missouri Rural Investment companies. He was released in March 2004 but missed an appointment with his parole officer four months later and had not been seen since."

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DOJ Charges Online Casino Duo On 12 Counts. TechWeb (5/18, Keizer) reports on DOJ's announcement of a "dozen money-laundering charges against the fugitive owners of an online gambling Web site who walked away with a quarter of a billion dollars." William Scott and Jessica Davis "laundered some $250 million raked in by their Internet betting site, which they sold in 2003 to an Australian company, Betcorp."

Kansas Man Charges As "Kingpin" Of Fraud Scheme. KMBC-TV Kansas City (5/18, Flink) reports on its website that F. Jeffrey Miller, operator of Miller Enterprises and Star Land Development, is charged with "60 counts, including conspiracy, bank fraud and money laundering" connected to "a $25 million fraud scheme." Prosecutors say he was the "kingpin of an operation that included loan officers who forged signatures, appraisers who inflated values, realtors and developers -- all allegedly designed to con banks and down-and-out home buyers out of millions of dollars."

The Kansas City Business Journal (5/19) reports Miller "is charged with one count of conspiracy, 53 counts of bank fraud and five counts of money laundering. Miller also faces one count of criminal forfeiture, in which the government seeks forfeiture of proceeds traceable to the alleged crimes, including $25 million, a residence in Stilwell, Kan., and an airplane."

Former North Carolina Lottery Commissioner Indicted For Fraud. The AP (5/18, Robertson) reports that a federal grand jury has indicted former North Carolina state lottery commissioner Kevin Geddings on fraud charges yesterday, saying he failed to disclose his work for a leading supplier of scratch-off lottery tickets. Geddings "was indicted on multiple counts of mail and wire fraud. If found guilty, he could face up to five years in prison and a $250,000 fine for each charge, said U.S. Attorney Frank Whitney."

The Winston-Salem Journal (5/19, Ingram) reports, "The release said that the indictment 'is part of an ongoing investigation' by federal and state authorities. It did not elaborate, but several lobbyists and state officials have appeared at the federal courthouse in Raleigh on days when the grand jury was expected to meet."

Two Elderly Women Investigated For Insurance Fraud. The AP (5/18, Nguyen) reports, "Two women in their 70s were arrested Thursday for investigation of insurance fraud after they collected more than $2 million in benefits from policies issued on the lives of homeless men who were killed in hit-and-run crashes, authorities said. Police believe the women may have committed the fatal accidents and were befriending other men to set up more insurance policies. … Helen Golay, 75, and Olga Rutterschmidt, 72, allegedly paid for the men to stay in apartments for as long as two years, police said. In exchange, they obtained the victims' signatures and opened more than a dozen life insurance policies that named the women as beneficiaries. In the November 1999 and June 2005 hit-and-runs, both victims were struck in street alleys in the early morning hours and no witnesses were found, police said. In both cases, Golay and Rutterschmidt came forward claiming to be relatives or fiancees of the men."

Missing Couple Found. The Charlotte (FL) Sun-Herald (5/19) reports that police near Nashville, Tenn. Detained Shannon Gordon and Nathan Myers, who were "reported missing and endangered" by "a family member for Myers," who said they were "missing for a week" and that "family members had received anonymous calls saying Gordon had been beaten up and Myers had been killed."

New Jersey University's Records Subpoenaed. The New York Times (5/19, Smothers) reports, "Federal prosecutors subpoenaed a wide range of documents on Thursday from the southern campus of the University of Medicine and Dentistry of New Jersey as part of their investigation into allegations of corruption and patronage at the institution, a lawyer for the university said. The action came one day after F.B.I. agents raided the state university's 366-student Stratford campus to stop the shredding of documents in the office of Warren S. Wallace, the senior associate dean for academic and student affairs at the School of Osteopathic Medicine."

Tax Fraud Nets Eight Years In Jail. The Puget Sound (WA) Business Journal (5/19) reports, "David Carroll Stephenson of Tacoma was sentenced to eight years in jail" and "ordered to pay $8.5 million in restitution to the IRS" after his conviction on "conspiring to defraud the United States and for not filing income tax returns for three years." He "formed and operated 'pure equity trusts,' where he told his clients to place their money so they could avoid paying income taxes." John Imhoff Jr., acting IRS chief, criminal investigation, released a statement that said the case, "should serve as a warning that taxpayers should be wary of tax planning arrangements that claim to drastically reduce or eliminate their tax liability while still allowing them unlimited access to their money."

Ex-Old Mutual Manager Makes Guilty Plea On Fraud Charges. The Baltimore Business Journal (5/19) reports that Bryn D. Phillips, a former treasury operations manager at Old Mutual Financial Network, "pleaded guilty to" one count of bank fraud and one count of mail fraud" alleging "she defrauded Old Mutual and banks of more than $850,000." She took the money "by falsely representing to

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Wachovia Bank that she had authority to transfer money from Old Mutual bank accounts into accounts that she controlled."

California Panel Calls For Recording Of Police Interrogations. The Los Angeles Times (5/19, Hong) reports the California Commission on the Fair Administration of Justice "called for police to tape interrogations of crime suspects in serious felonies and to videotape homicide interrogations. The proposal is meant to prevent wrongful convictions." The panel "called on the Legislature to mandate the taping through a new statute. Under the law, if interrogations are not recorded, jurors would be instructed to view confessions with caution."

CIVIL LAW:

Povich Lawyers Seek Dismissal Of Sexual Harassment Case. The AP (5/18) reports, "Lawyers for television talk-show host Maury Povich have asked a court to dismiss a $100 million sex harassment lawsuit against him and members of his staff and to compel the producer who filed it to arbitrate the dispute. Bianca Nardi, 28, of Fort Lee, N.J., complained in a lawsuit filed last month that some of her supervisors at The Maury Povich Show barraged her with sexual remarks and made her watch pornographic movies, wear revealing clothing and expose her body. … The lawsuit names Povich, NBC Universal Television Inc. and Povich's production company, Mopo, among others, as defendants."

Amazon.com Online Order Patent To Face Review. The Wall Street Journal (5/19, B2, Clark) reports, "The U.S. Patent and Trademark Office has agreed to re-examine Amazon.com Inc.'s high-profile patent on 'one-click' online shopping, after" Peter Calveley, an actor from New Zealand, "claimed there were possible prior inventions in the field." An agency examiner ruled that the re-examination "raised a 'substantial new question of patentability' affecting Amazon's patent."

CIVIL RIGHTS:

California Supreme Court Finds No Misconduct By Late Judge. The Los Angeles Times (5/19, Dolan) reports the California Supreme Court "rejected claims that a judge advised a prosecutor to remove prospective jurors from a death penalty trial because they were Jewish. The justices found insufficient evidence of misconduct by Alameda County Superior Court Judge Stanley Golde, who died in 1998. A misconduct finding could have led the courts to overturn dozens of death sentences." The court "also discounted claims that the Alameda County district attorney had a policy of barring not only Jews but also African American women from death penalty juries. A former Alameda County prosecutor had alleged that Golde, who was Jewish, had advised removing Jewish jurors because of their perceived aversion to the death penalty."

Judge Rejects Tennessee Senator's Claim Of Racial Bias In FBI Probe. The Memphis Commercial-Appeal (5/19, Buser) reports US District Judge Jon McCalla yesterday "rejected former state senator Roscoe Dixon's claims of unfair selective prosecution and refused to delay his upcoming Tennessee Waltz public corruption trial. … McCalla said federal prosecutors have 'broad discretion' to enforce federal laws within boundaries set by the constitution. He said that Dixon's claim of race-based prosecution in the FBI sting operation is not supported by any evidence that there are non-black individuals who could have been prosecuted for similar offenses but were not." The AP (5/19, Baird) adds that "McCalla rejected a petition to dismiss the bribery and extortion charges…or to delay his trial set for May 30. In that petition, Dixon claimed he is the victim of selective prosecution because he is black. … Dixon also sought more access to government files to search for evidence of racial bias and for a trial delay until October. McCalla rejected those requests, too."

West Virginia To Seek Compensation For Election Systems Costs. The AP (5/18) reports that West Virginia "Secretary of State Betty Ireland is asking county clerks to submit detailed information about how much voting machine snafus cost them," which will "be used to seek compensation from Election Systems & Software." The day after the primary, "Ireland complained to federal officials… blaming the voting machine vendor for 'vast delays' and 'broken promises.'"

Charges Dropped Against Mother In Mall Incident. The Columbia (MO) Tribune (5/18, Agnew) reports, "Charges have been dropped against a Columbia mother who was wrestled to the floor and handcuffed by Columbia police officers trying to contain a disturbance at the Columbia Mall. The incident was one of several involving Columbia police and black residents described last month to a U.S. Department of Justice official during a meeting of the National Association for the Advancement of Colored People. Columbia attorney David Tyson Smith said his client, Alva Scott, who is black, was simply trying to protect her children and leave the mall when officers prevented her from returning to her children, ages 2 and 8. Scott was eventually arrested and charged with trespassing, assaulting a police officer and resisting arrest."

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GOP Constituents' Letters Seeking Probe Of NAACP Were Forwarded To IRS. The AP (5/19) reports that several Congressional Republicans "forwarded constituents' letters to the" IRS "claiming the NAACP had veered into political advocacy, a potential violation of the civil rights group's tax-exempt status, according to documents released by the NAACP." The IRS began scrutinizing the NAACP "about a month before the 2004 presidential election after a speech by NAACP Chairman Julian Bond that was largely critical of President Bush's policies. Political campaigning is prohibited under the NAACP's tax-exempt status. The IRS said its inquiry would focus on whether Bond's speech was too political." The NAACP "received more than 500 pages of documents the IRS has gathered to begin its inquiry and posted them on its Web site. … The documents include letters that members of Congress sent to the IRS on behalf of their constituents. The lawmakers include Sens. Lamar Alexander of Tennessee and Susan M. Collins of Maine, Rep. Jo Ann Davis of Virginia, the late Sen. Strom Thurmond of South Carolina and former Reps. Larry Combest of Texas and Joe Scarborough of Florida. All are Republicans. Spokespeople for those members of Congress still in office said they simply forwarded the concerns of their constituents, as they would for any constituent, and took no position on the issue."

Southern Lawmakers Block Voting Rights Act Renewal. The Dallas Morning News (5/19, Gillman) reports, "A revolt by Texas Republicans and other Southern lawmakers is threatening the Voting Rights Act, the landmark civil-rights law enacted to overcome the legacy of poll taxes and literacy tests. House leaders planned a routine vote this week to extend the LBJ-era law for 25 years, avoiding a potentially ugly eruption of racial politics. But a Georgia-Texas coalition of conservatives slammed on the brakes, angry over the special regulatory burdens of the act."

Georgia DA's Office Faces Discrimination Charges. The Jonesboro (GA) News-Daily (5/19, Boron) reports, "The Clayton County District Attorney's office has been hit with a trio of discrimination claims from current and former employees, at least one of whom has named the top assistant prosecutor in the office, John Turner, for retaliation and discrimination against a minority woman. The allegations come during the first term of Jewel Scott, the county's first black district attorney. … Two victims advocates — Andrea Rhymes, who is black, and Rebecca Miller, who is Latino — allege in formal complaints they were retaliated against. Rhymes alleges it was on the basis of race and a disability. Miller alleges it was on the basis of sex and national origin."

ANTITRUST:

DOJ Antitrust Division To investigation Florida Utility Contracts. The Southwest Florida News-Press (5/19, Ruane) reports that the Antitrust Division of the Justice Department will run the "federal investigation of Cape Coral utilities contracts" to "extended water, sewer and irrigation lines into portions of southwest Cape Coral." These projects are "controversial among residents," who "turned out in large numbers at City Council meetings to protest the $12,000 assessments they received to pay for" them.

Knight Vinke Drops Opposition To VNU Deal. The Wall Street Journal (5/19, C3, Singer) reports that Valcon Acquisition BV, A group of six private-equity firms, "is likely to win its €7.7 billion ($9.82 billion) takeover bid for Dutch media giant VNU NV as activist shareholder Knight Vinke Asset Management LLC, leader of a revolt against the bid, has thrown in the towel and said it will tender its shares by the Friday deadline." This "was the first time a big private-equity buyout, agreed to on friendly terms, met opposition from shareholders threatening to reject it and impose their own plan for turning around the firm," one offered by Knight Vinke. However, Valcon "raised its offer by 2.6% to €29.50 a share," and "the higher price, combined with the difficulty and time that would be needed to implement the Knight Vinke plan, led many shareholders that had been backing Mr. Knight to defect and say they would accept the offer."

Symantec Sues Microsoft Over Volume Manager Software. The Wall Street Journal (5/19, B4, Richmond) reports, "Symantec Corp. sued Microsoft Corp. on Thursday, citing misappropriation of intellectual property and breach of contract." The suit "involves Symantec's Volume Manager product, software it acquired with its purchase of Veritas Software Corp. Volume Manager allows operating systems to store and manipulate large amounts of data and protect systems from data loss when storage hardware fails. Symantec alleged that Microsoft, which had licensed the Volume Management technology from Veritas, violated terms of its license agreement by using the technology to develop competing features and products."

FBI/DEA/ATF/USMS:

Gonzales Says US, Mexico Developing Joint Meth Trafficking Strategy. The Washington Times (5/19, Seper) reports, "Attorney General Alberto R. Gonzales yesterday said the United States and Mexico are developing a strategy to attack large methamphetamine trafficking

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organizations operating on both sides of the border. Mr. Gonzales, speaking at a National Methamphetamine Chemical Initiative conference in Dallas, said the two countries had reached an agreement for the U.S. Drug Enforcement Administration (DEA) and the Mexican government to establish specialized anti-meth enforcement teams." Gonzales said strong US demand for methamphetamines "is fueling its production and that the public needs to be better informed about its dangers. He said the trafficking organizations combine the 'sophistication of a contemporary corporation with the brutality of a street gang.'"

CNSNews.com (5/19) reports, "Appearing with the Mexican attorney general at a conference in Dallas, Gonzales stressed the importance of international cooperation in fighting meth production and trafficking. 'Approximately 80 percent of all meth purchases in the U.S. originate from Mexican labs,' Gonzales said. 'Accordingly, we are refocusing our investigative resources on large meth trafficking organizations. DEA enforcement teams will now concentrate on meth transportation and distribution cells in the U.S. and Mexico.'"

WFAA-TV Dallas (5/18, 5:07 p.m.) reported, "The US and Mexico are joining forces to fight the growing meth trade. Today, Attorney General Alberto Gonzales and his Mexican counterpart announced the plan to go after traffickers. About 80% of the meth distributed here is now made south of the border. US drug enforcement agents will train about 1,000 Mexican police, Specialized teams will then focus on breaking up the most wanted meth gangs."

Gonzales Praises Grants To Fight Gangs. The AP (5/18) reports that at a news conference in Dallas, Attorney General Alberto Gonzales "praised federal grants intended to combat gangs, saying it is never too late to help youths. … The Dallas-Fort Worth metroplex was awarded $2.5 million in March as part a $15 million pilot program that includes equal grants to Los Angeles; Tampa, Fla.; Cleveland; Milwaukee and other cities deemed to have serious gang problems. The money will go to prevention, enforcement and rehabilitation of former gang members."

Six High-Ranking Gang Members Caught By Operation Triggertown. The Chicago Sun-Times News Group (5/18) reports, "Federal and local authorities on Thursday announced" that "a six-month investigation dubbed 'Operation Triggertown'" lead to "the arrest of six high-ranking gang members and drug traffickers:" Rashod "Fatman" Bethany, Quenten Hawkins, Shannon Evans, Charles "TuTu" Golden, Roosevelt "Jimmy Mac" Adams, and Rickey "L'il Rickey" Long. Conducted by both Chicago police's Narcotics and Gang Investigation Section and the Bureau of Alcohol, Tobacco, Firearms and Explosives, the operation involved "undercover buys and police used a variety of electronic and technical devices that assisted the investigation."

FBI Continues Intense Search For Hoffa's Remains On Michigan Farm. FBI agents continued their search for Jimmy Hoffa's remains at a Michigan horse farm yesterday, and the story garnered even heavier media coverage than on Wednesday evening TV and in yesterday's newspapers. FBI Detroit SAC Daniel Roberts held a briefing for reporters yesterday, and every print and network news story included at least one of his comments, "In the last two years, I've been here as the agent in charge, this is the best lead I've seen come across on the Hoffa investigation," and "You can see from the amount of FBI and police department personnel out here that this is probably a fairly credible lead."

ABC World News Tonight (5/18, story 9, 2:15, Vargas, 8.78M) reported, "The FBI began digging yesterday, not far from where the legendary former Teamsters union boss disappeared." ABC (Reynolds) added, "With the help of architects, anthropologists, and archaeologists, the FBI acted on what is clearly a very compelling tip." SAC Daniel Roberts: "In the last two years, I've been here as the agent in charge, this is the best lead I've seen come across on the Hoffa investigation. … We plan to be out here for probably a couple of weeks, at least." Reynolds: "No discoveries today. And local residents remain pretty skeptical." The CBS Evening News (5/18, story 2, 2:15, Schieffer, 7.66M) reported that "the FBI has a new tip that he may be buried near where he was last seen alive in Michigan." CBS (Stewart) added, "Law enforcement officials suggest it's the best lead they've had in years…and are prepared to dig here for up to two weeks to check it out." Roberts: "You can see from the amount of FBI and police department personnel out here that this is probably a fairly credible lead." Stewart: "Law enforcement officials say several months ago, a jailed informant offered detailed information that Hoffa was buried on the farm, near a large barn," and "the prisoner's information was checked several ways, officials said, including polygraph tests."

NBC Nightly News (5/18, story 5, 2:15, Williams, 9.87M) reported, "When we entered this new century, there were two enduring mystery in the American life left over from the last century: the identity of Deep Throat and the location of Jimmy Hoffa. We now know the answer to the first one and it's possible we may soon know the second as a huge dig is underway tonight in a farm in suburban Michigan." NBC also shows Roberts saying, "In the last two years I've been here as the agent in charge, this is the best lead I've seen come across on the Hoffa investigation." In a very widely-distributed story, the AP (5/19, Krisher) adds, "A law enforcement official in Washington said the latest search was based on information developed several years ago and

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verified more recently. Among other things, there was a high level of suspicious activity on the farm the day Hoffa vanished, the official said, speaking on condition of anonymity.

The Detroit News (5/19, Wisely) reports, "The farm once was owned by Rolland McMaster, often described at Hoffa's right-hand man in the union. McMaster was not in Michigan at the time of Hoffa's…disappearance from the Machus Red Fox restaurant, said Mayer Morganroth, McMaster's attorney. … 'They went through that place with a fine-toothed comb in 1975,' Morganroth said. 'There is nothing there. It is ridiculous.'" In a story widely-distributed by Knight Ridder, The Detroit Free Press (5/19, Ashenfelter, Swickard) adds, "The tip that Hoffa was buried on the farm came from Donovan Wells, who was sentenced to 10 years in prison two years ago in a marijuana smuggling scheme." He "is a former associate of McMaster, who was a top Detroit Teamsters official until a reputed falling-out with Hoffa in the late 1960s. ... During an interview Thursday, McMaster said that account was worthy of a drug-addled imagination," and "some old Hoffa hands were skeptical of the new tip. Retired FBI agent John Anthony said the horse farm is a new theory to him, and doubted its value: 'Even if they find something, will it be able to lead to a prosecution?'"

Under the headline "Hoffa Tip 'Fairly Credible,' FBI Says," The Washington Post (5/19, A8, Lengel, 744K) reports, "Authorities said the latest search for Hoffa is the most intensive in decades. Privately, some expressed skepticism, though they said the information is credible enough to pursue." The New York Times (5/19, Maynard, Bunkley, 1.19M) notes, "The latest search is the third in the past two years by the F.B.I. in the Detroit area. Mr. Roberts acknowledged those efforts, saying, 'We do not leave any leads uncovered, obviously.' Or any stones unturned, apparently. He said the F.B.I. might have to move a barn in order to dig for evidence of Mr. Hoffa's remains." The Chicago Tribune (5/19, Jones, 643K) adds that "the FBI, by all appearances, seems determined to exhaust this latest lead. Graduate students schooled in geology will be used to determine whether the earth has been removed and then replaced, Roberts said. If anything is found they will check for a DNA match."

WXYZ-TV Detroit, WWJ-TV Detroit, WDIV-TV Detroit and WJRT-TV Flint, among other local TV stations across Michigan, covered the FBI search yesterday. The story also was prominently reported on cable news programs last night, including CNN's American Morning, CNN's Paula Zahn Now, MSNBC's Countdown with Keith Olbermann, MSNBC's Abrams Report, MSNBC's Scarborough Country, FOX News' Live PM, FOX News's Big Story with John Gibson and FOX News' Studio B with Shepard Smith.

Neighbors Say Mobsters Used To Gather At Farm, Until Hoffa Disappeared. The CBS Evening News (5/18, story 3, 0:55, Alfonsi, 7.66M) also reported from the scene, "We can actually see a fresh pile of dirt that earlier they had some police tape around. And I was talking to neighbors out here. They told me this old horse farm is a place where mobsters used to come and have lunch, an out-of-the-way spot. They say after Jimmy Hoffa disappeared, the lunches stopped and they saw a backhoe show up on the property. … There's about 50 FBI agents out here right now. We also learned that a famous forensic anthropologist from Michigan State University by the name of Norman Sauer is out here. I spoke to him on the phone, he confirms he's out here with seven students today. So, it's a little like CSI but in the country."

New Technology Expected To Aid Search. The Detroit News (5/19, Donnelly) reports that the geologists and forensic anthropologists working at the site "have at their command technology that wasn't around when the former Teamster leader disappeared 31 years ago. … If any human remains are located, modern DNA testing may be used for comparison with Hoffa's genetic code. The FBI wouldn't discuss the search in detail but a Colorado expert who heads a team of scientists that searches for bodies said today's technology will save police a lot of time. … Should searchers come across bones, forensic anthropologists from Michigan State University will quickly be able to tell whether they are human or animal," and "since the FBI is searching a horse farm, they're likely to come across many bones of horses."

FBI Investigating USAF Generals Over Thunderbirds Contract. ABC World News Tonight (5/18, story 4, 2:50, Vargas, 8.78M) reported that an investigation of the US Air Force Thunderbirds has "the FBI and the Pentagon inspector general reaching into the highest ranks of the military. They involve Air Force Chief of Staff Gen. T. Michael Moseley, the man he replaced." ABC (Ross) added, "The FBI's investigation is focused on a $49 million contract for an audio/visual system for spectators that the Thunderbirds have said they didn't ask for, but that was pushed through at the Pentagon anyway. … Documents submitted to the Air Force and obtained by ABC News show the contract went to a company partially owned by a recently-retired four-star General, Hal Hornburg, who…had been in charge of the Thunderbirds and initially requested the improved audio/visual system." Hornburg "says he did not get involved in soliciting the contract until a year after he left the military, as provided by law. But a document obtained by ABC News from the US Trademark office shows the General was listed as co-owner of the company just six months after he retired. The general says that was an error."

Newark FBI Agents To Meet With Egyptian-American Group. The AP (5/19, Parry) reports, "In

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September, a group of Muslim men praying near the main air intake duct at Giants Stadium was detained by suspicious FBI agents. On Saturday, the federal agency and an Egyptian-American group plan to meet at the stadium in the latest FBI push to recruit Arab-Americans and repair relations strained in the wake of the Sept. 11 attacks. 'It's an effort to build bridges with this community,' said Les Wiser Jr., special agent in charge of the FBI's Newark bureau, who has made improving ties with New Jersey's Muslim community a priority. 'We think it's important for them to get to know us. We're fighting perceptions we think are skewed against us.'" Egyptian American Group member Suzanne Loutfy noted, "We were afraid of them, and they were suspicious of us. It was thought by many people that the FBI is the enemy. That's the perception we're fighting against."

Detective Testifies NYPD Recruited Him As "Walking Camera" Among Muslims. The New York Times (5/19, Rashbaum, 1.19M) reports, "A young police detective testified yesterday at the Herald Square bombing plot trial that he was recruited from the Police Academy 13 months after 9/11 to work deep undercover in the Muslim community to investigate Islamic extremists." The Bangladeshi immigrant, identified only by his alias, Kamil Pasha, "took an apartment in Bay Ridge, Brooklyn, where, he testified, his assignment was to be a 'walking camera' among Muslims there." Over two years, "he was involved in 'numerous' investigations, he testified, and was at times shadowed by a field team to ensure his safety." The Times notes, "His testimony confirmed what many Muslims have believed since the Sept. 11 attacks: that law enforcement agencies have worked to infiltrate their community during terrorism investigations. … He said he was told 'never to push for information,' but instead to 'take a back seat' and 'observe, be the ears and eyes.'" The AP (5/19, Hays) adds, "One place he hung out was an Islamic bookstore near a Brooklyn mosque, where he said he heard" Shahawar Matin Siraj "openly praise Osama bin Laden while damning the U.S."

Grand Jury Doesn't Indict In Police Attacker's Death. The Baton Rouge Advocate (5/19, Angelette) reports, "A grand jury Thursday decided against charging anyone in the death of motorist George Temple II," who was "shot and killed by" Perry Stephens, a civilian Stephens "came to help the officer" after Temple fought the officer when he was arrested. "The U.S. Justice Department is still investigating the case."

New York Measure Would Require DNA Samples For All Convicts. The Christian Science Monitor (5/19, Scherer) reports that under a proposal being considered by state lawmakers, New York "would be the first state in the nation to require DNA samples for all convicted offenders. Gov. George Pataki (R), who is asking the Legislature to expand DNA collection, argues that a larger database will help solve more crimes. Supporters add it will help solve future crimes because criminals who start off committing petty crimes sometimes graduate to more serious offenses." The New York proposal would require "DNA collection for all convicted of misdemeanors. This would add about 80,000 additional DNA profiles per year to the DNA bank, say researchers at the state's Division of Criminal Justice."

States Seek To Bar Marketing Of "Little Cigars." The Washington Post (5/19, D1, Day) reports, "Forty states have asked the U.S. Treasury Department to bar tobacco companies from marketing products they say are identical to cigarettes as 'little cigars,' a designation the states say lets the firms evade taxes and target younger consumers. Attorneys general from the 40 states, including Maryland, want the department's Alcohol and Tobacco Tax and Trade Bureau to reverse decades-old rules that permit products the size, shape and weight of cigarettes, but have brown rather than white wrappers, to be labeled as little cigars. … The 'little cigar' label allows the companies to pay lower federal and state taxes, and to avoid payments and advertising restrictions required for cigarettes under the 1998 master agreement between tobacco companies and all 50 states, according to the petition for rule changes."

Chicago FBI Informant Slain During Weapons Sting. The Chicago Tribune (5/19, Rybarczyk, O'Connor, 643K) reports, "An FBI-orchestrated weapons buy in a Dolton parking lot went awry late Wednesday, leading to the fatal shooting of an informant who was wearing a wire and being watched by surveillance teams, officials said. … FBI agents watched as the man meeting" informant Timothy Forrest "exited his vehicle and got into Forrest's car. They did not suspect anything amiss until the man hurried away and drove off, officials said. The suspect's name was known to investigators, who captured him more than 10 hours later at a house in Alsip. He was being held for questioning Thursday night." The Tribune notes, "FBI Special Agent Tom Simon said every safety precaution was taken as the weapons buy was set up, but events like this happen 'once every blue moon.' … FBI spokesman Frank Bochte confirmed that Forrest was wearing a wire but said the gunshots were inaudible to those listening." The Chicago Sun-Times (5/19, Main) notes, "The FBI's Evidence Response Team was helping Dolton police process the murder scene, officials said. In 2003, an FBI informant committed suicide while wearing a hidden recording device outside the police station

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in south suburban Chicago Heights. Otis Moore, 43, died of a bullet wound to the mouth, the medical examiner's office said. … He was key to a federal corruption investigation that led to the 1995 racketeering conviction of Sam Mangialardi, Chicago Heights' deputy police chief."

WMAQ-TV Chicago (5/18, Rogers), WBBM-TV Chicago (5/18, Hartman) and WLS-TV Chicago (5/18, Bradley) also reported on the informant's murder and noting Moore's 2003 suicide.

Reporting On Operation Twin Oceans Continues. The UK's Guardian (5/19) reports, "By the end of the operation, more than 100 people in nine different countries had been taken into custody, including one of the big cheeses in the cocaine trade, the Colombian-born Pablo Rayo-Montano, known as El Tio (the uncle) who was captured in Brazil. The prime catch, as far as the DEA officials and their colleagues in Brazil were concerned, was Rayo-Montano, who had been on the run for 10 years."

The UK's Telegraph (5/19) writes, "Colombia's biggest drug baron has been captured in Brazil in a raid that stretched from Indianapolis to the Pacific Coast of Panama and involved police forces in nine different countries. 'Don Pablo' Rayo-Montano, 46, successor to the late Pablo Escobar, had been on the run for a decade before he was caught by American drug enforcement agents at his hideout in Sao Paulo. Thirty-six of his henchmen were apprehended in simultaneous raids in Miami, Indianapolis and Los Angeles."

Australia's Daily Telegraph (5/19) notes Rayo-Montano's arrest, saying it toppled an empire that "used submarines to put 15 tons of cocaine a month into the U.S. and Europe." On its Web site, Australia's Melbourne Herald Sun (5/19) posts a similar but longer story attributed to the AP.

More Than 400 Arrested In Seattle Drug Investigation. The Seattle Times (5/18) reports DEA Special Agent in Charge Rodney Benson and others yesterday announced the arrests of 403 people, including 14 juveniles, since mid-September. "Of those arrested, 239 had prior drug arrests, and of those, 39 had been arrested 10 or more times for drug violations, 86 were considered violent drug offenders, and 46 had been previously charged for weapons violations. At least 25 of the arrestees admitted they were members of gangs," according to Benson.

Public Defender Criticizes Operation. The Seattle Post Intelligencer (5/19) reports, "While police were proud of the joint effort and community members pleased to see drug dealers get arrested, there were critics of the operation. 'What the Seattle Police Department, as well as the DEA, is interested in doing is the same old failed policies toward drug enforcement,' said Sunil Abraham, a local public defender. Abraham and his colleagues argue that 'buy-bust' operations, by focusing on street dealers, unfairly target minorities and the poor -- ignoring drug sales in other neighborhoods or behind closed doors."

Indiana Woman Faces Drug, Money Laundering Charges Following Sting. The Indianapolis Star (5/18) reports, "A 32-year-old Plainfield woman was among those arrested in a multination drug sting this week. Monica Patricia Ruiz-Matorel faces four counts: importation of drugs, conspiracy to distribute, smuggling and money laundering. The money-laundering component of the charges involves about $150 million in assets, said Steve Robertson, a special agent with the Drug Enforcement Agency at its Washington headquarters."

Sentencing Delayed In Rhode Island For Accused Mob Associate. The Providence (RI) Journal (5/19, Stanton) reports the case of Alan Blamires, "the mob associate caught guarding a shipment of cocaine in an undercover FBI sting, encountered another detour yesterday. … Some confusion over the value of cooperation that Blamires…has provided the authorities prompted Chief U.S. District Judge Ernest C. Torres, reluctantly, to postpone the sentencing." The Journal reports Blamires has claimed to have "pertinent information" regarding lawyer Joseph Bevilacqua, who also has been a target of an investigation by the DEA.

DEA Agents' Work In "Operation Royal Flush" Recognized In Rhode Island. The Providence (RI) Journal (5/19, Smith) reports on Operation Royal Flush in which "a slew of federal and state law enforcement agencies cooperated in 2003-2004, and the Providence police made the largest single seizure of cocaine in department history in 2004: Nearly 23 kilos worth an estimated $575,000, which had been stashed in a minivan." In connection with the case, the Journal says the work of three members of the U.S. Drug Enforcement Administration was noted. They include special agents Anthony Cardello and Kathleen Kelleher and intelligence analyst Andrea Metz.

Accused Pennsylvania Cocaine Trafficker Is Arrested. The Pittsburgh Post-Gazette (5/19, Ward) reports a man who federal authorities "say has been selling large amounts of cocaine for years in New Castle was arrested this week. Dion Mercer, 37, has been charged with one count of conspiracy to distribute more than 5 kilograms of cocaine and more than 50 grams of crack. According to a six-page affidavit filed by a Drug Enforcement Administration

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agent, Mr. Mercer has been selling large quantities of cocaine for four years."

Supreme Court Seen As Deeply Divided On Detroit Drug-Search Case. According to The New York Times (5/19, Greenhouse), a second hearing on a Detroit drug-search case has shown "deep divisions" among U.S. Supreme Court justices. For example, the Times says Justice Breyer "proceeded to make it clear that he remained unpersuaded by [the] argument that the Michigan Court of Appeals was correct in refusing to exclude from Booker T. Hudson's trial the drugs the police found when they executed a search warrant by bursting into his home without knocking or waiting for him to open the apparently unlocked door. … Chief Justice John G. Roberts Jr. also appeared firmly in the state's camp. He asked…what difference it would have made had the police waited 15 or 20 seconds instead of 3 or 4 after announcing their presence." Hudson had been found guilty of drug possession and was given18 months' probation.

Alito Expected To Be Deciding Vote On Detroit Fourth Amendment Case. The New York Times (5/19, Greenhouse, 1.19M) reports it "did not take very long during the Supreme Court's final argument of its term on Thursday to see why the court had decided to schedule a second hearing in this less-than-monumental case about a search for illegal drugs in a Detroit home. The justices were deeply engaged, and deeply split." It is "a logical inference that they were deadlocked at 4 to 4 after the first argument on Jan. 9, and that it is now up to Justice Samuel A. Alito Jr., who took his seat later that month, to break the tie." Justice Stephen Breyer made "it clear that he remained unpersuaded" by Wayne County prosecutor Timothy A. Baughman's "argument that the Michigan Court of Appeals was correct in refusing to exclude from Booker T. Hudson's trial the drugs the police found when they executed a search warrant by bursting into his home without knocking or waiting for him to open the apparently unlocked door." This "means of entry violated the 'knock and announce' rule that modern Supreme Court precedents have made part of the current understanding of the Fourth Amendment's prohibition of unreasonable search and seizure. There was no dispute that the Detroit officers' action violated the rule. The question for the justices was what consequences should flow from the violation."

The Washington Post (5/19, A11, Lane, 744K) reports the court "heard a rare mid-May oral argument yesterday, on the authority of police to search private homes without knocking first -- in a major privacy-rights case likely to be decided by the vote of the court's newest member, Justice Samuel A. Alito Jr." Liberals on the court "openly worried that Michigan's approach would carry the day -- effectively gutting the 'knock and announce' rule and, potentially, other restrictions on police searches." Michigan "does not dispute that the officers technically violated the 'knock and announce' rule. It argues, rather, that since they had a warrant, their presence in the house was legal even if the way they got inside was not."

IMMIGRATION:

Many Immigrant Smugglers Are Never Prosecuted. The AP (5/19, Spagat) reports that an internal Border Patrol document shows that the vast majority of people caught smuggling immigrants into the US across the border near San Diego are never prosecuted for the offense. According to the AP, "The report offers a stark assessment of the situation at a Border Patrol station responsible for guarding 13 miles of mountainous border east of the city. Federal officials say it reflects a reality along the entire 2,000-mile border: Judges and federal attorneys are so swamped that only the most egregious smuggling cases are prosecuted."

Additional Suspected Illegal Immigrants Caught In Kentucky. the Cincinnati Enquirer (5/19, Hannah) reports, "U.S. Marshals have detained more suspected illegal aliens as part of an ongoing investigation into the use of laborers in Northern Kentucky's home-building industry." Fort Mitchell police Chief Steve Hensley said "officers found the suspected illegal aliens while helping federal agents serve a search warrant at one of the apartments" in the 2500 block of Kirkland Court. "Last week, 76 suspected illegal aliens were arrested as part of the two-year investigation."

Bush Declares Support For Border Fence In Visit To Yuma, Arizona. President Bush yesterday visited Yuma, Arizona, yesterday, to highlight his immigration reform proposals. Much of the reporting from national papers this morning notes the President stated his backing for building some fences along parts of the US-Mexico border. While in Yuma, says the New York Times (5/19, Bumiller, 1.19M), the President "declared that he supported fencing some but not all of America's 1,950-mile border with Mexico." Bush said in his speech, "It makes sense to use fencing along the border in key locations in order to do our job." Bush, adds the Times, "has in the past indicated he is opposed to fencing, and White House officials were kept busy on Thursday trying to explain the change in his position. Tony Snow, the new White House press secretary, told reporters on Air Force One that the White House supported a Senate amendment, passed on Wednesday, that would build 370 miles of fence in areas most often used by smugglers and illegal workers. 'We don't think you fence off the entire border,' Mr. Snow said. But, he added, 'there are places

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when fences are appropriate.'" The AP (5/19, Loven) reports on the fence issue, and says that "eager to win over conservative opponents, the president has been talking increasingly tough."

The Washington Times (5/19, Dinan, 90K) reports "the Bush administration announced yesterday it supported the Senate amendment calling for 370 miles of fence along the US-Mexico border, marking the first time it is has endorsed a specific amount of fencing." During his speech, says the Times, Bush said, "It makes sense to use fencing along the border in key locations in order to do our job." The Wall Street Journal (5/19, Kronholz, Lueck, Dreazen, 2.11M) adds that "almost no one disagrees with Mr. Bush that the border needs reinforcing," and the President "made a further bow to his conservative base by supporting a Senate call to build a fence along more than 300 miles of the 1,951-mile border." The Los Angeles Times (5/19, Gerstenzang, 958K) notes, "As Bush headed to Yuma Thursday morning, the White House sent to Congress a revision in its $92-billion request for emergency spending, most of it to cover costs associated with the wars in Iraq and Afghanistan and the recovery from Hurricane Katrina. Within that amount, it is seeking $1.95 billion to meet the costs of deploying 1,000 new Border Patrol agents, and for fences, lights, and some of the border work of the National Guard." Snow "said the Border Patrol's Yuma sector was 'emblematic of what we're talking about in terms of border security.'" He also told reporters aboard Air Force One, "We've got an area with the fence; we've got Border Patrol there. But also this is an area where National Guardsmen are involved in non-law-enforcement roles."

The Chicago Tribune (5/19, Silva, 643K) reports Bush "has assumed a potentially perilous political role, with his own public approval ratings already at all-time lows." He "is attempting to mediate between the conservative base of the GOP, which has no patience for the president's talk of enabling millions of undocumented immigrants already living in the United States to eventually seek citizenship, and a fast-growing and traditionally Democratic-voting Hispanic population." The President "has worked hard to woo Hispanics since his days as Texas governor." USA Today (5/19, Jackson, 2.31M) notes, "The flight aboard Air Force One underscored GOP differences. Bush's guests included Rep. J.D. Hayworth, R-Ariz., who wants a law enforcement bill only." Hayworth "said he and Bush have profound disagreements.' 'I don't believe the House will accede to his wishes on a "guest worker" program, despite his recent protestations to the contrary,' Hayworth said."

Chertoff Emphasizes Surveillance Role For National Guard. DHS Secretary Chertoff traveled to El Paso yesterday where he discussed the administration's immigration strategy, while President Bush visited Yuma, Arizona. Most regional papers covering Chertoff's visit are focusing on his statements that the National Guard would not engage in law enforcement while working on the US-Mexico border. The Dallas Morning News (5/19, Mittelstadt) reports, "President Bush and Homeland Security Secretary Michael Chertoff traveled to the US-Mexico border Thursday in a push to convince the public – and conservatives in Congress – that they're serious about beefing up efforts to halt illegal immigration." On his way to El Paso, Secretary Chertoff said the president's plan to put National Guard troops at the US-Mexico border "offers a 'turbocharged' boost to the strategy of taming illegal immigration with a mix of added manpower, high-tech surveillance and the guest worker program." At Fort Bliss, Chertoff told reporters the Guard will be "using their eyes and…their binoculars and all the high-tech equipment they have to identify groups of migrants that are crossing."

In an article appearing on news websites in the Southwest, the AP (5/19, Caldwell) reports Chertoff "assured border residents" that the Guard plan "was 'enhancing or scaling up' operations that have long been in place as a backup for US Border Patrol agents."

The Las Cruces Sun-News (5/19, Ramirez) reports that at Fort Bliss, where he met with "with officials of Joint Task Force North," Chertoff said "that not much will change with daily security operations along the border with Mexico, even with the addition of 6,000 National Guard troops." He "emphasized that the Guard troops would have no law enforcement authority, and would mostly be used for administrative and surveillance duties along the border."

Senate Votes To Make English "National Language." Knight Ridder (5/18, James) reports that the Senate yesterday voted to make English the national language of the US. The 63-34 vote "came after an impassioned debate in which the word 'racist' was used on the Senate floor to describe the effort. It was the first time in U.S. history that the Senate had passed such legislation. More negotiations on the final bill are expected, but if a 'national language' measure cleared both the Senate and House and was signed by President Bush, it could mean a greater emphasis on the federal government providing its services in English."

The Los Angeles Times (5/19, Muskal, Gaouette, 958K) reports, "English would be declared the 'national language' of the United States under a measure approved by the Senate today, a largely symbolic move that supporters said would promote unity and ensure assimilation by immigrants." The Senate "passed two amendments, one Democratic and one Republican. The Democratic version is more specific on protecting translation and bilingual services." The GOP-backed amendment, "which passed 63 to 34, would allow the government to continue to offer publications and services -- such as bilingual ballots -- in languages other than English."

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It "would require all illegal immigrants seeking to legalize their status in the United States to pass English proficiency tests and would offer guidelines to the Department of Homeland Security for a revised citizenship test."

The AP (5/19, Espo) reports Sen. Jim Inhoffe "led the attempt to declare English the national language, a campaign he said began more than a century ago. The Oklahoma Republican quoted President Theodore Roosevelt as having said that among other things, those living in the United States 'must also learn one language and that language is English.'" Senate Democratic leader Harry Reid said of the amendment, "I really believe this amendment is racist. I think it's directed basically to people who speak Spanish." Sen. Ken Salazar, a Democrat, "advanced the alternative that declared English to be a 'common and unifying language.'" It "passed, 58-39, leaving the outcome of the symbolic debate uncertain." Knight Ridder (5/19, Montgomery) adds that Salazar, "one of three Hispanic senators, whose family settled in Colorado before it became a state, asserted that the Inhofe amendment threatened a return 'to the dark days of American history' when Hispanic children were punished for speaking Spanish in school, sometimes by having soap thrust in their mouths."

The New York Times (5/19, Hulse, 1.19M) calls Salazar's amendment "a weaker, less-binding alternative." The House "did not include a similar provision on English in the legislation it passed in December, but there is strong support among House Republicans for such a move." AFP (5/19) notes the House of Representatives "is considering similar legislation presented by Iowa Republican Steve King. It already has the backing of 150 representatives."

Senate Kills Amendment Blocking Temporary Workers' Eventual Citizenship. The Washington Post (5/19, A1, Weisman, VandeHei, 744K) reports by 58 to 35, the Senate "killed an amendment that would have blocked eventual citizenship for future immigrants who arrive under a temporary work permit. Democrats and Republicans agreed that the amendment would have destroyed the fragile, bipartisan coalition backing the Senate bill."

Senate Allows Immigrants To Get Social Security Earned While Illegally In US. The Washington Times (5/19, Hurt, 90K) reports, "The Senate voted yesterday to allow illegal aliens to collect Social Security benefits based on past illegal employment -- even if the job was obtained through forged or stolen documents. There was a felony they were committing, and now they can't be prosecuted. That sounds like amnesty to me,' said Sen. John Ensign, the Nevada Republican who offered the amendment yesterday to strip out those provisions of the immigration reform bill." Sen. John McCain replaied, "We all know that millions of undocumented immigrants pay Social Security and Medicare taxes for years and sometimes decades while they work to contribute to our economy. … The Ensign amendment would undermine the work of these people by preventing lawfully present immigrant workers from claiming Social Security benefits that they earned before they were authorized to work in our community."

CONGRESS-ADMINISTRATION:

Bush Blames Approval Numbers On War; Laughs Off Comparison To Nixon. NBC Nightly News (5/18, story 2, 3:20, Gregory, 9.87M) reported President Bush yesterday "brushed off the fact that his poll ratings are now similar to Richard Nixon's when he resigned the Presidency." Gregory: "You're laughing. Why do you -- " President Bush: "I'm not laughing, I just – " Gregory: "Why do you think that is?" President Bush: "Because we're at war. And war unsettles people." Gregory: "Do you think it's possible that, like Nixon and Watergate, that the American people have rendered a final judgment of disapproval on you and your war in Iraq?" President Bush: "Of course not. The enemy's got a powerful tool -- that is to get on your TV screen by killing innocent people -- and my job is to continue to remind the people it's worth it. We're not going to retreat hastily." Gregory: "What's the momentum changer in your mind for your Presidency to turn it around?" President Bush: "You know, I guess, Iraq. I mean, that's what colors everybody's vision it seems like."

Bush was asked on CNN's The Situation Room (5/18) whether Americans have lost faith in the Iraq mission. Bush said, "No question, Iraq has unsettled the American people. I understand that. You know, people don't like war. And war -- this war is as brutal as other wars because we face an enemy that will kill, you know, innocent people in order to achieve an objective. And, you know, I'm also -- I don't believe Americans want us to cut and run either. I think they want us to succeed. And what Americans will see is a new government, a unity government emerging. What they saw last December, and admittedly, it seems like an eternity ago, were 12 million people saying, 'We want to live in a free society.'" Asked when US troops can be expected to leave Iraq, Bush said, "When the commanders on the ground say that the Iraqis are more prepared to take over more of the security needs. This -- the temptation, of course, is to do things for political purposes in America. I don't want to fight a war based upon politics or polls or focus groups. I want to win this war based upon a strategy that's working but also based upon -- and the military decisions being based upon the advice of General Casey, who's the leader on the ground."

Gillespie Blames Slide In GOP Poll Numbers On Gasoline Prices. Former Republican National Committee chairman Ed Gillespie was asked on CNN's Larry King Live (5/18) about Republicans' drop in the polls. Gillespie said, "I think that has something to do with gas prices that have gone

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over $3 per gallon but Republicans have the policies to correct that. The fact is it's Republicans who put forward ideas to increase our domestic production so we reduce our reliance on foreign source of oil. The president has put forward a very vigorous program for alternative fuel sources, drilling in the Arctic National Wildlife Reserve, which can be done while protecting the environment but increasing our domestic capacity, so that's one factor. I think as we get closer to the election, you're going to see these choices of policies between Democrats and Republicans turn those numbers around and you'll see the Republicans close that gap pretty quickly."

Shays Says Katrina Response Hurt Bush. Rep. Chris Shays said on CNN's Larry King Live (5/18), "Let me just say that I think the thing that has hurt the president most is not Iraq. It's Katrina. People saw an arrogant but confident administration but when they saw Katrina they saw arrogance and frankly incompetence and that was very unsettling."

Blackburn Says Bush Should Show "Decisive Leadership." Rep. Marsha Blackburn said on CNN's Larry King Live (5/18), "think that what we had to admit is that there has been a problem with perceived leadership. And what the American people are wanting to see right now is strong, decisive leadership. The American people I think and the people in my district they agree with President Bush when it comes to the war on terror. They agree with President Bush on what he has done on the economy and on taxes and on jobs growth. They disagree with him on immigration. They disagree with him when it comes to government spending and what they want to do is see him take that strong, decisive leadership role back. That is how they like him best when he is being true to his roots and when he is showing that decisive leadership."

Snow Said To Have Quickly Learned "Art Of Saying Nothing." The Washington Post (5/19, A19, 744K) reports in a "Verbatim" column that after the Bush Administration "was accused of secretly aiding militias in Somalia, new White House spokesman Tony Snow demonstrated on Wednesday that he had quickly learned the art of saying nothing." The Post quotes Snow from the briefing, in which he gave an approximately 280 word reply to a question on Somalia, after which the reporter asked, "What are you really saying?" Snow replied, "Every word will be in the transcript, every single one."

House Passes Budget Blueprint. The Wall Street Journal (5/19, Rogers, 2.11M) reports House Republicans "won approval of their long-delayed budget blueprint for the new fiscal year that begins Oct.1. The 218-210 budget vote, which followed a late-night debate spilling into early yesterday morning, ended weeks of frustration for party leaders who had twice pulled back in the final hours for fear of losing." Democrats "were united in opposition, but just 12 Republicans broke ranks after moderates won promises that at least $7.1 billion would be added back to President Bush's budget for core job-training, health and education programs." Meanwhile, the Washington Times (5/19, Fagan, 90K) reports House "conservatives say they scored key spending reform victories in the $2.7 trillion budget approved early yesterday, but major changes are needed to achieve the fiscal discipline promised when Republicans took over the chamber more than a decade ago. 'The budget, while not visionary, was an important first step,' said Rep. Mike Pence, Indiana Republican and chairman of the conservative Republican Study Committee (RSC)."

But the New York Times (5/19, Hulse, 1.19M), which titles its story "Future Is Cloudy For House GOP Budget Bill," calls the Republican win "more symbolic than substantive." Lawmakers "doubt the House blueprint will ever be reconciled with a larger Senate budget. "

Specter, Feingold Clash As Senate Panel Approves Gay Marriage Amendment. ABC World News Tonight (5/18, story 3, :25, Vargas, 8.78M) reported, "Another divisive issue resurfaced on Capitol Hill today. A Senate Committee voting along party lines approved a constitutional amendment stating that marriage in the United States shall consist only of the union of a man and a woman. The full Senate is expected to debate the ban on same-sex marriage in two weeks. It is not expected to get the approval of two-thirds of the senate, which is necessary to pass a constitutional amendment." The Washington Times (5/19, Hurt, 90K) also says that "even backers of the amendment say it's not likely to go far this year beyond becoming a hot-button political issue in the November elections." The Washington Post/AP (5/19, A3) notes Democrats "complained that bringing up the amendment is a political move designed to appeal to the GOP's conservative base in a midterm-election year."

CNN's The Situation Room (5/18, Blitzer) reported "one Democrat walked out of the session that was held in a private chamber just off the Senate floor." Sen. Russ Feingold "complained to Chairman Arlen Specter that the meeting wasn't sufficiently open to the public. We're told that led to this exchange. Specter told Feingold, 'I don't need to be lectured by you. You are no more of a protector of the Constitution than am I. If you want to leave, good riddance.' Feingold then responded, 'I've enjoyed your lecture, too, Mr. Chairman. See you.'"

USA Today (5/19, 2.31M) notes the amendment says, "Marriage in the United States shall consist only of the union of a man and a woman." Specter "said he opposes the measure but wants it debated."

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House Votes Against Lifting Offshore Drilling Ban. The AP (5/19, Hebert) reports, "The House rejected an attempt late Thursday to end a quarter-century ban on oil and natural gas drilling in 85 percent of the country's coastal waters despite arguments that the new supplies are needed to lower energy costs." Lawmakers from Florida and California "led the fight to maintain the long-standing drilling moratorium, contending that energy development as close as three miles from shore would jeopardize multibillion-dollar tourism industries." A measure, offered by Rep. Adam Putnam of Florida and Rep. Lois Capps of California "to continue the prohibition on drilling for natural gas -- which some lawmakers argued was less of an environmental threat than oil -- was approved 217-203 and inserted into a $25.9 billion Interior Department spending bill." Earlier, the House, by a 279-141 vote, "rejected an attempt by Rep. Ted Poe…to lift the long-standing moratorium as it applies to oil drilling." The Los Angeles Times (5/19, Simon, 958K) runs a similar report.

Measure Would Pressure Oil Firms To Renegotiate Drilling Leases. The New York Times (5/19, Andrews, 1.19M) reports, "In an attempt to revoke billions of dollars worth of government incentives to oil and gas producers, the House on Thursday approved a measure that would pressure companies to renegotiate more than 1,000 leases for drilling in the Gulf of Mexico." The measure, "approved 252 to 165 over the objections of many Republican leaders, is intended to prevent companies from avoiding at least $7 billion in payments to the government over the next five years for oil and gas they produce in publicly owned waters."

Auto Companies Push Lawmakers On Alternative Fuel Measures. During a visit to Capitol Hill Thursday, the chief executives of the nation's "Big Three" auto makers, the Wall Street Journal (5/19, A5, Meckler, 2.11M) reports, "made clear to Congress what they want—and what they think they might get—from the government: financing for the pumps and other support needed to encourage Americans to use more ethanol and other gasoline alternatives." In exchange, the heads of Ford Motor Co., General Motors Corp. and DaimlerChrysler AG's Chrysler division "promised to produce millions more vehicles that can run on domestically produced alternatives to petroleum." However, the executives "didn't push for any particular piece of legislation." Rather, they said there were a lot of good ideas on the table. USA Today/AP (5/19, Thomas) says the executives "endorsed a plan to have renewable fuels meet 25% of the nation's transportation energy needs by 2025."

Noting that US automakers have "had difficulty getting their message across in Washington in the past year," the Washington Post (5/19, D2, Freeman, 744K) called the meeting "an uncharacteristic display of unity to build support for ethanol fuel and to rally legislators behind the financially strapped industry." The Post also said the automakers, which had been scheduled to meet with President Bush this week but was postponed the gathering until June 2, "said yesterday that the June 2 meeting has also been postponed."

Commerce Secretary Dismisses Concerns About Inflation. Commerce Secretary Carlos Gutierrez in an interview during a breakfast meeting with the Christian Science Monitor (5/19, 61K) was asked about concerns that "rising inflation" was a threat to "the US economy." Gutierrez said, "Everything suggests that we should be able to get through this period without seeing inflation increase to a point where it would become a problem."

Stocks Continue Slide. The New York Times/AP (5/19) reports, "Wall Street extended its losses yesterday, a day after an inflation scare sent the Dow Jones industrial average on its biggest one-day drop in three years and put the Nasdaq composite index in the red for 2006." The Dow "dropped 77.32 points, or 0.69 percent, to 11,128.29. The Standard & Poor's 500-stock index lost 8.51 points, or 0.67 percent, to 1,261.81, and the Nasdaq sank 15.48 points, or 0.7 percent, to 2,180.32." The Wall Street Journal (5/19, Browning, 2.11M), among other sources, also reports the stock numbers.

Report Suggests Economic Growth Slowing. The New York Times/AP (5/19), reports, "An important gauge of the nation's future economic activity dipped in April, once again suggesting slower growth in the months ahead." The Conference Board, "a private research group, reported Thursday that its index of leading economic indicators fell by 0.1 percentage point, to 138.9, last month. Economists were predicting a small rise. In March the index climbed by 0.4 percentage point, to 139." The index "predicts economic activity three to six months in the future." Economists "said the decline reinforced the Federal Reserve's forecast that economic growth, which has been brisk, would most likely moderate to a more sustainable pace in the coming months."

Bernanke Says Housing Market Cooling. The Washington Post (5/19, D1, Tse, 744K) reports, "Confirming what home buyers suspected and real estate sales figures have indicated for months, Federal Reserve Chairman Ben S. Bernanke said yesterday that the U.S. housing market was showing clear signs of cooling off." Bernanke "said the slowdown is 'moderate' and 'orderly' and pointed to the overall strength of the economy."

Krugman Says Market "Coming Down To Earth." In a column titled "Coming Down To Earth," Paul Krugman writes in the New York Times (5/19, 1.19M), "Um, wasn't the stock market supposed to bounce back after Wednesday's big drop? We shouldn't read too much into a couple of days' movements in stock prices." But "it seems that investors are suddenly feeling uneasy about the state of the economy.

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They should be; the puzzle is why they haven't been uneasy all along."

WSJournal Says Bernanke Must Show He Understands Inflation Dangers. The Wall Street Journal (5/19, 2.11M) editorializes, "Stocks continued their weeklong plunge yesterday, selling off again at the end of the day on more inflationary fears. The way to understand this washout -- knocking 4.4% off the Dow -- is that Adam Smith is giving the US financial establishment a warning." The consumer price index reading "that triggered Wednesday's selloff is a lagging indicator" that "tells you inflation is here only after it has already arrived. … All of which suggests that…Ben Bernanke, is facing a rough passage. He's arrived at a Fed that has clearly made a mistake in letting inflation expectations build and has been very slow to admit it. The only questions now are the magnitude of that mistake and of the resulting financial casualties. … The sooner Mr. Bernanke shows that he understands the problem, and has the fortitude to do something about it, the fewer casualties there will be. Sooner or later Adam Smith will take over if Mr. Bernanke doesn't."

Mortgage Rates Rise. ABC World News Tonight (5/18, story 8, :20, Vargas, 8.78M) reported, "The cost of financing a home is up again. The average rate on a 30-year mortgage rose to 6.6% in the last week. That's the highest rate in almost four years. As that was being announced, the stock market was sliding again. The Dow Jones Industrial Average lost 77 points to close at 11,128.29."

Bush To Nominate Casey To Open SEC Seat. The Washington Post/AP (5/19, D2) reports President Bush "will nominate Kathleen L. Casey, a Senate aide and expert on banking and securities law, to the five-member Securities and Exchange Commission, the White House said yesterday." The announcement "came four days after Cynthia A. Glassman said she did not intend to serve a second term as a commissioner and will leave after her term ends June 5."

Media Shield Law Reintroduced In Senate. The AP (5/19, Kellman) reports Senators "began a new effort to pass a media shield law Thursday, re-introducing legislation they said would protect journalists from being sent to jail for refusing to reveal their sources in most cases." The bill, "re-written with guidance from more than 30 news organizations including The Associated Press, drew new support after changes that could force reporters to disclose sources if they witnessed a crime or obtained information deemed secret by law." Sen. Charles Schumer said, "We need to protect the press, especially with a big, large government that keeps things secret more and more. We also have to have some respect for the fact that there are certain things that shouldn't be made public by statute." The AP adds, "Some lawmakers remained skeptical about shielding reporters in wartime."

GOP Negotiators Say Pension Bill Unlikely To Pass Before Memorial Day. The AP (5/19, Abrams) reports Republican negotiators said "despite recent progress, Congress is unlikely to pass by Memorial Day legislation aimed at assuring financial solvency for the nation's employer-based pension system." House and Senate conferees "originally hoped to send a bill to the president before April 15, the time some companies had to recalculate their contributions to defined-benefit pension plans. But the two sides have stalled over several intractable issues, including Senate proposals to give special breaks to financially struggling airlines and to require companies with poor credit ratings to pay more into their pension plans."

Competing FEMA Bills Advancing Through House. CQ (5/18, Hunter) reported, "A proposal to restore the Federal Emergency Management Agency to its pre-Sept. 11 status as an independent, Cabinet-level agency gained ground Thursday" with the approval of HR 5316 in he House Government Reform Committee. The bill is competing with HR 5351, which "would leave FEMA in the Homeland Security Department but grant it power to report directly to the president in a disaster." CQ added that while the "bills reflect a simmering turf war between the chairmen of the Homeland Security and Transportation and Infrastructure committees," both "would give FEMA control of disaster preparedness and response. A reorganization of Homeland stripped FEMA of its disaster preparedness duties last year."

Possible Bush Shift To Right Seen As Bad Strategy For Party. In his Washington Post column (5/19, A21), E.J. Dionne says as they "watch President Bush's approval ratings tumble, conservative activists are offering a surefire strategy for presidential recovery: Bush should move to the right and 'rally his base.'" There's "one problem with this approach: It could do the president's party far more harm than good, even within its own ranks. The conservative view ignores the roots of the president's difficulties in the disaffection of moderate voters who are more concerned with performance -- or the lack thereof -- than ideology." Bush's "best shot at a quick jolt upward in his approval ratings is among conservatives in his own party, who are already more inclined to support him than anyone else and might come home in response to a presidential tilt rightward. But Rep. Chris Shays, a moderate from Connecticut, noted that many of the House Republicans most endangered in this fall's election -- himself included -- are moderates who would be hurt if his party and his president moved farther right."

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Democratic Admiration Of McCain Seen As Contradiction. In his Washington Post column (5/19, A21), Michael Kinsley says Sen. John McCain "has a unique genius for telling the truth from his heart and making people believe that he is lying. And these people are his supporters! They admire him as a straight-talking truth-teller, and they forgive him for taking positions on big issues that they find repellent, on the grounds that he doesn't really mean what he says. 'Oh, he has to say that to get the Republican nomination,' explain many Democrats with a girlish crush on the charming, funny, intelligent and heroic Republican senator from Arizona, and/or a special loathing of their party's own star, the junior senator from New York. 'That' might refer to McCain's strong right-to-life stand on abortion, or his strong support for the war in Iraq, or his recent rapprochement with Jerry Falwell. They admire McCain as a straight shooter among sneaks, a truth-teller amid bull artists. They long, understandably, for some fresh air in the fetid atmosphere of politics. And McCain delivers that."

OTHER NEWS:

Rita Survivors Believe They Are On Their Own. Freelance writer Joyce King, in a column for USA Today (5/19, 2.31M) writes that "Hurricane Rita's devastation to the coastal towns of southwest Louisiana is still fresh nearly eight months later." King says she continues to "meet people who talk of living through 'the forgotten hurricane.'" King continues, "Many Rita victims are still awaiting federal housing funds to rebuild." Residents of Cameron Parish "are frightened. Help is slow to arrive. New codes make rebuilding prohibitive." Many of the storm's survivors "believe they're on their own."

Brinkley's Criticism Of Nagin Seen As Prominent Feature In New Orleans Mayoral Race. The Washington Post (5/19, A3, Whoriskey, 744K) reports "The Great Deluge," by Tulane University historian Douglas Brinkley, has figured "prominently" in New Orleans' mayoral race for its depiction of "Mayor C. Ray Nagin as too vain, too stunned and too paranoid to have been effective in the city's crisis. Relying in part on accounts from Nagin's political rivals, the book has been characterized by his supporters as a campaign attack timed to sink his bid for reelection on Saturday." The Post adds that the "leadership abilities" of Nagin and opponent Mitch Landrieu "have become a central issue…, and that is one reason Brinkley's account of Nagin has proved to be a sensitive subject."

Nagin Says His Victory Would Send Racial Message. The Washington Times (5/19, Debose, 90K) reports "Nagin says a victory in tomorrow's election will send a message on race that 'will echo throughout America.' 'This election will say in spite of American prejudice, I was able to attract votes from all races and classes and move forward with the process of healing,' said Mr. Nagin, who has hinted that whites locally and nationally are working to unseat him from the post, which blacks have held for nearly 30 years." Landrieu, meanwhile, "said the tightly contested runoff election will turn on whether 'African-Americans [will] vote for white politicians and will whites vote for black ones.'"

Landrieu Said To Stick To Script. The New York Times (5/19, Nossiter, 1.19M) reports, "If Mr. Landrieu wins, he will offer the classic prescriptions for governing that have been his armor in debates with an unpredictable opponent, Mayor C. Ray Nagin. Unlike the mayor, Mr. Landrieu rarely throws away the script." He has used a "promise of competence" against Nagin, who "he accuses of incarnating the opposite."

Giuliani Campaigns For Reed In Georgia. CNN's The Situation Room (5/18, Blitzer) reported, "Former New York mayor Rudy Giuliani headlined a fundraiser in Georgia today for the lieutenant governor candidate Ralph Reed. Reed is a conservative, a former leader of the Christian Coalition, founded by Pat Robertson. Giuliani is a moderate Republican who, as you probably know, is considering -- considering -- a run for the White House." CNN (Crowley) added that Reed "gets a marquee player in Giuliani, who will help him raise money for what looks to be a to-the-wire primary fight. And Giuliani, who's thinking about running for president, gets the attention of Reed's core supporters, which is to say culturally conservative Republicans, something the pro-gay rights, pro-abortion rights, pro-gun licensing former mayor of New York is not."

The AP (5/19, Bluestein) notes that Reed said just prior to the fundraiser, "I just want to say I believe Rudy Giuliani is one of the finest leaders in not only the Republican Party but in either party." Giuliani replied, "We're here to get you elected. It would be a great thing for Georgia." Reed's "campaign was looking for a boost before the July 18 Republican primary after being dogged by ties between" Reed and disgraced lobbyist Jack Abramoff." Meanwhile, the appearance "could also help Giuliani draw conservative support in a run for president. His endorsement of Reed comes weeks after the Rev. Jerry Falwell said he admired the former mayor but could not support him for president because of 'irreconcilable differences on life and family.'"

The New York Post (5/19, Haberman, 624K) adds, "Later asked by reporters about how his past pro-gay rights, pro-choice stands mesh with Reed's positions, Giuliani said, 'We are a broad party. I agree with Ralph on many things.' 'There are going to be some things I disagree with him on…in Ralph's case I know him, and I think he's going to be a really effective leader,' he said."

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Giuliani Emphasizes Fiscal Conservatism. The New York Times (5/19, Healy, 1.19M) reports that Rudy Giuliani "was warmly received at a Reed fund-raiser here, though advisers to Mr. Reed noted that most of the donors were politically moderate business people, and that a truer test of Mr. Giuliani's appeal among more conservative Southerners would come in rural counties." The Times adds, "Aligning himself closely with the Bush administration," Giuliani "called for more federal tax cuts as a means of creating jobs and stimulating the economy, and argued that tax cuts would invigorate business and ultimately yield greater total tax receipts, thereby helping to reduce the deficit. 'President Bush understands that, the Republican Congress understands that, Ralph understands that, and the Democrats don't,' Mr. Giuliani told the audience of about 250 people. 'We can take a big step back, either state by state or nationally. And this election in 2006 is going to determine if we keep seeing our economy grow, or we take a real step backwards.'"

"Progressive" Democrats Said To Be Targeting Moderates. Bloomberg (5/19) reports Democratic activist groups "that mounted an aggressive campaign against President George W. Bush in the 2004 election have a new target: Democrats who support his policies." A "loose network of organizations, ranging from women's groups to Internet bloggers, is pressuring incumbents such as Senator Joseph Lieberman of Connecticut and Representatives Jane Harman of California and Melissa Bean of Illinois, in some cases by backing insurgent candidates in primary elections." The groups "charge that these and other Democrats have been too supportive of Bush on issues like Iraq and trade, and say they're trying to energize voters disillusioned with a party that has failed to draw clear distinctions with Republicans." The "organizations and Web logs that identify themselves as the party's "progressive" wing include MoveOn.org, a coalition of groups that raised $60 million and enlisted 100,000 volunteers in the 2004 elections; DailyKos, a blog that averages 20 million visitors a month; and Democracy for America, a political action committee with 500 affiliates."

Democrats Counting On Female Candidates To Help Regain Control Of House. The Christian Science Monitor (5/19, Feldmann, 61K) reports that heading into the '06 elections, EMILY's List "boasts its largest crop of candidates in its 21 years. … And as the Democratic Party seeks to regain control of Congress -- doable with a net shift of just 15 seats -- it is counting on these EMILY's List women to play a major role. Of the 24 Republican-held House seats deemed competitive by the nonpartisan Cook Political Report, 11 feature Democratic women, all of them getting help from Emily's List. By comparison, of Cook's 11 competitive Democratic-held House seats, only one features a Republican woman contender. Voter discontent with Washington is high, and women candidates could be the natural beneficiaries of that 'throw the bums out' mentality, say experts on women in politics. 'When people get disgusted with politics and they are looking for change, women embody that change,' says Debbie Walsh, director of the Center for American Women and Politics at Rutgers University."

Shays Says GOP Majority Is In Jeopardy. CT4 Rep. Chris Shays (R) was asked on CNN's Larry King Live (5/18) if he agrees with former House Speaker Newt Gingrich that the GOP's majority in Congress is in jeopardy. Shays said, "Oh, absolutely. We're in grave danger for a variety of reasons but one of them is there's an ethics issue here and I think that our side of the aisle doesn't get it. I honestly think we came to change Washington. I think Washington has changed too many in Washington. So, we're not the reformers that we set out to be and we need to regain that."

Liberals From Across US Helping Lieberman's Primary Foe. The New York Times (5/19, Yardley, 1.19M) reports that "from across the nation, a determined alliance of antiwar activists is working overtime online and on doorsteps to defeat" Connecticut Sen. Joe Lieberman (D), "whose political moderation helped him earn the Democratic nomination for vice president six years ago. Their goal is not only to punish Mr. Lieberman for staunchly supporting the war in Iraq but also to protest what the activists consider the Democratic Party's willingness to accommodate President Bush. Without a national race to focus on, thousands of activists from other states -- encouraged by a host of liberal bloggers -- have contributed money and volunteered to help the campaign of" businessman Ned Lamont, "who is trying to unseat Mr. Lieberman in the state's Democratic primary in August." The Times notes, "Many Democrats assert that the vigorous challenge to Mr. Lieberman is overshadowing the governor's race and taking money and attention away from three closely contested House races in Connecticut that many strategists consider crucial to the Democrats' majority hopes. 'It's absolute Democratic cannibalism,'" said ex-Connecticut Democratic Chairman John F. Droney.

Unifying Message Proves Elusive For Religious Liberals. The New York Times (5/19, Banerjee, 1.19M) reports that religious liberals have been meeting this week in Washington, D.C. at the Spiritual Activism Conference in an effort to plan "how to take their message to those in power. … Since the last presidential election, liberals of various faiths have talked about taking back religion from the conservative Christians who helped bring President Bush and a

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Republican Congress to power. Yet liberal believers have so far been unable to approach, even modestly, the success of the religious right and command the attention of Congress." The Times notes that if the gathering at the conference "is any indication, the biggest barrier for liberals may be their regard for pluralism: for letting people say what they want, how they want to, and for trying to include everyone's priorities, rather than choosing two or three issues that could inspire a movement. 'We didn't get on the same page with everyone, and it is about getting on the same page,' said the Rev. Tony Campolo, an outspoken liberal Baptist minister from Pennsylvania who once served as a spiritual adviser to President Bill Clinton, and attended the conference."

DHS Officials Says Many States Not Ready For Bird Flu. The AP (5/19, Jordan) reports many states have a "spotty" record in preparing for bird flu and it is matter of "not if, but when" the deadly virus reaches the United States, the Homeland Security Department's top doctor said Thursday. Dr. Jeffrey Runge, the department's chief medical officer, "said state and local governments carry most of burden of preparing for an outbreak," including "readying emergency medical workers, providing hospital beds and setting up treatment centers outside of immediate disaster areas." In an interview with the AP, Runge did not identify the states he said have been slow to prepare. However, he did say that states with "experience in dealing with hurricanes or terrorist attacks are further along."

Scientists Begin Testing For Bird Flu In Alaska. The AP (5/19) reports federal scientists Wednesday began testing migratory birds on a coastal wildlife refuge in Alaska for signs of bird flu, according to Bruce Woods, spokesman with the US Fish and Wildlife Service. It is the first sampling of a $4 million federal project to study 15,000 birds for the disease throughout the state this summer, Woods said.

WHO Probes Indonesian Bird Flu Cases For Human Transmission. The Washington Post (5/19, A17, Sipress, 744K) reports, "An international team of health investigators arrived on the Indonesian island of Sumatra on Thursday to determine whether an unusually large cluster of human bird flu cases indicates that the highly lethal virus has mutated into a form easily spread among people." USA Today (5/19, A6, 2.31M) reports, "The source of bird flu that killed five members of an Indonesian family isn't known, and human-to-human transmission can't be ruled out," the World Health Organization said on its Website. The WHO said the "most plausible" source was poultry, but "the possibility of limited human-to-human transmission cannot be ruled out." If that occurred, "it has not been either efficient or sustained," the WHO said.

However, the New York Times (5/19, Gelling, 1.19M) reports under the headline "5 Bird Flu Deaths In Indonesia Not Linked To Human Exchange," that WHO officials "said Thursday that the five avian flu deaths confirmed this week on Sumatra were probably not a result of human-to-human infection and did not suggest that the virus had mutated into a more deadly form." The Times quotes WHO epidemiologist Gina Samaan, who is investigating the recent cluster, as saying "the number of deaths had raised eyebrows, but so far the outbreak was similar to others in Indonesia that were caused by close contact with infected poultry."

Author Says Virginity Pledges Need To Be Re-Thought. In a New York Times op-ed (5/19), author Lauren F. Winner says, "The recent Harvard study that found teenagers' virginity pledges to be ineffective should come as a surprise to no one. Several studies had already come to that conclusion. If we are truly to help our teenagers adopt the countercultural sexual ethic of abstinence until marriage, Christians concerned about the rampant premarital sex in our communities need to rethink, rather than simply defend, young people's abstinence pledges." Although "the church devotes an immense amount of energy to teaching about sexuality — just go to the Christian inspiration section of your nearest Barnes & Noble and compare the number of books about chastity to books that challenge, say, consumerism — many Christians still 'struggle with' (in that euphemistic evangelical phrase) premarital sex, adultery and pornography." No "retooled pledge will guarantee teenagers' chastity, but words of grace and communal commitment are perhaps a firmer basis for sexual ethics than simple assertions that true love waits."

WSJournal Says House Earmark Reform Legislation Full Of Loopholes. The Wall Street Journal (5/19, 2.11M) says in an editorial, "When the House passed its lobbyist-reform bill last month, we praised the earmark transparency provision as a rare bright spot. Maybe we spoke too soon. Outsiders have now had a chance to inspect the fine print, and if Sarbanes-Oxley were this full of loopholes, few businesses would complain." Perhaps with "the House's Appropriator-in-Chief, Californian Jerry Lewis, now under investigation for allegedly steering millions in appropriations to a lobbyist via earmarks, reform will take on added urgency. But GOP leaders should understand that this kind of cynical loophole-writing won't make voters feel any better about them come November."

WSJournal Says GOP Won't Get Payoff From Medicare Drug Benefit. The Wall Street Journal (5/19, 2.11M) says in an editorial, "Republicans have been touting new polls showing rising popularity for their Medicare drug benefit. But this week's panic in Congress to extend Monday's deadline for penalty-free enrollment is further

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evidence that the program has been far from the political home run the GOP once hoped." At "best, the drug benefit will be a political wash this first national election following its implementation, and there is reason for Republicans to worry that come November many seniors will be hitting the dread 'doughnut hole' where coverage stops. More ominously, Democrats are making a pledge to 'fix' the benefit -- meaning expand it -- their top campaign plank. So while Republicans might have gotten to play Santa for five minutes, they'll spend decades playing Scrooge as Democrats demagogue for more generous coverage."

NYTimes Cautions Against Investing In Emerging Markets. The New York Times (5/19, 1.19M) says in an editorial that the "lucky investors who have ridden the bull run of the emerging markets in recent years — and those still thinking about getting onboard — should remember one thing. What goes up quickly often goes down quickly as well." Investors are "stampeding, cash in hand, toward countries like Russia and India. As Landon Thomas Jr. reported in this paper yesterday, hedge funds, mutual funds and pension funds are embracing the risks and the returns in countries as far-flung as Zambia and the former Soviet republic of Georgia. Speculation may have overtaken smart investment." The "wise investors won't lose their heads and weight their portfolios too heavily toward the most exotic funds. The problem with hot money is that it's easy to get burned."

Personnel News. CQ (5/18, Blinkhorn) reports **Lea Fisher** "has been named government relations manager for the American Heart Association and **Kimberly Becker** has been named communications manager."

THE BIG PICTURE:

Headlines From Today's Front Pages.

Los Angeles Times:
"Hayden Defends Spying By NSA."
"Iconic Marine Is At Home But Not At Ease."
"L.A.'s Play For NFL Raises Concerns."
"Class-Action Law Firm Indicted In Fraud Case."
"2 Arrested In Homeless Life Insurance Scam."
"Senate Backs Role Of English."
"Cervical Cancer Vaccine One Step From Approval."

USA Today:
"Hayden Says NSA Program Is Legal."
"Starbucks Nation."
"Fliers Could Keep Their Shoes On If New Airport Scanner Is Approved."

New York Times:
"C.I.A. Choice Says He's Independent Of The Pentagon."
"Vote In House Seeks To Erase Oil Windfall."
"U.S. Indictment For Big Law Firm In Class Actions."
"Iran's Secrecy Widens Gap In Nuclear Intelligence."
"As Death Stalks Iraq, Middle-Class Exodus Begins."
"Violent Rebel Rift Adds Layer To Darfur's Misery."

Washington Post:
"Hayden Urges CIA Critics To Refrain."
"Afghanistan Rocked As 105 Die In Violence."
"Parks Official Is Blamed In Snyder Land-Clearing."
"Senate Votes English As National Language."
"Shooter Languished Between Delusions, Despair."
"Mubarak Rival Loses Freedom Bid."

Washington Times:
"Illegals Granted Social Security."
"Vaccine To Halt Cancer Endorsed."
"Hayden Defends Legal Tapping."
"Iraqi Journalists Risk Their Lives To Get The Story."
"Nagin Says Win Would Send Racial Message."
"Chef Finds It Hard To Get A Table In Washington."

Detroit Free Press:
"Shock Follows Athlete's Sentence."
"The Hunt For Hoffa Heats Up."
"New Construction On Shaky Ground."
"After-Hours Clubs Party Right On In Proof's Wake."

Atlanta Journal-Constitution:
"Registered Sex Offenders Ordered To Find New Homes."
"Senators Grill CIA Nominee."
"A Kindler; Gentler Stance On Seafood."
"Bird-Watchers Crestfallen Over Costly No-Show."

Houston Chronicle:
"Insurance For Winds No Longer A Breeze."
"Hayden Defends NSA Eavesdropping."
"Panel OKs Cervical Cancer Vaccine."
"Civilian Traffic Force Could Help In A Jam."
"Lay's Team Challenges Validity Of Signatures."
"Senate Votes To 'Preserve' English."

Story Lineup From Last Night's Network News:
ABC: Bush-Yuma, AZ; Hayden Confirmation Hearing; Senate-Gay Marriage Ban; Air Force-Unnecessary Contract; Afghanistan Violence; Iraq Violence; Cervical Cancer Vaccine; Mortgage Rates Up; Hoffa Search; Unusual Names.
CBS: Cervical Cancer Vaccine; Hoffa Search; Hoffa Search-Analysis; Hayden Confirmation Hearing; Afghanistan-Taliban; Bush-Yuma, AZ; Mexican Drug Cartels; Afghan Child-US Military.
NBC: Hayden Confirmation Hearing; Bush-Yuma, AZ; Cervical Cancer Vaccine; Vioxx-Stroke Risk; Hoffa Search; Afghanistan Violence; Congress-Ethics Investigations; London-Airbus A-380; Sleep Requirements.

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Story Lineup From This Morning's Radio News Broadcasts:

ABC: CA-Border Crosser Killed; Issa-Immigrant Smuggler Prosecutions; Bush-Yuma, AZ; Senate-English As National Language; MI-Search For Hoffa's Body.

CBS: Senate-Immigration; Bush-Yuma, AZ; CA-Border Crosser Killed; Study-Women, High Blood Pressure; Cervical Cancer Vaccine.

NPR: Bush-Yuma, AZ; CA-Border Crosser Killed; Hayden Confirmation Hearing; Chile-Fujimori Released On Bail; North Korea-Nuke Talks; Iraq-US KIA; Wall Street.

WASHINGTON'S SCHEDULE:

Today's Events In Washington.

White House:

PRESIDENT BUSH — Attends Thelma Drake for Congress reception, Private residence, Virginia Beach, Va.; speaks on competitiveness, Northern Kentucky University, Highland Heights, Ky.; attends Geoff Davis for Congress reception, Hilton Cincinnati Airport Hotel, Florence, Ky.

VICE PRESIDENT CHENEY — Delivers commencement address at Louisiana State University. Baton Rouge.

LAURA BUSH — Speaks at a Martha Rainville for Congress and Vermont Republican Party reception, The Inn at Essex, Essex, Junction, Vt.; speaks at a Lincoln Chafee for Senate and Rhode Island Victory 2006 reception. Providence Biltmore Hotel, Providence.

US Senate: HOMELAND SECURITY AND GOVERNMENTAL AFFAIRS _ Full Committee. Vote on pending nominations of Rob Portman to be director, Office of Management and Budget; Robert I. Cusick to be director, Office of Government Ethics, Office of Personnel Management; David L. Norquist to be chief financial officer, Department of Homeland Security. Notes: Time and location are TBA. Meeting will be after the first vote on the day on the Senate floor.

8:30 a.m. APPROPRIATIONS _ Labor, HHS and Education Subcommittee. Hearing on the FY07 budget for NIH. Dr. Elias A. Zerhouni, Director, National Institute of health; Dr. John E. Niederhuber, Acting Director, National Cancer Institute; Dr. Francis Collins, Director, National Human Genome Research Institute; Dr. Elizabeth Nabel, Director, National Heart, Lung, and Blood Institute; and Dr. Anthony Fauci, Director, National Institute of Allergy and Infectious Diseases. Location: Room 192, Dirksen.

US House: FLOOR SCHEDULE _ 9 a.m. Meets for legislative business. Highlights: H.R. 5385 - Military Quality of Life and Veterans Affairs Appropriations Act.

8 a.m. APPROPRIATIONS _ Foreign Operations, Export financing and Related Programs Subcommittee. Markup of the foreign operations appropriations bill. Location: Room H-140, Capitol. Notes: Immediately following the markup Subcommittee Chairman Rep. Jim Kolbe will hold a media availability.

Other: TAXES _ The National Tax Association holds its spring symposium. Highlights: 10:45 a.m. Session on the impact of piecemeal tax policies. Location: Holiday Inn-Capitol Hill, 550 C St. NW.

CHILDREN'S RIGHTS _ The Campaign for US Ratification of the UN Convention on the Rights of the Child holds a summit meeting on the convention, "Mobilizing Communities for Ratification." Highlights: 10 a.m. Nashville Mayor Bill Purcell discusses the state of U.S. children. Location: American University.

GEORGETOWN COMMENCEMENTS _ Schedule of Georgetown University commencement events. Highlights: 3 p.m. School of Business Tropaia, with Metropolitan Opera General Manager Joseph Volpe. Gaston Hall. 6:30 p.m. Commerce Secretary Gutierrez. McDonough Arena.

INTERNET _ 8 a.m. Federal IPv6 Summit on The New Internet, also known as Internet Protocol version 6 (IPv6), a massive upgrade to the existing Internet (IPv4, in service since 1973) that offers major improvements in security, mobility and interoperability, which resulted in recent actions by the Department of Defense and the OMB (Office of Management and Budget of the White House) that mandated this new standard for the entire Federal Government. Location: Hyatt Regency Hotel, 1800 Presidents St. Reston, Va.

PRESCRIPTION DRUGS _ The National Legislative Association on Prescription Drug Prices holds its spring meeting. Highlights: 10:15 a.m. Keynote presentation: drug industry whistleblower Peter Rost. Location: Wilson Building, 1350 Pennsylvania Ave. NW.

CHINA-TRADE _ 8:30 a.m. The Council of Supply Chain Management Professionals holds a roundtable on trade with China, with Deputy Assistant Commerce Secretary Henry Leving, Zhong Chuanshui of the Chinese Embassy, others. Location: George Mason University Law School, 3301 Fairfax Dr., Arlington.

RUSSIA-OIL _ 10 a.m. - 4 p.m. The American Enterprise Institute holds a conference on the Russian oil industry, with Clifford Gaddy of Brookings Institution, Julia Nanay of PFC Energy, Thomas Graham of NSC, Vladimir Milov of the Institute of Energy Policy, others. Location: 12th floor, AEI, 1150 17th St. NW.

NUCLEAR TERRORISM _ 8 a.m. Linton Brooks, administrator of the National Nuclear Security Administration, discusses nuclear terrorism at a seminar hosted by the

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National Defense University Foundation. Location: Capitol Hill Club, 300 1st St. SE.

CHINA-INTELLECTUAL PROPERTY _ 8:30 a.m. American Association of Publishers holds a program on perspectives on opportunities and challenges facing publishers in the Chinese Market. Participants include Commerce Undersecretary Jon Dudas, Assistant USTR Victoria Espinel, others. Location: Room 202A, Washington Convention Center.

PANAMA CANAL _ 9 a.m. Vice President Samuel Lewis Navarro of Panama speaks at the Center for Strategic and International Studies on expansion of the Panama Canal. Location: B-1 conference level, 1800 K St. NW.

PENTAGON-IRAQ SECURITY _ 9 a.m. Army Lt. Gen. Peter W. Chiarelli, commander of the Multinational Corps-Iraq, will brief live from Iraq to provide an update on ongoing security operations in Iraq. Location: DOD Briefing Studio, Pentagon 2E579.

SOCIAL SECURITY _ 9 a.m. The Hudson Institute holds a discussion with David Macpherson of Florida State University discussing Social Security, with respondents Deputy Labor Secretary Steven Law, John Turner of AARP, others. Location: 6th floor, 1015 15th St. NW.

WOMEN_TAXES _ 9 a.m. The National Council for Research on women, others, hold a briefing on the impact of tax and budget policies on women and people of color. Location: Room 2105, Rayburn.

DEMOCRATS-FEMA TRAILERS _ 10 a.m. The Senate Democratic Policy Committee (DPC) will conduct an oversight hearing to examine reports that FEMA has broken not only its promise to re-compete massive no-bid contracts awarded in the wake of Hurricane Katrina, but that it has failed to award new contracts to local businesses as promised earlier this year. Location: Room 138, Dirksen Senate Office Building.

MILITARY EXPERIMENT _ 10 a.m. NATO's Supreme Allied Commander Transformation and Commander, U.S.Joint Forces Command USJFCOM) Air Force Gen. Lance Smith host a media availability at the conclusion of the Multinational Experiment 4 (MNE 4) Senior Leader Seminar May 19. In addition to Gen. Smith, MNE 4 representatives will also take part in the briefing. The news media briefing, to be held in Brussels, Belgium, will discuss lessons learned from MNE 4 and the way ahead for Multinational Experiment 5. Location: DOD Press Briefing Room, Pentagon.

MOUSSAOUI _ 10 a.m. U.S. District Judge Leonie Brinkema holds a hearing on a government motion to reconsider the court's order granting counsel for family members of victims of the 9/11 attacks access to certain materials in the Moussaoui case. Location: U.S. District Court, Alexandria.

HOMELESS VETERANS _ 10:30 a.m. Reps. Lane Evans and Robert Filner hold a congressional forum on homeless veterans. Location: Room 334, Cannon.

DEMOCRATS-TAXES _ 11 a.m. Representatives James E. Clyburn, Charles Rangel, Xavier Becerra and Debbie Wasserman Schultz hold a press conference to refute what they say are House Speaker Dennis Hastert's "out of touch comments" regarding the taxes paid by middle-class families. They will be joined by members of a working middle class family, who sponsors say Republican policies have consistently ignored. Location: Cannon Terrace.

OAS-PANAMA _ 11 a.m. The Permanent Council of the Organization of American States holds a special meeting to receive Panama's Vice President and Minister of Foreign Affairs, Samuel Lewis. Location: OAS, Constitution Ave. and 17th St. NW.

PENTAGON TOWN HALL _ 11 a.m. Defense Secretary Rumsfeld and Joint Chiefs of Staff Chairman Gen. Peter Pace hold a Pentagon town hall meeting. Location: Pentagon Auditorium.

MEDICARE _ 12:15 p.m. The Alliance for Health Reform and the Commonwealth Fund hold a luncheon briefing on the Medicare Advantage program, with Abby Block of CMMS, Brian Biles of George Washington University, Karne Ignagni of Amnerica's Health Insurance Plans, Marsha Gold of Mathematica Policy Research, others. Location: Room 325, Russell.

IRAQ _ 12:30 p.m. The Center for Strategic and International Studies holds a discussion with Sen. Russ Feingold on Iraq and refocusing the national security strategy. Location: B-1 conference level, 1800 K St. NW.

MAYORS _ 12:30 p.m. National Press Club luncheon with Mayor Beverly O'Neill of Long Beach, Calif., president of the U.S. Conference of Mayors. Location: National Press Club.

SAUDI PRISONS _ 3 p.m. The Federation of Indian American Christian Organizations of North America holds a briefing with a man arrested by Saudi police for practicing Christianity. Location: Wilson Room, 100 Maryland Ave. NE.

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DEPARTMENT OF JUSTICE *NEWS CLIPS*

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TO: THE ATTORNEY GENERAL AND SENIOR STAFF

DATE: FRIDAY, MAY 19, 2006 7:45 AM EDT

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TERRORISM NEWS:

CIA Nominee Defends Eavesdropping Program (KRT)

By James Kuhnhenn
Knight Ridder, May 18, 2006
WASHINGTON - Justice Department lawyers had signed off and the president of the United States had issued his orders.

DOJ_NMG_0028894

So less than a month after the Sept. 11, 2001, terrorist attacks, Air Force Gen. Michael Hayden decided to carry out a covert warrantless eavesdropping program to help thwart future attacks.

"The math was pretty straightforward," Hayden told the Senate Intelligence Committee on Thursday during his confirmation hearing to head the Central Intelligence Agency. "I could not not do this."

Hayden, who headed the National Security Agency when it began the eavesdropping program, defended the Bush administration's effort to wiretap calls between suspected al-Qaida allies and U.S. residents, saying the practice is subject to strict internal reviews to prevent civil rights violations.

Hayden seems assured of Senate confirmation to take over the CIA and would become the agency's third director since the Sept. 11 attacks. The committee will vote next week. President Bush has pressed for a full Senate vote before the Memorial Day recess begins at the end of next week, but that's uncertain.

Even so, Hayden faced tough questions about his credibility, the breadth of the eavesdropping program, the role of the CIA in the treatment of foreign detainees, and the reliability of intelligence on Iran's nuclear program. On key points, Hayden demurred, putting off his answers for the classified, closed-door portion of the hearing.

Indeed, the more than six-hour public session revealed more about the frustrations of lawmakers who'd been kept in the dark about the NSA's activities - some until Wednesday - than it did about Hayden's views.

"The Congress was really never really consulted or informed in a manner that we could truly perform our oversight role as co-equal branches of government, not to mention, I happen to believe, (as) required by law," said Sen. Olympia Snowe, R-Maine.

Hayden promised to keep senators informed about intelligence activities, but he urged lawmakers to stop the "endless picking apart of the archaeology of every past intelligence success or failure."

CIA officers, he said, "deserve not to have every action analyzed, second-guessed and criticized on the front pages of the morning paper."

As for the NSA's eavesdropping activities, Hayden stressed that the program targets al-Qaida communications. In one of the most detailed descriptions that the administration has offered about internal safeguards on the program, Hayden said that NSA officers listen in on calls only after establishing probable cause that the calls involve al-Qaida suspects. He said each targeted call is documented and includes a detailed rationale for linking a phone number with a suspected terrorist.

He said the NSA's inspector general, the agency's internal watchdog, and Department of Justice lawyers routinely examine the targeting documents to make sure the program isn't being abused.

"To the best of my knowledge, the folks out there are batting a thousand," he said. "No one has said that there has been a targeting decision made that wasn't well-founded in a probable cause standard."

He declined to describe the breadth of the program. He also wouldn't confirm a USA Today report last week that the NSA had access to a database of millions of records of phone calls placed in the United States.

After Sen. Carl Levin, D-Mich., sparred with Hayden over the privacy issues associated with warrantless wiretaps, Levin asked: "Is that the whole program?"

"Senator, I'm not at liberty to talk about that in open session," Hayden replied.

Later, Levin told a reporter: "He's made generally a positive impression on me."

While the revelations of NSA eavesdropping have caused an outcry among civil libertarians and a vigorous debate in Congress, the Senate hearing was a civil encounter. Administration critics sat quietly in the audience, clapping softly at the occasional pointed question from a senator.

Sen. Chuck Hagel, R-Neb., encouraged Hayden to develop a new sense of public trust in the intelligence community.

"America has lost confidence in the leadership of this country," Hagel said.

Hayden conceded flaws in the intelligence gathering about weapons of mass destruction in Iraq. He faulted the Pentagon's former Office of Special Plans, headed by former Undersecretary of Defense of Policy Douglas Feith, for not adequately filtering intelligence data when reaching conclusions about weapons of mass destruction in Iraq and about links between Iraqi dictator Saddam Hussein and al-Qaida.

Displaying a gift for metaphor, Hayden said:

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"I've got three great kids, but if you tell me, `Go out and find all the bad things they've done, Hayden,' I can build you a pretty good dossier, and you'd think they were pretty bad people because that was what I was looking for and that's what I'd build up.

"That would be very wrong. That would be inaccurate. That would be misleading."

Asked to compare current assessments about Iran's nuclear capabilities with prewar intelligence about Iraq, Hayden said, "Our data is better ... and our judgments are far more clear."

At another point he noted: "Iran is a difficult problem."

Hayden Says NSA Program Is Legal (USAT)

By Andrea Stone

USA Today, May 19, 2006

WASHINGTON — President Bush's nominee to head the CIA defended the administration's warrantless surveillance program Thursday and said media reports about it have had a "corrosive effect" on the nation's intelligence gatherers.

Air Force Gen. Michael Hayden told the Senate Intelligence Committee that the National Security Agency (NSA) eavesdrops without warrants only on the phone calls or e-mails of terrorism suspects. He said officials use a "probable cause" standard that makes it unlikely that ordinary Americans would be targeted.

"The privacy of American citizens is a concern constantly," said Hayden, who as NSA director designed the surveillance program. "We always balance privacy and security."

During nearly eight hours of testimony, Hayden said repeatedly that when Bush pushed the NSA to step up its surveillance after the Sept. 11 attacks, he consulted with government lawyers. He said they told him eavesdropping on international communications was legal.

"I could not not do this," he said.

But Hayden said he was "not here to confirm or deny" last week's report by USA TODAY that the NSA has been secretly collecting the domestic phone call records of tens of millions of Americans. Bush has confirmed the NSA surveillance program but not the call database report.

After Hayden's open testimony, the confirmation hearing went into closed session so he could discuss the phone database issue as well as other sensitive subjects such as detainee interrogations.

Before going into the closed session, Democrats expressed concern over the clandestine programs and what they said was the administration's failure to keep Congress informed. The full Senate and House intelligence committees were briefed for the first time Wednesday.

Sen. Russ Feingold, D-Wis., said he left the briefing "more convinced than ever" that the phone surveillance program is illegal and "the president misled the public."

Hayden said that in 30 briefing sessions with members of Congress, no one had said that the surveillance program should be stopped or that it broke the law. "I came away with no course corrections," he said.

Hayden did acknowledge a series of mistakes by the U.S. intelligence community before the invasion of Iraq in 2003 — principally the conclusion that Iraq possessed weapons of mass destruction. "We just took too much for granted. We didn't challenge our basic assumptions," he said.

The four-star general opened his testimony by saying that intelligence-gathering had become "the football in American political discourse" and that the "CIA needs to get out of the news — as source or subject."

A vote by the full Senate on Hayden's nomination to replace Porter Goss could come as early as next week. "It's very likely he'll be confirmed," said Sen. Carl Levin of Michigan, the committee's senior Democrat.

C.I.A. Choice Says He's Independent Of The Pentagon (NYT)

By Mark Mazzetti

The New York Times, May 19, 2006

WASHINGTON, May 18 — Gen. Michael V. Hayden sought on Thursday to distance himself from the Pentagon and its role in prewar intelligence on Iraq, in an appearance that put him on track to win swift confirmation as the next director of the Central Intelligence Agency.

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In a confirmation hearing before the Senate Intelligence Committee, General Hayden appeared in the pristine blue uniform he has worn for 36 years as an Air Force officer.

But he repeatedly professed his independence from the Defense Department and its leadership, saying he had been "uncomfortable" with the work of a Pentagon intelligence office run by Douglas J. Feith, a former under secretary of defense, which asserted in the months before the Iraq war that Iraq had established ties with operatives for Al Qaeda in the Middle East.

General Hayden also recounted disagreements with Defense Secretary Donald H. Rumsfeld about the Pentagon's control over a large part of America's annual intelligence budget. In characterizing one such conversation, he said, "I think it's what diplomats would call that frank and wide-ranging exchange of views."

General Hayden flatly defended as legal the secret domestic eavesdropping program he ran until last year as director of the National Security Agency, and that argument was directly challenged by only a handful of Democratic senators.

But he notably declined to endorse a Bush administration stance that has severely limited the number of senators who could be briefed on the program. "It was not my decision," he said.

The questioning of General Hayden in more than seven hours of public testimony included moments of tension. But, for the most part, Democrats as well as Republicans praised his experience and said he was a good choice to lead an agency that has been buffeted by recriminations over intelligence failures and the stormy service of its current director, Porter J. Goss, who will leave next week.

None of the 15 senators on the committee indicated that they planned to vote against General Hayden's nomination. By day's end, Senator Pat Roberts of Kansas, the Republican chairman of the committee, said he hoped to hold votes in the committee and the full Senate next week that could install General Hayden at the C.I.A. by Memorial Day.

General Hayden's assertions of independence appeared intended to address his critics' concerns that a four-star general running the spy agency might be too beholden to the Pentagon at a time when the military is expanding its foreign intelligence operations.

In his current job, as principal deputy to John D. Negroponte, director of national intelligence, General Hayden is not in the direct military chain of command. Yet his testimony on Wednesday was the first time that a senior general on active duty had criticized the intelligence office run by Mr. Feith, who left the Pentagon last year after overseeing a critical part of the Pentagon's effort to build the case for war against Saddam Hussein.

In stark contrast to Mr. Goss, who in confirmation hearings 19 months ago pledged "tough love" for the embattled agency, General Hayden went out of his way to praise the work of C.I.A. officials and pledged to "reaffirm the C.I.A.'s proud culture of risk-taking and excellence."

General Hayden, who would become the third C.I.A. director in two years, said he was also eager to restore a sense of continuity at the agency, which has been shaken by turnover at its highest levels. He said the possible return of Stephen R. Kappes, a veteran of the agency's clandestine service who is said to be the leading candidate to become General Hayden's deputy, would help in that effort.

"You get a lot more authority when the work force doesn't think it's amateur hour on the top floor," he said. "You get a lot more authority when you've got somebody welded to your hip whom everybody unarguably respects as someone who knows the business."

He said he also believed it was "time to move past what seems to me to be an endless picking apart of the archeology of every past intelligence failure and success," including those related to the Sept. 11 attacks and faulty assessments about prewar intelligence on Iraq. C.I.A officers, he said, "deserve not to have every action analyzed, second-guessed and criticized on the front pages of the morning paper."

The sharpest criticism from senators came during questions about General Hayden's role in the domestic eavesdropping program. General Hayden said the surveillance program broke no laws and had been carefully vetted by National Security Agency lawyers. He said no lawmaker had ever suggested significant changes to the program in more than a dozen classified briefings before it was publicly revealed in December.

"I never left those sessions thinking I had to change anything," he said.

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Yet some lawmakers challenged whether General Hayden had been upfront about the highly classified program in public statements and in past visits to Capitol Hill.

One committee Democrat, Senator Ron Wyden of Oregon, questioned whether General Hayden had "simply said one thing and done another, or whether you have just parsed your words like a lawyer to intentionally mislead the public."

Mr. Wyden asked, "What's to say that if you're confirmed to head the C.I.A., we won't go through exactly this kind of drill with you over there?"

"Well, senator," the general replied, "you're going to have to make a judgment on my character."

While several senators expressed concern that the Pentagon was muscling onto the C.I.A.'s territory by expanding its intelligence capabilities, General Hayden denied that there was a turf battle between the military and civilian intelligence operatives.

In fact, General Hayden said on several occasions Thursday that Pentagon intelligence-gathering had helped the C.I.A. break free from the military's constant demands to support troops with tactical intelligence.

In Iraq and Afghanistan, General Hayden said, the C.I.A. had initially "picked up a large burden" in providing direct support to military forces.

"To have D.O.D. step up to those kinds of responsibilities doesn't seem to me to be a bad thing," he said. "And if that frees up C.I.A. activity to go back toward the more traditional C.I.A. realm of strategic intelligence, there's a happy marriage to be made here."

At the same time, General Hayden said it was necessary to "create a bright line" distinguishing the field activities of the Pentagon and the C.I.A., which historically has had broader legal authority to run covert operations overseas.

He said his first priority was to strengthen the C.I.A.'s abilities to collect human intelligence, yet he also said the spy agency needed to remain the government's "center of excellence" for intelligence analysis.

At the same time, he said the C.I.A.'s workforce of analysts, known as the directorate of intelligence, suffered from a lack of seasoned veterans who could coach the younger analysts who had joined the agency since the Sept. 11 attacks.

To illustrate this, General Hayden said that for every 10 analysts at the agency with less than four years of intelligence experience, there was only one with more than 10 years of experience.

"This is the least experienced analytic workforce in the history of the Central Intelligence Agency," he said.

CIA Nominee Says Was Convinced On Legality Of Domestic Spying (CHIT)

By Stephen J. Hedges

Chicago Tribune, May 19, 2006

WASHINGTON -- Gen. Michael Hayden, nominated to be the next director of the CIA, told a Senate committee Thursday that he initially doubted the legality of a Bush administration program to expand domestic wiretaps on U.S. citizens after the Sept. 11 attacks, but that White House officials convinced him the program was lawful.

Hayden headed the National Security Agency, which conducts electronic eavesdropping, when the controversial program was proposed to monitor international calls between suspected Al Qaeda operatives and people in the United States. A furor erupted when its existence was revealed in December, with some Democrats and a few Republicans claiming it was illegal.

Hayden told the Senate Intelligence Committee, which is considering his CIA nomination, he at first told then-CIA Director George Tenet that the NSA was doing all that the law allowed on surveillance.

"Director Tenet came back to me and said, 'Is there anything more you can do?'" Hayden said. "And I said, 'Not within my current authorities.' And he invited me to come down and talk to the administration about what more could be done."

After that talk, Hayden said, he was convinced the NSA could go further. Then-Atty. Gen. John Ashcroft provided the NSA with a memo giving a basis for that eavesdropping authority, he said.

Hayden said he did not read the memo, but on Oct. 6, 2001, the NSA launched what the Bush administration has called a terrorist surveillance program. That program—along with the reported NSA collection of millions of domestic phone records from telephone companies for analysis—has complicated Hayden's confirmation. The programs also have raised questions about the influence the administration has exerted over the intelligence agencies, and about who is accountable for their activities.

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NSA eavesdropping was just one concern committee members raised with Hayden, who has spent much of his career working in military intelligence. If the committee approves Hayden's nomination, the full Senate would then vote on his confirmation.

The hearing also touched on politicization of intelligence analysis, treatment of CIA terrorism detainees, improved human intelligence sources, press leaks and whether committee members or Congress receive enough briefings on intelligence matters.

None of those issues seemed to entangle Hayden, though he insisted on answering some of the most sensitive questions in a closed session after the public hearing. Hayden enjoys solid support among Republicans and has won initial praise from some Democrats.

During the hearing, Hayden received mostly genteel treatment from committee members. But senators from both parties criticized the administration, and by inference Hayden, for failing to brief the full committee on the domestic eavesdropping initiative until Wednesday. That decision, they suggested, seemed designed to defuse congressional complaints that only a handful of lawmakers had been briefed about the wiretapping.

Hayden found himself acting as the public face of a still-brewing controversy over domestic surveillance approved by the administration. He was repeatedly asked to explain how the terrorism surveillance wiretaps were started, how extensive they are and what the White House had done to ensure that the program did not sweep innocent citizens into its dragnet.

"When I had to make this personal decision in early October 2001," Hayden said, "it was a personal decision. The math was pretty straightforward. I could not not do this."

In adopting the program, the administration and NSA avoided the usual method of obtaining a warrant for such wiretaps from a special court formed under the Foreign Intelligence Surveillance Act.

Though that court has approved almost all such requests, the White House has argued the NSA needed to move quickly to capture some calls and that the special court process would have delayed the intercepts.

Committee Chairman Sen. Pat Roberts (R-Kan.) seemed defensive that he and not the entire committee had been told early on about the surveillance. He answered criticism from Sen. Ron Wyden, (D-Ore.) that Hayden and the administration had failed to keep the full committee informed.

"We as a country weren't part of any effort to set the standards in these programs," Wyden said, "and most of the members of this committee were kept in the dark and weren't part of any informed debate about these programs."

To that Roberts replied: "I would like to make it very clear that I was briefed on all 13 occasions, along with the vice chairman and the leadership of the Congress. You might think we're not independent. I am independent. And I asked very tough questions, and they were answered to my satisfaction by the general [Hayden] and other members of the briefing team."

Wyden, however, noted that Hayden had testified publicly that the privacy of U.S. citizens was being protected when the NSA was conducting the surveillance.

Republican Sen. Olympia Snowe of Maine took up that theme, arguing that Hayden and his intelligence colleagues in the administration could have briefed the committee well before Wednesday.

"I happen to believe that with the programs in question, that the Congress was really, never really consulted or informed in a manner that we could truly perform our oversight role as co-equal branches of government," Snowe said.

The White House contends the program is legal under broad constitutional authority Bush has to protect the nation and that citizens' privacy rights were protected. Hayden, who left the NSA in 2005 to become deputy director of national intelligence, echoed the White House response.

"Are there privacy concerns?" he said. "Of course there are privacy concerns. But I'm fairly, I'm very comfortable with what the agency did and what I did personally to inform those people responsible for oversight."

But he declined to answer specific questions about the wiretapping, telling senators that he would provide extensive answers in the committee's closed-door session.

Hayden also said he would work as CIA director to take the politics out of intelligence analysis and briefings.

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"True accountability is not served by inaccurate, harmful or illegal public disclosures," he said. "I will draw a clear line between what we owe the American public by way of openness and what must remain secret in order for us to continue to do our job."

Nominee Says N.S.A. Stayed Within Law On Wiretaps (NYT)

By Eric Lichtblau

The New York Times, May 19, 2006

WASHINGTON, May 18 — Less than a month after the Sept. 11 attacks, Gen. Michael V. Hayden summoned 80 or 90 staff members to a conference room at the National Security Agency. President Bush had just approved the use of wiretapping on the international calls and e-mail of Americans without warrants, and the general, then leading the spy agency, was setting his troops in motion.

As General Hayden recounted the meeting at his Senate confirmation hearing on Thursday, he explained what the president had authorized and ended his remarks by saying, "We're going to do exactly what he said, and not one photon or one electron more."

"And I think that's what we've done," he told the senators considering his nomination to lead the Central Intelligence Agency.

General Hayden faced sharp questioning from Democrats about whether the eavesdropping operation was legal and whether he had misled Congress and the public about it. But even under attack, he did not stray from the points that he and other administration officials have stressed in defending the operation in recent months. Again and again, he cited the legal and constitutional authority for the program, the safeguards against abuses, and the need for secrecy to ensure its effectiveness.

But while the message was constant, General Hayden sought to put a more human face on the effort, explaining his role and that of his aides in running the surveillance program.

He told, for instance, of meeting with N.S.A. employees after the disclosure of the program in December in The New York Times and seeking to rally them "at the height of the first fur ball about this."

"You know, they're doing their jobs, but it was a difficult time," he told the committee. "But the only emotion they expressed to me was they wanted to be able to continue to do their work. You know, their fear was not for themselves or that they had done anything wrong, but that they wanted to be able to continue to do what it is they had been doing."

He also told of his talks with a handful of agency lawyers about the legality of the program under the president's authority as commander in chief under Article II of the Constitution. "I talked to the N.S.A. lawyers, most of my personal dialogue with them, they were very comfortable with the Article II arguments and the president's inherent authorities," General Hayden said.

At the same time, however, he acknowledged under questioning from Democrats that he did not read the Justice Department's formal opinion laying out the legal rationale for the program. He also said he did not recall any substantive discussion about the Congressional authorization in September 2001 to use all necessary force against Al Qaeda — a resolution that the White House now says helped give it legal authority for the wiretapping operation.

"Our discussion anchored itself on Article II," he said.

He acknowledged that there had been significant discussion within the administration — and between the White House and the security agency — about undertaking the program.

BellSouth Wants Retraction

ATLANTA, May 19 (AP) — The BellSouth Corporation is pressing USA Today to retract assertions that the telecommunications company provided customers' phone records to the National Security Agency.

The Atlanta-based company's chief lawyer, Marc Gary, sent a letter on Thursday to the publisher of USA Today, the Gannett Company's flagship paper, to retract "false and unsubstantiated statements" made in a May 11 article, said a BellSouth spokesman, Jeff Battcher.

A newspaper spokesman, Steve Anderson, said, "We are reviewing it and will be responding."

Hayden Urges CIA Critics To Refrain (WP)

By Dafna Linzer And Charles Babington

The Washington Post, May 19, 2006

DOJ_NMG_0028900

Gen. Michael V. Hayden, President Bush's choice to lead the CIA, strongly defended the administration's policies on domestic surveillance and the treatment of detainees during his confirmation hearing yesterday, and urged senators to suspend debate about CIA failures and give the agency a chance to rebound.

"It's time to move past what seems to me to be an endless picking apart of the archaeology of every past intelligence success or failure," Hayden said. "CIA officers . . . deserve recognition of their efforts, and they also deserve not to have every action analyzed, second-guessed and criticized on the front pages of the morning paper."

Although accountability is important, he said the "CIA needs to get out of the news as source or subject and focus on protecting the American people by acquiring secrets and providing high-quality all-source analysis."

Hayden vowed to remake the CIA into the premier intelligence agency, in part by encouraging officers to take risks and to admit uncertainties even when top officials press for definitive findings. He promised to "speak truth to power," and said that he and the intelligence community had learned the lessons of Iraq.

"While the bulk of the agency's work must, in order to be effective, remain secret, fighting this long war on the terrorists who seek to do us harm requires that the American people and you, their elected representatives, know that the CIA is protecting them effectively and in a way consistent with the core values of our nation," Hayden said.

In more than six hours of testimony before the Senate intelligence committee, Hayden, a four-star Air Force general, offered assurances in some areas, saying he is committed to safeguarding privacy, to working effectively with other intelligence agencies and to improving the CIA's record of accomplishment. He also acknowledged serious disagreements with Defense Secretary Donald H. Rumsfeld and Douglas J. Feith, the former No. 3 official in the Pentagon who is considered an architect of the Iraq invasion.

But Hayden deflected specific questions on sensitive subjects, including interrogation methods involving terrorism detainees and the scope of the National Security Agency's warrantless eavesdropping operation, telling senators he would respond only during the closed-door portion of the hearing.

Hayden, 61, designed the administration's eavesdropping program in the immediate days after the Sept. 11, 2001, attacks, when he ran the National Security Agency. He defended the effort as helpful in the hunt for al-Qaeda though he provided no specific example of the program's success. Under the program, revealed in December, the NSA eavesdropped, without obtaining warrants, on overseas telephone calls by Americans that involved people the government considered terrorism suspects. Earlier this month, USA Today reported that the NSA had obtained phone records of millions of U.S. residents and businesses.

Hayden shed some new light on the program's inception, noting that he was asked by then-CIA Director George J. Tenet to provide a list of NSA's capabilities after the al-Qaeda attacks, even those that Hayden believed would not be permissible under the law. Hayden suggested the scope of the program may go beyond what is publicly known, but he said there was no White House push for eavesdropping on calls in which both parties were in the United States, and that every measure was taken to protect the privacy of Americans whose overseas calls were monitored.

"I understand there are privacy concerns involved in all of this. There's privacy concerns involved in the routine activities of NSA," he said. He said the warrantless eavesdropping was carefully targeted against al-Qaeda suspects.

"No one has said that there has been a targeting decision made that wasn't well-founded in a probable-cause standard," Hayden said.

Some Democrats questioned the claim, noting that thousands of Americans' calls have reportedly been intercepted.

Sen. Russell Feingold (D-Wis.) asked Hayden "whether people that were not associated with al-Qaeda have been trapped in this sort of thing," Hayden replied that if someone is targeted and then dropped, it "doesn't mean that the first decision was wrong. It just means this was not a lucrative target for communications intelligence."

Senators questioned the nominee closely and at length on the constitutionality of the program, which some legal scholars have challenged.

Hayden said the White House's legal basis is rooted in the opinion that Article II of the Constitution gives the president expansive authorities in a time of war to conduct domestic surveillance. Hayden said he never personally reviewed the legal

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opinion that was drawn up in support of the program, but "when they came to me and we discussed its lawfulness, our discussion anchored itself on Article II."

He said the administration did not attempt to rest its case on a congressional war resolution passed in the days after the al-Qaeda attacks, as Attorney General Alberto R. Gonzales said after the program was disclosed.

Among other subjects, Hayden said the intelligence community "had to win back the trust of the American people" after failing to accurately assess Iraq's weapons programs, and that it was working hard to avoid such mistakes when judging the threat posed by Iran's nuclear program.

He took particular aim at the intelligence-gathering being done at the Pentagon at the time under Feith, who promoted connections between Saddam Hussein and al-Qaeda. "I wasn't comfortable," Hayden said. "And I wasn't aware of a lot of the activity going on, you know, when it was contemporaneous with running up to the war."

But he sidestepped other questions in the public session, declining to embrace or distance himself from the Bush administration's policies on treatment of al-Qaeda suspects. When Sen. Dianne Feinstein (D-Calif.) asked if he thought "individuals may be secretly detained for decades," Hayden said he would be "happy to answer" in the closed session.

He gave the same answer when Feinstein asked if he condoned the interrogation practice of "waterboarding," in which a detainee is made to feel he is on the verge of drowning. Hayden defended the administration's policy of allowing the CIA to treat detainees more harshly than the military may treat prisoners of war, but said civilian agencies such as the CIA were legally obligated to refrain from "cruel, inhuman and degrading" treatment.

The committee's nine Republicans and seven Democrats signaled that Hayden's confirmation by the Senate is likely. Several congratulated him in advance. "You're going to be one of America's best CIA directors," said Sen. Chuck Hagel (R-Neb.), who has criticized the administration on some intelligence matters.

Last year, Hayden became deputy director for national intelligence, and was nominated to lead the CIA days after Porter J. Goss was forced out of the job earlier this month, ending a turbulent 18-month tenure.

Hayden honored Goss in his opening statement but repeatedly sought to assure the committee, and those inside the agency, that he plans to run the CIA differently.

Hayden, who has often won high marks on the Hill for his detailed briefings, maintained a calm demeanor through the hours of questioning, although he bristled slightly when Sen. Ron Wyden (D-Ore.) said, "General, having evaluated your words, I now have a difficult time with your credibility."

"Well, Senator," Hayden said, "you're going to have to make a judgment on my character."

Wyden said Hayden had used speeches and congressional testimony to suggest that the NSA's surveillance techniques are narrowly focused, a claim that he said does not comport with news accounts. "So with all due respect, General, I can't tell now if you've simply said one thing and done another, or whether you have just parsed your words like a lawyer to intentionally mislead the public," Wyden said.

Hayden, citing his Jan. 23 speech at the National Press Club, said: "I chose my words very carefully because I knew that some day I would be having this conversation."

Hayden Defends Wiretapping In Contentious Hearing (LAT)

By Greg Miller

The Los Angeles Times, May 19, 2006

WASHINGTON -- Air Force Gen. Michael V. Hayden vigorously defended the legality of the Bush administration's domestic wiretapping program and declared that the CIA "must be transformed" to stay abreast of terrorist and other threats during an often contentious hearing on his nomination to be the next CIA director.

Hayden spent much of the day fending off questions about his previous job as director of the National Security Agency. The four-star general acknowledged playing a larger than previously understood role in the creation of the controversial domestic eavesdropping program, and repeatedly refused to respond to questions about details of the operation during the public portion of his testimony before the Senate Select Committee on Intelligence.

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But Hayden also described ambitious plans for the beleaguered agency he hopes to lead next, saying he intends to push the CIA to be more aggressive in mounting clandestine operations and more rigorous in the assessments it produces to avoid the mistakes that plagued the prewar estimates on Iraq.

In perhaps the clearest signal of a looming shift in course for the troubled agency, Hayden made it clear that he believes the CIA has become too bogged down tracking daily developments in Iraq and other global trouble spots.

Instead, he suggested that the CIA should surrender more of that work to the Pentagon, focus more of its energies on anticipating longer-term threats and trends, and reconcile itself to a diminished role in which it is an important, but not isolated, member of the U.S. intelligence community.

At one point, Hayden likened the CIA to "a top player on a football team -- critical, but part of an integrated whole. Even the top player needs to focus on the scoreboard, not on their individual achievement."

Hayden, 61, currently serves as the deputy director for national intelligence, the principal deputy to the nation's top spymaster, John D. Negroponte, who oversees the activities of all 16 U.S. spy agencies. The general played a behind-the-scenes role in ousting former CIA director Porter J. Goss, who resigned two weeks ago amid criticism that he was too turf-conscious and resistant to reforms.

Lawmakers and Senate aides emerged from Thursday's session saying that Hayden was likely to be confirmed by the Senate as early as next week. Even so, the hearing made it clear that Hayden's standing among some members has been diminished by his involvement in domestic surveillance programs that have been major sources of controversy for the Bush administration in recent months.

Shortly after the Sept. 11 attacks, President Bush authorized the NSA to intercept communications between people in the United States and individuals overseas suspected of having ties to al-Qaida. In doing so, the NSA bypassed the usual requirement that the government obtain permission from a court before placing wiretaps on a U.S. resident. The Bush administration also kept the program hidden from all but a handful of lawmakers until it was exposed in news reports last year.

During one particularly tense exchange Thursday, Sen. Ron Wyden, D-Ore., challenged Hayden to reconcile details that have emerged on the scope of the surveillance operation with previous public comments downplaying its significance or suggesting that the government was not eavesdropping on Americans without court warrants.

"General, I can't tell now if you've simply said one thing and done another, or whether you have just parsed your words like a lawyer to intentionally mislead the public," Wyden said. "What's to say that if you're confirmed to head the CIA, we won't go through exactly this kind of drill with you over there?"

Hayden shot back: "Well, Senator, you're going to have to make a judgment on my character."

Hayden acknowledged that the program raised privacy concerns, but said repeatedly that he believed it was lawful. "I'm very comfortable with what the agency did, what I did," he said.

He resisted pressure to provide more details, saying he would address matters in a closed session with senators scheduled later in the day. He similarly deflected questions about the CIA's interrogation methods and handling of detainees.

But Hayden did provide some new information on the origins of the domestic surveillance program, indicating that he proposed the idea after being prompted by then-CIA director George J. Tenet to consider what else the NSA might do to combat terrorism.

Tenet "invited me to come down and talk to the administration about what more could be done," Hayden said. "There then followed a discussion as to why or how we could make that possible."

He did not elaborate, but disputed reports that Vice President Cheney or other administration officials put pressure on the NSA to be even more aggressive in spying on Americans.

Some lawmakers have questioned whether Hayden's lengthy military career is a liability at a time when the Pentagon is increasingly encroaching on the CIA's traditional turf. Hayden expressed support for the expanding military role in intelligence-gathering, saying that the burden on the CIA has been so taxing that "we welcome additional players on the field."

But he also sought to distance himself from the Pentagon, noting that he and Defense Secretary Donald H. Rumsfeld had disagreed over reforms that eroded the military's influence over intelligence operations and budgets.

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Hayden was also sharply critical of the activities of a controversial intelligence analytic unit set up within the Pentagon by former Undersecretary of Defense for Policy Douglas Feith, a leading advocate for the war in Iraq.

The team Feith assembled helped make the case for war by uncovering supposed links between Saddam Hussein's regime and al-Qaida. Their findings were presented to the CIA and officials at the White House, but have since been discredited.

Feith's team, Hayden said, had set out to prove a case by assembling "every possible ounce of evidence" and ignoring contradictory information. Using that method, he continued, analysts can build a convincing case against even innocent targets.

"I got three great kids, but if you tell me, 'Go out and find all the bad things they've done, Hayden,' I could build you a pretty good dossier," Hayden said. "You'd think they were pretty bad people because that's what I was looking for and that's what I built up. That'd be very wrong, OK? That would be inaccurate. That would be misleading."

Hayden said he was concerned that numerous investigations and public criticism have taken a toll on the agency.

"It is time to move past what seems to me to be an endless picking apart of the 'archaeology' of every past intelligence failure and success," Hayden said. "CIA needs to get out of the news -- as source or subject -- and focus on protecting the American people by acquiring secrets and providing high-quality all-source analysis."

CIA Nominee Hayden Is Grilled About Surveillance Programs (WSJ)

By Jay Solomon

The Wall Street Journal, May 19, 2006

WASHINGTON -- Under cordial questioning from U.S. senators, President Bush's nominee to head the Central Intelligence Agency, Gen. Michael Hayden, defended White House programs to monitor American telecommunications traffic but stressed he would operate independently from the Pentagon.

The four-star Air Force general declined in his confirmation hearing to publicly address charges that Mr. Bush authorized much broader surveillance activity, carried out by the Defense Department's National Security Agency, to catalog millions of domestic phone calls. But Gen. Hayden, who headed the NSA from 1999 to 2005, said that the NSA's warrantless wiretaps of international calls believed tied to terrorists were legal and had been sufficiently cleared with Congress.

"When I had to make this personal decision in October 2001...the math was pretty straightforward," Gen. Hayden told the 15 members of the Senate Intelligence Committee yesterday. "I could not not do this."

Gen. Hayden's confirmation process comes amid increased attacks by Democratic lawmakers and civil-liberties proponents on the Bush administration's counterterrorism measures, in particular the NSA programs. Both Republicans and Democrats on the Senate Intelligence Committee used much of their allotted time yesterday trying to learn more about reports that the NSA has developed an extensive database of domestic phone calls. (Yesterday, BellSouth Corp. demanded that USA Today retract "the false and unsubstantiated statements" in an article naming the company as having provided domestic calling records to the NSA. See article on page A5.)

On Wednesday, the White House gave classified briefings to both the Senate and House intelligence committees on the NSA's activities. Yesterday, some Democratic lawmakers said they remained concerned about legalities of the programs and their threats to civil liberties. Some accused Gen. Hayden of assisting the White House in trying to cover up the extent of the NSA activities. "I now have a difficult time with your credibility," Sen. Ron Wyden of Oregon told the general.

In a closed-door session with Gen. Hayden yesterday afternoon, Intelligence Committee members were expected to question him more closely on NSA operations. The committee is expected to vote on his nomination next week.

Gen. Hayden used his opening remarks to outline his vision of how to resurrect the CIA's morale after the intelligence failures leading up to the Sept. 11, 2001, attacks and the invasion of Iraq. He stressed that as CIA director he would play a leading role in setting higher standards for collecting human intelligence at all 16 U.S. intelligence agencies and would seek to better integrate the agencies. He said another goal is depoliticizing the CIA and getting it off the front pages of U.S. newspapers.

The CIA has been widely criticized in recent years for using inaccurate sources and failing to share information with U.S. law-enforcement agencies. Last year, Congress established a new office, the Director of National Intelligence, to better manage U.S. intelligence agencies. Gen. Hayden helps oversee that office, and many of the senators said they believed Gen. Hayden's experience at the DNI and NSA made him the best choice to head the CIA.

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"You have the vision thing right," Democratic Sen. Dianne Feinstein of California told the 61-year-old general.

During the hearing, Gen. Hayden emphasized his independence from the Pentagon and Defense Secretary Donald Rumsfeld. He portrayed himself as a foil to Mr. Rumsfeld's ambitions and said he would resist any intelligence grab by the Pentagon. He also said that as CIA director he would serve as a coordinator of all U.S. human intelligence gathering and would regulate the Defense Department's clandestine activities. "We're trying to create a bright line" to distinguish the CIA's and Pentagon's overseas activities, Gen. Hayden said. "It gets sometimes merged. That's why we need to manage this."

Currently, the Defense Department controls 80% of the U.S. government's intelligence budget. Gen Hayden's confirmation would place active military officers in charge of all of Washington's principal spy agencies.

BellSouth Calls For A Retraction Of Report It Gave Records To NSA (USAT)

USA Today, May 19, 2006

WASHINGTON — BellSouth asked USA TODAY on Thursday to "retract the false and unsubstantiated statements" about the company that it contends were in a May 11 story about a database of domestic calling records maintained by the National Security Agency.

In a letter to the newspaper's publisher, Craig Moon, the company noted that the story said BellSouth is "working under contract with the NSA" to provide "phone call records of tens of millions of Americans" that have been incorporated into the database.

"No such proof was offered by your newspaper because no such contracts exist," stated the letter, portions of which were read by spokesman Jeff Battcher. "You have offered no proof that BellSouth provided massive calling data to the NSA as part of a warrantless program because it simply did not happen."

Steve Anderson, a USA TODAY spokesman, said "We did receive the letter this afternoon. We are reviewing it, and we will be responding."

BellSouth and two other companies named in the story, Verizon and AT&T, have since been sued in federal court for $200 billion by plaintiffs alleging violations of privacy, telecommunications law and the Constitution. BellSouth and Verizon have denied providing information to the NSA. AT&T has said it won't comment on national security matters.

USA TODAY first contacted BellSouth more than five weeks ago. On the night before the story was published, the newspaper described the story in detail to BellSouth, and the company did not challenge the newspaper's account. The company's official response at that time: "BellSouth does not provide any confidential customer information to the NSA or any governmental agency without proper legal authority."

BellSouth first raised questions on Monday. It said, "Based on our review to date, we have confirmed no such contract exists and we have not provided bulk customer calling records to the NSA."

BellSouth Demands Retraction From USA Today On NSA Article (WSJ)

By Dionne Searcey And Sarah Ellison

The Wall Street Journal, May 19, 2006

BellSouth Corp. yesterday demanded that USA Today retract "the false and unsubstantiated statements" outlined in an article naming the company as having provided domestic calling records to the National Security Agency.

In a letter to USA Today president and publisher Craig Moon, as well as to the general counsel of the newspaper's parent company, Gannett Co., the phone company asks for an immediate retraction of the article's characterization of BellSouth's relationship to the NSA.

"We did receive a letter this afternoon. We are reviewing it and we will be responding," said Steve Anderson, a spokesman for USA Today.

A BellSouth spokesman, Jeff Battcher, described the letter as quoting phrases from the May 11, USA Today article7, which describes a massive database of domestic calls that BellSouth -- as well as Verizon Communications Inc. and AT&T Inc. -- allegedly provided to the NSA.

When asked about the letter's content, Mr. Battcher said it cites passages from the article alleging that BellSouth is "under contract with the NSA" to provide "phone call records of tens of millions of Americans" that have been incorporated into a

database. The letter also notes that USA Today said the alleged actions "raised legal questions," noting that "telecom law assesses hefty fines on phone companies that violate customer privacy by divulging phone records without warrants."

"BellSouth now insists the newspaper retract the false and unsubstantiated statements you've made regarding our company," the letter said, according to Mr. Battcher.

Since the story appeared Verizon has also denied aspects of it. Neither Verizon nor AT&T would comment on BellSouth's action or say whether they were considering similar moves.

Mr. Battcher said the demand for a retraction was in part prompted by the cost BellSouth likely will incur defending against as many as five lawsuits seeking billions of dollars that have been filed against the Atlanta-based company since the article's publication. The company considers the suits without merit, Mr. Battcher said, and plans to hire outside lawyers to defend the company.

On Monday, BellSouth publicly denied turning over bulk calling records to the NSA, saying the agency had never contacted it to provide information about domestic calls. "We would have thought USA Today would have acted responsibly and retracted the statements," Mr. Battcher said.

The company, he said, "has worked hard to earn the trust of our customers and we hope that USA Today will fulfill its responsibilities to its readers and the public at large by immediately correcting the inaccurate reporting that may undermine that trust."

4 Guatanamo Prisoners Attempt Suicide In One Day (LAT)

By Carol J. Williams

The Los Angeles Times, May 19, 2006

GUANTANAMO BAY NAVAL BASE, Cuba — Four terrorism suspects at the sprawling prison network here attempted suicide Thursday, and detainees at a camp for the most compliant prisoners attacked guards with improvised weapons when the guards tried to rescue a man attempting to hang himself, a spokesman for the U.S. military-run prison said.

The disturbance at Camp 4, a communal facility housing 175 prisoners, followed three overdose attempts earlier in the day at Camp 1, where about 180 detainees live in metal mesh cages.

Those involved in the disturbance were moved to maximum-security confinement, said Navy Cmdr. Robert Durand, public affairs director for the prison and interrogation network.

Neither the identities nor the nationalities of the prisoners were disclosed.

"When the guard force entered the [Camp 4] compound to intervene and save the life of the detainee, some detainees attempted to prevent them from rescuing the detainee by using fans, light fixtures and other items as improvised weapons," Durand said.

"Minimum force was used to quell the disturbance and prevent the suicide."

As many as 10 detainees participated in the incident.

It was unclear why the men sought to take their lives simultaneously or on this specific day.

Several "distinguished visitors" have toured the prison network this week, including a four-star general, an FBI official and several prominent attorneys seeking to represent prisoners in U.S. court challenges, and international media are here to report on war-crimes tribunal proceedings.

"At this point, I have no idea of the motive, no idea of any coordination and no idea of any intended message," Durand said.

Two of the four men who attempted suicide were hospitalized and under observation, he said.

In a statement announcing the first two attempts to overdose on hoarded prescription medication, Durand said that there had been 39 suicide attempts at Guantanamo by 23 detainees since the prison opened in 2002.

"A single detainee accounts for 12 of the 39 attempts," he said, apparently referring to Juma al Dosari, a 31-year-old Bahraini whose lawyer said he tried to kill himself in March by ripping out stitches from a previously self-inflicted wound.

Durand's figures fall far short of the number of previous incidents officials called "self-harm events" and "hanging gestures."

In 2003, there were 350 such attempts, according to the public affairs officer for the military's Southern Command at the time, Army Col. David McWilliams.

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In a single week that year, 23 prisoners tried to hang themselves with nooses fashioned from ripped sheets.

The number of suicide attempts dropped to 110 in 2004, Southern Command reported.

Military authorities haven't disclosed last year's figure.

On Wednesday, the commander of the prison hospital, who declined to be identified beyond his rank as a Navy captain, confirmed that three detainees continue to refuse to eat and are force-fed through a nasal-gastric tube each day.

A mass hunger strike last autumn at one point involved about 130 prisoners until camp medics intervened with force-feedings.

HOMELAND RESPONSE:

Lawmakers Rip Homeland Security Management (AP)

By Lara Jakes Jordan

The AP, May 18, 2006

Lawmakers railed against security gaps at the Homeland Security Department on Thursday, demanding to know why a man now charged with sex offenses had access to classified information and a convicted felon's limousine company was paid millions of dollars to chauffeur top officials.

Two Homeland Security officials and the associate director of the U.S. Office of Personnel Management who sat through two hours of grilling largely portrayed the department as victim to a few bad employees and constraining contracting rules.

But members of the House Homeland Security oversight subcommittee said the agency has not been vigilant enough.

In the limousine case, Homeland Security awarded $25 million in contracts to the Virginia-based company whose owner, Christopher Baker, has numerous felony convictions. Other clients used the company to chauffeur people to poker parties attended by House members, CIA officials and, allegedly, prostitutes.

"This is not rocket science," said committee Chairman Peter King, R-N.Y., adding, "This involves kickbacks, gambling, prostitution, and we're talking about people who were driving the highest people in the department around."

Dwight M. Williams, the department's chief security officer, said Homeland Security may not have had the authority to look at Baker's criminal past. He said it only checked the backgrounds of drivers who had access to department headquarters and employees.

"We have to decide how far we want to take the security," Williams said. "It's been focused on those with access."

Brian Doyle was the department's fourth-ranking spokesman, and had top-security clearance, when he was arrested last month on 23 felony charges of sexually preying on a detective posing as a 14-year-old girl in explicit Internet conversations. Doyle, 55, has since resigned from the department.

Noting reports that Doyle had downloaded pornography while on a previous job, King questioned whether the issue could have been detected before the former spokesman joined the department, perhaps with lie-detector tests.

He did not get an answer.

Lawmakers also criticized department officials about rampant staff turnover at the third-largest federal agency, leaving some high-level jobs vacant. K. Gregg Prillaman, Homeland Security's chief personnel director, said the department is still feeling growing pains from merging 185,000 employees from 22 disparate agencies in 2003.

"Executives who were charged up, had high energy after 9/11 — they were highly motivated, and they're tired. They've worked very hard," Prillaman said.

DHS Officials Grilled On Vacancies In High-level Jobs (GovExec)

By Jonathan Marino

Government Executive, May 18, 2006

Lingering senior-level job vacancies at Homeland Security Department agencies including the Federal Emergency Management Agency, Transportation Security Administration and two bureaus involved in border control are worrisome, lawmakers told witnesses at a hearing Thursday.

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"Recruitment is probably our highest priority right now," K. Gregg Prillaman, DHS' chief human capital officer, told members of the House Homeland Security Subcommittee on Management, Integration and Oversight.

But FEMA has failed to fill senior-level jobs, according to a memorandum the subcommittee released late Thursday. Subcommittee member Rep. Bennie Thompson, D-Miss., whose district was hit by Hurricane Katrina, said with just two weeks left before this year's storm season begins, the agency must beef up its ranks.

"When I see only 73 percent of FEMA employees on board, I'm concerned," he said.

Immigration and Customs Enforcement, Customs and Border Protection and TSA also are listed in the memo as still having senior-level vacancies.

"We have a very real problem in DHS with retention, recruitment and morale," said subcommittee chairman Mike Rogers, R.-Ala. "The number of vacancies is a growing problem."

At the hearing, lawmakers also raised concerns about DHS' ability to conduct thorough security checks of individual contractors. Rep. Bill Pascrell Jr., D-N.J., said Shirlington Limousines, with which the department signed deals only to see the contractor become engulfed in the "Duke" Cunningham scandal, was run by a man "with a 62-page rap sheet" and multiple convictions. Pascrell and other subcommittee members expressed concern about the department's lack of knowledge about this.

The department had conducted background checks of the company's drivers, said Dwight Williams, director of DHS' Office of Security.

This is the second time in recent weeks DHS officials have been grilled by legislators; Rep. Tom Davis, R-Va., chairman of the House Government Reform Committee, told DHS Secretary Michael Chertoff in a memo sent in late April that the department must announce how many jobs FEMA still has open. Davis' staff is still processing the results of that request.

DHS officials maintained that the situation will improve.

"My sense is DHS will be better during the next three years than it was in the last three years," Prillaman said.

Homeland Security Turnover Hurts Morale, Officials Testify (WP)

By Stephen Barr

The Washington Post, May 19, 2006

It's no secret that morale is a problem at the Homeland Security Department, created three years ago in a mega-merger that pulled together 185,000 employees working in more than 220 occupations.

Bush administration officials have tried to play down turf battles and culture clashes as transitional woes that would fade after the rank and file had worked together for five to seven years, but complaints by employees continue and are starting to get to the ears of members of Congress.

Yesterday, two senior department officials acknowledged that turnover in top management jobs there appears to be adversely affecting employee morale.

Answering questions at a House hearing, K. Gregg Prillaman , the department's chief human capital officer, and Dwight M. Williams , the department's chief security officer, suggested that the turnover rate at the top of the department spills downward into the ranks and influences morale.

Williams said senior leaders -- many are political appointees -- burn out because of long hours and then leave, creating gaps in the top management team. He said the department is more stable than it was 18 months ago but added, "We are not there yet."

The creation of the department, to some extent, was a "hostile takeover" and not something employees would have voted for, Prillaman said. Efforts are underway to train line managers how to better deal with employee issues, he said.

Rep. Mike Rogers (R-Ala.), chairman of the House Homeland Security subcommittee on management and oversight, raised the issue of vacant leadership posts at the outset of the hearing. His list included the undersecretary for science and technology, the commissioner for Customs and Border Protection, the chief financial officer, the assistant secretary for cyber security and the chief privacy officer.

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The first three positions require Senate confirmation, and the department has nominees in various stages of the appointment process. But some jobs have been vacant for several months, and Rogers said "other key vacancies are expected soon.

"I am concerned this high turnover undermines the department's effectiveness," he said. "It could also very well weaken our efforts to integrate the department's many agencies and further erode employee morale."

Rogers held the hearing at the urging of Rep. Kendrick B. Meek (D-Fla.), who held up a sheaf of letters that he said had been sent him from Homeland Security employees. The employees, he said, think the department is driving away talent and that managers are struggling to motivate employees.

Meek pointed to MaxHR, the department's new performance-based pay system, as a source of anxiety for the employees. He questioned the fairness of new rules for how employees will appeal major disciplinary actions and for how unions negotiate on behalf of employees. Unions have successfully blocked the new rules in federal court, and the issues are before an appeals court.

Prillaman, who joined the department eight months ago, said the agency thinks the new pay and personnel system will improve morale, in part because managers and supervisors must undergo training to improve their skills in communication.

He noted that 8,000 managers have undergone training on MaxHR and that 6,000 more will be trained by the end of this year.

"We are doing what Fortune 500 companies have been doing over the last 15 years," Prillaman said.

But two union presidents, John Gage of the American Federation of Government Employees and Colleen M. Kelley of the National Treasury Employees Union, testified that some department bureaus have created unnecessary friction, such as adopting new rules for shift assignments regardless of an employee's seniority or family considerations.

In addition, Gage said, inconsistent treatment of employees regarding overtime pay and foreign-language proficiency pay "need to be cured right away."

House Will Probe Limo Contract (WT/UPI)

By Shaun Waterman, United Press International

The Washington Times, May 19, 2006

Lawmakers say they will hold hearings to probe a Department of Homeland Security transportation contract, which members of Congress from both parties say raises procurement and security concerns.

Department officials have repeatedly defended both the way the contract was awarded and the security procedures under which it is operated. They have launched a counteroffensive on Capitol Hill, visiting with lawmakers in an attempt to assuage concerns.

Despite their efforts, Rep. Mike D. Rogers, Alabama Republican, chairman of the oversight subcommittee of the House Committee on Homeland Security, said yesterday that he wanted to hold a hearing on the contract award -- to Alexandria-based Shirlington Limousine and Transportation.

Aides said later that he hoped the hearing could happen when Congress returns in mid-June from its Memorial Day recess, but that the timing would depend on when they were able to get documentation from the department.

The hearing is the latest in a series of moves that lawmakers have taken since the Shirlington contract came into the spotlight at the end of last month amid press reports that the company was under scrutiny as part of a congressional bribery probe.

The company has been accused of providing limousines that took prostitutes to parties where lawmakers -- including former Rep. Randall "Duke" Cunningham, a California Republican now in federal prison after being convicted of corruption -- were being entertained by intelligence and defense contractors. Shirlington's owner, Christopher Baker, reportedly has a lengthy criminal record and a troubled financial history.

Last week, the committee's ranking Democrat, Mississippi Rep. Bennie Thompson, wrote to the department's inspector general, asking about how the contract was awarded.

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He expressed concerns that the contract was not bid out properly, that the company might not qualify for the special "set-aside" status under which it was entitled to bid and that the department might not have fulfilled its due-diligence requirements in ascertaining that the company was a responsible contractor.

With a speed that surprised some familiar with the department's often arthritic response to congressional requests, Chief Procurement Officer Elaine Duke met with Mr. Thompson last week and Wednesday provided written answers to the questions he had posed the inspector general.

In the letter, Miss Duke explained that Shirlington first won the contract in April 2004, under the set-aside provisions of a small-business program for "historically underutilized business zones," known as HUBZone.

The program is administered by the Small Business Administration, which ruled that Shirlington qualified.

Fliers Could Keep Their Shoes On If New Airport Scanner Is Approved (USAT)

By Thomas Frank

USA Today, May 19, 2006

ARLINGTON, Va. — A government lab is testing a "very promising" new machine that would allow airline passengers to keep their shoes on while going through security checkpoints, the nation's aviation security chief said Thursday.

The machine, which detects explosive material on shoes when people stand on a platform, is getting a "highly expedited" review at the lab, said Kip Hawley, head of the Transportation Security Administration (TSA).

"We are looking at this with great interest," Hawley said. "Anything that speeds up explosive detection through the checkpoint, we want to encourage."

He wouldn't give a timetable for deploying the machines. They must pass testing in an airport before they are used to screen passengers.

The ShoeScanner uses technology similar to a medical MRI to detect explosives in 5 to 8 seconds. It shoots radio waves at shoes to agitate molecules and analyze their structure.

Readings are sent to a computer that holds a library of explosives characteristics and makes a rapid comparison.

Removing shoes at checkpoints has been one of the biggest inconveniences for passengers in the wake of the 9/11 terrorist attacks. Passengers have been urged to remove thick-soled shoes at checkpoints since Richard Reid tried to blow up a Paris-to-Miami plane in late 2001 using plastic explosive hidden in his sneakers.

"The question is: Can you operate and deploy (the machine) and have people walk on it without it breaking down?" Hawley said. "It's sensitive electronic equipment."

The TSA has been searching for technology that detects explosives better than the X-ray machines and metal detectors now used at checkpoints.

The ShoeScanner is being developed by GE Security, a General Electric subsidiary that makes the "puffer" portals deployed at dozens of U.S. airports that blow air jets at passengers to detect explosives residue.

The government's Transportation Security Lab in New Jersey also is testing GE's Itemiser, which detects explosives on passengers when they press a finger on an electronic reader.

The ShoeScanner and Itemiser would first be used only in checkpoint lanes reserved for travelers who pass a background check and pay an annual fee to get faster security under a Registered Traveler program starting in June. Airports and private companies will run the voluntary program. The TSA wants them to pay for new detection machines that may let participants keep their shoes or coats on through checkpoints.

Those machines could ultimately be used for ordinary travelers. "That could be the big payoff for the Registered Traveler program," Hawley said.

GE Security is a minority owner of Verified Identity Pass, a Manhattan company with contracts to run Registered Traveler in Orlando, Cincinnati, Indianapolis and San Jose airports.

"Registered Travelers would be far more secure than anybody going through the regular (security) lanes," Verified Identity CEO Steven Brill said. The ShoeScanner "is a better way to test shoes than putting them through an X-ray."

Federal Judge Dismisses Lawsuit By Man Held In Terror Program (NYT)

DOJ_NMG_0028910

By Neil A. Lewis

The New York Times, May 19, 2006

WASHINGTON, May 18 — A federal judge on Thursday dismissed a lawsuit brought by a man who says he was an innocent victim of the United States government's program transferring terrorism suspects secretly to other countries for detention and interrogation.

Judge T. S. Ellis 3d ruled in favor of the Bush administration, which had argued that the "state secrets" privilege provided an absolute bar to the lawsuit against a former C.I.A. director and transportation companies. Judge Ellis said the suit's going forward, even if the government denied the contentions, would risk an exposure of state secrets.

The case involves Khaled el-Masri, a Kuwaiti-born German, who was arrested on Dec. 31, 2003, in Macedonia, where he had gone for a vacation. From there, he was flown to a prison in Kabul, Afghanistan, where he was held for five months before being released. During his incarceration in Kabul, he has said, he was shackled, beaten and injected with drugs.

United States officials have acknowledged the principal elements of Mr. Masri's account, saying intelligence authorities may have confused him with an operative of Al Qaeda with a similar name. The officials also said he was released in May 2004 on the direct orders of Condoleezza Rice, then the national security adviser, after she learned he had been mistakenly identified as a terrorism suspect.

Judge Ellis said Mr. Masri's claim involved the clandestine program of transferring terrorism suspects known as "extraordinary rendition" and "the means and methods the foreign intelligence service of this and other countries used to carry out the program."

Citing an affidavit by Porter J. Goss, who will leave as director of the Central Intelligence Agency next week, Judge Ellis added, "Any admission or denial of these allegations by defendants in this case would reveal the means and methods employed pursuant to this clandestine program and such a revelation would present a grave risk of injury to national security."

Mr. Masri's lawyers from the American Civil Liberties Union had argued that there were no state secrets to protect as his story has been widely reported and officials had even acknowledged the existence of the rendition program. But Judge Ellis said there was an important distinction between "a general admission the program exists and the admission or denial of the specific facts at issue in this case."

Ben Wizner, an A.C.L.U. lawyer for Mr. Masri, said, "The idea that the court must close its eyes and ears to common sense and protect the nation from disclosure of information that the whole world knows is absurd." He said an appeal would be considered.

Judge Ellis said Mr. Masri's interests in having his rights vindicated in court must yield to "the national interest in preserving state secrets." But he noted that if Mr. Masri's account were true, he "suffered injuries as a result of our country's mistake and deserves a remedy." He said only the legislative or executive branches could provide such a remedy, presumably in the form of compensation or apology.

WAR NEWS:

Iraqi Leader Acts To Defuse Shiite Rivalry In Basra (WP)

By Ellen Knickmeyer And Saad Sarhan

The Washington Post, May 19, 2006

BAGHDAD, May 18 -- President Jalal Talabani convened an emergency meeting Thursday to discuss the southern port of Basra, Iraq's second-largest city and the heart of a growing, lethal power struggle among some of the Shiite Muslim religious parties that lead Iraq's governing coalition.

Violence in the south Thursday included a bombing at the home of Basra's police chief. In Najaf, another major city in the Shiite-dominated region, the head of local militias loyal to the radical Shiite cleric Moqtada al-Sadr was shot dead by police allied with a rival Shiite party.

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Political violence across Iraq killed at least two dozen Iraqis. Four U.S. soldiers and their Iraqi interpreter were killed when their patrol hit a roadside bomb northwest of Baghdad, and the U.S. military reported the death Wednesday of an American sailor in the western province of Anbar.

The deaths brought the number of U.S. fatalities in May to about 50, a pace that threatens to make this month one of the deadliest this year for American forces in Iraq.

In Baghdad, Talabani summoned Iraq's two vice presidents to discuss the situation in Basra, where one of the smaller Shiite groups, the Islamic Virtue Party, has been engaging in increasingly open hostilities against other Shiite religious parties.

Basra, which is under the control of British forces, was long seen as one of the more peaceful areas of Iraq after the U.S.-led invasion in 2003. The homogeneity of its Shiite population spared it from much of the sectarian violence that racked western and central Iraq.

However, the British troops, who are more hands-off than their American counterparts, are increasingly being accused of allowing militias of the governing Shiite religious parties to infiltrate security forces and seize a large measure of control.

Although the killings of foreign and Iraqi journalists in Basra have limited coverage in the city, residents describe political violence that leaves corpses on the streets daily. Iraqi newspapers this week reported Basra residents fleeing to comparative safety abroad or even in Baghdad.

The governor of Basra province, a member of the Islamic Virtue Party, last week demanded the removal of Basra's police chief and local military leader, accusing them of failing to rein in political and sectarian killings. Since then, the unrest has included an attack on a police station; burning of offices of Iraq's most powerful Shiite party, the Supreme Council for the Islamic Revolution in Iraq; and marches Wednesday that drew thousands of participants.

Talabani assigned Vice President Adel Abdul Mahdi, a member of the Supreme Council, to a task force on the Basra crisis. On Thursday, Abdul Mahdi invoked "the responsibility of the political powers to calm down the situation." In a news conference with his fellow vice president, Tariq al-Hashimi, and Talabani, Abdul Mahdi urged leaders in Basra "not to be diverted by political and party interests when handling the issues of the city."

In Najaf, meanwhile, police shot dead Abbas al-Chillabi, commander of the local regiments of the Mahdi Army militia. An official with Sadr's organization, Sahib al-Amiry, said police shot Chillabi in the head at a checkpoint, and he called it a deliberate political killing.

The Najaf police chief, Brig. Gen. Abbas Moadal, called the shooting an accident. Police at the checkpoint had believed they were under attack when a wedding party that apparently included Chillabi approached the checkpoint, firing shots into the air in celebration, the police chief said.

The killing had the potential to heighten tensions between Sadr's followers and those of the Supreme Council, which controls many government and security offices in Najaf. Both the Supreme Council and Sadr command tens of thousands of militia members.

In Baghdad, the same Shiite parties are among those competing with Sunni Arab, Kurdish and secular blocs for seats in Prime Minister-designate Nouri al-Maliki's cabinet. Maliki faces a Monday deadline to name the new government, which U.S. officials say they hope will bring calm and stability.

Also in Baghdad, coaches, athletes and families gathered Thursday at the capital's taekwondo union, consoling one another and waiting for news about 15 martial arts competitors -- including five members of Iraq's national taekwondo team and the only Iraqi to win a medal at an Asian regional competition in April -- who were abducted Monday on the dangerous desert road between Fallujah and Ramadi. The athletes, dressed in track suits and athletic shoes, had been heading to neighboring Jordan for a vacation.

Jamal Abdul Karim, head of the Iraqi Taekwondo Union, said he and other employees of the club each gave a year's salary Thursday to raise the $100,000 ransom demanded by someone claiming to be an intermediary for the captors.

"We've been praying from the bottom of our hearts to get them released," said Aqeel Abdul-Karim, 26, an employee of the club and friend of the kidnapped athletes.

As Death Stalks Iraq, Middle-Class Exodus Begins (NYT)

DOJ_NMG_0028912

By Sabrina Tavernise

The New York Times, May 19, 2006

BAGHDAD, Iraq, May 18 — Deaths run like water through the life of the Bahjat family. Four neighbors. A barber. Three grocers. Two men who ran a currency exchange shop.

But when six armed men stormed into their sons' primary school this month, shot a guard dead, and left fliers ordering it to close, Assad Bahjat knew it was time to leave.

"The main thing now is to just get out of Iraq," said Mr. Bahjat, standing in a room heaped with suitcases and bedroom furniture in eastern Baghdad.

In the latest indication of the crushing hardships weighing on the lives of Iraqis, increasing portions of the middle class seem to be doing everything they can to leave the country. In the last 10 months, the state has issued new passports to 1.85 million Iraqis, 7 percent of the population and a quarter of the country's estimated middle class.

The school system offers another clue: Since 2004, the Ministry of Education has issued 39,554 letters permitting parents to take their children's academic records abroad. The number of such letters issued in 2005 was double that in 2004, according to the director of the ministry's examination department. Iraqi officials and international organizations put the number of Iraqis in Jordan at close to a million. Syrian cities also have growing Iraqi populations.

Since the bombing of a shrine in Samarra in February touched off a sectarian rampage, crime and killing have spread further through Iraqi society, paralyzing neighborhoods and smashing families. Now, on the brink of a new, permanent government, Iraqis are expressing the darkest view of their future in three years. "We're like sheep at a slaughter farm," said a businessman, who is arranging a move to Jordan. "We are just waiting for our time." The Samarra bombing produced a new kind of sectarian violence. Gangs of Shiites in Baghdad pulled Sunni Arabs out of houses and mosques and killed them in a spree that prompted retaliatory attacks and displaced 14,500 families in three months, according to the Ministry for Migration.

Most frightening, many middle-class Iraqis say, was how little the government did to stop the violence. That failure boded ominously for the future, leaving them feeling that the government was incapable of protecting them and more darkly, that perhaps it helped in the killing. Shiite-dominated government forces have been accused of carrying out sectarian killings.

"Now I am isolated," said Monkath Abdul Razzaq, a middle-class Sunni Arab, who decided to leave after the bombing. "I have no government. I have no protection from the government. Anyone can come to my house, take me, kill me and throw me in the trash."

Traces of the leaving are sprinkled throughout daily life. Mr. Abdul Razzaq, who will move his family to Syria next month, where he has already rented an apartment, said a fistfight broke out while he waited for five hours in a packed passport office to fill out applications for his two young sons. In Salheyah, a commercial district in central Baghdad, bus companies that specialize in Syria and Jordan say ticket sales have surged.

Karim al-Ani, the owner of one of the firms, Tiger Company, said a busy day last year used to be three buses, but in recent months it comes close to 10. "Before it was more tourists," he said. "Now we are taking everything, even furniture."

The impact can be seen in neighborhoods here. While much of the city bustles during daytime hours, the more war-torn areas, like in the south and in Ameriya, Ghazaliya, and Khadra in the west, are eerily empty at midday. On Mr. Bahjat's block in Dawra, only about 5 houses out of 40 remain occupied. Empty houses in the area are scrawled with the words "Omar Brigade," a Sunni group that kills Shiites.

Residents have been known to protest, at least on paper. In an act of helpless fury this winter, a large banner hung across a house in Dawra that read, "Do God and Islam agree that I should leave my house to live in a camp with my five children and wife?"

"Shadows," said Eileen Bahjat, Mr. Bahjat's wife, standing with her two sons and describing what is left in the neighborhood. "Shadows and killing."

In Dawra, one of the worst areas in all of Baghdad, public life has ground to a halt. Four teachers have been killed in the past 10 days in Mr. Bahjat's area alone, and the Ahmed al-Waily primary school where the Bahjat boys, ages 12 and 8, studied, may not be able to hold final exams because of the killings. And three teachers from the Batoul secondary school were shot in late April.

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Trash is collected only sporadically. On April 3, insurgents shot seven garbage collectors to death near their truck, and their bodies lay in the area for eight hours before the authorities could collect them, said Naeem al-Kaabi, deputy mayor for municipal affairs in Baghdad. In all, 312 trash workers have been killed in Baghdad in the past six months.

"Sunnis, Shiites, Christians," said Mr. Bahjat, a Christian who this month moved his family to New Baghdad, an eastern suburb, to live with a relative, before leaving for Syria. "They just want to empty this place of all people."

"We must start from zero," he said. "Maybe under zero. But there is no other choice. Even with more time, the security will not improve."

It is more than just the killing that has sapped hope for the future. Iraqis have waited for five months for a permanent government, after voting in a national election in December, and though political leaders are on the brink of announcing it, some Iraqis say the amount of haggling it took to form it makes them skeptical that it will be able to solve bigger problems.

Abd al-Kareem al-Mahamedawy, a tribal sheik from Amara in southern Iraq who fought for years against Saddam Hussein, compared the process to "giving birth to a deformed child."

As if to underscore the point, a scene of sorrow unfolded just outside Mr. Mahamedawy's gate, where an extended family gathered, full of nervous movement, and absorbed the news of the strangling death of their 13-year-old boy by kidnappers. A woman brought her hands to her head in the timeworn motion of mourning.

Even with the resolve to leave, many departing Iraqis said they consider the move only temporary and hope to return if Iraq's fractious groups are united and stem the tide of the killings.

Cars and furniture are sold, but those who can afford it, like the Abdul Razzaq family, hang on to their properties. In Khadra in western Baghdad, Nesma Abdul Razzaq, Mr. Abdul Razzaq's wife, has spent the past months carefully wrapping their photographs, vases and furniture in cloth and packing them in boxes. She spoke of the sadness of the empty rooms and the pain of having to build a new life in a strange place.

"I have a rage inside myself," Mrs. Abdul Razzaq said by telephone, as her area, since last autumn, has become unsafe for a Western reporter to visit. "I feel desperate."

"I don't want to leave Iraq. But I have to for the kids. They have seen enough."

In a quiet block in Mansour, a wealthy neighborhood in central Baghdad, where stately, gated homes are lined with pruned hedges, the Kubba family spends most of its time indoors. They have hung onto their lifestyle: three of their children study violin, flute, and ballet in an arts school outside the neighborhood despite encroaching violence.

Last fall, a foul smell led neighbors to the bodies of seven family members in a house several doors down from the Kubbas. They had been robbed. Fehed Kubba, 15, went to buy bread last year and saw a crowd near the bakery that he assumed was watching a backgammon game. When he pushed in to look, he saw a man who had just been shot to death.

But it was the increasingly sectarian nature of the violence, deeply painful to Iraqis who are proud of their intermarried heritage, that tipped the scales as Falah Kubba and his wife, Samira, considered leaving with Fehed, Roula, 13, and Heya, 12.

"The past few months convinced us," said Mr. Kubba, a businessman whose wife is Sunni. "Now they are killing by ID's. The killing around Americans was something different, but the ID's, you can't move around on the streets."

"At the beginning we said, 'Let's wait, maybe it will be better tomorrow,' " Mr. Kubba said.

"Now I know it is time to go."

Inquiry Implies Civilian Deaths In Iraq Topped Initial Report (NYT)

By Thom Shanker

The New York Times, May 19, 2006

WASHINGTON, May 18 — An official military investigation into allegations that American marines killed innocent Iraqis last November has uncovered evidence that the number of dead civilians is higher than the 15 originally reported, Congressional and Defense Department officials said.

The inquiry, which Pentagon officials said was still weeks from completion, has already raised fundamental questions about the propriety of actions by the troops, one Defense Department official said. But the official said that a characterization this week by a member of Congress that the Iraqis had been killed "in cold blood" was an extreme description of the incident.

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In the incident, marines patrolling Haditha, in western Iraq, in November opened fire after being hit by a roadside bomb and coming under small-arms fire from a nearby house, the military says. One marine was reported killed by the bomb.

But details of the incident went unreported until March, when Time magazine said Iraqi human rights advocates had accused the marines of killing civilians and after the military had opened an inquiry and admitted that 15 Iraqi civilians had been killed in the cross-fire.

Another Pentagon official said Thursday that the marines had come under fire but that evidence gathered so far indicated the hostile fire had not come from the house where the civilians were killed. Defense Department officials had to be promised anonymity to discuss the case because of the continuing inquiry.

On Wednesday, Representative John P. Murtha, Democrat of Pennsylvania, talked about the investigation at a news conference on Capitol Hill. "Our troops overreacted because of the pressure on them, and they killed innocent civilians in cold blood," he said. "And that's what the report is going to tell."

He said he had not read the official findings of the inquiry, but had been told about them by officers he identified as commanders.

Mr. Murtha said the number of Iraqi civilians killed was about twice the initial report of 15. Defense Department officials said Thursday that evidence indicated that more than 15 had been killed, but that the inquiry had not confirmed his estimate of double that number.

A leading Congressional critic of the Iraq war, Mr. Murtha served in Vietnam in the Marine Corps and was known as a hawk on military issues before becoming a leader of Democratic Party efforts to withdraw American troops from Iraq.

"Now, you can imagine the impact this is going to have on those troops for the rest of their lives and for the United States in our war and our effort in trying to win the hearts and minds," Mr. Murtha said. "We can't sustain this operation."

A spokesman for Marine forces in the Middle East, Lt. Col. Sean D. Gibson, said Wednesday that he could not comment on the substance of Mr. Murtha's statements because the inquiry was not complete.

New Iraqi Government Prepares To Take Stage (USAT)

By Rick Jervis

USA Today, May 19, 2006

BAGHDAD — Iraqi leaders will announce the makeup of the country's new government this weekend, then turn to the task of running a country increasingly divided along ethnic and religious lines.

After months of wrangling, those leaders say they have come up with a system that will help develop consensus on critical issues.

The new government has established oversight committees in which representatives of Iraq's various groups will debate issues and resolve problems, said Humam Hammoudi, an influential cleric with the United Iraqi Alliance, the religious Shiite alliance that is the largest political bloc in parliament.

A 10-member Security Committee will oversee the Interior and Defense ministries, Hammoudi said. The Interior Ministry, responsible for internal security, has been dogged by allegations that its police abused their power and ran “death squads” that targeted mostly Sunni Arabs. The Security Committee will handle cases of alleged abuse and corruption in those ministries, Hammoudi said.

A separate, 19-member Political Committee for National Security will meet once a month, he said. Its functions: forging agreements on major issues before parliament takes them up, and trying to break deadlocks among lawmakers.

That committee will be made up of the prime minister and his two deputies; the president and his two deputies; nine members of the United Iraqi Alliance; and representatives from Sunni Arab, secular Shiite and Kurdish political groups, Hammoudi said.

“The fate of the national unity government depends on this committee,” Hammoudi said. “All the members will be high-ranking members of the Cabinet and the six main blocs. So, of course, if they reach an agreement (on a course of action), it will happen.”

DOJ_NMG_0028915

The United States has encouraged political leaders to form a government that represents all of Iraq's main religious and ethnic groups. The incoming prime minister, Nouri al-Maliki, has said most of the Cabinet will be presented to parliament Saturday.

Hussain al-Shahristani, a former nuclear scientist who was jailed under the regime of Saddam Hussein, is expected to be appointed oil minister, Hammoudi said. Bayan Jabar, who was criticized for not reining in militias when he was interior minister, will be nominated as finance minister, he said.

However, al-Maliki may not announce nominees for the Interior and Defense ministries this weekend, Hammoudi said. Political leaders had not reached agreement on those posts Thursday, he said.

Parliamentary elections were held in December. Parties and politicians have argued since then over the makeup of the government.

Kenneth Katzman, an Iraq expert at the Congressional Research Service, was pessimistic about the chances that the new government will be able to get a handle on the militias and ethnic killings.

"The squabbling among major factions that led to the delay in forming a government will not end after the government takes office," he said. "It is highly unlikely that the government will be willing or able to dismantle the militias responsible for sectarian violence, which is getting worse."

But Robert Ford, a political officer at the U.S. Embassy, said the government will have wide support.

"These negotiations have been long and difficult because we have a fundamentally different kind of Iraqi government that is emerging," Ford said. It will be "a much broader government than before, and it has deeper roots throughout Iraq," he said.

Also Thursday:

•Four U.S. soldiers and their Iraqi interpreter were killed by a roadside bomb northwest of Baghdad, the U.S. military said.

•The kidnappers of a diplomat from the United Arab Emirates demanded that the Emirates' embassy in Baghdad be closed. The demand came in a video aired on Arab television, the Associated Press reported.

National Dialogue Added To Cabinet (WT)

By Sharon Behn

The Washington Times, May 19, 2006

BAGHDAD -- Iraqi officials said yesterday that a new government to be announced as early as tomorrow will include a new Ministry of National Dialogue, in an effort to stop the sectarian killings and violence that has spread through most of the country.

But the effort might fall short, because Sunni leaders are not satisfied with the Cabinet lineup cobbled together after months of closed-door negotiations.

"To be honest, I am not very happy. I feel we have not changed much," said Saleh al-Mutlaq, a top Sunni leader. "The government is one based on sectarian, narrow-minded parties. It is not going to solve the security on the street or reduce the corruption."

He said the Sunnis were willing to continue working with Prime Minister-designate Nouri al-Maliki, adding that the Sunnis had been offered three ministries: the environment, women's affairs and national dialogue.

Negotiations over who will take which Cabinet post have been going on since the Dec. 15 national elections, with all the political factions demanding a role.

A member of the ruling Shi'ite majority United Iraqi Alliance said Mr. al-Maliki has tried to form a government of national unity that can rule Iraq effectively for the next four years.

"It is not necessary that all [political] blocs are presented in the government, or it might be a government that is too heavy to move," said Qassim Dawood, whose name has been mentioned as an Interior Ministry candidate.

"Like any compromise, you cannot please everyone," he said.

U.S. officials have been pushing for a government that would balance Iraq's ethnic and religious divisions, saying that is the key to ending the daily bomb attacks against Iraqi civilians and Iraqi and U.S. forces.

Mr. Dawood, who belongs to the same party as Mr. al-Maliki does, dismissed the idea of a Ministry of National Dialogue.

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"It's a silly idea," he said. "We have a parliament, with all the blocs representing most of the fragments of Iraqi society, so let them dialogue."

Four U.S. soldiers and an Iraqi interpreter died yesterday when a roadside bomb exploded near their vehicle northwest of Baghdad, the military said.

The military also reported running gunbattles for the seventh straight day between U.S. troops and insurgents in southeastern Ramadi, the capital of the Sunni Anbar province.

Critics of the emerging government said a strongly Shi'ite religious government would not ease the insurgency.

"We were hoping that technocrats and experts would be chosen. It would have been better for the country," said Issam Kadhum al-Rawi, a member of the Sunni Association of Muslim Scholars and the Association of University Lecturers.

"But they chose the wrong people. We wanted experts, not religious people," Mr. al-Rawi said. "I am afraid everything will get worse and worse."

He said there was still no decision on who would lead the powerful Interior and Defense ministries.

Earlier, those close to the government talks had said Mr. al-Maliki would pick a Shi'ite to lead the Interior Ministry and a Sunni to lead the Defense Ministry.

Current Interior Minister Bayan Jabr, who is accused by many of allowing Shi'ite death squads to operate, is expected to move over to the Finance Ministry, Mr. al-Rawi said. But many on the street think Mr. Jabr will continue to hold the reins of the intelligence branch.

Ex-senator Linked To Oil-for-food Claims (FT)

By Claudio Gatti In New York

Financial Times, May 19, 2006

The US Senate is looking into allegations that a former US senator urged Baghdad to give a US company lucrative contracts under the much-criticised United Nations oil-for-food programme.

This is the first time that a leading US lawmaker has been linked to the controversial UN programme, whose shortcomings have been an important element of the Bush administration's critique of the UN.

The investigation involves one of the most vivid figures in US east coast politics, former senator Robert Torricelli, a New Jersey Democrat who was forced to pull out of the 2002 election after being "severely admonished" by the Senate ethics committee for accepting expensive gifts from David Chang, a campaign contributor. Mr Chang, a Korean-American businessman, was found guilty in 2002 of conspiring to violate federal campaign laws and was jailed for 15 months.

Senator Norm Coleman, the Republican chairman of the US Senate permanent sub-committee on investigations, said: "We take these allegations seriously and will continue to investigate in a bipartisan manner allegations of wrongdoing under the oil-for-food programme. We have investigated the illicit conduct of politicians in Russia, France, and the UK. We have a similar interest in preserving the institutional integrity of the US Senate, so we take these allegations regarding former Senator Torricelli seriously and will continue our investigation into them and will refer our findings to the appropriate agencies." The British, French and Russian politicians investigated by the subcommittee deny the allegations.

The allegations are based on Iraqi documents, including diplomatic cables, retrieved after the fall of Saddam Hussein, Iraq's former president. The Financial Times and Il Sole 24 Ore, the Italian business daily, have obtained copies of some of the Iraqi diplomatic cables. A source also described the contents of some of the other Iraqi documents.

The Iraqi documents also involve a former Republican congressman, James Courter, who allegedly met with Iraqi officials on behalf of Bright and Bright, Mr Chang's trading and lobbying company.

According to the documents, Mr Torricelli, nicknamed "the Torch" for his incendiary political style, had a series of meetings in the late 1990s, when he was a congressman, with Nizar Hamdoun, then the Iraqi ambassador to the United Nations. During these meetings, Mr Torricelli allegedly urged the Iraqi authorities to help Mr Chang and Bright and Bright get oil-for-food contracts on good terms.

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The first meeting between Mr Torricelli and Mr Hamdoun took place on March 10 1996, when, according to an Iraqi document that has been described to the FT, Mr Torricelli reportedly suggested that he was willing to play an active role in improving US-Iraq communications.

The two talked about Resolution 986, which was going to set the rules of the oil-for-food programme. Mr Torricelli said a number of US companies would be interested in doing business with Baghdad, and specifically mentioned Mr Chang.

According to the same Iraqi document, Mr Torricelli met Mr Hamdoun again two days later. At that meeting, Mr Torricelli said that since their previous conversation he had spoken with Edward Gnehm, the deputy US representative to the UN, who was leading negotiations with Iraq about the oil-for-food programme.

On June 22, according to the same document, Mr Torricelli allegedly met Mr Hamdoun again. Mr Torricelli told him he had heard that the Iraqis might not give US companies any contracts and advised him that this would be a mistake. Mr Torricelli told Mr Hamdoun that he expected to win a US Senate seat in the November election (as he later did), and said that Bright and Bright was important to him and his election campaign and that he hoped that the company would receive contracts from Iraq.

According to the Iraqi document, Bright and Bright initially asked for 60 per cent of Iraq's oil contracts and a discount of $1.50 a barrel. Then on June 11 1996, a Bright and Bright executive wrote to Mr Hamdoun asking for government contracts worth as much as $300m in the first 90 days of the oil-for-food programme. In return, he said Bright and Bright would continue to support the normalisation of relations between the US and Iraq.

In mid-November 1996, according to the Iraqi document, Mr Hamdoun met with Mr Courter, then a former New Jersey Republican congressman, who is described in the Iraqi documents as the president of Bright and Bright. A Dun and Bradstreet entry for Bright and Bright lists Mr Courter as one of its principals. Mr Courter refused to comment. However, a spokesman for the company Mr Courter now runs said he was not an officer of Bright and Bright, but that "he was their [Bright and Bright's] attorney and was representing them in a legal capacity".

According to the Iraqi document, Mr Courter reportedly outlined a possible deal to Mr Hamdoun: if Iraq committed itself to stop all delaying tactics against UN inspections, use peaceful means to deal with the Kurdish people, not seek weapons of mass destruction, join the convention against chemical weapons, steer clear of any neighbouring country's territory and reject terrorism, Bright and Bright would help Baghdad in its efforts to lift UN sanctions.

In return, the Iraqi authorities were to promise to write a letter of intent giving preference to Bright and Bright in the fields of oil, industry, transportation and communications. According to the Iraqi document, Mr Courter told Mr Hamdoun that he had discussed the proposal with US government officials in Washington and had their approval.

Contacted by telephone, Mr Torricelli, who now runs his own business consulting firm and remains a powerful figure in New Jersey politics and a prominent Democratic party fundraiser, admitted meeting Mr Hamdoun "many times", "probably both" in Washington and New York "and in Baghdad". He first denied mentioning Mr Chang or Bright and Bright during his conversations with Mr Hamdoun. When told about the Iraqi documents that suggested there had been discussions, he said he did not remember mentioning them.

Mr Torricelli said he was not concerned about being contradicted by Iraqi diplomatic cables: "Iraqi cables can state almost anything. They have absolutely no credibility." He said Mr Hamdoun was "very well known and respected in the US government" and that, "unlike most Iraqi officials, he had some credibility".

Mr Gnehm, the US diplomat, also confirmed meeting Mr Torricelli and discussing Iraq. Mr Gnehm, who has left the State Department and is a professor at George Washington University, said Mr Torricelli came to the meeting with a "Korean" businessman whose name he did not recall. "I remember being surprised that there was someone else there, and I didn't know then why he was present. As an American diplomat I would be responsive to a congressman and to an American businessman, even a foreign businessman who had plants in the United States, but somebody like him? I didn't have any sense of why he was there. I figured that he and Torricelli had some sort of friendship or relationship."

On the subject of that meeting, Mr Gnehm said: "I think the general discussion was on how one goes about getting contracts in the oil-for-food programme . . . Certainly, one of Torricelli's approaches to me over this period of time was an effort to try to get business for some of the companies in his district."

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An April 15 1996 cable from Mr Hamdoun to Tariq Aziz, Iraq's deputy prime minister at the time, if authentic, appears to corroborate these allegations. According to the cable, which has been obtained by the FT, the Iraqi mission to the UN had received a letter from the "American company that had been mentioned to us by Congressman Torricelli". In the letter the US company allegedly indicated its desire to send a delegation to Baghdad to negotiate possible commercial deals. The cable ends with a recommendation to sign an agreement with the company. A subsequent cable from Mr Hamdoun suggests that the "US company" being discussed is Bright and Bright.

During these talks, in August 1996, the Iraqi army seized the Kurdish city of Erbil. The Clinton administration responded by ordering air raids against Iraq. Engaged in a bitter Senate race, Mr Torricelli, together with all New Jersey lawmakers from both parties, backed the move. Ultimately, no concrete deals came of the discussions between Baghdad and Bright and Bright.

Mr Hamdoun died in July 2003. Mr Chang could not be contacted for comment, despite repeated efforts to reach him.

Claudio Gatti is a New York-based reporter of Il Sole 24 Ore, the Italian business daily

Torricelli: nicknamed 'the Torch' for his incendiary political style AP

'We have [an] interest in preserving the institutional integrity of the US Senate, so we take these allegations . . . seriously'

Taliban Stepping Up Attacks In Afghanistan (KRT)

By Jonathan S. Landay

Knight Ridder, May 18, 2006

WASHINGTON - Afghanistan is fast becoming the toughest peacekeeping mission in NATO's 57-year history as the Taliban presses some of its most intensive attacks since the Islamic militia was driven from power in 2001.

More than 100 people, including a U.S. contractor, a Canadian soldier and dozens of insurgents, died in clashes and suicide bombings on Wednesday and Thursday, mostly in the Taliban's birthplace of southern Afghanistan, according to U.S., NATO and Afghan officials.

In one incident, hundreds of insurgents attacked the southern town of Mosa Qala on Wednesday evening, and fighting raged through the night, leaving at least 13 Afghan police and dozens of Taliban dead.

The unrest comes as thousands of British, Canadian and Dutch peacekeepers are deploying into southern Afghanistan, replacing U.S. troops in a major expansion of NATO's International Security Assistance Force.

Until now, ISAF has overseen security in Kabul and reconstruction projects in relatively peaceful central, western and northern regions. But with its move south, NATO, which was created to defend Western Europe from a Soviet invasion, is becoming embroiled in an escalating guerrilla war in the heart of the Muslim world.

"In the Balkans, we never had ground forces that had to deal with insurgent organizations. We had ground forces that had to deal with riots, criminal groups and the occasional war criminal. But NATO has never faced a major insurgency," said Seth Jones of the RAND Corp., a research institute that advises the Pentagon.

The U.S. commander in Afghanistan, Army Gen. Karl Eikenberry, said last week that the Taliban is better trained, armed and organized than in the past and has adopted tactics used in Iraq, including sophisticated improvised explosive devices and suicide bombers.

Some of the violence is related to tribal rivalries and a major Afghan government drive to eradicate the poppy crops that make the country the world's largest producer of opium, from which heroin is made.

Eikenberry said that with NATO's expansion, more than 20,000 U.S. troops concentrating on counterinsurgency efforts in eastern Afghanistan and major strides being made in the training and deployment of Afghan security forces, the Taliban will be contained by year's end.

Despite its resurgence since last year, the Taliban isn't strong enough to overthrow President Hamid Karzai's government. But some U.S. officials and independent experts warn that the Taliban's real aim is to whittle away at the already seriously diminished confidence many Afghans have in their leader and his U.S.-led allies because of persistent violence, crime and corruption and the slow pace of reconstruction.

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By targeting ISAF's southern deployment, the Taliban also appears intent on weakening public support in NATO nations for the peacekeeping operation. On Wednesday, only hours after a female Canadian soldier was killed, the Canadian parliament approved an extension of Canada's participation in ISAF until 2009 by only four votes.

"There are huge questions over how NATO will perform and whether countries will sustain this," said Bob Templer of the International Crisis Group, a conflict-prevention organization. "The further we get away from 9-11, the more difficult it is to sell."

"The situation is bad," agreed a U.S. official, who asked not to be further identified because he wasn't authorized to speak publicly. "It's going to be a hot summer. It's going to be bloody."

The bloodshed also has heightened tensions between Afghanistan and Pakistan, the Taliban's one-time chief patron.

Pakistan's continued cooperation is vital to the Bush administration's pursuit of al-Qaida leader Osama bin Laden, who's believed to be hiding on the rugged Afghan-Pakistan border, and the global network of violent jihadi groups that he inspires.

The violence "is a test of NATO and a test of the U.S. ability to coordinate in the war on terrorism between two countries that are at odds with each other," said Amin Tarzi, an analyst with U.S.-funded Radio Free Europe/Radio Liberty.

As the violence persisted Thursday, Karzai accused Pakistan's military regime of aiding in the Taliban's resurgence by training and arming the insurgents.

"Intelligence agencies of Pakistan have been providing training to militants and send them back to Afghanistan after equipping them," he told tribal elders in Kunar Province, according to the Afghan Islamic Press agency.

Pakistan denies that it's backing the Taliban, pointing to the intense counterinsurgency operations that tens of thousands of its troops have been conducting in tribal areas bordering Afghanistan.

But U.S. officials say that Islamabad could do more, and some experts contend that Islamabad is quietly aiding the Taliban because it's angry at the ties that Karzai and the Bush administration are cultivating with Pakistan's archrival, India.

"There is a huge anxiety in Pakistan with whatever the Indians are doing," said Templer. "There is a view in the Pakistan military that Afghanistan is really their backyard."

India's involvement in Afghanistan includes the construction of a highway in southern Nimroz Province, bordering Pakistan and Iran, by a state-owned Indian construction organization closely tied to the Indian military.

More Than 100 Killed In Fighting In Afghanistan (USAT/AP)

By Noor Khan, The Associated Press

USA Today, May 19, 2006

KANDAHAR, Afghanistan — About 100 people were killed in fighting as Islamic militants clashed with Afghan, U.S. and Canadian forces Wednesday and Thursday.

Close to 90 militants were killed as were at least 15 Afghan police, an American civilian training Afghan forces and the first female Canadian soldier to die in combat.

The fighting was concentrated in the southern provinces of Helmand and Kandahar. The Taliban, an Islamic militia that controlled Afghanistan until its leaders were ousted in 2001, has stepped up attacks in recent months.

President Hamid Karzai said the violence was coming from the mountainous regions of neighboring Pakistan. The area is populated by ethnic Pashtuns, who make up the majority of the Taliban militants. “In the madrassas (Islamic schools), the mullahs and teachers are saying to their students: ‘Go to Afghanistan for jihad,’ ” Karzai said.

Pakistan's Foreign Ministry spokeswoman, Tasnim Aslam, called the allegations “baseless.”

The latest violence started late Wednesday in Musa Qala in Helmand province. About 300-400 militants attacked a police and government headquarters.

Deputy Gov. Amir Mohammed Akhunzaba said the bodies of about 40 Taliban militants were recovered. He said 13 police were killed and six wounded. British military spokesman Capt. Drew Gibson said Afghan police reinforcements forced the militants to flee.

In neighboring Kandahar province, up to 27 Taliban militants were killed during an operation by the U.S.-led coalition Thursday.

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Elsewhere in Kandahar, 18 Taliban militants and Canadian Capt. Nichola Goddard died in fighting. Canada's first female soldier to die in combat was killed late Wednesday, said Maj. Scott Lundy, a Canadian military spokesman.

Gen. Zahir Azimi, a spokesman for the Afghan Defense Ministry, said U.S. forces' hand-over of security operations in the south to NATO could be fanning the violence. The transfer is to take place by July. “Maybe the Taliban is trying to show NATO that they are active there, but coalition and NATO forces are both strong,” he said.

Also Thursday, a suicide bomber attacked in Herat, near the Iranian border. The bomb killed Ron Zimmerman, 37, of Connersville, Ind. He was working on a U.S. project to train Afghan police. Other attacks near Kabul killed a civilian and two police officers.

Afghanistan Rocked As 105 Die In Violence (WP)

By Pamela Constable

The Washington Post, May 19, 2006

ASADABAD, Afghanistan, May 18 -- Afghanistan has been rocked over the past two days by some of the deadliest violence since the Taliban was driven from power in late 2001. As many as 105 people were reported killed in four provinces as insurgents torched a district government compound, set off suicide bombs and clashed fiercely with Afghan and foreign troops.

Between 80 and 90 Taliban fighters were killed in Kandahar and Helmand provinces, according to Afghan, U.S. and NATO officials. Two sites in Kandahar were struck by U.S. warplanes, including a long-range B-1 bomber, which U.S. military officials said destroyed a compound that Taliban guerrillas were using to stage an attack.

Among the dead were an American police trainer killed by a car bomb in Herat province, a female Canadian army captain and at least 12 Afghan national policemen, officials said.

Afghanistan experienced several years of relative calm after the pro-Western government took over in Kabul in 2001. But in recent months, the pace and scope of insurgent attacks have been increasing steadily, and now include suicide bombings, a tactic long foreign to Afghanistan. The violence has surged as NATO forces prepare to assume the lead military role in Afghanistan from U.S. troops this summer, a transition that some observers believe the Taliban and other insurgent groups are seeking to test.

President Hamid Karzai, visiting the capital of eastern Konar province under heavy security, angrily denounced the new violence as the work of religious extremists and intelligence services in neighboring Pakistan, saying they had sent young men across the border to stage attacks in the name of holy war.

"In Pakistan they train people to go to Afghanistan, conduct jihad, burn schools and clinics," he told a gathering of provincial elders in a long, emotional speech. "What kind of Islam is this?"

Karzai did not blame Pakistan's president, Gen. Pervez Musharraf, calling him a "dear brother" and saying that "terrorism is a fire that will extend to your country, too." But he directly taunted Mohammad Omar, the fugitive Afghan Taliban leader, challenging him to "show yourself" and "come fight with me" instead of hiding.

The president expressed particular anguish over the death of the Canadian soldier, Capt. Nichola Goddard, who died Wednesday in a battle with Taliban attackers in Kandahar. "Our land is being protected by a lady from Canada, when we should be protecting her as a guest," he said.

The police trainer killed by a suicide blast in Herat was serving on a contract from the U.S. State Department's Bureau of International Narcotics and Law Enforcement. A statement from the U.S. Embassy in Kabul did not identify him, but said that several other Americans and Afghans were wounded by the bomb and that U.S. forces fearing another attack later shot dead the Afghan driver of a truck who failed to stop at a checkpoint and drove directly at the Americans.

The escalating violence has led to a deepening rift between Karzai and Musharraf, who are both important U.S. allies in the region. The Afghan government has long asserted that Islamic fighters are being supported and sheltered by groups within Pakistan. In February, Karzai presented Musharraf with a list of alleged armed extremists living in Pakistan.

The Pakistani leader bristled at the accusations and dismissed them as outdated or fabricated. He has asserted repeatedly that he is doing his best to combat terrorism within Pakistan, and he has sent large numbers of soldiers into the desolate tribal areas bordering Afghanistan, where Taliban and al-Qaeda members are widely believed to have taken refuge.

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"They talk about people crossing from Pakistan, but we have 78,000 troops and 800 check posts," said Aftab Khan Sherpao, Pakistan's interior minister, in a recent interview. "The militants used to feel safer in the tribal areas because of the culture and the religious bent of mind there, but now we are really exerting pressure and tightening the loop. We get flak from the local people but we have to do it."

U.S. military officials, who work closely with both the Afghan and Pakistani armed forces, say they believe Musharraf shares their concerns about regional terrorism and does not seek to destabilize Afghanistan. But it is not clear, they say, to what extent he can control powerful groups in his country that still support the Taliban or harbor a lingering ambition to dominate Afghanistan.

For those people, Karzai had harsh words Thursday, vowing that Afghanistan "will never become a colony of any country," and excoriating groups that use religion as an excuse to attack their neighbors.

Konar, which stretches alongside the Pakistani tribal region, has come under persistent attacks, including a rocket assault that killed seven children at a school in Asadabad in April. Since March, Afghan and U.S. forces have staged a massive sweep of troubled districts in Operation Mountain Lion.

Karzai, who rarely travels to remote provinces because of security concerns, arrived here from Kabul on one of a formation of U.S. military helicopters.

The president's vehement remarks about Pakistan were repeatedly applauded by provincial leaders, and in welcoming poems and songs young Afghans exhorted him to be tough on "our neighbor enemies."

Questions Karzai received here underlined why it has been difficult to uproot the revived Islamic insurgency even with thousands of foreign troops aiding the new Afghan army and police.

Several local leaders asked the president to help win the freedom of Konar tribal and religious figures held in U.S. military prisons as suspected insurgents. Others pleaded with him to build more Islamic schools in their province, a higher priority for many families than roads or clinics.

In a brief interview after his speech, Karzai said he had not given up on Musharraf and recognized his strategic importance to the U.S.-led anti-terrorist effort. But the Afghan president said he had come under a lot of domestic pressure to get tough with Pakistan.

"People see that nothing has changed and they are very angry," he said. "They want me to stop talking nicely and do something."

Afghanistan Bomb Kills American And Wounds 2 (NYT)

By Carlotta Gall

The New York Times, May 19, 2006

ISLAMABAD, Pakistan, May 18 — An American counternarcotics official was killed and two other Americans were wounded in a suicide bombing on Thursday in western Afghanistan, while heavy fighting between forces suspected of being Taliban insurgents and the Afghan police continued in two southern provinces, officials said.

The violence occurred amid increasing reports of many militants moving around rural areas. The fighting killed 13 police officers and possibly dozens of insurgents, officials said.

"We confirm that a U.S. citizen contractor for the State Department Bureau of International Narcotic and Law Enforcement, working for the police training program in Herat was killed in a vehicle borne I.E.D. attack," said Chris Harris, a spokesman for the United States Embassy, using the initials for improvised explosive device. "Two other Americans were injured; one critically, and one has minor injuries."

Col. Ghulam Sarwar Haidari, the intelligence chief for the provincial police department in Herat, a western town, said the attack was a suicide bombing. He said the bomber, who wore a long beard but was not identifiable, drove his car, packed with explosives, into the Americans' vehicle, which was part of a three-vehicle convoy on the main road leading north from Herat.

Another apparent suicide car bomb attack on Thursday killed the driver and a civilian passing on a motorbike near an American military base in Ghazni Province, south of Kabul, the capital, said Hajji Sher Alam, the provincial governor. Another civilian was injured, he said.

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A Canadian military statement on Thursday described fighting in Panjwai, near Kandahar in the south, in which a Canadian soldier was killed Wednesday. The fighting in Panjwai lasted all day and through the night as coalition and Afghan police officers and army forces entered the district against scores of militants who have been moving through the area for weeks, the Canadian statement said. It said 18 fighters suspected of being Taliban members had been killed and 35 others had been captured. Local residents had told Afghan security forces of 15 armed men hiding in a mosque who were among those captured, the statement said.

In a second statement released in Kabul describing the fighting, Maj. Gen. Benjamin C. Freakley, the American operational commander of coalition forces, was quoted as saying, "This well-organized, cooperative engagement was exactly the operation needed to restore security to Panjwai, where extremists have been intimidating and threatening the people."

Heavy fighting also occurred Wednesday in the neighboring Helmand Province, when militants attacked a police post in Musa Qala, a district in the main poppy growing region in the northern part of the province. The police fought the militants off, said a spokesman for the provincial administration, Haji Muhaiuddin Khan.

He said that 50 Taliban fighters had been killed, but conceded the police had found the bodies of only 10 militants. Thirteen police officers were killed and six wounded, and 10 militants were captured, he said.

Medals Given For Valor In Afghan Fighting (WP)

By Ann Scott Tyson

The Washington Post, May 19, 2006

FORT BRAGG, N.C., May 18 -- Sgt. 1st Class David Lowe and his Special Forces A-team were in their last week in Afghanistan on June 10, 2005, when their base received an urgent call: A small group of 82nd Airborne paratroopers was pinned down in a firefight near the Pakistan border and needed support.

"When you're that close to leaving the country and you've survived the whole time, you kind of stand down a little bit," said Lowe, 26, of Lancaster, Pa., recalling that much of the team's equipment was packed. "But they needed help," he said, "so we went," setting out on a mission that would prove vital and tragic.

Lowe's bravery in the Afghan mountains that sweltering summer day was rewarded Thursday with a Silver Star, which was pinned on by Brig. Gen. John F. Mulholland Jr., the head of the Special Forces Command, as Lowe and 12 fellow soldiers from 1st Battalion, 7th Special Forces Group, were honored at a ceremony here.

As fighting surges in Afghanistan against a reinvigorated Taliban, the stories behind Lowe's medal and others awarded for valor in combat offer vivid glimpses into the intensity of warfare in the country's most contested zones. Increased violence, particularly suicide and improvised bombs, has inflicted a worsening toll of U.S. troop deaths, which now total 234 -- including 10 for 7th Group.

U.S. military commanders acknowledge that the war that began in 2001 with the Special Forces' rapid overthrow of the Taliban government is far from over. They have put off plans to withdraw several thousand U.S. troops -- including conventional and Special Forces -- from Afghanistan this year.

The combat trials faced by Lowe and his comrades suggest the challenge that lies ahead.

It was midafternoon last June when Lowe's team, accompanied by Afghan forces, began climbing a steep mountainside to reach the 82nd Airborne paratroopers fighting off pockets of enemy on all sides.

Lowe's team moved through the brush without talking. The sun cast shadows on the hills, making it difficult to see. Lowe was uphill providing cover ahead of Sgt. 1st Class Victor Cervantes, who walked below through a dry streambed, when fire from a Kalashnikov broke out near Cervantes's position.

Lowe turned and dashed back, catching a glimpse of a camouflage coat and a figure ducking between the trees and rocks. Lowe fired at it with his M-4 and the gunfire stopped. Then he began yelling, "Vic!" "Vic!" trying to find his teammate.

"So anyway, Vic was dead," Lowe recalled, choking up at the memory. But Lowe, the team medic, said he controlled an urge to charge blindly up the hill in revenge.

Instead, according to his medal citation, during a six-hour firefight, Lowe moved deliberately to aid the wounded -- at one point dashing over 150 yards of open ground. He climbed an exposed rock pinnacle to shoot down a fighter who had a

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teammate pinned down, and helped kill six other attackers, including some who shot at the soldiers as they attempted to carry out Cervantes's body.

"We were a week from going home, and he's putting himself in harm's way -- he's the real hero today," Lowe said of Cervantes, 27, of Stockton, Calif.

Chief Warrant Officer 3 Jason Hope, 39, of Tulsa, also received the Silver Star for his daring leadership during a hastily executed spring 2005 raid on a fortified Taliban camp in Paktika province that killed a senior regional Taliban commander for southeastern Afghanistan.

As soon as they got off the helicopter near the camp, Hope's team came under withering fire from about 20 enemy fighters awaiting with rocket-propelled grenades, AK-47s, and machine guns with armor-piercing bullets. The team fought its way up a ridge overlooking the camp, and then, to reach the stronghold, Hope led a flat-out race across 600 yards of open desert.

Following Hope, Staff Sgt. Charles Maxwell watched as bullets chopped up dust around his feet. "I wasn't going to let him go without me," said Maxwell, 32, who was awarded a Bronze Star for valor.

DOJ:

Prosecutor Not Amused By "Sick...Joke" (ROANT)

By Lindsey Nair

Roanoke Times, May 19, 2006

Assistant U.S. Attorney Patrick Hogeboom is knowledgeable about a lot of things, but repairing wheelchairs is not one of them.

Nevertheless, he claims in court documents that he recently received calls from six elderly customers of Active Solutions, an Ohio-based medical equipment company, requesting that he service their broken-down motorized wheelchairs.

Hogeboom this week filed a motion seeking a temporary restraining order against Active Solutions and its parent company, CBI Co. LLC. The motion accuses Active Solutions of harassing its customers by referring them to Hogeboom for wheelchair repair requests.

Active Solutions used the customers' plight to "play a sick practical joke by harassing victims and witnesses," the motion states.

Valerie Eastwood, counsel for CBI, declined to comment on the motion except to say she would respond "fairly quickly."

Active Solutions and CBI are under federal investigation for suspected Medicare fraud, but they have not been charged with any crimes.

According to a search warrant affidavit unsealed this month, investigators believe Active Solutions advertised power scooters, then shipped customers much more expensive motorized wheelchairs instead and billed Medicare for the chairs.

As part of the investigation, federal agents in late March seized six vehicles and $1.8 million in assets from Active Solutions.

This week's motion claims that since the affidavit was unsealed, Active Solutions has been telling wheelchair owners that Hogeboom can "explain why the company cannot repair chairs" and address their concerns.

Hogeboom complains in the motion that these referrals were made with no explanation that he is a federal prosecutor, not a repairman, and at the expense of people who need working wheelchairs to live a quality life.

"The referrals were done in a callous disregard for the plight of the elderly and infirm," the motion claims.

Because the customers who were told to contact Hogeboom are potential witnesses or victims in the case, the government is requesting that a judge deem the company's behavior harassment. The motion requests that Active Solutions be ordered to stop referring calls to Hogeboom.

CORPORATE SCANDALS:

Next Lay Trial, Over Bank-Fraud Charges, Begins (WSJ)

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By Gary McWilliams

Wall Street Journal, May 19, 2006

HOUSTON -- Former Enron Corp. Chairman Kenneth Lay1's "other" trial -- on charges of violating bank-lending agreements -- began Thursday with his defense attorney insisting Mr. Lay wasn't aware of any violations.

Mr. Lay is charged with bank fraud and misrepresentation for borrowing $75 million from three banks and using the money to acquire Enron stock. The government contends that Mr. Lay used personal loans from Bank of America Corp., Compass Bancshares Inc.'s Compass Bank and J.P. Morgan Chase & Co.'s Chase Bank to acquire Enron stock in violation of loan agreements.

The bank-fraud case is being tried separately from the conspiracy and fraud case against Mr. Lay and former Enron president Jeffrey Skilling2. In that trial, the jury completed its first full day of deliberations (after a partial day on Wednesday) without reaching a verdict. The eight-woman, four-man jury won't meet on Fridays, so it will resume considering the charges against the two former executives Monday morning.

"Mr. Lay had absolutely no motive to do what he's accused of doing here," defense attorney Ken Carroll said of the bank charges. He called the regulation "confusing" and suggested the criminal charges were a stretch. The alleged violations are "a regulatory issue, a civil issue but not a crime," said Mr. Carroll. He said Mr. Lay repaid all the loans.

The bank-fraud charges are being heard without a jury before U.S. District Court Judge Sim Lake3, who also is presiding over the conspiracy and fraud trial of Messrs. Lay and Skilling. Each of the four charges carries an up to 30-year prison sentence. Judge Lake has said he won't issue a decision in the bank-fraud case until the jury in the conspiracy and fraud case returns its verdict.

Prosecutor Robb Adkins accused Mr. Lay of "lying to the banks" to increase his borrowing limit. The loans restricted the amount of money he could borrow to 70% of the value of shares held for collateral if the borrowings were used for nonstock investments, but only 50% of the value of shares if the borrowings were used to buy stock, he said. Mr. Lay, he said, was "not satisfied with a 50% loan, he wanted a...larger loan to buy his stock."

James Shelton, a former Bank of America private banking manager, testified that he several times advised Mr. Lay of the rules restricting the purchase of stock using so-called "nonpurpose" loans backed by shares. He said the bank initially set up two separate $8 million lines of credit, one for nonstock investments and another to allow him to purchase stocks.

The credit line that was set up to purchase stocks shrank over time, while Mr. Lay increased the line used for nonstock investments, said Mr. Adkins. By September 1997, Mr. Shelton said Mr. Lay sought to increase his line of credit for nonstock investments to $30 million and wanted just $750,000 for stock purchases, he said.

Sally Ballard, an assistant to Mr. Lay who handled the documents overseeing his personal investments, testified that she wasn't aware of the differing restrictions on the lines of credit when she prepared requests. She also testified that she used a machine to affix his signature to documents when he was unavailable to sign them.

Under questioning by a prosecutor, she acknowledged writing a note to Mr. Lay that suggested she was familiar with the stock-purchase restriction, called Reg. U. In that 1995 note, she wrote: "I realize we were advised by James [Shelton] that according to Reg. U we cannot use borrowing to pay off these lines. Please advise."

A 2nd Criminal Trial Begins For Former Enron Chief (NYT)

By Vikas Bajaj

New York Times, May 19, 2006

HOUSTON, May 18 — As a jury spent its first full day deliberating the fates of the former Enron chief executives, Kenneth L. Lay and Jeffrey K. Skilling, a second criminal trial began yesterday, with prosecutors accusing Mr. Lay of repeatedly lying to banks about how he would use $75 million in loans.

Using testimony of a bank loan officer, an investment adviser and a personal assistant who still works for Mr. Lay, prosecutors tried to show that he borrowed millions of dollars and violated federal banking regulations by investing much of the money in stocks after he signed documents saying he would not do so.

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He did so "not just a few times, but repeatedly and time and again," the prosecutor, Robb Adkins, said in brief opening arguments.

In an unusual compromise, Judge Simeon T. Lake III broke off these four charges from the main Enron case after Mr. Lay's defense team sought to have the entire case against him separated from Mr. Skilling's. Last year, Mr. Lay waived his right to a jury trial on the bank charges, in part because of the technical nature of banking statutes, meaning the case will be decided by the judge. The charges — one of bank fraud and three of lying to banks — are based on a cache of prosaic loan documents and personal financial records from the early 1990's to 2001. The charges are not related to the fraud and conspiracy charges Mr. Lay faces in the Enron case with his co-defendant, Mr. Skilling.

Judge Lake has indicated that he will not issue his decision until the jury in the other case, which he also presided over, renders a verdict, which is expected to take a week or more.

Defense lawyers for Mr. Lay contended that he did not knowingly violate any laws in how he handled his personal loans from three banks and added that he did not have any reason to do so because he had more than adequate collateral to pay off the loans. "It may be a civil issue; it may be a regulatory issue, but it's not a crime," a lawyer for Mr. Lay, Ken Carroll, said.

Several times during the day, Judge Lake chided lawyers, particularly the defense lawyers, to pick up the pace.

At one point, Mr. Carroll asked a former Bank of America loan officer, James Shelton, about how he dealt with other clients who had loans similar to Mr. Lay's. Judge Lake asked if the defense intended to call other bank clients and Mr. Carroll responded he would call three or four people.

"No, you are not," Judge Lake quickly replied.

The prosecution contends that Mr. Lay started lying to his banks after Mr. Shelton told him in 1993 that banking laws dictated that he could borrow only 50 percent of the value of the stock that he was putting up as collateral if he used the proceeds to buy publicly traded stock.

He later took out two lines of credit from Bank of America — one that allowed him to buy stock and one that did not. The second line of credit allowed him to borrow as much as 70 percent of the value of his collateral.

"Mr. Lay wasn't satisfied with a 50 percent loan, he wanted a larger loan," Mr. Adkins said.

Financial documents displayed by prosecutors yesterday showed that Mr. Lay used millions of dollars from those credit lines to buy stock-based mutual funds and individual stocks like Eli Lilly & Company, on whose board Mr. Lay used to sit.

Mr. Lay's lawyers asserted that he was not fully apprised of the restrictions he faced and that the loan documents were not always clear.

The defense also said that on some bank documents, though they could not say how many, Mr. Lay's signature was rendered by a signature machine because he was out of town. Defense lawyers also tried to show that Mr. Lay's assistants were not aware of the difference between the two sets of loans.

"At any time did Mr. Lay ask you to do something you were uncomfortable doing?" George McCall Secrest Jr., another defense lawyer, asked Sally Ballard, Mr. Lay's assistant.

"Absolutely not," she replied.

Mr. Lay and his lawyers have said and repeated again Thursday, though not in the courtroom before Judge Lake, that the banking law Mr. Lay is accused of violating is an arcane Depression-era statute that has to the best of their knowledge, been used only once against a bank customer, more than a decade ago.

Congress passed the laws, now known as Regulation U, after the stock market crash of 1929 in an effort to make it harder for investors to speculate using borrowed money, said John C. Coffee, a law professor at Columbia University in New York. Also, lawmakers believed that it would be better for the economy and job creation if banks lent more money to farmers and manufacturers rather than investors, he said.

"These are standard parts of any loan agreement that you are not going to unlawfully use the proceeds," Mr. Coffee said. "These are not unknown and esoteric, they are plain-vanilla representations," he said about the statements signed by Mr. Lay in the course of obtaining his loan.

Enron's Ken Lay Goes On Trial On Another Front: Bank Fraud Charges (USAT)

By Greg Farrell

USA Today, May 19, 2006

HOUSTON — A second trial began here Thursday for former Enron CEO Ken Lay, who stands accused of violating an obscure banking law that forbids using proceeds from certain types of loans to buy publicly traded stock.

The four bank fraud charges, which carry penalties of up to 30 years, were severed from the larger trial in which Lay and another former Enron CEO, Jeff Skilling, are charged with conspiring to hide Enron's financial condition from investors in 2000 and 2001. Jury deliberations in that trial began this week and will continue Monday.

The second trial is being held without a jury before the same judge who managed the Enron fraud case, U.S. District Judge Sim Lake. Unlike the jury trial — a sprawling drama which began in January and featured testimony from 56 witnesses including Lay and Skilling — the bank fraud case is narrow and should end early next week.

Lake has said he won't announce his verdict in the bench trial until jury deliberations have concluded in the larger Enron case.

In his opening statement Thursday, prosecutor Robb Adkins told the judge that Lay repeatedly violated "Regulation U," a rule put in place following the 1929 stock market crash to protect banks from borrowers who speculate in the stock market. According to the rule, when a borrower uses stock as collateral for a loan, banks are only allowed to lend an amount equal to 50% of the stock's value. Every borrower has to sign a form indicating he or she understands the rule.

The idea, Adkins explained, was to prevent a "daisy chain" effect that crippled many U.S. banks following the '29 crash, when speculators used stock as collateral for loans and then invested the loans in more stock. "The process only works if these forms are filled out truthfully," Adkins said.

James Shelton, a former Bank of America loan executive, told the court that he explained the limitations of Regulation U to Lay when he approved loans to the former Enron CEO in the 1990s. Asked whether he thought Lay understood the rule when he took out loans, Shelton said he did. "He was a very hands-on, detail-oriented person," Shelton said.

Lay's attorney, Ken Carroll, suggested that the former Enron CEO was so busy he didn't necessarily micromanage every investment he made.

"If anybody told him he wasn't doing the right thing with these lines (of credit), he would have fixed it," Carroll said. Carroll also pointed out that Lay traveled a lot, and didn't necessarily sign every document that needed his signature. An "auto-pen" was sometimes used at Enron for documents that needed Lay's signature when he wasn't around, Carroll said.

Sally Ballard, who works for Ken Lay and his wife, Linda, in a secretarial capacity, also testified. Ballard admitted that in grand jury testimony several years ago, she confirmed that Lay used proceeds of his bank loans to buy stock. But on the stand Thursday, she said she may have been mistaken during the grand jury proceedings. Thinking it over afterward, she said, she realized a document purporting to confirm Lay's use of bank loans to buy stocks could simply have been an old form that she never revised. She acknowledged that Lay was paying for her legal fees.

Lay's Second Trial Starts As First Jury Deliberates (WP)

By Carrie Johnson

Washington Post, May 19, 2006

HOUSTON, May 18 -- As jurors quietly deliberated conspiracy and false-statements charges against him Thursday, former Enron Corp. chairman Kenneth L. Lay endured the start of a separate trial on bank fraud violations that carry substantial prison time if he is convicted.

Lay, 64, stands accused of four criminal counts for allegedly lying to banks about how he would use multimillion-dollar lines of credit. Prosecutors accused the former corporate titan of falsely telling banks he would not use the loans to buy stock, then turning around and doing just that. Each charge carries a maximum prison term of 30 years.

Lay's alleged conduct violated Federal Reserve rules put in place after the 1929 stock market crash spurred policymakers to restrict how credit is used, prosecutor Robb Adkins argued.

"The process only works if the forms are filled out truthfully," Adkins said, pointing to "dozens and dozens" of instances when Lay signed documents pledging to follow the rules, then allegedly broke his promise.

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Former Bank of America executive James Shelton, the relationship manager on Lay's account in the early 1990s, testified that the rules are important because the bank could be held liable if its clients violate the law -- and "I might very well lose my job." Shelton said he met with Lay several times to discuss the rule, known as Regulation U.

Because scores of documents exist, the key question in the case is whether Lay intended to violate the rules, an issue that prosecutors say is clear from his signature alone.

Lay's lawyers, who previously have scoffed at the charges as an overly zealous attempt to target their client, suggested a number of possible defenses, including the argument that his subordinates may have used a machine known as an "autopen" to affix his signature to several of the forms.

But U.S. District Judge Simeon T. Lake III, the ultimate decision maker in the bank case, inquired whether the distinction was a real difference. "Is there a distinction if he knowingly caused an employee to affix his signature electronically?" the judge asked, directing defense lawyers to produce prior court cases to support their assertion.

On cross-examination by Lay attorney Ken Carroll, Shelton said he did not believe Lay had engaged in a scheme to defraud the bank. He added that he had never done an investigation of how Lay was using the loans or developed any suspicions about them at the time.

Defense lawyer George "Mac" Secrest also suggested that Lay, who traveled frequently during his tenure at Enron, was too busy to have paid much attention to the forms. Instead, Secrest said, Lay simply signed where his staffers instructed him to do so. Sally Ballard, an employee of Lay's for 22 years who continues to work for his family part time, readily agreed.

Earlier Thursday, prosecutor John C. Hueston presented a pair of memos Ballard had written to Lay in November 1995 indicating that he was "technically bound by" the bank rules. The judge interjected with his own question, wondering whether the memos were delivered to Lay himself. Yes, Ballard answered.

Lake said he will render a decision on the bank fraud charges sometime after the eight-woman, four-man jury in the broader case decides whether Lay and former Enron chief executive Jeffrey K. Skilling are guilty of leading a conspiracy to defraud investors and employees about the energy trader's health. That case is the government's biggest and most heralded in an effort to hold corporate officials accountable for misconduct on their watch.

The jury broke for the day around 4 p.m. central time, after deliberating for six hours without sending a note or other tangible evidence of their progress. Jurors will return to their deliberations Monday, when the bank fraud case also will resume.

No Enron Verdict; Lay Starts 2nd Trial (LAT)

Los Angeles Times, May 19, 2006

HOUSTON — Jurors in the trial of former Enron Corp. leaders Kenneth L. Lay and Jeffrey K. Skilling ended a second day of deliberations Thursday without reaching a verdict, meeting behind closed doors as Lay returned to court for a separate trial.

The jury of eight women and four men left the courthouse in downtown Houston for a long weekend, having decided at the beginning of their deliberations that they would not work on Fridays. The panel has so far made no requests of U.S. District Judge Sim Lake.

While Skilling, 52, has remained out of sight since the jurors retired to weigh the evidence, Lay was back in Lake's fourth-floor courtroom for the opening of his second trial, this one centering on charges that he misused personal bank loans.

In the second case, which is being heard by Lake without a jury at Lay's request, prosecutors say the once highflying executive used Enron stock as collateral for $75 million in loans, signing documents required by the bank and federal regulators pledging that he would not use the money to buy more stock.

But Lay, 64, did buy stock with those loans, Assistant U.S. Atty. Rob Adkins said in opening arguments.

"This is the stock he promises the banks he would not purchase," Adkins told Lake in a brief opening statement as the trial began. "Banks take these forms very seriously to protect against [stock] market failure."

Government witness James Shelton, a Bank of America Corp. executive who oversaw the bank's loans to Lay starting in 1993, told the judge that he explained to Lay many times that he was forbidden under federal law from using some of the credit lines to buy stock. Shelton said he also got Lay to sign forms explaining the limitation.

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During cross-examination, Lay's attorney, Ken Carroll, suggested that many of the loan documents may have been signed by an automatic signature machine both Lay and his wife, Linda, used, and that Lay's assistants would have used the machine "if somebody sends him a pile of bank documents and had to be signed in order to get a loan done."

When Lake asked Carroll whether there was a distinction to be made if the signatures were made electronically, Carroll responded that although it could be a civil or regulatory matter, "It's not a crime."

Carroll declined to make an opening argument. As he did in the first case, Lay was expected to take the witness stand in his own defense.

Each of the four counts of bank fraud and false statements to banks carry prison terms of as many as 30 years and a fine of $1 million. Those penalties are in addition to the decades in prison Lay could face if convicted in the fraud and conspiracy trial.

In the first case, Lay is charged with six counts of conspiracy and fraud, and Skilling with 28 counts of conspiracy, fraud and insider trading linked to Enron's 2001 collapse.

Lay and Skilling have denied any wrongdoing at the company.

Enron Jurors End 1st Day Of Deliberations (AP)

AP, May 19, 2006

HOUSTON (AP) -- Jurors in the fraud and conspiracy trial of Enron Corp. founder Kenneth Lay and former Chief Executive Jeffrey Skilling finished their first full day of deliberations Thursday in the premiere case to emerge from one of the biggest corporate scandals in U.S. history.

The eight-woman, four-man panel received the case Wednesday and had deliberated for about 9 1/2 hours by day's end Thursday. Deliberations will continue Monday.

"It's nerve-racking," Skilling's lead lawyer, Daniel Petrocelli, said about the wait for a verdict. Skilling's trial was the California civil attorney's first criminal case.

Skilling can wait in his legal team's so-called "war room" in an office building across the street from the federal courthouse in Houston. But Lay went on trial again Thursday on bank fraud charges stemming from his personal banking.

The banking case is being tried without a jury before U.S. District Judge Sim Lake, who presided over the pair's conspiracy case as well.

Lake plans to issue his verdict in the banking case, which is expected to last several days, after jurors in the larger conspiracy case render theirs. The jury aims to deliberate Monday through Thursday and take Fridays off, mirroring the conspiracy trial's schedule.

Next door to Lay's bank fraud trial, the first of three retrials of five former Enron broadband-unit executives was winding down in its third week, with closing arguments expected as early as Friday.

In that case, former unit finance chief Kevin Howard and former in-house accountant Michael Krautz are charged with conspiracy, fraud and falsifying records for allegedly using a sham deal to fake earnings in late 2000. Both testified this week that the deal was legitimate.

Last year's three-month trial ended in a hung jury, and the other three ex-executives are to be retried in separate cases later.

Enron, once a Wall Street favorite, landed in bankruptcy protection in December 2001 amid scrutiny of hidden debt and inflated profits. More than $60 billion in market value, almost $2.1 billion in pension plans and 5,600 jobs disappeared in the failure of the company.

In the conspiracy case, Skilling faces 28 counts of fraud, conspiracy, insider trading and lying to auditors, while Lay faces six counts of fraud and conspiracy. If convicted on all counts, Skilling faces a maximum of 275 years in prison. Lay faces a maximum of 45 years.

The government sought to prove through 25 witnesses that both men repeatedly lied about Enron's financial health when they knew accounting trickery and fudged numbers created a glossy illusion of success.

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The defense countered through 29 witnesses, including Lay and Skilling, that neither did anything wrong and no fraud occurred at Enron other than that committed by a few executives who ran lucrative side deals behind their backs. The defendants attributed Enron's collapse to bad publicity and lost market confidence.

Out Sick For The Enron Trial, And Rethinking It (NYT)

By Alexei Barrionuevo

New York Times, May 19, 2006

HOUSTON, May 18 — It started with what felt like a heart attack.

Just minutes after he had cross-examined Enron's former chief financial officer two months ago, Michael W. Ramsey, the lead lawyer for Kenneth L. Lay, turned to one of Mr. Lay's daughters. "I think I just had a heart attack," he half-jokingly told the daughter, Elizabeth Vittor, looking her in the eye across the defense table.

Mr. Ramsey said he thought the discomfort would subside in an hour. It did not.

Within days Mr. Ramsey was forced into surgery to clear an arterial blockage. For the 66-year-old, who describes himself as a hard-drinking, chain-smoking legal warhorse, it was the beginning of the most challenging personal odyssey of his career and an event that may turn out to play a crucial role in the outcome of Mr. Lay's case.

After further heart complications, Mr. Ramsey missed more than a month of the 56-day trial, including the testimony of Mr. Lay, the former Enron chief executive who had paid Mr. Ramsey $2 million to lead the legal team in his criminal trial.

Despite his belated but powerful return to action on Tuesday, Mr. Ramsey's illness raises questions that probably will never be answered.

Would he have controlled an indignant Mr. Lay on the stand better than George McCall Secrest Jr., the lawyer who ended up questioning Mr. Lay? Should Mr. Lay have sought to delay the trial when his most experienced criminal lawyer was unable to participate?

"This is the major what-if in this case," said Joel M. Androphy, a criminal defense lawyer in Houston. "You can't just replace Ramsey's years of experience in not only defending people but in communicating with jurors."

Mr. Ramsey acknowledged that several lawyers advised him to push Mr. Lay to seek a delay. "Ramsey is the glue that held that defense together," said his good friend, Dick DeGuerin, another prominent Houston defense lawyer. "It was a mistake not to at least ask the judge for a continuance or a mistrial."

Mr. Lay, for his part, said he was "not second-guessing anything." He conceded that his own strained finances contributed to the decision to carry on with the case.

"They were important," Mr. Lay said Wednesday. "But the right decision was to move ahead and to get it done."

Without Mr. Ramsey, Mr. Lay's defense team appeared to drift into disarray. Mr. Ramsey, after all, had been defending the Enron founder since well before he was indicted in 2004. He had been a principal architect of the defense strategy, which he laid out in his opening statement — that Mr. Lay was a victim of government overreaching by prosecutors bent on punishing the top officers for Enron's collapse.

The company was forced into bankruptcy, Mr. Ramsey contended, by a virtual conspiracy of short-sellers and news articles that caused a "classic run on the bank."

Mr. Ramsey's absence mattered in other ways. He had led his team's selection of the jurors with an eye to how they would react to him, not the other lawyers.

"When you take me out of the equation, whoever takes my place may not have that same communication," he said.

And in the end, Mr. Ramsey was not able to help his client when a prosecutor, on cross-examination, confronted Mr. Lay with the provocative statements that Mr. Ramsey had made to reporters outside the courtroom: that short-sellers were "vultures" and Enron's former treasurer, Ben F. Glisan Jr., was a "trained monkey."

Last week, on the last day of testimony, an unsteady, shuffling Mr. Ramsey returned to court against his doctors' advice, after more than a month of surgical procedures and fitful time spent mostly in a hospital bed. Even when he was at the hospital, he said he obsessively followed the trial through daily transcripts, media reports and daily calls to the other defense lawyers.

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"Ken Lay is a good friend of mine, somebody I admire," Mr. Ramsey said. "I wanted very much to assist him. I really felt quite helpless in that situation, and helpless is not a condition I like to feel."

Weeks before, after the doctors first made the diagnosis, Mr. Lay had confidently forecast his lawyer's return. "I expect him to return in time to pull out the victory," Mr. Lay told reporters.

And return he did. On Tuesday, Mr. Ramsey anchored a four-lawyer lineup for Mr. Lay, arguing for 12 spirited minutes.

In his characteristic style, part Southern preacher and part angry grandfather, he raised his voice in indignation as he urged the jury to find the courage to reach an "unpopular" verdict of not guilty.

"Reasonable minds disagree on every point at issue in this case," he said in a near-shout. "Every one of them!"

And in a flourish that evoked Patrick Henry's famous revolutionary line, "Give me liberty or give me death!" he added, "When the spear of government starts to touch living flesh, we're proud of our liberty."

Mr. Ramsey lamented the next day that he needed about 50 minutes to really stir the jurors' emotions. But he said he might not have had the stamina — or the credibility with jurors after such a long absence — to argue that long.

Mr. Ramsey's original diagnosis of a blockage in one coronary artery seemed manageable, thanks to advanced treatments that rely on a less-invasive procedure from which patients often return to regular activities in just a few days.

After surgery on Friday, March 24, Mr. Ramsey returned to court the next Monday. But the symptoms soon returned. Further tests revealed a 95 percent blockage in a different artery, which could have led to a stroke, and Mr. Ramsey said he probably was not getting "enough blood to the brain."

His sudden health problems were particularly frustrating because, he said, he had undergone a complete physical and stress test just weeks before the trial began and been given a clean bill of health. He says he eschews drink when a case is on trial. His smoking habit has been harder to tame. "I have smoked three packs of Winstons a day for 50 years," he said.

On Wednesday, about an hour after the Enron case went to the jury, Mr. Ramsey dug into a tenderloin steak at a restaurant near the "war room loft" he rents downtown when he wants to focus on big cases. The doctors, he explained, said that if he would quit smoking they would not fuss at him about what he eats.

In interviews this week, some lawyers raised questions about whether Tuesday's closing argument would be the last hurrah in Mr. Ramsey's 40-year career, one spent exclusively as a criminal defense attorney.

"He has a fabulous talent before a jury," said Jamie Wareham, the global chairman of litigation for Paul, Hastings, Janofsky & Walker. "But would he be the right choice in a lawyer, given his health issues, for an extended trial? He might not be anymore."

Raised in the blue-collar town of Channelview, Tex., outside Houston, Mr. Ramsey rose to prominence defending accused murderers and police officers accused of civil rights violations. After working under the renowned trial lawyer Richard Haynes, who was known as Racehorse, Mr. Ramsey cemented his national reputation in 2003 by helping win the acquittal of a New York real estate heir, Robert A. Durst, after Mr. Durst shot and killed a neighbor, dismembered him and tossed the body parts into Galveston Bay.

While he said he was not considering retirement, Mr. Ramsey said he did plan to slow down. He said he was "seriously thinking about trying a case overseas," possibly at a tribunal in The Hague. "They try cases in a much more civilized fashion over there," he said.

But the timing of his illness — in the midst of what he called the "biggest business case since Teapot Dome" — continues to haunt him. "I will always regret I got sick in the midst of this particular trial," he said. "That is something I will live with the rest of my life."

Who Wins This Case? Lawyers (LAT)

By Molly Selvin, Times Staff Writer

The Los Angeles Times, May 19, 2006

Firms that had once shunned criminal work now see white-collar defense as a potential growth business.

Daniel M. Petrocelli and his Century City law firm probably won't be fully compensated for their work defending Jeffrey K. Skilling, as the former Enron Corp. chief executive appears to have exhausted his defense fund.

But the payoff down the road could be well worth it, even if Skilling is convicted.

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The decision to defend Skilling is seen as a business move by Petrocelli and his firm, O'Melveny & Myers, to burnish their reputation and expertise in white-collar criminal defense.

White-shoe firms like O'Melveny that had once shunned criminal work as distasteful have come to see defending alleged corporate wrongdoers as a potential growth business. Enron's collapse, other corporate scandals and passage of the Sarbanes-Oxley law tightening corporate accounting rules have fueled much of this growth.

"Law firms are finding that criminal law practice is lucrative," said Charles Weisselberg of UC Berkeley's Boalt Hall School of Law.

Said Bryant Garth, dean of Southwestern Law School: "Firms are competing really aggressively to get the bet-the-company or bet-your-career cases."

White-collar defense is one element behind booming revenues at law firm giants. Revenues at the seven top-grossing U.S. law firms last year exceeded $1 billion, according to American Lawyer magazine. New York-based Skadden, Arps, Slate, Meagher & Flom headed the list with a record $1.6 billion. O'Melveny ranked 15th with gross revenue of $808 million.

To sustain that cash flow, top-drawer firms fiercely compete for Fortune 100 clients. That competitive pressure means the decision to take on a corporation or executive in trouble may mean weighing a near-term loss of fees against the possibility of future work from that client or other corporations, legal experts say.

After a 3 1/2 -month trial — on top of years of preparation — Skilling probably has blown through the $23 million he set aside for his defense before the government froze about $55 million of his assets. The former Enron executive, charged with 28 counts of conspiracy, fraud and insider trading tied to Enron's collapse, acknowledged in trial testimony that he owed quite a bit more — millions, according to a source in his defense camp.

Even with full payment in doubt, O'Melveny has fielded a deep bench in Houston for Skilling's defense. Petrocelli is one of at least four firm attorneys who have been in the courtroom throughout the trial. They have been backed up by a team of attorneys, jury consultants, experts and support staff laboring on the 25th floor of Bank of America Center in downtown Houston.

Their rabbit warren of offices and cubicles is cluttered with carts stacked high with documents. Whiteboards on the walls are covered with notations, many apparently relating to the fall of Enron.

The criminal defense bar has long included stars such as Thomas A. Mesereau Jr. and the late Johnnie L. Cochran Jr., whose Perry Mason-like courtroom style have made them the first call for celebrities in distress. Mesereau successfully defended singer Michael Jackson in his latest child molestation case, and Cochran became an international celebrity for gaining the acquittal of former football star O.J. Simpson on murder charges.

Until he took on Skilling's defense, Petrocelli did not have much criminal case experience. But he is hardly a stranger to the legal spotlight. His take-no-prisoners courtroom style helped him win a $33.5-million verdict for the family of murder victim Ron Goldman in a wrongful-death suit against Simpson, and last year he prevailed in a decade-long legal battle on behalf of Walt Disney Co. over the merchandising rights to Winnie the Pooh.

Petrocelli, 52, declined to comment for this article, and representatives of O'Melveny declined to discuss the Skilling case.

However, Seth Aronson, managing partner of O'Melveny's Los Angeles office, boasted of the firm's strong roster of former prosecutors. He noted its successful defense of Wen Ho Lee, a Los Alamos National Laboratory scientist accused of stealing nuclear secrets for China in 1999, along with other corporate defendants.

O'Melveny began building its white-collar criminal expertise several years ago, Aronson said, because "clients are facing more shareholder-driven investigations and criminal investigations." That practice continues to "grow significantly year after year," he said.

Other corporate firms are going after this business as well. Brian McCarthy, a partner with Skadden Arps in Los Angeles, said many firms took notice when in 1984 Six Flags Inc. and two of its executives were charged with manslaughter after a fire at its New Jersey theme park. The company was later acquitted of the charges, and charges against the executives were dismissed.

"That case opened people's eyes that there was a need for that practice," McCarthy said.

Enron and other high-profile corporate scandals convinced law firms that such work was here to stay, he said.

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According to UC Berkeley's Weisselberg, firms realize that "what begins as an in-house investigation by a corporation or a civil investigation by a regulatory agency might turn into a criminal investigation." Lawyers, particularly former prosecutors, can sometimes keep a small inquiry from mushrooming into an indictment, he said.

For an individual lawyer such as Petrocelli, however, fame is undoubtedly part of the appeal of these cases.

Skilling's trial is "a kind of historical event," observed William Henderson, an Indiana University law professor who studies large firms.

"If you've already made a living," he said, "why not be in the history books?"

*

Times staff writer Thomas S. Mulligan in Houston contributed to this report.

Enron Arrogance On Trial (LAT)

The Los Angeles Times, May 19, 2006

JURORS FINALLY BEGAN DELIBERATIONS Wednesday in the nation's latest trial of the century, the criminal case against former Enron executives Jeffrey Skilling and Kenneth Lay. Although charged with multiple counts of conspiracy, fraud and insider trading related to the energy company's 2001 collapse, the ex-CEOs were really on trial for arrogance — "extraordinary arrogance," as one prosecutor called it in her closing argument.

Of course, arrogance is not technically a crime, or else half the CEOs in the country (and more than a few of their underlings) would be on trial. But in complicated cases like Enron's, it's what prosecutors often focus on and what that jury may be considering now.

The Enron case has become more than the sum of its criminal-act parts. Because Enron flamed out in such a spectacular way — it was the largest corporate bankruptcy ever when it folded, wiping out about 4,500 jobs and $70 billion of investors' money — it became the poster child for fin de siecle business abuse; its leaders, the faces of corporate greed and dishonesty.

It's hardly surprising that trial watchers have come to treat the long-awaited verdict as a proxy for the cause of business reform writ large. If Skilling and Lay go down with the ship, the thinking goes, it proves that the government really is looking out for the little guy. If the two men walk, big business has fleeced America once again.

But corporate reform's ultimate success doesn't depend on whether Skilling and Lay spend the next 20 years wearing orange jumpsuits. The legacy of Enron-inspired laws like Sarbanes-Oxley is far more important. Given their symbolic importance, however, one might have expected Enron's former executives to attempt to disprove to the jury the prevailing public view that they are, well, extraordinarily arrogant.

Skilling was at times prickly on the stand. The usually affable Lay, expected to perform more smoothly, tried to contact fellow witnesses inappropriately and snarled at his own attorney. Both men insisted doggedly that they were innocent, victims of short-selling investors and meddling reporters. The government? On a witch hunt. The many colleagues who pleaded guilty, expressed remorse and testified against them? Dupes or opportunists.

Now the fates of Skilling and Lay are in the hands of 12 fatigued jurors in Houston. Their charge is to consider only the evidence in the 28 counts of fraud, conspiracy and insider trading against Skilling and the six counts of fraud and conspiracy against Lay. But it's unlikely that they will forget all that they have seen and heard in the last 15 weeks. Nor will the rest of us.

What Fraud? All Was Fine At Enron (NYT)

By Floyd Norris

New York Times, May 19, 2006

IT was not much of a defense. But I was very young and had little time to decide what to say.

I had violated the rules by sneaking ice cream from the freezer. The carton had slipped and split open on the floor, making a mess and a noise that my mother investigated.

"What happened?" she asked.

"Nothing," I replied.

She did not believe me.

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That long-forgotten incident came back to me as I read the closing arguments in the Enron trial of the two former chief executives, Kenneth L. Lay and Jeffrey K. Skilling, which went to a federal court jury in Houston this week.

"Enron was a good company," said Daniel M. Petrocelli, Mr. Skilling's lawyer. "There was no fraud there. There was no conspiracy."

In the previous trials of chief executives whose companies imploded in fraud, the defense has always been one of ignorance, that underlings pulled it off behind the boss's back. It is an embarrassing defense, given that it implies the boss got millions for doing a very bad job, but sometimes it has worked.

Instead, Mr. Lay and Mr. Skilling went for the "nothing happened" defense, holding that there was nothing really wrong until Enron folded because of a loss of confidence. "When did bankruptcy become a crime?" was the indignant question asked by Bruce W. Collins, a lawyer for Mr. Lay. "The company failed," he said, but "not because of fraud."

That is, in a way, accurate. The fraud hid the losses that stemmed from bad business decisions. The company failed when the fraud was found and the reality exposed.

That is what makes this defense so audacious. By claiming there was nothing really wrong at Enron, Mr. Lay and Mr. Skilling seek to preserve both their freedom and their reputations. If the company failed just because of overheated news accounts, then it is those horrible journalists (and their short-seller friends) who deserve the blame.

The witnesses against them were forced to lie, in the defense version, by unscrupulous prosecutors determined to get convictions. Most of those witnesses initially protested their innocence, before making plea deals and going to prison. It was the denials the defense found credible.

But there was some truth to the defense claims that the prosecution was upset about things that other companies also did.

After reviewing evidence that Mr. Lay misled investors about the company's condition, moving one money-loser to a different division where it might not be noticed, Kathryn H. Ruemmler, a prosecutor, explained why that was bad:

"The point is that this is all just smoke and mirrors," she said. "They can make the numbers say whatever they want to say. If they're going to miss, they have an excuse. If they have losses, they'll hide them. That's what Mr. Lay did here."

Mr. Lay was far from the only chief executive who made the numbers sing back then, nor was Enron the only company willing to change reserves after a quarter ended in order to make its numbers. "Why are they trying to criminalize this?" asked Mr. Petrocelli. "We might as well put every C.E.O. in jail."

Enron was different because the lying was so extreme. Many companies before it had been caught fudging profits, but when the truth was told about them there was still a functioning business. Employees kept their jobs. Creditors were paid.

Enron's lies made a company that was hemorrhaging cash look healthy. Some of the accounting maneuvers were legal; others were not. But the reality was very different from what was presented.

Something did happen, and it was shocking. That will be true whether or not the jury convicts the men who made Enron infamous.

Milberg Indicted On Charges Firm Paid Kickbacks (WSJ)

By John R. Wilke, Nathan Koppel, And Peter Sanders

Wall Street Journal, May 19, 2006

A federal grand jury indicted the nation's best-known class-action law firm, Milberg Weiss Bershad & Schulman, alleging a 20-year conspiracy to funnel kickbacks to plaintiffs in dozens of securities class-action cases.

The indictment, made public in Los Angeles yesterday, could prove fatal to the pioneering plaintiffs firm, long a scourge of big business and a controversial champion of shareholders. In the 40 years since its founding, New York-based Milberg has filed hundreds of securities suits and won billions of dollars for investors, enriching its partners in the process.

The 102-page indictment details cases, reaching back more than two decades, in which partners in the firm allegedly conspired to pay clients who agreed to act as lead plaintiffs. This would give Milberg an edge in the scramble to be named lead law firm in a case by providing the firm with a "ready stable" of plaintiffs, the grand jury alleged.

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The firm paid more than $11 million in kickbacks, the indictment charges, often going to great lengths to disguise the payments as referral fees or other legitimate payments. With the exception of expenses and incidentals, it is illegal for the lead plaintiff in a class action to be paid more than other members of a class.

"This case is about protecting the integrity of the justice system," said Debra Wong Yang, the U.S. Attorney in Los Angeles. "Class-action attorneys and plaintiffs occupy positions of trust in which they assume responsibility to tell the truth....This indictment alleges a wholesale violation of this responsibility." Officials said the investigation was continuing and that more indictments could be expected.

Melvyn Weiss, Milberg's co-founder, said in a statement that the firm and its employees are "outraged" at the indictment. "Our firm is the champion of consumers and investors. We provide access to the courts so that the victims of corrupt corporations can achieve justice." He added that over the years, the firm has recovered more than $45 billion for these victims. "We will vigorously defend ourselves and our partners against these charges, and we will be vindicated," he said.

The charges include conspiracy, racketeering, mail fraud, money laundering and filing false tax returns. Mr. Weiss is not named as a defendant. Two of the firm's partners, David Bershad and Steven Schulman, were indicted for allegedly having been directly involved in making secret payments to plaintiffs in dozens of securities class actions filed by Milberg between at least 1991 and 2005. Both men left the firm last week and are expected to oppose the charges in court.

Prosecutors asserted in court filings that Mr. Bershad used cash from a safe in a credenza in his office to pay kickbacks to plaintiffs. Access to the safe "was strictly limited," according to the indictment. Andrew Lawler, Mr. Bershad's attorney, said his client "categorically denies the allegations" and "intends to vigorously fight the charges."

The indictment also offers a glimpse of the huge payouts Milberg partners have enjoyed. Mr. Bershad owns 17% of the firm and his share of its profits from 1983 to 2005 was more than $160 million, the grand jury found. Mr. Schulman's stake was 15% and his profits from 1991 to 2005 were $67 million, according to the indictment.

The indictment came after the collapse of discussions between the firm and the government about a deferred-prosecution agreement that would have avoided criminal charges. Lawyers close to the case said the terms included a court-appointed monitor, an admission of responsibility and a fine of about $40 million. But the government and the firm were unable to agree on the government's demand of a waiver of attorney-client privilege and access to privileged internal records, the lawyers said.

'Impossible Concessions'

In a prepared statement, Milberg asserted that prosecutors "insisted that the firm make unfounded statements accusing its own partners of crimes and otherwise become an agent for the government." It added: "Unfortunately, the prosecutors insisted on indicting the firm unless it made these impossible concessions."

The indictment marks the first time since the indictment and collapse of accounting giant Arthur Andersen LLP in 2002 that the Justice Department has charged a major firm or company with a crime because of the alleged misconduct of individual partners or executives. The Andersen prosecution was heavily criticized, and the Supreme Court overruled the conviction. Thousands of people lost their jobs with the firm's collapse.

The Milberg indictment is expected to bring new scrutiny of the government's tactics in its crackdown on corporate crime, including the increasingly common demand that companies under investigation waive attorney-client privilege and cut off legal-defense funds for partners or executives who have been accused -- not convicted -- of a crime. Rising concern over these tactics has attracted some unlikely conservative allies to Milberg, long a big contributor to the Democratic Party.

Theodore B. Olson, former Bush administration solicitor general and a leading conservative voice, said the message in many corporate-crime investigations is now unmistakable: "Raise the white flag or face capital punishment." Mr. Olson, while not commenting specifically on the Milberg case, said the risk of indicting a business is that "a firm can be effectively destroyed by an indictment, even if it is later found to be not guilty."

The Milberg investigation has been closely watched in corporate boardrooms. Lisa Rickard, a lawyer with the U.S. Chamber of Commerce, said yesterday that "plaintiff shopping and kickback schemes have been a persistent problem among some trial lawyers. Fraud and abuse in soliciting plaintiffs has been pervasive in securities, asbestos, silica, and pharmaceutical litigation."

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Milberg is expected to argue that the firm's hundreds of employees and thousands of clients shouldn't be penalized for the alleged misconduct of individual partners. It has expanded its legal team as it girds for battle, adding lawyers and consultants including conservative legal scholar Viet Dinh, a former top Justice Department official who served as the Bush administration's voice on legal policy, and Mark Corallo, a former military officer who was a spokesman for the Justice Department until last year.

Within minutes of yesterday's indictment, Milberg launched a Web site, www.milbergweissjustice.com1, where it defends itself against the charges and provides links to news articles that it says highlight the "politicization of the Justice Department." In Los Angeles, U.S. officials said the case was "absolutely not" influenced by politics.

The indictment follows a breakthrough in the long-running case last month, when retired New Jersey mortgage broker Howard Vogel pleaded guilty to taking more than $2.4 million as payments to him and his family for serving as plaintiffs in about 40 suits as recently as 2005. Mr. Vogel or family members were plaintiffs in Milberg shareholder class-action suits against Oxford Health Plans Inc., Valero Energy Corp. and Mercer Corp., among others.

The Vogel guilty plea and yesterday's indictment refer to the role of a "Partner A," which lawyers close to the case have said is Mr. Weiss himself. Neither Mr. Weiss nor his former partner, William Lerach, are named in the indictment, but U.S. officials yesterday said the investigation is continuing. Mr. Lerach was the original focus of the kickback investigation when it began in 1999, those close to the case said. In 2004, Mr. Lerach split from Mr. Weiss to create Lerach Coughlin Stoia Geller Rudman & Robbins LLP in San Diego. That firm has emerged as a powerful rival to Milberg Weiss and could benefit if Milberg Weiss is fatally wounded by the criminal indictment.

Taking On Wall Street

The indictment could hurt Milberg's ability to win clients. For years it has been among the nation's most powerful law firms: In 2004 and 2005, Milberg settled an estimated 90 securities class actions, winning more than $1.5 billion in settlements, according to Institutional Shareholder Services Inc. Among its many pending cases is a massive class action alleging that Wall Street banks conspired with technology companies to artificially inflate stock prices in public offerings in the late 1990s and 2000. The suit has so far netted $1.4 billion in proposed settlements. Milberg is also pursuing KPMG LLP and the law firm Sidley Austin Brown & Wood LLP in connection with the sale of allegedly fraudulent tax shelters.

A Milberg spokeswoman said that the firm "will continue to vigorously represent its clients in the hundreds of courts across the country in which it continues to have cases." But legal experts raised doubts yesterday that the firm, with criminal charges hanging over it, can continue to win new clients and land the lucrative lead-counsel position in class-action cases.

"Courts now have to wonder about [Milberg's] ability to give full attention to a class-action client's interest," said James Cox, a securities-law professor at Duke University Law School. "The firm's energies are weakened, and, perhaps, so is its resolve."

Joseph Weiss, co-lead counsel with Milberg in a case against Martha Stewart Living Omnimedia Inc., says the firm should be disqualified from the matter at once. "The credibility of attorneys is only as good as their reputations," he says. "Even if proven to be innocent, they would be coming into court and representing clients with this taint hanging over them."

If Milberg is forced to step down in a class action, judges will have to decide whether the firm should be paid for work it has already performed. In a case against Deutsche Telekom AG last year that was settled for about $120 million, fees have not yet been paid. New York attorney Stanley Bernstein, one of the lead counsels in the matter, says Milberg should receive its full share of the fee award.

"When a lawyer is disqualified, courts have been willing to award fees based on the reasonable value of the services preformed," said W. Bradley Wendel, an ethics professor at Cornell University Law School. The issue becomes cloudier, say experts, if Milberg is disqualified in a case that is still in its early stages.

Far more clear, say lawyers, is that Milberg will find it nearly impossible to win future assignments. The competition for lead-counsel -- the firm that controls a class action and earns the most fees -- has grown increasingly intense, lawyers say, and rival firms are certain to try to use the indictment to their strategic advantage. "Some plaintiffs firms will be pulling out their long knives," said class-action lawyer Howard Sirota.

Earlier this year, Bernstein Liebhard argued that Lerach Coughlin was unfit to serve as lead counsel in a securities-fraud suit against Dana Corp. because the Lerach firm had been an early focus of the federal probe that enveloped Milberg. The judge in the Dana suit ultimately decided neither Bernstein nor Lerach should serve as lead counsel.

Whatever happens to Milberg, lawyers said the indictment will have little impact beyond the firm's walls. Before Mr. Lerach's departure in 2004, Milberg Weiss dominated the securities class-action field, accounting for more than half of the class settlements in some years, according to industry experts. "There was a time that Milberg was the 800-pound gorilla," said securities defense lawyer Michael Torpey. "But that kind of dominance dissipated when Milberg split up."

Milberg is still one of the nation's more prolific firms, filing at least 75 class actions last year, including suits against General Motors Corp. and Blockbuster Inc. Milberg also netted $637 million in securities class-action settlements for its clients in 2005 -- fourth highest among plaintiffs firms, according to Institutional Shareholder Services. Still, say lawyers, there are plenty of firms that are now capable of filling any Milberg void. "There are a lot of well- bankrolled class-action firms," says Prof. Cox of Duke. "The indictment will not affect the volume of securities litigation."

US Indictment For Big Law Firm In Class Actions (NYT)

By Julie Creswell

New York Times, May 19, 2006

The nation's leading class-action securities law firm, Milberg Weiss Bershad & Schulman, and two of its partners were charged yesterday with making more than $11 million in secret payments to three individuals who served as plaintiffs in more than 150 lawsuits.

The indictment is the first instance of a law firm with national reach facing criminal charges, and it could prove to be a fatal blow for the firm. The lawsuits cited in the indictment spanned two decades, occurring as recently as 2005, and generated some $216 million in legal fees for the firm.

Its lucrative business made Milberg Weiss a target for political critics who saw the firm as a symbol of a national litigation industry that had gone out of control. These critics said that many of the firm's lawsuits against corporations were frivolous, raising the cost of doing business.

The critics contended that investors, for the most part, saw only pennies on the dollar from any recoveries won by the firm. In the 1990's, Congress raised the legal hurdle for such lawsuits in large part in response to Milberg Weiss. Even so, the firm continued to thrive.

"There's never been a firm of their prominence that has been indicted," said Ralph C. Ferrara, a former general counsel with the Securities and Exchange Commission who is now a lawyer with the law firm of LeBoeuf, Lamb, Greene & MacRae. "This is a regrettable and remarkable thing."

In the 20-count indictment by a federal grand jury in Los Angeles yesterday, Milberg Weiss and two of its prominent partners, David J. Bershad and Steven G. Schulman, are accused of racketeering conspiracy, mail fraud, money laundering conspiracy and obstruction of justice.

The prosecutors are asking for the return of the fees earned by the firm and those named in the indictment. In addition, there is the possibility of prison for the two partners — up to 20 years for racketeering conspiracy, for example.

To disguise some of the secret payments to plaintiffs, which prosecutors referred to as kickbacks, the law firm moved cash through casinos and kept money in a credenza in Mr. Bershad's office, the indictment said.

"This case is about protecting the integrity of the justice system in America," said Debra Wong Yang, the United States attorney in Los Angeles. The firm and lawyers for Mr. Bershad, 66, and Mr. Schulman, 54, said they would fight the charges.

Feared and loathed inside boardrooms across the country, Milberg Weiss made hay out of the numerous accounting and management scandals that caused stocks to collapse in recent years. Sometimes bullying, sometimes screaming, sometimes speaking very softly, the firm's lawyers coaxed and cajoled what it has estimated to be $45 billion in recoveries from companies.

"The people who are going to be happy about this indictment are the hundreds and hundreds of companies that Milberg Weiss successfully sued and the political demagogues who rail about 'trial lawyers' running up the price of eggs," said William W. Taylor, a lawyer at Zuckerman Spaeder who represents Milberg Weiss.

"You could hear the cheering all the way from Wall Street to Pennsylvania Avenue, and it feeds right into the hands of people who want to prevent victims from being able to get the justice from big companies that they deserve," Mr. Taylor said.

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Legal experts said the criminal case could sharply change the landscape of securities class-action litigation as one of its dominant participants struggles to survive. While Milberg Weiss lawyers can still legally represent clients, the indictment is likely to set off a race among competitors to unseat the firm from several high-profile lawsuits.

The indictment could also open the door to the prospect of settlements made decades ago being reopened or of lawsuits against the firm itself by shareholders contending they did not receive enough in a settlement or by a law firm that was jostled out of representing a lead plaintiff.

"Could there be a class-action lawsuit against Milberg over this? It can happen," said George M. Cohen, a law professor with the University of Virginia. Mr. Cohen and others, however, noted that given the firm's partnership structure, the personal assets of the partners would most likely be protected and the firm itself probably does not have much cash.

Shortly after the indictment was announced, the firm denied wrongdoing in a posting on a Web site it started, www.milbergweissjustice.com.

"We will not allow the indictment today to deter us from our watchdog role," one of the firm's co-founders, Melvyn I. Weiss, said in a statement. "We will vigorously defend ourselves and our partners against these charges and we will be vindicated."

Mr. Weiss was not named in the indictment. The man behind the firm's other top name, Lawrence Milberg, died in 1989.

Andrew M. Lawler, a lawyer for Mr. Bershad, said, "David Bershad categorically denies the allegations of the indictment."

Herbert Stern, a lawyer for Mr. Schulman, said his client "will plead not guilty because he is not guilty, and we look forward to his ultimate vindication."

Prosecutors have so far been stymied in efforts to charge the two primary targets of the investigation, Mr. Weiss and his former partner, William S. Lerach. In 2004, Mr. Lerach started his own firm on the West Coast. Both men were told in February that they would not be indicted at this time, although people involved in the talks say they remain targets of prosecutors.

Negotiations to avert an indictment of the firm stalled in recent days. In a last-ditch effort to stave off prosecutors, Mr. Bershad and Mr. Schulman agreed to take leaves of absence. Additionally, the firm said it hired Bart M. Schwartz, a former chief of the criminal division for the United States attorney in Manhattan, to monitor its procedures regarding payment of referral fees.

Companies that have been targets of criminal investigations in recent years, like the accounting firm KPMG and the drug maker Bristol-Myers Squibb, reached deferred-prosecution agreements.

Milberg Weiss, however, refused to sign such an agreement, which would have required it to waive attorney-client privileges. On its Web site, the firm called that condition a "derogation of one of the bedrock principles of American law."

Others said they were disturbed that the entire law firm had been indicted, especially as the Justice Department has been reluctant to take such an action since the 2002 indictment of the accounting firm Arthur Andersen. The firm went out of business, although its conviction was overturned by the Supreme Court.

"I don't understand what the harm was to the members of the class-action lawsuit," said Lawrence W. Fox, a lawyer at Drinker Biddle & Reath and a former chairman of the American Bar Association's ethics committee. "Milberg Weiss itself had every incentive to maximize the recovery as, to some extent, their fee was dependent on that. There was never any incentive for them to settle on the cheap."

Ms. Yang, the United States attorney, said: "We really had a situation where the firm was not accepting responsibility, was not making any substantial changes to the firm itself. We really were in a situation where we had no choice but to indict."

The charges against the firm and the two partners were included in a revised indictment against a retired California lawyer and former Milberg client, Seymour M. Lazar, who was originally charged last summer.

From 1981 through about 2004, Mr. Lazar, 78, or members of his family served as plaintiffs in about 70 lawsuits for Milberg Weiss and got about $2.4 million in "secret and illegal kickback payments," the new indictment said.

According to the charges, the scheme involving Mr. Lazar and two other paid plaintiffs worked like this: Plaintiffs would buy securities anticipating that they would decline in value, hence positioning themselves to be named plaintiffs in the class actions.

After the court in a lawsuit awarded lawyers' fees, the firm and Mr. Bershad and Mr. Schulman gave cash directly to the plaintiffs or to intermediary lawyers.

The firm also falsely accounted for the payments as referral fees or professional fees, the indictment said.

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Under New York law, it is illegal for a lawyer to promise or give anything to induce a person to bring a lawsuit or to reward a person for having done so, the indictment said.

Furthermore, the payments created a conflict because the paid plaintiffs had a "greater interest in maximizing the amount of attorneys' fees awarded to Milberg Weiss than in maximizing the net recovery" to others in the class, the indictment said.

One figure named as an unindicted co-conspirator in the indictment is a Beverly Hills ophthalmologist, Dr. Steven G. Cooperman. Dr. Cooperman or members of his family acted as plaintiffs in nearly 70 lawsuits, receiving approximately $6.5 million in payments, the indictment said.

It was testimony by Mr. Cooperman that led to the original investigation six years ago. His value as a potential witness, however, is tempered by the fact that he offered to provide evidence to prosecutors in hopes of receiving a reduced sentence on his conviction of art fraud.

In addition to Mr. Cooperman, another paid plaintiff, Howard J. Vogel, a retired mortgage broker, reached a plea agreement with prosecutors last month. He admitted to accepting $2.5 million in secret payments.

Milberg Weiss Attorneys Indicted For Conspiracy (FT)

By Stephanie Kirchgaessner

Financial Times, May 19, 2006

Milberg Weiss, one of the most powerful class-action law firms in the US, and two of its top attorneys were indicted on Thursday on charges of conspiracy, money laundering and racketeering, marking the culmination of a six-year investigation into a firm that has secured more than $45bn in settlements for its clients.

At the heart of the charges against the firm - made by the US attorney's office in Los Angeles - are allegations that Milberg and two of its partners, David Bershad and Steven Schulman, bribed clients to get them to agree to act as plaintiffs in their lawsuits. The charges contend that Milberg gave kickbacks to clients from 1981 through 2004, including one former client, Seymour Lazar, who served, along with members of his family, as a plaintiff in about 70 Milberg lawsuits in exchange for $2.4 m.

Milberg Weiss did not return a call for comment.

The ability of Milberg to secure big settlements with a range of companies over the years, including Prudential Insurance, Lucent and Rite-Aid, helped it earn the wrath of legislators in Washington, who passed legislation in the 1990s to help curb class-action suits.

The charges will likely put a spotlight on the firm's founder, Melvyn Weiss, who was one of the first attorneys to use a 1966 Supreme Court ruling that made it easier for individuals to file suit together to bring securities class-action suits.

The 20-count indictment represents a sea change in the Justice Department's handling of white-collar crime and law firms. While the spate of corporate scandals in recent years resulted in numerous indictments of individual executives, and one of the world's biggest auditing firms, Andersen, prosecutors have never sought the criminal prosecution of the firms involved in those cases.

Milberg Weiss will be allowed to continue practising while it moves ahead to fight the charges, but the investigation and speculation about a possible indictment have already raised questions about the company's ability to represent clients.

A report in the Wall Street Journal this week suggested that the decision by federal prosecutors to indict the firm, a move that represents the most extreme action law enforcement can take against a company, stemmed from the firm's refusal after weeks of negotiations to waive attorney-client privilege, or the right to protect communications between corporate lawyers and their clients. Prosecutors also insisted that the firm hand over internal documents.

Milberg Weiss's refusal to meet the government's demands on the issue underscore a wider debate in the legal community about whether the Justice Department's tactics in prosecuting white-collar crime violate the constitutional rights of defendants.

Class-Action Law Firm Indicted In Fraud Case (LAT)

By E. Scott Reckard, Josh Friedman

Los Angeles Times, May 19, 2006

A New York law firm that has helped investors recover more than $45 billion in corporate fraud cases was indicted Thursday along with two of its partners on criminal charges of paying illegal kickbacks to clients.

The charges of fraud, racketeering and conspiracy, brought by a federal grand jury in Los Angeles, could ruin Milberg Weiss Bershad & Schulman, one of the nation's wealthiest and most powerful law firms.

Legal experts noted that accounting giant Arthur Andersen collapsed after it was indicted in the Enron Corp. scandal. Vowing not to follow that example, Milberg Weiss predicted it would "beat back these charges."

The case also could have broad implications, potentially casting a cloud over class-action lawsuits and giving ammunition to pro-business groups seeking legislation to limit fraud damages and make it harder for shareholders to sue companies.

In a 20-count indictment, prosecutors contended that Milberg Weiss and partners David Bershad and Steven Schulman paid at least $11.3 million over a 25-year period to clients who agreed to act as plaintiffs.

Milberg Weiss often concealed the payments, prosecutors alleged, by paying the plaintiffs in cash or through intermediary law firms. Prosecutors said the "paid plaintiffs" were recruited to buy stocks in anticipation that they would fall in value, positioning themselves and Milberg Weiss to take the lead in securities-fraud cases and collect extra fees.

Paid plaintiffs, including Palm Springs resident Seymour M. Lazar, 78, allegedly recruited friends and family members to serve in similar roles.

"This case is about protecting the integrity of the justice system in America," said Debra Wong Yang, the U.S. attorney in Los Angeles. "Class-action attorneys and named plaintiffs occupy positions of trust in which they assume responsibility to tell the truth and to disclose relevant information to the court. This indictment alleges a wholesale violation of this responsibility."

The alleged kickbacks gave the paid plaintiffs "financial interests that differed from those of the class," Yang said.

Bershad and Schulman denied wrongdoing and said they would fight the charges. Schulman was the lead attorney for shareholders in a trial last year involving the hiring and firing of former Walt Disney Co. President Michael Ovitz.

Milberg Weiss has been the dominant representative of class-action plaintiffs in the U.S. for the last decade, with recoveries that include $600 million for Lucent Corp. shareholders, $460 million for Raytheon Co. investors and more than $4 billion for policyholders of Prudential Insurance Co.

The indictment, resulting from a seven-year investigation, renewed questions about the future of class-action lawsuits that accuse corporations of defrauding shareholders, knowingly marketing dangerous products and other wrongs involving thousands of victims.

Melvyn I. Weiss, a founder of the law firm, said class-action suits brought justice to "victims of corrupt corporations."

But a business lobbyist, Lisa Rickard of the U.S. Chamber of Commerce, described the lawsuits as often fraudulent and "simply a way to put legal fees in attorneys' pockets."

Plaintiffs in such class actions legally must have grievances that coincide with all the victims and are supposed to be motivated to serve as representatives of the class. But critics such as Rickard contend that law firms like Milberg Weiss instead engage in "plaintiff shopping" and encourage named plaintiffs to accept settlements designed to enrich them and the lawyers at the expense of the rest of the class and the target company.

The investigation gained momentum in 2001, when Steven G. Cooperman, a former Beverly Hills eye surgeon who had been a plaintiff in about 60 Milberg cases, became a government informant. He faced up to 10 years in federal prison for faking the theft of a Monet and a Picasso from his home, then swindling insurers out of $17.5 million. In return for his help in the Milberg probe, Cooperman wound up serving 21 months.

In April, another Milberg client, retired mortgage broker Howard J. Vogel, agreed to cooperate with prosecutors and plead guilty to a charge related to claims that he took more than $2.4 million in kickbacks.

Palm Springs resident Lazar, who was charged in the case last year, allegedly benefited from $2.4 million in kickbacks, prosecutors say.

Lazar and his relatives, including his wife, mother-in-law, son and daughter, allegedly received kickbacks ranging from $8,000 to $250,000 for their roles as named plaintiffs in a string of suits against such targets as Genentech Inc., United Airlines and W.R. Grace & Co. Many of the payments were transmitted through lawyers in Palm Springs, Los Angeles, Santa Ana, Portland, Ore., and Kansas City, Mo., the indictment alleges.

Schulman, 54, and Bershad, 66, were indicted on multiple felony counts, including mail fraud and conspiracy. They took leaves of absence from the firm this week.

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Bershad's attorney, Andrew M. Lawler, said his client "has been instrumental in achieving unprecedented recoveries on behalf of investors wronged by corporate malfeasance" and "categorically denies the allegations of the indictment." Bershad will fight and is confident he will win, Lawler said.

Schulman's attorney, Herbert J. Stern, said his client "will plead not guilty because he is not guilty, and we look forward to his ultimate vindication."

In a statement, Milberg Weiss said it was "particularly incensed that the prosecutors decided to indict the firm itself. The firm has 125 attorneys and another 240 employees who, even according to the government, did not participate in or know anything about the matters at issue. But they will inevitably suffer serious personal and professional harm as a result of the government's actions."

John C. Coffee, a Columbia Law School specialist in securities law, said the indictment could motivate judges to avoid using Milberg Weiss as the lead firm in class actions. Likewise, he said, big public pension funds, which are subject to public scrutiny, may also decide it's best not to be associated with a firm facing criminal charges.

"I think that we will see a replay of the Arthur Andersen experience, with clients backing away from Milberg Weiss," Coffee said. "That's Step 1. Step 2 is when Milberg Weiss is embarrassed, many partners will jump ship. Professionals can move to other firms very easily, and that's what happened with Andersen."

Ironically, Coffee added, a prime beneficiary of Milberg's woes is likely to be the San Diego-based law firm headed by William Lerach. He joined Milberg Weiss in 1976, 11 years after it was founded, and became its most prominent attorney before leaving to found his own firm, Lerach Coughlin Stoia Geller Rudman & Robbins, in 2004.

The split appears to have occurred in part because of personal differences but also because prosecutors investigating the kickback case had initially focused on Lerach along with Melvyn Weiss, Coffee said. In February, a source told the Los Angeles Times that prosecutors had told Lerach and Weiss that there was not enough evidence to indict them at that point, although they might face charges if additional evidence emerged.

Lerach and other attorneys at Milberg Weiss, like many plaintiffs' attorneys, have been strong supporters of the Democratic Party, pitted against business groups that frequently side with Republicans.

Jamie Court, president of the Foundation for Taxpayer and Consumer Rights in Santa Monica, characterized the lengthy investigation as "clearly a politically motivated move by the Bush administration."

Yang, the U.S. attorney in Los Angeles, denied that such considerations played a role.

"I can tell you with absolute certainty this was not politically motivated," she said. "If it broke in a different direction, we would have been fine with that too."

Big-time Law Firm Facing Charges (USAT)

By Edward Iwata

USA Today, May 19, 2006

Federal prosecutors have charged high-profile law firm Milberg Weiss Bershad & Schulman and two partners with conspiring to pay $11 million in kickbacks to people who allegedly agreed to serve as paid plaintiffs in lawsuits.

Milberg Weiss, a leading law firm in class-action lawsuits against corporations accused of securities fraud, has long been praised by shareholders and blasted by businesses and conservative politicians.

Not charged in the indictment were Melvyn Weiss, a founder of the New York firm more than 40 years ago, and former partner William Lerach, a flamboyant attorney who has started his own law firm in San Diego called Lerach Coughlin Stoia Geller Rudman & Robbins.

The indictment, handed up Thursday by a grand jury in Los Angeles after an investigation of several years, charges the law firm and senior partners David Bershad, 66, and Steven Schulman, 54, with bribery, fraud, perjury and obstructing justice.

The law firm and two men received $216 million in attorneys' fees from 1984 to 2005 from 150 class-action and shareholders' lawsuits that used the paid plaintiffs, the indictment alleges.

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To hide the kickbacks, payments were made in cash sometimes obtained from casinos and kept in a safe in Bershad's office, the indictment alleges. Intermediaries were used to deliver the money, and the payments were not recorded in Milberg Weiss' accounting books, the indictment charges.

William Taylor, an attorney at the Zuckerman Spaeder law firm who represents Milberg Weiss, denied the charges, saying that "the firm and its partners are resolute in defending themselves."

Taylor said that recent talks with prosecutors to avoid the indictment fell apart because Milberg Weiss did not want to waive its attorney-client privilege and pay the well over $100 million sought by prosecutors to resolve the case.

The firm, Taylor said, did not want "to turn itself into an agent of the prosecution and accuse its own partners of being criminals."

Benjamin Brafman, an attorney for Weiss, said that Weiss will help his firm and its partners fight the charges "because he believes completely in their innocence."

According to the indictment, the alleged kickbacks were illegal because attorneys cannot "promise or give anything of value to induce a person to bring a lawsuit."

The secret and hidden kickbacks deprived shareholders of the "honest services" of their attorneys, and also obstructed the ability of courts to preside over the cases, the indictment charges.

Among the firm's cases involving paid plaintiffs were those against Lockheed, Valero Energy, British Petroleum, Genentech and Barnesandnoble.com.

Debra Wong Yang, the U.S. Attorney in Los Angeles, said in a statement that attorneys and plaintiffs are trusted to tell the truth and disclose important information to the court. "This indictment alleges a wholesale violation of this responsibility," she said.

Milberg Weiss, Two Partners Indicted Over Payments (BLOOM)

By Sophia Pearson

Bloomberg, May 18, 2006

Milberg Weiss Bershad & Schulman, the law firm that has won more than $45 billion for investors in securities-fraud cases, and two of its partners were charged with participating in a scheme to pay illegal kickbacks to clients.

The New York-based firm, Steven Schulman, 54, and David Bershad, 66, were indicted on multiple felony counts including mail fraud and conspiracy, the U.S. attorney's office in Los Angeles said today.

``This case is about protecting the integrity of the justice system in America," U.S. Attorney Debra Yang said during a press conference. ``The conduct alleged in the indictment is particularly troubling because it represents a pattern of deception that spans two and a half decades."

The charges, which legal experts say involve the largest U.S. law firm ever indicted, might inhibit Milberg Weiss's ability to represent clients in securities cases. The charges might threaten the firm's management of a group of 309 class actions for shareholders who claim initial public offerings were manipulated by investment banks to inflate market prices. JPMorgan Chase & Co. agreed in April to pay $425 million to settle IPO claims against it, the first bank to do so.

Milberg Weiss, which has 125 lawyers, called the indictment ``unjust, misguided, and misinformed" in a statement.

Attorney-Client Privilege

The indictment came after six months of ``intense negotiations" between Milberg Weiss and government lawyers which couldn't be resolved because the firm refused to waive attorney- client privileges to avoid being charged, Milberg Weiss said. The firm also refused to make unfounded statements against its partners accusing them of crimes, the firm said.

Melvyn Weiss, the lead partner at Milberg Weiss, and William Lerach, Weiss's former partner who now leads a spinoff San Diego firm, Lerach Coughlin Stoia Geller Rudman & Robbins, were told in February that prosecutors didn't have plans to charge them in the case.

Today's indictment names three unidentified senior partners at Milberg Weiss who participated in the scheme. The partners, described as Partner A, B, and E, weren't charged.

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Lawyers for Bershad and Schulman, who took leaves of absence from the firm earlier this week, denied the charges in e-mailed statements. Both men could be arraigned sometime in June, prosecutors said.

``David Bershad categorically denies the allegations of the indictment," his attorney, Andrew Lawler, said. ``He intends to vigorously fight the charges and is confident he will win."

Herbert Stern, a lawyer for Schulman, said his client will plead not guilty. ``We look forward to his ultimate vindication," Stern said.

`Stable' of Clients

Prosecutors said the firm from 1984 though 2005 paid three clients more than $11 million ``in secret and illegal payments" for cases in which the firm made $216.1 million in fees. The payments were made in cash or checks through intermediary lawyers or other professionals, according to the indictment issued today by a federal grand jury..

``Milberg Weiss had a stable of individuals ready and willing to serve as plaintiffs," said Yang said at the press conference.

Two of the clients, Howard J. Vogel and Steven Cooperman, have reached plea agreements with prosecutors and agreed to cooperate with the investigation. A third, Seymour Lazar, was charged with mail fraud and money laundering last year and refused to assist prosecutors.

`Credenza'

The firm obtained the money in a manner to make the payments difficult to trace, including from casinos, prosecutors said in the indictment. The money was kept in a safe located in a ``credenza in Bershad's office at Milberg Weiss, to which access was strictly limited."

The indictment may give a boost to President George W. Bush and others who favor legislation to limit damages and to make it harder for shareholders to sue companies.

``It's going to give a great deal of ammunition to lobbying groups who've long wanted to close down plaintiffs' class actions," said Columbia University law professor John C. Coffee Jr.

$45 Billion

Since 1999, U.S. prosecutors have been investigating claims that Milberg Weiss Bershad Hynes & Lerach, the biggest firm representing shareholders in securities-fraud cases before it split in two in 2004, illegally paid shareholders to file the suits. At the time of the breakup, the firm had represented clients in half of all securities class actions filed in the past decade, including those against Enron Corp. and WorldCom Inc.

Since 1965, Milberg Weiss lawyers, before and after its 2004 split-up, won more than $45 billion in recoveries for its shareholder clients, including large pension funds such as the California Public Employees' Retirement System, according to the Web sites of the two firms.

``We are extremely saddened to learn of these indictments," Lerach Coughlin said in a statement. ``We have the greatest respect for the ability and integrity of Milberg Weiss Bershad & Schulman, its lawyers and the good work they have always done."

Yang said some of the compromised cases include lawsuits against Standard Oil Co. and British Petroleum Co. in the 1980s, Genentech Inc. in the 1990s and Barnesandnoble.com more recently.

Schulman, who has a 15 percent interest in Milberg Weiss, made more than $67 million from the firm's profits between 1991 and 2005, prosecutors said. In 2004, he represented Walt Disney Co. shareholders who sought to hold former Chief Executive Officer Michael Eisner liable for the $140 million severance paid to Michael Ovitz, a former talent agent who served as Disney's No. 2 executive for 15 months.

Bershad owned between 10 percent and 17.7 percent of the firm between 1983 and 2005 and made more than $160.9 million from profits, the indictment said.

Bershad represented Nortel Networks Corp. investors who sued for damages from an accounting fraud. Shareholders will receive about $2.7 billion from the settlement, making it the fourth largest U.S. class-action securities fraud case. Bershad also represented Lucent Technologies Inc. shareholders in securities lawsuits that settled for about $620 million.

The case is: U.S. v. Milberg Weiss Bershad & Schulman LLP et al, 05-CR-587, U.S. District Court Central District of California (Los Angeles)

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US Intensifies Stock-Options Probe (WSJ)

By James Bandler And Jennifer Levitz

Wall Street Journal, May 19, 2006

In a dramatic widening of the investigations into potential stock-option abuses, federal prosecutors in Manhattan have launched criminal probes of at least five U.S. companies.

Caremark Rx Inc., SafeNet Inc., Affiliated Computer Services Inc. and Vitesse Semiconductor Corp. said yesterday that they had received subpoenas from the U.S. attorney for the Southern District of New York. Late Wednesday night, giant health insurer UnitedHealth Group Inc. said it also had received a subpoena from the same prosecutor, along with a document request from the Internal Revenue Service.

Caremark, a big pharmacy-benefits manager based in Nashville, Tenn., and SafeNet, a software firm based in Belcamp, Md., said they also received informal inquiries from the Securities and Exchange Commission.

The entry of the U.S. attorney's office in Manhattan, considered among the most experienced in prosecuting white-collar crimes, signals a significant ratcheting up of government scrutiny of option-granting practices. The SEC, which has been probing the matter for more than a year, is scrutinizing about 20 companies. A spokeswoman for the U.S. attorney's office declined to comment.

Stock options, a popular way to pay senior executives, are intended to give managers incentive to improve their company's share price. Generally, each option represents the chance to buy a share of company stock at a certain "strike price" on a future date. Thus, a recipient stands to gain only if the share price rises.

But an analysis of options awards at some companies has shown that executives benefited from extraordinary timing, getting grants dated at times when share prices hit lows. The strike price on options generally is equal to the market price on the day they are granted by a company's board. The lower the strike price, the greater the chance for future profit.

Federal prosecutors and securities regulators are trying to determine whether the effective dates on some of those options were deliberately and improperly changed -- a practice known as backdating -- securing extra pay for executives regardless of the stock's performance. Backdating would undermine the incentive purpose of the option grant and could violate a host of securities laws. It could also create thorny tax and accounting problems for companies.

Separately, Brooks Automation Inc., which had previously announced it will restate about seven years of results due to problems with its options grants, announced the resignation of two directors who received highly favorable stock options in 2000. Brooks said the board members, Amin J. Khoury and Roger D. Emerick, would "renounce" all of their options and restricted stock. The two men weren't available to comment late yesterday.

The resignations bring to 10 the number of executives or directors who have left their companies in recent weeks in the wake of the spiraling options scandal. The options-granting practices of at least one other company, Comverse Technology Inc., are being examined in a separate criminal probe by federal prosecutors in the Eastern District of New York.

A March 18 page-one article in the Wall Street Journal examined options-granting patterns at six companies, including Comverse, ACS and UnitedHealth. The article found a number of highly favorable grants to the top executives of each company, and concluded the odds of the grant pattern having occurred by chance were highly remote.

Lesley Pool, a spokeswoman for ACS, said, "We are fully cooperating with authorities." UnitedHealth and SafeNet also said they are cooperating. A Caremark representative couldn't be reached for comment. Backdating could lead to a number of potential criminal charges, legal experts said, including securities fraud, wire fraud, or even tax-related charges.

"If somebody actually backdated an option grant that could well be like shooting fish in a barrel for prosecutors," said Harvey Pitt, a former chairman of the SEC. "If you were sitting on a jury and somebody told you that the CEO was granted the option on May 18 but he put down the date of April 18, do you think you would have a lot of difficulty concluding that the CEO committed fraud? I don't think so," Mr. Pitt said.

Lynn Turner, a former chief accountant for the SEC, said unlike some complicated revenue-recognition cases brought by federal prosecutors in recent years, backdating would be easy for jurors to grasp. Mr. Turner predicted pressure would mount for boards to fire chief executives who had been involved in backdating. "It is already put in motion that if the CEO is found to have

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done it, he has to go," Mr. Turner said. He said that if board members are given the choice of deciding whether the CEO takes the hit, or the directors, "it is going to be about a two-second decision."

In recent weeks, CEOs have been forced out at Comverse and Vitesse. Last night, Vitesse said the U.S. Attorney for the Southern District of New York notified it that it is seeking documents dating back to 1999 related to the company's stock-option grants. The Camarillo, Calif.-based company also said it has been notified that the SEC is investigating and requesting documents dating back to 1995 related to the grant of stock options. Vitesse said it plans to cooperate fully with both requests.

At Caremark, the company's chairman and chief executive, Edwin Crawford, was awarded 3.875 million stock options dated March 8, 2000. The options gave him the right to buy shares for 15% more than the stock's closing price that day, which turned out to be tied for the low point of that year. The company said Mr. Crawford agreed to forgo his bonus for four years -- 2000 through 2003 -- in exchange for the large grant.

A company spokesman has said the March 8 grant was made at a scheduled board meeting and came at the time of year when options were typically awarded. Mr. Crawford also has denied receiving any backdated options or grants, saying his options are approved by Caremark's board at regularly scheduled meetings, granted by the date approved and priced at fair market value on the date of the grant. Caremark also said it had received a request from the SEC about its relocation program. Mr. Crawford received $2.9 million from Caremark's program two years ago for the sale of his Birmingham, Ala., home, even though as of earlier this month his house hadn't been put on the market and his wife still lived there.

At Brooks Automation, a semiconductor equipment maker in Chelmsford, Mass., the compensation committee granted 233,000 options to its chief executive, Robert Therrien, with a date of May 31, 2000. Brooks's stock plunged more than 20% that day and surged over 30% the next day.

What was unusual was that Messrs. Khoury and Emerick, the compensation-committee members who oversaw the CEO option grants, also benefited. Although Brooks directors typically got options only in July, that year a special grant was awarded just to these two directors. In a statement, Brooks said Messrs. Khoury and Emerick had resigned voluntarily.

Also yesterday, five public pension funds filed a lawsuit in federal court in Minneapolis, seeking to prevent UnitedHealth's top two executives from exercising about $1.5 billion in options. The suit claims the company unlawfully backdated options to Chief Executive William McGuire, Chief Operating Officer Stephen Hemsley and other executives "to provide the recipients with windfall compensation at the direct expense of UnitedHealth."

UnitedHealth has said it may have to restate three years of results due to a "significant deficiency" in how it administered and accounted for past option grants.

The unusual legal request asks the court to place a "constructive trust" over all option contracts held by Messrs. McGuire and Hemsley. A UnitedHealth spokesman said the company hadn't seen the lawsuit and in any event doesn't comment on pending litigation.

Stock Option Subpoenas Issued (NYT/BLOOM)

By Bloomberg News

New York Times, May 19, 2006

At least four companies said yesterday that they had received federal subpoenas requesting information on their granting of stock options.

The companies are Caremark Rx, a manager of drug benefits; SafeNet, an information security company; Affiliated Computer Services, a processor of student loans; and Vitesse Semiconductor. The four received subpoenas from the United States attorney's office in the Southern District of New York.

All four companies said they were cooperating fully with the requests.

Caremark, based in Nashville, also said in a regulatory filing that it had received a request from the Securities and Exchange Commission for information on stock option grants and a company relocation program as part of an informal inquiry.

SafeNet, of Belcamp, Md., said it had received an informal inquiry from the S.E.C. requesting information on stock option grants to directors and officers, as well as certain accounting policies and practices.

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Affiliated Computer, of Dallas, delayed filing a fiscal third-quarter financial report this month as it investigated its accounting. This week, the company said it would have costs of as much as $32 million through June 30, 2005, for options granted since 1994 that had effective dates earlier than when they were granted.

The company is also the focus of an informal S.E.C. inquiry, and some of its top officials are named in shareholder lawsuits claiming that the company violated grant rules.

Vitesse Semiconductor, of Camarillo, Calif., said it was being investigated by the S.E.C. over stock option grants. On Wednesday, the company said it had fired its chief executive and two other executives amid the inquiry.

Federal officials have been examining how companies have granted stock options, sometimes possibly increasing their value by setting their purchase date to coincide with the lowest possible price. UnitedHealth Group said Wednesday that it had received subpoenas from the United States attorney and the Internal Revenue Service over its grants.

Caremark Rx Stock Options Draw Subpoena (AP)

AP, May 18, 2006

NASHVILLE, Tenn. - Pharmacy benefits manager Caremark Rx Inc. said Thursday that is has received a federal grand jury subpoena for records about its stock options.

The company also received what it called an "informal inquiry" from the Securities and Exchange Commission , requesting information about the company's stock options and its relocation program.

With revenues of nearly $33 billion last year, Nashville-based Caremark is Tennessee's largest publicly traded company, providing drug benefit services to more than 2,000 health plan sponsors and their participants throughout the United States.

The Wall Street Journal last week reported that Caremark's chairman, president and chief executive officer, Mac Crawford, took part in the company's relocation program when it moved its headquarters from Birmingham, Ala., to Nashville in 2003.

Crawford was given a $2.9 million "equity advance," but has yet to sell his house in Alabama. A Caremark spokesman told the paper that Crawford's ill wife still lives there and that the home will be sold when renovations on the Crawfords' Nashville home is complete.

Caremark's release mentioned neither Crawford's relocation or stock options in relation to the subpoena from U.S. Attorney for the Southern District of New York or the SEC letter. Neither the prosecutor's office nor the SEC returned calls from the AP late Thursday.

Caremark also operates a retail pharmacy network with more than 60,000 participating pharmacies, seven mail-service pharmacies and 21 licensed specialty pharmacies for delivery of advanced medications.

Shares of Caremark fell 6 cents to close at $48.89 on the New York Stock Exchange before Caremark's announcement was made, then lost up $1.14, or 2.3 percent, in aftermarket electronic trading.

Government Joins Drug-Pricing Suit Against Abbott (WSJ)

By John Carreyrou

Wall Street Journal, May 19, 2006

The Justice Department joined a whistleblower lawsuit against Abbott Laboratories Inc. and Hospira Inc., alleging that the companies conspired to inflate Medicare and Medicaid reimbursements on some drugs from 1991 to 2001.

In a civil complaint filed in federal court in Florida, the Justice Department alleged that Abbott, a drug maker based in Abbott Park, Ill., reported prices for its drugs to price publishers, such as the Drug Topics Red Book, that were as much as 1,000% higher than the prices the company charged hospitals and doctors. The drugs were sold by Abbott's Hospital Products Division, which Abbott spun off two years ago as Hospira, which is based in Lake Forest, Ill.

The allegedly inflated prices listed by the Red Book and other price publishers enabled doctors and hospitals to reap big profits by filing Medicare and Medicaid reimbursement claims that were much higher than what they had actually paid, according to the government's complaint. Abbott marketed these so-called spreads as an inducement to buy its drugs -- which were injectable and intravenous medications -- thereby increasing its own sales and profits, according to the complaint.

Abbott denied the allegations and said it would defend itself vigorously. "Abbott has consistently complied with all laws and regulations and properly and lawfully provided all information required by the government," an Abbott spokeswoman said. A

spokeswoman for Hospira said the company has consistently complied with pricing laws, and she noted that the timing of the events at issue in the lawsuit predate Hospira's existence.

The government has filed similar lawsuits against other drug makers in recent years. In 2001, Bayer AG of Germany agreed to pay a $14 million fine to settle allegations that it reported inflated prices of drugs for hemophilia and immune disorders. More recently, TAP Pharmaceuticals Products Inc., a joint venture between Abbott and Takeda Chemical Industries Ltd. of Japan, agreed to pay more than $1 billion in civil and criminal penalties while pleading guilty to a charge of conspiring with doctors to bill Medicare and Medicaid for free samples of its prostate-cancer drug, Lupron.

In a media release about the latest case, the Justice Department said Medicare and Medicaid had reimbursed hospitals and doctors more than $175 million for the Abbott drugs in question. Under the False Claims Act, the government said it can recover triple the damages assessed by a jury and $5,500 to $11,000 for each fraudulent reimbursement claim.

The federal probe began after a Florida home-infusion company, Ven-A-Care of the Florida Keys Inc., filed a whistleblower lawsuit against Abbott.

US Targets Abbott Prices (CHIT)

By Bruce Japsen

Chicago Tribune, May 19, 2006

The U.S. Justice Department on Thursday sued Abbott Laboratories, alleging the company overcharged government health insurance programs in excess of $175 million for brand-name and generic drugs for more than a decade dating back to the early 1990s.

The federal government joined a whistleblower's suit that mirrors similar allegations brought against Abbott and dozens of other drugmakers in recent years as part of a legal assault on pharmaceutical industry pricing. Prosecutors in more than 20 states, including Illinois, have brought a series of similar complaints against Abbott and other drugmakers as part of an effort to rein in the soaring costs of prescription drugs.

The U.S. complaint, a civil case, like state civil suits, accuses Abbott of engaging in a "scheme" for more than a decade by bilking the Medicaid program and Medicare participants out of millions of dollars. The companies are accused of intentionally misreporting and inflating the figures used to calculate government reimbursement rates.

In a statement released Thursday by the Justice Department, it said the North Chicago-based pharmaceutical company reported prices that were "more than 10 times the actual sales prices on many of the drugs it manufactures."

The complaint alleges Abbott charged hospitals, pharmacies, nursing homes and other medical-care providers far less for medicines than the prices it had published in industry price guides for those drugs. Those published prices were then used by the government to calculate reimbursement to health-care providers for Medicare and Medicaid programs.

The difference between the published price and the actual price paid by the providers was the "spread," and it was used to give the health-care providers greater reimbursement and therefore an incentive to continue buying Abbott products.

"This complaint marks another step in the government's investigation and prosecution of pharmaceutical manufacturers who submit fraudulent drug pricing information that costs the federal health-care programs and taxpayers millions of dollars," said Assistant Atty. Gen. Peter D. Keisler, of the Justice Department's Civil Division.

In one example cited in the government's complaint, Abbott increased the per-unit price of the intravenous antibiotic vancomycin to $76 by early 2001. Meanwhile, it was "widely available" to purchasers at under $4.

While the government is suing Abbott, the business currently selling the pharmaceuticals mentioned in the suit is Lake Forest-based Hospira Inc., which was spun off by Abbott into a separate company in 2004. Abbott is the defendant in the case and would be liable should there be any settlement.

Abbott said it has no plans to settle.

"This is an Average Wholesale Price lawsuit similar to others filed against our industry," spokeswoman Melissa Brotz said. "Abbott has consistently complied with all laws and regulations—the company has properly and lawfully provided all information required by the government. We have a strong defense and intend to vigorously defend ourselves against these claims."

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The allegations in the suit were originally filed under seal in 1995 by home-care pharmacy Ven-A-Care of the Florida Keys Inc. and its principals, who have successfully sued other drugmakers.

"We believe the evidence will show that only after significant exposure through active federal and state investigations did Abbott lower its reported prices, so that they more accurately reflected the prices it knew it was selling its drugs for," said Jim Breen, an attorney for Ven-A-Care and whistleblowers Zachary Bentley and Mark Jones, who were principals at the pharmacy company.

According to a Tribune report in 2001, Abbott dramatically lowered the price of dozens of drugs in the face of pricing probes by state and federal prosecutors. That year, TAP Pharmaceutical Products Inc., an Abbott joint venture, resolved criminal and civil allegations brought by the Justice Department that included publishing inflated prices for a prostate cancer drug.

HealthSouth To Pay $3 Million In U.S. Accounting Fraud Case (NYT)

By Kyle Whitmire

New York Times, May 19, 2006

BIRMINGHAM, Ala., May 18 — The Justice Department announced Thursday that HealthSouth, the chain of outpatient rehabilitation hospitals, would pay $3 million and avoid prosecution over a giant accounting fraud discovered at the company three years ago.

"Prosecution would likely have pushed this company into bankruptcy," Alice H. Martin, United States attorney in Birmingham, said in a statement. "By taking this nonprosecution approach, jobs of thousands have been saved, and the company has an opportunity to rebuild shareholder value."

HealthSouth, which agreed to accept responsibility for crimes committed by its executives, must pay the money to the United States Postal Inspection Service's consumer fraud division, enact more stringent internal controls and commit no other illegal acts for three years. In essence, the company is on probation until 2009, Ms. Martin said.

The decision brings an end to an investigation that began in March 2003, when the investigators raided the company's headquarters. Since then, 15 executives, including 5 chief financial officers, have pleaded guilty or been convicted of participating in the fraud. According to more recent company estimates, the fraud's impact was greater than $4 billion.

Last year, a Birmingham jury acquitted Richard M. Scrushy, the company's founder and former chief executive, of participating in the fraud. In an unrelated case, Mr. Scrushy is currently on trial on federal charges that he bribed a former governor of Alabama, Donald Siegelman.

The Justice Department waited until HealthSouth had made amends with investors through several civil settlements. In the last year, HealthSouth has agreed to pay the Securities and Exchange Commission and other civil litigants more than $500 million in cash and shares. Also, the company has agreed to pay more than $350 million to settle suits for Medicare fraud.

Still, HealthSouth continues to struggle. The civil settlements and new Medicare reimbursement rules have impaired the company's financial performance. In its first-quarter report, filed last week, HealthSouth fell short of analysts' expectations, and the company's net loss widened to $435.1 million. Last week, executives said that HealthSouth was considering changing the company's name and still expected to be relisted on a major stock exchange sometime this summer. It was delisted from the New York Stock Exchange in March 2003.

HealthSouth shares fell 9 cents, to $4.41, in over-the-counter trading yesterday, but regained the 9 cents after closing. The stock has declined more than 8 percent this year.

Jay Grinney, HealthSouth's chief executive, said in a statement yesterday: "On behalf of the 37,000 dedicated HealthSouth employees, I can say that we are delighted as an organization to be getting back to what we do best — providing outstanding rehabilitation, diagnostic and ambulatory surgical care throughout the nation."

HealthSouth Settles Fraud Case (LAT)

Los Angeles Times, May 19, 2006

HealthSouth Corp. agreed to pay $3 million and serve three years on probation in a deal with the government that spares the company an indictment over the $2.7-billion accounting fraud that almost triggered its collapse.

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U.S. Atty. Alice Martin, who prosecuted 17 HealthSouth executives for their alleged roles in the fraud, including company founder Richard Scrushy, announced terms of the non-prosecution agreement Thursday. Scrushy was acquitted of fraud charges last year after a trial in Birmingham, Ala., where the company is based.

HealthSouth, which acknowledged the fraud as part of the accord, said Wednesday that the government imposed no fine or any other conditions on the company. HealthSouth spokesman Andy Brimmer said Thursday the company doesn't consider the $3-million payment to the government a fine.

The agreement "acknowledges the comprehensive corporate governance and compliance reform which has and is transpiring at HealthSouth, and its continued commitment to cooperate with the Department of Justice through self-disclosure," Martin said. "Prosecution would likely have pushed this company into bankruptcy."

The company settled a fraud case with the U.S. Securities and Exchange Commission last year for $100 million and another case with investors in March for $445 million.

The $3-million payment called for in the agreement will go to the U.S. Postal Inspection Service's Consumer Fraud Fund.

The company admitted wrongdoing, acknowledging that the Justice Department "has developed evidence during its investigation that HealthSouth, through some of its employees, has violated federal criminal law."

The company said it "accepts responsibility for the conduct of its employees giving rise to any violation in connection with the unlawful practices. HealthSouth does not endorse, ratify or condone criminal conduct."

Shares of HealthSouth declined 9 cents to $4.41. They have fallen 8.2% this year.

Mace Security Could Lose NASDAQ Listing (PHIBIZ)

Philadelphia Business Journal, May 19, 2006

Mace Security International Inc. said Thursday it faces a delisting from the NASDAQ stock exchange. The situation is linked to the company's alleged hiring of undocumented workers at its car washes.

Mace said an independent investigation into its hiring practices that was commissioned by the company's audit committee has delayed the filing of the company's 10-K annual report for 2005 and its 10-Q quarterly report for the period ended March 31.

Mace of Mount Laurel, N.J., said it has received a stay of the delisting. A hearing before the NASDAQ Listing Qualifications Panel regarding the delays of both the 10-K and 10-Q filings is scheduled for May 25.

Mace, which has a goal of selling its car washes to concentrate on the security-products end of its business, said the internal investigation has been completed.

Eduardo Nieves Jr., the company's vice president of marketing and investor relations, said the specific conclusions of the investigation are "right now ... not being disclosed. That information will be disclosed when we file our 10-K and 10-Q."

Nieves did point, however, to a line from the company's press release Thursday that said Mace's audit committee "is satisfied with the comprehensiveness and conclusions" of the inquiry. The release also said "there is no financial statement impact implicated by the company's hiring practices, except for a potential contingent liability."

With the independent investigation complete, the company said it and its independent auditor are working to ready the 10-K and 10-Q but did not know exactly when the reports will be ready.

"We want it to be as soon as possible for obvious reasons," Nieves said.

Mace's hiring practices are being investigated by the U.S. Attorney for the Eastern District of Pennsylvania.

Problems With SOX (FT)

Financial Times, May 19, 2006

America's smaller public companies had reason to hope the cost of complying with the Sarbanes-Oxley (Sox) act would this week be lightened. Their hopes were largely belied. Christopher Cox, chairman of the Securities and Exchange Commission, did extend the deadline for small cap businesses to comply with the act's notorious section 404 that requires auditors to certify companies' internal control systems. But he ignored the advice of the SEC's advisory board which last week recommended small businesses be exempt altogether from the requirement.

The SEC compounded this missed opportunity with two oversights: it failed to specify when the reporting holiday for small caps would come to an end; and it forgot to clarify whether foreign companies could use this postponement. These were no

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minor omissions. Of the many complaints that have been made about Sox, the most persuasive come from small businesses and foreign listings. Certainly America's larger companies also have reasons to gripe about a regime that has drastically raised their regulatory costs. But few dispute that small businesses have been worse affected.

As a result, many US small businesses have reportedly avoided going public altogether, or are conducting initial public offerings on small cap exchanges in foreign markets. Likewise, New York has lost its position as favourite port of call for the secondary listings of foreign companies in favour of London, Hong Kong and other less burdensome jurisdictions. All the signs are that this trend will continue.

But for companies of any size, the SEC's record is not encouraging so far. After Sox was enacted in 2002, the SEC predicted the average cost of compliance for each company would be $91,000. Industry estimates it is closer to $4.4m (£2.3m) and a multiple of that for some of the largest. The SEC also assured the markets section 404 would work seamlessly once it was up and running. But companies are spending inordinate amounts of time furnishing auditors with information that has little bearing on their financial soundness. One even had to disclose how many keys it issued to its janitors - hardly the best place to look for potential Nick Leesons of Barings infamy.

The SEC says it plans to issue new guidelines within a few months. Its most pressing concern must be to address the incentive for the big four accounting firms to pile ever greater disclosure requirements on companies' internal controls. Fear of criminal action suggests the auditors will continue to inflate that burden unless the SEC issues clearer instructions. Meanwhile, jurors will soon pronounce on the fraud charges against Kenneth Lay, the chief executive of Enron, whose bankruptcy in 2001 ultimately culminated in Sox. Whatever the verdict, the trial serves as a timely reminder that the best deterrent of all is the threat of criminal conviction.

CRIMINAL LAW:

House Ethics Panel, Justice Dept. To Run Parallel Probes (WP)

By Jeffrey H. Birnbaum

The Washington Post, May 19, 2006

The House ethics committee plans to quickly begin its probes into the activities of Reps. Robert W. Ney (R-Ohio) and William J. Jefferson (D-La.) while working with the Justice Department to avoid interference with federal prosecutors' investigations of the same lawmakers, according to people familiar with the panel's efforts.

The committee's surprise decision Wednesday to open inquiries into allegations that the congressmen accepted bribes -- as well as a third, wider-ranging probe -- was meant to tamp down criticism that the panel is dysfunctional and that the House is not policing the ethical lapses of its members, according to the sources.

Yet it was not clear that the committee would have enough time to complete its work before the end of the legislative session this autumn, or that its efforts would not complicate the work of Justice Department prosecutors and investigators.

After 16 months of inactivity and partisan bickering, the ethics committee, formally known as the Committee on Standards of Official Conduct, this week created special investigative subcommittees to look separately into the cases of Ney and Jefferson.

Each of the subcommittees has four members, evenly divided between Republicans and Democrats, and has the power to subpoena documents and compel testimony. They are likely to begin work before the House departs for the Memorial Day recess at the end of next week, House sources said.

The Justice Department has traditionally opposed such parallel inquiries by congressional committees for fear that lawmakers might complicate its collection of testimony and information. The Senate's ethics panel, for instance, regularly steps aside when another enforcement agency is looking into the behavior of senators.

But House officials indicated yesterday that they hope the continuing conversations between the Justice Department and the ethics committee will avert conflicts. A spokesman for the department declined to comment.

Stanley Brand, a lawyer and expert on congressional ethics, said that simultaneous inquiries are "impractical" and might put the Justice Department's efforts in jeopardy.

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"I can't imagine that they will pursue subpoenas and testimony and get in the way of the Justice Department; that hasn't happened in the past," he said in reference to the ethics subcommittees.

Moreover, he said, an ethics panel's probes are likely to take "months and months" and will not be finished before the end of the year.

The committee has routinely disclosed when it formed subcommittees for scrutinizing possible wrongdoing by specific lawmakers, but its leaders have rarely spoken publicly about preliminary or wider-ranging types of inquiries. Nonetheless, on Wednesday the panel announced that it is looking into the possibility that staffers and lawmakers other than the now-jailed former congressman Randy "Duke" Cunningham (R-Calif.) might have been "provided hotel rooms, limousines and other services in exchange for performing official acts."

The choice to go public was a reaction to the ethics committee's moribund condition over the past 16 months, insiders said. During that period, Republicans and Democrats squabbled over how the panel should be run and staffed. New, restrictive committee rules, opposed by Democrats, were at first adopted and then rescinded. The panel did not have a consensus chief counsel until January.

The logjam over starting new investigations was finally broken after Rep. Alan B. Mollohan (D-W.Va.) was replaced last month as the committee's ranking Democrat by a respected veteran of the panel, Rep. Howard L. Berman (D-Calif.). Mollohan was forced to step down after his business dealings with recipients of federal funds that he appropriated became the subject of a federal investigation.

Yesterday, Republicans sought to portray Mollohan as the primary cause of the long holdup in new investigations. "Congressman Mollohan was stalling the process for political gain on behalf of the minority leader," said Ron Bonjean, spokesman for Speaker J. Dennis Hastert (R-Ill.). Democrats did not want a functioning ethics committee, he said, so that they could more easily accuse Republicans of acting improperly with lobbyists.

"There was not even an option for the ethics committee because of the recalcitrance of Mollohan," agreed Rep. David Dreier (R-Calif.), chairman of the House Rules Committee. "I take my hat off to Howard Berman. He is a pro. He knows how to deal in a bipartisan way with a sensitive and tough issue."

Democrats dismissed the attacks on Mollohan as a smoke screen to obscure Republicans' culpability in the ethics committee's shutdown. The GOP had refused to cooperate with Democrats as a way to protect their then-Majority Leader Tom DeLay (Tex.), Democrats said.

DeLay is resigning from the House next month under the cloud of a Texas indictment on money laundering charges and of federal investigations into his dealings with convicted lobbyist Jack Abramoff. DeLay, Ney, Jefferson and Mollohan have all said that they have done nothing wrong.

Lobbying Case To Get Jury Test (WSJ)

By Jeanne Cummings

Wall Street Journal, May 19, 2006

WASHINGTON -- The Justice Department's investigation of the Jack Abramoff lobbying scandal already has produced four guilty pleas. Now, prosecutors are about to find out whether an influence-peddling probe based largely on emails and a network of low-profile Republican aides can pass muster with a jury.

David Safavian, a longtime friend of Mr. Abramoff and a former White House official, is scheduled to go on trial Monday. He is charged with making false statements and obstructing government inquiries about Mr. Abramoff's relationship with him while he served as chief of staff of the General Services Administration, which manages government property.

The trial comes at a critical moment as the focus of the Abramoff investigation appears to be broadening from staff to members of Congress, most notably Ohio Republican Rep. Bob Ney. While the Safavian trial is narrowly focused on the former government official's actions, a court loss could be a psychological blow to the high-profile inquiry.

"You don't want to lose. You want to keep the momentum going. You have all these guilty pleas. You want a conviction," says Randall Eliason, former chief of the public-corruption and government- fraud section of the U.S. attorney's office in Washington.

The prosecutors' task is complicated by the fact that they aren't planning to call Mr. Abramoff. A one-time Republican lobbying star, Mr. Abramoff pleaded guilty in January to trying to bribe members of Congress and admitted to bilking millions of dollars from his clients.

The decision against calling Mr. Abramoff is a double-edged sword, says Miles Ehrlich, a former prosecutor in the Justice Department's public-integrity section and a former chief of white-collar crime in the U.S. attorney's office in San Francisco. His absence "may enhance the prosecution's chances of keeping the focus on what was happening and not what a sleaze ball the cooperating witness is," Mr. Ehrlich says. But, under federal trial rules, the defense can still introduce evidence to discredit Mr. Abramoff, which could raise questions in the jurors' minds. "That's one of the difficulties of trial by email," he added.

The government has received some recent breaks. U.S. District Judge Paul Friedman is expected to grant the government's request to introduce more than 200 email messages, mostly between Messrs. Safavian and Abramoff, in which the two men seamlessly shift from discussing the lobbyist's interest in obtaining government property for his clients, to setting up racquetball dates and trips to Mr. Abramoff's upscale restaurant and skyboxes at sporting events.

Last week, Neil Volz, another Abramoff associate and former chief of staff to Rep. Ney, pleaded guilty to conspiring to corrupt public officials and violating lobbying rules. He is cooperating with investigators and is expected to take the stand against Mr. Safavian.

Mr. Safavian, a Detroit native, became friends with Mr. Abramoff in the 1990s when they worked at the law and lobbying firm of Preston Gates & Ellis. Mr. Safavian later co-founded the firm Janus-Merritt Strategies. The two men still shared many clients, including Indian tribes, Internet gambling companies and the North Mariana Islands.

In 2002, Mr. Safavian took a job as senior adviser and acting deputy chief of staff at the GSA and was soon named chief of staff. Less than two weeks after Mr. Safavian arrived at his government post, Mr. Abramoff sent him an email with the subject line, "I have a GSA question."

Over the next three years, Mr. Abramoff sought help from Mr. Safavian to secure government-owned property for Indian clients, a religious school he had founded and other matters. "I have a need to buy a stretch limo for the restaurant. Are there any coming up on any of the GSA drug-property sales?" Mr. Abramoff once asked Mr. Safavian.

The emails show that Mr. Safavian sometimes edited the work of Mr. Abramoff's team to ensure it covered issues that his own aides might raise. He arranged meetings between Mr. Abramoff's representatives and government officials, forwarded internal government documents and minutes of deliberations to help him develop property proposals, and recommended generating Capitol Hill pressure on his own bureaucracy if things weren't going Mr. Abramoff's way.

Mr. Volz is expected to testify about one alleged Safavian-inspired effort to persuade Rep. Ney to insert language into an election-overhaul bill that would have helped Mr. Abramoff's Indian-tribe clients win control of the Old Post Office building in downtown Washington.

In November 2004, Mr. Safavian moved to the Office of Management and Budget to become the administration's chief procurement-policy officer. He was indicted in October 2005.

The case hinges on what Mr. Safavian told GSA ethics officials and Senate investigators about an expensive golf trip to Scotland arranged by Mr. Abramoff in August 2002. Before departing, Mr. Safavian sought an advisory opinion from the GSA to approve the trip. He described Mr. Abramoff as an old friend and "a lawyer and lobbyist, but one that has no business before GSA (he does all his work on Capitol Hill.)," Mr. Safavian wrote to ethics officers, according to the indictment.

Prosecutors argue Mr. Safavian intentionally misled ethics officials about Mr. Abramoff's interest in doing business with the government in order to obtain clearance to go on the trip. Mr. Safavian faces additional charges of obstruction and false statements based on his exchanges with Senate Committee on Indian Affairs investigators in 2005, during which he repeated his description of Mr. Abramoff as someone who worked mostly on Capitol Hill.

Mr. Safavian's lawyer, Barbara Van Gelder, counters that her client's statement in 2002 was true because Mr. Abramoff didn't have a contract with the GSA. But prosecutors claim a broader definition of doing business with the government.

Ms. Van Gelder faces other hurdles. This week, she told Judge Friedman she was having trouble lining up witnesses who were on the Scotland golf trip, which included Rep. Ney, Mr. Volz and Ralph Reed, now a candidate to be Georgia's lieutenant

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governor. Lawyers of some attendees have told her their clients might invoke their Fifth Amendment right against self-incrimination if forced to take the stand, she told the court.

Former Weekly Reader Editor Convicted (STAMADV)

Stamford (CT) Advocate, May 19, 2006

BOSTON - It took a federal jury less than two hours today to convict former Weekly Reader editor Noel Neff on Internet child predator charges.

Neff showed no emotion after the jury returned the guilty verdicts early Thursday afternoon. U.S. District Judge George O'Toole Jr. revoked Neff's bond and marshals led the former children's magazine editor out of the courtroom in handcuffs.

Neff faces a minimum of five year, and up to 60 years, in prison on the charges. He is expected to be sentenced Sept. 14.

The jury found Neff, 47, of Norwalk, guilty on both charges of using the Internet to lure a minor to engage in sexual activity and traveling across state lines to engage in sexual conduct with a minor.

Neff was fired from the Stamford children's publisher after his July 9 arrest in Franklin, Mass., where he allegedly believed he would meet an adolescent named "Chris" he had met online. "Chris" was actually a Boston FBI agent posing as a 14-year-old boy with homosexual feelings.

After Neff initiated contact with "Chris" in April 2005 in an Internet chat room, they began exchanging e-mails and instant messages that were often about sex, according to court testimony this week. In online discussions before July 9, Neff allegedly said he couldn't say he was meeting "Chris" for sex but would let "Chris" make the first move.

When Neff arrived at the specified shopping center in Franklin, instead of meeting "Chris," he was placed under arrest by three FBI agents.

Neff's lawyer argued that his client was not seeking sex from "Chris" and based on evidence presented yesterday, would not have had time to act on the criminal behavior he is charged with.

Neff's lawyer, Francis O'Reilly of Fairfield, said his client never committed a criminal act and was only trying to share his insight as a sexually confused teenager with someone he thought was going through the same experience.

Jefferson Parish Teacher Arrested On Federal Child Porn Charges (AP)

AP, May 18, 2006

NEW ORLEANS -- A Jefferson Parish public school teacher was in custody Thursday, booked on charges of possession of child pornography, federal authorities said.

The FBI arrested Russell Counterman, 44, of New Orleans, after getting a tip that he allegedly downloaded files _ while at work _ containing sexually explicit images of children who ranged in age from 4 years old to teenagers, U.S. Attorney Jim Letten said.

During Counterman's initial appearance before U.S. Magistrate Louis Moore Jr., prosecutors asked that Counterman be detained, Letten said. "He's currently in custody, but a detention hearing is scheduled for Monday to determine whether he'll stay there," he said.

Counterman, who taught at the Patrick F. Taylor Science and Technology school, was suspended following his arrest, according to Jefferson Parish public school officials.

Federal agents said Counterman was accused of using a school-issued laptop to download child pornography from the Internet at the school. After agreeing to a search, authorities said some of the alleged material was found in Counterman's classroom in a briefcase as well as in his home.

"It is important to note that the FBI has no information indicating that any child had access to child pornography or that this individual engaged in inappropriate behavior with the school children," said Special Agent in Charge Jim Bernazzani.

Letten also said there was no evidence of Counterman having manufactured any of the pictures seized.

The U.S. Attorney's Office said Counterman has taught school in the New Orleans area for 12 years. If indicted and convicted, Counterman faces up to 10 years in jail and a life term of supervised release.

Florida Man Pleads To Internet Sex Solicitation (WTSP)

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WTSP-TV, May 18, 2006

An east coast man faces 5 to 30 years in prison on a guilty plea to using a compuuter to entice a minor to meet and have sex, the U.S. Attorney's office said.

Leroy Walter Lasky, Jr., 51, of Port Orange, entered his plea today before U.S. Magistrate Judge Mark A. Pizzo in Tampa Federal Court. Lasky was indicted on March 16th on one count of luring a 15-year-old girl in a computer chat room. He was actually conversing with an undercover officer from the Hillsborough County Sheriff's Office.

"According to court documents, after numerous chats on the internet, Lasky agreed to meet the girl in Tampa for sex," the U.S. Attorney's office said. "On September 22, 2005, the defendant traveled from his home on the east coast of Florida to Tampa where he had arranged to meet the young teen girl."

He was met by officers from the Innocent Images Task Force and taken into custody.

A sentencing date has not been set.

Congress Bribery Probe Could Deepen (BOS)

By Michael Kranish, Globe Staff

The Boston Globe, May 19, 2006

Records detail contractor's sway

WASHINGTON -- On March 8, 2004, after a private, chartered flight from Washington, Congressman Randy "Duke" Cunningham checked into a luxury oceanfront suite at the Delano Hotel, a restored Art Deco jewel on Miami Beach. Prosecutors say the San Diego lawmaker, in town to shop for a yacht, racked up more than $15,000 in bills during the trip, including $848 in meals.

Court records show that Mitchell Wade, an ambitious defense contractor with deep pockets, picked up most of the tab. Prosecutors say the Miami Beach trip was pocket change compared with the more than $1 million in bribes Wade paid to Cunningham, a former fighter pilot and powerful member of the House Appropriations Committee, to steer government defense contracts his way.

But Wade had more money to spread around.

Within days of sending Cunningham to Miami, prosecutors say, Wade gave $32,000 in laundered campaign funds to Representative Katherine Harris, the Florida Republican and Homeland Security Committee member whose help Wade was seeking to create a complex for MZM Inc., his company, in her home state. Documents say Wade also funneled $46,000 into the campaign account of Representative Virgil H. Goode Jr., a Virginia Republican who also sits on the Appropriations Committee.

Wade then discussed getting specific defense appropriations with Harris and Goode or their staffs, according to court documents. Weeks after Wade arranged for most of the contributions to Goode, Wade walked away with a pledge for a $9 million facility in Goode's district with help from Goode's office, the court filings say

Harris and Goode both say they didn't know the contributions had come from straw donors and were illegal. They have not been charged.

Nevertheless, court papers indicate that the investigation that snared Cunningham -- in which the California Republican, now serving a 10-year sentence in federal prison, admitted that he took millions in bribes -- and led Wade to take a plea deal could go much deeper. At least three other federal investigations involving members of Congress are also underway, linked to questions about whether lawmakers traded the power and influence of their offices for hefty campaign contributions and lavish gifts.

"There is some increasing panic among members who worry that there may be e-mails in which they sort of promised to do something that is contemporaneous with campaign contributions," said Thomas Mann of the Brookings Institution.

Previously, Mann said, members of Congress may have believed they were following the rules as long as donations they received were legal. Now, he said, members are concerned that Justice's Office of Public Integrity is looking at possible connections between campaign contributions and official action. The investigations are warranted, Mann added, because "things got really out of hand" with members taking action on behalf of contributors or those provided gifts.

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"If the Office of Public Integrity action is a bit strong, sometimes you have got to overreact to stamp out a practice that is truly noxious," he said.

Word about the various investigations has been trickling out in news reports for months. Authorities want to know whether Representative Alan B. Mollohan, a West Virginia Democrat and Appropriations Committee member, used his clout to hand government contracts to nonprofit groups run by his friends; whether disgraced former GOP lobbyist Jack Abramoff bribed Representative Bob Ney, Republican of Ohio; and whether the House Appropriations Committee chairman, Jerry Lewis of California, also a Republican, improperly awarded contracts sought by a lobbyist who has been linked to Cunningham.

The anxiety level in Congress increased this week after the House Ethics Committee -- long criticized for its reluctance to investigate members -- announced that it was looking into the behavior of Ney and Representative William J. Jefferson, a Louisiana Democrat who is suspected of receiving bribes.

All of the members under scrutiny have denied wrongdoing.

Perhaps most significant, the Ethics Committee said it will examine the Cunningham case to determine "whether other House members or staff are implicated." The committee said it would check out allegations that members and staff received "hotel rooms, limousines, and other services in exchange for performing official acts"

Though Cunningham and Wade both pleaded guilty, federal officials also want to know whether a second unnamed defense contractor may also have wooed congressmen, other defense contractors, and the CIA's third in command with poker parties, a hospitality suite, and possibly prostitutes.

The totality of these investigations marks one of the Justice Department's most concentrated public corruption efforts in recent history.

In a speech last week in San Diego, FBI Director Robert S. Mueller III said the bureau has made those cases its top priority. "More than ever, the FBI must be actively engaged in combating public corruption," Mueller said.

Though Cunningham reportedly is not cooperating with investigators, prosecutors last week asked a judge to delay Wade's sentencing because they expect his "cooperation will continue for quite some time."

Cunningham, a decorated Vietnam War veteran, was so aggressive in seeking bribes that he kept track of them on his House stationery, court papers said. One notation says that in exchange for a $16 million defense contract, Cunningham expected to receive $140,000. An additional $1 million on that project would cost the contractor another $50,000 bribe, according to court documents.

In all, Cunningham took in at least $2.4 million since 2000, in part through a $700,000 profit on the sale of his relatively modest California home, a transaction that tipped off investigators, according to court records. Besides cash, contractors bribed Cunningham with top-of-the-line cars, a yacht, and antique furnishings for his new $2.5 million mansion. Wade, prosecutors say, was Cunningham's chief benefactor, even paying $115,000 toward the congressman's capital gains tax.

"Cunningham grew to expect luxury," prosecutors said in court documents. "His coconspirators eagerly plied him with it."

Having won over Cunningham, Wade set his sights on Congress members Harris and Goode, according to court documents.

Wade wanted Harris -- the former Florida secretary of state who had a pivotal role in the disputed 2000 presidential election who is now running for US Senate -- to request an earmarked appropriation allowing MZM to build a Florida facility, the court records say. A few days after paying for Cunningham's Miami Beach trip, Wade gave some of his MZM employees and their spouses $2,000 each, reimbursement for checks they'd write to Harris's 2004 House campaign.

"The employees [then] delivered the checks to Wade, who personally handed them" to Harris, the court documents say.

In early 2005, Wade met Harris for dinner at Washington's posh Citronelle restaurant to discuss a fund-raiser for Harris and whether Harris could get federal money for an MZM facility in her district, according to the Orlando Sentinel. Wade picked up the $2,800 dinner check, a violation of House ethics rules if Harris's portion of the meal was worth more than $50. Harris has said she didn't eat or drink much at the dinner and that she thought her staff had paid for her share.

In a written statement to reporters, Harris acknowledged that she and Wade talked business and that she later requested but couldn't get a $10 million appropriation for the MZM project, which she thought would create local jobs. A spokesman would not say whether Harris was present when Wade handed over the $2,000 checks for her campaign.

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Wade also arranged for Goode's reelection campaign to get big checks. Court records say that in March 2005 Wade gave money to his associates, who in turn became what the government calls "straw donors," contributing at least $46,000 of Wade's money to the Virginia Republican. Wade then asked Goode and his staff for federal money to build an MZM facility in Goode's district. In June 2005, Goode's staff "confirmed to Wade that an appropriations bill would include $9 million for the facility and a related program," according to court records.

In an e-mail to the Globe, Goode said he has no problem discussing a federal contract with such a big campaign contributor. Asked what he believed Wade wanted after MZM employees contributed so much money to his campaign, Goode responded, "I'm a strong supporter of 'Buy American' and a promoter of the Fifth District of Virginia in which MZM facilities were located."

Wade's unnamed, unindicted coconspirator, whom news reports identified as Brent Wilkes, a onetime associate of his, also allegedly paid Cunningham more than $600,000 to get defense contracts. Wilkes ran a company called ADCS Inc., which got tens of millions of dollars in contracts to transform the Pentagon's paper documents into computer files; court documents say that Cunningham had a hand in getting ADCS hired.

Wilkes's name surfaced again recently because he reportedly attended poker parties at the Watergate that included members of Congress, defense contractors, and Kyle "Dusty" Foggo, the third-ranking leader at the CIA who resigned last week.

White House Knew Of Payments For Tobin's Defense (NHUL)

By John Distaso

New Hampshire Union Leader, May 19, 2006

The former Chairman of the Republican National Committee remembers telling someone at the White House that he had decided to have the RNC pay the legal defense bills for convicted phone-jamming conspirator James Tobin, but he can't remember who.

Ed Gillespie told the New Hampshire Union Leader yesterday he informed the White House after he decided to authorize payment.

The Washington Post reported on Wednesday that Gillespie told its reporter that he had "informed the White House, without seeking formal approval, before authorizing the payments."

Gillespie told the Union Leader the two accounts were "consistent" because he decided to authorize the payments before telling the White House and actually authorized the payments after telling the White House.

But state Democratic Chairman Kathy Sullivan called what she viewed as a change in Gillespie's account troubling. If the White House was informed by Gillespie before he authorized payments, the White House could have had an opportunity to put a stop to it, and did not, she noted.

Democrats have long been trying to link the phone-jamming operation to the White House. The Senate Majority Project, a Washington-based research group with Democratic ties, has pointed out that court records show Tobin made about two dozen calls to the White House political affairs office on the day before, and the morning of, Election Day 2002.

Current RNC Chairman Ken Mehlman, who headed the White House political affairs operation in 2002, said his former office had nothing to do with the operation.

Telemarketers hired by the state Republican Party on the morning of election day 2002 placed hundreds of hang-up calls to Democratic Party and Manchester firefighters union offices to jam their get-out-the-vote telephone lines, an apparent effort to keep likely Democratic voters from the polls.

The key election that day was between Senate candidates Republican John Sununu, who won, and former Democratic Gov. Jeanne Shaheen.

Tobin was convicted of two telephone harassment charges for putting former New Hampshire GOP executive director Charles McGee in touch with former Republican consultant Allan Raymond, who in turn hired the Idaho-based telemarketer to jam the lines.

Tobin was sentenced on Wednesday to 10 months in prison and two years probation, and fined $10,000. McGee and Raymond have pled guilty to similar charges. McGee has served, and Raymond continues to serve, prison time.

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The RNC paid only for Tobin's defense by the Washington law firm of Williams and Connolly.

Gillespie told the Washington Post this week he authorized the payment because Tobin "was accused of doing something in his capacity as an RNC consultant, and we believed him to be innocent."

Williams and Connolly began representing Tobin about the time he was indicted in December 2004. So far, the RNC has paid at least $2.8 million for Tobin's defense. He is appealing the conviction.

Gillespie yesterday told the Union Leader he could not remember who at the White House he informed of his decision to pick up Tobin's legal bills.

"I'm not going to guess," he said. "It was years ago, but as a matter of routine, I would have told somebody over there."

If someone at the White House had expressed displeasure with his decision, Gillespie said, "It was too late. I had made the decision and they were not involved in it."

Sullivan said she was "extremely troubled by the change in story. . .We have former RNC Chairman Gillespie changing his story from one day to the next about who had prior knowledge of the decision to pay Mr. Tobin's legal fees."

Michael Gehrke, executive director of the Senate Majority Project, has said he suspects Karl Rove may have been informed of the payments because "Rove was, and is, the Bush Administration's point person for all things political."

Rove is scheduled to be in the state on June 12 to keynote a fund-raiser for the New Hampshire Republican State Committee.

CDC Staffer Pleads Guilty To Fraudulent Claims (AJC)

By Bill Torpy

Atlanta Journal-Constitution, May 19, 2006

A CDC director pleaded guilty in federal court Thursday to a charge of theft of government funds for padding her travel expense accounts by an estimaated $7,500.

Donna Stroup, 54, was director of the Coordinating Center for Health Promotion for the Atlanta-based Centers for Disease Control and Prevention.

Prosecutors say Stroup, over a three-year period, submitted dozens of fraudulent claims and altered receipts for expenses not covered by the agency. Often, she wrote off personal expenses as FedEx or copying charges.

One such expense for $106.22 was described as Powerpoint slides, when it was a purchase at Filene's Basement department store.

"It was repeated criminal acts, albeit small, by a high-ranking government official, so we had to charge her," said U.S. Attorney David Nahmias.

In 2004, Stroup was one of the authors of a widely reported study that said obesity was about to overtake smoking as the nation's leading cause of death. The CDC later had to issue a rare correction of the study, saying the numbers were overstated, blaming the error on computer software.

CDC spokesman Tom Skinner would say only that Stroup has submitted her resignation. She will be sentenced in July.

Shooter Languished Between Delusions, Despair (WP)

By Paul Duggan

Washington Post, May 19, 2006

In his lucid moments, Michael W. Kennedy longed to have his mental health back, saying he felt tortured by strange delusions and might kill himself to find peace, say teenagers who were close to him and an adult who has spoken with Kennedy's parents.

They said that when Kennedy, 18, fired more than 70 shots outside a Fairfax County police station last week, mortally wounding two officers, it marked the end of a half-year descent from normalcy to homicidal madness. His decline began suddenly in the fall, they said, with the unexplained onset of chronic severe headaches and bouts of sleeplessness.

One friend, Daniel Sforza, 18, who saw Kennedy late in the summer before going away to college and then hung out with him in the fall on a weekend visit home, said he was stunned by the "drastic" change in his friend's mental condition. "Mike was totally different," Sforza said, recalling the bizarre, disjointed delusions that Kennedy rambled on about in the fall.

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"I mean, totally off-the-wall different," Sforza said.

Before then, his friends said, Kennedy, who was killed by police during the attack, seemed healthy and content, a sociable teenager with a quirky, carefree personality. He was a gun enthusiast, they said, but did not fit the profile of a would-be mass murderer. Far from being a brooding loner, they said, he had a wealth of friends at Fairfax's Westfield High School, from which he graduated last spring, and his behavior there never hinted at the trouble to come.

Late last year, as delusions haunted Kennedy more and more, his friends said, he agonized in moments of clarity.

"It seemed like he was two personalities," said a former girlfriend, now 17, who did not want her name published for privacy reasons. She stayed close with Kennedy to the end. "He could be this crazy-talking person. And then he would come back to his normal self and be like, 'I can't live like this! Something's wrong with me!' "Headaches, Insomnia, Ramblings

When his mental problems took hold in the fall, Kennedy, an aspiring graphic artist, was a student at Northern Virginia Community College in Manassas.

"We can't put a finger on any one moment or cataclysmic event that started the downfall," said the adult who has talked regularly with Kennedy's parents since the shootings.

Speaking on condition of anonymity because the attack is being investigated by police, the parents' acquaintance said that Kennedy's headaches and insomnia were aggravated by the delusions. During those spells, which grew more intense and prolonged over the winter, he rambled incoherently about God, Hitler, aliens and a coming apocalyptic battle in which he was destined to play a key role, his friends said.

Through all this talk of an epic struggle for dominion over the Earth, Kennedy's friends said, they never heard him threaten to attack the police or anyone specifically. However, the former girlfriend said, "you knew in the back of your mind that if he honestly thought he was talking to God, then he might do something dangerous."

His parents, Brian and Margaret Kennedy, were distraught over their son's worsening condition and took him to "a number of doctors" for a variety of tests, including at Prince William Hospital, the Woodburn Center for Community Mental Health in Annandale and Potomac Ridge Behavioral Health Center in Rockville, the adult acquaintance said. He said Kennedy was given medication, but he did not know exactly what kind.

Brian Kennedy is a meat manager at a supermarket, and his wife works in an optical store. Within the limits of their health insurance, the acquaintance said, the parents "went everywhere they could" in search of help for their only son.

"From the parents' standpoint, they were never given a diagnosis," he said. "They were never told what was wrong with him. Nobody figured it out."

Several of his close friends, as well as the adult acquaintance, said that when Kennedy's delusions subsided and he could think relatively clearly, he openly anguished over his mental problems, telling people he desperately wanted to be normal. They said he often talked of killing himself as an escape.

"He would tell his parents that he couldn't go on anymore unless he got some help," the acquaintance said. The ex-girlfriend said, "He told me he was going to shoot himself, and then he had some revelation where he decided not to."

Another friend, also a teenage girl, said: "One time he told me he was thinking about hanging himself. But he didn't do it because he thought God wouldn't let him do it, that God would . . . hold him in the air and not let him suffocate."

Instead of committing suicide, Kennedy armed himself May 8 with seven guns, carjacked a minivan, drove into a parking lot reserved for police personnel at the Sully District station in western Fairfax -- a few miles from his Centreville home -- and opened fire with an AK-47-style assault rifle and possibly two other weapons.

Detective Vicky O. Armel, 40, died that day. Officer Michael E. Garbarino, 53, died early Wednesday.

Kennedy's parents, who have not spoken publicly about the attack, left their Centreville townhouse after the shootings and went into seclusion with their other child, a 9-year-old girl. As of yesterday, authorities said, the couple also had not talked with Fairfax police detectives, who have repeatedly sought to interview the Kennedys about their son.

When police searched the unoccupied townhouse after the shootings, they said, they found nine guns strewn about the home. As for why the parents kept firearms, given their son's mental state, their attorney has said in a statement that the guns had been locked in two containers. "The family can only surmise that their son broke into one of the containers" before going to the police station, the statement said.'He Couldn't Figure It Out'

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At Westfield High, Kennedy "was always a little eccentric," said the former girlfriend, echoing others. "Not weird in a bad way," she said. "Just weird like in, you know, everybody's trying to find their own individuality."

Kennedy was artistic and a military buff, an offbeat kid who often dressed in camouflage pants and combat boots, knew a great deal about guns and devoted a lot of time to the student literary magazine, Calliope, contributing photos and computer graphics. As a senior, he managed the magazine's twice-yearly "coffeehouse," a fundraiser featuring music and poetry readings. "He was really into that," the ex-girlfriend said.

In the fall, he enrolled in community college as a liberal arts major. The college would not disclose his grades, but Sforza, a student at Virginia Commonwealth University, said Kennedy told him in Internet chats "that he wasn't doing well at all."

And it was easy for Sforza to see why, when he came home from VCU in Richmond one autumn weekend and realized that his friend was losing his grip on reality.

"He really wanted all these thoughts to end," Sforza said. "He wanted to figure out the problems and why he was thinking this way. . . . He couldn't figure it out."

Kennedy, who had a part-time job at a CVS, stopped working near the end of the year and gave up on college. When he talked with friends while in a delusional state, they noticed that his fantasies were becoming more intricate and bizarre. At other times, when he seemed fairly rational, they could tell he was sinking deeper into despair over his problems.

In February, after he shot and wounded his family's dog, Duke, Kennedy told the ex-girlfriend that he had planned to commit suicide but experienced a religious revelation that changed his mind. He said the gun went off accidentally as he was putting it away and Duke, a spaniel, was hit.Psychiatric Centers and Jail Cells

Winter became spring, and his descent accelerated, his friends said. Although medical tests, including a CT scan, found no clear physical abnormalities, Kennedy's parents "are still thinking it was some kind of brain tumor" that caused his erratic behavior, the adult acquaintance said. He said the couple has not seen a report of their son's autopsy.

On April 16, Easter, he said, the parents took Kennedy to Woodburn, an outpatient facility. After being examined and sent home with medication, Kennedy was back at the center two days later. That time, the acquaintance said, Woodburn officials called other psychiatric facilities to find a bed for him and arranged for him to be admitted to Potomac Ridge. "His mother drove him straight there," the acquaintance said.

He stayed at Potomac Ridge for about seven hours April 18 before climbing out a window in the early evening. After carjacking a Toyota by bluffing that he had a gun, he drove from Rockville back to Centreville, to the ex-girlfriend's house.

"He just started going off on one of his weird conversations," she said. It was past 9 p.m. as they stood in her driveway, the Toyota parked at the curb. "He right away told me he stole the car. He said he had gone to some mental hospital and was being treated like an animal, and he couldn't stand being there." She urged him to surrender to police. "I yelled at him a little bit, but I didn't want to get him mad, because I was really afraid."

Kennedy then drove to the home of another friend, Brendan Baker, 18. "When I opened the door, he goes: 'Brendan! It's time! It's time!' " Baker asked, time for what? But he got no clear answer. "He just started talking crazy stuff. . . . Then he said all he wanted to do was die."

Baker said he and two other young people at his home persuaded their troubled friend to turn himself in, and those two teenagers followed Kennedy as he drove to the Sully station.

The experience of being locked up seemed to aggravate Kennedy's mental instability, said his friends and the acquaintance who has spoken with his parents. Besides his brief stay at Potomac Ridge, Kennedy spent about 66 hours in the Fairfax County jail, then a night in a Montgomery County cell after he was extradited there on the carjacking charge, before he was released on bond April 22.

In the final two weeks of his life -- as Kennedy reached out more often to friends on the Web, by phone and in person, at all hours -- he complained bitterly about the treatment he had received behind bars. But it was hard for those listening to discern which stories were true and which were products of his increasingly confused mind.

Brendan Cowan, 21, was among the last to see him. He picked up Kennedy at his home Saturday morning, May 6, and they drove to a Starbucks.

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Cowan, a devout Christian, said he asked Kennedy whether he thought Satan was responsible for his visions. Kennedy shrugged, listlessly, and gestured to pedestrians and motorists. "He said that when he looked at all these people, it was like looking at dead people," Cowan said. "He would look into their eyes, and their eyes were just solid white, like they had rolled back into their skulls."

He said Kennedy sounded "really, really saddened by what he saw."

Satan was in his thoughts two days later. Before he gathered up the guns, carjacked a minivan near his home and drove to the Sully station, Kennedy messaged Sforza in his VCU dorm room, and the two chatted for a while on the Web.

"He told me he wanted to get an exorcism," Sforza said. This was about an hour before the 3:52 p.m. shootings. "And I was like, 'Do they even still do exorcisms?' We joked around a little bit. . . . I don't really remember how we ended the conversation. . . . We really didn't say goodbye. It was like we just stopped talking."

Sforza said he went back to his schoolwork, untroubled. The chat had not been much different from many others between him and Kennedy in past months.

"When I would talk to him," Sforza said, "I often felt like he thought he was at war with the world. It was him versus everyone else, because no one else understood what was happening to him."

Law Officer Shot Many Times (MCA)

By Chris Conley

Memphis Commercial Appeal, May 19, 2006

A deputy U.S. marshal was shot numerous times by Memphis police before dying in an exchange of gunfire, a Shelby County Medical Examiner's report revealed Thursday.

Mary Fisher, 46, died Sunday morning after she began shooting at two police officers in the driveway of her Cordova home at 1143 Palmina Cove.

Investigators hadn't determined how many times officers shot at Fisher, but said she fired at least several shots, some apparently after she was wounded.

Officer Patrick Taylor was hit twice in the leg. He and a second officer remain on routine leave with pay while an investigation into the shooting continues. The name of the second officer has not been released.

The circumstances that sparked the shooting remain a mystery, and Shelby County Sheriff's deputies hope toxicology tests will help.

They said, however, that there were no indications from inside Fisher's home that she was on medication, no pill bottles.

"We want to know what happened," said Marshal David Jolley, who is in charge of the West Tennessee office.

Fisher was assigned to the Memphis office in the early 1990s, but in 2001 was promoted to the position of district supervisor and transferred to Texas. She was a lieutenant colonel in the Army Reserves.

Most recently, she had been assigned to the Office of Emergency Management, a unit of Homeland Security.

"She seemed to have it under control. Nobody saw it coming," said Jolley. "She was a very private person."

Those who knew her said she had recently gone through a divorce and custody dispute over a minor daughter.

Sheriff's deputies got a 911 call from Fisher's home about 10 p.m. the night before her death and found some of her co-workers there. They told the deputies that Fisher had been "delusional" and that she had driven off in her white BMW.

Through the night, police searched for her, and put out bulletins to all the surrounding police agencies.

Her co-workers called her repeatedly on her cell phone. She answered the telephone several times, Jolley said, but would not listen to pleas to come home.

She also would not tell her fellow marshals where she was.

"They could not get a fix on her," Jolley said. "She wouldn't tell them anything."

Eight hours later, two Memphis officers working a wreck at Germantown and Macon noticed a white BMW driving erratically. They called other officers, who tried unsuccessfully to pull her over, and followed her into her driveway.

There, she refused to get out of her car. She then leaned out and started firing, prompting a hail of gunfire in response.

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The medical examiner's office ruled her death a homicide, indicating only that she died at the hands of another, and that it was not an accident.

Homeland Security Officer Charged With Murder In SoCal Killing (SFC/AP)

San Francisco Chronicle, May 19, 2006

(05-18) 05:06 PDT , (AP) --

SANTA ANA, Calif. — A Department of Homeland Security officer faces a murder charge in connection with a shooting outside his apartment after authorities dismissed a lesser charge as his trial was about to begin.

Douglas William Bates, 44, had been scheduled to go to trial Wednesday on a voluntary manslaughter charge, which carried a possible 11-year sentence.

He now faces a sentence of 40 years to life on a second-degree murder charge with a gun enhancement, authorities said.

"We didn't do it for the penalty but for the facts and the law," said Assistant District Attorney David Brent, who filed the charge.

Bates is accused of firing his gun outside his apartment at 20-year-old Bassim Chmait after a dispute with Chmait and his friends in February of 2005.

Chmait's friends told police that Bates pistol-whipped one of them and shot Chmait when he tried to intervene. Bates claimed that his gun went off when he was beaten by Chmait and his companions.

Bates was not arrested until five months after the incident when prosecutors took his case to a grand jury.

The last minute change did not sit well with Bates' attorney, Mike Cavalluzzi.

"To wait until now makes me question their motives," Cavalluzzi said. "If the district attorney had questions with the grand jury's finding they would've dismissed and refiled back then instead of allowing the case to proceed."

Bates worked at Los Angeles International Airport for the DHS. He was assigned to desk duty after the shooting. He is free on bond and is set to be arraigned May 31.

Judge: No Fast Track For Duke Rape Case (AP)

AP, May 19, 2006

DURHAM, N.C. (AP) -- One of three Duke University lacrosse players charged with rape wants the case resolved in time for the next school year, his attorney said in court Thursday. But the judge warned he will not fast-track the proceedings.

The case "is not going to jump ahead of the line and be handled any differently," Superior Court Judge Ronald L. Stephens said at a hearing for sophomore Reade Seligmann.

After the brief hearing, District Attorney Mike Nifong said that he intends to try all three players together and that he does not expect any trial to begin before next year.

Seligmann, 20, of Essex Fells, N.J., and Collin Finnerty, 19, of Garden City, N.Y., were indicted last month on charges of raping a woman who had been hired to strip at a team party in March. A third player, co-captain David Evans, was indicted on Monday.

"We want a trial as fast as we can," said Seligmann attorney Kirk Osborn. "This young kid wants to go to school in the fall, and he can't until this is resolved."

Seligmann was stoic as he entered the courthouse for his first court appearance, passing in front of TV cameras and photographers. He endured taunts from members of the New Black Panther Party, one of whom yelled, "Justice will be served, rapist!" The defendants are white, and their accuser is black.

The defendant was not asked any questions during the 20-minute hearing in the packed courtroom, and did not speak. Like the other defendants, Seligmann is free on $400,000 bail. The judge refused to lower that amount Thursday.

Seligmann's lawyer had planned to ask the judge for all evidence collected by the prosecution, but before the hearing the district attorney provided the defense with a copy of his entire case file, including 1,278 pages of evidence, two videotapes and a compact disc containing photos.

Evans, the only defendant to speak publicly about the charges, has called the allegations "fantastic lies" and declared that he and the two other athletes are innocent.

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Fugitive Financier Hinkley Turns Himself In At Mexican Border (DMR)

Des Moines Register, May 19, 2006

One of Iowa's most-wanted federal fugitives, a suspected millionaire swindler who disappeared nearly two years ago, has surrendered to federal marshals in Laredo, Texas, with only $40, a Mexican calling card and a pack of cigarettes.

Federal authorities say Scott William Hinkley Sr., 57, surrendered to U.S. Marshals at the Mexican border on Sunday.

Hinkley had been missing for nearly two years since he bolted from his Des Moines apartment with 33 months of probation left.

"On behalf of the plaintiffs, I'll be interested in talking with him," said Pete Cannon, a lawyer for investors who lost roughly $5.5 million when Hinkley's Iowa and Missouri Rural Investment companies vaporized in 2000. "We thought we had exhausted the asset trail," Cannon said. "But we'll take the opportunity to talk to him again."

Hinkley, a former Quaker minister turned housing financier, left his Oskaloosa home on a business trip in late June 2000 with a cargo that included boxes of company records and $175,000 in cash. While relatives publicly worried about his fate, Hinkley stayed hidden until he was discovered in October aboard a $1.3 million yacht in the Caribbean, along with a rifle and some diamonds.

Hinkley pleaded guilty in 2001 of money laundering and mail fraud and was sentenced to 3 years and 11 months in federal prison. He was released in March 2004 and had 33 months left on his prole when he vanished from his Des Moines apartment, probably in late June 2004.

U.S. Marshals in Des Moines on Thursday did not return an after-hours telephone calls seeking more information about Hinkley. A news release from Texas said marshals received a tip on May 10 that Hinkley might be in Mexico. While that lead was being investigated, Hinkley "crossed the border" on Sunday and "identified himself to U.S. authorities as a U.S. fugitive," according to the statement.

Federal authorities last year said they had exhausted all leads in the search for Hinkley and presumed that he had was living off some previously hidden money.

Cannon said accountants hired by his firm recovered roughly $3 million but found evidence that most of the rest of the money was burned up in Hinkley's extravagant lifestyle. Hinkley's flight, Cannon said, "certainly leads one to believe there might have been some other assets out there, and we'll certainly take the opportunity to talk with him again."

Former Minister Surrenders On Texas-Mexico Border (AP)

By James Beltran

AP, May 18, 2006

DES MOINES, Iowa - A former Quaker minister convicted of swindling investors out of millions of dollars has been arrested on the Texas-Mexico border after evading authorities for almost two years.

Scott Hinkley served 47 months in prison for stealing an estimated $5.5 million from 330 investors in his Iowa and Missouri Rural Investment companies. He was released in March 2004 but missed an appointment with his parole officer four months later and had not been seen since.

Hinkley, 56, was arrested Sunday after crossing from Mexico into Laredo, Texas, and identifying himself as a U.S. fugitive. He had $40, a Mexican calling card and a pack of cigarettes, according to a U.S. Marshal's statement.

"A lot of people were hoping he would be arrested," said Deputy U.S. Marshal Mike Powell, noting that Hinkley was among Iowa's most wanted fugitives.

"He gave up. There is a lot of different speculation on why he did what he did. ... We had very few leads up until recently."

Marshals received a tip May 10 that Hinkley may have fled to Mexico. Four days later he surrendered at the Bridge of America, according to the U.S. Marshal's statement.

Powell would not say how much time Hinkley had spent in Mexico, but he did say there is speculation Hinkley had used some of the stolen money to support himself. He had hid the $5.5 million in at least 28 bank accounts, and authorities have said they are not sure if they located all the funds.

Hinkley was in federal custody Thursday in Laredo awaiting a transfer to Iowa.

Al Overbaugh, a spokesman for the U.S. attorney's office, said Hinkley's supervisory release may be revoked. A judge will rule on the punishment, though Overbaugh would not speculate on its severity.

"Every case is unique, and certainly his is unique," said Overbaugh. "He has quite a past."

Authorities say Hinkley initially fled in July 2000 as his rural housing businesses were about to collapse. Leaving his wife behind, Hinkley took $175,000 in cash and some diamond jewelry. He was captured three months later aboard a $1.3 million yacht in the Caribbean.

Hinkley pleaded guilty to mail fraud and money laundering and was sentenced to 57 months in prison. He was released about 10 months early in March 2004 after he helped authorities investigate a Johnston stockbroker who was involved in the same scheme.

Lawyers for 330 investors involved in a Mahaska County lawsuit say they recovered more than $3 million of the stolen money by seizing bank accounts and selling assets such as the yacht.

Hinkley was a minister and college fundraiser in Indiana before moving to Iowa in the early 1990s. Until 1994, he was head of fundraising at William Penn University. He later became active in real-estate investment, offering "affordable, rehabilitated housing ... to low- and moderate-income people," according to company literature.

Feds Indict Fugitive Online Betting Operators (TWEB)

By Gregg Keizer

TechWeb, May 18, 2006

The Department of Justice on Wednesday announced a dozen money-laundering charges against the fugitive owners of an online gambling Web site who walked away with a quarter of a billion dollars.

"This indictment underscores the Justice Department's commitment to attacking illegal Internet gambling concerns by using federal anti-money laundering laws," the DoJ said in its statement.

William Scott and Jessica Davis laundered some $250 million raked in by their Internet betting site, which they sold in 2003 to an Australian company, Betcorp.

The pair, who have been on the lam since a separate 1998 criminal indictment in New York, walked off with their site's $250 million in profits. The government has attempted to freeze numerous bank accounts, but has been only partially successful; according to the DoJ, in 2003 it seized some $7 million out of $10 million Scott had in an account in Guernsey, a small island off the coast of France.

Scott and Davis have been charged with 12 counts of conspiracy, money laundering, and failure to disclose foreign financial accounts. The IRS is involved in the investigation because of the latter charge.

Scott, 65, remains in Antigua and Barbuda, a two-island Caribbean country east of Puerto Rico. Scott previously served time in federal prison for convictions on extortion, conspiracy, and racketeering charges.

Although Congress has considered legislation to ban online gambling, it has failed to move a bill. Opponents have argued that laws cannot stop Internet betting, since it can easily jump national borders.

Home Builder Charged In Alleged Fraud (KMBC)

By Jim Flink

KMBC-TV, May 18, 2006

OVERLAND PARK, Kan. -- A Johnson County man who was once the area's largest home builder has been charged in connection with a $25 million fraud scheme, KMBC's Jim Flink reported.

U.S. Attorney Eric Melgren returned an indictment Thursday against F. Jeffrey Miller, 45, of Stanley. Miller operated Miller Enterprises and Star Land Development.

Miller was charged with 60 counts, including conspiracy, bank fraud and money laundering.

The indictment describes Miller as the kingpin of an operation that included loan officers who forged signatures, appraisers who inflated values, realtors and developers -- all allegedly designed to con banks and down-and-out home buyers out of millions of dollars.

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"Miller advertised that he could sell homes to buyers with credit problems who had little or no money for a down payment," Melgren said in a news release. "In fact, with the help of willing co-conspirators, he defrauded banks and coerced buyers."

The indictment claims the crimes allegedly occurred from 1997 to the present in Johnson County.

Eight other people have been charged in the case: Todd Earnshaw, 45, Overland Park; Brian Rouse, 36, Overland Park; Paul E. Nicolace, 50, Overland Park; Angela Parenza, 39, Kansas City, Mo.; Elizabeth L. Hessel, 46, Overland Park; James Moser, 62, Overland Park; Steve Middleton, 45, Stilwell; and Lanny Ross, 64, Leawood.

KMBC first reported the alleged scam five years ago when homeowners contacted Channel 9. The buyers were upset about crumbling homes that had cracked foundations, leaky roofs and leaky pipes.

Eventually, both the Kansas and Missouri attorneys general got involved. The buyers' complaints led to this week's federal indictments.

Developer Charged With $25M Fraud Scheme (KCBIZ)

Kansas City Business Journal, May 19, 2006

The U.S. Department of Justice has charged a Kansas City-area builder with organizing a $25 million scheme to boost his business through conspiracy, bank fraud and money laundering.

The developer, F. Jeffrey Miller, 45, of Stanley, was charged in a 60-count indictment detailing crimes that allegedly occurred from 1997 to the present in Johnson County, the Justice Department said in a release Thursday.

According to the indictment, Miller operated Miller Enterprises and Star Land Development, which built and developed houses in the Kansas City area and was the largest building in the area in 1999 and 2000. Miller also started two companies, Associated Capital and Associated Finance, in June 1998 to prepare loan application for potential customers.

In the release, U.S. Attorney Eric Melgren said Miller advertised that he could sell homes to people with credit problems who had little money for a down payment.

"In fact, with the help of willing co-conspirators, he defrauded banks and coerced buyers," Melgren said in the statement.

Miller is charged with one count of conspiracy, 53 counts of bank fraud and five counts of money laundering. Miller also faces one count of criminal forfeiture, in which the government seeks forfeiture of proceeds traceable to the alleged crimes, including $25 million, a residence in Stilwell, Kan., and an airplane.

Among the acts prosecutors allege Miller undertook are:

• Defrauding financial institutions to make loans by using false and fraudulent pretenses and omissions of fact.

• Falsifying loan documents to qualify home buyers for mortgages for which they otherwise wouldn't have qualified.

• Providing home buyers with down payments and closing costs without the lenders' knowledge.

• Increasing the sales prices of houses at closing.

• Manipulating home buyers into moving into houses before closing to coerce them into accepting last-minute increases in the sales price at closing to avoid losing their homes.

• Selling houses at discount to investors without disclosing it to lenders.

Ex-N.C. Lottery Commissioner Indicted (AP)

By Gary D. Robertson

AP, May 18, 2006

RALEIGH, N.C. - A federal grand jury indicted a former state lottery commissioner on fraud charges Thursday, saying he failed to disclose his work for a leading supplier of scratch-off lottery tickets.

Kevin Geddings was indicted on multiple counts of mail and wire fraud. If found guilty, he could face up to five years in prison and a $250,000 fine for each charge, said U.S. Attorney Frank Whitney.

Telephone numbers for Geddings' cell phone and offices in Charlotte and Washington, D.C., were disconnected and he could not be reached for comment Thursday. A call to his home Charlotte was not returned.

He said in a voice mail message to The News & Observer of Raleigh he was "completely innocent" of the charges.

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Prosecutors said Scientific Games or a consulting firm it acquired paid Geddings' public relations firm nearly $230,000 from 2001 to 2005, but that Geddings never disclosed his financial ties as required when he filled out a state financial disclosure form.

Geddings resigned from the newly formed commission Nov. 1, just after Scientific Games officials told him they planned to reveal their payments to him and questioned why he hadn't disclosed his work for the company.

"Geddings stated if he had turned over the recent payments from Scientific Games, he would not have been appointed commissioner," the indictment said.

His indictment is the first to come out of a federal grand jury investigating possible violations of the state's lobbying and campaign finance laws. Scientific Games has cooperated with the investigation, Whitney said.

Jury Hands Up Fraud (WINSSJ)

By David Ingram

Winston-Salem Journal, May 19, 2006

A federal grand jury indicted Kevin Geddings, a former N.C. Lottery commissioner, yesterday, charging him with fraud for what investigators said was an attempt to hide $228,796 in payments from Scientific Games Corp., a lottery vendor.

Geddings was a radio-and-marketing executive from Charlotte who was active in Democratic politics when he was appointed to the N.C. Lottery Commission last year. He was one of the panel's original members, after the historic approval of the state's first modern lottery.

The grand jury charged Geddings with five counts of mail fraud and four counts of wire fraud, according to a news release from U.S. Attorney Frank Whitney.

"Geddings ... devised and intended to devise a scheme and artifice to defraud the State of North Carolina and the citizens of North Carolina of their intangible right of his honest service," according to the release, "by failing to disclose his conflict of interest arising from his nearly five-year financial relationship with Scientific Games relating to state lotteries."

The release said that the indictment "is part of an ongoing investigation" by federal and state authorities. It did not elaborate, but several lobbyists and state officials have appeared at the federal courthouse in Raleigh on days when the grand jury was expected to meet.

Grand jurors also issued a subpoena in October to the office of House Speaker Jim Black, D-Mecklenburg, who nominated Geddings to the lottery commission. The subpoena asked for documents related to Geddings and 27 other "relevant parties."

Geddings' indictment is the first that the grand jurors have issued in the investigation.

The Associated Press reported last night that Geddings left a voice-mail message with the Raleigh News & Observer saying that he is "completely innocent" of the charges. Ed Hinson Jr., a Charlotte lawyer who has represented Geddings, could not be reached for comment. Officials with the U.S. Attorney's Office also could not be reached.

Geddings was one of the nine original members of the lottery commission. Although he was appointed by Black, he had previously advised Lt. Gov. Beverly Perdue and the N.C. Senate Democratic Caucus and served as the chief of staff to former Gov. Jim Hodges of South Carolina.

Soon after his appointment in September, Geddings was forced to acknowledge a past business relationship with an executive at Scientific Games, one of the largest lottery operators in the country.

Geddings said he and the executive, Alan Middleton, had worked on several public-relations campaigns together, including one related to seat-belt use in South Carolina before Middleton joined Scientific Games. He said he had also rented office space to Middleton.

Geddings had not noted the relationship on the statement of economic interests required of many state officials. The statements are intended to uncover potential conflicts of interest, and Geddings had to file an amendment.

According to the U.S. Attorney's Office, his relationship with Scientific Games was far more extensive. Investigators say that Geddings worked for the company as far back as February 2001 and received $228,796.18.

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They also say that, on Oct. 6, Geddings or one of his employees deposited a $9,500 check from Scientific Games into a bank account belonging to Geddings' advertising company. He mailed his economic-interest statement the next day.

Investigators say that Geddings intentionally hid the payments because he knew that they would disqualify him from serving on the lottery commission.

"(Please) never acknowledge by phone that sci games is a client," Geddings wrote to an assistant on Sept. 26, according to investigators.

No one from Scientific Games returned a call for comment on the indictment yesterday. The news release from Whitney said that the company began cooperating with investigators in October.

In the first disclosure of payments to Geddings, company officials said Nov. 1 that they had paid him and his firm $24,500 in 2005 alone. He resigned from the lottery commission within hours.

In a letter to the N.C. Board of Ethics after Geddings resigned, Hinson, as Geddings' attorney, said that Geddings didn't mention his work for Scientific Games because he explicitly terminated the relationship when he was appointed to the lottery commission.

Hinson said that Geddings "deeply regrets not having made more complete voluntary disclosures, and that is why he resigned."

Julie Robinson, a spokeswoman for Black, reiterated yesterday that Black did not know the extent of Geddings' relationship with Scientific Games before appointing Geddings to the commission.

"Had the speaker known the details and exact timing of his relationship with the lottery company, he would never have appointed him to the new lottery commission," Robinson said in a news release.

LA Police: Two Women Under Arrest In Life Insurance Fraud Case (AP)

By Daisy Nguyen

AP, May 18, 2006

LOS ANGELES - Two women in their 70s were arrested Thursday for investigation of insurance fraud after they collected more than $2 million in benefits from policies issued on the lives of homeless men who were killed in hit-and-run crashes, authorities said.

Police believe the women may have committed the fatal accidents and were befriending other men to set up more insurance policies.

"Anyone would think that even though they're making financial gains for this, that they would leave the actual dirty work to someone else or hire someone," police Detective Dennis Kilcoyne said at a press conference. "We're not so sure about that anymore."

Helen Golay, 75, and Olga Rutterschmidt, 72, allegedly paid for the men to stay in apartments for as long as two years, police said. In exchange, they obtained the victims' signatures and opened more than a dozen life insurance policies that named the women as beneficiaries.

In the November 1999 and June 2005 hit-and-runs, both victims were struck in street alleys in the early morning hours and no witnesses were found, police said. In both cases, Golay and Rutterschmidt came forward claiming to be relatives or fiancees of the men.

"These women were preying and profiting from the most vulnerable victims of our society," said Michael Ingram, a bureau chief with the state Department of Insurance.

Golay and Rutterschmidt, described by authorities as longtime friends, appeared in federal court Thursday and were ordered held without bail. They were each indicted on eight counts of mail fraud for making false insurance claims, said assistant U.S. attorney Jason Gonzalez. Each face up to 160 years in prison if convicted of all counts, he said.

"We're focusing our direction directly at Helen and Olga for the murder aspect of the investigation," Kilcoyne said.

Their arrests came after authorities searched two locations Thursday morning and arrested Rutterschmidt at her home in Hollywood. Golay was arrested at the triplex she owns in Santa Monica, police said. Their assets were frozen, said FBI special agent Herb Brown.

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Both women were retired; Golay was in real estate and Rutterschmidt used to own a coffee shop, said police Detective Rosemary Sanchez.

Police traffic investigators discovered the alleged scam when they were looking into a fatal hit-and-run accident last fall. One investigator had mentioned the case of two women who had taken out large life insurance policies on 50-year-old Kenneth McDavid when another investigator recalled working on a similar case in 1999, in which 73-year-old Paul Vados was killed.

When they compared notes, they found the beneficiaries in both cases were Golay and Rutterschmidt, and the victims were homeless men, police said. Investigators say the women filed $3.8 million in claims, but around $2.4 million was paid out before authorities contacted the insurance companies.

A former roommate of McDavid's told investigators Golay approached McDavid at a church and offered to get him off the streets if he would sign an application for a $500,000 life insurance policy, according to court documents. The roommate said Golay paid for McDavid's monthly rent at a Hollywood apartment.

When it became known that McDavid was sharing the apartment with others, the roommate said a woman named "Olga" showed up with an unknown man carrying a revolver, demanding the roommate leave.

Undercover officers who spied on Golay and Rutterschmidt in recent months saw them making contact with other elderly men, possibly to set up more life insurance policies, Kilcoyne said.

"We can't sit by and wait for something else to happen or another body is found in an alley," said Kilcoyne.

Dead Men Walking? Couple Found (CHSUN)

Charlotte (FL) Sun-Herald, May 19, 2006

ENGLEWOOD -- The local couple feared dead have been found in Tennessee -- in the hands of the U.S. marshals.

Bob Carpenter, spokesman for the Charlotte County Sheriff's Office, said Thursday the Englewood couple reported missing and endangered were detained Wednesday night by police near Nashville, Tenn.

Carpenter said Shannon Gordon was arrested Wednesday for violating her probation.

Nathan Myers, 23, meanwhile, was detained by authorities, but later released.

"They're both alive," Carpenter said.

On Tuesday, a family member for Myers filed a missing endangered adult report with the Sheriff's Office. The report said the couple had been missing for about a week, and family members had received anonymous calls saying Gordon had been beaten up and Myers had been killed.

The callers said Myers was beaten to death near Pine and Fourth streets before being buried near a local preschool. Neither one had been heard from since.

"It looked a little strange," Carpenter said.

Carpenter said the Sheriff's Office's "Be On the Lookout" for the couple has been canceled.

Reports Of Shredding Lead To Subpoenas For University (NYT)

By Ronald Smothers

New York Times, May 19, 2006

NEWARK, May 18 — Federal prosecutors subpoenaed a wide range of documents on Thursday from the southern campus of the University of Medicine and Dentistry of New Jersey as part of their investigation into allegations of corruption and patronage at the institution, a lawyer for the university said.

The action came one day after F.B.I. agents raided the state university's 366-student Stratford campus to stop the shredding of documents in the office of Warren S. Wallace, the senior associate dean for academic and student affairs at the School of Osteopathic Medicine. University officials in Newark and officials in the office of a federal monitor overseeing the institution were alerted to the shredding by a call to a hot line set up to aid in the inquiry, said John Inglesino, a member of the monitor's staff.

Anna Farneski, a spokeswoman for Bruce C. Vladeck, the university's interim president, said, "We've had an inquiry from the U.S. attorney's office and we've responded as quickly as we can, as always."

Walter Timpone, a lawyer for the university, said the United States attorney's office "followed up today with a catch-all subpoena to see if there was anything that they missed."

Shortly after the call to the hot line but before federal investigators arrived on Wednesday afternoon with subpoenas for documents, Dr. Vladeck's office ordered the shredder in the Stratford office to be unplugged and all documents, shredded or not, to be secured, Mr. Inglesino said.

News of the shredding was first reported on Thursday in The Star-Ledger. The office of Christopher J. Christie, the United States attorney in New Jersey, had no comment. Without offering specifics, Mr. Inglesino said investigators for the federal monitor and the United States attorney are looking at Mr. Wallace, the senior associate dean. He said they are also examining the university's hiring of State Senator Wayne R. Bryant of Camden to a $38,220 a year job, and investigating whether the former dean of the osteopathic school, Dr. R. Michael Gallagher, pressured accountants to falsify financial reports and spent thousands of dollars of university money on lavish perks.

Senator Bryant, a Democrat and the chairman of the Senate Budget Committee, resigned from his position as a program support coordinator at the university late last year, and Dr. Gallagher stepped down this year. Mr. Bryant has denied any wrongdoing, and Dr. Gallagher has declined to comment.

Mr. Wallace, a Gloucester County freeholder and a commissioner on the Delaware River and Bay Authority, could not be reached for comment. His lawyer, Carl Poplar, did not return calls to his office.

Mr. Inglesino said that the shredding occurred just two days after the federal monitor's own investigators interviewed people at the Stratford campus. He said the entire university staff of 15,000 had been issued a blanket order not to destroy or shred documents. He said his office and Dr. Vladeck's office had been told that the items that being shredded at Mr. Wallace's office were merely faxes of documents whose originals were in the office.

But Mr. Timpone, the university lawyer, said, "With the investigations out there of Bryant and Gallagher, anything being shredded would get noticed."

The university has operated under a federal monitor, Herbert J. Stern, since late last year, when Mr. Christie's office uncovered nearly $5 million in possible Medicaid fraud there.

Tacoma Man Gets Eight-year Sentence For Tax Fraud (PUGBIZ)

Puget Sound (WA) Business Journal, May 19, 2006

David Carroll Stephenson of Tacoma was sentenced to eight years in jail for conspiring to defraud the United States and for not filing income tax returns for three years, officials at the Justice Department and Internal Revenue Service said Thursday.

Stephenson, 50, was also ordered to pay $8.5 million in restitution to the IRS, they added.

According to the government, Stephenson formed and operated "pure equity trusts," where he told his clients to place their money so they could avoid paying income taxes. More than 400 of the trusts were sold by Stephenson and his associate, Michael Joseph Shanahan, for more than $2 million, the government said. Shanahan has pleaded guilty in connection with the case and is scheduled to be sentenced next month, government officials added.

"Mr. Stephenson's sentence should serve as a warning that taxpayers should be wary of tax planning arrangements that claim to drastically reduce or eliminate their tax liability while still allowing them unlimited access to their money. Quite simply, these arrangements are illegal," said John Imhoff Jr., acting IRS chief, criminal investigation, in a statement.

Former Old Mutual Manager Pleads Guilty To Fraud Charges (BALBIZ)

Baltimore Business Journal, May 19, 2006

A former employee of Old Mutual Financial Network in Baltimore has pleaded guilty to charges that she defrauded Old Mutual and banks of more than $850,000.

The U.S. Attorney's Office said Thursday that Bryn D. Phillips, 30, pleaded guilty to one count of bank fraud and one count of mail fraud. In a statement of facts that was part of the plea agreement, Phillips admitted that she obtained more than $700,000 by falsely representing to Wachovia Bank that she had authority to transfer money from Old Mutual bank accounts into accounts that she controlled, prosecutors said.

Prosecutors also said Phillips admitted that she used a company credit card to buy herself more than $150,000 worth of goods, including a $4,000 pink mink jacket, professional basketball tickets and two Louis Vuitton handbags.

DOJ_NMG_0028968

Phillips was treasury operations manager at Old Mutual Financial Network -- a Baltimore-based network of life insurance companies -- from May 2002 until January 2005. She used the names and passwords of employees she supervised to make the wire transfers between bank accounts, prosecutors say. Phillips initially submitted reimbursement requests for the company credit card to other Old Mutual employees, later reviewing and authorizing the card payments herself, according to prosecutors.

Phillips was indicted in December on nine counts of bank, mail and wire fraud. She had pleaded not guilty to all charges in January.

Phillips is scheduled to be sentenced in August. She faces a maximum sentence of 30 years in prison, a $1 million fine and 5 years' probation on the bank fraud charge. The mail fraud charge carries a maximum sentence of 20 years in prison, a $250,000 fine and four years of supervised release. Under the plea agreement, she is also liable for forfeiture of the $860,000 that was illegally obtained, prosecutors said.

Assistant U.S. Attorney Harry M. Gruber is prosecuting the case, which the FBI and U.S. Postal Inspection Service investigated.

The Old Mutual Financial Network includes Fidelity and Guaranty Life Insurance Company, Americom Life and Annuity Insurance Company and Fidelity and Guaranty Life Insurance Company of New York. It is a subsidiary of London-based financial services company Old Mutual plc.

Taping Of Police Interviews Sought (LAT)

By Peter Y. Hong

Los Angeles Times, May 19, 2006

A state commission Thursday called for police to tape interrogations of crime suspects in serious felonies and to videotape homicide interrogations. The proposal is meant to prevent wrongful convictions.

Former Atty. Gen. John L. Van de Kamp, chairman of the California Commission on the Fair Administration of Justice, said the proposal could prevent intimidation by interrogators while also protecting police from false misconduct charges.

The panel called on the Legislature to mandate the taping through a new statute. Under the law, if interrogations are not recorded, jurors would be instructed to view confessions with caution.

The commission will hold a public hearing on the proposed law in Los Angeles in June.

Van de Kamp said the cost to police departments of implementing the program could be offset by avoiding lawsuit payouts to wrongfully convicted people. "It only takes a couple of big ones to make this cost-effective," Van de Kamp said.

Los Angeles County Dist. Atty. Steve Cooley expressed initial support for the idea. "In general, memorialization of contacts between a suspect and law enforcement investigators is helpful. A videotape is a step above audiotape in terms of its evidentiary value to prosecutors and, ultimately, to jurors," he said.

Santa Monica defense lawyer William J. Genego, who represented a man wrongly convicted because of a false confession, praised the idea. "It would be an excellent reform that would help everyone in the process: the suspect, police, courts and the public."

The Legislature established the commission to study the administration of justice in California and "determine the extent to which it failed in the past." It has no enforcement powers and is limited to recommending reforms to state and local authorities.

CIVIL LAW:

Povich Lawyer Asks Court To Dismiss Case (AP)

AP, May 18, 2006

NEW YORK (AP) — Lawyers for television talk-show host Maury Povich have asked a court to dismiss a $100 million sex harassment lawsuit against him and members of his staff and to compel the producer who filed it to arbitrate the dispute.

Bianca Nardi, 28, of Fort Lee, N.J., complained in a lawsuit filed last month that some of her supervisors at The Maury Povich Show barraged her with sexual remarks and made her watch pornographic movies, wear revealing clothing and expose her body.

DOJ_NMG_0028969

Her court papers say she had an unfairly heavy workload because she did tasks that were supposed to be done by another producer, who had an intimate relationship with Povich and often refused to do her own work — without penalty.

Povich, whose show is produced by NBC Universal, is married to veteran television news anchor Connie Chung.

Elisabeth C. Yap, an NBC Universal lawyer, said in an affidavit dated Monday that Nardi's lawyer, Bruce Baron, was told in an April 14 letter that the producer's contract required her to arbitrate any claims arising out of any alleged discrimination or harassment.

Joe Schlosser, a spokesman for NBC Universal, said Thursday: "In response to the plaintiff's (Nardi's) complaint, we have filed a motion to dismiss the case and have asked the court to instead compel the plaintiff to arbitrate her claims as required by her contract."

Baron, Nardi's lawyer, said Thursday he found it "ironic and suspect" that anyone who is innocent of accusations of illegal conduct "would not embrace the opportunity to defend themselves in a court of law as opposed to bobbing and weaving and looking to silence this in some back room."

"My client looks forward to exercising her constitutional right to obtain justice in a court of law," Baron said.

The lawsuit names Povich, NBC Universal Television Inc. and Povich's production company, Mopo, among others, as defendants.

Amazon Patent For Online Orders To Get New Review (WSJ)

By Don Clark

Wall Street Journal, May 19, 2006

The U.S. Patent and Trademark Office has agreed to re-examine Amazon.com Inc.'s high-profile patent on "one-click" online shopping, after an actor from New Zealand claimed there were possible prior inventions in the field.

An examiner for the agency ruled that the re-examination requested by Peter Calveley had raised a "substantial new question of patentability" affecting Amazon's patent, according to a document outlining the agency's decision.

The "one-click" patent was granted in 1999 to inventors that include Jeff Bezos, Amazon's chief executive officer. It covers ways that Amazon lets customers shop without having to enter their shipping and billing information each time they purchase from the company's Web site.

The Amazon patent is one of the best-known patents on business methods, which have become a hot topic in recent debates over whether the U.S. patent system should be overhauled.

Mr. Calveley's re-examination request, filed in February, includes the citation of a 1998 patent that discusses a "single action" to be used in ordering an item, according to the patent examiner's decision.

Mr. Calveley, whose credits include motion-capture performances used with computer-generated characters in the "Lord of the Rings" movies, has written in his Web log that he decided to challenge the Amazon patent after an unsatisfactory experience with the time it took for the company to ship a book he had ordered. He used the blog to solicit contributions to help pay for the re-examination request.

Patricia Smith, an Amazon spokeswoman, said the company remains confident in the validity of the patent. "We welcome the opportunity to revalidate what we believe is an important innovation in e-commerce," she said.

The patent office's decision to re-examine a patent is the first step in what can be a lengthy process. Indeed, the process of studying other inventions in the field -- known by patent lawyers as "prior art" -- can actually wind up weakening claims that could be raised in any patent-infringement litigation.

"Plainly, there is risk to the patent, but if it survives re-examination, the patent should emerge as stronger," said Alan Fisch, an intellectual-property attorney with law firm Kaye Scholer in Washington, D.C., who isn't a party to the proceeding.

CIVIL RIGHTS:

Justices Find No Misconduct By Judge (LAT)

By Maura Dolan

DOJ_NMG_0028970

Los Angeles Times, May 19, 2006

SAN FRANCISCO — The California Supreme Court on Thursday rejected claims that a judge advised a prosecutor to remove prospective jurors from a death penalty trial because they were Jewish.

The justices found insufficient evidence of misconduct by Alameda County Superior Court Judge Stanley Golde, who died in 1998. A misconduct finding could have led the courts to overturn dozens of death sentences.

The court also discounted claims that the Alameda County district attorney had a policy of barring not only Jews but also African American women from death penalty juries.

A former Alameda County prosecutor had alleged that Golde, who was Jewish, had advised removing Jewish jurors because of their perceived aversion to the death penalty.

The case had stirred wide attention because of the charges of illegal bias in jury selection and because of a study that concluded there was less than a 0.16% chance that prosecutors removed Jewish jurors from capital cases for reasons other than religion in Alameda County between 1977 and 1987.

Lawyers in criminal cases are allowed to remove a limited number of jurors for tactical reasons, but cannot dismiss them because of their race, gender or religion, or for certain other characteristics.

Golde presided over more death penalty trials in his 25 years on the bench than any other judge in Alameda County, although he personally opposed capital punishment. The allegations against Golde arose in an appeal of a man he sentenced to death.

Former Deputy Dist. Atty. John R. Quatman told defense appellate lawyers that Golde gave him some private advice in his chambers during the 1987 capital trial of Fred Harlan Freeman, who was sentenced to death for robbery and murder.

"Judge Golde called me into his chambers and asked rhetorically, 'Quatman, what are you doing?' " Quatman said under oath. "When I asked what the problem was, he said I had not challenged a prospective juror who was Jewish."

Golde "asked me if I was aware that when Adolf Eichmann was apprehended after World War II, there was a major controversy in Israel over whether he should be executed," continued Quatman, who worked in the D.A.'s office for more than two decades and was friendly with Golde. "Judge Golde said no Jew would vote to send a defendant to the gas chamber."

Quatman said he thanked Golde for his advice and "thereafter excused any prospective juror who was Jewish."

"Actually," Quatman said, "Judge Golde was telling me what I already should have known to do. It was standard practice to exclude Jewish jurors in death cases; as it was to exclude African American women from capital juries."

Citing Quatman's remarks, defense lawyers filed a constitutional challenge to obtain a new trial for Freeman.

Faced with the explosive charges, the California Supreme Court asked a trial judge to hear evidence on the claims and report back.

After five days of testimony, Santa Clara Superior Court Judge Kevin Murphy found that Golde did not direct the prosecutor to excuse prospective jurors who were Jewish. Thursday's ruling relied heavily on his report.

"It remains to be explained why Judge Golde would have perceived a need to commit misconduct by advising Quatman how to pick a jury at this very early stage," Justice Marvin R. Baxter wrote for the state Supreme Court.

Baxter also said that Quatman's "character for honesty and integrity was poor."

A former colleague testified that Quatman exaggerated a lot, and if "it didn't serve his purpose, he wouldn't tell the truth." Other lawyers voiced similar concerns, but two testified that Quatman was honest.

Baxter pointed to evidence he said showed that Quatman had a motive for embarrassing his former boss, Alameda County Dist. Atty. Tom Orloff.

The court said Orloff had once disciplined Quatman for making disparaging remarks to a female subordinate and later refused to endorse him when he ran for judge.

"Unfortunately," Baxter wrote, "Quatman's bitterness did not mellow over the years."

Justices Carol Corrigan and Ming Chin, who had been prosecutors in the Alameda County D.A.'s office, did not participate in the ruling.

Quatman left the office in 1998 and now practices law in Montana. He could not be reached for comment, and the attorneys who argued the case also were unavailable Thursday.

Judge Rejects Selective Prosecution Claims; Dixon's Waltz Trial On For May 30 (MCA)

By Lawrence Buser

Memphis Commercial Appeal, May 19, 2006

U.S. Dist. Court Judge Jon McCalla today rejected former state senator Roscoe Dixon's claims of unfair selective prosecution and refused to delay his upcoming Tennessee Waltz public corruption trial.

In a motion filed last weekend, Dixon argued that eight of the 10 Tennessee Waltz defendants are black, including all three of the state's black senators.

McCalla said federal prosecutors have "broad discretion" to enforce federal laws within boundaries set by the constitution.

He said that Dixon's claim of race-based prosecution in the FBI sting operation is not supported by any evidence that there are non-black individuals who could have been prosecuted for similar offenses but were not.

Dixon is accused of accepting $9,500 in bribes from undercover agents posing as businessmen seeking favorable votes to help their fictitious computer recycling company. His trial is set for May 30.

Judge Rejects Waltz Bias Claim (KNOXNS/AP)

By Woody Baird, Associated Press

Knoxville News Sentinel (TN), May 19, 2006

MEMPHIS — A federal judge Thursday rejected a claim that black lawmakers were targeted for prosecution in the Tennessee Waltz investigation.

Judge Jon McCalla rejected a petition to dismiss the bribery and extortion charges against former Sen. Roscoe Dixon, D-Memphis, or to delay his trial set for May 30.

In that petition, Dixon claimed he is the victim of selective prosecution because he is black.

He argued that federal agents pretending to be businessmen looking for legislative favors offered bribes to black lawmakers but not white members of the state Legislature.

That argument, McCalla said, was based on speculation and Dixon "failed to show the existence of any individuals who are not African-American and could have been prosecuted ... but were not."

Dixon also sought more access to government files to search for evidence of racial bias and for a trial delay until October. McCalla rejected those requests, too.

Tennessee Waltz focused on an FBI front company, called E-Cycle Management, that supposedly wanted to buy and resell used government computers. Prosecutors say undercover agents acting as E-Cycle representatives bribed lawmakers and local government officials while pretending to set up business in Tennessee.

Eight of the 10 defendants indicted so far in the investigation are black.

McCalla said Dixon offered no evidence to support his claim that the two white defendants, Sen. Ward Crutchfield, D-Chattanooga, and former Rep. Chris Newton, R-Cleveland, were charged in a "patently transparent attempt" to hide the government's racial bias.

Besides Crutchfield and Dixon, the defendants awaiting trials are Sen. Kathryn Bowers, D-Memphis; former Sen. John Ford, a Memphis Democrat; Shelby County Commissioner Michael Hooks and Calvin Williams, the Shelby commission's former top administrative officer.

Newton pleaded guilty to accepting bribes and is serving a one-year prison sentence. Myers and Charles Love, "bag men" who have pleaded guilty to passing along bribes, await sentencing.

William Cotton, a former county commissioner in Chattanooga, has been convicted of bribery and extortion and sentenced to three years in prison.

Voting Costs Inquiry Opens (AP)

AP, May 18, 2006

Secretary of State Betty Ireland is asking county clerks to submit detailed information about how much voting machine snafus cost them, her chief of staff said Thursday.

DOJ_NMG_0028972

The information will be used to seek compensation from Election Systems & Software, the company that supplied new voting machines around West Virginia before the May 9 primary, Ben Beakes said.

"We need to get a true picture of what happened during this election,'' Beakes said. The letter the office was to send out Thursday asks clerks to respond by May 26.

Ireland complained to federal officials the day after the primary about ES&S of Omaha, Neb., blaming the voting machine vendor for "vast delays'' and "broken promises.'' Ireland sent a complaint to the federal Election Assistance Commission, created to help oversee the federal Help America Vote Act, and contacted the U.S. Justice Department.

ES&S has said it plans to discuss ways to improve the process for future elections with Ireland and other election officials.

The Secretary of State's Office also plans one-on-one training with county clerks to address technical issues with electronic touch screen and optical scanner voting systems.

Meanwhile, Wood County Clerk Jamie Six said Ireland's office added to the problems before the primary and ignored requests for help during the canvass.

A few days before the primary, Six said he was frustrated with e-mail directives from Ireland about voting machine tests. The tests Ireland wanted him to conduct on electronic voting machines were pointless and time-consuming, Six said. Other tests he conducted were sufficient.

Six said that when he tried to discuss the issue with Ireland's staff, they said they were not going to argue with him.

"None of the staff, I believe, has ever worked in a real election. That has been real cumbersome for counties to overcome,'' Six said.

He also was upset by what he considered a lack of support from Ireland's office this week when he called with a problem during the county's vote canvass.

Six said he tried to arrange a conference call with county commissioners and the county prosecutor at a certain time, but Ireland's office left a phone message that it could not participate and cited a section of state law the county could refer to for help.

Six said he ended up finding out what he wanted to know from Cabell County, which has been using electronic machines for several years.

- advertisement -

"When you need their help, they are not there,'' Six said of Ireland's staff.

However, officials in Preston, Putnam and Upshur counties — all of which had problems before and during the primary — said Thursday their gripe is with ES&S, not Ireland's office.

Beakes said Ireland's staff tried to be responsive to Six, but no one in the office was available at the time Six wanted to have the conference call. The office gave the same law citation to other counties having similar problems and they were satisfied, Beakes said.

As for the pre-election testing, Beakes said the main problems on the day of the primary were with vote tabulation, not with the voting machines themselves. He said that proves the value of the tests Ireland wanted clerks to do.

Mom Won't Be Charged In Mall Flap (COLTRIB)

By Sara Agnew

Columbia (MO) Tribune, May 18, 2006

Charges have been dropped against a Columbia mother who was wrestled to the floor and handcuffed by Columbia police officers trying to contain a disturbance at the Columbia Mall.

The incident was one of several involving Columbia police and black residents described last month to a U.S. Department of Justice official during a meeting of the National Association for the Advancement of Colored People.

Columbia attorney David Tyson Smith said his client, Alva Scott, who is black, was simply trying to protect her children and leave the mall when officers prevented her from returning to her children, ages 2 and 8. Scott was eventually arrested and charged with trespassing, assaulting a police officer and resisting arrest.

The charges were dropped Tuesday afternoon in Boone County Circuit Court. Smith said a number of groups rallied behind his client, including members of the NAACP and other community members.

"It's been a very difficult time for Alva," he said, "but I'm proud of the support she has received."

Smith said he hopes attention brought to his client's case would prevent a similar incident in the future.

Assistant Boone County Prosecutor Connie Sullivan said she dismissed the charges because she didn't believe Scott's activity was criminal.

"She was just trying to get her little kids back," she said.

During the NAACP meeting last month, Smith said his client was shopping at the mall with her children when she heard about a disturbance in the Café Court. Worried about her teenage son and his friend, who were in the area, Scott hurried with her 2- and 8-year-olds to the Café Court to retrieve the older boys, Smith said.

When she reached the area, Scott spotted the boys and received permission from a mall security guard to enter and retrieve them, Smith said. But when she started toward the teens, she was stopped by a Columbia police officer, who pushed her toward an exit, Smith said.

But Scott's two younger children were still waiting for her, and she pleaded with the officer to let her go get them, Smith said. That's when the officer threw her to the floor and handcuffed her, Smith said. The teenage son and his friend also were handcuffed.

Smith said he is happy with the outcome for his client and credited the prosecutor's officer for "doing the right thing."

"I just hope it doesn't have to come to this again," he said.

Texans, Others Stall Voting Rights Renewal (DMN)

By Todd J. Gillman

Dallas Morning News, May 19, 2006

WASHINGTON – A revolt by Texas Republicans and other Southern lawmakers is threatening the Voting Rights Act, the landmark civil-rights law enacted to overcome the legacy of poll taxes and literacy tests.

House leaders planned a routine vote this week to extend the LBJ-era law for 25 years, avoiding a potentially ugly eruption of racial politics.

But a Georgia-Texas coalition of conservatives slammed on the brakes, angry over the special regulatory burdens of the act.

Allies from across the South gathered Thursday afternoon to strategize and take stock of their initial victory – cancellation of the planned House vote this week.

For 40 years, Texas and eight other states have had to get permission for any change in election law or procedure, major or minor – from ballot design to precinct boundaries. Justice Department lawyers review proposals to guard against cloaked efforts to discriminate against minorities.

Parts of seven other states are also covered.

Fiercely contested congressional redistricting plans in Texas, Georgia and elsewhere have undergone that evaluation in recent years.

Although Democrats and civil-rights advocates haven't always been pleased with the outcomes, they still view the law as vital.

But opponents of a lengthy extension say the targeted states have made huge leaps since President Johnson signed the law in 1965.

"Why should one state have to live under a federal law when somebody a few miles away is exempt? All or nothing. It's an issue of fairness," said a senior Texas Republican, Rep. Henry Bonilla of San Antonio.

Civil-rights advocates are livid at the delay, and Democrats accuse the Southern Republicans of insensitivity.

"Every election we have lots of intimidation," said Rep. Eddie Bernice Johnson, D-Dallas, arguing that without the current protections, "the intimidation would be even more overt. ... Unfortunately, we still have people who'd rather not have minorities vote."

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Rep. Lynn Westmoreland, a Republican from a mostly white district south of Atlanta, has led the resistance. "What we're seeing is a passionate response to this from the Georgia delegation and a growing insurgency within the Texas delegation as well," said his spokesman, Brian Robinson. "We're going to have big enough numbers to wage quite a battle."

The debate is laden with racial overtones and old wounds.

Republicans don't want to alienate black and Hispanic voters, and critics generally avoid outright demands to repeal the Voting Rights Act.

Instead they have framed the argument as an effort to modernize and take into account years of racial progress.

States that discouraged minority voters in 1964, 1968 or 1972 – with poll taxes, tests of "good character" or literacy – and also experienced low minority turnout have been subjected to federal oversight.

Blacks account for about one-third of Georgia's electorate, and roughly the same proportion of statewide elected officials, including the attorney general and chief justice.

Yet the state remains under supervision because of low minority turnout in the 1964 contest between Barry Goldwater and LBJ.

"We're going to be covered by this bill until 2032 based on who voted for Lyndon Johnson. Seriously," Mr. Robinson said. "Maybe there's a problem you didn't know about in Wisconsin, or Pennsylvania. Let those who have corrected the problems of the past go."

The critics want new evaluation formulas based on more recent elections, which would likely relieve Texas and most of the other states of their preapproval requirements, though a few states, including Nevada and California, could find themselves scrutinized more closely based on recent voting patterns.

President Bush called for renewing the Voting Rights Act in December and reiterated that stance three weeks ago, calling the act "a very important part of the civil-rights legislation. Everybody ought to be encouraged to vote."

House Judiciary Committee Chairman James Sensenbrenner, R-Wis., said the extension enjoys "broad bipartisan support," citing the 33-1 vote by which it cleared his committee last week. An aide said Thursday that a floor vote is expected soon.

Congress last extended the law in 1982. Mr. Sensenbrenner played a central role in persuading President Reagan to sign it. Last summer, the chairman promised the NAACP that he would secure another 25-year extension, and everything seemed on track two weeks ago when he joined the Democratic and Republican leaders from the House and Senate on the Capitol steps in a show of unity.

Behind the scenes, the revolt was gathering steam.

Texas Republicans, including most of the freshmen, signed on early. They brainstormed the issue at their weekly lunch last week, members said, and again Thursday.

"If it's good enough for a handful of states, it's good enough for the whole country," said freshman Rep. Louie Gohmert, R-Tyler.

Rep. Kenny Marchant, a GOP freshman from Coppell, said Texans don't like being singled out and will fight to change that, though, "I don't think that necessarily means we'll vote against it [renewal of the act] if it isn't that way."

But legal scholars have warned that the Supreme Court could strike down expansion of the law, noting that decades ago, the court gave its OK in part because the law only targeted states with proven records of discrimination.

Rep. John Lewis, D-Ga., a lion of the civil-rights movement, called the delay an 11th-hour "attempt to dilute the Voting Rights Act. This act was good in 1965. It's effective. It was signed by President Lyndon Johnson, the man from Texas, and it made America a better place."

The Senate Judiciary Committee hasn't voted on the extension. Mr. Westmoreland's office says a number of Southern senators on the panel support the Georgia congressman's resistance effort.

Texas Republican Sen. John Cornyn, who is on that committee, has no problem with the delay.

"It doesn't expire until 2007. We've got some time to work on it," he said. "There's more than the Voting Rights Act at stake. There's political calculations going on, and I want to try and make sure I understand what that's all about."

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He said he also shares concerns about another element of the law, one regarding language assistance. Jurisdictions with high numbers of people whose native language isn't English must print bilingual ballots. Some must also provide translators.

"In order to be an American citizen, you have to learn English. Why would we continue to publish ballots in a language other than English? ... That's a pretty compelling argument," Mr. Cornyn said.

But Rep. Solomon Ortiz, D-Corpus Christi, called the assistance vital given that citizenship requires only basic English proficiency.

"If we want to have these people emerge into our system," he said, "we need to also allow them to understand how our system works and have them understand what they're voting on."

Three Employees Allege Discrimination In DA's Office (JONND)

By Justin Boron

Jonesboro (GA) News-Daily, May 19, 2006

The Clayton County District Attorney's office has been hit with a trio of discrimination claims from current and former employees, at least one of whom has named the top assistant prosecutor in the office, John Turner, for retaliation and discrimination against a minority woman.

The allegations come during the first term of Jewel Scott, the county's first black district attorney. Scott hired Turner, who also is black, when she took office.

Two victims advocates — Andrea Rhymes, who is black, and Rebecca Miller, who is Latino — allege in formal complaints they were retaliated against. Rhymes alleges it was on the basis of race and a disability. Miller alleges it was on the basis of sex and national origin.

Terry Grandison, a former prosecutor who has resigned, acknowledged filing a complaint but wouldn't provide further information because he said the matter was still pending. He was hired by Scott in 2005.

Scott said she didn't see any validity in any of the complaints filed with the U.S. Equal Employment Opportunity Commission earlier this year.

"I haven't observed anything that can be construed as discriminatory, but certainly I'd be willing to sit down at the table and mediate," she said, explaining she was limited in what she could discuss about the cases. "I don't want anything I say to prejudice any kind of mediation effort.

"I would expect that they probably would have more to say because they're no longer with the office. But I want to have a fair opportunity to go in and mediate. Anything more that I would say would prejudice that process."

In a complaint filed in March, Rhymes says she was discriminated against because she is black, because she has a child with a disability, and because she opposed unlawful employment practices. Rhymes, a holdover from former District Attorney Bob Keller's administration, said she didn't want to comment because she is still employed at the district attorney's office.

Her complaint explains that she was transferred from her job as the juvenile court victim services coordinator after taking time off in January this year to be with her son during a surgery.

"Upon my return to work on Feb. 10, I was re-assigned to another position in another building and my hours were changed" and she was told by her supervisor Barbara Fernandez that she was moved "because I was never at work, I was attending school and I was not efficient in grant manager nor could she justify me working 40 hours a week."

Miller, a victim's advocate who was fired April 10, accused Fernandez of harassment and abuse, Miller's May 4 complaint shows. She was hired by Scott in June 2005.

The complaint also mentions Deputy Chief Assistant District Attorney John Turner. In an interview, Miller said Turner discriminated against her because she is a minority woman and also in retaliation for protesting what she claims as discriminatory treatment.

"I want the truth exposed, and I want my wrongful termination to be corrected," she said. "I want Ms. Scott to do the right thing."

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Miller said Fernandez was condescending, saying things like 'it doesn't take a rocket scientist to do this.' There also is an issue over $750 to $800 worth of transcripts that Miller says her supervisor told her how to order. Miller said Fernandez denied the conversation after she ordered them.

Miller and Rhymes say they notified personnel officials in the county government of their problems.

County Commission Chairman Eldrin Bell said Tuesday he wasn't aware of the claims.

Because of confidentiality regulations, equal employment officials couldn't confirm a complaint was filed or discuss any aspect of any ongoing case.

Speaking generally, Bernice Williams-Kimbrough, the director of the Atlanta district of the EEOC, said claims against local or state government agencies could eventually reach the U.S. Justice Department if they aren't resolved through mediation or if an investigation finds evidence to support the discrimination claim.

ANTITRUST:

Justice Reviews Cape Utilities (SWFL)

By Don Ruane

Southwest Florida News-Press, May 19, 2006

The federal investigation of Cape Coral utilities contracts is being handled by the Antitrust Division of the Justice Department, The News-Press has learned.

The division enforces laws that protect competition in the marketplace.

"Let the chips fall where they fall. If there was a conscious effort to fix prices, that's a problem," Councilman Tim Day said.

The projects in question became controversial among residents. They turned out in large numbers at City Council meetings to protest the $12,000 assessments they received to pay for new water, sewer and irrigation lines. Some tried to stop the projects with a lawsuit.

The FBI is assisting, but the matter is being handled by the division's Atlanta office, said Carol Michalik, spokeswoman for the FBI's regional office in Tampa.

Michalik declined to talk further about the case.

"If a case is being investigated the FBI would not comment on it," she said.

Antitrust Division spokeswoman Gina Talamona said the division does not talk about specific cases. Generally, investigations that lead the division to seek criminal penalties or civil actions are heard in U.S. District Court.

The division also reports such actions on its Internet site.

Antitrust laws address practices that limit competition and can lead to higher prices and inferior products, according to the division's Web site. The Sherman Antitrust Act of 1890 prohibits competitors from fixing prices, rigging bids and other anticompetitive behavior. Violations can lead to a $100 million fine for a corporation and up to 10 years in prison for an individual.

"To my knowledge the city is not under investigation. I have not been contacted by anyone," said Mayor Eric Feichthaler.

The projects involved were managed for the city by Kellogg, Brown & Root and MWH Americas.

KBR has not responded to requests for comment. MWH declined to comment on the situation.

But the city will cooperate fully with any requests from the agencies, the mayor said.

City Council members have said the investigation has something to do with how contractors were selected to work on the Southwest One, Two and Three utilities extension projects. Those projects extended water, sewer and irrigation lines into portions of southwest Cape Coral.

Questions about the projects were raised during an audit approved by the City Council. Mike Kessler of Kessler International is conducting the audit and has refused to comment on it and the investigation. His final report is expected in July.

The city conducts audits of the utilities extension program each year.

"We'll have to see the final audit. If we have any issues we'll get to the bottom of them," said Feichthaler, who was elected in 2005. The projects were completed or in their final stages when he was elected.

"I'm keeping my eye on this and following it very closely," the mayor said.

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Day said he hopes the investigation ends quickly.

"If they are here a week from now, still reviewing this, it's very bad," Day said. The situation raises questions about how the city sets up its utilities projects, Day said.

The city hires a construction manager who assumes all risk for problems with the project. The construction manager is responsible for all aspects of the project from design through construction. The city switched to the method after previous utilities projects led to problems that resulted in millions of dollars in legal costs for the city. The city had more of the responsibility for those projects.

"A year ago we were told there are cheaper, more effective ways to do this," Day said. "We need to take a good look at it."

But Feichthaler said he stands behind the construction manager method. He looked at previous projects and concluded the construction-manager method produced better work and a better price for the city and its residents.

"It definitely is the right process," Feichthaler said.

VNU Deal Likely As Activist Holder Concedes Defeat (WSJ)

By Jason Singer

Wall Street Journal, May 19, 2006

A group of six private-equity firms is likely to win its €7.7 billion ($9.82 billion) takeover bid for Dutch media giant VNU NV as activist shareholder Knight Vinke Asset Management LLC, leader of a revolt against the bid, has thrown in the towel and said it will tender its shares by the Friday deadline.

Knight Vinke Chief Investment Officer Eric Knight said he is ending his campaign to encourage shareholders to reject the private-equity buyout -- a deal announced in March that was recommended by the VNU board -- because many shareholders are supporting the bid, which was recently increased.

He added that shareholders could have achieved a higher price if they continued the fight against the VNU board and the private-equity consortium, which were pushing hard for the deal to be accepted.

"I think we did give them a pretty good run for their money," said Mr. Knight. "But I still believe we've left money on the table. We decided to let this one go in order to go fight the next one."

The battle over VNU, owner of the Nielsen television-ratings service and publisher of magazines such as Billboard and Hollywood Reporter, has been closely watched around the world because it was the first time a big private-equity buyout, agreed to on friendly terms, met opposition from shareholders threatening to reject it and impose their own plan for turning around the firm.

Mr. Knight, who holds a 1.2% stake in VNU, won broad support for his resistance to the deal, arguing existing shareholders could realize far more for their stake by forcing the company to cut costs and shed assets, rather than selling to the private-equity group that would do many of the same things.

Mr. Knight drafted a "Plan B" proposal for restructuring VNU, hired a headhunter to search for a new chief executive and proposed himself to be elected to the board, all of which many shareholders backed.

Earlier this month, the private-equity group, which calls itself Valcon Acquisition BV, raised its offer by 2.6% to €29.50 a share from €28.75 and said it would complete the deal with at least 80% of the shares, down from 95% previously.

The higher price, combined with the difficulty and time that would be needed to implement the Knight Vinke plan, led many shareholders that had been backing Mr. Knight to defect and say they would accept the offer.

Mr. Knight has battled with VNU for nearly a year, beginning with a letter sent to the company in June asking for the bulk of the €2 billion proceeds from sale of its directories business to be returned to shareholders rather than used for an acquisition.

A month later, VNU announced a $7 billion deal to buy U.S. pharmaceutical-data provider IMS Health Inc. Mr. Knight and others strongly opposed the acquisition and eventually forced VNU to abandon it. They then urged the company to consider breaking itself into three units and selling the individual pieces.

The Valcon group approached the company soon after, and VNU put itself up for sale. After months of close inspection of the company's books, the group made a formal bid that the board accepted but encountered shareholder hostility.

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Mr. Knight said he earned about a 30% return from his VNU holdings. But he continued to criticize VNU's board for doing "a very poor job of defending shareholders' interests."

VNU's chairman and other members of the company's board have repeatedly said they explored all avenues for achieving the most value for shareholders and the Valcon group's cash bid was higher than any other option.

The Valcon group includes Kohlberg Kravis Roberts & Co., Thomas H. Lee Partners LP, Blackstone Group LP, Carlyle Group, Hellman & Friedman LLC and AlpInvest Partners.

Symantec Sues Microsoft Over Storage Technology (WSJ)

By Riva Richmond

Wall Street Journal, May 19, 2006

Symantec Corp. sued Microsoft Corp. on Thursday, citing misappropriation of intellectual property and breach of contract.

The suit, which was filed in federal court in Seattle, Wash., involves Symantec's Volume Manager product, software it acquired with its purchase of Veritas Software Corp. Volume Manager allows operating systems to store and manipulate large amounts of data and protect systems from data loss when storage hardware fails.

Symantec alleged that Microsoft, which had licensed the Volume Management technology from Veritas, violated terms of its license agreement by using the technology to develop competing features and products. Microsoft improperly incorporated the technology into its operating system products, including Vista, and then concealed its use of the technology, Symantec said.

Microsoft issued a statement saying it had "worked hard" to try to resolve the issue, but couldn't reach an agreement with Symantec. "We believe the facts will show that Microsoft's actions were proper and are fully consistent with the contract between Veritas and Microsoft," the company said.

Symantec said it seeking "proper" compensation for damages, and wants Microsoft to stop using the technology.

FBI/DEA/ATF/USMS:

US, Mexico Join Forces In Fight Against Meth Dealers (WT)

By Jerry Seper

Washington Times, May 19, 2006

Attorney General Alberto R. Gonzales yesterday said the United States and Mexico are developing a strategy to attack large methamphetamine trafficking organizations operating on both sides of the border.

Mr. Gonzales, speaking at a National Methamphetamine Chemical Initiative conference in Dallas, said the two countries had reached an agreement for the U.S. Drug Enforcement Administration (DEA) and the Mexican government to establish specialized anti-meth enforcement teams.

In Mexico, he said, the teams will focus on investigating and targeting the most-wanted Mexican meth trafficking organizations, while DEA-led efforts on the U.S. side will focus on traffickers and distributors of the highly addictive drug produced in Mexico.

"If we work together, sharing resources and intelligence, the law-enforcement agencies of our two countries can better attack the problem at every stage in the production and distribution chain," Mr. Gonzales said.

"We will work with our Mexican counterparts to trace precursor chemicals destined for our region of the world, uncover and dismantle lab sites fueled by these chemicals and track the meth distribution trail into our country from seller to buyer," he said.

Mr. Gonzales said strong American demand for methamphetamines is fueling its production and that the public needs to be better informed about its dangers. He said the trafficking organizations combine the "sophistication of a contemporary corporation with the brutality of a street gang."

Mr. Gonzales was joined at the conference by Mexican Attorney General Daniel Cabeza de Vaca, DEA Administrator Karen P. Tandy and Office of National Drug Control Policy Director John P. Walters.

"Methamphetamine trafficking and the movement of its chemicals are now a global epidemic," Mrs. Tandy said.

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"For the first time in history, the U.S. attorney general and the Mexico attorney general are standing together to announce a real plan to tackle ... meth production.

"For those of us who have been quick to write off any hope of making real headway against drug traffickers in Mexico, today is a new day," she said.

Mr. Gonzales said the meth trafficking and distribution chain into the United States runs through seaports as well as across the land and that the DEA, in a coordinated effort with U.S. Customs and Border Protection, would take measures to detect meth and meth precursor chemicals in cargo arriving at seaports in this country.

He said Mexican authorities will take similar actions in their country.

"There is much effort under way, and plans for more, as it should be. The U.S. and Mexico share common goals. We want to be safe from terrorism, violent crime, gangs and the dangers posed by drugs," he said.

US, Mexico Join Forces To Fight Meth Labs (CNS)

CNSNews.com, May 19, 2006

Homes and other places where methamphetamine labs once operated will be listed on the U.S. Drug Enforcement Administration's website. The registry will provide owners or renters with notice that a property may be contaminated with toxic substances. That's one of the meth-fighting initiatives outlined Thursday by Attorney General Alberto Gonzales. Appearing with the Mexican attorney general at a conference in Dallas, Gonzales stressed the importance of international cooperation in fighting meth production and trafficking.

"Approximately 80 percent of all meth purchases in the U.S. originate from Mexican labs," Gonzales said. "Accordingly, we are refocusing our investigative resources on large meth trafficking organizations. DEA enforcement teams will now concentrate on meth transportation and distribution cells in the U.S. and Mexico."

Gonzales also acknowledged that without strong American demand for meth, there would be no financial incentive for Mexican organizations to continue to produce it. Gonzales said both the U.S. and Mexican governments will establish specialized meth enforcement teams. Between now and the end of this year, the Justice Department will train 1,000 Mexican police in meth lab detection, and it will donate six trucks and trailers for Mexican police to use in dismantling meth labs, which produce toxic waste.

Gonzales Heralds Efforts To Combat Gangs (AP)

AP, May 18, 2006

DALLAS - U.S. Attorney General Alberto Gonzales praised federal grants intended to combat gangs, saying it is never too late to help youths.

"You have kids here from a pretty tough neighborhood, I'm told, a lot like the neighborhood I grew up in," Gonzales said at a news conference at a community center in a high-crime neighborhood. "These kids have big dreams and it is never too little too late."

The Dallas-Fort Worth metroplex was awarded $2.5 million in March as part a $15 million pilot program that includes equal grants to Los Angeles; Tampa, Fla.; Cleveland; Milwaukee and other cities deemed to have serious gang problems.

The money will go to prevention, enforcement and rehabilitation of former gang members.

At the conference, U.S. Attorney Richard Roper announced Wednesday's arrest of 19 Crip gang members in Fort Worth on drug and weapons charges. He would not release details of the ongoing operation, but said federal and local authorities have already confiscated hundreds of grams of crack, 15 pounds of marijuana, 40 grams of heroin and $15,000 in cash. More arrests are expected, he said.

Over the past seven years, Dallas has had the highest crime rate among cities its size, according to a U.S. Department of Justice press release Thursday.

"It is not possible to pursue the American Dream if you are a member of a gang," Gonzales said. "We need to know what personal, community and family factors lead a young man or woman to join a gang."

Operation Triggertown Nabs Six Offenders (CHISTNEWS)

DOJ_NMG_0028980

Chicago Sun-Times News Group, May 18, 2006

Federal and local authorities on Thursday announced the arrest of six high-ranking gang members and drug traffickers following a six-month investigation dubbed "Operation Triggertown."

The Chicago police's Narcotics and Gang Investigation Section and the Bureau of Alcohol, Tobacco, Firearms and Explosives launched the operation in November 2005 and it culminated Wednesday with the arrest of the six offenders, including Rashod "Fatman" Bethany -- a reputed leader of the Killing Crew faction, a fragment of the Gangster Disciple street gang -- who was arrested at a Hazel Crest restaurant, according to a release from Chicago police.

Bethany was charged with federal narcotics offenses, the release said.

Quenten Hawkins, of Lafayette, Ind., was charged with state gun-running violations for allegedly transporting firearms from Indiana to Chicago and providing them to the Gangster Disciples, according to the release. A laser sight was attached to one of the firearms recovered in the investigation, the release said.

Shannon Evans was charged with first-degree murder for allegedly killing Robert Duffy, 33, of the 12000 block of South Parnell, in October 2005. State narcotics charges were pending against Evans, according to the release.

In addition, Charles "TuTu" Golden was charged with state narcotics offenses and unlawful use of a weapon by a felon, while Roosevelt "Jimmy Mac" Adams and Rickey "L'il Rickey" Long were charged with federal narcotics offenses.

During the operation, both agencies conducted undercover buys and police used a variety of electronic and technical devices that assisted the investigation, according to the release.

"Federal law enforcement collaborations at the highest levels with ATF and others are critical when it comes to dismantling sophisticated narcotics and gang operations. Community involvement and information sharing on known offenders from different gangs and their territories also helps the police continue to safeguard communities against violence and future gang conflicts," Chicago Police Supt. Phil Cline said in the release.

The police department's collaboration with ATF will be used as a model for future operations in dismantling narcotics and gang activity, the release added.

Michigan Farm Subject Of Hoffa Search (AP)

By Tom Krisher

AP, May 19, 2006

MILFORD TOWNSHIP, Mich. -- In one of the most intensive searches for Jimmy Hoffa in decades, the FBI summoned archaeologists and anthropologists and brought in heavy equipment to scour a horse farm Thursday for the body of the former Teamsters boss who vanished in 1975.

Daniel Roberts, agent in charge of the Detroit FBI field office, would not disclose what led agents to the farm, but said: "This is probably a fairly credible lead. You can gather that from the number of people out here."

No trace of Hoffa has ever been found, and no one has ever been charged in the case. But investigators have long suspected that he was killed by the mob to keep him from reclaiming the Teamsters presidency after he got out of prison for corruption.

The farm, just outside Detroit, used to be owned by a Teamsters official. And mob figures used to meet at a barn there before Hoffa's disappearance, authorities said.

Investigators began combing the area Wednesday, and the search continued Thursday and included the use of heavy construction equipment. Roberts said it would probably involve the removal of a barn.

Authorities also led cadaver dogs across the property, and the FBI called in anthropologists and archaeologists from Michigan State University.

Roberts said he expects the search to go on for at least a couple of weeks.

Hoffa was last seen on a night he was scheduled to have dinner at a restaurant about 20 miles from the farm. He was supposed to meet with a New Jersey Teamsters boss and a Detroit Mafia captain, both now dead.

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Over the years, Hoffa's disappearance spawned endless theories _ that he was entombed in concrete at Giants Stadium in the New Jersey Meadowlands; that he was ground up and thrown to the fishes in a Florida swamp; that he was obliterated in a mob-owned fat-rendering plant that has since burned down.

In 2003, authorities searched beneath a backyard pool a few hours north of Detroit but turned up nothing. The following year, they pulled up the floorboards on a Detroit home and found bloodstains, but the blood was not Hoffa's.

A law enforcement official in Washington said the latest search was based on information developed several years ago and verified more recently.

Among other things, there was a high level of suspicious activity on the farm the day Hoffa vanished, the official said, speaking on condition of anonymity. A backhoe appeared that day near the barn organized crime members had used for meetings, and that location was never used again, the official said.

The Detroit Free Press, citing people involved with the case who declined to be identified because of the active investigation, reported that the tip that led to the latest search came from Donovan Wells, who was sentenced two years ago to 10 years in federal prison for marijuana smuggling. Wells, 75, is a former associate of Rolland McMaster, a longtime Teamsters official.

At the time of Hoffa's disappearance, the property was owned by McMaster. It is now under different ownership and is called Hidden Dreams Farm.

McMaster's lawyer, Mayer Morganroth, said he doubted the FBI would find anything. "That farm was looked at with a fine-toothed comb in the '70s, when Hoffa was missing," Morganroth said. "There's nothing there."

McMaster was convicted in 1963 of accepting payoffs from a trucking company and, according to a 1976 Detroit Free Press account, served five months in prison.

Reporters were not allowed onto the property, which is surrounded by a white wooden fence just off a dirt road. Images from news helicopters showed about a dozen people, some with shovels, standing by an area of newly turned dirt about 10 feet by 15 feet.

Morganroth said McMaster was in Indiana on union business at the time of Hoffa's disappearance. He said that to his knowledge, McMaster was never a suspect. Morganroth said FBI officials visited McMaster, 93, this week at his home in Fenton, where one of several horse-breeding farms he owns is situated.

"They were just asking about the farm itself _ did he ever get any inkling?" he said.

In 1967, Hoffa was sentenced to 13 years in prison for jury tampering and fraud, but he refused to give up the Teamsters presidency. After he quit the job in 1971, President Nixon pardoned him.

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Associated Press Writers Sarah Karush in Detroit, Mark Sherman in Washington and Linley Wartenberg in Pontiac contributed to this report.

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On the Net:

Detroit FBI: http://detroit.fbi.gov

The Hunt For Hoffa Heats Up (FREEP)

By David Ashenfelter And Joe Swickard, Free Press Staff Writers

Detroit Free Press, May 19, 2006

Insiders say they're skeptical

A tip from a 75-year-old federal inmate gave FBI agents what they're calling their latest and best chance yet to crack the 30-year-old mystery of what happened to former Teamsters boss Jimmy Hoffa.

The clue brought engineers, anthropologists, ground-penetrating radar, backhoes and dozens of federal and local law officials to the pastoral and eerily ironic named Hidden Dreams Farm in western Oakland County's Milford Township.

During a news conference at the farm Thursday, Detroit FBI chief Dan Roberts wouldn't detail what brought out 40-50 agents, the largest FBI search in at least two decades. But he said the tip is promising.

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"Since I've been here, this is the best lead I've seen come across in the Hoffa investigation," said Roberts, who has been in Detroit two years.

He said the search would take up to two weeks and will involve removing a 30-by-100-foot barn.

Roberts said Thursday's search produced nothing of significance, a familiar refrain for law enforcement officials.

The digging began Wednesday when agents swooped down on the horse farm once owned by Hoffa associate Rolland McMaster, a longtime suspect in Hoffa's disappearance, said people involved with the ongoing case and who declined to be identified because of the active investigation.

The tip that Hoffa was buried on the farm came from Donovan Wells, who was sentenced to 10 years in prison two years ago in a marijuana smuggling scheme involving his Brownstown Township trucking company. Wells, who also was known as Don Wells, is a former associate of McMaster, who was a top Detroit Teamsters official until a reputed falling-out with Hoffa in the late 1960s.

Officials wouldn't say what Wells told the FBI, but said he passed a polygraph test.

During an interview Thursday, McMaster said that account was worthy of a drug-addled imagination.

"That's the poorest reporting I've ever heard," he said. McMaster said he welcomed the search.

One insider said the tip is a long shot because it would have been reckless to hide Hoffa's remains on McMaster's farm.

McMaster bought the property on East Maple Road in Milford Township in 1952 and sold it in a land-contract deal in 1977, according to Oakland County land records.

Now 93 and living on a farm in Fenton, McMaster denied any knowledge of Hoffa's fate. He said an FBI agent came to see him Tuesday and discussed his relations with Hoffa.

He said the agent never mentioned the East Maple property.

Federal agents say they believe that McMaster had a falling-out with Hoffa soon after Hoffa went to prison for racketeering and jury tampering in the late 1960s. McMaster denied that claim.

Hoffa vanished on July 30, 1975, after going to a Bloomfield Township restaurant for a meeting with Detroit Mafia captain Anthony (Tony Jack) Giacalone and Anthony (Tony Pro) Provenzano, a mobbed-up New Jersey Teamsters official.

Both Giacalone and Provenzano are dead.

Hoffa expert Dan Moldea, a Washington, D.C., author who wrote "The Hoffa Wars," said Wells is a key figure in the case.

"He lived with McMaster on his farm in Wixom, was a partner of McMaster's brother-in-law, Stanton Barr, and may know what happened to Hoffa if McMaster was involved in the disappearance," Moldea said.

Both Barr and McMaster were called before a federal grand jury in Detroit after Hoffa vanished. Moldea said he interviewed Wells in 1976 and that Wells denied any knowledge of Hoffa's disappearance.

The FBI says it believes McMaster may know what happened to Hoffa. Wells is locked up at a federal medical center in Lexington, Ky.

Some old Hoffa hands were skeptical of the new tip.

Retired FBI agent John Anthony said the horse farm is a new theory to him, and doubted its value: "Even if they find something, will it be able to lead to a prosecution? The circle of people associated with this is getting smaller all the time.

Contact DAVID ASHENFELTER at 313-223-4490 or dashenfelter@freepress.com. Free Press staff writer Frank Witsil contributed to this report.

Hoffa Tip 'Fairly Credible,' FBI Says (WP)

By Allen Lengel

The Washington Post, May 19, 2006

Dozens of FBI agents, joined by archaeologists and anthropologists, spent a second day searching a horse farm near Detroit yesterday for the remains of former Teamsters boss Jimmy Hoffa.

The agents used cadaver dogs, excavating equipment and shovels at Hidden Dreams Farm, a 80-acre spread in Milford Township, in one of the most extensive searches for Hoffa in years. Authorities said they expect to take a barn apart in the coming days as they methodically search the area.

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They are working on a tip from a 75-year-old federal inmate who pointed them to the farm, which was owned at the time of Hoffa's disappearance three decades ago by a Teamsters official, authorities said.

"This is probably a fairly credible lead -- you can gather that from the number of people out here," said Daniel Roberts, special agent in charge of the Detroit FBI office, at a news conference outside the property. "We plan to be out here for probably a couple weeks, at least, until we can finish with this entire search and make sure that we've covered everything adequately."

Hoffa disappeared on July 30, 1975, the day he was scheduled to meet organized crime figure Anthony "Tony Jack" Giacalone and New Jersey Teamsters official Anthony Provenzano at the Machus Red Fox, an upscale restaurant, in Bloomfield Township, north of Detroit.

Federal officials believe the mob killed Hoffa to keep him from regaining control of the Teamsters after serving prison time for jury tampering. Giacalone and Provenzano have since died.

Authorities said the latest search for Hoffa is the most intensive in decades. Privately, some expressed skepticism, though they said the information is credible enough to pursue.

Over the years, the FBI has received tips that Hoffa was buried in various spots, including some in Michigan and under the Meadowlands stadium in New Jersey. One FBI theory is that he was disposed of in an incinerator in Hamtramck, Mich.

U.S. Magistrate Judge Donald Scheer signed a warrant in Detroit on Tuesday for a search on the property that was owned at the time of Hoffa's disappearance by Teamsters official and Hoffa friend Rolland McMaster, who is now 93. The current owners have been there for about 10 years, the FBI said.

Law enforcement sources said the federal inmate, scheduled to be released in 2012, was a business associate of McMaster's. The inmate, who once lived on the farm, provided the tip that triggered the search. They said the convicted drug smuggler came across the information secondhand. The sources asked not to be identified because of the sensitivity of some of the information.

McMaster's attorney, Mayer Morganroth, said: "This thing is so blown out of proportion. As far as he's concerned, in '75 after Hoffa's disappearance, they went over that farm with a fine-tooth comb. I think they're going to find nothing."

No Sign Yet Of Hoffa's Body, But Search At Farm Continues (NYT)

By Micheline Maynard And Nick Bunkley

The New York Times, May 19, 2006

DETROIT, May 18 — The Federal Bureau of Investigation, plenty experienced in searching for James R. Hoffa, said a "fairly credible lead" is what led investigators this week to still another potential burial spot: a horse farm aptly named Hidden Dreams.

Using cadaver dogs borrowed from the Detroit police, and aided by students and professors from Michigan State University, F.B.I. agents began a search on Wednesday of the 80-acre farm in Milford Township, Mich., northwest of Detroit, for signs of a crime involving Mr. Hoffa, the former Teamsters president. Daniel D. Roberts, the special agent in charge of the Detroit F.B.I. office, said the search could take weeks.

In fact, the search has taken more than 30 years, and has led investigators to trash dumps, construction sites and homes throughout the region. One theory even held that he was entombed under Giants Stadium at the Meadowlands in New Jersey.

At a news conference on Thursday afternoon on a dirt road at the farm entrance, Mr. Roberts said no trace of Mr. Hoffa had yet been discovered.

Nor would he give details of the search warrant, which was sealed by a federal judge in Detroit.

But, Mr. Roberts said, "This is probably a fairly credible lead" in Mr. Hoffa's disappearance. Mr. Roberts, who has been in his position for the past two years, added that it was "the best lead I've seen come across in the Hoffa investigation."

Numerous such leads in the past have failed to turn up the body of Mr. Hoffa, who disappeared on July 30, 1975, after failing to return for dinner.

The police, who had been contacted by his family, found his 1974 Pontiac the next day in the parking lot of the Machus Red Fox restaurant in Bloomfield Township, Mich., where he was supposed to meet two organized crime figures for lunch. Neither of those men showed up.

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The restaurant is 17 miles east of the Hidden Dreams farm, whose entrance was swarmed Thursday by television crews, reporters and a few onlookers.

Over the past two days, local television stations broadcast video shot from helicopters showing agents digging a rectangular hole with shovels on one side of a barn and using a backhoe to excavate on a dirt driveway on the opposite side.

Agents also were seen walking the perimeter of the farm on Thursday afternoon, testing the firmness of the soil with tools. They briefly dug a small hole near a wooden fence before filling it in.

The latest search is the third in the past two years by the F.B.I. in the Detroit area.

Mr. Roberts acknowledged those efforts, saying, "We do not leave any leads uncovered, obviously."

Or any stones unturned, apparently. He said the F.B.I. might have to move a barn in order to dig for evidence of Mr. Hoffa's remains. But Mr. Roberts said archaeologists and anthropologists from Michigan State had told him they would be able to spot evidence of a crime, even three decades later.

In a region where everyone seems to have a theory about where Mr. Hoffa might be buried, the Milford area, dotted with farms and wetlands, has always been a logical spot.

"Anytime anybody built a road or repaired a road there was a running joke that maybe Hoffa's under there," the Milford police chief, Wayne Walli, said Thursday.

The Hidden Dreams Farm was once owned by a former Teamsters official, Rolland McMaster, who was a protégé of Mr. Hoffa.

Experts who have followed the Teamsters contend Hoffa's relationship with the union turned contentious when he was imprisoned for jury tampering and fraud. He served five years of a 13-year sentence before President Richard M. Nixon pardoned him in 1971.

At the time of his disappearance, Mr. Hoffa was hoping to stage a comeback as union president. Mayer Morganroth, a lawyer for Mr. McMaster, said Thursday that F.B.I. agents had questioned his client recently about Mr. Hoffa's disappearance. He said Mr. McMaster, 93, was saddened by Mr. Hoffa's disappearance, and called the search "ludicrous."

The property has been in the hands of its current owners for the last 10 years, Mr. Roberts said, adding that they have been very cooperative with federal agents. The F.B.I. contacted Mr. Hoffa's daughter, Barbara Hoffa Crancer, a circuit court judge in St. Louis, on Wednesday night, people with direct knowledge of the conversation said Thursday. Judge Crancer did not return a call seeking comment.

Mr. Hoffa's son, James P. Hoffa, the current Teamsters president, had no comment.

FBI Reports Promising Lead Into Hoffa Disappearance (CHIT)

By Tim Jones, Tribune National Correspondent

Chicago Tribune, May 19, 2006

MILFORD TOWNSHIP, Mich. -- After decades of following dead-end tips that led to swimming pools, trash dumps, incinerators and even beneath the floorboards of a Detroit home, the FBI said Thursday it has a promising lead into the disappearance of former Teamster President Jimmy Hoffa, nearly 31 years after the notorious labor boss was last seen.

This search for Hoffa's remains may end like all the others, but if Thursday's remarks by the head of the FBI in Detroit are an indicator, officials will spend weeks turning and carefully examining a lot of dirt at a horse farm.

"Since I've been here ... this is the best lead I've seen come across on the Hoffa investigation," said Special Agent Daniel Roberts, who was careful not to reveal much to a throng of reporters who gathered on a tree-shaded dirt road for new developments in perhaps the most famous disappearance in modern American history.

Roberts said "nothing significant" has been recovered since digging began Wednesday morning on the 85-acre farm about 35 miles northwest of Detroit.

"But the process is just starting," he added.

Roberts said the search will last at least two weeks and will involve archeologists, geologists and anthropologists from Michigan State University, as well as cadaver dogs from the Detroit Police Department.

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Architects and structural engineers will be brought in to assist in the possible dismantling of a 30-by-100-foot horse barn, under which evidence may be found.

Roberts would not comment on the contents on a search warrant, which has been sealed in U.S. District Court in Detroit. He did, however, call the lead "fairly credible."

Neighbors in this leafy rural enclave are, for now, basking in the new-found celebrity, although their quiet dirt road has become chaotic for residents like Mark and Lynne Hait. They were out with their two young boys walking their Irish setter even as a local TV reporter prepared to do a live report for the 5 p.m. news.

"It's kind of cool right now, but I'm sure it's gonna get old," Mark Hait said.

Hoffa was last seen a few miles from here in July 1975. He was formally declared dead in 1982, and the mystery of his whereabouts has fueled Web sites, documentaries, movies, books and scads of speculation, much of which re-surfaced since news of the latest dig broke Wednesday.

One report Thursday from an author of a new book on the Hoffa disappearance dismissed this latest lead, saying Hoffa was buried in New Jersey and then removed, disposed of in a car that was crushed and then shipped to Japan.

Others called the search of this farm, which was reported to be a popular meeting place of organized crime figures in the 1970s, a waste of time because nothing was found there 30 years ago.

Still, the FBI, by all appearances, seems determined to exhaust this latest lead. Graduate students schooled in geology will be used to determine whether the earth has been removed and then replaced, Roberts said. If anything is found they will check for a DNA match.

About 40 to 50 investigators and diggers were working at the site Thursday, aided by heavy equipment. And helicopters hovered above, adding a new chapter of local commotion to the long-unsolved mystery surrounding Jimmy Hoffa.

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Muslims, FBI Seek To Build Trust Strained By Sept. 11 Attacks (AP)

AP, May 19, 2006

In September, a group of Muslim men praying near the main air intake duct at Giants Stadium was detained by suspicious FBI agents.

On Saturday, the federal agency and an Egyptian-American group plan to meet at the stadium in the latest FBI push to recruit Arab-Americans and repair relations strained in the wake of the Sept. 11 attacks.

"It's an effort to build bridges with this community," said Les Wiser Jr., special agent in charge of the FBI's Newark bureau, who has made improving ties with New Jersey's Muslim community a priority. "We think it's important for them to get to know us. We're fighting perceptions we think are skewed against us."

The FBI accepted an invitation from the Egyptian American Group, an interdenominational organization that was formed after Sept. 11 when hundreds of New Jersey Muslims, Arab-Americans and south Asians were taken into custody as part of the investigation.

"We were afraid of them, and they were suspicious of us," Suzanne Loutfy, a member of Egyptian American group. "It was thought by many people that the FBI is the enemy. That's the perception we're fighting against."

Part of the event is aimed at interesting young Arab-Americans in law enforcement careers, particularly with the FBI, which needs their help as investigators and translators.

"We think the more they know about us, the more comfortable they will be," Wiser said. "We do need to get more diversity in the ranks."

Loutfy's 18-year-old son will be at the event, along with six or seven of his friends, to hear what the FBI has to say. Kareem Loutfy, a senior at Carteret High School, says he's considering a career with the agency.

"Because of my background, I can easily approach people" in Arab-American communities, he said. "They would feel much more comfortable dealing with me because of who I am, and that would be great for both sides. We need to build more trust with the people who are protecting us."

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Since the 2001 attacks, the FBI has made numerous efforts to reach out to Muslims and Arab-Americans in New Jersey. Several months after the attacks, it held a job fair in one of the most prominent mosques in Paterson. While no one there got a job with the FBI, several applicants landed local law enforcement jobs.

The FBI also has invited Muslim community leaders to conduct cultural sensitivity training with agents and civilian employees.

Other law enforcement agencies also are trying to better understand and connect with Muslims. On Thursday, Union County Prosecutor Theodore J. Romankow distributed copies of a new training video his office developed on how officers should interact with Muslims. The tapes will go to each police chief in the county, and nearly 2,000 officers will view them.

"Where there is good communication, there is a better understanding between people no matter what religion and that was the goal here," Romankow said.

The video deals with issues considered normal in Muslim culture, but which may be suspicious to authorities.

For example, a Muslim woman who is home alone will be extremely reluctant on religious grounds to let male police officers into her home, said Ali Jaaber, an imam at an Elizabeth mosque. That is normal, and should not be viewed as suspicious behavior, or an indication that she has anything to hide, he said.

The FBI in New Jersey has several Arabic-speaking employees, but could always use more, a spokesman said. Nationwide, the FBI has increased the number of its employees who speak Arabic by nearly 250 percent, although the agency would not say how many employees that represents.

On Sept. 19, 2005, a small group of Muslims attending a New York Giants-New Orleans Saints game at Giants Stadium was questioned by the FBI after fans saw them bowing down on the ground to pray.

The FBI denied their religion had anything to do with the questioning, noting that the men were in an area not normally frequented by football fans, next to the stadium's main air intake duct. The Muslims were released after about 30 minutes of questioning without being charged.

That controversy led the New Jersey Sports and Exposition Authority to set aside a special room at the stadium for anyone wishing to pray.

Kareem Loutfy said holding Saturday's fence-mending event with the FBI at Giants Stadium was appropriate, if somewhat ironic.

"It's a very good statement, actually, that in light of everything that happened, we're both still willing to move forward," he said.

Officer Details His Work Undercover Amid Muslims (NYT)

By William K. Rashbaum

New York Times, May 19, 2006

A young police detective testified yesterday at the Herald Square bombing plot trial that he was recruited from the Police Academy 13 months after 9/11 to work deep undercover in the Muslim community to investigate Islamic extremists.

The detective, a Muslim who came to America from Bangladesh when he was 7, testified that he was a 23-year-old college graduate when he was plucked from the academy in October 2002. He took an apartment in Bay Ridge, Brooklyn, where, he testified, his assignment was to be a "walking camera" among Muslims there.

He said he had no contact with the Police Department other than through his handler, to whom he reported by e-mail at first. During two years of living in Bay Ridge, he was involved in "numerous" investigations, he testified, and was at times shadowed by a field team to ensure his safety.

The Police Intelligence Division's program to post detectives overseas has been widely publicized. But this detective's testimony yesterday in federal court in Brooklyn provided the closest look yet at how the division is using undercover investigators to penetrate mosques, bookstores and other places where Muslims gather in the city.

His testimony confirmed what many Muslims have believed since the Sept. 11 attacks: that law enforcement agencies have worked to infiltrate their community during terrorism investigations. It also revealed the extraordinary steps the department took to

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create a fictitious identity so a Muslim investigator could live for years in an insular neighborhood where people have become highly suspicious of the authorities.

Beyond the detective's testimony, police officials yesterday would not discuss the scope of the program and provided no details about its structure, its guidelines or its successes or failures. The witness was identified only by a pseudonym — Kamil Pasha — to protect continuing investigations.

The detective was the final witness at the four-week trial of Shahawar Matin Siraj, 23, a Pakistani immigrant who is charged with plotting to blow up the Herald Square subway station in 2004. His lawyers have argued that he was entrapped by a paid police informer, a 50-year-old Egyptian-born nuclear engineer who they say was the driving force behind the plot. They have argued that their client was an inept dupe who was not predisposed to commit an act of terrorism until the informer inflamed him.

The undercover detective was called as a witness to rebut the defense arguments that the informer had drawn Mr. Siraj into the plot. He told the jury about statements Mr. Siraj had made long before he met the informer, which prosecutors contend show he had often spoken about violence and terrorism. The detective was not involved in the investigation of Mr. Siraj but came across him during his undercover work.

Much of the detective's testimony focused on Mr. Siraj's statements, but strands of information about the detective and his work were interlaced with his answers. And while prosecutors sought to limit testimony about the detective's background, objecting several times to questions by one of Mr. Siraj's lawyers, Martin R. Stolar, the judge, Nina Gershon, overruled the objections.

The detective testified that he graduated from the John Jay College of Criminal Justice and entered the Police Academy in July 2002. In the middle of October, roughly halfway through his academy training, he left early when he was recruited to join the Intelligence Division, where he was assigned to the Special Services Unit, which runs the undercover program.

Within three weeks, according to his testimony, he made his first appearance at the Islamic Society of Bay Ridge, a mosque on Fifth Avenue in Brooklyn, next door to the Islamic bookstore where Mr. Siraj worked. He testified that he spent time there periodically. Mr. Stolar, while questioning the detective, indicated that his reports showed he had seen Mr. Siraj 72 times over the two years, mostly in the bookstore.

He testified that he started looking for an apartment and a job. At one point Mr. Siraj's uncle was going to help him find work. With a coterie of young men who sometimes frequented the bookstore, he got involved in essentially proselytizing Islam.

He also testified that at one point he had Mr. Siraj over to his apartment. But he said he never wore a secret recording device.

The detective said he was not given any special training to work undercover but was taught about self-defense, weapons, surveillance and undercover safety.

He said, "I was told to act like a civilian — hang out in the neighborhood, gather information."

He said he was told "never to push for information," but instead to "take a back seat" and "observe, be the ears and eyes."

A slight man in a gray suit, a white shirt and a rust-colored patterned tie, the detective said he had never before testified in court. In fact, his youth and, perhaps, naïveté were in evidence at several points in the morning, including when he said he had never heard of suicide bombings before Mr. Siraj raised the subject, one he seemed to discuss often.

Mr. Stolar seemed incredulous. "You had never before heard of suicide bombings taking place in Israel?" he asked.

"I grew up with a very peaceful religion," the detective responded. "All of these comments — radical beliefs — came to me when I took this assignment." He added: "Where in Islam does it say you can blow up a train station?"

Over the course of the day, his poise on the stand grew. Most police officers make their trial debuts in less-charged atmospheres, perhaps in traffic or criminal court. For the witness yesterday, however, as the first Muslim undercover to testify, the stakes were far higher.

In fact, the stakes at the trial are perhaps higher still for the department, as evidenced by the presence for much of the proceedings of the department's highest ranking lawyer, S. Andrew Schaffer, the deputy commissioner for legal matters, and an aide. Also frequently present has been a civilian Intelligence Division analyst and for the last three days, as the possibility of the detective's testimony grew, a lieutenant from the department's press office.

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Several questions about the investigation remained yesterday. When the undercover detective began visiting the Bay Ridge mosque in 2002, the Intelligence Division was governed by a 1985 consent decree stemming from a civil lawsuit. The decree limited police surveillance of political activity and religious services.

The guidelines set by the decree, which were loosened in February 2003, required that certain paperwork be filed before such an investigation could be conducted. It was unclear yesterday whether the guidelines were followed.

Cop Testifies About Post 9/11 Undercover (CCT)

By Tom Hays

The Contra Costa Times, May 19, 2006

NEW YORK - A city police officer born in Bangladesh testified Thursday that commanders assigned him straight out of the police academy to go undercover in a Muslim neighborhood as part of their response to the Sept. 11 attacks.

The undercover investigator, who is Muslim, said at a Manhattan subway bomb plot trial in federal court that he was "told to be a member of the community, hang out and get information."

One place he hung out was an Islamic bookstore near a Brooklyn mosque, where he said he heard a Pakistani immigrant charged in the plot openly praise Osama bin Laden while damning the U.S.

During a conversation on the second anniversary of the 2001 destruction of the World Trade Center, Shahawar Matin Siraj "complimented bin Laden," the officer told jurors.

"He said he was a talented brother and a great planner and that he hoped bin Laden planned something big for America," said the officer, who testified under an alias because he is still involved in active investigations.

Siraj, 23, was arrested on the eve of the 2004 Republican National Convention on charges he plotted to blow up a subway station in Herald Square, a dense shopping district that includes Macy's flagship department store. If convicted, he could face up to 20 years in prison.

Defense attorneys have characterized Siraj as a harmless dupe who was entrapped by a crafty older informant in a phony plot that never got off the ground.

The trial is in its fourth week.

No One Charged In Motorist's Death (BRADV)

By Adrian Angelette

Baton Rouge Advocate, May 19, 2006

A grand jury Thursday decided against charging anyone in the death of motorist George Temple II, shot and killed by a civilian Feb. 17 while fighting with a police officer.

Prosecutors presented about 15 witnesses during six hours of testimony before the East Baton Rouge Parish grand jury.

Temple was shot six times during a struggle with Baton Rouge Police Officer Brian Harrison. Authorities have said Harrison pulled over Temple after he cut into a funeral procession on Greenwell Springs Road.

The traffic stop escalated into a fight between Harrison and Temple. Police have said Temple offered a bribe to the police officer, and the struggle began when Harrison attempted to arrest Temple.

During the fight, the 24-year-old Temple was shot six times. One of the bullets came from the officer's gun.

The other five came from the gun of Perry Stephens, who authorities have said came to help the officer. One of Stephens' shots hit Temple in the head, killing him.

After the grand jury returned Thursday, District Attorney Doug Moreau said his office typically has grand juries look at cases in which a death occurred and a police officer was involved.

"We think the grand jury is a good sounding board to consider the evidence, particularly when there is a case of great community interest," he said.

Prosecutor Steve Danielson presented every witness the District Attorney's Office knew about, Moreau said, including Harrison, Stephens and Police Chief Jeff LeDuff.

Moreau also said that on the state level, the case is now closed. However, the U.S. Justice Department is still investigating the case.

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Temple's mother, Sharalean, was unhappy that the state grand jury did not indict anyone in her son's death.

"It's unfair, it's unjust, and it's not over," she said.

The Temple family attorney, Nathan Fisher, said he's confident "that the courts will assess responsibility at some point in this matter."

Stephens' attorney, Tommy D'Amico, said he expected his client to be cleared.

"I believe he saved the officer's life. He certainly saved him from suffering great harm," D'Amico said. "It has always been obvious to me that my client is nothing less than a citizen hero because he stepped up to save the officer while others stood and watched."

D'Amico said he is certain Stephens will also be cleared in the federal investigation.

"I'm absolutely positive," he said. "He did what needed to be done."

At a news conference after the grand jury's decision, LeDuff noted that the East Baton Rouge Parish Sheriff's Office, not the Police Department, investigated Temple's death.

Asked whether Harrison could have done something different to circumvent the situation, LeDuff said he will not second-guess the officer.

"I wasn't there," LeDuff said. "It would be unfair for me, you or anybody to put ourselves in a place of a human being."

LeDuff also commended Stephens, who shot Temple with a .45-caliber handgun.

"I want to say thank you to Mr. Stephens," LeDuff said. "It takes a lot of courage to stand up and do what he has done and come to the aid of an officer."

Moreau also said he is aware that there are some people in the community who will not be satisfied with the outcome.

Neither Kwame Asanté, executive director for the local chapter of the NAACP, nor the Rev. Leo Cyrus, a member of the Baton Rouge Area African-American Ministers, were available for comment Thursday.

State Rep. Michael Jackson, D-Baton Rouge, who is president of the East Baton Rouge Parish Black Elected Officials group, also was not available for comment.

Some members of the three groups requested an independent investigation into Temple's death shortly after the shooting.

Temple was black. Harrison and Stephens are white. The grand jury comprised six white people and six black people.

Should DNA Be Collected From All Criminals? (CSM)

By Ron Scherer

Christian Science Monitor, May 19, 2006

ALBANY, N.Y. - In most cities and states, vandalism, shoplifting, and loitering are misdemeanors - possibly involving community service, not jail time. But those who commit such low-level crimes in New York State may soon be required to give DNA samples to authorities - just as convicted rapists or murderers do.

If the Legislature passes the proposal, which is currently being debated, New York would be the first state in the nation to require DNA samples for all convicted offenders.

Gov. George Pataki (R), who is asking the Legislature to expand DNA collection, argues that a larger database will help solve more crimes. Supporters add it will help solve future crimes because criminals who start off committing petty crimes sometimes graduate to more serious offenses.

The Empire State's move comes as DNA work in criminal investigations is under closer scrutiny. Complaints are rising about mistakes - some inadvertent, others fraudulent - at DNA labs around the country. Groups that have championed the use of DNA to verify the guilt or innocence of convicts are now campaigning against large-scale expansion of the practice, saying it would overwhelm labs. Others cite concerns about the increasing number of innocent people whose DNA is stored in a databank without their knowledge or approval.

"People have come to appreciate the power of DNA to solve crimes. They now need to respect the care that is required to maximize its potential and avoid its abuse," says Stephen Saloom, policy director for the Innocence Project, which has used DNA testing to free 176 prisoners wrongfully convicted.

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Twenty-eight states now collect samples for some misdemeanors, according to DNAResource.com, a website that tracks DNA policies. A week ago, Kansas joined California and five other states in going one step further: taking the DNA samples of some people arrested, but not necessarily charged, with a crime.

"They all tend to be violent felony and burglary arrestees," says Lisa Hurst, a government-affairs consultant with Smith Alling Lane, which represents Applied Biosystems, a maker of DNA testing equipment. Smith Alling Lane also runs DNAResource.com.

New York's proposal, however, would go the furthest, requiring DNA collection for all convicted of misdemeanors. This would add about 80,000 additional DNA profiles per year to the DNA bank, say researchers at the state's Division of Criminal Justice.

It would be well worth the effort, says Chauncey Parker, director of criminal justice for the state. "Whenever we get DNA from a convicted offender, we run it against the 18,000 unsolved crimes, mostly rapes, and we have 2,400 hits so far. When we look at those hits, we find on average when [an arrestee] is convicted, it's [his or her] 12th conviction."

He cites the example of Raymon McGill arrested July 25 for attempted robbery. DNA testing linked Mr. McGill to two earlier murders and a rape, says Mr. Parker. He also notes that McGill had been arrested in 1999 for a misdemeanor.

"Had we required DNA fingerprinting back then, he would have been linked to the rape and the case solved," says Parker.

On Monday, critics of the New York proposal publicly complained that the backlog of cases is already large. Tom Duane (D), the only state senator to vote against the New York measure, worries about the cost of expansion, as well as how to ensure proper training of personnel and storage of the samples. "What good will it do if it's not done right?" he asked.

Such concerns go well beyond New York. In February, the National Association of Criminal Defense Lawyers, in their magazine, published an article detailing mistakes that have cropped up at DNA labs around the country. "Many of the mistakes arise from cross-contamination or mislabeling of DNA samples," wrote William Thompson, a professor at the University of California, Irvine.

Thompson's concerns arise just as states and cities are expanding their use of DNA testing. Los Angeles County is preparing to open a new crime lab in 2007. A proposed county budget included funding not only for the lab, but also for prosecutors and public defenders training in DNA technology. Nebraska recently passed a bill to include felony robbery and burglary convictions among those requiring DNA samples. Wisconsin is considering a bill to add some misdemeanor-related sex crimes to its DNA-collection requirements.

But with such expansions come concerns. Mr. Saloom of the Innocence Project objects to law-enforcement agencies holding the DNA of innocent people, especially those who merely cooperated with an investigation. These samples should be destroyed, he says. "The fundamental values of government accountability and personal privacy are at stake," he says.

Some of these arguments resonate with Assemblyman Joseph Lentol (D), chairman of the Assembly Codes Committee, which deals with criminal sanctions. "We are asking [DNA labs] to destroy the DNA of an innocent party," says Mr. Lentol. "This is a privacy issue."

Parker, the director of criminal justice for the state, says cooperating individuals can ask a judge to order their samples to be returned. "The burden is on the police to always demonstrate to a judge that whatever evidence they are collecting, whether it's a DNA fingerprint or a photograph or a handwriting sample, that it has been collected lawfully and that it's being used for a lawful purpose," he says.

In addition, Assemblyman Lentol also worries that private labs will use DNA information for commercial gain. "There is an almost limitless possibility of ID theft," he worries.

That concern is addressed in the pending legislation, Parker says, by increasing the penalty for unlawful use of a DNA sample.

The governor and lawmakers have until the end of the legislative session, June 22, to come to terms on the proposal.

40 States Seek To Limit "Little Cigar" Marketing (WP)

By Kathleen Day

Washington Post, May 19, 2006

DOJ_NMG_0028991

Forty states have asked the U.S. Treasury Department to bar tobacco companies from marketing products they say are identical to cigarettes as "little cigars," a designation the states say lets the firms evade taxes and target younger consumers.

Attorneys general from the 40 states, including Maryland, want the department's Alcohol and Tobacco Tax and Trade Bureau to reverse decades-old rules that permit products the size, shape and weight of cigarettes, but have brown rather than white wrappers, to be labeled as little cigars.

"If it looks like a cigarette, smokes like a cigarette and is being marketed like a cigarette, then the federal government should classify it as a cigarette," said Bill Roach, spokesman for Iowa Attorney General Tom Miller, co-chairman of the National Association of Attorneys General tobacco committee. The attorneys general also said the "little cigars" appeal to young smokers because they cost less than cigarettes and come with flavorings such as chocolate and raspberry.

The "little cigar" label allows the companies to pay lower federal and state taxes, and to avoid payments and advertising restrictions required for cigarettes under the 1998 master agreement between tobacco companies and all 50 states, according to the petition for rule changes.

The request was filed last month with the backing of 23 states, but the National Association of Attorneys General didn't announce it until yesterday, by which 17 more states had signed on.

Since 1998, the number of little cigars sold in the United States has doubled, to about 4 billion a year, according to the Cigar Association of America, the industry trade and lobby group.

"We think that is no accident," Roach said. "We think these are being marketed in a way to get around the tax and marketing restrictions on cigarettes."

A spokesman for the Tax and Trade Bureau said the agency can write rules so there is a "bright line" drawn between cigarettes and little cigars but that the release of the rules is months away at best. Several tobacco companies and the cigar trade association also have asked the bureau to clarify the definition of the two products, industry and government officials said yesterday. Makers of "little cigars" want to make sure they are not subject to legal attacks that they are really marketing cigarettes.

Both sides agree that there is a legitimate category of cigars known as little cigars and that a clearer line has to be made between those products and cigarettes. They differ, however, on how to do that.

Norman F. Sharp, president of the Cigar Association of America, said the attorneys general are confused on many facts. "Little cigars are not cigarettes and, over the long term, they have never been substitutable for cigarettes," he told New Jersey legislators at a hearing this month. "They represent the cigar industry's attempt to give satisfaction to cigar smokers, not an attempt to attract cigarette smokers."

Representatives of four nonprofit groups -- the American Heart Association, Americans for Nonsmokers Rights, the American Lung Association and the Campaign for Tobacco-Free Kids -- disagreed. "Many of these 'little cigars' are blatantly aimed at our children," they said in a joint statement in support of the 40 states' filing. "They are cheaper and more affordable to kids than regular cigarettes because they have lower excise tax rates, and they are often sold individually rather than in packs because their classification exempts them from state laws setting minimum pack sizes for cigarettes."

Cigars are harmful, said Matthew Myers of the Campaign for Tobacco-Free Kids, but they generally are smoked less frequently than cigarettes and their smoke often is not inhaled. The products being marketed as "little cigars" are often smoked frequently and the smoke is inhaled like that from cigarettes, he said.

The little-cigar industry's retail value is about $360 million a year, Sharp said. In contrast, 380 billion cigarettes are sold each year, with retail value of more than $80 billion.

Miller, the Iowa attorney general, said that while the sales of little cigars are low compared with those of cigarettes, their growth rate in recent years, if it continues, could undo the reduction in overall smoking that the 1998 agreement achieved.

FBI: Shooting Was Part Of Sting (CHIT)

By Tom Rybarczyk And Matt O'connor, Tribune Staff Reporters

Chicago Tribune, May 19, 2006

An FBI-orchestrated weapons buy in a Dolton parking lot went awry late Wednesday, leading to the fatal shooting of an informant who was wearing a wire and being watched by surveillance teams, officials said.

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Timothy Forrest, 41, of Dolton was shot in the head at about 9 p.m. Wednesday in his car, which was parked outside a currency exchange at Lincoln Avenue and Sibley Boulevard, officials said.

FBI agents watched as the man meeting Forrest exited his vehicle and got into Forrest's car. They did not suspect anything amiss until the man hurried away and drove off, officials said.

The suspect's name was known to investigators, who captured him more than 10 hours later at a house in Alsip. He was being held for questioning Thursday night, and while FBI officials have identified him, the Tribune is withholding his name because no charges have been filed.

Forrest was married, a longtime Dolton resident and a former Cook County correctional officer. He had been accused of transporting stolen DVDs and that federal case was pending.

FBI Special Agent Tom Simon said every safety precaution was taken as the weapons buy was set up, but events like this happen "once every blue moon."

"During the meeting, the FBI surveillance team had no indication that there were any problems with the meeting until they saw [the suspect] leave the car in a hurry," Simon said.

"The surveillance team immediately went up to the car and saw that Mr. Forrest had been shot. ... It's important to understand that with a meeting like this, there are inherent risks."

FBI spokesman Frank Bochte confirmed that Forrest was wearing a wire but said the gunshots were inaudible to those listening. Veteran agents tried to call Forrest on his cell phone before rushing to the car, he said.

Simon said, "The plan was never to pounce on [the suspect] the second he left the car. The plan was to go up to [Forrest] once the coast was clear."

Forrest died of multiple gunshot wounds, and his death was ruled a homicide, said a Cook County medical examiner's office spokesman.

Dolton police, the FBI and the South Suburban Major Crimes Task Force are investigating, Dolton spokesman Sean Howard said.

"We don't have a motive and once again we are working hand in hand with the FBI," Howard said.

Law enforcement sources said there appeared to be a link between Forrest's shooting and his federal court case.

Simon said the slaying would be prosecuted by the Cook County state's attorney's office, not by federal prosecutors.

FBI officials would not comment on how Forrest became an informant and neither would his defense attorney, Neil Cohen, who represented him on the charges of conspiring to transport stolen DVDs from Memphis to Chicago in July 2004.

According to the federal indictment, Forrest rented a truck from Chicago and drove to Memphis to pick up 14 pallets of stolen DVDs. He initially was charged in Cook County with theft of more than $500,000, but the case was superseded by the federal indictment.

Forrest and two co-defendants then transported the merchandise to Chicago before he was arrested, authorities said. The case was pending, Cohen said.

"He was a very decent guy, a non-violent man," Cohen said. "His wife is shocked and bereaved, and we're awaiting the results of the FBI investigation."

His attorney did not know what Forrest did for a living, but Cook County sheriff's employment records show that he previously worked as a correctional officer at the Cook County jail from 1997 until resigning in September 2004.

Forrest's mother, Rosa Price, said she did not want to talk about her son's involvement with the FBI.

"I loved him with all my heart, soul, mind and body," Price said. "And he is gone. I don't know what else I can tell you."

This is at least the second death of an informant under FBI surveillance in the last three years in the south suburbs. In June 2003, cocaine kingpin Otis Moore shot himself in the mouth outside the Chicago Heights Police Station. The FBI planned to have Moore tape conversations with another drug dealer.

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Sentencing Delayed In FBI Sting Drug Case (PROJO)

By Mike Stanton

DOJ_NMG_0028993

The Providence Journal, May 19, 2006

PROVIDENCE -- The tortured case of Alan Blamires, the mob associate caught guarding a shipment of cocaine in an undercover FBI sting, encountered another detour yesterday.

Having pleaded guilty to conspiracy, a handcuffed Blamires was led into federal court, expecting to be sentenced for his crime. Since his arrest in January 2005, he has been held without bail at the Wyatt Detention Center in Central Falls.

But some confusion over the value of cooperation that Blamires, 50, of Johnston, has provided the authorities prompted Chief U.S. District Judge Ernest C. Torres, reluctantly, to postpone the sentencing.

This was not the first detour in U.S. v. Blamires. Last summer, a plea deal fell apart after Blamires told Torres that he was "fuzzy and blurry" from medication that he took to control his violent tendencies, and didn't understand the charges against him.

During that court hearing, Blamires also blurted out that he had "pertinent information" regarding lawyer Joseph Bevilacqua, but that prosecutors wouldn't talk to him.

U.S. Attorney Kenneth P. Madden said that he would be happy to talk to Blamires, but only after he pleaded guilty.

Finally, after a competency review and a guilty plea earlier this year, Blamires had his sit-down with Madden, an FBI agent and a Providence police detective.

Madden declined to say after yesterday's hearing what information Blamires provided, or whether it concerned Bevilacqua, the son of the late Rhode Island Supreme Court chief justice. A government motion detailing Blamires' information is sealed.

Bevilacqua is serving an 18-month federal prison term for leaking an undercover FBI videotape to television reporter Jim Taricani in a Providence City Hall corruption case, and has also been a target of an investigation by the U.S. Drug Enforcement Administration.

Madden told Torres that the information Blamires provided was "historical," and would probably not be of much use to investigators in pursuing future cases.

"There were one or two pieces of information that I hadn't known . . . but given the age of the information, there's nothing to be gained for current use," said Madden.

Nevertheless, Madden said, the government was willing to give Blamires "the benefit of the doubt" and recommend that he be sentenced to less than the mandatory minimum of 120 months, or 10 years. Madden recommended 108 months, while Blamires' lawyer, Richard K. Corley, urged the judge to go lower.

That prompted Torres to question the criteria that he could consider in fashioning a sentence. He asked the lawyers to file memoranda within 10 days.

Blamires is the last of three defendants to be sentenced following guilty pleas to charges related to guarding the cocaine shipment at a Cranston hotel on Jan. 18, 2005.

Matthew L. Guglielmetti Jr., a capo regime in the Patriarca crime family, is serving a 136-month prison term after admitting to his role in recruiting Blamires and Anthony P. Moscarelli to guard 67 kilograms of cocaine that was supposedly passing through Rhode Island. Moscarelli is serving a 96-month sentence.

Guglielmetti was working for an undercover FBI agent who was posing as a drug dealer.

The case grew out of a larger undercover investigation in which an FBI agent posing as a businessman operated a construction business with Guglielmetti as a silent partner, probing alleged corruption in the Rhode Island construction world.

When Guglielmetti, Blamires and Moscarelli were arrested last year, authorities also searched offices of the Laborers' International Union in Providence and a New England Laborers' training fund and its administrator, state Sen. Dominick J. Ruggerio.

No charges have been brought in connection with that phase of the investigation. Asked after yesterday's hearing if authorities will move forward once Blamires is finally sentenced, prosecutor Madden replied, "I can't talk about the Laborers'."

4 Officers Receive National Honors (PROJO)

By Gregory Smith, Journal Staff Writer

The Providence Journal, May 19, 2006

Three officers from Providence and one from East Providence are honored for their invesitgation of the Latin Kings gang.

DOJ_NMG_0028994

PROVIDENCE -- Three police investigators from Providence and one from East Providence who teamed up in a long-running drug case to apprehend 26 members of the Almighty Latin Kings Nation gang are among the TOP COPS in America.

That is what the National Association of Police Organizations thinks of Lt. Thomas A. Verdi and investigators Robert Colanduono and Robert M. Enright, all of Providence, and investigator Karl R. "Jake" Jacobson of East Providence.

The association, an advocacy group that includes police labor unions and citizens, annually gives out a handful of awards for police work above and beyond the call of duty.

It treated the four police officers and 19 other honorees to a Hollywood-style awards ceremony at the Warner Theatre in Washington, D.C., last weekend.

The highlight of the ceremony, which featured the stars of TV law enforcement shows as master of ceremonies and award presenters, were sometimes dramatic video reenactments of the winners' crimebusting exploits.

"You watched the audience go from tears to cheers," Verdi said, as first the crimes were shown in each of 10 reenacted cases, one of which included the murder of a police officer in another state, and ultimately the arrests.

One of the honorees was a New York City police officer who donated a kidney to a former partner.

Verdi said it was a privilege to be honored, given the caliber of the other winners' achievements.

"It was humbling," he said.

In the real-life police case in Rhode Island dubbed Operation Royal Flush, in which a slew of federal and state law enforcement agencies cooperated in 2003-2004, the Providence police made the largest single seizure of cocaine in department history in 2004: Nearly 23 kilos worth an estimated $575,000, which had been stashed in a minivan.

Operation Royal Flush was heavily dependent on wiretaps of more than 32,000 telephone calls among Latin King gang members. Investigators heard gang members speaking in code, which they partially deciphered.

"It was characterized by a lot of on-the-street surveillance, and we would take turns in the wire room," listening to wiretapped conversations, which could be, at turns, funny, serious and tedious duty, Jacobson said last night.

Taking a break from tailing a criminal suspect in another case, Jacobson said in an interview on his cell phone that it was difficult to penetrate a Hispanic gang such as the Latin Kings because they enrolled members at a young age. It would have been no easy matter to have infiltrated it with a Hispanic undercover officer, he said.

"It takes a lot of money to do a wiretap," said Jacobson, who expressed appreciation for the federal and state support of the probe. He paid tribute to the work of, among others, three members of the U.S. Drug Enforcement Administration: Special Agents Anthony Cardello and Kathleen Kelleher and intelligence analyst Andrea Metz.

The National Association of Police Organizations said the winners from Providence and East Providence "spent innumerable hours with dedicated precision to ensure the end to a lawless and brutal regime called the Almighty Latin King Nation. . . ."

The investigation took 11 months and dominated the lives of the officers involved.

"During my 18 years [in policing] there have been many terrific moments, but being nominated for this prestigious award culminates my lifelong dream," Colanduono said in a statement. "My wife, Tracey, has ate, drank and slept this case as much, if not more, than I. She is my sounding board and backbone; her sacrifice and unending love made it all worthwhile."

Providence Mayor David N. Cicilline hailed the three Providence officers for "their extraordinary police work" and for removing dangerous drugs from city neighborhoods.

The four officers have been honored previously for the Latin Kings case: The Providence trio received the Chief's Award and Jacobson was given the Exceptional Service Award.

In reconstructing Operation Royal Flush for the video at the ceremony, the producers used surveillance video from the investigation and did on-camera interviews with the investigators at places in Providence that figured into the case.

The master of ceremonies for the awards -- the registered trademark is TOP COPS Award -- was John Walsh, host of the Fox TV show America's Most Wanted, and the award presenter for the four Rhode Islanders was actor Jeremy Ratchford, who portrays a detective on the CBS police drama Cold Case.

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A 14-member committee that included Ed Meese, former U.S. attorney general; Stacie Dotson, a forensic identification specialist for the National Center for Missing & Exploited Children; and David Holway, president of the International Brotherhood of Police Officers, selected the winners.

Feds Bust Man In New Castle Drug Sales (PPG)

By Paula Reed Ward, Pittsburgh Post-gazette

Pittsburgh Post-Gazette, May 19, 2006

A man who federal authorities say has been selling large amounts of cocaine for years in New Castle was arrested this week.

Dion Mercer, 37, has been charged with one count of conspiracy to distribute more than 5 kilograms of cocaine and more than 50 grams of crack.

According to a six-page affidavit filed by a Drug Enforcement Administration agent, Mr. Mercer has been selling large quantities of cocaine for four years.

Mr. Mercer was convicted of drug trafficking in federal court in 1997. In that case, he cooperated with officials to receive a reduced sentence. At the time of this week's arrest, he was on federal supervised release as well as state parole from drug charges.

DEA Agent Larry Forletta said in the affidavit that the case is based on interviews he had with at least nine people involved in drug dealing with Mr. Mercer, a controlled crack buy by a confidential informant, a phone trace on his cell phone and surveillance.

"We have attempted to do surveillance on Mercer numerous times," Agent Forletta wrote. "He is very conscious of surveillance and routinely conducts counter-surveillance."

The affidavit outlines one instance on May 2, when Mr. Mercer was meeting with Ricky Pinkins, who'd just been released from prison on a murder charge.

"After the meeting ended, Pinkins was observed traveling at a high rate of speed," wrote Agent Forletta. "We believe Mercer detected our surveillance because after noticing my car near the scene where he was meeting with Pinkins [he had detected my vehicle on a prior surveillance], he began to chase me through the streets of New Castle."

According to Agent Forletta's sources, Mr. Mercer used his mother's home on Raymond Avenue for his business, as well as a wooded area behind the Crestview Garden complex.

Mr. Mercer's cocaine supply came from Detroit, the agent wrote in the affidavit.

Though the U.S. attorney's office said this case is unrelated, in February, officials from the state attorney general's office announced charges against 27 adults and one juvenile in a crack cocaine ring that involved gangs from Detroit moving into New Castle to take over local crack sales.

The U.S. attorney's office wouldn't say whether this is an ongoing investigation or whether more arrests are expected.

Mr. Mercer remains in federal custody pending a preliminary hearing Monday.

Second Hearing On Detroit Drug-Search Case Shows Deep Divisions On Supreme Court (NYT)

By Linda Greenhouse

The New York Times, May 19, 2006

WASHINGTON, May 18 — It did not take very long during the Supreme Court's final argument of its term on Thursday to see why the court had decided to schedule a second hearing in this less-than-monumental case about a search for illegal drugs in a Detroit home.

The justices were deeply engaged, and deeply split.

It is a logical inference that they were deadlocked at 4 to 4 after the first argument on Jan. 9, and that it is now up to Justice Samuel A. Alito Jr., who took his seat later that month, to break the tie.

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But that is not necessarily the case; any Supreme Court decision is a work in progress until it is issued. "I may have my mind made up, but I'm open to change," Justice Stephen G. Breyer told Timothy A. Baughman, a lawyer from the Wayne County, Mich., prosecutor's office who argued for the state.

Nonetheless, Justice Breyer proceeded to make it clear that he remained unpersuaded by Mr. Baughman's argument that the Michigan Court of Appeals was correct in refusing to exclude from Booker T. Hudson's trial the drugs the police found when they executed a search warrant by bursting into his home without knocking or waiting for him to open the apparently unlocked door.

This means of entry violated the "knock and announce" rule that modern Supreme Court precedents have made part of the current understanding of the Fourth Amendment's prohibition of unreasonable search and seizure. There was no dispute that the Detroit officers' action violated the rule. The question for the justices was what consequences should flow from the violation.

"A child of 2," Justice Breyer told the prosecutor, would know that the officers' sudden entry made it more likely that they would find the incriminating evidence. To permit evidence found in these circumstances to be admitted at trial would be "to let a computer virus loose in the Fourth Amendment," he said.

Justice Alito had no questions for Mr. Baughman, but he asked questions of the defendant's lawyer, David A. Moran, that suggested some sympathy for the state's position.

Justice Alito asked Mr. Moran to assume that the police had waited 10 seconds before entering, rather than the 3 or 4 seconds that they actually waited after they announced their presence through the closed door. The Supreme Court's precedents have suggested that 15 to 20 seconds is the appropriate delay. Would excluding the evidence "be in any way proportionate" if the police were only "slightly on the wrong side of the line?" Justice Alito asked.

Perhaps not if it was really that close, as opposed to the "flagrant violation" in this case, Mr. Moran replied. The rule that illegally seized evidence should be excluded was meant to deter the police from violating the Constitution in the first place, he said. "Is there any method of deterrence other than teaching by example?" he asked.

What about telling police officers that they will not be promoted if they violate suspects' rights, Justice Antonin Scalia wanted to know. His suggestion appeared more rhetorical than serious, serving along with a number of his other interjections to make it clear that he was on the state's side in the case, Hudson v. Michigan, No. 04-1360.

Chief Justice John G. Roberts Jr. also appeared firmly in the state's camp. He asked Mr. Moran, who is associate dean of Wayne State University Law School in Detroit, what difference it would have made had the police waited 15 or 20 seconds instead of 3 or 4 after announcing their presence.

Mr. Hudson would have left the chair where he was sitting and admitted the officers, Mr. Moran said.

Why make that assumption, the chief justice wanted to know, observing that the police found a loaded gun and crack cocaine at Mr. Hudson's seat. Would Mr. Hudson really have exclaimed, "Oh, it's the police, let's see what they want?" Chief Justice Roberts asked.

Mr. Hudson was found guilty of drug possession and was sentenced to 18 months' probation.

The federal government, entering the case on behalf of the state, argued in a brief filed by the solicitor general's office that "suppression is too high a price to pay for a particular violation when the causal link between the violation and the acquisition of evidence is weak, nonexistent, or irrelevant."

Justice David H. Souter told David B. Salmons, an assistant solicitor general, that "if we accept your argument," the knock-and-announce rule "is a dead letter" because it would so often be difficult to prove that an illegal entry led to discovery of a particular piece of evidence.

Justice Souter, whose sympathy for the defense was clear, said that requiring such a link ignored an important reason for the knock-and-announce rule: "that there is enough respect for a person's privacy to say that the police should not barge in like an invading army."

Privacy Case May Rest On Alito Vote (WP)

By Charles Lane

The Washington Post, May 19, 2006

DOJ_NMG_0028997

The Supreme Court heard a rare mid-May oral argument yesterday, on the authority of police to search private homes without knocking first -- in a major privacy-rights case likely to be decided by the vote of the court's newest member, Justice Samuel A. Alito Jr.

At issue in Hudson v. Michigan , No. 04-1360, is the "knock and announce" rule rooted both in the Fourth Amendment to the Constitution and Anglo-American common law. The rule says that, in normal cases, police with a search warrant must knock and state their purpose, then wait a reasonable period for an answer, before forcing their way in.

Most federal and state courts that considered the question have said courts must exclude evidence seized by police who did not follow the rule. But in recent years, the Michigan Supreme Court has joined the minority that says no such "exclusionary rule" is required.

When the court first heard oral argument on Jan. 9, Justice Sandra Day O'Connor was still on the bench. But O'Connor stepped down before the court could issue its opinion.

The court then announced it would hear arguments again. It gave no reason, but since it could have issued a decision if there were still five votes for one side without O'Connor, the most probable explanation is that the court was divided 4 to 4 and needed Alito, a former prosecutor who built a strong pro-police record as a federal appeals judge, to break the tie.

Liberals on the court openly worried that Michigan's approach would carry the day -- effectively gutting the "knock and announce" rule and, potentially, other restrictions on police searches.

Justice Stephen G. Breyer said that if the court rules in Michigan's favor, "we'd let a kind of computer virus loose in the Fourth Amendment. I don't know what the consequences would be."

Michigan courts upheld the 2002 drug possession conviction of Booker T. Hudson Jr., ruling that the officers who burst into his Detroit home three to five seconds after crying "Police! Search Warrant!" would have found crack cocaine in his jeans even if they had knocked and waited.

Under a 1999 Michigan Supreme Court ruling, defendants such as Hudson can prevail if only they show that the police's failure to knock directly caused the discovery of the evidence.

Michigan does not dispute that the officers technically violated the "knock and announce" rule. It argues, rather, that since they had a warrant, their presence in the house was legal even if the way they got inside was not.

Michigan also argues that the "knock and announce" rule can be adequately enforced by private lawsuits for damages against the police, or by internal police discipline -- a position echoed by the Bush administration, which supports Michigan.

But David A. Moran, a lawyer for Hudson -- who is also backed by the American Civil Liberties Union, the libertarian Cato Institute and the National Association of Criminal Defense Lawyers -- told the court that only the threat of excluding evidence is enough to protect citizens from the shock and embarrassment of a sudden police raid.

"People should have the right to answer the door in a dignified manner," Moran said.

Alito posed few questions, but those that he did ask implied that he sympathized with the state.

He asked Moran what difference it would have made in the case if the officers had waited 10 seconds before going in -- that is, more than the three to five seconds they waited, but fewer than the 15 seconds Moran proposed as a minimum.

For such a small violation, Alito asked, "Why would suppression [of the evidence] be proportional?"

Moran explained that the exclusionary rule was needed for deterrence, but his response did not satisfy Alito.

"You've contradicted your premise," the justice told him.

This contrasted with the tone O'Connor struck during the Jan. 9 argument, in which she suggested to Michigan's lawyer, Timothy A. Baughman, that "if the rule you proposed is adopted, then every police officer in America can follow the same policy. Is there no policy of protecting the homeowner a little bit, and the sanctity of the home from this immediate entry?"

A decision is expected by July.

IMMIGRATION:

More Suspected Illegals Held (CINE)

By Jim Hannah

DOJ_NMG_0028998

Cincinnati Enquirer, May 19, 2006

FORT MITCHELL – U.S. Marshals have detained more suspected illegal aliens as part of an ongoing investigation into the use of laborers in Northern Kentucky's home-building industry.

Five or six suspected undocumented workers were arrested Wednesday afternoon at Fountains at Lakeside Park apartments in the 2500 block of Kirkland Court. (The complex was formally known as Lakeside Village.)

Fort Mitchell police Chief Steve Hensley said his officers found the suspected illegal aliens while helping federal agents serve a search warrant at one of the apartments. Hensley said officers didn't go to the apartment specifically looking for illegal aliens.

U.S. Immigration and Customs Enforcement officials and the U.S. Marshals Service couldn't immediately be reached for comment.

Last week, 76 suspected illegal aliens were arrested as part of the two-year investigation. Two apartment complexes in Boone County have previously been raided along with several construction sites.

The corporate headquarters of the Crestview Hills-based Fischer Homes was also raided by federal agents last week. The builder denied any wrongdoing, but four of its construction site supervisors were charged with harboring illegal aliens.

Some of the suspected illegal aliens arrested last week are scheduled to appear Friday in U.S. District Court in Covington.

Bush Now Favors Some Fencing Along Border (NYT)

By Elisabeth Bumiller

The New York Times, May 19, 2006

YUMA, Ariz., May 18 — President Bush traveled on Thursday to a blistering stretch of scrub land surrounding the nation's busiest Border Patrol station and declared that he supported fencing some but not all of America's 1,950-mile border with Mexico.

"It makes sense to use fencing along the border in key locations in order to do our job," Mr. Bush said in a speech at the headquarters of the Yuma Sector Border Patrol. "We're in the process of making our border the most technologically advanced border in the world."

Mr. Bush has in the past indicated he is opposed to fencing, and White House officials were kept busy on Thursday trying to explain the change in his position. Tony Snow, the new White House press secretary, told reporters on Air Force One that the White House supported a Senate amendment, passed on Wednesday, that would build 370 miles of fence in areas most often used by smugglers and illegal workers.

"We don't think you fence off the entire border," Mr. Snow said. But, he added, "there are places when fences are appropriate."

Earlier on Thursday, Mr. Bush sent a letter to Congress requesting $1.9 billion to pay for putting up to 6,000 more National Guard troops on the border with Mexico. The troops were the main news in his immigration speech on Monday.

The request for money and Mr. Bush's tough words on fencing amounted to his latest effort to win over House conservatives who want an immigration bill focused on strengthening border security instead of a temporary guest worker program favored by the Senate. Mr. Bush likes the Senate plan, which would give most of the nation's 11 million illegal immigrants a chance to become American citizens, but he is trying to meld both approaches into a single bill that he hopes will be the major legislation of his remaining two years as president.

"Our country is a country of laws, and we've got to enforce our laws," Mr. Bush said at the Border Patrol headquarters, where outside temperatures reached 104 degrees. "But we're also a nation of immigrants. And we've got to remember that proud tradition, as well, which has strengthened our country in many ways."

Mr. Bush said that he believed a temporary worker program would reduce the number of people trying to enter the country illegally. Hundreds of Mexicans have died in the heat in recent years trying to enter the country through the Sonoran Desert, between Yuma in the west and Nogales, Ariz., to the east. Since October 2005, the Yuma sector of the Border Patrol, which stretches for some 125 miles along the desert boundary between the United States and Mexico, has reported 17 deaths.

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"I understand there are many people on the other side of the border who will do anything to come and work," Mr. Bush said. "And that includes risking their life crossing your desert, or being willing to be stuffed in the back of an 18-wheeler."

The president was met here by Gov. Janet Napolitano of Arizona, and then toured a dirt field a few hundred feet from the border, where there were five watch towers and a fence of corrugated metal about 20 feet high.

After the tour, Mr. Bush gave back-to-back interviews of three to five minutes each to five broadcast and cable networks — CNN, Fox, NBC, ABC, CBS — to press his immigration plan.

Bush Says Border Fencing Makes Sense (AP)

By Jennifer Loven

The AP, May 18, 2006

President Bush peered across this hot, dusty and very busy illegal crossing point on Thursday, hoping to offer conservatives balking at a broad immigration bill firsthand evidence that he's serious about tightening the nation's 2,000-mile border with Mexico.

He said fences would help stop people from sneaking into the United States.

The president showed off a section of the border that is seeing a rising tide of illegal immigrants and other smuggling. The United States is responding with increased manpower — including help from the National Guard — and a newly beefed-up enforcement zone that features two layers of tall fencing, a concrete culvert, floodlights, watch towers and camera surveillance.

"I think it helps to have the president out here, seeing the part of the area of the country that one time was overrun by people coming in here, that's beginning to get settled down because of a strategy that's being employed," Bush said later in a packed room at the Border Patrol's Yuma Sector headquarters about 30 miles away.

"People's work is making a difference," the president said. "But we do not have full control of the border."

Bush wants a sweeping immigration overhaul that combines enhanced border security measures with a guest worker program.

But he faces stiff resistance from conservative Republicans, particularly in the House, who prefer a get-tough approach and largely oppose a Bush-backed guest worker program, which they see as providing amnesty for criminal behavior. House legislation that passed last year would make all illegal immigrants subject to prosecution as felons.

While the president visited the U.S.-Mexico border, the Senate continued a heated debate over broad legislation that largely does what Bush wants. It includes measures to tighten control over the borders, create a guest worker program and offer a path to citizenship for to many of the estimated 12 million illegal immigrants already in the country.

The Senate voted to make English the national language of the United States. Moments later, it voted to say that English was a "common and unifying language."

"The Senate needs to get the bill out," Bush said.

Eager to win over conservative opponents, the president has been talking increasingly tough. On Monday, he proposed deploying up to 6,000 National Guard troops along the international line to support Border Patrol agents until their ranks can be expanded.

On Thursday, he said it makes sense to put up fencing along some parts of the border.

Bush did not declare his support for either of Congress' two competing proposals — one approved by the House that would build 700 miles of fencing and a provision in the Senate bill that would build half that. Instead, he said the decision should be up to the Border Patrol.

"It makes sense to use fencing along the border in key locations in order to do our job," he said,

The president has talked repeatedly about the wisdom of walling the border in urban areas but has also signaled opposition to widespread fencing — which is hotly opposed by his ally, Mexican President Vicente Fox. Bush told Fox News, in one of five television interviews he granted while visiting the border to further press his message: "Whatever works."

Bush also defended those who oppose his immigration proposal against criticism that there is an element of racism to their stance.

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"I think it would be too harsh a judgment to say that somebody who doesn't support a comprehensive immigration plan is a racist," the president told CNN. "I don't believe that. I do believe citizens have got legitimate concerns, realizing that parts of this border have been open for anybody who wants to come across."

Bush's motorcade took him to a section of 6.9 miles of fencing that guard this area, the nation's busiest immigrant-smuggling hot spot. The president climbed up to a berm overlooking the 150-foot-wide border enforcement zone, which has recently added a new secondary fence of chain links and razor wire to a 20-foot-tall wall of corrugated metal. Guided by Border Patrol officials and Arizona Gov. Janet Napolitano, the president also reviewed a line of Border Patrol vehicles and display booths.

He also had a close encounter with the Washington debate, as he was joined on Air Force One by Arizona Republican lawmakers who have taken sharply different positions in the debate. Rep. J.D. Hayworth (news, bio, voting record) advocates doing anything possible to close the nation's porous border, while Republican Reps. Jeff Flake and Jim Kolbe teamed up to sponsor guest worker legislation similar to Bush's proposal.

The president suggested he got an earful from his guests, telling his audience in Yuma that the group is "a good bunch — a little rambunctious at times."

Meanwhile, Lt. Gen. Clyde A. Vaughn, chief of the Army National Guard, said Guard members from hurricane states will not be expected to contribute troops to the border effort until the end of the storm season.

Bush Backs 370-mile Fence Along Border (WT)

By Stephen Dinan

The Washington Times, May 19, 2006

YUMA, Ariz. -- The Bush administration announced yesterday it supported the Senate amendment calling for 370 miles of fence along the U.S.-Mexico border, marking the first time it is has endorsed a specific amount of fencing.

But White House spokesman Tony Snow told reporters traveling on Air Force One yesterday he would not get into a discussion on whether the Bush administration would also support the fence proposed in last year's House bill, which calls for 698 miles of fence to be built.

Hours later, after touring a section of the border at San Luis, Ariz., President Bush told an audience here at the U.S. Border Patrol station in Yuma that fences make sense -- in some cases.

"We saw some new fencing taking place. It makes sense to use fencing along the border in key locations in order to do our job," Mr. Bush said.

The administration yesterday sent to Congress a $1.9 billion immigration spending request, covering 1,000 of the 6,000 new Border Patrol agents Mr. Bush says will be hired over the next two years, and paying for temporary deployment of the 6,000 National Guard troops the president called for Monday.

He also gave his strongest praise yet of the full proposal now in the Senate, calling it "a good immigration bill." That bill includes a right to citizenship for illegal aliens who have been in the country more than two years, and a future foreign worker program that would also offer a path to citizenship -- something Mr. Bush's own proposal does not do.

Some members of Congress, in looking over the new spending request, said Mr. Bush was late in realizing the need for more border enforcement.

"Let me get this straight: when it comes to border security, the president was against it before he was for it," said Sen. Robert C. Byrd, West Virginia Democrat, reprising a line that haunted Sen. John Kerry during the 2004 presidential campaign.

Mr. Byrd said Mr. Bush had opposed the senator's efforts to boost immigration enforcement spending nine times since 2002, and questioned whether Mr. Bush is now sincere in his commitment.

"If we had spent that money beginning in 2002, we would not be calling on the National Guard today," he said.

The announcements on the Guard and fences also have irked Mexican officials. Foreign Minister Luis Ernesto Derbez yesterday told reporters in Mexico City that his government would send a protest note to the U.S. about both proposals.

"There are 12 million Mexicans on the other side, 12 million people who live every day in anguish about the need for a reform to let them live peacefully," Mr. Derbez said. Later yesterday, the foreign ministers of Guatemala, Honduras, Nicaragua and Costa Rica joined Mr. Derbez in Mexico City to denounce the proposed fences.

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For his part yesterday, Mr. Bush spent time inspecting both a section of the international border with Mexico and the communications center at the Border Patrol station before giving a short speech on immigration.

Strikingly, the part of the border the president chose to review does have fencing -- a two-layer fence, with a 20-foot-high corrugated metal fence right on the border line and a secondary chain-link fence with barbed wire strands at the top set 150 feet back. The chain-link fence is just months old, according to Border Patrol agents and residents here.

A road runs between the two fences, and is both patrolled by the Border Patrol and monitored by video so agents can detect illegal crossings.

The president wanted to get a look at both the border and National Guard troops who are already operating in the area doing the same sorts of tasks he wants his 6,000 new troops to do: building roads and laying foundations for high-intensity lights the Border Patrol will use.

But the area he chose also shows how far the government has to go until the border is secure. Illegal alien apprehensions in the Yuma Sector are up 12 percent this fiscal year to date, compared with the same time in fiscal year 2005. So far this year in the Yuma Sector, in addition to the apprehensions, the Border Patrol has rescued 280 persons in distress and found another 17 dead.

The Yuma Border Patrol station regularly records more apprehensions on a daily basis than any other station, said Supervisory Agent Richard T. Hays. He also said criminal smuggling organizations operate from the neighborhood just over the fence from where Mr. Bush stood yesterday.

The area is one of the few along the border here that has fencing. The Yuma Station -- one of three stations in the Yuma Sector -- has just 6.9 miles of fencing in its 65 miles of Mexican border.

Both the administration and the Border Patrol say fencing doesn't make sense everywhere. Instead, Mr. Bush has called for a "virtual fence," saying there is no way to fence off the entire border.

The Senate on Wednesday passed an amendment calling for 370 miles of fence to be built in places where there are many illegal crossings.

"We supported the amendment," Mr. Snow said yesterday -- the first time the administration has backed a specific mile figure.

"I don't think anybody has seriously proposed building a wall across the entire border. What the president has said is he's going to try to have the right and appropriate types of security in the right places," Mr. Snow said.

Asked about the difference between that and the House bill, Mr. Snow said that was getting too far ahead of the process and the Senate must first act to pass its bill.

Still, fencing is so popular that the National Republican Senatorial Committee yesterday sent out press releases criticizing Democrats up for re-election who voted against the fence amendment.

Bush Trip To Border Turns Debate On Immigration Toward Security (WSJ)

By June Kronholz, Sarah Lueck And Yochi J. Dreazen

The Wall Street Journal, May 19, 2006

The Senate reaffirmed the broad outlines of its guest-worker plan, as President Bush toured a stretch of the Arizona border to underline his promises to stanch the flow of illegal immigrants.

In a day otherwise devoted to fine-tuning the Senate's sweeping immigration overhaul, the chamber effectively killed a proposal to prevent guest-workers from eventually becoming U.S. citizens. The 58-to-35 vote was a victory for supporters of the Senate legislation, as they protected one of its central features.

Mr. Bush asked Congress for $1.9 billion to pay for border agents, fencing, detention facilities and monitoring equipment along the border, and gave some details about how National Guard will be used to bolster border security.

His trip to Yuma, Ariz., and the request for emergency border-control funds helped shift at least temporarily the debate from amnesty to border enforcement. Mr. Bush has largely endorsed a Senate bill that would give permanent residence to most of the 12 million illegal immigrants in the country, provoking outrage from many conservative Republicans.

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But almost no one disagrees with Mr. Bush that the border needs reinforcing, and the president made a further bow to his conservative base by supporting a Senate call to build a fence along more than 300 miles of the 1,951-mile border.

In remarks to Border Patrol agents and Arizona politicians, Mr. Bush made a clear attempt to address the biggest criticisms of the Senate bill. He emphasized that guest workers would have to return to their home countries when their time in the U.S. came to an end and stressed that allowing some illegal immigrants to become citizens if they met a long list of criteria didn't amount to amnesty. "Amnesty is automatic citizenship," he said, noting that isn't what he supports.

Meanwhile, Mr. Bush rejected one of the core demands of his critics: the forced deportation of the entire illegal immigrant community.

The Yuma trip was intended to illustrate the Border Patrol's progress in turning back would-be illegal immigrants, but it highlighted how tough it is to seal the border. Mr. Bush drove under heavy security to the frontier, where he toured a new stretch of fencing overseen by guard towers. Administration aides noted that units of the Ohio and Pennsylvania Air National Guard helped build access roads and lay the foundation for high-intensity lighting elsewhere along the border.

Meanwhile, the Senate spent the day on a series of fine-tuning amendments that left intact the central features of the immigration bill, including the legalization process and a guest-worker plan that would give visas to 200,000 temporary workers a year.

The day's most emotional debate was over English as the national language. After long debate, senators agreed by a 63-34 vote that people aren't generally entitled to receive information from the government in Spanish. Then it passed a milder Democratic alternative making English the nation's "common and unifying" language.

English-language measures have surfaced often in recent years. The issue is a favorite of cultural conservatives who fear the spread of Spanish and are particularly nervous about the millions of Hispanics who would be offered eventual citizenship under the Senate plan.

By a 50-49 vote, senators decided against limiting the Social Security benefits of illegal immigrants who contribute to the program using fake numbers. They agreed to charge $750 to illegal immigrants applying for citizenship and use the funds to reimburse state and local governments for health-care and education costs.

Senators refined details of possible amnesty and guest-worker programs. They dropped wording that would have allowed immigrants to attest that they had lived and worked in the U.S. long enough to qualify for residency without providing any proof.

They reversed a vote Wednesday that would have prevented guest workers from petitioning for permanent status and would have left that prerogative up to their employers. Yesterday's measure guarantees temporary workers the right to join unions.

President Tours The U.S.- Mexican Border (LAT)

By James Gerstenzang

The Los Angeles Times, May 19, 2006

YUMA, Ariz. — Declaring that "we do not have full control of the border," President Bush on Thursday visited an area where arrests — and deaths — of would-be immigrants have risen dramatically, and he urged the Senate to complete work on immigration legislation by the end of the month.

The president spent about an hour inspecting the arid and stark border, marked by a 20-foot-tall corrugated metal structure, an eight-foot chain-link fence topped by razor-sharp concertina wire, powerful lights, watchtowers and video cameras — an ever-growing low- and high-tech arsenal deployed in a sector where the Border Patrol says the most apprehensions have occurred.

Then, speaking to officers at their headquarters about 20 miles north of the border, Bush said that 6,000 National Guard troops were needed to help secure the border while the Border Patrol is beefed up over the next two years because "the need to enforce the border is urgent."

"It's time to get immediate results," Bush said.

The president's daylong journey, three days after he announced the National Guard deployment, was designed to highlight his newly emphasized commitment to the immigration issue.

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But he is caught between those — including some governors — who argue that border duty would overtax the National Guard, which has sent many units to Iraq and is also designated to deal with disasters at home, and those who are demanding a more muscular effort along the border. Some critics have also expressed concern that the border is becoming militarized.

"The Guard will operate surveillance and communications systems. They will install fences and vehicle barriers. They're going to help build patrol roads, they will analyze intelligence, they will help spot people. But the Border Patrol will be involved in direct law enforcement," Bush said.

Seeking to draw attention to his call for broad legislation to overhaul the immigration laws, rather than on proposals to just clamp down on illegal border crossings, Bush sat in near-100-degree heat for five consecutive television interviews, with the chain-link fence to his left and a Border Patrol vehicle behind him.

The president flew nearly nine hours round trip, covering about 4,400 miles, for the roughly three-hour visit to the southwest corner of Arizona. He was accompanied by Arizona Gov. Janet Napolitano, a Democrat who has largely supported his new immigration efforts; David Aguilar, the chief of the Border Patrol, and the patrol's local chief, Ron Colburn.

He spent about 10 minutes in a barren field in the town of San Luis, a few hundred feet from the international border, touring the area in a two-seat dune buggy.

Richard T. Hays, a supervising Border Patrol agent, told White House pool reporters that before the chain-link fence, lights and cameras were installed, 70 to 80 people would cross at a time. The new measures have reduced the incursions, he said, although the region remains the patrol's busiest.

In addition to deploying the National Guard and increasing the Border Patrol by 50% beyond its current level of 12,000, the president favors a guest worker program, which would allow immigrants to enter the country legally for a specific period — thus removing the incentive to sneak across the border.

Under the program, Bush said, workers would be required to pass a criminal background check and would be given tamper-proof identification cards.

He favors giving access to citizenship to those who have lived in the United States for a specified, but as yet unstated, period and have paid taxes and a fine for entering the country illegally.

"This is a rational way to deal with people who are God-fearing, decent people and respect their dignity at the same time," Bush said.

But, he added, "nobody should be given an automatic citizenship — that's called amnesty."

As Bush headed to Yuma Thursday morning, the White House sent to Congress a revision in its $92-billion request for emergency spending, most of it to cover costs associated with the wars in Iraq and Afghanistan and the recovery from Hurricane Katrina. Within that amount, it is seeking $1.95 billion to meet the costs of deploying 1,000 new Border Patrol agents, and for fences, lights, and some of the border work of the National Guard.

White House Press Secretary Tony Snow said the Border Patrol's Yuma sector was "emblematic of what we're talking about in terms of border security."

He told reporters aboard Air Force One: "We've got an area with the fence; we've got Border Patrol there. But also this is an area where National Guardsmen are involved in non-law-enforcement roles."

With increased enforcement along the border in eastern Arizona, there has been a spike in attempts to enter the United States in western Arizona, near Yuma. The 95,000 arrests along the Border Patrol's 125-mile Yuma sector since Oct. 1 represent a 13% increase over the same period a year ago. And deaths in the desert, beyond the fortified zone, were a record 51 in 2005, up from 15 two years earlier.

Anyone crossing the border looking for work would be advised to travel beyond Yuma, a city of nearly 89,000 that has struggled with unemployment for years. A recent improvement has seen the jobless rate drop to 21.8%, from 25.2% in 2002. The biggest employer is the Marine Corps Air Station.

But with a growth rate of 49.7% during the 1990s, it ranked behind only Las Vegas and Naples, Fla., as the fastest-growing metropolitan area in the country.

Bush Takes Border Tour (CHIT)

DOJ_NMG_0029004

By Mark Silva

Chicago Tribune, May 19, 2006

YUMA, Ariz. -- Warming up to new congressional plans for additional fencing along the Mexican border, President Bush made a personal inspection of one of the nation's most porous borders on Thursday as part of his stepped up appeal for a more sweeping approach to immigration reform.

"The need to enforce the border is urgent," Bush said in a speech at Border Patrol headquarters here.

"I understand that illegal immigration is a serious problem," said Bush, insisting that the solution must be "comprehensive," including a plan for temporary workers already in the U.S. and new guest workers. "One of our jobs in public office is to fix problems."

With a brief tour of the Border Patrol's Yuma Sector, a 120-mile stretch of desert along the southwestern Arizona border with Mexico where more than 70,000 illegal immigrants were turned back last year, Bush has come to the front line of a debate that has driven a deep wedge within his own party.

As the president presses Congress for reform of the nation's immigration laws, Bush has assumed a potentially perilous political role, with his own public approval ratings already at all-time lows.

Bush is attempting to mediate between the conservative base of the GOP, which has no patience for the president's talk of enabling millions of undocumented immigrants already living in the United States to eventually seek citizenship, and a fast-growing and traditionally Democratic-voting Hispanic population. The president has worked hard to woo Hispanics since his days as Texas governor.

Among the early indicators of Bush's success or failure since carrying his immigration appeal to a national audience with a televised address on Monday: Votes in the Senate this week where conservatives have found more approval for new fencing along the border and tougher sanctions against illegal immigrants than any new support that leaders have mustered for a temporary worker program for undocumented immigrants.

Another indicator: A series of focus groups that Hispanic pollster Sergio Bendixen conducted in Los Angeles this week. Bendixen says the voters he queried are "angry" about Bush's order for National Guard troops along the Mexican border.

"Unfortunately, sometimes when you try to get in the middle of a fight, you get both groups angry with you," Bendixen said. "When it comes to the major players in this debate {ndash} the Hispanic voters on one side, and the native, anti-immigration people on the other side {ndash} he may have hurt himself with both."

Bush is attempting to underscore his bid for conservative support, with the White House signaling on Thursday that it supports a Senate amendment this week to construct about 350 miles of new triple-layer fencing along the border in addition to about 500 miles of vehicle barriers.

"I don't think anybody has seriously proposed building a wall across the entire border," White House press secretary Tony Snow said en route to Arizona. "What the president has said is he's going to try to have the right and appropriate types of security in the right places."

The House, which has approved a border protection-only bill with tough sanctions for illegal immigrants and no provision for the temporary or guest workers that Bush wants, has proposed about 700 miles of fences.

"Whatever works," Bush said in a shirtsleeves interview with Fox News at a border crossing. "It makes sense to use fencing here. It doesn't make sense to use fencing on other parts of the border."

The president, who conducts few interviews, sat for brief border-side talks with each of the television networks covering his trip here. {ndash} a sign of the White House's intentions of making a more direct appeal to Americans.

Among Republicans, in particular, Bush faces a challenge. Republicans are more likely to name immigration as the nation's leading problem (19 percent of those surveyed), according to a May survey of the Pew Research Center. Just 9 percent of independents and 6 percent of Democrats cited immigration first, with many more {ndash} 22 percent of both groups {ndash} citing the war in Iraq.

Yet all the talk of Guardsmen and fencing also has created strains among Hispanic voters, a constituency that Bush has courted heavily, raising his share of the Latino vote from 35 percent in 2000 to 40 percent in winning re-election in 2004.

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Hispanics "consider it as almost anti-Hispanic or anti-Mexican," pollster Bendixen says of the National Guard call-up. "They can't see it any other way. They came here to work and take care of their families, and they're asking, 'Why make criminals out of us when all we've done is come here to pick up'" some of the toughest work?

The president came to Yuma, the White House says, because more illegal immigrants have been intercepted along the Arizona border than in any of the other three border states where the National Guard will start rotating forces through three-week tours of duty this summer. Guard forces, already playing a role in communications in Yuma, are to play similar supporting roles elsewhere; the deployment is planned as a "bridge" until the Border Patrol gets the additional agents Bush is seeking.

Bush brought David Aguilar, director of U.S. Customs and Border Protection, for his Yuma sector tour, as well as Rep. Jeff Flake (R-Ariz.) one of the few conservatives demonstrating an openness to the president's talk of comprehensive reform.

"There's a temptation for politicians to demagogue on immigration reform and, unfortunately, that has soured this debate almost to the point of deadlock," Flake said. "I hope that President Bush's speech… which was rational and serious, will reverse the tone of this debate in Congress and help us pass a comprehensive bill."

Bush Takes Immigration Vision To Ariz. (USAT)

By David Jackson

USA Today, May 19, 2006

YUMA, Ariz. — President Bush continued walking a fine line Thursday in the Republican immigration battle, including the line at the U.S.-Mexican border.

Accompanied by Arizona Gov. Janet Napolitano, a Democrat, Bush toured one of the nation's most porous border areas, where Border Patrol agents apprehended 70,000 illegal entrants last year. He stood a few hundred feet from a 20-foot fence of corrugated metal and inspected new camera, communications and lighting systems.

In remarks at the Border Patrol headquarters, Bush said there is common ground between the two visions of immigration overhaul that have split his party — one that stresses keeping illegal immigrants out, and another that favors making immigrant workers legal temporarily and giving some illegal immigrants a path to citizenship.

Bush favors elements of both. “You cannot secure the border unless you have all elements of a comprehensive plan,” he said.

The Republican-led Senate is debating a bill that does much of what Bush wants. The GOP-led House has passed a bill that focuses on border enforcement.

Bush's trip Thursday was his first since his Monday night address on immigration, when he reached out to GOP immigration hard-liners by proposing tougher border security, including deployment of up to 6,000 National Guard troops.

The flight aboard Air Force One underscored GOP differences. Bush's guests included Rep. J.D. Hayworth, R-Ariz., who wants a law enforcement bill only.

Hayworth said he and Bush have “profound disagreements.”

“I don't believe the House will accede to his wishes on a ‘guest worker' program, despite his recent protestations to the contrary,” Hayworth said.

Bush noted that immigration is “an emotional issue.” That seems especially true in Arizona.

Al Garza, who lives near Tucson, said he voted for Bush twice but would not do so again. The director of a group that works to stop illegal entrants at the border, Garza called Bush's troop proposal “a political ploy.”

“No one seems to be listening to what the citizens want,” Garza said. “It's all what Mexico wants, or what the illegal aliens want.”

Robin Hoover, head of a group that maintains watering stations in the desert where illegal immigrants cross, said a guest-worker program recognizes the need to deal with people already here. He said the Guard deployment is “silly.”

“Putting the soldiers down here is all politics, bad politics,” he said.

Bush, Chertoff Say Plan Will Bolster Border (DMN)

By Michelle Mittelstadt, The Dallas Morning News

The Dallas Morning News, May 19, 2006

DOJ_NMG_0029006

House conservatives unimpressed by visits, Guard deployment

EL PASO – President Bush and Homeland Security Secretary Michael Chertoff traveled to the U.S.-Mexico border Thursday in a push to convince the public – and conservatives in Congress – that they're serious about beefing up efforts to halt illegal immigration.

ERICH SCHLEGEL/DMN U.S. Border Patrol Agent Juan Garcia on Wednesday guarded illegal immigrants found loaded onto a pickup north of Laredo. The truck was stolen in Houston and modified to smuggle immigrants.

With House conservatives digging their heels in against the administration's plan to pair a guest worker program with tougher enforcement, Mr. Bush headed to a dusty border crossing in Yuma, Ariz., to make his case while his homeland security secretary offered a similar message 550 miles away in El Paso.

The president's plan to dispatch 6,000 National Guards troops to assist the Border Patrol offers a "turbocharged" boost to the strategy of taming illegal immigration with a mix of added manpower, high-tech surveillance and the guest worker program, Mr. Chertoff said in an interview en route to El Paso.

Acknowledging that the solution "is not going to happen overnight," Mr. Chertoff said the National Guard will serve as a bridge until 6,000 new Border Patrol agents can be hired over the next two years and high-tech equipment such as unmanned drones and satellites are deployed.

With Congress insisting on heightened border security, the fate of Mr. Bush's push for a plan that includes a chance at citizenship for illegal immigrants already here could turn on whether enforcement gains are realized in the near term.

"It helps to have the president out here, seeing the part of the area of the country that one time was overrun by people coming in here, that's beginning to get settled down because of a strategy that's being employed," Mr. Bush said, referring to previous administration policies.

Some enforcement hawks in the House remain unmollified by the president's plan to send the National Guard, as well as by his visit to Yuma on Thursday.

"Press conferences without administration action is, as border ranchers say, 'All hat and no cattle,' " said Rep. Tom Tancredo, a Colorado Republican strongly opposed to the citizenship provision.

The Senate continued work Thursday on legislation that mirrors the president's goals far more than a tough, enforcement-only bill that passed the House in December. The Senate bill pairs increased enforcement with a guest worker program and a path to citizenship for most of the nation's 11 million to 12 million illegal immigrants.

Touting the National Guard as a "force multiplier" for the 12,300-strong Border Patrol, Mr. Chertoff said border surveillance will be a "big part" of what the Guard will do.

"They are going to be using their eyes and they are going to be using their binoculars and all the high-tech equipment they have to identify groups of migrants that are crossing," he told reporters at Fort Bliss, where he received a classified intelligence briefing and met with Border Patrol officials.

The Guard troops also will build fencing, vehicle barriers, roads and other items as part of the Border Patrol's plan to gain operational control of the border – a goal that Mr. Chertoff said is about two years from being met.

Homeland Security and Defense Department officials still are discussing where to send the first Guard units, which are expected to be dispatched next month.

The White House on Thursday asked Congress to divert $1.9 billion earmarked for border security upgrades as a partial down payment for the Guard deployment and other programs Mr. Bush outlined to the nation Monday.

The money would be used to increase detention capacity by 4,000 beds and to fund 1,000 of the 6,000 Border Patrol agents the administration pledged to add by 2009, bringing the force to more than 18,000.

Chertoff Tells Border Residents Guard Plan Isn't Unusual (AP)

By Alicia A. Caldwell, Associated Press

The AP, May 19, 2006

FORT BLISS, Texas – Homeland Security chief Michael Chertoff assured border residents and officials Thursday that National Guard troops set to deploy in their region would function the same way they have for 20 years.

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He said President Bush's plan to mobilize up to 6,000 Guard troops along the country's 2,000-mile border with Mexico was "enhancing or scaling up" operations that have long been in place as a backup for U.S. Border Patrol agents.

Chertoff met Thursday with officials from Joint Task Force North, a Department of Defense group that has for years coordinated training and intelligence missions to help the Border Patrol. His visit came on the same day Bush was touting his immigration plan during a trip to Yuma, Ariz., one of the nation's hottest regions and a heavy traffic area for illegal immigrants.

Before speaking with reporters, Chertoff watched a rescue training operation with Border Patrol and other search-and-rescue personnel. He said the rescue operation is an example of the humanitarian side of Border Patrol duties.

"Those who cross our border illegally put themselves at tremendous risk," Chertoff said.

The Bush administration is trying to build support for a comprehensive immigration overhaul that would provide illegal immigrants a path to citizenship while also beefing up border security.

As part of that effort, Chertoff also tried to assure people that federal and military officials were doing their part to avoid a repeat of the fatal 1997 Marine Corps shooting of an 18-year-old goat herder in a remote West Texas hamlet.

Chertoff said there are never any guarantees that something won't go wrong, but "we are taking every step to ensure that we don't have an unfortunate accident."

Esequiel Hernandez was shot while four camouflaged Marines were working an anti-drug mission along the border near Redford, Texas.

Chertoff also told reporters that assignments for the Guard troops haven't been made, but officials hope to begin deployments across the southern border by June.

Chertoff: Border To See Little Change (LCSN)

By Steve Ramirez

The Las Cruces Sun-News, May 19, 2006

FORT BLISS — Homeland Security chief Michael Chertoff said Thursday that not much will change with daily security operations along the border with Mexico, even with the addition of 6,000 National Guard troops.

Chertoff visited the Army post in El Paso on Thursday and met with officials of Joint Task Force North, a Department of Defense unit that has conducted training and surveillance operations along the far West Texas and southern New Mexico border for more than five years. Later Thursday, President Bush was in Yuma, Ariz. to lobby for his border security plan.

"Those who cross our border illegally put themselves at tremendous risk," Chertoff said.

Bush's plan is to mobilize Guard troops along the 2,000-mile border with Mexico by June. Chertoff emphasized that the Guard troops would have no law enforcement authority, and would mostly be used for administrative and surveillance duties along the border.

That would enable Border Patrol agents who are assigned those duties to be on the border patrolling for illegal immigrants. There are not enough agents available to adequately patrol the border, and Chertoff said that is flirting with disaster.

"Various carryover Border Patrol agents put their lives at risk," Chertoff said.

On Thursday, Bush submitted a request for $1.948 billion in emergency funding to help secure America's borders. The request includes funding to hire the first 1,000 of 6,000 new border patrol agents that will be deployed along the north and south borders of the United States in the next two years.

That funding would pay for the resources to train new Border Patrol agents and for the temporary deployment of National Guard troops.

Also requested by Bush is $1.172 billion for the Department of Homeland Security. That would include:

$235 million to hire 1,000 new Border Patrol agents

$50 million for additional recruiting and expanded training capacity at the Border Patrol Academy

$25 million to expand the Federal Law Enforcement Training Center in Artesia

$20 million to hire additional administrative staff members to replace agents who now have those duties.

Another $250 million is earmarked for more security infrastructure, including vehicle barriers, lighting, construction of all-weather roads, and more fencing.

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"It is clear that the situation on the border is an emergency," said Sen. Pete Domenici, R-N.M. "The Senate has already proven it wants to get serious about moving quickly to shore up the border by passing an amendment to spend $1.9 billion on border infrastructure, vehicles, air assets and other equipment."

Senate Votes To Make English The National Language Of The US (KRT)

By Frank James

Knight Ridder, May 18, 2006

WASHINGTON - In a historic move that came as part of its consideration of a comprehensive immigration reform, the Senate Thursday voted to make English the national language of the United States.

The lopsided 63-34 vote came after an impassioned debate in which the word "racist" was used on the Senate floor to describe the effort.

It was the first time in U.S. history that the Senate had passed such legislation. More negotiations on the final bill are expected, but if a "national language" measure cleared both the Senate and House and was signed by President Bush, it could mean a greater emphasis on the federal government providing its services in English.

The vote also appeared to be an important moment of reaction against multiculturalism in the United States.

In recent weeks, massive protests across the United States by supporters of immigrant rights have pointed to America's increasingly polyglot future. But the Senate's action appeared to be a reassertion of the nation's English heritage.

"This is something that is more significant probably to the American people than it is inside this chamber," said Sen. James Inhofe, R-Okla., who introduced the bill.

He said solid majorities of Americans, including Hispanics according to recent polls, believe English should be the nation's official language.

"So I believe this is something very significant we'll be doing today that people have talked about now for four decades that I know of, and I believe it should be popular," said Inhofe, who speaks fluent Spanish.

Although the immigration bill passed by the House last year doesn't have a similar provision, there is a separate "official English" bill in the House with strong support.

The Senate's action on Thursday raises the prospect that when Senate and House members meet to iron out differences between their immigration bills, the final product will include an "official English" provision.

Inhofe's legislation had originally called for English to be the nation's "official" language. But in order to draw enough support to pass his amendment, he made a subtle change, calling for English to be the "national" language.

To some, this softened the measure slightly, but supporters said it made little difference.

"We don't care. We think it's basically the same thing. It's a `You say potato, I say potahto' kind of thing," said Tim Schultz, director of government relations of U.S. English Inc. The organization describes itself as dedicated to preserving English's unifying role in U.S. life.

"The Senate has never passed an official English bill that has legally operative force," Schultz said. "This bill actually has some legally operative force that says you don't have - unless it's otherwise provided by law - you do not have an entitlement to government services in another language."

The legislation struck the Senate Democratic leader as invidious - if not in motivation, then in result.

"While the intent may not be there, I really believe this amendment is racist," said Sen. Harry Reid, D-Nev. "I think it's directed basically at people who speak Spanish."

The bill's supporters rejected that charge.

Specifically, the bill says that "unless otherwise authorized or provided by law, no person has a right, entitlement or claim to have the government of the U.S. or any of its officials or representatives act, communicate, perform or provide services, or provide materials in any language other than English."

The amendment continues, "If any forms are issued by the federal government in a language other that English ... the English language version of the form is the sole authority for all legal purposes."

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Opponents of the bill said that under their interpretation, it would be impossible for government officials to conduct a range of activities, from speaking Spanish in government assemblies to putting up warning signs in both English and Spanish.

Sen. Dick Durbin, D-Ill., for example, said drowning deaths on the Potomac River, which flows through the nation's capital, had gone from more than a dozen in 2004 to none last year. The U.S. Park Service credited the dramatic decline, he said, to warning signs in Spanish and English after it noticed that many drowning victims were recent immigrants.

"So is making this political statement in the Inhofe amendment so important that we wouldn't want to provide safety for those using the Potomac River?" Durbin asked. "It was considered to be a sensible, rational thing to do, print the sign in both languages so that people would be warned of the danger."

Inhofe responded that his bill would not prevent such signs from being printed in other languages in addition to English.

Sen. Ken Salazar, D-Colo., a Mexican-American, asked if the amendment wouldn't prevent senators from speaking Spanish on the Senate floor, as happened when Atty. Gen. Alberto Gonzales' nomination was being debated.

"That is a preposterous question . . . and not really a suitable question for a serious proposal like this," said Sen. Lamar Alexander, R.-Tenn. "We have a common language because we are a land of immigrants. It should be a simple statement that English is our national language."

In addition to making English the national language, the amendment would increase the proficiency requirements that immigrants would have to demonstrate in English and in U.S. history and government.

Sen. Ken Salazar, D-Colo., introduced an alternative amendment that Democrats who opposed Inhofe's bill hoped would draw enough senators from Inhofe's bill to defeat it. Salazar's proposal said the U.S. government "shall preserve and enhance the role of English as the common and unifying language of America."

That amendment passed by a 58-39 vote. Tim Schultz, director of government relations of U.S. English Inc., said it provided senators who voted against the Inhofe amendment with a chance to show they supported English, too, since it would be "political suicide" to appear to not support English-language dominance in the United States.

Sen. Edward Kennedy, D-Mass., took the Inhofe amendment's supporters to task for increasing proficiency requirements but not providing any additional funding for classes in English as a second language (ESL).

"In my hometown of Boston, there are 16,000 adults on the ESL list waiting to learn English," said Kennedy, practically shouting. "It's two to three years. Anything in the Inhofe amendment to help us help those people who want to learn English? Oh, no. No, no, no. There's nothing."

Senate Votes To Make English Official Language (LAT)

By Michael Muskal And Nicole Gaouette

The Los Angeles Times, May 19, 2006

WASHINGTON — English would be declared the "national language" of the United States under a measure approved by the Senate today, a largely symbolic move that supporters said would promote unity and ensure assimilation by immigrants.

The Senate passed two amendments, one Democratic and one Republican. The Democratic version is more specific on protecting translation and bilingual services.

The GOP-backed amendment, which passed 63 to 34, would allow the government to continue to offer publications and services -- such as bilingual ballots -- in languages other than English. It would require all illegal immigrants seeking to legalize their status in the United States to pass English proficiency tests and would offer guidelines to the Department of Homeland Security for a revised citizenship test.

Heated discussions about the measure dominated the Senate's proceedings, as proponents argued that it was needed to unite the country, while opponents insisted that it would leave the nation more divided.

Designating an official language is important to conservatives, who argue that the government should require English proficiency to ensure that the country does not descend into two societies, and that the 11 million to 12 million undocumented workers now in the United States only become citizens if they can speak the language.

Republicans, led by the principal sponsor, Sen. James Inhoffe (R-Okla.), argued that the amendment is needed because a common language is an important step in allowing people to talk to each other.

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"It will help unify us as a nation," said Sen. Jeff Sessions (R-Ala.).

But the amendment also creates questions of fairness, said Sen. Dick Durbin (D-Ill.), citing the possibility of someone who is legally in the United States but has difficulty with English. Currently, interpreters are provided in many official forums, such as courts. And many states, including California, provide official ballots in different languages.

"Are we going too far?" Durbin asked about the amendment. "What of people who are poor with limited language skills? Are we being fair?"

Republicans insisted that the amendment's language wouldn't prevent needed translations services.

"We are having a great debate on what it means to be an American," said Sen. Lindsey Graham (R-S.C.).

Graham also mentioned the need to respond to recent demonstrations where immigrant rights advocates waved Mexican flags.

"The reason I'm voting for this is that I think it tries to unite us," Graham said, adding that nothing in the amendment prevents the use of interpreters in courtrooms for those whose English is not strong enough. "It doesn't disturb the legal situation in this country. If I thought it did, I wouldn't vote for it."

The Democrats' concerns led to their amendment, which passed 58 to 39.

Earlier, the Senate reconsidered an action it had taken Wednesday to bar guest workers from petitioning on their own for legal status. In a 56-43 vote today, the Senate allowed guest workers to act on their own if the government determines no American workers are available for the job being filled.

At this point, most observers expect the Senate to pass a bill that will have something for everyone: tougher security at the borders; a guest worker provision to allow people to enter the United States legally; and a path for citizenship for many of the estimated 12 million undocumented workers in the country.

Conservatives have called the legalization provisions an amnesty, a term hotly denied by Senate sponsors who stress that those illegally in the country would have to pay fines and learn English before becoming citizens.

President Bush opposes amnesty but has said he supports a comprehensive approach like the one being considered in the Senate.

After the Senate passes its version of the immigration bill, a further battle with House conservatives is expected and that outcome remains unclear.

The House has passed a tougher bill that would make being an illegal immigrant a felony. The bill also increases border security, but it does not have any provision for granting citizenship to undocumented workers in the United States.

Senate Endorses English As National Language In A Symbolic Stand (KRT)

By Dave Montgomery

Knight Ridder, May 18, 2006

WASHINGTON - In an impassioned debate laden with symbolism, the Senate voted 63-34 Thursday to declare English the national language as it continued to debate legislation that would put millions of illegal immigrants on track to U.S. citizenship.

Senate Democratic leader Harry Reid, D-Nev., denounced the amendment as racist and joined other opponents in warning that it could undercut long-established civil rights law. The amendment's lead sponsor, Sen. James Inhofe, R-Okla., bristled at the assertion, saying the proposal would unify the nation's increasingly diverse population and wouldn't dismantle existing legal protections.

The first Senate vote on the issue in more than two decades illuminated the emotional divisions over Congress' efforts to craft legislation to deal with as many as 12 million immigrants who've entered the country illegally in search of better-paying jobs.

The Senate is considering nearly two dozen amendments on a comprehensive plan to grant legal status to many illegal immigrants and create a temporary guest-worker program to help fill what U.S. business leaders say is a chronic labor shortage. A final vote on the measure is expected next week.

Despite the intensity of the arguments on both sides, it was unclear what impact, if any, Inhofe's English-language amendment would have if it becomes law. Senators further confused the situation by accepting a softer alternative declaring

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English "the common and unifying language of the United States." The vote on that one, sponsored by Sen. Ken Salazar, D-Colo., was 58-39.

Salazar, one of three Hispanic senators, whose family settled in Colorado before it became a state, asserted that the Inhofe amendment threatened a return "to the dark days of American history" when Hispanic children were punished for speaking Spanish in school, sometimes by having soap thrust in their mouths.

In response, Inhofe said his proposal would put the U.S. government in line with 27 states and 51 countries that declare English the prevailing language. He called Reid's "racist" tag a ridiculous charge and accused opponents of demagoguery.

"This is your last chance to have English as the national language," he told colleagues.

Supporters suggested that the measure will be especially needed as millions of illegal immigrants and future foreign workers get on track for U.S. citizenship.

Senators said both amendments would be part of negotiations with the House of Representatives to reconcile differences in the two chambers' immigration plans. Asked whether the language amendments would have any effect, Sen. John McCain, R-Ariz., one of the Senate's leading architects on immigration legislation, responded: "Not that I know of."

The bill already requires English proficiency as a condition for illegal immigrants to obtain permanent legal status and citizenship over an 11-year period. At least 215 million of the nearly 300 million U.S. residents speak English, but the diverse population otherwise constitutes a linguistic melting pot, speaking as many as 176 languages. Spanish is the second most common, spoken by 28 million people.

Conservatives, surging with momentum after winning Senate support to erect at least 350 miles of fencing along the Southwest border, continued their attempt to limit the scope of the guest-worker program and legalization provisions that they denounced as "amnesty" for illegal behavior.

By 50-49, the Senate rejected an amendment that that would have prevented immigrants from getting Social Security benefits that they earned when they were here illegally.

Senators also voted 63-34 to approve an amendment by Sen. John Cornyn, R-Texas, to add fees that would be charged to illegal immigrants after they step forward to begin the legalization process. The fees - $750 for illegal immigrants and $100 for each dependent - will come on top of the $2,000 fines already proposed in the bill.

Cornyn said the fees are designed to reimburse state and local governments for health care and other services provided to illegal immigrants. The assessment could raise up to $7.5 billion, he said.

Senate Votes To Make English National Language (NYT)

By Carl Hulse

The New York Times, May 19, 2006

WASHINGTON, May 18 — The Senate voted on Thursday to designate English as the national language. In a charged debate, Republican backers of the proposal, which was added to the Senate's immigration measure on a 63-to-34 vote, said that it was equivalent to establishing a formal national anthem or motto and that it would simply affirm the pre-eminence of English without overturning laws or rules on bilingualism.

"We're free to say what we want, speak what we want, but it is our national language," said Senator Lamar Alexander, Republican of Tennessee. The amendment was proposed by Senator James M. Inhofe, Republican of Oklahoma.

It is not clear, though, that the measure will be included in any final bill after negotiations with the House. Shortly after the Inhofe amendment was approved, the Senate also approved a weaker, less-binding alternative declaring English the "common and unifying" language of the nation, on a 58-to-39 vote. The question of which version survives would be decided in negotiations with the House.

The second amendment was proposed by Senator Ken Salazar of Colorado, one of several Democrats who said the Inhofe measure was needlessly divisive and would reduce multilingual government programs.

"We are taking a step backward from the progress America has made," Mr. Salazar said.

Senator Harry Reid of Nevada, the Democratic leader, said the Inhofe amendment was racist.

"Everybody who speaks with an accent knows that they need to learn English just as fast as they can," he said.

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Under the Inhofe proposal, the federal government is directed to "preserve and enhance the role of English as the national language of the United States of America." It does not go as far as proposals to designate English the nation's official language, which would require all government publications and business to be in English.

Instead, it says government services and publications now offered in other languages would be unaffected. But the proposal declares that no one has "a right, entitlement or claim to have the government of the United States or any of its officials or representatives act, communicate, perform or provide services or provide materials in any language other than English."

Critics said they fear the directive could lead government agencies to scale back their bilingual efforts, cause discrimination against people who do not speak English, disrupt emergency operations in communities with populations of immigrants and have other unintended consequences.

Mr. Inhofe, who is proficient in Spanish from his days as a pilot in Mexico, said critics were exaggerating the potential effects of his plan. His plan would also stiffen the language rules for immigrants seeking to qualify for citizenship under the new legislation, requiring them to demonstrate English proficiency and understanding of American history and government rather than simply to enroll in a language class.

President Bush, speaking about immigration on Thursday on a trip to Arizona, reiterated that under his proposal illegal immigrants would have to learn English. "If you learn English, and you're a hard worker, and you have a dream, you have the capacity from going from picking crops to owning the store, or from sweeping office floors to being an office manager," Mr. Bush said.

The House did not include a similar provision on English in the legislation it passed in December, but there is strong support among House Republicans for such a move.

Despite the clash over language, advocates of a broad immigration measure combining border protection with the possibility of citizenship for qualifying illegal immigrants successfully fought off repeated efforts to alter the measure.

In a crucial showdown, the Senate voted, 58 to 35, late Thursday to reject an amendment that authors of the legislation said would gut their bill by prohibiting temporary workers and many illegal immigrants from seeking permanent residency.

The Senate reversed a decision it made on Wednesday about how temporary workers could apply for permanent residency. The Senate initially voted to require that such applications come just from employers. But some senators said they had misgivings that the requirement would give employers too much power over workers. On Thursday, senators voted to give workers the ability to apply for permanent residency on their own if they have been working in the country for at least four years.

The Senate retained a requirement that a green card be granted only if the Labor Department certified a need for workers.

Immigrant groups praised the reversal. But some advocates for immigrants retained grave concerns about the emerging legislation.

Mary Bauer, director of the immigrant justice project at the Southern Poverty Law Center, said immigrants who participated in existing guest worker programs were frequently exploited. She said the programs failed to ensure that employers offered fair pay and housing.

Senate Votes English US National Language (AFP-Y2)

AFP, May 18, 2006

The US Senate voted to make English the national language of the United States as dispute raged over US immigration law reform.

"The government of the United States shall preserve and enhance the role of English as the national language of the USA," said an amendment to immigration legislation introduced by Oklahoma Republican James Inhofe and approved 63-34.

It requires English to be the language of all official paperwork and business, with some exceptions for voter registration, courts and help during disasters.

The House of Representatives is considering similar legislation presented by Iowa Republican Steve King. It already has the backing of 150 representatives.

"I came here at 14 years old and I had to learn English to make my way in America," said Cuban-born Senator Mel Martinez.

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"That doesn't mean that you forget your roots. That's why I insist that my children learn Spanish."

"We all understand that the language of this country is English and to be successful here you have to learn English," he added.

President George W. Bush's immigration reform plan unveiled Monday proposes placing as many as 6,000 National Guard troops along the southern US border to assist border patrol officers, and creating a guest-worker program providing a possible path to citizenship for some of the estimated 11.5 million undocumented migrants, among other proposals.

Inhofe said that 27 of the 50 US states already call English their official language. The Spanish-speaking US territory of Puerto Rico calls English an official language, along with Spanish.

Inhofe also mentioned that several polls over the past 25 years show more than 80 percent of Americans -- and 77 percent of Latinos -- agree that English should be the official language of the United States.

Senate Votes English As 'National Language' (WP)

By Jonathan Weisman And Jim Vandehei

The Washington Post, May 19, 2006

After an emotional debate fraught with symbolism, the Senate yesterday voted to make English the "national language" of the United States, declaring that no one has a right to federal communications or services in a language other than English except for those already guaranteed by law.

The measure, approved 63 to 34, directs the government to "preserve and enhance" the role of English, without altering current laws that require some government documents and services be provided in other languages. Opponents, however, said it could negate executive orders, regulations, civil service guidances and other multilingual ordinances not officially sanctioned by acts of Congress.

That vote, considered a defeat for immigration-rights advocates, was followed last night by an important victory: By 58 to 35, the Senate killed an amendment that would have blocked eventual citizenship for future immigrants who arrive under a temporary work permit. Democrats and Republicans agreed that the amendment would have destroyed the fragile, bipartisan coalition backing the Senate bill.

The Senate action came hours after President Bush, who visited the border town of Yuma, Ariz., asked Congress to approve a $1.95 billion budget request to deploy National Guard troops and 1,000 additional enforcement agents to the U.S.-Mexico border. Bush also endorsed for the first time the construction of 370 miles of southern border fences to cut down on illegal immigration.

The English language vote continued the conservative turn that a major overhaul of the nation's immigration laws has taken since the Senate began debate this week. The comprehensive legislation would strengthen border security, allow illegal immigrants who have been in the country five years or more to remain and eventually become citizens, and create a guest-worker program.

With approval of a triple-layered border fence Wednesday, the capping of the annual number of guest-worker visas at 200,000 and the English-language amendment yesterday, Republicans say the bill is tougher than the original version and comes closer to what is needed to satisfy many conservatives.

But immigrants-rights groups say their support is teetering. "This is devastating," said Raul Gonzalez, legislative director of the National Council of La Raza, after the English-language vote. "For us, this is a tough issue to bring back to the community."

Only nine Senate Democrats voted for the amendment and one Republican, Sen. Pete V. Domenici (N.M.), voted against it. Maryland's two Democratic senators voted against it, and Virginia's two GOP senators voted for it.

The English-language debate has roiled U.S. politics for decades and, in some quarters, has been as controversial and important as an amendment to ban flag burning.

The impact of the language amendment was unclear even after its passage. The wording negating claims to multilingual services appears straightforward. It also sets requirements that immigrants seeking U.S. citizenship know the English language and U.S. history. The amendment would require more thorough testing to demonstrate English-language proficiency and knowledge of U.S. history and elements of U.S. culture such as the Pledge of Allegiance and the National Anthem.

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But its author, Sen. James M. Inhofe (R-Okla.), made two last-minute changes that some opponents said would reduce its effect significantly. By stipulating that the English-only mandates could not negate existing laws, Inhofe spared current ordinances that allow bilingual education or multilingual ballots. By changing the amendment to label English the "national language" rather than the "official language" of the country, Inhofe may have lessened its symbolic power.

"In my view, we had it watered down enough to make it acceptable," said Sen. John McCain (R-Ariz.), one of the chief architects of the immigration bill.

But pro-immigration groups and some Democrats said the amendment would obliterate executive orders issued by President Bill Clinton that mandated multilingual services and communications in a variety of federal agencies, and could undermine court orders, agency regulations, civil service guidances, and state and local ordinances that call for multilingual services.

Senate Minority Leader Harry M. Reid (D-Nev.) called the amendment "racist," and Sen. Ken Salazar (D-Colo.) dismissed it as divisive and anti-American.

Further complicating the picture, moments after approving the Inhofe amendment, the Senate voted 58 to 39 to approve a competing amendment by Salazar. It declared English the "common unifying language of the United States," but mandated that nothing in that declaration "shall diminish or expand any existing rights" regarding multilingual services.

Senators said the conflict will have to be worked out in negotiations with the House.

During his appearance in Arizona with Gov. Janet Napolitano (D) in attendance, Bush offered some tough talk. After touring a porous section of the border that has helped turn Yuma into a hotbed for illegal workers, Bush told a group of federal patrol agents that the White House is committed to sending reinforcements soon, and to significantly expanding security and staff over the next several years.

"It's time to get immediate results," Bush said at the Yuma Sector Border Patrol headquarters.

But administration officials made it clear that the $1.95 billion for the president's border initiative should come out of the same money approved by the Senate in its version of an emergency war spending bill.

That angered Senate Budget Committee Chairman Judd Gregg (R-N.H.), who had secured that money solely for capital expenditures, such as fences, sensors and watchtowers, not border security operations. But Gregg said he has "been told rather bluntly" some of those expenditures will have to wait.

The White House said the new budget request by Bush would cover the $750 million-plus Guard deployment, new agents, fences and barriers, five helicopters and two new unmanned surveillance aircraft. The money would be offset by delaying other military purchases, according to the White House.

Illegals Granted Social Security (WT)

By Charles Hurt

The Washington Times, May 19, 2006

The Senate voted yesterday to allow illegal aliens to collect Social Security benefits based on past illegal employment -- even if the job was obtained through forged or stolen documents.

"There was a felony they were committing, and now they can't be prosecuted. That sounds like amnesty to me," said Sen. John Ensign, the Nevada Republican who offered the amendment yesterday to strip out those provisions of the immigration reform bill. "It just boggles the mind how people could be against this amendment."

The Ensign amendment was defeated on a 50-49 vote.

"We all know that millions of undocumented immigrants pay Social Security and Medicare taxes for years and sometimes decades while they work to contribute to our economy," said Sen. John McCain, Arizona Republican.

"The Ensign amendment would undermine the work of these people by preventing lawfully present immigrant workers from claiming Social Security benefits that they earned before they were authorized to work in our community," he said. "If this amendment were enacted, the nest egg that these immigrants have worked hard for would be taken from them and their families."

Mr. Ensign was among 44 Republicans and five Democrats who voted to block such payouts.

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"It makes no sense to reward millions of illegal immigrants for criminal behavior while our Social Security system is already in crisis," said Sen. Jim DeMint, South Carolina Republican. "Why in the world would we endorse this criminal activity with federal benefits? The Senate missed a big opportunity to improve this bill, and I doubt American seniors will be pleased with the result."

Sen. Patrick J. Leahy, Vermont Democrat, said it would be unfair to deny illegals the benefits.

"We should not steal their funds or empty their Social Security accounts," he said. "That is not fair. It does not reward their hard work or their financial contributions. It violates the trust that underlies the Social Security Trust Fund."

Within hours, the vote had become an issue in this fall's elections, raised by a Republican challenger to Sen. Debbie Stabenow, Michigan Democrat.

"Instead of protecting the retirement security of Americans who are earning an honest living and abiding by the laws of our country, Debbie Stabenow sided with people who are here illegally and abuse our Social Security system," Oakland County, Mich., Sheriff Michael Bouchard said in a press release. "Allowing illegal immigrants to use their illegal work history as credit towards receiving Social Security benefits shows that Debbie Stabenow has forgotten who she is supposed to be working for in the U.S. Senate."

The Senate also yesterday approved an amendment to adopt English as the nation's official language, while reversing course from the day before on protections for U.S. workers who will face new competition from unskilled immigrant labor under the Senate bill. In addition, senators voted last night to kill an amendment that would have specified that the guest-worker program will not provide visas that would provide a path to citizenship.

On Wednesday, senators narrowly approved an amendment to require a foreign worker to have a job lined up in the United States before applying for a green card. The purpose, supporters say, is to ensure that the job market isn't flooded with foreign workers. Also, it prevents foreign workers from coming to the United States only to wind up unemployed and dependent on public assistance.

But yesterday, the Senate essentially gutted that amendment by allowing foreign workers to apply for permanent residency without having a job lined up.

"What that means is that up to 200,000 unskilled workers a year would become eligible for a green card, regardless of economic conditions, regardless of whether that worker has been actually employed for four years, and most importantly, regardless of whether there are unemployed U.S. workers available to fill those jobs," said Sen. John Cornyn, Texas Republican.

CONGRESS-ADMINISTRATION:

VERBATIM (WP)

The Washington Post, May 19, 2006

After the Bush administration was accused of secretly aiding militias in Somalia, new White House spokesman Tony Snow demonstrated on Wednesday that he had quickly learned the art of saying nothing.

QUESTION: On Somalia, is the United States working with warlords? Does the United States -- does the Bush administration consider the Somalia government to be responsible for specific genocide against African Christians in Darfur?

SNOW: I'm going to be very precise about this, and I will give you -- because this is one of these things where I want to be careful how I parse it. First, the president has said that his primary responsibility as commander in chief is to keep the American people safe. That's a solemn task. The second thing is, you've got instability in Somalia right now, and there is concern about the presence of foreign terrorists, particularly al-Qaeda, within Somalia right now. In an environment of instability, as we've seen in the past, al-Qaeda may take root. And we want to make sure that al-Qaeda does not, in fact, establish a beachhead in Somalia.

Now, the problem we've seen before in ungoverned -- these are problems that we've seen in other ungoverned regions in the past. The terrorists are going to seek to take advantage of the environment and use that kind of chaos in order to put together camps and, therefore, mount operations around the world. The United States -- we will continue to work with regional and international partners wherever we can to crack down on terrorism, and also to try to prevent its rising.

In the long run, the answer to your concerns is an effective, functional government of Somalia, which, obviously, we do not at the moment have. The United States strongly supports the transitional federal institutions in Somalia because they are trying to

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reestablish a functioning central government within Somalia that can bring the Somali people out of the period of civil conflict. As I said, I am going to be very careful with the way I say it, and I will say no more.

Q: I appreciate that. One more thing on the genocide, though. Does the president --

SNOW: As I said, I'm not going to make any further comment on Somalia.

Q: What are you really saying?

SNOW: Every word will be in the transcript, every single one.

House Sets Budget Blueprint As Resources Bill Gains Passage (WSJ)

By David Rogers

The Wall Street Journal, May 19, 2006

WASHINGTON -- A $26 billion natural-resources bill cleared the House, even as Republicans won approval of their long-delayed budget blueprint for the new fiscal year that begins Oct.1.

The 218-210 budget vote, which followed a late-night debate spilling into early yesterday morning, ended weeks of frustration for party leaders who had twice pulled back in the final hours for fear of losing. Democrats were united in opposition, but just 12 Republicans broke ranks after moderates won promises that at least $7.1 billion would be added back to President Bush's budget for core job-training, health and education programs.

Passage cleared the way for the first of the 2007 spending measures, and the natural-resources bill adopted last night quickly captured the scrappier tone of the annual appropriations debate.

Just hours after the budget vote, prominent conservatives were back on the floor seeking more money, even including a $500,000 amendment to trap alligators in Florida. In a series of skirmishes with timber and oil interests, environmentalists easily prevailed and enjoyed an election-year surge of support from sometimes as many as 67 or 68 Republicans.

In a closely fought 217-203 contest, Florida Republicans led the successful effort to strip out a business-backed provision that would have lifted decades-old restrictions on exploring for natural gas off the U.S. coast.

Rep. Tom DeLay (R., Texas), the soon-departing former majority leader, watched with evident dismay. "Republicans are voting green tonight," he said.

The floor debate came as the White House and leadership stepped up pressure on House and Senate negotiators to reach agreement soon on an emergency-spending bill to pay for military operations in Iraq and hurricane-recovery efforts on the Gulf Coast.

The administration again warned that Mr. Bush will veto the wartime measure if total spending exceeds his initial $92.2 billion request. The president's chief of staff and former budget director, Joshua Bolten, followed up with a trip to the Capitol where he was promised by the leadership that the veto won't be needed -- and that the bill will comply.

But with the Memorial Day recess approaching, the administration has made the task of cost containment harder by adding about $4.1 billion in demands that must be met under the same $92.2 billion cap.

Just yesterday, for example, the White House sent Congress plans to shift more than $1.9 billion from various defense accounts to pay for new border-security initiatives announced by the president Monday night. The package is heavily tilted toward personnel: $756 million to place 6,000 National Guard troops on borders with Mexico and an additional $410 million to help hire 1,000 border-patrol agents. But the result will be to displace port-security initiatives and capital investments in equipment for border agents championed by many in Congress.

Much of the defense saving proposed to pay for the president's plan has already been claimed by lawmakers to pay for other priorities, such as more armor for troops in Iraq. For example, the administration would save $125 million by canceling its planned Navy purchases of inflatable boats and utility helicopters. In fact, the House and Senate have already assumed cuts of at least 80% from the same procurement money.

The same pattern is seen in the jockeying now over aid to Gulf Coast states recovering from hurricanes Katrina and Rita. The White House initially proposed $19.7 billion, then followed up with an additional $2.2 billion request last month for the Corps of Engineers and levee work in New Orleans. But rather than ask for more money to meet these needs, the administration

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proposed the cost be largely offset by cutting its proposed contributions to a disaster-relief fund within the Department of Homeland Security.

Critics of this approach argue that the White House is simply postponing having to face up to the cost of the Katrina recovery. And it is also an invitation to Senate Appropriations Committee Chairman Thad Cochran (R., Miss.) to try to do the same to offset the added education and development money he wants for the Gulf Coast.

House Conservatives See Wins In Budget (WT)

By Amy Fagan

The Washington Times, May 19, 2006

House conservatives say they scored key spending reform victories in the $2.7 trillion budget approved early yesterday, but major changes are needed to achieve the fiscal discipline promised when Republicans took over the chamber more than a decade ago.

"The budget, while not visionary, was an important first step," said Rep. Mike Pence, Indiana Republican and chairman of the conservative Republican Study Committee (RSC).

"There's a huge way to go," said Rep. Jeb Hensarling, Texas Republican. "It takes time. ... It's like turning a battleship."

The House approved the blueprint for 2007 spending by a vote of 218-210 after weeks of negotiations between conservative and more liberal Republican factions. Twelve Republicans and all 197 House Democrats who voted opposed the bill, as did the one independent member. Four Democrats and one Republican did not vote.

Mr. Pence said conservatives' greatest victory was holding the line on President Bush's $873 billion limit for discretionary spending, despite what Mr. Pence said was "overwhelming pressure" from the more liberal wing to spend more.

"We stood firm; our leadership stood firm," he said.

Conservatives also highlighted "significant" victories secured from leaders during negotiations, including the promise of votes on line-item veto authority, inclusion of earmark reform in a recently passed lobbying reform bill, and a hard-fought provision that would define and limit "emergency" spending, making it more difficult to add pet projects to such legislation. For 2007, the budget sets that emergency level at $6.4 billion.

Mr. Bush praised the move in the House, and Majority Leader John A. Boehner, Ohio Republican, called the budget "a major demonstration of Republicans' commitment to return fiscal discipline."

Conservatives said spending was still too high, that cuts to massive entitlement programs were inadequate and that the plan will raise the national debt.

The bill increases discretionary spending for defense and homeland security while holding other discretionary spending flat. It assumes $228 billion in tax relief and culls $6.8 billion in savings from entitlements programs over five years.

"Even though this budget still spends too much," the reform victories represent "a turning point in the battle over spending," Mr. Hensarling said.

He called the emergency spending item a crucial tool. "There is now at least a stoplight on the road to spending," he said.

Mr. Hensarling this week offered an RSC alternative modeled after the budget House Republicans approved in 1995. Called "Contract With America Renewed," it would have balanced the budget in five years, trimmed $358 billion from entitlement programs, capped annual Medicare growth, eliminated 150 federal programs and restructured three federal agencies. It was approved by 94 Republicans and opposed by 134, including 32 RSC members, even though nearly half of them supported the 1995 budget.

"There's been a shift" in the party since 1995, Mr. Pence said, but he was encouraged that House Republican leaders backed the RSC plan this week.

"This was truly an effort to return to the bold and visionary leadership of the '94 revolution," he said.

Democrats, meanwhile, argued that the budget approved by the House shortchanged key social programs to allow more tax cuts for the rich and increase debt.

"The misplaced priorities demonstrated in this budget are astounding," said Rep. Jim McGovern, Massachusetts Democrat.

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Future Is Cloudy For House G.O.P. Budget Bill (NYT)

By Carl Hulse

The New York Times, May 19, 2006

WASHINGTON, May 18 — House Republicans won their hard-fought budget victory early Thursday morning as the House voted 218 to 210 to approve a $2.7 trillion spending plan. But the victory may be more symbolic than substantive.

Lawmakers doubt the House blueprint will ever be reconciled with a larger Senate budget. But Republican leaders, who cut a last-minute deal with party moderates to seal the budget vote, were determined to force through a plan that held the line on federal spending as a show of fiscal discipline.

"We successfully worked with conservatives, moderates and appropriators alike to come together as a team and pass a responsible budget that controls spending," said Representative John A. Boehner of Ohio, the majority leader, who had made the budget vote a priority since assuming his leadership role this year.

Democrats, who voted unanimously against the plan, criticized both its reductions in spending on social programs and its forecast of a $348 billion deficit in 2007. "The tide of red ink rises forever," said Representative Sander M. Levin, Democrat of Michigan. "This policy is unsustainable and morally indefensible."

The key to the budget approval was a leadership promise to Republican centrists that an additional $3.1 billion would be found for health and education programs as Congress moved through its individual spending bills. Democrats said the moderates had agreed in return for a vague pledge of future money, but Representative Michael N. Castle, the Delaware Republican who led the push for the extra money, said he thought the leadership would follow through.

"We are aware it is a promise, but we had a lot of talks about it and they are pretty committed," Mr. Castle said of the leadership.

Though the agreement resulted in Mr. Castle and others deciding to support the budget, 12 Republicans voted against it, including some lawmakers in difficult re-election fights, like Representatives Heather A. Wilson of New Mexico and Jim Gerlach of Pennsylvania.

By establishing an overall spending limit, the House has made it harder for lawmakers to force politically difficult votes by pushing for more money.

Even before the final concessions on health and education spending, the leadership had stripped issues like Medicare cuts, called for by President Bush, from the spending bill.

Panel Approves Gay 'Marriage' Ban (WT)

By Charles Hurt

The Washington Times, May 19, 2006

The Senate Judiciary Committee yesterday approved a constitutional amendment against homosexual "marriage" in a brief but nasty meeting.

"If you want to leave, good riddance," Chairman Arlen Specter told Sen. Russ Feingold, the Wisconsin Democrat who refused to participate because, he said, the meeting was not sufficiently open to the public.

"I've enjoyed your lecture, too. See ya," Mr. Feingold told the Pennsylvania Republican before storming out of the cramped and ornate President's Room just off the Senate floor.

The committee approved the measure on a party-line vote. Mr. Specter said he opposes the amendment but supports sending it out of committee to the Senate floor, where it is expected to be taken up next month.

Majority Leader Bill Frist, the Tennessee Republican who is viewed as a 2008 presidential contender, said he will take up the matter the week of June 5.

Even backers of the amendment say it's not likely to go far this year beyond becoming a hot-button political issue in the November elections. Because the measure seeks to change the Constitution, it must pass both houses of Congress by a two-thirds majority and then be approved by at least 38 states.

But the sponsor of the amendment says it's about more than just election-year politics.

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"If we quit bringing it up here and talking about it here, in effect we leave the decision-making process to the judicial side," amendment sponsor Sen. Wayne Allard, Colorado Republican, told reporters after the committee vote.

"Marriage in the United States shall consist only of the union of a man and a woman," reads the measure. "Neither this Constitution, nor the constitution of any State, shall be construed to require that marriage or the legal incidents thereof be conferred upon any union other than the union of a man and a woman."

Vermont Sen. Patrick J. Leahy, the committee's top Democrat, said the marriage amendment was a waste of time for a committee that needs to tackle a wide range of other pressing issues -- from judicial nominations to oversight of the National Security Agency's domestic-spying program.

"I didn't realize marriages were so threatened. Nor did my wife of 44 years," Mr. Leahy said.

Mr. Leahy said Sen. Orrin G. Hatch, who is Mormon, has expressed support for polygamists in his home state of Utah.

"I never said that," Mr. Hatch replied. "I know some [polygamists] that are very sincere. ... Don't accuse me of wanting to have polygamy."

Senate Panel OKs Gay-marriage Ban (USAT)

USA Today, May 19, 2006

The Senate Judiciary Committee approved a constitutional amendment to ban same-sex marriage after a shouting match between two senators Thursday. It began when Sen. Russ Feingold, D-Wis., declared his opposition to the amendment, his love of the Constitution and his intention to leave the meeting.

“I don't need to be lectured by you,” Chairman Arlen Specter, R-Pa., said. “Good riddance.”

“I've enjoyed your lecture, too,” replied Feingold, who is considering a run for president in 2008.

The panel voted 10-8 along party lines to send the measure to the full Senate. It says, “Marriage in the United States shall consist only of the union of a man and a woman.” Specter said he opposes the measure but wants it debated. A constitutional amendment needs approval by two-thirds of the House and the Senate, and three-fourths of the states.

Supreme Court Justice Antonin Scalia reminded a Capitol Hill audience that he does not believe the justices should invoke foreign law in their decisions. But then he had a message for Congress on the topic: Don't try to legislate against it.

“I don't think it's any of your business,” said Scalia, the most outspoken justice, after prefacing the remark with a quip: “Part of my charm is that I always tell people things they don't want to hear.”

Scalia said that as much as he abhors the increasing use by other justices of international law in their decisions — to support rulings such as a ban on the death penalty for juveniles and protection for homosexual relations — he does not want Congress to meddle.

“If you tell us not to use foreign law, I suppose you can tell us not to use certain principles of logic,” he said. A pending resolution by Rep. Tom Feeney, R-Fla., with 83 co-sponsors, says judges generally should not rely on foreign rulings or laws. Feeney was not at the luncheon where Scalia spoke. He said later that the resolution does not tell the court how to rule but attempts to admonish the court when it relies on foreign law. — Joan Biskupic

Members of the House Homeland Security oversight subcommittee criticized the Department of Homeland Security for security gaps. Among the issues: Brian Doyle, the department's fourth-ranking spokesman, was charged with sexually preying on a detective posing as a 14-year-old girl in cyberspace; and the department awarded $25 million in limousine contracts to a Virginia-based company whose owner, Christopher Baker, has numerous felony convictions.

“We're talking about people who were driving the highest people in the department around,” said committee Chairman Pete King, R-N.Y.

Dwight Williams, the department's security officer, said Homeland Security might not have had the authority to look at Baker's criminal past. Gregg Prillaman, the department's personnel director, said the department is still feeling growing pains from merging 185,000 employees from 22 agencies in 2003.

Bid To Revive Offshore Gas Drilling Falls Short In House (LAT)

By Richard Simon

The Los Angeles Times, May 19, 2006

DOJ_NMG_0029020

WASHINGTON — A new drive to relax the long-standing ban on offshore energy exploration came up short in the House of Representatives on Thursday.

By a 217-203 vote, a bipartisan coalition of coastal-state lawmakers beat back an effort to exempt drilling for natural gas from the congressional moratorium.

But the vote — closer than last year's 262-157 roll call on a similar measure — reflected the heightened political anxiety over high energy prices in this election year.

It is expected to embolden pro-drilling forces to make a more determined push in coming months to try again to relax the moratorium, which currently prohibits oil as well as natural gas drilling offshore in the Atlantic and Pacific oceans as well as in a wide swath of the eastern Gulf of Mexico.

One proposal that might stand a better chance would let states opt out of the moratorium in return for a share of drilling royalties. Another would expand energy exploration in the eastern gulf.

In a statement, the American Gas Assn. said the vote signaled growing support for lifting the moratorium for natural gas exploration on the outer continental shelf. That increasing support will add "tremendous momentum to other legislative efforts to get an [outer continental shelf] bill through the House and Senate," the statement said.

Environmentalists expressed relief, but Sierra Club Executive Director Carl Pope warned, "We must remain vigilant."

Thursday's vote came during consideration of the Interior Department's annual spending bill, which has included a moratorium since the early 1980s. New energy exploration is prohibited except in parts of the Gulf of Mexico and areas off Alaska. A presidential order also prohibits drilling in most coastal waters until 2012.

Farm and manufacturing groups hard hit by high fuel costs joined the energy industry in pushing to relax the drilling ban. Although high gasoline prices have generated attention, natural gas prices have also soared. Winter average natural gas bills for Southern California Gas Co. residential customers were 20% to 25% higher than last winter, according to the company.

Rep. John E. Peterson (R-Pa.), who led the effort to relax the moratorium, argued that natural gas could be explored without risking an oil spill, an assertion that anti-drilling lawmakers disputed.

Peterson also warned that high fuel costs threaten to drive more U.S. companies overseas. "Folks, this is about the economy of America," he said.

Rep. Ralph Regula (R-Ohio) added: "I don't think it's fair to 280 million Americans to deny them access to an asset that belongs to all of them."

Coastal-state lawmakers, including a number of pro-business Republicans, argued that the measure could endanger their states' tourist economies.

"I can assure you that people don't go visit the coast of Florida or the coast of California to watch oil wells," said Rep. Sam Farr (D-Carmel).

Gov. Arnold Schwarzenegger joined several other coastal-state governors, including Florida Gov. Jeb Bush, in urging their state delegations to oppose weakening the moratorium. In a letter, Schwarzenegger called the state's coastline "an integral part of our culture, our heritage and our economy."

Offshore drilling has been a significant issue in California since a 1969 oil platform blowout off the coast of Santa Barbara caused extensive environmental damage.

In the California delegation, Republicans Mary Bono of Palm Springs, Ken Calvert of Corona, John Campbell of Irvine, David Dreier of San Dimas, Elton Gallegly of Simi Valley and Ed Royce of Fullerton joined all the Democrats in supporting the continued moratorium. With the exception of Rep. Richard W. Pombo of Tracy, who did not vote, all other Republicans were opposed.

Rep. Jerry Lewis (R-Redlands), the influential chairman of the House Appropriations Committee who last year favored keeping the moratorium, was among those who changed his vote Thursday. Jim Specht, a Lewis spokesman, said his boss was moved by the increase in energy prices.

"As gas prices have continued to increase, he has become convinced that we must find new sources to fix the long-term problem of increasing supply," Specht said.

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Vote In House Seeks To Erase Oil Windfall (NYT)

By Edmund L. Andrews

The New York Times, May 19, 2006

WASHINGTON, May 18 — In an attempt to revoke billions of dollars worth of government incentives to oil and gas producers, the House on Thursday approved a measure that would pressure companies to renegotiate more than 1,000 leases for drilling in the Gulf of Mexico.

The measure, approved 252 to 165 over the objections of many Republican leaders, is intended to prevent companies from avoiding at least $7 billion in payments to the government over the next five years for oil and gas they produce in publicly owned waters.

Scores of Republicans, already under fire from voters about gasoline prices, sided with Democrats on the issue. Eighty-five Republicans voted to attach the provision to the Interior Department's annual spending bill. The measure would require adoption by the Senate, which is less reflexively supportive of the energy industry than the House, and will almost certainly provoke intense opposition from oil and gas producers.

In a raucous debate on the House floor before the vote, Democrats argued that energy companies were shortchanging taxpayers at the same time that soaring prices for crude oil and natural gas had pushed industry profits to record highs.

"Oil companies want to play Uncle Sam for Uncle Sucker," said Representative Edward J. Markey, a Massachusetts Democrat who co-sponsored the amendment with Representative Maurice D. Hinchey, Democrat of New York. "Today, we must put an end to these senseless giveaways."

Republican leaders, who had hoped to avoid a vote on the issue, agreed that companies should not be getting lucrative incentives in times of high prices. But they insisted that the government had no right to reopen valid leases that it signed years ago with offshore drillers.

"These leases were valid legal contracts signed between the government and these companies in good faith," said Representative Mike Simpson, Republican of Idaho. "The Congress and the government should keep their word when they sign a contract."

In a separate defeat for energy companies, the House voted 279 to 141 to reject a provision that would lift a 25-year ban on oil drilling in coastal areas outside the western Gulf of Mexico.

Lawmakers also voted 217 to 203 to continue the prohibition on drilling just for natural gas.

The lopsided vote to rescind royalty incentives, which surprised many of the proposal's own sponsors, came three months after The New York Times disclosed that companies drilling in publicly-owned waters of the Gulf of Mexico were set to escape royalties on about $65 billion worth of oil and gas over the next five years.

The windfall stemmed in large part from a major error in about 1,000 leases that the Clinton administration signed with energy companies in 1998 and 1999.

To encourage drilling and exploration in water thousands of feet deep, the government offered to let companies avoid the standard royalties, usually 12 percent or 16 percent of sales, for large quantities of the oil and gas they produced.

But the incentives, which have been expanded in recent years by the Bush administration and by Congress, were supposed to stop as soon as prices for oil climbed above $34 a barrel and prices for natural gas climbed above $4 per thousand cubic feet.

For reasons that are now being investigated, the Interior Department omitted the restriction in 1,000 leases it signed in 1998 and 1999. In addition, the Bush administration offered extra "royalty relief" to companies that drilled very deep wells in very shallow water.

The lost royalties are just beginning to hit the government's bottom line.

The Government Accountability Office, the investigative arm of Congress, estimated in March that the royalty incentives could cost the government $20 billion over the next 25 years.

On top of that, at least one oil company, the Kerr-McGee Corporation, has sued the Bush administration in a test case to expand the "royalty relief" far more. If the Kerr-McGee lawsuit is successful, the G.A.O. estimated, the government could lose a total of $80 billion over the next 25 years.

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The amendment approved on Thursday would try to force oil companies to revise their contracts and agree to pay full royalties when energy prices climb above the "threshold levels."

To give the government bargaining power, the bill would also prohibit the Interior Department from awarding any new leases to companies that refuse to revisit their leases.

The industry is itself divided on the issue. Some of the big integrated oil and gas companies, like Exxon Mobil, have already declared that they see no need for incentives in today's environment of high prices.

But many smaller producers are determined to retain their incentives and to fight for even more.

"Forcing renegotiations of contracts would be changing the rules in the middle of the game and would raise serious questions about contract law," said Dan Naatz, vice president for federal resources at the Independent Petroleum Association of America, a trade group that represents independent producers. The Bush administration did not take a position on the House measure, though senior officials have repeatedly said they were powerless to change valid contracts.

It is unclear whether the Senate will go along with the provision. But Democratic lawmakers have already been pushing.

Senator Ron Wyden, Democrat of Oregon, filibustered for five hours last month in an attempt to attach a similar proposal to major spending bill. Senator Diane Feinstein, Democrat of California, has drafted a bill similar to the House measure.

Auto Makers Support Alternative-Fuel Measures (WSJ)

By Laura Meckler

The Wall Street Journal, May 19, 2006

WASHINGTON -- The chief executives of Detroit's Big Three auto makers made clear to Congress what they want -- and what they think they might get -- from the government: financing for the pumps and other support needed to encourage Americans to use more ethanol and other gasoline alternatives.

In exchange, the leaders of Ford Motor Co., General Motors Corp. and DaimlerChrysler AG's Chrysler division promised to produce millions more vehicles that can run on domestically produced alternatives to petroleum.

The executives, meeting in back-to-back sessions with Republican and Democratic leaders of the House and Senate, didn't push for any particular piece of legislation. Rather, they said there were a lot of good ideas on the table.

"We recognize that there are problems, and we are going to work as partners" with the auto makers, said Senate Minority Leader Harry Reid (D., Nev.). "Perhaps in the last many years we have not worked together as well as we should have."

Aware that voters want Congress to do something to address high gasoline prices, the auto executives were determined to project a positive attitude aimed at solving the problem. The companies dismissed talk of a government bailout despite GM's and Ford's financial problems. And they focused on their support for alternative fuels, rather than their opposition to higher fuel-economy standards.

"We talked about our companies' commitment to developing and introducing more products with newer technology to help drive energy security here in America," said GM's chairman and chief executive officer, Rick Wagoner.

Because U.S. auto makers sell so many gas-guzzling pickup trucks and sport-utility vehicles, Detroit lags behind its foreign competitors in the overall mileage of its fleet. Demand for profitable but low-mileage SUVs has dropped, and GM and Ford have been hurt as they try to stem big losses in their North American auto operations. Detroit also is far behind Honda Motor Co. and Toyota Motor Corp. in production of hybrid vehicles that run on both electricity and gasoline.

But the domestic companies are ahead in production of "flexible fuel" vehicles that can run on E85, a fuel that is 85% ethanol and 15% gasoline. GM, Ford and Chrysler have produced five million of these cars, which provide the companies with special credits needed to meet federal fuel-economy standards. Because E85 is available at only about 600 of 170,000 U.S. gas stations, few of these vehicles ever run on anything but gasoline. Another problem: Because of water condensation in the pipelines that transport much of the nation's oil and gasoline, ethanol must be shipped by truck or train.

The trio of executives -- Ford Chairman and CEO Bill Ford Jr., Chrysler Chief Executive Tom LaSorda and Mr. Wagoner -- had planned to meet with President Bush yesterday, but that meeting was postponed.

In their Capitol Hill sessions, the auto companies said that for ethanol to make a real impact on cutting U.S. oil consumption, flexible fuels must be available at 20% to 30% of the nation's gas stations. Better availability of ethanol could also

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help car sales, as domestic auto makers would have a product available for customers concerned about rising gasoline prices. In the past, ethanol has been more expensive than gas, but that equation is changing as gas prices climb.

The trio also endorsed the goal pushed by the Energy Future Coalition -- which includes farmers, environmental groups and others -- for the U.S. to produce 25% of its energy through renewable fuels by 2025.

The CEOs tried to steer clear of discussions about higher fuel-economy standards. The Bush administration has asked Congress for authority to restructure the passenger-car standard, a move that could help Detroit by setting lower standards for larger cars. And auto makers are cautiously optimistic that a Bush-crafted plan would increase overall mileage targets only modestly. But auto makers worry that lawmakers could attach a provision requiring much higher mileage.

Automakers Push Higher Use Of Ethanol (USAT/AP)

USA Today, May 19, 2006

WASHINGTON (AP) — Detroit automakers pressed Congress on Thursday to help make ethanol fuels more widely available, saying that would be an immediate step toward lessening U.S. dependence on foreign oil.

CEOs of General Motors, Ford Motor and DaimlerChrysler's Chrysler Group appealed to lawmakers for incentives to increase the number of gas stations offering blends of the corn-based fuel.

"If we want a game changer, and a game changer in very short term and in big numbers, then ethanol is a very good play for this country," said Ford's Bill Ford.

The executives endorsed a plan to have renewable fuels meet 25% of the nation's transportation energy needs by 2025. GM's Rick Wagoner said the automakers want to be leaders "in this historic shift from energy consumption."

Other topics discussed during their day on Capitol Hill included health care, trade and currency manipulation by other countries.

"We really tried to make it clear to them we weren't interested in coming asking for help for the domestic auto industry," Wagoner said. "We were interested in talking about things that would improve the competitiveness of the U.S. economy."

Senate Majority Leader Bill Frist, R-Tenn., said they had productive discussions on several subjects, including "the importance of energy independence being a long-term goal for this country."

Senate Minority Leader Harry Reid, D-Nev., said lawmakers and auto executives were confident they could work together to "bring back the American automobile industry where we think it should be and they think it should be."

The executives arrived in vehicles powered by ethanol and decorated with images of corn stalks. They said they had produced 5 million vehicles capable of running on ethanol blends and planned to bring an additional 1 million to the market this year.

The obstacle to widespread benefit of flexible-fuel vehicles, which can run on a blend of up to 85% ethanol and 15% gasoline, is finding ethanol pumps. Industry officials estimate that about 685 of the 165,000 fueling stations in the USA offer ethanol blends.

Pump prices top $3 a gallon in many places. President Bush has sought an increase in the availability of ethanol and alternative fuels, more research for hybrid vehicle batteries and elimination of the cap on tax credits for the purchase of hybrids.

The auto executives plan to meet in June with Bush.

The administration also has asked Congress to give it the authority to change mileage rules for passenger cars, a move that could lead to higher requirements.

Wagoner said they did not have extensive talks about fuel economy standards.

Big 3 Leaders Lobby On The Hill (WP)

By Sholnn Freeman

Washington Post, May 19, 2006

Leaders of Detroit's Big Three automakers came together on Capitol Hill yesterday in an uncharacteristic display of unity to build support for ethanol fuel and to rally legislators behind the financially strapped industry.

The U.S. automakers have had difficulty getting their message across in Washington in the past year as their profits have sunk and they have come under increasing assault in their home market by rivals from Japan, South Korea and Europe.

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In a day-long series of meetings, the auto executives met with House Speaker J. Dennis Hastert (R-Ill.); House Minority Leader Nancy Pelosi (D-Calif.); and Rep. John D. Dingell (D-Mich.), a key supporter of the industry. In the Senate, they met with Majority Leader Bill Frist (R-Tenn.), Minority Leader Harry M. Reid (D-Nev.) and a number of Democratic senators, including Hillary Rodham Clinton of New York, and Debbie Stabenow and Carl M. Levin of Michigan.

The automakers had been scheduled to meet with President Bush this week, but he postponed the gathering until June 2. Officials at the auto companies said yesterday that the June 2 meeting has also been postponed.

At the end of the day yesterday, the executives said they would join a coalition of other business and political leaders dedicated to providing 25 percent of U.S. energy needs from renewable sources by 2025.

General Motors Corp. Chairman Rick Wagoner said the nation was undergoing a historic shift in energy consumption, adding that greater use of ethanol was "the best opportunity right now" to reduce the nation's dependence on foreign oil. "We need to pursue all options," he said. Ford Motor Co. Chairman William C. Ford called ethanol a "game-changer" for the industry.

By the end of the year, the three auto companies say, they will have 6 million vehicles on the road capable of using a corn-based fuel called E85. But drivers have virtually no place to get the fuel. Of the 180,000 service stations nationwide, about 600 sell the ethanol blend. The U.S. auto companies have been battered by rising gasoline prices in the past year. Profits at GM, Ford and DaimlerChrysler AG, which owns Chrysler, are heavily dependent on sales of large pickup trucks and sport-utility vehicles.

Ford, Wagoner and Chrysler chief executive Thomas W. LaSorda repeatedly said they did not come to Washington for handouts and said there was no talk in the meetings of a government bailout for the industry. Congressional staff members said the automakers also brought up the need to reform the nation's pension system. Lawmakers expressed some support for the industry. Reid said lawmakers would work with the companies to "bring back the American automobile industry where we think it should be."

Detroit has a big agenda in Washington, and it has long sought a more proactive role for the government. Among the automakers' concerns are the escalating cost of providing health care and pensions for hundreds of thousands of workers and retirees. The companies have also asked for subsidies for research and development and more tax credits to prop up demand for alternative-fuel vehicles.

Japanese automakers now lead in the development of gas-electric hybrid technology. The U.S. companies also have complained that they have limited access to foreign markets and have accused China and Japan of manipulating their currencies for trade advantage.

David E. Cole of the Center for Automotive Research in Ann Arbor said the automakers were trying to build a consensus message. "Individually, they tend to talk about different things at different times, and that really has not been very helpful," Cole said.

Harley Shaiken, a professor at the University of California at Berkeley, said lawmakers tend to minimize the importance of the Detroit automakers, which still hold 60 percent of the U.S. market.

"It is rather remarkable that this is even necessary," he said of yesterday's meetings. "In the mid-'50s, you would almost have the Congress go to Detroit, versus the Big Three executives come to Washington. There would have been no need to remind anybody about how central the American auto industry was."

Carlos Gutierrez (CSM)

By David T. Cook

The Christian Science Monitor, May 19, 2006

Secretary of Commerce Carlos Gutierrez was Thursday's guest. Here are excerpts from his remarks: On whether recent signs of rising inflation threaten the US economy:

"Everything suggests that we should be able to get through this period without seeing inflation increase to a point where it would become a problem." On speculation he will be named Treasury secretary:

"I love serving the president in the job I am doing and serving the country. I haven't given it much thought." On the importance of immigration reform:

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"This is probably the social/domestic issue of our time and unless we tackle it, confront it, solve it in a comprehensive way, we are just going to let the problem get bigger and more complex." On whether anti-immigrant rhetoric from some Republicans will hurt the GOP with Hispanic voters:

"There are a lot of values that attract Latinos and Hispanics to the Republican Party.... The leader of the Republican Party has believed in this issue and has been a staunch proponent of comprehensive reform from the time he was governor of Texas.... [T]he symbol of the Republican Party is President Bush and that is what I believe will attract Latinos and Hispanics to the Republican Party." On whether the Sarbanes-Oxley corporate reform law has worked:

"Overall it has been a positive thing. Where we need to be very vigilant ... is with small business [so we don't put these businesses] at a competitive disadvantage."

Shares Continue Falling On Interest Jitters (NYT/AP)

By The Associated Press

The New York Times, May 19, 2006

Wall Street extended its losses yesterday, a day after an inflation scare sent the Dow Jones industrial average on its biggest one-day drop in three years and put the Nasdaq composite index in the red for 2006.

Stocks drifted in a narrow range through most of the session but took a sharp turn lower in the last hour of trading, when a market already nervous about interest rates was unsettled by comments from William Poole, president of the Federal Reserve Bank of St. Louis, who reiterated that the central bank's future rate increases would depend on economic conditions.

Concerns that rising inflation would send rates higher propelled the stock market sharply lower Wednesday, carrying the Dow down 214 points in the process.

Even before Mr. Poole's comments were reported on news services, investors were clearly not in a mood to buy. Data showing a moderating economy had little impact on trading, including an unexpected drop in the Conference Board's index of leading indicators and an upswing in jobless claims.

"This market is just scared right now," said Ryan Larson, an equity trader at Voyageur Asset Management. "People are taking money off the table and no bets are being made because no one knows what to do right now."

The Dow dropped 77.32 points, or 0.69 percent, to 11,128.29. The Standard & Poor's 500-stock index lost 8.51 points, or 0.67 percent, to 1,261.81, and the Nasdaq sank 15.48 points, or 0.7 percent, to 2,180.32.

Although yesterday's mild economic data did little for stocks, it brightened the bond market's outlook for interest rates. The yield on the 10-year Treasury note plunged to 5.06 percent, from 5.14 percent on Wednesday. Its price rose 21/32 to 10016/32.

The catalyst for the previous day's frenzied selling was a stronger-than-forecast jump in consumer prices that ignited concerns that the Fed might keep raising interest rates amid signs that record energy costs were beginning to seep into other parts of the economy.

Some analysts say higher interest rates are inevitable given the strength of the global economy, and the market's recent retreat was indicative of investors' overblown expectations that the Fed was nearly done with its rate tightening. The uncertainty now lies in whether the Fed will sacrifice economic growth to impede escalating prices, or risk inflation to aid the economy's expansion.

Mr. Poole, who is not a voting member of the Fed's policy-making Federal Open Market Committee, also noted that it was possible, though not likely, that the Fed would cut rates or move beyond the current level for the benchmark federal funds of 5.25 percent.

"I think investors are trying to figure out how much damage the Fed may need to do to growth for inflation pressures to be arrested," said Stuart Schweitzer, global markets strategist for J. P. Morgan Asset and Wealth Management. "It's possible that the Fed has already done enough, but it's looking increasingly unlikely."

Mr. Larson of Voyageur added that while crude oil was off its record high of $75 a barrel, traders could soon grow fearful about the upcoming hurricane season, after last year's storms battered Gulf Coast refineries. Oil futures reversed course after two days of selling, with a barrel of light crude adding 76 cents, to $69.45, on the New York Mercantile Exchange.

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The Sears Holdings Corporation said it swung to a profit on improved results at its Kmart and Sears department stores. Sears surged $17.89, to $155.85.

Burger King Holdings rose 50 cents, closing at $17.50 in its trading debut after pricing its initial public offering at $17 a share.

Declining issues overtook advancers late in the day and were ahead by five to three on the New York Stock Exchange, where the volume of 1.77 billion shares lagged the 2.1 billion shares that changed hands Wednesday.

Stocks Extend Their Descent As Bonds Climb (WSJ)

By E.S. Browning

The Wall Street Journal, May 19, 2006

After plunging 214.28 points on Wednesday, the Dow Jones Industrial Average fell another 77.32, leaving it down 4.4% since its skid began last Thursday.

Comments from the presidents of two regional Federal Reserve banks helped prolong worries that inflation is worsening despite repeated Fed interest-rate increases, and the uncertainty made investors even less eager to own stocks.

The industrial average fell 0.69% to 11128.29, the lowest finish in a month. It still is up 3.8% this year.

The Nasdaq Composite Index is down 1.1% for 2006, at its lowest point since November. Yesterday it fell 0.71%, or 15.48 points, to 2180.32. Its eight-day losing streak is its longest since 1994.

But bond investors didn't share stock investors' fears. Treasury bonds rose sharply, driving the yield of the 10-year Treasury note down to 5.065%. Some investors appeared to be shifting money to bonds from stocks, seeking bonds' relative safety and trying to take advantage of the recent rise in bond yields, which makes bonds more lucrative.

Stocks initially rose, too, as investors saw signs of a slowing economy, which would hold down inflation. Reports showed a rise in jobless claims last week and a decline in the index of leading indicators -- which includes things such as new orders that presage economic growth.

But Richmond Federal Reserve Bank President Jeffrey Lacker said higher-than-expected recent inflation readings make it "less likely" that the Fed will be able to pause in its interest-rate increases at its next policy meeting, June 28 and 29. St. Louis Fed President William Poole said he couldn't rule out either a rate cut or a bigger-than-normal rate increase at that meeting. He said such extreme moves were unlikely, but his uncertainty seemed to rattle stock investors.

"Once the forces of inflation get into the economy it is hard to wring them out," said Todd Clark, director of stock trading at San Francisco money-management and brokerage firm Nollenberger Capital Partners. Investors fear the Fed might be forced to raise rates so high that it provokes a recession.

The Standard & Poor's 500-stock index fell 0.67%, or 8.51 points, to 1261.81, up 1.1% this year.

In major U.S. market action:

Stocks retreated1; bond prices gained2. The 10-year Treasury note rose 24/32, or $7.50 for each $1,000 invested. The 30-year bond was up 1 18/32 to yield 5.168%.

The dollar was mixed3. Late in New York, the currency traded at 111.04 yen, up from 110.94, while the euro rose against the dollar to $1.2821 from $1.2750.

Leading Indicators Reinforce Idea That Growth Is Slowing (NYT/AP)

By The Associated Press

The New York Times, May 19, 2006

WASHINGTON, May 18 — An important gauge of the nation's future economic activity dipped in April, once again suggesting slower growth in the months ahead.

The Conference Board, a private research group, reported Thursday that its index of leading economic indicators fell by 0.1 percentage point, to 138.9, last month. Economists were predicting a small rise. In March the index climbed by 0.4 percentage point, to 139.

The index predicts economic activity three to six months in the future.

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Economists said the decline reinforced the Federal Reserve's forecast that economic growth, which has been brisk, would most likely moderate to a more sustainable pace in the coming months.

In the first quarter of this year, the economy grew at a 4.8 percent pace, the fastest in two and a half years. Analysts expect growth will slow to a pace of 3 percent to 3.5 percent in the second and third quarters.

Lynn Reaser, chief economist at Bank of America Investment Strategies Group, said: "The index is flashing not a recession but a slowing in growth, which is a welcome sign. Unfortunately, we are not seeing an accompanying moderation in inflation yet."

The decline in the index comes as the housing market is slowing, energy prices are high and consumer confidence is sagging. April's index reading was weighed down by, among other things, a drop in building permits, a dip in consumer expectations and a rise in claims for jobless benefits.

The Labor Department said the number of people signing up for jobless benefits rose sharply last week, mainly because of the lingering effects of a partial government shutdown in Puerto Rico, which has now been resolved. New applications filed for unemployment insurance shot up by a seasonally adjusted 42,000, to 367,000, for the week ended May 13. That was the highest level of claims since early in October.

The Federal Reserve raised interest rates last week for the 16th time in two years, an effort to keep inflation from accelerating.

Fed policy makers left future rate decisions open as they grapple with whether the economy is more likely to slow or high energy costs are more likely to ignite price and wage rises. If policy makers think slower growth is the more probable course, then a pause may be favored. If inflation is more likely, another rate increase may be in store.

After the Labor Department reported Wednesday that consumer prices increased by 0.6 percent in April, many economists said the odds were now increasing that the Fed would bump up rates again at its next meeting on June 28 and 29.

Housing Cool-Down Is 'Orderly,' Fed Chief Says (WP)

By Tomoeh Murakami Tse

The Washington Post, May 19, 2006

Confirming what home buyers suspected and real estate sales figures have indicated for months, Federal Reserve Chairman Ben S. Bernanke said yesterday that the U.S. housing market was showing clear signs of cooling off.

Bernanke said the slowdown is "moderate" and "orderly" and pointed to the overall strength of the economy.

"We're seeing slowing in sales, slowing in starts. There also seem to be signs that prices are not rising as quickly as they have been for the past few years," Bernanke said in response to questions after a speech in Chicago, Bloomberg News reported.

His comments came as Freddie Mac announced that the average rate on a 30-year, fixed mortgage hit 6.6 percent this week, the highest in almost four years. Rising long-term rates have contributed to the housing industry's slowdown. The Commerce Department this week said construction of new homes fell 7.4 percent in April, to an annualized pace of 1.85 million homes. It was the third straight monthly decline.

Analysts were divided about Bernanke's assessment. Peter Morici, an economist at the University of Maryland's Robert H. Smith School of Business, said Bernanke's comments were "right on."

Morici said he saw the rise in long-term interest rates as healthy, with the economy moving away from its dependence on the housing market and "hyper-consumption" fueled by people taking out loans against their houses. "The housing market is going to come back to earth," he said.

Economist Dean Baker of the Center for Economic Policy and Research expressed concern that rising interest rates were squeezing homeowners who took out interest-only and adjustable-rate mortgages. Even when interest rates were at historically low levels, Baker said, stretched buyers were taking out exotic loans to get into pricey homes.

Baker said a rising inventory of homes in the Washington region could fuel a double-digit price decline if interest rates climb higher. Condo prices could fall by as much as 30 percent, and prices of single-family homes could drop by as much as 15 percent, he said.

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Former Fed chairman Alan Greenspan echoed Bernanke's analysis in a speech last night to the Bond Market Association in New York. "The boom is over. We can say that with some confidence," Greenspan said. But, he added, "there is no evidence that prices are going to collapse."

Greenspan predicted that the U.S. market was more likely to follow the path set by housing markets in Australia and Britain, where "prices just flattened out."

The consequences for the broader economy are not yet clear, Greenspan said. But if rising home prices and cheap home equity loans have been fueling consumer spending, as many economists think, "there is going to be some slowing of consumption," he said.

Bernanke did not address whether the Fed would pause in its campaign of raising short-term interest rates. Last week, the central bank raised its benchmark rate for the 16th consecutive time since June 2004 in response to continuing signs of inflationary pressures.

On Wednesday, the Commerce Department reported that April consumer prices rose at the highest rate in three months, leading many analysts to believe that the Fed would continue raising short-term rates. Richmond Fed President Jeffrey M. Lacker said in a speech yesterday in Norfolk that the Fed is less likely to suspend its interest-rate increases in light of higher consumer prices.

The shifting housing market has left sellers and buyers alike uncertain about their next steps.

"On the one hand, you feel like you can sit back and wait. On the other hand, you feel like you don't want to because of the interest rates" said John Booth Babcock, a transportation planner from Arlington who had considered buying but has now decided to wait. "No matter what you think the situation is, there's no comfort level."

Coming Down To Earth (NYT)

By Paul Krugman

The New York Times, May 19, 2006

Um, wasn't the stock market supposed to bounce back after Wednesday's big drop?

We shouldn't read too much into a couple of days' movements in stock prices. But it seems that investors are suddenly feeling uneasy about the state of the economy. They should be; the puzzle is why they haven't been uneasy all along.

The rise in stock prices that began last fall was essentially based on the belief that the U.S. economy can defy gravity — that both individuals and the nation as a whole can spend more than their income, not on a temporary basis, but more or less indefinitely.

To be fair, for a while the data seemed to confirm that belief. In 2005, the trade deficit passed $700 billion, yet the dollar actually rose against the euro and the yen. Housing prices soared, yet houses kept selling. The price of gasoline neared $3 a gallon, yet consumers kept buying both gas and other items, even though they had to borrow to keep spending (the personal savings rate went negative for the first time since the 1930's).

Over the last few weeks, however, gravity seems to have started reasserting itself.

The dollar began falling about a month ago. So far it's down less than 10 percent against the euro and the yen, but there's a definite sense that foreign governments, in particular, are becoming less willing to keep the dollar strong by buying lots of U.S. debt.

The housing market seems to be weakening rapidly. As late as last October, the National Association of Home Builders/Wells Fargo housing market index, a measure of builders' confidence, was still close to the high point it reached last summer. But on Monday the association announced that the index had fallen to its lowest level since 1995.

Finally, there are preliminary indications that consumers, hard-pressed by high gasoline prices, may be reaching their limit.

The National Retail Federation, reporting on a new survey, warns that "while consumers have seemed resilient in the face of higher energy costs, a tipping point may soon be in sight."

I can't resist pointing out that the Bush administration's response to the squeeze on working families has been, you guessed it, to accuse the news media of biased reporting.

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On May 10 the White House issued a press release titled "Setting the Record Straight: The New York Times Continues to Ignore America's Economic Progress." The release attacked The Times for asserting that paychecks weren't keeping up with fixed costs like medical care and gasoline. The White House declared, "But average hourly earnings have risen 3.8 percent over the past 12 months, their largest increase in nearly five years."

On Wednesday Treasury Secretary John Snow repeated that boast before a House committee. However, Representative Barney Frank was ready. He asked whether the number was adjusted for inflation; after flailing about, Mr. Snow admitted, sheepishly, that it wasn't. In fact, nearly all of the wage increase was negated by higher prices.

Meanwhile, the return of economic gravity poses a definite threat to U.S. economic growth. After all, growth over the past three years was driven mainly by a housing boom and rapid growth in consumer spending. People were able to buy houses, even though housing prices rose much faster than incomes, because foreign purchases of U.S. debt kept interest rates low. People were able to keep spending, even though wages didn't keep up with inflation, because mortgage refinancing let them turn the rising value of their houses into ready cash.

As I summarized it awhile back, we became a nation in which people make a living by selling one another houses, and they pay for the houses with money borrowed from China.

Now that game seems to be coming to an end. We're going to have to find other ways to make a living — in particular, we're going to have to start selling goods and services, not just I.O.U.'s, to the rest of the world, and/or replace imports with domestic production. And adjusting to that new way of making a living will take time.

Will we have that time? Ben Bernanke, the chairman of the Federal Reserve, contends that what's happening in the housing market is "a very orderly and moderate kind of cooling." Maybe he's right. But if he isn't, the stock market drop of the last two days will be remembered as the start of a serious economic slowdown.

Adam Smith Growls (WSJ)

The Wall Street Journal, May 19, 2006

Stocks continued their weeklong plunge yesterday, selling off again at the end of the day on more inflationary fears. The way to understand this washout -- knocking 4.4% off the Dow -- is that Adam Smith is giving the U.S. financial establishment a warning.

We're using our favorite moral philosopher here as a proxy for the ruthless discipline of financial markets. They can be brutal in punishing economic mismanagement, and for several days Mr. Smith has been growling that the Federal Reserve and its easy-money cheerleaders on Wall Street and in Washington need to sober up, or there will be far worse to come. The press is calling this an "inflation scare," but for those who want to know how markets respond once a real inflation settles in, we suggest reading an economic history of the 1970s. It isn't pretty.

The 4.4%-cold shower may even prove to be beneficial if it changes the psychology in elite political and economic circles. For the last year especially, they've been ignoring signs of incipient inflation, first by trusting in Alan Greenspan's assurances, later pointing to low long-bond rates, or any other excuse to avoid facing up to a world awash in dollar liquidity and soaring gold, oil and other commodity prices. (See gold's run nearby.) This is the kind of psychology that often takes hold at this stage of an expansion, with everyone enjoying the good times and desperately afraid the Fed will spoil the fun.

But the lesson of the past 30 years is that the economic pain is far more severe the longer the Fed stays too accommodative and lets pricing pressures build. The consumer price index reading that triggered Wednesday's selloff is a lagging indicator, after all, the kind that tells you inflation is here only after it has already arrived. As Paul Volcker -- the man who finally broke the 1970s inflation -- once noted, the actual inflation data comes in months later but spot commodity prices are a real-time signal. Investors have finally begun to doubt the Fed's happy talk about a "pause" in raising interest rates or that inflationary pressures are "contained."

All of which suggests that Mr. Greenspan's successor as Fed Chairman, Ben Bernanke, is facing a rough passage. He's arrived at a Fed that has clearly made a mistake in letting inflation expectations build and has been very slow to admit it. The only questions now are the magnitude of that mistake and of the resulting financial casualties.

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It's worth noting that while stocks fell yesterday, bonds rallied after comments by a couple of Fed officials that inflation may be gathering steam. "I pay a lot of attention to inflation expectations," said St. Louis Fed President William Poole, which makes us wonder what he and his colleagues have been paying attention to the last year.

The sooner Mr. Bernanke shows that he understands the problem, and has the fortitude to do something about it, the fewer casualties there will be. Sooner or later Adam Smith will take over if Mr. Bernanke doesn't.

Bush Plans To Nominate Bank Expert To SEC Panel (WP/AP)

By Associated Press

The Washington Post, May 19, 2006

President Bush will nominate Kathleen L. Casey, a Senate aide and expert on banking and securities law, to the five-member Securities and Exchange Commission, the White House said yesterday.

The announcement came four days after Cynthia A. Glassman said she did not intend to serve a second term as a commissioner and will leave after her term ends June 5. That will open one of the three Republican seats on the commission.

Casey, whose term would extend to June 2011, must be confirmed by the Senate. She is the staff director and counsel for the Senate Banking, Housing and Urban Affairs Committee. Earlier, she was chief of staff and legislative director for the committee's current chairman, Sen. Richard C. Shelby (R-Ala.).

The committee must consider the nomination before it can go to the full Senate. In a statement, Shelby said Casey is "eminently qualified to be a commissioner and will have my full support as she moves through the nomination process."

Casey has a bachelor's degree from Pennsylvania State University and a law degree from George Mason University.

A Right Turn Holds Perils For Bush (WP)

By E. J. Dionne Jr.

The Washington Post, May 19, 2006

As they watch President Bush's approval ratings tumble, conservative activists are offering a surefire strategy for presidential recovery: Bush should move to the right and "rally his base."

There's one problem with this approach: It could do the president's party far more harm than good, even within its own ranks. The conservative view ignores the roots of the president's difficulties in the disaffection of moderate voters who are more concerned with performance -- or the lack thereof -- than ideology.

The Post-ABC News poll released this week found the president with a 33 percent approval rating and suffering losses in esteem almost everywhere. Conservatives are by no means his biggest problem.

In January 2005 Republicans who described themselves as conservative gave Bush an astonishing 94 percent approval rating. The new Post-ABC survey, conducted May 11 to May 15, put Bush's approval rating among conservative Republicans at 76 percent, down 18 points.

But the poll found that among moderate Republicans, the president's approval rating had declined 31 points, from 88 percent in January 2005 to 57 percent now. Recent surveys by Gallup and the Pew Research Center also point to losses among moderates.

Bush has lost even more ground among moderate independents. The Pew surveys found Bush's approval rating in this group dropping from 48 percent in January 2005 to 22 percent last month.

The middle of the middle is going south on Bush.

This creates a conflict between Bush's immediate political interests and the interests of many Republican candidates on the ballot this November.

Bush's best shot at a quick jolt upward in his approval ratings is among conservatives in his own party, who are already more inclined to support him than anyone else and might come home in response to a presidential tilt rightward. But Rep. Chris Shays, a moderate from Connecticut, noted that many of the House Republicans most endangered in this fall's election -- himself included -- are moderates who would be hurt if his party and his president moved farther right.

"His going to the right to move up from 35 percent is not going to help us out," Shays, speaking for his fellow moderates, said in an interview. "It doesn't help me out for him to appeal to his conservative base."

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Shays, who is at the top of Democratic target lists, was reelected with 52 percent of the vote in 2004 and faces the same opponent, Democrat Diane Farrell, this year. Shays is the one being judged this fall, not Bush. "Obviously, he should be true to himself and his principles," Shays said of the president, "but if he is looking for issues, he should be looking for issues that are helpful to those of us who are targets."

On the other hand, many of the House's staunchest conservatives -- such as Mike Pence of Indiana and John Shadegg of Arizona -- want Bush to emphasize conservative themes, including deep domestic spending cuts. But a frustrated Shays notes that conservatives urging the president to appeal to his base represent solidly Republican districts.

"Pence's election isn't in jeopardy," he said. "Shadegg's election isn't in jeopardy."

Rep. Tom Davis of Virginia, one of his party's shrewdest political strategists, keeps a sharp eye on the attitudes of moderate and moderately conservative suburbanites of the sort he represents. Davis sees a potential contradiction between one of the GOP's strategic imperatives -- to fire conservatives up enough to get them to the polls this fall -- and the other imperative of stopping defections among middle-of-the-road voters.

"Harder-core Republicans are disillusioned right now, but they're not going to vote for Democrats and Nancy Pelosi," Davis said in an interview, referring to the House Democratic leader. "It's your softer, more moderate Republicans who are now jumping ship."

Davis never likes to bad-mouth his party's electoral chances, and he notes that the six months between now and Election Day "are an eternity." He worries, though, about issues that could boost turnout in the base but drive away less-ideological voters. "To move right may fix part of the problem," Davis said, "but it could exacerbate the other problem."

Bush prospered in 2004 by turning out the Republican base. But the times are very different in 2006. Machiavelli noted that the successful politician "adapts his mode of proceeding to the qualities of the times" and warned against politicians who "remain obstinate in their modes." In 2006 one could imagine Machiavelli counseling moderation to the Republican Party. You wonder how Machiavellian the Republicans' conservative wing will let the party be.

McCain And The Base Truth (WP)

By Michael Kinsley

The Washington Post, May 19, 2006

All successful politicians must have at least some talent for telling lies about what's in their hearts and convincing people that it is the truth. But Sen. John McCain has a unique genius for telling the truth from his heart and making people believe that he is lying. And these people are his supporters! They admire him as a straight-talking truth-teller, and they forgive him for taking positions on big issues that they find repellent, on the grounds that he doesn't really mean what he says.

"Oh, he has to say that to get the Republican nomination," explain many Democrats with a girlish crush on the charming, funny, intelligent and heroic Republican senator from Arizona, and/or a special loathing of their party's own star, the junior senator from New York. "That" might refer to McCain's strong right-to-life stand on abortion, or his strong support for the war in Iraq, or his recent rapprochement with Jerry Falwell. They admire McCain as a straight shooter among sneaks, a truth-teller amid bull artists. They long, understandably, for some fresh air in the fetid atmosphere of politics. And McCain delivers that.

Even better, he delivers the fresh air without the cloying aroma of piety. Or, rather, he can be pious, but the piety is diluted and made bearable by the knowing wink. He makes jokes at his own expense. That's attractive in a politician, but sometimes it is nothing more than a party trick. McCain goes further: Like Bob Dole, he makes jokes -- mean jokes, in public -- about others. That takes more wit and more guts. McCain is a good kind of cynic: He shares his cynicism with the rest of the class. The cynicism makes the piety bearable, while the piety makes the cynicism acceptable.

Journalists love him, of course. His frankness flatters us, and he flatters us more directly as well. Visiting a big convention of journalists last fall, McCain joined a group that was gambling at the hotel casino until the wee hours. In his speech the next morning, he cleverly nailed his audience and himself by declaring that he was happy to be among "my base."

McCain's "base" (poli-talk for his most loyal supporters) is actually larger than that. In a presidential run, he would have the votes of millions who disagree with him on major issues but like him anyway. His challenge is to get the votes of more people who agree with him. The fact that his base of support is people who disagree with him explains both why so many ideological

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soul mates dislike him and why they might support him anyway. It's because they think he is their best shot at winning. Thus, if McCain becomes president, it will be the result of a cynical calculation by people who don't like him even though they agree with him, on top of support by people who disagree with him but admire his lack of cynicism.

In his pre-campaign for president, McCain is delivering four university graduation speeches. He gave two already, at Falwell's Liberty University and at Columbia University. His words to these two different audiences are quite similar (a brilliantly McCainian combination of laziness and courage). Read the texts . They are marvelous: witty, self-mocking, above all interesting . When McCain climbs onto an old warhorse like, say, filial obligation, you really do not know where he might take it. It would be wonderful to have a president whose speeches weren't a duty to listen to.

But how many Americans and Iraqis should die so that we can enjoy entertaining presidential speeches? If you support the war, that is a nonsense question. If you don't, it is more pressing. McCain is admirably clear: He supported going to war and he supports continuing it until . . . well, not so clear, but longer than most Democrats would care for. His discussion of the Iraq war in the Liberty University address is a bit of a cop-out. It's mostly about how we all have the duty to express our beliefs and the right to disagree.

This discussion is also a guarded reference to McCain's famous feud with Falwell. In 2000 McCain called Falwell an "evil influence" on the Republican Party. That won McCain a lot of the points he now enjoys among people to his left. He needs some to his right. But if the subject is "evil," it's not good enough simply to say that we all have the right to disagree. And "evil" is not too strong a word for Jerry Falwell. Respectful disagreement may be possible with James Dobson, and "silly" or "senile" might be a more apt description of Pat Robertson. But Falwell is a man who promoted tapes during the Clinton administration accusing the president of murdering political opponents. Sure, he has the right to say whatever he wants. But that is not the key point about Falwell. McCain made the key point six years ago. Today he ducks it.

McCain is like another larger-than-life character in American politics: Colin Powell. Both men are so admirable and so likable that people convince themselves against all evidence that Powell or McCain must agree with them on the big issues. In Powell's case, the theory always was that he was speaking truth to power from within, while telling the necessary public fibs to hold on to the privileged position this service required. With McCain, something more magical is going on. He says plainly that he is for the war, or against abortion choice, and people hear the opposite. It's a gift, I guess.

OTHER NEWS:

'Forgotten Hurricane' Haunts La. Survivors (USAT)

By Joyce King

USA Today, May 19, 2006

CAMERON PARISH, La. — Though we're days from a new hurricane season, Hurricane Rita's devastation to the coastal towns of southwest Louisiana is still fresh nearly eight months later. A boat rests on the side of a stretch of road I'm traveling that was once beautiful Holly Beach. Cars, as if launched head first, are embedded upright in the sand.

In Hackberry, men feverishly make repairs to St. Peter the Apostle Church. I stop in Johnson's Bayou, where Rita came barreling ashore. Nearby, the town of Cameron was annihilated: 90% of homes were severely damaged or destroyed. Over and over, I meet people who talk of living through "the forgotten hurricane." Hurricane Katrina still gets most of the news media attention and emergency funding. Many Rita victims are still awaiting federal housing funds to rebuild. Those in Federal Emergency Management Agency trailers are again vulnerable to the next storm, and any hopes of rebuilding the community are quickly fading.

Longtime residents Kirk and Julie Burleigh show me around. "A lot of people aren't coming back. They don't want to go through this again," Kirk says. Before Rita, Cameron Parish had a population of about 9,600. Today, half of the residents have returned.

Julie says neighbors told her they will rebuild someday, but not until after they monitor the new season, which begins June 1. People are frightened. Help is slow to arrive. New codes make rebuilding prohibitive.

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Rep. Charles Boustany, R-La., complains that his district is “bleeding” population from a loss of jobs and bottled up funding in Washington. Cameron Parish's economy has relied on oil, fishing and its wildlife refuges. All sustained significant damage. Only some oil-related businesses are operational. Calcasieu Parish, where Lake Charles is located, had more than 50% of its housing damaged or destroyed. The aviation industry suffered a $90 million blow. Unemployment has tripled from 5.3% in 2004 to 16.2% today.

When FEMA announced plans to stop paying for 10,000 evacuees in Lake Charles hotels, the city picked up the tab. In Houston, where some 150,000 Katrina evacuees remain, many have found jobs, housing and a better educational system. Conversely, thousands of Rita survivors believe they're on their own. So they wait. Weather experts predict this period of “above normal activity” might last two more decades, meaning several major hurricanes will hit the USA.

“It's like you're forgotten,” Julie Burleigh says. She and Kirk hear a common question from outsiders, one never far from their mind: Is Cameron ready for another round? Without federal help soon, the question won't carry much meaning. After all, with each passing day, there will likely be fewer people to ask.

Joyce King is a freelance writer in Dallas.

New Orleans In A Tempest Over 'Deluge' (WP)

By Peter Whoriskey

The Washington Post, May 19, 2006

NEW ORLEANS, May 18 -- He gets asked at campaign stops, in candidate forums and televised debates.

What about the book, Mayor?

"Bogus" he replies, or "total distortions." And sometimes he gets mad.

Rarely has a work of history figured so prominently in a mayoral election here or anywhere else. "The Great Deluge," by Tulane University historian Douglas Brinkley, covers a week of the Hurricane Katrina debacle and depicts New Orleans Mayor C. Ray Nagin as too vain, too stunned and too paranoid to have been effective in the city's crisis.

Relying in part on accounts from Nagin's political rivals, the book has been characterized by his supporters as a campaign attack timed to sink his bid for reelection on Saturday. "The Great Deluge" began appearing in bookstores this month.

Brinkley, the author of several best-selling history books, says the book was meant to coincide not with the election but with the June 1 onset of hurricane season.

Brinkley said that nobody was misquoted and that Nagin should blame himself that the book has become such a prominent part of the campaign.

"Nagin denounced the book without reading it," Brinkley said Thursday. "If he had ignored it, I don't think it would have become an issue. People love the food fight -- it was suddenly the Tulane professor from Uptown versus the mayor. It got framed as a square off.

"It only made my sales jack up," Brinkley said. "My publisher is very happy with Mr. Nagin."

On Saturday, voters here will elect Nagin or Lt. Gov. Mitch Landrieu in a race that many analysts say is too difficult to call because of the displacement of voters. One poll does show Landrieu with a substantial lead.

Many voters say there appear to be few substantial differences in the approaches the two men have outlined for recovery. Both candidates have rejected calls for abandoning some neighborhoods that are considered extremely vulnerable to another inundation. Both have acknowledged that the city's rebuilding will depend in part on federal aid.

The leadership abilities of the candidates have become a central issue instead, and that is one reason Brinkley's account of Nagin has proved to be a sensitive subject.

It is not the first time that Brinkley has found himself -- and one of his books -- in the middle of an election debate. His 2004 book on John F. Kerry's experience in Vietnam, "Tour of Duty," provoked questions about the Democratic senator's time in the war. It was criticized by Republicans for overstating Kerry's record and prompted a rebuttal book, "Unfit for Command."

Brinkley's latest work on Katrina is sweeping and only sparsely mentions Nagin. But when it does, it is often in disparaging terms. When Nagin showers too long aboard Air Force One, Brinkley likens him to a "primping teenager." When Nagin was considering a mandatory evacuation, Brinkley writes that he was "hesitating like a school boy afraid to receive his report card."

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Even Nagin's angry radio appearance during the crisis, in which he advised the federal government to "get off your [behinds] and do something" -- remarks that many here found inspiring, given the gravity of the situation -- is described as pure theater because Nagin knew federal troops were on the way.

"It was the perfect, phony, cause-and-effect gambit," Brinkley wrote.

The book says Nagin broke down and cried after the radio interview and that his communications director, Sally Forman, was worried.

"I tried to get him to calm down," she is quoted as saying. "I kept saying, 'It's OK, It's OK.' "

Forman quit the administration earlier this year when her husband, Ron Forman, entered the mayoral race. He finished third in the primary.

Landrieu also figures in the bleak portrait of Nagin. In the book, Landrieu finds Nagin holed at the downtown Hyatt.

"All Nagin would say, staring straight ahead, as if in a trance, was 'We're looking for a command and control structure,' " Brinkley wrote.

Nagin questioned Brinkley's motives.

"I could see the venom coming out of him," Nagin told the New Orleans Times-Picayune, describing Brinkley's appearance on a local television show.

Brinkley defended using some of Nagin's political rivals as sources, saying that they were present for many of the events he was reporting on. He also conducted a 47-minute interview with Nagin as the book was being completed.

Acknowledging that the book had become "kind of a carnival side attraction" to the campaign, Brinkley said he did not know what effect it will have on the election. The book came up in a nationally televised debate between Landrieu and Nagin this week on MSNBC, and is on the cover of the Gambit Weekly newspaper here.

At one bookstore near the university, booksellers said it is a hot item not only of commerce but of conversation, as well.

"My sense is that people who would have been voting for Nagin are reading it and they're on the fence now," said Denise Bonis at Octavia Books, who had read an excerpt in Vanity Fair. "I thought I had a pretty good idea of what happened that week. I was a little surprised."

Nagin Says Win Would Send Racial Message (WT)

By Brian DeBose

The Washington Times, May 19, 2006

NEW ORLEANS -- Mayor C. Ray Nagin says a victory in tomorrow's election will send a message on race that "will echo throughout America."

"This election will say in spite of American prejudice, I was able to attract votes from all races and classes and move forward with the process of healing," said Mr. Nagin, who has hinted that whites locally and nationally are working to unseat him from the post, which blacks have held for nearly 30 years.

Mr. Nagin questions the source of "$6 million" that opponent Lt. Gov. Mitch Landrieu has raised, hinting at an effort to return the city to the "good-old-boy system," and says Hurricane Katrina exposed the soft underbelly of race and class in America.

"I have said this before publicly that if this had been South Beach Miami or Orange County, I'll bet you a dollar that the response would have been different," said Mr. Nagin, who was elected in 2002 with 85 percent of the white vote.

Mr. Landrieu, whose father was the city's last white mayor, says this election provides an opportunity to deal with race and class in a unique way nationally.

He said the tightly contested runoff election will turn on whether "African-Americans [will] vote for white politicians and will whites vote for black ones."

"You can't win anymore with an all-black vote or an all-white vote," Mr. Landrieu said.

Voters here, regardless of whom they support, agree that there are a lot of lessons to be learned about race, class and politics from the aftermath of Katrina.

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Morris Reid, Democratic political analyst and former adviser to the Clinton administration, said the real story is whether black New Orleanians will stand up and take advantage of the voting rights that their parents and grandparents fought and, in some cases, died to get.

"These [black] folks were relying on a government and a democracy that they didn't participate in, and when they went to cash the check at the political bank, it was bankrupt because they never deposited any money there," Mr. Reid said, referring to the slow hurricane response by local, state and federal officials.

For Robert Richardson, 52, a construction maintenance worker and resident of the Ninth Ward, a largely black neighborhood crushed by the flooding, Mr. Nagin has become part of the problem and is in bed with the developers.

"There is no national conspiracy; it's a land grab, not a white power grab. It's a shame when things like this come down to race, and I hate to say it, but it looks like Landrieu might be the one who will work with us," Mr. Richardson said.

Jimmie Perry, 57, a former utility systems operator-turned-real estate investor, said he owes his newfound wealth and entrepreneurial spirit to Mr. Nagin.

"He made it possible for us to get loans working with the banks and opening the doors, cleaning up the permits process; you know it used to be that only whites and friends of the mayor knew about the property-tax sales; now we know, and we can go and buy the homes," Mr. Perry said.

"Mitch is a nice guy and I've always supported him, but I think they want Mitch because he will be more accommodating."

Mr. Reid, who said he expects a Landrieu victory, said Mr. Nagin and Mr. Landrieu are exploiting the issue to their political advantage but missing the point.

"All things being the same, if Katrina had never happened, Ray Nagin would not be campaigning for the Ninth Ward, he would be campaigning for the people who voted him in the last time," he said.

Mr. Nagin in 2002 campaigned as a reformer who would clean up the city hall left behind by outgoing Mayor Marc Morial. Mr. Morial, whose father was mayor in the 1980s, was popular with blacks and now heads the National Urban League.

Mr. Landrieu, who is brother to a sitting senator and a state district court judge, is the son of former Mayor Moon Landrieu, who opened the doors of politics to blacks for the first time in 1970.

A Tulane University and WGNO-ABC poll released Tuesday showed Mr. Landrieu with the edge, getting 48 percent, and Mr. Nagin with 38 percent. But the poll has a 4.7 percentage point margin of error because 14 percent of respondents were undecided and it does not include displaced voters.

New Orleans Mayor's Rival Stresses His Political Savvy (NYT)

By Adam Nossiter

The New York Times, May 19, 2006

NEW ORLEANS, May 18 — The question for the candidate at a debate last week was simple, spoke to this city's chronic dysfunction and begged a short, sharp answer.

How, he was asked, should New Orleans stamp out patronage in contracts? But the response from Lt. Gov. Mitch Landrieu came back intricate, replete with pledges to different groups, and capped by a politician's formula: "We've got to have a process in place."

Mr. Landrieu, the son of one of Louisiana's first political families, inherited such careful talk as a birthright. He may well take over the mess that is now New Orleans after the mayoral election Saturday, becoming the man in the spotlight on whom the hopes of thousands of struggling residents here and in hurricane-forced exile will be pinned.

Yet for many, Mr. Landrieu, 45, has been defined more by his family (his sister Mary is a United States senator and his father was mayor) than by his own amiable but mostly unobtrusive presence in government, for 16 years as a state legislator and for the last two as Louisiana's second-ranking official.

He would be the first white mayor of New Orleans since his father, Moon, held the position a generation ago, though some conservative whites here swear they will never vote for a Landrieu, and he cannot succeed Saturday without strong black support.

If Mr. Landrieu wins, he will offer the classic prescriptions for governing that have been his armor in debates with an unpredictable opponent, Mayor C. Ray Nagin. Unlike the mayor, Mr. Landrieu rarely throws away the script.

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"Figuring out what the problem is, figuring out what the obstacles are, finding high common ground, getting a plan in place, putting a strategy in place, then actually making it happen," he told a breakfast crowd at a downtown restaurant on Thursday, reciting his plan for a struggling city. It is that promise of competence Mr. Landrieu has used as a battering ram against an incumbent he accuses of incarnating the opposite.

His campaign amounts to a complicated balancing act, in which conservative whites must be drawn in without scaring off the healthy share of black votes he received in the April primary, nearly 24 percent. Only about 30 percent of the white vote went for Mr. Landrieu, though; the remainder went to white candidates mostly more conservative than him, and yard signs for those whites who lost have not, by and large, been replaced by Landrieu signs.

Still, Mr. Landrieu needs the bulk of these white votes — as much as three-quarters of them — and so he does his best to distance himself from the liberal associations that his family name carries. He also frequently counters accusations that he will bring back supporters of a past mayoral regime derided by many whites, that of Marc Morial, now president of the National Urban League, whose administration has been the subject of a continuing federal corruption inquiry.

A significant part of his strategy is to increase turnout among residents who have returned to New Orleans, particularly because Mr. Nagin is likely to get most of the absentee votes of those evacuees who are living elsewhere. To that end, Dana Peterson, Mr. Landrieu's campaign manager, said the campaign was using telephone banks and canvassing every evening.

"We're being really aggressive," Mr. Peterson said. "We're sending out volunteers door-to-door in the nonflooded areas." He said more than 2,000 people had volunteered to help the campaign.

Mr. Landrieu, who enjoys a huge cash advantage over Mr. Nagin, also recently won the endorsement of The Times-Picayune of New Orleans. The newspaper's editorial said his strengths uniting the city across racial lines outweighed his weak private-sector experience and his possible difficulty as a Democrat in dealing with a Republican White House and Congress.

Hoping to deflect the suspicions of conservatives, Mr. Landrieu often says ideology has nothing to do with being a good mayor.

"This job is will you, can you, how are you going to get the garbage picked up?" Mr. Landrieu said Thursday. "You can't, as mayor, ordain that you want something to occur, and then leave." In a recent television commercial, he patrols the fleets of flooded-out cars under the highways here, still not removed after nine months, and proclaims, "Ray Nagin had the power to get this job done and didn't do it."

For nearly half a century, voters here have been putting Landrieus in office, and the name has come to represent an easily recognized basket of political principles: biracial coalitions, moderation on social issues like abortion and ample attention to the problems of the poor. His father's breakthrough tenure at City Hall in the 1970's, when blacks were first brought into decision-making, still defines the terms of governance here. The younger Mr. Landrieu makes no apologies for inheriting that vision, in which running New Orleans becomes an exercise in bringing its disparate factions together.

Those factions are now more separated than ever, with racial undercurrents infusing the politics of rebuilding after Hurricane Katrina. Mr. Nagin has made an explicit pitch for racial solidarity, counting on getting as many black votes as possible with his now-famous promise that New Orleans will once again be a "chocolate city." Mr. Landrieu pointedly offers an opposite vision.

"If you want to think about what the city of New Orleans needs to be, and needs to look like, all you've got to do is go sit in the Lusher schoolyard," Mr. Landrieu began his talk Thursday, referring to one of the few successful public schools here. "The school is diverse, I mean aggressively diverse," he continued. "It's Hispanic, African-American, Vietnamese, white, you have parents that are high socioeconomic, mid, and they are all there together." Repeatedly, Mr. Landrieu emphasizes the equal amounts of white and black votes he received in the April primary.

As a state legislator, he helped reconcile the viewpoints of law enforcement officials and advocacy groups, and then sponsored legislation that led to the closing of the state's most notorious prison for youth.

It is this ability to work within the political system that he is now touting, at a time when his city is thoroughly dependent on help from the outside. "What we need right now is someone who has vast political experience, someone who can communicate to the nation," he said at the debate last week. "Somebody who can bring Republicans and Democrats together, somebody who can really get things done."

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RUDY TURNS RIGHT INTO HEART OF DIXIE TO BACK PAL (NYPOST)

By Maggie Haberman, Post Correspondent

The New York Post, May 19, 2006

ATLANTA - Looking to shore up his right flank, Rudy Giuliani embraced former Christian Coalition head Ralph Reed as the man with "the right ideas" at a campaign fund-raiser yesterday in Georgia.

With maverick Sen. John McCain emerging as his main GOP competition for 2008, the socially moderate ex-mayor played up leadership as he boosted Reed in a close primary race for lieutenant governor.

"He's a person that has the right ideas and the right direction and the right goals," Giuliani said as he headlined a luncheon of more than 250 people in a part of the country where many believe he'd face a tough time in a GOP primary.

Later asked by reporters about how his past pro-gay rights, pro-choice stands mesh with Reed's positions, Giuliani said, "We are a broad party. I agree with Ralph on many things."

"There are going to be some things I disagree with him on . . . in Ralph's case I know him, and I think he's going to be a really effective leader," he said.

Asked about his stand on gay marriage, Giuliani - who lived with a gay couple during his divorce - told reporters that marriage should remain between a man and a woman.

"Inviolate, and everything should be done to make sure that's the case," said Giuliani, but he reiterated his support for civil unions.

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In The South, Giuliani Stumps For A Friend (NYT)

By Patrick Healy

The New York Times, May 19, 2006

ATLANTA, May 18 — Former Mayor Rudolph W. Giuliani glided over his support for gay civil unions and declared heterosexual marriage to be "inviolate" on Thursday as he helped raise money for a former leader of the Christian Coalition, Ralph Reed, who is in a tough fight to become lieutenant governor of Georgia.

For Mr. Giuliani, who is considering a run for the presidency in 2008, the political foray into the South allowed him to pocket a campaign chit from Mr. Reed that could be useful if the former mayor tries to build a national coalition that includes religious-minded Republicans, who are a core part of Mr. Reed's voter base.

Mr. Giuliani was warmly received at a Reed fund-raiser here, though advisers to Mr. Reed noted that most of the donors were politically moderate business people, and that a truer test of Mr. Giuliani's appeal among more conservative Southerners would come in rural counties.

The Giuliani-Reed embrace came five days after another possible Republican candidate in 2008, Senator John McCain of Arizona, appeared alongside the Rev. Jerry Falwell and invoked God several times in a speech at Liberty University, an avowed evangelical institution in Virginia.

Georgia Republicans said on Thursday that Mr. Giuliani's visit had been scheduled weeks ago, though they acknowledged that both he and Mr. McCain were seeking to make inroads to the Southern and religious wings of the party.

Mr. Giuliani did not mention Jesus Christ or his childhood interest in becoming a priest, but instead preached from the bible of fiscal conservatism. Aligning himself closely with the Bush administration, he called for more federal tax cuts as a means of creating jobs and stimulating the economy, and argued that tax cuts would invigorate business and ultimately yield greater total tax receipts, thereby helping to reduce the deficit.

"President Bush understands that, the Republican Congress understands that, Ralph understands that, and the Democrats don't," Mr. Giuliani told the audience of about 250 people. "We can take a big step back, either state by state or nationally. And this election in 2006 is going to determine if we keep seeing our economy grow, or we take a real step backwards."

Introduced by Mr. Reed as "a great conservative," Mr. Giuliani urged Republicans to look toward the political landscape with optimism and to enthusiastically support President Bush, whose approval ratings are low.

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"We shouldn't be going to the American people with our heads down," Mr. Giuliani said. "We should be going with our heads up — our policies work."

In a brief news conference afterward with reporters from Atlanta and New York, Mr. Giuliani acknowledged his support for some gay rights while reiterating past comments that "marriage should be between a man and a woman." Gay marriage has been in the news in Georgia this week after a judge struck down, on procedural grounds, a state constitutional amendment banning such unions.

"I believe that marriage should be between a man and a woman, that it should remain that way, it should remain that way inviolate, and everything should be done to make sure that that's the case," Mr. Giuliani said in response to a reporter's question. "But I also believe that you should allow for the protection of legal rights for people who are gay and lesbian."

Mr. Giuliani said it was not unusual for him to support a former leader of the Christian Coalition like Mr. Reed.

"On some of these social issues, we have disagreements that are very, very broad," Mr. Giuliani said. "It's no different than any other candidate — there are things I agree with, things I disagree with — but in Ralph's case, I know him, and I think he's going to be a really effective leader."

Asked if he would seek Mr. Reed's help in a possible run for president, Mr. Giuliani replied, "When you run for president, you ask for everybody's help."

Mr. Reed declined to answer reporters' questions about whether he could support Mr. Giuliani for president, given that they disagree on abortion rights and gay rights, or if he thought the former mayor would make a good president.

"We're really focused on 2006," Mr. Reed said, adding, "I learned a long time ago an 80 percent friend is not a 20 percent enemy."

Mr. Reed is competing for the Republican nomination against a veteran state senator, Casey Cagle, who has piled up endorsements from many legislative leaders and elected Republicans. Both men are campaigning aggressively, with the primary on July 18.

Mr. Reed has drawn fire from opponents for his ties to Jack Abramoff, a onetime Reed mentor and a former Washington lobbyist who has confessed to trying to bribe members of Congress. Mr. Reed has not been accused of any wrongdoing.

Only at the end of his remarks did Mr. Giuliani hint that his social liberalism could either be a blessing or a curse for a Southern candidate such as Mr. Reed. "I'll support your opponent if it helps," Mr. Giuliani said. "Sometimes I don't know which way it cuts, you know."

Democratic Activists Seek To Punish Their Own For Backing Bush (BLOOM)

By Heidi Przybyla

Bloomberg, May 19, 2006

May 19 (Bloomberg) -- Democratic activist groups that mounted an aggressive campaign against President George W. Bush in the 2004 election have a new target: Democrats who support his policies.

A loose network of organizations, ranging from women's groups to Internet bloggers, is pressuring incumbents such as Senator Joseph Lieberman of Connecticut and Representatives Jane Harman of California and Melissa Bean of Illinois, in some cases by backing insurgent candidates in primary elections.

The groups charge that these and other Democrats have been too supportive of Bush on issues like Iraq and trade, and say they're trying to energize voters disillusioned with a party that has failed to draw clear distinctions with Republicans.

With Democrats holding a wide advantage in public-opinion polls six months before the congressional elections, the party must define its identity, said David Sirota, a Democratic activist.

``If Democrats are really about to get into power, now's the time to let them know what they need to be for," said Sirota, who wrote ``Hostile Takeover," a book about political corruption.

The organizations and Web logs that identify themselves as the party's ``progressive" wing include MoveOn.org, a coalition of groups that raised $60 million and enlisted 100,000 volunteers in the 2004 elections; DailyKos, a blog that averages 20 million visitors a month; and Democracy for America, a political action committee with 500 affiliates.

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The issues they're promoting include setting a timetable for withdrawing troops from Iraq, building environmental protections into U.S. trade agreements and cracking down on what they say is price-gouging by oil companies.

Angry Public

And they're tapping into public anger. Polls show that more than half of Americans say the U.S. shouldn't have invaded Iraq, and most think the Bush administration has no clear plan for keeping down energy prices.

Ed Kilgore, vice president for policy of the Democratic Leadership Council -- a Washington-based group that says it represents the party's ``vital center'' -- cautions that the primary challenges risk undermining the Democratic Party just as it may be poised to regain control of Congress.

``At a time when we're desperately trying to take back Congress and win a majority of governorships, I'm not sure it makes a whole lot of sense for Democrats nationally to be wasting money on primary challenges,'' Kilgore said.

Connecticut Challenge

In Connecticut, Lieberman, the Democrats' 2000 vice presidential nominee, is facing a challenge in the August primary from Ned Lamont, a 52-year-old Greenwich businessman stressing his opposition to the Iraq war. A recent poll by Rasmussen Reports, an independent survey company in Ocean Grove, New Jersey, showed about a third of Democratic primary voters backing Lamont, the great-grandson of legendary J.P. Morgan & Co. Chairman Thomas W. Lamont, over Lieberman, 64, a supporter of Bush's war policies.

On May 16, the National Organization for Women announced its endorsement of Lamont, and MoveOn.org said yesterday it will poll its 50,000 Connecticut members in an online ``primary'' on May 25 to determine whether they want to back Lieberman or Lamont.

In California, Harman, 60, a six-term House veteran, has a rare primary challenger in Marcy Winograd, 52, president of Progressive Democrats of Los Angeles. Winograd has criticized Harman's support for the Patriot Act, which expanded law-enforcement authority to fight terrorism, and the Iraq war. Winograd's supporters temporarily blocked the state party's endorsement of Harman, although the incumbent ultimately received the backing for the June primary.

Teamsters and Trade

In Illinois' eighth district, the Teamsters union is withholding support for one-term incumbent Bean, 44, over her support for the Central American Free Trade Agreement.

In Washington state, incumbent Senator Maria Cantwell, 47, faces several challengers in a September primary whose campaigns are fueled by anger over her support for the war. They include Mark Wilson, a former Marine who's running as a Democrat, and Aaron Dixon, a former Black Panther Party leader who is running as a Green Party candidate.

In Texas, Representative Henry Cuellar fought off a challenge from Ciro Rodriguez, an opponent backed by labor and environmental groups who got 41 percent of the vote in the Democratic primary in March.

In Pennsylvania, Senate candidate Bob Casey Jr.'s anti- abortion stance was attacked in television ads. While Casey, the state treasurer, fought off a primary challenge this week from Alan Sandals, his opponent won the support of a number of local officials.

Minnesota, Oregon

Gubernatorial races in Minnesota and Oregon, where Governor Ted Kulongoski faces re-election, have also featured challenges from the left. Kulongoski, 65, came under criticism from environmentalists, health-care advocates and some labor groups before the state's May 16 primary. Former state Treasurer Jim Hill, who opened his campaign by declaring that Kulongoski is ``not a good Democrat,'' got almost a third of the vote despite a late start to his campaign.

The Democratic Leadership Council's Kilgore says it isn't true that the party is failing to provide an alternative to Republican policies. ``It's ludicrous,'' he said. ``There's less doubt right now than there's ever been about the differences.''

Ignoring the rift won't make it disappear, said Tom Matzzie, Washington director for MoveOn.org. ``There's already a gigantic gulf in the party,'' he said.

The activist groups say their strategy is broader than merely challenging Democrats in primaries. They say they also want to pressure party-backed candidates to take definitive positions.

`Stand Up'

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``The other part of this is getting candidates to stand up for what they believe in and not being mealy-mouthed about it," said Jim Dean, president of Democracy for America, a group inspired by former Vermont Governor Howard Dean's presidential run in 2004. Jim Dean, Howard's brother, cited Massachusetts Senator John Kerry's call in October for a phased withdrawal from Iraq and expression of regret over his vote for the war.

Even though progressives will find it difficult to win in the primaries, that's unlikely to deter them, said Mark Rozell, a public policy professor at George Mason University in Arlington, Virginia. ``To pull off some victories here and there will be enough to energize much of the left base," he said.

To Rozell, what's at stake is ``the heart and soul" of the Democratic Party. ``The Republicans had that battle, and the moderates pretty much lost," he said. ``The Democrats now have to confront where the center of the party is."

Wave Of Women Candidates For Hill (CSM)

By Linda Feldmann

The Christian Science Monitor, May 19, 2006

WASHINGTON - It feels like the political version of speed dating: Reporters gather in a room, the candidate is whisked in for a coffee-and-pastry-fueled chat about her campaign, then whisked out to make way for the next candidate, and the next, and the next...

This was the scene last week at the Omni Shoreham Hotel here in Washington, where the political action committee EMILY's List was holding its annual luncheon and trumpeting its "endorsees" - all of them Demo- cratic women who favor abortion rights. The topics of conversation ranged from the Iraq war to immigration to Rahm Emanuel, the head of the House Democrats' campaign committee, but rarely touched on the role of gender in the campaign.

Can it be that having women run for federal office is now so routine that gender barely merits a mention? Perhaps. But at EMILY's List, which boasts its largest crop of candidates in its 21 years, gender is key.

And as the Democratic Party seeks to regain control of Congress - doable with a net shift of just 15 seats - it is counting on these EMILY's List women to play a major role. Of the 24 Republican-held House seats deemed competitive by the nonpartisan Cook Political Report, 11 feature Democratic women, all of them getting help from Emily's List. By comparison, of Cook's 11 competitive Democratic-held House seats, only one features a Republican woman contender.

Voter discontent with Washington is high, and women candidates could be the natural beneficiaries of that "throw the bums out" mentality, say experts on women in politics.

"When people get disgusted with politics and they are looking for change, women embody that change," says Debbie Walsh, director of the Center for American Women and Politics at Rutgers University. "There's a sense that women are more honest."

Analysts see some comparisons to the 1992 election - the so-called "year of the woman," when female representation in both houses of Congress jumped from 32 to 54 members; most of the new women were Democrats. Today, 81 out of 535 House and Senate seats, or 15 percent, are held by women (52 Democrats and 29 Republicans).

The small number of competitive races this cycle compared with 1992 means the best women can do in 2006 is a "mini" year of the woman. But the issue agendas are similar: worries over the economy, healthcare, education, and scandal. In the 1992 race, the House check-writing scandal and the Clarence Thomas-Anita Hill hearings mobilized women. In 2006, the Jack Abramoff influence-peddling scandal and the Iraq war are salient.

"Women are perceived as outsiders, even women incumbents," says Barbara Palmer, coauthor of a new book "Breaking the Political Glass Ceiling: Women and Congressional Elections."

But, she adds, not all congressional districts are hospitable to women. According to her book, women candidates do best in upscale, urban, and diverse districts, and are least likely to be elected in rural, Southern, and "traditional" districts. The book identifies 135 districts that are "unlikely" to elect women.

Whether 2006 will end up bringing a wave of new women to Congress is too soon to say. "It would be easier for the Democrats if they got their act together," says Kellyanne Conway, a Republican pollster, who suggests that a proactive, positive

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set of ideas, like the GOP's Contract With America in 1994, would be particularly appealing to women. "Women voters always gravitate toward 'yes,' not 'no.' "

Simply being a woman, however, does not necessarily work to a candidate's advantage, says Carl Forti, spokesman for the House Republican campaign committee. "I think it goes back to the quality of the candidate, period," he says.

New Mexico Attorney General Patricia Madrid, a Democrat who is running for the House, sees being a woman in politics as a double-edged sword. "People make assumptions - they think you can't make decisions," she says. "The upside is that your race gets more attention."

Since Ms. Madrid is facing an incumbent woman - Rep. Heather Wilson - that makes their competitive race more noteworthy. And Ms. Wilson's status as a military veteran (the only woman veteran in Congress), pitted against Madrid's role as the state's chief law-enforcement official, makes for a stereotype-shattering contest.

For now, the biggest race on the political world's radar screen is California's 50th District - the June 6 special election to fill the seat vacated by Rep. Duke Cunningham (R), now in prison for bribery. Under normal circumstances, this heavily Republican district in San Diego would be safe for the Republican candidate, former Rep. Brian Bilbray, but polls show his race against Francine Busby - an EMILY's List endorsee - is close.

This week, a poll for the Busby campaign put her ahead of Mr. Bilbray 47 percent to 40 percent. A poll commissioned by a conservative Republican opponent of the more moderate Bilbray puts Busby ahead 43-37.

Amy Walter, House-watcher for the Cook Political Report, says it's still an uphill climb for Busby, a school board trustee in Cardiff, Calif., who lost to Mr. Cunningham in 2004. But in the current environment, she does not rule out a Busby victory. Neither does the Democratic Congressional Campaign Committee: It is spending $1.3 million on advertising in the last weeks of the campaign, after spending only $250,000 in the special-election primary.

"It's a close, volatile race," says Ms. Walter. "If she wins, it will be the shot heard round the world."

Liberal Wrath In Connecticut (NYT)

By William Yardley

The New York Times, May 19, 2006

HARTFORD, May 18 — "George Bush's favorite Democrat," they call him. "Republican Lite," they sneer. But liberals are no longer just venting on Internet blogs and talk radio programs about their centrist nemesis: Senator Joseph I. Lieberman of Connecticut.

Now, from across the nation, a determined alliance of antiwar activists is working overtime online and on doorsteps to defeat Mr. Lieberman, whose political moderation helped him earn the Democratic nomination for vice president six years ago. Their goal is not only to punish Mr. Lieberman for staunchly supporting the war in Iraq but also to protest what the activists consider the Democratic Party's willingness to accommodate President Bush.

Without a national race to focus on, thousands of activists from other states — encouraged by a host of liberal bloggers — have contributed money and volunteered to help the campaign of Ned Lamont, a cable television executive with little political experience who is trying to unseat Mr. Lieberman in the state's Democratic primary in August.

Although Mr. Lamont's challenge appears to be a long shot, it is roiling some quarters of the Democratic Party, just as the party is trying to regain control of Congress this year. Many Democrats assert that the vigorous challenge to Mr. Lieberman is overshadowing the governor's race and taking money and attention away from three closely contested House races in Connecticut that many strategists consider crucial to the Democrats' majority hopes.

"It's absolute Democratic cannibalism," said John F. Droney, a former Democratic state chairman in Connecticut.

The liberals' campaign is clearly rattling Senator Lieberman, who has not faced a serious primary challenge in his three terms, Democrats say.

He has been cold-calling scores of state party delegates who will meet to endorse a candidate on Friday. He is boasting of union endorsements and interest groups he once took for granted. He has already run commercials and mailed letters to delegates from prominent Democrats like Senators Hillary Clinton and Harry Reid to remind voters of his liberal record on issues like the environment, abortion rights and gay rights.

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And while he has continued to defend his Iraq stand, disputing what he calls "caricatures" of his views, he has tried to distance himself from the president. "I'm probably the only person in America to run against George W. Bush twice," Mr. Lieberman, referring to his vice-presidential campaign in 2000 and the Democratic primaries in 2004, told about two dozen people last week at a center for the elderly in Farmington, a Hartford suburb. "Because I don't think he gives us the leadership this country needs."

Yet Mr. Lieberman's critics do not seem to be listening, particularly Mr. Lamont, who has spent more than $370,000 of his own money to challenge the senator.

"Connecticut's a progressive state," Mr. Lamont said at a fund-raiser in the home of a Yale professor in North Haven on Sunday. "You're not going to lose a senator. You're going to gain a Democrat."

A growing cast of prominent activists is backing Mr. Lamont. Markos Moulitsas, who advised the presidential campaign of Howard Dean in 2004 and founded the blog Daily Kos, is appearing in a campaign commercial for Mr. Lamont. James H. Dean, the brother of Howard Dean and the chairman of the grass-roots group his brother formed in 2004, supports Mr. Lamont. Tim Tagaris, recently the Democratic National Committee's Internet outreach coordinator, has become director of Internet operations for the Lamont campaign. Even the state's best-known independent, former Gov. Lowell P. Weicker, has announced his support for Mr. Lamont because of Mr. Lieberman's support of the war.

On Tuesday, the National Organization for Women's political action committee endorsed Mr. Lamont, in part because he said, unlike Senator Lieberman, that he would have supported a filibuster to prevent confirmation hearings for Samuel A. Alito Jr. to the Supreme Court.

Senator Lieberman was also endorsed this week by the Human Rights Campaign, a gay rights group. But some Democrats who have voted for him for years are reconsidering their support. "He won't stand up and fight," Jim Boorsch, a retired lawyer who voted for Mr. Lieberman in his last three races, said at the Sunday fund-raiser.

This weekend, the 1,607 delegates to the state Democratic party convention will nominate a candidate for the Senate, and Mr. Lieberman is expected to win the nomination handily. But Mr. Lamont will get his name on the ballot for the Aug. 8 primary if he wins 15 percent of the delegates, which many party leaders think is likely. "If he gets 25 percent, that will be sending a real message to Lieberman," said Leland Tolo, a West Hartford delegate who said he would back Mr. Lamont.

Mr. Lieberman's supporters note that he is well ahead of Mr. Lamont in polls. At the end of this year's first quarter, the senator had $4.7 million in his campaign account compared with about $375,000 that Mr. Lamont had on hand. The senator has been endorsed by prominent state Democrats and he has long ties with many local party leaders. But those supporters also warn that liberals could turn out in large numbers on Primary Day, making the outcome less than certain.

"Joe, I'm certain, will be fine, but if I were in his shoes I wouldn't be taking chances with an August primary," said Al From, the founder and chief executive of the Democratic Leadership Council, a centrist group of which Senator Lieberman is a past chairman. "Because nobody's paying attention, and you don't know who's going to vote."

Senator Lieberman's attempts to push his party to the center have irritated liberals well before this year. In 2000, when Al Gore named him as his running mate, some Democrats complained that the senator had supported school vouchers, had questioned affirmative action and been too encouraging of free trade. But those concerns pale compared with their passion over his support for the war.

Mr. Lamont, 52, says his frustrations with Mr. Lieberman solidified in the spring of 2005, when the senator voted to allow a federal court to review the case of Terri Schiavo, the brain-damaged Florida woman whose case drove a national debate over right-to-die issues.

Mr. Lamont, a former first selectman in Greenwich whose great-grandfather was a business partner of J. P. Morgan's, also said Representative John P. Murtha, a Pennsylvania Democrat and a Vietnam veteran, inspired him when he urged the president last November to withdraw troops from Iraq as soon as possible.

But while Mr. Lamont has drawn impassioned support from critics of the war, he does not echo their calls for an immediate withdrawal of all troops. Tom Swan, his campaign manager, said Mr. Lamont supported immediately pulling American troops out of the Sunni Triangle and establishing benchmarks for gradually withdrawing forces from Iraq. He criticized Mr. Lieberman for siding with President Bush in opposing such benchmarks.

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Senator Lieberman said in an interview on Friday that his views on the war had been misrepresented "because I happen to have shared the same goals as the president." He said he has repeatedly criticized the administration for being "too unilateral," for not sending enough troops to secure Iraq immediately after the invasion and for not following a State Department plan for reconstruction.

Just 8 percent of Democrats in Connecticut approve of the way President Bush is handling Iraq, according to a poll by Quinnipiac University released this month. The poll showed that 83 percent of Democrats thought going to war was wrong. It also showed Senator Lieberman leading Mr. Lamont, by 65 percent to 19 percent, among registered Democrats.

"A very simple thing happened that changed Democratic politics dramatically, and that was that the war turned bad," Mr. From said, adding of the senator's critics: "There's a group in our party that makes a lot of noise and I don't think they've ever won an election. They're trying to take out one of the great statesmen our party has and that's wrong."

Religious Left Struggles To Find Unifying Message (NYT)

By Neela Banerjee

The New York Times, May 19, 2006

WASHINGTON, May 18 — They had come to All Souls Unitarian Church, 1,200 of them from 39 states, to wrest the mantle of moral authority from conservative Christians, and they were finally planning how to take their message to those in power.

After rousing speeches on Wednesday by liberal religious leaders like Rabbi Michael Lerner of the magazine Tikkun and Sister Joan Chittister, a Benedictine nun, participants in the new Network of Spiritual Progressives split into small groups to prepare for meetings with members of Congress on Thursday.

Yet at a session on ethical behavior, including sexual behavior, the 50 or so activists talked little about what to tell Congress about abortion or same-sex marriage. Instead, the Rev. Ama Zenya of First Congregational Church in Oakland, Calif., urged them to talk to one another about their spiritual values and "to practice fully our authentic being."

Kimberly Crichton, a Washington lawyer and Quaker, grew impatient. "I think we would be more effective if we focused on specific legislation," Ms. Crichton said. "Are we going to discuss specific policies?"

Ms. Zenya replied: "What we envisioned this time is saying we are a religious voice. More relationship-building, consciousness-raising."

The man in the pew in front of Ms. Crichton translated: "The answer is, no."

Since the last presidential election, liberals of various faiths have talked about taking back religion from the conservative Christians who helped bring President Bush and a Republican Congress to power.

Yet liberal believers have so far been unable to approach, even modestly, the success of the religious right and command the attention of Congress.

Turnout at the Spiritual Activism Conference is high, but if the gathering is any indication, the biggest barrier for liberals may be their regard for pluralism: for letting people say what they want, how they want to, and for trying to include everyone's priorities, rather than choosing two or three issues that could inspire a movement.

"We didn't get on the same page with everyone, and it is about getting on the same page," said the Rev. Tony Campolo, an outspoken liberal Baptist minister from Pennsylvania who once served as a spiritual adviser to President Bill Clinton, and attended the conference. "The thing about the left is that they want everybody to feel good."

Initiatives by liberals have been percolating locally and nationally, from state interfaith alliances in Ohio to counter a powerful conservative Christian movement there to national campaigns to reduce poverty led by liberal evangelicals like the Rev. Jim Wallis.

The Democratic Party itself is wrestling with the best way to shake an image of indifference to religion. Most recently, the party's national chairman, Howard Dean, courted evangelicals by appearing on Pat Robertson's television program, "The 700 Club." In the process, Mr. Dean alienated gay and lesbian supporters of the Democratic Party by misstating the party's platform on same-sex marriage.

Religious leaders at the conference here cautioned that it would take years before liberal believers could match the savvy and strength of conservative Christian groups.

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But Rabbi Lerner, the editor of Tikkun, the progressive Jewish magazine, and an organizer of the spiritual progressives' network, rejected the approach that Democrats have so far taken to faith, describing it as window-dressing.

He called on the activists at All Souls Church to define progressive faith, rather than have politicians do it. He said research begun years ago showed that Americans were experiencing a deep spiritual crisis but that only conservative Christians had responded to it, with an agenda that he said "backs the ethos of selfishness and materialism in our society."

"They get away with this because the left isn't even in the relevant ballpark," Rabbi Lerner said. When people on the left "hear talk of a spiritual crisis, they think it's some kind of New Age flakery or a code word for homophobia, sexism and racism," he said.

He urged participants to offer a real alternative to the ideas that many conservative Christian groups promulgate. But identifying those alternatives proved to be the hard part for many at the conference.

Mr. Campolo, the Baptist minister, explained to the participants in a seminar that many people on Capitol Hill were religious, and that to reach them and to establish authority, liberals should rely on the Bible.

"You have no right to be a spiritual leader if you haven't read Scripture," he told the group. "People in Congress respect the Book, even if they don't know what it says. If we don't recognize this, we don't know squat."

A young man with long hair and a tunic challenged Mr. Campolo.

"I thought this was a spiritual progressives' conference," he said. "I don't want to play the game of 'the Bible says this or that,' or that we get validation from something other than ourselves. We should be speaking from our hearts."

Carol Gottesman was urged at her group to speak from her heart about her priority, the environment. A 64-year-old nurse from Hubbard, Ohio, and a Conservative Jew, Ms. Gottesman spoke Thursday with her congressman, Tim Ryan, a Democrat. It was one of dozens of meetings the network had set up.

Mr. Ryan, who had read about the network on the Internet, asked Ms. Gottesman if the group was pushing specific policies.

"No, it's more that we want to take caring and generosity and bring it into everything," she said.

Mr. Ryan responded: "Spread love, not hate. Pretty simple. Do you have a little network back home?"

Ms. Gottesman squared her shoulders proudly and said, "I'm it."

Many States Said Not Ready For Bird Flu (AP)

By Lara Jakes Jordan

AP, May 19, 2006

States have a spotty record in preparing for bird flu and it is matter of "not if, but when" the deadly virus reaches the United States, the Homeland Security Department's top doctor said Thursday.

But Dr. Jeffrey Runge said bird flu will not pose a critical threat until the virus can spread consistently between people. Such transmission has occurred only in a few cases overseas.

The department's chief medical officer said state and local governments carry most of burden of preparing for an outbreak. That includes readying emergency medical workers, providing hospital beds and setting up treatment centers outside of immediate disaster areas.

In an interview with the Associated Press, Runge did not identify the states he said have been slow to prepare. States with experience in dealing with hurricanes or terrorist attacks are further along, he added.

"Some states still have the idea that if it makes people sick, it's simply a health event," he said. "And others are much more forward reaching, and understand that they have to prepare for things like civil unrest, or interruption of the supply chain, or the failure of critical infrastructure to keep going, to keep the nation going in the event of some catastrophic event. And those are the ones that we think are the best prepared."

Gov. Mike Huckabee, R-Ark., who leads the National Governors Association, said states have "pretty much been told to prepare to row their own boat" in responding to bird flu.

Federal health officials "were pretty candid with us," Huckabee said in an interview. "The federal government simply does not have the resources themselves to deal with this on a mass level. And if a pandemic does occur, it will overwhelm their resources, just like it will overwhelm ours."

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Scientists believe the flu would most likely be carried into the United States by a wild bird migrating from a country that has had an outbreak. "It's not a matter of if, but when we have birds that are infected with an avian virus," Runge said.

He credited agriculture inspectors and poultry producers with adopting tough security standards to prevent visitors from exposing fowl to the virus.

"We have the most secure flocks in the world," Runge said. He recalled hearing from an inspector that "it was tougher to get into a chicken coop than it was to get into our DHS headquarters."

Runge's department is responsible for blocking potentially infected birds and bird products from entering the U.S. at airports, seaports and international borders. Unions representing U.S. Customs and Border Protections officers have complained they have not been trained to identify bird smugglers or to quarantine birds arriving from countries that have had flu outbreaks.

Runge expressed some frustration with the level of training so far. "I wish I could say it had all already been done," he said. "Right now the planning is coordinated, but the education is not as coordinated as we'd like. That having been said, everybody around here's gotten a lot smarter about it."

Scientists Begin Testing For Bird Flu In Alaska (WSJ)

Associated Press, May 19, 2006

ANCHORAGE, Alaska -- Federal scientists have started testing migratory birds for signs of a dangerous bird flu that could show up on this continent this spring.

The testing of shorebirds began Wednesday on an Anchorage coastal wildlife refuge, said Bruce Woods, spokesman with the U.S. Fish and Wildlife Service.

It's the first sampling of a summer-long project to swab birds for bird flu throughout the state. Nationwide, the goal is to sample 75,000 to 100,000 wild birds. In Alaska, about $4 million in federal money will be allocated to study about 15,000 birds, Mr. Woods said.

"We had some success in catching some of the target species," he said Thursday.

More than 40 species of waterfowl and shorebirds are considered susceptible to infection by a highly pathogenic H5N1 bird flu virus that's killed more than 100 people, in other parts of the world, mostly in Asia.

Scientists will only test birds in the Anchorage area through early next week. "In this location, it's very brief, birds go through and they're gone," he said.

To screen the birds for the deadly virus, the U.S. Fish and Wildlife Service and Alaska's Fish and Game Department also are setting up more than 50 remote backcountry camps accessible mainly by float planes or boats.

Many birds will be tested and released, while others killed during seasonal hunts will be tested after they have died.

Alaska is an ideal bird flu laboratory because it's at the crossroads of migratory pathways for birds flying between the U.S. and other countries. Some of these birds arrive in Alaska each year from Asia.

WHO Probes Bird Flu Cluster (WP)

By Alan Sipress

The Washington Post, May 19, 2006

JAKARTA, Indonesia, May 18 -- An international team of health investigators arrived on the Indonesian island of Sumatra on Thursday to determine whether an unusually large cluster of human bird flu cases indicates that the highly lethal virus has mutated into a form easily spread among people.

Laboratory tests conducted for the World Health Organization confirmed this week that five members of one extended family in Kubu Sembilang village had died of bird flu during the first two weeks of May and a sixth had been infected but was recovering. A seventh family member, a 37-year-old woman who had been the first to fall ill, is also suspected of succumbing to the disease but was buried before samples could be taken.

The Sumatran cluster is the world's largest since the disease emerged in East Asia in 2003, although several dozen others have been reported. Any cluster raises the prospect that the virus has undergone genetic change allowing it to spread more readily among people, increasing the likelihood of a global pandemic.

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WHO dispatched two investigators from its Jakarta office to northern Sumatra last week, but their initial efforts were stymied by distraught relatives' reluctance to discuss the cases. A second team, which arrived Thursday, included a senior epidemiologist from WHO's headquarters in Geneva and investigators from the Centers for Disease Control and Prevention in Atlanta and WHO's regional office in New Delhi.

"We are taking this very seriously," said Sari Setiogi, spokeswoman for WHO's Indonesia office. "The good news is that from our investigation to date, there's no evidence of further spread of the virus beyond the family."

Setiogi said that relatives, neighbors and health-care workers who treated the patients were being monitored and that none had shown influenza-like symptoms.

Influenza specialists have said they suspect human transmission played a role in several other clusters of infection, including instances in Thailand, Vietnam and elsewhere in Indonesia. But the disease has yet to demonstrate it can pass beyond the confines of a family, which would be necessary for bird flu to spark a global epidemic.

The source of the Sumatra outbreak remains unclear. Health officials said that they had heard a report of sick chickens near one of the victims' homes but that tests of poultry and other livestock in the village had failed to identify any infected animals. Agriculture Minister Anton Apriyantono said Thursday, however, that samples taken from chickens, ducks and pigs from the surrounding district had tested positive for exposure to bird flu.

Some Indonesian health officials have speculated that the afflicted family members, who lived near each other in four houses, had contracted the virus either by sharing a feast of infected chicken and pork or from contaminated manure. Health Minister Siti Fadilah Supari minimized the possibility that the virus had spread from one family member to another.

If they had all caught bird flu from the same contaminated source, the victims would have been expected to become sick within the normal incubation period for the disease, which at most is slightly more than one week. But the final victim, a toddler, became ill after that, raising the possibility that the virus was passed between relatives.

Nur Rasyid Lubis, who heads the bird flu prevention team at Adam Malik Hospital in North Sumatra, said five members of the family, including at least two children, were admitted at the same time on May 8 with fever and respiratory problems. X-rays showed symptoms of pneumonia. They all died over the following week.

Lubis reported that all seven victims from the family were related to one another by blood rather than through marriage, reinforcing the suspicions of some influenza specialists that genetic susceptibility could play a role in determining who catches bird flu.

The Sumatra cases and a separate fatal infection confirmed this week in Surabaya, Indonesia's second-largest city, increased the country's death toll from the disease to at least 30. Bird flu has infected more than 216 people worldwide, killing more than half.

Human Transmission Possible In Flu Case (USAT)

USA Today, May 19, 2006

The source of bird flu that killed five members of an Indonesian family isn't known, and human-to-human transmission can't be ruled out, the World Health Organization said on its website. It said this was the largest cluster of closely related cases of the deadly H5N1 strain of the virus reported anywhere. The WHO said the most plausible source was poultry, but “the possibility of limited human-to-human transmission cannot be ruled out.” If that occurred, “it has not been either efficient or sustained,” the WHO said.

There have been 122 deaths in the outbreak that began in early 2003 and 129 since the strain was first discovered in 1997. The virus is easily transmitted among fowl. If it mutates into a form easily passed among humans, it could kill millions of people.

Typhoon Chanchu pummeled southern China, killing at least 21 people and leaving 27 Vietnamese fishermen missing after their boats sank in Chinese waters. Chanchu flooded scores of homes and forced more than 1 million people to evacuate before weakening to a severe tropical storm and moving out to sea today. The storm has killed more than 60 people in Asia, including 37 last weekend in the Philippines, where it destroyed thousands of homes.

About 40,000 people marched in Ankara, Turkey, to support the secular republic a day after a suspected Islamist militant shot five judges, one fatally, to protest a ruling against a teacher who wore an Islamic-style head scarf. Leaders of Turkey's

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military, which has led three coups and sees itself as a guardian of secularism, lined up by the coffin of Judge Mustafa Yucel Ozbilgin. Prime Minister Recep Tayyip Erdogan, who heads an Islamic-rooted government, did not attend the funeral. The government had criticized the ruling in February.

Hamas security forces clashed with police loyal to President Mahmoud Abbas after a day of tense standoffs as Palestinian rivals competed for control of Gaza.

Khaled Abu Hilal, spokesman of the Hamas-controlled Interior Ministry, said gunmen fired from a moving car on police, wounding two. Police thought nearby Hamas forces were responsible and fired at them, he said. U.S. Secretary of State Condoleezza Rice said the tensions pose a "dangerous situation" and the Palestinian leadership needs "to get control of this."

Chile's Supreme Court freed former Peruvian president Alberto Fujimori on $3,000 bail but said he must remain while he fights extradition on corruption and human rights charges. Fujimori, 67, came to Chile in November from Japan, where he lived after his government collapsed in 2000 in a corruption scandal.

5 Bird Flu Deaths In Indonesia Not Linked To Human Exchange (NYT)

By Peter Gelling

The New York Times, May 19, 2006

YOGYAKARTA, Indonesia, May 18 — World Health Organization officials said Thursday that the five avian flu deaths confirmed this week on Sumatra were probably not a result of human-to-human infection and did not suggest that the virus had mutated into a more deadly form.

Five family members were confirmed dead from the A(H5N1) strain of avian influenza by the World Health Organization on Wednesday, the largest such cluster recorded. A sixth family member died of flulike symptoms but was not tested for the virus.

Clusters like the one in Kubu Sembilang village in northern Sumatra, where the victims lived, worry health officials because they indicate that the virus may have been transmitted between humans. Health officials have long feared that such a mutation could set off a worldwide pandemic capable of killing millions.

Gina Samaan, a field epidemiologist for the World Health Organization in Kubu Sembilang investigating the recent cluster, said that the number of deaths had raised eyebrows but that so far the outbreak was similar to others in Indonesia that were caused by close contact with infected poultry.

"Current evidence doesn't suggest at all that the virus was passed between humans," she said in a telephone interview.

Agriculture Minister Anton Apriyantono said Thursday that a number of chickens, ducks and pigs in the village had tested positive for the virus. He said infected flocks of poultry would be culled immediately.

No new cases were reported beyond the Sumatra cluster, which officials said was encouraging. Investigators are scouring the village to determine why only this family had caught the disease.

Indonesia's death toll has reached 30, second only to Vietnam, which has recorded 42. Indonesia, however, has been recording bird flu deaths at a much higher rate than any other country in recent months.

Local tests indicate that a boy in the remote eastern province of Papua who died recently also had bird flu.

The latest fatalities prompted the Indonesian president, Susilo Bambang Yudhoyono, to ask Thursday for additional international financial and technical support to help terminate the spread of the disease.

The government has been hesitant to conduct mass culls, as other Asian countries have done, because it cannot compensate farmers.

Lack of public health education probably accounts for Indonesia's high fatality rate, health officials say. In April, Indonesian bird flu patients reported their symptoms an average of five days after they began, making it hard for doctors to prevent deaths.

"It is an issue of how quickly people report their symptoms," Ms. Samaan said. "But we believe health care awareness is increasing."

In Jakarta, where the majority of the Indonesian deaths have occurred, all major hospitals and even smaller health clinics have plastered bright orange-and-yellow posters on their walls detailing bird flu symptoms and treatments. Booklets have been distributed to far-flung villages throughout the country.

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In the tiny village of Taman Jaya on Java's southwestern tip, villagers recently examined an informational packet from the Health Ministry, while chickens ran freely in the front door, through the kitchen and out the back door.

Saving Grace (NYT)

By Lauren F. Winner

The New York Times, May 19, 2006

Durham, N.C.

THE recent Harvard study that found teenagers' virginity pledges to be ineffective should come as a surprise to no one. Several studies had already come to that conclusion. If we are truly to help our teenagers adopt the countercultural sexual ethic of abstinence until marriage, Christians concerned about the rampant premarital sex in our communities need to rethink, rather than simply defend, young people's abstinence pledges.

It is awfully easy for Christians to blame our community's sexual sins on the mores of post-sexual revolution America — to criticize Abercrombie & Fitch catalogs, to natter on about how "Grey's Anatomy" portrays sexual behavior that doesn't square with Christianity.

But perhaps it's more important that we reconsider how we talk about sex in the church. For although the church devotes an immense amount of energy to teaching about sexuality — just go to the Christian inspiration section of your nearest Barnes & Noble and compare the number of books about chastity to books that challenge, say, consumerism — many Christians still "struggle with" (in that euphemistic evangelical phrase) premarital sex, adultery and pornography.

So why is the church's approach to teaching chastity falling short? Consider the popular "True Love Waits" virginity pledge: "Believing that true love waits, I make a commitment to God, myself, my family, my friends, my future mate and my future children to a lifetime of purity including sexual abstinence from this day until the day I enter a biblical marriage relationship."

This pledge and others like it are well meaning but deeply flawed. For starters, there's something disturbing about the assumption that teenagers are passively waiting for their future mates and children, when the New Testament is quite clear that some Christians are called to lifelong celibacy. (Paul, for example, did not have a mate or children, and Dan Brown's fantasies notwithstanding, Jesus's only bride was the church.) Chastity is not merely about passive waiting; it is about actively conforming our bodies to the arc of the Gospel and receiving the Holy Spirit right now.

Pledgers promise to control intense bodily desires simply by exercising their wills. But Christian ethics recognizes that the broken, twisted will can do nothing without rehabilitation by God's grace. Perhaps the centrality of grace is recognized best not in a pledge but in a prayer that names chastity as a gift and beseeches God for the grace to receive it.

The pledges are also cast in highly individualistic terms: I promise that I won't do this or that. As the Methodist bishop William Willimon once wrote: "Decisions are fine. But decisions that are not reinforced and reformed by the community tend to be short-lived."

During our first year of marriage, my husband and I lived in a small apartment inside a church. On Tuesdays, Alcoholics Anonymous and Al-Anon met downstairs. As I got to know some of the regulars, I began to wonder if there wasn't something the church could learn from the 12-step groups in our midst.

After all, what are 12-step groups but communities of people expecting transformation? People show up because they want to change, and they know that making a promise by themselves — I will stop drinking — won't cut it. Alcoholics Anonymous explicitly recognizes that transformation works best when a community comes alongside you and participates in your transformation.

Christians, like 12-step group attendees, are people who are committed to becoming, to use the Apostle Paul's phrase, new creatures. Living sexual lives that comport with the Gospel is one part of that.

Perhaps pledges for chastity need to be made not only by the individual teenager. Perhaps we also need pledges made by the teenager's whole Christian community: we pledge to support you in this difficult, countercultural choice; we pledge that the church is a place where you can lay bare your brokenness and sin, where you don't have to dissemble; we pledge to cheer you on when chastity seems unbearably difficult, and we pledge to speak God's forgiveness to you if you falter. No retooled pledge will

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guarantee teenagers' chastity, but words of grace and communal commitment are perhaps a firmer basis for sexual ethics than simple assertions that true love waits.

Lauren F. Winner is the author of "Girl Meets God" and "Real Sex: The Naked Truth About Chastity."

Earmark Loopholes (WSJ)

The Wall Street Journal, May 19, 2006

When the House passed its lobbyist-reform bill last month, we praised the earmark transparency provision as a rare bright spot. Maybe we spoke too soon. Outsiders have now had a chance to inspect the fine print, and if Sarbanes-Oxley were this full of loopholes, few businesses would complain.

Under the House bill, all earmarks inserted into appropriations during the conference committee stage must identify the earmarker -- unless, we now discover, the earmark goes to a federal agency, as nearly half of them do. Another notable earmark exception has been carved out for Fannie Mae and Freddie Mac, the mortgage giants that are political honey pots for the Members. As far as we know, the two companies have never received an earmark before -- which raises the question of whether they are about to become a new earmark shelter for the Members to disguise their pork-barrel habits.

Oh, and earmarks directed to state and local governments are also exempt from the requirement under some circumstances. How big a loophole is that? "It could be as big as the appropriators are clever," Representative Jeff Flake (R., Ariz.) told us. "And they're pretty clever." Congressman Flake has been fighting the earmark tide since long before it became a cause celebre, and he's hoping the loopholes can be narrowed when the House and Senate sit down to agree on a common version of the bill.

Perhaps with the House's Appropriator-in-Chief, Californian Jerry Lewis, now under investigation for allegedly steering millions in appropriations to a lobbyist via earmarks, reform will take on added urgency. But GOP leaders should understand that this kind of cynical loophole-writing won't make voters feel any better about them come November.

Medicare Bidding War (WSJ)

The Wall Street Journal, May 19, 2006

Republicans have been touting new polls showing rising popularity for their Medicare drug benefit. But this week's panic in Congress to extend Monday's deadline for penalty-free enrollment is further evidence that the program has been far from the political home run the GOP once hoped.

It seems forever ago now, but back during the heady days and high poll numbers of 2003 Republican leaders were convinced that the new entitlement was a no-lose proposition. Their cheering section at the Washington Times editorial board fantasized aloud that the benefit offered the prospect of a "permanent Republican majority."

How times have changed. At best, the drug benefit will be a political wash this first national election following its implementation, and there is reason for Republicans to worry that come November many seniors will be hitting the dread "doughnut hole" where coverage stops. More ominously, Democrats are making a pledge to "fix" the benefit -- meaning expand it -- their top campaign plank. So while Republicans might have gotten to play Santa for five minutes, they'll spend decades playing Scrooge as Democrats demagogue for more generous coverage.

All of this was predictable, and in fact was predicted by none other than former Clinton Medicare Administrator Nancy-Ann DeParle. In a 2003 Washington Post op-ed, she urged Democrats to support the program: "In signing it, as [President Bush] will surely be forced to do, he will preside over the biggest expansion of government health benefits since the Great Society. . . . The Democrats should fight to improve the bill now -- filling in the doughnut hole would be a good start. But they should also remember that there will be time to repair it, and more political support, once the bill becomes law -- as the history of past programs shows."

Things have developed more or less as Ms. DeParle had hoped. Democrats have indeed been agitating to "improve" the program from day one. And their complaints about the benefit design resonate for a good reason. In any rational insurance policy, coverage increases with increasing costs. The doughnut hole -- where coverage ceases between annual drug costs of $2,250 and $5,100, before kicking in again -- is what you get when politicians try to spread a little cash around regardless of need and at the same time try to control costs.

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Another Democratic campaign issue will be pressure for Medicare to "negotiate" lower prices with drug makers. In reality, price "negotiation" is just a euphemism for price controls. "I'm sure that costs will escalate to the point where even Republicans will see the point of letting the secretary [of Health and Human Services] negotiate to hold down prices," says Democratic Representative Pete Stark. "When Medicare was created in 1965, the law prohibited setting fees for hospitals and doctors. And that's what we do now." This could have grave implications for future R&D budgets in the pharmaceutical industry.

Which means that it's not just the GOP that miscalculated in supporting this drug benefit. The bulk of Big Pharma did too, in the shortsighted hope that it would do something to reduce political pressure for things like drug "re-importation" from Canada and Europe. Only last week Pfizer CEO Hank McKinnell tried to sell Journal editors on the idea that the entitlement will actually save money because increased drug usage correlates with lower hospitalization and other costs.

Nice try. Most of the new entitlement simply replaces money that would have been spent by the private sector. The Medicare Trustees calculate that the drug benefit adds more to the government's unfunded liabilities than the entire projected Social Security shortfall. We're sorry to see Pfizer -- which for a corporation has done rare and yeoman work promoting free enterprise -- become a defender of government efficiency.

In sum, the Medicare drug benefit has been a big setback for the causes of fiscal responsibility and market-oriented ideas in health care. Only the health-savings accounts that passed at the same time have a chance of redeeming the market "reform" promise that GOP leaders used to bludgeon the package through the House by a single vote.

The political future as far as the eye can see promises nasty battles over drug price controls, and between Democrats trying to expand the program and Republicans trying to hold the line. As for the short-term politics, obviously no one is talking anymore about a "permanent Republican majority." The question on everyone's lips is whether Republicans will even have a Congressional majority next year.

Hot Money Returns (NYT)

The New York Times, May 19, 2006

Those lucky investors who have ridden the bull run of the emerging markets in recent years — and those still thinking about getting onboard — should remember one thing. What goes up quickly often goes down quickly as well.

Investors usually move in herds, and right now they are stampeding, cash in hand, toward countries like Russia and India. As Landon Thomas Jr. reported in this paper yesterday, hedge funds, mutual funds and pension funds are embracing the risks and the returns in countries as far-flung as Zambia and the former Soviet republic of Georgia. Speculation may have overtaken smart investment.

In any country or business sector, there is a limit on the number of good investments. The better values are generally snapped up by the best-informed investors, those with knowledge on the ground. But fund managers have a perverse incentive structure during frenzied periods of investment. They are punished more for missing out on the stellar returns during the upswing than they are for losing money in any broad-based downturn that follows. That encourages short-term thinking, which may be all right for traders, but is less effective for the average people managing their retirement funds.

It's little wonder that no one wants to be left behind. According to Morningstar, the investment research firm, diversified emerging markets stock funds returned 56 percent, 24 percent and 32 percent in the last three years, well above what investors would have gotten by sticking to domestic equities, which returned just 7 percent in 2005.

Exotic stocks may keep rising, but they're also likely to remain very volatile. And while they could perform well during a slow decline in the dollar, a steep plunge in the greenback might send investors scrambling for the comfort of old standbys, like opportunities in Western Europe. The wise investors won't lose their heads and weight their portfolios too heavily toward the most exotic funds. The problem with hot money is that it's easy to get burned.

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DEPARTMENT OF JUSTICE *NEWS CLIPS*

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TO: THE ATTORNEY GENERAL AND SENIOR STAFF

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TERRORISM NEWS:

CIA Nominee Defends Eavesdropping Program (KRT)

By James Kuhnhenn

Knight Ridder, May 18, 2006

WASHINGTON - Justice Department lawyers had signed off and the president of the United States had issued his orders.

So less than a month after the Sept. 11, 2001, terrorist attacks, Air Force Gen. Michael Hayden decided to carry out a covert warrantless eavesdropping program to help thwart future attacks.

"The math was pretty straightforward," Hayden told the Senate Intelligence Committee on Thursday during his confirmation hearing to head the Central Intelligence Agency. "I could not not do this."

Hayden, who headed the National Security Agency when it began the eavesdropping program, defended the Bush administration's effort to wiretap calls between suspected al-Qaida allies and U.S. residents, saying the practice is subject to strict internal reviews to prevent civil rights violations.

Hayden seems assured of Senate confirmation to take over the CIA and would become the agency's third director since the Sept. 11 attacks. The committee will vote next week. President Bush has pressed for a full Senate vote before the Memorial Day recess begins at the end of next week, but that's uncertain.

Even so, Hayden faced tough questions about his credibility, the breadth of the eavesdropping program, the role of the CIA in the treatment of foreign detainees, and the reliability of intelligence on Iran's nuclear program. On key points, Hayden demurred, putting off his answers for the classified, closed-door portion of the hearing.

Indeed, the more than six-hour public session revealed more about the frustrations of lawmakers who'd been kept in the dark about the NSA's activities - some until Wednesday - than it did about Hayden's views.

"The Congress was really never really consulted or informed in a manner that we could truly perform our oversight role as co-equal branches of government, not to mention, I happen to believe, (as) required by law," said Sen. Olympia Snowe, R-Maine.

Hayden promised to keep senators informed about intelligence activities, but he urged lawmakers to stop the "endless picking apart of the archaeology of every past intelligence success or failure."

CIA officers, he said, "deserve not to have every action analyzed, second-guessed and criticized on the front pages of the morning paper."

As for the NSA's eavesdropping activities, Hayden stressed that the program targets al-Qaida communications. In one of the most detailed descriptions that the administration has offered about internal safeguards on the program, Hayden said that NSA officers listen in on calls only after establishing probable cause that the calls involve al-Qaida suspects. He said each targeted call is documented and includes a detailed rationale for linking a phone number with a suspected terrorist.

He said the NSA's inspector general, the agency's internal watchdog, and Department of Justice lawyers routinely examine the targeting documents to make sure the program isn't being abused.

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"To the best of my knowledge, the folks out there are batting a thousand," he said. "No one has said that there has been a targeting decision made that wasn't well-founded in a probable cause standard."

He declined to describe the breadth of the program. He also wouldn't confirm a USA Today report last week that the NSA had access to a database of millions of records of phone calls placed in the United States.

After Sen. Carl Levin, D-Mich., sparred with Hayden over the privacy issues associated with warrantless wiretaps, Levin asked: "Is that the whole program?"

"Senator, I'm not at liberty to talk about that in open session," Hayden replied.

Later, Levin told a reporter: "He's made generally a positive impression on me."

While the revelations of NSA eavesdropping have caused an outcry among civil libertarians and a vigorous debate in Congress, the Senate hearing was a civil encounter. Administration critics sat quietly in the audience, clapping softly at the occasional pointed question from a senator.

Sen. Chuck Hagel, R-Neb., encouraged Hayden to develop a new sense of public trust in the intelligence community.

"America has lost confidence in the leadership of this country," Hagel said.

Hayden conceded flaws in the intelligence gathering about weapons of mass destruction in Iraq. He faulted the Pentagon's former Office of Special Plans, headed by former Undersecretary of Defense of Policy Douglas Feith, for not adequately filtering intelligence data when reaching conclusions about weapons of mass destruction in Iraq and about links between Iraqi dictator Saddam Hussein and al-Qaida.

Displaying a gift for metaphor, Hayden said:

"I've got three great kids, but if you tell me, `Go out and find all the bad things they've done, Hayden,' I can build you a pretty good dossier, and you'd think they were pretty bad people because that was what I was looking for and that's what I'd build up.

"That would be very wrong. That would be inaccurate. That would be misleading."

Asked to compare current assessments about Iran's nuclear capabilities with prewar intelligence about Iraq, Hayden said, "Our data is better ... and our judgments are far more clear."

At another point he noted: "Iran is a difficult problem."

Hayden Says NSA Program Is Legal (USAT)

By Andrea Stone

USA Today, May 19, 2006

WASHINGTON — President Bush's nominee to head the CIA defended the administration's warrantless surveillance program Thursday and said media reports about it have had a “corrosive effect” on the nation's intelligence gatherers.

Air Force Gen. Michael Hayden told the Senate Intelligence Committee that the National Security Agency (NSA) eavesdrops without warrants only on the phone calls or e-mails of terrorism suspects. He said officials use a “probable cause” standard that makes it unlikely that ordinary Americans would be targeted.

“The privacy of American citizens is a concern constantly,” said Hayden, who as NSA director designed the surveillance program. “We always balance privacy and security.”

During nearly eight hours of testimony, Hayden said repeatedly that when Bush pushed the NSA to step up its surveillance after the Sept. 11 attacks, he consulted with government lawyers. He said they told him eavesdropping on international communications was legal.

“I could not not do this,” he said.

But Hayden said he was “not here to confirm or deny” last week's report by USA TODAY that the NSA has been secretly collecting the domestic phone call records of tens of millions of Americans. Bush has confirmed the NSA surveillance program but not the call database report.

After Hayden's open testimony, the confirmation hearing went into closed session so he could discuss the phone database issue as well as other sensitive subjects such as detainee interrogations.

Before going into the closed session, Democrats expressed concern over the clandestine programs and what they said was the administration's failure to keep Congress informed. The full Senate and House intelligence committees were briefed for the first time Wednesday.

Sen. Russ Feingold, D-Wis., said he left the briefing “more convinced than ever” that the phone surveillance program is illegal and “the president misled the public.”

Hayden said that in 30 briefing sessions with members of Congress, no one had said that the surveillance program should be stopped or that it broke the law. “I came away with no course corrections,” he said.

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Hayden did acknowledge a series of mistakes by the U.S. intelligence community before the invasion of Iraq in 2003 — principally the conclusion that Iraq possessed weapons of mass destruction. “We just took too much for granted. We didn't challenge our basic assumptions,” he said.

The four-star general opened his testimony by saying that intelligence-gathering had become “the football in American political discourse” and that the “CIA needs to get out of the news — as source or subject.”

A vote by the full Senate on Hayden's nomination to replace Porter Goss could come as early as next week. “It's very likely he'll be confirmed,” said Sen. Carl Levin of Michigan, the committee's senior Democrat.

C.I.A. Choice Says He's Independent Of The Pentagon (NYT)

By Mark Mazzetti

The New York Times, May 19, 2006

WASHINGTON, May 18 — Gen. Michael V. Hayden sought on Thursday to distance himself from the Pentagon and its role in prewar intelligence on Iraq, in an appearance that put him on track to win swift confirmation as the next director of the Central Intelligence Agency.

In a confirmation hearing before the Senate Intelligence Committee, General Hayden appeared in the pristine blue uniform he has worn for 36 years as an Air Force officer.

But he repeatedly professed his independence from the Defense Department and its leadership, saying he had been "uncomfortable" with the work of a Pentagon intelligence office run by Douglas J. Feith, a former undersecretary of defense, which asserted in the months before the Iraq war that Iraq had established ties with operatives for Al Qaeda in the Middle East.

General Hayden also recounted disagreements with Defense Secretary Donald H. Rumsfeld about the Pentagon's control over a large part of America's annual intelligence budget. In characterizing one such conversation, he said, "I think it's what diplomats would call that frank and wide-ranging exchange of views."

General Hayden flatly defended as legal the secret domestic eavesdropping program he ran until last year as director of the National Security Agency, and that argument was directly challenged by only a handful of Democratic senators.

But he notably declined to endorse a Bush administration stance that has severely limited the number of senators who could be briefed on the program. "It was not my decision," he said.

The questioning of General Hayden in more than seven hours of public testimony included moments of tension. But, for the most part, Democrats as well as Republicans praised his experience and said he was a good choice to lead an agency that has been buffeted by recriminations over intelligence failures and the stormy service of its current director, Porter J. Goss, who will leave next week.

None of the 15 senators on the committee indicated that they planned to vote against General Hayden's nomination. By day's end, Senator Pat Roberts of Kansas, the Republican chairman of the committee, said he hoped to hold votes in the committee and the full Senate next week that could install General Hayden at the C.I.A. by Memorial Day.

General Hayden's assertions of independence appeared intended to address his critics' concerns that a four-star general running the spy agency might be too beholden to the Pentagon at a time when the military is expanding its foreign intelligence operations.

In his current job, as principal deputy to John D. Negroponte, director of national intelligence, General Hayden is not in the direct military chain of command. Yet his testimony on Wednesday was the first time that a senior general on active duty had criticized the intelligence office run by Mr. Feith, who left the Pentagon last year after overseeing a critical part of the Pentagon's effort to build the case for war against Saddam Hussein.

In stark contrast to Mr. Goss, who in confirmation hearings 19 months ago pledged "tough love" for the embattled agency, General Hayden went out of his way to praise the work of C.I.A. officials and pledged to "reaffirm the C.I.A.'s proud culture of risk-taking and excellence."

General Hayden, who would become the third C.I.A. director in two years, said he was also eager to restore a sense of continuity at the agency, which has been shaken by turnover at its highest levels. He said the possible return of Stephen R. Kappes, a veteran of the agency's clandestine service who is said to be the leading candidate to become General Hayden's deputy, would help in that effort.

"You get a lot more authority when the work force doesn't think it's amateur hour on the top floor," he said. "You get a lot more authority when you've got somebody welded to your hip whom everybody unarguably respects as someone who knows the business."

He said he also believed it was "time to move past what seems to me to be an endless picking apart of the archeology of every past intelligence failure and success," including those related to the Sept. 11 attacks and faulty assessments about prewar

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intelligence on Iraq. C.I.A officers, he said, "deserve not to have every action analyzed, second-guessed and criticized on the front pages of the morning paper."

The sharpest criticism from senators came during questions about General Hayden's role in the domestic eavesdropping program. General Hayden said the surveillance program broke no laws and had been carefully vetted by National Security Agency lawyers. He said no lawmaker had ever suggested significant changes to the program in more than a dozen classified briefings before it was publicly revealed in December.

"I never left those sessions thinking I had to change anything," he said.

Yet some lawmakers challenged whether General Hayden had been upfront about the highly classified program in public statements and in past visits to Capitol Hill.

One committee Democrat, Senator Ron Wyden of Oregon, questioned whether General Hayden had "simply said one thing and done another, or whether you have just parsed your words like a lawyer to intentionally mislead the public."

Mr. Wyden asked, "What's to say that if you're confirmed to head the C.I.A., we won't go through exactly this kind of drill with you over there?"

"Well, senator," the general replied, "you're going to have to make a judgment on my character."

While several senators expressed concern that the Pentagon was muscling onto the C.I.A.'s territory by expanding its intelligence capabilities, General Hayden denied that there was a turf battle between the military and civilian intelligence operatives.

In fact, General Hayden said on several occasions Thursday that Pentagon intelligence-gathering had helped the C.I.A. break free from the military's constant demands to support troops with tactical intelligence.

In Iraq and Afghanistan, General Hayden said, the C.I.A. had initially "picked up a large burden" in providing direct support to military forces.

"To have D.O.D. step up to those kinds of responsibilities doesn't seem to me to be a bad thing," he said. "And if that frees up C.I.A. activity to go back toward the more traditional C.I.A. realm of strategic intelligence, there's a happy marriage to be made here."

At the same time, General Hayden said it was necessary to "create a bright line" distinguishing the field activities of the Pentagon and the C.I.A., which historically has had broader legal authority to run covert operations overseas.

He said his first priority was to strengthen the C.I.A.'s abilities to collect human intelligence, yet he also said the spy agency needed to remain the government's "center of excellence" for intelligence analysis.

At the same time, he said the C.I.A.'s workforce of analysts, known as the directorate of intelligence, suffered from a lack of seasoned veterans who could coach the younger analysts who had joined the agency since the Sept. 11 attacks.

To illustrate this, General Hayden said that for every 10 analysts at the agency with less than four years of intelligence experience, there was only one with more than 10 years of experience.

"This is the least experienced analytic workforce in the history of the Central Intelligence Agency," he said.

CIA Nominee Says Was Convinced On Legality Of Domestic Spying (CHIT)

By Stephen J. Hedges

Chicago Tribune, May 19, 2006

WASHINGTON -- Gen. Michael Hayden, nominated to be the next director of the CIA, told a Senate committee Thursday that he initially doubted the legality of a Bush administration program to expand domestic wiretaps on U.S. citizens after the Sept. 11 attacks, but that White House officials convinced him the program was lawful.

Hayden headed the National Security Agency, which conducts electronic eavesdropping, when the controversial program was proposed to monitor international calls between suspected Al Qaeda operatives and people in the United States. A furor erupted when its existence was revealed in December, with some Democrats and a few Republicans claiming it was illegal.

Hayden told the Senate Intelligence Committee, which is considering his CIA nomination, he at first told then-CIA Director George Tenet that the NSA was doing all that the law allowed on surveillance.

"Director Tenet came back to me and said, 'Is there anything more you can do?'" Hayden said. "And I said, 'Not within my current authorities.' And he invited me to come down and talk to the administration about what more could be done."

After that talk, Hayden said, he was convinced the NSA could go further. Then-Atty. Gen. John Ashcroft provided the NSA with a memo giving a basis for that eavesdropping authority, he said.

Hayden said he did not read the memo, but on Oct. 6, 2001, the NSA launched what the Bush administration has called a terrorist surveillance program. That program—along with the reported NSA collection of millions of domestic phone records from telephone companies for analysis—has complicated Hayden's confirmation. The programs also have raised questions about the influence the administration has exerted over the intelligence agencies, and about who is accountable for their activities.

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NSA eavesdropping was just one concern committee members raised with Hayden, who has spent much of his career working in military intelligence. If the committee approves Hayden's nomination, the full Senate would then vote on his confirmation.

The hearing also touched on politicization of intelligence analysis, treatment of CIA terrorism detainees, improved human intelligence sources, press leaks and whether committee members or Congress receive enough briefings on intelligence matters.

None of those issues seemed to entangle Hayden, though he insisted on answering some of the most sensitive questions in a closed session after the public hearing. Hayden enjoys solid support among Republicans and has won initial praise from some Democrats.

During the hearing, Hayden received mostly genteel treatment from committee members. But senators from both parties criticized the administration, and by inference Hayden, for failing to brief the full committee on the domestic eavesdropping initiative until Wednesday. That decision, they suggested, seemed designed to defuse congressional complaints that only a handful of lawmakers had been briefed about the wiretapping.

Hayden found himself acting as the public face of a still-brewing controversy over domestic surveillance approved by the administration. He was repeatedly asked to explain how the terrorism surveillance wiretaps were started, how extensive they are and what the White House had done to ensure that the program did not sweep innocent citizens into its dragnet.

"When I had to make this personal decision in early October 2001," Hayden said, "it was a personal decision. The math was pretty straightforward. I could not not do this."

In adopting the program, the administration and NSA avoided the usual method of obtaining a warrant for such wiretaps from a special court formed under the Foreign Intelligence Surveillance Act.

Though that court has approved almost all such requests, the White House has argued the NSA needed to move quickly to capture some calls and that the special court process would have delayed the intercepts.

Committee Chairman Sen. Pat Roberts (R-Kan.) seemed defensive that he and not the entire committee had been told early on about the surveillance. He answered criticism from Sen. Ron Wyden, (D-Ore.) that Hayden and the administration had failed to keep the full committee informed.

"We as a country weren't part of any effort to set the standards in these programs," Wyden said, "and most of the members of this committee were kept in the dark and weren't part of any informed debate about these programs."

To that Roberts replied: "I would like to make it very clear that I was briefed on all 13 occasions, along with the vice chairman and the leadership of the Congress. You might think we're not independent. I am independent. And I asked very tough questions, and they were answered to my satisfaction by the general [Hayden] and other members of the briefing team."

Wyden, however, noted that Hayden had testified publicly that the privacy of U.S. citizens was being protected when the NSA was conducting the surveillance.

Republican Sen. Olympia Snowe of Maine took up that theme, arguing that Hayden and his intelligence colleagues in the administration could have briefed the committee well before Wednesday.

"I happen to believe that with the programs in question, that the Congress was really, never really consulted or informed in a manner that we could truly perform our oversight role as co-equal branches of government," Snowe said.

The White House contends the program is legal under broad constitutional authority Bush has to protect the nation and that citizens' privacy rights were protected. Hayden, who left the NSA in 2005 to become deputy director of national intelligence, echoed the White House response.

"Are there privacy concerns?" he said. "Of course there are privacy concerns. But I'm fairly, I'm very comfortable with what the agency did and what I did personally to inform those people responsible for oversight."

But he declined to answer specific questions about the wiretapping, telling senators that he would provide extensive answers in the committee's closed-door session.

Hayden also said he would work as CIA director to take the politics out of intelligence analysis and briefings.

"True accountability is not served by inaccurate, harmful or illegal public disclosures," he said. "I will draw a clear line between what we owe the American public by way of openness and what must remain secret in order for us to continue to do our job."

Nominee Says N.S.A. Stayed Within Law On Wiretaps (NYT)

By Eric Lichtblau

The New York Times, May 19, 2006

WASHINGTON, May 18 — Less than a month after the Sept. 11 attacks, Gen. Michael V. Hayden summoned 80 or 90 staff members to a conference room at the National Security Agency. President Bush had just approved the use of wiretapping

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on the international calls and e-mail of Americans without warrants, and the general, then leading the spy agency, was setting his troops in motion.

As General Hayden recounted the meeting at his Senate confirmation hearing on Thursday, he explained what the president had authorized and ended his remarks by saying, "We're going to do exactly what he said, and not one photon or one electron more."

"And I think that's what we've done," he told the senators considering his nomination to lead the Central Intelligence Agency.

General Hayden faced sharp questioning from Democrats about whether the eavesdropping operation was legal and whether he had misled Congress and the public about it. But even under attack, he did not stray from the points that he and other administration officials have stressed in defending the operation in recent months. Again and again, he cited the legal and constitutional authority for the program, the safeguards against abuses, and the need for secrecy to ensure its effectiveness.

But while the message was constant, General Hayden sought to put a more human face on the effort, explaining his role and that of his aides in running the surveillance program.

He told, for instance, of meeting with N.S.A. employees after the disclosure of the program in December in The New York Times and seeking to rally them "at the height of the first fur ball about this."

"You know, they're doing their jobs, but it was a difficult time," he told the committee. "But the only emotion they expressed to me was they wanted to be able to continue to do their work. You know, their fear was not for themselves or that they had done anything wrong, but that they wanted to be able to continue to do what it is they had been doing."

He also told of his talks with a handful of agency lawyers about the legality of the program under the president's authority as commander in chief under Article II of the Constitution. "I talked to the N.S.A. lawyers, most of my personal dialogue with them, they were very comfortable with the Article II arguments and the president's inherent authorities," General Hayden said.

At the same time, however, he acknowledged under questioning from Democrats that he did not read the Justice Department's formal opinion laying out the legal rationale for the program. He also said he did not recall any substantive discussion about the Congressional authorization in September 2001 to use all necessary force against Al Qaeda — a resolution that the White House now says helped give it legal authority for the wiretapping operation.

"Our discussion anchored itself on Article II," he said.

He acknowledged that there had been significant discussion within the administration — and between the White House and the security agency — about undertaking the program.

BellSouth Wants Retraction

ATLANTA, May 19 (AP) — The BellSouth Corporation is pressing USA Today to retract assertions that the telecommunications company provided customers' phone records to the National Security Agency.

The Atlanta-based company's chief lawyer, Marc Gary, sent a letter on Thursday to the publisher of USA Today, the Gannett Company's flagship paper, to retract "false and unsubstantiated statements" made in a May 11 article, said a BellSouth spokesman, Jeff Battcher.

A newspaper spokesman, Steve Anderson, said, "We are reviewing it and will be responding."

Hayden Urges CIA Critics To Refrain (WP)

By Dafna Linzer And Charles Babington

The Washington Post, May 19, 2006

Gen. Michael V. Hayden, President Bush's choice to lead the CIA, strongly defended the administration's policies on domestic surveillance and the treatment of detainees during his confirmation hearing yesterday, and urged senators to suspend debate about CIA failures and give the agency a chance to rebound.

"It's time to move past what seems to me to be an endless picking apart of the archaeology of every past intelligence success or failure," Hayden said. "CIA officers . . . deserve recognition of their efforts, and they also deserve not to have every action analyzed, second-guessed and criticized on the front pages of the morning paper."

Although accountability is important, he said the "CIA needs to get out of the news as source or subject and focus on protecting the American people by acquiring secrets and providing high-quality all-source analysis."

Hayden vowed to remake the CIA into the premier intelligence agency, in part by encouraging officers to take risks and to admit uncertainties even when top officials press for definitive findings. He promised to "speak truth to power," and said that he and the intelligence community had learned the lessons of Iraq.

"While the bulk of the agency's work must, in order to be effective, remain secret, fighting this long war on the terrorists who seek to do us harm requires that the American people and you, their elected representatives, know that the CIA is protecting them effectively and in a way consistent with the core values of our nation," Hayden said.

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In more than six hours of testimony before the Senate intelligence committee, Hayden, a four-star Air Force general, offered assurances in some areas, saying he is committed to safeguarding privacy, to working effectively with other intelligence agencies and to improving the CIA's record of accomplishment. He also acknowledged serious disagreements with Defense Secretary Donald H. Rumsfeld and Douglas J. Feith, the former No. 3 official in the Pentagon who is considered an architect of the Iraq invasion.

But Hayden deflected specific questions on sensitive subjects, including interrogation methods involving terrorism detainees and the scope of the National Security Agency's warrantless eavesdropping operation, telling senators he would respond only during the closed-door portion of the hearing.

Hayden, 61, designed the administration's eavesdropping program in the immediate days after the Sept. 11, 2001, attacks, when he ran the National Security Agency. He defended the effort as helpful in the hunt for al-Qaeda though he provided no specific example of the program's success. Under the program, revealed in December, the NSA eavesdropped, without obtaining warrants, on overseas telephone calls by Americans that involved people the government considered terrorism suspects. Earlier this month, USA Today reported that the NSA had obtained phone records of millions of U.S. residents and businesses.

Hayden shed some new light on the program's inception, noting that he was asked by then-CIA Director George J. Tenet to provide a list of NSA's capabilities after the al-Qaeda attacks, even those that Hayden believed would not be permissible under the law. Hayden suggested the scope of the program may go beyond what is publicly known, but he said there was no White House push for eavesdropping on calls in which both parties were in the United States, and that every measure was taken to protect the privacy of Americans whose overseas calls were monitored.

"I understand there are privacy concerns involved in all of this. There's privacy concerns involved in the routine activities of NSA," he said. He said the warrantless eavesdropping was carefully targeted against al-Qaeda suspects.

"No one has said that there has been a targeting decision made that wasn't well-founded in a probable-cause standard," Hayden said.

Some Democrats questioned the claim, noting that thousands of Americans' calls have reportedly been intercepted.

Sen. Russell Feingold (D-Wis.) asked Hayden "whether people that were not associated with al-Qaeda have been trapped in this sort of thing," Hayden replied that if someone is targeted and then dropped, it "doesn't mean that the first decision was wrong. It just means this was not a lucrative target for communications intelligence."

Senators questioned the nominee closely and at length on the constitutionality of the program, which some legal scholars have challenged.

Hayden said the White House's legal basis is rooted in the opinion that Article II of the Constitution gives the president expansive authorities in a time of war to conduct domestic surveillance. Hayden said he never personally reviewed the legal opinion that was drawn up in support of the program, but "when they came to me and we discussed its lawfulness, our discussion anchored itself on Article II."

He said the administration did not attempt to rest its case on a congressional war resolution passed in the days after the al-Qaeda attacks, as Attorney General Alberto R. Gonzales said after the program was disclosed.

Among other subjects, Hayden said the intelligence community "had to win back the trust of the American people" after failing to accurately assess Iraq's weapons programs, and that it was working hard to avoid such mistakes when judging the threat posed by Iran's nuclear program.

He took particular aim at the intelligence-gathering being done at the Pentagon at the time under Feith, who promoted connections between Saddam Hussein and al-Qaeda. "I wasn't comfortable," Hayden said. "And I wasn't aware of a lot of the activity going on, you know, when it was contemporaneous with running up to the war."

But he sidestepped other questions in the public session, declining to embrace or distance himself from the Bush administration's policies on treatment of al-Qaeda suspects. When Sen. Dianne Feinstein (D-Calif.) asked if he thought "individuals may be secretly detained for decades," Hayden said he would be "happy to answer" in the closed session.

He gave the same answer when Feinstein asked if he condoned the interrogation practice of "waterboarding," in which a detainee is made to feel he is on the verge of drowning. Hayden defended the administration's policy of allowing the CIA to treat detainees more harshly than the military may treat prisoners of war, but said civilian agencies such as the CIA were legally obligated to refrain from "cruel, inhuman and degrading" treatment.

The committee's nine Republicans and seven Democrats signaled that Hayden's confirmation by the Senate is likely. Several congratulated him in advance. "You're going to be one of America's best CIA directors," said Sen. Chuck Hagel (R-Neb.), who has criticized the administration on some intelligence matters.

Last year, Hayden became deputy director for national intelligence, and was nominated to lead the CIA days after Porter J. Goss was forced out of the job earlier this month, ending a turbulent 18-month tenure.

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Hayden honored Goss in his opening statement but repeatedly sought to assure the committee, and those inside the agency, that he plans to run the CIA differently.

Hayden, who has often won high marks on the Hill for his detailed briefings, maintained a calm demeanor through the hours of questioning, although he bristled slightly when Sen. Ron Wyden (D-Ore.) said, "General, having evaluated your words, I now have a difficult time with your credibility."

"Well, Senator," Hayden said, "you're going to have to make a judgment on my character."

Wyden said Hayden had used speeches and congressional testimony to suggest that the NSA's surveillance techniques are narrowly focused, a claim that he said does not comport with news accounts. "So with all due respect, General, I can't tell now if you've simply said one thing and done another, or whether you have just parsed your words like a lawyer to intentionally mislead the public," Wyden said.

Hayden, citing his Jan. 23 speech at the National Press Club, said: "I chose my words very carefully because I knew that some day I would be having this conversation."

Hayden Defends Wiretapping In Contentious Hearing (LAT)

By Greg Miller

The Los Angeles Times, May 19, 2006

WASHINGTON -- Air Force Gen. Michael V. Hayden vigorously defended the legality of the Bush administration's domestic wiretapping program and declared that the CIA "must be transformed" to stay abreast of terrorist and other threats during an often contentious hearing on his nomination to be the next CIA director.

Hayden spent much of the day fending off questions about his previous job as director of the National Security Agency. The four-star general acknowledged playing a larger than previously understood role in the creation of the controversial domestic eavesdropping program, and repeatedly refused to respond to questions about details of the operation during the public portion of his testimony before the Senate Select Committee on Intelligence.

But Hayden also described ambitious plans for the beleaguered agency he hopes to lead next, saying he intends to push the CIA to be more aggressive in mounting clandestine operations and more rigorous in the assessments it produces to avoid the mistakes that plagued the prewar estimates on Iraq.

In perhaps the clearest signal of a looming shift in course for the troubled agency, Hayden made it clear that he believes the CIA has become too bogged down tracking daily developments in Iraq and other global trouble spots.

Instead, he suggested that the CIA should surrender more of that work to the Pentagon, focus more of its energies on anticipating longer-term threats and trends, and reconcile itself to a diminished role in which it is an important, but not isolated, member of the U.S. intelligence community.

At one point, Hayden likened the CIA to "a top player on a football team -- critical, but part of an integrated whole. Even the top player needs to focus on the scoreboard, not on their individual achievement."

Hayden, 61, currently serves as the deputy director for national intelligence, the principal deputy to the nation's top spymaster, John D. Negroponte, who oversees the activities of all 16 U.S. spy agencies. The general played a behind-the-scenes role in ousting former CIA director Porter J. Goss, who resigned two weeks ago amid criticism that he was too turf-conscious and resistant to reforms.

Lawmakers and Senate aides emerged from Thursday's session saying that Hayden was likely to be confirmed by the Senate as early as next week. Even so, the hearing made it clear that Hayden's standing among some members has been diminished by his involvement in domestic surveillance programs that have been major sources of controversy for the Bush administration in recent months.

Shortly after the Sept. 11 attacks, President Bush authorized the NSA to intercept communications between people in the United States and individuals overseas suspected of having ties to al-Qaida. In doing so, the NSA bypassed the usual requirement that the government obtain permission from a court before placing wiretaps on a U.S. resident. The Bush administration also kept the program hidden from all but a handful of lawmakers until it was exposed in news reports last year.

During one particularly tense exchange Thursday, Sen. Ron Wyden, D-Ore., challenged Hayden to reconcile details that have emerged on the scope of the surveillance operation with previous public comments downplaying its significance or suggesting that the government was not eavesdropping on Americans without court warrants.

"General, I can't tell now if you've simply said one thing and done another, or whether you have just parsed your words like a lawyer to intentionally mislead the public," Wyden said. "What's to say that if you're confirmed to head the CIA, we won't go through exactly this kind of drill with you over there?"

Hayden shot back: "Well, Senator, you're going to have to make a judgment on my character."

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Hayden acknowledged that the program raised privacy concerns, but said repeatedly that he believed it was lawful. "I'm very comfortable with what the agency did, what I did," he said.

He resisted pressure to provide more details, saying he would address matters in a closed session with senators scheduled later in the day. He similarly deflected questions about the CIA's interrogation methods and handling of detainees.

But Hayden did provide some new information on the origins of the domestic surveillance program, indicating that he proposed the idea after being prompted by then-CIA director George J. Tenet to consider what else the NSA might do to combat terrorism.

Tenet "invited me to come down and talk to the administration about what more could be done," Hayden said. "There then followed a discussion as to why or how we could make that possible."

He did not elaborate, but disputed reports that Vice President Cheney or other administration officials put pressure on the NSA to be even more aggressive in spying on Americans.

Some lawmakers have questioned whether Hayden's lengthy military career is a liability at a time when the Pentagon is increasingly encroaching on the CIA's traditional turf. Hayden expressed support for the expanding military role in intelligence-gathering, saying that the burden on the CIA has been so taxing that "we welcome additional players on the field."

But he also sought to distance himself from the Pentagon, noting that he and Defense Secretary Donald H. Rumsfeld had disagreed over reforms that eroded the military's influence over intelligence operations and budgets.

Hayden was also sharply critical of the activities of a controversial intelligence analytic unit set up within the Pentagon by former Undersecretary of Defense for Policy Douglas Feith, a leading advocate for the war in Iraq.

The team Feith assembled helped make the case for war by uncovering supposed links between Saddam Hussein's regime and al-Qaida. Their findings were presented to the CIA and officials at the White House, but have since been discredited.

Feith's team, Hayden said, had set out to prove a case by assembling "every possible ounce of evidence" and ignoring contradictory information. Using that method, he continued, analysts can build a convincing case against even innocent targets.

"I got three great kids, but if you tell me, 'Go out and find all the bad things they've done, Hayden,' I could build you a pretty good dossier," Hayden said. "You'd think they were pretty bad people because that's what I was looking for and that's what I built up. That'd be very wrong, OK? That would be inaccurate. That would be misleading."

Hayden said he was concerned that numerous investigations and public criticism have taken a toll on the agency.

"It is time to move past what seems to me to be an endless picking apart of the 'archaeology' of every past intelligence failure and success," Hayden said. "CIA needs to get out of the news -- as source or subject -- and focus on protecting the American people by acquiring secrets and providing high-quality all-source analysis."

CIA Nominee Hayden Is Grilled About Surveillance Programs (WSJ)

By Jay Solomon

The Wall Street Journal, May 19, 2006

WASHINGTON -- Under cordial questioning from U.S. senators, President Bush's nominee to head the Central Intelligence Agency, Gen. Michael Hayden, defended White House programs to monitor American telecommunications traffic but stressed he would operate independently from the Pentagon.

The four-star Air Force general declined in his confirmation hearing to publicly address charges that Mr. Bush authorized much broader surveillance activity, carried out by the Defense Department's National Security Agency, to catalog millions of domestic phone calls. But Gen. Hayden, who headed the NSA from 1999 to 2005, said that the NSA's warrantless wiretaps of international calls believed tied to terrorists were legal and had been sufficiently cleared with Congress.

"When I had to make this personal decision in October 2001...the math was pretty straightforward," Gen. Hayden told the 15 members of the Senate Intelligence Committee yesterday. "I could not not do this."

Gen. Hayden's confirmation process comes amid increased attacks by Democratic lawmakers and civil-liberties proponents on the Bush administration's counterterrorism measures, in particular the NSA programs. Both Republicans and Democrats on the Senate Intelligence Committee used much of their allotted time yesterday trying to learn more about reports that the NSA has developed an extensive database of domestic phone calls. (Yesterday, BellSouth Corp. demanded that USA Today retract "the false and unsubstantiated statements" in an article naming the company as having provided domestic calling records to the NSA. See article on page A5.)

On Wednesday, the White House gave classified briefings to both the Senate and House intelligence committees on the NSA's activities. Yesterday, some Democratic lawmakers said they remained concerned about legalities of the programs and their threats to civil liberties. Some accused Gen. Hayden of assisting the White House in trying to cover up the extent of the NSA activities. "I now have a difficult time with your credibility," Sen. Ron Wyden of Oregon told the general.

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In a closed-door session with Gen. Hayden yesterday afternoon, Intelligence Committee members were expected to question him more closely on NSA operations. The committee is expected to vote on his nomination next week.

Gen. Hayden used his opening remarks to outline his vision of how to resurrect the CIA's morale after the intelligence failures leading up to the Sept. 11, 2001, attacks and the invasion of Iraq. He stressed that as CIA director he would play a leading role in setting higher standards for collecting human intelligence at all 16 U.S. intelligence agencies and would seek to better integrate the agencies. He said another goal is depoliticizing the CIA and getting it off the front pages of U.S. newspapers.

The CIA has been widely criticized in recent years for using inaccurate sources and failing to share information with U.S. law-enforcement agencies. Last year, Congress established a new office, the Director of National Intelligence, to better manage U.S. intelligence agencies. Gen. Hayden helps oversee that office, and many of the senators said they believed Gen. Hayden's experience at the DNI and NSA made him the best choice to head the CIA.

"You have the vision thing right," Democratic Sen. Dianne Feinstein of California told the 61-year-old general.

During the hearing, Gen. Hayden emphasized his independence from the Pentagon and Defense Secretary Donald Rumsfeld. He portrayed himself as a foil to Mr. Rumsfeld's ambitions and said he would resist any intelligence grab by the Pentagon. He also said that as CIA director he would serve as a coordinator of all U.S. human intelligence gathering and would regulate the Defense Department's clandestine activities. "We're trying to create a bright line" to distinguish the CIA's and Pentagon's overseas activities, Gen. Hayden said. "It gets sometimes merged. That's why we need to manage this."

Currently, the Defense Department controls 80% of the U.S. government's intelligence budget. Gen Hayden's confirmation would place active military officers in charge of all of Washington's principal spy agencies.

BellSouth Calls For A Retraction Of Report It Gave Records To NSA (USAT)

USA Today, May 19, 2006

WASHINGTON — BellSouth asked USA TODAY on Thursday to “retract the false and unsubstantiated statements” about the company that it contends were in a May 11 story about a database of domestic calling records maintained by the National Security Agency.

In a letter to the newspaper's publisher, Craig Moon, the company noted that the story said BellSouth is “working under contract with the NSA” to provide “phone call records of tens of millions of Americans” that have been incorporated into the database.

“No such proof was offered by your newspaper because no such contracts exist,” stated the letter, portions of which were read by spokesman Jeff Battcher. “You have offered no proof that BellSouth provided massive calling data to the NSA as part of a warrantless program because it simply did not happen.”

Steve Anderson, a USA TODAY spokesman, said “We did receive the letter this afternoon. We are reviewing it, and we will be responding.”

BellSouth and two other companies named in the story, Verizon and AT&T, have since been sued in federal court for $200 billion by plaintiffs alleging violations of privacy, telecommunications law and the Constitution. BellSouth and Verizon have denied providing information to the NSA. AT&T has said it won't comment on national security matters.

USA TODAY first contacted BellSouth more than five weeks ago. On the night before the story was published, the newspaper described the story in detail to BellSouth, and the company did not challenge the newspaper's account. The company's official response at that time: “BellSouth does not provide any confidential customer information to the NSA or any governmental agency without proper legal authority.”

BellSouth first raised questions on Monday. It said, “Based on our review to date, we have confirmed no such contract exists and we have not provided bulk customer calling records to the NSA.”

BellSouth Demands Retraction From USA Today On NSA Article (WSJ)

By Dionne Searcey And Sarah Ellison

The Wall Street Journal, May 19, 2006

BellSouth Corp. yesterday demanded that USA Today retract "the false and unsubstantiated statements" outlined in an article naming the company as having provided domestic calling records to the National Security Agency.

In a letter to USA Today president and publisher Craig Moon, as well as to the general counsel of the newspaper's parent company, Gannett Co., the phone company asks for an immediate retraction of the article's characterization of BellSouth's relationship to the NSA.

"We did receive a letter this afternoon. We are reviewing it and we will be responding," said Steve Anderson, a spokesman for USA Today.

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A BellSouth spokesman, Jeff Battcher, described the letter as quoting phrases from the May 11, USA Today article7, which describes a massive database of domestic calls that BellSouth -- as well as Verizon Communications Inc. and AT&T Inc. -- allegedly provided to the NSA.

When asked about the letter's content, Mr. Battcher said it cites passages from the article alleging that BellSouth is "under contract with the NSA" to provide "phone call records of tens of millions of Americans" that have been incorporated into a database. The letter also notes that USA Today said the alleged actions "raised legal questions," noting that "telecom law assesses hefty fines on phone companies that violate customer privacy by divulging phone records without warrants."

"BellSouth now insists the newspaper retract the false and unsubstantiated statements you've made regarding our company," the letter said, according to Mr. Battcher.

Since the story appeared Verizon has also denied aspects of it. Neither Verizon nor AT&T would comment on BellSouth's action or say whether they were considering similar moves.

Mr. Battcher said the demand for a retraction was in part prompted by the cost BellSouth likely will incur defending against as many as five lawsuits seeking billions of dollars that have been filed against the Atlanta-based company since the article's publication. The company considers the suits without merit, Mr. Battcher said, and plans to hire outside lawyers to defend the company.

On Monday, BellSouth publicly denied turning over bulk calling records to the NSA, saying the agency had never contacted it to provide information about domestic calls. "We would have thought USA Today would have acted responsibly and retracted the statements," Mr. Battcher said.

The company, he said, "has worked hard to earn the trust of our customers and we hope that USA Today will fulfill its responsibilities to its readers and the public at large by immediately correcting the inaccurate reporting that may undermine that trust."

4 Guatanamo Prisoners Attempt Suicide In One Day (LAT)

By Carol J. Williams

The Los Angeles Times, May 19, 2006

GUANTANAMO BAY NAVAL BASE, Cuba — Four terrorism suspects at the sprawling prison network here attempted suicide Thursday, and detainees at a camp for the most compliant prisoners attacked guards with improvised weapons when the guards tried to rescue a man attempting to hang himself, a spokesman for the U.S. military-run prison said.

The disturbance at Camp 4, a communal facility housing 175 prisoners, followed three overdose attempts earlier in the day at Camp 1, where about 180 detainees live in metal mesh cages.

Those involved in the disturbance were moved to maximum-security confinement, said Navy Cmdr. Robert Durand, public affairs director for the prison and interrogation network.

Neither the identities nor the nationalities of the prisoners were disclosed.

"When the guard force entered the [Camp 4] compound to intervene and save the life of the detainee, some detainees attempted to prevent them from rescuing the detainee by using fans, light fixtures and other items as improvised weapons," Durand said.

"Minimum force was used to quell the disturbance and prevent the suicide."

As many as 10 detainees participated in the incident.

It was unclear why the men sought to take their lives simultaneously or on this specific day.

Several "distinguished visitors" have toured the prison network this week, including a four-star general, an FBI official and several prominent attorneys seeking to represent prisoners in U.S. court challenges, and international media are here to report on war-crimes tribunal proceedings.

"At this point, I have no idea of the motive, no idea of any coordination and no idea of any intended message," Durand said.

Two of the four men who attempted suicide were hospitalized and under observation, he said.

In a statement announcing the first two attempts to overdose on hoarded prescription medication, Durand said that there had been 39 suicide attempts at Guantanamo by 23 detainees since the prison opened in 2002.

"A single detainee accounts for 12 of the 39 attempts," he said, apparently referring to Juma al Dosari, a 31-year-old Bahraini whose lawyer said he tried to kill himself in March by ripping out stitches from a previously self-inflicted wound.

Durand's figures fall far short of the number of previous incidents officials called "self-harm events" and "hanging gestures."

In 2003, there were 350 such attempts, according to the public affairs officer for the military's Southern Command at the time, Army Col. David McWilliams.

In a single week that year, 23 prisoners tried to hang themselves with nooses fashioned from ripped sheets.

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The number of suicide attempts dropped to 110 in 2004, Southern Command reported.

Military authorities haven't disclosed last year's figure.

On Wednesday, the commander of the prison hospital, who declined to be identified beyond his rank as a Navy captain, confirmed that three detainees continue to refuse to eat and are force-fed through a nasal-gastric tube each day.

A mass hunger strike last autumn at one point involved about 130 prisoners until camp medics intervened with force-feedings.

HOMELAND RESPONSE:

Lawmakers Rip Homeland Security Management (AP)

By Lara Jakes Jordan

The AP, May 18, 2006

Lawmakers railed against security gaps at the Homeland Security Department on Thursday, demanding to know why a man now charged with sex offenses had access to classified information and a convicted felon's limousine company was paid millions of dollars to chauffeur top officials.

Two Homeland Security officials and the associate director of the U.S. Office of Personnel Management who sat through two hours of grilling largely portrayed the department as victim to a few bad employees and constraining contracting rules.

But members of the House Homeland Security oversight subcommittee said the agency has not been vigilant enough.

In the limousine case, Homeland Security awarded $25 million in contracts to the Virginia-based company whose owner, Christopher Baker, has numerous felony convictions. Other clients used the company to chauffeur people to poker parties attended by House members, CIA officials and, allegedly, prostitutes.

"This is not rocket science," said committee Chairman Peter King, R-N.Y., adding, "This involves kickbacks, gambling, prostitution, and we're talking about people who were driving the highest people in the department around."

Dwight M. Williams, the department's chief security officer, said Homeland Security may not have had the authority to look at Baker's criminal past. He said it only checked the backgrounds of drivers who had access to department headquarters and employees.

"We have to decide how far we want to take the security," Williams said. "It's been focused on those with access."

Brian Doyle was the department's fourth-ranking spokesman, and had top-security clearance, when he was arrested last month on 23 felony charges of sexually preying on a detective posing as a 14-year-old girl in explicit Internet conversations. Doyle, 55, has since resigned from the department.

Noting reports that Doyle had downloaded pornography while on a previous job, King questioned whether the issue could have been detected before the former spokesman joined the department, perhaps with lie-detector tests.

He did not get an answer.

Lawmakers also criticized department officials about rampant staff turnover at the third-largest federal agency, leaving some high-level jobs vacant. K. Gregg Prillaman, Homeland Security's chief personnel director, said the department is still feeling growing pains from merging 185,000 employees from 22 disparate agencies in 2003.

"Executives who were charged up, had high energy after 9/11 — they were highly motivated, and they're tired. They've worked very hard," Prillaman said.

DHS Officials Grilled On Vacancies In High-level Jobs (GovExec)

By Jonathan Marino

Government Executive, May 18, 2006

Lingering senior-level job vacancies at Homeland Security Department agencies including the Federal Emergency Management Agency, Transportation Security Administration and two bureaus involved in border control are worrisome, lawmakers told witnesses at a hearing Thursday.

"Recruitment is probably our highest priority right now," K. Gregg Prillaman, DHS' chief human capital officer, told members of the House Homeland Security Subcommittee on Management, Integration and Oversight.

But FEMA has failed to fill senior-level jobs, according to a memorandum the subcommittee released late Thursday. Subcommittee member Rep. Bennie Thompson, D-Miss., whose district was hit by Hurricane Katrina, said with just two weeks left before this year's storm season begins, the agency must beef up its ranks.

"When I see only 73 percent of FEMA employees on board, I'm concerned," he said.

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Immigration and Customs Enforcement, Customs and Border Protection and TSA also are listed in the memo as still having senior-level vacancies.

"We have a very real problem in DHS with retention, recruitment and morale," said subcommittee chairman Mike Rogers, R.-Ala. "The number of vacancies is a growing problem."

At the hearing, lawmakers also raised concerns about DHS' ability to conduct thorough security checks of individual contractors. Rep. Bill Pascrell Jr., D-N.J., said Shirlington Limousines, with which the department signed deals only to see the contractor become engulfed in the "Duke" Cunningham scandal, was run by a man "with a 62-page rap sheet" and multiple convictions. Pascrell and other subcommittee members expressed concern about the department's lack of knowledge about this.

The department had conducted background checks of the company's drivers, said Dwight Williams, director of DHS' Office of Security.

This is the second time in recent weeks DHS officials have been grilled by legislators; Rep. Tom Davis, R-Va., chairman of the House Government Reform Committee, told DHS Secretary Michael Chertoff in a memo sent in late April that the department must announce how many jobs FEMA still has open. Davis' staff is still processing the results of that request.

DHS officials maintained that the situation will improve.

"My sense is DHS will be better during the next three years than it was in the last three years," Prillaman said.

Homeland Security Turnover Hurts Morale, Officials Testify (WP)

By Stephen Barr

The Washington Post, May 19, 2006

It's no secret that morale is a problem at the Homeland Security Department, created three years ago in a mega-merger that pulled together 185,000 employees working in more than 220 occupations.

Bush administration officials have tried to play down turf battles and culture clashes as transitional woes that would fade after the rank and file had worked together for five to seven years, but complaints by employees continue and are starting to get to the ears of members of Congress.

Yesterday, two senior department officials acknowledged that turnover in top management jobs there appears to be adversely affecting employee morale.

Answering questions at a House hearing, K. Gregg Prillaman , the department's chief human capital officer, and Dwight M. Williams , the department's chief security officer, suggested that the turnover rate at the top of the department spills downward into the ranks and influences morale.

Williams said senior leaders -- many are political appointees -- burn out because of long hours and then leave, creating gaps in the top management team. He said the department is more stable than it was 18 months ago but added, "We are not there yet."

The creation of the department, to some extent, was a "hostile takeover" and not something employees would have voted for, Prillaman said. Efforts are underway to train line managers how to better deal with employee issues, he said.

Rep. Mike Rogers (R-Ala.), chairman of the House Homeland Security subcommittee on management and oversight, raised the issue of vacant leadership posts at the outset of the hearing. His list included the undersecretary for science and technology, the commissioner for Customs and Border Protection, the chief financial officer, the assistant secretary for cyber security and the chief privacy officer.

The first three positions require Senate confirmation, and the department has nominees in various stages of the appointment process. But some jobs have been vacant for several months, and Rogers said "other key vacancies are expected soon.

"I am concerned this high turnover undermines the department's effectiveness," he said. "It could also very well weaken our efforts to integrate the department's many agencies and further erode employee morale."

Rogers held the hearing at the urging of Rep. Kendrick B. Meek (D-Fla.), who held up a sheaf of letters that he said had been sent him from Homeland Security employees. The employees, he said, think the department is driving away talent and that managers are struggling to motivate employees.

Meek pointed to MaxHR, the department's new performance-based pay system, as a source of anxiety for the employees. He questioned the fairness of new rules for how employees will appeal major disciplinary actions and for how unions negotiate on behalf of employees. Unions have successfully blocked the new rules in federal court, and the issues are before an appeals court.

Prillaman, who joined the department eight months ago, said the agency thinks the new pay and personnel system will improve morale, in part because managers and supervisors must undergo training to improve their skills in communication.

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He noted that 8,000 managers have undergone training on MaxHR and that 6,000 more will be trained by the end of this year.

"We are doing what Fortune 500 companies have been doing over the last 15 years," Prillaman said.

But two union presidents, John Gage of the American Federation of Government Employees and Colleen M. Kelley of the National Treasury Employees Union, testified that some department bureaus have created unnecessary friction, such as adopting new rules for shift assignments regardless of an employee's seniority or family considerations.

In addition, Gage said, inconsistent treatment of employees regarding overtime pay and foreign-language proficiency pay "need to be cured right away."

House Will Probe Limo Contract (WT/UPI)

By Shaun Waterman, United Press International

The Washington Times, May 19, 2006

Lawmakers say they will hold hearings to probe a Department of Homeland Security transportation contract, which members of Congress from both parties say raises procurement and security concerns.

Department officials have repeatedly defended both the way the contract was awarded and the security procedures under which it is operated. They have launched a counteroffensive on Capitol Hill, visiting with lawmakers in an attempt to assuage concerns.

Despite their efforts, Rep. Mike D. Rogers, Alabama Republican, chairman of the oversight subcommittee of the House Committee on Homeland Security, said yesterday that he wanted to hold a hearing on the contract award -- to Alexandria-based Shirlington Limousine and Transportation.

Aides said later that he hoped the hearing could happen when Congress returns in mid-June from its Memorial Day recess, but that the timing would depend on when they were able to get documentation from the department.

The hearing is the latest in a series of moves that lawmakers have taken since the Shirlington contract came into the spotlight at the end of last month amid press reports that the company was under scrutiny as part of a congressional bribery probe.

The company has been accused of providing limousines that took prostitutes to parties where lawmakers -- including former Rep. Randall "Duke" Cunningham, a California Republican now in federal prison after being convicted of corruption -- were being entertained by intelligence and defense contractors. Shirlington's owner, Christopher Baker, reportedly has a lengthy criminal record and a troubled financial history.

Last week, the committee's ranking Democrat, Mississippi Rep. Bennie Thompson, wrote to the department's inspector general, asking about how the contract was awarded.

He expressed concerns that the contract was not bid out properly, that the company might not qualify for the special "set-aside" status under which it was entitled to bid and that the department might not have fulfilled its due-diligence requirements in ascertaining that the company was a responsible contractor.

With a speed that surprised some familiar with the department's often arthritic response to congressional requests, Chief Procurement Officer Elaine Duke met with Mr. Thompson last week and Wednesday provided written answers to the questions he had posed the inspector general.

In the letter, Miss Duke explained that Shirlington first won the contract in April 2004, under the set-aside provisions of a small-business program for "historically underutilized business zones," known as HUBZone.

The program is administered by the Small Business Administration, which ruled that Shirlington qualified.

Fliers Could Keep Their Shoes On If New Airport Scanner Is Approved (USAT)

By Thomas Frank

USA Today, May 19, 2006

ARLINGTON, Va. — A government lab is testing a “very promising” new machine that would allow airline passengers to keep their shoes on while going through security checkpoints, the nation's aviation security chief said Thursday.

The machine, which detects explosive material on shoes when people stand on a platform, is getting a “highly expedited” review at the lab, said Kip Hawley, head of the Transportation Security Administration (TSA).

“We are looking at this with great interest,” Hawley said. “Anything that speeds up explosive detection through the checkpoint, we want to encourage.”

He wouldn't give a timetable for deploying the machines. They must pass testing in an airport before they are used to screen passengers.

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The ShoeScanner uses technology similar to a medical MRI to detect explosives in 5 to 8 seconds. It shoots radio waves at shoes to agitate molecules and analyze their structure.

Readings are sent to a computer that holds a library of explosives characteristics and makes a rapid comparison.

Removing shoes at checkpoints has been one of the biggest inconveniences for passengers in the wake of the 9/11 terrorist attacks. Passengers have been urged to remove thick-soled shoes at checkpoints since Richard Reid tried to blow up a Paris-to-Miami plane in late 2001 using plastic explosive hidden in his sneakers.

"The question is: Can you operate and deploy (the machine) and have people walk on it without it breaking down?" Hawley said. "It's sensitive electronic equipment."

The TSA has been searching for technology that detects explosives better than the X-ray machines and metal detectors now used at checkpoints.

The ShoeScanner is being developed by GE Security, a General Electric subsidiary that makes the "puffer" portals deployed at dozens of U.S. airports that blow air jets at passengers to detect explosives residue.

The government's Transportation Security Lab in New Jersey also is testing GE's Itemiser, which detects explosives on passengers when they press a finger on an electronic reader.

The ShoeScanner and Itemiser would first be used only in checkpoint lanes reserved for travelers who pass a background check and pay an annual fee to get faster security under a Registered Traveler program starting in June. Airports and private companies will run the voluntary program. The TSA wants them to pay for new detection machines that may let participants keep their shoes or coats on through checkpoints.

Those machines could ultimately be used for ordinary travelers. "That could be the big payoff for the Registered Traveler program," Hawley said.

GE Security is a minority owner of Verified Identity Pass, a Manhattan company with contracts to run Registered Traveler in Orlando, Cincinnati, Indianapolis and San Jose airports.

"Registered Travelers would be far more secure than anybody going through the regular (security) lanes," Verified Identity CEO Steven Brill said. The ShoeScanner "is a better way to test shoes than putting them through an X-ray."

Federal Judge Dismisses Lawsuit By Man Held In Terror Program (NYT)

By Neil A. Lewis

The New York Times, May 19, 2006

WASHINGTON, May 18 — A federal judge on Thursday dismissed a lawsuit brought by a man who says he was an innocent victim of the United States government's program transferring terrorism suspects secretly to other countries for detention and interrogation.

Judge T. S. Ellis 3d ruled in favor of the Bush administration, which had argued that the "state secrets" privilege provided an absolute bar to the lawsuit against a former C.I.A. director and transportation companies. Judge Ellis said the suit's going forward, even if the government denied the contentions, would risk an exposure of state secrets.

The case involves Khaled el-Masri, a Kuwaiti-born German, who was arrested on Dec. 31, 2003, in Macedonia, where he had gone for a vacation. From there, he was flown to a prison in Kabul, Afghanistan, where he was held for five months before being released. During his incarceration in Kabul, he has said, he was shackled, beaten and injected with drugs.

United States officials have acknowledged the principal elements of Mr. Masri's account, saying intelligence authorities may have confused him with an operative of Al Qaeda with a similar name. The officials also said he was released in May 2004 on the direct orders of Condoleezza Rice, then the national security adviser, after she learned he had been mistakenly identified as a terrorism suspect.

Judge Ellis said Mr. Masri's claim involved the clandestine program of transferring terrorism suspects known as "extraordinary rendition" and "the means and methods the foreign intelligence service of this and other countries used to carry out the program."

Citing an affidavit by Porter J. Goss, who will leave as director of the Central Intelligence Agency next week, Judge Ellis added, "Any admission or denial of these allegations by defendants in this case would reveal the means and methods employed pursuant to this clandestine program and such a revelation would present a grave risk of injury to national security."

Mr. Masri's lawyers from the American Civil Liberties Union had argued that there were no state secrets to protect as his story has been widely reported and officials had even acknowledged the existence of the rendition program. But Judge Ellis said there was an important distinction between "a general admission the program exists and the admission or denial of the specific facts at issue in this case."

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Ben Wizner, an A.C.L.U. lawyer for Mr. Masri, said, "The idea that the court must close its eyes and ears to common sense and protect the nation from disclosure of information that the whole world knows is absurd." He said an appeal would be considered.

Judge Ellis said Mr. Masri's interests in having his rights vindicated in court must yield to "the national interest in preserving state secrets." But he noted that if Mr. Masri's account were true, he "suffered injuries as a result of our country's mistake and deserves a remedy." He said only the legislative or executive branches could provide such a remedy, presumably in the form of compensation or apology.

WAR NEWS:

Iraqi Leader Acts To Defuse Shiite Rivalry In Basra (WP)

By Ellen Knickmeyer And Saad Sarhan

The Washington Post, May 19, 2006

BAGHDAD, May 18 -- President Jalal Talabani convened an emergency meeting Thursday to discuss the southern port of Basra, Iraq's second-largest city and the heart of a growing, lethal power struggle among some of the Shiite Muslim religious parties that lead Iraq's governing coalition.

Violence in the south Thursday included a bombing at the home of Basra's police chief. In Najaf, another major city in the Shiite-dominated region, the head of local militias loyal to the radical Shiite cleric Moqtada al-Sadr was shot dead by police allied with a rival Shiite party.

Political violence across Iraq killed at least two dozen Iraqis. Four U.S. soldiers and their Iraqi interpreter were killed when their patrol hit a roadside bomb northwest of Baghdad, and the U.S. military reported the death Wednesday of an American sailor in the western province of Anbar.

The deaths brought the number of U.S. fatalities in May to about 50, a pace that threatens to make this month one of the deadliest this year for American forces in Iraq.

In Baghdad, Talabani summoned Iraq's two vice presidents to discuss the situation in Basra, where one of the smaller Shiite groups, the Islamic Virtue Party, has been engaging in increasingly open hostilities against other Shiite religious parties.

Basra, which is under the control of British forces, was long seen as one of the more peaceful areas of Iraq after the U.S.-led invasion in 2003. The homogeneity of its Shiite population spared it from much of the sectarian violence that racked western and central Iraq.

However, the British troops, who are more hands-off than their American counterparts, are increasingly being accused of allowing militias of the governing Shiite religious parties to infiltrate security forces and seize a large measure of control.

Although the killings of foreign and Iraqi journalists in Basra have limited coverage in the city, residents describe political violence that leaves corpses on the streets daily. Iraqi newspapers this week reported Basra residents fleeing to comparative safety abroad or even in Baghdad.

The governor of Basra province, a member of the Islamic Virtue Party, last week demanded the removal of Basra's police chief and local military leader, accusing them of failing to rein in political and sectarian killings. Since then, the unrest has included an attack on a police station; burning of offices of Iraq's most powerful Shiite party, the Supreme Council for the Islamic Revolution in Iraq; and marches Wednesday that drew thousands of participants.

Talabani assigned Vice President Adel Abdul Mahdi, a member of the Supreme Council, to a task force on the Basra crisis. On Thursday, Abdul Mahdi invoked "the responsibility of the political powers to calm down the situation." In a news conference with his fellow vice president, Tariq al-Hashimi, and Talabani, Abdul Mahdi urged leaders in Basra "not to be diverted by political and party interests when handling the issues of the city."

In Najaf, meanwhile, police shot dead Abbas al-Chillabi, commander of the local regiments of the Mahdi Army militia. An official with Sadr's organization, Sahib al-Amiry, said police shot Chillabi in the head at a checkpoint, and he called it a deliberate political killing.

The Najaf police chief, Brig. Gen. Abbas Moadal, called the shooting an accident. Police at the checkpoint had believed they were under attack when a wedding party that apparently included Chillabi approached the checkpoint, firing shots into the air in celebration, the police chief said.

The killing had the potential to heighten tensions between Sadr's followers and those of the Supreme Council, which controls many government and security offices in Najaf. Both the Supreme Council and Sadr command tens of thousands of militia members.

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In Baghdad, the same Shiite parties are among those competing with Sunni Arab, Kurdish and secular blocs for seats in Prime Minister-designate Nouri al-Maliki's cabinet. Maliki faces a Monday deadline to name the new government, which U.S. officials say they hope will bring calm and stability.

Also in Baghdad, coaches, athletes and families gathered Thursday at the capital's taekwondo union, consoling one another and waiting for news about 15 martial arts competitors -- including five members of Iraq's national taekwondo team and the only Iraqi to win a medal at an Asian regional competition in April -- who were abducted Monday on the dangerous desert road between Fallujah and Ramadi. The athletes, dressed in track suits and athletic shoes, had been heading to neighboring Jordan for a vacation.

Jamal Abdul Karim, head of the Iraqi Taekwondo Union, said he and other employees of the club each gave a year's salary Thursday to raise the $100,000 ransom demanded by someone claiming to be an intermediary for the captors.

"We've been praying from the bottom of our hearts to get them released," said Aqeel Abdul-Karim, 26, an employee of the club and friend of the kidnapped athletes.

As Death Stalks Iraq, Middle-Class Exodus Begins (NYT)

By Sabrina Tavernise

The New York Times, May 19, 2006

BAGHDAD, Iraq, May 18 — Deaths run like water through the life of the Bahjat family. Four neighbors. A barber. Three grocers. Two men who ran a currency exchange shop.

But when six armed men stormed into their sons' primary school this month, shot a guard dead, and left fliers ordering it to close, Assad Bahjat knew it was time to leave.

"The main thing now is to just get out of Iraq," said Mr. Bahjat, standing in a room heaped with suitcases and bedroom furniture in eastern Baghdad.

In the latest indication of the crushing hardships weighing on the lives of Iraqis, increasing portions of the middle class seem to be doing everything they can to leave the country. In the last 10 months, the state has issued new passports to 1.85 million Iraqis, 7 percent of the population and a quarter of the country's estimated middle class.

The school system offers another clue: Since 2004, the Ministry of Education has issued 39,554 letters permitting parents to take their children's academic records abroad. The number of such letters issued in 2005 was double that in 2004, according to the director of the ministry's examination department. Iraqi officials and international organizations put the number of Iraqis in Jordan at close to a million. Syrian cities also have growing Iraqi populations.

Since the bombing of a shrine in Samarra in February touched off a sectarian rampage, crime and killing have spread further through Iraqi society, paralyzing neighborhoods and smashing families. Now, on the brink of a new, permanent government, Iraqis are expressing the darkest view of their future in three years. "We're like sheep at a slaughter farm," said a businessman, who is arranging a move to Jordan. "We are just waiting for our time." The Samarra bombing produced a new kind of sectarian violence. Gangs of Shiites in Baghdad pulled Sunni Arabs out of houses and mosques and killed them in a spree that prompted retaliatory attacks and displaced 14,500 families in three months, according to the Ministry for Migration.

Most frightening, many middle-class Iraqis say, was how little the government did to stop the violence. That failure boded ominously for the future, leaving them feeling that the government was incapable of protecting them and more darkly, that perhaps it helped in the killing. Shiite-dominated government forces have been accused of carrying out sectarian killings.

"Now I am isolated," said Monkath Abdul Razzaq, a middle-class Sunni Arab, who decided to leave after the bombing. "I have no government. I have no protection from the government. Anyone can come to my house, take me, kill me and throw me in the trash."

Traces of the leaving are sprinkled throughout daily life. Mr. Abdul Razzaq, who will move his family to Syria next month, where he has already rented an apartment, said a fistfight broke out while he waited for five hours in a packed passport office to fill out applications for his two young sons. In Salheyah, a commercial district in central Baghdad, bus companies that specialize in Syria and Jordan say ticket sales have surged.

Karim al-Ani, the owner of one of the firms, Tiger Company, said a busy day last year used to be three buses, but in recent months it comes close to 10. "Before it was more tourists," he said. "Now we are taking everything, even furniture."

The impact can be seen in neighborhoods here. While much of the city bustles during daytime hours, the more war-torn areas, like in the south and in Ameriya, Ghazaliya, and Khadra in the west, are eerily empty at midday. On Mr. Bahjat's block in Dawra, only about 5 houses out of 40 remain occupied. Empty houses in the area are scrawled with the words "Omar Brigade," a Sunni group that kills Shiites.

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Residents have been known to protest, at least on paper. In an act of helpless fury this winter, a large banner hung across a house in Dawra that read, "Do God and Islam agree that I should leave my house to live in a camp with my five children and wife?"

"Shadows," said Eileen Bahjat, Mr. Bahjat's wife, standing with her two sons and describing what is left in the neighborhood. "Shadows and killing."

In Dawra, one of the worst areas in all of Baghdad, public life has ground to a halt. Four teachers have been killed in the past 10 days in Mr. Bahjat's area alone, and the Ahmed al-Waily primary school where the Bahjat boys, ages 12 and 8, studied, may not be able to hold final exams because of the killings. And three teachers from the Batoul secondary school were shot in late April.

Trash is collected only sporadically. On April 3, insurgents shot seven garbage collectors to death near their truck, and their bodies lay in the area for eight hours before the authorities could collect them, said Naeem al-Kaabi, deputy mayor for municipal affairs in Baghdad. In all, 312 trash workers have been killed in Baghdad in the past six months.

"Sunnis, Shiites, Christians," said Mr. Bahjat, a Christian who this month moved his family to New Baghdad, an eastern suburb, to live with a relative, before leaving for Syria. "They just want to empty this place of all people."

"We must start from zero," he said. "Maybe under zero. But there is no other choice. Even with more time, the security will not improve."

It is more than just the killing that has sapped hope for the future. Iraqis have waited for five months for a permanent government, after voting in a national election in December, and though political leaders are on the brink of announcing it, some Iraqis say the amount of haggling it took to form it makes them skeptical that it will be able to solve bigger problems.

Abd al-Kareem al-Mahamedawy, a tribal sheik from Amara in southern Iraq who fought for years against Saddam Hussein, compared the process to "giving birth to a deformed child."

As if to underscore the point, a scene of sorrow unfolded just outside Mr. Mahamedawy's gate, where an extended family gathered, full of nervous movement, and absorbed the news of the strangling death of their 13-year-old boy by kidnappers. A woman brought her hands to her head in the timeworn motion of mourning.

Even with the resolve to leave, many departing Iraqis said they consider the move only temporary and hope to return if Iraq's fractious groups are united and stem the tide of the killings.

Cars and furniture are sold, but those who can afford it, like the Abdul Razzaq family, hang on to their properties. In Khadra in western Baghdad, Nesma Abdul Razzaq, Mr. Abdul Razzaq's wife, has spent the past months carefully wrapping their photographs, vases and furniture in cloth and packing them in boxes. She spoke of the sadness of the empty rooms and the pain of having to build a new life in a strange place.

"I have a rage inside myself," Mrs. Abdul Razzaq said by telephone, as her area, since last autumn, has become unsafe for a Western reporter to visit. "I feel desperate."

"I don't want to leave Iraq. But I have to for the kids. They have seen enough."

In a quiet block in Mansour, a wealthy neighborhood in central Baghdad, where stately, gated homes are lined with pruned hedges, the Kubba family spends most of its time indoors. They have hung onto their lifestyle: three of their children study violin, flute, and ballet in an arts school outside the neighborhood despite encroaching violence.

Last fall, a foul smell led neighbors to the bodies of seven family members in a house several doors down from the Kubbas. They had been robbed. Fehed Kubba, 15, went to buy bread last year and saw a crowd near the bakery that he assumed was watching a backgammon game. When he pushed in to look, he saw a man who had just been shot to death.

But it was the increasingly sectarian nature of the violence, deeply painful to Iraqis who are proud of their intermarried heritage, that tipped the scales as Falah Kubba and his wife, Samira, considered leaving with Fehed, Roula, 13, and Heya, 12.

"The past few months convinced us," said Mr. Kubba, a businessman whose wife is Sunni. "Now they are killing by ID's. The killing around Americans was something different, but the ID's, you can't move around on the streets."

"At the beginning we said, 'Let's wait, maybe it will be better tomorrow,' " Mr. Kubba said.

"Now I know it is time to go."

Inquiry Implies Civilian Deaths In Iraq Topped Initial Report (NYT)

By Thom Shanker

The New York Times, May 19, 2006

WASHINGTON, May 18 — An official military investigation into allegations that American marines killed innocent Iraqis last November has uncovered evidence that the number of dead civilians is higher than the 15 originally reported, Congressional and Defense Department officials said.

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The inquiry, which Pentagon officials said was still weeks from completion, has already raised fundamental questions about the propriety of actions by the troops, one Defense Department official said. But the official said that a characterization this week by a member of Congress that the Iraqis had been killed "in cold blood" was an extreme description of the incident.

In the incident, marines patrolling Haditha, in western Iraq, in November opened fire after being hit by a roadside bomb and coming under small-arms fire from a nearby house, the military says. One marine was reported killed by the bomb.

But details of the incident went unreported until March, when Time magazine said Iraqi human rights advocates had accused the marines of killing civilians and after the military had opened an inquiry and admitted that 15 Iraqi civilians had been killed in the cross-fire.

Another Pentagon official said Thursday that the marines had come under fire but that evidence gathered so far indicated the hostile fire had not come from the house where the civilians were killed. Defense Department officials had to be promised anonymity to discuss the case because of the continuing inquiry.

On Wednesday, Representative John P. Murtha, Democrat of Pennsylvania, talked about the investigation at a news conference on Capitol Hill. "Our troops overreacted because of the pressure on them, and they killed innocent civilians in cold blood," he said. "And that's what the report is going to tell."

He said he had not read the official findings of the inquiry, but had been told about them by officers he identified as commanders.

Mr. Murtha said the number of Iraqi civilians killed was about twice the initial report of 15. Defense Department officials said Thursday that evidence indicated that more than 15 had been killed, but that the inquiry had not confirmed his estimate of double that number.

A leading Congressional critic of the Iraq war, Mr. Murtha served in Vietnam in the Marine Corps and was known as a hawk on military issues before becoming a leader of Democratic Party efforts to withdraw American troops from Iraq.

"Now, you can imagine the impact this is going to have on those troops for the rest of their lives and for the United States in our war and our effort in trying to win the hearts and minds," Mr. Murtha said. "We can't sustain this operation."

A spokesman for Marine forces in the Middle East, Lt. Col. Sean D. Gibson, said Wednesday that he could not comment on the substance of Mr. Murtha's statements because the inquiry was not complete.

New Iraqi Government Prepares To Take Stage (USAT)

By Rick Jervis

USA Today, May 19, 2006

BAGHDAD — Iraqi leaders will announce the makeup of the country's new government this weekend, then turn to the task of running a country increasingly divided along ethnic and religious lines.

After months of wrangling, those leaders say they have come up with a system that will help develop consensus on critical issues.

The new government has established oversight committees in which representatives of Iraq's various groups will debate issues and resolve problems, said Humam Hammoudi, an influential cleric with the United Iraqi Alliance, the religious Shiite alliance that is the largest political bloc in parliament.

A 10-member Security Committee will oversee the Interior and Defense ministries, Hammoudi said. The Interior Ministry, responsible for internal security, has been dogged by allegations that its police abused their power and ran “death squads” that targeted mostly Sunni Arabs. The Security Committee will handle cases of alleged abuse and corruption in those ministries, Hammoudi said.

A separate, 19-member Political Committee for National Security will meet once a month, he said. Its functions: forging agreements on major issues before parliament takes them up, and trying to break deadlocks among lawmakers.

That committee will be made up of the prime minister and his two deputies; the president and his two deputies; nine members of the United Iraqi Alliance; and representatives from Sunni Arab, secular Shiite and Kurdish political groups, Hammoudi said.

“The fate of the national unity government depends on this committee,” Hammoudi said. “All the members will be high-ranking members of the Cabinet and the six main blocs. So, of course, if they reach an agreement (on a course of action), it will happen.”

The United States has encouraged political leaders to form a government that represents all of Iraq's main religious and ethnic groups. The incoming prime minister, Nouri al-Maliki, has said most of the Cabinet will be presented to parliament Saturday.

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Hussain al-Shahristani, a former nuclear scientist who was jailed under the regime of Saddam Hussein, is expected to be appointed oil minister, Hammoudi said. Bayan Jabar, who was criticized for not reining in militias when he was interior minister, will be nominated as finance minister, he said.

However, al-Maliki may not announce nominees for the Interior and Defense ministries this weekend, Hammoudi said. Political leaders had not reached agreement on those posts Thursday, he said.

Parliamentary elections were held in December. Parties and politicians have argued since then over the makeup of the government.

Kenneth Katzman, an Iraq expert at the Congressional Research Service, was pessimistic about the chances that the new government will be able to get a handle on the militias and ethnic killings.

"The squabbling among major factions that led to the delay in forming a government will not end after the government takes office," he said. "It is highly unlikely that the government will be willing or able to dismantle the militias responsible for sectarian violence, which is getting worse."

But Robert Ford, a political officer at the U.S. Embassy, said the government will have wide support.

"These negotiations have been long and difficult because we have a fundamentally different kind of Iraqi government that is emerging," Ford said. It will be "a much broader government than before, and it has deeper roots throughout Iraq," he said.

Also Thursday:

·Four U.S. soldiers and their Iraqi interpreter were killed by a roadside bomb northwest of Baghdad, the U.S. military said.

·The kidnappers of a diplomat from the United Arab Emirates demanded that the Emirates' embassy in Baghdad be closed. The demand came in a video aired on Arab television, the Associated Press reported.

National Dialogue Added To Cabinet (WT)

By Sharon Behn

The Washington Times, May 19, 2006

BAGHDAD -- Iraqi officials said yesterday that a new government to be announced as early as tomorrow will include a new Ministry of National Dialogue, in an effort to stop the sectarian killings and violence that has spread through most of the country.

But the effort might fall short, because Sunni leaders are not satisfied with the Cabinet lineup cobbled together after months of closed-door negotiations.

"To be honest, I am not very happy. I feel we have not changed much," said Saleh al-Mutlaq, a top Sunni leader. "The government is one based on sectarian, narrow-minded parties. It is not going to solve the security on the street or reduce the corruption."

He said the Sunnis were willing to continue working with Prime Minister-designate Nouri al-Maliki, adding that the Sunnis had been offered three ministries: the environment, women's affairs and national dialogue.

Negotiations over who will take which Cabinet post have been going on since the Dec. 15 national elections, with all the political factions demanding a role.

A member of the ruling Shi'ite majority United Iraqi Alliance said Mr. al-Maliki has tried to form a government of national unity that can rule Iraq effectively for the next four years.

"It is not necessary that all [political] blocs are presented in the government, or it might be a government that is too heavy to move," said Qassim Dawood, whose name has been mentioned as an Interior Ministry candidate.

"Like any compromise, you cannot please everyone," he said.

U.S. officials have been pushing for a government that would balance Iraq's ethnic and religious divisions, saying that is the key to ending the daily bomb attacks against Iraqi civilians and Iraqi and U.S. forces.

Mr. Dawood, who belongs to the same party as Mr. al-Maliki does, dismissed the idea of a Ministry of National Dialogue.

"It's a silly idea," he said. "We have a parliament, with all the blocs representing most of the fragments of Iraqi society, so let them dialogue."

Four U.S. soldiers and an Iraqi interpreter died yesterday when a roadside bomb exploded near their vehicle northwest of Baghdad, the military said.

The military also reported running gunbattles for the seventh straight day between U.S. troops and insurgents in southeastern Ramadi, the capital of the Sunni Anbar province.

Critics of the emerging government said a strongly Shi'ite religious government would not ease the insurgency.

"We were hoping that technocrats and experts would be chosen. It would have been better for the country," said Issam Kadhum al-Rawi, a member of the Sunni Association of Muslim Scholars and the Association of University Lecturers.

"But they chose the wrong people. We wanted experts, not religious people," Mr. al-Rawi said. "I am afraid everything will get worse and worse."

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He said there was still no decision on who would lead the powerful Interior and Defense ministries.

Earlier, those close to the government talks had said Mr. al-Maliki would pick a Shi'ite to lead the Interior Ministry and a Sunni to lead the Defense Ministry.

Current Interior Minister Bayan Jabr, who is accused by many of allowing Shi'ite death squads to operate, is expected to move over to the Finance Ministry, Mr. al-Rawi said. But many on the street think Mr. Jabr will continue to hold the reins of the intelligence branch.

Ex-senator Linked To Oil-for-food Claims (FT)

By Claudio Gatti In New York

Financial Times, May 19, 2006

The US Senate is looking into allegations that a former US senator urged Baghdad to give a US company lucrative contracts under the much-criticised United Nations oil-for-food programme.

This is the first time that a leading US lawmaker has been linked to the controversial UN programme, whose shortcomings have been an important element of the Bush administration's critique of the UN.

The investigation involves one of the most vivid figures in US east coast politics, former senator Robert Torricelli, a New Jersey Democrat who was forced to pull out of the 2002 election after being "severely admonished" by the Senate ethics committee for accepting expensive gifts from David Chang, a campaign contributor. Mr Chang, a Korean-American businessman, was found guilty in 2002 of conspiring to violate federal campaign laws and was jailed for 15 months.

Senator Norm Coleman, the Republican chairman of the US Senate permanent sub-committee on investigations, said: "We take these allegations seriously and will continue to investigate in a bipartisan manner allegations of wrongdoing under the oil-for-food programme. We have investigated the illicit conduct of politicians in Russia, France, and the UK. We have a similar interest in preserving the institutional integrity of the US Senate, so we take these allegations regarding former Senator Torricelli seriously and will continue our investigation into them and will refer our findings to the appropriate agencies." The British, French and Russian politicians investigated by the subcommittee deny the allegations.

The allegations are based on Iraqi documents, including diplomatic cables, retrieved after the fall of Saddam Hussein, Iraq's former president. The Financial Times and Il Sole 24 Ore, the Italian business daily, have obtained copies of some of the Iraqi diplomatic cables. A source also described the contents of some of the other Iraqi documents.

The Iraqi documents also involve a former Republican congressman, James Courter, who allegedly met with Iraqi officials on behalf of Bright and Bright, Mr Chang's trading and lobbying company.

According to the documents, Mr Torricelli, nicknamed "the Torch" for his incendiary political style, had a series of meetings in the late 1990s, when he was a congressman, with Nizar Hamdoun, then the Iraqi ambassador to the United Nations. During these meetings, Mr Torricelli allegedly urged the Iraqi authorities to help Mr Chang and Bright and Bright get oil-for-food contracts on good terms.

The first meeting between Mr Torricelli and Mr Hamdoun took place on March 10 1996, when, according to an Iraqi document that has been described to the FT, Mr Torricelli reportedly suggested that he was willing to play an active role in improving US-Iraq communications.

The two talked about Resolution 986, which was going to set the rules of the oil-for-food programme. Mr Torricelli said a number of US companies would be interested in doing business with Baghdad, and specifically mentioned Mr Chang.

According to the same Iraqi document, Mr Torricelli met Mr Hamdoun again two days later. At that meeting, Mr Torricelli said that since their previous conversation he had spoken with Edward Gnehm, the deputy US representative to the UN, who was leading negotiations with Iraq about the oil-for-food programme.

On June 22, according to the same document, Mr Torricelli allegedly met Mr Hamdoun again. Mr Torricelli told him he had heard that the Iraqis might not give US companies any contracts and advised him that this would be a mistake. Mr Torricelli told Mr Hamdoun that he expected to win a US Senate seat in the November election (as he later did), and said that Bright and Bright was important to him and his election campaign and that he hoped that the company would receive contracts from Iraq.

According to the Iraqi document, Bright and Bright initially asked for 60 per cent of Iraq's oil contracts and a discount of $1.50 a barrel. Then on June 11 1996, a Bright and Bright executive wrote to Mr Hamdoun asking for government contracts worth as much as $300m in the first 90 days of the oil-for-food programme. In return, he said Bright and Bright would continue to support the normalisation of relations between the US and Iraq.

In mid-November 1996, according to the Iraqi document, Mr Hamdoun met with Mr Courter, then a former New Jersey Republican congressman, who is described in the Iraqi documents as the president of Bright and Bright. A Dun and Bradstreet entry for Bright and Bright lists Mr Courter as one of its principals. Mr Courter refused to comment. However, a spokesman for

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the company Mr Courter now runs said he was not an officer of Bright and Bright, but that "he was their [Bright and Bright's] attorney and was representing them in a legal capacity".

According to the Iraqi document, Mr Courter reportedly outlined a possible deal to Mr Hamdoun: if Iraq committed itself to stop all delaying tactics against UN inspections, use peaceful means to deal with the Kurdish people, not seek weapons of mass destruction, join the convention against chemical weapons, steer clear of any neighbouring country's territory and reject terrorism, Bright and Bright would help Baghdad in its efforts to lift UN sanctions.

In return, the Iraqi authorities were to promise to write a letter of intent giving preference to Bright and Bright in the fields of oil, industry, transportation and communications. According to the Iraqi document, Mr Courter told Mr Hamdoun that he had discussed the proposal with US government officials in Washington and had their approval.

Contacted by telephone, Mr Torricelli, who now runs his own business consulting firm and remains a powerful figure in New Jersey politics and a prominent Democratic party fundraiser, admitted meeting Mr Hamdoun "many times", "probably both" in Washington and New York "and in Baghdad". He first denied mentioning Mr Chang or Bright and Bright during his conversations with Mr Hamdoun. When told about the Iraqi documents that suggested there had been discussions, he said he did not remember mentioning them.

Mr Torricelli said he was not concerned about being contradicted by Iraqi diplomatic cables: "Iraqi cables can state almost anything. They have absolutely no credibility." He said Mr Hamdoun was "very well known and respected in the US government" and that, "unlike most Iraqi officials, he had some credibility".

Mr Gnehm, the US diplomat, also confirmed meeting Mr Torricelli and discussing Iraq. Mr Gnehm, who has left the State Department and is a professor at George Washington University, said Mr Torricelli came to the meeting with a "Korean" businessman whose name he did not recall. "I remember being surprised that there was someone else there, and I didn't know then why he was present. As an American diplomat I would be responsive to a congressman and to an American businessman, even a foreign businessman who had plants in the United States, but somebody like him? I didn't have any sense of why he was there. I figured that he and Torricelli had some sort of friendship or relationship."

On the subject of that meeting, Mr Gnehm said: "I think the general discussion was on how one goes about getting contracts in the oil-for-food programme . . . Certainly, one of Torricelli's approaches to me over this period of time was an effort to try to get business for some of the companies in his district."

An April 15 1996 cable from Mr Hamdoun to Tariq Aziz, Iraq's deputy prime minister at the time, if authentic, appears to corroborate these allegations. According to the cable, which has been obtained by the FT, the Iraqi mission to the UN had received a letter from the "American company that had been mentioned to us by Congressman Torricelli". In the letter the US company allegedly indicated its desire to send a delegation to Baghdad to negotiate possible commercial deals. The cable ends with a recommendation to sign an agreement with the company. A subsequent cable from Mr Hamdoun suggests that the "US company" being discussed is Bright and Bright.

During these talks, in August 1996, the Iraqi army seized the Kurdish city of Erbil. The Clinton administration responded by ordering air raids against Iraq. Engaged in a bitter Senate race, Mr Torricelli, together with all New Jersey lawmakers from both parties, backed the move. Ultimately, no concrete deals came of the discussions between Baghdad and Bright and Bright.

Mr Hamdoun died in July 2003. Mr Chang could not be contacted for comment, despite repeated efforts to reach him.

Claudio Gatti is a New York-based reporter of Il Sole 24 Ore, the Italian business daily

Torricelli: nicknamed 'the Torch' for his incendiary political style AP

'We have [an] interest in preserving the institutional integrity of the US Senate, so we take these allegations . . . seriously'

Taliban Stepping Up Attacks In Afghanistan (KRT)

By Jonathan S. Landay

Knight Ridder, May 18, 2006

WASHINGTON - Afghanistan is fast becoming the toughest peacekeeping mission in NATO's 57-year history as the Taliban presses some of its most intensive attacks since the Islamic militia was driven from power in 2001.

More than 100 people, including a U.S. contractor, a Canadian soldier and dozens of insurgents, died in clashes and suicide bombings on Wednesday and Thursday, mostly in the Taliban's birthplace of southern Afghanistan, according to U.S., NATO and Afghan officials.

In one incident, hundreds of insurgents attacked the southern town of Mosa Qala on Wednesday evening, and fighting raged through the night, leaving at least 13 Afghan police and dozens of Taliban dead.

The unrest comes as thousands of British, Canadian and Dutch peacekeepers are deploying into southern Afghanistan, replacing U.S. troops in a major expansion of NATO's International Security Assistance Force.

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Until now, ISAF has overseen security in Kabul and reconstruction projects in relatively peaceful central, western and northern regions. But with its move south, NATO, which was created to defend Western Europe from a Soviet invasion, is becoming embroiled in an escalating guerrilla war in the heart of the Muslim world.

"In the Balkans, we never had ground forces that had to deal with insurgent organizations. We had ground forces that had to deal with riots, criminal groups and the occasional war criminal. But NATO has never faced a major insurgency," said Seth Jones of the RAND Corp., a research institute that advises the Pentagon.

The U.S. commander in Afghanistan, Army Gen. Karl Eikenberry, said last week that the Taliban is better trained, armed and organized than in the past and has adopted tactics used in Iraq, including sophisticated improvised explosive devices and suicide bombers.

Some of the violence is related to tribal rivalries and a major Afghan government drive to eradicate the poppy crops that make the country the world's largest producer of opium, from which heroin is made.

Eikenberry said that with NATO's expansion, more than 20,000 U.S. troops concentrating on counterinsurgency efforts in eastern Afghanistan and major strides being made in the training and deployment of Afghan security forces, the Taliban will be contained by year's end.

Despite its resurgence since last year, the Taliban isn't strong enough to overthrow President Hamid Karzai's government. But some U.S. officials and independent experts warn that the Taliban's real aim is to whittle away at the already seriously diminished confidence many Afghans have in their leader and his U.S.-led allies because of persistent violence, crime and corruption and the slow pace of reconstruction.

By targeting ISAF's southern deployment, the Taliban also appears intent on weakening public support in NATO nations for the peacekeeping operation. On Wednesday, only hours after a female Canadian soldier was killed, the Canadian parliament approved an extension of Canada's participation in ISAF until 2009 by only four votes.

"There are huge questions over how NATO will perform and whether countries will sustain this," said Bob Templer of the International Crisis Group, a conflict-prevention organization. "The further we get away from 9-11, the more difficult it is to sell."

"The situation is bad," agreed a U.S. official, who asked not to be further identified because he wasn't authorized to speak publicly. "It's going to be a hot summer. It's going to be bloody."

The bloodshed also has heightened tensions between Afghanistan and Pakistan, the Taliban's one-time chief patron.

Pakistan's continued cooperation is vital to the Bush administration's pursuit of al-Qaida leader Osama bin Laden, who's believed to be hiding on the rugged Afghan-Pakistan border, and the global network of violent jihadi groups that he inspires.

The violence "is a test of NATO and a test of the U.S. ability to coordinate in the war on terrorism between two countries that are at odds with each other," said Amin Tarzi, an analyst with U.S.-funded Radio Free Europe/Radio Liberty.

As the violence persisted Thursday, Karzai accused Pakistan's military regime of aiding in the Taliban's resurgence by training and arming the insurgents.

"Intelligence agencies of Pakistan have been providing training to militants and send them back to Afghanistan after equipping them," he told tribal elders in Kunar Province, according to the Afghan Islamic Press agency.

Pakistan denies that it's backing the Taliban, pointing to the intense counterinsurgency operations that tens of thousands of its troops have been conducting in tribal areas bordering Afghanistan.

But U.S. officials say that Islamabad could do more, and some experts contend that Islamabad is quietly aiding the Taliban because it's angry at the ties that Karzai and the Bush administration are cultivating with Pakistan's archrival, India.

"There is a huge anxiety in Pakistan with whatever the Indians are doing," said Templer. "There is a view in the Pakistan military that Afghanistan is really their backyard."

India's involvement in Afghanistan includes the construction of a highway in southern Nimroz Province, bordering Pakistan and Iran, by a state-owned Indian construction organization closely tied to the Indian military.

More Than 100 Killed In Fighting In Afghanistan (USAT/AP)

By Noor Khan, The Associated Press

USA Today, May 19, 2006

KANDAHAR, Afghanistan — About 100 people were killed in fighting as Islamic militants clashed with Afghan, U.S. and Canadian forces Wednesday and Thursday.

Close to 90 militants were killed as were at least 15 Afghan police, an American civilian training Afghan forces and the first female Canadian soldier to die in combat.

The fighting was concentrated in the southern provinces of Helmand and Kandahar. The Taliban, an Islamic militia that controlled Afghanistan until its leaders were ousted in 2001, has stepped up attacks in recent months.

DOJ_NMG_0029076

President Hamid Karzai said the violence was coming from the mountainous regions of neighboring Pakistan. The area is populated by ethnic Pashtuns, who make up the majority of the Taliban militants. “In the madrassas (Islamic schools), the mullahs and teachers are saying to their students: ‘Go to Afghanistan for jihad,' ” Karzai said.

Pakistan's Foreign Ministry spokeswoman, Tasnim Aslam, called the allegations “baseless.”

The latest violence started late Wednesday in Musa Qala in Helmand province. About 300-400 militants attacked a police and government headquarters.

Deputy Gov. Amir Mohammed Akhunzaba said the bodies of about 40 Taliban militants were recovered. He said 13 police were killed and six wounded. British military spokesman Capt. Drew Gibson said Afghan police reinforcements forced the militants to flee.

In neighboring Kandahar province, up to 27 Taliban militants were killed during an operation by the U.S.-led coalition Thursday.

Elsewhere in Kandahar, 18 Taliban militants and Canadian Capt. Nichola Goddard died in fighting. Canada's first female soldier to die in combat was killed late Wednesday, said Maj. Scott Lundy, a Canadian military spokesman.

Gen. Zahir Azimi, a spokesman for the Afghan Defense Ministry, said U.S. forces' hand-over of security operations in the south to NATO could be fanning the violence. The transfer is to take place by July. “Maybe the Taliban is trying to show NATO that they are active there, but coalition and NATO forces are both strong,” he said.

Also Thursday, a suicide bomber attacked in Herat, near the Iranian border. The bomb killed Ron Zimmerman, 37, of Connersville, Ind. He was working on a U.S. project to train Afghan police. Other attacks near Kabul killed a civilian and two police officers.

Afghanistan Rocked As 105 Die In Violence (WP)

By Pamela Constable

The Washington Post, May 19, 2006

ASADABAD, Afghanistan, May 18 -- Afghanistan has been rocked over the past two days by some of the deadliest violence since the Taliban was driven from power in late 2001. As many as 105 people were reported killed in four provinces as insurgents torched a district government compound, set off suicide bombs and clashed fiercely with Afghan and foreign troops.

Between 80 and 90 Taliban fighters were killed in Kandahar and Helmand provinces, according to Afghan, U.S. and NATO officials. Two sites in Kandahar were struck by U.S. warplanes, including a long-range B-1 bomber, which U.S. military officials said destroyed a compound that Taliban guerrillas were using to stage an attack.

Among the dead were an American police trainer killed by a car bomb in Herat province, a female Canadian army captain and at least 12 Afghan national policemen, officials said.

Afghanistan experienced several years of relative calm after the pro-Western government took over in Kabul in 2001. But in recent months, the pace and scope of insurgent attacks have been increasing steadily, and now include suicide bombings, a tactic long foreign to Afghanistan. The violence has surged as NATO forces prepare to assume the lead military role in Afghanistan from U.S. troops this summer, a transition that some observers believe the Taliban and other insurgent groups are seeking to test.

President Hamid Karzai, visiting the capital of eastern Konar province under heavy security, angrily denounced the new violence as the work of religious extremists and intelligence services in neighboring Pakistan, saying they had sent young men across the border to stage attacks in the name of holy war.

"In Pakistan they train people to go to Afghanistan, conduct jihad, burn schools and clinics," he told a gathering of provincial elders in a long, emotional speech. "What kind of Islam is this?"

Karzai did not blame Pakistan's president, Gen. Pervez Musharraf, calling him a "dear brother" and saying that "terrorism is a fire that will extend to your country, too." But he directly taunted Mohammad Omar, the fugitive Afghan Taliban leader, challenging him to "show yourself" and "come fight with me" instead of hiding.

The president expressed particular anguish over the death of the Canadian soldier, Capt. Nichola Goddard, who died Wednesday in a battle with Taliban attackers in Kandahar. "Our land is being protected by a lady from Canada, when we should be protecting her as a guest," he said.

The police trainer killed by a suicide blast in Herat was serving on a contract from the U.S. State Department's Bureau of International Narcotics and Law Enforcement. A statement from the U.S. Embassy in Kabul did not identify him, but said that several other Americans and Afghans were wounded by the bomb and that U.S. forces fearing another attack later shot dead the Afghan driver of a truck who failed to stop at a checkpoint and drove directly at the Americans.

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The escalating violence has led to a deepening rift between Karzai and Musharraf, who are both important U.S. allies in the region. The Afghan government has long asserted that Islamic fighters are being supported and sheltered by groups within Pakistan. In February, Karzai presented Musharraf with a list of alleged armed extremists living in Pakistan.

The Pakistani leader bristled at the accusations and dismissed them as outdated or fabricated. He has asserted repeatedly that he is doing his best to combat terrorism within Pakistan, and he has sent large numbers of soldiers into the desolate tribal areas bordering Afghanistan, where Taliban and al-Qaeda members are widely believed to have taken refuge.

"They talk about people crossing from Pakistan, but we have 78,000 troops and 800 check posts," said Aftab Khan Sherpao, Pakistan's interior minister, in a recent interview. "The militants used to feel safer in the tribal areas because of the culture and the religious bent of mind there, but now we are really exerting pressure and tightening the loop. We get flak from the local people but we have to do it."

U.S. military officials, who work closely with both the Afghan and Pakistani armed forces, say they believe Musharraf shares their concerns about regional terrorism and does not seek to destabilize Afghanistan. But it is not clear, they say, to what extent he can control powerful groups in his country that still support the Taliban or harbor a lingering ambition to dominate Afghanistan.

For those people, Karzai had harsh words Thursday, vowing that Afghanistan "will never become a colony of any country," and excoriating groups that use religion as an excuse to attack their neighbors.

Konar, which stretches alongside the Pakistani tribal region, has come under persistent attacks, including a rocket assault that killed seven children at a school in Asadabad in April. Since March, Afghan and U.S. forces have staged a massive sweep of troubled districts in Operation Mountain Lion.

Karzai, who rarely travels to remote provinces because of security concerns, arrived here from Kabul on one of a formation of U.S. military helicopters.

The president's vehement remarks about Pakistan were repeatedly applauded by provincial leaders, and in welcoming poems and songs young Afghans exhorted him to be tough on "our neighbor enemies."

Questions Karzai received here underlined why it has been difficult to uproot the revived Islamic insurgency even with thousands of foreign troops aiding the new Afghan army and police.

Several local leaders asked the president to help win the freedom of Konar tribal and religious figures held in U.S. military prisons as suspected insurgents. Others pleaded with him to build more Islamic schools in their province, a higher priority for many families than roads or clinics.

In a brief interview after his speech, Karzai said he had not given up on Musharraf and recognized his strategic importance to the U.S.-led anti-terrorist effort. But the Afghan president said he had come under a lot of domestic pressure to get tough with Pakistan.

"People see that nothing has changed and they are very angry," he said. "They want me to stop talking nicely and do something."

Afghanistan Bomb Kills American And Wounds 2 (NYT)

By Carlotta Gall

The New York Times, May 19, 2006

ISLAMABAD, Pakistan, May 18 — An American counternarcotics official was killed and two other Americans were wounded in a suicide bombing on Thursday in western Afghanistan, while heavy fighting between forces suspected of being Taliban insurgents and the Afghan police continued in two southern provinces, officials said.

The violence occurred amid increasing reports of many militants moving around rural areas. The fighting killed 13 police officers and possibly dozens of insurgents, officials said.

"We confirm that a U.S. citizen contractor for the State Department Bureau of International Narcotic and Law Enforcement, working for the police training program in Herat was killed in a vehicle borne I.E.D. attack," said Chris Harris, a spokesman for the United States Embassy, using the initials for improvised explosive device. "Two other Americans were injured; one critically, and one has minor injuries."

Col. Ghulam Sarwar Haidari, the intelligence chief for the provincial police department in Herat, a western town, said the attack was a suicide bombing. He said the bomber, who wore a long beard but was not identifiable, drove his car, packed with explosives, into the Americans' vehicle, which was part of a three-vehicle convoy on the main road leading north from Herat.

Another apparent suicide car bomb attack on Thursday killed the driver and a civilian passing on a motorbike near an American military base in Ghazni Province, south of Kabul, the capital, said Hajji Sher Alam, the provincial governor. Another civilian was injured, he said.

DOJ_NMG_0029078

A Canadian military statement on Thursday described fighting in Panjwai, near Kandahar in the south, in which a Canadian soldier was killed Wednesday. The fighting in Panjwai lasted all day and through the night as coalition and Afghan police officers and army forces entered the district against scores of militants who have been moving through the area for weeks, the Canadian statement said. It said 18 fighters suspected of being Taliban members had been killed and 35 others had been captured. Local residents had told Afghan security forces of 15 armed men hiding in a mosque who were among those captured, the statement said.

In a second statement released in Kabul describing the fighting, Maj. Gen. Benjamin C. Freakley, the American operational commander of coalition forces, was quoted as saying, "This well-organized, cooperative engagement was exactly the operation needed to restore security to Panjwai, where extremists have been intimidating and threatening the people."

Heavy fighting also occurred Wednesday in the neighboring Helmand Province, when militants attacked a police post in Musa Qala, a district in the main poppy growing region in the northern part of the province. The police fought the militants off, said a spokesman for the provincial administration, Haji Muhaiuddin Khan.

He said that 50 Taliban fighters had been killed, but conceded the police had found the bodies of only 10 militants. Thirteen police officers were killed and six wounded, and 10 militants were captured, he said.

Medals Given For Valor In Afghan Fighting (WP)

By Ann Scott Tyson

The Washington Post, May 19, 2006

FORT BRAGG, N.C., May 18 -- Sgt. 1st Class David Lowe and his Special Forces A-team were in their last week in Afghanistan on June 10, 2005, when their base received an urgent call: A small group of 82nd Airborne paratroopers was pinned down in a firefight near the Pakistan border and needed support.

"When you're that close to leaving the country and you've survived the whole time, you kind of stand down a little bit," said Lowe, 26, of Lancaster, Pa., recalling that much of the team's equipment was packed. "But they needed help," he said, "so we went," setting out on a mission that would prove vital and tragic.

Lowe's bravery in the Afghan mountains that sweltering summer day was rewarded Thursday with a Silver Star, which was pinned on by Brig. Gen. John F. Mulholland Jr., the head of the Special Forces Command, as Lowe and 12 fellow soldiers from 1st Battalion, 7th Special Forces Group, were honored at a ceremony here.

As fighting surges in Afghanistan against a reinvigorated Taliban, the stories behind Lowe's medal and others awarded for valor in combat offer vivid glimpses into the intensity of warfare in the country's most contested zones. Increased violence, particularly suicide and improvised bombs, has inflicted a worsening toll of U.S. troop deaths, which now total 234 -- including 10 for 7th Group.

U.S. military commanders acknowledge that the war that began in 2001 with the Special Forces' rapid overthrow of the Taliban government is far from over. They have put off plans to withdraw several thousand U.S. troops -- including conventional and Special Forces -- from Afghanistan this year.

The combat trials faced by Lowe and his comrades suggest the challenge that lies ahead.

It was midafternoon last June when Lowe's team, accompanied by Afghan forces, began climbing a steep mountainside to reach the 82nd Airborne paratroopers fighting off pockets of enemy on all sides.

Lowe's team moved through the brush without talking. The sun cast shadows on the hills, making it difficult to see. Lowe was uphill providing cover ahead of Sgt. 1st Class Victor Cervantes, who walked below through a dry streambed, when fire from a Kalashnikov broke out near Cervantes's position.

Lowe turned and dashed back, catching a glimpse of a camouflage coat and a figure ducking between the trees and rocks. Lowe fired at it with his M-4 and the gunfire stopped. Then he began yelling, "Vic!" "Vic!" trying to find his teammate.

"So anyway, Vic was dead," Lowe recalled, choking up at the memory. But Lowe, the team medic, said he controlled an urge to charge blindly up the hill in revenge.

Instead, according to his medal citation, during a six-hour firefight, Lowe moved deliberately to aid the wounded -- at one point dashing over 150 yards of open ground. He climbed an exposed rock pinnacle to shoot down a fighter who had a teammate pinned down, and helped kill six other attackers, including some who shot at the soldiers as they attempted to carry out Cervantes's body.

"We were a week from going home, and he's putting himself in harm's way -- he's the real hero today," Lowe said of Cervantes, 27, of Stockton, Calif.

Chief Warrant Officer 3 Jason Hope, 39, of Tulsa, also received the Silver Star for his daring leadership during a hastily executed spring 2005 raid on a fortified Taliban camp in Paktika province that killed a senior regional Taliban commander for southeastern Afghanistan.

DOJ_NMG_0029079

As soon as they got off the helicopter near the camp, Hope's team came under withering fire from about 20 enemy fighters awaiting with rocket-propelled grenades, AK-47s, and machine guns with armor-piercing bullets. The team fought its way up a ridge overlooking the camp, and then, to reach the stronghold, Hope led a flat-out race across 600 yards of open desert.

Following Hope, Staff Sgt. Charles Maxwell watched as bullets chopped up dust around his feet. "I wasn't going to let him go without me," said Maxwell, 32, who was awarded a Bronze Star for valor.

DOJ:

Prosecutor Not Amused By "Sick...Joke" (ROANT)

By Lindsey Nair

Roanoke Times, May 19, 2006

Assistant U.S. Attorney Patrick Hogeboom is knowledgeable about a lot of things, but repairing wheelchairs is not one of them.

Nevertheless, he claims in court documents that he recently received calls from six elderly customers of Active Solutions, an Ohio-based medical equipment company, requesting that he service their broken-down motorized wheelchairs.

Hogeboom this week filed a motion seeking a temporary restraining order against Active Solutions and its parent company, CBI Co. LLC. The motion accuses Active Solutions of harassing its customers by referring them to Hogeboom for wheelchair repair requests.

Active Solutions used the customers' plight to "play a sick practical joke by harassing victims and witnesses," the motion states.

Valerie Eastwood, counsel for CBI, declined to comment on the motion except to say she would respond "fairly quickly."

Active Solutions and CBI are under federal investigation for suspected Medicare fraud, but they have not been charged with any crimes.

According to a search warrant affidavit unsealed this month, investigators believe Active Solutions advertised power scooters, then shipped customers much more expensive motorized wheelchairs instead and billed Medicare for the chairs.

As part of the investigation, federal agents in late March seized six vehicles and $1.8 million in assets from Active Solutions.

This week's motion claims that since the affidavit was unsealed, Active Solutions has been telling wheelchair owners that Hogeboom can "explain why the company cannot repair chairs" and address their concerns.

Hogeboom complains in the motion that these referrals were made with no explanation that he is a federal prosecutor, not a repairman, and at the expense of people who need working wheelchairs to live a quality life.

"The referrals were done in a callous disregard for the plight of the elderly and infirm," the motion claims.

Because the customers who were told to contact Hogeboom are potential witnesses or victims in the case, the government is requesting that a judge deem the company's behavior harassment. The motion requests that Active Solutions be ordered to stop referring calls to Hogeboom.

CORPORATE SCANDALS:

Next Lay Trial, Over Bank-Fraud Charges, Begins (WSJ)

By Gary McWilliams

Wall Street Journal, May 19, 2006

HOUSTON -- Former Enron Corp. Chairman Kenneth Lay1's "other" trial -- on charges of violating bank-lending agreements -- began Thursday with his defense attorney insisting Mr. Lay wasn't aware of any violations.

Mr. Lay is charged with bank fraud and misrepresentation for borrowing $75 million from three banks and using the money to acquire Enron stock. The government contends that Mr. Lay used personal loans from Bank of America Corp., Compass Bancshares Inc.'s Compass Bank and J.P. Morgan Chase & Co.'s Chase Bank to acquire Enron stock in violation of loan agreements.

The bank-fraud case is being tried separately from the conspiracy and fraud case against Mr. Lay and former Enron president Jeffrey Skilling2. In that trial, the jury completed its first full day of deliberations (after a partial day on Wednesday) without reaching a verdict. The eight-woman, four-man jury won't meet on Fridays, so it will resume considering the charges against the two former executives Monday morning.

DOJ_NMG_0029080

"Mr. Lay had absolutely no motive to do what he's accused of doing here," defense attorney Ken Carroll said of the bank charges. He called the regulation "confusing" and suggested the criminal charges were a stretch. The alleged violations are "a regulatory issue, a civil issue but not a crime," said Mr. Carroll. He said Mr. Lay repaid all the loans.

The bank-fraud charges are being heard without a jury before U.S. District Court Judge Sim Lake3, who also is presiding over the conspiracy and fraud trial of Messrs. Lay and Skilling. Each of the four charges carries an up to 30-year prison sentence. Judge Lake has said he won't issue a decision in the bank-fraud case until the jury in the conspiracy and fraud case returns its verdict.

Prosecutor Robb Adkins accused Mr. Lay of "lying to the banks" to increase his borrowing limit. The loans restricted the amount of money he could borrow to 70% of the value of shares held for collateral if the borrowings were used for nonstock investments, but only 50% of the value of shares if the borrowings were used to buy stock, he said. Mr. Lay, he said, was "not satisfied with a 50% loan, he wanted a...larger loan to buy his stock."

James Shelton, a former Bank of America private banking manager, testified that he several times advised Mr. Lay of the rules restricting the purchase of stock using so-called "nonpurpose" loans backed by shares. He said the bank initially set up two separate $8 million lines of credit, one for nonstock investments and another to allow him to purchase stocks.

The credit line that was set up to purchase stocks shrank over time, while Mr. Lay increased the line used for nonstock investments, said Mr. Adkins. By September 1997, Mr. Shelton said Mr. Lay sought to increase his line of credit for nonstock investments to $30 million and wanted just $750,000 for stock purchases, he said.

Sally Ballard, an assistant to Mr. Lay who handled the documents overseeing his personal investments, testified that she wasn't aware of the differing restrictions on the lines of credit when she prepared requests. She also testified that she used a machine to affix his signature to documents when he was unavailable to sign them.

Under questioning by a prosecutor, she acknowledged writing a note to Mr. Lay that suggested she was familiar with the stock-purchase restriction, called Reg. U. In that 1995 note, she wrote: "I realize we were advised by James [Shelton] that according to Reg. U we cannot use borrowing to pay off these lines. Please advise."

A 2nd Criminal Trial Begins For Former Enron Chief (NYT)

By Vikas Bajaj

New York Times, May 19, 2006

HOUSTON, May 18 — As a jury spent its first full day deliberating the fates of the former Enron chief executives, Kenneth L. Lay and Jeffrey K. Skilling, a second criminal trial began yesterday, with prosecutors accusing Mr. Lay of repeatedly lying to banks about how he would use $75 million in loans.

Using testimony of a bank loan officer, an investment adviser and a personal assistant who still works for Mr. Lay, prosecutors tried to show that he borrowed millions of dollars and violated federal banking regulations by investing much of the money in stocks after he signed documents saying he would not do so.

He did so "not just a few times, but repeatedly and time and again," the prosecutor, Robb Adkins, said in brief opening arguments.

In an unusual compromise, Judge Simeon T. Lake III broke off these four charges from the main Enron case after Mr. Lay's defense team sought to have the entire case against him separated from Mr. Skilling's. Last year, Mr. Lay waived his right to a jury trial on the bank charges, in part because of the technical nature of banking statutes, meaning the case will be decided by the judge. The charges — one of bank fraud and three of lying to banks — are based on a cache of prosaic loan documents and personal financial records from the early 1990's to 2001. The charges are not related to the fraud and conspiracy charges Mr. Lay faces in the Enron case with his co-defendant, Mr. Skilling.

Judge Lake has indicated that he will not issue his decision until the jury in the other case, which he also presided over, renders a verdict, which is expected to take a week or more.

Defense lawyers for Mr. Lay contended that he did not knowingly violate any laws in how he handled his personal loans from three banks and added that he did not have any reason to do so because he had more than adequate collateral to pay off the loans. "It may be a civil issue; it may be a regulatory issue, but it's not a crime," a lawyer for Mr. Lay, Ken Carroll, said.

Several times during the day, Judge Lake chided lawyers, particularly the defense lawyers, to pick up the pace.

At one point, Mr. Carroll asked a former Bank of America loan officer, James Shelton, about how he dealt with other clients who had loans similar to Mr. Lay's. Judge Lake asked if the defense intended to call other bank clients and Mr. Carroll responded he would call three or four people.

"No, you are not," Judge Lake quickly replied.

DOJ_NMG_0029081

The prosecution contends that Mr. Lay started lying to his banks after Mr. Shelton told him in 1993 that banking laws dictated that he could borrow only 50 percent of the value of the stock that he was putting up as collateral if he used the proceeds to buy publicly traded stock.

He later took out two lines of credit from Bank of America — one that allowed him to buy stock and one that did not. The second line of credit allowed him to borrow as much as 70 percent of the value of his collateral.

"Mr. Lay wasn't satisfied with a 50 percent loan, he wanted a larger loan," Mr. Adkins said.

Financial documents displayed by prosecutors yesterday showed that Mr. Lay used millions of dollars from those credit lines to buy stock-based mutual funds and individual stocks like Eli Lilly & Company, on whose board Mr. Lay used to sit.

Mr. Lay's lawyers asserted that he was not fully apprised of the restrictions he faced and that the loan documents were not always clear.

The defense also said that on some bank documents, though they could not say how many, Mr. Lay's signature was rendered by a signature machine because he was out of town. Defense lawyers also tried to show that Mr. Lay's assistants were not aware of the difference between the two sets of loans.

"At any time did Mr. Lay ask you to do something you were uncomfortable doing?" George McCall Secrest Jr., another defense lawyer, asked Sally Ballard, Mr. Lay's assistant.

"Absolutely not," she replied.

Mr. Lay and his lawyers have said and repeated again Thursday, though not in the courtroom before Judge Lake, that the banking law Mr. Lay is accused of violating is an arcane Depression-era statute that has to the best of their knowledge, been used only once against a bank customer, more than a decade ago.

Congress passed the laws, now known as Regulation U, after the stock market crash of 1929 in an effort to make it harder for investors to speculate using borrowed money, said John C. Coffee, a law professor at Columbia University in New York. Also, lawmakers believed that it would be better for the economy and job creation if banks lent more money to farmers and manufacturers rather than investors, he said.

"These are standard parts of any loan agreement that you are not going to unlawfully use the proceeds," Mr. Coffee said. "These are not unknown and esoteric, they are plain-vanilla representations," he said about the statements signed by Mr. Lay in the course of obtaining his loan.

Enron's Ken Lay Goes On Trial On Another Front: Bank Fraud Charges (USAT)

By Greg Farrell

USA Today, May 19, 2006

HOUSTON — A second trial began here Thursday for former Enron CEO Ken Lay, who stands accused of violating an obscure banking law that forbids using proceeds from certain types of loans to buy publicly traded stock.

The four bank fraud charges, which carry penalties of up to 30 years, were severed from the larger trial in which Lay and another former Enron CEO, Jeff Skilling, are charged with conspiring to hide Enron's financial condition from investors in 2000 and 2001. Jury deliberations in that trial began this week and will continue Monday.

The second trial is being held without a jury before the same judge who managed the Enron fraud case, U.S. District Judge Sim Lake. Unlike the jury trial — a sprawling drama which began in January and featured testimony from 56 witnesses including Lay and Skilling — the bank fraud case is narrow and should end early next week.

Lake has said he won't announce his verdict in the bench trial until jury deliberations have concluded in the larger Enron case.

In his opening statement Thursday, prosecutor Robb Adkins told the judge that Lay repeatedly violated “Regulation U,” a rule put in place following the 1929 stock market crash to protect banks from borrowers who speculate in the stock market. According to the rule, when a borrower uses stock as collateral for a loan, banks are only allowed to lend an amount equal to 50% of the stock's value. Every borrower has to sign a form indicating he or she understands the rule.

The idea, Adkins explained, was to prevent a “daisy chain” effect that crippled many U.S. banks following the '29 crash, when speculators used stock as collateral for loans and then invested the loans in more stock. “The process only works if these forms are filled out truthfully,” Adkins said.

James Shelton, a former Bank of America loan executive, told the court that he explained the limitations of Regulation U to Lay when he approved loans to the former Enron CEO in the 1990s. Asked whether he thought Lay understood the rule when he took out loans, Shelton said he did. “He was a very hands-on, detail-oriented person,” Shelton said.

Lay's attorney, Ken Carroll, suggested that the former Enron CEO was so busy he didn't necessarily micromanage every investment he made.

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"If anybody told him he wasn't doing the right thing with these lines (of credit), he would have fixed it," Carroll said. Carroll also pointed out that Lay traveled a lot, and didn't necessarily sign every document that needed his signature. An "auto-pen" was sometimes used at Enron for documents that needed Lay's signature when he wasn't around, Carroll said.

Sally Ballard, who works for Ken Lay and his wife, Linda, in a secretarial capacity, also testified. Ballard admitted that in grand jury testimony several years ago, she confirmed that Lay used proceeds of his bank loans to buy stock. But on the stand Thursday, she said she may have been mistaken during the grand jury proceedings. Thinking it over afterward, she said, she realized a document purporting to confirm Lay's use of bank loans to buy stocks could simply have been an old form that she never revised. She acknowledged that Lay was paying for her legal fees.

Lay's Second Trial Starts As First Jury Deliberates (WP)

By Carrie Johnson

Washington Post, May 19, 2006

HOUSTON, May 18 -- As jurors quietly deliberated conspiracy and false-statements charges against him Thursday, former Enron Corp. chairman Kenneth L. Lay endured the start of a separate trial on bank fraud violations that carry substantial prison time if he is convicted.

Lay, 64, stands accused of four criminal counts for allegedly lying to banks about how he would use multimillion-dollar lines of credit. Prosecutors accused the former corporate titan of falsely telling banks he would not use the loans to buy stock, then turning around and doing just that. Each charge carries a maximum prison term of 30 years.

Lay's alleged conduct violated Federal Reserve rules put in place after the 1929 stock market crash spurred policymakers to restrict how credit is used, prosecutor Robb Adkins argued.

"The process only works if the forms are filled out truthfully," Adkins said, pointing to "dozens and dozens" of instances when Lay signed documents pledging to follow the rules, then allegedly broke his promise.

Former Bank of America executive James Shelton, the relationship manager on Lay's account in the early 1990s, testified that the rules are important because the bank could be held liable if its clients violate the law -- and "I might very well lose my job." Shelton said he met with Lay several times to discuss the rule, known as Regulation U.

Because scores of documents exist, the key question in the case is whether Lay intended to violate the rules, an issue that prosecutors say is clear from his signature alone.

Lay's lawyers, who previously have scoffed at the charges as an overly zealous attempt to target their client, suggested a number of possible defenses, including the argument that his subordinates may have used a machine known as an "autopen" to affix his signature to several of the forms.

But U.S. District Judge Simeon T. Lake III, the ultimate decision maker in the bank case, inquired whether the distinction was a real difference. "Is there a distinction if he knowingly caused an employee to affix his signature electronically?" the judge asked, directing defense lawyers to produce prior court cases to support their assertion.

On cross-examination by Lay attorney Ken Carroll, Shelton said he did not believe Lay had engaged in a scheme to defraud the bank. He added that he had never done an investigation of how Lay was using the loans or developed any suspicions about them at the time.

Defense lawyer George "Mac" Secrest also suggested that Lay, who traveled frequently during his tenure at Enron, was too busy to have paid much attention to the forms. Instead, Secrest said, Lay simply signed where his staffers instructed him to do so. Sally Ballard, an employee of Lay's for 22 years who continues to work for his family part time, readily agreed.

Earlier Thursday, prosecutor John C. Hueston presented a pair of memos Ballard had written to Lay in November 1995 indicating that he was "technically bound by" the bank rules. The judge interjected with his own question, wondering whether the memos were delivered to Lay himself. Yes, Ballard answered.

Lake said he will render a decision on the bank fraud charges sometime after the eight-woman, four-man jury in the broader case decides whether Lay and former Enron chief executive Jeffrey K. Skilling are guilty of leading a conspiracy to defraud investors and employees about the energy trader's health. That case is the government's biggest and most heralded in an effort to hold corporate officials accountable for misconduct on their watch.

The jury broke for the day around 4 p.m. central time, after deliberating for six hours without sending a note or other tangible evidence of their progress. Jurors will return to their deliberations Monday, when the bank fraud case also will resume.

No Enron Verdict; Lay Starts 2nd Trial (LAT)

Los Angeles Times, May 19, 2006

HOUSTON — Jurors in the trial of former Enron Corp. leaders Kenneth L. Lay and Jeffrey K. Skilling ended a second day of deliberations Thursday without reaching a verdict, meeting behind closed doors as Lay returned to court for a separate trial.

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The jury of eight women and four men left the courthouse in downtown Houston for a long weekend, having decided at the beginning of their deliberations that they would not work on Fridays. The panel has so far made no requests of U.S. District Judge Sim Lake.

While Skilling, 52, has remained out of sight since the jurors retired to weigh the evidence, Lay was back in Lake's fourth-floor courtroom for the opening of his second trial, this one centering on charges that he misused personal bank loans.

In the second case, which is being heard by Lake without a jury at Lay's request, prosecutors say the once highflying executive used Enron stock as collateral for $75 million in loans, signing documents required by the bank and federal regulators pledging that he would not use the money to buy more stock.

But Lay, 64, did buy stock with those loans, Assistant U.S. Atty. Rob Adkins said in opening arguments.

"This is the stock he promises the banks he would not purchase," Adkins told Lake in a brief opening statement as the trial began. "Banks take these forms very seriously to protect against [stock] market failure."

Government witness James Shelton, a Bank of America Corp. executive who oversaw the bank's loans to Lay starting in 1993, told the judge that he explained to Lay many times that he was forbidden under federal law from using some of the credit lines to buy stock. Shelton said he also got Lay to sign forms explaining the limitation.

During cross-examination, Lay's attorney, Ken Carroll, suggested that many of the loan documents may have been signed by an automatic signature machine both Lay and his wife, Linda, used, and that Lay's assistants would have used the machine "if somebody sends him a pile of bank documents and had to be signed in order to get a loan done."

When Lake asked Carroll whether there was a distinction to be made if the signatures were made electronically, Carroll responded that although it could be a civil or regulatory matter, "It's not a crime."

Carroll declined to make an opening argument. As he did in the first case, Lay was expected to take the witness stand in his own defense.

Each of the four counts of bank fraud and false statements to banks carry prison terms of as many as 30 years and a fine of $1 million. Those penalties are in addition to the decades in prison Lay could face if convicted in the fraud and conspiracy trial.

In the first case, Lay is charged with six counts of conspiracy and fraud, and Skilling with 28 counts of conspiracy, fraud and insider trading linked to Enron's 2001 collapse.

Lay and Skilling have denied any wrongdoing at the company.

Enron Jurors End 1st Day Of Deliberations (AP)

AP, May 19, 2006

HOUSTON (AP) -- Jurors in the fraud and conspiracy trial of Enron Corp. founder Kenneth Lay and former Chief Executive Jeffrey Skilling finished their first full day of deliberations Thursday in the premiere case to emerge from one of the biggest corporate scandals in U.S. history.

The eight-woman, four-man panel received the case Wednesday and had deliberated for about 9 1/2 hours by day's end Thursday. Deliberations will continue Monday.

"It's nerve-racking," Skilling's lead lawyer, Daniel Petrocelli, said about the wait for a verdict. Skilling's trial was the California civil attorney's first criminal case.

Skilling can wait in his legal team's so-called "war room" in an office building across the street from the federal courthouse in Houston. But Lay went on trial again Thursday on bank fraud charges stemming from his personal banking.

The banking case is being tried without a jury before U.S. District Judge Sim Lake, who presided over the pair's conspiracy case as well.

Lake plans to issue his verdict in the banking case, which is expected to last several days, after jurors in the larger conspiracy case render theirs. The jury aims to deliberate Monday through Thursday and take Fridays off, mirroring the conspiracy trial's schedule.

Next door to Lay's bank fraud trial, the first of three retrials of five former Enron broadband-unit executives was winding down in its third week, with closing arguments expected as early as Friday.

In that case, former unit finance chief Kevin Howard and former in-house accountant Michael Krautz are charged with conspiracy, fraud and falsifying records for allegedly using a sham deal to fake earnings in late 2000. Both testified this week that the deal was legitimate.

Last year's three-month trial ended in a hung jury, and the other three ex-executives are to be retried in separate cases later.

Enron, once a Wall Street favorite, landed in bankruptcy protection in December 2001 amid scrutiny of hidden debt and inflated profits. More than $60 billion in market value, almost $2.1 billion in pension plans and 5,600 jobs disappeared in the failure of the company.

In the conspiracy case, Skilling faces 28 counts of fraud, conspiracy, insider trading and lying to auditors, while Lay faces six counts of fraud and conspiracy. If convicted on all counts, Skilling faces a maximum of 275 years in prison. Lay faces a maximum of 45 years.

The government sought to prove through 25 witnesses that both men repeatedly lied about Enron's financial health when they knew accounting trickery and fudged numbers created a glossy illusion of success.

The defense countered through 29 witnesses, including Lay and Skilling, that neither did anything wrong and no fraud occurred at Enron other than that committed by a few executives who ran lucrative side deals behind their backs. The defendants attributed Enron's collapse to bad publicity and lost market confidence.

Out Sick For The Enron Trial, And Rethinking It (NYT)

By Alexei Barrionuevo

New York Times, May 19, 2006

HOUSTON, May 18 — It started with what felt like a heart attack.

Just minutes after he had cross-examined Enron's former chief financial officer two months ago, Michael W. Ramsey, the lead lawyer for Kenneth L. Lay, turned to one of Mr. Lay's daughters. "I think I just had a heart attack," he half-jokingly told the daughter, Elizabeth Vittor, looking her in the eye across the defense table.

Mr. Ramsey said he thought the discomfort would subside in an hour. It did not.

Within days Mr. Ramsey was forced into surgery to clear an arterial blockage. For the 66-year-old, who describes himself as a hard-drinking, chain-smoking legal warhorse, it was the beginning of the most challenging personal odyssey of his career and an event that may turn out to play a crucial role in the outcome of Mr. Lay's case.

After further heart complications, Mr. Ramsey missed more than a month of the 56-day trial, including the testimony of Mr. Lay, the former Enron chief executive who had paid Mr. Ramsey $2 million to lead the legal team in his criminal trial.

Despite his belated but powerful return to action on Tuesday, Mr. Ramsey's illness raises questions that probably will never be answered.

Would he have controlled an indignant Mr. Lay on the stand better than George McCall Secrest Jr., the lawyer who ended up questioning Mr. Lay? Should Mr. Lay have sought to delay the trial when his most experienced criminal lawyer was unable to participate?

"This is the major what-if in this case," said Joel M. Androphy, a criminal defense lawyer in Houston. "You can't just replace Ramsey's years of experience in not only defending people but in communicating with jurors."

Mr. Ramsey acknowledged that several lawyers advised him to push Mr. Lay to seek a delay. "Ramsey is the glue that held that defense together," said his good friend, Dick DeGuerin, another prominent Houston defense lawyer. "It was a mistake not to at least ask the judge for a continuance or a mistrial."

Mr. Lay, for his part, said he was "not second-guessing anything." He conceded that his own strained finances contributed to the decision to carry on with the case.

"They were important," Mr. Lay said Wednesday. "But the right decision was to move ahead and to get it done."

Without Mr. Ramsey, Mr. Lay's defense team appeared to drift into disarray. Mr. Ramsey, after all, had been defending the Enron founder since well before he was indicted in 2004. He had been a principal architect of the defense strategy, which he laid out in his opening statement — that Mr. Lay was a victim of government overreaching by prosecutors bent on punishing the top officers for Enron's collapse.

The company was forced into bankruptcy, Mr. Ramsey contended, by a virtual conspiracy of short-sellers and news articles that caused a "classic run on the bank."

Mr. Ramsey's absence mattered in other ways. He had led his team's selection of the jurors with an eye to how they would react to him, not the other lawyers.

"When you take me out of the equation, whoever takes my place may not have that same communication," he said.

And in the end, Mr. Ramsey was not able to help his client when a prosecutor, on cross-examination, confronted Mr. Lay with the provocative statements that Mr. Ramsey had made to reporters outside the courtroom: that short-sellers were "vultures" and Enron's former treasurer, Ben F. Glisan Jr., was a "trained monkey."

Last week, on the last day of testimony, an unsteady, shuffling Mr. Ramsey returned to court against his doctors' advice, after more than a month of surgical procedures and fitful time spent mostly in a hospital bed. Even when he was at the hospital, he said he obsessively followed the trial through daily transcripts, media reports and daily calls to the other defense lawyers.

"Ken Lay is a good friend of mine, somebody I admire," Mr. Ramsey said. "I wanted very much to assist him. I really felt quite helpless in that situation, and helpless is not a condition I like to feel."

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Weeks before, after the doctors first made the diagnosis, Mr. Lay had confidently forecast his lawyer's return. "I expect him to return in time to pull out the victory," Mr. Lay told reporters.

And return he did. On Tuesday, Mr. Ramsey anchored a four-lawyer lineup for Mr. Lay, arguing for 12 spirited minutes.

In his characteristic style, part Southern preacher and part angry grandfather, he raised his voice in indignation as he urged the jury to find the courage to reach an "unpopular" verdict of not guilty.

"Reasonable minds disagree on every point at issue in this case," he said in a near-shout. "Every one of them!"

And in a flourish that evoked Patrick Henry's famous revolutionary line, "Give me liberty or give me death!" he added, "When the spear of government starts to touch living flesh, we're proud of our liberty."

Mr. Ramsey lamented the next day that he needed about 50 minutes to really stir the jurors' emotions. But he said he might not have had the stamina — or the credibility with jurors after such a long absence — to argue that long.

Mr. Ramsey's original diagnosis of a blockage in one coronary artery seemed manageable, thanks to advanced treatments that rely on a less-invasive procedure from which patients often return to regular activities in just a few days.

After surgery on Friday, March 24, Mr. Ramsey returned to court the next Monday. But the symptoms soon returned. Further tests revealed a 95 percent blockage in a different artery, which could have led to a stroke, and Mr. Ramsey said he probably was not getting "enough blood to the brain."

His sudden health problems were particularly frustrating because, he said, he had undergone a complete physical and stress test just weeks before the trial began and been given a clean bill of health. He says he eschews drink when a case is on trial. His smoking habit has been harder to tame. "I have smoked three packs of Winstons a day for 50 years," he said.

On Wednesday, about an hour after the Enron case went to the jury, Mr. Ramsey dug into a tenderloin steak at a restaurant near the "war room loft" he rents downtown when he wants to focus on big cases. The doctors, he explained, said that if he would quit smoking they would not fuss at him about what he eats.

In interviews this week, some lawyers raised questions about whether Tuesday's closing argument would be the last hurrah in Mr. Ramsey's 40-year career, one spent exclusively as a criminal defense attorney.

"He has a fabulous talent before a jury," said Jamie Wareham, the global chairman of litigation for Paul, Hastings, Janofsky & Walker. "But would he be the right choice in a lawyer, given his health issues, for an extended trial? He might not be anymore."

Raised in the blue-collar town of Channelview, Tex., outside Houston, Mr. Ramsey rose to prominence defending accused murderers and police officers accused of civil rights violations. After working under the renowned trial lawyer Richard Haynes, who was known as Racehorse, Mr. Ramsey cemented his national reputation in 2003 by helping win the acquittal of a New York real estate heir, Robert A. Durst, after Mr. Durst shot and killed a neighbor, dismembered him and tossed the body parts into Galveston Bay.

While he said he was not considering retirement, Mr. Ramsey said he did plan to slow down. He said he was "seriously thinking about trying a case overseas," possibly at a tribunal in The Hague. "They try cases in a much more civilized fashion over there," he said.

But the timing of his illness — in the midst of what he called the "biggest business case since Teapot Dome" — continues to haunt him. "I will always regret I got sick in the midst of this particular trial," he said. "That is something I will live with the rest of my life."

Who Wins This Case? Lawyers (LAT)

By Molly Selvin, Times Staff Writer

The Los Angeles Times, May 19, 2006

Firms that had once shunned criminal work now see white-collar defense as a potential growth business.

Daniel M. Petrocelli and his Century City law firm probably won't be fully compensated for their work defending Jeffrey K. Skilling, as the former Enron Corp. chief executive appears to have exhausted his defense fund.

But the payoff down the road could be well worth it, even if Skilling is convicted.

The decision to defend Skilling is seen as a business move by Petrocelli and his firm, O'Melveny & Myers, to burnish their reputation and expertise in white-collar criminal defense.

White-shoe firms like O'Melveny that had once shunned criminal work as distasteful have come to see defending alleged corporate wrongdoers as a potential growth business. Enron's collapse, other corporate scandals and passage of the Sarbanes-Oxley law tightening corporate accounting rules have fueled much of this growth.

"Law firms are finding that criminal law practice is lucrative," said Charles Weisselberg of UC Berkeley's Boalt Hall School of Law.

Said Bryant Garth, dean of Southwestern Law School: "Firms are competing really aggressively to get the bet-the-company or bet-your-career cases."

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White-collar defense is one element behind booming revenues at law firm giants. Revenues at the seven top-grossing U.S. law firms last year exceeded $1 billion, according to American Lawyer magazine. New York-based Skadden, Arps, Slate, Meagher & Flom headed the list with a record $1.6 billion. O'Melveny ranked 15th with gross revenue of $808 million.

To sustain that cash flow, top-drawer firms fiercely compete for Fortune 100 clients. That competitive pressure means the decision to take on a corporation or executive in trouble may mean weighing a near-term loss of fees against the possibility of future work from that client or other corporations, legal experts say.

After a 3 1/2 -month trial — on top of years of preparation — Skilling probably has blown through the $23 million he set aside for his defense before the government froze about $55 million of his assets. The former Enron executive, charged with 28 counts of conspiracy, fraud and insider trading tied to Enron's collapse, acknowledged in trial testimony that he owed quite a bit more — millions, according to a source in his defense camp.

Even with full payment in doubt, O'Melveny has fielded a deep bench in Houston for Skilling's defense. Petrocelli is one of at least four firm attorneys who have been in the courtroom throughout the trial. They have been backed up by a team of attorneys, jury consultants, experts and support staff laboring on the 25th floor of Bank of America Center in downtown Houston.

Their rabbit warren of offices and cubicles is cluttered with carts stacked high with documents. Whiteboards on the walls are covered with notations, many apparently relating to the fall of Enron.

The criminal defense bar has long included stars such as Thomas A. Mesereau Jr. and the late Johnnie L. Cochran Jr., whose Perry Mason-like courtroom style have made them the first call for celebrities in distress. Mesereau successfully defended singer Michael Jackson in his latest child molestation case, and Cochran became an international celebrity for gaining the acquittal of former football star O.J. Simpson on murder charges.

Until he took on Skilling's defense, Petrocelli did not have much criminal case experience. But he is hardly a stranger to the legal spotlight. His take-no-prisoners courtroom style helped him win a $33.5-million verdict for the family of murder victim Ron Goldman in a wrongful-death suit against Simpson, and last year he prevailed in a decade-long legal battle on behalf of Walt Disney Co. over the merchandising rights to Winnie the Pooh.

Petrocelli, 52, declined to comment for this article, and representatives of O'Melveny declined to discuss the Skilling case.

However, Seth Aronson, managing partner of O'Melveny's Los Angeles office, boasted of the firm's strong roster of former prosecutors. He noted its successful defense of Wen Ho Lee, a Los Alamos National Laboratory scientist accused of stealing nuclear secrets for China in 1999, along with other corporate defendants.

O'Melveny began building its white-collar criminal expertise several years ago, Aronson said, because "clients are facing more shareholder-driven investigations and criminal investigations." That practice continues to "grow significantly year after year," he said.

Other corporate firms are going after this business as well. Brian McCarthy, a partner with Skadden Arps in Los Angeles, said many firms took notice when in 1984 Six Flags Inc. and two of its executives were charged with manslaughter after a fire at its New Jersey theme park. The company was later acquitted of the charges, and charges against the executives were dismissed.

"That case opened people's eyes that there was a need for that practice," McCarthy said.

Enron and other high-profile corporate scandals convinced law firms that such work was here to stay, he said.

According to UC Berkeley's Weisselberg, firms realize that "what begins as an in-house investigation by a corporation or a civil investigation by a regulatory agency might turn into a criminal investigation." Lawyers, particularly former prosecutors, can sometimes keep a small inquiry from mushrooming into an indictment, he said.

For an individual lawyer such as Petrocelli, however, fame is undoubtedly part of the appeal of these cases.

Skilling's trial is "a kind of historical event," observed William Henderson, an Indiana University law professor who studies large firms.

"If you've already made a living," he said, "why not be in the history books?"

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Times staff writer Thomas S. Mulligan in Houston contributed to this report.

Enron Arrogance On Trial (LAT)

The Los Angeles Times, May 19, 2006

JURORS FINALLY BEGAN DELIBERATIONS Wednesday in the nation's latest trial of the century, the criminal case against former Enron executives Jeffrey Skilling and Kenneth Lay. Although charged with multiple counts of conspiracy, fraud and insider trading related to the energy company's 2001 collapse, the ex-CEOs were really on trial for arrogance — "extraordinary arrogance," as one prosecutor called it in her closing argument.

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Of course, arrogance is not technically a crime, or else half the CEOs in the country (and more than a few of their underlings) would be on trial. But in complicated cases like Enron's, it's what prosecutors often focus on and what that jury may be considering now.

The Enron case has become more than the sum of its criminal-act parts. Because Enron flamed out in such a spectacular way — it was the largest corporate bankruptcy ever when it folded, wiping out about 4,500 jobs and $70 billion of investors' money — it became the poster child for fin de siecle business abuse; its leaders, the faces of corporate greed and dishonesty.

It's hardly surprising that trial watchers have come to treat the long-awaited verdict as a proxy for the cause of business reform writ large. If Skilling and Lay go down with the ship, the thinking goes, it proves that the government really is looking out for the little guy. If the two men walk, big business has fleeced America once again.

But corporate reform's ultimate success doesn't depend on whether Skilling and Lay spend the next 20 years wearing orange jumpsuits. The legacy of Enron-inspired laws like Sarbanes-Oxley is far more important. Given their symbolic importance, however, one might have expected Enron's former executives to attempt to disprove to the jury the prevailing public view that they are, well, extraordinarily arrogant.

Skilling was at times prickly on the stand. The usually affable Lay, expected to perform more smoothly, tried to contact fellow witnesses inappropriately and snarled at his own attorney. Both men insisted doggedly that they were innocent, victims of short-selling investors and meddling reporters. The government? On a witch hunt. The many colleagues who pleaded guilty, expressed remorse and testified against them? Dupes or opportunists.

Now the fates of Skilling and Lay are in the hands of 12 fatigued jurors in Houston. Their charge is to consider only the evidence in the 28 counts of fraud, conspiracy and insider trading against Skilling and the six counts of fraud and conspiracy against Lay. But it's unlikely that they will forget all that they have seen and heard in the last 15 weeks. Nor will the rest of us.

What Fraud? All Was Fine At Enron (NYT)

By Floyd Norris

New York Times, May 19, 2006

IT was not much of a defense. But I was very young and had little time to decide what to say.

I had violated the rules by sneaking ice cream from the freezer. The carton had slipped and split open on the floor, making a mess and a noise that my mother investigated.

"What happened?" she asked.

"Nothing," I replied.

She did not believe me.

That long-forgotten incident came back to me as I read the closing arguments in the Enron trial of the two former chief executives, Kenneth L. Lay and Jeffrey K. Skilling, which went to a federal court jury in Houston this week.

"Enron was a good company," said Daniel M. Petrocelli, Mr. Skilling's lawyer. "There was no fraud there. There was no conspiracy."

In the previous trials of chief executives whose companies imploded in fraud, the defense has always been one of ignorance, that underlings pulled it off behind the boss's back. It is an embarrassing defense, given that it implies the boss got millions for doing a very bad job, but sometimes it has worked.

Instead, Mr. Lay and Mr. Skilling went for the "nothing happened" defense, holding that there was nothing really wrong until Enron folded because of a loss of confidence. "When did bankruptcy become a crime?" was the indignant question asked by Bruce W. Collins, a lawyer for Mr. Lay. "The company failed," he said, but "not because of fraud."

That is, in a way, accurate. The fraud hid the losses that stemmed from bad business decisions. The company failed when the fraud was found and the reality exposed.

That is what makes this defense so audacious. By claiming there was nothing really wrong at Enron, Mr. Lay and Mr. Skilling seek to preserve both their freedom and their reputations. If the company failed just because of overheated news accounts, then it is those horrible journalists (and their short-seller friends) who deserve the blame.

The witnesses against them were forced to lie, in the defense version, by unscrupulous prosecutors determined to get convictions. Most of those witnesses initially protested their innocence, before making plea deals and going to prison. It was the denials the defense found credible.

But there was some truth to the defense claims that the prosecution was upset about things that other companies also did.

After reviewing evidence that Mr. Lay misled investors about the company's condition, moving one money-loser to a different division where it might not be noticed, Kathryn H. Ruemmler, a prosecutor, explained why that was bad:

"The point is that this is all just smoke and mirrors," she said. "They can make the numbers say whatever they want to say. If they're going to miss, they have an excuse. If they have losses, they'll hide them. That's what Mr. Lay did here."

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Mr. Lay was far from the only chief executive who made the numbers sing back then, nor was Enron the only company willing to change reserves after a quarter ended in order to make its numbers. "Why are they trying to criminalize this?" asked Mr. Petrocelli. "We might as well put every C.E.O. in jail."

Enron was different because the lying was so extreme. Many companies before it had been caught fudging profits, but when the truth was told about them there was still a functioning business. Employees kept their jobs. Creditors were paid.

Enron's lies made a company that was hemorrhaging cash look healthy. Some of the accounting maneuvers were legal; others were not. But the reality was very different from what was presented.

Something did happen, and it was shocking. That will be true whether or not the jury convicts the men who made Enron infamous.

Milberg Indicted On Charges Firm Paid Kickbacks (WSJ)

By John R. Wilke, Nathan Koppel, And Peter Sanders

Wall Street Journal, May 19, 2006

A federal grand jury indicted the nation's best-known class-action law firm, Milberg Weiss Bershad & Schulman, alleging a 20-year conspiracy to funnel kickbacks to plaintiffs in dozens of securities class-action cases.

The indictment, made public in Los Angeles yesterday, could prove fatal to the pioneering plaintiffs firm, long a scourge of big business and a controversial champion of shareholders. In the 40 years since its founding, New York-based Milberg has filed hundreds of securities suits and won billions of dollars for investors, enriching its partners in the process.

The 102-page indictment details cases, reaching back more than two decades, in which partners in the firm allegedly conspired to pay clients who agreed to act as lead plaintiffs. This would give Milberg an edge in the scramble to be named lead law firm in a case by providing the firm with a "ready stable" of plaintiffs, the grand jury alleged.

The firm paid more than $11 million in kickbacks, the indictment charges, often going to great lengths to disguise the payments as referral fees or other legitimate payments. With the exception of expenses and incidentals, it is illegal for the lead plaintiff in a class action to be paid more than other members of a class.

"This case is about protecting the integrity of the justice system," said Debra Wong Yang, the U.S. Attorney in Los Angeles. "Class-action attorneys and plaintiffs occupy positions of trust in which they assume responsibility to tell the truth....This indictment alleges a wholesale violation of this responsibility." Officials said the investigation was continuing and that more indictments could be expected.

Melvyn Weiss, Milberg's co-founder, said in a statement that the firm and its employees are "outraged" at the indictment. "Our firm is the champion of consumers and investors. We provide access to the courts so that the victims of corrupt corporations can achieve justice." He added that over the years, the firm has recovered more than $45 billion for these victims. "We will vigorously defend ourselves and our partners against these charges, and we will be vindicated," he said.

The charges include conspiracy, racketeering, mail fraud, money laundering and filing false tax returns. Mr. Weiss is not named as a defendant. Two of the firm's partners, David Bershad and Steven Schulman, were indicted for allegedly having been directly involved in making secret payments to plaintiffs in dozens of securities class actions filed by Milberg between at least 1991 and 2005. Both men left the firm last week and are expected to oppose the charges in court.

Prosecutors asserted in court filings that Mr. Bershad used cash from a safe in a credenza in his office to pay kickbacks to plaintiffs. Access to the safe "was strictly limited," according to the indictment. Andrew Lawler, Mr. Bershad's attorney, said his client "categorically denies the allegations" and "intends to vigorously fight the charges."

The indictment also offers a glimpse of the huge payouts Milberg partners have enjoyed. Mr. Bershad owns 17% of the firm and his share of its profits from 1983 to 2005 was more than $160 million, the grand jury found. Mr. Schulman's stake was 15% and his profits from 1991 to 2005 were $67 million, according to the indictment.

The indictment came after the collapse of discussions between the firm and the government about a deferred-prosecution agreement that would have avoided criminal charges. Lawyers close to the case said the terms included a court-appointed monitor, an admission of responsibility and a fine of about $40 million. But the government and the firm were unable to agree on the government's demand of a waiver of attorney-client privilege and access to privileged internal records, the lawyers said.

'Impossible Concessions'

In a prepared statement, Milberg asserted that prosecutors "insisted that the firm make unfounded statements accusing its own partners of crimes and otherwise become an agent for the government." It added: "Unfortunately, the prosecutors insisted on indicting the firm unless it made these impossible concessions."

The indictment marks the first time since the indictment and collapse of accounting giant Arthur Andersen LLP in 2002 that the Justice Department has charged a major firm or company with a crime because of the alleged misconduct of individual

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partners or executives. The Andersen prosecution was heavily criticized, and the Supreme Court overruled the conviction. Thousands of people lost their jobs with the firm's collapse.

The Milberg indictment is expected to bring new scrutiny of the government's tactics in its crackdown on corporate crime, including the increasingly common demand that companies under investigation waive attorney-client privilege and cut off legal-defense funds for partners or executives who have been accused -- not convicted -- of a crime. Rising concern over these tactics has attracted some unlikely conservative allies to Milberg, long a big contributor to the Democratic Party.

Theodore B. Olson, former Bush administration solicitor general and a leading conservative voice, said the message in many corporate-crime investigations is now unmistakable: "Raise the white flag or face capital punishment." Mr. Olson, while not commenting specifically on the Milberg case, said the risk of indicting a business is that "a firm can be effectively destroyed by an indictment, even if it is later found to be not guilty."

The Milberg investigation has been closely watched in corporate boardrooms. Lisa Rickard, a lawyer with the U.S. Chamber of Commerce, said yesterday that "plaintiff shopping and kickback schemes have been a persistent problem among some trial lawyers. Fraud and abuse in soliciting plaintiffs has been pervasive in securities, asbestos, silica, and pharmaceutical litigation."

Milberg is expected to argue that the firm's hundreds of employees and thousands of clients shouldn't be penalized for the alleged misconduct of individual partners. It has expanded its legal team as it girds for battle, adding lawyers and consultants including conservative legal scholar Viet Dinh, a former top Justice Department official who served as the Bush administration's voice on legal policy, and Mark Corallo, a former military officer who was a spokesman for the Justice Department until last year.

Within minutes of yesterday's indictment, Milberg launched a Web site, www.milbergweissjustice.com1, where it defends itself against the charges and provides links to news articles that it says highlight the "politicization of the Justice Department." In Los Angeles, U.S. officials said the case was "absolutely not" influenced by politics.

The indictment follows a breakthrough in the long-running case last month, when retired New Jersey mortgage broker Howard Vogel pleaded guilty to taking more than $2.4 million as payments to him and his family for serving as plaintiffs in about 40 suits as recently as 2005. Mr. Vogel or family members were plaintiffs in Milberg shareholder class-action suits against Oxford Health Plans Inc., Valero Energy Corp. and Mercer Corp., among others.

The Vogel guilty plea and yesterday's indictment refer to the role of a "Partner A," which lawyers close to the case have said is Mr. Weiss himself. Neither Mr. Weiss nor his former partner, William Lerach, are named in the indictment, but U.S. officials yesterday said the investigation is continuing. Mr. Lerach was the original focus of the kickback investigation when it began in 1999, those close to the case said. In 2004, Mr. Lerach split from Mr. Weiss to create Lerach Coughlin Stoia Geller Rudman & Robbins LLP in San Diego. That firm has emerged as a powerful rival to Milberg Weiss and could benefit if Milberg Weiss is fatally wounded by the criminal indictment.

Taking On Wall Street

The indictment could hurt Milberg's ability to win clients. For years it has been among the nation's most powerful law firms: In 2004 and 2005, Milberg settled an estimated 90 securities class actions, winning more than $1.5 billion in settlements, according to Institutional Shareholder Services Inc. Among its many pending cases is a massive class action alleging that Wall Street banks conspired with technology companies to artificially inflate stock prices in public offerings in the late 1990s and 2000. The suit has so far netted $1.4 billion in proposed settlements. Milberg is also pursuing KPMG LLP and the law firm Sidley Austin Brown & Wood LLP in connection with the sale of allegedly fraudulent tax shelters.

A Milberg spokeswoman said that the firm "will continue to vigorously represent its clients in the hundreds of courts across the country in which it continues to have cases." But legal experts raised doubts yesterday that the firm, with criminal charges hanging over it, can continue to win new clients and land the lucrative lead-counsel position in class-action cases.

"Courts now have to wonder about [Milberg's] ability to give full attention to a class-action client's interest," said James Cox, a securities-law professor at Duke University Law School. "The firm's energies are weakened, and, perhaps, so is its resolve."

Joseph Weiss, co-lead counsel with Milberg in a case against Martha Stewart Living Omnimedia Inc., says the firm should be disqualified from the matter at once. "The credibility of attorneys is only as good as their reputations," he says. "Even if proven to be innocent, they would be coming into court and representing clients with this taint hanging over them."

If Milberg is forced to step down in a class action, judges will have to decide whether the firm should be paid for work it has already performed. In a case against Deutsche Telekom AG last year that was settled for about $120 million, fees have not yet been paid. New York attorney Stanley Bernstein, one of the lead counsels in the matter, says Milberg should receive its full share of the fee award.

"When a lawyer is disqualified, courts have been willing to award fees based on the reasonable value of the services preformed," said W. Bradley Wendel, an ethics professor at Cornell University Law School. The issue becomes cloudier, say experts, if Milberg is disqualified in a case that is still in its early stages.

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Far more clear, say lawyers, is that Milberg will find it nearly impossible to win future assignments. The competition for lead-counsel -- the firm that controls a class action and earns the most fees -- has grown increasingly intense, lawyers say, and rival firms are certain to try to use the indictment to their strategic advantage. "Some plaintiffs firms will be pulling out their long knives," said class-action lawyer Howard Sirota.

Earlier this year, Bernstein Liebhard argued that Lerach Coughlin was unfit to serve as lead counsel in a securities-fraud suit against Dana Corp. because the Lerach firm had been an early focus of the federal probe that enveloped Milberg. The judge in the Dana suit ultimately decided neither Bernstein nor Lerach should serve as lead counsel.

Whatever happens to Milberg, lawyers said the indictment will have little impact beyond the firm's walls. Before Mr. Lerach's departure in 2004, Milberg Weiss dominated the securities class-action field, accounting for more than half of the class settlements in some years, according to industry experts. "There was a time that Milberg was the 800-pound gorilla," said securities defense lawyer Michael Torpey. "But that kind of dominance dissipated when Milberg split up."

Milberg is still one of the nation's more prolific firms, filing at least 75 class actions last year, including suits against General Motors Corp. and Blockbuster Inc. Milberg also netted $637 million in securities class-action settlements for its clients in 2005 -- fourth highest among plaintiffs firms, according to Institutional Shareholder Services. Still, say lawyers, there are plenty of firms that are now capable of filling any Milberg void. "There are a lot of well- bankrolled class-action firms," says Prof. Cox of Duke. "The indictment will not affect the volume of securities litigation."

US Indictment For Big Law Firm In Class Actions (NYT)

By Julie Creswell

New York Times, May 19, 2006

The nation's leading class-action securities law firm, Milberg Weiss Bershad & Schulman, and two of its partners were charged yesterday with making more than $11 million in secret payments to three individuals who served as plaintiffs in more than 150 lawsuits.

The indictment is the first instance of a law firm with national reach facing criminal charges, and it could prove to be a fatal blow for the firm. The lawsuits cited in the indictment spanned two decades, occurring as recently as 2005, and generated some $216 million in legal fees for the firm.

Its lucrative business made Milberg Weiss a target for political critics who saw the firm as a symbol of a national litigation industry that had gone out of control. These critics said that many of the firm's lawsuits against corporations were frivolous, raising the cost of doing business.

The critics contended that investors, for the most part, saw only pennies on the dollar from any recoveries won by the firm. In the 1990's, Congress raised the legal hurdle for such lawsuits in large part in response to Milberg Weiss. Even so, the firm continued to thrive.

"There's never been a firm of their prominence that has been indicted," said Ralph C. Ferrara, a former general counsel with the Securities and Exchange Commission who is now a lawyer with the law firm of LeBoeuf, Lamb, Greene & MacRae. "This is a regrettable and remarkable thing."

In the 20-count indictment by a federal grand jury in Los Angeles yesterday, Milberg Weiss and two of its prominent partners, David J. Bershad and Steven G. Schulman, are accused of racketeering conspiracy, mail fraud, money laundering conspiracy and obstruction of justice.

The prosecutors are asking for the return of the fees earned by the firm and those named in the indictment. In addition, there is the possibility of prison for the two partners — up to 20 years for racketeering conspiracy, for example.

To disguise some of the secret payments to plaintiffs, which prosecutors referred to as kickbacks, the law firm moved cash through casinos and kept money in a credenza in Mr. Bershad's office, the indictment said.

"This case is about protecting the integrity of the justice system in America," said Debra Wong Yang, the United States attorney in Los Angeles. The firm and lawyers for Mr. Bershad, 66, and Mr. Schulman, 54, said they would fight the charges.

Feared and loathed inside boardrooms across the country, Milberg Weiss made hay out of the numerous accounting and management scandals that caused stocks to collapse in recent years. Sometimes bullying, sometimes screaming, sometimes speaking very softly, the firm's lawyers coaxed and cajoled what it has estimated to be $45 billion in recoveries from companies.

"The people who are going to be happy about this indictment are the hundreds and hundreds of companies that Milberg Weiss successfully sued and the political demagogues who rail about 'trial lawyers' running up the price of eggs," said William W. Taylor, a lawyer at Zuckerman Spaeder who represents Milberg Weiss.

"You could hear the cheering all the way from Wall Street to Pennsylvania Avenue, and it feeds right into the hands of people who want to prevent victims from being able to get the justice from big companies that they deserve," Mr. Taylor said.

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Legal experts said the criminal case could sharply change the landscape of securities class-action litigation as one of its dominant participants struggles to survive. While Milberg Weiss lawyers can still legally represent clients, the indictment is likely to set off a race among competitors to unseat the firm from several high-profile lawsuits.

The indictment could also open the door to the prospect of settlements made decades ago being reopened or of lawsuits against the firm itself by shareholders contending they did not receive enough in a settlement or by a law firm that was jostled out of representing a lead plaintiff.

"Could there be a class-action lawsuit against Milberg over this? It can happen," said George M. Cohen, a law professor with the University of Virginia. Mr. Cohen and others, however, noted that given the firm's partnership structure, the personal assets of the partners would most likely be protected and the firm itself probably does not have much cash.

Shortly after the indictment was announced, the firm denied wrongdoing in a posting on a Web site it started, www.milbergweissjustice.com.

"We will not allow the indictment today to deter us from our watchdog role," one of the firm's co-founders, Melvyn I. Weiss, said in a statement. "We will vigorously defend ourselves and our partners against these charges and we will be vindicated."

Mr. Weiss was not named in the indictment. The man behind the firm's other top name, Lawrence Milberg, died in 1989.

Andrew M. Lawler, a lawyer for Mr. Bershad, said, "David Bershad categorically denies the allegations of the indictment."

Herbert Stern, a lawyer for Mr. Schulman, said his client "will plead not guilty because he is not guilty, and we look forward to his ultimate vindication."

Prosecutors have so far been stymied in efforts to charge the two primary targets of the investigation, Mr. Weiss and his former partner, William S. Lerach. In 2004, Mr. Lerach started his own firm on the West Coast. Both men were told in February that they would not be indicted at this time, although people involved in the talks say they remain targets of prosecutors.

Negotiations to avert an indictment of the firm stalled in recent days. In a last-ditch effort to stave off prosecutors, Mr. Bershad and Mr. Schulman agreed to take leaves of absence. Additionally, the firm said it hired Bart M. Schwartz, a former chief of the criminal division for the United States attorney in Manhattan, to monitor its procedures regarding payment of referral fees.

Companies that have been targets of criminal investigations in recent years, like the accounting firm KPMG and the drug maker Bristol-Myers Squibb, reached deferred-prosecution agreements.

Milberg Weiss, however, refused to sign such an agreement, which would have required it to waive attorney-client privileges. On its Web site, the firm called that condition a "derogation of one of the bedrock principles of American law."

Others said they were disturbed that the entire law firm had been indicted, especially as the Justice Department has been reluctant to take such an action since the 2002 indictment of the accounting firm Arthur Andersen. The firm went out of business, although its conviction was overturned by the Supreme Court.

"I don't understand what the harm was to the members of the class-action lawsuit," said Lawrence W. Fox, a lawyer at Drinker Biddle & Reath and a former chairman of the American Bar Association's ethics committee. "Milberg Weiss itself had every incentive to maximize the recovery as, to some extent, their fee was dependent on that. There was never any incentive for them to settle on the cheap."

Ms. Yang, the United States attorney, said: "We really had a situation where the firm was not accepting responsibility, was not making any substantial changes to the firm itself. We really were in a situation where we had no choice but to indict."

The charges against the firm and the two partners were included in a revised indictment against a retired California lawyer and former Milberg client, Seymour M. Lazar, who was originally charged last summer.

From 1981 through about 2004, Mr. Lazar, 78, or members of his family served as plaintiffs in about 70 lawsuits for Milberg Weiss and got about $2.4 million in "secret and illegal kickback payments," the new indictment said.

According to the charges, the scheme involving Mr. Lazar and two other paid plaintiffs worked like this: Plaintiffs would buy securities anticipating that they would decline in value, hence positioning themselves to be named plaintiffs in the class actions.

After the court in a lawsuit awarded lawyers' fees, the firm and Mr. Bershad and Mr. Schulman gave cash directly to the plaintiffs or to intermediary lawyers.

The firm also falsely accounted for the payments as referral fees or professional fees, the indictment said.

Under New York law, it is illegal for a lawyer to promise or give anything to induce a person to bring a lawsuit or to reward a person for having done so, the indictment said.

Furthermore, the payments created a conflict because the paid plaintiffs had a "greater interest in maximizing the amount of attorneys' fees awarded to Milberg Weiss than in maximizing the net recovery" to others in the class, the indictment said.

One figure named as an unindicted co-conspirator in the indictment is a Beverly Hills ophthalmologist, Dr. Steven G. Cooperman. Dr. Cooperman or members of his family acted as plaintiffs in nearly 70 lawsuits, receiving approximately $6.5 million in payments, the indictment said.

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It was testimony by Mr. Cooperman that led to the original investigation six years ago. His value as a potential witness, however, is tempered by the fact that he offered to provide evidence to prosecutors in hopes of receiving a reduced sentence on his conviction of art fraud.

In addition to Mr. Cooperman, another paid plaintiff, Howard J. Vogel, a retired mortgage broker, reached a plea agreement with prosecutors last month. He admitted to accepting $2.5 million in secret payments.

Milberg Weiss Attorneys Indicted For Conspiracy (FT)

By Stephanie Kirchgaessner

Financial Times, May 19, 2006

Milberg Weiss, one of the most powerful class-action law firms in the US, and two of its top attorneys were indicted on Thursday on charges of conspiracy, money laundering and racketeering, marking the culmination of a six-year investigation into a firm that has secured more than $45bn in settlements for its clients.

At the heart of the charges against the firm - made by the US attorney's office in Los Angeles - are allegations that Milberg and two of its partners, David Bershad and Steven Schulman, bribed clients to get them to agree to act as plaintiffs in their lawsuits. The charges contend that Milberg gave kickbacks to clients from 1981 through 2004, including one former client, Seymour Lazar, who served, along with members of his family, as a plaintiff in about 70 Milberg lawsuits in exchange for $2.4m.

Milberg Weiss did not return a call for comment.

The ability of Milberg to secure big settlements with a range of companies over the years, including Prudential Insurance, Lucent and Rite-Aid, helped it earn the wrath of legislators in Washington, who passed legislation in the 1990s to help curb class-action suits.

The charges will likely put a spotlight on the firm's founder, Melvyn Weiss, who was one of the first attorneys to use a 1966 Supreme Court ruling that made it easier for individuals to file suit together to bring securities class-action suits.

The 20-count indictment represents a sea change in the Justice Department's handling of white-collar crime and law firms. While the spate of corporate scandals in recent years resulted in numerous indictments of individual executives, and one of the world's biggest auditing firms, Andersen, prosecutors have never sought the criminal prosecution of the firms involved in those cases.

Milberg Weiss will be allowed to continue practising while it moves ahead to fight the charges, but the investigation and speculation about a possible indictment have already raised questions about the company's ability to represent clients.

A report in the Wall Street Journal this week suggested that the decision by federal prosecutors to indict the firm, a move that represents the most extreme action law enforcement can take against a company, stemmed from the firm's refusal after weeks of negotiations to waive attorney-client privilege, or the right to protect communications between corporate lawyers and their clients. Prosecutors also insisted that the firm hand over internal documents.

Milberg Weiss's refusal to meet the government's demands on the issue underscore a wider debate in the legal community about whether the Justice Department's tactics in prosecuting white-collar crime violate the constitutional rights of defendants.

Class-Action Law Firm Indicted In Fraud Case (LAT)

By E. Scott Reckard, Josh Friedman

Los Angeles Times, May 19, 2006

A New York law firm that has helped investors recover more than $45 billion in corporate fraud cases was indicted Thursday along with two of its partners on criminal charges of paying illegal kickbacks to clients.

The charges of fraud, racketeering and conspiracy, brought by a federal grand jury in Los Angeles, could ruin Milberg Weiss Bershad & Schulman, one of the nation's wealthiest and most powerful law firms.

Legal experts noted that accounting giant Arthur Andersen collapsed after it was indicted in the Enron Corp. scandal. Vowing not to follow that example, Milberg Weiss predicted it would "beat back these charges."

The case also could have broad implications, potentially casting a cloud over class-action lawsuits and giving ammunition to pro-business groups seeking legislation to limit fraud damages and make it harder for shareholders to sue companies.

In a 20-count indictment, prosecutors contended that Milberg Weiss and partners David Bershad and Steven Schulman paid at least $11.3 million over a 25-year period to clients who agreed to act as plaintiffs.

Milberg Weiss often concealed the payments, prosecutors alleged, by paying the plaintiffs in cash or through intermediary law firms. Prosecutors said the "paid plaintiffs" were recruited to buy stocks in anticipation that they would fall in value, positioning themselves and Milberg Weiss to take the lead in securities-fraud cases and collect extra fees.

Paid plaintiffs, including Palm Springs resident Seymour M. Lazar, 78, allegedly recruited friends and family members to serve in similar roles.

"This case is about protecting the integrity of the justice system in America," said Debra Wong Yang, the U.S. attorney in Los Angeles. "Class-action attorneys and named plaintiffs occupy positions of trust in which they assume responsibility to tell the truth and to disclose relevant information to the court. This indictment alleges a wholesale violation of this responsibility."

The alleged kickbacks gave the paid plaintiffs "financial interests that differed from those of the class," Yang said.

Bershad and Schulman denied wrongdoing and said they would fight the charges. Schulman was the lead attorney for shareholders in a trial last year involving the hiring and firing of former Walt Disney Co. President Michael Ovitz.

Milberg Weiss has been the dominant representative of class-action plaintiffs in the U.S. for the last decade, with recoveries that include $600 million for Lucent Corp. shareholders, $460 million for Raytheon Co. investors and more than $4 billion for policyholders of Prudential Insurance Co.

The indictment, resulting from a seven-year investigation, renewed questions about the future of class-action lawsuits that accuse corporations of defrauding shareholders, knowingly marketing dangerous products and other wrongs involving thousands of victims.

Melvyn I. Weiss, a founder of the law firm, said class-action suits brought justice to "victims of corrupt corporations."

But a business lobbyist, Lisa Rickard of the U.S. Chamber of Commerce, described the lawsuits as often fraudulent and "simply a way to put legal fees in attorneys' pockets."

Plaintiffs in such class actions legally must have grievances that coincide with all the victims and are supposed to be motivated to serve as representatives of the class. But critics such as Rickard contend that law firms like Milberg Weiss instead engage in "plaintiff shopping" and encourage named plaintiffs to accept settlements designed to enrich them and the lawyers at the expense of the rest of the class and the target company.

The investigation gained momentum in 2001, when Steven G. Cooperman, a former Beverly Hills eye surgeon who had been a plaintiff in about 60 Milberg cases, became a government informant. He faced up to 10 years in federal prison for faking the theft of a Monet and a Picasso from his home, then swindling insurers out of $17.5 million. In return for his help in the Milberg probe, Cooperman wound up serving 21 months.

In April, another Milberg client, retired mortgage broker Howard J. Vogel, agreed to cooperate with prosecutors and plead guilty to a charge related to claims that he took more than $2.4 million in kickbacks.

Palm Springs resident Lazar, who was charged in the case last year, allegedly benefited from $2.4 million in kickbacks, prosecutors say.

Lazar and his relatives, including his wife, mother-in-law, son and daughter, allegedly received kickbacks ranging from $8,000 to $250,000 for their roles as named plaintiffs in a string of suits against such targets as Genentech Inc., United Airlines and W.R. Grace & Co. Many of the payments were transmitted through lawyers in Palm Springs, Los Angeles, Santa Ana, Portland, Ore., and Kansas City, Mo., the indictment alleges.

Schulman, 54, and Bershad, 66, were indicted on multiple felony counts, including mail fraud and conspiracy. They took leaves of absence from the firm this week.

Bershad's attorney, Andrew M. Lawler, said his client "has been instrumental in achieving unprecedented recoveries on behalf of investors wronged by corporate malfeasance" and "categorically denies the allegations of the indictment." Bershad will fight and is confident he will win, Lawler said.

Schulman's attorney, Herbert J. Stern, said his client "will plead not guilty because he is not guilty, and we look forward to his ultimate vindication."

In a statement, Milberg Weiss said it was "particularly incensed that the prosecutors decided to indict the firm itself. The firm has 125 attorneys and another 240 employees who, even according to the government, did not participate in or know anything about the matters at issue. But they will inevitably suffer serious personal and professional harm as a result of the government's actions."

John C. Coffee, a Columbia Law School specialist in securities law, said the indictment could motivate judges to avoid using Milberg Weiss as the lead firm in class actions. Likewise, he said, big public pension funds, which are subject to public scrutiny, may also decide it's best not to be associated with a firm facing criminal charges.

"I think that we will see a replay of the Arthur Andersen experience, with clients backing away from Milberg Weiss," Coffee said. "That's Step 1. Step 2 is when Milberg Weiss is embarrassed, many partners will jump ship. Professionals can move to other firms very easily, and that's what happened with Andersen."

Ironically, Coffee added, a prime beneficiary of Milberg's woes is likely to be the San Diego-based law firm headed by William Lerach. He joined Milberg Weiss in 1976, 11 years after it was founded, and became its most prominent attorney before leaving to found his own firm, Lerach Coughlin Stoia Geller Rudman & Robbins, in 2004.

The split appears to have occurred in part because of personal differences but also because prosecutors investigating the kickback case had initially focused on Lerach along with Melvyn Weiss, Coffee said. In February, a source told the Los Angeles

Times that prosecutors had told Lerach and Weiss that there was not enough evidence to indict them at that point, although they might face charges if additional evidence emerged.

Lerach and other attorneys at Milberg Weiss, like many plaintiffs' attorneys, have been strong supporters of the Democratic Party, pitted against business groups that frequently side with Republicans.

Jamie Court, president of the Foundation for Taxpayer and Consumer Rights in Santa Monica, characterized the lengthy investigation as "clearly a politically motivated move by the Bush administration."

Yang, the U.S. attorney in Los Angeles, denied that such considerations played a role.

"I can tell you with absolute certainty this was not politically motivated," she said. "If it broke in a different direction, we would have been fine with that too."

Big-time Law Firm Facing Charges (USAT)

By Edward Iwata

USA Today, May 19, 2006

Federal prosecutors have charged high-profile law firm Milberg Weiss Bershad & Schulman and two partners with conspiring to pay $11 million in kickbacks to people who allegedly agreed to serve as paid plaintiffs in lawsuits.

Milberg Weiss, a leading law firm in class-action lawsuits against corporations accused of securities fraud, has long been praised by shareholders and blasted by businesses and conservative politicians.

Not charged in the indictment were Melvyn Weiss, a founder of the New York firm more than 40 years ago, and former partner William Lerach, a flamboyant attorney who has started his own law firm in San Diego called Lerach Coughlin Stoia Geller Rudman & Robbins.

The indictment, handed up Thursday by a grand jury in Los Angeles after an investigation of several years, charges the law firm and senior partners David Bershad, 66, and Steven Schulman, 54, with bribery, fraud, perjury and obstructing justice.

The law firm and two men received $216 million in attorneys' fees from 1984 to 2005 from 150 class-action and shareholders' lawsuits that used the paid plaintiffs, the indictment alleges.

To hide the kickbacks, payments were made in cash sometimes obtained from casinos and kept in a safe in Bershad's office, the indictment alleges. Intermediaries were used to deliver the money, and the payments were not recorded in Milberg Weiss' accounting books, the indictment charges.

William Taylor, an attorney at the Zuckerman Spaeder law firm who represents Milberg Weiss, denied the charges, saying that “the firm and its partners are resolute in defending themselves.”

Taylor said that recent talks with prosecutors to avoid the indictment fell apart because Milberg Weiss did not want to waive its attorney-client privilege and pay the well over $100 million sought by prosecutors to resolve the case.

The firm, Taylor said, did not want “to turn itself into an agent of the prosecution and accuse its own partners of being criminals.”

Benjamin Brafman, an attorney for Weiss, said that Weiss will help his firm and its partners fight the charges “because he believes completely in their innocence.”

According to the indictment, the alleged kickbacks were illegal because attorneys cannot “promise or give anything of value to induce a person to bring a lawsuit.”

The secret and hidden kickbacks deprived shareholders of the “honest services” of their attorneys, and also obstructed the ability of courts to preside over the cases, the indictment charges.

Among the firm's cases involving paid plaintiffs were those against Lockheed, Valero Energy, British Petroleum, Genentech and Barnesandnoble.com.

Debra Wong Yang, the U.S. Attorney in Los Angeles, said in a statement that attorneys and plaintiffs are trusted to tell the truth and disclose important information to the court. “This indictment alleges a wholesale violation of this responsibility,” she said.

Milberg Weiss, Two Partners Indicted Over Payments (BLOOM)

By Sophia Pearson

Bloomberg, May 18, 2006

Milberg Weiss Bershad & Schulman, the law firm that has won more than $45 billion for investors in securities-fraud cases, and two of its partners were charged with participating in a scheme to pay illegal kickbacks to clients.

The New York-based firm, Steven Schulman, 54, and David Bershad, 66, were indicted on multiple felony counts including mail fraud and conspiracy, the U.S. attorney's office in Los Angeles said today.

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``This case is about protecting the integrity of the justice system in America," U.S. Attorney Debra Yang said during a press conference. ``The conduct alleged in the indictment is particularly troubling because it represents a pattern of deception that spans two and a half decades."

The charges, which legal experts say involve the largest U.S. law firm ever indicted, might inhibit Milberg Weiss's ability to represent clients in securities cases. The charges might threaten the firm's management of a group of 309 class actions for shareholders who claim initial public offerings were manipulated by investment banks to inflate market prices. JPMorgan Chase & Co. agreed in April to pay $425 million to settle IPO claims against it, the first bank to do so.

Milberg Weiss, which has 125 lawyers, called the indictment ``unjust, misguided, and misinformed" in a statement.

Attorney-Client Privilege

The indictment came after six months of ``intense negotiations" between Milberg Weiss and government lawyers which couldn't be resolved because the firm refused to waive attorney- client privileges to avoid being charged, Milberg Weiss said. The firm also refused to make unfounded statements against its partners accusing them of crimes, the firm said.

Melvyn Weiss, the lead partner at Milberg Weiss, and William Lerach, Weiss's former partner who now leads a spinoff San Diego firm, Lerach Coughlin Stoia Geller Rudman & Robbins, were told in February that prosecutors didn't have plans to charge them in the case.

Today's indictment names three unidentified senior partners at Milberg Weiss who participated in the scheme. The partners, described as Partner A, B, and E, weren't charged.

Lawyers for Bershad and Schulman, who took leaves of absence from the firm earlier this week, denied the charges in e-mailed statements. Both men could be arraigned sometime in June, prosecutors said.

``David Bershad categorically denies the allegations of the indictment," his attorney, Andrew Lawler, said. ``He intends to vigorously fight the charges and is confident he will win."

Herbert Stern, a lawyer for Schulman, said his client will plead not guilty. ``We look forward to his ultimate vindication," Stern said.

`Stable' of Clients

Prosecutors said the firm from 1984 though 2005 paid three clients more than $11 million ``in secret and illegal payments" for cases in which the firm made $216.1 million in fees. The payments were made in cash or checks through intermediary lawyers or other professionals, according to the indictment issued today by a federal grand jury..

``Milberg Weiss had a stable of individuals ready and willing to serve as plaintiffs," said Yang said at the press conference.

Two of the clients, Howard J. Vogel and Steven Cooperman, have reached plea agreements with prosecutors and agreed to cooperate with the investigation. A third, Seymour Lazar, was charged with mail fraud and money laundering last year and refused to assist prosecutors.

`Credenza'

The firm obtained the money in a manner to make the payments difficult to trace, including from casinos, prosecutors said in the indictment. The money was kept in a safe located in a ``credenza in Bershad's office at Milberg Weiss, to which access was strictly limited."

The indictment may give a boost to President George W. Bush and others who favor legislation to limit damages and to make it harder for shareholders to sue companies.

``It's going to give a great deal of ammunition to lobbying groups who've long wanted to close down plaintiffs' class actions," said Columbia University law professor John C. Coffee Jr.

$45 Billion

Since 1999, U.S. prosecutors have been investigating claims that Milberg Weiss Bershad Hynes & Lerach, the biggest firm representing shareholders in securities-fraud cases before it split in two in 2004, illegally paid shareholders to file the suits. At the time of the breakup, the firm had represented clients in half of all securities class actions filed in the past decade, including those against Enron Corp. and WorldCom Inc.

Since 1965, Milberg Weiss lawyers, before and after its 2004 split-up, won more than $45 billion in recoveries for its shareholder clients, including large pension funds such as the California Public Employees' Retirement System, according to the Web sites of the two firms.

``We are extremely saddened to learn of these indictments," Lerach Coughlin said in a statement. ``We have the greatest respect for the ability and integrity of Milberg Weiss Bershad & Schulman, its lawyers and the good work they have always done."

Yang said some of the compromised cases include lawsuits against Standard Oil Co. and British Petroleum Co. in the 1980s, Genentech Inc. in the 1990s and Barnesandnoble.com more recently.

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Schulman, who has a 15 percent interest in Milberg Weiss, made more than $67 million from the firm's profits between 1991 and 2005, prosecutors said. In 2004, he represented Walt Disney Co. shareholders who sought to hold former Chief Executive Officer Michael Eisner liable for the $140 million severance paid to Michael Ovitz, a former talent agent who served as Disney's No. 2 executive for 15 months.

Bershad owned between 10 percent and 17.7 percent of the firm between 1983 and 2005 and made more than $160.9 million from profits, the indictment said.

Bershad represented Nortel Networks Corp. investors who sued for damages from an accounting fraud. Shareholders will receive about $2.7 billion from the settlement, making it the fourth largest U.S. class-action securities fraud case. Bershad also represented Lucent Technologies Inc. shareholders in securities lawsuits that settled for about $620 million.

The case is: U.S. v. Milberg Weiss Bershad & Schulman LLP et al, 05-CR-587, U.S. District Court Central District of California (Los Angeles)

US Intensifies Stock-Options Probe (WSJ)

By James Bandler And Jennifer Levitz

Wall Street Journal, May 19, 2006

In a dramatic widening of the investigations into potential stock-option abuses, federal prosecutors in Manhattan have launched criminal probes of at least five U.S. companies.

Caremark Rx Inc., SafeNet Inc., Affiliated Computer Services Inc. and Vitesse Semiconductor Corp. said yesterday that they had received subpoenas from the U.S. attorney for the Southern District of New York. Late Wednesday night, giant health insurer UnitedHealth Group Inc. said it also had received a subpoena from the same prosecutor, along with a document request from the Internal Revenue Service.

Caremark, a big pharmacy-benefits manager based in Nashville, Tenn., and SafeNet, a software firm based in Belcamp, Md., said they also received informal inquiries from the Securities and Exchange Commission.

The entry of the U.S. attorney's office in Manhattan, considered among the most experienced in prosecuting white-collar crimes, signals a significant ratcheting up of government scrutiny of option-granting practices. The SEC, which has been probing the matter for more than a year, is scrutinizing about 20 companies. A spokeswoman for the U.S. attorney's office declined to comment.

Stock options, a popular way to pay senior executives, are intended to give managers incentive to improve their company's share price. Generally, each option represents the chance to buy a share of company stock at a certain "strike price" on a future date. Thus, a recipient stands to gain only if the share price rises.

But an analysis of options awards at some companies has shown that executives benefited from extraordinary timing, getting grants dated at times when share prices hit lows. The strike price on options generally is equal to the market price on the day they are granted by a company's board. The lower the strike price, the greater the chance for future profit.

Federal prosecutors and securities regulators are trying to determine whether the effective dates on some of those options were deliberately and improperly changed -- a practice known as backdating -- securing extra pay for executives regardless of the stock's performance. Backdating would undermine the incentive purpose of the option grant and could violate a host of securities laws. It could also create thorny tax and accounting problems for companies.

Separately, Brooks Automation Inc., which had previously announced it will restate about seven years of results due to problems with its options grants, announced the resignation of two directors who received highly favorable stock options in 2000. Brooks said the board members, Amin J. Khoury and Roger D. Emerick, would "renounce" all of their options and restricted stock. The two men weren't available to comment late yesterday.

The resignations bring to 10 the number of executives or directors who have left their companies in recent weeks in the wake of the spiraling options scandal. The options-granting practices of at least one other company, Comverse Technology Inc., are being examined in a separate criminal probe by federal prosecutors in the Eastern District of New York.

A March 18 page-one article in the Wall Street Journal examined options-granting patterns at six companies, including Comverse, ACS and UnitedHealth. The article found a number of highly favorable grants to the top executives of each company, and concluded the odds of the grant pattern having occurred by chance were highly remote.

Lesley Pool, a spokeswoman for ACS, said, "We are fully cooperating with authorities." UnitedHealth and SafeNet also said they are cooperating. A Caremark representative couldn't be reached for comment. Backdating could lead to a number of potential criminal charges, legal experts said, including securities fraud, wire fraud, or even tax-related charges.

"If somebody actually backdated an option grant that could well be like shooting fish in a barrel for prosecutors," said Harvey Pitt, a former chairman of the SEC. "If you were sitting on a jury and somebody told you that the CEO was granted the

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option on May 18 but he put down the date of April 18, do you think you would have a lot of difficulty concluding that the CEO committed fraud? I don't think so," Mr. Pitt said.

Lynn Turner, a former chief accountant for the SEC, said unlike some complicated revenue-recognition cases brought by federal prosecutors in recent years, backdating would be easy for jurors to grasp. Mr. Turner predicted pressure would mount for boards to fire chief executives who had been involved in backdating. "It is already put in motion that if the CEO is found to have done it, he has to go," Mr. Turner said. He said that if board members are given the choice of deciding whether the CEO takes the hit, or the directors, "it is going to be about a two-second decision."

In recent weeks, CEOs have been forced out at Comverse and Vitesse. Last night, Vitesse said the U.S. Attorney for the Southern District of New York notified it that it is seeking documents dating back to 1999 related to the company's stock-option grants. The Camarillo, Calif.-based company also said it has been notified that the SEC is investigating and requesting documents dating back to 1995 related to the grant of stock options. Vitesse said it plans to cooperate fully with both requests.

At Caremark, the company's chairman and chief executive, Edwin Crawford, was awarded 3.875 million stock options dated March 8, 2000. The options gave him the right to buy shares for 15% more than the stock's closing price that day, which turned out to be tied for the low point of that year. The company said Mr. Crawford agreed to forgo his bonus for four years -- 2000 through 2003 -- in exchange for the large grant.

A company spokesman has said the March 8 grant was made at a scheduled board meeting and came at the time of year when options were typically awarded. Mr. Crawford also has denied receiving any backdated options or grants, saying his options are approved by Caremark's board at regularly scheduled meetings, granted by the date approved and priced at fair market value on the date of the grant. Caremark also said it had received a request from the SEC about its relocation program. Mr. Crawford received $2.9 million from Caremark's program two years ago for the sale of his Birmingham, Ala., home, even though as of earlier this month his house hadn't been put on the market and his wife still lived there.

At Brooks Automation, a semiconductor equipment maker in Chelmsford, Mass., the compensation committee granted 233,000 options to its chief executive, Robert Therrien, with a date of May 31, 2000. Brooks's stock plunged more than 20% that day and surged over 30% the next day.

What was unusual was that Messrs. Khoury and Emerick, the compensation-committee members who oversaw the CEO option grants, also benefited. Although Brooks directors typically got options only in July, that year a special grant was awarded just to these two directors. In a statement, Brooks said Messrs. Khoury and Emerick had resigned voluntarily.

Also yesterday, five public pension funds filed a lawsuit in federal court in Minneapolis, seeking to prevent UnitedHealth's top two executives from exercising about $1.5 billion in options. The suit claims the company unlawfully backdated options to Chief Executive William McGuire, Chief Operating Officer Stephen Hemsley and other executives "to provide the recipients with windfall compensation at the direct expense of UnitedHealth."

UnitedHealth has said it may have to restate three years of results due to a "significant deficiency" in how it administered and accounted for past option grants.

The unusual legal request asks the court to place a "constructive trust" over all option contracts held by Messrs. McGuire and Hemsley. A UnitedHealth spokesman said the company hadn't seen the lawsuit and in any event doesn't comment on pending litigation.

Stock Option Subpoenas Issued (NYT/BLOOM)

By Bloomberg News

New York Times, May 19, 2006

At least four companies said yesterday that they had received federal subpoenas requesting information on their granting of stock options.

The companies are Caremark Rx, a manager of drug benefits; SafeNet, an information security company; Affiliated Computer Services, a processor of student loans; and Vitesse Semiconductor. The four received subpoenas from the United States attorney's office in the Southern District of New York.

All four companies said they were cooperating fully with the requests.

Caremark, based in Nashville, also said in a regulatory filing that it had received a request from the Securities and Exchange Commission for information on stock option grants and a company relocation program as part of an informal inquiry.

SafeNet, of Belcamp, Md., said it had received an informal inquiry from the S.E.C. requesting information on stock option grants to directors and officers, as well as certain accounting policies and practices.

Affiliated Computer, of Dallas, delayed filing a fiscal third-quarter financial report this month as it investigated its accounting. This week, the company said it would have costs of as much as $32 million through June 30, 2005, for options granted since 1994 that had effective dates earlier than when they were granted.

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The company is also the focus of an informal S.E.C. inquiry, and some of its top officials are named in shareholder lawsuits claiming that the company violated grant rules.

Vitesse Semiconductor, of Camarillo, Calif., said it was being investigated by the S.E.C. over stock option grants. On Wednesday, the company said it had fired its chief executive and two other executives amid the inquiry.

Federal officials have been examining how companies have granted stock options, sometimes possibly increasing their value by setting their purchase date to coincide with the lowest possible price. UnitedHealth Group said Wednesday that it had received subpoenas from the United States attorney and the Internal Revenue Service over its grants.

Caremark Rx Stock Options Draw Subpoena (AP)

AP, May 18, 2006

NASHVILLE, Tenn. - Pharmacy benefits manager Caremark Rx Inc. said Thursday that is has received a federal grand jury subpoena for records about its stock options.

The company also received what it called an "informal inquiry" from the Securities and Exchange Commission , requesting information about the company's stock options and its relocation program.

With revenues of nearly $33 billion last year, Nashville-based Caremark is Tennessee's largest publicly traded company, providing drug benefit services to more than 2,000 health plan sponsors and their participants throughout the United States.

The Wall Street Journal last week reported that Caremark's chairman, president and chief executive officer, Mac Crawford, took part in the company's relocation program when it moved its headquarters from Birmingham, Ala., to Nashville in 2003.

Crawford was given a $2.9 million "equity advance," but has yet to sell his house in Alabama. A Caremark spokesman told the paper that Crawford's ill wife still lives there and that the home will be sold when renovations on the Crawfords' Nashville home is complete.

Caremark's release mentioned neither Crawford's relocation or stock options in relation to the subpoena from U.S. Attorney for the Southern District of New York or the SEC letter. Neither the prosecutor's office nor the SEC returned calls from the AP late Thursday.

Caremark also operates a retail pharmacy network with more than 60,000 participating pharmacies, seven mail-service pharmacies and 21 licensed specialty pharmacies for delivery of advanced medications.

Shares of Caremark fell 6 cents to close at $48.89 on the New York Stock Exchange before Caremark's announcement was made, then lost up $1.14, or 2.3 percent, in aftermarket electronic trading.

Government Joins Drug-Pricing Suit Against Abbott (WSJ)

By John Carreyrou

Wall Street Journal, May 19, 2006

The Justice Department joined a whistleblower lawsuit against Abbott Laboratories Inc. and Hospira Inc., alleging that the companies conspired to inflate Medicare and Medicaid reimbursements on some drugs from 1991 to 2001.

In a civil complaint filed in federal court in Florida, the Justice Department alleged that Abbott, a drug maker based in Abbott Park, Ill., reported prices for its drugs to price publishers, such as the Drug Topics Red Book, that were as much as 1,000% higher than the prices the company charged hospitals and doctors. The drugs were sold by Abbott's Hospital Products Division, which Abbott spun off two years ago as Hospira, which is based in Lake Forest, Ill.

The allegedly inflated prices listed by the Red Book and other price publishers enabled doctors and hospitals to reap big profits by filing Medicare and Medicaid reimbursement claims that were much higher than what they had actually paid, according to the government's complaint. Abbott marketed these so-called spreads as an inducement to buy its drugs -- which were injectable and intravenous medications -- thereby increasing its own sales and profits, according to the complaint.

Abbott denied the allegations and said it would defend itself vigorously. "Abbott has consistently complied with all laws and regulations and properly and lawfully provided all information required by the government," an Abbott spokeswoman said. A spokeswoman for Hospira said the company has consistently complied with pricing laws, and she noted that the timing of the events at issue in the lawsuit predate Hospira's existence.

The government has filed similar lawsuits against other drug makers in recent years. In 2001, Bayer AG of Germany agreed to pay a $14 million fine to settle allegations that it reported inflated prices of drugs for hemophilia and immune disorders. More recently, TAP Pharmaceuticals Products Inc., a joint venture between Abbott and Takeda Chemical Industries Ltd. of Japan, agreed to pay more than $1 billion in civil and criminal penalties while pleading guilty to a charge of conspiring with doctors to bill Medicare and Medicaid for free samples of its prostate-cancer drug, Lupron.

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In a media release about the latest case, the Justice Department said Medicare and Medicaid had reimbursed hospitals and doctors more than $175 million for the Abbott drugs in question. Under the False Claims Act, the government said it can recover triple the damages assessed by a jury and $5,500 to $11,000 for each fraudulent reimbursement claim.

The federal probe began after a Florida home-infusion company, Ven-A-Care of the Florida Keys Inc., filed a whistleblower lawsuit against Abbott.

US Targets Abbott Prices (CHIT)

By Bruce Japsen

Chicago Tribune, May 19, 2006

The U.S. Justice Department on Thursday sued Abbott Laboratories, alleging the company overcharged government health insurance programs in excess of $175 million for brand-name and generic drugs for more than a decade dating back to the early 1990s.

The federal government joined a whistleblower's suit that mirrors similar allegations brought against Abbott and dozens of other drugmakers in recent years as part of a legal assault on pharmaceutical industry pricing. Prosecutors in more than 20 states, including Illinois, have brought a series of similar complaints against Abbott and other drugmakers as part of an effort to rein in the soaring costs of prescription drugs.

The U.S. complaint, a civil case, like state civil suits, accuses Abbott of engaging in a "scheme" for more than a decade by bilking the Medicaid program and Medicare participants out of millions of dollars. The companies are accused of intentionally misreporting and inflating the figures used to calculate government reimbursement rates.

In a statement released Thursday by the Justice Department, it said the North Chicago-based pharmaceutical company reported prices that were "more than 10 times the actual sales prices on many of the drugs it manufactures."

The complaint alleges Abbott charged hospitals, pharmacies, nursing homes and other medical-care providers far less for medicines than the prices it had published in industry price guides for those drugs. Those published prices were then used by the government to calculate reimbursement to health-care providers for Medicare and Medicaid programs.

The difference between the published price and the actual price paid by the providers was the "spread," and it was used to give the health-care providers greater reimbursement and therefore an incentive to continue buying Abbott products.

"This complaint marks another step in the government's investigation and prosecution of pharmaceutical manufacturers who submit fraudulent drug pricing information that costs the federal health-care programs and taxpayers millions of dollars," said Assistant Atty. Gen. Peter D. Keisler, of the Justice Department's Civil Division.

In one example cited in the government's complaint, Abbott increased the per-unit price of the intravenous antibiotic vancomycin to $76 by early 2001. Meanwhile, it was "widely available" to purchasers at under $4.

While the government is suing Abbott, the business currently selling the pharmaceuticals mentioned in the suit is Lake Forest-based Hospira Inc., which was spun off by Abbott into a separate company in 2004. Abbott is the defendant in the case and would be liable should there be any settlement.

Abbott said it has no plans to settle.

"This is an Average Wholesale Price lawsuit similar to others filed against our industry," spokeswoman Melissa Brotz said. "Abbott has consistently complied with all laws and regulations—the company has properly and lawfully provided all information required by the government. We have a strong defense and intend to vigorously defend ourselves against these claims."

The allegations in the suit were originally filed under seal in 1995 by home-care pharmacy Ven-A-Care of the Florida Keys Inc. and its principals, who have successfully sued other drugmakers.

"We believe the evidence will show that only after significant exposure through active federal and state investigations did Abbott lower its reported prices, so that they more accurately reflected the prices it knew it was selling its drugs for," said Jim Breen, an attorney for Ven-A-Care and whistleblowers Zachary Bentley and Mark Jones, who were principals at the pharmacy company.

According to a Tribune report in 2001, Abbott dramatically lowered the price of dozens of drugs in the face of pricing probes by state and federal prosecutors. That year, TAP Pharmaceutical Products Inc., an Abbott joint venture, resolved criminal and civil allegations brought by the Justice Department that included publishing inflated prices for a prostate cancer drug.

HealthSouth To Pay $3 Million In U.S. Accounting Fraud Case (NYT)

By Kyle Whitmire

New York Times, May 19, 2006

DOJ_NMG_0029100

BIRMINGHAM, Ala., May 18 — The Justice Department announced Thursday that HealthSouth, the chain of outpatient rehabilitation hospitals, would pay $3 million and avoid prosecution over a giant accounting fraud discovered at the company three years ago.

"Prosecution would likely have pushed this company into bankruptcy," Alice H. Martin, United States attorney in Birmingham, said in a statement. "By taking this nonprosecution approach, jobs of thousands have been saved, and the company has an opportunity to rebuild shareholder value."

HealthSouth, which agreed to accept responsibility for crimes committed by its executives, must pay the money to the United States Postal Inspection Service's consumer fraud division, enact more stringent internal controls and commit no other illegal acts for three years. In essence, the company is on probation until 2009, Ms. Martin said.

The decision brings an end to an investigation that began in March 2003, when the investigators raided the company's headquarters. Since then, 15 executives, including 5 chief financial officers, have pleaded guilty or been convicted of participating in the fraud. According to more recent company estimates, the fraud's impact was greater than $4 billion.

Last year, a Birmingham jury acquitted Richard M. Scrushy, the company's founder and former chief executive, of participating in the fraud. In an unrelated case, Mr. Scrushy is currently on trial on federal charges that he bribed a former governor of Alabama, Donald Siegelman.

The Justice Department waited until HealthSouth had made amends with investors through several civil settlements. In the last year, HealthSouth has agreed to pay the Securities and Exchange Commission and other civil litigants more than $500 million in cash and shares. Also, the company has agreed to pay more than $350 million to settle suits for Medicare fraud.

Still, HealthSouth continues to struggle. The civil settlements and new Medicare reimbursement rules have impaired the company's financial performance. In its first-quarter report, filed last week, HealthSouth fell short of analysts' expectations, and the company's net loss widened to $435.1 million. Last week, executives said that HealthSouth was considering changing the company's name and still expected to be relisted on a major stock exchange sometime this summer. It was delisted from the New York Stock Exchange in March 2003.

HealthSouth shares fell 9 cents, to $4.41, in over-the-counter trading yesterday, but regained the 9 cents after closing. The stock has declined more than 8 percent this year.

Jay Grinney, HealthSouth's chief executive, said in a statement yesterday: "On behalf of the 37,000 dedicated HealthSouth employees, I can say that we are delighted as an organization to be getting back to what we do best — providing outstanding rehabilitation, diagnostic and ambulatory surgical care throughout the nation."

HealthSouth Settles Fraud Case (LAT)

Los Angeles Times, May 19, 2006

HealthSouth Corp. agreed to pay $3 million and serve three years on probation in a deal with the government that spares the company an indictment over the $2.7-billion accounting fraud that almost triggered its collapse.

U.S. Atty. Alice Martin, who prosecuted 17 HealthSouth executives for their alleged roles in the fraud, including company founder Richard Scrushy, announced terms of the non-prosecution agreement Thursday. Scrushy was acquitted of fraud charges last year after a trial in Birmingham, Ala., where the company is based.

HealthSouth, which acknowledged the fraud as part of the accord, said Wednesday that the government imposed no fine or any other conditions on the company. HealthSouth spokesman Andy Brimmer said Thursday the company doesn't consider the $3-million payment to the government a fine.

The agreement "acknowledges the comprehensive corporate governance and compliance reform which has and is transpiring at HealthSouth, and its continued commitment to cooperate with the Department of Justice through self-disclosure," Martin said. "Prosecution would likely have pushed this company into bankruptcy."

The company settled a fraud case with the U.S. Securities and Exchange Commission last year for $100 million and another case with investors in March for $445 million.

The $3-million payment called for in the agreement will go to the U.S. Postal Inspection Service's Consumer Fraud Fund.

The company admitted wrongdoing, acknowledging that the Justice Department "has developed evidence during its investigation that HealthSouth, through some of its employees, has violated federal criminal law."

The company said it "accepts responsibility for the conduct of its employees giving rise to any violation in connection with the unlawful practices. HealthSouth does not endorse, ratify or condone criminal conduct."

Shares of HealthSouth declined 9 cents to $4.41. They have fallen 8.2% this year.

Mace Security Could Lose NASDAQ Listing (PHIBIZ)

Philadelphia Business Journal, May 19, 2006

DOJ_NMG_0029101

Mace Security International Inc. said Thursday it faces a delisting from the NASDAQ stock exchange. The situation is linked to the company's alleged hiring of undocumented workers at its car washes.

Mace said an independent investigation into its hiring practices that was commissioned by the company's audit committee has delayed the filing of the company's 10-K annual report for 2005 and its 10-Q quarterly report for the period ended March 31.

Mace of Mount Laurel, N.J., said it has received a stay of the delisting. A hearing before the NASDAQ Listing Qualifications Panel regarding the delays of both the 10-K and 10-Q filings is scheduled for May 25.

Mace, which has a goal of selling its car washes to concentrate on the security-products end of its business, said the internal investigation has been completed.

Eduardo Nieves Jr., the company's vice president of marketing and investor relations, said the specific conclusions of the investigation are "right now ... not being disclosed. That information will be disclosed when we file our 10-K and 10-Q."

Nieves did point, however, to a line from the company's press release Thursday that said Mace's audit committee "is satisfied with the comprehensiveness and conclusions" of the inquiry. The release also said "there is no financial statement impact implicated by the company's hiring practices, except for a potential contingent liability."

With the independent investigation complete, the company said it and its independent auditor are working to ready the 10-K and 10-Q but did not know exactly when the reports will be ready.

"We want it to be as soon as possible for obvious reasons," Nieves said.

Mace's hiring practices are being investigated by the U.S. Attorney for the Eastern District of Pennsylvania.

Problems With SOX (FT)

Financial Times, May 19, 2006

America's smaller public companies had reason to hope the cost of complying with the Sarbanes-Oxley (Sox) act would this week be lightened. Their hopes were largely belied. Christopher Cox, chairman of the Securities and Exchange Commission, did extend the deadline for small cap businesses to comply with the act's notorious section 404 that requires auditors to certify companies' internal control systems. But he ignored the advice of the SEC's advisory board which last week recommended small businesses be exempt altogether from the requirement.

The SEC compounded this missed opportunity with two oversights: it failed to specify when the reporting holiday for small caps would come to an end; and it forgot to clarify whether foreign companies could use this postponement. These were no minor omissions. Of the many complaints that have been made about Sox, the most persuasive come from small businesses and foreign listings. Certainly America's larger companies also have reasons to gripe about a regime that has drastically raised their regulatory costs. But few dispute that small businesses have been worse affected.

As a result, many US small businesses have reportedly avoided going public altogether, or are conducting initial public offerings on small cap exchanges in foreign markets. Likewise, New York has lost its position as favourite port of call for the secondary listings of foreign companies in favour of London, Hong Kong and other less burdensome jurisdictions. All the signs are that this trend will continue.

But for companies of any size, the SEC's record is not encouraging so far. After Sox was enacted in 2002, the SEC predicted the average cost of compliance for each company would be $91,000. Industry estimates it is closer to $4.4m (£2.3m) and a multiple of that for some of the largest. The SEC also assured the markets section 404 would work seamlessly once it was up and running. But companies are spending inordinate amounts of time furnishing auditors with information that has little bearing on their financial soundness. One even had to disclose how many keys it issued to its janitors - hardly the best place to look for potential Nick Leesons of Barings infamy.

The SEC says it plans to issue new guidelines within a few months. Its most pressing concern must be to address the incentive for the big four accounting firms to pile ever greater disclosure requirements on companies' internal controls. Fear of criminal action suggests the auditors will continue to inflate that burden unless the SEC issues clearer instructions. Meanwhile, jurors will soon pronounce on the fraud charges against Kenneth Lay, the chief executive of Enron, whose bankruptcy in 2001 ultimately culminated in Sox. Whatever the verdict, the trial serves as a timely reminder that the best deterrent of all is the threat of criminal conviction.

CRIMINAL LAW:

House Ethics Panel, Justice Dept. To Run Parallel Probes (WP)

By Jeffrey H. Birnbaum

The Washington Post, May 19, 2006

DOJ_NMG_0029102

The House ethics committee plans to quickly begin its probes into the activities of Reps. Robert W. Ney (R-Ohio) and William J. Jefferson (D-La.) while working with the Justice Department to avoid interference with federal prosecutors' investigations of the same lawmakers, according to people familiar with the panel's efforts.

The committee's surprise decision Wednesday to open inquiries into allegations that the congressmen accepted bribes -- as well as a third, wider-ranging probe -- was meant to tamp down criticism that the panel is dysfunctional and that the House is not policing the ethical lapses of its members, according to the sources.

Yet it was not clear that the committee would have enough time to complete its work before the end of the legislative session this autumn, or that its efforts would not complicate the work of Justice Department prosecutors and investigators.

After 16 months of inactivity and partisan bickering, the ethics committee, formally known as the Committee on Standards of Official Conduct, this week created special investigative subcommittees to look separately into the cases of Ney and Jefferson.

Each of the subcommittees has four members, evenly divided between Republicans and Democrats, and has the power to subpoena documents and compel testimony. They are likely to begin work before the House departs for the Memorial Day recess at the end of next week, House sources said.

The Justice Department has traditionally opposed such parallel inquiries by congressional committees for fear that lawmakers might complicate its collection of testimony and information. The Senate's ethics panel, for instance, regularly steps aside when another enforcement agency is looking into the behavior of senators.

But House officials indicated yesterday that they hope the continuing conversations between the Justice Department and the ethics committee will avert conflicts. A spokesman for the department declined to comment.

Stanley Brand, a lawyer and expert on congressional ethics, said that simultaneous inquiries are "impractical" and might put the Justice Department's efforts in jeopardy.

"I can't imagine that they will pursue subpoenas and testimony and get in the way of the Justice Department; that hasn't happened in the past," he said in reference to the ethics subcommittees.

Moreover, he said, an ethics panel's probes are likely to take "months and months" and will not be finished before the end of the year.

The committee has routinely disclosed when it formed subcommittees for scrutinizing possible wrongdoing by specific lawmakers, but its leaders have rarely spoken publicly about preliminary or wider-ranging types of inquiries. Nonetheless, on Wednesday the panel announced that it is looking into the possibility that staffers and lawmakers other than the now-jailed former congressman Randy "Duke" Cunningham (R-Calif.) might have been "provided hotel rooms, limousines and other services in exchange for performing official acts."

The choice to go public was a reaction to the ethics committee's moribund condition over the past 16 months, insiders said. During that period, Republicans and Democrats squabbled over how the panel should be run and staffed. New, restrictive committee rules, opposed by Democrats, were at first adopted and then rescinded. The panel did not have a consensus chief counsel until January.

The logjam over starting new investigations was finally broken after Rep. Alan B. Mollohan (D-W.Va.) was replaced last month as the committee's ranking Democrat by a respected veteran of the panel, Rep. Howard L. Berman (D-Calif.). Mollohan was forced to step down after his business dealings with recipients of federal funds that he appropriated became the subject of a federal investigation.

Yesterday, Republicans sought to portray Mollohan as the primary cause of the long holdup in new investigations. "Congressman Mollohan was stalling the process for political gain on behalf of the minority leader," said Ron Bonjean, spokesman for Speaker J. Dennis Hastert (R-Ill.). Democrats did not want a functioning ethics committee, he said, so that they could more easily accuse Republicans of acting improperly with lobbyists.

"There was not even an option for the ethics committee because of the recalcitrance of Mollohan," agreed Rep. David Dreier (R-Calif.), chairman of the House Rules Committee. "I take my hat off to Howard Berman. He is a pro. He knows how to deal in a bipartisan way with a sensitive and tough issue."

Democrats dismissed the attacks on Mollohan as a smoke screen to obscure Republicans' culpability in the ethics committee's shutdown. The GOP had refused to cooperate with Democrats as a way to protect their then-Majority Leader Tom DeLay (Tex.), Democrats said.

DeLay is resigning from the House next month under the cloud of a Texas indictment on money laundering charges and of federal investigations into his dealings with convicted lobbyist Jack Abramoff. DeLay, Ney, Jefferson and Mollohan have all said that they have done nothing wrong.

Lobbying Case To Get Jury Test (WSJ)

By Jeanne Cummings

Wall Street Journal, May 19, 2006

WASHINGTON -- The Justice Department's investigation of the Jack Abramoff lobbying scandal already has produced four guilty pleas. Now, prosecutors are about to find out whether an influence-peddling probe based largely on emails and a network of low-profile Republican aides can pass muster with a jury.

David Safavian, a longtime friend of Mr. Abramoff and a former White House official, is scheduled to go on trial Monday. He is charged with making false statements and obstructing government inquiries about Mr. Abramoff's relationship with him while he served as chief of staff of the General Services Administration, which manages government property.

The trial comes at a critical moment as the focus of the Abramoff investigation appears to be broadening from staff to members of Congress, most notably Ohio Republican Rep. Bob Ney. While the Safavian trial is narrowly focused on the former government official's actions, a court loss could be a psychological blow to the high-profile inquiry.

"You don't want to lose. You want to keep the momentum going. You have all these guilty pleas. You want a conviction," says Randall Eliason, former chief of the public-corruption and government- fraud section of the U.S. attorney's office in Washington.

The prosecutors' task is complicated by the fact that they aren't planning to call Mr. Abramoff. A one-time Republican lobbying star, Mr. Abramoff pleaded guilty in January to trying to bribe members of Congress and admitted to bilking millions of dollars from his clients.

The decision against calling Mr. Abramoff is a double-edged sword, says Miles Ehrlich, a former prosecutor in the Justice Department's public-integrity section and a former chief of white-collar crime in the U.S. attorney's office in San Francisco. His absence "may enhance the prosecution's chances of keeping the focus on what was happening and not what a sleaze ball the cooperating witness is," Mr. Ehrlich says. But, under federal trial rules, the defense can still introduce evidence to discredit Mr. Abramoff, which could raise questions in the jurors' minds. "That's one of the difficulties of trial by email," he added.

The government has received some recent breaks. U.S. District Judge Paul Friedman is expected to grant the government's request to introduce more than 200 email messages, mostly between Messrs. Safavian and Abramoff, in which the two men seamlessly shift from discussing the lobbyist's interest in obtaining government property for his clients, to setting up racquetball dates and trips to Mr. Abramoff's upscale restaurant and skyboxes at sporting events.

Last week, Neil Volz, another Abramoff associate and former chief of staff to Rep. Ney, pleaded guilty to conspiring to corrupt public officials and violating lobbying rules. He is cooperating with investigators and is expected to take the stand against Mr. Safavian.

Mr. Safavian, a Detroit native, became friends with Mr. Abramoff in the 1990s when they worked at the law and lobbying firm of Preston Gates & Ellis. Mr. Safavian later co-founded the firm Janus-Merritt Strategies. The two men still shared many clients, including Indian tribes, Internet gambling companies and the North Mariana Islands.

In 2002, Mr. Safavian took a job as senior adviser and acting deputy chief of staff at the GSA and was soon named chief of staff. Less than two weeks after Mr. Safavian arrived at his government post, Mr. Abramoff sent him an email with the subject line, "I have a GSA question."

Over the next three years, Mr. Abramoff sought help from Mr. Safavian to secure government-owned property for Indian clients, a religious school he had founded and other matters. "I have a need to buy a stretch limo for the restaurant. Are there any coming up on any of the GSA drug-property sales?" Mr. Abramoff once asked Mr. Safavian.

The emails show that Mr. Safavian sometimes edited the work of Mr. Abramoff's team to ensure it covered issues that his own aides might raise. He arranged meetings between Mr. Abramoff's representatives and government officials, forwarded internal government documents and minutes of deliberations to help him develop property proposals, and recommended generating Capitol Hill pressure on his own bureaucracy if things weren't going Mr. Abramoff's way.

Mr. Volz is expected to testify about one alleged Safavian-inspired effort to persuade Rep. Ney to insert language into an election-overhaul bill that would have helped Mr. Abramoff's Indian-tribe clients win control of the Old Post Office building in downtown Washington.

In November 2004, Mr. Safavian moved to the Office of Management and Budget to become the administration's chief procurement-policy officer. He was indicted in October 2005.

The case hinges on what Mr. Safavian told GSA ethics officials and Senate investigators about an expensive golf trip to Scotland arranged by Mr. Abramoff in August 2002. Before departing, Mr. Safavian sought an advisory opinion from the GSA to approve the trip. He described Mr. Abramoff as an old friend and "a lawyer and lobbyist, but one that has no business before GSA (he does all his work on Capitol Hill.)," Mr. Safavian wrote to ethics officers, according to the indictment.

Prosecutors argue Mr. Safavian intentionally misled ethics officials about Mr. Abramoff's interest in doing business with the government in order to obtain clearance to go on the trip. Mr. Safavian faces additional charges of obstruction and false

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statements based on his exchanges with Senate Committee on Indian Affairs investigators in 2005, during which he repeated his description of Mr. Abramoff as someone who worked mostly on Capitol Hill.

Mr. Safavian's lawyer, Barbara Van Gelder, counters that her client's statement in 2002 was true because Mr. Abramoff didn't have a contract with the GSA. But prosecutors claim a broader definition of doing business with the government.

Ms. Van Gelder faces other hurdles. This week, she told Judge Friedman she was having trouble lining up witnesses who were on the Scotland golf trip, which included Rep. Ney, Mr. Volz and Ralph Reed, now a candidate to be Georgia's lieutenant governor. Lawyers of some attendees have told her their clients might invoke their Fifth Amendment right against self-incrimination if forced to take the stand, she told the court.

Former Weekly Reader Editor Convicted (STAMADV)

Stamford (CT) Advocate, May 19, 2006

BOSTON - It took a federal jury less than two hours today to convict former Weekly Reader editor Noel Neff on Internet child predator charges.

Neff showed no emotion after the jury returned the guilty verdicts early Thursday afternoon. U.S. District Judge George O'Toole Jr. revoked Neff's bond and marshals led the former children's magazine editor out of the courtroom in handcuffs.

Neff faces a minimum of five year, and up to 60 years, in prison on the charges. He is expected to be sentenced Sept. 14.

The jury found Neff, 47, of Norwalk, guilty on both charges of using the Internet to lure a minor to engage in sexual activity and traveling across state lines to engage in sexual conduct with a minor.

Neff was fired from the Stamford children's publisher after his July 9 arrest in Franklin, Mass., where he allegedly believed he would meet an adolescent named "Chris" he had met online. "Chris" was actually a Boston FBI agent posing as a 14-year-old boy with homosexual feelings.

After Neff initiated contact with "Chris" in April 2005 in an Internet chat room, they began exchanging e-mails and instant messages that were often about sex, according to court testimony this week. In online discussions before July 9, Neff allegedly said he couldn't say he was meeting "Chris" for sex but would let "Chris" make the first move.

When Neff arrived at the specified shopping center in Franklin, instead of meeting "Chris," he was placed under arrest by three FBI agents.

Neff's lawyer argued that his client was not seeking sex from "Chris" and based on evidence presented yesterday, would not have had time to act on the criminal behavior he is charged with.

Neff's lawyer, Francis O'Reilly of Fairfield, said his client never committed a criminal act and was only trying to share his insight as a sexually confused teenager with someone he thought was going through the same experience.

Jefferson Parish Teacher Arrested On Federal Child Porn Charges (AP)

AP, May 18, 2006

NEW ORLEANS -- A Jefferson Parish public school teacher was in custody Thursday, booked on charges of possession of child pornography, federal authorities said.

The FBI arrested Russell Counterman, 44, of New Orleans, after getting a tip that he allegedly downloaded files _ while at work _ containing sexually explicit images of children who ranged in age from 4 years old to teenagers, U.S. Attorney Jim Letten said.

During Counterman's initial appearance before U.S. Magistrate Louis Moore Jr., prosecutors asked that Counterman be detained, Letten said. "He's currently in custody, but a detention hearing is scheduled for Monday to determine whether he'll stay there," he said.

Counterman, who taught at the Patrick F. Taylor Science and Technology school, was suspended following his arrest, according to Jefferson Parish public school officials.

Federal agents said Counterman was accused of using a school-issued laptop to download child pornography from the Internet at the school. After agreeing to a search, authorities said some of the alleged material was found in Counterman's classroom in a briefcase as well as in his home.

"It is important to note that the FBI has no information indicating that any child had access to child pornography or that this individual engaged in inappropriate behavior with the school children," said Special Agent in Charge Jim Bernazzani.

Letten also said there was no evidence of Counterman having manufactured any of the pictures seized.

The U.S. Attorney's Office said Counterman has taught school in the New Orleans area for 12 years. If indicted and convicted, Counterman faces up to 10 years in jail and a life term of supervised release.

Florida Man Pleads To Internet Sex Solicitation (WTSP)

DOJ_NMG_0029105

WTSP-TV, May 18, 2006

An east coast man faces 5 to 30 years in prison on a guilty plea to using a compuuter to entice a minor to meet and have sex, the U.S. Attorney's office said.

Leroy Walter Lasky, Jr., 51, of Port Orange, entered his plea today before U.S. Magistrate Judge Mark A. Pizzo in Tampa Federal Court. Lasky was indicted on March 16th on one count of luring a 15-year-old girl in a computer chat room. He was actually conversing with an undercover officer from the Hillsborough County Sheriff's Office.

"According to court documents, after numerous chats on the internet, Lasky agreed to meet the girl in Tampa for sex," the U.S. Attorney's office said. "On September 22, 2005, the defendant traveled from his home on the east coast of Florida to Tampa where he had arranged to meet the young teen girl."

He was met by officers from the Innocent Images Task Force and taken into custody.

A sentencing date has not been set.

Congress Bribery Probe Could Deepen (BOS)

By Michael Kranish, Globe Staff

The Boston Globe, May 19, 2006

Records detail contractor's sway

WASHINGTON -- On March 8, 2004, after a private, chartered flight from Washington, Congressman Randy "Duke" Cunningham checked into a luxury oceanfront suite at the Delano Hotel, a restored Art Deco jewel on Miami Beach. Prosecutors say the San Diego lawmaker, in town to shop for a yacht, racked up more than $15,000 in bills during the trip, including $848 in meals.

Court records show that Mitchell Wade, an ambitious defense contractor with deep pockets, picked up most of the tab. Prosecutors say the Miami Beach trip was pocket change compared with the more than $1 million in bribes Wade paid to Cunningham, a former fighter pilot and powerful member of the House Appropriations Committee, to steer government defense contracts his way.

But Wade had more money to spread around.

Within days of sending Cunningham to Miami, prosecutors say, Wade gave $32,000 in laundered campaign funds to Representative Katherine Harris, the Florida Republican and Homeland Security Committee member whose help Wade was seeking to create a complex for MZM Inc., his company, in her home state. Documents say Wade also funneled $46,000 into the campaign account of Representative Virgil H. Goode Jr., a Virginia Republican who also sits on the Appropriations Committee.

Wade then discussed getting specific defense appropriations with Harris and Goode or their staffs, according to court documents. Weeks after Wade arranged for most of the contributions to Goode, Wade walked away with a pledge for a $9 million facility in Goode's district with help from Goode's office, the court filings say

Harris and Goode both say they didn't know the contributions had come from straw donors and were illegal. They have not been charged.

Nevertheless, court papers indicate that the investigation that snared Cunningham -- in which the California Republican, now serving a 10-year sentence in federal prison, admitted that he took millions in bribes -- and led Wade to take a plea deal could go much deeper. At least three other federal investigations involving members of Congress are also underway, linked to questions about whether lawmakers traded the power and influence of their offices for hefty campaign contributions and lavish gifts.

"There is some increasing panic among members who worry that there may be e-mails in which they sort of promised to do something that is contemporaneous with campaign contributions," said Thomas Mann of the Brookings Institution.

Previously, Mann said, members of Congress may have believed they were following the rules as long as donations they received were legal. Now, he said, members are concerned that Justice's Office of Public Integrity is looking at possible connections between campaign contributions and official action. The investigations are warranted, Mann added, because "things got really out of hand" with members taking action on behalf of contributors or those provided gifts.

"If the Office of Public Integrity action is a bit strong, sometimes you have got to overreact to stamp out a practice that is truly noxious," he said.

Word about the various investigations has been trickling out in news reports for months. Authorities want to know whether Representative Alan B. Mollohan, a West Virginia Democrat and Appropriations Committee member, used his clout to hand government contracts to nonprofit groups run by his friends; whether disgraced former GOP lobbyist Jack Abramoff bribed Representative Bob Ney, Republican of Ohio; and whether the House Appropriations Committee chairman, Jerry Lewis of California, also a Republican, improperly awarded contracts sought by a lobbyist who has been linked to Cunningham.

DOJ_NMG_0029106

The anxiety level in Congress increased this week after the House Ethics Committee -- long criticized for its reluctance to investigate members -- announced that it was looking into the behavior of Ney and Representative William J. Jefferson, a Louisiana Democrat who is suspected of receiving bribes.

All of the members under scrutiny have denied wrongdoing.

Perhaps most significant, the Ethics Committee said it will examine the Cunningham case to determine "whether other House members or staff are implicated." The committee said it would check out allegations that members and staff received "hotel rooms, limousines, and other services in exchange for performing official acts"

Though Cunningham and Wade both pleaded guilty, federal officials also want to know whether a second unnamed defense contractor may also have wooed congressmen, other defense contractors, and the CIA's third in command with poker parties, a hospitality suite, and possibly prostitutes.

The totality of these investigations marks one of the Justice Department's most concentrated public corruption efforts in recent history.

In a speech last week in San Diego, FBI Director Robert S. Mueller III said the bureau has made those cases its top priority. "More than ever, the FBI must be actively engaged in combating public corruption," Mueller said.

Though Cunningham reportedly is not cooperating with investigators, prosecutors last week asked a judge to delay Wade's sentencing because they expect his "cooperation will continue for quite some time."

Cunningham, a decorated Vietnam War veteran, was so aggressive in seeking bribes that he kept track of them on his House stationery, court papers said. One notation says that in exchange for a $16 million defense contract, Cunningham expected to receive $140,000. An additional $1 million on that project would cost the contractor another $50,000 bribe, according to court documents.

In all, Cunningham took in at least $2.4 million since 2000, in part through a $700,000 profit on the sale of his relatively modest California home, a transaction that tipped off investigators, according to court records. Besides cash, contractors bribed Cunningham with top-of-the-line cars, a yacht, and antique furnishings for his new $2.5 million mansion. Wade, prosecutors say, was Cunningham's chief benefactor, even paying $115,000 toward the congressman's capital gains tax.

"Cunningham grew to expect luxury," prosecutors said in court documents. "His coconspirators eagerly plied him with it."

Having won over Cunningham, Wade set his sights on Congress members Harris and Goode, according to court documents.

Wade wanted Harris -- the former Florida secretary of state who had a pivotal role in the disputed 2000 presidential election who is now running for US Senate -- to request an earmarked appropriation allowing MZM to build a Florida facility, the court records say. A few days after paying for Cunningham's Miami Beach trip, Wade gave some of his MZM employees and their spouses $2,000 each, reimbursement for checks they'd write to Harris's 2004 House campaign.

"The employees [then] delivered the checks to Wade, who personally handed them" to Harris, the court documents say.

In early 2005, Wade met Harris for dinner at Washington's posh Citronelle restaurant to discuss a fund-raiser for Harris and whether Harris could get federal money for an MZM facility in her district, according to the Orlando Sentinel. Wade picked up the $2,800 dinner check, a violation of House ethics rules if Harris's portion of the meal was worth more than $50. Harris has said she didn't eat or drink much at the dinner and that she thought her staff had paid for her share.

In a written statement to reporters, Harris acknowledged that she and Wade talked business and that she later requested but couldn't get a $10 million appropriation for the MZM project, which she thought would create local jobs. A spokesman would not say whether Harris was present when Wade handed over the $2,000 checks for her campaign.

Wade also arranged for Goode's reelection campaign to get big checks. Court records say that in March 2005 Wade gave money to his associates, who in turn became what the government calls "straw donors," contributing at least $46,000 of Wade's money to the Virginia Republican. Wade then asked Goode and his staff for federal money to build an MZM facility in Goode's district. In June 2005, Goode's staff "confirmed to Wade that an appropriations bill would include $9 million for the facility and a related program," according to court records.

In an e-mail to the Globe, Goode said he has no problem discussing a federal contract with such a big campaign contributor. Asked what he believed Wade wanted after MZM employees contributed so much money to his campaign, Goode responded, "I'm a strong supporter of 'Buy American' and a promoter of the Fifth District of Virginia in which MZM facilities were located."

Wade's unnamed, unindicted coconspirator, whom news reports identified as Brent Wilkes, a onetime associate of his, also allegedly paid Cunningham more than $600,000 to get defense contracts. Wilkes ran a company called ADCS Inc., which got tens of millions of dollars in contracts to transform the Pentagon's paper documents into computer files; court documents say that Cunningham had a hand in getting ADCS hired.

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Wilkes's name surfaced again recently because he reportedly attended poker parties at the Watergate that included members of Congress, defense contractors, and Kyle "Dusty" Foggo, the third-ranking leader at the CIA who resigned last week.

White House Knew Of Payments For Tobin's Defense (NHUL)

By John Distaso

New Hampshire Union Leader, May 19, 2006

The former Chairman of the Republican National Committee remembers telling someone at the White House that he had decided to have the RNC pay the legal defense bills for convicted phone-jamming conspirator James Tobin, but he can't remember who.

Ed Gillespie told the New Hampshire Union Leader yesterday he informed the White House after he decided to authorize payment.

The Washington Post reported on Wednesday that Gillespie told its reporter that he had "informed the White House, without seeking formal approval, before authorizing the payments."

Gillespie told the Union Leader the two accounts were "consistent" because he decided to authorize the payments before telling the White House and actually authorized the payments after telling the White House.

But state Democratic Chairman Kathy Sullivan called what she viewed as a change in Gillespie's account troubling. If the White House was informed by Gillespie before he authorized payments, the White House could have had an opportunity to put a stop to it, and did not, she noted.

Democrats have long been trying to link the phone-jamming operation to the White House. The Senate Majority Project, a Washington-based research group with Democratic ties, has pointed out that court records show Tobin made about two dozen calls to the White House political affairs office on the day before, and the morning of, Election Day 2002.

Current RNC Chairman Ken Mehlman, who headed the White House political affairs operation in 2002, said his former office had nothing to do with the operation.

Telemarketers hired by the state Republican Party on the morning of election day 2002 placed hundreds of hang-up calls to Democratic Party and Manchester firefighters union offices to jam their get-out-the-vote telephone lines, an apparent effort to keep likely Democratic voters from the polls.

The key election that day was between Senate candidates Republican John Sununu, who won, and former Democratic Gov. Jeanne Shaheen.

Tobin was convicted of two telephone harassment charges for putting former New Hampshire GOP executive director Charles McGee in touch with former Republican consultant Allan Raymond, who in turn hired the Idaho-based telemarketer to jam the lines.

Tobin was sentenced on Wednesday to 10 months in prison and two years probation, and fined $10,000. McGee and Raymond have pled guilty to similar charges. McGee has served, and Raymond continues to serve, prison time.

The RNC paid only for Tobin's defense by the Washington law firm of Williams and Connolly.

Gillespie told the Washington Post this week he authorized the payment because Tobin "was accused of doing something in his capacity as an RNC consultant, and we believed him to be innocent."

Williams and Connolly began representing Tobin about the time he was indicted in December 2004. So far, the RNC has paid at least $2.8 million for Tobin's defense. He is appealing the conviction.

Gillespie yesterday told the Union Leader he could not remember who at the White House he informed of his decision to pick up Tobin's legal bills.

"I'm not going to guess," he said. "It was years ago, but as a matter of routine, I would have told somebody over there."

If someone at the White House had expressed displeasure with his decision, Gillespie said, "It was too late. I had made the decision and they were not involved in it."

Sullivan said she was "extremely troubled by the change in story. . .We have former RNC Chairman Gillespie changing his story from one day to the next about who had prior knowledge of the decision to pay Mr. Tobin's legal fees."

Michael Gehrke, executive director of the Senate Majority Project, has said he suspects Karl Rove may have been informed of the payments because "Rove was, and is, the Bush Administration's point person for all things political."

Rove is scheduled to be in the state on June 12 to keynote a fund-raiser for the New Hampshire Republican State Committee.

CDC Staffer Pleads Guilty To Fraudulent Claims (AJC)

By Bill Torpy

Atlanta Journal-Constitution, May 19, 2006

DOJ_NMG_0029108

A CDC director pleaded guilty in federal court Thursday to a charge of theft of government funds for padding her travel expense accounts by an estimaated $7,500.

Donna Stroup, 54, was director of the Coordinating Center for Health Promotion for the Atlanta-based Centers for Disease Control and Prevention.

Prosecutors say Stroup, over a three-year period, submitted dozens of fraudulent claims and altered receipts for expenses not covered by the agency. Often, she wrote off personal expenses as FedEx or copying charges.

One such expense for $106.22 was described as Powerpoint slides, when it was a purchase at Filene's Basement department store.

"It was repeated criminal acts, albeit small, by a high-ranking government official, so we had to charge her," said U.S. Attorney David Nahmias.

In 2004, Stroup was one of the authors of a widely reported study that said obesity was about to overtake smoking as the nation's leading cause of death. The CDC later had to issue a rare correction of the study, saying the numbers were overstated, blaming the error on computer software.

CDC spokesman Tom Skinner would say only that Stroup has submitted her resignation. She will be sentenced in July.

Shooter Languished Between Delusions, Despair (WP)

By Paul Duggan

Washington Post, May 19, 2006

In his lucid moments, Michael W. Kennedy longed to have his mental health back, saying he felt tortured by strange delusions and might kill himself to find peace, say teenagers who were close to him and an adult who has spoken with Kennedy's parents.

They said that when Kennedy, 18, fired more than 70 shots outside a Fairfax County police station last week, mortally wounding two officers, it marked the end of a half-year descent from normalcy to homicidal madness. His decline began suddenly in the fall, they said, with the unexplained onset of chronic severe headaches and bouts of sleeplessness.

One friend, Daniel Sforza, 18, who saw Kennedy late in the summer before going away to college and then hung out with him in the fall on a weekend visit home, said he was stunned by the "drastic" change in his friend's mental condition. "Mike was totally different," Sforza said, recalling the bizarre, disjointed delusions that Kennedy rambled on about in the fall.

"I mean, totally off-the-wall different," Sforza said.

Before then, his friends said, Kennedy, who was killed by police during the attack, seemed healthy and content, a sociable teenager with a quirky, carefree personality. He was a gun enthusiast, they said, but did not fit the profile of a would-be mass murderer. Far from being a brooding loner, they said, he had a wealth of friends at Fairfax's Westfield High School, from which he graduated last spring, and his behavior there never hinted at the trouble to come.

Late last year, as delusions haunted Kennedy more and more, his friends said, he agonized in moments of clarity.

"It seemed like he was two personalities," said a former girlfriend, now 17, who did not want her name published for privacy reasons. She stayed close with Kennedy to the end. "He could be this crazy-talking person. And then he would come back to his normal self and be like, 'I can't live like this! Something's wrong with me!' "Headaches, Insomnia, Ramblings

When his mental problems took hold in the fall, Kennedy, an aspiring graphic artist, was a student at Northern Virginia Community College in Manassas.

"We can't put a finger on any one moment or cataclysmic event that started the downfall," said the adult who has talked regularly with Kennedy's parents since the shootings.

Speaking on condition of anonymity because the attack is being investigated by police, the parents' acquaintance said that Kennedy's headaches and insomnia were aggravated by the delusions. During those spells, which grew more intense and prolonged over the winter, he rambled incoherently about God, Hitler, aliens and a coming apocalyptic battle in which he was destined to play a key role, his friends said.

Through all this talk of an epic struggle for dominion over the Earth, Kennedy's friends said, they never heard him threaten to attack the police or anyone specifically. However, the former girlfriend said, "you knew in the back of your mind that if he honestly thought he was talking to God, then he might do something dangerous."

His parents, Brian and Margaret Kennedy, were distraught over their son's worsening condition and took him to "a number of doctors" for a variety of tests, including at Prince William Hospital, the Woodburn Center for Community Mental Health in Annandale and Potomac Ridge Behavioral Health Center in Rockville, the adult acquaintance said. He said Kennedy was given medication, but he did not know exactly what kind.

Brian Kennedy is a meat manager at a supermarket, and his wife works in an optical store. Within the limits of their health insurance, the acquaintance said, the parents "went everywhere they could" in search of help for their only son.

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"From the parents' standpoint, they were never given a diagnosis," he said. "They were never told what was wrong with him. Nobody figured it out."

Several of his close friends, as well as the adult acquaintance, said that when Kennedy's delusions subsided and he could think relatively clearly, he openly anguished over his mental problems, telling people he desperately wanted to be normal. They said he often talked of killing himself as an escape.

"He would tell his parents that he couldn't go on anymore unless he got some help," the acquaintance said. The ex-girlfriend said, "He told me he was going to shoot himself, and then he had some revelation where he decided not to."

Another friend, also a teenage girl, said: "One time he told me he was thinking about hanging himself. But he didn't do it because he thought God wouldn't let him do it, that God would . . . hold him in the air and not let him suffocate."

Instead of committing suicide, Kennedy armed himself May 8 with seven guns, carjacked a minivan, drove into a parking lot reserved for police personnel at the Sully District station in western Fairfax -- a few miles from his Centreville home -- and opened fire with an AK-47-style assault rifle and possibly two other weapons.

Detective Vicky O. Armel, 40, died that day. Officer Michael E. Garbarino, 53, died early Wednesday.

Kennedy's parents, who have not spoken publicly about the attack, left their Centreville townhouse after the shootings and went into seclusion with their other child, a 9-year-old girl. As of yesterday, authorities said, the couple also had not talked with Fairfax police detectives, who have repeatedly sought to interview the Kennedys about their son.

When police searched the unoccupied townhouse after the shootings, they said, they found nine guns strewn about the home. As for why the parents kept firearms, given their son's mental state, their attorney has said in a statement that the guns had been locked in two containers. "The family can only surmise that their son broke into one of the containers" before going to the police station, the statement said.'He Couldn't Figure It Out'

At Westfield High, Kennedy "was always a little eccentric," said the former girlfriend, echoing others. "Not weird in a bad way," she said. "Just weird like in, you know, everybody's trying to find their own individuality."

Kennedy was artistic and a military buff, an offbeat kid who often dressed in camouflage pants and combat boots, knew a great deal about guns and devoted a lot of time to the student literary magazine, Calliope, contributing photos and computer graphics. As a senior, he managed the magazine's twice-yearly "coffeehouse," a fundraiser featuring music and poetry readings. "He was really into that," the ex-girlfriend said.

In the fall, he enrolled in community college as a liberal arts major. The college would not disclose his grades, but Sforza, a student at Virginia Commonwealth University, said Kennedy told him in Internet chats "that he wasn't doing well at all."

And it was easy for Sforza to see why, when he came home from VCU in Richmond one autumn weekend and realized that his friend was losing his grip on reality.

"He really wanted all these thoughts to end," Sforza said. "He wanted to figure out the problems and why he was thinking this way. . . . He couldn't figure it out."

Kennedy, who had a part-time job at a CVS, stopped working near the end of the year and gave up on college. When he talked with friends while in a delusional state, they noticed that his fantasies were becoming more intricate and bizarre. At other times, when he seemed fairly rational, they could tell he was sinking deeper into despair over his problems.

In February, after he shot and wounded his family's dog, Duke, Kennedy told the ex-girlfriend that he had planned to commit suicide but experienced a religious revelation that changed his mind. He said the gun went off accidentally as he was putting it away and Duke, a spaniel, was hit.Psychiatric Centers and Jail Cells

Winter became spring, and his descent accelerated, his friends said. Although medical tests, including a CT scan, found no clear physical abnormalities, Kennedy's parents "are still thinking it was some kind of brain tumor" that caused his erratic behavior, the adult acquaintance said. He said the couple has not seen a report of their son's autopsy.

On April 16, Easter, he said, the parents took Kennedy to Woodburn, an outpatient facility. After being examined and sent home with medication, Kennedy was back at the center two days later. That time, the acquaintance said, Woodburn officials called other psychiatric facilities to find a bed for him and arranged for him to be admitted to Potomac Ridge. "His mother drove him straight there," the acquaintance said.

He stayed at Potomac Ridge for about seven hours April 18 before climbing out a window in the early evening. After carjacking a Toyota by bluffing that he had a gun, he drove from Rockville back to Centreville, to the ex-girlfriend's house.

"He just started going off on one of his weird conversations," she said. It was past 9 p.m. as they stood in her driveway, the Toyota parked at the curb. "He right away told me he stole the car. He said he had gone to some mental hospital and was being treated like an animal, and he couldn't stand being there." She urged him to surrender to police. "I yelled at him a little bit, but I didn't want to get him mad, because I was really afraid."

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Kennedy then drove to the home of another friend, Brendan Baker, 18. "When I opened the door, he goes: 'Brendan! It's time! It's time!' " Baker asked, time for what? But he got no clear answer. "He just started talking crazy stuff. . . . Then he said all he wanted to do was die."

Baker said he and two other young people at his home persuaded their troubled friend to turn himself in, and those two teenagers followed Kennedy as he drove to the Sully station.

The experience of being locked up seemed to aggravate Kennedy's mental instability, said his friends and the acquaintance who has spoken with his parents. Besides his brief stay at Potomac Ridge, Kennedy spent about 66 hours in the Fairfax County jail, then a night in a Montgomery County cell after he was extradited there on the carjacking charge, before he was released on bond April 22.

In the final two weeks of his life -- as Kennedy reached out more often to friends on the Web, by phone and in person, at all hours -- he complained bitterly about the treatment he had received behind bars. But it was hard for those listening to discern which stories were true and which were products of his increasingly confused mind.

Brendan Cowan, 21, was among the last to see him. He picked up Kennedy at his home Saturday morning, May 6, and they drove to a Starbucks.

Cowan, a devout Christian, said he asked Kennedy whether he thought Satan was responsible for his visions. Kennedy shrugged, listlessly, and gestured to pedestrians and motorists. "He said that when he looked at all these people, it was like looking at dead people," Cowan said. "He would look into their eyes, and their eyes were just solid white, like they had rolled back into their skulls."

He said Kennedy sounded "really, really saddened by what he saw."

Satan was in his thoughts two days later. Before he gathered up the guns, carjacked a minivan near his home and drove to the Sully station, Kennedy messaged Sforza in his VCU dorm room, and the two chatted for a while on the Web.

"He told me he wanted to get an exorcism," Sforza said. This was about an hour before the 3:52 p.m. shootings. "And I was like, 'Do they even still do exorcisms?' We joked around a little bit. . . . I don't really remember how we ended the conversation. . . . We really didn't say goodbye. It was like we just stopped talking."

Sforza said he went back to his schoolwork, untroubled. The chat had not been much different from many others between him and Kennedy in past months.

"When I would talk to him," Sforza said, "I often felt like he thought he was at war with the world. It was him versus everyone else, because no one else understood what was happening to him."

Law Officer Shot Many Times (MCA)

By Chris Conley

Memphis Commercial Appeal, May 19, 2006

A deputy U.S. marshal was shot numerous times by Memphis police before dying in an exchange of gunfire, a Shelby County Medical Examiner's report revealed Thursday.

Mary Fisher, 46, died Sunday morning after she began shooting at two police officers in the driveway of her Cordova home at 1143 Palmina Cove.

Investigators hadn't determined how many times officers shot at Fisher, but said she fired at least several shots, some apparently after she was wounded.

Officer Patrick Taylor was hit twice in the leg. He and a second officer remain on routine leave with pay while an investigation into the shooting continues. The name of the second officer has not been released.

The circumstances that sparked the shooting remain a mystery, and Shelby County Sheriff's deputies hope toxicology tests will help.

They said, however, that there were no indications from inside Fisher's home that she was on medication, no pill bottles.

"We want to know what happened," said Marshal David Jolley, who is in charge of the West Tennessee office.

Fisher was assigned to the Memphis office in the early 1990s, but in 2001 was promoted to the position of district supervisor and transferred to Texas. She was a lieutenant colonel in the Army Reserves.

Most recently, she had been assigned to the Office of Emergency Management, a unit of Homeland Security.

"She seemed to have it under control. Nobody saw it coming," said Jolley. "She was a very private person."

Those who knew her said she had recently gone through a divorce and custody dispute over a minor daughter.

Sheriff's deputies got a 911 call from Fisher's home about 10 p.m. the night before her death and found some of her co-workers there. They told the deputies that Fisher had been "delusional" and that she had driven off in her white BMW.

Through the night, police searched for her, and put out bulletins to all the surrounding police agencies.

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Her co-workers called her repeatedly on her cell phone. She answered the telephone several times, Jolley said, but would not listen to pleas to come home.

She also would not tell her fellow marshals where she was.

"They could not get a fix on her," Jolley said. "She wouldn't tell them anything."

Eight hours later, two Memphis officers working a wreck at Germantown and Macon noticed a white BMW driving erratically. They called other officers, who tried unsuccessfully to pull her over, and followed her into her driveway.

There, she refused to get out of her car. She then leaned out and started firing, prompting a hail of gunfire in response.

The medical examiner's office ruled her death a homicide, indicating only that she died at the hands of another, and that it was not an accident.

Homeland Security Officer Charged With Murder In SoCal Killing (SFC/AP)

San Francisco Chronicle, May 19, 2006

(05-18) 05:06 PDT , (AP) --

SANTA ANA, Calif. — A Department of Homeland Security officer faces a murder charge in connection with a shooting outside his apartment after authorities dismissed a lesser charge as his trial was about to begin.

Douglas William Bates, 44, had been scheduled to go to trial Wednesday on a voluntary manslaughter charge, which carried a possible 11-year sentence.

He now faces a sentence of 40 years to life on a second-degree murder charge with a gun enhancement, authorities said.

"We didn't do it for the penalty but for the facts and the law," said Assistant District Attorney David Brent, who filed the charge.

Bates is accused of firing his gun outside his apartment at 20-year-old Bassim Chmait after a dispute with Chmait and his friends in February of 2005.

Chmait's friends told police that Bates pistol-whipped one of them and shot Chmait when he tried to intervene. Bates claimed that his gun went off when he was beaten by Chmait and his companions.

Bates was not arrested until five months after the incident when prosecutors took his case to a grand jury.

The last minute change did not sit well with Bates' attorney, Mike Cavalluzzi.

"To wait until now makes me question their motives," Cavalluzzi said. "If the district attorney had questions with the grand jury's finding they would've dismissed and refiled back then instead of allowing the case to proceed."

Bates worked at Los Angeles International Airport for the DHS. He was assigned to desk duty after the shooting. He is free on bond and is set to be arraigned May 31.

Judge: No Fast Track For Duke Rape Case (AP)

AP, May 19, 2006

DURHAM, N.C. (AP) -- One of three Duke University lacrosse players charged with rape wants the case resolved in time for the next school year, his attorney said in court Thursday. But the judge warned he will not fast-track the proceedings.

The case "is not going to jump ahead of the line and be handled any differently," Superior Court Judge Ronald L. Stephens said at a hearing for sophomore Reade Seligmann.

After the brief hearing, District Attorney Mike Nifong said that he intends to try all three players together and that he does not expect any trial to begin before next year.

Seligmann, 20, of Essex Fells, N.J., and Collin Finnerty, 19, of Garden City, N.Y., were indicted last month on charges of raping a woman who had been hired to strip at a team party in March. A third player, co-captain David Evans, was indicted on Monday.

"We want a trial as fast as we can," said Seligmann attorney Kirk Osborn. "This young kid wants to go to school in the fall, and he can't until this is resolved."

Seligmann was stoic as he entered the courthouse for his first court appearance, passing in front of TV cameras and photographers. He endured taunts from members of the New Black Panther Party, one of whom yelled, "Justice will be served, rapist!" The defendants are white, and their accuser is black.

The defendant was not asked any questions during the 20-minute hearing in the packed courtroom, and did not speak. Like the other defendants, Seligmann is free on $400,000 bail. The judge refused to lower that amount Thursday.

Seligmann's lawyer had planned to ask the judge for all evidence collected by the prosecution, but before the hearing the district attorney provided the defense with a copy of his entire case file, including 1,278 pages of evidence, two videotapes and a compact disc containing photos.

DOJ_NMG_0029112

Evans, the only defendant to speak publicly about the charges, has called the allegations "fantastic lies" and declared that he and the two other athletes are innocent.

Fugitive Financier Hinkley Turns Himself In At Mexican Border (DMR)

Des Moines Register, May 19, 2006

One of Iowa's most-wanted federal fugitives, a suspected millionaire swindler who disappeared nearly two years ago, has surrendered to federal marshals in Laredo, Texas, with only $40, a Mexican calling card and a pack of cigarettes.

Federal authorities say Scott William Hinkley Sr., 57, surrendered to U.S. Marshals at the Mexican border on Sunday.

Hinkley had been missing for nearly two years since he bolted from his Des Moines apartment with 33 months of probation left.

"On behalf of the plaintiffs, I'll be interested in talking with him," said Pete Cannon, a lawyer for investors who lost roughly $5.5 million when Hinkley's Iowa and Missouri Rural Investment companies vaporized in 2000. "We thought we had exhausted the asset trail," Cannon said. "But we'll take the opportunity to talk to him again."

Hinkley, a former Quaker minister turned housing financier, left his Oskaloosa home on a business trip in late June 2000 with a cargo that included boxes of company records and $175,000 in cash. While relatives publicly worried about his fate, Hinkley stayed hidden until he was discovered in October aboard a $1.3 million yacht in the Caribbean, along with a rifle and some diamonds.

Hinkley pleaded guilty in 2001 of money laundering and mail fraud and was sentenced to 3 years and 11 months in federal prison. He was released in March 2004 and had 33 months left on his prole when he vanished from his Des Moines apartment, probably in late June 2004.

U.S. Marshals in Des Moines on Thursday did not return an after-hours telephone calls seeking more information about Hinkley. A news release from Texas said marshals received a tip on May 10 that Hinkley might be in Mexico. While that lead was being investigated, Hinkley "crossed the border" on Sunday and "identified himself to U.S. authorities as a U.S. fugitive," according to the statement.

Federal authorities last year said they had exhausted all leads in the search for Hinkley and presumed that he had was living off some previously hidden money.

Cannon said accountants hired by his firm recovered roughly $3 million but found evidence that most of the rest of the money was burned up in Hinkley's extravagant lifestyle. Hinkley's flight, Cannon said, "certainly leads one to believe there might have been some other assets out there, and we'll certainly take the opportunity to talk with him again."

Former Minister Surrenders On Texas-Mexico Border (AP)

By James Beltran

AP, May 18, 2006

DES MOINES, Iowa - A former Quaker minister convicted of swindling investors out of millions of dollars has been arrested on the Texas-Mexico border after evading authorities for almost two years.

Scott Hinkley served 47 months in prison for stealing an estimated $5.5 million from 330 investors in his Iowa and Missouri Rural Investment companies. He was released in March 2004 but missed an appointment with his parole officer four months later and had not been seen since.

Hinkley, 56, was arrested Sunday after crossing from Mexico into Laredo, Texas, and identifying himself as a U.S. fugitive. He had $40, a Mexican calling card and a pack of cigarettes, according to a U.S. Marshal's statement.

"A lot of people were hoping he would be arrested," said Deputy U.S. Marshal Mike Powell, noting that Hinkley was among Iowa's most wanted fugitives.

"He gave up. There is a lot of different speculation on why he did what he did. ... We had very few leads up until recently."

Marshals received a tip May 10 that Hinkley may have fled to Mexico. Four days later he surrendered at the Bridge of America, according to the U.S. Marshal's statement.

Powell would not say how much time Hinkley had spent in Mexico, but he did say there is speculation Hinkley had used some of the stolen money to support himself. He had hid the $5.5 million in at least 28 bank accounts, and authorities have said they are not sure if they located all the funds.

Hinkley was in federal custody Thursday in Laredo awaiting a transfer to Iowa.

Al Overbaugh, a spokesman for the U.S. attorney's office, said Hinkley's supervisory release may be revoked. A judge will rule on the punishment, though Overbaugh would not speculate on its severity.

"Every case is unique, and certainly his is unique," said Overbaugh. "He has quite a past."

DOJ_NMG_0029113

Authorities say Hinkley initially fled in July 2000 as his rural housing businesses were about to collapse. Leaving his wife behind, Hinkley took $175,000 in cash and some diamond jewelry. He was captured three months later aboard a $1.3 million yacht in the Caribbean.

Hinkley pleaded guilty to mail fraud and money laundering and was sentenced to 57 months in prison. He was released about 10 months early in March 2004 after he helped authorities investigate a Johnston stockbroker who was involved in the same scheme.

Lawyers for 330 investors involved in a Mahaska County lawsuit say they recovered more than $3 million of the stolen money by seizing bank accounts and selling assets such as the yacht.

Hinkley was a minister and college fundraiser in Indiana before moving to Iowa in the early 1990s. Until 1994, he was head of fundraising at William Penn University. He later became active in real-estate investment, offering "affordable, rehabilitated housing ... to low- and moderate-income people," according to company literature.

Feds Indict Fugitive Online Betting Operators (TWEB)

By Gregg Keizer

TechWeb, May 18, 2006

The Department of Justice on Wednesday announced a dozen money-laundering charges against the fugitive owners of an online gambling Web site who walked away with a quarter of a billion dollars.

"This indictment underscores the Justice Department's commitment to attacking illegal Internet gambling concerns by using federal anti-money laundering laws," the DoJ said in its statement.

William Scott and Jessica Davis laundered some $250 million raked in by their Internet betting site, which they sold in 2003 to an Australian company, Betcorp.

The pair, who have been on the lam since a separate 1998 criminal indictment in New York, walked off with their site's $250 million in profits. The government has attempted to freeze numerous bank accounts, but has been only partially successful; according to the DoJ, in 2003 it seized some $7 million out of $10 million Scott had in an account in Guernsey, a small island off the coast of France.

Scott and Davis have been charged with 12 counts of conspiracy, money laundering, and failure to disclose foreign financial accounts. The IRS is involved in the investigation because of the latter charge.

Scott, 65, remains in Antigua and Barbuda, a two-island Caribbean country east of Puerto Rico. Scott previously served time in federal prison for convictions on extortion, conspiracy, and racketeering charges.

Although Congress has considered legislation to ban online gambling, it has failed to move a bill. Opponents have argued that laws cannot stop Internet betting, since it can easily jump national borders.

Home Builder Charged In Alleged Fraud (KMBC)

By Jim Flink

KMBC-TV, May 18, 2006

OVERLAND PARK, Kan. -- A Johnson County man who was once the area's largest home builder has been charged in connection with a $25 million fraud scheme, KMBC's Jim Flink reported.

U.S. Attorney Eric Melgren returned an indictment Thursday against F. Jeffrey Miller, 45, of Stanley. Miller operated Miller Enterprises and Star Land Development.

Miller was charged with 60 counts, including conspiracy, bank fraud and money laundering.

The indictment describes Miller as the kingpin of an operation that included loan officers who forged signatures, appraisers who inflated values, realtors and developers -- all allegedly designed to con banks and down-and-out home buyers out of millions of dollars.

"Miller advertised that he could sell homes to buyers with credit problems who had little or no money for a down payment," Melgren said in a news release. "In fact, with the help of willing co-conspirators, he defrauded banks and coerced buyers."

The indictment claims the crimes allegedly occurred from 1997 to the present in Johnson County.

Eight other people have been charged in the case: Todd Earnshaw, 45, Overland Park; Brian Rouse, 36, Overland Park; Paul E. Nicolace, 50, Overland Park; Angela Parenza, 39, Kansas City, Mo.; Elizabeth L. Hessel, 46, Overland Park; James Moser, 62, Overland Park; Steve Middleton, 45, Stilwell; and Lanny Ross, 64, Leawood.

KMBC first reported the alleged scam five years ago when homeowners contacted Channel 9. The buyers were upset about crumbling homes that had cracked foundations, leaky roofs and leaky pipes.

Eventually, both the Kansas and Missouri attorneys general got involved. The buyers' complaints led to this week's federal indictments.

DOJ_NMG_0029114

Developer Charged With $25M Fraud Scheme (KCBIZ)

Kansas City Business Journal, May 19, 2006

The U.S. Department of Justice has charged a Kansas City-area builder with organizing a $25 million scheme to boost his business through conspiracy, bank fraud and money laundering.

The developer, F. Jeffrey Miller, 45, of Stanley, was charged in a 60-count indictment detailing crimes that allegedly occurred from 1997 to the present in Johnson County, the Justice Department said in a release Thursday.

According to the indictment, Miller operated Miller Enterprises and Star Land Development, which built and developed houses in the Kansas City area and was the largest building in the area in 1999 and 2000. Miller also started two companies, Associated Capital and Associated Finance, in June 1998 to prepare loan application for potential customers.

In the release, U.S. Attorney Eric Melgren said Miller advertised that he could sell homes to people with credit problems who had little money for a down payment.

"In fact, with the help of willing co-conspirators, he defrauded banks and coerced buyers," Melgren said in the statement.

Miller is charged with one count of conspiracy, 53 counts of bank fraud and five counts of money laundering. Miller also faces one count of criminal forfeiture, in which the government seeks forfeiture of proceeds traceable to the alleged crimes, including $25 million, a residence in Stilwell, Kan., and an airplane.

Among the acts prosecutors allege Miller undertook are:

· Defrauding financial institutions to make loans by using false and fraudulent pretenses and omissions of fact.

· Falsifying loan documents to qualify home buyers for mortgages for which they otherwise wouldn't have qualified.

· Providing home buyers with down payments and closing costs without the lenders' knowledge.

· Increasing the sales prices of houses at closing.

· Manipulating home buyers into moving into houses before closing to coerce them into accepting last-minute increases in the sales price at closing to avoid losing their homes.

· Selling houses at discount to investors without disclosing it to lenders.

Ex-N.C. Lottery Commissioner Indicted (AP)

By Gary D. Robertson

AP, May 18, 2006

RALEIGH, N.C. - A federal grand jury indicted a former state lottery commissioner on fraud charges Thursday, saying he failed to disclose his work for a leading supplier of scratch-off lottery tickets.

Kevin Geddings was indicted on multiple counts of mail and wire fraud. If found guilty, he could face up to five years in prison and a $250,000 fine for each charge, said U.S. Attorney Frank Whitney.

Telephone numbers for Geddings' cell phone and offices in Charlotte and Washington, D.C., were disconnected and he could not be reached for comment Thursday. A call to his home Charlotte was not returned.

He said in a voice mail message to The News & Observer of Raleigh he was "completely innocent" of the charges.

Prosecutors said Scientific Games or a consulting firm it acquired paid Geddings' public relations firm nearly $230,000 from 2001 to 2005, but that Geddings never disclosed his financial ties as required when he filled out a state financial disclosure form.

Geddings resigned from the newly formed commission Nov. 1, just after Scientific Games officials told him they planned to reveal their payments to him and questioned why he hadn't disclosed his work for the company.

"Geddings stated if he had turned over the recent payments from Scientific Games, he would not have been appointed commissioner," the indictment said.

His indictment is the first to come out of a federal grand jury investigating possible violations of the state's lobbying and campaign finance laws. Scientific Games has cooperated with the investigation, Whitney said.

Jury Hands Up Fraud (WINSSJ)

By David Ingram

Winston-Salem Journal, May 19, 2006

A federal grand jury indicted Kevin Geddings, a former N.C. Lottery commissioner, yesterday, charging him with fraud for what investigators said was an attempt to hide $228,796 in payments from Scientific Games Corp., a lottery vendor.

Geddings was a radio-and-marketing executive from Charlotte who was active in Democratic politics when he was appointed to the N.C. Lottery Commission last year. He was one of the panel's original members, after the historic approval of the state's first modern lottery.

The grand jury charged Geddings with five counts of mail fraud and four counts of wire fraud, according to a news release from U.S. Attorney Frank Whitney.

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"Geddings ... devised and intended to devise a scheme and artifice to defraud the State of North Carolina and the citizens of North Carolina of their intangible right of his honest service," according to the release, "by failing to disclose his conflict of interest arising from his nearly five-year financial relationship with Scientific Games relating to state lotteries."

The release said that the indictment "is part of an ongoing investigation" by federal and state authorities. It did not elaborate, but several lobbyists and state officials have appeared at the federal courthouse in Raleigh on days when the grand jury was expected to meet.

Grand jurors also issued a subpoena in October to the office of House Speaker Jim Black, D-Mecklenburg, who nominated Geddings to the lottery commission. The subpoena asked for documents related to Geddings and 27 other "relevant parties."

Geddings' indictment is the first that the grand jurors have issued in the investigation.

The Associated Press reported last night that Geddings left a voice-mail message with the Raleigh News & Observer saying that he is "completely innocent" of the charges. Ed Hinson Jr., a Charlotte lawyer who has represented Geddings, could not be reached for comment. Officials with the U.S. Attorney's Office also could not be reached.

Geddings was one of the nine original members of the lottery commission. Although he was appointed by Black, he had previously advised Lt. Gov. Beverly Perdue and the N.C. Senate Democratic Caucus and served as the chief of staff to former Gov. Jim Hodges of South Carolina.

Soon after his appointment in September, Geddings was forced to acknowledge a past business relationship with an executive at Scientific Games, one of the largest lottery operators in the country.

Geddings said he and the executive, Alan Middleton, had worked on several public-relations campaigns together, including one related to seat-belt use in South Carolina before Middleton joined Scientific Games. He said he had also rented office space to Middleton.

Geddings had not noted the relationship on the statement of economic interests required of many state officials. The statements are intended to uncover potential conflicts of interest, and Geddings had to file an amendment.

According to the U.S. Attorney's Office, his relationship with Scientific Games was far more extensive. Investigators say that Geddings worked for the company as far back as February 2001 and received $228,796.18.

They also say that, on Oct. 6, Geddings or one of his employees deposited a $9,500 check from Scientific Games into a bank account belonging to Geddings' advertising company. He mailed his economic-interest statement the next day.

Investigators say that Geddings intentionally hid the payments because he knew that they would disqualify him from serving on the lottery commission.

"(Please) never acknowledge by phone that sci games is a client," Geddings wrote to an assistant on Sept. 26, according to investigators.

No one from Scientific Games returned a call for comment on the indictment yesterday. The news release from Whitney said that the company began cooperating with investigators in October.

In the first disclosure of payments to Geddings, company officials said Nov. 1 that they had paid him and his firm $24,500 in 2005 alone. He resigned from the lottery commission within hours.

In a letter to the N.C. Board of Ethics after Geddings resigned, Hinson, as Geddings' attorney, said that Geddings didn't mention his work for Scientific Games because he explicitly terminated the relationship when he was appointed to the lottery commission.

Hinson said that Geddings "deeply regrets not having made more complete voluntary disclosures, and that is why he resigned."

Julie Robinson, a spokeswoman for Black, reiterated yesterday that Black did not know the extent of Geddings' relationship with Scientific Games before appointing Geddings to the commission.

"Had the speaker known the details and exact timing of his relationship with the lottery company, he would never have appointed him to the new lottery commission," Robinson said in a news release.

LA Police: Two Women Under Arrest In Life Insurance Fraud Case (AP)

By Daisy Nguyen

AP, May 18, 2006

LOS ANGELES - Two women in their 70s were arrested Thursday for investigation of insurance fraud after they collected more than $2 million in benefits from policies issued on the lives of homeless men who were killed in hit-and-run crashes, authorities said.

Police believe the women may have committed the fatal accidents and were befriending other men to set up more insurance policies.

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"Anyone would think that even though they're making financial gains for this, that they would leave the actual dirty work to someone else or hire someone," police Detective Dennis Kilcoyne said at a press conference. "We're not so sure about that anymore."

Helen Golay, 75, and Olga Rutterschmidt, 72, allegedly paid for the men to stay in apartments for as long as two years, police said. In exchange, they obtained the victims' signatures and opened more than a dozen life insurance policies that named the women as beneficiaries.

In the November 1999 and June 2005 hit-and-runs, both victims were struck in street alleys in the early morning hours and no witnesses were found, police said. In both cases, Golay and Rutterschmidt came forward claiming to be relatives or fiancees of the men.

"These women were preying and profiting from the most vulnerable victims of our society," said Michael Ingram, a bureau chief with the state Department of Insurance.

Golay and Rutterschmidt, described by authorities as longtime friends, appeared in federal court Thursday and were ordered held without bail. They were each indicted on eight counts of mail fraud for making false insurance claims, said assistant U.S. attorney Jason Gonzalez. Each face up to 160 years in prison if convicted of all counts, he said.

"We're focusing our direction directly at Helen and Olga for the murder aspect of the investigation," Kilcoyne said.

Their arrests came after authorities searched two locations Thursday morning and arrested Rutterschmidt at her home in Hollywood. Golay was arrested at the triplex she owns in Santa Monica, police said. Their assets were frozen, said FBI special agent Herb Brown.

Both women were retired; Golay was in real estate and Rutterschmidt used to own a coffee shop, said police Detective Rosemary Sanchez.

Police traffic investigators discovered the alleged scam when they were looking into a fatal hit-and-run accident last fall. One investigator had mentioned the case of two women who had taken out large life insurance policies on 50-year-old Kenneth McDavid when another investigator recalled working on a similar case in 1999, in which 73-year-old Paul Vados was killed.

When they compared notes, they found the beneficiaries in both cases were Golay and Rutterschmidt, and the victims were homeless men, police said. Investigators say the women filed $3.8 million in claims, but around $2.4 million was paid out before authorities contacted the insurance companies.

A former roommate of McDavid's told investigators Golay approached McDavid at a church and offered to get him off the streets if he would sign an application for a $500,000 life insurance policy, according to court documents. The roommate said Golay paid for McDavid's monthly rent at a Hollywood apartment.

When it became known that McDavid was sharing the apartment with others, the roommate said a woman named "Olga" showed up with an unknown man carrying a revolver, demanding the roommate leave.

Undercover officers who spied on Golay and Rutterschmidt in recent months saw them making contact with other elderly men, possibly to set up more life insurance policies, Kilcoyne said.

"We can't sit by and wait for something else to happen or another body is found in an alley," said Kilcoyne.

Dead Men Walking? Couple Found (CHSUN)

Charlotte (FL) Sun-Herald, May 19, 2006

ENGLEWOOD -- The local couple feared dead have been found in Tennessee -- in the hands of the U.S. marshals.

Bob Carpenter, spokesman for the Charlotte County Sheriff's Office, said Thursday the Englewood couple reported missing and endangered were detained Wednesday night by police near Nashville, Tenn.

Carpenter said Shannon Gordon was arrested Wednesday for violating her probation.

Nathan Myers, 23, meanwhile, was detained by authorities, but later released.

"They're both alive," Carpenter said.

On Tuesday, a family member for Myers filed a missing endangered adult report with the Sheriff's Office. The report said the couple had been missing for about a week, and family members had received anonymous calls saying Gordon had been beaten up and Myers had been killed.

The callers said Myers was beaten to death near Pine and Fourth streets before being buried near a local preschool. Neither one had been heard from since.

"It looked a little strange," Carpenter said.

Carpenter said the Sheriff's Office's "Be On the Lookout" for the couple has been canceled.

Reports Of Shredding Lead To Subpoenas For University (NYT)

By Ronald Smothers

DOJ_NMG_0029117

New York Times, May 19, 2006

NEWARK, May 18 — Federal prosecutors subpoenaed a wide range of documents on Thursday from the southern campus of the University of Medicine and Dentistry of New Jersey as part of their investigation into allegations of corruption and patronage at the institution, a lawyer for the university said.

The action came one day after F.B.I. agents raided the state university's 366-student Stratford campus to stop the shredding of documents in the office of Warren S. Wallace, the senior associate dean for academic and student affairs at the School of Osteopathic Medicine. University officials in Newark and officials in the office of a federal monitor overseeing the institution were alerted to the shredding by a call to a hot line set up to aid in the inquiry, said John Inglesino, a member of the monitor's staff.

Anna Farneski, a spokeswoman for Bruce C. Vladeck, the university's interim president, said, "We've had an inquiry from the U.S. attorney's office and we've responded as quickly as we can, as always."

Walter Timpone, a lawyer for the university, said the United States attorney's office "followed up today with a catch-all subpoena to see if there was anything that they missed."

Shortly after the call to the hot line but before federal investigators arrived on Wednesday afternoon with subpoenas for documents, Dr. Vladeck's office ordered the shredder in the Stratford office to be unplugged and all documents, shredded or not, to be secured, Mr. Inglesino said.

News of the shredding was first reported on Thursday in The Star-Ledger. The office of Christopher J. Christie, the United States attorney in New Jersey, had no comment. Without offering specifics, Mr. Inglesino said investigators for the federal monitor and the United States attorney are looking at Mr. Wallace, the senior associate dean. He said they are also examining the university's hiring of State Senator Wayne R. Bryant of Camden to a $38,220 a year job, and investigating whether the former dean of the osteopathic school, Dr. R. Michael Gallagher, pressured accountants to falsify financial reports and spent thousands of dollars of university money on lavish perks.

Senator Bryant, a Democrat and the chairman of the Senate Budget Committee, resigned from his position as a program support coordinator at the university late last year, and Dr. Gallagher stepped down this year. Mr. Bryant has denied any wrongdoing, and Dr. Gallagher has declined to comment.

Mr. Wallace, a Gloucester County freeholder and a commissioner on the Delaware River and Bay Authority, could not be reached for comment. His lawyer, Carl Poplar, did not return calls to his office.

Mr. Inglesino said that the shredding occurred just two days after the federal monitor's own investigators interviewed people at the Stratford campus. He said the entire university staff of 15,000 had been issued a blanket order not to destroy or shred documents. He said his office and Dr. Vladeck's office had been told that the items that being shredded at Mr. Wallace's office were merely faxes of documents whose originals were in the office.

But Mr. Timpone, the university lawyer, said, "With the investigations out there of Bryant and Gallagher, anything being shredded would get noticed."

The university has operated under a federal monitor, Herbert J. Stern, since late last year, when Mr. Christie's office uncovered nearly $5 million in possible Medicaid fraud there.

Tacoma Man Gets Eight-year Sentence For Tax Fraud (PUGBIZ)

Puget Sound (WA) Business Journal, May 19, 2006

David Carroll Stephenson of Tacoma was sentenced to eight years in jail for conspiring to defraud the United States and for not filing income tax returns for three years, officials at the Justice Department and Internal Revenue Service said Thursday.

Stephenson, 50, was also ordered to pay $8.5 million in restitution to the IRS, they added.

According to the government, Stephenson formed and operated "pure equity trusts," where he told his clients to place their money so they could avoid paying income taxes. More than 400 of the trusts were sold by Stephenson and his associate, Michael Joseph Shanahan, for more than $2 million, the government said. Shanahan has pleaded guilty in connection with the case and is scheduled to be sentenced next month, government officials added.

"Mr. Stephenson's sentence should serve as a warning that taxpayers should be wary of tax planning arrangements that claim to drastically reduce or eliminate their tax liability while still allowing them unlimited access to their money. Quite simply, these arrangements are illegal," said John Imhoff Jr., acting IRS chief, criminal investigation, in a statement.

Former Old Mutual Manager Pleads Guilty To Fraud Charges (BALBIZ)

Baltimore Business Journal, May 19, 2006

A former employee of Old Mutual Financial Network in Baltimore has pleaded guilty to charges that she defrauded Old Mutual and banks of more than $850,000.

DOJ_NMG_0029118

The U.S. Attorney's Office said Thursday that Bryn D. Phillips, 30, pleaded guilty to one count of bank fraud and one count of mail fraud. In a statement of facts that was part of the plea agreement, Phillips admitted that she obtained more than $700,000 by falsely representing to Wachovia Bank that she had authority to transfer money from Old Mutual bank accounts into accounts that she controlled, prosecutors said.

Prosecutors also said Phillips admitted that she used a company credit card to buy herself more than $150,000 worth of goods, including a $4,000 pink mink jacket, professional basketball tickets and two Louis Vuitton handbags.

Phillips was treasury operations manager at Old Mutual Financial Network -- a Baltimore-based network of life insurance companies -- from May 2002 until January 2005. She used the names and passwords of employees she supervised to make the wire transfers between bank accounts, prosecutors say. Phillips initially submitted reimbursement requests for the company credit card to other Old Mutual employees, later reviewing and authorizing the card payments herself, according to prosecutors.

Phillips was indicted in December on nine counts of bank, mail and wire fraud. She had pleaded not guilty to all charges in January.

Phillips is scheduled to be sentenced in August. She faces a maximum sentence of 30 years in prison, a $1 million fine and 5 years' probation on the bank fraud charge. The mail fraud charge carries a maximum sentence of 20 years in prison, a $250,000 fine and four years of supervised release. Under the plea agreement, she is also liable for forfeiture of the $860,000 that was illegally obtained, prosecutors said.

Assistant U.S. Attorney Harry M. Gruber is prosecuting the case, which the FBI and U.S. Postal Inspection Service investigated.

The Old Mutual Financial Network includes Fidelity and Guaranty Life Insurance Company, Americom Life and Annuity Insurance Company and Fidelity and Guaranty Life Insurance Company of New York. It is a subsidiary of London-based financial services company Old Mutual plc.

Taping Of Police Interviews Sought (LAT)

By Peter Y. Hong

Los Angeles Times, May 19, 2006

A state commission Thursday called for police to tape interrogations of crime suspects in serious felonies and to videotape homicide interrogations. The proposal is meant to prevent wrongful convictions.

Former Atty. Gen. John L. Van de Kamp, chairman of the California Commission on the Fair Administration of Justice, said the proposal could prevent intimidation by interrogators while also protecting police from false misconduct charges.

The panel called on the Legislature to mandate the taping through a new statute. Under the law, if interrogations are not recorded, jurors would be instructed to view confessions with caution.

The commission will hold a public hearing on the proposed law in Los Angeles in June.

Van de Kamp said the cost to police departments of implementing the program could be offset by avoiding lawsuit payouts to wrongfully convicted people. "It only takes a couple of big ones to make this cost-effective," Van de Kamp said.

Los Angeles County Dist. Atty. Steve Cooley expressed initial support for the idea. "In general, memorialization of contacts between a suspect and law enforcement investigators is helpful. A videotape is a step above audiotape in terms of its evidentiary value to prosecutors and, ultimately, to jurors," he said.

Santa Monica defense lawyer William J. Genego, who represented a man wrongly convicted because of a false confession, praised the idea. "It would be an excellent reform that would help everyone in the process: the suspect, police, courts and the public."

The Legislature established the commission to study the administration of justice in California and "determine the extent to which it failed in the past." It has no enforcement powers and is limited to recommending reforms to state and local authorities.

CIVIL LAW:

Povich Lawyer Asks Court To Dismiss Case (AP)

AP, May 18, 2006

NEW YORK (AP) — Lawyers for television talk-show host Maury Povich have asked a court to dismiss a $100 million sex harassment lawsuit against him and members of his staff and to compel the producer who filed it to arbitrate the dispute.

Bianca Nardi, 28, of Fort Lee, N.J., complained in a lawsuit filed last month that some of her supervisors at The Maury Povich Show barraged her with sexual remarks and made her watch pornographic movies, wear revealing clothing and expose her body.

DOJ_NMG_0029119

Her court papers say she had an unfairly heavy workload because she did tasks that were supposed to be done by another producer, who had an intimate relationship with Povich and often refused to do her own work — without penalty.

Povich, whose show is produced by NBC Universal, is married to veteran television news anchor Connie Chung.

Elisabeth C. Yap, an NBC Universal lawyer, said in an affidavit dated Monday that Nardi's lawyer, Bruce Baron, was told in an April 14 letter that the producer's contract required her to arbitrate any claims arising out of any alleged discrimination or harassment.

Joe Schlosser, a spokesman for NBC Universal, said Thursday: "In response to the plaintiff's (Nardi's) complaint, we have filed a motion to dismiss the case and have asked the court to instead compel the plaintiff to arbitrate her claims as required by her contract."

Baron, Nardi's lawyer, said Thursday he found it "ironic and suspect" that anyone who is innocent of accusations of illegal conduct "would not embrace the opportunity to defend themselves in a court of law as opposed to bobbing and weaving and looking to silence this in some back room."

"My client looks forward to exercising her constitutional right to obtain justice in a court of law," Baron said.

The lawsuit names Povich, NBC Universal Television Inc. and Povich's production company, Mopo, among others, as defendants.

Amazon Patent For Online Orders To Get New Review (WSJ)

By Don Clark

Wall Street Journal, May 19, 2006

The U.S. Patent and Trademark Office has agreed to re-examine Amazon.com Inc.'s high-profile patent on "one-click" online shopping, after an actor from New Zealand claimed there were possible prior inventions in the field.

An examiner for the agency ruled that the re-examination requested by Peter Calveley had raised a "substantial new question of patentability" affecting Amazon's patent, according to a document outlining the agency's decision.

The "one-click" patent was granted in 1999 to inventors that include Jeff Bezos, Amazon's chief executive officer. It covers ways that Amazon lets customers shop without having to enter their shipping and billing information each time they purchase from the company's Web site.

The Amazon patent is one of the best-known patents on business methods, which have become a hot topic in recent debates over whether the U.S. patent system should be overhauled.

Mr. Calveley's re-examination request, filed in February, includes the citation of a 1998 patent that discusses a "single action" to be used in ordering an item, according to the patent examiner's decision.

Mr. Calveley, whose credits include motion-capture performances used with computer-generated characters in the "Lord of the Rings" movies, has written in his Web log that he decided to challenge the Amazon patent after an unsatisfactory experience with the time it took for the company to ship a book he had ordered. He used the blog to solicit contributions to help pay for the re-examination request.

Patricia Smith, an Amazon spokeswoman, said the company remains confident in the validity of the patent. "We welcome the opportunity to revalidate what we believe is an important innovation in e-commerce," she said.

The patent office's decision to re-examine a patent is the first step in what can be a lengthy process. Indeed, the process of studying other inventions in the field -- known by patent lawyers as "prior art" -- can actually wind up weakening claims that could be raised in any patent-infringement litigation.

"Plainly, there is risk to the patent, but if it survives re-examination, the patent should emerge as stronger," said Alan Fisch, an intellectual-property attorney with law firm Kaye Scholer in Washington, D.C., who isn't a party to the proceeding.

CIVIL RIGHTS:

Justices Find No Misconduct By Judge (LAT)

By Maura Dolan

Los Angeles Times, May 19, 2006

SAN FRANCISCO — The California Supreme Court on Thursday rejected claims that a judge advised a prosecutor to remove prospective jurors from a death penalty trial because they were Jewish.

The justices found insufficient evidence of misconduct by Alameda County Superior Court Judge Stanley Golde, who died in 1998. A misconduct finding could have led the courts to overturn dozens of death sentences.

DOJ_NMG_0029120

The court also discounted claims that the Alameda County district attorney had a policy of barring not only Jews but also African American women from death penalty juries.

A former Alameda County prosecutor had alleged that Golde, who was Jewish, had advised removing Jewish jurors because of their perceived aversion to the death penalty.

The case had stirred wide attention because of the charges of illegal bias in jury selection and because of a study that concluded there was less than a 0.16% chance that prosecutors removed Jewish jurors from capital cases for reasons other than religion in Alameda County between 1977 and 1987.

Lawyers in criminal cases are allowed to remove a limited number of jurors for tactical reasons, but cannot dismiss them because of their race, gender or religion, or for certain other characteristics.

Golde presided over more death penalty trials in his 25 years on the bench than any other judge in Alameda County, although he personally opposed capital punishment. The allegations against Golde arose in an appeal of a man he sentenced to death.

Former Deputy Dist. Atty. John R. Quatman told defense appellate lawyers that Golde gave him some private advice in his chambers during the 1987 capital trial of Fred Harlan Freeman, who was sentenced to death for robbery and murder.

"Judge Golde called me into his chambers and asked rhetorically, 'Quatman, what are you doing?' " Quatman said under oath. "When I asked what the problem was, he said I had not challenged a prospective juror who was Jewish."

Golde "asked me if I was aware that when Adolf Eichmann was apprehended after World War II, there was a major controversy in Israel over whether he should be executed," continued Quatman, who worked in the D.A.'s office for more than two decades and was friendly with Golde. "Judge Golde said no Jew would vote to send a defendant to the gas chamber."

Quatman said he thanked Golde for his advice and "thereafter excused any prospective juror who was Jewish."

"Actually," Quatman said, "Judge Golde was telling me what I already should have known to do. It was standard practice to exclude Jewish jurors in death cases; as it was to exclude African American women from capital juries."

Citing Quatman's remarks, defense lawyers filed a constitutional challenge to obtain a new trial for Freeman.

Faced with the explosive charges, the California Supreme Court asked a trial judge to hear evidence on the claims and report back.

After five days of testimony, Santa Clara Superior Court Judge Kevin Murphy found that Golde did not direct the prosecutor to excuse prospective jurors who were Jewish. Thursday's ruling relied heavily on his report.

"It remains to be explained why Judge Golde would have perceived a need to commit misconduct by advising Quatman how to pick a jury at this very early stage," Justice Marvin R. Baxter wrote for the state Supreme Court.

Baxter also said that Quatman's "character for honesty and integrity was poor."

A former colleague testified that Quatman exaggerated a lot, and if "it didn't serve his purpose, he wouldn't tell the truth." Other lawyers voiced similar concerns, but two testified that Quatman was honest.

Baxter pointed to evidence he said showed that Quatman had a motive for embarrassing his former boss, Alameda County Dist. Atty. Tom Orloff.

The court said Orloff had once disciplined Quatman for making disparaging remarks to a female subordinate and later refused to endorse him when he ran for judge.

"Unfortunately," Baxter wrote, "Quatman's bitterness did not mellow over the years."

Justices Carol Corrigan and Ming Chin, who had been prosecutors in the Alameda County D.A.'s office, did not participate in the ruling.

Quatman left the office in 1998 and now practices law in Montana. He could not be reached for comment, and the attorneys who argued the case also were unavailable Thursday.

Judge Rejects Selective Prosecution Claims; Dixon's Waltz Trial On For May 30 (MCA)

By Lawrence Buser

Memphis Commercial Appeal, May 19, 2006

U.S. Dist. Court Judge Jon McCalla today rejected former state senator Roscoe Dixon's claims of unfair selective prosecution and refused to delay his upcoming Tennessee Waltz public corruption trial.

In a motion filed last weekend, Dixon argued that eight of the 10 Tennessee Waltz defendants are black, including all three of the state's black senators.

McCalla said federal prosecutors have "broad discretion" to enforce federal laws within boundaries set by the constitution.

He said that Dixon's claim of race-based prosecution in the FBI sting operation is not supported by any evidence that there are non-black individuals who could have been prosecuted for similar offenses but were not.

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Dixon is accused of accepting $9,500 in bribes from undercover agents posing as businessmen seeking favorable votes to help their fictitious computer recycling company. His trial is set for May 30.

Judge Rejects Waltz Bias Claim (KNOXNS/AP)

By Woody Baird, Associated Press

Knoxville News Sentinel (TN), May 19, 2006

MEMPHIS — A federal judge Thursday rejected a claim that black lawmakers were targeted for prosecution in the Tennessee Waltz investigation.

Judge Jon McCalla rejected a petition to dismiss the bribery and extortion charges against former Sen. Roscoe Dixon, D-Memphis, or to delay his trial set for May 30.

In that petition, Dixon claimed he is the victim of selective prosecution because he is black.

He argued that federal agents pretending to be businessmen looking for legislative favors offered bribes to black lawmakers but not white members of the state Legislature.

That argument, McCalla said, was based on speculation and Dixon "failed to show the existence of any individuals who are not African-American and could have been prosecuted ... but were not."

Dixon also sought more access to government files to search for evidence of racial bias and for a trial delay until October. McCalla rejected those requests, too.

Tennessee Waltz focused on an FBI front company, called E-Cycle Management, that supposedly wanted to buy and resell used government computers. Prosecutors say undercover agents acting as E-Cycle representatives bribed lawmakers and local government officials while pretending to set up business in Tennessee.

Eight of the 10 defendants indicted so far in the investigation are black.

McCalla said Dixon offered no evidence to support his claim that the two white defendants, Sen. Ward Crutchfield, D-Chattanooga, and former Rep. Chris Newton, R-Cleveland, were charged in a "patently transparent attempt" to hide the government's racial bias.

Besides Crutchfield and Dixon, the defendants awaiting trials are Sen. Kathryn Bowers, D-Memphis; former Sen. John Ford, a Memphis Democrat; Shelby County Commissioner Michael Hooks and Calvin Williams, the Shelby commission's former top administrative officer.

Newton pleaded guilty to accepting bribes and is serving a one-year prison sentence. Myers and Charles Love, "bag men" who have pleaded guilty to passing along bribes, await sentencing.

William Cotton, a former county commissioner in Chattanooga, has been convicted of bribery and extortion and sentenced to three years in prison.

Voting Costs Inquiry Opens (AP)

AP, May 18, 2006

Secretary of State Betty Ireland is asking county clerks to submit detailed information about how much voting machine snafus cost them, her chief of staff said Thursday.

The information will be used to seek compensation from Election Systems & Software, the company that supplied new voting machines around West Virginia before the May 9 primary, Ben Beakes said.

"We need to get a true picture of what happened during this election,'' Beakes said. The letter the office was to send out Thursday asks clerks to respond by May 26.

Ireland complained to federal officials the day after the primary about ES&S of Omaha, Neb., blaming the voting machine vendor for "vast delays'' and "broken promises.'' Ireland sent a complaint to the federal Election Assistance Commission, created to help oversee the federal Help America Vote Act, and contacted the U.S. Justice Department.

ES&S has said it plans to discuss ways to improve the process for future elections with Ireland and other election officials.

The Secretary of State's Office also plans one-on-one training with county clerks to address technical issues with electronic touch screen and optical scanner voting systems.

Meanwhile, Wood County Clerk Jamie Six said Ireland's office added to the problems before the primary and ignored requests for help during the canvass.

A few days before the primary, Six said he was frustrated with e-mail directives from Ireland about voting machine tests. The tests Ireland wanted him to conduct on electronic voting machines were pointless and time-consuming, Six said. Other tests he conducted were sufficient.

Six said that when he tried to discuss the issue with Ireland's staff, they said they were not going to argue with him.

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"None of the staff, I believe, has ever worked in a real election. That has been real cumbersome for counties to overcome,'' Six said.

He also was upset by what he considered a lack of support from Ireland's office this week when he called with a problem during the county's vote canvass.

Six said he tried to arrange a conference call with county commissioners and the county prosecutor at a certain time, but Ireland's office left a phone message that it could not participate and cited a section of state law the county could refer to for help.

Six said he ended up finding out what he wanted to know from Cabell County, which has been using electronic machines for several years.

- advertisement -

"When you need their help, they are not there,'' Six said of Ireland's staff.

However, officials in Preston, Putnam and Upshur counties — all of which had problems before and during the primary — said Thursday their gripe is with ES&S, not Ireland's office.

Beakes said Ireland's staff tried to be responsive to Six, but no one in the office was available at the time Six wanted to have the conference call. The office gave the same law citation to other counties having similar problems and they were satisfied, Beakes said.

As for the pre-election testing, Beakes said the main problems on the day of the primary were with vote tabulation, not with the voting machines themselves. He said that proves the value of the tests Ireland wanted clerks to do.

Mom Won't Be Charged In Mall Flap (COLTRIB)

By Sara Agnew

Columbia (MO) Tribune, May 18, 2006

Charges have been dropped against a Columbia mother who was wrestled to the floor and handcuffed by Columbia police officers trying to contain a disturbance at the Columbia Mall.

The incident was one of several involving Columbia police and black residents described last month to a U.S. Department of Justice official during a meeting of the National Association for the Advancement of Colored People.

Columbia attorney David Tyson Smith said his client, Alva Scott, who is black, was simply trying to protect her children and leave the mall when officers prevented her from returning to her children, ages 2 and 8. Scott was eventually arrested and charged with trespassing, assaulting a police officer and resisting arrest.

The charges were dropped Tuesday afternoon in Boone County Circuit Court. Smith said a number of groups rallied behind his client, including members of the NAACP and other community members.

"It's been a very difficult time for Alva," he said, "but I'm proud of the support she has received."

Smith said he hopes attention brought to his client's case would prevent a similar incident in the future.

Assistant Boone County Prosecutor Connie Sullivan said she dismissed the charges because she didn't believe Scott's activity was criminal.

"She was just trying to get her little kids back," she said.

During the NAACP meeting last month, Smith said his client was shopping at the mall with her children when she heard about a disturbance in the Café Court. Worried about her teenage son and his friend, who were in the area, Scott hurried with her 2- and 8-year-olds to the Café Court to retrieve the older boys, Smith said.

When she reached the area, Scott spotted the boys and received permission from a mall security guard to enter and retrieve them, Smith said. But when she started toward the teens, she was stopped by a Columbia police officer, who pushed her toward an exit, Smith said.

But Scott's two younger children were still waiting for her, and she pleaded with the officer to let her go get them, Smith said. That's when the officer threw her to the floor and handcuffed her, Smith said. The teenage son and his friend also were handcuffed.

Smith said he is happy with the outcome for his client and credited the prosecutor's officer for "doing the right thing."

"I just hope it doesn't have to come to this again," he said.

Texans, Others Stall Voting Rights Renewal (DMN)

By Todd J. Gillman

Dallas Morning News, May 19, 2006

WASHINGTON – A revolt by Texas Republicans and other Southern lawmakers is threatening the Voting Rights Act, the landmark civil-rights law enacted to overcome the legacy of poll taxes and literacy tests.

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House leaders planned a routine vote this week to extend the LBJ-era law for 25 years, avoiding a potentially ugly eruption of racial politics.

But a Georgia-Texas coalition of conservatives slammed on the brakes, angry over the special regulatory burdens of the act.

Allies from across the South gathered Thursday afternoon to strategize and take stock of their initial victory – cancellation of the planned House vote this week.

For 40 years, Texas and eight other states have had to get permission for any change in election law or procedure, major or minor – from ballot design to precinct boundaries. Justice Department lawyers review proposals to guard against cloaked efforts to discriminate against minorities.

Parts of seven other states are also covered.

Fiercely contested congressional redistricting plans in Texas, Georgia and elsewhere have undergone that evaluation in recent years.

Although Democrats and civil-rights advocates haven't always been pleased with the outcomes, they still view the law as vital.

But opponents of a lengthy extension say the targeted states have made huge leaps since President Johnson signed the law in 1965.

"Why should one state have to live under a federal law when somebody a few miles away is exempt? All or nothing. It's an issue of fairness," said a senior Texas Republican, Rep. Henry Bonilla of San Antonio.

Civil-rights advocates are livid at the delay, and Democrats accuse the Southern Republicans of insensitivity.

"Every election we have lots of intimidation," said Rep. Eddie Bernice Johnson, D-Dallas, arguing that without the current protections, "the intimidation would be even more overt. ... Unfortunately, we still have people who'd rather not have minorities vote."

Rep. Lynn Westmoreland, a Republican from a mostly white district south of Atlanta, has led the resistance. "What we're seeing is a passionate response to this from the Georgia delegation and a growing insurgency within the Texas delegation as well," said his spokesman, Brian Robinson. "We're going to have big enough numbers to wage quite a battle."

The debate is laden with racial overtones and old wounds.

Republicans don't want to alienate black and Hispanic voters, and critics generally avoid outright demands to repeal the Voting Rights Act.

Instead they have framed the argument as an effort to modernize and take into account years of racial progress.

States that discouraged minority voters in 1964, 1968 or 1972 – with poll taxes, tests of "good character" or literacy – and also experienced low minority turnout have been subjected to federal oversight.

Blacks account for about one-third of Georgia's electorate, and roughly the same proportion of statewide elected officials, including the attorney general and chief justice.

Yet the state remains under supervision because of low minority turnout in the 1964 contest between Barry Goldwater and LBJ.

"We're going to be covered by this bill until 2032 based on who voted for Lyndon Johnson. Seriously," Mr. Robinson said. "Maybe there's a problem you didn't know about in Wisconsin, or Pennsylvania. Let those who have corrected the problems of the past go."

The critics want new evaluation formulas based on more recent elections, which would likely relieve Texas and most of the other states of their preapproval requirements, though a few states, including Nevada and California, could find themselves scrutinized more closely based on recent voting patterns.

President Bush called for renewing the Voting Rights Act in December and reiterated that stance three weeks ago, calling the act "a very important part of the civil-rights legislation. Everybody ought to be encouraged to vote."

House Judiciary Committee Chairman James Sensenbrenner, R-Wis., said the extension enjoys "broad bipartisan support," citing the 33-1 vote by which it cleared his committee last week. An aide said Thursday that a floor vote is expected soon.

Congress last extended the law in 1982. Mr. Sensenbrenner played a central role in persuading President Reagan to sign it. Last summer, the chairman promised the NAACP that he would secure another 25-year extension, and everything seemed on track two weeks ago when he joined the Democratic and Republican leaders from the House and Senate on the Capitol steps in a show of unity.

Behind the scenes, the revolt was gathering steam.

Texas Republicans, including most of the freshmen, signed on early. They brainstormed the issue at their weekly lunch last week, members said, and again Thursday.

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"If it's good enough for a handful of states, it's good enough for the whole country," said freshman Rep. Louie Gohmert, R-Tyler.

Rep. Kenny Marchant, a GOP freshman from Coppell, said Texans don't like being singled out and will fight to change that, though, "I don't think that necessarily means we'll vote against it [renewal of the act] if it isn't that way."

But legal scholars have warned that the Supreme Court could strike down expansion of the law, noting that decades ago, the court gave its OK in part because the law only targeted states with proven records of discrimination.

Rep. John Lewis, D-Ga., a lion of the civil-rights movement, called the delay an 11th-hour "attempt to dilute the Voting Rights Act. This act was good in 1965. It's effective. It was signed by President Lyndon Johnson, the man from Texas, and it made America a better place."

The Senate Judiciary Committee hasn't voted on the extension. Mr. Westmoreland's office says a number of Southern senators on the panel support the Georgia congressman's resistance effort.

Texas Republican Sen. John Cornyn, who is on that committee, has no problem with the delay.

"It doesn't expire until 2007. We've got some time to work on it," he said. "There's more than the Voting Rights Act at stake. There's political calculations going on, and I want to try and make sure I understand what that's all about."

He said he also shares concerns about another element of the law, one regarding language assistance. Jurisdictions with high numbers of people whose native language isn't English must print bilingual ballots. Some must also provide translators.

"In order to be an American citizen, you have to learn English. Why would we continue to publish ballots in a language other than English? ... That's a pretty compelling argument," Mr. Cornyn said.

But Rep. Solomon Ortiz, D-Corpus Christi, called the assistance vital given that citizenship requires only basic English proficiency.

"If we want to have these people emerge into our system," he said, "we need to also allow them to understand how our system works and have them understand what they're voting on."

Three Employees Allege Discrimination In DA's Office (JONND)

By Justin Boron

Jonesboro (GA) News-Daily, May 19, 2006

The Clayton County District Attorney's office has been hit with a trio of discrimination claims from current and former employees, at least one of whom has named the top assistant prosecutor in the office, John Turner, for retaliation and discrimination against a minority woman.

The allegations come during the first term of Jewel Scott, the county's first black district attorney. Scott hired Turner, who also is black, when she took office.

Two victims advocates — Andrea Rhymes, who is black, and Rebecca Miller, who is Latino — allege in formal complaints they were retaliated against. Rhymes alleges it was on the basis of race and a disability. Miller alleges it was on the basis of sex and national origin.

Terry Grandison, a former prosecutor who has resigned, acknowledged filing a complaint but wouldn't provide further information because he said the matter was still pending. He was hired by Scott in 2005.

Scott said she didn't see any validity in any of the complaints filed with the U.S. Equal Employment Opportunity Commission earlier this year.

"I haven't observed anything that can be construed as discriminatory, but certainly I'd be willing to sit down at the table and mediate," she said, explaining she was limited in what she could discuss about the cases. "I don't want anything I say to prejudice any kind of mediation effort.

"I would expect that they probably would have more to say because they're no longer with the office. But I want to have a fair opportunity to go in and mediate. Anything more that I would say would prejudice that process."

In a complaint filed in March, Rhymes says she was discriminated against because she is black, because she has a child with a disability, and because she opposed unlawful employment practices. Rhymes, a holdover from former District Attorney Bob Keller's administration, said she didn't want to comment because she is still employed at the district attorney's office.

Her complaint explains that she was transferred from her job as the juvenile court victim services coordinator after taking time off in January this year to be with her son during a surgery.

"Upon my return to work on Feb. 10, I was re-assigned to another position in another building and my hours were changed" and she was told by her supervisor Barbara Fernandez that she was moved "because I was never at work, I was attending school and I was not efficient in grant manager nor could she justify me working 40 hours a week."

Miller, a victim's advocate who was fired April 10, accused Fernandez of harassment and abuse, Miller's May 4 complaint shows. She was hired by Scott in June 2005.

The complaint also mentions Deputy Chief Assistant District Attorney John Turner. In an interview, Miller said Turner discriminated against her because she is a minority woman and also in retaliation for protesting what she claims as discriminatory treatment.

"I want the truth exposed, and I want my wrongful termination to be corrected," she said. "I want Ms. Scott to do the right thing."

Miller said Fernandez was condescending, saying things like 'it doesn't take a rocket scientist to do this.' There also is an issue over $750 to $800 worth of transcripts that Miller says her supervisor told her how to order. Miller said Fernandez denied the conversation after she ordered them.

Miller and Rhymes say they notified personnel officials in the county government of their problems.

County Commission Chairman Eldrin Bell said Tuesday he wasn't aware of the claims.

Because of confidentiality regulations, equal employment officials couldn't confirm a complaint was filed or discuss any aspect of any ongoing case.

Speaking generally, Bernice Williams-Kimbrough, the director of the Atlanta district of the EEOC, said claims against local or state government agencies could eventually reach the U.S. Justice Department if they aren't resolved through mediation or if an investigation finds evidence to support the discrimination claim.

ANTITRUST:

Justice Reviews Cape Utilities (SWFL)

By Don Ruane

Southwest Florida News-Press, May 19, 2006

The federal investigation of Cape Coral utilities contracts is being handled by the Antitrust Division of the Justice Department, The News-Press has learned.

The division enforces laws that protect competition in the marketplace.

"Let the chips fall where they fall. If there was a conscious effort to fix prices, that's a problem," Councilman Tim Day said.

The projects in question became controversial among residents. They turned out in large numbers at City Council meetings to protest the $12,000 assessments they received to pay for new water, sewer and irrigation lines. Some tried to stop the projects with a lawsuit.

The FBI is assisting, but the matter is being handled by the division's Atlanta office, said Carol Michalik, spokeswoman for the FBI's regional office in Tampa.

Michalik declined to talk further about the case.

"If a case is being investigated the FBI would not comment on it," she said.

Antitrust Division spokeswoman Gina Talamona said the division does not talk about specific cases. Generally, investigations that lead the division to seek criminal penalties or civil actions are heard in U.S. District Court.

The division also reports such actions on its Internet site.

Antitrust laws address practices that limit competition and can lead to higher prices and inferior products, according to the division's Web site. The Sherman Antitrust Act of 1890 prohibits competitors from fixing prices, rigging bids and other anticompetitive behavior. Violations can lead to a $100 million fine for a corporation and up to 10 years in prison for an individual.

"To my knowledge the city is not under investigation. I have not been contacted by anyone," said Mayor Eric Feichthaler.

The projects involved were managed for the city by Kellogg, Brown & Root and MWH Americas.

KBR has not responded to requests for comment. MWH declined to comment on the situation.

But the city will cooperate fully with any requests from the agencies, the mayor said.

City Council members have said the investigation has something to do with how contractors were selected to work on the Southwest One, Two and Three utilities extension projects. Those projects extended water, sewer and irrigation lines into portions of southwest Cape Coral.

Questions about the projects were raised during an audit approved by the City Council. Mike Kessler of Kessler International is conducting the audit and has refused to comment on it and the investigation. His final report is expected in July.

The city conducts audits of the utilities extension program each year.

"We'll have to see the final audit. If we have any issues we'll get to the bottom of them," said Feichthaler, who was elected in 2005. The projects were completed or in their final stages when he was elected.

"I'm keeping my eye on this and following it very closely," the mayor said.

Day said he hopes the investigation ends quickly.

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"If they are here a week from now, still reviewing this, it's very bad," Day said. The situation raises questions about how the city sets up its utilities projects, Day said.

The city hires a construction manager who assumes all risk for problems with the project. The construction manager is responsible for all aspects of the project from design through construction. The city switched to the method after previous utilities projects led to problems that resulted in millions of dollars in legal costs for the city. The city had more of the responsibility for those projects.

"A year ago we were told there are cheaper, more effective ways to do this," Day said. "We need to take a good look at it."

But Feichthaler said he stands behind the construction manager method. He looked at previous projects and concluded the construction-manager method produced better work and a better price for the city and its residents.

"It definitely is the right process," Feichthaler said.

VNU Deal Likely As Activist Holder Concedes Defeat (WSJ)

By Jason Singer

Wall Street Journal, May 19, 2006

A group of six private-equity firms is likely to win its €7.7 billion ($9.82 billion) takeover bid for Dutch media giant VNU NV as activist shareholder Knight Vinke Asset Management LLC, leader of a revolt against the bid, has thrown in the towel and said it will tender its shares by the Friday deadline.

Knight Vinke Chief Investment Officer Eric Knight said he is ending his campaign to encourage shareholders to reject the private-equity buyout -- a deal announced in March that was recommended by the VNU board -- because many shareholders are supporting the bid, which was recently increased.

He added that shareholders could have achieved a higher price if they continued the fight against the VNU board and the private-equity consortium, which were pushing hard for the deal to be accepted.

"I think we did give them a pretty good run for their money," said Mr. Knight. "But I still believe we've left money on the table. We decided to let this one go in order to go fight the next one."

The battle over VNU, owner of the Nielsen television-ratings service and publisher of magazines such as Billboard and Hollywood Reporter, has been closely watched around the world because it was the first time a big private-equity buyout, agreed to on friendly terms, met opposition from shareholders threatening to reject it and impose their own plan for turning around the firm.

Mr. Knight, who holds a 1.2% stake in VNU, won broad support for his resistance to the deal, arguing existing shareholders could realize far more for their stake by forcing the company to cut costs and shed assets, rather than selling to the private-equity group that would do many of the same things.

Mr. Knight drafted a "Plan B" proposal for restructuring VNU, hired a headhunter to search for a new chief executive and proposed himself to be elected to the board, all of which many shareholders backed.

Earlier this month, the private-equity group, which calls itself Valcon Acquisition BV, raised its offer by 2.6% to €29.50 a share from €28.75 and said it would complete the deal with at least 80% of the shares, down from 95% previously.

The higher price, combined with the difficulty and time that would be needed to implement the Knight Vinke plan, led many shareholders that had been backing Mr. Knight to defect and say they would accept the offer.

Mr. Knight has battled with VNU for nearly a year, beginning with a letter sent to the company in June asking for the bulk of the €2 billion proceeds from sale of its directories business to be returned to shareholders rather than used for an acquisition.

A month later, VNU announced a $7 billion deal to buy U.S. pharmaceutical-data provider IMS Health Inc. Mr. Knight and others strongly opposed the acquisition and eventually forced VNU to abandon it. They then urged the company to consider breaking itself into three units and selling the individual pieces.

The Valcon group approached the company soon after, and VNU put itself up for sale. After months of close inspection of the company's books, the group made a formal bid that the board accepted but encountered shareholder hostility.

Mr. Knight said he earned about a 30% return from his VNU holdings. But he continued to criticize VNU's board for doing "a very poor job of defending shareholders' interests."

VNU's chairman and other members of the company's board have repeatedly said they explored all avenues for achieving the most value for shareholders and the Valcon group's cash bid was higher than any other option.

The Valcon group includes Kohlberg Kravis Roberts & Co., Thomas H. Lee Partners LP, Blackstone Group LP, Carlyle Group, Hellman & Friedman LLC and AlpInvest Partners.

Symantec Sues Microsoft Over Storage Technology (WSJ)

By Riva Richmond

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Wall Street Journal, May 19, 2006

Symantec Corp. sued Microsoft Corp. on Thursday, citing misappropriation of intellectual property and breach of contract.

The suit, which was filed in federal court in Seattle, Wash., involves Symantec's Volume Manager product, software it acquired with its purchase of Veritas Software Corp. Volume Manager allows operating systems to store and manipulate large amounts of data and protect systems from data loss when storage hardware fails.

Symantec alleged that Microsoft, which had licensed the Volume Management technology from Veritas, violated terms of its license agreement by using the technology to develop competing features and products. Microsoft improperly incorporated the technology into its operating system products, including Vista, and then concealed its use of the technology, Symantec said.

Microsoft issued a statement saying it had "worked hard" to try to resolve the issue, but couldn't reach an agreement with Symantec. "We believe the facts will show that Microsoft's actions were proper and are fully consistent with the contract between Veritas and Microsoft," the company said.

Symantec said it seeking "proper" compensation for damages, and wants Microsoft to stop using the technology.

FBI/DEA/ATF/USMS:

US, Mexico Join Forces In Fight Against Meth Dealers (WT)

By Jerry Seper

Washington Times, May 19, 2006

Attorney General Alberto R. Gonzales yesterday said the United States and Mexico are developing a strategy to attack large methamphetamine trafficking organizations operating on both sides of the border.

Mr. Gonzales, speaking at a National Methamphetamine Chemical Initiative conference in Dallas, said the two countries had reached an agreement for the U.S. Drug Enforcement Administration (DEA) and the Mexican government to establish specialized anti-meth enforcement teams.

In Mexico, he said, the teams will focus on investigating and targeting the most-wanted Mexican meth trafficking organizations, while DEA-led efforts on the U.S. side will focus on traffickers and distributors of the highly addictive drug produced in Mexico.

"If we work together, sharing resources and intelligence, the law-enforcement agencies of our two countries can better attack the problem at every stage in the production and distribution chain," Mr. Gonzales said.

"We will work with our Mexican counterparts to trace precursor chemicals destined for our region of the world, uncover and dismantle lab sites fueled by these chemicals and track the meth distribution trail into our country from seller to buyer," he said.

Mr. Gonzales said strong American demand for methamphetamines is fueling its production and that the public needs to be better informed about its dangers. He said the trafficking organizations combine the "sophistication of a contemporary corporation with the brutality of a street gang."

Mr. Gonzales was joined at the conference by Mexican Attorney General Daniel Cabeza de Vaca, DEA Administrator Karen P. Tandy and Office of National Drug Control Policy Director John P. Walters.

"Methamphetamine trafficking and the movement of its chemicals are now a global epidemic," Mrs. Tandy said.

"For the first time in history, the U.S. attorney general and the Mexico attorney general are standing together to announce a real plan to tackle ... meth production.

"For those of us who have been quick to write off any hope of making real headway against drug traffickers in Mexico, today is a new day," she said.

Mr. Gonzales said the meth trafficking and distribution chain into the United States runs through seaports as well as across the land and that the DEA, in a coordinated effort with U.S. Customs and Border Protection, would take measures to detect meth and meth precursor chemicals in cargo arriving at seaports in this country.

He said Mexican authorities will take similar actions in their country.

"There is much effort under way, and plans for more, as it should be. The U.S. and Mexico share common goals. We want to be safe from terrorism, violent crime, gangs and the dangers posed by drugs," he said.

US, Mexico Join Forces To Fight Meth Labs (CNS)

CNSNews.com, May 19, 2006

Homes and other places where methamphetamine labs once operated will be listed on the U.S. Drug Enforcement Administration's website. The registry will provide owners or renters with notice that a property may be contaminated with toxic substances. That's one of the meth-fighting initiatives outlined Thursday by Attorney General Alberto Gonzales. Appearing with

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the Mexican attorney general at a conference in Dallas, Gonzales stressed the importance of international cooperation in fighting meth production and trafficking.

"Approximately 80 percent of all meth purchases in the U.S. originate from Mexican labs," Gonzales said. "Accordingly, we are refocusing our investigative resources on large meth trafficking organizations. DEA enforcement teams will now concentrate on meth transportation and distribution cells in the U.S. and Mexico."

Gonzales also acknowledged that without strong American demand for meth, there would be no financial incentive for Mexican organizations to continue to produce it. Gonzales said both the U.S. and Mexican governments will establish specialized meth enforcement teams. Between now and the end of this year, the Justice Department will train 1,000 Mexican police in meth lab detection, and it will donate six trucks and trailers for Mexican police to use in dismantling meth labs, which produce toxic waste.

Gonzales Heralds Efforts To Combat Gangs (AP)

AP, May 18, 2006

DALLAS - U.S. Attorney General Alberto Gonzales praised federal grants intended to combat gangs, saying it is never too late to help youths.

"You have kids here from a pretty tough neighborhood, I'm told, a lot like the neighborhood I grew up in," Gonzales said at a news conference at a community center in a high-crime neighborhood. "These kids have big dreams and it is never too little too late."

The Dallas-Fort Worth metroplex was awarded $2.5 million in March as part a $15 million pilot program that includes equal grants to Los Angeles; Tampa, Fla.; Cleveland; Milwaukee and other cities deemed to have serious gang problems.

The money will go to prevention, enforcement and rehabilitation of former gang members.

At the conference, U.S. Attorney Richard Roper announced Wednesday's arrest of 19 Crip gang members in Fort Worth on drug and weapons charges. He would not release details of the ongoing operation, but said federal and local authorities have already confiscated hundreds of grams of crack, 15 pounds of marijuana, 40 grams of heroin and $15,000 in cash. More arrests are expected, he said.

Over the past seven years, Dallas has had the highest crime rate among cities its size, according to a U.S. Department of Justice press release Thursday.

"It is not possible to pursue the American Dream if you are a member of a gang," Gonzales said. "We need to know what personal, community and family factors lead a young man or woman to join a gang."

Operation Triggertown Nabs Six Offenders (CHISTNEWS)

Chicago Sun-Times News Group, May 18, 2006

Federal and local authorities on Thursday announced the arrest of six high-ranking gang members and drug traffickers following a six-month investigation dubbed “Operation Triggertown.”

The Chicago police’s Narcotics and Gang Investigation Section and the Bureau of Alcohol, Tobacco, Firearms and Explosives launched the operation in November 2005 and it culminated Wednesday with the arrest of the six offenders, including Rashod “Fatman” Bethany -- a reputed leader of the Killing Crew faction, a fragment of the Gangster Disciple street gang -- who was arrested at a Hazel Crest restaurant, according to a release from Chicago police.

Bethany was charged with federal narcotics offenses, the release said.

Quenten Hawkins, of Lafayette, Ind., was charged with state gun-running violations for allegedly transporting firearms from Indiana to Chicago and providing them to the Gangster Disciples, according to the release. A laser sight was attached to one of the firearms recovered in the investigation, the release said.

Shannon Evans was charged with first-degree murder for allegedly killing Robert Duffy, 33, of the 12000 block of South Parnell, in October 2005. State narcotics charges were pending against Evans, according to the release.

In addition, Charles “TuTu” Golden was charged with state narcotics offenses and unlawful use of a weapon by a felon, while Roosevelt “Jimmy Mac” Adams and Rickey “L’il Rickey” Long were charged with federal narcotics offenses.

During the operation, both agencies conducted undercover buys and police used a variety of electronic and technical devices that assisted the investigation, according to the release.

“Federal law enforcement collaborations at the highest levels with ATF and others are critical when it comes to dismantling sophisticated narcotics and gang operations. Community involvement and information sharing on known offenders from different gangs and their territories also helps the police continue to safeguard communities against violence and future gang conflicts,” Chicago Police Supt. Phil Cline said in the release.

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The police department's collaboration with ATF will be used as a model for future operations in dismantling narcotics and gang activity, the release added.

Michigan Farm Subject Of Hoffa Search (AP)

By Tom Krisher

AP, May 19, 2006

MILFORD TOWNSHIP, Mich. -- In one of the most intensive searches for Jimmy Hoffa in decades, the FBI summoned archaeologists and anthropologists and brought in heavy equipment to scour a horse farm Thursday for the body of the former Teamsters boss who vanished in 1975.

Daniel Roberts, agent in charge of the Detroit FBI field office, would not disclose what led agents to the farm, but said: "This is probably a fairly credible lead. You can gather that from the number of people out here."

No trace of Hoffa has ever been found, and no one has ever been charged in the case. But investigators have long suspected that he was killed by the mob to keep him from reclaiming the Teamsters presidency after he got out of prison for corruption.

The farm, just outside Detroit, used to be owned by a Teamsters official. And mob figures used to meet at a barn there before Hoffa's disappearance, authorities said.

Investigators began combing the area Wednesday, and the search continued Thursday and included the use of heavy construction equipment. Roberts said it would probably involve the removal of a barn.

Authorities also led cadaver dogs across the property, and the FBI called in anthropologists and archaeologists from Michigan State University.

Roberts said he expects the search to go on for at least a couple of weeks.

Hoffa was last seen on a night he was scheduled to have dinner at a restaurant about 20 miles from the farm. He was supposed to meet with a New Jersey Teamsters boss and a Detroit Mafia captain, both now dead.

Over the years, Hoffa's disappearance spawned endless theories _ that he was entombed in concrete at Giants Stadium in the New Jersey Meadowlands; that he was ground up and thrown to the fishes in a Florida swamp; that he was obliterated in a mob-owned fat-rendering plant that has since burned down.

In 2003, authorities searched beneath a backyard pool a few hours north of Detroit but turned up nothing. The following year, they pulled up the floorboards on a Detroit home and found bloodstains, but the blood was not Hoffa's.

A law enforcement official in Washington said the latest search was based on information developed several years ago and verified more recently.

Among other things, there was a high level of suspicious activity on the farm the day Hoffa vanished, the official said, speaking on condition of anonymity. A backhoe appeared that day near the barn organized crime members had used for meetings, and that location was never used again, the official said.

The Detroit Free Press, citing people involved with the case who declined to be identified because of the active investigation, reported that the tip that led to the latest search came from Donovan Wells, who was sentenced two years ago to 10 years in federal prison for marijuana smuggling. Wells, 75, is a former associate of Rolland McMaster, a longtime Teamsters official.

At the time of Hoffa's disappearance, the property was owned by McMaster. It is now under different ownership and is called Hidden Dreams Farm.

McMaster's lawyer, Mayer Morganroth, said he doubted the FBI would find anything. "That farm was looked at with a fine-toothed comb in the '70s, when Hoffa was missing," Morganroth said. "There's nothing there."

McMaster was convicted in 1963 of accepting payoffs from a trucking company and, according to a 1976 Detroit Free Press account, served five months in prison.

Reporters were not allowed onto the property, which is surrounded by a white wooden fence just off a dirt road. Images from news helicopters showed about a dozen people, some with shovels, standing by an area of newly turned dirt about 10 feet by 15 feet.

Morganroth said McMaster was in Indiana on union business at the time of Hoffa's disappearance. He said that to his knowledge, McMaster was never a suspect. Morganroth said FBI officials visited McMaster, 93, this week at his home in Fenton, where one of several horse-breeding farms he owns is situated.

"They were just asking about the farm itself _ did he ever get any inkling?" he said.

In 1967, Hoffa was sentenced to 13 years in prison for jury tampering and fraud, but he refused to give up the Teamsters presidency. After he quit the job in 1971, President Nixon pardoned him.

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Associated Press Writers Sarah Karush in Detroit, Mark Sherman in Washington and Linley Wartenberg in Pontiac contributed to this report.

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On the Net:

Detroit FBI: http://detroit.fbi.gov

The Hunt For Hoffa Heats Up (FREEP)

By David Ashenfelter And Joe Swickard, Free Press Staff Writers

Detroit Free Press, May 19, 2006

Insiders say they're skeptical

A tip from a 75-year-old federal inmate gave FBI agents what they're calling their latest and best chance yet to crack the 30-year-old mystery of what happened to former Teamsters boss Jimmy Hoffa.

The clue brought engineers, anthropologists, ground-penetrating radar, backhoes and dozens of federal and local law officials to the pastoral and eerily ironic named Hidden Dreams Farm in western Oakland County's Milford Township.

During a news conference at the farm Thursday, Detroit FBI chief Dan Roberts wouldn't detail what brought out 40-50 agents, the largest FBI search in at least two decades. But he said the tip is promising.

"Since I've been here, this is the best lead I've seen come across in the Hoffa investigation," said Roberts, who has been in Detroit two years.

He said the search would take up to two weeks and will involve removing a 30-by-100-foot barn.

Roberts said Thursday's search produced nothing of significance, a familiar refrain for law enforcement officials.

The digging began Wednesday when agents swooped down on the horse farm once owned by Hoffa associate Rolland McMaster, a longtime suspect in Hoffa's disappearance, said people involved with the ongoing case and who declined to be identified because of the active investigation.

The tip that Hoffa was buried on the farm came from Donovan Wells, who was sentenced to 10 years in prison two years ago in a marijuana smuggling scheme involving his Brownstown Township trucking company. Wells, who also was known as Don Wells, is a former associate of McMaster, who was a top Detroit Teamsters official until a reputed falling-out with Hoffa in the late 1960s.

Officials wouldn't say what Wells told the FBI, but said he passed a polygraph test.

During an interview Thursday, McMaster said that account was worthy of a drug-addled imagination.

"That's the poorest reporting I've ever heard," he said. McMaster said he welcomed the search.

One insider said the tip is a long shot because it would have been reckless to hide Hoffa's remains on McMaster's farm.

McMaster bought the property on East Maple Road in Milford Township in 1952 and sold it in a land-contract deal in 1977, according to Oakland County land records.

Now 93 and living on a farm in Fenton, McMaster denied any knowledge of Hoffa's fate. He said an FBI agent came to see him Tuesday and discussed his relations with Hoffa.

He said the agent never mentioned the East Maple property.

Federal agents say they believe that McMaster had a falling-out with Hoffa soon after Hoffa went to prison for racketeering and jury tampering in the late 1960s. McMaster denied that claim.

Hoffa vanished on July 30, 1975, after going to a Bloomfield Township restaurant for a meeting with Detroit Mafia captain Anthony (Tony Jack) Giacalone and Anthony (Tony Pro) Provenzano, a mobbed-up New Jersey Teamsters official.

Both Giacalone and Provenzano are dead.

Hoffa expert Dan Moldea, a Washington, D.C., author who wrote "The Hoffa Wars," said Wells is a key figure in the case.

"He lived with McMaster on his farm in Wixom, was a partner of McMaster's brother-in-law, Stanton Barr, and may know what happened to Hoffa if McMaster was involved in the disappearance," Moldea said.

Both Barr and McMaster were called before a federal grand jury in Detroit after Hoffa vanished. Moldea said he interviewed Wells in 1976 and that Wells denied any knowledge of Hoffa's disappearance.

The FBI says it believes McMaster may know what happened to Hoffa. Wells is locked up at a federal medical center in Lexington, Ky.

Some old Hoffa hands were skeptical of the new tip.

Retired FBI agent John Anthony said the horse farm is a new theory to him, and doubted its value: "Even if they find something, will it be able to lead to a prosecution? The circle of people associated with this is getting smaller all the time.

Contact DAVID ASHENFELTER at 313-223-4490 or dashenfelter@freepress.com. Free Press staff writer Frank Witsil contributed to this report.

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Hoffa Tip 'Fairly Credible,' FBI Says (WP)

By Allen Lengel

The Washington Post, May 19, 2006

Dozens of FBI agents, joined by archaeologists and anthropologists, spent a second day searching a horse farm near Detroit yesterday for the remains of former Teamsters boss Jimmy Hoffa.

The agents used cadaver dogs, excavating equipment and shovels at Hidden Dreams Farm, a 80-acre spread in Milford Township, in one of the most extensive searches for Hoffa in years. Authorities said they expect to take a barn apart in the coming days as they methodically search the area.

They are working on a tip from a 75-year-old federal inmate who pointed them to the farm, which was owned at the time of Hoffa's disappearance three decades ago by a Teamsters official, authorities said.

"This is probably a fairly credible lead -- you can gather that from the number of people out here," said Daniel Roberts, special agent in charge of the Detroit FBI office, at a news conference outside the property. "We plan to be out here for probably a couple weeks, at least, until we can finish with this entire search and make sure that we've covered everything adequately."

Hoffa disappeared on July 30, 1975, the day he was scheduled to meet organized crime figure Anthony "Tony Jack" Giacalone and New Jersey Teamsters official Anthony Provenzano at the Machus Red Fox, an upscale restaurant, in Bloomfield Township, north of Detroit.

Federal officials believe the mob killed Hoffa to keep him from regaining control of the Teamsters after serving prison time for jury tampering. Giacalone and Provenzano have since died.

Authorities said the latest search for Hoffa is the most intensive in decades. Privately, some expressed skepticism, though they said the information is credible enough to pursue.

Over the years, the FBI has received tips that Hoffa was buried in various spots, including some in Michigan and under the Meadowlands stadium in New Jersey. One FBI theory is that he was disposed of in an incinerator in Hamtramck, Mich.

U.S. Magistrate Judge Donald Scheer signed a warrant in Detroit on Tuesday for a search on the property that was owned at the time of Hoffa's disappearance by Teamsters official and Hoffa friend Rolland McMaster, who is now 93. The current owners have been there for about 10 years, the FBI said.

Law enforcement sources said the federal inmate, scheduled to be released in 2012, was a business associate of McMaster's. The inmate, who once lived on the farm, provided the tip that triggered the search. They said the convicted drug smuggler came across the information secondhand. The sources asked not to be identified because of the sensitivity of some of the information.

McMaster's attorney, Mayer Morganroth, said: "This thing is so blown out of proportion. As far as he's concerned, in '75 after Hoffa's disappearance, they went over that farm with a fine-tooth comb. I think they're going to find nothing."

No Sign Yet Of Hoffa's Body, But Search At Farm Continues (NYT)

By Micheline Maynard And Nick Bunkley

The New York Times, May 19, 2006

DETROIT, May 18 — The Federal Bureau of Investigation, plenty experienced in searching for James R. Hoffa, said a "fairly credible lead" is what led investigators this week to still another potential burial spot: a horse farm aptly named Hidden Dreams.

Using cadaver dogs borrowed from the Detroit police, and aided by students and professors from Michigan State University, F.B.I. agents began a search on Wednesday of the 80-acre farm in Milford Township, Mich., northwest of Detroit, for signs of a crime involving Mr. Hoffa, the former Teamsters president. Daniel D. Roberts, the special agent in charge of the Detroit F.B.I. office, said the search could take weeks.

In fact, the search has taken more than 30 years, and has led investigators to trash dumps, construction sites and homes throughout the region. One theory even held that he was entombed under Giants Stadium at the Meadowlands in New Jersey.

At a news conference on Thursday afternoon on a dirt road at the farm entrance, Mr. Roberts said no trace of Mr. Hoffa had yet been discovered.

Nor would he give details of the search warrant, which was sealed by a federal judge in Detroit.

But, Mr. Roberts said, "This is probably a fairly credible lead" in Mr. Hoffa's disappearance. Mr. Roberts, who has been in his position for the past two years, added that it was "the best lead I've seen come across in the Hoffa investigation."

Numerous such leads in the past have failed to turn up the body of Mr. Hoffa, who disappeared on July 30, 1975, after failing to return for dinner.

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The police, who had been contacted by his family, found his 1974 Pontiac the next day in the parking lot of the Machus Red Fox restaurant in Bloomfield Township, Mich., where he was supposed to meet two organized crime figures for lunch. Neither of those men showed up.

The restaurant is 17 miles east of the Hidden Dreams farm, whose entrance was swarmed Thursday by television crews, reporters and a few onlookers.

Over the past two days, local television stations broadcast video shot from helicopters showing agents digging a rectangular hole with shovels on one side of a barn and using a backhoe to excavate on a dirt driveway on the opposite side.

Agents also were seen walking the perimeter of the farm on Thursday afternoon, testing the firmness of the soil with tools. They briefly dug a small hole near a wooden fence before filling it in.

The latest search is the third in the past two years by the F.B.I. in the Detroit area.

Mr. Roberts acknowledged those efforts, saying, "We do not leave any leads uncovered, obviously."

Or any stones unturned, apparently. He said the F.B.I. might have to move a barn in order to dig for evidence of Mr. Hoffa's remains. But Mr. Roberts said archaeologists and anthropologists from Michigan State had told him they would be able to spot evidence of a crime, even three decades later.

In a region where everyone seems to have a theory about where Mr. Hoffa might be buried, the Milford area, dotted with farms and wetlands, has always been a logical spot.

"Anytime anybody built a road or repaired a road there was a running joke that maybe Hoffa's under there," the Milford police chief, Wayne Walli, said Thursday.

The Hidden Dreams Farm was once owned by a former Teamsters official, Rolland McMaster, who was a protégé of Mr. Hoffa.

Experts who have followed the Teamsters contend Hoffa's relationship with the union turned contentious when he was imprisoned for jury tampering and fraud. He served five years of a 13-year sentence before President Richard M. Nixon pardoned him in 1971.

At the time of his disappearance, Mr. Hoffa was hoping to stage a comeback as union president. Mayer Morganroth, a lawyer for Mr. McMaster, said Thursday that F.B.I. agents had questioned his client recently about Mr. Hoffa's disappearance. He said Mr. McMaster, 93, was saddened by Mr. Hoffa's disappearance, and called the search "ludicrous."

The property has been in the hands of its current owners for the last 10 years, Mr. Roberts said, adding that they have been very cooperative with federal agents. The F.B.I. contacted Mr. Hoffa's daughter, Barbara Hoffa Crancer, a circuit court judge in St. Louis, on Wednesday night, people with direct knowledge of the conversation said Thursday. Judge Crancer did not return a call seeking comment.

Mr. Hoffa's son, James P. Hoffa, the current Teamsters president, had no comment.

FBI Reports Promising Lead Into Hoffa Disappearance (CHIT)

By Tim Jones, Tribune National Correspondent

Chicago Tribune, May 19, 2006

MILFORD TOWNSHIP, Mich. -- After decades of following dead-end tips that led to swimming pools, trash dumps, incinerators and even beneath the floorboards of a Detroit home, the FBI said Thursday it has a promising lead into the disappearance of former Teamster President Jimmy Hoffa, nearly 31 years after the notorious labor boss was last seen.

This search for Hoffa's remains may end like all the others, but if Thursday's remarks by the head of the FBI in Detroit are an indicator, officials will spend weeks turning and carefully examining a lot of dirt at a horse farm.

"Since I've been here ... this is the best lead I've seen come across on the Hoffa investigation," said Special Agent Daniel Roberts, who was careful not to reveal much to a throng of reporters who gathered on a tree-shaded dirt road for new developments in perhaps the most famous disappearance in modern American history.

Roberts said "nothing significant" has been recovered since digging began Wednesday morning on the 85-acre farm about 35 miles northwest of Detroit.

"But the process is just starting," he added.

Roberts said the search will last at least two weeks and will involve archeologists, geologists and anthropologists from Michigan State University, as well as cadaver dogs from the Detroit Police Department.

Architects and structural engineers will be brought in to assist in the possible dismantling of a 30-by-100-foot horse barn, under which evidence may be found.

Roberts would not comment on the contents on a search warrant, which has been sealed in U.S. District Court in Detroit. He did, however, call the lead "fairly credible."

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Neighbors in this leafy rural enclave are, for now, basking in the new-found celebrity, although their quiet dirt road has become chaotic for residents like Mark and Lynne Hait. They were out with their two young boys walking their Irish setter even as a local TV reporter prepared to do a live report for the 5 p.m. news.

"It's kind of cool right now, but I'm sure it's gonna get old," Mark Hait said.

Hoffa was last seen a few miles from here in July 1975. He was formally declared dead in 1982, and the mystery of his whereabouts has fueled Web sites, documentaries, movies, books and scads of speculation, much of which re-surfaced since news of the latest dig broke Wednesday.

One report Thursday from an author of a new book on the Hoffa disappearance dismissed this latest lead, saying Hoffa was buried in New Jersey and then removed, disposed of in a car that was crushed and then shipped to Japan.

Others called the search of this farm, which was reported to be a popular meeting place of organized crime figures in the 1970s, a waste of time because nothing was found there 30 years ago.

Still, the FBI, by all appearances, seems determined to exhaust this latest lead. Graduate students schooled in geology will be used to determine whether the earth has been removed and then replaced, Roberts said. If anything is found they will check for a DNA match.

About 40 to 50 investigators and diggers were working at the site Thursday, aided by heavy equipment. And helicopters hovered above, adding a new chapter of local commotion to the long-unsolved mystery surrounding Jimmy Hoffa.

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Muslims, FBI Seek To Build Trust Strained By Sept. 11 Attacks (AP)

AP, May 19, 2006

In September, a group of Muslim men praying near the main air intake duct at Giants Stadium was detained by suspicious FBI agents.

On Saturday, the federal agency and an Egyptian-American group plan to meet at the stadium in the latest FBI push to recruit Arab-Americans and repair relations strained in the wake of the Sept. 11 attacks.

"It's an effort to build bridges with this community," said Les Wiser Jr., special agent in charge of the FBI's Newark bureau, who has made improving ties with New Jersey's Muslim community a priority. "We think it's important for them to get to know us. We're fighting perceptions we think are skewed against us."

The FBI accepted an invitation from the Egyptian American Group, an interdenominational organization that was formed after Sept. 11 when hundreds of New Jersey Muslims, Arab-Americans and south Asians were taken into custody as part of the investigation.

"We were afraid of them, and they were suspicious of us," Suzanne Loutfy, a member of Egyptian American group. "It was thought by many people that the FBI is the enemy. That's the perception we're fighting against."

Part of the event is aimed at interesting young Arab-Americans in law enforcement careers, particularly with the FBI, which needs their help as investigators and translators.

"We think the more they know about us, the more comfortable they will be," Wiser said. "We do need to get more diversity in the ranks."

Loutfy's 18-year-old son will be at the event, along with six or seven of his friends, to hear what the FBI has to say. Kareem Loutfy, a senior at Carteret High School, says he's considering a career with the agency.

"Because of my background, I can easily approach people" in Arab-American communities, he said. "They would feel much more comfortable dealing with me because of who I am, and that would be great for both sides. We need to build more trust with the people who are protecting us."

Since the 2001 attacks, the FBI has made numerous efforts to reach out to Muslims and Arab-Americans in New Jersey. Several months after the attacks, it held a job fair in one of the most prominent mosques in Paterson. While no one there got a job with the FBI, several applicants landed local law enforcement jobs.

The FBI also has invited Muslim community leaders to conduct cultural sensitivity training with agents and civilian employees.

Other law enforcement agencies also are trying to better understand and connect with Muslims. On Thursday, Union County Prosecutor Theodore J. Romankow distributed copies of a new training video his office developed on how officers should interact with Muslims. The tapes will go to each police chief in the county, and nearly 2,000 officers will view them.

"Where there is good communication, there is a better understanding between people no matter what religion and that was the goal here," Romankow said.

The video deals with issues considered normal in Muslim culture, but which may be suspicious to authorities.

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For example, a Muslim woman who is home alone will be extremely reluctant on religious grounds to let male police officers into her home, said Ali Jaaber, an imam at an Elizabeth mosque. That is normal, and should not be viewed as suspicious behavior, or an indication that she has anything to hide, he said.

The FBI in New Jersey has several Arabic-speaking employees, but could always use more, a spokesman said. Nationwide, the FBI has increased the number of its employees who speak Arabic by nearly 250 percent, although the agency would not say how many employees that represents.

On Sept. 19, 2005, a small group of Muslims attending a New York Giants-New Orleans Saints game at Giants Stadium was questioned by the FBI after fans saw them bowing down on the ground to pray.

The FBI denied their religion had anything to do with the questioning, noting that the men were in an area not normally frequented by football fans, next to the stadium's main air intake duct. The Muslims were released after about 30 minutes of questioning without being charged.

That controversy led the New Jersey Sports and Exposition Authority to set aside a special room at the stadium for anyone wishing to pray.

Kareem Loutfy said holding Saturday's fence-mending event with the FBI at Giants Stadium was appropriate, if somewhat ironic.

"It's a very good statement, actually, that in light of everything that happened, we're both still willing to move forward," he said.

Officer Details His Work Undercover Amid Muslims (NYT)

By William K. Rashbaum

New York Times, May 19, 2006

A young police detective testified yesterday at the Herald Square bombing plot trial that he was recruited from the Police Academy 13 months after 9/11 to work deep undercover in the Muslim community to investigate Islamic extremists.

The detective, a Muslim who came to America from Bangladesh when he was 7, testified that he was a 23-year-old college graduate when he was plucked from the academy in October 2002. He took an apartment in Bay Ridge, Brooklyn, where, he testified, his assignment was to be a "walking camera" among Muslims there.

He said he had no contact with the Police Department other than through his handler, to whom he reported by e-mail at first. During two years of living in Bay Ridge, he was involved in "numerous" investigations, he testified, and was at times shadowed by a field team to ensure his safety.

The Police Intelligence Division's program to post detectives overseas has been widely publicized. But this detective's testimony yesterday in federal court in Brooklyn provided the closest look yet at how the division is using undercover investigators to penetrate mosques, bookstores and other places where Muslims gather in the city.

His testimony confirmed what many Muslims have believed since the Sept. 11 attacks: that law enforcement agencies have worked to infiltrate their community during terrorism investigations. It also revealed the extraordinary steps the department took to create a fictitious identity so a Muslim investigator could live for years in an insular neighborhood where people have become highly suspicious of the authorities.

Beyond the detective's testimony, police officials yesterday would not discuss the scope of the program and provided no details about its structure, its guidelines or its successes or failures. The witness was identified only by a pseudonym — Kamil Pasha — to protect continuing investigations.

The detective was the final witness at the four-week trial of Shahawar Matin Siraj, 23, a Pakistani immigrant who is charged with plotting to blow up the Herald Square subway station in 2004. His lawyers have argued that he was entrapped by a paid police informer, a 50-year-old Egyptian-born nuclear engineer who they say was the driving force behind the plot. They have argued that their client was an inept dupe who was not predisposed to commit an act of terrorism until the informer inflamed him.

The undercover detective was called as a witness to rebut the defense arguments that the informer had drawn Mr. Siraj into the plot. He told the jury about statements Mr. Siraj had made long before he met the informer, which prosecutors contend show he had often spoken about violence and terrorism. The detective was not involved in the investigation of Mr. Siraj but came across him during his undercover work.

Much of the detective's testimony focused on Mr. Siraj's statements, but strands of information about the detective and his work were interlaced with his answers. And while prosecutors sought to limit testimony about the detective's background, objecting several times to questions by one of Mr. Siraj's lawyers, Martin R. Stolar, the judge, Nina Gershon, overruled the objections.

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The detective testified that he graduated from the John Jay College of Criminal Justice and entered the Police Academy in July 2002. In the middle of October, roughly halfway through his academy training, he left early when he was recruited to join the Intelligence Division, where he was assigned to the Special Services Unit, which runs the undercover program.

Within three weeks, according to his testimony, he made his first appearance at the Islamic Society of Bay Ridge, a mosque on Fifth Avenue in Brooklyn, next door to the Islamic bookstore where Mr. Siraj worked. He testified that he spent time there periodically. Mr. Stolar, while questioning the detective, indicated that his reports showed he had seen Mr. Siraj 72 times over the two years, mostly in the bookstore.

He testified that he started looking for an apartment and a job. At one point Mr. Siraj's uncle was going to help him find work. With a coterie of young men who sometimes frequented the bookstore, he got involved in essentially proselytizing Islam.

He also testified that at one point he had Mr. Siraj over to his apartment. But he said he never wore a secret recording device.

The detective said he was not given any special training to work undercover but was taught about self-defense, weapons, surveillance and undercover safety.

He said, "I was told to act like a civilian — hang out in the neighborhood, gather information."

He said he was told "never to push for information," but instead to "take a back seat" and "observe, be the ears and eyes."

A slight man in a gray suit, a white shirt and a rust-colored patterned tie, the detective said he had never before testified in court. In fact, his youth and, perhaps, naïveté were in evidence at several points in the morning, including when he said he had never heard of suicide bombings before Mr. Siraj raised the subject, one he seemed to discuss often.

Mr. Stolar seemed incredulous. "You had never before heard of suicide bombings taking place in Israel?" he asked.

"I grew up with a very peaceful religion," the detective responded. "All of these comments — radical beliefs — came to me when I took this assignment." He added: "Where in Islam does it say you can blow up a train station?"

Over the course of the day, his poise on the stand grew. Most police officers make their trial debuts in less-charged atmospheres, perhaps in traffic or criminal court. For the witness yesterday, however, as the first Muslim undercover to testify, the stakes were far higher.

In fact, the stakes at the trial are perhaps higher still for the department, as evidenced by the presence for much of the proceedings of the department's highest ranking lawyer, S. Andrew Schaffer, the deputy commissioner for legal matters, and an aide. Also frequently present has been a civilian Intelligence Division analyst and for the last three days, as the possibility of the detective's testimony grew, a lieutenant from the department's press office.

Several questions about the investigation remained yesterday. When the undercover detective began visiting the Bay Ridge mosque in 2002, the Intelligence Division was governed by a 1985 consent decree stemming from a civil lawsuit. The decree limited police surveillance of political activity and religious services.

The guidelines set by the decree, which were loosened in February 2003, required that certain paperwork be filed before such an investigation could be conducted. It was unclear yesterday whether the guidelines were followed.

Cop Testifies About Post 9/11 Undercover (CCT)

By Tom Hays

The Contra Costa Times, May 19, 2006

NEW YORK - A city police officer born in Bangladesh testified Thursday that commanders assigned him straight out of the police academy to go undercover in a Muslim neighborhood as part of their response to the Sept. 11 attacks.

The undercover investigator, who is Muslim, said at a Manhattan subway bomb plot trial in federal court that he was "told to be a member of the community, hang out and get information."

One place he hung out was an Islamic bookstore near a Brooklyn mosque, where he said he heard a Pakistani immigrant charged in the plot openly praise Osama bin Laden while damning the U.S.

During a conversation on the second anniversary of the 2001 destruction of the World Trade Center, Shahawar Matin Siraj "complimented bin Laden," the officer told jurors.

"He said he was a talented brother and a great planner and that he hoped bin Laden planned something big for America," said the officer, who testified under an alias because he is still involved in active investigations.

Siraj, 23, was arrested on the eve of the 2004 Republican National Convention on charges he plotted to blow up a subway station in Herald Square, a dense shopping district that includes Macy's flagship department store. If convicted, he could face up to 20 years in prison.

Defense attorneys have characterized Siraj as a harmless dupe who was entrapped by a crafty older informant in a phony plot that never got off the ground.

The trial is in its fourth week.

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No One Charged In Motorist's Death (BRADV)

By Adrian Angelette

Baton Rouge Advocate, May 19, 2006

A grand jury Thursday decided against charging anyone in the death of motorist George Temple II, shot and killed by a civilian Feb. 17 while fighting with a police officer.

Prosecutors presented about 15 witnesses during six hours of testimony before the East Baton Rouge Parish grand jury.

Temple was shot six times during a struggle with Baton Rouge Police Officer Brian Harrison. Authorities have said Harrison pulled over Temple after he cut into a funeral procession on Greenwell Springs Road.

The traffic stop escalated into a fight between Harrison and Temple. Police have said Temple offered a bribe to the police officer, and the struggle began when Harrison attempted to arrest Temple.

During the fight, the 24-year-old Temple was shot six times. One of the bullets came from the officer's gun.

The other five came from the gun of Perry Stephens, who authorities have said came to help the officer. One of Stephens' shots hit Temple in the head, killing him.

After the grand jury returned Thursday, District Attorney Doug Moreau said his office typically has grand juries look at cases in which a death occurred and a police officer was involved.

"We think the grand jury is a good sounding board to consider the evidence, particularly when there is a case of great community interest," he said.

Prosecutor Steve Danielson presented every witness the District Attorney's Office knew about, Moreau said, including Harrison, Stephens and Police Chief Jeff LeDuff.

Moreau also said that on the state level, the case is now closed. However, the U.S. Justice Department is still investigating the case.

Temple's mother, Sharalean, was unhappy that the state grand jury did not indict anyone in her son's death.

"It's unfair, it's unjust, and it's not over," she said.

The Temple family attorney, Nathan Fisher, said he's confident "that the courts will assess responsibility at some point in this matter."

Stephens' attorney, Tommy D'Amico, said he expected his client to be cleared.

"I believe he saved the officer's life. He certainly saved him from suffering great harm," D'Amico said. "It has always been obvious to me that my client is nothing less than a citizen hero because he stepped up to save the officer while others stood and watched."

D'Amico said he is certain Stephens will also be cleared in the federal investigation.

"I'm absolutely positive," he said. "He did what needed to be done."

At a news conference after the grand jury's decision, LeDuff noted that the East Baton Rouge Parish Sheriff's Office, not the Police Department, investigated Temple's death.

Asked whether Harrison could have done something different to circumvent the situation, LeDuff said he will not second-guess the officer.

"I wasn't there," LeDuff said. "It would be unfair for me, you or anybody to put ourselves in a place of a human being."

LeDuff also commended Stephens, who shot Temple with a .45-caliber handgun.

"I want to say thank you to Mr. Stephens," LeDuff said. "It takes a lot of courage to stand up and do what he has done and come to the aid of an officer."

Moreau also said he is aware that there are some people in the community who will not be satisfied with the outcome.

Neither Kwame Asanté, executive director for the local chapter of the NAACP, nor the Rev. Leo Cyrus, a member of the Baton Rouge Area African-American Ministers, were available for comment Thursday.

State Rep. Michael Jackson, D-Baton Rouge, who is president of the East Baton Rouge Parish Black Elected Officials group, also was not available for comment.

Some members of the three groups requested an independent investigation into Temple's death shortly after the shooting.

Temple was black. Harrison and Stephens are white. The grand jury comprised six white people and six black people.

Should DNA Be Collected From All Criminals? (CSM)

By Ron Scherer

Christian Science Monitor, May 19, 2006

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ALBANY, N.Y. - In most cities and states, vandalism, shoplifting, and loitering are misdemeanors - possibly involving community service, not jail time. But those who commit such low-level crimes in New York State may soon be required to give DNA samples to authorities - just as convicted rapists or murderers do.

If the Legislature passes the proposal, which is currently being debated, New York would be the first state in the nation to require DNA samples for all convicted offenders.

Gov. George Pataki (R), who is asking the Legislature to expand DNA collection, argues that a larger database will help solve more crimes. Supporters add it will help solve future crimes because criminals who start off committing petty crimes sometimes graduate to more serious offenses.

The Empire State's move comes as DNA work in criminal investigations is under closer scrutiny. Complaints are rising about mistakes - some inadvertent, others fraudulent - at DNA labs around the country. Groups that have championed the use of DNA to verify the guilt or innocence of convicts are now campaigning against large-scale expansion of the practice, saying it would overwhelm labs. Others cite concerns about the increasing number of innocent people whose DNA is stored in a databank without their knowledge or approval.

"People have come to appreciate the power of DNA to solve crimes. They now need to respect the care that is required to maximize its potential and avoid its abuse," says Stephen Saloom, policy director for the Innocence Project, which has used DNA testing to free 176 prisoners wrongfully convicted.

Twenty-eight states now collect samples for some misdemeanors, according to DNAResource.com, a website that tracks DNA policies. A week ago, Kansas joined California and five other states in going one step further: taking the DNA samples of some people arrested, but not necessarily charged, with a crime.

"They all tend to be violent felony and burglary arrestees," says Lisa Hurst, a government-affairs consultant with Smith Alling Lane, which represents Applied Biosystems, a maker of DNA testing equipment. Smith Alling Lane also runs DNAResource.com.

New York's proposal, however, would go the furthest, requiring DNA collection for all convicted of misdemeanors. This would add about 80,000 additional DNA profiles per year to the DNA bank, say researchers at the state's Division of Criminal Justice.

It would be well worth the effort, says Chauncey Parker, director of criminal justice for the state. "Whenever we get DNA from a convicted offender, we run it against the 18,000 unsolved crimes, mostly rapes, and we have 2,400 hits so far. When we look at those hits, we find on average when [an arrestee] is convicted, it's [his or her] 12th conviction."

He cites the example of Raymon McGill arrested July 25 for attempted robbery. DNA testing linked Mr. McGill to two earlier murders and a rape, says Mr. Parker. He also notes that McGill had been arrested in 1999 for a misdemeanor.

"Had we required DNA fingerprinting back then, he would have been linked to the rape and the case solved," says Parker.

On Monday, critics of the New York proposal publicly complained that the backlog of cases is already large. Tom Duane (D), the only state senator to vote against the New York measure, worries about the cost of expansion, as well as how to ensure proper training of personnel and storage of the samples. "What good will it do if it's not done right?" he asked.

Such concerns go well beyond New York. In February, the National Association of Criminal Defense Lawyers, in their magazine, published an article detailing mistakes that have cropped up at DNA labs around the country. "Many of the mistakes arise from cross-contamination or mislabeling of DNA samples," wrote William Thompson, a professor at the University of California, Irvine.

Thompson's concerns arise just as states and cities are expanding their use of DNA testing. Los Angeles County is preparing to open a new crime lab in 2007. A proposed county budget included funding not only for the lab, but also for prosecutors and public defenders training in DNA technology. Nebraska recently passed a bill to include felony robbery and burglary convictions among those requiring DNA samples. Wisconsin is considering a bill to add some misdemeanor-related sex crimes to its DNA-collection requirements.

But with such expansions come concerns. Mr. Saloom of the Innocence Project objects to law-enforcement agencies holding the DNA of innocent people, especially those who merely cooperated with an investigation. These samples should be destroyed, he says. "The fundamental values of government accountability and personal privacy are at stake," he says.

Some of these arguments resonate with Assemblyman Joseph Lentol (D), chairman of the Assembly Codes Committee, which deals with criminal sanctions. "We are asking [DNA labs] to destroy the DNA of an innocent party," says Mr. Lentol. "This is a privacy issue."

Parker, the director of criminal justice for the state, says cooperating individuals can ask a judge to order their samples to be returned. "The burden is on the police to always demonstrate to a judge that whatever evidence they are collecting, whether it's a DNA fingerprint or a photograph or a handwriting sample, that it has been collected lawfully and that it's being used for a lawful purpose," he says.

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In addition, Assemblyman Lentol also worries that private labs will use DNA information for commercial gain. "There is an almost limitless possibility of ID theft," he worries.

That concern is addressed in the pending legislation, Parker says, by increasing the penalty for unlawful use of a DNA sample.

The governor and lawmakers have until the end of the legislative session, June 22, to come to terms on the proposal.

40 States Seek To Limit "Little Cigar" Marketing (WP)

By Kathleen Day

Washington Post, May 19, 2006

Forty states have asked the U.S. Treasury Department to bar tobacco companies from marketing products they say are identical to cigarettes as "little cigars," a designation the states say lets the firms evade taxes and target younger consumers.

Attorneys general from the 40 states, including Maryland, want the department's Alcohol and Tobacco Tax and Trade Bureau to reverse decades-old rules that permit products the size, shape and weight of cigarettes, but have brown rather than white wrappers, to be labeled as little cigars.

"If it looks like a cigarette, smokes like a cigarette and is being marketed like a cigarette, then the federal government should classify it as a cigarette," said Bill Roach, spokesman for Iowa Attorney General Tom Miller, co-chairman of the National Association of Attorneys General tobacco committee. The attorneys general also said the "little cigars" appeal to young smokers because they cost less than cigarettes and come with flavorings such as chocolate and raspberry.

The "little cigar" label allows the companies to pay lower federal and state taxes, and to avoid payments and advertising restrictions required for cigarettes under the 1998 master agreement between tobacco companies and all 50 states, according to the petition for rule changes.

The request was filed last month with the backing of 23 states, but the National Association of Attorneys General didn't announce it until yesterday, by which 17 more states had signed on.

Since 1998, the number of little cigars sold in the United States has doubled, to about 4 billion a year, according to the Cigar Association of America, the industry trade and lobby group.

"We think that is no accident," Roach said. "We think these are being marketed in a way to get around the tax and marketing restrictions on cigarettes."

A spokesman for the Tax and Trade Bureau said the agency can write rules so there is a "bright line" drawn between cigarettes and little cigars but that the release of the rules is months away at best. Several tobacco companies and the cigar trade association also have asked the bureau to clarify the definition of the two products, industry and government officials said yesterday. Makers of "little cigars" want to make sure they are not subject to legal attacks that they are really marketing cigarettes.

Both sides agree that there is a legitimate category of cigars known as little cigars and that a clearer line has to be made between those products and cigarettes. They differ, however, on how to do that.

Norman F. Sharp, president of the Cigar Association of America, said the attorneys general are confused on many facts. "Little cigars are not cigarettes and, over the long term, they have never been substitutable for cigarettes," he told New Jersey legislators at a hearing this month. "They represent the cigar industry's attempt to give satisfaction to cigar smokers, not an attempt to attract cigarette smokers."

Representatives of four nonprofit groups -- the American Heart Association, Americans for Nonsmokers Rights, the American Lung Association and the Campaign for Tobacco-Free Kids -- disagreed. "Many of these 'little cigars' are blatantly aimed at our children," they said in a joint statement in support of the 40 states' filing. "They are cheaper and more affordable to kids than regular cigarettes because they have lower excise tax rates, and they are often sold individually rather than in packs because their classification exempts them from state laws setting minimum pack sizes for cigarettes."

Cigars are harmful, said Matthew Myers of the Campaign for Tobacco-Free Kids, but they generally are smoked less frequently than cigarettes and their smoke often is not inhaled. The products being marketed as "little cigars" are often smoked frequently and the smoke is inhaled like that from cigarettes, he said.

The little-cigar industry's retail value is about $360 million a year, Sharp said. In contrast, 380 billion cigarettes are sold each year, with retail value of more than $80 billion.

Miller, the Iowa attorney general, said that while the sales of little cigars are low compared with those of cigarettes, their growth rate in recent years, if it continues, could undo the reduction in overall smoking that the 1998 agreement achieved.

FBI: Shooting Was Part Of Sting (CHIT)

By Tom Rybarczyk And Matt O'connor, Tribune Staff Reporters

DOJ_NMG_0029139

Chicago Tribune, May 19, 2006

An FBI-orchestrated weapons buy in a Dolton parking lot went awry late Wednesday, leading to the fatal shooting of an informant who was wearing a wire and being watched by surveillance teams, officials said.

Timothy Forrest, 41, of Dolton was shot in the head at about 9 p.m. Wednesday in his car, which was parked outside a currency exchange at Lincoln Avenue and Sibley Boulevard, officials said.

FBI agents watched as the man meeting Forrest exited his vehicle and got into Forrest's car. They did not suspect anything amiss until the man hurried away and drove off, officials said.

The suspect's name was known to investigators, who captured him more than 10 hours later at a house in Alsip. He was being held for questioning Thursday night, and while FBI officials have identified him, the Tribune is withholding his name because no charges have been filed.

Forrest was married, a longtime Dolton resident and a former Cook County correctional officer. He had been accused of transporting stolen DVDs and that federal case was pending.

FBI Special Agent Tom Simon said every safety precaution was taken as the weapons buy was set up, but events like this happen "once every blue moon."

"During the meeting, the FBI surveillance team had no indication that there were any problems with the meeting until they saw [the suspect] leave the car in a hurry," Simon said.

"The surveillance team immediately went up to the car and saw that Mr. Forrest had been shot. ... It's important to understand that with a meeting like this, there are inherent risks."

FBI spokesman Frank Bochte confirmed that Forrest was wearing a wire but said the gunshots were inaudible to those listening. Veteran agents tried to call Forrest on his cell phone before rushing to the car, he said.

Simon said, "The plan was never to pounce on [the suspect] the second he left the car. The plan was to go up to [Forrest] once the coast was clear."

Forrest died of multiple gunshot wounds, and his death was ruled a homicide, said a Cook County medical examiner's office spokesman.

Dolton police, the FBI and the South Suburban Major Crimes Task Force are investigating, Dolton spokesman Sean Howard said.

"We don't have a motive and once again we are working hand in hand with the FBI," Howard said.

Law enforcement sources said there appeared to be a link between Forrest's shooting and his federal court case.

Simon said the slaying would be prosecuted by the Cook County state's attorney's office, not by federal prosecutors.

FBI officials would not comment on how Forrest became an informant and neither would his defense attorney, Neil Cohen, who represented him on the charges of conspiring to transport stolen DVDs from Memphis to Chicago in July 2004.

According to the federal indictment, Forrest rented a truck from Chicago and drove to Memphis to pick up 14 pallets of stolen DVDs. He initially was charged in Cook County with theft of more than $500,000, but the case was superseded by the federal indictment.

Forrest and two co-defendants then transported the merchandise to Chicago before he was arrested, authorities said. The case was pending, Cohen said.

"He was a very decent guy, a non-violent man," Cohen said. "His wife is shocked and bereaved, and we're awaiting the results of the FBI investigation."

His attorney did not know what Forrest did for a living, but Cook County sheriff's employment records show that he previously worked as a correctional officer at the Cook County jail from 1997 until resigning in September 2004.

Forrest's mother, Rosa Price, said she did not want to talk about her son's involvement with the FBI.

"I loved him with all my heart, soul, mind and body," Price said. "And he is gone. I don't know what else I can tell you."

This is at least the second death of an informant under FBI surveillance in the last three years in the south suburbs. In June 2003, cocaine kingpin Otis Moore shot himself in the mouth outside the Chicago Heights Police Station. The FBI planned to have Moore tape conversations with another drug dealer.

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Sentencing Delayed In FBI Sting Drug Case (PROJO)

By Mike Stanton

The Providence Journal, May 19, 2006

PROVIDENCE -- The tortured case of Alan Blamires, the mob associate caught guarding a shipment of cocaine in an undercover FBI sting, encountered another detour yesterday.

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Having pleaded guilty to conspiracy, a handcuffed Blamires was led into federal court, expecting to be sentenced for his crime. Since his arrest in January 2005, he has been held without bail at the Wyatt Detention Center in Central Falls.

But some confusion over the value of cooperation that Blamires, 50, of Johnston, has provided the authorities prompted Chief U.S. District Judge Ernest C. Torres, reluctantly, to postpone the sentencing.

This was not the first detour in U.S. v. Blamires. Last summer, a plea deal fell apart after Blamires told Torres that he was "fuzzy and blurry" from medication that he took to control his violent tendencies, and didn't understand the charges against him.

During that court hearing, Blamires also blurted out that he had "pertinent information" regarding lawyer Joseph Bevilacqua, but that prosecutors wouldn't talk to him.

U.S. Attorney Kenneth P. Madden said that he would be happy to talk to Blamires, but only after he pleaded guilty.

Finally, after a competency review and a guilty plea earlier this year, Blamires had his sit-down with Madden, an FBI agent and a Providence police detective.

Madden declined to say after yesterday's hearing what information Blamires provided, or whether it concerned Bevilacqua, the son of the late Rhode Island Supreme Court chief justice. A government motion detailing Blamires' information is sealed.

Bevilacqua is serving an 18-month federal prison term for leaking an undercover FBI videotape to television reporter Jim Taricani in a Providence City Hall corruption case, and has also been a target of an investigation by the U.S. Drug Enforcement Administration.

Madden told Torres that the information Blamires provided was "historical," and would probably not be of much use to investigators in pursuing future cases.

"There were one or two pieces of information that I hadn't known . . . but given the age of the information, there's nothing to be gained for current use," said Madden.

Nevertheless, Madden said, the government was willing to give Blamires "the benefit of the doubt" and recommend that he be sentenced to less than the mandatory minimum of 120 months, or 10 years. Madden recommended 108 months, while Blamires' lawyer, Richard K. Corley, urged the judge to go lower.

That prompted Torres to question the criteria that he could consider in fashioning a sentence. He asked the lawyers to file memoranda within 10 days.

Blamires is the last of three defendants to be sentenced following guilty pleas to charges related to guarding the cocaine shipment at a Cranston hotel on Jan. 18, 2005.

Matthew L. Guglielmetti Jr., a capo regime in the Patriarca crime family, is serving a 136-month prison term after admitting to his role in recruiting Blamires and Anthony P. Moscarelli to guard 67 kilograms of cocaine that was supposedly passing through Rhode Island. Moscarelli is serving a 96-month sentence.

Guglielmetti was working for an undercover FBI agent who was posing as a drug dealer.

The case grew out of a larger undercover investigation in which an FBI agent posing as a businessman operated a construction business with Guglielmetti as a silent partner, probing alleged corruption in the Rhode Island construction world.

When Guglielmetti, Blamires and Moscarelli were arrested last year, authorities also searched offices of the Laborers' International Union in Providence and a New England Laborers' training fund and its administrator, state Sen. Dominick J. Ruggerio.

No charges have been brought in connection with that phase of the investigation. Asked after yesterday's hearing if authorities will move forward once Blamires is finally sentenced, prosecutor Madden replied, "I can't talk about the Laborers'."

4 Officers Receive National Honors (PROJO)

By Gregory Smith, Journal Staff Writer

The Providence Journal, May 19, 2006

Three officers from Providence and one from East Providence are honored for their invesitgation of the Latin Kings gang.

PROVIDENCE -- Three police investigators from Providence and one from East Providence who teamed up in a long-running drug case to apprehend 26 members of the Almighty Latin Kings Nation gang are among the TOP COPS in America.

That is what the National Association of Police Organizations thinks of Lt. Thomas A. Verdi and investigators Robert Colanduono and Robert M. Enright, all of Providence, and investigator Karl R. "Jake" Jacobson of East Providence.

The association, an advocacy group that includes police labor unions and citizens, annually gives out a handful of awards for police work above and beyond the call of duty.

It treated the four police officers and 19 other honorees to a Hollywood-style awards ceremony at the Warner Theatre in Washington, D.C., last weekend.

The highlight of the ceremony, which featured the stars of TV law enforcement shows as master of ceremonies and award presenters, were sometimes dramatic video reenactments of the winners' crimebusting exploits.

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"You watched the audience go from tears to cheers," Verdi said, as first the crimes were shown in each of 10 reenacted cases, one of which included the murder of a police officer in another state, and ultimately the arrests.

One of the honorees was a New York City police officer who donated a kidney to a former partner.

Verdi said it was a privilege to be honored, given the caliber of the other winners' achievements.

"It was humbling," he said.

In the real-life police case in Rhode Island dubbed Operation Royal Flush, in which a slew of federal and state law enforcement agencies cooperated in 2003-2004, the Providence police made the largest single seizure of cocaine in department history in 2004: Nearly 23 kilos worth an estimated $575,000, which had been stashed in a minivan.

Operation Royal Flush was heavily dependent on wiretaps of more than 32,000 telephone calls among Latin King gang members. Investigators heard gang members speaking in code, which they partially deciphered.

"It was characterized by a lot of on-the-street surveillance, and we would take turns in the wire room," listening to wiretapped conversations, which could be, at turns, funny, serious and tedious duty, Jacobson said last night.

Taking a break from tailing a criminal suspect in another case, Jacobson said in an interview on his cell phone that it was difficult to penetrate a Hispanic gang such as the Latin Kings because they enrolled members at a young age. It would have been no easy matter to have infiltrated it with a Hispanic undercover officer, he said.

"It takes a lot of money to do a wiretap," said Jacobson, who expressed appreciation for the federal and state support of the probe. He paid tribute to the work of, among others, three members of the U.S. Drug Enforcement Administration: Special Agents Anthony Cardello and Kathleen Kelleher and intelligence analyst Andrea Metz.

The National Association of Police Organizations said the winners from Providence and East Providence "spent innumerable hours with dedicated precision to ensure the end to a lawless and brutal regime called the Almighty Latin King Nation. . . ."

The investigation took 11 months and dominated the lives of the officers involved.

"During my 18 years [in policing] there have been many terrific moments, but being nominated for this prestigious award culminates my lifelong dream," Colanduono said in a statement. "My wife, Tracey, has ate, drank and slept this case as much, if not more, than I. She is my sounding board and backbone; her sacrifice and unending love made it all worthwhile."

Providence Mayor David N. Cicilline hailed the three Providence officers for "their extraordinary police work" and for removing dangerous drugs from city neighborhoods.

The four officers have been honored previously for the Latin Kings case: The Providence trio received the Chief's Award and Jacobson was given the Exceptional Service Award.

In reconstructing Operation Royal Flush for the video at the ceremony, the producers used surveillance video from the investigation and did on-camera interviews with the investigators at places in Providence that figured into the case.

The master of ceremonies for the awards -- the registered trademark is TOP COPS Award -- was John Walsh, host of the Fox TV show America's Most Wanted, and the award presenter for the four Rhode Islanders was actor Jeremy Ratchford, who portrays a detective on the CBS police drama Cold Case.

A 14-member committee that included Ed Meese, former U.S. attorney general; Stacie Dotson, a forensic identification specialist for the National Center for Missing & Exploited Children; and David Holway, president of the International Brotherhood of Police Officers, selected the winners.

Feds Bust Man In New Castle Drug Sales (PPG)

By Paula Reed Ward, Pittsburgh Post-gazette

Pittsburgh Post-Gazette, May 19, 2006

A man who federal authorities say has been selling large amounts of cocaine for years in New Castle was arrested this week.

Dion Mercer, 37, has been charged with one count of conspiracy to distribute more than 5 kilograms of cocaine and more than 50 grams of crack.

According to a six-page affidavit filed by a Drug Enforcement Administration agent, Mr. Mercer has been selling large quantities of cocaine for four years.

Mr. Mercer was convicted of drug trafficking in federal court in 1997. In that case, he cooperated with officials to receive a reduced sentence. At the time of this week's arrest, he was on federal supervised release as well as state parole from drug charges.

DEA Agent Larry Forletta said in the affidavit that the case is based on interviews he had with at least nine people involved in drug dealing with Mr. Mercer, a controlled crack buy by a confidential informant, a phone trace on his cell phone and surveillance.

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"We have attempted to do surveillance on Mercer numerous times," Agent Forletta wrote. "He is very conscious of surveillance and routinely conducts counter-surveillance."

The affidavit outlines one instance on May 2, when Mr. Mercer was meeting with Ricky Pinkins, who'd just been released from prison on a murder charge.

"After the meeting ended, Pinkins was observed traveling at a high rate of speed," wrote Agent Forletta. "We believe Mercer detected our surveillance because after noticing my car near the scene where he was meeting with Pinkins [he had detected my vehicle on a prior surveillance], he began to chase me through the streets of New Castle."

According to Agent Forletta's sources, Mr. Mercer used his mother's home on Raymond Avenue for his business, as well as a wooded area behind the Crestview Garden complex.

Mr. Mercer's cocaine supply came from Detroit, the agent wrote in the affidavit.

Though the U.S. attorney's office said this case is unrelated, in February, officials from the state attorney general's office announced charges against 27 adults and one juvenile in a crack cocaine ring that involved gangs from Detroit moving into New Castle to take over local crack sales.

The U.S. attorney's office wouldn't say whether this is an ongoing investigation or whether more arrests are expected.

Mr. Mercer remains in federal custody pending a preliminary hearing Monday.

Second Hearing On Detroit Drug-Search Case Shows Deep Divisions On Supreme Court (NYT)

By Linda Greenhouse

The New York Times, May 19, 2006

WASHINGTON, May 18 — It did not take very long during the Supreme Court's final argument of its term on Thursday to see why the court had decided to schedule a second hearing in this less-than-monumental case about a search for illegal drugs in a Detroit home.

The justices were deeply engaged, and deeply split.

It is a logical inference that they were deadlocked at 4 to 4 after the first argument on Jan. 9, and that it is now up to Justice Samuel A. Alito Jr., who took his seat later that month, to break the tie.

But that is not necessarily the case; any Supreme Court decision is a work in progress until it is issued. "I may have my mind made up, but I'm open to change," Justice Stephen G. Breyer told Timothy A. Baughman, a lawyer from the Wayne County, Mich., prosecutor's office who argued for the state.

Nonetheless, Justice Breyer proceeded to make it clear that he remained unpersuaded by Mr. Baughman's argument that the Michigan Court of Appeals was correct in refusing to exclude from Booker T. Hudson's trial the drugs the police found when they executed a search warrant by bursting into his home without knocking or waiting for him to open the apparently unlocked door.

This means of entry violated the "knock and announce" rule that modern Supreme Court precedents have made part of the current understanding of the Fourth Amendment's prohibition of unreasonable search and seizure. There was no dispute that the Detroit officers' action violated the rule. The question for the justices was what consequences should flow from the violation.

"A child of 2," Justice Breyer told the prosecutor, would know that the officers' sudden entry made it more likely that they would find the incriminating evidence. To permit evidence found in these circumstances to be admitted at trial would be "to let a computer virus loose in the Fourth Amendment," he said.

Justice Alito had no questions for Mr. Baughman, but he asked questions of the defendant's lawyer, David A. Moran, that suggested some sympathy for the state's position.

Justice Alito asked Mr. Moran to assume that the police had waited 10 seconds before entering, rather than the 3 or 4 seconds that they actually waited after they announced their presence through the closed door. The Supreme Court's precedents have suggested that 15 to 20 seconds is the appropriate delay. Would excluding the evidence "be in any way proportionate" if the police were only "slightly on the wrong side of the line?" Justice Alito asked.

Perhaps not if it was really that close, as opposed to the "flagrant violation" in this case, Mr. Moran replied. The rule that illegally seized evidence should be excluded was meant to deter the police from violating the Constitution in the first place, he said. "Is there any method of deterrence other than teaching by example?" he asked.

What about telling police officers that they will not be promoted if they violate suspects' rights, Justice Antonin Scalia wanted to know. His suggestion appeared more rhetorical than serious, serving along with a number of his other interjections to make it clear that he was on the state's side in the case, Hudson v. Michigan, No. 04-1360.

Chief Justice John G. Roberts Jr. also appeared firmly in the state's camp. He asked Mr. Moran, who is associate dean of Wayne State University Law School in Detroit, what difference it would have made had the police waited 15 or 20 seconds instead of 3 or 4 after announcing their presence.

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Mr. Hudson would have left the chair where he was sitting and admitted the officers, Mr. Moran said.

Why make that assumption, the chief justice wanted to know, observing that the police found a loaded gun and crack cocaine at Mr. Hudson's seat. Would Mr. Hudson really have exclaimed, "Oh, it's the police, let's see what they want?" Chief Justice Roberts asked.

Mr. Hudson was found guilty of drug possession and was sentenced to 18 months' probation.

The federal government, entering the case on behalf of the state, argued in a brief filed by the solicitor general's office that "suppression is too high a price to pay for a particular violation when the causal link between the violation and the acquisition of evidence is weak, nonexistent, or irrelevant."

Justice David H. Souter told David B. Salmons, an assistant solicitor general, that "if we accept your argument," the knock-and-announce rule "is a dead letter" because it would so often be difficult to prove that an illegal entry led to discovery of a particular piece of evidence.

Justice Souter, whose sympathy for the defense was clear, said that requiring such a link ignored an important reason for the knock-and-announce rule: "that there is enough respect for a person's privacy to say that the police should not barge in like an invading army."

Privacy Case May Rest On Alito Vote (WP)

By Charles Lane

The Washington Post, May 19, 2006

The Supreme Court heard a rare mid-May oral argument yesterday, on the authority of police to search private homes without knocking first -- in a major privacy-rights case likely to be decided by the vote of the court's newest member, Justice Samuel A. Alito Jr.

At issue in Hudson v. Michigan , No. 04-1360, is the "knock and announce" rule rooted both in the Fourth Amendment to the Constitution and Anglo-American common law. The rule says that, in normal cases, police with a search warrant must knock and state their purpose, then wait a reasonable period for an answer, before forcing their way in.

Most federal and state courts that considered the question have said courts must exclude evidence seized by police who did not follow the rule. But in recent years, the Michigan Supreme Court has joined the minority that says no such "exclusionary rule" is required.

When the court first heard oral argument on Jan. 9, Justice Sandra Day O'Connor was still on the bench. But O'Connor stepped down before the court could issue its opinion.

The court then announced it would hear arguments again. It gave no reason, but since it could have issued a decision if there were still five votes for one side without O'Connor, the most probable explanation is that the court was divided 4 to 4 and needed Alito, a former prosecutor who built a strong pro-police record as a federal appeals judge, to break the tie.

Liberals on the court openly worried that Michigan's approach would carry the day -- effectively gutting the "knock and announce" rule and, potentially, other restrictions on police searches.

Justice Stephen G. Breyer said that if the court rules in Michigan's favor, "we'd let a kind of computer virus loose in the Fourth Amendment. I don't know what the consequences would be."

Michigan courts upheld the 2002 drug possession conviction of Booker T. Hudson Jr., ruling that the officers who burst into his Detroit home three to five seconds after crying "Police! Search Warrant!" would have found crack cocaine in his jeans even if they had knocked and waited.

Under a 1999 Michigan Supreme Court ruling, defendants such as Hudson can prevail if only they show that the police's failure to knock directly caused the discovery of the evidence.

Michigan does not dispute that the officers technically violated the "knock and announce" rule. It argues, rather, that since they had a warrant, their presence in the house was legal even if the way they got inside was not.

Michigan also argues that the "knock and announce" rule can be adequately enforced by private lawsuits for damages against the police, or by internal police discipline -- a position echoed by the Bush administration, which supports Michigan.

But David A. Moran, a lawyer for Hudson -- who is also backed by the American Civil Liberties Union, the libertarian Cato Institute and the National Association of Criminal Defense Lawyers -- told the court that only the threat of excluding evidence is enough to protect citizens from the shock and embarrassment of a sudden police raid.

"People should have the right to answer the door in a dignified manner," Moran said.

Alito posed few questions, but those that he did ask implied that he sympathized with the state.

He asked Moran what difference it would have made in the case if the officers had waited 10 seconds before going in -- that is, more than the three to five seconds they waited, but fewer than the 15 seconds Moran proposed as a minimum.

For such a small violation, Alito asked, "Why would suppression [of the evidence] be proportional?"

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Moran explained that the exclusionary rule was needed for deterrence, but his response did not satisfy Alito.

"You've contradicted your premise," the justice told him.

This contrasted with the tone O'Connor struck during the Jan. 9 argument, in which she suggested to Michigan's lawyer, Timothy A. Baughman, that "if the rule you proposed is adopted, then every police officer in America can follow the same policy. Is there no policy of protecting the homeowner a little bit, and the sanctity of the home from this immediate entry?"

A decision is expected by July.

IMMIGRATION:

More Suspected Illegals Held (CINE)

By Jim Hannah

Cincinnati Enquirer, May 19, 2006

FORT MITCHELL – U.S. Marshals have detained more suspected illegal aliens as part of an ongoing investigation into the use of laborers in Northern Kentucky's home-building industry.

Five or six suspected undocumented workers were arrested Wednesday afternoon at Fountains at Lakeside Park apartments in the 2500 block of Kirkland Court. (The complex was formally known as Lakeside Village.)

Fort Mitchell police Chief Steve Hensley said his officers found the suspected illegal aliens while helping federal agents serve a search warrant at one of the apartments. Hensley said officers didn't go to the apartment specifically looking for illegal aliens.

U.S. Immigration and Customs Enforcement officials and the U.S. Marshals Service couldn't immediately be reached for comment.

Last week, 76 suspected illegal aliens were arrested as part of the two-year investigation. Two apartment complexes in Boone County have previously been raided along with several construction sites.

The corporate headquarters of the Crestview Hills-based Fischer Homes was also raided by federal agents last week. The builder denied any wrongdoing, but four of its construction site supervisors were charged with harboring illegal aliens.

Some of the suspected illegal aliens arrested last week are scheduled to appear Friday in U.S. District Court in Covington.

Bush Now Favors Some Fencing Along Border (NYT)

By Elisabeth Bumiller

The New York Times, May 19, 2006

YUMA, Ariz., May 18 — President Bush traveled on Thursday to a blistering stretch of scrub land surrounding the nation's busiest Border Patrol station and declared that he supported fencing some but not all of America's 1,950-mile border with Mexico.

"It makes sense to use fencing along the border in key locations in order to do our job," Mr. Bush said in a speech at the headquarters of the Yuma Sector Border Patrol. "We're in the process of making our border the most technologically advanced border in the world."

Mr. Bush has in the past indicated he is opposed to fencing, and White House officials were kept busy on Thursday trying to explain the change in his position. Tony Snow, the new White House press secretary, told reporters on Air Force One that the White House supported a Senate amendment, passed on Wednesday, that would build 370 miles of fence in areas most often used by smugglers and illegal workers.

"We don't think you fence off the entire border," Mr. Snow said. But, he added, "there are places when fences are appropriate."

Earlier on Thursday, Mr. Bush sent a letter to Congress requesting $1.9 billion to pay for putting up to 6,000 more National Guard troops on the border with Mexico. The troops were the main news in his immigration speech on Monday.

The request for money and Mr. Bush's tough words on fencing amounted to his latest effort to win over House conservatives who want an immigration bill focused on strengthening border security instead of a temporary guest worker program favored by the Senate. Mr. Bush likes the Senate plan, which would give most of the nation's 11 million illegal immigrants a chance to become American citizens, but he is trying to meld both approaches into a single bill that he hopes will be the major legislation of his remaining two years as president.

"Our country is a country of laws, and we've got to enforce our laws," Mr. Bush said at the Border Patrol headquarters, where outside temperatures reached 104 degrees. "But we're also a nation of immigrants. And we've got to remember that proud tradition, as well, which has strengthened our country in many ways."

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Mr. Bush said that he believed a temporary worker program would reduce the number of people trying to enter the country illegally. Hundreds of Mexicans have died in the heat in recent years trying to enter the country through the Sonoran Desert, between Yuma in the west and Nogales, Ariz., to the east. Since October 2005, the Yuma sector of the Border Patrol, which stretches for some 125 miles along the desert boundary between the United States and Mexico, has reported 17 deaths.

"I understand there are many people on the other side of the border who will do anything to come and work," Mr. Bush said. "And that includes risking their life crossing your desert, or being willing to be stuffed in the back of an 18-wheeler."

The president was met here by Gov. Janet Napolitano of Arizona, and then toured a dirt field a few hundred feet from the border, where there were five watch towers and a fence of corrugated metal about 20 feet high.

After the tour, Mr. Bush gave back-to-back interviews of three to five minutes each to five broadcast and cable networks — CNN, Fox, NBC, ABC, CBS — to press his immigration plan.

Bush Says Border Fencing Makes Sense (AP)

By Jennifer Loven

The AP, May 18, 2006

President Bush peered across this hot, dusty and very busy illegal crossing point on Thursday, hoping to offer conservatives balking at a broad immigration bill firsthand evidence that he's serious about tightening the nation's 2,000-mile border with Mexico.

He said fences would help stop people from sneaking into the United States.

The president showed off a section of the border that is seeing a rising tide of illegal immigrants and other smuggling. The United States is responding with increased manpower — including help from the National Guard — and a newly beefed-up enforcement zone that features two layers of tall fencing, a concrete culvert, floodlights, watch towers and camera surveillance.

"I think it helps to have the president out here, seeing the part of the area of the country that one time was overrun by people coming in here, that's beginning to get settled down because of a strategy that's being employed," Bush said later in a packed room at the Border Patrol's Yuma Sector headquarters about 30 miles away.

"People's work is making a difference," the president said. "But we do not have full control of the border."

Bush wants a sweeping immigration overhaul that combines enhanced border security measures with a guest worker program.

But he faces stiff resistance from conservative Republicans, particularly in the House, who prefer a get-tough approach and largely oppose a Bush-backed guest worker program, which they see as providing amnesty for criminal behavior. House legislation that passed last year would make all illegal immigrants subject to prosecution as felons.

While the president visited the U.S.-Mexico border, the Senate continued a heated debate over broad legislation that largely does what Bush wants. It includes measures to tighten control over the borders, create a guest worker program and offer a path to citizenship for to many of the estimated 12 million illegal immigrants already in the country.

The Senate voted to make English the national language of the United States. Moments later, it voted to say that English was a "common and unifying language."

"The Senate needs to get the bill out," Bush said.

Eager to win over conservative opponents, the president has been talking increasingly tough. On Monday, he proposed deploying up to 6,000 National Guard troops along the international line to support Border Patrol agents until their ranks can be expanded.

On Thursday, he said it makes sense to put up fencing along some parts of the border.

Bush did not declare his support for either of Congress' two competing proposals — one approved by the House that would build 700 miles of fencing and a provision in the Senate bill that would build half that. Instead, he said the decision should be up to the Border Patrol.

"It makes sense to use fencing along the border in key locations in order to do our job," he said,

The president has talked repeatedly about the wisdom of walling the border in urban areas but has also signaled opposition to widespread fencing — which is hotly opposed by his ally, Mexican President Vicente Fox. Bush told Fox News, in one of five television interviews he granted while visiting the border to further press his message: "Whatever works."

Bush also defended those who oppose his immigration proposal against criticism that there is an element of racism to their stance.

"I think it would be too harsh a judgment to say that somebody who doesn't support a comprehensive immigration plan is a racist," the president told CNN. "I don't believe that. I do believe citizens have got legitimate concerns, realizing that parts of this border have been open for anybody who wants to come across."

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Bush's motorcade took him to a section of 6.9 miles of fencing that guard this area, the nation's busiest immigrant-smuggling hot spot. The president climbed up to a berm overlooking the 150-foot-wide border enforcement zone, which has recently added a new secondary fence of chain links and razor wire to a 20-foot-tall wall of corrugated metal. Guided by Border Patrol officials and Arizona Gov. Janet Napolitano, the president also reviewed a line of Border Patrol vehicles and display booths.

He also had a close encounter with the Washington debate, as he was joined on Air Force One by Arizona Republican lawmakers who have taken sharply different positions in the debate. Rep. J.D. Hayworth (news, bio, voting record) advocates doing anything possible to close the nation's porous border, while Republican Reps. Jeff Flake and Jim Kolbe teamed up to sponsor guest worker legislation similar to Bush's proposal.

The president suggested he got an earful from his guests, telling his audience in Yuma that the group is "a good bunch — a little rambunctious at times."

Meanwhile, Lt. Gen. Clyde A. Vaughn, chief of the Army National Guard, said Guard members from hurricane states will not be expected to contribute troops to the border effort until the end of the storm season.

Bush Backs 370-mile Fence Along Border (WT)

By Stephen Dinan

The Washington Times, May 19, 2006

YUMA, Ariz. -- The Bush administration announced yesterday it supported the Senate amendment calling for 370 miles of fence along the U.S.-Mexico border, marking the first time it is has endorsed a specific amount of fencing.

But White House spokesman Tony Snow told reporters traveling on Air Force One yesterday he would not get into a discussion on whether the Bush administration would also support the fence proposed in last year's House bill, which calls for 698 miles of fence to be built.

Hours later, after touring a section of the border at San Luis, Ariz., President Bush told an audience here at the U.S. Border Patrol station in Yuma that fences make sense -- in some cases.

"We saw some new fencing taking place. It makes sense to use fencing along the border in key locations in order to do our job," Mr. Bush said.

The administration yesterday sent to Congress a $1.9 billion immigration spending request, covering 1,000 of the 6,000 new Border Patrol agents Mr. Bush says will be hired over the next two years, and paying for temporary deployment of the 6,000 National Guard troops the president called for Monday.

He also gave his strongest praise yet of the full proposal now in the Senate, calling it "a good immigration bill." That bill includes a right to citizenship for illegal aliens who have been in the country more than two years, and a future foreign worker program that would also offer a path to citizenship -- something Mr. Bush's own proposal does not do.

Some members of Congress, in looking over the new spending request, said Mr. Bush was late in realizing the need for more border enforcement.

"Let me get this straight: when it comes to border security, the president was against it before he was for it," said Sen. Robert C. Byrd, West Virginia Democrat, reprising a line that haunted Sen. John Kerry during the 2004 presidential campaign.

Mr. Byrd said Mr. Bush had opposed the senator's efforts to boost immigration enforcement spending nine times since 2002, and questioned whether Mr. Bush is now sincere in his commitment.

"If we had spent that money beginning in 2002, we would not be calling on the National Guard today," he said.

The announcements on the Guard and fences also have irked Mexican officials. Foreign Minister Luis Ernesto Derbez yesterday told reporters in Mexico City that his government would send a protest note to the U.S. about both proposals.

"There are 12 million Mexicans on the other side, 12 million people who live every day in anguish about the need for a reform to let them live peacefully," Mr. Derbez said. Later yesterday, the foreign ministers of Guatemala, Honduras, Nicaragua and Costa Rica joined Mr. Derbez in Mexico City to denounce the proposed fences.

For his part yesterday, Mr. Bush spent time inspecting both a section of the international border with Mexico and the communications center at the Border Patrol station before giving a short speech on immigration.

Strikingly, the part of the border the president chose to review does have fencing -- a two-layer fence, with a 20-foot-high corrugated metal fence right on the border line and a secondary chain-link fence with barbed wire strands at the top set 150 feet back. The chain-link fence is just months old, according to Border Patrol agents and residents here.

A road runs between the two fences, and is both patrolled by the Border Patrol and monitored by video so agents can detect illegal crossings.

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The president wanted to get a look at both the border and National Guard troops who are already operating in the area doing the same sorts of tasks he wants his 6,000 new troops to do: building roads and laying foundations for high-intensity lights the Border Patrol will use.

But the area he chose also shows how far the government has to go until the border is secure. Illegal alien apprehensions in the Yuma Sector are up 12 percent this fiscal year to date, compared with the same time in fiscal year 2005. So far this year in the Yuma Sector, in addition to the apprehensions, the Border Patrol has rescued 280 persons in distress and found another 17 dead.

The Yuma Border Patrol station regularly records more apprehensions on a daily basis than any other station, said Supervisory Agent Richard T. Hays. He also said criminal smuggling organizations operate from the neighborhood just over the fence from where Mr. Bush stood yesterday.

The area is one of the few along the border here that has fencing. The Yuma Station -- one of three stations in the Yuma Sector -- has just 6.9 miles of fencing in its 65 miles of Mexican border.

Both the administration and the Border Patrol say fencing doesn't make sense everywhere. Instead, Mr. Bush has called for a "virtual fence," saying there is no way to fence off the entire border.

The Senate on Wednesday passed an amendment calling for 370 miles of fence to be built in places where there are many illegal crossings.

"We supported the amendment," Mr. Snow said yesterday -- the first time the administration has backed a specific mile figure.

"I don't think anybody has seriously proposed building a wall across the entire border. What the president has said is he's going to try to have the right and appropriate types of security in the right places," Mr. Snow said.

Asked about the difference between that and the House bill, Mr. Snow said that was getting too far ahead of the process and the Senate must first act to pass its bill.

Still, fencing is so popular that the National Republican Senatorial Committee yesterday sent out press releases criticizing Democrats up for re-election who voted against the fence amendment.

Bush Trip To Border Turns Debate On Immigration Toward Security (WSJ)

By June Kronholz, Sarah Lueck And Yochi J. Dreazen

The Wall Street Journal, May 19, 2006

The Senate reaffirmed the broad outlines of its guest-worker plan, as President Bush toured a stretch of the Arizona border to underline his promises to stanch the flow of illegal immigrants.

In a day otherwise devoted to fine-tuning the Senate's sweeping immigration overhaul, the chamber effectively killed a proposal to prevent guest-workers from eventually becoming U.S. citizens. The 58-to-35 vote was a victory for supporters of the Senate legislation, as they protected one of its central features.

Mr. Bush asked Congress for $1.9 billion to pay for border agents, fencing, detention facilities and monitoring equipment along the border, and gave some details about how National Guard will be used to bolster border security.

His trip to Yuma, Ariz., and the request for emergency border-control funds helped shift at least temporarily the debate from amnesty to border enforcement. Mr. Bush has largely endorsed a Senate bill that would give permanent residence to most of the 12 million illegal immigrants in the country, provoking outrage from many conservative Republicans.

But almost no one disagrees with Mr. Bush that the border needs reinforcing, and the president made a further bow to his conservative base by supporting a Senate call to build a fence along more than 300 miles of the 1,951-mile border.

In remarks to Border Patrol agents and Arizona politicians, Mr. Bush made a clear attempt to address the biggest criticisms of the Senate bill. He emphasized that guest workers would have to return to their home countries when their time in the U.S. came to an end and stressed that allowing some illegal immigrants to become citizens if they met a long list of criteria didn't amount to amnesty. "Amnesty is automatic citizenship," he said, noting that isn't what he supports.

Meanwhile, Mr. Bush rejected one of the core demands of his critics: the forced deportation of the entire illegal immigrant community.

The Yuma trip was intended to illustrate the Border Patrol's progress in turning back would-be illegal immigrants, but it highlighted how tough it is to seal the border. Mr. Bush drove under heavy security to the frontier, where he toured a new stretch of fencing overseen by guard towers. Administration aides noted that units of the Ohio and Pennsylvania Air National Guard helped build access roads and lay the foundation for high-intensity lighting elsewhere along the border.

Meanwhile, the Senate spent the day on a series of fine-tuning amendments that left intact the central features of the immigration bill, including the legalization process and a guest-worker plan that would give visas to 200,000 temporary workers a year.

The day's most emotional debate was over English as the national language. After long debate, senators agreed by a 63-34 vote that people aren't generally entitled to receive information from the government in Spanish. Then it passed a milder Democratic alternative making English the nation's "common and unifying" language.

English-language measures have surfaced often in recent years. The issue is a favorite of cultural conservatives who fear the spread of Spanish and are particularly nervous about the millions of Hispanics who would be offered eventual citizenship under the Senate plan.

By a 50-49 vote, senators decided against limiting the Social Security benefits of illegal immigrants who contribute to the program using fake numbers. They agreed to charge $750 to illegal immigrants applying for citizenship and use the funds to reimburse state and local governments for health-care and education costs.

Senators refined details of possible amnesty and guest-worker programs. They dropped wording that would have allowed immigrants to attest that they had lived and worked in the U.S. long enough to qualify for residency without providing any proof.

They reversed a vote Wednesday that would have prevented guest workers from petitioning for permanent status and would have left that prerogative up to their employers. Yesterday's measure guarantees temporary workers the right to join unions.

President Tours The U.S.- Mexican Border (LAT)

By James Gerstenzang

The Los Angeles Times, May 19, 2006

YUMA, Ariz. — Declaring that "we do not have full control of the border," President Bush on Thursday visited an area where arrests — and deaths — of would-be immigrants have risen dramatically, and he urged the Senate to complete work on immigration legislation by the end of the month.

The president spent about an hour inspecting the arid and stark border, marked by a 20-foot-tall corrugated metal structure, an eight-foot chain-link fence topped by razor-sharp concertina wire, powerful lights, watchtowers and video cameras — an ever-growing low- and high-tech arsenal deployed in a sector where the Border Patrol says the most apprehensions have occurred.

Then, speaking to officers at their headquarters about 20 miles north of the border, Bush said that 6,000 National Guard troops were needed to help secure the border while the Border Patrol is beefed up over the next two years because "the need to enforce the border is urgent."

"It's time to get immediate results," Bush said.

The president's daylong journey, three days after he announced the National Guard deployment, was designed to highlight his newly emphasized commitment to the immigration issue.

But he is caught between those — including some governors — who argue that border duty would overtax the National Guard, which has sent many units to Iraq and is also designated to deal with disasters at home, and those who are demanding a more muscular effort along the border. Some critics have also expressed concern that the border is becoming militarized.

"The Guard will operate surveillance and communications systems. They will install fences and vehicle barriers. They're going to help build patrol roads, they will analyze intelligence, they will help spot people. But the Border Patrol will be involved in direct law enforcement," Bush said.

Seeking to draw attention to his call for broad legislation to overhaul the immigration laws, rather than on proposals to just clamp down on illegal border crossings, Bush sat in near-100-degree heat for five consecutive television interviews, with the chain-link fence to his left and a Border Patrol vehicle behind him.

The president flew nearly nine hours round trip, covering about 4,400 miles, for the roughly three-hour visit to the southwest corner of Arizona. He was accompanied by Arizona Gov. Janet Napolitano, a Democrat who has largely supported his new immigration efforts; David Aguilar, the chief of the Border Patrol, and the patrol's local chief, Ron Colburn.

He spent about 10 minutes in a barren field in the town of San Luis, a few hundred feet from the international border, touring the area in a two-seat dune buggy.

Richard T. Hays, a supervising Border Patrol agent, told White House pool reporters that before the chain-link fence, lights and cameras were installed, 70 to 80 people would cross at a time. The new measures have reduced the incursions, he said, although the region remains the patrol's busiest.

In addition to deploying the National Guard and increasing the Border Patrol by 50% beyond its current level of 12,000, the president favors a guest worker program, which would allow immigrants to enter the country legally for a specific period — thus removing the incentive to sneak across the border.

Under the program, Bush said, workers would be required to pass a criminal background check and would be given tamper-proof identification cards.

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He favors giving access to citizenship to those who have lived in the United States for a specified, but as yet unstated, period and have paid taxes and a fine for entering the country illegally.

"This is a rational way to deal with people who are God-fearing, decent people and respect their dignity at the same time," Bush said.

But, he added, "nobody should be given an automatic citizenship — that's called amnesty."

As Bush headed to Yuma Thursday morning, the White House sent to Congress a revision in its $92-billion request for emergency spending, most of it to cover costs associated with the wars in Iraq and Afghanistan and the recovery from Hurricane Katrina. Within that amount, it is seeking $1.95 billion to meet the costs of deploying 1,000 new Border Patrol agents, and for fences, lights, and some of the border work of the National Guard.

White House Press Secretary Tony Snow said the Border Patrol's Yuma sector was "emblematic of what we're talking about in terms of border security."

He told reporters aboard Air Force One: "We've got an area with the fence; we've got Border Patrol there. But also this is an area where National Guardsmen are involved in non-law-enforcement roles."

With increased enforcement along the border in eastern Arizona, there has been a spike in attempts to enter the United States in western Arizona, near Yuma. The 95,000 arrests along the Border Patrol's 125-mile Yuma sector since Oct. 1 represent a 13% increase over the same period a year ago. And deaths in the desert, beyond the fortified zone, were a record 51 in 2005, up from 15 two years earlier.

Anyone crossing the border looking for work would be advised to travel beyond Yuma, a city of nearly 89,000 that has struggled with unemployment for years. A recent improvement has seen the jobless rate drop to 21.8%, from 25.2% in 2002. The biggest employer is the Marine Corps Air Station.

But with a growth rate of 49.7% during the 1990s, it ranked behind only Las Vegas and Naples, Fla., as the fastest-growing metropolitan area in the country.

Bush Takes Border Tour (CHIT)

By Mark Silva

Chicago Tribune, May 19, 2006

YUMA, Ariz. -- Warming up to new congressional plans for additional fencing along the Mexican border, President Bush made a personal inspection of one of the nation's most porous borders on Thursday as part of his stepped up appeal for a more sweeping approach to immigration reform.

"The need to enforce the border is urgent," Bush said in a speech at Border Patrol headquarters here.

"I understand that illegal immigration is a serious problem," said Bush, insisting that the solution must be "comprehensive," including a plan for temporary workers already in the U.S. and new guest workers. "One of our jobs in public office is to fix problems."

With a brief tour of the Border Patrol's Yuma Sector, a 120-mile stretch of desert along the southwestern Arizona border with Mexico where more than 70,000 illegal immigrants were turned back last year, Bush has come to the front line of a debate that has driven a deep wedge within his own party.

As the president presses Congress for reform of the nation's immigration laws, Bush has assumed a potentially perilous political role, with his own public approval ratings already at all-time lows.

Bush is attempting to mediate between the conservative base of the GOP, which has no patience for the president's talk of enabling millions of undocumented immigrants already living in the United States to eventually seek citizenship, and a fast-growing and traditionally Democratic-voting Hispanic population. The president has worked hard to woo Hispanics since his days as Texas governor.

Among the early indicators of Bush's success or failure since carrying his immigration appeal to a national audience with a televised address on Monday: Votes in the Senate this week where conservatives have found more approval for new fencing along the border and tougher sanctions against illegal immigrants than any new support that leaders have mustered for a temporary worker program for undocumented immigrants.

Another indicator: A series of focus groups that Hispanic pollster Sergio Bendixen conducted in Los Angeles this week. Bendixen says the voters he queried are "angry" about Bush's order for National Guard troops along the Mexican border.

"Unfortunately, sometimes when you try to get in the middle of a fight, you get both groups angry with you," Bendixen said. "When it comes to the major players in this debate {ndash} the Hispanic voters on one side, and the native, anti-immigration people on the other side {ndash} he may have hurt himself with both."

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Bush is attempting to underscore his bid for conservative support, with the White House signaling on Thursday that it supports a Senate amendment this week to construct about 350 miles of new triple-layer fencing along the border in addition to about 500 miles of vehicle barriers.

"I don't think anybody has seriously proposed building a wall across the entire border," White House press secretary Tony Snow said en route to Arizona. "What the president has said is he's going to try to have the right and appropriate types of security in the right places."

The House, which has approved a border protection-only bill with tough sanctions for illegal immigrants and no provision for the temporary or guest workers that Bush wants, has proposed about 700 miles of fences.

"Whatever works," Bush said in a shirtsleeves interview with Fox News at a border crossing. "It makes sense to use fencing here. It doesn't make sense to use fencing on other parts of the border."

The president, who conducts few interviews, sat for brief border-side talks with each of the television networks covering his trip here. {ndash} a sign of the White House's intentions of making a more direct appeal to Americans.

Among Republicans, in particular, Bush faces a challenge. Republicans are more likely to name immigration as the nation's leading problem (19 percent of those surveyed), according to a May survey of the Pew Research Center. Just 9 percent of independents and 6 percent of Democrats cited immigration first, with many more {ndash} 22 percent of both groups {ndash} citing the war in Iraq.

Yet all the talk of Guardsmen and fencing also has created strains among Hispanic voters, a constituency that Bush has courted heavily, raising his share of the Latino vote from 35 percent in 2000 to 40 percent in winning re-election in 2004.

Hispanics "consider it as almost anti-Hispanic or anti-Mexican," pollster Bendixen says of the National Guard call-up. "They can't see it any other way. They came here to work and take care of their families, and they're asking, 'Why make criminals out of us when all we've done is come here to pick up'" some of the toughest work?

The president came to Yuma, the White House says, because more illegal immigrants have been intercepted along the Arizona border than in any of the other three border states where the National Guard will start rotating forces through three-week tours of duty this summer. Guard forces, already playing a role in communications in Yuma, are to play similar supporting roles elsewhere; the deployment is planned as a "bridge" until the Border Patrol gets the additional agents Bush is seeking.

Bush brought David Aguilar, director of U.S. Customs and Border Protection, for his Yuma sector tour, as well as Rep. Jeff Flake (R-Ariz.) one of the few conservatives demonstrating an openness to the president's talk of comprehensive reform.

"There's a temptation for politicians to demagogue on immigration reform and, unfortunately, that has soured this debate almost to the point of deadlock," Flake said. "I hope that President Bush's speech… which was rational and serious, will reverse the tone of this debate in Congress and help us pass a comprehensive bill."

Bush Takes Immigration Vision To Ariz. (USAT)

By David Jackson

USA Today, May 19, 2006

YUMA, Ariz. — President Bush continued walking a fine line Thursday in the Republican immigration battle, including the line at the U.S.-Mexican border.

Accompanied by Arizona Gov. Janet Napolitano, a Democrat, Bush toured one of the nation's most porous border areas, where Border Patrol agents apprehended 70,000 illegal entrants last year. He stood a few hundred feet from a 20-foot fence of corrugated metal and inspected new camera, communications and lighting systems.

In remarks at the Border Patrol headquarters, Bush said there is common ground between the two visions of immigration overhaul that have split his party — one that stresses keeping illegal immigrants out, and another that favors making immigrant workers legal temporarily and giving some illegal immigrants a path to citizenship.

Bush favors elements of both. “You cannot secure the border unless you have all elements of a comprehensive plan,” he said.

The Republican-led Senate is debating a bill that does much of what Bush wants. The GOP-led House has passed a bill that focuses on border enforcement.

Bush's trip Thursday was his first since his Monday night address on immigration, when he reached out to GOP immigration hard-liners by proposing tougher border security, including deployment of up to 6,000 National Guard troops.

The flight aboard Air Force One underscored GOP differences. Bush's guests included Rep. J.D. Hayworth, R-Ariz., who wants a law enforcement bill only.

Hayworth said he and Bush have “profound disagreements.”

“I don't believe the House will accede to his wishes on a ‘guest worker' program, despite his recent protestations to the contrary,” Hayworth said.

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Bush noted that immigration is “an emotional issue.” That seems especially true in Arizona.

Al Garza, who lives near Tucson, said he voted for Bush twice but would not do so again. The director of a group that works to stop illegal entrants at the border, Garza called Bush's troop proposal “a political ploy.”

“No one seems to be listening to what the citizens want,” Garza said. “It's all what Mexico wants, or what the illegal aliens want.”

Robin Hoover, head of a group that maintains watering stations in the desert where illegal immigrants cross, said a guest-worker program recognizes the need to deal with people already here. He said the Guard deployment is “silly.”

“Putting the soldiers down here is all politics, bad politics,” he said.

Bush, Chertoff Say Plan Will Bolster Border (DMN)

By Michelle Mittelstadt, The Dallas Morning News

The Dallas Morning News, May 19, 2006

House conservatives unimpressed by visits, Guard deployment

EL PASO – President Bush and Homeland Security Secretary Michael Chertoff traveled to the U.S.-Mexico border Thursday in a push to convince the public – and conservatives in Congress – that they're serious about beefing up efforts to halt illegal immigration.

ERICH SCHLEGEL/DMN U.S. Border Patrol Agent Juan Garcia on Wednesday guarded illegal immigrants found loaded onto a pickup north of Laredo. The truck was stolen in Houston and modified to smuggle immigrants.

With House conservatives digging their heels in against the administration's plan to pair a guest worker program with tougher enforcement, Mr. Bush headed to a dusty border crossing in Yuma, Ariz., to make his case while his homeland security secretary offered a similar message 550 miles away in El Paso.

The president's plan to dispatch 6,000 National Guards troops to assist the Border Patrol offers a "turbocharged" boost to the strategy of taming illegal immigration with a mix of added manpower, high-tech surveillance and the guest worker program, Mr. Chertoff said in an interview en route to El Paso.

Acknowledging that the solution "is not going to happen overnight," Mr. Chertoff said the National Guard will serve as a bridge until 6,000 new Border Patrol agents can be hired over the next two years and high-tech equipment such as unmanned drones and satellites are deployed.

With Congress insisting on heightened border security, the fate of Mr. Bush's push for a plan that includes a chance at citizenship for illegal immigrants already here could turn on whether enforcement gains are realized in the near term.

"It helps to have the president out here, seeing the part of the area of the country that one time was overrun by people coming in here, that's beginning to get settled down because of a strategy that's being employed," Mr. Bush said, referring to previous administration policies.

Some enforcement hawks in the House remain unmollified by the president's plan to send the National Guard, as well as by his visit to Yuma on Thursday.

"Press conferences without administration action is, as border ranchers say, 'All hat and no cattle,' " said Rep. Tom Tancredo, a Colorado Republican strongly opposed to the citizenship provision.

The Senate continued work Thursday on legislation that mirrors the president's goals far more than a tough, enforcement-only bill that passed the House in December. The Senate bill pairs increased enforcement with a guest worker program and a path to citizenship for most of the nation's 11 million to 12 million illegal immigrants.

Touting the National Guard as a "force multiplier" for the 12,300-strong Border Patrol, Mr. Chertoff said border surveillance will be a "big part" of what the Guard will do.

"They are going to be using their eyes and they are going to be using their binoculars and all the high-tech equipment they have to identify groups of migrants that are crossing," he told reporters at Fort Bliss, where he received a classified intelligence briefing and met with Border Patrol officials.

The Guard troops also will build fencing, vehicle barriers, roads and other items as part of the Border Patrol's plan to gain operational control of the border – a goal that Mr. Chertoff said is about two years from being met.

Homeland Security and Defense Department officials still are discussing where to send the first Guard units, which are expected to be dispatched next month.

The White House on Thursday asked Congress to divert $1.9 billion earmarked for border security upgrades as a partial down payment for the Guard deployment and other programs Mr. Bush outlined to the nation Monday.

The money would be used to increase detention capacity by 4,000 beds and to fund 1,000 of the 6,000 Border Patrol agents the administration pledged to add by 2009, bringing the force to more than 18,000.

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Chertoff Tells Border Residents Guard Plan Isn't Unusual (AP)

By Alicia A. Caldwell, Associated Press

The AP, May 19, 2006

FORT BLISS, Texas – Homeland Security chief Michael Chertoff assured border residents and officials Thursday that National Guard troops set to deploy in their region would function the same way they have for 20 years.

He said President Bush's plan to mobilize up to 6,000 Guard troops along the country's 2,000-mile border with Mexico was "enhancing or scaling up" operations that have long been in place as a backup for U.S. Border Patrol agents.

Chertoff met Thursday with officials from Joint Task Force North, a Department of Defense group that has for years coordinated training and intelligence missions to help the Border Patrol. His visit came on the same day Bush was touting his immigration plan during a trip to Yuma, Ariz., one of the nation's hottest regions and a heavy traffic area for illegal immigrants.

Before speaking with reporters, Chertoff watched a rescue training operation with Border Patrol and other search-and-rescue personnel. He said the rescue operation is an example of the humanitarian side of Border Patrol duties.

"Those who cross our border illegally put themselves at tremendous risk," Chertoff said.

The Bush administration is trying to build support for a comprehensive immigration overhaul that would provide illegal immigrants a path to citizenship while also beefing up border security.

As part of that effort, Chertoff also tried to assure people that federal and military officials were doing their part to avoid a repeat of the fatal 1997 Marine Corps shooting of an 18-year-old goat herder in a remote West Texas hamlet.

Chertoff said there are never any guarantees that something won't go wrong, but "we are taking every step to ensure that we don't have an unfortunate accident."

Esequiel Hernandez was shot while four camouflaged Marines were working an anti-drug mission along the border near Redford, Texas.

Chertoff also told reporters that assignments for the Guard troops haven't been made, but officials hope to begin deployments across the southern border by June.

Chertoff: Border To See Little Change (LCSN)

By Steve Ramirez

The Las Cruces Sun-News, May 19, 2006

FORT BLISS — Homeland Security chief Michael Chertoff said Thursday that not much will change with daily security operations along the border with Mexico, even with the addition of 6,000 National Guard troops.

Chertoff visited the Army post in El Paso on Thursday and met with officials of Joint Task Force North, a Department of Defense unit that has conducted training and surveillance operations along the far West Texas and southern New Mexico border for more than five years. Later Thursday, President Bush was in Yuma, Ariz. to lobby for his border security plan.

"Those who cross our border illegally put themselves at tremendous risk," Chertoff said.

Bush's plan is to mobilize Guard troops along the 2,000-mile border with Mexico by June. Chertoff emphasized that the Guard troops would have no law enforcement authority, and would mostly be used for administrative and surveillance duties along the border.

That would enable Border Patrol agents who are assigned those duties to be on the border patrolling for illegal immigrants. There are not enough agents available to adequately patrol the border, and Chertoff said that is flirting with disaster.

"Various carryover Border Patrol agents put their lives at risk," Chertoff said.

On Thursday, Bush submitted a request for $1.948 billion in emergency funding to help secure America's borders. The request includes funding to hire the first 1,000 of 6,000 new border patrol agents that will be deployed along the north and south borders of the United States in the next two years.

That funding would pay for the resources to train new Border Patrol agents and for the temporary deployment of National Guard troops.

Also requested by Bush is $1.172 billion for the Department of Homeland Security. That would include:

$235 million to hire 1,000 new Border Patrol agents

$50 million for additional recruiting and expanded training capacity at the Border Patrol Academy

$25 million to expand the Federal Law Enforcement Training Center in Artesia

$20 million to hire additional administrative staff members to replace agents who now have those duties.

Another $250 million is earmarked for more security infrastructure, including vehicle barriers, lighting, construction of all-weather roads, and more fencing.

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"It is clear that the situation on the border is an emergency," said Sen. Pete Domenici, R-N.M. "The Senate has already proven it wants to get serious about moving quickly to shore up the border by passing an amendment to spend $1.9 billion on border infrastructure, vehicles, air assets and other equipment."

Senate Votes To Make English The National Language Of The US (KRT)

By Frank James

Knight Ridder, May 18, 2006

WASHINGTON - In a historic move that came as part of its consideration of a comprehensive immigration reform, the Senate Thursday voted to make English the national language of the United States.

The lopsided 63-34 vote came after an impassioned debate in which the word "racist" was used on the Senate floor to describe the effort.

It was the first time in U.S. history that the Senate had passed such legislation. More negotiations on the final bill are expected, but if a "national language" measure cleared both the Senate and House and was signed by President Bush, it could mean a greater emphasis on the federal government providing its services in English.

The vote also appeared to be an important moment of reaction against multiculturalism in the United States.

In recent weeks, massive protests across the United States by supporters of immigrant rights have pointed to America's increasingly polyglot future. But the Senate's action appeared to be a reassertion of the nation's English heritage.

"This is something that is more significant probably to the American people than it is inside this chamber," said Sen. James Inhofe, R-Okla., who introduced the bill.

He said solid majorities of Americans, including Hispanics according to recent polls, believe English should be the nation's official language.

"So I believe this is something very significant we'll be doing today that people have talked about now for four decades that I know of, and I believe it should be popular," said Inhofe, who speaks fluent Spanish.

Although the immigration bill passed by the House last year doesn't have a similar provision, there is a separate "official English" bill in the House with strong support.

The Senate's action on Thursday raises the prospect that when Senate and House members meet to iron out differences between their immigration bills, the final product will include an "official English" provision.

Inhofe's legislation had originally called for English to be the nation's "official" language. But in order to draw enough support to pass his amendment, he made a subtle change, calling for English to be the "national" language.

To some, this softened the measure slightly, but supporters said it made little difference.

"We don't care. We think it's basically the same thing. It's a `You say potato, I say potahto' kind of thing," said Tim Schultz, director of government relations of U.S. English Inc. The organization describes itself as dedicated to preserving English's unifying role in U.S. life.

"The Senate has never passed an official English bill that has legally operative force," Schultz said. "This bill actually has some legally operative force that says you don't have - unless it's otherwise provided by law - you do not have an entitlement to government services in another language."

The legislation struck the Senate Democratic leader as invidious - if not in motivation, then in result.

"While the intent may not be there, I really believe this amendment is racist," said Sen. Harry Reid, D-Nev. "I think it's directed basically at people who speak Spanish."

The bill's supporters rejected that charge.

Specifically, the bill says that "unless otherwise authorized or provided by law, no person has a right, entitlement or claim to have the government of the U.S. or any of its officials or representatives act, communicate, perform or provide services, or provide materials in any language other than English."

The amendment continues, "If any forms are issued by the federal government in a language other that English ... the English language version of the form is the sole authority for all legal purposes."

Opponents of the bill said that under their interpretation, it would be impossible for government officials to conduct a range of activities, from speaking Spanish in government assemblies to putting up warning signs in both English and Spanish.

Sen. Dick Durbin, D-Ill., for example, said drowning deaths on the Potomac River, which flows through the nation's capital, had gone from more than a dozen in 2004 to none last year. The U.S. Park Service credited the dramatic decline, he said, to warning signs in Spanish and English after it noticed that many drowning victims were recent immigrants.

"So is making this political statement in the Inhofe amendment so important that we wouldn't want to provide safety for those using the Potomac River?" Durbin asked. "It was considered to be a sensible, rational thing to do, print the sign in both languages so that people would be warned of the danger."

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Inhofe responded that his bill would not prevent such signs from being printed in other languages in addition to English.

Sen. Ken Salazar, D-Colo., a Mexican-American, asked if the amendment wouldn't prevent senators from speaking Spanish on the Senate floor, as happened when Atty. Gen. Alberto Gonzales' nomination was being debated.

"That is a preposterous question . . . and not really a suitable question for a serious proposal like this," said Sen. Lamar Alexander, R.-Tenn. "We have a common language because we are a land of immigrants. It should be a simple statement that English is our national language."

In addition to making English the national language, the amendment would increase the proficiency requirements that immigrants would have to demonstrate in English and in U.S. history and government.

Sen. Ken Salazar, D-Colo., introduced an alternative amendment that Democrats who opposed Inhofe's bill hoped would draw enough senators from Inhofe's bill to defeat it. Salazar's proposal said the U.S. government "shall preserve and enhance the role of English as the common and unifying language of America."

That amendment passed by a 58-39 vote. Tim Schultz, director of government relations of U.S. English Inc., said it provided senators who voted against the Inhofe amendment with a chance to show they supported English, too, since it would be "political suicide" to appear to not support English-language dominance in the United States.

Sen. Edward Kennedy, D-Mass., took the Inhofe amendment's supporters to task for increasing proficiency requirements but not providing any additional funding for classes in English as a second language (ESL).

"In my hometown of Boston, there are 16,000 adults on the ESL list waiting to learn English," said Kennedy, practically shouting. "It's two to three years. Anything in the Inhofe amendment to help us help those people who want to learn English? Oh, no. No, no, no. There's nothing."

Senate Votes To Make English Official Language (LAT)

By Michael Muskal And Nicole Gaouette

The Los Angeles Times, May 19, 2006

WASHINGTON — English would be declared the "national language" of the United States under a measure approved by the Senate today, a largely symbolic move that supporters said would promote unity and ensure assimilation by immigrants.

The Senate passed two amendments, one Democratic and one Republican. The Democratic version is more specific on protecting translation and bilingual services.

The GOP-backed amendment, which passed 63 to 34, would allow the government to continue to offer publications and services -- such as bilingual ballots -- in languages other than English. It would require all illegal immigrants seeking to legalize their status in the United States to pass English proficiency tests and would offer guidelines to the Department of Homeland Security for a revised citizenship test.

Heated discussions about the measure dominated the Senate's proceedings, as proponents argued that it was needed to unite the country, while opponents insisted that it would leave the nation more divided.

Designating an official language is important to conservatives, who argue that the government should require English proficiency to ensure that the country does not descend into two societies, and that the 11 million to 12 million undocumented workers now in the United States only become citizens if they can speak the language.

Republicans, led by the principal sponsor, Sen. James Inhoffe (R-Okla.), argued that the amendment is needed because a common language is an important step in allowing people to talk to each other.

"It will help unify us as a nation," said Sen. Jeff Sessions (R-Ala.).

But the amendment also creates questions of fairness, said Sen. Dick Durbin (D-Ill.), citing the possibility of someone who is legally in the United States but has difficulty with English. Currently, interpreters are provided in many official forums, such as courts. And many states, including California, provide official ballots in different languages.

"Are we going too far?" Durbin asked about the amendment. "What of people who are poor with limited language skills? Are we being fair?"

Republicans insisted that the amendment's language wouldn't prevent needed translations services.

"We are having a great debate on what it means to be an American," said Sen. Lindsey Graham (R-S.C.).

Graham also mentioned the need to respond to recent demonstrations where immigrant rights advocates waved Mexican flags.

"The reason I'm voting for this is that I think it tries to unite us," Graham said, adding that nothing in the amendment prevents the use of interpreters in courtrooms for those whose English is not strong enough. "It doesn't disturb the legal situation in this country. If I thought it did, I wouldn't vote for it."

The Democrats' concerns led to their amendment, which passed 58 to 39.

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Earlier, the Senate reconsidered an action it had taken Wednesday to bar guest workers from petitioning on their own for legal status. In a 56-43 vote today, the Senate allowed guest workers to act on their own if the government determines no American workers are available for the job being filled.

At this point, most observers expect the Senate to pass a bill that will have something for everyone: tougher security at the borders; a guest worker provision to allow people to enter the United States legally; and a path for citizenship for many of the estimated 12 million undocumented workers in the country.

Conservatives have called the legalization provisions an amnesty, a term hotly denied by Senate sponsors who stress that those illegally in the country would have to pay fines and learn English before becoming citizens.

President Bush opposes amnesty but has said he supports a comprehensive approach like the one being considered in the Senate.

After the Senate passes its version of the immigration bill, a further battle with House conservatives is expected and that outcome remains unclear.

The House has passed a tougher bill that would make being an illegal immigrant a felony. The bill also increases border security, but it does not have any provision for granting citizenship to undocumented workers in the United States.

Senate Endorses English As National Language In A Symbolic Stand (KRT)

By Dave Montgomery

Knight Ridder, May 18, 2006

WASHINGTON - In an impassioned debate laden with symbolism, the Senate voted 63-34 Thursday to declare English the national language as it continued to debate legislation that would put millions of illegal immigrants on track to U.S. citizenship.

Senate Democratic leader Harry Reid, D-Nev., denounced the amendment as racist and joined other opponents in warning that it could undercut long-established civil rights law. The amendment's lead sponsor, Sen. James Inhofe, R-Okla., bristled at the assertion, saying the proposal would unify the nation's increasingly diverse population and wouldn't dismantle existing legal protections.

The first Senate vote on the issue in more than two decades illuminated the emotional divisions over Congress' efforts to craft legislation to deal with as many as 12 million immigrants who've entered the country illegally in search of better-paying jobs.

The Senate is considering nearly two dozen amendments on a comprehensive plan to grant legal status to many illegal immigrants and create a temporary guest-worker program to help fill what U.S. business leaders say is a chronic labor shortage. A final vote on the measure is expected next week.

Despite the intensity of the arguments on both sides, it was unclear what impact, if any, Inhofe's English-language amendment would have if it becomes law. Senators further confused the situation by accepting a softer alternative declaring English "the common and unifying language of the United States." The vote on that one, sponsored by Sen. Ken Salazar, D-Colo., was 58-39.

Salazar, one of three Hispanic senators, whose family settled in Colorado before it became a state, asserted that the Inhofe amendment threatened a return "to the dark days of American history" when Hispanic children were punished for speaking Spanish in school, sometimes by having soap thrust in their mouths.

In response, Inhofe said his proposal would put the U.S. government in line with 27 states and 51 countries that declare English the prevailing language. He called Reid's "racist" tag a ridiculous charge and accused opponents of demagoguery.

"This is your last chance to have English as the national language," he told colleagues.

Supporters suggested that the measure will be especially needed as millions of illegal immigrants and future foreign workers get on track for U.S. citizenship.

Senators said both amendments would be part of negotiations with the House of Representatives to reconcile differences in the two chambers' immigration plans. Asked whether the language amendments would have any effect, Sen. John McCain, R-Ariz., one of the Senate's leading architects on immigration legislation, responded: "Not that I know of."

The bill already requires English proficiency as a condition for illegal immigrants to obtain permanent legal status and citizenship over an 11-year period. At least 215 million of the nearly 300 million U.S. residents speak English, but the diverse population otherwise constitutes a linguistic melting pot, speaking as many as 176 languages. Spanish is the second most common, spoken by 28 million people.

Conservatives, surging with momentum after winning Senate support to erect at least 350 miles of fencing along the Southwest border, continued their attempt to limit the scope of the guest-worker program and legalization provisions that they denounced as "amnesty" for illegal behavior.

By 50-49, the Senate rejected an amendment that that would have prevented immigrants from getting Social Security benefits that they earned when they were here illegally.

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Senators also voted 63-34 to approve an amendment by Sen. John Cornyn, R-Texas, to add fees that would be charged to illegal immigrants after they step forward to begin the legalization process. The fees - $750 for illegal immigrants and $100 for each dependent - will come on top of the $2,000 fines already proposed in the bill.

Cornyn said the fees are designed to reimburse state and local governments for health care and other services provided to illegal immigrants. The assessment could raise up to $7.5 billion, he said.

Senate Votes To Make English National Language (NYT)

By Carl Hulse

The New York Times, May 19, 2006

WASHINGTON, May 18 — The Senate voted on Thursday to designate English as the national language. In a charged debate, Republican backers of the proposal, which was added to the Senate's immigration measure on a 63-to-34 vote, said that it was equivalent to establishing a formal national anthem or motto and that it would simply affirm the pre-eminence of English without overturning laws or rules on bilingualism.

"We're free to say what we want, speak what we want, but it is our national language," said Senator Lamar Alexander, Republican of Tennessee. The amendment was proposed by Senator James M. Inhofe, Republican of Oklahoma.

It is not clear, though, that the measure will be included in any final bill after negotiations with the House. Shortly after the Inhofe amendment was approved, the Senate also approved a weaker, less-binding alternative declaring English the "common and unifying" language of the nation, on a 58-to-39 vote. The question of which version survives would be decided in negotiations with the House.

The second amendment was proposed by Senator Ken Salazar of Colorado, one of several Democrats who said the Inhofe measure was needlessly divisive and would reduce multilingual government programs.

"We are taking a step backward from the progress America has made," Mr. Salazar said.

Senator Harry Reid of Nevada, the Democratic leader, said the Inhofe amendment was racist.

"Everybody who speaks with an accent knows that they need to learn English just as fast as they can," he said.

Under the Inhofe proposal, the federal government is directed to "preserve and enhance the role of English as the national language of the United States of America." It does not go as far as proposals to designate English the nation's official language, which would require all government publications and business to be in English.

Instead, it says government services and publications now offered in other languages would be unaffected. But the proposal declares that no one has "a right, entitlement or claim to have the government of the United States or any of its officials or representatives act, communicate, perform or provide services or provide materials in any language other than English."

Critics said they fear the directive could lead government agencies to scale back their bilingual efforts, cause discrimination against people who do not speak English, disrupt emergency operations in communities with populations of immigrants and have other unintended consequences.

Mr. Inhofe, who is proficient in Spanish from his days as a pilot in Mexico, said critics were exaggerating the potential effects of his plan. His plan would also stiffen the language rules for immigrants seeking to qualify for citizenship under the new legislation, requiring them to demonstrate English proficiency and understanding of American history and government rather than simply to enroll in a language class.

President Bush, speaking about immigration on Thursday on a trip to Arizona, reiterated that under his proposal illegal immigrants would have to learn English. "If you learn English, and you're a hard worker, and you have a dream, you have the capacity from going from picking crops to owning the store, or from sweeping office floors to being an office manager," Mr. Bush said.

The House did not include a similar provision on English in the legislation it passed in December, but there is strong support among House Republicans for such a move.

Despite the clash over language, advocates of a broad immigration measure combining border protection with the possibility of citizenship for qualifying illegal immigrants successfully fought off repeated efforts to alter the measure.

In a crucial showdown, the Senate voted, 58 to 35, late Thursday to reject an amendment that authors of the legislation said would gut their bill by prohibiting temporary workers and many illegal immigrants from seeking permanent residency.

The Senate reversed a decision it made on Wednesday about how temporary workers could apply for permanent residency. The Senate initially voted to require that such applications come just from employers. But some senators said they had misgivings that the requirement would give employers too much power over workers. On Thursday, senators voted to give workers the ability to apply for permanent residency on their own if they have been working in the country for at least four years.

The Senate retained a requirement that a green card be granted only if the Labor Department certified a need for workers.

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Immigrant groups praised the reversal. But some advocates for immigrants retained grave concerns about the emerging legislation.

Mary Bauer, director of the immigrant justice project at the Southern Poverty Law Center, said immigrants who participated in existing guest worker programs were frequently exploited. She said the programs failed to ensure that employers offered fair pay and housing.

Senate Votes English US National Language (AFP-Y2)

AFP, May 18, 2006

The US Senate voted to make English the national language of the United States as dispute raged over US immigration law reform.

"The government of the United States shall preserve and enhance the role of English as the national language of the USA," said an amendment to immigration legislation introduced by Oklahoma Republican James Inhofe and approved 63-34.

It requires English to be the language of all official paperwork and business, with some exceptions for voter registration, courts and help during disasters.

The House of Representatives is considering similar legislation presented by Iowa Republican Steve King. It already has the backing of 150 representatives.

"I came here at 14 years old and I had to learn English to make my way in America," said Cuban-born Senator Mel Martinez.

"That doesn't mean that you forget your roots. That's why I insist that my children learn Spanish."

"We all understand that the language of this country is English and to be successful here you have to learn English," he added.

President George W. Bush's immigration reform plan unveiled Monday proposes placing as many as 6,000 National Guard troops along the southern US border to assist border patrol officers, and creating a guest-worker program providing a possible path to citizenship for some of the estimated 11.5 million undocumented migrants, among other proposals.

Inhofe said that 27 of the 50 US states already call English their official language. The Spanish-speaking US territory of Puerto Rico calls English an official language, along with Spanish.

Inhofe also mentioned that several polls over the past 25 years show more than 80 percent of Americans -- and 77 percent of Latinos -- agree that English should be the official language of the United States.

Senate Votes English As 'National Language' (WP)

By Jonathan Weisman And Jim Vandehei

The Washington Post, May 19, 2006

After an emotional debate fraught with symbolism, the Senate yesterday voted to make English the "national language" of the United States, declaring that no one has a right to federal communications or services in a language other than English except for those already guaranteed by law.

The measure, approved 63 to 34, directs the government to "preserve and enhance" the role of English, without altering current laws that require some government documents and services be provided in other languages. Opponents, however, said it could negate executive orders, regulations, civil service guidances and other multilingual ordinances not officially sanctioned by acts of Congress.

That vote, considered a defeat for immigration-rights advocates, was followed last night by an important victory: By 58 to 35, the Senate killed an amendment that would have blocked eventual citizenship for future immigrants who arrive under a temporary work permit. Democrats and Republicans agreed that the amendment would have destroyed the fragile, bipartisan coalition backing the Senate bill.

The Senate action came hours after President Bush, who visited the border town of Yuma, Ariz., asked Congress to approve a $1.95 billion budget request to deploy National Guard troops and 1,000 additional enforcement agents to the U.S.-Mexico border. Bush also endorsed for the first time the construction of 370 miles of southern border fences to cut down on illegal immigration.

The English language vote continued the conservative turn that a major overhaul of the nation's immigration laws has taken since the Senate began debate this week. The comprehensive legislation would strengthen border security, allow illegal immigrants who have been in the country five years or more to remain and eventually become citizens, and create a guest-worker program.

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With approval of a triple-layered border fence Wednesday, the capping of the annual number of guest-worker visas at 200,000 and the English-language amendment yesterday, Republicans say the bill is tougher than the original version and comes closer to what is needed to satisfy many conservatives.

But immigrants-rights groups say their support is teetering. "This is devastating," said Raul Gonzalez, legislative director of the National Council of La Raza, after the English-language vote. "For us, this is a tough issue to bring back to the community."

Only nine Senate Democrats voted for the amendment and one Republican, Sen. Pete V. Domenici (N.M.), voted against it. Maryland's two Democratic senators voted against it, and Virginia's two GOP senators voted for it.

The English-language debate has roiled U.S. politics for decades and, in some quarters, has been as controversial and important as an amendment to ban flag burning.

The impact of the language amendment was unclear even after its passage. The wording negating claims to multilingual services appears straightforward. It also sets requirements that immigrants seeking U.S. citizenship know the English language and U.S. history. The amendment would require more thorough testing to demonstrate English-language proficiency and knowledge of U.S. history and elements of U.S. culture such as the Pledge of Allegiance and the National Anthem.

But its author, Sen. James M. Inhofe (R-Okla.), made two last-minute changes that some opponents said would reduce its effect significantly. By stipulating that the English-only mandates could not negate existing laws, Inhofe spared current ordinances that allow bilingual education or multilingual ballots. By changing the amendment to label English the "national language" rather than the "official language" of the country, Inhofe may have lessened its symbolic power.

"In my view, we had it watered down enough to make it acceptable," said Sen. John McCain (R-Ariz.), one of the chief architects of the immigration bill.

But pro-immigration groups and some Democrats said the amendment would obliterate executive orders issued by President Bill Clinton that mandated multilingual services and communications in a variety of federal agencies, and could undermine court orders, agency regulations, civil service guidances, and state and local ordinances that call for multilingual services.

Senate Minority Leader Harry M. Reid (D-Nev.) called the amendment "racist," and Sen. Ken Salazar (D-Colo.) dismissed it as divisive and anti-American.

Further complicating the picture, moments after approving the Inhofe amendment, the Senate voted 58 to 39 to approve a competing amendment by Salazar. It declared English the "common unifying language of the United States," but mandated that nothing in that declaration "shall diminish or expand any existing rights" regarding multilingual services.

Senators said the conflict will have to be worked out in negotiations with the House.

During his appearance in Arizona with Gov. Janet Napolitano (D) in attendance, Bush offered some tough talk. After touring a porous section of the border that has helped turn Yuma into a hotbed for illegal workers, Bush told a group of federal patrol agents that the White House is committed to sending reinforcements soon, and to significantly expanding security and staff over the next several years.

"It's time to get immediate results," Bush said at the Yuma Sector Border Patrol headquarters.

But administration officials made it clear that the $1.95 billion for the president's border initiative should come out of the same money approved by the Senate in its version of an emergency war spending bill.

That angered Senate Budget Committee Chairman Judd Gregg (R-N.H.), who had secured that money solely for capital expenditures, such as fences, sensors and watchtowers, not border security operations. But Gregg said he has "been told rather bluntly" some of those expenditures will have to wait.

The White House said the new budget request by Bush would cover the $750 million-plus Guard deployment, new agents, fences and barriers, five helicopters and two new unmanned surveillance aircraft. The money would be offset by delaying other military purchases, according to the White House.

Illegals Granted Social Security (WT)

By Charles Hurt

The Washington Times, May 19, 2006

The Senate voted yesterday to allow illegal aliens to collect Social Security benefits based on past illegal employment -- even if the job was obtained through forged or stolen documents.

"There was a felony they were committing, and now they can't be prosecuted. That sounds like amnesty to me," said Sen. John Ensign, the Nevada Republican who offered the amendment yesterday to strip out those provisions of the immigration reform bill. "It just boggles the mind how people could be against this amendment."

The Ensign amendment was defeated on a 50-49 vote.

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"We all know that millions of undocumented immigrants pay Social Security and Medicare taxes for years and sometimes decades while they work to contribute to our economy," said Sen. John McCain, Arizona Republican.

"The Ensign amendment would undermine the work of these people by preventing lawfully present immigrant workers from claiming Social Security benefits that they earned before they were authorized to work in our community," he said. "If this amendment were enacted, the nest egg that these immigrants have worked hard for would be taken from them and their families."

Mr. Ensign was among 44 Republicans and five Democrats who voted to block such payouts.

"It makes no sense to reward millions of illegal immigrants for criminal behavior while our Social Security system is already in crisis," said Sen. Jim DeMint, South Carolina Republican. "Why in the world would we endorse this criminal activity with federal benefits? The Senate missed a big opportunity to improve this bill, and I doubt American seniors will be pleased with the result."

Sen. Patrick J. Leahy, Vermont Democrat, said it would be unfair to deny illegals the benefits.

"We should not steal their funds or empty their Social Security accounts," he said. "That is not fair. It does not reward their hard work or their financial contributions. It violates the trust that underlies the Social Security Trust Fund."

Within hours, the vote had become an issue in this fall's elections, raised by a Republican challenger to Sen. Debbie Stabenow, Michigan Democrat.

"Instead of protecting the retirement security of Americans who are earning an honest living and abiding by the laws of our country, Debbie Stabenow sided with people who are here illegally and abuse our Social Security system," Oakland County, Mich., Sheriff Michael Bouchard said in a press release. "Allowing illegal immigrants to use their illegal work history as credit towards receiving Social Security benefits shows that Debbie Stabenow has forgotten who she is supposed to be working for in the U.S. Senate."

The Senate also yesterday approved an amendment to adopt English as the nation's official language, while reversing course from the day before on protections for U.S. workers who will face new competition from unskilled immigrant labor under the Senate bill. In addition, senators voted last night to kill an amendment that would have specified that the guest-worker program will not provide visas that would provide a path to citizenship.

On Wednesday, senators narrowly approved an amendment to require a foreign worker to have a job lined up in the United States before applying for a green card. The purpose, supporters say, is to ensure that the job market isn't flooded with foreign workers. Also, it prevents foreign workers from coming to the United States only to wind up unemployed and dependent on public assistance.

But yesterday, the Senate essentially gutted that amendment by allowing foreign workers to apply for permanent residency without having a job lined up.

"What that means is that up to 200,000 unskilled workers a year would become eligible for a green card, regardless of economic conditions, regardless of whether that worker has been actually employed for four years, and most importantly, regardless of whether there are unemployed U.S. workers available to fill those jobs," said Sen. John Cornyn, Texas Republican.

CONGRESS-ADMINISTRATION:

VERBATIM (WP)

The Washington Post, May 19, 2006

After the Bush administration was accused of secretly aiding militias in Somalia, new White House spokesman Tony Snow demonstrated on Wednesday that he had quickly learned the art of saying nothing.

QUESTION: On Somalia, is the United States working with warlords? Does the United States -- does the Bush administration consider the Somalia government to be responsible for specific genocide against African Christians in Darfur?

SNOW: I'm going to be very precise about this, and I will give you -- because this is one of these things where I want to be careful how I parse it. First, the president has said that his primary responsibility as commander in chief is to keep the American people safe. That's a solemn task. The second thing is, you've got instability in Somalia right now, and there is concern about the presence of foreign terrorists, particularly al-Qaeda, within Somalia right now. In an environment of instability, as we've seen in the past, al-Qaeda may take root. And we want to make sure that al-Qaeda does not, in fact, establish a beachhead in Somalia.

Now, the problem we've seen before in ungoverned -- these are problems that we've seen in other ungoverned regions in the past. The terrorists are going to seek to take advantage of the environment and use that kind of chaos in order to put together camps and, therefore, mount operations around the world. The United States -- we will continue to work with regional and international partners wherever we can to crack down on terrorism, and also to try to prevent its rising.

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In the long run, the answer to your concerns is an effective, functional government of Somalia, which, obviously, we do not at the moment have. The United States strongly supports the transitional federal institutions in Somalia because they are trying to reestablish a functioning central government within Somalia that can bring the Somali people out of the period of civil conflict. As I said, I am going to be very careful with the way I say it, and I will say no more.

Q: I appreciate that. One more thing on the genocide, though. Does the president --

SNOW: As I said, I'm not going to make any further comment on Somalia.

Q: What are you really saying?

SNOW: Every word will be in the transcript, every single one.

House Sets Budget Blueprint As Resources Bill Gains Passage (WSJ)

By David Rogers

The Wall Street Journal, May 19, 2006

WASHINGTON -- A $26 billion natural-resources bill cleared the House, even as Republicans won approval of their long-delayed budget blueprint for the new fiscal year that begins Oct.1.

The 218-210 budget vote, which followed a late-night debate spilling into early yesterday morning, ended weeks of frustration for party leaders who had twice pulled back in the final hours for fear of losing. Democrats were united in opposition, but just 12 Republicans broke ranks after moderates won promises that at least $7.1 billion would be added back to President Bush's budget for core job-training, health and education programs.

Passage cleared the way for the first of the 2007 spending measures, and the natural-resources bill adopted last night quickly captured the scrappier tone of the annual appropriations debate.

Just hours after the budget vote, prominent conservatives were back on the floor seeking more money, even including a $500,000 amendment to trap alligators in Florida. In a series of skirmishes with timber and oil interests, environmentalists easily prevailed and enjoyed an election-year surge of support from sometimes as many as 67 or 68 Republicans.

In a closely fought 217-203 contest, Florida Republicans led the successful effort to strip out a business-backed provision that would have lifted decades-old restrictions on exploring for natural gas off the U.S. coast.

Rep. Tom DeLay (R., Texas), the soon-departing former majority leader, watched with evident dismay. "Republicans are voting green tonight," he said.

The floor debate came as the White House and leadership stepped up pressure on House and Senate negotiators to reach agreement soon on an emergency-spending bill to pay for military operations in Iraq and hurricane-recovery efforts on the Gulf Coast.

The administration again warned that Mr. Bush will veto the wartime measure if total spending exceeds his initial $92.2 billion request. The president's chief of staff and former budget director, Joshua Bolten, followed up with a trip to the Capitol where he was promised by the leadership that the veto won't be needed -- and that the bill will comply.

But with the Memorial Day recess approaching, the administration has made the task of cost containment harder by adding about $4.1 billion in demands that must be met under the same $92.2 billion cap.

Just yesterday, for example, the White House sent Congress plans to shift more than $1.9 billion from various defense accounts to pay for new border-security initiatives announced by the president Monday night. The package is heavily tilted toward personnel: $756 million to place 6,000 National Guard troops on borders with Mexico and an additional $410 million to help hire 1,000 border-patrol agents. But the result will be to displace port-security initiatives and capital investments in equipment for border agents championed by many in Congress.

Much of the defense saving proposed to pay for the president's plan has already been claimed by lawmakers to pay for other priorities, such as more armor for troops in Iraq. For example, the administration would save $125 million by canceling its planned Navy purchases of inflatable boats and utility helicopters. In fact, the House and Senate have already assumed cuts of at least 80% from the same procurement money.

The same pattern is seen in the jockeying now over aid to Gulf Coast states recovering from hurricanes Katrina and Rita. The White House initially proposed $19.7 billion, then followed up with an additional $2.2 billion request last month for the Corps of Engineers and levee work in New Orleans. But rather than ask for more money to meet these needs, the administration proposed the cost be largely offset by cutting its proposed contributions to a disaster-relief fund within the Department of Homeland Security.

Critics of this approach argue that the White House is simply postponing having to face up to the cost of the Katrina recovery. And it is also an invitation to Senate Appropriations Committee Chairman Thad Cochran (R., Miss.) to try to do the same to offset the added education and development money he wants for the Gulf Coast.

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House Conservatives See Wins In Budget (WT)

By Amy Fagan

The Washington Times, May 19, 2006

House conservatives say they scored key spending reform victories in the $2.7 trillion budget approved early yesterday, but major changes are needed to achieve the fiscal discipline promised when Republicans took over the chamber more than a decade ago.

"The budget, while not visionary, was an important first step," said Rep. Mike Pence, Indiana Republican and chairman of the conservative Republican Study Committee (RSC).

"There's a huge way to go," said Rep. Jeb Hensarling, Texas Republican. "It takes time. ... It's like turning a battleship."

The House approved the blueprint for 2007 spending by a vote of 218-210 after weeks of negotiations between conservative and more liberal Republican factions. Twelve Republicans and all 197 House Democrats who voted opposed the bill, as did the one independent member. Four Democrats and one Republican did not vote.

Mr. Pence said conservatives' greatest victory was holding the line on President Bush's $873 billion limit for discretionary spending, despite what Mr. Pence said was "overwhelming pressure" from the more liberal wing to spend more.

"We stood firm; our leadership stood firm," he said.

Conservatives also highlighted "significant" victories secured from leaders during negotiations, including the promise of votes on line-item veto authority, inclusion of earmark reform in a recently passed lobbying reform bill, and a hard-fought provision that would define and limit "emergency" spending, making it more difficult to add pet projects to such legislation. For 2007, the budget sets that emergency level at $6.4 billion.

Mr. Bush praised the move in the House, and Majority Leader John A. Boehner, Ohio Republican, called the budget "a major demonstration of Republicans' commitment to return fiscal discipline."

Conservatives said spending was still too high, that cuts to massive entitlement programs were inadequate and that the plan will raise the national debt.

The bill increases discretionary spending for defense and homeland security while holding other discretionary spending flat. It assumes $228 billion in tax relief and culls $6.8 billion in savings from entitlements programs over five years.

"Even though this budget still spends too much," the reform victories represent "a turning point in the battle over spending," Mr. Hensarling said.

He called the emergency spending item a crucial tool. "There is now at least a stoplight on the road to spending," he said.

Mr. Hensarling this week offered an RSC alternative modeled after the budget House Republicans approved in 1995. Called "Contract With America Renewed," it would have balanced the budget in five years, trimmed $358 billion from entitlement programs, capped annual Medicare growth, eliminated 150 federal programs and restructured three federal agencies. It was approved by 94 Republicans and opposed by 134, including 32 RSC members, even though nearly half of them supported the 1995 budget.

"There's been a shift" in the party since 1995, Mr. Pence said, but he was encouraged that House Republican leaders backed the RSC plan this week.

"This was truly an effort to return to the bold and visionary leadership of the '94 revolution," he said.

Democrats, meanwhile, argued that the budget approved by the House shortchanged key social programs to allow more tax cuts for the rich and increase debt.

"The misplaced priorities demonstrated in this budget are astounding," said Rep. Jim McGovern, Massachusetts Democrat.

Future Is Cloudy For House G.O.P. Budget Bill (NYT)

By Carl Hulse

The New York Times, May 19, 2006

WASHINGTON, May 18 — House Republicans won their hard-fought budget victory early Thursday morning as the House voted 218 to 210 to approve a $2.7 trillion spending plan. But the victory may be more symbolic than substantive.

Lawmakers doubt the House blueprint will ever be reconciled with a larger Senate budget. But Republican leaders, who cut a last-minute deal with party moderates to seal the budget vote, were determined to force through a plan that held the line on federal spending as a show of fiscal discipline.

"We successfully worked with conservatives, moderates and appropriators alike to come together as a team and pass a responsible budget that controls spending," said Representative John A. Boehner of Ohio, the majority leader, who had made the budget vote a priority since assuming his leadership role this year.

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Democrats, who voted unanimously against the plan, criticized both its reductions in spending on social programs and its forecast of a $348 billion deficit in 2007. "The tide of red ink rises forever," said Representative Sander M. Levin, Democrat of Michigan. "This policy is unsustainable and morally indefensible."

The key to the budget approval was a leadership promise to Republican centrists that an additional $3.1 billion would be found for health and education programs as Congress moved through its individual spending bills. Democrats said the moderates had agreed in return for a vague pledge of future money, but Representative Michael N. Castle, the Delaware Republican who led the push for the extra money, said he thought the leadership would follow through.

"We are aware it is a promise, but we had a lot of talks about it and they are pretty committed," Mr. Castle said of the leadership.

Though the agreement resulted in Mr. Castle and others deciding to support the budget, 12 Republicans voted against it, including some lawmakers in difficult re-election fights, like Representatives Heather A. Wilson of New Mexico and Jim Gerlach of Pennsylvania.

By establishing an overall spending limit, the House has made it harder for lawmakers to force politically difficult votes by pushing for more money.

Even before the final concessions on health and education spending, the leadership had stripped issues like Medicare cuts, called for by President Bush, from the spending bill.

Panel Approves Gay 'Marriage' Ban (WT)

By Charles Hurt

The Washington Times, May 19, 2006

The Senate Judiciary Committee yesterday approved a constitutional amendment against homosexual "marriage" in a brief but nasty meeting.

"If you want to leave, good riddance," Chairman Arlen Specter told Sen. Russ Feingold, the Wisconsin Democrat who refused to participate because, he said, the meeting was not sufficiently open to the public.

"I've enjoyed your lecture, too. See ya," Mr. Feingold told the Pennsylvania Republican before storming out of the cramped and ornate President's Room just off the Senate floor.

The committee approved the measure on a party-line vote. Mr. Specter said he opposes the amendment but supports sending it out of committee to the Senate floor, where it is expected to be taken up next month.

Majority Leader Bill Frist, the Tennessee Republican who is viewed as a 2008 presidential contender, said he will take up the matter the week of June 5.

Even backers of the amendment say it's not likely to go far this year beyond becoming a hot-button political issue in the November elections. Because the measure seeks to change the Constitution, it must pass both houses of Congress by a two-thirds majority and then be approved by at least 38 states.

But the sponsor of the amendment says it's about more than just election-year politics.

"If we quit bringing it up here and talking about it here, in effect we leave the decision-making process to the judicial side," amendment sponsor Sen. Wayne Allard, Colorado Republican, told reporters after the committee vote.

"Marriage in the United States shall consist only of the union of a man and a woman," reads the measure. "Neither this Constitution, nor the constitution of any State, shall be construed to require that marriage or the legal incidents thereof be conferred upon any union other than the union of a man and a woman."

Vermont Sen. Patrick J. Leahy, the committee's top Democrat, said the marriage amendment was a waste of time for a committee that needs to tackle a wide range of other pressing issues -- from judicial nominations to oversight of the National Security Agency's domestic-spying program.

"I didn't realize marriages were so threatened. Nor did my wife of 44 years," Mr. Leahy said.

Mr. Leahy said Sen. Orrin G. Hatch, who is Mormon, has expressed support for polygamists in his home state of Utah.

"I never said that," Mr. Hatch replied. "I know some [polygamists] that are very sincere. ... Don't accuse me of wanting to have polygamy."

Senate Panel OKs Gay-marriage Ban (USAT)

USA Today, May 19, 2006

The Senate Judiciary Committee approved a constitutional amendment to ban same-sex marriage after a shouting match between two senators Thursday. It began when Sen. Russ Feingold, D-Wis., declared his opposition to the amendment, his love of the Constitution and his intention to leave the meeting.

“I don't need to be lectured by you,” Chairman Arlen Specter, R-Pa., said. “Good riddance.”

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"I've enjoyed your lecture, too," replied Feingold, who is considering a run for president in 2008.

The panel voted 10-8 along party lines to send the measure to the full Senate. It says, "Marriage in the United States shall consist only of the union of a man and a woman." Specter said he opposes the measure but wants it debated. A constitutional amendment needs approval by two-thirds of the House and the Senate, and three-fourths of the states.

Supreme Court Justice Antonin Scalia reminded a Capitol Hill audience that he does not believe the justices should invoke foreign law in their decisions. But then he had a message for Congress on the topic: Don't try to legislate against it.

"I don't think it's any of your business," said Scalia, the most outspoken justice, after prefacing the remark with a quip: "Part of my charm is that I always tell people things they don't want to hear."

Scalia said that as much as he abhors the increasing use by other justices of international law in their decisions — to support rulings such as a ban on the death penalty for juveniles and protection for homosexual relations — he does not want Congress to meddle.

"If you tell us not to use foreign law, I suppose you can tell us not to use certain principles of logic," he said. A pending resolution by Rep. Tom Feeney, R-Fla., with 83 co-sponsors, says judges generally should not rely on foreign rulings or laws. Feeney was not at the luncheon where Scalia spoke. He said later that the resolution does not tell the court how to rule but attempts to admonish the court when it relies on foreign law. — Joan Biskupic

Members of the House Homeland Security oversight subcommittee criticized the Department of Homeland Security for security gaps. Among the issues: Brian Doyle, the department's fourth-ranking spokesman, was charged with sexually preying on a detective posing as a 14-year-old girl in cyberspace; and the department awarded $25 million in limousine contracts to a Virginia-based company whose owner, Christopher Baker, has numerous felony convictions.

"We're talking about people who were driving the highest people in the department around," said committee Chairman Pete King, R-N.Y.

Dwight Williams, the department's security officer, said Homeland Security might not have had the authority to look at Baker's criminal past. Gregg Prillaman, the department's personnel director, said the department is still feeling growing pains from merging 185,000 employees from 22 agencies in 2003.

Bid To Revive Offshore Gas Drilling Falls Short In House (LAT)

By Richard Simon

The Los Angeles Times, May 19, 2006

WASHINGTON — A new drive to relax the long-standing ban on offshore energy exploration came up short in the House of Representatives on Thursday.

By a 217-203 vote, a bipartisan coalition of coastal-state lawmakers beat back an effort to exempt drilling for natural gas from the congressional moratorium.

But the vote — closer than last year's 262-157 roll call on a similar measure — reflected the heightened political anxiety over high energy prices in this election year.

It is expected to embolden pro-drilling forces to make a more determined push in coming months to try again to relax the moratorium, which currently prohibits oil as well as natural gas drilling offshore in the Atlantic and Pacific oceans as well as in a wide swath of the eastern Gulf of Mexico.

One proposal that might stand a better chance would let states opt out of the moratorium in return for a share of drilling royalties. Another would expand energy exploration in the eastern gulf.

In a statement, the American Gas Assn. said the vote signaled growing support for lifting the moratorium for natural gas exploration on the outer continental shelf. That increasing support will add "tremendous momentum to other legislative efforts to get an [outer continental shelf] bill through the House and Senate," the statement said.

Environmentalists expressed relief, but Sierra Club Executive Director Carl Pope warned, "We must remain vigilant."

Thursday's vote came during consideration of the Interior Department's annual spending bill, which has included a moratorium since the early 1980s. New energy exploration is prohibited except in parts of the Gulf of Mexico and areas off Alaska. A presidential order also prohibits drilling in most coastal waters until 2012.

Farm and manufacturing groups hard hit by high fuel costs joined the energy industry in pushing to relax the drilling ban. Although high gasoline prices have generated attention, natural gas prices have also soared. Winter average natural gas bills for Southern California Gas Co. residential customers were 20% to 25% higher than last winter, according to the company.

Rep. John E. Peterson (R-Pa.), who led the effort to relax the moratorium, argued that natural gas could be explored without risking an oil spill, an assertion that anti-drilling lawmakers disputed.

Peterson also warned that high fuel costs threaten to drive more U.S. companies overseas. "Folks, this is about the economy of America," he said.

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Rep. Ralph Regula (R-Ohio) added: "I don't think it's fair to 280 million Americans to deny them access to an asset that belongs to all of them."

Coastal-state lawmakers, including a number of pro-business Republicans, argued that the measure could endanger their states' tourist economies.

"I can assure you that people don't go visit the coast of Florida or the coast of California to watch oil wells," said Rep. Sam Farr (D-Carmel).

Gov. Arnold Schwarzenegger joined several other coastal-state governors, including Florida Gov. Jeb Bush, in urging their state delegations to oppose weakening the moratorium. In a letter, Schwarzenegger called the state's coastline "an integral part of our culture, our heritage and our economy."

Offshore drilling has been a significant issue in California since a 1969 oil platform blowout off the coast of Santa Barbara caused extensive environmental damage.

In the California delegation, Republicans Mary Bono of Palm Springs, Ken Calvert of Corona, John Campbell of Irvine, David Dreier of San Dimas, Elton Gallegly of Simi Valley and Ed Royce of Fullerton joined all the Democrats in supporting the continued moratorium. With the exception of Rep. Richard W. Pombo of Tracy, who did not vote, all other Republicans were opposed.

Rep. Jerry Lewis (R-Redlands), the influential chairman of the House Appropriations Committee who last year favored keeping the moratorium, was among those who changed his vote Thursday. Jim Specht, a Lewis spokesman, said his boss was moved by the increase in energy prices.

"As gas prices have continued to increase, he has become convinced that we must find new sources to fix the long-term problem of increasing supply," Specht said.

Vote In House Seeks To Erase Oil Windfall (NYT)

By Edmund L. Andrews

The New York Times, May 19, 2006

WASHINGTON, May 18 — In an attempt to revoke billions of dollars worth of government incentives to oil and gas producers, the House on Thursday approved a measure that would pressure companies to renegotiate more than 1,000 leases for drilling in the Gulf of Mexico.

The measure, approved 252 to 165 over the objections of many Republican leaders, is intended to prevent companies from avoiding at least $7 billion in payments to the government over the next five years for oil and gas they produce in publicly owned waters.

Scores of Republicans, already under fire from voters about gasoline prices, sided with Democrats on the issue. Eighty-five Republicans voted to attach the provision to the Interior Department's annual spending bill. The measure would require adoption by the Senate, which is less reflexively supportive of the energy industry than the House, and will almost certainly provoke intense opposition from oil and gas producers.

In a raucous debate on the House floor before the vote, Democrats argued that energy companies were shortchanging taxpayers at the same time that soaring prices for crude oil and natural gas had pushed industry profits to record highs.

"Oil companies want to play Uncle Sam for Uncle Sucker," said Representative Edward J. Markey, a Massachusetts Democrat who co-sponsored the amendment with Representative Maurice D. Hinchey, Democrat of New York. "Today, we must put an end to these senseless giveaways."

Republican leaders, who had hoped to avoid a vote on the issue, agreed that companies should not be getting lucrative incentives in times of high prices. But they insisted that the government had no right to reopen valid leases that it signed years ago with offshore drillers.

"These leases were valid legal contracts signed between the government and these companies in good faith," said Representative Mike Simpson, Republican of Idaho. "The Congress and the government should keep their word when they sign a contract."

In a separate defeat for energy companies, the House voted 279 to 141 to reject a provision that would lift a 25-year ban on oil drilling in coastal areas outside the western Gulf of Mexico.

Lawmakers also voted 217 to 203 to continue the prohibition on drilling just for natural gas.

The lopsided vote to rescind royalty incentives, which surprised many of the proposal's own sponsors, came three months after The New York Times disclosed that companies drilling in publicly-owned waters of the Gulf of Mexico were set to escape royalties on about $65 billion worth of oil and gas over the next five years.

The windfall stemmed in large part from a major error in about 1,000 leases that the Clinton administration signed with energy companies in 1998 and 1999.

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To encourage drilling and exploration in water thousands of feet deep, the government offered to let companies avoid the standard royalties, usually 12 percent or 16 percent of sales, for large quantities of the oil and gas they produced.

But the incentives, which have been expanded in recent years by the Bush administration and by Congress, were supposed to stop as soon as prices for oil climbed above $34 a barrel and prices for natural gas climbed above $4 per thousand cubic feet.

For reasons that are now being investigated, the Interior Department omitted the restriction in 1,000 leases it signed in 1998 and 1999. In addition, the Bush administration offered extra "royalty relief" to companies that drilled very deep wells in very shallow water.

The lost royalties are just beginning to hit the government's bottom line.

The Government Accountability Office, the investigative arm of Congress, estimated in March that the royalty incentives could cost the government $20 billion over the next 25 years.

On top of that, at least one oil company, the Kerr-McGee Corporation, has sued the Bush administration in a test case to expand the "royalty relief" far more. If the Kerr-McGee lawsuit is successful, the G.A.O. estimated, the government could lose a total of $80 billion over the next 25 years.

The amendment approved on Thursday would try to force oil companies to revise their contracts and agree to pay full royalties when energy prices climb above the "threshold levels."

To give the government bargaining power, the bill would also prohibit the Interior Department from awarding any new leases to companies that refuse to revisit their leases.

The industry is itself divided on the issue. Some of the big integrated oil and gas companies, like Exxon Mobil, have already declared that they see no need for incentives in today's environment of high prices.

But many smaller producers are determined to retain their incentives and to fight for even more.

"Forcing renegotiations of contracts would be changing the rules in the middle of the game and would raise serious questions about contract law," said Dan Naatz, vice president for federal resources at the Independent Petroleum Association of America, a trade group that represents independent producers. The Bush administration did not take a position on the House measure, though senior officials have repeatedly said they were powerless to change valid contracts.

It is unclear whether the Senate will go along with the provision. But Democratic lawmakers have already been pushing.

Senator Ron Wyden, Democrat of Oregon, filibustered for five hours last month in an attempt to attach a similar proposal to major spending bill. Senator Diane Feinstein, Democrat of California, has drafted a bill similar to the House measure.

Auto Makers Support Alternative-Fuel Measures (WSJ)

By Laura Meckler

The Wall Street Journal, May 19, 2006

WASHINGTON -- The chief executives of Detroit's Big Three auto makers made clear to Congress what they want -- and what they think they might get -- from the government: financing for the pumps and other support needed to encourage Americans to use more ethanol and other gasoline alternatives.

In exchange, the leaders of Ford Motor Co., General Motors Corp. and DaimlerChrysler AG's Chrysler division promised to produce millions more vehicles that can run on domestically produced alternatives to petroleum.

The executives, meeting in back-to-back sessions with Republican and Democratic leaders of the House and Senate, didn't push for any particular piece of legislation. Rather, they said there were a lot of good ideas on the table.

"We recognize that there are problems, and we are going to work as partners" with the auto makers, said Senate Minority Leader Harry Reid (D., Nev.). "Perhaps in the last many years we have not worked together as well as we should have."

Aware that voters want Congress to do something to address high gasoline prices, the auto executives were determined to project a positive attitude aimed at solving the problem. The companies dismissed talk of a government bailout despite GM's and Ford's financial problems. And they focused on their support for alternative fuels, rather than their opposition to higher fuel-economy standards.

"We talked about our companies' commitment to developing and introducing more products with newer technology to help drive energy security here in America," said GM's chairman and chief executive officer, Rick Wagoner.

Because U.S. auto makers sell so many gas-guzzling pickup trucks and sport-utility vehicles, Detroit lags behind its foreign competitors in the overall mileage of its fleet. Demand for profitable but low-mileage SUVs has dropped, and GM and Ford have been hurt as they try to stem big losses in their North American auto operations. Detroit also is far behind Honda Motor Co. and Toyota Motor Corp. in production of hybrid vehicles that run on both electricity and gasoline.

But the domestic companies are ahead in production of "flexible fuel" vehicles that can run on E85, a fuel that is 85% ethanol and 15% gasoline. GM, Ford and Chrysler have produced five million of these cars, which provide the companies with

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special credits needed to meet federal fuel-economy standards. Because E85 is available at only about 600 of 170,000 U.S. gas stations, few of these vehicles ever run on anything but gasoline. Another problem: Because of water condensation in the pipelines that transport much of the nation's oil and gasoline, ethanol must be shipped by truck or train.

The trio of executives -- Ford Chairman and CEO Bill Ford Jr., Chrysler Chief Executive Tom LaSorda and Mr. Wagoner -- had planned to meet with President Bush yesterday, but that meeting was postponed.

In their Capitol Hill sessions, the auto companies said that for ethanol to make a real impact on cutting U.S. oil consumption, flexible fuels must be available at 20% to 30% of the nation's gas stations. Better availability of ethanol could also help car sales, as domestic auto makers would have a product available for customers concerned about rising gasoline prices. In the past, ethanol has been more expensive than gas, but that equation is changing as gas prices climb.

The trio also endorsed the goal pushed by the Energy Future Coalition -- which includes farmers, environmental groups and others -- for the U.S. to produce 25% of its energy through renewable fuels by 2025.

The CEOs tried to steer clear of discussions about higher fuel-economy standards. The Bush administration has asked Congress for authority to restructure the passenger-car standard, a move that could help Detroit by setting lower standards for larger cars. And auto makers are cautiously optimistic that a Bush-crafted plan would increase overall mileage targets only modestly. But auto makers worry that lawmakers could attach a provision requiring much higher mileage.

Automakers Push Higher Use Of Ethanol (USAT/AP)

USA Today, May 19, 2006

WASHINGTON (AP) — Detroit automakers pressed Congress on Thursday to help make ethanol fuels more widely available, saying that would be an immediate step toward lessening U.S. dependence on foreign oil.

CEOs of General Motors, Ford Motor and DaimlerChrysler's Chrysler Group appealed to lawmakers for incentives to increase the number of gas stations offering blends of the corn-based fuel.

"If we want a game changer, and a game changer in very short term and in big numbers, then ethanol is a very good play for this country," said Ford's Bill Ford.

The executives endorsed a plan to have renewable fuels meet 25% of the nation's transportation energy needs by 2025. GM's Rick Wagoner said the automakers want to be leaders "in this historic shift from energy consumption."

Other topics discussed during their day on Capitol Hill included health care, trade and currency manipulation by other countries.

"We really tried to make it clear to them we weren't interested in coming asking for help for the domestic auto industry," Wagoner said. "We were interested in talking about things that would improve the competitiveness of the U.S. economy."

Senate Majority Leader Bill Frist, R-Tenn., said they had productive discussions on several subjects, including "the importance of energy independence being a long-term goal for this country."

Senate Minority Leader Harry Reid, D-Nev., said lawmakers and auto executives were confident they could work together to "bring back the American automobile industry where we think it should be and they think it should be."

The executives arrived in vehicles powered by ethanol and decorated with images of corn stalks. They said they had produced 5 million vehicles capable of running on ethanol blends and planned to bring an additional 1 million to the market this year.

The obstacle to widespread benefit of flexible-fuel vehicles, which can run on a blend of up to 85% ethanol and 15% gasoline, is finding ethanol pumps. Industry officials estimate that about 685 of the 165,000 fueling stations in the USA offer ethanol blends.

Pump prices top $3 a gallon in many places. President Bush has sought an increase in the availability of ethanol and alternative fuels, more research for hybrid vehicle batteries and elimination of the cap on tax credits for the purchase of hybrids.

The auto executives plan to meet in June with Bush.

The administration also has asked Congress to give it the authority to change mileage rules for passenger cars, a move that could lead to higher requirements.

Wagoner said they did not have extensive talks about fuel economy standards.

Big 3 Leaders Lobby On The Hill (WP)

By Sholnn Freeman

Washington Post, May 19, 2006

Leaders of Detroit's Big Three automakers came together on Capitol Hill yesterday in an uncharacteristic display of unity to build support for ethanol fuel and to rally legislators behind the financially strapped industry.

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The U.S. automakers have had difficulty getting their message across in Washington in the past year as their profits have sunk and they have come under increasing assault in their home market by rivals from Japan, South Korea and Europe.

In a day-long series of meetings, the auto executives met with House Speaker J. Dennis Hastert (R-Ill.); House Minority Leader Nancy Pelosi (D-Calif.); and Rep. John D. Dingell (D-Mich.), a key supporter of the industry. In the Senate, they met with Majority Leader Bill Frist (R-Tenn.), Minority Leader Harry M. Reid (D-Nev.) and a number of Democratic senators, including Hillary Rodham Clinton of New York, and Debbie Stabenow and Carl M. Levin of Michigan.

The automakers had been scheduled to meet with President Bush this week, but he postponed the gathering until June 2. Officials at the auto companies said yesterday that the June 2 meeting has also been postponed.

At the end of the day yesterday, the executives said they would join a coalition of other business and political leaders dedicated to providing 25 percent of U.S. energy needs from renewable sources by 2025.

General Motors Corp. Chairman Rick Wagoner said the nation was undergoing a historic shift in energy consumption, adding that greater use of ethanol was "the best opportunity right now" to reduce the nation's dependence on foreign oil. "We need to pursue all options," he said. Ford Motor Co. Chairman William C. Ford called ethanol a "game-changer" for the industry.

By the end of the year, the three auto companies say, they will have 6 million vehicles on the road capable of using a corn-based fuel called E85. But drivers have virtually no place to get the fuel. Of the 180,000 service stations nationwide, about 600 sell the ethanol blend. The U.S. auto companies have been battered by rising gasoline prices in the past year. Profits at GM, Ford and DaimlerChrysler AG, which owns Chrysler, are heavily dependent on sales of large pickup trucks and sport-utility vehicles.

Ford, Wagoner and Chrysler chief executive Thomas W. LaSorda repeatedly said they did not come to Washington for handouts and said there was no talk in the meetings of a government bailout for the industry. Congressional staff members said the automakers also brought up the need to reform the nation's pension system. Lawmakers expressed some support for the industry. Reid said lawmakers would work with the companies to "bring back the American automobile industry where we think it should be."

Detroit has a big agenda in Washington, and it has long sought a more proactive role for the government. Among the automakers' concerns are the escalating cost of providing health care and pensions for hundreds of thousands of workers and retirees. The companies have also asked for subsidies for research and development and more tax credits to prop up demand for alternative-fuel vehicles.

Japanese automakers now lead in the development of gas-electric hybrid technology. The U.S. companies also have complained that they have limited access to foreign markets and have accused China and Japan of manipulating their currencies for trade advantage.

David E. Cole of the Center for Automotive Research in Ann Arbor said the automakers were trying to build a consensus message. "Individually, they tend to talk about different things at different times, and that really has not been very helpful," Cole said.

Harley Shaiken, a professor at the University of California at Berkeley, said lawmakers tend to minimize the importance of the Detroit automakers, which still hold 60 percent of the U.S. market.

"It is rather remarkable that this is even necessary," he said of yesterday's meetings. "In the mid-'50s, you would almost have the Congress go to Detroit, versus the Big Three executives come to Washington. There would have been no need to remind anybody about how central the American auto industry was."

Carlos Gutierrez (CSM)

By David T. Cook

The Christian Science Monitor, May 19, 2006

Secretary of Commerce Carlos Gutierrez was Thursday's guest. Here are excerpts from his remarks: On whether recent signs of rising inflation threaten the US economy:

"Everything suggests that we should be able to get through this period without seeing inflation increase to a point where it would become a problem." On speculation he will be named Treasury secretary:

"I love serving the president in the job I am doing and serving the country. I haven't given it much thought." On the importance of immigration reform:

"This is probably the social/domestic issue of our time and unless we tackle it, confront it, solve it in a comprehensive way, we are just going to let the problem get bigger and more complex." On whether anti-immigrant rhetoric from some Republicans will hurt the GOP with Hispanic voters:

"There are a lot of values that attract Latinos and Hispanics to the Republican Party.... The leader of the Republican Party has believed in this issue and has been a staunch proponent of comprehensive reform from the time he was governor of

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Texas.... [T]he symbol of the Republican Party is President Bush and that is what I believe will attract Latinos and Hispanics to the Republican Party." On whether the Sarbanes-Oxley corporate reform law has worked:

"Overall it has been a positive thing. Where we need to be very vigilant ... is with small business [so we don't put these businesses] at a competitive disadvantage."

Shares Continue Falling On Interest Jitters (NYT/AP)

By The Associated Press

The New York Times, May 19, 2006

Wall Street extended its losses yesterday, a day after an inflation scare sent the Dow Jones industrial average on its biggest one-day drop in three years and put the Nasdaq composite index in the red for 2006.

Stocks drifted in a narrow range through most of the session but took a sharp turn lower in the last hour of trading, when a market already nervous about interest rates was unsettled by comments from William Poole, president of the Federal Reserve Bank of St. Louis, who reiterated that the central bank's future rate increases would depend on economic conditions.

Concerns that rising inflation would send rates higher propelled the stock market sharply lower Wednesday, carrying the Dow down 214 points in the process.

Even before Mr. Poole's comments were reported on news services, investors were clearly not in a mood to buy. Data showing a moderating economy had little impact on trading, including an unexpected drop in the Conference Board's index of leading indicators and an upswing in jobless claims.

"This market is just scared right now," said Ryan Larson, an equity trader at Voyageur Asset Management. "People are taking money off the table and no bets are being made because no one knows what to do right now."

The Dow dropped 77.32 points, or 0.69 percent, to 11,128.29. The Standard & Poor's 500-stock index lost 8.51 points, or 0.67 percent, to 1,261.81, and the Nasdaq sank 15.48 points, or 0.7 percent, to 2,180.32.

Although yesterday's mild economic data did little for stocks, it brightened the bond market's outlook for interest rates. The yield on the 10-year Treasury note plunged to 5.06 percent, from 5.14 percent on Wednesday. Its price rose 21/32 to 10016/32.

The catalyst for the previous day's frenzied selling was a stronger-than-forecast jump in consumer prices that ignited concerns that the Fed might keep raising interest rates amid signs that record energy costs were beginning to seep into other parts of the economy.

Some analysts say higher interest rates are inevitable given the strength of the global economy, and the market's recent retreat was indicative of investors' overblown expectations that the Fed was nearly done with its rate tightening. The uncertainty now lies in whether the Fed will sacrifice economic growth to impede escalating prices, or risk inflation to aid the economy's expansion.

Mr. Poole, who is not a voting member of the Fed's policy-making Federal Open Market Committee, also noted that it was possible, though not likely, that the Fed would cut rates or move beyond the current level for the benchmark federal funds of 5.25 percent.

"I think investors are trying to figure out how much damage the Fed may need to do to growth for inflation pressures to be arrested," said Stuart Schweitzer, global markets strategist for J. P. Morgan Asset and Wealth Management. "It's possible that the Fed has already done enough, but it's looking increasingly unlikely."

Mr. Larson of Voyageur added that while crude oil was off its record high of $75 a barrel, traders could soon grow fearful about the upcoming hurricane season, after last year's storms battered Gulf Coast refineries. Oil futures reversed course after two days of selling, with a barrel of light crude adding 76 cents, to $69.45, on the New York Mercantile Exchange.

The Sears Holdings Corporation said it swung to a profit on improved results at its Kmart and Sears department stores. Sears surged $17.89, to $155.85.

Burger King Holdings rose 50 cents, closing at $17.50 in its trading debut after pricing its initial public offering at $17 a share.

Declining issues overtook advancers late in the day and were ahead by five to three on the New York Stock Exchange, where the volume of 1.77 billion shares lagged the 2.1 billion shares that changed hands Wednesday.

Stocks Extend Their Descent As Bonds Climb (WSJ)

By E.S. Browning

The Wall Street Journal, May 19, 2006

After plunging 214.28 points on Wednesday, the Dow Jones Industrial Average fell another 77.32, leaving it down 4.4% since its skid began last Thursday.

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Comments from the presidents of two regional Federal Reserve banks helped prolong worries that inflation is worsening despite repeated Fed interest-rate increases, and the uncertainty made investors even less eager to own stocks.

The industrial average fell 0.69% to 11128.29, the lowest finish in a month. It still is up 3.8% this year.

The Nasdaq Composite Index is down 1.1% for 2006, at its lowest point since November. Yesterday it fell 0.71%, or 15.48 points, to 2180.32. Its eight-day losing streak is its longest since 1994.

But bond investors didn't share stock investors' fears. Treasury bonds rose sharply, driving the yield of the 10-year Treasury note down to 5.065%. Some investors appeared to be shifting money to bonds from stocks, seeking bonds' relative safety and trying to take advantage of the recent rise in bond yields, which makes bonds more lucrative.

Stocks initially rose, too, as investors saw signs of a slowing economy, which would hold down inflation. Reports showed a rise in jobless claims last week and a decline in the index of leading indicators -- which includes things such as new orders that presage economic growth.

But Richmond Federal Reserve Bank President Jeffrey Lacker said higher-than-expected recent inflation readings make it "less likely" that the Fed will be able to pause in its interest-rate increases at its next policy meeting, June 28 and 29. St. Louis Fed President William Poole said he couldn't rule out either a rate cut or a bigger-than-normal rate increase at that meeting. He said such extreme moves were unlikely, but his uncertainty seemed to rattle stock investors.

"Once the forces of inflation get into the economy it is hard to wring them out," said Todd Clark, director of stock trading at San Francisco money-management and brokerage firm Nollenberger Capital Partners. Investors fear the Fed might be forced to raise rates so high that it provokes a recession.

The Standard & Poor's 500-stock index fell 0.67%, or 8.51 points, to 1261.81, up 1.1% this year.

In major U.S. market action:

Stocks retreated1; bond prices gained2. The 10-year Treasury note rose 24/32, or $7.50 for each $1,000 invested. The 30-year bond was up 1 18/32 to yield 5.168%.

The dollar was mixed3. Late in New York, the currency traded at 111.04 yen, up from 110.94, while the euro rose against the dollar to $1.2821 from $1.2750.

Leading Indicators Reinforce Idea That Growth Is Slowing (NYT/AP)

By The Associated Press

The New York Times, May 19, 2006

WASHINGTON, May 18 — An important gauge of the nation's future economic activity dipped in April, once again suggesting slower growth in the months ahead.

The Conference Board, a private research group, reported Thursday that its index of leading economic indicators fell by 0.1 percentage point, to 138.9, last month. Economists were predicting a small rise. In March the index climbed by 0.4 percentage point, to 139.

The index predicts economic activity three to six months in the future.

Economists said the decline reinforced the Federal Reserve's forecast that economic growth, which has been brisk, would most likely moderate to a more sustainable pace in the coming months.

In the first quarter of this year, the economy grew at a 4.8 percent pace, the fastest in two and a half years. Analysts expect growth will slow to a pace of 3 percent to 3.5 percent in the second and third quarters.

Lynn Reaser, chief economist at Bank of America Investment Strategies Group, said: "The index is flashing not a recession but a slowing in growth, which is a welcome sign. Unfortunately, we are not seeing an accompanying moderation in inflation yet."

The decline in the index comes as the housing market is slowing, energy prices are high and consumer confidence is sagging. April's index reading was weighed down by, among other things, a drop in building permits, a dip in consumer expectations and a rise in claims for jobless benefits.

The Labor Department said the number of people signing up for jobless benefits rose sharply last week, mainly because of the lingering effects of a partial government shutdown in Puerto Rico, which has now been resolved. New applications filed for unemployment insurance shot up by a seasonally adjusted 42,000, to 367,000, for the week ended May 13. That was the highest level of claims since early in October.

The Federal Reserve raised interest rates last week for the 16th time in two years, an effort to keep inflation from accelerating.

Fed policy makers left future rate decisions open as they grapple with whether the economy is more likely to slow or high energy costs are more likely to ignite price and wage rises. If policy makers think slower growth is the more probable course, then a pause may be favored. If inflation is more likely, another rate increase may be in store.

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After the Labor Department reported Wednesday that consumer prices increased by 0.6 percent in April, many economists said the odds were now increasing that the Fed would bump up rates again at its next meeting on June 28 and 29.

Housing Cool-Down Is 'Orderly,' Fed Chief Says (WP)

By Tomoeh Murakami Tse

The Washington Post, May 19, 2006

Confirming what home buyers suspected and real estate sales figures have indicated for months, Federal Reserve Chairman Ben S. Bernanke said yesterday that the U.S. housing market was showing clear signs of cooling off.

Bernanke said the slowdown is "moderate" and "orderly" and pointed to the overall strength of the economy.

"We're seeing slowing in sales, slowing in starts. There also seem to be signs that prices are not rising as quickly as they have been for the past few years," Bernanke said in response to questions after a speech in Chicago, Bloomberg News reported.

His comments came as Freddie Mac announced that the average rate on a 30-year, fixed mortgage hit 6.6 percent this week, the highest in almost four years. Rising long-term rates have contributed to the housing industry's slowdown. The Commerce Department this week said construction of new homes fell 7.4 percent in April, to an annualized pace of 1.85 million homes. It was the third straight monthly decline.

Analysts were divided about Bernanke's assessment. Peter Morici, an economist at the University of Maryland's Robert H. Smith School of Business, said Bernanke's comments were "right on."

Morici said he saw the rise in long-term interest rates as healthy, with the economy moving away from its dependence on the housing market and "hyper-consumption" fueled by people taking out loans against their houses. "The housing market is going to come back to earth," he said.

Economist Dean Baker of the Center for Economic Policy and Research expressed concern that rising interest rates were squeezing homeowners who took out interest-only and adjustable-rate mortgages. Even when interest rates were at historically low levels, Baker said, stretched buyers were taking out exotic loans to get into pricey homes.

Baker said a rising inventory of homes in the Washington region could fuel a double-digit price decline if interest rates climb higher. Condo prices could fall by as much as 30 percent, and prices of single-family homes could drop by as much as 15 percent, he said.

Former Fed chairman Alan Greenspan echoed Bernanke's analysis in a speech last night to the Bond Market Association in New York. "The boom is over. We can say that with some confidence," Greenspan said. But, he added, "there is no evidence that prices are going to collapse."

Greenspan predicted that the U.S. market was more likely to follow the path set by housing markets in Australia and Britain, where "prices just flattened out."

The consequences for the broader economy are not yet clear, Greenspan said. But if rising home prices and cheap home equity loans have been fueling consumer spending, as many economists think, "there is going to be some slowing of consumption," he said.

Bernanke did not address whether the Fed would pause in its campaign of raising short-term interest rates. Last week, the central bank raised its benchmark rate for the 16th consecutive time since June 2004 in response to continuing signs of inflationary pressures.

On Wednesday, the Commerce Department reported that April consumer prices rose at the highest rate in three months, leading many analysts to believe that the Fed would continue raising short-term rates. Richmond Fed President Jeffrey M. Lacker said in a speech yesterday in Norfolk that the Fed is less likely to suspend its interest-rate increases in light of higher consumer prices.

The shifting housing market has left sellers and buyers alike uncertain about their next steps.

"On the one hand, you feel like you can sit back and wait. On the other hand, you feel like you don't want to because of the interest rates" said John Booth Babcock, a transportation planner from Arlington who had considered buying but has now decided to wait. "No matter what you think the situation is, there's no comfort level."

Coming Down To Earth (NYT)

By Paul Krugman

The New York Times, May 19, 2006

Um, wasn't the stock market supposed to bounce back after Wednesday's big drop?

We shouldn't read too much into a couple of days' movements in stock prices. But it seems that investors are suddenly feeling uneasy about the state of the economy. They should be; the puzzle is why they haven't been uneasy all along.

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The rise in stock prices that began last fall was essentially based on the belief that the U.S. economy can defy gravity — that both individuals and the nation as a whole can spend more than their income, not on a temporary basis, but more or less indefinitely.

To be fair, for a while the data seemed to confirm that belief. In 2005, the trade deficit passed $700 billion, yet the dollar actually rose against the euro and the yen. Housing prices soared, yet houses kept selling. The price of gasoline neared $3 a gallon, yet consumers kept buying both gas and other items, even though they had to borrow to keep spending (the personal savings rate went negative for the first time since the 1930's).

Over the last few weeks, however, gravity seems to have started reasserting itself.

The dollar began falling about a month ago. So far it's down less than 10 percent against the euro and the yen, but there's a definite sense that foreign governments, in particular, are becoming less willing to keep the dollar strong by buying lots of U.S. debt.

The housing market seems to be weakening rapidly. As late as last October, the National Association of Home Builders/Wells Fargo housing market index, a measure of builders' confidence, was still close to the high point it reached last summer. But on Monday the association announced that the index had fallen to its lowest level since 1995.

Finally, there are preliminary indications that consumers, hard-pressed by high gasoline prices, may be reaching their limit.

The National Retail Federation, reporting on a new survey, warns that "while consumers have seemed resilient in the face of higher energy costs, a tipping point may soon be in sight."

I can't resist pointing out that the Bush administration's response to the squeeze on working families has been, you guessed it, to accuse the news media of biased reporting.

On May 10 the White House issued a press release titled "Setting the Record Straight: The New York Times Continues to Ignore America's Economic Progress." The release attacked The Times for asserting that paychecks weren't keeping up with fixed costs like medical care and gasoline. The White House declared, "But average hourly earnings have risen 3.8 percent over the past 12 months, their largest increase in nearly five years."

On Wednesday Treasury Secretary John Snow repeated that boast before a House committee. However, Representative Barney Frank was ready. He asked whether the number was adjusted for inflation; after flailing about, Mr. Snow admitted, sheepishly, that it wasn't. In fact, nearly all of the wage increase was negated by higher prices.

Meanwhile, the return of economic gravity poses a definite threat to U.S. economic growth. After all, growth over the past three years was driven mainly by a housing boom and rapid growth in consumer spending. People were able to buy houses, even though housing prices rose much faster than incomes, because foreign purchases of U.S. debt kept interest rates low. People were able to keep spending, even though wages didn't keep up with inflation, because mortgage refinancing let them turn the rising value of their houses into ready cash.

As I summarized it awhile back, we became a nation in which people make a living by selling one another houses, and they pay for the houses with money borrowed from China.

Now that game seems to be coming to an end. We're going to have to find other ways to make a living — in particular, we're going to have to start selling goods and services, not just I.O.U.'s, to the rest of the world, and/or replace imports with domestic production. And adjusting to that new way of making a living will take time.

Will we have that time? Ben Bernanke, the chairman of the Federal Reserve, contends that what's happening in the housing market is "a very orderly and moderate kind of cooling." Maybe he's right. But if he isn't, the stock market drop of the last two days will be remembered as the start of a serious economic slowdown.

Adam Smith Growls (WSJ)

The Wall Street Journal, May 19, 2006

Stocks continued their weeklong plunge yesterday, selling off again at the end of the day on more inflationary fears. The way to understand this washout -- knocking 4.4% off the Dow -- is that Adam Smith is giving the U.S. financial establishment a warning.

We're using our favorite moral philosopher here as a proxy for the ruthless discipline of financial markets. They can be brutal in punishing economic mismanagement, and for several days Mr. Smith has been growling that the Federal Reserve and its easy-money cheerleaders on Wall Street and in Washington need to sober up, or there will be far worse to come. The press is calling this an "inflation scare," but for those who want to know how markets respond once a real inflation settles in, we suggest reading an economic history of the 1970s. It isn't pretty.

The 4.4%-cold shower may even prove to be beneficial if it changes the psychology in elite political and economic circles. For the last year especially, they've been ignoring signs of incipient inflation, first by trusting in Alan Greenspan's assurances, later pointing to low long-bond rates, or any other excuse to avoid facing up to a world awash in dollar liquidity and soaring gold,

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oil and other commodity prices. (See gold's run nearby.) This is the kind of psychology that often takes hold at this stage of an expansion, with everyone enjoying the good times and desperately afraid the Fed will spoil the fun.

But the lesson of the past 30 years is that the economic pain is far more severe the longer the Fed stays too accommodative and lets pricing pressures build. The consumer price index reading that triggered Wednesday's selloff is a lagging indicator, after all, the kind that tells you inflation is here only after it has already arrived. As Paul Volcker -- the man who finally broke the 1970s inflation -- once noted, the actual inflation data comes in months later but spot commodity prices are a real-time signal. Investors have finally begun to doubt the Fed's happy talk about a "pause" in raising interest rates or that inflationary pressures are "contained."

All of which suggests that Mr. Greenspan's successor as Fed Chairman, Ben Bernanke, is facing a rough passage. He's arrived at a Fed that has clearly made a mistake in letting inflation expectations build and has been very slow to admit it. The only questions now are the magnitude of that mistake and of the resulting financial casualties.

It's worth noting that while stocks fell yesterday, bonds rallied after comments by a couple of Fed officials that inflation may be gathering steam. "I pay a lot of attention to inflation expectations," said St. Louis Fed President William Poole, which makes us wonder what he and his colleagues have been paying attention to the last year.

The sooner Mr. Bernanke shows that he understands the problem, and has the fortitude to do something about it, the fewer casualties there will be. Sooner or later Adam Smith will take over if Mr. Bernanke doesn't.

Bush Plans To Nominate Bank Expert To SEC Panel (WP/AP)

By Associated Press

The Washington Post, May 19, 2006

President Bush will nominate Kathleen L. Casey, a Senate aide and expert on banking and securities law, to the five-member Securities and Exchange Commission, the White House said yesterday.

The announcement came four days after Cynthia A. Glassman said she did not intend to serve a second term as a commissioner and will leave after her term ends June 5. That will open one of the three Republican seats on the commission.

Casey, whose term would extend to June 2011, must be confirmed by the Senate. She is the staff director and counsel for the Senate Banking, Housing and Urban Affairs Committee. Earlier, she was chief of staff and legislative director for the committee's current chairman, Sen. Richard C. Shelby (R-Ala.).

The committee must consider the nomination before it can go to the full Senate. In a statement, Shelby said Casey is "eminently qualified to be a commissioner and will have my full support as she moves through the nomination process."

Casey has a bachelor's degree from Pennsylvania State University and a law degree from George Mason University.

A Right Turn Holds Perils For Bush (WP)

By E. J. Dionne Jr.

The Washington Post, May 19, 2006

As they watch President Bush's approval ratings tumble, conservative activists are offering a surefire strategy for presidential recovery: Bush should move to the right and "rally his base."

There's one problem with this approach: It could do the president's party far more harm than good, even within its own ranks. The conservative view ignores the roots of the president's difficulties in the disaffection of moderate voters who are more concerned with performance -- or the lack thereof -- than ideology.

The Post-ABC News poll released this week found the president with a 33 percent approval rating and suffering losses in esteem almost everywhere. Conservatives are by no means his biggest problem.

In January 2005 Republicans who described themselves as conservative gave Bush an astonishing 94 percent approval rating. The new Post-ABC survey, conducted May 11 to May 15, put Bush's approval rating among conservative Republicans at 76 percent, down 18 points.

But the poll found that among moderate Republicans, the president's approval rating had declined 31 points, from 88 percent in January 2005 to 57 percent now. Recent surveys by Gallup and the Pew Research Center also point to losses among moderates.

Bush has lost even more ground among moderate independents. The Pew surveys found Bush's approval rating in this group dropping from 48 percent in January 2005 to 22 percent last month.

The middle of the middle is going south on Bush.

This creates a conflict between Bush's immediate political interests and the interests of many Republican candidates on the ballot this November.

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Bush's best shot at a quick jolt upward in his approval ratings is among conservatives in his own party, who are already more inclined to support him than anyone else and might come home in response to a presidential tilt rightward. But Rep. Chris Shays, a moderate from Connecticut, noted that many of the House Republicans most endangered in this fall's election -- himself included -- are moderates who would be hurt if his party and his president moved farther right.

"His going to the right to move up from 35 percent is not going to help us out," Shays, speaking for his fellow moderates, said in an interview. "It doesn't help me out for him to appeal to his conservative base."

Shays, who is at the top of Democratic target lists, was reelected with 52 percent of the vote in 2004 and faces the same opponent, Democrat Diane Farrell, this year. Shays is the one being judged this fall, not Bush. "Obviously, he should be true to himself and his principles," Shays said of the president, "but if he is looking for issues, he should be looking for issues that are helpful to those of us who are targets."

On the other hand, many of the House's staunchest conservatives -- such as Mike Pence of Indiana and John Shadegg of Arizona -- want Bush to emphasize conservative themes, including deep domestic spending cuts. But a frustrated Shays notes that conservatives urging the president to appeal to his base represent solidly Republican districts.

"Pence's election isn't in jeopardy," he said. "Shadegg's election isn't in jeopardy."

Rep. Tom Davis of Virginia, one of his party's shrewdest political strategists, keeps a sharp eye on the attitudes of moderate and moderately conservative suburbanites of the sort he represents. Davis sees a potential contradiction between one of the GOP's strategic imperatives -- to fire conservatives up enough to get them to the polls this fall -- and the other imperative of stopping defections among middle-of-the-road voters.

"Harder-core Republicans are disillusioned right now, but they're not going to vote for Democrats and Nancy Pelosi," Davis said in an interview, referring to the House Democratic leader. "It's your softer, more moderate Republicans who are now jumping ship."

Davis never likes to bad-mouth his party's electoral chances, and he notes that the six months between now and Election Day "are an eternity." He worries, though, about issues that could boost turnout in the base but drive away less-ideological voters. "To move right may fix part of the problem," Davis said, "but it could exacerbate the other problem."

Bush prospered in 2004 by turning out the Republican base. But the times are very different in 2006. Machiavelli noted that the successful politician "adapts his mode of proceeding to the qualities of the times" and warned against politicians who "remain obstinate in their modes." In 2006 one could imagine Machiavelli counseling moderation to the Republican Party. You wonder how Machiavellian the Republicans' conservative wing will let the party be.

McCain And The Base Truth (WP)

By Michael Kinsley

The Washington Post, May 19, 2006

All successful politicians must have at least some talent for telling lies about what's in their hearts and convincing people that it is the truth. But Sen. John McCain has a unique genius for telling the truth from his heart and making people believe that he is lying. And these people are his supporters! They admire him as a straight-talking truth-teller, and they forgive him for taking positions on big issues that they find repellent, on the grounds that he doesn't really mean what he says.

"Oh, he has to say that to get the Republican nomination," explain many Democrats with a girlish crush on the charming, funny, intelligent and heroic Republican senator from Arizona, and/or a special loathing of their party's own star, the junior senator from New York. "That" might refer to McCain's strong right-to-life stand on abortion, or his strong support for the war in Iraq, or his recent rapprochement with Jerry Falwell. They admire McCain as a straight shooter among sneaks, a truth-teller amid bull artists. They long, understandably, for some fresh air in the fetid atmosphere of politics. And McCain delivers that.

Even better, he delivers the fresh air without the cloying aroma of piety. Or, rather, he can be pious, but the piety is diluted and made bearable by the knowing wink. He makes jokes at his own expense. That's attractive in a politician, but sometimes it is nothing more than a party trick. McCain goes further: Like Bob Dole, he makes jokes -- mean jokes, in public -- about others. That takes more wit and more guts. McCain is a good kind of cynic: He shares his cynicism with the rest of the class. The cynicism makes the piety bearable, while the piety makes the cynicism acceptable.

Journalists love him, of course. His frankness flatters us, and he flatters us more directly as well. Visiting a big convention of journalists last fall, McCain joined a group that was gambling at the hotel casino until the wee hours. In his speech the next morning, he cleverly nailed his audience and himself by declaring that he was happy to be among "my base."

McCain's "base" (poli-talk for his most loyal supporters) is actually larger than that. In a presidential run, he would have the votes of millions who disagree with him on major issues but like him anyway. His challenge is to get the votes of more people who agree with him. The fact that his base of support is people who disagree with him explains both why so many ideological soul mates dislike him and why they might support him anyway. It's because they think he is their best shot at winning. Thus, if

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McCain becomes president, it will be the result of a cynical calculation by people who don't like him even though they agree with him, on top of support by people who disagree with him but admire his lack of cynicism.

In his pre-campaign for president, McCain is delivering four university graduation speeches. He gave two already, at Falwell's Liberty University and at Columbia University. His words to these two different audiences are quite similar (a brilliantly McCainian combination of laziness and courage). Read the texts . They are marvelous: witty, self-mocking, above all interesting . When McCain climbs onto an old warhorse like, say, filial obligation, you really do not know where he might take it. It would be wonderful to have a president whose speeches weren't a duty to listen to.

But how many Americans and Iraqis should die so that we can enjoy entertaining presidential speeches? If you support the war, that is a nonsense question. If you don't, it is more pressing. McCain is admirably clear: He supported going to war and he supports continuing it until . . . well, not so clear, but longer than most Democrats would care for. His discussion of the Iraq war in the Liberty University address is a bit of a cop-out. It's mostly about how we all have the duty to express our beliefs and the right to disagree.

This discussion is also a guarded reference to McCain's famous feud with Falwell. In 2000 McCain called Falwell an "evil influence" on the Republican Party. That won McCain a lot of the points he now enjoys among people to his left. He needs some to his right. But if the subject is "evil," it's not good enough simply to say that we all have the right to disagree. And "evil" is not too strong a word for Jerry Falwell. Respectful disagreement may be possible with James Dobson, and "silly" or "senile" might be a more apt description of Pat Robertson. But Falwell is a man who promoted tapes during the Clinton administration accusing the president of murdering political opponents. Sure, he has the right to say whatever he wants. But that is not the key point about Falwell. McCain made the key point six years ago. Today he ducks it.

McCain is like another larger-than-life character in American politics: Colin Powell. Both men are so admirable and so likable that people convince themselves against all evidence that Powell or McCain must agree with them on the big issues. In Powell's case, the theory always was that he was speaking truth to power from within, while telling the necessary public fibs to hold on to the privileged position this service required. With McCain, something more magical is going on. He says plainly that he is for the war, or against abortion choice, and people hear the opposite. It's a gift, I guess.

OTHER NEWS:

'Forgotten Hurricane' Haunts La. Survivors (USAT)

By Joyce King

USA Today, May 19, 2006

CAMERON PARISH, La. — Though we're days from a new hurricane season, Hurricane Rita's devastation to the coastal towns of southwest Louisiana is still fresh nearly eight months later. A boat rests on the side of a stretch of road I'm traveling that was once beautiful Holly Beach. Cars, as if launched head first, are embedded upright in the sand.

In Hackberry, men feverishly make repairs to St. Peter the Apostle Church. I stop in Johnson's Bayou, where Rita came barreling ashore. Nearby, the town of Cameron was annihilated: 90% of homes were severely damaged or destroyed. Over and over, I meet people who talk of living through "the forgotten hurricane." Hurricane Katrina still gets most of the news media attention and emergency funding. Many Rita victims are still awaiting federal housing funds to rebuild. Those in Federal Emergency Management Agency trailers are again vulnerable to the next storm, and any hopes of rebuilding the community are quickly fading.

Longtime residents Kirk and Julie Burleigh show me around. "A lot of people aren't coming back. They don't want to go through this again," Kirk says. Before Rita, Cameron Parish had a population of about 9,600. Today, half of the residents have returned.

Julie says neighbors told her they will rebuild someday, but not until after they monitor the new season, which begins June 1. People are frightened. Help is slow to arrive. New codes make rebuilding prohibitive.

Rep. Charles Boustany, R-La., complains that his district is "bleeding" population from a loss of jobs and bottled up funding in Washington. Cameron Parish's economy has relied on oil, fishing and its wildlife refuges. All sustained significant damage. Only some oil-related businesses are operational. Calcasieu Parish, where Lake Charles is located, had more than 50% of its housing damaged or destroyed. The aviation industry suffered a $90 million blow. Unemployment has tripled from 5.3% in 2004 to 16.2% today.

When FEMA announced plans to stop paying for 10,000 evacuees in Lake Charles hotels, the city picked up the tab. In Houston, where some 150,000 Katrina evacuees remain, many have found jobs, housing and a better educational system.

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Conversely, thousands of Rita survivors believe they're on their own. So they wait. Weather experts predict this period of “above normal activity” might last two more decades, meaning several major hurricanes will hit the USA.

“It's like you're forgotten,” Julie Burleigh says. She and Kirk hear a common question from outsiders, one never far from their mind: Is Cameron ready for another round? Without federal help soon, the question won't carry much meaning. After all, with each passing day, there will likely be fewer people to ask.

Joyce King is a freelance writer in Dallas.

New Orleans In A Tempest Over 'Deluge' (WP)

By Peter Whoriskey

The Washington Post, May 19, 2006

NEW ORLEANS, May 18 -- He gets asked at campaign stops, in candidate forums and televised debates.

What about the book, Mayor?

"Bogus" he replies, or "total distortions." And sometimes he gets mad.

Rarely has a work of history figured so prominently in a mayoral election here or anywhere else. "The Great Deluge," by Tulane University historian Douglas Brinkley, covers a week of the Hurricane Katrina debacle and depicts New Orleans Mayor C. Ray Nagin as too vain, too stunned and too paranoid to have been effective in the city's crisis.

Relying in part on accounts from Nagin's political rivals, the book has been characterized by his supporters as a campaign attack timed to sink his bid for reelection on Saturday. "The Great Deluge" began appearing in bookstores this month.

Brinkley, the author of several best-selling history books, says the book was meant to coincide not with the election but with the June 1 onset of hurricane season.

Brinkley said that nobody was misquoted and that Nagin should blame himself that the book has become such a prominent part of the campaign.

"Nagin denounced the book without reading it," Brinkley said Thursday. "If he had ignored it, I don't think it would have become an issue. People love the food fight -- it was suddenly the Tulane professor from Uptown versus the mayor. It got framed as a square off.

"It only made my sales jack up," Brinkley said. "My publisher is very happy with Mr. Nagin."

On Saturday, voters here will elect Nagin or Lt. Gov. Mitch Landrieu in a race that many analysts say is too difficult to call because of the displacement of voters. One poll does show Landrieu with a substantial lead.

Many voters say there appear to be few substantial differences in the approaches the two men have outlined for recovery. Both candidates have rejected calls for abandoning some neighborhoods that are considered extremely vulnerable to another inundation. Both have acknowledged that the city's rebuilding will depend in part on federal aid.

The leadership abilities of the candidates have become a central issue instead, and that is one reason Brinkley's account of Nagin has proved to be a sensitive subject.

It is not the first time that Brinkley has found himself -- and one of his books -- in the middle of an election debate. His 2004 book on John F. Kerry's experience in Vietnam, "Tour of Duty," provoked questions about the Democratic senator's time in the war. It was criticized by Republicans for overstating Kerry's record and prompted a rebuttal book, "Unfit for Command."

Brinkley's latest work on Katrina is sweeping and only sparsely mentions Nagin. But when it does, it is often in disparaging terms. When Nagin showers too long aboard Air Force One, Brinkley likens him to a "primping teenager." When Nagin was considering a mandatory evacuation, Brinkley writes that he was "hesitating like a school boy afraid to receive his report card."

Even Nagin's angry radio appearance during the crisis, in which he advised the federal government to "get off your [behinds] and do something" -- remarks that many here found inspiring, given the gravity of the situation -- is described as pure theater because Nagin knew federal troops were on the way.

"It was the perfect, phony, cause-and-effect gambit," Brinkley wrote.

The book says Nagin broke down and cried after the radio interview and that his communications director, Sally Forman, was worried.

"I tried to get him to calm down," she is quoted as saying. "I kept saying, 'It's OK, It's OK.' "

Forman quit the administration earlier this year when her husband, Ron Forman, entered the mayoral race. He finished third in the primary.

Landrieu also figures in the bleak portrait of Nagin. In the book, Landrieu finds Nagin holed at the downtown Hyatt.

"All Nagin would say, staring straight ahead, as if in a trance, was 'We're looking for a command and control structure,' " Brinkley wrote.

Nagin questioned Brinkley's motives.

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"I could see the venom coming out of him," Nagin told the New Orleans Times-Picayune, describing Brinkley's appearance on a local television show.

Brinkley defended using some of Nagin's political rivals as sources, saying that they were present for many of the events he was reporting on. He also conducted a 47-minute interview with Nagin as the book was being completed.

Acknowledging that the book had become "kind of a carnival side attraction" to the campaign, Brinkley said he did not know what effect it will have on the election. The book came up in a nationally televised debate between Landrieu and Nagin this week on MSNBC, and is on the cover of the Gambit Weekly newspaper here.

At one bookstore near the university, booksellers said it is a hot item not only of commerce but of conversation, as well.

"My sense is that people who would have been voting for Nagin are reading it and they're on the fence now," said Denise Bonis at Octavia Books, who had read an excerpt in Vanity Fair. "I thought I had a pretty good idea of what happened that week. I was a little surprised."

Nagin Says Win Would Send Racial Message (WT)

By Brian DeBose

The Washington Times, May 19, 2006

NEW ORLEANS -- Mayor C. Ray Nagin says a victory in tomorrow's election will send a message on race that "will echo throughout America."

"This election will say in spite of American prejudice, I was able to attract votes from all races and classes and move forward with the process of healing," said Mr. Nagin, who has hinted that whites locally and nationally are working to unseat him from the post, which blacks have held for nearly 30 years.

Mr. Nagin questions the source of "$6 million" that opponent Lt. Gov. Mitch Landrieu has raised, hinting at an effort to return the city to the "good-old-boy system," and says Hurricane Katrina exposed the soft underbelly of race and class in America.

"I have said this before publicly that if this had been South Beach Miami or Orange County, I'll bet you a dollar that the response would have been different," said Mr. Nagin, who was elected in 2002 with 85 percent of the white vote.

Mr. Landrieu, whose father was the city's last white mayor, says this election provides an opportunity to deal with race and class in a unique way nationally.

He said the tightly contested runoff election will turn on whether "African-Americans [will] vote for white politicians and will whites vote for black ones."

"You can't win anymore with an all-black vote or an all-white vote," Mr. Landrieu said.

Voters here, regardless of whom they support, agree that there are a lot of lessons to be learned about race, class and politics from the aftermath of Katrina.

Morris Reid, Democratic political analyst and former adviser to the Clinton administration, said the real story is whether black New Orleanians will stand up and take advantage of the voting rights that their parents and grandparents fought and, in some cases, died to get.

"These [black] folks were relying on a government and a democracy that they didn't participate in, and when they went to cash the check at the political bank, it was bankrupt because they never deposited any money there," Mr. Reid said, referring to the slow hurricane response by local, state and federal officials.

For Robert Richardson, 52, a construction maintenance worker and resident of the Ninth Ward, a largely black neighborhood crushed by the flooding, Mr. Nagin has become part of the problem and is in bed with the developers.

"There is no national conspiracy; it's a land grab, not a white power grab. It's a shame when things like this come down to race, and I hate to say it, but it looks like Landrieu might be the one who will work with us," Mr. Richardson said.

Jimmie Perry, 57, a former utility systems operator-turned-real estate investor, said he owes his newfound wealth and entrepreneurial spirit to Mr. Nagin.

"He made it possible for us to get loans working with the banks and opening the doors, cleaning up the permits process; you know it used to be that only whites and friends of the mayor knew about the property-tax sales; now we know, and we can go and buy the homes," Mr. Perry said.

"Mitch is a nice guy and I've always supported him, but I think they want Mitch because he will be more accommodating."

Mr. Reid, who said he expects a Landrieu victory, said Mr. Nagin and Mr. Landrieu are exploiting the issue to their political advantage but missing the point.

"All things being the same, if Katrina had never happened, Ray Nagin would not be campaigning for the Ninth Ward, he would be campaigning for the people who voted him in the last time," he said.

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Mr. Nagin in 2002 campaigned as a reformer who would clean up the city hall left behind by outgoing Mayor Marc Morial. Mr. Morial, whose father was mayor in the 1980s, was popular with blacks and now heads the National Urban League.

Mr. Landrieu, who is brother to a sitting senator and a state district court judge, is the son of former Mayor Moon Landrieu, who opened the doors of politics to blacks for the first time in 1970.

A Tulane University and WGNO-ABC poll released Tuesday showed Mr. Landrieu with the edge, getting 48 percent, and Mr. Nagin with 38 percent. But the poll has a 4.7 percentage point margin of error because 14 percent of respondents were undecided and it does not include displaced voters.

New Orleans Mayor's Rival Stresses His Political Savvy (NYT)

By Adam Nossiter

The New York Times, May 19, 2006

NEW ORLEANS, May 18 — The question for the candidate at a debate last week was simple, spoke to this city's chronic dysfunction and begged a short, sharp answer.

How, he was asked, should New Orleans stamp out patronage in contracts? But the response from Lt. Gov. Mitch Landrieu came back intricate, replete with pledges to different groups, and capped by a politician's formula: "We've got to have a process in place."

Mr. Landrieu, the son of one of Louisiana's first political families, inherited such careful talk as a birthright. He may well take over the mess that is now New Orleans after the mayoral election Saturday, becoming the man in the spotlight on whom the hopes of thousands of struggling residents here and in hurricane-forced exile will be pinned.

Yet for many, Mr. Landrieu, 45, has been defined more by his family (his sister Mary is a United States senator and his father was mayor) than by his own amiable but mostly unobtrusive presence in government, for 16 years as a state legislator and for the last two as Louisiana's second-ranking official.

He would be the first white mayor of New Orleans since his father, Moon, held the position a generation ago, though some conservative whites here swear they will never vote for a Landrieu, and he cannot succeed Saturday without strong black support.

If Mr. Landrieu wins, he will offer the classic prescriptions for governing that have been his armor in debates with an unpredictable opponent, Mayor C. Ray Nagin. Unlike the mayor, Mr. Landrieu rarely throws away the script.

"Figuring out what the problem is, figuring out what the obstacles are, finding high common ground, getting a plan in place, putting a strategy in place, then actually making it happen," he told a breakfast crowd at a downtown restaurant on Thursday, reciting his plan for a struggling city. It is that promise of competence Mr. Landrieu has used as a battering ram against an incumbent he accuses of incarnating the opposite.

His campaign amounts to a complicated balancing act, in which conservative whites must be drawn in without scaring off the healthy share of black votes he received in the April primary, nearly 24 percent. Only about 30 percent of the white vote went for Mr. Landrieu, though; the remainder went to white candidates mostly more conservative than him, and yard signs for those whites who lost have not, by and large, been replaced by Landrieu signs.

Still, Mr. Landrieu needs the bulk of these white votes — as much as three-quarters of them — and so he does his best to distance himself from the liberal associations that his family name carries. He also frequently counters accusations that he will bring back supporters of a past mayoral regime derided by many whites, that of Marc Morial, now president of the National Urban League, whose administration has been the subject of a continuing federal corruption inquiry.

A significant part of his strategy is to increase turnout among residents who have returned to New Orleans, particularly because Mr. Nagin is likely to get most of the absentee votes of those evacuees who are living elsewhere. To that end, Dana Peterson, Mr. Landrieu's campaign manager, said the campaign was using telephone banks and canvassing every evening.

"We're being really aggressive," Mr. Peterson said. "We're sending out volunteers door-to-door in the nonflooded areas." He said more than 2,000 people had volunteered to help the campaign.

Mr. Landrieu, who enjoys a huge cash advantage over Mr. Nagin, also recently won the endorsement of The Times-Picayune of New Orleans. The newspaper's editorial said his strengths uniting the city across racial lines outweighed his weak private-sector experience and his possible difficulty as a Democrat in dealing with a Republican White House and Congress.

Hoping to deflect the suspicions of conservatives, Mr. Landrieu often says ideology has nothing to do with being a good mayor.

"This job is will you, can you, how are you going to get the garbage picked up?" Mr. Landrieu said Thursday. "You can't, as mayor, ordain that you want something to occur, and then leave." In a recent television commercial, he patrols the fleets of flooded-out cars under the highways here, still not removed after nine months, and proclaims, "Ray Nagin had the power to get this job done and didn't do it."

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For nearly half a century, voters here have been putting Landrieus in office, and the name has come to represent an easily recognized basket of political principles: biracial coalitions, moderation on social issues like abortion and ample attention to the problems of the poor. His father's breakthrough tenure at City Hall in the 1970's, when blacks were first brought into decision-making, still defines the terms of governance here. The younger Mr. Landrieu makes no apologies for inheriting that vision, in which running New Orleans becomes an exercise in bringing its disparate factions together.

Those factions are now more separated than ever, with racial undercurrents infusing the politics of rebuilding after Hurricane Katrina. Mr. Nagin has made an explicit pitch for racial solidarity, counting on getting as many black votes as possible with his now-famous promise that New Orleans will once again be a "chocolate city." Mr. Landrieu pointedly offers an opposite vision.

"If you want to think about what the city of New Orleans needs to be, and needs to look like, all you've got to do is go sit in the Lusher schoolyard," Mr. Landrieu began his talk Thursday, referring to one of the few successful public schools here. "The school is diverse, I mean aggressively diverse," he continued. "It's Hispanic, African-American, Vietnamese, white, you have parents that are high socioeconomic, mid, and they are all there together." Repeatedly, Mr. Landrieu emphasizes the equal amounts of white and black votes he received in the April primary.

As a state legislator, he helped reconcile the viewpoints of law enforcement officials and advocacy groups, and then sponsored legislation that led to the closing of the state's most notorious prison for youth.

It is this ability to work within the political system that he is now touting, at a time when his city is thoroughly dependent on help from the outside. "What we need right now is someone who has vast political experience, someone who can communicate to the nation," he said at the debate last week. "Somebody who can bring Republicans and Democrats together, somebody who can really get things done."

RUDY TURNS RIGHT INTO HEART OF DIXIE TO BACK PAL (NYPOST)

By Maggie Haberman, Post Correspondent

The New York Post, May 19, 2006

ATLANTA - Looking to shore up his right flank, Rudy Giuliani embraced former Christian Coalition head Ralph Reed as the man with "the right ideas" at a campaign fund-raiser yesterday in Georgia.

With maverick Sen. John McCain emerging as his main GOP competition for 2008, the socially moderate ex-mayor played up leadership as he boosted Reed in a close primary race for lieutenant governor.

"He's a person that has the right ideas and the right direction and the right goals," Giuliani said as he headlined a luncheon of more than 250 people in a part of the country where many believe he'd face a tough time in a GOP primary.

Later asked by reporters about how his past pro-gay rights, pro-choice stands mesh with Reed's positions, Giuliani said, "We are a broad party. I agree with Ralph on many things."

"There are going to be some things I disagree with him on . . . in Ralph's case I know him, and I think he's going to be a really effective leader," he said.

Asked about his stand on gay marriage, Giuliani - who lived with a gay couple during his divorce - told reporters that marriage should remain between a man and a woman.

"Inviolate, and everything should be done to make sure that's the case," said Giuliani, but he reiterated his support for civil unions.

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In The South, Giuliani Stumps For A Friend (NYT)

By Patrick Healy

The New York Times, May 19, 2006

ATLANTA, May 18 — Former Mayor Rudolph W. Giuliani glided over his support for gay civil unions and declared heterosexual marriage to be "inviolate" on Thursday as he helped raise money for a former leader of the Christian Coalition, Ralph Reed, who is in a tough fight to become lieutenant governor of Georgia.

For Mr. Giuliani, who is considering a run for the presidency in 2008, the political foray into the South allowed him to pocket a campaign chit from Mr. Reed that could be useful if the former mayor tries to build a national coalition that includes religious-minded Republicans, who are a core part of Mr. Reed's voter base.

Mr. Giuliani was warmly received at a Reed fund-raiser here, though advisers to Mr. Reed noted that most of the donors were politically moderate business people, and that a truer test of Mr. Giuliani's appeal among more conservative Southerners would come in rural counties.

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The Giuliani-Reed embrace came five days after another possible Republican candidate in 2008, Senator John McCain of Arizona, appeared alongside the Rev. Jerry Falwell and invoked God several times in a speech at Liberty University, an avowed evangelical institution in Virginia.

Georgia Republicans said on Thursday that Mr. Giuliani's visit had been scheduled weeks ago, though they acknowledged that both he and Mr. McCain were seeking to make inroads to the Southern and religious wings of the party.

Mr. Giuliani did not mention Jesus Christ or his childhood interest in becoming a priest, but instead preached from the bible of fiscal conservatism. Aligning himself closely with the Bush administration, he called for more federal tax cuts as a means of creating jobs and stimulating the economy, and argued that tax cuts would invigorate business and ultimately yield greater total tax receipts, thereby helping to reduce the deficit.

"President Bush understands that, the Republican Congress understands that, Ralph understands that, and the Democrats don't," Mr. Giuliani told the audience of about 250 people. "We can take a big step back, either state by state or nationally. And this election in 2006 is going to determine if we keep seeing our economy grow, or we take a real step backwards."

Introduced by Mr. Reed as "a great conservative," Mr. Giuliani urged Republicans to look toward the political landscape with optimism and to enthusiastically support President Bush, whose approval ratings are low.

"We shouldn't be going to the American people with our heads down," Mr. Giuliani said. "We should be going with our heads up — our policies work."

In a brief news conference afterward with reporters from Atlanta and New York, Mr. Giuliani acknowledged his support for some gay rights while reiterating past comments that "marriage should be between a man and a woman." Gay marriage has been in the news in Georgia this week after a judge struck down, on procedural grounds, a state constitutional amendment banning such unions.

"I believe that marriage should be between a man and a woman, that it should remain that way, it should remain that way inviolate, and everything should be done to make sure that that's the case," Mr. Giuliani said in response to a reporter's question. "But I also believe that you should allow for the protection of legal rights for people who are gay and lesbian."

Mr. Giuliani said it was not unusual for him to support a former leader of the Christian Coalition like Mr. Reed.

"On some of these social issues, we have disagreements that are very, very broad," Mr. Giuliani said. "It's no different than any other candidate — there are things I agree with, things I disagree with — but in Ralph's case, I know him, and I think he's going to be a really effective leader."

Asked if he would seek Mr. Reed's help in a possible run for president, Mr. Giuliani replied, "When you run for president, you ask for everybody's help."

Mr. Reed declined to answer reporters' questions about whether he could support Mr. Giuliani for president, given that they disagree on abortion rights and gay rights, or if he thought the former mayor would make a good president.

"We're really focused on 2006," Mr. Reed said, adding, "I learned a long time ago an 80 percent friend is not a 20 percent enemy."

Mr. Reed is competing for the Republican nomination against a veteran state senator, Casey Cagle, who has piled up endorsements from many legislative leaders and elected Republicans. Both men are campaigning aggressively, with the primary on July 18.

Mr. Reed has drawn fire from opponents for his ties to Jack Abramoff, a onetime Reed mentor and a former Washington lobbyist who has confessed to trying to bribe members of Congress. Mr. Reed has not been accused of any wrongdoing.

Only at the end of his remarks did Mr. Giuliani hint that his social liberalism could either be a blessing or a curse for a Southern candidate such as Mr. Reed. "I'll support your opponent if it helps," Mr. Giuliani said. "Sometimes I don't know which way it cuts, you know."

Democratic Activists Seek To Punish Their Own For Backing Bush (BLOOM)

By Heidi Przybyla

Bloomberg, May 19, 2006

May 19 (Bloomberg) -- Democratic activist groups that mounted an aggressive campaign against President George W. Bush in the 2004 election have a new target: Democrats who support his policies.

A loose network of organizations, ranging from women's groups to Internet bloggers, is pressuring incumbents such as Senator Joseph Lieberman of Connecticut and Representatives Jane Harman of California and Melissa Bean of Illinois, in some cases by backing insurgent candidates in primary elections.

The groups charge that these and other Democrats have been too supportive of Bush on issues like Iraq and trade, and say they're trying to energize voters disillusioned with a party that has failed to draw clear distinctions with Republicans.

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With Democrats holding a wide advantage in public-opinion polls six months before the congressional elections, the party must define its identity, said David Sirota, a Democratic activist.

``If Democrats are really about to get into power, now's the time to let them know what they need to be for,'' said Sirota, who wrote ``Hostile Takeover,'' a book about political corruption.

The organizations and Web logs that identify themselves as the party's ``progressive'' wing include MoveOn.org, a coalition of groups that raised $60 million and enlisted 100,000 volunteers in the 2004 elections; DailyKos, a blog that averages 20 million visitors a month; and Democracy for America, a political action committee with 500 affiliates.

The issues they're promoting include setting a timetable for withdrawing troops from Iraq, building environmental protections into U.S. trade agreements and cracking down on what they say is price-gouging by oil companies.

Angry Public

And they're tapping into public anger. Polls show that more than half of Americans say the U.S. shouldn't have invaded Iraq, and most think the Bush administration has no clear plan for keeping down energy prices.

Ed Kilgore, vice president for policy of the Democratic Leadership Council -- a Washington-based group that says it represents the party's ``vital center'' -- cautions that the primary challenges risk undermining the Democratic Party just as it may be poised to regain control of Congress.

``At a time when we're desperately trying to take back Congress and win a majority of governorships, I'm not sure it makes a whole lot of sense for Democrats nationally to be wasting money on primary challenges,'' Kilgore said.

Connecticut Challenge

In Connecticut, Lieberman, the Democrats' 2000 vice presidential nominee, is facing a challenge in the August primary from Ned Lamont, a 52-year-old Greenwich businessman stressing his opposition to the Iraq war. A recent poll by Rasmussen Reports, an independent survey company in Ocean Grove, New Jersey, showed about a third of Democratic primary voters backing Lamont, the great-grandson of legendary J.P. Morgan & Co. Chairman Thomas W. Lamont, over Lieberman, 64, a supporter of Bush's war policies.

On May 16, the National Organization for Women announced its endorsement of Lamont, and MoveOn.org said yesterday it will poll its 50,000 Connecticut members in an online ``primary'' on May 25 to determine whether they want to back Lieberman or Lamont.

In California, Harman, 60, a six-term House veteran, has a rare primary challenger in Marcy Winograd, 52, president of Progressive Democrats of Los Angeles. Winograd has criticized Harman's support for the Patriot Act, which expanded law-enforcement authority to fight terrorism, and the Iraq war. Winograd's supporters temporarily blocked the state party's endorsement of Harman, although the incumbent ultimately received the backing for the June primary.

Teamsters and Trade

In Illinois' eighth district, the Teamsters union is withholding support for one-term incumbent Bean, 44, over her support for the Central American Free Trade Agreement.

In Washington state, incumbent Senator Maria Cantwell, 47, faces several challengers in a September primary whose campaigns are fueled by anger over her support for the war. They include Mark Wilson, a former Marine who's running as a Democrat, and Aaron Dixon, a former Black Panther Party leader who is running as a Green Party candidate.

In Texas, Representative Henry Cuellar fought off a challenge from Ciro Rodriguez, an opponent backed by labor and environmental groups who got 41 percent of the vote in the Democratic primary in March.

In Pennsylvania, Senate candidate Bob Casey Jr.'s anti- abortion stance was attacked in television ads. While Casey, the state treasurer, fought off a primary challenge this week from Alan Sandals, his opponent won the support of a number of local officials.

Minnesota, Oregon

Gubernatorial races in Minnesota and Oregon, where Governor Ted Kulongoski faces re-election, have also featured challenges from the left. Kulongoski, 65, came under criticism from environmentalists, health-care advocates and some labor groups before the state's May 16 primary. Former state Treasurer Jim Hill, who opened his campaign by declaring that Kulongoski is ``not a good Democrat,'' got almost a third of the vote despite a late start to his campaign.

The Democratic Leadership Council's Kilgore says it isn't true that the party is failing to provide an alternative to Republican policies. ``It's ludicrous,'' he said. ``There's less doubt right now than there's ever been about the differences.''

Ignoring the rift won't make it disappear, said Tom Matzzie, Washington director for MoveOn.org. ``There's already a gigantic gulf in the party,'' he said.

The activist groups say their strategy is broader than merely challenging Democrats in primaries. They say they also want to pressure party-backed candidates to take definitive positions.

`Stand Up'

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``The other part of this is getting candidates to stand up for what they believe in and not being mealy-mouthed about it," said Jim Dean, president of Democracy for America, a group inspired by former Vermont Governor Howard Dean's presidential run in 2004. Jim Dean, Howard's brother, cited Massachusetts Senator John Kerry's call in October for a phased withdrawal from Iraq and expression of regret over his vote for the war.

Even though progressives will find it difficult to win in the primaries, that's unlikely to deter them, said Mark Rozell, a public policy professor at George Mason University in Arlington, Virginia. ``To pull off some victories here and there will be enough to energize much of the left base," he said.

To Rozell, what's at stake is ``the heart and soul" of the Democratic Party. ``The Republicans had that battle, and the moderates pretty much lost," he said. ``The Democrats now have to confront where the center of the party is."

Wave Of Women Candidates For Hill (CSM)

By Linda Feldmann

The Christian Science Monitor, May 19, 2006

WASHINGTON - It feels like the political version of speed dating: Reporters gather in a room, the candidate is whisked in for a coffee-and-pastry-fueled chat about her campaign, then whisked out to make way for the next candidate, and the next, and the next...

This was the scene last week at the Omni Shoreham Hotel here in Washington, where the political action committee EMILY's List was holding its annual luncheon and trumpeting its "endorsees" - all of them Demo- cratic women who favor abortion rights. The topics of conversation ranged from the Iraq war to immigration to Rahm Emanuel, the head of the House Democrats' campaign committee, but rarely touched on the role of gender in the campaign.

Can it be that having women run for federal office is now so routine that gender barely merits a mention? Perhaps. But at EMILY's List, which boasts its largest crop of candidates in its 21 years, gender is key.

And as the Democratic Party seeks to regain control of Congress - doable with a net shift of just 15 seats - it is counting on these EMILY's List women to play a major role. Of the 24 Republican-held House seats deemed competitive by the nonpartisan Cook Political Report, 11 feature Democratic women, all of them getting help from Emily's List. By comparison, of Cook's 11 competitive Democratic-held House seats, only one features a Republican woman contender.

Voter discontent with Washington is high, and women candidates could be the natural beneficiaries of that "throw the bums out" mentality, say experts on women in politics.

"When people get disgusted with politics and they are looking for change, women embody that change," says Debbie Walsh, director of the Center for American Women and Politics at Rutgers University. "There's a sense that women are more honest."

Analysts see some comparisons to the 1992 election - the so-called "year of the woman," when female representation in both houses of Congress jumped from 32 to 54 members; most of the new women were Democrats. Today, 81 out of 535 House and Senate seats, or 15 percent, are held by women (52 Democrats and 29 Republicans).

The small number of competitive races this cycle compared with 1992 means the best women can do in 2006 is a "mini" year of the woman. But the issue agendas are similar: worries over the economy, healthcare, education, and scandal. In the 1992 race, the House check-writing scandal and the Clarence Thomas-Anita Hill hearings mobilized women. In 2006, the Jack Abramoff influence-peddling scandal and the Iraq war are salient.

"Women are perceived as outsiders, even women incumbents," says Barbara Palmer, coauthor of a new book "Breaking the Political Glass Ceiling: Women and Congressional Elections."

But, she adds, not all congressional districts are hospitable to women. According to her book, women candidates do best in upscale, urban, and diverse districts, and are least likely to be elected in rural, Southern, and "traditional" districts. The book identifies 135 districts that are "unlikely" to elect women.

Whether 2006 will end up bringing a wave of new women to Congress is too soon to say. "It would be easier for the Democrats if they got their act together," says Kellyanne Conway, a Republican pollster, who suggests that a proactive, positive set of ideas, like the GOP's Contract With America in 1994, would be particularly appealing to women. "Women voters always gravitate toward 'yes,' not 'no.' "

Simply being a woman, however, does not necessarily work to a candidate's advantage, says Carl Forti, spokesman for the House Republican campaign committee. "I think it goes back to the quality of the candidate, period," he says.

New Mexico Attorney General Patricia Madrid, a Democrat who is running for the House, sees being a woman in politics as a double-edged sword. "People make assumptions - they think you can't make decisions," she says. "The upside is that your race gets more attention."

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Since Ms. Madrid is facing an incumbent woman - Rep. Heather Wilson - that makes their competitive race more noteworthy. And Ms. Wilson's status as a military veteran (the only woman veteran in Congress), pitted against Madrid's role as the state's chief law-enforcement official, makes for a stereotype-shattering contest.

For now, the biggest race on the political world's radar screen is California's 50th District - the June 6 special election to fill the seat vacated by Rep. Duke Cunningham (R), now in prison for bribery. Under normal circumstances, this heavily Republican district in San Diego would be safe for the Republican candidate, former Rep. Brian Bilbray, but polls show his race against Francine Busby - an EMILY's List endorsee - is close.

This week, a poll for the Busby campaign put her ahead of Mr. Bilbray 47 percent to 40 percent. A poll commissioned by a conservative Republican opponent of the more moderate Bilbray puts Busby ahead 43-37.

Amy Walter, House-watcher for the Cook Political Report, says it's still an uphill climb for Busby, a school board trustee in Cardiff, Calif., who lost to Mr. Cunningham in 2004. But in the current environment, she does not rule out a Busby victory. Neither does the Democratic Congressional Campaign Committee: It is spending $1.3 million on advertising in the last weeks of the campaign, after spending only $250,000 in the special-election primary.

"It's a close, volatile race," says Ms. Walter. "If she wins, it will be the shot heard round the world."

Liberal Wrath In Connecticut (NYT)

By William Yardley

The New York Times, May 19, 2006

HARTFORD, May 18 — "George Bush's favorite Democrat," they call him. "Republican Lite," they sneer. But liberals are no longer just venting on Internet blogs and talk radio programs about their centrist nemesis: Senator Joseph I. Lieberman of Connecticut.

Now, from across the nation, a determined alliance of antiwar activists is working overtime online and on doorsteps to defeat Mr. Lieberman, whose political moderation helped him earn the Democratic nomination for vice president six years ago. Their goal is not only to punish Mr. Lieberman for staunchly supporting the war in Iraq but also to protest what the activists consider the Democratic Party's willingness to accommodate President Bush.

Without a national race to focus on, thousands of activists from other states — encouraged by a host of liberal bloggers — have contributed money and volunteered to help the campaign of Ned Lamont, a cable television executive with little political experience who is trying to unseat Mr. Lieberman in the state's Democratic primary in August.

Although Mr. Lamont's challenge appears to be a long shot, it is roiling some quarters of the Democratic Party, just as the party is trying to regain control of Congress this year. Many Democrats assert that the vigorous challenge to Mr. Lieberman is overshadowing the governor's race and taking money and attention away from three closely contested House races in Connecticut that many strategists consider crucial to the Democrats' majority hopes.

"It's absolute Democratic cannibalism," said John F. Droney, a former Democratic state chairman in Connecticut.

The liberals' campaign is clearly rattling Senator Lieberman, who has not faced a serious primary challenge in his three terms, Democrats say.

He has been cold-calling scores of state party delegates who will meet to endorse a candidate on Friday. He is boasting of union endorsements and interest groups he once took for granted. He has already run commercials and mailed letters to delegates from prominent Democrats like Senators Hillary Clinton and Harry Reid to remind voters of his liberal record on issues like the environment, abortion rights and gay rights.

And while he has continued to defend his Iraq stand, disputing what he calls "caricatures" of his views, he has tried to distance himself from the president. "I'm probably the only person in America to run against George W. Bush twice," Mr. Lieberman, referring to his vice-presidential campaign in 2000 and the Democratic primaries in 2004, told about two dozen people last week at a center for the elderly in Farmington, a Hartford suburb. "Because I don't think he gives us the leadership this country needs."

Yet Mr. Lieberman's critics do not seem to be listening, particularly Mr. Lamont, who has spent more than $370,000 of his own money to challenge the senator.

"Connecticut's a progressive state," Mr. Lamont said at a fund-raiser in the home of a Yale professor in North Haven on Sunday. "You're not going to lose a senator. You're going to gain a Democrat."

A growing cast of prominent activists is backing Mr. Lamont. Markos Moulitsas, who advised the presidential campaign of Howard Dean in 2004 and founded the blog Daily Kos, is appearing in a campaign commercial for Mr. Lamont. James H. Dean, the brother of Howard Dean and the chairman of the grass-roots group his brother formed in 2004, supports Mr. Lamont. Tim Tagaris, recently the Democratic National Committee's Internet outreach coordinator, has become director of Internet operations

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for the Lamont campaign. Even the state's best-known independent, former Gov. Lowell P. Weicker, has announced his support for Mr. Lamont because of Mr. Lieberman's support of the war.

On Tuesday, the National Organization for Women's political action committee endorsed Mr. Lamont, in part because he said, unlike Senator Lieberman, that he would have supported a filibuster to prevent confirmation hearings for Samuel A. Alito Jr. to the Supreme Court.

Senator Lieberman was also endorsed this week by the Human Rights Campaign, a gay rights group. But some Democrats who have voted for him for years are reconsidering their support. "He won't stand up and fight," Jim Boorsch, a retired lawyer who voted for Mr. Lieberman in his last three races, said at the Sunday fund-raiser.

This weekend, the 1,607 delegates to the state Democratic party convention will nominate a candidate for the Senate, and Mr. Lieberman is expected to win the nomination handily. But Mr. Lamont will get his name on the ballot for the Aug. 8 primary if he wins 15 percent of the delegates, which many party leaders think is likely. "If he gets 25 percent, that will be sending a real message to Lieberman," said Leland Tolo, a West Hartford delegate who said he would back Mr. Lamont.

Mr. Lieberman's supporters note that he is well ahead of Mr. Lamont in polls. At the end of this year's first quarter, the senator had $4.7 million in his campaign account compared with about $375,000 that Mr. Lamont had on hand. The senator has been endorsed by prominent state Democrats and he has long ties with many local party leaders. But those supporters also warn that liberals could turn out in large numbers on Primary Day, making the outcome less than certain.

"Joe, I'm certain, will be fine, but if I were in his shoes I wouldn't be taking chances with an August primary," said Al From, the founder and chief executive of the Democratic Leadership Council, a centrist group of which Senator Lieberman is a past chairman. "Because nobody's paying attention, and you don't know who's going to vote."

Senator Lieberman's attempts to push his party to the center have irritated liberals well before this year. In 2000, when Al Gore named him as his running mate, some Democrats complained that the senator had supported school vouchers, had questioned affirmative action and been too encouraging of free trade. But those concerns pale compared with their passion over his support for the war.

Mr. Lamont, 52, says his frustrations with Mr. Lieberman solidified in the spring of 2005, when the senator voted to allow a federal court to review the case of Terri Schiavo, the brain-damaged Florida woman whose case drove a national debate over right-to-die issues.

Mr. Lamont, a former first selectman in Greenwich whose great-grandfather was a business partner of J. P. Morgan's, also said Representative John P. Murtha, a Pennsylvania Democrat and a Vietnam veteran, inspired him when he urged the president last November to withdraw troops from Iraq as soon as possible.

But while Mr. Lamont has drawn impassioned support from critics of the war, he does not echo their calls for an immediate withdrawal of all troops. Tom Swan, his campaign manager, said Mr. Lamont supported immediately pulling American troops out of the Sunni Triangle and establishing benchmarks for gradually withdrawing forces from Iraq. He criticized Mr. Lieberman for siding with President Bush in opposing such benchmarks.

Senator Lieberman said in an interview on Friday that his views on the war had been misrepresented "because I happen to have shared the same goals as the president." He said he has repeatedly criticized the administration for being "too unilateral," for not sending enough troops to secure Iraq immediately after the invasion and for not following a State Department plan for reconstruction.

Just 8 percent of Democrats in Connecticut approve of the way President Bush is handling Iraq, according to a poll by Quinnipiac University released this month. The poll showed that 83 percent of Democrats thought going to war was wrong. It also showed Senator Lieberman leading Mr. Lamont, by 65 percent to 19 percent, among registered Democrats.

"A very simple thing happened that changed Democratic politics dramatically, and that was that the war turned bad," Mr. From said, adding of the senator's critics: "There's a group in our party that makes a lot of noise and I don't think they've ever won an election. They're trying to take out one of the great statesmen our party has and that's wrong."

Religious Left Struggles To Find Unifying Message (NYT)

By Neela Banerjee

The New York Times, May 19, 2006

WASHINGTON, May 18 — They had come to All Souls Unitarian Church, 1,200 of them from 39 states, to wrest the mantle of moral authority from conservative Christians, and they were finally planning how to take their message to those in power.

After rousing speeches on Wednesday by liberal religious leaders like Rabbi Michael Lerner of the magazine Tikkun and Sister Joan Chittister, a Benedictine nun, participants in the new Network of Spiritual Progressives split into small groups to prepare for meetings with members of Congress on Thursday.

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Yet at a session on ethical behavior, including sexual behavior, the 50 or so activists talked little about what to tell Congress about abortion or same-sex marriage. Instead, the Rev. Ama Zenya of First Congregational Church in Oakland, Calif., urged them to talk to one another about their spiritual values and "to practice fully our authentic being."

Kimberly Crichton, a Washington lawyer and Quaker, grew impatient. "I think we would be more effective if we focused on specific legislation," Ms. Crichton said. "Are we going to discuss specific policies?"

Ms. Zenya replied: "What we envisioned this time is saying we are a religious voice. More relationship-building, consciousness-raising."

The man in the pew in front of Ms. Crichton translated: "The answer is, no."

Since the last presidential election, liberals of various faiths have talked about taking back religion from the conservative Christians who helped bring President Bush and a Republican Congress to power.

Yet liberal believers have so far been unable to approach, even modestly, the success of the religious right and command the attention of Congress.

Turnout at the Spiritual Activism Conference is high, but if the gathering is any indication, the biggest barrier for liberals may be their regard for pluralism: for letting people say what they want, how they want to, and for trying to include everyone's priorities, rather than choosing two or three issues that could inspire a movement.

"We didn't get on the same page with everyone, and it is about getting on the same page," said the Rev. Tony Campolo, an outspoken liberal Baptist minister from Pennsylvania who once served as a spiritual adviser to President Bill Clinton, and attended the conference. "The thing about the left is that they want everybody to feel good."

Initiatives by liberals have been percolating locally and nationally, from state interfaith alliances in Ohio to counter a powerful conservative Christian movement there to national campaigns to reduce poverty led by liberal evangelicals like the Rev. Jim Wallis.

The Democratic Party itself is wrestling with the best way to shake an image of indifference to religion. Most recently, the party's national chairman, Howard Dean, courted evangelicals by appearing on Pat Robertson's television program, "The 700 Club." In the process, Mr. Dean alienated gay and lesbian supporters of the Democratic Party by misstating the party's platform on same-sex marriage.

Religious leaders at the conference here cautioned that it would take years before liberal believers could match the savvy and strength of conservative Christian groups.

But Rabbi Lerner, the editor of Tikkun, the progressive Jewish magazine, and an organizer of the spiritual progressives' network, rejected the approach that Democrats have so far taken to faith, describing it as window-dressing.

He called on the activists at All Souls Church to define progressive faith, rather than have politicians do it. He said research begun years ago showed that Americans were experiencing a deep spiritual crisis but that only conservative Christians had responded to it, with an agenda that he said "backs the ethos of selfishness and materialism in our society."

"They get away with this because the left isn't even in the relevant ballpark," Rabbi Lerner said. When people on the left "hear talk of a spiritual crisis, they think it's some kind of New Age flakery or a code word for homophobia, sexism and racism," he said.

He urged participants to offer a real alternative to the ideas that many conservative Christian groups promulgate. But identifying those alternatives proved to be the hard part for many at the conference.

Mr. Campolo, the Baptist minister, explained to the participants in a seminar that many people on Capitol Hill were religious, and that to reach them and to establish authority, liberals should rely on the Bible.

"You have no right to be a spiritual leader if you haven't read Scripture," he told the group. "People in Congress respect the Book, even if they don't know what it says. If we don't recognize this, we don't know squat."

A young man with long hair and a tunic challenged Mr. Campolo.

"I thought this was a spiritual progressives' conference," he said. "I don't want to play the game of 'the Bible says this or that,' or that we get validation from something other than ourselves. We should be speaking from our hearts."

Carol Gottesman was urged at her group to speak from her heart about her priority, the environment. A 64-year-old nurse from Hubbard, Ohio, and a Conservative Jew, Ms. Gottesman spoke Thursday with her congressman, Tim Ryan, a Democrat. It was one of dozens of meetings the network had set up.

Mr. Ryan, who had read about the network on the Internet, asked Ms. Gottesman if the group was pushing specific policies.

"No, it's more that we want to take caring and generosity and bring it into everything," she said.

Mr. Ryan responded: "Spread love, not hate. Pretty simple. Do you have a little network back home?"

Ms. Gottesman squared her shoulders proudly and said, "I'm it."

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Many States Said Not Ready For Bird Flu (AP)

By Lara Jakes Jordan

AP, May 19, 2006

States have a spotty record in preparing for bird flu and it is matter of "not if, but when" the deadly virus reaches the United States, the Homeland Security Department's top doctor said Thursday.

But Dr. Jeffrey Runge said bird flu will not pose a critical threat until the virus can spread consistently between people. Such transmission has occurred only in a few cases overseas.

The department's chief medical officer said state and local governments carry most of burden of preparing for an outbreak. That includes readying emergency medical workers, providing hospital beds and setting up treatment centers outside of immediate disaster areas.

In an interview with the Associated Press, Runge did not identify the states he said have been slow to prepare. States with experience in dealing with hurricanes or terrorist attacks are further along, he added.

"Some states still have the idea that if it makes people sick, it's simply a health event," he said. "And others are much more forward reaching, and understand that they have to prepare for things like civil unrest, or interruption of the supply chain, or the failure of critical infrastructure to keep going, to keep the nation going in the event of some catastrophic event. And those are the ones that we think are the best prepared."

Gov. Mike Huckabee, R-Ark., who leads the National Governors Association, said states have "pretty much been told to prepare to row their own boat" in responding to bird flu.

Federal health officials "were pretty candid with us," Huckabee said in an interview. "The federal government simply does not have the resources themselves to deal with this on a mass level. And if a pandemic does occur, it will overwhelm their resources, just like it will overwhelm ours."

Scientists believe the flu would most likely be carried into the United States by a wild bird migrating from a country that has had an outbreak. "It's not a matter of if, but when we have birds that are infected with an avian virus," Runge said.

He credited agriculture inspectors and poultry producers with adopting tough security standards to prevent visitors from exposing fowl to the virus.

"We have the most secure flocks in the world," Runge said. He recalled hearing from an inspector that "it was tougher to get into a chicken coop than it was to get into our DHS headquarters."

Runge's department is responsible for blocking potentially infected birds and bird products from entering the U.S. at airports, seaports and international borders. Unions representing U.S. Customs and Border Protections officers have complained they have not been trained to identify bird smugglers or to quarantine birds arriving from countries that have had flu outbreaks.

Runge expressed some frustration with the level of training so far. "I wish I could say it had all already been done," he said. "Right now the planning is coordinated, but the education is not as coordinated as we'd like. That having been said, everybody around here's gotten a lot smarter about it."

Scientists Begin Testing For Bird Flu In Alaska (WSJ)

Associated Press, May 19, 2006

ANCHORAGE, Alaska -- Federal scientists have started testing migratory birds for signs of a dangerous bird flu that could show up on this continent this spring.

The testing of shorebirds began Wednesday on an Anchorage coastal wildlife refuge, said Bruce Woods, spokesman with the U.S. Fish and Wildlife Service.

It's the first sampling of a summer-long project to swab birds for bird flu throughout the state. Nationwide, the goal is to sample 75,000 to 100,000 wild birds. In Alaska, about $4 million in federal money will be allocated to study about 15,000 birds, Mr. Woods said.

"We had some success in catching some of the target species," he said Thursday.

More than 40 species of waterfowl and shorebirds are considered susceptible to infection by a highly pathogenic H5N1 bird flu virus that's killed more than 100 people, in other parts of the world, mostly in Asia.

Scientists will only test birds in the Anchorage area through early next week. "In this location, it's very brief, birds go through and they're gone," he said.

To screen the birds for the deadly virus, the U.S. Fish and Wildlife Service and Alaska's Fish and Game Department also are setting up more than 50 remote backcountry camps accessible mainly by float planes or boats.

Many birds will be tested and released, while others killed during seasonal hunts will be tested after they have died.

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Alaska is an ideal bird flu laboratory because it's at the crossroads of migratory pathways for birds flying between the U.S. and other countries. Some of these birds arrive in Alaska each year from Asia.

WHO Probes Bird Flu Cluster (WP)

By Alan Sipress

The Washington Post, May 19, 2006

JAKARTA, Indonesia, May 18 -- An international team of health investigators arrived on the Indonesian island of Sumatra on Thursday to determine whether an unusually large cluster of human bird flu cases indicates that the highly lethal virus has mutated into a form easily spread among people.

Laboratory tests conducted for the World Health Organization confirmed this week that five members of one extended family in Kubu Sembilang village had died of bird flu during the first two weeks of May and a sixth had been infected but was recovering. A seventh family member, a 37-year-old woman who had been the first to fall ill, is also suspected of succumbing to the disease but was buried before samples could be taken.

The Sumatran cluster is the world's largest since the disease emerged in East Asia in 2003, although several dozen others have been reported. Any cluster raises the prospect that the virus has undergone genetic change allowing it to spread more readily among people, increasing the likelihood of a global pandemic.

WHO dispatched two investigators from its Jakarta office to northern Sumatra last week, but their initial efforts were stymied by distraught relatives' reluctance to discuss the cases. A second team, which arrived Thursday, included a senior epidemiologist from WHO's headquarters in Geneva and investigators from the Centers for Disease Control and Prevention in Atlanta and WHO's regional office in New Delhi.

"We are taking this very seriously," said Sari Setiogi, spokeswoman for WHO's Indonesia office. "The good news is that from our investigation to date, there's no evidence of further spread of the virus beyond the family."

Setiogi said that relatives, neighbors and health-care workers who treated the patients were being monitored and that none had shown influenza-like symptoms.

Influenza specialists have said they suspect human transmission played a role in several other clusters of infection, including instances in Thailand, Vietnam and elsewhere in Indonesia. But the disease has yet to demonstrate it can pass beyond the confines of a family, which would be necessary for bird flu to spark a global epidemic.

The source of the Sumatra outbreak remains unclear. Health officials said that they had heard a report of sick chickens near one of the victims' homes but that tests of poultry and other livestock in the village had failed to identify any infected animals. Agriculture Minister Anton Apriyantono said Thursday, however, that samples taken from chickens, ducks and pigs from the surrounding district had tested positive for exposure to bird flu.

Some Indonesian health officials have speculated that the afflicted family members, who lived near each other in four houses, had contracted the virus either by sharing a feast of infected chicken and pork or from contaminated manure. Health Minister Siti Fadilah Supari minimized the possibility that the virus had spread from one family member to another.

If they had all caught bird flu from the same contaminated source, the victims would have been expected to become sick within the normal incubation period for the disease, which at most is slightly more than one week. But the final victim, a toddler, became ill after that, raising the possibility that the virus was passed between relatives.

Nur Rasyid Lubis, who heads the bird flu prevention team at Adam Malik Hospital in North Sumatra, said five members of the family, including at least two children, were admitted at the same time on May 8 with fever and respiratory problems. X-rays showed symptoms of pneumonia. They all died over the following week.

Lubis reported that all seven victims from the family were related to one another by blood rather than through marriage, reinforcing the suspicions of some influenza specialists that genetic susceptibility could play a role in determining who catches bird flu.

The Sumatra cases and a separate fatal infection confirmed this week in Surabaya, Indonesia's second-largest city, increased the country's death toll from the disease to at least 30. Bird flu has infected more than 216 people worldwide, killing more than half.

Human Transmission Possible In Flu Case (USAT)

USA Today, May 19, 2006

The source of bird flu that killed five members of an Indonesian family isn't known, and human-to-human transmission can't be ruled out, the World Health Organization said on its website. It said this was the largest cluster of closely related cases of the deadly H5N1 strain of the virus reported anywhere. The WHO said the most plausible source was poultry, but “the possibility of

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limited human-to-human transmission cannot be ruled out." If that occurred, "it has not been either efficient or sustained," the WHO said.

There have been 122 deaths in the outbreak that began in early 2003 and 129 since the strain was first discovered in 1997. The virus is easily transmitted among fowl. If it mutates into a form easily passed among humans, it could kill millions of people.

Typhoon Chanchu pummeled southern China, killing at least 21 people and leaving 27 Vietnamese fishermen missing after their boats sank in Chinese waters. Chanchu flooded scores of homes and forced more than 1 million people to evacuate before weakening to a severe tropical storm and moving out to sea today. The storm has killed more than 60 people in Asia, including 37 last weekend in the Philippines, where it destroyed thousands of homes.

About 40,000 people marched in Ankara, Turkey, to support the secular republic a day after a suspected Islamist militant shot five judges, one fatally, to protest a ruling against a teacher who wore an Islamic-style head scarf. Leaders of Turkey's military, which has led three coups and sees itself as a guardian of secularism, lined up by the coffin of Judge Mustafa Yucel Ozbilgin. Prime Minister Recep Tayyip Erdogan, who heads an Islamic-rooted government, did not attend the funeral. The government had criticized the ruling in February.

Hamas security forces clashed with police loyal to President Mahmoud Abbas after a day of tense standoffs as Palestinian rivals competed for control of Gaza.

Khaled Abu Hilal, spokesman of the Hamas-controlled Interior Ministry, said gunmen fired from a moving car on police, wounding two. Police thought nearby Hamas forces were responsible and fired at them, he said. U.S. Secretary of State Condoleezza Rice said the tensions pose a "dangerous situation" and the Palestinian leadership needs "to get control of this."

Chile's Supreme Court freed former Peruvian president Alberto Fujimori on $3,000 bail but said he must remain while he fights extradition on corruption and human rights charges. Fujimori, 67, came to Chile in November from Japan, where he lived after his government collapsed in 2000 in a corruption scandal.

5 Bird Flu Deaths In Indonesia Not Linked To Human Exchange (NYT)

By Peter Gelling

The New York Times, May 19, 2006

YOGYAKARTA, Indonesia, May 18 — World Health Organization officials said Thursday that the five avian flu deaths confirmed this week on Sumatra were probably not a result of human-to-human infection and did not suggest that the virus had mutated into a more deadly form.

Five family members were confirmed dead from the A(H5N1) strain of avian influenza by the World Health Organization on Wednesday, the largest such cluster recorded. A sixth family member died of flulike symptoms but was not tested for the virus.

Clusters like the one in Kubu Sembilang village in northern Sumatra, where the victims lived, worry health officials because they indicate that the virus may have been transmitted between humans. Health officials have long feared that such a mutation could set off a worldwide pandemic capable of killing millions.

Gina Samaan, a field epidemiologist for the World Health Organization in Kubu Sembilang investigating the recent cluster, said that the number of deaths had raised eyebrows but that so far the outbreak was similar to others in Indonesia that were caused by close contact with infected poultry.

"Current evidence doesn't suggest at all that the virus was passed between humans," she said in a telephone interview.

Agriculture Minister Anton Apriyantono said Thursday that a number of chickens, ducks and pigs in the village had tested positive for the virus. He said infected flocks of poultry would be culled immediately.

No new cases were reported beyond the Sumatra cluster, which officials said was encouraging. Investigators are scouring the village to determine why only this family had caught the disease.

Indonesia's death toll has reached 30, second only to Vietnam, which has recorded 42. Indonesia, however, has been recording bird flu deaths at a much higher rate than any other country in recent months.

Local tests indicate that a boy in the remote eastern province of Papua who died recently also had bird flu.

The latest fatalities prompted the Indonesian president, Susilo Bambang Yudhoyono, to ask Thursday for additional international financial and technical support to help terminate the spread of the disease.

The government has been hesitant to conduct mass culls, as other Asian countries have done, because it cannot compensate farmers.

Lack of public health education probably accounts for Indonesia's high fatality rate, health officials say. In April, Indonesian bird flu patients reported their symptoms an average of five days after they began, making it hard for doctors to prevent deaths.

"It is an issue of how quickly people report their symptoms," Ms. Samaan said. "But we believe health care awareness is increasing."

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In Jakarta, where the majority of the Indonesian deaths have occurred, all major hospitals and even smaller health clinics have plastered bright orange-and-yellow posters on their walls detailing bird flu symptoms and treatments. Booklets have been distributed to far-flung villages throughout the country.

In the tiny village of Taman Jaya on Java's southwestern tip, villagers recently examined an informational packet from the Health Ministry, while chickens ran freely in the front door, through the kitchen and out the back door.

Saving Grace (NYT)

By Lauren F. Winner

The New York Times, May 19, 2006

Durham, N.C.

THE recent Harvard study that found teenagers' virginity pledges to be ineffective should come as a surprise to no one. Several studies had already come to that conclusion. If we are truly to help our teenagers adopt the countercultural sexual ethic of abstinence until marriage, Christians concerned about the rampant premarital sex in our communities need to rethink, rather than simply defend, young people's abstinence pledges.

It is awfully easy for Christians to blame our community's sexual sins on the mores of post-sexual revolution America — to criticize Abercrombie & Fitch catalogs, to natter on about how "Grey's Anatomy" portrays sexual behavior that doesn't square with Christianity.

But perhaps it's more important that we reconsider how we talk about sex in the church. For although the church devotes an immense amount of energy to teaching about sexuality — just go to the Christian inspiration section of your nearest Barnes & Noble and compare the number of books about chastity to books that challenge, say, consumerism — many Christians still "struggle with" (in that euphemistic evangelical phrase) premarital sex, adultery and pornography.

So why is the church's approach to teaching chastity falling short? Consider the popular "True Love Waits" virginity pledge: "Believing that true love waits, I make a commitment to God, myself, my family, my friends, my future mate and my future children to a lifetime of purity including sexual abstinence from this day until the day I enter a biblical marriage relationship."

This pledge and others like it are well meaning but deeply flawed. For starters, there's something disturbing about the assumption that teenagers are passively waiting for their future mates and children, when the New Testament is quite clear that some Christians are called to lifelong celibacy. (Paul, for example, did not have a mate or children, and Dan Brown's fantasies notwithstanding, Jesus's only bride was the church.) Chastity is not merely about passive waiting; it is about actively conforming our bodies to the arc of the Gospel and receiving the Holy Spirit right now.

Pledgers promise to control intense bodily desires simply by exercising their wills. But Christian ethics recognizes that the broken, twisted will can do nothing without rehabilitation by God's grace. Perhaps the centrality of grace is recognized best not in a pledge but in a prayer that names chastity as a gift and beseeches God for the grace to receive it.

The pledges are also cast in highly individualistic terms: I promise that I won't do this or that. As the Methodist bishop William Willimon once wrote: "Decisions are fine. But decisions that are not reinforced and reformed by the community tend to be short-lived."

During our first year of marriage, my husband and I lived in a small apartment inside a church. On Tuesdays, Alcoholics Anonymous and Al-Anon met downstairs. As I got to know some of the regulars, I began to wonder if there wasn't something the church could learn from the 12-step groups in our midst.

After all, what are 12-step groups but communities of people expecting transformation? People show up because they want to change, and they know that making a promise by themselves — I will stop drinking — won't cut it. Alcoholics Anonymous explicitly recognizes that transformation works best when a community comes alongside you and participates in your transformation.

Christians, like 12-step group attendees, are people who are committed to becoming, to use the Apostle Paul's phrase, new creatures. Living sexual lives that comport with the Gospel is one part of that.

Perhaps pledges for chastity need to be made not only by the individual teenager. Perhaps we also need pledges made by the teenager's whole Christian community: we pledge to support you in this difficult, countercultural choice; we pledge that the church is a place where you can lay bare your brokenness and sin, where you don't have to dissemble; we pledge to cheer you on when chastity seems unbearably difficult, and we pledge to speak God's forgiveness to you if you falter. No retooled pledge will guarantee teenagers' chastity, but words of grace and communal commitment are perhaps a firmer basis for sexual ethics than simple assertions that true love waits.

Lauren F. Winner is the author of "Girl Meets God" and "Real Sex: The Naked Truth About Chastity."

Earmark Loopholes (WSJ)

DOJ_NMG_0029189

The Wall Street Journal, May 19, 2006

When the House passed its lobbyist-reform bill last month, we praised the earmark transparency provision as a rare bright spot. Maybe we spoke too soon. Outsiders have now had a chance to inspect the fine print, and if Sarbanes-Oxley were this full of loopholes, few businesses would complain.

Under the House bill, all earmarks inserted into appropriations during the conference committee stage must identify the earmarker -- unless, we now discover, the earmark goes to a federal agency, as nearly half of them do. Another notable earmark exception has been carved out for Fannie Mae and Freddie Mac, the mortgage giants that are political honey pots for the Members. As far as we know, the two companies have never received an earmark before -- which raises the question of whether they are about to become a new earmark shelter for the Members to disguise their pork-barrel habits.

Oh, and earmarks directed to state and local governments are also exempt from the requirement under some circumstances. How big a loophole is that? "It could be as big as the appropriators are clever," Representative Jeff Flake (R., Ariz.) told us. "And they're pretty clever." Congressman Flake has been fighting the earmark tide since long before it became a cause celebre, and he's hoping the loopholes can be narrowed when the House and Senate sit down to agree on a common version of the bill.

Perhaps with the House's Appropriator-in-Chief, Californian Jerry Lewis, now under investigation for allegedly steering millions in appropriations to a lobbyist via earmarks, reform will take on added urgency. But GOP leaders should understand that this kind of cynical loophole-writing won't make voters feel any better about them come November.

Medicare Bidding War (WSJ)

The Wall Street Journal, May 19, 2006

Republicans have been touting new polls showing rising popularity for their Medicare drug benefit. But this week's panic in Congress to extend Monday's deadline for penalty-free enrollment is further evidence that the program has been far from the political home run the GOP once hoped.

It seems forever ago now, but back during the heady days and high poll numbers of 2003 Republican leaders were convinced that the new entitlement was a no-lose proposition. Their cheering section at the Washington Times editorial board fantasized aloud that the benefit offered the prospect of a "permanent Republican majority."

How times have changed. At best, the drug benefit will be a political wash this first national election following its implementation, and there is reason for Republicans to worry that come November many seniors will be hitting the dread "doughnut hole" where coverage stops. More ominously, Democrats are making a pledge to "fix" the benefit -- meaning expand it -- their top campaign plank. So while Republicans might have gotten to play Santa for five minutes, they'll spend decades playing Scrooge as Democrats demagogue for more generous coverage.

All of this was predictable, and in fact was predicted by none other than former Clinton Medicare Administrator Nancy-Ann DeParle. In a 2003 Washington Post op-ed, she urged Democrats to support the program: "In signing it, as [President Bush] will surely be forced to do, he will preside over the biggest expansion of government health benefits since the Great Society. . . . The Democrats should fight to improve the bill now -- filling in the doughnut hole would be a good start. But they should also remember that there will be time to repair it, and more political support, once the bill becomes law -- as the history of past programs shows."

Things have developed more or less as Ms. DeParle had hoped. Democrats have indeed been agitating to "improve" the program from day one. And their complaints about the benefit design resonate for a good reason. In any rational insurance policy, coverage increases with increasing costs. The doughnut hole -- where coverage ceases between annual drug costs of $2,250 and $5,100, before kicking in again -- is what you get when politicians try to spread a little cash around regardless of need and at the same time try to control costs.

Another Democratic campaign issue will be pressure for Medicare to "negotiate" lower prices with drug makers. In reality, price "negotiation" is just a euphemism for price controls. "I'm sure that costs will escalate to the point where even Republicans will see the point of letting the secretary [of Health and Human Services] negotiate to hold down prices," says Democratic Representative Pete Stark. "When Medicare was created in 1965, the law prohibited setting fees for hospitals and doctors. And that's what we do now." This could have grave implications for future R&D budgets in the pharmaceutical industry.

Which means that it's not just the GOP that miscalculated in supporting this drug benefit. The bulk of Big Pharma did too, in the shortsighted hope that it would do something to reduce political pressure for things like drug "re-importation" from Canada and Europe. Only last week Pfizer CEO Hank McKinnell tried to sell Journal editors on the idea that the entitlement will actually save money because increased drug usage correlates with lower hospitalization and other costs.

Nice try. Most of the new entitlement simply replaces money that would have been spent by the private sector. The Medicare Trustees calculate that the drug benefit adds more to the government's unfunded liabilities than the entire projected

DOJ_NMG_0029190

Social Security shortfall. We're sorry to see Pfizer -- which for a corporation has done rare and yeoman work promoting free enterprise -- become a defender of government efficiency.

In sum, the Medicare drug benefit has been a big setback for the causes of fiscal responsibility and market-oriented ideas in health care. Only the health-savings accounts that passed at the same time have a chance of redeeming the market "reform" promise that GOP leaders used to bludgeon the package through the House by a single vote.

The political future as far as the eye can see promises nasty battles over drug price controls, and between Democrats trying to expand the program and Republicans trying to hold the line. As for the short-term politics, obviously no one is talking anymore about a "permanent Republican majority." The question on everyone's lips is whether Republicans will even have a Congressional majority next year.

Hot Money Returns (NYT)

The New York Times, May 19, 2006

Those lucky investors who have ridden the bull run of the emerging markets in recent years — and those still thinking about getting onboard — should remember one thing. What goes up quickly often goes down quickly as well.

Investors usually move in herds, and right now they are stampeding, cash in hand, toward countries like Russia and India. As Landon Thomas Jr. reported in this paper yesterday, hedge funds, mutual funds and pension funds are embracing the risks and the returns in countries as far-flung as Zambia and the former Soviet republic of Georgia. Speculation may have overtaken smart investment.

In any country or business sector, there is a limit on the number of good investments. The better values are generally snapped up by the best-informed investors, those with knowledge on the ground. But fund managers have a perverse incentive structure during frenzied periods of investment. They are punished more for missing out on the stellar returns during the upswing than they are for losing money in any broad-based downturn that follows. That encourages short-term thinking, which may be all right for traders, but is less effective for the average people managing their retirement funds.

It's little wonder that no one wants to be left behind. According to Morningstar, the investment research firm, diversified emerging markets stock funds returned 56 percent, 24 percent and 32 percent in the last three years, well above what investors would have gotten by sticking to domestic equities, which returned just 7 percent in 2005.

Exotic stocks may keep rising, but they're also likely to remain very volatile. And while they could perform well during a slow decline in the dollar, a steep plunge in the greenback might send investors scrambling for the comfort of old standbys, like opportunities in Western Europe. The wise investors won't lose their heads and weight their portfolios too heavily toward the most exotic funds. The problem with hot money is that it's easy to get burned.

DOJ_NMG_0029191

Elwood, Courtney

From:	Elwood, Courtney
Sent:	Friday, May 19, 2006 9:10 AM
To:	Keisler, Peter D (CIV); Nichols, Carl (CIV); Bucholtz, Jeffrey (CIV); Gorsuch, Neil M; McCallum, Robert (SMO)
Subject:	FW:
Attachments:	tmp.htm

Some well-deserved praise from Mr. Addington . . . . you and your team did an outstanding job.

Courtney Simmons Elwood
Deputy Chief of Staff and
Counselor to the Attorney General
U.S. Department of Justice
(w) 202.514.2267
(c) 202.532.5202
(fax) 202.305.9687

-----Original Message-----
From: David_S._Addington@ovp.eop.gov [mailto:David_S._Addington@ovp.eop.gov]
Sent: Friday, May 19, 2006 8:41 AM
To: Elwood, Courtney
Subject:

CSE:

Your department did a great job with El-Masri v. Tenet, No. 1:05cv1417 (EDVA) in protecting the ability of the institution of the Presidency to protect the American people under the Constitution in the war on terror.
Well done.

CSE:

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Miller, Charles S

From: Miller, Charles S
Sent: Friday, May 19, 2006 10:56 AM
To: Agarwal, Asheesh (CIV); Ames, Andrew; Baxter, Felix (CIV); Branda, Joyce (CIV); Brody, Stephen (CIV); Bucholtz, Jeffrey (CIV); Bukvics, Jennifer (CIV); Claterbos, Barbara (CIV); Cohen, David M. (CIV); Cohn, Jonathan (CIV); Davidson, Jeanne (CIV); Davis, Dan (CIV); Fargo, John (CIV); Fielding, Gabrielle (CIV); Figley, Paul (CIV); Flentje, August (CIV); Frost, Peter (CIV); Garren, Timothy (CIV); Glynn, J.Patrick (CIV); Gorsuch, Neil M; Hertz, Michael (CIV); Hollis, Robert (CIV); Hunt, Jody (CIV); Hussey, Thom (CIV); Jeweler, James (CIV); Katsas, Gregory (CIV); Keisler, Peter D (CIV); Kohn, Chris (CIV); Kopp, Robert (CIV); Letter, Douglas (CIV); Levine, Larry (EOIR); Lindemann, Michael (CIV); Magnuson, Cynthia; McCallum, Robert (SMO); Miller, Charles S; Nichols, Carl (CIV); Nowacki, John; Pyles, Phyllis (CIV); Riley, Sharon (CIV); Rivera, Jennifer (CIV); Roehrkasse, Brian; Schiffer, Stuart (CIV); Scolinos, Tasia; Seidel, Rebecca; Senger, Jeffrey M; Spellberg, Dianne (CIV); Swenson, Lily F; Thirolf, Eugene; Wilson, Karen L; Zwick, Ken (CIV)
Subject: 5/19/06 Civil Division News

Lawsuit Against CIA Is Dismissed; Mistaken Identity Led to Detention

Germany notes US court ruling in CIA abduction case

Abbott accused of inflating drug prices

Government condition barred on AIDS funds

ONTARIO GROUPS SUE U.S., CANADA FOR SUSPENDING NAFTA LUMBER ECC

CONSUMER GROUP TO SUE FDA AGAIN OVER QUALIFIED HEALTH CLAIMS

Church Leader, Wife Claim Peyote Prosecution Violated Their Religious Rights

Porn domain firm sues US government

Washington Post

May, 19, 2006

Lawsuit Against CIA Is Dismissed; Mistaken Identity Led to Detention

By Jerry Markon
Washington Post Staff Writer

A federal judge yesterday threw out the case of a German citizen who says he was wrongfully imprisoned by the CIA, ruling that Khaled al-Masri's lawsuit poses a "grave risk" of damage to national security by exposing government secrets.

U.S. District Judge T.S. Ellis III in Alexandria acknowledged that Masri "has suffered injuries" if his allegations are true and that he "deserves a remedy." Sources have said Masri was held by the CIA for five months in Afghanistan because of mistaken identity. Masri says he was beaten, sodomized and repeatedly questioned about alleged terrorist ties.

But Ellis said the remedy cannot be found in the courts. Masri's "private interests must give way to the national interest in preserving state secrets," the judge wrote in dismissing the lawsuit filed last year against former CIA director George J. Tenet and 10 unnamed CIA officials.

Masri had sought an apology and monetary compensation.

The ruling was a victory for Justice Department prosecutors, who had invoked the once rarely cited state-secrets privilege to argue for dismissal. Created in the 1950s, it allows the government to urge courts to dismiss cases on the grounds of damage to foreign policy or national security. The privilege has been used far more frequently since the Sept. 11, 2001, terrorist attacks.

Judges have usually acceded to the government's request. Last year, for example, the government won dismissal of a lawsuit by a Canadian citizen who claimed that he was taken to Syria by U.S. officials for detention and was tortured.

Ben Wizner, an American Civil Liberties Union attorney defending Masri, said Ellis "was precisely wrong that the judicial branch should not be involved here." He said the case was an opportunity to examine the CIA's program of secretly detaining suspects in one country and moving them to another for interrogation and detention -- a process known as "rendition."

"This is doubly insulting," Wizner said. "Everyone knows that Mr. al-Masri was a mistaken victim of the rendition program. He is now a victim of the misuse of the state-secrets privilege."

A Justice Department spokesman, Charles Miller, said the department was reviewing the ruling and would not comment.

Ellis said that his ruling was not a commentary on the substance of Masri's allegations but that if they are true, "all fair-minded people . . . must also agree that [Masri] has suffered injuries as a result of our country's mistake and deserves a remedy."

But if the government even responded, the judge wrote, it could compromise intelligence sources and methods. "Such a revelation would present a grave risk of injury to national security," Ellis concluded.

Masri, a German citizen of Lebanese descent, was arrested by police in Macedonia in December 2003 because his name was the same as that of another man suspected of terrorist links and because Macedonian police believed he was carrying a false passport, according to former and current intelligence officials and U.S. diplomats.

He was held for five months largely because the head of the CIA's Counterterrorist Center's al-Qaeda unit "believed he was someone else," a former CIA official last year said on condition of anonymity.

German investigators have confirmed most of Masri's allegations, which have received extensive publicity in Europe. In December, a senior Bush administration official traveling with Secretary of State Condoleezza Rice said U.S. officials had told the Germans that Masri was released because the intelligence was insufficient to justify his detention.

END

AGENCE FRANCE PRESSE ENGLISH WIRE

May 19, 2006

Germany notes US court ruling in CIA abduction case

BERLIN, May 19, 2006 (AFP) - The German government on Friday said it had noted the dismissal by a US court of German citizen Khaled El-Masri's lawsuit over his alleged abduction by the CIA in a "rendition" operation.

"We are aware of the decision but we cannot say from here whether he can eventually obtain damages or whether it precludes any further legal action on his part," foreign ministry spokesman Martin Jaeger said at a press conference.

A US district court on Thursday dismissed Lebanese-born El-Masri's suit on the basis of "states secrets" privilege -- that a trial would disclose secret information crucial to US security.

But the court in Alexandria, Virginia, also said that if his story was true, the US\l "l" government should come up with an unspecified "remedy" for El-Masri's complaint.

El-Masri, 42, sued\l "l" former CIA boss George Tenet, three allegedly CIA-linked aviation companies and numerous unnamed Central Intelligence Agency agents for 75,000 dollars (60,000 euros).

He claimed that he was abducted in a CIA rendition operation in Skopje, Macedonia on December 31, 2003, and held for five months, including in a CIA prison in Afghanistan.

During that time, he alleged, he was tortured and interrogated about whether he had links to the plotters of the September 11, 2001 attacks on the United States.

On May 28, 2004, El-Masri claimed, he was flown blindfolded in a private jet from Kabul to Albania, where he was left on the side of an abandoned road to make his own way home.

Chancellor Angela Merkel said in December that the US government had admitted that it made a "mistake" in El-Masri's case.

END

USA Today

May 19, 2006

Abbott accused of inflating drug prices

By Julie Appleby, USA TODAY

Abbott Laboratories (ABT) allegedly inflated the prices of some drugs by as much as 10 times the actual sales price so its hospital customers could bill Medicare and Medicaid for more than they paid and pocket the difference, the Department of Justice said Thursday.

Customers who bought Abbott's products were reimbursed more than $175 million by the two government programs, said the department, which joined a whistle-blower suit against the company.

Melissa Brotz, a spokeswoman for Abbott, says the company has complied with all laws and regulations and intends to vigorously defend itself against the claims.

The case alleges that Abbott falsely listed average wholesale prices for some of the products, including intravenous antibiotic vancomycin, sold by its hospital division from 1991 to 2001. That division, Hospira, has since been spun off into an independent company. Because of the difference between the list price and the actual sales price, the complaint alleges, hospital customers sought more money from government programs than they should have — and Abbott gained business.

"This complaint marks another step in the government's investigation and prosecution of pharmaceutical manufacturers who submit fraudulent drug-pricing information," said Assistant Attorney General Peter Keisler in a statement.

Dozens of similar cases involving drugmakers, including Abbott, have been filed by state prosecutors. Many were initiated by the same whistle-blower, Ven-A-Care pharmacy of the Florida Keys.

The case alleges civil violations of the federal False Claims Act.

The government has intervened in some other wholesale price cases, but they generally also had other elements, such as allegations of kickbacks to doctors.

The Abbott case could have ramifications for others in the drug industry. "It's significant because this is an area where (the law) is a little gray and the conduct has not been clear-cut," says attorney James Becker, a partner at the Saul Ewing law firm in Philadelphia.

END

AP
MAY 19, 2006

Government condition barred on AIDS funds

TONI LOCY
Associated Press

WASHINGTON - A federal judge on Thursday barred the Bush administration from requiring nonprofit AIDS groups to sign a pledge opposing prostitution and sex trafficking in exchange for federal dollars.

U.S. District Judge Emmet G. Sullivan said a law passed by Congress in 2003 violates the free-speech rights of groups such as DKT International Inc., which provides family planning and HIV/AIDS prevention programs in 11 countries.

Sullivan said the law goes too far because it insists that DKT "parrot" the U.S. government's position on prostitution and bars the group from taking and putting in place a different viewpoint on the issue in the way it spends privately obtained funds.

"By mandating that DKT adopt an organization-wide policy against prostitution, the government exceeds its ability to limit the use of government funds," Sullivan wrote.

In a lawsuit filed last year, DKT accused the U.S. Agency for International Development and its administrator of violating the free speech rights of AIDS nonprofit groups by requiring them to sign an anti-prostitution pledge to become eligible for U.S. government money.

In 2003, Congress created a $15 billion program for fighting AIDS worldwide. Under the law, groups that do not adopt a policy "explicitly opposing prostitution and sex trafficking" cannot receive federal money.

The group's representatives refused to sign the pledge because they are involved in a program to distribute condoms to prostitutes and other sex workers in Vietnam. Signing the pledge, they argued, would stigmatize and alienate many of the people they are trying to help.

The administration argued the law is narrowly tailored to prevent a "garbling" of U.S. policy goals, control use of federal dollars and ensure the U.S. government speaks with one voice internationally.

Sullivan disagreed, saying the Supreme Court repeatedly has ruled that the government cannot compel private groups "to speak in a content-specific, viewpoint specific manner" as a condition of receiving federal money.

END

Inside US Trade

May 19, 2006

ONTARIO GROUPS SUE U.S., CANADA FOR SUSPENDING NAFTA LUMBER ECC

Two Ontario lumber associations sued\l "l" the U.S\l "l". and Canadian governments this week over their agreement to suspend a U.S\l "l". extraordinary challenge to a North American Free Trade Agreement decision that found against U.S. duties on Canadian lumber. The suits argue that the government-to-government deal to suspend the NAFTA challenge unfairly freezes the process at a point where the U.S. can continue collecting countervailing duties against Canadian lumber imports for an indefinite period of time.

In contrast, allowing the process to proceed would likely lead to a decision under which the U.S. would have to stop collecting these duties, they said.

The suit comes just a few weeks after the two governments announced they had a general deal to settle the long-running lumber trade fight, which would be turned into a more detailed legal agreement as long as both sides drop all ongoing litigation. Sources said the new lawsuits appear to be further indication that at least some Canadian industry groups do not appear to be ready to give up litigation against the U.S., which could ultimately spell doom for the political agreement.

The two suits filed by the Ontario groups claimed that their constitutional due process rights to property were violated when the NAFTA extraordinary challenge committee (ECC) process was suspended. The Ontario Forest Industries Association and the Ontario Lumber Manufacturers Association filed the suits on May 16 -- one before the U.S. Court of Appeals for the District of Colombia, and the other before the U.S. Court of International Trade. Both of these industry groups have U.S. companies and U.S. importers as members.

The suits are a reaction to the May 12 joint letter from the U.S. and Canadian governments to the NAFTA Secretariat announcement that the U.S. and Canada had agreed to suspend the ECC, and asked the NAFTA Secretariat to notify other parties to the dispute, including the Ontario organizations. The two governments also declined to nominate judges to the panel by a May 12 deadline for doing so, despite calls from the Canadian industry for Canada to appoint judges.

In response, the two Ontario groups asked the U.S. appeals court to find that the U.S. had no right to suspend the process under NAFTA or U.S. law, decide that failing to appoint panelists violates the U.S. Constitution, and order the U.S. to appoint panelists in the case. The groups argued that the ECC was the result of private industry action under NAFTA, which the U.S. has now stymied by suspending indefinitely the phase at which the government can weigh in.

"The heart of the matter is that private parties have brought a complaint against the United States, and once the United States lost, it shut down the process that would give the private parties their due relief," the groups said in their May 16 pleading.

The pleading argued that nothing in the implementing legislation on NAFTA allows the U.S. to suspend the ECC, and pointed out that the U.S. cites no authority allowing the suspension.

The NAFTA panel decision the U.S. brought to the ECC accepted a de minimis U.S. subsidy finding against Canada, which, if upheld by the ECC process, would mean the 8.7 percent countervailing order on Canadian softwood would have to be lifted. The U.S. made this de minimis finding only after the panel required the U.S. to use data certain to result in a de minimis finding.

The filing to the CIT demanded that judges be appointed to the ECC, and argued that the U.S. violated Section 402(a)(1)(e) of the NAFTA implementation act by not appointing a member or members of the ECC by May 12.

The CIT suit said an action by the court ordering the administration to appoint panelists to the ECC is justified because the administration had a non-discretionary duty to appoint panelists to the ECC under law implementing NAFTA. It also argued that the Ontario associations and their affiliated importers have no other option than asking the court to compel the administration to appoint panelists.

NAFTA itself does not provide for an appeal to address the failure to appoint panelists, and NAFTA panels have no power to order the appointments, the suit said.

Finally, the groups filed notice that they will sue Canada under the Federal Arbitration Act. They argue that Canada agreed to arbitrate extraordinary challenges under NAFTA but has refused to do so by suspending the ECC.

Members of the two Ontario associations include lumber giants Tembec, Domtar, Bowater and Weyerhaeuser, which has signaled support for the tentative U.S.-Canada lumber deal. One industry source acknowledged some companies in the groups have been outspoken in their support of the deal, but signaled they were still supporting the suits because they saw it as being helpful for the pursuit of a better final deal.

Sources close to the U.S. industry argued that the lawsuits are unlikely to go far, since nothing in the NAFTA implementation act prevents governments from suspending an ECC challenge. Sources noted that the U.S. and Canada as sovereign entities are allowed to suspend an ECC to continue working on a settlement, since the ECC is a government-to-government process.

One source also noted that provisions in the NAFTA allow for the timeframes in an ECC to be extended, and that while the NAFTA panel review process includes private parties, the ECC is strictly a government-to-government process.

This source also argued that U.S. law implementing NAFTA does not require the U.S. to appoint panelists within 15 days, but only requires the U.S. to follow certain criteria in selecting panelists, such as choosing them from an accepted list. This source also noted that the U.S. and Canada frequently in the past have not appointed panelists within 15 days. As a result, he said, there is no justification for the CIT to order the U.S. to appoint panelists.

"It's a renegade faction making a desperate effort to do anything they can to slow a settlement," this source said of the lawsuits.

Meanwhile, sources said the U.S. and Canada would also suspend Chapter 11 of the NAFTA for the purposes of softwood lumber under a 23-page draft legal text circulated by the Canadian federal government to provincial officials late last week.

Sources familiar with the text said it invokes Article 58 of the Vienna Convention on the Law of Treaties to suspend NAFTA Chapter 11 for softwood lumber disputes. Chapter 11 allows investors in one NAFTA country to ask a NAFTA panel to award damages caused by another NAFTA government's actions that harmed their investment.

Article 58 allows two or more parties to a multilateral treaty to suspend the operations of provisions of the treaty temporarily and between themselves alone. They may do so, according to the convention, if it is not prohibited by the treaty under certain conditions. Those conditions are that suspension must not affect the enjoyment by the other parties of their rights under the treaty of the performance of their obligations; and that it is not incompatible with the object and purpose of the treaty. The U.S., Canada and Mexico are the three parties in NAFTA.

One informed source argued that suspending Chapter 11 for NAFTA suits could be considered incompatible with the object and purpose of NAFTA, as one of the key purposes for Canada was to ensure that its companies would have protection from having their property taken away by another NAFTA state.

The tentative agreement reached by the U.S. and Canada must be agreed by Canadian timber mills, since one provision of the deal would be that all softwood litigation is dropped. This would require several Canadian companies to drop existing Chapter 11 claims against the U.S., sources said. The summary of the tentative agreement announced in late April did not specifically mention the suspension of Chapter 11.

The call for Chapter 11 to be suspended appears to be a demand of the U.S. government and its industry, two informed sources said, as only Canadian companies have brought suits under NAFTA Chapter 11. One of these sources noted that current Canadian Minister of International Trade David Emerson launched a NAFTA Chapter 11 case when he was the chief executive officer of Canfor, a Canadian lumber company.

While the draft paper mentions the elimination of all litigation in the lumber fight as a top objective of the agreement, the Canadian industry was informed late last week that Canada would appeal a WTO panel decision that found the U.S. did not violate WTO rules through its use of the so-called "zeroing" methodology, which is used to calculate antidumping margins and generally leads to higher margins. Last week, Canadian industry groups were pressing Canada to appeal this case.

Canada would appeal a decision that the U.S. did not violate WTO rules when it used zeroing in a transaction-by-transaction comparison to develop an overall antidumping margin. WTO panels have already ruled against zeroing, where the U.S. ignores negative dumping margins, when it is used through weighted average to weighted average comparisons, but they so far have not ruled on the use of zeroing in transaction-to-transaction comparisons.

Canada has also written to the CIT asking that it go forward with a decision on whether the U.S. was right to keep duties in place through the use of a second U.S. International Trade Commission finding that U.S. producers were threatened with injury from imports of Canadian softwood lumber. Canada is arguing that the U.S. should have lifted antidumping and countervailing orders when a NAFTA panel ruled an initial ITC finding was wrong, and that all of the approximately $5 billion in deposits should be returned to importers of record.

The CIT judge in the case has requested a May 25 meeting to discuss the status of the case while negotiations on a final agreement are underway. Some sources expect the U.S. and the Coalition to push for the case to be suspended pending the negotiations.

Separately, U.S. Trade Representative Susan Schwab at a May 16 Senate Finance Committee hearing on her nomination said she hoped a final deal would be completed with Canada in the next few weeks. Canada has told provincial officials it would like to have a deal in place by mid-June.

Schwab said consultations were taking place on a day-to-day basis, and she described the agreement as "very market-based in terms of its structure." She said it was designed to address problems the U.S. industry faces without unduly burdening consumers of lumber.

Senate Finance Committee Chairman Charles Grassley (R-IA) criticized the deal during the hearing, and said he did not believe it would help U.S. consumers. He asked Schwab to ensure that so-called "exit ramps" are negotiated quickly. These exit ramps would allow provincial governments to make reforms in order to send lumber to the U.S. unrestricted.

END

FDA Week

May 19, 2006

CONSUMER GROUP TO SUE FDA AGAIN OVER QUALIFIED HEALTH CLAIMS

A consumer group plans to take FDA back to court for permitting the food industry to make qualified health claims, following the agency's announcement last week that it will let such claims as it sorts through regulatory issues. FDA signaled in a new guidance that it will refrain from taking enforcement action to stop qualified health claims while it continues to collect information and conduct additional research to decide what claims are appropriate and if regulatory action is needed.

FDA's May 12 guidance allows food products and dietary supplements to make claims to prevent or reduce the risk of disease whether the claim is based on a consensus of qualified experts or approved by the FDA.

At issue is FDA's move to let food products use the same qualified health claims approach that the agency was forced by the courts in 2004 to apply to dietary supplements. Consumer advocates say food law specifically prohibits extending the policy to food.

The Center for Science in the Public Interest (CSPI) originally sued FDA in 2003 alleging the agency broke the law by allowing food manufacturers to make qualified health claims that had not met what is known as the "significant scientific agreement" (SSA) standard. SSA means qualified experts who have evaluated a health claim, such as "diets low in sodium may reduce the risk of high blood pressure," agree evidence supports the claim.

The guidance -- FDA's Implementation of "Qualified Health Claims" -- also allows food manufacturers to make qualified health claims that are based on FDA's assessment. Both types of health claims require a petition to the FDA, but a food manufacturer can determine whether it wishes to attempt to meet SSA or have FDA evaluate its worthiness. Qualified health claims must be accompanied by a disclaimer or be qualified.

"We still think they mislead consumers," said Ilene Ringel Heller, a senior staff attorney at CSPI.

Ringel Heller said consumers often misinterpret the disclaimers that are meant to convey that the qualified health claim is not backed up by strong science to mean the opposite.

CSPI sued\l "l" FDA shortly after the agency announced it would begin allowing qualified health claims in September 2003, but the U.S\l "l". District Court of the District of Columbia threw out the case because

FDA had not yet approved any qualified health claims. CSPI plans to file a second lawsuit in the same court, Ringel Heller said.

CSPI's claim is based on the allegation that FDA is violating the Nutrition Labeling and Education Act (NLEA) passed in 1990. The act required foods making health claims to meet SSA.

FDA defends itself in the guidance.

"Moreover, past court decisions have clarified the need to provide for health claims based on less science evidence rather than just on the standard of significant scientific agreement (SSA), as long as the claims do not mislead the consumers."

CSPI, in its comments on FDA's advanced notice of proposed rulemaking regarding qualified health claims in February 2004, addressed Pearson v. Shalala, in which the court ruled FDA violated the First Amendment by prohibiting four health claims for dietary supplements without determining whether a disclaimer would prevent consumer deception. But CSPI argues NLEA applies to food, not dietary supplements.

FDA is currently collecting more information and conducting additional research to decide what is appropriate qualifying language and the extent to which consumers comprehend claims based on SSA or FDA petitions before it establishes final regulations, if any, regarding qualified health claims.

"The agency is also interested in knowing if there are better formats for presenting the supporting science than through the use of words alone," according to the guidance.

Until then, FDA will continue to review qualified health claim petitions on a case-by-case basis.

END

The Associated Press
05-19-2006

Church Leader, Wife Claim Peyote Prosecution Violated Their Religious Rights

Debbie Hummel

The leader of an American Indian church and his wife claim in a lawsuit that authorities tried to prevent them from practicing their religion by prosecuting the couple for consuming and distributing peyote.

James "Flaming Eagle" Mooney, 62, and Linda Mooney, 52, leaders of the Oklevueha Earth Walks Native American Church of Utah, have successfully fought charges involving their use of peyote.

The most recent charges were dropped in February after the Supreme Court ruled in an unrelated case involving a hallucinogenic tea that the government cannot hinder religious practices without proof of a "compelling" need to do so.

The Mooneys' federal lawsuit filed Tuesday claims that their First Amendment rights were violated. They are seeking unspecified damages and court fees from the federal, state and local governments.

"Again, it is amazing that we have been forced to this extreme just so we can worship in our Native American Church," Mooney said Wednesday.

A spokeswoman for the U.S. Attorney's Office said prosecutors were reviewing the Mooneys' complaint.

END

Datamonitor Industry NewsWire

May 19, 2006

Porn domain firm sues US government

ICM Registry LLC, the company behind the proposed .xxx internet porn domain, is to sue two departments of the US government for access to documents it claims show the US pressured ICANN into rejecting the domain.

The Florida-based startup will sue the Department of Commerce and the Department of State to get them to release documents that they redacted when they responded to a Freedom Of Information Act request that ICM filed last year.The suit is expected to allege that the documents released to ICM so far show that the US "exerted undue political influence on ICANN's consideration of the .xxx domain application", and that the redactions were unlawful under FOIA.We've seen about 100 pages of these documents, most of them emails sent between staff at the National Telecommunications and Information Administration, a branch of Commerce.

The documents we've seen suggest that last summer the NTIA reversed its quiet tolerance of the .xxx application, which was on the way to approval, after lobbying from conservative groups, then set about trying to persuade foreign governments to back its position.ICM claims the documents show that the US government "solicit[ed] foreign government intervention to achieve DoC's domestic political goals".One of these goals, the documents suggest, was appeasing the Family Research Council and Focus On The Family, right-wing groups run by radio host James Dobson. Dobson was credited by some with winning the 2004 presidential election for Bush, by bringing out the anti-gay vote.

"What really matters in this mess is Jim Dobson," one Commerce staffer emailed to his colleagues on June 16. "What he says on his radio program in the morning will determine how ugly this really gets--if he jumps on the bandwagon, our mail server may crash."He did jump on the bandwagon.

While it's not known if the server crashed, it is known that tens of thousands of form email complaints were ultimately sent to Commerce and ICANN as a result of Dobson's outreach.ICANN has an international membership, but its power to decide what domains are allowed on the internet comes from an agreement with the NTIA.NTIA's role is supposed to be hands-off. The primary governmental input ICANN's board of directors is supposed to consider are the consensus position papers of its 100-nation Governmental Advisory Committee.ICANN's board rejected ICM's .xxx application recently, after almost a year of delays, in a 9 to 5 vote.

Several directors said they cast negative votes because they didn't think ICM had adequately addressed the concerns of the GAC.But ICM thinks the GAC was captured by the US. The documents we've seen contain evidence that the US tried to persuade other GAC member nations to back up its position that .xxx would not be a good thing.The company thinks this is inappropriate, given the US position as ICANN's overseer.ICANN president Paul Twomey told us that he's not privy to negotiations within the GAC. But he added that if the US did push for other nations to support its position, that's exactly what the GAC is there for."If one government wants to try to get consensus on an issue in the GAC, that's exactly the kind of thing that ICANN's structures are set up for," Twomey said.

The documents we've seen do seem to show that the US administration allowed policy to be guided by right-wing religious groups. Offensive as that may be to secular liberals, it's about as surprising as an American team winning the World Series.What the documents we've seen do not appear to conclusively

show is that the US government directly pressured ICANN's directors into voting the way they did. Whether that's because it didn't pressure them, or because the smoking guns have all been redacted, time may tell.The documents do show that the NTIA gave the Family Research Council the phone numbers of several ICANN staff, including Twomey.

Twomey is the only person who is both on the ICANN board and a member of staff.Another indication of communication between an ICANN director and NTIA comes in the form of a September 2005 email exchange between an NTIA staffer and Mohamed Sharil Tarmizi, the Malaysian telecommunications regulator who chairs the GAC.In that exchange, the NTIA staffer forwards to Tarmizi an email from Swedish communications minister Ulrica Messing. The MEssing letter is addressed to ICANN chair Vint Cerf, copied to Twomey and to Tarmizi himself.Since the Swedish letter was not made public by ICANN until November, the inference ICM makes is that either Messing, Cerf or Twomey passed it to the NTIA before even Tarmizi had seen it. This, ICM says, suggests closer NTIA-ICANN ties than thought.

Twomey said he does not know how NTIA got the Messing letter. He acknowledged that ICANN does communicate with the US government, but said that it talks to many governments about many different issues.Another indication that the US influence on the GAC was significant comes in another exchange between Tarmizi and an NTIA staffer from August last year, around the time when the US suddenly started expressing concern about .xxx.

"I am just wondering if you could share with me how far the USG is going to take this issue," Tarmizi wrote. He later adds: "I need to know what the acceptable future course of action might be so that we can do some strategizing."

ICM says this backs up its contention that the GAC was used as a smokescreen to deflect attention from the fact that it was really the US government pulling the strings.It should be noted that in addition to the US, varying levels of concern over .xxx and/or the processes used to approve it have also been expressed by Sweden, the UK, Brazil and Denmark.ICM is suing for alleged breaches of FOIA. One of its lead attorneys is Robert Corn-Revere, who has tackled several notable internet cases in the past.The company alleges that the redacted portions of the documents will show an inappropriate influence on ICANN, and hopes that fresh information coming to light will help it get ICANN to reconsider its decision to reject the .xxx proposal.

END

Heckerk@dodgc.osd.mil

From: [redacted]@dodgc.osd.mil
Sent: Friday, May 19, 2006 7:06 PM
To: Gorsuch, Neil M
Cc: [redacted]@dodgc.osd.mil
Subject: Fw: GTMO Bird - GTMO incidents yesterday; WH on GTMO; Comments by Saudi detainees' attorney; Colangelo-Bryan on Bahraini detainees; Need f or more interrogators; UN report says close GTMO; Hamdan; al-Masri case d ismissed

Since Snow is not quoted directly, it's hard to tell but can someone at DOJ ensure there is clarity on the issue of what the Supreme Court and Court of Appeals decisions will so--they will not tell us whether people get their day in court in a military or civilian trial.

CAUTION: Information contained in this message may be protected by the attorney/client, attorney work product, deliberative process or other privileges. Do not disseminate further without approval from the Office of the DoD General Counsel.

Sent from my BlackBerry Wireless Handheld

-----Original Message-----
From: [redacted] Ms, DoD OGC <[redacted]@dodgc.osd.mil>
To: [redacted] CIV, OSD-POLICY <[redacted]@osd.mil>; [redacted]
DoD OGC <[redacted]@dodgc.osd.mil>; [redacted] <[redacted]@state.gov>; [redacted]
[redacted]@state.gov>; [redacted] OGC
[redacted]@us.army.mil>; [redacted] DoD OGC
<[redacted]@dodgc.osd.mil>; [redacted]
<[redacted]@jtfgtmo.southcom.mil>; [redacted] <[redacted]@state.gov>;
[redacted] CTR, DoD OGC <[redacted]@osdgc.osd.mil>; [redacted]
DoD OGC <[redacted]@dodgc.osd.mil>; [redacted] DoD OGC
[redacted]@dodgc.osd.mil>; [redacted]
[redacted]@js.pentagon.mil>; [redacted] CIV, OSD-POLICY
<[redacted]@osd.mil>; [redacted]@jtfgtmo.southcom.mil>;
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[redacted]@lackland.af.mil>; [redacted]@navy.mil>; [redacted]
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<[redacted]@navy.mil>; [redacted] (GTMO)
<[redacted]@JTFGTMO.Southcom.mil>; [redacted]
[redacted]@nsc.eop.gov>; [redacted]
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@us.army.mil>; DoD OGC
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@hq.southcom.mil>; DoD OGC
@dodgc.osd.mil>; USALSA
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<@osd.mil>; DoD OGC
@dodgc.osd.mil>; @navy.mil>;
LCDR, OASD-PA @osd.mil>; DoD
OGC <@dodgc.osd.mil>; CIV, OSD-POLICY
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@nsc.eop.gov>;
<@state.gov>; @state.gov>;
@JTFGTMO.southcom.mil>;
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@centcom.mil>; @jtfgtmo.southcom.mil>;
@belvoir.army.mil>; OSD
@osd.mil>; @hq.southcom.mil>;
CIV, OSD-LA @osd.mil>; CIV,
@js.pentagon.mil>; OSD PA
@osd.mil>; CIV, OSD-POLICY
@osd.mil>;
@jtfgtmo.southcom.mil>; @state.gov>;
@state.gov>; DoD OGC
@dodgc.osd.mil>; @hq.southcom.mil>;
@state.gov>; CIV, OSD-POLICY
@osd.mil>; @navy.mil>;
DoD OGC @dodgc.osd.mil>;
@navy.mil>; @usdoj.gov>;
CIV, OSD @osd.mil>;
@navy.mil>; CIV, OSD-POLICY
@osd.mil>; @state.gov>
Sent: Fri May 19 17:34:38 2006
Subject: GTMO Bird - GTMO incidents yesterday; WH on GTMO; Comments by Saudi detainees' attorney; Colangelo-Bryan on Bahraini detainees; Need for more interrogators; UN report says close GTMO; Hamdan; al-Masri case dismissed

All:

Below is today's GTMO Bird.

DoD Office of General Counsel (Legal Counsel)
(fax)

Update 3: Guantanamo Prison Guards, Inmates Clash

By BEN FOX , 05.19.2006, 12:47 PM
Associated Press
Prisoners wielding improvised weapons clashed with guards trying to stop a detainee from committing suicide at the U.S. prison in Guantanamo Bay, Cuba, the military said Friday.

The fight occurred Thursday in a medium-security section of the camp as guards were responding to the fourth attempted suicide that day at the detention center on the U.S. Navy base, Cmdr. Robert Durand said.

Detainees used fans, light fixtures and other improvised weapons to attack the guards as they entered a communal living area to stop a prisoner trying to hang himself, Durand said.

Earlier in the day, three detainees in another part of the prison attempted suicide by swallowing prescription medicine they had been hoarding.

The attempted suicides and clash occurred on the same day the military transferred 15 Saudi detainees to their country, leaving about 460 prisoners at Guantanamo. It was unclear if the disturbances were related to the transfers.

The detainees who took part in the clash with guards were moved to higher-security sections.

The medium-security Camp Four, where the clash occurred, houses detainees in dorm-style rooms that hold up to 10 people. Camp Four is for the most compliant prisoners and those who are slated for release.

Those who attempted suicide received medical treatment, the military said.
Their names were not released, and military officials declined to speculate about possible motives.

This was the second reported simultaneous suicide attempt at Guantanamo, which holds detainees suspected of links to al-Qaida or the Taliban. The U.S. military said 23 detainees carried out a coordinated effort to hang or strangle themselves in 2003 during a weeklong protest in the secretive camp in Cuba.

There have been previous reports of protests and more minor disturbances at the detention center, including incidents in which detainees hurled urine and other bodily fluids at guards or banged on cell doors for hours at a time. A hunger strike that began in August has involved up to 131 detainees but now has dwindled to a handful.

Word of the clash came as a U.N. panel that monitors compliance with the world's anti-torture treaty called on the United States to close the prison.

There have been 39 suicide attempts at Guantanamo since the prison opened in January 2002, the military said. At least 12 were by Juma'a Mohammed al-Dossary, a 32-year-old from Bahrain.

Joshua Colangelo-Bryan, an attorney for al-Dossary's, said he visited his client last week and saw scars on his throat and the back of his neck from his most recent attempt in March.

Colangelo-Bryan, whose New York-based law firm, Dorsey and Whitney LLP, represents three detainees from Bahrain, said he did not know if any of his clients were involved in Thursday's incident.

The lawyer said the suicides reflect the desperation of detainees held for more than four years with no idea when, or if, they will be released.

"Under these circumstances, it's hardly surprising that people become desperate and hopeless enough to attempt suicide," he said.
http://www.forbes.com/business/healthcare/feeds/ap/2006/05/19/ap2759563.html

4 Detainees Attempt Suicide
Four detainees attempted suicide at the Guantanamo detention center on the same day as a planeload of Saudis left for their homeland.
Miami Herald
May 19, 2006
By Carol Rosenberg
GUANTANAMO BAY NAVY BASE, Cuba -- Four foreign captives tried to kill themselves Thursday -- three with drug overdoses, another by hanging -- on the same day 15 Saudi Arabian captives were flown home from this offshore detention center for suspected terrorists.
None of the captives were seriously wounded, but a disturbance erupted inside a barracks of about 10 enemy combatants at a minimum-security compound -- where guards trying to stop a captive from hanging himself fought with detainees wielding ''fans, light fixtures and other items as improvised weapons,'' said Navy Cmdr. Robert Durand, a prison spokesman.
The surge in suicide attempts happened on the same day that 15 long-held captives from Saudi Arabia were repatriated to their homeland in the largest mass transfer from the prison camp here in more than a year.
'No idea of motive'
''I have no idea of motive, no idea of any coordination -- and no idea of any intended message,'' said Durand, who added that guards would search cells for contraband.
The Saudi foreign minister had earlier announced that 16 would be repatriated.
Hours before the suicide attempts, the new commander of the prison project said that with no plans to close the detention centers here soon, the U.S.
military has developed a plan to handle the eventual death of a detainee in U.S. custody.
There is ''every chance in a population of this size'' that a death will occur, said Rear Adm. Harry Harris Jr., who took command on March 31.
``We will conduct an autopsy. We will want to understand why the person died.''
His comments were more of a general nature, in response to a reporter's question about contingency plans -- and not in reference to the surging suicide attempts.
Overdoses
At least 23 detainees have attempted suicide here 41 times. Three of the attempts on Thursday involved captives taking overdoses of prescription drugs.
Guards and medical staff responded quickly, the commander said -- and they were given ``activated charcoal to absorb and neutralize the medications.'' By Thursday night, two men remained under observation in the hospital. Their vital signs were normal. The captive who tried to hang himself, and one of those who tried to overdose were seen by medical staff and sent to cells, he added.
Harris -- the first Navy commander of the detention center after a succession of Army and Marine generals -- said he understood that President Bush's goal is ultimately to close GuantÃ¡namo.
But he characterized captives here as ``hardened enemy combatants.'' And he said, despite review processes meant to transfer captives and winnow the population, he doesn't expect to empty the prison camps during his two-year tour here.
Hours before the interview, a Royal Saudi Air 747 jetliner departed to repatriate 15 Saudi captives for investigation and potential trial -- the largest mass transfer out of the prison camps in more than a year.

Frank response
In marked contrast to previous commanders who sidestepped sensitive topics, Harris responded frankly and expansively to questions about planning for the death of a detainee.
''Honestly, we're going to be subject to lots of questions, and rightfully so. Legitimate questions,'' said Harris, a veteran Navy aviator. ``Why did this person die? Did you have something to do with it? Was it of natural causes?''
''And I believe if it is of natural causes, we're still going to be criticized,'' he said. ``We should try to be as convincing of the truth as we can be.'' In the event of a death, Harris said, a pathologist and Muslim chaplain would be called to GuantÃ¡namo and an autopsy would be conducted. Once that was complete, the U.S. military would give the captive a Muslim burial either at GuantÃ¡namo Bay or in the captive's home country.
The Defense Department says no detainees have died at GuantÃ¡namo.
About 750 prisoners have been held here since GuantÃ¡namo opened as a detention and interrogation center in January 2002. There are also chronically ill captives -- with diabetes, latent tuberculosis and heart disease.
Three captives are also long-term hunger strikers, fed twice a day by nasal feeding tubes.
http://www.latimes.com/news/nationworld/nation/la-na-newgitmo19may19,1,3294407.story?coll=la-headlines-nation&ctrack=1&cset=true

US says treatment of Guantanamo inmates within American law

Agence France Presse -- English
May 19, 2006 Friday 5:46 PM GMT

DATELINE: WASHINGTON, May 19 2006

The United States on Friday brushed aside charges that inmates detained at its facility at Guantanamo Bay, Cuba are mistreated, insisting that interrogations carried out there are fully within US legal guidelines.
"It is important to note that everything that is done in terms of questioning detainees is fully within the boundaries of American law," White House spokesman Tony Snow told reporters.
His remarks came one day after a United Nations anti-torture watchdog called on Washington to close Guantanamo and any secret prisons it operates around the world.
The report by the UN Committee Against Torture also said the United States must end mistreatment of its "war on terror" detainees and refrain from handing inmates over to countries where they could face physical and mental abuse.
The 10-member panel of legal experts said the Guantanamo prison camp should be closed and detainees there either put on trial or freed.
Snow, who made no mention of the attempts Thursday by four detainees to commit suicide at the prison camp, stressed that the prisoners at Guantanamo are treatly humanely.
"All detainees get the three meals a day in accordance with Muslim law." He added that they also were well-treated "with regard to diet, water, medical care, clothing, shoes, shelter, showers, soap and toilet articles, the opportunity to worship, Korans and prayer mats." "In short, we are according every consideration consistent with not only the law, but the needs of safety and security at Guantanamo to the people who are there." The spokesman also referred to past comments by US President George W. Bush, in which he said he hoped one day to be able to close the detention camp.
In the meantime, Snow said, quoting the presidentL "'We're at war with an enemy and we've got to protect ourselves'." Saudi Foreign Minister Urges More Detainee Releases From Guantanamo
By Michael Bowman
White House
19 May 2006

19 May 2006
Saudi Arabia's foreign minister says he hopes the United States will release more prisoners from the detention facility at the U.S. Naval Station at Guantanamo Bay, Cuba.
Prince Saud al-Faisal says he hopes this week's transfer of 15 Saudi nationals from Guantanamo Bay will be followed by more detainee releases in the future, and expressed disdain for the controversial facility in general.
"We are very happy and pleased to have received the 15 Saudis that were released," he said, "and we are hoping that the rest of them will be released as time goes on. And, if all prisoners leave the place, then I really do not care what happens to the place." The foreign minister spoke with reporters after meeting with President Bush for what White House officials termed a "strategic dialogue" on counter-terrorism, energy and regional issues. Prince Saud al-Faisal said he discussed Iraq and Iran with Mr. Bush, and said he is convinced that the president is doing everything possible to bring security and stability to the Middle East region.
Earlier, the United Nations Committee Against Torture urged the United States to close the detention camp at Guantanamo Bay, where suspected al-Qaida and Taleban prisoners have been held since late 2001. Some 460 detainees are currently being held at the facility, including scores of Saudi nationals.
Speaking with reporters, White House spokesman Tony Snow noted that President Bush has also expressed a desire to one day bring the detainee operation at Guantanamo Bay to a close. But he said the president is awaiting a decision by the U.S. Supreme Court as to whether the accused terrorists and combatants will face charges in a civilian or military court.
In the meantime, Snow said, the United States treats all detainees humanely.
http://www.voanews.com/english/2006-05-19-voa49.cfm

Saudi lawyer says USA should release all Saudi Guantanamo prisoners

BBC Monitoring Middle East - Political
May 19, 2006 Friday

Text of report by Saudi Al-Ikhbariyah TV on 18 May In an earlier bulletin we broadcast the following interview with Katib al-Shammari, the lawyer of the Saudi detainees in Guantanamo:
[Al-Shammari - recording] It is common knowledge that there are clear instructions from the Interior Ministry that as soon as a detainee arrives back in the country, his family is informed and is allowed to visit him.
According to our own information, a group of detainees is expected to be arriving in the next few hours. Many families have been in touch with us. Of course, the good news made some families very happy. But, as only 16 out of 120 detainees are being released, other families are still very anxious and are asking us all sort of questions.
Of course, we are very pleased about the news of their release, but we still think that 16 out 120 detainees is not enough. We are hoping that the American authorities will release everyone. We are hoping that a new group of detainees will be released soon. It is thanks to God and the efforts of the concerned authorities in the kingdom that this group has been released.
However, we must work towards the release of more people. I would like to repeat here that I think this is not enough on the part of the American authorities; they ought to release more people.
Source: Al-Ikhbariyah TV, Riyadh, in Arabic 2100 gmt 18 May 06

FRESH ASSURANCES ON RELEASE OF INMATES

Global News Wire - Asia Africa Intelligence Wire May 18, 2006 Thursday

BYLINE: Habib Toumi, Bureau Chief

Doha: Forty-one-year-old Bahraini detainee Eisa Al Murbati broke into tears when he was told that his son would buy him a cake when he is released from Guantanamo prison, his lawyer said.
"I talked with Eisa about me meeting his boys in Bahrain. I told him that one of his young sons had promised to buy him a cake when he comes home," New York-based lawyer Joshua Colangelo-Bryan told Gulf News yesterday.
The lawyer said he also conveyed a message to Al Murbati from one of his sons to call his family. "Unfortunately, Eisa is not allowed to do it." The lawyer met Salah Al Bloushi and Juma Al Dossary, but could not report his discussions with them until the information is de-classified by the United States. It "will be classified likely for at least two weeks", he said.
Colangelo-Bryan, who was in Bahrain last month on a short visit, said he told the detainees about his recent trip to the kingdom.
"We told them about our meetings with family members and government officials. We assured our clients, as we were assured, that the Bahrain government and the parliament are making all efforts to bring them home," he said.
"We told our clients that we hope these efforts will be successful soon." Family photos The lawyer added that although he had family photographs from Bahrain, he was not allowed to show them to Al Bloushi and Al Murbati. "Hopefully, the photographs will be delivered to them soon." He said when he met Al Dossary on the last day of his Guantanamo visit, he noted Al Dossary had injuries. "He has a scar across his neck, which is consistent with the reports that he had tried to cut his throat in March. He also has a deep scar on the side of his leg," Colangelo-Bryan said, adding that "Juma did not have either of these scars during our last visit".
Al Dossary last month tried to commit suicide for the 13th time.

'Not enough interrogators' at Guantanamo
May 19, 2006 - 2:19PM

Only about one-quarter of the prisoners held at the US naval base at Guantanamo Bay are interrogated regularly, because there are not enough translators and interrogators to question them all, the US admiral in charge said.
Rear Admiral Harry Harris, who at the end of March took command of the military task force that runs the camp, said the 460 detainees at Guantanamo in Cuba were dangerous men who still provide useful information about al-Qaeda tactics, financing and safe houses.
Among those held is Australian David Hicks.
Harris said only senior al-Qaeda and Taliban leaders were routinely questioned by US interrogators.
"It's about around 25 per cent of the population that we are actively interrogating," Harris told visiting journalists.
"If we had unlimited interrogators and translators then we could interrogate more. But we have limited resources so we have to focus that the best way we can, so we go after those detainees that have the largest intelligence value."
The rest are not ignored completely, he said.
But asked if some prisoners might have gone years without being questioned, he replied, "I would think there are, but I just don't know." The United States has faced criticism from human rights groups and some of its allies for indefinitely holding prisoners at Guantanamo.
US President George W Bush said earlier this month he would like to close the detention centre.
Some 759 captives have been held at Guantanamo since the detention operation opened in 2002, and nearly 300 have been released or transferred to their home nations for continued detention, including 15 sent home to Saudi Arabia on Thursday.
Harris said he expected the population to drop further as officials in Washington complete diplomatic negotiations to return about 120 more to their homelands.
He said he was convinced the rest were "truly dangerous men intent on jihad" and must continue to be

He said he was convinced the rest were "truly dangerous men intent on jihad" and must continue to be held for the protection of Americans.
In a far-ranging interview, Harris said the United States will spend $US64 million ($A84 million) to run the Guantanamo detention operation this year, not counting the $US30 million ($A39 million) spent on a new medium-security prison that will replace some of the aging cells in August.
He said the Guantanamo captives were well treated and in generally good health, but with the oldest now 71, the military had drafted a plan for dealing with any deaths.
Nearly all the prisoners are Muslim and Harris said a Muslim chaplain was on call and would be sent to Guantanamo to perform traditional rites.
He said the body could be returned to the prisoner's homeland or buried at a cemetery on the Guantanamo base but that interment likely would not take place swiftly, as Muslim tradition requires.
"We would conduct an autopsy because we want to understand why the person died," Harris said.
"Obviously we're going to be subjected to lots of questions." Shortly after the interview, a Guantanamo spokesman said two prisoners had attempted suicide on Thursday by overdosing on prescription medicine they had apparently been hoarding.
They received emergency medical treatment, had normal vital signs and were under observation in the camp hospital, said the spokesman, Commander Robert Durand.
He said there had been 39 suicide attempts by 23 Guantanamo prisoners since the camp opened, including 12 attempts by the same man.
None have succeeded, Durand said.
http://www.smh.com.au/news/World/Not-enough-interrogators-at-Guantanamo/2006/05/19/1147545503220.html

UN body urges U.S. to shut Guantanamo
May 19, 2006 - 9:39 AM
By Stephanie Nebehay

GENEVA (Reuters) - The United Nations committee against torture told the United States on Friday it should close any secret prisons abroad and the Guantanamo Bay facility in Cuba, saying they violated international law.

The 10 independent experts, who examined the U.S. record at home and abroad, urged President George W. Bush's administration to "rescind any interrogation technique" that constituted torture or cruel treatment of foreign terrorism detainees.

It cited use of dogs to terrify detainees, "water-boarding" which is a form of mock drowning, and sexual humiliation.

The United States "should ensure that no one is detained in any secret detention facility under its de facto effective control" and "investigate and disclose the existence of any such facilities," said the committee, which has moral authority but no legal power to enforce its recommendations.

"Detaining persons in such conditions constitutes, per se, a violation of the Convention," said the committee which examines compliance with the 1987 U.N. Convention against Torture, or other Cruel, Inhuman or Degrading Treatment or Punishment.

Secret detainees are deprived of fundamental legal rights and could face torture, according to the body which regretted the U.S. "no comment" policy on allegations of secret detention.

The United States is holding hundreds of terrorism suspects, most arrested since al Qaeda's September 11 attacks in 2001, at its prisons in Afghanistan, Iraq, and Guantanamo Bay.

Rights groups say the United States is believed to be holding in undisclosed locations Khalid Sheikh Mohammed, alleged operational mastermind of the 9/11 attacks, and Ramzi bin al-Shaibah, a member of the Hamburg, Germany cell that led them.

Another such detainee is Abu Zubaydah, a suspected senior al Qaeda operational planner.

The activist group Human Rights Watch lists the three men, captured in Pakistan, as "ghost prisoners" believed to be in U.S. custody but without legal rights or access to lawyer.

Washington, which sent 30 senior officials to Geneva in early May for the committee's two-day hearings, defended its treatment of foreign terrorism suspects held abroad, saying there had been "relatively few actual cases of abuse".

U.S. officials said waterboarding was not listed in the current Army Field Manual and was therefore banned.

RELIABLE REPORTS OF TORTURE

The committee voiced concern at "reliable reports of acts of torture or cruel, inhuman and degrading treatment" by U.S. military or civilian personnel in Afghanistan and Iraq.

"The state party (the United States) should take immediate measures to eradicate all forms of torture and ill-treatment of detainees by its military or civilian personnel ... and should promptly and thoroughly investigate such acts and prosecute all those responsible...," it said in its 10-page findings.

The Guantanamo Bay facility in Cuba should be closed and its inmates either brought to trial or released, "ensuring they are not returned to any state where they could face a real risk of being tortured", the committee said.

It regretted secrecy surrounding U.S. practice of asking countries for "diplomatic assurances" that they will not torture detainees being sent by Washington. There was a lack of judicial scrutiny and monitoring to ensure that guarantees were upheld.

The committee also voiced concerns at use of electro-shock devices in U.S. prisons, shackling of women inmates during childbirth and the "harsh regime" in "supermaximum prisons".

It told the United States to report back in a year.

"The report obviously is extremely critical of U.S. policies and appropriately so," Jennifer Daskal, U.S. advocacy director of the New York-based Human Rights Watch, told Reuters.

"We hope that the United States will take heed of this report and really begin to rethink and change its policies on a number of practices, including secret prisons, lack of accountability for abuse, and transfer of prisoners to places where they may be tortured," she said.
http://www.swissinfo.org/eng/international/ticker/detail/UN_body_urges_U_S_to_shut_Guantanamo.html?siteSect=143&sid=6733125&cKey=1148032424000

Feldman: Guantanamo Detainees May be Difficult to Try, Depending on Hamdan Ruling
Interviewer: Carin Zissis
Interviewee: Noah Feldman, Adjunct Senior Fellow
May 19, 2006

President George W. Bush, during a recent interview with the German ARD television network, said he "would like to end Guantanamo." But, he said, closing the facility depends on the Supreme Court's upcoming ruling in Hamdan v. Rumsfeld, which will determine whether detainees should be subject to civil or military trials. The case arose in 2004 after an indicted detainee-a Yemeni national and former driver of Osama bin Laden-Salim Ahmed Hamdan, challenged the legality of the military tribunals trying him.

CFR Adjunct Fellow Noah Feldman, author of After Jihad and a law professor at New York University, discusses the legal issues at stake in the Hamdan decision, expected in late June. He says the case will decide whether military tribunals are constitutionally sufficient and warns that if the Supreme Court rules current trial procedures inadequate, it may be difficult to try many of the nearly 500 Guantanamo detainees because "much of the evidence-all of the evidence, in some cases-is gleaned from procedures that would not be admissible in ordinary courts." As you know, Bush said on German television that he "would like to end Guantanamo," and cited a need to wait for the Supreme Court to rule on how detainee cases should be adjudicated. That ruling, for the case Hamdan v. Rumsfeld, is expected at the end of June. What is being decided in that case at this point?

Well, what's relevant to his comments is essentially the question of what kind of trial process is constitutionally required for the detainees. What the case will decide, in part, is whether the current procedures for trial are constitutionally sufficient and adequate. And if they are found to be adequate and sufficient, then I suppose, in theory, one could simply put all of the Guantanamo detainees on trial using exactly the procedures that have been used for Hamdan, which is the first of them. If, on the other hand, the court finds that these procedures are inadequate, then the Department of Defense would have to make some amendments to the way a trial is going to operate.

I suppose it's possible that if the Supreme Court were to require, for example, that the defendant detainees see evidence against them and it's some kind of secret evidence, which we treat as inadmissible, it might actually make it very difficult for them to put some of these guys on trial, because much of the evidence-all of the evidence, in some cases-is gleaned from procedures that would not be admissible in ordinary courts. So it's conceivable there could be some kind of a holding that would in some ways derail this goal of putting all these guys on trial. However, that's unlikely, because the Court also reads the newspapers, and the Court is also aware that the goal is they'd all like to get rid of Guantanamo. The Court doesn't like Guantanamo at all. So that's sort of their take on this issue.

Do you think the Court has been influenced by international pressure to close down Guantanamo? Do you think that will influence them to go for civil trials?

Well, it seems the Court is always a little more sophisticated than direct influence from abroad pushing them toward one result or another. That's just not how they, as it were, encounter the world. They're concerned to protect civil liberties, they're concerned about the reputation the United States has internationally. And part of this calculus is they know the United States looks better if it puts people on trial appropriately. But the Court would not, I don't think, be swayed by the arguments to close Guantanamo in such a way as to weaken the basic civil-liberties protections that are required in the Constitution.

Do you think Bush's comments represent that he is now recognizing this administration is beholden to the Supreme Court when it comes to Guantanamo?

Well, he has no choice on that question. I mean, when the Supreme Court ruled in the Rasul [v. Bush] and Hamdi [v. Rumsfeld] cases, the administration did not take the position that it was not bound by the Supreme Court judgments. The administration complied with the Court's rulings. So, if Bush has acknowledged at every stage after those opinions that he is bound by what the Supreme Court says, he

would have taken what he called the nuclear option, where he said "I don't care what the Supreme Court says; I can do what I want." The Court held that Guantanamo is, for purpose of the habeas corpus statute, part of the United States, so therefore that the habeas corpus right applied. That was the core of the Court's holding in Rasul and Hamdi. So he acknowledges that he's got to do what the Court tells him, but I don't know if "beholden" is the word that I would use because the Court said in those cases, to the [Bush] administration, "Go back and figure out some way to give these guys a trial, and then we will be deferential to the way you design those trials." Now the question in Hamdan is how deferential.

Can you distinguish what the difference will be between civil trials and military tribunals? What would military trials be like?

The biggest difference is that it's who they're in front of. [Tribunals] are in front of military officers, and the rules of evidence are quite different. There are kinds of secret evidence that would be allowed here, to which the defendants are not necessarily entitled. That's the biggest example of the difference between the two. There are lawyers in both, obviously, and the opportunity to present a case in both. And, in theory, the opportunity to refute what a prosecutor says, but in an ordinary trial you get to confront the witnesses against you, and that's not been the case.

These are the first military tribunals the United States has called since World War II. What are the legal ramifications of that?

The Court has definitely taken the view that military tribunals are permissible, so that's significant. But you could imagine the Court saying that such tribunals are unconstitutional--they have not done so. The suggestion is that in the future, these military tribunals may be used again, subject to certain requirements.

The majority of detainees are termed "enemy combatants." The Justice Department has said the president had the power to permit the Pentagon to hold the detainees indefinitely. What's the significance of holding these men without judicial review?

That's not exactly correct, because under the Supreme Court's holdings in Hamdi and Rasul [both Guantanamo-related cases in which the Court said enemy combatants could challenge U.S. detainment], the men were entitled by law to a certain amount of review. And even though Congress can definitely change that law, the Court left open the possibility that under the Constitution itself, it would be impermissible to hold them indefinitely without any form of judicial review. So, now, the Court hasn't said-they didn't have to-that under the law they had to give them some opportunity for judicial proceedings. But the Court did imply that. So we're not quite there yet, but we're moving in the direction of a legal principle to the effect that the United States can't, under its own Constitution, hold people forever.

But, to the extent that there has been talk of this, it's obviously quite troublesome from the standpoint of basic rule-of-law ideals, because the single most basic right that exists in any of the systems is the right to some form of government judicial review of your detention. Without that, it's hard to say that you're living under the rule of law. The government could take you away, never have to answer to any judicial body about why, and then it'd be very hard to say you were living under the rule of law. That's the single, irrefutable component most important in a legal rule of order.

President Bush says, essentially, he would like to "end Guantanamo" but that he's waiting for this decision from the Court. Do you think that this decision is in some way connected to the closing of Guantanamo? Is the closing of Guantanamo predicated upon this decision?

They can't close Guantanamo unless they know what they're going to do with the people in it. If they want to put them on trial, they need some principles for putting them on trial. So, in that sense, they're closely connected. But the president could, if he wanted to, close Guantanamo tomorrow. He'd just have to do something with the people there.

Are there certain issues that are, in terms of international law, related to the Hamdan case that you see as essential in some sort of ruling?

In the background of the Hamdan case is the question of whether we're complying with the Geneva Convention with respect to these detainees. The Court hasn't said, in its previous opinions, that the

Convention with respect to these detainees. The Court hasn't said, in its previous opinions, that the Geneva Convention was the only measure, but some of the justices strongly said in this and other cases that there was an obligation under the Geneva Convention to provide some form of a hearing. I think it's quite reasonable to take the view that the Supreme Court's opinion here will be directly relevant to future constructions of the Geneva Convention, and I expect that the opinion won't turn on the Geneva Convention but it will certainly mention it, I would guess.
The United Kingdom's Attorney General Lord Peter Goldsmith recommended that Guantanamo should be closed and the United States said "no." What does it mean when a person in a prominent legal position from one of our close allies makes a comment like that?
It's a way of one of our close allies telling us that they want to distance themselves from this danger. They see it as publicly harmful, and they see a continuation [of Guantanamo] as problematic with their own political statements. This is an ally who stuck with us through thick and thin. It's been backing us on WMD, backing us on the Iraq war. Maybe it's the best ally we've got, especially in terms of security issues, by a huge margin. And they're saying even they draw the line there. Legally, I think what's significant about it is that, at the margins, the justices are aware of what the rest of the world thinks and they want to look respectable in the eyes of the rest of the world. And it doesn't directly determine their outcomes, but they care about it on some level. And here I think that goes to the question of how we have a state that operates under the law; and if we don't, and if Guantanamo is a blow to that. That is definitely relevant to their thinking, undoubtedly.
http://www.cfr.org/publication/10719/feldman.html

Judge dismisses rendition lawsuit against CIA

Private interests must give way to national security, federal judge says The Associated Press
Updated: 8:47 p.m. ET May 18, 2006
ROCKVILLE, Md. - A federal judge dismissed a lawsuit by a German man who said he was illegally detained and tortured in overseas prisons run by the CIA, ruling that a lawsuit would improperly expose state secrets.
Thursday's ruling by U.S. District Judge T.S. Ellis III makes no determination on the validity of the claims by Khaled al-Masri, who said he was kidnapped on New Year's Eve 2003 and detained for nearly five months before finally being dumped on an abandoned road in Albania.
The ruling hands a victory to the Bush administration, which intervened in the civil lawsuit to prevent exposure of its tactics in the war on terrorism.
During his detention, al-Masri said he was beaten and sodomized with a foreign object by his captors. He also alleges that a CIA team forced him to wear a diaper and drugged him before a flight to an Afghan prison and refused to contact German authorities about his arrest.
Ellis said he was satisfied after receiving a secret written briefing from the director of central intelligence that allowing al-Masri's lawsuit to proceed would harm national security.
"In the present circumstances, al-Masri's private interests must give way to the national interest in preserving state secrets," Ellis wrote.
Al-Masri's lawsuit named former CIA Director George Tenet and three private companies that allegedly helped transport al-Masri from country to country.
The lawsuit says al-Masri was initially held for almost a month in Macedonia before being taken to a secret CIA prison in Kabul, Afghanistan, known as "the salt pit." Suit alleges mistaken identity Al-Masri said the CIA knew shortly after his arrival in Kabul that he was a victim of mistaken identity. He further alleges that Secretary of State Condoleezza Rice knew by early May 2004 that al-Masri was mistakenly detained but that he was still not released until May 28.
Ben Wizner, a staff attorney for the American Civil Liberties Union, which is representing al-Masri, said he expects to file an appeal.
"We expect we will continue this fight in the courts," Wizner said.
He said it is absurd to think al-Masri's lawsuit would expose state secrets because many of the details

of al-Masri's detention have been made public and confirmed by government sources in newspaper reports.
"There isn't really any dispute about what happened," Wizner said.
'Blank check' for the CIA?
Judge Ellis' ruling "confers a blank check on the CIA to shield even the most outrageous conduct from judicial review," Wizner said.
Ellis did not describe what information he received that convinced him a lawsuit would expose state secrets and harm national security.
But he said he received a briefing labeled "JUDGE'S EYES ONLY" and that "it is enough to note here that al-Masri's publicly available complaint alleges a clandestine intelligence program." Ellis added that "any admission or denial of these allegations by defendants in this case would reveal the means and methods employed pursuant to this clandestine program and such a revelation would present a grave risk of injury to national security." Ellis, at the end of his ruling, writes that "putting aside all the legal issues, if al-Masri's allegations are true or substantially true, then all fair-minded people ... must also agree that al-Masri has suffered injuries as the result of our country's mistake and deserves a remedy." But Ellis said that remedy must come from Congress or the executive branch, not the judiciary.
Wizner said the Bush administration has not yet offered any financial settlement.
A Justice Department spokesman said the judge's ruling is under review and declined comment.
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URL: http://www.msnbc.msn.com/id/12861553/

Ames, Andrew

From: Ames, Andrew
Sent: Tuesday, May 23, 2006 10:47 AM
To: Agarwal, Asheesh (CIV); Ames, Andrew; Baxter, Felix (CIV); Branda, Joyce (CIV); Brett Gerry; Brody, Stephen (CIV); Bucholtz, Jeffrey (CIV); Bukvics, Jennifer (CIV); Claterbos, Barbara (CIV); Cohen, David M. (CIV); Cohn, Jonathan (CIV); Davidson, Jeanne (CIV); Davis, Dan (CIV); Fargo, John (CIV); Fielding, Gabrielle (CIV); Figley, Paul (CIV); Flentje, August (CIV); Frost, Peter (CIV); Garren, Timothy (CIV); Glynn, J.Patrick (CIV); Gorsuch, Neil M; Hertz, Michael (CIV); Hollis, Robert (CIV); Hunt, Jody (CIV); Hussey, Thom (CIV); Jennifer Brosnahan; Jeweler, James (CIV); Katsas, Gregory (CIV); Keisler, Peter D (CIV); Kohn, Chris (CIV); Kopp, Robert (CIV); Letter, Douglas (CIV); Levine, Larry (EOIR); Lindemann, Michael (CIV); Magnuson, Cynthia; McCallum, Robert (SMO); Miller, Charles S; Nichols, Carl (CIV); Nowacki, John; Pyles, Phyllis (CIV); Riley, Sharon (CIV); Rivera, Jennifer (CIV); Roehrkasse, Brian; Schiffer, Stuart (CIV); Scolinos, Tasia; Seidel, Rebecca; Senger, Jeffrey M; Spellberg, Dianne (CIV); Swenson, Lily F; Thirolf, Eugene; Wilson, Karen L; Zwick, Ken (CIV)
Subject: 5/23/06 Civil Division News

Reporter Contempt Case May Soon Be Resolved

Federal Law Negates D.C.'s Suit Against Gunmakers, Judge Rules

Studs Terkel joins suit against AT&T: ACLU wants an end to sharing of phone records with feds

New York Times

May 23, 2006

Reporter Contempt Case May Soon Be Resolved

By ADAM LIPTAK

The Supreme Court yesterday put off deciding whether to hear an appeal from four reporters who have been held in contempt of court for refusing to disclose confidential sources. The justices' move was apparently prompted by a letter saying the underlying case might soon be settled.

A lawyer for the plaintiff, Wen Ho Lee, wrote to the court last week to say that "resolution of the entire case may be imminent." Dr. Lee, an atomic scientist, is suing the government, saying it violated his privacy by telling reporters about his employment history, finances, travels and polygraph tests.

He has not sued the reporters: James Risen of The New York Times, H. Josef Hebert of The Associated Press, Robert Drogin of The Los Angeles Times and Pierre Thomas, formerly of CNN, now of ABC.

But Dr. Lee did subpoena those reporters, saying he could not prove his case against the government without their testimony. They refused and, in August 2004, were ordered to pay fines of $500 a day. The fines have been suspended during their appeals.

A fifth reporter, Walter Pincus of The Washington Post, was also held in contempt in the case, in November, but his appeal to the federal appeals court in Washington is pending.

Court documents suggest that at least some of the news organizations may be considering contributing to a settlement. In October, Judge Rosemary M. Collyer of the Federal District Court in Washington ordered the parties to the case, Dr. Lee and the government, to engage in mediation to consider a settlement. That is a common directive by a judge to the parties in a civil case.

But Judge Collyer also wrote that lawyers for some of the reporters would be present at the settlement discussions. Inviting lawyers for witnesses to a mediation is quite unusual. Indeed, Judge Collyer wrote that the government had initially objected to attending a mediation "with plaintiff and counsel for the news reporters," although by September, she said, Dr. Lee and lawyers for the reporters had had "one or more private mediation sessions" with the mediator, Andrew Marks.

She added that one reporter, Mr. Pincus, "is not interested in participating in mediation sessions at this time."

Kevin T. Baine, a lawyer for Mr. Pincus at Williams & Connolly in Washington, said Mr. Pincus had ultimately decided to participate in the mediation. Mr. Baine added: "At some point if there is a settlement it will be clear what the settlement was. Obviously, it's very much in the interests of the reporters to have this matter resolved."

Lawyers for the government and Dr. Lee did not respond to requests for comment. Lawyers for Mr. Risen, Mr. Drogin and Mr. Hebert would not comment, citing court rules concerning the confidentiality of mediations. Charles D. Tobin, a lawyer with Holland & Knight in Washington who represents Mr. Thomas, said only that he was hopeful Dr. Lee and the government would resolve the case.

END

Washington Post
May 23, 2006

Federal Law Negates D.C.'s Suit Against Gunmakers, Judge Rules

By Henri E. Cauvin
Washington Post Staff Writer

A lawsuit in the District against gunmakers was dismissed yesterday by a D.C. Superior Court judge who ruled that the suit was precisely the sort of claim that a new federal law was intended to block.

In a 37-page opinion, Judge Brook Hedge wrote that the city and the federal government had two competing policies, and only one could prevail.

The D.C. Council, she wrote, had determined that assault weapons have "little or no social benefit but at the same time pernicious consequences for the health and safety of District residents and visitors." Congress, however, "has trumped local law by passing legislation to protect the profits of such manufacturers," she wrote.

The suit, filed by the city and by victims of gun violence and their families, aimed to hold gun manufacturers liable for the flow of firearms into the District and for the carnage created by the sale of illegal weapons.

Under D.C. law, only law enforcement officers are authorized to carry firearms in the District. But gun violence is a chronic problem in the city, nourished by a steady supply of weapons from Maryland, Virginia, North Carolina and other states with more relaxed gun laws.

District of Columbia v. Beretta U.S.A. Corp ., filed in 2000, was an attempt to address the situation. The plaintiffs faced formidable challenges in the courts and on Capitol Hill, and an act of Congress last year appears to have sealed the fate of the lawsuit and others like it.

The Protection of Lawful Commerce in Arms Act, signed by President Bush in October after winning easy House and Senate approval, enacted broad liability protections for the country's gun industry.

Gun-control advocates blame gunmakers for loose distribution systems that have allowed criminals easy access to assault weapons. Local governments have sued to force changes in the way guns are sold and repayment for police work and medical costs associated with treating victims, particularly those shot by high-powered weapons.

Gunmakers and trade groups say the industry has been made a scapegoat for lax law enforcement and the actions of criminals.

The suit filed by the District and gun violence victims was among the most aggressive of many such suits filed across the country. As with many of those suits, it claimed that the manufacturers create a public nuisance with their products and were conducting business with little regard for the risks their products created.

But the D.C. suit went a step further, arguing that under a 1990 District law, the manufacturer, dealer or importer of an assault weapon or machine gun can be held liable for damages arising from an injury or death that results from the discharge of a firearm in the District.

In 2002, D.C. Superior Court Judge Cheryl M. Long threw out the lawsuit, rejecting the nuisance and negligence claims and concluding that a 1990 statute, the Assault Weapon Manufacturing Strict Liability Act, was unconstitutional.

In 2004, a three-judge panel of the D.C. Court of Appeals upheld much of Long's ruling but said the city could sue under the strict liability statute. In April 2005, the full Court of Appeals upheld that ruling, sending the case back to Superior Court.

After the new liability protections for the gun industry were enacted in 2005, manufacturers petitioned Superior Court to dismiss the suit. The plaintiffs countered that their suit met an exception in the new federal law and that the law was unconstitutional in any event.

Hedge rejected those legal arguments.

"The Court is faced with a classic tension between two elected branches of different governments, two equally clear legislative judgments, but each enforcing opposite policies," Hedge wrote.

"At bottom," she said, the federal law was enacted "to prohibit the very types of lawsuits the Strict Liability Act allows."

And unless she was persuaded that the federal law was unconstitutional -- which she was not -- the federal law would prevail, she wrote.

The D.C. attorney general's office and Wilmer Hale, the firm that is the lead counsel for the plaintiffs, said yesterday that they are weighing whether to appeal the ruling to the D.C. Court of Appeals.

END

Chicago Sun Times (IL)

May 23, 2006

Studs Terkel joins suit against AT&T: ACLU wants an end to sharing of phone records with feds

Eric Herman ; The Chicago Sun-Times

Furious about an alleged secret deal to share Americans' phone records with the U.S. government, six prominent Chicagoans and the American Civil Liberties Union of Illinois slapped AT&T with a lawsuit Monday to bring the sharing to a halt.

The plaintiffs -- including author Studs Terkel -- claim AT&T gives the NSA "sensitive information about massive numbers of domestic phone calls." The federal lawsuit seeks an injunction barring the practice and a ruling that the sharing is illegal.

"This is the kind of insidious, coercive relationship we've seen before in our history," said ACLU\l "l" legal director Harvey Grossman. "These are ominous times."

President Bush acknowledged last year authorizing the NSA to eavesdrop -- without getting a warrant -- on phone calls and Internet traffic of people suspected of terrorist links in the wake of the Sept. 11 attacks. Earlier this month, USA Today reported AT&T, Verizon and BellSouth were helping the NSA compile a database of tens of millions of calls placed by U.S. citizens and residents with no links to terrorism.

The records shared include "who is calling whom and for how long," according to the ACLU's\l "l" lawsuit.

RABBI, PROFESSOR ALSO PART OF SUIT\l "l"

In a statement, AT&T said it "does not allow wiretapping or give customer information to law enforcement authorities or government agencies without legal authorization."

But according to the ACLU's\l "l" Grossman, AT&T could be acting on advice from its lawyers that an NSA request amounted to "legal authorization." Even if that is true, he said, a judge should review such a sharing of information to determine its legality.

Absent judicial approval, sharing caller information violates the Electronic Communications Privacy Act of 1986, the lawsuit alleges.

The plaintiffs also include Illinois House majority leader Barbara Flynn Currie (D-Chicago), Rabbi Gary Gerson of Oak Park Temple, Loyola University law professor Diane Geraghty, former Chicago corporation counsel James Montgomery, and former American Public Health Association president Dr. Quinten Young.

Montgomery said giving the NSA access to private phone records could have a "chilling effect" on clients' ability to talk with their lawyers, while Young said it could have the same effect on communications between doctors and patients.

'TOADIES'

Terkel, 94, derided AT&T brass as "toadies."

"Anything the corporate boys do these days does not astonish me," Terkel said.

Terkel also chided the Bush administration for invading Americans' privacy.

"Somehow, idiocy is part of the administration's work. Along with that is an arrogance and a vulgarity that is unprecedented," he said.

In January, the Electronic Frontier Foundation sued AT&T, alleging the company monitored customers'

phone and Internet traffic. In recent days, suits\l "l" have been filed in New York and Texas aimed at stopping the sharing of phone records with the NSA. Some of the suits\l "l" seek hundreds of millions in damages. The ACLU\l "l" suit\l "l", however, seeks no monetary damages, Grossman said. It seeks class-action status on behalf of all AT&T customers in Illinois.

AT&T has 48.8 million U.S. customers, said spokesman Michael Coe. It merged with SBC -- making it the nation's largest phone company - - and kept the AT&T name.

BellSouth and Verizon denied giving the NSA customers' personal call information. Another phone company, Qwest, said it rejected the NSA's request.

END

Senger, Jeffrey M

From: Senger, Jeffrey M
Sent: Tuesday, May 23, 2006 6:57 PM
To: Gorsuch, Neil M
Subject: FW: Draft responses to AG QFRs from the 04-06-06 hearing re Oversight of the Department of Justice
Attachments: HJC-AGQFRs-040606-Enclosure1-Q12.wpd; H27control.pdf; HJC-AGQFRs-040606-Draft1.doc

FYI, in case you are interested.

From: Clifton, Deborah J
Sent: Tuesday, May 23, 2006 4:47 PM
To: McAtamney, James A; Monheim, Thomas; Alikhan, Arif (ODAG); Rowan, Patrick (ODAG); Purpura, Michael M (ODAG); Hitch, Vance (OCIO); Koett, Imelda M.; Stephen Rubenstein; Bronick, Matthew; Ross, Ed; Cummings, Holly (CIV); Lofton, Betty; Massie, Patricia; Opl, Legislation; Samuels, Julie; Little, Kimani (CRT); Longwitz, Tobi (CRT); Benderson, Judith (USAEO); Smith, David L. (USAEO); Voris, Natalie (USAEO); Sue Hayn 2; Atwell, Tonya M; Barksdale, Gwen; Hardin, Gail; Horkan, Nancy; Lauria-Sullens, Jolene; Lofthus, Lee J; Nowicki, Genevieve A; Rodgers, Janice; Santangelo, Mari (JMD); Schultz, Walter H; Gunn, Currie (SMO); Senger, Jeffrey M; Shaw, Aloma A; Creighton, Kelly M (OIPR); Heiman, Matthew; Walter, Sheryl; Jezierski, Crystal; Simmons, Carolyn M; Bernhardt, Gena; Brien, Peter; Carradini, Rosemary Cavanagh; Daley, Cybele; Dirham, Sue; Ridgway, George; Segerdahl-Ayers, Nancy; Jackson, Wykema C; Tyler, Joyce (OLP); Wilcox, Matrina (OLP); Boardman, Michelle; Mitchell, Dyone; Robinson, Lawan; Smith, George; Ashworth, Jennifer H; Chason, Kenneth D; Wish, Judith; Kaplan, Jennifer; Shiels, Marnie; Stuart, Diane; Dillingham, Steven; Santos, Patricia; Levine, Larry (EOIR); Martin, Paul K. (OIG); Schnedar, Cynthia A. (OIG); Dudley, John A.; Flaherty, Connor; Jameson, Dana B; Kripp, Joseph W.; Newman, Yvette; Shoemaker, Sheldon R; Whelan, Colleen; Miller, Charles (NDIC); Caballero, Luis (ODAG); Rybicki, James E
Cc: Wade, Jill C
Subject: Draft responses to AG QFRs from the 04-06-06 hearing re Oversight of the Department of Justice

YOU WILL NOT RECEIVE A HARD COPY OF THIS REQUEST. PLEASE PROVIDE COMMENTS TO JILL WADE, OLA, NO LATER THAN 2 pm 06-06-06. THIS IS A HARD DEADLINE.

Department Of Justice
Office Legislative Affairs
Control Sheet

Date Of Document: 04/12/06
Date Received: 04/12/06
Due Date: 06/06/06 2 pm

Control No.: 060424-11328
ID No.: 432277

From: MINDY BARRY HOUSE JUDICIARY COMTE (H.27)
((109TH CONGRESS))

To: OLA

Subject:
FOLLOW UP QUESTIONS FOR THE ATTORNEY GENERAL FROM THE APRIL 6, 2006, HEARING REGARDING OVERSIGHT OF THE DEPARTMENT OF JUSTICE, HELD BY THE HOUSE JUDICIARY COMTE

Action/Information:

Signature Level: OLA

Referred To:	Assigned:	Action:
OLA;WADE	04/12/06	FOR APPROPRIATE ACTION
ATF, BOP, JMD/CIO, CIV, CRM, CRT, EOUSA, FBI, ASG, OIPR, OIPL, OJP, OLP, OLC, OIP, OPR, OVW, EOUST, EOIR, OIG, DEA, NDIC, ODAG	05/23/06	COMMENTS ON DRAFT RESPONSES DUE TO OLA/WADE BY 2 PM 06/06/06.

Remarks:

Comments:

File Comments:

Primary Contact: JILL WADE, 514-3597

House Judiciary Committee Hearing:
"DOJ Oversight"
April 6, 2006
Questions for the Record
Attorney General Alberto Gonzales

QUESTIONS FROM CHAIRMAN SENSENBRENNER

1. **If Congress had not passed the Authorization for the Use Military Force on September 18, 2001, do you still think you would have the authority to carry out the Terrorism Surveillance Program?**

   ANSWER: The terrorist surveillance program described by the President targets for interception communications where at least one party is outside the United States and there is probable cause ("reasonable grounds") to believe that at least one party to the communication is a member or agent of al Qaeda or an affiliated terrorist organization (hereinafter, the "Terrorist Surveillance Program"). As the Department has explained, the September 18, 2001 Authorization for Use of Military Force (hereinafter "Force Resolution") provides statutory authorization for the Terrorist Surveillance Program. The Force Resolution is framed in broad and powerful terms, and a majority of the Justices of the Supreme Court concluded in *Hamdi v. Rumsfeld* that the Force Resolution authorizes the "fundamental and accepted" incidents of the use of military force. As set forth at length in the Department's paper of January 19, 2006, signals intelligence is a fundamental and accepted incident of the use of military force. Moreover, when it enacted the Force Resolution, Congress was legislating in light of the fact that past Presidents (including Woodrow Wilson and Franklin Roosevelt) had interpreted similarly broad resolutions to authorize much broader warrantless interception of international communications.

   Even if there were some ambiguity regarding whether FISA and the Force Resolution may be read in harmony to allow the President to authorize the Terrorist Surveillance Program, the President's inherent powers as Commander in Chief and as chief representative of the Nation in foreign affairs to undertake electronic surveillance against the declared enemy of the United States during an armed conflict would require resolving such ambiguity in favor of the President's authority. Under the canon of constitutional avoidance, courts generally interpret statutes to avoid serious constitutional questions where "fairly possible." *INS v. St. Cyr,* 533 U.S. 289, 299-300 (2001) (citations omitted); *Ashwander v. TVA,* 297 U.S. 288, 345-48 (1936) (Brandeis, J., concurring). The canon of constitutional avoidance has particular importance in the realm of national security, where the President's constitutional authority is at its highest. *See Department of the Navy v. Egan*, 484 U.S. 518, 527, 530 (1988); William N. Eskridge, Jr., *Dynamic Statutory Interpretation* 325 (1994) (describing "[s]uper-strong rule against congressional

interference with the President's authority over foreign affairs and national security"). Thus, we need not confront the question whether the President's inherent powers in this area would authorize conduct otherwise prohibited by statute.

Even if the Force Resolution were determined not to provide the legal authority for the Program, it is the view of the Department of Justice, consistent with positions taken historically by both Democratic and Republican administrations, that the President's inherent authority to authorize foreign-intelligence surveillance would permit him to authorize the Terrorist Surveillance Program. President Carter's Attorney General, Griffin Bell, testified at a hearing on FISA as follows: "[T]he current bill recognizes no inherent power of the President to conduct electronic surveillance, and I want to interpolate here to say that *this does not take away the power of the President under the Constitution*." Hearing Before the Subcomm. on Legislation of the House Permanent Select Comm. on Intelligence (Jan. 10, 1978) (emphasis added). Thus, in saying that President Carter agreed to follow the procedures of FISA, Attorney General Bell made clear that FISA could not take away the President's Article II authority. More recently, the Foreign Intelligence Surveillance Court of Review, the specialized court of appeals that Congress established to review the decisions of the Foreign Intelligence Surveillance Court, recognized that the President has inherent constitutional authority to gather foreign intelligence that cannot be intruded upon by Congress. The court explained that all courts to have addressed the issue of the President's inherent authority have "held that the President did have inherent authority to conduct warrantless searches to obtain foreign intelligence information." *In re Sealed Case,* 310 F.3d 717, 742 (2002). On the basis of that unbroken line of precedent, the court "[took] for granted that the President does have that authority," and concluded that, assuming that is so, "*FISA could not encroach on the President's constitutional power*." *Id.* (emphasis added).

2. How is the standard for monitoring targets under the NSA Terrorist Surveillance Program different from the probable cause standard in FISA?

ANSWER: Both the Terrorist Surveillance Program and FISA use a probable cause standard. FISA requires a showing that there is "probable cause to believe" that the target of the surveillance is an agent of a foreign power. *See* 50 U.S.C. § 1805(a)(3). The Terrorist Surveillance Program requires a determination that there is probable cause (that is, "reasonable grounds to believe," *cf. Maryland v. Pringle*, 540 U.S. 366, 371 (2003)) that one of the parties to the communication is a member or agent of al Qaeda or a related terrorist organization. Although the standards they use are similar, there are important differences between the Terrorist Surveillance Program and monitoring under an order issued by the Foreign Intelligence Surveillance Court (FISC) or under FISA's so-called emergency authorization provision. FISA prescribes a detailed application process before the Justice Department may secure an order from the FISC authorizing the monitoring of communications. Even under the emergency authorization provisions, the Attorney General must "reasonably determine[]" that "the factual basis for issuance of" a FISA order exists at the time he approves an emergency authorization. *See* 50 U.S.C. § 1805(f)(2). Because there is a risk that the FISC could order disclosure of the

interception if the Attorney General authorizes monitoring under this provision and the FISC later declines to authorize continued monitoring, *see id.* § 1806(j), to minimize the risks of that course, as a practical matter, it is necessary for NSA intelligence officers, NSA lawyers, Justice Department lawyers, and the Attorney General to review a matter before even emergency surveillance begins. FISA also limits the use of intelligence obtained under an emergency authorization if the FISC does not issue an order approving the surveillance within 72 hours. In contrast, under the Terrorist Surveillance Program, professional intelligence officers, who are experts on al Qaeda and its tactics (including its use of communications systems), with appropriate and rigorous oversight, make the decisions about which international communications should be intercepted. Compared with FISA, therefore, the Terrorist Surveillance Program requires fewer layers of review before surveillance may begin. That is appropriate in the narrow context of an early warning system employed during a time of armed conflict to prevent a terrorist attack that could result in hundreds or thousands of civilian deaths. Accordingly, the principal distinction between the two methods is not the burden of proof that the Government must carry before commencing surveillance, but instead the greater speed and agility that the Terrorist Surveillance Program offers, because under it, professional intelligence officers in the first instance make decisions about when monitoring should begin.

3. **Let us assume that the President has the inherent authority to establish the Terrorism Surveillance Program, as courts have concluded and the Administration argues.**
   a. **Does the President's inherent authority prevent Congress from authorizing such a program?**

   b. **Is that inherent authority exclusive?**

   c. **Does the inherent authority restrict what Congress can do?**

   d. **If the President has such constitutional authority, why is FISA, which controls the Administrations surveillance, not unconstitutional?**

ANSWER: As discussed in the Department's January 19, 2006 paper, the President's authority under Article II to gather foreign intelligence through electronic surveillance—particularly where surveillance is directed at the enemy during wartime—is amply supported by both historical and legal precedent. The Department has never suggested, however, that this inherent presidential authority entirely precludes Congress from enacting legislation to regulate the process by which foreign intelligence gathering occurs. Nor would the Constitution bar Congress from expressly approving or endorsing the Terrorist Surveillance Program. Whether Congress has constitutional authority to discontinue the Program or significantly restrict its scope—by, for example, requiring judicial approval for *all* electronic surveillance against al Qaeda and affiliated terrorist organizations—is a more difficult question. While the constitutional division of responsibility in this area between Congress and the President cannot be precisely defined, certain propositions are well established. As explained in the January 19th

paper, it is clear that there are constitutional limits on Congress's authority to restrict the means by which the President, as Commander in Chief, may engage the enemy during armed conflicts. *Legal Authorities Supporting the Activities of the National Security Agency Described by the President* 31-32 (Jan. 19, 2006). And because gathering intelligence about the enemy in order to learn its plans and capabilities is an integral part of any military engagement, longstanding separation-of-powers principles impose limits on Congress's power to prohibit or restrict the President's use of wartime signals intelligence. *Id.* at 30-31. While there are also limits on Congress's ability to regulate the President's collection of foreign intelligence information, which is at the core of executive functions, *see id.* at 30, there is plainly a stronger case for congressional regulation of electronic surveillance unconnected to the waging of armed conflict, where the President's authority is at its zenith. Because FISA was enacted during peacetime and addresses peacetime surveillance, its regulation of foreign intelligence gathering powers raises distinct questions from those presented if FISA were read to restrict the authority to conduct the Terrorist Surveillance Program.

4. **At a February 6, 2006 hearing before the Senate Judiciary Committee, you stated in a response to Senator DeWine that "It still takes too long, in my judgment, to get FISAs approved." Do you still agree that the FISA process needs streamlining and improving? Will improving the FISA process alleviate the need for the Terrorist Surveillance Program?**

   ANSWER: For the reasons explained in the Department's January 19th paper, the Terrorist Surveillance Program is lawful and fully consistent with FISA, and the Administration therefore believes that it is unnecessary to amend FISA to accommodate the Program. However, FISA can undoubtedly be improved, and the Administration will, of course, work with Congress and evaluate any proposals for improving FISA.

5. **At the February Senate Judiciary Committee hearing you (also) stated that you expect the process to be streamlined by the creation of the National Security Division within the Department of Justice. Could you explain how you expect this Division to streamline the process and when you expect to see improvement?**

   ANSWER: The National Security Division (NSD) will bring the Department's three primary national security elements, the Office of Intelligence Policy and Review (OIPR), the Counterterrorism Section and the Counterespionage Section into a new division, under the leadership of the Assistant Attorney General for the NSD (AAG). OIPR is responsible for the preparation of all applications for orders to the Foreign Intelligence Surveillance Court. The AAG will be responsible for overseeing the day-to-day operations of the Department's national security infrastructure and coordinating the variety of national security matters that arise within the Department each day. This re-organization should result in additional management support for all our national security operations. The Department is always exploring ways in which it can manage its national security work more efficiently and the new AAG will bring a fresh perspective to this

task. The AAG will have the opportunity to examine the approval process for all our national security work, including the process by which FISA applications are reviewed and approved, and identify any points of unnecessary friction. In addition, the NSD structure will more closely align the Department's national security elements with the Intelligence Community, and this may lead to greater efficiencies in the Department's operations related to the Intelligence Community. The Department has no timeline for improvements that may flow from the commencement of NSD operations.

6. **The Department had previously advised this Committee that the FBI and the Department were taking additional steps to improve the efficiency of the Foreign Intelligence Surveillance Act (FISA) process. One of these steps was the creation of a FISA unit in November 2002, at FBI Headquarters that was charged with instituting an automated tracking system that would electronically connect the field divisions, FBI Headquarters, the FBI's National Security Law Unit, and the Office of Intelligence Policy Review (OIPR).**

   a. **What is the status of this automated tracking system?**

ANSWER: Since the last report to the Committee, improvement of the automated tracking system, called the Foreign Intelligence Surveillance Act Management System (FISAMS), has continued. FISAMS has been operating on the FBI's secret network (FBINET) since January 2004, with phased implementation leading to mandatory use by all field offices beginning in November 2004. FISAMS on FBINET currently has over 5,000 registered users.

In April 2006, the FBI and DOJ's Office of Intelligence Policy and Review (OIPR) initiated the automated interface between FISAMS and OIPR's system (Oasis), permitting the transmission of FISA requests and draft and final FISA packages from FISAMS to Oasis. Although previously these documents had to be moved manually between the two systems (generally by printing the documents from one system and then scanning them into the other system), OIPR attorneys can now draft FISA packages and enter them into Oasis at OIPR, automatically transferring them over a network interface to FISAMS. Once in FISAMS, these packages are immediately available for verification review by the declarant at FBI Headquarters (FBIHQ) and by the FBI case agent. Also in April 2006, the FBI "stood up" FISAMS on the FBI's internal Sensitive Compartmented Information (SCI) Operational Network and initiated an automated interface with Oasis' Top Secret system, permitting the electronic exchange of Top Secret and SCI information.

FISAMS has also implemented a number of features to allow users and managers at all FBI levels to better manage the FISA process. These include automated email notifications of pending work and approaching renewal deadlines, as well as various tools to help managers prepare and use activity reports.

b. What are the other duties of the FISA unit?

ANSWER: The FISA Unit provides administrative support for the FISA process, including FISA processing and tracking. In addition, the FISA Unit compiles the FISA packages that are provided to the FBI Director for signature, and it is responsible for transporting signed packages to OIPR before they are taken by OIPR to be signed by the Attorney General or Deputy Attorney General, and then presented to the Foreign Intelligence Surveillance Court (FISC). The FISA Unit also distributes all FISC orders and warrants to the appropriate field divisions for their use and for service on telecommunication carriers, Internet service providers, or other specified entities.

c. Has operational efficiency improved since the Unit was created?

ANSWER: Yes. The FBI's FISA Unit, DOJ's OIPR, and the FISC have all taken steps to improve the efficiency of the FISA process.

The FBI's FISA Unit now scans primary and secondary orders and warrants upon receipt and e-mails these files to Field Office case agents and to those responsible for serving them on carriers, service providers, and other specified persons. While raised seals are required or orders and warrants establishing initial coverage, the FBI has found that most carriers and service providers will accept a printed copy of the signed, scanned document to renew coverage on an existing target. Consequently, although the FBI previously printed and distributed "hard" copies of orders, warrants, and other communications (a process that often took up to two weeks), the FBI now uses scanned, signed copies when possible, subsequently providing documents with raised seals as follow-up.

At the direction of the FISC's Presiding Judge, the Clerk of the Court changed the post-court processing of dockets. Although previously it often took a week or more to return a docket to OIPR, the Clerk of the Court now directs the return of signed dockets to OIPR by the end of the business day after approval.

When taken together, these changes have resulted in the provision of a serviceable copy of a signed order to a carrier or service provider in two or three days rather than in two or three weeks.

d. What other steps have been implemented to achieve optimum efficiency in the FISA application process?

ANSWER: Effective 3/1/03, FBI Field Offices began using a standard "FISA Request Form" to request the initiation, renewal, or modification of FISA coverage. This single, standard form replaced a variety of communications used in the past to request coverage. The form helps ensure that those who draft FISA packages have all pertinent information and that no time is wasted in preparing

unnecessary documentation, facilitating quicker preparation of these packages. On 3/1/03, FBI Field Offices also began submitting requests to renew and amend existing FISAs directly to OIPR (previously, all requests to renew or amend existing FISAs were submitted to FBIHQ for approval before being forwarded to OIPR for drafting). This measure also resulted in time savings and the improved efficiency of the process.

In another measure to improve FISA accuracy and efficiency, the Executive Assistant Director of the FBI's National Security Branch issued a communication, dated January 24, 2006, reiterating the importance of accuracy in the FISA process, followed by a directive, dated February 2, 2006, requiring case agents to open and maintain FISA-subfiles containing written substantiation for each factual assertion contained in the FISA declaration. On February 2, 2006, the FBI instituted a FISA Renewal Review Board (consisting of managers from OIPR, FBI, and the Criminal Division-Counterrorism Section) to evaluate FISA renewal requests at regular intervals and to terminate non-productive FISAs, facilitating the more efficient use of limited resources.

7. **In Assistant Attorney General Moschella's February 28, 2006 letter responding to a letter from the Committee requesting the status of the Department's HAVA enforcement, he described efforts by the Department of Justice to reach out to all of the chief elections officials in January 2006 to inquire about the status of compliance.**

   a. **What were the results of that the survey?**

   ANSWER: As set forth in more detail below, information which we received from the states in response to our January 2006 letter to chief state elections officials, combined with information which we had been gathering since early 2004, indicates that the status of states' compliance with HAVA is constantly changing and will continue to do so as states approach the time for primary elections and the general election for federal office in 2006.

   b. **Have you heard back from all 50 State elections officials?**

   ANSWER: As of this date, we have received full or partial responses from all states and are continuing to follow up as appropriate to gather all information necessary for determining the changing status of each state's HAVA compliance.

   c. **How many States are in compliance?**

   ANSWER: The status of HAVA compliance by states is in a constant state of flux and has been so since well before the HAVA deadline of January 1, 2006, for voting systems and statewide voter registration systems. While there are many states that in our view are at least in partial compliance with HAVA, a significant number of states

at this point are not in full compliance with the voting systems and voter registration list mandates. It has been the case that several states that appeared to be in, or well on their way toward, full compliance with HAVA have suffered recent setbacks in their efforts to comply. In many cases, these setbacks have been the result of problems with private vendors that have been unable to deliver on contract promises and/or unexpected and extensive technological glitches that have arisen as setup of voting systems and voter registration systems has approached finalization. In such cases, jurisdictions continue to struggle to put all systems into operation in time for upcoming federal elections.

d. Near compliance?

ANSWER: See answer to 7c, above.

e. What are the barriers preventing full compliance?

ANSWER: For the most part, states have taken their HAVA obligations seriously and have made and are making great efforts to achieve compliance pursuant to HAVA's schedule. Some, however, were much less diligent during the first couple of years after passage of HAVA to initiate compliance efforts. Due to HAVA's very rapid deadlines for compliance on the voter registration database and voting systems requirements, failure of jurisdictions to begin planning and implementation on an expedited basis after HAVA's passage is the most prevalent reason for the current failures in full compliance. Most recently, in the area of voting systems compliance, some problems have arisen across the country due to an apparent inability on the part of some voting systems vendors to deliver in full, or in some cases even in part, on voting systems orders placed by some states. It appears that this has only occurred when orders have been placed in the past six months or so, and are due to the exceedingly high number of jurisdictions that delayed until late to determine what to order. Because the vendors could not anticipate the likely demand for their particular brand of voting equipment, and because the vendors have been in serious financial challenges over the past few years as a result of uncertainty of what would be required after the 2000 presidential election, the vendors have apparently had trouble getting manufacturer cooperation in ramping up production to meet the very late demand. In some cases it also appears that there may have been some misunderstandings or miscommunications between jurisdictions and vendors about availability and certification of systems jurisdictions were contracting to purchase. In some cases, states have had to try alternative means of securing voting equipment for local jurisdictions, if at all possible. In addition, some states that have switched to new voting equipment have experienced technological problems in the rollout of new equipment, which has exacerbated the states' efforts at full HAVA compliance in time for the 2006 federal elections. With regard to statewide voter registration systems, while most states are in compliance with this HAVA requirement, a number of states have also encountered vendor and/or technological problems in developing and implementing the systems. Several states have experienced alleged breach of contract by registration system vendors at a late stage of system development,

requiring substantial delay in implementation, or in some cases a need to begin system development all over again. As indicated above, where states have been dilatory in entering into an agreement with SSA for registrant verification purposes, the Department has put such states on notice of their obligations and will consider enforcement action as appropriate.

f. Will these States be in full compliance in time for the first scheduled election?

ANSWER: States experiencing difficulties at this late date with regard to HAVA compliance are continuing to make efforts to resolve problems and secure compliance to the greatest extent possible by the time of their upcoming federal elections. As indicated above, this process is a fluid one, and the Department is in continuous contact with states to determine compliance status, discuss possible resolution of HAVA issues and give assistance as appropriate.

g. Why did you wait until after the January 1, 2006 deadline to seek information about compliance?

ANSWER: The Department's actions to determine the status of the states' compliance with HAVA began long before January 2006. Since HAVA's enactment in late 2003, the Civil Rights Division has closely monitored the constantly evolving actions of each of the states and territories to comply with HAVA's mandates. First, beginning in early 2004, the Voting Section of the Division began gathering information from a variety of sources concerning states' HAVA activities, including those to develop and implement statewide voter registration lists and to ensure that voting systems for use in federal elections in 2006 meet the Act's voting system standards. In August 2005, we sent a letter to the chief election official of each state and territory, requesting detailed information concerning each state's actions to comply with the voting system and registration list requirements. We followed up on the responses we received to these letters to gather further information, or to engage in discussions with states over specific compliance issues. In October 2005, we sent letters to each state and territory inquiring about the states' actions to enter into an agreement with the Social Security Administration (SSA), as required by HAVA, for purposes of verifying the identification of new applicants for voter registration. In January 2006, we sent letters to all state chief elections officials, requesting further information concerning compliance with HAVA's voting systems and voter registration list requirements. In March 2006, we sent letters to certain states requesting updates concerning the HAVA-required state agreements with the SSA.

Attorneys from the Voting Section also have made numerous on-site visits to states to gather information about HAVA compliance activities, in some instances observing the operation of voter registration systems completed or under development. We have also taken formal enforcement action under HAVA. In October 2005, following months of meetings and negotiations, the Division reached agreement with the State of California on a Memorandum of Agreement concerning development and

implementation of their new statewide voter registration database system. On March 1, 2006, we filed suit against the state of New York based on allegations of non-compliance with HAVA's voting systems and voter registration list requirements. On March 23, 2006, a federal court in New York found the New York State Board of Elections in non-compliance with HAVA, and the state has recently submitted to the court for review and approval a HAVA compliance plan. On May 1, 2006 we filed suit against the state of Alabama based on allegations of non-compliance with HAVA's voter registration list requirements. We are currently talking with other states to determine possible legal action or necessary agreements on certain aspects of HAVA compliance, and intend to continue to work with states to the extent possible to achieve maximum HAVA compliance. We will continue to make HAVA enforcement decisions, as appropriate, taking into account a variety of factors including the extent of HAVA noncompliance and the history of a state's compliance efforts.

8. **Over the last few years, the Department has undertaken a strong effort to enforce the bilingual election assistance requirements in Section 203 of the Voting Rights Act (VRA). However, concerns have been raised by jurisdictions that they have limited opportunity to correct or work with the Department to correct any inadequacies in compliance before an enforcement action is filed. For example, it has been brought to our attention that the Department engages or requires the local election officials to engage in a "sur-name" analysis of registered voters to identify potential recipients of bilingual assistance.**

   a. **Would you describe the approach that the Department follows when working with a jurisdiction covered by Section 203 to comply with its requirements?**

ANSWER: The Department follows an approach of (1) vigorous outreach and education of state and local authorities, (2) investigation, and (3) enforcement actions, where necessary and appropriate.

During this Administration the Department has significantly expanded both written notice and in-person outreach to state and local election officials to inform them fully of their obligations under Section 203, and to answer any questions they may have.

The Department formally notified by letter each jurisdiction covered under Section 203 of the Voting Rights Act upon the announcement by the Director of the Census of the Census coverage in July 2002. That notice letter was, for the first time, expanded to include extensive practical guidance on achieving compliance. In addition to our formal Guidelines, we developed a brochure that identified best practices, and Civil Rights Division attorneys traveled to newly-covered jurisdictions and met face to face with local officials and minority language community members. In these meetings they explained the requirements of the law, offered guidance, provided Census data, answered questions, and encouraged cooperation. We provided an attorney point of contact for each covered jurisdiction. The Department

continued outreach through national and regional associations of election officials. For example, the Chief of the Voting Section has regularly spoken on Section 203 at conferences for election officials organized by the Texas Secretary of State. On August 31, 2004, the Assistant Attorney General for the Civil Rights Division sent an additional letter to each covered jurisdiction to remind them of their obligations under Section 203 and again offer best practices in advance of the fall elections. The letter again invited questions and provided a point of contact.

Many state and local election officials have taken advantage of this assistance, and the Department has achieved unprecedented levels of voluntary compliance during this Administration. Other officials have not, however, including some localities where the requirements have applied since the original passage of the minority language assistance provisions in 1975. The Department, having given repeated and detailed notice to each covered jurisdiction, has not hesitated to enforce the law.

In enforcing the law, and in fostering voluntary compliance, the Department has found surname data to be a very useful tool both for our investigations and for local election officials who wish to comply with the law as effectively and efficiently as possible. We allow and encourage local officials to target services to those who need them rather than wasting resources on non-citizens or persons who can, in fact, speak and read English. The Census does not make available the key Section 203 data – the number of voting age citizens who speak a particular covered language and who have limited English proficiency – at the precinct level, the level used by local election officials. The Census suppresses such localized information with that combination of detail for privacy reasons.

The most convenient tool for identifying areas of possible need for language services is the current voter registration list, which is the foundation for local election administration, and which includes those persons actually eligible to vote and eligible for the Section 203 language services. The voter registration lists do not indicate language ability, of course, so local officials must turn to other devices, such as any ethnicity data that may be on the registration record, place of birth data, or, most commonly, surname data. These data do not, of course, mean that all citizens flagged need language assistance; far from it. The presence, however, of a significant number of persons with, for example, Spanish surnames a helpful indicator that there may be a need for language assistance in that precinct. Where we find precincts with over 1,000 Spanish surnamed voters and no bilingual personnel, for example, we take that as a strong indication that the precinct contains voters with an unmet need for Spanish language services. We then investigate further by interviewing local election officials and members of the minority language community to determine whether that is, in fact, the case. Local knowledge and inquiry can quickly and efficiently identify areas where the projected need is illusory or where the need is greater than surname or other analysis suggests. Surname analysis accordingly is a useful, but not dispositive, tool for assuring that citizens are served effectively and efficiently.

b. How does the Department determine the type of assistance necessary to help language minority citizens in a jurisdiction?

ANSWER: The Department evaluates each jurisdiction individually and seeks to assist local communities to find means of compliance that are both effective and efficient. To this end we rely heavily on information from local members of minority language communities and local election officials, and we seek to identify existing channels of communication that can be used with minimal cost and maximum impact. Just as Congress recognized the need for oral assistance to serve Native American voters whose languages have historically been unwritten, we have recognized the need to tailor programs by seeking practical solutions that serve the individual and highly diverse circumstances that exist in the covered jurisdictions. We encourage local officials to use newspapers, newsletters, and other media geared to serving minority language voters. We also encourage local officials to adopt practices such as building extensive fax and e-mail addresses (for example, of voters in businesses, churches, unions, social and fraternal organizations, and service providers that serve their minority language community) and sending election information in a way that penetrates the community at essentially no cost.

c. Does the Department work with local minority organizations to determine how best to reach language minority citizens?

ANSWER: As set forth in our minority language brochure, "The cornerstone of every successful program is a vigorous outreach program to identify the needs and communication channels of the minority community." The Department contacts language minority organizations and community members in each jurisdiction we monitor. We gather key facts from them and encourage their cooperation with local election officials. The Department also is in frequent contact with national organizations on Section 203 issues. The Department regards close contact with the communities we serve as essential to effective law enforcement.

d. What does the Department do to promote cooperation between local election officials and language minority residents?

ANSWER: The Department makes every effort to encourage cooperation between local election officials and language minority residents from our first outreach to the community to our resolution of cases through enforcement actions. Indeed, the final order in each of our lawsuits specifically includes an Advisory Group open to all interested persons that provides a vehicle for ongoing cooperation and consultation.

9. In 2004 FBI Director Mueller instituted a five-year term limit for supervisors in the FBI field offices. The purpose of this change, as I understand it, was to fill vacancies in the Washington headquarters, and to provide managers with opportunities to broaden their expertise and gain an understanding of how the FBI operates as a unit. These goals are laudable, however, I understand that this plan is also having a

negative effect as senior FBI agents are choosing to resign, rather than moving their families to Washington, DC, and those who do choose to relocate take with them local institutional knowledge that can't be replaced. How are you working to ensure that rigid rules do not have the unintended consequences of costing the FBI the ability to be as effective as possible?

ANSWER: The Field Office Supervisory Term Limit Policy (FOSTLP) was initially implemented in June 2004 as a way to better position the Bureau for the challenges of the future. As the FBI evolves toward a global, intelligence-driven agency focusing on terrorist organizations, hostile intelligence services, and international criminal enterprises, we must ensure that our front-line leaders develop a broad base of experience as they acquire leadership skills. The FOSTLP will promote a diversification of experiences among the supervisory ranks through a strong emphasis on continued career development.

Because the SSAs affected by this policy are among the FBI's most experienced mid-level managers, the program affords a grace period ranging from two to three years (based on tenure) during which SSAs can exercise the following available options.

- Compete for Assistant Special Agent in Charge (ASAC) positions in the field.
- Compete for Unit Chief and Assistant Section Chief positions at FBIHQ.
- Compete for Term GS-15 Team Leader positions in the Inspection Division.
- Compete for Assistant Legal Attaché or Legal Attaché positions.
- Participate in the Alternate FBIHQ Credit Plan Pilot Project, which allows accelerated opportunities to obtain FBIHQ credit and acquire eligibility to compete for ASAC positions.
- Compete for additional five-year SSA terms in positions designated as "hard to staff."
- Compete for positions in the FBIHQ Term Temporary Duty (TDY) Pilot Program, which allows SSAs to compete for GS-14 and GS-15 SSA positions at FBIHQ and obtain full FBIHQ credit upon completion of an 18-month TDY assignment.

Those SSAs who ultimately decide to remain in the current office of assignment and return to investigative duties will benefit from the FBI's Highest Previous Rate (HPR) policy, pursuant to which GS-14 SSAs returning to investigative duties will be placed in the GS-13 "step" comparable to the GS-14 salary. Only those whose pay conversions exceed a GS-13, Step 10 salary will experience a pay reduction (pay set according to HPR cannot exceed step 10).

While we understand that some SSAs are disappointed in the changes brought about by the FOSTLP and we are aware that some have publicly indicated that they do not intend to seek advancement, this stated intent is contradicted by results obtained through tracking those SSAs affected by the FOSTLP. As of 4/17/06, 77 out of 162 SSAs facing term limits in calendar year (CY) 2006 have already made career decisions, with 86% securing promotions in career-advancing positions. For those SSAs affected by the policy in CY 2007, 93 out of 255 SSAs have already made career decisions, with 85% pursuing career advancement. These career advancements have included the selections of 39 ASACs, 18 Unit Chiefs, 17 Legal Attachés or Assistant Legal Attachés, and 10 Assistant Inspectors.

10. Regarding the FBI's proposed half billion dollar Sentinel system, why have you endorsed the FBI as the lead agency for case management systems when they are years away from having one, compared to other DOJ components that already have good case management systems?

ANSWER: The FBI's Sentinel program is the Department's largest and most complex *investigative* case management investment, however several other components are also developing or improving their case management systems. For example, we are about to begin developing a new *litigation* case management system for all the DOJ litigating components, beginning with the US Attorneys. In addition, the DEA is piloting a new *investigative* case management system in Baltimore. These are examples where each component has different mission needs and their systems must scale to varying levels of support. The DOJ CIO is actively involved in finding the best way to re-use approaches, documents, services and software code where applicable.

OMB has selected the Department of Justice as the lead agency for the case management line of business, and the Department's Office of the Chief Information Officer is leading this effort. The CIO is working closely with the FBI on Sentinel to help assure its success and to make sure those future case management efforts can reuse key elements of Sentinel. DOJ/FBI leadership has invited other DOJ components to play an active role within the Sentinel Program Management Office, so that they can better leverage the large investment and lessons learned from that program.

Department-level personnel are involved in the push towards inter-operability. There are many ways to define a "case" and many systems to handle information flow inter- and intra-departmentally. The key to all of this is following standards from both a policy and technical approach. The Department of Justice has taken a leadership role in developing and promoting the National Information Exchange Model (NIEM), a joint effort with the Department of Homeland Security.

In summary, while Sentinel is large and newsworthy, the Department and the components are moving ahead with other case management initiatives, while keeping an eye on Sentinel in order to spend money in a wise manner. OMB and the Department have made

it very clear to project owners that systems must be inter-operable and they must leverage existing tools and processes wherever possible.

11. The FBI is notorious for system delays, cost over-runs, lost computer equipment, and now for one of the biggest system failures in government history. At present, the FBI has only identified its own needs for Sentinel's requirements and has yet to begin acquiring information about systems in other DOJ components, the Department of Homeland Security (DHS), and other intelligence community agencies. What are you doing to ensure that this most recent effort does not result in the same failure?

ANSWER: One of Sentinel's key objectives is to share information effectively with others in the law enforcement and intelligence communities. We recognize the importance of information sharing and are working to ensure Sentinel provides that capability. The FBI already shares electronic data with numerous entities in the Department of Homeland Security (DHS), DOJ, and other government agencies through the Secret Internet Protocol Router Network, INTELINK, Regional Data Exchange, Terrorist Screening Center (TSC), and the National Counterterrorism Center (NCTC) systems.

To ensure a coordinated, enterprise-wide approach, the Executive Assistant Director for the National Security Branch (EAD-NSB) serves as the FBI's principal official for information and intelligence sharing policy and as an advisor to the Director, providing policy direction regarding information and intelligence sharing within the FBI, between the FBI and the law enforcement and intelligence communities, and between the FBI and foreign governments. The EAD-NSB also coordinates with the Program Manager for Information Sharing in the Office of the Director of National Intelligence (ODNI) to ensure we keep pace with emerging information sharing uses and policies.

Sentinel will be compatible with the Extensible Markup Language standards used for data tagging and marking used by DOJ and the intelligence community (these two standards will eventually merge to form the National Information Exchange Model for metadata). The Sentinel Program Management Office (PMO) includes a dedicated systems architect, who is working closely on this matter with the intelligence and law enforcement communities. The Sentinel systems architect meets regularly with DOJ's enterprise architect and is coordinating efforts with the ODNI information sharing office. Other agencies, including DHS, have been invited to participate in PMO processes and in meetings with the Sentinel contractor. Immigration and Customs Enforcement has designated five representatives from their Office of Executive Information who will coordinate and exchange requirements with Sentinel counterparts. The Sentinel Program Manager also meets regularly with the FBI's Information Sharing Policy Board and provides monthly status briefings to the Office of Management and Budget (including the OMB Case Management Line of Business, a group representing more than 20 Federal agencies), ODNI, and DOJ on the status of the national information sharing environment architecture.

When Sentinel is fully deployed, those in the FBI and elsewhere in the law enforcement and intelligence communities will be able to share information between the various information systems even if this information is maintained at different levels of security, without compromising that security.

QUESTIONS FROM REPRESENTATIVE COBLE

12. During the hearing, I asked what steps are being taken to address concerns raised by the Inspector General (IG) in a recently issued report on Port Security. You testified that your office was reviewing the report and would be developing recommendations. My greatest fear is that the next terrorist attack on our homeland will come through one of our great seaports. What actions are being taken to address the IG's concerns, when will they occur, and when can we expect another report or evaluation of security measures at our ports?

ANSWER: In its March 2006 report entitled, *The Federal Bureau of Investigation's Efforts to Prevent and Respond to Maritime Terrorism*, DOJ's Office of the Inspector General (OIG) made several findings and recommendations regarding the FBI's Maritime Security Program (MSP). In a 3/17/06 letter to Inspector General Fine from Mr. Willie T. Hulon, Assistant Director, Counterterrorism Division, the FBI identified the steps taken in response to each of these findings and recommendations (a copy of the letter is attached). The FBI is preparing a formal reply to the report that documents these and subsequent steps taken, and this process will be repeated every 90 days until the FBI has completed its response to all report findings and recommendations.

Many of the OIG's findings and recommendations were developed prior to the President's approval of the Maritime Operational Threat Response (MOTR) Plan in October 2005. The MOTR Plan is one of eight plans supporting the National Strategy for Maritime Security, the development of which is mandated by National Security Presidential Directive 41/Homeland Security Presidential Directive 13 (12/21/04). The MOTR Plan, which was developed under the joint leadership of the Departments of Defense and Homeland Security with DOJ and FBI participation, provides a framework for interagency communication and coordination in response to maritime threats and incidents. This framework, which uses the existing network of federal command centers, has been used to successfully resolve several incidents in the past few months and has dramatically improved the operational response to maritime threats and incidents.

The mission of the FBI's MSP, which was initiated in July 2005 (and not fully addressed in the OIG's audit, which began in May 2005), is to prevent, disrupt, and defeat criminal acts of terrorism directed against maritime assets and to provide counterterrorism preparedness leadership and assistance to Federal, state, and local agencies responsible for maritime security. The MSP will complement the efforts of other U.S. Government entities, focusing on core FBI competencies that include the establishment of a human intelligence base, the collection and distribution of relevant information and intelligence, the preparation of threat and vulnerability analyses, and the provision of investigative support. The MSP emphasizes the importance of its liaison relationships with the USCG and other agencies, participating with the USCG, the Coast Guard Investigative Service (CGIS), and others in formal and informal interagency working groups. Recently, both

the USCG and Naval Criminal Investigative Service (NCIS) have assigned full time representatives to the MSP.

The MSP also provides guidance to approximately 80 Maritime Liaison Agents (MLAs), who are assigned to the FBI's Joint Terrorism Task Forces (JTTFs) throughout the United States. MLAs include FBI Special Agents as well as JTTF Officers from the CGIS, NCIS, state and local port authorities and police departments, and others. The FBI recently hosted an MLA training conference that included representatives and presentations from the FBI, DOJ, USCG Headquarters, USCG field operations, CGIS, NCIS, and other Federal and local law enforcement agencies. Conference training included the authorities and capabilities of these agencies as well as best practices and guidelines for operational responses to maritime terrorism threats and incidents.

13. I am concerned by reports of organized crime syndicates linked to intellectual property theft and counterfeiting. The ability to steal intellectual property and counterfeit American made goods and then market those goods around the world is deeply troubling. What is the Department of Justice's comprehensive, long-term plan to combat intellectual property theft and counterfeiting by organized crime syndicates?

ANSWER: The Department shares your deep concern over the increasing involvement of organized crime in the commission of IP offenses. Given the high profits and low risks involved in such crimes, it is not surprising that organized crime groups are capitalizing on the opportunity to earn substantial illicit proceeds from trafficking in counterfeit goods.

The Department has conducted a number of recent investigations and prosecutions of organized crime groups engaged in IP theft and counterfeiting. For instance, in April 2006, two Chinese nationals pled guilty to charges arising from a federal crackdown against a violent criminal organization in New York known as the "Yi Ging Organization." These defendants had been charged along with 39 others in a September 2005 indictment charging racketeering offenses, including extortion, witness tampering, trafficking in counterfeit DVDs and CDs, money laundering, operating a large-scale illegal gambling business, and drug trafficking. The Yi Ging Organization allegedly generated millions of dollars in profits from their counterfeit DVD and CD business. Gang members traveled to China to obtain illegal copies of American and Chinese DVDs, which they then smuggled into the United States, copied, and sold along with pirated music CDs at stores the gang controlled in Manhattan and other parts of New York City. According to the indictment, leaders of the Yi Ging Organization ordered associates to use force against groups and individuals who were perceived as threats to the Organization, including competitors in the counterfeit DVD and CD business.

Another example of an organized crime prosecution occurred in November 2004, when federal agents in New York arrested 28 individuals as part of a the takedown of organized criminal organizations allegedly engaged in attempted murder, loan sharking, alien

smuggling, narcotics distribution, gambling, and trafficking in counterfeit clothing accessories. The arrests included members of two Asian criminal enterprises operating in Manhattan's Chinatown and in Flushing, Queens, and twelve of the gangs' members were charged federally with criminal racketeering. These criminal organizations' alleged illegal activities included selling counterfeit Chanel, Gucci, and Coach accessories at stores they owned in Midtown Manhattan, as well as distributing the counterfeit apparel to other retail outlets. Twenty-four individuals connected with these criminal enterprises have already pled guilty.

Although these and other cases show some success in combating organized crime groups engaged in IP theft and counterfeiting, the Department is committed to doing more. We have implemented a multi-front enforcement approach to combating intellectual property crime, in particular large-scale intellectual property crime committed by organized criminal groups and syndicates.

First, within the Criminal Division, the Computer Crime and Intellectual Property Section ("CCIPS") devotes 14 of its 35 attorneys to intellectual property enforcement issues, including prosecution, legislative reform, and international training and technical assistance. CCIPS' prosecution strategy stresses the development of undercover investigations that, in turn, lead to multi-district and international prosecutions of organized criminal groups. CCIPS' investigations and prosecutions of intellectual property offenses continue to increase, with nearly an 800% increase in its pending IP criminal workload in the past four years -- from 23 pending cases and investigations at the beginning of FY2002, to 203 pending cases and investigations at the beginning of FY2006. CCIPS also provides training and on-call, 24/7 legal guidance to agents and prosecutors in the field; provides technical assistance on relevant legislative issues; and assists in the development of Department and Administration policy on intellectual property issues.

Second, the Department has designated at least one Computer Hacking and Intellectual Property ("CHIP") coordinator in every U.S. Attorney's Office in the country. As with all federal crime, primary responsibility for prosecution of federal intellectual property offenses falls to the 94 U.S. Attorneys' Offices across the United States and its territories. CHIP Coordinators are Assistant U.S. Attorneys with specialized training in intellectual property and computer crime, and who serve as subject-matter experts within their districts. Identifying a CHIP Coordinator in each District ensures that a prosecutor with training and experience in intellectual property crimes is available wherever and whenever an offense occurs. Like CCIPS, U.S. Attorneys' Offices have also seen increases in their intellectual property cases, with prosecutions increasing 70% from FY2004 to FY2005, and the number of defendants charged more than doubling (from 141 to 352).

Third, the Department has created CHIP Units in districts where the incidence of intellectual property and hi-tech crimes is higher and is more likely to significantly impact the national economy. There are now 18 [*possibly as many of 23, depending on what is announced this month*] CHIP Units across the United States. The Department has

created 5 [10?] new CHIP Units in the past 18 months alone, above and beyond the five Units recommended in the Department's IP Task Force Report issued in October 2004. [1] CHIP Units consist of a concentrated number of trained prosecutors in the same U.S. Attorney's Office. These Units have been successful in increasing the enforcement of criminal intellectual property laws. The most recent data shows an increase of 46% in the number of defendants charged in districts with CHIP Units as compared to the year before these Units were activated.

Finally, the Organized Crime and Racketeering Section (OCRS) of the Criminal Division works closely with the FBI to coordinate the Department's Organized Crime Program, which has a long history of proven success. In recent years, the Program has broadened its focus from the traditional LCN ("La Cosa Nostra") syndicates to encompass new and evolving forms of organized crime threats. Enforcement efforts are currently directed against several transnational organized crime groups believed to engage in or otherwise support intellectual property theft and counterfeiting, including the Chinese Triads, the Sicilian Mafia, and Russian criminal networks. The Organized Crime Program applies a comprehensive approach to these cases, designed to disrupt and dismantle a criminal enterprise through the use of wide-ranging investigative strategies and the powerful RICO (Racketeer Influenced and Corrupt Organizations) statute.

OCRS supervises the investigation and prosecution of these cases by specialized Organized Crime Strike Force Units within U.S. Attorneys' Offices in 21 federal districts. In addition, OCRS maintains a cadre of experienced prosecutors trained in multi-defendant RICO cases and available to assist in the prosecution of a broad spectrum of organized crime activities

The combined prosecution efforts of the CHIP network, CHIP Units, CCIPS, and OCRS create a formidable multi-front enforcement attack against intellectual property thieves and the organized crime element. While the challenge before us is great, and growing, I believe that this enforcement strategy will continue to yield improved results.

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[1] Note for OLA: Please check with CRM before finalizing this response to see if new units have been announced.

QUESTIONS FROM REPRESENTATIVE KING

14. The Crime Subcommittee has heard extensive testimony concerning enforcement practices by BATFE at gun shows. Do you believe BATFE was justified in shadowing customers at gun shows, "discouraging" sales, stopping some customers for roadside questioning and gun seizure on their way home, and sending local police to gun buyers' homes for "residency checks"? If not, will you adopt clear investigative guidelines to avoid such excesses in the future?

ANSWER: The Bureau of Alcohol, Tobacco, Firearms and Explosives (ATF) provided extensive testimony and other responsive information to the Subcommittee with regard to the gun show operations conducted in Richmond, Virginia and across the country. That information indicated that ATF conducts investigations at 2% of the 5,000 gun shows that take place each year. The operations that took place in Richmond, Virginia area in 2004-2005 were a focused effort designed in partnership with state and local law enforcement authorities to reduce violent crime and prevent diversion of firearms. ATF provided numerous examples and statistics demonstrating the success of these efforts and thoroughly explained the law enforcement techniques that were employed at the gun shows to accomplish their goals.

ATF is aware that concerns have been raised with regard to one of the gun show operations that took place in August 2005. ATF has addressed those concerns, both before the Subcommittee and with their personnel in the field. ATF has taken the appropriate steps to adapt their operations to avoid similar concerns in the future.

15. Also in the Crime Subcommittee, we heard considerable testimony about BATFE's practices in cases involving revocation of federal firearms licenses. There seemed to be agreement on all sides that BATFE should have enforcement options short of revocation. Do you agree with that as well?

ANSWER: ATF is not opposed to considering ways to improve the current revocation and denial system. ATF is willing to explore the use of alternate sanctions as another tool and means of enforcement options.

16. There also was some very disturbing testimony that BATFE demands an almost impossible level of perfection among licensees - for instance, that BATFE revoked a gun store's license where the store's records were 99.96% accurate and the BATFE's ability to trace firearms was in no way impaired by the 4/100% inaccuracies, and the government then argued in the Court of Appeals that "no errors are permissible." Do you think this is a reasonable approach to administrative enforcement? If not, what changes do you plan to make regarding BATFE's enforcement standards?

ANSWER: ATF has issued national guidelines to field personnel to ensure FFL violations are addressed consistently across the country. These guidelines do *not* reflect a "zero tolerance" policy. ATF does not ordinarily revoke licenses solely on the basis of a few minor record keeping violations and this policy is reflect in our national guidelines. Moreover, the fact that ATF typically revokes approximately 100 licenses per year, which is less than one-tenth of one percent of the total FFL population, clearly indicates that the agency is not abusing its discretion in regulating the firearms industry.

ATF has discretion whether to use its resources to pursue revocation and the vast majority of insignificant record keeping violations result in no penalties being imposed on an FFL. Even where violations are clearly willful, we generally seek license revocation only where it appears that voluntary compliance is unlikely or that continued operations of the firearms business poses a threat to public safety.

Testimony given before the Crime Subcommittee brought allegations of an instance where ATF supposedly revoked a FFL's license simply because of the FFL's failure to complete 12 blocks on Forms 4473. It was noted that the case was appealed to the Seventh Circuit Court of Appeals. ATF disagrees with the characterization of this case as presented at the hearing. The case referenced may be found at Article II Gun Shop, Inc. v. Alberto Gonzales, 2006 U.S. App. LEXIS 6818 (7th Cir., March 20, 2006). The court's opinion correctly states that the Notice of Revocation was issued after an inspection in 2000 in which the FFL was cited for 2 alleged straw sales, 15 violations on ATF Forms 4473, 49 transfers of firearms to aliens without required documentation, and 14 failures to timely record information in the acquisition and disposition record. The District Court decided the case on a motion for summary judgment that raised only the 15 violations on the Forms 4473. This does not mean that the other violations cited in the notice were not supported by evidence–only that there were genuine disputes about the facts underlying the violations. The District Court granted the government's motion for summary judgment, finding that the 15 violations on ATF Forms 4473 were willful as a matter of law. The Seventh Circuit upheld the granting of the motion.

The Article II Gun Shop case does not support the assertion that ATF revokes FFLs for "inconsequential and trivial" violations of the law and regulations. The original Notice of Revocation included numerous significant violations that, combined with the previous compliance record, established a plain indifference to the requirements of the law and showed no desire on behalf of the FFL to voluntarily comply with the law.

Again, the fact that ATF revokes less than 100 licenses per year speaks volumes on how infrequently our revocation authority is used, hardly coming up to the threshold of abuse.

It should be noted that ATF has been criticized in the past for not revoking enough licenses and now it is the subject of oversight hearings for allegedly revoking too may licenses.

17. When Congress enacted the Firearms Owners Protection Act in 1986, the Senate Judiciary Committee Report stated that the purpose of adding "willfully" to the license revocation procedure "is to ensure that licenses are not revoked for inadvertent errors or technical mistakes." S.Rep. No. 98-583 at 88. But BATFE continues to argue against this interpretation. In fact, in one case, ATF argued to the court that Congress' addition of the word "willfully" to the license revocation statute was "without practical significance." Do you think this is an appropriate position for the Government to take concerning an act of Congress? If not, what changes do you plan to make regarding the Government's position?

ANSWER: Willfulness is not defined in the GCA, but Federal courts have consistently defined the term as requiring evidence the FFL knew of the legal requirements at issue and disregarded or was plainly indifferent to the requirements. This interpretation is not unusual in the civil context. It is consistent with that used in other administrative proceedings, such as Occupational Safety and Health Administration civil proceedings for workplace safety violations and securities fraud cases administered by the Securities and Exchange Commission.

Amending the GCA to provide a statutory definition of willfulness that narrows FFL revocations to those violation undertaken with the intent to violate the law would dramatically narrow the scope of the sanction. It would mean that negligent violations, even those that recur year after year, could not be cited as a basis for revocation. Moreover, adoption of this standard for revocation would provide no incentive for FFL's to comply with the vast majority of their obligations under the law and regulations.

18. Last week in the Crime Subcommittee, Mayor Bloomberg of New York testified against a proposal to codify an appropriations rider that prohibits BATFE from disclosing firearms trace data, except for disclosure to law enforcement during a bona fide criminal investigation. Over the past several years, BATFE has supported this language in order to protect confidential law enforcement information, and with DOJ's support has opposed such disclosures in court. Do you continue to support legislation that maintains the confidentiality of this information?

ANSWER: The consolidated Appropriations Act of 2005, PL 108-447, (the Act) provides restrictions related to the disclosure of part or all of the contents of the Firearms Tracing System (FTS) or any information required to be kept by Federal Firearms Licensees (FFL) pursuant to 18 USC 923(g), or required to be reported pursuant to 923(g)(3) and 923(g)(7). While the Act does not completely prohibit ATF from sharing trace data, it does provide limitations as to its disclosure, as follows:

1. No part of the above-specified information can be disclosed to anyone except as follows:
    a. A Federal State or local law enforcement agency (LEA)
        i. Solely in connection with a bona fide criminal investigation or prosecution

ii. And only where such information pertains to the geographic jurisdiction of the LEA

2. The information is not subject to subpoena or other discovery in any civil action

ATF traces firearms for more than 17,000 Federal, State and local law enforcement agencies, each of which uses such information in connection with law enforcement investigations. Under the Act, requesting law enforcement agencies can receive complete trace result reports from ATF as long as they meet the criteria defined above.

Firearms trace requests are submitted during the course of bona fide criminal investigations. Premature release of the covered information could compromise an investigation and indeed, could pose a risk to the safety of undercover officers, confidential informants, or witnesses. As such, the Department of Justice and ATF continue to believe that the disclosure of this information should be restricted.

19. Because the Immigration Judges and Immigration Board Members exercise the Attorney General's authority over immigration, you can currently issue decisions that overturn their findings. Senator Specter, however, recently introduced a bill that would take this authority away from you and require you to appeal administrative immigration decisions with which you disagreed to the Courts of Appeal.

a. How would this proposed legislation affect the national security?

ANSWER: As you probably know, the provision mentioned above is not included in Senator Specter's most recent version of the Comprehensive Immigration Reform Act of 2006. Senator Specter has been sensitive to the Department's concerns about altering the structure of administrative adjudication of immigration cases (although a few provisions in his bill would still reduce the Attorney General's power to supervise Immigration Judges and the Board of Immigration Appeals). The Department's longstanding view is that the Attorney General is the Executive Branch official ultimately responsible for the administrative adjudication of immigration cases. Although he has delegated his authority to the Board of Immigration Appeals, it is essential for the Attorney General to retain the power to overturn their findings and conclusions. Immigration cases can involve matters of national security, and so any proposal that diminishes the Attorney General's authority over immigration cases necessarily undermines national security.

b. How would this affect the Executive Branch's ability to ensure that the immigration laws that Congress passes are enforced?

ANSWER: As noted above, the Department's long standing view has been that it is essential that the Attorney General have responsibility and control over immigration adjudications that are delegated to the Board and Immigration Judges to ensure that

the laws of this country are enforced. The adjudication of cases is the principal means for interpreting this country's immigration laws. As the chief law enforcement officer in the Executive Branch, the Attorney General is uniquely positioned to ensure that the immigration laws that Congress passes are properly enforced. However, the Attorney General can fulfill this obligation only if he has authority over the immigration cases that are adjudicated as well as authority over the adjudicators.

c. How would this affect the President's ability to control foreign relations with other nations?

ANSWER: Delegating the powers traditionally held by the Attorney General regarding the adjudication of administrative immigration removal cases to an "independent agency" would undermine the President's ability to control foreign relations with other nations. The Supreme Court has consistently recognized that immigration adjudications can implicate sensitive issues relating to foreign relations. See e.g., INS v. Aguirre-Aguirre, 526 U.S. 415, 425 (1999). Accordingly, the Attorney General must retain the ultimate authority in immigration cases in order to preserve the President's ability to control foreign relations with other nations.

d. How would this affect Congress's oversight of immigration?

ANSWER: Traditionally Congress has exercised its immigration oversight function relating to the adjudication of immigration removal cases by turning to one official, the Attorney General, to explain, justify, or correct the actions of the Board or immigration judges. Any legal modifications that diminish the Attorney General's authority over the cases adjudicated by the Board and Immigration Judges will necessarily undermine the traditional oversight process. Furthermore, to the extent that immigration adjudication authority is exercised by a large group (*i.e.*, Board members and immigration judges) oversight becomes more resource intensive and less responsive.

20. I believe that the Voting Rights Act does not require or allow surname analysis by the Department of Justice to make statistical determinations that they use to require voter outreach to LEP (limited English proficient) populations. I believe that in our diverse society a person's last name is not a good indicator of whether he or she speaks English well. Our nation has a rich history of immigrants working hard to learn English. I believe that the VRA requires the DOJ to rely on more accurate census data where people describe their own language ability. Are you aware of this practice of surname analysis at the DOJ and do you believe it is appropriate when there is more accurate data available?

ANSWER: In enforcing the law, and in fostering voluntary compliance, the Department has found surname data to be a very useful tool both for our investigations and for local election officials who wish to comply with the law as effectively and efficiently as possible. We allow and encourage local officials to target services to those who need

them rather than wasting resources on non-citizens or persons who can, in fact, speak and read English. The Census does not make available the key Section 203 data – the number of voting age citizens who speak a particular covered language and who have limited English proficiency – at the precinct level, the level used by local election officials. The Census suppresses such localized information with that combination of detail for privacy reasons.

The most convenient tool for identifying areas of possible need for language services is the current voter registration list, which is the foundation for local election administration, and which includes those persons actually eligible to vote and eligible for the Section 203 language services. The voter registration lists do not indicate language ability, of course, so local officials must turn to other devices, such as any ethnicity data that may be on the registration record, place of birth data, or, most commonly, surname data. These data do not, of course, mean that all citizens flagged need language assistance; far from it. The presence, however, of a significant number of persons with, for example, Spanish surnames a helpful indicator that there may be a need for language assistance in that precinct. Where we find precincts with over 1,000 Spanish surnamed voters and no bilingual personnel, for example, we take that as a strong indication that the precinct contains voters with an unmet need for Spanish language services. We then investigate further by interviewing local election officials and members of the minority language community to determine whether that is, in fact, the case. Local knowledge and inquiry can quickly and efficiently identify areas where the projected need is illusory or where the need is greater than surname or other analysis suggests. Surname analysis accordingly is a useful, but not dispositive, tool for assuring that citizens are served effectively and efficiently.

21. Concerning the Voting Rights Act, do you believe Section 203 encourages assimilation? Do we still need Section 203? Do you believe Section 203 increases the likelihood of voting errors or voter fraud in the electoral process?

ANSWER: In passing Section 203 Congress found: English language acquisition is extremely important for all Americans. The cases that DOJ has brought under Section 203 have uncovered the ill treatment of voters in some non-compliant jurisdictions. For example, in United States v. Westchester County, New York, poll workers refused to offer Hispanic voters provisional ballots; demanded identification from Hispanic voters that was not demanded from other voters; improperly directed Hispanic voters to other polling places; denied voters assistance by persons of the voter's choice; and treated voters with such hostility that at least one voter left the polls in tears. Likewise, in United States v. Ector County, Texas, poll workers demanded identification from Hispanic voters that was not demanded from other voters; improperly directed Hispanic voters to other polling places; denied voters assistance by persons of the voter's choice; and treated Hispanic voters with disrespect and impatience not shown to white voters.

Section 203 may also reduce voting errors and combat voter fraud. Where citizens have access to ballots they can understand and bilingual individuals to help them through the

election process, there may be a natural reduction in voting errors. Similarly, where citizens have access to ballots that they can read and understand, they are far less vulnerable to voter fraud. Our recent lawsuit against the City of Boston, for example, was brought in part on evidence that individuals had, on election day, taken ballots from Chinese-speaking voters and marked those ballots regardless of the voters' wishes.

22. A state or political subdivision is covered by Section 203 if it is determined that: (1) more than 5% of a jurisdiction's voting age population consists of a single language minority group that is limited English proficient; or (2) more than 10,000 citizens of a political subdivision's voting age population are of a single language minority and are limited English proficient. What if there are fewer minorities in a state or political subdivision than these cutoff amounts that are limited English proficient? Is there an equal protection problem with this?

ANSWER: The statutory formula devised by Congress for Section 203 coverage is a reasonable and permissible means of balancing the need to ensure that citizens have access to the franchise while avoiding the waste that would come from providing services where they are not needed. The Supreme Court has upheld similar formulas in other contexts, including the Voting Rights Act itself. See, e.g., South Carolina v. Katzenbach, 383 U.S. 301 (1966). [***Note: This answer should be reviewed by OLC and the SG's Office.]

23. During the hearing, I asked about the effect and the intent of Section 2 of the Fourteenth amendment with regard to the practice of counting people rather than citizens for the purposes of redistricting. After a review of Section 2, do you believe the intent was to ensure that eligible voters and citizens would be equally represented in Congress by the redistricting process?

ANSWER: The counting of persons rather than citizens appears consistent with the intent of the Framers of the Fourteenth Amendment. Historically, including at the time of the passage of the Fourteenth Amendment, it was common for States to allow alien residents to vote on the same basis as citizens of the Untied States. For example, all of the states that grew out of the Northwest Ordinance of 1787 allowed alien suffrage, as was recognized by the Illinois Supreme Court in Spragins v. Houghton, 3 Ill. 377 (1840). Congress also incorporated declarant alien suffrage (voting rights for those who declared their intent to become United States citizens) into the territorial enabling acts of Oregon, Washington, Kansas, Nebraska, Nevada, Dakota, Wyoming, and Oklahoma, according to Jamin B. Raskin, "Legal Aliens, Local Citizens: The Historical, Constitutional, and Theoretical Meanings of Alien Suffrage," 141 U. Pa. L. Rev. 1391, 1406 (1993). Contemporaneously with the passage of the Fourteenth Amendment, the reconstructed state governments created in 1868 in Alabama, Florida, Georgia, South Carolina, and Texas, included declarant alien suffrage in their new state constitutions. Id. at 1414. In 1874 the U.S. Supreme Court recognized that numerous states permitted non-citizens to

vote. Minor v. Happersett, 88 U.S. 162, 176-78 (1874). [***Note: This answer should be reviewed by OLC and the SG's Office.]

QUESTIONS FROM REPRESENTATIVE CONYERS

I. Warrantless Wiretapping

A. Wiretapping Privileged Conversations

24. In response to questions on the NSA program posed by House Judiciary Democrats, the Department indicated that an advantage of the NSA warrantless surveillance program as compared to electronic surveillance under FISA is that an NSA analyst rather than a judge makes the probable cause decision before an electronic communication is intercepted. Is it the Administration's position that there is no need for judicial check on the NSA warrantless wiretapping program?

ANSWER: The President authorized the Terrorist Surveillance Program because it offers the speed and agility required to help defend the United States against further terrorist attacks by al Qaeda and affiliated terrorist organizations. Under the Program, professional intelligence officers, who are experts on al Qaeda and its tactics (including its use of communications systems), with appropriate and rigorous oversight, make the decisions about which international communications should be intercepted. In the narrow context of defending the Nation in this congressionally authorized armed conflict with al Qaeda, we must allow these highly trained intelligence professionals to use their skills and knowledge to protect us.

25. Are there any safeguards in place to assure that privileged communications between attorneys and their clients or doctors and their patients are not captured in the NSA program?

ANSWER: The Terrorist Surveillance Program targets communications for interception only when one party is outside the United States and there is probable cause to believe that at least one party is a member or agent of al Qaeda or an affiliated terrorist organization. The Program does not specifically target the communications of attorneys or physicians, and procedures are in place to protect privacy rights, including applicable minimization procedures and other applicable procedures required by Executive Order 12333 and approved by the Attorney General, that govern acquisition, retention, and dissemination of information relating to U.S. persons.

26. A 2003 Senate Judiciary Committee Report found that FBI personnel "failed miserably" in its attempts to secure approval for a warrant against the terrorists, and FBI Agent Harry Samit, testified he had warned his superiors more than 70 times that he believed that Moussaoui was a terrorist involved in a plot to hijack an airplane, but these warnings were all ignored. There also would have been no legal

impediment to the Bush Administration obtaining an retroactive warrant on September 10, 2001, when the government intercepted al Qaeda calls outside the United States, which revealed that an attack was imminent by virtue of communications that "the match begins tomorrow" and "tomorrow is zero hour." Numerous Members of the Bush Administration, including the Vice President and General Hayden, have asserted that had warrantless surveillance been in place before September 11, the attack could have been avoided. Given what the 9/11 Commission has reported about this event and FBI Agent Samit's recent testimony regarding disarray at the FBI, do you support their assertions?

ANSWER:

27. The *Washington Post* has reported that "[s]everal FISA judges said they ... remain puzzled by [President] Bush's assertion that the court was not 'agile' or 'nimble' enough to help catch terrorists." In addition, on September 12, 2001, one day after the attacks, when FBI Director Robert Mueller and other Justice officials asked then-FISA presiding Judge Lamberth to allow for expedited FISA procedures, he immediately acceded. According to an informed government official: "The requirement for detailed paperwork was greatly eased, allowing the NSA to begin eavesdropping the next day on anyone suspected of a link to al Qaeda, every person who had ever been a member or supporter of militant Islamic groups, and everyone ever linked to a terrorist watch list in the United States or abroad." Your representatives have told us in briefings that warrantless surveillance could comply with FISA through emergency warrants, but that it was simply too time consuming and resource intensive to comply with the 72- hour paperwork requirement. What is the extent of resources that would be necessary to allow the Administration to comply with the requirements of FISA for all surveillance involving U.S. citizens?

ANSWER: Shortly after September 11, 2001, the President decided, based on the advice of intelligence experts, that the Nation needed an early warning system to help detect and prevent another catastrophic al Qaeda attack. Speed and agility are critical in this context. It would be an unjustifiable lapse if al Qaeda electronic communications were used to coordinate another deadly attack on America, but the communications were not intercepted in time because of the delay inherent in traditional FISA procedures.

As noted above, the emergency authorization provision in FISA, which allows 72 hours of surveillance without obtaining a court order, does not—as many believe—allow the Government to undertake surveillance immediately. Rather, in order to authorize emergency surveillance under FISA, the Attorney General first must personally "determine[] that . . . the factual basis for issuance of an order under [FISA] to approve such surveillance exists." 50 U.S.C. § 1805(f). FISA requires the Attorney General to determine that the requirements for issuance of a FISA order are satisfied *before* authorizing the surveillance to begin. The process needed to make that determination, in turn, can take time. Section 106(j) of FISA, 50 U.S.C. § 1806(j), provides that if a court later declines to authorize an interception that previously was authorized by the Attorney

General under the so-called "emergency" exception to FISA, it may order disclosures about the surveillance to U.S. persons whose communications were intercepted. Thus, using the "emergency" exception poses a risk that surveillance activities will be subject to public disclosure. In addition, FISA limits the use of intelligence obtained through an emergency authorization if the FISC does not issue an order approving the surveillance within 72 hours. To reduce these risks, the Attorney General follows a multi-layered procedure before authorizing interception under the "emergency" exception to help to ensure that any eventual application will be acceptable to the Foreign Intelligence Surveillance Court. That process ordinarily entails review by intelligence officers at the NSA, NSA attorneys, and Department of Justice attorneys, each of whom must be satisfied that the standards have been met before the matter proceeds to the next group for review. Compared to that multilayered process, the Terrorist Surveillance Program affords a critical advantage in terms of speed and agility. Although additional resources would not be unwelcome, we do not believe that those resources would alter the fundamental limitation on the utility of traditional FISA procedures in the narrow context of this early-warning system involving international communications.

B. Acquisition of Information from Private Companies

28. ***The New York Times*** **reports that government officials have confirmed that "the NSA has gained the cooperation of American telecommunications companies to obtain backdoor access to streams of domestic and international communications," which has resulted in millions upon millions of U.S. citizens' communications being captured by telecommunications firms and shared with the federal government for purposes of signal intelligence and pattern analysis. Since September 11th, the leading telecommunication companies "have been storing information on calling patterns and giving it to the federal government to aid in tracking possible terrorists." In several interviews, Russell Tice, a former NSA signal intelligence officer, revealed his concerns that "the communications of millions of Americans might have been vacuumed up in one of a number of classified NSA programs." Former Intelligence Chairman Bob Graham further detailed the program when he explained that "briefers told him in [Vice President] Cheney's office in October 2002 that Bush had authorized the agency to tap into those junctions . . . and allowed the NSA to intercept, 'conversations ... that went through a transit facility inside the United States.'" While we will not request discussion of the details of these programs, could you provide us with a legal analysis of how such a program might be considered to conform to FISA and the Fourth Amendment?**

ANSWER: As the President has stated, "[w]e're not mining or trolling through the personal lives of millions of innocent Americans. Our efforts are focused on links to al Qaeda and their known affiliates." The President also outlined four basic principles of the government's efforts to create an early warning system to protect America from another catastrophic terrorist attack: "First, our international activities strictly target al Qaeda and their known affiliates. Al Qaeda is our enemy, and we want to know their plans. Second, the government does not listen to domestic phone calls without court

approval. Third, the intelligence activities I have authorized are lawful and have been briefed to appropriate members of Congress, both Republican and Democrat. Fourth, the privacy of ordinary Americans is fiercely protected in all our activities."

As your question recognizes, it would be inappropriate to discuss in this setting the existence (or non-existence) of specific intelligence activities or the operations of any such activities. Consistent with long-standing practice, the Executive Branch notifies Congress concerning the classified intelligence activities of the United States through appropriate briefings of the intelligence committees and congressional leadership. For similar reasons, we do not think it appropriate in these circumstances to discuss the potential legality of asserted surveillance techniques that are the subject of unconfirmed newspaper accounts.

C. Treatment of Department of Justice Employee Dissent

29. *Newsweek* has reported that those lawyers within the Department of Justice who raised questions regarding the legality or appropriateness of the domestic spying program "did so at their peril, [were] ostracized [and] were denied promotions, and some went so far as to line up private lawyers in 2004, anticipating that the president's eavesdropping program would draw scrutiny from Congress, if not prosecutors." This reportedly included the head of the Office of Legal Counsel, Patrick Philbin. According to government sources, Department lawyers raising questions regarding the legality or appropriateness of the domestic spying program were ostracized within the Department and had their promotions blocked. Is this type of behavior allowed, and will you commit to undertake an independent investigation to ascertain the validity of these allegations?

ANSWER: We respectfully disagree with your characterization of the Terrorist Surveillance Program as a "domestic spying program." The program targets for interception only *international* communications, where at least one party is outside the country and there is probable cause to believe that at least one party is a member or agent of al Qaeda or an affiliated terrorist organization.

The Department of Justice encourages the free and candid exchange of views among its lawyers, which improves the quality of legal advice rendered. To promote the candid exchange of views, we will not comment on the internal deliberations of the Executive Branch. We note, however, that the Attorney General testified before the Senate Judiciary Committee that, contrary to news accounts, "there has not been any serious disagreement about" the Terrorist Surveillance Program. (Note that Mr. Philbin was not head of the Office of Legal Counsel; during his tenure at the Department, he served as a Deputy Assistant Attorney General in the Office of Legal Counsel and later became an Associate Deputy Attorney General.)

D. Other Secret Programs

30. In your February 28, 2006 letter to Senator Arlen Specter clarifying your testimony before the Senate Judiciary Committee on February 6, 2006, you included a strained explanation that your testimony was confined to only the program that President had previously described. Do other programs of warrantless electronic surveillance exist? Do other programs of warrantless physical searches or mail searches exist? Which agencies run these programs and how long have they been in operation? What legal standards apply to these other programs?

ANSWER: As noted above, it would be inappropriate in this setting to discuss the existence (or non-existence) of specific intelligence activities or the operations of any such activities other than the Terrorist Surveillance Program publicly confirmed by the President. Our answer should not be read to suggest the existence or non-existence of specific intelligence activities. Consistent with long-standing practice, the Executive Branch notifies Congress concerning the classified intelligence activities of the United States through appropriate briefings of the intelligence committees and congressional leadership

E. Intelligence Oversight Board

31. Under Executive Order 12863, the Intelligence Oversight Board (IOB) is responsible for overseeing U.S. intelligence activities. General counsel and inspectors general throughout the intelligence community must report to the IOB on at least a quarterly basis intelligence activities that they "have reason to believe may be unlawful or contrary to Executive order or Presidential directive." The IOB is required to forward to the Attorney General any reports of intelligence conduct that it "believes may be unlawful or contrary to Executive order or Presidential directive." In November 2005, the Electronic Privacy Information Center submitted a Freedom of Information Act request to the Attorney General for all reports of possible intelligence misconduct received from the Intelligence Oversight Board (IOB) since September 2001. EPIC's request also asked for documentation of any response from the Attorney General to such reports. EPIC was informed in March 2006 that the Attorney General has no records responsive to this request. Has the Attorney General received any reports of possible intelligence misconduct from the IOB since September 2001?

ANSWER: Per OIPR and FBI, OAG is in the best position to respond to this question.

32. If so, please name the agencies that submitted the reports to the IOB, and explain what sorts of possible misconduct the reports detailed. Please also describe any action the Attorney General has taken in response to such reports.

ANSWER: Per OIPR, **ODAG/OAG should review this proposed response: The Department does not know what agencies submit reports to the IOB nor the content of such reports, with the exception of those submitted to the FBI.** **(Per FBI:** It is the FBI's understanding that the IOB does not send reports to the Attorney General.)

33. If the Attorney General has not received any reports from the IOB since September 2001, please explain how instances of possible intelligence misconduct throughout the intelligence community have been addressed during that time.

ANSWER: The FBI's procedures for addressing possible intelligence misconduct are discussed in response to Question 34, below.

34. In March 2006, the Department of Justice Inspector General issued a semiannual report to Congress on Implementation of Section 1001 of the USA PATRIOT Act. In this report, the Inspector General discussed reports of possible intelligence misconduct that the FBI made to the Intelligence Oversight Board (IOB) in FY2004-FY2005. The Inspector General characterized the possible violations as ranging from "relatively minor to significant." According to the Inspector General's report, the FBI submitted 108 reports of possible intelligence violations to the IOB in FY2004-FY2005. How were these matters addressed by the FBI, IOB, and/or Attorney General?

ANSWER: The FBI is able to address only how these matters were addressed by the FBI; we defer to the IOB and the Attorney General with respect to how they addressed these matters.

Pursuant to Section 2.4 of Executive Order (EO) 12863, FBI policy requires all FBI employees, in both the field offices and headquarters divisions, to report intelligence activities that may be "unlawful or contrary to Executive order or Presidential directive." The FBI has interpreted this as including potential violations of agency procedures issued pursuant to EO 12333, including the Attorney General's Guidelines for National Security Investigations and Foreign Intelligence Collection (2003). Potential violations are reported to both the FBI's Office of the General Counsel (OGC) and Inspection Division.

Based on the requirements of EO 12863 and guidance provided by the President's Intelligence Oversight Board (IOB) and DOJ's OIPR, the FBI's OGC determines whether the potential violation is sufficiently serious to warrant reporting to the IOB. If the potential violation is determined to be reportable to the IOB, OGC prepares a written notification, which is signed by the General Counsel or the General Counsel's designee (the Deputy General Counsel, National Security Law Branch) and provided to the IOB, with copies furnished to the Attorney General and Counsel for OIPR. Copies are also forwarded to the FBI's Inspection Division for action as deemed appropriate and to the field office or headquarters division that originally reported the matter.

While generally the reportable actions of FBI employees constitute performance errors rather than willful misconduct, in rare instances this may not be the case. In such instances, the FBI's Inspection Division conducts an appropriate investigation and may refer the matter to the FBI's Office of Professional Responsibility (OPR) for adjudication. If the FBI's OGC determines that any such matters are not reportable to the IOB, that office maintains a copy of its opinion for periodic review by Counsel for the IOB.

If an IOB violation involves the acquisition of communications conducted pursuant to FISA but without appropriate authorization, that "overcollection" would be sequestered and provided to OIPR for appropriate disposition by the FISC pursuant to FISA Section 106(i). If an IOB violation involves the unintentional acquisition of information unrelated to a FISA court order (e.g., obtaining information beyond the scope of a National Security Letter), the FBI would take appropriate remedial action to identify and address any individual or systemic issues related to the overcollection.

35. The Inspector General's report says that in one instance of possible intelligence misconduct reported to the IOB, "the FBI received 181 full content telephone calls instead of just billing and toll records." What actions did the FBI, IOB, and/or Attorney General take in response to this report of possible misconduct?

ANSWER: The FBI is able to address only the actions taken by the FBI in response to reports of possible misconduct; we defer to the IOB and the Attorney General with respect to how they responded to such reports.

The FBI's response to this question is classified and is, therefore, provided separately.

36. According to the Inspector General's report, a number of possible violations reported to the IOB in FY2004-FY2005 involved the FBI's use of national security letter a authority. Did any of these matters involve provisions of law amended by the USA PATRIOT Act?

ANSWER: The USA PATRIOT Act changed the legal standard for issuing National Security Letters (NSLs) from information that is relevant and offers "specific and articulable facts" giving reason to believe that the subject is an agent of a foreign power to information that is "relevant to an authorized investigation to protect against international terrorism or clandestine intelligence activities." In addition, the USA PATRIOT Act allowed the FBI Director to delegate signature authority to Special Agents in Charge of designated field offices and to FBI managers in the Senior Executive Service at FBI Headquarters.

The IOB violations referenced in the Inspector General's report as arising from the FBI's use of NSLs did not relate to the FBI's failure to have sufficient predication to issue these NSLs. Rather, the reported violations involved errors by third parties or clerical mistakes by the FBI. For example, some IOB violations resulted when telecommunications

carriers inadvertently provided the FBI with unsolicited data. In other instances, clerical errors resulted in the acquisition of information on telephone numbers that was not actually sought in an NSL. There were no instances in which NSLs were signed by a person who did not have delegated authority to do so.

37. The Inspector General's report indicates that the vast majority of reports from the FBI to the IOB in FY2004-FY2005 involved the improper use of investigative authority under the Foreign Intelligence Surveillance Act. Did any of these matters involve provisions of law affected by the USA PATRIOT Act?

ANSWER: The USA PATRIOT Act made changes to the legal standard required under FISA. As amended by the USA PATRIOT Act, FISA requires a certification that foreign intelligence is "a significant purpose" of the authority sought rather than "the" purpose or the "primary purpose." None of the IOB violations arose from this certification.

We understand this question to be asking whether any of the IOB violations referenced in the Inspector General's report related to other changes to FISA enacted as part of the PATRIOT Act, such as: (1) "roving" electronic surveillance; (2) the pen register/trap and trace (PR/TT) standard; (3) FISA business records authority; or (4) information sharing provisions. For fiscal years 2004-2005, approximately 8 percent of the 108 violations reportable to the IOB were related in some way to these provisions. Many such violations were third-party errors, such as telecommunications carriers' mistakes. All but one of these violations were errors in the implementation of PR/TTs.

38. On April 3, 2006, the Chicago Tribune published a story about the Intelligence Oversight Board (IOB) entitled "Intelligence Watchdog Slow to Bite." The article reported that President Bush did not appoint anyone to serve on the IOB until March 17, 2003. How were reports of possible intelligence misconduct from the intelligence community handled during this period when the IOB had no members?

ANSWER: The fact that there was a lag in appointing IOB members had no effect on how the FBI handled reports to the IOB of potentially improper intelligence activities.

II. Terrorism

A. Terrorist Access to Guns

39. As you know, a 2005 GAO reported indicated that a total 47 firearms were purchased over a nine-month period in 2004 by individuals designated as a 'known or suspected' terrorist by the federal government. The GAO went on to determine that with regard to such purchases the Department of Justice's information-sharing procedures failed to adequately "address the specific types of information from NICS transactions that can or should be provided to federal counterterrorism officials or the sources from which such information can be obtained." In response

to the GAO report, you announced the formulation of a "working group" to study this issue. Could you please provide us with an update on the progress of the working group, including any specific findings, recommendations or actions that it has taken over the course of the past year?

ANSWER: The working group was formed to consider the issues raised by the GAO report. The working group developed a set of proposed changes to the administration of the system. The Attorney General directed the adoption of these administrative changes, and, in conformance with the recommendations of the working group, the FBI has made all the administrative changes recommended by the working group and relating to NICS checks that hit on records in the Violent Gang and Terrorist Organization File (VGTOF) records. The changes are:

- Improving information-sharing on terrorism subjects seeking to acquire or acquiring firearms by sending out an FBI communication to all Joint Terrorism Task Force (JTTF) agents clarifying that contact due to a NICS check on a person in VGTOF may be treated as any other piece of investigative information and, therefore, can be shared with others, including state and local JTTF members, whenever appropriate.

- Establishing of a separate database by the FBI, outside the Criminal Justice Information Services Division, within which the NICS Section operates, to track persons in VGTOF who seek to acquire or acquire a firearm and appointing an analyst to review such information and develop appropriate intelligence. Data is maintained in this database only in cases of a confirmed match between the prospective purchaser and the person in VGTOF.

- Having the FBI process all VGTOF hits at the NICS Section, rather than allowing the point-of-contact states to process VGTOF hits. This change was made to ensure consistency in handling and appropriate contact with relevant FBI components and field agents.

- Clarifying the process for NICS VGTOF hits to require the NICS to request from the firearms dealer the prospective purchaser's address in the case of every VGTOF hit and to share that information with FBI counter-terrorism officials while attempting to verify a true match and the existence of any prohibiting information. Previously, the NICS had obtained and provided the address in cases when requested to do so by the field agent, but not as a general practice. If the prospective purchaser is not the person in VGTOF, then no information, including the purchaser's address, on the transaction is retained, except as currently allowed under existing law and regulations.

- In cases of NICS VGTOF hits, the FBI encourages its agents to request through the JTTF, whenever they think it appropriate and as a part of a JTTF criminal investigation, that ATF agents review the Form 4473 at the gun

dealer's location so that the FBI can find out what makes and models of firearms and quantities the subject bought.

In addition to identifying and recommending these administrative changes, the working group has worked on developing draft legislation for consideration by the Attorney General that would provide him discretionary authority to deny firearms and explosives transfers or permits to dangerous terrorists. The working group expects to submit the draft legislation to the Attorney General for his consideration in the near future.

40. Could you also provide us with an update on the number of firearms that have been purchased by individuals included on the terrorist watch list ("Violent Gang and Terrorist Organization File") since the conclusion of the GAO report. With this information, please include the number of attempted purchases that were made; information on the types of weapons that were involved; what information, if any, was shared with state or federal counterterrorism officials regarding such transactions; and what follow-up actions were undertaken by such officials in response to receiving this information.

ANSWER: The FBI's National Instant Criminal Background Check System (NICS) Section maintains statistics regarding the number of firearm background checks resulting in positive matches to terrorist subjects in the National Crime Information Center's (NCIC) Violent Gang and Terrorist Organization File (VGTOF). The FBI does not maintain statistics on the number of firearms actually purchased as a result of background checks. (The fact that a firearm background check was initiated does not, in itself, indicate either that the customer actually took possession of a firearm or, if a firearm was acquired, that only one firearm was acquired.) In addition, section 617 of the Consolidated Appropriations Act for Fiscal Year 2004 (Public Law 108-199, 1/23/04) requires that the FBI destroy any identifying information submitted by or on behalf of any person who is determined not to be prohibited from possessing or receiving a firearm no more than 24 hours after the Federal Firearms Licensee is notified of the approval, and the FBI does not retain statistical information regarding the type of firearm involved in a NICS VGTOF transaction. For this reason, the NICS Section is unable to provide some of the requested information.

The following table reflects the number of firearm purchase background checks that have resulted in NCIC VGTOF matches for each year from 2004 to the present.

	2004 (1/3/04 - 12/31/04)	**2005**	**2006** (1/1/06 - 4/21/06)
Transactions that "Hit" on NCIC VGTOF Records	38	41	41

If a NICS background check reveals a potential NCIC VGTOF match, the NICS Section telephonically notifies the FBI's TSC, providing to the TSC all available information,

including the buyer's descriptive data and the type of firearm the buyer is attempting to purchase (handgun, long gun, or both). If the subject does appear to be a match, the TSC will forward this information to the Terrorist Screening Operations Unit (TSOU) at FBIHQ for its provision to an FBI case agent. The case agent and NICS work together to determine whether the FBI possesses any information indicating that the subject is ineligible to obtain firearms. The FBI does coordinate with appropriate Federal, state, and local officials regarding the attempted or denied purchase of a firearm by a subject in VGTOF if circumstances warrant such coordination. The Brady Handgun Violence Prevention Act prohibits the retention and dissemination of information regarding approved firearm purchasers.

41. In your personal opinion, should individuals listed on the terrorist watch list ("VGTOF") be permitted to purchase firearms?

ANSWER: I believe that we have to carefully consider how and under what circumstances legal authority should be provided allowing the denial of firearms to persons on the terrorist watch list. We want to be sure to address the concern of not prematurely alerting persons on the watch list or compromising ongoing investigations or intelligence-collection operations. These concerns were summarized in a letter dated July 26, 2005, from Assistant Attorney General for Legislative Affairs, William Moschella, to Senate Majority Leader Bill Frist, a copy of which is attached. As noted above, I expect to receive a proposal for draft legislation on this question very soon from the working group.

B. <u>The Terrorist Watchlist and Guns</u>

42. In January 2005, the General Accountability Office released a report which indicated that over a four month period in 2004 (February 3 - June 30th, to be exact) 35 individuals on the terrorist watchlist ("VGTOF") were able to successfully purchase firearms. Would you please provide us with information concerning the types of weapons that were purchased, including make and model?

ANSWER: The Brady Handgun Violence Prevention Act of 1993 (Brady Act) does not permit the FBI's National Instant Criminal Background Check System (NICS) Section to record information regarding the make or model of a firearm. In addition, Section 617 of the Consolidated Appropriations Act, 2004 (Pub. L. No. 108-199, 1/23/04) requires the NICS Section to destroy any identifying information submitted by or on behalf of a person who has been determined not to be prohibited from possessing or receiving a firearm no more than 24 hours after the Federal Firearms Licensee (FFL) has been notified of the approval. For this reason, the NICS Section is unable to provide any information regarding the type of firearm or firearms a buyer has attempted to purchase, if the transaction was permitted.

43. With regard to the aforementioned purchases, please indicate if any of the transactions involved multiple transfers to the same individual.

ANSWER: The Brady Act does not permit the NICS Section to record information regarding how many firearms a buyer is attempting to purchase. The only exception to this prohibition occurs if an individual is attempting to purchase both a handgun and a long gun. Even in such cases, though, information regarding permitted transactions is destroyed within 24 hours after the FFL is notified of the approval. For this reason, the NICS Section is unable to address how many firearms a buyer attempted to purchase in cases in which the transaction was permitted.

44. Please provide the geographic location of the transactions (categorized by city and state, if possible).

ANSWER: Section 617 of the Consolidated Appropriations Act, 2004 requires the NICS Section to destroy any identifying information submitted by or on behalf of a person who has been determined not to be prohibited from possessing or receiving a firearm within 24 hours of notifying the FFL of the approval. For this reason, the NICS Section is unable to provide any information regarding the geographic location of permitted transactions.

45. Please note whether the same dealer was involved in more than one of the transactions.

ANSWER: Section 617 of the Consolidated Appropriations Act, 2004 requires the NICS Section to destroy any identifying information submitted by or on behalf of a person who has been determined not to be prohibited from possessing or receiving a firearm within 24 hours of notifying the FFL of the approval. For this reason, the NICS Section is unable to provide any information regarding whether the same FFL was involved in more than one of the permitted transactions.

46. Finally, please indicate what type of dealer was involved in each transaction. (ie whether they were a Type 1 dealer or a Type 2 dealer)

ANSWER: Section 617 of the Consolidated Appropriations Act, 2004 requires the NICS Section to destroy any identifying information submitted by or on behalf of a person who has been determined not to be prohibited from possessing or receiving a firearm within 24 hours of notifying the FFL of the approval. For this reason, the NICS Section is unable to provide any information regarding the type of FFL involved in permitted transactions.

47. From July 1, 2004 through April 1, 2006, please provide us with the total number of individuals on the terrorist watch list that were able to successfully purchase firearms.

ANSWER: From July 1, 2004, through April 1, 2006, there were 34 permitted firearm transactions in which background checks revealed positive matches to subjects in the terrorist records of the National Crime Information Center (NCIC) Violent Gang and Terrorist Organization File (VGTOF). (Even where a transaction is permitted, the NICS Section is not informed whether the purchase is finalized.) The criteria for prohibiting the possession or receipt of a firearm are established by 18 U.S.C. § 922(g) and (n). Because a subject's inclusion in the terrorist records in VGTOF may be based on criteria other than these, inclusion in VGTOF does not necessarily mean a person is prohibited from possessing a firearm. In these 34 firearms transactions, the basis for inclusion in VGTOF was not among the prohibiting criteria in 18 U.S.C. § 922(g) and (n) and there was no other legal basis for declining these transactions. Under these circumstances, these transactions were permitted.

48. With regard to this new set of transactions, please provide the same information requested in questions 1 through 5 printed above.

ANSWER: As indicated in response to Questions 42 through 46, above, the FBI's NICS Section is unable to provide the requested information.

49. Please explain the criteria used for adding an individual's name to the terrorist watchlist.

ANSWER: Homeland Security Presidential Directive 6 (HSPD-6) (9/16/03) provides the minimum substantive criteria for placing an individual's name on the consolidated terrorist watchlist. In accordance with HSPD-6, an individual may only be included in the Terrorist Screening Data Base (TSDB) if the person is "known or appropriately suspected to be or have been engaged in conduct constituting, in preparation for, in aid of, or related to terrorism."

The subjects of domestic terrorism investigations and international terrorism investigations are handled somewhat differently. The FBI opens domestic terrorism investigations pursuant to the Attorney General's Guidelines on General Crimes, Racketeering Enterprise and Terrorism Enterprise Investigations (5/30/02) and forwards the names of the subjects of these investigations to the FBI's Terrorist Review and Examinations Unit (TREX). If the TREX confirms that the subject is a known or appropriately suspected domestic terrorist, it forwards the nomination to the TSC for inclusion in the TSDB.

The NCTC receives information regarding international terrorists from throughout the intelligence community, including the FBI. An NCTC analyst reviews the totality of the

available information, including both facts and reasonable inferences from those facts. The NCTC considers the originating agency's designation of an individual as a "known or appropriately suspected" international terrorist to be presumptively valid unless the NCTC has specific and credible information that such a designation is not appropriate. If the NCTC determines that an individual meets the "known or appropriately suspected" standard of HSPD-6, it will "flag" that record for export to the TSC. The TSC receives the NCTC's nominations daily and generally places all NCTC international terrorist nominations into the TSDB unless there is insufficient corroboration of a terrorism nexus. The TSC notifies the NCTC if a nomination is rejected.

50. Beyond establishing a working group in March 2005, what steps if any has the Administration taken in response to the January 2005 GAO report?

ANSWER: The FBI has taken the administrative steps described in the answer to question 39 above.

51. Who are the members of the working group, and how many times have they met since its formation? (please include specific dates, if possible)

ANSWER:

III. Drug Kingpin Prosecutions

52. Would you agree that the most important job of the Department of Justice in the national anti-drug effort is to prosecute the highest level drug traffickers -- those operating at the international and nationwide level who are beyond the ability of state and local law enforcement to prosecute?

ANSWER: The working group has been led by the Office of Legal Policy and has representatives from the Federal Bureau of Investigation, the Bureau of Alcohol, Tobacco, Firearms, and Explosives, and the Office of Legislative Affairs. The working group has also consulted with the Office of Legal Counsel, the Civil Division, and the Office of the Deputy Attorney General on its recommendations. The working group has met in person a number of times and has communicated frequently by e-mail over the last year.

(from CRM) We agree that prosecuting high level drug traffickers is a critical part of the Department's counter-narcotics mission. At the same time, we also believe that the Department's mission must be understood in the overall context of the Administration's National Drug Control Strategy, and we are not prepared to state that prosecuting the highest level drug traffickers is the "most important job" of the Department.

The Department's anti-drug efforts are an integral part of the Administration's National Drug Control Strategy, which sets forth a balanced, three-pronged approach to combat illegal drugs, including: (1) Stopping Drug Use Before It Starts, which focuses on

prevention; (2) Healing America's Drug Users, which focuses on providing drug treatment to those who need it; and (3) Disrupting Drug Markets, which focuses on disrupting the availability of illicit drugs, through source country efforts, interdiction programs, investigative operations, and prosecutions.

The Department of Justice has an important role in each of these three prongs, albeit sometimes in unexpected ways. For instance, even though the Drug Enforcement Administration (DEA) primarily focuses on drug investigations and interdictions, DEA also has a demand reduction section to conduct community outreach to educate the public on the dangers of drug abuse. Likewise, although the Bureau of Prisons's (BOP's) mission is primarily to incarcerate federal offenders, BOP in FY2005 was allocated over $40 million in drug treatment resources to provide services to the prison population. The Department's law enforcement components (DEA, FBI) and prosecutorial units (Criminal Division and U.S. Attorneys' Offices) obviously play an important role in identifying, disrupting and dismantling drug trafficking organizations.

Within the third prong of the Administration's Strategy, the Department, through its Organized Crime Drug Enforcement Task Force (OCDETF) program, focuses on Consolidated Priority Organization Targets (CPOTS), which represents the "most wanted" drug supply and money laundering targets. At the same time, non-CPOT drug distributors are also routinely prosecuted because they have violated the federal Controlled Substances Act, 21 U.S.C. § 801, *et seq.* The Department has an important responsibility to prosecute those individuals that violate federal law, even if they are not CPOTs.

Accordingly, our position is that the Department plays an important role in each of the three pillars of the Administration's National Drug Control Strategy, and we do not believe that any of the roles should be categorized as less important or less significant in the battle against illicit narcotics.

53. According to the Bureau of Justice Statistics, the states imposed about 340,000 felony convictions for drug offenses in the most recent year, and they imprison about 500,000 persons for drug offenses. Hundreds of thousands of additional lower level offenders are on probation or parole. The states have an extensive capacity to investigate and prosecute drug offenders, wouldn't you agree?

ANSWER: Yes. Many states have established systems to handle a large volume of criminal offenders. It should also be noted, however, some states and cities lack the capacity to investigate and prosecute violate gangs that are involved in drug trafficking. They lack the expertise to formulate major conspiracy cases against local violent drug gangs, and to protect witnesses that are needed to testify against the major offenders. Accordingly, simply because some states and cities have in place mechanisms to handle large numbers of defendants should not be the basis to conclude that the those states or cities are capable of prosecuting major violent crack cocaine organizations.

54. The Department of Justice prosecuted about 26,000 drug cases in FY 2003. Those drug cases should be the most important of the nation's drug cases, do you agree?

ANSWER: As stated above, the Department of Justice has a responsibility to prosecute individuals and organizations that have violated federal law, and not all of these cases would be described as the "most important of the nation's drug cases." Drug cases are brought by federal law enforcement agencies to the Department for prosecution for a variety of reasons, and therefore, all of the cases are not necessarily major trafficking cases. For instance, drugs (sometimes in relatively small quantities) may be interdicted at the border or at airports during security screenings and referred by Customs and Border Protection for prosecution. In addition, seizures may take place in Federal parks or on Federal lands and referred by the National Park Police for prosecution.

Accordingly, the Department of Justice prosecutes a wide variety of cases, and drug prosecutions, similar to other offenses, fall along a wide spectrum in terms of the severity of the offense.

55. Two weeks ago, on March 22, you announced the indictment of a number of Colombians for their role in conspiring to manufacture and distribute large quantities of cocaine. Your press release said of one of those indicted, just for example,"Erminso Cuevas Cabrera, a.k.a "Mincho," was . . . managed cocaine laboratories . . . Cuevas Cabrera allegedly supervised the production and distribution of hundreds of thousands of kilograms of cocaine." Would you agree that this is the level of drug trafficker that should be a prime example of what the federal government's cocaine enforcement should be about - traffickers responsible for hundreds of millions of grams of cocaine?

ANSWER: The indictment is an example of the Administration's goal, as set forth in the National Drug Control Strategy, of disrupting the availability of illicit drugs by attacking the distribution of drugs at the source country level. While this is an important part of the Administration's effort, we also must focus on reducing the supply of illicit drugs at the regional and local level as well.

56. There were almost 10,000 federal cocaine prosecutions in FY 2000. Almost half of all federal cocaine prosecutions in 2000 were crack prosecutions. Of the 4,706 crack cases prosecuted by the Justice Department, what fraction do you think were of national or international scope?

ANSWER: In one sense, all cocaine prosecutions are "national or international" in scope because the cocaine originated in a country outside the United States, such as Columbia or Peru. Notwithstanding this caveat, if, by "national or international" in scope, the question asks whether the offender was distributing to customers across state lines or international borders, then the Department does not maintain such data.

The U.S. Sentencing Commission completed a report in May 2002, which examined some of these issues. In its May 2002 monograph, entitled "Report to Congress: Cocaine and Federal Sentencing Policy," the Sentencing Commission concluded that in 2000, 11.6 percent of offenses were "national" (9.0 percent) and "international" (2.6 percent) in scope.[1]

57. What fraction do you think were interstate involving a region or section of the country?

ANSWER: The Department does not maintain statistics to respond to this question. However, the U.S. Sentencing Commission study reflects that in 2000, 9.7 percent of offenders were categorized as "regional" and 3.4 percent were categorized as "section of country."[1]

58. The greatest extent of the trafficking of 75.3% of the federal crack prosecutions was local and neighborhood trafficking. Does that sound like the right proportion to you?

ANSWER: The Department does not maintain statistics to respond to this question. However, the Department agrees that the Sentencing Commission concluded that in FY2000, 42.1 percent of offenders were "neighborhood" offenders and 33.2 percent of offenders were "local" in nature.[1]

59. You recently indicted some Colombians for their alleged role in manufacturing hundreds of millions of grams of cocaine. What do you think the average quantity of cocaine was for international level traffickers in powder cocaine in 2000?

ANSWER: The Department does not maintain data to respond directly to this question. Complicating the matter is that seizures on the Mexican border might be included with the phrase "international level traffickers" even though they could include low-level smugglers. Nevertheless, the Sentencing Commission reports in 2000, there were 243 powder cocaine offenders who were sentenced at base offense level 38 (at least 150 kilograms), and the average quantity of powder cocaine for which offenders at this level were held responsible was 1,038 kilograms.[1]

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[1] See "Report to Congress: Cocaine and Federal Sentencing Policy," Chapter 4, Figure 8, May 2002, at 42, www.ussc.gov/r_Congress.

[2] Id.

[3] Sentencing Commission Annual Reports and Statistical Sourcebook, FY 2000, Table 42.

In its report of May 2002, the Sentencing Commission found that offenders categorized as "importers/high level suppliers" and "leader/grower/manufacturer" were responsible for a median quantity of 16 kilograms and 16.2 kilograms, respectively, of powder cocaine in 2000.[2]

60. Can you tell us what percentage of the federal cases are brought against crack defendants are against the high level traffickers: importers, organizers, wholesalers?

ANSWER: The Department of Justice does not maintain this data. The Sentencing Commission's study in May 2002, suggests that in 2000, 0.5 percent of crack cocaine offenders were "importers," 5.6 percent were "organizers" and 9.1 percent "wholesalers."[1]

61. What percentage of all of all federal crack cases do you think are simply street level dealers, according to the Sentencing Commission?

ANSWER: The Department of Justice does not maintain this data. The Sentencing Commission's study in May 2002, suggests that in 2000, 66.5 percent of crack cocaine offenders are categorized as "street-level dealers."[1]

62. What is the average weight of crack cocaine sold in the entire course of the conspiracy that those street level defendants were involved in?

ANSWER: The Department of Justice does not maintain this data. According to the Sentencing Commission, "street level dealers" were responsible for a median quantity of 52 grams in 2000.[1]

IV. Immigration

A. Employer Sanctions

63. In recent years, hundreds of thousands of immigrants have crossed the borders into the U.S. to undertake work in our economy - despite their lack of authorization to do so. The Senate is currently engrossed with the issue of how to resolve our

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[4]"Report to Congress: Cocaine and Federal Sentencing Policy," Chapter 4, Figure 10, May 2002, at 45.

[5]Id, Figure 5, at 38.

[6]Id.

[7]Id, Figure 10, page 45.

unlawful immigration problems - yet we are not doing anything to eliminate the pull factor - namely, the availability of jobs to undocumented immigrants. In 2005, the Department of Justice only instituted sanctions against 3 companies in the entire country for their use of undocumented labor. How can we be trying to fix the problems with new legislation if we are not even going to enforce the laws against hiring illegal labor by applying employer sanctions against those who violate those laws?

ANSWER: The Department of Homeland Security is responsible for initiating employer sanctions cases. The Department of Justice, through the Office of the Chief Administrative Hearing Officer, is responsible for adjudicating those cases once they have been initiated.

64. It appears that the Department, and maybe the Administration by implication, does not think it needs to enforce these laws - is that the case?

ANSWER: No. The Department of Justice—and the Administration as a whole—is committed to protecting our borders and enforcing the immigration laws. The employer-sanction cases cited above do not tell the whole story. For instance, on April 20 we announced the charging of seven current and former managers of IFCO Systems North America in New York, Texas, and Ohio for criminal acts relating to the employment of hundreds of illegal aliens. Although the case was not technically an employer-sanction case, it represents a major enforcement action, conducted with the close cooperation and significant efforts of the Department of Homeland Security, against what is (assuming the charges are proven) a large-scale employer of unauthorized workers. The Department of Justice will continue to cooperate with the Department of Homeland Security in investigating and prosecuting employers for criminal immigration offenses.

65. What is the agency doing under your leadership to sanction employers who hire undocumented immigrants and what assurances can you give us that the Department will not continue to avoid this important enforcement responsibility?

ANSWER: The Department of Justice will continue to adjudicate employer sanctions case consistent with the law and to prosecute criminal offenses relating to the employment of unauthorized workers. Employers who employ illegal aliens will be punished.

B. Immigration Courts

66. I understand that you have ordered a review of the immigration courts and Board of Immigration Appeals. How is that review progressing? What reforms are being recommended as a result of that review?

ANSWER: The review, which I asked the Deputy Attorney General and Associate Attorney General to conduct, is ongoing. Over 200 people have been interviewed in connection with it. I am awaiting the Deputy Attorney General's and Associate Attorney General's recommendations.

67. In light of the review, is the Department considering revision of its affirmance without opinion system? Are the three-judge panels being restored at the BIA in more cases or is any oversight being added to ensure that single-judge decisions are issued after full consideration of the facts and law?

ANSWER: Our understanding is that these matters have all been raised during the review and are being carefully considered.

68. What measures are being taken to correct those judges who have demonstrated inappropriate behavior in the immigration court?

ANSWER: The Attorney General is awaiting the Deputy Attorney General's and Associate Attorney General's recommendations on these issues.

69. What is the Department's plan for revising how it recruits immigration judges and BIA members?

ANSWER: The Attorney General is awaiting the Deputy Attorney General's and Associate Attorney General's recommendations on these issues.

70. Please tell us about the Justice Department's $11.5 million dollar settlement of a class action suit alleging discriminatory hiring practices in selecting immigration judges (see Notice of Resolution of Class Action).

ANSWER: Durnford v. Ashcroft was a case brought before the Equal Employment Opportunity Commission (EEOC) in 1995 by a class of unsuccessful white male applicants for Immigration Judge (IJ) positions during 1994 and 1995. The class, which was estimated to include approximately 440 members, alleged that the Executive Office for Immigration Review discriminated against white male applicants during this period. During the summer of 2003, after almost a decade of litigation and as the parties prepared for a scheduled administrative hearing, the parties voluntarily entered into mediation with the assistance of a private mediator. Given the vintage of the case and the significant time expenditures expected for the impending administrative hearing, the parties agreed to resolve the matter for a lump sum payment "in the interests of avoiding the expense, delay, and inconvenience of further litigation of the issues raised in th[e] administrative class complaint . . . ." Settlement Agreement § I.

Under the settlement, the Department agreed to make to the class a lump sum payment of $11.5 million. This figure included all possible monetary relief to class members, as well as the costs of administering the payments and all attorneys' and experts' fees and expenses. The Department's share of FICA and Medicare taxes were also included in this total amount. No IJ positions were provided under the settlement, and the Attorney General was left with full hiring discretion for these important positions. The agreement did not admit any liability or fault by the Department.

On December 23, 2004, the EEOC Administrative Judge approved the settlement agreement as fair, adequate and reasonable. Pursuant to a joint stipulation by the parties, this case was dismissed with prejudice in its entirety effective July 5, 2005.

71. Several months ago, you called for a review of Immigration Court proceedings across the United States, voicing concern about intemperate or even abusive conduct. In two memos you sent to immigration judges and the Board of Immigration Appeals, you explained that you were concerned about reports that some immigration judges had failed to treat aliens with respect and that the conduct of some of them could aptly be described as intemperate or even abusive. You instructed Acting Deputy Attorney General Paul McNulty and the associate attorney general to conduct a comprehensive review of the immigration court system. Please tell us the results of that review.

ANSWER: As noted above, the review remains ongoing.

72. I have heard that a substantial number of immigration judges did not have any immigration law experience when they were hired. Is this true, and, if so, how often has it happened?

ANSWER: Immigration law experience is certainly a relevant consideration in selecting immigration judges, but it is not the only one. Immigration cases raise a wide variety of issues under laws other than the immigration laws (such as State and federal criminal laws, State marriage and domestic relations laws, and State and federal domestic violence and violence against women laws) and have inter-relationships with federal labor programs and foreign relations. In addition, while immigration law experience is certainly useful for a new adjudicator, other qualities, such as judicial temperament and legal reasoning ability, may be just as important to his or her long-term success. Many of the most distinguished adjudicators in this field come from other backgrounds.

73. Please comment on the Board's streamlining practice, particularly the one member decisions. In view of the fact that single member decisions are not reviewed by other Board members, please tell us about the backgrounds of the members who have

worked on the streamlining panel. Do they all have strong backgrounds in immigration law?

ANSWER: As discussed above, the streamlining practice, including the use of single Board member decisions, is being reviewed, and I await the recommendations of the Deputy Attorney General and the Associate Attorney General.

All Board Members may sign decisions as single Board Members. The 11 permanent and three temporary Board Members come from a variety of distinguished legal backgrounds. As we have noted regarding immigration judges, immigration experience is a relevant factor in becoming a Board Member, but is not the only factor. Because immigration law encompasses a wide area of other laws, a Board Member's entire legal and professional background is considered when selecting members.

Furthermore, although a single Board Member may sign a decision, all of the BIA's resources are available to that Board Member, including his or her colleagues, with their areas of expertise, and the corps of expert staff attorneys who assist them.

C. Material Support

74. Unfortunately, our law intended to protect against terrorists is actually barring refugees who are fleeing persecution, including Burmese ethnic and religious minorities, Cubans, and Hmong. It also includes others who are actually victims of terrorism – such as Colombian farmers who choose to flee rather than continue to pay taxes extorted at gunpoint by leftist guerrillas, and Sierra Leonean and Liberian women who are forced under extreme duress to provide labor to rebel forces. The material support ground of inadmissibility is keeping all of those people out - based on the very same oppressive circumstances that made them refugees in the first place. There appear to be three unintended consequences of the material support policy. First, deserving refugees are not being rescued. Second, the refugee resettlement program, a long-standing commitment of the President, is threatened. Some 10,000 deserving Burmese refugees in Thailand and Malaysia remain in peril, and their resettlement is looking less and less likely this year due to this policy. Third, the overreach of this law puts U.S. refugee policy at odds with our foreign policy. Do you share these concerns about unintended consequences of the material support law?

ANSWER: On _____, 2006, the Secretary of State, in consultation with the Secretary of Homeland Security and the Attorney General, exercised his authority under section 212(d)(3)(B)(I) of the Immigration and Nationality Act with respect to the Karen refugees from Burma in Tham Hin Camp in Thailand. Refugees from this camp, who have been found to meet all other requirements for access to and eligibility for the United States Refugee Admissions Program, will be allowed entry into the United States as applicants for resettlement.

While DOJ shares the concerns of others throughout the U.S. Government that certain deserving refugees have not had the opportunity to resettle immediately in the United States through the United States Refugee Admissions Program, DOJ is equally concerned about the risks associated with admitting individuals into the United States who have provided material support to terrorist organizations. DOJ has been unwavering in its zero-tolerance approach to prosecuting terrorists or their supporters in the United States. To allow individuals to give food, money or other assistance to a terrorist organization allows the terrorist organization to make available other funds for weapons and other essentials for the commission of terrorist acts. Allowing certain refugees into the United States who may have committed arguably similar crimes for which other individuals in the United States may be prosecuted under U.S. law has the potential to undermine the ability of the U.S. Government to enforce this country's terrorism laws fairly, effectively, and uniformly. For these reasons, DOJ has been working closely with DOS and DHS to ensure that the United States is helping deserving refugees, while at the same time protecting its ability to prosecute individuals in the United States for material support to terrorism.

75. How are you working with DOS and DHS to ensure that the material support ground of inadmissibility does not bar deserving refugees such as these, or, failing that, how is DOJ working with DOS and DHS to implement the exception to the material support bar, which was authorized by Congress?

ANSWER: As discussed above, DOJ has been working closely with DOS and DHS to implement the waiver provided for in the Immigration and Nationality Act in a way that protects our ability to prosecute terrorists under the law, while at the same time permits deserving refugees admission into the United States under the United States Refugee Admissions Program. DOS, in coordination with DHS and in consultation with DOJ, has exercised the material support waiver with respect to the Karen refugees from Burma in Tham Hin Camp in Thailand. Refugees who are determined to pose no danger to the safety and the security of the United States and meet all other requirements will be allowed entry into the United States as applicants of the United States Refugee Program.

76. Given its urgency, why is there such a delay in resolving this issue?

ANSWER: There has been timely and thoughtful interagency discussion of this issue. We do not agree that considered deliberation regarding this matter constitutes "delay."

77. How will you as Attorney General help to break the impasse and use your office to assure a resolution to the material support issue that is consistent with the President's commitment to refugee protection?

ANSWER: DOJ worked closely with DOS and DHS to resolve issues relating to the implementation of the waiver provision of the Immigration and Nationality Act for the

Karen refugees from Burma in Tham Hin Camp in Thailand. DOJ will continue to work with DOS and DHS to address issues associated with providing admission to deserving refugees who have not had the opportunity to enter the United States through the United States Refugee Admissions Program, but who are determined to pose no danger to the safety and the security of the United States and meet all other requirements to become applicants.

V. Civil Rights

A. Enforcement

78. Last month the Southern Illinois University reached a consent decree with the Justice Department to allow non-minority students and men access to graduate fellowships originally created for women and minorities. Fearing the threat of litigation, colleges and universities nationwide are eliminating aid for minorities. Given the Supreme Court's most recent holding on affirmative action (Grutter v. Bollinger, 539 US 306 (2003)) which upheld the use of race in admissions, on what grounds is DOJ challenging minority aid programs?

ANSWER: The United States' litigation against Southern Illinois University ("SIU") was brought under Title VII of the Civil Rights Act of 1964, as amended, 42 U.S.C. s 2000e *et seq*., which prohibits an employer from discriminating against an employee or an applicant for employment on the basis of race, color, religion, sex, or national origin.

Prior to filing suit, the Department conducted an investigation into the employment practices of SIU in order to determine if it was engaged in unlawful discrimination in the selection and hiring of paid fellowship recipients in violation of Title VII. Based upon the results of that investigation, the Department filed suit against SIU, alleging that it maintained three paid fellowship programs that were open only to students who were either of a specified race and/or national origin or who were female. These paid fellowship programs, as opposed to scholarships or other forms of financial aid, were based on the recipient's employment by the University.

On the same day the Department filed the complaint against SIU, we also filed a consent decree negotiated with SIU that was intended to resolve the suit. The following day, the court approved and entered the consent decree. In the consent decree, SIU admitted the fact allegations of the United States concerning the restrictive ethnic, racial, and sex eligibility criteria of the three paid fellowship programs.

79. What if any, commitment does the administration have to ensuring equal opportunities for women and minorities?

ANSWER: The Civil Rights Division exists to protect all Americans. It is my understanding that the Civil Rights Division has never tracked or categorized its

investigations and enforcement actions by the race of the victims. Nonetheless, the Division has been active in protecting the civil rights of all Americans, including minorities and women. Indeed, the Division has brought dozens of cases, and reached numerous consent decrees directly benefiting minorities and women. Listed below are some of the more significant actions taken during this Administration that might be of interest:

- Earlier this year, the Division and the City of Virginia Beach reached a consent decree submitted for court approval after the Division challenged the City of Virginia Beach's use of a test that disproportionately and, we alleged, illegally screened out African-American and Hispanic applicants for the position of entry-level police officer. The Decree will alter the City's method for selecting entry-level police officers in a way that would eliminate the disparate impact of certain portions of that process. On April 20, 2006, the United States District Court for the Eastern District of Virginia provisionally entered the Decree pending the outcome of a fairness hearing to be held on July 24, 2006.

- In recent months, the Division has successfully prosecuted two defendants, who were members of a national white supremacist group, for their role in the racially motivated assault of an African-American man.

- In April 2006, the Division filed a complaint against First National Bank of Pontotoc in Mississippi, the first sexual harassment lawsuit filed by the Justice Department under the Equal Credit Opportunity Act. The complaint alleges that William Anderson, a former vice president of the First National Bank of Pontotoc in Pontotoc, Mississippi, used his position to sexually harass female borrowers and applicants for credit. The complaint alleges that Anderson's conduct included making offensive comments of a sexual nature, engaging in unwanted sexual touching, and requesting or demanding sexual favors from female customers over a period of years before his employment with the Bank ended in May 2004.

- In December 2005, the Division filed a complaint against a Wisconsin nightclub alleging that the nightclub violated Title II by discriminating against African Americans. According to our complaint, Eve employees falsely told African Americans that they could not enter because a private party was underway, while at the same time that whites were admitted. On other occasions, the complaint alleges, Eve employees falsely told African Americans that Eve was at capacity, while at the same time that whites were admitted.

- In December 2005, the Division filed a complaint alleging that Ronald Bathrick, the owner of numerous rental properties in Hastings, Minnesota, has subjected female tenants to severe and pervasive sexual harassment, including making unwelcome sexual advances; touching female tenants without their consent; entering the apartments of female tenants without permission or notice; and threatening to or taking steps to evict female tenants when they refused or objected to his sexual advances.

- In 2004, the Division entered a consent decree with Cracker Barrel resolving allegations that Cracker Barrel accommodated a severe and pervasive pattern of racial discrimination at its restaurants, including allowing its servers to refuse to serve African American customers, and treating such customers differently in terms of seating, service, and responsiveness to complaints. Cracker Barrel agreed to implement far-reaching policy changes and training programs to remedy these violations.

- In 2004, the Division announced that federal assistance would be provided to local state officials conducting a renewed investigation into the 1955 murder of Emmett Till, a 14-year old African American boy from Chicago. Till was brutally murdered while visiting relatives in Mississippi, after he purportedly whistled at a white woman. Two defendants, who subsequently admitted guilt, were acquitted in state court four weeks after the murder. Both men are now deceased. Although the investigation showed that there was no federal jurisdiction, on March 16, 2006, the Justice Department reported the results of that investigation to the District Attorney for Greenville, Mississippi, Joyce Chiles, for her to consider whether to pursue state charges. Federal and state officials are investigating the murder in order to determine whether a local criminal prosecution of any surviving perpetrator is warranted, as the statute of limitations has long since expired on any possible federal crime.

- In April 2004, five white supremacists pled guilty to assaulting two African American men who were dining with two white women in a Denny's restaurant in Springfield, Missouri. One of the victims was stabbed, and suffered serious injuries. The defendants were sentenced to terms of incarceration ranging from 24 to 51 months.

- In 2004, the Division alleged that the City of Gallup, New Mexico, engaged in a pattern or practice of hiring discrimination on the basis of race against Native American applicants for jobs in various City departments. The Division obtained a very favorable consent decree and is currently engaged in determining appropriate remedial relief for individual victims of discrimination.

- In 2004, the Division obtained the largest verdict it has ever obtained in a Fair Housing Act case. In United States v. Veal (E.D. Mo.), a sex discrimination case, the jury returned a verdict of over one million dollars. In the case, the Division proved a pattern or practice of sex discrimination by the defendants, and in particular that Mr. Veal systematically sought sexual favors from female tenants. The victims included a 19-year old single mother, a mentally challenged female tenant, and one victim who considered committing suicide after several instances of fondling by the defendant.

- On June 22, 2004, the Division filed the first lawsuit since 1990 alleging racial discrimination in education under Title IV of the Civil Rights Act against

Lafayette High School in New York City. The complaint alleged that Asian students were severely harassed by other students and the school district was deliberately indifferent to the harassment. The suit was resolved by consent decree filed simultaneously with the complaint.

- In February 2003, the Division successfully prosecuted Ernest Henry Avants for the 1966 murder of Ben Chester White, an elderly African American farm worker in Mississippi who, because of the victim's race and efforts to bring the Reverend Martin Luther King, Jr., to the area, was lured into a national forest and shot multiple times—including a shotgun blast to his head. That conviction was affirmed by the Court of Appeals in April 2004.

- In 2003, the Division successfully settled a racial discrimination and retaliation lawsuit against the city of Fort Lauderdale, Florida, for a total of $455,000 in victim's compensatory damages. The lawsuit, consolidated with a private lawsuit, alleged that the city of Fort Lauderdale violated Title VII of the Civil Rights Act of 1964, by denying an African-American employee promotion because of his race. The lawsuit further alleged that the city retaliated against the employee when he complained that he had been denied promotion for discriminatory reasons.

- In 2002, the Division filed the first lawsuit ever to protect Haitian Americans, this under Section 208 of the Voting Rights Act.

- In 2002, the Division filed and resolved United States v. Fidelity Federal Bank, a case involving a pattern or practice of discriminatory abusive credit collection practices on the basis of national origin against Hispanics in violation of Equal Credit Opportunity Act. Under the terms of the Settlement Agreement and Order, Fidelity paid $1.6 million dollars to both compensate the victims and fund a Consumer Education Program.

- Since 2001, the Division has brought 29 cross-burning prosecutions, charging a total of 46 defendants. On April 13, 2004, one defendant pleaded guilty to building and burning a cross in the front yard of an African American couple. On February 19, 2004, three defendants were charged with conspiring to interfere with the housing rights of an African American family by carrying out a series of racially-motivated threats of violence against the victims. Two of the three defendants recently pleaded guilty. And, on March 4, 2004, in a case personally argued by the former Assistant Attorney General, the United States Court of Appeals for the Fourth Circuit agreed with the Division that the district court should have imposed a stiffer sentence for the perpetrator of a cross burning in Gastonia, North Carolina.

- Since 2001, the Division has obtained three consent decrees involving the redlining of predominantly African American neighborhoods by major banking institutions. The first involved a major bank in Chicago that will invest more than

$10 million and open two new branches in minority neighborhoods to settle a lawsuit alleging that it engaged in mortgage redlining on the basis of race and national origin. In May 2004, the Division obtained a consent decree requiring a bank to invest $3.2 million in small business and residential loan programs in the City of Detroit and to open three new branches in the City of Detroit. This was the first redlining case the Division has ever brought alleging discrimination in business lending. In July 2004, the Justice Department filed and resolved a lawsuit against another bank in Chicago. The suit alleged that the bank intentionally avoided serving the credit needs of residents and small businesses located in minority neighborhoods. The bank has agreed to invest $5.7 million and open new branches in these neighborhoods.

- The Civil Rights Division has filed more than five times the number of human trafficking cases in the last five fiscal years than it did from FY1996 through FY2000. Many trafficking victims, of course, are women and minorities.

- During this Administration, the Civil Rights Division has filed 13 lawsuits in seven states (California, Kansas, Minnesota, Missouri, Nebraska, New Mexico and Tennessee) alleging that landlords have sexually harassed their female tenants. Eight of these lawsuits have been resolved, and five are pending. Of the eight resolved lawsuits, the Division received favorable verdicts in two of them and obtained consent decrees in the others.

80. Given the history of Title VII and the work of the Civil Rights Division, is it prudent for DOJ to use its limited resources to go after SIU's lawful affirmative action program?

ANSWER: The United States did not challenge a lawful affirmative action program. As explained above, SIU maintained several race and sex-exclusive paid fellowship programs are subject to the requirements of Title VII of the Civil Rights Act of 1964. Under Title VII, SIU is prohibited from discriminating against an employee or applicant for employment on the basis of race, sex, national origin, or religion. DOJ is committed to vigorously enforcing the requirements of Title VII.

81. There is concern about the drop off in pattern and practice cases and disparate impact cases in all areas including race and gender. For example, with respect to police accountability in particular, it appears that no new pattern and practice investigations have been initiated in that area by the Department in either 2005 or 2006. Can you explain this alarming record?

ANSWER: The Civil Rights Division has been active in pattern or practice enforcement across the breadth of the Division through investigations, lawsuits and settlement agreements. For example, during the current Administration we have ensured the integrity of law enforcement by more than tripling the number of settlements negotiated

with police departments across the country compared with the previous five years. And, from January 2001 to date, we have initiated more police department investigations than during the comparable time period of the previous Administration. More specifically, we are currently conducting nine Section 14141 pattern or practice investigations of police departments and monitoring ten agreements between the United States and police departments. In 2005 alone, the Division initiated four pattern or practice investigations against police departments, and while it is still early in the 2006 year, we are on pace to continue this success.

Overall the Division has obtained significant relief under its police misconduct authority to prevent excessive uses of force, unconstitutional uses of canines, biased policing, and unconstitutional searches and seizures. The Division works with police departments to implement widespread reforms, including training, supervising, and disciplining officers and implementing systems to receive, investigate, and respond to civilian complaints of misconduct. The reforms instituted by large and small police departments pursuant to settlements with various departments have had a widespread impact and are being used as models by other police departments. The Division also cooperatively works with departments large and small to provide valuable expert technical assistance and guidance from experts with years of police management experience. Some recent examples of this work include providing technical assistance to the Miami, Florida Police Department and Warren, Ohio Police Department.

The Division has also been extremely successful in its pattern or practice enforcement of the Civil Rights of Institutionalized Persons Act (CRIPA) authorizing 25 percent more investigations than during the comparable period for the previous Administration. CRIPA authorizes the Attorney General to conduct pattern or practice investigations of conditions in institutions run by or on behalf of a government. Under CRIPA, we investigate nursing homes, psychiatric hospitals, facilities for persons with developmental disabilities, residential treatment facilities for children, juvenile justice facilities, jails, and prisons. In FY 2004, the Division favorably resolved a record number of these matters, ensuring the constitutional and statutory rights of thousands of persons. And, in matters involving children committed to juvenile justice facilities, this Administration has increased the number of settlement agreements, doubled the number of investigations and tripled the number of findings letters issued. We currently have 51 open CRIPA investigations of 67 facilities. We also are monitoring CRIPA settlements in 36 filed cases involving 96 facilities. We are in contested litigation in one CRIPA case involving the Terrell County Jail in Georgia.

Thus far in fiscal year 2006 alone, we have commenced pattern or practice investigations of eight facilities regarding conditions of care and confinement, initiated four uncontested lawsuits involving six facilities, and reached seven agreements resolving pattern or practice investigations of conditions of care and confinement at 12 facilities. Examples of this work include:

- On May 2, 2006, the Division filed a complaint and an agreed consent decree with the State of California regarding conditions at four state hospitals serving

individuals with mental disabilities from around the State. The four hospitals - Metropolitan State Hospital in Los Angeles, Napa State Hospital in Napa, Patton State Hospital in San Bernardino, and Atascadero State Hospital in San Luis Obispo - provide inpatient psychiatric care to nearly 5,000 people. The extensive reforms required by the consent decree will ensure that individuals in the hospitals are adequately protected from harm and are provided adequate services to support their recovery and mental health. Our four-year CRIPA investigation revealed a pattern or practice of preventable suicides and serious, life-threatening assaults on residents by staff and other residents.

- On January 27, 2006, the Division entered a settlement agreement with the Nassau Health Care Corporation ("NHCC"), a New York public benefit corporation, resolving our investigation of conditions and services at A. Holly Patterson Extended Care Facility, an 889-bed nursing home operated by NHCC in Uniondale, New York. The agreement requires NHCC to protect facility residents from harm and to improve constitutionally-required services in the areas of mental health care, use of restraints, general medical and clinical care, and nutritional care. In addition, the agreement ensures that each resident is served in the most integrated setting appropriate to his or her needs, as required by the Supreme Court's 1999 decision in Olmstead v. L.C. In Olmstead the Court held that segregation of persons with disabilities may constitute illegal discrimination when those persons can live in a more integrated setting. The Division found in its investigation that A. Holly Patterson exposed residents to a pattern or practice of unsafe living conditions and undue restraints, failed to provide adequate medical and mental health care, failed to provide residents with adequate nutrition and hydration, and failed to protect residents from unnecessary institutionalization.

- On February 8, 2006, the Division reached a settlement agreement with the State of Indiana regarding civil rights violations in two juvenile justice facilities operated by Indiana: Logansport Juvenile Intake/Diagnostic Facility in Logansport and South Bend Juvenile Correctional Facility in South Bend. The agreement, filed in the United States District Court for the Southern District of Indiana, requires the State to implement reforms to ensure that juveniles in the facilities are adequately protected from harm and provided adequate services including mental health care and special education. Our investigation, which was conducted pursuant to CRIPA and the Violent Crime Control and Law Enforcement Act of 1994, revealed a pattern or practice of numerous civil rights violations, including many instances of youth violence and inadequate supervision by staff, inadequate special education services, and deficiencies in mental health care. Under the terms of the agreement, the State will address and correct all of the violations we identified.

During this administration, the Housing and Civil Enforcement Section has filed 112 pattern or practice cases and has entered into 103 consent decrees resolving pattern or practice cases. The large majority of these pattern or practice cases arise under the Fair Housing Act, with the remainder arising under the Equal Credit Opportunity Act, Title II of the Civil Rights Act of 1964, and the Religious Land Use and Institutionalized Persons

Act (RLUIPA). The number of pattern or practice filings in this administration is consistent with the number filed in the previous five years. Further, within the last six months, we have filed four pattern or practice cases alleging discrimination on the basis of sex and two alleging discrimination on the basis of race. Examples of this work include:

- On April 28, 2006, the Division filed a complaint in United States v. General Properties (E.D. Mich.), a pattern or practice case alleging discrimination based on race or color at the Whispering Woods Apartments, a 273-unit apartment complex in Livonia, Michigan. The complaint alleges that the owner of the complex, General Properties Company, LLC, and its president Elliott Schubiner, have refused to rent apartments to African American prospective tenants because of their race or color.

- On April 27, 2006, the Division filed a complaint in United States v. First National Bank of Pontotoc (N.D. Miss.), the first sexual harassment lawsuit filed by the Justice Department under the Equal Credit Opportunity Act. The complaint alleges that William Anderson, a former vice president of the First National Bank of Pontotoc in Pontotoc, Mississippi, used his position to sexually harass female borrowers and applicants for credit. The complaint alleges that Anderson's conduct included making offensive comments of a sexual nature, engaging in unwanted sexual touching, and requesting or demanding sexual favors from female customers over a period of years before his employment with the Bank ended in May 2004.

- On April 21, 2006, the Division filed a complaint in United States v. James (W.D. Mo.), alleging that a maintenance man at several apartment complexes in Platte City and Smithville, Missouri subjected female tenants to a pattern or practice of sexual harassment, including: 1) unwanted verbal sexual advances; 2) unwanted physical sexual advances, such as unwanted touching of the breasts, buttocks, and other parts of the bodies of female tenants; 3) forcible physical contact with the sexual parts of his body; 4) statements that indicate a preference or intent to discriminate on the basis of the tenant's sex; and 5) threatening to withhold maintenance service or to evict female tenants when they refused or objected to his sexual advances. The complaint also names as defendants the site manager, the property management company and the owners of the complexes.

- On December 29, 2005, the Division filed a complaint in United States v. Candy II, d/b/a Eve (E.D. Wis.), alleging that a Milwaukee nightclub violated Title II of the Civil Rights Act of 1964 by discriminating against African-Americans. The complaint alleges Eve employees falsely told African-Americans that they could not enter because a private party was underway, at the same time that the employees admitted whites. On other occasions, the complaint alleges, Eve

employees told African-Americans that Eve was at capacity, at the same time that the employees admitted whites.

- In December 19, 2005, the Division filed a complaint in United States v. Bathrick (D. Minn.) alleging that Ronald Bathrick, the owner of numerous rental properties in Hastings, Minnesota, has subjected female tenants to severe and pervasive sexual harassment, including making unwelcome sexual advances; touching female tenants without their consent; entering the apartments of female tenants without permission or notice; and threatening to or taking steps to evict female tenants when they refused or objected to his sexual advances.

In addition, in FY 2005 alone, the Division brought lawsuits under the Fair Housing Act that created 12, 000 new housing opportunities for people with disabilities - a figure that is almost four times greater than the entire eight year output of the previous Administration.

The number of complaints filed by the Civil Rights Division in calendar years 2004, 2005 and 2006 that alleged a pattern or practice of employment discrimination has been consistent with the number of such cases filed yearly by the previous administration. Indeed, in 2004 the Civil Rights Division filed four such complaints, the largest number filed in one year since the mid 1990s. The Division also filed two such complaints in 2005, as it has to date in 2006. All of the pattern or practice complaints filed by the Department since 2004 have resulted in either a decision from the Court in favor of the United States, or the entry of a consent decree implementing terms that were favorable to the United States. Examples of this work include:

- On April 3, 2006, in United States v. City of Virginia Beach, the Division challenged the City's use of a test that disproportionately and, we alleged, illegally screened out African-American and Hispanic applicants for the position of entry-level police officer. The United States and the City have submitted a consent decree to the court for its approval. The Decree will alter the City's method for selecting entry-level police officers in a way that would eliminate the disparate impact of certain portions of that process. On April 20, 2006, the United States District Court for the Eastern District of Virginia provisionally entered the Decree pending the outcome of a fairness hearing to be held on July 24, 2006.

- On February 8, 2006, the Division filed a complaint in United States v. Southern Illinois University ("SIU") alleging that SIU was engaged in a pattern or practice of unlawful discrimination in the selection and hiring of paid fellowship recipients in violation of Title VII. Specifically, the suit alleged that SIU maintained three paid fellowship programs that were open only to students who were either of a specified race and/or national origin or who were female. Accordingly, the Division alleged that SIU was engaged in a pattern or practice of discrimination in violation of Title VII. On the same day the Division filed the complaint against

SIU, we also filed a consent decree negotiated with SIU that was intended to resolve the suit. The following day, the court approved and entered the consent decree. In the consent decree, SIU admitted the fact allegations of the United States concerning the restrictive ethnic, racial, and gender eligibility criteria of the three paid fellowship programs.

- On August 26, 2005, the Division filed a complaint in United States v. Ohio EPA alleging both a pattern or practice of discrimination, and a separate claim of discrimination against an individual charging party. In the suit, we allege that the State of Ohio allows public employees whose religions historically have held conscientious objections to joining the state employee union to redirect their representation service fees from the employee organization to nonreligious charities. The State, however, will not provide this religious accommodation to public employees who are not members and adherents of such religions, even if the employees hold sincere religious objections to associating with and financially supporting such a union.

- On July 26, 2005, the Division filed a complaint in United States v. City of Pontiac alleging a pattern or practice of discrimination on the basis of race and gender in the City's fire department hiring. The City of Pontiac signed a collective bargaining agreement that requires the City's fire department to maintain separate hiring and promotion lists that are segregated on the basis of race and sex. Under the agreement, every third hire and every third promotion must go to a minority or a woman, regardless of whether or not that individual is the best qualified. There is no evidence that this one-for-three ratio addresses any specific shortfalls of minorities or women in the fire department, nor is there any evidence that this formula was the result of any sort of detailed analysis of the fire department.

- On September 30, 2004, the Division filed a complaint in United States v. New York City Transit Authority alleging that the MTA has engaged in a "pattern or practice" of discrimination against Muslim, Sikh, and similarly situated employees who wear religious head coverings by not reasonably accommodating their religious observances, practices, and beliefs, and by selectively enforcing its uniform policies.

- On September 29, 2004, the Division filed a complaint in United States v. City of Gallup, New Mexico alleging that the City engaged in a pattern or practice of hiring discrimination on the basis of race against Native American applicants for jobs in various City departments. The United States obtained a very favorable consent decree and is currently engaged in determining appropriate remedial relief for individual victims of discrimination.

- On September 16, 2004, the Division filed a complaint in United States v. Los Angeles Metropolitan Transit Authority alleging that the MTA engaged in a "pattern or practice" of religious discrimination by not reasonably

accommodating employees and applicants for employment as bus operators who, in accordance with their religious observances, practices and beliefs, are unable to work weekends and on any shift. The lawsuit was successfully resolved through entry of a consent decree.

- On January 8, 2004, the Division filed a complaint in United States v. City of Erie, Pennsylvania (W.D. Pa.), alleging that the City violated Title VII by using a particular physical ability test as a pass/fail device for screening applicants for the job of entry-level police officer. The complaint alleged that the City's use of the test had a disparate impact against female applicants and was not job related and consistent with business necessity. On December 13, 2005, the District Court entered judgment for the United States and found the City liable under Title VII.

82. According to Department of Justice statistics, prosecutions for racial and gender discrimination crimes traditionally handled by the Civil Rights Division have declined 40 percent over the past five years. Do you know why this is? Can it be attributed to the fact that many Civil Rights Division attorneys are handling immigration matters instead of civil rights cases?

ANSWER: The *Washington Post* in 2005 reported that "prosecutions for the kinds of racial and gender discrimination crime traditionally handled by the division have declined 40 percent over the past five years[.]" We are puzzled by his incorrect conclusion, and indeed to which specific "traditional[]" "racial and gender discrimination crimes" the article even referred. In fact, the Division has compiled a significant record on criminal civil rights prosecutions. Our zealous commitment to the vigorous enforcement of every federal criminal civil rights law is clear: since 2001, we have increased the staffing of criminal prosecutors within the Division by 13 percent. We recently filed a record number of criminal civil rights cases (96) in FY 2004, and charged a record number of such defendants (191) in FY2001. The total number of criminal civil rights cases filed over the past five years (411) is comparable to and slightly higher than the total number filed during the last five years of the previous Administration (408). Likewise, the total number of defendants charged with civil rights offenses from FY 2001 through FY 2005 (764) is slightly larger than the total number charged from FY 1996 through FY 2000 (730).

Historically, the bulk of the Division's criminal prosecutions has consisted of official misconduct cases, such as those cases involving the willful use of excessive force by law enforcement officials. That remains true today. Since FY 2001, those prosecutions have increased by 16 percent in comparison to the last five years of the previous Administration. We have charged 11 percent more defendants in color of law cases during the same time frame, and convicted 30 percent more defendants. In fact, the Division filed a record number of official misconduct cases, and charged a record number of defendants in such cases in FY 2001, and convicted a record number of defendants in these cases in FY 2002.

The Division also is prosecuting more human trafficking cases, which reflects the passage of the Trafficking Victims Protection Act in 2000. Over the last five years, the Civil Rights Division, in partnership with United States Attorneys' Offices, has prosecuted a record number of trafficking cases. From FY 2001 through FY 2005, the Division filed more than five times the number of human trafficking cases than it did from FY 1996 through FY 2000. Thus far in FY 2006, we already have convicted more trafficking defendants than any other single year on record. While trafficking offenses are not charged as bias-motivated offenses, these victims of crime are predominantly women and minorities. We are proud of our enforcement efforts in this area, which demonstrates the Department's firm commitment to protecting the most vulnerable members of our society.

The Criminal Section includes data related to "backlash" crimes in its bias crime statistics. After September 11, 2001, the Criminal Section implemented an initiative to combat "backlash" crimes involving violence and threats aimed at individuals perceived to be Arab, Muslim, Sikh, or South Asian. This initiative has led to numerous prosecutions involving physical assaults, some minor and some involving dangerous weapons and resulting in serious injury or death, as well as threats made over the telephone, on the internet, through the mail, and in face-to-face interactions. We have also prosecuted cases involving shootings, bombings, and vandalism directed at homes, businesses, and places of worship.

These offenses are prosecuted under a variety of civil rights statutes and other Title 18 offenses, depending on the conduct involved. The Department has investigated more than 700 bias motivated incidents since September 11, 2001. However, the number of backlash allegations referred to the Department has dropped approximately 32% from a high of 121 in 2003 to just 82 last year which may also explain the decline in the total number of bias prosecutions. The Department also assisted local law enforcement in bringing more than 150 such criminal prosecutions.

Our efforts have resulted in 32 federal convictions in "backlash" cases. For example, in United States v. Cunningham, a defendant who shot at worshipers leaving a Seattle mosque was sentenced to 78 months in prison. In United States v. Goldstein, defendants who conspired to destroy mosques and Islamic centers in Florida were convicted. The leader was sentenced to 151 months in prison and his coconspirators also received lengthy prison terms. And last year, a defendant in United States v. Nunez-Flores, who threw a Molotov cocktail at an Islamic Center in El Paso, received a sentence of 171 months in prison.

The Civil Rights Division is deeply committed to the vigorous enforcement of our nation's civil rights laws and, in recent years, has brought a number of high profile bias motivated crime cases. We continue to aggressively prosecute members of the Ku Klux Klan, neo-Nazi, and skinhead groups. Here are examples of recent prosecutions:

- United States v. Baalman (District of Utah): In late 2005 and early 2006, three white supremacists in Utah pled guilty to assaulting an African-American man

riding his bicycle to work because of his race and because they wanted to control the public streets for the exclusive use of white persons. One of the three defendants was sentenced to 57 months in prison on March 14, 2006; the other two will be sentenced later this year.

- United States v. Garner, et al. (N.D. Georgia): In February 2004, six defendants in Georgia pled guilty to conspiring to burn a five foot tall cross in the driveway of a home occupied by a white woman. For several days prior to the cross burning, the woman's daughter and her boyfriend, who is African-American, had been living at the residence. The defendants were sentenced to terms of incarceration ranging from 12 to 46 months in prison.

- United States v. Hildenbrand, et al. (W.D. Missouri): In April 2004, five white supremacists pled guilty to assaulting two African-American men who were dining with two white women in a Denny's restaurant in Springfield, Missouri. One of the victims was stabbed, and suffered serious injuries. The defendants were sentenced to terms of incarceration ranging from 24 to 51 months.

In addition, two bias-motivated murder cases are set for trial early this summer. In United States v. Saldana et al., attorneys from the Civil Rights Division and the United States Attorney's Office for the Central District of California are prosecuting members of the Avenues, a violent street gang in Los Angeles, which the indictment alleges systematically threatened, assaulted, and killed African-Americans in an effort to drive them from their homes. In United States v. Eye and Sandstrom, attorneys from the Civil Rights Division and the United States Attorney's Office for the Western District of Missouri are prosecuting two men who, according to the indictment, fatally shot an African-American man as he was walking to work in downtown Kansas City.

In recent years, the Division has teamed up with local prosecutors in an effort to prosecute historical Civil Rights era murders. The Justice Department assisted the Mississippi District Attorney's Office in reopening the investigation into the 1955 murder of Emmett Till, a 14 year-old African-American teenager, who was kidnapped and killed in rural Mississippi. Although the investigation showed that there was no federal jurisdiction, on March 16, 2006, the Justice Department reported the results of that investigation to the District Attorney for Greenville, Mississippi, Joyce Chiles, for her to consider whether to pursue state charges. In 2003, the Justice Department convicted Ernest Avants for the 1966 killing of Ben Chester White, an African-American sharecropper, on national forest land. White was murdered as part of a plot by white supremacists to lure Martin Luther King, Jr., to Mississippi so that they could assassinate him.

Your concern about a perceived diversion of Division resources to handle immigration enforcement may stem from inaccurate media reports suggesting that attorneys from the Civil Rights Division were singled out to handle immigration appeals. We assure you they were not. The fact is that immigration cases within the Civil Division's Office of Immigration Litigation have increased 500 percent since 2001. Every component of the

Department of Justice and every United States Attorney's Office have been assigned immigration cases to share this burden pursuant to a directive issued by the Deputy Attorney General. The Civil Rights Division attorneys continue to handle effectively their significant civil rights responsibilities while accepting this new, but temporary, burden to assist another litigating component. The Division's limited and necessary participation in the enforcement of the immigration laws has not impacted its aggressive pursuit of civil rights cases.

B. Investigations

83. During a March 10, 2006, briefing for Judiciary Committee staff, John E. Lewis, Deputy Assistant Director of the FBI's Counterterrorism Division indicated that the FBI is forced to work in a hostile work environment in Puerto Rico. According to Mr. Lewis, the FBI believes that involving the Puerto Rico authorities in its activities poses a security problem and raises the level of compromise for FBI agents. Can you please describe the instances in which Puerto Rico authorities compromised FBI activities in Puerto Rico?

ANSWER: The unauthorized release of information in law enforcement operations poses a risk not only to the safety and security of law enforcement officers, but to the subjects under investigation, the media, and the general public. The FBI is extremely cautious with respect to how information regarding pending investigations is handled and controlled. We have taken appropriate precautions in Puerto Rico, where the FBI's San Juan field office has initiated 43 corruption investigations of current or former officers of the Police of Puerto Rico (POPR), the Municipal Police, and the Puerto Rico Department of Corrections since 2000. These investigations resulted in 165 arrests, 132 indictments, and 137 convictions. The convictions are for such offenses as murder, protecting drug shipments, introducing drugs to correctional facilities, and using weapons and other police equipment during the commission of crimes.

The FBI enjoys an excellent relationship with the POPR and with other Puerto Rico law enforcement agencies. This is evidenced by the current complement of 65 local officers on the four FBI-led Federal task forces. While the number of cases, indictments, and convictions of law enforcement personnel is significant enough to impact the manner in which certain information is shared, it does not mitigate the FBI's efforts to engage our local law enforcement partners on all possible occasions in an ongoing effort to improve the productivity of these important relationships.

84. On October 5, 2005, Members asked DOJ to investigate allegations of misconduct by local law enforcement and correctional officials during the aftermath of Hurricane Katrina. Members were concerned that the civil rights of evacuees were evacuated when individuals were not permitted to cross the Greater New Orleans Bridge and when detainees were not transferred from the Orleans Parish Prison. In its November 28, 2005, letter, DOJ indicated that it would determine if federal civil

rights investigations were warranted. Can you please provide me with the status of DOJ's inquiry into these possible civil rights violations during the aftermath of Hurricane Katrina?

ANSWER: As you may know, the Louisiana Attorney General's Office has been conducting an exhaustive inquiry into allegations that New Orleans residents were not permitted to cross the Greater New Orleans Bridge to Gretna, Louisiana, by law enforcement officials. The Civil Rights Division will review the state's factual investigation once it is completed to determine whether additional investigation is necessary and whether the facts implicate a violation of any federal statutes. We are in contact with the Louisiana Attorney General's Office and intend to review its report as soon as it becomes available.

The Civil Rights Division requested that the FBI conduct an investigation into allegations that correctional officers did not properly transfer inmates from the Orleans Parish Prison during the aftermath of Hurricane Katrina. The FBI forwarded the report of its investigation to the Division. The Division reviewed that report and determined that it did not reveal sufficient evidence to establish a violation of any inmate's constitutional rights. Thereafter, the FBI informed the Division that it was investigating additional complaints from inmates formerly housed at the Orleans Parish Prison. The FBI and the Division will continue to coordinate regarding the ongoing investigation of those complaints.

In addition to these allegations, the Civil Rights Division is reviewing two other matters in relation to the Orleans Parish Prison. On May 9, 2006, the Civil Rights Division received a referral from the Department of Homeland Security Office of the Inspector General regarding a complaint from an alien detainee who alleges that he was abused at the Orleans Parish Prison during Hurricane Katrina. The Civil Rights Division has opened an investigation into this complaint and is coordinating with the Office of the Inspector General regarding the investigation. On May 9, 2006, the Juvenile Justice Project of Louisiana, a juvenile justice advocacy organization, issued a report alleging that juveniles housed at Orleans Parish at the time of Hurricane Katrina endured horrible conditions following the storm's aftermath. The Civil Rights Division has reviewed the report and asked the FBI to open an investigation.

C. Employment

85. In September 2005, the *New York Times* and the *Washington Post* reported that alleging that the Director of the Bureau of Justice Statistics (BJS), Lawrence A. Greenfeld, was demoted for insisting that data on aggressive police treatment of blacks and Hispanics be included in a press release announcing the results of the most recent Public-Police Contact Survey. Can you describe the civil service disciplinary, whistleblower and transfer regulations governing BJS and whether they were appropriately applied to Lawrence Greenfeld's removal as BJS Director?

ANSWER: The Director's position in the Bureau of Justice Statistics is a Presidential bbsrule1 appointment, requiring confirmation by the Senate. As with all positions of this nature, as a Presidential appointee, Mr. Greenfeld served at the pleasure of the President. As a member of the career Senior Executive Service preceding his appointment as Director, upon his resignation as Director, Mr. Greenfeld invoked his civil service right to, "retreat," to an SES position, and currently serves in the Office of Justice Programs on a detail to the Bureau of Prisons as Senior Statistical Advisor to the Director of the National Institute of Corrections.

86. There have been reports of political appointees overruling staff recommendations. For example, in January 2005, the *Washington Post* reported that political appointees overruled a staff recommendation that the Texas congressional redistricting plan of 2003 be rejected as retrogressive under Section 5 of the Voting Rights Act. How will you eliminate this type of undue political influence that permits political appointees to overrule staff recommendations?

ANSWER: Partisan considerations should not play a role in the Justice Department's decisions. Assistant Attorney General Wan Kim of the Civil Rights Division believes strongly in this principle as well. The Division's successful record in the courts demonstrates that its decisions are based on the facts and the law.

Your question suggests that an internal staff memorandum that appeared in the press represented the only legal analysis on the Texas submission. That is not true. The memo that was leaked to the media in no way represented the sum total of the analysis (written or otherwise) that Civil Rights Division considered in reaching the final pre-clearance decision in the Texas redistricting case. Candid conversations and vigorous discussions are a healthy and necessary part of the deliberative process. A disagreement hardly suggests that improper political considerations motivated the final decision. In this case, the final decision reflected a careful and dispassionate consideration of the applicable law and facts.

Turning to the specific facts of the Texas case, it is important to bear in mind that the applicable standard in the Justice Department's evaluation of any voting change under Section 5 of the Voting Rights Act is whether there will be retrogression in the position of racial minorities in their effective exercise of the electoral franchise when compared to the existing or benchmark plan. *See Beer v. United States*, 425 U.S. 130 (1976). That standard was faithfully applied in the preclearance of the Texas plan.

The benchmark redistricting plan in Texas at the time the new plan was submitted for review was the plan that had been drawn by a three-judge federal panel in the case of *Balderas v. Texas*, Case No. 6:01-158 (E.D. Tex. 2001). The court drew a congressional plan when the Texas legislature was unable to redraw the congressional districts after the 2000 Census. The three-judge panel in *Balderas* found that eight of the 32 congressional districts allocated to Texas had to be minority districts protected by the Voting Rights Act – six districts for Hispanic voters and two districts for African American voters. The

congressional plan submitted to the Justice Department in 2003 by the Texas Attorney General preserved, without question, eight minority districts. In fact, as the election of Congressman Al Green from the 9th District in 2004 after preclearance of the redistricting plan showed, the plan actually created an additional minority district where African American voters were able to elect their candidate of choice. Far from being *retrogressive*, the plan that DOJ properly precleared was actually *progressive* as to minority voting rights.

As you may be aware, a group of plaintiffs filed suit in 2003 under Section 2 of the Voting Rights Act against the State of Texas alleging that the legislature had not created a sufficient number of minority districts, *i.e.*, that eight districts were not enough districts given the demographics and other factors present in the state. This claim was denied by a three-judge panel on January 6, 2004. *See Session v. Perry*, 298 F. Supp.2d 451 (E.D. Tex. 2004). The essence of this particular Section 2 lawsuit was a claim that the new congressional redistricting plan should have created more than eight minority districts. Thus, the court's denial of that claim supports the Department's decision to preclear that same plan. Under established Supreme Court precedent, Texas had only to preserve the number of *existing* districts in the benchmark plan under Section 5's retrogression standard. As the Court's ruling confirmed, that standard was satisfied. A second decision was issued by the same court on June 5, 2005, holding that there was no valid constitutional claim in this redistricting. On December 12, 2005, the Supreme Court issued an Order scheduling its review of this case. We welcome this review of a matter that is better litigated in the courts than the media.

In sum, the Texas redistricting submission involved a deliberate and careful review of every relevant fact. Subsequent events – including the decision by a three-judge panel finding no violation of the Voting Rights Act, and the 2004 elections held under the new plan that resulted in the election of an additional African American legislator – indicate that the pre-clearance decision was correct.

87. Do career staff attorneys have a role in offering recommendations in major voting rights cases?

ANSWER: There is no policy in the Civil Rights Division that prevents staff attorneys from making recommendations. Voting Section (and other Civil Rights Division) attorneys are in fact required to prepare detailed memoranda setting forth the facts and law on each proposed enforcement matter. There is always a full opportunity for lively debate. The Section Chief -- a veteran career attorney with 30 years experience in the Civil Rights Division -- -- expects and encourages thoughtful and aggressive recommendations from Section staff, and this career official has decisional responsibility for many matters. When the Assistant Attorney General for the Civil Rights Division makes a decision, he also welcomes opposing views, and is always available for responsible, productive discussion.

88. There are a number of concerns with respect to the Civil Rights Division at the Department of Justice, including morale of career attorneys and the direction in which this administration is driving the Civil Rights Division. An example of this is the reported politicizing of the Voting Rights Section. Additionally, career attorneys are reportedly being assigned to immigration enforcement actions rather than bringing valid discrimination claims. To what do you owe this broad sweeping problem and how do you propose to move forward in your administration of the Civil Rights Division to address these concerns?

ANSWER: The reports of politicization of the Voting Rights Section are inaccurate. And most of the suggestions of low staff morale rely on the claim that there are, allegedly, record numbers of attorneys leaving the Division. The facts show, however, that the rate of attorney attrition in the Division is not out of the ordinary. A number of attorneys accepted a retirement package offered to multiple Justice Department components by the Office of Personnel Management in FY 2005. Even considering those who left under this incentive package, attorneys have left the Civil Rights Division during this Administration in roughly the same numbers as during a comparable period of the previous Administration (12.65% versus 11.8%). This slight difference of less than one percent hardly suggests an unusual degree of unhappiness, nor will it have a serious impact on the experience level in the Division. The Division has been – and remains – strong, with each section chief, for example, having on average about two decades of experience in the Civil Rights Division. This experience, dedication, and practical knowledge continue to serve the Division well.

Regarding your question about the immigration briefs, attorneys in all of the Department's litigating Divisions and every United States Attorney's Office are assisting in handling the extraordinary caseload of immigration briefs, and that practice extends to the Civil Rights Division as well. Despite this extra work, Voting Section attorneys have set a number of records in terms of the initiation of cases. Please consider the following:

- We have filed or litigated nine Section 2 lawsuits, including suits on behalf of African American, Hispanic, Asian American, and Native American voters. Two of these Section 2 cases were successfully won on appeal: one on behalf of African American voters and another on behalf of Native American voters. A tenth Section 2 matter was settled out of court without the necessity of filing suit; two other Section 2 vote dilution cases were authorized on behalf of African American voters but not pursued after African American candidates were elected to offices in those jurisdictions.

- We have undertaken the most vigorous enforcement of the language minority provisions of the Voting Rights Act in its history. Since 2001, the Division has filed more enforcement actions under Sections 4(e), 4(f)(4), and 203 than in the previous 26 years of the Act's history. We have filed more cases in 2005 than in any previous year – breaking the previous record set in 2004. The 15 lawsuits filed by this Administration have provided comprehensive minority language programs to more citizens than all previous lawsuits combined and have included the first lawsuits ever to protect Filipino and Vietnamese voters.

- Of the six lawsuits that have been filed under Section 208 of the Voting Rights Act in the entire history of the Act, four were filed by this Administration, including cases filed on behalf of Hispanic voters and Haitian American voters.

- During 2004, the Division conducted its largest election-monitoring program ever. We sent a total of 1,996 individuals (533 Department personnel and 1,463 federal observers from OPM) to monitor 163 elections in 105 political subdivisions in 29 states, which included the largest number of federal observers ever for any election on November 2, 2004 – 822 federal observers and 251 Division personnel in 86 political subdivisions in 25 states. This compares with the 743 individuals (103 Department personnel and 640 federal observers from OPM) sent to monitor 46 elections in 31 political subdivisions in 13 states during all of CY 2000. During 2005, the Division sent a total of 831 individuals (191 Department personnel and 640 federal observers from OPM) to monitor 47 elections in 36 political subdivisions in 14 states.

- The Division's responsibility to enforce several other federal voting rights statutes likewise has been successful. Under the National Voter Registration Act of 1993, this Administration has filed five lawsuits and resolved out of court compliance problems in two other jurisdictions. To vindicate the voting rights of citizens and soldiers serving abroad, the Division filed six enforcement actions in the first four years of this Administration under the Uniformed and Overseas Citizens Absentee Voting Act, and two other federal enforcement lawsuits was only averted by jurisdictions when they took immediate measures to grant relief to affected voters. Our efforts to enforce both of these important voting laws have outpaced a comparable period of the prior Administration.

- The Division also has already filed four federal lawsuits to enforce compliance with the new Help America Vote Act (HAVA) of 2002, and last fall entered into an out of court agreement with the State of California to ensure its compliance with HAVA's statewide voter registration database requirement, a system that will cover the largest number of registered voters of any state in the country. For the past three years since the passage of HAVA, we have likewise engaged in outreach to state and local officials and other organizations all over the United States to explain the statutory requirements of this new legislation and to provide assistance in complying with the provisions.

As all of these facts illustrate, there has been no decline in our enforcement of the Voting Rights Act of 1965, or of the Nation's other voting rights laws. Rather, this Administration has an extraordinarily strong record of voting rights enforcement. The attorneys and staff of the Civil Rights Division - both career professionals and political appointees alike – have helped achieve major advancements for all Americans through the fair, faithful, and vigorous enforcement of our federal civil rights laws. We take great pride in these accomplishments.

D. Voting Rights

89. On March 16, 2006, we were notified that the Department of Justice had preccleared the election procedures submitted by the State of Louisiana for the April 22 New Orleans municipal elections. Given the apparent risk of disenfranchisement for the tens-of-thousands of citizens displaced by hurricane Katrina outside the state, what is the Department doing to protect their voting rights? More specifically, is the Department prepared to initiate legal action to compel the state to implement out-of-state satellite voting procedures similar to those made available for Iraqi citizens in their national elections?

ANSWER: The election procedures that we precleared for the April 22 New Orleans municipal elections were designed to ameliorate voting conditions for individuals displaced from their homes and the city because of Hurricane Katrina. These new procedures proposed by the State of Louisiana included early voting in 10 satellite locations throughout the State, as well as relaxed absentee voting procedures.

The bills enacted by the Louisiana legislature, which included many of the new provisions, enjoyed the endorsement of the Louisiana Legislative Black Caucus. In a February 25, 2006, letter, the Caucus characterized the creation of satellite voting locations within the State (but no such locations outside the State) as "a progressive effort to enfranchise displaced voters." The Caucus wrote: "The Louisiana Legislative Black Caucus fully supports the legislation and respectfully requests expeditious preclearance of the acts by the United States Department of Justice." Minority members of the Louisiana House and Senate were unanimous in voting for the three legislative bills with proposed changes in elections procedures.

There were some additional changes proposed by the Secretary of State in an Emergency Election plan on January 23, 2006. The Secretary of State's plan provided for measures such as additional voting machines, office space, staff and equipment to assist the City in the conduct of the elections; created a Baton Rouge mailing address for absentee applications and ballots to address mail delivery problems in New Orleans; and promulgated a voter outreach campaign (including mailings to displaced voters) and a media campaign both within and outside Louisiana to inform voters of their rights and election procedures. A majority of the Louisiana Legislative Black Caucus supported the Secretary of State's plan.

The Department of Justice, as a matter of law, has a narrow role in reviewing voting changes submitted by covered jurisdictions, like Louisiana, pursuant to Section 5. Our function and authority is limited to examining whether the change is retrogressive – that is, whether the purpose or effect of the change is to put racial minorities in a position inferior to the one they occupy under the status quo, as compared to non-minorities, vis a vis their ability to elect their candidates of choice. In this case, the law permitted the Department of Justice to object to the satellite voting procedures under Section 5 only if the Department determined that the State of Louisiana has not met its burden of showing

that the position of minority voters in the 2006 New Orleans elections will not be worse with the changes that it would be without them. Just as the Louisiana Legislative Black Caucus voted in favor of these changes, the Department concluded that these changes helped minority voters.

We understand that some mistakenly perceive the role of the Department under Section 5 as far more expansive than it is. Under Section 5 of the Voting Rights Act, the relevant legal question is not whether the procedures could be better. Rather, the sole Section 5 inquiry is whether New Orleans voters would be better off without the change. The Department lacks the legal authority to design a plan for New Orleans elections, or to demand that the State adopt a particular set of procedures, such as satellite voting locations outside the State, that it chose not to adopt.

Highly experienced voting rights counsel did bring legal action to compel the state to implement out-of-state satellite voting procedures. U.S. District Judge Ivan Lemelle found, however, that the unprecedented steps that the State had taken, including the establishment of a series of satellite voting locations across the State, satisfied the requirements of federal law. Given the decision of the Court, as well as the absence of any previous Voting Rights Act case of which we are aware that has gone so far as to require even those satellite voting steps taken by the State, we did not initiate a legal action.

The Civil Rights Division's work in New Orleans is ongoing. Department of Justice personnel monitored such satellite voting, as well as the conduct of the primary election in New Orleans on April 22, 2006. Department personnel also plan to monitor the May 20, 2006 run off election in New Orleans. The Voting Section is coordinating with civil rights groups on their efforts to assist displaced persons, and continues to work diligently to serve New Orleans voters. As always, we welcome any information you may have that will help us to do our job better.

90. Identify the name, filing date, and the affected racial or ethnic group of each case alleging a Voting Rights Act violation(s) that the Civil Rights Division has filed under the current Administration.

ANSWER: In addition to the Section 2 lawsuits discussed in response to Question 91, we have undertaken the most vigorous enforcement of the language minority provisions of the Voting Rights Act in its history. Since 2001, the Division has filed more enforcement actions under Sections 4(e), 4(f)(4), and 203 than in the previous 26 years of the Act's history. We have filed more cases in 2005 than in any previous year – breaking the previous record set in 2004. The 15 lawsuits filed by this Administration have provided comprehensive minority language programs to more citizens than all previous lawsuits combined and have included the first lawsuits ever to protect Filipino and Vietnamese voters. Our language minority cases include the following:

- United States v. Orange County, FL; filed 6/28/02; Hispanic
- United States v. Berks County, PA; filed 2/25/03; Hispanic
- United States v. Brentwood Union Free School District, NY; filed 6/4/03; Hispanic
- United States v. San Benito County, CA; filed 5/26/04; Hispanic
- United States v. San Diego County, CA; filed 6/23/04; Hispanic and Filipino (relief also obtained for Vietnamese)
- United States v. Suffolk County, NY; filed 6/29/04; Hispanic
- United States v. Yakima County, WA; filed 7/6/04; Hispanic
- United States v. Ventura County, CA; filed 8/4/04; Hispanic
- United States v. Westchester County, NY; filed 1/19/05; Hispanic
- United States v. City of Azusa, CA; filed 7/14/05; Hispanic
- United States v. City of Paramount, CA; filed 7/14/05; Hispanic
- United States v. City of Rosemead, CA; filed 7/14/05; Hispanic and Chinese and Vietnamese
- United States v. City of Boston, MA; filed 7/29/05; Hispanic and Chinese and Vietnamese
- United States v. Ector County, TX; filed 8/23/05; Hispanic
- United States v. Hale County, TX; filed 2/27/06; Hispanic

In addition, of the six lawsuits that have been filed under Section 208 of the Voting Rights Act in the entire history of the Act, four were filed by this Administration, including cases filed on behalf of Hispanic voters and Haitian American voters. Our Section 208 cases include the following:

- United States v. Miami-Dade County, FL; filed 6/17/02; African American (Haitian)
- United States v. Osceola County, FL; filed 6/28/02; Hispanic
- United States v. Berks County, PA; filed 2/25/03; Hispanic
- United States v. Hale County, TX; filed 2/27/06; Hispanic

91. Identify the name, filing date, and the affected racial or ethnic group of each case alleging vote dilution under Section 2 of the Voting Rights Act that the Civil Rights Division has filed under the current Administration.

ANSWER: During this Administration, the Civil Rights Division has filed or litigated nine Section 2 lawsuits, including suits on behalf of African American, Hispanic, and Native American voters. Two of these Section 2 cases were successfully won on appeal: one on behalf of African American voters and another on behalf of Native American voters. A tenth Section 2 matter was settled out of court without the necessity of filing suit; two other Section 2 vote dilution cases were authorized on behalf of African American voters but not pursued after African American candidates were elected to offices in those jurisdictions.

Cases filed during this Administration involving vote dilution include:

- United States v. Crockett County, TN; filed 4/17/01; African American
- United States v. Alamosa County, CO; filed 11/27/01; Hispanic
- United States v. Osceola County, FL; filed 7/18/05; Hispanic

Cases filed during this Administration involving vote denial include:

- United States v. Osceola County, FL; filed 6/28/02; Hispanic
- United States v. Berks County, PA; filed 2/25/03; Hispanic
- United States v. Brown (Noxubee County, MS); filed 2/17/05; White
- United States v. City of Boston, MA; filed 7/29/05; Hispanic, Chinese, and Vietnamese
- United States v. Long County, GA; filed 2/08/06; Hispanic

92. Identify the number of times under the current Administration that the Assistant Attorney General (or the individual designated to act as Assistant Attorney General) has not agreed with the recommendation of the Voting Section to interpose a Section 5 objection.

ANSWER: As stated above, the Department has a long-standing policy against disclosure of internal deliberations.

93. Identify the number of times under the current Administration that the Assistant Attorney General (or the individual designated to act as Assistant Attorney General) has not agreed with the recommendation of the Voting Section to bring a lawsuit.

ANSWER: As stated above, the Department has a long-standing policy against disclosure of internal deliberations. As noted above, attorneys in the Voting Rights Section have, in fact, set a number of records in terms of the initiation of cases.

94. Identify the number of times under the current Administration that the Assistant Attorney General (or the individual designated to act as Assistant Attorney General) has not agreed with the recommendation of the Voting Section to cover an election.

ANSWER: As stated above, the Department has a long-standing policy against disclosure of internal deliberations. We do note that the Division has maintained the most robust election monitoring program in its history.

During 2004, the Division conducted its largest election-monitoring program ever. We sent a total of 1,996 individuals (533 Department personnel and 1,463 federal observers from OPM) to monitor 163 elections in 105 political subdivisions in 29 states. This compares with the 743 individuals (103 Department personnel and 640 federal observers from OPM) sent to monitor 46 elections in 31 political subdivisions in 13 states during all of CY 2000. The Division similarly had an extraordinary level of election monitoring for "off-year" in 2005. The Division sent a total of 831 individuals (191 Department personnel and 640 federal observers from OPM) to monitor 47 elections in 36 political subdivisions in 14 states.

95. For every recommendation made by the Voting Section from 2002- 2005 to bring a Section 2 vote dilution lawsuit, identify the number of days that elapsed between the date the recommendation was first received by the "front office" (or, if that date cannot be identified, the date of the recommendation in the J-Memo) and the date that Assistant Attorney General (or the individual designated to act as Assistant Attorney General) either approved or disapproved the recommendation. To the extent that there are recommendations made in 2002 - 2005 which are still pending, indicate how long those recommendations have been pending.

ANSWER: As stated above, the Department has a long-standing policy against disclosure of internal deliberations.

E. Employment Discrimination Cases

96. The issue currently before the Supreme Court in *Burlington Northern and Santa Fe Railway v. White*, Docket No. 05-0259, is what type of employer conduct rises to the level of unlawful retaliation. The civil rights community has urged the Court to uphold the standard developed by the Equal Employment Opportunity Commission, the federal agency tasked with enforcing Title VII. Under the EEOC standard, employers would be prohibited from taking any action "reasonably likely to deter the exercise of rights under Title VII." This standard would provide broad protection against retaliation. This is the position the EEOC has argued for in the courts, and indeed, in the lower court in this case. The U.S. Department of Justice rejected the EEOC standard. Instead, the government's brief to the Supreme Court endorsed a more stringent standard. Under this more stringent standard, employers would be liable only for retaliation that took the form of a "materially adverse change in terms of employment." Please explain why DOJ rejected the standard advocated by the EEOC?

ANSWER: In the amicus brief that it filed with the Supreme Court in this case, the United States argued that the term "discriminate" in Title VII's anti-retaliation provision must be read consistently with the statute's core anti-discrimination provision, which prohibits discrimination in employment on the basis of race, sex, national origin, or religion. As discussed more fully in its amicus brief, the United States determined that

this position is the correct interpretation based on the text and structure of Title VII. A majority of the circuits that have decided the issue -- the 1st, 2nd, 3rd, 4th, 6th, and 11th -- have reached the same conclusion. A copy of the United States's amicus brief, which sets forth fully its position in this case, may be found at: www.usdoj.gov/osg/briefs/2005/3mer/1ami/2005-0259.mer.ami.html.

VII. Special Counsel

97. You have never seen fit to appoint an outside special counsel under 28 C.F.R. part 600 to investigate the possible commission of crimes by Administration officials, including: (1) torture in Iraq, Afghanistan, and Guantanamo Bay by U.S. military personnel and military contractors; (2) the Thomas Noe fundraising scandal in Ohio; (3) the demotion of U.S. Attorney Frederick Black for investigating Jack Abramoff; and (4) the potentially unconstitutional wiretapping of U.S. citizens without court orders. Similarly, Attorney General Ashcroft refused to appoint special counsels for: (1) fraudulent Halliburton activities; (2) Iraqi prisoner abuse; (3) Westar Energy for potential bribery; and (4) Enron accounting fraud. On December 30, 2003, then-Deputy Attorney General James B. Comey, in the position of Acting Attorney General, delegated to U.S. Attorney Patrick Fitzgerald the powers of the Attorney General for purposes of the CIA name leak investigation. According to Mr. Comey's letter to Mr. Fitzgerald, this appointment was made pursuant to 28 U.S.C. §§ 508-10, 515 (not 28 C.F.R. part 600). Is it your contention that, even if the President or Vice President were subjects or targets of investigation, you could investigate them impartially and without the need for an outside special counsel under 28 C.F.R. part 600?

ANSWER: The Department of Justice and the Attorney General place a high priority on achieving just results and assuring the public that the nation's laws are being enforced fairly and impartially. The bedrock of our effort to do so is the Department's reliance on experienced and dedicated career prosecutors who handle difficult and sensitive matters on a daily basis. Those prosecutors have been, and will continue to be, the front line in our effort to enforce the law.

As you noted, title 28 U.S.C. §§ 508-510 and 515 provide statutory mechanisms for the Attorney General to delegate authority to other prosecutors within the Department of Justice in appropriate circumstances. In addition, Department of Justice regulations, 28 C.F.R. § 600, *et seq*., provide a mechanism for the Attorney General to appoint an attorney outside the Department of Justice to act as a Special Counsel if investigation or prosecution by Department of Justice attorneys would present a conflict of interest or other extraordinary circumstance, and if the Attorney General determines that it would be in the public interest to do so. The Special Counsel regulations were designed as a replacement for the former Independent Counsel Act, which required mandatory appointment of Independent Counsels, many of whom continued for lengthy terms at substantial cost to the taxpayers. By contrast, the Special Counsel regulations make clear that the Attorney General is responsible for determining whether the public interest

would best be served by allowing the appropriate office within the Department of Justice to handle a matter according to the normal and well-established process, or by removing the matter from the Department's normal processes.

Over the past several years, there have been a number of matters in which there have been calls for the recusal of the Attorney General or the appointment of an outside Special Counsel. As you noted, those matters have included the investigation of the activities of Washington lobbyist Jack Abramoff and corporate fraud involving Enron. In each instance, the matters have been handled fairly, appropriately, and impartially by dedicated career professionals in the Department of Justice, and the Attorney General has taken all steps that are necessary to insure public confidence in the fairness of the investigation. In these matters, the Attorney General has determined that the public interest would best be served by allowing experienced career prosecutors to handle the matters according to well-established Department of Justice procedures and principles. Those career professionals have conducted thorough and complete investigations without interference, and they have brought charges where they deemed appropriate. I have every confidence that they will continue to do so.

In one instance, former Deputy Attorney General James Comey used the provisions of title 28 to authorize United States Attorney Patrick Fitzgerald to handle the investigation regarding the leak of information regarding the identity of a CIA operative. As you know, charges have been brought against a high-ranking White House official, and Mr. Fitzgerald's professionalism, integrity, and impartiality are beyond question.

I do not believe that it would be appropriate for me to address questions regarding hypothetical situations involving allegations against the President or Vice President. However, I assure you that I will continue to uphold the highest standards of ethics in the enforcement of federal law, and that I will take all steps that are necessary to insure public confidence in the outcome of matters that are handled by the Department of Justice. If a circumstance arises in which the public interest would best be served by the appointment of a Special Counsel, I will not hesitate to do so.

98. Have there been any instances since President Bush took office in which there has been disagreement within the Justice Department about whether a special counsel should be appointed pursuant to 28 C.F.R. part 600; more specifically, have there been situations where Department officials or employees have argued in favor of the Attorney General exercising his authority under 28 C.F.R. part 600? If so, please describe the investigation or allegations in question.

ANSWER: It would not be appropriate for me to provide information regarding the Department of Justice's internal deliberative processes regarding the potential appointment of a Special Counsel under 28 C.F.R. § 600, *et.seq*. Moreover, it would not be practical for me to assess which officials, among the Department's many employees, may have argued in favor of the appointment of a Special Counsel in any particular situation. I can assure you, however, that I have been and will continue to be dedicated to

doing whatever is in the public interest. I will continue to uphold the highest standards of ethics in the enforcement of federal law, and I will take all steps that are necessary to insure public confidence in the outcome of matters that are handled by the Department of Justice

VIII. Scope of Presidential Authority

99. The Justice Department has claimed that the President is permitted to authorize domestic surveillance without court orders as a result of (1) his inherent authority as Commander-in-Chief and (2) his statutory authority under the Authorization for Use of Military Force. The purported statutory rationale is that the Use of Force explicitly authorizes military action against suspected terrorist and, therefore, implicitly authorizes any lesser action against suspected terrorists, such as surveillance. Would it be the position of the Department that the Commander-in-Chief has inherent constitutional authority to engage the U.S. Armed Forces against suspected terrorists living within or visiting the territory of the United States? If so, what action(s) would such authority encompass (i.e, military detention of such suspected terrorists, targeted killing of such suspected terrorists)?

ANSWER: We do not contend that because the Force Resolution "authorizes military action against suspected terrorists [it], therefore, implicitly authorizes any lesser action against suspected terrorists, such as surveillance." Rather, it is the position of the United States, confirmed by a majority of the Supreme Court in *Hamdi v. Rumsfeld*, 542 U.S. 507 (2004), that when Congress authorized the President to use "use all necessary and appropriate force" against those responsible for the September 11th attacks, it also authorized use of the "fundamental and accepted" incidents of waging war. *Id.* at 518 (plurality opinion); *see id.* at 587 (Thomas, J., dissenting). Just as capturing and detaining enemy combatants is a fundamental and accepted incident of waging war, *see Hamdi*, signals intelligence has long been recognized to be a basic tool of warfare to ensure our troops are not fighting blind. Consistent with this traditional understanding, other Presidents, including Woodrow Wilson and Franklin Roosevelt, have interpreted general force authorization resolutions to permit warrantless surveillance to intercept suspected enemy communications. *Cf.* Curtis A. Bradley & Jack L. Goldsmith, *Congressional Authorization and the War on Terrorism*, 118 Harv. L. Rev. 2048, 2091 (2005) (explaining that, with the Force Resolution, "Congress intended to authorize the President to take at least those actions permitted by the laws of war"). The terms of the Force Resolution must be understood in light of that historical practice.

It is the position of the United States that the President's inherent authority, confirmed and supplemented by the Force Resolution, authorizes the detention of enemy combatant terrorists in military custody, even if captured within the United States. That view has been embraced by the U.S. Court of Appeals for the Fourth Circuit. *See Padilla v. Hanft*, 423 F.3d 386 (4th Cir. 2005); *cert. denied*, 126 S. Ct. 1649 (2006). The same authorities also clearly authorize the use of force against al Qaeda terrorists within the United States.

In the Force Resolution, Congress expressly recognized that the September 11th attacks "render it both necessary and appropriate that the United States exercise its rights to self-defense and to protect United States citizens both *at home* and abroad." Force Resolution pmbl. (emphasis added). Congress concluded that the attacks "continue to pose an unusual and extraordinary threat to the national security." *Id.* Congress affirmed that "the President has authority under the Constitution to take action to deter and prevent actions of international terrorism *against the United States*." *Id.* (emphasis added). Accordingly, Congress authorized the President "to use all necessary and appropriate force against those" associated with the attacks "in order to prevent future acts of international terrorism *against the United States*." *Id.* (emphasis added). It is unclear from your question which forms of force you are inquiring about. If by "targeted killings," you mean "assassination," we have previously responded to Senator Feingold that that hypothetical question is far removed from the very well established authority of nations to engage in signals intelligence during military conflict.

The plain language of the Force Resolution clearly encompasses action within the United States. In addition, when Congress passed the Force Resolution on September 14, 2001, the World Trade Center was still burning, combat air patrols were flying over many American cities, and there was great concern that another attack would follow shortly. Further, the attacks of September 11th were launched on United States soil by foreign agents who had been living in this country. Given this context and the plain meaning of the Force Resolution, Congress must be understood as having ratified the President's authority to use force within the United States. A crucial responsibility of the President—charged by the Force Resolution and the Constitution to defend our Nation—was and is to identify and disable those enemies, *especially if they are in the United States*, waiting to strike.

100. Is it the position of the Department that the Authorization for Use of Military Force authorizes the President to engage the U.S. Armed Forces against suspected terrorists living within or visiting the territory of the United States? If so, what action(s) would such authority encompass (i.e, military detention of such suspected terrorists, targeted killing of such suspected terrorists)?

ANSWER: Please see the answer to question 99 above.

101. Has the Department provided any legal opinion or other memorandum to the President analyzing any inherent constitutional or statutory authority to engage the U.S. Armed Forces against suspected terrorists living within or visiting the territory of the United States? If so, please provide a copy of such opinion or memorandum.

ANSWER: Any such opinions would constitute the confidential legal advice of the Executive Branch and would reflect the Branch's internal deliberative process. We are not able to discuss the contents of confidential legal advice.

102. The White House has asserted that the President has the authority to declassify information at will. White House Press Secretary, Press Briefing by Scott McClellan (Apr. 7, 2006). Without regard to any specific instance, is the President similarly empowered to declassify the identities of current covert agents of the United States?

ANSWER: The Supreme Court has expressly stated that the President's foreign affairs powers and his role as Commander in Chief give him considerable authority over the protection and dissemination of classified information: The President's "authority to classify and control access to information bearing on national security and to determine whether an individual is sufficiently trustworthy to occupy a position in the Executive Branch that will give that person access to such information flows primarily from this constitutional investment of power in the President and *exists quite apart from any explicit congressional grant*." *Department of the Navy v. Egan*, 484 U.S. 518, 527 (1988) (emphasis added). Both the Court's opinion in *Egan* and longstanding Executive Branch practice support the conclusion that the Constitution grants the President plenary authority to determine whether national security considerations require the classification or declassification of particular information.

103. When declassifying information, what procedures does the President follow? How can those procedures be changed? Do the procedures differ based upon type of classified information in question? If so, in what manner?

ANSWER: The currently applicable procedures within the Executive Branch generally governing the classification and declassification of information by officers within the Executive Branch are set forth in Executive Order 13292, which was issued on March 25, 2003

104. Last week Congressman Jane Harman and Congressman John Conyers, Jr. wrote to you and asked that you rescind the signing statement that accompanied the PATRIOT Act reauthorization. The statement claimed that the unilateral authority for the President permits him to ignore new reporting requirements in that bill. Can you please explain under what authority the President can single-handedly ignore a valid law passed by the United States Congress?

ANSWER: We respectfully disagree with your statement that the President's signing statement indicates that he was "single-handedly ignor[ing] a valid law passed by . . . Congress." The President's signing statement was both entirely consistent with his duties under the Constitution and with the actions of past Presidents of both parties.

The Constitution requires the President to take an oath to "preserve, protect, and defend the Constitution," and directs him to "take care that the Laws be faithfully executed." U.S. Const., Art. II, §§ 1, 2. When Congress passes legislation containing provisions that could be construed as contrary to well settled constitutional principles, or which could be

applied in a manner that is plainly unconstitutional, the President can and should take steps to ensure that such laws are interpreted and executed in a manner consistent with the Constitution. As Attorney General Benjamin R. Civiletti, Attorney General during the Carter Administration, wrote, "the President's constitutional duty does not require him to execute unconstitutional statutes; nor does it require him to execute them provisionally, against the day that they are declared unconstitutional by the courts." *Attorney General's Duty to Defend and Enforce Constitutionally Objectionable Legislation*, 4A Op. O.L.C. 55, 59 (1980). Using a presidential signing statement to give a potentially problematic provision in a bill a construction that renders it constitutional does not represent an affront to Congress; rather, it gives greater effect to Congress's will than simply vetoing the legislation, or tacitly declining to enforce a provision (as other Presidents have done). As Assistant Attorney General Walter Dellinger explained early in the Clinton Administration, the practice of issuing a signing statement to construe a statutory provision to ensure its constitutionality is "analogous to the Supreme Court's practice of construing statutes, where possible, to avoid holding them unconstitutional." *The Legal Significance of Presidential Signing Statements*, 17 Op. O.L.C. 131, 133 (1993) (*available at* http://www.usdoj.gov/ olc/signing.htm). Thus, as Assistant Attorney General Dellinger noted, "[s]igning statements have *frequently* expressed the President's intention to construe or administer a statute in a particular manner (*often* to save the statute from unconstitutionality)." *Id.* at 132 (emphasis added). "[S]igning statements of this kind can be found as early as the Jackson and Tyler administrations, and later Presidents, including Lincoln, Andrew Johnson, Theodore Roosevelt, Wilson, Franklin Roosevelt, Truman, Eisenhower, Lyndon Johnson, Nixon, Ford and Carter, also engaged in the practice." *Id.* at 138; *cf. Presidential Authority to Decline to Execute Unconstitutional Statutes*, 18 Op. O.L.C. 199, 202 (1994) (memorandum opinion of Assistant Attorney General Walter Dellinger) ("[E]very President since Eisenhower has issued signing statements in which he stated that he would refuse to execute unconstitutional provisions") (*available at* http://www.usdoj.gov/olc/nonexcut.htm).

When the President signed the PATRIOT Act reauthorization into law, he stated that the legislation would "help us continue to fight terrorism effectively and to combat the use of the illegal drug methamphetamine that is ruining too many lives." The President indicated that the Executive Branch would construe the provisions that may involve "furnishing information to entities outside the executive branch, such as sections 106A and 119, in a manner consistent with the President's constitutional authority to supervise the unitary executive branch and to withhold information the disclosure of which could impair foreign relations, national security, the deliberative processes of the Executive, or the performance of the Executive's constitutional duties." The two sections of the USA PATRIOT Act specifically mentioned in the signing statement involved audits of the use of certain business records and National Security Letters. Although neither of the provisions of the law the President signed themselves required disclosure of classified information, it was foreseeable that such information might be disclosed during the course of such audits. In the signing statement, the President simply indicated that he would construe the Act, which was itself silent on the point, in a manner to safeguard information the disclosure of which could impair foreign relations or national security.

That signing statement also served as an instruction to those in the Executive Branch to safeguard that information.

That instruction is fully consistent with the well established principle, explicitly recognized by the Supreme Court, that the President has the power to "supervise and guide [Executive officers'] construction of the statutes under which they act in order to secure that unitary and uniform execution of the laws which Article II of the Constitution evidently contemplated in vesting general executive power in the President alone," *Myers v. United States*, 272 U.S. 52, 135 (1926). It was particularly appropriate that the President take such action here to safeguard classified information: as the Supreme Court has recognized, the President has the "authority to classify and control access to information bearing on national security." *Department of the Navy v. Egan*, 484 U.S. 518, 527 (1988) (citations omitted). That authority, the Supreme Court has noted, "flows primarily from this constitutional investment of power in the President and *exists quite apart from any explicit congressional grant*." *Id.* (emphasis added).

In accordance with Assistant Attorney General Dellinger's opinion, President Clinton issued signing statements addressing constitutional issues with respect to *105* laws he signed, *see* Christopher Kelley, *A Comparative Look at the Constitutional Signing Statement* 18 (2003) (*available at* http://mpsa.indiana.edu/conf2003papers/ 1031858822), including several that are virtually identical to the one the President issued here. *See, e.g.*, *Statement of President Clinton on Signing the Intelligence Authorization Act for Fiscal Year 1999* (Dec. 3, 1999) ("H.R. 1555 provides that '[n]o department or agency of the Government may withhold information from the [National Commission for the Review of the National Reconnaissance Office] on the grounds that providing the information to the Commission would constitute the unauthorized disclosure of classified information or information relating to intelligence sources or methods.' I do not read this provision to detract from my constitutional authority, including my authority over national security information."); *Statement of President Clinton on Signing the National Defense Authorization Act for Fiscal Year 2000* (Oct. 5, 1999) ("A number of other provisions of this bill raise serious constitutional concerns. Because the President is the Commander in Chief and the Chief Executive under the Constitution, the Congress may not interfere with the President's duty to protect classified and other sensitive national security information or his responsibility to control the disclosure of such information by subordinate officials of the executive branch (sections 1042, 3150, and 3164). . . . To the extent that these provisions conflict with my constitutional responsibilities in these areas, I will construe them where possible to avoid such conflicts, and where it is impossible to do so, I will treat them as advisory. I hereby direct all executive branch officials to do likewise."); *Statement of President Clinton on Signing the Intelligence Authorization Act for Fiscal Year 1998* (Nov. 20, 1997) ("So that this provision [section 307] cannot be construed to detract from my constitutional authority and responsibility to protect national security and other privileged information as I determine necessary, and so that the provision does not require the release of information that is properly classified, I direct that it be interpreted consistent with my constitutional authority and with applicable laws and executive orders."); *Statement of President Clinton on Signing the National Defense Authorization Act for Fiscal Year 1998* (Nov. 18, 1997) ("Other

provisions of H.R. 1119 raise serious constitutional issues. Because of the President's constitutional role, the Congress may not prevent the President from controlling the disclosure of classified and other sensitive information by subordinate officials of the executive branch (section 1305). . . . These provisions will be construed and carried out in keeping with the President's constitutional responsibilities."). Indeed, President Clinton's use of signing statements to give narrowing constructions to provisions he believed to raise constitutional concerns has been praised in Congress. *See, e.g.*, Cong. Rec. 151 Cong. Rec. E357-03, E357 (Mar. 2, 2005) (statement of Rep. Scott); 151 Cong. Rec. H8264, H8272 (Sept. 22, 2005) (statement of Rep. Scott)

IX. Anti-Torture Act

105. The Justice Department has proven itself incapable of conducting a full and fair investigation of violations of the Anti-Torture Act and other federal criminal laws against torture and abuse. The Justice Department is the only law enforcement agency that has the legal authority to prosecute civilians for violations of federal laws against torture and abuse. However, despite numerous government-produced documents alleging criminal acts by civilians, including civilian CIA agents and private contractors, the Justice Department has brought only one indictment, of a civilian contractor, David A. Passaro, who was indicted by the U.S. Attorney for the Eastern District of North Carolina nearly two years ago. When your predecessor, Attorney General John Ashcroft, announced the indictment of Passaro on June 17, 2004, he also said that "the Justice Department has received one referral from the Department of Defense and additional referrals from the CIA." The Justice Department acknowledged to Senator Durbin, during the confirmation hearing for Paul McNulty for Deputy Attorney General, that it has received eleven referrals of civilians from the Defense Department and nine from the CIA. Based on autopsy reports provided through the Freedom of Information Act litigation, several autopsy reports list the cause of death as "homicide" and relate to incidents that involved civilians employed by the federal government. However, nearly two years after Ashcroft's announcement of a plan for the investigation and prosecution of civilians alleged to have committed torture or abuse, there have been no additional indictments. During this same period, military prosecutors have charged and prosecuted dozens of soldiers for the same criminal conduct. Privates and sergeants are being marched off to jail, while government civilians and the people at the top remain free--or are getting better jobs. Given your own role in the development of the government's torture policies, have you recused yourself from decisions on whether and how to investigate and prosecute civilians referred by other agencies?

ANSWER: Pending OAG/OLA/ODAG

106. Why have there been no indictments of civilians by the Justice Department in the nearly two years since Attorney General Ashcroft announced the protocol for investigation and prosecution of allegations of torture or abuse by civilians?

ANSWER: The Department of Justice takes allegations of torture or abuse by civilians seriously, and we have and will continue to vigorously investigate any allegations of torture or other abuse using all appropriate investigative tools. Be assured that allegations involving abuse by civilians of which we are aware, and for which we have jurisdiction to prosecute, have been and will continue to be investigated thoroughly by the Eastern District of Virginia Task Force. If evidence is developed in any cases sufficient to sustain proof beyond a reasonable doubt of a federal offense, those cases will be charged and prosecuted.

QUESTIONS FROM REPRESENTATIVE NADLER

I. Bankruptcy

107. With respect to bankruptcy law enforcement, how many criminal referrals have been made by the U.S. Trustee program in each of the last five years? What is the disposition of these referrals? What is the Department's current policy on enforcement of bankruptcy crimes?

ANSWER: The chart below provides the number of criminal referrals made by the United States Trustee Program (USTP or Program) over the past five fiscal years. In addition to the 744 formal referrals made in FY 2005, which represent a 12 percent increase over FY 2004, the Program also assisted law enforcement and prosecutors in investigating and prosecuting an additional 300 bankruptcy-related matters separate from USTP referrals.

USTP CRIMINAL REFERRALS BY FISCAL YEAR				
FY 2001	**FY 2002**	**FY 2003**	**FY 2004**	**FY 2005**
1,059	939	817	660	744

Prior to FY 2005, the Program did not have a comprehensive database for collecting the full range of data related to its criminal referrals. Effective in FY 2005, however, all 95 USTP offices began reporting criminal referral information using a new Criminal Enforcement Tracking System (CETS). CETS provides more comprehensive data and allows for the analysis of criminal referral activity, including disposition information, in a reliable and accessible electronic format. Since inception, the system has undergone several upgrades and the Program continues to evaluate areas for improvement.

To enhance the completeness and accuracy of criminal referral case and disposition information, the Program is working with the Executive Office for U.S. Attorneys to obtain data from its case tracking system. Similarly, efforts are underway with the Bureau of Justice Statistics to collect federal court data that includes criminal case disposition information. At present, the relevant data from both sources must be manually reviewed and compared, although opportunities for the electronic transfer of information between the systems are being explored. Finally, the Program has developed and piloted an efficient data collection instrument to assist in the gathering of criminal referral disposition data by each of the Program's field offices. The anticipated result of these ongoing efforts is that criminal referral disposition data will be tracked systematically by the Program in a variety of ways, thereby enabling the Program to meet the new annual reporting requirements recently enacted by the Congress.

The chart below shows the outcome data for FY 2005 referrals available to the Program as of December 2005.

OUTCOME/DISPOSITION OF FY 2005 REFERRALS	NUMBER OF CASES
Prosecution Declined by U.S. Attorney's Office	90
With Investigative Agency	82
Under Review in U.S. Attorney's Office	539
Formal Charges Filed (Case Still Active)	18
Formal Charges Filed (Case Closed)	15

For fiscal years 2001 through 2004, Program records indicate that criminal referrals averaged more than 100 convictions or guilty pleas annually. Acquittals during the same period occurred in less than three percent of disposed cases.

Criminal enforcement aimed at combating bankruptcy-related crimes continues to be a priority of the USTP. In 2003, the Program established a special unit with four experienced criminal prosecutors to provide leadership of its referral and prosecution assistance responsibilities. Additionally, about 25 staff attorneys have been designated as Special Assistant U.S. Attorneys to assist U.S. Attorney's offices in prosecuting cases. The Program has also done extensive outreach and training. This past year alone, the Program conducted or participated in over 50 training programs that reached more than 1,500 employees, private trustees, prosecutors, and law enforcement agents through courses conducted at the National Advocacy Center and local training seminars. The Program also recently commenced a study with the National Institute of Justice and a group of outside experts aimed at identifying and measuring bankruptcy-related fraud, abuse, and errors.

The Department of Justice is fully committed to investigating and prosecuting bankruptcy crimes. The Department sponsors a National Bankruptcy Fraud Working Group that assists in coordinating a national response to bankruptcy fraud issues, and encourages the formation of inter-agency bankruptcy fraud working groups at the local level. Members of the local working groups include representatives from the United States Attorneys' offices, the United States Trustee Program, the Federal Bureau of Investigation, the Postal Inspection Service, HUD's Office of the Inspector General, the IRS's Criminal Investigation Division, as well as other federal agencies. In addition, the Department of Justice has satisfied its obligations under 18 U.S.C. § 158, and has designated an Assistant United States Attorney in every judicial district and an FBI agent from every field office to have primary responsibility for investigating and prosecuting bankruptcy fraud violations.

108. What efforts has the Justice Department made to ensure that individual debtors who are not English Language Proficient are able to comply with the credit counseling and debtor education provisions of the Bankruptcy Abuse Prevention and Consumer Protection Act? In the absence of such assistance, has the U.S. Trustee program sought dismissal of a case filed by such an individual, or objected to a discharge, because that individual was unable tom comply with section 109(g), 727(a)(11) & (12), or 1328(g) of the Bankruptcy Code?

ANSWER: The U.S. Trustee Program (USTP or Program) is the Department's component charged with implementation of the provisions of the Bankruptcy Abuse Prevention and Consumer Protection Act of 2005, including the approval of credit counseling agencies and debtor education providers. The USTP has encouraged providers of those services to expand their language capabilities and will be exploring other options to ensure easier access to credit counselors and debtor educators.

Currently, credit counseling and debtor education services are offered in a total of 22 languages in various judicial districts throughout the country. There is at least one national provider who will arrange for translation services at no cost to the consumer and three others who offer services in Spanish at all of their locations and over the phone. The Program also permits individuals with limited English proficiency (LEP) to have members of volunteer community groups, friends, relatives, and family members act as interpreters. Further, in order to facilitate matching consumers with approved providers who offer language services, the USTP recently compiled data on additional languages offered by every credit counseling agency and debtor education provider, and this information is posted on the Program's public Web site.

The USTP has filed approximately 950 motions to dismiss consumer bankruptcy cases for failure to file a credit counseling certificate. When such motions are filed, the Program generally is not aware of the debtor's reasons for failure to comply with the filing requirement. Field offices have been directed to be judicious in bringing and prosecuting cases regarding deficiencies related to credit counseling, especially as the debtor's bar is in the learning phase of the new requirements. Although not specifically tracked, anecdotal information suggests that there have been only a handful of cases where a debtor has requested relief from the credit counseling requirement because of LEP.

Finally, USTP records reveal only a small number of actions brought by its attorneys to date under section 727(a)(11) or section 1328(g) to deny a discharge for failure to fulfill the debtor education requirement. None of those actions related to the inability of a debtor to receive a course in financial management due to LEP. Under extant court rules, in the absence of proof of debtor education, the clerk of court generally will close a case without entering a discharge. The debtor may then later reopen the case, file proof of debtor education, and receive a discharge.

II. Law Enforcement in Hurricane Katrina-Affected Region

109. What is the Department doing with respect to criminal conduct connected with violations of the wage and hour laws, intentional fraud, threats of violence and actual violence against workers seeking to enforce their rights, especially in cases involving direct or indirect employment by federal contractors involved in the rebuilding effort following Hurricane Katrina?

ANSWER: The Wage and Hour Division (WHD) of the U.S. Department of Labor is a member of the Hurricane Katrina Fraud Task Force. At the April 24, 2006 meeting of the Task Force's Command Center, WHD representatives briefed Task Force members on WHD's authority under the Fair Labor Standards Act, the Davis-Bacon Act, and other laws for which WHD has responsibility, and on the Katrina-related issues they will be examining. The Task Force fully expects that as WHD investigators find evidence of possible criminal violations of labor laws or other federal statutes, they will promptly coordinate with Command Center representatives and make appropriate referrals to criminal investigative agencies."

QUESTIONS FROM REPRESENTATIVE SANCHEZ

I. Voting Rights

110. As you may know, the Department of Justice entered into an agreement with the California Secretary of State on implementing the statewide voter database requirements of the Help America Vote Act (HAVA). This unique agreement resulted in the establishment of procedures for processing voter registration forms that has proven to be highly problematic in practice. Across the state of California, 26 percent of all voter registration forms between January 1 and March 15 2006 have been declared invalid by the California Secretary of State's office. In highly urbanized Los Angeles County, this number is as high as 43 percent. Before the implementation of this new system, the number of truly false or otherwise invalid registrations was less than one percent. Clearly the new system for processing voter registration forms is invalidating legitimate voters and will potentially disenfranchise tens of thousands of voters, including many who have voted for years and who attempted to re-register in a good-faith effort to update their registration with a new address, change in party affiliation or change in name due to marriage. It is my understanding that the problem is not with HAVA itself, but rather the unique way in which the California Secretary of the State is implementing the law, in accordance with an agreement reached with the U.S. Department of Justice. Considering the problems arising from the DOJ-California Secretary of State agreement, do you disagree with the claim by Bradley J. Schlozman, Acting Assistant Attorney General for the Civil Rights Division, that it is "a model for other states"?

ANSWER: The agreement reached with California is fully consistent with HAVA's requirements. The reported problems the State has experienced with its new statewide voter registration list are not a result of the Agreement; rather, as we understand the alleged problem, it involved a question of California law.

The specific legal issue involved the "matching criteria" that were being utilized by counties, pursuant to regulation of the Secretary of State, in order to verify information provided by voter registration applicants on their applications. Under Section 303(a)(5) of HAVA, as of January 1, 2006, a state cannot accept or process a voter registration application for an election for federal office unless that application includes the applicant's driver's license number or the last 4 digits of the applicant's social security number (where the applicant does not have a driver's license number). In those cases where an applicant has neither number, the state is required to assign to the applicant a unique identification number.

It is our understanding that, prior to January 1, 2006, under California state law, neither number was required to be supplied by applicants on a voter registration form. Pursuant to state legislation enacted in 2005, effective January 1, 2006, voter registration

applicants are required to supply such number(s) for the first time. Concurrent with our Agreement with the state, the Secretary of State's office drafted regulations to implement the new voter registration database. Based on what we understand to be that Office's interpretation of existing state law, these regulations required that where a new voter registration application did not contain either identification number required under HAVA, and a check of the state's motor vehicle records indicated a possible match with a person in that system, counties were to make contact with applicants to verify the driver's license number and complete the registration process. Apparently, as many new applicants after January 1 neglected to place such numbers on forms, the verification workload for the counties increased, in some cases dramatically. The failure of so many voters to supply their driver's license number does not appear to have been anticipated.

Most recently, we have been advised by the state of California that, based on an interpretation of the pertinent state law by the office of state legislative counsel, the Secretary of State has determined that state law does not require such personal contact for purposes of verification in certain instances, and that a technological "fix" can be and has been made to the voter registration system which should reduce substantially the number of registration applications subject to personal verification. We have also been advised by the Secretary of State that emergency regulations to formalize the change are being processed. We have informed the Secretary of State that we have no objection to the proposed change.

111. Considering the difficulties being experienced in California, will you direct subordinates in your department to not enter in any such agreements with other states?

ANSWER: No. As set forth above, the reported problems the State has experienced with its new statewide voter registration list are not a result of the Agreement; rather, as we understand the alleged problem, it involved a question of California law.

112. The agreement your department entered into with the California Secretary of State goes beyond what is required under HAVA. Other states that didn't enter into such an agreement with your department are experiencing much lower rejection rates. Why did your department impose such an agreement on California?

ANSWER: The agreement reached with California is fully consistent with HAVA's requirements. The agreement was entered into initially when the state reported to the Department that they would not meet the HAVA deadlines; they then offered to enter into an agreement to memorialize their plans to comply with HAVA. The reported problems the state has experienced with its new statewide voter registration list are not a result of the Agreement; rather, as we understand the alleged problem, it involved a question of California law.

113. Can the State of California unilaterally change the agreement if it realizes it's too restrictive and denying eligible voters the right to register to vote?

ANSWER: As indicated above, we understand that California has changed its matching criteria for voter registration applicant verification and we have advised the state that we have no objection to this change.

114. Does the State of California risk being sued by your department if it changes its regulations?

ANSWER: As indicated above, we understand that California has changed its matching criteria for voter registration applicant verification and we have advised the state that we have no objection to this change.

115. Does the State of California risk being sued by your department if it passes a law to override the regulations?

ANSWER: As indicated above, we understand that California has changed its matching criteria for voter registration applicant verification and we have advised the state that we have no objection to this change.

QUESTIONS FROM REPRESENTATIVE WEXLER

I. Civil Rights

A. Women's Rights

116. Each year, approximately 25,000 women in the United States become pregnant as a result of rape. An estimated 22,000 of these pregnancies - or 88 percent - could be prevented if sexual assault victims had timely access to emergency contraception. Unfortunately, according to 2005 nationwide survey, 42 percent of non-Catholic hospitals and 55 percent of Catholic hospitals do not dispense emergency contraception under any circumstances, including when a woman has been sexually assaulted. As I'm sure you know, emergency contraception (EC) is a concentrated dosage of ordinary birth-control pills that can dramatically reduce a woman's chance of becoming pregnant if taken soon after sex. EC does not cause abortion; rather it prevents pregnancy by inhibiting ovulation, fertilization, or implantation before a pregnancy occurs. Why then is information about EC not included in the DOJ's National Protocol for Sexual Assault Medical Forensic Examinations even after being urged to address the issue by a bipartisan contingent of 22 Senators?

ANSWER: The cornerstone of the National Protocol for Sexual Assault Medical Forensic Examinations is a victim-centered approach. The premise underlying this approach is that a well-informed victim is the person best equipped to make decisions affecting the victim's health and well-being. The protocol, therefore, emphasizes providing information to victims. Then, based upon this information and the victim's own preferences and beliefs, the sexual assault victim controls as much of the process as possible.

Specifically, the protocol recommends discussing treatment options with patients, including all reproductive health services. The protocol encourages health care professionals to discuss the variety of and recommend appropriate treatment options to female sexual assault victims.

QUESTIONS FROM REPRESENTATIVE LOFGREN

I. Warrantless Wiretapping

117. In Mr. Gonzales' testimony on April 6 before the House Judiciary Committee, he stated that the President has the authority to conduct warrantless eavesdropping on U.S. persons because the United States is at war pursuant to the adoption of the AUMF and the President as Commander-in-Chief has the authority under Article II of the U.S. Constitution to conduct warrantless eavesdropping on U.S. persons as a fundamental incident to war. During the hearing, Ms. Lofgren asked whether "shooting people, capturing them in their homes or on the street, putting them in POW camps" were also authorized as "fundamental incidents" to war. Mr. Gonzales did not disavow such authority and left open the possibility that the Administration believed the AUMF authorized such activities as incidents to war, stating merely that "I think we'd have to look at what has occurred in the past in connection with conflicts." Does the Attorney General now deny each of the following activities is a "fundamental incident" to the AUMF, yes or no? Does he deny each of the following activities is a likely "fundamental incident" to the AUMF, yes or no?

ANSWER: Please see the answer to question 118, below.

118. Reinstatement of the draft?

ANSWER: We have not had the opportunity to conduct an exhaustive historical examination of each of these questions, but we will attempt to respond to the best of our ability. Reinstatement of conscription into the armed forces is not likely to be a fundamental incident to the use of armed forces authorized by the Force Resolution. Conscription has traditionally been a matter governed by statute. *See*, *e.g.*, 50 U.S.C. app. § 451 *et seq*; *see also* the National Defense Act of 1916, 39 Stat. 134. Such treatment is consistent with the fact that the Constitution vests Congress with authority to "raise and support Armies," U.S. Const. Art. I, § 8, cl. 12, and providing for conscription into the Armed Services would be a traditional part of that authority. Detailed statutes are of particular importance in establishing a draft because compliance is generally enforced through criminal statutes, and only Congress can authorize the imposition of judicially enforceable criminal punishments under federal law. *Cf. Bousley v. United States*, 523 U.S. 614, 620-21 (1998); *United States v. Hudson*, 7 Cranch 32 (1812).

119. Shooting U.S. persons on U.S. soil?

ANSWER: Inside the United States, the Fifth Amendment prohibition against depriving a person of life without due process of law and the Fourth Amendment restriction on

unreasonable seizures place significant restraints on the government's authority to use deadly force. Without reference to the Force Resolution or the President's inherent constitutional authority, we note that it is well established that law enforcement officials may use deadly force to prevent an act that threatens life or severe bodily injury or to apprehend a suspect who is believed to have committed such an act. *See, e.g.*, *Tennessee v. Garner*, 471 U.S. 1, 10-12 (1985).

120. Detaining U.S. persons in their homes or on U.S. soil?

ANSWER: It is the position of the United States that enemy combatants with plans to attack the United States may be captured on U.S. soil, even if they are U.S. citizens. The United States Court of Appeals for the Fourth Circuit upheld that position in *Padilla v. Hanft*, 423 F.3d 386 (4th Cir. 2005), *cert. denied*, 126 S. Ct. 1649 (2006), holding that the President had authority under the Force Resolution to capture on U.S. soil and detain in military custody a United States citizen who planned to engage in terrorist operations on behalf of al Qaeda.

121. Holding U.S. persons in POW camps?

ANSWER: A majority of the Supreme Court specifically has concluded that the Force Resolution authorizes the President to capture and detain United States persons, including United States citizens, who are enemy combatants. *Hamdi v. Rumsfeld*, 542 U.S 507 (2004); *see also Padilla v. Hanft*, 423 F.3d 386 (4th Cir. 2005).

122. In the Attorney General's testimony, he stated under oath that one or more undisclosed surveillance programs, the legal authority for which was disputed by Attorney General John Ashcroft and Deputy Attorney General James Comey, exist besides the "terrorist surveillance program" disclosed publicly by the President. What categories of communications are captured and what categories of individuals are targeted by this or these programs?

ANSWER: As an initial matter, we are not aware of any instance in which the Attorney General, as your question asserts, "stated under oath that one or more undisclosed surveillance programs . . . exist besides the" Terrorist Surveillance Program. In recognition of the fact that he was testifying in public, the Attorney General has simply declined to discuss the existence or non-existence of specific intelligence activities besides the Terrorist Surveillance Program, which had already been publicly disclosed. Consistent with long-standing practice, the Executive Branch notifies Congress concerning the classified intelligence activities of the United States through appropriate briefings of the intelligence committees and congressional leadership. For the same reasons, it would be inappropriate to discuss in this setting the existence or non-existence of any specific intelligence activities or the operations of any such activities, besides the Terrorist Surveillance Program.

123. Press reports indicate that AT&T and possibly other telecommunications providers are data-mining communications on behalf of the NSA prior to any human review. Rather than discuss the so-called "operational details" of NSA surveillance programs, does the Attorney General deny each of the following statements with respect to any and all NSA surveillance programs: Does the Attorney General deny that communications to which U.S. persons are parties are routinely intercepted and analyzed by one or more automated systems under the control of or established on behalf of the NSA, prior to any individualized human determination that probable cause exists that a specific communication intercepted by this or these automated systems includes as a party an overseas member of al Qaeda?

ANSWER: As the President has stated, "[w]e're not mining or trolling through the personal lives of millions of innocent Americans. Our efforts are focused on links to al Qaeda and their known affiliates." The President also outlined four basic principles of the government's efforts to create an early warning system to protect America from another catastrophic terrorist attack: "First, our international activities strictly target al Qaeda and their known affiliates. Al Qaeda is our enemy, and we want to know their plans. Second, the government does not listen to domestic phone calls without court approval. Third, the intelligence activities I have authorized are lawful and have been briefed to appropriate members of Congress, both Republican and Democrat. Fourth, the privacy of ordinary Americans is fiercely protected in all our activities."

It would be inappropriate to discuss in this setting the existence (or non-existence) of specific intelligence activities or the operations of any such activities. Consistent with long-standing practice, the Executive Branch notifies Congress concerning the classified intelligence activities of the United States through appropriate briefings of the intelligence committees and congressional leadership.

124. Does the Attorney General deny that the automated interception described in (a) involves millions of instances of communications or more?

ANSWER: The Terrorist Surveillance Program targets for interception a limited set of communications where one party is outside of the United States and there is reasonable grounds to believe that at least one party is a member or agent of al Qaeda or an affiliated terrorist organization.

As we noted above, it would be inappropriate to discuss in this setting the existence (or non-existence) of specific intelligence activities or the operations of any such activities. Consistent with long-standing practice, the Executive Branch notifies Congress concerning the classified intelligence activities of the United States through appropriate briefings of the intelligence committees and congressional leadership

125. Does the Attorney General deny that the interception described in (a) involves tens of thousands of U.S. persons or more?

ANSWER: Again, the Terrorist Surveillance Program targets for interception a limited set of communications as described in response to question 124. It would not be appropriate to discuss the operational details of the Program or the existence or non-existence of any other intelligence activities in this setting.

126. At the hearing, Ms. Lofgren asked "How many prosecutions have involved intelligence gathered under this program, either directly or indirectly?" Mr. Gonzales promised to provide quoted material in response to this question. Please provide that material.

ANSWER: The Terrorist Surveillance Program (TSP) is the presidentially authorized surveillance program that the President has publicly described, which involves the targeted interception by the National Security Agency (NSA) of communications in which one party is outside the United States where there are reasonable grounds to believe that at least one party to the communication is a member or agent of al Qaeda or an al Qaeda affiliated terrorist organization. Because TSP is a classified program, we are not able to provide information about the number of prosecutions that may "have involved intelligence gathered under this program" as you have requested. There are, however, a number of pending criminal cases in federal district courts across the country in which a defendant has requested information regarding the alleged use of warrantless electronic surveillance by the NSA and/or has filed motions or legal challenges alleging that any NSA activities conducted are either unconstitutional or not authorized by statute. The Government has responded to a number of these defense motions pursuant to the Classified Information Procedures Act. As of May 1, 2006, in every case in which a United States District Court Judge has ruled on a defense request for information, an order has been issued denying the defendant's motion.

QUESTIONS FROM REPRESENTATIVE JACKSON-LEE

I. Voting Rights

127. There have been reports of political appointees overruling staff recommendations. For example, in January 2005, the Washington Post reported that political appointees overruled a staff recommendation that the Texas congressional redistricting plan of 2003 be rejected as retrogressive under Section 5 of the Voting Rights Act. And before that, in November 2005 the Washington Post reported that a team of Justice Department lawyers and analysts who reviewed a Georgia voter-identification law recommended rejecting it because it was likely to discriminate against black voters, but they were overruled the next day by higher-ranking officials at Justice, according to department documents. What concrete steps have you taken to eliminate this type of undue political influence that permits political appointees to overrule staff recommendations?

ANSWER: Partisan considerations should not play a role in the Justice Department's decisions. Assistant Attorney General Wan Kim of the Civil Rights Division ("Division") believes strongly in this principle as well. The Division's successful record in the courts – and in the Texas redistricting and Georgia voter-identification matters specifically -- demonstrates that its decisions are based on the facts and the law.

As explained in our response to Question 86, above, the Texas redistricting submission involved a deliberate and careful review of every relevant fact. Subsequent events – including the decision by a three-judge panel finding no violation of the Voting Rights Act, and the 2004 elections held under the new plan that resulted in the election of an additional African American legislator – indicate that the preclearance decision was correct.

Likewise, the decision to preclear the State of Georgia's amendments to its voter identification statute was made by the Chief of the Voting Section, a veteran career attorney with more than 30 years of experience in the Civil Rights Division. The decision was well grounded in law and fact submission. The 2005 Georgia voter identification law, which amended an existing voter identification statute that had been precleared by the prior Administration, was precleared after a careful analysis that lasted several months and took into account all of the relevant factors, including the most recent data available from the State of Georgia on the issuance of state photo identification and driver's license cards. That data supported the ultimate preclearance decision in this matter.

128. Given that political appointees have virtually no role in determining whether to bring public corruptions cases (like Abramoff), why do political appointees play such a big role in determining whether to bring major voting rights cases?

ANSWER: Political appointees do not play an inordinate role in determining whether to bring major voting rights cases. The Assistant Attorney General for the Civil Rights Division is, of course, the official responsible for all cases brought by the Division, just as the Assistant Attorney General for the Criminal Division is the official responsible for all cases brought by that Division, including public corruption cases. It has been the practice of the Civil Rights Division since its inception that the Assistant Attorney General must approve each case initiated by the Division before it is filed. Cases are approved based solely on the facts and the law. There certainly has been no reluctance to bring cases under the Voting Rights Act. For example, in this Administration, the Assistant Attorneys General for Civil Rights have approved more cases under Sections 203 and 208 of the Voting Rights Act than all previous Assistant Attorneys General combined.

II. Presidential Signing Statements

129. President Bush has occupied the office for nearly 6 years but is yet to veto a single bill. Instead he has exhibited a penchant for issuing the signing statements in which he usually claims that he is not bound by the law he just signed.What is the legal significance of a presidential "signing statement"? Is it not true that it is entitled to no consideration whatsoever in the interpretation of congressional intent?

ANSWER: We strongly disagree with your characterization of the President's use of the traditional tool of the presidential signing statement represents a "claim[] that he is not bound by the law he just signed." The President's use of signing statements is both entirely consistent with his duties under the Constitution and with the actions of past Presidents.

As noted above in response to question 104, the Constitution requires the President to take an oath to "preserve, protect, and defend the Constitution," and directs him to "take care that the Laws be faithfully executed." U.S. Const., Art. II, §§ 1, 2. When Congress passes legislation containing provisions that could be construed as contrary to settled constitutional principles, or which could be applied in a manner that is plainly unconstitutional, the President can and should take steps to ensure that such laws are interpreted and executed in a manner consistent with the Constitution. Thus, Presidents have used signing statements to construe enactments of Congress since the early days of the Republic, and President Clinton himself issued constitutional signing statements with respect to 105 statutes. *See* Kelley, *supra*, at 18; *see also, e.g.*, *Statement of President Clinton on Signing the National Defense Authorization Act for Fiscal Year 2000* (Oct. 5, 1999) ("A number of other provisions of this bill raise serious constitutional concerns. Because the President is the Commander in Chief and the Chief Executive under the Constitution, the Congress may not interfere with the President's duty to protect classified and other sensitive national security information or his responsibility to control the disclosure of such information by subordinate officials of the executive branch (sections 1042, 3150, and 3164). . . . To the extent that these provisions conflict with my

constitutional responsibilities in these areas, I will construe them where possible to avoid such conflicts, and where it is impossible to do so, I will treat them as advisory. I hereby direct all executive branch officials to do likewise."); *Statement of President Clinton on Signing the Departments of Commerce, Justice, State, the Judiciary, and Related Agencies Appropriations Act* (Dec. 21, 2000) ("I also oppose language in the Act related to the Kyoto Protocol. . . . I direct the agencies to construe these provisions to be consistent with the President's constitutional prerogatives and responsibilities and where such a construction is not possible, to treat them as not interfering with those prerogatives and responsibilities."); *Statement of President Clinton on Signing Legislation To Reform the Financial System* (Nov. 12, 1999) ("Under section 332(b)(1) of the bill, the President would be required to make such appointments from lists of candidates recommended by the National Association of Insurance Commissioners. The Appointments Clause, however, does not permit such restrictions to be imposed upon the President's power of appointment. I therefore do not interpret the restrictions of section 332(b)(1) as binding and will regard any such lists of recommended candidates as advisory only."); *Statement of President Clinton on Signing the Omnibus Consolidated and Emergency Supplemental Appropriations Act* (Oct. 23, 1998) ("Section 610 of the Commerce/Justice/State appropriations provision prohibits the use of appropriated funds for the participation of U.S. armed forces in a U.N. peacekeeping mission under foreign command unless the President's military advisers have recommended such involvement and the President has submitted such recommendations to the Congress. The 'Contributions for International Peacekeeping Activities' provision requires a report to the Congress prior to voting for a U.N. peacekeeping mission. These provisions unconstitutionally constrain my diplomatic authority and my authority as Commander in Chief, and I will apply them consistent with my constitutional responsibilities.").

It is not the case that the President's only option when confronting a bill containing a provision that is constitutionally problematic is to veto the bill. Presidents Lincoln, Theodore Roosevelt, Wilson, Franklin Roosevelt, Truman, Eisenhower, Kennedy, Lyndon Johnson, Ford, Carter, and Clinton each signed legislation rather than vetoing it despite concerns that it posed constitutional concerns. *See The Legal Significance of Presidential Signing Statements*, 17 Op. O.L.C. at 132 nn. 3 & 5, 138 (memorandum opinion of Assistant Attorney General Walter Dellinger). Using a presidential signing statement to give a potentially problematic provision in a bill a construction that renders it constitutional does not represent an affront to Congress; rather, it gives *greater* effect to Congress's will that simply vetoing the legislation, or tacitly declining to enforce a provision (as other Presidents have done). As Assistant Attorney General Walter Dellinger explained early in the Clinton Administration, this practice is "analogous to the Supreme Court's practice of construing statutes, where possible, to avoid holding them unconstitutional." *Id.* at 133.

Presidential signing statements serve several purposes that are "[s]eparate and distinct" from any argument that they represent "legislative (or 'executive') history" to be considered by "the courts in ascertaining the meaning of statutory language." *Id.* at 135. Signing statements "explain to the public, and more particularly to interested constituencies, what the President understands to be the likely effects of the bill," and

also serve to "guide and direct executive officials in interpreting or administering a statute." *Id.* at 131-32. Assistant Attorney General Dellinger wrote that one "*uncontroversial*" function of presidential signing statements is to "guide and direct executive officials in interpreting or administering a statute." *Id.* at 132 (emphasis added). "Signing statements have frequently expressed the President's intention to construe or administer a statute in a particular manner (often to save the statute from unconstitutionality)." *Id.* at 132. The President may also use a signing statement to announce his "view of the constitutionality of the legislation he is signing," *id.* at 132, either to explain that he will refuse to enforce the bill in various unconstitutional applications, *see id.* at 132-33, or to "put forward a 'saving' construction of the bill, explaining that the President will construe it in a certain manner in order to avoid constitutional difficulties," *id.* at 133. As Assistant Attorney General Dellinger noted, each of those "uses of Presidential signing statements generally serve[s] legitimate and defensible purposes." *Id.* at 137.

III. Texas Counties Mistreated by Federal Bureau of Prisons

130. I am concerned about a new Federal Bureau of Prisons' (Bureau) policy related to Intergovernmental Agreements (IGAs). I believe that you have heard from my Texas colleagues - both Republicans and Democrats - regarding the Bureau's policy decision not to renew IGAs with four local governments in West Texas to house over 7,000 BOP inmates. Over the last nineteen years, the Bureau has partnered with these local governments to address a growing Federal need to house Bureau inmates. One county expanded its jails at the request of the Bureau and in doing so incurred tens of millions of dollars in debt to provide a vital governmental service for the Federal Government. Reeves County, Texas, issued over $90 million in municipal bonds to expand its facility for the Bureau. In this rural county of West Texas, the Reeves County Detention Center is the largest employer in a county that has seen numerous manufacturing plant closures, as a result of NAFTA and other Federal action, putting over 1,200 people out of work in a county that has a workforce of 4,000. In Washington, DC terms, this may seem insignificant, but Mr. Attorney General, Pecos, TX is not San Antonio with a Toyota Plant, when they lose the largest employer in town, it devastates the community! The 322 hardworking men and women who work at the Reeves County Detention Center rely on the Bureau of Prisons IGA to provide for them and their families. This Intergovernmental Partnership produces over $35 million in economic impact to Reeves County, including the payment of salaries and benefits, the purchase of goods and services, and the utilization of utilities. The proposed policy by the Bureau of Prisons is a breach of trust with the local governments in Texas, like Reeves, who have stood with us to fulfill the Border Security needs of our nation. Mr. Attorney General, in this time of scarce resources, I urge you to reconsider the abolishment of these Intergovernmental Agreements. What justification is there for terminating these long-term IGAs and incurring the risk of transporting 7,000 criminal aliens from one penal facility to another?

ANSWER: These Intergovernmental Agreements (IGAs) were initiated by the Bureau of Prisons (BOP) in the 1980's as a temporary solution to crowding. The intent was to provide the BOP with flexibility in managing its low-security, criminal alien population, without making long-term investments or commitments. Originally, the IGAs were direct agreements with the local governmental entities and were entered into without competition. The IGAs then and now have 3-year terms. Over time and as a result of the continued increase in the Federal inmate population, these IGAs have evolved into a permanent housing alternative for a large number of non-U.S. citizen inmates. Also, the local governmental entities now have arrangements with private companies for the management and day-to-day operation of the facilities. For example, the Reeves County facility is managed by GEO Corporation. Given the large number of beds involved and the fact that the local governments have a secondary role in these agreements, the BOP has proposed to fulfill this bedspace need through competitively-bid contracts in order to get the best value and best price for the taxpayers. (The four existing contracts will all expire during the period January - April 2007.) Conducting a fair and open competition for this bedspace will likely save the taxpayers millions of dollars. It is unfortunate if any of the four communities who currently have one of these IGAs expanded the facility in its jurisdiction based on expected future contracts with the BOP. No such action was required by the BOP. All four local communities are eligible to compete and have been encouraged to participate in the proposed upcoming competition.

The Congress and the Administration have encouraged agencies to expand their efforts to increase competition and contracting opportunities. The Department supports efforts to achieve the best value for the taxpayers, and using a competitive process to acquire these beds is expected to meet that objective.

IV. Abortion and Choice

131. As I'm sure you're aware, I differ with the administration on the issue of legal abortion. But I believe that people who disagree on that issue can and should find common ground working to prevent the unintended pregnancies that increase the need for abortion. Do you agree that America would be a better country if no woman ever faced the difficult choice posed by an unintended pregnancy?

ANSWER: Per OLP, OAG should review this answer: Yes.

132. Each year, approximately 25,000 women in the United States become pregnant as a result of rape. An estimated 22,000 of these pregnancies - or 88 percent - could be prevented if sexual assault victims had timely access to emergency contraception. Unfortunately, according to 2005 nationwide survey, 42 percent of non-Catholic hospitals and 55 percent of Catholic hospitals do not dispense emergency contraception under any circumstances, including when a woman has been sexually assaulted. As I'm sure you know, emergency contraception (EC) is a concentrated

dosage of ordinary birth-control pills that can dramatically reduce a woman's chance of becoming pregnant if taken soon after sex. EC does not cause abortion; rather it *prevents* pregnancy by inhibiting ovulation, fertilization, or implantation before a pregnancy occurs. EC therefore has tremendous potential to assist sexual assault victims avoid the additional trauma of an unintended pregnancy - do you agree?

ANSWER: The National Protocol for Sexual Assault Medical Forensic Examinations addresses many critical issues facing sexual assault victims , all through the lens of a victim-centered approach. The protocol recommends that health care providers discuss the possibility of pregnancy with the patient, being cognizant that "[P]atients of different ages, social, cultural, and religious/spiritual backgrounds may have varying opinions regarding treatment options." This section goes on to recommend conducting a consensual pregnancy test to assist in prescribing appropriate medications.

Finally, the protocol recommends discussing treatment options with patients, including all reproductive health services. The protocol encourages health care professionals to discuss the variety of and recommend appropriate treatment options to female sexual assault victims.

133. In late 2004, the Department of Justice issued the first-ever National Protocol for Sexual Assault Medical Forensic Examinations. I commend the establishment of a national protocol as a critical first step towards ensuring that all sexual assault victims receive quality medical and forensic services, but I am extremely concerned that the protocol lacks any mention of emergency contraception or recommendation that it be offered to sexual assault victims. In early 2005, 22 senators from both parties - and from both pro-life and pro-choice perspectives - wrote a letter urging DoJ to amend the protocol to include information on emergency contraception. In his response, Assistant Attorney General William Moschella wrote that the cornerstone of the national protocol is a "victim-centered approach"… "that a well-informed victim is the person best equipped to make decisions affecting the victim's health and well-being." I couldn't agree more. But why is it then that the protocol omits critical information about emergency contraception? Would you agree with me that in order for a sexual assault victim to be "well informed," she must receive information about all her available options for care, including emergency contraception?

ANSWER: The National Protocol for Sexual Assault Medical Forensic Examinations recommends discussing treatment options with patients, including all reproductive health services. The protocol encourages health care professionals to discuss the variety of and recommend appropriate treatment options to female sexual assault victims.

134. News reports made clear that information about emergency contraception was included in earlier versions of the protocol and was subsequently eliminated. Last August, the ACLU, NARAL Pro-Choice America, Christians for Justice Action and many other organizations filed a Freedom of Information Act request asking the Department of Justice to release records pertaining to the removal of any references to emergency contraception or pregnancy prevention in the protocol. What is the status of this FOIA request and what is the Department of Justice doing to ensure that it is acted upon promptly?

ANSWER: On September 7, the Office of Justice Programs forwarded a FOIA request to the Office on Violence Against Women (OVW) from the ACLU and other signatories requesting "all agency records held by the Department of Justice regarding the Department's decision about what information to include or omit regarding pregnancy prevention in the National Protocol for Sexual Assault Medical Forensic Examinations."

OVW Director Diane Stuart responded to their request on September 29, 2005 and the package of materials was mailed to Jennifer Nevins at the ACLU on September 30, 2005.

For your information, an electronic copy of the letter to Ms. Nevins from Director Stuart is enclosed.

Updated: 2/15/2017 4:44 PM

Enclosure

Question 12

3/17/06 Letter to Inspector General Fine

March 17, 2006

The Honorable Glenn A. Fine
Inspector General
Office of the Inspector General
United States Department of Justice
Room 4322
950 Pennsylvania Avenue, Northwest
Washington, D.C. 20530

Dear Mr. Fine:

I would like to thank you for providing the Federal Bureau of Investigation (FBI) the opportunity to respond to your report entitled, "The FBI's Efforts to Prevent and Respond to Maritime Terrorism."

I recognize the substantial challenge the Office of the Inspector General (OIG) has in producing timely reports on complex issues such as this. This challenge is even more difficult when assessing FBI operations because of the rapid changes it continues to undergo to optimally position itself to address the evolving threats to our Nation.

In large part, the FBI agrees with the findings and recommendations of this report. Accordingly, Executive Management from the Counterterrorism Division (CTD) of the FBI and personnel from the appropriate programs within the FBI have reviewed OIG's draft report concerning the FBI's efforts to prevent and respond to maritime terrorism. Ideally, we would like for the report to be updated to provide a current status of maritime security efforts in the FBI, and to that end have set forth several points of information for you to consider.

- The FBI initiated the Maritime Security Program (MSP) in July 2005. This proactive measure was taken by CTD Executive Management in recognition of the potential threat of maritime terrorism. It is worth noting that this program was established without additional funding by reallocating resources within CTD.

- Availability of resources has also influenced the FBI's participation in various exercises. Although the FBI would like to participate in additional exercises, the FBI is currently able to support the joint exercises that are coordinated through the National Exercise Program.

- The FBI is actively working with the United States Coast Guard (USCG) and other agencies to resolve potential coordination issues in advance of actual threats and incidents in the maritime domain.

Additionally, the following comments are to correct or clarify statements made in the text of the audit report:

4. Page "v", first paragraph and page 25, first paragraph: The MSP prepared an Electronic Communication (EC) to the field to request that an FBI Special Agent (SA), as opposed to a Task Force Officer (TFO) be designated as the primary Maritime Liaison Agent (MLA). Although this EC was drafted, it was not approved by CTD management. As a result, in many Field Offices a TFO serves as the primary or only MLA.

5. Page "vi", first bullet: This point may need to be modified to include the capabilities of the Laboratory Division's Hazardous Materials Response Unit (HMRU) in dealing with a weapon of mass destruction (WMD) incident. HMRU provides technical and scientific operational response to WMD incidents, including, but not limited to, crime scene management, evidence recovery, emergency decontamination and scientific assessments. The responsibilities of the Hazardous Devices Response Unit (HDRU) includes the response to threats and actual devices before they are detonated or used in an "attack." HDRU does not respond to post-detonation attacks; that is the responsibility of HMRU and/or the Laboratory Division's Explosive Unit.

6. Page "viii", last paragraph: The statement, "The FBI has not collected complete data on the number of suspicious activities or terrorist threats involving seaports," is correct. However, the MSP has begun to collect this information from all available sources. The MSP has created a data base to capture this information which will be used to identify and track possible trends in suspicious activity at ports and port facilities. The MSP is also in the process of creating a standardized reporting mechanism for use by the MLAs when responding to incidents. These reports will be maintained in the MSP case file and the information will also be entered into the data base. Finally, the MSP maintains liaison with other agencies and the private sector, such as the USCG, Office of Naval Intelligence (ONI) and the International Council of Cruise Lines (ICCL), for the sharing of pertinent threat information.

7. Page 20, bottom of the page: It should be noted that the MSP will present the 2006 Maritime Liaison Agent Training Conference in Long Beach, California from 04/03-07/2006. The Port of Long Beach is one of the busiest ports in the United States with a variety of inter-modal transportation systems. This site was specifically chosen because it offers hands on/familiarization training using various port facilities and vessels. The curriculum for this conference is expected to include presentations on the impact of maritime directives under the National Strategy for Maritime Security (NSMS); informant and liaison development; legal issues; enhancing maritime domain awareness; the FBI's capabilities and resources to respond to a maritime incident; and guidance to the field on best practices.

8. Page 24, first full paragraph: The report indicates that as a result of placing responsibility for managing the MLA Program under the MSP, all of the FBI's transportation related counterterrorism programs are located within the same organizational unit. This is not the case as the National Joint Terrorism Task Force (NJTTF) initiated the Rail Liaison Agent (RLA) Program via EC dated 10/24/2005. The NJTTF requested each Field Office to

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designate an FBI SA or TFO as a primary and secondary RLA. A separate initiative is currently underway to evaluate the feasibility of creating a program or unit focused on all aspects of the transportation sector. It is important to note this initiative is unfunded and would be created by reallocating existing resources.

9. Page 24, last paragraph: The report mentions that one of the objectives of the MSP was to create a website on the FBI's Intranet to facilitate the dissemination of information pertaining to directives, training, intelligence and other matters. This objective has been accomplished. The MSP website address is http://ctd.fbinet.fbi/semu/maritime/. This website contains information on maritime directives including National Security Presidential Directive (NSPD)-41/Homeland Security Presidential Directive (HSPD)-13, the NSMS and key supporting plans; maritime related statutes; intelligence reports; points of contact; and links to related programs including the Directorate of Intelligence (DI), and the Office of the General Counsel (OGC). Information is continually updated or added to the website. The MLAs are notified of information posted to the website via e-mail. The website has generated positive feedback from the MLAs and is a readily available source of standardized information for the field.

10. Page 24, last paragraph: The report also mentions that another objective of the MSP was to review maritime related suspicious activity reports to identify any trends that may be indicative of pre-operational planning. As noted above, the MSP has already started this process, which is ongoing. This effort is complicated by the lack of standardized reporting and difficulty in retrieving this information, as stated elsewhere in the findings.

11. Page 25, middle of the page: The report states that the MSP has not reviewed the eight supporting plans under the NSMS to identify the FBI's responsibilities nor identified all of the FBI's representatives assigned to the corresponding working groups. That information was supplied to OIG at the inception of the MSP. Since then, the MSP has thoroughly reviewed NSPD-41/HSPD-13, the NSMS and all eight of the supporting plans. The FBI's responsibilities under these directives have been identified and are being addressed. NSPD-41/HSPD-13, the NSMS and key supporting plans are posted to the MSP website. Due to limited resources, the MSP must prioritize which of the working groups to attend in support of these efforts. In that regard, representatives from the MSP have regularly attended and participated in the Maritime Security Policy Coordinating Committee (in support of Executive Management); the Maritime Security Working Group; the Maritime Operational Threat Response (MOTR) Implementation Team; and the Maritime Domain Awareness Implementation Team. In addition, an interagency MOTR Joint Working Group (JWG) has recently been established to address the planning, standardization and exercise requirements that will be deleted from the final version of the MOTR Plan as the Homeland Security Council has indicated. The MSP participates in this JWG as well as the Border and Transportation Security Policy Coordinating Committee.

12. Page 25, fourth paragraph: The report states neither the MSP's FY 2006 goals and

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objectives nor the critical duties of an MLA include the need for the FBI to develop relationships with people who can inform the FBI about maritime operations. It should be noted that at the time the MSP's goals and objectives were established (via EC dated 08/19/2005), the MSP did not have responsibility for managing the MLA Program. In fact, the first objective identified in that EC was to coordinate with the NJTTF to assume responsibility for the MLA Program. That objective was accomplished on 10/04/2005, when the MSP assumed responsibility for managing the MLA Program. Furthermore, within the goals and objectives (via EC dated 08/19/2005), the MSP established various objectives for the field. One of these objectives was to "ensure effective liaison between the MLA and various law enforcement agencies, port and shipping officials in respect to counterterrorism preparedness." In the goals and objectives EC, the MSP identified five core competencies which included the establishment of a human intelligence base. Finally, in an EC to all Field Offices dated 07/12/2004, the NJTTF stated, "The goal of the MLA Program is to enhance the maritime environment through increased interaction between MLA members, private industry, state and local port authorities, to include law enforcement and other federal agencies with maritime responsibilities. These enhancements will result from the establishment of close working relationships between the MLAs and concerned entities within the maritime field…" The EC goes on to provide additional guidance and an extensive list of recommended liaison contacts, including participation in the local Area Maritime Security Committee (AMSC). In addition to these specific recommendations, every FBI SA, including those designated as MLAs, are evaluated on specific critical elements. One of the core critical elements for all FBI SAs is the development of an intelligence base, which includes source development. This process encompasses identifying, initiating and developing relationships with individuals or organizations that may provide information or assistance in investigations and assignments. Therefore, CTD believes the need for the FBI to develop relationships with people who can inform the FBI about maritime operations has been thoroughly addressed.

As you requested, the MSP has provided responses to pertinent recommendations. Additionally, recommendations not under MSP's purview were provided to the appropriate offices, (i.e., the DI, the Critical Incident Response Group (CIRG), and CTD's Counterterrorism Analysis Section.) Responses to the recommendations are set forth below.

Recommendation #1

OIG Recommendation: Ensure that MLA guidance is consistent with the actual role of MLAs.

FBI Response: FBI agrees with this recommendation. The MSP has already made significant progress in this regard.

Through the creation of the MSP website, which contains information on maritime directives, including NSPD-41/HSPD-13, the NSMS and key supporting plans; maritime related statutes; intelligence reports; points of contact; and links to related programs including the DI and the OGC. Information is continually updated or added to the website. The MLAs are notified of information posted to the website via e-mail. The website has generated positive feedback from the MLAs and is a readily available source of standardized information for the field.

The MSP is in the process of planning the 2006 Maritime Liaison Agent Training Conference in Long Beach, California from 04/03-07/2006. This site was specifically chosen because the Port of Long Beach is one of the busiest ports in the United States with a variety of inter-modal transportation systems. The conference will include hands on/familiarization training using various port facilities and vessels. The curriculum for this conference is expected to include presentations on the impact of maritime directives under the NSMS; informant and liaison development; legal issues; enhancing maritime domain awareness; the FBI's capabilities and resources to respond to a maritime incident; and guidance to the field on best practices.

Finally, now that the MSP has responsibility for management of the MLA Program, the MSP will establish specific, quantifiably measurable and attainable goals and objectives that are consistent with the responsibilities assigned to the MLAs, to include recommendations for participation in various local working groups and liaison contacts.

Recommendation #2

OIG Recommendation: Assign MLAs based on an assessment of the threat and risk of a terrorist attack to critical seaports.

FBI Response: FBI agrees with this recommendation. FBI will ensure that resources are assigned or available necessary to address the risk or threat based on the assessment.

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Recommendation #3

OIG Recommendation: Measure the amount of resources devoted to maritime efforts by establishing a maritime case classification under the general Counterterrorism Preparedness classification.

FBI Response: FBI agrees with this recommendation. The MSP has already taken certain steps which would enhance the FBI's ability to measure the amount of resources devoted to maritime efforts.

FBI is in the process of establishing a classification for maritime matters.

In August 2005, the MSP provided recommendations to the Counterintelligence Division for changes to the Investigative Accomplishment Report (FD-542) to capture activity conducted in support of the MLA Program. Finalization of the modifications to this report are pending.

Recommendation #4

OIG Recommendation: Require field offices to name at least one MLA to each AMSC.

FBI Response: FBI agrees with this recommendation. FBI will ensure that adequate resources are dedicated to each Area Maritime Security Committee to address priority matters.

Recommendation #5

OIG Recommendation: Require field offices to immediately notify the Maritime Security Program of any MLA appointments or reassignments.

FBI Response: FBI agrees with this recommendation. The MSP updates the MLA list on a regular basis. The MLA list is maintained by the MSP and is available on the MSP web site. The list identifies, by Field Office, all of the MLAs as well as the JTTF Supervisors who have oversight of the MLA Program. The list provides contact information, identifies if the MLAs are assigned to a Resident Agency (RA) and which ports they cover. The MSP has advised field offices to immediately notify the MSP of any personnel changes affecting the MSP, and this guidance will be reiterated through training such as the 2006 Maritime Liaison Agent Training Conference.

Recommendation #6

OIG Recommendation: Ensure that the Maritime Security Program has measurable objectives.

FBI Response: FBI agrees with this recommendation and recognizes that significant changes

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and progress in the MSP require the establishment of more specific, quantifiably measurable and attainable goals and objectives.

While FBI recognizes that the goals and objectives established for the MSP (via EC dated 08/19/2005) did not include quantifiable measures, it should be noted that the MSP was a new program and no previous goals and objectives had been established. Furthermore, the MSP did not have responsibility for managing the MLA Program at the time the initial objectives were established. The first objective of the MSP was to coordinate with the NJTTF to assume responsibility for the MLA Program.

It is also worth noting that the NSMS and all of the supporting plans were released in the final quarter of 2005, after the date on which these objectives were established. Final directives under the NSMS have not been established, even as of the date of this response. Under these circumstances, it is difficult to quantify the amount of training and/or reference materials required to train MLAs in the field.

Despite the lack of specific, quantifiably measurable objectives at the inception of the program, the MSP accomplished several of the stated objectives, including the following:

- The MSP assumed responsibility for managing the MLA Program on 10/04/2005;

- Training and reference materials to assist the MLAs have been distributed via e-mail, posted to the FBI's Intranet, and will be presented at the 2006 Maritime Liaison Agent Training Conference scheduled to take place 04/03-07/2006;

- The MSP established a web site on the FBI's Intranet where current information including, but not limited to, maritime directives, statutes and intelligence is maintained;

- The MSP continually identifies, analyzes and disseminates information pertaining to maritime threats, vulnerabilities and safety/security issues;

- The MSP continually coordinates with other programs within the FBI to enhance situational awareness for the MSP, other programs, FBIHQ and the field;

- The MSP has already begun to review and track suspicious activity reports to determine if there

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are any trends which could indicate terrorist activity and has disseminated information to the field in this regard; and

· The MSP is actively engaged in liaison with other government agencies as well as the private sector. This effort and the fact that the MSP serves as a primary point of contact and a coordination center within the FBI for maritime issues has enhanced the FBI's liaison with these groups.

Recommendation #7

OIG Recommendation: Ensure that the Maritime Security Program's objectives include developing human intelligence.

FBI Response: FBI agrees with this recommendation and asserts that the MSP and the NJTTF have already provided such guidance to the MLAs.

As stated above, at the time the MSP's goals and objectives were established, the MSP did not have responsibility for managing the MLA Program. Even so, the MSP established various objectives for the field. One of these objectives was to "ensure effective liaison between the MLA and various law enforcement agencies, port and shipping officials in respect to counterterrorism preparedness." In the goals and objectives EC, the MSP identified five core competencies which included the establishment of a human intelligence base.

Prior to the existence of the MSP, in an EC to all Field Offices dated 07/12/2004, the NJTTF stated, "The goal of the MLA Program is to enhance the maritime environment through increased interaction between MLA members, private industry, state and local port authorities, to include law enforcement and other federal agencies with maritime responsibilities. These enhancements will result from the establishment of close working relationships between the MLAs and concerned entities within the maritime field…" The EC goes on to provide additional guidance and an extensive list of recommended liaison contacts, including participation in the local AMSC.

In addition to these specific recommendations, every FBI SA, including those designated as MLAs, are evaluated on specific critical elements. One of the core critical elements for all FBI SAs is the development of an intelligence base, which includes source development. This process encompasses identifying, initiating and developing relationships with individuals or organizations that may provide information or assistance in investigations and assignments. Therefore, FBI believes the need for the FBI to develop relationships with people who can inform the FBI about maritime operations has been thoroughly addressed.

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The MSP also plans to address liaison and the development of a human intelligence base during the 2006 Maritime Liaison Agent Training Conference which is scheduled for 04/03-07/2006. In addition, the MSP will include specific recommendations to the MLAs in the objectives which will be established for FY 2007.

Recommendation #8

OIG Recommendation: Ensure that the FBI's MOTR operations plan examines high risk scenarios, determines the required response time, and evaluates how FBI resources would address the scenarios.

FBI Response: The FBI's maritime operational response plan takes into account various high-risk scenarios to include the criminal/terrorist use of biological, chemical or radiological WMD, as well as Improvised Explosive Devices (IEDs)and Improvised Nuclear Devices (INDs). Other high-risk scenarios include a large number of hostages on a maritime platform and/or the involvement of sophisticated criminal/terrorist adversaries. The TSB's tactical response to maritime threats mirrors the response to any other tactical response. That is, the FBI tactical response is a tiered approach which recognizes that local field offices will respond as necessary (Tier 1), with regional response (Tier 2) added as the evaluation of the situation may dictate. National response, as required (Tier 3), will involve the deployment of the Hostage Rescue Team (HRT), as well as other FBI SWAT teams and possibly the HDRU and the Laboratory's HMRU, as the scenarios would necessitate. Response times vary as a consequence of venue. HRT, HDRU and HMRU response times are typically notification plus four hours for deployment in addition to any travel time involved to the specific venue.

Recommendation #9

OIG Recommendation: Establish a requirement for joint FBI/Coast Guard exercises in field offices assessed as having high-risk seaports.

FBI Response: CIRG will require the fourteen (14) field offices that have been given enhanced tactical maritime training to make overtures to the USCG to conduct joint exercises on an annual basis. It should be noted that the FBI is not in a position to require USCG participation, however, the FBI will extend the invitation to the USCG as well as to other appropriate entities.

Recommendation #10

OIG Recommendation: Resolve potential role and incident command conflicts in the event of a maritime terrorist incident through joint exercises and, if necessary, a revised and broadened

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MOU with the Coast Guard.

FBI Response: FBI concurs in stating that this is currently being addressed through the revision of the final interagency MOTR Plan. It may be premature to determine if a revised memorandum of understanding (MOU) with the USCG will be necessary until the final MOTR Plan has been approved and vetted through exercises and/or operations. Again, the FBI is not in a position to require the USCG to enter into a renewed MOU.

Recommendation #11

OIG Recommendation: Prepare after-action reports after all maritime-related exercises and use the reports to identify and disseminate lessons learned and best practices.

FBI Response: This is being addressed in a separate joint initiative within the FBI. It is anticipated an After Action Report (AAR) template will be developed that applies to all critical incidents, special events and exercises. CIRG's Crisis Management Unit (CMU) is responsible for program oversight for the production of AARs per the Manual of Investigative and Operational Guidelines (MIOG), Part 2, section 30-1.8 (1) (a), (b) and (c) which specifically sets out the requirements for AARs.

Recommendation #12

OIG Recommendation: Ensure that all field offices submit critical incident reports to the CIRG by January 15 each year; require the FBI's Maritime Security Program, in consultation with the CIRG, to use the reports to conduct maritime-specific reviews of the FBI's crisis management policies and practices — including any requirements for field office crisis management plans — and to disseminate maritime-related lessons learned and best practices.

FBI Response: CIRG's CMU ensures adherence to the MIOG's Part 2, section 30-1.8 which requires that field offices submit critical incident reports to CIRG by January 15th of each year. CTD's MSP will provide information concerning maritime related lessons learned and best practices.

Recommendation #13

OIG Recommendation: Assess the threat and risk of maritime terrorism compared to other terrorist threats and ensure the National Threat Assessment ranks the various modes of attack and targets.

FBI Response: FBI will ensure that intelligence gaps are identified and action is initiated to resolve any deficiencies.

Recommendation #14

OIG Recommendation: Ensure the amount of FBI resources dedicated to maritime terrorism is

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based on the extent of the maritime threat in relation to other threats.

FBI Response: FBI agrees with this recommendation. FBI will ensure that adequate resources are allocated to address priority threats.

Recommendation #15

OIG Recommendation: Monitor the progress of operating divisions and field offices in answering intelligence collection requirements pertaining to seaports and maritime terrorism.

FBI Response: The Directorate of Intelligence will provide a response to this recommendation.

Recommendation #16

OIG Recommendation: Focus intelligence reporting to more comprehensively address potential maritime-related terrorist targets and methods.

FBI Response: The Directorate of Intelligence will provide a response to this recommendation.

Recommendation #17

OIG Recommendation: Name a unit within the Counterterrorism Division to monitor the volume and substance of all FBI maritime-related intelligence.

FBI Response: FBI Counterterrorism Division will ensure that Maritime related intelligence as well as investigations are monitored and properly managed.

Recommendation #18

OIG Recommendation: Consider establishing a requirement for regular field office intelligence bulletins to summarize the field office's suspicious incident reporting and, if such a requirement is adopted, establish standardized frequency, content, and distribution requirements.

FBI Response: The Directorate of Intelligence will provide a response to this recommendation.

The FBI has prepared the appropriate responses to the recommendations found in your report. The responses have undergone a classification review (Enclosure 1) and Sensitivity Review (Enclosure 2).

The responses were coordinated through the FBI's Inspection Division. Please contact Shirlene Savoy of the Inspection Division should you have any questions. Ms. Savoy can be reached at (202) 324-1833.

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Mr. Glenn A. Fine

I want to thank you again for your efforts in producing this report, and I welcome the opportunity to discuss in detail the progress the FBI continues to make in this area.

Please contact me should you have any questions regarding this matter.

Sincerely yours,

Willie T. Hulon
Assistant Director
Counterterrorism Division

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McCallum, Robert (SMO)

From: McCallum, Robert (SMO)
Sent: Wednesday, May 24, 2006 9:46 AM
To: Senger, Jeffrey M
Cc: Gorsuch, Neil M
Subject: FW: Kentucky Bar Association Convention Materials

Jeff: We could provide materials such as copies of the Patriot Act, the Detainee Treatment Act, the 2nd Cir NSL decision. Neil: can you think of other cases or statutes we could just throw in. Robt.

From: Gunn, Currie (SMO)
Sent: Monday, May 15, 2006 9:45 AM
To: McCallum, Robert (SMO)
Subject: Kentucky Bar Association Convention Materials

I spoke with [redacted] this morning, [redacted] is looking for reference materials, position papers used in relation to the topic you will be speaking on. I mentioned to [redacted] that you usually do not have any materials other than your written remarks. If that is different let me know and I will make certain [redacted] gets a copy of all that is needed. [redacted] also indicated that if the material is done in word form I could e-mail it to [redacted] attention to [redacted] could get it published and copied.

Currie

Ames, Andrew

From: Ames, Andrew
Sent: Wednesday, May 24, 2006 11:02 AM
To: Agarwal, Asheesh (CIV); Ames, Andrew; Baxter, Felix (CIV); Branda, Joyce (CIV); Brett Gerry; Brody, Stephen (CIV); Bucholtz, Jeffrey (CIV); Bukvics, Jennifer (CIV); Claterbos, Barbara (CIV); Cohen, David M. (CIV); Cohn, Jonathan (CIV); Davidson, Jeanne (CIV); Davis, Dan (CIV); Fargo, John (CIV); Fielding, Gabrielle (CIV); Figley, Paul (CIV); Flentje, August (CIV); Frost, Peter (CIV); Garren, Timothy (CIV); Glynn, J.Patrick (CIV); Gorsuch, Neil M; Hertz, Michael (CIV); Hollis, Robert (CIV); Hunt, Jody (CIV); Hussey, Thom (CIV); Jennifer Brosnahan; Jeweler, James (CIV); Katsas, Gregory (CIV); Keisler, Peter D (CIV); Kohn, Chris (CIV); Kopp, Robert (CIV); Letter, Douglas (CIV); Levine, Larry (EOIR); Lindemann, Michael (CIV); Magnuson, Cynthia; McCallum, Robert (SMO); Miller, Charles S; Nichols, Carl (CIV); Nowacki, John; Pyles, Phyllis (CIV); Riley, Sharon (CIV); Rivera, Jennifer (CIV); Roehrkasse, Brian; Schiffer, Stuart (CIV); Scolinos, Tasia; Seidel, Rebecca; Senger, Jeffrey M; Spellberg, Dianne (CIV); Swenson, Lily F; Thirolf, Eugene; Wilson, Karen L; Zwick, Ken (CIV)
Subject: 5/24/06 Civil Division News

NY judge: Endless ban on speech in NSLs likely unconstitutional

Appeals court shows little patience for timing of NYCLU appeal

State secrets privilege slams door on civil suits

For telecoms, a storm of lawsuits awaits; Major phone companies bob and weave on their roles in an NSA surveillance program, as they brace for legal action.

Senator calls for hearings on Boeing's defense contracts; Company has agreed to big settlement

FCC chief says won't probe NSA call program

AT&T faces privacy suit

Lawsuit seeks to unearth CIA ties to paramilitaries

AP

May 24, 2006

NY judge: Endless ban on speech in NSLs likely unconstitutional

By LARRY NEUMEISTER

Associated Press Writer

NEW YORK_A federal appeals judge warned the government on Tuesday that the permanent ban on

speech it seeks with its FBI national security letters _ which allow it to obtain records about people in terrorism investigations _ was probably unconstitutional.

Judge Richard Cardamone of the 2nd U.S. Circuit Court of Appeals commented as the court acted on lawsuits challenging the government's ability to force companies to turn over information about customers or subscribers as part of the war on terrorism and keep quiet about it.

"While everyone recognizes national security concerns are implicated when the government investigates terrorism within our nation's borders, such concerns should be leavened with common sense so as not forever to trump the rights of the citizenry under the Constitution," he said.

Alluding to a recent change in federal law, a three-judge panel including Cardamone dismissed a Connecticut case as moot and returned a New York case to a lower court judge to see how the new law affects it.

Cardamone wrote a separate concurring opinion to highlight what he said was the government's recent insistence that a permanent ban on speech is sometimes permissible under the First Amendment. He said he suspected "a perpetual gag on citizen speech of the type advocated so strenuously by the government may likely be unconstitutional."

A telephone message left with a spokeswoman for the government was not immediately returned Tuesday evening.

Cardamone said courts historically have ruled in favor of the government when a ban on speech is limited so that it narrowly meets the demands of a compelling government interest. He said the bans are not constitutional once an investigation ends.

Lately, though, the government has insisted that permanent bans on speech are necessary in antiterrorism probes because all terrorism investigations are permanent and unending and grow out of other investigations, he said.

"The government's urging that an endless investigation leads logically to an endless ban on speech flies in the face of human knowledge and common sense: witnesses disappear, plans change or are completed, cases are closed, investigations terminate," he wrote.

He said a ban on speech and an unending shroud of secrecy concerning government actions "do not fit comfortably with the fundamental rights guaranteed American citizens" and could serve as a cover for official misconduct.

The comments came as the Manhattan court considered the First Amendment ramifications of challenges to government searches of Internet and telephone records, a right the government gained under a 1986 law that was expanded by the Patriot Act of 2001.

Recently, Congress made changes in the law that affect national security letters, or NSLs, investigative tools used by the FBI to compel businesses to turn over customer information without a judge's order or grand jury subpoena.

The changes specify that an NSL can be reviewed by a court and explicitly allows those who receive the letters to inform their lawyers about them.

The appeals court said the changes render moot a Connecticut case in which U.S. District Judge Janet Hall ruled that a gag order on librarians who received an FBI demand for records about patrons unfairly prevented them from joining a debate over the rewriting of the Patriot Act.

In the New York case, U.S. District Judge Victor Marrero had ruled that the national\l "l" security\l "l" letters\l "l" violate the Constitution because they amount to unreasonable search and seizure. He found

that the nondisclosure requirement violated free speech.

The case pertained to an unidentified Internet access firm that received one of the letters in which the FBI certified that phone or Internet records are "relevant to an authorized investigation to protect against international terrorism or clandestine intelligence activities."

The appeals court said Marrero can consider new evidence or arguments and rule again.

Cardamone said the government had asked the appeals court to vacate Hall's ruling in the Connecticut case rather than leaving it unreviewed.

He said the request was "not surprising but right in line with the pervasive climate of secrecy."

He said the government, in effect, was seeking to "purge from the public record the fact that it had tried and failed to silence the Connecticut plaintiffs."

American Civil Liberties Union lawyer Ann Beeson, who argued before the appeals court, said Cardamone was "sending a strong message to the government that it can't simply claim secrecy is always necessary to protect national security."

She said it's clear the government "was using the Patriot Act as a gag to prevent these librarians in Connecticut from speaking publicly about the Patriot Act."

She said the ACLU would stage a news conference this week to "unmask our clients."

"Our clients," she said, "are very much looking forward to speaking for the first time publicly."

END

AP

May 23, 2006

Appeals court shows little patience for timing of NYCLU appeal

By LARRY NEUMEISTER

Associated Press Writer

NEW YORK_The New York Civil Liberties Union got a brush off from a federal appeals court Tuesday when it sought to have a federal judge make public his secret court ruling regarding the government's wiretapping program.

A three-judge panel of the 2nd U.S. Circuit Court of Appeals expressed skepticism that the NYCLU had proper standing to challenge the ruling of U.S. District Judge Thomas McAvoy in a terrorism case.

"May I ask you why you didn't ask the district court about this?" Judge Loretta A. Preska asked NYCLU attorney Arthur Eisenberg. "Shouldn't you go there first?"

Eisenberg said the civil liberties group did not go to McAvoy, who sits in Albany, because he had already defended his decision.

"It would at this point be a fruitless exercise," Eisenberg said.

The other judges on the panel expressed skepticism as well, questioning the urgency of the matter and saying the NYCLU could not pursue the claim unless it became a party to the case.

McAvoy's ruling came in a laundering case against two men, Yassin Aref, imam at an Albany mosque, and Mohammed Hossain, a pizzeria owner and mosque member.

They were accused of laundering money from 2003 to 2004 for an FBI informant, a Pakistani businessman posing as an arms dealer. The mosque was raided by federal agents on Aug. 5, 2004, following a yearlong sting aimed at Aref.

Defense lawyers say the charges against their clients should be thrown out and evidence from wiretaps should be suppressed because illegal wiretaps may have been used.

On March 10, after the government submitted a secret court document opposing the evidence suppression demands of the defense, McAvoy rejected the defense motion in the classified ruling.

Assistant U.S. Attorney William C. Pericek told the appeals court Tuesday that the NYCLU was asking the court to rule on an issue without properly submitting it to McAvoy first.

In one nod to the NYCLU's point of view, Appeals Court Judge Dennis Jacobs noted to the prosecutor that it was "fairly unusual" for a judge to file an opinion under seal.

Pericek said it was not known how long the judge's document was.

"I don't think it's fair to call it an opinion," he said.

The appeals court did not immediately rule on the matter.

END

Chicago Tribune

May 24, 2006

State secrets privilege slams door on civil suits

By Andrew Zajac
Washington Bureau

WASHINGTON -- A suit filed this week in Chicago by author Studs Terkel and others accusing AT&T of invading its customers' privacy by sharing phone records with the National Security Agency could provide the next test of whether the Bush administration employs a once-rare tactic that essentially gives the government a blank check to kill civil suits.

Earlier this month, Justice Department lawyers intervened in an invasion-of-privacy suit in San Francisco against AT&T and asserted what is known as the state secrets privilege by asking a judge to dismiss the case because they said allowing it to go forward would compromise national security.

The government has repeatedly invoked the state secrets privilege to head off challenges to two of the most sensitive aspects of the administration's war on terror--domestic electronic surveillance and so-called extraordinary renditions. In the latter instance, suspected terrorists are secretly picked up

overseas and sent to foreign countries for interrogations under harsh conditions.

All told, the administration has asserted the privilege at least six times since 2001.

Last week, the government used the privilege to short-circuit a German man's suit alleging that he was wrongfully imprisoned in Afghanistan for five months in a case of mistaken identity. In the San Francisco invasion-of-privacy suit, brought by the non-profit Electronic Frontier Foundation, a judge has set a June date for arguments on the government's secrets claim.

The suit charges that AT&T gave the NSA access to databases of domestic and international Internet and telephone records without obtaining prior court approval.

The Justice Department declined to discuss specific cases. The department said in a statement that both the head of an agency seeking to protect information, such as the Central Intelligence Agency or NSA, and Justice Department lawyers must agree that national security is at stake before asking a court to dismiss a case.

But Harvey Grossman, legal director of the ACLU of Illinois, which co-filed the Chicago suit, said invoking the state secrets privilege has moved from an extremely selectively used tool to a weapon of choice in combating suits challenging national security policy. "Anything that touches on national security, we expect to see" an assertion of the state secrets privilege, Grossman said.

He said he expects the government to use the privilege in the Illinois lawsuit, but "we're hoping we can convince a judge that the case can be tried in a way that protects the government's legitimate interests." The Illinois case is narrower in scope than the one in California, he said.

Although use of the secrets privilege is limited to the federal government, Verizon, a telecom company linked in news accounts to the NSA surveillance program, has tried to shield itself from regulatory scrutiny by arguing that its hands are tied by the administration's use of the privilege.

"The inability of Verizon to provide information concerning its cooperation, if any, with the NSA program is further demonstrated by the `state secrets' privilege which the Department of Justice has invoked in connection with a pending federal court action," the company wrote in a filing with the Maine Public Utility Board. The board is conducting an inquiry after a customer complained.

A company spokesman declined to comment. In an earlier statement, Verizon denied supplying various specific categories of telecom data to the NSA but said it would neither confirm nor deny "whether it has any relationship to the classified NSA program."

In addition to its use in NSA surveillance cases, the state secrets privilege has been cited at least twice in high-profile cases challenging renditions.

On May 17, a Washington judge accepted the government's assertion of a secrets privilege in dismissing a case brought by Khaled al-Masri, a German citizen who said he was a victim of mistaken identity when he was arrested in Macedonia in December 2003 and flown to Afghanistan, imprisoned and beaten. The judge said that if al-Masri's claims were true, he deserved redress but that national security trumped his cause.

The government also cited state secrets in the case of Maher Arar, a Syrian and Canadian citizen who said he was detained while transiting through New York's Kennedy International Airport in September 2002 and flown to Syria, where he was imprisoned and tortured. He eventually was released and never charged with a crime.

In throwing out Arar's case in February, the judge did not specifically rule on the government's secrets claim but said Arar did not have legal standing for his suit and noted the "national security and foreign policy considerations at stake."

The state secrets privilege, recognized in modern form in a 1953 Supreme Court case, was used sparingly and narrowly for decades.

But in the past quarter-century or so, use of the privilege has grown more frequent. The scope of requests has also expanded, with the government seeking the elimination of particular pieces of evidence and asking that entire cases be tossed out of court, according to Mark Zaid, a Washington attorney who represented plaintiffs in three recent cases ended by assertion of the secrets privilege.

The privilege is a particularly lethal legal weapon because the federal judiciary is loath to dispute executive branch decisions on national security questions and almost never rejects a government request for secrecy. "The judges don't want to be the ones who release the family jewels," Zaid said.

As a result, there's a powerful temptation for government lawyers to overuse the privilege, because, Zaid said, "They know the judges will accept it."

END

Christian Science Monitor (USA)

May 24, 2006

For telecoms, a storm of lawsuits awaits; Major phone companies bob and weave on their roles in an NSA surveillance program, as they brace for legal action.

Peter Grier

Staff writer of The Christian Science Monitor

WASHINGTON The forecast for major US phone companies this spring: continued heat, with a 100 percent chance of gathering lawsuits.

From New York to Kentucky to Texas, lawyers specializing in class-action litigation are lining up to sue phone firms alleged to have handed over customer records to the National Security Agency without a court order. On Monday, for instance, the American Civil Liberties Union of Illinois filed suit\l "l" against AT&T, charging that its actions in the NSA program violated customer privacy.

"Having been blacklisted from working in television during the McCarthy era, I know the harm of government using private corporations to intrude into the lives of innocent Americans," says author Studs Terkel, a Windy City icon and a plaintiff in the ACLU\l "l" suit\l "l".

Despite this rush to the courthouse, it isn't yet clear which phone firms handed over what records to whom. Some companies have denied involvement - while critics note that those denials are carefully worded.

Further scrutiny by Congress or the Federal Communications Commission (FCC) is needed to resolve this issue for the public, say some.

"The accounts that have been provided by some of the phone companies regarding their involvement in the NSA program have hardly resolved the matter," wrote Marc Rotenberg, executive director of the Electronic Privacy Information Center (EPIC), in a letter to the FCC requesting an investigation.

Earlier this month, USA Today reported that AT&T, Verizon, and BellSouth had turned over the call records of millions of Americans to the US government in the wake of the Sept. 11 attacks.

These records didn't include names or the contents of calls, according to the newspaper. But they did list which numbers called which other numbers, both internationally and domestically, and how those calls were routed.

This information was then sifted by powerful computers in an attempt to discover a pattern that might reveal the presence of terrorists in the US. On Tuesday, USA Today reported that the NSA had used the phone records of the known 9/11 conspirators to try to establish a model of how terrorists communicate.

The companies named in the USA Today stories have all, to varying degrees, disputed the newspaper's account.

AT&T hasn't denied it - but it hasn't confirmed it, either. And it has said that no information was released illegally.

Verizon has flatly denied involvement in the NSA program. But it has left open the issue of whether MCI, the long-distance subsidiary it acquired in January, has turned over records to the government.

BellSouth, for its part, issued a statement earlier this month that said "based on our review to date, we have confirmed no such contract exists and we have not provided bulk customer calling records to the NSA."

The use of the word "contract" in this denial appears to be a hedge, noted the EPIC in its letter to the FCC.

"With more questions being raised each day about the scope of participation by the telephone companies in the NSA's domestic surveillance program, the need for the FCC to undertake a comprehensive investigation has become clear," wrote Mr. Rotenberg.

USA Today has said it stands by its reporting on this issue, but it will review its actions in light of a call by BellSouth for a retraction.

For the phone companies, the stakes in this dispute could be enormous. If the legal claims gain traction, the case might equal in scope such past actions as litigation against the major tobacco companies.

A successful series of suits\l "l" could cost the phone companies billions of dollars.

But the cases might be difficult for plaintiffs to win. Given the scope of the government's regulatory power over phone companies, the communications behemoths might be able to argue that they were coerced to turn over phone records - if, in fact, that is what they did.

Meanwhile, Qwest, another of the so-called Baby Bell phone companies, has emerged as an unlikely hero in the case given that its former chief executive has said he rebuffed the NSA's request for call records.

END

AP

May 24, 2006

Senator calls for hearings on Boeing's defense contracts; Company has agreed to big settlement

Associated Press

A senator said Tuesday he plans hearings on the defense-contracting practices that led Boeing Co. to agree to pay $615 million to end a Justice\l "l" Department\l "l" investigation.

Sen. John Warner, R-Va., said his Armed Services Committee would not limit itself to Chicago-based Boeing -- the nation's second-largest defense contractor -- and would look into other aerospace contracts with the government.

"Boeing is considered one of the premier industrial organizations not just in the United States but the entire world," said Warner, a former secretary of the Navy. "Yet they, regrettably, awakened one morning to find this situation."

Boeing spokesman Tim Neale declined to comment, citing the tentative deal with the Justice\l "l" Department\l "l".

Boeing has been under investigation for three years for allegations that it improperly obtained secret documents from rival Lockheed Martin in the late 1990s and used some of them to help win a competition for a government rocket-launching business.

As a result, the government took away about $1 billion worth of rocket launches from Boeing.

The company has faced a separate controversy over recruiting former Air Force official Darleen Druyun while she was still overseeing Boeing deals. Both Druyun and the Boeing official who recruited her went to jail for violating federal law.

Warner said the Armed Services hearings would not "go back over in a negative way some of the things that happened at Boeing," but rather would take a "constructive approach of what happened, how it happened and how Boeing has taken steps ensure it will not happen again."

The hearings will be sometime this year, but Warner said he had not decided when.

"I think this is a very important case study for the whole ... aerospace industry," he said.

END

Reuters

FCC chief says won't probe NSA call program

Tuesday 23 May 2006, 7:34pm EST

By Jeremy Pelofsky

WASHINGTON—The Federal Communications Commission will not pursue complaints about a U.S. spy agency's access to millions of telephone records because it cannot obtain classified material, the FCC chairman said in a letter released on Tuesday.

Rep. Edward Markey, a Massachusetts Democrat, had asked communications regulators to investigate a newspaper report that AT&T Inc., Verizon Communications and BellSouth Corp. gave access to and turned over call records to help the National Security Agency fight terrorists.

"The classified nature of the NSA's activities makes us unable to investigate the alleged violations," FCC Chairman Kevin Martin, a Republican, said in the May 22 letter released by Markey.

Verizon and BellSouth denied turning over telephone call records to the NSA. BellSouth demanded USA Today retract claims in its story.

"We can't have a situation where the FCC, charged with enforcing the law, won't even begin an investigation of apparent violations of the law because it predicts the administration will roadblock any investigations citing national security," Markey said in response.

The five-member FCC oversees and regulates U.S. telecommunications. While technically independent, the commissioners are appointed by the president with no more than three from the political party controlling the White House.

The 1934 Communications Act requires telecommunications carriers to protect the confidentiality of certain consumer call information, "except as required by law" or when the customer approves its release. Violators can be fined.

Another Democrat on Tuesday said in a letter to AT&T that she understood the company may have received from the Director of National Intelligence (DNI) a waiver to avoid keeping records and from liability for actions it may be taking. She did not elaborate

"I would like more information on the Internet and phone records AT&T may have provided to the NSA and the access AT&T has provided the NSA to its telecommunications network, if any," Rep. Jan Schakowsky of Illinois said in the letter.

On May 5, President George W. Bush delegated to the DNI the authority to waive liability for national security matters if they are done in cooperation with the head of an agency or department, according to a notice in the Federal Register.

Spokesmen for the DNI and AT&T declined to comment.

Bush has refused to confirm or deny the report in USA Today but said intelligence activities he authorized were legal and the government was not probing Americans' personal lives or eavesdropping on domestic calls without court approval.

AT&T was sued by the privacy rights group Electronic Frontier Foundation for violating customer privacy by turning over telephone data to the government. The Justice Department asked that the case be dismissed, saying it could reveal military and state secrets.

The FCC's Martin said the government's arguments in that case would prevent the FCC from conducting an investigation.

Such a probe would require access to "highly sensitive classified information" and the "commission has no power to order the production of classified information," Martin said.

He said the National Security Act of 1959 prevented the disclosure of the NSA's activities.

END

America's Network

AT&T faces privacy suit

May 24, 2006

The American Civil Liberties Union of Illinois filed a suit against AT&T, alleging that the company invaded the privacy of its Illinois customers by providing phone records to the federal government without a court order, according to a Chicago Tribune report.

The report said several prominent local residents agreed to serve as plaintiffs in the lawsuit, which targeted controversial domestic surveillance practices.

The ACLU sought no money damages, only a court order to block AT&T from providing phone records to the National Security Agency, the report said.

James Montgomery, a lawyer and former corporation counsel for the city of Chicago, said at a news conference that attorneys were among those who should be concerned. “Obviously, there will be a chilling effect on people calling lawyers,” he said.

The ACLU was seeking to bring the suit as a class action on behalf of millions of AT&T customers statewide, the report said.

The case was assigned to District Judge James Zagel, the report further said.

END

Knight Ridder Newspapers

Lawsuit seeks to unearth CIA ties to paramilitaries

By Steven Dudley

BOGOTÁ, Colombia — A Washington-based think tank filed a lawsuit on Tuesday to force the Central Intelligence Agency to search its archives for documents that may help reveal the CIA's links to a vigilante group in Bogotá that helped Colombian and U.S. authorities track down drug lord Pablo Escobar.

In its suit, the Institute of Policy Studies (IPS) and the law firm of Brian Gaffney said CIA actions "discourage the Plaintiff, its members and other members of the public from obtaining public records from the United States government."

IPS, one of Washington's oldest think tanks, has been requesting documents on the case via the Freedom of Information Act (FOIA) since 2004. The new lawsuit seeks a court order to force the CIA to search its records again so it can determine any U.S. government connections to the vigilante group, People Persecuted by Pablo Escobar, better known by its Spanish acronym PEPES.

Rival smugglers and illegal right-wing militias created the PEPES around 1992 to help authorities track down Escobar. They harassed and killed his relatives, associates and lawyers — and destroyed their properties — until Escobar was gunned down by police in December 1993.

The PEPES maintained regular relations with the Colombian police and even U.S. drug agents, U.S. documents have revealed. But IPS wants to go a step further, lead researcher Paul Paz y Mino said, by obtaining other documents on the contacts between the PEPES and U.S. officials.

"The issue is of accountability," said Paz y Mino. "This is a very pivotal issue with respect to everything that has come out in the past decade."

After the PEPES disbanded following Escobar's death, many of its members went on to form the core of what became the illegal paramilitary group United Self-Defense Forces of Colombia. Known by its Spanish acronym AUC, the paramilitaries killed thousands of civilians they suspected of being leftist guerrilla supporters.

Many AUC leaders are now under U.S. indictments on drug-trafficking charges — what Paz y Mino calls a blowback from bad U.S. policy decisions in the hunt for Escobar.

"The kind of monster the U.S. helped create was, in many ways, worse than what they wanted to destroy," he said about the PEPES morphing into the AUC.

Since 1994, human-rights groups like Amnesty International and information advocacy groups like the National Security Archives have sought to obtain information regarding the U.S. government's connections to the PEPES.

Paz y Mino said that the most startling documents made public to date reveal that even after U.S. agencies knew that the PEPES were torturing and killing people, they continued to have contacts with the vigilantes.

The CIA recently set up a detailed Web site to handle FOIA requests that states, "Because of CIA's need to comply with the national security laws of the United States, some documents or parts of documents cannot be released to the public. In particular, the CIA, like other U.S. intelligence agencies, has the responsibility to protect intelligence sources and methods from disclosure."

END

Gorsuch, Neil M

From: Gorsuch, Neil M
Sent: Wednesday, May 24, 2006 1:09 PM
To: McCallum, Robert (SMO); Senger, Jeffrey M
Subject: RE: Kentucky Bar Association Convention Materials

That sounds like plenty of turf to cover in a single speech. Of course, if you're talking natl sec people may be interested in your views on the terrorist surveillance program as well since it's so much in the news.

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Sent: Wednesday, May 24, 2006 9:46 AM
To: Senger, Jeffrey M
Cc: Gorsuch, Neil M
Subject: FW: Kentucky Bar Association Convention Materials

Jeff: We could provide materials such as copies of the Patriot Act, the Detainee Treatment Act, the 2nd Cir NSL decision. Neil: can you think of other cases or statutes we could just throw in. Robt.

From: Gunn, Currie (SMO)
Sent: Monday, May 15, 2006 9:45 AM
To: McCallum, Robert (SMO)
Subject: Kentucky Bar Association Convention Materials

I spoke with Mr. Meyers this morning, Mr. Meyers is looking for reference materials, position papers used in relation to the topic you will be speaking on. I mentioned to him that you usually do not have any materials other than your written remarks. If that is different let me know and I will make certain he gets a copy of all that is needed. He also indicated that if the material is done in word form I could e-mail it to his attention to he could get it published and copied.

Currie

McCallum, Robert (SMO)

From: McCallum, Robert (SMO)
Sent: Wednesday, May 24, 2006 1:27 PM
To: Gorsuch, Neil M; Senger, Jeffrey M
Subject: Re: Kentucky Bar Association Convention Materials

Then we could add the text of the Resolution on the use of Force. Robt.

-----Original Message-----
From: Gorsuch, Neil M
To: McCallum, Robert (SMO); Senger, Jeffrey M
Sent: Wed May 24 13:09:14 2006
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Currie

From: USDOJ- Office of Public Affairs
Sent: Wednesday, May 24, 2006 2:39 PM
To: USDOJ- Office of Public Affairs
Subject: PREPARED REMARKS OF DEPUTY ATTORNEY GENERAL PAUL J. MCNULTY AT THE AMERICAN ENTERPRISE INSTITUTE

Department of Justice

FOR IMMEDIATE RELEASE
WEDNESDAY, MAY 24, 2006
WWW.USDOJ.GOV

OPA
(202) 514-2007
TDD (202) 514-1888

PREPARED REMARKS OF DEPUTY ATTORNEY GENERAL PAUL J. MCNULTY AT THE AMERICAN ENTERPRISE INSTITUTE

WASHINGTON, D.C.

The terrorist attacks of September 11, 2001 marked a defining moment in our Nation's history. These vicious and brutal attacks resulted in over 3,000 deaths in New York City, Washington, D.C., and Pennsylvania, and shocked and horrified people throughout the world. In the aftermath of the attacks, President Bush directed then Attorney General John Ashcroft to do everything in the Department of Justice's power to prevent such destruction and devastation from happening again. The Department of Justice was called to find new and invigorated ways of using our resources to prevent future acts of terrorism.

We have responded to this call to action. Today I am here to tell that story. Since September 11th, the Department of Justice has harnessed its full resources, both here at home and around the globe, and committed those resources to preventing terrorism. And now, nearly five years after the watershed events of 9/11 and the closure of the Zacarias Moussaoui prosecution, it's a good time to take a closer look at the successes we have achieved, the difficulties we have encountered and overcome, and the challenges we face as we move forward. I speak today not only as Deputy Attorney General, but also as the former United States Attorney for the Eastern District of Virginia, where, from September 2001 to March 2006, I had the responsibility and privilege of overseeing many of the Government's more significant terrorism prosecutions.

The Department of Justice has developed a strong record of success in the war on terrorism. Our prosecutions have run the gamut and affirmed that the fight against terrorism is the Department of Justice's highest priority. We have prosecuted and convicted violent terrorists; supporters and financiers of terrorism; and persons who came to our shores and used our freedoms to advance terrorist causes. Since September 11th, individuals like Richard Reid, who tried to ignite a bomb in his shoe to kill everyone aboard an American Airlines flight bound for Miami; Sheikh Ali Al-Timimi, who encouraged young men in Virginia to travel abroad and receive military training to prepare for war against the United States; and Mohammed Al-Moayad, a Yemeni cleric who conspired and attempted to obtain over two million dollars from the United States for al-

DOJ_NMG_0029355

Qaeda, Hamas, and other terrorist organizations to fund violent jihad –- among many other individuals -- have been convicted and are behind bars serving significant sentences.

The extent of September 11th's impact on the Department of Justice cannot be overstated. The magnitude of that day's tragedy transformed our counterterrorism strategy. On every level, we committed to a new strategy of prevention. The 9/11 attacks shifted the law enforcement paradigm from one of predominantly reaction to one of proactive prevention. We resolved not to wait for an attack or an imminent threat of an attack to investigate or prosecute. We pledged to those who lost their lives, to the children and loved ones they left behind, and indeed to our entire Nation that we would devote the resources and energies necessary to preventing terrorism and protecting our communities. We understood, most fundamentally, that the events of 9/11 marked a defining moment for the Department of Justice.

One of our greatest liberties is the right of all people to form and hold their own views and beliefs. Yet 9/11 displayed to the entire world how ideology can be used to inspire violence, how deep hatred toward America and its freedoms runs in some circles, and just how vigilant we must be going forward. Accordingly, if 9/11 marked a defining moment for the Department of Justice, it surely did the same for Islamic extremists and others harboring radical and dangerous views about America. The moment the Twin Towers were hit in New York, the Pentagon attacked in our Nation's capitol, and Flight 93 hijacked en route to San Francisco, people had a choice to make. They could recoil at the horrors and relinquish any thought of ever endeavoring to harm America. Or they could endorse or even celebrate those vicious attacks as a rallying point for future terrorist acts.

Since September 11th, people throughout the world, including countless Muslims, have rejected the ideology of hate that led to 9/11. But, sadly, other individuals have chosen to follow the path of terrorism.

I saw this firsthand as a United States Attorney. Take, for example, the Northern Virginia Jihad case, United States v. Ali Al-Timimi. Just four days after September 11, a group of young men gathered in an apartment in Fairfax, Virginia, and their purpose in meeting, as proven in federal court, was to discuss plans to join and support the Taliban and engage in jihad against the United States. Those men, led by Sheikh Ali Al Timimi, had a choice to make in that apartment. And, with the fires at the Pentagon still smouldered only 20 miles away, they choose not to reject extremist violence, but to embrace it and pursue it.

It was no different for Ahmed Omar Abu Ali, who, after graduating from the Islamic Saudi Academy in Alexandria, Virginia, chose to move to Saudi Arabia and later join and receive military training from al-Qaeda, and to plan attacks against the United States, including to kill the President. Nor was it different for Iyman Faris, who chose to travel to Pakistan in early 2002, discuss with al-Qaeda's Khalid Sheikh Mohammed a plan to collapse a landmark bride in New York City by severing its suspension cables with gas cutters, only then to return to the United States to assess the plan's feasibility by inspecting the bridge's structure and security.

Each of these men faced a choice. They could harbor profound discontent with America while taking care not to let that discontent boil over to criminal conduct, or they could step over that line by supporting terrorist causes. The line was as clear as their choices were criminal. By choosing to support terrorist causes, they violated the laws of the United States.

We at the Department of Justice have our own choices to make upon learning that men like Ahmed Omar Abu Ali, Iyman Faris, and members of the Northern Virginia Jihad have chosen to provide support to terrorists. We could await further action by these men and then arrest and prosecute them. Or we could prosecute at the moment our investigation reveals both a risk to our national security and a violation of our Nation's laws. In the wake of September 11, this aggressive, proactive, and preventative course is the only acceptable response from a department of government charged with enforcing our laws and protecting the American people. Awaiting an attack is not an option. That is why the Department of Justice is doing

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everything in its power to identify risks to our Nation's security at the earliest stage possible and to respond with forward-leaning – preventative – prosecutions.

Our record since September 11th is strong in multiple respects. In terms of numbers alone, we have charged 435 defendants and won 253 convictions in 45 different judicial districts across the country, with many of these defendants still awaiting trial. These statistics, tracked by the Justice Department's Criminal Division, represent defendants charged in terrorism or terrorism-related criminal cases with an international connection.

Of course, there is much more to success than tallying charges and convictions. A walk through these successes demonstrates the extent of the Department of Justice's commitment to prosecuting and preventing terrorism, and attests to the tireless efforts of the men and women who serve as federal prosecutors in our U.S. Attorney's Offices and at Main Justice in Washington, D.C., and to the thousands of investigators who have searched the globe for evidence.

A cornerstone of our post 9/11 efforts has been the material support statutes. Congress enacted these laws to prevent terrorism by cutting off the provision of support and resources to terrorists and terrorist organizations. Within the past two years Congress has amended the laws to expand and clarify their broad scope, making it expressly plain, for example, that anyone who receives military-type training from or on behalf of a terrorist organization commits a crime. The men I spoke of a moment ago – Abu Ali, Iyman Faris, and the members of the Northern Virginia Jihad, including Ali Al-Timimi – were convicted of violating the material support statutes, and those men presently are serving lengthy sentences.

We have successfully used the material support statutes in a host of other prosecutions as well. For example, in United States v. Yaha Goba , the so-called Lackawanna Six or Buffalo Cell case, prosecutors in the Western District of New York used the material support statutes to convict a group of defendants who traveled to Afghanistan to train in the Al Farooq camp operated by al-Qaeda. While there, the men met Osama Bin Laden and heard Bin Laden report that certain individuals were on a mission to attack the United States. The theory of the Lackawanna Six case, much like the theory of Abu Ali and Northern Virginia Jihad prosecutions, was straightforward and obviously logical: those who attend terrorist training camps and receive instruction or assist in providing instruction in how to use military-style weapons against Americans and American interests commit crimes and present grave risks to our national security.

The Department of Justice has also successfully used the material support laws to prosecute defendants beyond those who sought and received terrorist training. The U.S. Attorney's Office in the District of New Jersey, for example, prosecuted and convicted Hemant Lakhani for attempting to sell a shoulder-fired missile to an FBI cooperating witness as part of a plan to shoot-down a civilian airplane in jihad against the United States. The Southern District of New York similarly used the material support statutes to convict both Uzair Paracha for the steps he took to conceal an al-Qaeda operative's true whereabouts from law enforcement authorities.

These prosecutions, among many others, provide concrete illustration of the Department of Justice's successful use of the material support statutes, and similar laws, to prevent terrorism by prosecuting persons who have taken steps to aid, advance, and encourage terrorist causes. Use of the material support laws will remain a central component of our efforts to disrupt terrorist activity before it occurs.

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Beyond the material support cases, the Department of Justice also has expanded its post 9/11 efforts to aggressively pursue crimes, such as identity theft and immigration violations, which present risks to our national security. The simple truth is that terrorists, as well as sympathizers and supporters of terrorist causes, are able to exploit weaknesses in our identification, immigration, and financial systems to facilitate future attacks. Nobody proved the point more than the September 11 hijackers, seven of whom possessed fraudulent Virginia identification cards.

In the aftermath of 9/11, therefore, it is unacceptable, if not irresponsible, to limit our counter-terrorism strategy only to prosecutions involving core terrorism or material support charges. Our preventative mission requires broader vision, including acceptance of the reality that persons presenting security risks to our Nation may be living among us under fake identities. Individuals who purposely evade immigration and identify-theft laws make a conscious choice to conceal who they are and to deceive the United States, and if our investigations and intelligence reveal that the deception is connected to, or was committed toward the end of engaging in, terrorist activity, the Department of Justice must respond. We must use the full arsenal of tools Congress has given us.

It takes little foresight to envision the rightful criticisms that would be leveled at the Department of Justice if, in response to a terrorist incident, we looked back after-the-fact and discovered that the offenders were in this country after having succeeded in committing immigration or identity fraud crimes, and we were in a position to do something about it.

Two such cases from my experience as United States Attorney in Eastern Virginia illustrate this point. In 2003, an investigation revealed that Abdurahman Muhammad al-Amoudi, a naturalized United States citizen and the founder of the American Muslim Council, had used a false Yemeni passport on numerous occasions to travel to Libya, itself a violation of federal law. When confronted with the immigration fraud, al-Amoudi admitted to the fraud and, more broadly, to participating in a Libyan plot to assassinate Crown Prince Abdullah of Saudi Arabia. Our aggressive pursuit of immigration charges against al-Amoudi resulted in a quick conviction and contributed to al-Amoudi's decision to cooperate with federal and international officials in advancing important terrorism-related investigations both within the United States and abroad.

We also used the immigration laws to convict Soliman Biheiri, an Egyptian national and the then president of a New Jersey-based Islamic investment firm suspected of having links to terrorism. When our investigation revealed that money from the investment firm may have been used to help fund the 1998 embassy bombings in Kenya and Tanzania and that the firm may have acquiesced in channeling money through its accounts for a known terrorist, we moved swiftly to learn all we could about Biheiri himself. In short order, we determined that Biheiri had obtained United States citizenship on the basis of a naturalization application that contained false statements. So, rather than prolong the investigation -- and thus leave open the risk to our Nation's security presented by all of the facts and circumstances we knew at the time about Biheiri –- we moved forward and prosecuted and convicted Biheiri for naturalization fraud, among other crimes.

Across the landscape of our post-9/11 prosecutions, we have achieved other important successes which deserve emphasis. Foremost, we have faced and overcome unprecedented challenges – both legally and operationally – in shepherding our cases through our criminal justice system. Let me focus specifically on our effective use of classified information in certain prosecutions, including the co-called Portland Seven case brought in the District of Oregon against Jeffrey Battle and six other defendants.

In our prosecutions involving the use of classified information, we undertake an important and essential balance. We must balance our obligation to hold defendants accountable for criminal conduct and the defendants' right to a fair trial, while, at the same time, not compromising our national security. The balance is delicate and difficult, and it ultimately takes place within the protocols Congress provided in the Classified Information Procedures Act. Article III federal judges administer these Congressionally-provided protocols and

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procedures in order to balance the Government's need to protect classified information with a defendant's right to a fair trial.

The Portland Seven case provides a useful illustration. The case arose out of Jeffrey Battle and others' efforts in 2001 to enter Afghanistan and fight alongside the Taliban against United States and allied forces. The prosecution entailed the use of classified materials, including electronic surveillance obtained pursuant to the Foreign Intelligence Surveillance Act. In using the evidence, prosecutors took care to adhere to the procedures delineated in the Classified Information Procedures Act by, for example, providing certain notices to defense counsel and the Court and obtaining certain protective orders. These processes – all overseen by the presiding District Court Judge – ensured that the defendants' rights remained protected throughout the litigation, while also allowing the prosecution team to make effective use of classified information.

The Portland Seven prosecution serves to illustrate yet another obstacle overcome in our post-9/11 prosecutions. As part of the USA PATRIOT Act, Congress eliminated a barrier that previously prevented prosecutors and members of the intelligence community from sharing full information with each other. The Portland Seven prosecution involved Jeffrey Battle, who, before attempting to enter Afghanistan and fight with the Taliban, had taken steps toward attacking Jewish schools and synagogues within the United States. In its investigation, the FBI shared important intelligence information with the prosecution team. This sharing enabled the FBI and prosecution to work together to monitor the risks presented by Battle, while also advancing the investigation against other members of the Portland Seven. The effort marked a significant operational successes that would not have been possible but for the USA PATRIOT Act.

While our record shows many victories in recent years, we have not always been successful. And, when we make a mistake or come up short in a prosecution, it is important to say so. We did just that in the case brought in federal court in Detroit against Karim Koubriti and others. Although the jury returned guilty verdicts, it turned out that the lead prosecutor, before trial, did not provide the defense with certain evidence that the jury properly could have viewed as exculpating Koubriti and certain other defendants of guilt. To not disclose the evidence violated the defendants' constitutional rights and breached a clear duty that prosecutors owe defendants under the law. Upon learning of the potential violation, we undertook a comprehensive investigation, which culminated in our acknowledging error and consenting to relief for the defendants. While the error we committed was undeniably grave, our response to learning of it was undeniably right. Indeed, the presiding judge, upon hearing the results of our investigation and decision to consent to relief, observed that our handling of the matter was "in the highest and best tradition of Department of Justice attorneys."

On occasion it is suggested that a jury's decision to acquit a defendant marks a setback for the Department of Justice. A variety of that particular criticism surfaced, for example, following the jury's decision to acquit Sami Amin al-Arian of certain terrorism charges and not reach a verdict on other serious terrorism charges following a long trial in federal court in Florida in 2005. That view is mistaken and especially so in the arena of terrorism prosecutions.

No apology is necessary or appropriate in response to an acquittal. We bring cases when we believe that there is proof beyond a reasonable doubt. The reality is that, while we will present the strongest case possible, a jury may not agree with our view of the strength of the evidence. That, though, is the function of a jury. We recognize that a reality of our prevention strategy is that we may find it more difficult in certain cases to marshal the evidence sufficient to convince 12 jurors beyond a reasonable doubt. That is because we must bring charges before a conspiracy achieves its goals – before a terrorist act occurs. To do so, we have to make arrests earlier than we would in other contexts where we often have the luxury of time to gather more evidence. This heightened risk of acquittals is one we acknowledge and accept given our unwavering commitment to prevent terrorists risks from materializing into terrorist acts.

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It also is worth observing that the al-Arian case, in particular, culminated recently in a conviction and significant sentence. In April 2006, al-Arian pleaded guilty to conspiring to make or receive contributions of funds, goods, and services to the Palestinian Islamic Jihad terrorist group, and in doing so, admitted to engaging in acts specifically designed to advance the group's terrorist mission. In sentencing al-Arian to 57 months in prison, the District Court observed that al-Arian was "a master manipulator" who, as "a leader of the Palestinian Islamic Jihad," plotted to create "widows and orphans" through acts of terrorism.

As we approach the fifth anniversary of September 11 and move forward in our fight against terrorism, clear challenges lay ahead. Terrorists and their supporters are growing more sophisticated. They are using tools like the Internet to train and recruit new followers and to raise money to fund their causes. One of our biggest challenges, therefore, is to stay a step ahead. In our investigations, we must continue to adapt our technologies, approaches, and strategies to the ever-changing means and methods of those planning the next attack. In our prosecutions, too, we continue to face difficult challenges, including how most effectively to use classified information without compromising our Nation's security. We also regularly confront the challenging task of having to prosecute early enough to prevent harm to America, while simultaneously having to let our investigations play out long enough to allow us to identify all co-conspirators in a terrorist plot and to accumulate evidence sufficient to satisfy the demanding beyond-a-reasonable-doubt standard of proof that governs all criminal trials.

Our mission is a difficult one. Hatred for America and all that our Nation stands for remains deep-seated among many extremists. When hatred runs so deep, risks run high. Today's risks are very real, and identifying the risks before they take the form of an attack is very hard. The American people need to know that their Department of Justice embraces the challenge. We are committed to preventing terrorism and protecting our homeland. As the Attorney General has said, "[W]e have no higher calling than the protection of our fellow citizens." In responding to the calling, we are not resting on yesterday's successes, but rather are focusing on today and tomorrow's challenges.

Our efforts will remain aggressive, and they will remain fair. In our investigations, we will continue to use every tool and authority available to us to identify risks at the earliest stage possible. And, in deciding whether to prosecute, we will not wait to see what can become of risks. The death and destruction of September 11, 2001 mandate a transformed and preventative approach. Our mission, then, is clear: we will — indeed, we must — press forward aggressively in the war on terror, with prevention and protection serving as the guideposts. In carrying out our mission, we will remain focused on the freedoms we seek to protect and the risks we seek to address. The Department of Justice will remain unyielding in our commitment to preserve our cherished rights and protect our national security.

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Image not available for this document, ID: 0.7.10316.12779-000002

From: McCallum, Robert (SMO)
Sent: Wednesday, May 24, 2006 2:53 PM
To: Senger, Jeffrey M; Gorsuch, Neil M
Subject: FW: PREPARED REMARKS OF DEPUTY ATTORNEY GENERAL PAUL J. MCNULTY AT THE AMERICAN ENTERPRISE INSTITUTE

We could use some of this for the Kentucky remarks. Robt.

From: USDOJ- Office of Public Affairs
Sent: Wednesday, May 24, 2006 2:39 PM
To: USDOJ- Office of Public Affairs
Subject: PREPARED REMARKS OF DEPUTY ATTORNEY GENERAL PAUL J. MCNULTY AT THE AMERICAN ENTERPRISE INSTITUTE

Department of Justice

FOR IMMEDIATE RELEASE
WEDNESDAY, MAY 24, 2006
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TDD (202) 514-1888

PREPARED REMARKS OF DEPUTY ATTORNEY GENERAL PAUL J. MCNULTY AT THE AMERICAN ENTERPRISE INSTITUTE

WASHINGTON, D.C.

The terrorist attacks of September 11, 2001 marked a defining moment in our Nation's history. These vicious and brutal attacks resulted in over 3,000 deaths in New York City, Washington, D.C., and Pennsylvania, and shocked and horrified people throughout the world. In the aftermath of the attacks, President Bush directed then Attorney General John Ashcroft to do everything in the Department of Justice's power to prevent such destruction and devastation from happening again. The Department of Justice was called to find new and invigorated ways of using our resources to prevent future acts of terrorism.

We have responded to this call to action. Today I am here to tell that story. Since September 11th, the Department of Justice has harnessed its full resources, both here at home and around the globe, and committed those resources to preventing terrorism. And now, nearly five years after the watershed events of 9/11 and the closure of the Zacarias Moussaoui prosecution, it's a good time to take a closer look at the successes we have achieved, the difficulties we have encountered and overcome, and the challenges we face as we move forward. I speak today not only as Deputy Attorney General, but also as the former United States Attorney for the Eastern District of Virginia, where, from September 2001 to March 2006, I had the responsibility and privilege of overseeing many of the Government's more significant terrorism prosecutions.

The Department of Justice has developed a strong record of success in the war on terrorism. Our prosecutions have run the gamut and affirmed that the fight against terrorism is the Department of Justice's highest priority. We have prosecuted and convicted violent terrorists; supporters and financiers of terrorism; and persons who came to our shores and used our freedoms to advance terrorist causes. Since September 11th,

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individuals like Richard Reid, who tried to ignite a bomb in his shoe to kill everyone aboard an American Airlines flight bound for Miami; Sheikh Ali Al-Timimi, who encouraged young men in Virginia to travel abroad and receive military training to prepare for war against the United States; and Mohammed Al-Moayad, a Yemeni cleric who conspired and attempted to obtain over two million dollars from the United States for al-Qaeda, Hamas, and other terrorist organizations to fund violent jihad –- among many other individuals -- have been convicted and are behind bars serving significant sentences.

The extent of September 11th's impact on the Department of Justice cannot be overstated. The magnitude of that day's tragedy transformed our counterterrorism strategy. On every level, we committed to a new strategy of prevention. The 9/11 attacks shifted the law enforcement paradigm from one of predominantly reaction to one of proactive prevention. We resolved not to wait for an attack or an imminent threat of an attack to investigate or prosecute. We pledged to those who lost their lives, to the children and loved ones they left behind, and indeed to our entire Nation that we would devote the resources and energies necessary to preventing terrorism and protecting our communities. We understood, most fundamentally, that the events of 9/11 marked a defining moment for the Department of Justice.

One of our greatest liberties is the right of all people to form and hold their own views and beliefs. Yet 9/11 displayed to the entire world how ideology can be used to inspire violence, how deep hatred toward America and its freedoms runs in some circles, and just how vigilant we must be going forward. Accordingly, if 9/11 marked a defining moment for the Department of Justice, it surely did the same for Islamic extremists and others harboring radical and dangerous views about America. The moment the Twin Towers were hit in New York, the Pentagon attacked in our Nation's capitol, and Flight 93 hijacked en route to San Francisco, people had a choice to make. They could recoil at the horrors and relinquish any thought of ever endeavoring to harm America. Or they could endorse or even celebrate those vicious attacks as a rallying point for future terrorist acts.

Since September 11th, people throughout the world, including countless Muslims, have rejected the ideology of hate that led to 9/11. But, sadly, other individuals have chosen to follow the path of terrorism.

I saw this firsthand as a United States Attorney. Take, for example, the Northern Virginia Jihad case, United States v. Ali Al-Timimi. Just four days after September 11, a group of young men gathered in an apartment in Fairfax, Virginia, and their purpose in meeting, as proven in federal court, was to discuss plans to join and support the Taliban and engage in jihad against the United States. Those men, led by Sheikh Ali Al Timimi, had a choice to make in that apartment. And, with the fires at the Pentagon still smouldered only 20 miles away, they choose not to reject extremist violence, but to embrace it and pursue it.

It was no different for Ahmed Omar Abu Ali, who, after graduating from the Islamic Saudi Academy in Alexandria, Virginia, chose to move to Saudi Arabia and later join and receive military training from al-Qaeda, and to plan attacks against the United States, including to kill the President. Nor was it different for Iyman Faris, who chose to travel to Pakistan in early 2002, discuss with al-Qaeda's Khalid Sheikh Mohammed a plan to collapse a landmark bride in New York City by severing its suspension cables with gas cutters, only then to return to the United States to assess the plan's feasibility by inspecting the bridge's structure and security.

Each of these men faced a choice. They could harbor profound discontent with America while taking care not to let that discontent boil over to criminal conduct, or they could step over that line by supporting terrorist causes. The line was as clear as their choices were criminal. By choosing to support terrorist causes, they violated the laws of the United States.

We at the Department of Justice have our own choices to make upon learning that men like Ahmed Omar Abu Ali, Iyman Faris, and members of the Northern Virginia Jihad have chosen to provide support to terrorists. We could await further action by these men and then arrest and prosecute them. Or we could

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prosecute at the moment our investigation reveals both a risk to our national security and a violation of our Nation's laws. In the wake of September 11, this aggressive, proactive, and preventative course is the only acceptable response from a department of government charged with enforcing our laws and protecting the American people. Awaiting an attack is not an option. That is why the Department of Justice is doing everything in its power to identify risks to our Nation's security at the earliest stage possible and to respond with forward-leaning – preventative – prosecutions.

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A cornerstone of our post 9/11 efforts has been the material support statutes. Congress enacted these laws to prevent terrorism by cutting off the provision of support and resources to terrorists and terrorist organizations. Within the past two years Congress has amended the laws to expand and clarify their broad scope, making it expressly plain, for example, that anyone who receives military-type training from or on behalf of a terrorist organization commits a crime. The men I spoke of a moment ago – Abu Ali, Iyman Faris, and the members of the Northern Virginia Jihad, including Ali Al-Timimi – were convicted of violating the material support statutes, and those men presently are serving lengthy sentences.

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Beyond the material support cases, the Department of Justice also has expanded its post 9/11 efforts to aggressively pursue crimes, such as identity theft and immigration violations, which present risks to our national security. The simple truth is that terrorists, as well as sympathizers and supporters of terrorist causes, are able to exploit weaknesses in our identification, immigration, and financial systems to facilitate future attacks. Nobody proved the point more than the September 11 hijackers, seven of whom possessed fraudulent Virginia identification cards.

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Two such cases from my experience as United States Attorney in Eastern Virginia illustrate this point. In 2003, an investigation revealed that Abdurahman Muhammad al-Amoudi, a naturalized United States citizen and the founder of the American Muslim Council, had used a false Yemeni passport on numerous occasions to travel to Libya, itself a violation of federal law. When confronted with the immigration fraud, al-Amoudi admitted to the fraud and, more broadly, to participating in a Libyan plot to assassinate Crown Prince Abdullah of Saudi Arabia. Our aggressive pursuit of immigration charges against al-Amoudi resulted in a quick conviction and contributed to al-Amoudi's decision to cooperate with federal and international officials in advancing important terrorism-related investigations both within the United States and abroad.

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It also is worth observing that the al-Arian case, in particular, culminated recently in a conviction and significant sentence. In April 2006, al-Arian pleaded guilty to conspiring to make or receive contributions of funds, goods, and services to the Palestinian Islamic Jihad terrorist group, and in doing so, admitted to engaging in acts specifically designed to advance the group's terrorist mission. In sentencing al-Arian to 57 months in prison, the District Court observed that al-Arian was "a master manipulator" who, as "a leader of the Palestinian Islamic Jihad," plotted to create "widows and orphans" through acts of terrorism.

As we approach the fifth anniversary of September 11 and move forward in our fight against terrorism, clear challenges lay ahead. Terrorists and their supporters are growing more sophisticated. They are using tools like the Internet to train and recruit new followers and to raise money to fund their causes. One of our biggest challenges, therefore, is to stay a step ahead. In our investigations, we must continue to adapt our technologies, approaches, and strategies to the ever-changing means and methods of those planning the next attack. In our prosecutions, too, we continue to face difficult challenges, including how most effectively to use classified information without compromising our Nation's security. We also regularly confront the challenging task of having to prosecute early enough to prevent harm to America, while simultaneously having to let our investigations play out long enough to allow us to identify all co-conspirators in a terrorist plot and to accumulate evidence sufficient to satisfy the demanding beyond-a-reasonable-doubt standard of proof that governs all criminal trials.

Our mission is a difficult one. Hatred for America and all that our Nation stands for remains deep-seated among many extremists. When hatred runs so deep, risks run high. Today's risks are very real, and identifying the risks before they take the form of an attack is very hard. The American people need to know that their Department of Justice embraces the challenge. We are committed to preventing terrorism and protecting our homeland. As the Attorney General has said, "[W]e have no higher calling than the protection of our fellow citizens." In responding to the calling, we are not resting on yesterday's successes, but rather are focusing on today and tomorrow's challenges.

Our efforts will remain aggressive, and they will remain fair. In our investigations, we will continue to use every tool and authority available to us to identify risks at the earliest stage possible. And, in deciding whether to prosecute, we will not wait to see what can become of risks. The death and destruction of September 11, 2001 mandate a transformed and preventative approach. Our mission, then, is clear: we will — indeed, we must — press forward aggressively in the war on terror, with prevention and protection serving as the guideposts. In carrying out our mission, we will remain focused on the freedoms we seek to protect and the risks we seek to address. The Department of Justice will remain unyielding in our commitment to preserve our cherished rights and protect our national security.

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Department of Justice

STATEMENT

OF

PETER D. KEISLER
ASSISTANT ATTORNEY GENERAL
CIVIL DIVISION
DEPARTMENT OF JUSTICE

BEFORE THE

SUBCOMMITTEE ON COMMERCIAL AND ADMINISTRATIVE LAW
COMMITTEE ON THE JUDICIARY
UNITED STATES HOUSE OF REPRESENTATIVES

CONCERNING

BUDGET AND RESOURCE NEEDS
OF THE JUSTICE DEPARTMENT CIVIL DIVISION
FOR FISCAL YEAR 2007

PRESENTED ON

APRIL 26, 2006

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STATEMENT OF
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BUDGET AND RESOURCE NEEDS
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FOR FISCAL YEAR 2007

APRIL 26, 2006

Chairman Cannon, Congressman Watt, and Members of the Subcommittee:

I appreciate the opportunity to discuss the work of the Civil Division of the Department of Justice and our budget and resource needs for Fiscal Year 2007.

The Division represents the interests of the United States in a wide range of civil matters. Our cases encompass virtually every aspect of the Federal government – from defending the constitutionality of Federal statutes to recovering money defrauded from Government programs, to the administration of national compensation programs, to the representation of Federal agencies and Government employees in a host of matters that arise as part and parcel of Government operations – contract disputes, allegations of negligence and discrimination, loan defaults, and immigration matters. The Division employs 660 attorneys and 295 full and part time employees who provide essential paralegal, administrative, and clerical support.

In FY 2005, the Civil Division accomplished the following:

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- Worked with the United States Attorneys to recover more than $1 billion dollars lost through fraud against Government programs;

- Protected the public fisc from billions of dollars in claims arising from the Government's commercial activities;

- Protected the public fisc from over $1 billion dollars in tort claims arising from the Government's past and current operational programs and activities;

- Defended against challenges to Congressional and Executive exercises of power;

- Played a major role in the administration of the Vaccine Injury Compensation Program, which was established by Congress;

- Represented individual Government employees sued in connection with their performance of official duties; and

- In the period since the September 11th attacks, defended the Federal government's coordinated response to those attacks and the Administration's policies designed to prevent future acts of terrorism.

NATIONAL SECURITY

Among the laws and policies of greatest importance to the Administration, the Congress, and the public are those intended to protect our nation's security. Our leadership has committed itself to devoting all resources necessary to disrupt, weaken, and eliminate terrorist networks; to prevent terrorist operations; and to bring to justice perpetrators of terrorist attacks. And we in the Civil Division are privileged to contribute to this mission through our representation of the United States in litigation that relates to the Federal government's efforts to protect against threats to our national security. In fulfilling our litigation responsibilities, we take seriously the Attorney General's charge to address terrorism and other threats to the United States with integrity and devotion to our nation's highest ideals.

Civil cases related to the war on terrorism often raise complex issues. And the consequences are large, as litigation losses in this area could undercut policies of crucial importance to the security of our citizens. By way of example, Civil Division attorneys have defended the Government in the following matters: challenges to the USA PATRIOT Act; decisions to freeze the assets of terrorist organizations; enforcement actions involving the detention and removal of suspected alien terrorists; and designations of Specially Designated Global Terrorists.

* * * * *

While national security cases are paramount, they nonetheless represent a small fraction of the cases and matters pending with the Civil Division in FY 2006. This vast and diverse workload is handled by our trial attorneys who spend their time on the front lines of litigation – preparing motions, taking depositions, negotiating settlements, conducting trials, and pursuing

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appeals.

WORKLOAD TRENDS

Over the past four years, the Civil Division's caseload has increased by more than 70 percent. In FY 2002, we handled about 31,000 cases and matters, but by FY 2005, our caseload exceeded 52,000. This increase is attributable to two main factors: (1) significant growth in the number of claims filed with the compensation programs; and (2) a dramatic rise in appellate cases resulting from increased challenges to immigration enforcement actions.

IMMIGRATION LITIGATION

The Office of Immigration Litigation ("OIL") defends the Government's immigration laws and policies and handles challenges to immigration enforcement actions. At no time in history has this mission been so important, and never before has it consumed as many of the Department's resources as it does today.

Immigration attorneys defend the Government's efforts to detain and remove terrorists and criminal aliens. Since 9/11, OIL has handled and assisted in hundreds of cases involving aliens of national security interest. On average, OIL defends the detention and removal of approximately 1,500 criminal aliens each year. Vigorous defense of these cases is critical to our national security and the safety of our communities. OIL also provides liaison and training to all of the Government's immigration agencies, enabling enforcement efforts at and within our borders to enjoy dependable support before the courts.

Immigration litigation has been, by far, the fastest growing component of the Civil Division's docket. The Division is responsible for handling or overseeing all Federal court challenges to decisions of the Board of Immigration Appeals ("BIA"), and the number of these challenges has grown significantly in recent years. OIL's docket of pending cases has nearly tripled in the past four years, growing from 6,200 cases in FY 2002 to over 17,000 cases in FY 2005.

This growth stems from several factors. In 2003, much of the growth was attributed to the Department's streamlining reforms, which increased the productivity of the BIA and thus helped clear a sizable backlog of cases. The backlog has since been cleared. Now, the growth stems primarily from heightened immigration enforcement activities pursued by the Department of Homeland Security and the rapid increase in the rate at which aliens appeal BIA decisions to the Federal courts, which has increased from 6 percent to 29 percent over the past four years. There is no reason to expect this rate to subside. Aliens now must turn to the courts to get the delay in removal that was once reliably provided simply by an administrative appeal to the BIA.

This enormous growth has driven OIL's caseload per attorney to over 155 in FY 2005, more than doubling the historic caseload of 60 cases per attorney. Even with the Congress' favorable approval of the Division's FY 2006 request, OIL's rising caseload has negated whatever gains might have been achieved with this increase. Without additional resources in FY 2007, the attorney caseload is expected to remain at the untenable level of 155 cases per attorney. The Division and the Department have responded to this crisis, assigning immigration cases to other attorneys throughout the Department. These stopgap measures, which task attorneys who lack OIL's experience and efficiency in handling immigration matters, are not a permanent

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solution.

The Office of Immigration Litigation will continue to face an overwhelming workload in FY 2007. Therefore, the President requests in his FY 2007 budget a program increase of 114 positions (86 attorneys), 57 FTEs, and $9,566,000 for immigration litigation.

PROTECTING THE PUBLIC FISC

Our dockets are filled with cases that involve substantial monetary claims against the Government. The significance of these claims cannot be overstated.

Our responsibilities have included: (1) the 122 *Winstar* suits in which hundreds of financial institutions have sought tens of billions of dollars for alleged losses that occurred in the wake of banking reforms enacted in the 1980s; (2) the *Cobell* class action – perhaps the largest ever filed against the Government; and (3) numerous complex, sensitive, and challenging tort cases based on Federal programs and activities, including defense and national security programs, law enforcement activities, and other Government operations, in which the Civil Division has successfully protected the public fisc from approximately $1 billion in unmeritorious tort claims in the last fiscal year.

In thousands of other defensive monetary matters, our mission is to ensure that the will of Congress and the actions of the Executive branch are vigorously and fairly defended, and that meritless claims are not paid from the public fisc. Thus far, we have been largely successful. For example, seventy of the original 122 *Winstar* suits have been resolved without the Government paying any money whatsoever. And in 2005 alone, we defeated over $3.9 billion in groundless *Winstar* claims asserted against the United States.

RECOVERING FEDERAL FUNDS

In any given year, about 15 percent of our cases involve affirmative litigation on which we work with United States Attorneys to enforce Government regulations and policies, and to recover money owed the Government from commercial transactions, bankruptcy proceedings, and fraud. The bulk of affirmative monetary recoveries stem from fraud suits. As in the last several years, health care in FY2005 accounted for the lion's share of the Department's fraud settlements and judgments – more than $1.1 billion was recovered in that year alone. This number includes both whistleblower claims and those initiated by the United States in independent fraud investigations. Most of our recoveries in this area are returned to the Medicare and Medicaid programs, but substantial recoveries also are returned to the Federal Employees Health Benefits Program, the Department of Defense TRICARE program, the Department of Veterans Affairs, and the Railroad Retirement Board. The coming fiscal year promises to continue, if not exceed, this trend. Health care fraud recoveries in the first four months of this fiscal year already exceed $600 million. The following recent recoveries illustrate our efforts in this area:

We obtained $325 million from HealthSouth Corporation, the Nation's largest provider of rehabilitative medicine services. Allegations against HealthSouth included false claims for outpatient physical therapy services that were not properly supported by certified plans of care, administered by licensed physical therapists, or for one-on-one therapy as represented. Of similar magnitude was a recent settlement with Gambro Healthcare for $310 million to resolve allegations of false claims for Medicare and Medicaid in connection with dialysis

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services. Gambro Supply Corporation, the sham durable medical equipment company and a wholly owned subsidiary of Gambro Healthcare, paid a $25 million criminal fine and agreed to permanent exclusion from the Medicare program.

One of the largest areas of the Department's health care fraud caseload are matters against pharmaceutical companies or other related entities, charging various kinds of fraud on the Medicare and Medicaid programs in the pricing or delivery of drugs. To date, we have recovered more than $4.7 billion in criminal fines and civil recoveries in these cases, much of it returned to the Medicare and Medicaid programs. Indeed, there now are more than 150 *qui tam* cases filed by whistleblowers under the False Claims Act that allege various schemes associated with government drug plans.

Just this past December, Serono S.A., a Swiss biotechnical corporation, and its United States subsidiaries, entered into a global criminal, civil, and administrative settlement for $704 million, making it one of the largest health care fraud settlements the Department has reached. Serono Labs, one of the subsidiaries, pled guilty to two counts of conspiracy: the first, conspiring to introduce and deliver for introduction into interstate commerce, with intent to defraud or mislead, adulterated medical devices; the second, conspiring to knowingly and willfully pay illegal remuneration to health care providers to induce them to refer patients to pharmacies for the furnishing of the drug Serostim, for which payments were made in whole or in part by the Medicaid program. Serono Labs paid a criminal fine of $136.9 million and reached a civil settlement of its False Claims Act liability of $567 million. This amount was paid to the United States and to State Medicaid programs (the Federal share of which was $305 million).

Finally, in the first settlement of its kind, the pharmacy benefit manager AdvancePCS agreed in 2005 to pay $137.5 million to resolve its civil liability in connection with soliciting and receiving kickbacks from pharmaceutical manufacturers and paying kickbacks to potential customers to induce them to contract with AdvancePCS. This investigation exposed the hidden financial relationships maintained by pharmacy benefits managers with drug manufacturers and health plans that ultimately influenced the nature and the brand of drugs prescribed to Medicare beneficiaries. We think the lessons learned in this case and its progeny will be particularly instructive as we monitor potential fraudulent conduct in the Medicare prescription drug program now coming on line.

The Government's ability to handle these cases is directly linked to available resources in the Civil Division. These cases are highly complex and resource intensive. Investigative work includes massive document collections, witness interviews, research, and interagency coordination. Millions of taxpayer dollars are lost each year to health care fraud, and any effective effort to contain the cost of Medicare and Medicaid must also incorporate strategies aimed at stopping such fraud.

ALTERNATIVES TO LITIGATION

In addition to its litigation work, the Civil Division also helps to administer alternatives to litigation. The Vaccine Injury Compensation Program, for example, was created in 1986 by the National Childhood Vaccine Injury Act to encourage childhood vaccination by providing a streamlined system for compensation in rare instances where an injury results. The Vaccine Injury Compensation Trust Fund, from which compensation awards are paid to eligible claimants, derives its funding from an excise tax on vaccine manufacturers and provides reimbursement to the Departments of Justice and Health and Human Services, as well as to the

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Court of Federal Claims, for expenses related to the administration of the Program. To date, over 1,960 families or individuals have been paid nearly $1.58 billion.

Similarly, Congress passed the Radiation Exposure Compensation Act ("RECA") in 1990 to offer an apology and compensation to individuals who suffered disease or death as a result of the Nation's nuclear weapons testing program during the Cold War Era. In July 2000, RECA Amendments were enacted which significantly expanded the scope of the Act. Major changes included new categories of beneficiaries, expansion of eligible diseases, and geographic areas. Annual capped mandatory appropriations did not keep pace with the increased number of new claim filings and resulted in shortfalls of funds for eligible claimants. However, I am pleased to report that the Trust Fund is currently solvent. In FY 2005, Congress ensured adequate long-term funding by requiring that payments to certain RECA claimants be made from the Energy Employees Occupational Illness Trust Fund. Additional legislation conferred mandatory and indefinite funding status for the remaining RECA claimants beginning in FY 2006. To date, over 15,200 claims have been approved, representing over $1 billion paid to eligible claimants or their surviving beneficiaries.

PERFORMANCE

By concentrating on the Civil Division's top priorities, this testimony provides little elaboration on the thousands of cases and matters that form the traditional core of our work.

The Civil Division has a longstanding commitment to maximizing the effectiveness of scarce Government resources. It is with pride that I can report that performance targets across the board were met or exceeded in FY 2005, as we succeeded in recovering substantial funds owed to the Government, defeating unmeritorious claims, and prevailing in the vast majority of cases involving challenges to the programs of some 200 client agencies.

PRESIDENT'S BUDGET REQUEST

The President's FY 2007 request seeks 1,208 positions (834 attorneys); 1,176 FTEs; and $213,286,000, which includes a program increase of 114 positions (86 attorneys) and $9,566,000 for immigration litigation. Also included in this request are the base resources required to maintain the superior legal representation services that have yielded such tremendous success, and additional funds to support the Office of Immigration Litigation's important mission.

At this time, Mr. Chairman, I would be happy to address any questions you or Members of the Subcommittee may have.

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THE ATTORNEY GENERAL'S NEWS BRIEFING

PREPARED FOR THE OFFICE OF PUBLIC AFFAIRS, U.S. DEPARTMENT OF JUSTICE

TO: THE ATTORNEY GENERAL AND SENIOR STAFF

DATE: THURSDAY, MAY 25, 2006 7:45 AM EDT

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TERRORISM NEWS:

Lawyers Question Gonzales Justification For NSA Telephone Call Database. Attorney General Alberto Gonzales' legal justification for collecting domestic telephone records as part of the Bush Administration's domestic surveillance program is being questioned by civil liberties lawyers The Washington Post (5/25, A8, Pincus, 744K) reports that Gonzales cited the 27-year-old court ruling in Smith v. Maryland, noting, that 'those kinds of records do not enjoy Fourth Amendment protection.'" Noting that "Congress in 1986 passed the Electronic Communications Privacy Act in reaction to the Smith v. Maryland ruling to require court orders before turning over call records to the government, G. Jack King Jr. of the National Association of Criminal Defense Lawyers said Gonzales is correct in saying 'the administration isn't violating the Fourth Amendment' but 'he's failing to acknowledge that it is breaking" the 1986 law, which requires a court order 'with a few very narrow exceptions.'"

In an exclusive on its web site, Time (5/24, Dell) reported, "It remains an open question whether law enforcement obtaining the private phone records of Americans in this fashion is actually illegal. While most data brokers claim there is no specific law against the sale of phone records, as there is with banking records, and therefore it should not be illegal, the Federal Trade Commission and numerous state attorney generals disagree."

ACLU Asks States To Investigate Phone Companies. Meanwhile, the New York Times (5/25, Belson, 1.19M) reports that the ACLU is asking the utility commissions in 21 states to investigate whether phone companies turned over customer records to the NSA without warrants. The ACLU "is approaching the state commissions because they often monitor the privacy and abuse of customer data. The group said it also hoped to clarify whether local as well as long-distance calls had been monitored."

WPost Says Senate Panel Should Delay Markup Of Warrantless Wiretapping Bills. An editorial in the Washington Post (5/25, A28, 744K) says, "Today the Senate Judiciary Committee will consider bills on warrantless wiretapping. None should move. … We sympathize with members eager to get the program under some legal control. But action, in advance of real understanding of the surveillance, risks authorizing too much or failing to address the issues that led the administration to act outside of the Foreign Intelligence Surveillance Act, which regulates domestic electronic surveillance." The Post adds, "The goal of legislation should be to legitimize important surveillance by requiring judicial review, limiting the use of material collected to counterintelligence purposes and ensuring that irrelevant material is not retained. The best way for the Judiciary Committee to move toward this goal is to hold off on a markup and insist that it receive more information about the program -- so that it's not shooting in the dark."

FBI Seeking Interviews With House Members Over NSA Program Leak. Roll Call (5/25, Bresnahan, Kane) reports, "The FBI is seeking interviews with top House Members from both parties to determine whether they leaked details of the National Security Agency's domestic surveillance program to The New York Times, further fanning the flames of an already tense relationship between Capitol Hill and the Bush administration. Those being targeted for interviews include GOP and Democratic leaders, as well as the chairmen and ranking member of the Intelligence committee." Roll Call adds, "While acknowledging his support for rooting out those who leak classified information," House Intelligence Chairman Pete Hoekstra "expressed concerns over whether having the FBI question the lawmakers who oversee their agency would upset the balance of power between Congress and the administration."

Chertoff, McNulty Defend Administration's Anti-Terror Record. Two senior Administration officials yesterday defended the government's anti-terrorism record, saying agencies have been very successful in preventing terror attacks at home and abroad. The Washington Post (5/25, A8, Eggen, 744K) reports, "Deputy Attorney General Paul J. McNulty, in a speech at the conservative American Enterprise Institute in Washington, said the Justice Department has 'developed a strong record of success in the war against terrorism' -- citing prosecutions against admitted al-Qaeda conspirator Zacarias Moussaoui and other defendants around the country since the Sept. 11, 2001, attacks. In a separate meeting with editors and

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reporters at The Washington Post, Homeland Security Secretary Michael Chertoff said the government has made 'a significant amount of progress' in guarding against cataclysmic attacks and more limited operations, such as the Madrid commuter train bombings."

The Washington Times (5/25, Seper, 90K) reports that McNulty said the Justice Department "is committed to a new strategy of prevention -- from one of predominantly reaction to one of being proactive. He said the government is determined to prosecute cases immediately when an investigation reveals both a risk to national security and a violation of its laws. He said this 'aggressive, proactive and preventative course' is the only acceptable response."

Columnist Questions Gonzales' Use Of Espionage Act Against Reporters. In a column distributed by Scripps Howard (5/25), Dale McFeatters writes, "Attorney General Alberto Gonzales told a TV talk show that the Justice Department was actively investigating the leak of the Bush administration's warrantless-wiretapping program and might prosecute the journalists who reported it. … 'There are some statutes on the book which, if you read the language carefully, would seem to indicate that that is a possibility,' he said." McFeatters continues, "Gonzales' reading of the law should be taken seriously because he has written or signed off on some of the administration's most questionable decisions - like the very same warrantless wiretapping of international calls and e-mails, when the Foreign Intelligence Surveillance Act seems to quite clearly say warrants are required. … He signed off on a memo that condoned brutal treatment, if not outright torture, of prisoners taken in the war on terror and declared U.S. laws banning torture inapplicable. And he declared the Geneva Conventions, the international treaty calling for humane treatment of prisoners of war, 'obsolete' and said that it too didn't apply to enemy combatants." McFeatters adds, "The law that Gonzales is now reading closely because it might pertain to the leaks to the media is the Espionage Act of 1917, a broadly - some would say sloppily - drawn law that, among much else, criminalizes the possession of classified information. With good reason, the law has been little used since. … The law was of little use against actual espionage, but the Woodrow Wilson administration, which rivaled this White House in self-righteousness, used it enthusiastically to harass and jail labor leaders, socialists, conscientious objectors, pacifists, assorted other leftists and people who just plain shot off their mouths in ways that irritated the government. The government silenced something like 75 newspapers - by barring them from the mail - for opposing the Wilson administration on the war. … In essence, the actual use of the Espionage Act was to suppress domestic dissent. Based on the attorney general's reading of that law, might it not be making a comeback in a similar role?"

UK Police Arrest Eight Terror Suspects. British police staged raids across the country yesterday, netting eight people who are suspected of plotting terror attacks abroad. The New York Times (5/25, Lyall, 1.19M) reports, "The eight, who were detained in Manchester, Liverpool and London, were held under various government powers, the authorities said. Those powers included antiterrorism and immigration laws that allow the home secretary to deport foreigners whose presence in the country 'is not conducive to the public good for reasons of national security.' The authorities would not release the suspects' names or nationalities, or other details about them."

The Washington Post (5/25, A22, Sullivan, 744K) reports, "The BBC and other British news organizations reported that one of the men arrested was Tahir Nasuf, 44, who works for the Sanabel Relief Agency, a group that the U.S. government has accused of financing terrorist operations. Home Office and police spokesmen declined to comment on those reports. The Web site for Sanabel, based in Birmingham, says the organization's 'task is to aid and relieve Muslims in the destitute parts of the world.' U.S. officials, however, have said the group is affiliated with al-Qaeda and has attempted to overthrow the Libyan leader, Moammar Gaddafi."

HOMELAND RESPONSE:

Pakistani Immigrant Convicted Of Plotting NYC Subway Attack. The New York Times (5/25, Rashbaum, 1.19M) reports, "A federal jury in Brooklyn convicted a Pakistani immigrant yesterday in the plot to blow up the Herald Square subway station in 2004," rejecting Shahawar Matin Siraj's "defense that a paid police informer had entrapped him by stoking his rage with images of Muslims abused at the hands of Americans." The Times notes, "While the case was a victory for federal prosecutors in Brooklyn, it was also one for the New York Police Department, which has retooled since the Sept. 11 attacks, with the aim of

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preventing new ones. The trial was the first time that a federal terrorism investigation was largely conducted by the department's Intelligence Division, rather than the F.B.I." The New York Sun (5/25, Greenstein) also reports that Siraj's conviction is being hailed as a victory in New York City's war on terrorism. … 'The verdict is an important milestone in safeguarding New York against terrorist plotters whether homegrown or foreign,' Police Commissioner Raymond Kelly said in a statement issued yesterday. He congratulated the police officers 'who stopped the worst from happening,' and the prosecutors 'who made certain justice was pursued.'" The New York Daily News (5/25, Marzulli, 729K) also calls the conviction a "major victory" for the NYPD. The New York Post (5/25, Haberman, 624K), AP (5/25) and AFP (5/25) also report on the conviction, as is CNN's American Morning this morning.

Man Killed By Air Marshals Was Shot 11 Times. The New York Times (5/25, Goodnough, 1.19M) reports Rigoberto Alpizar, a man fatally shot by federal air marshals at Miami International Airport in December, was shot "numerous times, according to an autopsy report released a day after state prosecutors declared the shooting 'legally justified' and said no criminal charges would be filed." The Miami-Dade County Medical Examiner Department said Alpizar "had been wounded 11 times — in the chest, abdomen, shoulder, hand, wrist and forearm." The marshals involved in the shooting said "after one marshal started shooting…, Mr. Alpizar kept approaching, compelling them to keep firing."

100% Container Inspection Criticized. Randall Larsen, director of the Institute for Homeland Security, in an op-ed in the Wall Street Journal (5/25, A14, 2.11M) writes that while the closure or restriction of US land, air and sea ports in 9/11's aftermath "was understandable," but "too many people remain committed to a port and border security paradigm that is short on risk analysis and offers little or no value to the nation." Congressional proposals to inspect 100% "of all 12 million containers entering the US" would cost billions, and could make the nation less secure "because the money could have been spent on programs with a far better return on investment." Larsen adds, "A thinking enemy will not be deterred by deadbolt locks on America's front doors (our seaports) when our windows and back doors (7,000 miles of virtually unguarded land borders and 95,000 miles of shoreline) remain wide open."

Collins, Murray Say GreenLane Act Would Close "Gaping Security Holes." Sens. Susan Collins and Patty Murray, in the Hill's Congress Blog (5/25), write that cargo containers, "a linchpin of our economy," are also "among the greatest threats to our economy — and our safety. … Terrorists could turn a container itself into a weapon or use containers to import a dirty bomb or parts for a weapon they would assemble on our own shores or to transport terrorists themselves." Collins and Murray go on to tout their "GreenLane Maritime Cargo Security Act, which was recently approved by the Senate Homeland Security Committee," which they say "would finally begin to close the gaping security holes in our cargo system while maintaining an efficient flow of commerce."

WAR NEWS:

Bush Cautiously Hints Of Change In US Role In Iraq. The AP (5/24, Pickler) writes, "The White House said Wednesday the formation of Iraq's new government presents an opportunity to review the need for US troops but cautioned against setting timetables for withdrawals." White House spokesman Tony Snow said, "What is going to happen, I think it's very safe to say, is that increasingly American, British and other coalition forces are going to move into support roles as Iraqi forces themselves move into lead roles." The news comes as President Bush and British PM Tony Blair meet on Thursday and Friday. Both leaders are "under pressure to make troop cutbacks."

Rice Sees "Very Big Change" In US Role. Secretary of State Condoleezza Rice was asked on Fox News' Hannity and Colmes (5/24) if there is an "end in sight" in Iraq. Rice said, "I certainly see that the Iraqis have now developed a political process and a political system that means that Iraqis are going to be in control of their future." Rice added, "I see a very big change in the way that we have to support them. Now, we've been through interim governments, and transitional governments, and provision governments, and now they finally have a permanent government."

New Iraqi PM Claims Country Can Take Over Security In 18 Months. The AP (5/24, Quinn) reports that new Iraqi PM Nouri al-Maliki said Iraqi forces could "take control of security" in the entire country "within 18 months," although he acknowledged a need for more "recruits,

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training, and equipment." Al-Maliki "did not mention a timetable for U.S.-led coalition forces to leave." The AP writes that "handing over security responsibilities to the Iraqis does not necessarily mean that significant numbers of U.S.-led forces will start returning home. Instead, plans call for them to move from cities to large coalition bases -- where they will be on call if needed." The Los Angeles Times also carried this article.

NBC Nightly News (5/24, story 3, 2:35, Engel, 9.87M) interviewed Maliki, who "tried to reach out to the American people. He says he has a new priority to get his own security forces up and running quickly so that American troops can go home." Nouri al-Maliki (via translator): "Considering our determination to build our forces, we will be finished by the end of 2007." Engel: "But US troops in Iraq, he said, must stay for now. Pulling them out would be too destabilizing. Maliki sees American forces playing a very different role 18 months from now. First, there would be fewer American troops, and, he said, instead of fighting, they would be in a supporting role, mostly confined to their bases, where they would provide air support, logistics, training, and be a rapid reaction force." Nouri al-Maliki (via translator): "They would be contingency forces to confront emergencies that could challenge this still relatively new nation."

Health Care Falls Under Sadr's Grip. The Christian Science Monitor (5/25, Murphy, 61K) reports of the Iraqi health ministry, "The ministry is run by the militant Shiite movement led by cleric Moqtada al-Sadr, one of Maliki's key backers." Doctors and nurses complain that "administrative posts have gone to unqualified members of his movement." In addition, Sunnis allege that Sunnis seeking relatives' bodies at the morgue "have themselves been abducted and killed by militias working at the site. Baghdad residents interviewed claim that a bribe of $100 is required to claim a body for burial."

WSJournal Assesses New Iraqi Cabinet. The Wall Street Journal (5/25, 2.11M) editorializes that the Iraqi cabinet is an "important milestone." However, the lack of defense and interior ministers shows that "very much hard work lies ahead." The Journal says critically that "sectarian political tokenism has been the order of the day," putting more burdens on new Prime Minister Al-Maliki. It adds that the "most urgent need" is to improve security in Baghdad.

Murder Charges Likely As US Begins Probe Of Iraqi Civilian Deaths. The AP (5/24, Reid) reports, "The U.S. military has opened a criminal investigation into allegations that U.S. Marines killed an Iraqi civilian west of Baghdad last month." The US command's statement said that suspects included "'several service members' from the Third Battalion, Fifth Marine Regiment, in the Falluja area, 40 miles west of Baghdad." The CBS Evening News (5/24, story 3, 0:20, Schieffer, 7.66M) reported, "CBS News has learned that seven Marines were involved and they're back in this country now pending the investigation."

The Washington Times (5/25, Scarborough, 90K) reports, "Defense attorneys expect the Marine Corps to file murder charges against one or more Marines who conducted raids in Haditha in November that resulted in the deaths of more than 20 Iraqi civilians." NCIS agents have been questioning members of the 3rd Battalion, 1st Marine Regiment, at Camp Pendleton. As many as a "dozen Marines" could need attorneys.

US General Testifies At Abu Ghraib Abuse Trial. The New York Times (5/25, Lewis, 1.19M) reports, "Maj. Gen. Geoffrey D. Miller said Wednesday that he never suggested that dogs be used to intimidate prisoners during interrogations in Iraq." Miller said that he recommended using dogs to help with "custody and control." Miller's 2003 visit to Iraq "has been depicted as importing harsh interrogation techniques from Guantánamo," where he was commander of the detention center.

Zarqawi Backers Impose Sharia In Sunni Neighborhood. The Washington Times (5/25, Behn, 90K) reports, "Imams loyal to terrorist leader Abu Musab Zarqawi have issued threats in mosques in a western Baghdad neighborhood against anyone who does not follow Islamic law." A neighborhood resident described the rules: "Women must stay at home, and girls cannot go to school past primary school. People selling Iranian products will either have to throw them out or get killed."

Aziz Testifies At Saddam's Trial. The Los Angeles Times (5/25, Roug, 958K) reports, "Former Foreign Minister Tariq Aziz, a member of Saddam Hussein's inner circle, took the stand at Saddam's trial Wednesday and accused the Shiite party of Iraq's new prime minister of trying to kill Aziz decades earlier." Aziz claimed that in 1980 Shiite "assailants threw several hand grenades at him," killing several bystanders. The assertion by Aziz appears to be an attempt to discredit the new prime minister's Dawa party.

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USA Today (5/25, Jervis, 2.31M) reports that the testimony was Aziz's first public appearance "since his arrest" in 2003. In it, Aziz defended as legitimate "Saddam's actions in response to a 1982 assassination attempt," in which "hundreds of mostly Shiite men, women and children were jailed and some tortured and murdered following the assassination attempt."

The Washington Post (5/25, A24, Knickmeyer, 744K) describes Aziz as "thinner and paler" than when he was last seen in public. It reports that "Judge Raouf Rasheed Abdel-Rahman … appeared irritated at times that Aziz was testifying despite having no direct knowledge of the events surrounding Hussein's trial."

The New York Times (5/25, Burns, 1.19M) reports that Aziz's testimony "gushed with adulation" for his former boss.

Romney Visits Iraq. The AP (5/24, Johnson) writes, "Republican Gov. Mitt Romney, a potential 2008 presidential candidate, said Wednesday he was impressed by the determination of U.S. forces following a fact-finding trip but couldn't say when Iraqis could assume security operations from the Americans." He was accompanied by "Democratic Gov. Brian Schweitzer of Montana and Republican Gov. Matt Blunt of Missouri. About half the nation's governors have made similar trips." The AP writes, "Romney has steadfastly pledged his support for President Bush and the U.S.-led invasion in March 2003, while criticizing Bush for not doing an 'adequate job' outlining the rationale for the war."

CNN's The Situation Room (5/24, Blitzer) reports, "Massachusetts Governor Mitt Romney is visiting Iraq, a trip that could help burnish his foreign policy credentials, if he runs for president. The Republican governor met with U.S. military and diplomatic officials earlier today."

US Expresses Regret For Afghan Civilian Deaths. The Washington Post (5/25, A21, Constable, 744K) reports, "The U.S. military expressed regret Wednesday for the deaths of a reported 16 civilian villagers Monday in U.S. airstrikes near here, but officials and elders said Taliban insurgents were responsible for the incident." The Post reports, "Some tribesmen in the Panjwai district, where Azizi is located, reportedly support the revived Taliban insurgency … But others publicly blamed the Taliban for using civilian homes as shelter and said they were planning to demand that the insurgents leave the area."

29 Afghanis Killed In Continued Fighting With Taliban. The New York Times/AP (5/25) reports that "a firefight in the south left at least 24 people suspected Taliban militants and 5 Afghan soldiers dead." It writes, "The fighting started after a joint patrol of Afghan- and American-led troops was attacked in a small village in Tirin Kot District, a coalition statement said. The troops beat back the assault and forced the militants to retreat into the mountains, where aircraft bombed Taliban positions."

Afghan Government Struggling To Collect Taxes. USA Today (5/25, Wiseman, 2.31M) reports, "No country in the world is worse at collecting taxes. According to the World Bank and International Monetary Fund, government revenue in Afghanistan is equal to barely 5% of gross domestic product (GDP), lower than the impoverished governments of sub-Saharan Africa." Though the government has little historical experience in "paying its own way" without major foreign aid and struggles with corruption, it now aspires to be a "poor, underdeveloped, normal country," as stated by the finance minister. The government "has pledged to boost government revenue to 8% of GDP by 2011. That would reassure foreign donors who finance 92% of the Afghan government's total expenditures."

Rice Cites Progress In War On Terror. Secretary of State Condoleezza Rice said on Fox News' Hannity and Colmes (5/24) that the US is making progress in the war on terror, noting, "We're taking down the organization that did 9/11. Al Qaeda is not the same organization that it was on September 11th. And we're making progress in spreading freedom in the Middle East, and that ultimately is going to be an antidote to terror. But we've still got a lot work to do, and we have to stay vigilant, because one never knows when there might be an attack. I'd like to say that there won't be, but I do know that the terrorists only have to be right once. We have to be right 100 percent of the time, and those aren't fair odds."

Senate Bans Protesters At Military Funerals. The AP (5/25, Abrams) reports that legislation passed by the Senate and House "specifically targets a Kansas church group that has staged protests at military funerals around the country, claiming that the deaths were a sign of God's anger at U.S. tolerance of homosexuals." The bill bans disruption of military funerals at national cemeteries. The House

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sponsor's office said that it "expected the House to act quickly to accept the Senate changes and send the bill to the president."

726 Gay Service Members Were Discharged in 2005. The Washington Post (5/25, 744K) reports, "The number of gay and lesbian service personnel discharged under the 'don't ask, don't tell' policy last year was 726 -- slightly more than in 2004 but still 30 to 40 percent lower than the number of forced departures in the years before the Sept. 11, 2001, terrorist attacks." It breaks down the total: "The Army discharged 386 members, compared with 177 for the Navy, 88 for the Air Force and 75 for the Marine Corps." Activists "say they have noticed a slight increase in the number of cases in which service members' sexual orientation was disclosed by others." The GAO "said last year that it has cost nearly $200 million to recruit and train replacements for the 9,488 troops discharged since the policy began in 1994," including "more than 750" who held "critical jobs" and "more than 300 linguists."

Author Concerned US Public Disconnected Form War. Kathy Roth-Douquet, the co-author, with Frank Schaeffer, of "AWOL: The Unexcused Absence of America's Upper Classes from Military Service -- and How It Hurts the Country," in an op-ed in USA Today (5/25, 2.31M) writes, "Increasingly, since the 1970s, we have delegated to a small cohort the risks and honor of armed service. To whom do we delegate it? Those who serve are largely middle- and working-class, from the South and West, and already from military families. Upper-middle class from the Northeast or California? Chances are, you are excused. We have, in effect, delegated to others the very stuff of our citizenship." And "the president exhorts us to go shopping, not to share in a civilian war effort, as in previous wars when Americans bought war bonds or conserved resources. Today no leadership helps us do so."

Service Academy Graduates Prepare To Face Battlefield Challenges. USA Today (5/25, Vandenbrook, 2.31M) reports, "Midshipmen and cadets graduating this weekend from the United States' main service academies will be the first classes since 1972 to have spent all four years in school with the nation at war." Many of the graduating cadets sought service after the 9/11 attacks and "Thirty-eight graduates from West Point, eight from the Naval Academy here and five from the Air Force Academy have been killed in Afghanistan and Iraq. The rate of deaths for West Point alumni is about twice what it was in Vietnam. Figures for the other academies were unavailable."

CORPORATE SCANDALS:

Investors Swamped By Reports As Stock Options Probe Expands. The Wall Street Journal (5/25, Zuckerman) reports, "As investigations into stock-option practices heat up, investors are being inundated with a flood of reports from analysts looking for companies that may come under the microscope." The Journal continues, "The methodologies behind the studies vary, making it difficult to independently verify the conclusions. Still, shares of some companies are suffering even though there isn't any indication that they acted inappropriately. Others are tumbling, though the abuses might not affect their businesses. So some investors, rather than shying away, are trying to figure out if the scrutiny is creating some bargains." The Journal adds, "So far, about two dozen companies have disclosed that they face federal investigations or inquiries from their own boards over options timing. Securities and Exchange Commission Chairman Christopher Cox said Tuesday that possible backdating of stock options is 'a matter of ongoing interest to our enforcement division.' Federal authorities are investigating whether a number of companies backdated their options to certain days when the stock prices were at a low to allow executives to reap gains ahead of subsequent increases in the prices of the shares. … The SEC has been examining the matter for more than a year. In a page-one article in March, The Wall Street Journal did its own analysis -- using statistical methodology reviewed by university professors -- and identified a half dozen companies with suspicious grant practices. The chief executives of those companies routinely received grants dated ahead of sharp rises in share prices. … Just yesterday, CNET Networks Inc. said it had been notified that the SEC is conducting an informal inquiry into the company's stock-option grants. The San Francisco company said it plans to cooperate. In addition, Analog Devices Inc. said it received a subpoena from federal prosecutors over stock-options grants. The Norwood, Mass., company said it would cooperate. And Power Integrations Inc. said it is cooperating with the SEC and the U.S. attorney's office for the Northern District of California in their investigations of the San Jose, Calif., company's stock-option practices."

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US Subpoenas Analog Devices In Stock Option Probe. Bloomberg (5/25, Barr) reports, "Analog Devices Inc., a maker of computer chips for consumer products, said federal prosecutors have subpoenaed documents related to stock options dating back to 2000." Bloomberg continues, "Analog Devices believes the documents requested by the U.S. Attorney in New York are related to grants that have been under investigation by the U.S. Securities and Exchange Commission, the Norwood, Massachusetts-based company said today in a Business Wire statement. … The request is the latest in a series of subpoenas from the Justice Department or the SEC in a probe over whether companies deliberately moved option grants back to dates when the stock price was lower, helping to ensure that executives who received them would make money." Bloomberg adds, "Earlier this week Juniper Networks Inc., F5 Networks Inc., Brooks Automation Inc. and Openwave Systems Inc. all said they had been contacted by prosecutors or regulators in connection with similar inquiries."

Enron Jury Continues Deliberations. The AP (5/25, Hays) reports, "Jurors in the fraud and conspiracy trial of Enron Corp. founder Kenneth Lay and former Chief Executive Jeffrey Skilling deliberated a fifth day Wednesday in the premier criminal case to emerge from the company's collapse." The AP continues, "Both defendants awaited the outcome away from the federal courthouse in Houston - Lay at his office about two blocks away, and Skilling in his legal team's so-called 'war room' in an office building across the street." The AP adds, "Lead Skilling attorney Daniel Petrocelli remained at the courthouse, while lead Lay lawyer Michael Ramsey said he and the ex-chairman's other attorneys planned to wait there in shifts. … The eight-woman, four-man panel sent a note to U.S. District Judge Sim Lake on Tuesday stating they don't intend to deliberate on Monday, Memorial Day. The jurors told the judge last week they would consider the case Monday through Thursday each week, the same schedule as the 16-week trial that started with jury selection Jan. 30."

Jury Requests Testimony Transcripts. The Wall Street Journal (5/25, Mcwilliams) reports that the jury "requested unspecified transcripts of testimony and additional copies of the lengthy trial's exhibit list. … The jury…sent a note seeking the items to U.S. District Court Judge Sim Lake. Wednesday, it signaled deliberations would run into next week, telling the court it wouldn't work on Monday, Memorial Day, and reiterating that it wouldn't deliberate Friday. … After huddling with attorneys on both side, Judge Lake said he would send the jury three additional copies of the index of exhibits, and ask it to be more precise to the witness or witnesses whose testimony it now wants to review. He suggested it could be difficult to pull through trial transcripts for specific issues 'in a trial of this length and complexity,' noting some topics were raised multiple times in direct testimony, in cross examination, and re-direct."

Judge Approves $6.6 Billion Enron Settlement. The AP (5/25, Hays) reports, "A federal judge gave final approval Wednesday for three more banks to pay $6.6 billion to settle civil claims that they helped Enron Corp. manipulate earnings." The AP continues, "U.S. District Judge Melinda Harmon in Houston approved the deals with the Canadian Imperial Bank of Commerce, JPMorgan Chase & Co. and Citigroup Inc. Her ruling came as a jury in another courtroom continued to deliberate the fate of Enron founder Kenneth Lay and former chief executive Jeffrey Skilling in a criminal fraud and conspiracy trial." The AP adds, 'The litigation's settlement tally has so far reached $7.3 billion, with interest, against Wall Street firms accused of helping the energy trader hide losses and inflate profits before it careened into bankruptcy proceedings in December 2001. … William Lerach, who represents the University of California, the lead plaintiff in the conglomerate of shareholder lawsuits in Houston, said the pot is earning $550,000 in interest per day. He declined comment Wednesday on any other settlement talks."

Enron Legal Action Dominates Houston Federal Courthouse. USA Today (5/25, Farrell) reports, "For Enron junkies, there's no better place these days than the ninth floor of the federal courthouse (in Houston). … In three separate criminal cases against former Enron executives, observers await verdicts, while in a civil case, a judge approved a $6.6 billion settlement between Enron shareholders and three major banks that did business with the energy-trading company." USA continues, "As expected, U.S. District Judge Melinda Harmon gave final approval Wednesday to a $6.6 billion settlement between Canadian Imperial Bank of Commerce (CIBC), JPMorgan Chase and Citigroup and shareholders who claim that the banks helped Enron hide billions of dollars in losses from the public. … That approval, on top of a previous settlement between shareholders and two other banks, Lehman Bros. and Bank of America, brings the sum of funds promised to shareholders to $7.2 billion.

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Plaintiffs lawyers have asked for as much as $40 billion in damages." USA adds, "Other Enron-related action on the ninth floor of the courthouse: … Jurors continued deliberating in the main criminal case against former Enron CEOs Ken Lay and Jeff Skilling. … Another jury continued deliberating in the government's case against two former executives from Enron's Broadband unit. In that trial, which began three weeks ago, prosecutors alleged that Kevin Howard and Michael Krautz used deceptive accounting to allow the business unit to claim $111 million in phony earnings in late 2000 and early 2001. That jury completed its second full day of deliberations. … Lake, who presided at the jury trial of Lay and Skilling, held a bench trial to hear the government's accusations that Lay lied to three banks to obtain favorable terms for personal loans in the 1990s. … Judge Lake said he won't disclose his verdict in Lay's bank fraud case until after the jury reaches a decision in the larger fraud case."

Martha Stewart Faces Deadline In Civil Case. The New York Times (5/25, Thomas) reports, "A year after her release from prison, her carefully executed makeover complete, Martha Stewart must now confront again the insider trading accusations that turned her world upside down." The Times continues, "The three-year-old civil case against her is resuming. Contesting the Securities and Exchange Commission accusations, as opposed to a negotiated settlement, would help give Ms. Stewart the opportunity to not only clear her name but also to win back her title as chairwoman and chief executive of the company she founded, Martha Stewart Living Omnimedia. … If she loses, the burden will not be onerous. She could certainly afford any financial penalty and while she no longer serves on the board, her current role as editorial director gives her considerable influence. … All the same, a trial of the S.E.C. lawsuit could be another embarrassing blow not only to Ms. Stewart's image but to the fortunes of her company." The Times adds, 'Today, Ms. Stewart faces a deadline to respond to charges that she illegally used nonpublic information when she sold 4,000 shares of ImClone Systems in late 2001. … A last-minute settlement is always possible. However, if she denies the allegations and asserts her innocence, which she has done from the outset, then preparations for a civil trial, starting most crucially with her deposition, will begin. Ms. Stewart could also refuse to answer by asserting her Fifth Amendment right against self-incrimination, according to lawyers involved in the case. Lawyers for Ms. Stewart and the S.E.C. remain locked in negotiations. … Peter E. Bacanovic, the former Merrill Lynch broker who, regulators contend, fed Ms. Stewart privileged information that other large investors were selling their ImClone shares, is on the verge of reaching an agreement with the S.E.C. that would bar him from the securities industry, according to people briefed on the discussions. … But the stakes are much higher for Ms. Stewart, who along with Mr. Bacanovic was convicted of having obstructed the original investigation into her sale of ImClone shares."

Small's Tenure At Fannie Mae Draws Scrutiny. The Washington Post (5/25, C1, Day, Trescott, 744K) reports that Smithsonian Secretary Lawrence M. Small's role in the accounting fraud scandal at the Federal National Mortgage Association, where he was president, chief operating officer and board member from 1991 to 2000, is drawing scrutiny. A new government report "says Small was among a handful of senior Fannie Mae executives who set an improper 'tone at the top,' encouraging employees to hit profit targets above all else so that managers would receive the largest annual bonuses possible."

CEO Says SEC, PCAOB Acted Wisely. James Quigley, CEO of Deloitte & Touche writes in the Wall Street Journal (5/25, 2.11M), "A Small Business Advisory Committee to the SEC recommended earlier this year that a majority of all public companies be exempted from at least a portion of" the Sarbanes Oxley law's requirements, "acting on a concern that the cost fell disproportionately on smaller issuers. Members of Congress have also proposed legislation with similar exemptions. The SEC has opted against such exemptions, instead announcing a plan to substantially expand guidance to issuers, and make other changes aimed at scaling implementation of these requirements for smaller issuers. Concurrently, the PCAOB announced a decision to revise a related audit standard. As leader of one of the largest public accounting firms, I believe that the SEC and PCAOB acted wisely, shifting the debate to a discussion of how to make the law work effectively for all companies and their investors."

CRIMINAL LAW:

DOJ Denies Hastert Under Investigation In Abramoff Scandal. The Chicago Tribune (5/25,

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Zajac, Dorning, 643K) reports this morning, "In an unusually swift and blunt response to a news report, the Justice Department on Wednesday issued a statement denying an ABC News story that House Speaker Dennis Hastert was under investigation in the far-reaching Jack Abramoff lobbying scandal. 'Speaker Hastert is not under investigation by the Justice Department,' said department spokesman Brian Roehrkasse, less than an hour after ABC News, citing 'high-level Justice Department sources,' reported that Hastert 'is under investigation by the FBI" in connection with the Abramoff scandal." Roehrkasse "acknowledged that the Justice Department generally neither confirms nor denies news reports asserting the existence of an investigation, but said that the department was moved to respond to the report because of 'unique circumstances.'"

ABC World News Tonight (5/24, lead story, 2:15, Vargas, 8.78M) had reported that "sources tell ABC News the case involving convicted lobbyist Jack Abramoff has led FBI investigators to some of the most powerful members of Congress." ABC (Ross) added, "Federal officials tell us the congressional bribery investigation now includes the Speaker of the House, Dennis Hastert, based on the testimony from the convicted lobbyists who are cooperating with the government. Justice Department officials describe the 64-year-old Illinois Republican as very much in the mix of the corruption investigation. Part of the investigation is said to involve a letter Hastert wrote three years ago, urging the Secretary of the Interior to block a casino on an Indian reservation that would have competed with other tribes. The other tribes were represented by Jack Abramoff, who has reportedly provided details on his dealings with Hastert as part of his plea agreement with the government. The letter was written shortly after a fundraiser for Hastert at a restaurant owned by Abramoff. Abramoff and his clients contributed more than $26,000 at the time. The day Abramoff was indicted, Hastert denied any unlawful connection, and said he would donate to charity, any campaign contributions he h received from Abramoff or his clients."

On ABC World News Tonight (5/24, story 2, 1:00, Vargas, 8.78M), chief Washington Correspondent George Stephanopoulos said the development is "potentially seismic," but it "really is going to depend on the facts and whether prosecutors can demonstrate a quid pro quo, that Hastert took that official action, in return for the campaign contribution."

Most news reports this morning focus on Hastert's and the DOJ's reaction to the ABC story. The Washington Times (5/25, Bellantoni, Seper, 90K) headlines its report "Justice, Hastert Deny Report Of Probe Into Abramoff Ties," and notes "Hastert spokesman Ron Bonjean said, 'The ABC News report is absolutely untrue. ... We are demanding a full retraction.'" The Financial Times (5/25, Yeager) titles its story "Hastert Denies Involvement In Corruption Scandal."

The Hill (5/25, Crabtree) notes Brian Ross, who reported the story, "is ABC News' chief investigative correspondent. According to his biography on ABC News' website, he received the National Headliner Award for breaking the 1980 ABSCAM story, among other accolades."

Hastert Aide Says ABC Report Linked To Hastert's Criticism Of Jefferson Raid. The Wall Street Journal (5/25, Mullins, 2.11M) headlines its report "Hastert Demands Retraction Of ABC News Report," and says "a spokesman for ABC declined to comment on the report or Mr. Hastert's retraction request." The report "followed strong criticism by Mr. Hastert and other congressional leaders for the Federal Bureau of Investigation on Saturday raiding the Capitol Hill offices of a Louisiana Democrat involved in a separate corruption probe. … After the ABC report aired, Republican aides on Capitol Hill accused the Justice Department of leaking the story to undercut Mr. Hastert. One aide to Mr. Hastert said: 'No doubt about it. They're pushing back.'"

Bloomberg (5/25, Schmidt) reports, "Hastert's spokesman, Ron Bonjean, also issued a statement denying the report. … 'The ABC News report is absolutely untrue,' Bonjean said in the statement. 'We are demanding a full retraction of the ABC News story.'"

Hastert, Pelosi Demand Return Of Documents Seized In FBI Raid. In a joint statement yesterday, House Speaker Dennis Hastert and Minority Leader Nancy Pelosi called for the return of documents seized in the weekend FBI raid of Rep. William Jefferson's Capitol Hill office. Hastert and Pelosi said, "The Justice Department must immediately return the papers it unconstitutionally seized." They also called for FBI agents who participated in the raid to be removed from the case. The CBS Evening News (5/24, story 5, 1:25, Schieffer, 7.66M) said that the joint statement is "something we seldom see on Capitol Hill," and CBS (Borger) added, "We've never really seen anything like this before. The FBI barged into Congressman William Jefferson's office and seized

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documents. And CBS News has learned that the White House was worried that House Republicans were so upset with this that they were on the verge of asking for the resignation of the Attorney General. Now, they didn't do that today, but they do want those documents back. … They believe there's a constitutional issue here," and "I think they're also worried, gee, whose office will the FBI be searching next?"

NBC Nightly News (5/24, story 8, 0:30, Williams, 9.87M) briefly noted Hastert and Pelosi's demand, "saying the raid was a violation of constitutional separation of powers," and CNN's The Situation Room (5/24, Blitzer) called it "a constitutional showdown in the making."

The AP (5/25, Kellman) calls the statement a moment of "rare, election-year harmony" and adds, "Within hours, according to several Republican officials, White House aides were involved in talks with Hastert's staff concerning the possible transfer of the documents, possibly to the House ethics committee. … Any agreement along those lines would mark a concession by the Bush administration, which spent the day fending off complaints from angry lawmakers of both parties." However, the AP notes, "Not all lawmakers agreed" with Hastert and Pelosi. Louisiana Sen. David Vitter, in a letter to Republican leaders, said, "'These self-serving separation of power arguments' have no basis in law."

USA Today (5/25, 4A, Kiely, 2.31M) reports DOJ spokeswoman Tasia Scolinos "defended the FBI's actions. 'There is tremendous respect for Congress' important, independent role, but the department has an obligation to the American people to fully pursue corruption cases wherever the trail of evidence goes,' she said." However, Senate Majority Leader Bill Frist "joined Hastert and Pelosi in expressing concern about the Capitol Hill raid. 'The whole idea of separation of powers does need to be addressed,' he said."

The Los Angeles Times (5/25, Reynolds, Schmitt, 958K) reports, "Some experts said the Justice Department appeared to be on firm legal footing. And some members of Congress began to question how the public would view the leadership's position. … President Bush's top political advisor, Karl Rove, fielded complaints about the search during a closed-door meeting Wednesday with House Republicans, several members present said."

In a front-page story, The Washington Post (5/25, Murray, Lengel, 744K) adds that "White House officials are concerned about the vigorous and repeated complaints of the congressional leaders and have pressed the Justice Department to find a way to placate Congress and defuse the controversy, according to a department official." However, after the Hastert-Pelosi statement was released, "a Justice Department official" said "the department will not agree to any arrangement or demand that would harm or hurt an ongoing law enforcement investigation."

The New York Times (5/25, Hulse, 1.19M) notes, "Privately, Justice Department and Federal Bureau of Investigation officials expressed dismay at the tone of statements by Mr. Hastert and Ms. Pelosi. The officials said there was virtually no possibility that any material taken legally during the search would be returned." The Times adds, "The tense conflict is also developing into a potential new problem for President Bush. The White House has reached out to Republicans on Capitol Hill to allay concerns about the president's low poll numbers and to try to heal deep rifts within the party over a variety of issues," but "the constitutional confrontation is doing nothing to help with that effort. One lawmaker whose stance will be important to the fate of the immigration legislation, Representative F. James Sensenbrenner...on Wednesday set a hearing for next Tuesday on the implications of the search."

Roll Call (5/25, Pershing) reports that Sensenbrenner "was extremely angry about the search and that he called Deputy Attorney General Paul McNulty…to tear into Justice's tactics. … 'The FBI's unprecedented Saturday night raid of Rep. Jefferson's Capitol Hill Office raises profoundly disturbing constitutional questions that must be addressed,' Sensenbrenner said in a statement accompanying his announcement of Tuesday's hearing. He added that the raid could have 'a chilling impact on the Legislative Branch's ability to function.'"

Knight Ridder (5/25, Kuhnhenn) reports, "Hastert and Pelosi challenged the raid as violating the Constitution's separation of powers between the legislative and executive branches of government. … 'In addition, the Justice Department must immediately cease any further review of the documents it unconstitutionally seized, ensure that those who have reviewed the documents do not divulge their contents to the investigators, and move in court to vitiate the search warrant,' the two congressional leaders said." Knight Ridder notes, "One law enforcement official familiar with the investigation expressed surprise at the stance taken by the House leaders. … 'The implications of what they're asking for are huge,' the official said, speaking on condition of

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anonymity to permit candor about a case involving powerful lawmakers. 'They're asking that the FBI return documents to a target in the middle of a law enforcement investigation.'"

Jefferson Files Motion In Federal Court Seeking Return Of Seized Documents. The AP (5/25, Kellman) also reports Rep. William Jefferson yesterday "filed a motion asking the federal judge in the case to order the FBI to return the material it seized from his office. The Justice Department dug in, repeating that the raid was carried out only after Jefferson refused to comply with a subpoena and only then with a search warrant signed by a judge. 'The actions were lawful and necessary under these unique circumstances,' said Deputy Attorney General Paul McNulty."

Jefferson Rebuffs Pelosi Request To Quit Ways And Means. The AP (5/25, Kellman) reports, "Democrats sought to get embattled Rep. William Jefferson to resign his seat on the House's most prestigious committee. 'In the interest of upholding the high ethical standard of the House Democratic Caucus, I am writing to request your immediate resignation from the Ways and Means Committee,' wrote House Democratic Leader Nancy Pelosi in the one-sentence correspondence." But Jefferson "was defiant," writing back, "I will not give up a committee assignment that is so vital to New Orleans at this crucial time for any uncertain, long-term political strategy." Fox News' Special Report (5/24, Wilson) also noted Pelosi's call for Jefferson to resign his committee seat.

Legal Analysts Say FBI Raid Broke Custom, But Not Constitution. The Washington Post (5/25, A10, Lane, 744K) reports, "The FBI raid on Rep. William Jefferson's congressional office was an aggressive tactic that broke a long-standing political custom. But while it might violate the spirit of the Constitution, it might not violate the letter of the document or subsequent rulings by the Supreme Court, legal analysts say. The issue could turn on whether a court finds that the items seized from Jefferson's office were related to such protected legislative activities as writing, researching and voting on bills." Yale constitutional law professor Akhil Reed Amar said, "It's really a matter of etiquette. I don't see any constitutional principle here."

McCain Says FBI Should Have Approached Hastert, Pelosi Before Raid. On CNN's Larry King Live (5/24), Sen. John McCain said that he "reacted with some concern" about the raid of Jefferson's office, adding, "what I think should have happened, I think the FBI should have gone to the Speaker and Nancy Pelosi…and said, look, we need to go into this office for this reason. I think that probably would have been a much better path to take. They didn't have to tell every senator, but they should have gone to the leadership of the House, I think, and told them they were going to do it. And you could trust them not to say anything about it."

WPost Calls Congressional Reaction To FBI Search "Overblown." The Washington Post (5/25, 744K) editorializes, "The uproar over the FBI's search…is understandable but overblown," and the demand by Hastert and Pelosi "that the Justice Department return the papers it seized goes way too far." The Post adds, "We're not saying that the Justice Department acted perfectly here. It would have been preferable to find some way to consult with congressional leaders before the search. … Still, lawmakers' high-decibel complaints are unwarranted."

Cheney May Be Called To Testify In Libby Trial. The Los Angeles Times (5/25, Schmidt, 958K) reports, "Vice President Dick Cheney may be called as a government witness in the perjury and obstruction case against his former chief of staff, I. Lewis Libby, a special prosecutor indicated Wednesday. Then again, he may not." In a court filing, Patrick J. Fitzgerald "held open the possibility that during Libby's trial, currently set for January 2007, he might ask Cheney to authenticate the handwritten notations in the margins of a July 2003 newspaper column critical of the Bush administration's decision to go to war in Iraq." The New York Times (5/25, Johnston, 1.19M) says Fitzgerald's filing "suggested that…Cheney would testify as a government witness," underscoring "the prosecutor's contention that the vice president's role was critical to understanding Mr. Libby's wrongdoing."

Meanwhile, the Washington Post (5/25, A1, Smith, 744K) reports, "Cheney was personally angered by a former US ambassador's newspaper column attacking a key rationale for the war in Iraq and repeatedly directed…Libby…to 'get all the facts out' related to the critique, according to excerpts from Libby's 2004 grand jury testimony released late yesterday by…Fitzgerald." Libby also "told the grand jury that Cheney raised as an issue that the former ambassador's wife worked at the CIA and that she allegedly played a role in sending him to investigate the Iraqi government's interest in acquiring nuclear weapons materials. That issue formed the basis of former ambassador Joseph C. Wilson IV's published critique."

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Opening Arguments Made At Safavian Trial.

The New York Times (5/25, Shenon, 1.19M) reports, "A former White House aide who went on trial Wednesday in the influence-peddling scandal centered on the lobbyist Jack Abramoff offered an admission rarely heard these days in Washington: he acknowledged he was once a good friend of the now-disgraced lobbyist. The admission by the former aide, David H. Safavian, came in opening statements by his lawyer." Safavian "is accused of lying to government investigators about his relationship with Mr. Abramoff and the circumstances of their 2002 golfing trip to Scotland." The Washington Post (5/25, A6, Birnbaum, 744K) adds, "Prosecutors signaled that they plan to rely heavily on hundreds of e-mails between Safavian and Abramoff to show that Abramoff was seeking two government properties over which Safavian had influence while offering Safavian favors, including the overseas trip. 'The defendant lied, concealed and misled' federal investigators about his dealings with Abramoff, prosecutor Peter Zeidenberg told a jury in US District Court here yesterday." Zeidenberg "said that he would show 'examples of concrete assistance' that Safavian offered to Abramoff and also prove that Safavian lied about the details of his interactions with Abramoff to Senate staffers and to an ethics officer and an investigator of the General Services Administration, where Safavian worked at the time."

The AP (5/25, Yost) notes "the prosecution's first witness, Stephen Perry, GSA's former administrator, testified that Safavian invited him on the Scotland golf outing. But Perry said he didn't want to go because he thought it would be too expensive." Perry, who now runs the NFL Hall of Fame, "said Abramoff turned up at Safavian's country club and golfed with Perry, his wife and Safavian. Another time, Perry and several friends declined Abramoff's offer of free dinners at the lobbyist's restaurant."

CNET News (5/25, Broache) reports, "E-mail messages took center stage Wednesday" in the Safavian trial. "During opening statements in federal district court, Justice Department attorney Peter Zeidenberg told jurors that the government would prove Safavian's guilt beyond a reasonable doubt by 'relying largely on the defendant's own words' in electronic form. … Zeidenberg displayed about six e-mail messages on screens in the courtroom, read portions aloud, and said they would 'demonstrate clearly and unequivocally' that Safavian had been helping Abramoff in deals involving federally managed land--and then concealing his involvement from investigators. Also at issue is whether Safavian legally could have accepted a free golf trip to St. Andrews, Scotland, with Abramoff, House Republicans Bob Ney and Tom DeLay, and former Christian Coalition Director Ralph Reed. … This is hardly the first time archived e-mail messages have become the centerpiece of a federal case. During the Microsoft antitrust trial, Justice Department attorneys delighted in highlighting incendiary e-mail messages that Chairman Bill Gates and other company executives exchanged. In one August 1997 e-mail message, for instance, Gates asked subordinates: 'Do we have a clear plan on what we want Apple to do to undermine Sun?'"

Nicholson Details Response To News Of Data Theft.

VA Secretary Nicholson expressed his "outrage" over the recent breach of security at the VA and described his response after learning of the theft 13 days after it occurred. The White House expressed its support for Nicholson, but he is expected to face tough questions during Congressional hearings into the breach on Thursday. The level of national media coverage of the issue has dropped significantly this morning, with the story being covered primarily by the New York Times, the AP and local media outlets.

The New York Times (5/25, Stout, 1.19M), in an article titled "Veterans Chief Voices Anger On Data Theft," reports VA Secretary James Nicholson "expressed outrage Wednesday over being kept in the dark about the theft of computer data on 26.5 million veterans as he himself came under heavy criticism from Capitol Hill." He "issued a statement vowing 'a very extensive review of individuals up and down the chain of command' and urging the inspector general's office at the Department of Veterans Affairs to expedite an investigation of the affair." Nicholson said, "Upon notification, my first priority was to take all actions necessary to protect veterans from harm and to assist in law enforcement efforts." An Administration official "said that Mr. Nicholson had not been informed for 13 days" and that Nicholson notified the FBI "once he learned of the theft, then ordered his own agency to set up Web sites and a toll-free number to handle an anticipated flood of queries."

The AP (5/25, Yen) reports Sen. Patrick Leahy, referring to "past budget problems at the VA…said Nicholson should consider resigning." But seeking to reassure Veterans, White House press Secretary Tony Snow said, "We have no indication that these have been used to defraud the 26.5 million people whose personal information would have been

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contained." USA Today (5/25, 2.31M) briefly notes similar details.

There was no network news coverage of the data security breach, but CNN's The Situation Room (5/24, Blitzer) reported that sparks are "expected to fly tomorrow when a Senate committee put Veterans Affairs Secretary Jim Nicholson in the hot seat. Nicholson says he's ordered an investigation into why he and the public didn't learn about the theft until more than two weeks after it happened."

Bush Expresses Confidence In Nicholson. A second version of the AP's (5/25, Yen) coverage in an article titled "Bush Backs VA Chief After Data Breach" led with the White House's response, reporting, "VA Secretary Jim Nicholson got an endorsement Wednesday from President Bush -- and a summons to Capitol Hill -- after the theft of veterans' personal information that has become one of the nation's largest security breaches." Expressing support for Nicholson "White House press secretary Tony Snow said Bush had 'full faith and confidence' in Nicholson. Snow originally had declined to issue a statement of support in the president's name but then said he wanted to clarify his remarks." Meanwhile, "Sen. Patrick Leahy said Bush should call Nicholson 'into the woodshed' and consider changing the leadership of the VA, particularly after the agency waited until May 22 to inform the public after the May 3 theft." And Sen. Larry Craig "said he plans to ask Nicholson tough questions on timing, security procedures and who was involved when his panel holds its extraordinary joint hearing Thursday with the Senate Homeland Security Committee." Craig said, "Twenty-six million people deserve answers."

Buyer Says VA Delay In Alerting Public "Made Sense." The Army Times (5/25, Maze) reports House Veterans Affairs Chairman Steve Buyer "did not fault the VA for waiting until May 22 to announce the May 3 laptop theft, saying it made sense to determine if the stolen data would be recovered before announcing what was taken." But Rep. John Salazar "said the delay 'squandered critical damage control time.'"

VA One Of Many Government Agencies At Risk For Data Security Breaches. The New York Times/AP (5/25) reports the VA is not the only agency at risk for data security breaches. According to the GAO, the VA "was one of eight departments given failing grades for computer security practices in 2005. The Pentagon and the departments of Homeland Security, State, Energy and Health and Human Services also got Fs from the House Committee on Government Reform in its annual report card released in March." GAO director of information security issues Greg Wilshusen on Wednesday said, "There's a vast amount of highly sensitive information that the government collects and maintains. … A number of agencies are vulnerable to similar data breaches."

The New York Times (5/25, Stout, 1.19M) in its coverage also says, "Christopher Wolf, a Washington lawyer with the firm Proskauer Rose who specializes in security issues, said that the veterans department was just one of many federal agencies with lax computer security, and that sabotage might not be the biggest danger. 'These things happen because of accidents,' he said." The VA "began issuing new identification cards late in 2004, with a veteran's Social Security number and date of birth encrypted on a magnetic tape on the back. 'Identity theft is one of the fast-growing crimes in the nation,' read an accompanying announcement."

29 Lawmakers Could Be Vulnerable After Data Theft. The Hill (5/25, Schor) reports 29 current members of Congress, including House Veterans Affairs Committee chairman Steve Buyer, Rep. Tom Davis and Sen. John McCain, could possibly be at risk after the theft of VA personal information. Buyer spokeswoman Laura Zuckerman "said verifying the integrity of his own data was not Buyer's first concern." Other lawmakers were similarly more concerned about their constituents including "Marine veteran Rep. John Kline" who "has written to veterans in his district informing them of the breach and offering information on credit-reporting agencies and other relevant contacts, according to spokesman Troy Young." The Hill also notes that VA Secretary Nicholson "will face a new ranking Democrat at today's Veterans' Affairs Committee hearing, as Minority Leader Nancy Pelosi (D-Calif.) announced Tuesday that Rep. Bob Filner (Calif.) would replace Rep. Lane Evans (D-Ill.)."

House Bill Would Ban Online Gambling. The Washington Post (5/25, D1, Ahrens) reports, "Online poker players will have to fold their hands if a Virginia congressman gets his way. … Today, the House Judiciary Committee will mark up a bill introduced by Rep. Robert W. Goodlatte (R) that would ban much online gambling, including bets on sporting events and games of chance -- namely poker, which has enjoyed a boom in recent years." The Post continues, "The legislation could get an unexpected boost from the Jack Abramoff scandal. The disgraced lobbyist was key to blocking

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one of Goodlatte's three previous attempts to ban Internet gambling, and backlash over corruption charges could help the current effort. … The bill would update the Federal Wire Wager Act, which prohibits gambling over telephone lines but may not apply to Internet gambling because not all Web traffic travels over phone lines. It also would force banks to block transactions related to online gambling and would empower law enforcement agencies to force Internet service providers to remove or disable links to gambling sites. … The bill effectively would prevent state lotteries from taking their games online, because technology does not exist to keep gambling within a state. Fantasy sports leagues would be exempt. Goodlatte said his bill is neutral on parimutuel horse wagering, which has an online component that is the cause of an ongoing struggle between Congress and the Justice Department."

Case Made Against Online Gambling Ban. Frank Catania, a former assistant attorney general, director of the New Jersey Division of Gaming Enforcement and deputy Speaker of the New Jersey General Assembly, writes in The Hill (5/25), "This week, the House Judiciary Committee is expected to mark up two bills that would make certain forms of Internet gambling and the financial transactions involved in Internet gambling illegal. … Whether the gambling entertainment is online or offline, consumers deserve diligent regulators who make sure operators are honest, games are fair, winning players are paid promptly, problem gamblers are offered assistance or ultimately barred and minors are prohibited from playing. Prohibition of Internet gambling will not provide such protections; licensure and regulation will."

Former New Orleans Mayor's Uncle Pleads Guilty To Stealing Transit Funds. The AP (5/25, Martel) reports, "The uncle of former Mayor Marc Morial pleaded guilty Wednesday to stealing $550,000 from a transit agency, the third conviction in a federal probe of corruption at city hall and in the public schools. Glenn Haydel pleaded guilty to fraud against a federal program and would serve two years in prison if a judge approves the deal, said U.S. Attorney Jim Letten." The AP notes Haydel "held a lucrative consulting contract with the Regional Transit Authority when Morial was in office in the 1990s," and he "admitted diverting $550,000 from an authority trust account to his own company, Metro New Orleans Transit Inc., and then taking $350,000 for his personal use, Letten said."

Former West Palm Beach Official Pleads Guilty To Corruption Charges. The South Florida Sun-Sentinel (5/25, Blum, 249K) reports, "Former West Palm Beach City Commissioner and State Rep. Ray Liberti pleaded guilty on Wednesday to three counts in federal court stemming from a corruption case involving a massage parlor." He "was accused of accepting more than $66,000 in cash and a a $2,000 Tag Heurer watch in what turned out to be an FBI sting operation. 'I know what I did,' Liberti told the judge when he entered his pleas." The AP (5/25, Anderson) notes Liberti admitted "using his powers as a city official to harass business owners in exchange for bribes from investors who wanted to buy the businesses below market value. … Unknown to Liberti at the time, one of the 'investors' turned out to be an undercover FBI agent, and most of Liberti's meetings and phone calls in the case were tape recorded, said John Kastrenakes, the assistant U.S. attorney prosecuting the case."

Holdout Juror Says FBI "Set Up" Former New Mexico Treasurer. The AP (5/25) reports, "A juror described by his colleagues as the lone holdout against convicting Robert Vigil in his public corruption trial said he doesn't believe the former New Mexico state treasurer is entirely innocent, but prosecutors clearly failed to prove their case. In a phone interview with Associated Press from his part-time home in Sun City, Ariz., Delmus Holdson also says he believes Vigil was 'set up' by the FBI. And if federal prosecutors try the case again, they'll likely face another hung jury, Holdson said Tuesday." Holdson added, "They put him in a position where the other side knew what they were doing, and were wearing recording devices," and he denied other jurors' allegations that he refused to weigh the evidence during deliberations.

Indicted Tennessee Senator Delivers Subpoenas To Lawmakers. The Tennessean (5/25, Schrade) reports that at the Tennessee Capitol yesterday, "indicted former Sen. Roscoe Dixon created a stir as he issued subpoenas in his defense to lawmakers, including Lt. Gov. John Wilder and state Sen. Jeff Miller. Dixon was one of the five public officials snagged in the FBI's Tennessee Waltz bribery sting -- which occurred almost one year ago to the day. … He is charged with taking payoffs to advance legislation favorable to a phony computer recycling company created by federal prosecutors." The Memphis

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Commercial Appeal (5/25, Locker) adds, "Dixon would only say that he was lining up potential witnesses for his Memphis trial. … He resigned that post last May following his indictment, along with three other legislators and others, in the FBI's 'Tennessee Waltz' corruption investigation. … Dixon has pleaded innocent of charges of accepting $9,500 in bribes from undercover agents." The Nashville Post (5/25, Whitehouse) notes, "As lobbyists and reporters looked on, Dixon was warmly greeted by former colleagues of both political parties and made small talk with them. The most interesting moment was watching Dixon and State Sen. Ward Crutchfield…who is also facing trial in the 'Waltz' case, embrace and share private thoughts before going their separate ways."

Defense Lawyer Again Brings Up Daley At Patronage Trial. The Chicago Tribune (5/25, Mihalopoulos, 643K) reports, "Mayor Richard Daley became a focus again Wednesday at the federal corruption trial of his former patronage chief, Robert Sorich, as prosecutors complained about frequent references to Daley by the defense. Sorich's lawyer, Thomas Anthony Durkin, asked prosecution witnesses such as former Daley Cabinet member John Kosiba whether the mayor, his closest aides or the city's Law Department knew about patronage hiring in the administration. … In a private sidebar conversation, Durkin was asked to explain his repeated references to Daley. Durkin said the mayor told federal agents 'that he didn't believe that there was anything improper at the time, and he was not aware that there was anything improper going on,' according to a transcript of the discussion." WLS-TV Chicago (5/24, Schulte) reported on its Web site that federal prosecutor Patrick Collins "complained to the judge about defense attorney Tom Durkin's constant line of questioning during cross-examination about Mayor Daley's role in hiring. Collins said it was confusing to the jury and caused 'serious risk of diverting the attention away from the four men on trial.' Judge David Coar agreed and did not see the significance in questions about Daley."

Ryan Juror Returns Trial Notes. The AP (5/25) reports, "One of the jurors who convicted former Gov. George Ryan of racketeering and fraud has returned notes she took during the seven-month corruption trial. U.S. District Judge Rebecca Pallmeyer had ordered the return of the notes to the courthouse after the juror, Karen James, told a reporter she planned to sell them. James returned the notes Wednesday and the matter was closed, officials said."

Barn Demolished In Ongoing FBI Search For Hoffa Remains. The AP (5/25, Krisher) reports, "It took about three hours Wednesday for a 75,000-pound excavating machine to gobble up a barn as part of the FBI's search for the remains of former Teamsters boss Jimmy Hoffa. The barn's destruction was the most dramatic moment in the week since dozens of FBI agents descended on the horse farm 30 miles from Detroit. … Dawn Clenney, a spokeswoman for the FBI in Detroit, said nothing significant has been found so far." The AP adds, "On Thursday, crews will begin to remove the barn's 200-square-foot concrete floor and then the FBI will dig to search for evidence." In a story distributed by Knight Ridder, The Detroit Free-Press (5/25, Neavling) adds that Clenny said "things are 'business as usual.'" By the end of the day yesterday, "a pile of wooden debris sat where the 4,700-square-foot barn once stood. A handful of FBI agents in navy blue polo shirts stood watch nearby 0- one leaning on a yellow shovel." CNN.com (5/24, Cummings) notes, "The government eventually will have to replace the barn, or any other structures it removes, and pay for any damage to the Hidden Dreams Farm," and "the FBI paid Able $6,000 to tear down the barn, the company said."

Lawyer Says Tipster Withheld Hoffa Information From Fear Of Retribution By Mob. The Detroit News (5/25, Egan) reports, "Donovan Wells was terrified in 1976 about telling the FBI what he knew about the disappearance of former Teamsters boss Jimmy Hoffa, one of his former lawyers said Wednesday." Attorney Joseph J. Fabrizio recalled, "He said if he wasn't careful, he'd end up in the same place as Hoffa." But "Fabrizio said that after 30 years and with many of those rumored to be involved with Hoffa's murder in their graves, Wells was likely to tell the FBI much more about what he knew than he was willing to tell in 1976, when he was trying to strike a plea bargain on a charge related to theft of steel. Fabrizio's recollection of Wells' fear could help explain why the story from the former Hoffa associate and trucking company owner could mobilize FBI action today that it could not mobilize in 1976."

Township Businesses Making Most Of Publicity. The AP (5/25, Charlton) reports from Milford Township, "In the week since dozens of FBI agents, police and others invaded this small community…to search for the remains of former Teamsters chief Jimmy Hoffa, local businesses are

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taking advantage of the national spotlight aimed at them. With humorous signs, specially made T-shirts and themed meals, business owners are poking fun at the search while trying to attract more customers."

Killer Of Abortion Doctor Wins Right To Represent Himself. The AP (5/25, Thompson) reports, "Anti-abortion extremist James Kopp, who admits he was the sniper who killed an abortion doctor in 1998, will defend himself against federal charges of violating abortion clinic access laws." The AP continues, "A judge granted Kopp permission Tuesday to represent himself. … Kopp's first move was to abandon his former attorney's efforts to prevent federal prosecutors from using his statements detailing how and why he shot Dr. Barnett Slepian." The AP adds, "Kopp says the statements he made during his 2003 second-degree murder trial contain 'truths about my faith in the Lord Jesus Christ,' according to court filings. … Kopp, 51, is serving 25 years to life in prison after being convicted on the state murder charge. Federal prosecutors want an additional conviction to ensure he is never released. … The trial judge ruled that Kopp could be charged under the law because abortion-related violence and a shortage of abortion doctors have forced many women to cross state lines for procedures. … Kopp has acknowledged shooting Slepian from the woods outside the doctor's suburban Amherst home but said he was trying only to wound him to prevent him from performing abortions."

California Man Sentenced For Mail Theft. The California Recorder (5/25, Smith) reports, "U.S. District Judge Vaughn Walker's voice sounded heavy with disappointment. … Just one month after a man fulfilled Walker's unique sentence for mail theft by carrying a scarlet letter-type sign for eight hours outside a San Francisco post office, he committed yet another mail-related crime. … And so, when it came to his latest sentencing Tuesday, Walker did not get creative." The Recorder continues, "After defendant Shawn Gementera admitted violating his supervised release in four different ways -- three involving drugs and another, mail-related theft -- Walker sentenced him to a year in prison. … 'I do think, Mr. Gementera, what forbearance and patience the court may have had for you in the past has obviously not put you on the right track,' Walker said sadly. … And 'when you start stealing mail, you directly hurt other people,' the judge added. 'And that cannot be tolerated. So I think the time has come when [you need to] go back to custody.'" The Recorder notes, "Federal advisory guidelines suggested 12 to 18 months in prison for Gementera, said prosecutor Blake Stamm, who suggested the former. … 'Clearly, the lessons the court wished the defendant to learn ... that the theft of mail is not a victimless crime ... clearly that lesson has not taken,' the assistant U.S. attorney argued."

Regulators Move To End Fraudulent Mortgage Practices. The Washington Times (5/25, Hill, 90K) reports, "The Federal Reserve, Federal Trade Commission and other regulators said yesterday that they will work to stamp out the fraudulent advertising and bad deals being offered by brokers marketing seemingly low-rate mortgages with backloaded payment schedules that put many consumers in debt over their heads. … Such mortgages include some loans with interest-only payments so that consumers accumulate no equity in their dwellings and some adjustable-rate mortgages with options to make minimal payments that do not pay down principal. The loans have been particularly popular in Washington and other high-priced areas where borrowers need the lenient terms to afford houses."

Texas Appeals Court Overturns Conviction Of Man Once Sentenced To Death. The AP (5/25, Vertuno) reports, "A state appeals court on Wednesday overturned the conviction of a man who once was sentenced to death in the 1991 slayings of four teenage girls, sending the case back to a lower court because of a codefendant's statement that was used by prosecutors." The AP continues, "Robert Springsteen IV, who was 17 at the time of the killings, was convicted in 2001. His death sentence was commuted to life in prison after the U.S. Supreme Court ruled that it was unconstitutional to execute killers who were under the age of 18 when the crime was committed." The AP adds, "On Wednesday, the Texas Court of Criminal Appeals voted 5-4 to reverse Springsteen's conviction and sent the case back to a lower court. … Eliza Hope Thomas, 17; Amy Ayers, 13; and sisters Jennifer and Sarah Harbison, ages 17 and 15, were killed during a 1991 yogurt shop robbery. The girls were bound, gagged and shot in the head, and the store was set on fire, authorities said."

US Charges Scientist, California Biotech Firm With Fraud. The AP (5/25, Elias) reports, "A

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scientist and his biotechnology company were charged on 13 counts of mail fraud, false statements and related charges for allegedly shipping bogus research material to many corporate and academic researchers, including at the U.S. National Institute of Health and the Walter Reed Medical Center, federal prosecutors said." The AP continues, "The indictment unsealed Tuesday in San Francisco federal court accused Chi Yang and employees at the Dublin, California-based company he owned, SynPep Corp., of falsifying scientific paperwork attesting to the purity of protein fragments called peptides that researchers ordered from the company between 1999 and 2004." The AP adds, "The indictment alleged that SynPep's employees doctored the data by cutting-and-pasting vital results plotted on charts and knowingly sent impure peptides at Yang's behest. Yang is the only person charged and he faces a maximum of 20 years in prison and the government is seeking to seize property bought with proceeds from the allegedly fraudulent sales. … The peptides that were shipped were impure or crude replicas of what was ordered, jeopardizing research in cancer, AIDS and other diseases, the indictment alleged. On its Web site, SynPep bills itself as the 'The Peptide Quality Leader.'"

Convicted Sniper Muhammad Questions Malvo In Maryland Trial. The Washington Post (5/25, A1, Rich, Londoño) reports, "John Allen Muhammad interrogated his former protégé yesterday on the specifics of the sniper slayings and on the roots of their relationship, a cross-examination that unfolded as a struggle for psychological dominance between two men who terrorized the Washington region while bound as if they were father and son." The Post continues, "Lee Boyd Malvo testified that he once absorbed Muhammad's venomous teachings, including his hatred of white people and of the United States. But in nearly five hours of questioning over two days, as the dynamic of their relationship unfurled in a packed courtroom in Montgomery County, Malvo gave every indication that he has broken free from the man who trained him in paramilitary tactics. … 'Son,' Muhammad, who is acting as his own attorney, began at one point. … 'I would prefer you address me by my name,' Malvo snapped back. … 'Okay, thank you, I stand corrected,' Muhammad said, only to do it again seconds later." The Post notes, "Muhammad, 45, stood behind the defense table as he conducted the cross-examination, sometimes holding in his hand the logic book that has been with him since the trial began three weeks ago. Malvo, 21, sat in the witness box about 25 feet away, speaking softly but clearly, taking occasional sips of water from a paper cup. … The questions ranged widely and took unusual turns as Muhammad appeared sometimes combative, sometimes nearly tender. At one point, the case and its horrific details -- 10 dead and three wounded in 22 days -- seemed to recede as the two recalled that Muhammad once asked Malvo to look after his children in Antigua while he was away. Splashing in the water at a beach, Muhammad's son, then 11, and Muhammad's then-girlfriend nearly drowned."

Muhammad's Ex-Wife Describes Life Of Abuse, Fear. The Washington Post (5/25, B1, Londoño) reports, "Never mind that her ex-husband is one of the most closely watched death row inmates in the country. … To this day, Mildred Muhammad never leaves home without the restraining order that bars sniper John Allen Muhammad from getting close to her and their three children. … 'The only thing I know is he was coming to kill me,' Mildred Muhammad said in an interview last weekend. 'If he were to escape, I have that to show to say that he's not supposed to be near me.'" The Post adds, "Mildred Muhammad, 46, said she decided to speak publicly about her ex-husband because she feels prosecutors who have tried him in Virginia and Maryland have not thoroughly addressed what she believes his motive in the October 2002 shootings was: to kill her so he could recover his children."

West Virginia Used Car Dealer Pleads Guilty To Falsifying Loan Documents. The Wheeling Intelligencer (5/25) reports the "owner of several local auto dealerships has pleaded guilty to obtaining more than $700,000 from false loan documents, according to information provided by Acting U.S. Attorney Rita R. Valdrini." Jon Marhefka "of St. Clairsville pleaded guilty recently before U.S. District Judge Frederick P. Stamp Jr. to one count of an information document, which allowed the matter to bypass consideration by a federal grand jury." Marhefka, the "owner and president of Arrow Sales Inc., a corporation operating used car lots in Wheeling and Belmont County, acknowledged in the court documents that he was aware that false loan applications were submitted to financial institutions on behalf of customers purchasing vehicles at the businesses."

Maryland Man Convicted In Gang Rape. The Washington Post (5/25, B4, Castaneda) reports, "A Riverdale

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Park man suspected of belonging to a violent street gang was convicted yesterday by a Prince George's County jury of participating in the brazen gang rape of a young woman last fall." The Post continues, "Hector Mosquera, 28, was found guilty of first-degree rape and three counts of first-degree sex offense, said a spokesman for State's Attorney Glenn F. Ivey. … Mosquera faces a possible sentence of four life terms in prison, prosecutors said. Circuit Court Judge Richard H. Sothoron Jr. scheduled sentencing for July 6." The Post adds, "Prosecutors said they obtained evidence that Mosquera is a member of Vatos Locos, a street gang made up primarily of Central American immigrants. … Sothoron granted a defense motion to exclude evidence of Mosquera's involvement in Vatos Locos from the trial, said Ramon Korionoff, an Ivey spokesman. … The attack occurred about 4 p.m. Oct. 20 in Riverdale Park. The victim, now 28, and her sister-in-law were walking home from a bus stop. Prosecutors said Mosquera and another man confronted the two women and demanded money. The two attackers grabbed her and dragged her to a bamboo grove. A third man joined them, and the three sexually assaulted the victim, prosecutors said. The sister-in-law escaped."

New York City Expanding Mounted Police Force. The CBS Evening News (5/24, story 11, 2:30, Schieffer) reported, "Here in New York, they are training horses not to race but to patrol the streets as part of an expansion of the New York Police Department." CBS (Schlesinger) added, "Looking at him, it would be easy to dismiss" mounted Officer Chris Daniello "as a quaint holdover from a simpler time. But New York's thoroughly modern police commissioner has rediscovered horses, less because they're lovable, more because they're affordable." Commander Raymond Kelly, New York Police Department: "They're not that expensive to maintain -- $10 a day for hay and some treatment." Schlesinger: "And their emissions are easier on the atmosphere than their gasoline-powered competitors. The NYPD already has 80 horses that hit the streets thousands of times a year to control crowd and crime and traffic. They are hard to ignore." They "work so well that the department's buying 75 more."

CIVIL LAW:

Judge Rejects GM Request To Delay Delphi Hearings. The Washington Post (5/25, D03, ElBoghdady) reports, "A bankruptcy court judge yesterday denied General Motor Corp.'s request to delay hearings on whether Delphi Corp., its largest auto parts supplier, can nullify its own union contracts as it struggles to emerge from bankruptcy protection." The Post continues, "In a letter that GM declined to make public, the automaker urged Judge Robert D. Drain to adjourn the hearings in New York for up to 60 days so it can use the time to negotiate an out-of-court settlement and avert a threatened strike by Delphi's 33,000 unionized plant workers in this country. The hearings started earlier this month and resumed as scheduled yesterday morning. … With the hearings underway, GM is facing more pressure to kick in money so Delphi can offer wages and benefits acceptable to the unions before the judge rules and possibly revokes the contracts. The judge has urged the parties to keep talking as the hearings proceed." The Post notes, "A strike by Delphi workers could paralyze GM's production lines and even push the automaker into Chapter 11 bankruptcy protection if the strike lasts long enough. GM, which spun off Delphi in 1999, purchases about $14 billion in parts from Delphi each year. An analyst predicts that GM could "bleed" $7 billion to $8 billion during a 60-day walkout."

Led By McCain, Senate Prepares To Scrutinize Defense Contractors. The Wall Street Journal (5/25, Karp, Pasztor, 2.11M) reports, "Boeing Co. and other big Pentagon contractors are bracing for fresh congressional criticism of weapons-procurement blunders and profits as Sen. John McCain ratchets up his scrutiny of the defense establishment." Sen. McCain reportedly wants to use his memberships on the Armed Services Committee and Commerce, Science, and Transportation Committee to investigate "alleged sweetheart dealings between the Pentagon and industry." The Journal writes, "Currently, many contractors are awarded maximum bonuses, even on projects that are significantly behind schedule or over budget."

CIVIL RIGHTS:

DOJ Targets Human Trafficking In Midwest. The AP (5/25, Sedensky) reports, "The U.S. Justice Department launched a loosely organized effort Wednesday to prosecute human trafficking in a region that has prosecuted virtually no such cases." The AP continues, "Officials announced the Human Trafficking Rescue Project

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in conjunction with training sessions for regional police, prosecutors and social service workers - the rank-and-file professionals seen as integral to spotting incidents of forced labor and sexual exploitation, and to keeping them from spreading. … 'Human trafficking is nothing less than modern-day slavery,' said Bradley Schlozman, the U.S. attorney for western Missouri." The AP adds, "Trafficking affects an estimated 600,000 to 800,000 victims annually - including an estimated 14,500 to 17,500 who are brought to the U.S. - and has become a top issue for the Justice Department. Schlozman, named interim U.S. attorney in March, previously worked in the department's Civil Rights Division, handling cases including trafficking. … More than 30 other regions have launched similar task forces, which aim to educate authorities on how to identify trafficking cases and how to respond to victims. No funding has yet been awarded to this region's program. … Schlozman said his office was investigating several trafficking cases in the area, including alleged incidents of forced labor and prostitution of both children and adults. … Wan Kim, the assistant U.S. attorney general for civil rights, said within a 10-mile radius of the training seminar - at a hotel near Kansas City International Airport - one could find examples of trafficking."

WTHR-TV Indianapolis (5/24, Chapman) reports on its Web site, "Now, alongside big cities like New York, Los Angeles and Chicago, Indianapolis is on the government's map when it comes to human trafficking. In a report to the Justice Department, local investigators have identified as many as 40 potential victims, some in brothels run by a growing population of immigrants. 'We're finding out that a lot of the immigration issue is tied so closely to human trafficking,' says Keith Lourdeau, agent in charge of the FBI's Indianapolis office." WTHR adds, "The Julian Center in Indianapolis is now opening its doors to human trafficking victims as part of a half-million dollar grant from the Justice Department.. ... 'We need to take off the head of the organization for it to stop,' Lourdeau says. 'We need people inside to help us out so that we can crack the ring.'"

Florida Man Pleads Guilty To Transporting Illegal Aliens. The Naples Daily News (5/24, Zeitlin) reported, "A Fort Myers man pleaded guilty in U.S. District Court today to a count of transporting illegal aliens. Eliseo Escalante Santizo…an illegal immigrant from Mexico, was arrested by the FBI in connection with a human trafficking case involving a 14-year-old-girl and 24-year-old woman from Chiapas, Mexico."

Mexican Man In Oregon Charged With Human Trafficking. KGW-TV Portland, OR (5/24, Giedwoyn) reports on its Web site, "A Mexican man living in Salem was indicted by a federal grand jury in Portland Wednesday on human trafficking charges, authorities said." Ramon Lopez-Montanez "is accused of kidnapping a woman from Mexico and threatening to harm her or her family unless she manufactured marijuana, according to the FBI and Oregon State Police. … In addition to being blackmailed and taken to Otis, Ore. for the marijuana operation, the victim was beaten, stabbed and sexually assaulted as well as caused to witness acts of violence committed against children and other women, according to the indictment."

ANTITRUST:

Former Michigan School Official Charged With E-Rate Fraud. IDG News Service (5/25, Gross) reports, "A former assistant superintendent at a Michigan school has been arrested, along with his wife, on charges of fraud involving US$7.3 million obtained from a US government program intended to help schools and libraries connect to the Internet, the US Department of Justice (DOJ) said Wednesday." IDG continues, "A federal grand jury in Detroit on Tuesday indicted Douglas A. Benit and Mary Ann Elam Benit on fraud-related charges for allegedly using his position at Ecorse Public Schools to steer contracts from the U.S. E-Rate program to a company under his control. The contracts were awarded to Coral Technology under inflated bids, the DOJ said." IDG adds, "The indictment charges both the Benits and Coral with one count of conspiring to commit federal program fraud and mail and wire fraud between March 1998 and October 2003, as well as one count of mail fraud in relation to a Coral application for an E-Rate funded project in the Ecorse schools. … Douglas Benit is also charged with two counts of federal program fraud relating to school purchases of vocational labs and payments required under the federal E-Rate program, the DOJ said. He is also charged with one count of mail fraud in relation to a September to November 2005 scheme to defraud a mortgage and a lending company while obtaining a $893,750 mortgage. … Douglas Benit and Coral are charged with two counts of wire fraud in relation to wire transmissions made in

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2001 and 2002 in connection to the E-Rate fraud, the DOJ said. Benit and his wife are charged with bank fraud in a December 2002 to April 2003 scheme to defraud a Minnesota bank, the DOJ said."

Falconbridge Blasts Rivals In Inco Takeover Bid. The Financial Times (5/25, Simon) reports, "Falconbridge has accused several rival metal groups, including Swiss-based Xstrata, of putting up obstacles to European regulatory clearance of a friendly takeover bid from Inco, its fellow Toronto-based nickel miner." The Times continues, "Delays in anti-trust approvals by the European Commission and the US Justice Department opened the way for a C$20bn (US$17.8bn) hostile bid last week by Xstrata for Falconbridge." The Times adds, "Singling out Xstrata, the Swiss trading group Glencore and the French nickel miner Eramet, Derek Pannell, Falconbridge's chief executive, said this week: 'I'm sure if there had been no pushback, [the deal with Inco] would have gone a lot more smoothly.' … Glencore owns 36 per cent of Xstrata. Mr Pannell said Eramet was unhappy at failing to gain control of a Falconbridge exploration property in New Caledonia. … Mr Pannell expressed the hope that Canadian authorities would apply the same rigour in vetting Xstrata's bid as the European Commission had done with the Inco deal."

Anderson To Purchase Silver Line Building Products. The St. Paul Pioneer-Press (5/25, Welbes) reports, "After 102 years as a leading maker of wood windows, Andersen Corp. is embracing vinyl. … Bayport-based Andersen said Wednesday that it's buying Silver Line Building Products Corp., one of the largest U.S. manufacturers of vinyl windows. The deal is Andersen's largest acquisition, and will give it access to vinyl window sales at the Home Depot." The Pioneer-Press continues, "Both companies are privately owned, and terms of the deal weren't disclosed. But the Silver Line acquisition will raise Andersen's annual revenue by almost a third. Hoover's Inc., a business research firm, estimated Andersen's 2004 sales at $2.5 billion, while it lists Silver Line's 2005 sales at $700 million. … Some 60 percent of the windows made in the U.S. are vinyl, which is the fastest-growing segment of the business. Silver Line's single largest customer is Home Depot, which carries its American Craftsman vinyl window line. … Andersen's move into vinyl also occurs as the market for new-home construction continues to show signs of slowing. Last week, the U.S. Commerce Department said that housing starts fell for a third straight month in April, dropping by 7.4 percent from the previous month. The April number was the lowest since November 2004." The Pioneer-Press adds, "The Silver Line acquisition still needs to pass a government antitrust review, but the two companies hope to close the deal by the end of June."

EU Gives Antitrust Nod To Bayer's Purchase Of Schering AG. Dow Jones (5/25) reports, "The European Commission Wednesday cleared German health care company Bayer AG to purchase competitor Schering AG, creating one of the largest pharmaceutical companies in the world. The deal values Schering at EUR16.3 billion, or EUR86 a share. In a statement, the commission said the two companies are 'mainly complementary.'" Dow Jones continues, "The main overlaps are in a few over the counter and prescription anti-fungal markets. … Even in these fields, the commission said the two companies had market shares above 35% only in isolated areas: gynecological anti-fungals in Portugal, topical dermatological anti-fungals in Austria and combinations of corticosteroids with anti-fungals in Ireland. … Even there, the commission said the enlarged Bayer will 'face several strong competitors and there are no specific entry barriers in the markets.' … Bayer Management Board Chairman Werner Wenning urged Schering shareholders to approve the deal. … He said they note the antitrust approval and that his company's EUR86 per Schering share is about 61% above the unweighted 12-month average price and about 39% above the closing price of Schering shares before the takeover."

EU Is Likely To Drop Its Fight With France On Takeover Law. The Wall Street Journal (5/25, A8, Cohen) reports the European Commission "is likely to abandon efforts to strike down a French law restricting foreign takeovers, even as it has railed against rising economic nationalism in Europe." The Journal notes, "The commission's success in fighting protectionism in France could set a precedent as the EU seeks to counter rising economic nationalism in other member countries." The Commission "sees France as one of Europe's arch-protectionists," and its "regulators increasingly are finding themselves outmaneuvered by Paris."

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Cablevision Recording Proposal Sparks Copyright Suit. The Wall Street Journal (5/25, Grant) reports, "Seven of the leading movie and television producers filed a lawsuit in U.S. District Court in New York against Cablevision Systems Corp. challenging the cable operator's plan to allow viewers to store and pause TV programs on the cable system rather than on set-top boxes, firing the opening shot in a copyright battle." The Journal continues, "Cablevision, the country's sixth-largest cable operator by subscribers, has announced plans to build into its network a technology that would allow its subscribers to record every TV show, like many do with TiVo-like digital-video recorders built into set-top boxes. Cablevision believes it would be far less expensive to build the recording capability into the network than to provide hundreds of thousands of households with individual recorders." The Journal adds, "The movie and television producers, whose battles against recording technology date back to the first VCRs, charge in their lawsuit that Cablevision's plan would 'exploit' their programming 'in a manner that violates the law.' The lawsuit, which has been expected since Cablevision announced its plans, asks the court for a judgment declaring that Cablevision's plan would violate copyright law. … The plaintiffs include News Corp.'s Twentieth Century Fox Film Corp., Viacom Inc.'s Paramount Pictures Corp., Walt Disney Co.'s Disney Enterprises Inc., CBS Corp.'s CBS Broadcasting, General Electric Co.'s NBC Studios Inc., Disney's ABC Television Network, and Universal Studios, owned by Vivendi Universal and GE."

China Mobile Nears Deal For Millicom. The Wall Street Journal (5/25, Singer, Dean) reports, "China Mobile Communications Corp. is near a $5.3 billion pact to acquire Millicom International Cellular SA of Luxembourg, operator of mobile-telephone services in many of the world's poorest nations, in a move that would expand China's influence into international telecommunications, especially in emerging markets." The Journal continues, "The expected deal -- the biggest overseas acquisition by a Chinese company -- could also have a ripple effect on Chinese suppliers of telecom equipment and mobile handsets such as Huawei Technologies Co. and ZTE Corp. China Mobile is expected to upgrade the network of Millicom, which operates in 16 countries." The Journal adds, "The deal, which could be signed within days, is the latest sign of Chinese companies' ambitions in snapping up international assets. After watching Western companies invest billions in their home market, Chinese companies in recent years have been looking at purchases abroad, most notably with Lenovo Group Ltd.'s purchase of the personal-computer division of International Business Machines Corp. For China's government, the expansion of Chinese companies overseas is part of a broader push to expand the country's global influence."

McCain, Martin Make Case For A La Carte Cable Choices. Sen. John McCain and FCC Chairman Kevin Martin, write in the Los Angeles Times (5/25, 958K) that millions of TV viewers outside the US have the choice to "buy their television channels individually or in smaller bundles -- and get better deals as a result." In the US, "there is too little competition, too much regulation and not enough consumer choice in the cable TV business. … The solution to high cable bills isn't price controls or additional government regulation. It is more competition and more choice. For that reason, Congress should pass the proposed Consumers Having Options in Cable Entertainment Act -- the CHOICE Act -- which is being introduced today. It would allow cable companies to compete nationally for your business (rather than only at the local level) in exchange for agreeing to offer channels a la carte, either individually or in smaller bundles."

BASF Gets EU Approval For Degussa AG Purchase. The AP (5/25) reports, "EU regulators on Wednesday approved German chemical maker BASF AG's bid to buy Degussa AG's construction chemicals business." The AP continues, "BASF will pay about 2.2 billion euros ($2.6 billion) in a deal aimed at expanding its reach in a fast-growing sector. … The European Commission said its investigation showed the deal would not cause any antitrust problems even though both make performance polymers used to make concrete products. … 'Overlaps between both parties' activities lead to a combined market share that raised no competition concerns on the market for performance polymers since the combined firm would continue to face several strong, effective competitors,' it said."

ENVIRONMENT:

Bush Promotes Plans For Expanded Use Of Nuclear Energy. President Bush promoted his plans to expand the use of nuclear power during a visit to Pennsylvania yesterday. The Philadelphia Inquirer (5/25,

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Shields, 423K) reports, "Bush visited Limerick's nuclear power plant this afternoon to push his broad new offensive on nuclear energy. Bush's ambitious Global Nuclear Energy Partnership is an attempt to promote construction of a whole new generation of nuclear plants in an industry which hasn't licensed one in 30 years." His proposal "faces a tough battle in Congress in the coming weeks. The House appropriations subcommittee cut it's funding in half last week, but it has powerful support in the upcoming senate budget debate. The future of the Global Nuclear Energy Partnership will likely be worked out in conference committee, observers say." The AP (5/25, Loven) notes the Limerick Generating Station is "a nuclear plant operated by Exelon Corp. about 40 miles from Philadelphia." Bush "donned a white hard hat for a brief tour, then spoke to employees in a sweltering tent set up in the shadow of the plant's two enormous cooling towers." Bush "argued that nuclear power is abundant, affordable, safe and clean."

The story got no network coverage, though it is getting attention from major newspapers this morning. Much of the coverage frames Bush's remarks in the context of high energy prices and the political pressure on Bush and the GOP. CNN's The Situation Room (5/24, Malveaux), for example, reported Bush is "saying we've got to wean Americans off their addiction to foreign sources of oil. Also, of course, the President facing a great deal of pressure, if you will, from the American people, who are looking at those gas prices, very high gas prices, saying: 'What are you going to do?' Clearly, his energy plan is not a short-term solution, but a long-term solution to push forward on nuclear energy."

The New York Times (5/25, Rutenberg, 1.19M) reports Bush "promoted the 2005 energy bill he signed into law, which provides tax incentives, loan guarantees and federal risk insurance for companies building nuclear plants. Before the law, he said, only 2 companies were considering building plants, but now 16 are." Said Bush, "For the sake of economic security and national security. … The United States of America must aggressively move forward with the construction of nuclear power plants." Bush also "spoke of his administration's efforts to research alternative energy sources, like solar panels, ethanol and wind turbines."

The Wall Street Journal (5/25, Pulizzi, 2.11M) reports Bush "said the government has a strategy of loan guarantees, production tax credits, and federal risk insurance to encourage development. He said 16 companies have expressed an interest in building as many as 25 new nuclear facilities." While the US "hasn't built a nuclear plant since the 1970s," Bush "noted that other nations are further along. France generates more than three-quarters of its electricity from nuclear power, and China has plans to construct 40 plants over the next decade." The US "has 100 nuclear plants in 31 states. Those facilities generate a fifth of the nation's electricity."

Knight Ridder (5/25, Shields) reports, "It is a pivotal time for Bush's nuclear agenda. Funding for a new nuclear initiative is being fought over in Congress. Last year, he won a host of other incentives for the nuclear industry, including tax breaks and insurance against regulatory and legal delays." Knight Ridder adds, "Another part of his plan calls for expediting the opening the Yucca Mountain storage facility in Nevada, which would allow plants such as Exelon's Limerick Generating Station to begin shipping out spent fuel that is now stored on site. Providing a place to store spent fuel is critical if new power plants are to be built."

The Washington Post (5/25, A4, Baker, Mufson, 744K) reports, "Opinion polls suggest public attitudes toward nuclear power are shifting. Support for expanding the use of nuclear energy has grown from 43 percent to 55 percent in the past three years, according to surveys by the Gallup Organization." The Pew Research Center "found rising support in the past few months as gasoline prices have soared, from 39 percent last September to 44 percent in February. Still, 49 percent remain against expanding nuclear energy. … Some environmentalists, including Patrick Moore, co-founder of Greenpeace, have changed their minds as well, seeing nuclear energy as clean compared with fossil fuels that pollute the environment. Other environmentalists complain that Bush is overselling any benefits from nuclear power and underestimating the risks."

The Spring-Ford (PA) Reporter (5/25, Arnosky) reports that Bush said plans for new "nuclear power plants are hindered by lawsuits and 'bureaucratic obstacles.' He said his 2005 energy bill would give loan incentives, tax credits and federal risk insurance to the first six new nuclear power plants to be built. Bush also said a $1.1 billion partnership with the industry was in the works to facilitate new plants. 'I understand we need more nuclear power plants and here's a strategy to get it going,' Bush said. 'Here's a way to say to the industry, 'We're serious about this.'"

Meanwhile, under the headline "Protesters Rally Against Bush Energy Stance," the Pottstown Mercury (5/25, Moyer) reports, "Hours before President Bush shook the

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hands of workers at" the Limerick plant, about "25 community members and activists gathered outside Pottstown Borough Hall to protest Bush's energy policy. Lewis Cuthbert, president of the Alliance for a Clean Environment, criticized "Bush's call for building more nuclear power plants," ripping "nuclear power as too polluting, dangerous and expensive, and said it is not an answer to global warming. 'Mr. President, are you trying to deceive us, or don't you know the facts?' Cuthbert said."

Bush Also Attends Fundraiser For "Vulnerable" Republicans. The AP (5/25) reports, "Bush made a fundraising stop Wednesday for two vulnerable House Republicans seeking re-election in the Philadelphia suburbs. Calling Reps. Jim Gerlach and Mike Fitzpatrick 'two of the young stars of the United States Congress,' the president urged about 250 supporters to continue fundraising for the pair and recruiting others for their campaigns." The event "raised about $450,000 after expenses, said Gerlach spokesman John Gentzel. The money will be split evenly between Gerlach, Fitzpatrick and the Pennsylvania Republican State Committee."

Limerick Workers Welcome President's Nuclear Proposals. Under the headline, "President Bush Gets A Warm Reception From Exelon Employees," the Pottstown (PA) Mercury (5/25, Karas) reports, "It's not every day the president stops by to tell you that you're doing a good job." The Mercury adds, "About 300 of the plant's 700 employees attended a 30-minute speech by the president," who talked up the safety of nuclear power production and said, "It is safe because of advances in science and engineering and plant design," and added, "It is safe because the workers and managers of our nuclear power plants are incredibly skilled people who know what they're doing."

Another Pottstown Mercury (5/25, Brandt) piece noted that as the president stood "in front of a backdrop heralding his 'Advanced Energy Initiative,' Bush emphasized research and technology as the best way to maximize the energy resources available to the nation and thus break America's addiction to foreign oil." Prior to "making his 35-minute speech, Bush toured the station, visiting the plant's two massive generators and its control room. He praised the employees' 'strong dedication to safety,' and earned more of their applause when he said 'this plant serves two million homes in the area, and it does so in a way that does not require us to pollute the air."

House Seen As Likely To Scale Back Bush Plan To Resume Nuclear Fuel Reprocessing. The AP (5/25, Hebert) reports, "The House appeared ready to scale back President Bush's ambitious plan to resume nuclear fuel reprocessing as part of an international program to boost nuclear power." A "broad spending bill, expected to be approved by the House later Wednesday would cut Bush's request for the first installment of the nuclear initiative in half, to about $130 million. An attempt to slash it by an additional $40 million was rejected." The AP adds, "The $30 billion spending measure funds the Energy Department, related agencies and numerous federal water projects."

Spent Fuel Issue Seen As Critical To Future Of Nuclear Energy. In an editorial, the Pottstown Mercury (5/24) says the president's visit "comes at a time when the local plant is dealing with the long-simmering question of how to dispose of spent fuel rods in the future. Exelon recently unveiled plans to store used nuclear fuel on a concrete pad" and the "proposed project utilizing what is known as 'dry cask storage' has become necessary," though "Bush may discuss some other ideas on how to handle spent fuel in the coming years." The Mercury adds that the "issue of safely handling spent fuel is a critical environmental question that will become even more important as the future of nuclear energy is debated."

More Commentary. In a commentary appearing in the Valley Item (5/25) of Royersford, PA, Mike Morsch who is the Executive Director of Montgomery Newspapers, writes, "As presidential speeches go, this one was typical. He talked about his energy plan to a favorable, if somewhat calm, crowd of approximately 200 inside a big tent at the Limerick plant site. He talked for about 30 minutes, and he sounded a bit more Texas twangy than he does on television, especially during the part of his speech where he talked about reducing our dependence on foreign oil." But, Morsch adds, "it was a great honor for the nuclear station and its employees -- as well as all Limerick residents -- to have Mr. Bush in the house."

Protesters Try To Halt Test Blast In Nevada.

USA Today (5/25, Passey, 2.31M) reports, "Residents downwind of the Nevada Test Site are fighting to block a non-nuclear blast scheduled there in June, mainly because of the legacy of Cold War atomic testing. The Pentagon's Defense Threat Reduction Agency (DTRA) plans to explode 700 tons of ammonium nitrate and fuel oil at the site, which is 65 miles

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northwest of Las Vegas, to test the effects of ground shock on hardened targets, such as underground bunkers." Opponents cite three objections: "There could be health hazards for those downwind because radioactive soil left over from Cold War-era atomic testing might be dispersed; the test could lead to renewed nuclear testing; and the Western Shoshone tribe claims the test would violate ancestral lands."

Utilities Scramble To Make Sure They Have Enough Coal. The Christian Science Monitor (5/25, Clayton, 61K) reports that as summer approaches, electric utilities are scrambling to make sure they have enough coal on hand. According to the Monitor, "With at least a few utilities unable to get enough coal shipped by rail, some are resorting to extreme measures - even importing it." The US has enough domestic reserves to last centuries. But "getting America's abundant coal to where it is most needed is a growing challenge for power companies - and the railroads that supply them."

California Town Uses Eminent Domain To Block Planned Wal-Mart Store. ABC World News Tonight (5/24, story 7, 2:25, Rooney, 8.78M) reported on the use of the eminent domain power by the town of Hercules, California to take land that Wal-Mart had planned to use for a big-box story. Hercules is "a developing city of 23,000, east of San Francisco, where the city's planners have labored to give this town a certain look and feel. And right here, on 17 acres, next to new homes with a view of San Pablo Bay, Wal-Mart plans to build a new store." But the city council "voted unanimously to take Wal-Mart's land by power of eminent domain. The right to take private property for public use. The world's largest retailer is not what the city wants as the centerpiece of its planned waterfront." Towns "from Virginia to California have fought Wal-Mart before, claiming it would kill local business. But many more have welcomed Wal-Mart's jobs and tax revenue, actually using eminent domain to help the retail chain develop. But no one has ever used eminent domain to stop Wal-Mart. And in an ironic reversal of roles, the company's spokesman cried foul."

FBI/DEA/ATF/USMS:

IG Finds FBI Missed Many Opportunities To Uncover PRC Spy. In a widely-distributed story, the AP (5/25, Sherman) reports that in a report released yesterday about FBI informant Katrina Leung and her relationship with Special Agent James J. Smith, DOJ inspector general Glenn Fine concluded that "the FBI missed many opportunities to uncover that Leung was working for China and getting her information from Smith, as well as to learn of the long affair between the pair." Fine found that "in one instance in 2000, a tipster told the FBI that Leung was 'in bed with' the bureau's Los Angeles office," and "the FBI also failed to follow up on information that pointed directly to Smith even as the bureau was in the midst of a major espionage investigation that resulted in the arrest of Robert Hanssen." The AP adds, "The FBI said Wednesday it has learned from the many mistakes in the spy case. 'The FBI has already moved to address the systemic issues identified by' Fine that allowed Smith and Leung to escape detection for so long, the bureau said in a statement." The AP notes that "special task force was created in 2002 after FBI Director Robert Mueller, on the job for only a few months, expressed concern about the pace and scope of the investigation" in to the Leung-Smith relationship," and "Mueller asked for the inspector general's review."

The Los Angeles Times (5/25, Spano, 958K) reports, "A separate review of spies against China concluded in December that FBI relationships with several of them should be 'closed' because of 'control and reliability issues,' according to Wednesday's report. The secret report also said that an FBI task force was created to investigate persistent allegations against Leung after counterintelligence operations had been compromised and several of its operatives 'had been detained and interrogated in China.'" The Times adds, "The report repeatedly uses words such as 'incompetent,' 'incomprehensible,' and 'incredible' to describe the FBI's self-investigative failings." The FBI said "that it has moved 'to minimize the risk' associated with spying operations," noting "it has implemented seven of the 11 reforms recommended by the inspector general." Under the headline "F.B.I. Missed Many 'Red Flags' On Key Informer, Review Finds," The New York Times (5/25, Lichtblau, 1.19M) notes, "As early as 1987, senior officials at the F.B.I. received word" Leung "might have had unauthorized contacts with Chinese officials," but "the F.B.I. continued using her as one of its most highly paid informants, paying her a total of $1.7 million." The bureau said yesterday that "it had taken numerous steps since 2002 to bolster management of its informants," but the "report said the F.B.I. still needed to go further."

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The Washington Post (5/25, A13, Geis, 744K) reports, "FBI officials on Wednesday acknowledged 'weaknesses in the FBI's asset program.' The agency has implemented, in whole or part, seven of 11 recommendations in the report, they said. … 'The FBI expanded its polygraph program in 2001, making all on-board employees, contractors and detailees subject to a polygraph examination,' FBI Assistant Director Charles S. Phalen Jr. wrote in response to Fine's report. 'The FBI has built, and continues to improve, a comprehensive, centralized and forward-looking security program.'" The Washington Times (5/25, Seper, 90K) also reports on the IG's criticism, and the FBI's response, under the headline "FBI Agent, Tipster Hid Relationship."

Oregon Mayor Accuses FBI Of Trying To Spy On City Government. The Oregonian (5/25, Griffin, 346K) reports Portland Mayor Tom Potter "is accusing the FBI of trying to spy on City Hall. In an open letter to Portlanders on Wednesday, Potter reported that a Federal Bureau of Investigation agent approached a city employee earlier this month seeking information about City Council members and city government. 'In the absence of any reasonable suspicion of wrongdoing, I believe the FBI's recent actions smack of "Big Brother,"' Potter wrote. … Federal officials confirmed that an agent spoke to a midlevel employee from the city attorney's office, hoping that person would serve as a source inside City Hall," but Portland Assistant SAC Daniel Nielsen "had a different take on the encounter's significance. 'We're supposed to talk to people, to develop sources, to develop relationships. … We can't do our jobs without the public,' he said." However, National Association of Criminal Defense Lawyers president-elect Martin Pinales said, "I have never heard of anything like that. It's a frightening concept." And Georgetown law professor David Cole "said the FBI appeared to be operating outside its own guidelines." US Rep. Earl Blumenauer "said he will ask the FBI for an explanation. 'The report that the FBI would consider trolling for information in Portland City Hall is stunning,' Blumenauer said."

The AP (5/25, McCall) adds that at a news conference yesterday, Potter called "it a recruiting attempt that raises questions about how far the government is willing to go to spy on its citizens." But Nielsen "said an agent and a city employee 'came across each other in day-to-day activities, Starbucks and they work out in the same gym.' He said the agent made no secret about who he was, and when the city employee was 'clearly uncomfortable about the situation,' he told her she was free to report the contact. 'It wasn't the jackbooted thug coming in and putting on the klieg lights,' Nielsen said." The AP notes, "Legal experts said it would be highly unusual for the FBI to try to recruit someone outside of a specific investigation." The Portland Business Journal (5/24) also reports on Potter's allegations.

Search Continues For Source Of Fentanyl-Laced Drugs Linked To Overdoses. According to the AP (5/24), federal drug agents and the CDC "are stepping up the investigation of dozens of fatal overdoses linked to heroin laced with a strong prescription painkiller. The synthetic painkiller fentanyl has tainted the illegal heroin supply in Illinois, Michigan, Ohio, Maryland, Delaware, Pennsylvania and New Jersey, authorities said. In Detroit, the drug combination has been linked to at least 23 deaths in less than a week. … 'Samples are being tested to see if we can determine if it's pharmaceutical grade or from a clandestine laboratory,' DEA agent Christopher Hoyt said." Fentanyl-laced illegal drugs have received wide media coverage, with more than 80 news outlets referring to such stories today. The latest AP story has been published in newspapers and/or posted on the Web sites of ABC News, CBS News, FOX News, the New York Times, Washington Post, San Diego Union-Tribune, and Kansas City Star.

The Chicago Tribune (5/24, Heinzmann, Coen) writes, "As Chicago police continue investigating heroin dealers lacing their drugs with the deadly painkiller Fentanyl, federal officials are trying to determine whether the outbreak of the drug is part of an emerging national problem. … In addition to Chicago and Detroit, New Jersey and Philadelphia also have had a series of fatal overdoses in recent weeks. The U.S. Drug Enforcement Administration has begun testing samples in controlled purchases from targeted areas…to determine if they can be linked to a common source, officials said."

The Washington Times/ UPI (5/25) cites the Chicago Tribune story in its report.

Lewes, Delaware's WGMD Radio (5/24) reports on its Web site, "The U-S Drug Enforcement Administration is testing samples of heroin sold in Chicago to determine if bad batches nationwide can be linked to a single source. Authorities say 15 people were hospitalized two weeks ago after using heroin bought on Chicago's West side."

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Local TV Coverage. WFLD-TV, Chicago (5/24, 12:00 p.m.) reported, "Federal drug agents are stepping up their efforts to find the source of tainted heroin. … They believe the heroin has been mixed with a very important drug. The Drug Enforcement Agency is trying to figure out if it has been stolen or made in an illegal lab. They believe it does not come from one source but at least several."

WGN-TV, Chicago (5/24, 8:00 a.m.) reported, "Federal drug officials have begun testing samples of heroin laced with the painkiller fentanyl. Here in Chicago and several other cities, addicts have been dying after taking the contaminated drug. The fentanyl is either [stolen from] pharmaceutical warehouses or made in makeshift laboratories and can be 100 times as potent as heroin. The Fed is trying to track the drug to a common source in hopes of stopping it before it gets into street drugs."

KWGN-TV, Denver (5/24, 9:00 p.m.) reported, "Dozens of fatal overdoses of a prescription painkiller have been reported in seven northeastern states. Federal drug agents say the deaths are link to e synthetic painkiller fentanyl that's laced with heroin the combination has killed at least 23 in Detroit and ten more in Chicago. Fentanyl is 80-times stronger than morphine."

KCAL-TV, Los Angeles (5/24, 12:00 p.m.) reported, "Nearly three dozen people have died recently from overdoses on heroin laced [with] a painkiller. Dozens have been hospitalized. It has turned up in several Midwest and eastern states."

KENS-TV, San Antonio, Texas (5/24, 5:00 p.m.) reported, "The painkiller fentanyl has tainted the illegal heroin supply in Illinois, Michigan, Ohio, Maryland, Delaware, Pennsylvania and New Jersey. In Detroit alone, the drug combination has been linked to at least 23 deaths in less than a week. In Chicago two weeks ago, 15 people were hospitalized after using heroin bought on the city's West side. In southern New Jersey and the Philadelphia area, at least nine heroin users died last month."

Israeli Listed Among World's Top Drug Traffickers Enters Plea In Florida. An Israeli considered to be one of the world's biggest distributors of Ecstasy yesterday pleaded not guilty to federal drug charges. The AP (5/24) reports from Fort Lauderdale that Zeev Rosenstein "entered the plea nearly three months after he was extradited from Israel to face charges that he conspired to distribute more than 1 million Ecstasy pills in the United States between summer 1999 and November 2001. … Rosenstein, who was on the U.S. Drug Enforcement Administration's list of 44 top worldwide drug traffickers, was arrested in Israel more than a year ago." CBS News, the Washington Post, Miami Herald, Houston Chronicle, Contra Costa Times, and Jerusalem Post are among the news outlets that published the AP story.

The South Florida Sun-Sentinel (5/25) reports, "Federal prosecutors say Rosenstein headed a drug trafficking ring spanning four continents and orchestrated the delivery of 700,000 Ecstasy pills seized in a New York apartment in 2001. Israel extradited Rosenstein, 51, to the United States in March. He is being held in the maximum-security unit of the Federal Detention Center in Miami."

Drug Runners Carrying More Drugs Across Border, Cartels Relying More On Marijuana Income. According to the AP (5/24), drug runners are "getting caught running more drugs than ever -- often over the same desert routes used by undocumented migrants -- with the U.S. Border Patrol reporting a sharp increase in the amount of marijuana seized. The Border Patrol's Tucson, Ariz., sector confiscated almost as much marijuana in the first 7 1/2 months of this fiscal year as they did all of last year, and seizures are up all along the border. … The drug runs are so difficult that Steve Robertson, a U.S. Drug Enforcement Agency special agent who has worked along the Texas border, says the average migrant couldn't make them." The AP adds, "Mexico's Attorney General, Daniel Cabeza de Vaca, said cartels are also becoming more reliant on income from marijuana."

Five Sentenced In Texas Marijuana Smuggling, Money Laundering Case. The Waco (TX) Tribune Herald (5/25) reports, "Five people who were part of a group that trucked thousands of pounds of marijuana along Interstate 35 and into Waco and Dallas were sentenced to various jail terms in Waco federal court Wednesday. The five were among at least 11 people involved in a smuggling and money-laundering operation in which thousands of pounds of marijuana were brought into Waco and Dallas, according to the Internal Revenue Service's criminal investigation division. … According to IRS officials, beginning in 1998, [a group] packed tractor-trailer rigs in Mexico with as much as 12,000 pounds of marijuana." The prison terms ranged from 8 years to 17 years.

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NY: Man Faces Charges For Selling Steroids Through Internet. In Colonie, the Albany (NY) Times Union (5/24, Higgins) reports authorities said the "seizure of $50,000 in illegal steroids announced by town police and federal investigators [yesterday] is the largest ever in the Capital Region. Christopher J. Magnano…is facing charges he received illegal steroids through the mail and courier services from other countries and re-sold them on the Internet."

Federal Agents Robbed, Carjacked In Maryland. The Washington Post (5/25, B02, Klein) reports, "Two federal law enforcement officers and another man were carjacked yesterday morning at a Prince George's County gas station as they prepared to go on vacation in South Carolina, according to police and a source with knowledge of the investigation." The Post continues, "The law enforcement officers -- one from the Secret Service and one from the Drug Enforcement Administration -- were gassing up a red Hummer with two motorcycles attached to the back at 4:30 a.m. when they were approached by a pair of gunmen, said police and the source, who spoke on the condition of anonymity because the case is open." The Post adds, "The three victims were on their way to Myrtle Beach, the source said. … The gunmen took money from the law enforcement officers, then demanded the keys from the Secret Service officer, who was the driver of the Hummer. He handed them over. Nothing was taken from the third man, police said.""

California Murder Suspect Escapes In Van Stolen From US Marshals. The Oakland Tribune (5/25, McDonough) reports, "A fugitive with a history of slipping away from police avoided arrest again Tuesday when he stole a van from the U.S. marshals who had come to arrest him. … It was the second time within several hours the man had evaded police." The Tribune continues, "Chief Deputy U.S. Marshal Tom Figmik said his agency received word late Monday night that murder suspect Kim Saelio, 22, was in the Dublin area. … A reputed pimp from Oakland who uses the names 'Mr. T.' and 'Tim-Tim,' Saelio is wanted by police in connection with the slaying and robbery of a man shot in Vallejo in November while meeting with a prostitute." The Tribune adds, "Vallejo police called in the U.S. Marshals Service — experts in chasing fugitives — in February to track Saelio, Figmik said. … When the marshals surrounded him at a Dublin bowling alley around midnight Monday, Saelio escaped by stealing a van rented by the marshals. … Figmik would not say how Saelio managed to steal the van, only that the theft was being investigated. He said there were no weapons in the vehicle when it was stolen."

IMMIGRATION:

Senate Expected To Pass Immigration Reform Bill Today. The US Senate is expected to pass its version of an immigration reform bill today. Most media reports look ahead at the fight ahead between the Senate and the House. As the AP (5/25, Gamboa) reports, Senate "passage would set the stage for a difficult negotiation with the House, which passed legislation last year that exposes all illegal immigrants to criminal felony charges."

USA Today (5/25, Kiely, 2.31M) notes "a test vote Wednesday morning showed strong bipartisan support for the comprehensive immigration bill, which includes plans to expand visas for 'guest workers,' fines against employers who hire illegal immigrants and tough border security measures." The Senate "voted 73-25 to cut off debate and move ahead to final passage, probably by today." The Washington Times (5/25, Hurt, 90K) notes three Democrats, "Sens. Byron L. Dorgan of North Dakota, Robert C. Byrd of West Virginia and Ben Nelson of Nebraska -- joined 28 Republicans to try blocking the bill on spending concerns, but they fell 10 votes short of the 41 needed to succeed."

The Washington Post (5/25, A3, Babington, 744K) headlines its story "Fragile Senate Coalition Set To Pass Bill On Immigration," and says "the very mixture of get-tough and be-kind measures that have made Senate approval possible could prove the biggest obstacle to reaching an accord with the House, where conservatives are determined to secure the borders before tackling other matters." Senate "leaders said their coalition is fragile, and it may be hard pressed to survive changes that House members signal they will demand this summer." The New York Times (5/25, Swarns, 1.19M) runs a similar story under the headline "Immigration Bill Backed In Senate, Setting Up Clash," reporting "with passage of the Senate legislation on track, senators and Bush administration officials quickly turned their attention to wooing the House. For the second straight week, the administration dispatched Karl Rove, the president's political adviser, to a meeting of House Republicans to press Mr. Bush's case for an approach broader than theirs."

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The story was covered by CBS and NBC last night, while ABC did not cover it. The CBS Evening News (5/24, lead story, 1:50, Attkisson, 7.66M) reported, "The Senate tomorrow is expected to approve what has come to be called the 'roots approach.' The longer an illegal immigrant has been here, the easier it is to stay. But House leaders today said they won't go along." Tomorrow's Senate vote "sets up a showdown between the House and the Senate with two bills that have almost nothing in common, and if they can't come to an agreement, even after all of this, nothing gets done." NBC Nightly News (5/24, story 7, 0:55, Reid, 9.87M) also says "the hard part" will be "reaching an agreement with the House."

The CBS Evening News (5/24, story 2, 3:05, Schieffer, 7.66M) reported, "The Senate bill contains a little-known provision that would put immigrants who serve at least two years of active duty in the US armed forces on a fast track to citizenship. This one was written by Senator Barbara Mikulski of Maryland in response to the tragic case of one immigrant soldier who was killed in Iraq" before his citizenship was approved.

The Wall Street Journal (5/25, Lueck, 2.11M) reports "members of a bipartisan coalition backing the bill overcame another attempt by conservatives to derail it yesterday, on the grounds that it exceeded spending limits. Senators voted 67-31 to block the challenge."

Taking a pessimistic view of the bill's chances of reaching the President's desk, the Los Angeles Times (5/25, Gaouette, 958K) headlines its report "Little Progress Made on Immigration Deal." Says the Times, "As the Senate headed for a final vote on immigration policy today, the rift between the administration and House Republicans on the issue seemingly deepened Wednesday as GOP lawmakers rebuffed attempts by White House aide Karl Rove to win their support for the broad overhaul endorsed by President Bush."

The Christian Science Monitor (5/25, Chaddock, 61K) reports "US senators are pushing the pedal to the metal on the first overhaul of immigration policy in two decades. The trouble is, no one is quite sure what's in it. The quickened pace in recent days has helped the Senate get to 'yes' on the 614-page bill -- a final vote is expected this week. And it's given senators a rare chance to actually legislate. But it's also produced several surprises that have caught members off guard. … In the end, the Senate raised the number of visas for high-tech workers from 65,000 to 115,000 a year. But with an automatic 20 percent escalator clause in the bill that could mean an additional 3 million foreigners will compete with American workers for high-tech jobs in the US during the next 10 years. … It's one of the many possibly unintended consequences in a bill that could have a vast impact on America's economy and society."

House Republicans Challenge Rove On Bush Immigration Proposals. The Hill (5/25 O'Connor) reports, "Several House Republicans gave White House Deputy Chief of Staff Karl Rove an earful yesterday about their strong opposition to any immigration-reform bill that includes an avenue for citizenship." Rove, "making his second appearance in two weeks at the weekly gathering of House Republicans…fielded a series of questions — and comments — from the assembled members one week after his 15-minute presentation on the issue left many members unsatisfied." Members and staff said "most of the members spoke in harsh terms and openly challenged Rove on President Bush's rationale for pushing a comprehensive reform bill."

House GOP Said To Face Political Costs With, Without Passage Of Immigration Bill. The Los Angeles Times (5/25, Hook, 958K) reports Rep. Mark Souder was "hammered by constituents for his moderate stand on illegal immigration" and "this month got 7,100 fewer votes in the GOP primary than in 2004, when he ran against the same challenger. His experience helps explain why so many House Republicans adamantly oppose any compromise that would allow illegal immigrants to earn legal status. They have concluded it could be political suicide to give ground to the Senate immigration bill, expected to pass today, which would do just that." Souder said, "The Senate bill would be worse than nothing." The Times adds other Republicans "fear a different political risk — that the party would suffer if it came up empty-handed after the long, emotional debate on immigration that has spilled from Capitol Hill into the streets of major cities."

McCain Believes House, Senate Should "Work Something Out." Sen. John McCain was asked on CNN's Larry King Live (5/24) about the status of the immigration bill in the Senate. McCain said, "We're on the home stretch. We'll probably pass it tomorrow morning. We have invoked cloture, which means you've only got a limited amount of hours before we vote final passage. Several more contentious amendments, but I think we're pretty well going to merge as the basic proposal went in." Asked if the House would go along with the measure, McCain said, "You know, I'm very

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encouraged by some of the comments that some of the House members have been making lately. They understand that we shouldn't leave this issue unaddressed. I mean, it's a terrible problem. It has to do with national security and many other aspects of American life. And I've seen some good comments out of the House. And there's no reason why we shouldn't sit down and be able to work something out."

Rohrabacher Blasts Senate "Shamnesty" Bill. GOP Rep. Dana Rohrabacher writes in the Washington Times (5/25, 90K), "Right now, the Senate is desperately trying to convince the American people that their immigration bill is something else -- anything else -- than what it is: a massive amnesty for all 15 million to 20 million illegal aliens without any meaningful enforcement provisions. This same open-borders crowd that has betrayed the American middle class for years is hoping to fool us again." This "shamnesty" bill "spells out the level of contempt the Senate has for middle-class Americans."

"Liberal House Republicans" Said To Be Increasingly Opposed To "Path To Citizenship." The Washington Times (5/25, Hurt, 90K) reports, "Liberal House Republicans are taking an increasingly tough stance on immigration reform and are more determined than ever to delete the portions of the Senate bill that grant citizenship rights to more than 10 million illegal aliens." Rep. Christopher Shays, described as "one of the most liberal Republicans in Congress," said, "I don't want to see a bill come to the floor of the House that gives them a path to citizenship." This is "a change from three weeks ago, before Mr. Shays attended 18 community meetings in his district, where the questions invariably turned to immigration. At the first meeting, he told a group of constituents that he supported providing a path to citizenship to illegals. Not anymore."

NYTimes Says Hastert Making Partisanship "A Sweeping Dogma." The New York Times (5/25, 1.19M) editorializes, "After all the legislative hash that the Republican Congress has made of immigration policy, the worst is yet to come. Any workable compromise that a bipartisan mix of senators may manage this week must, perforce, run into negotiations with House obstructionists. And none are more hard-core than Speaker Dennis Hastert." He "stands waiting with his triumphalist decree that no bill, even one fairly balancing border protection and enlightened naturalization law, can be put to a vote unless a majority of his Republican caucus -- not some larger majority of, yes, the people's House -- agree to it. … In the past, leaders of Democratic majorities did not hesitate to elbow Republicans out of play on issues and keep them on a leash. But bipartisanship always had a chance to prevail, while the Hastert doctrine makes partisanship a sweeping dogma."

LATimes Says Senate Should Pass Now "Disfigured" Immigration Bill. The Los Angeles Times (5/25, 958K) says in an editorial that the Senate's "more comprehensive approach -- tougher border security coupled with ways to address the nation's labor needs via a guest worker program and the legalization of millions of workers already in the country -- is sensible, although the bill being voted on is a rather disfigured version of the original legislation sponsored by Sens. John McCain and Edward M. Kennedy." But "senators should vote to support this bill. And then they should brace themselves for a contentious conference with the House, where not even Karl Rove can get much of a hearing when he asks for support for immigration reform."

Border Fence Seen As Bad Idea. In a USA Today op-ed (5/25), Robin Hoover of Humane Borders says, "Border fences might contribute to a perception of stability in border communities as far as local law enforcement is concerned, but they do not deter border crossers in the whole. They move migrants around a bit, but the U.S. Border Patrol union opposes the walls precisely because they are ineffective."

USA Today Backs Border Wall In High-Traffic Areas. USA Today (5/25, 2.31M) says in an editorial, "There are many reasons fences won't solve the nation's illegal immigration problems. And yet they have an undeniable logic as part of the solution. Sections of the U.S.-Mexico border are so inundated with illegal crossings that to not build a fence is tantamount to giving up. In the areas along the border south of Tucson, the Border Patrol is apprehending almost half a million people a year. While fence opponents often speak of the negative symbolism of walling off the border, the absence of any meaningful barriers in high-traffic areas is highly symbolic itself. It conveys the unmistakable message that the United States isn't serious about stemming the tide of illegal immigration."

Will Calls For Ending Bilingual Ballots. In his Washington Post column (5/25, A29), George Will says, "Declaring English the national language is a mere gesture. But by ending bilingual ballots, American law would perform its expressive function of buttressing, by codifying and vivifying, certain national assumptions and aspirations. Among those is this: The idea of citizenship becomes absurd

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when sundered from the ability to understand the nation's civic conversation."

Four Of Five Potential Republican '08 Candidates To Vote For Senate Bill. The AP (5/25, Sidoti) reports, "Call it an early, conservative rehearsal for the 2008 campaign for the Republican presidential nomination, four senators supporting a chance at citizenship for millions of illegal immigrants, one opposed." Sen. Sam Brownback said, "Some call it amnesty. I call it probation and parole." The AP adds Brownback is "willing to push back against conservatives — many of whom presumably will vote in primaries and caucuses in 20 months' time." Sen. John McCain, "echoing Brownback's view as well as the one espoused by President Bush," said, "In poll after poll after poll, Americans support earned citizenship and a comprehensive solution." Sen. George Allen, "seeking re-election in Virginia as well as maneuvering toward a White House bid, begs to differ." Allen said, "There are a lot of practical, principled problems with this and I am not voting for this. It rewards illegal behavior." The AP adds, "Four of five potential GOP presidential candidates — Brownback, McCain, Sen. Chuck Hagel of Nebraska and Senate Majority Leader Bill Frist of Tennessee — are betting the wiser vote is in favor of the bill."

African Americans, Hispanics Clashing. The Christian Science Monitor (5/25, Wood, 61K) reports, "In cities where almost half of the young black men are unemployed, a debate is raging over whether Latinos - undocumented and not - are elbowing aside blacks for jobs in stores, restaurants, hotels, manufacturing plants, and elsewhere." Hispanics and blacks "tend to gravitate to the same inner-city areas and low-skill labor markets - and the result is a clash over jobs that require less skill and less education, experts say." Vernon Briggs, "a Cornell University professor who researches immigration policy and the American labor force," said, "In this era of mass immigration, no group has benefited less or been harmed more than the African-American population." The Monitor adds, "Yet a precise relationship between the presence of immigrants and the loss of black jobs has not been clearly proven in research. Rather, the influx of legal and illegal immigrants has been so massive that it has affected the internal migration of native-born Americans to the point where 'economists have given up trying to prove a one-to-one-displacement,' says Dr. Briggs."

Immigrant Students Lobby Congress For Temporary Legal Status. The Washington Times (5/25, Summers, 90K) reports Marie Gonzalez, "a model student at her Jefferson City, Mo., high school," was "one of about 70 immigrant and illegal-alien students from across the country who lobbied on Capitol Hill yesterday, sharing photos and personal stories in an effort to rally co-sponsors for the DREAM Act, a House bill that would allow temporary legal status to illegal-alien students who have been living in the United States for at least five years. The act would allow the students to complete a university degree program or serve time in the military and eventually apply for permanent residency." The students, "who included illegal aliens whose visas have expired and U.S.-born citizens who have illegal-alien parents or siblings, also urged lawmakers not vote for any bill that would lead to the separation of families."

First National Guard Troops To Be Deployed To US-Mexico Border. The AP (5/25, Baldor) reports the "first wave of about 800 National Guard soldiers will head to the U.S-Mexico border next week, including planners and leadership personnel who will stay longer than the planned 21-day missions, the National Guard chief told lawmakers Wednesday." Lt. Gen. Steven Blum "said 200 soldiers are preparing to go to each of the four border states — California, Texas, Arizona and New Mexico — around June 1. He said the initial troops will be part of a longer-term force of project managers who will stay on the job over time to provide continuity in the new border program."

Knight Ridder (5/25, Brown) reports Bush Administration officials "have provided a number of details about the border security plan in the past week, but testimony by Blum and other officials before the House Armed Services Committee was some of the most in-depth explanations of how it's supposed to work." Blum said "that the troops deployed at any given time would represent less than 2 percent of available Guard forces. About 71,000 National Guardsmen are in Iraq out of a total force nationwide of 445,000 part-time soldiers and airmen." He added that "no forces will come from states that are likely to experience hurricanes this year."

Snow Says Bush Is Acting Quickly On Border Security. White House Press Secretary Tony Snow was asked on CNN's Lou Dobbs Tonight (5/24) why the US border remains so porous four years after the 9//1 attacks. Snow said, "The question is not why we have it, it's how we fix it, and that's what the President is talking about. When the President went before the nation -- what was it -- nine days ago, the first thing he talked about is figuring out the smartest and best way to patrol the borders. That means that some places will need

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fences, some places will need sensors. One thing we're sure we need is a lot more Border Patrol agents, and so he's getting to work on that right away. … So for everybody out there who says we need to do border security first; the president agrees, he wants to get started within the next couple of weeks."

Border Patrol Increased Faster, Apprehended More Aliens Under Clinton. The Washington Times (5/25, Dinan, 90K) reports the US Border Patrol "increased at a faster rate and apprehended more illegal aliens per year under President Clinton than under President Bush, according to statistics from a new, unpublished congressional research briefing report." President Bush "trails his predecessor on a series of measures of border security, says the briefing from the Congressional Research Service to the House Judiciary Committee, which was based on Department of Homeland Security data." Clinton "increased the number of Border Patrol agents and pilots by 126 percent over his eight-year term, or an average of 642 per year, while Mr. Bush has averaged 411 new agents per year through 2005, for a total increase of 22.3 percent over his tenure." Although Bush "last week said his administration has caught and returned 6 million illegal aliens, that's actually a drop from any five-year period during Mr. Clinton's administration, the briefing says."

Schwarzenegger Ready For "Temporary" National Guard Deployment. The Los Angeles Times (5/25, Nicholas, Vogel, 958K) reports Gov. Arnold Schwarzenegger "said Wednesday he was prepared to deploy National Guard troops to the Mexican border — but only temporarily — as part of a national effort to curb illegal immigration." Speaking on "the eve of a visit by Mexican President Vicente Fox, Schwarzenegger said in the clearest statement yet of his intentions that he would discuss border security with Fox and press the Bush administration for answers before making a final decision but that his inclination was to send the Guard for border patrols." The Times adds Democrats "quickly denounced Schwarzenegger's position and said the timing was poor."

Citizenship Verification Plan Said To Rely On Faulty Federal Database. The Washington Post (5/25, A1, Witte, 744K) reports in a front page story that a "federal database program with a checkered track record could dramatically expand to affect every U.S. employer and worker under provisions of the immigration legislation being considered by Congress." The program is "intended to keep illegal immigrants from working in the United States and to discourage more from entering, but in nearly a decade of small-scale tests, it has had trouble distinguishing between those who are here legally and those who are not. Fixing it and rolling it out nationwide could cost more than $1 billion."

Minuteman Founder Feels Vindicated. USA Today (5/25, Wagner, 2.31M) reports Chris Simcox, "co-founder of the Minuteman border watch movement, is feeling vindicated." President Bush "last week ordered 6,000 National Guard troops to the Mexican border, a move the 45-year-old former kindergarten teacher says is long overdue." Simcox said, "We feel that's a victory, but it's not nearly enough." He says "at least 30,000 troops are needed," and "that's why he'll press his war over illegal immigration." Simcox has "propelled himself to the forefront of America's angst-filled debate over illegal immigration."

Fox Calls For "Orderly" Flow Of Migrants. The AP (5/25, Vergakis) reports Mexican President Vicente Fox "said Wednesday that immigration is the most pressing challenge to the relationship between his country and the United States, but is also their greatest opportunity." On the second day of his four day US trip, Fox said "building a wall on the border is not the answer to illegal immigration into the United States." Speaking at a special session of the Utah legislature, Fox said, "Since the beginning of my administration, the government of Mexico has promoted the establishment of a new system that regulates the movement of people across our border in a manner which is legal, safe and orderly." The AP adds that after "his appearance in Utah, Fox flew to Washington state to meet with farmers in the Yakima Valley and Oregon Gov. Ted Kulongoski before moving on to Seattle. After that, he is expected to address California lawmakers and meet with Gov. Arnold Schwarzenegger and Los Angeles Mayor Antonio Villaraigosa."

The Los Angeles Times (5/25, Verhovek, 958K) reports with "immigration issues front and center before the U.S. Congress, Mexico's president made an emotion-laden visit to this agricultural valley" of Yakima "in central Washington state Wednesday, telling hundreds of farmworkers at an apple orchard that "we miss you very much in Mexico." Greeted by "a 13-piece mariachi band and a boisterous, cheering crowd in an area where nearly half the population is Latino, most with ties to Mexico," Fox "used the second day of his four-day U.S. trip to highlight support for what he called an 'orderly' guest worker program." Fox "received a generally warm welcome from legislators and business leaders in Utah and

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Washington state, where Gov. Christine Gregoire met him at the Yakima airport."

Mexican Border Agents Have Little Power To Stop Migrants. The New York Times (5/25, McKinley, 1.19M) reports Mexican border patrol agents "cannot arrest the migrants, or hold them for long, because they are breaking no Mexican law, unless he can prove they are paid guides." The agents "acknowledge they do little to stop the migrants on the Mexican side. Indeed, they hand out literature containing tips on how to survive in the desert and what to do if apprehended in the United States. They see their mission as saving lives, keeping people from dying in the desert."

Illegal Immigrants Using Drainage Pipes To Enter San Diego. The Los Angeles Times (5/25, Marosi, 958K) reports the "vast labyrinth of drainage pipes under Otay Mesa, a booming commercial area of San Diego 15 miles southeast of downtown" is a "23-mile network" leading "to about 500 manholes scattered across about three square miles. From those openings into the bowels of the city, mud-covered migrants crawl out into streets, busy intersections and parking lots, creating a dizzying guessing game for U.S. Border Patrol agents." Agent Joe Perez said, "They're popping up all over the place." The Times adds, "The migrant traffic below truck-clogged streets and new office parks underscores the persistence and desperation of people faced with crossing one of the most heavily fortified sections of the border."

Some Immigration Experts See Border Wall As Positive Development. The New York Times (5/25, Thompson, 1.19M) reports the debate in the United States over building a wall on the US-Mexico border "has started some Mexicans thinking it is not such a bad idea. Nationalist outrage and accusations of hypocrisy over the prospect have filled airwaves and front pages in Mexico, as expected, fueled by presidential campaigns in which appeals to national pride are in no short supply. But, surprisingly, another view is gaining traction: that good fences can make good neighbors." The "clamorous debate over a border wall has confronted President Vicente Fox of Mexico at every stop during a visit to the United States that began Tuesday. While he did not publicly endorse the idea, he made clear that his government was prepared to live with increased border security as long as it comes with measures that opened legal channels for the migration of Mexican workers." Several immigration experts "have even begun floating the idea that real walls, not the porous ones that stand today, could be more an opportunity than an attack. A wall could dissuade illegal immigrants from their perilous journeys across the Sonora Desert and force societies on both sides to confront their dependence on an industry characterized by exploitation, they say."

Cuban Man Wrongly Convicted Of Rape Faces Immigration Fight. The AP (5/25, Davis) reports, "A Cuban man wrongly convicted of a 1982 rape must still answer to a federal immigration judge for not obtaining proper U.S. residency status and convictions for burglary, possession of a firearm and loitering, authorities said." The AP continues, "Orlando Bosquete, who came to the United States in the 1980 Mariel boat lift, could be deported because he never became a legal U.S. resident, Immigration and Customs Enforcement spokeswoman Barbara Gonzalez said Wednesday." The AP adds, "He also broke immigration rules when he was convicted in 1995 of burglary, possession of burglary tools and possession of a firearm, according to a U.S. Justice Department notice to appear. The report also cites a 1988 conviction for loitering. … In all three cases, Bosquete, 52, was an escaped convict on the run from a 55-year sentence for a rape authorities now say he didn't commit. … Bosquete was set to be released from prison Tuesday after DNA evidence proved he did not rape the Key West woman in 1982. He was sentenced to 55 years in prison after the victim identified him in a darkened parking lot from the back of a police cruiser more than 20 feet away."

TAX:

GAO Study Finds Charities Owe Back Taxes. A GAO report to be released today has found that more than 1,200 charities that participate in the Combined Federal Campaign owe federal taxes. The Washington Post (5/25, A14, Salmon, 744K) reports, "The study found that although most of the delinquent charities owed less than $10,000, 15 owed significant amounts. One mental health clinic diverted $1.5 million it owes in payroll taxes to pay salaries, the report said. A health care provider that has received more than $2 million in federal grants owes more than $400,0000 in taxes and penalties on late payroll taxes, it said. A museum has underpaid its payroll taxes by $100,000. The study did not identify the charities."

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CONGRESS-ADMINISTRATION:

Zoellick's Departure From "Subordinate Position" Imminent. In continuing coverage of reporting that began Tuesday night, the New York Times (5/25, Brinkley, 1.19M) reports that Deputy Secretary Zoellick "intends to resign…after barely 15 months in the job, aides and associates said Wednesday." The Times adds that "from his first days at the State Department, Mr. Zoellick has chafed at his subordinate position, frequently remarking that he was finding the adjustment difficult after running his own office during four years as" US Trade Representative. And "friends said, Mr. Zoellick had at times felt marginalized at the State Department, where his subordinates, including R. Nicholas Burns, an under secretary of state, manage most of the major issues, including matters related to Iran, Iraq, the rest of the Middle East and North Korea." The Times calls Burns "the logical front-runner to take Mr. Zoellick's job," but adds that Deputy Treasury Secretary Robert Kimmitt is "also under consideration."

The Washington Times (5/25, Kralev, 90K) says "a State Department official acknowledged that rumors had spread but said no announcement about Mr. Zoellick had been made to people in the building." The official "speculated that the deputy secretary might have received an offer he could not refuse, as was the case with Margaret Tutwiler, who was undersecretary of state for public diplomacy for a few months in 2004 before becoming vice president of the New York Stock Exchange." Zoellick's aide "noted that his boss surprised many in Washington last year when he agreed to become Miss Rice's deputy after holding a Cabinet-level position during President Bush's first term."

Editor Of Conservative Magazine To Be Bush Domestic Policy Advisor. The AP (5/25, Pickler) reports, "In the latest White House personnel changes, the editor of a conservative magazine will replace Claude Allen, the domestic policy adviser who left in February amid a shoplifting investigation." The White House "announced the appointment Wednesday of Karl Zinsmeister, who has been editor-in-chief of The American Enterprise magazine for 12 years." According to The American Enterprise Web site, Zinsmeister "has traveled to Iraq as an embedded journalist, writing three books about his experience there and writing and producing a forthcoming PBS film called 'Warriors' that profiles US troops." He "once worked for Democratic Sen. Daniel Patrick Moynihan of New York, the Web site said."

The New York Times (5/25, Bumiller, 1.19M) says Zinsmeister "is not in the mold of many other White House aides who have longtime ties to Mr. Bush or Republican administrations. 'He's probably exactly what the White House needs, which is fresh blood and an endless supply of ideas,' said Kevin A. Hassett, a colleague of Mr. Zinsmeister's and the director of economic policy studies at the American Enterprise Institute, a conservative policy group." But "it is unclear whether Mr. Zinsmeister will give his new White House job any clout because Karl Rove, the president's powerful political aide, has effectively operated as Mr. Bush's chief domestic policy adviser for the past five and a half years."

The Washington Post (5/25, A4, Fletcher, 744K) reports Bush said in a statement, "Karl has broad policy experience and a keen insight into many of the issues that face America's families and entrepreneurs, including race, poverty, welfare, and education. He is an innovative thinker and an accomplished executive. He will lead my domestic policy team with energy and a fresh perspective."

In an editorial, the Washington Times (5/25, 90K) says, "As founder and longtime editor in chief of the American Enterprise, Mr. Zinsmeister is an inspired choice, much like former radio host and Fox News anchor Tony Snow being named press secretary. We have no doubt that he will bring the same thoughtful conservative analyses to domestic affairs as he exhibited in running one of the country's finest publications for more than 10 years."

Schumer Seeks Floor Debate On Schwab Confirmation. CQ (5/25, Van Dongen) reports, "President Bush's nominee for US trade representative may run into trouble on the Senate floor." Though Republicans hoped to get Susan Schwab confirmed by voice vote before Friday's recess, CQ says "some Senate Democrats are talking about a debate and a floor vote on her nomination." On Wednesday, Sen. Chuck Schumer said he wants a debate, which CQ says "would give Democrats another opportunity to attack what they describe as the administration's 'failed' trade policy."

Snow Says Separation From Fox News Is "Clean Break." The Washington Times (5/24,

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Caterinicchia, 90K) reported yesterday that one of the "first questions Tony Snow was asked at his inaugural White House press briefing concerned his ties to previous employer Fox News." Snow said, "It was a clean break." Snow said he "had about two years left on his Fox contract when he resigned. He described the process he went through to leave the News Corp. company." His last day "on the Fox books was May 7, and he officially became a White House employee May 8. Mr. Snow said government rules precluded him from receiving any future payouts or employment considerations from Fox."

Paulison Nomination Hits Snag Over Tax Deductions. The AP (5/25, Jordan) reports Sen. Susan Collins maintained yesterday that "any irregularity is cause for concern with a presidential nominee," but said "questionable deductions on three years of tax returns" by acting FEMA director R. David Paulison were not likely to "hinder his approval as permanent chief." However, Sen. Joe Lieberman "said 'it's hard to say' whether the concerns would slow the confirmation." FEMA spokesman Aaron Walker said Paulison's returns had been "prepared by a private accountant who apparently gave Paulison bad advice."

The Wall Street Journal (5/25, Block, 2.11M) reports "Paulison drew praise and generally favorable reviews until the questions over the deductions came up. It wasn't clear the purpose or value of the deductions." They "were discovered late Tuesday night, and came as a surprise to both the Department of Homeland Security and Mr. Paulison, DHS officials said." The Journal adds, "A derailed confirmation would be a major blow to the White House and the DHS which is stepping up efforts to shore up federal response capability before the 2006 hurricane season starts June 1."

Reichert Says Removing FEMA From DHS Not A "Comprehensive Solution." Rep. Dave Reichert, in his Congress Blog In The Hill (5/25), writes that while "everyone in Washington, DC, agrees" that FEMA "is broken," there is a lack of agreement on "how to fix it." Reichert adds that some have called for FEMA's removal from DHS, which may "look good politically…, but…is not a comprehensive solution." Reichert continues, "FEMA must be strengthened and given a more accurate mission and the resources and authority to carry it out, and its efforts must be integrated with those of local authorities who respond to disasters. Along with my colleagues from the House Committee on Homeland Security, I introduced bipartisan legislation that would do just that, creating a 21st century approach to emergency management."

Army Corps Near Goals For Levee Repair; Assessors Say It May Not Be Enough. The New York Times (5/25, Schwartz, 1.19M) reports, "In a breathless finale that has been called one of this generation's greatest adventures in civil engineering, the Army Corps of Engineers has all but completed its repairs to this city's ruined levee system." And though "the corps has largely achieved its goal, independent engineers say it is the goal that is the real problem." Raymond Seed, a professor of engineering at the University of California, Berkeley, "and other experts who have studied the crazy quilt of levees, flood walls, pumps and gates that have been in the process of being built for more than 40 years now say that they were never adequate to protect hundreds of thousands of people in an urban setting and that the levees themselves are now known to be fundamentally flawed."

Secret Feud Over Clinton-Era Case Blamed For Goss Effort To "Purge" CIA Operatives. In an exclusive on Newsweek's (5/24) web site, Mark Hosenball writes that Newsweek has discovered new details about "a purge of top [CIA] operatives shortly after [Director Porter] Goss's arrival in 2004. A bitter secret feud over a Clinton-era counterintelligence case was apparently a major motivation behind the loss of those seasoned intelligence veterans, sources say. … The secret feud revolves around how CIA management, led by former director George Tenet, handled a 1999 counterintelligence problem that arose as a result of the Clinton administration's bombing of Belgrade to oust Serbian dictator Slobodan Milosevic. Though the counterintelligence investigation ended years ago, egos and reputations were so deeply bruised that participants on both sides of the dispute (who spoke to NEWSWEEK anonymously because the matter is still considered sensitive) still fume when discussing the case. The CIA declined to comment on the matter."

Supreme Court Clerks Predominately White Males. The Legal Times (5/25, Mauro) reports, "The intense competition for Supreme Court clerkships has been compared more than once to a market that responds to economic forces. … If the analogy works, then it has been a very bullish year for clerkship futures." The Times continues,

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"Think of it: A former high court clerk, John Roberts Jr., has succeeded another former clerk, William Rehnquist, as chief justice. Two excellent books have just been published on the history and power of clerks, also adding luster to the job. … The resignation May 10 of Judge J. Michael Luttig from the 4th U.S. Circuit Court of Appeals abruptly shut off a major pipeline of high court clerks, intensifying competition among other judges. Luttig has sent 43 of his 45 law clerks to the Supreme Court in the past 15 years." The Times adds, "Cap that with reports of law firm hiring bonuses of $200,000 for former clerks, and the job's luster seems brighter than ever. … But as high court clerkships drift ever upward into the stratosphere of earthly rewards to which young lawyers can aspire, one stark reality persists: Recipients of this prize are overwhelmingly white, and mostly male. … Eight years after attention was first called to the dearth of minorities among high court clerks, it appears that only three of the 37 clerks serving at the Court this term are nonwhite. No Hispanics or Native Americans seem to be among the ranks of law clerks, and not a single African-American male. … Viewed another way, it appears that all of the clerks are white in the chambers of seven of the nine justices. Only Justices Clarence Thomas and Stephen Breyer have hired minorities this term."

Administrative Judges Oppose Linking Pay To Performance. The Washington Post (5/25, D4, Barr, 744K) reports in its "Federal Diary" column, "When it comes to federal pay, should there be consistency or equity inside government? Should pay hinge at least in part on job performance? Are there jobs where performance cannot be measured or rewarded in the usual way?" These questions "played out in miniature recently before a House subcommittee looking at pay and retirement benefits of administrative law judges. … ALJs think they got left behind two years ago after the Bush administration and Congress overhauled the pay system for the Senior Executive Service, and they would like to be paid at a rate that is comparable to the SES rate. ALJs also oppose linking their pay to performance factors, contending that their jobs must be seen as independent of political pressure and the whims of their agencies."

Congress To Miss Memorial Day Deadline For Supplemental Spending Bill. The AP (5/25, Taylor) reports congressional Republicans "will miss a Memorial Day deadline set by the White House to complete work on a huge bill to supply new funds for troops overseas and hurricane victims at home." Even though "closed-door talks between top House and Senate negotiators had produced a series of tentative agreements, obstacles such as President Bush's $1.9 billion request for a new border security initiative are proving too difficult to resolve before Congress leaves Friday for a weeklong Memorial Day recess." House Appropriations Committee Chairman Jerry Lewis said, "We are going to take the necessary time to develop the right product that is narrowly focused on the war on terrorism and hurricane recovery." Lewis "said an agreement would be reached soon after Congress returns in early June." The AP adds that just last week, "the White House sent lawmakers a letter saying that it is 'critical' that the measure — which ballooned from Bush's $92.2 billion request to almost $109 billion during its consideration by the Senate — be enacted before the end of May."

The Wall Street Journal (5/25, Rogers, 2.11M) reports conferees' failure to reach agreement on the supplemental spending bill is "adding to recent tensions with the White House." The "slow progress has irritated the Bush administration, which submitted its initial requests more than three months ago. The Pentagon, and especially the Army, has been counting on the money to replenish operations accounts strained by the accelerated pace of spending in Iraq. Mr. Lewis said the services 'informed us they can tolerate a delay into June.'"

House GOP Unity Seen As Dissolving. The Wall Street Journal (5/25, Rogers, 2.11M) reports last week "ought to have been a good one for Republicans in Congress: The House passed a budget, President Bush signed more tax cuts and immigration legislation advanced in the Senate with the blessing of the White House." But "within days of the budget passing, Republicans fell into an ugly spending fight, impugning one another's honesty and patriotism on the House floor. Public resentment of oil-company profits, meanwhile, opened the door to a rout by environmentalists on the first 2007 appropriations bill. Even an elaborately staged tax-cut publicity event unraveled at the foot of the Capitol steps." The "budget infighting, the muddled news conference and the floor debate over federal lands can't be ignored: Democrats lost power in 1994 when they kept fighting among themselves, oblivious to their House burning around them."

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Unfunded Government Retirement Benefits Reach $57.8 Trillion. USA Today (5/25, Cauchon, 2.31M) reports a USA Today analysis shows "taxpayers owe more than a half-million dollars per household for financial promises made by government, mostly to cover the cost of retirement benefits for baby boomers." Federal, state and local governments "have added nearly $10 trillion to taxpayer liabilities in the past two years, bringing the total of government's unfunded obligations to an unprecedented $57.8 trillion. That is the equivalent of a $510,678 credit card debt for every American household. Payments on this delinquent tax bill must start soon if financial promises to the elderly are to be kept."

Senate Leaders Snub Lieberman, Collins In Naming Lobbying Overhaul Conferees. Roll Call (5/25, Newmyer) reports that with "a number of ethics-related probes of lawmakers intensifying, Senate leaders moved this week to put new momentum behind an overhaul of lobbying rules by naming negotiators to work out differences in the long-stalled bills." The five negotiators "are Republican Sens. Trent Lott (Miss.), Ted Stevens (Alaska) and Majority Whip Mitch McConnell (Ky.) and Democratic Sens. Chris Dodd (Conn.) and Daniel Inouye (Hawaii)." The move "cut out two lawmakers key to shaping the Senate measure — Homeland Security and Governmental Affairs Chairman Susan Collins (R-Maine) and ranking member Joe Lieberman (D-Conn.) — drawing a fresh round of criticism from ethics watchdogs." Also "absent from the conference committee will be Sen. John McCain (R-Ariz.), a noted voice on reform issues who introduced the base bill on which the lobbying reform measure was built."

FDA Chiefs Overruled Staff On Morning After Pill. The Los Angeles Times (5/25, Alonso-Zaldivar, 958K) reports that court transcripts to be released today show that the last two appointees to head the FDA "were closely involved in decisions to overrule the agency's medical reviewers and block the 'morning-after' birth control pill from being sold without a prescription." Last year, Lester M. Crawford "personally took the decision away from his top subordinates, according to depositions of two senior Food and Drug Administration officials. And at an earlier stage in the process, his immediate predecessor as FDA commissioner, Mark B. McClellan, raised objections that formed the basis for overruling medical reviewers." The Times adds, "The transcripts provide the most detailed look yet at an internal review that some critics say has been tainted by politics."

OTHER NEWS:

Sales Of New Homes Up 4.9%, But Number Of Homes On Market Hits Record. NBC Nightly News (5/24, story 6, 2:45, Williams, 9.87M) reported, "Fed Chairman Ben Bernanke said last week the once scorching housing market is now cooling off in an orderly way. New numbers out today on new home sales seem to back up that assessment, while sales of new single family homes increased by a higher than expected 4.9% last month. There is also a more sobering statistic here. The backlog of unsold homes hit a record 565,000. It would take almost six months to sell off all that inventory in homes, and that already has some homeowners worried about housing on the bubble."

Under the headline "New Signs Of A Slowing Economy In 2 Federal Reports," the New York Times (5/25, Peters, 1.19M) reports, "New-home sales rose last month, but failed to keep up the robust growth pace of March. The home sales numbers, along with a second government report yesterday that showed a steep decline in orders for durable goods, were seen as pointing to a softening economy." But "the numbers did little to reassure investors hoping that the economic data would encourage the Federal Reserve not to raise interest rates when it meets next month." The Wall Street Journal (5/25, Whitehouse, 2.11M) and USA Today (5/25, Kirchhoff, 2.31M) run similar reports.

The Washington Post (5/25, D3, Crutsinger, 744K) runs a more positive assessment of the home sales data, reporting, "Sales of new homes rose unexpectedly in April to the fastest pace this year as the housing sector showed resilience in the face of rising mortgage rates."

Stock Markets Break Losing Streak, Close With Small Gains. NBC Nightly News (5/24, story 9, 0:10, Williams, 9.87M) reported, "On Wall Street here in New York today, the Dow was up almost 19 points [to close at 11,117.32], Nasdaq up 10 1/2 [to close at 2,169.17]." USA Today (5/25, 2.31M) notes the Standard & Poor's 500 also rose 1.99 points to 1258.57. The Wall Street Journal (5/25, McKay, 2.11M), among other sources, also reports the stock numbers.

More Commentary On Economy. Bob Herbert writes in the New York Times (5/25, 1.19M), "You don't hear much

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from the American worker anymore. Like battered soldiers at the end of a lost war, ordinary workers seem resigned to their diminished status. The grim terms imposed on them include wage stagnation, the widespread confiscation of benefits (including pensions they once believed were guaranteed), and a permanent state of employment insecurity." He adds, "For an unnecessarily large number of Americans, the workplace has become a hub of anxiety and fear, an essential but capricious environment in which you might be shown the door at any moment."

NLRB Decisions Could Restrict Union Membership For Some. The Wall Street Journal (5/25, Maher, 2.11M) reports a series of legal decision currently pending before the National Labor Relations Board could restrict union representation for some workers, and "deal a major setback to the struggling labor movement's efforts in growing areas of the economy such as health care." The cases "will help define when nurses and other workers qualify as supervisors, who are excluded from collective-bargaining rights under labor law. The U.S. Chamber of Commerce has argued that unions currently organize many workers who fit the definition of supervisor under the law. The board's five members were appointed by President Bush, and organized labor has criticized its recent decisions as pro-business."

Firms Gave To Groups That Provided Free Trips For Judges. The Washington Post (5/25, A27, Weiss, 744K) reports that the Community Rights Counsel, a nonprofit Washington law firm, has released records showing that two organizations that have provided free trips to hundreds of federal judges received large contributions from tobacco, oil and other corporate interests. The Montana-based Foundation for Research on Economics and the Environment (FREE) and George Mason University's Law & Economics Center "previously said corporate money does not pay for the judges' seminars or declined to disclose their donors." But the documents "show that corporations including Exxon Mobil, Philip Morris and R.J. Reynolds Tobacco have contributed tens of thousands of dollars toward these programs."

Parties' Efforts To Recruit Congressional Candidates Examined. USA Today (5/25, Lawrence, 2.31M) reports Democrat Lois Murphy's decision to run for a Pennsylvania House seat "was a small early victory in the Democrats' drive to break the GOP's 12-year hold on the House of Representatives: She already had shown she could raise money and draw votes." Long before "anyone casts a vote, recruiting can determine the fate of a party. The goal is a strong candidate in every winnable race, but recruiters often fall short." The "competition is intense. Recruiters often target the same people — Republicans and Democrats tried at various points for ex-Redskins quarterback Heath Shuler, now running as a Democrat for a House seat in North Carolina. And there's no single formula for persuading someone to run."

Rothenberg Sees Mounting Evidence GOP Control Of House At Risk. In his Roll Call column (5/25), Stuart Rothenberg says, "While there is plenty of evidence that voters are dissatisfied with the president, Congress and the direction of the nation, I am finally seeing a significant amount of evidence at the local level — in polling data and in recent primary election results — that the national mood is having an impact on incumbents." Incumbent GOPers "are taking more of the heat, and they are likely to suffer far more in November." In Pennsylvania, "state legislators who supported a pay raise for the three branches of state government, including themselves, fell like flies in the state's May 16 primary. But the federal race that raised eyebrows involved the 10th Congressional district, where veteran Republican Rep. Don Sherwood (who admittedly has unique problems of a personal nature) squeezed out a 56 percent to 44 percent primary win over a prohibitive underdog." In addition, a "number of early polls now suggest greater vulnerability among Republican incumbents this cycle than I had previously assumed." Democratic polls "in Republican-held districts such as California's 11th (Richard Pombo), Indiana's 8th and 9th (John Hostettler and Mike Sodrel), Pennsylvania's 10th (Sherwood), Kentucky's 4th (Geoff Davis), and North Carolina's 8th and 11th (Robin Hayes and Charles Taylor) show Democrats running better against GOP incumbents than they should if this were a "normal" election cycle. In some of these districts, the Democrat is essentially unknown but running well ahead of his or her name identification." The "best evidence that the national GOP meltdown is affecting individual Republicans may well be North Carolina's 11th district, where Taylor is facing Democratic challenger Heath Shuler." Rothenberg adds, "And that's why Republicans in 2006 are starting to look like the Democrats in 1994."

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Abramoff Scandal Takes Toll On Burns. Roll Call (5/25, Duran) reports national Democrats "may consider Sen. Conrad Burns (R-Mont.) the poster boy for the Jack Abramoff scandal and in deep trouble politically. But back home in Big Sky country, he's just Conrad — and doing just fine." Eastern Montana "is Burns' stronghold, and if watching him work the crowd" at the Bucking Horse Sale "is any indicator, the folks out here don't seem too eager to buck the three-term Senator from office." But while Burns "vehemently denies that he did any favors for Abramoff, the allegations have taken a toll. His poll numbers have sunk and the Democrats are doing everything they can to make sure he does not rebound. The Montana Democratic Party, aided by the Democratic Senatorial Campaign Committee, began airing television commercials last August raising the question of whether Burns broke the law."

McCain Returns Contributions To PAC. The Washington Post (5/25, A15, Cillizza, 744K) reports Sen. John McCain (R-Ariz.) "returned $20,000 in campaign contributions from two prominent Texas businessmen after staff members for his political action committee discovered that there was an investigation into one of their companies." The donations "were made to Straight Talk America -- McCain's leadership political action committee -- by Sam and Charles Wyly, billionaire brothers who have been major players in Republican fundraising for years. Each cut a $5,000 check to Straight Talk, as did Sam's wife, Cheryl, and Charles's son, Charles III." The "contributions drew notice because the two brothers bankrolled Republicans for Clean Air, a soft-money 527 group that attacked McCain for his environmental record during his 2000 presidential campaign." The Wylys "are the subject of state and federal investigations centered on their transfer of revenue from stock options to offshore family trusts."

Roll Call (5/25, Kane) reports the "much-hyped detente between Sen. John McCain (R-Ariz.) and big Texas donors to President Bush ran into an embarrassing snag last month, prompting the Senator to return $20,000 in donations from the Wyly family after realizing they were being investigated by federal tax authorities." McCain, whose "active courtship of Bush's financial network has been widely promoted by his political aides, gave back the checks from Sam and Charles Wyly Jr. and other relatives after his political action committee's 'vetting system' turned up multiple probes into the Wylys regarding their offshore holdings on the Isle of Man."

Gore Says He Has No Plans To Run For Office. The AP (5/25) reports Al Gore is "talking as if he has ruled out another run for the presidency. 'I don't intend to be a candidate ever again,' the former Democratic presidential candidate said in an interview broadcast Wednesday." But the AP adds Gore "then invoked the time-honored language of politicians who know it's perhaps folly to categorically rule anything out." On NBC's Today Show, Gore added, "I've said I'm not at the stage of my life where I'm going to say never in the rest of my life will I ever think about such a thing."

NBC Nightly News (5/24, story 5, 3:55, Brokaw, 9.87M) reported, "The Vice President's film tonight, which is called 'An Inconvenient Truth', is a stylish and compelling video version of an argument that he's been making for a long time that global warming is real and it's getting worse. But, to many of his former political allies, this is a film about more than global warming." Gore is "suddenly everywhere again, the leading man in a new documentary that graphically describes the realities and consequences of global warming." Gore's "high-profile involvement in this film and in other public appearances these days is causing a political buzz. Already your friends and admirers are saying to me, after seeing the film, he's running again." Gore: "I have no intention of being a candidate again." Brokaw: "No intention or a firm commitment?" Gore: "Well no intention, no plans, and I am involved in a kind of campaign but it's not for candidacy, Tom. It's a campaign to change the minds of the American people."

Gore May See Buzz About Political Prospects As Way To Boost Film. ABC World News Tonight (5/24, story 10, 2:20, Vargas, 8.78M) reported, "Al Gore is back with a new kind of campaign, not a political one, but one for his signature cause. Mr. Gore is the star of a new documentary about global warming. Intended or not, it's got a lot of people talking about Al Gore." ABC (Harris) added, "The movie is creating buzz. But will it create results? The producers say it will help shift the debate on an issue, that's never been at the top of the national to-do list. But documentaries rarely create real social change. And it's unclear whether the people who need convincing will go see it." The substance "may be overshadowed by speculation about whether the movie's a spring board for a presidential run. Some Democrats are encouraging Gore, because they're worried about Hillary

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Clinton's chances." Gore says "he's not running. But hasn't said he won't run. One commentator recently said, perhaps Gore isn't using the buzz from his movie to boost his presidential prospects. Maybe he's using the buzz from his presidential prospects to boost his movie and his cause."

Broder Notes "Buzz" During Clinton Speech Was About NYTimes Story On Her Marriage. David Broder writes in the Washington Post (5/25, A29, 744K), "The two sides of Hillary Rodham Clinton -- the opposites that make her potential presidential candidacy such a gamble -- came into sharp focus Tuesday morning at the National Press Club." The "buzz in the room was not about her speech -- or her striking appearance in a lemon-yellow pantsuit -- but about the lengthy analysis of the state of her marriage to Bill Clinton that was on the front page of that morning's New York Times. … Three times in the question-and-answer session, she referred to her husband as 'Bill,' praising him for seeing that his library in Little Rock incorporated a lot of energy-saving features. Other than that, the elephant in the room went unmentioned."

Feith Met With Hostility By Georgetown Faculty. Under the headline "Faculty's Chilly Welcome for Ex-Pentagon Official," the New York Times (5/25, DeParle, 1.19M) reports, "The move to a teaching position at the School of Foreign Service at Georgetown by [Douglas] Feith, a former Pentagon official, set off a faculty kerfuffle, with 72 professors, administrators and graduate students signing a letter of protest, some going as far as to accuse him of war crimes." Feith has received a "two-year appointment" (ineligible for tenure) from the school dean and the Georgetown provost.

Reagan, Bentsen Comments Cited As Classic Political Put Downs. The Washington Post (5/25, C1, Copeland, 744K) examines rhetorical put downs, citing the late Sen. Lloyd Bentsen's debate comment to Dan Quayle, 'Senator, you're no Jack Kennedy,'" and late President Ronald Reagan's, "There you go again" line to then-President Jimmy Carter as examples of "yo-momas from which no one can recover." The Post adds, "The perfect put-down is a checkmate, and the smart opponent…will laugh and concede the round."

WSJournal Eulogizes Bentsen. An editorial in the Wall Street Journal (5/25, 2.11M) eulogizes former Sen. Lloyd Bentsen, who died earlier this week. The Journal remembers Bentsen "as the Senate Democrat who helped make the supply-side revolution possible. … To his credit, Bentsen was willing to consider new ideas, even some offered by non-establishment thinkers. He became, at a crucial moment, a convert to the supply-side policy mix of tighter money to re-establish price stability and tax cuts to lift incentives to work and invest. … Lloyd Bentsen was what used to be known as a growth Democrat, or what we like to call a Jack Kennedy Democrat."

Former NTSB Chief Warns Secondary Roads Being Neglected. Former National Transportation Safety Board chairman Jim Hall, who now heads Hall & Associates LLC, a safety and security consulting and government relations firm, in an op-ed in USA Today (5/25, 2.31M) warns that legislators are increasingly building new toll roads to pay for infrastructure, but ignoring the impact on secondary roads. Hall states, "Now is the time for leadership at the federal and state levels to require a percentage of toll road profits to be used to improve the safety of secondary roads. Otherwise, we will be traveling down a very dangerous road, indeed, creating two classes of safety: safe highways for drivers with money, and unsafe roads for the rest."

Rice Rules Out Direct Talks With Tehran As Snow Is Seen As Hinting At Possibility. USA Today (5/25, Slavin, 2.31M) runs a story headlined "White House Hints At Talks With Iranians," reporting "the Bush administration said Wednesday it might talk to Iran about the nuclear issue but only if Iran suspends its uranium enrichment program. 'When that happens…then there may be some opportunities,' White House spokesman Tony Snow said." Snow "declined to give details other than to say the talks would include other countries."

The New York Times (5/25, Weisman, 1.19M) reports the Administration yesterday "rejected calls for a direct dialogue with Iran over its nuclear program and declared that the United States had taken steps toward closing differences with Europe, China and Russia on a package of incentives and threats of punishment for the Iranian government. After a day of talks in London on a package" of incentives, Secretary Rice "said more work needed to be done in coming days or weeks. 'The London meeting had good progress. We did not expect that they were going to finalize all matters, and I think they're still working on some matters.'"

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The Washington Times (5/25, Sands, 90K) says that while the Bush Administration "yesterday rejected the idea of direct talks with Iran," it "is facing increasing calls from allies, policy experts and even Mr. Bush's fellow Republicans to consider the first direct talks with Iran's Islamic regime since the 1979 seizure of the U.S. Embassy in Tehran." Snow, says the Times, "said the United States would not even consider face-to-face negotiations until Iran bowed to international demands to halt its uranium enrichment program, a critical step in the development of nuclear weapons." AFP (5/25) also says "the White House, under growing pressure to have bilateral talks with Tehran, insisted there would be no direct negotiations with Iran unless it suspends its uranium enrichment program."

The AP (5/25, Gearan) reports Rice "said talks Wednesday on perks and penalties meant to stop Iran from pursuing nuclear activities that the West fears could produce a bomb produced 'good progress,' suggesting the United Nations could act soon if Tehran remains defiant. Meanwhile, the possibility of direct talks between Iran and the United States appeared distant despite back channel overtures from Iran and additional pressure on Washington from its negotiating partners and others." Rice had been meeting with IAEA head Mohammed El-Baradei, who "told reporters the United States alone must decide if it wants to sit down for direct talks with Tehran, something the Bush administration has rejected as premature at best. White House press secretary Tony Snow ruled out direct talks at least until Iran ends all uranium enrichment, which Iran has refused to do, and allows international inspections."

The Financial Times (5/25, Dombey, Dinmore) keys on continuing US-Russian disagreement, saying, "Moscow and Washington failed to overcome their differences over Iran's nuclear programme yesterday, with a meeting of top diplomats in London unable to agree on what sanctions or incentives to present to the Islamic republic. … With speculation continuing that a diplomatic impasse could lead to a US military strike on Iran, the EU believes both threats and incentives are necessary to convince Tehran to halt development of the nuclear fuel cycle." The Times adds that Undersecretary Burns "also spoke to diplomats from Canada, Japan and Italy about possible sanctions and counter-proliferation measures, a US official said, signalling US efforts to broaden its coalition."

More Commentary On Iran. Yale professor Abbas Amanat writes in the New York Times (5/25, 1.19M), "It is easy to label Iran's quest for nuclear energy a dangerous adventure with grave regional and international repercussions. It is also comforting to heap scorn on President Mahmoud Ahmadinejad for his earlier denial of the Holocaust and his odious call for the obliteration of the state of Israel. … Yet there is something deeper in Iran's story than the extremist utterances of a messianic president and the calculated maneuvering of the hard-line clerical leadership that stands behind him. We tend to forget that Iran's insistence on its sovereign right to develop nuclear power is in effect a national pursuit for empowerment, a pursuit informed by at least two centuries of military aggression, domestic meddling, skullduggery and, not least, technological denial by the West."

Morton Kondracke writes in Roll Call (5/25), "Even though Secretary of State Condoleezza Rice is pursuing a diplomatic track to stop Iran from going nuclear, Bush's liberal critics are demanding an even more generous (or 'realistic') stance: A US offer of direct negotiations and a possible 'grand bargain' including security guarantees. Right-wingers, for their part, advocate preparations for military strikes." He adds, "I come down thinking that Bush ought do it all vis-à-vis Iran: Unleash the US ambassador to Iraq, Zalmay Khalilzad, to explore openings with Iran for a grand deal, while also keeping up the diplomatic drive for stiff economic sanctions and preparing to bomb (or let Israel bomb) if nothing else works."

Olmert Impresses Congress With Anti-Terror Talk, Separation Plan. Several major newspapers featured coverage of Israeli Prime Minister Ehud Olmert's address to a joint session of Congress. Most of the stories remark on the positive reaction on the Hill to the Prime Minister's speech. The AP (5/25) reports Olmert told Congress "that Israel would be a 'willing partner in peace' with the Palestinians, but would draw its own borders in the West Bank should it conclude it has no negotiating partner." He "drew a sustained standing ovation when he declared, 'We will not yield to terror,' a reference to suicide attacks on Israelis such as those that killed a 16-year-old American high school student observing the Passover holiday in Israel this year." Olmert "said the West Bank withdrawal is vital to Israel's security and the cause of peace and cannot go forward without U.S. support," and "called on the moderate Palestinian president, Mahmoud Abbas, to seek a negotiated solution -- the preferred route for both Mr. Olmert and President Bush."

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The Washington Post (5/25, A21, Branigin, 744K) says Olmert "urged the Palestinian Authority to meet his terms for peace talks or face a unilaterally imposed settlement in the West Bank, and he warned that a nuclear-armed Iran would constitute 'an intolerable threat' that he said 'cannot be permitted to materialize.'" Olmert "acknowledged Palestinians' 'national aspirations' and asserted that Israel has no desire to rule or oppress them. But he said Israel cannot wait indefinitely for the Palestinians to become acceptable negotiating partners, and he outlined" his unilateral disengagement plan. He "was repeatedly interrupted by ovations," and "stressed common ideals and said the United States and Israel share resolve to confront 'the scourge of suicide terrorism.'"

The New York Times (5/25, Erlanger, 1.19M) says Olmert "left Washington for home late Wednesday a pretty happy man. He was embraced by President Bush and reassured about Iran, and he received 16 standing ovations from a joint meeting of Congress for a speech that was strong on emotion and rhetorically tough on terrorism and Iran. More important, Mr. Olmert received just enough presidential support for his main initiative -- another unilateral pullback of Israeli settlers, from a large portion of the West Bank — to satisfy an Israeli public that craves American approval and respect." The Times says, however, that "those around Mr. Olmert were a little disappointed, too, that the American embrace of what Mr. Olmert is calling realignment was so tepid and conditional, especially given that the task of pulling some 70,000 Israeli settlers out of the West Bank will dwarf, in emotional cost as well as numbers, the much-praised withdrawal from the Gaza Strip." Knight Ridder (5/25, Douglas), Financial Times (5/25, Morris) and Washington Times (5/25, Fagan, 90K) run similar reports.

More Commentary On Olmert's Speech. The New York Times (5/25, 1.19M) editorializes, "Speaking to Congress yesterday, Mr. Olmert said Israel was willing 'to negotiate with a Palestinian Authority.' He added, 'In a few years they could be living in a Palestinian state, side by side in peace and security with Israel.' We'd like to see that, too. We only hope that Mr. Olmert and Mr. Bush realize that there will not be peace in the Middle East unless the Palestinians have a say in creating a state that can function."

Key Abbas Security Aide Assassinated. The Washington Times/AP (5/25, Barzak) reports Nabil Hodhod, "a Gaza security chief loyal to the Palestinian president was killed Wednesday when his car blew up, the second attack on a top commander in less than a week. There was no claim of responsibility, but the explosion came at a time of an increasingly bloody power struggle between President Mahmoud Abbas' forces and those of the Hamas-led government." The AP calls Hodhod "the highest-ranking official to be killed in a week of violent incidents, sparked by Hamas' fielding of its own militia in defiance of a ban by Abbas. Two other senior security officers have been targeted."

Israeli Raid Leads To Riot In Gaza Strip. The Los Angeles Times (5/25, King, Abukhater, 958K) reports, "Violence spread Wednesday from the volatile Gaza Strip to the West Bank, where Israeli troops shot dead four Palestinians in this usually placid city after a riot broke out during an Israeli arrest raid." The fighting in Ramallah, "the Palestinians' administrative and commercial capital, was the most intense in the city since a massive Israeli military incursion into the West Bank four years ago when they laid siege to the late Palestinian leader Yasser Arafat's compound. Now forays by Israeli troops into the city center are rare, particularly during daylight hours." The New York Times (5/25, Myre, 1.19M) and Washington Post (5/25, A21, Wilson, 744K) run similar reports.

Novak Says Hyde Urging Bush To Act On Behalf Of Palestinian Christians. Syndicated columnist Robert Novak (5/25) writes this morning that Rep. Henry Hyde "is pleading the case of endangered Palestinian Christians to President Bush." Hyde "said in a letter sent Friday to the White House: 'I cannot be blind when Israeli actions seem to go beyond the realm of legitimate security concerns and have negative consequences on communities and lands under their occupation.' He urged the president to take up this issue with Israeli Prime Minister Ehud Olmert on his Washington visit this week." Hyde also sent the White House a report "prepared by his staff based on visits to Israel and Palestine over the past two years" that said the "Israeli security wall and expanding Jewish settlements in the West Bank…'are irreversibly damaging the dwindling Christian community.'" Novak notes, however, "There is no sign that Bush studied the House report or even that it made its way through an unsympathetic National Security Council staff into his hands. … 'It would be helpful,' says the Hyde report, 'if the United States Government committed itself to working with the Israeli government to end support for and prevent the establishment of new realities on the ground, which complicate a negotiated solution over Jerusalem, destroy its multicultural identity and

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constitute an increase in the political volatility of the city.' But will George W. Bush be that helpful?"

WHO Investigating Indonesian Avian Flu Cluster Outbreak. As World Health Organization investigators continue to investigate whether the avian flu deaths of eight family members in Indonesia were caused by human transmission of the virus, media coverage continues to mount. All three networks and the nation's dailies dedicated extensive coverage to the WHO's investigation which has raised the possibility that the H5N1 virus has mutated and could cause a pandemic.

ABC World News Tonight (5/24, story 3, 2:20, Litke, 8.78M) reported, "By the time medical investigators began reaching the remote village, nearly all the victims had been buried and many of the villagers were too grief-stricken, and too frightened, to recall events, making the mystery that much difficult to solve." There "have been a few cases of human-to-human virus in Asia. Between mother and child. Between patient and health worker. But those are clusters of two. This case involves up to eight victims. What also troubles the World Health Organization, no one has found the original source of the outbreak."

On ABC World News Tonight (5/24, story 4, 0:55, Vargas, 8.78M), medical editor, Dr. Tim Johnson, said the fact that virus samples so far show no mutations is "so far, very reassuring. And the second fact that it hasn't spread since two weeks ago, in the village or in the families of the village, is also I think very reassuring. If this has mutated into a pandemic virus, would have spread to hundreds, probably thousands of cases."

The CBS Evening News (5/24, story 4, 1:55, Schieffer, 7.66M) reported, "Romania is taking steps tonight to fight the spread of bird flu, putting dozens of communities under quarantine to contain a new outbreak. In Indonesia, it now appears likely the virus spread person-to-person among eight members of the same family, killing seven of them, but the World Health Organization says this does not mean that bird flu has mutated into a form that could cause a worldwide epidemic." Dr. Anthony Fauci, National Institute of Allergy & Infectious Diseases: "The important point that we should emphasize to the public is that in examination of the virus itself, there doesn't appear to be any of those molecular or genetic changes or mutations as we call them that are associated with what we would consider a better transmissibility from human-to-human."

In separate interview on CNN's The Situation Room (5/24) Fauci said, "The somewhat encouraging news thus far within the framework of a serious situation is that there have not been other cases outside of the family unit. In other words, not a casual contact, not any of the nurses or the doctors or others who were taking care of them. So this could be a reflection of one of those unusual cases where you do get a family cluster." And in yet another interview on ABC News' Nightline (5/24, Moran) Fauci was asked if the family cluster means we are "one step closer to a pandemic." Fauci responded, "No. It doesn't. It's something you have to take very seriously and observe. If the virus itself changed and we saw there was casual contact beyond what the family unit was showing us, then I would be concerned that the virus was evolving in a way that was more efficient."

NBC Nightly News (5/24, lead story, 2:30, Francis, 9.87M) reported, "No one else outside the family is ill, not friends or hospital workers. The peasants are as baffled as scientists. Was it from the poultry that roams free or the pigs that kids play with? The World Health Organization's top epidemiologist here says villagers finding a sick bird may have cooked and eaten it." Dr. Steven Bjore, World Health Organization epidemiologist: "There's no security cams out there that we can go back and look at to see where someone actually touched a bird. That's just not possible. So we're really working backwards as best we can in a difficult situation."

NBC Nightly News (5/24, story 2, 1:10, Bazell, 9.87M) reported, "The WHO had a containment plan that called for very severe action if it was only a cluster of five people with human-to-human transmission, but when they took a close look at the case and found that it was contained to this one family, they decided to step down. But if there are any more cases in this village that could change very quickly."

USA Today (5/25, D11, Manning, 2.31M) adds Julie Gerberding, director of the Centers for Disease Control and Prevention, said, "There is no sign of an impending pandemic," but conceded that this is "probably the third example where we've seen pretty good evidence" that the virus passed from one person to another. The Los Angeles Times (5/25, Chong, 958K) quotes WHO spokeswoman Maria Cheng as saying "investigators had not found H5N1 in the animals in that area, so the likely explanation is human-to-human transmission."

Meanwhile, the New York Times (5/25, Rosenthal, 1.19M) reports Dick Thompson, "a WHO official who arrived

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in Indonesia yesterday," said that it would "probably take a while to decide whether human-to-human transmission had occurred, because that determination was largely made by process of elimination."

Indonesian Findings May Raise Global Alert Level. The Washington Post (5/25, A21, Sipress, 744K) reports the World Health Organization "might soon convene an expert panel to decide whether an unprecedented human outbreak of bird flu in Indonesia should trigger a higher global alert for a possible pandemic," health officials said Wednesday. If the global alert status were increased, the Post says international stockpiles of antiviral drugs "would probably be shipped to Indonesia and travel from the country would be monitored in an attempt to contain the outbreak."

The Wall Street Journal (5/25, A6, Zamiska, 2.11M) quotes WHO spokeswoman Maria Cheng as saying, "What we're dealing with is possibly the first instance of second-generation human-to-human spread." In response, Cheng said the WHO is "considering convening a group of international experts, such as Nancy Cox from the US Centers for Disease Control and Prevention, to discuss the implications of the latest findings, including whether to raise the group's pandemic alert level." However, the Financial Times (5/25, Donnan, Jack) Cheng "stressed that there was no plan in the coming days to convene the international committee of experts that would determine whether to increase the agency's current risk assessment of the likelihood of a pandemic."

Bird Flu Fears Ignite Debate On Scientists' Sharing Of Data. As fears of an influenza pandemic grow, the Washington Post (5/25, A20, Brown, 744K) reports that a "struggle has emerged between experts who believe the latest genetic data on the H5N1 bird flu virus should be made public immediately and others who fear that such a policy would alienate the countries collecting virus samples and the scientists analyzing them." The issue "may come to a head this week" at the WHO's World Health Assembly in Geneva where health ministers from more than 190 countries will consider a resolution that would require them to provide flu data and virus samples to the scientific community "in a timely manner." If adopted, the Post says that "probably would end the current system whereby flu researchers decide when and how quickly crucial genetic data on the virus are made available to other scientists."

Saudi Arabia Now Flush With Petrodollars. ABC World News Tonight (5/24, story 5, 3:00, Sciutto, 8.78M) reported that "moment you land" in Saudi Arabia, "you see a kingdom of limitless oil wealth. A building boom. Luxury cars. Lavish shopping malls. On our trip, we were particularly struck by the expensive, new, Western-style bars and restaurants. Saudi Arabia is sitting on a fortune. With estimated oil reserves under desert sands worth more, if you can believe it, than the entire US economy." Civil servants' "salaries have gone up 15% in the last year, a direct result of the government's increased oil revenues. This is a country with oil money to spend, from the most grandiose infrastructure projects, to the smallest businesses." Gas prices "were just cut by one-third, to 61 cents a gallon. Cheap gasoline makes big SUVs, especially American-made ones, popular. Part of the reason is that at today's prices, a full tank of gas costs less than $25 US." Starting with the first oil boom in the 1970s, Saudis learned to take their oil wealth for granted," but "when oil prices dropped and the population ballooned, came unfamiliar problems -- poverty. 25% unemployment. King Abdullah is promising this oil boom will be different. One-third of his new record budget focuses on education."

Fire At Turkish Airport Destroys Cargo Facility. ABC World News Tonight (5/24, story 6, :25, Vargas, 8.78M) reported, "A spectacular fire at Turkey's largest airport, just outside Istanbul. The choking smoke shut one runway, disrupted flights, and forced 2,000 workers to evacuate. Tanker planes with sea water made 70 flights to douse the flames. Most of the airport's main cargo facility was destroyed and three people were injured. A short circuit may have started the fire."

Europeans Fear Creation Of Russia-Algeria Gas Cartel. Increased cooperation in the energy sector between Russia and Algeria is raising European fears that the two countries might form a gas cartel to control process. The Washington Times (5/25, Mihailescu, 90K) reports, "Top natural gas executives from the two countries announced last month that they were preparing a memorandum of cooperation that would cover joint efforts in the exploration, production and marketing of Algerian gas. Industry reports also say the Russian gas giant Gazprom has undertaken a project with Algeria's state-run gas company, Sonatrach,

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under which the latter would fulfill Russian contracts to deliver natural gas to France."

Japanese PM To Visit US. The AP (5/25) reports that Japanese Prime Minister Junichiro Koizumi will visit President Bush next month. During a June 29 meeting, the two leaders "will discuss the war on terror, security and prosperity in Asia and global economic issues, the White House said in a statement."

The Financial Times (5/25, Sevastopulo) reports that Koizumi "will visit Graceland, the former home of Elvis Presley, the King of rock and roll, as part of his farewell trip before stepping down as prime minister in September. In a highly unusual move, Mr Bush is considering accompanying Mr Koizumi to Memphis for the visit. Mr Bush decided to give Mr Koizumi, a huge Elvis fan, the Graceland trip to thank him for his support, including taking the politically difficult decision to send Japanese troops to Iraq." The Times also notes that "rolling out the red carpet for Mr Koizumi may also irk Chinese President Hu Jintao whose recent visit to Washington was marred when a protester managed to enter the White House and disrupt his South lawn arrival ceremony."

UN On Pace To Run Out Of Funds In July. The Washington Times (5/25, Pisik, 90K) reports that the UN "is on a pace to run out of funds months earlier than usual this year. The organization has regularly dipped into peacekeeping reserves to pay its operating budget for a month or two late in the year, while waiting for the United States to transmit the money it usually pays when its own fiscal year begins in October. But this year, a $950 million spending cap largely imposed by the Bush administration will have the organization run out of money as early as July, according to U.N. officials familiar with the organization's budget."

Venezuelan University Aims To Prepare Students For Social Activism. The Washington Post (5/25, A21, Reel, 744K) reports on the Bolivarian University of Venezuela, which provides a free education to the "massive underclass that [President Hugo] Chavez aims to empower through the social programs that have fed his domestic popularity. The school, the cornerstone of those programs, is aimed at educating millions and promoting the sort of social activism that Chavez says can help Venezuela's poor majority to overcome decades of oppression by the rich."

Morales Has Closely Aligned Bolivia With Venezuela. A front page story in the Wall Street Journal (5/25, De Córdoba, Luhnow, 2.11M) notes that since taking office as Bolivia's President, Evo Morales "has aligned his country so closely with Venezuela's Hugo Chávez that it is sometimes difficult to tell where one government begins and the other ends. … Bolivian opposition leader Jorge Quiroga, who lost to Mr. Morales in the presidential race, contends that 'we have become a colony of Venezuela.' Mr. Morales rejects that accusation, but refers to Mr. Chávez as Bolivia's 'godfather.'" The Journal adds, "For the U.S., Mr. Chávez's tightening alliance with Bolivia both threatens to undo years of political and economic liberalization in South America and is the latest in a series of energy-security threats. President Bush on Monday said he was 'concerned about the erosion of democracy' in Bolivia and Venezuela."

Polls Show African Support For Democracy Is Eroding. Multi-nation polls released yesterday show that Africans are growing increasingly frustrated with democracy. The Washington Post (5/25, A26, Timberg, 744K) reports, "Afrobarometer, a nonprofit polling project, reported that surveys conducted since 2000 have revealed a slow but steady deterioration in support for democracy, with particularly steep declines in Nigeria, Tanzania, Botswana and Uganda. Sixty-one percent of Africans surveyed said they regard democracy as preferable to other political systems. But the pollsters found that flaws in many democracies across the continent have undermined support for the concept."

Bono Continues Tour Of Africa. NBC Nightly News (5/24, story 10, 2:45, Williams, 9.87M) reported rock star Bono's tour of Africa "continued today" in "the West African nation of Ghana, where today Bono mixed humanity with policy. The man from Ireland who is greeted as a visiting head of government today met with the president of Ghana. He considers these high-level meetings a necessity but he prefers to approach the problem at the ground level." Most Africans "don't know who Bono is. They just know he's out to help them by raising billions, along with awareness."

Americans Accused Of Plotting Coup In Congo. Twenty-six security works, including three Americans, were arrested and jailed in Congo last week on suspicion of plotting a coup in advance of July's national

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elections. The Washington Post (5/25, A26, Timberg, 744K) reports, "Fifteen of the suspects are employed by a South African security company, Omega Security Solutions, whose parent company has offices in Pretoria, the South African capital. A company official said the detained Americans work for two U.S. companies that are arranging security and logistics for the campaign of a presidential candidate in Congo. The other suspects are Nigerians."

US Response To China's Military Buildup Seen As Inadequate. Dan Blumenthal, resident fellow in Asian studies at the American Enterprise Institute, writes in the Washington Post (5/25, A29, 744K), "The Pentagon's annual report to Congress on China's military power, released this week, reveals that Beijing's buildup has advanced well beyond what most analysts considered likely just 10 years ago. … But our China policy leaves us a day late and a dollar short when it comes to the challenge posed by the speed of Beijing's military buildup. … A policy seeking to shape China into a responsible global actor works only if you are willing to recognize when it is not working. That time may be fast approaching."

LATimes Says US Backing Somali Warlords "Repackaged" As Anti-Terror Fighters. An editorial in the Los Angeles Times (5/25, 958K) says that in Somalia, the US "appears to be supporting one group of Somali warlords, who have repackaged themselves as secular anti-terrorists, to fight another group of equally brutal Islamist Somali warlords. … The Bush administration fears that Al Qaeda operatives and 'foreign fighters' are profiting from Somalia's chaos to establish a beachhead in the strategic Horn of Africa. Even if these concerns are valid, arming thugs to fight a proxy war against Islamists is a clumsy game the U.S. is likely to lose." The US "should stick to its policy of trying to help create a government that can finally end the anarchy in Somalia."

UN Official Calls Continuing Hunger Around World "Unacceptable." James T. Morris, executive director of the UN World Food Program, writes in the Washington Post (5/25, A29, 744K), "Today I will brief a congressional committee on ways of dealing with a problem that has dogged mankind from the beginning: hunger. It's a problem that -- I'm pleased to say -- we have almost overcome in the United States. … So, to my mind, it is unacceptable that you need travel only a few hundred miles from our shores to find societies in which hunger is still a grim component of daily life."

WSJournal Praises Montenegrin Break With Serbia. An editorial in the Wall Street Journal (5/25, 2.11M) says, "The people of Montenegro (population 620,000) on Sunday chose to break up their union with Serbia -- all that was left of Yugoslavia -- and give birth to the Continent's 24th and 25th new nation-states since the end of the Cold War. As long as these decisions are freely, peacefully and constitutionally made, the more the merrier. … Montenegro's leaders plan to join the EU as soon as possible and attract investors with policies inspired by slightly larger Estonia. … The mushrooming of new states in Europe has tended, especially after the wars of the early 1990s, to coincide with the spread of freedom on the Continent. May it continue."

WPost Skeptical Of Burmese Regime's Promise Of Change. An editorial in the Washington Post (5/25, A28, 744K) says, "Burma's dictators may be willing 'to turn a new page in relations with the international community.' … But don't pop the champagne corks yet. The ruling junta has made many similar promises in the past, and it has yet to honor one." The Post adds that "there is no question that the people support Aung San Suu Kyi -- a Nobel Peace Prize laureate, wedded to nonviolence, committed to peaceful dialogue with the nationalities that Burma's regime seeks to wipe out. The U.N. Security Council ought to welcome positive statements -- and demand positive action."

THE BIG PICTURE:

Headlines From Today's Front Pages.

Los Angeles Times:

"Justices Restore Exit Exam."
"Homes In Katrina Condition."
"Angelides A Favorite Of Pension Fund Interests."
"An Immigrant Underground."
"Ramallah Erupts After A Long Lull."
"House GOP's Back Is To The Wall On Borders."
"Celebrities Crop Up At Farm Protest."

USA Today:

"Retiree Benefits Grow Into 'Monster.'"
"Doctors Will Transplant A Face — But Whose?"

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"Psychiatric Drugs Fare Favorably When Companies Pay For Studies."

New York Times:

"Immigration Bill Backed In Senate, Setting Up Clash."
"House Leaders Demand Return Of Seized Files."
"Levees Rebuilt Just In Time, But Doubts Remain."
"Families Add 3rd Generation To Households."
"Some In Mexico See Border Wall As Opportunity."
"Hussein's Former Envoy Gushes With Adulation On Witness Stand."

Washington Post:

"Return Of Jefferson Files Is Sought."
"In Rapt Courtroom, A Struggle Of Wills."
"Check On Workers' Status Would Expand."
"A Rare Stamp Reunited With Its Lost Love Story."
"Group Urges Takeover Of D.C. Agency For Disabled."
"Chavez Educates Masses At University In His Image."

Washington Times:

"Arrests Of Illegals Falls Off Clinton Pace."
"Murder Charges Likely In Iraq Raid."
"ADHD Drugs Take Toll On Minors."
"Regulators To Review Mortgage Practices."
"Russian, Algerian Energy Ties Spur Concern."
"Getting Kinky In Texas."

Detroit Free Press:

"Mom: Cops Failed To Act On OD."
"Your First Look At New Metro Terminal."

Atlanta Journal-Constitution:

"Alabama's Got A New 'Idol.'"
"Senate Set To Pass Illegals Bill."
"Border In Their Backyard."
"Pomp, Circumstance And Pronunciation."

Houston Chronicle:

"D.C. In Tug Of War On Immigration."
"Jury Seeks Exhibit Lists, Full Transcript."
"Down In The Delta, Going Is Slow."
"At 87, Legendary Principal Staying The Course."

Story Lineup From Last Night's Network News:

ABC: Abramoff Investigation-Hastert; Abramoff Investigation-Analysis; Indonesia-Avian Flu; Avian Flu-Analysis; Saudi Arabia-Oil Boom; Turkey-Airport Fire; CA Town-Wal-Mart; Back Therapy; Geography Bee; Gore Movie.
CBS: Senate-Immigration Reform; Soldier-Citizenship Efforts; Iraq-Marines Investigated; Indonesia-Avian Flu; Congress-FBI Search; Nursing Shortage; NASA-Satellite Launch; Private Spaceports; Commencement Speech Addresses; Injured Racehorse; NYC-Police Horses.
NBC: Indonesia-Avian Flu; Avian Flu-Analysis; Iraq-Maliki Interview; Iraq-Bush, Blair; Gore Movie; Housing Market; Senate-Immigration Reform; Congress-FBI Search; Stock Markets; Africa-Bono.

Story Lineup From This Morning's Radio News Broadcasts:

ABC: Senate-Immigration Reform; Indonesia-Avian Flu; American Idol Winner.
CBS: National Guard-US Border Deployment; Libby Case-Cheney Testimony; Jefferson Raid; Duke Rape Case.
NPR: Libby case-Cheney Testimony; Bush-Energy; Fox-US Visit; Iran-Nuclear Program; Foreign Stock Markets; MA-Catholic Health Care Service Executive Resigns; SC-Bauer Plane Crash; MD-Muhammad Trial.

WASHINGTON'S SCHEDULE:

Today's Events In Washington.

White House:

PRESIDENT BUSH — Remarks at Change of Command Ceremony for US Coast Guard Commandant, Fort McNair.

VICE PRESIDENT CHENEY — No public schedule.

US Senate: 9:30 a.m. FOREIGN RELATIONS _ full Committee. Hearing on restructuring the UN. UN Amb. John Bolton. Location: Room 216, Hart.

9:30 a.m. INDIAN AFFAIRS _ Full Committee. Hearing on Indian education. Associate Deputy Interior Secretary Jim Cason; Kevin Skenandore, Office of Indian Education Programs; Ryan Wilson, president, National Indian Education Association; Ivan Small, National Association of Federally Impacted Schools and superintendent, Fort Peck School District; Beth Kirsch, series producer, Between the Lions, WGBH; Bernie Teba, Native American liaison, New Mexico Children, Youth and Families Department, Santa Fe; David Gipp, president, United Tribes Technical College. Location: Room 485, Russell.

9:30 a.m. INDIAN AFFAIRS _ Full Committee. Hearing on Indian education. Location: Room 485, Russell.

9:30 a.m. JUDICIARY _ full Committee. Markup of pending legislation and votes on nominations. Location: Room 226, Dirksen.

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10 a.m. BANKING, HOUSING AND URBAN AFFAIRS _ Full Committee. Markup of pending legislation. Location: Room 538, Dirksen.

10 a.m. COMMERCE, SCIENCE AND TRANSPORTATION _ Full Committee. Hearing on S.2686 - Communications Act of 2006. Location: Room 106, Dirksen.

10 a.m. ENERGY AND NATURAL RESOURCES _ Full Committee. Hearing on the outlook for growth of coal fired electric generation and whether sufficient supplies of coal will be available in the near term and in the future. Howard Gruenspecht, Deputy Administrator EIA; Mac McLennan, Tri-State Generation and Transmission Association, Westminster, Colo.; David Wilks, Excel Energy Services, Minneapolis; others. Location: Room 366, Dirksen.

10 a.m. HOMELAND SECURITY AND GOVERNMENT AFFAIRS _ Full Committee. Votes on pending nominations. Location: Room 342, Dirksen.

10 a.m. SPECIAL AGING _ Full Committee. Hearing on pandemic flu preparations. Secretary of Health and Human Services Leavitt; Steve Cline, North Carolina Chief of Epidemiology; Nancy Donegan, Director of Infection Control at the Washington Hospital Center/MedStar. Location: Room G-50, Dirksen.

10 a.m. VETERANS AFFAIRS AND HOMELAND SECURITY AND GOVERNMENTAL AFFAIRS _ Full Committees. Joint hearing on the theft of VA record for 26.5 million veterans. Secretary Nicholson. Location: Room 342, Dirksen.

1 p.m. JUDICIARY _ Constitution, Civil Rights and Property Rights Subcommittee. Hearing on legally assisted suicide and euthanasia. Location: Room 226, Dirksen.

2:30 p.m. HOMELAND SECURITY AND GOVERNMENTAL AFFAIRS _ Federal Financial Management, Government Information and International Security Subcommittee. Hearing on the congressional role in federal financial management. Comptroller General David M. Walker; former OMB Director James C. Miller III; former CBO Director Douglas J. Holtz-Eakin; former Rep. Tim Penny; Chris Edwards, Cato Institute; Maya MacGuineas, New America Foundation. Location: Room 342, Dirksen.

3 p.m. FOREIGN RELATIONS _ Full Committee. Confirmation hearing on pending nominations. Location: Room 106, Dirksen.

US House: FLOOR SCHEDULE _ 10 a.m. Meets for legislative business. Highlights: H.R.5441 - Homeland Security Department Appropriations Act.

9 a.m. APPROPRIATIONS _ Full Committee. Markup the foreign operations and legislative branch appropriations bills. Location: Room 2359, Rayburn.

9 a.m. SAELECT INTELLIGENCE _ Full Committee. Closed, members only briefing on global hotspots. Location: Room H-405, Capitol.

9 a.m. VETERANS AFFAIRS _ Full Committee. Oversight hearing on the theft of Veterans Affairs data on 26.5 million veterans. Location: Room 334, Cannon.

9:45 a.m. SMALL BUSINESS _ Rural Enterprises, Agriculture and Technology Subcommittee. Hearing on charitable giving. Location: Room 2360, Rayburn.

10 a.m. ARMED SERVICES _ Terrorism, Unconventional Threats and Capabilities Subcommittee. Hearing on Defense Department preparations for the hurricane season. Assistant Secretary Paul McHale, National Guard Bureau Chief Lt. Steven Blum, Maj. Gen. Richard Rowe of the U.S. Northern Command, Retired Maj. Gen. Mark Bowen of the Alabama National Guard, and Maj. Gen. Douglas Burnett of the Florida National Guard. Location: Room 2212, Rayburn.

10 a.m. FINANCIAL SERVICES _ Oversight and Investigations Subcommittee. Hearing on the Office of Thrift Supervision. OTS Director John Reich; Michael Nolan, Chairman, Fifth District Savings Bank; Theodore Gurzynski, Pyramax Bank; Geoff Smith, Woodstock Institute. Location: Room 2128, Rayburn.

10 a.m. INTERNATIONAL RELATIONS _ Full Committee. Markup of pending legislation. Location: Room 2172, Rayburn.

10 a.m. JUDICIARY _ Full Committee. Markup of pending legislation. Location: Room 2141, Rayburn.

10 a.m. RESOURCES _ National Parks Subcommittee. Hearing on pending legislation. Location: Room 1324, Longworth.

10 a.m. SCIENCE _ Full Committee. Markup of pending legislation. Location: Room 2318, Rayburn.

10:30 a.m. BUDGET _ Full Committee. Hearing on the line item veto, with Patrick Toomey of the Club for Growth, Thomas Schatz of Citizens Against Government Waste, Edward Lorenzen of the Concord Coalition, James Horney of the Center on Budget and Policy Priorities. Location: Room 210, Cannon.

11 a.m. INTERNATIONAL RELATIONS _ Africa, Global Human Rights and International Operations Subcommittee. Hearing on food aid. Michael E. Hess, assistant administrator,

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USAID; Tony P. Hall, former U.S. ambassador to the United Nations Organization for Food and Agriculture; Sean Callahan, vice president, Overseas Operations, Catholic Relief Services. Location: Room 2172, Rayburn.

11 a.m. WAYS AND MEANS _ Oversight Subcommittee. Hearing on charities and employment tax compliance. Location: Room 1100, Longworth.

12 p.m. HOUSE ADMINISTRATION _ Full Committee. Hearing on the Smithsonian Business Ventures, including Smithsonian on Demand. Smithsonian Institution Secretary Lawrence Small, CFO Alice Maroni, General Counsel John Huerta, and Gary Beer of Smithsonian Business Ventures. Location: Room 1310, Longworth.

1 p.m. FINANCIAL SERVICES _ Full Committee. Hearing on executive compensation. Location: Room 2128, Rayburn.

2 p.m. HOMELAND SECURITY _ Prevention of Nuclear and Biological Attack Subcommittee. Hearing on U.S. efforts to get international assistance to prevent nuclear smuggling. Location: Room 2212, Rayburn.

2 p.m. INTERNATIONAL RELATIONS _ International Terrorism and Nonproliferation Subcommittee. Hearing on Pakistan's nuclear arms aid to North Korea. David Albright, president, Institute for Science and International Security; and consultant Leonard Weiss. Location: Room 2255, Rayburn.

2 p.m. JUDICIARY _ Immigration, Border Security and Claims Subcommittee. Hearing on the smuggling of aliens. Location: Room 2237, Rayburn.

Other: PRIME MINISTER TONY BLAIR OF THE UNITED KINGDOM _ Highlights: Meets with President Bush before and after a scheduled 7:30 p.m. joint news conference.

MEMORIAL DAY EVENTS _ Memorial Day-related events. Highlights: 1 p.m. House Republicans hold a Memorial Day rally. West Front Steps, Capitol. 4 p.m. Rep. Tom Davis sponsors a reception for the Gold Star Wives of America. Room 2154, Rayburn.

AVIATION INDUSTRY _ 8 a.m. - 3 p.m. The US Chamber of Commerce holds a summit on the state of the U.S. aviation industry, with FAA Administrator Marion Blakey, Sen. Ben Nelson, Rep. John Mica, US Airwaysa CEO W. Douglas Parker, retired American Airlines President Bob Crandall, Travel Industry Association President Robert Dow, and others. Location: 1615 H St. NW.

DEMOCRATS-HOMELAND SECURITY _ 9:45 a.m. - 2 p.m. Senate Democrats will host a major homeland security summit, bringing together lawmakers, leaders, and policy experts from across the country for events throughout the day to discuss what they say are the tough and smart solutions needed to protect America. Highlights: 9:45 a.m. Senator Hillary Rodham Clinton, Chair, Democratic Steering and Outreach Committee, Assistant Democratic Leader Richard Durbin, give opening remarks. 10 a.m. Dr. Robert Atkinson, President of the Information Technology & Innovation Foundation; Jamie Gorelick, Member, the 9/11 Commission; Ruth Ann Minner, Governor, State of Delaware; Michael O'Hanlon, Senior Fellow, the Brookings Institution, participate in a panel discussion on improving crisis communication. 12:30 p.m. Former Senator Bob Kerrey, Member, the 9/11 Commission and President, the New School, gives lunch keynote . 2 p.m. Dr. Irwin Redlener, Associate Dean, Columbia University Mailman School of Public Health; Director, National Center for Disaster Preparedness; Michle Flournoy, Senior Adviser, International Security Program, Center for Strategic and International Studies; Dr. Tara O'Toole, CEO and Director, University of Pittsburgh Medical Center, Center for Biosecurity; James Perkins, Jr., Mayor, Selma, Alabama; and Harold Schaitberger, President, International Association of Fire Fighters, participate in a panel discussion on post-Katrina emergency preparedness. Location: Room 902, Hart Senate Office Building.

RIGHT-LEFT DIVIDE _ 8:30 a.m. The Hudson Institute's Bradley Center for Philanthropy and Civic Renewal, others, hold a symposium with conservatives to discuss ideas that move American politics and the forces that shape ideological views, with Francis Fukuyama of Johns Hopkins University, Robert George of Princeton University, Tamar Jacoby of the Manhattan Institute, others. Location: Ritz-Carlton Hotel, 1150 22nd St. NW.

SCHOOMAKER _ 8:30 a.m. Army Chief of Staff Gen. Peter Schoomaker speaks at a breakfast sponsored by The Hill. Location: Thornton Room, Hyatt Regency-Washington on Captiol Hill, 400 New Jersey Ave. NW.

TAX REFORM _ 9 a.m. The American Enterprise Institute holds an event analyzing the President's Advisorty Panel on Federal Tax Reform's tax reform proposals, with Robert Carrtoll and Craig Johnson, both of the Treasury Department, Kevin Hassett of AEI and Rudolph Penner of Urban Institute. Location: 12th floor, AEI, 1150 17th St. NW.

YERXA _ 9 a.m. The Washington International Trade Association holds a breakfast meeting with WTO Deputy Director Rufus Yerxa. Location: Horizon Ballroom, Ground Level, Reagan Trade Center.

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SOCIAL SECURITY-BOOMERS _ 9 a.m. - 11 a.m. The National Academy of Social Insurance hosts a discussion seminar on ``Can We Afford Social Security When Baby Boomers Retire?" Location: National Press Club, First Amendment Lounge.

US-SWISS _ 9:30 a.m. US Trade Representative Rob Portman, Swiss Minister of Economic Affairs Joseph Deiss sign the U.S.-Switzerland Trade and Investment Cooperation Forum Agreement. Location: Indian Treaty Room, Eisenhower EOB.

MISSING CHILDREN-GONZALES _ 9:45 a.m. Attorney General Gonzales speaks at the Department of Justice National Missing Children's Day Awards ceremony. Location: Great Hall, main Justice.

COAST GUARD _ 10 a.m. Coast Guard change-of-command ceremony, with Adm. Thad Allen assumsing the position of Commandant. Homeland Security Secretary Chertoff participating. Location: Fort McNair.

NORTH KOREA _ 10 a.m. The US Commission on International Religious Freedom holds a briefing on North Korean refugees in China, with former USAID Administrator Andrew Natsios, Hiroshi Kato of the Life Funds for North Korean Refugees, and Joel Charny of Refugees International. Location: Room SC-4, Capitol.

SAME SEX MARRIAGE _ 10:30 a.m. - 11:30 a.m. The Alliance for Marriage holds a news conference in support of the Marriage Protection Amendment. With Senator Bill Frist; Matt Daniels, founder, AFM; and others. Location: LBJ Room, U.S. Capitol.

PELOSI _ 10:45 a.m. House Democratic Leader Nancy Pelosi holds weekly press conference. Location: Room H-206, Capitol.

IMMIGRATION-GOP OPPOSITION _ 11:15 a.m. Republican senators opposed to the Senate immigration compromise legislation will hold a press conference. Location: Senate TV/Radio Gallery.

METH LEGISLATION _ 11:30 a.m. Rep. Barbara Cubin and Sen. Jim Talent hold a news conference on meth legislation. Location: Cannon Terrace.

GASOLINE PRICES _ 12 p.m. Consumer Federation of America holds a telephone briefing to release a study of consumer attitudes toward gasoline prices and what consumers will do to reduce the dependence on foreign oil. A report on innovate steps necessary to achieve higher gas mileages also will be released. Notes: Callin number: 888-262-0101; passcode: Ask for CFA Energy Blueprint Press Conference.

POLICE-IRAQ-AFGHANISTAN _ 12 p.m. The American Enterprise Institute holds a session on police building in Iraq and Afghanistan, with Col. John Agoglia, Army War College; David Bayley, SUNY Albany; Ali Jalali, National Defense University. Location: 12th floor, AEI, 1150 17th St. NW.

IMMIGRATION-DAY LABORERS-UNIONS _ 12 p.m. - 2 p.m. The Laborer's International Union and the National Day Laborers Organizing Network hold a luncheon discussion for Spanish language journalists on immigration issues and how both organizations plan to work together to fight for immigrant worker rights and to create safer, more humane environments for workers. Location: Laborer's International Union, 905 16th St., NW.

JAMES-NATO _ 12:30 p.m. Gen. James Jones, NATO Supreme Allied Commander in Europe, speaks at a National Press Club luncheon. Location: National Press Club.

ENSIGN-PROTEST _ 1 p.m. Jon Stolz, executive director, Iraq and Afghanistan Veterans of America Political Action Committee appears at Sen. John Ensign's office to seek an apology for Ensign's remarks concerning those objecting to the Iraq war. Location: Room 356, Russell.

DEMOCRATS-GAS PRICES _ 2 p.m. House and Senate Democrats will hold a press conference at a local gas station to ``highlight the financial pain that Americans face daily and that Bush Republicans seem determined to ignore." They will unveil a report by the Center for American Progress that outlines the effect of rising gas prices on Americans earning the minimum wage. Location: Capitol Hill Exxon, 339 Pennsylvania Ave SE (corner of Pennsylvania Avenue and 4th Street SE).

DRUG FREE WORKPLACE _ 2 p.m. Labor Secretary Chao, labor union leaders, contractor associations, others, hold a signing ceremony to expand the existing multiunion Drug-Free Workplace Alliance. Location: Woodrow Wilson Bridge construction site.

LONG TERM CARE _ 2:30 p.m. Reps. Earl Pomeroy, Bruce Capito, Tom Allen, others, hold a news conference on long term care. Location: Cannon Terrace.

ELBARADEI-SECURITY _ 3 p.m. Mohamed ElBaradei, director general of the International Atomic Energy Agency and recipient of the 2005 Nobel Peace Prize will give a commencement address on the topic of ``Globalizing Security, A Challenge for Your Generation" for the graduating

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class of The School of Advanced International Studies (SAIS). Location: DAR Constitution Hall, 18th and D Sts. NW.

OLSON _ 5 p.m. Federal Reserve Board Governor Olson speaks on community development and the bigger picture. Location: Hispanic Theatre at the Tivoli, 3333 14th St. NW.

MCKINNON _ 6 p.m. - 8 p.m. The Center for Strategic and International Studies (CSIS) will hold a Statesmen's Forum featuring The Commonwealth Secretary General Don McKinnon. Location: CSIS, 1800 K St. NW, Conference Level B-1.

BRADLEY PRIZES _ 7 p.m. Presentation of the 2006 Bradley Prizes, honoring Fouad Ajami of the Johns Hopkins School of Advanced International Studies, Clint Bolick of the Alliance for School Choice, Hernando de Soto of the Institute for Liberty and Democracy and Shelby Steele of the Hoover Institution. Entertainment by Della Reese. Location: Kennedy Center.

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THE ATTORNEY GENERAL'S *NEWS BRIEFING*

PREPARED FOR THE OFFICE OF PUBLIC AFFAIRS, U.S. DEPARTMENT OF JUSTICE

TO: THE ATTORNEY GENERAL AND SENIOR STAFF

DATE: THURSDAY, MAY 25, 2006 7:45 AM EDT

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TERRORISM NEWS:

Lawyers Question Gonzales Justification For NSA Telephone Call Database. Attorney General Alberto Gonzales' legal justification for collecting domestic telephone records as part of the Bush Administration's domestic surveillance program is being questioned by civil liberties lawyers The Washington Post (5/25, A8, Pincus, 744K) reports that Gonzales cited the 27-year-old court ruling in Smith v. Maryland, noting, that 'those kinds of records do not enjoy Fourth Amendment protection.'" Noting that "Congress in 1986 passed the Electronic Communications Privacy Act in reaction to the Smith v. Maryland ruling to require court orders before turning over call records to the government, G. Jack King Jr. of the National Association of Criminal Defense Lawyers said Gonzales is correct in saying 'the administration isn't violating the Fourth Amendment' but 'he's failing to acknowledge that it is breaking" the 1986 law, which requires a court order 'with a few very narrow exceptions.'"

In an exclusive on its web site, Time (5/24, Dell) reported, "It remains an open question whether law enforcement obtaining the private phone records of Americans in this fashion is actually illegal. While most data brokers claim there is no specific law against the sale of phone records, as there is with banking records, and therefore it should not be illegal, the Federal Trade Commission and numerous state attorney generals disagree."

ACLU Asks States To Investigate Phone Companies. Meanwhile, the New York Times (5/25, Belson, 1.19M) reports that the ACLU is asking the utility commissions in 21 states to investigate whether phone companies turned over customer records to the NSA without warrants. The ACLU "is approaching the state commissions because they often monitor the privacy and abuse of customer data. The group said it also hoped to clarify whether local as well as long-distance calls had been monitored."

WPost Says Senate Panel Should Delay Markup Of Warrantless Wiretapping Bills. An editorial in the Washington Post (5/25, A28, 744K) says, "Today the Senate Judiciary Committee will consider bills on warrantless wiretapping. None should move. … We sympathize with members eager to get the program under some legal control. But action, in advance of real understanding of the surveillance, risks authorizing too much or failing to address the issues that led the administration to act outside of the Foreign Intelligence Surveillance Act, which regulates domestic electronic surveillance." The Post adds, "The goal of legislation should be to legitimize important surveillance by requiring judicial review, limiting the use of material collected to counterintelligence purposes and ensuring that irrelevant material is not retained. The best way for the Judiciary Committee to move toward this goal is to hold off on a markup and insist that it receive more information about the program -- so that it's not shooting in the dark."

FBI Seeking Interviews With House Members Over NSA Program Leak. Roll Call (5/25, Bresnahan, Kane) reports, "The FBI is seeking interviews with top House Members from both parties to determine whether they leaked details of the National Security Agency's domestic surveillance program to The New York Times, further fanning the flames of an already tense relationship between Capitol Hill and the Bush administration. Those being targeted for interviews include GOP and Democratic leaders, as well as the chairmen and ranking member of the Intelligence committee." Roll Call adds, "While acknowledging his support for rooting out those who leak classified information," House Intelligence Chairman Pete Hoekstra "expressed concerns over whether having the FBI question the lawmakers who oversee their agency would upset the balance of power between Congress and the administration."

Chertoff, McNulty Defend Administration's Anti-Terror Record. Two senior Administration officials yesterday defended the government's anti-terrorism record, saying agencies have been very successful in preventing terror attacks at home and abroad. The Washington Post (5/25, A8, Eggen, 744K) reports, "Deputy Attorney General Paul J. McNulty, in a speech at the conservative American Enterprise Institute in Washington, said the Justice Department has 'developed a strong record of success in the war against terrorism' -- citing prosecutions against admitted al-Qaeda conspirator Zacarias Moussaoui and other defendants around the country since the Sept. 11, 2001, attacks. In a separate meeting with editors and reporters at The Washington Post, Homeland Security Secretary Michael Chertoff said the government has made 'a significant amount of progress' in guarding against cataclysmic attacks and more limited operations, such as the Madrid commuter train bombings."

The Washington Times (5/25, Seper, 90K) reports that McNulty said the Justice Department "is committed to a new strategy of prevention -- from one of predominantly reaction to one of being proactive. He said the government is determined to prosecute cases immediately when an investigation reveals both a risk to national security and a violation of its laws. He said this 'aggressive, proactive and preventative course' is the only acceptable response."

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Columnist Questions Gonzales' Use Of Espionage Act Against Reporters. In a column distributed by Scripps Howard (5/25), Dale McFeatters writes, "Attorney General Alberto Gonzales told a TV talk show that the Justice Department was actively investigating the leak of the Bush administration's warrantless-wiretapping program and might prosecute the journalists who reported it. … 'There are some statutes on the book which, if you read the language carefully, would seem to indicate that that is a possibility,' he said." McFeatters continues, "Gonzales' reading of the law should be taken seriously because he has written or signed off on some of the administration's most questionable decisions - like the very same warrantless wiretapping of international calls and e-mails, when the Foreign Intelligence Surveillance Act seems to quite clearly say warrants are required. … He signed off on a memo that condoned brutal treatment, if not outright torture, of prisoners taken in the war on terror and declared U.S. laws banning torture inapplicable. And he declared the Geneva Conventions, the international treaty calling for humane treatment of prisoners of war, 'obsolete' and said that it too didn't apply to enemy combatants." McFeatters adds, "The law that Gonzales is now reading closely because it might pertain to the leaks to the media is the Espionage Act of 1917, a broadly - some would say sloppily - drawn law that, among much else, criminalizes the possession of classified information. With good reason, the law has been little used since. … The law was of little use against actual espionage, but the Woodrow Wilson administration, which rivaled this White House in self-righteousness, used it enthusiastically to harass and jail labor leaders, socialists, conscientious objectors, pacifists, assorted other leftists and people who just plain shot off their mouths in ways that irritated the government. The government silenced something like 75 newspapers - by barring them from the mail - for opposing the Wilson administration on the war. … In essence, the actual use of the Espionage Act was to suppress domestic dissent. Based on the attorney general's reading of that law, might it not be making a comeback in a similar role?"

UK Police Arrest Eight Terror Suspects. British police staged raids across the country yesterday, netting eight people who are suspected of plotting terror attacks abroad. The New York Times (5/25, Lyall, 1.19M) reports, "The eight, who were detained in Manchester, Liverpool and London, were held under various government powers, the authorities said. Those powers included antiterrorism and immigration laws that allow the home secretary to deport foreigners whose presence in the country 'is not conducive to the public good for reasons of national security.' The authorities would not release the suspects' names or nationalities, or other details about them."

The Washington Post (5/25, A22, Sullivan, 744K) reports, "The BBC and other British news organizations reported that one of the men arrested was Tahir Nasuf, 44, who works for the Sanabel Relief Agency, a group that the U.S. government has accused of financing terrorist operations. Home Office and police spokesmen declined to comment on those reports. The Web site for Sanabel, based in Birmingham, says the organization's 'task is to aid and relieve Muslims in the destitute parts of the world.' U.S. officials, however, have said the group is affiliated with al-Qaeda and has attempted to overthrow the Libyan leader, Moammar Gaddafi."

HOMELAND RESPONSE:

Pakistani Immigrant Convicted Of Plotting NYC Subway Attack. The New York Times (5/25, Rashbaum, 1.19M) reports, "A federal jury in Brooklyn convicted a Pakistani immigrant yesterday in the plot to blow up the Herald Square subway station in 2004," rejecting Shahawar Matin Siraj's "defense that a paid police informer had entrapped him by stoking his rage with images of Muslims abused at the hands of Americans." The Times notes, "While the case was a victory for federal prosecutors in Brooklyn, it was also one for the New York Police Department, which has retooled since the Sept. 11 attacks, with the aim of preventing new ones. The trial was the first time that a federal terrorism investigation was largely conducted by the department's Intelligence Division, rather than the F.B.I." The New York Sun (5/25, Greenstein) also reports that Siraj's conviction is being hailed as a victory in New York City's war on terrorism. … 'The verdict is an important milestone in safeguarding New York against terrorist plotters whether homegrown or foreign,' Police Commissioner Raymond Kelly said in a statement issued yesterday. He congratulated the police officers 'who stopped the worst from happening,' and the prosecutors 'who made certain justice was pursued.'" The New York Daily News (5/25, Marzulli, 729K) also calls the conviction a "major victory" for the NYPD. The New York Post (5/25, Haberman, 624K), AP (5/25) and AFP (5/25) also report on the conviction, as is CNN's American Morning this morning.

Man Killed By Air Marshals Was Shot 11 Times. The New York Times (5/25, Goodnough, 1.19M) reports Rigoberto Alpizar, a man fatally shot by federal air marshals at Miami International Airport in December, was shot "numerous times, according to an autopsy report released a day after state prosecutors declared the shooting 'legally justified' and said no criminal charges would be filed." The Miami-Dade County Medical Examiner Department said Alpizar "had been wounded 11 times — in the chest,

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abdomen, shoulder, hand, wrist and forearm." The marshals involved in the shooting said "after one marshal started shooting…, Mr. Alpizar kept approaching, compelling them to keep firing."

100% Container Inspection Criticized. Randall Larsen, director of the Institute for Homeland Security, in an op-ed in the Wall Street Journal (5/25, A14, 2.11M) writes that while the closure or restriction of US land, air and sea ports in 9/11's aftermath "was understandable," but "too many people remain committed to a port and border security paradigm that is short on risk analysis and offers little or no value to the nation." Congressional proposals to inspect 100% "of all 12 million containers entering the US" would cost billions, and could make the nation less secure "because the money could have been spent on programs with a far better return on investment." Larsen adds, "A thinking enemy will not be deterred by deadbolt locks on America's front doors (our seaports) when our windows and back doors (7,000 miles of virtually unguarded land borders and 95,000 miles of shoreline) remain wide open."

Collins, Murray Say GreenLane Act Would Close "Gaping Security Holes." Sens. Susan Collins and Patty Murray, in the Hill's Congress Blog (5/25), write that cargo containers, "a linchpin of our economy," are also "among the greatest threats to our economy — and our safety. … Terrorists could turn a container itself into a weapon or use containers to import a dirty bomb or parts for a weapon they would assemble on our own shores or to transport terrorists themselves." Collins and Murray go on to tout their "GreenLane Maritime Cargo Security Act, which was recently approved by the Senate Homeland Security Committee," which they say "would finally begin to close the gaping security holes in our cargo system while maintaining an efficient flow of commerce."

WAR NEWS:

Bush Cautiously Hints Of Change In US Role In Iraq. The AP (5/24, Pickler) writes, "The White House said Wednesday the formation of Iraq's new government presents an opportunity to review the need for US troops but cautioned against setting timetables for withdrawals." White House spokesman Tony Snow said, "What is going to happen, I think it's very safe to say, is that increasingly American, British and other coalition forces are going to move into support roles as Iraqi forces themselves move into lead roles." The news comes as President Bush and British PM Tony Blair meet on Thursday and Friday. Both leaders are "under pressure to make troop cutbacks."

Rice Sees "Very Big Change" In US Role. Secretary of State Condoleezza Rice was asked on Fox News' Hannity and Colmes (5/24) if there is an "end in sight" in Iraq. Rice said, "I certainly see that the Iraqis have now developed a political process and a political system that means that Iraqis are going to be in control of their future." Rice added, "I see a very big change in the way that we have to support them. Now, we've been through interim governments, and transitional governments, and provision governments, and now they finally have a permanent government."

New Iraqi PM Claims Country Can Take Over Security In 18 Months. The AP (5/24, Quinn) reports that new Iraqi PM Nouri al-Maliki said Iraqi forces could "take control of security" in the entire country "within 18 months," although he acknowledged a need for more "recruits, training, and equipment." Al-Maliki "did not mention a timetable for U.S.-led coalition forces to leave." The AP writes that "handing over security responsibilities to the Iraqis does not necessarily mean that significant numbers of U.S.-led forces will start returning home. Instead, plans call for them to move from cities to large coalition bases -- where they will be on call if needed." The Los Angeles Times also carried this article.

NBC Nightly News (5/24, story 3, 2:35, Engel, 9.87M) interviewed Maliki, who "tried to reach out to the American people. He says he has a new priority to get his own security forces up and running quickly so that American troops can go home." Nouri al-Maliki (via translator): "Considering our determination to build our forces, we will be finished by the end of 2007." Engel: "But US troops in Iraq, he said, must stay for now. Pulling them out would be too destabilizing. Maliki sees American forces playing a very different role 18 months from now. First, there would be fewer American troops, and, he said, instead of fighting, they would be in a supporting role, mostly confined to their bases, where they would provide air support, logistics, training, and be a rapid reaction force." Nouri al-Maliki (via translator): "They would be contingency forces to confront emergencies that could challenge this still relatively new nation."

Health Care Falls Under Sadr's Grip. The Christian Science Monitor (5/25, Murphy, 61K) reports of the Iraqi health ministry, "The ministry is run by the militant Shiite movement led by cleric Moqtada al-Sadr, one of Maliki's key backers." Doctors and nurses complain that "administrative posts have gone to unqualified members of his movement." In addition, Sunnis allege that Sunnis seeking relatives' bodies at the morgue "have themselves been abducted and killed by militias working at the site. Baghdad residents interviewed claim that a bribe of $100 is required to claim a body for burial."

WSJournal Assesses New Iraqi Cabinet. The Wall Street Journal (5/25, 2.11M) editorializes that the Iraqi cabinet is an "important milestone." However, the lack of defense and interior ministers shows that "very much hard work lies ahead." The Journal says critically that "sectarian political tokenism has been the order of the day," putting more

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burdens on new Prime Minister Al-Maliki. It adds that the "most urgent need" is to improve security in Baghdad.

Murder Charges Likely As US Begins Probe Of Iraqi Civilian Deaths. The AP (5/24, Reid) reports, "The U.S. military has opened a criminal investigation into allegations that U.S. Marines killed an Iraqi civilian west of Baghdad last month." The US command's statement said that suspects included "'several service members' from the Third Battalion, Fifth Marine Regiment, in the Falluja area, 40 miles west of Baghdad." The CBS Evening News (5/24, story 3, 0:20, Schieffer, 7.66M) reported, "CBS News has learned that seven Marines were involved and they're back in this country now pending the investigation."

The Washington Times (5/25, Scarborough, 90K) reports, "Defense attorneys expect the Marine Corps to file murder charges against one or more Marines who conducted raids in Haditha in November that resulted in the deaths of more than 20 Iraqi civilians." NCIS agents have been questioning members of the 3rd Battalion, 1st Marine Regiment, at Camp Pendleton. As many as a "dozen Marines" could need attorneys.

US General Testifies At Abu Ghraib Abuse Trial. The New York Times (5/25, Lewis, 1.19M) reports, "Maj. Gen. Geoffrey D. Miller said Wednesday that he never suggested that dogs be used to intimidate prisoners during interrogations in Iraq." Miller said that he recommended using dogs to help with "custody and control." Miller's 2003 visit to Iraq "has been depicted as importing harsh interrogation techniques from Guantánamo," where he was commander of the detention center.

Zarqawi Backers Impose Sharia In Sunni Neighborhood. The Washington Times (5/25, Behn, 90K) reports, "Imams loyal to terrorist leader Abu Musab Zarqawi have issued threats in mosques in a western Baghdad neighborhood against anyone who does not follow Islamic law." A neighborhood resident described the rules: "Women must stay at home, and girls cannot go to school past primary school. People selling Iranian products will either have to throw them out or get killed."

Aziz Testifies At Saddam's Trial. The Los Angeles Times (5/25, Roug, 958K) reports, "Former Foreign Minister Tariq Aziz, a member of Saddam Hussein's inner circle, took the stand at Saddam's trial Wednesday and accused the Shiite party of Iraq's new prime minister of trying to kill Aziz decades earlier." Aziz claimed that in 1980 Shiite "assailants threw several hand grenades at him," killing several bystanders. The assertion by Aziz appears to be an attempt to discredit the new prime minister's Dawa party.

USA Today (5/25, Jervis, 2.31M) reports that the testimony was Aziz's first public appearance "since his arrest" in 2003. In it, Aziz defended as legitimate "Saddam's actions in response to a 1982 assassination attempt," in which "hundreds of mostly Shiite men, women and children were jailed and some tortured and murdered following the assassination attempt."

The Washington Post (5/25, A24, Knickmeyer, 744K) describes Aziz as "thinner and paler" than when he was last seen in public. It reports that "Judge Raouf Rasheed Abdel-Rahman … appeared irritated at times that Aziz was testifying despite having no direct knowledge of the events surrounding Hussein's trial."

The New York Times (5/25, Burns, 1.19M) reports that Aziz's testimony "gushed with adulation" for his former boss.

Romney Visits Iraq. The AP (5/24, Johnson) writes, "Republican Gov. Mitt Romney, a potential 2008 presidential candidate, said Wednesday he was impressed by the determination of U.S. forces following a fact-finding trip but couldn't say when Iraqis could assume security operations from the Americans." He was accompanied by "Democratic Gov. Brian Schweitzer of Montana and Republican Gov. Matt Blunt of Missouri. About half the nation's governors have made similar trips." The AP writes, "Romney has steadfastly pledged his support for President Bush and the U.S.-led invasion in March 2003, while criticizing Bush for not doing an 'adequate job' outlining the rationale for the war."

CNN's The Situation Room (5/24, Blitzer) reports, "Massachusetts Governor Mitt Romney is visiting Iraq, a trip that could help burnish his foreign policy credentials, if he runs for president. The Republican governor met with U.S. military and diplomatic officials earlier today."

US Expresses Regret For Afghan Civilian Deaths. The Washington Post (5/25, A21, Constable, 744K) reports, "The U.S. military expressed regret Wednesday for the deaths of a reported 16 civilian villagers Monday in U.S. airstrikes near here, but officials and elders said Taliban insurgents were responsible for the incident." The Post reports, "Some tribesmen in the Panjwai district, where Azizi is located, reportedly support the revived Taliban insurgency … But others publicly blamed the Taliban for using civilian homes as shelter and said they were planning to demand that the insurgents leave the area."

29 Afghanis Killed In Continued Fighting With Taliban. The New York Times/AP (5/25) reports that "a firefight in the south left at least 24 people suspected Taliban militants and 5 Afghan soldiers dead." It writes, "The fighting started after a joint patrol of Afghan- and American-led troops was attacked in a small village in Tirin Kot District, a coalition statement said. The troops beat back the assault and forced

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the militants to retreat into the mountains, where aircraft bombed Taliban positions."

Afghan Government Struggling To Collect Taxes. USA Today (5/25, Wiseman, 2.31M) reports, "No country in the world is worse at collecting taxes. According to the World Bank and International Monetary Fund, government revenue in Afghanistan is equal to barely 5% of gross domestic product (GDP), lower than the impoverished governments of sub-Saharan Africa." Though the government has little historical experience in "paying its own way" without major foreign aid and struggles with corruption, it now aspires to be a "poor, underdeveloped, normal country," as stated by the finance minister. The government "has pledged to boost government revenue to 8% of GDP by 2011. That would reassure foreign donors who finance 92% of the Afghan government's total expenditures."

Rice Cites Progress In War On Terror. Secretary of State Condoleezza Rice said on Fox News' Hannity and Colmes (5/24) that the US is making progress in the war on terror, noting, "We're taking down the organization that did 9/11. Al Qaeda is not the same organization that it was on September 11th. And we're making progress in spreading freedom in the Middle East, and that ultimately is going to be an antidote to terror. But we've still got a lot work to do, and we have to stay vigilant, because one never knows when there might be an attack. I'd like to say that there won't be, but I do know that the terrorists only have to be right once. We have to be right 100 percent of the time, and those aren't fair odds."

Senate Bans Protesters At Military Funerals. The AP (5/25, Abrams) reports that legislation passed by the Senate and House "specifically targets a Kansas church group that has staged protests at military funerals around the country, claiming that the deaths were a sign of God's anger at U.S. tolerance of homosexuals." The bill bans disruption of military funerals at national cemeteries. The House sponsor's office said that it "expected the House to act quickly to accept the Senate changes and send the bill to the president."

726 Gay Service Members Were Discharged in 2005. The Washington Post (5/25, 744K) reports, "The number of gay and lesbian service personnel discharged under the 'don't ask, don't tell' policy last year was 726 -- slightly more than in 2004 but still 30 to 40 percent lower than the number of forced departures in the years before the Sept. 11, 2001, terrorist attacks." It breaks down the total: "The Army discharged 386 members, compared with 177 for the Navy, 88 for the Air Force and 75 for the Marine Corps." Activists "say they have noticed a slight increase in the number of cases in which service members' sexual orientation was disclosed by others." The GAO "said last year that it has cost nearly $200 million to recruit and train replacements for the 9,488 troops discharged since the policy began in 1994," including "more than 750" who held "critical jobs" and "more than 300 linguists."

Author Concerned US Public Disconnected Form War. Kathy Roth-Douquet, the co-author, with Frank Schaeffer, of "AWOL: The Unexcused Absence of America's Upper Classes from Military Service -- and How It Hurts the Country," in an op-ed in USA Today (5/25, 2.31M) writes, "Increasingly, since the 1970s, we have delegated to a small cohort the risks and honor of armed service. To whom do we delegate it? Those who serve are largely middle- and working-class, from the South and West, and already from military families. Upper-middle class from the Northeast or California? Chances are, you are excused. We have, in effect, delegated to others the very stuff of our citizenship." And "the president exhorts us to go shopping, not to share in a civilian war effort, as in previous wars when Americans bought war bonds or conserved resources. Today no leadership helps us do so."

Service Academy Graduates Prepare To Face Battlefield Challenges. USA Today (5/25, Vandenbrook, 2.31M) reports, "Midshipmen and cadets graduating this weekend from the United States' main service academies will be the first classes since 1972 to have spent all four years in school with the nation at war." Many of the graduating cadets sought service after the 9/11 attacks and "Thirty-eight graduates from West Point, eight from the Naval Academy here and five from the Air Force Academy have been killed in Afghanistan and Iraq. The rate of deaths for West Point alumni is about twice what it was in Vietnam. Figures for the other academies were unavailable."

CORPORATE SCANDALS:

Investors Swamped By Reports As Stock Options Probe Expands. The Wall Street Journal (5/25, Zuckerman) reports, "As investigations into stock-option practices heat up, investors are being inundated with a flood of reports from analysts looking for companies that may come under the microscope." The Journal continues, "The methodologies behind the studies vary, making it difficult to independently verify the conclusions. Still, shares of some companies are suffering even though there isn't any indication that they acted inappropriately. Others are tumbling, though the abuses might not affect their businesses. So some investors, rather than shying away, are trying to figure out if the scrutiny is creating some bargains." The Journal adds, "So far, about two dozen companies have disclosed that they face federal investigations or inquiries from their own boards over options timing. Securities and Exchange Commission Chairman Christopher Cox said

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Tuesday that possible backdating of stock options is 'a matter of ongoing interest to our enforcement division.' Federal authorities are investigating whether a number of companies backdated their options to certain days when the stock prices were at a low to allow executives to reap gains ahead of subsequent increases in the prices of the shares. … The SEC has been examining the matter for more than a year. In a page-one article in March, The Wall Street Journal did its own analysis -- using statistical methodology reviewed by university professors -- and identified a half dozen companies with suspicious grant practices. The chief executives of those companies routinely received grants dated ahead of sharp rises in share prices. … Just yesterday, CNET Networks Inc. said it had been notified that the SEC is conducting an informal inquiry into the company's stock-option grants. The San Francisco company said it plans to cooperate. In addition, Analog Devices Inc. said it received a subpoena from federal prosecutors over stock-options grants. The Norwood, Mass., company said it would cooperate. And Power Integrations Inc. said it is cooperating with the SEC and the U.S. attorney's office for the Northern District of California in their investigations of the San Jose, Calif., company's stock-option practices."

US Subpoenas Analog Devices In Stock Option Probe. Bloomberg (5/25, Barr) reports, "Analog Devices Inc., a maker of computer chips for consumer products, said federal prosecutors have subpoenaed documents related to stock options dating back to 2000." Bloomberg continues, "Analog Devices believes the documents requested by the U.S. Attorney in New York are related to grants that have been under investigation by the U.S. Securities and Exchange Commission, the Norwood, Massachusetts-based company said today in a Business Wire statement. … The request is the latest in a series of subpoenas from the Justice Department or the SEC in a probe over whether companies deliberately moved option grants back to dates when the stock price was lower, helping to ensure that executives who received them would make money." Bloomberg adds, "Earlier this week Juniper Networks Inc., F5 Networks Inc., Brooks Automation Inc. and Openwave Systems Inc. all said they had been contacted by prosecutors or regulators in connection with similar inquiries."

Enron Jury Continues Deliberations. The AP (5/25, Hays) reports, "Jurors in the fraud and conspiracy trial of Enron Corp. founder Kenneth Lay and former Chief Executive Jeffrey Skilling deliberated a fifth day Wednesday in the premier criminal case to emerge from the company's collapse." The AP continues, "Both defendants awaited the outcome away from the federal courthouse in Houston - Lay at his office about two blocks away, and Skilling in his legal team's so-called 'war room' in an office building across the street." The AP adds, "Lead Skilling attorney Daniel Petrocelli remained at the courthouse, while lead Lay lawyer Michael Ramsey said he and the ex-chairman's other attorneys planned to wait there in shifts. … The eight-woman, four-man panel sent a note to U.S. District Judge Sim Lake on Tuesday stating they don't intend to deliberate on Monday, Memorial Day. The jurors told the judge last week they would consider the case Monday through Thursday each week, the same schedule as the 16-week trial that started with jury selection Jan. 30."

Jury Requests Testimony Transcripts. The Wall Street Journal (5/25, Mcwilliams) reports that the jury "requested unspecified transcripts of testimony and additional copies of the lengthy trial's exhibit list. … The jury…sent a note seeking the items to U.S. District Court Judge Sim Lake. Wednesday, it signaled deliberations would run into next week, telling the court it wouldn't work on Monday, Memorial Day, and reiterating that it wouldn't deliberate Friday. … After huddling with attorneys on both side, Judge Lake said he would send the jury three additional copies of the index of exhibits, and ask it to be more precise to the witness or witnesses whose testimony it now wants to review. He suggested it could be difficult to pull through trial transcripts for specific issues 'in a trial of this length and complexity,' noting some topics were raised multiple times in direct testimony, in cross examination, and re-direct."

Judge Approves $6.6 Billion Enron Settlement. The AP (5/25, Hays) reports, "A federal judge gave final approval Wednesday for three more banks to pay $6.6 billion to settle civil claims that they helped Enron Corp. manipulate earnings." The AP continues, "U.S. District Judge Melinda Harmon in Houston approved the deals with the Canadian Imperial Bank of Commerce, JPMorgan Chase & Co. and Citigroup Inc. Her ruling came as a jury in another courtroom continued to deliberate the fate of Enron founder Kenneth Lay and former chief executive Jeffrey Skilling in a criminal fraud and conspiracy trial." The AP adds, 'The litigation's settlement tally has so far reached $7.3 billion, with interest, against Wall Street firms accused of helping the energy trader hide losses and inflate profits before it careened into bankruptcy proceedings in December 2001. … William Lerach, who represents the University of California, the lead plaintiff in the conglomerate of shareholder lawsuits in Houston, said the pot is earning $550,000 in interest per day. He declined comment Wednesday on any other settlement talks."

Enron Legal Action Dominates Houston Federal Courthouse. USA Today (5/25, Farrell) reports, "For Enron junkies, there's no better place these days than the ninth floor of the federal courthouse (in Houston). … In three separate criminal cases against former Enron executives, observers await verdicts, while in a civil case, a judge approved a $6.6 billion settlement between Enron shareholders and three major banks that did business with the energy-trading

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company." USA continues, "As expected, U.S. District Judge Melinda Harmon gave final approval Wednesday to a $6.6 billion settlement between Canadian Imperial Bank of Commerce (CIBC), JPMorgan Chase and Citigroup and shareholders who claim that the banks helped Enron hide billions of dollars in losses from the public. … That approval, on top of a previous settlement between shareholders and two other banks, Lehman Bros. and Bank of America, brings the sum of funds promised to shareholders to $7.2 billion. Plaintiffs lawyers have asked for as much as $40 billion in damages." USA adds, "Other Enron-related action on the ninth floor of the courthouse: … Jurors continued deliberating in the main criminal case against former Enron CEOs Ken Lay and Jeff Skilling. … Another jury continued deliberating in the government's case against two former executives from Enron's Broadband unit. In that trial, which began three weeks ago, prosecutors alleged that Kevin Howard and Michael Krautz used deceptive accounting to allow the business unit to claim $111 million in phony earnings in late 2000 and early 2001. That jury completed its second full day of deliberations. … Lake, who presided at the jury trial of Lay and Skilling, held a bench trial to hear the government's accusations that Lay lied to three banks to obtain favorable terms for personal loans in the 1990s. … Judge Lake said he won't disclose his verdict in Lay's bank fraud case until after the jury reaches a decision in the larger fraud case."

Martha Stewart Faces Deadline In Civil Case. The New York Times (5/25, Thomas) reports, "A year after her release from prison, her carefully executed makeover complete, Martha Stewart must now confront again the insider trading accusations that turned her world upside down." The Times continues, "The three-year-old civil case against her is resuming. Contesting the Securities and Exchange Commission accusations, as opposed to a negotiated settlement, would help give Ms. Stewart the opportunity to not only clear her name but also to win back her title as chairwoman and chief executive of the company she founded, Martha Stewart Living Omnimedia. … If she loses, the burden will not be onerous. She could certainly afford any financial penalty and while she no longer serves on the board, her current role as editorial director gives her considerable influence. … All the same, a trial of the S.E.C. lawsuit could be another embarrassing blow not only to Ms. Stewart's image but to the fortunes of her company." The Times adds, 'Today, Ms. Stewart faces a deadline to respond to charges that she illegally used nonpublic information when she sold 4,000 shares of ImClone Systems in late 2001. … A last-minute settlement is always possible. However, if she denies the allegations and asserts her innocence, which she has done from the outset, then preparations for a civil trial, starting most crucially with her deposition, will begin. Ms. Stewart could also refuse to answer by asserting her Fifth Amendment right against self-incrimination, according to lawyers involved in the case. Lawyers for Ms. Stewart and the S.E.C. remain locked in negotiations. … Peter E. Bacanovic, the former Merrill Lynch broker who, regulators contend, fed Ms. Stewart privileged information that other large investors were selling their ImClone shares, is on the verge of reaching an agreement with the S.E.C. that would bar him from the securities industry, according to people briefed on the discussions. … But the stakes are much higher for Ms. Stewart, who along with Mr. Bacanovic was convicted of having obstructed the original investigation into her sale of ImClone shares."

Small's Tenure At Fannie Mae Draws Scrutiny. The Washington Post (5/25, C1, Day, Trescott, 744K) reports that Smithsonian Secretary Lawrence M. Small's role in the accounting fraud scandal at the Federal National Mortgage Association, where he was president, chief operating officer and board member from 1991 to 2000, is drawing scrutiny. A new government report "says Small was among a handful of senior Fannie Mae executives who set an improper 'tone at the top,' encouraging employees to hit profit targets above all else so that managers would receive the largest annual bonuses possible."

CEO Says SEC, PCAOB Acted Wisely. James Quigley, CEO of Deloitte & Touche writes in the Wall Street Journal (5/25, 2.11M), "A Small Business Advisory Committee to the SEC recommended earlier this year that a majority of all public companies be exempted from at least a portion of" the Sarbanes Oxley law's requirements, "acting on a concern that the cost fell disproportionately on smaller issuers. Members of Congress have also proposed legislation with similar exemptions. The SEC has opted against such exemptions, instead announcing a plan to substantially expand guidance to issuers, and make other changes aimed at scaling implementation of these requirements for smaller issuers. Concurrently, the PCAOB announced a decision to revise a related audit standard. As leader of one of the largest public accounting firms, I believe that the SEC and PCAOB acted wisely, shifting the debate to a discussion of how to make the law work effectively for all companies and their investors."

CRIMINAL LAW:

DOJ Denies Hastert Under Investigation In Abramoff Scandal. The Chicago Tribune (5/25, Zajac, Dorning, 643K) reports this morning, "In an unusually swift and blunt response to a news report, the Justice Department on Wednesday issued a statement denying an ABC News story that House Speaker Dennis Hastert was under

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investigation in the far-reaching Jack Abramoff lobbying scandal. 'Speaker Hastert is not under investigation by the Justice Department,' said department spokesman Brian Roehrkasse, less than an hour after ABC News, citing 'high-level Justice Department sources,' reported that Hastert 'is under investigation by the FBI" in connection with the Abramoff scandal." Roehrkasse "acknowledged that the Justice Department generally neither confirms nor denies news reports asserting the existence of an investigation, but said that the department was moved to respond to the report because of 'unique circumstances.'"

ABC World News Tonight (5/24, lead story, 2:15, Vargas, 8.78M) had reported that "sources tell ABC News the case involving convicted lobbyist Jack Abramoff has led FBI investigators to some of the most powerful members of Congress." ABC (Ross) added, "Federal officials tell us the congressional bribery investigation now includes the Speaker of the House, Dennis Hastert, based on the testimony from the convicted lobbyists who are cooperating with the government. Justice Department officials describe the 64-year-old Illinois Republican as very much in the mix of the corruption investigation. Part of the investigation is said to involve a letter Hastert wrote three years ago, urging the Secretary of the Interior to block a casino on an Indian reservation that would have competed with other tribes. The other tribes were represented by Jack Abramoff, who has reportedly provided details on his dealings with Hastert as part of his plea agreement with the government. The letter was written shortly after a fundraiser for Hastert at a restaurant owned by Abramoff. Abramoff and his clients contributed more than $26,000 at the time. The day Abramoff was indicted, Hastert denied any unlawful connection, and said he would donate to charity, any campaign contributions he h received from Abramoff or his clients."

On ABC World News Tonight (5/24, story 2, 1:00, Vargas, 8.78M), chief Washington Correspondent George Stephanopoulos said the development is "potentially seismic," but it "really is going to depend on the facts and whether prosecutors can demonstrate a quid pro quo, that Hastert took that official action, in return for the campaign contribution."

Most news reports this morning focus on Hastert's and the DOJ's reaction to the ABC story. The Washington Times (5/25, Bellantoni, Seper, 90K) headlines its report "Justice, Hastert Deny Report Of Probe Into Abramoff Ties," and notes "Hastert spokesman Ron Bonjean said, 'The ABC News report is absolutely untrue. ... We are demanding a full retraction.'" The Financial Times (5/25, Yeager) titles its story "Hastert Denies Involvement In Corruption Scandal."

The Hill (5/25, Crabtree) notes Brian Ross, who reported the story, "is ABC News' chief investigative correspondent. According to his biography on ABC News' website, he received the National Headliner Award for breaking the 1980 ABSCAM story, among other accolades."

Hastert Aide Says ABC Report Linked To Hastert's Criticism Of Jefferson Raid. The Wall Street Journal (5/25, Mullins, 2.11M) headlines its report "Hastert Demands Retraction Of ABC News Report," and says "a spokesman for ABC declined to comment on the report or Mr. Hastert's retraction request." The report "followed strong criticism by Mr. Hastert and other congressional leaders for the Federal Bureau of Investigation on Saturday raiding the Capitol Hill offices of a Louisiana Democrat involved in a separate corruption probe. … After the ABC report aired, Republican aides on Capitol Hill accused the Justice Department of leaking the story to undercut Mr. Hastert. One aide to Mr. Hastert said: 'No doubt about it. They're pushing back.'"

Bloomberg (5/25, Schmidt) reports, "Hastert's spokesman, Ron Bonjean, also issued a statement denying the report. … 'The ABC News report is absolutely untrue,' Bonjean said in the statement. 'We are demanding a full retraction of the ABC News story.'"

Hastert, Pelosi Demand Return Of Documents Seized In FBI Raid. In a joint statement yesterday, House Speaker Dennis Hastert and Minority Leader Nancy Pelosi called for the return of documents seized in the weekend FBI raid of Rep. William Jefferson's Capitol Hill office. Hastert and Pelosi said, "The Justice Department must immediately return the papers it unconstitutionally seized." They also called for FBI agents who participated in the raid to be removed from the case. The CBS Evening News (5/24, story 5, 1:25, Schieffer, 7.66M) said that the joint statement is "something we seldom see on Capitol Hill," and CBS (Borger) added, "We've never really seen anything like this before. The FBI barged into Congressman William Jefferson's office and seized documents. And CBS News has learned that the White House was worried that House Republicans were so upset with this that they were on the verge of asking for the resignation of the Attorney General. Now, they didn't do that today, but they do want those documents back. … They believe there's a constitutional issue here," and "I think they're also worried, gee, whose office will the FBI be searching next?"

NBC Nightly News (5/24, story 8, 0:30, Williams, 9.87M) briefly noted Hastert and Pelosi's demand, "saying the raid was a violation of constitutional separation of powers," and CNN's The Situation Room (5/24, Blitzer) called it "a constitutional showdown in the making."

The AP (5/25, Kellman) calls the statement a moment of "rare, election-year harmony" and adds, "Within hours, according to several Republican officials, White House aides were involved in talks with Hastert's staff concerning the possible transfer of the documents, possibly to the House

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ethics committee. … Any agreement along those lines would mark a concession by the Bush administration, which spent the day fending off complaints from angry lawmakers of both parties." However, the AP notes, "Not all lawmakers agreed" with Hastert and Pelosi. Louisiana Sen. David Vitter, in a letter to Republican leaders, said, "'These self-serving separation of power arguments' have no basis in law."

USA Today (5/25, 4A, Kiely, 2.31M) reports DOJ spokeswoman Tasia Scolinos "defended the FBI's actions. 'There is tremendous respect for Congress' important, independent role, but the department has an obligation to the American people to fully pursue corruption cases wherever the trail of evidence goes,' she said." However, Senate Majority Leader Bill Frist "joined Hastert and Pelosi in expressing concern about the Capitol Hill raid. 'The whole idea of separation of powers does need to be addressed,' he said."

The Los Angeles Times (5/25, Reynolds, Schmitt, 958K) reports, "Some experts said the Justice Department appeared to be on firm legal footing. And some members of Congress began to question how the public would view the leadership's position. … President Bush's top political advisor, Karl Rove, fielded complaints about the search during a closed-door meeting Wednesday with House Republicans, several members present said."

In a front-page story, The Washington Post (5/25, Murray, Lengel, 744K) adds that "White House officials are concerned about the vigorous and repeated complaints of the congressional leaders and have pressed the Justice Department to find a way to placate Congress and defuse the controversy, according to a department official." However, after the Hastert-Pelosi statement was released, "a Justice Department official" said "the department will not agree to any arrangement or demand that would harm or hurt an ongoing law enforcement investigation."

The New York Times (5/25, Hulse, 1.19M) notes, "Privately, Justice Department and Federal Bureau of Investigation officials expressed dismay at the tone of statements by Mr. Hastert and Ms. Pelosi. The officials said there was virtually no possibility that any material taken legally during the search would be returned." The Times adds, "The tense conflict is also developing into a potential new problem for President Bush. The White House has reached out to Republicans on Capitol Hill to allay concerns about the president's low poll numbers and to try to heal deep rifts within the party over a variety of issues," but "the constitutional confrontation is doing nothing to help with that effort. One lawmaker whose stance will be important to the fate of the immigration legislation, Representative F. James Sensenbrenner...on Wednesday set a hearing for next Tuesday on the implications of the search."

Roll Call (5/25, Pershing) reports that Sensenbrenner "was extremely angry about the search and that he called Deputy Attorney General Paul McNulty…to tear into Justice's tactics. … 'The FBI's unprecedented Saturday night raid of Rep. Jefferson's Capitol Hill Office raises profoundly disturbing constitutional questions that must be addressed,' Sensenbrenner said in a statement accompanying his announcement of Tuesday's hearing. He added that the raid could have 'a chilling impact on the Legislative Branch's ability to function.'"

Knight Ridder (5/25, Kuhnhenn) reports, "Hastert and Pelosi challenged the raid as violating the Constitution's separation of powers between the legislative and executive branches of government. … 'In addition, the Justice Department must immediately cease any further review of the documents it unconstitutionally seized, ensure that those who have reviewed the documents do not divulge their contents to the investigators, and move in court to vitiate the search warrant,' the two congressional leaders said." Knight Ridder notes, "One law enforcement official familiar with the investigation expressed surprise at the stance taken by the House leaders. … 'The implications of what they're asking for are huge,' the official said, speaking on condition of anonymity to permit candor about a case involving powerful lawmakers. 'They're asking that the FBI return documents to a target in the middle of a law enforcement investigation.'"

Jefferson Files Motion In Federal Court Seeking Return Of Seized Documents. The AP (5/25, Kellman) also reports Rep. William Jefferson yesterday "filed a motion asking the federal judge in the case to order the FBI to return the material it seized from his office. The Justice Department dug in, repeating that the raid was carried out only after Jefferson refused to comply with a subpoena and only then with a search warrant signed by a judge. 'The actions were lawful and necessary under these unique circumstances,' said Deputy Attorney General Paul McNulty."

Jefferson Rebuffs Pelosi Request To Quit Ways And Means. The AP (5/25, Kellman) reports, "Democrats sought to get embattled Rep. William Jefferson to resign his seat on the House's most prestigious committee. 'In the interest of upholding the high ethical standard of the House Democratic Caucus, I am writing to request your immediate resignation from the Ways and Means Committee,' wrote House Democratic Leader Nancy Pelosi in the one-sentence correspondence." But Jefferson "was defiant," writing back, "I will not give up a committee assignment that is so vital to New Orleans at this crucial time for any uncertain, long-term political strategy." Fox News' Special Report (5/24, Wilson) also noted Pelosi's call for Jefferson to resign his committee seat.

Legal Analysts Say FBI Raid Broke Custom, But Not Constitution. The Washington Post (5/25, A10, Lane, 744K) reports, "The FBI raid on Rep. William Jefferson's congressional office was an aggressive tactic that broke a long-standing political custom. But while it might violate the

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spirit of the Constitution, it might not violate the letter of the document or subsequent rulings by the Supreme Court, legal analysts say. The issue could turn on whether a court finds that the items seized from Jefferson's office were related to such protected legislative activities as writing, researching and voting on bills." Yale constitutional law professor Akhil Reed Amar said, "It's really a matter of etiquette. I don't see any constitutional principle here."

McCain Says FBI Should Have Approached Hastert, Pelosi Before Raid. On CNN's Larry King Live (5/24), Sen. John McCain said that he "reacted with some concern" about the raid of Jefferson's office, adding, "what I think should have happened, I think the FBI should have gone to the Speaker and Nancy Pelosi…and said, look, we need to go into this office for this reason. I think that probably would have been a much better path to take. They didn't have to tell every senator, but they should have gone to the leadership of the House, I think, and told them they were going to do it. And you could trust them not to say anything about it."

WPost Calls Congressional Reaction To FBI Search "Overblown." The Washington Post (5/25, 744K) editorializes, "The uproar over the FBI's search…is understandable but overblown," and the demand by Hastert and Pelosi "that the Justice Department return the papers it seized goes way too far." The Post adds, "We're not saying that the Justice Department acted perfectly here. It would have been preferable to find some way to consult with congressional leaders before the search. … Still, lawmakers' high-decibel complaints are unwarranted."

Cheney May Be Called To Testify In Libby Trial.

The Los Angeles Times (5/25, Schmidt, 958K) reports, "Vice President Dick Cheney may be called as a government witness in the perjury and obstruction case against his former chief of staff, I. Lewis Libby, a special prosecutor indicated Wednesday. Then again, he may not." In a court filing, Patrick J. Fitzgerald "held open the possibility that during Libby's trial, currently set for January 2007, he might ask Cheney to authenticate the handwritten notations in the margins of a July 2003 newspaper column critical of the Bush administration's decision to go to war in Iraq." The New York Times (5/25, Johnston, 1.19M) says Fitzgerald's filing "suggested that…Cheney would testify as a government witness," underscoring "the prosecutor's contention that the vice president's role was critical to understanding Mr. Libby's wrongdoing."

Meanwhile, the Washington Post (5/25, A1, Smith, 744K) reports, "Cheney was personally angered by a former US ambassador's newspaper column attacking a key rationale for the war in Iraq and repeatedly directed…Libby…to 'get all the facts out' related to the critique, according to excerpts from Libby's 2004 grand jury testimony released late yesterday by…Fitzgerald." Libby also "told the grand jury that Cheney raised as an issue that the former ambassador's wife worked at the CIA and that she allegedly played a role in sending him to investigate the Iraqi government's interest in acquiring nuclear weapons materials. That issue formed the basis of former ambassador Joseph C. Wilson IV's published critique."

Opening Arguments Made At Safavian Trial.

The New York Times (5/25, Shenon, 1.19M) reports, "A former White House aide who went on trial Wednesday in the influence-peddling scandal centered on the lobbyist Jack Abramoff offered an admission rarely heard these days in Washington: he acknowledged he was once a good friend of the now-disgraced lobbyist. The admission by the former aide, David H. Safavian, came in opening statements by his lawyer." Safavian "is accused of lying to government investigators about his relationship with Mr. Abramoff and the circumstances of their 2002 golfing trip to Scotland." The Washington Post (5/25, A6, Birnbaum, 744K) adds, "Prosecutors signaled that they plan to rely heavily on hundreds of e-mails between Safavian and Abramoff to show that Abramoff was seeking two government properties over which Safavian had influence while offering Safavian favors, including the overseas trip. 'The defendant lied, concealed and misled' federal investigators about his dealings with Abramoff, prosecutor Peter Zeidenberg told a jury in US District Court here yesterday." Zeidenberg "said that he would show 'examples of concrete assistance' that Safavian offered to Abramoff and also prove that Safavian lied about the details of his interactions with Abramoff to Senate staffers and to an ethics officer and an investigator of the General Services Administration, where Safavian worked at the time."

The AP (5/25, Yost) notes "the prosecution's first witness, Stephen Perry, GSA's former administrator, testified that Safavian invited him on the Scotland golf outing. But Perry said he didn't want to go because he thought it would be too expensive." Perry, who now runs the NFL Hall of Fame, "said Abramoff turned up at Safavian's country club and golfed with Perry, his wife and Safavian. Another time, Perry and several friends declined Abramoff's offer of free dinners at the lobbyist's restaurant."

CNET News (5/25, Broache) reports, "E-mail messages took center stage Wednesday" in the Safavian trial. "During opening statements in federal district court, Justice Department attorney Peter Zeidenberg told jurors that the government would prove Safavian's guilt beyond a reasonable doubt by 'relying largely on the defendant's own words' in electronic form. … Zeidenberg displayed about six e-mail messages on screens in the courtroom, read portions aloud, and said they would 'demonstrate clearly and unequivocally' that Safavian had been helping Abramoff in deals involving federally managed land--and then concealing

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his involvement from investigators. Also at issue is whether Safavian legally could have accepted a free golf trip to St. Andrews, Scotland, with Abramoff, House Republicans Bob Ney and Tom DeLay, and former Christian Coalition Director Ralph Reed. … This is hardly the first time archived e-mail messages have become the centerpiece of a federal case. During the Microsoft antitrust trial, Justice Department attorneys delighted in highlighting incendiary e-mail messages that Chairman Bill Gates and other company executives exchanged. In one August 1997 e-mail message, for instance, Gates asked subordinates: 'Do we have a clear plan on what we want Apple to do to undermine Sun?'"

Nicholson Details Response To News Of Data Theft. VA Secretary Nicholson expressed his "outrage" over the recent breach of security at the VA and described his response after learning of the theft 13 days after it occurred. The White House expressed its support for Nicholson, but he is expected to face tough questions during Congressional hearings into the breach on Thursday. The level of national media coverage of the issue has dropped significantly this morning, with the story being covered primarily by the New York Times, the AP and local media outlets.

The New York Times (5/25, Stout, 1.19M), in an article titled "Veterans Chief Voices Anger On Data Theft," reports VA Secretary James Nicholson "expressed outrage Wednesday over being kept in the dark about the theft of computer data on 26.5 million veterans as he himself came under heavy criticism from Capitol Hill." He "issued a statement vowing 'a very extensive review of individuals up and down the chain of command' and urging the inspector general's office at the Department of Veterans Affairs to expedite an investigation of the affair." Nicholson said, "Upon notification, my first priority was to take all actions necessary to protect veterans from harm and to assist in law enforcement efforts." An Administration official "said that Mr. Nicholson had not been informed for 13 days" and that Nicholson notified the FBI "once he learned of the theft, then ordered his own agency to set up Web sites and a toll-free number to handle an anticipated flood of queries."

The AP (5/25, Yen) reports Sen. Patrick Leahy, referring to "past budget problems at the VA…said Nicholson should consider resigning." But seeking to reassure Veterans, White House press Secretary Tony Snow said, "We have no indication that these have been used to defraud the 26.5 million people whose personal information would have been contained." USA Today (5/25, 2.31M) briefly notes similar details.

There was no network news coverage of the data security breach, but CNN's The Situation Room (5/24, Blitzer) reported that sparks are "expected to fly tomorrow when a Senate committee put Veterans Affairs Secretary Jim Nicholson in the hot seat. Nicholson says he's ordered an investigation into why he and the public didn't learn about the theft until more than two weeks after it happened."

Bush Expresses Confidence In Nicholson. A second version of the AP's (5/25, Yen) coverage in an article titled "Bush Backs VA Chief After Data Breach" led with the White House's response, reporting, "VA Secretary Jim Nicholson got an endorsement Wednesday from President Bush -- and a summons to Capitol Hill -- after the theft of veterans' personal information that has become one of the nation's largest security breaches." Expressing support for Nicholson "White House press secretary Tony Snow said Bush had 'full faith and confidence' in Nicholson. Snow originally had declined to issue a statement of support in the president's name but then said he wanted to clarify his remarks." Meanwhile, "Sen. Patrick Leahy said Bush should call Nicholson 'into the woodshed' and consider changing the leadership of the VA, particularly after the agency waited until May 22 to inform the public after the May 3 theft." And Sen. Larry Craig "said he plans to ask Nicholson tough questions on timing, security procedures and who was involved when his panel holds its extraordinary joint hearing Thursday with the Senate Homeland Security Committee." Craig said, "Twenty-six million people deserve answers."

Buyer Says VA Delay In Alerting Public "Made Sense." The Army Times (5/25, Maze) reports House Veterans Affairs Chairman Steve Buyer "did not fault the VA for waiting until May 22 to announce the May 3 laptop theft, saying it made sense to determine if the stolen data would be recovered before announcing what was taken." But Rep. John Salazar "said the delay 'squandered critical damage control time.'"

VA One Of Many Government Agencies At Risk For Data Security Breaches. The New York Times/AP (5/25) reports the VA is not the only agency at risk for data security breaches. According to the GAO, the VA "was one of eight departments given failing grades for computer security practices in 2005. The Pentagon and the departments of Homeland Security, State, Energy and Health and Human Services also got Fs from the House Committee on Government Reform in its annual report card released in March." GAO director of information security issues Greg Wilshusen on Wednesday said, "There's a vast amount of highly sensitive information that the government collects and maintains. … A number of agencies are vulnerable to similar data breaches."

The New York Times (5/25, Stout, 1.19M) in its coverage also says, "Christopher Wolf, a Washington lawyer with the firm Proskauer Rose who specializes in security issues, said that the veterans department was just one of many federal agencies with lax computer security, and that sabotage might not be the biggest danger. 'These things happen because of accidents,' he said." The VA "began

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issuing new identification cards late in 2004, with a veteran's Social Security number and date of birth encrypted on a magnetic tape on the back. 'Identity theft is one of the fast-growing crimes in the nation,' read an accompanying announcement."

29 Lawmakers Could Be Vulnerable After Data Theft. The Hill (5/25, Schor) reports 29 current members of Congress, including House Veterans Affairs Committee chairman Steve Buyer, Rep. Tom Davis and Sen. John McCain, could possibly be at risk after the theft of VA personal information. Buyer spokeswoman Laura Zuckerman "said verifying the integrity of his own data was not Buyer's first concern." Other lawmakers were similarly more concerned about their constituents including "Marine veteran Rep. John Kline" who "has written to veterans in his district informing them of the breach and offering information on credit-reporting agencies and other relevant contacts, according to spokesman Troy Young." The Hill also notes that VA Secretary Nicholson "will face a new ranking Democrat at today's Veterans' Affairs Committee hearing, as Minority Leader Nancy Pelosi (D-Calif.) announced Tuesday that Rep. Bob Filner (Calif.) would replace Rep. Lane Evans (D-Ill.)."

House Bill Would Ban Online Gambling. The Washington Post (5/25, D1, Ahrens) reports, "Online poker players will have to fold their hands if a Virginia congressman gets his way. … Today, the House Judiciary Committee will mark up a bill introduced by Rep. Robert W. Goodlatte (R) that would ban much online gambling, including bets on sporting events and games of chance -- namely poker, which has enjoyed a boom in recent years." The Post continues, "The legislation could get an unexpected boost from the Jack Abramoff scandal. The disgraced lobbyist was key to blocking one of Goodlatte's three previous attempts to ban Internet gambling, and backlash over corruption charges could help the current effort. … The bill would update the Federal Wire Wager Act, which prohibits gambling over telephone lines but may not apply to Internet gambling because not all Web traffic travels over phone lines. It also would force banks to block transactions related to online gambling and would empower law enforcement agencies to force Internet service providers to remove or disable links to gambling sites. … The bill effectively would prevent state lotteries from taking their games online, because technology does not exist to keep gambling within a state. Fantasy sports leagues would be exempt. Goodlatte said his bill is neutral on parimutuel horse wagering, which has an online component that is the cause of an ongoing struggle between Congress and the Justice Department."

Case Made Against Online Gambling Ban. Frank Catania, a former assistant attorney general, director of the New Jersey Division of Gaming Enforcement and deputy Speaker of the New Jersey General Assembly, writes in The Hill (5/25), "This week, the House Judiciary Committee is expected to mark up two bills that would make certain forms of Internet gambling and the financial transactions involved in Internet gambling illegal. … Whether the gambling entertainment is online or offline, consumers deserve diligent regulators who make sure operators are honest, games are fair, winning players are paid promptly, problem gamblers are offered assistance or ultimately barred and minors are prohibited from playing. Prohibition of Internet gambling will not provide such protections; licensure and regulation will."

Former New Orleans Mayor's Uncle Pleads Guilty To Stealing Transit Funds. The AP (5/25, Martel) reports, "The uncle of former Mayor Marc Morial pleaded guilty Wednesday to stealing $550,000 from a transit agency, the third conviction in a federal probe of corruption at city hall and in the public schools. Glenn Haydel pleaded guilty to fraud against a federal program and would serve two years in prison if a judge approves the deal, said U.S. Attorney Jim Letten." The AP notes Haydel "held a lucrative consulting contract with the Regional Transit Authority when Morial was in office in the 1990s," and he "admitted diverting $550,000 from an authority trust account to his own company, Metro New Orleans Transit Inc., and then taking $350,000 for his personal use, Letten said."

Former West Palm Beach Official Pleads Guilty To Corruption Charges. The South Florida Sun-Sentinel (5/25, Blum, 249K) reports, "Former West Palm Beach City Commissioner and State Rep. Ray Liberti pleaded guilty on Wednesday to three counts in federal court stemming from a corruption case involving a massage parlor." He "was accused of accepting more than $66,000 in cash and a a $2,000 Tag Heurer watch in what turned out to be an FBI sting operation. 'I know what I did,' Liberti told the judge when he entered his pleas." The AP (5/25, Anderson) notes Liberti admitted "using his powers as a city official to harass business owners in exchange for bribes from investors who wanted to buy the businesses below market value. … Unknown to Liberti at the time, one of the 'investors' turned out to be an undercover FBI agent, and most of Liberti's meetings and phone calls in the case were tape recorded, said John Kastrenakes, the assistant U.S. attorney prosecuting the case."

Holdout Juror Says FBI "Set Up" Former New Mexico Treasurer. The AP (5/25) reports, "A juror described by his colleagues as the lone holdout against convicting Robert Vigil in his public corruption trial said he doesn't believe the former New Mexico state treasurer is entirely innocent, but prosecutors clearly failed to prove their

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case. In a phone interview with Associated Press from his part-time home in Sun City, Ariz., Delmus Holdson also says he believes Vigil was 'set up' by the FBI. And if federal prosecutors try the case again, they'll likely face another hung jury, Holdson said Tuesday." Holdson added, "They put him in a position where the other side knew what they were doing, and were wearing recording devices," and he denied other jurors' allegations that he refused to weigh the evidence during deliberations.

Indicted Tennessee Senator Delivers Subpoenas To Lawmakers. The Tennessean (5/25, Schrade) reports that at the Tennessee Capitol yesterday, "indicted former Sen. Roscoe Dixon created a stir as he issued subpoenas in his defense to lawmakers, including Lt. Gov. John Wilder and state Sen. Jeff Miller. Dixon was one of the five public officials snagged in the FBI's Tennessee Waltz bribery sting -- which occurred almost one year ago to the day. … He is charged with taking payoffs to advance legislation favorable to a phony computer recycling company created by federal prosecutors." The Memphis Commercial Appeal (5/25, Locker) adds, "Dixon would only say that he was lining up potential witnesses for his Memphis trial. … He resigned that post last May following his indictment, along with three other legislators and others, in the FBI's 'Tennessee Waltz' corruption investigation. … Dixon has pleaded innocent of charges of accepting $9,500 in bribes from undercover agents." The Nashville Post (5/25, Whitehouse) notes, "As lobbyists and reporters looked on, Dixon was warmly greeted by former colleagues of both political parties and made small talk with them. The most interesting moment was watching Dixon and State Sen. Ward Crutchfield…who is also facing trial in the 'Waltz' case, embrace and share private thoughts before going their separate ways."

Defense Lawyer Again Brings Up Daley At Patronage Trial. The Chicago Tribune (5/25, Mihalopoulos, 643K) reports, "Mayor Richard Daley became a focus again Wednesday at the federal corruption trial of his former patronage chief, Robert Sorich, as prosecutors complained about frequent references to Daley by the defense. Sorich's lawyer, Thomas Anthony Durkin, asked prosecution witnesses such as former Daley Cabinet member John Kosiba whether the mayor, his closest aides or the city's Law Department knew about patronage hiring in the administration. … In a private sidebar conversation, Durkin was asked to explain his repeated references to Daley. Durkin said the mayor told federal agents 'that he didn't believe that there was anything improper at the time, and he was not aware that there was anything improper going on,' according to a transcript of the discussion." WLS-TV Chicago (5/24, Schulte) reported on its Web site that federal prosecutor Patrick Collins "complained to the judge about defense attorney Tom Durkin's constant line of questioning during cross-examination about Mayor Daley's role in hiring. Collins said it was confusing to the jury and caused 'serious risk of diverting the attention away from the four men on trial.' Judge David Coar agreed and did not see the significance in questions about Daley."

Ryan Juror Returns Trial Notes. The AP (5/25) reports, "One of the jurors who convicted former Gov. George Ryan of racketeering and fraud has returned notes she took during the seven-month corruption trial. U.S. District Judge Rebecca Pallmeyer had ordered the return of the notes to the courthouse after the juror, Karen James, told a reporter she planned to sell them. James returned the notes Wednesday and the matter was closed, officials said."

Barn Demolished In Ongoing FBI Search For Hoffa Remains. The AP (5/25, Krisher) reports, "It took about three hours Wednesday for a 75,000-pound excavating machine to gobble up a barn as part of the FBI's search for the remains of former Teamsters boss Jimmy Hoffa. The barn's destruction was the most dramatic moment in the week since dozens of FBI agents descended on the horse farm 30 miles from Detroit. … Dawn Clenney, a spokeswoman for the FBI in Detroit, said nothing significant has been found so far." The AP adds, "On Thursday, crews will begin to remove the barn's 200-square-foot concrete floor and then the FBI will dig to search for evidence." In a story distributed by Knight Ridder, The Detroit Free-Press (5/25, Neavling) adds that Clenny said "things are 'business as usual.'" By the end of the day yesterday, "a pile of wooden debris sat where the 4,700-square-foot barn once stood. A handful of FBI agents in navy blue polo shirts stood watch nearby 0- one leaning on a yellow shovel." CNN.com (5/24, Cummings) notes, "The government eventually will have to replace the barn, or any other structures it removes, and pay for any damage to the Hidden Dreams Farm," and "the FBI paid Able $6,000 to tear down the barn, the company said."

Lawyer Says Tipster Withheld Hoffa Information From Fear Of Retribution By Mob. The Detroit News (5/25, Egan) reports, "Donovan Wells was terrified in 1976 about telling the FBI what he knew about the disappearance of former Teamsters boss Jimmy Hoffa, one of his former lawyers said Wednesday." Attorney Joseph J. Fabrizio recalled, "He said if he wasn't careful, he'd end up in the same place as Hoffa." But "Fabrizio said that after 30 years and with many of those rumored to be involved with Hoffa's murder in their graves, Wells was likely to tell the FBI much more about what he knew than he was willing to tell in 1976, when he was trying to strike a plea bargain on a charge related to theft of steel. Fabrizio's recollection of Wells' fear

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could help explain why the story from the former Hoffa associate and trucking company owner could mobilize FBI action today that it could not mobilize in 1976."

Township Businesses Making Most Of Publicity. The AP (5/25, Charlton) reports from Milford Township, "In the week since dozens of FBI agents, police and others invaded this small community…to search for the remains of former Teamsters chief Jimmy Hoffa, local businesses are taking advantage of the national spotlight aimed at them. With humorous signs, specially made T-shirts and themed meals, business owners are poking fun at the search while trying to attract more customers."

Killer Of Abortion Doctor Wins Right To Represent Himself. The AP (5/25, Thompson) reports, "Anti-abortion extremist James Kopp, who admits he was the sniper who killed an abortion doctor in 1998, will defend himself against federal charges of violating abortion clinic access laws." The AP continues, "A judge granted Kopp permission Tuesday to represent himself. … Kopp's first move was to abandon his former attorney's efforts to prevent federal prosecutors from using his statements detailing how and why he shot Dr. Barnett Slepian." The AP adds, "Kopp says the statements he made during his 2003 second-degree murder trial contain 'truths about my faith in the Lord Jesus Christ,' according to court filings. … Kopp, 51, is serving 25 years to life in prison after being convicted on the state murder charge. Federal prosecutors want an additional conviction to ensure he is never released. … The trial judge ruled that Kopp could be charged under the law because abortion-related violence and a shortage of abortion doctors have forced many women to cross state lines for procedures. … Kopp has acknowledged shooting Slepian from the woods outside the doctor's suburban Amherst home but said he was trying only to wound him to prevent him from performing abortions."

California Man Sentenced For Mail Theft. The California Recorder (5/25, Smith) reports, "U.S. District Judge Vaughn Walker's voice sounded heavy with disappointment. … Just one month after a man fulfilled Walker's unique sentence for mail theft by carrying a scarlet letter-type sign for eight hours outside a San Francisco post office, he committed yet another mail-related crime. … And so, when it came to his latest sentencing Tuesday, Walker did not get creative." The Recorder continues, "After defendant Shawn Gementera admitted violating his supervised release in four different ways -- three involving drugs and another, mail-related theft -- Walker sentenced him to a year in prison. … 'I do think, Mr. Gementera, what forbearance and patience the court may have had for you in the past has obviously not put you on the right track,' Walker said sadly. … And 'when you start stealing mail, you directly hurt other people,' the judge added. 'And that cannot be tolerated. So I think the time has come when [you need to] go back to custody.'" The Recorder notes, "Federal advisory guidelines suggested 12 to 18 months in prison for Gementera, said prosecutor Blake Stamm, who suggested the former. … 'Clearly, the lessons the court wished the defendant to learn ... that the theft of mail is not a victimless crime ... clearly that lesson has not taken,' the assistant U.S. attorney argued."

Regulators Move To End Fraudulent Mortgage Practices. The Washington Times (5/25, Hill, 90K) reports, "The Federal Reserve, Federal Trade Commission and other regulators said yesterday that they will work to stamp out the fraudulent advertising and bad deals being offered by brokers marketing seemingly low-rate mortgages with backloaded payment schedules that put many consumers in debt over their heads. … Such mortgages include some loans with interest-only payments so that consumers accumulate no equity in their dwellings and some adjustable-rate mortgages with options to make minimal payments that do not pay down principal. The loans have been particularly popular in Washington and other high-priced areas where borrowers need the lenient terms to afford houses."

Texas Appeals Court Overturns Conviction Of Man Once Sentenced To Death. The AP (5/25, Vertuno) reports, "A state appeals court on Wednesday overturned the conviction of a man who once was sentenced to death in the 1991 slayings of four teenage girls, sending the case back to a lower court because of a codefendant's statement that was used by prosecutors." The AP continues, "Robert Springsteen IV, who was 17 at the time of the killings, was convicted in 2001. His death sentence was commuted to life in prison after the U.S. Supreme Court ruled that it was unconstitutional to execute killers who were under the age of 18 when the crime was committed." The AP adds, "On Wednesday, the Texas Court of Criminal Appeals voted 5-4 to reverse Springsteen's conviction and sent the case back to a lower court. … Eliza Hope Thomas, 17; Amy Ayers, 13; and sisters Jennifer and Sarah Harbison, ages 17 and 15, were killed during a 1991 yogurt shop robbery. The girls were bound, gagged and shot in the head, and the store was set on fire, authorities said."

US Charges Scientist, California Biotech Firm With Fraud. The AP (5/25, Elias) reports, "A scientist and his biotechnology company were charged on 13 counts of mail fraud, false statements and related charges for allegedly shipping bogus research material to many corporate and academic researchers, including at the U.S. National Institute of Health and the Walter Reed Medical Center, federal prosecutors said." The AP continues, "The indictment

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unsealed Tuesday in San Francisco federal court accused Chi Yang and employees at the Dublin, California-based company he owned, SynPep Corp., of falsifying scientific paperwork attesting to the purity of protein fragments called peptides that researchers ordered from the company between 1999 and 2004." The AP adds, "The indictment alleged that SynPep's employees doctored the data by cutting-and-pasting vital results plotted on charts and knowingly sent impure peptides at Yang's behest. Yang is the only person charged and he faces a maximum of 20 years in prison and the government is seeking to seize property bought with proceeds from the allegedly fraudulent sales. … The peptides that were shipped were impure or crude replicas of what was ordered, jeopardizing research in cancer, AIDS and other diseases, the indictment alleged. On its Web site, SynPep bills itself as the 'The Peptide Quality Leader.'"

Convicted Sniper Muhammad Questions Malvo In Maryland Trial. The Washington Post (5/25, A1, Rich, Londoño) reports, "John Allen Muhammad interrogated his former protégé yesterday on the specifics of the sniper slayings and on the roots of their relationship, a cross-examination that unfolded as a struggle for psychological dominance between two men who terrorized the Washington region while bound as if they were father and son." The Post continues, "Lee Boyd Malvo testified that he once absorbed Muhammad's venomous teachings, including his hatred of white people and of the United States. But in nearly five hours of questioning over two days, as the dynamic of their relationship unfurled in a packed courtroom in Montgomery County, Malvo gave every indication that he has broken free from the man who trained him in paramilitary tactics. … 'Son,' Muhammad, who is acting as his own attorney, began at one point. … 'I would prefer you address me by my name,' Malvo snapped back. … 'Okay, thank you, I stand corrected,' Muhammad said, only to do it again seconds later." The Post notes, "Muhammad, 45, stood behind the defense table as he conducted the cross-examination, sometimes holding in his hand the logic book that has been with him since the trial began three weeks ago. Malvo, 21, sat in the witness box about 25 feet away, speaking softly but clearly, taking occasional sips of water from a paper cup. … The questions ranged widely and took unusual turns as Muhammad appeared sometimes combative, sometimes nearly tender. At one point, the case and its horrific details -- 10 dead and three wounded in 22 days -- seemed to recede as the two recalled that Muhammad once asked Malvo to look after his children in Antigua while he was away. Splashing in the water at a beach, Muhammad's son, then 11, and Muhammad's then-girlfriend nearly drowned."

Muhammad's Ex-Wife Describes Life Of Abuse, Fear. The Washington Post (5/25, B1, Londoño) reports, "Never mind that her ex-husband is one of the most closely watched death row inmates in the country. … To this day, Mildred Muhammad never leaves home without the restraining order that bars sniper John Allen Muhammad from getting close to her and their three children. … 'The only thing I know is he was coming to kill me,' Mildred Muhammad said in an interview last weekend. 'If he were to escape, I have that to show to say that he's not supposed to be near me.'" The Post adds, "Mildred Muhammad, 46, said she decided to speak publicly about her ex-husband because she feels prosecutors who have tried him in Virginia and Maryland have not thoroughly addressed what she believes his motive in the October 2002 shootings was: to kill her so he could recover his children."

West Virginia Used Car Dealer Pleads Guilty To Falsifying Loan Documents. The Wheeling Intelligencer (5/25) reports the "owner of several local auto dealerships has pleaded guilty to obtaining more than $700,000 from false loan documents, according to information provided by Acting U.S. Attorney Rita R. Valdrini." Jon Marhefka "of St. Clairsville pleaded guilty recently before U.S. District Judge Frederick P. Stamp Jr. to one count of an information document, which allowed the matter to bypass consideration by a federal grand jury." Marhefka, the "owner and president of Arrow Sales Inc., a corporation operating used car lots in Wheeling and Belmont County, acknowledged in the court documents that he was aware that false loan applications were submitted to financial institutions on behalf of customers purchasing vehicles at the businesses."

Maryland Man Convicted In Gang Rape. The Washington Post (5/25, B4, Castaneda) reports, "A Riverdale Park man suspected of belonging to a violent street gang was convicted yesterday by a Prince George's County jury of participating in the brazen gang rape of a young woman last fall." The Post continues, "Hector Mosquera, 28, was found guilty of first-degree rape and three counts of first-degree sex offense, said a spokesman for State's Attorney Glenn F. Ivey. … Mosquera faces a possible sentence of four life terms in prison, prosecutors said. Circuit Court Judge Richard H. Sothoron Jr. scheduled sentencing for July 6." The Post adds, "Prosecutors said they obtained evidence that Mosquera is a member of Vatos Locos, a street gang made up primarily of Central American immigrants. … Sothoron granted a defense motion to exclude evidence of Mosquera's involvement in Vatos Locos from the trial, said Ramon Korionoff, an Ivey spokesman. … The attack occurred about 4 p.m. Oct. 20 in Riverdale Park. The victim, now 28, and her sister-in-law were walking home from a bus stop. Prosecutors

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said Mosquera and another man confronted the two women and demanded money. The two attackers grabbed her and dragged her to a bamboo grove. A third man joined them, and the three sexually assaulted the victim, prosecutors said. The sister-in-law escaped."

New York City Expanding Mounted Police Force. The CBS Evening News (5/24, story 11, 2:30, Schieffer) reported, "Here in New York, they are training horses not to race but to patrol the streets as part of an expansion of the New York Police Department." CBS (Schlesinger) added, "Looking at him, it would be easy to dismiss" mounted Officer Chris Daniello "as a quaint holdover from a simpler time. But New York's thoroughly modern police commissioner has rediscovered horses, less because they're lovable, more because they're affordable." Commander Raymond Kelly, New York Police Department: "They're not that expensive to maintain -- $10 a day for hay and some treatment." Schlesinger: "And their emissions are easier on the atmosphere than their gasoline-powered competitors. The NYPD already has 80 horses that hit the streets thousands of times a year to control crowd and crime and traffic. They are hard to ignore." They "work so well that the department's buying 75 more."

CIVIL LAW:

Judge Rejects GM Request To Delay Delphi Hearings. The Washington Post (5/25, D03, ElBoghdady) reports, "A bankruptcy court judge yesterday denied General Motor Corp.'s request to delay hearings on whether Delphi Corp., its largest auto parts supplier, can nullify its own union contracts as it struggles to emerge from bankruptcy protection." The Post continues, "In a letter that GM declined to make public, the automaker urged Judge Robert D. Drain to adjourn the hearings in New York for up to 60 days so it can use the time to negotiate an out-of-court settlement and avert a threatened strike by Delphi's 33,000 unionized plant workers in this country. The hearings started earlier this month and resumed as scheduled yesterday morning. … With the hearings underway, GM is facing more pressure to kick in money so Delphi can offer wages and benefits acceptable to the unions before the judge rules and possibly revokes the contracts. The judge has urged the parties to keep talking as the hearings proceed." The Post notes, "A strike by Delphi workers could paralyze GM's production lines and even push the automaker into Chapter 11 bankruptcy protection if the strike lasts long enough. GM, which spun off Delphi in 1999, purchases about $14 billion in parts from Delphi each year. An analyst predicts that GM could "bleed" $7 billion to $8 billion during a 60-day walkout."

Led By McCain, Senate Prepares To Scrutinize Defense Contractors. The Wall Street Journal (5/25, Karp, Pasztor, 2.11M) reports, "Boeing Co. and other big Pentagon contractors are bracing for fresh congressional criticism of weapons-procurement blunders and profits as Sen. John McCain ratchets up his scrutiny of the defense establishment." Sen. McCain reportedly wants to use his memberships on the Armed Services Committee and Commerce, Science, and Transportation Committee to investigate "alleged sweetheart dealings between the Pentagon and industry." The Journal writes, "Currently, many contractors are awarded maximum bonuses, even on projects that are significantly behind schedule or over budget."

CIVIL RIGHTS:

DOJ Targets Human Trafficking In Midwest. The AP (5/25, Sedensky) reports, "The U.S. Justice Department launched a loosely organized effort Wednesday to prosecute human trafficking in a region that has prosecuted virtually no such cases." The AP continues, "Officials announced the Human Trafficking Rescue Project in conjunction with training sessions for regional police, prosecutors and social service workers - the rank-and-file professionals seen as integral to spotting incidents of forced labor and sexual exploitation, and to keeping them from spreading. … 'Human trafficking is nothing less than modern-day slavery,' said Bradley Schlozman, the U.S. attorney for western Missouri." The AP adds, "Trafficking affects an estimated 600,000 to 800,000 victims annually - including an estimated 14,500 to 17,500 who are brought to the U.S. - and has become a top issue for the Justice Department. Schlozman, named interim U.S. attorney in March, previously worked in the department's Civil Rights Division, handling cases including trafficking. … More than 30 other regions have launched similar task forces, which aim to educate authorities on how to identify trafficking cases and how to respond to victims. No funding has yet been awarded to this region's program. … Schlozman said his office was investigating several trafficking cases in the area, including alleged incidents of forced labor and prostitution of both children and adults. … Wan Kim, the assistant U.S. attorney general for civil rights, said within a 10-mile radius of the training seminar - at a hotel near Kansas City International Airport - one could find examples of trafficking."

WTHR-TV Indianapolis (5/24, Chapman) reports on its Web site, "Now, alongside big cities like New York, Los Angeles and Chicago, Indianapolis is on the government's map when it comes to human trafficking. In a report to the Justice Department, local investigators have identified as

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many as 40 potential victims, some in brothels run by a growing population of immigrants. 'We're finding out that a lot of the immigration issue is tied so closely to human trafficking,' says Keith Lourdeau, agent in charge of the FBI's Indianapolis office." WTHR adds, "The Julian Center in Indianapolis is now opening its doors to human trafficking victims as part of a half-million dollar grant from the Justice Department.. ... 'We need to take off the head of the organization for it to stop,' Lourdeau says. 'We need people inside to help us out so that we can crack the ring.'"

Florida Man Pleads Guilty To Transporting Illegal Aliens. The Naples Daily News (5/24, Zeitlin) reported, "A Fort Myers man pleaded guilty in U.S. District Court today to a count of transporting illegal aliens. Eliseo Escalante Santizo…an illegal immigrant from Mexico, was arrested by the FBI in connection with a human trafficking case involving a 14-year-old-girl and 24-year-old woman from Chiapas, Mexico."

Mexican Man In Oregon Charged With Human Trafficking. KGW-TV Portland, OR (5/24, Giedwoyn) reports on its Web site, "A Mexican man living in Salem was indicted by a federal grand jury in Portland Wednesday on human trafficking charges, authorities said." Ramon Lopez-Montanez "is accused of kidnapping a woman from Mexico and threatening to harm her or her family unless she manufactured marijuana, according to the FBI and Oregon State Police. … In addition to being blackmailed and taken to Otis, Ore. for the marijuana operation, the victim was beaten, stabbed and sexually assaulted as well as caused to witness acts of violence committed against children and other women, according to the indictment."

ANTITRUST:

Former Michigan School Official Charged With E-Rate Fraud. IDG News Service (5/25, Gross) reports, "A former assistant superintendent at a Michigan school has been arrested, along with his wife, on charges of fraud involving US$7.3 million obtained from a US government program intended to help schools and libraries connect to the Internet, the US Department of Justice (DOJ) said Wednesday." IDG continues, "A federal grand jury in Detroit on Tuesday indicted Douglas A. Benit and Mary Ann Elam Benit on fraud-related charges for allegedly using his position at Ecorse Public Schools to steer contracts from the U.S. E-Rate program to a company under his control. The contracts were awarded to Coral Technology under inflated bids, the DOJ said." IDG adds, "The indictment charges both the Benits and Coral with one count of conspiring to commit federal program fraud and mail and wire fraud between March 1998 and October 2003, as well as one count of mail fraud in relation to a Coral application for an E-Rate funded project in the Ecorse schools. … Douglas Benit is also charged with two counts of federal program fraud relating to school purchases of vocational labs and payments required under the federal E-Rate program, the DOJ said. He is also charged with one count of mail fraud in relation to a September to November 2005 scheme to defraud a mortgage and a lending company while obtaining a $893,750 mortgage. … Douglas Benit and Coral are charged with two counts of wire fraud in relation to wire transmissions made in 2001 and 2002 in connection to the E-Rate fraud, the DOJ said. Benit and his wife are charged with bank fraud in a December 2002 to April 2003 scheme to defraud a Minnesota bank, the DOJ said."

Falconbridge Blasts Rivals In Inco Takeover Bid. The Financial Times (5/25, Simon) reports, "Falconbridge has accused several rival metal groups, including Swiss-based Xstrata, of putting up obstacles to European regulatory clearance of a friendly takeover bid from Inco, its fellow Toronto-based nickel miner." The Times continues, "Delays in anti-trust approvals by the European Commission and the US Justice Department opened the way for a C$20bn (US$17.8bn) hostile bid last week by Xstrata for Falconbridge." The Times adds, "Singling out Xstrata, the Swiss trading group Glencore and the French nickel miner Eramet, Derek Pannell, Falconbridge's chief executive, said this week: 'I'm sure if there had been no pushback, [the deal with Inco] would have gone a lot more smoothly.' … Glencore owns 36 per cent of Xstrata. Mr Pannell said Eramet was unhappy at failing to gain control of a Falconbridge exploration property in New Caledonia. … Mr Pannell expressed the hope that Canadian authorities would apply the same rigour in vetting Xstrata's bid as the European Commission had done with the Inco deal."

Anderson To Purchase Silver Line Building Products. The St. Paul Pioneer-Press (5/25, Welbes) reports, "After 102 years as a leading maker of wood windows, Andersen Corp. is embracing vinyl. … Bayport-based Andersen said Wednesday that it's buying Silver Line Building Products Corp., one of the largest U.S. manufacturers of vinyl windows. The deal is Andersen's largest acquisition, and will give it access to vinyl window sales at the Home Depot." The Pioneer-Press continues, "Both companies are privately owned, and terms of the deal weren't disclosed. But the Silver Line acquisition will raise Andersen's annual revenue by almost a third. Hoover's Inc., a business research firm, estimated Andersen's 2004 sales at $2.5 billion, while it lists Silver Line's 2005 sales at $700

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million. … Some 60 percent of the windows made in the U.S. are vinyl, which is the fastest-growing segment of the business. Silver Line's single largest customer is Home Depot, which carries its American Craftsman vinyl window line. … Andersen's move into vinyl also occurs as the market for new-home construction continues to show signs of slowing. Last week, the U.S. Commerce Department said that housing starts fell for a third straight month in April, dropping by 7.4 percent from the previous month. The April number was the lowest since November 2004." The Pioneer-Press adds, "The Silver Line acquisition still needs to pass a government antitrust review, but the two companies hope to close the deal by the end of June."

EU Gives Antitrust Nod To Bayer's Purchase Of Schering AG. Dow Jones (5/25) reports, "The European Commission Wednesday cleared German health care company Bayer AG to purchase competitor Schering AG, creating one of the largest pharmaceutical companies in the world. The deal values Schering at EUR16.3 billion, or EUR86 a share. In a statement, the commission said the two companies are 'mainly complementary.'" Dow Jones continues, "The main overlaps are in a few over the counter and prescription anti-fungal markets. … Even in these fields, the commission said the two companies had market shares above 35% only in isolated areas: gynecological anti-fungals in Portugal, topical dermatological anti-fungals in Austria and combinations of corticosteroids with anti-fungals in Ireland. … Even there, the commission said the enlarged Bayer will 'face several strong competitors and there are no specific entry barriers in the markets.' … Bayer Management Board Chairman Werner Wenning urged Schering shareholders to approve the deal. … He said they note the antitrust approval and that his company's EUR86 per Schering share is about 61% above the unweighted 12-month average price and about 39% above the closing price of Schering shares before the takeover."

EU Is Likely To Drop Its Fight With France On Takeover Law. The Wall Street Journal (5/25, A8, Cohen) reports the European Commission "is likely to abandon efforts to strike down a French law restricting foreign takeovers, even as it has railed against rising economic nationalism in Europe." The Journal notes, "The commission's success in fighting protectionism in France could set a precedent as the EU seeks to counter rising economic nationalism in other member countries." The Commission "sees France as one of Europe's arch-protectionists," and its "regulators increasingly are finding themselves outmaneuvered by Paris."

Cablevision Recording Proposal Sparks Copyright Suit. The Wall Street Journal (5/25, Grant) reports, "Seven of the leading movie and television producers filed a lawsuit in U.S. District Court in New York against Cablevision Systems Corp. challenging the cable operator's plan to allow viewers to store and pause TV programs on the cable system rather than on set-top boxes, firing the opening shot in a copyright battle." The Journal continues, "Cablevision, the country's sixth-largest cable operator by subscribers, has announced plans to build into its network a technology that would allow its subscribers to record every TV show, like many do with TiVo-like digital-video recorders built into set-top boxes. Cablevision believes it would be far less expensive to build the recording capability into the network than to provide hundreds of thousands of households with individual recorders." The Journal adds, "The movie and television producers, whose battles against recording technology date back to the first VCRs, charge in their lawsuit that Cablevision's plan would 'exploit' their programming 'in a manner that violates the law.' The lawsuit, which has been expected since Cablevision announced its plans, asks the court for a judgment declaring that Cablevision's plan would violate copyright law. … The plaintiffs include News Corp.'s Twentieth Century Fox Film Corp., Viacom Inc.'s Paramount Pictures Corp., Walt Disney Co.'s Disney Enterprises Inc., CBS Corp.'s CBS Broadcasting, General Electric Co.'s NBC Studios Inc., Disney's ABC Television Network, and Universal Studios, owned by Vivendi Universal and GE."

China Mobile Nears Deal For Millicom. The Wall Street Journal (5/25, Singer, Dean) reports, "China Mobile Communications Corp. is near a $5.3 billion pact to acquire Millicom International Cellular SA of Luxembourg, operator of mobile-telephone services in many of the world's poorest nations, in a move that would expand China's influence into international telecommunications, especially in emerging markets." The Journal continues, "The expected deal -- the biggest overseas acquisition by a Chinese company -- could also have a ripple effect on Chinese suppliers of telecom equipment and mobile handsets such as Huawei Technologies Co. and ZTE Corp. China Mobile is expected to upgrade the network of Millicom, which operates in 16 countries." The Journal adds, "The deal, which could be signed within days, is the latest sign of Chinese companies' ambitions in snapping up international assets. After watching Western companies invest billions in their home market, Chinese companies in recent years have been looking at purchases abroad, most notably with Lenovo Group Ltd.'s purchase of the personal-computer division of International Business Machines Corp. For China's government, the

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expansion of Chinese companies overseas is part of a broader push to expand the country's global influence."

McCain, Martin Make Case For A La Carte Cable Choices. Sen. John McCain and FCC Chairman Kevin Martin, write in the Los Angeles Times (5/25, 958K) that millions of TV viewers outside the US have the choice to "buy their television channels individually or in smaller bundles -- and get better deals as a result." In the US, "there is too little competition, too much regulation and not enough consumer choice in the cable TV business. … The solution to high cable bills isn't price controls or additional government regulation. It is more competition and more choice. For that reason, Congress should pass the proposed Consumers Having Options in Cable Entertainment Act -- the CHOICE Act -- which is being introduced today. It would allow cable companies to compete nationally for your business (rather than only at the local level) in exchange for agreeing to offer channels a la carte, either individually or in smaller bundles."

BASF Gets EU Approval For Degussa AG Purchase. The AP (5/25) reports, "EU regulators on Wednesday approved German chemical maker BASF AG's bid to buy Degussa AG's construction chemicals business." The AP continues, "BASF will pay about 2.2 billion euros ($2.6 billion) in a deal aimed at expanding its reach in a fast-growing sector. … The European Commission said its investigation showed the deal would not cause any antitrust problems even though both make performance polymers used to make concrete products. … 'Overlaps between both parties' activities lead to a combined market share that raised no competition concerns on the market for performance polymers since the combined firm would continue to face several strong, effective competitors,' it said."

ENVIRONMENT:

Bush Promotes Plans For Expanded Use Of Nuclear Energy. President Bush promoted his plans to expand the use of nuclear power during a visit to Pennsylvania yesterday. The Philadelphia Inquirer (5/25, Shields, 423K) reports, "Bush visited Limerick's nuclear power plant this afternoon to push his broad new offensive on nuclear energy. Bush's ambitious Global Nuclear Energy Partnership is an attempt to promote construction of a whole new generation of nuclear plants in an industry which hasn't licensed one in 30 years." His proposal "faces a tough battle in Congress in the coming weeks. The House appropriations subcommittee cut it's funding in half last week, but it has powerful support in the upcoming senate budget debate. The future of the Global Nuclear Energy Partnership will likely be worked out in conference committee, observers say." The AP (5/25, Loven) notes the Limerick Generating Station is "a nuclear plant operated by Exelon Corp. about 40 miles from Philadelphia." Bush "donned a white hard hat for a brief tour, then spoke to employees in a sweltering tent set up in the shadow of the plant's two enormous cooling towers." Bush "argued that nuclear power is abundant, affordable, safe and clean."

The story got no network coverage, though it is getting attention from major newspapers this morning. Much of the coverage frames Bush's remarks in the context of high energy prices and the political pressure on Bush and the GOP. CNN's The Situation Room (5/24, Malveaux), for example, reported Bush is "saying we've got to wean Americans off their addiction to foreign sources of oil. Also, of course, the President facing a great deal of pressure, if you will, from the American people, who are looking at those gas prices, very high gas prices, saying: 'What are you going to do?' Clearly, his energy plan is not a short-term solution, but a long-term solution to push forward on nuclear energy."

The New York Times (5/25, Rutenberg, 1.19M) reports Bush "promoted the 2005 energy bill he signed into law, which provides tax incentives, loan guarantees and federal risk insurance for companies building nuclear plants. Before the law, he said, only 2 companies were considering building plants, but now 16 are." Said Bush, "For the sake of economic security and national security. … The United States of America must aggressively move forward with the construction of nuclear power plants." Bush also "spoke of his administration's efforts to research alternative energy sources, like solar panels, ethanol and wind turbines."

The Wall Street Journal (5/25, Pulizzi, 2.11M) reports Bush "said the government has a strategy of loan guarantees, production tax credits, and federal risk insurance to encourage development. He said 16 companies have expressed an interest in building as many as 25 new nuclear facilities." While the US "hasn't built a nuclear plant since the 1970s," Bush "noted that other nations are further along. France generates more than three-quarters of its electricity from nuclear power, and China has plans to construct 40 plants over the next decade." The US "has 100 nuclear plants in 31 states. Those facilities generate a fifth of the nation's electricity."

Knight Ridder (5/25, Shields) reports, "It is a pivotal time for Bush's nuclear agenda. Funding for a new nuclear initiative is being fought over in Congress. Last year, he won a host of other incentives for the nuclear industry, including tax breaks and insurance against regulatory and legal delays." Knight Ridder adds, "Another part of his plan calls for expediting the opening the Yucca Mountain storage facility in Nevada, which would allow plants such as Exelon's Limerick Generating Station to begin shipping out spent fuel

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that is now stored on site. Providing a place to store spent fuel is critical if new power plants are to be built."

The Washington Post (5/25, A4, Baker, Mufson, 744K) reports, "Opinion polls suggest public attitudes toward nuclear power are shifting. Support for expanding the use of nuclear energy has grown from 43 percent to 55 percent in the past three years, according to surveys by the Gallup Organization." The Pew Research Center "found rising support in the past few months as gasoline prices have soared, from 39 percent last September to 44 percent in February. Still, 49 percent remain against expanding nuclear energy. … Some environmentalists, including Patrick Moore, co-founder of Greenpeace, have changed their minds as well, seeing nuclear energy as clean compared with fossil fuels that pollute the environment. Other environmentalists complain that Bush is overselling any benefits from nuclear power and underestimating the risks."

The Spring-Ford (PA) Reporter (5/25, Arnosky) reports that Bush said plans for new "nuclear power plants are hindered by lawsuits and 'bureaucratic obstacles.' He said his 2005 energy bill would give loan incentives, tax credits and federal risk insurance to the first six new nuclear power plants to be built. Bush also said a $1.1 billion partnership with the industry was in the works to facilitate new plants. 'I understand we need more nuclear power plants and here's a strategy to get it going,' Bush said. 'Here's a way to say to the industry, 'We're serious about this.'"

Meanwhile, under the headline "Protesters Rally Against Bush Energy Stance," the Pottstown Mercury (5/25, Moyer) reports, "Hours before President Bush shook the hands of workers at" the Limerick plant, about "25 community members and activists gathered outside Pottstown Borough Hall to protest Bush's energy policy. Lewis Cuthbert, president of the Alliance for a Clean Environment, criticized "Bush's call for building more nuclear power plants," ripping "nuclear power as too polluting, dangerous and expensive, and said it is not an answer to global warming. 'Mr. President, are you trying to deceive us, or don't you know the facts?' Cuthbert said."

Bush Also Attends Fundraiser For "Vulnerable" Republicans. The AP (5/25) reports, "Bush made a fundraising stop Wednesday for two vulnerable House Republicans seeking re-election in the Philadelphia suburbs. Calling Reps. Jim Gerlach and Mike Fitzpatrick 'two of the young stars of the United States Congress,' the president urged about 250 supporters to continue fundraising for the pair and recruiting others for their campaigns." The event "raised about $450,000 after expenses, said Gerlach spokesman John Gentzel. The money will be split evenly between Gerlach, Fitzpatrick and the Pennsylvania Republican State Committee."

Limerick Workers Welcome President's Nuclear Proposals. Under the headline, "President Bush Gets A Warm Reception From Exelon Employees," the Pottstown (PA) Mercury (5/25, Karas) reports, "It's not every day the president stops by to tell you that you're doing a good job." The Mercury adds, "About 300 of the plant's 700 employees attended a 30-minute speech by the president," who talked up the safety of nuclear power production and said, "It is safe because of advances in science and engineering and plant design," and added, "It is safe because the workers and managers of our nuclear power plants are incredibly skilled people who know what they're doing."

Another Pottstown Mercury (5/25, Brandt) piece noted that as the president stood "in front of a backdrop heralding his 'Advanced Energy Initiative,' Bush emphasized research and technology as the best way to maximize the energy resources available to the nation and thus break America's addiction to foreign oil." Prior to "making his 35-minute speech, Bush toured the station, visiting the plant's two massive generators and its control room. He praised the employees' 'strong dedication to safety,' and earned more of their applause when he said 'this plant serves two million homes in the area, and it does so in a way that does not require us to pollute the air."

House Seen As Likely To Scale Back Bush Plan To Resume Nuclear Fuel Reprocessing. The AP (5/25, Hebert) reports, "The House appeared ready to scale back President Bush's ambitious plan to resume nuclear fuel reprocessing as part of an international program to boost nuclear power." A "broad spending bill, expected to be approved by the House later Wednesday would cut Bush's request for the first installment of the nuclear initiative in half, to about $130 million. An attempt to slash it by an additional $40 million was rejected." The AP adds, "The $30 billion spending measure funds the Energy Department, related agencies and numerous federal water projects."

Spent Fuel Issue Seen As Critical To Future Of Nuclear Energy. In an editorial, the Pottstown Mercury (5/24) says the president's visit "comes at a time when the local plant is dealing with the long-simmering question of how to dispose of spent fuel rods in the future. Exelon recently unveiled plans to store used nuclear fuel on a concrete pad" and the "proposed project utilizing what is known as 'dry cask storage' has become necessary," though "Bush may discuss some other ideas on how to handle spent fuel in the coming years." The Mercury adds that the "issue of safely handling spent fuel is a critical environmental question that will become even more important as the future of nuclear energy is debated."

More Commentary. In a commentary appearing in the Valley Item (5/25) of Royersford, PA, Mike Morsch who is the Executive Director of Montgomery Newspapers, writes, "As presidential speeches go, this one was typical. He talked about his energy plan to a favorable, if somewhat calm, crowd of approximately 200 inside a big tent at the Limerick

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plant site. He talked for about 30 minutes, and he sounded a bit more Texas twangy than he does on television, especially during the part of his speech where he talked about reducing our dependence on foreign oil." But, Morsch adds, "it was a great honor for the nuclear station and its employees -- as well as all Limerick residents -- to have Mr. Bush in the house."

Protesters Try To Halt Test Blast In Nevada. USA Today (5/25, Passey, 2.31M) reports, "Residents downwind of the Nevada Test Site are fighting to block a non-nuclear blast scheduled there in June, mainly because of the legacy of Cold War atomic testing. The Pentagon's Defense Threat Reduction Agency (DTRA) plans to explode 700 tons of ammonium nitrate and fuel oil at the site, which is 65 miles northwest of Las Vegas, to test the effects of ground shock on hardened targets, such as underground bunkers." Opponents cite three objections: "There could be health hazards for those downwind because radioactive soil left over from Cold War-era atomic testing might be dispersed; the test could lead to renewed nuclear testing; and the Western Shoshone tribe claims the test would violate ancestral lands."

Utilities Scramble To Make Sure They Have Enough Coal. The Christian Science Monitor (5/25, Clayton, 61K) reports that as summer approaches, electric utilities are scrambling to make sure they have enough coal on hand. According to the Monitor, "With at least a few utilities unable to get enough coal shipped by rail, some are resorting to extreme measures - even importing it." The US has enough domestic reserves to last centuries. But "getting America's abundant coal to where it is most needed is a growing challenge for power companies - and the railroads that supply them."

California Town Uses Eminent Domain To Block Planned Wal-Mart Store. ABC World News Tonight (5/24, story 7, 2:25, Rooney, 8.78M) reported on the use of the eminent domain power by the town of Hercules, California to take land that Wal-Mart had planned to use for a big-box story. Hercules is "a developing city of 23,000, east of San Francisco, where the city's planners have labored to give this town a certain look and feel. And right here, on 17 acres, next to new homes with a view of San Pablo Bay, Wal-Mart plans to build a new store." But the city council "voted unanimously to take Wal-Mart's land by power of eminent domain. The right to take private property for public use. The world's largest retailer is not what the city wants as the centerpiece of its planned waterfront." Towns "from Virginia to California have fought Wal-Mart before, claiming it would kill local business. But many more have welcomed Wal-Mart's jobs and tax revenue, actually using eminent domain to help the retail chain develop. But no one has ever used eminent domain to stop Wal-Mart. And in an ironic reversal of roles, the company's spokesman cried foul."

FBI/DEA/ATF/USMS:

IG Finds FBI Missed Many Opportunities To Uncover PRC Spy. In a widely-distributed story, the AP (5/25, Sherman) reports that in a report released yesterday about FBI informant Katrina Leung and her relationship with Special Agent James J. Smith, DOJ inspector general Glenn Fine concluded that "the FBI missed many opportunities to uncover that Leung was working for China and getting her information from Smith, as well as to learn of the long affair between the pair." Fine found that "in one instance in 2000, a tipster told the FBI that Leung was 'in bed with' the bureau's Los Angeles office," and "the FBI also failed to follow up on information that pointed directly to Smith even as the bureau was in the midst of a major espionage investigation that resulted in the arrest of Robert Hanssen." The AP adds, "The FBI said Wednesday it has learned from the many mistakes in the spy case. 'The FBI has already moved to address the systemic issues identified by' Fine that allowed Smith and Leung to escape detection for so long, the bureau said in a statement." The AP notes that "special task force was created in 2002 after FBI Director Robert Mueller, on the job for only a few months, expressed concern about the pace and scope of the investigation" in to the Leung-Smith relationship," and "Mueller asked for the inspector general's review."

The Los Angeles Times (5/25, Spano, 958K) reports, "A separate review of spies against China concluded in December that FBI relationships with several of them should be 'closed' because of 'control and reliability issues,' according to Wednesday's report. The secret report also said that an FBI task force was created to investigate persistent allegations against Leung after counterintelligence operations had been compromised and several of its operatives 'had been detained and interrogated in China.'" The Times adds, "The report repeatedly uses words such as 'incompetent,' 'incomprehensible,' and 'incredible' to describe the FBI's self-investigative failings." The FBI said "that it has moved 'to minimize the risk' associated with spying operations," noting "it has implemented seven of the 11 reforms recommended by the inspector general." Under the headline "F.B.I. Missed Many 'Red Flags' On Key Informer, Review Finds," The New York Times (5/25, Lichtblau, 1.19M) notes, "As early as 1987, senior officials at the F.B.I. received word" Leung "might have had unauthorized contacts with Chinese officials," but "the F.B.I. continued using her as one of its most highly paid informants, paying her a total of $1.7 million." The bureau said yesterday that "it had taken numerous steps since 2002

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to bolster management of its informants," but the "report said the F.B.I. still needed to go further."

The Washington Post (5/25, A13, Geis, 744K) reports, "FBI officials on Wednesday acknowledged 'weaknesses in the FBI's asset program.' The agency has implemented, in whole or part, seven of 11 recommendations in the report, they said. … 'The FBI expanded its polygraph program in 2001, making all on-board employees, contractors and detailees subject to a polygraph examination,' FBI Assistant Director Charles S. Phalen Jr. wrote in response to Fine's report. 'The FBI has built, and continues to improve, a comprehensive, centralized and forward-looking security program.'" The Washington Times (5/25, Seper, 90K) also reports on the IG's criticism, and the FBI's response, under the headline "FBI Agent, Tipster Hid Relationship."

Oregon Mayor Accuses FBI Of Trying To Spy On City Government. The Oregonian (5/25, Griffin, 346K) reports Portland Mayor Tom Potter "is accusing the FBI of trying to spy on City Hall. In an open letter to Portlanders on Wednesday, Potter reported that a Federal Bureau of Investigation agent approached a city employee earlier this month seeking information about City Council members and city government. 'In the absence of any reasonable suspicion of wrongdoing, I believe the FBI's recent actions smack of "Big Brother,"' Potter wrote. … Federal officials confirmed that an agent spoke to a midlevel employee from the city attorney's office, hoping that person would serve as a source inside City Hall," but Portland Assistant SAC Daniel Nielsen "had a different take on the encounter's significance. 'We're supposed to talk to people, to develop sources, to develop relationships. … We can't do our jobs without the public,' he said." However, National Association of Criminal Defense Lawyers president-elect Martin Pinales said, "I have never heard of anything like that. It's a frightening concept." And Georgetown law professor David Cole "said the FBI appeared to be operating outside its own guidelines." US Rep. Earl Blumenauer "said he will ask the FBI for an explanation. 'The report that the FBI would consider trolling for information in Portland City Hall is stunning,' Blumenauer said."

The AP (5/25, McCall) adds that at a news conference yesterday, Potter called "it a recruiting attempt that raises questions about how far the government is willing to go to spy on its citizens." But Nielsen "said an agent and a city employee 'came across each other in day-to-day activities, Starbucks and they work out in the same gym.' He said the agent made no secret about who he was, and when the city employee was 'clearly uncomfortable about the situation,' he told her she was free to report the contact. 'It wasn't the jackbooted thug coming in and putting on the klieg lights,' Nielsen said." The AP notes, "Legal experts said it would be highly unusual for the FBI to try to recruit someone outside of a specific investigation." The Portland Business Journal (5/24) also reports on Potter's allegations.

Search Continues For Source Of Fentanyl-Laced Drugs Linked To Overdoses. According to the AP (5/24), federal drug agents and the CDC "are stepping up the investigation of dozens of fatal overdoses linked to heroin laced with a strong prescription painkiller. The synthetic painkiller fentanyl has tainted the illegal heroin supply in Illinois, Michigan, Ohio, Maryland, Delaware, Pennsylvania and New Jersey, authorities said. In Detroit, the drug combination has been linked to at least 23 deaths in less than a week. … 'Samples are being tested to see if we can determine if it's pharmaceutical grade or from a clandestine laboratory,' DEA agent Christopher Hoyt said." Fentanyl-laced illegal drugs have received wide media coverage, with more than 80 news outlets referring to such stories today. The latest AP story has been published in newspapers and/or posted on the Web sites of ABC News, CBS News, FOX News, the New York Times, Washington Post, San Diego Union-Tribune, and Kansas City Star.

The Chicago Tribune (5/24, Heinzmann, Coen) writes, "As Chicago police continue investigating heroin dealers lacing their drugs with the deadly painkiller Fentanyl, federal officials are trying to determine whether the outbreak of the drug is part of an emerging national problem. … In addition to Chicago and Detroit, New Jersey and Philadelphia also have had a series of fatal overdoses in recent weeks. The U.S. Drug Enforcement Administration has begun testing samples in controlled purchases from targeted areas…to determine if they can be linked to a common source, officials said."

The Washington Times/ UPI (5/25) cites the Chicago Tribune story in its report.

Lewes, Delaware's WGMD Radio (5/24) reports on its Web site, "The U-S Drug Enforcement Administration is testing samples of heroin sold in Chicago to determine if bad batches nationwide can be linked to a single source. Authorities say 15 people were hospitalized two weeks ago after using heroin bought on Chicago's West side."

Local TV Coverage. WFLD-TV, Chicago (5/24, 12:00 p.m.) reported, "Federal drug agents are stepping up their efforts to find the source of tainted heroin. … They believe the heroin has been mixed with a very important drug. The Drug Enforcement Agency is trying to figure out if it has been stolen or made in an illegal lab. They believe it does not come from one source but at least several."

WGN-TV, Chicago (5/24, 8:00 a.m.) reported, "Federal drug officials have begun testing samples of heroin laced with the painkiller fentanyl. Here in Chicago and several other cities, addicts have been dying after taking the contaminated drug. The fentanyl is either [stolen from] pharmaceutical

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warehouses or made in makeshift laboratories and can be 100 times as potent as heroin. The Fed is trying to track the drug to a common source in hopes of stopping it before it gets into street drugs."

KWGN-TV, Denver (5/24, 9:00 p.m.) reported, "Dozens of fatal overdoses of a prescription painkiller have been reported in seven northeastern states. Federal drug agents say the deaths are link to e synthetic painkiller fentanyl that's laced with heroin the combination has killed at least 23 in Detroit and ten more in Chicago. Fentanyl is 80-times stronger than morphine."

KCAL-TV, Los Angeles (5/24, 12:00 p.m.) reported, "Nearly three dozen people have died recently from overdoses on heroin laced [with] a painkiller. Dozens have been hospitalized. It has turned up in several Midwest and eastern states."

KENS-TV, San Antonio, Texas (5/24, 5:00 p.m.) reported, "The painkiller fentanyl has tainted the illegal heroin supply in Illinois, Michigan, Ohio, Maryland, Delaware, Pennsylvania and New Jersey. In Detroit alone, the drug combination has been linked to at least 23 deaths in less than a week. In Chicago two weeks ago, 15 people were hospitalized after using heroin bought on the city's West side. In southern New Jersey and the Philadelphia area, at least nine heroin users died last month."

Israeli Listed Among World's Top Drug Traffickers Enters Plea In Florida. An Israeli considered to be one of the world's biggest distributors of Ecstasy yesterday pleaded not guilty to federal drug charges. The AP (5/24) reports from Fort Lauderdale that Zeev Rosenstein "entered the plea nearly three months after he was extradited from Israel to face charges that he conspired to distribute more than 1 million Ecstasy pills in the United States between summer 1999 and November 2001. … Rosenstein, who was on the U.S. Drug Enforcement Administration's list of 44 top worldwide drug traffickers, was arrested in Israel more than a year ago." CBS News, the Washington Post, Miami Herald, Houston Chronicle, Contra Costa Times, and Jerusalem Post are among the news outlets that published the AP story.

The South Florida Sun-Sentinel (5/25) reports, "Federal prosecutors say Rosenstein headed a drug trafficking ring spanning four continents and orchestrated the delivery of 700,000 Ecstasy pills seized in a New York apartment in 2001. Israel extradited Rosenstein, 51, to the United States in March. He is being held in the maximum-security unit of the Federal Detention Center in Miami."

Drug Runners Carrying More Drugs Across Border, Cartels Relying More On Marijuana Income. According to the AP (5/24), drug runners are "getting caught running more drugs than ever -- often over the same desert routes used by undocumented migrants -- with the U.S. Border Patrol reporting a sharp increase in the amount of marijuana seized. The Border Patrol's Tucson, Ariz., sector confiscated almost as much marijuana in the first 7 1/2 months of this fiscal year as they did all of last year, and seizures are up all along the border. … The drug runs are so difficult that Steve Robertson, a U.S. Drug Enforcement Agency special agent who has worked along the Texas border, says the average migrant couldn't make them." The AP adds, "Mexico's Attorney General, Daniel Cabeza de Vaca, said cartels are also becoming more reliant on income from marijuana."

Five Sentenced In Texas Marijuana Smuggling, Money Laundering Case. The Waco (TX) Tribune Herald (5/25) reports, "Five people who were part of a group that trucked thousands of pounds of marijuana along Interstate 35 and into Waco and Dallas were sentenced to various jail terms in Waco federal court Wednesday. The five were among at least 11 people involved in a smuggling and money-laundering operation in which thousands of pounds of marijuana were brought into Waco and Dallas, according to the Internal Revenue Service's criminal investigation division. … According to IRS officials, beginning in 1998, [a group] packed tractor-trailer rigs in Mexico with as much as 12,000 pounds of marijuana." The prison terms ranged from 8 years to 17 years.

NY: Man Faces Charges For Selling Steroids Through Internet. In Colonie, the Albany (NY) Times Union (5/24, Higgins) reports authorities said the "seizure of $50,000 in illegal steroids announced by town police and federal investigators [yesterday] is the largest ever in the Capital Region. Christopher J. Magnano…is facing charges he received illegal steroids through the mail and courier services from other countries and re-sold them on the Internet."

Federal Agents Robbed, Carjacked In Maryland. The Washington Post (5/25, B02, Klein) reports, "Two federal law enforcement officers and another man were carjacked yesterday morning at a Prince George's County gas station as they prepared to go on vacation in South Carolina, according to police and a source with knowledge of the investigation." The Post continues, "The law enforcement officers -- one from the Secret Service and one from the Drug Enforcement Administration -- were gassing up a red Hummer with two motorcycles attached to the back at 4:30 a.m. when they were approached by a pair of gunmen, said police and the source, who spoke on the condition of anonymity because the case is open." The Post adds, "The three victims were on their way to Myrtle Beach, the source

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said. … The gunmen took money from the law enforcement officers, then demanded the keys from the Secret Service officer, who was the driver of the Hummer. He handed them over. Nothing was taken from the third man, police said.""

California Murder Suspect Escapes In Van Stolen From US Marshals. The Oakland Tribune (5/25, McDonough) reports, "A fugitive with a history of slipping away from police avoided arrest again Tuesday when he stole a van from the U.S. marshals who had come to arrest him. … It was the second time within several hours the man had evaded police." The Tribune continues, "Chief Deputy U.S. Marshal Tom Figmik said his agency received word late Monday night that murder suspect Kim Saelio, 22, was in the Dublin area. … A reputed pimp from Oakland who uses the names 'Mr. T.' and 'Tim-Tim,' Saelio is wanted by police in connection with the slaying and robbery of a man shot in Vallejo in November while meeting with a prostitute." The Tribune adds, "Vallejo police called in the U.S. Marshals Service — experts in chasing fugitives — in February to track Saelio, Figmik said. … When the marshals surrounded him at a Dublin bowling alley around midnight Monday, Saelio escaped by stealing a van rented by the marshals. … Figmik would not say how Saelio managed to steal the van, only that the theft was being investigated. He said there were no weapons in the vehicle when it was stolen."

IMMIGRATION:

Senate Expected To Pass Immigration Reform Bill Today. The US Senate is expected to pass its version of an immigration reform bill today. Most media reports look ahead at the fight ahead between the Senate and the House. As the AP (5/25, Gamboa) reports, Senate "passage would set the stage for a difficult negotiation with the House, which passed legislation last year that exposes all illegal immigrants to criminal felony charges."

USA Today (5/25, Kiely, 2.31M) notes "a test vote Wednesday morning showed strong bipartisan support for the comprehensive immigration bill, which includes plans to expand visas for 'guest workers,' fines against employers who hire illegal immigrants and tough border security measures." The Senate "voted 73-25 to cut off debate and move ahead to final passage, probably by today." The Washington Times (5/25, Hurt, 90K) notes three Democrats, "Sens. Byron L. Dorgan of North Dakota, Robert C. Byrd of West Virginia and Ben Nelson of Nebraska -- joined 28 Republicans to try blocking the bill on spending concerns, but they fell 10 votes short of the 41 needed to succeed."

The Washington Post (5/25, A3, Babington, 744K) headlines its story "Fragile Senate Coalition Set To Pass Bill On Immigration," and says "the very mixture of get-tough and be-kind measures that have made Senate approval possible could prove the biggest obstacle to reaching an accord with the House, where conservatives are determined to secure the borders before tackling other matters." Senate "leaders said their coalition is fragile, and it may be hard pressed to survive changes that House members signal they will demand this summer." The New York Times (5/25, Swarns, 1.19M) runs a similar story under the headline "Immigration Bill Backed In Senate, Setting Up Clash," reporting "with passage of the Senate legislation on track, senators and Bush administration officials quickly turned their attention to wooing the House. For the second straight week, the administration dispatched Karl Rove, the president's political adviser, to a meeting of House Republicans to press Mr. Bush's case for an approach broader than theirs."

The story was covered by CBS and NBC last night, while ABC did not cover it. The CBS Evening News (5/24, lead story, 1:50, Attkisson, 7.66M) reported, "The Senate tomorrow is expected to approve what has come to be called the 'roots approach.' The longer an illegal immigrant has been here, the easier it is to stay. But House leaders today said they won't go along." Tomorrow's Senate vote "sets up a showdown between the House and the Senate with two bills that have almost nothing in common, and if they can't come to an agreement, even after all of this, nothing gets done." NBC Nightly News (5/24, story 7, 0:55, Reid, 9.87M) also says "the hard part" will be "reaching an agreement with the House."

The CBS Evening News (5/24, story 2, 3:05, Schieffer, 7.66M) reported, "The Senate bill contains a little-known provision that would put immigrants who serve at least two years of active duty in the US armed forces on a fast track to citizenship. This one was written by Senator Barbara Mikulski of Maryland in response to the tragic case of one immigrant soldier who was killed in Iraq" before his citizenship was approved.

The Wall Street Journal (5/25, Lueck, 2.11M) reports "members of a bipartisan coalition backing the bill overcame another attempt by conservatives to derail it yesterday, on the grounds that it exceeded spending limits. Senators voted 67-31 to block the challenge."

Taking a pessimistic view of the bill's chances of reaching the President's desk, the Los Angeles Times (5/25, Gaouette, 958K) headlines its report "Little Progress Made on Immigration Deal." Says the Times, "As the Senate headed for a final vote on immigration policy today, the rift between the administration and House Republicans on the issue seemingly deepened Wednesday as GOP lawmakers rebuffed attempts by White House aide Karl Rove to win their support for the broad overhaul endorsed by President Bush."

The Christian Science Monitor (5/25, Chaddock, 61K) reports "US senators are pushing the pedal to the metal on the first overhaul of immigration policy in two decades. The

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trouble is, no one is quite sure what's in it. The quickened pace in recent days has helped the Senate get to 'yes' on the 614-page bill -- a final vote is expected this week. And it's given senators a rare chance to actually legislate. But it's also produced several surprises that have caught members off guard. … In the end, the Senate raised the number of visas for high-tech workers from 65,000 to 115,000 a year. But with an automatic 20 percent escalator clause in the bill that could mean an additional 3 million foreigners will compete with American workers for high-tech jobs in the US during the next 10 years. … It's one of the many possibly unintended consequences in a bill that could have a vast impact on America's economy and society."

House Republicans Challenge Rove On Bush Immigration Proposals. The Hill (5/25 O'Connor) reports, "Several House Republicans gave White House Deputy Chief of Staff Karl Rove an earful yesterday about their strong opposition to any immigration-reform bill that includes an avenue for citizenship." Rove, "making his second appearance in two weeks at the weekly gathering of House Republicans…fielded a series of questions — and comments — from the assembled members one week after his 15-minute presentation on the issue left many members unsatisfied." Members and staff said "most of the members spoke in harsh terms and openly challenged Rove on President Bush's rationale for pushing a comprehensive reform bill."

House GOP Said To Face Political Costs With, Without Passage Of Immigration Bill. The Los Angeles Times (5/25, Hook, 958K) reports Rep. Mark Souder was "hammered by constituents for his moderate stand on illegal immigration" and "this month got 7,100 fewer votes in the GOP primary than in 2004, when he ran against the same challenger. His experience helps explain why so many House Republicans adamantly oppose any compromise that would allow illegal immigrants to earn legal status. They have concluded it could be political suicide to give ground to the Senate immigration bill, expected to pass today, which would do just that." Souder said, "The Senate bill would be worse than nothing." The Times adds other Republicans "fear a different political risk — that the party would suffer if it came up empty-handed after the long, emotional debate on immigration that has spilled from Capitol Hill into the streets of major cities."

McCain Believes House, Senate Should "Work Something Out." Sen. John McCain was asked on CNN's Larry King Live (5/24) about the status of the immigration bill in the Senate. McCain said, "We're on the home stretch. We'll probably pass it tomorrow morning. We have invoked cloture, which means you've only got a limited amount of hours before we vote final passage. Several more contentious amendments, but I think we're pretty well going to merge as the basic proposal went in." Asked if the House would go along with the measure, McCain said, "You know, I'm very encouraged by some of the comments that some of the House members have been making lately. They understand that we shouldn't leave this issue unaddressed. I mean, it's a terrible problem. It has to do with national security and many other aspects of American life. And I've seen some good comments out of the House. And there's no reason why we shouldn't sit down and be able to work something out."

Rohrabacher Blasts Senate "Shamnesty" Bill. GOP Rep. Dana Rohrabacher writes in the Washington Times (5/25, 90K), "Right now, the Senate is desperately trying to convince the American people that their immigration bill is something else -- anything else -- than what it is: a massive amnesty for all 15 million to 20 million illegal aliens without any meaningful enforcement provisions. This same open-borders crowd that has betrayed the American middle class for years is hoping to fool us again." This "shamnesty" bill "spells out the level of contempt the Senate has for middle-class Americans."

"Liberal House Republicans" Said To Be Increasingly Opposed To "Path To Citizenship." The Washington Times (5/25, Hurt, 90K) reports, "Liberal House Republicans are taking an increasingly tough stance on immigration reform and are more determined than ever to delete the portions of the Senate bill that grant citizenship rights to more than 10 million illegal aliens." Rep. Christopher Shays, described as "one of the most liberal Republicans in Congress," said, "I don't want to see a bill come to the floor of the House that gives them a path to citizenship." This is "a change from three weeks ago, before Mr. Shays attended 18 community meetings in his district, where the questions invariably turned to immigration. At the first meeting, he told a group of constituents that he supported providing a path to citizenship to illegals. Not anymore."

NYTimes Says Hastert Making Partisanship "A Sweeping Dogma." The New York Times (5/25, 1.19M) editorializes, "After all the legislative hash that the Republican Congress has made of immigration policy, the worst is yet to come. Any workable compromise that a bipartisan mix of senators may manage this week must, perforce, run into negotiations with House obstructionists. And none are more hard-core than Speaker Dennis Hastert." He "stands waiting with his triumphalist decree that no bill, even one fairly balancing border protection and enlightened naturalization law, can be put to a vote unless a majority of his Republican caucus -- not some larger majority of, yes, the people's House -- agree to it. … In the past, leaders of Democratic majorities did not hesitate to elbow Republicans out of play on issues and keep them on a leash. But bipartisanship always had a chance to prevail, while the Hastert doctrine makes partisanship a sweeping dogma."

LATimes Says Senate Should Pass Now "Disfigured" Immigration Bill. The Los Angeles Times

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(5/25, 958K) says in an editorial that the Senate's "more comprehensive approach -- tougher border security coupled with ways to address the nation's labor needs via a guest worker program and the legalization of millions of workers already in the country -- is sensible, although the bill being voted on is a rather disfigured version of the original legislation sponsored by Sens. John McCain and Edward M. Kennedy." But "senators should vote to support this bill. And then they should brace themselves for a contentious conference with the House, where not even Karl Rove can get much of a hearing when he asks for support for immigration reform."

Border Fence Seen As Bad Idea. In a USA Today op-ed (5/25), Robin Hoover of Humane Borders says, "Border fences might contribute to a perception of stability in border communities as far as local law enforcement is concerned, but they do not deter border crossers in the whole. They move migrants around a bit, but the U.S. Border Patrol union opposes the walls precisely because they are ineffective."

USA Today Backs Border Wall In High-Traffic Areas. USA Today (5/25, 2.31M) says in an editorial, "There are many reasons fences won't solve the nation's illegal immigration problems. And yet they have an undeniable logic as part of the solution. Sections of the U.S.-Mexico border are so inundated with illegal crossings that to not build a fence is tantamount to giving up. In the areas along the border south of Tucson, the Border Patrol is apprehending almost half a million people a year. While fence opponents often speak of the negative symbolism of walling off the border, the absence of any meaningful barriers in high-traffic areas is highly symbolic itself. It conveys the unmistakable message that the United States isn't serious about stemming the tide of illegal immigration."

Will Calls For Ending Bilingual Ballots. In his Washington Post column (5/25, A29), George Will says, "Declaring English the national language is a mere gesture. But by ending bilingual ballots, American law would perform its expressive function of buttressing, by codifying and vivifying, certain national assumptions and aspirations. Among those is this: The idea of citizenship becomes absurd when sundered from the ability to understand the nation's civic conversation."

Four Of Five Potential Republican '08 Candidates To Vote For Senate Bill. The AP (5/25, Sidoti) reports, "Call it an early, conservative rehearsal for the 2008 campaign for the Republican presidential nomination, four senators supporting a chance at citizenship for millions of illegal immigrants, one opposed." Sen. Sam Brownback said, "Some call it amnesty. I call it probation and parole." The AP adds Brownback is "willing to push back against conservatives — many of whom presumably will vote in primaries and caucuses in 20 months' time." Sen. John McCain, "echoing Brownback's view as well as the one espoused by President Bush," said, "In poll after poll after poll, Americans support earned citizenship and a comprehensive solution." Sen. George Allen, "seeking re-election in Virginia as well as maneuvering toward a White House bid, begs to differ." Allen said, "There are a lot of practical, principled problems with this and I am not voting for this. It rewards illegal behavior." The AP adds, "Four of five potential GOP presidential candidates — Brownback, McCain, Sen. Chuck Hagel of Nebraska and Senate Majority Leader Bill Frist of Tennessee — are betting the wiser vote is in favor of the bill."

African Americans, Hispanics Clashing. The Christian Science Monitor (5/25, Wood, 61K) reports, "In cities where almost half of the young black men are unemployed, a debate is raging over whether Latinos - undocumented and not - are elbowing aside blacks for jobs in stores, restaurants, hotels, manufacturing plants, and elsewhere." Hispanics and blacks "tend to gravitate to the same inner-city areas and low-skill labor markets - and the result is a clash over jobs that require less skill and less education, experts say." Vernon Briggs, "a Cornell University professor who researches immigration policy and the American labor force," said, "In this era of mass immigration, no group has benefited less or been harmed more than the African-American population." The Monitor adds, "Yet a precise relationship between the presence of immigrants and the loss of black jobs has not been clearly proven in research. Rather, the influx of legal and illegal immigrants has been so massive that it has affected the internal migration of native-born Americans to the point where 'economists have given up trying to prove a one-to-one-displacement,' says Dr. Briggs."

Immigrant Students Lobby Congress For Temporary Legal Status. The Washington Times (5/25, Summers, 90K) reports Marie Gonzalez, "a model student at her Jefferson City, Mo., high school," was "one of about 70 immigrant and illegal-alien students from across the country who lobbied on Capitol Hill yesterday, sharing photos and personal stories in an effort to rally co-sponsors for the DREAM Act, a House bill that would allow temporary legal status to illegal-alien students who have been living in the United States for at least five years. The act would allow the students to complete a university degree program or serve time in the military and eventually apply for permanent residency." The students, "who included illegal aliens whose visas have expired and U.S.-born citizens who have illegal-alien parents or siblings, also urged lawmakers not vote for any bill that would lead to the separation of families."

First National Guard Troops To Be Deployed To US-Mexico Border. The AP (5/25, Baldor) reports the "first wave of about 800 National Guard soldiers will head to the U.S-Mexico border next week, including planners and

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leadership personnel who will stay longer than the planned 21-day missions, the National Guard chief told lawmakers Wednesday." Lt. Gen. Steven Blum "said 200 soldiers are preparing to go to each of the four border states — California, Texas, Arizona and New Mexico — around June 1. He said the initial troops will be part of a longer-term force of project managers who will stay on the job over time to provide continuity in the new border program."

Knight Ridder (5/25, Brown) reports Bush Administration officials "have provided a number of details about the border security plan in the past week, but testimony by Blum and other officials before the House Armed Services Committee was some of the most in-depth explanations of how it's supposed to work." Blum said "that the troops deployed at any given time would represent less than 2 percent of available Guard forces. About 71,000 National Guardsmen are in Iraq out of a total force nationwide of 445,000 part-time soldiers and airmen." He added that "no forces will come from states that are likely to experience hurricanes this year."

Snow Says Bush Is Acting Quickly On Border Security. White House Press Secretary Tony Snow was asked on CNN's Lou Dobbs Tonight (5/24) why the US border remains so porous four years after the 9//1 attacks. Snow said, "The question is not why we have it, it's how we fix it, and that's what the President is talking about. When the President went before the nation -- what was it -- nine days ago, the first thing he talked about is figuring out the smartest and best way to patrol the borders. That means that some places will need fences, some places will need sensors. One thing we're sure we need is a lot more Border Patrol agents, and so he's getting to work on that right away. … So for everybody out there who says we need to do border security first; the president agrees, he wants to get started within the next couple of weeks."

Border Patrol Increased Faster, Apprehended More Aliens Under Clinton. The Washington Times (5/25, Dinan, 90K) reports the US Border Patrol "increased at a faster rate and apprehended more illegal aliens per year under President Clinton than under President Bush, according to statistics from a new, unpublished congressional research briefing report." President Bush "trails his predecessor on a series of measures of border security, says the briefing from the Congressional Research Service to the House Judiciary Committee, which was based on Department of Homeland Security data." Clinton "increased the number of Border Patrol agents and pilots by 126 percent over his eight-year term, or an average of 642 per year, while Mr. Bush has averaged 411 new agents per year through 2005, for a total increase of 22.3 percent over his tenure." Although Bush "last week said his administration has caught and returned 6 million illegal aliens, that's actually a drop from any five-year period during Mr. Clinton's administration, the briefing says."

Schwarzenegger Ready For "Temporary" National Guard Deployment. The Los Angeles Times (5/25, Nicholas, Vogel, 958K) reports Gov. Arnold Schwarzenegger "said Wednesday he was prepared to deploy National Guard troops to the Mexican border — but only temporarily — as part of a national effort to curb illegal immigration." Speaking on "the eve of a visit by Mexican President Vicente Fox, Schwarzenegger said in the clearest statement yet of his intentions that he would discuss border security with Fox and press the Bush administration for answers before making a final decision but that his inclination was to send the Guard for border patrols." The Times adds Democrats "quickly denounced Schwarzenegger's position and said the timing was poor."

Citizenship Verification Plan Said To Rely On Faulty Federal Database. The Washington Post (5/25, A1, Witte, 744K) reports in a front page story that a "federal database program with a checkered track record could dramatically expand to affect every U.S. employer and worker under provisions of the immigration legislation being considered by Congress." The program is "intended to keep illegal immigrants from working in the United States and to discourage more from entering, but in nearly a decade of small-scale tests, it has had trouble distinguishing between those who are here legally and those who are not. Fixing it and rolling it out nationwide could cost more than $1 billion."

Minuteman Founder Feels Vindicated. USA Today (5/25, Wagner, 2.31M) reports Chris Simcox, "co-founder of the Minuteman border watch movement, is feeling vindicated." President Bush "last week ordered 6,000 National Guard troops to the Mexican border, a move the 45-year-old former kindergarten teacher says is long overdue." Simcox said, "We feel that's a victory, but it's not nearly enough." He says "at least 30,000 troops are needed," and "that's why he'll press his war over illegal immigration." Simcox has "propelled himself to the forefront of America's angst-filled debate over illegal immigration."

Fox Calls For "Orderly" Flow Of Migrants. The AP (5/25, Vergakis) reports Mexican President Vicente Fox "said Wednesday that immigration is the most pressing challenge to the relationship between his country and the United States, but is also their greatest opportunity." On the second day of his four day US trip, Fox said "building a wall on the border is not the answer to illegal immigration into the United States." Speaking at a special session of the Utah legislature, Fox said, "Since the beginning of my administration, the government of Mexico has promoted the establishment of a new system that regulates the movement of people across our border in a manner which is legal, safe and orderly." The AP adds that after "his appearance in Utah, Fox flew to Washington state to meet with farmers in the Yakima Valley and Oregon Gov. Ted Kulongoski before moving on to Seattle. After that, he is expected to address California

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lawmakers and meet with Gov. Arnold Schwarzenegger and Los Angeles Mayor Antonio Villaraigosa."

The Los Angeles Times (5/25, Verhovek, 958K) reports with "immigration issues front and center before the U.S. Congress, Mexico's president made an emotion-laden visit to this agricultural valley" of Yakima "in central Washington state Wednesday, telling hundreds of farmworkers at an apple orchard that "we miss you very much in Mexico." Greeted by "a 13-piece mariachi band and a boisterous, cheering crowd in an area where nearly half the population is Latino, most with ties to Mexico," Fox "used the second day of his four-day U.S. trip to highlight support for what he called an 'orderly' guest worker program." Fox "received a generally warm welcome from legislators and business leaders in Utah and Washington state, where Gov. Christine Gregoire met him at the Yakima airport."

Mexican Border Agents Have Little Power To Stop Migrants. The New York Times (5/25, McKinley, 1.19M) reports Mexican border patrol agents "cannot arrest the migrants, or hold them for long, because they are breaking no Mexican law, unless he can prove they are paid guides." The agents "acknowledge they do little to stop the migrants on the Mexican side. Indeed, they hand out literature containing tips on how to survive in the desert and what to do if apprehended in the United States. They see their mission as saving lives, keeping people from dying in the desert."

Illegal Immigrants Using Drainage Pipes To Enter San Diego. The Los Angeles Times (5/25, Marosi, 958K) reports the "vast labyrinth of drainage pipes under Otay Mesa, a booming commercial area of San Diego 15 miles southeast of downtown" is a "23-mile network" leading "to about 500 manholes scattered across about three square miles. From those openings into the bowels of the city, mud-covered migrants crawl out into streets, busy intersections and parking lots, creating a dizzying guessing game for U.S. Border Patrol agents." Agent Joe Perez said, "They're popping up all over the place." The Times adds, "The migrant traffic below truck-clogged streets and new office parks underscores the persistence and desperation of people faced with crossing one of the most heavily fortified sections of the border."

Some Immigration Experts See Border Wall As Positive Development. The New York Times (5/25, Thompson, 1.19M) reports the debate in the United States over building a wall on the US-Mexico border "has started some Mexicans thinking it is not such a bad idea. Nationalist outrage and accusations of hypocrisy over the prospect have filled airwaves and front pages in Mexico, as expected, fueled by presidential campaigns in which appeals to national pride are in no short supply. But, surprisingly, another view is gaining traction: that good fences can make good neighbors." The "clamorous debate over a border wall has confronted President Vicente Fox of Mexico at every stop during a visit to the United States that began Tuesday. While he did not publicly endorse the idea, he made clear that his government was prepared to live with increased border security as long as it comes with measures that opened legal channels for the migration of Mexican workers." Several immigration experts "have even begun floating the idea that real walls, not the porous ones that stand today, could be more an opportunity than an attack. A wall could dissuade illegal immigrants from their perilous journeys across the Sonora Desert and force societies on both sides to confront their dependence on an industry characterized by exploitation, they say."

Cuban Man Wrongly Convicted Of Rape Faces Immigration Fight. The AP (5/25, Davis) reports, "A Cuban man wrongly convicted of a 1982 rape must still answer to a federal immigration judge for not obtaining proper U.S. residency status and convictions for burglary, possession of a firearm and loitering, authorities said." The AP continues, "Orlando Bosquete, who came to the United States in the 1980 Mariel boat lift, could be deported because he never became a legal U.S. resident, Immigration and Customs Enforcement spokeswoman Barbara Gonzalez said Wednesday." The AP adds, "He also broke immigration rules when he was convicted in 1995 of burglary, possession of burglary tools and possession of a firearm, according to a U.S. Justice Department notice to appear. The report also cites a 1988 conviction for loitering. … In all three cases, Bosquete, 52, was an escaped convict on the run from a 55-year sentence for a rape authorities now say he didn't commit. … Bosquete was set to be released from prison Tuesday after DNA evidence proved he did not rape the Key West woman in 1982. He was sentenced to 55 years in prison after the victim identified him in a darkened parking lot from the back of a police cruiser more than 20 feet away."

TAX:

GAO Study Finds Charities Owe Back Taxes. A GAO report to be released today has found that more than 1,200 charities that participate in the Combined Federal Campaign owe federal taxes. The Washington Post (5/25, A14, Salmon, 744K) reports, "The study found that although most of the delinquent charities owed less than $10,000, 15 owed significant amounts. One mental health clinic diverted $1.5 million it owes in payroll taxes to pay salaries, the report said. A health care provider that has received more than $2 million in federal grants owes more than $400,0000 in taxes and penalties on late payroll taxes, it said. A museum has underpaid its payroll taxes by $100,000. The study did not identify the charities."

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CONGRESS-ADMINISTRATION:

Zoellick's Departure From "Subordinate Position" Imminent. In continuing coverage of reporting that began Tuesday night, the New York Times (5/25, Brinkley, 1.19M) reports that Deputy Secretary Zoellick "intends to resign…after barely 15 months in the job, aides and associates said Wednesday." The Times adds that "from his first days at the State Department, Mr. Zoellick has chafed at his subordinate position, frequently remarking that he was finding the adjustment difficult after running his own office during four years as" US Trade Representative. And "friends said, Mr. Zoellick had at times felt marginalized at the State Department, where his subordinates, including R. Nicholas Burns, an under secretary of state, manage most of the major issues, including matters related to Iran, Iraq, the rest of the Middle East and North Korea." The Times calls Burns "the logical front-runner to take Mr. Zoellick's job," but adds that Deputy Treasury Secretary Robert Kimmitt is "also under consideration."

The Washington Times (5/25, Kralev, 90K) says "a State Department official acknowledged that rumors had spread but said no announcement about Mr. Zoellick had been made to people in the building." The official "speculated that the deputy secretary might have received an offer he could not refuse, as was the case with Margaret Tutwiler, who was undersecretary of state for public diplomacy for a few months in 2004 before becoming vice president of the New York Stock Exchange." Zoellick's aide "noted that his boss surprised many in Washington last year when he agreed to become Miss Rice's deputy after holding a Cabinet-level position during President Bush's first term."

Editor Of Conservative Magazine To Be Bush Domestic Policy Advisor. The AP (5/25, Pickler) reports, "In the latest White House personnel changes, the editor of a conservative magazine will replace Claude Allen, the domestic policy adviser who left in February amid a shoplifting investigation." The White House "announced the appointment Wednesday of Karl Zinsmeister, who has been editor-in-chief of The American Enterprise magazine for 12 years." According to The American Enterprise Web site, Zinsmeister "has traveled to Iraq as an embedded journalist, writing three books about his experience there and writing and producing a forthcoming PBS film called 'Warriors' that profiles US troops." He "once worked for Democratic Sen. Daniel Patrick Moynihan of New York, the Web site said."

The New York Times (5/25, Bumiller, 1.19M) says Zinsmeister "is not in the mold of many other White House aides who have longtime ties to Mr. Bush or Republican administrations. 'He's probably exactly what the White House needs, which is fresh blood and an endless supply of ideas,' said Kevin A. Hassett, a colleague of Mr. Zinsmeister's and the director of economic policy studies at the American Enterprise Institute, a conservative policy group." But "it is unclear whether Mr. Zinsmeister will give his new White House job any clout because Karl Rove, the president's powerful political aide, has effectively operated as Mr. Bush's chief domestic policy adviser for the past five and a half years."

The Washington Post (5/25, A4, Fletcher, 744K) reports Bush said in a statement, "Karl has broad policy experience and a keen insight into many of the issues that face America's families and entrepreneurs, including race, poverty, welfare, and education. He is an innovative thinker and an accomplished executive. He will lead my domestic policy team with energy and a fresh perspective."

In an editorial, the Washington Times (5/25, 90K) says, "As founder and longtime editor in chief of the American Enterprise, Mr. Zinsmeister is an inspired choice, much like former radio host and Fox News anchor Tony Snow being named press secretary. We have no doubt that he will bring the same thoughtful conservative analyses to domestic affairs as he exhibited in running one of the country's finest publications for more than 10 years."

Schumer Seeks Floor Debate On Schwab Confirmation. CQ (5/25, Van Dongen) reports, "President Bush's nominee for US trade representative may run into trouble on the Senate floor." Though Republicans hoped to get Susan Schwab confirmed by voice vote before Friday's recess, CQ says "some Senate Democrats are talking about a debate and a floor vote on her nomination." On Wednesday, Sen. Chuck Schumer said he wants a debate, which CQ says "would give Democrats another opportunity to attack what they describe as the administration's 'failed' trade policy."

Snow Says Separation From Fox News Is "Clean Break." The Washington Times (5/24, Caterinicchia, 90K) reported yesterday that one of the "first questions Tony Snow was asked at his inaugural White House press briefing concerned his ties to previous employer Fox News." Snow said, "It was a clean break." Snow said he "had about two years left on his Fox contract when he resigned. He described the process he went through to leave the News Corp. company." His last day "on the Fox books was May 7, and he officially became a White House employee May 8. Mr. Snow said government rules precluded him from receiving any future payouts or employment considerations from Fox."

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Paulison Nomination Hits Snag Over Tax Deductions. The AP (5/25, Jordan) reports Sen. Susan Collins maintained yesterday that "any irregularity is cause for concern with a presidential nominee," but said "questionable deductions on three years of tax returns" by acting FEMA director R. David Paulison were not likely to "hinder his approval as permanent chief." However, Sen. Joe Lieberman "said 'it's hard to say' whether the concerns would slow the confirmation." FEMA spokesman Aaron Walker said Paulison's returns had been "prepared by a private accountant who apparently gave Paulison bad advice."

The Wall Street Journal (5/25, Block, 2.11M) reports "Paulison drew praise and generally favorable reviews until the questions over the deductions came up. It wasn't clear the purpose or value of the deductions." They "were discovered late Tuesday night, and came as a surprise to both the Department of Homeland Security and Mr. Paulison, DHS officials said." The Journal adds, "A derailed confirmation would be a major blow to the White House and the DHS which is stepping up efforts to shore up federal response capability before the 2006 hurricane season starts June 1."

Reichert Says Removing FEMA From DHS Not A "Comprehensive Solution." Rep. Dave Reichert, in his Congress Blog In The Hill (5/25), writes that while "everyone in Washington, DC, agrees" that FEMA "is broken," there is a lack of agreement on "how to fix it." Reichert adds that some have called for FEMA's removal from DHS, which may "look good politically…, but…is not a comprehensive solution." Reichert continues, "FEMA must be strengthened and given a more accurate mission and the resources and authority to carry it out, and its efforts must be integrated with those of local authorities who respond to disasters. Along with my colleagues from the House Committee on Homeland Security, I introduced bipartisan legislation that would do just that, creating a 21st century approach to emergency management."

Army Corps Near Goals For Levee Repair; Assessors Say It May Not Be Enough. The New York Times (5/25, Schwartz, 1.19M) reports, "In a breathless finale that has been called one of this generation's greatest adventures in civil engineering, the Army Corps of Engineers has all but completed its repairs to this city's ruined levee system." And though "the corps has largely achieved its goal, independent engineers say it is the goal that is the real problem." Raymond Seed, a professor of engineering at the University of California, Berkeley, "and other experts who have studied the crazy quilt of levees, flood walls, pumps and gates that have been in the process of being built for more than 40 years now say that they were never adequate to protect hundreds of thousands of people in an urban setting and that the levees themselves are now known to be fundamentally flawed."

Secret Feud Over Clinton-Era Case Blamed For Goss Effort To "Purge" CIA Operatives. In an exclusive on Newsweek's (5/24) web site, Mark Hosenball writes that Newsweek has discovered new details about "a purge of top [CIA] operatives shortly after [Director Porter] Goss's arrival in 2004. A bitter secret feud over a Clinton-era counterintelligence case was apparently a major motivation behind the loss of those seasoned intelligence veterans, sources say. … The secret feud revolves around how CIA management, led by former director George Tenet, handled a 1999 counterintelligence problem that arose as a result of the Clinton administration's bombing of Belgrade to oust Serbian dictator Slobodan Milosevic. Though the counterintelligence investigation ended years ago, egos and reputations were so deeply bruised that participants on both sides of the dispute (who spoke to NEWSWEEK anonymously because the matter is still considered sensitive) still fume when discussing the case. The CIA declined to comment on the matter."

Supreme Court Clerks Predominately White Males. The Legal Times (5/25, Mauro) reports, "The intense competition for Supreme Court clerkships has been compared more than once to a market that responds to economic forces. … If the analogy works, then it has been a very bullish year for clerkship futures." The Times continues, "Think of it: A former high court clerk, John Roberts Jr., has succeeded another former clerk, William Rehnquist, as chief justice. Two excellent books have just been published on the history and power of clerks, also adding luster to the job. … The resignation May 10 of Judge J. Michael Luttig from the 4th U.S. Circuit Court of Appeals abruptly shut off a major pipeline of high court clerks, intensifying competition among other judges. Luttig has sent 43 of his 45 law clerks to the Supreme Court in the past 15 years." The Times adds, "Cap that with reports of law firm hiring bonuses of $200,000 for former clerks, and the job's luster seems brighter than ever. … But as high court clerkships drift ever upward into the stratosphere of earthly rewards to which young lawyers can aspire, one stark reality persists: Recipients of this prize are overwhelmingly white, and mostly male. … Eight years after attention was first called to the dearth of minorities among high court clerks, it appears that only three of the 37 clerks serving at the Court this term are nonwhite. No Hispanics or Native Americans seem to be among the ranks of law clerks, and not a single African-American male. … Viewed another way, it appears that all of the clerks are white in the chambers of seven of the nine justices. Only Justices Clarence Thomas and Stephen Breyer have hired minorities this term."

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Administrative Judges Oppose Linking Pay To Performance. The Washington Post (5/25, D4, Barr, 744K) reports in its "Federal Diary" column, "When it comes to federal pay, should there be consistency or equity inside government? Should pay hinge at least in part on job performance? Are there jobs where performance cannot be measured or rewarded in the usual way?" These questions "played out in miniature recently before a House subcommittee looking at pay and retirement benefits of administrative law judges. … ALJs think they got left behind two years ago after the Bush administration and Congress overhauled the pay system for the Senior Executive Service, and they would like to be paid at a rate that is comparable to the SES rate. ALJs also oppose linking their pay to performance factors, contending that their jobs must be seen as independent of political pressure and the whims of their agencies."

Congress To Miss Memorial Day Deadline For Supplemental Spending Bill. The AP (5/25, Taylor) reports congressional Republicans "will miss a Memorial Day deadline set by the White House to complete work on a huge bill to supply new funds for troops overseas and hurricane victims at home." Even though "closed-door talks between top House and Senate negotiators had produced a series of tentative agreements, obstacles such as President Bush's $1.9 billion request for a new border security initiative are proving too difficult to resolve before Congress leaves Friday for a weeklong Memorial Day recess." House Appropriations Committee Chairman Jerry Lewis said, "We are going to take the necessary time to develop the right product that is narrowly focused on the war on terrorism and hurricane recovery." Lewis "said an agreement would be reached soon after Congress returns in early June." The AP adds that just last week, "the White House sent lawmakers a letter saying that it is 'critical' that the measure — which ballooned from Bush's $92.2 billion request to almost $109 billion during its consideration by the Senate — be enacted before the end of May."

The Wall Street Journal (5/25, Rogers, 2.11M) reports conferees' failure to reach agreement on the supplemental spending bill is "adding to recent tensions with the White House." The "slow progress has irritated the Bush administration, which submitted its initial requests more than three months ago. The Pentagon, and especially the Army, has been counting on the money to replenish operations accounts strained by the accelerated pace of spending in Iraq. Mr. Lewis said the services 'informed us they can tolerate a delay into June.'"

House GOP Unity Seen As Dissolving. The Wall Street Journal (5/25, Rogers, 2.11M) reports last week "ought to have been a good one for Republicans in Congress: The House passed a budget, President Bush signed more tax cuts and immigration legislation advanced in the Senate with the blessing of the White House." But "within days of the budget passing, Republicans fell into an ugly spending fight, impugning one another's honesty and patriotism on the House floor. Public resentment of oil-company profits, meanwhile, opened the door to a rout by environmentalists on the first 2007 appropriations bill. Even an elaborately staged tax-cut publicity event unraveled at the foot of the Capitol steps." The "budget infighting, the muddled news conference and the floor debate over federal lands can't be ignored: Democrats lost power in 1994 when they kept fighting among themselves, oblivious to their House burning around them."

Unfunded Government Retirement Benefits Reach $57.8 Trillion. USA Today (5/25, Cauchon, 2.31M) reports a USA Today analysis shows "taxpayers owe more than a half-million dollars per household for financial promises made by government, mostly to cover the cost of retirement benefits for baby boomers." Federal, state and local governments "have added nearly $10 trillion to taxpayer liabilities in the past two years, bringing the total of government's unfunded obligations to an unprecedented $57.8 trillion. That is the equivalent of a $510,678 credit card debt for every American household. Payments on this delinquent tax bill must start soon if financial promises to the elderly are to be kept."

Senate Leaders Snub Lieberman, Collins In Naming Lobbying Overhaul Conferees. Roll Call (5/25, Newmyer) reports that with "a number of ethics-related probes of lawmakers intensifying, Senate leaders moved this week to put new momentum behind an overhaul of lobbying rules by naming negotiators to work out differences in the long-stalled bills." The five negotiators "are Republican Sens. Trent Lott (Miss.), Ted Stevens (Alaska) and Majority Whip Mitch McConnell (Ky.) and Democratic Sens. Chris Dodd (Conn.) and Daniel Inouye (Hawaii)." The move "cut out two lawmakers key to shaping the Senate measure — Homeland Security and Governmental Affairs Chairman Susan Collins (R-Maine) and ranking member Joe Lieberman (D-Conn.) — drawing a fresh round of criticism from ethics watchdogs." Also "absent from the conference committee will be Sen. John McCain (R-Ariz.), a noted voice on reform issues who introduced the base bill on which the lobbying reform measure was built."

FDA Chiefs Overruled Staff On Morning After Pill. The Los Angeles Times (5/25, Alonso-Zaldivar, 958K) reports that court transcripts to be released today show that

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the last two appointees to head the FDA "were closely involved in decisions to overrule the agency's medical reviewers and block the 'morning-after' birth control pill from being sold without a prescription." Last year, Lester M. Crawford "personally took the decision away from his top subordinates, according to depositions of two senior Food and Drug Administration officials. And at an earlier stage in the process, his immediate predecessor as FDA commissioner, Mark B. McClellan, raised objections that formed the basis for overruling medical reviewers." The Times adds, "The transcripts provide the most detailed look yet at an internal review that some critics say has been tainted by politics."

OTHER NEWS:

Sales Of New Homes Up 4.9%, But Number Of Homes On Market Hits Record. NBC Nightly News (5/24, story 6, 2:45, Williams, 9.87M) reported, "Fed Chairman Ben Bernanke said last week the once scorching housing market is now cooling off in an orderly way. New numbers out today on new home sales seem to back up that assessment, while sales of new single family homes increased by a higher than expected 4.9% last month. There is also a more sobering statistic here. The backlog of unsold homes hit a record 565,000. It would take almost six months to sell off all that inventory in homes, and that already has some homeowners worried about housing on the bubble."

Under the headline "New Signs Of A Slowing Economy In 2 Federal Reports," the New York Times (5/25, Peters, 1.19M) reports, "New-home sales rose last month, but failed to keep up the robust growth pace of March. The home sales numbers, along with a second government report yesterday that showed a steep decline in orders for durable goods, were seen as pointing to a softening economy." But "the numbers did little to reassure investors hoping that the economic data would encourage the Federal Reserve not to raise interest rates when it meets next month." The Wall Street Journal (5/25, Whitehouse, 2.11M) and USA Today (5/25, Kirchhoff, 2.31M) run similar reports.

The Washington Post (5/25, D3, Crutsinger, 744K) runs a more positive assessment of the home sales data, reporting, "Sales of new homes rose unexpectedly in April to the fastest pace this year as the housing sector showed resilience in the face of rising mortgage rates."

Stock Markets Break Losing Streak, Close With Small Gains. NBC Nightly News (5/24, story 9, 0:10, Williams, 9.87M) reported, "On Wall Street here in New York today, the Dow was up almost 19 points [to close at 11,117.32], Nasdaq up 10 1/2 [to close at 2,169.17]." USA Today (5/25, 2.31M) notes the Standard & Poor's 500 also rose 1.99 points to 1258.57. The Wall Street Journal (5/25, McKay, 2.11M), among other sources, also reports the stock numbers.

More Commentary On Economy. Bob Herbert writes in the New York Times (5/25, 1.19M), "You don't hear much from the American worker anymore. Like battered soldiers at the end of a lost war, ordinary workers seem resigned to their diminished status. The grim terms imposed on them include wage stagnation, the widespread confiscation of benefits (including pensions they once believed were guaranteed), and a permanent state of employment insecurity." He adds, "For an unnecessarily large number of Americans, the workplace has become a hub of anxiety and fear, an essential but capricious environment in which you might be shown the door at any moment."

NLRB Decisions Could Restrict Union Membership For Some. The Wall Street Journal (5/25, Maher, 2.11M) reports a series of legal decision currently pending before the National Labor Relations Board could restrict union representation for some workers, and "deal a major setback to the struggling labor movement's efforts in growing areas of the economy such as health care." The cases "will help define when nurses and other workers qualify as supervisors, who are excluded from collective-bargaining rights under labor law. The U.S. Chamber of Commerce has argued that unions currently organize many workers who fit the definition of supervisor under the law. The board's five members were appointed by President Bush, and organized labor has criticized its recent decisions as pro-business."

Firms Gave To Groups That Provided Free Trips For Judges. The Washington Post (5/25, A27, Weiss, 744K) reports that the Community Rights Counsel, a nonprofit Washington law firm, has released records showing that two organizations that have provided free trips to hundreds of federal judges received large contributions from tobacco, oil and other corporate interests. The Montana-based Foundation for Research on Economics and the Environment (FREE) and George Mason University's Law & Economics Center "previously said corporate money does not pay for the judges' seminars or declined to disclose their donors." But the documents "show that corporations including Exxon Mobil, Philip Morris and R.J. Reynolds Tobacco have contributed tens of thousands of dollars toward these programs."

Parties' Efforts To Recruit Congressional Candidates Examined. USA Today (5/25, Lawrence, 2.31M) reports Democrat Lois Murphy's decision to run for a Pennsylvania House seat "was a small early victory in the Democrats' drive to break the GOP's 12-year hold on the House of Representatives: She already had shown she

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could raise money and draw votes." Long before "anyone casts a vote, recruiting can determine the fate of a party. The goal is a strong candidate in every winnable race, but recruiters often fall short." The "competition is intense. Recruiters often target the same people — Republicans and Democrats tried at various points for ex-Redskins quarterback Heath Shuler, now running as a Democrat for a House seat in North Carolina. And there's no single formula for persuading someone to run."

Rothenberg Sees Mounting Evidence GOP Control Of House At Risk. In his Roll Call column (5/25), Stuart Rothenberg says, "While there is plenty of evidence that voters are dissatisfied with the president, Congress and the direction of the nation, I am finally seeing a significant amount of evidence at the local level — in polling data and in recent primary election results — that the national mood is having an impact on incumbents." Incumbent GOPers "are taking more of the heat, and they are likely to suffer far more in November." In Pennsylvania, "state legislators who supported a pay raise for the three branches of state government, including themselves, fell like flies in the state's May 16 primary. But the federal race that raised eyebrows involved the 10th Congressional district, where veteran Republican Rep. Don Sherwood (who admittedly has unique problems of a personal nature) squeezed out a 56 percent to 44 percent primary win over a prohibitive underdog." In addition, a "number of early polls now suggest greater vulnerability among Republican incumbents this cycle than I had previously assumed." Democratic polls "in Republican-held districts such as California's 11th (Richard Pombo), Indiana's 8th and 9th (John Hostettler and Mike Sodrel), Pennsylvania's 10th (Sherwood), Kentucky's 4th (Geoff Davis), and North Carolina's 8th and 11th (Robin Hayes and Charles Taylor) show Democrats running better against GOP incumbents than they should if this were a "normal" election cycle. In some of these districts, the Democrat is essentially unknown but running well ahead of his or her name identification." The "best evidence that the national GOP meltdown is affecting individual Republicans may well be North Carolina's 11th district, where Taylor is facing Democratic challenger Heath Shuler." Rothenberg adds, "And that's why Republicans in 2006 are starting to look like the Democrats in 1994."

Abramoff Scandal Takes Toll On Burns. Roll Call (5/25, Duran) reports national Democrats "may consider Sen. Conrad Burns (R-Mont.) the poster boy for the Jack Abramoff scandal and in deep trouble politically. But back home in Big Sky country, he's just Conrad — and doing just fine." Eastern Montana "is Burns' stronghold, and if watching him work the crowd" at the Bucking Horse Sale "is any indicator, the folks out here don't seem too eager to buck the three-term Senator from office." But while Burns "vehemently denies that he did any favors for Abramoff, the allegations have taken a toll. His poll numbers have sunk and the Democrats are doing everything they can to make sure he does not rebound. The Montana Democratic Party, aided by the Democratic Senatorial Campaign Committee, began airing television commercials last August raising the question of whether Burns broke the law."

McCain Returns Contributions To PAC. The Washington Post (5/25, A15, Cillizza, 744K) reports Sen. John McCain (R-Ariz.) "returned $20,000 in campaign contributions from two prominent Texas businessmen after staff members for his political action committee discovered that there was an investigation into one of their companies." The donations "were made to Straight Talk America -- McCain's leadership political action committee -- by Sam and Charles Wyly, billionaire brothers who have been major players in Republican fundraising for years. Each cut a $5,000 check to Straight Talk, as did Sam's wife, Cheryl, and Charles's son, Charles III." The "contributions drew notice because the two brothers bankrolled Republicans for Clean Air, a soft-money 527 group that attacked McCain for his environmental record during his 2000 presidential campaign." The Wylys "are the subject of state and federal investigations centered on their transfer of revenue from stock options to offshore family trusts."

Roll Call (5/25, Kane) reports the "much-hyped detente between Sen. John McCain (R-Ariz.) and big Texas donors to President Bush ran into an embarrassing snag last month, prompting the Senator to return $20,000 in donations from the Wyly family after realizing they were being investigated by federal tax authorities." McCain, whose "active courtship of Bush's financial network has been widely promoted by his political aides, gave back the checks from Sam and Charles Wyly Jr. and other relatives after his political action committee's 'vetting system' turned up multiple probes into the Wylys regarding their offshore holdings on the Isle of Man."

Gore Says He Has No Plans To Run For Office. The AP (5/25) reports Al Gore is "talking as if he has ruled out another run for the presidency. 'I don't intend to be a candidate ever again,' the former Democratic presidential candidate said in an interview broadcast Wednesday." But the AP adds Gore "then invoked the time-honored language of politicians who know it's perhaps folly to categorically rule anything out." On NBC's Today Show, Gore added, "I've said I'm not at the stage of my life where I'm going to say never in the rest of my life will I ever think about such a thing."

NBC Nightly News (5/24, story 5, 3:55, Brokaw, 9.87M) reported, "The Vice President's film tonight, which is called 'An Inconvenient Truth', is a stylish and compelling video

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version of an argument that he's been making for a long time that global warming is real and it's getting worse. But, to many of his former political allies, this is a film about more than global warming." Gore is "suddenly everywhere again, the leading man in a new documentary that graphically describes the realities and consequences of global warming." Gore's "high-profile involvement in this film and in other public appearances these days is causing a political buzz. Already your friends and admirers are saying to me, after seeing the film, he's running again." Gore: "I have no intention of being a candidate again." Brokaw: "No intention or a firm commitment?" Gore: "Well no intention, no plans, and I am involved in a kind of campaign but it's not for candidacy, Tom. It's a campaign to change the minds of the American people."

Gore May See Buzz About Political Prospects As Way To Boost Film. ABC World News Tonight (5/24, story 10, 2:20, Vargas, 8.78M) reported, "Al Gore is back with a new kind of campaign, not a political one, but one for his signature cause. Mr. Gore is the star of a new documentary about global warming. Intended or not, it's got a lot of people talking about Al Gore." ABC (Harris) added, "The movie is creating buzz. But will it create results? The producers say it will help shift the debate on an issue, that's never been at the top of the national to-do list. But documentaries rarely create real social change. And it's unclear whether the people who need convincing will go see it." The substance "may be overshadowed by speculation about whether the movie's a spring board for a presidential run. Some Democrats are encouraging Gore, because they're worried about Hillary Clinton's chances." Gore says "he's not running. But hasn't said he won't run. One commentator recently said, perhaps Gore isn't using the buzz from his movie to boost his presidential prospects. Maybe he's using the buzz from his presidential prospects to boost his movie and his cause."

Broder Notes "Buzz" During Clinton Speech Was About NYTimes Story On Her Marriage. David Broder writes in the Washington Post (5/25, A29, 744K), "The two sides of Hillary Rodham Clinton -- the opposites that make her potential presidential candidacy such a gamble -- came into sharp focus Tuesday morning at the National Press Club." The "buzz in the room was not about her speech -- or her striking appearance in a lemon-yellow pantsuit -- but about the lengthy analysis of the state of her marriage to Bill Clinton that was on the front page of that morning's New York Times. … Three times in the question-and-answer session, she referred to her husband as 'Bill,' praising him for seeing that his library in Little Rock incorporated a lot of energy-saving features. Other than that, the elephant in the room went unmentioned."

Feith Met With Hostility By Georgetown Faculty. Under the headline "Faculty's Chilly Welcome for Ex-Pentagon Official," the New York Times (5/25, DeParle, 1.19M) reports, "The move to a teaching position at the School of Foreign Service at Georgetown by [Douglas] Feith, a former Pentagon official, set off a faculty kerfuffle, with 72 professors, administrators and graduate students signing a letter of protest, some going as far as to accuse him of war crimes." Feith has received a "two-year appointment" (ineligible for tenure) from the school dean and the Georgetown provost.

Reagan, Bentsen Comments Cited As Classic Political Put Downs. The Washington Post (5/25, C1, Copeland, 744K) examines rhetorical put downs, citing the late Sen. Lloyd Bentsen's debate comment to Dan Quayle, 'Senator, you're no Jack Kennedy,'" and late President Ronald Reagan's, "There you go again" line to then-President Jimmy Carter as examples of "yo-momas from which no one can recover." The Post adds, "The perfect put-down is a checkmate, and the smart opponent…will laugh and concede the round."

WSJournal Eulogizes Bentsen. An editorial in the Wall Street Journal (5/25, 2.11M) eulogizes former Sen. Lloyd Bentsen, who died earlier this week. The Journal remembers Bentsen "as the Senate Democrat who helped make the supply-side revolution possible. … To his credit, Bentsen was willing to consider new ideas, even some offered by non-establishment thinkers. He became, at a crucial moment, a convert to the supply-side policy mix of tighter money to re-establish price stability and tax cuts to lift incentives to work and invest. … Lloyd Bentsen was what used to be known as a growth Democrat, or what we like to call a Jack Kennedy Democrat."

Former NTSB Chief Warns Secondary Roads Being Neglected. Former National Transportation Safety Board chairman Jim Hall, who now heads Hall & Associates LLC, a safety and security consulting and government relations firm, in an op-ed in USA Today (5/25, 2.31M) warns that legislators are increasingly building new toll roads to pay for infrastructure, but ignoring the impact on secondary roads. Hall states, "Now is the time for leadership at the federal and state levels to require a percentage of toll road profits to be used to improve the safety of secondary roads. Otherwise, we will be traveling down a very dangerous road, indeed, creating two classes of safety: safe highways for drivers with money, and unsafe roads for the rest."

Rice Rules Out Direct Talks With Tehran As Snow Is Seen As Hinting At Possibility. USA Today (5/25, Slavin, 2.31M) runs a story headlined "White

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House Hints At Talks With Iranians," reporting "the Bush administration said Wednesday it might talk to Iran about the nuclear issue but only if Iran suspends its uranium enrichment program. 'When that happens…then there may be some opportunities,' White House spokesman Tony Snow said." Snow "declined to give details other than to say the talks would include other countries."

The New York Times (5/25, Weisman, 1.19M) reports the Administration yesterday "rejected calls for a direct dialogue with Iran over its nuclear program and declared that the United States had taken steps toward closing differences with Europe, China and Russia on a package of incentives and threats of punishment for the Iranian government. After a day of talks in London on a package" of incentives, Secretary Rice "said more work needed to be done in coming days or weeks. 'The London meeting had good progress. We did not expect that they were going to finalize all matters, and I think they're still working on some matters.'"

The Washington Times (5/25, Sands, 90K) says that while the Bush Administration "yesterday rejected the idea of direct talks with Iran," it "is facing increasing calls from allies, policy experts and even Mr. Bush's fellow Republicans to consider the first direct talks with Iran's Islamic regime since the 1979 seizure of the U.S. Embassy in Tehran." Snow, says the Times, "said the United States would not even consider face-to-face negotiations until Iran bowed to international demands to halt its uranium enrichment program, a critical step in the development of nuclear weapons." AFP (5/25) also says "the White House, under growing pressure to have bilateral talks with Tehran, insisted there would be no direct negotiations with Iran unless it suspends its uranium enrichment program."

The AP (5/25, Gearan) reports Rice "said talks Wednesday on perks and penalties meant to stop Iran from pursuing nuclear activities that the West fears could produce a bomb produced 'good progress,' suggesting the United Nations could act soon if Tehran remains defiant. Meanwhile, the possibility of direct talks between Iran and the United States appeared distant despite back channel overtures from Iran and additional pressure on Washington from its negotiating partners and others." Rice had been meeting with IAEA head Mohammed El-Baradei, who "told reporters the United States alone must decide if it wants to sit down for direct talks with Tehran, something the Bush administration has rejected as premature at best. White House press secretary Tony Snow ruled out direct talks at least until Iran ends all uranium enrichment, which Iran has refused to do, and allows international inspections."

The Financial Times (5/25, Dombey, Dinmore) keys on continuing US-Russian disagreement, saying, "Moscow and Washington failed to overcome their differences over Iran's nuclear programme yesterday, with a meeting of top diplomats in London unable to agree on what sanctions or incentives to present to the Islamic republic. … With speculation continuing that a diplomatic impasse could lead to a US military strike on Iran, the EU believes both threats and incentives are necessary to convince Tehran to halt development of the nuclear fuel cycle." The Times adds that Undersecretary Burns "also spoke to diplomats from Canada, Japan and Italy about possible sanctions and counter-proliferation measures, a US official said, signalling US efforts to broaden its coalition."

More Commentary On Iran. Yale professor Abbas Amanat writes in the New York Times (5/25, 1.19M), "It is easy to label Iran's quest for nuclear energy a dangerous adventure with grave regional and international repercussions. It is also comforting to heap scorn on President Mahmoud Ahmadinejad for his earlier denial of the Holocaust and his odious call for the obliteration of the state of Israel. … Yet there is something deeper in Iran's story than the extremist utterances of a messianic president and the calculated maneuvering of the hard-line clerical leadership that stands behind him. We tend to forget that Iran's insistence on its sovereign right to develop nuclear power is in effect a national pursuit for empowerment, a pursuit informed by at least two centuries of military aggression, domestic meddling, skullduggery and, not least, technological denial by the West."

Morton Kondracke writes in Roll Call (5/25), "Even though Secretary of State Condoleezza Rice is pursuing a diplomatic track to stop Iran from going nuclear, Bush's liberal critics are demanding an even more generous (or 'realistic') stance: A US offer of direct negotiations and a possible 'grand bargain' including security guarantees. Right-wingers, for their part, advocate preparations for military strikes." He adds, "I come down thinking that Bush ought do it all vis-à-vis Iran: Unleash the US ambassador to Iraq, Zalmay Khalilzad, to explore openings with Iran for a grand deal, while also keeping up the diplomatic drive for stiff economic sanctions and preparing to bomb (or let Israel bomb) if nothing else works."

Olmert Impresses Congress With Anti-Terror Talk, Separation Plan. Several major newspapers featured coverage of Israeli Prime Minister Ehud Olmert's address to a joint session of Congress. Most of the stories remark on the positive reaction on the Hill to the Prime Minister's speech. The AP (5/25) reports Olmert told Congress "that Israel would be a 'willing partner in peace' with the Palestinians, but would draw its own borders in the West Bank should it conclude it has no negotiating partner." He "drew a sustained standing ovation when he declared, 'We will not yield to terror,' a reference to suicide attacks on Israelis such as those that killed a 16-year-old American high school student observing the Passover holiday in Israel this

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year." Olmert "said the West Bank withdrawal is vital to Israel's security and the cause of peace and cannot go forward without U.S. support," and "called on the moderate Palestinian president, Mahmoud Abbas, to seek a negotiated solution -- the preferred route for both Mr. Olmert and President Bush."

The Washington Post (5/25, A21, Branigin, 744K) says Olmert "urged the Palestinian Authority to meet his terms for peace talks or face a unilaterally imposed settlement in the West Bank, and he warned that a nuclear-armed Iran would constitute 'an intolerable threat' that he said 'cannot be permitted to materialize.'" Olmert "acknowledged Palestinians' 'national aspirations' and asserted that Israel has no desire to rule or oppress them. But he said Israel cannot wait indefinitely for the Palestinians to become acceptable negotiating partners, and he outlined" his unilateral disengagement plan. He "was repeatedly interrupted by ovations," and "stressed common ideals and said the United States and Israel share resolve to confront 'the scourge of suicide terrorism.'"

The New York Times (5/25, Erlanger, 1.19M) says Olmert "left Washington for home late Wednesday a pretty happy man. He was embraced by President Bush and reassured about Iran, and he received 16 standing ovations from a joint meeting of Congress for a speech that was strong on emotion and rhetorically tough on terrorism and Iran. More important, Mr. Olmert received just enough presidential support for his main initiative -- another unilateral pullback of Israeli settlers, from a large portion of the West Bank — to satisfy an Israeli public that craves American approval and respect." The Times says, however, that "those around Mr. Olmert were a little disappointed, too, that the American embrace of what Mr. Olmert is calling realignment was so tepid and conditional, especially given that the task of pulling some 70,000 Israeli settlers out of the West Bank will dwarf, in emotional cost as well as numbers, the much-praised withdrawal from the Gaza Strip." Knight Ridder (5/25, Douglas), Financial Times (5/25, Morris) and Washington Times (5/25, Fagan, 90K) run similar reports.

More Commentary On Olmert's Speech. The New York Times (5/25, 1.19M) editorializes, "Speaking to Congress yesterday, Mr. Olmert said Israel was willing 'to negotiate with a Palestinian Authority.' He added, 'In a few years they could be living in a Palestinian state, side by side in peace and security with Israel.' We'd like to see that, too. We only hope that Mr. Olmert and Mr. Bush realize that there will not be peace in the Middle East unless the Palestinians have a say in creating a state that can function."

Key Abbas Security Aide Assassinated. The Washington Times/AP (5/25, Barzak) reports Nabil Hodhod, "a Gaza security chief loyal to the Palestinian president was killed Wednesday when his car blew up, the second attack on a top commander in less than a week. There was no claim of responsibility, but the explosion came at a time of an increasingly bloody power struggle between President Mahmoud Abbas' forces and those of the Hamas-led government." The AP calls Hodhod "the highest-ranking official to be killed in a week of violent incidents, sparked by Hamas' fielding of its own militia in defiance of a ban by Abbas. Two other senior security officers have been targeted."

Israeli Raid Leads To Riot In Gaza Strip. The Los Angeles Times (5/25, King, Abukhater, 958K) reports, "Violence spread Wednesday from the volatile Gaza Strip to the West Bank, where Israeli troops shot dead four Palestinians in this usually placid city after a riot broke out during an Israeli arrest raid." The fighting in Ramallah, "the Palestinians' administrative and commercial capital, was the most intense in the city since a massive Israeli military incursion into the West Bank four years ago when they laid siege to the late Palestinian leader Yasser Arafat's compound. Now forays by Israeli troops into the city center are rare, particularly during daylight hours." The New York Times (5/25, Myre, 1.19M) and Washington Post (5/25, A21, Wilson, 744K) run similar reports.

Novak Says Hyde Urging Bush To Act On Behalf Of Palestinian Christians. Syndicated columnist Robert Novak (5/25) writes this morning that Rep. Henry Hyde "is pleading the case of endangered Palestinian Christians to President Bush." Hyde "said in a letter sent Friday to the White House: 'I cannot be blind when Israeli actions seem to go beyond the realm of legitimate security concerns and have negative consequences on communities and lands under their occupation.' He urged the president to take up this issue with Israeli Prime Minister Ehud Olmert on his Washington visit this week." Hyde also sent the White House a report "prepared by his staff based on visits to Israel and Palestine over the past two years" that said the "Israeli security wall and expanding Jewish settlements in the West Bank…'are irreversibly damaging the dwindling Christian community.'" Novak notes, however, "There is no sign that Bush studied the House report or even that it made its way through an unsympathetic National Security Council staff into his hands. … 'It would be helpful,' says the Hyde report, 'if the United States Government committed itself to working with the Israeli government to end support for and prevent the establishment of new realities on the ground, which complicate a negotiated solution over Jerusalem, destroy its multicultural identity and constitute an increase in the political volatility of the city.' But will George W. Bush be that helpful?"

WHO Investigating Indonesian Avian Flu Cluster Outbreak. As World Health Organization investigators continue to investigate whether the avian flu deaths of eight family members in Indonesia were caused by

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human transmission of the virus, media coverage continues to mount. All three networks and the nation's dailies dedicated extensive coverage to the WHO's investigation which has raised the possibility that the H5N1 virus has mutated and could cause a pandemic.

ABC World News Tonight (5/24, story 3, 2:20, Litke, 8.78M) reported, "By the time medical investigators began reaching the remote village, nearly all the victims had been buried and many of the villagers were too grief-stricken, and too frightened, to recall events, making the mystery that much difficult to solve." There "have been a few cases of human-to-human virus in Asia. Between mother and child. Between patient and health worker. But those are clusters of two. This case involves up to eight victims. What also troubles the World Health Organization, no one has found the original source of the outbreak."

On ABC World News Tonight (5/24, story 4, 0:55, Vargas, 8.78M), medical editor, Dr. Tim Johnson, said the fact that virus samples so far show no mutations is "so far, very reassuring. And the second fact that it hasn't spread since two weeks ago, in the village or in the families of the village, is also I think very reassuring. If this has mutated into a pandemic virus, would have spread to hundreds, probably thousands of cases."

The CBS Evening News (5/24, story 4, 1:55, Schieffer, 7.66M) reported, "Romania is taking steps tonight to fight the spread of bird flu, putting dozens of communities under quarantine to contain a new outbreak. In Indonesia, it now appears likely the virus spread person-to-person among eight members of the same family, killing seven of them, but the World Health Organization says this does not mean that bird flu has mutated into a form that could cause a worldwide epidemic." Dr. Anthony Fauci, National Institute of Allergy & Infectious Diseases: "The important point that we should emphasize to the public is that in examination of the virus itself, there doesn't appear to be any of those molecular or genetic changes or mutations as we call them that are associated with what we would consider a better transmissibility from human-to-human."

In separate interview on CNN's The Situation Room (5/24) Fauci said, "The somewhat encouraging news thus far within the framework of a serious situation is that there have not been other cases outside of the family unit. In other words, not a casual contact, not any of the nurses or the doctors or others who were taking care of them. So this could be a reflection of one of those unusual cases where you do get a family cluster." And in yet another interview on ABC News' Nightline (5/24, Moran) Fauci was asked if the family cluster means we are "one step closer to a pandemic." Fauci responded, "No. It doesn't. It's something you have to take very seriously and observe. If the virus itself changed and we saw there was casual contact beyond what the family unit was showing us, then I would be concerned that the virus was evolving in a way that was more efficient."

NBC Nightly News (5/24, lead story, 2:30, Francis, 9.87M) reported, "No one else outside the family is ill, not friends or hospital workers. The peasants are as baffled as scientists. Was it from the poultry that roams free or the pigs that kids play with? The World Health Organization's top epidemiologist here says villagers finding a sick bird may have cooked and eaten it." Dr. Steven Bjore, World Health Organization epidemiologist: "There's no security cams out there that we can go back and look at to see where someone actually touched a bird. That's just not possible. So we're really working backwards as best we can in a difficult situation."

NBC Nightly News (5/24, story 2, 1:10, Bazell, 9.87M) reported, "The WHO had a containment plan that called for very severe action if it was only a cluster of five people with human-to-human transmission, but when they took a close look at the case and found that it was contained to this one family, they decided to step down. But if there are any more cases in this village that could change very quickly."

USA Today (5/25, D11, Manning, 2.31M) adds Julie Gerberding, director of the Centers for Disease Control and Prevention, said, "There is no sign of an impending pandemic," but conceded that this is "probably the third example where we've seen pretty good evidence" that the virus passed from one person to another. The Los Angeles Times (5/25, Chong, 958K) quotes WHO spokeswoman Maria Cheng as saying "investigators had not found H5N1 in the animals in that area, so the likely explanation is human-to-human transmission."

Meanwhile, the New York Times (5/25, Rosenthal, 1.19M) reports Dick Thompson, "a WHO official who arrived in Indonesia yesterday," said that it would "probably take a while to decide whether human-to-human transmission had occurred, because that determination was largely made by process of elimination."

Indonesian Findings May Raise Global Alert Level. The Washington Post (5/25, A21, Sipress, 744K) reports the World Health Organization "might soon convene an expert panel to decide whether an unprecedented human outbreak of bird flu in Indonesia should trigger a higher global alert for a possible pandemic," health officials said Wednesday. If the global alert status were increased, the Post says international stockpiles of antiviral drugs "would probably be shipped to Indonesia and travel from the country would be monitored in an attempt to contain the outbreak."

The Wall Street Journal (5/25, A6, Zamiska, 2.11M) quotes WHO spokeswoman Maria Cheng as saying, "What we're dealing with is possibly the first instance of second-generation human-to-human spread." In response, Cheng said the WHO is "considering convening a group of international experts, such as Nancy Cox from the US

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Centers for Disease Control and Prevention, to discuss the implications of the latest findings, including whether to raise the group's pandemic alert level." However, the Financial Times (5/25, Donnan, Jack) Cheng "stressed that there was no plan in the coming days to convene the international committee of experts that would determine whether to increase the agency's current risk assessment of the likelihood of a pandemic."

Bird Flu Fears Ignite Debate On Scientists' Sharing Of Data. As fears of an influenza pandemic grow, the Washington Post (5/25, A20, Brown, 744K) reports that a "struggle has emerged between experts who believe the latest genetic data on the H5N1 bird flu virus should be made public immediately and others who fear that such a policy would alienate the countries collecting virus samples and the scientists analyzing them." The issue "may come to a head this week" at the WHO's World Health Assembly in Geneva where health ministers from more than 190 countries will consider a resolution that would require them to provide flu data and virus samples to the scientific community "in a timely manner." If adopted, the Post says that "probably would end the current system whereby flu researchers decide when and how quickly crucial genetic data on the virus are made available to other scientists."

Saudi Arabia Now Flush With Petrodollars. ABC World News Tonight (5/24, story 5, 3:00, Sciutto, 8.78M) reported that "moment you land" in Saudi Arabia, "you see a kingdom of limitless oil wealth. A building boom. Luxury cars. Lavish shopping malls. On our trip, we were particularly struck by the expensive, new, Western-style bars and restaurants. Saudi Arabia is sitting on a fortune. With estimated oil reserves under desert sands worth more, if you can believe it, than the entire US economy." Civil servants' "salaries have gone up 15% in the last year, a direct result of the government's increased oil revenues. This is a country with oil money to spend, from the most grandiose infrastructure projects, to the smallest businesses." Gas prices "were just cut by one-third, to 61 cents a gallon. Cheap gasoline makes big SUVs, especially American-made ones, popular. Part of the reason is that at today's prices, a full tank of gas costs less than $25 US." Starting with the first oil boom in the 1970s, Saudis learned to take their oil wealth for granted," but "when oil prices dropped and the population ballooned, came unfamiliar problems -- poverty. 25% unemployment. King Abdullah is promising this oil boom will be different. One-third of his new record budget focuses on education."

Fire At Turkish Airport Destroys Cargo Facility. ABC World News Tonight (5/24, story 6, :25, Vargas, 8.78M) reported, "A spectacular fire at Turkey's largest airport, just outside Istanbul. The choking smoke shut one runway, disrupted flights, and forced 2,000 workers to evacuate. Tanker planes with sea water made 70 flights to douse the flames. Most of the airport's main cargo facility was destroyed and three people were injured. A short circuit may have started the fire."

Europeans Fear Creation Of Russia-Algeria Gas Cartel. Increased cooperation in the energy sector between Russia and Algeria is raising European fears that the two countries might form a gas cartel to control process. The Washington Times (5/25, Mihailescu, 90K) reports, "Top natural gas executives from the two countries announced last month that they were preparing a memorandum of cooperation that would cover joint efforts in the exploration, production and marketing of Algerian gas. Industry reports also say the Russian gas giant Gazprom has undertaken a project with Algeria's state-run gas company, Sonatrach, under which the latter would fulfill Russian contracts to deliver natural gas to France."

Japanese PM To Visit US. The AP (5/25) reports that Japanese Prime Minister Junichiro Koizumi will visit President Bush next month. During a June 29 meeting, the two leaders "will discuss the war on terror, security and prosperity in Asia and global economic issues, the White House said in a statement."

The Financial Times (5/25, Sevastopulo) reports that Koizumi "will visit Graceland, the former home of Elvis Presley, the King of rock and roll, as part of his farewell trip before stepping down as prime minister in September. In a highly unusual move, Mr Bush is considering accompanying Mr Koizumi to Memphis for the visit. Mr Bush decided to give Mr Koizumi, a huge Elvis fan, the Graceland trip to thank him for his support, including taking the politically difficult decision to send Japanese troops to Iraq." The Times also notes that "rolling out the red carpet for Mr Koizumi may also irk Chinese President Hu Jintao whose recent visit to Washington was marred when a protester managed to enter the White House and disrupt his South lawn arrival ceremony."

UN On Pace To Run Out Of Funds In July. The Washington Times (5/25, Pisik, 90K) reports that the UN "is on a pace to run out of funds months earlier than usual this year. The organization has regularly dipped into peacekeeping reserves to pay its operating budget for a month or two late in the year, while waiting for the United States to transmit the money it usually pays when its own fiscal year begins in October. But this year, a $950 million spending cap largely imposed by the Bush administration will have the organization run out of money as early as July, according to U.N. officials familiar with the organization's budget."

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Venezuelan University Aims To Prepare Students For Social Activism. The Washington Post (5/25, A21, Reel, 744K) reports on the Bolivarian University of Venezuela, which provides a free education to the "massive underclass that [President Hugo] Chavez aims to empower through the social programs that have fed his domestic popularity. The school, the cornerstone of those programs, is aimed at educating millions and promoting the sort of social activism that Chavez says can help Venezuela's poor majority to overcome decades of oppression by the rich."

Morales Has Closely Aligned Bolivia With Venezuela. A front page story in the Wall Street Journal (5/25, De Córdoba, Luhnow, 2.11M) notes that since taking office as Bolivia's President, Evo Morales "has aligned his country so closely with Venezuela's Hugo Chávez that it is sometimes difficult to tell where one government begins and the other ends. … Bolivian opposition leader Jorge Quiroga, who lost to Mr. Morales in the presidential race, contends that 'we have become a colony of Venezuela.' Mr. Morales rejects that accusation, but refers to Mr. Chávez as Bolivia's 'godfather.'" The Journal adds, "For the U.S., Mr. Chávez's tightening alliance with Bolivia both threatens to undo years of political and economic liberalization in South America and is the latest in a series of energy-security threats. President Bush on Monday said he was 'concerned about the erosion of democracy' in Bolivia and Venezuela."

Polls Show African Support For Democracy Is Eroding. Multi-nation polls released yesterday show that Africans are growing increasingly frustrated with democracy. The Washington Post (5/25, A26, Timberg, 744K) reports, "Afrobarometer, a nonprofit polling project, reported that surveys conducted since 2000 have revealed a slow but steady deterioration in support for democracy, with particularly steep declines in Nigeria, Tanzania, Botswana and Uganda. Sixty-one percent of Africans surveyed said they regard democracy as preferable to other political systems. But the pollsters found that flaws in many democracies across the continent have undermined support for the concept."

Bono Continues Tour Of Africa. NBC Nightly News (5/24, story 10, 2:45, Williams, 9.87M) reported rock star Bono's tour of Africa "continued today" in "the West African nation of Ghana, where today Bono mixed humanity with policy. The man from Ireland who is greeted as a visiting head of government today met with the president of Ghana. He considers these high-level meetings a necessity but he prefers to approach the problem at the ground level." Most Africans "don't know who Bono is. They just know he's out to help them by raising billions, along with awareness."

Americans Accused Of Plotting Coup In Congo. Twenty-six security works, including three Americans, were arrested and jailed in Congo last week on suspicion of plotting a coup in advance of July's national elections. The Washington Post (5/25, A26, Timberg, 744K) reports, "Fifteen of the suspects are employed by a South African security company, Omega Security Solutions, whose parent company has offices in Pretoria, the South African capital. A company official said the detained Americans work for two U.S. companies that are arranging security and logistics for the campaign of a presidential candidate in Congo. The other suspects are Nigerians."

US Response To China's Military Buildup Seen As Inadequate. Dan Blumenthal, resident fellow in Asian studies at the American Enterprise Institute, writes in the Washington Post (5/25, A29, 744K), "The Pentagon's annual report to Congress on China's military power, released this week, reveals that Beijing's buildup has advanced well beyond what most analysts considered likely just 10 years ago. … But our China policy leaves us a day late and a dollar short when it comes to the challenge posed by the speed of Beijing's military buildup. … A policy seeking to shape China into a responsible global actor works only if you are willing to recognize when it is not working. That time may be fast approaching."

LATimes Says US Backing Somali Warlords "Repackaged" As Anti-Terror Fighters. An editorial in the Los Angeles Times (5/25, 958K) says that in Somalia, the US "appears to be supporting one group of Somali warlords, who have repackaged themselves as secular anti-terrorists, to fight another group of equally brutal Islamist Somali warlords. … The Bush administration fears that Al Qaeda operatives and 'foreign fighters' are profiting from Somalia's chaos to establish a beachhead in the strategic Horn of Africa. Even if these concerns are valid, arming thugs to fight a proxy war against Islamists is a clumsy game the U.S. is likely to lose." The US "should stick to its policy of trying to help create a government that can finally end the anarchy in Somalia."

UN Official Calls Continuing Hunger Around World "Unacceptable." James T. Morris, executive director of the UN World Food Program, writes in the Washington Post (5/25, A29, 744K), "Today I will brief a congressional committee on ways of dealing with a problem that has dogged mankind from the beginning: hunger. It's a problem that -- I'm pleased to say -- we have almost overcome in the United States. … So, to my mind, it is unacceptable that you need travel only a few hundred miles

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from our shores to find societies in which hunger is still a grim component of daily life."

WSJournal Praises Montenegrin Break With Serbia. An editorial in the Wall Street Journal (5/25, 2.11M) says, "The people of Montenegro (population 620,000) on Sunday chose to break up their union with Serbia -- all that was left of Yugoslavia -- and give birth to the Continent's 24th and 25th new nation-states since the end of the Cold War. As long as these decisions are freely, peacefully and constitutionally made, the more the merrier. … Montenegro's leaders plan to join the EU as soon as possible and attract investors with policies inspired by slightly larger Estonia. … The mushrooming of new states in Europe has tended, especially after the wars of the early 1990s, to coincide with the spread of freedom on the Continent. May it continue."

WPost Skeptical Of Burmese Regime's Promise Of Change. An editorial in the Washington Post (5/25, A28, 744K) says, "Burma's dictators may be willing 'to turn a new page in relations with the international community.' … But don't pop the champagne corks yet. The ruling junta has made many similar promises in the past, and it has yet to honor one." The Post adds that "there is no question that the people support Aung San Suu Kyi -- a Nobel Peace Prize laureate, wedded to nonviolence, committed to peaceful dialogue with the nationalities that Burma's regime seeks to wipe out. The U.N. Security Council ought to welcome positive statements -- and demand positive action."

THE BIG PICTURE:

Headlines From Today's Front Pages.

Los Angeles Times:
"Justices Restore Exit Exam."
"Homes In Katrina Condition."
"Angelides A Favorite Of Pension Fund Interests."
"An Immigrant Underground."
"Ramallah Erupts After A Long Lull."
"House GOP's Back Is To The Wall On Borders."
"Celebrities Crop Up At Farm Protest."

USA Today:
"Retiree Benefits Grow Into 'Monster.'"
"Doctors Will Transplant A Face — But Whose?"
"Psychiatric Drugs Fare Favorably When Companies Pay For Studies."

New York Times:
"Immigration Bill Backed In Senate, Setting Up Clash."
"House Leaders Demand Return Of Seized Files."
"Levees Rebuilt Just In Time, But Doubts Remain."
"Families Add 3rd Generation To Households."
"Some In Mexico See Border Wall As Opportunity."
"Hussein's Former Envoy Gushes With Adulation On Witness Stand."

Washington Post:
"Return Of Jefferson Files Is Sought."
"In Rapt Courtroom, A Struggle Of Wills."
"Check On Workers' Status Would Expand."
"A Rare Stamp Reunited With Its Lost Love Story."
"Group Urges Takeover Of D.C. Agency For Disabled."
"Chavez Educates Masses At University In His Image."

Washington Times:
"Arrests Of Illegals Falls Off Clinton Pace."
"Murder Charges Likely In Iraq Raid."
"ADHD Drugs Take Toll On Minors."
"Regulators To Review Mortgage Practices."
"Russian, Algerian Energy Ties Spur Concern."
"Getting Kinky In Texas."

Detroit Free Press:
"Mom: Cops Failed To Act On OD."
"Your First Look At New Metro Terminal."

Atlanta Journal-Constitution:
"Alabama's Got A New 'Idol.'"
"Senate Set To Pass Illegals Bill."
"Border In Their Backyard."
"Pomp, Circumstance And Pronunciation."

Houston Chronicle:
"D.C. In Tug Of War On Immigration."
"Jury Seeks Exhibit Lists, Full Transcript."
"Down In The Delta, Going Is Slow."
"At 87, Legendary Principal Staying The Course."

Story Lineup From Last Night's Network News:
ABC: Abramoff Investigation-Hastert; Abramoff Investigation-Analysis; Indonesia-Avian Flu; Avian Flu-Analysis; Saudi Arabia-Oil Boom; Turkey-Airport Fire; CA Town-Wal-Mart; Back Therapy; Geography Bee; Gore Movie.
CBS: Senate-Immigration Reform; Soldier-Citizenship Efforts; Iraq-Marines Investigated; Indonesia-Avian Flu; Congress-FBI Search; Nursing Shortage; NASA-Satellite Launch; Private Spaceports; Commencement Speech Addresses; Injured Racehorse; NYC-Police Horses.
NBC: Indonesia-Avian Flu; Avian Flu-Analysis; Iraq-Maliki Interview; Iraq-Bush, Blair; Gore Movie; Housing Market; Senate-Immigration Reform; Congress-FBI Search; Stock Markets; Africa-Bono.

Story Lineup From This Morning's Radio News Broadcasts:
ABC: Senate-Immigration Reform; Indonesia-Avian Flu; American Idol Winner.

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CBS: National Guard-US Border Deployment; Libby Case-Cheney Testimony; Jefferson Raid; Duke Rape Case.
NPR: Libby case-Cheney Testimony; Bush-Energy; Fox-US Visit; Iran-Nuclear Program; Foreign Stock Markets; MA-Catholic Health Care Service Executive Resigns; SC-Bauer Plane Crash; MD-Muhammad Trial.

WASHINGTON'S SCHEDULE:

Today's Events In Washington.

White House:

PRESIDENT BUSH — Remarks at Change of Command Ceremony for US Coast Guard Commandant, Fort McNair.

VICE PRESIDENT CHENEY — No public schedule.

US Senate: 9:30 a.m. FOREIGN RELATIONS _ full Committee. Hearing on restructuring the UN. UN Amb. John Bolton. Location: Room 216, Hart.

9:30 a.m. INDIAN AFFAIRS _ Full Committee. Hearing on Indian education. Associate Deputy Interior Secretary Jim Cason; Kevin Skenandore, Office of Indian Education Programs; Ryan Wilson, president, National Indian Education Association; Ivan Small, National Association of Federally Impacted Schools and superintendent, Fort Peck School District; Beth Kirsch, series producer, Between the Lions, WGBH; Bernie Teba, Native American liaison, New Mexico Children, Youth and Families Department, Santa Fe; David Gipp, president, United Tribes Technical College. Location: Room 485, Russell.

9:30 a.m. INDIAN AFFAIRS _ Full Committee. Hearing on Indian education. Location: Room 485, Russell.

9:30 a.m. JUDICIARY _ full Committee. Markup of pending legislation and votes on nominations. Location: Room 226, Dirksen.

10 a.m. BANKING, HOUSING AND URBAN AFFAIRS _ Full Committee. Markup of pending legislation. Location: Room 538, Dirksen.

10 a.m. COMMERCE, SCIENCE AND TRANSPORTATION _ Full Committee. Hearing on S.2686 - Communications Act of 2006. Location: Room 106, Dirksen.

10 a.m. ENERGY AND NATURAL RESOURCES _ Full Committee. Hearing on the outlook for growth of coal fired electric generation and whether sufficient supplies of coal will be available in the near term and in the future. Howard Gruenspecht, Deputy Administrator EIA; Mac McLennan, Tri-State Generation and Transmission Association, Westminster, Colo.; David Wilks, Excel Energy Services, Minneapolis; others. Location: Room 366, Dirksen.

10 a.m. HOMELAND SECURITY AND GOVERNMENT AFFAIRS _ Full Committee. Votes on pending nominations. Location: Room 342, Dirksen.

10 a.m. SPECIAL AGING _ Full Committee. Hearing on pandemic flu preparations. Secretary of Health and Human Services Leavitt; Steve Cline, North Carolina Chief of Epidemiology; Nancy Donegan, Director of Infection Control at the Washington Hospital Center/MedStar. Location: Room G-50, Dirksen.

10 a.m. VETERANS AFFAIRS AND HOMELAND SECURITY AND GOVERNMENTAL AFFAIRS _ Full Committees. Joint hearing on the theft of VA record for 26.5 million veterans. Secretary Nicholson. Location: Room 342, Dirksen.

1 p.m. JUDICIARY _ Constitution, Civil Rights and Property Rights Subcommittee. Hearing on legally assisted suicide and euthanasia. Location: Room 226, Dirksen.

2:30 p.m. HOMELAND SECURITY AND GOVERNMENTAL AFFAIRS _ Federal Financial Management, Government Information and International Security Subcommittee. Hearing on the congressional role in federal financial management. Comptroller General David M. Walker; former OMB Director James C. Miller III; former CBO Director Douglas J. Holtz-Eakin; former Rep. Tim Penny; Chris Edwards, Cato Institute; Maya MacGuineas, New America Foundation. Location: Room 342, Dirksen.

3 p.m. FOREIGN RELATIONS _ Full Committee. Confirmation hearing on pending nominations. Location: Room 106, Dirksen.

US House: FLOOR SCHEDULE _ 10 a.m. Meets for legislative business. Highlights: H.R.5441 - Homeland Security Department Appropriations Act.

9 a.m. APPROPRIATIONS _ Full Committee. Markup the foreign operations and legislative branch appropriations bills. Location: Room 2359, Rayburn.

9 a.m. SAELECT INTELLIGENCE _ Full Committee. Closed, members only briefing on global hotspots. Location: Room H-405, Capitol.

9 a.m. VETERANS AFFAIRS _ Full Committee. Oversight hearing on the theft of Veterans Affairs data on 26.5 million veterans. Location: Room 334, Cannon.

9:45 a.m. SMALL BUSINESS _ Rural Enterprises, Agriculture and Technology Subcommittee. Hearing on charitable giving. Location: Room 2360, Rayburn.

10 a.m. ARMED SERVICES _ Terrorism, Unconventional Threats and Capabilities Subcommittee. Hearing on Defense Department preparations for the hurricane season. Assistant Secretary Paul McHale, National Guard Bureau Chief Lt. Steven Blum, Maj. Gen. Richard Rowe of the U.S. Northern Command, Retired Maj. Gen. Mark Bowen of the Alabama National Guard, and Maj. Gen. Douglas Burnett of the Florida National Guard. Location: Room 2212, Rayburn.

10 a.m. FINANCIAL SERVICES _ Oversight and Investigations Subcommittee. Hearing on the Office of Thrift

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Supervision. OTS Director John Reich; Michael Nolan, Chairman, Fifth District Savings Bank; Theodore Gurzynski, Pyramax Bank; Geoff Smith, Woodstock Institute. Location: Room 2128, Rayburn.

10 a.m. INTERNATIONAL RELATIONS _ Full Committee. Markup of pending legislation. Location: Room 2172, Rayburn.

10 a.m. JUDICIARY _ Full Committee. Markup of pending legislation. Location: Room 2141, Rayburn.

10 a.m. RESOURCES _ National Parks Subcommittee. Hearing on pending legislation. Location: Room 1324, Longworth.

10 a.m. SCIENCE _ Full Committee. Markup of pending legislation. Location: Room 2318, Rayburn.

10:30 a.m. BUDGET _ Full Committee. Hearing on the line item veto, with Patrick Toomey of the Club for Growth, Thomas Schatz of Citizens Against Government Waste, Edward Lorenzen of the Concord Coalition, James Horney of the Center on Budget and Policy Priorities. Location: Room 210, Cannon.

11 a.m. INTERNATIONAL RELATIONS _ Africa, Global Human Rights and International Operations Subcommittee. Hearing on food aid. Michael E. Hess, assistant administrator, USAID; Tony P. Hall, former U.S. ambassador to the United Nations Organization for Food and Agriculture; Sean Callahan, vice president, Overseas Operations, Catholic Relief Services. Location: Room 2172, Rayburn.

11 a.m. WAYS AND MEANS _ Oversight Subcommittee. Hearing on charities and employment tax compliance. Location: Room 1100, Longworth.

12 p.m. HOUSE ADMINISTRATION _ Full Committee. Hearing on the Smithsonian Business Ventures, including Smithsonian on Demand. Smithsonian Institution Secretary Lawrence Small, CFO Alice Maroni, General Counsel John Huerta, and Gary Beer of Smithsonian Business Ventures. Location: Room 1310, Longworth.

1 p.m. FINANCIAL SERVICES _ Full Committee. Hearing on executive compensation. Location: Room 2128, Rayburn.

2 p.m. HOMELAND SECURITY _ Prevention of Nuclear and Biological Attack Subcommittee. Hearing on U.S. efforts to get international assistance to prevent nuclear smuggling. Location: Room 2212, Rayburn.

2 p.m. INTERNATIONAL RELATIONS _ International Terrorism and Nonproliferation Subcommittee. Hearing on Pakistan's nuclear arms aid to North Korea. David Albright, president, Institute for Science and International Security; and consultant Leonard Weiss. Location: Room 2255, Rayburn.

2 p.m. JUDICIARY _ Immigration, Border Security and Claims Subcommittee. Hearing on the smuggling of aliens. Location: Room 2237, Rayburn.

Other: PRIME MINISTER TONY BLAIR OF THE UNITED KINGDOM _ Highlights: Meets with President Bush before and after a scheduled 7:30 p.m. joint news conference.

MEMORIAL DAY EVENTS _ Memorial Day-related events. Highlights: 1 p.m. House Republicans hold a Memorial Day rally. West Front Steps, Capitol. 4 p.m. Rep. Tom Davis sponsors a reception for the Gold Star Wives of America. Room 2154, Rayburn.

AVIATION INDUSTRY _ 8 a.m. - 3 p.m. The US Chamber of Commerce holds a summit on the state of the U.S. aviation industry, with FAA Administrator Marion Blakey, Sen. Ben Nelson, Rep. John Mica, US Airwaysa CEO W. Douglas Parker, retired American Airlines President Bob Crandall, Travel Industry Association President Robert Dow, and others. Location: 1615 H St. NW.

DEMOCRATS-HOMELAND SECURITY _ 9:45 a.m. - 2 p.m. Senate Democrats will host a major homeland security summit, bringing together lawmakers, leaders, and policy experts from across the country for events throughout the day to discuss what they say are the tough and smart solutions needed to protect America. Highlights: 9:45 a.m. Senator Hillary Rodham Clinton, Chair, Democratic Steering and Outreach Committee, Assistant Democratic Leader Richard Durbin, give opening remarks. 10 a.m. Dr. Robert Atkinson, President of the Information Technology & Innovation Foundation; Jamie Gorelick, Member, the 9/11 Commission; Ruth Ann Minner, Governor, State of Delaware; Michael O'Hanlon, Senior Fellow, the Brookings Institution, participate in a panel discussion on improving crisis communication. 12:30 p.m. Former Senator Bob Kerrey, Member, the 9/11 Commission and President, the New School, gives lunch keynote . 2 p.m. Dr. Irwin Redlener, Associate Dean, Columbia University Mailman School of Public Health; Director, National Center for Disaster Preparedness; Michle Flournoy, Senior Adviser, International Security Program, Center for Strategic and International Studies; Dr. Tara O'Toole, CEO and Director, University of Pittsburgh Medical Center, Center for Biosecurity; James Perkins, Jr., Mayor, Selma, Alabama; and Harold Schaitberger, President, International Association of Fire Fighters, participate in a panel discussion on post-Katrina emergency preparedness. Location: Room 902, Hart Senate Office Building.

RIGHT-LEFT DIVIDE _ 8:30 a.m. The Hudson Institute's Bradley Center for Philanthropy and Civic Renewal, others, hold a symposium with conservatives to discuss ideas that move American politics and the forces that shape ideological views, with Francis Fukuyama of Johns Hopkins University, Robert George of Princeton University, Tamar Jacoby of the Manhattan Institute, others. Location: Ritz-Carlton Hotel, 1150 22nd St. NW.

SCHOOMAKER _ 8:30 a.m. Army Chief of Staff Gen. Peter Schoomaker speaks at a breakfast sponsored by The

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Hill. Location: Thornton Room, Hyatt Regency-Washington on Captiol Hill, 400 New Jersey Ave. NW.

TAX REFORM _ 9 a.m. The American Enterprise Institute holds an event analyzing the President's Advisorty Panel on Federal Tax Reform's tax reform proposals, with Robert Carrtoll and Craig Johnson, both of the Treasury Department, Kevin Hassett of AEI and Rudolph Penner of Urban Institute. Location: 12th floor, AEI, 1150 17th St. NW.

YERXA _ 9 a.m. The Washington International Trade Association holds a breakfast meeting with WTO Deputy Director Rufus Yerxa. Location: Horizon Ballroom, Ground Level, Reagan Trade Center.

SOCIAL SECURITY-BOOMERS _ 9 a.m. - 11 a.m. The National Academy of Social Insurance hosts a discussion seminar on ``Can We Afford Social Security When Baby Boomers Retire?" Location: National Press Club, First Amendment Lounge.

US-SWISS _ 9:30 a.m. US Trade Representative Rob Portman, Swiss Minister of Economic Affairs Joseph Deiss sign the U.S.-Switzerland Trade and Investment Cooperation Forum Agreement. Location: Indian Treaty Room, Eisenhower EOB.

MISSING CHILDREN-GONZALES _ 9:45 a.m. Attorney General Gonzales speaks at the Department of Justice National Missing Children's Day Awards ceremony. Location: Great Hall, main Justice.

COAST GUARD _ 10 a.m. Coast Guard change-of-command ceremony, with Adm. Thad Allen assumsing the position of Commandant. Homeland Security Secretary Chertoff participating. Location: Fort McNair.

NORTH KOREA _ 10 a.m. The US Commission on International Religious Freedom holds a briefing on North Korean refugees in China, with former USAID Administrator Andrew Natsios, Hiroshi Kato of the Life Funds for North Korean Refugees, and Joel Charny of Refugees International. Location: Room SC-4, Capitol.

SAME SEX MARRIAGE _ 10:30 a.m. - 11:30 a.m. The Alliance for Marriage holds a news conference in support of the Marriage Protection Amendment. With Senator Bill Frist; Matt Daniels, founder, AFM; and others. Location: LBJ Room, U.S. Capitol.

PELOSI _ 10:45 a.m. House Democratic Leader Nancy Pelosi holds weekly press conference. Location: Room H-206, Capitol.

IMMIGRATION-GOP OPPOSITION _ 11:15 a.m. Republican senators opposed to the Senate immigration compromise legislation will hold a press conference. Location: Senate TV/Radio Gallery.

METH LEGISLATION _ 11:30 a.m. Rep. Barbara Cubin and Sen. Jim Talent hold a news conference on meth legislation. Location: Cannon Terrace.

GASOLINE PRICES _ 12 p.m. Consumer Federation of America holds a telephone briefing to release a study of consumer attitudes toward gasoline prices and what consumers will do to reduce the dependence on foreign oil. A report on innovate steps necessary to achieve higher gas mileages also will be released. Notes: Callin number: 888-262-0101; passcode: Ask for CFA Energy Blueprint Press Conference.

POLICE-IRAQ-AFGHANISTAN _ 12 p.m. The American Enterprise Institute holds a session on police building in Iraq and Afghanistan, with Col. John Agoglia, Army War College; David Bayley, SUNY Albany; Ali Jalali, National Defense University. Location: 12th floor, AEI, 1150 17th St. NW.

IMMIGRATION-DAY LABORERS-UNIONS _ 12 p.m. - 2 p.m. The Laborer's International Union and the National Day Laborers Organizing Network hold a luncheon discussion for Spanish language journalists on immigration issues and how both organizations plan to work together to fight for immigrant worker rights and to create safer, more humane environments for workers. Location: Laborer's International Union, 905 16th St., NW.

JAMES-NATO _ 12:30 p.m. Gen. James Jones, NATO Supreme Allied Commander in Europe, speaks at a National Press Club luncheon. Location: National Press Club.

ENSIGN-PROTEST_ 1 p.m. Jon Stolz, executive director, Iraq and Afghanistan Veterans of America Political Action Committee appears at Sen. John Ensign's office to seek an apology for Ensign's remarks concerning those objecting to the Iraq war. Location: Room 356, Russell.

DEMOCRATS-GAS PRICES _ 2 p.m. House and Senate Democrats will hold a press conference at a local gas station to ``highlight the financial pain that Americans face daily and that Bush Republicans seem determined to ignore." They will unveil a report by the Center for American Progress that outlines the effect of rising gas prices on Americans earning the minimum wage. Location: Capitol Hill Exxon, 339 Pennsylvania Ave SE (corner of Pennsylvania Avenue and 4th Street SE).

DRUG FREE WORKPLACE _ 2 p.m. Labor Secretary Chao, labor union leaders, contractor associations, others, hold a signing ceremony to expand the existing multiunion Drug-Free Workplace Alliance. Location: Woodrow Wilson Bridge construction site.

LONG TERM CARE _ 2:30 p.m. Reps. Earl Pomeroy, Bruce Capito, Tom Allen, others, hold a news conference on long term care. Location: Cannon Terrace.

ELBARADEI-SECURITY _ 3 p.m. Mohamed ElBaradei, director general of the International Atomic Energy Agency and recipient of the 2005 Nobel Peace Prize will give a commencement address on the topic of ``Globalizing Security, A Challenge for Your Generation" for the graduating class of The School of Advanced International Studies (SAIS). Location: DAR Constitution Hall, 18th and D Sts. NW.

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OLSON _ 5 p.m. Federal Reserve Board Governor Olson speaks on community development and the bigger picture. Location: Hispanic Theatre at the Tivoli, 3333 14th St. NW.

MCKINNON _ 6 p.m. - 8 p.m. The Center for Strategic and International Studies (CSIS) will hold a Statesmen's Forum featuring The Commonwealth Secretary General Don McKinnon. Location: CSIS, 1800 K St. NW, Conference Level B-1.

BRADLEY PRIZES _ 7 p.m. Presentation of the 2006 Bradley Prizes, honoring Fouad Ajami of the Johns Hopkins School of Advanced International Studies, Clint Bolick of the Alliance for School Choice, Hernando de Soto of the Institute for Liberty and Democracy and Shelby Steele of the Hoover Institution. Entertainment by Della Reese. Location: Kennedy Center.

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Goodling, Monica

From: Goodling, Monica
Sent: Friday, May 26, 2006 8:17 AM
To: Goodling, Monica
Subject: The Morning Update: 5/26/06

<http://www.whitehouse.gov/>
MAY 26, 2006

2:50 pm EDT

THE PRESIDENT and Mrs. Bush depart The White House en route Camp David via Marine One
The White House | Washington, DC

President Bush Discusses Iraq In Joint Press Conference With UK Prime Minister Tony Blair. THE PRESIDENT: "This past weekend, the world watched as Iraqis stood up a free and democratic government in the heart of the Middle East. With our help, Iraq will be a powerful force for good in a troubled region, and a steadfast ally in the war on terror. <http://www.whitehouse.gov/news/releases/2006/05/print/20060525-12.html> With the emergence of this government, something fundamental changed in Iraq last weekend. While we can expect more violence in the days and weeks ahead, the terrorists are now fighting a free and constitutional government. They're at war with the people of Iraq, and the Iraqi people are determined to defeat this enemy, and so are Iraq's new leaders, and so are the United States and Great Britain." (President George W. Bush and Prime Minister Tony Blair, Press Conference, Washington, DC, 5/25/06)

Secretary Of Defense Donald Rumsfeld Discusses Progress Of Iraqi Security Forces. SEC. RUMSFELD: "But the Iraqi security forces are now over 263,000, you know. They've passed a quarter of a million security forces. And they're gaining more experience all the time. They're better equipped all the time. They're taking over more responsibility every week, every month. And we feel very good about their progress, particularly in the ministry of defense forces, as opposed to the ministry of interior. <http://transcripts.cnn.com/TRANSCRIPTS/0605/25/lkl.01.html> " (CNN's "Larry King Live," 5/25/06)

New York Times Columnist Thomas Friedman Writes American Troops Must "Stand With" Iraqis. "As long as I see Iraqis ready to take a stand like that, I think we have to stand with them. When we don't see Iraqis taking the risk to build a progressive Iraq, then it is indeed time to pack and go. That moment may come soon. It's hard to tell. I won't hesitate to say so - but not yet. ... What you are seeing in Iraq today is the 'hard labor' of nation building in a country that has gone through almost 50 years of tyrannical rule <http://select.nytimes.com/gst/tsc.html?URI=http://select.nytimes.com/2006/05/26/opinion/26friedman.html&OQ=_rQ3D1Q26hp&OP=5c8c9fd0Q2F5vc35hpQ7D

77h5XVVQ3D5V)5XQ3D57Q5DJDJ7D5XQ3DQ27Q7DJc_,2DUNh,P> , Mr. Ibrahim said." (Thomas L. Friedman, "Standing By Stand-Up Iraqis," Op-Ed, The New York Times, 5/26/06)

President Bush Discusses Hurricane Preparedness. "President Bush highlighted U.S. preparedness for the upcoming hurricane season as he marked a change of command Thursday at the U.S. Coast Guard, which rescued 33,000 people after Hurricane Katrina. 'We're determined to learn the lessons of Katrina, and we're doing everything possible to be prepared for the next storm,' Bush said. <http://news.yahoo.com/s/ap/20060525/ap_on_go_pr_wh/bush_coast_guard&printer=1;_ylt=AvT10z_3mmYLQn1XkgqXbTwGw_IE;_ylu=X3oDMTA3MXN1bHE0BHNlYwN0bWE> 'The Department of Homeland Security has reviewed emergency plans for all 50 states and America's 75 largest cities. The department is working closely with communities to identify any weaknesses in their plans and to find ways to improve them now.'" (Deb Riechmann, "Bush Says U.S. Learning Lessons Of Katrina," The Associated Press, 5/25/06)

Economy "Zooms Forward." "The figure released by the Commerce Department yesterday showed gross domestic product during the quarter surpassing the 4.8 percent annual rate estimated a month ago. It marked the strongest growth spurt in 2 1/2 years. <http://www.boston.com/business/markets/articles/2006/05/26/economy_zooms_forward?mode=PF> The upgrade mostly reflected stronger US exports and better inventory building by businesses." ("Economy Zooms Forward," The Associated Press, 5/26/06)

Minorities Increase Share Of Second-Home Purchases In Growing U.S. Economy. "But a new study on homeownership by the National Association of Realtors suggests that the benefits of recent economic growth have been more widespread than critics want to admit. We already knew that U.S. homeownership overall is at an all-time high of nearly 70%. The minority homeownership rate of 52% is also unprecedented. Now comes news that minorities are also increasing their share of second-home purchases <http://online.wsj.com/article/SB114860605812263817.html?mod=opinion_main_review_and_outlooks> ." (Editorial, "Home Economics," The Wall Street Journal, 5/26/06)

Senate Passes Immigration Reform Bill. "If the Senate bill's provisions were to make it into law, they would be the most substantial overhaul of immigration law in two decades. ... Senator Bill Frist of Tennessee, the majority leader, described the vote as 'a success for the American people' as well as for the immigrants 'who hope to participate someday in that American dream.' Mr. Bush issued a statement praising the Senate for its vote and the House for passing an earlier immigration bill that he said 'began a national dialogue.' He urged both chambers to work together to pass a bill that he could sign into law. <http://www.nytimes.com/2006/05/26/washington/26immig.html> "(Rachel L. Swarms, "Senate, In Bipartisan Act, Passes An Immigration Bill," The New York Times, 5/26/06)

Border Patrol Preparing For "Unprecedented Expansion" On U.S. Borders. "After three years of steady growth, the Border Patrol is about to embark on an unprecedented expansion. If Congress approves President Bush's request for 6,000 new agents over the next 2 1/2 years, the patrol will have 18,000 agents on the nation's 5,000 miles of border with Mexico and Canada.

<http://www.usatoday.com/printedition/news/20060526/a_academy26.art.htm>
That would double the number of agents since 9/11 raised new concerns about terrorists' ability to slip into the country across land borders." (Mimi Hall, "Secure Border Takes Serious Study," USA Today, 5/26/06)

President Bush and Prime Minister Tony Blair of the United Kingdom Participate in Joint Press Availability
<http://www.whitehouse.gov/news/releases/2006/05/20060525-12.html>

* In Focus: Global Diplomacy
<http://www.whitehouse.gov/infocus/globaldiplomacy/>

President Attends Change of Command Ceremony for the Commandant of the United States Coast Guard
<http://www.whitehouse.gov/news/releases/2006/05/20060525-1.html>

President's Statement on Passage of Energy and Water Appropriations Bill
<http://www.whitehouse.gov/news/releases/2006/05/20060525-2.html>

President Commends Senate for Passage of Bipartisan Immigration Reform
<http://www.whitehouse.gov/news/releases/2006/05/20060525-10.html>

President Applauds House Vote Approving Energy Exploration in Arctic National Wildlife Refuge
<http://www.whitehouse.gov/news/releases/2006/05/20060525-11.html>

President's Statement on Materials Recovered from Congressman William Jefferson's Office
<http://www.whitehouse.gov/news/releases/2006/05/20060525-5.html>

President's Statement on America's Economic Growth
<http://www.whitehouse.gov/news/releases/2006/05/20060525-3.html>

President's Statement on S. 1869, the "Coastal Barrier Resources Reauthorization Act of 2005"
<http://www.whitehouse.gov/news/releases/2006/05/20060525-16.html>

President Signs S. 1165 and S. 1869
<http://www.whitehouse.gov/news/releases/2006/05/20060525-15.html>

President Bush to Welcome President Paul Kagame of the Republic of Rwanda <http://www.whitehouse.gov/news/releases/2006/05/20060525.html>

Statement on Federal Disaster Assistance for Maine
<http://www.whitehouse.gov/news/releases/2006/05/20060525-9.html>

Statement on Federal Disaster Assistance for New Hampshire
<http://www.whitehouse.gov/news/releases/2006/05/20060525-8.html>

Statement on Federal Disaster Assistance for Massachusetts
<http://www.whitehouse.gov/news/releases/2006/05/20060525-7.html>

Memorandum for the Attorney General and the Solicitor General of the

United States
<http://www.whitehouse.gov/news/releases/2006/05/20060525-6.html>

Black Music Month, 2006
<http://www.whitehouse.gov/news/releases/2006/05/20060525-13.html>

Nominations Sent to the Senate
<http://www.whitehouse.gov/news/releases/2006/05/20060525-14.html>

Press Briefing by Tony Snow
<http://www.whitehouse.gov/news/releases/2006/05/20060525-4.html>

USDOJ- Office of Public Affairs

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To:	USDOJ- Office of Public Affairs
Subject:	Attorney General's News Briefing for Friday, May 26, 2006
Attachments:	agnb060526.pdf; agnb060526.doc

The Attorney General's News Briefing and Department of Justice News Clips will not be published on Monday, May 29, in observance of Memorial Day.

This morning's Attorney General's News Briefing is attached.

Website: You can also read today's briefing, including searchable archive of past editions, at http://www.BulletinNews.com/justice.

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THE ATTORNEY GENERAL'S NEWS BRIEFING

PREPARED FOR THE OFFICE OF PUBLIC AFFAIRS, U.S. DEPARTMENT OF JUSTICE

TO: THE ATTORNEY GENERAL AND SENIOR STAFF

DATE: FRIDAY, MAY 26, 2006 7:45 AM EDT

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TERRORISM NEWS:

FBI Seeks Interviews With Lawmakers About NSA Surveillance Program Leak. CNN's The Situation Room (5/25, Blitzer) reported on "new fall-out…in connection with the National Security Agency's domestic surveillance program. On top of everything else, CNN now confirms the FBI wants to interview top members of the House and Senate about the disclosure of the program to The New York Times. Two sources with knowledge of the leak investigation say they don't know if any lawmakers have been questioned yet. Only a few House and Senate members were briefed on the NSA program before it became public. Watch this story to explode, as well." CQ (5/26, Stern, Kady) adds, "House members and aides said they have been contacted as part of an FBI probe into the source of a leak about another NSA surveillance program aimed at the content of international telephone calls between people in the United States and people overseas suspected of links to terrorists." Meanwhile, "the ranking Democrat on the House Intelligence Committee cautioned against the executive intruding too deeply into legislative branch turf. 'There is no credible claim that anyone in Congress leaked anything,' said Jane Harman, D-Calif. 'I urge the Justice Department to carefully consider separation-of-powers issues and the appearance of intimidation before proceeding any further.'"

Administration May Assert "State Secrets" Privilege In Suits Against Phone Companies. Legal experts expect the Bush Administration to assert the "state secrets" privilege in the lawsuits against phone companies who turned call records over to the NSA. To prove their cases, the plaintiffs in the suits would need to "delve into the depths of the NSA's surveillance program," the Wall Street Journal (5/26, Searcey, 2.11M) reports. The government "considers such information top secret." If judges accept the Administration's claim, "as has been the case in nearly every instance in which it has been asserted since the early 1950s, the suits will dissolve."

Henninger Says Roberts Opinion Summarizes Court's Thinking On Fourth Amendment. Daniel Henninger writes in the Wall Street Journal (5/26, 2.11M) that the American people "has shown little interest in" the NSA's domestic surveillance program. In "opinion polls about the NSA's surveillance programs, strong majorities essentially say, So what? Something approximating 'So what?' was the Supreme Court's answer this week to the proposition that the police might sometimes enter a home to prevent mayhem without a search warrant. … But it was a Fourth Amendment case. And we have little choice other than to apply the same Constitution to flyspecks and national tragedies, to brawling drunks in a Utah kitchen and al Qaeda agents plotting the next 9/11. Chief Justice John Roberts's opinion in Brigham is in fact a nice summary of the Court's thinking on the exceptions to requiring search warrants, what he called the Fourth Amendment's 'ultimate touchstone' of 'reasonableness.'"

Gonzales Criticized For Threatening Prosecution Of Journalists. The Corpus Christi (TX) Caller-Times (5/26) editorializes, "The latest evidence of this administration's wary, and often hostile, approach, to the news media is the statement by U.S. Attorney General Alberto Gonzales that his office is reviewing the possible prosecution of journalists under turn-of-the-20th century espionage laws. He spoke on ABC's 'This Week' about The New York Times' disclosure last year that the National Security Agency was, without warrants, eavesdropping on international phone calls in the pursuit of terrorism suspects. … 'There are some statutes on the book which, if you read the language carefully, would seem to indicate that that is a possibility,' Gonzales said regarding the possibility of prosecuting the journalists who won a Pulitzer Prize for the story." The Caller-Times continues, "Whether it is retroactively removing declassified documents from circulation, or seeking to rummage among the papers of deceased muckraking newspaper columnist Jack Anderson, or sending platoons of Justice Department agents bearing subpoenas after reporters, the White House has shown it will play hardball with the press. Bush's penchant for secrecy predates Sept. 11, but the terrorism threat has turned this into obsession. It's a sentiment that would have found favor with President Nixon, who fought the publication of the Pentagon papers in 1971. … Even if Gonzales' statement expresses only the administration's pique over the disclosure, rather than a real intent to prosecute, the effect is nonetheless chilling. And that chill hampers the flow of information, one of those democratic values which the fight against terrorism is supposed to protect."

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The Seattle Post-Intelligencer (5/26) runs an op-ed by Boston Globe columnist Derrick Z. Jackson, who writes, "Journalists. Get the rack ready! Our attorney general is coming for us, snarling like a guard dog at Abu Ghraib." Jackson continues, "It is almost funny to see Gonzales scour the statutes to harass journalists. This is the same administration that cannot spell the word law if you spot it the 'l' and the 'a.' It has already set the presidential record in claiming the authority to circumvent the law in more than 750 cases." Jackson adds, "The actions of Gonzales show how little the Bush administration promotes the rights of the press. With every pronouncement, freedom is disappearing, in incremental steps."

The Odessa (TX) American (5/26) editorializes, "Attorney General Alberto Gonzales may have simply been launching a trial balloon on one of the Sunday political chat shows when he hinted that certain laws could be interpreted to authorize the prosecution of journalists who receive leaks of classified material. … If so, that trial balloon needs to be punctured. If not, the law needs to be changed. If it's intended as intimidation, Gonzales deserves the scorn all bullies deserve." The American adds, "Unfortunately, government has become so big, so secretive and so inclined to classify material that is embarrassing or scandalous rather than vital to national security that whistle-blowers and leakers are sometimes the only way citizens can learn what government is really doing in their name. … Prosecuting journalists would not be the end of freedom as we know it, but it would be a step on the road to more overbearing government."

The Austin American-Statesman (5/26) editorializes, "When he was nominated to be U.S. attorney general, Alberto Gonzales had a mostly quiet record as a Texas Supreme Court justice, secretary of state and George W. Bush's attorney, both as governor and president. … But now it seems the signs were there all along that he is a lawyer willing to defend executive power to an extreme rarely seen in national politics." The American-Statesman continues, "Since taking over the Justice Department…Gonzales has acted as if he is still the president's general counsel, not the top law officer in the land. … Gonzales began the week by assaulting the First Amendment and threatening to prosecute journalists under an ancient espionage law. The attorney general objects to journalists revealing classified material — even when that information shouldn't be classified and properly informs the public." The American-Statesman concludes, "It's no secret that the president and Gonzales harbor no fondness for a free press. Their loathing is palpable, and they have declared war on journalists. They might prosecute The New York Times for writing about the NSA's no-warrant eavesdropping on U.S. citizens, and they are eager to tap journalists' phones when they think information is being leaked. … It is chilling to consider how far this administration will go to crush dissent and free speech, and how far Gonzales will go to defend it. … What a disappointment he has been."

4th Circuit Panel Hears "Virginia Jihad" Appeal. The AP (5/26, O'Dell) reports, "Three U.S. Muslims convicted in a conspiracy that began with paintball games to train for a holy war against the United States were improperly denied a jury trial, their lawyers told a federal appeals court Thursday." The AP continues, "A federal prosecutor, however, argued that the three had to live with their 'tactical decision' to entrust their fate to a judge. … 'They got exactly what they wanted,' Assistant U.S. Attorney Gordon Kromberg told a three-judge panel of the 4th U.S. Circuit Court of Appeals." The AP adds, "Masoud Khan of Gaithersburg, Maryland, Seifullah Chapman of Alexandria and Hammad Abdur-Raheem of Falls Church were part of what prosecutors called a 'Virginia jihad network' that prepared to join the Taliban by playing paintball games in the woods near Fredericksburg in 2000 and 2001. … In all, the government charged 11 men. Six entered plea bargains and two were acquitted. … Khan was convicted of the most serious charges, including conspiracy to levy war against the United States and conspiracy to contribute services to the Taliban. He trained with the militant, anti-American group Lashkar-e-Taiba, which the government later designated a terrorist organization. … Lawyers for Chapman and Abdur-Raheem contend their clients and Khan should have been tried separately. Chapman's attorney, John Zwerling, said his client was essentially forced to choose a bench trial because a jury's post-9/11 passions might be inflamed by the more serious allegations against Khan."

HOMELAND RESPONSE:

House Bill Would Give DHS $32 Billion In 2007. The House yesterday sought to provide billions of dollars on protecting the nation from terror attacks :without putting too much strain on taxpayers," the AP (5/25, Jordan) reported. The House was working on a spending bill that would give the Homeland Security Department "$32 billion in

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2007, $1.8 billion more than this year. The legislation moved toward passage as lawmakers debated dozens of competing proposals to bolster national security." Democrats "accused the Bush administration of not doing enough to protect the nation from terrorists, and lawmakers from both parties noted widespread management problems at Homeland Security."

Bush Says US Prepared For Hurricane Season. In an article appearing on at least 39 news websites, the AP (5/26, Riechmann) reports speaking at Fort McNair yesterday to mark Adm. Thad Allen's takeover as commandant of the US Coast Guard, "President Bush highlighted US preparedness for the upcoming hurricane season." Bush said that during Hurricane Katrina, "the whole world" watched "Coast Guard rescuers plunging from helicopters, lifting people from rooftops, hoisting them to safety." The AP adds that the overall response to Katrina was "botched" by the federal government, but "Bush said Homeland Security Secretary Michael Chertoff has taken steps to reform FEMA, improve partnerships with the Red Cross and the Defense Department and expand federal supplies."

Bunning Places Hold On Paulison Confirmation. In an article appearing on no fewer that 87 news websites, the AP (5/25, Jordan) reported the Senate Homeland Security and Governmental Affairs Committee approved R. David Paulison's nomination as chief of the Federal Emergency Management Agency yesterday "after he pledged to refile three years of tax returns to correct questionable travel deductions." Paulison said in a statement that he was "pleased to have this matter raised and resolved," and Sen. Joe Lieberman said Paulison had "answered the committee's questions…completely" in regard to errors found in Paulison's state and federal returns.

However, CQ (5/25, Chemnick, Starks) reported that following Paulison's approval, Sen. Jim Bunning "immediately placed a hold on the nomination in an effort to pressure FEMA into developing an appeals process that would help flood victims whose insurance claims are rejected, according to a spokesman for Bunning." Referring to former FEMA director Michael Brown, CQ noted, "In contrast to his predecessor, Paulison has emergency management experience. He was in charge of the US Fire Administration for four years before joining FEMA." A separate AP (5/26, Jordan) article reports, "Angry over FEMA's flood insurance program," Bunning will delay Paulison's confirmation until FEMA "develops a suitable appeals process for property owners whose flood insurance claims are rejected," according to a spokesman for the senator.

Collins, Lieberman Make Case Against Removing FEMA From DHS. Sens. Susan M. Collins and Joseph I. Lieberman, in an op-ed in the Washington Times (5/26), write that their committee report on the response to Hurricane Katrina calls for FEMA to "be strengthened, protected and given a more regional focus to promote faster and better-tailored responses to natural disasters or terror attacks — and be reconstituted as the National Preparedness and Response Authority as a mark of serious change." Collins and Lieberman compare calls to remove FEMA from DHS to taking "an intensive-care patient outdoors," adding that the agency "probably never was capable of responding effectively to a catastrophe like Hurricane Katrina — even when it was an independent agency." Its "withdrawal from DHS can only weaken the agency further and transfer its problems elsewhere."

Congress Working To Revamp Flood Insurance. The Wall Street Journal (5/26, Schroeder) reports, "As hurricane season approaches, Congress will speed action on a bill to shore up the National Flood Insurance Program by raising policy premiums for the most vulnerable coastal properties. … The Senate Banking Committee unanimously approved a flood-insurance bill yesterday that is similar to a measure passed in March by the House Financial Services Committee." Both "would require policyholders with vacation homes in risky areas to pay fair-market rates for their premiums. The Senate measure also would end subsidies for structures that have received claims from repeated flood damage."

CQ (5/25, Freedman) reported that the Senate measure, sponsored by Sen. Richard C. Shelby, "takes into account the concerns of panel members from flood-prone states, such as Robert Menendez, D-N.J., who said he would resist efforts to eliminate subsidies on primary residences." Meanwhile, "Shelby made it clear that this legislation will not end his examination of the flood program, which is administered by the Federal Emergency Management Agency (FEMA) and will be up for reauthorization in 2007."

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WAR NEWS:

Bush And Blair Admit Errors In Iraq, But Stand By Decision To Oust Saddam. In a press conference last night, President Bush and British Prime Minister Tony Blair admitted mistakes in the way they handled the Iraq war, but continued to stand by their decision to launch the invasion that ousted Saddam Hussein. The AP (5/26, Hunt, Raum) the two leaders also "vowed to keep troops there until the new Iraqi government takes control. 'Despite setbacks and missteps, I strongly believe we did and are doing the right thing,' Bush said." Blair, meanwhile, "declared that after a meeting earlier this week with Iraq's new prime minister, 'I came away thinking the challenge is still immense, but I also came away thinking more certain than ever that we should rise to it.'" They "refused to discuss withdrawing troops from Iraq."

Media coverage this morning almost universally depicts the too leaders as weakened by the Iraq war. For example, The Washington Post (5/26, A1, Kessler, Fletcher) reports the news conference "came at a moment of acute political weakness for both men." In an analysis piece, the Washington Post (5/26, A4, Kessler) says that "dragged down by popular discontent over their adventure in Iraq," both Bush and Blair "have reached the lowest point of their careers." Blair is "desperate to hang on for at least another year." The Post adds, "As the Economist magazine put it earlier this month, the Bush-Blair partnership has become the 'axis of feeble.'"

Meanwhile, the New York Times (5/26, Sanger, Rutenberg) called them "badly weakened by the continuing violence in Iraq," and says they spoke "in subdued, almost chastened, tones." In "an unusual admission of a personal mistake," adds the Times, Bush "said he regretted challenging insurgents in Iraq to 'bring it on' in 2003, and said the same about his statement that he wanted Osama bin Laden 'dead or alive.' … Mr. Blair, whose approval levels have sunk even lower than Mr. Bush's, said he particularly regretted the broad decision to strip most members of Saddam Hussein's Baath Party of their positions in government and civic life in 2003, leaving most institutions in Iraq shorn of expertise and leadership." USA Today (5/26, Jackson, Benedetto) notes Bush also "identified the abuse scandal at the US-operated Abu Ghraib prison near Baghdad as the biggest mistake of the war."

With Blair "described as stiff and defensive," a story in the New York Times (5/26, Stanley) argues there has been as "role reversal" in the Bush-Blair Friendship – another sign of the leaders' "diminished standing." The Times says Blair "has always served as the world's Bush-whisperer, but at their joint news conference last night, it was almost the reverse. Mr. Blair, the normally silver-tongued prime minister, seemed stiff and defensive, and it was Mr. Bush who tried to smooth things over and help Mr. Blair out." When "a British reporter actually suggested that this was his last official Washington visit," Blair "looked dismayed and tongue-tied." Bush "jumped in, saying with a laugh, 'Don't count him out, let me tell it to you that way.'" The Times adds, "That role reversal was as good a sign as any of how the two friends' political standing has eroded since they made the case together for war in Iraq." Blair "came to Washington to help the president, but this time, perhaps for the first time, he looked like he needed the president's help."

The Financial Times (5/26, Daniel) says Bush and Blair struck "a sombre note," and adds the leaders' "political obituaries will be dictated by the fate of Iraq." In a similar report, the AFP (5/26) reports that "as the death toll rises, both Blair and Bush have seen their popularity ratings drop. Both need to show their constituencies that there is some movement forward in Iraq, observers say."

The Washington Times (5/26, Curl, Dinan), however, emphasizes that Bush and Blair voiced "optimism that a new unity government will be best able to end insurgent violence and establish stability." The White House, adds the Times, "spent much of yesterday downplaying expectations that the two leaders would make a major announcement about troop withdrawals. But that was the subject of most of the questions, from both the US and British press, and Mr. Bush said he does not plan to keep U.S. troops in Iraq any longer than necessary." The Los Angeles Times (5/26, Richter), under the headline "Bush Says Early Iraq Troop Cuts Unlikely," reporting the Bush-Blair meeting "had given rise to hope that they might signal the beginning of a troop drawdown long sought on both sides of the Atlantic."

Bush and Blair met last night before and after their 7:30 PM EST news conference. ABC and NBC both briefly noted their meeting before the press conference. ABC World News Tonight (5/25, story 6, :20, Vargas) reported, "The President welcomed his closest ally in the war, British Prime Minister Tony Blair, to the White House. The war's unpopularity has helped drive both men's public approval ratings to stunning

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lows. Tonight, they are expected to reaffirm their policies but offer no timetable for the withdrawal of soldiers from Iraq." And NBC Nightly News (5/25, story 3, 0:30, Brown) reported, "A White House spokesman says Iraq will be topic A at tonight's news conference, but neither Mr. Bush nor Mr. Blair are about to announce troop withdrawals."

Hume Says Bush Was More Forthcoming Than Blair About Mistakes. Brit Hume said on Fox News (5/26) that Bush "seemed a bit more forthcoming than Prime Minister Blair, it seemed to me anyway, in his answer about the mistakes that were made. The President mentioned several things, things he said himself in the course of the Abu Ghraib prison scandal. Prime Minister Blair indicated that some things they thought were going to be a problem proved not to be and some things they did not anticipate would be problems turned out to be and that the commitment of the enemy to the fight is something he felt they should have understood."

Kondracke Sees "New Twist" In Leaders' Argument. Morton Kondracke said on Fox News (5/26) that Blair "is a much more eloquent, traditionally much more eloquent spokesman for the policy than the President is. And I think he was a bit more tonight, although I don't think he rose to the heights that Tony Blair has in the past." Kondracke noted that the leaders made "a kind of a new argument, that we should be resolved here in Iraq because the enemy is resolved. The enemy knows that if democracy succeeds in Iraq, it will -- it can succeed anywhere in the world and that they have lost a decisive battle. That is a new twist on the argument that I hadn't heard before and it's something that Blair brought with him."

Barnes Says It Was A "Buck Up" Press Conference. Fred Barnes said on Fox News (5/26), "I thought this was a buck up press conference, trying to buck up America, buck up England and showing once again when you had these two powerful countries, Britain and the U.S., and this cause in Iraq, that the leaders of the two countries are unflinching. And despite setbacks and missteps as President Bush admitted, they are optimistic about the outcome there, while not promising any specific things that they're going to do."

Crowley Says Press Conference Showed "What History Will Record." Candy Crowley said on CNN (5/26), "What you saw here tonight is precisely what history will record, that these are two men who started this war together, basically, and who stuck with it, and are sticking with it now, saying, 'We cannot leave.' They have -- you know, they have had every opportunity to walk back from this, and they can't. It is -- they are tied to this war, and that's what we saw in question after question."

Galloway Says Blair Assassination Would Be "Morally Justified." The Washington Times (5/26, Harper) reports in its "Inside Politics" column, "British leftist George Galloway has taken his opposition to the Iraq war to the point of saying that the assassination of British Prime Minister Tony Blair would be 'morally justified.' In an interview with GQ, the men's fashion magazine asked him: 'Would the assassination of, say, Tony Blair by a suicide bomber — if there were no other casualties — be justified as revenge for the war on Iraq?' Mr. Galloway, a member of Parliament for the Respect Party, responded, 'Yes, it would be morally justified. I am not calling for it — but if it happened, it would be of a wholly different moral order to the events of 7/7,' referring to the deadly al Qaeda attacks on the London mass-transit system last year."

Rumsfeld Says Troop Withdrawals Will Be Based On Conditions On Ground. Defense Secretary Donald Rumsfeld was asked on CNN's Larry King Live (5/26) how close the US is to bringing troops back from Iraq. Rumsfeld said, We had hit a high of 160,000, and we're now down to 130,000. We have gone back up from time to time when there was an event, for example, the elections in December. We beefed up some of the forces. But the Iraqi security forces are now over 263,000, you know. They've passed a quarter of a million security forces. And they're gaining more experience all the time. They're better equipped all the time." When asked if troops will be coming back by mid-2007, Rumsfeld said, "You know, once you start doing that, then you're stuck with a number, a date, and it just doesn't do any good. It's based on conditions on the ground."

Rumsfeld Denies He Sent Fewer Troops To Iraq Than Were Requested. Rumsfeld was asked on CNN's Larry King Live (5/26) if more troops should have been sent into Iraq initially. Rumsfeld said, "You know, it's an interesting question, and I suppose history will decide that. The fact of the matter is that we sent the number of troops that every single general in the chain of command wanted. Now, could you have overridden them and sent more? You know, people run around saying, well, you sent less than the generals wanted. That's just utter nonsense. It's not true."

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Rumsfeld Surprised By Absence Of WMD In Iraq. Rumsfeld was also asked on CNN's Larry King Live (5/26) if the strength of the insurgency is the thing that has surprised him most about Iraq. Rumsfeld said, "No, I would think the absence of -- not finding weapons of mass destruction would be the biggest surprise. I mean the intelligence everyone saw it. Everyone believed it. And, goodness knows, the President did, the United Nations, the Congress, people all saw it there, the other countries in the world."

Rumsfeld Says He Did Not Offer To Resign. Asked about calls from six retired generals for his resignation, Rumsfeld said on CNN's Larry King Live (5/26), "It's reassuring to know that there are 7,500 generals and admirals on active duty and retired and six -- does it surprise you? They tried to fire George Washington. General McClelland called Abraham Lincoln a gorilla and an ape. There is nothing new about this." Asked if he offered to resign, Rumsfeld said, "No. Before I even could think about it, the President came out and said 'You're not going to resign.'"

Friedman Urges US To "Move Into The Background." In the New York Times (5/26), Thomas Friedman urges continued American involvement in Iraq. He writes, "The reason that the violence in Iraq is so intense — mass executions, mosques blown up — is in part because of all these pent-up grievances [of 50 years]. But in part it is also because two very entrenched forces in that part of the world — the theocrats and the autocrats; that is, the Qaedas and the Arab regimes surrounding Iraq, even the 'pro-America' ones — are deeply worried that we might succeed." He draws on the advice of Egyptian activist Saad Eddin Ibrahim; Friedman concludes that "the best thing the Americans could do now to help this process is to move into the background in Iraq … Let the Iraqis invite our help, but let's get out of their faces wherever possible. Also, Mr. Ibrahim said, 'We need America to get back on the moral high ground that it has slid down from since 9/11.'"

Probe Expected To Find Marines Committed "Extensive, Unprovoked" Killing Of Civilians.

The New York Times (5/26, Shanker, Schmitt, and Oppel) reports, "A military investigation into the deaths of two dozen Iraqis last November is expected to find that a small number of marines in western Iraq carried out extensive, unprovoked killings of civilians, Congressional, military and Pentagon officials said Thursday." The New York Times mentions the possibility that the Marines could face "capital" charges and that this incident could be the "the gravest case involving misconduct by American ground forces in Iraq." It quotes Minnesota Rep. John Kline, a retired Marine, who said, "This would be an atrocity."

A more assertively phrased article by the Los Angeles Times (5/25, Perry) reports, "Marines from Camp Pendleton wantonly killed unarmed Iraqi civilians, including women and children, and then tried to cover up the slayings in the insurgent stronghold of Haditha, Iraq, military investigations have found. Officials who have seen the findings of the investigations said criminal charges, including murder, were expected, which would make the Nov. 19 incident the most serious case of alleged U.S. war crimes in Iraq." An inquiry overseen by Army Maj. Gen. Eldon Bargewell attributes "as many as 24" Iraqi deaths to the alleged perpetrators, who were conducting a sweep after the bombing death of a fellow Marine.

NBC and CBS last night both reported the story. The NBC Nightly News (5/25, story 5, 2:05, Brown) reported the military is "investigating two separate incidents in which Marines are accused of killing innocent, unarmed Iraqi civilians." Commandant Hagee "today issued a strong message to the entire Corps to have the 'moral courage to do the 'right thing' in the face of danger or pressure from other Marines.' Hagee reportedly told members of Congress that Marines killed as many as 24 innocent Iraqi civilians in the town of Haditha last November, not the 15 first reported." A second incident "occurred only last month in the town of Hamandiyah. A senior military official tells NBC News seven Marines were accused of dragging an innocent Iraqi from his home at night, shooting him, then planting an AK-47 and a shovel next to his body to make it appear he had been bearing an IED, a roadside bomb."

The Washington Times (5/26, Scarborough) reports, "The Corps is bracing for the worst, congressional sources say, and [is] regularly briefing members of Congress. The Naval Criminal Investigative Service (NCIS) will likely complete its investigation this summer." It includes a passage sympathetic to the Marines in Anbar province: "In the fog of combat, it is sometimes difficult to distinguish Iraqi civilians from hardened al Qaeda terrorists."

Marine Commandant Flies To Iraq. The AP (5/25, Burns) reports, "The top Marine general said Thursday that he feared, based on two recent cases of alleged killings of civilians in Iraq, that some Marines could become 'indifferent to the loss of a human life.' His office announced that he was

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enroute to Iraq to reinforce the Corps' standards of behavior in combat." The New York Times (5/26, Shanker, Schmitt, and Oppel) writes that "the commandant of the Marine Corps, Gen. Michael W. Hagee, flew from Washington to Iraq on Thursday to give a series of speeches to his forces re-emphasizing compliance with international laws of armed conflict, the Geneva Conventions and the American military's own rules of engagement."

Knight-Ridder (5/25, Brown) writes that Gen. Hagee briefed Sens. John Warner and Carl Levin, chair and ranking Democrat, respectively, of the Armed Services Committee, before flying to Iraq. The Washington Post (5/26, Ricks) reports that retired Marine Gen. David Brahms predicts a coming "firestorm" that will be "worse than Abu Ghraib." It adds that "if [predictions of murder charges prove valid], the case is likely to make it more difficult for the Bush administration to bolster support for the war."

The CBS Evening News (5/25, story 6, 2:25, Schieffer) reported Gen. Hagee is "taking an unprecedented action tonight. He's flying to Iraq to personally tell Marines they are accountable for their personal conduct, even under the pressure of combat." CBS (Martin) added, "The investigations are not over yet, but a lawyer for one of the Marines tells CBS News there's a strong possibility some of them will be charged with murder." In "a separate incident last month in Hamandiyah, another squad of Marines killed one Iraqi civilian."

Karzai Visits Wounded Civilians. The New York Times (5/25, Gall) describes a surprise visit by Afghan President Hamid Karzai "to his hometown of Kandahar in southern Afghanistan today to visit civilians wounded in an American bombing raid." One Afghan official says of the president's brief visit: "People were telling him we really need security, but that we do not need foreign troops, and helicopters and tanks anymore, we Afghans should take care of it." The Times quotes an increased figure for civilian deaths: "The numbers of civilian casualties in the bombing continued to rise. At least 35 civilians were killed and 15 wounded when United States planes bombed Taliban fighters in a village of Tolokan, west of Kandahar, on Sunday night, said Abdul Qadar Noorzai, the head of the Afghan Independent Human Rights Commission in Kandahar."

Navy Missile Program Reaches Milestone. The Washington Times (5/26, Gertz, Scarborough) reports in its "Inside the Ring" column, "The U.S. Navy this week reached a milestone in its sea-based missile defense program. A modified SM-2 interceptor missile launched from the Hawaii-based Aegis cruiser USS Lake Erie successfully shot down an incoming short-range test missile in the final few seconds before impact. It was the first sea-based intercept of a ballistic missile in the terminal, or last stage, of flight."

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New York Girl Receives DOJ Courage Award. WTEN-TV, Albany, NY (5/26) reports, "A local hero receives a national award; and if anybody deserved one, 15-year-old Stephanie Quackenbush does. … She is the Albany girl who fought off an armed attacker and then helped send him to prison. Today she received 'The Courage' award. … And courage is something Stephanie has plenty of. So much, she was honored at the Department of Justice National Missing Children's Day awards ceremony. She shares the credit with her mom." WTEN-TV adds, "There were words of praise from Attorney General Alberto Gonzales. … 'Today we honor all who work for our children, because they are our dreams and our future,' says Gonzales." WTEN-TV adds, "Stephanie almost never lived to see her future. On June of last year, on the way to school she was attacked by a man armed with a butcher knife. Quackenbush fought and screamed, even after the man told her he was going to stab her. … Her screams got the attention of two men, as her attacker ran. He turned out to be 24-year-old Darius Ashley, who is serving 25 years in prison for the assault on Quackenbush, and the rapes of two other girls."

CORPORATE SCANDALS:

Jury Finds Lay, Skilling Guilty In Enron Trial. Former Enron CEOs Kenneth Lay and Jeffrey Skilling were found guilty of a total of 25 counts of fraud and conspiracy in the financial scandals that ultimately led to the collapse of the company. The Wall Street Journal (5/26, Koppel, Lattman) reports, "For former Enron Corp. executives Kenneth Lay and Jeffrey Skilling, overturning yesterday's guilty verdicts will be a long shot, legal specialists say." Their chances are weak because "the two are expected to seek reversals in the Fifth US Circuit Court of Appeals in New Orleans, which lawyers say is one of the more pro-government benches in the

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nation." Houston attorney Christopher Bebel says that the trial judge, Simeon Lake, "is on solid ground."

The convictions are being universally portrayed as a clear win for the prosecution, and as a vindication of the government's strategy in the case. USA Today (5/26, Farrell), for example, describes the verdict as "a resounding victory for federal prosecutors." Prosecutors "said the trial should send a message to executives who manipulate their companies' earnings. 'No matter how rich and powerful you are, you have to play by the rules,' said Sean Berkowitz, director of the Enron Task Force. 'You will be held accountable for your actions.'" The Financial Times (5/26, McNulty, Ben White) calls the verdict "the federal government with its most important victory in a five-year crackdown." CNN's The Situation Room (5/26) refers to "a huge victory for prosecutors," and the Washington Times/AP (5/26, Hays) to "a major victory for the government."

The Los Angeles Times (5/26, Mulligan) quotes Berkowitz saying, "The jury has spoken, and they have sent an unmistakable message to boardrooms across the country: You can't lie to shareholders. You can't put yourselves in front of your employees' interest." The Times adds, "Fellow Enron task force member and Orange County federal prosecutor John C. Hueston said that the verdicts will make it harder for top executives to blame their company's problems on their underlings to avoid legal responsibility. 'CEO's cannot hide behind accountants. They cannot hide behind lawyers. They cannot hide behind claims of ignorance when they have been paid tens of millions of dollars to be the faithful stewards of shareholders and investors,' Hueston said."

The story was the lead on each of the networks last night, which also ran follow-up stories on the reaction of former Enron employees and others, devoting a total of about 15 minutes of coverage to the story. ABC World News Tonight (5/25, lead story, 3:05, Vargas) reported, "Lay and Skilling could be locked up for up to 30 years." ABC (Cuomo) added, "Enron has become the poster child for corporate greed and deception. The question was whether the system could hold those at the top accountable. And today, the jury sent a clear message -- justice can reach her hand into the board rooms of the rich and the powerful." NBC Nightly News (5/25, lead story, 3:10, Brown) showed Paul McNulty, Deputy Attorney General, saying, "The message of today's verdict is simple. Our criminal laws will be enforced just as vigorously against corporate executives as they will street criminals." The CBS Evening News (5/25, lead story, 2:50, Cowan) called the verdict "a resounding approval of the government's case against Enron's former giants."

The Washington Post (5/26, A1, Johnson) reports, "The Enron investigation has been the most sophisticated and painstaking white-collar criminal probe in history, Justice Department officials said, producing convictions of 18 people. … 'This was the most important corporate scandal of our lifetimes,' said securities-law historian Joel S. Seligman. 'It was one of the immediate causes of the Sarbanes-Oxley Act, the governance reforms of the New York Stock Exchange and NASD, and the most consequential reorientation of corporate behavior in living memory.'"

The New York Times (5/26, Barrionuevo) reports, "The 12 jurors and 3 alternates, who all agreed to talk to about 100 reporters at a news conference after the verdict, said they were persuaded -- by the volume of evidence the government presented and by Mr. Skilling's and Mr. Lay's own appearances on the stand -- that the men had perpetuated a far-reaching fraud by lying to investors and employees about Enron's performance." The panel "rejected the former chief executives' insistence that no fraud occurred at Enron other than that committed by a few underlings who stole millions in secret side deals. And the jurors said they did not believe that negative press and failing market confidence combined to sink the company." A second New York Times (5/26, Bajaj, Whitmire) story notes jurors said they "simply could not believe…that Kenneth L. Lay and Jeffrey K. Skilling were telling the truth when they claimed they didn't realize that something was rotten at Enron. How, they repeatedly wondered, could Enron's former chief executives not have known what was going on?" The Washington Post (5/26, A1, Rust) runs a similar report on the jurors' comments under the headline "Defendants Sunk By Their Testimony."

USA Today (5/26, Iwata) reports Lay and Skilling "could face prison terms of anywhere from 10 years to life, some legal experts say. … Skilling's counts carry a maximum prison sentence of 185 years; Lay's, a maximum of 45 years, not including his separate convictions in a bank fraud case." US District Judge Sim Lake "will base their prison terms on several factors, including total dollar loss to investors, the number of people hurt by the fraud and whether Lay, 64, and Skilling, 52, obstructed justice by lying on the witness stand."

Analyzing the case's long-term impact, the Christian Science Monitor (5/26, Scherer, Axtman) says that "today, CEOs can no longer use the excuse that they can't be responsible for other people robbing the company. They can't

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reward friends with a seat on the board of directors - today, the board must consist of knowledgeable people who will challenge company procedures when it's necessary. And, CEOs, if they choose to ignore the changes, could well be out of their jobs." In a similar piece, the New York Times (5/26, Eichenwald) writes, "The Enron case will forever stand as the ultimate reflection of an era of near madness in finance, a time in the late 1990's when self-certitude and spin became a substitute for financial analysis and coherent business models. Controls broke down and management deteriorated as arrogance overrode careful judgment, allowing senior executives to blithely push aside their critics. "

The AP (5/26, Hays) reports, "Skilling's $5 million bond, which restricts him to the continental U.S., remains in effect. Lay, who surrendered his passport, posted a $5 million bond secured with family-owned properties at a hearing following the verdict. … The Enron founder was also ordered to stay in the Southern District of Texas or Colorado, avoid contact with any victim of the offense charged, report to pre-trial services regularly and must not own a gun or use alcohol excessively or drugs."

The Houston Chronicle (5/26, Babineck, Flood, Roper) reports, "The jury panel spent 16 weeks listening to often diametrically opposed testimony, with the government calling 25 witnesses plus three more on rebuttal. Several had struck cooperation agreements with the government and acknowledged crimes, and most claimed Lay and Skilling were part of a conspiracy to profit personally by duping the world about Enron. … 'We stole. We all benefited financially at the expense of others,' said former Chief Financial Officer Andrew Fastow, who is expected to serve a 10-year prison sentence after admitting he masterminded fraudulent bookkeeping schemes and bled Enron to the tune of $45 million in the process. … The defense impugned Fastow's character and told jurors he was a liar then and he's a liar now, implying he fabricated evidence and testimony that Skilling approved of 'bear hug' deals with Fastow's LJM partnerships to hide Enron debt and guarantee Fastow wouldn't lose money."

The New York Post (5/26, Geller) reports, "The prosecution was jubilant. … 'The government will not let corporate leaders violate their trust and get away with it,' said lead prosecutor Sean Berkowitz. … 'You can't lie to shareholders, you can't put yourselves in front of your employees' interests. No matter how rich and powerful you are, you have to play by the rules.'"

Bloomberg (5/26) reports, "In the wake of Enron's meltdown, government prosecutors cracked down on corporate crime. CEOs of WorldCom Inc., HealthSouth Corp., Adelphia Communications Corp. and Rite Aid Corp. were prosecuted for accounting fraud or looting company treasuries. All were convicted of fraud except HealthSouth founder Richard Scrushy, who now is on trial on unrelated bribery charges in Alabama." Bloomberg adds, "The eight-woman, four-man jury convicted Skilling on 19 of the 28 charges against him while finding Lay guilty of all of the six counts against him. The government presented a total of 25 witnesses against the men, including a parade of former Enron executives. … 'It's safe to say each of them is facing north of 20 years real jail time,' said Kirby Behre, a former federal prosecutor and co-author of Federal Sentencing for Business Crimes. The calculation of the size of the fraud will play a part in determining the exact sentence. 'There's going to be a mini- trial on sentencing issues.' … Prosecutors should feel vindicated as well, said Behre, now a partner at Paul Hastings Janofsky & Walker in Washington. 'This case epitomizes a new paradigm of corporate criminal prosecutions. We now hold the highest-level executives responsible for the misconduct of the company. These two guys are as high as they get.'"

CNN/Money (5/26, Pasha, Seid) reports, "Both Lay and Skilling could face 20 to 30 years in prison, legal experts say. And Lay will also face an additional hefty term in prison for his conviction in the bank fraud case. … 'I think absent a successful appeal, they will both die in prison,' said Jamie Wareham, global chairman of litigation at the international law firm Paul Hastings. 'When you're a judge that's concluded that two men have lied to you for hours and hours and hours, light sentences aren't going to flow.'"

Prosecutors Said To Have Learned Lessons From Scrushy Trial. USA Today (5/26, Farrell) says "the only significant failure in the Justice Department's campaign against corporate fraud occurred in Alabama last year, when a federal jury acquitted former HealthSouth CEO Richard Scrushy of masterminding a $2.7 billion fraud, even though five former CFOs testified against Scrushy. In discussing that case after the verdict, several jurors seemed confused about what the government was trying to prove against Scrushy. In the Enron trial, government prosecutors wanted to avoid the same mistakes." USA Today adds that "to win criminal convictions in federal court, prosecutors needed actual proof of guilt against the two men. And, because there were no e-

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mails tying Lay and Skilling directly to the fraud, prosecutors made a strategic decision to focus the trial on whether Lay and Skilling told the truth in public, not if Enron's accounting was illegal. To that end, perhaps the biggest single break for the prosecutors occurred in December, a month before the trial was to begin, when Richard Causey, the former chief accounting officer of Enron, pleaded guilty to one count of securities fraud. … With Causey out of the picture in a plea deal, prosecutors could focus their case against Lay and Skilling exclusively on whether the two men were honest in statements to employees, analysts and investors."

Many Questions About Enron's Demise Said To Remain Unanswered. Meanwhile, the Wall Street Journal (5/26, Smith) says that "because a third defendant, former Enron Chief Accounting Officer Richard Causey12, pleaded guilty just before the trial began, the case against Messrs. Skilling and Lay became simpler and less focused on the nitty-gritty of how Enron operated." As a result, "while the defendants insisted Enron was a healthy energy-trading company that fell victim to a 'run on the bank,' there was little detailed exploration of the roots of Enron's problems -- including how it became so dependent on paper trading gains that had little real cash attached to them and so vulnerable to credit calls that made it incapable of riding out a crisis." The Journal adds, "Indeed, more than four years after the Enron scandal began, it is still impossible to say what was real at Enron and what was smoke and mirrors."

The Washington Post (5/26, D1, Masters, Johnson), however, reports the Enron "tale" was "complicated, with labyrinthine partnerships and intricate accounting entries, and no documents directly tying the guys at the top to the decisions carried out by others. It was a tough case to be a must win. When the jury returned its verdicts -- guilty on 25 of a combined 34 counts -- it was a clear win."

Lay, Skilling Hurt Defense With Their Testimony. The AP (5/26, Hays) reports, "Kenneth Lay may have paved his way to prison when he testified in his own defense against fraud and conspiracy charges, snarling at a prosecutor and telling a jury of middle-class men and women that he couldn't turn off his rich lifestyle 'like a spigot,' despite $100 million in personal debt. … Jeffrey Skilling may have guaranteed himself a string of convictions when he couldn't counter incriminating testimony from prosecution witnesses with more than, 'It's not true.'" The AP continues, "The epic undoing of the founder and former chief executive of what was once the seventh-largest company in the country and his hand-picked successor came in telling moments throughout the trial of more than four months. … Lay and Skilling entered the trial with a claim that shocked many: Not only were they innocent of wrongdoing, no fraud at all occurred at Enron. Skilling boiled it down with a statement at the end of his 7 1/2 days of grueling testimony: … Prosecutors knew going in that both defendants would seek to exonerate not only themselves, but the company as well. Lay forecast that approach in a speech to Houston business and academic leaders in mid-December, while Skilling's legal team used a court filing to signal their intent. … But Enron fell so precipitously into bankruptcy proceedings in December 2001 from being the nation's seventh-largest company the year before that something had to be rotten, whether Lay and Skilling knew about it or not."

Knight Ridder (5/26, Burns) reports, "So much for the bold defense of Kenneth Lay and Jeffrey Skilling. … The pair was convicted Thursday by federal jurors who listened to both former Enron Corp. executives spin a tale from the witness stand about a truly great company that was sadly misunderstood." Knight Ridder continues, "From the start, legal observers questioned the strategy of promoting Enron as a 'shining star,' since the rest of the world concluded long ago it had been misled about the one-time Houston energy giant. … Former insiders cooperating with the government swore under oath that the company had lost its moral bearings and manipulated its financial results to deceive a gullible public. … The outcome of the case, with Skilling and Lay facing long prison terms, is likely to encourage future corporate executives targeted in criminal investigations to adopt a lower-risk approach, some legal experts predict."

Skilling Says Holding Trial In Houston Hurt His Chances. The Wall Street Journal (5/26, Emshwiller, McWilliams, Davis) reports, "In a telephone interview last night, Mr. Skilling said that when he was pronounced guilty on the first count of conspiracy, 'that floored me. God, there was no conspiracy.' He said that the relatively short jury deliberations had raised his hopes. But 'we were just on a tilted football field,' he said, referring to going on trial in Enron's headquarters city."

The Houston Chronicle (5/26, Babineck, Flood, Roper) notes that "in Houston…thousands of employees lost their jobs -- 4,000 at once the day after Enron filed for bankruptcy on Dec. 2, 2001. Many lost their retirement savings, which was invested in near-worthless Enron shares."

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Successful Appeal Seen As Unlikely. The Times (UK) (5/26, Doran) reports, "Legal experts said, however, that the likelihood of a successful appeal was slim because the jury had obviously considered each count in turn, rather than returning a blanket decision."

Texas Lawyer (5/26, Jeffreys) reports, "Joel Androphy, a partner in Berg & Androphy in Houston who has watched most of the trial, says he gives Skilling -- unlike Lay -- reasonable odds at a successful appeal. … Androphy says Lake's instructions to the jurors will help Skilling's appeal. Androphy believes the evidence was not sufficient against Skilling to justify the judge's instructions that the jurors should consider 'willful blindness.' The government had laid out a case against Lay that he specifically avoided learning details but not so against Skilling." Texas Lawyer adds, "Androphy says two government witnesses were extremely important to the prosecutors' case: Ben Glisan, the former Enron treasurer who pleaded guilty in 2003 to one count of conspiracy to commit wire and securities fraud and is serving a five-year prison term, and Mark Koenig, the former head of investor relations at Enron who has pleaded guilty to aiding securities fraud at Enron. … Androphy's assessment is the jurors put little stock in the defense's arguments that the government's witnesses were tainted by deals they cut with prosecutors to avoid jail time."

McNulty Calls Verdict Triumph For DOJ. The Houston Chronicle (5/26, Hedges) reports, "In Washington, Deputy Attorney General Paul McNulty called the verdict a triumph for the Justice Department, and the federal Enron task force that was created in late 2001. … 'Lay, Skilling and their numerous coconspirators perpetrated an elaborate scheme to mislead analysts and investors about Enron's true financial picture. Their efforts to mislead the markets were protracted, deliberate and dishonest,' McNulty said. 'At a time when the company was foundering, these defendants perpetrated a lie that Enron was a robust and growing company in the strongest financial condition it had ever been in. And as they knew, the truth was something very different.' … He added, 'The message of today's verdict is simple: Our criminal laws will be enforced just as vigorously against corporate executives as they will street criminals.'" The Chronicle adds, "Attorney General Alberto Gonzales, who had recused himself from the Enron investigation because of corporate donations he received as a Texas judge, did not comment. … But McNulty lauded the work of a task force he said, 'worked thousands and thousands of hours. They've gone over millions of pages of documents. They have devoted years of their professional life, sacrificing time from families, all in the effort to try to hold individuals accountable for corruption.'"

Some Say Verdict Will Embolden Federal Prosecutors. The Financial Times (5/26, Kirchgaessner, Waldmeir) reports, "The conviction of Ken Lay and Jeffrey Skilling is the successful culmination of a legal strategy Department of Justice prosecutors have been fine tuning since the day, in 2001, when Enron, one of America's most respected companies, collapsed under the weight of a massive fraud." The Times continues, "That strategy called on law enforcement officials to indict and seek the conviction of chief executives of companies on fraud charges – often involving complex accounting schemes – even if there was little or no solid evidence that the executives intended to commit a crime or even knew the fraud existed." The Times adds, "In the case of Enron, says Michael Missal, a former attorney at the Securities and Exchange Commission who is now a partner at Kirkpatrick & Lockhart, the verdict will further embolden prosecutors to "go after the people at the very top", holding them responsible for wrongdoing at the companies they ran. … Dan Small, a litigation strategy expert at the law firm of Duane Morris, also believes the victory will rejuvenate the justice department at a time when, he says, the legal community has been wondering whether momentum of prosecuting corporate fraud has slowed down. … But one former senior counsel at the justice department disagrees. Timothy Coleman, an attorney at Dewey Ballantine, says the guilty verdict represents the end of an era that began and ends with Enron and that the political forces that put aggressive prosecution of white collar crime at the top of law enforcement's agenda will now subside."

The Wall Street Journal (5/26, Davies, Scannell) reports, "The convictions of former Enron Corp. executives Kenneth Lay and Jeffrey Skilling culminate a crackdown on turn-of-the-century corporate malfeasance. They also will likely embolden the government to continue its campaign." Among the targets are "two dozen or so companies under federal investigation into whether they improperly backdated stock-option grants to enrich executives."

Task Force Navigated Tough Road To Conviction. The Wall Street Journal (5/26, Emshwiller) reports, "The Enron Task Force's uneven record looks sharply improved after it scored big wins in its defining case yesterday with the convictions of former Chief Executives Kenneth Lay and

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Jeffrey Skilling." The task force suffered a major reversal when "a conviction of … Arthur Andersen LLP was overturned" by the Supreme Court. It was criticized for allegedly unfairly penalizing "thousands of innocent Andersen employees." The Journal notes that its prosecutors "have won convictions against seven individuals, while one person has been acquitted. A trial of several former executives of Enron's high-speed telecommunications unit ended with no convictions and acquittals on numerous counts." In addition, the task force suffered from "communication problems, bureaucratic infighting and disagreements over tactics."

Convictions Solidify Corporate Reform Movement. Knight Ridder (5/26, Greising) reports, "Enron. The very word encapsulates an era. … It conjures images of too-cozy board rooms, all-powerful CEOs, compliant accountants, greed-struck employees and, ultimately, out-of-luck investors. … And now, thanks to the convictions of former chief executives Ken Lay and Jeff Skilling, Enron finally can stand for something else. … It stands for justice, thanks to the jury's unequivocal verdict." Knight Ridder add,s "The convictions also likely will embolden the sheriffs in town - federal prosecutors, the Securities and Exchange Commission, ambitious district attorneys and even a few private investors - to forge ahead in the challenging, ongoing effort to battle business corruption. … Some argue that a guilty verdict was not needed to exact justice. A flurry of post-Enron reforms, highlighted by the Sarbanes-Oxley law, had done that, they say. … 'Even if there had been an acquittal, that would have been OK,[said Charles Elson, director of the John L. Weinberg Center for Corporate Governance at the University of Delaware. 'The changes that this case has brought are a victory in their own right.' … But Andrew Weissmann disagrees. Weissmann laid the investigative foundation for Thursday's verdict as head of the Justice Department's Enron Task Force. Before he stepped down nearly a year ago, he sifted through the grubby entrails of the corrupt Enron enterprise. … Weissmann also led the prosecution of Arthur Andersen. And since the Supreme Court threw out the Andersen guilty verdict because of the judge's flawed jury instruction, he has seen how a final verdict can muddle the public's perceptions of right and wrong."

Former Employees Praise Guilty Verdicts. ABC World News Tonight (5/25, story 2, 1:55, von Fremd) reported, "Many former Enron employees said they've waited more than four years for this moment." Deborah DeForge, former Enron employee: "Just hearing that they found them guilty, kind of renewed my sense of fairness in the justice system." Similarly, the CBS Evening News (5/25, story 2, 1:55, Mason) reported, "For Enron's former employees, the guilty verdicts ended five years of misery," while NBC Nightly News (5/25, story 2, 2:00, Brown) asked, "So was justice served? Many of the people who bet their life savings on Enron say yes." The Chicago Tribune (5/26, Burns) reports Sherri Saunders, "who lost her job and $1 million in retirement savings, said the verdict 'gives me a little comfort.'" The Houston Chronicle (5/26, Patel) runs a story about former workers, titled "For Ex-Enron Employees, Verdict Is Personal," and the Washington Post (5/26, D1, Ahrens) and USA Today (5/26, Appleby), among other newspapers, run similar reports.

Political Impact From Enron Verdicts Seen As Unlikely. The Wall Street Journal (5/26) reports in its "Washington Wire" column, "Both parties doubt Enron verdicts will have large political impact. 'The public verdict is already in on CEO greed at the expense of the company's own employees,' says ex-Clinton strategist Stan Greenberg. Adds Republican pollster Neil Newhouse, 'There could have been a public backlash had the verdicts not come in guilty.'"

Verdict Said To Mark "Beginning Of The End Of The Bush Era." Under the headline "Kenny Boy, Meet Brownie," Howard Fineman writes on Newsweek's website (5/26), "If you want a date to mark the beginning of the end of the Bush era in American life, you may as well make it this one: May 25, 2006. The Enron jury in Houston didn't just put the wood to Ken Lay and Jeff Skilling. The jurors took a chainsaw to the moral claims of the Texas-based corporate culture that had helped fuel the rise to power of President George W. Bush. … Ultimately, Bush's Justice Department pressed the case against Enron -- and won. Still, when the history books are written, the debit side of the Bush-era ledger will include a line labeled 'Kenny Boy.' That's the nickname Bush gave the guy he later claimed he barely knew. "

Under the headline "Once A Friend And Ally, Now A Distant Memory," the Washington Post (5/26, A10, Goldfarb) reports, "In the 1980s, when Bush was working in the Texas oil industry, his firm invested in a drilling partnership with Lay's company, a predecessor to Enron. In 1992, Lay was co-chairman of the Republican National Convention in Houston that re-nominated President George H.W. Bush. Later, Lay was a major fundraiser for George W. Bush's political career." Vice President Cheney "invited Lay to take part in his secret energy task force meetings. Cheney also talked to the Indian

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government about a debt it owed Enron for the rebuilding of a power plant."

British Banker Fighting Extradition Calls Enron Verdict "Terrifying." Bloomberg (5/26, Murphy) reports, "A British banker fighting extradition to the U.S. on Enron Corp.-related charges said he was 'terrified' by today's convictions of the company's former Chairman Kenneth Lay and ex-Chief Executive Officer Jeffrey Skilling and questioned why the men chose to fight the case. … 'It was either an incredibly brave or foolhardy thing that they did, and I guess they're paying the consequences now,' David Bermingham said in a telephone interview from his home outside London. 'They had both hands tied behind their back, and they were up against the 400-pound gorilla. The deck was completely stacked against them.'" Bloomberg adds, "Bermingham, Giles Darby and Gary Mulgrew, all former employees of Royal Bank of Scotland Group Plc's Greenwich NatWest unit, are wanted in Texas for allegedly pocketing millions from the sale of an Enron off-the-books partnership. … They are among the 33 individuals, including Lay and Skilling, the U.S. government has prosecuted in connection with the energy trader's implosion, which wiped out thousands of jobs and more than $1 billion in retirement funds virtually overnight. … Bermingham said today that while he didn't have any opinion on whether Lay or Skilling were guilty of the fraud and conspiracy charges against them, the fact that both men may spend the rest of their lives in prison only reinforced the importance of the bankers' ongoing battle against extradition."

Defendants' Wives Faced Their Own Kind Of Pressure. USA Today (5/26, O'Donnell, Fetterman) reports, "In courtroom wrangling over white-collar crimes, the way family support is perceived can be important. In the Enron trial, it was often about the wives." USA continues, "Linda Lay, the former secretary turned second wife to Enron ex-chairman Ken Lay, stood by her man every day of the four-month trial that ended in her husband's conviction Thursday. … Usually, she sat in the first row of the spectator gallery, about 20 feet from her husband. But as the clock approached 11 a.m. in Houston Thursday, the hour of judgment for Ken Lay, she moved into the front part of the courtroom to be beside him." USA adds, "Linda Lay maintained the same tight grasp on her husband's hand that she's had in all the trips to and from the courtroom. … That wasn't the case with Rebecca Carter, former Enron CEO Jeff Skilling's second wife and former corporate board secretary. She did not attend every day of the trial and was not in the courtroom when it was time for a verdict. Outside the courthouse, after being convicted on all counts, Skilling thanked his family, especially his three children, but didn't mention his wife. … Beth Bonora, a jury consultant in San Francisco, says it's important for those on trial to have family members in the courtroom to 'convey that other people care about you and believe in you. … People are curious about relationships, the dynamics' of family members in the courtroom."

Public Not Keen On Enron-Related Books, Film, Memorabilia. USA Today (5/26, Lieberman, Howard, Petrecca) reports, "Enron's legacy includes several well-regarded books, an Oscar-nominated documentary, a mountain of memorabilia and — based on sales of those items — lots of yawns." USA continues, "Publishers, who made the biggest bets on public interest in Enron, hope for a few more sales off the verdict, but don't expect much. … 'There were a lot of (Enron) books and relatively few readers,' says Michael Cader, editor of industry newsletter Publishers Lunch. 'It was a complex case and the extent to which it meant anything to general readers was elusive.'" USA adds, "Meanwhile, auctioneers don't expect a surge of Enron-mania for souvenirs. 'Some of the wind is out of the sails because of the length of time of the trial,' says Dennis Kruse, president of the National Auctioneers Association. … This week, 66 Enron items have sold on eBay, says eBay spokesman Dean Jutilla, while bidders snapped up 1,285 items tied to American Idol winner Taylor Hicks."

More Commentary. The Wall Street Journal (5/26) editorializes, "If anyone still thinks corporate chieftains are above the law, yesterday's 29 guilty verdicts against former Enron CEOs Jeffrey Skilling and Kenneth Lay should put that myth to rest." The Enron verdicts "are proof, if more were needed, that lying to employees, shareholders and the public about corporate finances is a serious crime that will be punished.

The New York Times (5/26) editorializes, "We hope the jury's verdict deters other corporate kingpins from breaking the rules. As Paul McNulty, deputy attorney general, put it in a news conference shortly after the verdict was announced, 'No one, including the heads of Fortune 500 companies, is above the law.' At the same time, white-collar criminal cases can be difficult, paper intensive and hard to explain to juries. We expect the verdict in the Enron case to encourage prosecutors to pursue them."

The Washington Post (5/26, A20) writes in an editorial, "There is a danger in this verdict, however. In the wake of

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Enron's bankruptcy, some argued that the problems of corporate America were the work of a few bad apples." Yet, adds the Post, "this decade's business scandals were not just about bad apples, and putting those apples in jail is not going to change that."

USA Today (5/26) editorializes that Enron was a case "that epitomized an era, the one that the federal prosecutors absolutely had to win. Now that they did…public attention to issues of corporate fraud and governance might wane. That would be a shame because much more remains to be done before shareholders and employees can be confident that senior managers are acting in their company's best interest, not their own."

Steven Perlstein writes in the Washington Post (5/26), "Ken Lay and Jeff Skilling are right about one thing: The games they played at Enron were no different than the games being played at hundreds of other big public companies during the late 1990s. So in that respect, it is unfair that Lay and Skilling (and their partner in crime, Andy Fastow) have been singled out for criminal prosecution. Unfair -- and totally necessary. … For all the nuance and sophistication of our legal system, the convictions of Lay, Skilling, Bernard Ebbers, Dennis Kozlowski, the Rigases and the Arthur Andersen accounting firm amount to nothing more than old-fashioned hangings in the public square. They are the way by which a capitalist society gets its most powerful economic actors to abide by the rules that make free markets work."

Novelist James P. Othmer writes in the New York Times (5/26, Othmer) that "this is about much more than the fate of Kenny Boy Lay and Jeff Skilling. This is about us. The Masters of the Universe. The all-knowing, type-A power mongers in crimson suspenders with bottomless expense accounts. This is about the fate of the prickly, unapologetic, rule-averse tough guys like you and me who run this country, not because we're particularly talented or charming, but because we have the gift of arrogance."

The Seattle Post-Intelligencer (5/26) editorializes, "The convictions of former Enron execs Lay and Skilling provide some justice for Washingtonians bilked by the Western energy crisis. Even within perhaps the worst-led Justice Department in U.S. history, enough capable, dedicated, honest prosecutors remain to win difficult convictions. Jurors saw through the defense's attempts at explanations, evasions and excuses."

Fannie Mae CEO Will Not Head Accounting Probe. Dow Jones (5/26) reports, "Reversing course Thursday, Fannie Mae Chairman Stephen B. Ashley said chief executive officer Daniel H. Mudd won't lead the company's investigation into who should be fired or punished because of the housing giant's $10.6 billion accounting scandal." Dow Jones continues, 'Instead, Ashley said that four independent board members who have joined Fannie Mae (FNM) in the last 18 months would spearhead the probe. … 'The board and myself have developed our thinking further for how a review of the personnel mentioned in the OFHEO report would be handled,' Ashley said in an interview." Dow Jones adds, "Ashley said the board decided to change its plans on Wednesday, one day after he said on an analyst call that Mudd would lead the review. … He said the decision was 'internal' and didn't come from pressure by regulators or lawmakers. … The Office of Federal Housing Enterprise Oversight and the Securities and Exchange Commission fined Fannie Mae $400 million Tuesday for 'deliberately and systematically' creating earnings 'illusions' to hit targets from 1998 through 2004. … The SEC and Justice Department are both looking into the roles individuals played in the accounting scandal. Tuesday's agreement only settled allegations against the company."

WSJournal Says Fannie Mae Scandal Is Political. The Wall Street Journal (5/26) says in an editorial that Fannie Mae's "regulator issued its long-awaited, 340-page report on the company's $10.8 billion accounting woes this week, and the news is that the internal rot is even worse than we ever imagined. This is the Beltway's Enron, yet the political class still hasn't fixed the core problem, which is Fannie's political protection." The Ofheo (Office of Federal Housing Enterprise Oversight) report "makes clear that Fannie's core expertise was manipulating its earnings and rigging the politics. The management of credit risk that was supposed to be its stock-in-trade was way down the list." The "larger story here is that Fannie Mae is less a corporate outrage than a political one. It is the tale of a company that has grown rich off an implicit taxpayer subsidy and then plowed those profits back into buying political protection in Congress and feckless regulation from the executive."

House Committee Holds Hearing On Executive Pay Packages. The AP (5/26, Gordon) reports, "Lawmakers on Thursday addressed an issue that rankles company shareholders and the public -- executive

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pay packages and perks -- at a time when revelations of excess surface almost daily." The AP continues, "A senior Democrat, Rep. Barney Frank of Massachusetts, wants Congress to give shareholders a greater say over executive compensation. … 'There have clearly been abuses,' Frank said at the start of a hearing by the House Financial Services Committee. The session became an impassioned debate between Democrats and Republicans over the morality of lavish compensation, an argument portrayed by panel members as a clash between faith in capitalism and advocacy of socialism." The AP adds, 'Frank had earlier used a parliamentary rule to force the majority Republican leaders of the committee to convene the hearing. … The partisan rhetoric flew, as befits an election year. Countering Frank's legislative proposal, Republicans disclosed that they have a bill of their own in the works: one that would rein in trial lawyers, a group that is a perennial ally of Democrats and generous contributor to their campaigns. … The subject clearly hits a nerve with Americans, who hear reports almost daily of excessive pay and perks for executives while their companies stumble, lay off employees or renege on billions of dollars in pension obligations for workers' retirement. The chasm between executives' salaries and the pay of rank-and-file employees continues to widen."

Former Wal-Mart Official To Be Sentenced In August For Fraud. The AP (5/26, Kabel) reports, "A federal judge has set a sentencing hearing Aug. 11 for Thomas Coughlin, the former No. 2 executive at Wal-Mart Stores Inc., who pleaded guilty in January to fraud and tax charges for stealing money, gift cards and merchandise from the world's largest retailer." The AP continues, "Coughlin, 57, faces a maximum of 28 years in prison after pleading guilty to five counts of wire fraud and one count of filing a false tax return. He also could be fined $1.35 million." The AP adds, "U.S. District Judge Robert Dawson, who accepted Coughlin's guilty plea in January, set the sentencing hearing for Aug. 11 in his courtroom in Fort Smith, Arkansas. … Prosecutors have recommended a sentence but Dawson sealed the plea agreement pending a presentencing report. … Wal-Mart referred Coughlin to federal prosecutors after discovering Coughlin allegedly had embezzled money from the company and used expense vouchers to buy products as varied as snakeskin boots, hunting trips and Bloody Mary cocktail mix. Wal-Mart estimated losses at up to $500,000."

Top Hedge Fund Managers Average $363 Million In Annual Pay. USA Today (5/26, Shell) reports, "James Simons, a mathematician turned money manager who prefers hiring Ph.D.s over MBAs, inched out oil tycoon T. Boone Pickens Jr. as the world's best-paid hedge fund manager in 2005, collecting an estimated $1.5 billion, according to rankings released today by Institutional Investor's Alpha magazine." USA continues, "In rising to the top of what amounts to a who's who list of the secretive hedge fund world, Simons, of Renaissance Technologies, unseated 2004's top earner and first-ever billion-dollar man, Edward Lampert of ESL Investments, who is best known for buying Kmart and masterminding the blockbuster deal to buy Sears. Lampert's earnings dipped to an estimated $425 million last year, down from $1.0 billion in 2004. … Pickens also topped $1 billion, earning an estimated $1.4 billion. The average pay of the 26 (there was a tie for 25th place) on the list was $363 million, up 45% from $251 million in 2004." USA Adds, "Other big-name managers with big-time reputations in the top 10 included: financier George Soros, who was named 'the man who broke the Bank of England' in 1992 after a winning bet against the British pound netted him more than $1 billion; Steven Cohen of SAC Capital Advisors, whom BusinessWeek called 'the most powerful trader on Wall Street you've never heard of' in a July 2003 cover story; and legendary trader Paul Tudor Jones II. … The surge in pay comes amid an explosive growth in the industry, which now has roughly 8,000 funds and $1.2 trillion in assets. A lucrative business model for hedge fund managers, which, on average, entitles them to 2% of assets under management and 20% of the profit, makes these large paydays possible, Peltz says. A $10 billion fund would earn $200 million from the 2% management fee alone. Super-successful managers charge even more."

Charity Holds "Shareholders" Meetings To Demonstrate Accountability. The New York Times (5/26, Strom) reports that for the last four years, Direct Relief, a charity which provides "donated medicine and medical supplies to communities around the world, has held a 'shareholders' meeting' for contributors to demonstrate its accountability and to burnish its relationship with its donors. … The charity began holding the shareholders' meetings to expand its appeal to donors locally and beyond." Direct Relief "invites representatives of the organizations it has supported to attend the meetings and explain how the charity has assisted them, as well as to offer primers on the

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challenges they face in providing health services in impoverished and conflict-ravaged countries."

CRIMINAL LAW:

Bush Orders Documents Seized By FBI Sealed For 45 Days. Amid the rising tension between the Administration and Congress over the FBI raid of Rep. William Jefferson's Capitol Hill office, President Bush yesterday ordered the Justice Department to seal the documents seized by the FBI. The Office of the Solicitor General will hold the documents for 45 days, which Bush said in a statement released yesterday, "will provide both parties more time to resolve the issues in a way that ensures that materials relevant to the ongoing criminal investigation are made available to prosecutors in a manner that respects the interests of a coequal branch of government." Press reports characterize Bush's order as "a highly unusual intervention," an "extraordinary" and "remarkable."

ABC World News Tonight (5/25, story 4, :20, Vargas) reported, "Congressional leaders sharply criticized the FBI for raiding the offices of Democratic Congressman William Jefferson in a search for evidence. … Today, President Bush ordered everything the FBI seized to be sealed for 45 days. He said he wants to give both sides time to resolve their dispute." The CBS Evening News (5/25, story 7, 2:00, Schieffer) reported, "When FBI agents searched the office of Democratic Congressman William Jefferson, it marked a dubious first. … Today, the President got into the act." CBS (Axelrod) added, "Mr. Bush's order was welcomed by the House Speaker, who says important principles are at stake. … A senior law enforcement official said the cooling off period would not affect the investigation of Congressman Jefferson. 'There is videotape of the congressman putting cash in the trunk of his car,' the official tells CBS News. There's 'two plea agreements and more than enough evidence to finish the case.'" NBC Nightly News (5/25, story 6, 0:30, Brown) noted, "Congressional leaders of both parties are calling the raid a violation of the Constitution's guarantee of separation of powers."

CNN's The Situation Room (5/25, Blitzer) reported that President Bush has "stepped directly into the escalating battle between the executive branch and Congress," by ordering "all materials seized in a raid on a Congressman's office, sealed for 45 days." CNN (Bash) added that "this really was not an easy move for this president to make. He often errs on the side of expanding executive powers. But clearly, President Bush right in the middle of this constitutional confrontation between members of Congress and the Justice Department." CNN's Anderson Cooper 360 (5/25, Bash) noted, "The constitutional showdown between Republicans in Congress and the Republican administration was escalating by the minute, and President Bush blinked."

FOX News' Special Report with Brit Hume (5/25, Wilson) reported that Bush "noted the nation had never faced such a dilemma in more than two centuries," but "what is not clear...is exactly how far the FBI had gotten in its five-day review of the records. The decision came on a day when some in Congress publicly disagreed with their Hill leaders." Sen. David Vitter: "We've had raids before on legislators' homes, federal judges' chambers, member of a different branch, their professional offices, their chambers -- and those led to criminal convictions which were upheld." Sen. Jeff Sessions: "This was a search based upon a court order -- an FBI agent went to a federal judge with a sworn affidavit in which he alleged there was probable cause."

The AP (5/26, Kellman) reports, "Republican officials who spoke on condition of anonymity said Vice President Dick Cheney had become involved as the administration worked to ease the anger of the speaker, who has enormous control over the president's legislative agenda. … Within minutes, the heads of the battling institutions stood down and began talking about solutions. Hastert said the order would 'give us some time to step back and try to negotiate with the Department of Justice.' Gonzales said the move provides 'time to reach a permanent solution that allows this investigation to continue while accommodating the concerns of certain members of Congress.' The FBI said it would comply with Bush's order." The Los Angels Times (5/26, Reynolds, Schmitt) adds, "White House officials would not say whether Bush had spoken personally to Attorney General Alberto Gonzales about the Jefferson raid," but "Gonzales, who approved the search of Jefferson's office, issued a statement saying he was satisfied with the president's decision. … A government official…said Justice Department negotiators were adamant that the department not relinquish the seized materials, because it could compromise the investigation. The official said some senior department officials had been prepared to submit their resignations if Bush had ordered them returned."

In a front-page story, The Washington Post (5/26, Eggen VandeHei) reports that Bush's order is "a remarkable

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intervention by the nation's chief executive into an ongoing criminal probe of alleged corruption. … Bush hoped to mollify Hastert…at a time of increasingly sour relations with the GOP-controlled Congress, according to White House sources." The Post adds that "the agreement…marked a setback for the FBI and Justice Department," and "the negotiations angered many federal prosecutors and FBI agents, who believed that the search warrant for Jefferson's office…was lawful and necessary because of Jefferson's refusal to comply with a subpoena issued in August." However, "one law enforcement official" said, "If we can bring down the rhetoric and cool off, it may be better for everyone in the end." Under the headline "To Ease Standoff, Bush Seals Seized Files," The New York Times (5/26, Hulse, Johnston) notes, "Before Mr. Bush's decision to step in, what law enforcement officials described as a tense drama had played out," and Deputy Attorney General Paul McNulty "at one point…told Scott Palmer, chief of staff to Mr. Hastert, that he would quit rather than give up the materials to Mr. Jefferson. … At the F.B.I., officials said they would comply with the deal but complained privately that it would bar them from examining the materials discovered in the search for more than a month. Senior F.B.I. officials were not consulted in negotiations and regarded any effort to keep them from evidence as an unfair intrusion that could compromise their investigation."

The Chicago Tribune (5/26, Neikirk) calls the order an "extraordinary step" and adds, "A Justice Department official familiar with the negotiations with Congress said House leaders put the agency in an untenable position by demanding return of the Jefferson documents. 'Do you think there's any way the Justice Department would give incriminating documents back to an entity that the target is connected to? No way,' said the source." Knight Ridder (5/26, Kuhnhenn) says Bush's decision is "a highly unusual intervention" and reports, "In a joint statement following the president's announcement, Hastert and Pelosi said they had directed House lawyers to negotiate with the Justice Department to establish procedures for obtaining 'evidence of criminal conduct that might exist in the offices of members.' ... According to lawmakers who were briefed by the Justice Department, the agents carted away one box of records from Jefferson's office. The FBI-House confrontation has roiled Washington politics."

Meanwhile, The Washington Times (5/26, Dinan, Fagan) reports, "Not all lawmakers, however, are opposed to the FBI's actions." Sen. David Vitter "was briefed yesterday by high-level Justice Department officials and said, 'I feel more strongly than ever that that search was legal and constitutional.' … Some House Republicans also said it's politically bad for Republicans to be feuding. 'I don't think we should be fighting with the FBI going into an election,' said Rep. Joe Pitts, Pennsylvania Republican." AFP (5/26, Lozano) also reports on Bush's order.

MarketWatch (5/26, Watts) reports, "ABC News, citing unidentified law-enforcement sources, reported Wednesday night that the FBI was investigating a letter Hastert wrote three years ago to then-Interior Secretary Gale Norton to block an Indian casino -- which would have competed with casinos operated by tribes represented by Republican lobbyist Jack Abramoff, who has pleaded guilty to federal corruption charges and is cooperating with an ongoing investigation. … The Justice Department twice issued denials of the story, saying that Hastert wasn't the subject of an investigation. Such denials are rare; the agency usually refuses to confirm or deny the existence of a probe. … ABC News late Wednesday posted an update on its Web site, saying that despite the department's statement, federal law-enforcement sources said the network had accurately reported that Hastert was 'in the mix' of the FBI probe of congressional corruption."

Bloomberg (5/26, Runningen) reports, "Hastert has expressed frustration that the White House didn't consult him before the FBI searched Jefferson's offices on May 20. Jefferson, a Louisiana Democrat, was videotaped accepting a leather briefcase containing $100,000 in cash from a government witness, according to an FBI affidavit filed in connection with the search warrant. He has denied wrongdoing and hasn't been charged with a crime. … Hastert discussed his constitutional concerns directly with Bush this week, said Ron Bonjean, the congressman's spokesman."

Fallout From FBI Raid Could Threaten Bush Legislative Agenda. The Wall Street Journal (5/26, A4, Cummings, Mullins) reports that the "FBI raid…is fueling a power struggle between Congress and the administration that could hobble President Bush in his efforts to move his legislative agenda." Speaker Dennis Hastert "has been one of the White House's best friends on Capitol Hill," ensuring "a succession of legislative victories over the years to President Bush even when it meant bending the will of his own moderate or conservative wings." However, if the rift with Congress widens, "more administration officials could find

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themselves being hauled before skeptical -- if not hostile -- oversight committees." Furthermore, "the battle could…embolden the Senate to pass a tougher version of legislation limiting the administration's ability to conduct domestic spying programs," and "there could be more fights over spending bills, even as the spat could scuttle any hope of passing a comprehensive overhaul of immigration laws, which the White House views as a key prong of its election strategy."

Hastert Faces Ire Of Rank-And-File Republicans In Closed-Door Meeting. CQ (5/26, Ferrechio) reports Speaker Dennis Hastert "found himself facing pushback from his own party Thursday." He "spent two hours behind closed doors with the rank and file, listening to their complaints about Hastert's defense of institutional prerogative — a concept that is not the easiest to explain to an angry constituent. Most House Republicans emerged from the meeting grim-faced and closed-mouthed, but one member characterized sentiment as 'mostly opposed' to Hastert's high-profile fight against the raid. Some members believe the Justice Department acted lawfully when it executed a court-approved search warrant on Jefferson's office."

Conservatives Criticize Hastert. The Washington Times (5/26, Hallow) reports, "Conservatives yesterday expressed confusion and outrage over House Speaker J. Dennis Hastert's defense of a Democratic congressman whose Capitol Hill office was raided last weekend by the FBI. 'Only thing I can figure is that Denny got up one morning and said, "Our approval with the public is at 27 percent -- how can I drive that down further?"' said former Rep. Bob Barr, Georgia Republican. … Radio host Rush Limbaugh yesterday told his millions of listeners that the Hastert-Pelosi alliance shows the GOP has become 'politically tone-deaf,'" and "veteran conservative activist Richard Viguerie said Mr. Hastert 'is clueless -- he just doesn't get it, doesn't understand he has to make changes, the same in the Senate.'"

Dispute Seen As Political Threat For Both Parties. The AP (5/26, Raum) reports that the "FBI raid…has triggered an exceptional display of congressional bipartisan unity. But there are pitfalls for both parties. Additional prosecutions loom in the investigation surrounding convicted lobbyist Jack Abramoff, and calling more attention to corruption — and congressional privilege — could further drive down election-year approval ratings for all of Congress. … Furthermore, the flap comes at a time when the Bush administration faces criticism for pushing the envelope of its executive powers in warrantless eavesdropping by the National Security Agency and in other surveillance and detention programs. For Democrats, the more they blast FBI tactics against one of their own, the harder it will be to make their 'culture of corruption' label stick against Republicans."

Meanwhile, USA Today (5/26, 4A Konigsmark) reports, "Louisiana has always borne a reputation for corrupt politicians. Jefferson's alleged misdoings may cause more than just red faces, however. Louisiana is still recovering from Hurricane Katrina, and billions in federal dollars await congressional approval. … Not only could it be bad for Louisiana, but also for Democrats nationally, who are trying to win mid-term elections by painting Republicans as corrupt. This week, House Democratic leader Nancy Pelosi asked Jefferson to give up his seat on the powerful Ways and Means Committee. He refused."

Hastert Praises Bush Order, Says Constitutional Concerns Can Be Resolved. In a USA Today (5/26) op-ed, Speaker Dennis Hastert writes, "The issue that has concerned me…since Saturday night is not if the FBI should be able to search a member of Congress' office, but rather how to do it within the boundaries of the Constitution. On Thursday, President Bush recognized that serious constitutional issues needed to be resolved" and "wisely" ordered the records sealed. Hastert adds, "Justice Department officials now insist that this specific case required them, for the first time, to conduct a search. I regret that when they reached this conclusion, they did not work with us to figure out a way to do it consistently with the Constitution. But that is behind us now. I am confident that in the next 45 days, the lawyers will figure out how to do it right."

New Orleans Abuzz Over Jefferson Investigation. The Los Angeles Times (5/26, Simmons, 958K) reports Rep William Jefferson "has long provided one of Louisiana's favorite success stories: the sometime-sharecropper's son who rose from rural roots to attend Harvard Law School, become a Democratic Party power player and reach the halls of Congress. So when the FBI revealed that it had videotape of Jefferson accepting $100,000 in cash that the bureau said was intended to bribe a Nigerian official — and that $90,000 of it had been found in the freezer of Jefferson's home — constituents…reacted with shock, disappointment and a touch of amusement hardened by experience. … Now that the city's mayoral elections are over and incumbent C. Ray Nagin is in office for four more years, Jefferson's travails are the buzz around many quarters of this city." The Times notes

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that "the general sentiments among friends and supporters have been disbelief and denial."

LATimes Calls Bush Order "More Indefensible" Than Hastert, Pelosi Complaints. The Los Angeles Times (5/26) editorializes, "It is outrageous enough that both the speaker and the minority leader have complained about a lawful FBI search of the offices of a fellow House member. It's even more outrageous that the president is now trying to placate them by announcing that records seized in the search will be off-limits to investigators for 45 days." The Times notes that "the FBI searched Jefferson's offices because that's where he kept his records. This wasn't a case of jackbooted thugs from the executive branch rifling willy-nilly through congressional files in search of embarrassing information," and "the agents who searched Jefferson's office were acting lawfully and within the requirements of the 4th Amendment." The Times adds that "President Bush's actions on Thursday even more indefensible than Hastert's and Pelosi's. … Although the president is the head of the executive branch, he shouldn't second-guess the conduct of a criminal investigation because of meritless complaints from Capitol Hill. The sooner this 'seal' is broken, the better."

NYTimes Calls Congressional Claims "Overblown." The New York Times (5/26) editorializes, "The F.B.I. is going to have to show some very good reasons for having precipitated this showdown," but "the constitutional claims made by the Congressional leadership on the Jefferson case seem overblown. House and Senate members are protected from arrest while going about their official business to shield them from intimidation and meddling by the executive branch in the affairs of state, not to deter law enforcement officials from doing their lawful duty to investigate possible felonies." The Times adds that "members of Congress who have been politically comatose or complicit as the Bush administration built itself an imperial presidency, immune from the historical powers of the legislative branch, are up in arms. … It seems like a phony approach to a real problem."

More Commentary. USA Today (5/26) editorializes, "Now we know what it takes to make Congress mad enough to stand up for constitutional rights. When the government snoops on your phone calls and records without warrants, lawmakers barely kick up a fuss. But when the target is a fellow congressman — one under investigation for taking a bribe, no less — they're ready to rumble. … If only those leaders were as profoundly disturbed about executive branch incursions on the rights of average citizens. You certainly have to wonder where they've been for the past several years while the Bush administration ran roughshod over the legislative branch and launched anti-terror programs of questionable legality."

In an editorial, The Pittsburgh Post-Gazette (5/26) criticizes the "unprecedented" FBI raid as "the wrong thing for the FBI or any other body of the federal government to do. At the very least, representatives of the legislative branch of government should have been present for the search, to assure that the FBI limited itself to collecting evidence of crime. Given the Bush administration's general approach to the rule of law…there is otherwise no guarantee of respect of separation of powers," which "was crossed so sharply Saturday night and Sunday."

In an editorial distributed by Scripps Howard (5/26), Dale McFeatters writes, "From the standpoint of public sympathy, the House couldn't have chosen a worse time to stand on constitutional principle. The voters surely do not share the House members' outrage at a weekend FBI raid of a congressional office in connection with a spreading influence-peddling investigation that has tarred the whole institution. … Indeed, after ABC reported that GOP House Speaker Dennis Hastert might get caught up in that probe, Hastert accused the Justice Department of trying to intimidate him because he so vehemently objected to the raid. This was fine irony coming from a legislator who couldn't do enough to broaden the department's powers through the Patriot Act and its renewal." McFeatters adds, "It says something about the state of relations between the administration and Congress that the Justice Department and White House seemed stunned by the strenuous reaction. After all, they had trampled over Congress' prerogatives before with no discernible reaction. … The two leaders are on shaky constitutional ground, legal scholars say. The Constitution makes an exception to lawmakers' legal immunity for felonies and nothing in that document says Capitol Hill should be a sanctuary for committing them. However, historians could find no precedent for a warrant and search of a congressional office. … Still, there is a serious issue of government to be addressed. The potential for Soviet-style intimidation is clear. Members of Congress must be confident that they are free from politically motivated reprisals from the executive branch and, at the same time, the Justice Department must be free to conduct legitimate investigations into unlawful conduct."

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The Texarkana (TX) Gazette (5/26) editorializes, "Basically, the august members of Congress figure they are entitled to the equivalent of diplomatic immunity while on Capitol Hill. … This imperial attitude has no real foundation. Lawmakers may be used to deferential treatment and exceptional courtesy—and even expect law enforcement to look the other way from time to time—but they are not above the law and their offices are not akin to church sanctuary. … In fact, their offices are not even theirs. They belong to the people of the United States, many of whom are getting fed up with the pervasive attitude of near-royal entitlement among Washington insiders." The Gazette adds, "This was not political intimidation, which is what the Constitution was guarding against with the separation of powers, but a valid criminal investigation. … Hastert has complained to the president, and the White House says it is taking the Legislative Branch's complaints most seriously. … But the dispute between these two branches of government will almost certainly be decided down the road by the third, the Judicial Branch and the Supreme Court."

Hastert Says FBI Leaked Abramoff Probe Story To Intimidate Him. ABC World News Tonight (5/25, story 5, 2:40, Vargas) noted, "We reported last night that sources tell us that House Speaker Dennis Hastert was among those whose dealings with Abramoff the FBI has been looking into. We have new details to report, tonight." ABC (Ross) added, "The Department of Justice issued two separate denials of our report. The Speaker demanded a retraction. And his colleagues suggested the FBI was out to get him with a bogus story. … On WGN radio in Chicago, Hastert says the story was a leak planted by the FBI to intimidate him." Hastert: "It's just not true. You know, the Justice Department said there is no investigation. And, you know, this is one of the leaks that come out to try to, you know, intimidate people. And we're just not going to be intimidated on it." Ross: "As we reported last night, the investigation is still in its early stages. And our sources say it could well turn out that Hastert did nothing unlawful. But Federal law enforcement sources say the FBI in its next step will soon seek documents and e-mails from a number of members of Congress, who have been linked in the investigation to Abramoff."

The AP (Kellman) reports, "Asked later Thursday whether he thought he Justice Department retaliated against him with the leak, Hastert replied: 'All I'm saying is, here are the dots. People can connect any dots they want to.' 'I thought it was an interesting sequence of events,' he added." DOJ spokesman Brian Roehrkasse said, "We are not going to dignify or speculate about the motives of anonymous sources providing inaccurate information," but "Correspondent Brian Ross stood by his report, saying he has checked with his sources who say the story accurately represents the facts 'as they know them.' 'There's enough there for them (the FBI) to take a look at the speaker' and other members of Congress, Ross said in an interview." In its story about Bush's order to seal the Jefferson raid documents, The Chicago Tribune (5/26, Neikirk) notes, "White House spokesman Tony Snow said the government did not leak information to undermine Hastert. 'I got pretty categorical denials,' Snow said." In its story on Bush's order, The New York Times (5/26, Hulse, Johnston) adds that Snow "said senior officials at the Justice Department had assured the White House there had been no effort to embarrass Mr. Hastert. 'Just false, false, false,' Mr. Snow said.

CNN's The Situation Room (5/25, Blitzer) reported Hastert was "downright livid" about the ABC report, and Fox News' Special Report (5/25, Hume) noted that Hastert said the ABC story "could be a political retaliation for his criticism of the FBI's raid."

Other Networks, Cable News Passed On Story. The Washington Post (5/26, A6, Kurtz) reports, "Reporters for NBC, CBS, CNN, Fox News and other news organizations checked out ABC's report but were waved off by law enforcement officials. 'Within 15 minutes, we had three or four basic denials saying in effect this was a complete overreach, and we chose not to run it,' said John Reiss, executive producer of 'NBC Nightly News.'"

Sources Say Novak Told Rove He Would Not Identify Him. Bloomberg (5/26, Keil) reports, "Syndicated columnist Robert Novak assured presidential adviser Karl Rove that he wouldn't identify him to prosecutors investigating the disclosure of a CIA agent's name, a person familiar with the matter said." Bloomberg continues, "Rove told a grand jury that Novak called him shortly after the Central Intelligence Agency asked the Justice Department to investigate who leaked the name of operative Valerie Plame to Novak and other reporters, the person, who spoke on the condition of anonymity, said. Novak revealed Plame's name in a July 14, 2003, column, citing unnamed administration officials. … The National Journal, which reported earlier today on the

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Sept. 29, 2003, conversation between Rove and Novak, said Justice Department prosecutors were concerned that Rove and Novak may have been working on a cover story to protect Rove. The report, citing people familiar with the grand jury testimony of both men, said then-Attorney General John Ashcroft was briefed on the matter." Bloomberg notes, "Rove's attorney, Robert Luskin, said the White House deputy chief of staff didn't conspire to hide information. … 'Karl has never urged anyone to testify falsely or withhold information from the grand jury, and no one has ever suggested to him that they would, or that they intended to,' Luskin said in a telephone interview. 'The special counsel has never suggested there is any evidence to support such an allegation.'"

Former Chicago Sanitation Official Testifies About Political Hires. The Chicago Tribune (5/26, Mihalopoulos, Bush, 643K) reports, "Applicants for city jobs waited by the hundreds in a South Side auditorium for meaningless interviews that had no bearing on who ultimately was hired, a former Streets and Sanitation Department official testified Thursday" at the corruption trial of former patronage chief Robert Sorich and three codefendants. Jack Drumgould "told jurors that Mayor Richard Daley's office dictated who would be hired for 95 percent of blue-collar, union jobs in Streets and Sanitation." He "said he took orders from defendants Robert Sorich and Timothy McCarthy in a secret effort to circumvent a federal court order prohibiting political-based hiring for such jobs." The Tribune adds that defense lawyer Cynthia Giacchetti "challenged Drumgould's credibility on cross-examination," suggesting that he "agreed to cooperate with authorities to spare himself from indictment and retain his $6,000-a-month pension."

Sorich Lawyer May Seek Daley Testimony At Trial. The Chicago Sun-Times (5/25, Warmbir, Korecki) reported, "Mayor Daley could be called as a witness in the ongoing trial of four former city employees accused of routinely ordering the hiring or promotion of people based on politics, a lawyer for one of the defendants indicated Wednesday. The attorney for Robert Sorich opened the door to that possibility during a sidebar in the federal court trial, a transcript released late Wednesday revealed. … 'One of my assumptions is the mayor's testimony that he didn't believe that there was anything improper at the time, and he was not aware that there was anything improper going on. He's already testified under oath to that,'" Sorich defense lawyer Tom Durkin told U.S. District Judge David Coar on Wednesday in a private discussion." The Sun-Times adds, "When Coar asked whether the mayor would come in and testify, Durkin left the door open."

House Committee Backs Limits On Internet Gambling. The AP (5/25, Werner) reports, "A House panel approved legislation Thursday to crack down on the $12 billion Internet gambling industry by applying federal prohibitions to games like online poker, blackjack and roulette." The AP continues, "The bill by Rep. Bob Goodlatte, R-Va., would update the 1961 Federal Wire Wager Act to apply to online gambling. It also would outlaw electronic transmission of funds to pay for gambling bets and give law enforcement agencies authority to block such money transfers." The AP adds, "Internet gambling already is mostly illegal in the United States, and most of as many as 2,300 gambling sites in existence are overseas. … The bill approved by the Judiciary Committee would 'prevent offshore fly-by-night gambling businesses from violating the laws of all states,' Goodlatte said. … But half of the $12 billion spent on online gambling is thought to come from U.S. bettors and some companies in this country want to get in on the action. The American Gaming Association, the industry's largest lobby, has opposed online gambling in the past but last month backed a study of the feasibility of legalizing it."

Bloomberg (5/26) reports, "The Bush administration Justice Department supports the proposed legislation. Online gambling's legal status in the U.S. is unclear. The Justice Department interprets a 1961 law against using telephone lines to place interstate bets as banning online gambling. Goodlatte said his bill would make that explicit." Bloomberg adds, "Gambling on the Internet is a $12 billion-a-year business that is growing rapidly offshore. Internet-based casinos such as PartyGaming Plc and 888 Holdings Plc, operating in locations such as Gibraltar and Antigua, rake in billions from U.S. gamblers. … The Goodlatte measure would force U.S. financial institutions to cooperate with federal law enforcement authorities in shutting down illegal gambling sites based outside the U.S. The measure exempts horse racing, fantasy-sports betting and state lotteries in the U.S. … By carving out an exception for horse racing, the bill hurts dog racing and jalai, Representative Robert Wexler, a Florida Democrat, said. The Judiciary Committee, controlled by Republicans, rejected proposed amendments calling for specific state regulation and for adopting criminal penalties for bettors of fines and up to two years in prison."

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Federal Judge Removed From Case Of Longtime Friend. The Buffalo News (5/26, Herbeck) reports, "When U.S. District Judge John T. Elfvin sentenced a suspended Lewiston attorney in a criminal tax case last year, the judge called the man a longtime friend and added, 'It hurts me as much as it does you, Tim.' … The words spoken by the judge in his courtroom last August have caused an appeals court to remove him from the case of Timothy J. Toohey." The News continues, "Toohey, 59, pleaded guilty in February 2003 to underreporting his income by $1 million. Elfvin already has sentenced him three times - twice to probation, and then to 15 months in prison. … But every time, the Second Circuit Appeals Court found legal problems with Elfvin's handling of the case and ordered a resentencing. … Now, the appeals court has removed Elfvin from the case altogether, saying he should have recused himself because of his friendship with Toohey. … 'As is obvious, it's quite a mess,' Elfvin, 88, said in an interview with The Buffalo News on Wednesday. 'It's probably a good idea to have another judge handle it.'" The News notes, "A panel of appeals judges said remarks made by Elfvin in court last August revealed that his friendship with Toohey had caused him to be lenient on two previous occasions. … 'Those first two sentences really go back to a lot of the relationship that you and I had when I was practicing law,' Elfvin told Toohey, according to court records. 'You were a great friend, a good guy. . . . I really bent over backwards on your behalf in that regard. That explains those two sentences.' … After saying those words last August, Elfvin sentenced Toohey to 15 months in prison. Toohey's attorneys then appealed that sentencing, and Toohey has been out of prison while the appeal is pending. … The Toohey case has not yet been reassigned. The chief federal judge of Western New York, Richard J. Arcara, is expected to determine who will handle the case."

Circuits Divided On Lethal Injection. The National Law Journal (5/26, Maclean) reports, "A frustrated five-judge minority on the 6th U.S. Circuit Court of Appeals decried the 'dysfunctional patchwork of stays and executions' in capital cases since January, when the U.S. Supreme Court agreed to explore a procedural attack on lethal injection." The Journal continues, "Some 38 states use lethal injection out of the 39 that permit capital punishment. In all, courts around the country have granted nine stays of execution, but 15 condemned inmates have been executed during the same period that the lethal injection issue has been pending. … 'In some instances stays are granted, while others they are not, and the defendants are executed with no principled distinction to justify such a result,' wrote Judge Boyce Martin Jr. last week. He dissented after the full 6th Circuit refused, by a 7-5 vote, to reconsider the request to stay the Tennessee execution of Sedley Alley in Alley v. Little, No. 06-6550." The Journal adds, "Alley faced execution on May 17 for the 1985 rape and murder of a 19-year-old Marine corporal, Suzanne M. Collins, at Millington Naval Air Station near Memphis. Tennessee Gov. Phil Bredesen last week granted a 15-day stay of execution. Alley's case is the second to challenge the Tennessee chemical protocol used in executions. The other, Abdur'Rahman v. Bredesen, No. 05-1036, was set for the high court's conference meeting one day after Alley's scheduled execution. Rahman's case raises a frontal attack on lethal injection. … Critics claim that the chemicals used in lethal injections do not properly anesthetize the subject, and thus cause unnecessary suffering before death. … The situation around the country is unnerving for defense lawyers where stays may be handed out in one circuit but denied in the circuit next door."

Gotti Trial Judge Critical Of New Federal Indictment. The AP (5/26, Neumeister) reports, "The third racketeering trial of John 'Junior' Gotti was postponed Thursday by a federal judge who suggested the government was trying to sneak references to murders into a rewritten indictment." The AP continues, "The judge said it seemed the government was trying to reword the indictment until it could find a combination that would result in a conviction." The AP adds, "Two cases against Gotti in the last year ended with hung juries after defense attorneys argued that the mob scion had quit the crime mob life in 1999. … 'I'm really troubled,' U.S. District Judge Shira Scheindlin said of the new Gotti indictment, which includes an allegation that Gotti promoted people within the Gambino crime family if they committed murders. … Assistant U.S. Attorney Victor Hou said there was no specific new evidence he could immediately point to that would support the murder references in Gotti's racketeering indictment. … Scheindlin reset opening statements in the next trial by seven weeks, from July 5 to Aug. 28, so lawyers would have enough time to argue the issues."

Prosecutor Assails Wecht Lawyers' Contentions In Evidence Motion. The Pittsburgh Tribune-Review (5/26, Conti) reports, "Federal prosecutors

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responded Thursday to allegations made by former Allegheny County Coroner Dr. Cyril Wecht's defense team that the district attorney and an FBI agent built a case against the renowned forensic pathologist based on politics and lies. Assistant U.S. Attorney Stephen Stallings asked U.S. District Judge Arthur J. Schwab to dismiss Wecht's request to have evidence tossed out, calling the defense team's previous court filings a 'journey down a road to a tangle of conspiracy theories.'" The Tribune-Review adds, "Also irrelevant to the charges against Wecht, Stallings wrote, are allegations that FBI Special Agent Brad Orsini…has a bad reputation and once asked a witness to lie. According to a ruling by Schwab last month, prosecutors have two reports outlining Orsini's history of departmental reprimands."

FBI Finds Nothing At Barn Site In Search For Hoffa Remains. In a widely-distributed story, the AP (5/26, Krisher) reports, "After tearing apart a barn, FBI agents began digging up the ground where it stood Thursday, taking photos and video and sifting through dirt by hand as they searched for Jimmy Hoffa's remains at a suburban Detroit farm. After a backhoe dug a hole at the site, FBI agents and crime-scene investigators jumped in to take pictures and comb through the soil. At one point, two dogs were sent into the hole. But after seven hours of digging, FBI spokeswoman Dawn Clenney said nothing significant was found," calling it "Much ado about nothing." She added that "the search was expected to continue through the Memorial Day holiday weekend."

FBI Recovers $1.1 Million From Miami Airport Heist. The Miami Herald (5/26, Weaver, 323K) reports, "FBI agents have dug up $1.1 million in vacuum-packed cash stashed at two southwest Miami-Dade houses, recovering some of the loot stolen in a Goodfellas-style heist at Miami International Airport. Agents unearthed $300,000 of the sealed cash under brick pavers at the home of Karls and Cinnamon Monzon, who were indicted along with two others in last fall's $7.4 million warehouse ripoff at MIA. They also found an additional $800,000 at the residence of another person who has not been charged in the federal case. 'We're still searching for the rest of the money and for other suspects,' FBI spokeswoman Judy Orihuela said Thursday. The FBI found the stolen cash in mid-May." The South Florida Sun-Sentinel (5/26, Johnson, 249K) notes, "A total of $1.26 million has been recovered so far, but it is only a small chunk of the $7.4 million taken from the cash shipment that arrived at the airport," bound for the Miami Federal Reserve Bank. Orhuela said, "We're still looking. We're going to follow all the logical leads we can until we find it all."

Muhammad's Lack Of Legal Skills Showing At Maryland Murder Trial. The Baltimore Sun (5/26, Scharper) reports, "John Allen Muhammad, who aggressively hammered his former accomplice Lee Boyd Malvo with questions and shouted at prosecutors yesterday, appeared deflated today, as three witnesses whom he had called added little or nothing to his defense." The Sun continues, "Muhammad, who is representing himself, meekly ceded to most of the prosecution's objections that his questions were leading, inappropriate or irrelevant. … The state rested its case against Muhammad, 45, yesterday after unveiling an enormous amount of evidence over three weeks, including ballistics reports, fingerprints, DNA and Malvo's firsthand account of the pair's murderous rampage. Muhammad is on trial in Montgomery County for six counts of murder in the October 2002 sniper shootings." The Sun adds, "One of the defense witnesses, Heidi Mansen of Silver Spring, said outside the courtroom that she believes Muhammad is guilty of the slayings, and she hopes her testimony won't sway the jury. … 'I'm hoping that my testimony amounts to nothing compared to the other evidence against him,' Mansen said. She testified that she saw a red car feet away from the scene of one of the sniper shootings. Police later said that the car was not involved in that crime. … 'I felt bad because I had testified against the wrong person,' Mansen said. 'Just because I saw something doesn't mean that's what really happened.'" The Sun notes, "Muhammad's lack of legal finesse hampered his efforts in questioning other witnesses. … He doggedly tried to ask a Secret Service agent about a report that could not be entered into evidence as prosecutors successfully blocked nearly every question."

The Washington Times (5/26, Ward) reports, "Muhammad had little luck yesterday with witnesses he called in his defense, so today he might testify himself. … 'I reserve the right to answer that [later],' Muhammad told Montgomery County Circuit Judge James L. Ryan, when asked whether he planned to put himself on the stand." The Times adds, "Muhammad is representing himself, even though he has no legal training, and prosecutors objected to more than half of his hundreds of questions to witnesses yesterday, often successfully. … If he does take the stand,

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Muhammad's testimony would take the form of a 'presentation,' his standby attorney, J. Wyndal Gordon, said."

Potential Witnesses Hesitant To Testify For Muhammad. The Washington Post (5/26, B1, Londoño, Rich) reports, "Sniper John Allen Muhammad, who submitted a list of nearly 180 potential witnesses and has closely guarded his defense strategy at his trial in Montgomery County, intends to call no witnesses after today. … 'The difficulty we're having is witnesses don't want to be a part of Mr. Muhammad's defense,' J. Wyndal Gordon, one of Muhammad's standby attorneys, told the judge. 'I've actually been told: "I don't care what you do. If the judge wants to send the sheriff after me, so be it. I'm not coming."' … Closing arguments could come as soon as Tuesday, and a verdict on six first-degree murder charges in the October 2002 shootings is likely before the end of next week."

More Commentary. The Washington Post (5/26, A20) editorializes, "Whatever Lee Boyd Malvo's reasons were for testifying against fellow sniper John Allen Muhammad this week -- whether to curry favor with prosecutors, or to redeem himself with the victims and their families, or to confront and defy his former mentor at last -- his appearance shed some light on the motive and method behind the pair's murderous binge in October 2002." The Post continues, "Malvo….laid out the older man's sinister purpose in undertaking the series of killings that paralyzed this region for weeks. Mr. Muhammad's intent, Mr. Malvo suggested, was to induce a wave of mayhem in the Washington area that would somehow allow him to take back his three children, whom he had lost to their mother in a custody dispute and who were living in Clinton. The wave of shootings was just the first phase of Mr. Muhammad's plan, Mr. Malvo said; after that he intended to plant bombs that specifically targeted children." The Post adds, "We don't know whether Mr. Malvo's appearance provided any psychological comfort or closure for the surviving victims and their loved ones. For the most part, the face-off between two killers was a sickening spectacle. But it did fill in the blanks of what is publicly known about an event that traumatized this region and left lasting psychological scars, and that has its own value."

Attorney Says Fairfax County Gunman Was Denied Psychiatric Care. The Washington Post (5/26, B1, Jackman) reports, "In the three months before he fatally shot two Fairfax County police officers, Michael W. Kennedy and his parents tried numerous times to get him immediate psychiatric help, their attorney said. Four times, Kennedy was sent home without getting help, and two mental health facilities told them not to bother coming in at all." The Post continues, "On one occasion, Kennedy, 18, who by this time claimed he was talking to God and was threatening suicide, was voluntarily admitted to a mental health facility in Rockville. But after several hours, he left of his own accord and carjacked a vehicle to return home to Fairfax. … 'This young man was crying out for help,' said Richard F. MacDowell Jr., the attorney for Brian and Margaret Kennedy, Michael Kennedy's parents. 'On at least five occasions, they sought mental health services and were turned away. I can't think of another case that would be this compelling as to how ineffective our mental health system has become.'" The Post adds, "Michael Kennedy's last contact with mental health professionals occurred May 4, four days before he carried seven loaded guns to the Sully District police station and opened fire, MacDowell said. Kennedy fatally shot Detective Vicky O. Armel and Officer Michael E. Garbarino before being shot to death by other officers. … MacDowell spoke on behalf of Kennedy's parents to express their frustration at a system that seemed unable or unwilling to help their son. MacDowell said Kennedy's mental condition was never diagnosed, except for "a generalized diagnosis of depression and then anxiety at the end. This was somebody who was obviously deeply troubled.""

Financial Firms Unite To Fight Child Porn. USA Today (5/26, Koch) reports, "The nation's leading banks and credit card companies will soon team with law enforcement in a groundbreaking coalition to catch people who sell child pornography online." USA continues, "The financial institutions will report child porn sites they discover on the Web to a central tip line, slated to expand next month to receive the information. The companies will block transactions for online child porn or, if law enforcement opens an investigation, help track sellers and buyers." USA adds, "The Financial Coalition Against Child Pornography represents a new phase in the war against what has become a multibillion-dollar, international business. Internet service providers, including AOL, already report child porn sites they find. … 'The scope of the problem is much greater than we ever thought. It's mind-boggling,' says Ernie Allen of the National Center for Missing & Exploited Children, a private group that runs the tip line. Allen says one website can attract tens of thousands of customers, mostly men, who use credit

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cards to buy $29 monthly subscriptions. 'People are getting into this because they see children as a commodity. There's no question organized crime is involved. … 'I haven't seen anything like it,' adds Drew Oosterbaan, chief of the Justice Department's child exploitation section. 'We're here to support the effort.'"

Canada Fights Surge In Violent Crime. The Christian Science Monitor (5/26, Newman) reports from Toronto, "The predawn sting operation last week that resulted in more than 100 arrests of individuals associated with Toronto's Jamestown gang, is being hailed as the city's largest anti-gang sweep ever. The raid netted a substantial cache of guns, cocaine, marijuana, and stolen cars, and more than 1,000 criminal charges were levied." The Monitor continues, "Both the sting operation and the recent legislation are part of a larger crackdown on handguns and gang violence in Canada, particularly in Toronto where handgun murders and injuries doubled between 2004 and 2005. … But while police and the public applaud the hard-line approach, social pundits and criminology professors are skeptical that the approach is getting at the roots of the problem: poverty, illiteracy, dysfunctional families, and racism in a diverse ethnic population. They cite US cities such as Boston, where a similar initiative led to an 80 percent drop in homicide rates by 1999 - a success dubbed the 'Boston miracle.' But fatal shootings have more than doubled since." The Monitor adds, "In Canada, guns and gangs are a relatively new phenomenon, particularly in Toronto, known as 'Toronto the Good' for its traditionally safe streets and low homicide rates. There were 52 deadly handgun shootings in the city in 2005, compared with 12 in 1995. Police and social workers alike attribute the acts largely to young black males - many of whom are the children of West Indian immigrants - who feel marginalized and drop out of school early to join the 'gangsta' culture where they make quick money through drugs, guns, or prostitution."

CIVIL RIGHTS:

North Carolina Man Sentenced To 20 Months In Cross Burning. The Charlotte Observer (5/26, Aronoff) reports, "A former Morganton (NC) resident who admitted building and burning a cross has been sentenced to 20 months in federal prison, the U.S. Department of Justice announced Thursday." The Observer continues, "In 2004, a federal grand jury accused Grady Allan Carswell, 36, now of Lenoir (NC), of putting a burning cross in front of a black couple's home in the Bristol Creek community. … Carswell pled guilty in January 2005 to a one-count indictment related to the incident but said he burned the cross because of a land dispute with another neighbor, not out of racism." The Observer adds, "At a sentencing hearing Monday, U.S. District Judge Lacy Thornburg rejected that argument and ordered Carswell serve the prison time followed by three years' probation. He will also have to pay the victims about $2,200 in restitution. … 'Cross burning remains a vicious symbol of hatred and cannot be tolerated,' Wan Kim, assistant attorney general for the Justice Department's civil rights division, said in a news release. 'All American families have the right to live where they choose, undisturbed by racist threats.'"

Black Male Initiatives Said To Promote Racial Stereotypes. In a Washington Post op-ed (5/26, A21), Michael Meyers of the New York Civil Rights Coalition says, "I'm sorry to report that 52 years after Brown v. Board of Education, separate but equal is all the rage in certain parts of the education world -- especially on college campuses where special programs are offered that target minority students for 'special' and separate attention, counseling, mentoring, tutoring, residences and instruction. The latest of these race fads are the Black Male Initiatives (BMIs), government-funded and university-sponsored, and underway on campuses in states including Georgia, Kansas, Ohio, Pennsylvania and New York." More "and more they are being shown to feature new variants of an old prejudice. This has included stereotyping all black male students as 'at risk,' and, for example, running special classes only for black men at CUNY's Medgar Evers College. This special instruction focused on black men's alleged deficiencies and their need to act more responsibly in order to reclaim their traditional patriarchal roles as leaders in the black community and of the so-called black race."

ANTITRUST:

Former Michigan Schools Official Charged With E-Rate Fraud. The Ann Arbor News (MI) (5/25, Kauth-Karjala) reports, "Former Willow Run schools superintendent Douglas A. Benit and his wife face federal criminal charges that they defrauded another school district

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and a federal program out of millions of dollars by steering contracts to companies they owned." The News continues, "Benit and his wife, Mary Ann Elam Benit, were arrested Wednesday, a day after a federal grand jury in Detroit returned the indictment. Both were released on $10,000 personal bonds and are scheduled to be arraigned May 31 in federal District Court in Detroit." The News adds, "Benit was fired from Willow Run last fall after a district investigation concluded that Benit had a conflict of interest with two companies that did business with the district and that he may have benefited from the connection. There have been no charges stemming from the Willow Run investigation, although Justice Department officials said the probe is continuing. … The federal indictment includes charges of fraud against the Ecorse Public School district and a federal program called E-Rate, which was intended to help school districts gain better Internet access. Benit was subpoenaed to testify before Congress concerning the E-Rate investigation in 2004. He appeared but declined to testify, citing the protections of the 5th Amendment to the Constitution."

The Detroit Free Press (5/26, Higgins) reports, "The U.S. Department of Justice says Benit used his position in the district, which he left in 2003, to steer contracts -- sometimes at inflated prices -- to Coral Technology Inc., an Ohio company he controlled. It allegedly occurred from March 1998 to October 2003. … The money came from the federal E-Rate program, which provides funding for Internet access and other telecommunications services to poor schools and libraries. The indictments bring to 13 the number of individuals charged as part of the Justice Department's ongoing investigation into fraud in the E-Rate program. Twelve companies have been charged. … The department 'will continue to vigorously pursue those who cheat the competitive process and who violate the public's trust ... by stealing from federal programs and taking advantage of lending institutions,' Thomas O. Barnett, assistant attorney general in charge of the department's antitrust division, said in a news release."

House Judiciary Committee Votes To Ban Internet Content Fees. Dow Jones (5/26, Hughes) reports, "The House Judiciary Committee on Thursday voted to ban the nation's phone and cable companies from charging extra fees to companies such as Amazon.com Inc. and Google Inc. for speedier delivery of their content." Dow Jones continues, "By 20-13 the panel approved legislation being pushed by more than 100 consumer groups and businesses. The vote was, at least on the surface, a blow to Verizon Communications and AT&T Inc., which have said that new regulations may undercut their ability to invest in high-capacity networks." Dow Jones adds, "House Judiciary Committee Chairman James Sensenbrenner, R-Wis., is speeding ahead with the bill to assert court jurisdiction over a matter that some would prefer left to regulators. In so doing, he is also seeking to counter efforts by phone companies to keep open the option of building business plans organized around additional fees. … 'While the technological dynamics of the marketplace have changed over time, the threat of dominant firms abusing their market power to restrain competition has not,' Sensenbrenner said."

Google Seals Software Deal With Dell. The New York Times (5/26, Flynn) reports, "Google and Dell have reached an agreement to install Google software on millions of new Dell computers over the next few years, Google's chief executive said on Thursday." The Times continues, "The executive, Eric E. Schmidt, said the arrangement meant that Google's search toolbar would appear on the screens of new Dell systems, and that Dell users would be directed to a Web page branded by the two companies. … Mr. Schmidt, speaking at a Goldman Sachs Internet conference in Las Vegas, said the companies would share revenue from the deal." The Times adds, "While financial terms were not disclosed, many analysts assumed that Google would pay Dell a fee for the arrangement. If that is the case, said Safa Rashtchy, an analyst with Piper Jaffray, this will be the beginning of a era in which Google pays for alliances in order to maintain its growth rate. … Mr. Schmidt said that this would be first of several agreements with Dell. The time period of the deal was not disclosed. … The software, Dell said, would be put only on machines sold to consumers and to small and medium-size businesses. While the consumer market accounted for roughly 14 percent of Dell's revenue last quarter, the deal would nonetheless involve millions of new computers over time."

The Seattle Times/Bloomberg (5/26, Guglielmo, Thaw) reports, "The deal curbs Microsoft's ability to close the gap with Google. Microsoft is putting search in the new Vista version of Windows, scheduled to hit stores in January, in an effort to encourage more customers to use it. … While Microsoft dominates desktop software, Google has four times more users for its Internet search and Google leads in

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advertising revenue. Microsoft CEO Steve Ballmer escalated spending on the company's MSN Internet unit to challenge Google and reclaim share of Internet search."

Yahoo, eBay Team Up To Battle Google. USA Today (5/26, Graham) reports, "In a bid to challenge Google's growing domination of the Internet, auctioneer eBay joined forces with Google rival Yahoo on Thursday. The alliance brings text-based advertising to eBay from Yahoo and eBay's PayPal payment program to Yahoo. … Yahoo is the most visited website, with more than 100 million monthly visitors. But it has been losing market share in online searches to Google, which dominates the hot search advertising business — those little text ads that appear near search results. According to measurement firm ComScore Media Metrix, Google's search share rose 6.6% in April over the same time a year ago, while Yahoo's fell 2.7%." USA adds, "EBay, the Internet's fifth-most-visited site, according to ComScore, is also the Internet's largest purchaser of search ads, says John Battelle, who runs the Searchblog website. 'It was inevitable that Yahoo and eBay would do this deal, because eBay needed to counterbalance its dependence on Google for traffic,' he says."

The Wall Street Journal (5/26, Delaney, Mangalindan, Guth) reports, "The land rush over the Internet entered a new phase yesterday as four tech titans -- Yahoo Inc., eBay Inc., Google Inc. and Dell Inc. -- announced alliances that signal more jockeying ahead over access to online consumers and the advertising they view on the Web. The high-profile deals also raise fresh questions about Microsoft Corp.'s efforts to keep step in the race." The Journal continues, 'Yahoo and eBay unveiled a broad partnership under which eBay will display ads brokered by Yahoo on its U.S. online auction site and marketplace. Yahoo will promote eBay's PayPal electronic-payment system as a way for consumers to pay for Yahoo services." The Journal notes, "Separately, Google and Dell confirmed an agreement to install Google software on Dell PCs before they are shipped to users. The deal, which Dell says could include as many as 20 million computers a year, will get Google's search services and ads in front of more users. … The agreements are the result of behind-the-scenes efforts by tech companies big and small to form alliances that strengthen their efforts to own a bigger piece of the Web landscape. At stake are huge future profits from Internet users and advertisers, whose buying and spending habits are still in flux."

The Washington Post (5/26, D4, Noguchi) reports, "The partnership spans some of the most critical areas of both companies' businesses, adding eBay's Paypal online payment system throughout Yahoo's operations and giving Yahoo an exclusive deal to sell display ads for eBay.com. … That two of the Internet's top brands decided to cooperate so closely highlights how powerful Google is becoming as it roves across the online business world, competing with eBay in online classifieds and payment systems and with Yahoo in search and content. It also leaves Microsoft in increasing need of a partner of its own, as its online service trails the others in search and advertising."

The New York Times (5/26, Hansell) reports, "The deal will expand Yahoo's share of Internet advertising, a market where it lost leadership to Google. Investors have been worried that eBay's highly profitable shopping site is being undercut as consumers increasingly find products through search engines or through free listing services like Craigslist. Google and Yahoo have introduced similar free services. … At the same time, eBay is spending $260 million a year to advertise its auctions on search engines, with 60 percent of that on Google, according to estimates by Jordan Rohan, an analyst with RBC Capital Markets."

ENVIRONMENT:

GAO Says Bush Greenhouse Gas Programs Not Producing Results. The Washington Post (5/26, A3, Eilperin) reports the Government Accountability Office says the "Bush administration's voluntary programs to reduce greenhouse gas emissions by industry have yet to deliver promised results." The "51-page report, which was requested by Sens. John McCain (R-Ariz.) and John F. Kerry (D-Mass.), highlights shortcomings in two projects aimed at encouraging the private sector to cut emissions linked to global warming. The Environmental Protection Agency sponsors 'Climate Leaders,' while the Energy Department oversees 'Climate VISION.'" Both programs "encourage polluters to cut their greenhouse-gas releases, but in each case, according to the study, the administration has failed to ensure that participating firms set firm reduction targets or meet their stated goals."

House Votes To Allow ANWR Drilling. USA Today (5/26) reports, "The House of Representatives voted Thursday to allow oil exploration on a small portion of

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Alaska's 19 million-acre Arctic National Wildlife Refuge. The vote was 225-201 to allow drilling on 1.5 million acres that federal geologists estimate hold 5.4 billion to 16 billion barrels of recoverable oil." The AP (5/26, Hebert) says the House action "may be little more than symbolic. Arctic refuge development, while approved by the House five times, repeatedly has been blocked in the Senate where drilling proponents have been unable to muster the 60 votes needed to overcome a filibuster." The AP adds, "Access to ANWR's oil has been a key part of President Bush's energy agenda, although over the last five years he's been unable to convince Congress of its merits. Energy Secretary Samuel Bodman on Thursday urged the Senate to pass a drilling measure 'so we can strengthen our nation's energy security.'"

The Washington Post (5/26, A5, Eilperin) notes the measure "marks the 12th time since 1995 that the House has voted in favor of opening the refuge to oil and gas development." The New York Times (5/26, Janofsky) runs a similar report.

The Los Angeles Times (5/26, Simon) reports "jittery" House Republicans "wanted to return to their districts for Memorial Day able to say that they had acted on energy legislation before the summer vacation season begins."

NYTimes Says Only Disasters Prompted Mine Safety Overhaul Bills. The New York Times (5/26) says in an editorial, "Another mine disaster is finally spurring Congress to pass long overdue repairs to the nation's threadbare safety laws. Mandates for such obvious necessities as extra oxygen supplies for trapped miners languished after an initial burst of concern over the disaster in January that killed 12 miners in Sago, W.Va. But the explosion last weekend in Kentucky that killed five miners has been followed by quick Senate approval of a bill ordering extra oxygen, more responsive rescue teams, and stronger underground barriers to seal off danger zones from workers. The Republican leaders in the House, lagging behind the Senate, hurried to catch up. But the sad truth is that safety equipment and rescue procedures have been scandalously neglected for years under company-friendly regulations that have been laxly enforced by government agencies stocked with political appointees who have come from the coal industry."

FBI/DEA/ATF/USMS:

Former Prescription Drug Distributor Pleads Guilty To Selling Stolen Drugs. The AP (5/26) reports former drug distributor Gregory Broccoli "admitted Thursday that he sold $7.3 million worth of prescription drugs that he knew were stolen from warehouses and trucks." Broccoli "pleaded guilty to five conspiracy charges, acknowledging wrongdoing from 2002 through 2004 at a company he operated in Jersey City and Elizabeth called Providers Plus. Broccoli, 39, of Staten Island, N.Y., is the eighth person to plead guilty in connection with a federal investigation that began in 2003." The "FBI investigation and guilty pleas from the defendants exposed a network of thieves and crooked wholesalers who obtained prescription drugs through illegal means, created fraudulent documents, and then reintroduced the prescription drugs into the marketplace, federal prosecutors in New Jersey said."

Reporting Continues On Overdoses Linked To Fentanyl-Laced Drugs. The AP (5/25) reports a mixture of heroin and a powerful painkiller "has been killing unsuspecting users who believe they are taking pure heroin. Officials from Philadelphia to Chicago have reported deaths from the drug, called fentanyl and considered 80 times more powerful than morphine. In the Detroit area - the apparent hub of the problem with more than 100 confirmed cases since last fall and about two dozen suspected ones in the last week - officials from the national Centers for Disease Control and Prevention are investigating, and community organizations are scrambling to get the word out to users."

In a sidebar, the AP (5/25) outlines reported deaths associated with the fentanyl-laced drugs.

The Detroit Free Press (5/25, Ben Schmitt, Hunt, Norris) reports local toxicologists "say they've seen a steady increase in fentanyl-related deaths since last fall, but nothing prepared them for the jump that began last week: At least 23 people have died in Wayne County since May 18 from what investigators believe was a lethal combination of heroin or cocaine and fentanyl. Now, as Michiganders gear up for the long holiday weekend and outdoor activities, county and Detroit officials are scrambling to get the word out about the drug's dangers." The Free Press adds, "Deaths linked to fentanyl-laced drugs have been reported in smaller numbers in cities across the country, including Chicago and

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Philadelphia, and investigated by the U.S. Drug Enforcement Agency since last fall."

In a separate story, the Detroit Free Press (5/25, Hunt) reports, "Law enforcement officials investigating fentanyl-related deaths in Wayne County say drug dealers could be crystallizing prescription fentanyl to use as a cutting agent for heroin and cocaine, but they doubt it. They believe someone is manufacturing the drug in an illegal lab."

The Detroit News (5/26) reports, "The Wayne County death toll attributed to fentanyl-laced drugs has reached 33 people in one week, putting Metro Detroit at the epicenter of a national health concern that reaches into several other states. There have been at least 200 confirmed deaths in five states attributed to the painkiller mixed with heroin or cocaine, with 130 of them in Wayne County since January 2005."

"Operation Street Sweep" Nets Suspects Facing Drug Charges In Tennessee. Memphis, Tennessee's, Commercial Appeal (5/26) reports, "Just two hours into Thursday's roundup, two teams of officers supervised by Memphis Police Lt. Charles 'Bubba' Cox had picked up four of 10 suspects on his list of those wanted on state or federal warrants. By late afternoon, 48 of 67 people indicted on drug and gun charges were behind bars in Operation Street Sweep. … Thirty of the suspects were being sought on federal indictments returned this week, and 24 are wanted for state crimes, mainly drug offenses. … At their first stop, one team, led by Joe Hoing, a 32-year Memphis police veteran assigned to the DEA drug task force, caught up with Nicholas Hull, 28, named in six counts of crack possession."

17 People From 3 States Face Charges In Drug Investigation. The AP (5/25) reports, "Seventeen people from Maine, New Hampshire and Massachusetts have been arrested on drug charges after a seven-month undercover investigation. Edward Arias and Jose Ortiz, both of Lawrence, Mass., were indicted on charges of conspiracy to distribute cocaine by a federal grand jury in New Hampshire. They supplied more than 150 pounds of cocaine to southern Maine, said Kittery, Maine, Police Chief Edward Strong. Up to 15 more people could be arrested as the investigation continues, he said." The AP notes DEA involvement in the investigation.

The Portsmouth (NH) Herald News (5/25) reports, "News this week that 17 people are facing federal and state cocaine and marijuana distribution charges has 'definitely put a dent' in the local drug trade - from significant suppliers right down to street dealers," according to Strong.

Ohio Businessman Accused Of Money Laundering Pleads Guilty. The Dayton (OH) Daily News (5/26) reports a businessman "admitted Thursday to a federal felony charge of money laundering. … Glen Hurst, 55, of Butler Twp. pleaded guilty as part of a plea agreement." Hurst was "indicted in a wide-ranging case that focused on drug kingpin Earl Marshall, who pleaded guilty April 18 to five felonies and faces at least 18 years in prison. In 2004, federal officials called the case one of the largest trafficking operations in Dayton. It was investigated by the Internal Revenue Service and Drug Enforcement Administration."

Researcher Finds "No Association" Between Marijuana And Lung Cancer. Reporting continues on a marijuana study done in California. The Washington Post (5/26, Kaufman) today reports, "The largest study of its kind has unexpectedly concluded that smoking marijuana, even regularly and heavily, does not lead to lung cancer. The new findings 'were against our expectations,' said Donald Tashkin of the University of California at Los Angeles, a pulmonologist who has studied marijuana for 30 years. … Federal health and drug enforcement officials have widely used Tashkin's previous work on marijuana to make the case that the drug is dangerous. Tashkin said that while he still believes marijuana is potentially harmful, its cancer-causing effects appear to be of less concern than previously thought."

Idaho Man Indicted On Drug-Smuggling Charges. The AP (5/26) reports, "A federal grand jury has indicted a Sandpoint, Idaho, man on charges he attempted to smuggle marijuana, methamphetamine and the designer drug Ecstacy into the United States from Canada. Joseph A. Roberts, 43, was arrested by U.S. Border Patrol agents May 7…just south of the Canadian border in Okanogan County. … Federal prosecutors allege Roberts had nearly 170 pounds of 'B.C. Bud' marijuana, 143 pounds of methamphetamine and 16 pounds of Ecstasy when arrested."

Judge Refuses To Halt California Gun-Store Closure. The Chico (CA) Enterprise Record (5/26, Richman) reports, "A federal judge refused (Thursday) to postpone the government-imposed closing date for Northern California's largest gun dealer, Trader Sports of San Leandro,

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due to extensive violations of federal law." The Record continues, "Chief U.S. District Court Judge Vaughn Walker found that although Trader Sports likely will be hurt more by the closure than the public would be by allowing the store to remain open, the gun dealer hasn't substantially disputed the claims against it and isn't likely enough to succeed in its claims of an unfair administrative hearing to deserve a court-ordered stay. … Vaughn gave the store until June 2 - one day past the government's previously imposed deadline - to take the case to the 9th U.S. Circuit Court of Appeals and seek a stay there. The store's attorney, Malcolm Segal of Sacramento, said he'll have to ask store owner Anthony Cucchiara whether to appeal." The Record adds, "The Bureau of Alcohol, Tobacco and Firearms served Cucchiara months ago with notice that he'd have to surrender his license and close his store effective June 1. This followed a 13-month administrative hearing in which the ATF used evidence from a September 2003 inspection, along with earlier information, to argue Trader Sports has flouted federal firearms sale reporting requirements for years."

The San Francisco Chronicle (5/26, Bulwa) reports, "Those who have been watching the fight between Cucchiara and the firearms bureau said it carries implications beyond the plight of a San Leandro gun shop. Trader Sports has a history of run-ins with regulators and is a high-profile target of gun-control groups. … 'Trader Sports is one of the worst of the worst,' Daniel Vice, a staff attorney for the pro-gun-control Brady Campaign in Washington, D.C., said Wednesday. He said license revocations are significant because the government issues them so rarely. … The U.S. attorney's office, which is defending the firearms bureau in the lawsuit, said the inspection of Trader Sports in September 2003 found 3,659 firearms on hand, even though store records showed 9,100 guns in inventory. … Cucchiara and the federal inspectors had tried to reconcile the discrepancy and found that an additional 2,036 guns could not be accounted for, bringing the total to 7,477, Assistant U.S. Attorney Jonathan Lee wrote in a legal filing."

Dallas Gun-Crime Team Wins DOJ Award. The Dallas Business Journal (5/26) reports, "The city of Dallas' criminal prosecution team has received federal laurels for a program that has helped to reduce gun crime involving repeat offenders." The Journal continues, "Gun crimes committed by parolees in Dallas between October 2003 and September 2005 fell by about 45 percent, according to a recent crime study." The Journal adds, "The prosecution team -- which helped plan and implement the program -- was honored with a U. S. Department of Justice Project Safe Neighborhoods Achievement Award for exemplary local training, according to a Justice Department news release. … The community prosecutors, who have offices in seven Dallas neighborhoods, and others in law enforcement created a program that requires probationers and parolees to attend workshops that inform them of the consequences of violating terms of their release, which include not using or possessing firearms. … The Dallas team was nominated for the award by U.S. Attorney Richard B. Roper of the Northern District of Texas. The award was presented by Deputy U.S. Attorney General Paul J. McNulty during a national conference earlier this month."

IMMIGRATION:

Senate Approves Immigration Reform Bill By 62-36 Margin. The Senate yesterday approved an immigration reform bill supported by the White House that includes a path to citizenship. The margin of victory for the measure was 62-36. Most reports this morning, however, see little chance that a bill with get to President Bush's desk. Instead, many observers predict the upcoming negotiations with the House to come up with a compromise bill will end in failure. The Los Angeles Times (5/26, Havemann), for example, says the task of reconciling the House and Senate bills "may prove impossible." Similarly, the New York Times (5/26, Swarns) says "Republican leaders acknowledged that delivering a final bill to President Bush's desk would be enormously difficult." Another New York Times story (5/26, Rutenberg) also concludes that "all indications are that once the negotiators…will hit a wall." The CBS Evening News (5/25, story 5, 0:20, Schieffer), meanwhile, reported Senate and House negotiators "will now try to work out the differences between their two versions, and it's not at all clear that they will succeed."

Still, says the Los Angeles Times (5/26, Gauette), "passage of the Senate bill represents a victory for Bush, who began a push for a broad overhaul of immigration policy with a speech in January 2004. His proposals sparked an extended debate about border security, the role of immigrants in American life and how best to deal with the estimated 12 million people who are in the country illegally."

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Bush's continued involvement in the process is seen as crucial to any chances for a House-Senate deal. The Washington Post (5/26, A1, Babington) reports "Democrats and Republicans alike said a House-Senate accord will be nearly impossible without the vigorous involvement of President Bush, who favors an approach similar to the Senate's." The White House "has already begun lobbying efforts, but it faces resistance from more than 200 House Republicans seeking reelection this fall, many in districts where the sentiment against illegal immigrants runs high." Knight Ridder (5/26, Montgomery) says "backers of the bipartisan Senate plan…acknowledge that the president is weakened by declining polls and his growing lame-duck status." Knight Ridder also runs a statement by Democratic Sen. Charles Schumer urging Bush to push for compromise, "After tonight, whether this bipartisan balance still survives or not really rests in the hands of the man at the other end of Pennsylvania Avenue." USA Today (5/26, Kiely) runs a similar Schumer statement, "The ball is in the president's court."

ABC World News Tonight (5/25, story 3, 2:10, Stephanopoulos) reported, "It's a rare sight in this Senate. Republicans and Democrats, together, declaring victory." Senate Majority Leader Bill Frist: "This is a success for the American people. It is success for people who hope and participate -- hope to participate someday in that American dream." Senate Minority Leader Harry Reid: "I am so proud of the Senate. This is the way that we should legislate: In a bipartisan basis." Stephanopoulos: "Now comes the hard part. The immigration proposals passed by the Senate today and the house last December are at odds on matters of core principle and hard politics," and "House leaders insist they won't budge on any measure that makes illegal immigrants citizens." The Senate "does have the White House on its side." White House press secretary Tony Snow: "The people who, at the end of this process, stand up and take the oath, will have spent more money and waited longer than any group in American history for the right to become American citizens."

NBC Nightly News (5/25, story 4, 2:10, Brown) reported, "The Senate bill includes beefed-up border security, including 6,000 National Guard troops, a guest worker program requested by the President, and, most controversial of all, a path to citizenship for most of the estimated 12 million illegal immigrants already in the US supporters call that earned citizenship, noting that illegal immigrants would have to pay backs taxes and a fine, work for at least six years and learn US history and English, which the bill declares the national language." But "many House Republicans vigorously oppose both the guest worker program and citizenship for illegal immigrants, which they call amnesty."

The Washington Times (5/26, Dinan) reports the White House "yesterday predicted that the chamber's Republicans will give in." White House press secretary Tony Snow "said House Republicans will want to pass border security badly enough to back down from the fight against what many consider amnesty for illegal aliens, knowing there is a 'heavier political price for failing to act, than for acting.'" Said Snow, "If you are a Republican member of Congress and you're concerned about illegal immigration, do you really want to say to your constituents: You know, I'm going to wait a couple of years before I take up the issue of people knowingly hiring illegal aliens, I want to wait a couple of years before I go ahead and try to identify who the illegal aliens are, I want to wait a couple of years before I start grappling with what to do with these 11 or 12 million people who are here illegally.'"

Also offering a hopeful outlook for the upcoming talks, the Christian Science Monitor (5/26, Chaddock) says "GOP leaders are hopeful that threshold can be met, he adds. 'This will be a difficult conference, but the Speaker believes we can get to a balanced bill that will put border security first.'" This week, Bush's "top political adviser, Karl Rove, made his second trip to Capitol Hill to boost prospects for a compromise. While several Republicans who spoke with the press after the closed meeting said they were not convinced, others are signaling they may be interested in helping to broker a deal."

The AP (5/26, Espo) reports the House bill, "which passed on a largely party-line vote last year, is generally limited to border enforcement. It would make all illegal immigrants subject to felony charges and it contains no provision for either a new temporary worker program or citizenship for men, women and children in the country unlawfully." In contrast, the Senate bill "would mark the most far-reaching changes in immigration law in two decades."

Fox News' Special Report (5/25, Hume) reported, "The stage is set tonight for a crucial and potentially contentious negotiation over immigration reform." Fox (Garrett) called the measure is "the most ambitious and politically perilous reform of immigration laws in at least 20 years."

The Chicago Tribune (5/26, James) calls the legislation's future "uncertain, especially in an election year. … House Majority Leader John Boehner (R-Ohio) issued a

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non-committal statement that didn't even acknowledge that the Senate bill had any acceptable provisions and instead espoused the immigration priorities sought by the House majority in passing its measure in December." Boehner also "urged House Democrats to stop advocating 'troubling policies that encourage open borders and invite more illegal immigrants into our country' and to join House Republicans in making US borders more secure."

The Wall Street Journal (5/26, Kronholz, Lueck) reports, "Business lobbyists also hope to use the conference to boost the guest-worker program to 325,000 workers yearly from the 200,000 the bill now allows, and permit the number to rise further to meet labor-market demands." But "the House and Senate bills are so vastly different that there may be little room for compromise, and even less for measures that could be seen as improving the prospects of immigrants."

The Washington Times (5/26, Hurt) headlines its story "Senate OKs Citizenship For Illegal Aliens," and describes the bill as one that "allows 10 million illegal aliens to become citizens, doubles the flow of legal immigration each year and will cost U.S. taxpayers an estimated $54 billion over the next 10 years." On the other hand, the Washington Post (5/26, A8, Goldstein) says "advocates of expanded immigration rights complain that 'hidden traps' woven through the bill's 300 pages erode significant due-process protections for all foreign-born people living in the United States. A coalition of civil rights, religious and legal groups says the legislation would make it easier for the government to detain or deport immigrants -- whether in the country legally or not -- while making it more difficult for them to prove they deserve asylum or naturalization." The Post adds, "One provision would add to the list of acts considered 'aggravated felonies' under immigration law -- automatic grounds for removal from the country. The rewritten list would include carrying fraudulent documents."

Ombudsman Says CIS Could Handle Guest Worker Program With Enough Funding, Time. The AP (5/26) reports CIS Ombudsman Prakash I. Khatri said yesterday that the agency could "definitely" handle a guest worker program that would provide illegal immigrants with a path to citizenship, as called for under the Senate's immigration bill, but that the "key" would be "funding and time allocated under the law." If such a program emerges from the Senate's compromise talks with the House, it "would greatly increase the workload of an agency already facing a backlog that has left some immigrants waiting years for citizenship or the 'green cards' that provide permanent residence status. US Citizenship and Immigration Services would need to hire and train more staff and require facilities to process the millions of applications expected, Khatri said."

Border Patrol Poised For "Unprecedented" Expansion. USA Today (5/26, Hall) reports the "482 students on this remote campus" at Artesia, New Mexico "are Border Patrol agents-in-training undergoing a rigorous, 19-week course. The Border Patrol Academy prepares men and women to join the rapidly swelling ranks of the agency that polices the nation's porous borders." The number of Border Patrol agents "has been growing since the Sept. 11 terrorist attacks, and the grounds here reflect that. A new academic building with nine 50-seat classrooms has just been completed; a $14 million, 50,000-square-foot addition to the gym is under construction; and new dorms are on the way." The academy's "going to need the extra space. After three years of steady growth, the Border Patrol is about to embark on an unprecedented expansion. If Congress approves President Bush's request for 6,000 new agents over the next 21/2 years, the patrol will have 18,000 agents on the nation's 5,000 miles of border with Mexico and Canada. That would double the number of agents since 9/11 raised new concerns about terrorists' ability to slip into the country across land borders."

Border Patrol Warns Desert Crossing Death Toll To Rise. The Washington Times (5/26, Seper) reports the US Border Patrol "says an increase in the number of people who die trying to cross the desert to enter the United States illegally is expected as summer temperatures rise, and efforts are being made to ask the Mexican media to warn would-be crossers of the dangers involved." Last year, "473 persons died on the Southwest border -- a record number of deaths. Since Oct. 1, the Border Patrol reported 210 deaths -- 43 more than the same period a year ago. The western desert of Arizona accounted for more than 56 percent of the total number of deaths."

Fox Gets Mixed Reception At California Legislature. The New York Times (5/26, Broder) reports that in an "echo of the debate on immigration under way in Washington, the California Legislature gave visiting President Vicente Fox of Mexico a two-edged welcome on Thursday." Democratic and Latino members, "including the Assembly speaker, Fabian Núñez, embraced Mr. Fox, while some Republicans boycotted his evening address to a joint session of the Legislature. Other Republicans attended the speech,

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but wore yellow buttons reading 'No mas!' to protest Mr. Fox's support for liberalizing American policies on immigration."

US To Deport 15 Undocumented Aliens Captured In Hanover County. The Washington Times (5/26, McLaughlin) reports the US Immigration and Customs Enforcement agency "is preparing to deport 15 illegal aliens from Mexico and Guatemala who were arrested Tuesday in Hanover County after the speeding van they were in was stopped by police." ICE spokeswoman Ernestine Fobbs said, "They were issued notices to appear before an immigration judge and more than likely will be removed from the United States."

Mexico's Failure To Improve Its Economy Criticized. In a Wall Street Journal op-ed (5/26), Joel Kurtzman and Glenn Yago of the Milken Institute say, "The problem with the debate on immigration is that it has so far looked at just one side -- ours. Somehow, for political or other reasons, Mexico has escaped scrutiny. And yet we are suffering for Mexico's myriad of economic sins. Our part in creating the immigration mess is that we built a society filled with opportunities but surrounded it with a porous border. Mexico's part is that it has failed to produce enough growth, despite massive wealth. The solution is to open the borders even wider -- but open up Mexico, too. If Mexicans can come here, let our capital and ingenuity invest there freely. President Fox, tear down that investment-restriction wall!" The "only way for Mexico to reduce the number of workers it sends to the U.S. is to transform itself into a jobs-producing, high-opportunity economy. The way to begin would be to allow unfettered U.S. investment."

Dionne Says Proponents Of "Liberal" Immigration Policy Need To Address Costs. In his Washington Post column (5/26, A21), EJ Dionne says, "But advocates of a more liberal policy toward illegal immigrants need to take seriously the discontent that the anti-immigration movement has tapped into. Immigration has been a blessing to the United States, but it is not an unmixed blessing, and the costs of our immigration policies are borne more heavily by some parts of our society than others. Rather than dismiss all immigration critics as xenophobes, supporters of immigrant rights need to deal with the legitimate gripes of their opponents." The "most basic (and perhaps the simplest to deal with) is that immigrants cost local governments money even as they fill federal coffers with income, especially from payroll taxes." A National Academy of Sciences study "found that the average immigrant puts a net lifetime fiscal cost of $25,000 on state and local governments." But "less straightforward but still important are the effects of illegal immigration on the wages and working conditions of our fellow citizens at the bottom of the income structure."

Ivins Says Enforcement Approach To Immigration Reform Is Racist. In her syndicated column, which was run in the Chicago Tribune (5/26), Molly Ivins criticizes immigration reforms aimed at boosting enforcement, saying, "By all means, reform immigration with this deep obeisance to the Republican right-wing nut faction and their open contempt for 'foreigners.' But do not pretend for one minute that it is not a craven political bow to racism (Yes, racism--I am actually calling them racists, although they pretend it hurts their feelings. Try reading their Web sites and see for yourself), and to nativism, to xenophobia and to Know-Nothingism. Just don't forget what you are throwing away in the process."

TAX:

Treasury Ends Phone Tax. USA Today (5/26, Davidson) reports, "The Treasury Department said Thursday that it will no longer collect a 3% federal excise tax on long-distance calls and would refund about $15 billion to taxpayers." The tax "was imposed in 1898 to help pay for the Spanish-American War. It was designed as a tax on wealthy Americans, back when phone service was considered a luxury."

The New York Times (5/26, Belson) says "the abolition of the tax, effective July 31, will cost the Treasury $5 billion annually in lost revenues in the next few years. With budget deficits soaring, the Treasury had been slow to scrap the tax." But "several federal courts ruled in recent years that it was no longer applicable to customers with unlimited long-distance plans." The Internal Revenue Service "has refunded hundreds of thousands of dollars in taxes to companies including OfficeMax and the American Bankers Insurance Group based on the court decisions." The Wall Street Journal (5/26, Matthews) and Washington Post (5/26, D2, Crenshaw) also report the story.

Dow Jones (5/26) reports, "Millions of individuals and businesses that paid the tax will be eligible for refunds, plus interest, for taxes paid on long-distance service billed after Feb. 28, 2003. Tax experts said it may be the broadest case involving elimination of a tax through a legal challenge. …

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Snow summed up the government's capitulation: 'The American taxpayers have been right.'"

MarketWatch (5/26, Bartash) reports, "The Treasury also said the Justice Department would cease litigation in support of the tax after a handful of federal appeals courts ruled the fee illegal in decisions rendered within the past year. The most recent loss in federal court occurred earlier this month. … 'The Federal Appeals courts have spoken across the board,' Treasury Secretary John Snow said in a statement. 'It's time to "disconnect" this tax and put it on the permanent "do not call" list.'" MarketWatch adds, "The tax, which generates more than $6 billion annually, has survived repeated efforts to eliminate it, most recently in 2000, when President Bill Clinton vetoed a larger bill that included a repeal of the excise fee. … Bills aimed at ending the tax have circulated every year since. Businesses call the tax unfair and outdated. Phone companies say it's costly and complex to administer. Consumer-advocacy groups say the flat-rate fee put an undue burden on poorer Americans. Virtually no one in Washington supported the tax."

FBI, IRS Seek Florida Water District Land Transaction Records. The South Florida Sun-Sentinel (5/26, Burdi, 249K) reports, "The FBI and Internal Revenue Service on Thursday went after documents regarding a controversial land deal involving Palm Beach County Commission Chairman Tony Masilotti and the South Florida Water Management District. A subpoena for the documents was served on the water management district, Chairman Kevin McCarty confirmed." The Sun-Sentinel notes, "In recent months, Masilotti and his ex-wife, Susan, have come under scrutiny for making more than $1.3 million through a series of complex transactions in Martin County, according to court and land records." McCarty said that "the water management district will turn over all the documents, which could take up to 30 days."

CONGRESS-ADMINISTRATION:

Frist Hopeful Hayden Will Get Confirmation Vote Before Recess. The AP (5/26, Shrader) reports CIA director-nominee Michael Hayden "awaited confirmation from the Senate Thursday evening in a vote that would install the four-star general and veteran of intelligence controversies atop the civilian spy agency." Majority Leader Bill Frist said he "remained hopeful the Senate could take up Hayden's nomination before departing for the Memorial Day recess."

Landrieu Agrees To Lift Hold On Kempthorne Nomination. CQ (5/25, Tollefson) reports Sen. Mary L. Landrieu, D-La., "agreed Thursday to lift her hold on President Bush's nomination of Idaho Governor Dirk Kempthorne to be Interior secretary, setting the stage for a confirmation vote on Friday." Landrieu's decision "came a day after Republican leaders filed for cloture. Senate Majority Leader Bill Frist, R-Tenn., said a vote is slated for Friday morning." Landrieu used the Kempthorne nomination "to press her case that Louisiana and other Gulf Coast states should be earning a greater share of royalties from offshore energy production. Landrieu cited 'significant progress' in the attempt to gain more of the royalty revenue and said Kempthorne has demonstrated he will be a 'partner' in helping coastal Louisiana pursue hurricane protection, flood control and coastal restoration aid."

Democrats Put Hold On Schwab Nomination. CQ (5/26, Van Dongen) reports the nomination of Susan Schwab to become the next US trade representative "has run into multiple roadblocks, with Democratic Senators blocking a confirmation vote." Democratic Senator Patrick Leahy (VT) "put a hold on the nomination—which he released Thursday—because of a disagreement with the Bush administration over whether it will enforce a provision in a World Trade Organization (WTO) agreement that would permit US companies to sell low-cost generic drugs to needy nations." Meanwhile Sen. Charles Schumer (D-NY), who "blasted her on the administration's approach to opening market access to China," has "not released a second hold" on Schwab's confirmation, CQ notes.

Senate Clears Way For Vote On Kavanaugh Nomination. The AP (5/26, Kellman) reports the Senate "cleared the way Thursday for the confirmation of White House aide Brett Kavanaugh to a federal appeals court judgeship, over Democratic complaints that he is unseasoned and partisan. By 67-30, senators approved a confirmation vote, set for Friday." Democrats, however," complained that Kavanaugh has a long record of loyalty to President Bush and too short a record in the courtroom. They highlighted the American Bar Association's recent downgrading of its rating of Kavanaugh from 'highly qualified' to qualified."

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CQ (5/25, Perine) reports Kavanaugh "is all but certain to be confirmed Friday for a seat on the U.S. Court of Appeals for the District of Columbia Circuit." With Kavanaugh's confirmation "now in the bag, conservative activists are clamoring for Frist to pick a fight with Democrats over several of Bush's other, more contentious nominees. So far, Frist is keeping mum about his intentions, other than to say he plans to call up the other appellate court nominees pending on the Senate calendar before the end of the 109th Congress." The nominations "of William G. Myers III to the 9th Circuit and Terrence W. Boyle to the 4th Circuit have both been on the calendar since last year. But Frist declined Thursday to say when he would move on those nominations."

The New York Times (5/26, Stolberg) reports Democrats "said Mr. Kavanaugh, who was on the staff of Kenneth W. Starr, the independent counsel who investigated President Bill Clinton, was too partisan and lacked the experience for the appellate bench. But the senators were unwilling to block the nomination using a filibuster. That tactic could have prompted Republicans to respond with the so-called nuclear option, a rules change permanently barring judicial filibusters."

Tony Snow Seen As Improving Press Relations While Delivering Less Information. Newsweek (5/25, Wolffe, Bailey) reported, "After more than two weeks inside the West Wing," incoming press secretary Tony Snow "has pulled off the unusual coup of improving relations with the press corps while offering, at times, less information than" his predecessor, Scott McClellan. He has also "managed to win widespread forgiveness for a series of foreign-policy fumbles that would have landed McClellan in deep trouble." Indeed, "there's been a lot of smiling and plenty of jokes and laughter during the first two weeks of Snow's tenure as Bush's new press guy. The atmosphere in the briefing room, which only weeks ago seemed poisonous beyond repair, now seems relaxed and different enough to compensate for the fact that reporters don't seem to be getting any more straightforward answers than before." It's "not unreasonable to think that Snow can and should only stick to the facts that he knows. But it's interesting to see how Snow has offered noncomments on issues where he should be fully up to speed. In some cases, Snow has been even less forthcoming than McClellan about what Bush and his advisers are doing."

Snow To Leave Treasury In June. NBC Nightly News (5/25, story 7, 0:20, Brown) reported, "CNBC chief Washington correspondent John Harwood reports tonight that Treasury Secretary John Snow will likely leave his job by the middle of next month. Harwood says the Bush Administration has honed in on a successor to Snow that we don't know who that is yet. And Snow will depart either before or after a G8 finance minister's meeting which begins June 9th."

The Washington Post (5/26, A5, Baker, Blustein) says Snow has already "informed the White House that he will resign in the coming days." Snow "asked the White House to announce his resignation in early June and said he plans to stay in the job no later than July 3 while a replacement is sought, the source said." The Post adds, "Republican insiders said possible candidates to succeed Snow include former commerce secretary Donald L. Evans, a longtime Bush friend; Commerce Secretary Carlos M. Gutierrez, a former Kellogg Co. chief executive; Ambassador David C. Mulford, a former treasury undersecretary who represents the United States in India; and Stephen Friedman, the president's former chief economic adviser and a former Goldman Sachs chief executive. Two Republicans said Evans and his wife will accompany the Bushes to Camp David today, although they cautioned against reading too much into that because the two couples often spend holidays together. One of the Republicans said Evans would be willing to take the job if Bush indicates he needs him."

The Wall Street Journal (5/26, Harwood, Solomon) reports, "Others believed to be potential choices include Deputy Secretary of State Robert Zoellick, though he has discussed leaving the administration in recent days; Deputy Treasury Secretary Robert Kimmitt, who was tarnished by involvement in overseeing the review of potential US ports management by a firm based in the United Arab Emirates; and Energy Secretary Samuel W. Bodman, a former deputy Treasury secretary." The Journal adds, "One reason Mr. Snow is believed to have stayed as long as he has is that the White House has had trouble identifying desired replacements. Some prominent Wall Street executives, such as Goldman Sachs CEO Henry Paulson, have rebuffed overtures."

The New York Times (5/26, Andrews) reports Tony Fratto, the Treasury Department's chief spokesman, "refused to comment, saying, 'We don't comment or speculate on personnel issues.'"

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Rumsfeld Says Cheney Doesn't Try To "Polish" His Image. Defense Secretary Donald Rumsfeld was asked on CNN's Larry King Live (5/26) about his relationship with Vice President Dick Cheney. Rumsfeld said, "I used to think of him as a promising young man when I hired him. … I'd just resigned from Congress and went into the cabinet, and I was running the Office of Economic Opportunities. And the thing I found about him when I my made him my deputy, when I was chief of staff of the White House for President Ford, the tougher things got, the better he got. He -- he can take it. And the harder the work got or the more difficult the situation or the more tense something might get, he got stronger and better and more steely with respect to it. He's a very talented fellow." Asked why polls indicate that people have such a negative opinion of him, Rumsfeld said, "He doesn't spend any time trying to make people like him. He really -- he's not running for anything. He's not going to run for president. He is here to advise the President of the United States. He does it. He does it well. The President likes it. The Vice President likes it. And he just doesn't get up every morning and say, 'What can I do to polish my image?' He gets up every morning and says, 'What can we do to make sure there's not another terrorist attack on this country? What can we do today, in the event that that might happen -- how can we prevent it or how can we mitigate it, in the event that it does happen?' And that's his focus, and that's his orientation. And it's to the benefit of the country."

Nicholson Testifies Before Hostile Congress On VA Data Theft. Veterans Administration Secretary Jim Nicholson testified before Congress yesterday about the theft of the financial records of 26.5 million veterans. Nicholson's remarks that he was "outraged" and "mad as hell" were cited in most coverage. The story was covered by CBS and NBC last night and in the major US newspapers Friday morning.

The CBS Evening News (5/25, story 3, 2:25, Orr) reported, "Veterans Affairs Secretary Jim Nicholson made not one but two trips to the congressional woodshed. First, he apologized before a House committee." Jim Nicholson, Secretary of Veterans Affairs: "I am the person ultimately responsible to our Veterans." Nicholson "repeated the mea culpa in front of senators." Secretary Nicholson: "I can tell you as a 34-year Veteran myself, I am mad as hell. I'm outraged." Orr: But Nicholson's "apology fell flat." Rep. Bob Filner, California: "You said, 'I take responsibility.' Well, the most dramatic thing you could do to take responsibility is resign." Orr: "Nicholson could not explain why it took two weeks for his own deputy secretary to tell him of the security breach, and he's still struggling, he said, to warn all of the veterans." Its "own inspector general has repeatedly warned the VA its computer system is vulnerable and congressional investigators have given the department an F for computer security in four of the last five years."

NBC Nightly News (5/25, story 10, 1:55, Brown) reported, "There is a $50,000 reward being offered tonight by the Department of Veterans Affairs and the FBI for information that leads to the recovery of stolen computer equipment that contained personal data on more than 26 million veterans. And members of Congress today demanded answers from the man in charge of the VA, who admitted the massive security breach was even worse than previously thought." NBC (Costello) added, "The VA conceded information on the spouses of some deceased Veterans had been included on the laptop files of 26.5 million Vets now in the hands of thieves." Government investigators "said the analyst who improperly took the laptop home had been doing so for three years. For the first time, Secretary Nicholson said that some medical diagnostic information on 2.5 million vets was also on the computer and that Deputy Secretary Gordon Mansfield knew immediately the laptop was stolen on May 3rd yet failed to notify anyone."

CNN's The Situation Room (5/25, Blitzer) reported, "Veterans Affairs Secretary Jim Nicholson took considerable heat today from Congress over the theft of the personal information of some 26 million military veterans. During hearings in the Senate and the House, at least one lawmaker urged Nicholson to resign. But Nicholson says he too is outraged about the burglary and the fact that he wasn't told about it until nearly three weeks later. Nicholson says the federal government now is offering a $50,000 reward for information leading to the recovery of the computer and the hard drive that contained the stolen data."

The New York Times (5/26, Stout) reports, "Nicholson said he believed computer security had lagged at the agency, which he has headed for just over a year, because of past 'embedded cultural resistance' to change." In contrast to most coverage which highlighted lawmakers' anger with Nicholson, the Times says the senators "greeted him warmly and seemed angry not at him but at the bureaucracy of the 235,000-employee veterans agency, which has been criticized by its own inspector general's office several years in

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a row for inadequate data security." The Times notes, "It seemed possible from exchanges between Mr. Nicholson and members of the committees that the full dimension of the current data breach…might not yet be known."

The AP (5/26, Yen) reports lawmakers "were skeptical" about Nicholson's testimony. Sen. Susan Collins said, "The testimony you gave us is absolutely baffling. … You seem to be saying it was just one employee. But it's not just one employee. You have a high-risk vulnerable system that has been identified time and again as vulnerable." Rep. Bob Filner called for Nicholson to resign, but "White House press secretary Tony Snow said Thursday that wasn't going to happen." Before Nicholson's testimony Snow said, "I'm sure they will have sharp questions for him. But he's not tendering his resignation."

The Washington Post (5/26, A19, Lee) reports that VA IG George Opfer "said his office did not learn of the lost data until May 10, and then only through an offhand remark by a VA employee at a routine meeting. Nicholson was even further out of the loop; he testified yesterday that his subordinates failed to inform him until May 16 -- nearly two weeks after the theft put millions of veterans at risk of identity theft." Meanwhile, Senate Veterans Affairs Committee Chairman Larry Craig "said he believes that the VA data analyst was 'a dedicated federal employee who took work home with the hope of improving VA operations." Craig said the VA, "and not veterans themselves, should cover the cost of the increased credit monitoring made necessary by the loss of the personal data. 'There were many lapses in judgment for which many people are going to have to answer,' Craig said. 'This was not an error that a veteran made. This was an error that the system that provides services to them made.'"

USA Today (5/26, Bazar) reports, "It will cost at least $10 million to inform veterans that their personal information may be in the hands of criminals, Veterans Affairs Secretary Jim Nicholson told Congress on Thursday. He warned that the ultimate price tag of the government's response could be tens of millions more." The VA is also "considering providing veterans with a credit monitoring or counseling service at a free or reduced charge. Taxpayers could be hit for much more. When asked for an estimate, Nicholson tossed out the figure of $100 million -- or more."

CQ (5/26, Plummer) notes "the lack of assurances and the time it took for Congress and the public to be notified have left voters -- and lawmakers -- raw." House Veterans' Affairs Chairman Steve Buyer, "read a laundry list of investigations since 2000 by the Government Accountability Office, the news media and others that spotlighted shoddy VA policies on protecting information." Buyer said, "Mr. Secretary, this is a defining moment of your leadership."

Veterans Express Outrage Over VA Response To Data Theft. The Los Angeles Times (5/26, Neuman) reports that in addition to congressional anger, "more than 100,000 aggrieved veterans sought answers from 14 call centers set up by the Department of Veterans Affairs. They also took their complaints to the airwaves and the Internet, where one Vietnam vet set up an online petition urging Nicholson to quit." In an e-mail statement VFW national commander James Mueller wrote, "Telling 26.5 million veterans to deal with this as individuals is a totally unacceptable response. … We strongly suggest that the federal government start figuring out a way to deal with this problem computer-to-computer between the VA, national credit bureaus and other national institutions."

Expert Warns Spike In SSN Sales May Show Veteran Information Compromised. Although Secretary Nicholson tried to allay concerns that any veteran's information had been compromised, the CBS Evening News (5/25, story 4, 2:30, Schieffer) reported, "The Veterans Administration has said from the beginning that it has seen no signs so far that the data has been used to defraud Veterans, but our Trish Regan has been conducting her own investigation and she has turned up some very troubling evidence." CBS (Regan) added, "In secret chat rooms like these, cyber thieves buy and sell stolen Social Security numbers, names, and addresses for as little as $5, $10, or $15 apiece." Mike Brown "is the president of CardCops, a company that uses web crawling technology to prevent clients from identity theft. The Veterans' data was stolen three weeks ago. CBS News asked Brown to determine whether there had been an increase in the amount of Social Security numbers for sale on the Internet so far this month. The results, he says, are alarming." Mike Brown, President, CardCops: "There's a very real possibility that this data, which was compromised, has indeed ended up in the wrong hands." Regan: "Since May 1st, the amount Social Security numbers for sale on the web has jumped 158% over average. It's the largest increase the company has ever seen."

Kerry, Harkin Sponsor Bill To Provide Veterans With Credit Monitoring. The Des Moines Register (5/26) reports Sen. John Kerry and Tom Harkin "are pushing to give free credit monitoring to those affected by the loss of highly

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personal data on 26.5 million U.S. veterans that was stolen in a home burglary." They "are sponsoring legislation that would provide one year of free credit monitoring as well as one free credit report annually for two years after the end of monitoring." Harkin "said the estimated cost of the credit protection is $1.25 billion though 'we don't think it will cost that much.' He said the bill could be approved by the Senate yet this week." Harkin "said he was not ready to call for Nicholson's resignation. 'I don't want to hang someone before the trial,' he said."

Edwards Calls For Congressional Probe Of VA Data Theft. The AP (5/26) reports, "Former North Carolina Sen. John Edwards said Thursday that a full congressional investigation into the theft of millions of veterans records is necessary and that Veterans Affairs Secretary Jim Nicholson should be held responsible. Nicholson's role in the lost records should be investigated because his future "depends on the degree of his involvement," Edwards said." He "said a full congressional investigation is needed because it's unclear what actually happened."

Lawmakers Seek To Provide More Benefits To Veterans. The Christian Science Monitor (5/26, Knickerbocker) reports that "for the first time in a generation, Memorial Days are coming during prolonged armed conflict. That has strengthened ties between civilians and soldiers, bringing a marked change in the way people will observe the holiday this year." Lawmakers "are pushing for better veterans' services, including healthcare for the living and survivors' benefits for those who've lost loved ones. Many states are now providing free tuition at public colleges and universities for the children of those killed in war zones." And "unlike in the Vietnam era, declining support for the war has not eroded backing for the troops, say many of those taking part in Memorial Day ceremonies." The Monitor notes, "More family men and women in the war zone also means more dependents to care for in the wake of combat casualties. The 2,404 men and 55 women killed in Iraq have left an estimated 1,700 children without their parent." And recently lawmakers "heard testimony on the estimated 200,000 homeless veterans. 'In the battlefield of life, they are wounded, and we cannot leave them behind,' said Rep. Bob Filner."

Families Of Iraq Casualties Cope With Grief On Memorial Day. USA Today (5/26, A1, Hampson) in a front page story describes how the families of Air Force captains Derek Argel and Jeremy Fresques, members of the Air Force's Special Tactics unit, are coping after they were killed when their plane crashed in Iraq reporting that "three years of war have revived the holiday's original meaning. Today, for the families of two young Air Force officers, the gateway to summer will become a portal to grief." And while most Americans celebrate Memorial Day with recreational activities, "for the friends and relatives of Jeremy and Derek, Memorial Day will be no picnic."

Army Chaplain Urges Public To Remember Sacrifices Of Veterans. U.S. Army chaplain Capt. James Key in an op-ed in USA Today (5/26) writes "This year, as we celebrate Memorial Day, we should pause as a nation from talk about high gas prices, what language our national anthem should be sung in and the latest celebrity gossip, and instead think about the men and women who continue to fight and die in places such as Iraq and Afghanistan. It is true: War is hell, freedom is expensive, death is painful and faith still matters -- especially to those in the foxhole."

WSJournal Criticizes Media Portrayal Of Veterans. The Wall Street Journal (5/26, W11) in an op-ed in its "Taste" section writes "It's a sign of some progress that the men and women returning from Iraq and Afghanistan are not spit upon and shunned as Vietnam vets were. Yet there may be something more pernicious about mouthing 'Support Our Troops' while also asserting that many of them are poor, uneducated dupes who were cannon fodder overseas and have come home as basket cases, plagued by a range of mental, emotional and financial problems. The vast majority of vets don't fit that description." One way to help Veterans is to "give vets and their families the tools to adjust."

GAO Review Criticizes Agency Hiring Practices Under Bush. The Washington Post (5/26, D4, Barr) reports in its "Federal Diary" column, "An investigation of hiring practices by federal agencies during the first four years of the Bush administration has turned up 18 cases where political appointees apparently schemed to obtain career jobs in the civil service and stay on the public payroll for the long haul. The practice is popularly known as 'burrowing in' and happens in almost every administration." The Post adds, "In addition to political appointees landing jobs over more qualified applicants, investigators said some agencies created jobs for appointees and some agencies allowed appointees to jump ahead of military veterans by ignoring laws that give a hiring preference to veterans. The

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investigation was conducted by the Government Accountability Office, the congressional watchdog agency, between May 2001 and April 2005 at the request of two House Democrats, Reps. Henry A. Waxman (Calif.) and Danny K. Davis (Ill.)."

Congress Has Until June 5 To Decide On Air Traffic Controller Pay. The Washington Times (5/26, McCaslin) reports in its "Inside the Beltway" column that Congress has until June 5 to decide whether to raise compensation for air traffic controllers to $187,000 per year from the current $166,000. The controllers have been demanding $200,000-plus, which has "led to an impasse in negotiations that began eight months ago and shifted the matter to Congress to decide, as law requires."

Official Says Smithsonian Locked Into Deal With Showtime. Smithsonian Secretary Lawrence Small yesterday told a House panel that the Smithsonian Institution is locked into a semi-exclusive TV contract with Showtime Networks Inc. for 30 years. The Washington Post (5/26, C1, Trescott) reports, "Filmmakers, historians and members of Congress have criticized the contract, which has never been made public." The Post adds, "Summoned by the House Administration Committee, chaired by Rep. Vernon J. Ehlers (R-Mich.), Smithsonian officials explained how the deal originated and what the new partnership means to scholars and historians seeking access to the Smithsonian's voluminous collections and its experts."

OTHER NEWS:

GDP Up 5.3% In First Quarter. ABC World News Tonight (5/25, story 9, :20, Vargas) reported, "Economists were encouraged today by the latest report on the US economy. New figures showed gross domestic product, the broadest measure of the economy, grew at a strong rate of 5.3% from January to March. The analysts say that indicates growth without serious inflation."

The Wall Street Journal (5/26, Whitehouse) reports the US "was one of the world's fastest-growing advanced economies in the first quarter of 2006. Downbeat data on home sales, however, support economists' expectations that the distinction won't last." The Commerce Department revised its estimate of GDP up to 5.2% "from an initial estimate of 4.8%. The upward revision was smaller than expected, but still made the U.S. the second-fastest-growing economy among advanced members of the Organization for Economic Cooperation and Development that have reported first-quarter data. Greece is in first place, with an annualized growth rate of 8.2%, according to the OECD." But "new data on home sales, however, supported economists' predictions that the economy is likely cooling. The National Association of Realtors reported yesterday that sales of existing, or previously owned, homes fell 2% in April to a seasonally adjusted annual rate of 6.76 million units."

USA Today (5/26, Kirchhoff) reports Nariman Behravesh, chief economist of Global Insight, said, "The strong first-quarter data may well be the last hurrah of this phase of the current expansion." Behravesh "expects growth to slow to a 3% to 3.5% pace in the second quarter, and 3% in the second half of the year. Behravesh says the report contained some cautionary signs for the Federal Reserve as it debates whether to continue raising its target for short-term interest rates, now at 5%. A measure of core inflation, a gauge of prices that excludes food and energy, rose at a 2% rate. That's at the top of the Fed's comfort level."

Increase In Adjustable Mortgage Rates Linked To Rise In Defaults. NBC Nightly News (5/25, story 8, 2:20, Brown) reported, "NBC News 'In Depth' tonight, housing on the bubble: A new report on existing home sales showed the markets slowed last month. But another number is making news, mortgage rates. The average rate of a 30-year fixed rate mortgage climbed to 6.62% this week, hitting the highest level in nearly 4 years. The overall increase in mortgage rates is hitting some people, especially those with adjustable rate mortgages, very hard." NBC (Mott) added, "An industry organization says mortgage defaults between January and March of this year were up 72% nationwide over the same period last year. Indianapolis leads the nation with 1 out of every 69 homes in foreclosure, followed closely by Atlanta; Dallas…Memphis and Denver complete the top five. And many experts say it's those popular variable rate loans that are actually helping drive the surge in foreclosures around the country, allowing buyers to purchase more expensive houses than they could otherwise afford."

Stock Markets Rally For Second Day. NBC Nightly News (5/25, story 11, 0:10, Williams) reported, "On Wall Street today, a rally: The Dow gained almost 94 points [to close at 11,211.05]. The Nasdaq was up 29 points on the day [to close at 2,198.24]."

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The Wall Street Journal (5/26, McDonald) reports, "Emboldened by just-right readings on the economy, investors gave the Dow Jones Industrial Average a two-day winning streak for its 110th birthday." The "jittery traders cheered a Commerce Department report showing ample economic growth in the first quarter, but not enough to stoke the inflation and interest-rate-increase fears that rattled the markets for two weeks." Still, yesterday's gains "may be a brief respite, with investors scrutinizing each economic data point." The Standard & Poor's 500-stock index "rose 14.31, or 1.14%, to 1272.88, while the tech-laden Nasdaq Composite Index gained 29.07 or 1.34% to 2198.24. Small stocks posted the biggest gains with the Russell 2000 adding 14.31 points, or 2.01%, to 725.58."

Minority Share Of Second Home Ownership On Increase. The Wall Street Journal (5/26) says in an editorial, "The political left insists that the current economy, however strong, is leaving minorities behind, and that the gains of some have come at the expense of others. But a new study on homeownership by the National Association of Realtors suggests that the benefits of recent economic growth have been more widespread than critics want to admit. We already knew that U.S. homeownership overall is at an all-time high of nearly 70%. The minority homeownership rate of 52% is also unprecedented. Now comes news that minorities are also increasing their share of second-home purchases. According to the Realtor report, minorities accounted 'for 11% of vacation home purchases between 2003 and 2005 in contrast with 6% of purchases in 2002 or earlier. In the investment property segment, minorities accounted for 17% of transactions between 2003 and 2005 compared with 11 percent in 2002 or earlier.'"

Spokane Diocese To Sell Headquarters To Settle Abuse Claims. The New York Times (5/26, Banerjee) reports, "The Roman Catholic Diocese of Spokane, Wash., is selling its headquarters and other property valued at about $11 million as part of its effort to settle claims by victims of sexual abuse by members of the clergy." The Times continues, "The diocese is one of three in the country that have filed for bankruptcy; the others are those in Portland, Ore., and Tucson. … Although the Spokane diocese announced its intention to sell diocesan assets when it filed for Chapter 11 bankruptcy protection in December 2004, the fact that those assets are now going on the market underscores the financial strain many dioceses face as they address hundreds of millions of dollars in claims by victims of sexual abuse. … 'I think it is symbolically significant,' said the Rev. John J. Coughlin, a Franciscan priest and a law professor at the University of Notre Dame, specializing in civil and canon law. 'The diocese doesn't need the physical building to exist. But the sale shows that the effects of the sex abuse crisis are serious, for this and other dioceses as well.'" The Times notes, "In a report issued in March, the United States Conference of Catholic Bishops said that in 2005, dioceses in the United States paid $399 million in settlements with victims of sexual abuse and $68 million in legal fees and support programs for victims, a sharp increase from the year before. … The church's total payments resulting from the sexual abuse scandal have surpassed $1 billion, and many dioceses have yet to reach settlements with victims."

Poll Shows Harris Trails Nelson By 32 Points. The AP (5/26, Farrington) reports that FL13 Rep. Katherine Harris (R) "had weak support in a poll released Thursday that includes the three little-known entries in the Republican U.S. Senate primary. Only 37 percent of respondents said they favored Harris, compared to 13 percent for Will McBride, 4 percent for LeRoy Collins Jr. and 2 percent for Peter Monroe. … More respondents -- 43 percent -- didn't choose a candidate." In a head-to-head match-up Florida Sen. Bill Nelson (D), Harris trailed the incumbent 58%-25%. The AP notes, "The poll was conducted by Quinnipiac University May 12-22. It surveyed 1,086 registered voters and had an overall margin of error of plus or minus 3 percentage points. The poll surveyed 424 Republican voters about the primary, with a margin of error of plus or minus 4.8 percentage points. 'Given how well known Congresswoman Harris is among Republicans and how well thought of she has been by them, it is somewhat surprising that she would only get 37 percent support,' said Peter Brown, assistant director of the school's polling institute. 'The fact that 63 percent of Republicans say they prefer either the other three or are undecided is remarkable.'"

Poll Finds Schwarzenegger Approval At 36%. The Wall Street Journal (5/26) reports in its "Washington Wire" column that California Gov. Arnold Schwarzenegger is ditching the "conservative 2005 script and tacks toward center. In campaign, led by former Bush strategists, he criticizes unpopular president on climate change, Medicare and immigration. A new poll by Public

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Policy Institute of California pegs ex-movie star's approval at 36%, up from 32% six months ago."

Krugman Says Documentary Shows Gore "Sort Of Person" Who Should Run Country. In his New York Times column (5/26), Paul Krugman says, "I won't join the sudden surge of speculation about whether 'An Inconvenient Truth' will make Mr. Gore a presidential contender. But the film does make a powerful case that Mr. Gore is the sort of person who ought to be running the country." But "can the sort of person who would act on global warming get elected? Are we — by which I mean both the public and the press — ready for political leaders who don't pander, who are willing to talk about complicated issues and call for responsible policies? That's a test of national character. I wonder whether we'll pass."

US Envoy To IAEA Says Iran Unlikely To Give Up Nuclear Program. Ambassador Greg Schulte, U.S. representative to the Vienna, Austria-based International Atomic Energy Agency, said Iranian President Mahmoud Ahmadinejad is unlikely to give up programs that could lead to the development of a nuclear weapon. The Washington Times (5/26, Sands) reports that Schulte said, "We shouldn't fool ourselves. The president of Iran is not someone who is swayed by normal diplomatic demarches." But Schulte "said that there also were divisions within Iran's ruling Islamic regime over Tehran's nuclear confrontation, and that the United States and its allies must give Iran a clear path to back down."

Meanwhile, the Christian Science Monitor (5/26, Peterson) reports that "the UN's permanent five powers and Germany this week worked to hammer out a package of incentives and threats they hope will ensure the Islamic Republic's nuclear program is limited to peaceful purposes. On the table: giving Iran nuclear reactors and providing fuel for energy production, as well as economic and security incentives. In exchange, Iran would have to give up uranium enrichment - a step that can lead to weapons production - or face UN sanctions or even an arms embargo. … Senior diplomats from those nations and the US reported "progress" during talks in London on Wednesday, but no agreement."

Attack On Iran Could Trigger Hizbullah Clash With Israel. The Christian Science Monitor (5/26, Blanford) reports that an "alarming scenario gaining attention is if Iran's nuclear facilities come under attack by the US or Israel, it could inadvertently trigger a violent confrontation between Lebanon's Hizbullah and the Israeli military. Hizbullah this week aired fresh warnings on the extent of its massive rocket arsenal, reinforcing concerns in Israel that it will be targeted as part of Tehran's retaliation to a strike against its nuclear sites."

Krauthammer Warns Against US-Iran Talks. Charles Krauthammer writes in the Washington Post (5/26, A21), "All of a sudden, revolutionary Iran has offered direct talks with the United States. All of a sudden, the usual suspects -- European commentators, American liberals, dissident CIA analysts, Madeleine Albright -- are urging the administration to take the bait. … Mark my words. The momentum for U.S.-Iran negotiations has only begun. The focus of the entire Iranian crisis will begin to shift from the question of whether Tehran will stop its nuclear program to whether Washington will sit down alone at the table with Tehran. To this cynical bait-and-switch, there can be no American response other than No. Absolutely not."

Ignatius Calls For Openness With Iran. David Ignatius writes in the Washington Post (5/26, A21), "We are in the early stages of what the Centcom commander, Gen. John Abizaid, calls 'the first war of globalization, between openness and closed societies.' One key to winning that war, Abizaid told a small group of reporters at the Pentagon yesterday, is to expand openness and connection." In Iran, "America's best strategy is to play to its strengths -- which are the open exchange of ideas, backed up by unmatched military power. The need for connection is especially clear in the case of Iran, which in isolation has remained frozen in revolutionary zealotry like an exotic fruit in aspic. Yet some in the Bush administration cling to the idea that isolation is a good thing and that connectivity will somehow weaken the West's position. … Openness isn't a concession by America, it's a strategic weapon."

Abbas Threatens Hamas With Referendum On Recognizing Israel. Palestinian Authority President Mahmoud Abbas issued what Knight Ridder (5/26, Nissenbaum) calls "a surprise ultimatum to his Hamas rivals on Thursday: Break the political stalemate imperiling the Palestinian government within 10 days or he'll ask voters to approve a measure that would implicitly recognize Israel. Hamas officials appeared caught off-guard by Abbas' threat to hold a referendum in July. Some leaders voiced optimism

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that they would be able to work out their differences, while others criticized Abbas for trying to bully them."

The Washington Post (5/26, A14, Wilson) reports that Abbas gave Hamas leaders "10 days to accept a two-state solution to the conflict with Israel, something the group has rejected since its founding nearly two decades ago."

The AP (5/26, Daraghmeh) calls Abbas' announcement "a bold initiative," and says the "political gamble that could either help resolve the Palestinians' internal deadlock or lead the Hamas-led government and Fatah into a deeper crisis." USA Today carries the AP story this morning.

The New York Times (5/26, Myre) says Abbas "seems to be gambling that he can force his Fatah party, Hamas and some smaller factions to agree on a broad framework for dealing with Israel, which Hamas now refuses to recognize. But he runs the risk of provoking a political showdown at a moment when the Palestinians are already plagued by infighting and a worsening financial crisis."

The Washington Times (5/26, Mitnick) says that by issuing the "surprise declaration," Abbas has "gambled his little remaining political capital." The Times also notes that Hamas politicians "went on the defensive after Mr. Abbas' challenge. Some predicted a Fatah-Hamas agreement that would make a referendum unnecessary; others said the Islamic militants don't oppose the idea of a national referendum as long as the two sides reach agreement on the ground rules."

WPost Says Bush Has Given De Facto Consent For "Unilateral Realignment" Of Israel's Borders. An editorial in the Washington Post (5/26, A20) says, "Though they paid lip service to continued Israeli-Palestinian negotiations, President Bush and Israeli Prime Minister Ehud Olmert in effect inaugurated an entirely different process at their White House meeting Tuesday -- one in which Israel will parley with the United States about the new borders it intends to draw for itself. … Mr. Olmert has now won Mr. Bush's de facto consent to pursue a unilateral 'realignment,' in which Israel would draw a border of its own choosing in the West Bank, dismantle some of the settlements that lie beyond it and thereby 'guarantee Israel's security as a Jewish state with the borders it desires,' as the prime minister put it." The Post adds, "Mr. Bush said Tuesday that an Israeli-Palestinian peace 'will only be achieved on the basis of mutually agreed changes, and no party should prejudice the outcome of negotiations.' As his administration plunges into what will probably be months of detailed discussions with Israel about the realignment plan, it will be imperative to defend those principles."

Bush, Canadian PM To Meet In July. Bloomberg (5/26, Argitis) reports that Canada's Ambassador to the US, Michael Wilson, announced yesterday that Canadian Prime Minister Stephen Hayes "will meet with U.S. President George W. Bush on July 6 in a bid to cement improving relations between the two countries. … This would be Harper's first meeting with Bush since March, when he met with the U.S. president and Mexican President Vicente Fox at a trilateral meeting in Cancun."

Harper Refuses To Speak To Canadian National Press. The Los Angeles Times (5/26, Farley) reports that Harper "has declared he won't talk to the national media because they are biased against him, his latest move in a spat with the Parliament's press corps. After reporters walked out of a news conference this week when he refused to answer any questions, Harper said no Liberal prime minister had faced such effrontery, and he had decided to deal only with more friendly local press."

Putin Takes Issue With Cheney Comments. The AP (5/26, Isachenkov) reports that President Vladimir Putin yesterday "objected vigorously to Vice President Dick Cheney's recent criticism of democratic backtracking by the Kremlin. 'We see how the United States defends its interests, we see what methods and means they use for this,' Putin said at a news conference following a summit meeting of Russia and the European Union in his most direct criticism of Cheney's remarks." The AP adds, "The growing rift with Washington threatens to mar the summit of the Group of Eight leading industrialized nations in St. Petersburg in July."

Putin's United Russia Party Growing Quickly. The Washington Times (5/26, Mainville) reports that Putin's United Russia Party "is growing twice as quickly as the Communist Party under the Bolsheviks. And like the Communist Party of the past century, it has become the surest path to success in Russian society. … More than two-thirds of the country's federal and regional parliamentarians, and 70 of 89 regional governors are members of United Russia. Thousands of civil servants, celebrities and leading business people have joined in recent years as the party has grown into a dominant force in national and local politics. … Supporters say United Russia's success is proof of democracy in action in Russia."

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Russian Ministry Urges Review Of Foreign Oil Deals. The Financial Times (5/26, Ostrovsky) reports, "Russia's natural resources ministry called on Thursday for a review of the two largest foreign oil projects in the country, even as senior Russian officials sought to assure EU leaders that Russia was a reliable energy partner. … Any review of PSAs would threaten the two largest foreign investments in Russia: the Sakhalin-1 project, on which ExxonMobil and its partners have already spent nearly $5bn; and the Sakhalin-2 project, in which Royal Dutch Shell and its partners are investing $20bn. However, two Russian ministers insisted separately that all Moscow's agreements with foreign energy companies would be honoured, suggesting a rift had opened within the government."

Australian Troops Land In East Timor. Several Australian commandos landed in East Timor yesterday in an effort to quell escalating fighting in an ethnic dispute. The New York Times (5/26, Perlez) reports, "Nine people were killed and 27 others were wounded, including two United Nations police advisers, during an attack on the national police headquarters, the United Nations said." The Times adds, "East Timor's foreign minister, José Ramos-Horta, appealed for the outside help to disarm 'renegade troops and police rebelling against the state.'"

The Washington Post (5/26, A14, Sipress, Lynch) reports, "The violence jeopardized attempts by the government to assert control and represented a major setback for the United Nations, which had cited East Timor's independence in 2002 as one of the organization's greatest achievements of the past decade."

Sudan Agrees To Permit UN To Assess Darfur For Peacekeeping Force. ABC World News Tonight (5/25, story 7, :20, Vargas) reported, "A new step, today, toward ending the crisis in the Darfur region of Sudan, where fighting has left 200,000 people dead, and 2 million homeless. Sudan has agreed to let a United Nations team visit Darfur to assess what is needed to support a deployment of UN peacekeepers there."

Group Says Sudanese Raiders Killed Over 100 People In Chad. Human Rights Watch yesterday reported that Sudanese raiders have killed more than 100 villagers in Chad and the violence in Darfur may be spreading. The New York Times/AP (5/26) reports, "Survivors told Human Rights Watch, a New York-based advocacy group, that the massacre was carried out last month by the janjaweed, an Arab militia that Sudan has been accused of unleashing on African villages where Darfur rebels might find support. … Human Rights Watch, quoting witnesses, said 118 people were killed in four neighboring villages."

Militias Battle In Deadliest Mogadishu Fighting In 14 Years. The Washington Post (5/26, A15, Maliti) reports, "Islamic and secular militias battled in Somalia's capital Thursday, the most widespread and some of the deadliest fighting in Mogadishu in 14 years. Dozens of people were killed and thousands fled their homes on foot." The Post adds, "The fight for control of Mogadishu comes despite a May 14 cease-fire agreement. The alliance says the self-appointed Islamic Court leaders, who have their own militias, have links to al-Qaeda, while the Islamic militia accuses the alliance of working for the CIA. U.S. officials decline to confirm any association with the secular militia."

Chavez Using Venezuelan Oil Wealth To Promote Personal Agenda. ABC World News Tonight (5/25, story 8, 2:55, Vargas) reported Venezuela "has the largest proven oil reserves in the Western hemisphere. And it's led by one of President Bush's fiercest critics, Hugo Chavez. Chavez has been using Venezuela's oil windfall to pay for his ambitious agenda at home and abroad." ABC (Sciutto) added, "With a billion dollars a month in state oil profits, President Hugo Chavez is converting cash into political clout. The self-appointed champion of anti-Americanism has publicly labeled President Bush as assassin…and donkey. Chavez is giving significant financial support to like-minded Latin American leaders. And he's signing arms deals with Russia. 'In the past we simply exchanged oil wealth for imported cars from the US, fancy fabrics from France,' [Rafael Quiroz, the former director of the state oil company,] said. 'Superficial things with no value.' Venezuela's wealth has missed the vast majority of its population. Here in Caracas, the city's residents live in deep poverty, in slums like this. Today, Chavez is using oil money to win over the poor." Still, "many Venezuelans we spoke with, especially the wealthier ones, criticize Chavez for extending state control over the economy and wasting oil money simply to boost his profile."

Uribe Likely To Be Reelected. The Christian Science Monitor (5/26, Harman) reports that Colombia's conservative president, Alvaro Uribe "is expected to be

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reelected here Sunday. Uribe has more than 57 percent support, enough to win elections in the first round, according to the Napoleón Franco Group, a polling firm here. The reason, say observers, is that Colombians feel safer - and better off economically - today."

NYTimes Says Administration Should Support Colombian Court's Independence. An editorial in the New York Times (5/26) says that Colombian President Álvaro Uribe's administration "has twice written bills that restrict the jurisdiction" of Colombia's Constitutional Court, "which is the most important remaining check on the president's power. Mr. Uribe may try again if he is elected to a second term on Sunday. He enjoys the strong backing of Washington, which considers him a counterweight to Hugo Chávez in Venezuela. … While the Bush administration acknowledges in general that Constitutional Court decisions should be respected, it needs to make a strong statement of support for that court's independence, and for paramilitary demobilization under the court's terms. Mr. Uribe should, too, and should abandon his efforts to meddle with the Constitutional Court."

Bush Said To Have Abandoned Pledge To Spread Democracy. Danielle Pletka and Michael Rubin, who are, respectively, vice president for defense and foreign policy and resident scholar at the American Enterprise Institute, write in the Los Angeles Times (5/26) that the resumption of full US diplomatic relations with Libya "marks an effective end to the Bush doctrine." Since declaring his support for the expansion of freedom around the world, Bush "has watched Egypt abrogate elections, ignored the collapse of the so-called Cedar Revolution in Lebanon and abandoned imprisoned Chinese dissidents; now Washington is mulling a peace treaty with Stalinist North Korea. The rhetoric of democracy, it turns out, comes more easily than its implementation."

Teacher Says Post-Election Unrest Would Weaken Mexico. Manuel Suarez-Mier, who teaches economics at American University, writes in the Wall Street Journal (5/26), "On July 2 Mexico will hold the most closely contested presidential election in its history." In recent weeks two of the three main campaigns have jointly pledged to challenge election results in the streets with massive unrest if their candidates don't win. If that happens, Mexico will be thrown into chaos and Mexicans will be the losers." Unrest "could compel the government to annul the poll's results, forcing a new election. This situation would weaken the country's institutions, raise uncertainty and fears of anarchy, with potentially serious financial instability and economic disarray."

THE BIG PICTURE:

Headlines From Today's Front Pages.

Los Angeles Times:

"Enron's Top Executives Are Convicted Of Fraud."
"Senate Passes Sweeping Bill On Immigration."
"This Gig Is A Real Grind."
"Bush Seals Jefferson's Seized Files."
"Californians See 'Poetic Justice.'"
"Probe Finds Marines Killed Unarmed Iraqi Civilians."

USA Today:

"Financial Firms Attack Child Porn."
"1 War. 2 Deaths. 1 Year Later."
"Feds Cut Off Phone Tax After 108 Years."

New York Times:

"2 Enron Chiefs Are Convicted In Fraud And Conspiracy Trial."
"Military Expected To Report Marines Killed Iraqi Civilians."
"Abbas Says Hamas Must Accept Peace Plan Or Face Referendum."
"To Ease Standoff, Bush Seals Files F.BI. Seized In Congress."
"'I Didn't Know' Did Not Sway Houston Jury."
"G.O.P. Draws Line In Border."
"Bush And Blair Concede Errors, But Defend War."

Washington Post:

"Enron Leaders Found Guilty."
"Senate Approves Immigration Bill."
"Bush, Blair Concede Missteps On Iraq."
"Bush Seals Files Seized In FBI Probe Of Jefferson."
"Duncan To Return Abramoff-Tied Funds."
"Head For Beach At Rush Hour? Might Work."

Washington Times:

"Senate OKs Citizenship For Illegal Aliens."
"Bush, Blair Admit Errors In Iraq War."
"Hastert Slammed For Raid Reaction."
"Gas Costs Don't Slow Memorial Day Travel."
"Abbas Delivers Ultimatum To Hamas."

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"Bonds As "Race Victim' Divides Black Fans."

Detroit Free Press:

"30,000 Take GM, Delphi Buyouts."
"Enron Bosses Nailed In Fraud."
"Alert Escalates On Drug Mix: 'Too Many Dying.'"
"Granholm Ready To Replace Doomed Tax."

Atlanta Journal-Constitution:

"Home Depot's Board A No-Show For Shareholders."
"Congress Set For Immigration Duel."
"Guilty."
"Health Care For Illegals Shifts With Medicaid Rules."

Houston Chronicle:

"Bottom Line: Guilty."

Story Lineup From Last Night's Network News:

ABC: Enron Verdicts; Verdicts-Former Enron Employees; Senate-Immigration Bill; Congress-FBI Raid; Hastert-Bribery Probe; Bush-Blair Meeting; UN-Darfur Crisis; Venezuela-Oil Wealth; GDP Report; Asthma Treatment; American Idol-Wrong Number.

CBS: Enron Verdicts; Verdicts-Former Enron Employees; VA Data Theft; VA Data Theft-Analysis; Senate-Immigration Bill; Iraq-Marine Investigations; Congress-FBI Raid; Pope Benedict-Poland; RV Nation.

NBC: Enron Verdicts; Verdicts-Former Enron Employees; Bush-Blair Meeting; Senate-Immigration Bill; Iraq-Marine Investigations; Congress-FBI Raid; Treasury Secretary-Resignation Report; Adjustable Rate Mortgages; Amtrak-Power Outage; VA Data Theft; Stock Markets; Climate-Expanding Deserts; Steve Jobs Interview.

Story Lineup From This Morning's Radio News Broadcasts:

ABC: Senate-Immigration Bill; Fox-US Visit; Midwest-Tornadoes; Enron Verdicts.

CBS: Bush, Blair Press Conference; Senate-Immigration Bill; Enron Verdicts.

NPR: Iraq Violence; Bush, Blair Press Conference; New England-Disaster Declarations; Amtrak-Northeast Corridor Shutdown; Foreign Stock Markets; Canada-Kyoto Protocol; KY-Mine Explosion; Wall Street.

WASHINGTON'S SCHEDULE:

Today's Events In Washington.

White House:

PRESIDENT BUSH — No public schedule.

VICE PRESIDENT CHENEY — Delivers commencement address at US Naval Academy, Annapolis, Md.

US Senate: No Scheduled Events.

US House: No Scheduled Events.

Other: PRIME MINISTER TONY BLAIR OF THE UNITED KINGDOM. Highlights: 11 a.m. Speaks on the challenges facing the international community. Gaston Hall, 3rd floor, Georgetown University.

MEMORIAL DAY EVENTS _ Memorial Day-related events. Highlights: 9 p.m. Rolling Thunder candlelight vigil. Vietnam Veterans Memorial.

MUSLIM CONVENTION _ The Universal Muslim Association of America holds its 4th annual convention. Location: Sheraton Premiere Hotel at Tysons Corner, 8661 Leesburg Pike, Vienna.

PENTAGON-IRAQ SECURITY _ 9 a.m. Army Col. Michael F. Beech, commander of 4th Brigade Combat Team, 4th Infantry Division, will brief live from Iraq to give an update on ongoing security operations in Iraq. Location: DOD Briefing Studio, Pentagon 2E579.

TERRORIST HOAX _ 9 a.m. Scheduled sentencing before U.S. District Judge Claude Hilton for Nabil Wasfi Alkharouf of Ashburn, Va., who pleaded guilty to falsely reporting a future terrorist attack as a hoax. Location: U.S. District Court, Alexandria.

TURKMENISTAN _ 9 a.m. Radio Free Europe/Radio Liberty holds a briefing on Turkemnistan, with Farid Tuhbatullin of Turkmen Initiative for Human Rights and Vitaly Ponomarev of the Memorial Human Rights Centrer in Moscow. Location: 4th floor conference room, 1201 Connecticut Ave. NW.

PURPLE HEART STAMP _ 10 a.m. US Postal Service reissues Purple Heart stamp. Veterans Affairs Secretary James Nicholson, Postmaster General John Potter will attend. Location: Women in Military Service Memorial, Arlington, Va.

SENSENBRENNER-IMMIGRATION _ 10 a.m. Rep. James Sensenbrenner Jr., R-Wis., House Judiciary Committee chairman, holds a press conference on immigration. Location: Room 2141, Rayburn House Office Building.

IMMIGRATION _ 1 p.m. The National Immigration Forum holds a telephone news conference on immigration from from the perspective of key advocacy organizations for

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business, labor, ethnic, religious and immigrant constituencies. Contacts: Douglas Rivlin, 202-347-0040 ext 5989. Notes: Dial: 1-800-811-8824, Confirmation Code: 2437631. For international callers: 913-981-4903.

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THE ATTORNEY GENERAL'S *NEWS BRIEFING*

PREPARED FOR THE OFFICE OF PUBLIC AFFAIRS, U.S. DEPARTMENT OF JUSTICE

TO: THE ATTORNEY GENERAL AND SENIOR STAFF

DATE: FRIDAY, MAY 26, 2006 7:45 AM EDT

TODAY'S EDITION

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TERRORISM NEWS:

FBI Seeks Interviews With Lawmakers About NSA Surveillance Program Leak. CNN's The Situation Room (5/25, Blitzer) reported on "new fall-out…in connection with the National Security Agency's domestic surveillance program. On top of everything else, CNN now confirms the FBI wants to interview top members of the House and Senate about the disclosure of the program to The New York Times. Two sources with knowledge of the leak investigation say they don't know if any lawmakers have been questioned yet. Only a few House and Senate members were briefed on the NSA program before it became public. Watch this story to explode, as well." CQ (5/26, Stern, Kady) adds, "House members and aides said they have been contacted as part of an FBI probe into the source of a leak about another NSA surveillance program aimed at the content of international telephone calls between people in the United States and people overseas suspected of links to terrorists." Meanwhile, "the ranking Democrat on the House Intelligence Committee cautioned against the executive intruding too deeply into legislative branch turf. 'There is no credible claim that anyone in Congress leaked anything,' said Jane Harman, D-Calif. 'I urge the Justice Department to carefully consider separation-of-powers issues and the appearance of intimidation before proceeding any further.'"

Administration May Assert "State Secrets" Privilege In Suits Against Phone Companies. Legal experts expect the Bush Administration to assert the "state secrets" privilege in the lawsuits against phone companies who turned call records over to the NSA. To prove their cases, the plaintiffs in the suits would need to "delve into the depths of the NSA's surveillance program," the Wall Street Journal (5/26, Searcey, 2.11M) reports. The government "considers such information top secret." If judges accept the Administration's claim, "as has been the case in nearly every instance in which it has been asserted since the early 1950s, the suits will dissolve."

Henninger Says Roberts Opinion Summarizes Court's Thinking On Fourth Amendment. Daniel Henninger writes in the Wall Street Journal (5/26, 2.11M) that the American people "has shown little interest in" the NSA's domestic surveillance program. In "opinion polls about the NSA's surveillance programs, strong majorities essentially say, So what? Something approximating 'So what?' was the Supreme Court's answer this week to the proposition that the police might sometimes enter a home to prevent mayhem without a search warrant. … But it was a Fourth Amendment case. And we have little choice other than to apply the same Constitution to flyspecks and national tragedies, to brawling drunks in a Utah kitchen and al Qaeda agents plotting the next 9/11. Chief Justice John Roberts's opinion in Brigham is in fact a nice summary of the Court's thinking on the exceptions to requiring search warrants, what he called the Fourth Amendment's 'ultimate touchstone' of 'reasonableness.'"

Gonzales Criticized For Threatening Prosecution Of Journalists. The Corpus Christi (TX) Caller-Times (5/26) editorializes, "The latest evidence of this administration's wary, and often hostile, approach, to the news media is the statement by U.S. Attorney General Alberto Gonzales that his office is reviewing the possible prosecution of journalists under turn-of-the-20th century espionage laws. He spoke on ABC's 'This Week' about The New York Times' disclosure last year that the National Security Agency was, without warrants, eavesdropping on international phone calls in the pursuit of terrorism suspects. … 'There are some statutes on the book which, if you read the language carefully, would seem to indicate that that is a possibility,' Gonzales said regarding the possibility of prosecuting the journalists who won a Pulitzer Prize for the story." The Caller-Times continues, "Whether it is retroactively removing declassified documents from circulation, or seeking to rummage among the papers of deceased muckraking newspaper columnist Jack Anderson, or sending platoons of Justice Department agents bearing subpoenas after reporters, the White House has shown it will play hardball with the press. Bush's penchant for secrecy predates Sept. 11, but the terrorism threat has turned this into obsession. It's a sentiment that would have found favor with President Nixon, who fought the publication of the Pentagon papers in 1971. … Even if Gonzales' statement expresses only the administration's pique over the disclosure, rather than a real intent to prosecute, the effect is nonetheless chilling. And that chill hampers the flow of information, one of those democratic values which the fight against terrorism is supposed to protect."

The Seattle Post-Intelligencer (5/26) runs an op-ed by Boston Globe columnist Derrick Z. Jackson, who writes, "Journalists. Get the rack ready! Our attorney general is coming for us, snarling like a guard dog at Abu Ghraib." Jackson continues, "It is almost funny to see Gonzales scour the statutes to harass journalists. This is the same administration that cannot spell the word law if you spot it the 'l' and the 'a.' It has already set the presidential record in claiming the authority to circumvent the law in more than 750 cases." Jackson adds, "The actions of Gonzales show how little the Bush administration promotes the rights of the press. With every pronouncement, freedom is disappearing, in incremental steps."

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The Odessa (TX) American (5/26) editorializes, "Attorney General Alberto Gonzales may have simply been launching a trial balloon on one of the Sunday political chat shows when he hinted that certain laws could be interpreted to authorize the prosecution of journalists who receive leaks of classified material. … If so, that trial balloon needs to be punctured. If not, the law needs to be changed. If it's intended as intimidation, Gonzales deserves the scorn all bullies deserve." The American adds, "Unfortunately, government has become so big, so secretive and so inclined to classify material that is embarrassing or scandalous rather than vital to national security that whistle-blowers and leakers are sometimes the only way citizens can learn what government is really doing in their name. … Prosecuting journalists would not be the end of freedom as we know it, but it would be a step on the road to more overbearing government."

The Austin American-Statesman (5/26) editorializes, "When he was nominated to be U.S. attorney general, Alberto Gonzales had a mostly quiet record as a Texas Supreme Court justice, secretary of state and George W. Bush's attorney, both as governor and president. … But now it seems the signs were there all along that he is a lawyer willing to defend executive power to an extreme rarely seen in national politics." The American-Statesman continues, "Since taking over the Justice Department…Gonzales has acted as if he is still the president's general counsel, not the top law officer in the land. … Gonzales began the week by assaulting the First Amendment and threatening to prosecute journalists under an ancient espionage law. The attorney general objects to journalists revealing classified material — even when that information shouldn't be classified and properly informs the public." The American-Statesman concludes, "It's no secret that the president and Gonzales harbor no fondness for a free press. Their loathing is palpable, and they have declared war on journalists. They might prosecute The New York Times for writing about the NSA's no-warrant eavesdropping on U.S. citizens, and they are eager to tap journalists' phones when they think information is being leaked. … It is chilling to consider how far this administration will go to crush dissent and free speech, and how far Gonzales will go to defend it. … What a disappointment he has been."

4th Circuit Panel Hears "Virginia Jihad" Appeal.

The AP (5/26, O'Dell) reports, "Three U.S. Muslims convicted in a conspiracy that began with paintball games to train for a holy war against the United States were improperly denied a jury trial, their lawyers told a federal appeals court Thursday." The AP continues, "A federal prosecutor, however, argued that the three had to live with their 'tactical decision' to entrust their fate to a judge. … 'They got exactly what they wanted,' Assistant U.S. Attorney Gordon Kromberg told a three-judge panel of the 4th U.S. Circuit Court of Appeals." The AP adds, "Masoud Khan of Gaithersburg, Maryland, Seifullah Chapman of Alexandria and Hammad Abdur-Raheem of Falls Church were part of what prosecutors called a 'Virginia jihad network' that prepared to join the Taliban by playing paintball games in the woods near Fredericksburg in 2000 and 2001. … In all, the government charged 11 men. Six entered plea bargains and two were acquitted. … Khan was convicted of the most serious charges, including conspiracy to levy war against the United States and conspiracy to contribute services to the Taliban. He trained with the militant, anti-American group Lashkar-e-Taiba, which the government later designated a terrorist organization. … Lawyers for Chapman and Abdur-Raheem contend their clients and Khan should have been tried separately. Chapman's attorney, John Zwerling, said his client was essentially forced to choose a bench trial because a jury's post-9/11 passions might be inflamed by the more serious allegations against Khan."

HOMELAND RESPONSE:

House Bill Would Give DHS $32 Billion In 2007.

The House yesterday sought to provide billions of dollars on protecting the nation from terror attacks :without putting too much strain on taxpayers," the AP (5/25, Jordan) reported. The House was working on a spending bill that would give the Homeland Security Department "$32 billion in 2007, $1.8 billion more than this year. The legislation moved toward passage as lawmakers debated dozens of competing proposals to bolster national security." Democrats "accused the Bush administration of not doing enough to protect the nation from terrorists, and lawmakers from both parties noted widespread management problems at Homeland Security."

Bush Says US Prepared For Hurricane Season.

In an article appearing on at least 39 news websites, the AP (5/26, Riechmann) reports speaking at Fort McNair yesterday to mark Adm. Thad Allen's takeover as commandant of the US Coast Guard, "President Bush highlighted US preparedness for the upcoming hurricane season." Bush said that during Hurricane Katrina, "the whole world" watched "Coast Guard rescuers plunging from helicopters, lifting people from rooftops, hoisting them to safety." The AP adds that the overall response to Katrina was "botched" by the federal government, but "Bush said Homeland Security Secretary Michael Chertoff has taken steps to reform FEMA, improve partnerships with the Red Cross and the Defense Department and expand federal supplies."

Bunning Places Hold On Paulison Confirmation. In an article appearing on no fewer that 87 news websites, the AP (5/25, Jordan) reported the Senate Homeland Security and Governmental Affairs Committee

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approved R. David Paulison's nomination as chief of the Federal Emergency Management Agency yesterday "after he pledged to refile three years of tax returns to correct questionable travel deductions." Paulison said in a statement that he was "pleased to have this matter raised and resolved," and Sen. Joe Lieberman said Paulison had "answered the committee's questions…completely" in regard to errors found in Paulison's state and federal returns.

However, CQ (5/25, Chemnick, Starks) reported that following Paulison's approval, Sen. Jim Bunning "immediately placed a hold on the nomination in an effort to pressure FEMA into developing an appeals process that would help flood victims whose insurance claims are rejected, according to a spokesman for Bunning." Referring to former FEMA director Michael Brown, CQ noted, "In contrast to his predecessor, Paulison has emergency management experience. He was in charge of the US Fire Administration for four years before joining FEMA." A separate AP (5/26, Jordan) article reports, "Angry over FEMA's flood insurance program," Bunning will delay Paulison's confirmation until FEMA "develops a suitable appeals process for property owners whose flood insurance claims are rejected," according to a spokesman for the senator.

Collins, Lieberman Make Case Against Removing FEMA From DHS. Sens. Susan M. Collins and Joseph I. Lieberman, in an op-ed in the Washington Times (5/26), write that their committee report on the response to Hurricane Katrina calls for FEMA to "be strengthened, protected and given a more regional focus to promote faster and better-tailored responses to natural disasters or terror attacks — and be reconstituted as the National Preparedness and Response Authority as a mark of serious change." Collins and Lieberman compare calls to remove FEMA from DHS to taking "an intensive-care patient outdoors," adding that the agency "probably never was capable of responding effectively to a catastrophe like Hurricane Katrina — even when it was an independent agency." Its "withdrawal from DHS can only weaken the agency further and transfer its problems elsewhere."

Congress Working To Revamp Flood Insurance. The Wall Street Journal (5/26, Schroeder) reports, "As hurricane season approaches, Congress will speed action on a bill to shore up the National Flood Insurance Program by raising policy premiums for the most vulnerable coastal properties. … The Senate Banking Committee unanimously approved a flood-insurance bill yesterday that is similar to a measure passed in March by the House Financial Services Committee." Both "would require policyholders with vacation homes in risky areas to pay fair-market rates for their premiums. The Senate measure also would end subsidies for structures that have received claims from repeated flood damage."

CQ (5/25, Freedman) reported that the Senate measure, sponsored by Sen. Richard C. Shelby, "takes into account the concerns of panel members from flood-prone states, such as Robert Menendez, D-N.J., who said he would resist efforts to eliminate subsidies on primary residences." Meanwhile, "Shelby made it clear that this legislation will not end his examination of the flood program, which is administered by the Federal Emergency Management Agency (FEMA) and will be up for reauthorization in 2007."

WAR NEWS:

Bush And Blair Admit Errors In Iraq, But Stand By Decision To Oust Saddam. In a press conference last night, President Bush and British Prime Minister Tony Blair admitted mistakes in the way they handled the Iraq war, but continued to stand by their decision to launch the invasion that ousted Saddam Hussein. The AP (5/26, Hunt, Raum) the two leaders also "vowed to keep troops there until the new Iraqi government takes control. 'Despite setbacks and missteps, I strongly believe we did and are doing the right thing,' Bush said." Blair, meanwhile, "declared that after a meeting earlier this week with Iraq's new prime minister, 'I came away thinking the challenge is still immense, but I also came away thinking more certain than ever that we should rise to it.'" They "refused to discuss withdrawing troops from Iraq."

Media coverage this morning almost universally depicts the too leaders as weakened by the Iraq war. For example, The Washington Post (5/26, A1, Kessler, Fletcher) reports the news conference "came at a moment of acute political weakness for both men." In an analysis piece, the Washington Post (5/26, A4, Kessler) says that "dragged down by popular discontent over their adventure in Iraq," both Bush and Blair "have reached the lowest point of their careers." Blair is "desperate to hang on for at least another year." The Post adds, "As the Economist magazine put it earlier this month, the Bush-Blair partnership has become the 'axis of feeble.'"

Meanwhile, the New York Times (5/26, Sanger, Rutenberg) called them "badly weakened by the continuing violence in Iraq," and says they spoke "in subdued, almost chastened, tones." In "an unusual admission of a personal mistake," adds the Times, Bush "said he regretted challenging insurgents in Iraq to 'bring it on' in 2003, and said the same about his statement that he wanted Osama bin Laden 'dead or alive.' … Mr. Blair, whose approval levels have sunk even lower than Mr. Bush's, said he particularly regretted the broad decision to strip most members of Saddam Hussein's Baath Party of their positions in

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government and civic life in 2003, leaving most institutions in Iraq shorn of expertise and leadership." USA Today (5/26, Jackson, Benedetto) notes Bush also "identified the abuse scandal at the US-operated Abu Ghraib prison near Baghdad as the biggest mistake of the war."

With Blair "described as stiff and defensive," a story in the New York Times (5/26, Stanley) argues there has been as "role reversal" in the Bush-Blair Friendship – another sign of the leaders' "diminished standing." The Times says Blair "has always served as the world's Bush-whisperer, but at their joint news conference last night, it was almost the reverse. Mr. Blair, the normally silver-tongued prime minister, seemed stiff and defensive, and it was Mr. Bush who tried to smooth things over and help Mr. Blair out." When "a British reporter actually suggested that this was his last official Washington visit," Blair "looked dismayed and tongue-tied." Bush "jumped in, saying with a laugh, 'Don't count him out, let me tell it to you that way.'" The Times adds, "That role reversal was as good a sign as any of how the two friends' political standing has eroded since they made the case together for war in Iraq." Blair "came to Washington to help the president, but this time, perhaps for the first time, he looked like he needed the president's help."

The Financial Times (5/26, Daniel) says Bush and Blair struck "a sombre note," and adds the leaders' "political obituaries will be dictated by the fate of Iraq." In a similar report, the AFP (5/26) reports that "as the death toll rises, both Blair and Bush have seen their popularity ratings drop. Both need to show their constituencies that there is some movement forward in Iraq, observers say."

The Washington Times (5/26, Curl, Dinan), however, emphasizes that Bush and Blair voiced "optimism that a new unity government will be best able to end insurgent violence and establish stability." The White House, adds the Times, "spent much of yesterday downplaying expectations that the two leaders would make a major announcement about troop withdrawals. But that was the subject of most of the questions, from both the US and British press, and Mr. Bush said he does not plan to keep U.S. troops in Iraq any longer than necessary." The Los Angeles Times (5/26, Richter), under the headline "Bush Says Early Iraq Troop Cuts Unlikely," reporting the Bush-Blair meeting "had given rise to hope that they might signal the beginning of a troop drawdown long sought on both sides of the Atlantic."

Bush and Blair met last night before and after their 7:30 PM EST news conference. ABC and NBC both briefly noted their meeting before the press conference. ABC World News Tonight (5/25, story 6, :20, Vargas) reported, "The President welcomed his closest ally in the war, British Prime Minister Tony Blair, to the White House. The war's unpopularity has helped drive both men's public approval ratings to stunning lows. Tonight, they are expected to reaffirm their policies but offer no timetable for the withdrawal of soldiers from Iraq." And NBC Nightly News (5/25, story 3, 0:30, Brown) reported, "A White House spokesman says Iraq will be topic A at tonight's news conference, but neither Mr. Bush nor Mr. Blair are about to announce troop withdrawals."

Hume Says Bush Was More Forthcoming Than Blair About Mistakes. Brit Hume said on Fox News (5/26) that Bush "seemed a bit more forthcoming than Prime Minister Blair, it seemed to me anyway, in his answer about the mistakes that were made. The President mentioned several things, things he said himself in the course of the Abu Ghraib prison scandal. Prime Minister Blair indicated that some things they thought were going to be a problem proved not to be and some things they did not anticipate would be problems turned out to be and that the commitment of the enemy to the fight is something he felt they should have understood."

Kondracke Sees "New Twist" In Leaders' Argument. Morton Kondracke said on Fox News (5/26) that Blair "is a much more eloquent, traditionally much more eloquent spokesman for the policy than the President is. And I think he was a bit more tonight, although I don't think he rose to the heights that Tony Blair has in the past." Kondracke noted that the leaders made "a kind of a new argument, that we should be resolved here in Iraq because the enemy is resolved. The enemy knows that if democracy succeeds in Iraq, it will -- it can succeed anywhere in the world and that they have lost a decisive battle. That is a new twist on the argument that I hadn't heard before and it's something that Blair brought with him."

Barnes Says It Was A "Buck Up" Press Conference. Fred Barnes said on Fox News (5/26), "I thought this was a buck up press conference, trying to buck up America, buck up England and showing once again when you had these two powerful countries, Britain and the U.S., and this cause in Iraq, that the leaders of the two countries are unflinching. And despite setbacks and missteps as President Bush admitted, they are optimistic about the outcome there, while not promising any specific things that they're going to do."

Crowley Says Press Conference Showed "What History Will Record." Candy Crowley said on CNN (5/26), "What you saw here tonight is precisely what history will record, that these are two men who started this war together, basically, and who stuck with it, and are sticking with it now, saying, 'We cannot leave.' They have -- you know, they have had every opportunity to walk back from this, and they can't. It is -- they are tied to this war, and that's what we saw in question after question."

Galloway Says Blair Assassination Would Be "Morally Justified." The Washington Times (5/26, Harper) reports in its "Inside Politics" column, "British leftist George Galloway has taken his opposition to the Iraq war to the point of saying that the assassination of British Prime Minister Tony Blair would be 'morally justified.' In an interview with GQ, the

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men's fashion magazine asked him: 'Would the assassination of, say, Tony Blair by a suicide bomber — if there were no other casualties — be justified as revenge for the war on Iraq?' Mr. Galloway, a member of Parliament for the Respect Party, responded, 'Yes, it would be morally justified. I am not calling for it — but if it happened, it would be of a wholly different moral order to the events of 7/7,' referring to the deadly al Qaeda attacks on the London mass-transit system last year."

Rumsfeld Says Troop Withdrawals Will Be Based On Conditions On Ground. Defense Secretary Donald Rumsfeld was asked on CNN's Larry King Live (5/26) how close the US is to bringing troops back from Iraq. Rumsfeld said, We had hit a high of 160,000, and we're now down to 130,000. We have gone back up from time to time when there was an event, for example, the elections in December. We beefed up some of the forces. But the Iraqi security forces are now over 263,000, you know. They've passed a quarter of a million security forces. And they're gaining more experience all the time. They're better equipped all the time." When asked if troops will be coming back by mid-2007, Rumsfeld said, "You know, once you start doing that, then you're stuck with a number, a date, and it just doesn't do any good. It's based on conditions on the ground."

Rumsfeld Denies He Sent Fewer Troops To Iraq Than Were Requested. Rumsfeld was asked on CNN's Larry King Live (5/26) if more troops should have been sent into Iraq initially. Rumsfeld said, "You know, it's an interesting question, and I suppose history will decide that. The fact of the matter is that we sent the number of troops that every single general in the chain of command wanted. Now, could you have overridden them and sent more? You know, people run around saying, well, you sent less than the generals wanted. That's just utter nonsense. It's not true."

Rumsfeld Surprised By Absence Of WMD In Iraq. Rumsfeld was also asked on CNN's Larry King Live (5/26) if the strength of the insurgency is the thing that has surprised him most about Iraq. Rumsfeld said, "No, I would think the absence of -- not finding weapons of mass destruction would be the biggest surprise. I mean the intelligence everyone saw it. Everyone believed it. And, goodness knows, the President did, the United Nations, the Congress, people all saw it there, the other countries in the world."

Rumsfeld Says He Did Not Offer To Resign. Asked about calls from six retired generals for his resignation, Rumsfeld said on CNN's Larry King Live (5/26), "It's reassuring to know that there are 7,500 generals and admirals on active duty and retired and six -- does it surprise you? They tried to fire George Washington. General McClelland called Abraham Lincoln a gorilla and an ape. There is nothing new about this." Asked if he offered to resign, Rumsfeld said, "No. Before I even could think about it, the President came out and said 'You're not going to resign.'"

Friedman Urges US To "Move Into The Background." In the New York Times (5/26), Thomas Friedman urges continued American involvement in Iraq. He writes, "The reason that the violence in Iraq is so intense — mass executions, mosques blown up — is in part because of all these pent-up grievances [of 50 years]. But in part it is also because two very entrenched forces in that part of the world — the theocrats and the autocrats; that is, the Qaedas and the Arab regimes surrounding Iraq, even the 'pro-America' ones — are deeply worried that we might succeed." He draws on the advice of Egyptian activist Saad Eddin Ibrahim; Friedman concludes that "the best thing the Americans could do now to help this process is to move into the background in Iraq … Let the Iraqis invite our help, but let's get out of their faces wherever possible. Also, Mr. Ibrahim said, 'We need America to get back on the moral high ground that it has slid down from since 9/11.'"

Probe Expected To Find Marines Committed "Extensive, Unprovoked" Killing Of Civilians. The New York Times (5/26, Shanker, Schmitt, and Oppel) reports, "A military investigation into the deaths of two dozen Iraqis last November is expected to find that a small number of marines in western Iraq carried out extensive, unprovoked killings of civilians, Congressional, military and Pentagon officials said Thursday." The New York Times mentions the possibility that the Marines could face "capital" charges and that this incident could be the "the gravest case involving misconduct by American ground forces in Iraq." It quotes Minnesota Rep. John Kline, a retired Marine, who said, "This would be an atrocity."

A more assertively phrased article by the Los Angeles Times (5/25, Perry) reports, "Marines from Camp Pendleton wantonly killed unarmed Iraqi civilians, including women and children, and then tried to cover up the slayings in the insurgent stronghold of Haditha, Iraq, military investigations have found. Officials who have seen the findings of the investigations said criminal charges, including murder, were expected, which would make the Nov. 19 incident the most serious case of alleged U.S. war crimes in Iraq." An inquiry overseen by Army Maj. Gen. Eldon Bargewell attributes "as many as 24" Iraqi deaths to the alleged perpetrators, who were conducting a sweep after the bombing death of a fellow Marine.

NBC and CBS last night both reported the story. The NBC Nightly News (5/25, story 5, 2:05, Brown) reported the military is "investigating two separate incidents in which Marines are accused of killing innocent, unarmed Iraqi civilians." Commandant Hagee "today issued a strong message to the entire Corps to have the 'moral courage to do

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the 'right thing' in the face of danger or pressure from other Marines.' Hagee reportedly told members of Congress that Marines killed as many as 24 innocent Iraqi civilians in the town of Haditha last November, not the 15 first reported." A second incident "occurred only last month in the town of Hamandiyah. A senior military official tells NBC News seven Marines were accused of dragging an innocent Iraqi from his home at night, shooting him, then planting an AK-47 and a shovel next to his body to make it appear he had been bearing an IED, a roadside bomb."

The Washington Times (5/26, Scarborough) reports, "The Corps is bracing for the worst, congressional sources say, and [is] regularly briefing members of Congress. The Naval Criminal Investigative Service (NCIS) will likely complete its investigation this summer." It includes a passage sympathetic to the Marines in Anbar province: "In the fog of combat, it is sometimes difficult to distinguish Iraqi civilians from hardened al Qaeda terrorists."

Marine Commandant Flies To Iraq. The AP (5/25, Burns) reports, "The top Marine general said Thursday that he feared, based on two recent cases of alleged killings of civilians in Iraq, that some Marines could become 'indifferent to the loss of a human life.' His office announced that he was enroute to Iraq to reinforce the Corps' standards of behavior in combat." The New York Times (5/26, Shanker, Schmitt, and Oppel) writes that "the commandant of the Marine Corps, Gen. Michael W. Hagee, flew from Washington to Iraq on Thursday to give a series of speeches to his forces re-emphasizing compliance with international laws of armed conflict, the Geneva Conventions and the American military's own rules of engagement."

Knight-Ridder (5/25, Brown) writes that Gen. Hagee briefed Sens. John Warner and Carl Levin, chair and ranking Democrat, respectively, of the Armed Services Committee, before flying to Iraq. The Washington Post (5/26, Ricks) reports that retired Marine Gen. David Brahms predicts a coming "firestorm" that will be "worse than Abu Ghraib." It adds that "if [predictions of murder charges prove valid], the case is likely to make it more difficult for the Bush administration to bolster support for the war."

The CBS Evening News (5/25, story 6, 2:25, Schieffer) reported Gen. Hagee is "taking an unprecedented action tonight. He's flying to Iraq to personally tell Marines they are accountable for their personal conduct, even under the pressure of combat." CBS (Martin) added, "The investigations are not over yet, but a lawyer for one of the Marines tells CBS News there's a strong possibility some of them will be charged with murder." In "a separate incident last month in Hamandiyah, another squad of Marines killed one Iraqi civilian."

Karzai Visits Wounded Civilians. The New York Times (5/25, Gall) describes a surprise visit by Afghan President Hamid Karzai "to his hometown of Kandahar in southern Afghanistan today to visit civilians wounded in an American bombing raid." One Afghan official says of the president's brief visit: "People were telling him we really need security, but that we do not need foreign troops, and helicopters and tanks anymore, we Afghans should take care of it." The Times quotes an increased figure for civilian deaths: "The numbers of civilian casualties in the bombing continued to rise. At least 35 civilians were killed and 15 wounded when United States planes bombed Taliban fighters in a village of Tolokan, west of Kandahar, on Sunday night, said Abdul Qadar Noorzai, the head of the Afghan Independent Human Rights Commission in Kandahar."

Navy Missile Program Reaches Milestone. The Washington Times (5/26, Gertz, Scarborough) reports in its "Inside the Ring" column, "The U.S. Navy this week reached a milestone in its sea-based missile defense program. A modified SM-2 interceptor missile launched from the Hawaii-based Aegis cruiser USS Lake Erie successfully shot down an incoming short-range test missile in the final few seconds before impact. It was the first sea-based intercept of a ballistic missile in the terminal, or last stage, of flight."

DOJ:

New York Girl Receives DOJ Courage Award. WTEN-TV, Albany, NY (5/26) reports, "A local hero receives a national award; and if anybody deserved one, 15-year-old Stephanie Quackenbush does. … She is the Albany girl who fought off an armed attacker and then helped send him to prison. Today she received 'The Courage' award. … And courage is something Stephanie has plenty of. So much, she was honored at the Department of Justice National Missing Children's Day awards ceremony. She shares the credit with her mom." WTEN-TV adds, "There were words of praise from Attorney General Alberto Gonzales. … 'Today we honor all who work for our children, because they are our dreams and our future,' says Gonzales." WTEN-TV adds, "Stephanie almost never lived to see her future. On June of last year, on the way to school she was attacked by a man armed with a butcher knife. Quackenbush fought and screamed, even after the man told her he was going to stab her. … Her screams got the attention of two men, as her attacker ran. He turned out to be 24-year-old Darius Ashley, who is serving 25 years in prison for the assault on Quackenbush, and the rapes of two other girls."

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CORPORATE SCANDALS:

Jury Finds Lay, Skilling Guilty In Enron Trial. Former Enron CEOs Kenneth Lay and Jeffrey Skilling were found guilty of a total of 25 counts of fraud and conspiracy in the financial scandals that ultimately led to the collapse of the company. The Wall Street Journal (5/26, Koppel, Lattman) reports, "For former Enron Corp. executives Kenneth Lay and Jeffrey Skilling, overturning yesterday's guilty verdicts will be a long shot, legal specialists say." Their chances are weak because "the two are expected to seek reversals in the Fifth US Circuit Court of Appeals in New Orleans, which lawyers say is one of the more pro-government benches in the nation." Houston attorney Christopher Bebel says that the trial judge, Simeon Lake, "is on solid ground."

The convictions are being universally portrayed as a clear win for the prosecution, and as a vindication of the government's strategy in the case. USA Today (5/26, Farrell), for example, describes the verdict as "a resounding victory for federal prosecutors." Prosecutors "said the trial should send a message to executives who manipulate their companies' earnings. 'No matter how rich and powerful you are, you have to play by the rules,' said Sean Berkowitz, director of the Enron Task Force. 'You will be held accountable for your actions.'" The Financial Times (5/26, McNulty, Ben White) calls the verdict "the federal government with its most important victory in a five-year crackdown." CNN's The Situation Room (5/26) refers to "a huge victory for prosecutors," and the Washington Times/AP (5/26, Hays) to "a major victory for the government."

The Los Angeles Times (5/26, Mulligan) quotes Berkowitz saying, "The jury has spoken, and they have sent an unmistakable message to boardrooms across the country: You can't lie to shareholders. You can't put yourselves in front of your employees' interest." The Times adds, "Fellow Enron task force member and Orange County federal prosecutor John C. Hueston said that the verdicts will make it harder for top executives to blame their company's problems on their underlings to avoid legal responsibility. 'CEO's cannot hide behind accountants. They cannot hide behind lawyers. They cannot hide behind claims of ignorance when they have been paid tens of millions of dollars to be the faithful stewards of shareholders and investors,' Hueston said."

The story was the lead on each of the networks last night, which also ran follow-up stories on the reaction of former Enron employees and others, devoting a total of about 15 minutes of coverage to the story. ABC World News Tonight (5/25, lead story, 3:05, Vargas) reported, "Lay and Skilling could be locked up for up to 30 years." ABC (Cuomo) added, "Enron has become the poster child for corporate greed and deception. The question was whether the system could hold those at the top accountable. And today, the jury sent a clear message -- justice can reach her hand into the board rooms of the rich and the powerful." NBC Nightly News (5/25, lead story, 3:10, Brown) showed Paul McNulty, Deputy Attorney General, saying, "The message of today's verdict is simple. Our criminal laws will be enforced just as vigorously against corporate executives as they will street criminals." The CBS Evening News (5/25, lead story, 2:50, Cowan) called the verdict "a resounding approval of the government's case against Enron's former giants."

The Washington Post (5/26, A1, Johnson) reports, "The Enron investigation has been the most sophisticated and painstaking white-collar criminal probe in history, Justice Department officials said, producing convictions of 18 people. … 'This was the most important corporate scandal of our lifetimes,' said securities-law historian Joel S. Seligman. 'It was one of the immediate causes of the Sarbanes-Oxley Act, the governance reforms of the New York Stock Exchange and NASD, and the most consequential reorientation of corporate behavior in living memory.'"

The New York Times (5/26, Barrionuevo) reports, "The 12 jurors and 3 alternates, who all agreed to talk to about 100 reporters at a news conference after the verdict, said they were persuaded -- by the volume of evidence the government presented and by Mr. Skilling's and Mr. Lay's own appearances on the stand -- that the men had perpetuated a far-reaching fraud by lying to investors and employees about Enron's performance." The panel "rejected the former chief executives' insistence that no fraud occurred at Enron other than that committed by a few underlings who stole millions in secret side deals. And the jurors said they did not believe that negative press and failing market confidence combined to sink the company." A second New York Times (5/26, Bajaj, Whitmire) story notes jurors said they "simply could not believe…that Kenneth L. Lay and Jeffrey K. Skilling were telling the truth when they claimed they didn't realize that something was rotten at Enron. How, they repeatedly wondered, could Enron's former chief executives not have known what was going on?" The Washington Post (5/26, A1, Rust) runs a similar report on the jurors' comments under the headline "Defendants Sunk By Their Testimony."

USA Today (5/26, Iwata) reports Lay and Skilling "could face prison terms of anywhere from 10 years to life, some legal experts say. … Skilling's counts carry a maximum prison sentence of 185 years; Lay's, a maximum of 45 years, not including his separate convictions in a bank fraud case." US District Judge Sim Lake "will base their prison terms on several factors, including total dollar loss to investors, the number of people hurt by the fraud and whether Lay, 64, and Skilling, 52, obstructed justice by lying on the witness stand."

Analyzing the case's long-term impact, the Christian Science Monitor (5/26, Scherer, Axtman) says that "today, CEOs can no longer use the excuse that they can't be

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responsible for other people robbing the company. They can't reward friends with a seat on the board of directors - today, the board must consist of knowledgeable people who will challenge company procedures when it's necessary. And, CEOs, if they choose to ignore the changes, could well be out of their jobs." In a similar piece, the New York Times (5/26, Eichenwald) writes, "The Enron case will forever stand as the ultimate reflection of an era of near madness in finance, a time in the late 1990's when self-certitude and spin became a substitute for financial analysis and coherent business models. Controls broke down and management deteriorated as arrogance overrode careful judgment, allowing senior executives to blithely push aside their critics. "

The AP (5/26, Hays) reports, "Skilling's $5 million bond, which restricts him to the continental U.S., remains in effect. Lay, who surrendered his passport, posted a $5 million bond secured with family-owned properties at a hearing following the verdict. … The Enron founder was also ordered to stay in the Southern District of Texas or Colorado, avoid contact with any victim of the offense charged, report to pre-trial services regularly and must not own a gun or use alcohol excessively or drugs."

The Houston Chronicle (5/26, Babineck, Flood, Roper) reports, "The jury panel spent 16 weeks listening to often diametrically opposed testimony, with the government calling 25 witnesses plus three more on rebuttal. Several had struck cooperation agreements with the government and acknowledged crimes, and most claimed Lay and Skilling were part of a conspiracy to profit personally by duping the world about Enron. … 'We stole. We all benefited financially at the expense of others,' said former Chief Financial Officer Andrew Fastow, who is expected to serve a 10-year prison sentence after admitting he masterminded fraudulent bookkeeping schemes and bled Enron to the tune of $45 million in the process. … The defense impugned Fastow's character and told jurors he was a liar then and he's a liar now, implying he fabricated evidence and testimony that Skilling approved of 'bear hug' deals with Fastow's LJM partnerships to hide Enron debt and guarantee Fastow wouldn't lose money."

The New York Post (5/26, Geller) reports, "The prosecution was jubilant. … 'The government will not let corporate leaders violate their trust and get away with it,' said lead prosecutor Sean Berkowitz. … 'You can't lie to shareholders, you can't put yourselves in front of your employees' interests. No matter how rich and powerful you are, you have to play by the rules.'"

Bloomberg (5/26) reports, "In the wake of Enron's meltdown, government prosecutors cracked down on corporate crime. CEOs of WorldCom Inc., HealthSouth Corp., Adelphia Communications Corp. and Rite Aid Corp. were prosecuted for accounting fraud or looting company treasuries. All were convicted of fraud except HealthSouth founder Richard Scrushy, who now is on trial on unrelated bribery charges in Alabama." Bloomberg adds, "The eight-woman, four-man jury convicted Skilling on 19 of the 28 charges against him while finding Lay guilty of all of the six counts against him. The government presented a total of 25 witnesses against the men, including a parade of former Enron executives. … 'It's safe to say each of them is facing north of 20 years real jail time,' said Kirby Behre, a former federal prosecutor and co-author of Federal Sentencing for Business Crimes. The calculation of the size of the fraud will play a part in determining the exact sentence. 'There's going to be a mini- trial on sentencing issues.' … Prosecutors should feel vindicated as well, said Behre, now a partner at Paul Hastings Janofsky & Walker in Washington. 'This case epitomizes a new paradigm of corporate criminal prosecutions. We now hold the highest-level executives responsible for the misconduct of the company. These two guys are as high as they get.'"

CNN/Money (5/26, Pasha, Seid) reports, "Both Lay and Skilling could face 20 to 30 years in prison, legal experts say. And Lay will also face an additional hefty term in prison for his conviction in the bank fraud case. … 'I think absent a successful appeal, they will both die in prison,' said Jamie Wareham, global chairman of litigation at the international law firm Paul Hastings. 'When you're a judge that's concluded that two men have lied to you for hours and hours and hours, light sentences aren't going to flow.'"

Prosecutors Said To Have Learned Lessons From Scrushy Trial. USA Today (5/26, Farrell) says "the only significant failure in the Justice Department's campaign against corporate fraud occurred in Alabama last year, when a federal jury acquitted former HealthSouth CEO Richard Scrushy of masterminding a $2.7 billion fraud, even though five former CFOs testified against Scrushy. In discussing that case after the verdict, several jurors seemed confused about what the government was trying to prove against Scrushy. In the Enron trial, government prosecutors wanted to avoid the same mistakes." USA Today adds that "to win criminal convictions in federal court, prosecutors needed actual proof of guilt against the two men. And, because there were no e-mails tying Lay and Skilling directly to the fraud, prosecutors made a strategic decision to focus the trial on whether Lay and Skilling told the truth in public, not if Enron's accounting was illegal. To that end, perhaps the biggest single break for the prosecutors occurred in December, a month before the trial was to begin, when Richard Causey, the former chief accounting officer of Enron, pleaded guilty to one count of securities fraud. … With Causey out of the picture in a plea deal, prosecutors could focus their case against Lay and Skilling exclusively on whether the two men were honest in statements to employees, analysts and investors."

Many Questions About Enron's Demise Said To Remain Unanswered. Meanwhile, the Wall Street Journal

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(5/26, Smith) says that "because a third defendant, former Enron Chief Accounting Officer Richard Causey12, pleaded guilty just before the trial began, the case against Messrs. Skilling and Lay became simpler and less focused on the nitty-gritty of how Enron operated." As a result, "while the defendants insisted Enron was a healthy energy-trading company that fell victim to a 'run on the bank,' there was little detailed exploration of the roots of Enron's problems -- including how it became so dependent on paper trading gains that had little real cash attached to them and so vulnerable to credit calls that made it incapable of riding out a crisis." The Journal adds, "Indeed, more than four years after the Enron scandal began, it is still impossible to say what was real at Enron and what was smoke and mirrors."

The Washington Post (5/26, D1, Masters, Johnson), however, reports the Enron "tale" was "complicated, with labyrinthine partnerships and intricate accounting entries, and no documents directly tying the guys at the top to the decisions carried out by others. It was a tough case to be a must win. When the jury returned its verdicts -- guilty on 25 of a combined 34 counts -- it was a clear win."

Lay, Skilling Hurt Defense With Their Testimony. The AP (5/26, Hays) reports, "Kenneth Lay may have paved his way to prison when he testified in his own defense against fraud and conspiracy charges, snarling at a prosecutor and telling a jury of middle-class men and women that he couldn't turn off his rich lifestyle 'like a spigot,' despite $100 million in personal debt. … Jeffrey Skilling may have guaranteed himself a string of convictions when he couldn't counter incriminating testimony from prosecution witnesses with more than, 'It's not true.'" The AP continues, "The epic undoing of the founder and former chief executive of what was once the seventh-largest company in the country and his hand-picked successor came in telling moments throughout the trial of more than four months. … Lay and Skilling entered the trial with a claim that shocked many: Not only were they innocent of wrongdoing, no fraud at all occurred at Enron. Skilling boiled it down with a statement at the end of his 7 1/2 days of grueling testimony: … Prosecutors knew going in that both defendants would seek to exonerate not only themselves, but the company as well. Lay forecast that approach in a speech to Houston business and academic leaders in mid-December, while Skilling's legal team used a court filing to signal their intent. … But Enron fell so precipitously into bankruptcy proceedings in December 2001 from being the nation's seventh-largest company the year before that something had to be rotten, whether Lay and Skilling knew about it or not."

Knight Ridder (5/26, Burns) reports, "So much for the bold defense of Kenneth Lay and Jeffrey Skilling. … The pair was convicted Thursday by federal jurors who listened to both former Enron Corp. executives spin a tale from the witness stand about a truly great company that was sadly misunderstood." Knight Ridder continues, "From the start, legal observers questioned the strategy of promoting Enron as a 'shining star,' since the rest of the world concluded long ago it had been misled about the one-time Houston energy giant. … Former insiders cooperating with the government swore under oath that the company had lost its moral bearings and manipulated its financial results to deceive a gullible public. … The outcome of the case, with Skilling and Lay facing long prison terms, is likely to encourage future corporate executives targeted in criminal investigations to adopt a lower-risk approach, some legal experts predict."

Skilling Says Holding Trial In Houston Hurt His Chances. The Wall Street Journal (5/26, Emshwiller, McWilliams, Davis) reports, "In a telephone interview last night, Mr. Skilling said that when he was pronounced guilty on the first count of conspiracy, 'that floored me. God, there was no conspiracy.' He said that the relatively short jury deliberations had raised his hopes. But 'we were just on a tilted football field,' he said, referring to going on trial in Enron's headquarters city."

The Houston Chronicle (5/26, Babineck, Flood, Roper) notes that "in Houston…thousands of employees lost their jobs -- 4,000 at once the day after Enron filed for bankruptcy on Dec. 2, 2001. Many lost their retirement savings, which was invested in near-worthless Enron shares."

Successful Appeal Seen As Unlikely. The Times (UK) (5/26, Doran) reports, "Legal experts said, however, that the likelihood of a successful appeal was slim because the jury had obviously considered each count in turn, rather than returning a blanket decision."

Texas Lawyer (5/26, Jeffreys) reports, "Joel Androphy, a partner in Berg & Androphy in Houston who has watched most of the trial, says he gives Skilling -- unlike Lay -- reasonable odds at a successful appeal. … Androphy says Lake's instructions to the jurors will help Skilling's appeal. Androphy believes the evidence was not sufficient against Skilling to justify the judge's instructions that the jurors should consider 'willful blindness.' The government had laid out a case against Lay that he specifically avoided learning details but not so against Skilling." Texas Lawyer adds, "Androphy says two government witnesses were extremely important to the prosecutors' case: Ben Glisan, the former Enron treasurer who pleaded guilty in 2003 to one count of conspiracy to commit wire and securities fraud and is serving a five-year prison term, and Mark Koenig, the former head of investor relations at Enron who has pleaded guilty to aiding securities fraud at Enron. … Androphy's assessment is the jurors put little stock in the defense's arguments that the government's witnesses were tainted by deals they cut with prosecutors to avoid jail time."

McNulty Calls Verdict Triumph For DOJ. The Houston Chronicle (5/26, Hedges) reports, "In Washington, Deputy Attorney General Paul McNulty called the verdict a triumph for the Justice Department, and the federal Enron

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task force that was created in late 2001. … 'Lay, Skilling and their numerous coconspirators perpetrated an elaborate scheme to mislead analysts and investors about Enron's true financial picture. Their efforts to mislead the markets were protracted, deliberate and dishonest,' McNulty said. 'At a time when the company was foundering, these defendants perpetrated a lie that Enron was a robust and growing company in the strongest financial condition it had ever been in. And as they knew, the truth was something very different.' … He added, 'The message of today's verdict is simple: Our criminal laws will be enforced just as vigorously against corporate executives as they will street criminals.'" The Chronicle adds, "Attorney General Alberto Gonzales, who had recused himself from the Enron investigation because of corporate donations he received as a Texas judge, did not comment. … But McNulty lauded the work of a task force he said, 'worked thousands and thousands of hours. They've gone over millions of pages of documents. They have devoted years of their professional life, sacrificing time from families, all in the effort to try to hold individuals accountable for corruption.'"

Some Say Verdict Will Embolden Federal Prosecutors. The Financial Times (5/26, Kirchgaessner, Waldmeir) reports, "The conviction of Ken Lay and Jeffrey Skilling is the successful culmination of a legal strategy Department of Justice prosecutors have been fine tuning since the day, in 2001, when Enron, one of America's most respected companies, collapsed under the weight of a massive fraud." The Times continues, "That strategy called on law enforcement officials to indict and seek the conviction of chief executives of companies on fraud charges – often involving complex accounting schemes – even if there was little or no solid evidence that the executives intended to commit a crime or even knew the fraud existed." The Times adds, "In the case of Enron, says Michael Missal, a former attorney at the Securities and Exchange Commission who is now a partner at Kirkpatrick & Lockhart, the verdict will further embolden prosecutors to "go after the people at the very top", holding them responsible for wrongdoing at the companies they ran. … Dan Small, a litigation strategy expert at the law firm of Duane Morris, also believes the victory will rejuvenate the justice department at a time when, he says, the legal community has been wondering whether momentum of prosecuting corporate fraud has slowed down. … But one former senior counsel at the justice department disagrees. Timothy Coleman, an attorney at Dewey Ballantine, says the guilty verdict represents the end of an era that began and ends with Enron and that the political forces that put aggressive prosecution of white collar crime at the top of law enforcement's agenda will now subside."

The Wall Street Journal (5/26, Davies, Scannell) reports, "The convictions of former Enron Corp. executives Kenneth Lay and Jeffrey Skilling culminate a crackdown on turn-of-the-century corporate malfeasance. They also will likely embolden the government to continue its campaign." Among the targets are "two dozen or so companies under federal investigation into whether they improperly backdated stock-option grants to enrich executives."

Task Force Navigated Tough Road To Conviction. The Wall Street Journal (5/26, Emshwiller) reports, "The Enron Task Force's uneven record looks sharply improved after it scored big wins in its defining case yesterday with the convictions of former Chief Executives Kenneth Lay and Jeffrey Skilling." The task force suffered a major reversal when "a conviction of … Arthur Andersen LLP was overturned" by the Supreme Court. It was criticized for allegedly unfairly penalizing "thousands of innocent Andersen employees." The Journal notes that its prosecutors "have won convictions against seven individuals, while one person has been acquitted. A trial of several former executives of Enron's high-speed telecommunications unit ended with no convictions and acquittals on numerous counts." In addition, the task force suffered from "communication problems, bureaucratic infighting and disagreements over tactics."

Convictions Solidify Corporate Reform Movement. Knight Ridder (5/26, Greising) reports, "Enron. The very word encapsulates an era. … It conjures images of too-cozy board rooms, all-powerful CEOs, compliant accountants, greed-struck employees and, ultimately, out-of-luck investors. … And now, thanks to the convictions of former chief executives Ken Lay and Jeff Skilling, Enron finally can stand for something else. … It stands for justice, thanks to the jury's unequivocal verdict." Knight Ridder add,s "The convictions also likely will embolden the sheriffs in town - federal prosecutors, the Securities and Exchange Commission, ambitious district attorneys and even a few private investors - to forge ahead in the challenging, ongoing effort to battle business corruption. … Some argue that a guilty verdict was not needed to exact justice. A flurry of post-Enron reforms, highlighted by the Sarbanes-Oxley law, had done that, they say. … 'Even if there had been an acquittal, that would have been OK,[said Charles Elson, director of the John L. Weinberg Center for Corporate Governance at the University of Delaware. 'The changes that this case has brought are a victory in their own right.' … But Andrew Weissmann disagrees. Weissmann laid the investigative foundation for Thursday's verdict as head of the Justice Department's Enron Task Force. Before he stepped down nearly a year ago, he sifted through the grubby entrails of the corrupt Enron enterprise. … Weissmann also led the prosecution of Arthur Andersen. And since the Supreme Court threw out the Andersen guilty verdict because of the judge's flawed jury instruction, he has seen how a final verdict can muddle the public's perceptions of right and wrong."

Former Employees Praise Guilty Verdicts. ABC World News Tonight (5/25, story 2, 1:55, von Fremd)

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reported, "Many former Enron employees said they've waited more than four years for this moment." Deborah DeForge, former Enron employee: "Just hearing that they found them guilty, kind of renewed my sense of fairness in the justice system." Similarly, the CBS Evening News (5/25, story 2, 1:55, Mason) reported, "For Enron's former employees, the guilty verdicts ended five years of misery," while NBC Nightly News (5/25, story 2, 2:00, Brown) asked, "So was justice served? Many of the people who bet their life savings on Enron say yes." The Chicago Tribune (5/26, Burns) reports Sherri Saunders, "who lost her job and $1 million in retirement savings, said the verdict 'gives me a little comfort.'" The Houston Chronicle (5/26, Patel) runs a story about former workers, titled "For Ex-Enron Employees, Verdict Is Personal," and the Washington Post (5/26, D1, Ahrens) and USA Today (5/26, Appleby), among other newspapers, run similar reports.

Political Impact From Enron Verdicts Seen As Unlikely. The Wall Street Journal (5/26) reports in its "Washington Wire" column, "Both parties doubt Enron verdicts will have large political impact. 'The public verdict is already in on CEO greed at the expense of the company's own employees,' says ex-Clinton strategist Stan Greenberg. Adds Republican pollster Neil Newhouse, 'There could have been a public backlash had the verdicts not come in guilty.'"

Verdict Said To Mark "Beginning Of The End Of The Bush Era." Under the headline "Kenny Boy, Meet Brownie," Howard Fineman writes on Newsweek's website (5/26), "If you want a date to mark the beginning of the end of the Bush era in American life, you may as well make it this one: May 25, 2006. The Enron jury in Houston didn't just put the wood to Ken Lay and Jeff Skilling. The jurors took a chainsaw to the moral claims of the Texas-based corporate culture that had helped fuel the rise to power of President George W. Bush. … Ultimately, Bush's Justice Department pressed the case against Enron -- and won. Still, when the history books are written, the debit side of the Bush-era ledger will include a line labeled 'Kenny Boy.' That's the nickname Bush gave the guy he later claimed he barely knew. "

Under the headline "Once A Friend And Ally, Now A Distant Memory," the Washington Post (5/26, A10, Goldfarb) reports, "In the 1980s, when Bush was working in the Texas oil industry, his firm invested in a drilling partnership with Lay's company, a predecessor to Enron. In 1992, Lay was co-chairman of the Republican National Convention in Houston that re-nominated President George H.W. Bush. Later, Lay was a major fundraiser for George W. Bush's political career." Vice President Cheney "invited Lay to take part in his secret energy task force meetings. Cheney also talked to the Indian government about a debt it owed Enron for the rebuilding of a power plant."

British Banker Fighting Extradition Calls Enron Verdict "Terrifying." Bloomberg (5/26, Murphy) reports, "A British banker fighting extradition to the U.S. on Enron Corp.-related charges said he was 'terrified' by today's convictions of the company's former Chairman Kenneth Lay and ex-Chief Executive Officer Jeffrey Skilling and questioned why the men chose to fight the case. … 'It was either an incredibly brave or foolhardy thing that they did, and I guess they're paying the consequences now,' David Bermingham said in a telephone interview from his home outside London. 'They had both hands tied behind their back, and they were up against the 400-pound gorilla. The deck was completely stacked against them.'" Bloomberg adds, "Bermingham, Giles Darby and Gary Mulgrew, all former employees of Royal Bank of Scotland Group Plc's Greenwich NatWest unit, are wanted in Texas for allegedly pocketing millions from the sale of an Enron off-the-books partnership. … They are among the 33 individuals, including Lay and Skilling, the U.S. government has prosecuted in connection with the energy trader's implosion, which wiped out thousands of jobs and more than $1 billion in retirement funds virtually overnight. … Bermingham said today that while he didn't have any opinion on whether Lay or Skilling were guilty of the fraud and conspiracy charges against them, the fact that both men may spend the rest of their lives in prison only reinforced the importance of the bankers' ongoing battle against extradition."

Defendants' Wives Faced Their Own Kind Of Pressure. USA Today (5/26, O'Donnell, Fetterman) reports, "In courtroom wrangling over white-collar crimes, the way family support is perceived can be important. In the Enron trial, it was often about the wives." USA continues, "Linda Lay, the former secretary turned second wife to Enron ex-chairman Ken Lay, stood by her man every day of the four-month trial that ended in her husband's conviction Thursday. … Usually, she sat in the first row of the spectator gallery, about 20 feet from her husband. But as the clock approached 11 a.m. in Houston Thursday, the hour of judgment for Ken Lay, she moved into the front part of the courtroom to be beside him." USA adds, "Linda Lay maintained the same tight grasp on her husband's hand that she's had in all the trips to and from the courtroom. … That wasn't the case with Rebecca Carter, former Enron CEO Jeff Skilling's second wife and former corporate board secretary. She did not attend every day of the trial and was not in the courtroom when it was time for a verdict. Outside the courthouse, after being convicted on all counts, Skilling thanked his family, especially his three children, but didn't mention his wife. … Beth Bonora, a jury consultant in San Francisco, says it's important for those on trial to have family members in the courtroom to 'convey that other people care about you and believe in you. … People are curious about relationships, the dynamics' of family members in the courtroom."

Public Not Keen On Enron-Related Books, Film, Memorabilia. USA Today (5/26, Lieberman, Howard, Petrecca) reports, "Enron's legacy includes several well-

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regarded books, an Oscar-nominated documentary, a mountain of memorabilia and — based on sales of those items — lots of yawns." USA continues, "Publishers, who made the biggest bets on public interest in Enron, hope for a few more sales off the verdict, but don't expect much. … 'There were a lot of (Enron) books and relatively few readers,' says Michael Cader, editor of industry newsletter Publishers Lunch. 'It was a complex case and the extent to which it meant anything to general readers was elusive.'" USA adds, "Meanwhile, auctioneers don't expect a surge of Enron-mania for souvenirs. 'Some of the wind is out of the sails because of the length of time of the trial,' says Dennis Kruse, president of the National Auctioneers Association. … This week, 66 Enron items have sold on eBay, says eBay spokesman Dean Jutilla, while bidders snapped up 1,285 items tied to American Idol winner Taylor Hicks."

More Commentary. The Wall Street Journal (5/26) editorializes, "If anyone still thinks corporate chieftains are above the law, yesterday's 29 guilty verdicts against former Enron CEOs Jeffrey Skilling and Kenneth Lay should put that myth to rest." The Enron verdicts "are proof, if more were needed, that lying to employees, shareholders and the public about corporate finances is a serious crime that will be punished.

The New York Times (5/26) editorializes, "We hope the jury's verdict deters other corporate kingpins from breaking the rules. As Paul McNulty, deputy attorney general, put it in a news conference shortly after the verdict was announced, 'No one, including the heads of Fortune 500 companies, is above the law.' At the same time, white-collar criminal cases can be difficult, paper intensive and hard to explain to juries. We expect the verdict in the Enron case to encourage prosecutors to pursue them."

The Washington Post (5/26, A20) writes in an editorial, "There is a danger in this verdict, however. In the wake of Enron's bankruptcy, some argued that the problems of corporate America were the work of a few bad apples." Yet, adds the Post, "this decade's business scandals were not just about bad apples, and putting those apples in jail is not going to change that."

USA Today (5/26) editorializes that Enron was a case "that epitomized an era, the one that the federal prosecutors absolutely had to win. Now that they did…public attention to issues of corporate fraud and governance might wane. That would be a shame because much more remains to be done before shareholders and employees can be confident that senior managers are acting in their company's best interest, not their own."

Steven Perlstein writes in the Washington Post (5/26), "Ken Lay and Jeff Skilling are right about one thing: The games they played at Enron were no different than the games being played at hundreds of other big public companies during the late 1990s. So in that respect, it is unfair that Lay and Skilling (and their partner in crime, Andy Fastow) have been singled out for criminal prosecution. Unfair -- and totally necessary. … For all the nuance and sophistication of our legal system, the convictions of Lay, Skilling, Bernard Ebbers, Dennis Kozlowski, the Rigases and the Arthur Andersen accounting firm amount to nothing more than old-fashioned hangings in the public square. They are the way by which a capitalist society gets its most powerful economic actors to abide by the rules that make free markets work."

Novelist James P. Othmer writes in the New York Times (5/26, Othmer) that "this is about much more than the fate of Kenny Boy Lay and Jeff Skilling. This is about us. The Masters of the Universe. The all-knowing, type-A power mongers in crimson suspenders with bottomless expense accounts. This is about the fate of the prickly, unapologetic, rule-averse tough guys like you and me who run this country, not because we're particularly talented or charming, but because we have the gift of arrogance."

The Seattle Post-Intelligencer (5/26) editorializes, "The convictions of former Enron execs Lay and Skilling provide some justice for Washingtonians bilked by the Western energy crisis. Even within perhaps the worst-led Justice Department in U.S. history, enough capable, dedicated, honest prosecutors remain to win difficult convictions. Jurors saw through the defense's attempts at explanations, evasions and excuses."

Fannie Mae CEO Will Not Head Accounting Probe. Dow Jones (5/26) reports, "Reversing course Thursday, Fannie Mae Chairman Stephen B. Ashley said chief executive officer Daniel H. Mudd won't lead the company's investigation into who should be fired or punished because of the housing giant's $10.6 billion accounting scandal." Dow Jones continues, 'Instead, Ashley said that four independent board members who have joined Fannie Mae (FNM) in the last 18 months would spearhead the probe. … 'The board and myself have developed our thinking further for how a review of the personnel mentioned in the OFHEO report would be handled,' Ashley said in an interview." Dow Jones adds, "Ashley said the board decided to change its plans on Wednesday, one day after he said on an analyst call that Mudd would lead the review. … He said the decision was 'internal' and didn't come from pressure by regulators or lawmakers. … The Office of Federal Housing Enterprise Oversight and the Securities and Exchange Commission fined Fannie Mae $400 million Tuesday for 'deliberately and systematically' creating earnings 'illusions' to hit targets from 1998 through 2004. … The SEC and Justice Department are both looking into the roles individuals played in the accounting scandal. Tuesday's agreement only settled allegations against the company."

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WSJournal Says Fannie Mae Scandal Is Political. The Wall Street Journal (5/26) says in an editorial that Fannie Mae's "regulator issued its long-awaited, 340-page report on the company's $10.8 billion accounting woes this week, and the news is that the internal rot is even worse than we ever imagined. This is the Beltway's Enron, yet the political class still hasn't fixed the core problem, which is Fannie's political protection." The Ofheo (Office of Federal Housing Enterprise Oversight) report "makes clear that Fannie's core expertise was manipulating its earnings and rigging the politics. The management of credit risk that was supposed to be its stock-in-trade was way down the list." The "larger story here is that Fannie Mae is less a corporate outrage than a political one. It is the tale of a company that has grown rich off an implicit taxpayer subsidy and then plowed those profits back into buying political protection in Congress and feckless regulation from the executive."

House Committee Holds Hearing On Executive Pay Packages. The AP (5/26, Gordon) reports, "Lawmakers on Thursday addressed an issue that rankles company shareholders and the public -- executive pay packages and perks -- at a time when revelations of excess surface almost daily." The AP continues, "A senior Democrat, Rep. Barney Frank of Massachusetts, wants Congress to give shareholders a greater say over executive compensation. … 'There have clearly been abuses,' Frank said at the start of a hearing by the House Financial Services Committee. The session became an impassioned debate between Democrats and Republicans over the morality of lavish compensation, an argument portrayed by panel members as a clash between faith in capitalism and advocacy of socialism." The AP adds, 'Frank had earlier used a parliamentary rule to force the majority Republican leaders of the committee to convene the hearing. … The partisan rhetoric flew, as befits an election year. Countering Frank's legislative proposal, Republicans disclosed that they have a bill of their own in the works: one that would rein in trial lawyers, a group that is a perennial ally of Democrats and generous contributor to their campaigns. … The subject clearly hits a nerve with Americans, who hear reports almost daily of excessive pay and perks for executives while their companies stumble, lay off employees or renege on billions of dollars in pension obligations for workers' retirement. The chasm between executives' salaries and the pay of rank-and-file employees continues to widen."

Former Wal-Mart Official To Be Sentenced In August For Fraud. The AP (5/26, Kabel) reports, "A federal judge has set a sentencing hearing Aug. 11 for Thomas Coughlin, the former No. 2 executive at Wal-Mart Stores Inc., who pleaded guilty in January to fraud and tax charges for stealing money, gift cards and merchandise from the world's largest retailer." The AP continues, "Coughlin, 57, faces a maximum of 28 years in prison after pleading guilty to five counts of wire fraud and one count of filing a false tax return. He also could be fined $1.35 million." The AP adds, "U.S. District Judge Robert Dawson, who accepted Coughlin's guilty plea in January, set the sentencing hearing for Aug. 11 in his courtroom in Fort Smith, Arkansas. … Prosecutors have recommended a sentence but Dawson sealed the plea agreement pending a presentencing report. … Wal-Mart referred Coughlin to federal prosecutors after discovering Coughlin allegedly had embezzled money from the company and used expense vouchers to buy products as varied as snakeskin boots, hunting trips and Bloody Mary cocktail mix. Wal-Mart estimated losses at up to $500,000."

Top Hedge Fund Managers Average $363 Million In Annual Pay. USA Today (5/26, Shell) reports, "James Simons, a mathematician turned money manager who prefers hiring Ph.D.s over MBAs, inched out oil tycoon T. Boone Pickens Jr. as the world's best-paid hedge fund manager in 2005, collecting an estimated $1.5 billion, according to rankings released today by Institutional Investor's Alpha magazine." USA continues, "In rising to the top of what amounts to a who's who list of the secretive hedge fund world, Simons, of Renaissance Technologies, unseated 2004's top earner and first-ever billion-dollar man, Edward Lampert of ESL Investments, who is best known for buying Kmart and masterminding the blockbuster deal to buy Sears. Lampert's earnings dipped to an estimated $425 million last year, down from $1.0 billion in 2004. … Pickens also topped $1 billion, earning an estimated $1.4 billion. The average pay of the 26 (there was a tie for 25th place) on the list was $363 million, up 45% from $251 million in 2004." USA Adds, "Other big-name managers with big-time reputations in the top 10 included: financier George Soros, who was named 'the man who broke the Bank of England' in 1992 after a winning bet against the British pound netted him more than $1 billion; Steven Cohen of SAC Capital Advisors, whom BusinessWeek called 'the most powerful trader on Wall Street you've never heard of' in a July 2003 cover story; and legendary trader Paul Tudor Jones II. … The surge in pay comes amid an explosive growth in the industry, which now has roughly 8,000 funds and $1.2 trillion in assets. A lucrative business model for hedge fund managers, which, on average, entitles them to 2% of assets under management and 20% of the profit, makes these large paydays possible, Peltz says. A $10 billion fund would earn $200 million from the 2% management fee alone. Super-successful managers charge even more."

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Charity Holds "Shareholders" Meetings To Demonstrate Accountability. The New York Times (5/26, Strom) reports that for the last four years, Direct Relief, a charity which provides "donated medicine and medical supplies to communities around the world, has held a 'shareholders' meeting' for contributors to demonstrate its accountability and to burnish its relationship with its donors. … The charity began holding the shareholders' meetings to expand its appeal to donors locally and beyond." Direct Relief "invites representatives of the organizations it has supported to attend the meetings and explain how the charity has assisted them, as well as to offer primers on the challenges they face in providing health services in impoverished and conflict-ravaged countries."

CRIMINAL LAW:

Bush Orders Documents Seized By FBI Sealed For 45 Days. Amid the rising tension between the Administration and Congress over the FBI raid of Rep. William Jefferson's Capitol Hill office, President Bush yesterday ordered the Justice Department to seal the documents seized by the FBI. The Office of the Solicitor General will hold the documents for 45 days, which Bush said in a statement released yesterday, "will provide both parties more time to resolve the issues in a way that ensures that materials relevant to the ongoing criminal investigation are made available to prosecutors in a manner that respects the interests of a coequal branch of government." Press reports characterize Bush's order as "a highly unusual intervention," an "extraordinary" and "remarkable."

ABC World News Tonight (5/25, story 4, :20, Vargas) reported, "Congressional leaders sharply criticized the FBI for raiding the offices of Democratic Congressman William Jefferson in a search for evidence. … Today, President Bush ordered everything the FBI seized to be sealed for 45 days. He said he wants to give both sides time to resolve their dispute." The CBS Evening News (5/25, story 7, 2:00, Schieffer) reported, "When FBI agents searched the office of Democratic Congressman William Jefferson, it marked a dubious first. … Today, the President got into the act." CBS (Axelrod) added, "Mr. Bush's order was welcomed by the House Speaker, who says important principles are at stake. … A senior law enforcement official said the cooling off period would not affect the investigation of Congressman Jefferson. 'There is videotape of the congressman putting cash in the trunk of his car,' the official tells CBS News. There's 'two plea agreements and more than enough evidence to finish the case.'" NBC Nightly News (5/25, story 6, 0:30, Brown) noted, "Congressional leaders of both parties are calling the raid a violation of the Constitution's guarantee of separation of powers."

CNN's The Situation Room (5/25, Blitzer) reported that President Bush has "stepped directly into the escalating battle between the executive branch and Congress," by ordering "all materials seized in a raid on a Congressman's office, sealed for 45 days." CNN (Bash) added that "this really was not an easy move for this president to make. He often errs on the side of expanding executive powers. But clearly, President Bush right in the middle of this constitutional confrontation between members of Congress and the Justice Department." CNN's Anderson Cooper 360 (5/25, Bash) noted, "The constitutional showdown between Republicans in Congress and the Republican administration was escalating by the minute, and President Bush blinked."

FOX News' Special Report with Brit Hume (5/25, Wilson) reported that Bush "noted the nation had never faced such a dilemma in more than two centuries," but "what is not clear...is exactly how far the FBI had gotten in its five-day review of the records. The decision came on a day when some in Congress publicly disagreed with their Hill leaders." Sen. David Vitter: "We've had raids before on legislators' homes, federal judges' chambers, member of a different branch, their professional offices, their chambers -- and those led to criminal convictions which were upheld." Sen. Jeff Sessions: "This was a search based upon a court order -- an FBI agent went to a federal judge with a sworn affidavit in which he alleged there was probable cause."

The AP (5/26, Kellman) reports, "Republican officials who spoke on condition of anonymity said Vice President Dick Cheney had become involved as the administration worked to ease the anger of the speaker, who has enormous control over the president's legislative agenda. … Within minutes, the heads of the battling institutions stood down and began talking about solutions. Hastert said the order would 'give us some time to step back and try to negotiate with the Department of Justice.' Gonzales said the move provides 'time to reach a permanent solution that allows this investigation to continue while accommodating the concerns of certain members of Congress.' The FBI said it would comply with Bush's order." The Los Angels Times (5/26, Reynolds, Schmitt) adds, "White House officials would not say whether Bush had spoken personally to Attorney General Alberto Gonzales about the Jefferson raid," but "Gonzales, who approved the search of Jefferson's office, issued a statement saying he was satisfied with the president's decision. … A government official…said Justice Department negotiators were adamant that the department not relinquish the seized materials, because it could compromise the investigation. The official said some senior department officials had been prepared to submit their resignations if Bush had ordered them returned."

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In a front-page story, The Washington Post (5/26, Eggen VandeHei) reports that Bush's order is "a remarkable intervention by the nation's chief executive into an ongoing criminal probe of alleged corruption. … Bush hoped to mollify Hastert…at a time of increasingly sour relations with the GOP-controlled Congress, according to White House sources." The Post adds that "the agreement…marked a setback for the FBI and Justice Department," and "the negotiations angered many federal prosecutors and FBI agents, who believed that the search warrant for Jefferson's office…was lawful and necessary because of Jefferson's refusal to comply with a subpoena issued in August." However, "one law enforcement official" said, "If we can bring down the rhetoric and cool off, it may be better for everyone in the end." Under the headline "To Ease Standoff, Bush Seals Seized Files," The New York Times (5/26, Hulse, Johnston) notes, "Before Mr. Bush's decision to step in, what law enforcement officials described as a tense drama had played out," and Deputy Attorney General Paul McNulty "at one point…told Scott Palmer, chief of staff to Mr. Hastert, that he would quit rather than give up the materials to Mr. Jefferson. … At the F.B.I., officials said they would comply with the deal but complained privately that it would bar them from examining the materials discovered in the search for more than a month. Senior F.B.I. officials were not consulted in negotiations and regarded any effort to keep them from evidence as an unfair intrusion that could compromise their investigation."

The Chicago Tribune (5/26, Neikirk) calls the order an "extraordinary step" and adds, "A Justice Department official familiar with the negotiations with Congress said House leaders put the agency in an untenable position by demanding return of the Jefferson documents. 'Do you think there's any way the Justice Department would give incriminating documents back to an entity that the target is connected to? No way,' said the source." Knight Ridder (5/26, Kuhnhenn) says Bush's decision is "a highly unusual intervention" and reports, "In a joint statement following the president's announcement, Hastert and Pelosi said they had directed House lawyers to negotiate with the Justice Department to establish procedures for obtaining 'evidence of criminal conduct that might exist in the offices of members.' ... According to lawmakers who were briefed by the Justice Department, the agents carted away one box of records from Jefferson's office. The FBI-House confrontation has roiled Washington politics."

Meanwhile, The Washington Times (5/26, Dinan, Fagan) reports, "Not all lawmakers, however, are opposed to the FBI's actions." Sen. David Vitter "was briefed yesterday by high-level Justice Department officials and said, 'I feel more strongly than ever that that search was legal and constitutional.' … Some House Republicans also said it's politically bad for Republicans to be feuding. 'I don't think we should be fighting with the FBI going into an election,' said Rep. Joe Pitts, Pennsylvania Republican." AFP (5/26, Lozano) also reports on Bush's order.

MarketWatch (5/26, Watts) reports, "ABC News, citing unidentified law-enforcement sources, reported Wednesday night that the FBI was investigating a letter Hastert wrote three years ago to then-Interior Secretary Gale Norton to block an Indian casino -- which would have competed with casinos operated by tribes represented by Republican lobbyist Jack Abramoff, who has pleaded guilty to federal corruption charges and is cooperating with an ongoing investigation. … The Justice Department twice issued denials of the story, saying that Hastert wasn't the subject of an investigation. Such denials are rare; the agency usually refuses to confirm or deny the existence of a probe. … ABC News late Wednesday posted an update on its Web site, saying that despite the department's statement, federal law-enforcement sources said the network had accurately reported that Hastert was 'in the mix' of the FBI probe of congressional corruption."

Bloomberg (5/26, Runningen) reports, "Hastert has expressed frustration that the White House didn't consult him before the FBI searched Jefferson's offices on May 20. Jefferson, a Louisiana Democrat, was videotaped accepting a leather briefcase containing $100,000 in cash from a government witness, according to an FBI affidavit filed in connection with the search warrant. He has denied wrongdoing and hasn't been charged with a crime. … Hastert discussed his constitutional concerns directly with Bush this week, said Ron Bonjean, the congressman's spokesman."

Fallout From FBI Raid Could Threaten Bush Legislative Agenda. The Wall Street Journal (5/26, A4, Cummings, Mullins) reports that the "FBI raid…is fueling a power struggle between Congress and the administration that could hobble President Bush in his efforts to move his legislative agenda." Speaker Dennis Hastert "has been one of the White House's best friends on Capitol Hill," ensuring "a succession of legislative victories over the years to President Bush even when it meant bending the will of his own moderate or conservative wings." However, if the rift with Congress widens, "more administration officials could find themselves being hauled before skeptical -- if not hostile -- oversight committees." Furthermore, "the battle could…embolden the Senate to pass a tougher version of legislation limiting the administration's ability to conduct domestic spying programs," and "there could be more fights over spending bills, even as the spat could scuttle any hope of passing a comprehensive overhaul of immigration laws, which the White House views as a key prong of its election strategy."

Hastert Faces Ire Of Rank-And-File Republicans In Closed-Door Meeting. CQ (5/26, Ferrechio) reports

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Speaker Dennis Hastert "found himself facing pushback from his own party Thursday." He "spent two hours behind closed doors with the rank and file, listening to their complaints about Hastert's defense of institutional prerogative — a concept that is not the easiest to explain to an angry constituent. Most House Republicans emerged from the meeting grim-faced and closed-mouthed, but one member characterized sentiment as 'mostly opposed' to Hastert's high-profile fight against the raid. Some members believe the Justice Department acted lawfully when it executed a court-approved search warrant on Jefferson's office."

Conservatives Criticize Hastert. The Washington Times (5/26, Hallow) reports, "Conservatives yesterday expressed confusion and outrage over House Speaker J. Dennis Hastert's defense of a Democratic congressman whose Capitol Hill office was raided last weekend by the FBI. 'Only thing I can figure is that Denny got up one morning and said, "Our approval with the public is at 27 percent -- how can I drive that down further?"' said former Rep. Bob Barr, Georgia Republican. … Radio host Rush Limbaugh yesterday told his millions of listeners that the Hastert-Pelosi alliance shows the GOP has become 'politically tone-deaf,'" and "veteran conservative activist Richard Viguerie said Mr. Hastert 'is clueless -- he just doesn't get it, doesn't understand he has to make changes, the same in the Senate.'"

Dispute Seen As Political Threat For Both Parties. The AP (5/26, Raum) reports that the "FBI raid…has triggered an exceptional display of congressional bipartisan unity. But there are pitfalls for both parties. Additional prosecutions loom in the investigation surrounding convicted lobbyist Jack Abramoff, and calling more attention to corruption — and congressional privilege — could further drive down election-year approval ratings for all of Congress. … Furthermore, the flap comes at a time when the Bush administration faces criticism for pushing the envelope of its executive powers in warrantless eavesdropping by the National Security Agency and in other surveillance and detention programs. For Democrats, the more they blast FBI tactics against one of their own, the harder it will be to make their 'culture of corruption' label stick against Republicans."

Meanwhile, USA Today (5/26, 4A Konigsmark) reports, "Louisiana has always borne a reputation for corrupt politicians. Jefferson's alleged misdoings may cause more than just red faces, however. Louisiana is still recovering from Hurricane Katrina, and billions in federal dollars await congressional approval. … Not only could it be bad for Louisiana, but also for Democrats nationally, who are trying to win mid-term elections by painting Republicans as corrupt. This week, House Democratic leader Nancy Pelosi asked Jefferson to give up his seat on the powerful Ways and Means Committee. He refused."

Hastert Praises Bush Order, Says Constitutional Concerns Can Be Resolved. In a USA Today (5/26) op-ed, Speaker Dennis Hastert writes, "The issue that has concerned me…since Saturday night is not if the FBI should be able to search a member of Congress' office, but rather how to do it within the boundaries of the Constitution. On Thursday, President Bush recognized that serious constitutional issues needed to be resolved" and "wisely" ordered the records sealed. Hastert adds, "Justice Department officials now insist that this specific case required them, for the first time, to conduct a search. I regret that when they reached this conclusion, they did not work with us to figure out a way to do it consistently with the Constitution. But that is behind us now. I am confident that in the next 45 days, the lawyers will figure out how to do it right."

New Orleans Abuzz Over Jefferson Investigation. The Los Angeles Times (5/26, Simmons, 958K) reports Rep William Jefferson "has long provided one of Louisiana's favorite success stories: the sometime-sharecropper's son who rose from rural roots to attend Harvard Law School, become a Democratic Party power player and reach the halls of Congress. So when the FBI revealed that it had videotape of Jefferson accepting $100,000 in cash that the bureau said was intended to bribe a Nigerian official — and that $90,000 of it had been found in the freezer of Jefferson's home — constituents…reacted with shock, disappointment and a touch of amusement hardened by experience. … Now that the city's mayoral elections are over and incumbent C. Ray Nagin is in office for four more years, Jefferson's travails are the buzz around many quarters of this city." The Times notes that "the general sentiments among friends and supporters have been disbelief and denial."

LATimes Calls Bush Order "More Indefensible" Than Hastert, Pelosi Complaints. The Los Angeles Times (5/26) editorializes, "It is outrageous enough that both the speaker and the minority leader have complained about a lawful FBI search of the offices of a fellow House member. It's even more outrageous that the president is now trying to placate them by announcing that records seized in the search will be off-limits to investigators for 45 days." The Times notes that "the FBI searched Jefferson's offices because that's where he kept his records. This wasn't a case of jackbooted thugs from the executive branch rifling willy-nilly through congressional files in search of embarrassing information," and "the agents who searched Jefferson's office were acting lawfully and within the requirements of the 4th Amendment." The Times adds that "President Bush's actions on Thursday even more indefensible than Hastert's and Pelosi's. … Although the president is the head of the executive branch, he shouldn't second-guess the conduct of a criminal investigation because of meritless complaints from Capitol Hill. The sooner this 'seal' is broken, the better."

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NYTimes Calls Congressional Claims "Overblown." The New York Times (5/26) editorializes, "The F.B.I. is going to have to show some very good reasons for having precipitated this showdown," but "the constitutional claims made by the Congressional leadership on the Jefferson case seem overblown. House and Senate members are protected from arrest while going about their official business to shield them from intimidation and meddling by the executive branch in the affairs of state, not to deter law enforcement officials from doing their lawful duty to investigate possible felonies." The Times adds that "members of Congress who have been politically comatose or complicit as the Bush administration built itself an imperial presidency, immune from the historical powers of the legislative branch, are up in arms. … It seems like a phony approach to a real problem."

More Commentary. USA Today (5/26) editorializes, "Now we know what it takes to make Congress mad enough to stand up for constitutional rights. When the government snoops on your phone calls and records without warrants, lawmakers barely kick up a fuss. But when the target is a fellow congressman — one under investigation for taking a bribe, no less — they're ready to rumble. … If only those leaders were as profoundly disturbed about executive branch incursions on the rights of average citizens. You certainly have to wonder where they've been for the past several years while the Bush administration ran roughshod over the legislative branch and launched anti-terror programs of questionable legality."

In an editorial, The Pittsburgh Post-Gazette (5/26) criticizes the "unprecedented" FBI raid as "the wrong thing for the FBI or any other body of the federal government to do. At the very least, representatives of the legislative branch of government should have been present for the search, to assure that the FBI limited itself to collecting evidence of crime. Given the Bush administration's general approach to the rule of law…there is otherwise no guarantee of respect of separation of powers," which "was crossed so sharply Saturday night and Sunday."

In an editorial distributed by Scripps Howard (5/26), Dale McFeatters writes, "From the standpoint of public sympathy, the House couldn't have chosen a worse time to stand on constitutional principle. The voters surely do not share the House members' outrage at a weekend FBI raid of a congressional office in connection with a spreading influence-peddling investigation that has tarred the whole institution. … Indeed, after ABC reported that GOP House Speaker Dennis Hastert might get caught up in that probe, Hastert accused the Justice Department of trying to intimidate him because he so vehemently objected to the raid. This was fine irony coming from a legislator who couldn't do enough to broaden the department's powers through the Patriot Act and its renewal." McFeatters adds, "It says something about the state of relations between the administration and Congress that the Justice Department and White House seemed stunned by the strenuous reaction. After all, they had trampled over Congress' prerogatives before with no discernible reaction. … The two leaders are on shaky constitutional ground, legal scholars say. The Constitution makes an exception to lawmakers' legal immunity for felonies and nothing in that document says Capitol Hill should be a sanctuary for committing them. However, historians could find no precedent for a warrant and search of a congressional office. … Still, there is a serious issue of government to be addressed. The potential for Soviet-style intimidation is clear. Members of Congress must be confident that they are free from politically motivated reprisals from the executive branch and, at the same time, the Justice Department must be free to conduct legitimate investigations into unlawful conduct."

The Texarkana (TX) Gazette (5/26) editorializes, "Basically, the august members of Congress figure they are entitled to the equivalent of diplomatic immunity while on Capitol Hill. … This imperial attitude has no real foundation. Lawmakers may be used to deferential treatment and exceptional courtesy—and even expect law enforcement to look the other way from time to time—but they are not above the law and their offices are not akin to church sanctuary. … In fact, their offices are not even theirs. They belong to the people of the United States, many of whom are getting fed up with the pervasive attitude of near-royal entitlement among Washington insiders." The Gazette adds, "This was not political intimidation, which is what the Constitution was guarding against with the separation of powers, but a valid criminal investigation. … Hastert has complained to the president, and the White House says it is taking the Legislative Branch's complaints most seriously. … But the dispute between these two branches of government will almost certainly be decided down the road by the third, the Judicial Branch and the Supreme Court."

Hastert Says FBI Leaked Abramoff Probe Story To Intimidate Him. ABC World News Tonight (5/25, story 5, 2:40, Vargas) noted, "We reported last night that sources tell us that House Speaker Dennis Hastert was among those whose dealings with Abramoff the FBI has been looking into. We have new details to report, tonight." ABC (Ross) added, "The Department of Justice issued two separate denials of our report. The Speaker demanded a retraction. And his colleagues suggested the FBI was out to get him with a bogus story. … On WGN radio in Chicago, Hastert says the story was a leak planted by the FBI to intimidate him." Hastert: "It's just not true. You know, the Justice Department said there is no investigation. And, you know, this is one of the leaks that come out to try to, you know, intimidate people. And we're just not going to be intimidated on it." Ross: "As we reported last night, the

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investigation is still in its early stages. And our sources say it could well turn out that Hastert did nothing unlawful. But Federal law enforcement sources say the FBI in its next step will soon seek documents and e-mails from a number of members of Congress, who have been linked in the investigation to Abramoff."

The AP (Kellman) reports, "Asked later Thursday whether he thought he Justice Department retaliated against him with the leak, Hastert replied: 'All I'm saying is, here are the dots. People can connect any dots they want to.' 'I thought it was an interesting sequence of events,' he added." DOJ spokesman Brian Roehrkasse said, "We are not going to dignify or speculate about the motives of anonymous sources providing inaccurate information," but "Correspondent Brian Ross stood by his report, saying he has checked with his sources who say the story accurately represents the facts 'as they know them.' 'There's enough there for them (the FBI) to take a look at the speaker' and other members of Congress, Ross said in an interview." In its story about Bush's order to seal the Jefferson raid documents, The Chicago Tribune (5/26, Neikirk) notes, "White House spokesman Tony Snow said the government did not leak information to undermine Hastert. 'I got pretty categorical denials,' Snow said." In its story on Bush's order, The New York Times (5/26, Hulse, Johnston) adds that Snow "said senior officials at the Justice Department had assured the White House there had been no effort to embarrass Mr. Hastert. 'Just false, false, false,' Mr. Snow said.

CNN's The Situation Room (5/25, Blitzer) reported Hastert was "downright livid" about the ABC report, and Fox News' Special Report (5/25, Hume) noted that Hastert said the ABC story "could be a political retaliation for his criticism of the FBI's raid."

Other Networks, Cable News Passed On Story. The Washington Post (5/26, A6, Kurtz) reports, "Reporters for NBC, CBS, CNN, Fox News and other news organizations checked out ABC's report but were waved off by law enforcement officials. 'Within 15 minutes, we had three or four basic denials saying in effect this was a complete overreach, and we chose not to run it,' said John Reiss, executive producer of 'NBC Nightly News.'"

Sources Say Novak Told Rove He Would Not Identify Him. Bloomberg (5/26, Keil) reports, "Syndicated columnist Robert Novak assured presidential adviser Karl Rove that he wouldn't identify him to prosecutors investigating the disclosure of a CIA agent's name, a person familiar with the matter said." Bloomberg continues, "Rove told a grand jury that Novak called him shortly after the Central Intelligence Agency asked the Justice Department to investigate who leaked the name of operative Valerie Plame to Novak and other reporters, the person, who spoke on the condition of anonymity, said. Novak revealed Plame's name in a July 14, 2003, column, citing unnamed administration officials. … The National Journal, which reported earlier today on the Sept. 29, 2003, conversation between Rove and Novak, said Justice Department prosecutors were concerned that Rove and Novak may have been working on a cover story to protect Rove. The report, citing people familiar with the grand jury testimony of both men, said then-Attorney General John Ashcroft was briefed on the matter." Bloomberg notes, "Rove's attorney, Robert Luskin, said the White House deputy chief of staff didn't conspire to hide information. … 'Karl has never urged anyone to testify falsely or withhold information from the grand jury, and no one has ever suggested to him that they would, or that they intended to,' Luskin said in a telephone interview. 'The special counsel has never suggested there is any evidence to support such an allegation.'"

Former Chicago Sanitation Official Testifies About Political Hires. The Chicago Tribune (5/26, Mihalopoulos, Bush, 643K) reports, "Applicants for city jobs waited by the hundreds in a South Side auditorium for meaningless interviews that had no bearing on who ultimately was hired, a former Streets and Sanitation Department official testified Thursday" at the corruption trial of former patronage chief Robert Sorich and three codefendants. Jack Drumgould "told jurors that Mayor Richard Daley's office dictated who would be hired for 95 percent of blue-collar, union jobs in Streets and Sanitation." He "said he took orders from defendants Robert Sorich and Timothy McCarthy in a secret effort to circumvent a federal court order prohibiting political-based hiring for such jobs." The Tribune adds that defense lawyer Cynthia Giacchetti "challenged Drumgould's credibility on cross-examination," suggesting that he "agreed to cooperate with authorities to spare himself from indictment and retain his $6,000-a-month pension."

Sorich Lawyer May Seek Daley Testimony At Trial. The Chicago Sun-Times (5/25, Warmbir, Korecki) reported, "Mayor Daley could be called as a witness in the ongoing trial of four former city employees accused of routinely ordering the hiring or promotion of people based on politics, a lawyer for one of the defendants indicated Wednesday. The attorney for Robert Sorich opened the door to that possibility during a sidebar in the federal court trial, a transcript released late Wednesday revealed. … 'One of my assumptions is the mayor's testimony that he didn't believe that there was anything improper at the time, and he was not aware that there was anything improper going on. He's already testified under oath to that,'" Sorich defense lawyer Tom Durkin told U.S. District Judge David Coar on Wednesday in a private discussion." The Sun-Times adds, "When Coar asked

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whether the mayor would come in and testify, Durkin left the door open."

House Committee Backs Limits On Internet Gambling. The AP (5/25, Werner) reports, "A House panel approved legislation Thursday to crack down on the $12 billion Internet gambling industry by applying federal prohibitions to games like online poker, blackjack and roulette." The AP continues, "The bill by Rep. Bob Goodlatte, R-Va., would update the 1961 Federal Wire Wager Act to apply to online gambling. It also would outlaw electronic transmission of funds to pay for gambling bets and give law enforcement agencies authority to block such money transfers." The AP adds, "Internet gambling already is mostly illegal in the United States, and most of as many as 2,300 gambling sites in existence are overseas. … The bill approved by the Judiciary Committee would 'prevent offshore fly-by-night gambling businesses from violating the laws of all states,' Goodlatte said. … But half of the $12 billion spent on online gambling is thought to come from U.S. bettors and some companies in this country want to get in on the action. The American Gaming Association, the industry's largest lobby, has opposed online gambling in the past but last month backed a study of the feasibility of legalizing it."

Bloomberg (5/26) reports, "The Bush administration Justice Department supports the proposed legislation. Online gambling's legal status in the U.S. is unclear. The Justice Department interprets a 1961 law against using telephone lines to place interstate bets as banning online gambling. Goodlatte said his bill would make that explicit." Bloomberg adds, "Gambling on the Internet is a $12 billion-a-year business that is growing rapidly offshore. Internet-based casinos such as PartyGaming Plc and 888 Holdings Plc, operating in locations such as Gibraltar and Antigua, rake in billions from U.S. gamblers. … The Goodlatte measure would force U.S. financial institutions to cooperate with federal law enforcement authorities in shutting down illegal gambling sites based outside the U.S. The measure exempts horse racing, fantasy-sports betting and state lotteries in the U.S. … By carving out an exception for horse racing, the bill hurts dog racing and jalai, Representative Robert Wexler, a Florida Democrat, said. The Judiciary Committee, controlled by Republicans, rejected proposed amendments calling for specific state regulation and for adopting criminal penalties for bettors of fines and up to two years in prison."

Federal Judge Removed From Case Of Longtime Friend. The Buffalo News (5/26, Herbeck) reports, "When U.S. District Judge John T. Elfvin sentenced a suspended Lewiston attorney in a criminal tax case last year, the judge called the man a longtime friend and added, 'It hurts me as much as it does you, Tim.' … The words spoken by the judge in his courtroom last August have caused an appeals court to remove him from the case of Timothy J. Toohey." The News continues, "Toohey, 59, pleaded guilty in February 2003 to underreporting his income by $1 million. Elfvin already has sentenced him three times - twice to probation, and then to 15 months in prison. … But every time, the Second Circuit Appeals Court found legal problems with Elfvin's handling of the case and ordered a resentencing. … Now, the appeals court has removed Elfvin from the case altogether, saying he should have recused himself because of his friendship with Toohey. … 'As is obvious, it's quite a mess,' Elfvin, 88, said in an interview with The Buffalo News on Wednesday. 'It's probably a good idea to have another judge handle it.'" The News notes, "A panel of appeals judges said remarks made by Elfvin in court last August revealed that his friendship with Toohey had caused him to be lenient on two previous occasions. … 'Those first two sentences really go back to a lot of the relationship that you and I had when I was practicing law,' Elfvin told Toohey, according to court records. 'You were a great friend, a good guy. . . . I really bent over backwards on your behalf in that regard. That explains those two sentences.' … After saying those words last August, Elfvin sentenced Toohey to 15 months in prison. Toohey's attorneys then appealed that sentencing, and Toohey has been out of prison while the appeal is pending. … The Toohey case has not yet been reassigned. The chief federal judge of Western New York, Richard J. Arcara, is expected to determine who will handle the case."

Circuits Divided On Lethal Injection. The National Law Journal (5/26, Maclean) reports, "A frustrated five-judge minority on the 6th U.S. Circuit Court of Appeals decried the 'dysfunctional patchwork of stays and executions' in capital cases since January, when the U.S. Supreme Court agreed to explore a procedural attack on lethal injection." The Journal continues, "Some 38 states use lethal injection out of the 39 that permit capital punishment. In all, courts around the country have granted nine stays of execution, but 15 condemned inmates have been executed during the same period that the lethal injection issue has been pending. … 'In some instances stays are granted, while others they are not, and the defendants are executed with no principled distinction to justify such a result,' wrote Judge Boyce Martin Jr. last week. He dissented after the full 6th Circuit refused, by a 7-5 vote, to reconsider the request to stay the Tennessee execution of Sedley Alley in Alley v. Little, No. 06-6550." The Journal adds, "Alley faced execution on May 17 for the 1985 rape and murder of a 19-year-old Marine corporal, Suzanne M. Collins, at Millington Naval Air Station near Memphis. Tennessee Gov. Phil Bredesen last week granted a 15-day stay of execution. Alley's case is the second to challenge the Tennessee chemical protocol used in executions. The other, Abdur'Rahman v. Bredesen, No. 05-

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1036, was set for the high court's conference meeting one day after Alley's scheduled execution. Rahman's case raises a frontal attack on lethal injection. … Critics claim that the chemicals used in lethal injections do not properly anesthetize the subject, and thus cause unnecessary suffering before death. … The situation around the country is unnerving for defense lawyers where stays may be handed out in one circuit but denied in the circuit next door."

Gotti Trial Judge Critical Of New Federal Indictment. The AP (5/26, Neumeister) reports, "The third racketeering trial of John 'Junior' Gotti was postponed Thursday by a federal judge who suggested the government was trying to sneak references to murders into a rewritten indictment." The AP continues, "The judge said it seemed the government was trying to reword the indictment until it could find a combination that would result in a conviction." The AP adds, "Two cases against Gotti in the last year ended with hung juries after defense attorneys argued that the mob scion had quit the crime mob life in 1999. … 'I'm really troubled,' U.S. District Judge Shira Scheindlin said of the new Gotti indictment, which includes an allegation that Gotti promoted people within the Gambino crime family if they committed murders. … Assistant U.S. Attorney Victor Hou said there was no specific new evidence he could immediately point to that would support the murder references in Gotti's racketeering indictment. … Scheindlin reset opening statements in the next trial by seven weeks, from July 5 to Aug. 28, so lawyers would have enough time to argue the issues."

Prosecutor Assails Wecht Lawyers' Contentions In Evidence Motion. The Pittsburgh Tribune-Review (5/26, Conti) reports, "Federal prosecutors responded Thursday to allegations made by former Allegheny County Coroner Dr. Cyril Wecht's defense team that the district attorney and an FBI agent built a case against the renowned forensic pathologist based on politics and lies. Assistant U.S. Attorney Stephen Stallings asked U.S. District Judge Arthur J. Schwab to dismiss Wecht's request to have evidence tossed out, calling the defense team's previous court filings a 'journey down a road to a tangle of conspiracy theories.'" The Tribune-Review adds, "Also irrelevant to the charges against Wecht, Stallings wrote, are allegations that FBI Special Agent Brad Orsini…has a bad reputation and once asked a witness to lie. According to a ruling by Schwab last month, prosecutors have two reports outlining Orsini's history of departmental reprimands."

FBI Finds Nothing At Barn Site In Search For Hoffa Remains. In a widely-distributed story, the AP (5/26, Krisher) reports, "After tearing apart a barn, FBI agents began digging up the ground where it stood Thursday, taking photos and video and sifting through dirt by hand as they searched for Jimmy Hoffa's remains at a suburban Detroit farm. After a backhoe dug a hole at the site, FBI agents and crime-scene investigators jumped in to take pictures and comb through the soil. At one point, two dogs were sent into the hole. But after seven hours of digging, FBI spokeswoman Dawn Clenney said nothing significant was found," calling it "Much ado about nothing." She added that "the search was expected to continue through the Memorial Day holiday weekend."

FBI Recovers $1.1 Million From Miami Airport Heist. The Miami Herald (5/26, Weaver, 323K) reports, "FBI agents have dug up $1.1 million in vacuum-packed cash stashed at two southwest Miami-Dade houses, recovering some of the loot stolen in a Goodfellas-style heist at Miami International Airport. Agents unearthed $300,000 of the sealed cash under brick pavers at the home of Karls and Cinnamon Monzon, who were indicted along with two others in last fall's $7.4 million warehouse ripoff at MIA. They also found an additional $800,000 at the residence of another person who has not been charged in the federal case. 'We're still searching for the rest of the money and for other suspects,' FBI spokeswoman Judy Orihuela said Thursday. The FBI found the stolen cash in mid-May." The South Florida Sun-Sentinel (5/26, Johnson, 249K) notes, "A total of $1.26 million has been recovered so far, but it is only a small chunk of the $7.4 million taken from the cash shipment that arrived at the airport," bound for the Miami Federal Reserve Bank. Orhuela said, "We're still looking. We're going to follow all the logical leads we can until we find it all."

Muhammad's Lack Of Legal Skills Showing At Maryland Murder Trial. The Baltimore Sun (5/26, Scharper) reports, "John Allen Muhammad, who aggressively hammered his former accomplice Lee Boyd Malvo with questions and shouted at prosecutors yesterday, appeared deflated today, as three witnesses whom he had called added little or nothing to his defense." The Sun continues, "Muhammad, who is representing himself, meekly ceded to most of the prosecution's objections that his questions were leading, inappropriate or irrelevant. … The state rested its case against Muhammad, 45, yesterday after unveiling an enormous amount of evidence over three weeks, including ballistics reports, fingerprints, DNA and Malvo's firsthand account of the pair's murderous rampage. Muhammad is on trial in Montgomery County for six counts of murder in the October 2002 sniper shootings." The Sun adds, "One of the defense witnesses, Heidi Mansen of Silver Spring, said outside the courtroom that she believes Muhammad is guilty of the slayings, and she hopes her testimony won't sway the

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jury. … 'I'm hoping that my testimony amounts to nothing compared to the other evidence against him,' Mansen said. She testified that she saw a red car feet away from the scene of one of the sniper shootings. Police later said that the car was not involved in that crime. … 'I felt bad because I had testified against the wrong person,' Mansen said. 'Just because I saw something doesn't mean that's what really happened.'" The Sun notes, "Muhammad's lack of legal finesse hampered his efforts in questioning other witnesses. … He doggedly tried to ask a Secret Service agent about a report that could not be entered into evidence as prosecutors successfully blocked nearly every question."

The Washington Times (5/26, Ward) reports, "Muhammad had little luck yesterday with witnesses he called in his defense, so today he might testify himself. … 'I reserve the right to answer that [later],' Muhammad told Montgomery County Circuit Judge James L. Ryan, when asked whether he planned to put himself on the stand." The Times adds, "Muhammad is representing himself, even though he has no legal training, and prosecutors objected to more than half of his hundreds of questions to witnesses yesterday, often successfully. … If he does take the stand, Muhammad's testimony would take the form of a 'presentation,' his standby attorney, J. Wyndal Gordon, said."

Potential Witnesses Hesitant To Testify For Muhammad. The Washington Post (5/26, B1, Londoño, Rich) reports, "Sniper John Allen Muhammad, who submitted a list of nearly 180 potential witnesses and has closely guarded his defense strategy at his trial in Montgomery County, intends to call no witnesses after today. … 'The difficulty we're having is witnesses don't want to be a part of Mr. Muhammad's defense,' J. Wyndal Gordon, one of Muhammad's standby attorneys, told the judge. 'I've actually been told: "I don't care what you do. If the judge wants to send the sheriff after me, so be it. I'm not coming."' … Closing arguments could come as soon as Tuesday, and a verdict on six first-degree murder charges in the October 2002 shootings is likely before the end of next week."

More Commentary. The Washington Post (5/26, A20) editorializes, "Whatever Lee Boyd Malvo's reasons were for testifying against fellow sniper John Allen Muhammad this week -- whether to curry favor with prosecutors, or to redeem himself with the victims and their families, or to confront and defy his former mentor at last -- his appearance shed some light on the motive and method behind the pair's murderous binge in October 2002." The Post continues, "Malvo….laid out the older man's sinister purpose in undertaking the series of killings that paralyzed this region for weeks. Mr. Muhammad's intent, Mr. Malvo suggested, was to induce a wave of mayhem in the Washington area that would somehow allow him to take back his three children, whom he had lost to their mother in a custody dispute and who were living in Clinton. The wave of shootings was just the first phase of Mr. Muhammad's plan, Mr. Malvo said; after that he intended to plant bombs that specifically targeted children." The Post adds, "We don't know whether Mr. Malvo's appearance provided any psychological comfort or closure for the surviving victims and their loved ones. For the most part, the face-off between two killers was a sickening spectacle. But it did fill in the blanks of what is publicly known about an event that traumatized this region and left lasting psychological scars, and that has its own value."

Attorney Says Fairfax County Gunman Was Denied Psychiatric Care. The Washington Post (5/26, B1, Jackman) reports, "In the three months before he fatally shot two Fairfax County police officers, Michael W. Kennedy and his parents tried numerous times to get him immediate psychiatric help, their attorney said. Four times, Kennedy was sent home without getting help, and two mental health facilities told them not to bother coming in at all." The Post continues, "On one occasion, Kennedy, 18, who by this time claimed he was talking to God and was threatening suicide, was voluntarily admitted to a mental health facility in Rockville. But after several hours, he left of his own accord and carjacked a vehicle to return home to Fairfax. … 'This young man was crying out for help,' said Richard F. MacDowell Jr., the attorney for Brian and Margaret Kennedy, Michael Kennedy's parents. 'On at least five occasions, they sought mental health services and were turned away. I can't think of another case that would be this compelling as to how ineffective our mental health system has become.'" The Post adds, "Michael Kennedy's last contact with mental health professionals occurred May 4, four days before he carried seven loaded guns to the Sully District police station and opened fire, MacDowell said. Kennedy fatally shot Detective Vicky O. Armel and Officer Michael E. Garbarino before being shot to death by other officers. … MacDowell spoke on behalf of Kennedy's parents to express their frustration at a system that seemed unable or unwilling to help their son. MacDowell said Kennedy's mental condition was never diagnosed, except for "a generalized diagnosis of depression and then anxiety at the end. This was somebody who was obviously deeply troubled.""

Financial Firms Unite To Fight Child Porn. USA Today (5/26, Koch) reports, "The nation's leading banks and credit card companies will soon team with law enforcement in a groundbreaking coalition to catch people who sell child pornography online." USA continues, "The financial institutions will report child porn sites they discover on the Web to a central tip line, slated to expand next month to receive the information. The companies will block transactions for online child porn or, if law enforcement opens an investigation, help track sellers and buyers." USA adds, "The Financial Coalition Against Child Pornography

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represents a new phase in the war against what has become a multibillion-dollar, international business. Internet service providers, including AOL, already report child porn sites they find. … 'The scope of the problem is much greater than we ever thought. It's mind-boggling,' says Ernie Allen of the National Center for Missing & Exploited Children, a private group that runs the tip line. Allen says one website can attract tens of thousands of customers, mostly men, who use credit cards to buy $29 monthly subscriptions. 'People are getting into this because they see children as a commodity. There's no question organized crime is involved. … 'I haven't seen anything like it,' adds Drew Oosterbaan, chief of the Justice Department's child exploitation section. 'We're here to support the effort.'"

Canada Fights Surge In Violent Crime. The Christian Science Monitor (5/26, Newman) reports from Toronto, "The predawn sting operation last week that resulted in more than 100 arrests of individuals associated with Toronto's Jamestown gang, is being hailed as the city's largest anti-gang sweep ever. The raid netted a substantial cache of guns, cocaine, marijuana, and stolen cars, and more than 1,000 criminal charges were levied." The Monitor continues, "Both the sting operation and the recent legislation are part of a larger crackdown on handguns and gang violence in Canada, particularly in Toronto where handgun murders and injuries doubled between 2004 and 2005. … But while police and the public applaud the hard-line approach, social pundits and criminology professors are skeptical that the approach is getting at the roots of the problem: poverty, illiteracy, dysfunctional families, and racism in a diverse ethnic population. They cite US cities such as Boston, where a similar initiative led to an 80 percent drop in homicide rates by 1999 - a success dubbed the 'Boston miracle.' But fatal shootings have more than doubled since." The Monitor adds, "In Canada, guns and gangs are a relatively new phenomenon, particularly in Toronto, known as 'Toronto the Good' for its traditionally safe streets and low homicide rates. There were 52 deadly handgun shootings in the city in 2005, compared with 12 in 1995. Police and social workers alike attribute the acts largely to young black males - many of whom are the children of West Indian immigrants - who feel marginalized and drop out of school early to join the 'gangsta' culture where they make quick money through drugs, guns, or prostitution."

CIVIL RIGHTS:

North Carolina Man Sentenced To 20 Months In Cross Burning. The Charlotte Observer (5/26, Aronoff) reports, "A former Morganton (NC) resident who admitted building and burning a cross has been sentenced to 20 months in federal prison, the U.S. Department of Justice announced Thursday." The Observer continues, "In 2004, a federal grand jury accused Grady Allan Carswell, 36, now of Lenoir (NC), of putting a burning cross in front of a black couple's home in the Bristol Creek community. … Carswell pled guilty in January 2005 to a one-count indictment related to the incident but said he burned the cross because of a land dispute with another neighbor, not out of racism." The Observer adds, "At a sentencing hearing Monday, U.S. District Judge Lacy Thornburg rejected that argument and ordered Carswell serve the prison time followed by three years' probation. He will also have to pay the victims about $2,200 in restitution. … 'Cross burning remains a vicious symbol of hatred and cannot be tolerated,' Wan Kim, assistant attorney general for the Justice Department's civil rights division, said in a news release. 'All American families have the right to live where they choose, undisturbed by racist threats.'"

Black Male Initiatives Said To Promote Racial Stereotypes. In a Washington Post op-ed (5/26, A21), Michael Meyers of the New York Civil Rights Coalition says, "I'm sorry to report that 52 years after Brown v. Board of Education, separate but equal is all the rage in certain parts of the education world -- especially on college campuses where special programs are offered that target minority students for 'special' and separate attention, counseling, mentoring, tutoring, residences and instruction. The latest of these race fads are the Black Male Initiatives (BMIs), government-funded and university-sponsored, and underway on campuses in states including Georgia, Kansas, Ohio, Pennsylvania and New York." More "and more they are being shown to feature new variants of an old prejudice. This has included stereotyping all black male students as 'at risk,' and, for example, running special classes only for black men at CUNY's Medgar Evers College. This special instruction focused on black men's alleged deficiencies and their need to act more responsibly in order to reclaim their traditional patriarchal roles as leaders in the black community and of the so-called black race."

ANTITRUST:

Former Michigan Schools Official Charged With E-Rate Fraud. The Ann Arbor News (MI) (5/25, Kauth-Karjala) reports, "Former Willow Run schools superintendent Douglas A. Benit and his wife face federal criminal charges that they defrauded another school district and a federal program out of millions of dollars by steering contracts to companies they owned." The News continues, "Benit and his wife, Mary Ann Elam Benit, were arrested Wednesday, a day after a federal grand jury in Detroit returned the indictment.

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Both were released on $10,000 personal bonds and are scheduled to be arraigned May 31 in federal District Court in Detroit." The News adds, "Benit was fired from Willow Run last fall after a district investigation concluded that Benit had a conflict of interest with two companies that did business with the district and that he may have benefited from the connection. There have been no charges stemming from the Willow Run investigation, although Justice Department officials said the probe is continuing. … The federal indictment includes charges of fraud against the Ecorse Public School district and a federal program called E-Rate, which was intended to help school districts gain better Internet access. Benit was subpoenaed to testify before Congress concerning the E-Rate investigation in 2004. He appeared but declined to testify, citing the protections of the 5th Amendment to the Constitution."

The Detroit Free Press (5/26, Higgins) reports, "The U.S. Department of Justice says Benit used his position in the district, which he left in 2003, to steer contracts -- sometimes at inflated prices -- to Coral Technology Inc., an Ohio company he controlled. It allegedly occurred from March 1998 to October 2003. … The money came from the federal E-Rate program, which provides funding for Internet access and other telecommunications services to poor schools and libraries. The indictments bring to 13 the number of individuals charged as part of the Justice Department's ongoing investigation into fraud in the E-Rate program. Twelve companies have been charged. … The department 'will continue to vigorously pursue those who cheat the competitive process and who violate the public's trust ... by stealing from federal programs and taking advantage of lending institutions,' Thomas O. Barnett, assistant attorney general in charge of the department's antitrust division, said in a news release."

House Judiciary Committee Votes To Ban Internet Content Fees. Dow Jones (5/26, Hughes) reports, "The House Judiciary Committee on Thursday voted to ban the nation's phone and cable companies from charging extra fees to companies such as Amazon.com Inc. and Google Inc. for speedier delivery of their content." Dow Jones continues, "By 20-13 the panel approved legislation being pushed by more than 100 consumer groups and businesses. The vote was, at least on the surface, a blow to Verizon Communications and AT&T Inc., which have said that new regulations may undercut their ability to invest in high-capacity networks." Dow Jones adds, "House Judiciary Committee Chairman James Sensenbrenner, R-Wis., is speeding ahead with the bill to assert court jurisdiction over a matter that some would prefer left to regulators. In so doing, he is also seeking to counter efforts by phone companies to keep open the option of building business plans organized around additional fees. … 'While the technological dynamics of the marketplace have changed over time, the threat of dominant firms abusing their market power to restrain competition has not,' Sensenbrenner said."

Google Seals Software Deal With Dell. The New York Times (5/26, Flynn) reports, "Google and Dell have reached an agreement to install Google software on millions of new Dell computers over the next few years, Google's chief executive said on Thursday." The Times continues, "The executive, Eric E. Schmidt, said the arrangement meant that Google's search toolbar would appear on the screens of new Dell systems, and that Dell users would be directed to a Web page branded by the two companies. … Mr. Schmidt, speaking at a Goldman Sachs Internet conference in Las Vegas, said the companies would share revenue from the deal." The Times adds, "While financial terms were not disclosed, many analysts assumed that Google would pay Dell a fee for the arrangement. If that is the case, said Safa Rashtchy, an analyst with Piper Jaffray, this will be the beginning of a era in which Google pays for alliances in order to maintain its growth rate. … Mr. Schmidt said that this would be first of several agreements with Dell. The time period of the deal was not disclosed. … The software, Dell said, would be put only on machines sold to consumers and to small and medium-size businesses. While the consumer market accounted for roughly 14 percent of Dell's revenue last quarter, the deal would nonetheless involve millions of new computers over time."

The Seattle Times/Bloomberg (5/26, Guglielmo, Thaw) reports, "The deal curbs Microsoft's ability to close the gap with Google. Microsoft is putting search in the new Vista version of Windows, scheduled to hit stores in January, in an effort to encourage more customers to use it. … While Microsoft dominates desktop software, Google has four times more users for its Internet search and Google leads in advertising revenue. Microsoft CEO Steve Ballmer escalated spending on the company's MSN Internet unit to challenge Google and reclaim share of Internet search."

Yahoo, eBay Team Up To Battle Google. USA Today (5/26, Graham) reports, "In a bid to challenge Google's growing domination of the Internet, auctioneer eBay joined forces with Google rival Yahoo on Thursday. The alliance brings text-based advertising to eBay from Yahoo and eBay's PayPal payment program to Yahoo. … Yahoo is the most visited website, with more than 100 million monthly visitors. But it has been losing market share in online searches to Google, which dominates the hot search advertising business — those little text ads that appear near search results. According to measurement firm ComScore Media Metrix, Google's search share rose 6.6% in April over the same time a year ago, while Yahoo's fell 2.7%." USA adds, "EBay, the

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Internet's fifth-most-visited site, according to ComScore, is also the Internet's largest purchaser of search ads, says John Battelle, who runs the Searchblog website. 'It was inevitable that Yahoo and eBay would do this deal, because eBay needed to counterbalance its dependence on Google for traffic,' he says."

The Wall Street Journal (5/26, Delaney, Mangalindan, Guth) reports, "The land rush over the Internet entered a new phase yesterday as four tech titans -- Yahoo Inc., eBay Inc., Google Inc. and Dell Inc. -- announced alliances that signal more jockeying ahead over access to online consumers and the advertising they view on the Web. The high-profile deals also raise fresh questions about Microsoft Corp.'s efforts to keep step in the race." The Journal continues, 'Yahoo and eBay unveiled a broad partnership under which eBay will display ads brokered by Yahoo on its U.S. online auction site and marketplace. Yahoo will promote eBay's PayPal electronic-payment system as a way for consumers to pay for Yahoo services." The Journal notes, "Separately, Google and Dell confirmed an agreement to install Google software on Dell PCs before they are shipped to users. The deal, which Dell says could include as many as 20 million computers a year, will get Google's search services and ads in front of more users. … The agreements are the result of behind-the-scenes efforts by tech companies big and small to form alliances that strengthen their efforts to own a bigger piece of the Web landscape. At stake are huge future profits from Internet users and advertisers, whose buying and spending habits are still in flux."

The Washington Post (5/26, D4, Noguchi) reports, "The partnership spans some of the most critical areas of both companies' businesses, adding eBay's Paypal online payment system throughout Yahoo's operations and giving Yahoo an exclusive deal to sell display ads for eBay.com. … That two of the Internet's top brands decided to cooperate so closely highlights how powerful Google is becoming as it roves across the online business world, competing with eBay in online classifieds and payment systems and with Yahoo in search and content. It also leaves Microsoft in increasing need of a partner of its own, as its online service trails the others in search and advertising."

The New York Times (5/26, Hansell) reports, "The deal will expand Yahoo's share of Internet advertising, a market where it lost leadership to Google. Investors have been worried that eBay's highly profitable shopping site is being undercut as consumers increasingly find products through search engines or through free listing services like Craigslist. Google and Yahoo have introduced similar free services. … At the same time, eBay is spending $260 million a year to advertise its auctions on search engines, with 60 percent of that on Google, according to estimates by Jordan Rohan, an analyst with RBC Capital Markets."

ENVIRONMENT:

GAO Says Bush Greenhouse Gas Programs Not Producing Results. The Washington Post (5/26, A3, Eilperin) reports the Government Accountability Office says the "Bush administration's voluntary programs to reduce greenhouse gas emissions by industry have yet to deliver promised results." The "51-page report, which was requested by Sens. John McCain (R-Ariz.) and John F. Kerry (D-Mass.), highlights shortcomings in two projects aimed at encouraging the private sector to cut emissions linked to global warming. The Environmental Protection Agency sponsors 'Climate Leaders,' while the Energy Department oversees 'Climate VISION.'" Both programs "encourage polluters to cut their greenhouse-gas releases, but in each case, according to the study, the administration has failed to ensure that participating firms set firm reduction targets or meet their stated goals."

House Votes To Allow ANWR Drilling. USA Today (5/26) reports, "The House of Representatives voted Thursday to allow oil exploration on a small portion of Alaska's 19 million-acre Arctic National Wildlife Refuge. The vote was 225-201 to allow drilling on 1.5 million acres that federal geologists estimate hold 5.4 billion to 16 billion barrels of recoverable oil." The AP (5/26, Hebert) says the House action "may be little more than symbolic. Arctic refuge development, while approved by the House five times, repeatedly has been blocked in the Senate where drilling proponents have been unable to muster the 60 votes needed to overcome a filibuster." The AP adds, "Access to ANWR's oil has been a key part of President Bush's energy agenda, although over the last five years he's been unable to convince Congress of its merits. Energy Secretary Samuel Bodman on Thursday urged the Senate to pass a drilling measure 'so we can strengthen our nation's energy security.'"

The Washington Post (5/26, A5, Eilperin) notes the measure "marks the 12th time since 1995 that the House has voted in favor of opening the refuge to oil and gas development." The New York Times (5/26, Janofsky) runs a similar report.

The Los Angeles Times (5/26, Simon) reports "jittery" House Republicans "wanted to return to their districts for Memorial Day able to say that they had acted on energy legislation before the summer vacation season begins."

NYTimes Says Only Disasters Prompted Mine Safety Overhaul Bills. The New York Times (5/26) says in an editorial, "Another mine disaster is finally spurring Congress to pass long overdue repairs to the nation's threadbare safety laws. Mandates for such obvious

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necessities as extra oxygen supplies for trapped miners languished after an initial burst of concern over the disaster in January that killed 12 miners in Sago, W.Va. But the explosion last weekend in Kentucky that killed five miners has been followed by quick Senate approval of a bill ordering extra oxygen, more responsive rescue teams, and stronger underground barriers to seal off danger zones from workers. The Republican leaders in the House, lagging behind the Senate, hurried to catch up. But the sad truth is that safety equipment and rescue procedures have been scandalously neglected for years under company-friendly regulations that have been laxly enforced by government agencies stocked with political appointees who have come from the coal industry."

FBI/DEA/ATF/USMS:

Former Prescription Drug Distributor Pleads Guilty To Selling Stolen Drugs. The AP (5/26) reports former drug distributor Gregory Broccoli "admitted Thursday that he sold $7.3 million worth of prescription drugs that he knew were stolen from warehouses and trucks." Broccoli "pleaded guilty to five conspiracy charges, acknowledging wrongdoing from 2002 through 2004 at a company he operated in Jersey City and Elizabeth called Providers Plus. Broccoli, 39, of Staten Island, N.Y., is the eighth person to plead guilty in connection with a federal investigation that began in 2003." The "FBI investigation and guilty pleas from the defendants exposed a network of thieves and crooked wholesalers who obtained prescription drugs through illegal means, created fraudulent documents, and then reintroduced the prescription drugs into the marketplace, federal prosecutors in New Jersey said."

Reporting Continues On Overdoses Linked To Fentanyl-Laced Drugs. The AP (5/25) reports a mixture of heroin and a powerful painkiller "has been killing unsuspecting users who believe they are taking pure heroin. Officials from Philadelphia to Chicago have reported deaths from the drug, called fentanyl and considered 80 times more powerful than morphine. In the Detroit area - the apparent hub of the problem with more than 100 confirmed cases since last fall and about two dozen suspected ones in the last week - officials from the national Centers for Disease Control and Prevention are investigating, and community organizations are scrambling to get the word out to users."

In a sidebar, the AP (5/25) outlines reported deaths associated with the fentanyl-laced drugs.

The Detroit Free Press (5/25, Ben Schmitt, Hunt, Norris) reports local toxicologists "say they've seen a steady increase in fentanyl-related deaths since last fall, but nothing prepared them for the jump that began last week: At least 23 people have died in Wayne County since May 18 from what investigators believe was a lethal combination of heroin or cocaine and fentanyl. Now, as Michiganders gear up for the long holiday weekend and outdoor activities, county and Detroit officials are scrambling to get the word out about the drug's dangers." The Free Press adds, "Deaths linked to fentanyl-laced drugs have been reported in smaller numbers in cities across the country, including Chicago and Philadelphia, and investigated by the U.S. Drug Enforcement Agency since last fall."

In a separate story, the Detroit Free Press (5/25, Hunt) reports, "Law enforcement officials investigating fentanyl-related deaths in Wayne County say drug dealers could be crystallizing prescription fentanyl to use as a cutting agent for heroin and cocaine, but they doubt it. They believe someone is manufacturing the drug in an illegal lab."

The Detroit News (5/26) reports, "The Wayne County death toll attributed to fentanyl-laced drugs has reached 33 people in one week, putting Metro Detroit at the epicenter of a national health concern that reaches into several other states. There have been at least 200 confirmed deaths in five states attributed to the painkiller mixed with heroin or cocaine, with 130 of them in Wayne County since January 2005."

"Operation Street Sweep" Nets Suspects Facing Drug Charges In Tennessee. Memphis, Tennessee's, Commercial Appeal (5/26) reports, "Just two hours into Thursday's roundup, two teams of officers supervised by Memphis Police Lt. Charles 'Bubba' Cox had picked up four of 10 suspects on his list of those wanted on state or federal warrants. By late afternoon, 48 of 67 people indicted on drug and gun charges were behind bars in Operation Street Sweep. … Thirty of the suspects were being sought on federal indictments returned this week, and 24 are wanted for state crimes, mainly drug offenses. … At their first stop, one team, led by Joe Hoing, a 32-year Memphis police veteran assigned to the DEA drug task force, caught up with Nicholas Hull, 28, named in six counts of crack possession."

17 People From 3 States Face Charges In Drug Investigation. The AP (5/25) reports, "Seventeen people from Maine, New Hampshire and Massachusetts have been arrested on drug charges after a seven-month undercover investigation. Edward Arias and Jose Ortiz, both of Lawrence, Mass., were indicted on charges of conspiracy to distribute cocaine by a federal grand jury in New Hampshire. They supplied more than 150 pounds of cocaine to southern Maine, said Kittery, Maine, Police Chief Edward Strong. Up to 15 more people could be arrested as the investigation continues, he said." The AP notes DEA involvement in the investigation.

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The Portsmouth (NH) Herald News (5/25) reports, "News this week that 17 people are facing federal and state cocaine and marijuana distribution charges has 'definitely put a dent' in the local drug trade - from significant suppliers right down to street dealers," according to Strong.

Ohio Businessman Accused Of Money Laundering Pleads Guilty. The Dayton (OH) Daily News (5/26) reports a businessman "admitted Thursday to a federal felony charge of money laundering. … Glen Hurst, 55, of Butler Twp. pleaded guilty as part of a plea agreement." Hurst was "indicted in a wide-ranging case that focused on drug kingpin Earl Marshall, who pleaded guilty April 18 to five felonies and faces at least 18 years in prison. In 2004, federal officials called the case one of the largest trafficking operations in Dayton. It was investigated by the Internal Revenue Service and Drug Enforcement Administration."

Researcher Finds "No Association" Between Marijuana And Lung Cancer. Reporting continues on a marijuana study done in California. The Washington Post (5/26, Kaufman) today reports, "The largest study of its kind has unexpectedly concluded that smoking marijuana, even regularly and heavily, does not lead to lung cancer. The new findings 'were against our expectations,' said Donald Tashkin of the University of California at Los Angeles, a pulmonologist who has studied marijuana for 30 years. … Federal health and drug enforcement officials have widely used Tashkin's previous work on marijuana to make the case that the drug is dangerous. Tashkin said that while he still believes marijuana is potentially harmful, its cancer-causing effects appear to be of less concern than previously thought."

Idaho Man Indicted On Drug-Smuggling Charges. The AP (5/26) reports, "A federal grand jury has indicted a Sandpoint, Idaho, man on charges he attempted to smuggle marijuana, methamphetamine and the designer drug Ecstacy into the United States from Canada. Joseph A. Roberts, 43, was arrested by U.S. Border Patrol agents May 7…just south of the Canadian border in Okanogan County. … Federal prosecutors allege Roberts had nearly 170 pounds of 'B.C. Bud' marijuana, 143 pounds of methamphetamine and 16 pounds of Ecstasy when arrested."

Judge Refuses To Halt California Gun-Store Closure. The Chico (CA) Enterprise Record (5/26, Richman) reports, "A federal judge refused (Thursday) to postpone the government-imposed closing date for Northern California's largest gun dealer, Trader Sports of San Leandro, due to extensive violations of federal law." The Record continues, "Chief U.S. District Court Judge Vaughn Walker found that although Trader Sports likely will be hurt more by the closure than the public would be by allowing the store to remain open, the gun dealer hasn't substantially disputed the claims against it and isn't likely enough to succeed in its claims of an unfair administrative hearing to deserve a court-ordered stay. … Vaughn gave the store until June 2 - one day past the government's previously imposed deadline - to take the case to the 9th U.S. Circuit Court of Appeals and seek a stay there. The store's attorney, Malcolm Segal of Sacramento, said he'll have to ask store owner Anthony Cucchiara whether to appeal." The Record adds, "The Bureau of Alcohol, Tobacco and Firearms served Cucchiara months ago with notice that he'd have to surrender his license and close his store effective June 1. This followed a 13-month administrative hearing in which the ATF used evidence from a September 2003 inspection, along with earlier information, to argue Trader Sports has flouted federal firearms sale reporting requirements for years."

The San Francisco Chronicle (5/26, Bulwa) reports, "Those who have been watching the fight between Cucchiara and the firearms bureau said it carries implications beyond the plight of a San Leandro gun shop. Trader Sports has a history of run-ins with regulators and is a high-profile target of gun-control groups. … 'Trader Sports is one of the worst of the worst,' Daniel Vice, a staff attorney for the pro-gun-control Brady Campaign in Washington, D.C., said Wednesday. He said license revocations are significant because the government issues them so rarely. … The U.S. attorney's office, which is defending the firearms bureau in the lawsuit, said the inspection of Trader Sports in September 2003 found 3,659 firearms on hand, even though store records showed 9,100 guns in inventory. … Cucchiara and the federal inspectors had tried to reconcile the discrepancy and found that an additional 2,036 guns could not be accounted for, bringing the total to 7,477, Assistant U.S. Attorney Jonathan Lee wrote in a legal filing."

Dallas Gun-Crime Team Wins DOJ Award. The Dallas Business Journal (5/26) reports, "The city of Dallas' criminal prosecution team has received federal laurels for a program that has helped to reduce gun crime involving repeat offenders." The Journal continues, "Gun crimes committed by parolees in Dallas between October 2003 and September 2005 fell by about 45 percent, according to a recent crime study." The Journal adds, "The prosecution team -- which helped plan and implement the program -- was honored with a U. S. Department of Justice Project Safe Neighborhoods Achievement Award for exemplary local training, according to a Justice Department news release. … The community prosecutors, who have offices in seven Dallas neighborhoods, and others in law enforcement created a program that requires probationers and parolees to attend

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workshops that inform them of the consequences of violating terms of their release, which include not using or possessing firearms. … The Dallas team was nominated for the award by U.S. Attorney Richard B. Roper of the Northern District of Texas. The award was presented by Deputy U.S. Attorney General Paul J. McNulty during a national conference earlier this month."

IMMIGRATION:

Senate Approves Immigration Reform Bill By 62-36 Margin. The Senate yesterday approved an immigration reform bill supported by the White House that includes a path to citizenship. The margin of victory for the measure was 62-36. Most reports this morning, however, see little chance that a bill with get to President Bush's desk. Instead, many observers predict the upcoming negotiations with the House to come up with a compromise bill will end in failure. The Los Angeles Times (5/26, Havemann), for example, says the task of reconciling the House and Senate bills "may prove impossible." Similarly, the New York Times (5/26, Swarns) says "Republican leaders acknowledged that delivering a final bill to President Bush's desk would be enormously difficult." Another New York Times story (5/26, Rutenberg) also concludes that "all indications are that once the negotiators…will hit a wall." The CBS Evening News (5/25, story 5, 0:20, Schieffer), meanwhile, reported Senate and House negotiators "will now try to work out the differences between their two versions, and it's not at all clear that they will succeed."

Still, says the Los Angeles Times (5/26, Gauette), "passage of the Senate bill represents a victory for Bush, who began a push for a broad overhaul of immigration policy with a speech in January 2004. His proposals sparked an extended debate about border security, the role of immigrants in American life and how best to deal with the estimated 12 million people who are in the country illegally."

Bush's continued involvement in the process is seen as crucial to any chances for a House-Senate deal. The Washington Post (5/26, A1, Babington) reports "Democrats and Republicans alike said a House-Senate accord will be nearly impossible without the vigorous involvement of President Bush, who favors an approach similar to the Senate's." The White House "has already begun lobbying efforts, but it faces resistance from more than 200 House Republicans seeking reelection this fall, many in districts where the sentiment against illegal immigrants runs high." Knight Ridder (5/26, Montgomery) says "backers of the bipartisan Senate plan…acknowledge that the president is weakened by declining polls and his growing lame-duck status." Knight Ridder also runs a statement by Democratic Sen. Charles Schumer urging Bush to push for compromise, "After tonight, whether this bipartisan balance still survives or not really rests in the hands of the man at the other end of Pennsylvania Avenue." USA Today (5/26, Kiely) runs a similar Schumer statement, "The ball is in the president's court."

ABC World News Tonight (5/25, story 3, 2:10, Stephanopoulos) reported, "It's a rare sight in this Senate. Republicans and Democrats, together, declaring victory." Senate Majority Leader Bill Frist: "This is a success for the American people. It is success for people who hope and participate -- hope to participate someday in that American dream." Senate Minority Leader Harry Reid: "I am so proud of the Senate. This is the way that we should legislate: In a bipartisan basis." Stephanopoulos: "Now comes the hard part. The immigration proposals passed by the Senate today and the house last December are at odds on matters of core principle and hard politics," and "House leaders insist they won't budge on any measure that makes illegal immigrants citizens." The Senate "does have the White House on its side." White House press secretary Tony Snow: "The people who, at the end of this process, stand up and take the oath, will have spent more money and waited longer than any group in American history for the right to become American citizens."

NBC Nightly News (5/25, story 4, 2:10, Brown) reported, "The Senate bill includes beefed-up border security, including 6,000 National Guard troops, a guest worker program requested by the President, and, most controversial of all, a path to citizenship for most of the estimated 12 million illegal immigrants already in the US supporters call that earned citizenship, noting that illegal immigrants would have to pay backs taxes and a fine, work for at least six years and learn US history and English, which the bill declares the national language." But "many House Republicans vigorously oppose both the guest worker program and citizenship for illegal immigrants, which they call amnesty."

The Washington Times (5/26, Dinan) reports the White House "yesterday predicted that the chamber's Republicans will give in." White House press secretary Tony Snow "said House Republicans will want to pass border security badly enough to back down from the fight against what many consider amnesty for illegal aliens, knowing there is a 'heavier political price for failing to act, than for acting.'" Said Snow, "If you are a Republican member of Congress and you're concerned about illegal immigration, do you really want to say to your constituents: You know, I'm going to wait a couple of years before I take up the issue of people knowingly hiring illegal aliens, I want to wait a couple of years before I go ahead and try to identify who the illegal aliens are, I want to wait a couple of years before I start grappling with what to do with these 11 or 12 million people who are here illegally.'"

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Also offering a hopeful outlook for the upcoming talks, the Christian Science Monitor (5/26, Chaddock) says "GOP leaders are hopeful that threshold can be met, he adds. 'This will be a difficult conference, but the Speaker believes we can get to a balanced bill that will put border security first.'" This week, Bush's "top political adviser, Karl Rove, made his second trip to Capitol Hill to boost prospects for a compromise. While several Republicans who spoke with the press after the closed meeting said they were not convinced, others are signaling they may be interested in helping to broker a deal."

The AP (5/26, Espo) reports the House bill, "which passed on a largely party-line vote last year, is generally limited to border enforcement. It would make all illegal immigrants subject to felony charges and it contains no provision for either a new temporary worker program or citizenship for men, women and children in the country unlawfully." In contrast, the Senate bill "would mark the most far-reaching changes in immigration law in two decades."

Fox News' Special Report (5/25, Hume) reported, "The stage is set tonight for a crucial and potentially contentious negotiation over immigration reform." Fox (Garrett) called the measure is "the most ambitious and politically perilous reform of immigration laws in at least 20 years."

The Chicago Tribune (5/26, James) calls the legislation's future "uncertain, especially in an election year. … House Majority Leader John Boehner (R-Ohio) issued a non-committal statement that didn't even acknowledge that the Senate bill had any acceptable provisions and instead espoused the immigration priorities sought by the House majority in passing its measure in December." Boehner also "urged House Democrats to stop advocating 'troubling policies that encourage open borders and invite more illegal immigrants into our country' and to join House Republicans in making US borders more secure."

The Wall Street Journal (5/26, Kronholz, Lueck) reports, "Business lobbyists also hope to use the conference to boost the guest-worker program to 325,000 workers yearly from the 200,000 the bill now allows, and permit the number to rise further to meet labor-market demands." But "the House and Senate bills are so vastly different that there may be little room for compromise, and even less for measures that could be seen as improving the prospects of immigrants."

The Washington Times (5/26, Hurt) headlines its story "Senate OKs Citizenship For Illegal Aliens," and describes the bill as one that "allows 10 million illegal aliens to become citizens, doubles the flow of legal immigration each year and will cost U.S. taxpayers an estimated $54 billion over the next 10 years." On the other hand, the Washington Post (5/26, A8, Goldstein) says "advocates of expanded immigration rights complain that 'hidden traps' woven through the bill's 300 pages erode significant due-process protections for all foreign-born people living in the United States. A coalition of civil rights, religious and legal groups says the legislation would make it easier for the government to detain or deport immigrants -- whether in the country legally or not -- while making it more difficult for them to prove they deserve asylum or naturalization." The Post adds, "One provision would add to the list of acts considered 'aggravated felonies' under immigration law -- automatic grounds for removal from the country. The rewritten list would include carrying fraudulent documents."

Ombudsman Says CIS Could Handle Guest Worker Program With Enough Funding, Time. The AP (5/26) reports CIS Ombudsman Prakash I. Khatri said yesterday that the agency could "definitely" handle a guest worker program that would provide illegal immigrants with a path to citizenship, as called for under the Senate's immigration bill, but that the "key" would be "funding and time allocated under the law." If such a program emerges from the Senate's compromise talks with the House, it "would greatly increase the workload of an agency already facing a backlog that has left some immigrants waiting years for citizenship or the 'green cards' that provide permanent residence status. US Citizenship and Immigration Services would need to hire and train more staff and require facilities to process the millions of applications expected, Khatri said."

Border Patrol Poised For "Unprecedented" Expansion. USA Today (5/26, Hall) reports the "482 students on this remote campus" at Artesia, New Mexico "are Border Patrol agents-in-training undergoing a rigorous, 19-week course. The Border Patrol Academy prepares men and women to join the rapidly swelling ranks of the agency that polices the nation's porous borders." The number of Border Patrol agents "has been growing since the Sept. 11 terrorist attacks, and the grounds here reflect that. A new academic building with nine 50-seat classrooms has just been completed; a $14 million, 50,000-square-foot addition to the gym is under construction; and new dorms are on the way." The academy's "going to need the extra space. After three years of steady growth, the Border Patrol is about to embark on an unprecedented expansion. If Congress approves President Bush's request for 6,000 new agents over the next 21/2 years, the patrol will have 18,000 agents on the nation's 5,000 miles of border with Mexico and Canada. That would double the number of agents since 9/11 raised new concerns about terrorists' ability to slip into the country across land borders."

Border Patrol Warns Desert Crossing Death Toll To Rise. The Washington Times (5/26, Seper) reports the US Border Patrol "says an increase in the number of people who die trying to cross the desert to enter the United States illegally is expected as summer temperatures rise, and efforts are being made to ask the Mexican media to warn would-be crossers of the dangers involved." Last year, "473 persons died on the Southwest border -- a record number of deaths.

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Since Oct. 1, the Border Patrol reported 210 deaths -- 43 more than the same period a year ago. The western desert of Arizona accounted for more than 56 percent of the total number of deaths."

Fox Gets Mixed Reception At California Legislature. The New York Times (5/26, Broder) reports that in an "echo of the debate on immigration under way in Washington, the California Legislature gave visiting President Vicente Fox of Mexico a two-edged welcome on Thursday." Democratic and Latino members, "including the Assembly speaker, Fabian Núñez, embraced Mr. Fox, while some Republicans boycotted his evening address to a joint session of the Legislature. Other Republicans attended the speech, but wore yellow buttons reading 'No mas!' to protest Mr. Fox's support for liberalizing American policies on immigration."

US To Deport 15 Undocumented Aliens Captured In Hanover County. The Washington Times (5/26, McLaughlin) reports the US Immigration and Customs Enforcement agency "is preparing to deport 15 illegal aliens from Mexico and Guatemala who were arrested Tuesday in Hanover County after the speeding van they were in was stopped by police." ICE spokeswoman Ernestine Fobbs said, "They were issued notices to appear before an immigration judge and more than likely will be removed from the United States."

Mexico's Failure To Improve Its Economy Criticized. In a Wall Street Journal op-ed (5/26), Joel Kurtzman and Glenn Yago of the Milken Institute say, "The problem with the debate on immigration is that it has so far looked at just one side -- ours. Somehow, for political or other reasons, Mexico has escaped scrutiny. And yet we are suffering for Mexico's myriad of economic sins. Our part in creating the immigration mess is that we built a society filled with opportunities but surrounded it with a porous border. Mexico's part is that it has failed to produce enough growth, despite massive wealth. The solution is to open the borders even wider -- but open up Mexico, too. If Mexicans can come here, let our capital and ingenuity invest there freely. President Fox, tear down that investment-restriction wall!" The "only way for Mexico to reduce the number of workers it sends to the U.S. is to transform itself into a jobs-producing, high-opportunity economy. The way to begin would be to allow unfettered U.S. investment."

Dionne Says Proponents Of "Liberal" Immigration Policy Need To Address Costs. In his Washington Post column (5/26, A21), EJ Dionne says, "But advocates of a more liberal policy toward illegal immigrants need to take seriously the discontent that the anti-immigration movement has tapped into. Immigration has been a blessing to the United States, but it is not an unmixed blessing, and the costs of our immigration policies are borne more heavily by some parts of our society than others. Rather than dismiss all immigration critics as xenophobes, supporters of immigrant rights need to deal with the legitimate gripes of their opponents." The "most basic (and perhaps the simplest to deal with) is that immigrants cost local governments money even as they fill federal coffers with income, especially from payroll taxes." A National Academy of Sciences study "found that the average immigrant puts a net lifetime fiscal cost of $25,000 on state and local governments." But "less straightforward but still important are the effects of illegal immigration on the wages and working conditions of our fellow citizens at the bottom of the income structure."

Ivins Says Enforcement Approach To Immigration Reform Is Racist. In her syndicated column, which was run in the Chicago Tribune (5/26), Molly Ivins criticizes immigration reforms aimed at boosting enforcement, saying, "By all means, reform immigration with this deep obeisance to the Republican right-wing nut faction and their open contempt for 'foreigners.' But do not pretend for one minute that it is not a craven political bow to racism (Yes, racism--I am actually calling them racists, although they pretend it hurts their feelings. Try reading their Web sites and see for yourself), and to nativism, to xenophobia and to Know-Nothingism. Just don't forget what you are throwing away in the process."

TAX:

Treasury Ends Phone Tax. USA Today (5/26, Davidson) reports, "The Treasury Department said Thursday that it will no longer collect a 3% federal excise tax on long-distance calls and would refund about $15 billion to taxpayers." The tax "was imposed in 1898 to help pay for the Spanish-American War. It was designed as a tax on wealthy Americans, back when phone service was considered a luxury."

The New York Times (5/26, Belson) says "the abolition of the tax, effective July 31, will cost the Treasury $5 billion annually in lost revenues in the next few years. With budget deficits soaring, the Treasury had been slow to scrap the tax." But "several federal courts ruled in recent years that it was no longer applicable to customers with unlimited long-distance plans." The Internal Revenue Service "has refunded hundreds of thousands of dollars in taxes to companies including OfficeMax and the American Bankers Insurance Group based on the court decisions." The Wall Street Journal (5/26, Matthews) and Washington Post (5/26, D2, Crenshaw) also report the story.

Dow Jones (5/26) reports, "Millions of individuals and businesses that paid the tax will be eligible for refunds, plus interest, for taxes paid on long-distance service billed after Feb. 28, 2003. Tax experts said it may be the broadest case involving elimination of a tax through a legal challenge. …

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Snow summed up the government's capitulation: 'The American taxpayers have been right.'"

MarketWatch (5/26, Bartash) reports, "The Treasury also said the Justice Department would cease litigation in support of the tax after a handful of federal appeals courts ruled the fee illegal in decisions rendered within the past year. The most recent loss in federal court occurred earlier this month. … 'The Federal Appeals courts have spoken across the board,' Treasury Secretary John Snow said in a statement. 'It's time to "disconnect" this tax and put it on the permanent "do not call" list.'" MarketWatch adds, "The tax, which generates more than $6 billion annually, has survived repeated efforts to eliminate it, most recently in 2000, when President Bill Clinton vetoed a larger bill that included a repeal of the excise fee. … Bills aimed at ending the tax have circulated every year since. Businesses call the tax unfair and outdated. Phone companies say it's costly and complex to administer. Consumer-advocacy groups say the flat-rate fee put an undue burden on poorer Americans. Virtually no one in Washington supported the tax."

FBI, IRS Seek Florida Water District Land Transaction Records. The South Florida Sun-Sentinel (5/26, Burdi, 249K) reports, "The FBI and Internal Revenue Service on Thursday went after documents regarding a controversial land deal involving Palm Beach County Commission Chairman Tony Masilotti and the South Florida Water Management District. A subpoena for the documents was served on the water management district, Chairman Kevin McCarty confirmed." The Sun-Sentinel notes, "In recent months, Masilotti and his ex-wife, Susan, have come under scrutiny for making more than $1.3 million through a series of complex transactions in Martin County, according to court and land records." McCarty said that "the water management district will turn over all the documents, which could take up to 30 days."

CONGRESS-ADMINISTRATION:

Frist Hopeful Hayden Will Get Confirmation Vote Before Recess. The AP (5/26, Shrader) reports CIA director-nominee Michael Hayden "awaited confirmation from the Senate Thursday evening in a vote that would install the four-star general and veteran of intelligence controversies atop the civilian spy agency." Majority Leader Bill Frist said he "remained hopeful the Senate could take up Hayden's nomination before departing for the Memorial Day recess."

Landrieu Agrees To Lift Hold On Kempthorne Nomination. CQ (5/25, Tollefson) reports Sen. Mary L. Landrieu, D-La., "agreed Thursday to lift her hold on President Bush's nomination of Idaho Governor Dirk Kempthorne to be Interior secretary, setting the stage for a confirmation vote on Friday." Landrieu's decision "came a day after Republican leaders filed for cloture. Senate Majority Leader Bill Frist, R-Tenn., said a vote is slated for Friday morning." Landrieu used the Kempthorne nomination "to press her case that Louisiana and other Gulf Coast states should be earning a greater share of royalties from offshore energy production. Landrieu cited 'significant progress' in the attempt to gain more of the royalty revenue and said Kempthorne has demonstrated he will be a 'partner' in helping coastal Louisiana pursue hurricane protection, flood control and coastal restoration aid."

Democrats Put Hold On Schwab Nomination. CQ (5/26, Van Dongen) reports the nomination of Susan Schwab to become the next US trade representative "has run into multiple roadblocks, with Democratic Senators blocking a confirmation vote." Democratic Senator Patrick Leahy (VT) "put a hold on the nomination—which he released Thursday—because of a disagreement with the Bush administration over whether it will enforce a provision in a World Trade Organization (WTO) agreement that would permit US companies to sell low-cost generic drugs to needy nations." Meanwhile Sen. Charles Schumer (D-NY), who "blasted her on the administration's approach to opening market access to China," has "not released a second hold" on Schwab's confirmation, CQ notes.

Senate Clears Way For Vote On Kavanaugh Nomination. The AP (5/26, Kellman) reports the Senate "cleared the way Thursday for the confirmation of White House aide Brett Kavanaugh to a federal appeals court judgeship, over Democratic complaints that he is unseasoned and partisan. By 67-30, senators approved a confirmation vote, set for Friday." Democrats, however," complained that Kavanaugh has a long record of loyalty to President Bush and too short a record in the courtroom. They highlighted the American Bar Association's recent downgrading of its rating of Kavanaugh from 'highly qualified' to qualified."

CQ (5/25, Perine) reports Kavanaugh "is all but certain to be confirmed Friday for a seat on the U.S. Court of Appeals for the District of Columbia Circuit." With Kavanaugh's confirmation "now in the bag, conservative activists are clamoring for Frist to pick a fight with Democrats over several of Bush's other, more contentious nominees. So far, Frist is keeping mum about his intentions, other than to say he plans to call up the other appellate court nominees pending on the Senate calendar before the end of the 109th Congress." The nominations "of William G. Myers III to the 9th Circuit and Terrence W. Boyle to the 4th Circuit have both been on the calendar since last year. But Frist declined Thursday to say when he would move on those nominations."

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The New York Times (5/26, Stolberg) reports Democrats "said Mr. Kavanaugh, who was on the staff of Kenneth W. Starr, the independent counsel who investigated President Bill Clinton, was too partisan and lacked the experience for the appellate bench. But the senators were unwilling to block the nomination using a filibuster. That tactic could have prompted Republicans to respond with the so-called nuclear option, a rules change permanently barring judicial filibusters."

Tony Snow Seen As Improving Press Relations While Delivering Less Information. Newsweek (5/25, Wolffe, Bailey) reported, "After more than two weeks inside the West Wing," incoming press secretary Tony Snow "has pulled off the unusual coup of improving relations with the press corps while offering, at times, less information than" his predecessor, Scott McClellan. He has also "managed to win widespread forgiveness for a series of foreign-policy fumbles that would have landed McClellan in deep trouble." Indeed, "there's been a lot of smiling and plenty of jokes and laughter during the first two weeks of Snow's tenure as Bush's new press guy. The atmosphere in the briefing room, which only weeks ago seemed poisonous beyond repair, now seems relaxed and different enough to compensate for the fact that reporters don't seem to be getting any more straightforward answers than before." It's "not unreasonable to think that Snow can and should only stick to the facts that he knows. But it's interesting to see how Snow has offered noncomments on issues where he should be fully up to speed. In some cases, Snow has been even less forthcoming than McClellan about what Bush and his advisers are doing."

Snow To Leave Treasury In June. NBC Nightly News (5/25, story 7, 0:20, Brown) reported, "CNBC chief Washington correspondent John Harwood reports tonight that Treasury Secretary John Snow will likely leave his job by the middle of next month. Harwood says the Bush Administration has honed in on a successor to Snow that we don't know who that is yet. And Snow will depart either before or after a G8 finance minister's meeting which begins June 9th."

The Washington Post (5/26, A5, Baker, Blustein) says Snow has already "informed the White House that he will resign in the coming days." Snow "asked the White House to announce his resignation in early June and said he plans to stay in the job no later than July 3 while a replacement is sought, the source said." The Post adds, "Republican insiders said possible candidates to succeed Snow include former commerce secretary Donald L. Evans, a longtime Bush friend; Commerce Secretary Carlos M. Gutierrez, a former Kellogg Co. chief executive; Ambassador David C. Mulford, a former treasury undersecretary who represents the United States in India; and Stephen Friedman, the president's former chief economic adviser and a former Goldman Sachs chief executive. Two Republicans said Evans and his wife will accompany the Bushes to Camp David today, although they cautioned against reading too much into that because the two couples often spend holidays together. One of the Republicans said Evans would be willing to take the job if Bush indicates he needs him."

The Wall Street Journal (5/26, Harwood, Solomon) reports, "Others believed to be potential choices include Deputy Secretary of State Robert Zoellick, though he has discussed leaving the administration in recent days; Deputy Treasury Secretary Robert Kimmitt, who was tarnished by involvement in overseeing the review of potential US ports management by a firm based in the United Arab Emirates; and Energy Secretary Samuel W. Bodman, a former deputy Treasury secretary." The Journal adds, "One reason Mr. Snow is believed to have stayed as long as he has is that the White House has had trouble identifying desired replacements. Some prominent Wall Street executives, such as Goldman Sachs CEO Henry Paulson, have rebuffed overtures."

The New York Times (5/26, Andrews) reports Tony Fratto, the Treasury Department's chief spokesman, "refused to comment, saying, 'We don't comment or speculate on personnel issues.'"

Rumsfeld Says Cheney Doesn't Try To "Polish" His Image. Defense Secretary Donald Rumsfeld was asked on CNN's Larry King Live (5/26) about his relationship with Vice President Dick Cheney. Rumsfeld said, "I used to think of him as a promising young man when I hired him. … I'd just resigned from Congress and went into the cabinet, and I was running the Office of Economic Opportunities. And the thing I found about him when I my made him my deputy, when I was chief of staff of the White House for President Ford, the tougher things got, the better he got. He -- he can take it. And the harder the work got or the more difficult the situation or the more tense something might get, he got stronger and better and more steely with respect to it. He's a very talented fellow." Asked why polls indicate that people have such a negative opinion of him, Rumsfeld said, "He doesn't spend any time trying to make people like him. He really -- he's not running for anything. He's not going to run for president. He is here to advise the President of the United States. He does it. He does it well. The President likes it. The Vice President likes it. And he just doesn't get up every morning and say, 'What can I do to polish my image?' He gets up every morning and says, 'What can we do to make sure there's not another terrorist attack on this country? What can we do today, in the event that that might happen -- how can we prevent it or how can we mitigate it, in the event that it

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does happen?' And that's his focus, and that's his orientation. And it's to the benefit of the country."

Nicholson Testifies Before Hostile Congress On VA Data Theft. Veterans Administration Secretary Jim Nicholson testified before Congress yesterday about the theft of the financial records of 26.5 million veterans. Nicholson's remarks that he was "outraged" and "mad as hell" were cited in most coverage. The story was covered by CBS and NBC last night and in the major US newspapers Friday morning.

The CBS Evening News (5/25, story 3, 2:25, Orr) reported, "Veterans Affairs Secretary Jim Nicholson made not one but two trips to the congressional woodshed. First, he apologized before a House committee." Jim Nicholson, Secretary of Veterans Affairs: "I am the person ultimately responsible to our Veterans." Nicholson "repeated the mea culpa in front of senators." Secretary Nicholson: "I can tell you as a 34-year Veteran myself, I am mad as hell. I'm outraged." Orr: But Nicholson's "apology fell flat." Rep. Bob Filner, California: "You said, 'I take responsibility.' Well, the most dramatic thing you could do to take responsibility is resign." Orr: "Nicholson could not explain why it took two weeks for his own deputy secretary to tell him of the security breach, and he's still struggling, he said, to warn all of the veterans." Its "own inspector general has repeatedly warned the VA its computer system is vulnerable and congressional investigators have given the department an F for computer security in four of the last five years."

NBC Nightly News (5/25, story 10, 1:55, Brown) reported, "There is a $50,000 reward being offered tonight by the Department of Veterans Affairs and the FBI for information that leads to the recovery of stolen computer equipment that contained personal data on more than 26 million veterans. And members of Congress today demanded answers from the man in charge of the VA, who admitted the massive security breach was even worse than previously thought." NBC (Costello) added, "The VA conceded information on the spouses of some deceased Veterans had been included on the laptop files of 26.5 million Vets now in the hands of thieves." Government investigators "said the analyst who improperly took the laptop home had been doing so for three years. For the first time, Secretary Nicholson said that some medical diagnostic information on 2.5 million vets was also on the computer and that Deputy Secretary Gordon Mansfield knew immediately the laptop was stolen on May 3rd yet failed to notify anyone."

CNN's The Situation Room (5/25, Blitzer) reported, "Veterans Affairs Secretary Jim Nicholson took considerable heat today from Congress over the theft of the personal information of some 26 million military veterans. During hearings in the Senate and the House, at least one lawmaker urged Nicholson to resign. But Nicholson says he too is outraged about the burglary and the fact that he wasn't told about it until nearly three weeks later. Nicholson says the federal government now is offering a $50,000 reward for information leading to the recovery of the computer and the hard drive that contained the stolen data."

The New York Times (5/26, Stout) reports, "Nicholson said he believed computer security had lagged at the agency, which he has headed for just over a year, because of past 'embedded cultural resistance' to change." In contrast to most coverage which highlighted lawmakers' anger with Nicholson, the Times says the senators "greeted him warmly and seemed angry not at him but at the bureaucracy of the 235,000-employee veterans agency, which has been criticized by its own inspector general's office several years in a row for inadequate data security." The Times notes, "It seemed possible from exchanges between Mr. Nicholson and members of the committees that the full dimension of the current data breach…might not yet be known."

The AP (5/26, Yen) reports lawmakers "were skeptical" about Nicholson's testimony. Sen. Susan Collins said, "The testimony you gave us is absolutely baffling. … You seem to be saying it was just one employee. But it's not just one employee. You have a high-risk vulnerable system that has been identified time and again as vulnerable." Rep. Bob Filner called for Nicholson to resign, but "White House press secretary Tony Snow said Thursday that wasn't going to happen." Before Nicholson's testimony Snow said, "I'm sure they will have sharp questions for him. But he's not tendering his resignation."

The Washington Post (5/26, A19, Lee) reports that VA IG George Opfer "said his office did not learn of the lost data until May 10, and then only through an offhand remark by a VA employee at a routine meeting. Nicholson was even further out of the loop; he testified yesterday that his subordinates failed to inform him until May 16 -- nearly two weeks after the theft put millions of veterans at risk of identity theft." Meanwhile, Senate Veterans Affairs Committee Chairman Larry Craig "said he believes that the VA data analyst was 'a dedicated federal employee who took work home with the hope of improving VA operations." Craig said the VA, "and not veterans themselves, should cover the cost of the increased credit monitoring made necessary by the loss of the personal data. 'There were many lapses in judgment for which many people are going to have to answer,' Craig said. 'This was not an error that a veteran made. This was an error that the system that provides services to them made.'"

USA Today (5/26, Bazar) reports, "It will cost at least $10 million to inform veterans that their personal information may be in the hands of criminals, Veterans Affairs Secretary Jim Nicholson told Congress on Thursday. He warned that the ultimate price tag of the government's response could be

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tens of millions more." The VA is also "considering providing veterans with a credit monitoring or counseling service at a free or reduced charge. Taxpayers could be hit for much more. When asked for an estimate, Nicholson tossed out the figure of $100 million -- or more."

CQ (5/26, Plummer) notes "the lack of assurances and the time it took for Congress and the public to be notified have left voters -- and lawmakers -- raw." House Veterans' Affairs Chairman Steve Buyer, "read a laundry list of investigations since 2000 by the Government Accountability Office, the news media and others that spotlighted shoddy VA policies on protecting information." Buyer said, "Mr. Secretary, this is a defining moment of your leadership."

Veterans Express Outrage Over VA Response To Data Theft. The Los Angeles Times (5/26, Neuman) reports that in addition to congressional anger, "more than 100,000 aggrieved veterans sought answers from 14 call centers set up by the Department of Veterans Affairs. They also took their complaints to the airwaves and the Internet, where one Vietnam vet set up an online petition urging Nicholson to quit." In an e-mail statement VFW national commander James Mueller wrote, "Telling 26.5 million veterans to deal with this as individuals is a totally unacceptable response. … We strongly suggest that the federal government start figuring out a way to deal with this problem computer-to-computer between the VA, national credit bureaus and other national institutions."

Expert Warns Spike In SSN Sales May Show Veteran Information Compromised. Although Secretary Nicholson tried to allay concerns that any veteran's information had been compromised, the CBS Evening News (5/25, story 4, 2:30, Schieffer) reported, "The Veterans Administration has said from the beginning that it has seen no signs so far that the data has been used to defraud Veterans, but our Trish Regan has been conducting her own investigation and she has turned up some very troubling evidence." CBS (Regan) added, "In secret chat rooms like these, cyber thieves buy and sell stolen Social Security numbers, names, and addresses for as little as $5, $10, or $15 apiece." Mike Brown "is the president of CardCops, a company that uses web crawling technology to prevent clients from identity theft. The Veterans' data was stolen three weeks ago. CBS News asked Brown to determine whether there had been an increase in the amount of Social Security numbers for sale on the Internet so far this month. The results, he says, are alarming." Mike Brown, President, CardCops: "There's a very real possibility that this data, which was compromised, has indeed ended up in the wrong hands." Regan: "Since May 1st, the amount Social Security numbers for sale on the web has jumped 158% over average. It's the largest increase the company has ever seen."

Kerry, Harkin Sponsor Bill To Provide Veterans With Credit Monitoring. The Des Moines Register (5/26) reports Sen. John Kerry and Tom Harkin "are pushing to give free credit monitoring to those affected by the loss of highly personal data on 26.5 million U.S. veterans that was stolen in a home burglary." They "are sponsoring legislation that would provide one year of free credit monitoring as well as one free credit report annually for two years after the end of monitoring." Harkin "said the estimated cost of the credit protection is $1.25 billion though 'we don't think it will cost that much.' He said the bill could be approved by the Senate yet this week." Harkin "said he was not ready to call for Nicholson's resignation. 'I don't want to hang someone before the trial,' he said."

Edwards Calls For Congressional Probe Of VA Data Theft. The AP (5/26) reports, "Former North Carolina Sen. John Edwards said Thursday that a full congressional investigation into the theft of millions of veterans records is necessary and that Veterans Affairs Secretary Jim Nicholson should be held responsible. Nicholson's role in the lost records should be investigated because his future "depends on the degree of his involvement," Edwards said." He "said a full congressional investigation is needed because it's unclear what actually happened."

Lawmakers Seek To Provide More Benefits To Veterans. The Christian Science Monitor (5/26, Knickerbocker) reports that "for the first time in a generation, Memorial Days are coming during prolonged armed conflict. That has strengthened ties between civilians and soldiers, bringing a marked change in the way people will observe the holiday this year." Lawmakers "are pushing for better veterans' services, including healthcare for the living and survivors' benefits for those who've lost loved ones. Many states are now providing free tuition at public colleges and universities for the children of those killed in war zones." And "unlike in the Vietnam era, declining support for the war has not eroded backing for the troops, say many of those taking part in Memorial Day ceremonies." The Monitor notes, "More family men and women in the war zone also means more dependents to care for in the wake of combat casualties. The 2,404 men and 55 women killed in Iraq have left an estimated 1,700 children without their parent." And recently lawmakers "heard testimony on the estimated 200,000 homeless veterans. 'In the battlefield of life, they are wounded, and we cannot leave them behind,' said Rep. Bob Filner."

Families Of Iraq Casualties Cope With Grief On Memorial Day. USA Today (5/26, A1, Hampson) in a front page story describes how the families of Air Force captains Derek Argel and Jeremy Fresques, members of the Air Force's Special Tactics unit, are coping after they were killed when their plane crashed in Iraq reporting that "three years of war have revived the holiday's original meaning. Today, for the families of two young Air Force officers, the gateway to summer will become a portal to grief." And while most

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Americans celebrate Memorial Day with recreational activities, "for the friends and relatives of Jeremy and Derek, Memorial Day will be no picnic."

Army Chaplain Urges Public To Remember Sacrifices Of Veterans. U.S. Army chaplain Capt. James Key in an op-ed in USA Today (5/26) writes "This year, as we celebrate Memorial Day, we should pause as a nation from talk about high gas prices, what language our national anthem should be sung in and the latest celebrity gossip, and instead think about the men and women who continue to fight and die in places such as Iraq and Afghanistan. It is true: War is hell, freedom is expensive, death is painful and faith still matters -- especially to those in the foxhole."

WSJournal Criticizes Media Portrayal Of Veterans. The Wall Street Journal (5/26, W11) in an op-ed in its "Taste" section writes "It's a sign of some progress that the men and women returning from Iraq and Afghanistan are not spit upon and shunned as Vietnam vets were. Yet there may be something more pernicious about mouthing 'Support Our Troops' while also asserting that many of them are poor, uneducated dupes who were cannon fodder overseas and have come home as basket cases, plagued by a range of mental, emotional and financial problems. The vast majority of vets don't fit that description." One way to help Veterans is to "give vets and their families the tools to adjust."

GAO Review Criticizes Agency Hiring Practices Under Bush. The Washington Post (5/26, D4, Barr) reports in its "Federal Diary" column, "An investigation of hiring practices by federal agencies during the first four years of the Bush administration has turned up 18 cases where political appointees apparently schemed to obtain career jobs in the civil service and stay on the public payroll for the long haul. The practice is popularly known as 'burrowing in' and happens in almost every administration." The Post adds, "In addition to political appointees landing jobs over more qualified applicants, investigators said some agencies created jobs for appointees and some agencies allowed appointees to jump ahead of military veterans by ignoring laws that give a hiring preference to veterans. The investigation was conducted by the Government Accountability Office, the congressional watchdog agency, between May 2001 and April 2005 at the request of two House Democrats, Reps. Henry A. Waxman (Calif.) and Danny K. Davis (Ill.)."

Congress Has Until June 5 To Decide On Air Traffic Controller Pay. The Washington Times (5/26, McCaslin) reports in its "Inside the Beltway" column that Congress has until June 5 to decide whether to raise compensation for air traffic controllers to $187,000 per year from the current $166,000. The controllers have been demanding $200,000-plus, which has "led to an impasse in negotiations that began eight months ago and shifted the matter to Congress to decide, as law requires."

Official Says Smithsonian Locked Into Deal With Showtime. Smithsonian Secretary Lawrence Small yesterday told a House panel that the Smithsonian Institution is locked into a semi-exclusive TV contract with Showtime Networks Inc. for 30 years. The Washington Post (5/26, C1, Trescott) reports, "Filmmakers, historians and members of Congress have criticized the contract, which has never been made public." The Post adds, "Summoned by the House Administration Committee, chaired by Rep. Vernon J. Ehlers (R-Mich.), Smithsonian officials explained how the deal originated and what the new partnership means to scholars and historians seeking access to the Smithsonian's voluminous collections and its experts."

OTHER NEWS:

GDP Up 5.3% In First Quarter. ABC World News Tonight (5/25, story 9, :20, Vargas) reported, "Economists were encouraged today by the latest report on the US economy. New figures showed gross domestic product, the broadest measure of the economy, grew at a strong rate of 5.3% from January to March. The analysts say that indicates growth without serious inflation."

The Wall Street Journal (5/26, Whitehouse) reports the US "was one of the world's fastest-growing advanced economies in the first quarter of 2006. Downbeat data on home sales, however, support economists' expectations that the distinction won't last." The Commerce Department revised its estimate of GDP up to 5.2% "from an initial estimate of 4.8%. The upward revision was smaller than expected, but still made the U.S. the second-fastest-growing economy among advanced members of the Organization for Economic Cooperation and Development that have reported first-quarter data. Greece is in first place, with an annualized growth rate of 8.2%, according to the OECD." But "new data on home sales, however, supported economists' predictions that the economy is likely cooling. The National Association of Realtors reported yesterday that sales of existing, or previously owned, homes fell 2% in April to a seasonally adjusted annual rate of 6.76 million units."

USA Today (5/26, Kirchhoff) reports Nariman Behravesh, chief economist of Global Insight, said, "The strong first-quarter data may well be the last hurrah of this phase of the current expansion." Behravesh "expects growth to slow to a 3% to 3.5% pace in the second quarter, and 3% in the second half of the year. Behravesh says the report contained some cautionary signs for the Federal Reserve as it debates whether to continue raising its target for short-term

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interest rates, now at 5%. A measure of core inflation, a gauge of prices that excludes food and energy, rose at a 2% rate. That's at the top of the Fed's comfort level."

Increase In Adjustable Mortgage Rates Linked To Rise In Defaults. NBC Nightly News (5/25, story 8, 2:20, Brown) reported, "NBC News 'In Depth' tonight, housing on the bubble: A new report on existing home sales showed the markets slowed last month. But another number is making news, mortgage rates. The average rate of a 30-year fixed rate mortgage climbed to 6.62% this week, hitting the highest level in nearly 4 years. The overall increase in mortgage rates is hitting some people, especially those with adjustable rate mortgages, very hard." NBC (Mott) added, "An industry organization says mortgage defaults between January and March of this year were up 72% nationwide over the same period last year. Indianapolis leads the nation with 1 out of every 69 homes in foreclosure, followed closely by Atlanta; Dallas…Memphis and Denver complete the top five. And many experts say it's those popular variable rate loans that are actually helping drive the surge in foreclosures around the country, allowing buyers to purchase more expensive houses than they could otherwise afford."

Stock Markets Rally For Second Day. NBC Nightly News (5/25, story 11, 0:10, Williams) reported, "On Wall Street today, a rally: The Dow gained almost 94 points [to close at 11,211.05]. The Nasdaq was up 29 points on the day [to close at 2,198.24]."

The Wall Street Journal (5/26, McDonald) reports, "Emboldened by just-right readings on the economy, investors gave the Dow Jones Industrial Average a two-day winning streak for its 110th birthday." The "jittery traders cheered a Commerce Department report showing ample economic growth in the first quarter, but not enough to stoke the inflation and interest-rate-increase fears that rattled the markets for two weeks." Still, yesterday's gains "may be a brief respite, with investors scrutinizing each economic data point." The Standard & Poor's 500-stock index "rose 14.31, or 1.14%, to 1272.88, while the tech-laden Nasdaq Composite Index gained 29.07 or 1.34% to 2198.24. Small stocks posted the biggest gains with the Russell 2000 adding 14.31 points, or 2.01%, to 725.58."

Minority Share Of Second Home Ownership On Increase. The Wall Street Journal (5/26) says in an editorial, "The political left insists that the current economy, however strong, is leaving minorities behind, and that the gains of some have come at the expense of others. But a new study on homeownership by the National Association of Realtors suggests that the benefits of recent economic growth have been more widespread than critics want to admit. We already knew that U.S. homeownership overall is at an all-time high of nearly 70%. The minority homeownership rate of 52% is also unprecedented. Now comes news that minorities are also increasing their share of second-home purchases. According to the Realtor report, minorities accounted 'for 11% of vacation home purchases between 2003 and 2005 in contrast with 6% of purchases in 2002 or earlier. In the investment property segment, minorities accounted for 17% of transactions between 2003 and 2005 compared with 11 percent in 2002 or earlier.'"

Spokane Diocese To Sell Headquarters To Settle Abuse Claims. The New York Times (5/26, Banerjee) reports, "The Roman Catholic Diocese of Spokane, Wash., is selling its headquarters and other property valued at about $11 million as part of its effort to settle claims by victims of sexual abuse by members of the clergy." The Times continues, "The diocese is one of three in the country that have filed for bankruptcy; the others are those in Portland, Ore., and Tucson. … Although the Spokane diocese announced its intention to sell diocesan assets when it filed for Chapter 11 bankruptcy protection in December 2004, the fact that those assets are now going on the market underscores the financial strain many dioceses face as they address hundreds of millions of dollars in claims by victims of sexual abuse. … 'I think it is symbolically significant,' said the Rev. John J. Coughlin, a Franciscan priest and a law professor at the University of Notre Dame, specializing in civil and canon law. 'The diocese doesn't need the physical building to exist. But the sale shows that the effects of the sex abuse crisis are serious, for this and other dioceses as well.'" The Times notes, "In a report issued in March, the United States Conference of Catholic Bishops said that in 2005, dioceses in the United States paid $399 million in settlements with victims of sexual abuse and $68 million in legal fees and support programs for victims, a sharp increase from the year before. … The church's total payments resulting from the sexual abuse scandal have surpassed $1 billion, and many dioceses have yet to reach settlements with victims."

Poll Shows Harris Trails Nelson By 32 Points. The AP (5/26, Farrington) reports that FL13 Rep. Katherine Harris (R) "had weak support in a poll released Thursday that includes the three little-known entries in the Republican U.S. Senate primary. Only 37 percent of respondents said they favored Harris, compared to 13 percent for Will McBride, 4 percent for LeRoy Collins Jr. and 2 percent for Peter Monroe. … More respondents -- 43 percent -- didn't choose a candidate." In a head-to-head match-up Florida Sen. Bill Nelson (D), Harris trailed the incumbent 58%-25%. The AP notes, "The poll was conducted by Quinnipiac University May 12-22. It surveyed 1,086 registered voters and had an overall margin of error of plus or minus 3 percentage points. The poll surveyed 424 Republican voters about the primary, with a margin of error of plus or minus 4.8 percentage points. 'Given how well known Congresswoman Harris is among Republicans and how well thought of she has been by them,

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it is somewhat surprising that she would only get 37 percent support,' said Peter Brown, assistant director of the school's polling institute. 'The fact that 63 percent of Republicans say they prefer either the other three or are undecided is remarkable.'"

Poll Finds Schwarzenegger Approval At 36%. The Wall Street Journal (5/26) reports in its "Washington Wire" column that California Gov. Arnold Schwarzenegger is ditching the "conservative 2005 script and tacks toward center. In campaign, led by former Bush strategists, he criticizes unpopular president on climate change, Medicare and immigration. A new poll by Public Policy Institute of California pegs ex-movie star's approval at 36%, up from 32% six months ago."

Krugman Says Documentary Shows Gore "Sort Of Person" Who Should Run Country. In his New York Times column (5/26), Paul Krugman says, "I won't join the sudden surge of speculation about whether 'An Inconvenient Truth' will make Mr. Gore a presidential contender. But the film does make a powerful case that Mr. Gore is the sort of person who ought to be running the country." But "can the sort of person who would act on global warming get elected? Are we — by which I mean both the public and the press — ready for political leaders who don't pander, who are willing to talk about complicated issues and call for responsible policies? That's a test of national character. I wonder whether we'll pass."

US Envoy To IAEA Says Iran Unlikely To Give Up Nuclear Program. Ambassador Greg Schulte, U.S. representative to the Vienna, Austria-based International Atomic Energy Agency, said Iranian President Mahmoud Ahmadinejad is unlikely to give up programs that could lead to the development of a nuclear weapon. The Washington Times (5/26, Sands) reports that Schulte said, "We shouldn't fool ourselves. The president of Iran is not someone who is swayed by normal diplomatic demarches." But Schulte "said that there also were divisions within Iran's ruling Islamic regime over Tehran's nuclear confrontation, and that the United States and its allies must give Iran a clear path to back down."

Meanwhile, the Christian Science Monitor (5/26, Peterson) reports that "the UN's permanent five powers and Germany this week worked to hammer out a package of incentives and threats they hope will ensure the Islamic Republic's nuclear program is limited to peaceful purposes. On the table: giving Iran nuclear reactors and providing fuel for energy production, as well as economic and security incentives. In exchange, Iran would have to give up uranium enrichment - a step that can lead to weapons production - or face UN sanctions or even an arms embargo. … Senior diplomats from those nations and the US reported "progress" during talks in London on Wednesday, but no agreement."

Attack On Iran Could Trigger Hizbullah Clash With Israel. The Christian Science Monitor (5/26, Blanford) reports that an "alarming scenario gaining attention is if Iran's nuclear facilities come under attack by the US or Israel, it could inadvertently trigger a violent confrontation between Lebanon's Hizbullah and the Israeli military. Hizbullah this week aired fresh warnings on the extent of its massive rocket arsenal, reinforcing concerns in Israel that it will be targeted as part of Tehran's retaliation to a strike against its nuclear sites."

Krauthammer Warns Against US-Iran Talks. Charles Krauthammer writes in the Washington Post (5/26, A21), "All of a sudden, revolutionary Iran has offered direct talks with the United States. All of a sudden, the usual suspects -- European commentators, American liberals, dissident CIA analysts, Madeleine Albright -- are urging the administration to take the bait. … Mark my words. The momentum for U.S.-Iran negotiations has only begun. The focus of the entire Iranian crisis will begin to shift from the question of whether Tehran will stop its nuclear program to whether Washington will sit down alone at the table with Tehran. To this cynical bait-and-switch, there can be no American response other than No. Absolutely not."

Ignatius Calls For Openness With Iran. David Ignatius writes in the Washington Post (5/26, A21), "We are in the early stages of what the Centcom commander, Gen. John Abizaid, calls 'the first war of globalization, between openness and closed societies.' One key to winning that war, Abizaid told a small group of reporters at the Pentagon yesterday, is to expand openness and connection." In Iran, "America's best strategy is to play to its strengths -- which are the open exchange of ideas, backed up by unmatched military power. The need for connection is especially clear in the case of Iran, which in isolation has remained frozen in revolutionary zealotry like an exotic fruit in aspic. Yet some in the Bush administration cling to the idea that isolation is a good thing and that connectivity will somehow weaken the West's position. … Openness isn't a concession by America, it's a strategic weapon."

Abbas Threatens Hamas With Referendum On Recognizing Israel. Palestinian Authority President Mahmoud Abbas issued what Knight Ridder (5/26, Nissenbaum) calls "a surprise ultimatum to his Hamas rivals on Thursday: Break the political stalemate imperiling the Palestinian government within 10 days or he'll ask voters to approve a measure that would implicitly recognize Israel. Hamas officials appeared caught off-guard by Abbas' threat to hold a referendum in July. Some leaders voiced optimism

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that they would be able to work out their differences, while others criticized Abbas for trying to bully them."

The Washington Post (5/26, A14, Wilson) reports that Abbas gave Hamas leaders "10 days to accept a two-state solution to the conflict with Israel, something the group has rejected since its founding nearly two decades ago."

The AP (5/26, Daraghmeh) calls Abbas' announcement "a bold initiative," and says the "political gamble that could either help resolve the Palestinians' internal deadlock or lead the Hamas-led government and Fatah into a deeper crisis." USA Today carries the AP story this morning.

The New York Times (5/26, Myre) says Abbas "seems to be gambling that he can force his Fatah party, Hamas and some smaller factions to agree on a broad framework for dealing with Israel, which Hamas now refuses to recognize. But he runs the risk of provoking a political showdown at a moment when the Palestinians are already plagued by infighting and a worsening financial crisis."

The Washington Times (5/26, Mitnick) says that by issuing the "surprise declaration," Abbas has "gambled his little remaining political capital." The Times also notes that Hamas politicians "went on the defensive after Mr. Abbas' challenge. Some predicted a Fatah-Hamas agreement that would make a referendum unnecessary; others said the Islamic militants don't oppose the idea of a national referendum as long as the two sides reach agreement on the ground rules."

WPost Says Bush Has Given De Facto Consent For "Unilateral Realignment" Of Israel's Borders. An editorial in the Washington Post (5/26, A20) says, "Though they paid lip service to continued Israeli-Palestinian negotiations, President Bush and Israeli Prime Minister Ehud Olmert in effect inaugurated an entirely different process at their White House meeting Tuesday -- one in which Israel will parley with the United States about the new borders it intends to draw for itself. … Mr. Olmert has now won Mr. Bush's de facto consent to pursue a unilateral 'realignment,' in which Israel would draw a border of its own choosing in the West Bank, dismantle some of the settlements that lie beyond it and thereby 'guarantee Israel's security as a Jewish state with the borders it desires,' as the prime minister put it." The Post adds, "Mr. Bush said Tuesday that an Israeli-Palestinian peace 'will only be achieved on the basis of mutually agreed changes, and no party should prejudice the outcome of negotiations.' As his administration plunges into what will probably be months of detailed discussions with Israel about the realignment plan, it will be imperative to defend those principles."

Bush, Canadian PM To Meet In July. Bloomberg (5/26, Argitis) reports that Canada's Ambassador to the US, Michael Wilson, announced yesterday that Canadian Prime Minister Stephen Hayes "will meet with U.S. President George W. Bush on July 6 in a bid to cement improving relations between the two countries. … This would be Harper's first meeting with Bush since March, when he met with the U.S. president and Mexican President Vicente Fox at a trilateral meeting in Cancun."

Harper Refuses To Speak To Canadian National Press. The Los Angeles Times (5/26, Farley) reports that Harper "has declared he won't talk to the national media because they are biased against him, his latest move in a spat with the Parliament's press corps. After reporters walked out of a news conference this week when he refused to answer any questions, Harper said no Liberal prime minister had faced such effrontery, and he had decided to deal only with more friendly local press."

Putin Takes Issue With Cheney Comments. The AP (5/26, Isachenkov) reports that President Vladimir Putin yesterday "objected vigorously to Vice President Dick Cheney's recent criticism of democratic backtracking by the Kremlin. 'We see how the United States defends its interests, we see what methods and means they use for this,' Putin said at a news conference following a summit meeting of Russia and the European Union in his most direct criticism of Cheney's remarks." The AP adds, "The growing rift with Washington threatens to mar the summit of the Group of Eight leading industrialized nations in St. Petersburg in July."

Putin's United Russia Party Growing Quickly. The Washington Times (5/26, Mainville) reports that Putin's United Russia Party "is growing twice as quickly as the Communist Party under the Bolsheviks. And like the Communist Party of the past century, it has become the surest path to success in Russian society. … More than two-thirds of the country's federal and regional parliamentarians, and 70 of 89 regional governors are members of United Russia. Thousands of civil servants, celebrities and leading business people have joined in recent years as the party has grown into a dominant force in national and local politics. … Supporters say United Russia's success is proof of democracy in action in Russia."

Russian Ministry Urges Review Of Foreign Oil Deals. The Financial Times (5/26, Ostrovsky) reports, "Russia's natural resources ministry called on Thursday for a review of the two largest foreign oil projects in the country, even as senior Russian officials sought to assure EU leaders that Russia was a reliable energy partner. … Any review of PSAs would threaten the two largest foreign investments in Russia: the Sakhalin-1 project, on which ExxonMobil and its partners have already spent nearly $5bn; and the Sakhalin-2 project, in which Royal Dutch Shell and its partners are investing $20bn. However, two Russian ministers insisted separately that all Moscow's agreements with foreign energy companies would be honoured, suggesting a rift had opened within the government."

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Australian Troops Land In East Timor. Several Australian commandos landed in East Timor yesterday in an effort to quell escalating fighting in an ethnic dispute. The New York Times (5/26, Perlez) reports, "Nine people were killed and 27 others were wounded, including two United Nations police advisers, during an attack on the national police headquarters, the United Nations said." The Times adds, "East Timor's foreign minister, José Ramos-Horta, appealed for the outside help to disarm 'renegade troops and police rebelling against the state.'"

The Washington Post (5/26, A14, Sipress, Lynch) reports, "The violence jeopardized attempts by the government to assert control and represented a major setback for the United Nations, which had cited East Timor's independence in 2002 as one of the organization's greatest achievements of the past decade."

Sudan Agrees To Permit UN To Assess Darfur For Peacekeeping Force. ABC World News Tonight (5/25, story 7, :20, Vargas) reported, "A new step, today, toward ending the crisis in the Darfur region of Sudan, where fighting has left 200,000 people dead, and 2 million homeless. Sudan has agreed to let a United Nations team visit Darfur to assess what is needed to support a deployment of UN peacekeepers there."

Group Says Sudanese Raiders Killed Over 100 People In Chad. Human Rights Watch yesterday reported that Sudanese raiders have killed more than 100 villagers in Chad and the violence in Darfur may be spreading. The New York Times/AP (5/26) reports, "Survivors told Human Rights Watch, a New York-based advocacy group, that the massacre was carried out last month by the janjaweed, an Arab militia that Sudan has been accused of unleashing on African villages where Darfur rebels might find support. … Human Rights Watch, quoting witnesses, said 118 people were killed in four neighboring villages."

Militias Battle In Deadliest Mogadishu Fighting In 14 Years. The Washington Post (5/26, A15, Maliti) reports, "Islamic and secular militias battled in Somalia's capital Thursday, the most widespread and some of the deadliest fighting in Mogadishu in 14 years. Dozens of people were killed and thousands fled their homes on foot." The Post adds, "The fight for control of Mogadishu comes despite a May 14 cease-fire agreement. The alliance says the self-appointed Islamic Court leaders, who have their own militias, have links to al-Qaeda, while the Islamic militia accuses the alliance of working for the CIA. U.S. officials decline to confirm any association with the secular militia."

Chavez Using Venezuelan Oil Wealth To Promote Personal Agenda. ABC World News Tonight (5/25, story 8, 2:55, Vargas) reported Venezuela "has the largest proven oil reserves in the Western hemisphere. And it's led by one of President Bush's fiercest critics, Hugo Chavez. Chavez has been using Venezuela's oil windfall to pay for his ambitious agenda at home and abroad." ABC (Sciutto) added, "With a billion dollars a month in state oil profits, President Hugo Chavez is converting cash into political clout. The self-appointed champion of anti-Americanism has publicly labeled President Bush as assassin…and donkey. Chavez is giving significant financial support to like-minded Latin American leaders. And he's signing arms deals with Russia. 'In the past we simply exchanged oil wealth for imported cars from the US, fancy fabrics from France,' [Rafael Quiroz, the former director of the state oil company,] said. 'Superficial things with no value.' Venezuela's wealth has missed the vast majority of its population. Here in Caracas, the city's residents live in deep poverty, in slums like this. Today, Chavez is using oil money to win over the poor." Still, "many Venezuelans we spoke with, especially the wealthier ones, criticize Chavez for extending state control over the economy and wasting oil money simply to boost his profile."

Uribe Likely To Be Reelected. The Christian Science Monitor (5/26, Harman) reports that Colombia's conservative president, Alvaro Uribe "is expected to be reelected here Sunday. Uribe has more than 57 percent support, enough to win elections in the first round, according to the Napoleón Franco Group, a polling firm here. The reason, say observers, is that Colombians feel safer - and better off economically - today."

NYTimes Says Administration Should Support Colombian Court's Independence. An editorial in the New York Times (5/26) says that Colombian President Álvaro Uribe's administration "has twice written bills that restrict the jurisdiction" of Colombia's Constitutional Court, "which is the most important remaining check on the president's power. Mr. Uribe may try again if he is elected to a second term on Sunday. He enjoys the strong backing of Washington, which considers him a counterweight to Hugo Chávez in Venezuela. … While the Bush administration acknowledges in general that Constitutional Court decisions should be respected, it needs to make a strong statement of support for that court's independence, and for paramilitary demobilization under the court's terms. Mr. Uribe should, too, and should abandon his efforts to meddle with the Constitutional Court."

Bush Said To Have Abandoned Pledge To Spread Democracy. Danielle Pletka and Michael Rubin, who are, respectively, vice president for defense and foreign policy and resident scholar at the American Enterprise Institute, write in the Los Angeles Times (5/26) that the resumption of full US diplomatic relations with Libya "marks

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an effective end to the Bush doctrine." Since declaring his support for the expansion of freedom around the world, Bush "has watched Egypt abrogate elections, ignored the collapse of the so-called Cedar Revolution in Lebanon and abandoned imprisoned Chinese dissidents; now Washington is mulling a peace treaty with Stalinist North Korea. The rhetoric of democracy, it turns out, comes more easily than its implementation."

Teacher Says Post-Election Unrest Would Weaken Mexico. Manuel Suarez-Mier, who teaches economics at American University, writes in the Wall Street Journal (5/26), "On July 2 Mexico will hold the most closely contested presidential election in its history." In recent weeks two of the three main campaigns have jointly pledged to challenge election results in the streets with massive unrest if their candidates don't win. If that happens, Mexico will be thrown into chaos and Mexicans will be the losers." Unrest "could compel the government to annul the poll's results, forcing a new election. This situation would weaken the country's institutions, raise uncertainty and fears of anarchy, with potentially serious financial instability and economic disarray."

THE BIG PICTURE:

Headlines From Today's Front Pages.

Los Angeles Times:
"Enron's Top Executives Are Convicted Of Fraud."
"Senate Passes Sweeping Bill On Immigration."
"This Gig Is A Real Grind."
"Bush Seals Jefferson's Seized Files."
"Californians See 'Poetic Justice.'"
"Probe Finds Marines Killed Unarmed Iraqi Civilians."

USA Today:
"Financial Firms Attack Child Porn."
"1 War. 2 Deaths. 1 Year Later."
"Feds Cut Off Phone Tax After 108 Years."

New York Times:
"2 Enron Chiefs Are Convicted In Fraud And Conspiracy Trial."
"Military Expected To Report Marines Killed Iraqi Civilians."
"Abbas Says Hamas Must Accept Peace Plan Or Face Referendum."
"To Ease Standoff, Bush Seals Files F.BI. Seized In Congress."
"'I Didn't Know' Did Not Sway Houston Jury."
"G.O.P. Draws Line In Border."
"Bush And Blair Concede Errors, But Defend War."

Washington Post:
"Enron Leaders Found Guilty."
"Senate Approves Immigration Bill."
"Bush, Blair Concede Missteps On Iraq."
"Bush Seals Files Seized In FBI Probe Of Jefferson."
"Duncan To Return Abramoff-Tied Funds."
"Head For Beach At Rush Hour? Might Work."

Washington Times:
"Senate OKs Citizenship For Illegal Aliens."
"Bush, Blair Admit Errors In Iraq War."
"Hastert Slammed For Raid Reaction."
"Gas Costs Don't Slow Memorial Day Travel."
"Abbas Delivers Ultimatum To Hamas."
"Bonds As "Race Victim' Divides Black Fans."

Detroit Free Press:
"30,000 Take GM, Delphi Buyouts."
"Enron Bosses Nailed In Fraud."
"Alert Escalates On Drug Mix: 'Too Many Dying.'"
"Granholm Ready To Replace Doomed Tax."

Atlanta Journal-Constitution:
"Home Depot's Board A No-Show For Shareholders."
"Congress Set For Immigration Duel."
"Guilty."
"Health Care For Illegals Shifts With Medicaid Rules."

Houston Chronicle:
"Bottom Line: Guilty."

Story Lineup From Last Night's Network News:
ABC: Enron Verdicts; Verdicts-Former Enron Employees; Senate-Immigration Bill; Congress-FBI Raid; Hastert-Bribery Probe; Bush-Blair Meeting; UN-Darfur Crisis; Venezuela-Oil Wealth; GDP Report; Asthma Treatment; American Idol-Wrong Number.
CBS: Enron Verdicts; Verdicts-Former Enron Employees; VA Data Theft; VA Data Theft-Analysis; Senate-Immigration Bill; Iraq-Marine Investigations; Congress-FBI Raid; Pope Benedict-Poland; RV Nation.
NBC: Enron Verdicts; Verdicts-Former Enron Employees; Bush-Blair Meeting; Senate-Immigration Bill; Iraq-Marine Investigations; Congress-FBI Raid; Treasury Secretary-Resignation Report; Adjustable Rate Mortgages; Amtrak-Power Outage; VA Data Theft; Stock Markets; Climate-Expanding Deserts; Steve Jobs Interview.

Story Lineup From This Morning's Radio News Broadcasts:
ABC: Senate-Immigration Bill; Fox-US Visit; Midwest-Tornadoes; Enron Verdicts.
CBS: Bush, Blair Press Conference; Senate-Immigration Bill; Enron Verdicts.
NPR: Iraq Violence; Bush, Blair Press Conference; New England-Disaster Declarations; Amtrak-Northeast Corridor

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Shutdown; Foreign Stock Markets; Canada-Kyoto Protocol; KY-Mine Explosion; Wall Street.

WASHINGTON'S SCHEDULE:

Today's Events In Washington.

White House:

PRESIDENT BUSH — No public schedule.

VICE PRESIDENT CHENEY — Delivers commencement address at US Naval Academy, Annapolis, Md.

US Senate: No Scheduled Events.

US House: No Scheduled Events.

Other: PRIME MINISTER TONY BLAIR OF THE UNITED KINGDOM. Highlights: 11 a.m. Speaks on the challenges facing the international community. Gaston Hall, 3rd floor, Georgetown University.

MEMORIAL DAY EVENTS _ Memorial Day-related events. Highlights: 9 p.m. Rolling Thunder candlelight vigil. Vietnam Veterans Memorial.

MUSLIM CONVENTION _ The Universal Muslim Association of America holds its 4th annual convention. Location: Sheraton Premiere Hotel at Tysons Corner, 8661 Leesburg Pike, Vienna.

PENTAGON-IRAQ SECURITY _ 9 a.m. Army Col. Michael F. Beech, commander of 4th Brigade Combat Team, 4th Infantry Division, will brief live from Iraq to give an update on ongoing security operations in Iraq. Location: DOD Briefing Studio, Pentagon 2E579.

TERRORIST HOAX _ 9 a.m. Scheduled sentencing before U.S. District Judge Claude Hilton for Nabil Wasfi Alkharouf of Ashburn, Va., who pleaded guilty to falsely reporting a future terrorist attack as a hoax. Location: U.S. District Court, Alexandria.

TURKMENISTAN _ 9 a.m. Radio Free Europe/Radio Liberty holds a briefing on Turkemnistan, with Farid Tuhbatullin of Turkmen Initiative for Human Rights and Vitaly Ponomarev of the Memorial Human Rights Centrer in Moscow. Location: 4th floor conference room, 1201 Connecticut Ave. NW.

PURPLE HEART STAMP _ 10 a.m. US Postal Service reissues Purple Heart stamp. Veterans Affairs Secretary James Nicholson, Postmaster General John Potter will attend. Location: Women in Military Service Memorial, Arlington, Va.

SENSENBRENNER-IMMIGRATION _ 10 a.m. Rep. James Sensenbrenner Jr., R-Wis., House Judiciary Committee chairman, holds a press conference on immigration. Location: Room 2141, Rayburn House Office Building.

IMMIGRATION _ 1 p.m. The National Immigration Forum holds a telephone news conference on immigration from from the perspective of key advocacy organizations for business, labor, ethnic, religious and immigrant constituencies. Contacts: Douglas Rivlin, 202-347-0040 ext 5989. Notes: Dial: 1-800-811-8824, Confirmation Code: 2437631. For international callers: 913-981-4903.

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The Attorney General's News Briefing and Department of Justice News Clips will not be published on Monday, May 29, in observance of Memorial Day.

This morning's Department of Justice News Clips is attached.

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DEPARTMENT OF JUSTICE *NEWS CLIPS*

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TO: THE ATTORNEY GENERAL AND SENIOR STAFF

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TERRORISM NEWS:

Secrets Claims In NSA Case May Stop Suits (WSJ)
By Dionne Searcey

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The Wall Street Journal, May 26, 2006

As lawsuits mount against phone companies from plaintiffs who allege their call records were handed over to the National Security Agency illegally, the companies' defense may benefit from a powerful force: the U.S. government.

The plaintiffs, who accuse Bell phone companies of privacy violations and are seeking billions of dollars in damages, would need to delve into the depths of the NSA's surveillance program to make their cases. But the government considers such information top secret, and legal experts expect the Bush administration to assert the "state secrets" privilege in the 20 or more lawsuits filed by privacy advocates in recent weeks. If judges accept the claim, as has been the case in nearly every instance in which it has been asserted since the early 1950s, the suits will dissolve.

The state-secrets privilege stems from the Cold War era, created to allow the U.S. government a means of moving to dismiss lawsuits that would hurt foreign policy or national security. The motion has been successfully invoked in cases involving government contractors and, more recently, in the case of a German citizen claiming he was wrongfully detained by the Central Intelligence Agency.

In a California suit filed earlier this year against AT&T Inc., the Bush administration has already weighed in to try to dismiss the case, asserting state secrets in a motion aimed at preventing the airing of any classified information. A federal judge in San Francisco is expected to rule on the motion as soon as June 23.

In that case, the Electronic Frontier Foundation, a San Francisco privacy-rights group, accuses AT&T of illegally helping the NSA analyze phone records and Internet communications without court authorization. Most of the suits have been brought on behalf of phone-company customers by activists ranging from the state branches of the American Civil Liberties Union to public-interest lawyers to Chicago author Studs Terkel. Nearly all seek class-action status.

The suits against AT&T, Verizon Communications Inc. and BellSouth Corp. stem from recent media reports alleging that the companies violated privacy laws by handing over domestic calling records of Americans without court authorization. To litigate the cases, plaintiffs as well as defendants must produce evidence of exactly what happened between the companies and the NSA, lawyers say. AT&T declines to comment on the cases but insists it has violated no laws. Spokesmen for BellSouth and Verizon, which have denied turning over records to the NSA, say the suits are without merit.

Senate Judiciary Committee leaders met yesterday to consider issuing subpoenas to the chief executives of AT&T, BellSouth, Verizon and Qwest Communications International Inc. for a hearing that would examine the NSA issue. No decision was made, a committee aide said, but the senators plan to meet again June 6. Earlier this week Federal Communications Commission Chairman Kevin Martin, citing the government's invocation of the state's secret privilege in the AT&T suit, said the agency wouldn't investigate allegations of privacy violations by the phone companies.

In highly redacted document unsealed yesterday in the Electronic Frontier Foundation suit, a former AT&T technician says an NSA agent visited an AT&T office in 2002 and 2003.

The bulk of the other lawsuits offer virtually no evidence from plaintiffs beyond the allegations raised in newspaper articles. The phone companies have either denied participating in the NSA program or said they did nothing illegal, and they have noted that they can't discuss classified information. So far, no one in the U.S. government has offered any information publicly.

"As it stands right now we have no way to defend against these lawsuits," said one telecom lawyer. "It's equally important to point out that short of a newspaper article the plaintiffs don't have anything to prosecute these cases," he added.

Lawyers familiar with the suits say they anticipate that the government will invoke state secrets in all the cases against the phone companies. In a filing Wednesday in which Verizon asked the courts to consolidate the myriad cases, the company's lawyers said: "The United States is likely to intervene in and seek the dismissal of these cases...in order to assert its state secret privilege." The Judicial Panel on Multidistrict Litigation in Washington, D.C., will determine whether to consolidate the cases.

In recent years, government officials have ratcheted up the use of state-secrets motions. According to Thomas Blanton, a director the National Security Archive at George Washington University, the use of the privilege climbed from about once every five years from the 1950s through the late 1970s to twice a year from 1977 to 2001. Since 2001, the government has used the privilege in at least 13 cases, or a rate of about three times a year.

Mr. Blanton says that in nearly every case judges have sided with the government. "With state secrets the way it's developed is that's the magic word, the neutron bomb that leaves no plaintiff standing," he says.

If judges dismiss state-secret motions in the cases, both sides would likely rely on classified information to argue their cases, which could result in significant logistical hurdles. Secret documents would need to be flown from Washington, with federal escorts, to judges' chambers in Rhode Island, Louisiana, Montana and numerous other states where suits have been filed.

Lee Tien, a lawyer for the Electronic Frontier Foundation, says he is optimistic that the judge in that suit will quash the state-secrets motion. He argues that the government isn't merely a bystander in the case. "They're an intrinsic part of what's going on," Mr. Tien says. "It's a bigger problem from a fairness or due process point of view."

The judge's ruling in June could set the stage for how the other cases play out, and other lawyers and plaintiffs in the suits said they will be closely watching.

National Security Is A Video Game For Politicians (WSJ)

By Daniel Henninger

The Wall Street Journal, May 26, 2006

Did this week mark the first return steps to bipartisan sanity in the war on terror? The Senate Intelligence Committee approved Gen. Michael Hayden to run the CIA by a 12-3 vote. And by helpful coincidence, the Supreme Court decided 9-0 in Brigham City v. Stuart that the police can make a warrantless entry into a home in which people are in imminent danger of physical harm. As we all are now.

For awhile after 9/11 the war on terror was a serious national enterprise. Then it entered a twilight zone between the reality of terrorist killing and the abstractions of our domestic politics. The subject became a kind of political video game in which political partisans -- the press, the pols, the bureaucracies -- attempt to splatter each other. The best-selling version of the game has been Warrantless Wiretaps, introduced for political playstations by the New York Times.

The Times reported in December that President Bush had authorized a "secret" National Security Agency program run by Gen. Hayden to monitor international phone calls related to al Qaeda. Like most video games, the story line of Warrantless Wiretaps is crudely simple: President Bush sits at a console of electronic surveillance programs and tries to demolish "our most basic civil liberties," eviscerate the Foreign Intelligence Surveillance Act and trample the Constitution's Fourth Amendment. The person who has scored the most points playing Warrantless Wiretaps is GOP Sen. Arlen Specter, just ahead of Democratic presidential gamer Sen. Russ Feingold. The rest of the country has shown little interest in Washington's new game. In opinion polls about the NSA's surveillance programs, strong majorities essentially say, So what?

Something approximating "So what?" was the Supreme Court's answer this week to the proposition that the police might sometimes enter a home to prevent mayhem without a search warrant. Indeed Justice John Paul Stevens called it "an odd flyspeck of a case."

But it was a Fourth Amendment case. And we have little choice other than to apply the same Constitution to flyspecks and national tragedies, to brawling drunks in a Utah kitchen and al Qaeda agents plotting the next 9/11. Chief Justice John Roberts's opinion in Brigham is in fact a nice summary of the Court's thinking on the exceptions to requiring search warrants, what he called the Fourth Amendment's "ultimate touchstone" of "reasonableness." With apologies to Chief Justice Roberts for this legal leap, I am going to cross-apply the Fourth Amendment citations in the Court's no-brainer Brigham decision to the post-9/11 war on terror in the U.S.

"Reasonableness" was the benchmark most people were looking for amid the rancor over the warrantless wiretaps. Simply, are the anti-terror taps reasonable or not?

The Supreme Court's purpose in Brigham was to clear up confusions among lower courts about "the appropriate Fourth Amendment standard governing warrantless entry by law enforcement in an emergency situation." I'd call the terror war an emergency. Brigham said the Court has held that officers can make a warrantless entry "onto private property" to fight a fire, investigate its cause, prevent the imminent destruction of evidence, and engage in pursuit of a fleeing suspect. Al Qaeda qualifies as all four. Yet another precedent cited for "obviating the requirement of a warrant" is "the need to protect or preserve life." That sounds like the point of the war on terror, but some may disagree.

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Because the kitchen fight had already began, "the officers had an objectively reasonable basis for believing . . . that the violence in the kitchen was just beginning." Osama bin Laden has recently broadcast a "reasonable basis" to believe the violence is "just beginning." The Court said, "Nothing in the Fourth Amendment required them to wait until another blow rendered someone unconscious, semiconscious or worse before entering." To stop the next al Qaeda attack, do we need a stricter test than we allow for kitchen fights?

In a final burst of Fourth Amendment common sense, the Court said, "The role of a peace officer includes preventing violence and restoring order, not simply rendering first aid to casualties." This is what the ranting over Homeland Security's inadequacies has been about -- preventing violence before the casualties begin. That is the purpose of recording these calls at the moment they sound dangerous, not after we've made paper submissions to a court.

In a helpful June 2002 essay on all this for the Yale Law Journal, "Local Policing after the Terror," William J. Stuntz, a Fourth Amendment specialist at Harvard Law School, argued that increasing legal authority for the police was appropriate in the post-9/11 world. The problem with Big Brotherism, he says, is not the surveillance itself but that they might use the information to "punish you for ordinary behavior." To avoid tying the war on terror in legalistic knots, he proposes that we forbid public disclosure of any information gathered in anti-terror searches "where the search tactic is secret and potentially invasive." Then restrict use of that information only for prosecutions of the most serious crimes.

This sounds like 9/11 policy for adults, in contrast to Washington's "shocked" reaction to the anti-terror surveillance programs. We began by saying the 12-3 Hayden vote was cause for hope. Small cause. * * *

Supreme Court Footnote. In a April 28 column I noted that no public record is kept of the Justices' conferences. It turns out there is a fascinating record -- "The Supreme Court in Conference (1940-1985): The Private Discussions Behind Nearly 300 Supreme Court Decisions"(Oxford University Press, 1040 pages, $135). University of San Diego political science professor Del Dickson assembled the notes from the available papers of Justices such as Frankfurter, Jackson, Douglas, Harlan, Clark, Warren and Brennan. He then edited the papers around individual cases, say, Brown v. Board of Education or Roe v. Wade. The book, incidentally, is regarded in some quarters of the Court as a violation of the sanctity of the conference. Sounds like an interesting privacy issue.

Editorial: Bush Team Indifferent To Press Freedom Issues (CCCT)

Corpus Christi (TX) Caller-Times, May 26, 2006

Indeed, latest foray by Attorney General Alberto Gonzales shows an alarming eagerness to target the nation's journalists

Thomas Jefferson, who had been savaged by newspapers, nevertheless understood the role of a free and independent press in a democracy. He wrote that ". . . were it left to me to decide whether we should have a government without newspapers or newspapers without a government, I should not hesitate a moment to prefer the latter." George W. Bush and his administration are not so inclined to embrace the work of the press.

The latest evidence of this administration's wary, and often hostile, approach, to the news media is the statement by U.S. Attorney General Alberto Gonzales that his office is reviewing the possible prosecution of journalists under turn-of-the-20th century espionage laws. He spoke on ABC's "This Week" about The New York Times' disclosure last year that the National Security Agency was, without warrants, eavesdropping on international phone calls in the pursuit of terrorism suspects.

"There are some statutes on the book which, if you read the language carefully, would seem to indicate that that is a possibility," Gonzales said regarding the possibility of prosecuting the journalists who won a Pulitzer Prize for the story.

Whether it is retroactively removing declassified documents from circulation, or seeking to rummage among the papers of deceased muckraking newspaper columnist Jack Anderson, or sending platoons of Justice Department agents bearing subpoenas after reporters, the White House has shown it will play hardball with the press. Bush's penchant for secrecy predates Sept. 11, but the terrorism threat has turned this into obsession. It's a sentiment that would have found favor with President Nixon, who fought the publication of the Pentagon papers in 1971.

Yet in both the Pentagon papers and the disclosure of NSA activities, the press was informing the public what its government was up to. If terrorists operate under the assumption that their every waking moment is under surveillance, the only

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party in the dark about the government's supposition that the constitutional prohibition against unreasonable searches was no longer operative was the American public.

Even if Gonzales' statement expresses only the administration's pique over the disclosure, rather than a real intent to prosecute, the effect is nonetheless chilling. And that chill hampers the flow of information, one of those democratic values which the fight against terrorism is supposed to protect.

Derrick Z. Jackson Op-Ed: AG Doesn't Grasp Notion Of Free Press (SEAPI)

By DERRICK Z. JACKSON, SYNDICATED COLUMNIST

Seattle Post-Intelligencer, May 26, 2006

Journalists. Get the rack ready! Our attorney general is coming for us, snarling like a guard dog at Abu Ghraib.

On Sunday, Alberto Gonzales told ABC's "This Week" he would consider prosecuting reporters who get their hands on classified information and break news about President Bush's terrorist surveillance program. "There are some statutes on the book which, if you read the language carefully, would seem to indicate that that is a possibility," Gonzales said. "We have an obligation to enforce those laws."

It is almost funny to see Gonzales scour the statutes to harass journalists. This is the same administration that cannot spell the word law if you spot it the "l" and the "a." It has already set the presidential record in claiming the authority to circumvent the law in more than 750 cases.

Because the war "is not the traditional clash between nations adhering to the laws of war," Gonzales reasoned to Bush, "in my judgment, this new paradigm renders obsolete Geneva's strict limitations on questioning of enemy prisoners and renders quaint some of its provisions requiring that captured enemy be afforded such things as commissary privileges, script (i.e., advances of monthly pay), athletic uniforms and scientific instruments."

We saw where Gonzales' desire to deny a detainee a trip to the commissary to get a candy bar and some gym clothes got us eventually: Abu Ghraib, the symbol of America's abuse of global statutes.

Gonzales was a prime force in other matters to seal off the Bush White House from accountability when he was White House counsel. He helped the administration block and drag its feet on the release of presidential papers from Ronald Reagan and George H.W. Bush and the papers of John Roberts as he was being considered for the Supreme Court. Gonzales helped to withhold or delay highly classified documents from the president's own 9/11 Commission and from the Government Accountability Office concerning the energy task force of Dick Cheney.

Bruce Craig, executive director of the National Coalition for History, called the Bush roadblocks on presidential papers "a disaster for history." Gonzales remains in the lead of this disastrous presidency. A few weeks before it was revealed that the administration's phone-record collecting was domestic as well as international, Gonzales was asked at a House hearing if he thought the administration could monitor domestic calls without warrants. His answer was, "I wouldn't rule it out."

Now, we have the FBI trying to get the papers of the late columnist Jack Anderson. We already knew what low regard Bush had for the press before he got into the Oval Office. On the 2000 presidential campaign, he told Cheney, "There's Adam Clymer -- major-league (expletive) from The New York Times." Cheney responded, "Oh yeah, he is, big time."

Six years later, Gonzales' comment, combined with the past, make you wonder when we are going to hear about a Nixonian enemies list. In Richard Nixon's administration, Watergate masterminds actually thought about killing Anderson with LSD, and Attorney General John Mitchell threatened Katharine Graham, the late Washington Post publisher, by saying she would have her breast caught in a wringer.

We have not heard of anything that incredible yet. But there is nothing to suggest this administration is going to do anything else but sink deeper into secrecy. On Monday, Bush tried to plug the leaks in his plunging popularity over Iraq by saying, "Freedom is moving, but it's in incremental steps."

It is impossible to take Bush seriously on that concept when, at home, he is attempting to circumvent Congress and prosecuting one of the most important institutions for free speech. Gonzales told ABC, "I understand very much the role that the press plays in our society, the protection under the First Amendment we want to promote and respect, the right of the press." The

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actions of Gonzales show how little the Bush administration promotes the rights of the press. With every pronouncement, freedom is disappearing, in incremental steps.

Derrick Z. Jackson writes for The Boston Globe.

Watch What You Read These Days (ODESAMER)

Odessa (TX) American, May 26, 2006

THE POINT — Attorney general hints at prosecutions for leaks of classified information.

Attorney General Alberto Gonzales may have simply been launching a trial balloon on one of the Sunday political chat shows when he hinted that certain laws could be interpreted to authorize the prosecution of journalists who receive leaks of classified material.

If so, that trial balloon needs to be punctured. If not, the law needs to be changed. If it's intended as intimidation, Gonzales deserves the scorn all bullies deserve.

On ABC's "This Week" Sunday, Gonzales was asked if he can prosecute journalists for publishing classified information. The administration is reportedly upset about the story last December that revealed the National Security Agency's warrantless wiretapping of Americans in telephonic communication with alleged terrorist suspects overseas, among others. His careful lawyer's answer deserves careful analysis.

"There are some statutes on the book, which, if you read the language carefully, would seem to indicate that that is a possibility. That's a policy judgment by the Congress in passing that kind of legislation. We have an obligation to enforce those laws."

Gonzales is almost certainly referring to the World War I-era 1917 Espionage Act, which made it a crime for "unauthorized persons" to receive national defense information and transmit it to others. The Justice Department is using that act, which hadn't been invoked for years, to prosecute two pro-Israeli lobbyists, although the judge in that case is considering a motion to dismiss the charges on the contention that the old law is unconstitutionally vague and violates the First Amendment.

If that provision, written before World War II, the Cold War and the rise of the National Security State, were applied literally, it could make journalists who publish such material criminals.

It could also make criminals of whistle-blowers seeking to reveal government abuses of power, of academics who write papers and books about leaked information, of members of Congress who discuss classified material, and perhaps even of readers of newspapers who discuss stories based on leaked information with their friends.

Gonzales is more than a little disingenuous in trying to make it seem as if policy judgments by Congress could "force" the administration to go after journalists. The 1917 Espionage Act was not passed by the current Congress to force the administration's hand. It has never been applied against journalists because most authorities believe the First Amendment would protect journalists and others from its provisions. Indeed, during the Clinton administration Congress passed a law to criminalize leaks of classified material (which Bill Clinton vetoed) precisely because people on all sides of the issue understood that then-current law (including the Espionage Act) did not criminalize most leaks.

Government officials who receive security clearances and promise not to divulge classified material are a different story. They have made contractual assurances and been entrusted with secret information. Ordinary citizens — and yes, that includes journalists — are under no such contractual obligation.

Unfortunately, government has become so big, so secretive and so inclined to classify material that is embarrassing or scandalous rather than vital to national security that whistle-blowers and leakers are sometimes the only way citizens can learn what government is really doing in their name.

Prosecuting journalists would not be the end of freedom as we know it, but it would be a step on the road to more overbearing government.

EDITORIAL A Total Disappointment (AAS)

Austin American-Statesman, May 26, 2006

When he was nominated to be U.S. attorney general, Alberto Gonzales had a mostly quiet record as a Texas Supreme Court justice, secretary of state and George W. Bush's attorney, both as governor and president.

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But now it seems the signs were there all along that he is a lawyer willing to defend executive power to an extreme rarely seen in national politics. At his Senate confirmation hearing, Gonzales was grilled about memos construed as defending torture and ignoring the Geneva Conventions.

He evaded most of those queries and cast enough doubt about others to gain confirmation. And his personal story of rising from a farm laborer background to graduate from Harvard Law School was compelling enough to overcome vague doubts.

Since taking over the Justice Department, however, Gonzales has acted as if he is still the president's general counsel, not the top law officer in the land.

He has gone to Congress to defend the National Security Agency's warrantless wiretapping of American citizens living in this country. Gonzales has said the war powers act gives the administration the authority to spy on Americans, and that the secret court where domestic surveillance warrants are sought is insufficiently speedy for the war on terror.

His willingness to condone domestic spying has even some members of his own Republican Party squirming.

This week, Gonzales sparked a constitutional crisis by authorizing the FBI to search the congressional offices of U.S. Rep. William Jefferson, D-Louisiana. When an executive branch Cabinet member OKs rummaging through a legislative branch office, separation of powers issues become a political battleground. The GOP leadership in Congress is livid at Gonzales for approving the search.

Gonzales began the week by assaulting the First Amendment and threatening to prosecute journalists under an ancient espionage law. The attorney general objects to journalists revealing classified material — even when that information shouldn't be classified and properly informs the public.

It's no secret that the president and Gonzales harbor no fondness for a free press. Their loathing is palpable, and they have declared war on journalists. They might prosecute The New York Times for writing about the NSA's no-warrant eavesdropping on U.S. citizens, and they are eager to tap journalists' phones when they think information is being leaked.

What is at stake here is the public's ability to know what its government is doing. The administration can declare anything classified as part of the war on terror — including gathering millions of private citizens' phone records and spying on Americans without a warrant — then jail any reporter who exposes it.

It is chilling to consider how far this administration will go to crush dissent and free speech, and how far Gonzales will go to defend it.

What a disappointment he has been.

Court Hears Appeal Of `Virginia Jihad' Cases (FINDLAW/AP)

By Larry O'dell, Associated Press Writer

AP, May 26, 2006

(AP) - RICHMOND, Virginia-Three U.S. Muslims convicted in a conspiracy that began with paintball games to train for a holy war against the United States were improperly denied a jury trial, their lawyers told a federal appeals court Thursday.

A federal prosecutor, however, argued that the three had to live with their "tactical decision" to entrust their fate to a judge.

"They got exactly what they wanted," Assistant U.S. Attorney Gordon Kromberg told a three-judge panel of the 4th U.S. Circuit Court of Appeals.

Masoud Khan of Gaithersburg, Maryland, Seifullah Chapman of Alexandria and Hammad Abdur-Raheem of Falls Church were part of what prosecutors called a "Virginia jihad network" that prepared to join the Taliban by playing paintball games in the woods near Fredericksburg in 2000 and 2001.

In all, the government charged 11 men. Six entered plea bargains and two were acquitted.

Khan was convicted of the most serious charges, including conspiracy to levy war against the United States and conspiracy to contribute services to the Taliban. He trained with the militant, anti-American group Lashkar-e-Taiba, which the government later designated a terrorist organization.

Lawyers for Chapman and Abdur-Raheem contend their clients and Khan should have been tried separately. Chapman's attorney, John Zwerling, said his client was essentially forced to choose a bench trial because a jury's post-9/11 passions might be inflamed by the more serious allegations against Khan.

Khan's attorney, Jonathan Shapiro, suggested his client may have waived his right to a jury trial because of pressure from his co-defendants and that all three men may have based their decision on "a misapprehension about what their trial would be like."

Appellate Judge H. Emory Widener Jr. seemed unimpressed with the defense attorneys' arguments.

"If a feeling that you can't get fair trial is reason to reverse a case, we'd have to reverse them all," Widener said.

Lawyers for Chapman and Khan also are appealing their clients' sentences. Khan was originally sentenced to life plus 65 years in prison, but that was reduced to life plus 45 years. Chapman's original 85-year sentence was reduced to 65 years.

The government is appealing Abdur-Raheem's sentence reduction from eight years and a month to four years and four months.

HOMELAND RESPONSE:

House Struggles To Plug Security Gaps (AP-Y2)

By Lara Jakes Jordan

AP2, May 25, 2006

Worried about security gaps in commuter trains and at U.S. borders, the House struggled Thursday to pump billions of extra dollars into protecting the country against terrorists without putting too much strain on taxpayers.

The spending bill would give the Homeland Security Department $32 billion in 2007, $1.8 billion more than this year. The legislation moved toward passage as lawmakers debated dozens of competing proposals to bolster national security.

Lawmakers nixed a plan to add $36 million for devices to detect nuclear materials being smuggled over U.S. borders that critics said would short-shrift other security programs.

But they agreed to spend an additional $50 million to bolster rail security in a plan by Rep. Stephen F. Lynch (news, bio, voting record), D-Mass., that pit lawmakers from cities with large transit systems against those from rural areas.

"We seem to have forgotten that more people travel on rail on a daily basis than fly," Rep. Rob Simmons, R-Conn.

Rep. Harold Rogers (news, bio, voting record), chair of the House Appropriations panel that oversees homeland security spending, warned the plan would shift money from other projects to avoid increasing the bottom line.

"What we can't afford to do is fund one program at the expense of all the others," said Rogers, R-Ky.

Democrats accused the Bush administration of not doing enough to protect the nation from terrorists, and lawmakers from both parties noted widespread management problems at Homeland Security.

"We don't have the bucks in here to get enough of a bang to really protect the country," said Rep. David Obey (news, bio, voting record) of Wisconsin, top Democrat on the House Appropriations Committee.

Homeland Security, which was created in response to the 2001 terror attacks in New York and Washington, has been criticized for providing only spotty protections since it opened its doors three years ago.

Homeland Security "has yet to prove itself to be a valued agency," said Rep. Louise Slaughter, D-N.Y. "Frankly, its value is very dubious."

For the second straight year, the House bill eliminates a $1.3 billion administration plan to raise fees for airline passengers. It also includes:

_$20 billion to protect U.S. borders and deter illegal immigration.

_$4.2 billion for port security.

_$6.5 billion to bolster disaster preparedness and the Federal Emergency Management Agency, which was overwhelmed when Hurricane Katrina devastated the Gulf Coast last year.

_$3.2 billion in state and local grants for emergency first responders.

The Senate has yet to write a similar bill.

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On the Net:

The FY07 Homeland Security Appropriations bill, H.R. 5441, can be found at: http://thomas.loc.gov/

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Bush Says U.S. Learning Lessons Of Katrina (AP)

By Deb Riechmann

The AP, May 25, 2006

President Bush highlighted U.S. preparedness for the upcoming hurricane season as he marked a change of command Thursday at the U.S. Coast Guard, which rescued 33,000 people after Hurricane Katrina.

"The whole world saw your skill and bravery during the hurricanes last year," Bush said at Fort McNair, where Adm. Thad Allen replaced Adm. Tom Collins as commandant of America's oldest maritime service. "They saw Coast Guard rescuers plunging from helicopters, lifting people from rooftops, hoisting them to safety."

Overall, however, the federal government botched its response to Katrina, which devastated the Gulf Coast. The National Hurricane Center has warned residents to prepare for as many as six major hurricanes during this year's hurricane season, which begins June 1.

"We're determined to learn the lessons of Katrina, and we're doing everything possible to be prepared for the next storm," Bush said. "The Department of Homeland Security has reviewed emergency plans for all 50 states and America's 75 largest cities. The department is working closely with communities to identify any weaknesses in their plans and to find ways to improve them now."

Bush said Homeland Security Secretary Michael Chertoff has taken steps to reform FEMA, improve partnerships with the Red Cross and the Defense Department and expand federal supplies.

"We're also making it clear that all able-bodied Americans should have the resources necessary to sustain themselves for 48 to 72 hours after a disaster so that emergency personnel can focus on saving those who cannot help themselves," Bush said.

While Bush was with the Coast Guard, Senate Democrats hosted a homeland security summit with leaders from across the nation to discuss how to protect the nation from the next emergency.

"While President Bush has pushed hard to ensure that our military has the resources necessary to protect our nation abroad, he has let our country's fire fighters and paramedics down by failing to provide the resources necessary for them to protect our citizens here at home," said Harold Schaitberger, president of the International Association of Fire Fighters. "Our nation shouldn't have to suffer another Katrina or 9/11 before our nation's first responders get the support they need."

Senate Panel Approves FEMA Nominee (AP)

By Lara Jakes Jordan

The AP, May 25, 2006

A Senate panel on Thursday approved the nomination of R. David Paulison as chief of the Federal Emergency Management Agency after he pledged to refile three years of tax returns to correct questionable travel deductions.

In a statement, Paulison said he was "pleased to have this matter raised and resolved" after the Senate Homeland Security and Governmental Affairs Committee this week found errors in his state and federal returns.

Paulison, who has served as acting FEMA director since September, said he relied on ultimately bad advice from his accountant in filing the returns from 2003 to 2005. It was not immediately known how much the deductions were worth.

"I will file as soon as possible the required federal and state returns and will pay all taxes, penalties or interest that may be required to immediately correct these issues," Paulison said in a letter Thursday to Sens. Susan Collins, R-Maine, and Joseph Lieberman, D-Conn., who lead the committee.

That satisfied the panel's concerns as it wrapped up its review of Paulison's returns. It approved his nomination by voice vote and sent it to the full Senate for consideration.

"We do not believe it should disqualify him," Collins said. Lieberman said Paulison "answered the committee's questions on this matter completely."

The 2006 hurricane season begins next week, on June 1. Paulison has had a three-decade firefighting career, including a stint as chief of the Miami-Dade County fire department and head of the U.S. Fire Administration.

Despite Panel Approval, Senator Stalls FEMA Nominee (AP)

DOJ_NMG_0029586

By Lara Jakes Jordan

The AP, May 26, 2006

Angered over FEMA's flood insurance program, a senator said late Thursday he would block the nomination of R. David Paulison as the agency's chief in the latest hitch in the push for his approval before the start of the hurricane season.

A spokesman for Sen. Jim Bunning, R-Ky., said he will delay Paulison's confirmation until the Federal Emergency Management Agency develops a suitable appeals process for property owners whose flood insurance claims are rejected.

FEMA administers the insurance program. Bunning spokesman Mike Reynard said the agency was supposed to establish an appeals process by December 2004.

Bunning "is going to hold the nomination until they meet the intention of Congress by establishing an appeals process that will help the victims of floods," Reynard said. "It has to be a real and meaningful appeals process."

Homeland Security spokesman Russ Knocke declined comment Thursday night on the stalled confirmation. The Homeland Security Department oversees FEMA.

The surprise delay surfaced hours after a Senate panel approved Paulison's nomination after he pledged to refile three years of tax returns to correct questionable travel deductions.

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Fixing FEMA (WT)

By Susan M. Collins And Joseph I. Lieberman

The Washington Times, May 26, 2006

Moving an intensive-care patient outdoors won't cure him, but that's how some members of Congress would treat a patient in desperate need of care and rehabilitation — the Federal Emergency Management Agency.

We shared Americans' shock at news accounts of FEMA's delayed, halting and often wasteful response to Hurricane Katrina last summer. After a seven-month investigation that featured 22 hearings and 325 formal interviews and collected more than 838,000 pages of documents, the Senate Homeland Security Committee concluded that "FEMA was unprepared — and has never been prepared — for a catastrophe of the scale of Katrina." The committee found that FEMA has been under-staffed, under funded, unready and weakened by loss of essential functions like grant-making authority to support state and local disaster training.

Among the 88 recommendations in our new committee report, "Hurricane Katrina: A Nation Still Unprepared," is that FEMA be strengthened, protected and given a more regional focus to promote faster and better-tailored responses to natural disasters or terror attacks — and be reconstituted as the National Preparedness and Response Authority as a mark of serious change.

Some Washington insiders have reacted poorly to this proposal (e.g., the op-ed "Getting FEMA wrong," in the Washington Times on May 8). They want to pull FEMA out of the Department of Homeland Security to reclaim what they see as the glory days of an earlier time.

Their prescription has several reality-based problems.

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First, FEMA is not now and probably never was capable of responding effectively to a catastrophe like Hurricane Katrina — even when it was an independent agency. Its response to the 1992 destruction in Florida from Hurricane Andrew was widely criticized. A Government Accountability Office report said the "the federal strategy for responding to catastrophic disasters is deficient" and that the performance "raised serious doubts about whether FEMA is capable of responding to catastrophic disasters." And FEMA's own inspector general recently reported that, except for evacuation planning, there was no evidence of "FEMA efforts to conduct planning specifically for catastrophic natural disasters, and little awareness of the need for preparing for them, prior to 2001."

Second, moving FEMA out of DHS won't cure its problems, but will sever its close working ties with other DHS units like the Coast Guard, infrastructure protection, law enforcement, and communications and intelligence capabilities. We would note that the Coast Guard — by all accounts a stellar performer in responding to Katrina — was, like FEMA, transferred to DHS, and has continued to excel.

Third — and ironic, considering that critics like Reps. Tom Davis and Bill Shuster fault us for supposedly "creating another bureaucracy" — moving FEMA out of DHS would force the department to create another bureaucracy to maintain its capability to deal with the disastrous aftermath of a mass-casualty terror attack. Since DHS' mission applies to both natural and man-made disasters, and since challenges like arranging evacuation, food, medical care and shelter are similar regardless of cause, keeping a strengthened agency within DHS makes operational and financial sense.

Fourth, the critics' position overlooks the committee's recommendation that the emergency preparedness and response system be transformed from a Washington-centered bureaucracy into a 10-region organization focused on training, planning and responding in close cooperation with state and local officials. While we propose a decentralized model that focuses on regional challenges, others cling to a more bureaucratic model.

Fifth, our plan would protect a reinforced, reinvented FEMA to ensure its visibility and influence. It includes statutory protection against departmental reorganization, a regular advisory link to the president, and direct reporting to the president in times of crisis.

Members of Congress engaged in a long and thoughtful debate before deciding that FEMA belonged in the DHS structure. That logic is still sound. Emergency management is a central part of our homeland security. FEMA's withdrawal from DHS can only weaken the agency further and transfer its problems elsewhere. It is the wrong way to go if we are serious about protecting American lives.

Sen. Susan M. Collins, Maine Republican, is chairman of the Committee on Homeland Security and Governmental Affairs. Sen. Joseph I. Lieberman, Connecticut Democrat, is ranking member.

Congress Increases Effort To Bolster Flood Insurance (WSJ)

By Michael Schroeder

The Wall Street Journal, May 26, 2006

WASHINGTON -- As hurricane season approaches, Congress will speed action on a bill to shore up the National Flood Insurance Program by raising policy premiums for the most vulnerable coastal properties.

Most policyholders wouldn't be assessed big premium increases under the proposals, but commercial properties and second-home owners in high-risk areas would pay much more for insurance.

The Senate Banking Committee unanimously approved a flood-insurance bill yesterday that is similar to a measure passed in March by the House Financial Services Committee.

The urgency to pass legislation stems from fears of a new round of storm damage this season, as well as from Hurricanes Katrina and Rita that put the flood-insurance program deeply in the red. Costs amounting to $23 billion dwarfed the $2 billion in premiums and fees the program collects each year.

The legislation would remove the flood-insurance program's obligation to repay as much as $20.8 billion in borrowings from the U.S. Treasury for last year's hurricane-damage claims. The Senate bill would require future borrowing requests to include a repayment plan and create a reserve fund of as much as 1% of all risk exposure in force.

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Like the House measure, the Senate proposal would require policyholders with vacation homes in risky areas to pay fair-market rates for their premiums. The Senate measure also would end subsidies for structures that have received claims from repeated flood damage.

While federally chartered banks already must ensure that mortgage holders in flood-prone areas have insurance, the Senate bill would add the requirement to state-chartered financial institutions. The bill would impose new stiffer fines on financial institutions that fail to verify applicable mortgage holders have flood insurance.

Industry experts believe that the bills would only incrementally help the national flood-insurance program, which is operated by the Federal Emergency Management Agency, but won't eliminate future needs for taxpayer bailouts.

WAR NEWS:

Bush And Blair Acknowledge Iraq 'Setbacks' (AP)

By Terence Hunt And Tom Raum

The AP, May 25, 2006

President Bush and British Prime Minister Tony Blair acknowledged difficult times in the Iraq war they launched together in 2003, but both vowed to keep troops there until the new Iraqi government takes control.

"Despite setbacks and missteps, I strongly believe we did and are doing the right thing," Bush said Thursday evening in a White House news conference with Blair.

For his part, Blair declared that after a meeting earlier this week with Iraq's new prime minister, "I came away thinking the challenge is still immense, but I also came away thinking more certain than ever that we should rise to it."

Bush and Blair refused to discuss withdrawing troops from Iraq.

Bush, Blair Concede Missteps On Iraq (WP)

By Glenn Kessler And Michael A. Fletcher

The Washington Post, May 26, 2006

President Bush and British Prime Minister Tony Blair last night acknowledged a series of errors in managing the occupation of Iraq that have made the conflict more difficult and more damaging to the U.S. image abroad, even as they insisted that enough progress has been made that other nations should support the nascent Iraqi government.

In a joint news conference, Bush said he had used inappropriate "tough talk" -- such as saying "bring 'em on" in reference to insurgents -- that he said "sent the wrong signal to people." He also said the "biggest mistake" for the United States was the Abu Ghraib prison scandal, in which guards photographed themselves sexually tormenting Iraqi prisoners, spawning revulsion worldwide. "We've been paying for that for a long period of time," he said.

Blair, who visited Baghdad this week, said he and Bush should have recognized that the fall of president Saddam Hussein would not "be the rise of a democratic Iraq, that it was going to be a more difficult process" because "you're talking about literally building the institutions of a state from scratch."

While Bush increasingly has begun to acknowledge missteps in handling the war, his comments last night -- together with Blair's -- represent his most explicit acknowledgment that the administration underestimated the difficulty of the central project of his presidency.

The hour-long news conference came at a moment of acute political weakness for both men, who repeatedly emphasized that Iraq is finally turning a corner and that, whatever their other misjudgments, the decision to attack Iraq remains justified. Blair appeared dour and exhausted during much of the news conference, and both leaders became most animated when talking about their sagging political fortunes.

"No question that the Iraq war has, you know, created a sense of consternation here in America," Bush said. "I mean, when you turn on your TV screen and see innocent people die day in and day out, it affects the mentality of our country." He added: "I can understand why the American people are troubled by the war in Iraq. I understand that. But I also believe the sacrifice is worth it and it's necessary."

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In his own recital of errors -- which came in response to a British reporter on the last question of the evening -- Blair cited the process of "de-Baathification" that immediately followed the overthrow of the old government. Many analysts say that decision to remove all of Hussein's loyalists fueled the insurgency because it threw tens of thousands of Iraqis out of work and left an administrative vacuum, and Blair agreed that it should have been done "in a more differentiated way."

The prime minister's examples appeared to be a direct rebuke of both the Pentagon's insistence that a detailed "nation-building" plan was unnecessary before the invasion and the push by key members of Bush's administration for broad de-Baathification.

Bush's approval ratings have sunk to some of the lowest numbers for any president in decades, while Blair's Labor Party took a beating in recent elections. Iraq has played a role in both their troubles as American and British voters tire of the war. In the latest Washington Post-ABC News poll, 32 percent of Americans approved of Bush's handling of the war and 37 percent said it has been worth the cost.

Bush, and especially Blair, made the case that because Iraq now has a permanent government, other nations and international organizations -- such as the United Nations -- that have been reluctant to assist in rebuilding the country now have an obligation to step forward. Speaking of his trip to Baghdad, Blair said, "I came away thinking that the challenge is still immense, but I also came away more certain than ever that we should rise to it.

"What is important now is to say that after three years, which have been very, very difficult, indeed, and when at times it looked impossible for the democratic process to work . . . then it is our duty, but it is also the duty of the whole of the international community, to get behind this government and support it," he added.

Both governments have previously signaled desires to draw down troops in Iraq. Britain in the next week or so will have reduced its deployment from 8,000 to 7,200, and officials in London have talked about making greater progress toward withdrawals in the next year. Pentagon officials have suggested they would like to withdraw about 30,000 troops by the end of the year, leaving 100,000 there.

At the same time, both governments have made it clear that they envision some troops remaining for years. Bush at a previous news conference said it will be up to future presidents to decide when the last U.S. forces will leave, and an aide to Blair told British reporters this week that London hopes to pull out its last troops by 2010.

Bush brushed away questions about reducing troop levels, saying it depends on discussions with the Iraqi government and the judgment of U.S. commanders. "I have said to the American people, 'As the Iraqis stand up, we'll stand down,' " he said. "But I've also said that our commanders on the ground will make that decision.

"I want our troops out, don't get me wrong," Bush added, saying that he said U.S. troops would not leave the country until Iraq is able to sustain, defend and govern itself.

Blair's singling out the handling of "de-Baathification" -- that is, the effort to remove members of Hussein's ruling Baath Party from positions of power in post-invasion Iraq -- is noteworthy because Bush administration officials have been reluctant to revisit the controversy surrounding that decision publicly. Blair's raising of the issue may signal a greater willingness to acknowledge such debates, which have raged among policy analysts.

The de-Baathification program was issued as Coalition Provisional Authority Order Number 1 on May 16, 2003, by L. Paul Bremer III, the chief of the U.S. occupation in 2003-2004.

It purged all Baath Party members with rank, a number estimated at 30,000 to 85,000. It was opposed by many other U.S. civilian and military officials, including the CIA station chief at the time, who thought it would drive tens of thousands of influential Iraqis into the arms of those violently opposed to the U.S. presence. On the other hand, it was consistent with the Bush administration's policy of transforming Iraq as a way of changing Middle Eastern politics.

In 2005, a joint study by the inspectors general of the Pentagon and State Department concluded that de-Baathification had indeed helped destabilize post-invasion Iraq. "The CPA decision to cleanse the political system of Hussein sympathizers -- notably, the 'de-Baathification' effort -- effectively decapitated" the Iraqi police services, they wrote.

While Blair singled out the de-Baathification policy, he did not mention the other major program that was started just after it, Bremer's order on May 23, 2003, that dissolved the Iraqi military and the Interior Ministry's national police force. That move added to the group of disaffected Iraqis and also lessened the ability of the occupation authority to control post-invasion Iraq. It was a

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move that surprised generals at U.S. Central Command, the nation's military headquarters for Iraq and the Middle East, where plans had been developed to use Iraqi army troops in reconstruction tasks.

Bremer and his allies have argued that the Iraqi military already had disbanded itself, but other officials said it could have easily been called back to bases and supported by U.S. logistics.

Regarding Iran, Bush said he would consider providing incentives if it agreed to abandon nuclear enrichment activities. "If they would like to see an enhanced package, the first thing they've got to do is suspend their operations, for the good of the world," Bush said. He also said that a letter from Iranian President Mahmoud Ahmadinejad was "interesting," but it skirted the nuclear issue.

Blair earlier in the day tried to defuse talk of military confrontation with Iran. "We don't want a conflict with Iran, we have got enough on our plate doing other things," he told al-Jazeera television. "Nobody is targeting Iran. People are simply worried because they appear to be in breach of their nuclear obligations and because they are supporting terrorism around the Middle East."

Blair And Bush Are Duo Even In Descent (WP)

By Glenn Kessler

The Washington Post, May 26, 2006

President Bush and British Prime Minister Tony Blair once bestrode the globe as powerful leaders who spoke boldly of bringing democracy to the Middle East. Now, dragged down by popular discontent over their adventure in Iraq, both have reached the lowest point of their careers.

On May 4, Blair's Labor Party suffered its worst defeats since 1997 in elections for seats on local governing boards, forcing the prime minister to shake up his cabinet amid calls that he step aside soon in favor of Gordon Brown, his expected successor. Bush, with his approval ratings hovering just above 30 percent, has also tried to reinvigorate his sagging popularity by reshuffling top aides.

Blair, desperate to hang on for at least another year, is already viewed as a lame duck -- and Bush also is increasingly seen as one, even though he has nearly three years left in his term.

As the Economist magazine put it earlier this month, the Bush-Blair partnership has become the "axis of feeble."

The two have always been a bit of an odd couple. Bush is a conservative Texan who speaks inelegant English, while Blair is an eloquent speaker who promoted the "third way" of politics with former president Bill Clinton, his transatlantic pal. After their first meeting, when Bush was asked what they had in common, he replied: "We both use Colgate toothpaste."

But Blair always has had a moralistic streak. Clinton, after all, had restrained the more enthusiastic prime minister when he wanted to send ground troops during the conflict over Kosovo. It turned out that Blair's worldview meshed perfectly with the neo-Wilsonian outlook that Bush adopted after the Sept. 11, 2001, attacks.

Blair, convinced that it was essential for Britain to align its foreign policy closely with that of the United States, moved quickly to make sure he was in Bush's good graces. Though most European nations opposed Bush's plan for a missile defense system, Blair offered to support it as long as Bush agreed to negotiate a deal with Russia to end the Anti-Ballistic Missile Treaty -- rather than end it unilaterally, as some administration officials preferred. Bush agreed to Blair's proposal.

In many ways, the partnership has worked that way: Bush sets the course, with Blair at his side occasionally urging a slight turn of the oar. For instance, Blair persuaded Bush to seek U.N. approval before attacking Iraq, and he intervened at crucial moments to get Bush to devote more attention to the Israeli-Palestinian conflict. In Britain, however, Blair's willingness to accommodate Bush made him the subject of ridicule, earning him the sobriquet "Bush's poodle."

By coincidence or not, the two men held a news conference last night when it was past midnight in London. Indeed, while they still speak frequently by secure videoconference, yesterday's Oval Office visit was their first substantial meeting since September. Blair has also not officially accepted the Congressional Gold Medal that Congress awarded him for support after the Sept. 11 attacks, though he has come to Washington frequently since then.

"One of the reasons Blair is unpopular, even in his own party, is because he has been so close to Bush," said Charles Grant, director of the Center for European Reform in London. He said that in Bush's second term, the administration has worked

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hard to repair relations with European allies. But he said that while the European foreign policy elite was aware of the change, the general public was not -- and impressions of Bush had hardened.

"The thing public opinion focuses on is Iraq, which is still there," Grant said. The sudden upsurge in violence in Basra, which is controlled by British troops and had been largely quiet until now, has further hurt the prime minister.

Blair, in fact, is among the last of Bush's foreign policy allies still in power, with many ousted by anti-U.S. sentiment.

Peter Riddell, a political writer for the Times of London who wrote a book called "Hug Them Close" on Blair's relationship with Clinton and Bush, said that if Brown replaces Blair, it is unlikely he would suddenly try to distance himself from Bush; that is in part because British leaders have long regarded a close relationship with the United States as critical for Britain. But Grant said that Brown is closer to Labor Party members -- who deeply dislike Bush -- than is Blair, and so Brown would be reluctant to send British troops into any more military campaigns led by Americans.

"Public opinion is quite hostile to this shackling of British foreign policy to the United States," Grant said.

Of course, Iraq may yet turn out to be a success. But neither Bush nor Blair is likely to be in power to enjoy the moment.

Bush And Blair Concede Errors, But Defend War (NYT)

By David E. Sanger And Jim Rutenberg

The New York Times, May 26, 2006

WASHINGTON, May 25 — President Bush and Prime Minister Tony Blair of Britain, two leaders badly weakened by the continuing violence in Iraq, acknowledged major misjudgments in the execution of the Iraq war on Thursday night even while insisting that the election of a constitutional government in Baghdad justified their decision to go to war three years ago.

Speaking in subdued, almost chastened, tones at a joint news conference in the East Room, the two leaders steadfastly refused to talk about a schedule for pulling troops out of Iraq — a pressure both men are feeling intently. They stuck to a common formulation that they would pull troops out only as properly trained Iraqi troops progressively took control over more and more territory in the country.

But in an unusual admission of a personal mistake, Mr. Bush said he regretted challenging insurgents in Iraq to "bring it on" in 2003, and said the same about his statement that he wanted Osama bin Laden "dead or alive." Those two statements quickly came to reinforce his image around the world as a cowboy commander in chief. "Kind of tough talk, you know, that sent the wrong signal to people," Mr. Bush said. "I learned some lessons about expressing myself maybe in a little more sophisticated manner." He went on to say that the American military's biggest mistake was the treatment of prisoners at Abu Ghraib prison, where photographs of detainees showed them in degrading and abusive conditions. "We've been paying for that for a long period of time," Mr. Bush said, his voice heavy with regret.

Mr. Blair, whose approval levels have sunk even lower than Mr. Bush's, said he particularly regretted the broad decision to strip most members of Saddam Hussein's Baath Party of their positions in government and civic life in 2003, leaving most institutions in Iraq shorn of expertise and leadership.

The news conference, in the formal setting of the East Room, was notable for the contrite tone of both leaders. Mr. Bush acknowledged "a sense of consternation" among the American people, driven by the steady drumbeat of American casualties.

The meeting came at a low moment in Mr. Bush's presidency and Mr. Blair's prime ministership, at a time when the decisions that they made to invade Iraq and that they have defended ever since have proved a political albatross for both.

Just as they joined in the drive to war in 2003, the two leaders on Thursday evening seemed joined by a common interest in arguing that things had finally turned around in Iraq. Mr. Blair, who was in Iraq earlier this week, ventured the closest to a prediction about a timetable for disengagement, saying that he thought it was possible that Iraq's new prime minister, Nuri Kamal al-Maliki, was accurate in his prediction that Iraqi forces could control security in all of the country's provinces within 18 months.

But Mr. Bush quickly fell back to his familiar insistence that he would not begin a drawdown until his commanders said it was possible, and he noted that troops were recently called up from Kuwait to help stabilize Baghdad. He said that in the end he would insist on victory over both insurgents and terrorists linked to Al Qaeda, and he dismissed as "press speculation" reports of tentative Pentagon plans to bring American troop levels to about 100,000 by the end of this year. "A loss in Iraq would make this world an incredibly dangerous place," Mr. Bush said.

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Mr. Bush said he and Mr. Blair had spent "a great deal of time" discussing their next challenge: how to put together the right mix of penalties and incentives to force Iran to suspend the production of uranium and give up a program that both men had said clearly pointed to a desire to build a nuclear bomb.

Mr. Bush bristled at a question about whether he had "ignored back-channel overtures" from the Iranians over possible talks about their nuclear program. Mr. Bush said that "the Iranians walked away from the table" in discussions with three European nations, and that a letter sent to him by Iran's president "didn't address the issue of whether or not they're going to continue to press for a nuclear weapon." Some in the State Department and even some of Mr. Bush's outside foreign policy advisers have said that Mr. Bush missed a diplomatic opening by deciding not to respond to the letter, though others say it is still not too late.

But the overwhelming sense from the news conference was of two battered leaders who, once confident in their judgments on Iraq, now understood that misjudgments had not only affected their approval ratings, but perhaps their legacies. The British news magazine The Economist pictured the two on a recent cover under the headline "Axis of Feeble."

And while both men sidestepped questions about how their approval ratings were linked to Iraq, at one point Mr. Bush seemed to try to buck up his most loyal ally, who is expected to leave office soon and may be in the midst of his last official visit to Washington, by telling a British reporter, "Don't count him out."

Outside the White House gates, a smattering of protesters gathered, blowing whistles and chanting, "Troops out now."

Mr. Bush called the terrorists in Iraq "totalitarians" and "Islamic fascists," a phrase he has used periodically to give the current struggle a tinge of the last great American-British alliance, during World War II. But he acknowledged that the war in Iraq had taken a significant toll in public opinion. "I mean, when you turn on your TV screen and see innocent people die day in and day out, it affects the mentality of our country," Mr. Bush said.

Mr. Blair tried to focus on the current moment, saying that he had heard the complaint that "you went in with this Western concept of democracy, and you didn't understand that their whole culture was different." With a weak smile, he suggested to Mr. Bush that those who voted in Iraq had amounted to "a higher turnout, I have to say — I'm afraid to say I think — than either your election or mine."

Mr. Bush did not budge from his long-stated position that conditions in Iraq and the ability of Iraqi security forces to assume greater responsibilities would dictate whether the United States reduced the 133,000 American forces there. He said he would rely on the recommendations of Gen. George W. Casey Jr., the top commander in Iraq. In an effort to cajole the new government even while he was praising it, Mr. Bush twice mentioned that it had yet to appoint a defense minister with whom to discuss troop cuts, one of the glaring gaps in the Iraqi cabinet that is symbolic of the continuing struggle over power. "We'll keep the force level there necessary to win," Mr. Bush said.

Mr. Blair acknowledged that some of the 260,000 Iraqi security forces, especially the police, suffered from corruption and the influence of militias. But he said a new Iraqi government would be more able than allied officials to cope with these problems.

For those who trace Mr. Bush's own reluctance to acknowledge errors in Iraq, his statements on Thursday night seemed to mark a crossing of a major threshold. In an interview with The New York Times in August 2004, Mr. Bush said that his biggest mistake in Iraq had been underestimating the speed of initial victory over Mr. Hussein's forces, which allowed Iraqi troops to melt back into the cities and towns. When pressed, he said he could think of no other errors.

Over the winter, as public support for the war eroded, he acknowledged other mistakes — failing to plan sufficiently for the occupation and rebuilding of the country, or to execute the plans that had been made. But he described these as tactical mistakes that had been fixed.

His answer on Thursday evening, though, harked back to the two statements — "bring them on" and "dead or alive" — that his wife, Laura, had been particularly critical about. While he had apologized before for the treatment of detainees at Abu Ghraib, his statement on Thursday was his starkest admission to date of the damage that the episode did to the image of the United States.

But Mr. Bush emphasized that American soldiers had been punished for the abuses. "Unlike Iraq, however, under Saddam, the people who committed those acts were brought to justice," he said. Mr. Bush's critics have noted that the prosecutions have focused on low-level soldiers and have not held senior officers accountable.

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Mr. Blair, while saying that the coalition had misjudged the de-Baathification process, added: "It's easy to go back over mistakes that we may have made. But the biggest reason why Iraq has been difficult is the determination of our opponents to defeat us. And I don't think we should be surprised at that."

No Quick Troop Reduction In Iraq, Allies Warn (USAT)

By David Jackson And Richard Benedetto

USA Today, May 26, 2006

WASHINGTON — President Bush and British Prime Minister Tony Blair on Thursday acknowledged mistakes in Iraq and cautioned that the formation of a unity government for the country does not mean an immediate drawdown of troops.

"We'll keep the force level there necessary to win," Bush said at a joint news conference with Blair, a staunch ally in Iraq. "Politics isn't going to make the decision as to the size of our force level."

Blair, who met in Baghdad on Monday with Iraq's new prime minister, Nouri al-Maliki, said it's possible to realize al-Maliki's goal of having Iraqi troops take control of the country's security by the end of 2007. But Blair agreed with Bush that any timetable for withdrawal will be set by conditions on the ground. "Obviously the first thing that we need is a strong government in Baghdad," he said.

While the two leaders said there had been setbacks and missteps in Iraq, they spoke candidly and at times emotionally as they defended a war they called a critical step toward democracy in the Middle East. Both said deposing Saddam Hussein was the right thing to do.

Bush identified the abuse scandal at the U.S.-operated Abu Ghraib prison near Baghdad as the biggest mistake of the war. He also said he regretted some of his own "tough talk," including saying Osama bin Laden was "wanted dead or alive" and his challenge in the summer of 2003 — "Bring 'em on" — as insurgents in Iraq were stepping up attacks on U.S. troops.

"In certain parts of the world, it was misinterpreted," he said.

Opposition to the Iraq war has sapped political strength from Bush and Blair. Both face low approval ratings in public opinion polls and discontent within their own parties. Some members of Blair's Labor Party have called on him to step aside in favor of Gordon Brown, the chancellor of the exchequer, or finance minister.

The embattled allies repeatedly backed each other up in their remarks at the news conference. When a British reporter asked whether this would be Blair's last official trip to Washington, Bush replied, "Don't count him out." He said he wants Blair to remain in office through the end of his presidency.

Bush said there are about 135,000 U.S. troops in Iraq. Asked about reports that the Pentagon would like that number to be about 100,000 by the end of this year, he said it was "some speculation in the press" that hasn't been discussed with him.

While saying "I want our troops out," Bush also said it is vital to complete the mission of defeating insurgents: "A loss in Iraq would make this world an incredibly dangerous place."

Blair said "the challenge is still immense" in Iraq but added that it is the duty of the international community to put aside differences over the 2003 invasion and get behind the new government in Iraq.

"These people who are fighting us there know what is at stake," he said. "The question is, do we?"

Gary Schmitt, a foreign policy analyst with the business-oriented American Enterprise Institute, said that as they serve out the remainders of their terms, "Bush and Blair are both holding onto the same life preserver — Iraq."

"As Iraq goes," he said, "so go their ultimate reputations."

On another matter, Bush said Iran must suspend programs that could lead to development of nuclear weapons. Only then, he said, can negotiations begin for a possible assistance package to Iran.

"If they suspend … then of course we'll talk about ways forward," Bush said.

Covering A Friend's Back: Leaders Reverse The Roles (NYT)

By Alessandra Stanley

The New York Times, May 26, 2006

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Tony Blair has always served as the world's Bush-whisperer, but at their joint news conference last night, it was almost the reverse. Mr. Blair, the normally silver-tongued prime minister, seemed stiff and defensive, and it was Mr. Bush who tried to smooth things over and help Mr. Blair out.

British political analysts have repeatedly predicted that Mr. Blair, a lame duck whose popularity in Britain has never been lower, will be out of office as early as next year. But when a British reporter actually suggested that this was his last official Washington visit, he looked dismayed and tongue-tied.

Mr. Bush jumped in, saying with a laugh, "Don't count him out, let me tell it to you that way." He also asked the British to give his friend another chance. "I want him to be here so long as I'm the president."

That role reversal was as good a sign as any of how the two friends' political standing has eroded since they made the case together for war in Iraq. Last week even The Economist, a British magazine that has been more favorable to Mr. Blair than most, called his partnership with Mr. Bush the "Axis of Feeble."

In the past, Mr. Blair always raced to Washington to buck up Mr. Bush with his eloquence and aplomb, spending his own political capital to enhance that of the American. Mr. Bush was obviously grateful for his ally's support, yet last night he hinted that if he had to go it alone, he could take it from here — even in the realm of the English language.

Asked what he most regretted, Mr. Bush replied that he was sorry he had used terms like "bring it on" and "dead or alive," and that he had learned to express himself in a "little more sophisticated manner."

It was never an even-steven friendship; Mr. Blair risked his popularity in Britain when he stood by Mr. Bush and supported the war. In return he received gratitude, but little else.

One reason Mr. Blair's reputation is so tattered is his critics dismiss him as a poodle, doing his master's bidding. It did not help that before the war, Mr. Blair was unable to persuade his American friend to seek a second United Nations resolution authorizing military action.

He did not have much luck with other issues important to Europeans, from an effort to double aid to Africa to the need to take steps to avert global warming. (It probably did not help Mr. Blair's morale that "Stuff Happens," a play by David Hare that focuses on the imbalance of power between the White House and 10 Downing St., is on the New York stage.)

No one has been a better bedfellow for George Bush than Tony Blair, but last night the steadfast British prime minister tugged the covers to his side, adding his own, broader agenda to the subject at hand.

He spoke of "the importance of trying to unite the international community behind an agenda that means, for example, action on global poverty in Africa, and issues like Sudan; it means a good outcome to the world trade round, which is vital for the whole of the civilized world, vital for developing countries, but also vital for countries such as ourselves; for progress in the Middle East; and for ensuring that the global values that people are actually struggling for today in Iraq are global values we take everywhere and fight for everywhere that we can in our world today."

Mr. Blair came to Washington to help the president, but this time, perhaps for the first time, he looked like he needed the president's help.

Bush And Blair Admit To Missteps In Iraq (FT)

By Caroline Daniel

Financial Times, May 26, 2006

President George W. Bush and Prime Minister Tony Blair on Thursday night pointedly refused to set a timetable for withdrawal of troops from Iraq, but acknowledged that they had both made missteps in the country over the last three years since the invasion.

Striking a sombre note during a 45-minute joint press conference at the White House, both leaders stuck to the script on ruling out a clear timetable to exit Iraq. Mr Bush distanced himself from hopes that US troops could fall to 100,000 from 135,000 by the year end. He cautioned: “It is kind of hard to have a conversation [about timing] when you don’t have a defence minister [in Iraq].”

Mr Bush, in a rare declaration of personal regret, for the first time said he had been wrong to use the phrase: “bring it on,” a reference to the challenge he had once confidently laid down to the insurgents in Iraq.

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"Saying 'bring it on', kind of tough talk, you know, that sent the wrong signal to people. I learned some lessons about expressing myself maybe in a little more sophisticated manner, you know. 'Wanted, dead or alive', that kind of talk, I think in certain parts of the world it was misinterpreted."

He added that for the administration in Iraq, the biggest error had been the Abu Ghraib prison. "We've been paying for that for a long period of time."

Mr Blair, while reaffirming the decision to invade Iraq and oust Saddam Hussein, conceded that: "probably in retrospect, though at the time it was very difficult to argue this, we could have done de-Baathification in a more differentiated way than we did."

In a sign of the warmth of the personal relationship between the two men, Mr Bush strongly defended Mr Blair's leadership and hailed his resolve in refusing to be driven by opinion polls about Iraq. "Don't count him out," he said, when asked what he would miss about Mr Blair as prime minister. "I know a man of resolve and vision and courage, and ... my attitude is I want him to be here so long as I'm the president."

Mr Blair, who has faced renewed pressure to stand down as prime minister following the recent local elections in the UK when the Labour party fared poorly, responded with a sheepish look and added: "Probably not wise to say anything more at all."

The two leaders, whose political obituaries will be dictated by the fate of Iraq, both sought to shift the focus to the future and place Iraq in the wider context of reform of the Middle East and democratisation of the region.

Mr Bush said there was "no question that the Iraq war has ... created a sense of consternation here in America," and cited the daily toll of civilian deaths in Iraq. Yet the key question from Americans was: "Can we win? That's what they want to know."

Iran was also a central issue in the talks between the two leaders on Thursday, which will continue on Friday.

Mr Bush declined to comment directly on whether he would agree to the overtures from Iran for direct talks, and instead blamed the Iranian presidents for having "walked away from the table…. we've got to continue to work to convince them that we're serious, that if they want to be isolated from the world, we will work to, you know, to achieve that."

He added that the 17-page letter from the Iranian president sent last month, "didn't address the issue of whether or not they're going to continue to press for a nuclear weapon. That's the issue at hand."

Britain's Blair To Rally World Support For Iraq (AFP-Y2)

AFP, May 25, 2006

British Prime Minister Tony Blair met with US President George W. Bush on the future of Iraq and to rally world support for the new government in the war-torn country.

Blair, Bush's staunchest ally, is to brief the US leader on talks he held earlier this week with Iraq's new Prime Minister Nuri al-Maliki.

The two men, who have seen their popularity ratings drop as a result of the Iraq war, were also to discuss trade issues, Iran, Afghanistan, and the Middle East peace process.

The prime minister's official spokesman said Blair would emphasize "the need for the international community as a whole, including the United Nations, to get behind the democratically elected government of Iraq and support it."

Bush's chief spokesman for his part dampened expectations that the meeting could lead to dramatic announcements such as a timetable for troop withdrawals.

"There aren't going to be people kissing in Times Square tomorrow, but I think what you will have is a very forward-leaning set of discussions about how to proceed forward," spokesman Tony Snow told reporters.

The Bush administration has repeatedly stressed that US troops can only leave Iraq when the country's forces can assure security unaided.

Bush and Blair hope to chart a new course following the formation of a new Iraqi government under the country's new prime minister.

"They're going to be talking about the readiness of Iraqi troops, how to continue the business of training Iraqi troops, professionalizing them, getting the government institutions in place," and related matters, Snow said.

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US and British officials are relying on the new government in Baghdad to help extricate them from an increasingly unpopular war that has left them weakened at home and which is costing both governments billions of dollars each month.

The Iraq venture has also had a higher than expected death toll. In addition to the tens of thousands of Iraqis believed to have been killed since the 2003 invasion to topple Saddam Hussein, Washington has lost 2,460 soldiers and Britain has lost 111.

The United States has about 130,000 soldiers in Iraq. Britain has the second largest contingent, some 8,000 troops.

As the death toll rises, both Blair and Bush have seen their popularity ratings drop. Both need to show their constituencies that there is some movement forward in Iraq, observers say.

Bush, whose popularity has sunk to 31 percent, is also seeking to minimize Iraq war fallout ahead of legislative elections in November that could hurt his Republican Party.

There is speculation that Blair's trip could be his last to the United States as prime minister, especially after the drubbing his Labour Party suffered in local elections earlier this month and mounting calls for him to step down.

Blair, prime minister since 1997, has pledged to resign before the end of his third term, which is due to expire in May 2010 at the latest.

Following their meeting, Blair and Bush were to hold an evening press conference during prime television viewing hours in the United States. The two leaders are to meet again Friday after Blair delivers a speech on foreign policy at Georgetown University.

Bush, Blair Admit Errors In Iraq War (WT)

By Joseph Curl And Stephen Dinan

The Washington Times, May 26, 2006

President Bush and British Prime Minister Tony Blair yesterday acknowledged setbacks and missteps in the Iraqi war, but both refused to set a timeline for withdrawing troops, instead voicing optimism that a new unity government will be best able to end insurgent violence and establish stability.

In a rare admission, Mr. Bush said during the hourlong press conference that he regretted once having taunted loyalists to former dictator Saddam Hussein and insurgents by saying "bring it on" and calling for Osama bin Laden "dead or alive" and the Abu Ghraib prison abuse by U.S. soldiers.

Mr. Bush said last night that the "bring it on" remark was "tough talk that sent the wrong signal," but both he and Mr. Blair were steadfast in arguing that removing the Iraqi dictator from power was necessary.

"We did not find the weapons of mass destruction that we all believed were there, and that's raised questions about whether the sacrifice in Iraq has been worth it. Despite setbacks and missteps, I strongly believe we did, and are doing, the right thing," the president said.

Mr. Blair traveled to Iraq earlier this week to see firsthand the government and Cabinet that were formed over the weekend, and yesterday's meeting was a chance for him to share his impressions with Mr. Bush.

"Something fundamental changed in Iraq last weekend," the president said.

Standing in the White House East Room, both leaders said coalition troops are winning in Iraq, and each said the unity government made up of Sunnis, Shi'ites and Kurds is best able to establish security in a country being ripped about by insurgent terrorist attacks.

"I don't think, in one sense, it's very surprising that it is both difficult and taking time," Mr. Blair said. "But I think that they do know that this is of vital importance for them to succeed. And I think you may find that it is easier for Iraqis to do this themselves and take some of these measures necessary than it is for us."

The White House spent much of yesterday downplaying expectations that the two leaders would make a major announcement about troop withdrawals. But that was the subject of most of the questions, from both the U.S. and British press, and Mr. Bush said he does not plan to keep U.S. troops in Iraq any longer than necessary.

"Listen, I want our troops out, understand what it means to have troops in harm's way," he said. "But I also understand that it is vital that we do the job, that we complete the mission. But it has been tough, it has been really tough."

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Deeming reports that the Pentagon hoped to reduce the 131,000 troops in Iraq to 100,000 by year's end "speculation in the press," Mr. Bush repeated his longtime stance.

"We'll keep the force level there necessary to win."

The president said he would continue to rely on his commanders on the ground to determine when Iraq is stable enough for troops to withdraw and said he will work with the new unity government toward that goal.

"First of all, we're going to work with our partners in Iraq, the new government, to determine the best way forward in achieving an objective, which is an Iraq that can govern itself and sustain itself and defend itself," Mr. Bush said.

Mr. Blair, who met earlier this week with Iraq's new prime minister, Nouri al-Maliki, said he felt after the meeting that "the challenge is still immense, but I also came away thinking more certain than ever that we should rise to it."

Mr. al-Maliki said on Wednesday that Iraqi police forces will be capable of taking control of all security within 18 months. And Mr. Blair said that he found the assertion "possible."

Each leader has tumbled in his country's polls, with Mr. Bush now facing the possibility that Republicans could lose control of one or both congressional chambers and Mr. Blair seeking to build a legacy as the end of his tenure approaches. Both in Britain and the United States, calls are increasing to begin troop withdrawals.

But neither would back down from a commitment to see the war to its end, and Mr. Blair said the new Iraqi government wants "us to stay until the job is done."

He also said coalition nations need to understand the dedication it takes to fight.

"We should have the same faith and confidence in our determination to succeed as [the insurgents] have in their determination to make us fail," the British leader said.

He called on the international community to step up and bolster the new government.

"I think after these three years and the democratic process working and producing this government, then it is our duty, but it is also the duty of the whole of the international community to get behind this government and support it," Mr. Blair said.

Mr. Bush said the United Nations needs to step up its support of the fledgling government.

"The United Nations ought to be clear about its desire to liberate people from the clutches of tyranny. That's what the United Nations ought to be doing, as far as I'm concerned," he said.

The British prime minister also voiced his regrets in answer to a question posed to both leaders. He said he regretted the way in which Saddam's Ba'ath Party political allies were purged from the Iraqi military and government soon after the fall of Baghdad. Mr. Blair also said his allies seriously underestimated the insurgency.

The chance of a major insurgency "should have been very obvious to us" from the beginning, he said.

For his part, Mr. Bush also cited the abuse of prisoners at Baghdad's Abu Ghraib prison as the "biggest mistake" in the U.S. conduct of the war in Iraq.

"I think the biggest mistake that's happened so far, at least from our country's involvement, is Abu Ghraib," Mr. Bush said. "We've been paying for that for a long period of time."

On Iran, Mr. Bush said recent overtures by that nation's leaders, including what he called "16 or 17 single-spaced typed pages" letter he received from Iranian President Mahmoud Ahmadinejad, don't answer the fundamental questions about its nuclear program.

"He didn't address the issue of whether or not they're going to continue to press for a nuclear weapon," Mr. Bush said. "That's the issue at hand."

He said he and Mr. Blair are committed to a diplomatic solution, and will try to convince other key countries to press the issue through the U.N. Security Council. He also held out the chance of further incentives to entice Iran to forgo its nuclear program but said Iran must take concrete steps first.

"The Iranians walked away from the table," he said. "They're the ones who made the decision, and the choice is theirs. Now, if they would like to see an enhanced package, the first thing they've got to do is suspend their operations, for the good of the world."

Bush Says Early Iraq Troop Cuts Unlikely (LAT)

DOJ_NMG_0029598

By Paul Richter

The Los Angeles Times, May 26, 2006

WASHINGTON — President Bush said Thursday that the formation of a new government in Iraq marked a turning point for the war-torn country, but not one that would allow for an earlier drawdown of U.S. and coalition forces.

After a White House meeting with British Prime Minister Tony Blair, Bush repeated his position that he would order a reduction in forces only after military commanders told him that the country could be defended by the growing Iraqi military and police forces.

"The American people need to know that we'll keep the forces there necessary to win," Bush told an evening news conference. "It's important for the American people to know that politics isn't going to make the decision as to the size of our force level."

He dismissed reports that the administration intended to reduce the number of troops in Iraq to 100,000 from 131,000 by year's end as no more than "speculation in the press."

The meeting of the two wartime allies had given rise to hope that they might signal the beginning of a troop drawdown long sought on both sides of the Atlantic. But the leaders instead indicated that they still saw huge risks for Iraq, where a Sunni Arab-driven insurgency rages on and sectarian violence between Sunni and Shiite Muslims is on the rise.

Bush said his commanders would recommend only a troop reduction "based on conditions on the ground."

"I know I keep saying that," he said. "And it probably bores you that I keep giving you the same answer. But I haven't changed my opinion."

Blair suggested that the leaders might make no decision on troop levels for several months while they waited to see how effectively Iraqi forces stood up to their attackers.

"You will find probably, over the next few months, there will be a real attempt by the anti-democratic forces to test them very, very strongly," Blair said, responding to a question about potential troop withdrawals.

Iraq's new leader, Prime Minister Nouri Maliki, said this week that he wanted Iraqi troops to take over responsibility for the nation's security as soon as possible. Maliki said he believed Iraqis could assume a lead role by the end of 2007.

Blair cast some skepticism on Maliki's prediction, saying it was possible, but insisting that Iraqi control was contingent on the new government quickly establishing a strong grip on the country, and on the ability of the Iraqi troops to crack down on insurgents.

A decision to maintain troop levels at their current size may be unwelcome news for Republicans, who face midterm elections in November with their party's poll numbers sagging. Delaying the decision on troop withdrawals also poses difficulty for Bush and Blair, whose political fortunes have been badly damaged by the war.

The meeting of the two weakened leaders drew ridicule from some parts of the British press; the Economist magazine referred to the pair as an "axis of feeble." Blair is expected to leave office by next summer and is widely viewed as a lame duck. Some observers have noted that this visit could be Blair's last to the White House as prime minister.

Bush and Blair were asked pointedly about "missteps and mistakes" that they most regretted during the war.

Bush said he considered the Abu Ghraib prison abuses to be the biggest U.S. mistake in Iraq. "We've been paying for that for a long time," he said.

The president also said he regretted some of his own "tough talk," including the very phraseology that initially endeared him to Americans after the Sept. 11 terrorist attacks. He said he regretted responding to early reports of the rising Iraqi insurgency by saying, "Bring it on." He also lamented his use of the phrase "dead or alive" in describing how he would one day capture Osama bin Laden and others. Bush has mentioned those regrets before.

For his part, Blair said the expulsion of members of Saddam Hussein's Baath Party from the Iraqi government could have been handled better. Many people argue that expelling low- and mid-level party members alienated Sunni Arabs and fueled the insurgency.

Bush has in the past derided opponents of the war as isolationists, but he was more conciliatory Thursday. "No question that the Iraq war has, you know, created a sense of consternation here in America," he said.

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But even with surveys showing greater support for a withdrawal or reduction in the number of U.S. troops in Iraq, Bush said that most Americans would not support pulling out.

Military commanders and other U.S. officials have said privately that they hope for a substantial troop withdrawal this year. Some suggested that the U.S. troop level could drop to about 100,000 by year's end.

But in recent months, as sectarian divisions have become more deadly, such talk has appeared to subside.

Blair, who met with Army Gen. George W. Casey, commander of U.S. forces in Iraq, during a surprise visit to Baghdad this week, said commanders were concerned that the new Iraqi government could face a surge in violence as Iraqi forces began to take over more territory from U.S., British and other coalition troops.

Secretary of Defense Donald H. Rumsfeld said this month that he expected a recommendation on troop levels from Casey once Maliki's government was in place. However, Bush said Casey was awaiting the installation of a new Iraqi defense minister, who has yet to be selected. The president said any reductions might not come until the new ministry had developed capabilities "to enable the Iraqis to take more of the fight."

Inside Politics (WT)

By Jennifer Harper

The Washington Times, May 26, 2006

Sham-nesty

Rep. J.D. Hayworth makes clear what's so "onerous" about White House immigration policy. The Arizona Republican offered a point-by-point deconstruction of an explanation of the policy made by White House spokesman Tony Snow.

"Illegal aliens will have to 'pay taxes': That's no penalty; they're supposed to pay taxes. In fact, according to Sen. Chuck Grassley, under Bush's plan illegals would have the option to only have to pay three of their last five years in back taxes," Mr. Hayworth observed in the National Review Online yesterday.

"They have to 'keep their nose clean' : Big deal. So does everybody else.

"They have to get a tamper-proof ID card: Oh, the humanity!

"They'll have to stay employed: But isn't that why they came here, to do jobs Americans won't?

"They'll have to learn English: That's a benefit to the illegal."

Mr. Hayworth continued, "Most of these 'benchmarks' would be required of any legal immigrant. They are in no way burdensome, yet Tony Snow makes them sound almost oppressive. The only real punishment on the entire list is the fine. Know what it is? A measly $2,000 payable in two $1,000 installments. When you consider what illegals get for their two grand, it's the deal of a lifetime."

He concludes, "The American people see through the White House spin. They know an amnesty when they see it. And the president's plan is an amnesty."

Off the deep end

British leftist George Galloway has taken his opposition to the Iraq war to the point of saying that the assassination of British Prime Minister Tony Blair would be "morally justified."

In an interview with GQ, the men's fashion magazine asked him: "Would the assassination of, say, Tony Blair by a suicide bomber — if there were no other casualties — be justified as revenge for the war on Iraq?"

Mr. Galloway, a member of Parliament for the Respect party, responded, "Yes, it would be morally justified. I am not calling for it — but if it happened, it would be of a wholly different moral order to the events of 7/7," referring to the deadly al Qaeda attacks on the London mass-transit system last year.

Mr. Blair's assassination "would be entirely logical and explicable. And morally equivalent to ordering the deaths of thousands of innocent people in Iraq — as Blair did," he said.

Labor member of Parliament Stephen Pound called Mr. Galloway's words "disgraceful and truly twisted."

"These comments take my breath away," he told the Sun. "Every time you think he can't sink any lower, he goes and stuns you again."

The Sunday Times reported Mr. Blair's reaction: "No. 10 made no comment."

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Fleet Street also reported on Mr. Galloway's doings this week: a visit to Cuba to make nice with dictator Fidel Castro.

"Mr. Galloway shocked panelists on a live television discussion show in Havana by emerging on set mid-transmission to offer passionate support for Castro. Looking approvingly into each others' eyes, the pair embraced," reports the Independent's Oliver Duff.

Ready to rumble

Young Republicans are looking out for their party. The College Republican National Committee (CRNC) announced yesterday that 275 membership chapters were established on campuses nationwide last year — joining 1,000 existing chapters.

"The success of college Republicans this spring is a reflection of the organization and initiative that distinguishes the Republican Party," said the group's chairman, Paul Gourley. "We are determined to remain the well-organized grass-roots force that wins elections for the GOP in November.

"We've witnessed a lot of legislative victories thus far: the confirmation of many sound federal judges, and tax cuts at a variety of levels. But there's still a lot of work to do," Mr. Gourley added. "We need to lock Republican majorities in the fall to carry out our full agenda."

Young GOPers are already "on the ground," he said.

One noteworthy former member applauds their vigor.

"Grass-roots initiatives have surged and marked the College Republican National Committee as a compelling force in the current political fight," observed Grover Norquist, the president of Americans for Tax Reform who was a field director for the organization in the early 1980s.

A green Bush

"Environmentalists should thank President Bush for breathing new — albeit indignant — life into the stagnant climate-change debate when he announced in 2001 that he wouldn't pursue ratification of Kyoto. New policy opportunities opened up, and people went back to the creative drawing boards," Samuel Thernstrom of the American Enterprise Institute notes in a story that plumbs Al Gore's global-warming-destroys-the-earth movie, "An Inconvenient Truth," now in theaters.

"We're taking small steps in the right direction, but activists are more enamored with their politics, which dictate that anything that Bush supports must be wrong — than with spurring these nascent efforts on. Clinton and Gore continue to mislead Americans by telling us that the solutions are simple and cheap — all we need is political will to implement them. Nothing could be further from the truth: the answers to climate change are expensive and elusive; they will be found in the Los Alamos labs, not the halls of Congress."

"We can build fuel-cell cars now — for $1 million. When we figure out how to sell them for $30,000, we won't need an international treaty to get people to buy them. Almost every major car company in the world is frantically trying to unlock that puzzle and — are you sitting down? — George W. Bush, the ex-oil man who once mocked Al Gore's fascination with green cars, is pouring billions of federal dollars into the effort."

What's to come

Look for congressional Republicans to "dish up a plate of 'red meat' social issues they hope will motivate their conservative base for the Nov. 7 elections," predicts Judy Holland of Hearst Newspapers.

Next week, Republican senators will push proposals on hot-button issues — including constitutional amendments to ban homosexual "marriage" and to outlaw flag burning, along with legislation to clamp down on minors who cross state lines for abortions and thus evade parental-notification restrictions in their home states.

Sen. Orrin G. Hatch, Utah Republican, who is behind the flag-burning proposal, concedes his chances aren't good, but said the party's base "would get mad if we didn't try."

Paul Weyrich, chairman of the Free Congress Foundation, said Republicans will be satisfied only if they think that the party leadership "really went after these measures. If they feel they have paid lip service, then I think the leadership is going to pay for it."

Standing By Stand-Up Iraqis (NYT)

By Thomas L. Friedman

The New York Times, May 26, 2006

DOJ_NMG_0029601

I am often asked why I don't just give up on Iraq and pronounce it a lost cause. It would certainly make my job (and marriage) easier.

What holds me back are scenes like the one related in last Sunday's Times story from Baghdad about the Iraqi Parliament's vote to approve the country's new cabinet. Our story noted that during the Iraqi parliamentary session, the Sunni party leader Saleh Mutlaq, a former Baathist, stood up and started denouncing the decision by Prime Minister Nuri Kamal al-Maliki to have Parliament vote on the new cabinet even though he hadn't yet filled the key security posts.

At that point, another Sunni politician, Mithal al-Alousi, told Mr. Mutlaq to sit down. "Iraqi blood is being spilled every day," Mr. Alousi said. It was time to move forward. When Mr. Mutlaq pressed on with his denunciations, Mr. Alousi "pulled him down into his chair," The Times reported. That was a gutsy move — live on Iraqi TV. Many Sunni insurgents may not like what Mr. Alousi did, but he did it anyway.

As long as I see Iraqis ready to take a stand like that, I think we have to stand with them. When we don't see Iraqis taking the risk to build a progressive Iraq, then it is indeed time to pack and go. That moment may come soon. It's hard to tell. I won't hesitate to say so — but not yet.

In such confusing times I find it useful to listen to someone steeped in the history of the Arab world, someone like the Egyptian sociologist and democracy campaigner Saad Eddin Ibrahim, who was visiting Washington with a human rights group from the Carter Center.

Mr. Ibrahim compares the U.S. invasion of Iraq to Napoleon's invasion of Egypt in 1798, which punched the first big hole through which modernity could seep into the Arab world. It was the key ruler of Egypt after the Napoleonic invasion, Muhammad Ali, who started sending students to Europe, introduced secular education and ushered in a mini-Arab renaissance that culminated with the first Egyptian parliament, elected in 1866.

What you are seeing in Iraq today is the "hard labor" of nation building in a country that has gone through almost 50 years of tyrannical rule, Mr. Ibrahim said. It is a naturally messy process, much messier than Eastern Europe's, with the outcome uncertain. "Everyone with a grievance for 50 years there is now breathing freely and wanting to act on their newfound freedom," he added.

The reason that the violence in Iraq is so intense — mass executions, mosques blown up — is in part because of all these pent-up grievances. But in part it is also because two very entrenched forces in that part of the world — the theocrats and the autocrats; that is, the Qaedas and the Arab regimes surrounding Iraq, even the "pro-America" ones — are deeply worried that we might succeed.

"The theocrats fear modernity taking root in Iraq," in the heart of the Arab world, "and the autocrats fear democracy taking root there," Mr. Ibrahim said. Therefore, they are pulling out all the stops to make Iraq fail. America, Britain and their Iraqi allies must fail, the theocrats and autocrats say, so the Arab theocrats can tell their people that modernity is not an option and so the Arab autocrats can tell their people that democracy is not an option. The future of the Arab world is at stake here.

Nevertheless, thanks to the incredible sacrifice of U.S. and British soldiers, Iraqi elections have been held, a parliament convened. The process is indeed messy, and, given all the shameful mistakes by the Bush team, much deadlier than it had to be. But Mr. Ibrahim, who spent from 2000 to 2003 in an Egyptian prison for pushing free and fair elections in Egypt, is no starry-eyed dreamer, and he believes there's a decent chance that in a few years, Iraq will make its transition, build up an army and settle down.

"Every major transformation since Napoleon in this part of the world has been the function of an external jolt," Mr. Ibrahim said.

The best thing the Americans could do now to help this process is to move into the background in Iraq, he added. Let the Iraqis invite our help, but let's get out of their faces wherever possible. Also, Mr. Ibrahim said, "We need America to get back on the moral high ground that it has slid down from since 9/11."

President Bush may have moral clarity when speaking about freedom and democracy in the Arab world, but he has no moral authority. He lost it all by coddling Arab oil regimes and by tolerating the Abu Ghraib and Guantánamo prisons, which should be closed down immediately.

"So you have your homework to do, and we have ours," Mr. Ibrahim said.

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Military Expected To Report Marines Killed Iraqi Civilians (NYT)

By Thom Shanker, Eric Schmitt And Richard A. Oppel Jr.

The New York Times, May 26, 2006

This article is by Thom Shanker, Eric Schmitt and Richard A. Oppel Jr.

WASHINGTON, May 25 — A military investigation into the deaths of two dozen Iraqis last November is expected to find that a small number of marines in western Iraq carried out extensive, unprovoked killings of civilians, Congressional, military and Pentagon officials said Thursday.

Two lawyers involved in discussions about individual marines' defenses said they thought the investigation could result in charges of murder, a capital offense. That possibility and the emerging details of the killings have raised fears that the incident could be the gravest case involving misconduct by American ground forces in Iraq.

Officials briefed on preliminary results of the inquiry said the civilians killed at Haditha, a lawless, insurgent-plagued city deep in Sunni-dominated Anbar Province, did not die from a makeshift bomb, as the military first reported, or in cross-fire between marines and attackers, as was later announced. A separate inquiry has begun to find whether the events were deliberately covered up.

Evidence indicates that the civilians were killed during a sustained sweep by a small group of marines that lasted three to five hours and included shootings of five men standing near a taxi at a checkpoint, and killings inside at least two homes that included women and children, officials said.

That evidence, described by Congressional, Pentagon and military officials briefed on the inquiry, suggested to one Congressional official that the killings were "methodical in nature."

Congressional and military officials say the Naval Criminal Investigative Service inquiry is focusing on the actions of a Marine Corps staff sergeant serving as squad leader at the time, but that Marine officials have told members of Congress that up to a dozen other marines in the unit are also under investigation. Officials briefed on the inquiry said that most of the bullets that killed the civilians were now thought to have been "fired by a couple of rifles," as one of them put it.

The killings were first reported by Time magazine in March, based on accounts from survivors and human rights groups, and members of Congress have spoken publicly about the episode in recent days. But the new accounts from Congressional, military and Pentagon officials added significant new details to the picture. All of those who discussed the case had to be granted anonymity before they would talk about the findings emerging from the investigation.

A second, parallel inquiry was ordered by the second-ranking general in Iraq to examine whether any marines on the ground at Haditha, or any of their superior officers, tried to cover up the killings by filing false reports up the chain of command. That inquiry, conducted by an Army officer assigned to the Multinational Corps headquarters in Iraq, is expected to report its findings in coming days.

In an unusual sign of high-level concern, the commandant of the Marine Corps, Gen. Michael W. Hagee, flew from Washington to Iraq on Thursday to give a series of speeches to his forces re-emphasizing compliance with international laws of armed conflict, the Geneva Conventions and the American military's own rules of engagement.

"Recent serious allegations concerning actions of marines in combat have caused me concern," General Hagee said in a statement issued upon his departure. The statement did not mention any specific incident.

The first official report from the military, issued on Nov. 20, said that "a U.S. marine and 15 Iraqi civilians were killed yesterday from the blast of a roadside bomb" and that "immediately following the bombing, gunmen attacked the convoy with small-arms fire."

Military investigators have since uncovered a far different set of facts from what was first reported, partly aided by marines who are cooperating with the inquiry and partly guided by reports filed by a separate unit that arrived to gather intelligence and document the attack; those reports contradicted the original version of the marines, Pentagon officials said.

One senior Defense Department official who has been briefed on the initial findings, when asked how many of the 24 dead Iraqis were killed by the improvised bomb as initially reported, paused and said, "Zero."

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While Haditha was rife with violence and gunfire that day, the marines, who were assigned to the Third Battalion, First Marines, and are now back at Camp Pendleton, Calif., "never took what would constitute hostile fire of a seriously threatening nature," one Pentagon official said.

Women and children were among those killed, as well as five men who had been traveling in a taxi near the bomb, which killed Lance Cpl. Miguel Terrazas of El Paso.

Although investigators are still piecing together the string of deaths, Congressional and Pentagon officials said the five men in the taxi either were pulled out or got out at a Marine checkpoint and were shot.

The deaths of those in the taxi, and inside two nearby houses, were not the result of a quick and violent firefight, according to officials who had been briefed on the inquiry.

"This was not a burst of fire, but a sustained operation over several hours, maybe five hours," one official said. Forensic evidence gathered from the houses where Iraqi civilians died is also said to contradict reports that the marines had to overcome hostile fire to storm the homes.

Members of the House and Senate briefed on the Haditha shootings by senior Marine officers, including General Hagee and Brig. Gen. John F. Kelly, the Marine legislative liaison, voiced concerns Thursday about the seriousness of the accusations.

Representative John Kline, a Minnesota Republican who is a retired Marine colonel, said that the allegations indicated that "this was not an accident. This was direct fire by marines at civilians." He added, "This was not an immediate response to an attack. This would be an atrocity."

The deaths, and the role of the marines in those deaths, is being viewed with such alarm that senior Marine Corps officers briefed members of Congress last week and again on Wednesday and Thursday.

The briefings were in part an effort to prevent the kind of angry explosion from Capitol Hill that followed news of detainee abuse by American military jailers at Abu Ghraib prison, which had been quietly under investigation for months before the details of the abuse were leaked to the news media. "If the accounts as they have been alleged are true, the Haditha incident is likely the most serious war crime that has been reported in Iraq since the beginning of the war," said John Sifton, of Human Rights Watch. "Here we have two dozen civilians being killed — apparently intentionally. This isn't a gray area. This is a massacre."

Three Marine officers — the battalion commander and two company commanders in Haditha at the time — have been relieved of duty, although official statements have declined to link that action to the investigation.

Senator John W. Warner, a Virginia Republican who heads the Armed Services Committee, said he expected senators would review investigators' evidence, including photographs by military photographers that Mr. Warner said were "taken as a matter of routine in Iraq on operations of this nature when there's loss of life."

Lawyers who have been in conversations with the marines under investigation stressed the chaotic situation in Haditha at the time of the killings. And they expect that the defense will stress that insurgents often hide among civilians, that Haditha on the day of the shootings was suffering a wave of fluid insurgent attacks and that the marines responded to high levels of hostile action aimed at them.

Much of the area around Haditha is controlled by Sunni Arab insurgents who have made the city one of the deadliest in Iraq for American troops. On Aug. 1, three months before the massacre, insurgents ambushed and killed six Marine snipers moving through Haditha on foot. Insurgents released a video after the ambush that appeared to show the attack, and the mangled and burned body of a dead serviceman. Then, two days later, 14 marines were killed when their armored vehicle was destroyed by a roadside bomb near the southern edge of the city.

The Marines also disclosed this week that a preliminary inquiry had found "sufficient information" to recommend a criminal probe into the killing of an Iraqi civilian on April 26 near Hamandiyah, a village west of Baghdad.

Probe Finds Marines Killed Unarmed Iraqi Civilians (LAT)

By Tony Perry

The Los Angeles Times, May 26, 2006

SAN DIEGO — Marines from Camp Pendleton wantonly killed unarmed Iraqi civilians, including women and children, and then tried to cover up the slayings in the insurgent stronghold of Haditha, military investigations have found.

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Officials who have seen the findings of the investigations said the filing of criminal charges, including some murder counts, was expected, which would make the Nov. 19 incident the most serious case of alleged U.S. war crimes in Iraq.

An administrative inquiry overseen by Army Maj. Gen. Eldon Bargewell found that several infantry Marines fatally shot as many as 24 Iraqis and that other Marines either failed to stop them or filed misleading or blatantly false reports.

The report concludes that a dozen Marines acted improperly after a roadside bomb explosion killed a fellow Marine, Lance Cpl. Miguel Terrazas.

Looking for insurgents, the Marines entered several homes and began firing their weapons, according to the report.

In its initial statement to the media, the Marine Corps said the Iraqi civilians were killed either by an insurgent bomb or by crossfire between Marines and insurgents.

But after Time magazine obtained pictures showing dead women and children and quoted Iraqis who said the attack was unprovoked, the Marine Corps backtracked on its explanation and called for an investigation.

The Marines, many of whom were on their third deployment to Iraq, are part of the 3rd Battalion, 1st Regiment of the 1st Marine Division.

The battalion commander and two company commanders were relieved of duty last month because, a spokesman said, Maj. Gen. Richard Natonski, commanding general of the division, had lost confidence in their leadership.

The Naval Criminal Investigative Service, which conducted a separate investigation, is expected to call for criminal charges, including murder, negligent homicide, dereliction of duty and filing a false report.

After the roadside bomb killed Terrazas, the Marines conducted a sweep of the area, a common military tactic. But instead of following the Geneva Convention rules about identifying combatants, the Marines killed Iraqis in homes and five sitting in a vehicle, reportedly without provocation, the investigation found.

Bargewell's report is to be given soon to Army Lt. Gen. Peter Chiarelli, the top operational commander in Baghdad. Chiarelli will make recommendations involving leadership, training and filing reports. Compensation has already been paid to families of some of the slain Iraqis.

Marine officials also confirmed Thursday that an investigation had been opened into an April 26 incident in which troops allegedly killed a civilian in the town of Hamandiya, west of Baghdad.

Marine Commandant Gen. Michael Hagee flew to Iraq on Thursday to talk to Marines and remind them of long-standing orders to protect Iraqi civilians and follow the Geneva Convention.

Hagee is emphasizing "the importance of our core values" and reminding troops about the laws of war, a Marine Corps statement said.

The Marine commandant planned to read to officers and enlisted personnel a statement reminding them: "We must regulate force and violence, we only damage property that must be damaged, and we protect the noncombatants we find on the battlefield."

Hagee last week briefed key congressional leaders on the upcoming report. One of those, Rep. John P. Murtha (D-Pa.), a retired Marine colonel, said later that Marines "killed innocent civilians in cold blood."

Rep. Duncan Hunter (R-El Cajon), chairman of the House Armed Services Committee, held a news conference last Friday to plead with reporters, politicians and the public not to judge U.S. troops by the action "of one squad, in one city, on one morning."

The Marines have had more than 700 personnel killed in Iraq.

In his statement, Hagee said that Marines should overcome the tendency "of becoming indifferent to the loss of a human life" in their dealings with Iraqi civilians.

General To Teach Rules Of War (WT)

By Rowan Scarborough

The Washington Times, May 26, 2006

The Marine Corps' top general yesterday left Washington for Iraq, where he will lecture Marines on the importance of fighting Iraqi insurgents and foreign terrorists by the rules.

Gen. Michael W. Hagee's trip comes as members of a Marine battalion, based at Camp Pendleton, Calif., are under investigation in the deaths of more than 20 Iraqi civilians, some of them women and children, in the town of Haditha.

The fact that the Marine commandant is dedicating his trip to reinforcing the need to refrain from war crimes underscores the severity of what happened Nov. 19 in Haditha, a known haven for insurgents and al Qaeda in Iraq fighters who regularly attack Marines.

Gen. Hagee said in a message to his troops, "We do not employ force just for the sake of employing force. We use lethal force only when justified, proportional and, most importantly, lawful. ... We protect the noncombatants we find on the battlefield."

Rep. John P. Murtha, Pennsylvania Democrat and a decorated Marine veteran, told reporters last week that Marines killed "innocent civilians in cold blood." Sources close to the investigation told The Washington Times that defense attorneys expect one or more Marines to be charged with murder.

A Marine Corps statement announced Gen. Hagee's departure for Iraq, where he will "reinforce the ideals, values and standards for which Marines have been known for more than 200 years."

The Corps is bracing for the worst, congressional sources say, and are regularly briefing members of Congress. The Naval Criminal Investigative Service (NCIS) will likely complete its investigation this summer.

Senate Armed Services Chairman John W. Warner, Virginia Republican, has been briefed by Gen. Hagee and yesterday convened a closed committee briefing from Brig. Gen. John Kelly.

"There are established facts that incidents of a very serious nature did take place," Mr. Warner told reporters afterwards." He spoke of "very, very serious allegations, and there have been facts substantiated to date to underpin those allegations as to what occurred."

Gen. Hagee said in his message that "To a Marine, honor is more than just honesty. It means having uncompromising personal integrity and being accountable for all actions. To most Marines, the most difficult part of courage is not the raw physical courage that we have seen so often on today's battlefield. It is rather the moral courage to do the 'right thing' in the face of danger or pressure from other Marines."

The events in Haditha began when a Marine was killed by an improvised explosive device (IED) while on patrol. The Marines -- members of the 3rd Battalion, 1st Marine Regiment -- launched quick, house-to-house raids to try to find the insurgents who made and planted it. During the operation, perhaps as many as two dozen Iraqi civilians were killed.

Haditha lies west of Baghdad, in the Anbar province, which is patrolled by about 20,000 Marines who face constant attacks. In the fog of combat, it is sometimes difficult to distinguish Iraqi civilians from hardened al Qaeda terrorists.

"The nature of this war with its ruthless enemies and its complex and dangerous battlefield will continue to challenge us in the commitment to our core values," Gen. Hagee said. "We must be strong and help one another to measure up. The war will also test our commitment to our belief in the rule of law."

As the Haditha investigation was in full bore, the Marines announced this week a second criminal probe in the death of an Iraqi civilian last month near Baghdad.

Marine Corps To Probe Iraq Civilian Deaths (AP)

By Robert Burns

The AP, May 25, 2006

The top Marine general said Thursday that he feared, based on two recent cases of alleged killings of civilians in Iraq, that some Marines could become "indifferent to the loss of a human life." His office announced that he was enroute to Iraq to reinforce the Corps' standards of behavior in combat.

"We do not employ force just for the sake of employing force. We use lethal force only when justified, proportional and, most importantly, lawful," Gen. Michael W. Hagee wrote in a statement issued by his office.

His statement and the announcement of his trip to Iraq came just hours after the Marine command in Iraq disclosed a criminal investigation into allegations that an unspecified number of Marines killed an Iraqi civilian west of Baghdad on April 26. Iraqis made the charge during a meeting with Marine officers on May 1.

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"Many of our Marines have been involved in life or death combat or have witnessed the loss of their fellow Marines, and the effects of these events can be numbing," Hagee wrote. "There is the risk of becoming indifferent to the loss of a human life, as well as bringing dishonor upon ourselves."

A spokesman for Hagee, Col. David Lapan, said the general had scheduled the trip long ago but in light of the latest allegations he decided to use the visit as an opportunity to reinforce Marine Corps values and standards.

"To a Marine, honor is more than just honesty; it means having uncompromising personal integrity and being accountable for all actions," Hagee said in his statement. He urged all Marines to have the moral courage to "do the `right thing' in the face of danger or pressure from other Marines."

He referred to "recent serious allegations about actions of Marines in combat," but he did not specifically cite the two cases - one from last November and the other in April - of alleged killings of civilians.

In Wednesday's announcement of the latest criminal investigation, Marine officials said a preliminary investigation by Multinational Force-West, headed by Marine Maj. Gen. Richard C. Zilmer, had found enough information to recommend an investigation by the Naval Criminal Investigation Service.

The statement provided no details about the alleged killing, including either the gender or age of the victim. It said "several service members" from the 3rd Battalion, 5th Marine Regiment, which is based in the Fallujah area about 40 miles west of Baghdad, were suspected of involvement. They were "removed from operations" and sent back to the United States pending the results of the criminal investigation, it said.

A criminal investigation also is under way in connection with Marines from another battalion who are accused of killing at least 15 civilians, including women and children, last November in Haditha, 140 miles northwest of Baghdad.

The military initially described the Haditha encounter as an ambush during a joint U.S.-Iraqi patrol that involved a roadside bombing in which a Marine died, followed by a firefight. However, residents of the neighborhood maintained that only U.S. forces were shooting after the explosion.

Videotape aired by an Arab television station showed images purportedly taken in the aftermath of the encounter: a bloody bedroom floor, bullet holes in walls and bodies of women and children. An Iraqi human rights group called for an investigation of what it described as another deadly mistake that had harmed civilians.

The military began its administrative investigation to review whether the Marines involved had lied about what happened. A House committee will review the military's investigation next month.

On May 17, Rep. John Murtha, D-Pa., a decorated former Marine, said the toll in the Haditha attack was far worse than originally reported and that U.S. troops killed innocent women and children "in cold blood." He said that nearly twice as many people were killed than first reported, maintaining that U.S. forces are "overstretched and overstressed" by the war in Iraq.

Last August, the Marine Corps announced a criminal investigation into the death of the cousin of Iraq's ambassador to Washington, Samir al-Sumaidaie, who was shot and killed during a search of his home in Haditha on June 25.

No announcement has been made about the findings of the investigation.

Top Marine General To Stress Corps' Values On Trip To Iraq (KRT)

By Drew Brown

Knight Ridder, May 25, 2006

WASHINGTON - The Marine Corps' top general left for Iraq on Thursday to remind Marines that it's important to maintain their core values of "honor, courage and commitment" even in the middle of a bitter counterinsurgency where the differences between right and wrong, friend and foe, are often blurred.

Marine Commandant Gen. Michael W. Hagee's departure came a day after Marines in Iraq announced a criminal investigation into allegations that Marines killed an Iraqi civilian near the town of Hamandiyah, west of Baghdad, on April 26. Investigators are also probing a Nov. 19 incident in which a group of Marines allegedly shot and killed 23 Iraqi civilians in the town of Haditha, according to survivors interviewed by Knight Ridder.

Sen. John Warner, R-Va., chairman of the Senate Armed Services Committee, told reporters on Thursday that in both cases "there are established facts that incidents of a very serious nature did take place." Hagee briefed Warner and the

committee's ranking Democrat, Carl Levin of Michigan, about the investigations on Wednesday. The full committee was briefed on Thursday.

Warner said he would reserve judgment until he and other members of Congress "have a full set of facts." He disclosed that there were possibly photos taken of the scene where the killings occurred.

A person familiar with the investigation said the photos were taken after the incident and didn't show actual wrongdoing by troops.

But the person, who asked not be identified because the investigation was still ongoing, said that if the photos are tied to the killings, they "could be very damaging to the U.S. effort in Iraq."

Marine Corps officials said Hagee's trip had been scheduled months ago, but that he intended to use the trip to deliver prepared remarks at Marine bases in Iraq and on every Marine base in the United States reminding troops of their obligations under the rules of war.

"Many of our Marines have been involved in life or death combat or have witnessed the loss of their fellow Marines, and the effects of these events can be numbing," Hagee will say, according to a copy of the remarks. "There is the risk of becoming indifferent to the loss of a human life, as well as bringing dishonor upon ourselves."

Hagee said all Marines have been taught how to conduct themselves properly on the battlefield and have been trained to follow the Geneva Convention and other regulations while at war.

"We do not employ force just for the sake of employing force," the prepared text said. "We use lethal force only when justified, proportional, and most importantly lawful."

The remarks call such conduct "the American way of war."

"We must regulate force and violence," Hagee will say. "We only damage property that must be damaged, and we protect non-combatants we find on the battlefield."

Hagee also will urge Marines to have the "moral courage to do the `right thing' in the face of danger or pressure from other Marines."

On Wednesday, the Marine command in the Iraqi city of Fallujah said that "several" Marines from 3rd Battalion, 5th Marine Regiment had been returned to the United States until an investigation is completed into the April 26 killing of an Iraqi civilian near Hamandiyah. The Marines said local Iraqis brought the alleged killing to the attention of Marine commanders during a routine meeting on May 1.

Investigators reportedly are near completion of their probe into the Nov. 19 incident at Haditha. Military officials in Baghdad initially reported that 15 civilians on a bus were killed that day, along with one Marine in a nearby Humvee, when a roadside bomb exploded. They later said the civilians died in the crossfire between Marines and insurgents.

But Rep. John Murtha, D-Pa., told a press conference last week that the Marines killed the civilians "in cold blood" after snapping because of the pressures of combat.

Murtha, the ranking Democrat on the Defense Appropriations subcommittee and an opponent of Bush administration policy in Iraq, said those findings would be included in a report due for delivery to top military brass in Baghdad this week.

Murtha, a retired Marine officer and Vietnam veteran, said he had not read the report, but had learned of its findings from military commanders and other sources.

A Marine lieutenant colonel and two company commanders from 3rd Battalion, 1st Marine Regiment were relieved after the Haditha killings and sent home. The commander of 1st Marine Division didn't tie the officers to the alleged massacre, but said they'd been relieved because of numerous incidents throughout their tour.

Haditha, a town in western Iraq about 140 miles northwest of Baghdad, has been a hotbed of the Iraqi insurgency in western Anbar province for more than two years. Fourteen Marines were killed near Haditha last August when a bomb blew up underneath their armored personnel carrier, in one of the worst single fatal attacks for U.S. troops so far in the war.

Top Marine Visits Iraq As Probe Of Deaths Widens (WP)

By Thomas E. Ricks

The Washington Post, May 26, 2006

The commandant of the Marine Corps flew to Iraq to address his troops yesterday, and members of the Senate Armed Services Committee were briefed on allegations that Marines had purposely killed as many as two dozen Iraqi civilians in November.

The two developments were indications of the growing seriousness of two investigations into the incident in Haditha that has led to charges from a congressman that Marines killed civilians "in cold blood."

"When these investigations come out, there's going to be a firestorm," said retired Brig. Gen. David M. Brahms, formerly a top lawyer for the Marine Corps. "It will be worse than Abu Ghraib -- nobody was killed at Abu Ghraib."

An Army lawyer who has heard some accounts of the investigation said, "It's a lot more serious than people thought at the beginning. It's really bad timing," coming as the repercussions of the Abu Ghraib detainee abuse scandal are waning, he added. He requested anonymity because he is on active duty and not authorized to be interviewed.

If so, the case is likely to make it more difficult for the Bush administration to bolster support for the war.

Sen. John W. Warner (R-Va.), chairman of the Armed Services Committee, was briefed Wednesday by Gen. Michael W. Hagee, the Marine commandant, and again yesterday by Brig. Gen. John Kelly, the legislative liaison for the Corps. Warner described the case as consisting of "very, very serious allegations" that resulted in "a significant loss of life, civilian."

Hagee flew to Iraq yesterday "to reinforce the ideals, values and standards" of the Corps, the Marines said. "There is a risk of becoming indifferent to the loss of a human life, as well as bringing dishonor on ourselves," Hagee said in a statement announcing his trip. "We do not employ force just for the sake of employing force."

Two military investigations of events in Haditha are expected to be completed soon, and charges could be brought by late June, according to a person familiar with some aspects of the case. A civilian lawyer tracking the case said he has heard from Marine contacts that there could be as many as a dozen court-martial proceedings.

At issue is what occurred on Nov. 19, 2005, after a Marine convoy was allegedly hit by a roadside bomb, killing Lance Cpl. Miguel Terrazas. An initial inquiry found that 15 civilians were killed in the crossfire of a subsequent Marine firefight with insurgents.

In April, the Marine Corps relieved Lt. Col. Jeffrey Chessani of his command of the 3rd Battalion of the 1st Marine Regiment, the unit involved in the incident. Two of his company commanders were also relieved of command. The 1st Marine Regiment is part of the 1st Marine Division and is based at Camp Pendleton, Calif., just north of San Diego.

Rep. John P. Murtha (D-Pa.) said last week that there was neither a bomb nor a firefight, and that 24 civilians had been killed "in cold blood."

"It's much worse than reported," said Murtha, who like Warner is a former Marine and maintains close ties with senior Marine officers despite his vigorous opposition to the war.

Rep. John Kline (R-Minn.), a retired Marine helicopter pilot, said in an interview he thought Hagee was doing the right thing.

"I was saddened, surprised and outraged that this could happen," Kline said. He said he thought the incident would be regarded as "a horrific aberration" for the Marines.

Afghanistan's Leader Visits Civilians Wounded In American Bombing (NYT)

By Carlotta Gall

The New York Times, May 26, 2006

KABUL, Afghanistan, May 25 — President Hamid Karzai made a surprise trip to his hometown of Kandahar in southern Afghanistan today to visit civilians wounded in an American bombing raid earlier in the week amid one of the worst bouts of violence in the last four years.

Thousands of villagers have fled their homes and sought refuge in the city in the last few days after heavy fighting just 35 kilometers west of the city, and fighting and bombing continued.

Mr. Karzai made a fleeting visit to Kandahar, where he narrowly survived an assassination attempt in 2003, and promised a gathering of tribal elders that he would bring security to the region.

"He told us not to be worried about the situation, that let's see what happens and that we will bring security," said Haji Agha Lalai Dastagiri, a member of the newly elected provincial council in Kandahar who was present at the meeting.

"He promised the people of Afghanistan that he would build Afghanistan, that God would rebuild it, that the international community was with us and they would build Afghanistan and bring security to this region," said Haji Agha Lalai Dastagiri, a member of the newly elected provincial council in Kandahar who was present at the meeting.

"People were telling him we really need security, but that we do not need foreign troops, and helicopters and tanks anymore, we Afghans should take care of it," he said.

Meanwhile the American-led coalition in Kandahar said fighting continued in the Panjwai district just west of Kandahar Wednesday and coalition forces bombed the area again Wednesday night. Two suspected Taliban insurgents were detained, the military said in a press statement.

In the evening, troops clashed with a "sizable force of Taliban, who retreated into a house and continued fighting," the statement said. "Artillery and air support was used to destroy the enemy. Sporadic fighting continued through the night. We have no assessment of Taliban killed or wounded."

The numbers of civilian casualties in the bombing continued to rise. At least 35 civilians were killed and 15 wounded when United States planes bombed Taliban fighters in a village of Tolokan, west of Kandahar, on Sunday night, said Abdul Qadar Noorzai, the head of the Afghan Independent Human Rights Commission in Kandahar, who has been compiling numbers from accounts from families arriving at his office.

Villagers had traveled in to the city to report that 24 members of one family, living in a large mud-walled compound, had died and eight were wounded, he said. In a second bombing of a madrassah, nine civilians were killed and three were wounded, he said. Villagers had reported that they had buried 35 Taliban fighters who were also killed in the bombardment, he said.

Inside The Ring (WT)

By Bill Gertz And Rowan Scarborough

The Washington Times, May 26, 2006

N. Korean sanctions

As this paper reported Tuesday, the Bush administration recently tightened economic sanctions on North Korea after learning that Pyongyang was selling its ship registry to U.S. and foreign companies here for two or three times the going rate for such so-called flags of convenience.

The registry provides cash for Pyongyang, but there also are signs that the ships flying North Korean flags do so to avoid inspections because of criminal activity.

Administration officials tell us the new sanctions followed the interdiction March 29 of the freighter MV Crystal off a European port. The ship was found to be engaged in migrant smuggling. The officials did not identify the owner by name but said it was a company incorporated in Delaware. Under the sanctions that went into effect May 8, the company will be forced to give up the North Korean registry.

Another North Korean-flagged vessel, the Rimyongsu, was stopped by Japanese authorities in 2005 and found to be carrying 6,500 counterfeit $100 bills, a North Korean specialty known as the supernote because of the high-quality forgery.

According to the International Transport Workers' Federation, most ships that sail under North Korean flags are bulk, cargo and fishing vessels. A report by the federation stated that out of 408 North Korean-flagged vessels, 187 were owned by North Korea and the rest were owned by a variety of states, including three U.S. companies. Most of the ships are owned by companies based in Cambodia, Comoros, Tonga, and Sao Tome and Principe.

Navy intercept

The U.S. Navy this week reached a milestone in its sea-based missile defense program. A modified SM-2 interceptor missile launched from the Hawaii-based Aegis cruiser USS Lake Erie successfully shot down an incoming short-range test missile in the final few seconds before impact.

It was the first sea-based intercept of a ballistic missile in the terminal, or last stage, of flight.

The target missile was destroyed by a combination of the SM-2's direct contact with it as well as an explosive blast, Pentagon officials said.

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"We believe it is an important step towards the desired end-state of a robust sea-based terminal ballistic missile defense capability," Rear Adm. Barry McCullough, director for surface warfare on the staff of the chief of naval operations, said of the test. He noted that the new system "begins to meet an immediate near-term concern of our combatant commanders."

The only other terminal missile defense available is the land-based Patriot PAC-3 system.

There is no current sea-based terminal defense, and the modified SM-2 is a "limited emergency capability" for sea-based terminal missile defense.

China threat

Call it good timing. Just as the Pentagon releases a report critical of communist China's brisk military buildup, a Defense Department hand and a radio talk show host came out with a book on why Beijing wants a military confrontation with the United States.

"Showdown: Why China Wants War With the United States" paints several scenarios for how China and the world's only superpower will clash one day.

"China may soon have the capacity to shut down the stock market, take out air traffic control and telephone satellite networks and hijack our electric power grid," writes Jed Babbin, a frequent fill-in for a variety of radio hosts across the country and a former senior Pentagon official; and Edward Timperlake, a Pentagon procurement official and former Marine fighter pilot. Both authors have written previous New York Times best-sellers.

The authors also save space for scolding democratic Taiwan, the island that China claims as its own.

"President Bush and his successors must take a 'tough love' approach with the Taiwanese," the authors write. "If the Taiwanese are unwilling to spend the necessary money to defend themselves they should be told in unmistakable terms that we will not spend blood and treasure in their defense. The Taiwanese need a big dose of reality."

Buyer and the vets

Veterans cannot recall the last time relations were so bad between the chairman of a congressional committee and the groups that go to bat for the country's millions of ex-service members.

It began when House Veterans' Affairs Committee Chairman Steve Buyer, Indiana Republican, changed the way the American Legion, Veterans of Foreign Wars and other vets groups provide their views to his committee. The old practice was for joint hearings with the Senate committee counterpart, with individual sessions with each group's leader, who had plenty of time to testify.

Mr. Buyer has condensed those proceedings, according to the American Legion, and has pushed back the hearing date until after the president's veterans budget is delivered to Congress each February. Previously, the groups met with the committee in September as the White House formulated the federal budget.

Thomas Bock, the American Legion's national commander, said Mr. Buyer offered him three minutes to talk as part of a panel and then increased his time — by seven minutes. "I thought, 'What a slap in the face,' " Mr. Bock told us.

Earlier this month, Mr. Bock and representatives from three other leading vets groups sent a letter to Mr. Buyer.

"The fact that you have made a decision without consulting the [veterans service organizations] is on its face, disrespectful to our organizations and our millions of volunteer members that live and advocate for their fellow veterans and their families all across this great nation," said the letter, which was hand-delivered to every member of Congress. The groups called Mr. Buyer's attitude "hostile."

Matters got worse. Mr. Buyer fired back on May 12 that the letter was "a political stunt filled with falsehoods, innuendo and misrepresentations."

This week, the four veterans groups replied: "That you would label our attempt to speak to reason on this issue a 'political stunt' is both offensive and disingenuous in the extreme. Your implication that we are putting politics above service to veterans is disgraceful and a calculated misrepresentation." They asked for a meeting with Mr. Buyer sometime after Memorial Day.

Jeff Phillips, Mr. Buyer's spokesman, said in an e-mail: "Chairman Buyer heard from 19 veterans' groups in February, under this new schedule — before his committee wrote its views and estimates. That has never been done before. He also plans a 'look-back, look ahead' hearing in September for these groups. That's new, too."

Said Mr. Bock, "We never have had relations so strained with a committee chairman."

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Local Hero Receives Courage Award (WTEN-TV)

WTEN-TV, Albany, NY, May 26, 2006

Stephanie was honored at the Department of Justice National Missing Children's Day awards ceremony.

A local hero receives a national award; and if anybody deserved one, 15-year-old Stephanie Quackenbush does.

She is the Albany girl who fought off an armed attacker and then helped send him to prison. Today she received "The Courage" award.

And courage is something Stephanie has plenty of. So much, she was honored at the Department of Justice National Missing Children's Day awards ceremony. She shares the credit with her mom.

"I'm proud of myself, I just did everything my mom taught me to do," said Quackenbush.

There were words of praise from Attorney General Alberto Gonzales

"Today we honor all who work for our children, because they are our dreams and our future," says Gonzales.

Stephanie almost never lived to see her future. On June of last year, on the way to school she was attacked by a man armed with a butcher knife. Quackenbush fought and screamed, even after the man told her he was going to stab her.

Her screams got the attention of two men, as her attacker ran. He turned out to be 24-year-old Darius Ashley, who is serving 25 years in prison for the assault on Quackenbush, and the rapes of two other girls.

Stephanie's mom, Rhonda Quackenbush, says she is, "proud, very proud. She has four sisters and she taught us all a lot. She deserves it.

Stephanie also has words of advice. "Just for like young girls, fight back, scream as hard as you can. You have one chance, why not take it."

Stephanie's attacker also allegedly admitted to raping and killing Gretchen Perham, a classmate of Quackenbush. He has not been prosecuted for those crimes.

CORPORATE SCANDALS:

Reversal Could Be Long Shot, Legal Experts Say (WSJ)

By Nathan Koppel And Peter Lattman

The Wall Street Journal, May 26, 2006

For former Enron Corp. executives Kenneth Lay1 and Jeffrey Skilling2, overturning yesterday's guilty verdicts will be a long shot, legal specialists say.

Mr. Lay was found guilty in a Houston federal court of conspiracy, securities fraud and wire fraud. He was also found guilty of bank fraud and misrepresentation in personal loans in a separate trial. Mr. Skilling was found guilty of conspiracy, securities fraud, making false statements and insider trading. Mr. Skilling was acquitted of some other insider-trading counts.

Sentencing was set for Sept. 11. Mr. Lay, 64 years old, faces a maximum penalty of 45 years in prison in the main trial, and he could get from zero to six months for each of the four separate bank charges; Mr. Skilling, 52, faces a maximum penalty of 185 years in prison. However, sentencing experts say that the actual sentences are likely to fall in the 12- to 25-year range.

The two are expected to seek reversals in the Fifth U.S. Circuit Court of Appeals in New Orleans, which lawyers say is one of the more pro-government benches in the nation. It also would likely be the last stop for Messrs. Skilling and Lay, since the U.S. Supreme Court agrees to hear very few cases.

"Your typical white-collar defendant has a better chance of winning a Golden Globe award than getting his conviction reversed in the Fifth Circuit," says Brian Wice, a Houston lawyer who specializes in criminal appeals.

After the trial, Mr. Skilling's lawyer, Daniel Petrocelli3, said the verdict "didn't change our view of Jeff Skilling's innocence" and said he would soon file an appeal. "We have just begun the fight."

Mr. Lay said he was "shocked" at the verdict but didn't say whether he would appeal.

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Lawyers for the former Enron chiefs likely will raise a host of appellate arguments, including that the case should have been moved to another venue and that the defendants were adversely affected by having to stand trial together. Both defense lawyers had requested trials outside of Houston, where Enron's collapse had a particularly significant impact. Mr. Lay had requested to be tried separately.

But trial judges are given wide latitude over the conduct of a trial. And lawyers who attended the Enron trial say federal Judge Simeon Lake4, widely regarded as one of Houston's more fastidious judges, didn't make any obvious missteps. "Judge Lake is on solid ground," says Houston securities lawyer Christopher Bebel.

Here is a snapshot of issues that could be raised in an appeal:

• JURY INSTRUCTIONS: Over the defense's objection, Judge Lake included a controversial "deliberate indifference" instruction. Under this standard, the jury could find either Mr. Lay or Mr. Skilling guilty for closing their eyes to signs of criminal conduct that would otherwise have been obvious to them. The defense contended this instruction didn't apply either to the prosecution's or defense's theory of the case.

• VENUE: Judge Lake denied a request to move the trial out of Houston. The defense argued that Enron's implosion so infected Houston that they would be unable to get a fair trial there.

• PAIRING THE TRIALS: Judge Lake denied Mr. Lay's request to have his case tried separately from Mr. Skilling's. Mr. Lay might argue on appeal that he was unfairly prejudiced by the joint trial.

• IMMUNITY: Judge Lake and the government declined to grant immunity to numerous former Enron executives who might have testified on behalf of the defense. This stance regarding potential witnesses deprived the defendants of helpful testimony, they might argue.

Meantime, Messrs. Lay and Skilling shouldn't take heart from two other recent, high-profile appeals, legal specialists say. Last year, the Supreme Court reversed the 2002 conviction of Arthur Andersen LLP for obstructing justice by shredding documents related to its work for Enron. The Supreme Court held that the Andersen trial judge erred by not requiring the jury to find Andersen knew the document-shredding was unlawful.

The Andersen ruling, in turn, paved the way for former investment banker Frank Quattrone to win a reversal this year of his 2004 conviction for obstructing a government probe of Credit Suisse First Boston (now named Credit Suisse.) The Second Circuit concluded Mr. Quattrone was harmed by juror-instruction errors highlighted by the Andersen ruling.

Unlike the Andersen and Quattrone cases, however, the Enron trial dealt with "very well-settled law," says Samuel Buell, a professor at the University of Texas School of Law and a former prosecutor with the Enron Task Force.

Lay, Skilling Found Guilty (USAT)

By Greg Farrell

USA Today, May 26, 2006

HOUSTON — In a dramatic resolution to a landmark criminal case that defined an era of corporate fraud in the USA, a jury here found former Enron CEOs Ken Lay and Jeff Skilling guilty on all counts of conspiring to hide the company's financial condition in 2000 and 2001.

The verdict was a resounding victory for federal prosecutors who had spent four years building a criminal case against two men once celebrated as business visionaries.

It was also a total repudiation of Lay and Skilling, who both testified that Enron was a fundamentally sound company brought low in a market panic spurred by short sellers and negative media reports. The government had argued Enron was a speculative trading company that boosted its earnings through deceptive accounting and bogus claims about the growth potential of new business units.

The jury found Lay, 64, guilty of six counts of conspiracy and fraud. Skilling, 52, was convicted on 18 counts of conspiracy and securities fraud but acquitted on nine out of 10 counts of illegal inside trading.

Lay was not charged with inside trading, but in a news conference after the verdict was announced, jurors said Lay's incessant selling of stock in the months leading up to Enron's collapse was evidence of intent to deceive the public about Enron's financial health.

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The two men, who stood stoically in the courtroom while the verdicts were announced, even as their families and lawyers were overwhelmed with emotion, are scheduled to be sentenced on Sept. 11. Because of the magnitude of the financial losses caused by Enron's collapse into bankruptcy in December 2001, which erased more than $60 billion of market value, both men could spend the rest of their lives in prison.

As the verdicts were read, Lay's wife, Linda — a fixture in the courtroom throughout the four-month trial — slumped her head toward her husband's shoulder and fought back sobs.

On his way out of the courthouse, Lay said he was "shocked" by the verdict. "I firmly believe I am innocent of the charges against me as I've said from day one."

In a news conference after the verdict was announced, several jurors said they didn't believe that Lay and Skilling were unaware of the accounting manipulations that took place on their watch.

"I felt it was their duty to know what was going on," said juror Wendy Vaughan. Another juror, Kathy Harrison, declared, "No American is above the law."

Outside the courthouse after the verdict, prosecutors said the trial should send a message to executives who manipulate their companies' earnings. "No matter how rich and powerful you are, you have to play by the rules," said Sean Berkowitz, director of the Enron Task Force. "You will be held accountable for your actions."

Skilling And Lay Convicted Of Enron Conspiracy (FT)

By Sheila McNulty And Ben White

Financial Times, May 26, 2006

Former Enron executives Kenneth Lay and Jeffrey Skilling were convicted on Thursday of fraud and conspiracy for their role in the energy trader's collapse, bringing a dramatic conclusion to a case that changed the face of US business.

The verdict provided the federal government with its most important victory in a five-year crackdown, which followed a white-collar crime wave that rattled investor confidence, wiped out thousands of jobs and destroyed billions of dollars in wealth.

Some of the jurors said they saw themselves as part of a bigger battle against corporate excess, an effort that prompted US lawmakers to pass Sarbanes-Oxley, which requires increased accountability from corporate executives and directors.

"This is undoubtedly the most challenging and heart-rending experience I've ever had," one of the jurors, Kathy Harrison, an elementary school teacher, said at a news conference. "I've fought on this battleground for American justice."

After five days of deliberations on the case, which involved the use of off-the-book partnerships to disguise debt, Mr Lay, former chairman, was found guilty on all six counts of wire fraud, securities fraud and conspiracy. In addition, Judge Sim Lake said he had found Mr Lay guilty of four counts of bank fraud in a separate case that was argued last week without a jury.

Mr Skilling, the former chief executive, was found guilty on 19 counts of conspiracy, securities fraud, insider trading and making false statements. Mr Skilling was acquitted on nine of 10 counts of insider trading.

It is possible the two men could spend the rest of their lives in prison. Mr Lay, 64, faces up to 45 years. Mr Skilling, 52, faces up to 185 years. They are to be sentenced on September 11.

As the verdicts were read, Mr Lay's face turned grey. His wife and daughter covered their faces and sobbed. All five of his children huddled around him. Mr Skilling, whose wife was not at court, kept his face blank. Daniel Petrocelli, his lawyer, promised a "vigorous" appeal.

Legal experts said the verdicts showed jurors rejected defence arguments that there was no accounting fraud at the world's biggest energy trader, and that the collapse was sparked by a collapse in confidence caused by heightened scrutiny from regulators, analysts and the media.

Henry Hu, business and law professor at the University of Texas, said: "Symbolically, this is the end of the morality play. Enron has become a word that you can use to scare children. Average investors might not have followed some of the other cases, such as WorldCom and Tyco, but they followed this one. They knew who these guys were."

Jurors said their verdict was not reached because of one particular witness or piece of evidence, and confessed to changing their minds from day to day.

"You felt like a ping-pong ball,'' said Doug Baggett, a juror who manages a legal department, in a news conference.

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Judge Lake said Mr Skilling's $5m bond was sufficient to release him until sentencing but told Mr Lay to surrender his passport and have his five children post their homes to back up his $5m bond.

Meanwhile, a consortium of US and European hedge funds had agreed to buy the international assets of Enron for $2.1bn in cash.

Lay, Skilling Convicted In Enron Case (WT/AP)

By Kristen Hays, Associated Press

The Washington Times, May 26, 2006

HOUSTON -- Kenneth L. Lay and Jeffrey Skilling were convicted of conspiracy and fraud yesterday by a federal jury that laid blame for one of the biggest business scandals in U.S. history squarely on Enron Corp.'s two former top executives.

Jurors found that the once-wealthy and powerful corporate chiefs repeatedly lied to cover up accounting tricks and business failures that led to its 2001 demise. The collapse wiped out more than $60 billion in market value, almost $2.1 billion in pension plans and 5,600 jobs.

The verdict came in the sixth day of deliberations after a criminal trial that lasted nearly four months. Lay also was convicted of bank fraud and making false statements to banks in a separate, nonjury trial before U.S. District Judge Sim Lake related to Lay's personal finances.

The conspiracy conviction was a major victory for the government, serving almost as a bookend to an era that has seen prosecutors win convictions against executives from WorldCom Inc. to Adelphia Communications Corp. and homemaking diva Martha Stewart. The public outrage over the string of corporate scandals led Congress to pass the Sarbanes-Oxley act, designed to make company executives more accountable.

"The jury's verdicts help to close a notorious chapter in the history of America's publicly traded companies" said Rep. Michael G. Oxley, Ohio Republican, co-author of the Sarbanes-Oxley legislation. "Appeals aside, the end of the trial will mark the end of a dark era."

Lay was convicted on all six counts of conspiracy, securities and wire fraud against him in the corporate trial and all four in the personal banking trial. Former Chief Executive Officer Skilling was convicted on 19 of the 28 counts in the corporate trial, including one count of insider trading, and acquitted on the remaining nine.

Judge Lake set sentencing for September 11. The charges against Lay, who is 64, carry a maximum penalty in prison of 45 years for the corporate trial and 120 years in the personal banking trial. The charges against Skilling, 52, carry a maximum penalty of 185 years in prison.

As Judge Lake read the verdict from the bench, Lay tossed his head at hearing the first "guilty" on the conspiracy count. He clutched his wife's hand as he heard that word over and over again.

Lay sat with his wife, Linda; his daughter, Elizabeth Vittor, a member of his defense team; and Linda Lay's daughter, Robyn. As Lay clutched his wife's hand, the three women leaned forward and began to sob quietly.

Skilling, sitting with his brother, Mark, showed no emotion when the verdict was read.

The sentencing will come five years almost to the day after Skilling sold 500,000 shares of Enron stock for $15.5 million, for which he was convicted of insider trading.

"Obviously, I'm disappointed," he told reporters outside the courthouse. "But that's the way the system works." Skilling said he will appeal.

Skilling's $5 million bond, which restricts him to the continental U.S., remains in effect. Lay, who surrendered his passport, posted a $5 million bond secured with family-owned properties at a hearing after the verdict.

"I firmly believe I'm innocent of the charges against me," Lay said afterward. "We believe that God in fact is in control and indeed He does work all things for good for those who love the Lord."

Jurors found that both men had repeatedly lied to cover a vast web of unsustainable accounting tricks and failing ventures at Enron.

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Both men testified in their own defense. But the panel rejected Skilling's insistence that no fraud occurred at Enron other than that committed by a few executives skimming millions in secret side deals, and that bad press and poor market confidence combined to sink the company.

"I wanted very, very badly to believe what they were saying, very much so, and there were pieces in the testimony where I felt their character was questioned," juror Wendy Vaughan said after the verdict was announced.

The government's victory caps a 41/2 year investigation that garnered 16 guilty pleas from ex-Enron executives, including former Chief Financial Officer Andrew Fastow and former Chief Accounting Officer Richard Causey. All are awaiting sentencing later this year except for two, who either finished or are still serving prison terms.

Enron Executives Guilty On Most Counts (LAT)

By Thomas S. Mulligan

The Los Angeles Times, May 26, 2006

HOUSTON — Former Enron executives Kenneth L. Lay and Jeffrey K. Skilling were found guilty today on most counts in their landmark conspiracy and fraud case.

In the end, the jury of eight women and four men embraced the testimony of a parade of former Enron executives who said Lay and Skilling lied publicly about the energy company's financial health and condoned, if not actively encouraged, the use of accounting tricks to boost reported profits and hide debt.

The verdicts, which were reached after the jury deliberated for more than five days, were read aloud in a Houston courtroom.

Lay, 64, the company's former chairman, was found guilty on all six counts of fraud and conspiracy. Former chief executive Skilling, 52, was found guilty of fraud and conspiracy in addition to one count of insider trading, 19 counts in all; he was acquitted of the nine remaining insider trading charges. One of the fraud counts against Skilling included the misstating of Enron's financial situation during the California energy crisis.

Sentencing was scheduled for Sept. 11. Lay faces a maximum of 165 years in prison while Skilling faces a maximum of 185 years, according to Associated Press.

Outside the courtroom, Skilling denied any wrongdoing, and his chief defense attorney, Daniel Petrocelli, vowed to file a "full and vigorous appeal."

"We fought a good fight," Skilling told reporters gathered outside the downtown courtroom. "Some things work. Some things don't."

A few hours later, Lay, accompanied by his wife, Linda, emerged from the courthouse to profess his innocence and his belief that "God, in fact, is in control, and indeed he does work all things for good."

But the former chairman said he was stunned by the verdict.

"Certainly, we are surprised. I think [it's] probably more appropriate to say we are shocked," said Lay in brief comments to reporters. "I firmly believe I'm innocent of the charges against me, as I have said from day one."

Police mounted on horses kept the news media at bay as Lay and his entourage made their way from the courthouse into another building.

One of the jurors interviewed after the trial said that the testimony of former Enron treasurer Ben Glisan Jr., who is serving a five-year prison sentence for his role in the scandal, played an important part as they weighed the evidence.

"We kept on going back to that testimony to corroborate things," said school principal Freddy Delgado. "I believe that he was one of the best witnesses that was brought forward."

The decision of Lay and Skilling to take the stand in their own defense didn't help their case much, according to another juror.

"I wanted very, very badly to believe what they were saying," said business owner Wendy Vaughn. But, "there were places in their testimony where I felt their character was questioned."

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Lay's sale of $20 million of Enron stock in 2001 months before the company collapsed also weighed heavily with jurors, with one expressing disgust at the transaction, which would not have to be reported until the following year. It was "a disgrace," said electrical designer Doug Martin.

The verdicts were perhaps the government's most important victory in its high-profile war against corporate corruption.

"The jury has spoken, and they have sent an unmistakable message to boardrooms across the country: You can't lie to shareholders. You can't put yourselves in front of your employees' interest," said Sean M. Berkowitz, head of the Justice Department's Enron Task Force, outside the courtroom. "No matter how rich and powerful you are, you have to play by the rules."

Fellow Enron task force member and Orange County federal prosecutor John C. Hueston said that the verdicts will make it harder for top executives to blame their company's problems on their underlings to avoid legal responsibility.

"CEO's cannot hide behind accountants. They cannot hide behind lawyers. They cannot hide behind claims of ignorance when they have been paid tens of millions of dollars to be the faithful stewards of shareholders and investors," Hueston said.

Enron's implosion was one of the most infamous corporate scandals in U.S. history. The energy company's failure wiped out more than 5,000 jobs and billions of dollars of stock market value. It also led to sweeping new regulations and legislation — particularly the 2002 Sarbanes-Oxley law — meant to curb corporate wrongdoing and restore confidence in companies' financial statements.

Lay and Skilling, who have insisted that they were made scapegoats for Enron's shocking 2001 collapse, became the headline targets of a massive crackdown on corporate wrongdoing that also resulted in charges against executives of such companies as WorldCom, Adelphia Communications, HealthSouth and Tyco International.

Enron's auditors, then-Big Five accounting giant Arthur Andersen, went out of business after being indicted for obstruction of justice in the wake of Enron's collapse. Testimony showed that Andersen employees shredded mounds of Enron-related documents after the federal probe was launched. The U.S. Supreme Court last July overturned the firm's 2002 conviction due to faulty jury instructions.

Lay and Skilling attempted vainly to have their trial moved to a location less saturated by media coverage of Enron's crash, but there were few places in America where the news hadn't penetrated.

"Just the mention of the name Enron evokes images of duplicity and greed," Linda Chatman Thomsen, director of enforcement for the Securities and Exchange Commission, said at the time of Lay's July 2004 indictment.

An Oscar-nominated documentary film and a handful of mass-market books were spawned by the scandal. Feisty Enron whistle-blower Sherron S. Watkins, in addition to co-authoring a book, launched a lucrative second career lecturing on business ethics.

An investigation by the Enron Task Force, created by the Department of Justice shortly after the company's Dec. 2, 2001 bankruptcy filing, has resulted in charges against more than 20 people.

The Enron trial lasted 56 days, including one day for jury selection, one day for opening statements and three days for closing arguments. The prosecution team took 30 days to present its case. The defense took 21 days.

The government called 22 witnesses and the defense 31, including Lay and Skilling. Lay spent five days on the witness stand. Skilling testified for eight days.

Lay and Skilling argued that there was no crime at Enron, other than that committed secretly by former Chief Financial Officer Andrew S. Fastow. Times staff writer Jesus Sanchez in Los Angeles contributed to this report.

Enron Leaders Found Guilty (WP)

By Carrie Johnson

The Washington Post, May 26, 2006

HOUSTON, May 25 -- A federal jury found former Enron chairman Kenneth L. Lay guilty of every one of the half-dozen counts with which he was charged and convicted his protege Jeffrey K. Skilling of 19 more on Thursday, pinning them with responsibility for one of the era's biggest and most damaging business frauds.

Jurors deliberated for less than six days over a trial that took almost four months and was more than four years in the making. As they filed back into the courtroom, jurors avoided eye contact with the defendants and their families. Skilling rose first

and stood impassively, holding his hands pressed together in front of him and exchanging words with his brother, while the judge read aloud "guilty" after "guilty."

Lay, who sat beside his weeping wife and daughter, bowed his head at Skilling's predicament, then stood and braced himself as the judge handed down a rapid-fire series of guilty verdicts against him. Relatives and friends of both men buried their heads in their hands and murmured "no" as individual jurors affirmed their ruling.

Moments after the verdicts, U.S. District Judge Simeon T. Lake III asked Lay to stand for a second time, finding him guilty of four counts of bank fraud and making false statements in a separate trial, related to personal loans. The judge then demanded that the once-powerful executive who had dominated this city's business and cultural circles surrender his passport and fork over a $5 million bond. At the bond hearing, Lay's wife and three of the couple's children pledged their homes on the promise that he would not abscond before he is sentenced.

"I am not going to let him leave this building until his passport is surrendered," Lake said firmly. The judge ordered both men to return to the building for sentencing on Sept. 11, the fifth anniversary of the terrorist attacks that the defense blamed for contributing to Enron's misfortunes.

Skilling's lawyer Daniel M. Petrocelli appeared at microphones set up on the courthouse steps just minutes after the verdict was read and vowed a "full and vigorous" appeal.

"We have just begun to fight," he said, standing beside his client, who appeared composed. Skilling, whose wife and three children were not present for the verdict, was among the first to race out of the courtroom when the judge left the bench. Skilling was heckled by a few members of the public who camped outside the courthouse alongside scores of cameramen and reporters. Two police officers on horseback patrolled the area, trying to keep order, stopping traffic so Lay and a phalanx of relatives could cross the street and make their way home.

Skilling, 52, and Lay, 64, once stood near the pinnacle of American business, as the energy trading powerhouse they created out of a stodgy pipeline company grew to become the nation's seventh-largest public company. But much of their fortunes collapsed in a heap along with the business in December 2001.

Now the two men, who together invested close to $70 million in their defense, face the possibility of spending the rest of their lives in prison and living in history as the ringleaders of a fraud at a company whose name became synonymous with accounting tricks and rule-breaking.

"Certainly, we're surprised, and it's probably more accurate to say we're shocked," Lay told reporters outside the courthouse. Earlier in the day, he held hands with a circle of family members and prayed alongside his pastor inside the courtroom well. "I firmly believe I'm innocent of the charges against me. . . . Most of all, we believe in the fact that God is in control."

Jurors, on the other hand, said they believed Lay and Skilling were firmly in charge as the company veered into financial problems, rejecting the defense that Enron fell victim to a market panic fueled by skeptical news reports; the terrorist attacks; investors who bet the stock price would drop; and concerns about the ethics of Andrew S. Fastow, then Enron's finance chief.

"Both defendants said they had their hands firmly on the wheel," said juror Freddy Delgado, an elementary school principal. "To say you didn't know what was going on in your company . . . was not the right thing to do."

Enron's bankruptcy filing cost thousands of workers their jobs, spooked investors into doubting the integrity of the stock market and spurred lawmakers to enact the most significant changes to corporate practices in more than 70 years.

Another jury member, payroll manager Carolyn Kuchera, said panelists managed to do their jobs at nights, on weekends and during breaks in the long case. "We were responsible, we were always accountable, we tied up the loose ends, and I think those [Enron] employees were entitled to the same thing."

Both Lay, who once mingled with members of the Bush family and earned the nickname "Kenny Boy" from the president, and Skilling, who during boom years convinced Wall Street analysts of Enron's genius and his own, took the witness stand in an effort to deploy their legendary salesmanship on their own behalf. But, in 14 days of testimony, neither man proved convincing, jurors said.

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The eight-woman, four-man jury issued its verdict after hearing evidence over 16 weeks from 56 witnesses, including eight insiders who pleaded guilty and testified against Lay and Skilling. None, however, mattered more than the defendants themselves.

In contrast to his grandfatherly, genial public image, Lay angrily attacked prosecutors for deigning to investigate his $77.5 million of stock sales back to Enron in the months before its demise, an issue that did not form the basis of criminal charges but nonetheless struck juror Don Martin as a "disgrace," he said later. Skilling suffered memory lapses about key events and tried to outwit the government by spinning long explanations for such things as problems in Enron's retail and broadband units.

Federal prosecutors prevailed despite the lack of documents that directly linked the men to a scheme to boost earnings and conceal billions of dollars in debt. From the start of the trial Jan. 30, government lawyers signaled they would skim over arcane business issues and instead focus on whether the defendants misled analysts and investors in a series of optimistic public statements designed to prop up Enron's stock price.

"The jury has spoken, and they have sent a powerful message," said Justice Department Task Force Director Sean M. Berkowitz. "You can't lie to shareholders. You can't put yourself above employees' interests. . . . No matter how rich you are, you have to play by the rules just like anyone else."

Skilling, whom prosecutors characterized as the mastermind of the fraud, resigned abruptly in August 2001, passing the torch back to his mentor. He faced a total of 28 charges of insider trading, conspiracy, securities fraud and making false statements. Jurors acquitted Skilling of nine of the 10 insider-trading charges because, they said, they did not have sufficient evidence. Forewoman Deborah Smith, a human resources manager, explained the move by saying: "Not guilty equals not proven. It does not equal innocent."

Lay faced six more-narrow charges based on his leadership of the company after he stepped in upon Skilling's departure, a decision that he testified he grew to regret bitterly. Prosecutor John C. Hueston told reporters that Lay had a "golden opportunity" to come clean about Enron's problems but instead chose time and again "not to tell the unvarnished truth."

The Enron investigation has been the most sophisticated and painstaking white-collar criminal probe in history, Justice Department officials said, producing convictions of 18 people. Enron's collapse also helped topple accounting firm Arthur Andersen LLP, convicted of obstructing justice for tampering with documents related to Enron in 2002. The U.S. Supreme Court unanimously overturned the verdict last year because of faulty jury instructions -- one of many issues Lay and Skilling are likely to argue in their own extensive appeals.

Enron's implosion in late 2001 put substantial pressure on the Bush administration, which had developed close ties to Lay, to distance itself from business malfeasance. Within months, President Bush mobilized federal agencies and launched a corporate-fraud task force that has convicted more than 1,063 people, including 167 corporate presidents and chief executives and 36 chief financial officers.

"This was the most important corporate scandal of our lifetimes," said securities-law historian Joel S. Seligman. "It was one of the immediate causes of the Sarbanes-Oxley Act, the governance reforms of the New York Stock Exchange and NASD, and the most consequential reorientation of corporate behavior in living memory."

Lay and Skilling have yet to resolve civil lawsuits filed by former shareholders who seek billions of dollars. But they may have to stand in line behind the federal government, which is seeking the forfeiture of Lay's $4 million penthouse apartment and Skilling's $5 million Mediterranean-style mansion, among other assets.

Two Enron Chiefs Are Convicted In Fraud And Conspiracy Trial (NYT)

By Alexei Barrionuevo

The New York Times, May 26, 2006

HOUSTON, May 25 — Kenneth L. Lay and Jeffrey K. Skilling, the chief executives who guided Enron through its spectacular rise and even more stunning fall, were found guilty Thursday of fraud and conspiracy. They are among the most prominent corporate leaders convicted in the parade of scandals that marked the get-rich-quick excesses and management failures of the 1990's.

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The eight women and four men on the jury reached the verdicts after a little more than five days of deliberations. Mr. Skilling was convicted of 18 counts of fraud and conspiracy and one count of insider trading. He was acquitted on nine counts of insider trading. Mr. Lay was found guilty on six counts of fraud and conspiracy and four counts of bank fraud.

The conspiracy and fraud convictions each carry a sentence of 5 to 10 years in prison. The insider trading charge against Mr. Skilling carries a maximum of 10 years.

Both men are expected to appeal. Judge Simeon T. Lake III, the judge in the case, set sentencing for Sept. 11. Until then, the two men are free on bail. If they lose their appeals, Mr. Skilling and Mr. Lay face potential sentences that experts say they believe will keep them in prison for the rest of their lives. Mr. Skilling, who had few family members in attendance, reacted with little emotion as the verdict was read, briefly searching the audience's faces and later striding confidently alone out of the courtroom ahead of his lead lawyer, Daniel Petrocelli.

"Obviously, I'm disappointed," Mr. Skilling said as he left the courthouse, "but that's the way the system works."

Once jurors and the judge cleared out of the courtroom, Mr. Lay's family members huddled around him. Elizabeth Vittor, Mr. Lay's daughter and a lawyer who had worked on his defense team, sobbed uncontrollably. Two local ministers also leaned in and hugged Mr. Lay, whose family members soon formed a circle in the courtroom, with arms over shoulders, and cried together. "I know, I know," Mr. Lay said in a soothing voice to several of them, as they clutched at his suit coat.

After he emerged from court, Mr. Lay said, "I firmly believe I'm innocent of the charges against me."

In televised remarks he said, "We believe that God in fact is in control and indeed he does work all things for good for those who love the Lord."

For a company that once seemed so complex that almost no one could understand how it actually made its money, the cases ended up being simpler than most people envisioned. Mr. Lay, 64, and Mr. Skilling, 52, were found guilty of lying — to investors, employees and regulators — in an effort to disguise the crumbling fortunes of their energy empire.

The 12 jurors and 3 alternates, who all agreed to talk to about 100 reporters at a news conference after the verdict, said they were persuaded — by the volume of evidence the government presented and by Mr. Skilling's and Mr. Lay's own appearances on the stand — that the men had perpetuated a far-reaching fraud by lying to investors and employees about Enron's performance.

The panel rejected the former chief executives' insistence that no fraud occurred at Enron other than that committed by a few underlings who stole millions in secret side deals. And the jurors said they did not believe that negative press and failing market confidence combined to sink the company.

"The jury has spoken and they have sent an unmistakable message to boardrooms across the country that you can't lie to shareholders, you can't put yourself in front of your employees' interests, and no matter how rich and powerful you are you have to play by the rules," Sean M. Berkowitz, the director of the Justice Department Enron Task Force, said outside the courthouse.

For years, Enron's gravity-defying stock price made it a Wall Street darling and an icon of the "New Economy" of the 1990's. But its sudden collapse at the end of 2001 and revelation as little more than a house of cards left Enron, with its crooked E logo, the premier public symbol of corporate ignominy. Investors and employees lost billions when Enron shares became worthless.

Enron's fall had a far greater impact than on just the energy industry by heightening nervousness among average investors about the transparency of American companies. "The Enron case and all the other scandals and cases that trailed after it may have finally punctured that romance with Wall Street that has been true of American culture for a while now," said Steve Fraser, a historian and author of "Every Man a Speculator: A History of Wall Street in American Life."

At Enron, Mr. Skilling was the visionary from the world of management consulting who spearheaded the company's rapid ascent by fastening on new ways to turn commodities, like natural gas and electricity, into lucrative financial instruments.

Mr. Lay, the company's founder, was the public face of Enron. Known for his close ties to President Bush's family, he built Enron into a symbol of civic pride and envy here in its hometown of Houston and throughout the financial world.

The verdicts are a vindication for federal prosecutors, who had produced mixed results from their four-year investigation of wrongdoing at the company. The investigation resulted in 16 guilty pleas by Enron executives, and four convictions of Merrill Lynch bankers in a case involving the bogus sale of Nigerian barges to the Wall Street firm.

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Last year, however, the Supreme Court, blaming flawed jury instructions, overturned the obstruction-of-justice verdict that sounded the death knell for the accounting firm Arthur Andersen, Enron's outside auditor. And a jury either acquitted or failed to agree on charges in the fraud trial of former managers of Enron's failed broadband division.

In the 56-day trial, defense lawyers repeatedly criticized prosecutors for bringing criminal charges against Mr. Skilling and Mr. Lay, saying the government had set out to punish the company's top officers regardless of what the facts might be. The lawyers said the government was criminalizing normal business practices and accused prosecutors of pressuring critical witnesses to plead guilty to crimes they did not commit.

The defense lawyers also complained about a lack of access to witnesses who they contended could have corroborated their clients' versions of events. Several jurors said they would have liked to hear from more witnesses, in particular Richard A. Causey, the chief accounting officer, whom neither side called. "To me, he was a missing link," said a juror, Douglas Baggett, an administrative manager for a corporate legal department at Shell.

The Enron trial, more than any other, punctuates the era of corporate corruption defined by the failure of WorldCom, the telecommunications giant whose bankruptcy following revelations of $11 billion in accounting fraud exceeded even Enron's in size; the prosecution of Frank P. Quattrone, the technology industry banker; and scandals at Tyco, Adelphia and HealthSouth.

Mr. Lay was forced to remain in the courthouse for more than three hours after the verdict was announced for a hearing on securing a $5 million bond, which will come from a mix of financial pledges from his children, and to surrender his passport.

Judge Lake will have broad discretion in determining the former executives' sentences.

He is not known for his leniency. Two years ago he sentenced Jamie Olis, a former midlevel executive at Dynegy, an Enron competitor, to 24 years for his role in a scheme to disguise the company's finances. An appeals court last year ordered the judge to revise the sentence. A hearing is set for June 9. The guilty verdicts could have limited impact on a spate of civil cases. "They are not the ones who are going to pay the billions of dollars in additional recoveries that we hope to obtain on top of the $7.2 billion we already have from banks in our previous settlements," said William S. Lerach, the lead lawyer in the largest civil case, set to go to trial in October.

From the beginning, the Enron leaders' trial was not what many people expected after revelations of secret off-the-books schemes that earned a small fortune for Andrew S. Fastow, Enron's former chief financial officer, and his cadre of co-conspirators. Some of those transactions were used by Mr. Fastow without approval by anyone to enrich himself at Enron's expense; others were used to manipulate Enron's financial reports with what Mr. Fastow testified was the full knowledge of his bosses.

Rather than delve into those intricate structures, prosecutors focused on what they cited as the false statements Mr. Skilling and Mr. Lay made to employees and outside investors.

The "lies and choices" theme transformed the case into a test of credibility between the former chief executives and the more than half a dozen witnesses from inside Enron who testified for the government.

During the trial, the government called 25 witnesses and the defense called 31, including Mr. Skilling and Mr. Lay. Government witnesses, including the former Enron treasurer, Ben F. Glisan Jr., testified that the executives had sanctioned or encouraged manipulative accounting practices and then crossed the line from cheerleading into outright misrepresentations of financial performance.

Mr. Fastow's emotional turn on the stand offered some of the most devastating evidence against Mr. Skilling, and to a lesser extent, Mr. Lay. He said he had struck "bear hug" side deals with Mr. Skilling guaranteeing that his off-the-books partnerships, called LJM, would not lose money in their dealings with Enron. Mr. Fastow also described how Mr. Skilling had bought into using the LJM's to bolster earnings.

But Mr. Fastow's own admitted history of extensive crimes at Enron was dissected by Mr. Petrocelli, and jurors said they did not find Mr. Fastow particularly persuasive. "Fastow was Fastow," said a juror, Donald Martin, shaking his head. "We knew where he was coming from."

The jurors said they were moved, in contrast, by the testimony of Mr. Glisan. "We kept on going back to that testimony to corroborate things," said one juror, Freddy Delgado, a school principal.

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The surprise testimony of David W. Delainey, the former chief of a retail unit called Energy Services, also helped pave the way for Mr. Skilling's conviction. Mr. Delainey, who pleaded guilty to fraud, said that Mr. Skilling took part in a decision to shift some $200 million in losses from Energy Services to the more profitable wholesale energy division to avoid having to admit to investors that Energy Services was failing.

On the stand, Mr. Skilling offered differing and confusing explanations for the shift. He proved evasive and sometimes forgetful, and he revealed a highly emotional demeanor rarely seen among the stoic class of chief executives.

His resignation in August 2001, after only six months as chief executive, led to a bout of heavy drinking as a depressed Mr. Skilling watched in horror as the company he helped build edged closer to the brink.

For Mr. Lay, a turning point came when Sherron S. Watkins, the former Enron vice president, took the stand to describe how she confronted him with concerns about Enron's accounting. Ms. Watkins suggested that the subsequent investigation Mr. Lay ordered was intentionally limited in scope to conclude that there were no problems.

Other issues plagued Mr. Lay's defense, most notably his own testiness on the stand and the sudden illness of his lead lawyer, Michael W. Ramsey, a well-regarded criminal defense lawyer who was forced to miss more than a month of the trial because of coronary disease that required two operations. Mr. Lay, in part because of his own strained finances, decided to carry on without Mr. Ramsey rather than seek to delay the trial and fight another day.

Ignorance Claim Did Not Sway Enron Jury (NYT)

By Vikas Bajaj And Kyle Whitmire

The New York Times, May 26, 2006

HOUSTON, May 25 — One after another, the jurors spoke and, in different voices, it all added up to the same thing.

They simply could not believe, the eight women and four men of the jury explained in an extraordinary joint news conference after rendering their verdict, that Kenneth L. Lay and Jeffrey K. Skilling were telling the truth when they claimed they didn't realize that something was rotten at Enron.

How, they repeatedly wondered, could Enron's former chief executives not have known what was going on?

The jurors said they found the testimony by Mr. Lay and Mr. Skilling in their own defense — which many legal experts had warned could prove to be their undoing — both revealing and damning.

Freddy Delgado, an elementary-school principal, questioned how the two men could testify that they "had their hands firmly on the wheel" at Enron and then say that they did not know about the improper accounting and the intensifying financial problems?

After all, parents hold him accountable for their children's welfare and safety. "I can't say that I don't know what my teachers were doing in the classroom," Mr. Delgado said. "I am still responsible if a child gets lost."

"So I would say that to say that you didn't know what was going on in your own company," Mr. Delgado added, "was not the right thing."

After sitting through a 16-week trial and listening to 56 witnesses, the jurors finally had a chance to speak. And gathering together in a sixth-floor room at the federal courthouse here, several blocks from Enron's former headquarters, that's exactly what they did.

In other high-profile cases, many jurors quickly dispersed to avoid reporters. But all of the Enron jurors, including the three alternates, attended the hourlong session. Facing dozens of reporters and TV cameramen, they calmly and patiently answered questions, appearing unburdened and frequently cracking jokes. If they had any doubt or hesitation about the verdict they had reached in the biggest corporate corruption case in recent American history, they didn't show it.

The jury included people of widely different backgrounds — a dairy farmer, payroll manager, two engineers, a ship inspector, county court clerk, personnel manager, retired sales assistant and dental hygienist — but they drew on their own life experiences, making clear that they thought of themselves as responsible for knowing everything about their jobs. Certainly, richly paid corporate executives should, too?

They respected Mr. Lay's charitable, civic and political standing in Houston and Washington, they said, but ultimately concluded that he put his own financial welfare ahead of his duties to shareholders and employees.

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As for Mr. Skilling, jurors said they found his professed memory lapses and unfamiliarity with certain details incredible for someone who prided himself on having command over every area of Enron's operations.

"It is hard to believe," said Deborah Smith, the jury forewoman, "that someone, such a hands-on individual, could not possibly know the things that were going on within the company."

When the verdict was announced, Mr. Lay tried to console his sobbing wife while Mr. Skilling looked expressionless at the judge, turning briefly to search the faces of the audience.

But Nancy Thomas, who is retired and whose police officer husband is recovering from a stroke, shed a few tears as the verdict was read. Later, she said: "This is an emotional thing, there are too many people involved in it. There are human beings; there are families."

Before the trial, defense lawyers doubted they could ever find an untainted jury in Houston. Federal District Judge Simeon T. Lake III chose the jury in one day after the jurors filled out 14-page questionnaires. Some jurors expressed doubt about the innocence of Mr. Skilling and Mr. Lay, yet were allowed on the panel.

Mr. Lay and Mr. Skilling were "greedy people" and that's what helped cause Enron's demise, Ms. Smith wrote on her jury questionnaire.

Jill Ford, another juror who made the panel, wrote: "I think they probably knew they were breaking the law."

Throughout the trial, the jurors showed a remarkable solidarity. On Valentine's Day, most of them wore red; during Mardi Gras they came to court donning colorful beads.

But throughout, as Judge Lake proudly told them on Thursday, they did not show up late a single day in the 56-day trial. One woman, an alternate who called in sick, was immediately booted from the jury by the judge.

For the jurors, the four months were an extraordinary period of personal sacrifice. Mr. Delgado said he struggled to keep his focus on school matters with only one day a week — Fridays — to be at school when the case was not in session.

"We've cried together, we've laughed together and we really, really became more than just friends," he said. "I believe that we are a family and we supported each other with all the different things that happened in our lives within these four months."

The jurors took two days to organize themselves, but by the third day of deliberations they began working through the counts one by one, according to Douglas Baggett, an administrator for a corporate legal department, who described the mood in the jury room in an interview at his home.

"After not being able to discuss the trial this whole time, the biggest thing we did in deliberations was to talk about how everybody felt," he said. "There were differing opinions."

The jurors said that they found it appalling that Mr. Lay had mismanaged his own finances and was selling his own Enron shares even as he assured employees and shareholders that the company was fiscally sound.

"I thought that was a disgrace," Donald Martin, an electrical designer, said.

A moment later Mr. Delgado echoed that thought. "That was very much the character of the person that he was. He cashed out before the employees did."

For Mr. Lay the decision came as a heavy blow that he went out of his way to prepare himself for. Just before the jury returned to the courtroom, Mr. Lay told his lead lawyer, Michael Ramsey, that he would like to sit with his wife in the first bench of the visitors section.

"It's just never been done before," Mr. Ramsey told him.

"Why not?" Mr. Lay responded. "It's just as much her life as it is mine."

To Wendy Vaughan, Mr. Lay "very much wanted to be in control when he spoke."

"He kind of commanded the room, I thought," Ms. Vaughan, who owns a gym and a roofing business, added. "He answered questions. He just seemed very focused, a little bit of a chip on his shoulder."

Some added that they would have still found the men guilty had they not taken the stand, though they would have been disappointed. "I would have always had questions if they had not taken the stand," said Kathy Harrison, an elementary-school teacher.

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Judge Lake commended and thanked the jurors for sitting through often obtuse and conflicting testimony. During the trial, they were shown thousands of pages of corporate documents and spreadsheets; they took 27 boxes worth of evidence with them into the jury room where they deliberated.

One juror contrasted their determination with Mr. Lay's and Mr. Skilling's approach to their top positions at Enron.

"Those of us that have full-time jobs, we did our jobs at night when we went home so tired we hardly knew who we were," said Carolyn Kuchera, a payroll manager. "We were responsible, we were always accountable and we always found a way to circle back around to tie up the loose ends."

"And I think those employees," she said about Enron workers, "were entitled to the same thing."

The jurors said they had become like a family and planned to drive in different directions at the end of the news conference and meet at an undisclosed location to celebrate the end of the trial.

Mr. Baggett said he and his wife planned to go out of town on Friday to celebrate their anniversary.

When asked what they had learned, several said they better understood corporations and the legal system.

Mr. Delgado, the principal, said he realized that "if I ever had to be defended, I would go with Mr. Petrocelli," he said, referring to Daniel Petrocelli, the well-regarded Los Angeles-based lawyer who defended Mr. Skilling. "If I had the money."

The jurors said they vacillated during the trial as prosecutors and defense lawyers offered competing explanations of the events going on at the company.

"Through 16 weeks of testimony, I would go home one night swayed in one direction," Mr. Baggett said. "The next day, when cross or direct began, it would go the other direction. And I think we all felt that — you felt like a Ping-Pong ball."

There did not appear to have been one inflection point when the jury became convinced of the defendants' guilt. Rather, they gradually made up their minds as they went over the voluminous evidence and the testimony by former Enron officials like Ben F. Glisan, a company treasurer who pleaded guilty and has already served the bulk of a five-year sentence. He was granted immunity from further prosecution to testify.

"I don't think I had made up my mind one way or the other until we entered into deliberations, and it all came together," Mr. Delgado said.

The jurors said they had at least some concern about the credibility of virtually every witness who took the stand, but decided that the sum total of the testimony and the evidence was enough to convict Mr. Lay and Mr. Skilling.

"We turned to the evidence," said Ms. Smith, a human resources manager. "We put our own timeline in place and we thrashed it out."

Ms. Vaughan, the entrepreneur, said she wanted to believe the defendants but in the end could not square their version of events with the evidence and the testimony of other Enron executives.

"Early during the trial, I had an admiration for both men — just what they had accomplished in their careers," she said. "And it was sad to see that in the end it wasn't accomplished in a respectful manner, having to hurt so many people to get there."

Defendants Sunk By Their Testimony (WP)

By Carol Rust

The Washington Post, May 26, 2006

HOUSTON, May 25 -- Jurors in the Enron trial made it clear that it would have been better for former executives Kenneth L. Lay and Jeffrey K. Skilling if they'd kept their mouths shut and stayed off the witness stand.

Speaking shortly after a federal judge read their verdict, jurors said Lay's indignant outbursts while testifying in his own behalf made him seem "that he very much wanted to be in control -- he commanded the courtroom," said Wendy Vaughan, a Houston business owner.

"He was very focused, but he had a bit of a chip on his shoulder that made me question his character," she said.

As for Skilling, who spent days explaining the tedious financial inner workings of the once high-flying energy company, the jurors couldn't understand how he could know so much about that and not be aware of illegal business maneuvering, whether or not he was responsible for it personally.

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"Skilling was supposed to be a hands-on individual," said Freddy Delgado, an elementary school principal. "It's hard to believe a hands-on individual wouldn't know what was going on."

"When he got on the stand and knew what a [technically complicated] chart was and how it worked, we knew he was involved," Delgado said.

Elementary school teacher Kathy Harrison said she was glad Lay and Skilling took the stand during their trial. Had they not, "I would have always had questions," she said.

Jurors, who appeared from the start of the trial to form a close and cohesive unit, collectively hissed when one brought up Lay's testimony about how he felt his employees' pain, given his repeated multimillion-dollar stock sales in the weeks leading up to Enron's bankruptcy. During that time, Enron's human resources department was switching to a new savings program and employees couldn't sell their stock, which for many was their life savings.

Lay's stock sales "meant a lot," said legal department manager Doug Baggett. "It defined the word 'intent.' " "It went very much to the character of the person he was -- cashing out at the expense of employees," Delgado said.

Juror Carolyn Kuchera, a payroll manager, said most jurors worked nights and on weekends to maintain their personal and professional lives during the four months of testimony and less than six days of deliberations.

"The responsibility of Lay and Skilling -- all I can do is relate that to what we had to do," she said. "We did our jobs on nights, weekends and holidays. We would leave here to go to work. We were accountable -- those [Enron] employees deserved the same thing."

Speaking early Thursday afternoon in a sixth-floor jury assembly room, the jurors -- who dressed in red for Valentine's Day, wore Mardi Gras beads on Fat Tuesday and dressed in Western clothing on Texas Independence Day -- sometimes finished each other's sentences and voiced confidence that they had made the best decision possible after the biggest collective challenge in their lives.

"We answered all the questions, we tore the boxes [of evidence] apart and we looked at all the evidence," said jury forewoman Deborah Smith, who works in human resources. "We won't have to worry about this [decision] later because we did it right the first time."

"We didn't have a target of today. We were prepared to stay as long as it took to reach the verdict," she said. "We thrashed it out."

Beginning deliberations on such a complicated case, which practically required them to learn a new vocabulary of financial and business terms and Enron vernacular, "was like having a 25,000-piece puzzle dumped on the table," said Vaughan, who owns a roofing company and a fitness company and is a mother of two.

"And not all the pieces were there," added another juror.

Smith said they started by building their own timeline based on numerous dates and events they believed were pivotal to determining what happened in the company's final year, the time frame for the events that led to most of the government's charges.

They also reached conclusions on the credibility of the witnesses who took the stand, especially the government's witnesses, many of whom had pleaded guilty previously and whose testimony could affect their possible punishment.

"The people with plea bargains we questioned from different angles," said Don Martin, an electrical designer. "All their answers led to one result."

"Fastow was . . . Fastow," Martin continued, referring to former Enron finance chief Andrew S. Fastow, who faces 10 years in prison for stealing millions from the company. "We knew where he was coming from, and we kind of discounted some of what he said, but we weighed all the stuff the government witnesses said, and their answers all came to the same conclusion."

Whenever there was doubt about credibility, jurors dug through the 10 crate-size boxes to find evidence to support or discredit the testimony.

The jury delivered not-guilty verdicts on all but one of Skilling's 10 insider trading charges. In deciding the answer to each charge, forewoman Smith said, "We went by the judge's instruction: 'Not guilty' means 'not proven.' "

Baggett said the government didn't provide enough evidence for insider trading.

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At one point Wednesday, jurors sent a note to U.S. District Judge Simeon T. Lake III, requesting the trial transcript. Usually, jurors can have part of trial testimony read back to them, although Lake asked them to be more precise in their request. In that note, jurors also asked for additional copies of the list of evidence.

On Tuesday, they requested speakers for the computer they were using. During the trial prosecutors had played tapes of conference calls to investors, which Lay and Skilling held several hours after they released quarterly earnings reports, as well as the tape of an employee meeting during which Lay encouraged his employees to buy more Enron stock, calling it "an incredible bargain." Government prosecutors revealed that Lay sold millions of dollars worth of Enron stock the same day.

"I don't think it's over," Vaughan said of Thursday's outcome. Both defendants plan to appeal. "Now that we have made our decision, it will be interesting to know if justice will be served or whether the almighty dollar will win again."

Several Factors Influence Sentences (USAT)

By Edward Iwata

USA Today, May 26, 2006

After a Supreme Court ruling last year that gave judges more leeway to sentence criminals, Ken Lay and Jeff Skilling could face prison terms of anywhere from 10 years to life, some legal experts say.

Amid the legal confusion, "There is ample discretion in the guidelines to impose what could essentially be a life sentence," said Barry Boss, an attorney at Cozen O'Connor.

Skilling's counts carry a maximum prison sentence of 185 years; Lay's, a maximum of 45 years, not including his separate convictions in a bank fraud case.

U.S. District Judge Sim Lake will base their prison terms on several factors, including total dollar loss to investors, the number of people hurt by the fraud and whether Lay, 64, and Skilling, 52, obstructed justice by lying on the witness stand.

If the judge finds that investment losses are more than $100 million, current guidelines recommend 10 to 12 years. If the losses are higher, the years rise, too.

Enron once had a $60 billion stock-market value, and if Lake finds Lay and Skilling responsible for a loss of 1%, that's $600 million, said law professor Peter Henning at Wayne State University.

Lake also will study other sentences before the Sept. 11 hearing, such as the 25-year prison term for former WorldCom CEO Bernie Ebbers, said Douglas Berman, a law professor at Ohio State University.

The U.S. Sentencing Commission adopted tougher guidelines in 2003. But defense attorneys called the longer sentences draconian, including a 24-year prison term for Jamie Olis, a former Dynegy energy trader convicted of fraud, which was tossed out by an appeals court.

Last year, the Supreme Court ruled the guidelines "advisory," not binding, which makes it "much harder to predict what the courts will do," Henning said.

Enron's Impact On The Corner Office (CSM)

By Ron Scherer And Kris Axtman

The Christian Science Monitor, May 26, 2006

BRYN MAWR, PA., AND HOUSTON - The quiet, classic bank offices at Bryn Mawr Trust are a far cry from the hustle - and self-dealing - of Enron Corp., the former energy powerhouse of Houston.

But the tale of Kenneth Lay and Jeffrey Skilling, the Enron executives who were found guilty of most charges by a jury Thursday, has prompted change even at the gracious offices of the 117-year-old bank.

"This is the highest profile white-collar trial in the past 20 to 30 years and it has literally been watched by the world," says Thomas Ajamie, a securities-fraud lawyer in Houston. "The broader message to people in corporate America is: 'Don't lie to your investors or you'll go to jail.' "

Just ask the Bryn Mawr Trust's chairman and CEO, Ted Peters, who has been a banker for most of his career. Today, he can reel off the provisions of a reform law Congress passed in the wake of the corporate scandals of the late 1990s. The one that really gets his attention is his personal liability.

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"I could get 20 years in jail and a $5 million fine if [I] do something wrong purposely," he says during an interview at the white, limestone bank.

This is just one of the ways life for a CEO has changed since 2001, when the Enron collapse stunned the business world. The jury's quick - and overwhelming - verdict Thursday is likely to hammer home that sense of diligence to corporate America.

The jury found Mr. Lay, Enron's founder, guilty on all six counts of conspiracy and fraud against him. It found Mr. Skilling, the former CEO, guilty on 19 of the 28 counts he faced. Lay was also found guilty of four counts of bank fraud in a case heard the past few days by US District Judge Sim Lake.

Lay faces a maximum of about 165 years in prison and Skilling about 85 years, but they will both realistically get between 10 and 25 years each, says Gerald Treece, assistant dean of the South Texas College of Law in Houston.

Others expect the punishment will be greater. "I believe it will be the stiffest sentence for corporate crime in our history," says Jacob Zamansky, a securities fraud lawyer in New York who attended much of the Enron trial.

Today, CEOs can no longer use the excuse that they can't be responsible for other people robbing the company. They can't reward friends with a seat on the board of directors - today, the board must consist of knowledgeable people who will challenge company procedures when it's necessary. And, CEOs, if they choose to ignore the changes, could well be out of their jobs.

"This is part of a unified effort by state and federal authorities to wage war on white-collar crime," says Christopher Bebel, a former federal prosecutor and economic-crimes expert in Houston.

"This has undoubtedly had a powerful effect on the corporate mind-set. CEOs from Main Street to Wall Street are going to be more hesitant to deceive investors while lining their own pockets," says Mr. Bebel.

Since Enron, forced turnover at the top has doubled.

"The CEO used to be the pinnacle of a career, the reward for a long, hard slog," says Paul Kocourek, a senior vice president at Booz Allen Hamilton in San Francisco. "Now, it boils down to your performance - if it's not there you are probably not either."

One reason boards are starting to exert themselves more are changes in how board members are chosen. In the case of the Bryn Mawr bank, Mr. Peters says his predecessor, who had held the job for 20 years, would pick each board candidate. "He would announce, 'Here's Joe and he's from Villanova' and everyone would applaud, he would sit down and that would be that," says Peters.

"Now, it's an independent group that brings up names, and there is a whole involved process to get people with the right skill sets. A new director then meets me, and I spend a few hours with him or her talking about my vision for the company."

In the post-Enron era, a CEO must go beyond being a good manager, says Michael Kendall, a partner in the law firm of McDermott Will & Emery LLP based in its Boston office. "The concept is crisis management instead of risk spotting," he says. "You have to manage the crisis before it consumes you."

Peters's way of managing a crisis is notifying his board of directors as soon as he identifies a problem. "You tell the board right away," he says. "And if there are documents involved, you don't shred them, you don't delete e-mails, and you don't touch a thing."

The problems at Enron have highlighted to many companies the importance of implementing a code of ethics. Enron actually had a lengthy code of ethics but it was largely ignored.

One thing Peters has learned from the corporate scandals is that ethics comes from the top down. "A CEO has to make clear to people who work for him or her that ethics are non- negotiable," he says.

For example, the bank discovered an employee who used bank stationary to dispute personal claims with the Internal Revenue Service. He was fired, says Peters. "That might seem extreme, but it was against our code of conduct."

However, many executives today rail against what they see as the more onerous parts of the Sarbanes-Oxley Act. A group called the Free Enterprise Fund is mounting a constitutional legal challenge to part of the act. It particularly wants to ease the financial burden on small- and medium-size companies.

"Sarbanes-Oxley was designed to prevent" the kind of fraud that brought down Enron and its top managers, says Bebel, the former federal prosecutor.

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Peters can certainly relate to the added cost of running a company in the post-Enron era. Today, it costs the company about $300,000 per year to manage its new responsibilities. "Hopefully, we get some good benefits from it," says Peters.

Verdict On An Era: Arrogance And Recklessness At Enron (NYT)

By Kurt Eichenwald

The New York Times, May 26, 2006

Guilty of crimes — and a whole lot more.

Regardless of whether the jury verdict against Kenneth L. Lay and Jeffrey K. Skilling is upheld, testimony from 56 days of trial has sealed what is sure to be history's judgment — one that is unlikely to be vulnerable to appeal.

The Enron case will forever stand as the ultimate reflection of an era of near madness in finance, a time in the late 1990's when self-certitude and spin became a substitute for financial analysis and coherent business models. Controls broke down and management deteriorated as arrogance overrode careful judgment, allowing senior executives to blithely push aside their critics.

Indeed, it could be argued that the most significant lesson from the trial had nothing to do with whether the defendants, both former Enron chief executives, committed the crimes charged in their indictments. Instead, the testimony and the documents admitted during the case painted a broad and disturbing portrait of a corporate culture poisoned by hubris, leading ultimately to a recklessness that placed the business's survival at risk.

"Enron is one of the great frauds in American business history," said James Post, a professor of management at Boston University. "But it is also a symbol of a particular era of management practice. The excesses of Enron point pretty clearly to what was going on in mainstream companies across the business landscape in the 1990's."

That may go a long way toward explaining how corporate America became infused in the late 1990's by what appeared to be a near endless amount of greed and criminality, leading to scandal at an array of corporate giants, from Enron to WorldCom, from Adelphia to HealthSouth.

It was not simply that the ethics of the corporate world changed overnight; the ever-rising bubble of market prices created a sense of invincibility among corporate executives, who read market delusions as proof of their own genius. Arrogance gave way to recklessness, which in turn opened the door to criminality.

That message was repeated throughout the trial of Mr. Skilling and Mr. Lay. Paula Rieker, an executive with the company's investor relations group, testified to her fear of correcting Mr. Skilling when he made what she considered to be false statements to investors. Vince Kaminski, a top risk analyst, spoke of how Mr. Skilling became increasingly difficult to contradict as Enron won plaudits from the marketplace. And Ben F. Glisan Jr., the treasurer, portrayed an "Emperor's New Clothes" culture, where no one was willing to challenge the rule-bending and recklessness as the company's executives charged into one ill-considered business line after another.

"I would think that most observers of this trial would be shocked and surprised that Enron was such a poorly run company for so long," said Stephen Meagher, a former federal prosecutor who now represents corporate whistle-blowers. "But as long as the checks kept coming in and the stock price kept going up, it was easy to look the other way and ignore the obvious clues that there were deep problems there."

Attention to the mundane details of business — debt maturity schedules, available cash, companywide risk — appeared to be almost second thoughts among the senior ranks of the company, if thought about at all. Instead, the focus was centered on marketing the image, not only of the company, but of its senior executives. It was an approach that met widespread success and was emulated throughout corporate America.

"This was the era of the story, the shtick, the celebrity," said Mr. Post of Boston University. "Lay and Skilling delighted in that, they loved becoming business and civic celebrities. They created the model for that kind of superexecutive C.E.O. in the 1990's. Meanwhile, they left all the details to people who were being driven by a troubled culture."

In the end, although many in the public seem to believe this was a case about the collapse of Enron, that had little to do with the criminal charges. In the closing arguments, the government made sure to separate allegations of criminality from responsibility for Enron's collapse.

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The testimony suggested that the bankruptcy was much more about a company gone out of control, with executives pushing to the financial edge on deals that received little attention and supervision once the transactions closed. But as that recklessness rotted the company from the inside, the jury found, Mr. Skilling and Mr. Lay falsely portrayed a corporate ship where everything remained steady.

The testimony and evidence suggested that Enron executives could not even agree on what the company's business was. There was no doubt that Enron made the bulk of its profits from trading natural gas contracts. But trading companies rarely win stratospheric stock prices; the risks and requirements for credit in such businesses temper potential market enthusiasm. So some executives argued that Enron was not a trading company, but a logistics business — one involved in every step of the production and delivery of commodities — and therefore deserved its once-lofty stock price.

Putting new labels on the old wine didn't change the financial underpinnings of the business. Most trading companies, because of the knowledge that a sudden market bump can cause available cash to disappear maintain credit ratings of A and above to protect them in the downdrafts. Enron chose instead to maintain a credit rating just notches above junk, apparently in the belief that a bad day would never arrive.

That freed capital and allowed for borrowings that otherwise would not have been available, driving Enron's supposed "growth" strategy into new business lines, which almost all proved to be debacles. Throughout the trial, there was repeated testimony about Enron's disastrous forays into international power plants and water operations, which led to the company's acquiring billions of dollars in assets that lost huge value, becoming a financial albatross.

A result, when Enron finally faced a crisis, was that it was financially unable to weather the storm. Credit lines were largely tapped out, few assets had the equity necessary for additional borrowings and the liquidity needed for the trading business rapidly dried up. Those factors combined to push Enron toward collapse.

The trial underscores that neither defendant fully accepted what happened at the company. Mr. Lay testified that the collapse was largely caused by short sellers, critical articles in The Wall Street Journal, and a resulting panic in the marketplace.

But short selling, negative press and market concerns are issues that scores of companies deal with every year, without collapsing. Indeed, to some degree, Mr. Lay's argument was a bit like blaming a match for igniting a basement filled with gasoline. In this case, the accelerant was the poor condition of Enron's financial structure.

Those lessons about the importance of quality management and strong finances in avoiding scandal, experts said, have not been lost on the audiences that perhaps matter most: the managers of corporate America and the government regulators who keep an eye on them.

"Some people say this is the end of an era, but I don't think it is," said George A. Stamboulidis, a partner with Baker & Hostetler who was appointed a monitor at Merrill Lynch as part of that firm's settlement of an Enron-related case. "This fuels the government and boards and investors to continue to push for more accountability, more transparency and better management."

Those continued efforts, coupled with the changes of the past, should mean that the kind of troubles that emerged at Enron are less likely to appear on the corporate landscape.

"Hopefully," Mr. Stamboulidis said, "the ways businesses are run in 2006 are very different from the ways the businesses were run in the 1990's."

But others expressed fear that as long as huge sums of money can be earned by executives for cutting corners and being dishonest, collapses and scandals like Enron will continue to be part of corporate America.

"One of the things we know from social psychology is that incentives and greed really blind" corporate executives, said Arthur P. Brief, a professor at the A. B. Freeman School of Business at Tulane University. "And those incentives are still with us."

Lay, Skilling Convicted In Enron Collapse (AP)

By Kristen Hays, AP Business Writer

AP, May 26, 2006

Jury Convicts Former Enron Chiefs Kenneth Lay, Jeffrey Skilling of Conspiracy, Fraud

HOUSTON (AP) -- Kenneth Lay and Jeffrey Skilling were convicted of conspiracy and fraud Thursday by a federal jury that laid blame for one of the biggest business scandals in U.S. history squarely on Enron Corp.'s two former top executives.

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Jurors found that the men, who received tens of millions in pay and stock options, repeatedly lied to cover up accounting tricks and business failures that led to the company's 2001 demise. The collapse wiped out more than $60 billion in market value, almost $2.1 billion in pension plans and 5,600 jobs.

The verdict came in the sixth day of deliberations following a criminal trial that lasted nearly four months. Lay was also convicted of bank fraud and making false statements to banks in a separate, non-jury trial before U.S. District Judge Sim Lake related to Lay's personal finances.

The conspiracy conviction was a major win for the government, serving almost as a bookend to an era that has seen prosecutors win convictions against executives from WorldCom Inc. to Adelphia Communications Corp. and homemaking maven Martha Stewart. The public outrage over the string of corporate scandals led Congress to pass the Sarbanes-Oxley act, designed to make company executives more accountable.

"The jury's verdicts help to close a notorious chapter in the history of America's publicly traded companies" said Rep. Michael Oxley, R-Ohio, co-author of the Sarbanes-Oxley legislation. "Appeals aside, the end of the trial will mark the end of a dark era."

Lay was convicted on all six counts of conspiracy, securities and wire fraud against him in the corporate trial and all four in the personal banking trial. Former Chief Executive Skilling was convicted on 19 of the 28 counts in the corporate trial, including one count of insider trading, and acquitted on the remaining nine.

Lake set sentencing for Sept. 11. The charges against Lay, who is 64, carry a maximum penalty in prison of 45 years for the corporate trial and 120 years in the personal banking trial. The charges against Skilling, 52, carry a maximum penalty of 185 years in prison.

As Lake read the verdict from the bench, Lay tossed his head at hearing the first "guilty" on the conspiracy count. He clutched his wife's hand as he heard that word over and over again.

Lay sat with his wife, Linda; his daughter, Elizabeth Vittor, a member of his defense team; and Linda Lay's daughter, Robyn. As Lay clutched Linda Lay's hand, the three women leaned forward and began to sob quietly.

After Lake left the courtroom, Lay's family and some friends gathered around him as the ex-chairman, red-faced and fighting back tears, hugged them and thanked them for their support.

Skilling, sitting with his brother, Mark, showed no emotion when the verdict was read.

The sentencing will come five years almost to the day after Skilling sold 500,000 shares of Enron stock for $15.5 million, for which he was convicted of insider trading.

"Obviously, I'm disappointed," Skilling told reporters outside the courthouse. "But that's the way the system works."

"We're going to stand behind him," his lawyer, Daniel Petrocelli, said. "As I told him, we've just begun to fight."

Skilling's $5 million bond, which restricts him to the continental U.S., remains in effect. Lay, who surrendered his passport, posted a $5 million bond secured with family-owned properties at a hearing following the verdict.

The Enron founder was also ordered to stay in the Southern District of Texas or Colorado, avoid contact with any victim of the offense charged, report to pre-trial services regularly and must not own a gun or use alcohol excessively or drugs.

"I firmly believe I'm innocent of the charges against me," Lay said following the hearing. "We believe that God in fact is in control and indeed he does work all things for good for those who love the lord."

Jurors found through their verdict that both men had repeatedly lied to cover a vast web of unsustainable accounting tricks and failing ventures at Enron.

Both men testified in their own defense. But the panel rejected Skilling's insistence that no fraud occurred at Enron other than that committed by a few executives skimming millions in secret side deals, and that bad press and poor market confidence combined to sink the company.

"I wanted very, very badly to believe what they were saying, very much so, and there were pieces in the testimony where I felt their character was questioned," juror Wendy Vaughan said after the verdict was announced.

Lay was a campaign benefactor who President Bush nicknamed "Kenny Boy" when the two were up-and-comers in Texas. The Center for Public Integrity, a Washington-based nonprofit group, said the Lays had given $139,500 to Bush's political

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campaigns over the years.Those donations were part of $602,000 that Enron employees gave to Bush's various campaigns, making the company the leading political patron for Bush at the time of the company's bankruptcy in 2001.

Early in 2002, the White House disclosed that Lay sought help from two Cabinet members shortly before the company collapsed, but neither offered aid.

Speaking for the president on Thursday, White House press secretary Tony Snow congratulated the Justice Department on "successfully concluding a highly complex conviction."

The government's victory caps a 4 1/2 year investigation that garnered 16 guilty pleas from ex-Enron executives, including former Chief Financial Officer Andrew Fastow and former Chief Accounting Officer Richard Causey.

All are awaiting sentencing later this year except for two, who either finished or are still serving prison terms.

"You can't lie to shareholders, you can't put yourselves in front of your employees' interests. No matter how rich and powerful you are, you have to play by the rules," prosecutor Sean Berkowitz told reporters outside the courthouse.

He expressed sympathy for the Enron employees who lost their life savings when the company collapsed.

"Nothing that happened today is going to bring that back for them. ... What we do hope is that today's verdict lets them know that the government will not let corporate leaders violate their trust and get away with it."

Former employee Sherri Saunders, who lost $1 million in retirement savings when the company collapsed, found a bit of closure.

"To me, God has spoken to him with this verdict," Saunders said. "I guess it gives me a little comfort, but it doesn't put back my retirement money."

Prosecutor John Hueston, who sparred with Lay on the stand, said the founder had missed "a golden opportunity to save Enron.

"He made that choice to put his own interests ahead of that of the shareholders and investors. And he did that by choosing not to tell the unvarnished truth and he did it by choosing not to ask the hard questions."

Asked what was next, Berkowitz joked, "We're probably going to step aside and go get a well-deserved drink and an afternoon off."

The Enron case tested the government's ability to prove complicated corporate skullduggery. Its implosion and the subsequent scandals scared off investors, increased regulatory scrutiny over publicly traded companies and prompted Congress to stiffen white collar penalties.

The vast federal investigation seemed to stall until Fastow pleaded guilty in January 2004 to two counts of conspiracy and paved the way for prosecutors to secure indictments against his bosses. Fastow also led investigators to Causey, who was bound for trial alongside Lay and Skilling until he broke ranks with their unified defense and pleaded guilty to securities fraud just weeks before the trial began.

Philip Hilder, a former federal prosecutor who represents ex-Enron finance executive Sherron Watkins, said the convictions were "absolutely a comprehensive government victory," particularly given the speed of the jury's decision. Watkins tried to warn Lay of financial problems in the fall of 2001.

Hilder said that both men likely face "north of 20 years" in prison.

"This verdict encourages us ... to continue to combat corruption wherever we find it," said Deputy Attorney General Paul McNulty, at the Justice Department in Washington. Attorney General Alberto Gonzales was recused from the Enron case because he once was a partner at Houston law firm Vinson & Elkins LLP, which represented Enron.

Associated Press writers Mike Graczyk, Erin McClam and Angela K. Brown in Houston and Mark Sherman in Washington contributed to this report.

Enron Jurors Find Lay, Skilling Guilty (HC)

By Mark Babineck, Mary Flood And John Roper

Houston Chronicle, May 26, 2006

DOJ_NMG_0029631

A federal jury convicted former Enron chiefs Ken Lay on all counts and Jeff Skilling on most counts today, marking the climax of one of the most notorious corporate scandals in U.S. history and nearly ensuring prison time for two of Houston's best-known executives.

The jury heard 16 weeks of testimony and arguments and made its announcement early on its sixth day of deliberations. The eight-woman, four-man panel found Lay guilty of all six counts. They convicted Skilling on 19 of the 28 counts against him.

U.S. District Judge Sim Lake set a sentencing date of Sept. 11. The two men remain free on bond.

In Lay's separate personal banking fraud trial, Lake found Lay guilty on all four counts.

After the verdict, Skilling and his attorney, Daniel Petrocelli, talked to the media outside the downtown courthouse and promised an appeal.

"Obviously, it did not come out the way we hoped. It doesn't change our view of what happened at Enron and it certainly doesn't change our view of Jeff Skilling's innocence," he said. "As I told (Skilling), we've just begun the fight."

When asked whether he could admit that he had broken the law, Skilling replied, "No. I didn't."

"We fought the good fight," Skilling said. "Some things work; some things don't."

Shortly before 3 p.m., Lay also made a brief statement to the media outside the courthouse: "Despite what happened today, I'm still a very blessed man. At my left is this beautiful lady that's my wife. I have a very warm, loving family. And, most of all I believe God, in fact, is in control and that, indeed God works all things good for all who love the lord. We love our lord, all this will work for good."

The jury panel spent 16 weeks listening to often diametrically opposed testimony, with the government calling 25 witnesses plus three more on rebuttal. Several had struck cooperation agreements with the government and acknowledged crimes, and most claimed Lay and Skilling were part of a conspiracy to profit personally by duping the world about Enron.

"We stole. We all benefited financially at the expense of others," said former Chief Financial Officer Andrew Fastow, who is expected to serve a 10-year prison sentence after admitting he masterminded fraudulent bookkeeping schemes and bled Enron to the tune of $45 million in the process.

The defense impugned Fastow's character and told jurors he was a liar then and he's a liar now, implying he fabricated evidence and testimony that Skilling approved of "bear hug" deals with Fastow's LJM partnerships to hide Enron debt and guarantee Fastow wouldn't lose money.

The defense called 31 witnesses, including Skilling and Lay, many taking the stand in brief stints to rebut specific points raised by the prosecution. Of course, the most important men to testify were Skilling and Lay themselves.

Skilling, 52, went first on April 10 and testified over eight days, much of it on direct examination by his Los Angeles-based defense attorney, Daniel Petrocelli.

Petrocelli, a career civil attorney trying his first criminal case, methodically took Skilling through each charge in four days of direct examination. Skilling had a reputation for being controlling and abrasive, but he seemed relaxed and downright professorial while telling jurors he committed no crimes, that most of Enron's dealings were legitimate and that the real criminal was Fastow.

One of Skilling's dramatic moments came on April 13, when Petrocelli seized on bubbling emotion and engaged his client in powerful exchange about what Skilling perceived as abuse of power by the Justice Department.

"We are innocent. And by 'we' I mean Enron Corporation," Skilling said. "It was a fine company. I am innocent of all of these charges, and I will fight for that for a long time."

Enron Task Force Director Sean Berkowitz began cross-examination the next week, and Skilling surprised many by keeping his cool despite pointed questioning that sometimes turned embarrassing and personal, such as his $180,000 stake in an ex-girlfriend's Internet startup company called Photofete that did business with Enron.

"Would you agree with me that this may be a conflict of interest, at least within the (company's) code of ethics?" Berkowitz asked.

"It may be," Skilling replied, appearing humbled.

Defense lawyers cited Photofete as a prime example of prosecutors seeking to smear Skilling and Lay, who also was an investor, by throwing information at the jury that is not part of the indictment.

"Don't come to Houston, Texas, and lie to us," Lay attorney Chip Lewis shouted at prosecutor John Hueston during closing arguments, referring to Photofete.

Lay, 64, took the stand April 24 and testified over six days. Contrary to Skilling's calm demeanor, Lay seemed easily irritated by defense attorney George McCall 'Mac' Secrest. Secrest was substituting for lead defender Michael Ramsey, who bowed out for much of the trial because of surgery.

Lay's demeanor turned from grouchy to hostile once Hueston began questioning, with fireworks popping as soon as cross-examination began when the prosecutor accused Lay of trying to contact potential trial witnesses to get their "stories straight."

Lay, sometimes snarling into the microphone, shot back at Hueston.

"I don't have a story. I have my recollection of the facts and they are totally different than Mr. Fastow's," Lay said.

In closing arguments, Berkowitz seemed to agree jurors should pay close attention to what Lay and Skilling said in the ninth-floor courtroom and contrast it to what they were told actually happened on the 50th floor of the Enron Building, a few blocks down Smith Street.

"They lied to investors and omitted critical facts," Berkowitz said. "And they lied to you, ladies and gentlemen, from the stand."

Berkowitz also reminded the jurors that justice for Lay and Skilling, who invested at least $38 million combined in their united defense, should not be bought.

Ramsey, who recovered in time to make some closing arguments, warned jurors that only they could judge the facts and not the host of politicians, columnists, jilted investors and prosecutors who want to see Lay and Skilling behind bars.

"There may be a court in America that bends to political pressure but it's not this court! There may come a day when an American jury yields to a media mob, but it's not this jury," said Ramsey, one of Houston's most-respected criminal lawyers. "We're going to have a fair jury here."

The attorneys and Lake took one day to pick the jury that heard the case. Many among the panel knew little about Enron, although some confided in questionnaires and in court that "greed" or misdeeds took the company down.

Tuning out Enron has been a neat trick in the Houston area over the past five years as the ruination of what was dubbed the nation's seventh-largest company has remained the dominant U.S. corporate scandal among a flurry of such implosions around the turn of the century. Scandal also enveloped companies like Worldcom, Tyco and Adelphia, but Enron always has been at the forefront.

That's especially so in Houston, where thousands of employees lost their jobs — 4,000 at once the day after Enron filed for bankruptcy on Dec. 2, 2001. Many lost their retirement savings, which was invested in near-worthless Enron shares.

SLICK EXECS TAKEN DOWN (NYPOST)

By Andy Geller

The New York Post, May 26, 2006

May 26, 2006 -- Former hot-shot execs Kenneth Lay and Jeffrey Skilling, who guided Enron through its spectacular rise and crashing fall, were convicted yesterday of orchestrating a massive fraud that made the energy company the symbol of corporate deceit in America.

After four months of testimony, a Houston federal jury, on the sixth day of deliberations, found Lay and Skilling guilty of fraud and conspiracy for lying about Enron's crumbling fortunes - to investors, employees and government regulators.

Lay, 64, the firm's ex-chairman, and Skilling, 52, its former CEO - who together spent close to $70 million on their defense - could spend the rest of their lives behind bars.

Enron's collapse in December 2001 wiped out $2.1 billion in pension plans and 5,600 jobs.

It led to a crackdown on corporate crime in which federal prosecutors won convictions against CEOs and domestic diva Martha Stewart. And Congress passed a law to make company executives more accountable.

Jurors said they didn't believe the claims of Lay and Skilling, who testified for a total of 131/2 days, that they were kept in the dark about Enron's problems.

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"To say you didn't know what was going on in your own company was not the right thing," said Freddy Delgado, an elementary-school principal.

"I think both defendants said they had their hands firmly on the wheel, so they didn't know what was going on?" he added. "Personally, I can't say, 'I don't know what my teachers are doing in the classroom.' I'm still responsible if a child gets lost."

Juror Wendy Vaughn agreed.

"I felt like in the position they were in, it was their duty to know what was going on and they should have gone farther to know what was going on," she said, adding that Lay's attitude on the witness stand may have worked against him.

He had "a little bit of a chip on his shoulder," she said. "It made me question his character at that point, how controlling he might be."

Lay - called "Kenny Boy" by his pal President Bush, to whom he made hefty campaign contributions - was convicted of six counts of securities fraud, wire fraud and conspiracy. In a related bench trial, he was also found guilty of bank fraud and making false statements to banks.

He faces a total of 165 years in prison.

As Judge Simeon Lake pronounced the first "guilty," Lay slumped, sighed heavily and shook his head.

As the judge repeated the word nine more times, Lay clutched the hand of his wife, Linda, and she leaned forward and began weeping.

Two other women sitting with Lay - his daughter, Elizabeth Vittor, a member of his defense team, and Linda Lay's daughter, Robyn - also began sobbing.

After the judge left the courtroom, family and friends gathered around Lay, whose face was red and who was fighting back tears.

Lay, the son of a Baptist preacher, hugged them and thanked them for their support, saying, "God's got another plan right now."

He then clasped hands with them and they stood in a circle to pray.

"We'll all come through this stronger and more reliant on God," he told them.

Later, he proclaimed his innocence, declaring, "We believe that God in fact is in control and indeed he does work all things for good for those who love the Lord."

Skilling, who was Lay's protégé, was convicted of 19 counts of securities and wire fraud, conspiracy, making false statements to auditors and one count of insider trading. He was acquitted of nine other counts of insider trading.

He faces 185 years behind bars.

Skilling, sitting with his brother, Mark, appeared shaken at the verdict and left the courtroom quickly.

"Obviously, I'm disappointed," he said outside the courthouse. "But that's the way the system works."

His lawyer, Daniel Petrocelli, said he would appeal.

"We've just begun to fight," he said.

"We've had a trial, and obviously it did not come out the way we hoped. It doesn't change our view of what happened at Enron. And it certainly doesn't change our view of Jeff Skilling's innocence," he added.

The prosecution was jubilant.

"The government will not let corporate leaders violate their trust and get away with it," said lead prosecutor Sean Berkowitz.

"You can't lie to shareholders, you can't put yourselves in front of your employees' interests. No matter how rich and powerful you are, you have to play by the rules."

The defendants will be sentenced Sept. 11 - almost five years to the day that Skilling sold 500,000 shares of Enron stock for $15.5 million, for which he was convicted of insider trading.

Lake allowed Skilling to remain free on $5 million bond, rejecting a prosecution request to place him in home confinement.

Lay, who also remains free, was ordered to surrender his passport.

"I'm not letting him leave this building until his passport is surrendered," the judge said.

The former Enron chief was also ordered to post a $5 million cash bond.

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It was a stunning reversal of fortune for Lay and Skilling, who transformed Enron from a sleepy natural-gas company into the nation's seventh-largest corporation and the world's largest energy-trading company.

Enron was one of Bush's biggest backers, with company employees donating $602,000 to Bush's political campaigns. Lay and his wife donated $139,500.

Then came the fall.

In December 2001 the company filed for bankruptcy, revealing it was little more than a house of cards that used accounting tricks and off-the-books partnerships to hide billions in losses and company debt.

In the wake of the collapse, the feds cracked down on corporate crime.

CEOs of WorldCom, HealthSouth, Adelphia Communications and Rite Aid were prosecuted for accounting fraud or looting company treasuries.

All were convicted of fraud except HealthSouth founder Richard Scrushy, who now is on trial in Alabama on unrelated bribery charges.

Public outrage led to the passage of the Sarbanes-Oxley Act, designed to make company executives more accountable.

Sen. Paul Sarbanes (D-Md.), the lead author, said "we should punish the bad apples and that's obviously what happened in Texas. They undermined confidence in our markets."

"The jury's verdicts help to close a notorious chapter in the history of America's publicly traded companies," agreed Rep. Michael Oxley (R-Ohio), the co-author. "Appeals aside, the end of the trial will mark the end of a dark era."

In presenting their case, prosecutors did not accuse Lay and Skilling of creating the off-the-books partnerships and accounting tricks.

Instead, they argued that the two men knew about them and repeatedly lied to cover them up.

In Lay's case, one of those lies was a lie of omission. When he urged employees to buy Enron stock in September 2001, he failed to tell them he had sold $70 million in stock back to the company.

And just before the bankruptcy, he used stock proceeds to pay off the mortgage on his home.

Those facts infuriated juror Don Martin.

"I thought that was a disgrace," he said. "It was horrible. People had all their money tied up [in pensions] and they can't touch it and he's out paying his house payment."

Delgado added, "It was very much the character of person he was. He cashed out before the employees did."

The witnesses against Lay and Skilling included a parade of ex-Enron executives.

Former Chief Financial Officer Andrew Fastow testified that Skilling encouraged him to set up the partnerships to hide losses, "juice" the company's earnings and help meet quarterly forecasts.

The feds' investigation seemed to stall until Fastow pleaded guilty in January 2004 to two counts of conspiracy, paving the way for prosecutors to win indictments against his bosses.

Skilling impressed the jury - and hurt his defense - when he stepped off the witness stand and used a complicated chart to explain Enron's trading activity.

"I would have always had questions if they had not taken the stand," said juror Kathy Harrison, an elementary-school teacher. "That helped reaffirm it for me."

Added Delgado: "To say he's [Skilling] not involved, that's not credible."

In the end, the jurors said they were convinced by the tales of the witnesses that Lay and Skilling knew more than they were willing to admit.

"There was too much evidence interlinked," Delgado said. "Even if the government persuaded them, twisted their arm, whatever, you cannot get all of them to say the same thing and point to the same evidence." With Post Wire Services

Lay, Skilling Convicted Of Fraud That Doomed Enron (Update9) (BLOOM)

Bloomberg, May 26, 2006

DOJ_NMG_0029635

May 25 (Bloomberg) -- Kenneth Lay and Jeffrey Skilling, who built Enron Corp. into the nation's seventh-largest company and then drove it into bankruptcy, were convicted of orchestrating a fraud that made the energy trader the symbol of corporate deceit in America.

Jurors in federal court in Houston deliberated six days before finding Lay, Enron's former chairman, and Skilling, its former chief executive officer, guilty today of fraud, conspiracy and other charges for lying to investors about the company's finances. The panel heard four months of testimony before reaching its verdict.

``The government will not let corporate leaders violate their trust and get away with it," said Sean Berkowitz, head of the Justice Department's Enron Task Force, which conducted the prosecution. ``You can't lie to shareholders and put yourself in front of your employees' interests."

Lay, 64, and Skilling, 52, face at least 25 years each in prison after being convicted of using off-the-books partnerships to disguise Enron's debts. Skilling faces additional jail time over his conviction for using inside information to sell Enron stock. Lay was also convicted on bank fraud charges after a trial that U.S. District Judge Sim Lake held without a jury while the panel in the main case deliberated.

``Obviously I'm not real happy with this," Skilling said in the courtroom after the verdict. ``It is what it is." Skilling maintained his innocence and his lawyer, Daniel Petrocelli, said he would appeal.

Surrender Passport

Lake said he would sentence the defendants on Sept. 11. Skilling is allowed to remain free on $5 million bond and doesn't have to be put in ``home confinement" as prosecutors sought, Lake said.

Lay surrendered his passport after the judge said he wasn't allowed to leave the courthouse until he did so. Lay posted a $5 million bond, co-signed by his wife and children. He's restricted to living in Colorado and the southern district of Texas, and the routes to and from those places.

``I firmly believe I'm innocent of the charges against me," Lay said outside the courtroom. ``We believe God in fact is in control and he does indeed work all things for the good."

Both men face spending the rest of their lives in prison if they are given maximum sentences. After the verdict was announced, the color drained from Lay's face and his wife and daughter burst into tears. Skilling's wife wasn't in the courtroom.

``We've had a trial, and obviously it did not come out the way we hoped," Petrocelli said. ``It doesn't change our view of what happened at Enron. And it certainly doesn't change our view of Jeff Skilling's innocence."

Government Crackdown

Enron, once the world's largest energy trading firm, had more than $68 billion in market value before its December 2001 bankruptcy filing wiped out thousands of jobs and at least $1 billion in retirement funds virtually overnight. Investors suing over the company's collapse claim accounting fraud at the Houston-based firm caused at least $25 billion in losses.

``I think investors can feel validated in that the legal system worked here," said Mark Ross, partner at Sichenzia Ross Friedman Ference. ``On a bigger picture, it will instill confidence back in the capital markets in America."

In the wake of Enron's meltdown, government prosecutors cracked down on corporate crime. CEOs of WorldCom Inc., HealthSouth Corp., Adelphia Communications Corp. and Rite Aid Corp. were prosecuted for accounting fraud or looting company treasuries. All were convicted of fraud except HealthSouth founder Richard Scrushy, who now is on trial on unrelated bribery charges in Alabama.

Punish Bad Apples

We should ``punish the bad apples and that's obviously what happened in Texas," said Senator Paul Sarbanes, a Maryland Democrat. Sarbanes is the co-author of the Sarbanes-Oxley Act of 2002, passed to improve corporate reporting. ``They undermined confidence in our markets."

The eight-woman, four-man jury convicted Skilling on 19 of the 28 charges against him while finding Lay guilty of all of the six counts against him. The government presented a total of 25 witnesses against the men, including a parade of former Enron executives.

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``It's safe to say each of them is facing north of 20 years real jail time," said Kirby Behre, a former federal prosecutor and co-author of Federal Sentencing for Business Crimes. The calculation of the size of the fraud will play a part in determining the exact sentence. ``There's going to be a mini- trial on sentencing issues."

`Kenny Boy'

Prosecutors should feel vindicated as well, said Behre, now a partner at Paul Hastings Janofsky & Walker in Washington. ``This case epitomizes a new paradigm of corporate criminal prosecutions. We now hold the highest-level executives responsible for the misconduct of the company. These two guys are as high as they get."

Enron contributed nearly $6 million to federal parties and candidates between 1989 and 2001, more than two-thirds to Republicans, according to OpenSecrets.org, the Web site of the Center for Responsive Politics.

More than $2 million of that money came during the 1999-2000 election cycle, when the company became one of the biggest backers of President George W. Bush's bid for the White House. Lay personally raised at least $100,000 for the campaign, and Bush used to refer to him by the nickname ``Kenny Boy."

White House spokesman Tony Snow said today the Justice Department was to be congratulated for concluding a ``highly complex" case. ``The administration has been pretty clear, there's no tolerance for corporate corruption," Snow said when asked about the guilty verdicts.

Fastow Testimony

Former Chief Financial Officer Andrew Fastow told jurors Skilling helped orchestrate a scheme to use off-the-books partnerships to hide billions in losses and debts racked up by the company. Other executives said Lay took over the effort to deceive investors about Enron's finances after Skilling stepped down as CEO.

Lawyers for the two men argued that prosecutors sought to criminalize normal business practices and that their clients were victims of thieving subordinates like Fastow.

Fastow, who pleaded guilty to fraud charges stemming from Enron's collapse, told jurors that Skilling encouraged him to set up the partnerships to ``juice" the company's earnings and help meet quarterly forecasts. Fastow agreed to serve 10 years in prison for committing fraud at the company.

The defense sought to discredit Fastow, noting he'd stolen more than $20 million from Enron in partnership-related deals and had hidden his actions from Skilling and Lay.

Glisan Effective

Former Enron Treasurer Ben Glisan testified that Skilling endorsed using the partnerships to overvalue assets and disguise losses and touted them because they allowed the company to ``circumvent accounting rules." Glisan pleaded guilty to fraud charges and is serving five years in prison. After the verdict was announced, a juror said the jury referred to Glisan's testimony throughout its deliberations.

Glisan said Lay assigned him in August 2001, after Skilling left as CEO, to lobby credit-rating companies to allow the company to write off more than $1 billion in losses without suffering a debt rating downgrade.

Other witnesses, including former Enron investor relations executives Mark Koenig and Paula Rieker, testified that Lay misled analysts about the performance of some of the company's units as the firm deteriorated in the fall of 2001.

Lay and Skilling took the witness stand to try to convince jurors they hadn't presided over fraud at Enron and that prosecutors strong-armed their former colleagues into testifying against them.

Life on the Line

Skilling, who told jurors his ``life was on the line" in the case, said the government investigation of Enron became a ``witch hunt" that resulted in the charges against him and Lay.

Skilling denied being part of any effort to manipulate earnings and dismissed Fastow as a thief and a liar. He sparred with prosecutors, accusing them of twisting facts about Enron's performance to blame the company's demise on him and Lay.

Lay, whose father was a Missouri farmer and a Baptist preacher, earned a masters degree in economics from the University of Missouri in 1965. After a stint with Humble Oil in Houston, he joined the Navy in 1968 and worked as a purchasing officer at the Pentagon.

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After the Navy, Lay worked at the Federal Power Commission and then the Department of the Interior. After that he joined Florida Gas Co., eventually becoming president. He moved to Transco Energy Co. in 1981 and joined Houston Natural Gas Corp. in 1985, where he was chief executive officer.

In 1985, Houston Natural Gas merged with Omaha, Nebraska- based InterNorth Inc., another pipeline company, and Enron was born.

Great Fall

`It's a stunning verdict," said John Carney, a former federal prosecutor now at Baker & Hostetler. ``It's the end of a chapter but not the end of a book. Enron was an icon of American business. Ken Lay was one of the most revered and respected CEOs in the country. To see him go like that is probably one of the greatest falls in business history."

Skilling joined McKinsey & Co., a management consulting firm,, after his 1979 graduation from Harvard Business School. McKinsey counted Enron's predecessor, InterNorth, as a client, and Skilling joined Enron in 1990. He became president and chief operating officer in 1997 and chief executive officer in February 2001, upon Lay's initial departure from the company, only to quit in August.

``I've had my fingers, my legs and everything else crossed hoping this verdict would come down in the manner and form that it has," said Raymond Plank, chairman of Houston-based oil and gas producer Apache Corp. ``I feel justice has been served. My primary interest is to see them serve a long, long sentence."

The case is U.S. v. Skilling, 04-cr-25, U.S. District Court, Southern District of Texas (Houston).

Lay And Skilling's Day Of Reckoning (CNNM)

By Shaheen Pasha And Jessica Seid, CNNMoney.com staff writers

CNN/Money, May 26, 2006

Enron ex-CEO and founder convicted on fraud and conspiracy charges; sentencing slated for September.

HOUSTON (CNNMoney.com) - Enron former chief executive Jeffrey Skilling and founder Kenneth Lay were both found guilty Thursday of conspiracy and fraud in the granddaddy of all corporate fraud cases.

On the sixth day of deliberations, a jury of eight women and four men convicted the former executives of misleading the public about the true financial health of Enron, whose collapse in late 2001 symbolized the wave of corporate fraud that swept the United States early this decade.

Ex-Enron CEO Jeffrey Skilling walks away from reporters in Houston after a jury found him guilty of 19 counts of fraud, conspiracy, false statements and insider trading.

Skilling was found guilty on 19 counts of conspiracy, fraud, false statements and insider trading. He was found not guilty on nine counts of insider trading.

Lay was found guilty on all six counts of conspiracy and fraud. In a separate bench trial, Judge Sim Lake ruled Lay was guilty of four counts of fraud and false statements. (Click here for the defendants' reactions)

Both Lay and Skilling could face 20 to 30 years in prison, legal experts say. And Lay will also face an additional hefty term in prison for his conviction in the bank fraud case.

"I think absent a successful appeal, they will both die in prison," said Jamie Wareham, global chairman of litigation at the international law firm Paul Hastings. "When you're a judge that's concluded that two men have lied to you for hours and hours and hours, light sentences aren't going to flow."

Judge Lake set sentencing for Sept. 11 and ordered Lay to surrender his passport and post a $5 million bond. No home confinement was ordered but homes owned by Lay and his children were used as an assurety for the $5 million bond.

Skilling's attorney, Daniel Petrocelli, told reporters outside the courthouse, "We will have a full and vigorous appeal."

"The jury saw it differently," Petrocelli said, referring to his client's maintaining his innocence. "We'll take it from here."

Wareham said the defendants don't have a large amount of appeal platforms, but he expects lawyers will try to raise the issue that both men were tried in Houston, the epicenter of Enron's implosion. Defense attorneys had attempted unsuccessfully to have the venue changed prior to the trial saying it was impossible to get a fair trial in Houston.

Jurors react

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All 12 jurors and three alternates speaking to reporters after the verdict insisted that the decision was one of the hardest they had to make, given compelling arguments from both sides. But ultimately, they agreed that the evidence, corroborated by the line of witnesses presented by the prosecution, proved too strong to ignore.

"This is undoubtedly the most difficult, heart-wrenching experience I've ever had in my life," said Kathy Harrison, an elementary school teacher who served on the jury. "I performed my duty as an American citizen. I've never fought on a foreign battleground (but) I fought on this battleground for American justice."

Jurors said of the 22 witnesses for the prosecution, the first witness, Mark Koenig - who served as Enron's head of investor relations - and Ben Glisan, the former treasurer of Enron who is the only executive currently serving time in jail, were the most persuasive given their knowledge of details at the company.

But Andrew Fastow, Enron's former financial chief who was long considered to be a star witness for the prosecution, was less effective, jurors said.

"Fastow was Fastow," said Donald Martin, an electrical designer who served on the jury. "We knew where he was coming from."

The defense has long contended that Fastow's treachery brought down the company and he cut a deal with the prosecution, requiring him to testify against his former bosses, to receive a lighter sentence.

Wendy Vaughn, a juror who owns two businesses, said that from the beginning she admired both Lay and Skilling's brilliance and talent as businessmen building up Enron. But she said "it was sad to see in the end, it wasn't accomplished in a respectful manner."

She added that Lay's demeanor on the stand ultimately worked against him.

"He seemed very much wanting to be in control," she said. "He seemed to have very much of a chip on his shoulder... it made me question his character."

And the jurors said both men seemed to be hands-on executives, making their testimony that they relied on the advice of others questionable.

"Both said they had their hands on the wheel," said Freddy Delgado, an elementary school principal. "I can't say I don't know what my teachers are doing. To say that they didn't know what was going (on, it) wasn't right they said that."

Delgado added that the jury pored through the facts and he didn't believe anyone could question the fairness of the Houston jury.

"Houston should be proud," he said.

Tears in the courthouse

Skilling stood stone-faced as he was convicted on most of the counts he faced. Skilling's wife and children were notably absent.

Petrocelli had his hand on his client's shoulder, bracing him.

As Lay's verdict was read, his daughter Elizabeth Vittore, who has been one of his attorneys during the case, began to sob uncontrollably. His wife, Linda, clutching his hand, wiped tears away silently. All of his children sat in the front row with other members of the family. One of his sons put his face in his hands and wept.

Lay clutched his wife's hand and looked straight ahead.

Speaking to reporters outside the courthouse, Lay expressed shock at the verdict and continued to maintain his innocence as his wife Linda stood by his side.

"I firmly believe I am innocent of the charges," he said. "Despite what has happened I'm still a very blessed man."

Outside the courtroom after court was adjourned, Skilling said, "We fought a good fight. Some things work. Some things don't."

"Obviously I'm disappointed, but that's the way the system works," he added.

Enron employees rejoiced at the verdict. (Click here for full story.)

A huge scandal

The verdict is a major victory for the government, and marks the end of one of the most scandalous chapters in the history of corporate America.

The Enron government task force exited the courthouse at 2 p.m. ET and was greeted with applause. In a statement to the press, lead government prosecutor Sean Berkowitz said, "The eyes of the world have been on this courthouse and they have seen the justice system at work."

"No matter how rich you are, you have to play by the rules," he added.

Berkowitz said that he was proud of everybody on his team and the personal sacrifice they had made, adding they would all "go out and get a drink."

In Washington, Department of Justice officials praised the Enron prosecutors and said the conviction will encourage the government to go after more such cases.

"Our laws will be enforced just as vigorously against corporate executives as against street criminals," said Deputy Attorney General Paul McNulty. "No one is above the law."

The White House had no comment on the verdicts except to congratulate the Justice Department for winning convictions in a "highly complex" case. Lay was a major fund-raiser for President Bush, who gave him the nickname "Kenny Boy."

"The administration has been pretty clear - there is no tolerance for corporate corruption," White House spokesman Tony Snow said.

Houston-based Enron, once one of the hottest companies on Wall Street, imploded in a matter of months after Skilling abruptly resigned as CEO in August 2001. Lay, who was chairman at the time, postponed his retirement plans to return to the helm.

Enron's collapse marked the first of the high-profile corporate scandals that rocked the nation, followed by WorldCom, Global Crossing, Adelphia and Tyco. The wave of fraud led to passage of the Sarbanes-Oxley law that tightened oversight of how American companies are audited.

After a government investigation that took 4-1/2 years, prosecutors presented evidence that Lay and Skilling orchestrated a conspiracy to artificially inflate profits, hide millions in losses and misrepresent the true nature of the company's finances.

The long-awaited trial began Jan. 31 in Houston.

Enron's bankruptcy, the biggest in U.S. history when it was filed in December 2001, cost 4,000 employees their jobs and many of them their life savings. Investors lost billions of dollars.

Over 16 weeks, the government presented 22 witnesses, including former top executives, who testified that Skilling and Lay fostered a culture that put the company's image and stock price above everything else, at any cost.

Sixteen people pleaded guilty for crimes committed at the company, and five others, including four former Merrill Lynch employees, were found guilty at trial. Eight former Enron executives testified against Lay and Skilling, their former bosses.

Jurors: Ex-Enron Execs Not Credible (USAT)

By Greg Farrell

USA Today, May 26, 2006

HOUSTON — Ken Lay and Jeff Skilling said they always relied on the lawyers and accountants who signed off on Enron's earnings statements. Jurors said they should have relied on the truth.

In a decisive conclusion to an epic trial here Thursday, a federal jury convicted the two men of lying to investors five years ago about the financial health of Enron, the company they both led as CEOs.

By convicting the pair of conspiracy to commit securities fraud and related crimes, the 12 jurors rejected Lay and Skilling's primary defense: that they believed Enron's earnings statements were fair and accurate because those statements had been blessed by internal accountants and lawyers.

Instead, the jury agreed overwhelmingly with government prosecutors, who argued that the men used their power to bully and cajole subordinates into painting an artificially positive picture of Enron's earnings for investors.

“The defense was built around a reliance on auditors, attorneys and staff, and trying to get people to believe that as CEOs, they knew absolutely nothing about fraud when they were getting paid millions,” says Lynn Turner, former chief accountant of the Securities and Exchange Commission. “Other executives are going to understand that this type of defense isn't plausible anymore.”

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The guilty verdict in the biggest criminal case to emerge from the wave of corporate frauds that rattled investors from 2001 through 2003 is a significant triumph for the Enron Task Force. That team, formed in January 2002 to investigate wrongdoing after Enron's sudden collapse, has secured 16 guilty pleas from former Enron employees but has failed to win convictions of several prominent former executives.

It is also a significant victory for the Justice Department's push to restore integrity to the corporate boardroom. Last year, a federal jury in Manhattan convicted former WorldCom CEO Bernie Ebbers of encouraging his subordinates to cook his company's books. The year before, former Adelphia CEO John Rigas was convicted of fraud and misuse of investor funds. Manhattan District Attorney Robert Morgenthau won a conviction last year of former Tyco CEO Dennis Kozlowski and his CFO, Mark Swartz.

The only significant failure in the Justice Department's campaign against corporate fraud occurred in Alabama last year, when a federal jury acquitted former HealthSouth CEO Richard Scrushy of masterminding a $2.7 billion fraud, even though five former CFOs testified against Scrushy.

In discussing that case after the verdict, several jurors seemed confused about what the government was trying to prove against Scrushy. In the Enron trial, government prosecutors wanted to avoid the same mistakes.

After Enron's collapse in 2001, Lay and Skilling became poster boys for corporate misbehavior and were widely blamed in the media for the fraud that was found at Enron.

But to win criminal convictions in federal court, prosecutors needed actual proof of guilt against the two men. And, because there were no e-mails tying Lay and Skilling directly to the fraud, prosecutors made a strategic decision to focus the trial on whether Lay and Skilling told the truth in public, not if Enron's accounting was illegal.

To that end, perhaps the biggest single break for the prosecutors occurred in December, a month before the trial was to begin, when Richard Causey, the former chief accounting officer of Enron, pleaded guilty to one count of securities fraud.

Originally, the government was going to put Causey on trial alongside Skilling and Lay. That would have made the case more difficult to win because it would have required the Enron Task Force to delve deeply into Enron's convoluted accounting, which could have confused the jury. Prosecuting Causey would also have added two months to the trial, which could have exhausted the jury.

Instead, with Causey out of the picture in a plea deal, prosecutors could focus their case against Lay and Skilling exclusively on whether the two men were honest in statements to employees, analysts and investors.

In his opening statement on Jan. 31, Assistant U.S. Attorney John Hueston said the government's case was not about accounting but the choices Lay and Skilling made when speaking to the public in 2000 and 2001.

Defense lawyers tried to divert the case into the thicket of accounting rules, but prosecutors wouldn't budge. Throughout February and March, the government elicited testimony from 22 witnesses, many of them cooperators who had pleaded guilty to lesser charges in exchange for the promise of more lenient prison sentences. With almost every witness, prosecutors banged away at the same theme: Lay and Skilling lied to the outside world about what was going on at Enron.

In April, when the defense put on its case, it was clear both Lay and Skilling had to testify. Ultimately, jurors said, the testimony of the two men wasn't as credible as what came from all the government witnesses, whose stories corroborated one another. “I wanted very, very badly to believe what they were saying,” said juror Wendy Vaughan after the verdict. “At the beginning of the trial, I admired both men. I thought they were brilliant. It was sad to see in the end it wasn't accomplished in a respectful manner.”

According to the jury, Skilling was undone by his own brilliance, which was evident on the stand. In two weeks of testimony, the former McKinsey consultant who revolutionized the energy industry by turning the mundane business of delivering natural gas into a wildly successful futures market, instructed jurors about the intricacies of Enron's businesses. At one point, he told in detail how Enron used a statistical risk model, dubbed VaR for “value at risk,” to insulate itself from gyrations in commodities markets.

“For a man who knew every aspect of the business, why didn't he know what was going on?” asked juror Doug Baggett, legal department manager at a Houston company.

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As for Lay, jurors said they were impressed with the many civic and charitable contributions he made in Houston, but his outward generosity didn't excuse what happened at Enron. “Outside the company, he was a very nice person,” said juror Don Martin.

“Mr. Lay did many great things,” added Kathy Harrison. “All of this is a tragedy. Bad choices and bad decisions don't take away from what he did for the community.”

For Lay to win an acquittal, he was going to have to convince the jury that he wasn't aware of any wrongdoing at Enron. His attorneys also wanted him to tell the inspiring story of rising from humble roots in rural Missouri to the pinnacle of American business. But in telling his story on the stand, Lay sounded angry, blaming prosecutors for turning his life into a nightmare, and even snapping at his own attorney on occasion.

“He seemed very much to want to be in control,” said Vaughan. “He commanded the room.” Lay also seemed “to have a chip on his shoulder,” she said. “It made me question his character at that point.”

Worse than Lay's demeanor on the stand, jurors said, was evidence presented by the government that while Enron was collapsing, he quietly sold $70 million in stock back to Enron while urging employees to buy more.

On the witness stand, Lay explained that he had accumulated about $100 million in bank debt, secured largely by his Enron stock holdings. As the value of that stock dropped through 2001, he received margin calls from the banks and, therefore, sold his stock back to Enron to pay off his debts.

But when prosecutors confronted him with a statement he made to employees declaring that he was buying stock himself, Lay said he didn't consider “forced” sales of stock to be the same as “discretionary” sales. The distinction seemed lost on the jury.

Martin labeled the secret sales “disgusting” and “horrible,” while Baggett said they provided evidence of Lay's “intent.”

Michael Moran, an Enron retiree who serves as co-chairman of a special employee committee created by the bankruptcy court, said he was satisfied with the verdict: “It brings to closure one of the final chapters of the Enron saga. I would have been extremely disappointed had the jury come back and found Mr. Lay and Mr. Skilling not guilty.”

The Enron Task Force is currently trying to convict several executives from the company's broadband unit and has asked that three British bankers be extradited from the UK to face charges that they were part of one fraudulent scheme at Enron. But for all practical purposes, the conviction of Lay and Skilling is likely to end the Justice Department's investigation of fraud at what was once the USA's seventh-largest corporation.

It's standard practice for prosecutors to declare, even after a victory, that an investigation into wrongdoing is “ongoing.” Thursday, basking in the glory of a big win outside the federal courthouse, prosecutor Hueston wouldn't go that far. Instead, he said, “The investigation may be ongoing.”

Trial Fails To Answer Many Questions About Spectacular Collapse (WSJ)

By Rebecca Smith

The Wall Street Journal, May 26, 2006

Some of the most tantalizing questions about what really happened at Enron Corp. remain unanswered -- and in all likelihood will stay that way.

The convictions of former Enron Chairman Kenneth Lay1 and former President Jeffrey Skilling2 on a majority of the conspiracy and fraud charges against them cap a long drive by the government to prosecute crimes associated with the Houston company's spectacular collapse into bankruptcy. As the Enron prosecutorial effort winds down after four years of forensic digging, it has become clear that the government moved quickly in the wake of the 2001 scandal to demonstrate to an angry public that a cop was on the beat, the guilty would be punished and the system purged of corruption.

Yet none of the trials produced new pieces of evidence that could be termed "smoking guns," despite the fact prosecutors had broad subpoena powers and access to Enron records and internal documents that weren't available to the public. Some of the big questions linger, seemingly beyond the reach of the trials.

The questions involve Enron's finances and tactics, and the motivations of many former employees. For example, it still isn't clear how much Enron made or lost off its vaunted energy-trading, energy-services and broadband units. It also isn't known how much money Enron reaped by exploiting the California electricity market during the 15-month crisis that began in the spring of

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2000. Even after all the trial testimony, it isn't clear how long Enron could have continued to operate, absent the scandal that engulfed it in 2001, or just how much Messrs. Skilling and Lay knew about the company's off-balance-sheet partnerships.

"A criminal trial is not designed as a search for the truth," said Joseph Beeler, a partner at Ferrell Law in Miami and past president of the American Board of Criminal Lawyers. The mission is to "dispense justice in an individual case, and those who expect more are bound to be disappointed."

Instead of answering important social or philosophical questions, trials are adversarial contests in which prosecutors attempt to prove, beyond a reasonable doubt, that defendants committed certain narrowly defined crimes.

"The system is designed to focus on relevant and material information," and exclude nearly everything else, said Mark Biros, a former federal prosecutor who is now managing partner of the Washington office of Proskauer Rose LLP. "That's why people walk away somewhat dissatisfied."

The just-completed trial of Messrs. Skilling and Lay is a case in point. Because a third defendant, former Enron Chief Accounting Officer Richard Causey12, pleaded guilty just before the trial began, the case against Messrs. Skilling and Lay became simpler and less focused on the nitty-gritty of how Enron operated. So, while the defendants insisted Enron was a healthy energy-trading company that fell victim to a "run on the bank," there was little detailed exploration of the roots of Enron's problems -- including how it became so dependent on paper trading gains that had little real cash attached to them and so vulnerable to credit calls that made it incapable of riding out a crisis.

Indeed, more than four years after the Enron scandal began, it is still impossible to say what was real at Enron and what was smoke and mirrors.

Enron was permitted to book profits through means that were volatile and risky, but that, apparently, broke no laws. It was allowed to rack up "mark-to-market" gains on its trading book rather than use "accrual" accounting that is based on the flow of actual money. A reliance on such accounting may be acceptable, in some circumstances, so long as there is real cash coming from somewhere. In the real world, companies need hard cash to pay employees and cover expenses.

It still isn't clear how much of Enron's profits came from outright financial chicanery and how much from exploiting accounting constructs such as mark-to-market accounting and the use of derivative instruments that remain legal and largely unregulated today. Prosecutors go after illegal conduct, not foolhardy business practices.

Leslie Caldwell, the former head of the Enron Task Force who is now at Morgan Lewis & Bockius in New York, said she thought it was "very smart" of prosecutors "not to get bogged down" in accounting intricacies. It might have answered some questions about the company, but it would not have advanced the case.

Nor should one expect revelatory insights from defendants. "Your own trial is not the place to engage in self-reflection," said Melinda Haag, a former federal prosecutor who is now a partner at Orrick Herrington & Sutcliffe in San Francisco. "For that, you have a clergy person, a friend or a therapist."

Trials generate mosaic pieces that can be combined with other bits of information to create the big pictures that ultimately give meaning to the judicial exercise and explain the significance of the Enron saga.

"What trials aren't about is the resolution of great issues," said Anton Valukas, a former U.S. attorney for Chicago who is now a partner at Jenner & Block there.

White-Collar Crime's New Milestone (WP)

By Brooke A. Masters And Carrie Johnson

The Washington Post, May 26, 2006

If there was one case the government had to make to define this as the era of corporate accountability, it was Enron.

But the Enron Corp. tale was complicated, with labyrinthine partnerships and intricate accounting entries, and no documents directly tying the guys at the top to the decisions carried out by others. It was a tough case to be a must win.

When the jury returned its verdicts -- guilty on 25 of a combined 34 counts -- it was a clear win. Jurors refused to let slide the two former chief executives who had become synonymous with corporate corruption, and who tried to blame underlings, advisers, institutional investors and the media for the Houston energy company's spectacular 2001 collapse.

"The jury says, you're the boss," said white-collar defense attorney Charles A. Stillman.

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The convictions of Enron founder Kenneth L. Lay and former chief executive Jeffrey K. Skilling cap the Justice Department's five-year battle to hold top executives responsible for a flood of accounting fraud and corporate failures that undermined investor confidence, put tens of thousands of people out of work and hit the savings of millions of ordinary people.

Enron's 2001 bankruptcy exposed failures across the system of corporate governance, from audit companies that lacked true independence and board members who failed to ask skeptical questions to lawyers and bankers who blessed questionable deals in exchange for whopping fees. It also resulted in major changes to the regulatory system, including a federal law that requires top corporate executives to attest to the accuracy of financial statements.

When Enron was followed by a wave of scandals at companies such as WorldCom Inc., Tyco International Ltd. and Adelphia Communications Corp., it was not clear whether prosecutors and the Securities and Exchange Commission would be able to cope with the complexity and sheer numbers of the cases. But government lawyers slowly built their evidence and, after initial setbacks, learned to streamline their cases for juries. They won convictions of WorldCom chief executive Bernard J. Ebbers, Adelphia Chairman John J. Rigas, domesticity entrepreneur Martha Stewart and the top executives of Tyco.

But none of them equaled the importance of Enron, where it all started and which involved the most complicated financial and legal schemes.

"The ordinary investor uses the word Enron to scare their kids," said University of Texas law professor Henry T.C. Hu. "These convictions are the end of a particularly important morality play. Everyone always thought that the Enron-Skilling-Lay trial would be harder for prosecutors . . . and yet the prosecutors won. That really helps in terms of deterrence."

Although the Enron convictions serve as a high-water mark for the government's efforts to crack down on high-level corporate lawbreaking, legal analysts cautioned that the case does not mark the end of white-collar crime. "Where there's money, there's going to be crime," said former U.S. Attorney David N. Kelley. "You never know what's going to surface."

For corporate executives still under scrutiny, the verdicts yesterday underscored the peril of defendants taking the witness stand in white-collar fraud cases.

As in many of the recent top corporate trials, prosecutors had few documents linking Skilling and Lay to the accounting maneuvers that hid billions of dollars in losses from investors. The case therefore came down to weighing the two men's credibility against that of the other Enron executives, who swore Lay and Skilling were involved.

That made the two men's performances on the stand that much more critical, and both of them fell short. Lay in particular came across as an irritable control freak, while Skilling strained credulity with his complicated explanations and convenient memory lapses, jurors said.

The results mirrored those of other high-profile cases: The jurors who convicted Ebbers also said they didn't believe his testimony that he was unaware of the accounting schemes in that case, and former investment banker Frank P. Quattrone torpedoed his case when he was caught in an apparent misstatement on the stand. Quattrone's obstruction of justice conviction was later reversed, and he is currently negotiating with prosecutors to avoid another trial. Most legal observers credit the lone prominent acquittal, that of Richard M. Scrushy of HealthSouth Corp., to the months he spent cultivating the black and religious communities in Birmingham, where his case was tried.

"It's Shakespearean. The CEOs who have gone down are people who literally lost touch with reality," said Yale University law professor Jonathan Macey. "Ken Lay had so internalized the idea of an imperial CEO that he blamed everyone but himself. He could not conceptualize that he should take responsibility."

More than any other case, Enron symbolized the collapse of the 1990s stock market bubble and the revelation that many of the nation's highest-flying companies were far less substantial than they seemed. "This was the stock market's 9/11. How could the seventh-largest company collapse?" said Samuel W. Buell, a former federal prosecutor who worked on the early stages of the Enron case. "The knowledge that there is going to be punishment in egregious cases has to restore investor confidence."

"The fact that significant and highly credible companies engaged in misconduct of the rankest sort, pulling the wool over the eyes not just of investors but of analysts, journalists and regulators, is a very sorry chapter in our history, and one that deserves the right type of burial," said Harvey L. Pitt, a former chairman of the Securities and Exchange Commission.

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Energized after Enron's December 2001 bankruptcy filing and the fall of WorldCom months later, Congress overwhelmingly passed legislation that forces companies to set up stronger internal controls and holds chief executives, finance chiefs, board members and auditors more responsible for financial reports.

The aftermath of the 2002 Sarbanes-Oxley Act spawned new standards by the major U.S. stock exchanges and prompted courts to review such cases more stringently, experts said.

"The failure of Enron . . . fundamentally altered the corporate governance movement forever," said University of Delaware professor Charles M. Elson. "It greatly accelerated changes in the form of more responsibility for corporate boards and auditors, and it led to a great skepticism on the part of the investing public as to the business practices in corporate America. Regardless of what happens, they have been inadvertent change agents."

Even now, however, groups including the U.S. Chamber of Commerce are attacking the law in the courts and in the halls of the SEC. Another trade organization, the Free Enterprise Fund, has mounted a legal challenge to the Public Company Accounting Oversight Board as too costly and invasive. The board is a watchdog body created by the Sarbanes-Oxley Act to police the accounting industry. Advocates of increased oversight warn that if that case is successful, the entire law could be thrown out.

But the law's supporters said they hope the string of prosecution victories will give would-be fraudsters pause and remind Americans of the need for corporate accountability.

"Now we have a greater appreciation of the role of watchdogs," said Anthony M. Sabino, a law professor at St. John's University. "Sarbanes-Oxley was a good idea, is a good idea. Leave it alone. We need it to prevent the Enrons of the future."

Lay, Skilling May Have Paved Their Way To Prison (AP)

By Kristen Hays, AP Business Writer

AP, May 26, 2006

HOUSTON — Kenneth Lay may have paved his way to prison when he testified in his own defense against fraud and conspiracy charges, snarling at a prosecutor and telling a jury of middle-class men and women that he couldn't turn off his rich lifestyle "like a spigot," despite $100 million in personal debt.

Jeffrey Skilling may have guaranteed himself a string of convictions when he couldn't counter incriminating testimony from prosecution witnesses with more than, "It's not true."

The epic undoing of the founder and former chief executive of what was once the seventh-largest company in the country and his hand-picked successor came in telling moments throughout the trial of more than four months.

Lay and Skilling entered the trial with a claim that shocked many: Not only were they innocent of wrongdoing, no fraud at all occurred at Enron. Skilling boiled it down with a statement at the end of his 7 1/2 days of grueling testimony:

"We are innocent. By 'we' I mean Enron Corp.," he said.

Prosecutors knew going in that both defendants would seek to exonerate not only themselves, but the company as well. Lay forecast that approach in a speech to Houston business and academic leaders in mid-December, while Skilling's legal team used a court filing to signal their intent.

But Enron fell so precipitously into bankruptcy proceedings in December 2001 from being the nation's seventh-largest company the year before that something had to be rotten, whether Lay and Skilling knew about it or not.

The government sought to show that rot, and how Lay and Skilling led an effort to hide it — a conclusion both continue to vehemently deny as they vow to appeal their convictions.

It wasn't easy. No one sat around a table in a dark, smoke-filled room and brazenly stated that they would commit crimes to fool investors into believing Enron deserved its powerhouse image.

No one even typed a memo, dashed off an e-mail or left a phone message indicating criminal intent, leaving prosecutors with little hard evidence.

Prosecutors presented their case like it was built over four years — brick by brick — with much emphasis on testimony from former executives who pleaded guilty to crimes rather than face their own trials, convictions and lengthy prison terms.

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Those division heads and others said they felt pressure — tangible or intangible — from Skilling and Lay to meet earnings targets or mask bad news at any cost and to maintain Wall Street's adoration.

The government also painstakingly worked to present its cadre of 25 witnesses as an ensemble cast without any stars, to be seen as a whole.

The media eagerly touted the testimony of former Chief Financial Officer Andrew Fastow, but his testimony was in the end no more important than that of other ex-executives. De-emphasizing the importance of the man held responsible for forging schemes that helped sink Enron was among the prosecution's smartest moves.

Fastow was an easy target for the defense. He roped his wife into his crimes. He likely could have prevented her from being indicted had he cut a deal with prosecutors within six months of being indicted himself, much as junk-bond pioneer Michael Milken copped a plea to keep the government from charging his brother.

Fastow endured his first public flogging during four days of brutal testimony and cross examination. He laid bare his shame. He never minimized his culpability and greed. And he insisted he and Skilling "committed crimes together," and Lay knew disaster was imminent in the fall of 2001 when he claimed publicly that Enron was fundamentally strong.

The key was, others provided equally damaging testimony about how Lay and Skilling knew Enron wasn't what it purported to be thanks to smoke and mirrors that masqueraded as proper accounting.

Those included former Enron Treasurer Ben Glisan Jr. Now federal inmate No. 20293-179, Glisan is in prison for crafting fraudulent financial structures Enron used to hide losses and bad investments — structures Lay and Skilling insisted were proper.

But others with no criminal taint added fuel to the prosecution's fire. Vince Kaminski, a former top risk analyst whom Skilling respected, said the ex-CEO swept him and his staff from a risk assessment squad, complaining they acted too much like "cops" rather than deal facilitators.

Then came the defendants, the stars among the defense's 29 witnesses. Observers expected Skilling to live up to his reputation for being temperamental and abrasive, but it was Lay who bickered and bristled, even with his own lawyer.

Lay, known for making pious-sounding religious references, arrogantly defended his extravagant lifestyle, including a $200,000 yacht for wife Linda's birthday party, despite $100 million in personal debt.

"It was difficult to turn off that lifestyle like a spigot," Lay said.

Lay, a local mover-and-shaker dubbed "Kenny Boy" by President Bush, once told prosecutor John Hueston that Enron's "corpse was on the gurney" for the government to carve up.

Lay was convicted on all counts, while Skilling was acquitted on nine insider trading charges stemming from trades of Enron stock he made in 2000. The ex-CEO was convicted on 19 other counts of fraud, conspiracy, lying to auditors and insider trading.

"This whole thing of saying there was nothing wrong at Enron, it just strains the imagination," said Gary Brown, former special counsel for the Senate Committee on Governmental Affairs in its investigation of Enron's December 2001 crash.

Sam Buell, a former federal prosecutor with the Justice Department's Enron Task Force who secured the indictment against Skilling, said the government had witnesses from myriad units — trading, finance, broadband, investor relations and retail energy — who told a story that hung together when viewed as a whole.

"I think the defense probably felt they just couldn't deviate from the playbook that says you have to give the jury an affirmative story of your own that explains the whole case — that it would be too risky just to play defense and poke holes in the government's case," Buell said.

However, the story that the government witnesses were liars or misunderstood what they thought was sinister "just wasn't plausible and undermined the credibility of everything they did and said," Buell said.

Jurors said they acquitted Skilling on the nine insider trading counts for lack of evidence. But they said when viewed overall, the government's case — despite its lack of hard evidence beyond the word of witnesses — pointed to the pair's guilt.

Enron Trial May Encourage Businesses To Adopt Low-risk Strategies (KRT)

By Greg Burns

Knight Ridder, May 26, 2006

CHICAGO - So much for the bold defense of Kenneth Lay and Jeffrey Skilling.

The pair was convicted Thursday by federal jurors who listened to both former Enron Corp. executives spin a tale from the witness stand about a truly great company that was sadly misunderstood.

From the start, legal observers questioned the strategy of promoting Enron as a "shining star," since the rest of the world concluded long ago it had been misled about the one-time Houston energy giant.

Former insiders cooperating with the government swore under oath that the company had lost its moral bearings and manipulated its financial results to deceive a gullible public.

The outcome of the case, with Skilling and Lay facing long prison terms, is likely to encourage future corporate executives targeted in criminal investigations to adopt a lower-risk approach, some legal experts predict.

The convictions underscore the conventional wisdom among defense attorneys that testifying at trial is among the most perilous steps for any criminal defendant, even the polished and educated.

They also suggest that convincing a jury of a completely different story than the one advanced by the government is especially tough in complex corporate fraud.

The Enron defendants "felt they had to roll the dice on the `Big Sell,' because the traditional defenses were going to be met with great skepticism," said David Yellen, dean of the Loyola University law school in Chicago.

Merely saying, "We made mistakes, but they weren't criminal," or, "We didn't know about the fraud," would have been insufficient in this case, Yellen explained.

Yet by attempting to "shoot the moon" with their description of a wonderful company brought low by a "run on the bank" through no fault of theirs, the Enron defendants eroded some of their best defenses, said Samuel Buell, a former prosecutor on the government's Enron Task Force now teaching at the University of Texas law school.

"That undermines the credibility of even the good stuff you've got for poking holes in the government's case," he said. "It was highly risky."

The Enron prosecution was by no means a slam dunk for the Justice Department, despite public expectations that the former corporate leaders would be convicted. It lacked a blockbuster witness, or "smoking gun" evidence tying the defendants conclusively to the fraud.

Lay and Skilling were consistent in maintaining they not only did nothing wrong, but also almost everything right. Apart from their decision to waive conflict-of-interest rules for their corrupt finance chief, Andrew Fastow, the pair aggressively defended their time at the top of the ill-fated company.

On direct examination, as they described Enron's glory days, it almost seemed they wanted the poker-faced jurors to burst into applause. Then on cross-examination, Lay all but snarled at the prosecutor questioning him, while Skilling lurched between near-perfect recall of certain events and sudden amnesia about others.

The pair should have admitted more faults and errors, said Brian Wice, a Houston defense attorney who followed the trial. "You can't come in with a stiff neck and say, `I'm perfect,'" he said. "For these guys, it not only was business, it was personal, and that's a mistake. They wanted to be vindicated."

Asked on the day the jury began its deliberations if his client sought redemption, not just acquittal, Lay's lead attorney, Michael Ramsey, replied, "That's very true. Very true."

Daniel Petrocelli, who represented Skilling, said the defense needed to knock down the preconceptions of jurors steeped in years of adverse publicity about Enron.

Skilling sought redemption "only to the extent it was needed to unlock jurors' minds," Petrocelli said. "It's not an ego thing. It's really to undo these perceptions."

The defendants' campaign for absolution began immediately after Enron collapsed. Although Lay refused to testify before Congress, taking a pounding in grim silence, Skilling talked and talked.

He shared a witness table with Sherron Watkins, the Enron whistleblower who would testify against him and Lay at their criminal trial, presenting the "run on the bank" defense that became his most prominent theme.

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That impulse to blame the victims for their lack of faith in the company carried through to the trial. Far from bringing down a thriving enterprise, the "run" on Enron revealed the house of cards it had become, prosecutors pointed out to the jury. Enron lacked the wherewithal to raise enough cash to keep its operations going, even long enough to sell it at a bargain price.

The defense was seeking to "defuse the notion that this was a business that was rotten to the core from start to finish," said Buell. "Obviously, certain parts of the business were successful. That's beside the point. They had to explain how the collapse of Enron happened. It didn't work because the story was just implausible."

Symbol Of An Era Lay, Skilling Are Convicted Of Fraud (WSJ)

By John R. Emshwiller, Gary McWilliams And Ann Davis

The Wall Street Journal, May 26, 2006

HOUSTON -- The convictions of former Enron Corp. chairman Kenneth Lay1 and former president Jeffrey Skilling2 decimated their high-stakes argument that Enron was a law-abiding company done in by newspaper reports, short-sellers and market panic. The jury3's decision cemented the once-highflying energy company's legacy as one of the most egregious corporate offenders of the 1990s.

The verdicts yesterday against both men on numerous federal fraud and conspiracy charges cap a string of prosecutions in which hundreds of senior corporate executives at numerous companies have been held accountable for wrongdoing on their watches. 4

Once viewed as one of the biggest business success stories of the 1990s, Enron collapsed in 2001, the first of a string of corporate scandals. Its fall marked a dramatic end to the stock-market boom and the beginning of a wave of corporate and regulatory reforms, including the 2002 Sarbanes-Oxley law.

Juror Kathy Harrison, an elementary-school teacher, said after the verdicts that she hoped executives at other companies would realize that "those in charge have responsibility. There's too much hurt here. If something good can come out, companies can be aware that they must be conscientious." (Read more reactions5 to the verdicts.)

After delivering their verdicts, the Enron jurors said they had focused partly on the credibility of the two former executives. In a risky legal strategy, both men had argued that no crimes were committed at Enron, apart from a few largely irrelevant ones involving former Chief Financial Officer Andrew Fastow6. Messrs. Lay and Skilling both testified during the trial, and both faced withering cross-examinations by prosecutors.

Judge Sim Lake7 read the string of guilty verdicts in a packed courtroom. Both defendants stood calmly as family members gasped and some began to sob.

Mr. Skilling, 52 years old, was convicted on 19 of 28 counts of conspiracy, fraud and insider trading. He was acquitted on nine counts of insider trading. Mr. Lay, 64, was convicted on all six conspiracy and fraud counts he faced. After reading the jury verdicts, Judge Lake also found Mr. Lay guilty of all four counts in a separate banking-fraud case heard by the judge while the jury was deliberating.

After the verdicts were announced, Mr. Lay joined more than a dozen friends and family members in a circle in one corner of the courtroom to pray. One of Mr. Lay's supporters, Rev. Bill Lawson, could be heard invoking the story of Jesus, "who was convicted and even executed," he said.

"We'll all come through this stronger," said Mr. Lay, occasionally tugging at the hand of his wife, Linda, who had sat through the entire four-month trial. Later, Mr. Lawson said he advised Mr. Lay "to hang in there and trust God."

In a telephone interview last night, Mr. Skilling said that when he was pronounced guilty on the first count of conspiracy, "that floored me. God, there was no conspiracy." He said that the relatively short jury deliberations had raised his hopes. But "we were just on a tilted football field," he said, referring to going on trial in Enron's headquarters city.

The convictions came despite Messrs. Lay and Skilling putting on one of the most expensive criminal defenses ever, spending an estimated $60 million. Both men remain free pending sentencing, which is set for Sept. 11. Each faces many years in prison.

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Attorneys for both men said they would appeal the verdicts, which came on the sixth day of jury deliberations that many observers had expected to stretch for weeks. The verdict "doesn't change our view of what happened at Enron, or of Jeff Skilling's innocence," said a clearly upset Daniel Petrocelli16, Mr. Skilling's lead lawyer. "We told our story and the jury disagreed with it."

At a press conference after the verdicts, several jurors said that government witnesses, many of them former Enron executives testifying as part of plea bargains, had convinced them that illegal activities had occurred at Enron, and that the defendants were responsible.

Defense lawyers had decided to put both Mr. Skilling and Mr. Lay on the stand. "I wanted badly to believe what they were saying," said juror Wendy Vaughan, a small-business owner. But "there were places in their testimony where I felt their character was questioned," she said.

"Both men said they had their hands firmly on the wheel" of the company, said another juror, elementary-school principal Freddy Delgado. For the two executives to later claim they didn't know about wrongdoing, said Mr. Delgado, was "not the right thing."

During the trial, defense attorneys repeatedly portrayed Enron as a fundamentally healthy and successful business. It was destroyed, they claimed, by irresponsible news articles in The Wall Street Journal and the manipulative stock-market activities of traders looking to profit from the company's declining share price. The political and media furor that followed Enron's collapse, they argued, caused the government to search for crimes where none existed. "This is not a case of 'Hear no evil, see no evil,'" Mr. Petrocelli, Mr. Skilling's lead attorney, told the jury during his opening argument in early February. "This is a case of 'There was no evil.'"

In his closing argument earlier this month, Mr. Petrocelli told jurors that if they accepted the government's definitions of corporate wrongdoing, "we might as well put every CEO in jail."

The defense differed markedly from those used in the trials of former WorldCom Inc. Chief Executive Bernard Ebbers and former HealthSouth Corp. boss Richard Scrushy. Those defendants acknowledged that financial crimes had occurred, but said the wrongdoing had been hidden from them. Mr. Ebbers was convicted; Mr. Scrushy was acquitted.

Some Enron jurors said they were bothered by Mr. Lay's stock sales. Mr. Lay quietly sold about $70 million of Enron stock back to the company, some of it as Enron's financial crisis worsened in 2001. He did not have to publicly report those transactions for up to a year.

Juror Don Martin, an electrical designer, said the stock sales "defined the word 'intent.'" Mr. Delgado, another juror, said the sales reflected "the character of the person." Deborah Smith, the forewoman of the Enron jury, said she hoped that federal regulators would tighten rules governing how executives report stock sales.

Some jurors also said they rejected defense arguments that former Enron executives testifying for the government as part of plea bargains were lying to win leniency from prosecutors. Mr. Martin said that in spite of their incentives to cooperate with prosecutors, "it was hard not to lend credence to their testimony." Mr. Delgado, the school principal, added that "even if the government twisted their arms, you can not get everyone to say the same thing."

Detailed Notes

Jurors cited testimony by Enron's former treasurer, Ben Glisan, Jr.17, the only witness currently in prison for an Enron-related crime. Mr. Glisan had knowledge of Enron's finances and kept detailed notes of some key meetings. "We kept going back to Mr. Glisan's testimony to corroborate things," said Mr. Delgado, the school principal.

In a telephone interview, juror Douglas Baggett said that outside partnerships run by Mr. Fastow, the former financial officer, contributed to the jury's decision to convict. The government said that the partnerships, known as LJM118 and LJM2, had been used to manipulate Enron's reported financial results. Mr. Baggett called the partnerships "the first domino....Most every one of the counts went back to LJM." While the defense attacked Mr. Fastow for stealing money from Enron, it defended the company's transactions with LJM as proper.

Several jurors said they wished other witnesses had been called, particularly former Chief Accounting Officer Richard Causey19. Mr. Causey's name came up repeatedly during the trial as someone deeply involved in the company's most controversial financial transactions. He had been a co-defendant in the case, but in December pleaded guilty to one count of

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securities fraud. Both the government and the defense considered calling him to the stand, but both apparently decided the risks were too great.

Mr. Causey "could have linked a lot more things together," said Mr. Baggett, the juror. But Ms. Smith, the jury's forewoman, said she didn't think his appearance "would have changed the verdicts."

The defense had frequently expressed concern that the overwhelmingly negative news coverage of Enron's collapse had tainted the jury pool here in Enron's hometown. Judge Lake's refusal to move the trial out of Houston is seen as a major issue in the expected appeal.

During questioning of potential jurors prior to the trial, one who wound up on the jury said he felt something had gone wrong at Enron, and described the two defendants as "greedy," though he added that wasn't a crime.

Some jurors said yesterday that they went into the case sympathetic to both Mr. Lay and Mr. Skilling. "In all honesty, at the very beginning of the trial, I admired both men," said Ms. Vaughan. "I thought they were brilliant."

Jurors said their opinions shifted under the weight of the evidence and because of the defendants' demeanor on the witness stand. Mr. Lay and Mr. Skilling seemed "very controlling people at times," said Mr. Baggett, noting that at times they were "even telling their attorneys what to do" from the witness stand.

Mr. Lay's testimony was hampered by the absence of his lead attorney, Michael Ramsey20, for much of the trial due to health problems.

Defense lawyers had emphasized Mr. Lay's extensive civic involvement in Houston. Jurors said that didn't influence their decision. In his civic and charitable activities, "he was a very magnanimous person," said Mr. Martin. "He gave and donated a lot of money. But when he went into the company, he was a different person entirely."

Prosecutors argued that by 1999, Enron had begun to live a lie. To the public, it seemed one of the decade's great business success stories. Wall Street loved Enron, and the company's share price soared even by the inflated standards of the 1990s stock-market boom. Mr. Lay regularly rubbed shoulders with national and world leaders, including President Bush, who sometimes referred to him as "Kenny Boy."

Big Institutions Snared

Enron's 2001 collapse led to the demise of Arthur Andersen LLP, the company's outside auditor, and snared some of the nation's biggest financial institutions, including Citigroup Inc., J.P. Morgan Chase & Co. and Merrill Lynch & Co., in litigation and regulatory actions.

It also sparked a raft of investigations, including a federal criminal probe by a specially created Enron Task Force. To date, the Task Force has filed criminal charges against 33 individuals and obtained guilty pleas or convictions against 23 of them, including Messrs. Lay and Skilling.

The case against Enron's only two chief executives prior to the bankruptcy was the Task Force's most critical. Both had made tens of millions of dollars while at Enron. Mr. Skilling allocated $40 million to his defense, a little less than half of it coming from Enron officers' liability insurance. Mr. Petrocelli, his lawyer, said all of that money had been spent before the trial began. Mr. Lay is estimated to have gone through more than $20 million. On most days, each defendant had at least a half-dozen attorneys in court. The government used a like number.

Despite the huge defense effort, the two men couldn't overcome major questions about what happened at Enron. Jurors said they didn't buy the defense argument that the LJM partnerships were legitimate outside entities that gave Enron additional financing flexibility. It appears that they didn't accept Mr. Skilling's insistence that he had quit as chief executive in August 2001, after only six months on the job, for personal reasons that had nothing to do with the company's health, which he and Mr. Lay declared at the time to be excellent. The company collapsed less than four months after he departed.

Jurors said that they were convinced that Enron had serious problems in 2001, and that defendants had to have known that when they publicly portrayed the company as healthy and growing. "There were red flags everywhere" about the company's problems, said Mr. Baggett. He cited internal company surveys, emails and the testimony of Mr. Glisan, the former treasurer, who said he had warned Mr. Lay in the fall of 2001 about a pending liquidity crisis.

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The jury acquitted Mr. Skilling on nine of the ten insider-trading charges against him. Jurors said there was reasonable doubt on most of the insider-trading counts. Ms. Smith, the jury forewoman, added: "Not guilty equals not proven. It does not equal innocence."

The sole insider-trading conviction involved Mr. Skilling's most controversial stock sale: a $15 million transaction on Sept. 17, 2001, involving 500,000 shares of Enron stock. Mr. Skilling had told federal securities regulators in 2001, only days after Enron's bankruptcy filing, that he made the sale only because of concerns about the general economy following the Sept. 11 terrorist attacks. Prosecutors discovered that Mr. Skilling had attempted to sell 200,000 Enron shares a few days before those attacks. They used that fact to pound his credibility.

"Mr. Skilling used our nation's tragedy to cover his tracks," prosecutor Sean Berkowitz told the jury in his closing argument. "That's offensive and you shouldn't let him get away with it."

Enron Pair Found Guilty (TIMES)

By James Doran, Wall Street Correspondent

Times (UK), May 26, 2006

Former chief executive vows to fight verdict 'I'm still a blessed man,' says founder

KENNETH LAY, the founder of Enron, and Jeffrey Skilling, his former chief executive, face long terms in jail after a jury last night found the pair guilty of conspiring to commit one of the biggest frauds in US corporate history.

Lay, 64, was found guilty in a courthouse in Houston, Texas, on all six charges of fraud and conspiracy against him in the Enron case. He was also found guilty of four separate bank fraud charges that were heard in a trial without a jury.

He faces a maximum jail sentence of 165 years if given the full term for each guilty verdict.

Skilling, 52, was found guilty of 19 counts, carrying a maximum jail term of 185 years. He was found not guilty of a further nine charges of insider trading.

Judge Sim Lake, who presided over both the jury and non-jury trials, asked the pair to return to court on September 11 for sentencing. Legal experts expect both men to be sent to a medium- security facility for between 12 and 20 years, which — for Lay at least — could be a de facto life sentence.

Judge Lake asked Lay to surrender his passport. Lay signed documents in court to secure his $5 million bond with properties owned by his wife and children. He was also restricted from travelling outside the southern judicial district of Texas or Colorado. Skilling had previously submitted a $5 million bond.

Skilling looked down as the verdict was read. Lay sighed heavily and shook his head as his wife, Linda, took his arm.

Skilling, in a dark suit, white shirt and purple tie, appeared outside the court immediately to announce his decision to lodge an appeal. “Obviously, I am disappointed, but that is the way the system works,” Skilling said.

Daniel Petrocelli, Skilling’s lawyer, said that the verdict “doesn’t change our view of what happened at Enron . . . or Jeffrey Skilling’s innocence.”

Legal experts said, however, that the likelihood of a successful appeal was slim because the jury had obviously considered each count in turn, rather than returning a blanket decision.

Outside court after the verdict, Lay spoke to a jeering crowd that was kept at bay by several mounted police officers. He said that he was disappointed with the outcome, but, in an outpouring of his religious faith, added: “Despite this, I am still a very blessed man.”

Lay joined in a prayer circle being led near the courthouse by Steve Wende, his close friend and pastor of the largest Methodist church in Houston. Lay’s family wept as the former Enron boss said: “God has got another plan right now.”

Jurors who spoke to the media after the verdict was read said that the evidence of Ben Glisan, a former Enron treasurer, had been pivotal. One juror, Wendy Vaughan, a small business owner, said that the testimony of Lay and Skilling, who each spent a week on the witness stand, led her to return a guilty verdict. “There were pieces in the testimony where I felt their character was questioned,” she said.

The guilty verdicts mark the most significant victory yet for the US Justice Department in its fight against corporate crime. The Enron affair raised the curtain on an era of corporate scandals in the US in which dozens of executives have been convicted.

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Legal Observers Divided On Odds Of Successful Appeal In Enron Case (LAW)

By Brenda Sapino Jeffreys, Texas Lawyer

Texas Lawyer, May 26, 2006

Former Enron Corp. Chairman Kenneth Lay and former Chief Executive Officer Jeffrey Skilling spent many years getting their way in the business world, but in the courtroom, where it really counted, the men and their skilled defense lawyers could not sway a jury hearing criminal charges against them.

On Thursday, a federal court jury in Houston found Lay guilty of all six criminal charges against him and found Skilling guilty of 19 of 28 charges against him. The jury found Skilling not guilty of nine insider-trading charges.

The jury's verdict sends an "unmistakable message" to corporate America, prosecutor Sean Berkowitz, director of the Enron Task Force, said after the verdict.

"You can't lie to shareholders," Berkowitz, an Assistant U.S. Attorney, told reporters shortly after the jury verdict was announced on Thursday.

"No matter how rich and powerful you are, you have to play by the rules," he said.

Fellow task force prosecutor John Hueston spoke similarly: "The jury has spoken. CEOs can't hide behind accountants, can't hide behind lawyers."

The jury of eight women and four men returned their verdict at 11 a.m. on Tuesday, in their sixth day of deliberations.

The verdict came in the 17th week of proceedings in the trial, which received considerable U.S. and international coverage. Enron, once the nation's seventh highest-grossing company, filed for bankruptcy in December 2001.

The breakdown of the verdict is as follows. The Houston jury found Skilling guilty on one count of conspiracy to commit wire and securities fraud; 12 counts of securities fraud; five counts of making false statements to auditors; and one count of insider trading. Jurors found Lay guilty of one count of conspiracy to commit wire and securities fraud; two counts of wire fraud for making false and misleading statements; and three counts of securities fraud.

Upon hearing the verdict, Skilling showed little emotion. Lay's daughter and wife cried as the verdict was read.

U.S. District Judge Sim Lake set sentencing for Sept. 11. Berkowitz declined to say what kind of a sentence the government would seek for Lay and Skilling.

Skilling was one of the first people out of the courtroom after Lake excused the jury. Lay couldn't leave the courthouse until after he surrendered his passport and he and his family put up enough assets to back a $5 million bond. Lay and his wife, Linda, and three of his children put up deeds to property to secure the bond.

Outside the courthouse in downtown Houston, both Skilling and Lay continued to proclaim their innocence.

Lay said he was surprised and shocked by the verdict but that he is blessed by the support of a loving family and friends.

He spoke of his faith in God: "Indeed He does work all things for the good, for those who love the Lord."

Attorneys for Lay, including lead defense lawyer Michael Ramsey, a solo practitioner in Houston, did not comment on the verdict.

Skilling's lead defense lawyer, Daniel Petrocelli, a partner in O'Melveny & Myers in Century City, Calif., answered questions at the courthouse with Skilling at his side. Both men looked tired.

"We've just begun the fight," Petrocelli told reporters, later adding, "We will have a full and vigorous appeal." Asked about how he would proceed with the appeal, Petrocelli said, "I'm going to sit down and take a look at everything."

About the jury, he said, "They gave it five full days, and they saw it their way."

Petrocelli impressed juror Freddy Delgado. Delgado said, "If I was ever a defendant, I would go with Mr. Petrocelli."

After the verdict, Delgado and the other 11 jurors as well as three of the four alternates met with reporters. Forewoman Deborah Smith, who works in human resources at a large oilfield services company, said jurors didn't have a target date to reach a verdict; they were prepared to stay as long as it took.

Delgado, an elementary school principal, said, "We looked at all the facts and looked at the documents, put in long, long hours."

Jurors said they were not bothered by the fact that many of the government's witnesses had struck plea deals.

One of those government witnesses was Andrew Fastow, Enron's former chief financial officer.

"Fastow was Fastow," juror Don Martin said about the testimony of the former CFO, who pleaded guilty to two criminal charges and admitted on the witness stand that he stole from Enron. "We knew where he was coming from from the outset. We kind of discounted some of it."

Juror Doug Baggett said the jury listened to and considered the testimony of every witness. "We figured they were all there for a reason," he said.

Forewoman Smith and Baggett said the jury found Skilling not guilty of nine of the 10 insider-trading charges against him, because the government didn't bring enough evidence to the table to convict him of the charges. Smith noted that not guilty does not mean innocent.

One juror, Wendy Vaughn, said, "At the very beginning of the trial, I admired both men. ... It was sad to see that, in the end, it [the success of Enron] was not accomplished in a respectful manner."

Juror Kathy Harrison said of Skilling: "He was a hands-on individual. It was hard to believe such a hands-on individual would not know what was going on in the company." She later added, "Mr. Lay did many great things, but all this is a tragedy. ... No American is above the law."

Jurors said they didn't know why former Enron Chief Accounting Officer Richard Causey didn't testify, and they wish he would have. Baggett said, "To me, he was a missing link." However, Smith said Causey's testimony wouldn't have changed the verdict.

Causey was a defendant in the case alongside Lay and Skilling, but he struck a plea deal with prosecutors in December 2005.

Lake presided over the 16-week jury trial, held in the Bob Casey U.S. Courthouse, located just a few blocks from the 50-story Enron Center skyscraper where Lay and Skilling once reigned as powerful executives.

In the jury trial, prosecutors alleged Lay and Skilling participated in a conspiracy to misrepresent the true financial condition of Enron.

The indictment in United States v. Jeffrey K. Skilling, et al. alleged Lay and Skilling "engaged in a wide-ranging scheme" to deceive investors, including Enron shareholders and the U.S. Securities and Exchange Commission, about the true performance of Enron by manipulating public financial reports, making "false and misleading" public statements about the company's financial performance, and failing to disclose facts that would make those statements and representations fair and accurate.

Lay and Skilling had pleaded not guilty. They blamed Enron's problems on criminal acts by Fastow.

In 2004, Fastow pleaded guilty to one count of conspiracy to commit wire fraud and one count of conspiracy to commit wire and securities fraud.

Also on Thursday, following a separate bench trial that began on May 18 and ended on Tuesday, Lake found Lay guilty of four bank fraud charges.

In 2005, Lay had asked for a separate trial from Skilling, but Lake only granted a separate trial on the bank fraud charges.

Lay was accused of violating a federal banking regulatory rule by using up to $75 million in loans from Bank of America, Chase Bank of Texas and Compass Bank, from 1999 to 2001, to buy stock.

According to the indictment, Lay signed loan forms known as Forms U-1, which would require him to state that he will not use loan proceeds to buy stock on margin. But the indictment in United States v. Jeffrey K. Skilling, et al. alleged he did so.

"WILLFUL BLINDNESS" INSTRUCTION

Joel Androphy, a partner in Berg & Androphy in Houston who has watched most of the trial, says he gives Skilling -- unlike Lay -- reasonable odds at a successful appeal.

Androphy says Lake's instructions to the jurors will help Skilling's appeal. Androphy believes the evidence was not sufficient against Skilling to justify the judge's instructions that the jurors should consider "willful blindness." The government had laid out a case against Lay that he specifically avoided learning details but not so against Skilling.

Androphy says two government witnesses were extremely important to the prosecutors' case: Ben Glisan, the former Enron treasurer who pleaded guilty in 2003 to one count of conspiracy to commit wire and securities fraud and is serving a five-year prison term, and Mark Koenig, the former head of investor relations at Enron who has pleaded guilty to aiding securities fraud at Enron.

Androphy's assessment is the jurors put little stock in the defense's arguments that the government's witnesses were tainted by deals they cut with prosecutors to avoid jail time.

"Jurors are becoming immune to witnesses making government deals. That should send shock waves to criminal lawyers all over the country," Androphy says.

Dan Cogdell, of the Cogdell Law Firm in Houston, watched the trial with the perspective of a lawyer who won the only acquittal for a defendant in an Enron case. Cogdell won an acquittal in 2004 for Sheila Kahanek, a former Enron employee who was charged in United States v. Daniel Bayly, et al., the so-called Nigerian Barge trial. A federal court jury in Houston found Kahanek not guilty of charges of conspiracy to commit wire fraud and to falsify books and records.

About the Lay and Skilling verdicts, Cogdell says, "I am surprised that there were blanket convictions." For such a long case, he says, the jury deliberated for a very short period of time.

Like Androphy, Cogdell too believes that the judge's instructions to the jury to consider "willful blindness" hurt the defense significantly. He does not believe, however, in any likelihood for a successful appeal for Skilling or Lay. He notes that the 5th U.S. Circuit Court of Appeals does not often reverse Lake. Moreover, Cogdell says, during the time he spent at the trial, Lake appeared to be bending over backward to give a fair trial to the defendants.

Thomas Ajamie of Ajamie LLP in Houston also believes a successful appeal of the verdicts is unlikely for Lay or Skilling. "Sim Lake is a very careful, methodical judge. He knows this case is being watched very carefully," says Ajamie.

Ajamie does not believe that the medical issues that forced Lay's lead lawyer Michael Ramsey to leave the trial had a significant impact on the outcome. "Ramsey is a great lawyer. But I'm not sure that the Lord himself could have turned these facts around. A Mack truck coming at you at 100 miles an hour is a hard thing to stop."

Lay himself hurt his case, Ajamie says. "He was terrible witness. I came away thinking he is a bad person. He wasn't forthright. But he was clearly a man who was in control."

Philip Hilder, a Houston criminal defense attorney who represented former Enron executive and prosecution witness Sherron Watkins, says the verdict was a "stunning victory" for the Enron Task Force.

"Jurors rarely come back as quickly as this one did in such a complicated case," Hilder says. "The legacy of the Task Force will be defined by this."

But juror Vaughn, a business owner, told reporters that due to expected appeals by Lay and Skilling, "I don't think it's over."

She said, "Will justice really prevail? Will the almighty dollar prevail again? We'll see."

Reporter Miriam Rozen contributed to this article.

Justice Department, White House React To Verdict (HC)

By Michael Hedges

Houston Chronicle, May 26, 2006

In Washington, Deputy Attorney General Paul McNulty called the verdict a triumph for the Justice Department, and the federal Enron task force that was created in late 2001.

"Lay, Skilling and their numerous coconspirators perpetrated an elaborate scheme to mislead analysts and investors about Enron's true financial picture. Their efforts to mislead the markets were protracted, deliberate and dishonest," McNulty said. "At a time when the company was foundering, these defendants perpetrated a lie that Enron was a robust and growing company in the strongest financial condition it had ever been in. And as they knew, the truth was something very different."

He added, "The message of today's verdict is simple: Our criminal laws will be enforced just as vigorously against corporate executives as they will street criminals."

Attorney General Alberto Gonzales, who had recused himself from the Enron investigation because of corporate donations he received as a Texas judge, did not comment.

But McNulty lauded the work of a task force he said, "worked thousands and thousands of hours. They've gone over millions of pages of documents. They have devoted years of their professional life, sacrificing time from families, all in the effort to try to hold individuals accountable for corruption."

McNulty left without responding to shouted reporter's questions.

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White House spokesman Tony Snow made brief comments about Enron during a scheduled press briefing that coincided with the jury's verdict.

"My only comment is that the Justice Department -- you know, we congratulate the Justice Department on successfully concluding a highly complex set of legal proceedings that led to the convictions today in the Enron case," Snow said. "The administration's been pretty clear there's no tolerance for corporate corruption. And furthermore, the Justice Department has been going aggressively after those who are involved in corporate corruption."

Asked if President Bush favored a compensation program for Enron victims, Snow said, "I honestly don't know."

Bush did not directly respond to Enron, and there was no hint of the company's name in a glowing statement he issued early Wednesday afternoon on the state of the economy: "America's economy is on the fast track. Today's revised report by the Commerce Department indicates our economy grew at 5.3 percent for the first quarter of this year. That is the fastest growth in two-and-half years and another clear sign that our economy is powerful, productive, and prosperous," Bush said.

Guilty Verdict Will Embolden Prosecutors (FT)

By Stephanie Kirchgaessner And Patti Waldmeir In Washington

Financial Times, May 26, 2006

The conviction of Ken Lay and Jeffrey Skilling is the successful culmination of a legal strategy Department of Justice prosecutors have been fine tuning since the day, in 2001, when Enron, one of America's most respected companies, collapsed under the weight of a massive fraud.

That strategy called on law enforcement officials to indict and seek the conviction of chief executives of companies on fraud charges – often involving complex accounting schemes – even if there was little or no solid evidence that the executives intended to commit a crime or even knew the fraud existed.

In the case of Enron, says Michael Missal, a former attorney at the Securities and Exchange Commission who is now a partner at Kirkpatrick & Lockhart, the verdict will further embolden prosecutors to "go after the people at the very top", holding them responsible for wrongdoing at the companies they ran.

"If you look at what they were charged on, Ken Lay's fingerprints weren't on it – except that he knew the company wasn't in good shape and he lied about it," says Mr Missal.

Dan Small, a litigation strategy expert at the law firm of Duane Morris, also believes the victory will rejuvenate the justice department at a time when, he says, the legal community has been wondering whether momentum of prosecuting corporate fraud has slowed down.

"There will be a sense among other executives that if Ken Lay and Jeff Skilling couldn't pull it off, who can?" he says.

But one former senior counsel at the justice department disagrees. Timothy Coleman, an attorney at Dewey Ballantine, says the guilty verdict represents the end of an era that began and ends with Enron and that the political forces that put aggressive prosecution of white collar crime at the top of law enforcement's agenda will now subside.

"The government will continue to bring high-profile corporate fraud cases, but we are now entering a period of retrenchment and re-examination," Mr Coleman says.

He believes that the fact that the government is increasingly coming under fire for its tactics, including on issues involving waiver of attorney-client privilege and corporate payment of executives' attorneys fees, is evidence that the pendulum is swinging away from aggressive enforcement "in the court of public opinion".

Whether prosecutors continue to pursue indictments against executives as aggressively as they have in the era of Enron or not, the jury's decision proves that the justice department was capable of securing a conviction on a case that was exceedingly complex.

Columbia University Law School's John Coffee, an expert in securities law, says the government succeeded because it learned to follow what he calls the "kiss" rule: Keep It Simple, Stupid.

"[The jury's decision] shows that you can convict in a complicated factual case that resembles a Russian novel," Mr Coffee says.

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Stephen Cutler, the former head of enforcement at the SEC, says the decision to "streamline" the case also proved how far prosecutors had come since the early white collar crime trials, such as the first trial of Tyco's Dennis Kozlowski, which ended in a mistrial and was seen as having been presented to the jury in an overly complicated way by prosecutors.

"It is essential in these type of cases to boil it down to credibility. In this case, they boiled it down to: do you believe these men?" says Mr Small of Duane Morris.

He contends that the conviction was at least as much the result of defence errors as prosecution brilliance.

"The defence badly oversold the case: they went so far as to say there was no fraud against Enron; that's a bad mistake," he says. "They didn't have to do that."

It also proved that the "ostrich defence" of claiming ignorance – a strategy similarly used by WorldCom's former chief executive Bernie Ebbers – is one of which juries are sceptical.

"These are people who have spent their lives promoting themselves as masters of the universe, and suddenly to come into court and say they couldn't find the executive washroom without help – which was essentially the defence here – that's a very tough sell," says Mr Small.

Guilty Verdicts Provide 'Red Meat' To Prosecutors Chasing Companies (WSJ)

By Paul Davies And Kara Scannell

The Wall Street Journal, May 26, 2006

The convictions of former Enron Corp. executives Kenneth Lay1 and Jeffrey Skilling2 culminate a crackdown on turn-of-the-century corporate malfeasance. They also will likely embolden the government to continue its campaign.

When it collapsed nearly five years ago, Enron became synonymous with executive wrongdoing. Since then, authorities have obtained convictions or guilty pleas on fraud and other charges against hundreds of corporate bigwigs, and lawmakers have imposed tough new regulations. While some business leaders brand these measures excessive, particularly the 2002 Sarbanes-Oxley Act, few oppose prosecution of corporate misdeeds.

Yesterday's convictions serve as a reminder that while the economic and stock-market booms of the 1990s were among the greatest in history, they were tainted by greed and fraud. "We all get distracted by the benefits that flow from these great market advances when it's climbing up," said Robert Morvillo, a veteran defense attorney. "The distraction seems to have to await a seriously jarring issue when somebody gets hurt. Enron is a prime example of when people got hurt."

Messrs. Lay and Skilling now join a list of once-high-flying executives brought low. Among them: Adelphia Communications Corp. founder John Rigas; Tyco International Ltd. Chief Executive Officer L. Dennis Kozlowski; and former WorldCom Inc. CEO Bernard Ebbers.

With the Enron verdicts, those favoring aggressive tactics to protect shareholders and others have reason to feel energized, their stance endorsed in a landmark trial by a jury of 12 citizens. "Our criminal laws will be enforced just as vigorously against corporate executives as they will street criminals," Deputy Attorney General Paul J. McNulty said. "This verdict encourages us -- it encourages us to continue to combat corruption wherever we find it."

And George Stamboulidis, a former federal prosecutor, said: "I am confident that prosecutors have cases in the hopper ready to go." Among the possibilities: Two dozen or so companies under federal investigation into whether they improperly backdated stock-option grants to enrich executives. (Complete coverage3)

The Enron trial may provide a general template for future enforcement in complex accounting cases, though no two scandals are alike. In some previous trials involving complicated financial matters, prosecutors took a kitchen-sink approach, piling on arcane accounting evidence. Enron prosecutors took a simpler approach, reducing the risk that jurors would feel overwhelmed.

"Prosecutors have tasted the red meat," said Roman Darmer, another former federal prosecutor. "They have shown they know how to win these cases, and they now have more tools to work with."

A defeat for prosecutors would have provided fodder for the incipient pro-business backlash, which so far has had only limited success. "This may be the end of a case that came to symbolize the wave of corporate scandals, but by no means does

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this signal the end to investigators," said Arthur Jakoby, a defense attorney who used to work for the Securities and Exchange Commission.

Flood of Accusations

The bursting of the stock-market bubble in 2000 was followed by a surge of accusations that executives used accounting shenanigans to artificially improve results, otherwise defrauded shareholders or improperly enriched themselves. As companies collapsed, investors lost untold sums, and tens of thousands of employees lost jobs. Class-action securities lawyers won billions of dollars in settlements against the companies involved and their investment bankers and accountants.

Enron, a giant Houston-based energy-trading company, was among the biggest and the first to go under, filing for bankruptcy protection in late 2001.

In January 2002, the Justice Department launched a criminal probe that led to yesterday's convictions of Mr. Skilling and Mr. Lay, the latter a big supporter of President Bush. That July, Congress passed the Sarbanes-Oxley Act, which stiffened corporate-governance and accounting rules, and President Bush created the Corporate Fraud Task Force in the Justice Department. Since then, the Department says it has secured more than 1,000 convictions or guilty pleas of corporate fraud, including cases against more than 200 chief executives, company presidents and chief financial officers.

The sentences handed down have been of a length unheard of during the 1980s insider-trading and saving-and-loan scandals. Adelphia's Mr. Rigas was sentenced to 15 years in prison; Tyco's Mr. Kozlowski, convicted in state court, was sentenced to 8? to 25 years; and WorldCom's Mr. Ebbers to 25 years.

Wall Street got sucked into the scandals, too. In 2003, the New York attorney general's office and the SEC reached a $1.4 billion civil settlement with major Wall Street firms after discovering emails revealing that the firms had misled investors with overly rosy stock-research reports, and that they enriched favored customers in doling out hot initial public offerings of stock.

Not all prosecutions succeeded. Former HealthSouth CEO Richard Scrushy was acquitted in Birmingham, Ala., last June on all 36 counts he faced, including an alleged Sarbanes-Oxley violation. That decision followed a nearly six-month trial, including 21 days of deliberation -- a lesson likely not lost on prosecutors in the Enron trial, which lasted less than three months. (Mr. Scrushy has been on trial since May 1 on unrelated charges that he bribed Alabama's governor for a spot on a regulatory panel.)

Much of the backlash against the government's crackdown focuses on concerns that Sarbanes-Oxley imposes costly requirements at the expense of innovative risk-taking. The law's most controversial provision requires a company's management to gauge whether internal controls aimed at preventing improper accounting are sufficient, and requires independent auditors to test those controls.

Relax and Unwind

Some are pressing the SEC and Congress to unwind aspects of Sarbanes-Oxley. Republican lawmakers have introduced bills to lessen its impact on small businesses, but they face an uphill fight. SEC Chairman Christopher Cox has promised to try to make Sarbanes-Oxley less costly, but his changes are unlikely to satisfy the law's critics.

A free-market group filed a lawsuit against the Public Company Accounting Oversight Board, saying its creation under the law violates the Constitution. The plaintiffs plan to use the suit to open up the whole law for review.

In some cases, the backlash has succeeded. The U.S. Chamber of Commerce sued the SEC over a rule requiring that 75% of a mutual fund's board, including its chairman, be independent -- a regulation prompted in part by revelations about funds allowing some clients to make trades that cheated other clients. An appeals court last month returned the rule to the SEC for further consideration. And a hedge-fund adviser has sued the SEC over a rule that requires such advisers to register with the agency; that case is pending.

The most significant setback for authorities was a 2005 Supreme Court decision overturning the criminal conviction of accounting giant Arthur Andersen LLP, which had been accused of impeding the probe of Enron, a client. The conviction put Andersen out of business, costing thousands of employees their jobs, so its reversal opened the government to heavy criticism over the decision to prosecute.

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Since then, the Bush administration has shied away from indicting corporations. Yet on May 18, Milberg Weiss Bershad & Schulman LLP, a law firm that made an industry of suing companies on behalf of wronged shareholders, was indicted along with two partners on charges of funneling kickbacks to plaintiffs in dozens of class-action cases.

Prosecutors continue to use the threat of indictment to force companies to cooperate with investigators and to accept so-called deferred prosecution agreements. These impose requirements aimed at keeping companies honest -- including that they hire independent monitors -- and leave them vulnerable to swift conviction if they falter. Bristol-Myers Squibb Co., Computer Associates International Inc. (now CA Inc.) and other companies have accepted such agreements.

That tactic is in line with recommendations laid out in a controversial 2003 memo by then-Deputy Attorney General Larry Thompson. It said federal prosecutors should consider indicting corporations if their executives and directors don't swiftly and voluntarily cooperate.

Business groups and defense lawyers have become increasingly critical of the government's methods, which include pressuring companies to waive attorney-client privilege and to stop paying legal fees for employees under scrutiny. Congress has held hearings on the matter, and the American Bar Association, the U.S. Chamber of Commerce and others have pushed the Justice Department to lighten up.

"The government should not be in the position of saying, 'If you don't do X, Y and Z, then we are going to nuke you out of business,' " said Marc Mukasey, a former federal prosecutor.

Enron Task Force Had Rocky Path To Big Victory (WSJ)

By John R. Emshwiller

The Wall Street Journal, May 26, 2006

HOUSTON -- The Enron Task Force's uneven record looks sharply improved after it scored big wins in its defining case yesterday with the convictions of former Chief Executives Kenneth Lay1 and Jeffrey Skilling2.

The high-profile convictions cap a series of cases that have, so far, produced a mixed record for the Task Force. While it has won some crucial court battles and pleas, one of its other high-profile cases, a conviction of accounting firm Arthur Andersen LLP, was overturned by the U.S. Supreme Court. (Messrs. Lay and Skilling will appeal their cases.)

The Task Force, created in the wake of Enron's Dec. 2001 collapse into bankruptcy, has brought criminal charges against 33 people and 16 of them have pleaded guilty to Enron-related crimes. With yesterday's verdicts, prosecutors have won convictions against seven individuals, while one person has been acquitted. A trial of several former executives of Enron's high-speed telecommunications unit ended with no convictions and acquittals on numerous counts. The Task Force is retrying the defendants on the remaining counts in three separate trials. A jury verdict in one of those trials, held recently in the courtroom next to the Skilling-Lay case, could come any day.

In bringing its battery of cases, the Task Force carried the governmental powers to issue subpoenas, fashion criminal charges, grant immunity and negotiate plea bargains. Despite those sweeping powers, the Enron Task Force suffered at times from communication problems, bureaucratic infighting and disagreements over tactics.

Communication issues became so bad that Task Force members had to rely on personal email accounts because the email system used by federal prosecutors doesn't fully mesh with the email system used by agents at the Federal Bureau of Investigation.

Only around last summer, more than a year after Messrs. Lay and Skilling had been indicted, did investigators obtain the capacity to electronically search through the vast archives of Enron documents, say people familiar with the matter. These people blame the delays on a failure to marshal resources in a timely fashion. For instance, the Task Force went for long stretches with only one paralegal to help the attorneys.

"One of our greatest fears was, 'What else was out there?' " among the millions of Enron documents, said Sam Buell, a former Task Force member now teaching at the University of Texas law school. Another person close to the Task Force recalled one instance where prosecutors learned about potentially important documents in one of the Enron cases only when they were filed in court by defense attorneys.

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Enron's failure sparked a media and political firestorm, partly because Mr. Lay had been a friend and major campaign supporter of President Bush. The formation of the Task Force enabled members to concentrate on one subject -- as opposed to the multiple cases that a typical prosecutor or FBI agent has to juggle.

The formation of the Task Force required unusually large amounts of travel time and time away from home. For instance, John Hueston3, one of the lead prosecutors on the Skilling-Lay case, has been living in Houston since late last year and has gotten home to Southern California for two days to see his family.

Partly as a result, the Task Force experienced lots of turnover. Of the attorneys currently on the Task Force, the longest serving is deputy director Kathryn Ruemmler, who joined the team in late 2003, about 18 months after the unit was founded. The Task Force is on its third director, Sean Berkowitz4. The first two, Leslie Caldwell and Andrew Weissmann, left for private practice.

Controversy surrounded the Task Force from its inception. Some wondered whether the Bush administration would vigorously pursue possible crimes involving a political supporter as big as Mr. Lay. Others wondered whether the Task Force would be too aggressive -- just to show that there wasn't any political favoritism. Following his July 2004 indictment, Mr. Lay argued that the charges against him looked "like part of a political campaign."

The Task Force drew heat for indicting Andersen for obstruction of justice in connection with destroying large amounts of Enron-related documents. Critics contended that the Task Force unfairly penalized thousands of innocent Andersen employees for the alleged crimes of a few. Andersen's conviction helped put the large accounting firm out of business.

Other, less-noticed strategy calls produced disputes within the Task Force. Several people familiar with the unit have questioned the decision to allow civil suits by Enron shareholders to go forward at the same time as the criminal probe. Criminal defense attorneys have used those civil proceedings to depose many prospective witnesses and get a window into potential testimony. The Task Force didn't move to stop the civil proceedings, a block that often happens in criminal probes, because prosecutors thought it would be unfair -- and politically untenable -- to slow efforts to recover money for Enron shareholders, say people familiar with the matter.

There was debate within the Task Force over whether to include Mr. Lay in the case against Mr. Skilling, which at the time included Enron's former chief accounting officer, Richard Causey5 (who reached a plea bargain with prosecutors). Although all three were part of the same alleged conspiracy, Mr. Lay's purported role was largely confined to a several-month period after Mr. Skilling quit Enron in August 2001. Some prosecutors worried that adding Mr. Lay to the case could distract or confuse jurors, says one person familiar with the matter.

Plus, it was widely believed that the case against Mr. Lay was a tougher one to prove than the one against Mr. Skilling.

Enron Convictions Solidifies Corporate America's Reform Movement (KRT)

By David Greising

Knight Ridder, May 26, 2006

CHICAGO - Enron. The very word encapsulates an era.

It conjures images of too-cozy board rooms, all-powerful CEOs, compliant accountants, greed-struck employees and, ultimately, out-of-luck investors.

And now, thanks to the convictions of former chief executives Ken Lay and Jeff Skilling, Enron finally can stand for something else.

It stands for justice, thanks to the jury's unequivocal verdict.

The convictions also likely will embolden the sheriffs in town - federal prosecutors, the Securities and Exchange Commission, ambitious district attorneys and even a few private investors - to forge ahead in the challenging, ongoing effort to battle business corruption.

Some argue that a guilty verdict was not needed to exact justice. A flurry of post-Enron reforms, highlighted by the Sarbanes-Oxley law, had done that, they say.

"Even if there had been an acquittal, that would have been ok," said Charles Elson, director of the John L. Weinberg Center for Corporate Governance at the University of Delaware. "The changes that this case has brought are a victory in their own right."

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But Andrew Weissmann disagrees. Weissmann laid the investigative foundation for Thursday's verdict as head of the Justice Department's Enron Task Force. Before he stepped down nearly a year ago, he sifted through the grubby entrails of the corrupt Enron enterprise.

Weissmann also led the prosecution of Arthur Andersen. And since the Supreme Court threw out the Andersen guilty verdict because of the judge's flawed jury instruction, he has seen how a final verdict can muddle the public's perceptions of right and wrong.

An acquittal would have changed the conversation. Inevitably, people would have focused us on the ways the prosecutors blew the trial, or that the government overreached, in much the same way that people now muse about Andersen's demise.

Apologists might even have emerged. Some might even have embraced the preposterous Skilling-Lay defense - that a cabal of journalists and short sellers doomed a complex but legitimate enterprise.

"A huge part of the justice system is holding people accountable," Weissmann said Thursday. "In terms of the larger picture - what Enron meant to corporate America - this is a real sea change, a paradigm shift in the way corporations view their obligations to the public."

To appreciate how far the verdict takes us, first consider how far we've already come.

In their hey days, Ken Lay and Jeff Skilling straddled the world. Lay was George W. Bush's "Kenny Boy," a source of civic pride to Houston, an architect of Dick Cheney's energy policy and a leading voice in corporate America.

Skilling was slicked-back and whip-smart. He was the brain and the bustle behind Enron's transformation from a company that traded electricity to a new kind of corporate colossus that made billions trading just about anything.

Had Lay and Skilling been acquitted, they might have become objects of pity, or at least puzzlement. Convicted, they become object lessons instead.

Any executive, anywhere, who might want to cut a corner or break a law, must keep Lay and Skilling in mind. And government enforcement officials, everywhere, should take note, too, and vow not to let things get quite so Enron-bad before they step in. The conviction is a signal that there's still plenty of work to do.

For example: Hedge funds are powerful and mysterious, just as Ivan Boesky and Michael Milken were in their heyday. Prosecutions around the fringes of that industry are an encouraging sign that regulators are beginning to keep tabs on the derring-do of hedge funds, and are trying to sort out the legal from the illegal before a crisis occurs.

An acquittal for Lay and Skilling could have set vigilance back. It could have emboldened critics who say reforms such as Sarbanes-Oxley have gone too far. Acquittal might have encouraged the SEC, or the Justice Department, to ease up, to quit bringing criminal cases. If you can't convict on Enron, the argument might go, then you just can't convict.

So when the Enron jury spoke on Lay and Skilling, they did more than call the former Enron executives guilty. They gave voice to the notion that the reform movement in corporate America still has plenty of room to run.

Lay, Skilling Convicted In Enron Collapse (CHIT)

By Greg Burns

Chicago Tribune, May 26, 2006

Embracing a prosecution that focused on simple lies instead of complex accounting, a federal jury Thursday convicted Kenneth Lay and Jeffrey Skilling of criminal charges stemming from their leading role in the Enron Corp. scandal.

The panel found Lay guilty of all six fraud and conspiracy counts against him, while Skilling was convicted of 19 counts, including one of insider trading, and acquitted on the remaining nine for lack of evidence.

The decisive conviction of Enron's top brass brings closure to one of the most devastating frauds in American business history, and it represents a major victory for the government crackdown on corporate crime.

"It's been a long, long time coming," said Chicagoan Sean Berkowitz, lead prosecutor of the government's Enron Task Force. "The system worked."

The collapse of Enron nearly five years ago wiped out 5,000 jobs and billions of dollars in wealth, shaking the public's confidence in financial markets and leading to the indictment and liquidation of Chicago's Andersen accounting firm. Enron's shocking demise also led directly to legislation that changed and strengthened the rules of accountability for senior executives.

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After failing to win convictions in several other prominent white-collar cases, federal prosecutors sought to keep it simple in Houston. Rather than focus on the nuances of a highly complex corporation, at one time the nation's seventh largest, they emphasized how Lay and Skilling repeatedly deceived the public.

"They lied to their investors, they omitted critical facts, and at times they put their interests ahead of their shareholders," Berkowitz told jurors in his final argument last week. "They lied from the stand."

The key was presenting a "clear and focused" case, said Sheldon Zenner, a veteran trial attorney at Katten Muchin Rosenman in Chicago. "Jurors could understand without getting bogged down in the minutiae of the accounting."

The eight-woman, four-man jury deliberated for more than five days, embracing the testimony of a parade of former Enron executives who said Lay and Skilling condoned the use of accounting tricks to boost reported profits and hide debt.

The defendants' decision to take the stand didn't particularly help their case, said a juror interviewed after the verdicts were delivered.

"I wanted very, very badly to believe what they were saying," said business owner Wendy Vaughn. But "there were places in their testimony where I felt their character was questioned."

Lay's sale of $20 million of Enron stock in 2001, just months before the company collapsed, also weighed heavily with jurors. One expressed disgust at the transaction, which came as Lay publicly urged Enron employees to buy more of the plunging shares: It was "a disgrace," said electrical designer Doug Martin.

Lay also was convicted Thursday of bank fraud and making false statements in a separate non-jury trial.

The 64-year-old Lay and 52-year-old Skilling face steep penalties, potentially including life in prison. Sentencing is set for Sept. 11.

Lay's charges carry a maximum penalty of 45 years in prison for the corporate trial and 120 years in the personal banking trial, according to The Associated Press. Skilling's charges carry a maximum penalty of 185 years.

]Much discretion rests with U.S. District Judge Sim Lake, a no-nonsense jurist who has a history of imposing lengthy terms. The likely sentences easily could stretch for two decades, legal experts said.

As Lake read the verdicts from the bench, Lay tossed his head at hearing the first "guilty" on the conspiracy count. He clutched his wife's hand as he heard that word over and over again.

Lay sat with his wife, Linda; his daughter, Elizabeth Vittor, a member of his defense team; and Linda Lay's daughter, Robyn. As Lay clutched Linda Lay's hand, the three women leaned forward and began to sob quietly.

After Lake left the courtroom, Lay's family and some friends gathered around him as the ex-chairman, red-faced and fighting back tears, hugged them and thanked them for their support.

Skilling, sitting with his younger brother, Mark, showed no emotion when the verdict was read.

"Obviously, I'm disappointed," Skilling told reporters outside the courthouse. "But that's the way the system works."

His chief defense attorney, Daniel Petrocelli, vowed to file a "full and vigorous" appeal.

"We're going to stand behind him," Petrocelli said. "As I told him, we've just begun to fight."

Skilling's other brother, Tom, chief meteorologist for the Chicago Tribune and WGN-TV, who attended portions of the trial in Houston, could not be reached for comment Thursday.

The verdicts were perhaps the government's most important victory in its high-profile war against corporate corruption.

"The jury has spoken, and they have sent an unmistakable message to boardrooms across the country: You can't lie to shareholders," Berkowitz said. "No matter how rich and powerful you are, you have to play by the rules."

Prosecutor John Hueston, who sparred with Lay on the stand, said the ex-chairman had missed "a golden opportunity" to save Enron.

"He made that choice to put his own interests ahead of that of the shareholders and investors," Hueston said. "And he did that by choosing not to tell the unvarnished truth, and he did it by choosing not to ask the hard questions."

Enron's implosion prompted a wave of outrage, leading to sweeping new regulations, including the 2002 Sarbanes-Oxley law aimed at curbing corporate wrongdoing and restoring confidence in financial statements.

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Lay and Skilling, who have insisted they were made scapegoats for Enron's shocking 2001 collapse, became the headline targets of the crackdown on the boardroom that also resulted in charges against executives at WorldCom Inc., Adelphia Communications Corp., Tyco International Ltd. and other giant companies.

Enron's auditors were among the first casualties, with Andersen going out of business mere months after its client's collapse.

Testimony at Andersen's criminal trial on an obstruction-of-justice charge showed that its employees shredded mounds of Enron-related documents after the federal investigation was launched. The U.S. Supreme Court in July overturned the company's 2002 conviction because of faulty jury instructions.

Lay and Skilling attempted to have their trial moved to a location less saturated by media coverage of Enron's crash, but there were few places in America where the news hadn't penetrated.

"Just the mention of the name Enron evokes images of duplicity and greed," Linda Chatman Thomsen, director of enforcement for the Securities and Exchange Commission, said at the time of Lay's July 2004 indictment.

An Oscar-nominated documentary film and a handful of mass-market books were spawned by the scandal. Enron whistle-blower Sherron Watkins, in addition to co-authoring a book and testifying against her former bosses, launched a lucrative second career lecturing on business ethics.

An investigation by the Enron Task Force, created by the Department of Justice shortly after the company's bankruptcy filing, has resulted in charges against more than 20 people. Enron's collapse took with it more than $60 billion in market value, almost $2.1 billion in pension assets and 5,600 jobs.

Reaction to the verdict among ex-Enron employees ranged from elation to indifference. Sherri Saunders, who lost her job and $1 million in retirement savings, said the verdict "gives me a little comfort."

She's hoping for stiff sentences because Lay and Skilling never took responsibility or showed remorse, she told The Associated Press. "If Ken Lay gets 20 years, he'll probably die in jail. So 20 years would be good."

Sen. Paul Sarbanes (D-Md.), co-author of the Sarbanes-Oxley legislation, said, "Enron was the canary in the mineshaft, and subsequently a lot of other companies were found to have engaged in practices which abused the trust that had been placed in them."

Added Michael Oxley (R-Ohio): "The verdicts help to close a notorious chapter in the history of America's publicly traded companies. Appeals aside, the end of the trial will mark the end of a dark era."

The Los Angeles Times, a Tribune newspaper, contributed to this report, as did Tribune news wires.

For Ex-Enron Employees, Verdict Is Personal (HC)

By Purva Patel

Houston Chronicle, May 26, 2006

For those with ties to Enron, the announcement of the verdict shortly after 11 a.m was something they felt personally. Sherron Watkins

Former Enron vice president Sherron Watkins, who warned Lay of accounting problems at the company was attending her daughter's first grade graduation when she heard the news.

"I think the jury has sent a message that they will hold leaders accountable for what takes place in their organization. I think CEOS need to be more than effectively public relations heads. They bear responsibility to know what's going on in their company and ensure the value system is firmly in place. Fred Philipson

Fred Philipson, who used to work in Enron's business development department before being laid off, said he was relieved when he heard the guilty verdicts. But he didn't always think Ken Lay and Jeff Skilling were guilty.

"I think I gave them the benefit of the doubt initially. That there is at least a possibility that they weren't guilty, but as the trial wore on and evidence was brought out, I did believe they were guilty."

Philipson, 43, now works for the Harris County Toll Authority, after being unemployed for a year after Enron filed for bankruptcy. Erica BessDuncan

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Erica BessDuncan, 34, who did marketing and communications work for Enron, said she says she never doubted that Ken Lay and Jeff Skilling were guilty.

"I'm happy," she said. "A part of me feels bad for their families because obviously they're probably going to go away for a long time, but I'm relieved because I do believe Skilling and Lay are guilty. Ultimately Lay was responsible for what happened.His saying he didn't know what was going on and trusted what his underlings told him is not an excuse. The same goes for Skilling ."

BessDuncan said she's glad she can put it behind her because she's worked hard moving on. Even though sentencing is months away, she says she's just happy it's over and isn't too worried about what punishment each will receive.

"I think obviously returning all their ill gotten money and putting it in the fund to be dispersed to former employees and shareholder is more appropriate than prison time given their age for both of them. But more than anything I think this is a m oral victory. I don't really care what ultimately happens to them." John Olson

John Olson of Sanders Morris Harris Group, an outspoken analyst who was forced out of a previous firm after writing negative reports about Enron that prompted Ken Lay to pressure his employer, told CNBC immediately after the verdict was read , "These two gentlemen rode the edge quite a bit. I feel personally sorry for the families but these people, I think, were just operating in a different dimension than the rest of us."

While Olson said he knew Enron was manufacturing paper profits, because the company did not make proper disclosures to the SEC it was tough to find a smoking gun.

"I couldn't even get to that level really because you really would hear this from people — that it was built on a house of cards — but you couldn't go look at the 10Ks or 10Q s (SEC documents) and say this is wrong because it was cosmetically covered." Rod Jordan

The verdict will likely bring relief to many former employees, said Rod Jordan, co-founder of the Severed Enron Employee Coalition.

"I think it was the right verdict," Jordan said. "I always have been disappointed that men of that potential quality would step over the line. I think it's vindication as former employees that the top people were found guilty and had their day in court. They were picking at people in the middle and now they've reached the top. It's good that justice was served."

He added he hoped the guilty verdicts would help restore trust in the country's justice system.

He also thinks both Lay and Skilling should spend at least 12 years in jail, two more than Andy Fastow received in exchange for his plea deal.

From The Ex-Employees: Revenge, Shock, Sadness (WP)

By Frank Ahrens

The Washington Post, May 26, 2006

"I am in such an excellent mood," former Enron Corp. employee Ken Horton gushed from Houston yesterday.

Friends started calling Horton about 10:30 a.m. central time after news broke that a verdict had been reached in the trial of former Enron executives Kenneth L. Lay and Jeffrey K. Skilling.

Within a half-hour, the guilty verdicts began rolling in, the culmination of a 16-week trial, a four-year investigation and a nearly five-year saga for the 30,000 former employees of the energy company, many of whom lost jobs they loved and retirement savings they counted on.

Some, like Horton, were happy. Others were saddened.

Horton, who followed the trial closely, worked under Richard Buy, then Enron's chief risk officer. Enron's risk assessment division conducted sophisticated, minute-by-minute mathematical analyses that assessed the risk presented to the company by its various deals.

Horton joined Enron in 1998 and was one of the thousands of employees who boxed up their belongings and marched out of the gleaming Enron tower around the time the company declared bankruptcy in December 2001.

Like many employees, Horton felt betrayed by leaders of a company he loved.

"If I had to do it all over again, I would work at Enron again," he said. "I just would have invested a little differently."

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Like many Enron employees, Horton also filled his retirement account with Enron stock. His loss "was in the six figures," he said. "It set my retirement back a few years."

Horton called working at Enron an "intense" experience.

"One of the really strong characteristics of the company was how much it was driven by deals," he said. "The people managing these deals had enormous bonuses riding on the deals and rode everybody hard."

Adam Plager's reaction to yesterday's verdicts was shock.

"I never thought" the jury would reach a guilty verdict, said the former Enron software engineer. "I thought it was too complicated of a case."

As the chief executive of his own small software company, which he founded shortly after exiting Enron in December 2001 ("or after it exited me," he said), Plager said he believes top executives should be held accountable for the failures of their companies. But he was afraid the guilty verdicts would take attention from others culpable for the company's downfall: Wall Street banks that loaned the company money while underwriting its deals and stock analysts who touted the Enron stock without asking the company tough questions about its financials.

Plager lost his 401(k) plan, which was filled with Enron stock, but had prudently diversified the rest of his portfolio based on Enron's spendthrift ways. Smart companies don't spend money "like water," he thought.

"I went to England once, flew first-class and stayed at a hotel across from Buckingham Palace for a project that never should have required me to be there," he said. "With a little more planning, I would not have had to be there."

Rod Jordan was a manager in the much-maligned Enron Energy Services business, which contracted with companies, such as J.C. Penney Co., to manage their energy needs. The division inflated its earnings by booking long-term anticipated profits on current earnings reports.

Jordan bought his first Enron stock in 1991 at $11 per share. He joined Enron in 1998 with a five-year plan to retire from the company with profits from his Enron stock, which soared as high as $90 per share in August 2000. Jordan projected that it would top out at $120 per share by 2003 and he'd be set. Instead, he found himself part of the exodus of Enron employees in December 2001.

The verdicts yesterday stung Jordan a little. He said justice had been done, but he admitted to have been pulling, at least early on, for a Lay acquittal.

"I wanted someone high up that I could still believe in," Jordan said. "That hope sort of faded away after the stuff started coming out" during the trial, he said.

After he lost his job, he started the Severed Enron Employees Coalition, a Web network that kept former employees in touch and served as a resource for those looking for jobs.

Jordan recently surveyed the 1,200-member coalition about life after Enron and got more than 200 responses, he said. About 60 percent of the respondents said they believed Lay was guilty, while all but two respondents felt that way about Skilling.

"There was a lot more animosity toward Skilling in the company," Jordan said.

Skilling, who joined Enron from McKinsey & Co. in 1990, led Enron's conversion from a pipeline company to the industry's leading energy trader. He was the company's chief executive from February 2001 to August 2001, when he abruptly resigned, citing personal reasons. Lay, who founded Enron and preceded Skilling as chief executive, took over after his resignation and helmed the company until its bankruptcy.

Tracy Randall is one of the former Enron employees saddened by the verdicts.

An IT staffer from 1997 to 2003, she followed the company into reorganization. She still harbors warm feelings for Lay.

"I just can't believe they said he was guilty," she wrote via e-mail from Houston. "He might be accountable for some mistakes, but I don't think he should go to prison. He hired the best of the best to run things for him, and they failed him."

Many Who Lost Savings, Jobs Pleased (USAT)

By Julie Appleby

USA Today, May 26, 2006

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Roy Rinard was up in the bucket of his service truck, working on a power line for Portland General Electric on Thursday morning when his wife, Vicki, called on his cellphone to say the verdicts were coming in half an hour.

The 57-year-old Rinard, who lost $470,000 in 401(k) savings when Enron collapsed, quickly finished his work, got down and flipped on the radio.

News that former Enron CEOs Jeffrey Skilling and Kenneth Lay were guilty on nearly all counts left him ecstatic, a feeling shared by others who lost jobs, retirement money or both in the collapse of what was once the nation's seventh-largest company.

"It restores our faith in the system," says Rinard, "that people don't get away scot-free just because they have money for good defense lawyers."

Since 1980, Rinard has worked in Oregon for the Portland electric company, which was purchased by Enron in 1997. Most of his retirement savings were in his company's 401(k) program at the time of the sale, when it converted to Enron stock.

After Enron went bankrupt in 2001, he and his wife, Vicki, had to sell their home and buy a much smaller one. Like many other former Enron employees, they gave up plans for travel, retirement and helping the grandkids.

The verdicts, he says, "brought a small sense of closure to a very difficult five years."

Enron's collapse resulted in the loss of $60 billion in market value on Wall Street, almost $2.1 billion in pension plans and 5,600 jobs.

Tom Padgett, 63, was about to retire in 2001 when he was laid off from the Enron plant where he worked as a senior lab technician. He lost about $700,000 in retirement savings — and it took a year and a half for him to find another job.

He, too, was pleased with the verdicts. "They got exactly what they deserve," says Padgett.

Gary Kemper, 62, who worked for an Enron company for more than 29 years, says he lost $280,000 in his 401(k). A fitting punishment in Kemper's opinion would be to "put (Lay) on the streets of Houston without a penny in his pocket like he did with the Enron employees."

Many of the former employees are involved in shareholder lawsuits that seek some redress for their losses. But most don't expect to see much of their savings back.

"I feel good about the verdict, but my retirement is still gone," says Sherri Saunders, 58, who worked as an executive secretary for Enron for 24 years and lost about $1 million in retirement savings.

Saunders now has a new job she loves: head secretary to a top executive at Methodist Hospital in Houston: "We're rebuilding, slowly plodding along."

Schwarzenegger Strategists Gain Confidence (WSJ)

By John Harwood

The Wall Street Journal, May 26, 2006

See updates to Washington Wire each weekday at www.washwire.com1.

SCHWARZENEGGER STRATEGISTS gain confidence, but challenges remain.

Scrambling to avoid termination, California governor ditches conservative 2005 script and tacks toward center. In campaign, led by former Bush strategists, he criticizes unpopular president on climate change, Medicare and immigration. A new poll by Public Policy Institute of California pegs ex-movie star's approval at 36%, up from 32% six months ago.

Seven in 10 back his 10-year $222 billion infrastructure-spending plan. But Schwarzenegger only runs even against lesser-known Democratic challengers Steve Westly and Phil Angelides, who square off in June primary. Like Democratic Gov. Davis in 2002, he'll run "a strongly negative" campaign, predicts Berkeley analyst Bruce Cain.

"Arnold has improved his position tactically," cautions Democratic strategist Bill Carrick, but faces "hostile" electorate.

OUTLOOK REMAINS MURKY for next tax steps.

In bill extending expiring provisions, lawmakers from Louisiana and New York seek more tax breaks for disaster zones. Sen. Santorum of Pennsylvania pushes bill encouraging charitable donations, but Finance Chairman Grassley insists on crackdown on charitable abuses.

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Grassley looks for compromise on estate tax, but some in both parties prefer pre-election stalemate. Majority Leader Frist plans base-pleasing June vote on full repeal but lacks strength to overcome filibuster. Kyl of Arizona hopes failure will jump-start talks on preserving "death tax" only for richest families.

WHITE HOUSE BACKS Bernanke as Fed faces heat.

Inflation-wary investors want more interest-rate boosts, while election-minded politicians complain. But "the Fed knows what's best," says Bush economic adviser Al Hubbard. Markets seek clues to Fed thinking in next week's release of May 10 policy-meeting summary.

After lackluster April job growth, forthcoming report on May employment becomes important signal. A strong number will please Bush but increase pressure on the Fed to tap monetary brakes.

Analyst Tom Gallagher calls Bernanke's apology for talking to CNBC's Bartiromo a mea culpa, "not a Maria culpa."

BOTH PARTIES DOUBT Enron verdicts will have large political impact. "The public verdict is already in on CEO greed at the expense of the company's own employees," says ex-Clinton strategist Stan Greenberg. Adds Republican pollster Neil Newhouse, "There could have been a public backlash had the verdicts not come in guilty."

TURNING TABLES: At House panel hearing on runaway executive compensation, Republicans highlight fees for plaintiffs lawyers, who are big Democratic donors. "Trial lawyers are the ones who are sopping up investors' wealth," argued Rep. McHenry, North Carolina Republican. Democrat Watt, also of North Carolina, called the argument "bizarre."

PELOSI'S DEMAND that embattled Louisiana Rep. Jefferson quit tax-writing committee angers Black Caucus, since he hasn't yet been charged in bribe probe. Matt Bennett of centrist Democratic group Third Way calls Pelosi "dead right" because "this is politics."

AMERICAN DIPLOMATS WORK toward proposal on restricting nuclear technologies to Iran and other countries. The proposal aims to assure those seeking nuclear power, but not weapons, that they can gain necessary feedstock under safeguards. Among potential beneficiaries: Indonesia and Ukraine.

'NET NEUTRALITY' backers gain -- for now.

House Judiciary Committee passes a bill, supported by the likes of Google, embracing government role in assuring that phone and cable companies don't play favorites. Bad news for Internet firms fearing discrimination: Only one-fourth of committee Republicans backed the bill.

Partisan split bodes well for phone and cable firms. House leaders normally bury legislation that most Republicans oppose. At hearing on separate Internet-gambling bill, Chairman Sensenbrenner asks members to say "woof" or "no" in support of amendment on horse and dog racing.

The amendment failed, but the bill passed, 25 woofs to 11.

MINOR MEMOS: As Gore promotes global-warming movie, a Hillary Rodham Clinton adviser taunts, "Run, Al, run!!" ... College Republicans ridicule the movie with Global Warming Beach Parties. ... After column promoting antimalaria mosquito nets for Africa generates $860,000 for U.N. Foundation, Sports Illustrated's Rick Reilly says, "I had no idea how many people read me...(and that) they had this much money."

Kenny Boy, Meet Brownie (NSWK)

By Howard Fineman

Newsweek, May 26, 2006

May 25, 2006 - If you want a date to mark the beginning of the end of the Bush era in American life, you may as well make it this one: May 25, 2006. The Enron jury in Houston didn't just put the wood to Ken Lay and Jeff Skilling. The jurors took a chainsaw to the moral claims of the Texas-based corporate culture that had helped fuel the rise to power of President George W. Bush.

First, caveats. There's no evidence that the president or anyone in his entourage knew about or benefited financially from the house of cards that Lay and Skilling built—and that a federal jury now has found to have been an edifice of fraud.

The Bush Crowd was old school in the energy bidness and viewed Lay & Co. as hustling parvenus who had no real interest in finding and pumping oil—what real men in Texas do.

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Most of what Enron concocted was assembled in the go-go Clinton years. Bush's idea of an oilman was his old Bible-study buddy, the upright, clean-as-a-whistle Don Evans. As the Enron scam was falling apart, Lay frantically sought help from Evans—by then the Commerce secretary—among others (including Democrats such as former Clinton Treasury secretary Robert Rubin). He got nowhere, and had the chutzpah to be bitter about it.

Ultimately, Bush's Justice Department pressed the case against Enron—and won.

Still, when the history books are written, the debit side of the Bush-era ledger will include a line labeled "Kenny Boy." That's the nickname Bush gave the guy he later claimed he barely knew.

As Texas governor from 1995 to 2000, Bush and consiglieri Karl Rove cultivated the Enronites for their vast connections and money; more than that, Bush linked arms with Lay in the belief that market forces alone should guide the production, distribution and use of energy. But the theory ran riot at Enron, giving license to corporate buccaneers who blithely screwed consumers, employees and shareholders alike. The old saying applies to Enron: you lie down with dogs, you get up with fleas.

Once A Friend And Ally, Now A Distant Memory (WP)

By Zachary A. Goldfarb

The Washington Post, May 26, 2006

He started as "Kenny Boy." Then he was a "supporter," an acquaintance who had not talked to President Bush in "quite some time." Now he is a man convicted of conspiracy and fraud, and a symbol of corporate corruption.

This is former Enron chief Kenneth L. Lay's transformation in the words of President Bush and his spokesmen -- going from a personal and political ally to someone the White House sought to keep as distant as possible as his role in the multibillion-dollar collapse of the energy giant became clear.

In the 1980s, when Bush was working in the Texas oil industry, his firm invested in a drilling partnership with Lay's company, a predecessor to Enron. In 1992, Lay was co-chairman of the Republican National Convention in Houston that re-nominated President George H.W. Bush.

Later, Lay was a major fundraiser for George W. Bush's political career. He delivered more than $300,000 for his two gubernatorial campaigns, according to Texans for Public Justice. In 1997, Bush wrote to Lay: "Dear Ken, One of the sad things about old friends is that they seem to be getting older -- just like you! 55 years old. Wow. . . . Laura and I value our friendship with you. . . . Your younger friend, George W. Bush."

In the 2000 presidential race, Lay remained a steadfast ally. Lay was a Bush "Pioneer" who raised at least $100,000, according to the Center for Responsive Politics. Enron also made its jet available and contributed to inaugural festivities.

Lay later wrote to the new president and the first lady that he was "so proud of you and look forward to seeing both of you in the White House." But Lay also found influence in the administration.

Vice President Cheney invited Lay to take part in his secret energy task force meetings. Cheney also talked to the Indian government about a debt it owed Enron for the rebuilding of a power plant. Numerous administration officials held Enron stock. Lawrence B. Lindsey, Bush's chief economic adviser at the time, had sat on Enron's board, receiving $50,000.

These connections came to light as Enron collapsed under the weight of a broad accounting fraud. It was also revealed that Enron executives had sought the counsel of administration officials as bankruptcy loomed.

Responding to public outrage, the White House promoted corporate accountability and put space between itself and Enron. Bush said only that "Ken Lay is a supporter," and that he "first got to know Ken" in 1994 when "he was a supporter of Ann Richards," the Democratic governor Bush ousted. Dan Bartlett, the White House communications director, said the administration "is leading the investigation, not being resistant."

White House press secretary Tony Snow congratulated the Justice Department yesterday on winning the case, adding: "The administration's been pretty clear there's no tolerance for corporate corruption."

U.K. Banker Fighting Extradition Calls Enron Case `Terrifying' (BLOOM)

By Megan Murphy

Bloomberg, May 26, 2006

DOJ_NMG_0029667

May 25 (Bloomberg) -- A British banker fighting extradition to the U.S. on Enron Corp.-related charges said he was ``terrified" by today's convictions of the company's former Chairman Kenneth Lay and ex-Chief Executive Officer Jeffrey Skilling and questioned why the men chose to fight the case.

``It was either an incredibly brave or foolhardy thing that they did, and I guess they're paying the consequences now," David Bermingham said in a telephone interview from his home outside London. ``They had both hands tied behind their back, and they were up against the 400-pound gorilla. The deck was completely stacked against them."

Bermingham, Giles Darby and Gary Mulgrew, all former employees of Royal Bank of Scotland Group Plc's Greenwich NatWest unit, are wanted in Texas for allegedly pocketing millions from the sale of an Enron off-the-books partnership.

They are among the 33 individuals, including Lay and Skilling, the U.S. government has prosecuted in connection with the energy trader's implosion, which wiped out thousands of jobs and more than $1 billion in retirement funds virtually overnight.

A jury in a Houston federal court deliberated six days before convicting Skilling, 52, of 19 of the 28 charges against him and Lay, 64, of all six counts. Both men face at least 25 years in prison, while Skilling may receive additional jail time after being found guilty of using inside information to sell Enron stock.

`NatWest Three'

Bermingham said today that while he didn't have any opinion on whether Lay or Skilling were guilty of the fraud and conspiracy charges against them, the fact that both men may spend the rest of their lives in prison only reinforced the importance of the bankers' ongoing battle against extradition.

The ``NatWest Three," as Bermingham, Darby and Mulgrew are known in Britain, were charged with seven counts of wire fraud in 2002 for allegedly skimming $7.3 million by duping their former employer over the value of an Enron partnership known as ``Swap Sub." The indictments were the first criminal fraud charges to emerge from the U.S. Justice Department's probe into the energy trader's collapse.

If they lose their fight against extradition, now on appeal to Britain's highest court, the men are likely to be forced into some sort of plea arrangement with U.S. prosecutors, Bermingham said.

``We can't defend ourselves in Houston," Bermingham said. ``Our government knows that, and the U.S. government knows that. If someone feels there is a case to answer, let us fight our case in London. At least then it will be a fair fight."

Human Rights

Bermingham, Darby and Mulgrew say that as British citizens accused of defrauding a British bank, any charges brought against them should be brought in the U.K. They also claim that their extradition, which is being pursued under new ``fast-track" legislation designed to clamp down on terrorism and other cross- border crime, would violate their human rights.

The House of Lords, Britain's highest court, is expected to decide within the next few weeks whether to hear a series of legal challenges to Britain's new extradition arrangements with the U.S., including the NatWest Three case.

``I don't see today's verdict as having any direct bearing on our case, but I certainly feel sorry for them," Bermingham said. ``The government had effectively stopped them from bringing any real defense, by having so many cooperating witnesses on their side. In retrospect, you've got to wonder if they made the right decision."

Wives, Ex-wives Faced Trials Of Their Own (USAT)

By Jayne O'Donnell And Mindy Fetterman

USA Today, May 26, 2006

In courtroom wrangling over white-collar crimes, the way family support is perceived can be important. In the Enron trial, it was often about the wives.

Linda Lay, the former secretary turned second wife to Enron ex-chairman Ken Lay, stood by her man every day of the four-month trial that ended in her husband's conviction Thursday.

Usually, she sat in the first row of the spectator gallery, about 20 feet from her husband. But as the clock approached 11 a.m. in Houston Thursday, the hour of judgment for Ken Lay, she moved into the front part of the courtroom to be beside him.

Linda Lay maintained the same tight grasp on her husband's hand that she's had in all the trips to and from the courtroom.

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That wasn't the case with Rebecca Carter, former Enron CEO Jeff Skilling's second wife and former corporate board secretary. She did not attend every day of the trial and was not in the courtroom when it was time for a verdict. Outside the courthouse, after being convicted on all counts, Skilling thanked his family, especially his three children, but didn't mention his wife.

Beth Bonora, a jury consultant in San Francisco, says it's important for those on trial to have family members in the courtroom to "convey that other people care about you and believe in you. … People are curious about relationships, the dynamics" of family members in the courtroom.

The Enron wives were under a lot of pressure, says Mike Paul, a New York public relations consultant who advises clients facing charges.

"You have these wives who themselves probably were lied to for many, many years and who probably knew things that they turned their heads away from, and they're trying to be loyal and be there for their husbands," says Paul. "They're thinking: 'I guess this is the kind of loyalty you're supposed to have.' "

But it's hard to disguise strong emotions in a courtroom, he says. "It's about fear mixed with anger; all those hidden emotions are right on top," he says. "I never tell clients to hold their wife's hand if they truly can't show empathy, because it will backfire."

Skilling's wife and his ex-wife made his legal predicament darker with their own stock trades. Before they were married, Carter sold more than $1 million in Enron stock in October and November 2000. His ex-wife, Susan Skilling Lowe, exercised Enron options for $14 million that October, about the time Enron's desperate attempt to unload unprofitable international assets fell through. Skilling testified the sales were coincidental.

Linda Lay had a more public role as the scandal unfolded. On the Today Show in January 2002, she tearfully told of the family's financial plight and the stress of having her husband's life scrutinized. She opened a consignment shop which sold hers and others' goods because of what she called a "liquidity crisis."

In the courtroom, Linda Lay favored brightly colored, yet conservative, pantsuits. Carter kept a low profile in court, often dressed in black.

The key to dressing, experts say, is to not look arrogant, overdressed, tacky or wealthy. "If they were my clients, I'd tell them that the perception is that you are these flashy, Texas, Southern women who had access to friendships with the president, the governor, with top celebrities," says Paul. "All of that is gone now."

As Skilling left the courthouse with his lawyer, the Lays joined hands again — this time with supporters inside the courthouse in a prayer circle.

Outside the courthouse, Lay, facing life in prison, described his life as "blessed." Among the reasons: "On my left is this beautiful woman who is my wife."

Books, Film, Memorabilia Not Drawing Attention (USAT)

By David Lieberman, Theresa Howard And Laura Petrecca

USA Today, May 26, 2006

NEW YORK — Enron's legacy includes several well-regarded books, an Oscar-nominated documentary, a mountain of memorabilia and — based on sales of those items — lots of yawns.

Publishers, who made the biggest bets on public interest in Enron, hope for a few more sales off the verdict, but don't expect much.

"There were a lot of (Enron) books and relatively few readers," says Michael Cader, editor of industry newsletter Publishers Lunch. "It was a complex case and the extent to which it meant anything to general readers was elusive."

For example, Kurt Eichenwald's Conspiracy of Fools: A True Story has sold 122,000 hardback and paperback copies since its release last year, says Nielsen BookScan (which does not include Wal-Mart).

"Kurt will be called upon to do a number of interviews about the verdict, and that helps drive sales," says Broadway Books spokesman David Drake. Eichenwald last week was on PBS' The Charlie Rose Show.

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The Smartest Guys in the Room: The Amazing Rise and Scandalous Fall of Enron by Fortune magazine's Bethany McLean and Peter Elkind has sold 105,000 hardback and paperback copies since 2003, according to Nielsen BookScan.

They also are hitting the talk show circuit, but even with the case resolved, Will Weisser, associate publisher at Penguin's business imprint Portfolio, calls the prospect of an updated edition "a longer-term question."

Producers of the film based on the book, Enron: The Smartest Guys in the Room, a runner-up for this year's Best Documentary Oscar, don't plan a big push for the upcoming DVD. The film earned about $4.5 million in theaters worldwide since April 2005, according to BoxOfficeMojo.com.

"We'll try to get retailers to try to put it in main locations so visibility is high," says Eamonn Bowles, president of distributor Magnolia Pictures. He also might re-release the film in Houston.

Meanwhile, auctioneers don't expect a surge of Enron-mania for souvenirs. "Some of the wind is out of the sails because of the length of time of the trial," says Dennis Kruse, president of the National Auctioneers Association.

This week, 66 Enron items have sold on eBay, says eBay spokesman Dean Jutilla, while bidders snapped up 1,285 items tied to American Idol winner Taylor Hicks.

The Enron winning bids averaged $21. Coveted items included Enron cycling jerseys and stock certificates. Getting less interest: Enron's 64-page Code of Ethics.

Among big-ticket Enron items that have sold is the giant neon version of Enron's tilted "E" logo, which went for $44,000 at a company auction in 2002. Jimmy Luu, a Houston computer salesman who made the winning offer on behalf of his boss, says he thinks it would go for more now but is unlikely to be sold. "His main intention was to get that for his personal collection."

The Enron Verdicts . . . (WSJ)

The Wall Street Journal, May 26, 2006

If anyone still thinks corporate chieftains are above the law, yesterday's 29 guilty verdicts against former Enron CEOs Jeffrey Skilling and Kenneth Lay should put that myth to rest. The two former masters of the Houston universe will make long-shot appeals, but the odds are that both will spend much if not all of their remaining years in a federal prison.

Sentencing is scheduled for September 11, of all dates. Yet this is somehow fitting since Skilling initially tried to blame a suspicious attempt to dump his Enron stock on the climate of uncertainty following the 9/11 attacks. He was flatly contradicted by records showing he had actually tried to sell on September 6, 2001.

More broadly, Skilling and Lay may have lost their case from the start when they hung their defense on the dubious assertion that Enron was a fundamentally sound company tripped up only because speculators were abetted by critical articles on the front page of this newspaper. "This is not a case of hear no evil, see no evil. This is a case of there was no evil," said Skilling's lead attorney.

But that was after former CFO Andrew Fastow had already pleaded guilty and admitted to helping cook the company's books. Fastow and a string of former execs testified against the two CEOs. And in the end, jurors clearly understood that companies with real assets and sound balance sheets don't just go poof as the result of a little bad press. We appreciate the free advertising, but the Journal isn't that powerful.

Meanwhile, the damage done from this fraud was terrible: tens of billions of dollars in market value, $2.1 billion in pension obligations, and 5,600 jobs lost in the December 2001 collapse. With each of the guilty verdicts carrying potential penalties of at least five years, Skilling and Lay may well spend more time in prison than Fastow, the fraud mastermind.

By way of comparison, WorldCom CEO Bernie Ebbers is now facing 25 years, John and Timothy Rigas of Adelphia Cable 15 and 20 years respectively, and Tyco's two top former officials 25 years apiece. That's a pretty impressive cleanup job by the Justice Department and (in the Tyco case) Manhattan District Attorney. We think these convictions of individuals -- some 30 in the Enron case alone -- will do more to deter future corporate crime than anything in Sarbanes-Oxley. At the same time, the U.S. economy has snapped back nicely, meaning that assertions of widespread corporate fraud back in 2001 and 2002 were way overblown.

The Enron verdicts are proof, if more were needed, that lying to employees, shareholders and the public about corporate finances is a serious crime that will be punished.

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And Justice For All (NYT)

The New York Times, May 26, 2006

Kenneth Lay and Jeffrey Skilling, the former chief executives of Enron, had their day in court. Both had high-priced legal talent to defend them and the chance to take the stand and tell their side of the story to the jury. Yesterday, that jury found both of them guilty of criminal conduct for their part in the spectacular collapse of Enron, the first in a series of corporate scandals that shook the country's faith in its business leaders.

Mr. Lay was convicted on six counts of fraud and conspiracy and four counts of bank fraud. The jury, which acquitted Mr. Skilling on nine counts of insider trading, convicted him on 18 counts of fraud and conspiracy and one count of insider trading. These onetime corporate superstars could very well end up dying behind bars. The thought of aging men withering away in jail cells is a sad one, but no sadder in this case than in any other.

We as a society have a destructive tendency to think of crimes like holding up a convenience store or selling drugs as very serious and destructive to the social fabric, while looking more tolerantly at corporate malfeasance as simply businessmen being a little overzealous. Just because there isn't a gun doesn't mean there isn't a crime.

It is easy to see Enron as a symbol of an era of corporate lying, cheating and stealing. From the company's implausible rise to its cozy political connections to its crooked E logo, the energy giant and its cast of colorful characters always appeared to be the stuff of theater. But this was no morality play. This was about the real costs for normal people who suffered because of the machinations in the executive suites at Enron.

For one example, think of the employees at Portland General Electric, an Oregon utility company acquired by Enron four years before it went bankrupt. Many longstanding employees there lost huge chunks of their retirement funds and still face an uncertain old age. All because their business was snatched up by a company with a rotten core.

We hope the jury's verdict deters other corporate kingpins from breaking the rules. As Paul McNulty, deputy attorney general, put it in a news conference shortly after the verdict was announced, "No one, including the heads of Fortune 500 companies, is above the law." At the same time, white-collar criminal cases can be difficult, paper intensive and hard to explain to juries. We expect the verdict in the Enron case to encourage prosecutors to pursue them.

Not Just Bad Apples (WP)

The Washington Post, May 26, 2006

WAY, WAY back, before dot-coms became dot-bombs, Kenneth L. Lay was part rock star, part high priest among rival energy executives. His company, Enron Corp., had seized opportunities created by deregulation and the Internet to transform the energy business, turning itself into America's seventh-biggest public company in the process. At an industry conference in 1999, Mr. Lay was asked how he could top the ninefold expansion of Enron's market capitalization over the previous decade. According to The Economist, Mr. Lay responded coolly: "We'll do it again this coming decade."

Not long after that forecast, Enron admitted that its profits for the years 1997 to 2000 had been overstated by $591 million. That confession began a downward spiral that ended in Enron's 2001 bankruptcy. But yesterday a Houston jury accepted the government's contention that Mr. Lay's bragging was deliberately dishonest rather than merely hollow. Along with Jeffrey K. Skilling, his right-hand man at Enron and briefly his successor as chief executive, Mr. Lay was found guilty of misleading investors about the true state of his firm. The sentencing phase of the trial will begin in September. Mr. Lay and Mr. Skilling may spend the rest of their lives in prison.

These convictions follow those of bosses from other firms that imploded around the same time, such as Tyco International Ltd., WorldCom Inc. and Adelphia Communications Corp. But Enron was the first and most famous of the corporate failures, and the Lay and Skilling verdicts are the most symbolically significant. The government's prosecutors, who were up against a defense team that cost almost $70 million, deserve credit. The criminals' victims -- investors who lost savings, and workers who lost both their jobs and their savings because their retirement plans were invested in Enron stock -- may now feel some emotional redress. Meanwhile, many plan to sue for financial redress as well.

There is a danger in this verdict, however. In the wake of Enron's bankruptcy, some argued that the problems of corporate America were the work of a few bad apples. That argument lost, for the good reason that fully 250 U.S. public companies had to

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restate their accounts in 2002, up from 92 five years earlier. Corporate America's problems reflected lax oversight of auditors, conflicts of interest at audit companies, accounting rules with too many inviting loopholes and so on. The Sarbanes-Oxley Act, passed in 2002 to fix these systemic weaknesses, now faces a backlash from firms that complain of stiff compliance costs. Although some tweaks in the way the law is implemented may be justified, the welcome Enron verdict should not color the regulatory question. This decade's business scandals were not just about bad apples, and putting those apples in jail is not going to change that.

Enron's End Game (USAT)

USA Today, May 26, 2006

Since Enron collapsed in 2001, other major accounting fraud cases have come and gone. But Enron always remained the most celebrated case, the one that epitomized an era, the one that the federal prosecutors absolutely had to win.

Now that they did, with the guilty verdicts Thursday against former CEOs Ken Lay and Jeff Skilling, public attention to issues of corporate fraud and governance might wane. That would be a shame because much more remains to be done before shareholders and employees can be confident that senior managers are acting in their company's best interest, not their own.

To be sure, the verdicts accomplish a number of important objectives. They send a clear message to executives that the most flagrant forms of fraud will not be tolerated. And they send a message to defense attorneys that American juries are not stupid. The Enron jurors did not buy the "ostrich defense" that Lay and Skilling had their heads in the sand and did not see the company's problems. Nor did they buy the absurd argument that Enron was in good shape until it was undermined by news reports and investors betting the stock price would drop.

But the verdicts do not compensate the company's 5,600 employees who lost their jobs, more than $2 billion in pensions and, in many cases, much of their savings. They don't compensate investors for their $60 billion in losses when the company collapsed. They don't change the culture on Wall Street, where analysts, accountants and attorneys remain under enormous pressure to speak well of the companies they examine.

And the verdicts do nothing to thwart the looting of public companies in the form of outrageous pay packages. Executive compensation has surged in recent years as managers have figured out they needn't break the law to enrich themselves. They need only a compliant board of directors.

In a way, the business world has learned little from Lay, the central figure in the Enron saga. Lay, 64, was once a pillar of Houston society, a friend of the first President Bush and a major contributor to the current President Bush, who called him "Kenny Boy." He suffered a colossal fall and now could be sent to prison for the rest of his life.

Other executives see Lay as an oddity, a bad apple in good batch. But it is not hard to see at least a little of Lay in some of them: the greed, the arrogance, the contempt for shareholders. It's all there, everything but the comeuppance.

The Enron verdicts are good news for investors. They show how the wheels of justice can move, albeit slowly. But they will have the most positive effect if they are seen as a beginning, not an end.

Convictions Drive Home The Point Again (WP)

By Steven Pearlstein

The Washington Post, May 26, 2006

Ken Lay and Jeff Skilling are right about one thing: The games they played at Enron were no different than the games being played at hundreds of other big public companies during the late 1990s. So in that respect, it is unfair that Lay and Skilling (and their partner in crime, Andy Fastow) have been singled out for criminal prosecution. Unfair -- and totally necessary.

The point of criminal prosecution of corporate crime is not really retribution or restitution. Former Enron shareholders and employees are not better off because of yesterday's verdict. And to the degree that there is monetary compensation to be had, civil suits are sufficient for the task.

Rather, the point of these prosecutions -- like those of executives at WorldCom, Tyco and Adelphia -- is to burn into the consciousness of all those other masters of the corporate universe that they, too, could wind up in the federal pokey if they try to enrich themselves at the expense of shareholders, creditors and employees.

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For all the nuance and sophistication of our legal system, the convictions of Lay, Skilling, Bernard Ebbers, Dennis Kozlowski, the Rigases and the Arthur Andersen accounting firm amount to nothing more than old-fashioned hangings in the public square. They are the way by which a capitalist society gets its most powerful economic actors to abide by the rules that make free markets work. They are less about justice than they are about sustaining a system that fundamentally rests on a foundation of trust. And as we've seen time and again -- during the junk-bond scandal, the savings and loan debacle, the Asian financial crisis and the bursting of the Internet bubble -- when that trust evaporates, entire businesses and markets can quickly collapse.

The defense of selective prosecution, like Churchill's famous defense of democracy, is that the alternatives are even worse.

Relying simply on civil prosecution -- the approach favored by much of the business community -- would provide only a modest deterrent. After all, the hundreds of millions of dollars in fines extracted from Fannie Mae or the old Computer Associates, for example, is merely money out of the pockets of the shareholders who were the biggest victims. And in those cases in which corporate executives are forced to disgorge all their ill-gotten gains, the unspoken message is that the worst that can happen if you get caught stealing cookies from the jar is that you only have to put back what took.

On the other hand, it's simply not possible to prosecute every company and every executive during those frothy periods when corporate misbehavior becomes commonplace. It took dozens of lawyers and FBI agents more than four years to investigate and prosecute the fraudsters at just one company, Enron. And there aren't enough jail cells in all of Christendom to hold all the corporate executives who engaged in "earnings management" during the late 1990s.

So, we are left with the imperfect justice of selective prosecution. That was certainly the case in the 1980s, when Michael Milken, Ivan Boesky, Dennis Levine and Drexel Burnham Lambert had to pay for the sins of legions of junk-bond traders and corporate raiders. That was followed by the S&L crisis, when Charles Keating took the criminal heat for countless executives and directors before his conviction was overturned on appeal.

And, by and large, it worked. After a rocky start, junk bonds are now a staple of corporate finance and a part of many diversified investment portfolios. And despite a prolonged period of loose money and surging real estate prices, there have been almost no failures of banks or thrifts. And even while debate continues on the wisdom and fairness of the criminal prosecution of Arthur Andersen, I think you'd have a hard time today finding a partner at one of the remaining big accounting firms who would risk turning a blind eye to a suspicious off-balance-sheet transaction.

There is, however, one set of professionals up to their knickers in corporate misdeeds who have not only escaped responsibility, but may have actually profited from the prosecution of others. I refer, of course, to the lawyers.

By hiding behind attorney-client privilege and insisting that they are subject only to discipline by captive and incompetent state regulators, few lawyers, if any, have been held to account for their prominent role in blessing and hiding corporate fraud. Four years ago, the American Bar Association asked that lawyers be allowed to police themselves. Now that self-regulation has failed so miserably, the lawyers who run the Securities and Exchange Commission need to set aside their professional loyalties and bar a few $750-an-hour attorneys from providing any more advice and services to publicly held companies.

Masters Of The Universe, Unite! (NYT)

By James P. Othmer

The New York Times, May 26, 2006

HOUSTON, we have a verdict. And, if you care about the very future of American business, we also have a bit of a problem.

Because this is about much more than the fate of Kenny Boy Lay and Jeff Skilling. This is about us. The Masters of the Universe. The all-knowing, type-A power mongers in crimson suspenders with bottomless expense accounts. This is about the fate of the prickly, unapologetic, rule-averse tough guys like you and me who run this country, not because we're particularly talented or charming, but because we have the gift of arrogance. And, until noon Eastern Standard Time yesterday, we were able to wield it like a sword, a pink slip or a box full of Internet stock options, circa 1997.

But now the arrogance card — our arrogance card — is being threatened by so-called rules and accountability and an eight-woman, four-man jury's interpretation of the truth. Some might say this is not a good day for those of us with the corporate jets, the wardrobe and decorating allowance, the "other" set of books. Some might say this is not a good day for creative

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accountants, for selling stock while telling your shareholders it's a bargain, and for everyone with the good old American audacity to ignore their lawyers' advice to take the Fifth.

Indeed, some might even say this is not a good day for those entertaining clients with the corporate card in the V.I.P. room, or for the strippers whose livelihoods depend on them.

But not me. No sir. Are we to give up the very arrogance that got us here just because a few insanely rich, pathologically correct men have fallen? Some might say our friends at Enron fell because they had it coming. But the truly arrogant, we know better. We say it would never happen to us, because we'd never have gotten caught. And if by some fluke we did, we would have handled it differently.

So, on this somewhat troubling day, I implore you, fellow universe shapers, do not squander your audacity, your pomposity, your God-given right to make bear-hug deals. I urge you to hold fast to your smug demeanor, your all-knowing smirk. Hold fast to your arrogance, or before you know it we'll be outsourcing that to Bangalore, too.

Shed no tears this morning for Kenneth Lay and Jeffrey Skilling. Keep your chin up — way up — and as an affirmation of our way, do something to make the most out of our special gift. Rather than giving in and playing along with someone's idea of a code of ethics, may I suggest telling your secretary that you've got to go out for "a very important meeting" and getting an early start on this long weekend, on the company. Maybe go antiquing for "office furniture." Or charge a big old lunch with a fictional client. Or head over to the V.I.P. room of the nearest upscale gentleman's sports cabaret and run a tab on the corporate plastic. Do it for capitalism. Do it for America. Do it for Kenny Boy.

James P. Othmer is the author of the forthcoming novel "The Futurist."

Editorial: Enron Fraud: Guilty As Charged (SEAPI)

By SEATTLE POST-INTELLIGENCER EDITORIAL BOARD

Seattle Post-Intelligencer, May 26, 2006

Guilty, guilty, guilty. Ken Lay, Jeffrey Skilling and the political-economic scam of deregulation all received proper verdicts Thursday.

The convictions of former Enron execs Lay and Skilling provide some justice for Washingtonians bilked by the Western energy crisis. Even within perhaps the worst-led Justice Department in U.S. history, enough capable, dedicated, honest prosecutors remain to win difficult convictions. Jurors saw through the defense's attempts at explanations, evasions and excuses.

A judge set a Sept. 11 sentencing date for Lay and Skilling. They deserve something on the order of the 25-year term awaiting former WorldCom head Bernard Ebbers for another financial fraud.

While their prison terms will be a measure of justice, the public will never receive anything close to adequate recompense for tens of billions lost in the energy crisis of 2000-01. Manipulation by energy trading companies, withholding of supplies by energy producers and California's failed deregulation plan all contributed heavily to the enormous run-up in prices. What was once explained as a "perfect storm" of events now looks more like a series of political sellouts, misjudgments and not-so-perfect crimes.

The Enron convictions should provide a lifetime worth of lessons for corporations, aspiring executives and business schools. Investors also ought to be more cautious about investing in clever trading schemes rather than services. Just don't count on it.

The 1990s' boom brought a renewal of a longstanding U.S. tendency for politicians to let down their guard about corporate influence. Some of the blame goes to Clinton Democrats who curried corporate favor by going along with right-wing dogma of deregulation.

But the larger and continuing scandal belongs to Republicans and the Bush administration, which still runs an Enron-approved energy program. President Bush took Lay's word on whom to appoint as his first head of the Federal Energy Regulatory Commission. Vice President Dick Cheney has covered up the details of how he let Enron, oil companies and other big contributors design Bush's energy policy.

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Since the energy crisis, U.S. Sen. Maria Cantwell, Rep. Jay Inslee and other leaders from this state have fought to restore fairness to utility regulation nationally. The verdicts in Texas show the rightness of their cause, even if a political victory for consumer justice remains unlikely with today's Congress and administration.

Fannie Mae Board Reverses; CEO Mudd Won't Head Probe (DOW)

Dow Jones, May 26, 2006

WASHINGTON -(Dow Jones)- Reversing course Thursday, Fannie Mae Chairman Stephen B. Ashley said chief executive officer Daniel H. Mudd won't lead the company's investigation into who should be fired or punished because of the housing giant's $10.6 billion accounting scandal.

Instead, Ashley said that four independent board members who have joined Fannie Mae (FNM) in the last 18 months would spearhead the probe.

"The board and myself have developed our thinking further for how a review of the personnel mentioned in the OFHEO report would be handled," Ashley said in an interview.

Ashley said the board decided to change its plans on Wednesday, one day after he said on an analyst call that Mudd would lead the review.

He said the decision was "internal" and didn't come from pressure by regulators or lawmakers.

The Office of Federal Housing Enterprise Oversight and the Securities and Exchange Commission fined Fannie Mae (FNM) $400 million Tuesday for "deliberately and systematically" creating earnings "illusions" to hit targets from 1998 through 2004.

Reaching these targets triggered millions of dollars in bonuses for senior Fannie Mae (FNM) executives.

Mudd, who was chief operating officer at the time, received $14.5 million in bonuses and rewards tied to Fannie Mae's (FNM) ability to hit the earnings targets.

Ashley said the board's decision to retain Mudd does not exempt him from a review of the bonuses he earned and possible disgorgement.

"Yes, he'll be treated like everyone else," Ashley said.

Coinciding with the fine, the mortgage giant's board vowed to review all the current employees and directors mentioned in a 340-page report issued by OFHEO.

When Ashley originally said Mudd would lead the review, it sparked allegations that his oversight would be tainted because of his senior role when the reported accounting manipulation occurred.

"It's hard to imagine that someone who was working at a senior level - during the time that many of these unethical practices took place - can really lend an unbiased eye to the situation," Sen. John Sununu, R-N.H., said in an interview Thursday.

Mudd's name appeared in the report nearly 90 times, more frequently than any other executive still with the company.

The board's probe will now be led by directors Dennis Beresford, former head of the Financial Accounting Standards Board, Greg C. Smith, vice chairman of Ford Motor Co., Bridget A. Macaskill, principal of BAM Consulting LLC, and John K. Wulff, chairman of Hercules Inc.

All have joined Fannie Mae (FNM) since December 2004.

Ashley would not comment on whether the report should lead to anyone being forced from the company.

"I'm not going to comment on that at all," he said. "That would front-run the work of the committee."

He said, though, that the board was not going to rethink its Tuesday decision to retain Mudd as chief executive officer. After Ashley offered his unwavering support for Mudd during the analyst call, Robert J. Lacoursiere, an equity research principal at Banc of America Securities, said it seemed premature.

"It has the appearance of a summary dismissal of OFHEO's concerns," he said in an interview. "We think this is more reminiscent of the old, kind of arrogant Fannie Mae (FNM), as opposed to the new, humbler Fannie Mae (FNM)."

Armando Falcon, the former director of OFHEO who started the Fannie Mae (FNM)investigation, agreed.

"The board's quick absolvement of Dan Mudd doesn't seem in the spirit of the agreement," he said.

Ashley conceded the process was expedited but said it was measured.

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He said board members met Monday, one day before the report was released, and reviewed the findings, specifically focusing on Mudd's role during the accounting scandal. Each report had red stickers that marked the pages where Mudd's name was mentioned.

The report does not appear to implicate Mudd as being directly involved in the accounting manipulation, but it does fault several of the decisions he made as one of the company's top executives.

For example, the report said Mudd and another Fannie executive launched a " flawed investigation" into an employee's concerns about bad accounting.

In that case, the report said "Mr. Mudd did not comply with Fannie Mae's (FNM) Code of Business Conduct" in the way he handled the situation.

Referencing the anecdote at a press conference Tuesday, OFHEO acting director James B. Lockhart said this was something Fannie Mae's (FNM) board "has to look into."

The report also cited an e-mail from Mudd describing conversations he had with an unnamed Treasury Department official "what to do if OFHEO is not falling in line."

The board also conferred Monday with former Sen. Warren Rudman, who compared the OFHEO report with a lengthy report he released three months earlier.

Rudman, who worked with a team from Paul, Weiss, Rifkind, Wharton & Garrison LLP, said there was very little new material in the OFHEO report regarding Mudd that had not already been brought to the board's attention.

He acknowledged, though, that his review did not include any analysis of Fannie Mae's (FNM) lobbying efforts and that his team did not know Mudd had contacted the Treasury Department official.

"That one issue was something I learned of for the first time reading the OFHEO report," Rudman said.

Ashley said the board had already conducted extensive reviews of Mudd - even searching his home computer - when they were considering whether to install him as chief executive officer last year.

"At the conclusion of the review, I was satisfied that I could give my full confidence in Dan's leadership, and that was the consensus of the board," Ashley said.

After discussing Dan's role in the report during an hour-long executive session later Monday, the board decided Mudd would stay, Ashley said.

"Given the importance of this company in the credit market, in the housing market, and with our shareholder community - and with the employees, the 5,000 plus employees of the company, it is in my mind...very important to bring closure to the Dan leadership question and do it quickly, but appropriately," he said.

He would not say if any board members questioned Mudd's leadership or asked for more time during the closed-door meeting.

"I'm not going to go into the discussion within the board room with you," he said.

Mudd, who serves on the board in addition to being CEO, was not allowed to attend the internal discussions when his future was debated.

An OFHEO spokeswoman would not comment for this story, but during a press conference Tuesday, Lockhart said Fannie Mae's (FNM) board would have to report the findings of its review back to the agency.

"The board of directors, as part of the agreement, will be looking at present management that is also mentioned in the report," he said. "As said, if the company doesn't do it, OFHEO will do it, and I'm sure the SEC will be working on other aspects of what this previous management did."

Lockhart said Mudd was "doing a good job of trying to turn around this operation," but would not comment on Mudd's role in the accounting scandal.

The SEC and Justice Department are both looking into the roles individuals played in the accounting scandal. Tuesday's agreement only settled allegations against the company.

Under the agreement, Fannie Mae's (FNM) board has 30 days to notify OFHEO which officials are under review and then another 120 days to conduct its review.

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"Such report shall include plans to seek restitution, disgorgement or other remedies to recover funds" from individuals, said the agreement, which Mudd, Ashley and Lockhart signed.

. . . And The Beltway Version (WSJ)

The Wall Street Journal, May 26, 2006

Some are calling yesterday's Enron verdicts the end of the corporate scandal era, but there's at least one big case still pending: Fannie Mae.

The mortgage giant's regulator issued its long-awaited, 340-page report on the company's $10.8 billion accounting woes this week, and the news is that the internal rot is even worse than we ever imagined. This is the Beltway's Enron, yet the political class still hasn't fixed the core problem, which is Fannie's political protection.

For years, Fannie's backers sneered at critics -- including such worrywarts as Alan Greenspan -- by claiming the company was so good at what it did that there was no reason to fret about its accounting, much less any "systemic risk" to the larger financial system. However, the Ofheo (Office of Federal Housing Enterprise Oversight) report makes clear that Fannie's core expertise was manipulating its earnings and rigging the politics. The management of credit risk that was supposed to be its stock-in-trade was way down the list.

This should worry us all, especially taxpayers who will be on the hook if Fannie or its sibling Freddie Mac get into trouble. For years Fannie boasted of steady profits and consistent growth. But the report makes clear that Fannie Mae's officers made those numbers up in order to pad their own compensation.

This is not merely an "accounting problem," as some of Fannie's friends would have it. The earnings manipulation became necessary because the underlying business was not making its targets. What's more, Fannie underinvested in the systems and technology that any company concerned about staying on top of the largest privately issued pool of debt in the country would want to have.

The company also tied the compensation of its internal auditors to the same earnings per share targets that determined executive bonuses -- which is the definition of a conflict of interest. And people like then-COO (and current CEO) Daniel Mudd failed to react to questions raised inside the company about its accounting practices. In one revealing internal memo after everything began to unravel, Mr. Mudd acknowledged that the "political reality was that we always won, we took no prisoners, and we faced little organized political opposition."

Fannie Mae also took steps to ensure that a nominally independent board of directors was nothing of the sort. Frederick Malek, a supposedly independent director between 2002 and 2004, was a business partner with then-CEO Franklin Raines. Kenneth Duberstein, White House chief of staff at the end of the Reagan administration, was both a board member and a paid lobbyist for the company.

Over the years covered by the report, Fannie's board and executive ranks featured some of the most prominent names in Democratic Party politics, as well as a few big-name Republicans. Jamie Gorelick, most recently of 9/11 Commission conflict-of-interest fame, was made Vice Chairman of the Board the same year she left the Clinton Justice Department. James Johnson, who was Fannie's CEO through much of the 1990s, had been a close adviser to former Vice President Walter Mondale and was also an adviser to Presidential candidate John Kerry in 2004. On the other side of the aisle, Board member Anne McLaughlin Korologos was a Reagan-era Labor Secretary.

What these men and women all have in common is that their main expertise wasn't financial but political. They had the experience and contacts to maintain the taxpayer subsidy and weak regulation that fueled Fannie's growth and made its executives super-rich.

Looking ahead, Ofheo calls on the board to claw back the tens of millions in bonuses that executives like Mr. Raines reaped through earnings management. But on the evidence of manipulation in the report, that will be the least of it. The Justice Department is continuing to investigate, and criminal charges shouldn't be ruled out.

Ofheo also called for all current employees named in the report to be investigated by the company. But Chairman of the Board Stephen Ashley quickly expressed his confidence in CEO Mudd, despite Mr. Mudd's repeated and unflattering appearances in the report. It's hard for us to see how Mr. Mudd can be a credible reformer. Ofheo has also done the right thing in

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demanding that Fannie freeze the growth of its portfolio of mortgage-backed securities, which have been the main source of both its growth and, we now know, its accounting woes (because it hedges the risks of those MBSs with derivatives it had no clue how to account for).

The larger story here is that Fannie Mae is less a corporate outrage than a political one. It is the tale of a company that has grown rich off an implicit taxpayer subsidy and then plowed those profits back into buying political protection in Congress and feckless regulation from the executive. Ofheo only rose to the occasion thanks to the prodding of a few souls in Congress and the press, and only after Freddie Mac's own accounting blew up. Even now, a bipartisan coalition in the House and Senate is protecting the companies from genuine supervision. That's the real scandal.

House Committee Holds Heated Session On Corporate Execs' Pay Packages (LAW/AP)

By Marcy Gordon, The Associated Press

AP, May 26, 2006

Lawmakers on Thursday addressed an issue that rankles company shareholders and the public -- executive pay packages and perks -- at a time when revelations of excess surface almost daily.

A senior Democrat, Rep. Barney Frank of Massachusetts, wants Congress to give shareholders a greater say over executive compensation.

"There have clearly been abuses," Frank said at the start of a hearing by the House Financial Services Committee. The session became an impassioned debate between Democrats and Republicans over the morality of lavish compensation, an argument portrayed by panel members as a clash between faith in capitalism and advocacy of socialism.

Frank had earlier used a parliamentary rule to force the majority Republican leaders of the committee to convene the hearing.

The partisan rhetoric flew, as befits an election year. Countering Frank's legislative proposal, Republicans disclosed that they have a bill of their own in the works: one that would rein in trial lawyers, a group that is a perennial ally of Democrats and generous contributor to their campaigns.

Don't blame the corporate executives, said Rep. Patrick McHenry, R-N.C. By targeting companies in lawsuits, "Trial lawyers are the ones who are sopping up investor wealth in this country."

Business interests reject Frank's proposal for shareholder input.

"If we adopted a system where small groups of activist shareholders used the process to politicize corporate decision-making, the consequences could very well be destabilizing" for companies, testified Thomas Lehner, director of public policy for the Business Roundtable, a group representing CEOs of major companies. "... We should not ruin our free-market system because of a few rogues. We strongly believe that the current system has worked well and should not be changed."

Lehner's view was echoed by several Republican members of the committee.

The subject clearly hits a nerve with Americans, who hear reports almost daily of excessive pay and perks for executives while their companies stumble, lay off employees or renege on billions of dollars in pension obligations for workers' retirement. The chasm between executives' salaries and the pay of rank-and-file employees continues to widen.

"Marie Antoinette would be embarrassed," Nell Minow, who heads the Corporate Library, a business governance group, told the hearing.

It was held the same day that a federal jury in Houston convicted former Enron Corp. chiefs Kenneth Lay and Jeffrey Skilling of conspiracy and securities fraud in one of the biggest business scandals in U.S. history, involving a company that became a notorious symbol of corporate greed.

Meanwhile, the number of public companies ensnared in a federal investigation into the timing of stock option grants to their executives continues to grow. More than a dozen companies -- from high-flying technology names to a pharmacy benefits manager -- have received inquiries from federal prosecutors in New York and the Securities and Exchange Commission seeking details on how they grant stock options.

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The companies -- the biggest so far is UnitedHealth Group Inc. -- are being examined to determine whether they boosted executives' payoff from stock options by backdating the grants to coincide with a point where corresponding stock prices had dropped to lows.

But the lawmakers reserved their greatest scorn for Lee Raymond, the recently retired chairman of Exxon Mobil Corp., who received a package of nearly $400 million, including salary, bonus, stock options and a one-year $1 million consulting deal.

"We've got a problem here," said Rep. David Scott, D-Ga., noting that Raymond's compensation works out to more than $144,000 a day while angry consumers pay over $3 a gallon for gasoline and are outraged by his pay package.

"It is important for the sanctity of the markets" for companies to disclose executives' pay, Scott said.

The SEC proposed in January the biggest changes since 1992 in rules governing disclosure of executive compensation. The rule changes would require companies to disclose far more details about their executives' pay packages and perks.

"I have a feeling that when people are forced to undress in public, they'll pay more attention to their figures," SEC Chairman Christopher Cox said recently.

But Frank insists that the SEC plan doesn't go far enough. His proposed legislation would call for disclosure of more information on executive pay packages. It would also require shareholder approval of executive compensation plans.

The bill's legislative prospects, however, are in doubt because it has drawn most of its support from minority Democrats.

On Thursday, Home Depot Inc.'s chief executive, Bob Nardelli, did little to quell an uproar among some shareholders over his pay, stifling debate at the company's annual meeting as the board members who approved the compensation didn't show up to defend themselves. Nardelli has received $123.7 million in compensation, excluding stock option grants, since taking over as CEO in December 2000. The company's stock price has dropped 9 percent over that period on a split-adjusted basis.

Former Wal-Mart Exec Faces Fraud Sentence Aug. 11 (FINDLAW/AP)

By Marcus Kabel, Ap Business Writer

AP, May 26, 2006

(AP) - SPRINGFIELD, Missouri-A federal judge has set a sentencing hearing Aug. 11 for Thomas Coughlin, the former No. 2 executive at Wal-Mart Stores Inc., who pleaded guilty in January to fraud and tax charges for stealing money, gift cards and merchandise from the world's largest retailer.

Coughlin, 57, faces a maximum of 28 years in prison after pleading guilty to five counts of wire fraud and one count of filing a false tax return. He also could be fined $1.35 million (â,¬1 million).

U.S. District Judge Robert Dawson, who accepted Coughlin's guilty plea in January, set the sentencing hearing for Aug. 11 in his courtroom in Fort Smith, Arkansas.

Prosecutors have recommended a sentence but Dawson sealed the plea agreement pending a presentencing report.

Wal-Mart referred Coughlin to federal prosecutors after discovering Coughlin allegedly had embezzled money from the company and used expense vouchers to buy products as varied as snakeskin boots, hunting trips and Bloody Mary cocktail mix. Wal-Mart estimated losses at up to $500,000. (â,¬392,000).

Wal-Mart Chief Executive Lee Scott has called the ordeal "an embarrassment" for himself and for the company.

Coughlin was a protege of company founder Sam Walton. As vice chairman, he received a base salary of $1.03 million (â,¬807,500) in his final year with the company. He received more than $3 million (â,¬2.35 million) in bonuses and other income in the same period and held about $20 million (â,¬15.7 million) in Wal-Mart stock, according to Securities and Exchange Commission filings.

In documents filed with the court, Coughlin specifically admitted defrauding the company to pay for the care of his hunting dogs, lease a private hunting area, upgrade his pickup truck, buy liquor and a cooler, and receive $3,100 (â,¬2,430) in cash.

Coughlin retired as Wal-Mart vice chairman last year and gave up his spot on the company board in March after Wal-Mart referred him to prosecutors. The matter was taken up by a grand jury in Fort Smith.

In November, former Coughlin subordinate Robert E. Hey Jr. agreed to plead guilty to wire fraud and testify for the government in return for parole instead of prison time.

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Besides giving the case to federal prosecutors, Bentonville, Arkansas-based Wal-Mart filed suit last year to end Coughlin's multimillion-dollar retirement agreement and to recover money.

However, that lawsuit was dismissed by an Arkansas judge who said both sides had signed a pledge as part of Coughlin's retirement deal not to pursue any claims against each other for any reasons. Wal-Mart has appealed the dismissal of its lawsuit to the Arkansas Supreme Court.

No mention was made in Coughlin's public filings with the court of his earlier claim that he used money obtained from Wal-Mart to pay for anti-union activism. Wal-Mart has said there was no such project.

$363M Is Average Pay For Top Hedge Fund Managers (USAT)

By Adam Shell

USA Today, May 26, 2006

NEW YORK — James Simons, a mathematician turned money manager who prefers hiring Ph.D.s over MBAs, inched out oil tycoon T. Boone Pickens Jr. as the world's best-paid hedge fund manager in 2005, collecting

an estimated $1.5 billion, according to rankings released today by Institutional Investor's Alpha magazine.

In rising to the top of what amounts to a who's who list of the secretive hedge fund world, Simons, of Renaissance Technologies, unseated 2004's top earner and first-ever billion-dollar man, Edward Lampert of ESL Investments, who is best known for buying Kmart and masterminding the blockbuster deal to buy Sears. Lampert's earnings dipped to an estimated $425 million last year, down from $1.0 billion in 2004.

“These are staggering numbers,” said Alpha editor Michael Peltz in announcing its fifth-annual list of Top 25 earners. “It took $130 million to make the list.”

Pickens also topped $1 billion, earning an estimated $1.4 billion. The average pay of the 26 (there was a tie for 25th place) on the list was $363 million, up 45% from $251 million in 2004.

Other big-name managers with big-time reputations in the top 10 included: financier George Soros, who was named “the man who broke the Bank of England” in 1992 after a winning bet against the British pound netted him more than $1 billion; Steven Cohen of SAC Capital Advisors, whom BusinessWeek called “the most powerful trader on Wall Street you've never heard of” in a July 2003 cover story; and legendary trader Paul Tudor Jones II. “These top earners are the best of the best, the real superstars,” says Ryan Pearson, senior vice president at hedge fund consultancy Greenwich-Van Advisors.

The surge in pay comes amid an explosive growth in the industry, which now has roughly 8,000 funds and $1.2 trillion in assets. A lucrative business model for hedge fund managers, which, on average, entitles them to 2% of assets under management and 20% of the profit, makes these large paydays possible, Peltz says. A $10 billion fund would earn $200 million from the 2% management fee alone. Super-successful managers charge even more. Simons, the No. 1 earner last year, charges a 5% management fee and 44% of profits, Alpha's Peltz says.

Simons, whose firm, Peltz quips, has enough “rocket scientists to run their own space program,” makes its money trading “often and frequently” with the help of computers, trying to capture small price movements. Pickens profited from the boom in energy prices.

The managers didn't just line their own pockets. “I suspect they have made more money for their clients than themselves,” says Charles Davidson, hedge fund director at Standard & Poor's.

Charity Invites Donors To 'Kick The Tires' And Squeeze The Cash Register (NYT)

By Stephanie Strom

The New York Times, May 26, 2006

SANTA BARBARA, Calif. — As slides with bullet points and pie charts flashed behind his head, Thomas Tighe meticulously laid out the financial affairs of the charity he runs, Direct Relief International.

"We are a public corporation," Mr. Tighe told the audience of more than 200 donors. "No one has a stronger interest in our doing good than you, because you've invested in it."

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For the last four years, Direct Relief, which provides donated medicine and medical supplies to communities around the world, has held a "shareholders' meeting" for contributors to demonstrate its accountability and to burnish its relationship with its donors.

One donor, Jude Blau, says he likes the meeting because it is informative and different from the typical interaction he and his wife, Mary Jane, have with other charities.

"The trouble is that a lot of them are locked into these very expensive fund-raisers and benefits and so forth," Mr. Blau said. "Direct Relief does something different, and I think organizations that do well and have innovative thinking like this are great. It's better than sending out address labels."

H. Art Taylor, president and chief executive of BBB Wise Giving Alliance, a watchdog group, said if more charities adopted this approach, "there would be a lot less questions about what nonprofits are doing with their resources and a lot less skepticism about the sector in general."

Last year, Direct Relief received $15.7 million in cash, stock and investment income and $121.5 million in donated supplies. "For every $1 we spent," Mr. Tighe said, "$25.50 in aid went out the door."

The charity began holding the shareholders' meetings to expand its appeal to donors locally and beyond. They were the brainchild of Barry Kravitz, a money manager who was then on the board.

"I told them it was really important for people to be able to come here and kick the tires," Mr. Kravitz said. "What you're doing as contributors, you really are investing in this company, and so you're interested in what your investment is doing."

Direct Relief invites representatives of the organizations it has supported to attend the meetings and explain how the charity has assisted them, as well as to offer primers on the challenges they face in providing health services in impoverished and conflict-ravaged countries.

Dr. Jerome Sulubani, a pediatrician at the Mansa General Hospital in Zambia, told donors how a premature baby who weighed roughly one pound at birth had survived as a result of an incubator donated by Direct Relief, the first his hospital had. "Today, that girl is in primary school," Dr. Sulubani said.

Direct Relief works with pharmaceutical companies and medical equipment manufacturers to get products needed by medical professionals like Dr. Sulubani who lack the basic tools to do their jobs.

"We're kind of a Costco for poor countries' health services," said Mr. Tighe (pronounced TYG, as in tiger).

The money it receives, from $3 million to $4.5 million in an average year, is used for overhead costs and to transport supplies. Donors like the idea that their money helps more than $100 million of donated goods get to needy people. "It's a huge selling point, that the money is so well used," said Kate Firestone, a donor and board member.

Ms. Firestone was among the board members who elected to cover many of the costs Direct Relief incurred in responding to the tsunami that struck the Indian Ocean rim at the end of 2004.

Donors provided $14 million for the tsunami victims — roughly three times what the charity raises in a normal year. The board decided that every penny should go into the relief effort, in part because that was what donors expected and in part to build long-lasting relationships.

The board covered the costs of bank charges, credit card fees, processing receipts for donors, additional accounting and other expenses related to managing the tsunami-related gifts. Direct Relief did not pay any part of its staff salaries from them.

"This was cash in excess of what we traditionally get, so we had to think through what we should morally, ethically and responsibly do with it," Mr. Tighe said. "As one board member said at the time, 'This is not our money.' "

At the shareholders' meeting, Mr. Tighe reported that about 9 percent of the donors who gave to Direct Relief for the first time after the tsunami later gave it money or in-kind donations for its routine operations.

"For probably most of our history, we were primarily supported by people living in Santa Barbara," said Mr. Tighe, who joined Direct Relief in 2000 from the Peace Corps, where he was chief of staff and chief operating officer. "We had never had an ability to get in touch with folks outside our very local area."

That all changed before the tsunami, when Google gave the charity one of its coveted Google Grants, essentially free advertising on the search engine's Web site. Mr. Tighe said the organization's national reach, while still small, has increased ever since.

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It received $4.73 million designated for victims of Hurricane Katrina, even though it is mainly known as an international relief organization, and it used the money to get medicine and medical supplies to doctors on the Mississippi Gulf Coast.

The tsunami and Hurricane Katrina put the charity in the business of providing grants to local organizations. In Sri Lanka, such money bought five ambulances for a local charity and trained 16 emergency medical technicians and 20 first aid responders to operate them.

In Mississippi, it bought coats.

"I knew Direct Relief dealt with medicines and physicians, but I called Chris anyway," recalled Rhonda McNair, executive director of the Reuben T. Morris Wellness Foundation, referring to Chris Brady, Direct Relief's vice president for programs. Direct Relief gave the Wellness Foundation $82,061, about $500 of which was used to buy coats.

"Today is when we get the connection between our money and what happens to it," said Nancy Walker-Koppelman, a donor. "I had no idea that we gave money to buy coats."

CRIMINAL LAW:

Bush Orders FBI-Congress Documents Sealed (AP-Y2)

By Laurie Kellman

AP2, May 25, 2006

President Bush stepped into a confrontation between the Justice Department and Congress on Thursday, ordering that documents seized in an FBI raid on a lawmaker's office be sealed for 45 days.

His spokesman also labeled as "false, false, false" charges that Attorney General Alberto Gonzales' department had tried to intimidate Republican House Speaker Dennis Hastert.

In an effort to defuse an intensifying, election-year dispute between the Republican-led Congress and his administration, Bush, facing growing complaints from lawmakers in both parties that he has abused presidential powers, called for a cooling-off period.

"Our government has not faced such a dilemma in more than two centuries," he said in a statement. "Yet after days of discussions, it is clear these differences will require more time to be worked out."

Republican officials who spoke on condition of anonymity said Vice President Dick Cheney had become involved as the administration worked to ease the anger of the speaker, who has enormous control over the president's legislative agenda.

Bush granted one of Hastert's demands, directing the FBI to surrender documents and computerized records taken last weekend from the office of Rep. William Jefferson (news, bio, voting record), D-La. He ordered Solicitor General Paul Clement, who has a separate office in the Justice Department, to take custody of them.

The president said no one is above the law and that he continued to support the investigation of Jefferson. The eight-term congressman is accused of accepting hundreds of thousands of dollars to facilitate a telephone investment deal in Africa.

"Those who violate the law — including a member of Congress — should and will be held to account," the president said. "This investigation will go forward and justice will be served."

Within minutes, the heads of the battling institutions stood down and began talking about solutions.

Hastert said the order would "give us some time to step back and try to negotiate with the Department of Justice."

Gonzales said the move provides "time to reach a permanent solution that allows this investigation to continue while accommodating the concerns of certain members of Congress."

The FBI said it would comply with Bush's order.

Jefferson called the order "a good first step but ultimately, the answer would be to return the documents."

The time-out came five days after the FBI, acting on a search warrant signed a week ago by a federal judge, raided Jefferson's office as part of the bribery investigation.

In an affidavit supporting the search warrant, the FBI said it had videotaped Jefferson last summer taking $100,000 in bribe money and that agents had found $90,000 of that cash stuffed in a freezer in his home.

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Two people have pleaded guilty to bribing Jefferson to promote the high-tech business venture in Africa. One of them, Brett Pfeffer, a former aide to the congressman, was scheduled to be sentenced Friday in Alexandria, Va. Jefferson has not been charged and has denied wrongdoing.

Historians said the raid was the first such search of a House or Senate member's office since the first Congress convened 219 years ago.

Its unprecedented nature and the lack of notice given Hastert set off loud complaints from both Republicans and Democrats that the administration was overstepping its authority.

More than a dozen agents who convened on Jefferson's office Saturday night conducted a search that stretched into Sunday morning. They took two boxes of paper records and made a copy of everything on Jefferson's personal computer, Robert Trout, Jefferson's lawyer, said in his legal filing Wednesday demanding the return of the materials.

The only items specifically identified by Trout as having been taken by the FBI are letters requesting donations to the legal defense fund Jefferson created to defray his legal bills.

The FBI and prosecutors refused to allow lawyers for Jefferson or the House of Representatives to be present for the search, Trout and House officials said.

Administration officials have said the White House did not know in advance of the raid. That suggested the ultimate authority for the event rested with Gonzales.

The dispute escalated all week. Hastert complained personally to Bush at least twice. He was joined Wednesday in rare agreement by his Democratic counterpart, Rep. Nancy Pelosi (news, bio, voting record) of California, in a statement demanding the FBI give back the material it seized.

On Thursday, Hastert accused the Justice Department of trying to intimidate him after ABC News quoted unnamed top law enforcement officials as saying Wednesday the speaker was being investigated in a broad influence-peddling probe centered on convicted lobbyist Jack Abramoff.

The Justice Department issued two denials of the report. Hastert demanded a retraction from the network, which refused. Hastert's lawyers threatened Thursday to sue the network. ABC again stood by its story.

"This is one of the leaks that come out to try to, you know, intimidate people," Hastert said on Chicago's WGN radio.

White House spokesman Tony Snow called the accusation "false, false, false."

"They're not leaking information to try to undermine the House speaker," Snow said. "I got pretty categorical denials."

Bush Puts Jefferson Documents On Ice Amid Heated Debate (LAT)

By Maura Reynolds And Richard B. Schmitt

The Los Angeles Times, May 26, 2006

WASHINGTON — President Bush intervened Thursday to defuse a dispute between congressional leaders and the Justice Department, ordering that documents seized in an unprecedented raid on a congressman's office be sealed for 45 days.

Congressional leaders, displaying rare bipartisan unity, accused the Justice Department of overstepping its authority and demanded the return of the material confiscated in a weekend search of the Capitol Hill office of Rep. William Jefferson, D-La., who is under investigation for bribery.

"This period will provide both parties more time to resolve the issues in a way that ensures that materials relevant to the ongoing criminal investigation are made available to prosecutors in a manner that respects the interests of a coequal branch of government," Bush said in a statement. "The Justice Department and the House of Representatives should continue their discussions and resolve this matter as quickly as possible."

House Speaker J. Dennis Hastert, R-Ill., accepted the olive branch from the White House but said he stood by his position that the search warrant served on Jefferson was a violation of the "separation of powers" between Congress and the executive branch.

"This gives everybody a chance to step back," Hastert said after meeting with fellow Republicans, whose cheers at the announcement were audible outside their meeting room in the basement of the Capitol.

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Hastert insisted he was defending the Constitution. "I taught it for 16 years," Hastert said. "We need to protect our Constitution. It's important that the people's records are protected."

The dispute began Saturday, when FBI agents served a search warrant on Jefferson's office and barred congressional officers -- including the House sergeant of arms and the Capitol Police -- from the site.

It is believed to be the only time in U.S. history that the executive branch has served a search warrant on a congressional office.

The Justice Department said the move was necessary after Jefferson had resisted a subpoena. Investigators already searched his home, where they retrieved $90,000 in marked bills wrapped in foil in his freezer. Earlier, he was videotaped accepting money from a Virginia businesswoman.

Congressional leaders argue that the Constitution protects lawmakers from such searches. They have offered to develop procedures for making available materials connected to a criminal investigation.

"Members were relieved to see the White House response," said Majority Whip Roy Blunt, R-Mo. "They believe it gives us a chance to find the proper way to view this material."

Earlier in the day Thursday, Hastert used a radio interview to accuse officials in the Justice Department of seeking to intimidate him by leaking a false story to ABC News. The network reported Wednesday night that the FBI was investigating Hastert in connection with the influence-peddling investigation surrounding fallen lobbyist Jack Abramoff.

Abramoff pleaded guilty to conspiring to bribe members of Congress and steal millions from American Indian tribes he represented. Abramoff is cooperating with federal investigators.

After the ABC News report, the Justice Department twice denied Hastert was under investigation. Hastert said the report was false, and his lawyers have demanded a retraction and threatened legal action.

"This is one of the leaks that come out to try to ... intimidate people, and we're just not going to be intimidated," Hastert told Chicago radio station WGN.

ABC News reported that investigators were examining a letter Hastert and others wrote in 2003 to the secretary of the Interior to block a casino on an Indian reservation that would have competed with tribes then represented by Abramoff. The letter was written shortly after a fundraiser for Hastert at a Washington restaurant Abramoff owned at the time.

An ABC News executive said the report was careful to avoid saying Hastert was a "target" or "subject" of the investigation. "We said he was 'in the mix' and that Abramoff had said things to federal investigators which have led them to look at a number of congressmen, including the speaker," said Jeffrey Schneider, an ABC News spokesman.

The Justice Department did not comment on Hastert's claim that the leak was an act of retribution.

White House officials would not say whether Bush had spoken personally to Attorney General Alberto Gonzales about the Jefferson raid, but they said there had been "ongoing discussions" since the raid with officials from Justice and the House.

Bush ordered that the Office of the Solicitor General be responsible for ensuring that the documents remain under seal for 45 days. That office is an arm of the Justice Department that represents the government before the Supreme Court.

Gonzales, who approved the search of Jefferson's office, issued a statement saying he was satisfied with the president's decision.

"Throughout this discussion period with the Congress over the court-authorized search of Congressman Jefferson's office, the Justice Department has sought to protect the integrity of this important ongoing public corruption investigation," Gonzales said. "The president's order does that and provides additional time to reach a permanent solution that allows this investigation to continue while accommodating the concerns of certain members of Congress."

A government official, who requested anonymity because of the ongoing investigation, said Justice Department negotiators were adamant that the department not relinquish the seized materials, because it could compromise the investigation. The official said some senior department officials had been prepared to submit their resignations if Bush had ordered them returned.

Press Secretary Tony Snow has said the White House did not know about the search in advance. Thursday, he said the White House counsel's office first learned of the raid from an e-mail sent while agents were in Jefferson's office, stating simply that a search warrant was being executed.

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Snow said Bush had decided to order the 45-day seal so the House and the Justice Department could "shift the focus from who gets the records right now to the more constructive task of working together to resolve the constitutional concerns of both sides."

"It became pretty obvious that this was a very complex issue, and it was necessary to give cooler heads time to prevail on it," Snow said. "We're getting into uncharted constitutional waters, and I think both sides want to reserve the integrity of their institutions."

Harvard Law Professor Charles Fried, solicitor general under the Reagan administration, said that he considered the House's legal arguments shaky -- but that Bush's actions were reasonable.

"It is something new, but in principle it strikes me as probably OK," Fried said. "No evidence is lost. (Jefferson) has no chance to flush any papers down the toilet. So it's all on ice, and people can figure it out."

Jefferson is accused of accepting cash in return for helping a Virginia businesswoman obtain contracts to provide mobile-phone and Internet services in the African countries of Ghana and Nigeria. Two Jefferson associates are cooperating with investigators, as is the businesswoman.

Members of Congress and their staff have expressed concern privately that the Justice Department was less interested in prosecuting Jefferson than in establishing a legal precedent that could be used in other investigations -- specifically the widening ethics investigation around lobbyist Jack Abramoff.

Justice Department officials will not know until at least August about their legal rights to investigate lawmakers' offices.

Bush Seals Files Seized In FBI Probe Of Jefferson (WP)

By Dan Eggen And Jim Vandehei

The Washington Post, May 26, 2006

President Bush ordered the Justice Department yesterday to seal records seized from the Capitol Hill office of a Democratic congressman, representing a remarkable intervention by the nation's chief executive into an ongoing criminal probe of alleged corruption.

The order was aimed at quelling an escalating constitutional confrontation between the Justice Department and the House, where Republican and Democratic leaders have demanded that the FBI return documents and copies of computer files seized from the office of Rep. William J. Jefferson (D-La.).

In a six-paragraph statement, Bush cast the dispute in historic terms and said he issued the order to give Justice Department officials and lawmakers more time to negotiate a compromise. "Our government has not faced such a dilemma in more than two centuries," Bush said. "Yet after days of discussions, it is clear these differences will require more time to be worked out."

The order capped five days of tumultuous negotiations involving the White House, the Justice Department and House Speaker J. Dennis Hastert (R-Ill.), who denounced the Saturday-night raid as an infringement on the separation of powers between the legislative and executive branches and had joined Minority Leader Nancy Pelosi (D-Calif.) in demanding that the seized documents be returned.

Bush hoped to mollify Hastert, one of his most reliable legislative allies, at a time of increasingly sour relations with the GOP-controlled Congress, according to White House sources. Tempers rose so high this week that some House Republicans threatened to seek the resignation of Attorney General Alberto R. Gonzales, although GOP leaders said the idea was not seriously considered.

The agreement also marked a setback for the FBI and Justice Department, which had refused demands to return the materials -- and had resisted pressure from the White House to cordon them off, according to several officials familiar with the debate.

Bush signaled in his statement, however, that he expected the documents to eventually be made available to prosecutors. "Those who violate the law -- including a Member of Congress -- should and will be held to account," Bush said. "This investigation will go forward, and justice will be served."

The materials will be held by Solicitor General Paul D. Clement, who is not involved in the Jefferson probe, Bush's statement said.

Emerging from a House Republican meeting about the raid yesterday afternoon, Hastert said he welcomed Bush's 45-day hiatus as a cooling-off period that "gives everybody a chance to step back. I appreciate that."

In effect, Bush's order serves to grant a portion of a legal motion filed on Thursday by Jefferson, which asked that the materials seized by the FBI be locked in a secure place "to allow for full briefing and careful consideration by the court of the serious Constitutional issues and the unprecedented circumstances that give rise to this motion."

Robert P. Trout, Jefferson's attorney, called Bush's decision "a good start."

"It's not every day a lawyer has his motion granted by the president of the United States," Trout said. "We're obviously pleased with this decision."

Another potential entanglement with the FBI arose yesterday when the Capitol Hill newspaper Roll Call reported that federal agents are seeking to interview top House members from both parties as part of an investigation into leaks about the National Security Agency's domestic surveillance program to the New York Times.

Jamal D. Ware, spokesman for the chairman of the House intelligence committee, Peter Hoekstra (R-Mich.), said the effort at the moment is to determine ground rules for the interviews, "to ensure that all constitutional issues are worked out beforehand so a thorough inquiry can move forward."

In the Jefferson case, the FBI has been investigating allegations that the New Orleans Democrat took hundreds of thousands of dollars in bribes in exchange for using his congressional influence to promote business ventures in Africa. Two people -- Brett Pfeffer and Vernon L. Jackson -- have pleaded guilty to bribing Jefferson to promote iGate Inc., a Louisville-based company that was marketing Internet and cable television technology in Nigeria, Ghana and Cameroon.

Pfeffer, a former Jefferson legislative aide, is scheduled to be sentenced today in U.S. District Court in Alexandria.

Jefferson, 59, has not been charged and has denied any wrongdoing. But an 83-page affidavit used to raid his office Saturday said agents videotaped Jefferson last summer taking $100,000 in $100 denominations in bribe money. A few days later, agents found $90,000 of the money stuffed inside a freezer in his D.C. apartment.

Bush has been under heavy pressure from Hastert since Monday, when the president and the speaker appeared together at a Chicago speech, according to accounts from senior White House officials, who requested anonymity. On the ride home aboard Air Force One, Hastert was adamant that the Justice Department had violated the Constitution, and he implored the president to intervene, the sources said.

The next day, the two spoke by phone and Hastert told Bush that he and other leaders would only intensify their campaign to stop Justice from sifting through the materials seized in the weekend search, according to the accounts.

White House officials worked late into the night Wednesday and Thursday, trying to find a middle ground. One person said efforts to get the department to strike a compromise failed.

"Obviously, emotions were running high," the official said. "There was a sense of urgency."

Bush had Vice President Cheney call Hastert to inform him of his decision. The president sees the 45-day period as sufficient to resolve the constitutional questions without disrupting the Jefferson case, according to sources.

There have also been discussions between the White House and Hastert's office about possible legislation to set parameters on handling the unique situation of prosecutors seeking congressional materials, according to administration sources.

The negotiations angered many federal prosecutors and FBI agents, who believed that the search warrant for Jefferson's office, which was signed by Chief U.S. District Judge Thomas F. Hogan, was lawful and necessary because of Jefferson's refusal to comply with a subpoena issued in August.

"Some people are definitely unhappy" with Bush's order, one law enforcement official said. "But if we can bring down the rhetoric and cool off, it may be better for everyone in the end."

Gonzales said in a statement that Bush's order will "protect the integrity" of the investigation, while providing "additional time to reach a permanent solution."

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Legal experts said that Bush clearly has the legal authority to direct his Justice Department to do anything lawful with regard to an ongoing investigation.

To Ease Standoff, Bush Seals Seized Files (NYT)

By Carl Hulse And David Johnston

The New York Times, May 26, 2006

WASHINGTON, May 25 — President Bush intervened directly Thursday in an increasingly tense constitutional fight between Congress and the Justice Department by ordering that records seized from a Congressional office over the weekend be sealed for 45 days.

"Our government has not faced such a dilemma in more than two centuries," Mr. Bush said in his first statement on the swirl of events surrounding the Federal Bureau of Investigation's search of the office of Representative William J. Jefferson, Democrat of Louisiana, who has been accused of accepting bribes. "Yet after days of discussions, it is clear these differences will require more time to be worked out."

The president said that the material in question would be turned over for 45 days to the solicitor general, the Justice Department official who represents the government before the Supreme Court. That step would allow the Justice Department to say that it had not given up material regarded by prosecutors as lawfully obtained evidence needed for a criminal case.

The presidential intervention came as Speaker J. Dennis Hastert, normally the administration's champion on Capitol Hill, suggested that the Justice Department had tried to intimidate him through a news leak because of his challenge of the agency's authority to conduct the search.

In one interview, the normally reticent speaker, an Illinois Republican, portrayed a report broadcast by ABC News on Wednesday evening as calculated retaliation and said that he had demanded a retraction. The Justice Department issued firm denials of the ABC report, which was attributed to anonymous federal sources and said Mr. Hastert was part of the inquiry into the activities of the convicted lobbyist Jack Abramoff.

In a morning interview with a radio station in his home state, WGN in Chicago, Mr. Hastert said, "This is one of the leaks that come out to try to, you know, intimidate people."

He stopped short of that charge when pressed later by reporters on the West Front steps of the Capitol. But he and his allies were clearly furious. "I don't know if this leak out of the Justice Department or wherever it came was a coincidence or not," Mr. Hastert said. "But I will let anybody else try to connect the dots."

Tony Snow, the White House spokesman, said senior officials at the Justice Department had assured the White House there had been no effort to embarrass Mr. Hastert. "Just false, false, false," Mr. Snow said.

ABC News, meanwhile, continued to defend its report. "We stand by the story," said Jeffrey W. Schneider, vice president of ABC News. "We went back to our sources twice after our first report. They affirmed what we reported and what they had told us."

Before Mr. Bush's decision to step in, what law enforcement officials described as a tense drama had played out as Justice Department officials, backed by career prosecutors, refused to give up the material seized in the search of Mr. Jefferson's office. At one point, Paul J. McNulty, the deputy attorney general who was once chief counsel to the House majority leader, told Scott Palmer, chief of staff to Mr. Hastert, that he would quit rather than give up the materials to Mr. Jefferson.

By Wednesday evening, Justice Department lawyers and lawyers for the House had staked out nonnegotiable positions, with House lawyers demanding return of the Jefferson documents.

Justice lawyers, backed by the F.B.I., would not agree to hand over any of the material, which included a copy of the hard drive of Mr. Jefferson's office computer, along with calendars and date books.

Throughout Wednesday, Attorney General Alberto R. Gonzales, who had signed off on the search warrant of Mr. Jefferson's office, sought unsuccessfully to speak with Mr. Hastert. At the same time, Mr. McNulty, who has long-term Republican ties to Capitol Hill, sought to placate infuriated lawmakers.

The stalemate was broken Thursday morning, when White House aides suggested an intermediate step of turning the material over to the solicitor general. Sealing it for 45 days allows the House and the Justice Department to continue to discuss a

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more permanent resolution, which could be important in several other pending criminal inquiries that have focused on sitting House members of both parties.

Those include the influence-buying inquiry involving Mr. Abramoff, the convicted lobbyist, and the broadening investigation that grew out of the inquiry into the activities of Representative Randy Cunningham, the San Diego Republican who was a member of the House Appropriations Committee. Mr. Cunningham resigned his House seat last fall when he pleaded guilty to accepting more than $2 million in cash and gifts in return for steering contracts to political supporters.

At the F.B.I., officials said they would comply with the deal but complained privately that it would bar them from examining the materials discovered in the search for more than a month. Senior F.B.I. officials were not consulted in negotiations and regarded any effort to keep them from evidence as an unfair intrusion that could compromise their investigation.

The confrontation over the independence of the legislative branch from the executive branch, coming as Congress was busy trying to complete a full plate of legislation heading into a Memorial Day recess, was taking unusual twists.

Republicans were leading a challenge to the administration stemming from the criminal inquiry into a Democrat; Democrats were wrestling with how to separate themselves from Mr. Jefferson. And some were hinting that Republicans were more concerned with protecting themselves from future searches than with protecting the institution.

Mr. Bush took no sides in the fight but said the cooling-off period would "provide both parties more time to resolve the issues in a way that ensures that materials relevant to the ongoing criminal investigation are made available to prosecutors in a manner that respects the interests of a coequal branch of government." He also pledged that "this investigation will go forward, and justice will be served."

In a statement, Mr. Gonzales said the search had been approved by a federal judge. But he said Mr. Bush's action "provides additional time to reach a permanent solution that allows this investigation to continue while accommodating the concerns of certain members of Congress."

Justice Department officials said the search of Mr. Jefferson's office was lawfully carried out on the basis of a warrant signed by Judge T. S. Ellis of Federal District Court in Alexandria, Va. They said the search was intended to retrieve specific documents and e-mail messages that prosecutors hoped to find. Without identifying the documents, the officials said investigators had found what they were looking for.

Mr. Hastert and Representative Nancy Pelosi of California, the Democratic leader, issued a joint statement, saying they had directed the House counsel to open negotiations with the Justice Department on "protocols and procedures to be followed in connection with evidence of criminal conduct that might exist in the offices of members."

Mr. Bush sought to defuse the controversy as tempers were rising among House Republicans, both over the government search and what rank-and-file Republicans saw as poisonous treatment of Mr. Hastert, which could be a major problem for the administration as it tries to move legislation ahead. House Republicans met privately for more than an hour Thursday afternoon to explore the situation and hear the leadership's rationale for its strong opposition to the search.

Bush Seals Documents In Bribery Probe (CHIT)

By William Neikirk

Chicago Tribune, May 26, 2006

WASHINGTON -- Seeking to quell a rebellion in Congress, President Bush took the extraordinary step Thursday of sealing for 45 days all the documents the FBI seized from Rep. William Jefferson's Capitol Hill office as part of a bribery investigation against the New Orleans Democrat.

Bush acted after an ugly confrontation developed between the administration and House leaders, including Speaker Dennis Hastert (R-Ill.), over the constitutionality of the FBI's Saturday night raid in the House's Rayburn Office Building.

In a statement, the president said the 45-day period "will provide both parties more time to resolve the issues in a way that ensures that materials relevant to the ongoing criminal investigation are made available to prosecutors in a manner that respects the interests of a co-equal branch of government."

In a letter to the administration on Wednesday, Hastert and House Minority Leader Nancy Pelosi (D-Calif.) charged that the Justice Department, in conducting the raid, had violated the doctrine of separation of powers between Congress and the

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executive branch and the debate and speech clause in the Constitution. They said the documents should be returned, even if the government is conducting a criminal investigation.

An obviously angry Hastert went one step further, saying in a radio interview with WGN in Chicago that it appeared administration officials had leaked a false story to ABC News on Wednesday suggesting he was under investigation in a congressional lobbying scandal in an apparent effort to intimidate him.

When asked later if the leak was retaliatory, Hastert said, "All I'm saying is, here are the dots. People can connect the dots any way they want to. I thought it was an interesting sequence of events." White House spokesman Tony Snow said the government did not leak information to undermine Hastert. "I got pretty categorical denials," Snow said.

In response to the ABC report, the Justice Department denied the speaker was under investigation.

Hastert had even sought a private audience with the president to complain about the FBI raid. Not all members of Congress agreed with the speaker, however, and several said in statements that they saw nothing wrong with a raid seeking to uncover criminality.

Still, the raid was widely criticized on Capitol Hill by both Democrats and Republicans. It was the first time in the 219 years of the House that the executive branch raided the office of a member of Congress. The department said it acted to obtain a search warrant after Jefferson, an eight-term congressman, refused to comply with a subpoena for various documents.

Abner Mika, White House counsel under President Bill Clinton and a former House member, praised the president's action. "I think it is a reasonable, temporary solution to the problem," he said. Mikva, who also was a federal judge, raised doubts about whether the constitutional provisions cited by Hastert and Pelosi cover illegal activity by a House member.

Charles Tiefer, a professor of government and law at the University of Baltimore and a former lawyer in the House counsel's office, said, "It's historic, striking, extraordinary and represents a classic effort by the chief executive to balance several of his responsibilities—on the one hand, to respect a coordinate branch of government, and at the same time to take care that the laws be faithfully executed." Tiefer, scheduled to testify at a House Judiciary Committee hearing next week on the FBI raid, said he could not recall a president intervening by sealing seized papers.

"The overtones of a police raid like that directly on the Capitol grounds for the first time in history—especially with FBI agents slamming the door on the lawyer for the House, when she just wanted to watch what they were doing—bring to mind some of the aspects of living in a police state," Tiefer said.

Bush said the documents would remain in the custody of Solicitor General Paul Clement, who heads a separate office in the Justice Department and is not involved in the corruption probe involving Jefferson.

Bush did not cite a precedent for his action, but the president clearly was in a box, seeking to defend his own government's action even as numerous Republicans on Capitol Hill were riled over the raid.

"Let me be clear," Bush said. "Investigating and prosecuting crime is a crucial executive responsibility that I take seriously. Those who violate the law—including a member of Congress—should and will be held to account. This investigation will go forward and justice will be served."

According to FBI statements filed in court, Jefferson, the first black congressman to be elected from Louisiana since Reconstruction, accepted $100,000 in bribes, and $90,000 in cash had been found in his freezer at his Washington apartment.

Two businessmen have pleaded guilty to bribing Jefferson to promote a business venture, but the congressman has denied allegations of wrongdoing.

Pelosi, who has alleged that the Republican majority is guilty of a "culture of corruption" as the result of lobbying scandals, pushed Jefferson on Wednesday to resign his seat on the House Ways and Means Committee. But the congressman refused to do so, saying he needed to represent his city as it tries to rebuild after Hurricane Katrina.

The Jefferson scandal, however, has given Republicans a way to counter Democratic charges about a culture of corruption under GOP control of Congress. That scandal involved influence-peddling by convicted lobbyist Jack Abramoff and the resignation of former House Majority Leader Tom DeLay (R-Texas).

The speaker and Pelosi said House counsel Geraldine Gennet would meet with the Justice Department to resolve what to do with the papers seized in the raid on Jefferson's office.

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A Justice Department official familiar with the negotiations with Congress said House leaders put the agency in an untenable position by demanding return of the Jefferson documents.

"Do you think there's any way the Justice Department would give incriminating documents back to an entity that the target is connected to? No way," said the source, who requested anonymity because of the delicacy of discussions between the House and the executive branch.

Bush Seeks To Defuse Conflict With House Over Seized Documents (KRT)

By James Kuhnhenn

Knight Ridder, May 25, 2006

WASHINGTON - Trying to avert a showdown with the House of Representatives over the Constitution's powers, President Bush on Thursday ordered the FBI to stop examining files seized from a congressman's office last weekend while the House and the Justice Department negotiate a way out of their confrontation.

In a highly unusual intervention, the president ordered that files taken by the FBI from the Capitol Hill office of Rep. William Jefferson, D-La., be sealed for 45 days and held in the custody of the solicitor general.

House Speaker Dennis Hastert, R-Ill., and House Democratic Leader Nancy Pelosi, D-Calif., displayed rare bipartisan outrage this week over the FBI raid of Jefferson's office. They argued that it violated a fundamental principle of the U.S. Constitution - the independence of the three co-equal branches of government, legislative, executive and judicial. Never before has an executive police agency raided a congressional office.

"I recognize these are deeply held views," Bush said. "Our government has not faced such a dilemma in more than two centuries."

In a joint statement following the president's announcement, Hastert and Pelosi said they had directed House lawyers to negotiate with the Justice Department to establish procedures for obtaining "evidence of criminal conduct that might exist in the offices of members."

Legal experts say the Justice Department could seek the appointment of a special master to examine the seized documents and determine which ones are relevant to the investigation.

According to lawmakers who were briefed by the Justice Department, the agents carted away one box of records from Jefferson's office.

The FBI-House confrontation has roiled Washington politics.

In a radio interview Thursday that his office distributed to reporters, Hastert suggested that a report by ABC News Wednesday evening linking him to a federal influence-peddling investigation was an attempt by Justice to bully him for his opposition to the FBI's raid on Jefferson's office.

The Justice Department denied that Hastert is under investigation shortly after the ABC News report.

"This is one of the leaks that come out to try to, you know, intimidate people, and we're just not going to be intimidated by it," Hastert said on WGN radio in Chicago. "This is about trying to kind of smoke-screen some of the separation of power stuff that we're doing."

Some lawmakers have complained that the objections from Hastert and Pelosi appear self-serving and could prove to be politically embarrassing.

"They're saying a congressman's office is a safe haven ... sort of like an embassy, where traditionally you stash incriminating evidence," said Sen. David Vitter, R-La. "The position they seem to be taking is indefensible."

Because Jefferson is a Democrat, Hastert has some political cover. But the Justice Department is also investigating Republicans as an outgrowth of guilty pleas by former lobbyist Jack Abramoff and some of his associates on charges that they illegally tried to influence legislative action.

Pelosi, meanwhile, has irritated some members of the Congressional Black Caucus, of which Jefferson is a member, for asking Jefferson to give up his seat on the powerful House Ways and Means Committee, which writes tax law. Several members of the caucus have complained that Jefferson hasn't been charged with a crime and that the accusations against him have nothing to do with his work on the committee.

An affidavit filed in court to obtain last weekend's search warrant accuses Jefferson of taking a $100,000 bribe. It says $90,000 in cash was discovered hidden in his home freezer.

Bush Seals FBI-seized Files In Bribery Probe (WT)

By Stephen Dinan And Amy Fagan

The Washington Times, May 26, 2006

President Bush yesterday sealed the files the FBI seized from a Louisiana congressman's Capitol office as part of a bribery probe, saying the Justice Department and Congress should take 45 days to resolve the constitutional issues involved.

The White House has been stung by criticism from top Republicans that last week's nighttime raid of the office of Rep. William J. Jefferson, Louisiana Democrat, violated the separation of powers between the branches of government. Mr. Bush's action yesterday was both an acknowledgment that the move was unprecedented, and a plea for time for the parties to cool off.

"Our government has not faced such a dilemma in more than two centuries. Yet after days of discussions, it is clear these differences will require more time to be worked out," Mr. Bush said yesterday afternoon.

He also said if the Justice Department and Congress can't resolve it, they should take it to court.

Under Mr. Bush's orders, the seized papers will be turned over to the Solicitor General's Office and no one will be allowed access to the files other than to preserve them.

"It's a big step in the right direction to try to diffuse the crisis that we have," House Majority Leader John A. Boehner, Ohio Republican, said of the 45-day freeze.

House Speaker J. Dennis Hastert, Illinois Republican, and House Minority Leader Nancy Pelosi, California Democrat -- the two lead critics of the raid, who earlier this week demanded the documents be returned -- said the House counsel will start negotiating with the Justice Department to reach a resolution.

Mr. Jefferson is the subject of an ongoing federal investigation.

House Republican leaders called their members to a meeting yesterday afternoon to discuss the situation. Afterward, Mr. Hastert said the 45-day freeze is "an agreement we can live with" and predicted a resolution is possible.

"I think there's a great appreciation of the 45 days and there's a great appreciation for the speaker's leadership on this," said House Majority Whip Roy Blunt, Missouri Republican.

Attorney General Alberto R. Gonzales said Mr. Bush's move "provides additional time to reach a permanent solution that allows this investigation to continue while accommodating the concerns of certain members of Congress."

Not all lawmakers, however, are opposed to the FBI's actions. Republican Sen. David Vitter, Louisiana Republican, was briefed yesterday by high-level Justice Department officials and said, "I feel more strongly than ever that that search was legal and constitutional."

He said that if lawmakers continue to complain, the American people will think Congress is trying to protect its own.

Some House Republicans also said it's politically bad for Republicans to be feuding. "I don't think we should be fighting with the FBI going into an election," said Rep. Joe Pitts, Pennsylvania Republican.

Meanwhile, Mr. Hastert yesterday accused the Justice Department of trying to intimidate him because of his vocal outrage over the FBI search.

"This is one of the leaks that come out to try to, you know, intimidate people. And we're just not going to be intimidated," he told Chicago radio station WGN yesterday morning. Later, he said, "All I'm saying is, here are the dots. People can connect any dots they want to."

Mr. Hastert was referring to an ABC News story Wednesday that referred to an unnamed law-enforcement source as saying the Illinois Republican is part of the Justice Department's investigation surrounding convicted lobbyist Jack Abramoff. Soon after the story broke, the Justice Department issued a statement saying Mr. Hastert is not being investigated.

Mr. Hastert demanded a retraction of the story, which ABC stood behind. The speaker's lawyers yesterday threatened to sue ABC on libel and defamation charges.

Bush Intervenes In Constitutional Battle Over Congress Raid (AFP-Y2)

By Laurent Lozano

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AFP, May 25, 2006

President George W. Bush stepped into a growing constitutional battle between the US Congress and criminal investigators over an unprecedented raid on a lawmaker's office.

Acknowledging that the problem was a first in US political history, Bush ordered the Justice Department to seal for 45 days documents and computer discs seized in the raid on the Congress office of a House of Representatives member.

Republican and Democratic leaders have said the raid represented unconstitutional interference by the executive branch into legislative activities and demanded that the Federal Bureau of Investigation return the material.

The operation late Saturday at the office of Representative William Jefferson (news, bio, voting record), a Democrat from Louisiana suspected of corruption, was the first of its kind on the Congress building in the 219 year history of the US legislature, according to political experts.

"Our government has not faced such a dilemma in more than two centuries," said Bush, who still insisted that the investigation against Jefferson must go ahead.

"Today I am directing the Department of Justice to seal all the materials recovered from Congressman Jefferson's office for the next 45 days and not to allow access to anyone involved in the investigation," Bush said in a statement.

The materials are to be held by the solicitor general, who is not involved in the investigation.

Jefferson is accused of taking bribes for business deals in West Africa. In a search of his home last year, authorities found 90,000 dollars stuffed in his freezer, according to court documents released this week.

Republican House speaker Dennis Hastert and Democratic House leader Nancy Pelosi said in a joint statement Wednesday that the raid was "unconstitutional" and demanded the return of the seized material.

But they also said Jefferson, who has denied any wrongdoing, must cooperate with investigators.

"What we want to do is not protect people that broke the law, what we need to protect is the division of powers in the constitution of the United States, and that's one of the things I talked to the president about," Hastert told reporters Thursday.

Bush said there were "deeply held views" in Congress on the raid.

The 45 days "will provide both parties more time to resolve the issues in a way that ensures that materials relevant to the ongoing criminal investigation are made available to prosecutors in a manner that respects the interests of a coequal branch of government," he said.

But the president also warned that Jefferson could not escape the investigation into his activities.

"Let me be clear," he said. "Investigating and prosecuting crime is a crucial executive responsibility that I take seriously. Those who violate the law -- including a member of Congress -- should and will be held to account. This investigation will go forward, and justice will be served."

Bitterness over the raid has gone so deep that Hastert has alleged that a report by a US television network that he was under investigation for corruption was a deliberate leak caused by his protest.

ABC News reported Wednesday that Hastert was involved in an investigation into Congress corruption involving convicted lobbyist Jack Abramoff, who has close links to the Republican Party.

Hastert has demanded ABC retract the report and said the Justice Department was behind the report. "This is one of the leaks that came out to intimidate people," he told a Chicago radio station.

The Justice Department took the unusual step of issuing two statements denying that Hastert was under investigation. It normally refuses to confirm or deny news reports about investigations.

Bush Orders House Documents Sealed (MRKTWTCH)

By William L. Watts, MarketWatch

MarketWatch, May 26, 2006

Move aims to defuse confrontation with House

WASHINGTON (MarketWatch) -- President Bush on Thursday ordered the Justice Department to seal documents it seized from a Democratic congressman's office for 45 days, in an effort to defuse a constitutional confrontation with House leaders.

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The move came after House Speaker Dennis Hastert accused Justice Department officials of trying to intimidate him by leaking a false report to ABC News that the chamber's top Republican was under investigation as part of a corruption probe.

"This is one of the leaks that come out to try to intimidate people. And we're just not going to be intimidated on it," Hastert, R-Ill., told Chicago's WGN radio Thursday morning. The Justice Department has denied officially that Hastert is under investigation.

Hastert, the House's top Republican, has demanded a retraction, while ABC has stood behind the story.

Minority Leader Nancy Pelosi, D-Calif., and Hastert have demanded that the Justice Department return documents seized from the congressional offices of Rep. William Jefferson, D-La. They contend that the execution of a search warrant over the weekend breached the Constitution's separation of powers doctrine.

Bush ordered a cooling-off period. "Our government has not faced such a dilemma in more than two centuries," he said in a statement. "Yet after days of discussions, it is clear these differences will require more time to be worked out."

The president ordered that the FBI to turn over the seized materials to the Solicitor General, who would place them under seal.

ABC News, citing unidentified law-enforcement sources, reported Wednesday night that the FBI was investigating a letter Hastert wrote three years ago to then-Interior Secretary Gale Norton to block an Indian casino -- which would have competed with casinos operated by tribes represented by Republican lobbyist Jack Abramoff, who has pleaded guilty to federal corruption charges and is cooperating with an ongoing investigation.

Denial, denial

The Justice Department twice issued denials of the story, saying that Hastert wasn't the subject of an investigation. Such denials are rare; the agency usually refuses to confirm or deny the existence of a probe.

ABC News late Wednesday posted an update on its Web site, saying that despite the department's statement, federal law-enforcement sources said the network had accurately reported that Hastert was "in the mix" of the FBI probe of congressional corruption.

That prompted a second statement from Justice Wednesday night. "With regards to reports suggesting that the speaker of the House is under investigation or 'in the mix,' as stated by ABC News, I reconfirm, as stated by the department earlier this evening, that these reports are untrue," said Deputy Attorney General Paul J. McNulty.

ABC News stood behind its story.

"We've gone back to our multiple sources on two occasions since we did the report, and they assured us that what they reported reflected what they knew," ABC News spokesman Jeffrey Schneider told the Associated Press.

Schneider suggested there may be a semantic difference between saying someone is formally under investigation and whether his name came up as part of a wider probe, according to the wire report.

Hastert and Pelosi issued a joint statement on Wednesday calling on the Justice Department to "immediately return the papers it unconstitutionally seized" from Jefferson's office.

"Once that is done, Congressman Jefferson can and should fully cooperate with the Justice Department's efforts, consistent with his constitutional rights," the legislators said. William L. Watts is a reporter for MarketWatch.

Bush Orders Evidence Seized From Congressional Office Sealed (BLOOM)

By Roger Runningen

Bloomberg, May 26, 2006

May 25 (Bloomberg) -- President George W. Bush ordered the Justice Department to put under seal evidence seized during a weekend raid on the congressional office of a lawmaker under investigation in a bribery case.

Bush took the step today after leaders of both parties complained that the Federal Bureau of Investigation overstepped the constitutional separation of powers by searching the government office of a member of Congress.

House Speaker Dennis Hastert, a Republican, and Democratic leader Nancy Pelosi yesterday issued a rare joint statement demanding the Justice Department return all documents taken from Representative William Jefferson's Capitol Hill office.

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``I am directing the Department of Justice to seal all materials recovered from Congressman Jefferson's office for the next 45 days and not to allow access to anyone involved in the investigation," Bush said in a statement.

The material will be put in the custody of the U.S. Solicitor General's office.

Hastert has expressed frustration that the White House didn't consult him before the FBI searched Jefferson's offices on May 20. Jefferson, a Louisiana Democrat, was videotaped accepting a leather briefcase containing $100,000 in cash from a government witness, according to an FBI affidavit filed in connection with the search warrant. He has denied wrongdoing and hasn't been charged with a crime.

Hastert discussed his constitutional concerns directly with Bush this week, said Ron Bonjean, the congressman's spokesman.

``Investigating and prosecuting crime is a crucial executive responsibility that I take seriously," Bush's statement said. ``Those who violate the law, including members of Congress, should and will be held to account. This investigation will go forward, and justice will be served."

Sealing the evidence will give both sides time to ``resolve the issues" involved in the raid, Bush said.

Lawmaker Raid May Come Back To Bite Bush (WSJ)

By Jeanne Cummings And Brody Mullins

The Wall Street Journal, May 26, 2006

WASHINGTON -- The recent FBI raid of a congressman's office is fueling a power struggle between Congress and the administration that could hobble President Bush in his efforts to move his legislative agenda.

In hopes of easing tensions, President Bush yesterday ordered frozen all documents taken by federal agents during Saturday's search of the office of Louisiana Democrat Rep. William Jefferson, who is being investigated for taking bribes. The documents will now be sealed for 45 days, which the president hopes will provide a cooling off period.

The president had good reasons to act. The fracas turned into a near-open revolt yesterday among House Republicans -- normally the White House's staunchest backers -- who were infuriated by a news report that Speaker Dennis Hastert himself was a subject of the federal corruption probe.

Even though the Justice Department denied the report, Mr. Hastert, in a Chicago radio interview yesterday, accused Justice of leaking the report to try to silence his criticism of the Jefferson raid. "This is one of the leaks that come out to try to, you know, intimidate people," Mr. Hastert said. "We're just not going to be intimidated on it."

The new tensions with Capitol Hill could have a real impact on the White House. Mr. Hastert, a burly former wrestling coach, has been one of the White House's best friends on Capitol Hill. As the Senate has been willing to challenge the White House, Mr. Hastert delivered a succession of legislative victories over the years to President Bush even when it meant bending the will of his own moderate or conservative wings.

For much of Mr. Bush's term, the president's aides and policies haven't been subject to the level of congressional oversight that critics have demanded. Now, more administration officials could find themselves being hauled before skeptical -- if not hostile -- oversight committees, such as the hearings scheduled by the House Judiciary Committee next week to review the Jefferson office raid. In press releases, Judiciary Chairman James Sensenbrenner (R., Wyo.) has dubbed the hearings: "Reckless Justice: Did the Saturday Night Raid of Congress Trample the Constitution?"

The battle could also embolden the Senate to pass a tougher version of legislation limiting the administration's ability to conduct domestic spying programs with the hope that the House would back them, rather than Mr. Bush, as it has in the past. And there could be more fights over spending bills, even as the spat could scuttle any hope of passing a comprehensive overhaul of immigration laws, which the White House views as a key prong of its election strategy.

"The House is now faced with a reality of power," says former Republican House Speaker Newt Gingrich, a possible candidate for president in 2008 now working at the conservative American Enterprise Institute think tank. "Either they do things that involve appropriations or oversight that are real, or they earn the contempt with which they are being treated."

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The ABC News Hastert report came the same day Mr. Hastert had joined with House Democratic Leader Nancy Pelosi in claiming the Jefferson raid violated the constitution because it represented an infringement by the executive branch into the realm of the legislative branch.

"Obviously they don't like to be challenged and they were by the most powerful people on the Hill," Rep. Ray LaHood (R., Ill.) said in an interview. "I think Justice pointed the gun at the wrong person this time."

Frustration between the House and the Justice Department stems in part from the probe of lobbyist Jack Abramoff.

Mr. Abramoff in January pleaded guilty to trying to bribe members of Congress, and has been cooperating with federal investigators. Much of the evidence that has emerged suggests Mr. Abramoff curried favor with lawmakers by shoving cash from his clients into their campaign accounts, providing flashy accommodations for fund-raisers, such as his own downtown restaurant or skyboxes for football or basketball games, and paying for expensive trips abroad.

For many lawmakers, the investigation seems to be moving from the most egregious practices of a few members to criminalizing some basic fund-raising and lobbying techniques. "There is widespread belief on the Hill that the Justice Department is out of control with this idea that campaign contributions equals bribery," noted one Republican close to the caucus.

Thus far, government attorneys haven't made such a claim in a case against a lawmaker. But several have been forced to publicly explain how campaign donations didn't affect their official acts and to turn over documents to the FBI to prove it.

FBI agents are also seeking to interview House and Senate members to see if they leaked information to the New York Times last year disclosing the administration's controversial program allowing some eavesdropping on domestic telephone calls. Justice officials have hinted that criminal charges could be lodged in that investigation.

"For an administration that needs allies in order to come back," the Justice Department's actions are "dumbfounding," says David Gergen, a veteran of Republican and Democratic administrations.

Mr. Bush has, in some ways, aggravated congressional Republicans since the beginning of his presidency, when he sought strict loyalty from legislative partisans, arguing that his success and theirs were inseparable. Now, many fear that they -- and not Mr. Bush -- will pay an electoral price for backing what is now an unpopular war in Iraq, and the president's plunging approval ratings.

Yesterday afternoon, House Republicans gathered in a windowless basement room for a private meeting aimed at sorting through the roller coaster of the past few days. They left the meeting carrying talking points from Republican leaders: "No one is above the law," the paper said. "Just as no branch of government is above the Constitution."

Hastert Slammed For Raid Reaction (WT)

By Ralph Z. Hallow

The Washington Times, May 26, 2006

Conservatives yesterday expressed confusion and outrage over House Speaker J. Dennis Hastert's defense of a Democratic congressman whose Capitol Hill office was raided last weekend by the FBI.

"Only thing I can figure is that Denny got up one morning and said, 'Our approval with the public is at 27 percent -- how can I drive that down further?' " said former Rep. Bob Barr, Georgia Republican.

House Republicans, meanwhile, refused to criticize their leader, who joined Minority Leader Nancy Pelosi in accusing the Justice Department of violating "protocols and procedures" because of the FBI's Saturday night seizure of records from the offices Rep. William J. Jefferson, Louisiana Democrat.

Radio host Rush Limbaugh yesterday told his millions of listeners that the Hastert-Pelosi alliance shows the GOP has become "politically tone-deaf," while a Louisiana senator was the only elected Republican in Washington to criticize the defense of congressional privilege by Mr. Hastert, Illinois Republican.

"For congressional leaders to react by trying to ban or limit searches of congressional offices will only destroy what little faith and confidence in the institution is left," said Sen. David Vitter, Louisiana Republican. "Make no mistake, the American people will come to one conclusion, that congressional leaders are trying to protect their own from valid investigation."

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Veteran conservative activist Richard Viguerie said Mr. Hastert "is clueless -- he just doesn't get it, doesn't understand he has to make changes, the same in the Senate."

Mr. Viguerie predicted that "this whole thing is going to come down on" Republicans, who are expecting a powerful Democratic challenge this November to their 12-year control of the House, in a campaign where scandal and corruption have already become a key issue.

Several polls in recent weeks have indicated that Americans consider the GOP more prone to corruption than Democrats. Earlier this month for example, a CBS/New York Times survey reported that 40 percent of those polled said "Republicans in Congress are more financially corrupt," compared to 15 percent who said Democrats are more corrupt and 30 percent who said both parties are equally corrupt.

The political impact of the Jefferson case -- the New Orleans congressman who prosecutors say hid $90,000 in bribe money in his freezer -- drew Mr. Limbaugh's attention.

"Here you have the Democrats attempting ... to craft as a campaign theme the Republican 'culture of corruption,' and lo and behold, delivered to the Republicans on a silver platter is Congressman William Jefferson," the nation's No. 1 talk-radio host said yesterday. "So you would think that the Republican leadership would understand there's an opportunity here."

Court documents describing the Rayburn House Office Building search revealed new details of federal prosecutors' corruption charges against Mr. Jefferson, part of a continuing investigation that has already produced two convictions, including a former Jefferson aide.

Mr. Hastert and Mrs. Pelosi yesterday said the Justice Department's search of Mr. Jefferson's office was a violation of the separation of powers guaranteed under Article I of the Constitution, which says members of Congress "shall in all cases, except treason, felony and breach of the peace, be privileged from arrest during their attendance at the session of their respective houses, and in going to and returning from the same; and for any speech or debate in either House, they shall not be questioned in any other place."

Mr. Barr, a former federal prosecutor -- and a leader in the 1998 impeachment of President Clinton -- scoffed at the Hastert-Pelosi statement.

"There is no constitutional right to secret evidence of criminal activity, just because it happens to occupy space on Capitol Hill," said Mr. Barr. "I think the FBI is perfectly within its rights to exercise a judicially approved search warrant."

One top Republican in Washington yesterday said privately that the problem was that nobody in the Bush administration had bothered to tip off Mr. Hastert or House Majority Leader John A. Boehner before the FBI staged its search of Mr. Jefferson's offices. Capitol Hill insiders said complaints by some House Republicans were aired in a tense two-hour closed-door leadership meeting yesterday.

While the House GOP publicly closed ranks behind Mr. Hastert, Mr. Viguerie yesterday said the leader's stance was arrogant.

"What Hastert and Pelosi are doing in hammering the FBI is saying, 'We play by different rules from ordinary people. We protect each other, Republicans and Democrats, in Congress,' " said Mr. Viguerie. "Congress makes sure its members have no serious competition, and the public understands and resents that."

Mr. Barr said the House leadership's stand was motivated in part by resentment of the Bush White House.

"I suppose on a very general level Congress has for some reason awakened from its constitutional sleepwalk and seized on this as way to assert it relevance and power," Mr. Barr said. "The Congress has allowed itself to be slapped around by the Bush administration and appears to be unconcerned about eroding the base of its authority."

Analysis: Congress-FBI Flap May Irk Voters (AP-Y2)

By Tom Raum

AP2, May 25, 2006

The constitutional clash over the FBI raid of a lawmaker's office in a corruption probe has triggered an exceptional display of congressional bipartisan unity. But there are pitfalls for both parties.

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Additional prosecutions loom in the investigation surrounding convicted lobbyist Jack Abramoff, and calling more attention to corruption — and congressional privilege — could further drive down election-year approval ratings for all of Congress. These numbers already languish below those of President Bush.

"I don't think it's wise politically for Congress to stand too tall on this issue," said Paul C. Light, professor of public service at New York University.

While the Constitution does extend certain protections to lawmakers against being intimidated or controlled by the executive branch, "I don't think the American public would warm easily to the notion that Congress can't be investigated because the Constitution says otherwise," he said.

Bush sought to defuse the battle between the Justice Department and Congress on Thursday, ordering documents seized by the FBI — which congressional leaders want returned — to be sealed for a 45-day cooling-off period.

Even if the debate may not be stirring ordinary Americans, it's become a huge deal in turf-sensitive Washington.

The weekend raid on the legislative offices of Rep. William Jefferson (news, bio, voting record), D-La., was said to be the first such physical encroachment by the executive branch on Congress in the nation's history.

Yet for ruling-party Republicans, the more attention they give the issue, the more likely voters will be reminded of GOP figures under prosecution as well.

This includes charges against former Majority Leader Tom DeLay of Texas and former vice presidential aide I. Lewis "Scooter" Libby — as well as the bribery investigation that already has sent former Rep. Randy "Duke" Cunningham, R-Calif., to prison.

Furthermore, the flap comes at a time when the Bush administration faces criticism for pushing the envelope of its executive powers in warrantless eavesdropping by the National Security Agency and in other surveillance and detention programs.

For Democrats, the more they blast FBI tactics against one of their own, the harder it will be to make their "culture of corruption" label stick against Republicans. And the more they may reinforce public perceptions that corruption in Washington is bipartisan.

Senate Minority Leader Harry Reid, D-Nev., was among the few leaders counseling restraint, saying, "I'm not going to beat up on the FBI." But Reid's House counterpart — Minority Leader Nancy Pelosi, D-Calif. — joined House Speaker Dennis Hastert in a blistering joint condemnation of the FBI's tactics that demanded return of the seized documents.

The FBI called its behavior proper and necessary, noting the bureau had obtained a warrant and that Jefferson had ignored a subpoena for the information issued last August. The FBI is investigating allegations that the eight-term House member, who represents New Orleans, took hundreds of thousands of dollars in exchange for promoting business ventures in Africa.

Congressional leaders accused the FBI of overstepping the bounds of what's permissible under the Constitution's separation-of-powers provisions. In particular, they asserted the FBI violated the "speech and debate" protections in Article 1, Section 6.

That section states that members of Congress "shall in all cases, except treason, felony and breach of the peace, be privileged from arrest during their attendance at the session of their respective houses, and in going to and returning from the same; and for any speech or debate in either house, they shall not be questioned in any other place."

The prohibition against searching congressional offices is not spelled out. It's more a matter of tradition, many legal analysts argue.

"You can't hide bribery behind the `speech and debate clause,'" said Melanie Sloan, a former federal prosecutor who is director of Citizens for Responsibility and Ethics in Washington.

"I find it kind of ironic that the one time they're getting exercised about the possible abuse of executive power is when the executive branch is looking into congressional corruption," Sloan said.

But Norman Ornstein, a political analyst at the American Enterprise Institute who specializes in Congress, said the dispute is "a big deal. This has never happened before and there's a reason this has never happened before. This is a pretty direct violation of the `speech and debate' clause. If I were the speaker, I would really be upset."

Hastert was.

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He escalated matters Thursday by accusing the Justice Department of trying to intimidate him, hinting it was linked to an ABC news report that alleged he was under investigation for dealings with Abramoff. Hastert also threatened to sue the network. The Justice Department denied Hastert was a target of its investigation.

Fallout From Jefferson Case May Hurt His Party (USAT)

By Anne Rochell Konigsmark

USA Today, May 26, 2006

NEW ORLEANS — International bribery schemes hatched in fancy hotels outside the nation's capital. Wads of cash in foil-wrapped bundles in a congressman's freezer. A Saturday night raid by federal agents on Capitol Hill.

At the center of Washington's latest alleged political scandal: Mild-mannered, Harvard-educated U.S. Rep. William Jefferson, Louisiana's only black congressman and a fixture in New Orleans politics since the 1970s. The eight-term House member is suspected of taking money to help a Kentucky technology company called iGate Inc. win lucrative contracts in Africa.

Jefferson, 59, has not been charged and he denies the allegations, which have shocked residents in the Katrina-ravaged neighborhoods he represents.

"I believe he is innocent, whatever the accusations are," says Pearl Thomas, Jefferson's 73-year-old neighbor.

Others, such as Cheron Brylski, a political consultant who once backed Jefferson's opponent in a congressional race, say they have always wondered about him.

"We called him 'Dollar Bill.' … There is this awful perception of him as someone out for personal gain, and that has haunted him almost from day one," Brylski said. She later befriended Jefferson, however, and ran two of his campaigns. "The Bill Jefferson I know, there are two sides. I would consider him one of the few Democrats who literally believes in the Democratic Party platform."

Louisiana has always borne a reputation for corrupt politicians. Jefferson's alleged misdoings may cause more than just red faces, however. Louisiana is still recovering from Hurricane Katrina, and billions in federal dollars await congressional approval.

"Since the storm has hit, we've basically been without representation in that district," says Russell Henderson, a lobbyist and a teacher at Dillard University in New Orleans. "The congressman has been unable to provide us with any kind of leadership. Everything he would say or do is distracted by his problems with the feds."

A host of Louisiana politicians — former governor Edwin Edwards, most famously — have been caught in local kickback schemes. This case alleges overseas deals and bribery of foreign officials, however. Not only could it be bad for Louisiana, but also for Democrats nationally, who are trying to win mid-term elections by painting Republicans as corrupt. This week, House Democratic leader Nancy Pelosi asked Jefferson to give up his seat on the powerful Ways and Means Committee. He refused.

The case against Jefferson was revealed in an affidavit filed Saturday to obtain a search warrant for the congressman's office. Jefferson called the raid, possibly the first on a congressman's office in history, "outrageous." Leaders of both political parties denounced the raid as a violation of the constitutional separation of powers. In response, President Bush Thursday ordered the materials to be sealed for 45 days.

The details from the affidavit, though, are out there, and they sound as if they were ripped from a crime novel:

The FBI described secretly recorded conversations and meetings between Jefferson and an investor in iGate Inc.'s Africa project. The investor, whose name is blacked out in the public version of the affidavit, approached the FBI in 2004 to allege that Jefferson had demanded "consulting fees" in exchange for his help with a deal to provide wireless services to West African nations.

Last July, the witness met with Jefferson at the Ritz-Carlton in Arlington, Va. They walked outside to the witness's car, where Jefferson retrieved a leather briefcase filled with $100,000 in marked bills, money the congressman said he would use to coax African officials into the deal.

Four days later, the FBI raided Jefferson's homes in New Orleans and Washington. The affidavit says they found $90,000 of the cash in his Washington freezer, wrapped in foil and nestled in plastic food containers.

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The court document says agents videotaped Jefferson as he struck deals on slips of paper passed back and forth at the hotel, with Jefferson speaking of money being funneled to a bank account in his children's names. FBI tapes recorded Jefferson using colorful language during the secret meetings, describing himself as a man "in the shadows, behind the curtain," the affidavit said. When he demanded more money by writing down a percentage and passing it across a table, he laughed and said, "All these damn notes we're writing to each other as if we're talking, as if the FBI is watching," according to the affidavit.

Jefferson now says, "There are two sides to this story."

Two of Jefferson's associates have pleaded guilty and are cooperating with the FBI. Vernon Jackson, chief executive of iGate Inc., said he paid hundreds of thousands of dollars to Jefferson and his family members in exchange for help securing contracts.

In Jefferson's Louisiana district, the potentially damning evidence against an ambitious and accomplished man is disheartening, even to those who aren't surprised.

Jefferson was born in 1947 in the north Louisiana town of Lake Providence, known as one of America's poorest. After graduating from Harvard Law School, he founded what is now the largest majority-black law firm in the South. He was a well-respected, three-term state senator before being elected to Congress in 1990. Three of his five daughters graduated from Harvard College and Law School; one is a state representative.

"His legacy has been tremendous," says Trevor Bryan, who was his law partner from 1976 to 1990. "He knocked down a lot of doors (for blacks) in the Deep South."

With one week to go before hurricane season begins, and Congress poised to vote on billions in hurricane relief, another political scandal has bubbled up. The uncle of former mayor Marc Morial pleaded guilty Wednesday to stealing from the Regional Transit Authority, which he managed. An ongoing federal corruption probe of Morial's friends and associates could implicate others.

"We're staggering as a city, and all this is another blow," Henderson says.

There's A Right Way (USAT)

By Rep. Dennis Hastert

USA Today, May 26, 2006

If the information we have read about the behavior of Rep. William Jefferson, D-La., seems as obvious to a jury as it does to me, he deserves to be vigorously prosecuted. I do not want to do anything that will interfere with that prosecution.

The issue that has concerned me, as Speaker, since Saturday night is not if the FBI should be able to search a member of Congress' office, but rather how to do it within the boundaries of the Constitution.

On Thursday, President Bush recognized that serious constitutional issues needed to be resolved. He wisely directed the Department of Justice to send the documents (taken from Jefferson's office last weekend) to the Solicitor General's office for safekeeping for 45 days. This was a meaningful step. The president also encouraged the Justice Department to meet with us.

Democratic Leader Nancy Pelosi and I directed the lawyers for the House to develop reasonable protocols and procedures that will make it possible for the FBI to go into congressional offices to constitutionally-execute a search warrant.

In more than 219 years, the Justice Department has never found it necessary to use a search warrant to obtain documents from a congressional office. These issues have always been resolved without the necessity of a search warrant, and prosecutions have gone forward.

Justice Department officials now insist that this specific case required them, for the first time, to conduct a search. I regret that when they reached this conclusion, they did not work with us to figure out a way to do it consistently with the Constitution. But that is behind us now. I am confident that in the next 45 days, the lawyers will figure out how to do it right.

Rep. Dennis Hastert, R-Ill., is speaker of the U.S. House of Representatives.

Cash-in-Freezer Probe A Hot Topic In New Orleans (LAT)

By Ann M. Simmons, Times Staff Writer

The Los Angeles Times, May 26, 2006

DOJ_NMG_0029699

Friends and foes of Rep. William J. Jefferson, who is accused in bribery case, voice a range of opinions from denial to distrust.

NEW ORLEANS — Rep William J. Jefferson has long provided one of Louisiana's favorite success stories: the sometime-sharecropper's son who rose from rural roots to attend Harvard Law School, become a Democratic Party power player and reach the halls of Congress.

So when the FBI revealed that it had videotape of Jefferson accepting $100,000 in cash that the bureau said was intended to bribe a Nigerian official — and that $90,000 of it had been found in the freezer of Jefferson's home — constituents of Louisiana's 2nd Congressional District reacted with shock, disappointment and a touch of amusement hardened by experience.

Friends say the allegations against Jefferson, who represents New Orleans, are simply out of character. Foes say they never trusted him. Now that the city's mayoral elections are over and incumbent C. Ray Nagin is in office for four more years, Jefferson's travails are the buzz around many quarters of this city.

"It's really the new talk after the elections," said Mike Miller, 26, as he walked his English bulldog, Buddha, one recent afternoon not far from Jefferson's house on Marengo Street in a ritzy section of the city's Uptown neighborhood. "We've got our mayor, and now we've got this big one with Bill."

"When they found the money in the freezer, man … " said Ricky Bragg between bites of spaghetti Bolognese at Fat Harry's bar in Uptown. "I was kind of shocked. I just never thought he would get caught up — allegedly — in that type of situation."

Jefferson, an eight-term congressman and a senior member of the powerful House Ways and Means Committee, and its subcommittee on trade, has not been charged with any crime. And he has denied any wrongdoing in a case that alleges he offered to bribe a Nigerian official and accepted kickbacks to help a U.S. telecommunications company land deals there and in Ghana.

But the general sentiments among friends and supporters have been disbelief and denial.

"No one expected him to be involved in a scandal of this proportion," said John Maginnis, a political analyst and independent journalist who publishes the Louisiana Political Fax Weekly.

The 59-year-old Jefferson, a tall, lean man — low-key, soft-spoken and a dapper dresser — has had a primarily scandal-free career.

Analysts believe his rise from privation to power has helped defuse the outrage that might have ignited if he were someone else.

Raised in rural northeastern Louisiana to parents who didn't graduate from high school, Jefferson still managed to excel. The crowning moment of his career came in 1991, when he became the first African American elected to Congress from Louisiana since Reconstruction. Along the way, Jefferson raised five daughters — three of them also Harvard Law School graduates, one of whom is a Louisiana state representative.

"I think people don't want to believe that he's gone wrong," said Wayne Parent, a political analyst at Louisiana State University in Baton Rouge. "Until now, he never really caused a lot of controversy, and that's why reaction has been as slow as it has been. I don't think people in Louisiana want to hear this."

As a child, Jefferson attended the East Carroll Training School for the Colored. He went on to Southern University A&M College — considered a flagship of Louisiana's African American university system, which includes Dillard and Xavier in New Orleans — and then to Harvard Law, before earning a master of laws in taxation from Georgetown in 1996.

"He had tremendous confidence in his ability to do well," said New Orleans attorney Trevor Bryan, a longtime friend and former law firm partner of Jefferson, who in the 1970s founded Jefferson, Bryan and Gray (now Bryan and Jupiter), which became the largest predominantly African American firm in the South. "He did good in his courses. He was always hardworking, almost a workaholic."

Though a competent legal practitioner, politics was always Jefferson's passion, friends said.

"He's a smart guy, a guy who started with the idea of trying to get blacks involved in politics," said New Orleans attorney Walter Wilkerson, who ran Jefferson's campaign for the state Senate. "He was committed to improving conditions for blacks. The results have been mixed … but before this incident, he was roundly applauded."

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"What is surprising is that he's been devoted to political life and not to financial success," Bryan said. "He had a lot of opportunity at various stages to make a lot of money. He gave up a good salary to go to Congress. His major goal was public service."

But critics say the alleged evidence — the videotape and the money supposedly found in Jefferson's freezer — is too damning to be ignored.

"We think the behavior is not fitting for a member of Congress, and that it's time for him to step down," said David Donnelly, national campaigns director for the Public Campaign Action Fund, a Washington-based nonprofit, nonpartisan watchdog organization. The group has launched a petition calling for Jefferson's resignation.

In an editorial Thursday, the Times-Picayune called on Jefferson to immediately announce that he would not run for reelection. "The congressman is entitled to the presumption of innocence and to his day in court. He is not entitled to inflict more pain upon an already traumatized district," the newspaper said.

A composed and stoic Jefferson has continued to insist that he is still effective, and his director of communications, Melanie Roussell, said he was continuing his job, business as usual.

Since Katrina, Jefferson has introduced legislation that would allow eligible homeowners to temporarily defer mortgage payments; secured disaster recovery grants for local universities; co-sponsored a bill designed to rebuild the healthcare infrastructure in hurricane-damaged areas; and co-authored legislation that provides major tax incentives to business development in the Gulf Coast region.

In the Uptown neighborhood, where Jefferson has a house on a street defined by stately wooden frame homes with white-painted pillars, neighbors said the congressman and his family were usually visible and accessible.

"He seemed to be a decent guy," said Uptown resident John Ritchie, who said he had met Jefferson on many occasions and voted for him.

"I personally liked the man. After Katrina, we need him in the House Ways and Means Committee. It's a blow, not just for the city but the whole state. We need more positive things down here right now to get on our feet."

Ritchie said he was willing to "wait and see" what comes out of the investigation because "there are two sides to every story.... Everybody deserves a fair shot."

"I always voted for him because I liked the way he voted in Congress," said Michelle Breaux, another neighborhood resident. "But it's very disgusting what he's been doing. I've met his daughters. They're intelligent, well-educated. They can look after themselves. They don't need Daddy's help."

The FBI affidavit said Jefferson channeled the bribery money into a company owned by his wife and daughters.

Jefferson has denied the charge, but some neighbors said they were not surprised by the alleged indiscretions. Many recounted news reports that Jefferson had diverted National Guard troops from their duties at the height of the rescue efforts after Hurricane Katrina to take him to his house to retrieve some belongings. Jefferson has said the troops insisted on accompanying him because of alleged sniper fire in the area.

"I just never really trusted him," said Joe Kopfler, 59, as he sat on a step in front of his home, around the block from Jefferson's. "He always seemed like his morality wouldn't be of a high standard."

Other residents dismissed the scandal as another corrupt Louisiana politician. In the last decade, Louisiana has seen an attorney general, a congressman, a state Senate president, a federal judge and numerous local officials convicted of corruption. Investigators are currently looking at the administration of former New Orleans Mayor Marc Morial; and Jefferson's brother-in-law, Judge Alan Green, is serving time for mail fraud.

"It's kind of so common around here ... money changing hands in brown paper bags," said doctoral student Vico Marziale, 29, as he nursed a beer at Fat Harry's. "We suspect all the politicians around here. It's become a joke. You know, like ... 'We've got another one.' "

G-Men Vs. Members Of The House (LAT)

The Los Angeles Times, May 26, 2006

DOJ_NMG_0029701

IT IS OUTRAGEOUS ENOUGH that both the speaker and the minority leader have complained about a lawful FBI search of the offices of a fellow House member. It's even more outrageous that the president is now trying to placate them by announcing that records seized in the search will be off-limits to investigators for 45 days.

A Kentucky businessman has pleaded guilty to paying more than $400,000 in bribes to the family of Rep. William J. Jefferson (D-La.) in exchange for his assistance with business ventures in Nigeria. Jefferson denies any wrongdoing. On Saturday night, FBI agents, armed with a warrant, searched Jefferson's offices in the Rayburn House Office Building.

The search provoked a display of righteous indignation from Speaker J. Dennis Hastert (R-Ill.), who accused the Justice Department of the constitutional equivalent of desecrating a church. Joined by Rep. Nancy Pelosi (D-San Francisco), the speaker invoked the doctrine of separation of powers and demanded that the records be returned. This is the sort of bipartisanship the country can do without.

Like Willie Sutton, who said he robbed banks because that's where the money was, the FBI searched Jefferson's offices because that's where he kept his records. This wasn't a case of jackbooted thugs from the executive branch rifling willy-nilly through congressional files in search of embarrassing information. Unlike Sutton, the agents who searched Jefferson's office were acting lawfully and within the requirements of the 4th Amendment.

The speaker and minority leader make the argument that the search ran afoul of the Constitution's "speech and debate" clause, which says in part that members of Congress "shall in all cases, except treason, felony and breach of the peace, be privileged from arrest during their attendance at the session of their respective houses, and in going to and returning from the same." Nothing in this language creates a legal force field around Capitol Hill that federal agents with a lawful warrant may not penetrate.

That makes President Bush's actions on Thursday even more indefensible than Hastert's and Pelosi's. Bush said his order would allow time "to resolve the issues in a way that ensures that materials relevant to the ongoing criminal investigation are made available to prosecutors in a manner that respects the interests of a co-equal branch of government."

Although the president is the head of the executive branch, he shouldn't second-guess the conduct of a criminal investigation because of meritless complaints from Capitol Hill. The sooner this "seal" is broken, the better.

One Man's Constitutional Crisis ... (NYT)

The New York Times, May 26, 2006

Republicans and Democrats in the House of Representatives have achieved an almost unprecedented level of bipartisanship in denouncing the F.B.I.'s search of a congressman's office. They talk angrily about the separation of powers and the implications of having an executive branch agency make a foray into a lawmaker's official space. Our first question is where all these concerned constitutionalists have been for the last five years.

Time and time again, Congress has played dead when the executive branch refused to provide it with information, answer questions or follow laws that the legislative branch has passed. Currently, the Senate Judiciary Committee, which has not been the worst offender, is tinkering dangerously with the laws covering domestic wiretapping by the National Security Agency. It could end up endorsing a program that the White House won't even fully describe to a vast majority of lawmakers.

Compared with the enormous issues at hand, the matter of Representative William Jefferson is small potatoes. The F.B.I. says that it videotaped the congressman accepting $100,000 to grease the way for some business deals in Africa, and that agents found most of the money in his freezer. The Justice Department obtained a warrant, entered Mr. Jefferson's office and removed files that it says are related to that investigation.

Mr. Jefferson says there are two sides to every story, although he has not yet offered his. That does not make him guilty — indeed, he is yet to be charged. The House leaders demanded that the seized documents be returned, and the White House ordered them sealed for 45 days to buy time.

The F.B.I. is going to have to show some very good reasons for having precipitated this showdown. Federal investigators have managed to prosecute many other officials for corruption over the last 200-odd years without ever barging into Congressional offices in the process. The danger of abuse with this kind of activity is enormous, especially with a president and an attorney general whose grasp for power seems to have no limits. They cannot be trusted to keep legitimate police activity from

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turning into political persecution. Just yesterday, administration officials were talking about having the F.B.I. interrogate lawmakers in an attempt to find the sources of the Times article disclosing Mr. Bush's domestic spying operation. That would certainly represent a major breach of the separation of powers principle.

The constitutional claims made by the Congressional leadership on the Jefferson case seem overblown. House and Senate members are protected from arrest while going about their official business to shield them from intimidation and meddling by the executive branch in the affairs of state, not to deter law enforcement officials from doing their lawful duty to investigate possible felonies.

But members of Congress who have been politically comatose or complicit as the Bush administration built itself an imperial presidency, immune from the historical powers of the legislative branch, are up in arms. The House Judiciary Committee, which has been in the forefront of the long-running cave-in, has scheduled a hearing that the chairman has titled "Reckless Justice: Did the Saturday Night Raid of Congress Trample the Constitution?"

It seems like a phony approach to a real problem.

Lawmakers, Quiet On Your Rights, Roar About Theirs (USAT)

USA Today, May 26, 2006

Now we know what it takes to make Congress mad enough to stand up for constitutional rights.

When the government snoops on your phone calls and records without warrants, lawmakers barely kick up a fuss. But when the target is a fellow congressman — one under investigation for taking a bribe, no less — they're ready to rumble.

Witness the bipartisan frenzy set off after the FBI searched the Capitol Hill offices of Rep. William Jefferson, D-La., on Saturday. The FBI had a court order. According to an FBI affidavit, he was videotaped taking $100,000 in cash from an investor working undercover for the FBI. Agents found $90,000 of it stuffed in his freezer at home, the affidavit said.

Never mind all that. Leaders of the House of Representatives are appalled. They say the search violated the Constitution's separation of powers, "designed to protect the Congress and the American people from abuse of power."

House Speaker Dennis Hastert, R-Ill., and Minority Leader Nancy Pelosi, D-Calif., who rarely agree on anything, demanded that the Justice Department return the "unconstitutionally seized" documents. House Judiciary Committee Chairman James Sensenbrenner, R-Wis., said the episode raised "profoundly disturbing" questions. He set a hearing for Tuesday to ask: "Did the Saturday night raid of Congress trample the Constitution?"

If only those leaders were as profoundly disturbed about executive branch incursions on the rights of average citizens. You certainly have to wonder where they've been for the past several years while the Bush administration ran roughshod over the legislative branch and launched anti-terror programs of questionable legality.

Last December, The New York Times revealed that the National Security Agency (NSA) was wiretapping international phone calls without court warrants. Hastert didn't make a peep. Pelosi and other Democrats loudly protested, but nothing came of it. As it turns out, Pelosi was part of a tiny leadership group that had been briefed on the program since October 2001.

The scenario repeated itself this month when USA TODAY revealed that the NSA has collected millions of phone records.

So now the leadership swings into action because the FBI searched a Capitol Hill office for evidence of criminal activity?

This is not to belittle the separation of powers doctrine. It's meant to prevent a president from using investigations and unwarranted searches to intimidate lawmakers in their official duties. The Justice Department might have minimized the outcry by managing the search with more deference to congressional sensitivities. But there's no evidence that the Jefferson raid was an abuse of power.

A more appropriate response from congressional leaders would have been remorse over their failure to do anything meaningful to make members act ethically. Hastert, for instance, replaced a House ethics committee chairman last year after he attempted to enforce some rules. Congressional offices, obviously, should not be sanctuaries for crime, but the outcry from Capitol Hill brought quick action. On Thursday, President Bush ordered the documents seized in Jefferson's office to be "sealed" from the investigators' view for 45 days, while the Justice Department and Congress settle their differences.

What a pity that Congress' leaders haven't used their clout to protect the public's rights as eagerly as they defend their own.

Editorial: Raid Reverberations / Distrust Shadows FBI In Visit To Congress (PPG)

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Pittsburgh Post-gazette

Pittsburgh Post-Gazette, May 26, 2006

The unprecedented Federal Bureau of Investigation raid Saturday night and Sunday on the congressional office of Rep. William J. Jefferson, Democrat of Louisiana, has prompted outrage on both the Republican and Democratic sides of the aisle in Congress.

The issue is complicated. On the one hand, sending the FBI in to search the office of a member of Congress is an example of the jackbooted approach of the administration of President Bush to the legislative branch of what is supposed to be constitutionally based, three-branch American government. The raid was consistent with the administration policy of surveillance by the National Security Agency of Americans' phone calls and e-mails: disregard of the legal requirement to obtain an order from the Foreign Intelligence Surveillance Court before instituting bugging, and failure to keep the Congress informed on the subject.

By no stretch of the imagination could the FBI raid on Mr. Jefferson's office be considered to be a national security matter either.

On the other hand, it is hard to be sympathetic to Mr. Jefferson. There is an argument that the case against him, the $90,000 in cold cash found stashed in his freezer at home, led naturally to a presumption on the part of the FBI that a stop of an icy love train in the congressman's office might provide further relevant evidence. Or, suppose that a murder had occurred in a congressional office. Could anyone argue that police should not be admitted there to gather evidence?

But both the Republicans, in the form of Speaker J. Dennis Hastert of Illinois, and the Democrats in the form of House Minority Leader Nancy Pelosi of California, have hit the roof. Their argument is based soundly on the Constitution, the concept that Congress cannot play its appropriate role in American government if representatives of the executive branch can go unbidden into their offices to search and scoop up documents and computer-stored information at will.

A more skeptical approach to the issue would attribute members' indignation at the search of Mr. Jefferson's office to concern at what would be found if their own offices were searched.

Overall, we see the Sunday raid as the wrong thing for the FBI or any other body of the federal government to do. At the very least, representatives of the legislative branch of government should have been present for the search, to assure that the FBI limited itself to collecting evidence of crime. Given the Bush administration's general approach to the rule of law, embodied in various pronouncements of Attorney General Alberto R. Gonzales, there is otherwise no guarantee of respect of separation of powers, the critical line between executive and legislative that is essential to our form of government that was crossed so sharply Saturday night and Sunday in the Rayburn House Office Building.

FBI Raid Galvanizes Congress On Rights (SCRIPPS)

By An Editorial / By Dale McFeatters, Scripps Howard News Service

Scripps Howard, May 26, 2006

From the standpoint of public sympathy, the House couldn't have chosen a worse time to stand on constitutional principle. The voters surely do not share the House members' outrage at a weekend FBI raid of a congressional office in connection with a spreading influence-peddling investigation that has tarred the whole institution.

Indeed, after ABC reported that GOP House Speaker Dennis Hastert might get caught up in that probe, Hastert accused the Justice Department of trying to intimidate him because he so vehemently objected to the raid. This was fine irony coming from a legislator who couldn't do enough to broaden the department's powers through the Patriot Act and its renewal.

What happened was that the FBI, armed with a warrant signed by the chief judge of the U.S. district court, searched the offices of Rep. William Jefferson, D-La., and hauled away two cartons of documents and copies of hard drives. Jefferson is hardly a sympathetic figure on whom to make a constitutional case. The FBI already has videotape of him allegedly accepting a $100,000 bribes and agents confiscated $90,000 in cold cash hidden in the freezer of his Washington apartment.

Hastert and Democratic leader Nancy Pelosi, a pairing many though impossible, denounced the executive branch's action as a violation of separation of powers, the speech and debate clause of the Constitution, and "the practice of the last 219 years." And they demanded the immediate return of Jefferson's documents. Moreover, the Republican-run body that was markedly

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incurious about the Bush administration's stewardship of the laws is now planning hearings under the overwrought title, "Reckless Justice: Did the Saturday Night Raid of Congress Trample the Constitution?"

It says something about the state of relations between the administration and Congress that the Justice Department and White House seemed stunned by the strenuous reaction. After all, they had trampled over Congress' prerogatives before with no discernible reaction.

The two leaders are on shaky constitutional ground, legal scholars say. The Constitution makes an exception to lawmakers' legal immunity for felonies and nothing in that document says Capitol Hill should be a sanctuary for committing them. However, historians could find no precedent for a warrant and search of a congressional office.

Still, there is a serious issue of government to be addressed. The potential for Soviet-style intimidation is clear. Members of Congress must be confident that they are free from politically motivated reprisals from the executive branch and, at the same time, the Justice Department must be free to conduct legitimate investigations into unlawful conduct.

The raid did have one beneficial effect. The House is finally paying attention to due process and civil liberties.

Opinion In Our View: Above The Law Congress Rallies Against Barbarians At The Gates (TEXGAZ)

Texarkana (TX) Gazette, May 26, 2006

Speaker of the House Dennis Hastert has chosen to weigh in on the side of embattled U.S. Rep. William Jefferson.

The Louisiana Democrat's office was raided Saturday by FBI agents, who seized documents and other items looking for evidence implicating Jefferson in a bribery scandal.

Jefferson maintains his innocence in the investigation and vows to fight on.

Now Hastert, as well as other lawmakers, want the FBI to return the seized material and Hastert even says the FBI agents who conducted the raid should be barred from further participation in the probe.

The reason? They claim a lawmaker's office is protected by the Constitution under the separation of powers and the the raid was an illegal action by the Executive branch—the Justice Department under the attorney general—against the Legislative Branch.

It was the first time a House member's office was raided in our nation's history. Officials in the Justice Department said the raid on Jefferson's office was necessary after he refused to comply with a subpoena for documents last summer. Jefferson disclosed receiving the subpoena to the House on Sept. 15, 2005.

Basically, the august members of Congress figure they are entitled to the equivalent of diplomatic immunity while on Capitol Hill.

This imperial attitude has no real foundation. Lawmakers may be used to deferential treatment and exceptional courtesy—and even expect law enforcement to look the other way from time to time—but they are not above the law and their offices are not akin to church sanctuary.

In fact, their offices are not even theirs. They belong to the people of the United States, many of whom are getting fed up with the pervasive attitude of near-royal entitlement among Washington insiders.

This was not political intimidation, which is what the Constitution was guarding against with the separation of powers, but a valid criminal investigation.

Hastert has complained to the president, and the White House says it is taking the Legislative Branch's complaints most seriously.

Hastert has complained to the president, and the White House says it is taking the Legislative Branch's complaints most seriously.

But the dispute between these two branches of government will almost certainly be decided down the road by the third, the Judicial Branch and the Supreme Court.

Hastert Lashes Out At Justice Dept. (AP-Y2)

By Laurie Kellman

AP2, May 25, 2006

House Speaker Dennis Hastert accused the Justice Department Thursday of trying to intimidate him in retaliation for criticizing the FBI's weekend raid on a congressman's office, escalating a searing battle between the executive and legislative branches of government.

"This is one of the leaks that come out to try to, you know, intimidate people," Hastert said on WGN radio Thursday morning. "We're just not going to be intimidated on it."

Asked later Thursday whether he thought he Justice Department retaliated against him with the leak, Hastert replied: "All I'm saying is, here are the dots. People can connect any dots they want to."

"I thought it was an interesting sequence of events," he added.

The Illinois Republican, in his interview with the Chicago radio station, was responding to an ABC News report that quoted an unnamed law enforcement source as saying that he was "in the mix" of the Justice Department's investigation into influence peddling by convicted lobbyist Jack Abramoff.

"We are not going to dignify or speculate about the motives of anonymous sources providing inaccurate information," said Justice Department spokesman Brian Roehrkasse.

Within minutes of that report late Wednesday, the department issued the first of two denials that it was investigating Hastert. The speaker demanded a retraction from ABC News, which stood by its story. Hastert on Thursday threatened to sue the network and reporters and executives for libel and defamation.

"We will take any and all actions necessary to rectify the harm ABC has caused and to hold those at ABC responsible for their conduct," wrote Hastert's counsels, J. Randolph Evans and Stefan C. Passantino. The letter was addressed to network President David Westin and reporter Brian Ross.

"Our response to the letter is our reporting on the story," said ABC News Vice President Jeffrey Schneider.

Correspondent Brian Ross stood by his report, saying he has checked with his sources who say the story accurately represents the facts "as they know them."

"There's enough there for them (the FBI) to take a look at the speaker" and other members of Congress, Ross said in an interview.

Hastert aimed his broadsides at the Justice Department amid a swirl of recriminations on Capitol Hill, including warnings by some lawmakers of a voter backlash against members of Congress "trying to protect their own."

Hastert's aides, at the same time, were in talks with the White House about the possible transfer of material seized by the FBI during its weekend raid of the office of Rep. William Jefferson (news, bio, voting record), perhaps to the House ethics committee, according to several Republican officials.

A federal law enforcement official said no computers were taken during the search. Instead, "mirror images" were made of the contents of some computers in Jefferson's office, the official said on condition of anonymity because the items taken during the search remain under court seal

The goals of any transfer, they said, would be to deny the documents both to prosecutors and to Jefferson, a Louisiana Democrat ensnared in a bribery investigation, until the legal issues surrounding the weekend search of his office are resolved. The officials spoke on condition of anonymity, citing the confidential nature of the discussions.

Historians said it was the first such search of a congressman's quarters in the more than two centuries since the first Congress convened.

The White House continued to try to keep its distance publicly, saying it acknowledged "the constitutional concerns" expressed.

The House Judiciary Committee chairman, GOP Rep. James Sensenbrenner of Wisconsin, announced a hearing next week, "Reckless Justice: Did the Saturday Night Raid of Congress Trample the Constitution?"

The Associated Press reported last November that Hastert for two years did not disclose his use of Abramoff's restaurant for a fundraiser just two weeks before he asked the Interior Department in a letter to reject a Louisiana Indian tribe's application for a casino license.

At the time, Abramoff was representing another tribe that opposed the casino. Hastert, who collected a total of $100,000 from Abramoff's and his tribal clients, blamed a paperwork oversight, filed the required disclosure and paid for the use of the restaurant.

Hastert, Justice Dept. Dispute Inquiry Story (WP)

By Howard Kurtz

The Washington Post, May 26, 2006

ABC News says federal investigators have put House Speaker J. Dennis Hastert (R-Ill.) "in the mix" of their corruption probe centering on convicted former lobbyist Jack Abramoff.

Deputy Attorney General Paul J. McNulty says the ABC report involving Hastert -- even the "in the mix" language -- is "untrue."

And Hastert, calling the story "absolutely" wrong, is demanding a retraction.

Who's right?

It is highly unusual for the Justice Department to confirm or deny that someone is under investigation. Department spokesman Brian Roehrkasse said that federal guidelines allow such statements in cases receiving "substantial publicity" and that the decision was based on the guidelines "combined with the inaccuracy of the information."

On "World News Tonight" Wednesday, Brian Ross, ABC's chief investigative correspondent, said the bribery probe "now includes" Hastert but cautioned that the investigation is "clearly at the very beginning. The allegations could well prove unfounded." George Stephanopoulos, the network's chief Washington correspondent, called the implications "potentially seismic."

Ross said in an interview: "I think our story is accurate. We've gone back to our sources, and they believe what we reported was accurate as they knew it. There seems to be some disconnect between what the congressman thinks, what the Justice Department thinks and what the FBI thinks. . . . There may be a semantics issue here as to what constitutes being under investigation."

Reporters for NBC, CBS, CNN, Fox News and other news organizations checked out ABC's report but were waved off by law enforcement officials. "Within 15 minutes, we had three or four basic denials saying in effect this was a complete overreach, and we chose not to run it," said John Reiss, executive producer of "NBC Nightly News."

The dispute with ABC comes as the news business has been beset by declining public confidence, several high-profile media mistakes and leak investigations by the Bush administration aimed at pressuring journalists into revealing confidential sources. Ross recently reported -- again based on unidentified sources -- that federal leak investigators are tracking his calls and those of other journalists.

Hastert told Chicago radio station WGN yesterday that the information was leaked to "intimidate" him after his criticism of an FBI raid on the office of Rep. William J. Jefferson (D-La.) as a violation of the separation-of-powers doctrine.

In asking for a retraction, two Hastert attorneys told ABC News President David Westin in a letter that for the network to repeat the "false" statement on its Web site after the Justice Department's denial "constitutes libel and defamation" and reflects a "malicious intent" to damage Hastert's reputation.

As was reported last year, Hastert was among four House Republican leaders who signed a 2003 letter to then-Interior Secretary Gale A. Norton in an effort to block an Indian casino opposed by tribes represented by Abramoff. Shortly before the letter was sent, Abramoff hosted a fundraiser for Hastert's political action committee. In January, the speaker said he would give to charity the donations, estimated at $69,000, that he received from Abramoff and Abramoff's clients.

Several dozen members of Congress -- some at the urging of Abramoff's team of lobbyists -- wrote letters asking Norton not to allow tribes to establish casinos on off-reservation sites. Legal experts have said that campaign contributions alone, even if closely timed to a lawmaker's action, are not likely to become a focus for investigators in the Abramoff case.

Ross said yesterday the Hastert inquiry he described "could wash out and be nothing." Asked if the alleged inquiry should have been the top story on "World News Tonight," Ross said: "Questions are being raised about the speaker of the House -- that's worthy of a lead story."

Novak Told Rove He Wouldn't Identify Him, Person Familiar Says (BLOOM)

By Richard Keil

Bloomberg, May 26, 2006

May 25 (Bloomberg) -- Syndicated columnist Robert Novak assured presidential adviser Karl Rove that he wouldn't identify him to prosecutors investigating the disclosure of a CIA agent's name, a person familiar with the matter said.

Rove told a grand jury that Novak called him shortly after the Central Intelligence Agency asked the Justice Department to investigate who leaked the name of operative Valerie Plame to Novak and other reporters, the person, who spoke on the condition of anonymity, said. Novak revealed Plame's name in a July 14, 2003, column, citing unnamed administration officials.

The National Journal, which reported earlier today on the Sept. 29, 2003, conversation between Rove and Novak, said Justice Department prosecutors were concerned that Rove and Novak may have been working on a cover story to protect Rove. The report, citing people familiar with the grand jury testimony of both men, said then-Attorney General John Ashcroft was briefed on the matter.

Rove's attorney, Robert Luskin, said the White House deputy chief of staff didn't conspire to hide information.

``Karl has never urged anyone to testify falsely or withhold information from the grand jury, and no one has ever suggested to him that they would, or that they intended to," Luskin said in a telephone interview. ``The special counsel has never suggested there is any evidence to support such an allegation."

Calls to Ashcroft and James Hamilton, Novak's attorney, weren't immediately returned. Randall Samborn, a spokesman for the special counsel, U.S. Attorney Patrick Fitzgerald, said he wouldn't comment.

Prosecutor

Fitzgerald took over the investigation in December 2003 to learn whether anyone in President George W. Bush's administration violated a 1982 law designed to protect the identity of covert agents. Plame's name was disclosed after her husband, former diplomat Joseph Wilson, publicly criticized the war in Iraq and questioned whether the administration twisted intelligence to justify the invasion.

While no one has been charged with purposely unmasking a covert agent, I. Lewis Libby, Vice President Dick Cheney's former chief of staff, was indicted last October on perjury and obstruction of justice charges for allegedly lying about his conversations with reporters about Plame.

Rove has testified five times before federal grand juries hearing evidence in the case, and persons close to the investigation have said that Fitzgerald is still considering whether to indict Rove on a perjury charge for initially failing to disclose a conversation he had about Plame with Time Magazine reporter Matt Cooper.

The person familiar with Rove's grand jury testimony said Rove told the panel that during his phone call with Novak, Novak told him that he wouldn't hurt Rove before the grand jury. Rove also told the panel that Novak assured him that he would never reveal an unnamed source, the person familiar with Rove's testimony said.

Fitzgerald has said in court filings that evidence in the Libby case suggests ``a plan to discredit, punish or seek revenge against Mr. Wilson."

City Hall Hiring Testimony: Interviews Were Shams (CHIT)

By Dan Mihalopoulos And Rudolph Bush, Tribune Staff Reporters

Chicago Tribune, May 26, 2006

Applicants for city jobs waited by the hundreds in a South Side auditorium for meaningless interviews that had no bearing on who ultimately was hired, a former Streets and Sanitation Department official testified Thursday.

Jack Drumgould, the department's personnel director from 1998 to 2004, told jurors that Mayor Richard Daley's office dictated who would be hired for 95 percent of blue-collar, union jobs in Streets and Sanitation.

Testifying under a grant of immunity in the City Hall corruption trial, Drumgould said he took orders from defendants Robert Sorich and Timothy McCarthy in a secret effort to circumvent a federal court order prohibiting political-based hiring for such jobs.

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Sorich and McCarthy were top aides in the mayor's Office of Intergovernmental Affairs, where prosecutors charge they rigged the city's personnel process to select favored applicants, including many pro-Daley political workers. Former Streets and Sanitation officials John Sullivan and Patrick Slattery also are on trial for allegedly participating in the scheme.

Prosecutors hope Drumgould's testimony backs up the argument they made in opening statements—that job applicants who lacked clout were victims of the alleged hiring fraud.

Drumgould testified Thursday that Sorich or McCarthy would provide him with lists of job winners before interviews were ever held.

Nevertheless, eligible applicants for positions such as truck drivers and laborers were summoned to the former Board of Education building at 1819 W. Pershing Rd., he said.

When the city was hiring truck drivers in 2004, more than 400 people applied for about 50 openings. The starting wage was $25.90 an hour.

Drumgould described a process that served as a facade for a merit hiring system.

The applicants filled out forms, then waited to undergo two brief interviews, he said. Interviewers were provided a set of questions that related to applicants' experience as truck drivers and history of traffic accidents.

"Did you believe it was important to get answers to these kinds of questions?" Assistant U.S. Atty. Julie Ruder asked.

"No, it would not be relevant to who was selected," Drumgould responded.

Drumgould said Slattery assisted him in falsifying ratings forms for applicants months after the interviews took place. The forms were fixed to ensure that the people endorsed by Sorich or McCarthy received the highest scores, Drumgould testified.

He said Sullivan selected interviewers and once had a friend hired as the $50,000-a-year director of a garbage cart program.

Drumgould also implicated other former city employees in the alleged scheme. He testified that he took the names of preselected job winners to department supervisors such as Steven Bylina, who was a deputy commissioner of the city's Bureau of Forestry.

Bylina, general superintendent of the Cook County Forest Preserve District, is not charged in the alleged scheme. Through a spokesman, he declined to comment Thursday.

Sullivan's lawyer, Cynthia Giacchetti, challenged Drumgould's credibility on cross-examination.

She suggested that Drumgould had agreed to cooperate with authorities to spare himself from indictment and retain his $6,000-a-month pension. Giacchetti asked whether Drumgould was telling the truth.

"You haven't done that in your testimony—have you sir?" Giacchetti said.

"Yes, I have," said Drumgould, arms crossed tightly.

Drumgould earlier testified that a tree trimmer was promoted in 2001 over applicants with more experience. Drumgould said then-Streets and Sanitation Commissioner Al Sanchez, a Hispanic Democratic Organization leader, had mentioned to him that the tree trimmer was an organization member.

Drumgould said the fix was in again when Sorich allegedly told him to guarantee the promotion of Jack Bataoel from truck driver foreman to general foreman in 2001. Although another foreman had greater seniority than Bataoel, Drumgould said, he, Slattery and another Streets and Sanitation official conducted sham interviews and filled out ratings forms to make sure that Bataoel was ranked highest.

But Giacchetti said on cross-examination that Bataoel had 2½ years of experience as an acting general foreman before being promoted to that job.

Bataoel was a precinct captain for 25 years in Ald. Richard Mell's 33rd Ward Democratic Organization. Mell declined to comment Thursday.

Bataoel, who has retired from the city, told the Tribune last year that he was "more than qualified" for his promotion.

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Daley Could Be Called To Testify (CHIST)

By Steve Warmbir And Natasha Korecki, Staff Reporters

Chicago Sun-Times, May 26, 2006

Mayor Daley could be called as a witness in the ongoing trial of four former city employees accused of routinely ordering the hiring or promotion of people based on politics, a lawyer for one of the defendants indicated Wednesday

The attorney for Robert Sorich opened the door to that possibility during a sidebar in the federal court trial, a transcript released late Wednesday revealed.

As the Chicago Sun-Times reported May 8, Daley has given a sworn statement saying he didn't know about rigged hiring schemes going on in his administration.

"One of my assumptions is the mayor's testimony that he didn't believe that there was anything improper at the time, and he was not aware that there was anything improper going on. He's already testified under oath to that," Sorich defense lawyer Tom Durkin told U.S. District Judge David Coar on Wednesday in a private discussion. "It's my representation that the mayor's testified to that, and I'll give you the transcript."

When Coar asked whether the mayor would come in and testify, Durkin left the door open.

"I can't represent that he's going to come in because I don't know whether he is or he isn't," Durkin replied.

The hiring scandal has ensnared four people, including Sorich, who worked in Daley's Office of Intergovernmental Affairs. The trial just entered its second week.

Daley has refused to give more details on that earlier interview and has withheld public comment on the Sorich trial. At the time of the interview, however, FBI Special Agent in Charge Robert Grant told the Sun-Times that Daley was asked why "certain areas of the government appeared to be rewarded with jobs," and, "How much involvement did he have to those activities that happened so close to his office?"

Also Wednesday, testimony tied one of Daley's top political advisers, Jeremiah Joyce, and the man likely to be the next Cook County sheriff, Thomas Dart, in to the alleged City Hall hiring scheme.

'You didn't even apply'

On the witness stand Wednesday was Luke Somerville, a city worker from Joyce's political base in the 19th Ward who admitted getting promotions at his city job after doing political volunteer work.

Somerville said that after working in the 1995 mayoral election for Daley, he asked for promotions or shift changes for himself, his brother and a friend. He gave the request to the man he worked for during the election, Kevin Joyce, the son of Jeremiah Joyce and now a state representative.

Kevin Joyce told Somerville that Joyce "had to give the list to his father to see if they'd be approved." Soon after, Somerville learned he would be getting the promotion.

The only problem was that when he checked the city list of people to be interviewed, he wasn't on it. He was told he needed to send in an application. A city personnel director told him, "You didn't even apply for a job you were supposed to get," Somerville recalled on the stand.

Somerville said he eventually got the job, and his two other requests were filled, too. On Wednesday, Jeremiah Joyce in an interview blasted Somerville as a liar.

On the witness stand, Somerville explained how he turned to his childhood friend, Thomas Dart, to help him get another city job promotion. Dart is the chief of staff for Cook County Sheriff Michael Sheahan and the Democratic nominee to replace Sheahan, who is retiring. Dart eventually told Somerville to call Sorich directly because Dart was tired of making the calls himself, Somerville testified.

House Panel Backs Internet Gambling Limits (AP)

By Erica Werner, The Associated Press

AP, May 25, 2006

WASHINGTON (AP) — A House panel approved legislation Thursday to crack down on the $12 billion Internet gambling industry by applying federal prohibitions to games like online poker, blackjack and roulette.

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The bill by Rep. Bob Goodlatte, R-Va., would update the 1961 Federal Wire Wager Act to apply to online gambling. It also would outlaw electronic transmission of funds to pay for gambling bets and give law enforcement agencies authority to block such money transfers.

Internet gambling already is mostly illegal in the United States, and most of as many as 2,300 gambling sites in existence are overseas.

The bill approved by the Judiciary Committee would "prevent offshore fly-by-night gambling businesses from violating the laws of all states," Goodlatte said.

"This legislation is badly needed," he said, adding spending on the sites has skyrocketed.

But half of the $12 billion spent on online gambling is thought to come from U.S. bettors and some companies in this country want to get in on the action. The American Gaming Association, the industry's largest lobby, has opposed online gambling in the past but last month backed a study of the feasibility of legalizing it.

Nevada's House members introduced a bill this week calling for such a study.

A previous attempt by Goodlatte to get his anti-online gambling bill through Congress failed after aggressive opposition by disgraced lobbyist Jack Abramoff. Goodlatte alluded to that during heated debate in the Judiciary Committee on Thursday.

"This was the poison pill that was supported by Jack Abramoff five years ago — don't support it today," he shouted as Rep. Robert Wexler, D-Fla., sought to attach an amendment related to horse racing.

Wexler didn't comment on the Abramoff reference and his amendment failed.

"Unfortunately the gentleman just mentioned by the gentleman from Virginia had some involvement in this issue before," remarked Rep. Chris Cannon, R-Utah. Abramoff is now under indictment. Abramoff has pleaded guilty in a Justice Department corruption probe.

Goodlatte's bill passed 25-11.

House Committee Approves Limits On Online Gambling (Update1) (BLOOM)

Bloomberg, May 26, 2006

May 25 (Bloomberg) -- The House Judiciary Committee approved legislation to toughen U.S. laws against Internet gambling, clearing the way for consideration by the full House of Representatives.

The committee voted 25-11 to approve the Internet Gambling Prohibition Act sponsored by Representative Bob Goodlatte, a Virginia Republican, and prepared to support a second measure, the Unlawful Internet Gambling Enforcement Act, sponsored by Jim Leach, an Iowa Republican.

``I oppose gambling because I think it causes many, many problems in our society," Goodlatte said at today's committee meeting.

The Bush administration Justice Department supports the proposed legislation. Online gambling's legal status in the U.S. is unclear. The Justice Department interprets a 1961 law against using telephone lines to place interstate bets as banning online gambling. Goodlatte said his bill would make that explicit.

Gambling on the Internet is a $12 billion-a-year business that is growing rapidly offshore. Internet-based casinos such as PartyGaming Plc and 888 Holdings Plc, operating in locations such as Gibraltar and Antigua, rake in billions from U.S. gamblers.

Shares of Internet gambling companies declined in London trading after the U.S. vote. 888 Holdings Plc, the world's biggest Web casino operator, fell 5 pence to 193.5 pence. Sportingbet Plc, the online bookmaker that owns Paradise Poker, slipped 16.25 pence to 367.5 pence.

Shutting Down Sites

The Goodlatte measure would force U.S. financial institutions to cooperate with federal law enforcement authorities in shutting down illegal gambling sites based outside the U.S. The measure exempts horse racing, fantasy-sports betting and state lotteries in the U.S.

By carving out an exception for horse racing, the bill hurts dog racing and jalai, Representative Robert Wexler, a Florida Democrat, said. The Judiciary Committee, controlled by Republicans, rejected proposed amendments calling for specific state regulation and for adopting criminal penalties for bettors of fines and up to two years in prison.

Leach's measure would make it unlawful for credit-card companies to collect payments for transactions with online-gaming sites.

The anti-gambling legislation is likely to pass the full House where some Republican lawmakers are uneasy about the damage done by former lobbyist Jack Abramoff's guilty plea on corruption charges. Abramoff helped block similar legislation in the past.

``We are anxious to have the opportunity to expunge that smear," Goodlatte said.

Senate Battle

The House legislation may face an uphill battle in the Senate. Some states, including Nevada, are seeking to legalize, regulate and tax online gambling, the fastest-growing segment of the industry.

Senator Jon Kyl, an Arizona Republican who has proposed a measure seeking to block financial transactions, said he wants to press for approval. ``I am going to wait and see how the House deals with it," Kyl said yesterday.

Frank Fahrenkopf, president of the American Gaming Association, said through a spokeswoman that his group, the Washington lobbying arm for Las Vegas-based casinos, is ``neutral" on the Goodlatte and Leach measures.

The association is asking Congress to fund a federal commission that would study whether online gambling can be regulated and taxed in the U.S. That may eventually let major casino operators such as MGM Mirage and Harrah's Entertainment Inc. enter the online business.

Legalized gambling has grown dramatically in the U.S. over the past two decades. In 2005, commercial and Indian tribe casinos and horse-betting operations took in more than $52 billion in gross revenue nationwide, according to a Pew Research Center study citing industry estimates. Lotteries in 41 states sold $52 billion in tickets.

Elfvin Removed From Case Of Longtime Friend (BUFFNEWS)

By Dan Herbeck, News Staff Reporter

Buffalo News, May 26, 2006

Appeals court found problems with how judge handled Lewiston attorney's sentence

When U.S. District Judge John T. Elfvin sentenced a suspended Lewiston attorney in a criminal tax case last year, the judge called the man a longtime friend and added, "It hurts me as much as it does you, Tim."

The words spoken by the judge in his courtroom last August have caused an appeals court to remove him from the case of Timothy J. Toohey.

Toohey, 59, pleaded guilty in February 2003 to underreporting his income by $1 million. Elfvin already has sentenced him three times - twice to probation, and then to 15 months in prison.

But every time, the Second Circuit Appeals Court found legal problems with Elfvin's handling of the case and ordered a resentencing.

Now, the appeals court has removed Elfvin from the case altogether, saying he should have recused himself because of his friendship with Toohey.

"As is obvious, it's quite a mess," Elfvin, 88, said in an interview with The Buffalo News on Wednesday. "It's probably a good idea to have another judge handle it."

A panel of appeals judges said remarks made by Elfvin in court last August revealed that his friendship with Toohey had caused him to be lenient on two previous occasions.

"Those first two sentences really go back to a lot of the relationship that you and I had when I was practicing law," Elfvin told Toohey, according to court records. "You were a great friend, a good guy. . . . I really bent over backwards on your behalf in that regard. That explains those two sentences."

After saying those words last August, Elfvin sentenced Toohey to 15 months in prison. Toohey's attorneys then appealed that sentencing, and Toohey has been out of prison while the appeal is pending.

The Toohey case has not yet been reassigned. The chief federal judge of Western New York, Richard J. Arcara, is expected to determine who will handle the case.

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This incident is the latest in a series of difficulties for Elfvin. The judge's supporters call him smart, independent and hard-working. Critics say he is prone to terrible lapses in judgment.

"I still enjoy [the job] and feel I can do it," Elfvin told The News. "Absolutely. Absolutely."

Controversy has surrounded the case of Toohey - who has long been active in Niagara County politics - for more than three years. The U.S. Justice Department protested after Elfvin sentenced Toohey to probation in May 2003 and again in July 2004. Prosecutors said probation was insufficient punishment for a $1 million tax crime. They said Elfvin failed to explain his legal reasons behind the sentences.

Advisory federal sentencing guidelines called for a prison term of 15 to 21 months for Toohey. According to prosecutors, Toohey's crime cost the government about $410,000 in tax collections.

The prosecutor in the case, William J. Gillmeister, has complained in the past that Toohey had received "unfair special treatment" from Elfvin. But this week, Gillmeister and U.S. Attorney Terrance P. Flynn declined to comment on Elfvin's removal.

"The Second Circuit's ruling speaks for itself," Flynn said. "We're going to continue with this case in the courts and are not going to say anything beyond that."

One of the oldest judges ever to serve in Western New York, Elfvin is a senior, or semi-retired judge. If he chose to retire, he could collect his $165,200 salary as a pension, without doing any work.

Instead, he chooses to work nearly full-time, assisting Arcara and others with a large caseload.

The judge has continued working despite ailments and injuries, among them a spinal problem and two falls, including one last week that gave him a black eye and injured his ribs.

"I like to work. I guess I've always been that way," Elfvin said last year, as he celebrated his 30th anniversary on the federal bench. "It makes me feel good that I'm helping out with the workload."

But Elfvin also has a history of incidents that caused him some embarrassment.

In 1992, he reached an out-of-court settlement on a lawsuit filed by his former court stenographer, who accused him of tearing her blouse during a barroom argument. That year, he also received some unwanted national publicity when he took off on a Barbados vacation while his jury was deliberating on a huge case involving the Attica prison revolt.

More recently, he has been criticized several times by the U.S. Justice Department for ignoring the sentencing guidelines, which used to be mandatory but now are advisory. Many local lawyers agreed with Elfvin's stance on that issue.

One of those guidelines controversies involved Toohey. After a lengthy criminal investigation by the Internal Revenue Service, Toohey pleaded guilty in 2003 to a felony of making a false statement on an income tax return. Several prominent government officials wrote letters to Elfvin, asking for leniency for Toohey.

On Wednesday, Elfvin described Toohey as "a friend only in the practice of law." He said his remarks about his friendship with Toohey and the sympathy he feels toward Toohey were words he "only threw in as a side comment."

Toohey could not be reached to comment.

His attorney, Margaret A. Murphy, said this week that she is thankful that a new judge will be taking "a fresh look" at the case. But she insisted that Elfvin never showed favoritism toward Toohey in past rulings.

"I personally have never seen John Elfvin show favoritism, ever. He's the most independent judge on the federal bench," she y said.

Awaiting High Court Review Of Lethal Injection, Circuits Are Divided (LAW)

By Pamela A. Maclean, The National Law Journal

National Law Journal, May 26, 2006

A frustrated five-judge minority on the 6th U.S. Circuit Court of Appeals decried the "dysfunctional patchwork of stays and executions" in capital cases since January, when the U.S. Supreme Court agreed to explore a procedural attack on lethal injection.

Some 38 states use lethal injection out of the 39 that permit capital punishment. In all, courts around the country have granted nine stays of execution, but 15 condemned inmates have been executed during the same period that the lethal injection issue has been pending.

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"In some instances stays are granted, while others they are not, and the defendants are executed with no principled distinction to justify such a result," wrote Judge Boyce Martin Jr. last week. He dissented after the full 6th Circuit refused, by a 7-5 vote, to reconsider the request to stay the Tennessee execution of Sedley Alley in Alley v. Little, No. 06-6550.

Alley faced execution on May 17 for the 1985 rape and murder of a 19-year-old Marine corporal, Suzanne M. Collins, at Millington Naval Air Station near Memphis. Tennessee Gov. Phil Bredesen last week granted a 15-day stay of execution. Alley's case is the second to challenge the Tennessee chemical protocol used in executions. The other, Abdur'Rahman v. Bredesen, No. 05-1036, was set for the high court's conference meeting one day after Alley's scheduled execution. Rahman's case raises a frontal attack on lethal injection.

Critics claim that the chemicals used in lethal injections do not properly anesthetize the subject, and thus cause unnecessary suffering before death.

AN UNNERVING SITUATION

The situation around the country is unnerving for defense lawyers where stays may be handed out in one circuit but denied in the circuit next door.

"The problem is we have no guidance from the court on how to defend our clients," said Kelley Henry, one of Alley's lawyers. "It is very discouraging when your client's life is on the line."

She said that the stay request is no different from ones granted in Missouri, North Carolina, Maryland and other states where the execution method is under attack.

The 6th circuit refused to issue a stay to Alley even though he raised the same issue in the same procedural posture as a high court case likely to be decided in less than a month, Hill v. McDonough, No. 05-8794. The question in Hill is not a direct challenge to lethal injection but a procedural one.

The case asks whether inmates may invoke a federal civil rights law, 42 U.S.C. 1983, to challenge the state's method of lethal injection. Without access to the civil rights claim, the court would have no jurisdiction to review the issue as a successive habeas appeal under a 1996 law in which Congress limited successive appeals.

Whether or not the high court decides a civil rights action is a proper vehicle for challenging lethal injection, it would not change Alley's situation, according to Chief Judge Danny J. Boggs, writing for the 6th Circuit majority. The Supreme Court has the authority to issue a nationwide stay of executions but it has not, Boggs pointed out.

The high court's consideration of a procedural matter such as Hill's "can not freeze in place all actions in the lower federal courts under existing law."

Even the Supreme Court has declined to issue stays in several cases raising nearly identical claims, he said.

"Given the Supreme Court's own pattern of conduct ... we cannot conclude that the Supreme Court has established any new precedent that would favor a stay of Alley's execution pending the outcome in Hill," he wrote.

The Hill case is the latest in a rising number of appeals over lethal injection from around the country.

On May 15, the Texas Court of Criminal Appeals stayed an execution within hours of the deadline in a case that, like the others, raised lethal-injection challenges, but eight other condemned have been executed in the state this year, according to Richard Dieter, executive director of the Death Penalty Information Center in Washington.

"I think the Supreme Court is going to have to take up the whole question of lethal injection eventually," he said.

In California, U.S. District Judge Jeremy Fogel set hearings for September to review that state's lethal-injection practices in the case of Michael Morales. New Jersey and Ohio courts have halted executions while lethal-injection procedures are reviewed. Delaware stayed an execution May 9 based on a challenge to state execution procedure. And a federal court in Missouri stayed an execution to allow a lethal-injection challenge more time.

"The death penalty is basically grinding to a halt, but that means in the meantime some people are executed and some are not," said Dieter.

Judge Criticizes Government's New Indictment In Gotti Trial (FINDLAW/AP)

By Larry Neumeister, Associated Press Writer

AP, May 26, 2006

DOJ_NMG_0029714

(AP) - NEW YORK-The third racketeering trial of John "Junior" Gotti was postponed Thursday by a federal judge who suggested the government was trying to sneak references to murders into a rewritten indictment.

The judge said it seemed the government was trying to reword the indictment until it could find a combination that would result in a conviction.

Two cases against Gotti in the last year ended with hung juries after defense attorneys argued that the mob scion had quit the crime mob life in 1999.

"I'm really troubled," U.S. District Judge Shira Scheindlin said of the new Gotti indictment, which includes an allegation that Gotti promoted people within the Gambino crime family if they committed murders.

Assistant U.S. Attorney Victor Hou said there was no specific new evidence he could immediately point to that would support the murder references in Gotti's racketeering indictment.

Scheindlin reset opening statements in the next trial by seven weeks, from July 5 to Aug. 28, so lawyers would have enough time to argue the issues.

Gotti lawyer Charles Carnesi said he would challenge the inclusion of language about murders, allegations that the judge had ordered removed before the first trial against Gotti.

"I think it's ridiculous that the government should be able to circumvent your rulings by rewriting the indictment," Carnesi said.

The judge agreed to a point, saying "it certainly reveals the problem with allowing a third trial."

The government also has alleged in a revised indictment brought this week that Gotti continued racketeering activities through this month by laundering money earned by the Gambino crime families with businesses he had created. They also alleged he tampered with a witness in another trial.

Carnesi said he would challenge the new allegations as well.

Gotti pleaded guilty in another racketeering case in 1999 and he has maintained that he left the mob life and never returned.

The government continues to allege that Gotti ordered two attacks on radio talk show host Curtis Sliwa in 1992 after the Guardian Angels founder criticized Gotti's father on his radio show. John Gotti died in prison in 2002, a decade after he was convicted of racketeering and sentenced to life in prison.

The government alleges that Gotti ordered a baseball bat beating of Sliwa and a kidnapping several weeks later that ended with Sliwa being shot three times before he dived out of a moving taxi. Sliwa recovered from the attack to resume his on-air Gotti criticisms. Gotti has denied ordering the attacks on Sliwa.

Sliwa, wearing his signature Guardian Angels outfit, watched Thursday as a spectator while Gotti entered a plea of not guilty to the rewritten indictment.

If convicted, Gotti faces 30 years in prison.

Prosecutors Fire Back At Wecht's Defense (PTR)

By David Conti, TRIBUNE-REVIEW

Pittsburgh Tribune-Review, May 26, 2006

Federal prosecutors responded Thursday to allegations made by former Allegheny County Coroner Dr. Cyril Wecht's defense team that the district attorney and an FBI agent built a case against the renowned forensic pathologist based on politics and lies.

Assistant U.S. Attorney Stephen Stallings asked U.S. District Judge Arthur J. Schwab to dismiss Wecht's request to have evidence tossed out, calling the defense team's previous court filings a "journey down a road to a tangle of conspiracy theories."

"Defendant's motion to suppress, though 'full of sound and fury' ... lacks substance, and should be denied without further hearing," Stallings wrote.

Wecht's attorneys asked for 10 days to respond to Stallings' filing.

In their motion filed last month, defense attorneys Mark Rush and Jerry McDevitt accused District Attorney Stephen A. Zappala Jr. of using his office for personal gain -- the same allegations Wecht faces -- by funneling county money to his former law firm.

Wecht, 75, of Squirrel Hill, was indicted in January on 84 counts of using his public office to benefit his private forensic consulting business.

Stallings wrote that Zappala's hiring of his former law firm as a solicitor to his office while accepting buyout payments from his sale of his portion of the firm does not appear to be illegal. Even if Zappala had crossed ethical lines, Stallings argued the issue was not relevant to the charges against Wecht.

Rush and McDevitt claim Zappala pushed federal prosecutors to investigate Wecht during a political struggle between the two powerful Democrats.

Zappala has declined to comment on his arrangement with the law firm of Brucker Schneider and Porter and would not speak yesterday about the new filing.

Also irrelevant to the charges against Wecht, Stallings wrote, are allegations that FBI Special Agent Brad Orsini -- one of the lead investigators in the case -- has a bad reputation and once asked a witness to lie.

According to a ruling by Schwab last month, prosecutors have two reports outlining Orsini's history of departmental reprimands. Wecht's attorneys argue search warrants filed by Orsini were based on a "fanciful yarn."

Stallings responded that the evidence turned up in searches of the former coroner's office and Wecht's private offices supported the charges against Wecht. Among the items the FBI found in its searches were e-mails proving that Wecht had county employees spending time working on his personal business, federal authorities allege.

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Workers Begin Digging Under Barn At Hoffa Search Site (SDUT/AP)

By Tom Krisher, Associated Press

The San Diego Union-Tribune, May 26, 2006

MILFORD TOWNSHIP, Mich. – After tearing apart a barn, FBI agents began digging up the ground where it stood Thursday, taking photos and video and sifting through dirt by hand as they searched for Jimmy Hoffa's remains at a suburban Detroit farm.

After a backhoe dug a hole at the site, FBI agents and crime-scene investigators jumped in to take pictures and comb through the soil. At one point, two dogs were sent into the hole. But after seven hours of digging, FBI spokeswoman Dawn Clenney said nothing significant was found.

“Much ado about nothing,” Clenney said. She said the search was expected to continue through the Memorial Day holiday weekend.

The 100-by-30-foot barn was torn down Wednesday as the FBI scoured Hidden Dreams Farm, which once was owned by a Hoffa associate and is located not far from where the former Teamsters chief vanished in 1975. Before the dig began Thursday, authorities removed a layer of concrete and asphalt that had been the floor of three rooms inside the building.

The search of the Milford Township farm, 30 miles northwest of Detroit, began May 17. Officials have said the search would last a couple of weeks and involve cadaver dogs, demolition experts, archaeologists and anthropologists.

Bill Koresky, whose company was hired by the FBI to knock down the barn and dig beneath it, said the digging was stopped when a university professor who is leading the work noticed a change in the color of the dirt and a piece of what looked like rotted wood.

“You'll see the color will be different, I don't care if it's 70 or 80 years” since the land was disturbed, said Koresky, the co-owner of Able Demolition of Sterling Heights who ran one of the excavation machines at the site on Wednesday and Thursday.

Cadaver dogs were sent into the hole but turned up nothing significant, Clenney said.

Koresky said that before stopping for the day, crews had dug a 50- by 40-foot hole that was 3 1/2- to 4-feet deep. A trained eye, he said, can tell whether the dirt has been disturbed by digging to that depth.

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Donald Shouse of nearby Highland Township, who has done business on the horse farm for three decades, said demolished barn had been built sometime in the 1970s and was the oldest barn on the site.

No trace of Hoffa has ever been found, and no one has ever been charged in his disappearance.

A government investigator said last week that Donovan Wells, who lived on the land at the time, gave the FBI the tip that sparked the intense effort to solve the legendary mystery. The investigator is familiar with the current dig and spoke on condition of anonymity because some of his information came from records that have been ordered sealed by a federal judge.

Hoffa last was seen on a night he was scheduled to have dinner at a restaurant about 20 miles from the farm. He was supposed to meet with a New Jersey Teamsters boss and a Detroit Mafia captain, both now dead.

Over the years, Hoffa's disappearance spawned endless theories – that he was entombed in concrete at Giants Stadium in the New Jersey Meadowlands; that he was ground up and thrown to the fish in a Florida swamp; that he was obliterated in a mob-owned fat-rendering plant that has since burned down.

More Than $1 Million In Cash Found At Miami-Dade Homes Linked To MIA Heist (MH)

By Jay Weaver

The Miami Herald, May 26, 2006

FBI agents have dug up $1.1 million in vacuum-packed cash stashed at two southwest Miami-Dade houses, recovering some of the loot stolen in a Goodfellas-style heist at Miami International Airport.

Agents unearthed $300,000 of the sealed cash under brick pavers at the home of Karls and Cinnamon Monzon, who were indicted along with two others in last fall's $7.4 million warehouse ripoff at MIA.

They also found an additional $800,000 at the residence of another person who has not been charged in the federal case.

"We're still searching for the rest of the money and for other suspects," FBI spokeswoman Judy Orihuela said Thursday.

The FBI found the stolen cash in mid-May. Earlier this year, agents had recovered $80,000 from the attic of the Monzons and $85,000 from another robbery defendant, Onelio Diaz. He was a security guard with Brinks security system, the company hired to transport the cash from the MIA warehouse to the Federal Reserve Bank in the Doral area.

In addition, Jeffrey Boatwright was indicted in the alleged robbery caper.

Separately, three other suspects were charged with kidnapping Boatwright: Michael Sanfiel, Guillermo Del-Regato and Manuel A. Palacio. The three kidnapped Boatwright and demanded a $500,000 payment from his robbery cohorts for his release, according to an indictment.

Sanfiel and Del-Regato have pleaded guilty and are cooperating with prosecutors, court records show.

The initial $7.4 million in stolen cash was a fraction of the $80 million that had arrived at MIA in November on a Lufthansa Airlines flight from Frankfurt, Germany. The cash, packed neatly in 42 bags that each weighed 38 pounds, was awaiting Customs' clearance at a warehouse before it was to be delivered to the Federal Reserve Bank.

The robbery mirrors one of the most infamous heists in U.S. history: the Dec. 11, 1978, robbery of $5.85 million from the Lufthansa Airlines cargo terminal at John F. Kennedy International Airport.

That robbery was the plot for the 1990 movie Goodfellas.

FBI Finds $1 Million From Airport Heist Buried At Miami-Dade House (FLSUNSEN)

By Akilah Johnson, South Florida Sun-sentinel

South Florida Sun-Sentinel, May 26, 2006

FBI officials said Thursday they unearthed more than $1 million in buried loot taken during a November heist at Miami International Airport, a caper that easily could have been lifted from the pages of a Hollywood screenplay.

Masked men with guns busted into an airport warehouse and ripped off part of an $80 million cash shipment headed to the Federal Reserve Bank in Miami. The thieves divvied up the cash and dodged authorities for months. Then someone gave them up, but not before one of the thieves was kidnapped for ransom.

Now, fast forward to May 13.

Agents dug up $300,000 stashed in vacuum-sealed bags and buried below brick pavers outside the south Miami-Dade County house of Karls and Cinnamon Monzon, who had been indicted along with two others for the Nov. 6 heist.

Another $800,000 was found beneath the living room floor of a second south Miami-Dade home that belongs to someone who has not been charged in the case, FBI spokeswoman Judy Orihuela said Thursday.

A total of $1.26 million has been recovered so far, but it is only a small chunk of the $7.4 million taken from the cash shipment that arrived at the airport on board Lufthansa Airlines Flight 462 from Frankfurt, Germany.

"We're still looking," Orihuela said. "We're going to follow all the logical leads we can until we find it all."

The first bit of stolen money was recovered after local and federal authorities arrested the Monzons on Feb. 17.

Investigators found $80,000 hidden in the couple's attic. The same night, authorities arrested Onelio Diaz, a former Brinks Security guard who was carrying $5,000 and had $80,000 separated into three bundles in his car.

In March, a Miami grand jury indicted Karls Monzon, Diaz and Jeffrey Boatwright for allegedly planning and committing the robbery. Cinnamon Monzon was indicted on a charge of being an accessory because she knew her husband participated, authorities said.

Boatwright was kidnapped by three men, who threatened to kill him unless his robbery cohorts paid $500,000, officials said. On Feb. 18, agents found him bound and beaten in the bed of a pickup truck. Michael Sanfiel, Manuel Palacio, and Guillermo Del-Regato were indicted on charges of conspiracy to take a hostage.

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Muhammad's Lack Of Legal Knowledge Shows (BSUN)

By Julie Scharper

The Baltimore Sun, May 26, 2006

ROCKVILLE -- John Allen Muhammad, who aggressively hammered his former accomplice Lee Boyd Malvo with questions and shouted at prosecutors yesterday, appeared deflated today, as three witnesses whom he had called added little or nothing to his defense.

Muhammad, who is representing himself, meekly ceded to most of the prosecution's objections that his questions were leading, inappropriate or irrelevant.

The state rested its case against Muhammad, 45, yesterday after unveiling an enormous amount of evidence over three weeks, including ballistics reports, fingerprints, DNA and Malvo's firsthand account of the pair's murderous rampage. Muhammad is on trial in Montgomery County for six counts of murder in the October 2002 sniper shootings.

One of the defense witnesses, Heidi Mansen of Silver Spring, said outside the courtroom that she believes Muhammad is guilty of the slayings, and she hopes her testimony won't sway the jury.

"I'm hoping that my testimony amounts to nothing compared to the other evidence against him," Mansen said. She testified that she saw a red car feet away from the scene of one of the sniper shootings. Police later said that the car was not involved in that crime.

"I felt bad because I had testified against the wrong person," Mansen said. "Just because I saw something doesn't mean that's what really happened."

Muhammad's lack of legal finesse hampered his efforts in questioning other witnesses.

He doggedly tried to ask a Secret Service agent about a report that could not be entered into evidence as prosecutors successfully blocked nearly every question.

A third witness, Elgin Jamison of Oxen Hill, testified that he saw an unusual white van parked several hundred yards away from one of the shooting sites an hour before the murder occurred. Early in the spate of shootings, which left 10 people dead and three injured in the Washington area, police released a sketch of a white box truck wanted in connection with the shootings.

Jamison was one of thousands who called tip lines and reported seeing white trucks or vans. Police later released a description of Muhammad's 1990 blue Chevrolet Caprice, which led to the arrest of Muhammad and Malvo. Both have been tried and convicted for sniper slayings in Virginia. Muhammad is on death row for a sniper murder there.

Several people Muhammad planned to call refused to come, saying they didn't want to take part in his defense because of his notoriety, according to an attorney who is helping Muhammad with his case.

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"I've been threatened, I've been chased off people's property, I've had people's subpoenas balled up and thrown away right in front of me," said lawyer J. Wyndal Gordon.

Robert Metzger, who testified today that he saw two suspicious people at a Bowie middle school three days before a 13-year-old boy was shot there, said he initially tried to avoid appearing for Muhammad. He eventually agreed when Gordon found him.

"That guy killed a lot of people," Metzger said after his testimony. "I don't want to be a part of that."

Montgomery Circuit Judge James L. Ryan quashed Muhammad's subpoena for Fairfax County, Va., Detective June Boyle, who questioned Malvo after he and Muhammad were arrested Oct. 24, 2002.

Malvo told Boyle that he was the triggerman in all 13 sniper shootings, but Malvo testified this week that he lied to protect Muhammad and said Muhammad was the triggerman in 10 shootings. When prosecutors objected to the plan to call Boyle, Muhammad claimed Boyle fed sniper details to Malvo when he confessed.

"The information that Lee Boyd Malvo allegedly told her he didn't tell her," said Muhammad, who wanted to probe Boyle about notes she took during the lengthy interview. "She told him all the details pertaining to this crime."

Ryan said Muhammad missed his chance to ask Malvo about the interview and ruled against him.

"Those areas are not relevant to the evidence as it is being presented," he said.

Malvo agreed to plead guilty to the same six Maryland murders this week and gave a detailed, inside account of the planning and execution of the sniper shootings. He said Muhammad devised the scheme to terrorize the region, and planned even more killings.

Muhammad and Malvo are also suspected of earlier shootings in Maryland, Alabama, Arizona, Georgia, Louisiana and Washington state.

Muhammad claimed he and Malvo were simply driving around the Washington, D.C., area looking for the children Muhammad has lost in a custody battle. He said in his opening statement that he would prove himself and Malvo innocent.

Muhammad Gets Little Help From His Witnesses (WT)

By Jon Ward

The Washington Times, May 26, 2006

Convicted sniper mastermind John Allen Muhammad had little luck yesterday with witnesses he called in his defense, so today he might testify himself.

"I reserve the right to answer that [later]," Muhammad told Montgomery County Circuit Judge James L. Ryan, when asked whether he planned to put himself on the stand.

Muhammad is representing himself, even though he has no legal training, and prosecutors objected to more than half of his hundreds of questions to witnesses yesterday, often successfully.

Muhammad, 45, is charged with six counts of capital murder stemming from the October 2002 sniper spree.

If he does take the stand, Muhammad's testimony would take the form of a "presentation," his standby attorney, J. Wyndal Gordon, said.

Closing arguments are expected Tuesday.

Muhammad called four witnesses yesterday after calling his first three Wednesday, and hopes to call "three or four" today, Mr. Gordon said.

But Mr. Gordon said many people subpoenaed by Muhammad have refused to come to court.

"Witnesses don't want to be a part of Mr. Muhammad's defense," Mr. Gordon told the judge. "They're saying, 'I don't care what you do, even if you send the sheriff's deputies after me, I'm still not coming.'

"I've been threatened. I've been chased off people's properties. ... I've had subpoenas balled up and thrown at me," Mr. Gordon said. "I didn't realize how dangerous serving subpoenas could be."

The few witnesses who did come to court said that they didn't want to be there and that they didn't want to help Muhammad.

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"It was scary testifying for someone that you believe actually did it, and not wanting to help his case, but I had to tell what I saw," said Heidi Mansen, a Silver Spring architect who saw the sniper's sixth shooting.

Mrs. Mansen was in her car at a stoplight, heading north on Georgia Avenue Northwest, just inside the District line, on Oct. 3, 2002, when Pascal Charlot, 72, was shot on the sidewalk to her right.

The red car between Mrs. Mansen's car and Mr. Charlot sped off from the light as soon as the shot was fired.

Mrs. Mansen chased the car and called police, who pulled over the car in Maryland, just inside the Beltway. The car's driver was arrested on drug charges that were not related to the sniper shootings.

Robert Metzger, who ran a youth program at Benjamin Tasker Middle School in Bowie two days before 13-year-old Iran Brown was shot there Oct. 7, 2002, also testified for Muhammad yesterday against his will.

"I didn't want to be talking to him," Mr. Metzger said.

Mr. Metzger said he saw two strange men in the woods next to the school on the evening of Oct. 4, 2002, a Friday, and told them to leave. He said he had never seen Muhammad before.

Outside the courtroom, Mr. Metzger said he understood that Muhammad "wanted me to make [him] look good," and then cursed.

Muhammad questioned Ralph Daigneau, a Prince William County, Va., detective who is organizing the trial evidence, for about two hours, probing his handling of the evidence.

Muhammad also tried to call Fairfax County Detective June Boyle to the stand. Lee Boyd Malvo, Muhammad's accomplice, told Detective Boyle after he was arrested that he shot all 13 victims. In two days of testimony this week, Malvo said he lied to Detective Boyle to protect Muhammad.

Malvo once considered Muhammad a father figure, but said this week in court that Muhammad is a "coward" who pulled the trigger in 10 of the 13 shootings.

Judge Ryan denied Muhammad's request to question Detective Boyle. The judge also told the jury that prosecutors, despite Muhammad's many complaints, have provided all the evidence required under law.

Muhammad and Malvo each were convicted of one fatal shooting in Virginia, two of the 10 fatalities in the three-week spree that also left three persons wounded.

A Virginia Beach jury sentenced Muhammad to death, but authorities said they brought him to Montgomery County for insurance, in case his first conviction is overturned. A Chesapeake, Va., jury sentenced Malvo to life in prison without parole. In Montgomery County, he testified this week for the prosecution and pleaded guilty to the six slayings for which Muhammad is being tried.

Witnesses In Sniper Trial Wary (WP)

By Ernesto Londoño And Eric Rich

The Washington Post, May 26, 2006

Call it the uncooperative witness defense.

Sniper John Allen Muhammad, who submitted a list of nearly 180 potential witnesses and has closely guarded his defense strategy at his trial in Montgomery County, intends to call no witnesses after today.

"The difficulty we're having is witnesses don't want to be a part of Mr. Muhammad's defense," J. Wyndal Gordon, one of Muhammad's standby attorneys, told the judge. "I've actually been told: 'I don't care what you do. If the judge wants to send the sheriff after me, so be it. I'm not coming.' "

Closing arguments could come as soon as Tuesday, and a verdict on six first-degree murder charges in the October 2002 shootings is likely before the end of next week.

Muhammad questioned three witnesses Wednesday and five yesterday. Most had been near one of the sniper shootings and gave police statements that didn't incriminate Muhammad. None offered an account that contradicted the case prosecutors have laid out in recent weeks. But getting those witnesses to show up was a struggle.

"I've actually been threatened. I've been chased off people's property. I've had subpoenas balled up and thrown on the ground right in front of me," said Gordon, who with two other lawyers volunteered to represent Muhammad after he fired his

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public defenders and asked to represent himself. "It's been a very abusive situation. . . . I didn't realize how dangerous serving subpoenas could be."

Other defense witnesses included a Prince William County police officer who described a small clerical error that delayed obtaining a mouth swab to get a sample of Muhammad's DNA. Another was a U.S. Secret Service forensic document examiner who was not allowed to answer questions about documents he reviewed in connection with the case because he was not testifying as an expert witness.

While cross-examining Maria Jimenez, who heard a blast near one of the shootings, Muhammad appeared to grow irritated by her answers and called her "hostile."

At one point, for no apparent reason, he demanded to know: "Are you a citizen of the United States?"

A startled Jimenez did not have to answer after Circuit Court Judge James L. Ryan sustained the prosecutors' objection to the question.

Another witness, Robert Metzger, testified yesterday that he had a bizarre encounter with two men outside a Bowie school three days before Iran Brown, a 13-year-old student at the school, was shot.

Muhammad was apparently trying to prove that two suspicious people who did not meet the description of him or accomplice Lee Boyd Malvo were near the shooting scene.

"There were actually two guys back there, and one of them was kind of like chanting, and I didn't really go too close to them to ask them what he was doing. He said he was praying for the grounds," Metzger testified. "The guy was whacked out. You could kind of tell he was messed up. What this has to do with this, I don't know."

Metzger said later that he disregarded a defense subpoena that asked him to show up Wednesday. Gordon stopped by his home yesterday morning and drove him to court.

"They were trying to get me to help that dude," Metzger said after he finished testifying. Later he said, "I don't even want to be here."

The defense expects to call three witnesses today. Muhammad, 45, could also choose to testify. Malvo, 21, agreed to plead guilty to the killings and testified against his former mentor this week.

Because he is representing himself, Muhammad would have to testify in narrative form, an unusual format during which defendants speak freely. Muhammad declined to tell Ryan whether he will testify.

"I'm reserving the right to answer that right now," Muhammad said.

A Killer's Testimony (WP)

The Washington Post, May 26, 2006

WHATEVER Lee Boyd Malvo's reasons were for testifying against fellow sniper John Allen Muhammad this week -- whether to curry favor with prosecutors, or to redeem himself with the victims and their families, or to confront and defy his former mentor at last -- his appearance shed some light on the motive and method behind the pair's murderous binge in October 2002.

Taking the stand as a prosecution witness at Mr. Muhammad's trial on six counts of murder in Montgomery County, Mr. Malvo -- already sentenced to life in prison without the chance of parole in Virginia -- laid out the older man's sinister purpose in undertaking the series of killings that paralyzed this region for weeks. Mr. Muhammad's intent, Mr. Malvo suggested, was to induce a wave of mayhem in the Washington area that would somehow allow him to take back his three children, whom he had lost to their mother in a custody dispute and who were living in Clinton. The wave of shootings was just the first phase of Mr. Muhammad's plan, Mr. Malvo said; after that he intended to plant bombs that specifically targeted children.

Mr. Malvo also provided details about the pair's methodology in surveying sites and identifying victims -- in some instances while under cross-examination by Mr. Muhammad, who acted as his own lawyer. By representing himself, Mr. Muhammad was within his constitutional rights, but he did himself no favors. Rather than establishing a plausible defense, Mr. Muhammad, who has already been sentenced to die in Virginia, seemed more interested in displaying his old psychological dominance over Mr. Malvo, his former protege. His self-advocacy was a perversion of legal defense work and a platform for his own megalomania and extravagant self-regard.

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We don't know whether Mr. Malvo's appearance provided any psychological comfort or closure for the surviving victims and their loved ones. For the most part, the face-off between two killers was a sickening spectacle. But it did fill in the blanks of what is publicly known about an event that traumatized this region and left lasting psychological scars, and that has its own value. Mr. Malvo may finally have come clean as to the events of that grim autumn, particularly when he looked Mr. Muhammad in the eye and said: "I think [you are] a coward. You took me into your house, and you made me a monster."

Psychiatric Care Denied To Gunman, Attorney Says (WP)

By Tom Jackman

The Washington Post, May 26, 2006

In the three months before he fatally shot two Fairfax County police officers, Michael W. Kennedy and his parents tried numerous times to get him immediate psychiatric help, their attorney said. Four times, Kennedy was sent home without getting help, and two mental health facilities told them not to bother coming in at all.

On one occasion, Kennedy, 18, who by this time claimed he was talking to God and was threatening suicide, was voluntarily admitted to a mental health facility in Rockville. But after several hours, he left of his own accord and carjacked a vehicle to return home to Fairfax.

"This young man was crying out for help," said Richard F. MacDowell Jr., the attorney for Brian and Margaret Kennedy, Michael Kennedy's parents. "On at least five occasions, they sought mental health services and were turned away. I can't think of another case that would be this compelling as to how ineffective our mental health system has become."

Michael Kennedy's last contact with mental health professionals occurred May 4, four days before he carried seven loaded guns to the Sully District police station and opened fire, MacDowell said. Kennedy fatally shot Detective Vicky O. Armel and Officer Michael E. Garbarino before being shot to death by other officers.

MacDowell spoke on behalf of Kennedy's parents to express their frustration at a system that seemed unable or unwilling to help their son. MacDowell said Kennedy's mental condition was never diagnosed, except for "a generalized diagnosis of depression and then anxiety at the end. This was somebody who was obviously deeply troubled."

Despite Kennedy's mental problems, the parents did not remove their guns from their home because the weapons were kept in locked containers, MacDowell said. The Kennedys did not expect their son to break into them.

Police could not verify the family's version of events, because the Kennedys have not met with authorities in the investigation of the killings. MacDowell said he could not comment on the reasons for that.

Beginning in February, Kennedy was evaluated twice at the Woodburn Center for Community Mental Health in Annandale and twice at Prince William Hospital in Manassas but was turned away all four times, MacDowell said. He was not given any medication or a plan for treatment. Officials at those facilities said they could not discuss individual cases because of privacy laws.

Woodburn is part of the Fairfax-Falls Church Community Services Board, with mental health professionals available 24 hours a day to evaluate people and, if necessary, recommend that they be hospitalized, even involuntarily. Prince William Hospital has its own psychiatric inpatient ward.

Experts said the refusal to treat Kennedy is far from surprising.

"Particularly here in Northern Virginia, it's so hard to get somebody in when they need psychiatric care," said Mary Zdanowicz, executive director of the Treatment Advocacy Center in Arlington. She said the definition of who must be given immediate treatment -- a person who is in "imminent danger" of harming himself or others or is incapable of caring for himself -- is usually interpreted too strictly, often because facilities don't have room for anyone but the most obviously dangerous people.

Northern Virginia has lost about one-third of its private psychiatric beds in the past three years and more than half of its beds -- a decrease from 402 to 196 -- since 1990, Zdanowicz said. The one state mental hospital in the region, Northern Virginia Mental Health Institute in Fairfax, is "always full," Zdanowicz said.

"The people that desperately need care aren't getting help."

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Kennedy's family knew he needed help and had him seeing a private therapist early this year, MacDowell said. But on Feb. 13, while home alone, the teenager shot the family dog. Kennedy told police and friends that he had been suicidal that day, then decided against killing himself but accidentally fired a gun and hit the dog.

MacDowell said police took Kennedy to the Woodburn center that day. After an evaluation, "they determined he was not in need of future services. They had been told that he was seeing a therapist" and advised that was sufficient, MacDowell said.

Kennedy returned to Woodburn with his parents on Easter Sunday, April 16, after he told them "he's got to be seen by somebody," MacDowell said. After a lengthy evaluation, MacDowell said Kennedy was told: "You're too smart to be here. You don't need to be here. Just go home. Here are four sleeping pills. Go see your private doctor."

The Kennedy family was not satisfied and returned to Woodburn the next day. MacDowell said a crisis intervention team met with Kennedy, determined that his family had insurance and found a bed for him at Potomac Ridge Behavioral Health Center in Rockville. He was voluntarily admitted the next day, April 18, but broke out a window later that evening and left. He told friends that he didn't like the way he was being treated. He then stole a car and drove back to Fairfax.

Euphia Hsu Smith, a spokeswoman for Potomac Ridge, said she could not discuss the specifics of Kennedy's case because of privacy laws. But she noted that "because we're a health-care facility, we're not a detention facility. We're not set up for detention, especially if someone is here voluntarily."

On April 24, MacDowell said, Kennedy's mother again tried to get her son help. She called Inova Fairfax and Dominion hospitals, both with limited numbers of psychiatric beds, and was told that there was no room, MacDowell said. She then contacted Prince William Hospital, which said that Kennedy should be brought to the emergency room.

"He's talking about cutting himself, he's suicidal and God talks to him," MacDowell said of Kennedy. "They say he's fine and give him 10 milligrams of Ambien," a sleeping pill, MacDowell said.

Donna Ballou, a spokeswoman for Prince William Hospital, said the hospital disagrees with MacDowell's claims but could not be more specific because of privacy laws.

By early May, Kennedy was talking about aliens, MacDowell said. Margaret Kennedy called Prince William Hospital on May 4 and took him back to the emergency room, in tears, MacDowell said.

MacDowell said the staff thought Kennedy was claiming mental problems to evade criminal charges. "The diagnosis is anxiety," MacDowell said. "And they let him go."

"It's astonishing," MacDowell said, "how the system has deteriorated to the point that a clearly troubled individual, such as Michael Kennedy, cannot receive inpatient services. Our mental health system in Virginia is essentially broken when the severely ill cannot receive vital and necessary services."

Financial Firms Attack Child Porn (USAT)

By Wendy Koch

USA Today, May 26, 2006

The nation's leading banks and credit card companies will soon team with law enforcement in a groundbreaking coalition to catch people who sell child pornography online.

The financial institutions will report child porn sites they discover on the Web to a central tip line, slated to expand next month to receive the information. The companies will block transactions for online child porn or, if law enforcement opens an investigation, help track sellers and buyers.

The Financial Coalition Against Child Pornography represents a new phase in the war against what has become a multibillion-dollar, international business. Internet service providers, including AOL, already report child porn sites they find.

“The scope of the problem is much greater than we ever thought. It's mind-boggling,” says Ernie Allen of the National Center for Missing & Exploited Children, a private group that runs the tip line. Allen says one website can attract tens of thousands of customers, mostly men, who use credit cards to buy $29 monthly subscriptions. “People are getting into this because they see children as a commodity. There's no question organized crime is involved.”

Eager to take profitability out of online child porn, Allen and Sen. Richard Shelby, R-Ala., brought together the companies.

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"This is the broadest, most comprehensive coalition we've been involved in," says Joshua Peirez, a MasterCard executive. "This is not a competitiveness issue. This is about protecting children," he says.

"I haven't seen anything like it," adds Drew Oosterbaan, chief of the Justice Department's child exploitation section. "We're here to support the effort."

Participants include Visa, MasterCard, American Express and Discover, which cover most of the U.S. credit card market. Also involved are Bank of America, Chase, Citigroup and PayPal. Visa, MasterCard and American Express say they will identify sites accepting their cards to sell child porn but won't reveal customers unless subpoenaed.

Canada Cracks Down On Rising Violence (CSM)

By Josie Newman

The Christian Science Monitor, May 26, 2006

TORONTO - The predawn sting operation last week that resulted in more than 100 arrests of individuals associated with Toronto's Jamestown gang, is being hailed as the city's largest anti-gang sweep ever. The raid netted a substantial cache of guns, cocaine, marijuana, and stolen cars, and more than 1,000 criminal charges were levied.

"The community is talking to us a lot more and providing us with crucial information since more officers started doing foot patrol late last year," says Toronto's deputy police chief, Tony Warr, who heads the city police's guns and gangs unit. "People ... seem relieved that gun-crime legislation is getting tougher," he adds.

Both the sting operation and the recent legislation are part of a larger crackdown on handguns and gang violence in Canada, particularly in Toronto where handgun murders and injuries doubled between 2004 and 2005.

But while police and the public applaud the hard-line approach, social pundits and criminology professors are skeptical that the approach is getting at the roots of the problem: poverty, illiteracy, dysfunctional families, and racism in a diverse ethnic population. They cite US cities such as Boston, where a similar initiative led to an 80 percent drop in homicide rates by 1999 - a success dubbed the "Boston miracle." But fatal shootings have more than doubled since.

In Canada, guns and gangs are a relatively new phenomenon, particularly in Toronto, known as "Toronto the Good" for its traditionally safe streets and low homicide rates. There were 52 deadly handgun shootings in the city in 2005, compared with 12 in 1995. Police and social workers alike attribute the acts largely to young black males - many of whom are the children of West Indian immigrants - who feel marginalized and drop out of school early to join the "gangsta" culture where they make quick money through drugs, guns, or prostitution.

The Ontario provincial government has earmarked $51 million Canadian ($46 million US) to spend on crime deterrence and new social programs related to education, employment, and skills training - C$5 million of that has already been spent on forming a 24-hour police street squad who ferret out drug dealers, illegal guns, and people breaking parole or on warrants for crimes in Toronto's most violent neighborhoods.

Provincial money has also been designated for a $26-million Operations Centre for the Guns and Gangs Task Force, as well as for 31 prosecutors, three judges, and several high-tech courtrooms specifically designed to try gun- and gang-related crimes.

In addition, Prime Minister Stephen Harper's new Conservative government recently introduced tough new legislation designed to curb handgun deaths, reduce the trafficking in illegal weapons, and shut down growing inner-city gangs. Coupled with other new legislation for "lesser" offenses like trying to steal a weapon, the initiatives will cost Canadian taxpayers an additional C$220 to C$240 million annually for extra prison facilities alone.

While several multimillion-dollar programs that address the educational, social, and employment needs of disenfranchised youth have been implemented over the past year, critics say effective solutions that get to the crux of the problem haven't yet been found.

"What [these kids] really want is respect, a school system that's responsive and sensitive to their social situation, money for education and employment, and positive male role models," says Anthony Hutchinson, a former professor of social work who served as a consultant to the "Safe Schools, Healthy Communities" initiative of the Conservative government last year.

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"If you give them proper funding for skills training and provide those with good [grades] free postsecondary education, many of them will turn around and teach and do social work in the communities they left. If the government saved just 25 percent of the money they use to control crime for crime prevention, they'd eliminate a lot of it and save money in the long run," he adds.

"I work in Jane-Finch, one of Toronto's most violent areas, and it's nothing short of miraculous the transformation I've seen happen with potentially violent youth once we spend consistent time with them, listening, disciplining, and guiding," says the Rev. Alvin Nicholson of Coalition of Christian Leaders, which implements Down with Guns - a C$3 million program funded by the provincial government that primarily targets black youth vulnerable to gang involvement.

"We stay with them through whatever programs they're in until they come out the other end - many of them end up then mentoring other troubled youth," says Mr. Nicholson.

But such government initiatives are often hit-and-miss, says Josephine Grey, a widow who started the nongovernmental organization Low Income Families Together several years ago in response to what she saw as a huge discrepancy between the public system's treatment of the middle class and the working poor.

The widow - who says she supports her four children on C$1,200 a month - points to the new community center built for St. Jamestown, one of Toronto's largest multiethnic, low-income areas, where she lives. The free programs, including continuing education and language classes, are primarily used by outsiders with computers, she says, because they can register more quickly.

CIVIL RIGHTS:

Man Gets 20 Months In Cross Burning (CO)

By Jen Aronoff

The Charlotte Observer, May 26, 2006

A former Morganton resident who admitted building and burning a cross has been sentenced to 20 months in federal prison, the U.S. Department of Justice announced Thursday.

In 2004, a federal grand jury accused Grady Allan Carswell, 36, now of Lenoir, of putting a burning cross in front of a black couple's home in the Bristol Creek community.

Carswell pled guilty in January 2005 to a one-count indictment related to the incident but said he burned the cross because of a land dispute with another neighbor, not out of racism.

At a sentencing hearing Monday, U.S. District Judge Lacy Thornburg rejected that argument and ordered Carswell serve the prison time followed by three years' probation. He will also have to pay the victims about $2,200 in restitution.

"Cross burning remains a vicious symbol of hatred and cannot be tolerated," Wan Kim, assistant attorney general for the Justice Department's civil rights division, said in a news release. "All American families have the right to live where they choose, undisturbed by racist threats.

Stop The Black-Only Treatment (WP)

By Michael Meyers

The Washington Post, May 26, 2006

I'm sorry to report that 52 years after Brown v. Board of Education, separate but equal is all the rage in certain parts of the education world -- especially on college campuses where special programs are offered that target minority students for "special" and separate attention, counseling, mentoring, tutoring, residences and instruction.

The latest of these race fads are the Black Male Initiatives (BMIs), government-funded and university-sponsored, and underway on campuses in states including Georgia, Kansas, Ohio, Pennsylvania and New York. The initiatives focus on recruiting, schooling and "saving" black men.

Until recently, when the New York Civil Rights Coalition filed a complaint against the City University of New York, these special programs were unassailable. But more and more they are being shown to feature new variants of an old prejudice. This has included stereotyping all black male students as "at risk," and, for example, running special classes only for black men at

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CUNY's Medgar Evers College. This special instruction focused on black men's alleged deficiencies and their need to act more responsibly in order to reclaim their traditional patriarchal roles as leaders in the black community and of the so-called black race. A tenet of the program at CUNY's Queensborough Community College is to provide black men with special tutoring, career services and academic advice. Until caught, CUNY's Hunter College invited only black male students to a planning conference on its BMI.

Many black leaders in and outside academia seem to have no objection to these figurative black-only signs over certain doorways at America's colleges. Not surprisingly, this racial identity ferment -- aka self-determination -- is proudly endorsed by white liberals disturbed by the dwindling numbers of black men on campus, as well as by many black female students for whom interracial dating is either taboo or impracticable.

Hence, college presidents are listening to their black students and to their officials for diversity and affirmative action or minority affairs, and they are setting up BMIs as a way of making life on campus more comfortable for black students. And black faculty have a new source of grants to apply for, from foundations that urge the study of the black male problem and experimentation with intervention techniques. No educator rebukes such offerings with the hard, nonstatistical truth that there is no such thing as "the black male," just as there never was such a thing as "the Negro."

While not all BMIs look alike, they're typically designed with an Afrocentric, male-domination focus, replete with outreach and links to black men's fraternal, community and pride organizations. Through emphasis on racial pride and "black male identity," black male students are encouraged, as at Medgar Evers College, to think about the status and future of the race: "The people in the village are many but the warriors are few and are now scattered; thus, leaving the borders unprotected and us as easy prey for the enemy," according to the director of the college's Male Development and Empowerment Center. Racial breast beating is a powerful ingredient in winning and securing support for such separatist programming.

Some BMIs are open to all students, for legal reasons. But the nomenclature shows a mission of serving and rescuing "at risk" black men from their alleged self-destructive behavior and from the afflictions of their environment. Only legal curmudgeons, it seems, would stand in the way of college as parent and social engineer, full of missionary zeal to bring rehabilitation and redemption to the wretched, conflicted souls of black men.

When the college takes on such tasks it is only confirming and reinforcing pernicious racial stereotypes. The penchant to isolate, track and segregate black men is a deeply offensive and nasty American social habit, and programs that parrot and mirror such group prejudices are as crude as they are paternalistic. Indeed, schools treating black men separately and differently from all others of similar age and qualification is exactly what federal Judge Robert L. Carter cautioned against in his indictment of proposals for public schools for African American boys. "The advocates of this panacea place no blame on the public school system," Carter said, but black males "are stigmatized and must be isolated from others in order to develop into productive adults."

The psychologist Kenneth Clark, who was my mentor and whose research did so much to bring about Brown, steered his colleagues on the New York State Board of Regents away from state-sponsored racial thinking. He persuaded them in 1972 to declare as policy that college officials were to avoid "any practices which would perpetuate a caste system in which groups are placed in certain stereotyped positions with little regard for the needs and desires of the individual." That policy continued: "Racist patterns of segregation can lead only to blocked communications, with a resultant social climate that is close and tense, if not hostile. Moreover, the de facto segregation of a minority group, even if demanded by that group, often results in peer pressure on individuals which may lead to intragroup hostility."

Dr. Clark died just last year, by which time the regents had long since abandoned the wisdom in that policy.

The writer, a former assistant national director of the NAACP, is executive director of the New York Civil Rights Coalition.

ANTITRUST:

Benit, Wife Face Fraud Charges (AANEWS)

By MARJORIE KAUTH-KARJALA, News Staff Reporter

Ann Arbor News (MI), May 25, 2006

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Fired Willow Run superintendent arrested in Ecorse district case

Former Willow Run schools superintendent Douglas A. Benit and his wife face federal criminal charges that they defrauded another school district and a federal program out of millions of dollars by steering contracts to companies they owned.

Benit and his wife, Mary Ann Elam Benit, were arrested Wednesday, a day after a federal grand jury in Detroit returned the indictment. Both were released on $10,000 personal bonds and are scheduled to be arraigned May 31 in federal District Court in Detroit.

Neither Benit nor his wife could be reached for comment. Benit's attorney in another matter, Don Gasiorek, said he is not representing Benit in the criminal matter and had no comment.

Benit was fired from Willow Run last fall after a district investigation concluded that Benit had a conflict of interest with two companies that did business with the district and that he may have benefited from the connection. There have been no charges stemming from the Willow Run investigation, although Justice Department officials said the probe is continuing.

The federal indictment includes charges of fraud against the Ecorse Public School district and a federal program called E-Rate, which was intended to help school districts gain better Internet access. Benit was subpoenaed to testify before Congress concerning the E-Rate investigation in 2004. He appeared but declined to testify, citing the protections of the 5th Amendment to the Constitution.

The indictments against the Benits are part of an ongoing antitrust investigation into the E-Rate program by the Justice Department that has resulted in charges against 13 people and 12 companies across the country. Six of the companies and three people have either pleaded guilty or have entered into civil settlements with the defendants agreeing to pay fines and restitution of more than $40 million. Two of the defendants have been sentenced to six years in prison, according to a statement from the Justice Department.

Other charges against the Benits include using fraudulent documents to obtain a line of credit and a mortgage to purchase the couple's Superior Township home and also laundering money. There are nine charges against Benit, with some of the same charges levied against Mary Ann Elam Benit. Charges were also filed against Coral Technology Inc. and School Management Services Inc., both companies that Benit helped form and of which he was an officer.

The indictment also indicates that Benit had three aliases that he used to disguise the fraudulent activities. The indictment states that the government will proceed with forfeiture proceedings for the Benits' assets, including their home, which in January was listed for sale for $1.5 million.

The indictment alleges that the Benits attempted to obtain contracts for projects at the Ecorse school district for about $7.27 million. Many of the contracts were directly with Coral Technology and some were with companies that used Coral as a subcontractor. Some of the contracts were refused by the E-Rate program, but the indictment states that Ecorse paid Coral at least $4.3 million.

Benit at various times between 1999 and 2003 identified himself as an officer, employee or chief executive officer of Coral Technology, the indictment states. Benit was employed in Ecorse from 1997-2003. Mary Ann Elam Benit, who married Benit in 2005, worked for Coral, according to the indictment. Elam Benit, Benit and others falsified documents to obtain payment from the Ecorse district, the indictment states.

The indictment alleges that Benit used the aliases J.D. Howen, D.J. Howen and Jack Howen to conceal his relationship to Coral. While working for Ecorse schools, Benit used the name J.D. Howen to bid on a project for Coral with another school district. An Ann Arbor News investigation found that Howen was listed as an officer for Coral, along with Benit, on a 1999 Ohio tax record.

The indictment also alleges that Benit paid a former Coral employee in exchange for the employee not reporting Benit's dual roles at Ecorse and Coral.

Penalties for the charges range from five to 30 years in prison. Statutory fines for the charges range from $250,000 to $1 million, and the fine can be increased to twice what either the victim lost or the perpetrator gained from the fraud.

Willow Run Community Schools Superintendent Ron Ciranna, who helped investigate Benit's actions in the district, said people in Willow Run generally trusted Benit but there were signs that made some uneasy. Benit worked for the district from June 2003 to June 2005.

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Benit was out of the district often and "was always evasive of where he was or how to get a hold of him," Ciranna said. Ciranna said he hopes the investigation will uncover more information on Benit's actions in Willow Run and possibly result in restitution. The district paid about $260,000 to the two companies that Benit was connected with.

Rhonda McGill, president of the Kettering Elementary PTO, said she was saddened by the indictment.

"What a really unfortunate thing. (The parents) tried to support him and stick by him because he had done such good things for the school," she said.

McGill said Benit helped increase enrollment and improved communication. But McGill said she was glad the district investigated the issue and took action.

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Ex-school Leader Accused Of Fraud (FREEP)

By Lori Higgins, Free Press Education Writer

Detroit Free Press, May 26, 2006

Ecorse district, U.S. government lost money

A former assistant superintendent for Ecorse Public Schools has been indicted, along with his wife, on federal charges for their alleged roles in steering almost $7.3 million from the district and a federal program to a company they had ties to.

Douglas A. Benit and Mary Ann Elam Benit of Superior Township, who were indicted Tuesday and arrested Wednesday, have been released from federal custody on $10,000 unsecured bonds.

Douglas Benit faces charges of federal program fraud, mail fraud, bank fraud and money laundering. Mary Ann Elam Benit is charged with bank fraud and money laundering.

Both will be arraigned Wednesday. If they're convicted, penalties could go as high as 30 years in prison and a $1-million fine.

The Benits could not be reached for comment Wednesday. A message was left late Wednesday for the attorney who represents them.

The U.S. Department of Justice says Benit used his position in the district, which he left in 2003, to steer contracts -- sometimes at inflated prices -- to Coral Technology Inc., an Ohio company he controlled. It allegedly occurred from March 1998 to October 2003.

The money came from the federal E-Rate program, which provides funding for Internet access and other telecommunications services to poor schools and libraries. The indictments bring to 13 the number of individuals charged as part of the Justice Department's ongoing investigation into fraud in the E-Rate program. Twelve companies have been charged.

The department "will continue to vigorously pursue those who cheat the competitive process and who violate the public's trust ... by stealing from federal programs and taking advantage of lending institutions," Thomas O. Barnett, assistant attorney general in charge of the department's antitrust division, said in a news release.

School officials in Ecorse had little to say Wednesday.

"At this time, I have no comment. Our attorney will be issuing a statement," said Ecorse Superintendent Emma Epps. That attorney, Floyd Allen of Detroit, could not be reached Wednesday.

Carol Salisbury, a Board of Education member, hung up on a reporter Wednesday, saying "I have no comment on this. Sorry."

Also silent was board Vice President Virginia Martinez, who said she couldn't comment because she didn't know anything about it. "I didn't even know he was married," she said.

According to Justice Department officials, the school district is assisting in the investigation, which is ongoing.

Benit resigned from the Ecorse district in 2003 and took a job as superintendent of the Willow Run Community Schools in Ypsilanti. The Willow Run Board of Education fired him at a Nov. 14 meeting and authorized school district attorneys to pursue a lawsuit against him, according to minutes of the meeting on the district's Web site.

It was unclear Wednesday what precipitated Benit's firing from Willow Run.

Among the allegations detailed in the indictment:

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• The Benits, along with Coral and another company they controlled, School Management Services, conspired to launder fraudulently obtained money to purchase and make improvements to their Superior Township home.

• Douglas Benit schemed to defraud a lending company to obtain a $893,750 mortgage.

• He and his wife schemed to defraud a bank, causing the bank to issue Douglas Benit a $200,000 line of credit.

• He and his wife used aliases to conceal their involvement with the companies that received contracts from the Ecorse district.

UPDATE: House Judiciary Panel Votes To Ban Content Fees (DOW)

By Siobhan Hughes, Of DOW JONES NEWSWIRES

Dow Jones, May 26, 2006

WASHINGTON -(Dow Jones)- The House Judiciary Committee on Thursday voted to ban the nation's phone and cable companies from charging extra fees to companies such as Amazon.com Inc. (AMZN) (AMZN) and Google Inc. (GOOG) (GOOG) for speedier delivery of their content.

By 20-13 the panel approved legislation being pushed by more than 100 consumer groups and businesses. The vote was, at least on the surface, a blow to Verizon Communications (VZ) (VZ) and AT&T Inc. (T) (T), which have said that new regulations may undercut their ability to invest in high-capacity networks.

House Judiciary Committee Chairman James Sensenbrenner, R-Wis., is speeding ahead with the bill to assert court jurisdiction over a matter that some would prefer left to regulators. In so doing, he is also seeking to counter efforts by phone companies to keep open the option of building business plans organized around additional fees.

"While the technological dynamics of the marketplace have changed over time, the threat of dominant firms abusing their market power to restrain competition has not," Sensenbrenner said.

One strategy he could employ is to attach his measure to a broader telecommunications bill that may reach the House floor as soon as next month. That broader bill, developed by House Energy and Commerce Committee Chairman Joe Barton, R-Texas, is favored by phone companies as it would make it easier for them to roll out cable television service.

However, it is unclear whether Sensenbrenner's measure would be considered germane to the broader telecommunications legislation. That, combined with a sense of reluctance from even those who voted with Sensenbrenner, underscores the obstacles facing the latest efforts to ensure that Internet sites may be downloaded without regard to whether the Web site has made payments beyond those they already make to access the network.

"I think the bill is a blunt instrument," said Rep. Chris Van Hollen, D-Md., who nonetheless voted for the bill, saying he wanted to ensure that telecommunications issues stayed within the purview of the Justice Department and antitrust laws.

The Federal Communications Commission last August weighed in on the so-called "net neutrality" debate, issuing a policy statement saying that consumers should be able to access lawful content, run any application they choose, connect their own lawful devices and have the benefit of competition.

However, the FCC didn't adopt official rules. As a result, the policy isn't enforceable.

-By Siobhan Hughes, Dow Jones Newswires; 202-862-6654; siobhan.hughes@ dowjones.com

Google Reaches Agreement To Have Its Software Installed On New Dell Computers (NYT)

By Laurie J. Flynn

The New York Times, May 26, 2006

SAN FRANCISCO, May 25 — Google and Dell have reached an agreement to install Google software on millions of new Dell computers over the next few years, Google's chief executive said on Thursday.

The executive, Eric E. Schmidt, said the arrangement meant that Google's search toolbar would appear on the screens of new Dell systems, and that Dell users would be directed to a Web page branded by the two companies.

Mr. Schmidt, speaking at a Goldman Sachs Internet conference in Las Vegas, said the companies would share revenue from the deal.

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While financial terms were not disclosed, many analysts assumed that Google would pay Dell a fee for the arrangement. If that is the case, said Safa Rashtchy, an analyst with Piper Jaffray, this will be the beginning of a era in which Google pays for alliances in order to maintain its growth rate.

Spokesmen for both companies declined to comment.

Mr. Schmidt said that this would be first of several agreements with Dell. The time period of the deal was not disclosed.

The software, Dell said, would be put only on machines sold to consumers and to small and medium-size businesses. While the consumer market accounted for roughly 14 percent of Dell's revenue last quarter, the deal would nonetheless involve millions of new computers over time.

Google could receive a significant boost in its intense competition with Microsoft for search advertising revenue. By ensuring prime real estate on Dell computers, Google will gain exposure to millions of consumers who might otherwise have used Microsoft's search technology.

The agreement comes only two weeks after the Justice Department found that the design of Microsoft's new Web browser did not pose a threat to competition in the Internet search market. Google had expressed concern to antitrust officials that Microsoft's browser routinely steered users to its search service, MSN, giving it an unfair advantage.

"This is very important for Google, particularly if you look at how Microsoft is going to be pushing its search technology by embedding it in Internet Explorer," Mr. Rashtchy said. "Most people are going to stay with the default search technology that comes with their machine."

Google announced the deal at the close of regular trading. Shares of Google rose $1.74, to $382.99, and were roughly unchanged in after-hours trading. Dell shares increased 12 cents, to $24.30, then rose another 8 cents in after-hours trading.

The prospect of additional revenue from the deal would be a welcome lift for Dell, which has been struggling to hold onto its market share and maintain the heady growth rates it once enjoyed. Dell's profit declined 18 percent in the first quarter, though revenue grew 6 percent, mainly from growth overseas.

"It's a slight positive for Dell," said Cindy Shaw, vice president for research at Moors & Cabot. "But it will not solve Dell's larger issues. It's not going to be what gets people to buy a Dell."

Dell To Sell PCs Installed With Google's Software (SEATIMES/BLOOM)

By Connie Guglielmo And Jonathan Thaw, Bloomberg News

The Seattle Times, May 26, 2006

Dell, the world's biggest maker of personal computers, will sell PCs installed with Google software, dealing a setback to Microsoft's longtime control of the desktop.

Under the three-year agreement, Dell will offer machines with Google programs for searching hard drives and e-mail as well as its Web browser tool bar, Google Chief Executive Officer Eric Schmidt said at a conference in Las Vegas that was sponsored by Goldman Sachs.

The accord is a victory for Google, the world's most-used search engine, putting its software before 100 million new PC owners over the life of the deal. Until now, Microsoft's Internet browser and services have been the default settings on Dell PCs and the agreement may derail Microsoft's attempts to draw users to its search services with its new Windows operating system.

"The gloves have come off," said Jordan Rohan, an analyst at RBC Capital Markets in New York. He rates Google "outperform" and said he doesn't own it. "This is a bare-knuckles distribution move for Google."

Google's software will be installed on Dell's PCs by the end of this month, Dell spokesman Jess Blackburn said. He declined to comment on financial terms of the deal.

The transaction came hours after Yahoo, the No. 2 search engine, and eBay, the largest online auctioneer, said they formed an alliance to combat Google's grip on the Internet.

Schmidt said he won't outline terms of the deals. The companies will share revenue, he said. "The real reason to do this is the end-user benefit," Schmidt said. Google's software is designed to make computers easier to use, he said.

Google will probably pay Dell a fee of about $5 to $10 for each PC, Rohan said. That would hand Dell a new revenue stream as it grapples with a slide in sales and profit growth. Dell Chief Executive Officer Kevin Rollins is struggling to re ignite

sales after Dell last week reported first-quarter earnings that missed a February forecast. Price cuts crimped profit and failed to spur orders as anticipated.

"For a long time, PC makers have wanted to sell real estate on their systems because it's prime real estate," said Roger Kay, an analyst with Endpoint Technologies Associates in Wayland, Massachusetts. "If they get a few bucks per copy, that could add up to a lot of money."

Hewlett-Packard declined to comment on whether the company is considering a deal with Google, according to spokesman Ryan Donovan. Hewlett-Packard is the world's No. 2 PC maker.

Google will be able to recoup the money quickly through revenue from search-linked ads, RBC's Rohan said. A payment by Google of $5 for each PC would be made back in about 12 clicks by users on a Google ad, Rohan said. Google gets between a few cents to tens of dollars each time a user clicks on its ads.

Dell sold 37.7 million PCs in calendar 2005, according to market researcher IDC. The company sold 9.64 million PCs in the calendar first quarter, down from 10.5 million in the fourth quarter, IDC said.

The deal curbs Microsoft's ability to close the gap with Google. Microsoft is putting search in the new Vista version of Windows, scheduled to hit stores in January, in an effort to encourage more customers to use it.

While Microsoft dominates desktop software, Google has four times more users for its Internet search and Google leads in advertising revenue. Microsoft CEO Steve Ballmer escalated spending on the company's MSN Internet unit to challenge Google and reclaim share of Internet search.

Microsoft handled just 11 percent of U.S. searches in March, compared with Google's 49 percent, Nielsen//NetRatings data show.

In the new Windows, Microsoft has placed search panes on the start menu, the Internet browser, as well as the program that helps users organize files and folders. The new version of Office also has search integrated into its programs.

Google's ability to buy a place on Dell desktops was made possible by a settlement between Microsoft and U.S. government regulators. Microsoft, in its settlement after the U.S. antitrust case, agreed to allow PC makers to promote and highlight rival software on their machines.

The company was found to have violated antitrust law by restricting computer makers from changing the way Windows was displayed when users turned on their machines in a bid to shut out rival Netscape Communications Corp.'s browser.

Google complained to the European Commission about Microsoft's new browser, which directs Web surfers to Microsoft's MSN and other search sites.

"The Dell deal and similar deals like it are the Vista vaccine," Rohan said. "They help to prevent against a loss of share between a tight integration between Vista and MSN search."

Yahoo, EBay Team In Battle With Google (USAT)

By Jefferson Graham

USA Today, May 26, 2006

LOS ANGELES — In a bid to challenge Google's growing domination of the Internet, auctioneer eBay joined forces with Google rival Yahoo on Thursday. The alliance brings text-based advertising to eBay from Yahoo and eBay's PayPal payment program to Yahoo.

“This is a real boost for Yahoo at a time when they really needed it,” says Allen Weiner, an analyst at researcher Gartner. “Yahoo is in a battle to the death with Google and Microsoft, and getting eBay's base into the Yahoo network will make people look at Yahoo's ad platform as a real plus.”

Weiner says PayPal represents 20% of eBay's revenue. Expanding PayPal to the Yahoo network “is an interesting way for Yahoo to offer digital content for sale, like movies and TV shows, and offer its customers a really easy way to pay for it.”

Yahoo is the most visited website, with more than 100 million monthly visitors. But it has been losing market share in online searches to Google, which dominates the hot search advertising business — those little text ads that appear near search results. According to measurement firm ComScore Media Metrix, Google's search share rose 6.6% in April over the same time a year ago, while Yahoo's fell 2.7%.

EBay, the Internet's fifth-most-visited site, according to ComScore, is also the Internet's largest purchaser of search ads, says John Battelle, who runs the Searchblog website. “It was inevitable that Yahoo and eBay would do this deal, because eBay needed to counterbalance its dependence on Google for traffic,” he says.

John Donahoe, president of eBay's marketplace division, says eBay supports its network of sellers by advertising their wares elsewhere on the Web with a heavy use of search-based “keyword” advertising. In the past year, eBay's purchases of keywords for use in search queries has gone from 1 million to 15 million keywords, he says.

Google late last year introduced a classified-ad service, Google Base, where individuals can buy and sell goods. Google has consistently denied that it was going after eBay's business.

Yahoo and eBay executives insisted Thursday that competitive pressures with Google had nothing to do with their deal. “We're not focused on what others do but what we think is best for our community,” said Yahoo Chief Operating Officer Dan Rosensweig.

Yahoo until recently provided search advertising for Microsoft's MSN. This year, Microsoft introduced its own ad platform.

Donahoe says no money is changing hands in the deal with eBay. Instead, both companies will share revenue, splitting proceeds from advertising and PayPal fees.

Martin Pyykkonen, an analyst at securities firm Hoefer & Arnett, says he doesn't expect the deal to generate a lot of cash immediately for either company.

The alliance is more “tactical,” he says. “Yahoo and eBay have a common enemy, Google, and they're both protecting themselves.”

New Tech Alliances Signal More Scrambling Ahead (WSJ)

By Kevin J. Delaney, Mylene Mangalindan And Robert A. Guth

The Wall Street Journal, May 26, 2006

The land rush over the Internet entered a new phase yesterday as four tech titans -- Yahoo Inc., eBay Inc., Google Inc. and Dell Inc. -- announced alliances that signal more jockeying ahead over access to online consumers and the advertising they view on the Web. The high-profile deals also raise fresh questions about Microsoft Corp.'s efforts to keep step in the race.

Yahoo and eBay unveiled a broad partnership under which eBay will display ads brokered by Yahoo on its U.S. online auction site and marketplace. Yahoo will promote eBay's PayPal electronic-payment system as a way for consumers to pay for Yahoo services.

Separately, Google and Dell confirmed an agreement to install Google software on Dell PCs before they are shipped to users. The deal, which Dell says could include as many as 20 million computers a year, will get Google's search services and ads in front of more users.

The agreements are the result of behind-the-scenes efforts by tech companies big and small to form alliances that strengthen their efforts to own a bigger piece of the Web landscape. At stake are huge future profits from Internet users and advertisers, whose buying and spending habits are still in flux.

EBay's decision to tie up with Yahoo appeared to be a tacit acknowledgement that it didn't feel comfortable more closely aligning itself with long-time partner Google, which has begun efforts over the past year that some believe compete with eBay in areas such as payment services and listings. Meanwhile, Google's Dell pact was driven partly by Google's desire to keep a leg up on Microsoft, say people familiar with the matter.

The deals come amid growing ambitions of the Internet companies that increasingly have them encroaching on one another's turf. Rivalries are building as Internet penetration in the U.S. has reached a mature, slower-growth phase. That augurs more battles over attracting and retaining current Internet users, who are increasing the time they spend online. At the same time, relationships among many Internet companies exist already, complicating rivalries and prospective alliances.

More scuffles for new alliances appear to already be underway. Google and Microsoft, for example, are competing to provide search technology and related advertising to News Corp.'s Fox Interactive Media division, which includes the popular MySpace social networking site, according to people familiar with the matter. A Fox Interactive spokeswoman declined to

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comment. EBay itself could be a further object of heated courting by rivals. The Yahoo-eBay ad agreement is exclusive to the U.S., leaving open the possibility of eBay doing an ad deal with Google or Microsoft in Europe and Asia.

Yahoo's announcement with eBay caps years of partnership and discussions between the companies, including a near-merger that fell apart in 2000. In recent months, mounting concern about a competitive threat from Google has led eBay to intensify discussions with Yahoo and Microsoft, say people familiar with the matter. Under the agreement announced yesterday, visitors to the U.S. eBay site will see graphical ads with images brokered by Yahoo. They will also view text ads from Yahoo linked to phrases they enter when they search for specific goods.

Analysts say the linkup should increase the companies' revenue and provide a critical boost to Yahoo's search-related ad business, which is going through a major overhaul. The chief executives of eBay and Yahoo say the agreement, which centers around sharing revenue from ads and electronic payments, will have no material impact on their revenue in 2006.

EBay is grappling with slowing growth of its U.S. auction marketplace, and the deal is a bet that Yahoo -- more than Google or Microsoft -- can help increase revenue from existing Web users and drive new users to eBay. EBay Chief Executive Meg Whitman, in an interview, said she chose to ally with Yahoo because "there is no one who can help us with graphical as well as text search ads the way Yahoo can." Google's graphical-ad offerings are relatively fledgling.

Ms. Whitman declined to comment specifically on eBay's talks with Google and Microsoft or on concerns about Google's encroachment. Google CEO Eric Schmidt told investors at a Goldman Sachs Internet conference yesterday that the Yahoo agreement was "a very good deal for eBay," and that Google's "relationship with eBay will only get closer in the next year or two as we both do very well."

Yahoo's partnership will give it access to eBay's tens of millions of users as well as to valuable data about consumers' searches on eBay. Users perform about 345 million searches daily on eBay's sites, rivaling total searches on the top Web-search sites. That information could help Yahoo refine its search technology to offer better ad-targeting capabilities.

One complication for eBay: it must make sure that Yahoo-provided ads don't pull away too many buyers from eBay's own auction listings. Under the agreement, which will begin with a testing phase over the next several months, Yahoo will provide search-related ads for "complementary products," the companies said. The companies also said they will explore developing "click to call" advertising linked to eBay's Skype and Yahoo Messenger Internet phone technology, which would allow consumers to directly call advertisers.

Google, under the roughly three-year pact announced yesterday, will pay Dell an unspecified amount to have its Web-browser-search toolbar and desktop-search software -- which consumers can use to search the content of their hard drives and emails -- installed on PCs. Dell shipped over 37 million PCs and servers globally in 2005, according to research group IDC.

Dell will also set its PCs so they "default" to Google's search engine, automatically providing it in certain instances when consumers search using Microsoft's Web browser.

The agreement should help mitigate some of Google's concerns about Microsoft's new Web browser, to be released this year. Google has complained that Microsoft is making it too difficult for users to change the default setting away from Microsoft's search engine. The Justice Department earlier this month said that Google's concerns were unfounded.

By expanding its placement on PCs, Google will instantly gain a spot in front of millions of consumers, who industry analysts say are far more likely to use software and access Internet services if they are pre-loaded on PCs. For Dell, the agreement is an opportunity to boost revenue from software shipped on new computers.

The new alliances pose serious questions for Microsoft, which in recent years has dramatically increased its focus on the Internet and online advertising -- with mixed results. People familiar with the matter say the Redmond, Wash., company had at some stages been in the running for both the eBay and Dell agreements announced yesterday. Google late last year snatched away from Microsoft an agreement that included providing search advertising on AOL's sites.

The eBay deal doesn't preclude Microsoft from creating closer ties with Yahoo or eBay itself. All three see Google as a common threat and have spent the past year exploring a variety of ways to work together, say people familiar with the matter. A big concern among the three companies, though, was avoiding any appearance of teaming up against Google, especially given Microsoft's past antitrust problems in the U.S. and Europe, these people say.

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The Yahoo-eBay deal could pull Microsoft's top management deeper into the problem of how to compete with Google and better capitalize on the growth of online advertising. Microsoft is now picking around the edges for partners that can direct traffic to its services and display Internet ads it brokers. Potential partners could include MySpace and FaceBook, a site used by millions of college students. Microsoft could also tighten an existing link with Amazon.com. "Clearly there are going to be a lot of partnerships and alliances in this area," says Vivek Varma, a Microsoft spokesman.

The Dell-Google alliance potentially cuts into Microsoft's most coveted and important partnership with a computer maker. By increasing the amount of its software in Dell PCs, Google squeezes onto a stage where Microsoft has long been the lead player. As the world's largest PC maker by number of machines, Dell has been arguably Microsoft's most important distribution channel for its most important software, the Windows operating system and Office business applications. Those two products are Microsoft's largest source of profit and revenue.

Microsoft says it sees the Google and Dell deal as an expansion of options for PC users. "Customers are going to have choice," Mr. Varma says, when asked if the deal threatens Microsoft's position in PC software.

Yahoo And EBay Join To Fight The Giants (WP)

By Yuki Noguchi

The Washington Post, May 26, 2006

EBay Inc. and Yahoo Inc. forged an alliance yesterday aimed at capturing more online sales and advertising dollars, while giving both greater leverage against their primary rivals, Google Inc. and Microsoft Corp.

The partnership spans some of the most critical areas of both companies' businesses, adding eBay's Paypal online payment system throughout Yahoo's operations and giving Yahoo an exclusive deal to sell display ads for eBay.com.

That two of the Internet's top brands decided to cooperate so closely highlights how powerful Google is becoming as it roves across the online business world, competing with eBay in online classifieds and payment systems and with Yahoo in search and content. It also leaves Microsoft in increasing need of a partner of its own, as its online service trails the others in search and advertising.

"This deal is partially offensive, partially defensive for eBay and Yahoo," because it allows the companies to share technologies and combine resources, said Philip Remek, an analyst for Guzman & Co.

Yahoo is the most visited site on the Internet, and eBay is the world's largest auctioneer. Consumers will start to see experimental versions of joint offerings in coming months. Yahoo users will more easily be able to make calls off the Internet by "clicking-to-call" local merchants, for example, using eBay's Internet-phone company Skype. EBay users will have greater access to Yahoo's news and entertainment content through a toolbar championed by both brands.

"I think it plays to the complementary strengths of both companies," said eBay president and chief executive Meg Whitman, speaking at a Goldman Sachs investor conference yesterday.

Speaking at its annual shareholder meeting, Terry Semel, chairman and chief executive of Yahoo, said the deal is a "terrific strategic partnership for our company."

One area not covered by the arrangement: instant messaging. Yahoo's service will not be compatible with eBay's Skype instant messaging; Yahoo already has such an agreement with Microsoft's MSN.

Such overlapping deals show how Internet companies are jockeying for Web surfers' time and interest, which translates into more opportunities to sell advertising.

Microsoft appears to be planning to chart its own course in competing for an advertising network, and for building its online audience. Earlier this year, Microsoft lost out to Google in negotiations to forge a deal with Dulles-based AOL LLC. Google invested $1 billion in AOL and deepened its search and content-sharing arrangement.

Separately, Google yesterday announced a partnership deal with Dell Computer Corp. to install Google's software on its computers, an arrangement that threatens to diminish Microsoft's presence on the consumer desktop.

"Microsoft has been jilted twice this year, by AOL and eBay," said David Card, an analyst with Jupiter Research. Through MSN, Microsoft still has a large community of users for its Web-based services, but it is trying to improve in areas of both search and advertising sales, he said. "They are trying to go it alone."

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Advertisers are also spending more to run ads alongside search results, or pictorial ads that run on Web pages, as viewers spend more time online and less time with traditional media sources. Google, the search engine with the most traffic, dominates the search-based advertising market, while Yahoo has the largest advertising network for pictorial ads, and is also trying to catch up to Google on search-related ads.

"It's a bigger win for Yahoo, in many ways, to win against Google," said Charlene Li, an analyst with Forrester Research. EBay, meanwhile, pays both Google and Yahoo to sponsor links next to those companies' search results, but it has been cautious about selling ads on its own site. By employing Yahoo to provide such ads, it could boost its relatively meager share of the online ad market, she said.

EBay also might tap more locally based advertisers by integrating Skype throughout Yahoo's network, Li said.

For now, the companies' collaboration will happen exclusively in the United States, but if it succeeds, it might extend into other parts of the globe, Whitman said.

Shares of eBay closed up $3.68 yesterday, at $33.88 a share. Shares of Yahoo closed up $1.13 a share at $32.92.

Yahoo Makes Deal On Ads With EBay (NYT)

By Saul Hansell

The New York Times, May 26, 2006

EBay and Yahoo, two top Internet companies that have been losing ground to Google, said yesterday that they would work together in several areas, including advertising and online payments.

The deal will expand Yahoo's share of Internet advertising, a market where it lost leadership to Google. Investors have been worried that eBay's highly profitable shopping site is being undercut as consumers increasingly find products through search engines or through free listing services like Craigslist. Google and Yahoo have introduced similar free services.

At the same time, eBay is spending $260 million a year to advertise its auctions on search engines, with 60 percent of that on Google, according to estimates by Jordan Rohan, an analyst with RBC Capital Markets.

The deal announced yesterday gives eBay some new ways to make money from its large audience, but it does not directly address the concerns about competition. Yahoo will continue to offer its auctions and other online shopping services that compete directly with eBay.

For Yahoo, however, the deal represents a potentially significant expansion of its advertising business. EBay agreed to place on its site text advertisements sold by Yahoo. That gives Yahoo a major new partner just as the MSN service of Microsoft, which was the largest outlet for Yahoo's text ads, has switched to selling its own advertising.

Small text ads that automatically appear next to related material on Web pages have proved hugely profitable, but eBay has long been wary of placing them on its site because they are likely to refer people to sites that compete with its marketplace.

"EBay is selling a little bit of its soul by doing this deal," Mr. Rohan said. "The idea of eBay as a destination site is marginalized by a deal that drives traffic outside of eBay."

Margaret C. Whitman, eBay's chief executive, said the company was starting to change its policy because "we have to embrace some of the things that are happening on the Web." Still, she said, the company will test the impact of the text ads to make sure they do not hurt revenue.

Ms. Whitman added that the text ads would be restricted so they did not offer products that competed directly with eBay's sellers. They will be for "complementary products" like cases for digital cameras, she said, and they will also appear when a user searches for a product that is not available on eBay.

EBay also agreed to have Yahoo sell graphical display advertising on its site, the first time Yahoo has sold graphic ads for another company.

"EBay brings the best of quality inventory and a huge community," said Terry S. Semel, Yahoo's chief executive. "It gives us the opportunity to do a big job."

Yahoo and eBay said the revenue from the deal would be small this year, and they declined to characterize its financial impact for next year. Mr. Rohan said that if eBay placed text ads on 25 percent of its pages, the revenue could be about $130 million a year, and about 80 percent of that would go to eBay.

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Mr. Rohan said the deal might help establish Yahoo as an advertising network that is an alternative to Google. "Yahoo was clearly able to play the fear-of-Google card," he said.

Microsoft, too, has been trying to establish its own advertising network and is reported to have bid for eBay's business.

Google, which is by far the leader in selling text ads for other Web sites, has been moving to sell graphic ads as well, and said this week that it would start selling video advertisements for other sites.

Google's approach is to create an automated auction in which marketers enter their own advertisements and bid for placement. Yahoo, which uses such an auction for text ads, will sell graphic ads on eBay through its traditional sales force, which negotiates rates with major marketers.

EBay will also offer its customers a new version of its browser toolbar that will encourage people to use Yahoo search and other services. Yahoo agreed to offer eBay's PayPal payment service as an option for customers buying goods and services through Yahoo's site.

The companies said they would explore developing features that would let people click on ads on either of their sites and be connected with the advertiser through either eBay's Skype voice chat service or the voice calling feature of Yahoo Messenger.

EBay's shares rose to $33.88, up $3.68. Yahoo rose $1.13 to $32.92

Ms. Whitman said the deal did not mean eBay would cut back its huge spending on Google advertisements. Search and other advertising brings in about 40 percent of eBay's traffic.

She said she did not see the competition from search engines and free classified sites as undercutting eBay's position with consumers.

"There is a lot more to running a marketplace than getting a lot of listings," she said. "There is trust and safety, and payments and reputation. That stands eBay in good stead."

ENVIRONMENT:

GAO Report Faults Voluntary Programs To Cut Air Pollution (WP)

By Juliet Eilperin

The Washington Post, May 26, 2006

The Bush administration's voluntary programs to reduce greenhouse gas emissions by industry have yet to deliver promised results, according to a report issued yesterday by the Government Accountability Office.

The 51-page report, which was requested by Sens. John McCain (R-Ariz.) and John F. Kerry (D-Mass.), highlights shortcomings in two projects aimed at encouraging the private sector to cut emissions linked to global warming. The Environmental Protection Agency sponsors "Climate Leaders," while the Energy Department oversees "Climate VISION."

Both encourage polluters to cut their greenhouse-gas releases, but in each case, according to the study, the administration has failed to ensure that participating firms set firm reduction targets or meet their stated goals.

"EPA and DOE each expect participants in their voluntary emissions reduction programs to complete a number of actions; however, participants' progress toward completing those actions, as well as the agencies' efforts to track accomplishments, has varied," the report said.

The United States, unlike most developed countries, has repeatedly resisted mandatory curbs on carbon dioxide and other gases linked to climate change, instead relying on voluntary programs.

This week, Bush's senior environmental adviser, James L. Connaughton, told an audience at the American Enterprise Institute, a conservative think tank, that the country does not have to regulate such pollutants because it is on track to reduce greenhouse gas emissions by 18 percent relative to the gross domestic product by 2012.

"Why do you need a mandate to deliver an outcome you're already going to get?" he asked.

The GAO report, however, indicated that many firms in the voluntary reduction programs have not established specific targets. As of November 2005, only 38 of the 74 firms in the EPA program had set reduction goals, according to the report. In the Energy Department program, 11 of the 15 participating trade groups have established targets, and five have reported on their emissions. The DOE has no deadline for emissions reporting.

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"This report makes clear that letting the fox guard the henhouse is not working," Kerry said in a statement. "It's unbelievable enough that President Bush refuses to accept the very clear scientific evidence on greenhouse gas emissions, but now he can't even get his own non-action plan right."

EPA spokeswoman Jennifer Wood responded in a statement that, to date, half of the 87 organizations that joined its Climate Leaders program have completed inventories of their emissions "and have set aggressive public reduction commitments." The agency "continuously tracks the progress" of the participants, she said.

DOE spokeswoman Megan Barnett said the department is taking steps to better track cuts in emissions under its program.

House Votes For Oil Drilling In Alaska (USAT)

USA Today, May 26, 2006

The House of Representatives voted Thursday to allow oil exploration on a small portion of Alaska's 19 million-acre Arctic National Wildlife Refuge. The vote was 225-201 to allow drilling on 1.5 million acres that federal geologists estimate hold 5.4 billion to 16 billion barrels of recoverable oil.

Supporters cited gasoline prices and U.S. reliance on foreign oil. Rep. Richard Pombo, R-Calif., said an additional 1 million barrels a day would reduce the need for imports. About 60% of the U.S. daily consumption of 21 million barrels of oil comes from abroad.

Rep. Lois Capps, D-Calif., and other opponents prefer conservation and alternative energy sources and cite concerns over the welfare of wildlife in the refuge.

In the Senate, drilling backers have been unable to get the 60 votes needed to overcome a filibuster.

Congress approved drilling in the refuge in 1994, but President Clinton vetoed the bill.

The mine safety bill that passed the Senate this week hit a snag in the House. Rep. George Miller of California, the top Democrat on the House committee that oversees labor issues, blocked the bill from being considered under an expedited process. Miller said he wants it amended. Among the changes he wants is a requirement that miners have air supplies that last two days rather than two hours. Miller released a statement of support for his changes from a lawyer for relatives of three of the 12 miners killed in the Sago Mine accident in January in West Virginia.

The bill won't be considered until after lawmakers return from their holiday break June 6. Rep. Shelley Moore Capito, R-W.Va., said Miller's objection was “a huge disappointment for miners who are relying on us to help protect them.”

The U.S. ambassador to the United Nations, John Bolton, told the Senate Foreign Relations Committee he is not optimistic the world body will adopt U.S.-led proposals to impose more fiscal discipline and other changes by June 30, when the interim U.N. budget runs out of money. Bolton cited the “culture of inaction” at the United Nations.

The United States and its allies, who pay 87% of the budget, want more efficiency, transparency and accountability. But some developing countries say Secretary-General Kofi Annan would have too much power.

“We're not going to continue to throw away money at an organization that has no credibility,” said Sen. Norm Coleman, R-Minn.

Sen. Chris Dodd, D-Conn., cautioned against precipitous action because the United Nations supports many U.S. interests.

President Bush will meet with Rwandan President Paul Kagame at the White House on Tuesday to discuss AIDS and economic issues affecting east Africa.

Rwanda is part of the U.S. emergency plan for AIDS relief, economic development, trade and investment under the African Growth and Opportunity Act.

White House spokesman Tony Snow said first lady Laura Bush will represent the United States at a major United Nations AIDS conference next week in New York City. The conference will chart progress made over the past five years in combating AIDS and HIV.

House OKs Oil Drilling In Alaska Refuge (AP-Y2)

By H. Josef Hebert

AP2, May 25, 2006

DOJ_NMG_0029737

Citing the public outcry over $3-a-gallon gasoline and America's heavy reliance on foreign oil, the House on Thursday voted to open an Alaska wildlife refuge to oil drilling, knowing the prospects for Senate approval were slim.

Drilling proponents argued that the refuge on Alaska's North Slope would provide 1 million barrels a day of additional domestic oil at peak production and reduce the need for imports.

But opponents to developing what environmentalists argue is a pristine area where drilling will harm caribou, polar bears and migratory birds, said Congress should pursue conservation and alternative energy sources that would save more oil than would be tapped from the refuge.

The House voted 225-201 to direct the Interior Department to open oil leases on the coastal strip of the Arctic National Wildlife Refuge — an area of 1.5 million acres that is thought likely to hold about 11 billion barrels of recoverable oil.

But the action may be little more than symbolic. Arctic refuge development, while approved by the House five times, repeatedly has been blocked in the Senate where drilling proponents have been unable to muster the 60 votes needed to overcome a filibuster.

"We need to develop energy, here at home. ... We can't say no to everything," declared Rep. Richard Pombo (news, bio, voting record), R-Calif., who pressed for a House vote on opening the refuge that lies east of the declining Prudhoe Bay oil fields 200 miles north of the Arctic Circle.

Access to ANWR's oil has been a key part of President Bush's energy agenda, although over the last five years he's been unable to convince Congress of its merits. Energy Secretary Samuel Bodman on Thursday urged the Senate to pass a drilling measure "so we can strengthen our nation's energy security."

The refuge was set aside for protection in 1960 and expanded by Congress to 19 million acres in 1980 with a stipulation that its oil — limited to the coastal strip — could be developed, but only if Congress allows it.

The federal government would share revenues equally with the state.

While oil companies have long eyed the area where federal geologists estimate anywhere from 5.4 billion to as much as 16 billion barrels of oil may be recoverable, environmentalists consider one of its top priorities for protection.

"There are simply some places that should be off limits to drilling. The Arctic refuge should be one of them," said Rep. Lois Capps (news, bio, voting record), D-Calif.

The coastal strip is a calving area for caribou, home to polar bears and musk oxen, and a seasonal destination for millions of migratory birds.

Drilling opponents cited an Energy Department analysis that ANWR's oil would have little impact on gasoline prices and reduce imports by only a few percentage points. Currently 60 percent of the 21 million barrels of oil used daily in the United States comes from imports.

Advocates for opening the refuge to energy development said the tundra and its wildlife can be protected using modern drilling techniques and environmental restrictions. They argued the additional domestic oil would help move the country toward more energy independence.

Congress approved drilling in the refuge in 1995, but President Clinton vetoed the bill.

Had Clinton not issued his veto "we would have had a million barrels of oil today," said Rep. Don Young (news, bio, voting record), R-Alaska. "We should be drilling off shore, we should be drilling in the Rockies and most of all we should be drilling in the Arctic refuge."

Rep. Sherwood Boehlert (news, bio, voting record), R-N.Y., countered that had Congress passed improved auto fuel economy measures 11 years ago when they were considered, today "we would save far more oil than ANWR would produce."

"This Congress hasn't voted on a single conservation measure since gasoline hit $3 a gallon," said Boehlert.

"Rather than debating how we could increase the fuel efficiency standards (of cars) over the next few years, we are debating about a bill that won't produce the first barrel of oil for 10 years and it will come from a pristine wildlife refuge," complained Rep. Ed Markey, D-Mass., a leading drilling opponent.

The vote fell heavily along party lines. Twenty-seven Democrats joined the Republican majority in support of the legislation. Only 30 Republicans opposed the measure.

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On the Net:

Arctic National Wildlife Refuge: http://arctic.fws.gov/

House Votes To Allow Drilling In Arctic Refuge (WP)

By Juliet Eilperin

The Washington Post, May 26, 2006

The House voted 225 to 201 yesterday to open the Arctic National Wildlife Refuge to drilling, with proponents arguing that new domestic production will ease the nation's energy crunch.

The measure marks the 12th time since 1995 that the House has voted in favor of opening the refuge to oil and gas development. But it has little concrete impact because its backers have not obtained the 60 Senate votes needed to surmount a filibuster.

"Once again, the House has voted to put Americans to work producing more of our own energy," said House Resources Committee Chairman Richard W. Pombo (R-Calif.), author of the bill to allow drilling on the land, which is home to caribou and other migrating species. "And, once again, liberals defied the common-sense principle of supply and demand by voting no. That's a great way to keep prices on the rise."

Twenty-seven Democrats voted for Pombo's bill, which proponents say would add 10.4 billion barrels to the nation's oil reserves, and 30 Republicans voted against it.

House Science Committee Chairman Sherwood L. Boehlert (R-N.Y.), a key opponent, said that if the nation had adopted stricter fuel economy standards for vehicles when they were first proposed 11 years ago, they would have saved more oil than could be produced in the Arctic refuge. Mileage standards have remained the same for 30 years.

Rep. Tom Udall (D-N.M.), also a Resources Committee member, called "The American-Made Energy and Good Jobs Act" a shortsighted approach to address rising gasoline prices.

"This shows once again how bankrupt the majority is in finding new ideas to solve our energy crisis. Drilling in ANWR seems to be their solution for everything, when what we really need is a bold and comprehensive national energy policy for the 21st century."

Environmentalists, who argue that drilling will harm wildlife on Alaska's North Slope, said they are confident that moderate Republicans will join with many Senate Democrats to block the proposal.

House Votes To Allow Drilling In Alaska Refuge (NYT)

By Michael Janofsky

The New York Times, May 26, 2006

WASHINGTON, May 25 — With gasoline prices around $3 a gallon as the Memorial Day weekend approaches, the House again voted Thursday to approve drilling for oil and gas in the Arctic National Wildlife Refuge.

It was at least the 12th time that the House had voted to allow energy exploration in a small piece of the preserve's 19 million acres along the northern coastal plain of Alaska. The final tally was 225 to 201, with 27 Democrats joining the majority and 30 Republicans voting against.

But given the Senate's recent disposition toward drilling in the Arctic, the vote may be little more than symbolic.

Since 1995, when Congress passed an arctic drilling bill and President Bill Clinton vetoed it, Senate proponents of drilling have failed to gather the 60 votes needed to end a filibuster against it. The outcome is expected to be no different this year.

Drilling in the Arctic has become a major fault line in the debate over how to wean the nation from foreign oil and bring down gasoline prices.

Backers of the drilling contend that the promise of 10.3 billion barrels of oil would lead to greater energy independence and job creation. Opponents say that the risk of spills and other environmental damage outweighs the benefits and that drilling for oil delays the development of alternative fuels.

"A vote against energy production in ANWR is a vote for increasing our dependence on foreign oil and sending good American jobs overseas — two things we simply cannot do anymore," said Representative Richard W. Pombo, a California Republican who is chairman of the House Resources Committee and the bill's sponsor.

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But Representative Alcee L. Hastings, Democrat of Florida, said the bill represented "the triumph of politics over geology" and would not reduce the price of gas at the pump.

Representative John W. Olver, Democrat of Massachusetts, said, "It will be five years at best, and probably eight years, before the first barrel of oil flows" if drilling is allowed.

Energy Secretary Samuel W. Bodman applauded the House vote, but the administration was dealt a setback on Wednesday night, when the House voted on spending for one of President Bush's signature energy initiatives, the Global Nuclear Energy Partnership.

In providing $24.4 billion for the Energy Department — about $300 million more than the administration requested and $327 million above current spending — lawmakers gave Mr. Bush $120 million for the partnership, less than half the $250 million he had sought.

Under the plan, the United States and Russia would provide reactor fuel to other countries and reclaim the spent fuel to assure that it would not be used for weapons. The administration is advancing the plan as a way to promote expanding the use of nuclear fuel in the United States.

Senator Pete V. Domenici, Republican of New Mexico and chairman of the Senate energy committee, vowed to reverse the House, saying, "I plan to restore full funding for G.N.E.P. and go looking for more."

House Again OKs Drilling In Arctic Refuge (LAT)

By Richard Simon

The Los Angeles Times, May 26, 2006

Jittery about voters' sour mood over high gasoline prices less than six months before congressional elections, the Republican-controlled House on Thursday passed an old favorite: legislation seeking to open the Arctic National Wildlife Refuge to oil drilling.

The measure, which was approved by a 225-201 vote, faces long odds in the Senate, where it has been blocked repeatedly by filibusters. A Senate GOP aide called the measure "DOA" in that chamber.

But House Republicans wanted to return to their districts for Memorial Day able to say that they had acted on energy legislation before the summer vacation season begins.

"It's an election year, isn't it?" Rep. Alcee L. Hastings, D-Fla., remarked.

The drilling measure is the first in a series of energy proposals expected to come before Congress in coming weeks, now that pump prices have become a campaign issue in the battle for control of Congress this year. Both parties have stepped up efforts to highlight their differences on energy policy.

During the debate Thursday, Republicans accused Democrats of opposing efforts to increase domestic fuel supplies. "Had President Clinton and the Democrats in Congress not blocked exploration in ANWR 10 years ago, a greater supply of American oil could have been available today," Rep. Jeb Hensarling, R-Texas, argued, citing Clinton's 1995 veto of a budget bill that included a drilling proposal.

Democrats portrayed the Arctic drilling measure as a sop to Big Oil that would endanger an environmental treasure. "Everyone knows this bill is dead on arrival in the U.S. Senate," said Rep. Diana DeGette, D-Colo. "If the Republicans are serious about energy security, they would offer up real solutions -- like increasing alternative fuels and making our cars and light trucks more fuel-efficient."

GOP leaders were eager to put Democrats on the record in advance of the fall elections, even though 30 Republicans joined 170 Democrats and one independent in opposing the drilling.

Although the House has previously voted to authorize drilling in the refuge, Republican leaders predicted that with gas prices now above $3 a gallon, voters would pay closer attention to the vote.

"This is about the law of supply and demand," said Rep. Mike Conaway, R-Texas. "By increasing oil supply here in the U.S., we can impact rising energy costs in the long run and decrease our dependency on foreign sources of energy."

But drilling opponents contend that it would take years for Arctic oil to reach the market, and even then, it would have only a negligible impact on prices.

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Opening a portion of the 19.6-million-acre refuge in Alaska's northeast corner to energy exploration has long been among the most contentious U.S. environmental issues. President Bush has pushed for allowing the drilling since taking office, calling it critical to national security and economic growth.

Proponents have repeatedly tried to pass the drilling measure, attaching it to budget and defense bills and seeking to entice more lawmakers to vote for it by offering to use government royalties from energy production for such things as home-heating subsidies and aid to the steel industries.

Federal estimates say the equivalent of 10 billion barrels of oil lies beneath the refuge's tundra, though opponents argue that only about 3 billion barrels are economically recoverable. The U.S. consumes about 20 million barrels of oil a day.

Many Democrats and some Republicans advocated greater conservation measures, such as tougher miles-per-gallon rules for cars.

"Astonishingly, this Congress has not voted on a single conservation measure since gasoline hit $3 a gallon," said Rep. Sherwood Boehlert, R-N.Y.

But Rep. Richard Pombo, R-Calif., the House Resources Committee chairman and the drilling measure's chief sponsor, ridiculed Democrats for promoting energy-saving technology without considering the immediate need to produce more domestic oil.

"Your response to everything has been 'no,' " he said. "You've got this pie in the sky (idea) that we're going to invent a 100-mile-per gallon carburetor and all of a sudden our problems are going to go away."

Death In The Mines, Action In Congress (NYT)

The New York Times, May 26, 2006

Another mine disaster is finally spurring Congress to pass long overdue repairs to the nation's threadbare safety laws. Mandates for such obvious necessities as extra oxygen supplies for trapped miners languished after an initial burst of concern over the disaster in January that killed 12 miners in Sago, W.Va. But the explosion last weekend in Kentucky that killed five miners has been followed by quick Senate approval of a bill ordering extra oxygen, more responsive rescue teams, and stronger underground barriers to seal off danger zones from workers.

The Republican leaders in the House, lagging behind the Senate, hurried to catch up. But the sad truth is that safety equipment and rescue procedures have been scandalously neglected for years under company-friendly regulations that have been laxly enforced by government agencies stocked with political appointees who have come from the coal industry.

The Senate bill does at least force companies to invest in new emergency communication and tracking equipment and to face tougher penalties and possibly a shutdown, rare now as companies let fines pile up. It also mandates the doubling of a miner's emergency oxygen packet to two hours, plus the stashing of extra oxygen along escape routes. In the two headlined disasters, some miners survived explosions only to die for lack of oxygen.

Other changes — aimed at the 11-hour delay in starting a rescue attempt in Sago — would require rescue teams to be nearer to each mine for faster response, and to be protected from damage liability. Some companies have actually hesitated to have mine rescue teams for fear of being sued. The Senate bill only begins to repair the problem. But it is preferable to pro-industry proposals in the House to require drug testing for miners — as if the victims, not government and industry, were to blame for miners' highest death rate in 20 years.

FBI/DEA/ATF/USMS:

Man Admits Selling Stolen Prescription Drugs Worth $7.3 Million (AP)

AP, May 26, 2006

NEWARK, N.J. (AP) - A former drug distributor admitted Thursday that he sold $7.3 million worth of prescription drugs that he knew were stolen from warehouses and trucks.

Gregory Broccoli pleaded guilty to five conspiracy charges, acknowledging wrongdoing from 2002 through 2004 at a company he operated in Jersey City and Elizabeth called Providers Plus.

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Broccoli, 39, of Staten Island, N.Y., is the eighth person to plead guilty in connection with a federal investigation that began in 2003.

The FBI investigation and guilty pleas from the defendants exposed a network of thieves and crooked wholesalers who obtained prescription drugs through illegal means, created fraudulent documents, and then reintroduced the prescription drugs into the marketplace, federal prosecutors in New Jersey said.

Broccoli admitted that to sell the prescription drugs, he created bogus documents that are required to certify the origin and sales history of shipments.

Each conspiracy count carries up to five years in prison. Broccoli is to be sentenced Sept. 5 by U.S. District Judge Dennis M. Cavanaugh.

Drug Cocktail Causing Overdoses From Philadelphia To Chicago (AP)

By Sarah Karush

AP, May 25, 2006

DETROIT (AP) - Larry, a 53-year-old heroin addict, has two cardinal rules: Never shoot up alone, and only shoot up one at a time. If one person overdoses, "you need someone there to bring you back," he said.

Larry, who asked that his last name not be used because of his illegal habit, recited his rules after hearing that a mixture of heroin and a powerful painkiller has been killing unsuspecting users who believe they are taking pure heroin.

Officials from Philadelphia to Chicago have reported deaths from the drug, called fentanyl and considered 80 times more powerful than morphine. In the Detroit area - the apparent hub of the problem with more than 100 confirmed cases since last fall and about two dozen suspected ones in the last week - officials from the national Centers for Disease Control and Prevention are investigating, and community organizations are scrambling to get the word out to users.

The CDC says it has no national statistics on fentanyl deaths and has only been asked to investigate in Michigan. But individual reports from a scattering of states indicate the drug is widespread.

In Philadelphia, there have been 20 confirmed deaths from heroin mixed with fentanyl since April 17, and test results are pending for another eight suspected cases, the city health department said.

In New Jersey, where officials first raised the alarm about the drug in April, there have been about 10 confirmed fentanyl deaths and another 10 to 20 suspected cases since last month, according to the state's poison control center.

"This is a huge, huge problem," said Stephen Marcus, medical director of the New Jersey Poison Control Center.

In Chicago, 30 people have died from fentanyl or fentanyl-laced heroin from September 2005 to March 2006, said Christopher Hoyt, a spokesman for the U.S. Drug Enforcement Administration in that city. Another 23 suspected cases were reported in April and May.

In Wayne County, which includes Detroit, Medical Examiner Carl J. Schmidt said he began noticing an uptick in fentanyl-related deaths in September. In total, medical examiners found 63 people in Wayne County with fentanyl in their blood when they died last year. From the beginning of 2006 to mid-April, there were 70 such cases.

But county officials did not begin treating fentanyl as a crisis until last week, when the number of overdoses began to soar.

"Sometimes divining what the role of fentanyl is in an individual's death is more an art than a science," Schmidt said, noting that drug users often have multiple substances in their blood.

Still, it was clear something was amiss when 12 people died of overdoses May 18-19, Schmidt said. Over the next four days, there were 15 more fatal overdoses, Schmidt said. The county of 2 million typically sees two to three drug deaths a day.

Fentanyl is a suspected culprit in most of the recent deaths, though that won't be confirmed until after the toxicology results come back in four to six weeks.

The drug kills by inhibiting respiration, Schmidt said. "It literally suppresses your natural impulse to breathe," he said.

Before the recent surge, Wayne County saw 20 to 30 fentanyl deaths a year, Schmidt said. Those cases tended to be severely ill people with legitimate prescriptions for fentanyl patches who committed suicide by putting on many patches at once or the occasional person who had stolen the drug, he said.

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The fentanyl behind the current problem appears to be manufactured illegally and mixed with heroin long before it gets to the user, Schmidt said.

In one case, three people found dead in a car last month took fentanyl not with heroin, but with cocaine. Schmidt said he fears that could indicate a new trend.

Detroit police spokesman James Tate said the department is following up on several leads about where the fentanyl is originating. So far, however, there is no indication that it is being manufactured locally, he said.

Organizations that run needle exchanges and other health programs for drug users are trying to spread the word. "Is your friend turning blue?" reads one flier that describes what to do in an emergency.

Officials emphasize that there is help for people who have overdosed if they get to an emergency room immediately.

"Treatment is available, and treatment works," said Michele Reid, medical director of the Detroit-Wayne County Community Mental Health Agency and chairwoman of the newly created Wayne County fentanyl work group.

But to some drug users, the warnings are in fact an advertisement.

"When they hear about people OD-ing somewhere, they want to go there" to get the more potent drugs, said Larry, the Detroit heroin user.

That's what New Jersey officials found last month. "The drug addicts were actually looking for the drug, so what we did was actually counterproductive," said Marcus, the poison control director.

Like Larry, 37-year-old Latonja, of Detroit, said she would do her best to stay away from the tainted heroin by sticking to dealers she knows. However, she acknowledged it may be difficult, since users can never know for sure what they're buying.

"We're not analyzers when we're trying to shoot our dope," said Latonja, who also asked that her last name not be used. "We're like, 'OK, it's time to get happy.'"

Associated Press writers Maryclaire Dale in Philadelphia, Geoff Mulvihill in Mount Laurel, N.J., and Michael Tarm in Chicago contributed to this report.

A Look At A Drug Cocktail Problem Around The Country (AP)

AP, May 25, 2006

A look at problems reported around the country related to a mixture of heroin and the powerful painkiller fentanyl that has been killing unsuspecting users who believe they are taking pure heroin.

WAYNE COUNTY, MICH.:

-The county that includes Detroit has the most fentanyl-linked deaths. The drug was found in 63 people who died last year and 70 this year, through mid-April.

-The county saw 27 fatal overdoses over six days ending Tuesday. Fentanyl is suspected but not confirmed.

REST OF MICHIGAN:

-State health officials say the problem appears to be limited to the Detroit area.

-Not all medical examiners in the state routinely screen for fentanyl in drug deaths, so the problem may not be apparent.

PHILADELPHIA:

-20 confirmed deaths from heroin mixed with fentanyl since April 17; test results pending for another eight suspected cases. In the same five-week period in 2005, there were seven drug-related deaths of any kind.

CHICAGO:

-30 fentanyl-linked deaths from September 2005 to March 2006. Another 23 suspected cases in April and May.

NEW JERSEY:

-Since April, about 10 confirmed fentanyl deaths; 10 to 20 suspected cases.

DELAWARE:

-Five suspected drug deaths over two weeks beginning at the end of April, awaiting test results.

DOJ_NMG_0029743

Sources: Wayne County, Michigan Department of Community Health, Philadelphia Health Department, U.S. Drug Enforcement Administration, New Jersey Poison Control Center, Delaware Department of Health and Social Services.

FENTANYL DEATHS RISE: Mom: Cops Failed To Act On OD (FREEP)

By Ben Schmitt, Amber Hunt And Kim Norris, Free Press Staff Writers

Detroit Free Press, May 25, 2006

Son died last year; now drug is crisis

When Justin Wortmann's life ended in December in a White Castle parking lot after he took a dose of heroin, it was a silent warning about an unprecedented crisis now bubbling over in metro Detroit.

His mother, Janice Wortmann of Plymouth Township, learned from autopsy results 8 weeks later that the killer actually was a drug called fentanyl. She called police in Taylor, where her son died Dec. 27.

"The detective told me they didn't have the manpower to look for a dealer, that they were on every street corner," she said.

Police responded that they tried, to no avail.

Now, the body count of people suspected of overdosing on a mix of heroin and fentanyl is rising -- and an urgent search is on.

Wortmann, 47, wonders whether the death of her 26-year-old son could have been prevented.

"Maybe if they took me seriously they could have gone to the source," Wortmann said Wednesday. "Maybe this wouldn't be happening now."

Local toxicologists say they've seen a steady increase in fentanyl-related deaths since last fall, but nothing prepared them for the jump that began last week: At least 23 people have died in Wayne County since May 18 from what investigators believe was a lethal combination of heroin or cocaine and fentanyl, a prescription painkiller typically given to terminally ill patients for pain.

Now, as Michiganders gear up for the long holiday weekend and outdoor activities, county and Detroit officials are scrambling to get the word out about the drug's dangers.

Workers are distributing flyers in areas known to be frequented by drug users that warn of the dangers of using heroin or cocaine laced with fentanyl, which they might not be aware they are buying.

If the numbers from the past week prove true, fentanyl experts agree: The rash of Wayne County deaths is unprecedented.

"It's amazing," said Bruce Goldberger, director of toxicology at the University of Florida, who has published several studies on fentanyl abuse. "I've seen fentanyl deaths, but not in terms of the outbreak you have."

As a result, Wayne County Prosecutor Kym Worthy said Wednesday that her office is prepared to charge with murder the dealers of the deadly mix of drugs, and authorities acknowledged they're navigating new territory as they hunt for the dealers.

Tracking down the dealers won't be easy, officials said.

Detroit Police spokesman James Tate said police are fielding numerous tips about the sale of the heroin-fentanyl mix. No arrests were made as of Wednesday.

Lawrence Meyer, chief of field operations for the Wayne County Sheriff's Office, said he has never seen a similar case in his 30 years in law enforcement. He and other investigators first had to learn about fentanyl itself, and then how it's distributed.

"We're just at the point where we're sorting all the records," he said. "Our investigators are pulling records ... on the victims and we're trying to establish a nexus with a distribution point or source.

"We're talking to victims' relatives, their associates, their friends. We're just at the preliminary stages."

Law enforcement and medical officials said the most likely source is an illegal lab.

"It's probably clandestinely manufactured," said Daniel Isenschmid, chief toxicologist with the Wayne County Medical Examiner's Office. He said a change in the fentanyl-to-heroin ratio might explain the rising body count.

Goldberger agreed the fentanyl is probably homemade. "You can synthesize it if you're a good chemist," he said.

Deaths linked to fentanyl-laced drugs have been reported in smaller numbers in cities across the country, including Chicago and Philadelphia, and investigated by the U.S. Drug Enforcement Agency since last fall.

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Investigators from the Atlanta-based Centers for Disease Control and Prevention arrived Monday in Detroit to gather information. They're expected to stay at least through the week -- and possibly longer -- to comb through medical records and toxicology reports and to conduct interviews.

"This is the first time we have taken a look at heroin overdoses connected to fentanyl," said Bernadette Burden, a CDC spokeswoman, who said the agency typically doesn't give a time frame for investigations. "This is new territory for CDC investigators."

Authorities learned of another Wayne County drug death Wednesday that might also be linked to fentanyl.

County officials would not release the names of the victims Wednesday or the specifics about where they died, offering no explanation. They insisted the Free Press file a Freedom of Information Act request.

The true death count won't be known until toxicology reports are completed in the next few weeks, but officials with the Wayne County Medical Examiner's Office said some of the bodies showed telltale signs -- including syringes still stuck in victims' arms, indicating the type of sudden death that a fentanyl overdose causes.

Oakland County confirmed 20 such deaths from Sept. 28 through early April. Most of those deaths were from Genesee County, which does not have its own medical examiner.

Drug-related deaths in Macomb County have risen in recent weeks, said Medical Examiner Daniel Spitz, but he won't know if the deaths are linked to fentanyl until toxicology reports come back in another week or so.

In the Taylor case involving Justin Wortmann, from Dearborn, police said they searched for the drug dealer but were unsuccessful.

"We understand she's a grieving mother, but detectives worked on the case to get to the bottom of it," said Jac Desrosiers, Taylor's director of police services. "It's hard to accept the fact that it happened, but our detectives don't let these cases slide."

CDC investigators have to confirm the deaths truly are linked to fentanyl, and then they'll help state and local authorities develop guidelines to try to halt the carnage.

Gary Kunsman, chief forensic toxicologist for the Oakland County Medical Examiner's Office, has been tracking fentanyl-related deaths since Sept. 28, when the first of seven victims arrived at the morgue in a three-week period.

"It's been sort of steady since," Kunsman said. He said three of the 20 total cases came from the Pontiac area; the rest were from Genesee County.

Kunsman reported the cases to the crime lab in the county sheriff's office so the lab could test for the potentially lethal combination.

Isenschmid said he also noticed an increase in fentanyl-related deaths in Wayne County beginning last fall.

Isenschmid's office usually confirms fentanyl as the cause of death through standard toxicology tests, which can detect the drug in "high-therapeutic" doses -- or amounts at which patients might legitimately be using the drug.

In response to the recent deaths, however, the office plans to begin a new screening test that will detect fentanyl faster and in smaller quantities.

"We'll have the results of a screen in less than a week," Isenschmid said.

Janice Wortmann, whose son died in December, said she has relived the loss because of the deaths in the past week.

"This should not be happening at all. It shouldn't have happened to my son," she said. "I know exactly what these parents are going through."

Possible Sources Of Fentanyl (FREEP)

Detroit Free Press, May 25, 2006

The drug fentanyl, a potent painkiller often prescribed to terminally ill patients, landed on the streets years ago, authorities said. But it's now more popular than ever before. And authorities don't know where it's coming from.

The drug usually is prescribed as patches -- dubbed "pain patches" by cancer patients -- or on lollipop-like sticks, though it also can be administered in liquid form during surgeries.

Law enforcement officials investigating fentanyl-related deaths in Wayne County say drug dealers could be crystallizing prescription fentanyl to use as a cutting agent for heroin and cocaine, but they doubt it.

They believe someone is manufacturing the drug in an illegal lab.

"It's probably clandestinely manufactured," said Daniel Isenschmid, chief toxicologist with the Wayne County Medical Examiner's Office.

As with other painkillers, fetanyl is strictly regulated. Hospice workers are instructed to destroy whatever remains after a patient dies, and they're told to slice up used pain patches with scissors so that excess fentanyl can't be removed and used inappropriately.

That's why experts such as Dr. Bruce Goldberger, director of toxicology at the University of Florida, say the fentanyl killing people in Wayne County is likely homemade.

"You can synthesize it if you're a good chemist," he said.

A change in the fentanyl-to-heroin ratio might explain the rising body count, Isenschmid said. At least 23 people have died since May 18.

"Fentanyl is 80 times more potent than morphine," he said. "One of the problems is that users don't know how to dose themselves."

Fentanyl Deaths Hit 33 In A Week (DN)

Detroit News, May 26, 2006

The Wayne County death toll attributed to fentanyl-laced drugs has reached 33 people in one week, putting Metro Detroit at the epicenter of a national health concern that reaches into several other states.

There have been at least 200 confirmed deaths in five states attributed to the painkiller mixed with heroin or cocaine, with 130 of them in Wayne County since January 2005. That total doesn't include the 33 Wayne deaths from May 18 through Wednesday, which are suspected but not yet confirmed by toxicology tests.

"It's a lot bigger than we thought it was in the beginning," said John Kashani of the Poison Control Center in New Jersey, where 30 suspected fentanyl-related deaths occurred in the past month, about the same as in Philadelphia.

Nowhere is concern higher than in Metro Detroit.

"The officials of this county should have taken this on a long time ago," said Randy Richter, whose son was found dead in Canton on Feb. 27. "It is absolutely ridiculous to hear they didn't know it was a problem because they knew it was a problem. How many lives could have been saved?"

Richter's son's death was among nine over three days this winter, a Detroit News review of toxicology reports found.

Richter was told his son, 18, was the 30th person to die this year because of fentanyl. He's livid officials waited until Friday to make the concern public. He suspects officials kept the deaths quiet for Super Bowl XL, held in Detroit on Feb. 5, a charge county officials emphatically deny.

"We've never done that and never will we do that," said Sharon Banks, spokeswoman for the Wayne County executive office, who called that suggestion "offensive and irresponsible."

The surge in Wayne County fentanyl-related deaths began in August 2005 and climbed steadily, according to health records.

Public health officials put out an alert last weekend when 12 people died Thursday and Friday.

Most of the victims are believed to have used heroin mixed with fentanyl, which is 80-100 times more potent than heroin and can cause rapid death through respiratory failure.

This year's victims had fentanyl concentrations in their blood ranging from .002 to as high as .19, according to toxicology reports from the Wayne County Medical Examiner's Office reviewed by The News. Victims were a mix of men and women, black and white.

Before this week, the highest concentration of deaths occurred Feb. 27, 28 and March 1, when nine people died, including Richter's son, health reports show. Of those, two had lethal amounts of the drug in their blood of .11 or higher and others had high levels.

While some support more public awareness, others fear publicity will have the opposite effect.

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"One of the concerns many treatment providers have is this: Are heroin users going to be seeking out fentanyl for their desire to get the ultimate high?" said Christopher Parks of the Neighborhood Services Organization. "They heard people are dying from it so it must be a potent drug."

Centers for Disease Control and Prevention officials are trying to develop a profile of those most likely to die from the painkiller, so they can target groups with educational information.

County officials say they have heard the fentanyl may be manufactured in a lab, but law enforcement says they are investigating all angles, including whether health officials may be stealing it.

Fentanyl is a synthetic opiate used for pain relief and anesthesia. Therapeutic concentrations in the bloodstream range between .001 and .01, officials say.

"You are basically playing Russian roulette by using this," said Wayne County Deputy Chief Medical Examiner Cheryl Loewe.

The Associated Press contributed to this report.

Operation Street sweep (CA)

Commercial Appeal, May 26, 2006

Just two hours into Thursday's roundup, two teams of officers supervised by Memphis Police Lt. Charles 'Bubba' Cox had picked up four of 10 suspects on his list of those wanted on state or federal warrants.

By late afternoon, 48 of 67 people indicted on drug and gun charges were behind bars in Operation Street Sweep. The sweep was a joint effort by Memphis Organized Crime Unit officers, Shelby County Sheriff's deputies, federal Bureau of Alcohol, Tobacco, Firearms & Explosives (ATF) and deputy U.S. Marshals.

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Despite the atypical ease his teams had finding and arresting the suspects Thursday morning, Cox cautioned his people to stay on their toes.

"You don't want to become complacent," he said. "You take

them one at a time. ... Violence has become more prevalent."

Many of those being sought by roughly 130 officers, deputies and federal agents were repeat offenders, many gang members.

"They go armed," said Memphis Police department spokesman Sgt. Vince Higgins. "They have expressed a desire not to go back to jail."

Dogs accompanied the teams to search for drugs and chase down suspects known for running when the cops show up.

And though no suspect fought with the police, several tried to run. At least one hid in an attic.

"I'm on pins and needles every time we do one of these," Higgins said. The officers face the potential of "bullets, dogs, someone with a knife" every time they go through a door.

Thirty of the suspects were being sought on federal indictments returned this week, and 24 are wanted for state crimes, mainly drug offenses. The rest were wanted on previous warrants.

At their first stop, one team, led by Joe Hoing, a 32-year Memphis Police veteran assigned to the DEA drug task force, caught up with Nicholas Hull, 28, named in six counts of crack possession.

Hull, a known Gangster Disciple wanted for drug sales, was holed up at 1316 Inglewood in South Memphis with several friends.

The friends were allowed to leave, since none had outstanding warrants.

After prolonged harping by one member of the group, Hoing ordered the group to disperse.

"The clock is ticking. You have 30 seconds to leave, or you're coming with me," he told them. They left quickly.

A five-shot .22-caliber Derringer was found in the house, and a Dodge Intrepid with stolen tags was towed away.

The other team under Cox had to ram down the door at 1421 Hemlock to get the cuffs on Walter Holmes, 45, charged with three counts of crack possession.

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Holmes joined Hull in the back of a squad car. The two were taken to booking stations in Tobey Park where they were photographed and fingerprinted.

The array of charges included impersonating a federal officer, possession by a felon of firearms, possession of body armor, and crack, heroin, and powder cocaine possession.

Brandon Clayton was indicted in federal court for allegedly impersonating an ATF agent and using his assumed status to get discounts on rent and sales tax exemptions on the purchase of communications equipment.

The suspects ranged in age from 18 to 55 and included several known gang members.

17 Arrested In Regional Drug Sting (AP)

AP, May 25, 2006

Seventeen people from Maine, New Hampshire and Massachusetts have been arrested on drug charges after a seven-month undercover investigation.

Edward Arias and Jose Ortiz, both of Lawrence, Mass., were indicted on charges of conspiracy to distribute cocaine by a federal grand jury in New Hampshire.

They supplied more than 150 pounds of cocaine to southern Maine, said Kittery, Maine, Police Chief Edward Strong. Up to 15 more people could be arrested as the investigation continues, he said yesterday. Strong helped lead the multi-agency investigation.

York, Maine, Police Detective Thomas Cryan said he hopes the arrests will slow the drug trade in the area and serve as a warning to other dealers.

"Maybe this will let them know that we are looking. Either way, I think it's going to be a busy summer," he said.

Demetries Agiasotelis, 29, of Rollinsford, was indicted separately on a federal charge of conspiracy to distribute cocaine.

Six others also face federal drug charges, all in U.S. District Court in New Hampshire:

q Chris Knight, 24, of Sanford, Maine, was charged with distribution of cocaine.

q Chris Cote, 25, of Sanford, Maine, was charged with distribution of cocaine and marijuana.

q Michael Ducharme, 23, of Milton, Mass., was charged with distribution of marijuana.

q Mouen Chan, 26, of Sanford, was charged with distribution of cocaine.

q Virak Tin, 20, of Berwick, Maine, was charged with distribution of marijuana.

q Sothear Kim, 25, of Sanford, was charged with distribution of cocaine.

The police arrested eight more suspects on state drug charges: Trevor Small, 28, of Eliot, Maine; Alan Hall, 50, of Kittery; Erin Glen, 26, of South Berwick, Maine; Thomas Millette, 40, of York; Justin Bellissimo, 25, of Berwick; Kyle Clark, 19, of Newburyport, Mass.; Donald Crocker, 25, of Wells, Maine; and William Burke, 38, of York.

They will be arraigned in York District Court, Strong said.

The investigation was led by the York and Kittery police departments and the New Hampshire office of the U.S. Drug Enforcement Agency, assisted by the Portsmouth Police and the New England State Police Information Network.

Kittery Chief: Arrests 'put A Dent' In Drug Trade (PHN)

By Deborah McDermott

Portsmouth (NH) Herald News, May 26, 2006

News this week that 17 people are facing federal and state cocaine and marijuana distribution charges has "definitely put a dent" in the local drug trade - from significant suppliers right down to street dealers, said Kittery Police Chief Edward Strong.

Kittery and York police departments Tuesday announced the arrests and, in many cases, indictments of four different sets of dealers, each facing an array of distribution and trafficking charges.

The joint investigation was "a model of cooperation" between the two departments, Strong said. He and York Police Chief Douglas Bracy have officers devoted only to drug cases, who share information and work together.

"We've put a lot of effort into trying to make a dent into drug trafficking in this area," he said.

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In each of the 17 cases, either Kittery Detective Steven Hamel, York Detective Thomas Cryan or members of the New Hampshire Drug Enforcement Agency allegedly purchased drugs from the defendants, which led to their arrests. Most were arrested in their homes or at work in the past three weeks, and some turned themselves in.

According to Hamel, the investigation began last fall, when a local confidential informant gave police information on Edward Arias of Lawrence, Mass.

Strong said Arias was allegedly "a high-level supplier with connections in New York." He led them to Jose Ortiz, also of Lawrence, who Strong called Arias' "mule, who would run cocaine into this area and deliver it."

Both men, whose ages are unknown, were arrested this week and arraigned in federal district court in Concord on charges of conspiracy to possess with intent to distribute cocaine and distribution of cocaine.

"They'd been supplying the entire area. It's going to take a while for someone to fill those shoes," Strong said.

A separate informant gave Hamel information on Demetries Agiasotelis, 30, of Rollinsford, N.H., whom Hamel said has been "a target of this area for four or five years." Hamel called Agiasotelis a "mid-level supplier" of cocaine in the area, "supplying the whole Seacoast."

Agiasotelis has been arraigned in federal court in Concord on charges of conspiracy to possess with intent to distribute cocaine.

Yet another set of federal charges were filed against five individuals from Maine and one from New Hampshire who together, Strong said, had "a network" in the Seacoast area.

Finally, eight others who Strong identified as "low-level street dealers" are facing state charges. They have arraignment dates in the next few months in York District Court, although Strong said they will likely all be indicted in superior court prior to their arraignment.

Bracy said the arrests are proof of not only Kittery and York cooperation, but also police departments in New Hampshire and Massachusetts, because "we're all in this together. The drugs don't come from York, Maine or Kittery, Maine."

He said by bringing federal charges against these defendants, "we're sending a message. We know they aren't coming into this area as much as they used to. We're making a dent at the street."

Clayton Man Admits To Money Laundering (DDN)

Dayton (OH) Daily News, May 26, 2006

Dayton | A Clayton businessman admitted Thursday to a federal felony charge of money laundering that could put him in prison for four years.

Glen Hurst, 55, of Butler Twp. pleaded guilty as part of a plea agreement that provides that his wife, Debra Hurst, will plead to a misdemeanor tax charge after federal prosecutors dismiss a felony. He also pleaded to a misdemeanor tax offense.

The Hursts were indicted in a wide-ranging case that focused on drug kingpin Earl Marshall, who pleaded guilty April 18 to five felonies and faces at least 18 years in prison.

In 2004, federal officials called the case one of the largest trafficking operations in Dayton. It was investigated by the Internal Revenue Service and Drug Enforcement Administration.

Hurst owned and operated the American Funding Agency Inc., a mortgage company at 8126 N. Main St. in Clayton. DEA and IRS agents raided it June 24, 2004.

According to facts presented in court:

Marshall would provide information, much of it false, to Hurst's mortgage company. From that information, American Funding employees created fraudulent documents to support loan requests. Hurst was aware the documents were based in part on false information from Marshall and others.

Financial sources for the loans came from Marshall, even when he was not connected by the documents. Hurst was aware the money was coming from illegal sources and the transactions were done in part to conceal Marshall's financial involvement in the real estate transactions.

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Purchases involved properties at 272 Valley View Drive in Englewood, 4424 Genesee, 2285 Diamond Mill Road in Brookville, 106 Deans Court in Union; 6600 Westford Ave., 5104 Gardendale Ave. and 2516 Germantown, according to the statement of facts.

In the tax charge, Hurst admitted to failing to file an income tax return for 1999, failing to comply with withholding obligation for employees and other acts. The tax loss to the government for 1999 and 2000 was $55,733.

U.S. District Judge Thomas M. Rose set sentencing for Aug. 24.

Study Finds No Cancer-Marijuana Connection (WP)

By Marc Kaufman

The Washington Post, May 26, 2006

The largest study of its kind has unexpectedly concluded that smoking marijuana, even regularly and heavily, does not lead to lung cancer.

The new findings "were against our expectations," said Donald Tashkin of the University of California at Los Angeles, a pulmonologist who has studied marijuana for 30 years.

"We hypothesized that there would be a positive association between marijuana use and lung cancer, and that the association would be more positive with heavier use," he said. "What we found instead was no association at all, and even a suggestion of some protective effect."

Federal health and drug enforcement officials have widely used Tashkin's previous work on marijuana to make the case that the drug is dangerous. Tashkin said that while he still believes marijuana is potentially harmful, its cancer-causing effects appear to be of less concern than previously thought.

Earlier work established that marijuana does contain cancer-causing chemicals as potentially harmful as those in tobacco, he said. However, marijuana also contains the chemical THC, which he said may kill aging cells and keep them from becoming cancerous.

Tashkin's study, funded by the National Institutes of Health's National Institute on Drug Abuse, involved 1,200 people in Los Angeles who had lung, neck or head cancer and an additional 1,040 people without cancer matched by age, sex and neighborhood.

They were all asked about their lifetime use of marijuana, tobacco and alcohol. The heaviest marijuana smokers had lighted up more than 22,000 times, while moderately heavy usage was defined as smoking 11,000 to 22,000 marijuana cigarettes. Tashkin found that even the very heavy marijuana smokers showed no increased incidence of the three cancers studied.

"This is the largest case-control study ever done, and everyone had to fill out a very extensive questionnaire about marijuana use," he said. "Bias can creep into any research, but we controlled for as many confounding factors as we could, and so I believe these results have real meaning."

Tashkin's group at the David Geffen School of Medicine at UCLA had hypothesized that marijuana would raise the risk of cancer on the basis of earlier small human studies, lab studies of animals, and the fact that marijuana users inhale more deeply and generally hold smoke in their lungs longer than tobacco smokers -- exposing them to the dangerous chemicals for a longer time. In addition, Tashkin said, previous studies found that marijuana tar has 50 percent higher concentrations of chemicals linked to cancer than tobacco cigarette tar.

While no association between marijuana smoking and cancer was found, the study findings, presented to the American Thoracic Society International Conference this week, did find a 20-fold increase in lung cancer among people who smoked two or more packs of cigarettes a day.

The study was limited to people younger than 60 because those older than that were generally not exposed to marijuana in their youth, when it is most often tried.

Idaho Man Indicted For Drug Smuggling From Canada (AP)

AP, May 25, 2006

DOJ_NMG_0029750

SPOKANE, Wash. -- A federal grand jury has indicted a Sandpoint, Idaho, man on charges he attempted to smuggle marijuana, methamphetamine and the designer drug Ecstacy into the United States from Canada.

Joseph A. Roberts, 43, was arrested by U.S. Border Patrol agents May 7 near Molson, just south of the Canadian border in Okanogan County.

The grand jury indicted Roberts on Tuesday on three counts of importation and three counts of possession with intent to distribute drugs.

Federal prosecutors allege Roberts had nearly 170 pounds of "B.C. Bud" marijuana, 143 pounds of methamphetamine and 16 pounds of Ecstasy when arrested. The street value of the methamphetamine alone is estimated at more than $1 million, prosecutors said.

Conviction on the methamphetamine counts would carry a mandatory minimum penalty of 10 years to a maximum of life imprisonment, a fine up to $4 million, and a life term of court supervision after release.

The remaining counts each carry a maximum penalty of up to 20 years in prison, a $1 million fine and life supervision.

Judge Won't Halt Gun-store Closure (CHICOER)

By Josh Richman, STAFF WRITER

Chico (CA) Enterprise Record, May 26, 2006

SAN FRANCISCO - A federal judge refused today to postpone the government-imposed closing date for Northern California's largest gun dealer, Trader Sports of San Leandro, due to extensive violations of federal law.

Chief U.S. District Court Judge Vaughn Walker found that although Trader Sports likely will be hurt more by the closure than the public would be by allowing the store to remain open, the gun dealer hasn't substantially disputed the claims against it and isn't likely enough to succeed in its claims of an unfair administrative hearing to deserve a court-ordered stay.

Vaughn gave the store until June 2 - one day past the government's previously imposed deadline - to take the case to the 9th U.S. Circuit Court of Appeals and seek a stay there. The store's attorney, Malcolm Segal of Sacramento, said he'll have to ask store owner Anthony Cucchiara whether to appeal.

The Bureau of Alcohol, Tobacco and Firearms served Cucchiara months ago with notice that he'd have to surrender his license and close his store effective June 1. This followed a 13-month administrative hearing in which the ATF used evidence from a September 2003 inspection, along with earlier information, to argue Trader Sports has flouted federal firearms sale reporting requirements for years.

The 2003 inspection found 3,659 firearms in stock at the store, yet computer records showing 9,100 firearms should have been in inventory. The discrepancy later was whittled to more than 1,700 firearms unaccounted for.

Assistant U.S. Attorney Jonathan Lee argued Thursday that this, atop record-keeping deficiencies found in past inspections, proved Trader Sports couldn't be trusted to keep proper track of its sales.

``A license is a privilege... It comes with certain responsibilities," he told Walker, later adding ATF inspectors have found 19 instances in the three years since the inspection in which Trader Sports couldn't properly help law enforcement trace firearms found at crime scenes - a rate far higher than that of similar dealers. ``There is no substantial disagreement on this point."

Evidence also shows firearms sold by Trader Sports have been found at crime scenes at a rate of roughly one per week over the past two years, also out of line with similar dealers, Lee said.

Segal argued among other things that closing

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the store means more than 20 longtime employees will lose their jobs; police and hunters will be deprived of a valuable resource; and the business will miss its most profitable time of year as hunting season begins in June. He also argued that ATF violated its own rule by inspecting Trader Sports in 2003 a few weeks short of a year after its last meeting with Cucchiara, so all evidence from the inspection should be excluded from the case.

But this appeal of the administrative order to close the store is a civil lawsuit, and Walker said Thursday he could find no reason to exclude evidence from non-criminal cases.

He also said Trader Sports' claims that its administrative hearing was unfair - due to excluded evidence, and to alleged collusion between the ATF's ``prosecutor'' and the hearing officer - were ``essentially insubstantial'' and not enough to support the store's claim of due-process violations.

Thursday's hearing was merely for a preliminary injunction to halt the closure; Cucchiara can continue his lawsuit after the store closes in order to try to regain his license and reopen.

Griffin Dix of Kensington, president of the California chapters of the Brady Campaign to Prevent Gun Violence's Million Mom March, said he believes the judge's order and the store's impending closure set good precedent.

``Enough is enough,'' he said. ``Just consider the harm done to the community by the guns that are spread all over the place by this irresponsibility.''

The Brady Campaign has issued a report, ``Trading in Death,'' outlining all of Trader Sports' past and present violations.

``Trader Sports has supplied more criminals with firearms than almost any other gun dealer in the nation,'' Brady Campaign legal director Dennis Henigan said in a statement. ``Congress should strengthen ATF's power to revoke licenses of corrupt dealers rather than enacting new special interest laws to protect them.''

SAN LEANDRO Gun Shop Tries To Keep U.S. From Closing Store Trader Sports Losing License Over Weapons That Can't Be Found (SFC)

By Demian Bulwa, Chronicle Staff Writer

San Francisco Chronicle, May 26, 2006

The owner of the Bay Area's biggest firearms store will ask a judge today to stop regulators from shutting him down at the end of the month, in a case that is being watched on both sides of the gun debate.

The hearing before U.S. District Judge Vaughn Walker in San Francisco will center on federal agents' 2003 inspection of Trader Sports, which has operated on East 14th Street near downtown San Leandro for more than 35 years. It sells more than 3,500 revolvers, pistols, shotguns and rifles a year, along with fishing tackle and other goods.

Regulators from the federal Bureau of Alcohol, Tobacco, Firearms and Explosives ordered Tony Cucchiara to surrender his firearms license because he allegedly could not account for 1,723 guns, among other bookkeeping problems that officials argued could endanger public safety and hinder police investigating gun crimes.

His lawyer sued U.S. Attorney General Alberto Gonzales and other federal officials in an effort to overturn the revocation, saying agents had found only "hyper-technical" violations.

Cucchiara is asking the judge to postpone the revocation, which is scheduled to take effect June 1, and hold a full hearing.

Those who have been watching the fight between Cucchiara and the firearms bureau said it carries implications beyond the plight of a San Leandro gun shop. Trader Sports has a history of run-ins with regulators and is a high-profile target of gun-control groups.

"Trader Sports is one of the worst of the worst," Daniel Vice, a staff attorney for the pro-gun-control Brady Campaign in Washington, D.C., said Wednesday. He said license revocations are significant because the government issues them so rarely.

Malcolm Segal, an attorney for the store, said regulators had pushed too far in the other direction. In a legal filing, he said the federal agency is "engaged in an unfair campaign to intimidate firearm purchasers and remove the licenses of firearms dealers based on hyper-technical and inadvertent violations."

The U.S. attorney's office, which is defending the firearms bureau in the lawsuit, said the inspection of Trader Sports in September 2003 found 3,659 firearms on hand, even though store records showed 9,100 guns in inventory.

Cucchiara and the federal inspectors had tried to reconcile the discrepancy and found that an additional 2,036 guns could not be accounted for, bringing the total to 7,477, Assistant U.S. Attorney Jonathan Lee wrote in a legal filing.

Most of those weapons were eventually tracked down, Lee said. But when the firearms bureau issued its final notice of revocation in December, 1,723 guns still had not been found.

Lee said the firearms bureau also found that the shop routinely filed faulty sales records and failed to properly document the sale of high-powered guns to police.

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Authorities also suggested that the store's guns show up too often at crime scenes. They said police asked Trader Sports last year to trace 447 guns that had been recovered -- the second-highest number among more than 100,000 licensed gun dealers in the country.

On 19 occasions in the past three years, Trader Sports was unable to produce a weapon's history, authorities said.

Segal said guns end up in police custody for many reasons other than use by a criminal. "The fact that a firearm is found at a crime scene could mean that it is a firearm that a victim had, trying to protect themselves," he said.

The attorney wrote in a court filing that Cucchiara and Trader Sports had received a disproportionate number of trace requests because the store sold a lot of guns and had been in business for more than 35 years.

Gun Crime Program Team Wins Award (DALLASBIZ)

Dallas Business Journal, May 26, 2006

The city of Dallas' criminal prosecution team has received federal laurels for a program that has helped to reduce gun crime involving repeat offenders.

Gun crimes committed by parolees in Dallas between October 2003 and September 2005 fell by about 45 percent, according to a recent crime study.

The prosecution team -- which helped plan and implement the program -- was honored with a U. S. Department of Justice Project Safe Neighborhoods Achievement Award for exemplary local training, according to a Justice Department news release.

The community prosecutors, who have offices in seven Dallas neighborhoods, and others in law enforcement created a program that requires probationers and parolees to attend workshops that inform them of the consequences of violating terms of their release, which include not using or possessing firearms.

The Dallas team was nominated for the award by U.S. Attorney Richard B. Roper of the Northern District of Texas. The award was presented by Deputy U.S. Attorney General Paul J. McNulty during a national conference earlier this month.

IMMIGRATION:

Senate OKs Immigration Bill 62 To 36 (LAT)

By Joel Havemann

The Los Angeles Times, May 26, 2006

WASHINGTON — The Senate, closing one round of acrimonious debate but setting the stage for another, passed legislation today that would both tighten the borders to new immigrants and provide procedures for the 12 million foreigners already living in this country illegally to gain legal status.

The bill would also authorize a guest worker program by which foreigners could work temporarily in this country.

The vote was 62 to 36.

The bill now goes to a committee of House and Senate members, who will try to forge a compromise between the Senate legislation and a much more punitive bill approved by the House in December.

The task may prove impossible. House Speaker Dennis J. Hastert (R-Ill.) said this week that he would not schedule a compromise bill for floor action unless it commanded the support of a majority of the House's Republican majority.

"If Speaker Hastert insists on the 'majority of the majority,' "Sen. Richard Durbin (D-Ill.)said this week, then immigration reform is dead.

Rep. Mike Pence (R-Ind.), a leader of House conservatives as head of the 100-plus Republican Study Committee, criticized the Senate bill for providing amnesty to large numbers of people who had broken the law.

"This does not mean, however, that we cannot work together to find a solution to the problem of illegal immigration," Pence said. "The real rational middle ground can be found in a bill that is tough on border security, employer enforcement, and contains a no-amnesty guest worker program run by the private sector."

The House bill triggered massive protest demonstrations in Los Angeles and other cities this spring by a population that had been largely politically inactive.

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Senate Minority Leader Harry Reid (D-Nev.) said the Senate had passed "good, comprehensive immigration reform legislation…. It deals with security, by providing new agents and new resources to secure our porous borders. It deals with employers who break the law, by making sure employee sanctions are tough and real — a big difference from the last five years."

And for foreigners in this country illegally, he said, the bill puts them on the road to legal status if they pay a fine and learn English.

Sen. Jeff Sessions (R-Ala.), a leader of the opposition, said the bill's provisions to beef up border controls and provide tougher sanctions against employers of illegal immigrants were insufficient. "The border is not secured by this bill," he said.

And as for foreigners already here illegally, Sessions complained, "A vast majority of the illegal alien population will be given every benefit our nation can bestow on its citizens, including participation in the Social Security System, based on their illegal work histories."

The bill would authorize future legal immigration levels of three to five times current rates, he said.

"This bill is a huge, monumental budget buster," Sessions said, citing a Congressional Budget Office report that the costs would approach $120 billion over the first 10 years.

Like Sessions, House Republicans have resisted White House efforts to push them beyond their "enforcement only" approach to immigration reform.

"The basic difference of opinion that we have seen on this issue between the House and Senate and the White House is real, it is honest, and it was exhibited at this meeting," House Majority Leader John Boehner (R-Ohio) said.

Sen. Norm Coleman of Minnesota, a Republican supporter of the bill, said the value of the bill was that it included the dispatch of National Guard troops to the southern border and the construction of hundreds of miles of fence along between the U.S. and Mexico.

"By securing the border, discouraging the hiring of illegal immigrants and addressing the illegal immigrants currently living in the U.S., this bill implements a comprehensive response to solve our nation's illegal immigration woes," Coleman said.

Speaking for the Bush administration, Commerce Secretary Carlos Gutierrez, himself an immigrant from Cuba, applauded the Senate vote.

"Comprehensive immigration reform must secure our borders, toughen interior enforcement, create a temporary worker program, and provide employers with tamper-resistant identification cards that will help them determine the legal status of their employees," Gutierrez said. "I urge the House and Senate conferees to work in good faith to work out the differences in legislation."

Senate, In Bipartisan Act, Passes An Immigration Bill (NYT)

By Rachel L. Swarns

The New York Times, May 26, 2006

WASHINGTON, May 25 — The Senate easily passed legislation on Thursday that would give most illegal immigrants a chance to become American citizens. But the vote did little to soften opposition to the measure among House conservatives, and Republican leaders acknowledged that delivering a final bill to President Bush's desk would be enormously difficult.

The Senate legislation, which also creates a guest worker program and seeks to tighten control of the border, passed 62 to 36. Twenty-three Republicans and one independent joined 38 Democrats to win approval of the bill in one of the few displays of bipartisanship on a major piece of legislation in years.

If the Senate bill's provisions were to make it into law, they would be the most substantial overhaul of immigration law in two decades. The key architects of the bill, Senators John McCain, Republican of Arizona, and Edward M. Kennedy, Democrat of Massachusetts, hailed the bipartisan coalition for withstanding a slew of amendments intended to sink the legislation.

The bill was also praised by some immigrant advocacy groups, the Roman Catholic Church and business leaders, who worked to ensure its passage. And Senator Bill Frist of Tennessee, the majority leader, described the vote as "a success for the American people" as well as for the immigrants "who hope to participate someday in that American dream."

Mr. Bush issued a statement praising the Senate for its vote and the House for passing an earlier immigration bill that he said "began a national dialogue." He urged both chambers to work together to pass a bill that he could sign into law.

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But with Republicans deeply divided over immigration, the bill's future remains in doubt, reflecting the fluid politics of the issue in a Congressional election year. House conservatives, who passed a border security bill in December, vowed to thwart any deal that includes a central provision of the Senate bill: its call to give most illegal immigrants a chance to become citizens if they meet certain conditions.

Representative John A. Boehner of Ohio, the House majority leader, said on Thursday that he was hopeful that the Senate and House could reach a compromise. But when asked whether that compromise might include a guest worker program, he said he did not know.

The House bill did not include a guest worker or legalization plan.

"This is a very difficult issue," Mr. Boehner said, adding, "I don't underestimate the difficulty of the House and Senate trying to come together in an agreement."

Conservatives in the House denounced the bill for legalizing illegal immigrants and creating a guest worker program that would admit 200,000 foreign workers each year. Representative J. D. Hayworth, Republican of Arizona, called it an amnesty for lawbreakers and "a nonstarter."

But some Republicans in the House said that the ground seemed to be shifting, if only slightly.

They pointed to Representative Mike Pence, Republican of Indiana, the leader of the conservative caucus in the House, who proposed a bill this week that would allow illegal immigrants to become guest workers, though not permanent residents or citizens.

They also said that the effort to reach a compromise could benefit from a strong push for a deal by Mr. Bush. And they noted the sizeable numbers of Republicans, including Mr. Frist, who offered vigorous support for the Senate legislation.

All of those developments, they said, might provide enough political cover for Republicans facing midterm elections in the fall to sign on to a plan that might include at least a temporary worker program.

Representative Jeff Flake, an Arizona Republican who supports legalizing illegal immigrants, said that a week ago he was betting that the House and the Senate might not even agree to a meeting. On Thursday, he described the chances of a House-Senate compromise bill as "50-50."

Representative Peter T. King of New York, the chairman of the House Homeland Security Committee, said he also thought there was significant support for a temporary worker program. "A good number of Republicans who are opposed to legalization are willing to support guest workers," Mr. King said.

But supporters of the Senate legislation said they hoped to keep their central principles intact. Democrats said they would not support legislation that did not place most of the estimated 11 million illegal immigrants on a path to citizenship.

Under the legislation, illegal immigrants who have lived in the United States for five years or more, about seven million people, would eventually be granted citizenship if they remained employed, passed background checks, paid fines and back taxes, and enrolled in English classes.

Illegal immigrants who have lived here two to five years, about three million people, would have to leave the country briefly and receive a temporary work visa before returning, as a guest worker. Over time, they would be allowed to apply for permanent residency and ultimately citizenship.

Illegal immigrants who have been here less than two years, about one million people, would be required to leave the country altogether. They could apply for the guest worker program, but they would not be guaranteed acceptance in it.

Some immigrant groups criticize the plan for leaving out illegal immigrants who have been here for less than two years. Others praise the legislation, but not without qualms.

"It means there is real hope that we will have immigration reform that will legalize millions of people who are here," said Cecilia Muñoz, a vice president of the National Council of La Raza, a Latino civil rights group. "But we still have some real reservations."

Border Fight Divides G.O.P. (NYT)

By Jim Rutenberg

The New York Times, May 26, 2006

DOJ_NMG_0029755

WASHINGTON, May 25 — The negotiations between the White House and Congress that will follow the Senate's passage on Thursday of an immigration bill could decide not just how the nation confronts illegal immigration but also what strain of conservatism the Republican Party carries into the midterm elections and beyond.

Will it be the compassionate brand Mr. Bush considers crucial to the party's future, in this case by signaling support for a provision in the Senate bill that would give most illegal immigrants an opportunity to become legal? Or will it be the more doctrinaire variety embraced by much of Mr. Bush's party in the House, one that shuns anything that smacks of amnesty for illegal immigrants and seeks to criminalize them further?

The 62-to-36 vote in the Senate was a victory for a fragile bipartisan coalition. [Page A19.]

It will now be challenged in negotiations with the House. While the Senate bill calls for tougher border security, the establishment of a guest worker program and a plan to allow millions of illegal immigrants a chance to become citizens if they meet certain conditions, the House bill is focused on border control.

As on several issues, especially the increase in federal spending under Mr. Bush, immigration has shown Republicans to be struggling to define what they stand for.

Since Mr. Bush's influence among Republicans has ebbed with his poll numbers, the outcome of the intraparty battle rests in large part with the House leadership, especially the speaker, J. Dennis Hastert of Illinois, and the new majority leader, John A. Boehner of Ohio. They have kept their options open, but neither has shown enthusiasm for moving substantially toward the Senate position.

Some well-known Republicans came out in support of a comprehensive plan, and argued that progress was possible. But it does not help the prospects for a deal that relations between the administration and Republican leaders on Capitol Hill are especially chilly at the moment because of the showdown about whether the Justice Department overstepped constitutional bounds over the weekend by raiding the office of a member of Congress.

Mr. Bush has made clear that he wants to sign an immigration bill this year, and his ability to pull his fractured party together on the issue may be the starkest test yet of whether he has enough remaining strength to drive any agenda at all for the remainder of his second term.

Mr. Hastert has indicated he will go only so far for the president. He has expressed some openness to Mr. Bush's guest worker proposals, but has more often emphasized enforcement against illegal immigrants and their employers, and securing the border, as top priorities.

That Mr. Bush has chosen to put so much capital behind an issue so divisive within his own party — and during an election year in which Republican prospects seem particularly grim — has bewildered some conservatives.

"Clearly, Bush is not in tune with where I think the bulk of the Republican Party is today," said Bruce Bartlett, a conservative critic of the president who worked for Mr. Bush's father's administration and that of Ronald Reagan. "He's getting hammered on a lot of the talk-radio shows, and I kind of wonder what the motivation was."

Mr. Bartlett said he could only surmise that the issue was so close to Mr. Bush's heart that he was willing to risk further division within his party to see his plan, or some close version of it, become law.

Mr. Bush's aides and allies are only too happy to agree that the president's personal conviction is at play.

They clearly see a chance to show the president as leading on principle.

"He's got to lead his country and the party in a direction he thinks is right," Dan Bartlett, the White House counselor, said. But some allies have argued in interviews that Republicans who are pushing solely to criminalize illegal workers fail to understand that Mr. Bush's approach will broaden the party and make it more appealing to Hispanic voters.

"The party can't be a dominant party without reaching out to minority communities, especially Latinos," said Matthew Dowd, Mr. Bush's chief strategist in the 2004 campaign, who has also worked for Democrats.

But Mr. Dowd and others acknowledge that the president and Congress will have to proceed carefully as they try to craft an immigration overhaul that legalizes a foreign work force, which business leaders want badly, even as it strictly enforces the law and seals the border.

Some Republicans suggest that the solution is to jettison the citizenship provisions of the Senate bill, but retain its guest worker program, which was the focus of Mr. Bush's original proposal. But it is not clear that the Senate would accept such a deal.

"If we have the right mix of border security and a guest worker or temporary worker program," said Ed Gillespie, a Republican lobbyist who is a close White House ally, "we can continue to hold rank-and-file conservative Republicans, as well as continue to gain votes with Hispanics as we have in the past two cycles."

Aides to Mr. Bush liken their strategy to that of arms negotiators during the cold war: by first bringing the two sides together on matters of agreement and then moving onto the issues that divide them.

But as of now all indications are that once the negotiators move from the border security measures that both sides can support to guest worker and citizenship provisions that conservative House members oppose, they will hit a wall.

And it is unclear how much Mr. Bush, with the lowest approval ratings of his presidency, will be able to prevail upon hard-liners who face tough campaigns this fall. Though Mr. Bush's allies argue that those most vocally opposed to anything beyond border security are in the minority of the party — and indeed the country — they matter especially in elections. And they are angry.

"He's facing an open rebellion," said Richard A. Viguerie, a conservative direct-mail veteran and one of those openly rebelling. "And he's determined to force something down the throats of the conservatives that's going to cause them to abandon him in droves in 2006."

With so many in the House agreeing with Mr. Viguerie's view, it is difficult to handicap whether the president will get a comprehensive immigration law before fall. That possibility has prompted a frenetic round of discussions among Republicans about whether it would be best to put the House-Senate negotiations off until after the elections.

There is no clear consensus about how to proceed, but few argue that delay would be good for Mr. Bush, who badly needs a victory right now.

"If he can bring this one off, it won't necessarily save his presidency," said William A. Galston, a former adviser to President Bill Clinton who is now a senior fellow at the Brookings Institution, the liberal-leaning research organization. "But if he doesn't, I think he loses everything except the title of the office."

Senate Passes Sweeping Bill On Immigration (LAT)

By Nicole Gaouette

The Los Angeles Times, May 26, 2006

WASHINGTON — The Senate on Thursday approved a sweeping bill that would upgrade border security and offer a path to citizenship to most illegal immigrants in the U.S., setting up a major — and probably bitter — confrontation over revamping immigration policy.

The bill passed 62 to 36, moving Congress a significant step closer to the first overhaul of immigration law since 1986.

But key differences between the Senate measure and a bill the House passed late last year mean that the legislation's final contours — if an agreement can even be reached — remain uncertain.

The effort to reach a compromise, strongly endorsed by President Bush, now rests with House and Senate negotiators who will conduct their talks behind closed doors.

Staunch opposition to the Senate bill from House conservatives is a key hurdle to an accord. They view any provisions that would permit illegal immigrants to become citizens as a reward for criminal activity.

Still, passage of the Senate bill represents a victory for Bush, who began a push for a broad overhaul of immigration policy with a speech in January 2004. His proposals sparked an extended debate about border security, the role of immigrants in American life and how best to deal with the estimated 12 million people who are in the country illegally.

For many lawmakers, the challenge in rewriting immigration laws has been to find a middle ground between recognizing the nation's heritage as a nation of immigrants and planning for its future in an uncertain age of terrorism.

Resolving the immigration issue in a comprehensive way "is a national security issue," said Sen. John McCain (R-Ariz.), one of the leaders of the bipartisan coalition that shepherded the Senate bill to passage.

Referring to the path to citizenship that the bill would create for illegal immigrants, McCain said: "Some Americans believe we must find all these millions, round them up and send them back. I don't know how you do that. I don't know why you would want to."

But some conservative senators roundly condemned the legalization provisions.

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"This bill is going to make the problem of illegal immigrants much worse," said Sen. David Vitter (R-La.), arguing that the legalization measures would simply draw more people across the border.

Like many of the Senate bill's opponents, Vitter said Congress needed to produce a measure that dealt solely with beefed-up security at the nation's borders and stricter enforcement of immigration law in the workplace.

The House bill adheres to that course.

The Senate roll call on its bill illustrated the GOP divide on the issue: 23 Republicans, 38 Democrats and one independent voted for the legislation; 32 Republicans and four Democrats opposed it.

California's senators, Democrats Barbara Boxer and Dianne Feinstein, supported the bill.

Immediately after the vote, Sen. Patrick J. Leahy (D-Vt.) offered his odds on the prospects for a compromise during the negotiations ahead.

"I want to warn people, it is a 50-50 proposition to get a bill on the president's desk," he said. "I would like to see us improve those odds, and I think we will."

As Senate passage neared this week, House Republican leaders signaled a willingness to consider a guest worker program. But they continued to draw the line at legalization measures.

Despite that position, Sen. Arlen Specter (R-Pa.) insisted he was optimistic a compromise could be reached — with the help of Bush.

"I believe we can do it," he said. "The time has come for very active participation by the president."

A statement by Bush on Thursday night underscored his backing for the broader Senate approach rather than the narrower House version.

"An effective immigration reform bill will protect our borders, hold employers to account for the workers they hire, create a temporary worker program … address the issue of the millions of illegal immigrants already in our country and honor America's great tradition of the melting pot," he said.

The Senate legislation resembles the outline that Bush laid out in his 2004 speech.

Border security would get a boost, with 14,000 Border Patrol agents added to the existing 11,300 over the next five years. Extra detention facilities would be built to hold the illegal immigrants caught at the border. And the bill authorizes the construction of 370 miles of fencing along the U.S.-Mexico boundary.

Employers would have to start using an electronic verification system within 18 months to ensure that all new hires are legal. Companies that hired illegal workers would be fined up to $20,000, and repeat offenders would draw prison terms.

In its most controversial section, the bill creates a three-tiered system to determine the future status of illegal immigrants.

Those who arrived in the U.S. in the last two years would be required to leave. Those in the country more than two years but less than five years would have to leave the country and get a work visa before reentering, after which they could work toward legal status.

Those in the U.S. longer than five years could stay and eventually apply for permanent legal status, a step toward citizenship, as long as they paid back taxes and fines of at least $3,250, continued working, and learned English and U.S. civics.

A guest worker program would allow foreign workers to enter the country in the future and provide a way for them to gain permanent legal status.

The bill also declares English the national language.

In contrast, the House bill has no provisions for a guest worker program or for accommodating illegal immigrants. Instead, it would criminalize illegal presence in the U.S., a status that is now a civil offense.

It also provides for a 700-mile barrier along the U.S.-Mexico border and would require that employers verify the status of all employees within six years.

It is not clear how quickly the House and Senate will begin talks over a joint bill.

Mexican President Vicente Fox, visiting Sacramento, praised the Senate's approval of the immigration bill as a "monumental step forward."

"It is a moment that millions of families have been hoping for; this is the moment that millions of people have been working for," Fox said in a speech to the California Legislature.

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Senate Majority Leader Bill Frist (R-Tenn.) said that by late Thursday, he and Minority Leader Harry Reid (D-Nev.) would finish appointing senators to negotiate with House members in what is known as a conference committee. Frist added that he would urge the House to appoint negotiators "as soon as possible."

But at least some House Republicans argue that it might be better not to negotiate at all.

"There might be some strategic advantage in not calling the conference and just asking the Senate to pass the House bill as written," said Rep. Trent Franks (R-Ariz.). "My fear is that the bills are so far apart that it may dissolve into chaos if conference is called."

Other House Republicans say the party will look incompetent if Congress doesn't send a bill to the president before November's midterm elections.

"We are better off with any bill than no bill," said Rep. Thomas M. Davis III (R-Va.). "This is our best shot, and for both political and strategic reasons, we're best off getting this done."

"The wrath of the voters will be upon" the GOP majorities in the House and Senate if no bill is produced, added Rep. Jack Kingston (R-Ga.). "I think you have to have something."

Scores of House Republicans, however, have stressed that they cannot support any form of legalization for those in the country illegally.

"I'm not opposed to a guest worker status. I'm opposed to illegals becoming legal," said Rep. Peter T. King (R-N.Y.). "I think it's better to have no bill than a bad bill," which he described as "any bill that has legalization."

Some Senate conservatives view negotiations with the House as a chance to correct the flaws they see in the bill. These senators oppose the legalization measures, and some prefer the House approach of addressing only security and enforcement issues.

Sen. Jon Kyl (R-Ariz.), who will take part in the conference talks, expressed conservatives' hopes for the closed-door sessions.

"We'll have the ability to craft something, in effect, from scratch," he said.

But in another example of the complicated task that faces the negotiators, a proposed compromise that lacks legalization provisions probably would spur opposition from most Senate Democrats and doom its chances in that chamber.

Times staff writers Maura Reynolds in Washington and Peter Nicholas in Sacramento contributed to this report.

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(INFOBOX BELOW)

How the bills stack up

There are key differences between the Senate immigration bill passed Thursday and the House bill passed in December.

Issue: Legalization of undocumented immigrants

Senate bill: Allows illegal immigrants who have been in the country five years or more to remain, continue working and eventually become legal permanent residents and citizens after paying back taxes, paying at least $3,250 in fines and fees, and learning English.

Requires illegal immigrants in the U.S. more than two but less than five years to go to a point of entry at the border and file an application to return.

Requires those in the country less than two years to leave.

House bill: Contains no provisions providing a path to legal residency or citizenship for illegal immigrants.

Makes illegal presence in the country a felony.

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Issue: Temporary worker program

Senate bill: Creates a special guest worker program for an estimated 1.5 million farm workers, who could also earn legal permanent residency.

House bill: Contains no new temporary guest worker program.

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Issue: Enforcement

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Senate bill: Orders deportation of illegal immigrants convicted of a felony or three misdemeanors, no matter how long they have been in the U.S.

Authorizes hiring an additional 1,000 Border Patrol agents this year, for a total of 3,000 new agents in 2006.

Authorizes more detention facilities for apprehended illegal immigrants.

House bill: Makes it a felony to assist, encourage, direct or induce a person to enter or attempt to enter or remain in the United States illegally.

Establishes mandatory sentences for smuggling illegal immigrants and for reentering the U.S. illegally after deportation.

Makes a drunk driving conviction a deportable offense.

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Issue: Employer sanctions

Senate bill: Requires employers and subcontractors to use an electronic system within 18 months to verify that new hires are legal.

Increases maximum fines on employers for hiring illegal workers to $20,000 for each worker and imposes jail time for repeat offenders.

House bill: Increases maximum fines for employers of illegal workers from the current $10,000 to $40,000 per violation and establishes prison sentences of up to 30 years for repeat offenders.

Beginning in six years, all employers would have to use a database to verify Social Security numbers of all employees.

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Issue: Fences

Senate bill: Authorizes 370 miles of new triple-layered fencing plus 500 miles of vehicle barriers along the 2,000-mile-long Mexico border. Requires building two-layer fences along 700 miles of the Mexico border.

Issue: Other

Senate bill: Declares English the national language.

Source: Associated Press

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Next steps

The Senate and House have passed immigration bills with key differences, so a committee with members from each chamber is expected to try to reach a compromise.

• House and Senate negotiators may hold public sessions, but the real work is usually conducted behind closed doors.

• Talks could begin shortly and wrap up quickly, or they could last for months.

• An unusually large Senate contingent of 14 Republicans and 12 Democrats is expected, probably led by Senate Judiciary Committee Chairman Arlen Specter (R-Pa.) and including Sen. Dianne Feinstein (D-Calif.).

• The makeup of the House team is not yet known, though it is expected to be led by House Judiciary Committee Chairman F. James Sensenbrenner Jr. (R-Wis.).

• If negotiators fail to reconcile their differences, the legislation dies.

• A compromise would go to the floor of both houses for a vote. Usually, but not always, the compromise is approved and sent to the president, whose signature makes it law.

Source: Los Angeles Times

Los Angeles Times

Senate Approves Immigration Bill (WP)

By Charles Babington

The Washington Post, May 26, 2006

The Senate yesterday approved legislation that would trigger the biggest changes to U.S. immigration policy in decades, by strengthening border security, establishing a guest-worker program, and providing the means for millions of illegal immigrants to stay in the country and possibly become citizens.

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The product of a tenuous bipartisan coalition that faced tough conservative opposition, the measure calls for 370 miles of triple-layer fencing along the Mexican border, a complicated three-tiered system for determining who can stay and who must leave the country, and more jail cells for those awaiting deportation. It would declare English the country's national language, a gesture that many advocates found insulting but accepted in hopes of helping millions of undocumented workers achieve legal status.

But even as the Senate approved the bill 62 to 36, the measure's backers acknowledged that it faces formidable opposition in the House, whose political dynamics differ markedly from the Senate's. Numerous House members insist that Congress do nothing about legalizing immigrants until illegal border crossings are dramatically reduced.

Democrats and Republicans alike said a House-Senate accord will be nearly impossible without the vigorous involvement of President Bush, who favors an approach similar to the Senate's. The White House has already begun lobbying efforts, but it faces resistance from more than 200 House Republicans seeking reelection this fall, many in districts where the sentiment against illegal immigrants runs high.

"This is the most far-reaching immigration reform in our history," Sen. Edward M. Kennedy (D-Mass.), a leader of the Senate effort, said of the bill's passage. "It is a comprehensive and realistic attempt to solve the real-world problems that have festered for too long in our broken immigration system."

Sen. John McCain (R-Ariz.), Kennedy's partner in the effort, said more than 11 million illegal immigrants "harvest our crops, tend our gardens, work in our restaurants and clean our houses" and added: "Some Americans believe we must find all these millions, round them up and send them back to the countries they came from. I don't know how you do that. And I don't know why you would want to."

But opponents called the bill fundamentally flawed and predicted that it will be completely rewritten by a House-Senate conference committee, which will try next month to craft a compromise version acceptable to both chambers.

Sen. Saxby Chambliss (R-Ga.) called the measure "a bad bill" that "puts more emphasis on amnesty than on border security."

The House in December passed a bill that dealt only with border and workplace enforcement. It would make illegal presence in the country a felony.

After mass demonstrations by immigrants in several cities and complaints by Roman Catholic officials -- plus Bush's recent televised speech calling for a comprehensive approach that would include pathways to legal status for undocumented aliens -- House GOP leaders signaled a willingness to modify their bill. But they said the Senate bill goes too far and would amount to "amnesty," a term that many dispute, for millions of foreigners who broke the law and jumped ahead of would-be immigrants waiting for legal entry.

A possible compromise, some lawmakers said, might start with tighter border security and then -- if there is measurable evidence the crackdown is working -- proceed to a mechanism for some illegal immigrants to achieve legal status. But lawmakers said it is far from clear whether such a plan would appeal to enough House Republicans, and enough Senate Democrats, to win passage in either chamber.

Further complicating matters is Speaker J. Dennis Hastert's policy of allowing votes on major issues only if most of the House's 231 Republicans back them. Theoretically, a compromise immigration bill could be supported by most of the House's Democrats and nearly half of its Republicans -- making up a clear majority in the 435-seat chamber -- only to be thwarted by Hastert's dictum.

If the Senate had embraced the same policy, the bill would have died. Twenty-three Republicans, 38 Democrats and one independent voted for the immigration bill; 32 Republicans and four Democrats voted against it. Sens. Barbara A. Mikulski (D-Md.), Paul S. Sarbanes (D-Md.) and John W. Warner (R-Va.) voted for the bill. Sen. George Allen (R-Va.) voted against it.

The Senate bill calls for 1,000 new Border Patrol agents and thousands of National Guard troops to support them, plus 500 miles of vehicle barriers on the Mexican border. Several such provisions, added during two weeks of debate, were designed to appease Senate conservatives who threatened to kill the entire bill. But senators repeatedly rejected conservatives' bids to strip or weaken the provisions allowing legal status for undocumented immigrants.

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The Senate bill would provide 200,000 new temporary guest-worker visas a year, while creating a separate guest-worker program for immigrant farm laborers. Its key compromise would divide the nation's estimated 11 million to 12 million illegal immigrants into three groups.

Those here five years or longer would be allowed to stay and apply for citizenship, provided they pay back taxes, learn English and have no serious criminal records. Those here two to five years would eventually have to return to another country and apply for a green card, which could allow their immediate return. The roughly 2 million immigrants who have been in the United States illegally for less than two years would be ordered home and be subject to deportation. Illegal immigrants convicted of a felony or three misdemeanors would be deported no matter how long they have been in the United States.

Critics on the left and right call the bill -- and especially its three-tiered formulation -- unworkable. The notion of apprehending and deporting 2 million illegal immigrants who have been in the United States less than two years defies logic, some say. They add that the task would be six times as great under the House proposal to empty the nation of all illegal immigrants.

Immigrants who have lived largely underground for more than five years might have trouble proving their length of stay, advocacy groups say, while those who arrived less than five years ago might try to convince officials that they have been here longer. The bill would obligate immigrants to prove their length of residency, and fraudulent claims would be a crime.

Those claiming five years of residency or more would have to prove they were employed for at least three years to qualify for a citizenship application.

Senate Passes Sweeping Immigration Reform Bill (KRT)

By Dave Montgomery

Knight Ridder, May 25, 2006

WASHINGTON - Congress' struggle to overhaul America's immigration law heads next into House-Senate negotiations that could last all summer. They will test President Bush's ability to forge a compromise on an emotional issue in an election year.

As expected, the Senate voted 62-36 Thursday to pass landmark legislation that would put nearly two-thirds of the nation's illegal immigrants on track to eventual U.S. citizenship and create a guest-worker program to give U.S. employers a steady supply of low-skilled foreign labor.

The Senate bill embraces the basic concepts of Bush's call for comprehensive immigration reform and also includes toughened enforcement provisions, increased penalties on employers who hire illegal workers and a combination of fences, technology and increased manpower to help plug the porous U.S.-Mexico border.

But the volatile debate over immigration next moves to a House-Senate negotiating committee, where lawmakers will be hard pressed to find middle ground between the multilayered Senate bill and a House measure that focuses more on expanded enforcement.

Leaders on both sides say the ultimate outcome is impossible to predict.

Backers of the bipartisan Senate plan are calling on Bush to use the full force of the White House to forge a compromise, but acknowledge that the president is weakened by declining polls and his growing lame-duck status.

"After tonight, whether this bipartisan balance still survives or not really rests in the hands of the man at the other end of Pennsylvania Avenue," said Sen. Charles Schumer, D-N.Y.

House Republican leaders denounce the Senate's legalization provisions as "amnesty" and remain adamantly opposed to the Senate bill. Some declared it all but dead on arrival.

"The nation needs legislation that will secure our borders and provide meaningful immigration reform - this bill completely misses that mark," said Sen. Jon Kyl, R-Ariz., who opposed it. He vowed to rewrite the Senate bill as a member of the House-Senate conference.

Hailed as the most sweeping immigration bill in two decades, the Senate measure emerged from weeks of rancorous deliberations that paralleled massive demonstrations by immigrants and their supporters across the country. The bill was co-sponsored by Sens. Mel Martinez, R-Fla., and Chuck Hagel, R-Neb.

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As many as 12 million illegal immigrants, more than half from Mexico, have entered the United States to find work. Their presence has provoked an angry response from many U.S. citizens, who say illegal immigrants cause a multibillion-dollar drain on social services and unfairly wrest jobs from U.S. workers.

Perhaps the Senate bill's most controversial provision is a three-tiered approach to illegal immigrants. The nearly 7 million who've been in the United States five years or longer would be allowed to stay. They could become permanent legal residents in six years and U.S. citizens five years later by paying $3,250 in fees, learning English, paying back taxes and passing background checks.

Illegal immigrants who have lived here between two to five years - estimated at nearly 3 million - would be eligible for "deferred mandatory departure," allowing them to stay and work for another three years.

They would be required to leave after three years, but could return as participants in the guest-worker program. A so-called "touch-back" provision would enable them to satisfy the requirement by briefing exiting the country and returning through a U.S. port of entry. They would also be eligible to apply for "green cards" to become permanent legal residents.

The more than 1.5 million immigrants who've been here less than two years would be required to return to their native countries.

Martinez and Hagel crafted the three-tiered structure as a compromise to draw wavering Republicans, but even proponents acknowledge that it could be difficult to administer.

Another lightning-rod provision sets up the H2-C guest worker program. It would allow U.S. employers to hire foreign workers for low-skill jobs, largely in hotels, restaurants, construction and landscaping, if they're unable to find American workers for those positions. The workers would hold temporary visas for up to six years and would be eligible to apply for green cards.

Bush has urged Congress to enact a guest-worker program since he first began pushing his proposed immigration overhaul in January 2004, backed by a broad coalition of business groups seeking foreign workers to fill what they say is a chronic labor shortage. But the concept encountered stiff resistance in Congress.

The Senate bill originally called for up to 400,000 guest workers a year, but the ceiling was lowered to 200,000 through an amendment co-sponsored by Sens. Jeff Bingaman, D-N.M., and Dianne Feinstein, D-Calif.

The bill also creates a five-year pilot program that would offer eventual legal status for up to 1.5 million undocumented farm workers. Another provision, known as the DREAM Act, would put illegal immigrant children who have graduated from high school on track to legalization if they complete college or join the military.

Embraced by the Senate's Republican and Democratic leadership, and supported by a bipartisan coalition, the bill withstood most major challenges during nine days of debate. But it was refined to include two elements to boost conservative appeal: 370 miles of fencing along the Southwest border and a declaration of English as the national language.

Its enforcement provisions are similar to those in the House bill, including an additional 14,000 Border Patrol agents over five years, a crackdown on smugglers and document forgers, and an array of new border technology such as unmanned aerial vehicles, sensors and cameras. The House bill proposes a 700-mile border fence.

The bills include differing versions of an electronic verification system that employers would use to confirm the eligibility of job applicants. The House bill makes illegal presence a felony, but House leaders have signaled a willingness to reduce it to a misdemeanor. The Senate bill retains current law: a criminal misdemeanor for illegal entry and a civil violation for overstaying visas.

The House-Senate conference committee may begin work shortly after Congress returns from a week-long recess in early June. It will be under intense pressure from all sides.

Although pro-immigration groups support the basic thrust of the Senate bill, they'll press to increase the cap on the guest-worker program and eliminate the three-tiered treatment of illegal immigrants. Frank Sharry, the executive director of the National Immigration Forum, described the bill as "a rough draft."

Conversely, advocates of a get-tough stance toward illegal immigrants are calling on House conferees to stand firm against any movement toward the Senate bill. "There's an entrenched wall of opposition in the House led by people who know better," said Dan Stein, president of the Federation for American Immigration Reform. He denounced the Senate measure as a "disaster" and "a pig of a bill."

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Bush dispatched White House adviser Karl Rove to Capitol Hill this week to try to soften opposition among House members, apparently with negligible results. The president has elevated his profile on the issue in recent weeks, including giving an Oval Office address in which he announced plans to send the National Guard to the Southwest border to assist Border Patrol agents.

Senate Passes Immigration Bill; GOP Advocate Of Crackdown Pledges 'battle' (USAT)

By Kathy Kiely

USA Today, May 26, 2006

WASHINGTON — A bipartisan coalition held together to give President Bush the comprehensive immigration bill that he says he wants. But the president may have to shatter his own party's unity in the House of Representatives if the bill is to become law.

"The ball is in the president's court," Sen. Charles Schumer, D-N.Y., said Thursday as the Senate approved the first rewrite of immigration law in 20 years with mostly Democratic and independent support.

The 62-36 vote capped a month-long debate punctuated by lawmakers' stories of their own immigrant roots. In the end, 38 Democrats, 23 Republicans and one independent supported the bill.

The Senate bill would add staff and technology at the nation's borders, expand opportunities for foreigners to work in the USA and give millions of illegal immigrants who have lived here since Jan. 7, 2004, a chance to become citizens.

"It strengthens our security and reflects our humanity," said Sen. Edward Kennedy, D-Mass., an architect of the bill. Sen. Jeff Sessions, R-Ala., opposed the bill, calling it "a tremendous budget-buster."

The legislation faces strong opposition in the House, which passed a bill in December that would make illegal immigration a felony, increase penalties for hiring undocumented workers and beef up border security.

Some backers of the House bill say the Senate version awards amnesty to lawbreakers. They promised to take a tough line in the House-Senate conference committee that will hammer out differences between the bills.

"I'd rather see no bill than a bad bill," said Rep. Pete King, R-N.Y. "An overwhelming majority of House Republicans are opposed to legalization."

Rep. Tom Tancredo, a Colorado Republican who has become a national spokesman for cracking down on illegal immigration, sounded a defiant note. "The battle has been joined," he said.

Senate Judiciary Committee Chairman Arlen Specter, R-Pa., a supporter of the Senate immigration bill, joined Democratic leaders in calling on Bush to overcome GOP opposition. "We are looking forward to the president's more intensive participation," he said.

Specter and House Judiciary Committee Chairman F. James Sensenbrenner, R-Wis., have said they want to begin ironing out differences. "The public deserves to know where their elected representatives stand on this before the elections in November," Sensenbrenner said.

Specter warned that Republicans, who control the House and Senate, could pay a price if Congress fails to reach a compromise. "There is an election in November, and our leadership position as Republicans is on the line," he said.

That could put Bush in the politically awkward position of relying on Democrats to produce an immigration bill. Of the Senate's 55 Republicans, 32 voted against the bill containing many elements the president favors. The House bill was supported by 203 of the chamber's 231 Republicans.

Democrats and Republicans said Bush will have to flex his muscle to get a bill he can sign. "His biggest work is ahead of him," said Senate Minority Leader Harry Reid, D-Nev.

House GOP Expected To Yield On Legislation (WT)

By Stephen Dinan

The Washington Times, May 26, 2006

The House is the only obstacle that stands between President Bush and a comprehensive immigration bill, and the White House yesterday predicted that the chamber's Republicans will give in.

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White House press secretary Tony Snow said House Republicans will want to pass border security badly enough to back down from the fight against what many consider amnesty for illegal aliens, knowing there is a "heavier political price for failing to act, than for acting."

"If you are a Republican member of Congress and you're concerned about illegal immigration, do you really want to say to your constituents: You know, I'm going to wait a couple of years before I take up the issue of people knowingly hiring illegal aliens, I want to wait a couple of years before I go ahead and try to identify who the illegal aliens are, I want to wait a couple of years before I start grappling with what to do with these 11 or 12 million people who are here illegally," Mr. Snow said.

A president always has the most influence in the backroom House-Senate negotiations, but yesterday, Mr. Snow wouldn't tip the administration's hand when asked how they would approach the conference committee.

"At this point, let's get a bill through the Senate, let's figure out where the fault lines are," he said.

But those fault lines between the House and Senate are fairly public, deep and fundamental.

The House passed a bill in December that stepped up border enforcement and interior enforcement, enabled local law enforcement in border areas to help enforce immigration laws and cracked down on employers who hired illegal aliens.

The Senate included some of those measures but put far more emphasis on future foreign workers and a pathway to citizenship for the current estimated 10 million to 12 million illegal aliens, a move House Republicans consider an unacceptable amnesty.

"If both parties in a negotiation are running the other way, they will never meet in any middle," said Don Stewart, spokesman for Sen. John Cornyn, Texas Republican.

"The question for the House is some agreement to do more than just border security. The question for the Senate is: Are they willing to be less generous than the Senate bill? Without a yes on both of those two questions, there's no point in the conference going forward."

From the House side, Majority Leader John A. Boehner acknowledged there were "two very separate and distinct directions that we're going," but said he still thinks they can reach an agreement with the Senate.

Still, the Ohio Republican said, the House position is clear.

"You can't control the problem without first strengthening the borders and beginning to enforce the laws," said Mr. Boehner.

Mr. Bush last week called the Senate measure "a good immigration bill." He also recently reversed his administration's earlier position and now endorses the idea of a path to citizenship for some illegal aliens.

He said any final bill must include border security, employer sanctions, a temporary-worker program and a way to handle the current illegal alien population.

Rep. Jack Kingston, Georgia Republican, said the House has some areas in common with the Senate, including provisions to build more fencing -- 370 miles in the Senate version and 698 miles in the House version.

Mr. Kingston said House Republicans are willing to accept a temporary-worker program for future workers but, in exchange, would have to win agreement on delaying it until the borders are secure and adopting some sort of biometric identification card.

"We think probably we might be able to do something on a temporary visa basis, but where we will have a line in the sand is on the pathway to citizenship, because pathway to citizenship, by almost any angle, leads to somebody's definition of amnesty," he said. "We don't want 'Republican' and 'amnesty' in the same sentence."

He estimated that there are 180 members of the House "just adamant about no amnesty."

Although Mr. Bush has generally favored the Senate's approach and has recently said some illegal aliens can gain citizenship, he has been insistent that future foreign workers not have a path to citizenship. That sets up a major conflict with the Senate, where the bill that passed yesterday does grant that right to future workers.

Mr. Bush did win an unlikely ally in former President Jimmy Carter, a Democrat, who this week said Mr. Bush's efforts to create a right to citizenship have been "quite admirable."

Immigration: Now The Hard Part (CSM)

By Gail Russell Chaddock

DOJ_NMG_0029765

The Christian Science Monitor, May 26, 2006

WASHINGTON - As hard as it was in the Senate to pull together a winning coalition on immigration reform, getting to "yes" with the House - in a form that can again pass both bodies - will be even tougher.

But it's not impossible. Even before the Senate completed work on its immigration bill Thursday, House Republicans were signaling an openness to compromise, as long as the final legislation maintains a focus on border security.

"I believe it is resolvable, and we will be successful in putting an illegal immigration bill on the president's desk," said House majority leader John Boehner, before the Senate vote Thursday. But he cautioned: "This is going to be a delicate negotiation between the House and Senate."

On some fronts, the way forward is obvious. Both the House and Senate bills include measures to improve border security. The House bill proposes building 700 miles of fence along the border with Mexico; the Senate bill, 370 miles.

But the guest-worker program and a path to citizenship for millions of people in the US illegally are sticking points for many House Republicans. Their position is that any form of amnesty is unacceptable.

"We shouldn't be selling American citizenship," Rep. James Sensenbrenner (R) of Wisconsin said Sunday on CBS's "Face the Nation." "What the Senate is doing is it is providing illegal immigrants benefits that we don't give to legal immigrants, and that's dead wrong."

Moreover, House leaders say that unless a compromise plan has the support of most House Republicans, it will not be allowed to come to a vote - even if the members of the conference committee agree on a compromise.

"The Speaker will not bring a conference report on immigration to the floor unless it has the support of a majority of the majority," says Ron Bonjean, spokesman for Speaker Dennis Hastert.

GOP leaders are hopeful that threshhold can be met, he adds. "This will be a difficult conference, but the Speaker believes we can get to a balanced bill that will put border security first."

This week, President Bush's top political adviser, Karl Rove, made his second trip to Capitol Hill to boost prospects for a compromise. While several Republicans who spoke with the press after the closed meeting said they were not convinced, others are signaling they may be interested in helping to broker a deal.

On Tuesday, Rep. Mike Pence (R) of Indiana, leader of the Republican Study Group, proposed a privately operated guest-worker plan in a talk before the Heritage Foundation, a conservative think tank.

"I agree with the president that a rational middle ground can be found between amnesty and mass deportation, but I disagree with the president that amnesty is the middle ground," he said. The solution, Representative Pence said, is to set up a system that "will encourage illegal aliens to self-deport and come back legally as guest workers." Under this plan, the federal government would license private worker-placement agencies to match willing guest workers with jobs that cannot be filled with American workers.

Meanwhile, the Republican Main Street Partnership, a group of moderate Republicans in the House and Senate, is offering to help broker a deal. Last weekend, Rep. Michael Castle (R) of Delaware and Sen. John McCain (R) of Arizona, both Main Street members, opened discussions on the bill.

Senate conservatives, however, are urging their House colleagues to hold the line against amnesty and for border protection.

Commenting on the Senate immigration bill, which had not been passed at press time, Sen. Rick Santorum (R) of Pennsylvania said: "This [bill] is not acceptable to me, and I hope that the House of Representatives thinks the same way. This is not what I would expect from a country of laws."

Sen. John Cornyn (R) of Texas, already designated as a conferee who will meet with House conferees, says he remains committed to comprehensive reform and thinks it can be achieved in the conference.

"I am concerned that we still have not learned the lessons of [immigration-law overhaul in] 1986, which resulted in massive fraud and [in] the federal government refusing to provide the information needed for enforcement" of sanctions against employers who hire illegal immigrants.

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The House bill, which passed in December, addresses only border protection and illegal immigration "control." Mr. Bush and a bipartisan coalition in the Senate want border control plus an expanded guest-worker program and a path to legalization for most of the 11 million people in the country illegally.

Many GOP lawmakers worry that voters in November will punish legislators who back any measure that appears to reward illegal behavior. Rep. Tom Osborne, who ran in the Nebraska Republican primary for governor, lost his bid after an ad campaign criticized his support for in-state tuition for children of illegal immigrants.

More registered Republicans (19 percent) cite immigration as the most important national problem than cite any other issue, according to a Pew Hispanic Center poll this month. Only 6 percent of Demo-crats cite it as the most important problem.

Senate Passes Immigration Bill Overhaul (AP)

By David Espo

The AP, May 25, 2006

Landmark legislation to secure U.S. borders and offer millions of illegal immigrants a share of the American dream cleared the Senate on Thursday, a rare election-year reach across party lines and a triumph for President Bush.

The 62-36 vote cleared the way for arduous summertime compromise talks with the House on its immigration measure focusing on border enforcement with no guarantee of success. Republicans and Democrats said energetic participation by Bush would be critical.

"Why not say to those undocumented workers who are working the jobs that the rest of us refuse, come out from the shadows," said Arizona Republican John McCain, a key architect of the bill.

The legislation includes money to better secure the borders, provide a new guest worker program and give an eventual shot at citizenship to many of the estimated 11 million to 12 million immigrants in the country illegally.

The bill "strengthens our security and reflects our humanity," said Edward M. Kennedy, D-Mass., McCain's partner in the Senate compromise. "It is intended to keep out those who would harm us and welcome those who contribute to our country."

Majority Leader Bill Frist, R-Tenn., and the Democratic leader, Harry Reid of Nevada, both sided with supporters, a reflection of the bipartisan backing for a bill that was months in the drafting and survived several near-death experiences. In all, 38 Democrats, 23 Republicans and one independent voted for the bill, while 32 Republicans opposed and four Democrats opposed it.

Conservative critics attacked the legislation to the end after trying unsuccessfully to pull it apart with amendments.

"This bill will not secure our borders," said Sen. Jeff Sessions (news, bio, voting record), R-Ala., one of the most persistent critics.

"This is amnesty," added David Vitter, R-La., who tried last week to strip out provisions relating to citizenship.

Not so, said Sen. Arlen Specter (news, bio, voting record), R-Pa., chairman of the Judiciary Committee, in a rebuttal to weeks of debate. "They have to pay a fine. They have to undergo a criminal background check. They have to pay back taxes, they have to learn English and they have to go to the back of the line," he said, referring to illegal immigrants who would apply for citizenship.

Still, Sessions, Vitter, John Cornyn of Texas and others echoed a view widely held among House Republicans, many of whom have vigorously denounced the Senate bill as well as Bush's call for a "comprehensive approach" to the issue.

That portended difficult compromise talks in the shadow of midterm elections, at a time when Bush's poll ratings are low, congressional Republicans are concerned and Democrats are increasingly optimistic about their chances in November.

Lawmakers in both parties pledged strenuous efforts to reach a compromise. Specter said that Republicans, as the party in power in Congress and the White House, had a special burden to produce a compromise. "I believe the president will put a heavy shoulder to the wheel," he added.

Internal GOP divisions will complicate compromise talks. In the Senate alone, four members of the leadership voted against the bill, including Sen. Elizabeth Dole of North Carolina, chairman of the party's senatorial committee.

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House Majority Leader John Boehner, R-Ohio, issued a statement that said, "we owe it to the American people to seek common ground on responsible solutions, while always stressing our most important priority is to secure our borders and stop illegal immigration."

The House bill, which passed on a largely party-line vote last year, is generally limited to border enforcement. It would make all illegal immigrants subject to felony charges and it contains no provision for either a new temporary worker program or citizenship for men, women and children in the country unlawfully.

In contrast, the Senate bill would mark the most far-reaching changes in immigration law in two decades.

Built on compromise after painstaking compromise, it was designed to appeal to conservatives and others seeking tougher border enforcement; business interests eager for a steady supply of legal, low-wage labor; unions seeking enhanced protections for migrants who often toil in seasonal work the fields and Hispanics who are on the cusp of greater political power and determined to win a change in legal status for millions of illegal immigrants.

That last group — Hispanics — comprises the fastest growing segment of the electorate, and millions made their feelings clear in street demonstrations denouncing the House measure and calling for passage of a broader measure.

Bush played a prominent role in the run-up to passage. An Oval Office speech last week made explicit his support for the Senate's overall approach. A later trip to Arizona was designed to reassure conservatives about his commitment to stanching illegal immigration.

In more than a week of debate, the Senate made a series of changes in the legislation. Still, the key pillars were preserved when opponents failed to knock out the guest worker program or the citizenship provisions. A new program for 1.5 million temporary agricultural workers also survived.

To secure the borders, the measure calls for the hiring of an additional 1,000 new Border Patrol agents this year and 14,000 by 2011, and backs Bush's plan for a short-term deployment of National Guard troops to states along the Mexican Border. The bill calls for new surveillance equipment as well as the construction of 370 miles of triple-layered fencing and 500 miles of vehicle barriers.

The new guest worker program would admit 200,000 individuals a year. Once here, they would be permitted for the first time to petition on their own for a green card that confers legal permanent residency, a provision designed to reduce the potential for exploitation by employers.

A separate new program, a compromise between growers and unions, envisions admission of an estimated 1.5 million immigrant farm workers who may also apply for permanent residency

Even supporters of the bill conceded the three-tiered program related to illegal immigrants was complicated.

Those in the country unlawfully for five years or more would be permitted to remain, continue working and eventually apply for citizenship. They would be required to pay at least $3,250 in fines and fees, settle any back taxes and learn English.

Illegal immigrants in the country for more than two years but less than five would be required to travel to a point of entry before re-entering the United States legally and beginning a lengthy process of seeking citizenship. They would be subject to the same fines, fees and other requirements as the longer-term immigrants.

An immigrant in the country illegally for less than two years would be required to leave with no guarantee of return.

Senate Passes Immigration Bill (CHIT)

By Frank James

Chicago Tribune, May 26, 2006

WASHINGTON -- The Senate's bipartisan passage Thursday of sweeping changes in the nation's immigration laws could lead to citizenship for millions of illegal immigrants. But it also created an immediate confrontation with the House's enforcement-only approach and will offer a test of President Bush's ability to lead on an issue that has deeply divided the nation.

The Senate, on a 62-36 vote, approved a sweeping measure along the lines favored by Bush that provides a path to legalization for most of the estimated 12 million illegal immigrants in the U.S. and also would beef up security along the porous border with Mexico.

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But strong conservative opposition to the citizenship provisions in the Senate bill, which some critics describe as an "amnesty" for illegal immigrants, and the powerful emotions evoked by the issue, make the legislation's future uncertain, especially in an election year.

Many voters oppose granting eventual citizenship to people who entered the U.S. illegally, as provided for in the Senate bill and supported by the president.

House Republicans have sharply criticized the Senate bill and its accommodation of illegal immigrants. Thus it was not immediately clear how the Senate bill could be reconciled with the tougher House version, which lacks provisions to provide a way for undocumented immigrants to gain legal status.

Despite the difficulties they face, senators who supported the bill said they were optimistic that Congress could produce immigration legislation this year that the president could sign.

What's more, they also said it proved that the Congress could work toward compromise legislation on a controversial issue, even in the often poisonous, partisan atmosphere that exists in Washington.

"This is truly landmark legislation produced by a big-league team," said Sen. Arlen Specter (R-Pa.), chairman of the Senate Judiciary Committee that wrote the legislation.

"The next step is going to be the conference [with the House] and I believe we can do it," Specter said. "We're going to work as hard to get a bill to the president's desk as we did to get a bill passed today. And I predict success."

The troubles ahead were almost immediately apparent, however. House Majority Leader John Boehner (R-Ohio) issued a non-committal statement that didn't even acknowledge that the Senate bill had any acceptable provisions and instead espoused the immigration priorities sought by the House majority in passing its measure in December.

"The American people expect Congress to secure our borders and stop the flood of illegal immigration," Boehner's statement said, "and House Republicans responded by passing a strong border security bill that re-establishes basic respect for our immigration laws.

"Now that the Senate has passed a bill, we owe it to the American people to seek common ground on responsible solutions, while always stressing our most important priority is to secure our borders and stop illegal immigration," he said.

Boehner also urged House Democrats to stop advocating "troubling policies that encourage open borders and invite more illegal immigrants into our country" and to join House Republicans in making U.S. borders more secure.

That criticism paralleled comments House conservatives have made about the Senate legislation, which they have said would cause more illegal border crossings because of its provisions creating a guest worker program and eventual citizenship.

The hard-line House stance led both Republican and Democratic senators to say after they passed their bill that Bush's leadership was essential to realize their hopes of enacting a bill this year.

Sen. Dick Durbin (D-Ill.) said, "If comprehensive immigration reform is to succeed, the Senate conferees [with the House] must be resolute in their commitment to what we have achieved tonight in the Senate. And we must turn to the president and ask him to share our commitment for comprehensive immigration reform."

The president, in a statement issued by the White House, said he looked forward to working with both houses to "to produce a bill for me to sign into law."

For his part, Specter said, "Now the time has come for very active participation by the president. "And I believe the president will put a very heavy shoulder to the wheel."

Bush, in a prime-time speech this month, outlined an approach to immigration reform that was very similar to the Senate bill. He called for a guest-worker program as well as a path to citizenship.

He also called for stronger border enforcement and said he would send 6,000 National Guard troops to states along the U.S. border with Mexico to augment the Border Patrol.

As senators debated the measure this month, the bill took on a harder edge. That was a practical response to the reality that if the Senate hoped to win over enough support in the House, the senators needed to narrow the distance between the two measures.

Senators also were responding to polls indicating that many Americans want stronger border enforcement.

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Thus the Senate legislation includes 370 miles of triple-layered fencing and 500 miles of vehicle barriers along the southern border. The House bill would build a fence 700 miles long.

One of the best-known provisions of the Senate bill would make English the official national language. Under that provision, the federal government would not have to provide services and materials in languages other than English unless specific federal laws required it, such as statutes that require translators in court cases.

Despite the efforts of senators who supported the bill to make it a tougher measure, Senate opponents were not won over.

"The amnesty provisions and the fact that the enforcement provisions will not kick in immediately mean to me that this will not solve the illegal immigration problem," said Sen. David Vitter (R-La.) "This will, in fact, make the illegal immigration problem much bigger."

And senators who opposed the bill said they hoped their counterparts in the House would change some of the provisions in the Senate bill they found objectionable.

"I'm hopeful that the House will save us from this bill," said Sen. John Ensign (R-Nev.).

Nonetheless, passage was a victory for Senate Majority Leader Bill Frist, the Tennessee Republican and a 2008 presidential hopeful.

By navigating the bill through treacherous political waters, he appeared to burnish his leadership credentials and gain a major accomplishment he could campaign on.

Immigration Bill Passes Senate, Still Faces Chasm (WSJ)

By June Kronholz And Sarah Lueck

The Wall Street Journal, May 26, 2006

WASHINGTON -- By a 62 to 36 vote, the Senate passed legislation that offers eventual citizenship to millions of illegal immigrants, assures employers that hundreds of thousands of legal foreign workers will be allowed into the country every year and sets up a worker-verification system aimed at stanching the flow of illegal immigrants.

But marked differences with a House bill, deep divisions within the Republican Party and hardening public attitudes -- all in the shadow of congressional elections -- make the path for any legislation to the president's desk difficult.

Employers won key victories in the Senate bill, including measures that would more than quadruple the number of visas for skilled workers to 650,000 a year. But employers of low-skilled workers say the bill would leave them hundreds of thousands of workers short. And the measure is so complicated it may set up conditions for even more illegal immigration down the road. Even supporters warned that the Senate bill would be difficult to enforce.

"You still have the longest land border between a rich and poor country in the world," said Michael Fix, vice president of the Migration Policy Institute, a Washington research group.

Still, a month of Senate debate may have changed the political atmosphere for years to come. It has activated a huge Hispanic population that has been politically passive, but that both parties see as a potentially vast new constituency. "This community has more than once demonstrated its capacity to act when it gets mad," said Cecilia Munoz, of the National Council of La Raza, a Hispanic advocacy group.

It also has inflamed many native-born voters who may have benefited from the goods and services low-skilled immigrants produce, but are increasingly wary of their spreading influence over U.S. culture. A largely symbolic Senate amendment making English the national language, for instance, turned into a fiery public debate.

The bill rode to an easy victory after dozens of amendments -- calling for a 370-mile border fence and steep cuts to a temporary-worker plan among other things -- brought reluctant senators on board. But those compromises also tested the support of the bill's advocates, including some business and immigrant groups that quickly denounced it. "Everyone's got problems with it," said John Gay of the Essential Worker Immigration Coalition, a group that includes the restaurant and landscaping industries and has been a crucial supporter of immigration overhaul.

The bill next must be reconciled with a House border-security bill that passed in December without any measures for dealing with the illegal population, now estimated at about 12 million. Many House Republicans remain staunchly opposed to a central tenet of the Senate bill that would allow most of those immigrants to eventually become citizens.

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"It's got to be border security first; that's just how I feel," said Rep. Jo Ann Emerson (R., Mo.).

Supporters of the Senate bill also hope to make changes during the conference. Democrats want to bring back a proposal that would allow about five million illegal immigrants who have been in the U.S. for five years or less to stay in the country while they pursue citizenship.

As it is, they either would be deported or return home before they become citizens -- a move many employers said would deprive them of at least a million workers. Immigrants who have been in the U.S. for more than five years would be allowed to remain under the bill. They could become permanent residents after six more years and citizens after 11 years.

Business lobbyists also hope to use the conference to boost the guest-worker program to 325,000 workers yearly from the 200,000 the bill now allows, and permit the number to rise further to meet labor-market demands.

But the House and Senate bills are so vastly different that there may be little room for compromise, and even less for measures that could be seen as improving the prospects of immigrants. With midterm elections approaching, there may be little incentive to tackle an issue that its opponents are labeling an amnesty for law breakers.

House leaders haven't said whom they would send into negotiations with the Senate, but they are likely to stack their team with critics of the legalization plan, while the Senate names supporters.

That could stymie a bill for this year or longer -- a huge disappointment to the bill's supporters, but a move that isn't unusual with such sweeping pieces of legislation. "If a conference isn't successful, it sets the stage for 2007" and a new Congress, said Randel Johnson, vice president of the U.S. Chamber of Commerce.

Senate OKs Citizenship For Illegal Aliens (WT)

By Charles Hurt

The Washington Times, May 26, 2006

The Senate yesterday easily approved an immigration bill that allows 10 million illegal aliens to become citizens, doubles the flow of legal immigration each year and will cost U.S. taxpayers an estimated $54 billion over the next 10 years.

The leaders of both parties hailed the 62-36 passage as a historic success.

Majority Leader Bill Frist said the vote represented the "very best" of the Senate.

"This is a success for the American people," the Tennessee Republican said. "It is a success for people who hope to participate someday in that American dream."

Four Democrats -- Sens. Robert C. Byrd of West Virginia, Byron L. Dorgan of North Dakota, Ben Nelson of Nebraska and Debbie Stabenow of Michigan -- joined 32 of the chamber's 55 Republicans, including several members of the GOP leadership, to vote against the bill. Three of the four Democrats who opposed the bill face voters in November.

Opponents said that the Senate is ignoring clear public will and that the bill would have disastrous consequences for decades to come.

"We will never solve the problem of illegal immigration by rewarding those who break our laws," said Sen. Jim DeMint, South Carolina Republican. "We must stop illegal immigration by securing the border and creating a temporary-worker program that does not reward illegal behavior with a clear path to citizenship and voting rights."

In the moments before the vote, Mr. Frist and about a dozen senators, from both parties, tearfully congratulated one another for all their hard work in producing the legislation. Sen. Edward M. Kennedy, Massachusetts Democrat and the leading proponent of the bill, called it "the most far-reaching immigration reform in our history."

After the vote, more than a dozen giddy lawmakers from both sides of the aisle gathered before television cameras to again commend one another.

"I am so proud of the Senate," Minority Leader Harry Reid said as those around him smiled broadly. "This is the way we should legislate -- on a bipartisan basis."

As he spoke, a television screen behind him showed a live picture of the Senate floor, where fellow Democrats were at that moment trying to mount a filibuster against President Bush's latest judicial nominee.

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In the end, Democrats failed and a final vote was set for today on the nomination of White House lawyer Brett M. Kavanaugh, named to the Court of Appeals for the D.C. Circuit. After speaking to reporters, Mr. Reid returned to the Senate floor and cast his vote in favor of the filibuster.

Those senators who voted against the immigration bill said it should have left out the "amnesty" provisions and instead focus solely on securing the border and enforcing the immigration laws that have been on the books for decades.

Sen. Rick Santorum of Pennsylvania, the No. 3 Republican in the Senate, said the bill "puts the cart before the horse" because it gives citizenship rights to illegals, grants full-blown amnesty to employers and opens the borders to millions of new immigrants each year.

"The horse here, that I've been hearing from my constituents, is we need a border-security bill first," said Mr. Santorum, who spends much of his time campaigning for re-election this fall. "And we need a program that makes sure that our country's borders are secure and that they are not a threat either to our national security or economic security."

The bill also includes approval for 370 miles of new fencing along the border, 500 miles of vehicle barriers and authorization of 3,000 new Border Patrol agents this year.

But conservatives in Congress -- like many voters -- are skeptical that the federal government will make good on promises to secure the border and enforce the laws. They suspect that immigration reform is headed for a repeat of the 1986 reforms that granted amnesty to 3 million aliens and promised to seal the border. Ultimately, the laws were never enforced and 3 million illegals were replaced with some 12 million new illegals.

"The amnesty provisions and the fact that the enforcement provisions will not kick in immediately mean to me that this will not solve the illegal immigration problem," Sen. David Vitter, Louisiana Republican, said today. "This will, in fact, make the illegal immigration problem much bigger."

Sen. John Cornyn, Texas Republican, said yesterday he has been amazed by the Senate's inability to do what voters clearly want.

"There seems to me to be a sense of surreality here, where people in the Senate just are not listening to what the American people are telling us," he said. "We've tried, through the course of the amendments that have been offered that people standing here have offered, to highlight some of the problems that we have identified and which I believe are responsive to the concerns that we've heard from our constituents."

Chief among them was an amendment by Sen. Johnny Isakson, Georgia Republican, that would have delayed implementation of the amnesty and guest-worker provisions until after the secretary of homeland security had certified that the border had been secured. The Senate killed that suggestion.

An amendment by Sen. John Ensign, Nevada Republican, would have barred illegal aliens from collecting Social Security benefits for past illegal work. The Senate rejected that proposal, even if the aliens had forged Social Security documents to get the employment.

An amendment by Mr. Cornyn and Sen. Jon Kyl of Arizona would have required that the 200,000 new workers ushered into the country each year under the guest-worker program be allowed to stay for only a set period of time rather than permanently. The Senate rejected that proposal as well.

Immediately before the final vote yesterday, conservatives suffered what they viewed as one final insult. Buried in a 125-page last-minute amendment was a requirement that local, state and federal officials in the U.S. consult with their Mexican counterparts before they can start building the fence.

IMMIGRATION VOTE

The 62-36 roll call by which the Senate yesterday passed a broad immigration-reform bill. Voting "yes" were 38 Democrats, 23 Republicans and one independent. Voting "no" were 32 Republicans and four Democrats.

Here are major points of the bill:

Amnesty: 10 million illegals can apply for citizenship.

Border security: Adds 370 miles of triple-wire fencing and 500 miles of vehicle barriers; adds 3,000 Border Patrol agents this year

Employers: No penalties for businesses that hired illegals

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VOTING FOR THE BILL

Akaka (D); Baucus (D); Bayh (D); Bennett (R); Biden (D); Bingaman (D); Boxer (D); Brownback (R); Cantwell (D); Carper (D); Chafee (R); Clinton (D); Coleman (R); Collins (R); Conrad (D); Craig (R); Dayton (D); DeWine (R); Dodd (D); Domenici (R); Durbin (D); Feingold (D); Feinstein (D); Frist (R); Graham (R); Gregg (R); Hagel (R); Harkin (D); Inouye (D); Jeffords (I); Johnson (D); Kennedy (D); Kerry (D); Kohl (D); Landrieu (D); Lautenberg (D); Leahy (D); Levin (D); Lieberman (D); Lincoln (D); Lugar (R); Martinez (R); McCain (R); McConnell (R); Menendez (D); Mikulski (D); Murkowski (R); Murray (D); Nelson (D, Fla.); Obama (D); Pryor (D); Reed (D); Reid (D); Sarbanes (D); Schumer (D); Smith (R); Snowe (R); Specter (R); Stevens (R); Voinovich (R); Warner (R); Wyden (D)

VOTING AGAINST THE BILL

Alexander (R); Allard (R); Allen (R); Bond (R); Bunning (R); Burns (R); Burr (R); Byrd (D); Chambliss (R); Coburn (R); Cochran (R); Cornyn (R); Crapo (R); DeMint (R); Dole (R); Dorgan (D); Ensign (R); Enzi (R); Grassley (R); Hatch (R); Hutchison (R); Inhofe (R); Isakson (R); Kyl (R); Lott (R); Nelson (D, Neb.); Roberts (R); Santorum (R); Sessions (R); Shelby (R); Stabenow (D); Sununu (R); Talent (R); Thomas (R); Thune (R); Vitter (R)

NOT VOTING

Rockefeller (D); Salazar (D)

Source: Associated Press

Critics Say Bill Diminishes Due Process For Immigrants (WP)

By Amy Goldstein

The Washington Post, May 26, 2006

The legislation approved by the Senate yesterday would offer many illegal immigrants a chance at citizenship. But advocates of expanded immigration rights complain that "hidden traps" woven through the bill's 300 pages erode significant due-process protections for all foreign-born people living in the United States.

A coalition of civil rights, religious and legal groups says the legislation would make it easier for the government to detain or deport immigrants -- whether in the country legally or not -- while making it more difficult for them to prove they deserve asylum or naturalization.

One provision would add to the list of acts considered "aggravated felonies" under immigration law -- automatic grounds for removal from the country. The rewritten list would include carrying fraudulent documents. According to immigration and civil rights lawyers, that change could prompt the government to expel people who use such documents to escape oppressive regimes or those who have been working in the United States for years under false Social Security numbers.

Another change would give federal courts less latitude to review the cases of immigrants who have applied for asylum or citizenship and been turned down by immigration boards. Currently, U.S. circuit courts consider such appeals from scratch. Under the bill, courts could consider only whether the immigration agency had any reasonable grounds for its decision -- not whether its decision was correct.

The bill also would give Border Patrol officers new powers to jail and deport, without a judge's review, immigrants suspected of having recently crossed into the country illegally. Border officers would be allowed to make such decisions on their own for any foreigners, except Mexicans, they stop within 100 miles of the Mexican or Canadian line. The provision essentially would cement in law a controversial policy that the Department of Homeland Security has phased in during the past few years.

Critics predict that it would lead to racial profiling, and they complain that the enforcement area is so wide it would encompass several major cities, including San Diego, El Paso and Detroit.

The changes indicate that the bill is far more intricate than its public image as a measure that is relatively friendly to immigrants, particularly in comparison with an immigration measure passed by the House late last year.

The merits of the changes are a matter of intense debate.

"We had counted on senators taking the time to eliminate . . . the unwise and unsound provisions that strike due process," said Timothy D. Sparapani, legislative counsel of the American Civil Liberties Union. "And the Senate failed to do its job."

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Mark Krikorian, executive director of the Center for Immigration Studies, a group that favors low immigration, disagreed. "The limits on what the other side calls 'due process' are actually essential if we are going to get control of the immigration system," he said.

Krikorian said so many illegal immigrants are crossing into the country that the immigration and judicial systems do not have the capacity to review every case. "We need to restrict the amount of access illegals have to the court system. There is nothing morally problematic about it. It's not a criminal matter. We are simply deciding whether they should stay in the country or be sent home," he said.

Late yesterday afternoon, the Senate removed from the bill one provision that had alarmed immigration rights groups. An amendment sponsored by Sens. Dianne Feinstein (D-Calif.) and Sam Brownback (R-Kan.) eliminated a section that would have made it more difficult for immigrants to avoid being deported while they are appealing asylum or other applications.

Still, Paul M. Igasaki, executive director of a coalition called the Rights Working Group, said that, on balance, the Senate measure represents "a very serious deterioration of the rights of immigrants."

In several instances, the Senate essentially embraced the due-process restrictions included in the House bill. In at least a few ways, however, senators included provisions that are stricter than those created by the House.

Nancy Morawetz, a law professor at New York University, said that in the Senate version legal residents would be counted as having committed an aggravated felony if they had been convicted repeatedly of driving under the influence of alcohol, even if the convictions happened years ago.

And only the Senate bill, Morawetz said, would create penalties for legal residents if they do not notify the government when they move. She said the requirement has existed for years, but many immigrants do not know they are supposed to file an address change and the federal government has done a poor job of keeping track.

USCIS Could Process Immigration Plan, Ombudsman Says (AP)

The AP, May 26, 2006

DALLAS -- The nation's immigration service could handle a program offering millions of illegal immigrants a chance at citizenship if lawmakers provide enough time and money, the ombudsman who reviews the agency said Thursday.

"Yes, USCIS can definitely do it. The key is funding and time allocated under the law," said Citizenship and Immigration Ombudsman Prakash I. Khatri.

Legislation calling for a new guest worker program and giving many illegal immigrants an eventual chance to become citizens gained the Senate's approval Thursday.

It now heads to compromise talks with the House, which previously passed legislation focused on border enforcement rather than legalizing undocumented immigrants. An estimated 11 million to 12 million illegal immigrants in the country would be affected by legislation that comes out of the compromise talks.

The result would greatly increase the workload of an agency already facing a backlog that has left some immigrants waiting years for citizenship or the "green cards" that provide permanent residence status. U.S. Citizenship and Immigration Services would need to hire and train more staff and require facilities to process the millions of applications expected, Khatri said.

The amount of time and money needed would depend on the provisions lawmakers ultimately approve. But a tighter deadline for processing immigrants in the plan would cost more, Khatri said.

"There's no way for a fee-funded agency to start up a 10-fold increase in annual processing ... unless Congress really funds it in advance," he said.

Khatri was appointed in July 2003 as the first ombudsman for Citizenship and Immigration Services. He was charged with helping people and employers solve problems with U.S. CIS and gives advice on policies and programs for the agency.

Since then, Khatri has focused on improving the agency's processing times and making the CIS district offices' work more uniform. He's recommended upfront screening to help speed processing of applications and eliminate temporary immigration benefits.

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In March, U.S. Citizenship and Immigration Services Director Emilio Gonzalez said the agency hoped to get through a backlog of immigrant petitions in time to handle another immigration program.

Secure Border Takes Serious Study (USAT)

By Mimi Hall

USA Today, May 26, 2006

ARTESIA, N.M. — In a sand pit in 100-degree sun, two dozen trainees run, jump, and crawl through obstacles. In air-conditioned classrooms, some of their classmates study nationality law. And on the driving course, others learn to control a car during a high-speed chase.

The 482 students on this remote campus are Border Patrol agents-in-training undergoing a rigorous, 19-week course. The Border Patrol Academy prepares men and women to join the rapidly swelling ranks of the agency that polices the nation's porous borders.

The number of Border Patrol agents has been growing since the Sept. 11 terrorist attacks, and the grounds here reflect that. A new academic building with nine 50-seat classrooms has just been completed; a $14 million, 50,000-square-foot addition to the gym is under construction; and new dorms are on the way.

The academy's going to need the extra space.

After three years of steady growth, the Border Patrol is about to embark on an unprecedented expansion. If Congress approves President Bush's request for 6,000 new agents over the next 21/2 years, the patrol will have 18,000 agents on the nation's 5,000 miles of border with Mexico and Canada.

That would double the number of agents since 9/11 raised new concerns about terrorists' ability to slip into the country across land borders.

Bush's announcement that 6,000 National Guard troops will be available for deployment along the Mexican border dominated headlines earlier this month. But the Guard soldiers would be relied upon only for a year or two while the government recruits and trains the new Border Patrol agents, all of whom Bush wants on board by the end of 2008.

On average, 40 people apply for every one accepted at the academy, and some in Congress are skeptical that the Homeland Security Department, which runs the Border Patrol, can move fast enough to get so many new agents hired.

“The track record of this department in this area is not stellar,” Sen. Judd Gregg, R-N.H., said in a Senate floor speech on May 17. Gregg chairs the Senate Appropriations homeland security subcommittee.

If Bush's plan works, it will fundamentally change the Border Patrol and make it the largest federal law enforcement agency, surpassing the FBI.

“Our objective is straightforward,” Bush said in his speech announcing the plan May 15. “The border should be open to trade and lawful immigration and shut to illegal immigrants, as well as criminals, drug dealers and terrorists.”

Trainee Stephen Crudale says it was the idea that terrorists could enter the USA undetected that motivated him to join the Border Patrol and spend months at the academy here.

A husband and father of two young boys, he says he gave up his high school teaching job in Los Angeles because “I see this as an opportunity to give something back to my country” and help prevent terrorism.

In Week 11 of the 19-week course, Crudale says the hardest part is being separated from his family. But learning the nation's immigration codes hasn't been easy either, he says, and “I'm not a big fan of long-distance runs” in the wilting desert heat.

Heather Teeple, 25, says she signed up because she was bored with her job as an immigration inspector at the port of Calexico in Southern California. “I've always been one for excitement,” she says.

She almost didn't make it through the program. Trainees have to be able to run a mile and a half in 13 minutes, and Teeple failed her midterm test when she came in at 13 minutes and nine seconds. But after her classmates helped her train every day for weeks, she passed the final test with 22 seconds to spare.

She'll graduate in her dark green dress uniform today.

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Former Marine Matthew Dover, 35, of San Diego, has had no trouble with the physical requirements. But he says Spanish has been hard to master.

Trainees are tested repeatedly in Spanish because all new agents begin their careers on the southern border. Eventually, some are reassigned in the north — but not many. Only about 10% of all agents are sent to Washington, Michigan, New York and other states bordering Canada.

Spanish instructor Greg Burwell says about half the trainees who come in are native speakers. For the rest, it can be tough getting through 222 hours of intensive language training — a year's course load crammed into three hours a day for 19 weeks.

"It's a big hurdle for a lot of people," Burwell says.

The trainees have to be conversant in the language of the border, including phrases such as "How much did you pay the smuggler?" and "When did you cross?" They also have to be able to advise people of their rights in Spanish while maintaining eye contact.

At simulated border crossings, agents are put through various scenarios to practice trying to determine whether the occupants of a car are legal or might be hiding something.

In some cases, role-playing instructors refuse to turn down a blaring radio or jump out of their cars and start to run; in others, they become violent or belligerent to see how the trainees respond.

During one recent exercise, in which trainees had to board a bus and ask people to state their nationality and show ID, instructors told female actors on the bus to try to provoke the trainees. One woman badgered a trainee about whether he was married; another told him what "pretty eyes" he had. He kept his poise.

In more tense situations, when instructors play violent, armed smugglers, trainees are often taken to task for being too rough or too timid in their response. Or for mangling their Spanish commands.

Dover, who grew up in Flint, Mich., and who has had to spend all his free weekends studying Spanish so he can pass the tests, says he's eager to join the growing ranks on the southern border.

Like most of the trainees, he doesn't have the time — or the inclination — to follow the debate over immigration policy and border security a world away in Washington. "That's not up to us," he says. "We're here to protect the border. My job is to enforce the law."

Border Deaths Expected To Rise As Summer Arrives (WT)

By Jerry Seper

The Washington Times, May 26, 2006

The U.S. Border Patrol says an increase in the number of people who die trying to cross the desert to enter the United States illegally is expected as summer temperatures rise, and efforts are being made to ask the Mexican media to warn would-be crossers of the dangers involved.

"As the summer approaches, it is important that the people understand the seriousness of the situation," said Border Patrol Chief David V. Aguilar. "The temperatures are deadly, the terrain is unforgiving, and the risks are real. People that do not understand the situation or do not heed the warnings will face reality which too often results in unnecessary and tragic situations."

Last year, 473 persons died on the Southwest border -- a record number of deaths. Since Oct. 1, the Border Patrol reported 210 deaths -- 43 more than the same period a year ago. The western desert of Arizona accounted for more than 56 percent of the total number of deaths.

Chief Aguilar said alien smugglers, charging an average of $1,500 to $2,000 a person to cross into the United States, "routinely prey on the desperation of undocumented migrants, callously lead aliens into harm's way." In an effort to prevent heat-related deaths, he said, the Border Patrol has increased its search and rescue efforts.

Since Oct. 1, the Border Patrol's Search, Trauma and Rescue team, known as Borstar, has rescued 1,887 persons -- an increase of 49 percent or 620 more than last year.

"The Border Patrol will continue its efforts on reducing the number of heat-related deaths and remain steadfast in its commitment to securing the border," the chief said.

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In an effort to reduce the number of deaths, the agency has implemented a program known as the Border Safety Initiative (BSI), whose two main objectives are to reduce injuries and prevent deaths in the southwest border region. Begun in 1998, the program seeks to "educate and inform" would-be border crossers of the dangers and hazards involved and to respond to those who are in life-threatening situations.

The BSI has four major goals:

•Prevention -- Working with Mexican officials to identify dangerous crossing points along the entire southwest border, discouraging illegal crossings and addressing safety problems.

•Search and rescue -- Targeting hazardous areas where migrants may become lost, abandoned or in distress because of difficult terrain and the willingness of smugglers to lead aliens into dangerous territory.

•Identification -- Establishing procedures and deploying resources to help officials identify those who have died attempting to cross the border illegally through our target zones.

•Tracking and recording -- The BSI Tracking System is the main repository for data collected on BSI-related deaths and rescues for reporting and analysis.

"Smugglers and human traffickers are criminals who have no regard for human life," Chief Aguilar said.

In California, Fox Gets Warm Embrace And A Cold Shoulder (NYT)

By John M. Broder

The New York Times, May 26, 2006

SACRAMENTO, Calif., May 25 — In an echo of the debate on immigration under way in Washington, the California Legislature gave visiting President Vicente Fox of Mexico a two-edged welcome on Thursday.

Democratic and Latino members, including the Assembly speaker, Fabian Núñez, embraced Mr. Fox, while some Republicans boycotted his evening address to a joint session of the Legislature. Other Republicans attended the speech, but wore yellow buttons reading "No mas!" to protest Mr. Fox's support for liberalizing American policies on immigration.

Chuck DeVore, a Republican Assembly member from Orange County, refused to attend Mr. Fox's speech because, he said in an interview, a foreign leader has no right to come to the United States to lobby openly on a piece of domestic legislation.

"I do not at all appreciate a foreign head of state telling my nation how to deal with its own sovereignty and the issue of immigration," said Mr. DeVore, an aerospace executive and a lieutenant colonel in the California Army National Guard.

Mr. DeVore, like many other Republicans in the California Legislature, supports the House version of national immigration legislation that focuses on securing the southern border and imposes sanctions on employers who hire illegal immigrants.

He opposes the provision of the Senate bill that would lead to legalization for many of the millions of illegal immigrants already in the country, saying it is nothing more than amnesty for those who broke the law to come here.

Mr. Fox, who is in the last months of his six-year term, is in California on the final leg of a four-day visit to the United States to advocate comprehensive immigration legislation, including better enforcement on both sides of the border.

He told the California lawmakers that his country would do its share to reduce the unregulated flow of people across the border. "We want to be part of the solution, not part of the problem," Mr. Fox said.

ICE Set To Deport 15 Illegal Aliens (WT)

By Seth McLaughlin

The Washington Times, May 26, 2006

The U.S. Immigration and Customs Enforcement agency is preparing to deport 15 illegal aliens from Mexico and Guatemala who were arrested Tuesday in Hanover County after the speeding van they were in was stopped by police.

"They were issued notices to appear before an immigration judge and more than likely will be removed from the United States," said Ernestine Fobbs, an ICE spokeswoman.

The illegals went through initial interviews yesterday morning with ICE agents who were working to determine their immigration status, Ms. Fobbs said.

Then the group was driven to an ICE facility in Norfolk where officials conducted further background checks to determine whether they had criminal histories or had histories of entering the country illegally, she said.

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"They are in removal proceedings," Ms. Fobbs said, adding that a judge will take each person on a case-by-case basis to determine whether they should be removed immediately or whether additional charges will be levied.

The incident began at 6:45 p.m. Tuesday when a patrolman with the Hanover County Sheriff's Office stopped a Ford van that was traveling at 62 mph in a 45 mph zone south on Washington Highway, said Sgt. Michael Trice, spokesman for the sheriff's department.

When the patrolman approached the van and asked for identification, he was handed Mexican documents indicating that the man behind the wheel was in the country illegally, Sgt. Trice said. The patrolman also noticed 12 persons in the back of the van, some of whom had what appeared to be gang-related tattoos.

"As he was conducting the investigation, another car pulled up with two people, and that driver gave police fake identification and presented it as if it was real," Sgt. Trice said.

In all, there were 14 adults between the ages of 20 and 49 years old, and a juvenile who worked at "various job sites in our county" and stayed "around the metro Richmond area," Sgt. Trice said.

After further questioning, the immigrants told police in broken English and through an interpreter that they were in the country illegally, Sgt. Trice said.

Police then contacted ICE officials, who arrived Tuesday night with detention papers.

Hanover police and ICE agents transported the group to the Pamunkey Regional Jail, a facility with a housing capacity of 400 inmates that serves Hanover and Caroline counties and the town of Ashland.

In April 2005, a dozen illegal aliens were detained after an Interstate 95 traffic stop in Spotsylvania County.

Virginia State Police found the illegals -- who came primarily from El Salvador, Guatemala and Mexico -- riding in a van south of Fredericksburg, where a trooper stopped the vehicle for a traffic violation.

Nine of them eventually were deported to their home countries.

The Spotsylvania County arrests were made a few days after federal authorities released 11 illegals who Fairfax County police found in a van during a traffic stop in Annandale.

In that case, ICE officials ordered the 11 Mexican nationals, three of whom were children, to show up for further immigration processing at the ICE agency in Northern Virginia.

None of the aliens showed up for the proceedings. Officials later located one. Police charged the driver with traffic violations and child endangerment in the case.

Their People, Our Money (WSJ)

By Joel Kurtzman And Glenn Yago

The Wall Street Journal, May 26, 2006

The problem with the debate on immigration is that it has so far looked at just one side -- ours. Somehow, for political or other reasons, Mexico has escaped scrutiny. And yet we are suffering for Mexico's myriad of economic sins. Our part in creating the immigration mess is that we built a society filled with opportunities but surrounded it with a porous border. Mexico's part is that it has failed to produce enough growth, despite massive wealth. The solution is to open the borders even wider -- but open up Mexico, too. If Mexicans can come here, let our capital and ingenuity invest there freely. President Fox, tear down that investment-restriction wall!

In order to keep its people from leaving for the U.S., Mexico needs to create a million jobs a year; currently, it creates half that. Similarly, its growth has been nonexistent since 2000, despite a 5.5% jump in the first quarter of the year due to oil prices and increased sales of auto parts to U.S. manufacturers. Put simply, Mexico has too little investment capital to start, expand or turn around businesses. And failing to attract that capital has an impact. Despite its proximity to the U.S. market and the special status of the maquiladora program, Mexico has seen its share of exports to the U.S. fall since 2000.

If Mexico is to make up that half-million job difference, it will require capital investment to expand its business sector and modernize the energy sector, which generates 38% of government tax revenue. Mexicans don't have access to capital because of the way Mexico is run. It has a big, bureaucratic government that is highly corrupt and controls too much of the economy. To conduct business requires bribes or "facilitation" payments in order to get the bureaucracy to move. Without these, papers don't

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get filed, permits don't get issued and cases don't get heard in court. Even the police take bribes. Americans can land in jail in the U.S. if they make these payments, due to the Foreign Corrupt Practices Act. As a result, Mexico only gets a fraction of the money it needs to grow.

In addition, Mexico is a highly opaque country, with woeful accounting standards and corporate governance. And then there are Mexico's own self-imposed restraints, many of which were aimed specifically at the U.S. Americans cannot invest in real estate within 30 miles of the coastline, cannot invest in the energy sector and are limited in their investments in the telecom and transportation sectors. And yet, with so many Americans reaching retirement age and looking for warmer, less expensive beachfront property, Mexico could become their top choice -- if it ended investment restrictions and bureaucratic complications. Mexico could be enjoying a real-estate-led boom big enough to lure back its best construction workers, many of whom are now working illegally in the U.S. but could be contractors in Mexico. Capital coming into the real-estate sector would stimulate many other sectors of the economy including banking, insurance, textiles, construction and services.

Then there is oil. Nothing better illustrates the country's problems than Pemex, a gigantic, inefficient, state-controlled jumble -- and the No. 1 foreign supplier of oil to the U.S. Because the Mexican constitution prohibits foreign and private investment in the energy sector, Pemex has a 100% monopoly on Mexico's vast reserves of oil and gas, the largest proved in North America.

Pemex, like much of Mexico, is opaque. It has weak internal accounting, budgeting and reporting practices. It has no independent board members and a dubious relationship with its union. These problems -- which don't even take into account corruption with suppliers, distributors, dealers and others in the supply and distribution chain -- have made it difficult for Mexico to derive as much benefit from its vast oil reserves as it should. Counterintuitively, Pemex has made Mexico one of the world's highest cost energy producers, even in its low-wage environment.

Of all oil producing companies, public and private, in any country, Pemex is the most indebted. As a result, whereas other oil companies have been investing to develop new proved oil reserves, Pemex's reserves have been falling with much of the Gulf of Mexico still unexplored. Even without changing its constitution, Mexico's energy sector could be opened up to U.S. investment by using future oil revenues as collateral to finance the modernization of Mexico's oil sector.

The only way for Mexico to reduce the number of workers it sends to the U.S. is to transform itself into a jobs-producing, high-opportunity economy. The way to begin would be to allow unfettered U.S. investment. As that happens, Mexico should reform its bureaucracy -- to make it more efficient and transparent -- and make a real effort to do away with corruption. President Fox took a first, tentative step with his national transparency commissions. The next step is to clean up the nation's police force.

Mexico is a rich country, exporting its troubles north while pretending to fix them. It must do better. By creating an environment conducive to investment and relaxing restrictions, jobs will be created, and immigration will slow. A rapidly developing Mexico would induce would-be immigrants to stop seeking opportunities far from their homes and families, and start seeking them at home.

Messrs. Kurtzman and Yago are, respectively, senior fellow and director of capital studies at the Milken Institute.

A Debate Beyond The Fence (WP)

By E. J. Dionne Jr.

The Washington Post, May 26, 2006

In our debate over immigration, we're talking past each other on issues of genuine concern to both sides, and we're using our confrontation over immigration to evade larger questions.

As the Senate moved to set up a clash with the House over how to deal with the estimated 12 million illegal immigrants, the country faced the prospect of a narrow and confusing discussion. On one side are those who just want to deal with border security and would like to deport a lot of those immigrants. On the other are those who also want to deal with security but would provide a path to citizenship for most, though not all, of those illegally in our country.

On the whole, senators -- such as John McCain and Ted Kennedy -- who want to deal with both security and legalization have the better of the argument. As President Bush has said, we're not about to round up and deport 12 million people, and we

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might as well face that fact. It is far better for our country, perhaps especially for the native-born, to transform members of an illegal subclass into taxpaying, rights-bearing citizens who can openly live up to their responsibilities as Americans.

But advocates of a more liberal policy toward illegal immigrants need to take seriously the discontent that the anti-immigration movement has tapped into. Immigration has been a blessing to the United States, but it is not an unmixed blessing, and the costs of our immigration policies are borne more heavily by some parts of our society than others. Rather than dismiss all immigration critics as xenophobes, supporters of immigrant rights need to deal with the legitimate gripes of their opponents.

The most basic (and perhaps the simplest to deal with) is that immigrants cost local governments money even as they fill federal coffers with income, especially from payroll taxes. "The tax costs are local, but the tax windfalls are national," says Cecilia Muñoz, vice president for policy at the National Council of La Raza. "There's a local-national imbalance. It becomes a potent political issue locally, and there is nothing local governments can do."

A National Academy of Sciences study found that the average immigrant puts a net lifetime fiscal cost of $25,000 on state and local governments. "Estimates are that states and localities are forced to pay tens of billions of dollars in health and education costs for noncitizens," says Sen. Hillary Rodham Clinton (D-N.Y.). The federal government should share its tax windfall with localities, yet Clinton's amendment to the immigration bill to do just that was defeated last week. This issue will come back.

Less straightforward but still important are the effects of illegal immigration on the wages and working conditions of our fellow citizens at the bottom of the income structure. There is much debate over this effect, but the evidence suggests at least a small downward push on wages.

Low-income native workers worried about their own wages and job opportunities cannot be dismissed as special pleaders. What to do? Clearly laws against hiring illegal workers need to be enforced more effectively. But former labor secretary Robert Reich has made a broader point: If our labor laws, for immigrants and the native-born, were enforced more vigorously and consistently, all workers at the bottom of the economy would benefit.

The core problem illegal workers pose for the native-born is that the illegally employed are less likely to demand their rights and to complain about unfair treatment. The problem would be much less severe if the federal government were doing its job.

This, by the way, is why it would be a great mistake to create a large new class of "guest workers" with no pathway to citizenship. Paradoxically, those most worried about the impact of immigration should be those most insistent upon full rights for immigrants. Establishing a separate and unequal population with limited civil, political and social rights is the surest way of undercutting the rights of those who were born here.

Of course, the immigration battle is not just about economics. It also entails sharp cultural confrontations, particularly in areas of heavy immigration. Our nation's long history of such fights suggests that cultural battles are more easily resolved when legitimate economic grievances on both sides of the immigration divide are taken seriously.

Paradoxically, those fighting to achieve justice for immigrants will reach their goal only if they are also seen as fighting for justice for the native-born. The native-born, in turn, will find their rights better protected if the rights of immigrants are guaranteed, too.

Our National Laboratory For Bad Government (CHIT)

By Molly Ivins

Chicago Tribune, May 26, 2006

AUSTIN, Texas -- Last week, President Bush visited Yuma, Ariz., to tour a portion of the U.S.-Mexico Border by Border Patrol buggy. Maybe Jorge was doing a little measuring for the $3.2 million-a-mile fence the Senate approved, which I guarantee will be really helpful. Are they insane? As Arizona Gov. Janet Napolitano observes, "Show me a 50-foot wall, and I'll show you a 51-foot ladder."

Meanwhile, Republicans in the Senate have constructively declared English the national language. That'll fix everything. Every foreigner at our borders will stop and say: "Good thing to know. I'll begin speaking it immediately."

Yes sir, you want a solution, call a Republican.

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Of course, I am enchanted to discover that the entire project will be turned over to Raytheon, General Dynamics and other military contractors--think Halliburton with non-competitive bids, anyone? Because this outsourcing stuff is just working like a charm. Another Republican solution.

Ted Koppel suggests in the New York Times that we outsource war: "Blackwater and other leading security companies are seriously proposing to officials at very high levels of the government that their private forces could relieve a number of the burdens now being shouldered [or not] by American troops. ... The Pentagon ... is nonetheless struggling to come to terms with what it now calls `the long war.' There is every expectation that the fight against global terrorism and the most extreme forms of Islamic fundamentalism will last for many years. This is a war that will not necessarily require aircraft carriers, strategic bombers, fighter jets or heavily armored tanks. It will certainly not enable the United States to exploit its advantages in nuclear weapons. It is a war, indeed, that favors the highly mobile and adaptive fighting skills of the former Special Forces soldiers and other ex-commandos ..."

"Will"? Hell! Did and does. This is a war that is being fought with the wrong tools--and, in Iraq, at the wrong time, in the wrong place and against the wrong enemy.

It never did call for tanks, jets or carriers--just a combination of good detectives and good intelligence. In other words, smart, clever people with language skills. All of which we have fully available to us because of ... immigration. Lebanese, Iraqis, Iranians, Syrians, Pakistanis and Indonesians have all become Americans, and in so many cases we got the bravest of the brave--those who saw their country torn apart by religious factions. These are Americans who know the culture and language of the Middle East and other Islamic countries and who care deeply about how it all comes out.

By all means, reform immigration with this deep obeisance to the Republican right-wing nut faction and their open contempt for "foreigners." But do not pretend for one minute that it is not a craven political bow to racism (Yes, racism--I am actually calling them racists, although they pretend it hurts their feelings. Try reading their Web sites and see for yourself), and to nativism, to xenophobia and to Know-Nothingism. Just don't forget what you are throwing away in the process.

Molly Ivins is a syndicated columnist based in Austin, Texas. E-mail: info@creators.com

TAX:

Feds Cut Off Phone Tax After 108 Years (USAT)

By Paul Davidson

USA Today, May 26, 2006

A pesky, century-old tax on your phone bill is finally being put to rest.

The Treasury Department said Thursday that it will no longer collect a 3% federal excise tax on long-distance calls and would refund about $15 billion to taxpayers.

The tax was imposed in 1898 to help pay for the Spanish-American War. It was designed as a tax on wealthy Americans, back when phone service was considered a luxury.

“It's not often you get to kill a tax, particularly one that goes back so far in history,” Treasury Secretary John Snow said.

Treasury said it was conceding its battle to uphold the tax after five appeals courts declared it illegal because of changes in the way long-distance calls are billed.

Phone companies and cellular carriers must stop billing for the tax Aug. 1. Individuals and businesses can file for refunds next year on their 2006 tax returns for excise taxes paid on long-distance calls since March 1, 2003.

Individuals who don't have phone bill records can seek a standard refund that has yet to be determined.

Elimination of the tax will cost Treasury about $46 billion in refunds, lost revenue and administrative expenses in the next five years. That should be offset by higher tax revenue from a strong economy, Snow said.

Phone companies hailed the move. “This is a good first step in alleviating consumers' telephone tax burden, which currently accounts for more than 18% of the average bill,” Verizon Vice President Tom Tauke said.

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Callers will still pay a 3% excise tax on local phone calls. But that tax will no longer be levied on services that don't distinguish local calls, such as cellular, all-distance landline plans and Internet-based offerings. Consumers with those services can seek refunds on their full excise-tax payments.

Snow urged Congress to repeal the local-phone excise tax, as well.

Phone Tax Laid To Rest At Age 108 (NYT)

By Ken Belson

The New York Times, May 26, 2006

Bowing to changes in technology and pressure from taxpayers and phone companies, the Treasury Department said yesterday that it would scrap the 108-year-old federal excise tax on long-distance phone calls. The move will bring consumers and businesses about $15 billion in refunds on next year's tax returns.

The decision, which applies to cellphones and Internet phone services and some landlines, follows a series of court reversals for the government. Large businesses had successfully sued the Internal Revenue Service to recoup the taxes they paid. Phone companies also wanted the tax abolished to relieve them of having to collect it.

Originally a luxury tax to help pay for the Spanish-American War, the 3 percent surcharge was calculated based on the length of the call and the distance of the connection. But as unlimited long-distance calling plans became commonplace, and the tax was applied to a flat monthly fee, some taxpayers argued that the tax no longer applied to them because the duration and distance of a call were irrelevant.

Though the tax will still be imposed on local phone service, the government will reimburse three years' worth of taxes on long-distance calls, including any plans that combine local and long-distance calling. Consumers, who pay about 40 percent of the taxes collected, typically pay about $18 a year in excise taxes if they have a long-distance service and a cellphone.

They will be able to file for a refund on their 2006 federal income tax returns.

"It's time to disconnect this tax and put it on the permanent do-not-call list," Treasury Secretary John W. Snow said. Yesterday's decision, he added, "marks the beginning of the end of an outdated, antiquated tax that has survived a century beyond its original purpose, and by now should have been ancient history."

The abolition of the tax, effective July 31, will cost the Treasury $5 billion annually in lost revenues in the next few years.

With budget deficits soaring, the Treasury had been slow to scrap the tax. But several federal courts ruled in recent years that it was no longer applicable to customers with unlimited long-distance plans. The Internal Revenue Service has refunded hundreds of thousands of dollars in taxes to companies including OfficeMax and the American Bankers Insurance Group based on the court decisions.

While the courts said some businesses should get refunds, Congress had not repealed the tax, so the I.R.S. was compelled to continue collecting it. This created a peculiar dynamic in which taxpayers who won refunds still had to pay the tax in subsequent years and then reapply for another refund.

Companies in districts where courts had ruled against the tax could get refunds, while companies elsewhere still had to pay it.

Now, the hundreds of companies that applied for refunds before yesterday's decision will not have their claims processed, according to some tax lawyers. That means companies that could have won refunds through the courts might have to wait far longer for their refunds to arrive after they file their income tax returns.

"The Treasury wants to standardize the process, but it's grotesquely unfair to the people who got this started," said Hank Levine, a partner at Levine, Blaszak, Block & Boothby, a Washington law firm that has represented business plaintiffs in most of the successful cases to date. "The I.R.S. didn't want to give up the money, and now that they have been forced to, they are doing so grudgingly."

Congress was close to abolishing the tax in 2000, but it was attached to a larger tax bill that President Bill Clinton vetoed. Congressmen are again calling for its repeal.

Senators Charles E. Grassley, Republican of Iowa, and Max Baucus, Democrat of Montana, asked the Senate Finance Committee yesterday to look also at eliminating the tax on local phone service.

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For now, the Treasury said that consumers and businesses would get refunds, including interest, on their 2006 income tax returns filed in 2007. The I.R.S. has not decided the size of the standard refund for individuals. But taxpayers who use a lot of phone services will be able to apply for a larger refund if they can document how much they paid in excise taxes.

The average household spends $10 a month on long-distance calls and $41 a month on wireless service, or $612 a year, according to figures from the Federal Communications Commission. Since those services are taxed at 3 percent, the typical household pays $18.36 a year in federal excise taxes, or $55 over three years.

Consumers, of course, can still expect plenty of taxes and fees on their phone bills. Phone companies are obligated to collect an array of state and local taxes as well as fees that pay for emergency response groups and public services provided by the Universal Service Fund and others.

Phone companies have opposed some of these taxes because of the expense of collecting them, and because it drives up the cost of their services, making them less attractive to consumers.

" Wireless consumers can now turn their attention and efforts to repealing discriminatory wireless taxes on the state and local level," said Steve Largent, the president of CTIA, a trade group that represents cellular companies.

Mr. Largent said 17 percent of the typical monthly cellular bill was made up of taxes and fees.

Carriers, however, are partly to blame for that burden because they charge their customers a range of discretionary fees to recoup their business costs. For instance, some customers are charged "property tax allotment" fees that are meant to pay for a company's real estate taxes. Other companies charge "carrier cost recovery fees" to pay for the administrative costs of collecting taxes.

These fees generate billions of dollars in revenue for the companies.

That is a far cry from 1898, when the tax was first levied and there were 681,000 phone subscribers in the United States, according to James Katz, a telecommunications historian at Rutgers University. Though relatively small in numbers, those subscribers paid a considerable amount in taxes to help finance the government's battle against Spain.

The annual basic charge for a home phone in the 1890's was about $100, or more than $2,200 in today's dollars. A three-minute call from New York to Chicago in 1902 cost $5.45 — about $120 today.

U.S. To End Contentious Phone Tax (WSJ)

By Robert Guy Matthews

The Wall Street Journal, May 26, 2006

WASHINGTON -- The Treasury is conceding defeat in its battle to collect a long-distance telephone tax enacted to pay for the Spanish-American War, paving the way for business and individual taxpayers to get refunds, plus interest, going back three years.

The "telephone tax," which will be terminated July 31, imposed a 3% surcharge on consumers based on distance of the call. But today telecommunication companies don't price long-distance calls based on distance. Businesses argued that the tax was illegal, and the Internal Revenue Service spent years fighting -- and losing -- court challenges to the tax.

Treasury Secretary John Snow said he expects the refunds will cost government coffers about $13 billion. In addition to paying out refunds, the government also now will lose out on an estimated $37 billion in revenue over the next five years.

The IRS will include a provision on tax returns for the 2006 year that will allow businesses and individuals to apply for refunds. The IRS will soon issue details on how to claim the refund.

Businesses will likely draw the lion's share of the refunds because they pay a larger portion of the tax and are likely to have better access to old documents showing payments, if needed. But IRS Commissioner Mark Everson said he is drafting a "simple" process for individual consumers to legally claim the refund.

Individuals who paid the tax for the past three years, usually denoted on each monthly bill, could likely have to show proof that they paid the tax.

Mr. Snow said the government will be able to shoulder the projected $13 billion hit because government collections from business and individual taxes have grown and are projected to rise steadily. "The revenue of the U.S. government is strong and can easily absorb this."

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The levy has long been targeted for removal by conservatives. At the announcement, Mr. Snow was flanked by House Republicans who were among the most politically endangered incumbents of this midterm election year, including House Republican Conference Chairman Deborah Pryce of Ohio, and Reps. Jeb Bradley of New Hampshire, Thelma Drake of Virginia, and Mike Fitzpatrick and Jim Gerlach of Pennsylvania.

Though courts have ruled the tax illegal, Sen. Charles Grassley (R., Iowa), chairman of the Senate Finance Committee, said he intends to have his panel consider legislation to abolish it all together.

As of now, consumers still have to pay the local portion of the telephone excise tax but that may change also. Sen. Rick Santorum (R., Pa.) said he is pursuing eliminating the local tax assessed on local calling plans.

While the origins of the telephone tax stem from an 1898 law -- in essence a luxury tax -- to fund the Spanish-American war, the current interpretation of the law was last modified in the 1960s.

Courts have ruled 10 times in recent years that the government is misapplying the tax and ordered refunds to companies that have sued over the charges. Several companies over the years have won refunds, including OfficeMax Inc. and Honeywell International Inc. Even so, the IRS continued to collect the tax and the Justice Department continued to litigate. All companies with pending cases can now apply for refunds.

"There is going to have to be a company-by-company settlement," said Jack Miles, tax partner at New York-based law firm Kelley, Drye & Warren who has successfully sued the IRS on behalf of clients fighting the payment of the telephone tax. He said that he is representing 30 more businesses with pending cases against the IRS. "IRS officials have advised me that it will be years to clear up the corporate backlog."

Telecommunications companies hailed the tax rollback. "This is a tax that discourages consumption," said Walter B. McCormick Jr., president and chief executive of USTelecom, a U.S. telecom trade group. "It is a positive thing for consumers and positive for our nation."

'Antique' Phone Tax Dropped (WP)

By Albert B. Crenshaw

The Washington Post, May 26, 2006

Treasury to Refund $13 Billion Collected on Long-Distance Calls

The Treasury Department, conceding that it has no right to continue collecting a 108-year-old tax on long-distance telephone calls, announced yesterday that it will drop its legal battle for the tax and instead refund about $13 billion to callers who have paid the tax in the past three years.

The 3 percent tax, enacted in 1898 to help pay for the Spanish-American War and revised in 1965, has been declared illegal by five federal courts of appeal during the past year as the result of challenges brought by companies forced to pay it.

Long-distance carriers have been required to bill customers for the tax and remit it to the government.

Treasury Secretary John W. Snow yesterday called it "an outdated, antiquated tax that has survived a century beyond its original purpose, and by now should have been ancient history."

The tax, which was originally considered a luxury tax because only wealthy people had telephones at the time, will go out of existence July 31.

"It's a great day for consumers," said Gene Kimmelman, director of the Washington office of Consumers Union. "The last residue of the Spanish-American War is finally complete."

The Treasury Department had no figures on how much of a refund an individual might expect, but Kimmelman said, "People with the biggest phone bills will be the biggest winners." Those are principally businesses and high-income consumers who tend to make heavier use of phone services than do lower-income individuals, he said.

However, he cautioned that many, perhaps most, households will see only a modest refund -- possibly $10 or so. Over the past several years, traditional long-distance usage has fallen as cellphones and the Internet have gained in popularity.

Snow said the taxpayers will be able to claim three years' worth of the telephone tax, the legal limit on claiming tax overpayments, on their 2006 tax returns. The Internal Revenue Service, he said, is working on a simplified method by which taxpayers can claim their refunds.

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It is expected that, as with sales-tax deductions, taxpayers will be allowed to claim either a standard amount or an exact amount based on their phone bills. Individuals who are not required to file tax returns will be offered a special form for the rebate.

"It was an antiquated tax that made no sense whatever," Kimmelman added. With advances in telephone technology, cellphones and the Internet, he said, it has become increasingly difficult to determine which party in a call the tax should be assigned to.

"You can't track it," he said. "That made the levy unsustainable."

The $13 billion in rebates will cost the government more than the estimated $10 billion that would have been handed out under Senate Majority Leader Bill Frist's (R-Tenn.) short-lived proposal to give taxpayers $100 apiece to offset high gasoline prices.

Snow noted that a similar levy on local calling remains in effect, and he called upon Congress "to terminate the remainder of this antique tax by repealing the excise tax on local service as well."

UPDATE: Treasury Concedes Fight Over Federal Telephone Tax (DOW)

Dow Jones, May 26, 2006

WASHINGTON -(Dow Jones)- Individual and corporate taxpayers will be eligible for an estimated $13 billion in tax refunds after the Treasury Department abandoned a legal fight over a federal long distance telephone tax.

Treasury Secretary John Snow on Thursday announced the government's surrender in a long-running legal fight over the long-distance telephone tax, first imposed in 1898 to fund the Spanish-American War.

It came after the government lost an estimated 10 court cases, including five federal appellate court cases, challenging the legality of a 3% federal excise tax on long-distance services.

Millions of individuals and businesses that paid the tax will be eligible for refunds, plus interest, for taxes paid on long-distance service billed after Feb. 28, 2003. Tax experts said it may be the broadest case involving elimination of a tax through a legal challenge.

"I can't think of a tax situation where there was an issue that affected as many Americans," said George Clarke, an attorney for Baker & McKenzie LLP who represented Radio Shack in a telephone tax lawsuit.

Snow summed up the government's capitulation: "The American taxpayers have been right."

The tax has long been targeted by conservatives for elimination.

Speaking at a Capitol Hill press conference, Snow was visibly pleased to announce demise of the long distance telephone tax, long targeted for elimination by conservatives.

"It's not often you get to kill a tax," Snow said, surrounded by several Republican House members who oppose the tax.

Snow also called on Congress to repeal the remaining part of the telephone excise tax as it applies to local telecommunications services. Today's announcement "marks the beginning of the end of an outdated, antiquated tax that has survived a century beyond its original purpose, and by now should have been ancient history," Snow said.

The Internal Revenue Service has lost at least 10 cases that contend the telephone excise tax can't be collected on flat-rate long distance telecommunications services. The telephone tax is a 3% rate on the value of local, long distance and wireless phone services.

The issue involves companies such as Radio Shack, OfficeMax (OMX) and Honeywell International (HON) that have been challenging an outdated definition of telecommunications services in the tax law.

The current law, which originates from the 1960s, defines "taxable service" as the rate computed based on distance and time of each long-distance call.

The telecommunications companies argue that it is outdated since long-distance services are no longer based on distance and time but instead on flat, per- minute rates or a single rate for unlimited calls. Long distance service also is sold as part of a broader bundle of services.

The Justice Department will no longer pursue litigation concerning these cases.

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Taxpayers will be eligible to file for refunds of all excise tax they have paid on long-distance service for the past three years. Taxpayers will claim this refund on their 2006 tax returns, to be filed in 2007. The IRS said it soon will announce a simplified method to seek the refunds.

Clarke, the Baker & McKenzie attorney, said taxpayers needs to carefully read the fine print of the refund procedures in order to get their money.

Snow said corporations, small businesses and individuals will qualify for an estimated $13 billion in refunded back taxes over three years.

Snow said he didn't know what portion of the tax is paid by corporations and individuals, and he couldn't estimate the size of individual refunds.

Sen. Rick Santorum, R-Pa., told reporters in a separate conference call with Snow that he would pursue eliminating the local portion of the excise tax. With Thursday's announcement, Santorum said the telephone tax would remain on basic local telephone plans and the very inexpensive local plans which are overwhelmingly used by low income individuals.

"This tax becomes what was a regressive tax to an extremely regressive tax," Santorum said. He didn't estimate the cost of repealing the tax on local telephone services, but said it would be less than the long distance tax repeal.

Snow said rising federal revenues, associated with the growing economy, will more than offset cost of the long distance tax, which officially will terminate July 31, 2006.

"The revenue stream of the U.S. government is strong and can easily absorb this," Snow said.

-By Rob Wells, Dow Jones Newswires; 202-862-9272; Rob.Wells@dowjones.com

Treasury Disconnects Tax On Long-distance Calls (MRKTWTCH)

By Jeffry Bartash, MarketWatch

MarketWatch, May 26, 2006

3% excise originally established a century ago to pay for short-lived war

WASHINGTON (MarketWatch) -- The brief Spanish-American War ended more than a century ago, but not the federal tax assessed to fund the conflict. Until now.

On Thursday, the U.S. Treasury said it would stop collecting the 3% federal excise tax on long-distance calls, a fee originally assessed in 1898. The government also said it will issue refunds requested by consumers and businesses that paid the fee over the past three years. Taxpayers will be able to request refunds when they file 2006 tax returns in early 2007.

The Treasury also said the Justice Department would cease litigation in support of the tax after a handful of federal appeals courts ruled the fee illegal in decisions rendered within the past year. The most recent loss in federal court occurred earlier this month.

"The Federal Appeals courts have spoken across the board," Treasury Secretary John Snow said in a statement. "It's time to 'disconnect' this tax and put it on the permanent 'do not call' list."

The tax, which generates more than $6 billion annually, has survived repeated efforts to eliminate it, most recently in 2000, when President Bill Clinton vetoed a larger bill that included a repeal of the excise fee.

Bills aimed at ending the tax have circulated every year since. Businesses call the tax unfair and outdated. Phone companies say it's costly and complex to administer. Consumer-advocacy groups say the flat-rate fee put an undue burden on poorer Americans. Virtually no one in Washington supported the tax.

Nonetheless, for decades long-distance companies such as AT&T Inc. (T: news, board) and Sprint Nextel Corp. (S: news, board) have been required to collect the excise fee from customers and pass it on to the federal government.

In recent years, however, some large corporations such as Hewlett Packard have successfully sued to get rid of the tax on claims that it was illegal. Others have won large refunds from the Internal Revenue Service.

What's more, rapid changes in telecommunications technology have rendered the tax obsolete, critics say. The Internet, for example, makes it more difficult to discern what sort of communication is taking place over long distance and customers are increasingly billed via flat-rate plans instead of per-minute charges, particularly in the relatively new wireless business.

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The excise tax works out to $1.50 per every $50 in long-distance calls, not a particularly large sum for consumers. Yet for a business that spends, say, $10,000 a month on long-distance calls, the tax would equal $300 a month or $3,600 a year.

If the tax remained in place over the next decade, it would have generated about $67 billion for federal coffers, a congressional panel estimated. Altogether, the excise tax has raised more than $300 billion in its entire existence, the Congressional Research Service found.

The excise fee was originally established in 1898 on long distance because phones were considered a luxury and only the wealthiest Americans could afford service. These days, the tax affects all consumers directly or indirectly, no matter what their annual income.

At its highest point, the long-distance excise reached 25% during World War II and the Korean War and it remained as high as 10% during the Vietnam War. The excise later fell to as low as 1% in 1982 before being bumped up to 3%, a level made permanent in 1990.

In announcing his decision, Treasury Secretary Snow also called on Congress to eliminate the 3% federal excise tax on local phone calls. That tax is separate from the long-distance fee.

"Customers should see a noticeable difference in their phone bills within the next few months," said Herschel Abbott, vice president of governmental affairs at BellSouth." We hope this decision is a harbinger of removal of other discriminatory taxes on communications customers."

Jeffry Bartash is a reporter for MarketWatch in Washington.

FBI And IRS Seek Documents In Land Deal Involving Palm Beach County Commissioner (FLSUNSEN)

By Jerome Burdi, South Florida Sun-sentinel

South Florida Sun-Sentinel, May 26, 2006

The FBI and Internal Revenue Service on Thursday went after documents regarding a controversial land deal involving Palm Beach County Commission Chairman Tony Masilotti and the South Florida Water Management District.

A subpoena for the documents was served on the water management district, Chairman Kevin McCarty confirmed.

McCarty said the water management district counsel called him to tell him the news.

"We didn't know that Commissioner Masilotti was involved" in the sale McCarty said. "There was a secret trust involved in it ... We thought we were buying it just from the Lee brothers."

In recent months, Masilotti and his ex-wife, Susan, have come under scrutiny for making more than $1.3 million through a series of complex transactions in Martin County, according to court and land records.

The South Florida Water Management District was buying land in southern Martin County for preservation, and Susan Masilotti got into a deal in September 2002 with David and Jeffrey Lee, who sold their Black Diamond nursery in Masilotti's commission district to developers several years before.

Neither the FBI nor IRS would confirm or deny the papers were served.

McCarty said all copies of the sales documents were requested.

"It came as a complete surprise to us," McCarty said, emphasizing that the water district was not served with papers beyond the request for the sale documents. "I guess when you try to keep it a secret like that it raised the curiosity of the authorities."

The water management district will turn over all the documents, which could take up to 30 days, he said.

Masilotti, who could not be reached for comment, despite attempts by phone, has said he did nothing wrong by profiting from the deals. The deals were first revealed in court filings in the Masilottis' divorce case in January, when Susan Masilotti filed a financial disclosure form listing $1.3 million in 10 certificates of deposit she purchased in 2005. Her financial disclosure also referred to the Martin County land deals. The CDs were purchased beginning soon after Susan Masilotti sold a portion of the land she bought.

On May 16, Masilotti, a Republican, said he would not seek re-election this fall amid criticism over the land deal from his own political party.

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The Lees bought huge swaths of land in southern Martin County, about 3,500 acres, for $7.9 million in January 2001, according to land records and an appraisal of the property done for the water management district.

They eventually sold most of the land to the water management district for $43 million, and they brought three partners into the deal before the payoff, according to the water district appraisal. The water management district made its final installment payment last month, McCarty said.

He said he hasn't been in touch with Masilotti and didn't know the federal government was conducting an investigation.

Susan Masilotti's name didn't appear in the public records relating to the land deals because she used a trustee to purchase the land and hold it, records show. The trustee bought 147 acres from the Lees for $367,500 in September 2002.

Then in March 2004, as the Lees prepared to sell their land and that of their partners to the water district, they recorded a series of documents in Martin County land records. They bought back Susan Masilotti's 140 acres for $2.1 million, and sold her another 150-acre parcel for the same price.

In that deal, the Lees agreed to purchase 110 of the 150 acres from Susan Masilotti by April 2005 so long as they sold their property to the water district.

On the day of the deadline, the Lees paid $1.7 million for the 110 acres. Susan Masilotti saw more than a $1.3 million profit, taking into consideration the original $367,500 she invested in the deals.

The trustee recently transferred the remaining 40 acres of land into Susan Masilotti's name, land records show.

In Susan Masilotti's divorce financial-disclosure forms, she listed her husband as the beneficiary of three of the $100,000 CDs. In his court filings, Tony Masilotti listed his "wife's cash" of $1.3 million as a marital asset.

The couple were headed for a divorce trial earlier this month when they reached a confidential settlement, just as their attorneys were about to take depositions concerning the land deals that could be made public.

Other water management board members also were surprised about the subpoena.

"It's an unfortunate situation," said board member Nicolás Gutiérrez Jr., who learned the news from a reporter. "But our hands are very clean on all this."

CONGRESS-ADMINISTRATION:

Frist Still Hopeful For Hayden Debate (AP-Y2)

By Katherine Shrader

AP2, May 25, 2006

CIA director-nominee Michael Hayden awaited confirmation from the Senate Thursday evening in a vote that would install the four-star general and veteran of intelligence controversies atop the civilian spy agency.

Majority Leader Bill Frist, R-Tenn., said he remained hopeful the Senate could take up Hayden's nomination before departing for the Memorial Day recess.

Hayden, 61, would be the first active-duty or retired military officer to run the CIA in 25 years.

At his confirmation hearing, Hayden sought to assure senators that he would be independent from the Pentagon, but said he would consider how his uniform affects his relationship with CIA personnel. If it were to get in the way, he said, "I'll make the right decision."

Hayden became a lightening rod for the debate about the Bush administration's no-warrant surveillance program, which monitors domestic communications — without court approval — when one party is overseas and terrorism is suspected. Some Democrats and civil-liberties advocates argue the monitoring was illegal.

As head of the National Security Agency from 1999 to 2005, Hayden oversaw the groundbreaking operations, but his defenders have said repeatedly that he was relying on the advice of top government lawyers.

The White House tried to hurry Hayden's nomination through in under three weeks, in part by heeding Congress' five-month-old requests for more information on the classified operations.

But President Bush's selection of Hayden exposed fissures among Republicans who say the administration is making decisions without consulting Congress.

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"That's the way they decided to do business," House Intelligence Chairman Peter Hoekstra, R-Mich., said in an interview Thursday. "The problem is there are major changes going on in the intelligence community, and the executive branch is doing it on their own."

Hoekstra said a military official shouldn't be in charge of the CIA, but he planned to look ahead and learn more about Hayden's vision for the agency. Hoekstra also said he would use every tool available to Congress — including the power of the purse — to ensure he has a voice in the intelligence reforms.

Hoekstra is among Republicans close to outgoing CIA Director Porter Goss who are angry that the Bush administration dismissed him suddenly from the post. "It was a very ungracious exit for a very gracious man," Hoekstra said of Goss, the former House Intelligence Committee chairman who had a 40-year career in government.

The top Democrat on the House Intelligence Committee, Rep. Jane Harman (news, bio, voting record) of California, said the White House has treated Congress disrespectfully for years. "It is not confined to the process on the NSA program," she said.

At his confirmation hearing, Hayden said he wants to encourage the CIA's clandestine service to take more risks, expand how the CIA shares information with allied intelligence services and encourage the CIA's analysts to make hard-edge assessments.

Hayden said he wants the CIA out of the news — "as source or subject" — but also wants to win back public confidence in America's best-known spy agency.

Senate Clears The Way For Kavanaugh Vote (AP-Y2)

By Laurie Kellman

AP2, May 25, 2006

The Senate cleared the way Thursday for the confirmation of White House aide Brett Kavanaugh to a federal appeals court judgeship, over Democratic complaints that he is unseasoned and partisan.

By 67-30, senators approved a confirmation vote, set for Friday.

Democrats, however, complained that Kavanaugh has a long record of loyalty to President Bush and too short a record in the courtroom. They highlighted the American Bar Association's recent downgrading of its rating of Kavanaugh from "highly qualified" to qualified.

"It's clear that he is a political pick being pushed for political reasons," said Sen. Patrick Leahy (news, bio, voting record) of Vermont, ranking Democrat on the Judiciary Committee. "This is not a court that needs another rubber stamp for this president's exertion of executive power."

The White House and Judiciary Committee Chairman Arlen Specter say Kavanaugh's Ivy League education, Supreme Court clerkship and other work had prepared him well for a federal judgeship. Specter's panel approved the nomination along party lines.

"It is hardly a surprise that Brett Kavanaugh would be close to the president, because the president selects people in whom he has confidence," said Specter, R-Pa. "Brett M. Kavanaugh must be confirmed."

Democrats initially threatened to filibuster Kavanaugh, but the bluster softened after Specter granted their request for a new hearing at which the nominee appeared.

There, Kavanaugh told Democrats he played no role in the White House formulation of policies on detainees, domestic wiretapping or any relationship with convicted lobbyist Jack Abramoff.

Avoiding Clash, Senate Sends Judicial Nomination To Floor (NYT)

By Sheryl Gay Stolberg

The New York Times, May 26, 2006

WASHINGTON, May 25 — The Senate cleared the way on Thursday for a top aide to President Bush, Brett M. Kavanaugh, to be confirmed for the federal appeals court, avoiding a partisan showdown over a nomination that had been stalled for three years.

Senators voted, 67 to 30, for a floor vote on the nomination, expected on Friday.

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Democrats said Mr. Kavanaugh, who was on the staff of Kenneth W. Starr, the independent counsel who investigated President Bill Clinton, was too partisan and lacked the experience for the appellate bench.

But the senators were unwilling to block the nomination using a filibuster. That tactic could have prompted Republicans to respond with the so-called nuclear option, a rules change permanently barring judicial filibusters.

"I don't believe he's filibuster-able," said Senator Dianne Feinstein, the California Democrat on the Senate Judiciary Committee who voted to bring the nomination to the floor.

Ms. Feinstein said she would vote against confirmation, saying that she would vote for Mr. Kavanaugh as a district judge, but saying, "the circuit, I think, requires more seasoning."

Mr. Kavanaugh has been nominated to a seat on the United States Court of Appeals for the District of Columbia Circuit, the court that produced Chief Justice John G. Roberts Jr.

Mr. Kavanaugh's candidacy revived the fight over Mr. Bush's judicial nominees. For a time, Democrats hinted that they might use the filibuster against him.

They are promising to block the nomination of another nominee for an appeals court, Judge Terrence W. Boyle, a longtime federal judge in North Carolina, if Republicans try to bring it up for a vote.

Mr. Kavanaugh, 41, is Mr. Bush's staff secretary, a position in the president's inner circle. At his confirmation hearing, Democrats pressed him about whether he had a role in White House deliberations over domestic telephone surveillance; had met Jack Abramoff, the center of a lobbying scandal; or had involvement in writing legal memorandums used to justify coercive questioning of people who have been detained on suspicion of terrorism.

"No, Senator," he replied each time.

Democrats also pointed to an American Bar Association downgrading of its rating of Mr. Kavanaugh to "qualified" from "well qualified."

Senator Patrick J. Leahy of Vermont, senior Democrat on the judiciary panel, said Thursday that he could not recall any nominee's being confirmed after such a development.

Mr. Leahy said Mr. Kavanaugh had "failed miserably" to demonstrate "that he has the capacity to be independent of the president, to be an independent check on his political patron."

Republicans praised Mr. Kavanaugh as eminently qualified. Senator John Cornyn of Texas called him an "outstanding nominee," adding, "His nomination has been needlessly protracted and contentious."

Artful Dodging (NSWK)

By Richard Wolffe And Holly Bailey

Newsweek, May 25, 2006

May 24, 2006 - How different is the shiny new White House Press Secretary Tony Snow compared to his jaded predecessor Scott McClellan?

After more than two weeks inside the West Wing, Snow has pulled off the unusual coup of improving relations with the press corps while offering, at times, less information than McClellan. He has also managed to win widespread forgiveness for a series of foreign-policy fumbles that would have landed McClellan in deep trouble.

How has Snow won over the press corps? Take a look at the toughest of his customers: Helen Thomas, one of the longest-serving reporters at the White House, and--in the opinion of administration officials--one of the most hostile.

During Tuesday afternoon's press briefing, Thomas was grilling Snow on what role, if any, the United States was playing in negotiations between Israel and the Palestinians over a two-state peace deal. Snow told Thomas that Washington was operating "the same as it's always been" and was working with Israel and "when possible" with the Palestinians.

"Then why is it bankrupting the Palestinians?" Thomas shot back.

Snow clutched the side of the podium. "The Palestinians are not being bankrupted, Helen," Snow said, smiling. "Hamas is a terrorist organization. We do not give money to terrorist organizations."

"They were democratically elected," Thomas insisted.

"They were democratically elected, and they're still a terrorist organization," Snow replied.

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"By your designation," Thomas snapped.

"Yes, thank you very much, Helen," Snow shot back.

That could have been a scene straight out of one of Scott McClellan's combative press briefings, if it weren't for what happened next. From the podium, Snow looked down at Thomas sitting in her front-row seat and noticed the veteran reporter was clutching a shiny red apple.

"By the way, that's a nice apple," Snow grinned.

"Here," Thomas instantly replied, offering the new press secretary her apple.

As the press room erupted in laughter, Snow dramatically leapt from the podium and grabbed the apple, placing it front and center on the lectern. "Whoever thought that Helen Thomas would kiss up to me," Snow said, laughing. "An apple for the teacher."

"Hardly!" Thomas shouted from the front row. But she was smiling--and so was every other reporter in the room.

Indeed, there's been a lot of smiling and plenty of jokes and laughter during the first two weeks of Snow's tenure as Bush's new press guy. The atmosphere in the briefing room, which only weeks ago seemed poisonous beyond repair, now seems relaxed and different enough to compensate for the fact that reporters don't seem to be getting any more straightforward answers than before.

Snow has openly dodged questions on everything from the NSA wiretaps to immigration reform--all the while admitting to reporters that he's doing so. Perhaps the most artful dodge has been Snow's tendency to say "I don't know"--a phrase that has been cited dozens of times in the last several briefings.

It's not unreasonable to think that Snow can and should only stick to the facts that he knows. But it's interesting to see how Snow has offered noncomments on issues where he should be fully up to speed. In some cases, Snow has been even less forthcoming than McClellan about what Bush and his advisers are doing.

Last week, Snow repeatedly declined to comment on even the most basic information that used to be easily confirmed with the White House. When border-state governors, including Arnold Schwarzenegger, complained that Bush had not consulted with them about his plan to deploy National Guard troops along the border, Snow at first declined to comment on whether the president had phoned the governors at all. "I'm not going to engage in on deliberations," Snow told reporters. When asked if Bush spoke to any members of Congress about his plan, Snow echoed his earlier remarks. "I'm not going to get into what the president did or did not do," he said. The new press secretary later admitted that he just didn't know if Bush consulted with the governors or not--but still declined to comment, though he said he knew "for a fact" there had been "staff contact."

During McClellan's reign at the White House, it was typical for the administration to put out information about the president's daily schedule, including meetings with members of Congress or phone calls between the president and lawmakers. No doubt part of that strategy was to stamp out accusations that relations between Bush and Congress are shaky, but it was also being practical. When lawmakers come to see Bush at the White House, they drive up the West Driveway--past so-called pebble beach, where TV reporters do their stand-ups and right outside the press briefing room. In other words, it was no secret.

But for the past two weeks, Snow hasn't put out such information and has declined to comment on such events--even though the meetings have obviously continued. On Tuesday, a group of congressional Republicans, including House Speaker Dennis Hastert, met at the White House with Bush. The subject: immigration reform--a fact confirmed only when lawmakers who attended the meeting told reporters about it after the fact. Asked about the president's message during the meeting, House Majority Leader John Boehner told reporters, "It wasn't any different than everybody's heard before."

More startling is Snow's readiness to plunge into the realm of foreign policy when he seems unfamiliar with some basic details, including some of the most frequently repeated positions of the White House itself.

When asked about a possible military strike on Iran, Snow stumbled over one of the president's most common statements on the subject. Snow was lobbed a softball question suggesting that "nothing is off the table" in terms of military action.

His reply: "We've always said that." But then he continued, "Let me put it this way: The use of force is off the table. All right? Let me be specific. That is what the president has said. Is that not correct?"

Er, not quite. As reporters and White House staff started to shake their heads, Snow plunged back in. "I'm sorry," he said. "Is not off the table. Thank you. Yes, it's on the table."

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That wasn't the only problem for Snow. With Israeli Prime Minister Ehud Olmert at the White House, Snow managed to mangle the names of the main players on both sides of the Israeli-Palestinian conflict.

At his morning off-camera briefing, Snow repeatedly called the Palestinian president "Prime Minister Abbas." In fact, the prime minister, Hamas leader Ismail Haniya, is the sworn enemy of Israel and the United States. Later Snow mangled Abbas's nickname, Abu Mazen, when asked about the administration's assessment of his power. "I'm not going to get into whether the president is going to talk about … Abu Mazen, Abu Abbas, whatever you want to call him," Snow said. For good measure, Snow promoted the Israeli prime minister's position to "President Olmert."

Snow started out with good intentions. At his first off-camera briefing earlier this month, he said he wasn't going to deal with questions on foreign affairs or currency, because of one simple reason. "I do not want to set off global tempests," he said, "because I frankly just don't know enough on those." It sounds like he was right first time.

Treasury Secretary To Step Down (WP)

By Peter Baker And Paul Blustein

The Washington Post, May 26, 2006

Treasury Secretary John W. Snow, who has presided during a period of strong economic growth but at times seemed out of sync with President Bush, has informed the White House that he will resign in the coming days after three years as the nation's chief economic officer, a source close to Snow said yesterday.

Snow asked the White House to announce his resignation in early June and said he plans to stay in the job no later than July 3 while a replacement is sought, the source said. The secretary's decision was intended to bring finality to a process that has played out awkwardly in public over months as Snow's job security has been a regular source of Washington speculation.

Republican insiders said possible candidates to succeed Snow include former commerce secretary Donald L. Evans, a longtime Bush friend; Commerce Secretary Carlos M. Gutierrez, a former Kellogg Co. chief executive; Ambassador David C. Mulford, a former treasury undersecretary who represents the United States in India; and Stephen Friedman, the president's former chief economic adviser and a former Goldman Sachs chief executive.

Two Republicans said Evans and his wife will accompany the Bushes to Camp David today, although they cautioned against reading too much into that because the two couples often spend holidays together. One of the Republicans said Evans would be willing to take the job if Bush indicates he needs him.

"There is a lean toward a person who's on the inside and would have the opportunity to come into the position very easily," said a former administration official, who like others insisted on anonymity to discuss a resignation that has not been formally announced.

Deputy Secretary of State Robert B. Zoellick, a former trade representative, had hoped to be named the next treasury secretary but does not appear likely to get the job, and has indicated to associates that he plans to resign soon to return to the private sector.

Robert M. Kimmitt, Snow's deputy, is another possible candidate. But his prospects may have been damaged by the controversy over a Dubai company's proposed takeover of terminal operations at U.S. ports; he was Treasury's point man on the process that initially approved the takeover.

Snow's impending departure has been expected for months, but word of his decision began leaking out yesterday and was first reported by the Dow Jones news service.

Bush, when asked about the Treasury secretary at his news conference last night, indicated only that he had not spoken directly with Snow and quickly changed the subject to positive economic indicators. "He has not talked to me about resignation," Bush said. "I think he's doing a fine job. I mean, after all, our economy is strong."

Snow first told then-White House Chief of Staff Andrew H. Card Jr. around Christmas last year that he was ready to go but said he would stay through the State of the Union address in January until a successor could be found, according to the source close to Snow. But the White House had trouble finding a person of stature from Wall Street to take over a job that, under Bush, has become more about selling policy than making it, which is why his team has turned to current and former government officials, according to several sources.

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Snow grew frustrated as news reports in recent weeks suggested that the White House wanted him out, the source close to him said. Rather than be left hanging any longer, he decided to set a firm July 3 departure date even if a replacement is not named. "He just didn't want it to drag on later than that," the source said. "He's anxious to get back to the private sector."

"With the economy in good shape," the source added, "it feels like a good time to leave on a high note." Snow, the source said, "is leaving on very good terms with the president."

A genial former railroad executive, Snow, 66, has hewed steadfastly to the White House line, in contrast with his feisty predecessor Paul H. O'Neill, who often irritated Bush aides by differing with the president on issues such as tax cuts and steel tariffs. Although Snow's loyalty is appreciated at the White House, he has followed his assigned script so closely that even some boosters concede he has sometimes come across as an ineffective salesman for the administration's policies.

In recent weeks, even amid reports about his impending departure, Snow has continued traveling around the country, delivering speeches touting the economy's strength and the recent surge of tax revenue as evidence that the president's policies are working.

At times, though, he has appeared disengaged. When questioned a few days ago at a congressional hearing on how high inflation has been over the past year, for example, he replied about 5 percent, when the correct answer was 3.5 percent.

But Snow could cite other numbers to bolster his legacy. The government announced yesterday that the gross domestic product grew a brisk 5.3 percent in the first quarter, and in a statement Snow noted that it has averaged 4 percent growth over the last three years. The news, he said, "further demonstrates the strength of the American economy."

Snow Plans To Leave Treasury Post Next Month (WSJ)

By John Harwood And Deborah Solomon

The Wall Street Journal, May 26, 2006

WASHINGTON -- Treasury Secretary John Snow plans to announce his departure from the Bush administration by mid-June, according to people familiar with the matter.

After months of criticism and speculation about his future, Mr. Snow has told the White House he wants to leave, a senior administration official said. He has withheld any announcement until President Bush settles on a successor, a process that is nearly concluded, the people familiar with the matter said.

Mr. Snow is scheduled to attend a meeting of G-8 finance ministers in Russia June 9 and 10, but that is expected to be his last major public event as secretary. The senior administration official said Mr. Snow's departure would be announced "within days."

At a news conference last night, President Bush said Mr. Snow "has not talked to me about resignation," but didn't address how long the secretary would remain on the job. He praised Mr. Snow for "doing a fine job" helping manage the U.S. economy.

White House officials declined to identify leading candidates to succeed him. Among those most often mentioned in Republican circles are David Mulford, currently the U.S. ambassador to India and a former undersecretary of the Treasury under President George H.W. Bush; Steve Friedman, the former head of Mr. Bush's National Economic Council; Don Evans, the former commerce secretary and Carlos M. Gutierrez, the current commerce secretary and former chief executive of Kellogg Co.

Others believed to be potential choices include Deputy Secretary of State Robert Zoellick, though he has discussed leaving the administration in recent days; Deputy Treasury Secretary Robert Kimmitt, who was tarnished by involvement in overseeing the review of potential U.S. ports management by a firm based in the United Arab Emirates; and Energy Secretary Samuel W. Bodman, a former deputy Treasury secretary.

One reason Mr. Snow is believed to have stayed as long as he has is that the White House has had trouble identifying desired replacements. Some prominent Wall Street executives, such as Goldman Sachs CEO Henry Paulson, have rebuffed overtures.

A former chairman and CEO of CSX Corp., Mr. Snow succeeded Paul O'Neill as Treasury Secretary in 2003. He hasn't committed major gaffes or repeated Mr. O'Neill's penchant for blunt-spoken independence. Yet he has been faulted for ineffectiveness in communicating the administration's message on the economy, which despite continued growth hasn't stopped

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the slide in Mr. Bush's poll ratings. As a result, Mr. Snow has endured nearly two years of speculation about when he would be replaced.

While the economy is relatively strong, the next Treasury secretary will face challenges, in part because many Americans don't seem to feel that their economic situation is improving. A recent Wall Street Journal/NBC News poll found that 77% of respondents call themselves uneasy about the state of the economy rather than confident, even as data shows strong economic growth. Rising gas prices and concerns about Iraq continue to overshadow strong economic gains.

New Reports Of Change At Treasury (NYT)

By Edmund L. Andrews

The New York Times, May 26, 2006

WASHINGTON, May 25 — John W. Snow has signaled his readiness to step down as Treasury secretary, possibly by the end of June, or as soon as the White House has a candidate to succeed him, say Republicans with ties to the administration.

Mr. Snow, a congenial former railroad executive who took over the Treasury Department three years ago, has made it clear he did not expect to stay in the job beyond the midterm elections in November.

President Bush said Thursday at a news conference that he had not spoken to Mr. Snow about his plans.

Tony Fratto, the Treasury Department's chief spokesman, refused to comment, saying, "We don't comment or speculate on personnel issues."

But one Republican said Mr. Snow was prepared to leave soon after the Group of Eight meetings on June 8 and 9 in St. Petersburg, Russia.

It was not clear whom Mr. Bush might nominate as a successor. Speculation includes David Mulford, a Treasury official under President Ronald Reagan and the first President Bush who is currently the American ambassador to India; Donald Evans, who was secretary of commerce in Mr. Bush's first term; Carlos Gutierrez, the current commerce secretary; and Allan Hubbard, director of the White House National Economic Council.

Competition for Mr. Snow's job had already heated up within the administration. Robert Zoellick, currently the deputy secretary of state and previously the United States trade representative, is believed to have wanted the top Treasury post but was ruled out. He is now expected to step down and has been said to be talking to firms on Wall Street.

Administration officials have also been reported to have contacted Wall Street executives like Henry Paulsen, the chairman of Goldman Sachs.

Speculation about Mr. Snow's departure has been almost constant since Mr. Bush's re-election in 2004. But the speculation, including some fueled by White House officials, repeatedly turned out to be wrong.

Mr. Snow remained outwardly impervious to all the speculation, including published reports in which anonymous White House officials were quoted as predicting his ouster.

But even before Mr. Bush's re-election, officials suggested they wanted to shake up his economic team to better pursue an ambitious agenda — now stalled — of overhauling both Social Security and the tax code.

Veteran Data Was Removed Routinely, Official Says (NYT)

By David Stout

The New York Times, May 26, 2006

WASHINGTON, May 25 — Officials of the Veterans Affairs Department told angry lawmakers on Thursday that an agency employee had been taking home sensitive data for three years before some of the material was stolen from his residence, compromising the records of 26.5 million veterans.

"He said that he routinely took such data home to work on it, and had been doing so since 2003," George J. Opfer, the department's inspector general, told senators, some of whom expressed amazement at how the department has handled the theft.

Because the data included Social Security numbers and birth dates as well as names, there has been widespread concern that the information could be used by computer-handy criminals for credit card fraud and other forms of identity theft.

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Secretary Jim Nicholson said 105,753 calls had been logged from Monday, when his agency set up a special toll-free information line, to Wednesday night.

Mr. Nicholson said he believed computer security had lagged at the agency, which he has headed for just over a year, because of past "embedded cultural resistance" to change.

That inertia is beginning to dissolve, he told a joint hearing of the Veterans' Affairs and Homeland Security and Government Affairs Committees.

"But I'm not going to tell you it's what it should be," he replied to a question from Senator Susan Collins, the Maine Republican who heads the homeland security panel.

Mr. Nicholson said that just sending letters to veterans whose data was compromised — those discharged since 1975, plus some veterans getting disability compensation — would cost $11 million to $12 million. He did not specify how much the agency expected to spend on telephone banks, Web sites and other measures, but Senator Patty Murray, Democrat of Washington, said she expected him to have to ask for more money.

"This responsibility rests on me," Mr. Nicholson told the senators, who greeted him warmly and seemed angry not at him but at the bureaucracy of the 235,000-employee veterans agency, which has been criticized by its own inspector general's office several years in a row for inadequate data security.

It seemed possible from exchanges between Mr. Nicholson and members of the committees that the full dimension of the current data breach, which came about because an agency employee's suburban house was burglarized after he took the data home without authorization, might not yet be known.

Ms. Murray, who sits on the Veterans Affairs Committee, posed this question: Suppose letters are sent to veterans who have already died and then returned unopened; could spouses or other relatives be vulnerable?

"That's a good question," Mr. Nicholson replied. "We'll have to look at that."

Moreover, he said that the data on some veterans included "numerical disability ratings and the diagnostic codes which identify the disabilities being compensated," enough knowledge for some unauthorized people to compute compensation payments.

Mr. Nicholson said the employee who took the data home had broken no law "as near as I can tell," even though he had violated department policy. He said the employee, a data analyst, had been cooperating with the Montgomery County police and the Federal Bureau of Investigation.

Mr. Nicholson said he continued to be outraged over the delay between the burglary, on May 3, and the date he learned about it, May 16. Senators Collins and Larry E. Craig, the Idaho Republican who heads the Veterans' Affairs Committee, described the time lag as "baffling," "mind-boggling" and "just unbelievable."

Veterans' Data Theft Went Unreported (AP-Y2)

By Hope Yen

AP2, May 25, 2006

The Veterans Affairs data analyst who lost the personal data of 26.5 million veterans improperly took the information home for three years before the data was stolen, government investigators told Congress Thursday.

In a pair of hearings, VA Inspector General George Opfer detailed a series of missteps leading to one of the nation's largest information security breaches. He noted that his office only became aware of the May 3 burglary through office gossip.

"We were never notified," Opfer told Senate and House panels investigating the breach, explaining that one of his employees first heard about a burglary — and that VA electronic records may have been stolen — while attending a routine meeting on May 10.

"It wasn't until we interviewed the employee on the 15th that we knew we had a significant problem" involving a vast cache of Social Security numbers, birthdates and disability ratings, Opfer said. Only then did the VA bring in local and federal law enforcement to investigate.

The disclosure comes as the VA is under attack for a three-week delay in publicizing the burglary. During the hearing, VA Secretary Jim Nicholson said he was "mad as hell" that employees did not tell him about the breach until May 16.

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He acknowledged that Deputy Secretary of Veterans Affairs Gordon Mansfield knew immediately about the incident. But he declined to say whether Mansfield would be fired or how the theft could have happened, citing the need to await results of a full investigation.

"As a veteran, I am outraged. Frankly I'm mad as hell," Nicholson said. "I can't explain the lapses of judgment on the behalf of my people. We will stay focused on these problems until we get them fixed."

Lawmakers were skeptical.

"The testimony you gave us is absolutely baffling," said Sen. Susan Collins (news, bio, voting record), R-Maine, who chairs the Homeland Security Committee. "You seem to be saying it was just one employee. But it's not just one employee. You have a high-risk vulnerable system that has been identified time and again as vulnerable."

At the House hearing, Rep. Bob Filner (news, bio, voting record), D-Calif. was even more blunt.

"Your own people don't tell you about the theft involving 26 million veterans. You say you take responsibility but then you tell veterans to go call your creditors," he said.

"You're not taking responsibility for this mismanagement debacle," Filner said. "The most dramatic thing to take responsibility is to resign."

White House press secretary Tony Snow said Thursday that wasn't going to happen.

"He'll have his opportunity to testify on Capitol Hill today," Snow said of Nicholson. "I'm sure they will have sharp questions for him. But he's not tendering his resignation."

Congress is trying to determine whether the VA had adequate security measures in place to guard against the unauthorized disclosure of veterans' Social Security numbers and birthdates. It is one of the nation's largest security breaches.

Also at issue is why the department waited so long before acknowledging that a government-owned laptop and disks were stolen in what appeared to be a routine burglary at an agency analyst's home in Maryland.

During the hearing, Rep. Steve Buyer (news, bio, voting record), R-Ind., chairman of the House veterans panel, pressed Nicholson to give the nation's veterans assurances that their information will not be used for identity theft, or that they would be "made whole" if the information is misused.

Nicholson said he could not, saying that the VA would have to get more funding to compensate veterans. Nicholson has previously downplayed the potential danger, explaining that the May 3 theft appeared to be a random burglary.

"Before I can give you that assurance, I have to work with Congress ... if they suffer a loss," Nicholson said, who added that it would take about $25 million alone to improve security procedures at his agency. "It will give piece of mind to veterans if they suffer a loss to have a system to compensate."

Nicholson got an endorsement from President Bush even as lawmakers pressed for greater accountability and awaited answers in the hearings and a subsequent joint meeting of the Senate Veterans' Affairs and the Homeland Security and Governmental Affairs committees.

Snow said Wednesday said Bush had "full faith and confidence" in Nicholson. Snow originally had declined to issue a statement of support in the president's name, but then said he wanted to clarify his remarks.

Nicholson is a Vietnam War veteran and former chairman of the Republican National Committee.

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On the Net:

Information for veterans suspecting identity theft:

http://www.firstgov.gov or 1-800-FED-INFO

Worker Often Took Data Home (WP)

By Christopher Lee

The Washington Post, May 26, 2006

The Department of Veterans Affairs data analyst who lost 26.5 million veterans' personal information when his home was burglarized had routinely taken such data home since 2003, VA Inspector General George J. Opfer said yesterday.

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"It wasn't like all of a sudden one night he took home all this data," Opfer said during a break in House and Senate hearings on the massive information security breach.

Authorities announced a $50,000 reward for information leading to the recovery of the laptop computer and external hard drive stolen May 3 from the employee's Aspen Hill home. The VA inspector general and the FBI are offering the reward. Montgomery County police asked anyone with information to call 866-411-8477.

Federal investigators have removed other sensitive VA data the worker was not authorized to have at home, Opfer testified. He said his staff will identify all the data the employee had at home and determine which supervisors knew about it.

Veterans Affairs Secretary Jim Nicholson said the stolen information was not encrypted or "scrambled." He reiterated that there has been no indication that thieves are using the data to open credit card accounts, take out bank loans or engage in other forms of identity theft.

The electronic file contained names and dates of birth for as many as 26.5 million veterans who have been discharged since 1975, or who were discharged in any year and are collecting disability compensation from the department, Nicholson said. The file also included the Social Security numbers of 19.6 million of those veterans, he said. He said fewer than 100 spouses are believed to be included in the file.

Opfer said his office did not learn of the lost data until May 10, and then only through an offhand remark by a VA employee at a routine meeting. Nicholson was even further out of the loop; he testified yesterday that his subordinates failed to inform him until May 16 -- nearly two weeks after the theft put millions of veterans at risk of identity theft. The FBI was not told until May 17, and Nicholson did not make a public announcement until Monday.

"I'm so damn mad at the loss of veterans' data and the fact that one person can put all of us at risk," said Nicholson, an Army veteran who served in Vietnam. "I can't explain these lapses in judgment on the part of my people. . . . After the inspector general finishes his investigation and finds exactly what happened, I plan to take decisive actions. "

Nicholson said several VA officials have offered their resignations but he will not decide whether to accept them until the investigation is complete. "I am the person ultimately responsible to our veterans, and therefore I am the person responsible for this situation," the secretary said.

He repeated his plan to have all VA employees take a cybersecurity training course by June 30 and to increase background checks of employees with access to sensitive information. He said the employee who took the data home last had a background check 32 years ago.

Lawmakers, besieged by calls from outraged veterans, lambasted Nicholson both for the security breakdown and for the department's sluggish response.

Sen. Susan M. Collins (R-Maine), chairman of the Senate Homeland Security and Governmental Affairs Committee, called the entire episode "absolutely baffling."

"If the employee had chosen not to report the theft immediately, VA and the public could possibly still be in the dark," said Hawaii Sen. Daniel K. Akaka, the top Democrat on the Veterans Affairs Committee.

"Something like this should never go unknown by the boss," said Sen. Johnny Isakson (R-Ga.).

Several lawmakers noted that the department's information security measures have repeatedly been identified as vulnerable in recent years.

"The system is so poorly designed that one employee can compromise the whole thing," said Sen. Barack Obama (D-Ill.).

Sen. Larry E. Craig (R-Idaho), chairman of the veterans panel, said he believes that the VA data analyst was "a dedicated federal employee who took work home with the hope of improving VA operations."

He said the department, and not veterans themselves, should cover the cost of the increased credit monitoring made necessary by the loss of the personal data. "There were many lapses in judgment for which many people are going to have to answer," Craig said. "This was not an error that a veteran made. This was an error that the system that provides services to them made."

Cost To Inform Vets Of Data Theft Starts At $10M (USAT)

By Emily Bazar

DOJ_NMG_0029797

USA Today, May 26, 2006

WASHINGTON — It will cost at least $10 million to inform veterans that their personal information may be in the hands of criminals, Veterans Affairs Secretary Jim Nicholson told Congress on Thursday. He warned that the ultimate price tag of the government's response could be tens of millions more.

Letters will be sent to the 26.5 million veterans whose names, birth dates and, in most cases, Social Security numbers were stolen from the Maryland home of a department analyst May 3, Nicholson said at back-to-back hearings. Postage and paper will make up the bulk of the cost.

The department also is considering providing veterans with a credit monitoring or counseling service at a free or reduced charge.

Taxpayers could be hit for much more. When asked for an estimate, Nicholson tossed out the figure of $100 million — or more.

There's no indication the data are being used for criminal purposes, and Nicholson and George Opfer, the agency's inspector general, say they believe the theft was random.

Still, Nicholson told lawmakers, he's “mad as hell” at the employee,

Several lawmakers responded by scolding Nicholson for what they called systemic problems. They pointed to reports from the agency's inspector general that they said identified weaknesses in the information technology system.

“You seem to be saying it's just one employee,” said Sen. Susan Collins, R-Maine. “But it's not just one employee. You have a high-risk, vulnerable system.”

According to the Montgomery County Police Department in Maryland, a laptop computer and an external hard drive with the veterans' information were stolen. The analyst, who has been placed on leave, was not authorized to take the data home, Nicholson said. Nonetheless, he had been doing so since 2003, Opfer said.

The data include the information on 26.5 million veterans and fewer than 100 spouses of veterans, Nicholson said. Social Security numbers for 19.6 million of those veterans also were included.

Even though the employee promptly informed his supervisor and local police about the theft, Nicholson said he wasn't informed until May 16.

On Thursday, the agency and FBI announced a $50,000 reward for information leading to the recovery of the stolen data.

Veterans Chief Is Grilled Over Stolen Data (LAT)

By Johanna Neuman

The Los Angeles Times, May 26, 2006

WASHINGTON — The theft of a disk containing names, birth dates and Social Security numbers for as many as 26.5 million veterans and their spouses stirred fury in Congress on Thursday, as Republicans and Democrats pounced on Veterans Affairs Secretary Jim Nicholson, demanding to know why the agency's notorious computer security issues had not been fixed.

With millions in danger of identity theft because a VA data analyst took home a computer disk that was later stolen during a burglary, more than 100,000 aggrieved veterans sought answers from 14 call centers set up by the Department of Veterans Affairs. They also took their complaints to the airwaves and the Internet, where one Vietnam vet set up an online petition urging Nicholson to quit.

Amid calls for Nicholson's resignation, White House Press Secretary Tony Snow said President Bush had "full faith and confidence" in the Veterans Affairs secretary.

Nicholson, a 67-year-old former Army Ranger who fought in Vietnam, said in testimony before House and Senate committees that he was "mad as hell" that the employee had taken the disk home, and that his deputy secretary, Gordon Mansfield, had not informed him of the security breach for two weeks.

"As a veteran, I am outraged," Nicholson said. "I'm outraged that this employee would do this so recklessly, and I'm outraged that I wasn't notified sooner."

He added: "Other people are also in my sights as a result of this."

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But neither Congress nor veterans' groups was appeased. The Veterans of Foreign Wars, the nation's largest group of combat veterans, issued a sharp response to the VA's advice to individuals to check their own credit reports.

"Telling 26.5 million veterans to deal with this as individuals is a totally unacceptable response," the VFW's national commander, James R. Mueller, said in an e-mailed statement. "We strongly suggest that the federal government start figuring out a way to deal with this problem computer-to-computer between the VA, national credit bureaus and other national institutions."

During the hearings on Capitol Hill, the VA's inspector general, George Opfer, said the agency had been unable to formally notify the affected veterans because "we don't have 26 million envelopes."

Opfer estimated the costs of buying, addressing and mailing the envelopes at $10 million to $11 million.

Asked the cost for preventing and covering potential losses from identity theft, Nicholson estimated "way north of $100 million" and did not rule out a total as high as $500 million.

He told the House committee that the stolen records were those of veterans who have been discharged since 1975 or who are receiving compensation for disabilities.

The missing data include the names and birth dates of about 26.5 million veterans and some of their spouses, along with 19.6 million Social Security numbers.

Officials at the White House and Veterans Affairs stressed that so far the records have not been compromised and that the FBI is trying to recover them.

In the meantime, veterans were being advised to notify banks and credit card companies, and lawmakers were talking about earmarking funds to pay for veterans to get regular credit reports.

"I'm absolutely furious," said Stewart Resmer, a Vietnam veteran from Santa Monica who started the anti-Nicholson petition at http://www.petitionspot.com .

Noting that the VA had lost thousands of records in a 1973 fire at its National Personnel Records Center in St. Louis, Resmer said:

"Now they make us prove that we were shot or where we were, and we have to get two buddy statements. We've had our tails shot off and lived to tell it. They never sent me a letter about Agent Orange; I don't need them to get me a free credit report check. They should be looking to replace all of our Social Security numbers."

The breach dramatically underscores the risks inherent in information collection in a high-tech age. In Washington, where many government officials take work home or on the road, the advent of powerful, lightweight laptop computers has turned routine home burglaries into major security threats. In 2000, a State Department employee was fired and five others were disciplined over a missing laptop that contained top-secret information.

"The VA is not alone in the potential to suffer a data breach of this magnitude," said Sen. Susan Collins (R-Maine), calling the security failure "a wake-up call to the rest of the federal government."

Still, the VA has been famously lagging in computer security — having earned an "F" on an annual federal computer security report card compiled by the House Government Reform Committee in four of the last five years.

Several lawmakers expressed concern that the security lapse was the tip of the iceberg.

"Just unbelievable," said Sen. Larry E. Craig (R-Idaho), chairman of the Senate Committee on Veterans Affairs. "How is it that VA's computer system permits one person to download the records of 26 million individuals and no one is alerted?"

Others called for Nicholson to leave.

"I don't think the secretary is really up to this job," said Rep. Ted Strickland (D-Ohio), a member of the House Committee on Veterans Affairs.

Added Rep. Bob Filner (D-Chula Vista), another panel member: "You say you take responsibility, but then you tell veterans to 'go call your creditors.' … The most dramatic thing to take responsibility is to resign."

The midlevel data analyst who took home the veterans' information — officials said he was trying to figure out how to reduce the file — has been placed on administrative leave pending an investigation.

Opfer said the employee told investigators that he had been taking data work to his suburban Maryland home regularly since 2003.

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The theft involved 5 gigabytes of material, Nicholson said, adding that the employee could easily have accessed the information over a secure connection from his home computer.

He said he has ordered immediate training for all computer employees in security and privacy but suggested Congress might want to consider enacting laws making it unlawful to take records home.

At day's end, veterans were not reassured.

"I really don't know what to do. I've only got one bank and one credit union. I guess I'll kind of watch them," said Don Tetschlag, a 31-year Navy veteran now retired in San Diego.

Referring to the employee who took home the disk with such sensitive information, he added, "If I'd done that, I would be in jail."

Harkin, Kerry Call For Free Credit Watch For Vets After Data Theft (DMR)

By Jane Norman

Des Moines Register, May 25, 2006

Washington, D.C. - Two senators are pushing to give free credit monitoring to those affected by the loss of highly personal data on 26.5 million U.S. veterans that was stolen in a home burglary.

Sen. Tom Harkin, D-Ia., said today that he and Sen. John Kerry, D-Mass., are sponsoring legislation that would provide one year of free credit monitoring as well as one free credit report annually for two years after the end of monitoring.

“We owe this to our veterans,” Harkin told reporters. “Doing right by our veterans is a continuing cost of our national defense.” He said the estimated cost of the credit protection is $1.25 billion though “we don’t think it will cost that much.” He said the bill could be approved by the Senate yet this week.

A Department of Veterans Affairs staff member took the data on a disk drive to his suburban Maryland home to work on a project, without authorization.

The data had identifying information such as names, Social Security numbers and dates of birth for veterans, although not financial information, VA officials say.

The disk drive was stolen on May 3, and VA Secretary Jim Nicholson, an Iowa native, told a congressional committee today he is “mad as hell” he was not informed until May 16. There is no indication that the data is being used yet for identity theft.

“There has to be some accountability,” said Harkin, though he said he was not ready to call for Nicholson’s resignation. “I don’t want to hang someone before the trial,” he said.

In Iowa, Patrick Palmersheim, executive director of the Iowa Department of Veterans Affairs, said about 75 veterans have called with questions about the theft. But he said that it’s difficult to know the extent of the problem among Iowa’s 276,000 veterans. “We as state directors can’t get all the answers,” he said.

John Derner, department adjutant for the American Legion of Iowa, said just three veterans have contacted his organization. “Actually, I am a little surprised we haven’t had many phone calls,” he said.

Veterans are being advised to keep a close eye on their credit card bills and bank accounts, he said.

The VA has set up a manned call center for veterans to obtain information at 1-800-333-4636, operating Mondays through Saturdays from 7 a.m. to 8 p.m. Central time.

Edwards: Investigate Records Theft (AP)

The Associated Press, May 25, 2006

DES MOINES, IA - Former North Carolina Sen. John Edwards said Thursday that a full congressional investigation into the theft of millions of veterans records is necessary and that Veterans Affairs Secretary Jim Nicholson should be held responsible.

Nicholson's role in the lost records should be investigated because his future "depends on the degree of his involvement," Edwards said.

"Those (records) are more important now than they have ever been," Edwards told The Associated Press before a series of Democratic fundraising events in western Iowa. "They can be used to deny people health coverage, they can be used to deny people treatment."

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The issue surfaced when VA officials reported that a worker at the agency took home a laptop computer and disk containing the medical records of 26.5 million veterans. The computer and disk were stolen in a burglary.

Many lawmakers were angered to learn that it took more than two weeks for the VA to make the theft public.

Edwards said a full congressional investigation is needed because it's unclear what actually happened.

During the 2002 midterm election, Edwards spent considerable time raising money and donating computers to campaign organizers. That grassroots involvement paid off with a surprising second-place showing in the 2004 Iowa caucuses, and Edwards went on to become the running mate of Democratic presidential nominee John Kerry.

Edwards has not ruled out making another run for the Democratic nomination, and he is seeking to repeat the grassroots campaign of the last cycle with repeated visits to Iowa.

He was attending fundraisers for state Rep. Paul Shomshor, and for the Democratic Party in Woobdury County.

Edwards also met privately with people living in poverty. Since losing the last election, Edwards has established a center for studying poverty issues at the University of North Carolina, and he travels the country talking about the issue.

With War On, Americans Have Troops In Mind (CSM)

By Brad Knickerbocker

The Christian Science Monitor, May 26, 2006

Americans will still fire up their barbecues, watch parades, and go camping this weekend. But for the first time in a generation, Memorial Days are coming during prolonged armed conflict. That has strengthened ties between civilians and soldiers, bringing a marked change in the way people will observe the holiday this year.

Politicians of all persuasions are pushing for better veterans' services, including healthcare for the living and survivors' benefits for those who've lost loved ones. Many states are now providing free tuition at public colleges and universities for the children of those killed in war zones.

Since terrorists attacked the United States in 2001, communities around the country have begun to bring back traditional Memorial Day ceremonies - many of them featuring Iraq war vets.

It's part of growing public interest in military affairs, historians say. And this time, unlike in the Vietnam era, declining support for the war has not eroded backing for the troops, say many of those taking part in Memorial Day cer- emonies.

Gainesville, Ga., started having parades again in 2003. On Monday, about 700 veterans, police officers, firefighters, marching bands, baton twirlers, and Boy Scouts will march up Green Street, a shady lane bordered by antebellum homes. Charlie Company of the local National Guard unit, recently returned from Iraq, will serve as honorary grand marshal.

"We just decided that it was time to bring it back with the main thing being just to honor our veterans," says organizer Cheryl Vandiver, whose son is an Iraq war veteran.

In Chattanooga, Tenn., the Command Post Military Museum, which was started to commemorate World War II, now includes the current conflict in Iraq and Afghanistan. While "reenacters" will dress as soldiers from earlier wars this weekend, recently returned Iraq war GI's will bring real-life immediacy to the displays of uniform and military gear.

"What we try to impress upon students, especially with the current conflict going on, is that we're not here to glorify war," says museum curator and former middle-school history teacher Louis Varnell. "We don't want to lose sight of the fact that war itself is terrible."

Many of those involved with Memorial Day ceremonies see a marked difference with the last era of sustained US military combat abroad.

Despite mounting criticism of the war in Iraq, American support of troops serving there has not waned, says Jerry Rivers, director of veterans' services in Montgomery County, Tenn., which is near Fort Campbell, home to the US Army's 101st Airborne Division. "We wanted to make sure at least in our community that they weren't treated as poorly as those guys that served in Vietnam."

Part of this post-Vietnam urge to separate the warrior from the war has to do with the portrait of the typical soldier today. Unlike his or her father, who probably would have gone to Vietnam right out of school, today's GI is more likely to be older, to be

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married, and to have children. Especially among those in National Guard or Reserve units, he or she is likely to have strong work and community connections. Taking care of soldiers' families

More family men and women in the war zone also means more dependents to care for in the wake of combat casualties. The 2,404 men and 55 women killed in Iraq have left an estimated 1,700 children without their parent.

In concluding his second presidential inaugural speech in 1865, Abraham Lincoln spoke of the need "to care for him who shall have borne the battle and for his widow and his orphan."

In that same spirit, Congress this year voted to increase the "death gratuity" for service member survivors from $12,000 to $100,000 and to increase group life insurance payments from $250,000 to $400,000.

Last week, members of Congress heard testimony on the estimated 200,000 homeless veterans. "In the battlefield of life, they are wounded, and we cannot leave them behind," said Rep. Bob Filner (D) of Calif., who convened the forum.

Like other programs in at least three dozen states, the University of Minnesota this fall will begin waiving tuition costs for children of war casualties. "It's our responsibility to watch over the families of those soldiers who have watched over us and paid the ultimate price," said state Rep. Lloyd Cybart (R), an Air Force veteran.

Communities and local businesses around the country are finding ways to bring a bit of home to service members halfway around the world. Earlier this month, Vermonters sent 825 gallons of maple syrup to Iraq, Kuwait, and Afghanistan.

"Memorial Day is about thanking those who are there and honoring those who didn't come back," says Rick Marsh, president of the Vermont Maple Sugar Makers' Association. "So we're sending them a little bit of Vermont, a little thank-you." Soldiers' heartfelt letters

Meanwhile, some Memorial Day services this weekend will bring the war closer to home. At Shiloh National Cemetery in rural Tennessee, a children's choir will sing the National Anthem and military hymns. High school thespians will read last letters sent home by American soldiers.

Among these is one that Marine Cpl. Blake Mounce meant for his wife after his death. Killed last July when his vehicle struck a roadside bomb, he was buried on his 23rd birthday.

"To read that over and to know that he was aware of the danger that might possibly happen and wanted to send that last message to her, that's especially poignant," says Woody Harrell, superintendent of Shiloh National Military Park.

In addition to the parades and speeches, many Americans will observe the official National Moment of Remembrance (one minute at 3 p.m. local time).

Rita Payne, who runs Roman Catholic programs at Fort Campbell, sees a growing reverence for Memorial Day.

"There is a more deepening of faith, of spirituality and just prayerfulness," she says. "People take it upon themselves to do something positive, and prayer seems to be our greatest weapon right now."

1 War. 2 Deaths. 1 Year Later. (USAT)

By Rick Hampson

USA Today, May 26, 2006

Memorial Day 2005: America is at the park, in the water, around the grill. At a walleye fishing tournament in Dubuque, Iowa, a lawn mower race in Hillsborough, N.J., a techno-music festival in Detroit. Dania Jai-Alai near Miami offers free U.S. flag magnets, while supplies last.

There are countless sack races, eating contests and tugs of war, endless sales on everything from RVs to bikinis. All patriotic T-shirts are $5 at eight Sears stores in greater Phoenix, while supplies last.

This is how most of us spend Memorial Day, an occasion for remembrance that morphed, through years of peace, into beer, ball, boats and barbecue.

But three years of war have revived the holiday's original meaning. Today, for the families of two young Air Force officers, the gateway to summer will become a portal to grief.

In Iraq, Derek Argel and Jeremy Fresques — both Air Force Academy class of 2001, both commandos, both promoted this day to captain — prepare to fly off on a classified mission.

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In Fort Walton Beach, Fla., Capt. Argel's wife, Wendy, sits down at the computer as their 10-month-old son, Logan, plays on the floor. She wants Derek to have an e-mail from her when he gets back.

The television shows scenes of parades and cemetery services. In the e-mail's subject field, she types, “Memorial Day.”

In nearby Destin, Fla., Capt. Fresques' wife, Lindsey, also an Air Force captain, joins the annual “Gate to Gate” road race at Eglin Air Force Base. She and other runners drop carnations at the base Veterans Memorial as they jog past.

In Yuma, Ariz., Fresques' father, Nick, has gotten a call from his wife, Sherry, asking him to come home early from work. After all, it's Memorial Day. In Santa Barbara, Calif., Argel's mother, Debbie, enjoys a poolside martini in her father-in-law's backyard.

All are patriotic Americans who have relatives at war. Still, for them as for almost everyone else, Memorial Day is 90% recreation and 10% recollection. Before the day is over, that will change forever.

More than a dozen communities claim to be the birthplace of Memorial Day, including Waterloo, N.Y., (designated as such by Congress in 1966); Columbus, Miss. (recognized by the Library of Congress in 1958); and Boalsburg, Pa., where in 1864 three women started a tradition of decorating Civil War soldiers' graves with flowers.

On May 30, 1868, Union veterans first officially observed Decoration Day. Over the next century, a succession of wars swelled the importance of what became known as Memorial Day.

In 1971, Congress divorced Memorial Day from May 30, making it the last Monday in May. By 2000, the day's original meaning had become so subsumed in the festive three-day weekend that Congress passed the national Moment of Remembrance Act, asking for a moment of silence at 3 p.m.

Years of peace also took their toll. For many, Memorial Day was old men walking around in funny hats and outfits wearing obscure ribbons and medals — forgotten heroes of forgotten wars.

In Farmington, N.M., where Jeremy Fresques grew up, his mother mostly recalls the kids' baseball games and soccer tournaments. His father sums it up: “Memorial Day was a picnic.”

In Lompoc, Calif., where Derek Argel grew up near Vandenberg Air Force Base, Memorial Day was different. The main street was lined with flags. Hundreds of people gathered at the cemetery. A clergyman read the names of the war dead, Scouts placed a flag on every veteran's grave and a bugler played taps.

Derek's grandfather was a career Marine who fought in World War II.

In the sixth grade, Derek wrote that on Memorial Day, “We should put the flag out at our homes, and go to the service at the cemetery. On this day we show respect to the veterans who risked their lives or were killed protecting our freedom and flag. I am happy to see them put a little flag on my grandfather's grave.”

In Iraq on Memorial Day 2005, Fresques, 26, and Argel, 28, have made captain. However, there's no time for a promotion ceremony. Because they're on a mission, they're not even wearing their new silver bars. A promotion “would have been the last thing on their minds,” says Col. Kenneth Rodriquez, their group commander. “These guys were very mission-focused.”

Only a few cadets from each Air Force Academy class are selected to wear the red beret of the Air Force's Special Tactics unit. They're called combat controllers, a dry term for shock troops trained to land in hostile territory, set up and protect landing fields, and direct aircraft into them.

Argel: water polo star, 6-5, 210, 4% body fat. Wanted to go to the Air Force Academy so badly he attended two prep schools after high school to get in. On a whim, entered academy boxing tournament, having never boxed before, and made the finals, losing a split decision. Set so many records in commando training he had to lug a hunk of driftwood as handicap.

Fresques: hard worker, deep thinker. Considered military academies because he didn't want to get a loan to attend University of Arizona. Joked that he chose Colorado Springs over West Point because female cadets were better looking; said the Air Force treated officers better. Found Jesus in his senior year at the academy. Upon seeing copy of Maxim, the men's magazine, on the desk of a superior officer, he said, “Sir, you aren't going to read that, are you?” Disqualified by eyesight for flight school, he became a communications officer. Applied for elite special ops unit after deciding that he'd “go crazy sitting at a desk.”

Argel, a rising star in Special Tactics, has decided to make a career of it. Fresques plans to leave the Air Force in 2006 and possibly go into real estate. Both will finish their tour in a month and go home.

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"I'm definitely ready," Fresques e-mails his parents on May 26. Three days later he writes in his journal that he's not afraid of dying, only "the process of dying." He says his fondest desire is to be "raptured with Lindsey" into heaven to be with Jesus.

On Memorial Day, the two captains board the surveillance plane to scout potential emergency landing sites. Winds are calm, visibility unrestricted.

In the early afternoon, a holiday rooted in wars past is transformed by news from war today:

Four U.S. airmen and an Iraqi Air Force pilot were killed when their light plane crashed and exploded into flames 80 miles northeast of Baghdad. The plane went down about an hour after takeoff from Kirkuk. The cause of the crash was under investigation.

Wendy Argel is on an errand when she gets a call from her mother at home with little Logan. There are soldiers there to see her.

Wendy's father was an Air Force pilot. She knows what that means.

While she was writing that e-mail, her husband was dead.

A few miles away, Lindsey Fresques is bustling around her town house getting ready for a barbecue when there's a knock on the door. Four soldiers are standing there.

One is a major who attended her wedding, and the look on his face says this will be the worst day of her life. The carnation she'd dropped at the memorial had been for her own husband.

The young widows spread the sad news. Wendy reaches her mother-in-law in Santa Barbara. Debbie sinks to her knees. Her husband thinks she's having a stroke.

Lindsey calls Sherry Fresques, who again calls Nick at work. "Jeremy won't be coming back," she explains.

In Iraq, where an investigation will later rule out hostile fire and mechanical failure, only a few personal items are recovered from the wreckage. They include a silver cross Jeremy had bought in Jerusalem and wore around his neck, and Derek's gold wedding ring.

Some of the human remains are burned too badly for identification. Later, these intermingled ashes will be buried at Arlington National Cemetery. The pilot will become the first Iraqi interred there.

Four days after the crash, a ceremony is held in a hangar at Hurlburt Field in Florida, where the four airmen were based. Each is awarded the Bronze Star. Each soldier is represented by combat boots, a rifle, a helmet and, of course, a red beret.

This year, for the friends and relatives of Jeremy and Derek, Memorial Day will be no picnic.

Nick Fresques: "It always meant something to me, but it wasn't a real important day. I didn't know anyone real close that even served in a war. Now that my son … Now it's completely different. Until something like this happens, unfortunately, it's hard to realize the true meaning of Memorial Day."

Sherry Fresques: "It's a new experience for me, picking out what to put on your son's grave. I've selected two white roses, symbolizing purity, as well as a spray of red, white and blue stars that kind of reminds me of fireworks — Jeremy loved fireworks. And I'll probably put up this little flagpole. The flag's one of those sparkly ones."

Wendy Argel: "Memorial Day is a big deal down here, but I know in some other places it's not. But we're living in wartime. I hope people remember that. It's not just numbers. One of those numbers happens to be my husband."

Lindsey Fresques: "It reminds you that there really are people who make sacrifices. Jeremy and I used to think, 'You go in and do your time, and then you get out.' So what happened makes the meaning and honor of military service a lot more real."

Debbie Argel Bastian: "Memorial Day will always be difficult for me now, but it will also have so much more honor attached to it."

For tough guys, Derek and Jeremy were never very aggressive around women.

Wendy basically picked up Derek, making eyes at him in a bar on St. Patrick's Day. Lindsey and Jeremy met when she was his superior officer and instructor in air traffic training school. Taking a cue from Top Gun, she passed him a note inviting him to dinner.

Now there's an overwhelming sense of what might have been. Derek was away for about half of his two-year marriage. Jeremy was overseas on his only wedding anniversary. Wendy wears Derek's ring around her neck. Lindsey wears Jeremy's cross around hers.

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Last month, Wendy and Lindsey went sky diving, each for the first time, doing something their guys enjoyed doing.

On Memorial Day, they'll be at Walt Disney World, where Wendy's looking forward to the roller coasters. “It's the adrenaline,” she says. “You can't help but smile.”

Disney — “the happiest place on earth,” Lindsey says, reciting Walt's famous claim. But there's a touch of irony in her voice, suggesting that there are days when there are no happy places on earth, and that this Memorial Day could be one of them.

Remember The Guys In The Foxholes (USAT)

By Capt. James Key

USA Today, May 26, 2006

One evening, a casualty officer and I drove down the road on our way to inform a soldier's spouse that her husband had died in Iraq. As an Army chaplain, I thought about how difficult it would be for this young mother and how empty the two children's' lives would be without their dad.

On our way to the house, the casualty officer had assured me that he would be able to deliver the sad news. But when we got to our destination, his confidence disappeared. "Chaplain," he asked, "will you pray for me?" I placed my hand on his shoulder and began to pray. I asked God to give us the strength to perform our duty. I asked God to control our thoughts and actions and comfort the household we were about to enter. When I finished, we got out of the car and with great pain did the job that we were both called to do.

Memorial Day reminds us of the soldiers who gave their lives for our country. But often we forget to also honor the families they left behind.

Military chaplains guide soldiers and their families through the "Circle of Life" from births, baptisms, confirmations, marriage, illness to death. Our role is broader than a typical civilian minister's because we have to connect soldiers to God on a daily basis.

There was a time when I considered leaving the ministry. Then a friend asked me to join the military chaplaincy. It changed my life. The past year, I served as chaplain for a 600-soldier logistics battalion in Baghdad. Whoever said that "there are no atheists in the foxhole" was absolutely right. These soldiers had to deliver supplies along the most dangerous routes in Iraq. When bombs exploded, reality of war forced many to do some serious soul searching.

Countless soldiers came to talk to me about war, death and faith. They presented me with many perplexing theological questions: Is God on our side, and will he protect me from death? Will God forgive me if I kill an innocent person by mistake? Will God be angry with me for participating in this war? Exactly where do we really go when we die?

I am back home in the states now, a safe distance away from the death and war that challenge many servicemen and women in ways most people in our country will never fully understand.

This year, as we celebrate Memorial Day, we should pause as a nation from talk about high gas prices, what language our national anthem should be sung in and the latest celebrity gossip, and instead think about the men and women who continue to fight and die in places such as Iraq and Afghanistan. It is true: War is hell, freedom is expensive, death is painful and faith still matters — especially to those in the foxhole.

Capt. James Key is a chaplain in the U.S. Army at Fort Irwin, Calif.

Honoring Soldiers, Not Pitying Them (WSJ)

The Wall Street Journal, May 26, 2006

Here's a Memorial Day quiz:

1. Who is Jessica Lynch?

Correct. She's the Army private captured, and later rescued, in the early days of the war.

2. Who is Leigh Ann Hester?

Come on. The Kentucky National Guard vehicle commander was awarded a Silver Star last year for fighting off an insurgent attack on a convoy in Iraq. The first woman to receive a Silver Star since World War II, and the first woman ever to receive one for close combat.

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If you don't recognize Sergeant Hester's name, that's not surprising. While Private Lynch's ordeal appears in some 12,992 newspaper and broadcast reports on the Factiva news service, Sergeant Hester and her decoration for extraordinary valor show up in only 162.

One difference: Sergeant Hester is a victor, while Private Lynch can be seen as a victim. And when it comes to media reports about the military these days, victimology is all the rage. For every story about someone who served out of conviction and resolutely went on with his civilian life, there are many more articles about a soldier's failure or a veteran's floundering.

It's a sign of some progress that the men and women returning from Iraq and Afghanistan are not spit upon and shunned as Vietnam vets were. Yet there may be something more pernicious about mouthing "Support Our Troops" while also asserting that many of them are poor, uneducated dupes who were cannon fodder overseas and have come home as basket cases, plagued by a range of mental, emotional and financial problems.

The vast majority of vets don't fit that description. Many, like one returned Army guardsman we talked to, chalk up this portrayal to the media's fascination with bad news in general. As for his combat in Iraq, both "going to war and coming home is very overwhelming," he says. "But you make choices in life . . . and through inner strength and support, I am making a choice that I want to be healthy."

In some cases, the depiction of military personnel as damaged goods serves the antiwar agenda. Yet retired Marine Lieutenant Colonel Tom Linn sees more basic impulses at work. "I honestly believe it is guilt" and even resentment, he says. The military type as misfit "is a stereotype that a lot of people from the Vietnam era have held on to." Then, as now, "they saw men and women who did more than they did . . . and they'd compensate by casting those folks in an inferior status."

This Memorial Day, most of us will remember the Americans who have served their country since the Revolutionary War not with pity but with admiration. For those who want to show their gratitude, Major John Morris has some recommendations. He's deputy chaplain for Minnesota's Army National Guard and a founder of a state program called Reintegration: Beyond Reunion. Its broad goal, he explains, is to help returning guardsmen and reservists frame their "experience, to draw from it everything that they can to grow into productive citizens."

How can we help? For one thing, he says, don't assume that all struggling vets are sick, since what looks like abnormal behavior may be culture shock. But do give vets and their families the tools to adjust. Major Morris explains: "Schools, look out for these military kids. Neighbors, cut their grass and shovel their snow, babysit and do chores around the house. Employers, make sure those jobs are still there." It's the least we can do, he says: "Since there are so few of us fighting the war, it's easy for the rest of us to try."

GAO Review Finds Flaws In Hiring By Federal Agencies (WP)

By Stephen Barr

The Washington Post, May 26, 2006

An investigation of hiring practices by federal agencies during the first four years of the Bush administration has turned up 18 cases where political appointees apparently schemed to obtain career jobs in the civil service and stay on the public payroll for the long haul.

The practice is popularly known as "burrowing in" and happens in almost every administration. A similar investigation during the Clinton administration found 17 cases where political appointees benefited from cronyism or were given an inside track for a career job.

In a government of about 2 million employees, the job finagling is rather small. Still, allegations of favoritism trumping expertise are being taken more seriously these days on Capitol Hill because of renewed attention to the government's ability to respond to terrorist threats and to natural disasters, such as Hurricane Katrina.

One case turned up by the investigation found that a Bush administration political appointee at the Federal Emergency Management Agency, working as a staff assistant, had been selected as a program specialist despite "limited qualifications and experience."

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There were 39 applicants for the job, including a career FEMA employee with more than 10 years of experience as an emergency management specialist. The experienced employee and the appointee were deemed the "best qualified," although investigators said "it is unclear" why they were given the same rating.

The appointee had worked four years in the private sector for a former FEMA director before coming to the government. The career job paid $71,357, slightly more than the staff assistant position, the investigators said.

In addition to political appointees landing jobs over more qualified applicants, investigators said some agencies created jobs for appointees and some agencies allowed appointees to jump ahead of military veterans by ignoring laws that give a hiring preference to veterans.

The investigation was conducted by the Government Accountability Office, the congressional watchdog agency, between May 2001 and April 2005 at the request of two House Democrats, Reps. Henry A. Waxman (Calif.) and Danny K. Davis (Ill.).

They released the GAO's report on the probe yesterday. The report, which covered 41 agencies, does not name the appointees or the bosses who made the conversions possible, and it does not show whether the converted employees remain on the federal payroll.

The GAO recommended that the Office of Personnel Management undertake an executive branch review, which the OPM has agreed to do.

The GAO review found that 23 agencies converted 144 individuals from non-career to career positions during the time period studied. They ranged in salary from about $31,000 to $146,000 annually. (In the similar review of the Clinton administration, which ran from October 1998 through April 2001, the GAO found 100 appointees who had been converted to career status.)

For the Bush administration years, the GAO examined 130 conversions at the General Schedule 12 or higher pay levels, finding that 37 did not follow normal hiring practices. The GAO determined that 18 were improper, and could not find enough information about the rest to render any judgment.

In a letter to the OPM calling for corrective action, Waxman and Davis said improper conversions "are a threat to the civil service both because they implant less qualified personnel into the government and because they tarnish the integrity of the federal merit-based hiring system."

Civil service law calls for fair and open competition for federal jobs, based on what an applicant knows, not who they know. But the GAO probe found instances where agencies did not adhere to the highest hiring standards.

The Justice Department, for example, converted an appointee with less than six months of immigration law experience into an immigration judge, raising questions of fairness, the GAO said.

In one case, Waxman and Davis said, a longtime aide to a former secretary of Health and Human Services was given a career job that had been created to match the appointee's work experience. The employee received about the same in salary after the conversion, $57,550 annually.Talk Shows

Craig W. Floyd , chairman and executive director of the National Law Enforcement Officers Memorial Fund, will be the guest on "FEDtalk" at 11 a.m. today on federalnewsradio.com and WFED radio (1050 AM).

Richard L. Gregg , commissioner of the Financial Management Service at the Treasury Department, will be the guest on "The IBM Business of Government Hour" at 9 a.m. Saturday on WJFK radio (106.7 FM).

Inside The Beltway (WT)

By John McCaslin

The Washington Times, May 26, 2006

Get the message?

Top Democrats crowded into the Sulgrave Club on Massachusetts Avenue on Wednesday evening to celebrate the first political tome of Ben Barnes, the powerhouse lobbyist and one-time Texas lieutenant governor who former Senate Majority Leader Tom Daschle once dubbed the "51st Democratic senator."

It was Mr. Barnes who came forward to say that in 1968 he pulled strings to get young George W. Bush into the National Guard and out of possible harm's way.

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Picking up personal copies of "Barn Burning Barn Building: Tales of a Political Life, From LBJ to George W. Bush and Beyond," were Mr. Daschle, former White House Chief of Staff Mac McLarty, Massachusetts Sen. John Kerry, House Minority Leader Nancy Pelosi, former Democratic Party leader Terry McAuliffe, former Virginia Sen. Chuck Robb and one-time Democratic Party Chairman and Ambassador to the Soviet Union Robert S. Strauss, whose wife, Helen, died a few weeks ago.

"To have Bob Strauss there saying kind words about me made for a sentimental evening," Mr. Barnes told Inside the Beltway afterward. As for the future of the Democratic Party?

"I am optimistic ... if the party message is reasons to vote for Democrats as opposed to reasons to vote against Republicans," he told us. "If they come up with that message, then there is a good chance we can win back the House, and win Senate seats, and retake the White House."

Show me the money

Want a high-paying government job? Become an air traffic controller.

While the average union-backed controller compensation already totals $166,000 per year, Congress has until June 5 to decide whether salaries will rise to the $187,000 level the Federal Aviation Administration has offered to pay, or perhaps as much as the $200,000-plus the controllers have been demanding.

All of which has led to an impasse in negotiations that began eight months ago and shifted the matter to Congress to decide, as law requires.

"Taxpayers will save $600 million if Congress allows the FAA's contract to take effect," according to Heritage Foundation fellow Ronald D. Utt. "Incredibly, a bipartisan majority in the House ... is siding with the controllers in their effort to force the taxpayers to provide them with one of the most generous pay and benefit packages available to any group of American workers."

That effort is being led by Reps. Steven C. LaTourette, Ohio Republican, and Jerry F. Costello, Illinois Democrat.

The FAA, at the same time, points out that the base pay for the estimated 14,500 controllers already has soared 75 percent over seven years, rising from $64,877 in 1998 to $113,615 last year. But when benefits are included, total compensation averaged $166,000 last year, according to Mr. Utt.

In addition, about 1,300 senior-level controllers made more than $200,000 last year with overtime and other benefits included.

One source close to the negotiations tells Inside the Beltway the controllers "cannot reasonably expect to replicate the lavish deal they were given [in 1998] by the Clinton administration — these are very different times for the aviation industry and the federal budget."

"That 1998 contract has proven to cost the U.S. taxpayer billions of dollars more than the administration had estimated at that time. This new proposal will cost taxpayers a $2.6 billion in additional costs."

Almighty power

Democrats had better not mess with Pat Robertson. One kick in the you-know-where, and who knows how far they'd travel.

The Christian Broadcasting Network is touting the fact that through "rigorous" training, its founder, a former Republican presidential candidate, recently leg-pressed a whopping 2,000 pounds — an entire ton, ladies and gentlemen, or about the weight of a compact car.

"Pat Robertson worked out at the gym on an incline leg press machine with weights up to 570 pounds," according to the CBN Web site (www.cbn.com). "Working with his physician, who was an amazing strength trainer, he worked up to 800 pounds, then 1,000 pounds.

"Then one day he was able to leg press 1,500 pounds one time. Then over the succeeding months, he trained with multiple reps of 1,200 pounds, 1,300 pounds and 1,400 pounds. One Saturday morning, his physician said, 'I'll get you bragging rights. Let's go to 2,000 pounds.'

"When 2,000 pounds was put on the machine, two men got on either side and helped push the load up, and then let it down on Mr. Robertson, who pushed it up one rep and let it go back down again."

The TV preacher says one of his secrets is consuming a high-protein shake with energy-producing nutrients.

We'll be the first to report when Mr. Robertson walks on water.

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Smithsonian Hands Over TV Contract (WP)

By Jacqueline Trescott

The Washington Post, May 26, 2006

The Smithsonian Institution is locked into its semi-exclusive television contract with Showtime Networks Inc. for 30 years, Smithsonian Secretary Lawrence M. Small told a House oversight committee yesterday.

Filmmakers, historians and members of Congress have criticized the contract, which has never been made public.

Small disclosed several other details about the deal:

· The Smithsonian is guaranteed $500,000 a year, and can earn additional money if Smithsonian on Demand, Showtime programming based on Smithsonian holdings, is popular with cable subscribers.

· Showtime invested "tens of millions of dollars upfront" to start Smithsonian on Demand.

· The Smithsonian can do six television programs a year with other filmmakers outside the Showtime contract.

Summoned by the House Administration Committee, chaired by Rep. Vernon J. Ehlers (R-Mich.), Smithsonian officials explained how the deal originated and what the new partnership means to scholars and historians seeking access to the Smithsonian's voluminous collections and its experts.

The committee was given a copy of the 170-page contract, Ehlers announced as he opened the hearing, but he said he would keep it confidential. He added that the first copy he had received was incomplete. "Large portions of the contract were redacted in the version that was submitted, making it difficult to gain a complete picture of its substance," he said. He thanked Small for providing a full text, but some committee members said they hadn't had time to read the entire document.

Some members of Congress have strenuously objected to the secrecy around the contract. They also complained that it wasn't shared with them before it was announced in March. As a sign of its displeasure the House Appropriations Committee reduced the proposed Smithsonian budget by $20 million.

Yesterday's hearing was the first time Small and Gary M. Beer, chief executive of Smithsonian Business Ventures, the brokers of the Showtime contract, have spoken publicly about the contract. Rep. Juanita Millender-McDonald (D-Calif.) said the unusual aspects of the contract should have prompted the Smithsonian officials to consult Congress.

"We apologize for the hullabaloo this has caused for Congress," Small said.

With the deal, the Smithsonian said, researchers and scholars would continue to have access to the archives and other Smithsonian resources. But commercial filmmakers could make only "incidental" use of the materials unless they were working with Showtime or got special approval. Smithsonian officials have said only a very small number of filmmakers would be affected. Small said that of the 900 media contracts signed between 2000 and 2005, only 17 had more than an incidental use of Smithsonian resources.

The objections were loud and were repeated yesterday at the hearing.

"What we do know is that the resources of the Smithsonian should not be made exclusive to anyone," said Margaret Drain, vice president for national programming at Boston station WGBH, one of public television's leading producers.

Several committee members said they were deeply troubled over the length of the contract, especially if access continues to be an issue. "I'm worried about stifling people for 30 years, and Showtime doesn't want the competition," said Rep. Robert A. Brady (D-Pa.). Small said it took time to build a cable company, and establish a brand.

Small explained that the Showtime project was one way that Smithsonian was trying to bring in extra revenue. It receives 75 percent of its money from Congress. Its other funds come from a private account that includes an $800 million endowment. Small said yesterday the Smithsonian had raised $1 billion from private sources since 2000. But he also reminded the panel that the Smithsonian has a backlog of repairs that would cost billions of dollars.

The contract also gives the Smithsonian a 10 percent ownership in the Smithsonian on Demand venture. "Since the Smithsonian is not investing any money, the percentage is unusually good," Small said.

The Showtime agreement, Beer said, was reached after discussions with 10 other media companies. The conversations with Showtime started in March 2005 and were announced a year later.

Besides Drain, the committee heard from two other critics of the deal. Emily Sheketoff, executive director of the American Library Association's Washington office, suggested that the Showtime contract be annulled and that the terms of another deal

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with HarperCollins Publishers be disclosed. Carl Malamud, a senior fellow at the Center for American Progress, a Washington think tank, said in a rapidly changing media age, a 30-year contract was impractical. "In this Internet era, even three-year distribution contracts can be considered long," Malamud said.

Whatever the future of Smithsonian businesses, the panel emphasized that Congress needs to be keep informed.

"If we have even an idea we will come to you," Beer said.

OTHER NEWS:

GDP Growth Rate Revised Upward, But Housing Slowdown Looms (WSJ)

By Mark Whitehouse

The Wall Street Journal, May 26, 2006

It is official: The U.S. was one of the world's fastest-growing advanced economies in the first quarter of 2006. Downbeat data on home sales, however, support economists' expectations that the distinction won't last.

The Commerce Department yesterday revised its estimate to an annualized rate of 5.3% of first-quarter growth in real gross domestic product -- a measure of the nation's output, adjusted for inflation -- from an initial estimate of 4.8%. The upward revision was smaller than expected, but still made the U.S. the second-fastest-growing economy among advanced members of the Organization for Economic Cooperation and Development that have reported first-quarter data. Greece is in first place, with an annualized growth rate of 8.2%, according to the OECD.

Economists see the first-quarter number more as a one-time payback for an unusually slow fourth quarter -- which took the hit for Hurricane Katrina -- than an indication of how fast the economy will grow this year.

"It was a hot quarter, but it was a bit of a fluke and overstated the underlying strength of the U.S.," said Nariman Behravesh, chief economist at consultancy Global Insight. Combined, the two quarters yielded average annualized growth of 3.5%, about the rate at which the economy has tended to expand in the long term.

The first-quarter spurt contributed to another strong quarter for business. After-tax corporate profits rose 8.8% in the first quarter to a seasonally adjusted annual rate of $1.115 trillion. That was less than the 13.8% rise in the fourth quarter. But profits in the latest period were up 24.8% from a year earlier, the largest year-on-year increase since 2002. At 8.9%, after-tax corporate profits' share of the entire economy reached the highest level in at least 60 years.

New data on home sales, however, supported economists' predictions that the economy is likely cooling. The National Association of Realtors reported yesterday that sales of existing, or previously owned, homes fell 2% in April to a seasonally adjusted annual rate of 6.76 million units.

Housing has been a major pillar of the economy in recent years as low mortgage rates fueled a home-buying boom that created lots of new jobs in everything from construction to mortgage finance. As home values rose, consumers were able to tap the equity in their homes to finance spending. A cooling housing market is expected to damp consumers' desire to spend.

Most home prices still are rising, but a growing backlog of unsold properties is putting more pressure on prices to fall. The median single-family home price in April was $222,700, up 4.3% from a year earlier, while the median price of condominiums and cooperatives was $222,000, down 0.2% from a year ago. At April's rate of sales, it would take six months to sell all the homes on the market, up from 5.6 months in March. The inventory of single-family homes, at 5.9 months, was up 40.5% from a year earlier -- the largest year-on-year rise since 1982, when the Realtors' association began collecting the data.

"What's interesting is the unbelievable speed with which people are dumping houses on the market," said Ian Shepherdson, chief U.S. economist at consultancy High Frequency Economics. "I don't think the market can absorb this much supply this quickly."

The factors that led to the bump up in GDP also point to slower growth ahead. A smaller-than-expected trade deficit reflected some strength in U.S. exports, but was driven mostly by a drop in oil imports that economists expect will reverse in coming months. Businesses produced more to rebuild inventories depleted by robust first-quarter sales, but that means they won't need to restock as much in the current quarter or later.

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"The upward revisions leave a little less growth on the table for the remainder of 2006," said Steve Wieting, senior economist at Citigroup in New York.

Separately, a report on jobless claims suggested companies might be slowing their hiring. The Labor Department reported that 329,000 people filed for unemployment benefits in the week ended May 20. The seasonally adjusted number was down 40,000 from the previous week, but higher than economists had expected.

5.3% Growth May Be 'last Hurrah' (USAT)

By Sue Kirchhoff

USA Today, May 26, 2006

WASHINGTON — The economy expanded at a rapid clip in the first quarter of 2006, though more recent data — including April's existing home sales — suggest the pace of growth is slowing, according to reports Thursday.

The Commerce Department said gross domestic product, the broadest measure of goods and services produced in the country, expanded at a brisk 5.3% pace in the first three months of 2006, well above a previous 4.8% estimate.

The new numbers reflect stronger exports and inventory replenishing by U.S. firms. But economists said business activity is not likely to sustain that robust pace.

"The strong first-quarter data may well be the last hurrah of this phase of the current expansion," says Nariman Behravesh, chief economist of Global Insight, who expects growth to slow to a 3% to 3.5% pace in the second quarter, and 3% in the second half of the year.

Behravesh says the report contained some cautionary signs for the Federal Reserve as it debates whether to continue raising its target for short-term interest rates, now at 5%. A measure of core inflation, a gauge of prices that excludes food and energy, rose at a 2% rate. That's at the top of the Fed's comfort level.

In other economic news:

•The National Association of Realtors said existing home sales, the bulk of the housing market, fell 2% in April from the previous month and were nearly 6% below year-ago levels. Home prices rose, but at a much more moderate pace than the frenzied increases of recent years. The national median home price was $223,000 in April, up 4.2% from a year ago.

"Higher interest rates are slowing home sales, but we see this as another sign of a soft landing in the housing sector," says David Lereah, chief economist for the National Association of Realtors.

•Federal Reserve Chairman Ben Bernanke said the central bank needs to track stock and housing prices when setting interest-rate policy but emphasized that it is not the Fed's job to try to influence asset prices or pop bubbles.

"A central bank cannot ignore movements in stock prices, home values and other asset prices but should respond to them only to the extent that they have implications for future output and inflation," Bernanke said in a letter in response to questions from Rep. Jim Saxton, R-N.J.

•The American Trucking Association's index of trucking volume rose a seasonally adjusted 2% in April, the biggest increase since January 2005. The increase followed two months of declines and suggests a strengthening economy. Nearly three-quarters of the goods shipped around the country are transported on trucks, so the ATA's gauge can be considered a barometer for the overall economy.

"April was a good sign that truck volumes are improving from the challenging first quarter," says ATA chief economist Bob Costello.

Dow Industrials Climb 93.73 Points As Economic Data Come In Just Right (WSJ)

By Ian McDonald

The Wall Street Journal, May 26, 2006

Emboldened by just-right readings on the economy, investors gave the Dow Jones Industrial Average a two-day winning streak for its 110th birthday.

Jittery traders cheered a Commerce Department report showing ample economic growth in the first quarter, but not enough to stoke the inflation and interest-rate-increase fears that rattled the markets for two weeks.

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The Dow industrials gained 93.73 points, or 0.84%, to 11211.05 amid a flurry of late-afternoon buying. It was the industrial average's biggest gain in almost three weeks. The Dow average, which made its debut on May 26, 1896, is up 4.6% on the year and is back within 4% of its all-time high of 11722.98 that it neared on May 10.

"After a difficult couple of weeks, stocks were oversold," said Andy Brooks, head of stock trading at money-management group T. Rowe Price. "The economic figures made people comfortable."

The Standard & Poor's 500-stock index rose 14.31, or 1.14%, to 1272.88, while the tech-laden Nasdaq Composite Index gained 29.07 or 1.34% to 2198.24. Small stocks posted the biggest gains with the Russell 2000 adding 14.31 points, or 2.01%, to 725.58.

Commodities recovered from declines posted Wednesday. Crude oil gained $1.46, or 2.09%, to $71.32 a barrel on the New York Mercantile Exchange. Gold advanced $11.40, or 1.79%, to $648.40 a troy ounce on the Comex division of the Nymex. Crude and gold are up 17% and 25%, respectively, so far this year.

Bond prices and the dollar slipped.

Traders' spirits were buoyed before the market opened when the Commerce Department raised its estimate of the economy's first-quarter growth, but left inflation measures mostly unchanged. Investors also digested unsurprising tallies of jobless claims and existing-home sales.

A deal between two behemoths helped pushed technology shares higher. Online giants Yahoo and eBay unveiled a partnership to better compete with search-engine giant Google Inc. Shares of Yahoo and eBay rose 3.6% and 12%, respectively, on the Nasdaq Stock Market.

Markets didn't seem to react when a federal jury in Houston found former Enron Corp. Chairman Kenneth Lay and former Enron President Jeffrey Skilling guilty of conspiracy and fraud charges stemming from that company's 2001 collapse.

Still, yesterday's gains may be a brief respite, with investors scrutinizing each economic data point. "This is the fox-trot economy," says Jeffrey Saut, chief investment strategist at Raymond James. "One figure is fast and the next is slow."

Shares of General Electric, the only initial Dow component included in the current industrial average, rose 16 cents or 0.5%, to $34.42 on the New York Stock Exchange.

Outside the U.S., stocks advanced in dollar terms. The Dow Jones World Stock Index, excluding U.S. stocks, rose 1.58, or 0.75%, to 212.95.

In major U.S. market action:

Stocks rose1. Total trading volume for stocks listed on the Big Board was 2.46 billion shares, as 2,541 issues rose and 745 fell.

Bonds fell2. The 10-year Treasury note fell 9/32, or $2.81 for each $1,000 invested, pushing the yield up to 5.076%. The 30-year Treasury fell 1/2 to yield 5.173%.

The dollar fell3. Late in New York, the currency traded at 111.78 yen, down from 112.66 yen. The euro rose against the U.S. currency to $1.2795 from $1.2778.

Home Economics (WSJ)

The Wall Street Journal, May 26, 2006

The political left insists that the current economy, however strong, is leaving minorities behind, and that the gains of some have come at the expense of others. But a new study on homeownership by the National Association of Realtors suggests that the benefits of recent economic growth have been more widespread than critics want to admit.

We already knew that U.S. homeownership overall is at an all-time high of nearly 70%. The minority homeownership rate of 52% is also unprecedented. Now comes news that minorities are also increasing their share of second-home purchases. According to the Realtor report, minorities accounted "for 11% of vacation home purchases between 2003 and 2005 in contrast with 6% of purchases in 2002 or earlier. In the investment property segment, minorities accounted for 17% of transactions between 2003 and 2005 compared with 11 percent in 2002 or earlier."

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Among minorities, black and Latino gains were most impressive. In 2002, Latinos comprised 2% of vacation homeowners. That number jumped to 7% last year. The percentage of black investment property owners increased to 8% from 3% over the same period.

Homeownership, a traditional measure of economic well-being, does more than just help families build equity. The children of homeowners tend to perform better in school and have fewer behavioral problems. And home equity is a major source of collateral for people seeking bank loans to start new businesses.

The media prefer to focus on economic disparity rather than minority progress, especially when a Republican happens to be occupying the White House. But these homeownership figures indicate than an increasing number of racial and ethnic minorities are doing a whole lot better than just getting by. Many are thriving. More surely will.

Diocese To Sell Headquarters To Help Settle Abuse Claims (NYT)

By Neela Banerjee

The New York Times, May 26, 2006

The Roman Catholic Diocese of Spokane, Wash., is selling its headquarters and other property valued at about $11 million as part of its effort to settle claims by victims of sexual abuse by members of the clergy.

The diocese is one of three in the country that have filed for bankruptcy; the others are those in Portland, Ore., and Tucson.

Although the Spokane diocese announced its intention to sell diocesan assets when it filed for Chapter 11 bankruptcy protection in December 2004, the fact that those assets are now going on the market underscores the financial strain many dioceses face as they address hundreds of millions of dollars in claims by victims of sexual abuse.

"I think it is symbolically significant," said the Rev. John J. Coughlin, a Franciscan priest and a law professor at the University of Notre Dame, specializing in civil and canon law. "The diocese doesn't need the physical building to exist. But the sale shows that the effects of the sex abuse crisis are serious, for this and other dioceses as well."

In a report issued in March, the United States Conference of Catholic Bishops said that in 2005, dioceses in the United States paid $399 million in settlements with victims of sexual abuse and $68 million in legal fees and support programs for victims, a sharp increase from the year before.

The church's total payments resulting from the sexual abuse scandal have surpassed $1 billion, and many dioceses have yet to reach settlements with victims.

The number of victims has exceeded 12,000. Nearly 5,000 priests have been implicated in abuse dating from as long ago as 1950. Most of the abuse occurred from the mid-1960's to the mid-1980's.

Each diocese has tried to find a way to address the many claims against it, including filing for bankruptcy. Barbara Dorris, victims' outreach director for a group called Survivors Network of Those Abused by Priests, said bankruptcy was a way to avoid answering charges in court that officials might have covered up sexual abuse by their clergy.

But the experience of the Spokane diocese exposes some of the perils of bankruptcy, Father Coughlin said. The diocese faces 185 claims totaling more than $200 million, said Shaun Cross, a lawyer for the diocese with the Paine Hamblin firm of Spokane.

Recently, a federal bankruptcy judge ruled that the parishes and schools in the diocese belonged to the bishop's office and could be sold to settle abuse claims, Mr. Cross said. The diocese, which argues that the bishop holds those properties in trust, is appealing the ruling to avoid selling the properties.

Those properties are valued at about $80 million, and the judge has yet to rule on seminaries, retreats and charities in the diocese.

The diocesan headquarters, called the chancery, has an asking price of $1.5 million, Mr. Cross said. Once it is sold, the diocesan staff could stay there until the end of 2007.

Spokane's bishop, William S. Skylstad, president of the bishops conference, himself faces an accusation of sexual abuse brought by a woman that dates to the early 1960's. Bishop Skylstad has denied wrongdoing.

By filing for bankruptcy, the Spokane diocese may have thought it would be limiting its financial liability, Father Coughlin said, though that has not been the case so far.

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"One of the things that a bishop has to consider is once a diocese files for bankruptcy protection and goes under receivership, then the federal bankruptcy judge has control of all the assets," Father Coughlin said. "Many bishops rightly are reluctant to hand that kind of authority to a federal judge."

Support Weak For Harris In Senate Poll (AP)

By Brendan Farrington

The Associated Press, May 25, 2006

TAMPA, Fla. - U.S. Rep. Katherine Harris had weak support in a poll released Thursday that includes the three little-known entries in the Republican U.S. Senate primary.

Only 37 percent of respondents said they favored Harris, compared to 13 percent for Will McBride, 4 percent for LeRoy Collins Jr. and 2 percent for Peter Monroe. Her three opponents all entered the race May 12, which was the last day to get on the Sept. 5 primary ballot.

More respondents - 43 percent - didn't choose a candidate. In a head-to-head with Democratic incumbent Bill Nelson, Harris trailed Nelson 58-25.

The poll was conducted by Quinnipiac University May 12-22. It surveyed 1,086 registered voters and had an overall margin of error of plus or minus 3 percentage points. The poll surveyed 424 Republican voters about the primary, with a margin of error of plus or minus 4.8 percentage points.

"Given how well known Congresswoman Harris is among Republicans and how well thought of she has been by them, it is somewhat surprising that she would only get 37 percent support," said Peter Brown, assistant director of the school's polling institute. "The fact that 63 percent of Republicans say they prefer either the other three or are undecided is remarkable."

Harris spokesman Chris Ingram said, "We don't comment on polls."

Harris's campaign has been troubled nearly from the start with poor fundraising, an effort by GOP leaders to find another candidate, a complete turnover in core campaign staff, her association with a corrupt defense contractor who gave her $32,000 in illegal campaign contributions and her decision to spend $10 million of her own money on the race.

Collins, who's father served as a Democratic governor from 1955 to 1961, is a businessman who retired from the U.S. Navy Reserve as a rear admiral. Monroe is a developer who has worked with the federal Department of Housing and Urban Development and helped manage the government's savings and loan bailout in the early 1990s. McBride is an Orlando lawyer.

Collins and Monroe said they expected the low numbers, considering that the survey was taken so soon after they got in the race.

"I've got to establish identity, I know that. No surprise, nothing disheartening," Monroe said. "That poll in a month will look very different."

Added Collins: "There's no reason for me to expect as much as I'm showing now, simply because I'm not that well known. Probably what's there is a little name recognition from my dad."

McBride's campaign didn't return phone calls and an e-mail seeking comment. McBride earlier this week said he would not discuss his candidacy until later this month.

Monroe, though, suggested that the 13 percent McBride received was probably boosted by voters recognizing the name from the governor's race four years ago, when Tampa lawyer Bill McBride won the Democratic nomination to challenge Gov. Jeb Bush. Bill and Will McBride aren't related.

"A lot of people are going to think 'McBride, Hmmm. I think I recognize that name,'" Monroe said.

Nelson increased his lead over Harris even though Harris ran a statewide television ad since an April 20 Quinnipiac poll, which had Nelson ahead 56-27.

Still, the Nelson campaign refused to gloat about the numbers.

"We're not paying attention to the polls," said Nelson campaign manager Chad Clanton. "We're expecting it's going to be a tough, competitive race in the end and we're doing everything we can every day to be prepared and we take nothing for granted."

A Test Of Our Character (NYT)

By Paul Krugman

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The New York Times, May 26, 2006

In his new movie, "An Inconvenient Truth," Al Gore suggests that there are three reasons it's hard to get action on global warming. The first is boiled-frog syndrome: because the effects of greenhouse gases build up gradually, at any given moment it's easier to do nothing. The second is the perception, nurtured by a careful disinformation campaign, that there's still a lot of uncertainty about whether man-made global warming is a serious problem. The third is the belief, again fostered by disinformation, that trying to curb global warming would have devastating economic effects.

I'd add a fourth reason, which I'll talk about in a minute. But first, let's notice that Mr. Gore couldn't have asked for a better illustration of disinformation campaigns than the reaction of energy-industry lobbyists and right-wing media organizations to his film.

The cover story in the current issue of National Review is titled "Scare of the Century." As evidence that global warming isn't really happening, it offers the fact that some Antarctic ice sheets are getting thicker — a point also emphasized in a TV ad by the Competitive Enterprise Institute, which is partly financed by large oil companies, whose interests it reliably represents.

Curt Davis, a scientist whose work is cited both by the institute and by National Review, has already protested. "These television ads," he declared in a press release, "are a deliberate effort to confuse and mislead the public about the global warming debate." He points out that an initial increase in the thickness of Antarctica's interior ice sheets is a predicted consequence of a warming planet, so that his results actually support global warming rather than refuting it.

Even as the usual suspects describe well-founded concerns about global warming as hysteria, they issue hysterical warnings about the economic consequences of environmentalism. "Al Gore's global warming movie: could it destroy the economy?" Fox News asked.

Well, no, it couldn't. There's some dispute among economists over how forcefully we should act to curb greenhouse gases, but there's broad consensus that even a very strong program to reduce emissions would have only modest effects on economic growth. At worst, G.D.P. growth might be, say, one-tenth or two-tenths of a percentage point lower over the next 20 years. And while some industries would lose jobs, others would gain.

Actually, the right's panicky response to Mr. Gore's film is probably a good thing, because it reveals for all to see the dishonesty and fear-mongering on which the opposition to doing something about climate change rests.

But "An Inconvenient Truth" isn't just about global warming, of course. It's also about Mr. Gore. And it is, implicitly, a cautionary tale about what's been wrong with our politics.

Why, after all, was Mr. Gore's popular-vote margin in the 2000 election narrow enough that he could be denied the White House? Any account that neglects the determination of some journalists to make him a figure of ridicule misses a key part of the story. Why were those journalists so determined to jeer Mr. Gore? Because of the very qualities that allowed him to realize the importance of global warming, many years before any other major political figure: his earnestness, and his genuine interest in facts, numbers and serious analysis.

And so the 2000 campaign ended up being about the candidates' clothing, their mannerisms, anything but the issues, on which Mr. Gore had a clear advantage (and about which his opponent was clearly both ill informed and dishonest).

I won't join the sudden surge of speculation about whether "An Inconvenient Truth" will make Mr. Gore a presidential contender. But the film does make a powerful case that Mr. Gore is the sort of person who ought to be running the country.

Since 2000, we've seen what happens when people who aren't interested in the facts, who believe what they want to believe, sit in the White House. Osama bin Laden is still at large, Iraq is a mess, New Orleans is a wreck. And, of course, we've done nothing about global warming.

But can the sort of person who would act on global warming get elected? Are we — by which I mean both the public and the press — ready for political leaders who don't pander, who are willing to talk about complicated issues and call for responsible policies? That's a test of national character. I wonder whether we'll pass.

U.S. Aide Doubts Tehran Will Bend (WT)

By David R. Sands

The Washington Times, May 26, 2006

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The top American diplomat at the U.N. nuclear watchdog held out little hope yesterday that Iranian President Mahmoud Ahmadinejad will give up programs that could lead to the development of a nuclear weapon.

"We shouldn't fool ourselves. The president of Iran is not someone who is swayed by normal diplomatic demarches," said Ambassador Greg Schulte, U.S. representative to the Vienna, Austria-based International Atomic Energy Agency (IAEA).

But Mr. Schulte, speaking to reporters and analysts during a Washington visit, said that there also were divisions within Iran's ruling Islamic regime over Tehran's nuclear confrontation, and that the United States and its allies must give Iran a clear path to back down.

Although the hard-line Iranian president "wants a crisis," the U.S. government and its negotiating partners "have to make clear to him and to the leadership that there is a better path to take," Mr. Schulte said.

Diplomats from Germany and the five U.N. Security Council permanent powers -- the United States, France, Britain, Russia and China -- are expected to gather again next week in Europe to try to agree on a package of carrots and sticks designed to induce Iran to give up its nuclear ambitions, State Department spokesman Sean McCormack said yesterday.

Envoys from Canada, Italy and Japan are expected to join the negotiations.

U.S. officials said that a meeting Wednesday in London produced progress on the outlines of an offer to Tehran, but that more talks were needed. The package of incentives and sanctions is designed to get Tehran to halt uranium enrichment, which can lead to the production of either electrical power or a nuclear bomb.

Last night, President Bush said he would consider providing incentives to Iran if it agreed to resume a suspension on nuclear-enrichment activities that the United States thinks is aimed at producing nuclear weapons.

Mr. Bush, at a White House press conference with British Prime Minister Tony Blair, said the two leaders spent a lot of time discussing strategy on how to resolve the Iranian nuclear crisis.

Iran insists its programs are solely for peaceful civilian energy needs, but the IAEA's 35-nation board has found that Tehran has refused to cooperate on inspection and verification programs needed to validate those claims.

IAEA chief Mohamed ElBaradei, who briefed top Bush administration officials this week, will update IAEA board members at a June 12 meeting in Vienna on Iran's cooperation, Mr. Schulte said.

"At this point, I don't think [Mr. ElBaradei] will have much to report," he said.

On other issues, Mr. Schulte:

• Denied that a proposed U.S. civilian nuclear deal with India -- which never signed the nuclear Non-Proliferation Treaty -- had undermined Washington's campaign against Iran. "I hear that argument a lot more in Washington than I do in Vienna," he said.

He said members of the 30-nation Nuclear Suppliers Group, which must approve parts of the special deal for India, expressed growing support for the deal in their most recent meeting.

•Said the United States and its allies hope to present a plan at the June IAEA board meeting that would guarantee nuclear fuel supplies for countries that agree not to enrich uranium on their own soil, with a final deal possible by the end of the year.

•Said IAEA inspectors have found Iran's nuclear scientists to be "technically competent" and "motivated," but he added that there was no hard and fast estimate on when Iran might be able to produce a nuclear weapon.

"Anybody who gives an exact time frame on that probably doesn't know what he is talking about," he said.

US Debates Carrots, Sticks For Iran's Nuclear Program (CSM)

By Scott Peterson

The Christian Science Monitor, May 26, 2006

ISTANBUL, TURKEY - Amid a din of uncompromising rhetoric from and about Iran, the UN's permanent five powers and Germany this week worked to hammer out a package of incentives and threats they hope will ensure the Islamic Republic's nuclear program is limited to peaceful purposes.

On the table: giving Iran nuclear reactors and providing fuel for energy production, as well as economic and security incentives. In exchange, Iran would have to give up uranium enrichment - a step that can lead to weapons production - or face UN sanctions or even an arms embargo.

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Cutting through layers of mistrust to determine any US role - as well as Iran's ultimate goals - will not be easy, given a relationship calcified by more than 25 years of hostile rhetoric and official silence. But increasingly, analysts say that any deal ultimately depends on direct talks between the US and Iran - and possibly a US "security guarantee" that it will not attack Iran.

"If you are going to solve the problem permanently, US participation is a must," says Nasser Hadian-Jazy, a political scientist at Tehran University who was recently at Columbia University in New York. "It's like the ... elephant in the room. Everybody knows [the US] is there, but not talking about it is not going to solve the problem."

Britain, France, and Germany are spearheading the diplomatic effort on the UN Security Council. But Russia and China are loath to back sanctions that they believe could lead to an arms embargo or military action. Senior diplomats from those nations and the US reported "progress" during talks in London on Wednesday, but no agreement.

Foreign ministers of all six countries are expected to meet shortly, and Russia's National Security Council chief Igor Ivanov has been invited to meet with Iran's top nuclear negotiator Ali Larijani in coming days in Tehran.

Analysts say that "red lines" on both sides have been shifting, but that no deal is likely to stand unless the US and Iran engage in direct talks. An American "security guarantee" for Iran may be required, experts say, but so far US officials dismiss any deal that would ensure the survival of Iran's current government.

"When the US avoids giving a security guarantee [to Iran], it means they surely want to collapse and destroy the regime," says Saeed Laylaz, a political and security analyst in Tehran. "It is very good for the hard-liners in Iran. They like a critical situation in which they can say to the people: 'The United States of America is why we have trouble in the world.'"

Mr. Laylaz says that Iran would be willing to "stop" uranium enrichment completely with the right deal: a security guarantee, then getting the US directly involved in nuclear negotiations. US sanctions should be removed, he adds, and Iran integrated more fully into the global economy.

White House Press Secretary Tony Snow did not rule out the possibility of talks on Wednesday, but said that Iran would have to halt enrichment first. "When that happens, all right, then there may be some opportunities," said Mr. Snow.

The result is a dilemma for Iran. "If you know the US wants to destroy you, and the four borders of your country are occupied by the US military, you know that you should accelerate your uranium enrichment, not suspend it," says Laylaz. "But at the same time, [Iranian officials] are asking the US: 'Please come to the table and start negotiating.' Because they realize there is no country in the world ... that can stop the US if it wants to militarily attack Iran."

Mohamed ElBaradei, the head of the UN's International Atomic Energy Agency (IAEA), indicated during talks on Wednesday with US Secretary of State Condoleezza Rice that Iran might delay enrichment plans for five or six years and accept the intrusive inspections of the "additional protocol" of the nuclear Non-Proliferation Treaty (NPT).

"The default position in Iranian foreign policy is hard-line, and you have to work hard to bring it the other way," says Shahram Chubin, director of studies at the Geneva Centre for Security Policy.

"The hard-line conservatives in Iran believe that dealing with the Americans and the West is a contaminating thing, that you are going to give up all your values, and end up being ... a nothing," says Mr. Chubin. "And the whole essence of the revolution is as an example, a model in the Islamic world. They have a vanguard reputation, and they're not going to give it up - there is a lot there."

Still, Iran has been signaling that it wants to talk. President Mahmoud Ahmadinejad sent a letter to Mr. Bush on May 8, the first such high-level public contact since Iran's 1979 Islamic revolution. Though it was full of tough and critical talk, experts suggest that a Bush response - ruled out for now - could be first steps toward dialogue.

One day later, another letter from Iran's former top nuclear negotiator, Hassan Rohani, who remains the influential representative of Iran's top religious leader on the Supreme National Security Council, was published in Time magazine, taking a "good cop" tone to Mr. Ahmadinejad's "bad cop."

"Iran is intent on producing nuclear fuel domestically for reasons both historic and long-term economic," he wrote, laying out an eight-point plan for a negotiated solution.

Past failures to declare aspects of nuclear programs "are not uncommon among NPT members," and "an Iranian secret weapon program is only hype," Mr. Rohani wrote. "A solution imposed on Iran by the Security Council is unlikely to provide assurances the US seeks about the Iranian nuclear program."

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Iran has enriched small quantities of uranium to levels needed for nuclear fuel in recent weeks, using a cascade of 164 centrifuges. Iran wants to start two more such pilot projects in coming months - before beginning production with tens of thousands of centrifuges to fuel a Russian-made reactor at Bushehr. That reactor should be completed later this year. .

Ahmadinejad on Wednesday claimed that Iran had mastered "the entire nuclear fuel cycle from start to finish," and that it would never give it up.

"The minimum [acceptable to Iran] would be at least to have this 164-centrifuge cascade running - this is a red line," says Mr. Hadian-Jazy. The US holds that all enrichment must stop; some Europeans and IAEA diplomats say that is unrealistic.

"Is it worth - and I'm talking about both parties--to go to war for one cascade?" asks Hadian-Jazy. "[Iran] is ready to give a more intrusive inspection regime, real-time monitoring, ratifying the Additional Protocol, accepting some transparency measures..."

The picture in Iran is further clouded by local politics. "When you ask, 'What do the Iranians want?' the answer is: 'Which Iranians?' " says Chubin at the Geneva Centre. "It's certainly true that Rohani and [former president and head of the powerful Expediency Council Ali Akbar] Rafsanjani believe Iran should use the leverage of their ... program to cut an overall deal with the West.

"The other view, of Ahmadinejad and Larijani, is that: 'We've got the power; we don't need anyone's help with our own security,' " says Chubin. "They want nuclear weapons to be the leading power in the region, in order to be in opposition to the West, and they have no interest in a global grand bargain."

And there is another player, whose vote in Iran counts above all others: Supreme Leader Ayatollah Ali Khamenei. "They don't want a military attack," says analyst Laylaz. "It's not the hard-liners' [red line], but the Leader's red line."

"I'm not sure about US policy toward Iran," adds Leylaz. "If they test a potential negotiated way, and ask strongly to suspend any uranium enrichment, we can avoid a catastrophe. Otherwise, I'm not sure about the future."

Hizbullah Factor In Iran Fray (CSM)

By Nicholas Blanford

The Christian Science Monitor, May 26, 2006

SHEIKH ABBAD HILL, LEBANON - In the spring sunshine, the 70-mile Lebanon-Israel frontier of olive groves and fields of bright green tobacco appears a picture of rural calm. But the looming confrontation between the West and Tehran ensures that tensions linger here, with Iran-backed Hizbullah fortifying its frontline observation posts and Israel recently increasing its aerial reconnaissance patrols over Lebanon.

One alarming scenario gaining attention is if Iran's nuclear facilities come under attack by the US or Israel, it could inadvertently trigger a violent confrontation between Lebanon's Hizbullah and the Israeli military.

Hizbullah this week aired fresh warnings on the extent of its massive rocket arsenal, reinforcing concerns in Israel that it will be targeted as part of Tehran's retaliation to a strike against its nuclear sites.

"We have the power to destroy important and sensitive targets in northern occupied Palestine," Sayyed Hassan Nasrallah, Hizbullah's secretary-general said in a speech marking the sixth anniversary this week of Israel's troop withdrawal from south Lebanon.

"The resistance now has over 13,000 rockets. All of north occupied Palestine is within our firing range. This is the minimum range. As for the range beyond the north ... it is best to be silent," he added, hinting at the existence of long-range rockets in Hizbullah's armory.

Earlier this month, Major General Amos Gilad, a senior Israeli defense ministry official, said that while Iran's main strategic arm was its long-range Shihab-3 missiles, "their second arm is Hizbullah, which has 13,000 to 14,000 rockets that threaten Israel."

Still, there are compelling reasons why Hizbullah would refrain from military action, analysts say.

Although Hizbullah looks to Iran for guidance and much of its logistical and financial support, the Shiite organization has spent the past decade and a half shedding its image as a tool of Iranian foreign policy. The party has the overwhelming support

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of Lebanon's Shiite community, the largest sect within the country, and it is represented by 14 politicians in Lebanon's parliament and entered the government for the first time last summer.

That assimilation into mainstream politics has helped bolster the party at a time when it faces intense pressure to disband its military wing. Last week, the UN Security Council adopted a French-proposed resolution that in part repeated a call for Hizbullah's disarmament. Hizbullah refuses to disarm, saying it is a vital component of Lebanon's defense strategy and that yielding its weapons would only benefit Israel, an argument that resonates with most Lebanese Shiites, if not other Lebanese.

"The irony is that without a US/French campaign against Hizbullah's arms, the party would have been in a much more difficult position to defend the rationale of continuing resistance," says Reinoud Leenders, assistant professor of politics at the University of Amsterdam and former Beirut-based analyst with the International Crisis Group.

Many non-Shiite Lebanese are uncomfortable with a political party possessing weapons, saying it risks Lebanon becoming embroiled in external conflicts.

Hizbullah officials, however, say that its weapons are for the defense of Lebanon, not Iran. "Iran is capable of launching its own retaliation," says Ahmad Malli, a member of Hizbullah's political council. "It's not logical for Iran as a regional power to ask a small organization to attack Israel."

The domestic constraints on Hizbullah convince many analysts, including some critics, that the party is unlikely to attack Israel in a knee-jerk reaction to a military strike against its Iranian backer.

"Any act that is perceived internationally and domestically as serving Iran would call Hizbullah's Lebanese credentials into serious doubt and confirm the widely circulated hypothesis that Hizbullah is Iran's proxy in Lebanon," says Amal Saad-Ghorayeb, assistant professor of politics at the Lebanese-American University and author of "Hizbullah: Politics and Religion."

However, Mr. Malli offered another scenario in which Israel launches a preemptive strike against Hizbullah to degrade Tehran's retaliatory options in the event of an attack.

"If Israel attacks Iran, it may well attack other targets at the same time, including Hizbullah in Lebanon," he says. "In that case, Hizbullah has the right to defend itself and Lebanon with all possible means."

Far from a theoretical concept, Malli's scenario is one that is under serious consideration by Israel, says Gerald Steinberg, professor of politics at Israel's Bar Ilan University.

"Hizbullah is seen as the main force of the Iranian response, and IDF [Israel Defense Force] planners could be expected to be prepared for such a strike [against Hizbullah] in the context of a military move against Iran," he says. "Some Israelis would argue that since a Hizbullah response in the event of an attack on Iran is inevitable, not striking against Hizbullah would be irrational."

The uncomfortable proximity in which these bitter foes find themselves is best illustrated on this wind-swept hilltop 2,400 feet above northern Galilee.

Nestled against the Israeli side of the fence is a massive structure bristling with antennae, cameras, and rotating radar dishes. Yards away on the Lebanese side is Hizbullah's bunker of bulldozed earth ramparts surmounted by two metal turrets that Hizbullah has had fitted with bulletproof glass windows. Closer to the fence, Hizbullah has erected surveillance cameras pointing at the Israeli position.

UN officials believe Hizbullah's construction work is probably defensive in nature, to improve the monitoring of Israeli troop movements, rather than preparations for an attack. But in this volatile corner of the Middle East, misreading the intentions of the enemy can have dangerous consequences.

"Hizbullah ultimately benefits from the West's inflated assessment of its capabilities and intentions," says Mr. Leenders, the Dutch academic. "It effectively presents them as a source of deterrence without them having to lift a finger."

Say No To Tehran's Gambit (WP)

By Charles Krauthammer

The Washington Post, May 26, 2006

DOJ_NMG_0029819

All of a sudden, revolutionary Iran has offered direct talks with the United States. All of a sudden, the usual suspects -- European commentators, American liberals, dissident CIA analysts, Madeleine Albright -- are urging the administration to take the bait.

It is not rare to see a regime such as Iran's -- despotic, internally weak, feeling the world closing in -- attempt so transparent a ploy to relieve pressure on itself. What is rare is to see the craven alacrity with which such a ploy is taken up by others.

Mark my words. The momentum for U.S.-Iran negotiations has only begun. The focus of the entire Iranian crisis will begin to shift from the question of whether Tehran will stop its nuclear program to whether Washington will sit down alone at the table with Tehran.

To this cynical bait-and-switch, there can be no American response other than No. Absolutely not.

Just yesterday the world was excoriating the Bush administration for its unilateralism -- on Kyoto, the ABM Treaty and, most especially, Iraq -- and demanding that Washington act in concert with the "international community." Just yesterday the Democratic nominee for president attacked President Bush's foreign policy precisely for refusing to consult with, listen to and work with "the allies."

Another day, another principle. Bush is now being pressured to abandon multilateralism and go it alone with Iran. Remember: In September 2003, after Iran was discovered cheating on its nuclear program, the United States wanted immediate U.N. action. The allies argued for a softer approach. Britain, France and Germany wanted to negotiate with Tehran and offer diplomatic and economic carrots in return for Iran's giving up its nuclear weapons program. The United States acquiesced.

After 2 1/2 years of utter futility, the E.U. Three had to admit failure and acknowledge the obvious: Iran had no intention of giving up its nuclear ambitions. Iran made the point irrefutable when it broke International Atomic Energy Agency seals and brazenly resumed uranium enrichment.

The full understanding we had with our allies was that if the E.U. Three process failed, we would go to the Security Council together and get sanctions imposed on Iran. Yes, Russia and China might still stand in the way. But even so, concerted sanctions by America, Europe and other economic powers could have devastating effects on Iran and its shaky clerical dictatorship.

Which is why the mullahs launched this recent initiative. They know, and fear, that if the West persists on its present and agreed course, they face sanctions so serious that their rule, already unpopular, might be in jeopardy. The very fact that Iran is desperately trying to change the subject, change the venue and shift the burden onto the United States shows how close the mullahs believe we are to achieving major international pressure on them.

Pushing Washington to abandon the multilateral process and enter negotiations alone is more than rank hypocrisy. It is a pernicious folly. It would short-circuit the process that, after years of dithering, is about to yield its first fruits: sanctions that Tehran fears. It would undo the allied consensus, produce endless new delays and give Iran more time to reach the point of no return, after which its nuclear status would be a fait accompli .

Entering negotiations carries with it the responsibility to do something if they fail. The E.U. Three understood that when they took on the mullahs a couple of years ago. Bilateral U.S.-Iran talks are the perfect way to get Europe off the hook. They would preempt all the current discussions about sanctions, place all responsibility for success on the negotiations and set America up to take the blame for their inevitable failure.

It is an obvious trap. We should resolutely say no.

Except on one condition. If the allies, rather than shift responsibility for this entire process back to Washington, will reassert their responsibility by pledging support for U.S. and/or coalition military action against Iran in the event that the bilateral talks fail, then we might achieve something.

You want us to talk? Fine. We will go there, but only if you arm us with the largest stick of all: your public support for military action if the talks fail. The mullahs already fear economic sanctions; they will fear European-backed U.S. military action infinitely more. Such negotiations might actually accomplish something.

That's our condition. Otherwise, the entire suggestion of bilateral talks is a ploy that should be rejected with the same contempt with which it was proposed.

It's Time To Engage With Iran (WP)

DOJ_NMG_0029820

By David Ignatius

The Washington Post, May 26, 2006

"Only connect." That was the trademark line of E.M. Forster's great novel "Howards End." And it's a useful injunction in thinking about U.S. strategy toward Iran and the wider conflicts between the West and the Muslim world.

We are in the early stages of what the Centcom commander, Gen. John Abizaid, calls "the first war of globalization, between openness and closed societies." One key to winning that war, Abizaid told a small group of reporters at the Pentagon yesterday, is to expand openness and connection. He called al-Qaeda "the military arm of the closed order." The same could be said of the extremist mullahs in Tehran who are pushing for nuclear weapons.

America's best strategy is to play to its strengths -- which are the open exchange of ideas, backed up by unmatched military power. The need for connection is especially clear in the case of Iran, which in isolation has remained frozen in revolutionary zealotry like an exotic fruit in aspic. Yet some in the Bush administration cling to the idea that isolation is a good thing and that connectivity will somehow weaken the West's position. That ignores the obvious lesson of the past 40 years, which is that isolation has usually failed (as in the cases of Cuba and North Korea), while connectivity has usually succeeded (as in the cases of the Soviet Union and China).

A telling example was the decision to engage the Soviet Union in 1973 through the Conference for Security and Cooperation in Europe. At the time, some conservatives argued that it was a dangerous concession that the Soviets might interpret as a symbol of weakness. But the CSCE provided a crucial forum for dissidents in Russia and Eastern Europe, and with astonishing speed the mighty edifice of Soviet power began to crumble. Similar warnings about showing weakness in the face of an aggressive adversary were voiced when President Richard Nixon went to China in February 1972.

I cite this Cold War history because the moment has come for America to attempt to engage revolutionary Iran. The invitation for such a dialogue came this month in a letter to President Bush from Iranian President Mahmoud Ahmadinejad -- a man whose rabble-rousing, Israel-baiting career gave him the credentials, if that's the right word, to break a 27-year Iranian taboo on contacts with the Great Satan.

Ahmadinejad's letter clearly had the backing of Iran's supreme leader, Ayatollah Ali Khamenei. In the American context, that's like having the support of Vice President Cheney for a peace feeler. My own Iranian sources say there is broad consensus in Tehran that it is time for talks with the United States. "Iran wants to start discussions the same way the Chinese wanted discussions" with Nixon, an Iranian businessman named Ali Ettefagh told me in an e-mail this week. "Great Satan doesn't sell anymore. More than half the population was not born 27 years ago, and the broken record does not play well." The Iranian offer of dialogue, he says, "ought to be taken as an opportunity, if only to air out grievances and amplify differences."

I suspect Iran wants dialogue now partly because it perceives America's position in Iraq as weak and its own as strong. That may be true, but so what? Washington should still take yes for an answer. The United States and its European allies this week are crafting a package that, one hopes, will include everything the Iranian people could want -- except nuclear weapons. The bundle of goodies should stress connectivity -- more air travel to Iran, more scholarships for students, more exchanges, Iranian membership in the World Trade Organization. The mullahs may well reject these incentives as threatening, but that's the point. Their retrograde theocracy can't last long in an open world. This very week, about 40 police officers were injured in a clash with demonstrators at two Tehran universities. One of the hand-lettered protest signs captured in an Iranian photo said: "This is not a seminary, it is a university."

Karim Sadjadpour, an Iranian analyst with the International Crisis Group, noted in Senate testimony last week that opinion polls show 75 percent of Iranians favor relations with the United States. "Embarking on a comprehensive dialogue with Iran would provide the U.S. with the opportunity to match its rhetorical commitment to Iranian democracy and human rights with action," Sadjadpour said. He's right.

There's no guarantee that a policy of engagement will work. The Iranian regime's desire to acquire nuclear weapons may be so unyielding that Tehran and Washington will remain on a collision course. But America and its allies will be in a stronger position for responding to Iranian calls for dialogue. Openness isn't a concession by America, it's a strategic weapon.

Abbas Threatens Hamas With Measure Implicitly Recognizing Israel (KRT)

DOJ_NMG_0029821

By Dion Nissenbaum

Knight Ridder, May 25, 2006

RAMALLAH, West Bank - Palestinian Authority President Mahmoud Abbas issued a surprise ultimatum to his Hamas rivals on Thursday: Break the political stalemate imperiling the Palestinian government within 10 days or he'll ask voters to approve a measure that would implicitly recognize Israel.

Hamas officials appeared caught off-guard by Abbas' threat to hold a referendum in July. Some leaders voiced optimism that they would be able to work out their differences, while others criticized Abbas for trying to bully them.

A referendum accepting the establishment of a Palestinian state alongside Israel would put the issue directly before Palestinian voters for the first time - and the outcome would be uncertain. While polls have shown broad support among Palestinians for a two-state solution, voters also dumped Abbas' long-dominant Fatah party in favor of the Muslim fundamentalist Hamas in part because of frustration over compromises that Fatah had made in peace talks with Israel.

Speaking at the start of a unity conference, Abbas put Hamas leaders on notice that he's running out of patience with a power struggle that in recent weeks has broken out into confrontations between rival gunmen in Gaza streets.

"Our cause is at stake," Abbas said, in demanding a quick response from Hamas. "We cannot afford the luxury of time."

"There is no need for such threats from the president," said Hamas lawmaker Abdel Jaber Fuqaha. "Let the dialogue take its normal course."

The Palestinian Authority has faced a number of challenges ever since January, when voters catapulted Hamas, a movement formally committed to Israel's destruction, into power over Fatah, which accepts Israel's right to exist.

The United States and Europe have cut off aid, and Israel has been withholding tax receipts it collects on the Palestinians' behalf, creating a financial crisis.

In recent weeks, the factional feud has erupted into near-daily clashes in the Gaza Strip between Hamas militants and Abbas loyalists that have left at least 10 people dead. The latest battle, which left one Palestinian security officer dead, broke out shortly after the unity conference began.

This week's conference was partly a response to a joint political statement issued earlier this month by a group of Palestinian leaders in an Israeli prison. Top Hamas and Fatah members signed the letter, along with leaders of smaller political factions.

The 18-point document calls for the creation of a Palestinian state, with East Jerusalem as its capital, on all the land captured by Israel in the 1967 Six Day War. It also suggests that Palestinians stop attacking targets in Israel and restrict their actions to targets in the West Bank.

But Hamas' embrace of the document might not go very far toward easing the international pressure on the Palestinian Authority.

The proposal falls short of meeting two critical demands: Explicitly recognizing Israel's right to exist and abandoning violence as a political weapon. And Israel has made it clear that it intends to hold onto major Jewish settlements in the West Bank.

But formal acceptance by Hamas of a Palestinian state in the West Bank could put more pressure on Israel to seek a negotiated settlement instead of pressing ahead with a new plan to ignore the Palestinian leadership and dictate its own borders.

Israeli Prime Minister Ehud Olmert's unilateral proposal got a boost this week during his first official visit to Washington when President Bush praised the idea as a "bold" concept that could lead to peace.

But Bush encouraged Olmert not to move forward with the idea until he tries to reach an agreement with Abbas. But the Israeli prime minister is dubious of working out any deal with Abbas when the government is dominated by Hamas leaders.

Before Abbas issued his vow to put the issue before voters, Prime Minister Ismail Haniyeh urged the conference to work together to end the internal violence.

"The space of consensus between us is much closer than we imagine," said Haniyeh, who spoke via video link from a simultaneous gathering held in Gaza City for Hamas members who, like the prime minister, are barred by Israel from traveling to the West Bank.

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Abbas Urges Hamas To Back 2-State Plan (WP)

By Scott Wilson

The Washington Post, May 26, 2006

JERUSALEM, May 25 -- Palestinian Authority President Mahmoud Abbas called on Hamas on Thursday to endorse the creation of a Palestinian state on territory occupied by Israel in the 1967 Middle East war. If the radical Islamic movement refuses, he said, he will put the proposal to a referendum within two months.

Abbas gave leaders of Hamas, the principal political rival of his Fatah movement, 10 days to accept a two-state solution to the conflict with Israel, something the group has rejected since its founding nearly two decades ago. Hamas envisions the creation of a Palestinian state across territory that now includes Israel.

If Hamas does not change its position, Abbas said, he will measure public support for a two-state solution within 40 days through a popular referendum. Although it would not be binding, the result would help clarify for recalcitrant Hamas leaders, the Israeli government and the world what course Palestinians favor to resolve the conflict with Israel.

"We must stop with the slogans and start dealing with reality," said Abbas, Fatah's leader. "We must stop dreaming and accept what we can take now. Let us not speak of dreams. Let us take the Palestinian state on the '67 borders. There is a national consensus for this."

Abbas delivered his ultimatum during a meeting of Fatah and Hamas leaders in the West Bank city of Ramallah that was intended to reduce mounting tensions. His comments reflect frustration over Hamas's refusal to soften its views at a time of deepening economic hardship in the Palestinian territories and sporadic armed conflict between the two movements.

Hamas and Fatah gunmen exchanged fire Thursday in Gaza City following the funeral of a senior Fatah security official killed this week in a car bombing. The gunfire killed a member of the Fatah-dominated Palestinian security services and wounded several others.

When Abbas asked Hamas to form the Palestinian cabinet after its January election victory, he urged its leaders to accept agreements backed by Fatah that call for the creation of a Palestinian state in the West Bank, Gaza Strip and East Jerusalem. Israel has occupied those territories since the 1967 war, although it evacuated Jewish settlements in Gaza last year.

Since Hamas took control of the Palestinian government ministries, international donors have frozen foreign aid to the Palestinian Authority, and Israel has suspended the transfer of tax revenue it collects on the government's behalf. The Palestinian Authority has not paid its more than 150,000 employees for nearly three months.

Advisers and allies of Abbas said his comments Thursday were calculated to force Hamas to moderate its position, which international donors have demanded in return for a renewal of aid, or else face a vote that he expects will endorse the two-state solution. The referendum would be based on an 18-point document drafted this month by Fatah and Hamas leaders in Israeli prisons. The Hamas prison leadership is an important element of the movement's decision-making body, along with Hamas members in exile and those in the territories.

"We're escalating the tension a little bit to try to corner them and show them as rejectionists," said a political adviser to Abbas who spoke on condition of anonymity because he was not authorized to comment publicly. "The idea is to bring Hamas back inside the national dialogue or to go to the people for a reminder of what the national consensus is."

As president, Abbas has the authority to fire Prime Minister Ismail Haniyeh, a member of Hamas, and disband the cabinet. He has chosen instead to give Hamas an opportunity to govern the poor and often lawless occupied territories, betting that his rivals will suffer politically in the attempt.

But the economic sanctions imposed on the Palestinian Authority have given Hamas something to blame for any perceived political shortcomings. Israel's top general warned this week that the economic squeeze would not topple the Hamas government, citing opinion polls that show its support has not declined.

"We do not fear conducting a referendum, as we know that the Palestinian people support us and support our program," said Mushir al-Masri, a Hamas legislator from Gaza.

The prisoners' plan, as the document has come to be known, endorses a Palestinian state in the West Bank, Gaza and East Jerusalem. Among other items, it also calls for the release of all Palestinian political prisoners in Israeli jails, the right of

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Palestinian refugees and their descendants to return to Israel and reforms of the Palestinian security services and political institutions.

The more radical Hamas leaders in exile immediately rejected the document when it was made public this month. But Haniyeh and other party figures in the territories -- including Masri, who called the document "positive" -- said it could serve as a starting point for further discussion. Polls conducted since show that roughly 80 percent of Palestinians support it.

"If Hamas says democracy, democracy, democracy -- okay. The president is going back to the people," said Saeb Erekat, a Fatah member of parliament and the chief Palestinian negotiator with Israel. "He could not continue to have the government defy the guidelines he gave it, and he didn't want to sack it."

Abbas's gambit could also strengthen his hand with Israeli Prime Minister Ehud Olmert, who told President Bush in Washington this week that he would explore the possibility of reviving peace talks before taking any unilateral steps to define the Jewish state's final borders.

Abbas, who as head of the Palestine Liberation Organization manages peace policy, has asked Olmert to restart negotiations under the U.S.-backed peace plan known as the "road map." Formal negotiations between the two sides have been moribund since January 2001.

Olmert told a joint meeting of Congress, "If there is to be a just, fair and lasting peace, we need a partner who rejects violence and who values life more than death." Some Israeli politicians said Thursday that a Palestinian vote in favor of a two-state solution along the 1967 border would increase pressure on Olmert to pursue a peace process with Abbas.

Abbas Stuns Hamas With Talk Of Referendum (AP-Y2)

By Mohammed Daraghmeh

AP2, May 25, 2006

In a bold initiative, the Palestinian president gave Hamas 10 days to accept the idea of a Palestinian state alongside Israel, saying Thursday he'll submit the plan to a referendum by mid-July if the Islamic militants refuse.

Mahmoud Abbas' surprise announcement is a political gamble that could either help resolve the Palestinians' internal deadlock or lead the Hamas-led government and Fatah into a deeper crisis.

Abbas asked Hamas to endorse a document drawn up by senior Palestinian militants imprisoned in Israel. It accepts statehood in the West Bank, Gaza Strip and east Jerusalem — territories captured by Israel in the 1967 Middle East War.

Approving the document would imply recognition of Israel — one of the three conditions imposed by Israel and the West for doing business with the Hamas-led government. The document falls short of meeting the other two conditions — renouncing violence and accepting past peace accords — so it was unclear if the international boycott would be called off even if Hamas acquiesced.

However, a referendum, which Palestinian pollsters expect to pass, could provide cover for the militants to become more moderate without appearing to succumb to Western pressure. Such a vote could also renew pressure on Israel to return to the negotiating table rather than impose borders on the Palestinians.

As Abbas outline his proposal, violence again erupted in Gaza.

A group of policemen on their way back from the funeral of a top security commander in Gaza City clashed with a newly formed Hamas militia, and one of the officers was wounded, security officials said.

At nightfall, three officers in the presidential guard were shot and wounded on patrol in Gaza City, officials said. They said the gunfire came from the direction of a Hamas militia unit. In the past week, 10 people have been killed in clashes between Hamas and Abbas' Fatah Party.

Fatah and Hamas leaders held talks in Ramallah and Gaza to defuse the crisis, and Abbas used the opportunity to challenge Hamas to adopt a program that implies recognition of Israel or to let the people decide.

Hamas, which is facing a crippling international boycott because of its refusal to moderate its position, appeared to be divided over the idea. The Islamic militants won parliamentary elections in January, and took over the Palestinian Authority on Feb. 18. Abbas was elected separately a year earlier.

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The plan was conceived in a wing for 120 Palestinian security prisoners at Hadarim prison, with many sessions taking place in the prison yard, said Khader Shkirat, a lawyer for a key signer, Fatah leader Marwan Barghouti. An inmate from Hamas also signed the document.

Hamas ideology does not accept a Jewish state in the Middle East, and Hamas does not accept interim peace accords with a state it does not recognize. Hamas suicide bombers have killed hundreds of Israelis over the past decade.

Abbas has been seeking to counter Hamas' power, removing authority over security forces from the Hamas-controlled Interior Ministry and asserting he has the authority to conduct peace negotiations with Israel.

Hamas fielded a 3,000-strong militia in Gaza in defiance of Abbas' ban, setting off clashes with Fatah-dominated security forces.

Abbas brought things to a head Thursday, giving Hamas 10 days to achieve a political accord with him or face a referendum within 40 days.

Prime Minister Ismail Haniyeh of Hamas was noncommittal, saying: "We will study how the call for a referendum is compatible with the law, the constitution and politics."

Other Hamas figures were divided over the idea.

Parliament Speaker Abdel Aziz Duaik of Hamas said the prisoners' document was a good basis for dialogue, adding: "Returning to the people is one of the most important principles in democracy."

But Hamas legislator Mushir al-Masri called the proposal a "coup against the democratic choice" of the Palestinians.

The Islamic Jihad group, which also rejects the existence of Israel, opposed the plan.

Israeli Foreign Ministry spokesman Mark Regev called the issue an "internal Palestinian matter," and reiterated that Israel insists on fulfillment of all three international conditions.

Israeli Cabinet minister Haim Ramon, who is close to Prime Minister Ehud Olmert, said the referendum was "worthy of examination." But another Israeli minister, Ronnie Bar-On, said that as long as Hamas does not accept international conditions, Abbas' idea "is like playing checkers with himself."

In Washington, State Department spokesman Sean McCormack said: "The only way you can test the proposition is for the Palestinians to go through that process, whether it's a referendum or whether it's through national dialogue or through some other peaceful means, to talk about what the future of the Palestinian people will be."

Olmert returned Thursday from talks in Washington with President Bush, where he explained his plan to draw Israel's borders unilaterally if efforts to resume peace talks fail. Israel refuses to negotiate with Hamas, which it considers a terror group, and is hesitant to talk peace with Abbas because Hamas controls the government.

However, if Palestinians approve a plan that accepts Israel, Israel might be forced back to the negotiating table.

The Palestinians reject Olmert's unilateral plan, and Abbas' announcement Thursday appeared part of a hurried effort to show the world there is a willing Palestinian partner for negotiations with Israel.

Israeli analyst Yossi Alpher said if a referendum is held and the program is approved, Israel would have to consider it.

"The burden of proof will still be on Abbas to prove that he is a viable negotiating partner," Alpher said.

Abbas Challenges Hamas To Endorse Document On A Palestinian State (USAT/AP)

By Mohammed Daraghmeh, The Associated Press

USA Today, May 26, 2006

RAMALLAH, West Bank — In a surprise initiative, the Palestinian president gave Hamas 10 days to accept the idea of a Palestinian state alongside Israel, saying Thursday he'll submit the plan to a referendum by mid-July if the Islamic militants refuse.

Mahmoud Abbas' announcement is a political gamble that could either help resolve the Palestinians' internal deadlock or lead the Hamas-led government and Fatah into a deeper crisis.

Abbas asked Hamas to endorse a document drawn up by senior Palestinian militants imprisoned in Israel. It accepts statehood in the West Bank, Gaza and East Jerusalem — territories captured by Israel in the 1967 Middle East war.

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Approving the document would imply recognition of Israel — one of the three conditions imposed by Israel and the West for doing business with the Hamas-led government. The document falls short of meeting the other two conditions — renouncing violence and accepting past peace accords.

Hamas ideology does not accept a Jewish state in the Middle East. Hamas suicide bombers have killed hundreds of Israelis over the past decade.

Hamas is facing a crippling international boycott because of its refusal to moderate its position. The Islamic militants won parliamentary elections in January, and took over the Palestinian Authority on Feb. 18. Abbas was elected separately a year earlier.

It was unclear whether the international boycott would be called off even if Hamas acquiesced to Abbas' proposal. A referendum could provide cover for the militants to become more moderate without appearing to succumb to Western pressure. Such a vote could renew pressure on Israel to return to the negotiating table rather than impose borders on the Palestinians.

As Abbas outlined his proposal, violence again erupted in Gaza. In the past week, 10 people have been killed in clashes between Hamas and Abbas' Fatah Party. Fatah and Hamas leaders held talks in Ramallah and Gaza to defuse the crisis, and Abbas used the opportunity to challenge Hamas to adopt a program that implies recognition of Israel or to let the people decide.

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Prime Minister Ismail Haniyeh of Hamas said, “We will study how the call for a referendum is compatible with the law, the constitution and politics.”

Israeli Foreign Ministry spokesman Mark Regev called the issue an “internal Palestinian matter,” and reiterated that Israel insists on fulfillment of all three international conditions.

Israeli Prime Minister Ehud Olmert returned Thursday from talks in Washington with President Bush, where he explained his plan to draw Israel's borders unilaterally if efforts to resume peace talks fail. Israel refuses to negotiate with Hamas, which it considers a terror group, and is hesitant to talk peace with Abbas because Hamas controls the government.

The Palestinians reject Olmert's unilateral plan, and Abbas' announcement Thursday appeared part of a hurried effort to show the world there is a willing Palestinian partner for negotiations with Israel.

Abbas Says He'd Put Peace Plan To A Vote (NYT)

By Greg Myre

The New York Times, May 26, 2006

RAMALLAH, West Bank, May 25 — The president of the Palestinian Authority, Mahmoud Abbas, said Thursday that he would call a referendum on a proposal for a Palestinian state that would recognize Israel, if the governing Hamas party failed to accept the plan within 10 days.

In laying down his challenge, Mr. Abbas seems to be gambling that he can force his Fatah party, Hamas and some smaller factions to agree on a broad framework for dealing with Israel, which Hamas now refuses to recognize. But he runs the risk of provoking a political showdown at a moment when the Palestinians are already plagued by infighting and a worsening financial crisis.

"We differ, it is true," Mr. Abbas said in Ramallah at a conference intended to put an end to internal Palestinian quarreling. "We see things differently, but we need to find middle-of-the-road solutions."

Several Hamas figures said Thursday that they did not object to a referendum, at least in principle.

"We are not afraid of a referendum," said a Hamas legislator, Salah Bardawil. "The election was a referendum, and the majority of the people chose us." He was referring to the vote in January in which Fatah, which previously dominated Palestinian politics, lost its parliamentary majority and Hamas, a radical Islamic group, came to power.

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Like the Palestinians, Israel appeared caught off guard by Mr. Abbas's announcement and had little to say about it. Mark Regev, a spokesman for Israel's Foreign Ministry, described it as an internal Palestinian matter.

In the past Israel has strongly rejected two of the plan's provisions: returning to pre-1967 borders and giving Palestinian refugees the right to return to lands they left in 1948.

The proposal, based on a plan drafted earlier this month by prominent Palestinian prisoners from Hamas and Fatah, calls for a Palestinian state and a negotiated peace settlement with Israel, if it withdraws to the borders that existed before the Arab-Israeli war of 1967. The Palestinian state would include all of the Gaza Strip and the West Bank, with its capital in East Jerusalem.

Marwan Barghouti, a leading Fatah figure serving five life terms in Israel's Hadarim Prison, is credited as the driving force behind the prisoners' document, though imprisoned members of Hamas also endorsed it.

"We must rise to the level of responsibility," said Mr. Abbas, whose Fatah movement has supported plans along those lines for years. "If within 10 days you don't reach results through dialogue, I will take the prisoners' document to a popular referendum" within 40 days.

The referendum can be authorized either by a decree from Mr. Abbas or by Parliament, Amar Dwik, the head of the Palestinian election commission, told The Associated Press.

In recent years Palestinian polls have generally shown strong public support for a Palestinian state with the 1967 borders. But Hamas has refused to moderate its hard-line policies despite a cutoff in Western assistance that has left the Palestinian government financially crippled.

The Palestinian conference was held simultaneously in Ramallah and Gaza City and connected by video because Israel does not permit Hamas members to travel between the West Bank and the Gaza Strip.

Until Mr. Abbas spoke, the talks were expected to focus on the almost daily clashes in Gaza between Hamas and Fatah.

"Our meeting today aims to cement our national unity," said Ismail Haniya, the Palestinian prime minister and a Hamas leader, who spoke in Gaza City before Mr. Abbas's remarks in Ramallah. "Our difference is with the Israeli occupation."

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Abbas Delivers Talks Ultimatum To Hamas (WT)

By Joshua Mitnick

The Washington Times, May 26, 2006

TEL AVIV -- Palestinian Authority President Mahmoud Abbas issued an ultimatum to Hamas yesterday, calling on it to accept the principle of a state alongside Israel in the West Bank and Gaza Strip or submit to a national referendum on the issue.

Speaking in the West Bank city of Ramallah at a public forum aimed at reducing tensions between his Fatah party and Hamas, Mr. Abbas challenged the Islamic militants to reach an understanding within 10 days on negotiations with Israel or face a plebiscite within 40 days.

"Are slogans enough to feed the hungry? You need to stop with these slogans and deal with reality," Mr. Abbas said in an uncharacteristically lively speech delivered off the cuff. "You need to stop with dreaming and get what is possible to get now. Let's not talk about dreams. Let's get a Palestinian state within the '67 borders."

The surprise declaration, in which the embattled Palestinian leader gambled his little remaining political capital, comes amid escalating violence between the rival political parties that has stoked worries of a civil war.

Clashes between Fatah and Hamas gunmen have killed about 10 people in the last few weeks.

Hamas politicians went on the defensive after Mr. Abbas' challenge. Some predicted a Fatah-Hamas agreement that would make a referendum unnecessary; others said the Islamic militants don't oppose the idea of a national referendum as long as the two sides reach agreement on the ground rules.

"It needs some procedures," said Ghazi Hamad, a Hamas spokesman. "It needs to be inside and outside of Palestine," meaning that the several million Palestinian refugees abroad should be permitted to vote.

Palestinian refugees in countries like Jordan and Lebanon are generally more radical than those living in the West Bank and Gaza.

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Mr. Abbas wants the vote specifically to approve or disapprove a joint declaration signed recently by Hamas and Fatah prisoners in Israeli jails that backs a two-state solution.

The Palestinian president was weakened when a surprise electoral landslide put Hamas in control of the Palestinian parliament and government. Since the militants took power, Mr. Abbas has been embroiled in an escalating battle of words and bullets with Hamas.

At the same time, he has struggled to earn the respect of Israeli leaders, who called him "irrelevant" and "helpless" after the Palestinian Authority elections.

Israeli Prime Minister Ehud Olmert gave Mr. Abbas a boost this week by inviting him to hold talks. And Israel's Channel 2 television reported yesterday that Mr. Olmert and Defense Minister Amir Peretz had agreed to supply Mr. Abbas' presidential guard with badly needed weapons.

Aides to Mr. Abbas said the Palestinian president is fully aware of the risks of setting a referendum in motion. The vote could become a referendum on Mr. Abbas, who has a reputation as a wooden and aloof politician.

Palestinian negotiator Saeb Erekat warned that the Palestinian Authority is following two different policies even though it is supposed to function as one group. He hinted that the Palestinian president might even resign if he doesn't win the vote.

"We know the risks, we know the difficulties," said Mr. Erekat. "He knows the consequences of losing. If we lose, we go home."

Mr. Erekat insisted that the Palestinian president had the authority to call a referendum, and said talks were planned with the Central Election Commission today.

The proposal of a national vote could make the Palestinians the first in the Middle East to hold a referendum.

An Israeli commentator said the Israeli government's contention that "there is no one to talk to" on the Palestinian side came crashing down yesterday.

"Abbas proved that he is the address and there are no excuses," said Ali Vaked, a columnist for the Israeli Web site ynet.co.il. "Abbas said to Olmert that he is the address and there are no excuses."

Israel's 'Realignment' (WP)

The Washington Post, May 26, 2006

THOUGH THEY paid lip service to continued Israeli-Palestinian negotiations, President Bush and Israeli Prime Minister Ehud Olmert in effect inaugurated an entirely different process at their White House meeting Tuesday -- one in which Israel will parley with the United States about the new borders it intends to draw for itself. Despite his promise to pursue talks with Palestinian President Mahmoud Abbas, Mr. Olmert has made clear that he doesn't believe Israel will be able to work with the Palestinian Authority anytime soon. Even if a credible partner appeared, Mr. Olmert might prove reluctant. Like his predecessor, Ariel Sharon, he opposes some of the compromises Israel would have to make to achieve a peace settlement.

Mr. Olmert has now won Mr. Bush's de facto consent to pursue a unilateral "realignment," in which Israel would draw a border of its own choosing in the West Bank, dismantle some of the settlements that lie beyond it and thereby "guarantee Israel's security as a Jewish state with the borders it desires," as the prime minister put it. Mr. Bush called these ideas "bold," adding that they "could lead to a two-state solution." But as Mr. Olmert acknowledged, there is one crucial condition: Israel cannot successfully impose its plan on the Palestinians unless it has "the comprehensive support of the United States and the international community."

That means that in the remainder of his term, Mr. Bush will have the opportunity to encourage an Israeli redeployment that would open the way toward the Palestinian state he called for four years ago. But he could also cripple the prospects for that settlement if he provides a U.S. imprimatur for a realignment that disregards essential Palestinian interests. Left to his own calculations, Mr. Olmert probably would settle on such a strategy. According to reports in the Israeli press, he is thinking of dismantling only a small fraction of the West Bank settlements that lie beyond the boundary fence Israel is constructing, which means that settlers and the army would remain in the Palestinian territory indefinitely. He also intends to annex all of Jerusalem's Old City and most of its Arab neighborhoods, even though a previous Israeli government recognized that a peace settlement will require divided sovereignty in the city.

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Mr. Bush has already accepted the idea that large settlement blocks near the present border will be incorporated into Israel. But U.S. officials in the past have expressed skepticism about parts of the emerging Israeli plan, including the extent of West Bank territory to be taken. Those points should be pressed: The closer Mr. Olmert comes to adopting the territorial map that was negotiated by Israelis and Palestinians after the Camp David talks of 2000, the better will be the chances that the realignment will lead to a real peace. Mr. Bush said Tuesday that an Israeli-Palestinian peace "will only be achieved on the basis of mutually agreed changes, and no party should prejudice the outcome of negotiations." As his administration plunges into what will probably be months of detailed discussions with Israel about the realignment plan, it will be imperative to defend those principles.

Harper To Meet Bush July 6, Canadian Ambassador Wilson Says (BLOOM)

By Theophilos Argitis

Bloomberg, May 26, 2006

May 25 (Bloomberg) -- Canadian Prime Minister Stephen Harper will meet with U.S. President George W. Bush on July 6 in a bid to cement improving relations between the two countries, said Michael Wilson, Canada's ambassador to the U.S.

``The two of them will be getting together in another meeting in early July, July 6, where they will build on their first meeting in Cancun," Wilson told a hearing of the House International Relations Subcommittee on the Western Hemisphere, broadcast today on CBC television.

Harper has sought to repair relations with the U.S., soured under the previous Liberal Party government over a dispute on softwood lumber tariffs and the country's decision not to participate in the U.S. missile-defense system. Harper and Bush negotiated an agreement on softwood duties in April.

This would be Harper's first meeting with Bush since March, when he met with the U.S. president and Mexican President Vicente Fox at a trilateral meeting in Cancun.

Canada's Leader Won't Talk To National Media (LAT)

By Maggie Farley

The Los Angeles Times, May 26, 2006

TORONTO — Canadian Prime Minister Stephen Harper has declared he won't talk to the national media because they are biased against him, his latest move in a spat with the Parliament's press corps.

After reporters walked out of a news conference this week when he refused to answer any questions, Harper said no Liberal prime minister had faced such effrontery, and he had decided to deal only with more friendly local press.

"Unfortunately, the press gallery has taken the view they are going to be the opposition to the government," the recently elected Conservative leader told a Canadian television network Wednesday.

"We'll just take the message out on the road. There's lots of media who do want to ask questions and hear what the government is doing for Canadians, or to Canadians. So we'll get our message out however we can," Harper said.

Since Harper's minority government took office after the Jan. 23 elections, his relations with the national media have become more and more strained. Determined to impose order on the traditionally chaotic press scrum in which reporters shout out questions, Harper said he would choose questioners from a pre-screened list.

The parliamentary media corps, which includes broadcast and print reporters from all over the country, worried that the new protocol would freeze out journalists perceived to be tough on the prime minister. After journalists refused to sign on to the list, Harper refused to take any questions.

On Tuesday, when Harper's press secretary announced there would be no questions after his announcement of aid to the Darfur region of Sudan, nearly two dozen reporters walked out, leaving the prime minister to make his statement in front of a single camera in a nearly empty room.

"We are responsible for asking questions, and he is responsible for answering them," said Yves Malo, the president of the Parliament's press gallery.

Malo acknowledged that the media culture in Ottawa was less decorous than other places, such as the White House, where reporters stand up when the president enters the room and don't interrupt while he is speaking.

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He said that the once-unruly press corps had tried to compromise by forming a line behind a microphone, but even then Harper refused to recognize some questioners.

"Since the election, certain reporters have never gotten a question. No one is well served. We are not, the public is not, and the government is not," Malo said.

Harper, the first Conservative prime minister after 12 years of Liberal Party rule, has moved toward dismantling many of his predecessors' policies, including gun control, support for medical marijuana and backing of the Kyoto Protocol on global warming. He thinks that the press corps simply doesn't like his politics.

"I have trouble believing that, frankly, a Liberal prime minister would have this problem," he said. "The press gallery at the leadership level has taken an anti-Conservative view."

But across the country, his popularity is growing. Recent polls have placed the party's approval ratings above 40%, which could help it win a majority in Parliament if a new election was held.

Putin Objects To Cheney's Remarks (AP)

By Vladimir Isachenkov

The Associoated Press, May 25, 2006

President Vladimir Putin said Thursday that Russia wants good relations with the United States but he objected vigorously to Vice President Dick Cheney's recent criticism of democratic backtracking by the Kremlin.

"We see how the United States defends its interests, we see what methods and means they use for this," Putin said at a news conference following a summit meeting of Russia and the European Union in his most direct criticism of Cheney's remarks.

In a speech earlier this month in Lithuania, Cheney accused the Kremlin of rolling back democracy and strong-arming its ex-Soviet neighbors.

"When we fight for our interests, we also look for the most acceptable methods to accomplish our national tasks, and I find it strange that this seems inexplicable to someone," Putin said, replying to a reporter's request for his reaction to the vice president's remarks.

Even before Cheney's speech, Russian-U.S. relations had been on a steady downward slide. Last month, Putin claimed the United States had put up artificial obstacles to slow Russia's entry into the World Trade Organization, and the Pentagon accused Moscow of giving intelligence on U.S. troop movements in Iraq to Saddam Hussein in 2003.

The crisis around Iran's nuclear program has seen the two countries, which proclaimed themselves "strategic partners" just a few years ago, firmly in opposing camps.

Putin said that despite the friction, the United States remains "one of our major partners."

But he suggested no nation had the right to interfere in Russia's relations with third countries.

"As far as the view of our relations with other countries, we will discuss our relations with them directly," Putin said icily.

The growing rift with Washington threatens to mar the summit of the Group of Eight leading industrialized nations in St. Petersburg in July.

Speaking of U.S. criticism of a hard-fought Russian-Ukrainian gas deal, which many Ukrainian politicians and the U.S. government have objected to as putting the two sides on unequal terms, Putin asked: "How can leaders of other states say it is bad for the Ukrainians?"

"I don't understand if this criticism is addressed to us or the Ukrainian leadership. But you should ask those who make these comments."

Putin and European Union leaders agreed their countries had common interests in easing their dispute over energy supplies and markets, but acknowledged differences.

"We are aware of our common interests," European Commission President Jose Manuel Barroso said at the final press conference. "What we want is a relationship based on ... the principle of interdependence."

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The energy disputes have hung over the relationship since January, when a brief disruption in Russian gas supplies to Western Europe amid a price dispute with Ukraine tarnished Russia's reputation as a reliable supplier and encouraged the EU to intensify a search for alternative supply routes.

"We are as interested as Russia to avoid further misunderstandings," said Austrian Chancellor Wolfgang Schuessel, whose country currently holds the EU presidency.

But Barroso said there were still "sensitivities" that needed to be addressed.

"This is not at all, I want to underline this on our side, a problem of lack of trust in Russia as a credible supplier, as Russia has always been," he said. "But there are some sensitivities, it is true."

He said the sensitivities included the way public opinion in the EU reacted to the problems between Russia and Ukraine earlier this year.

Putin tried to assure his EU partners that China was no substitute for Europe as a market for Russia's oil and gas although Russia was developing markets for its energy resources.

"China is not an alternative to Europe for energy supplies," Putin told a news conference following the Russia-EU summit.

The New Year's shutdown, which was followed by gas shortages amid a harsh winter, came as Russia declared energy security to be a top priority of its leadership this year of the G-8.

European fears of excessive energy reliance on Russia, which supplies a quarter of Europe's gas and is its second-biggest supplier of oil, increased further amid talk that Russia's state-controlled natural gas giant, Gazprom, was considering acquiring Britain's largest gas distributor and negotiating similar deals in other EU nations.

EU leaders on Thursday spared Russia from any criticism similar to Cheney's, but they emphasized the need for Moscow to adhere to democratic values.

"Russia has now very important chairmanships, it's not only the chairman of the G-8, it's also chairman now of the Council of Europe, and therefore we do think that Russia has a special responsibility also to take forward questions like human rights, rule of law, good governance — all these basic values we in the European Union hold up," EU External Relations Commissioner Benita Ferrero-Waldner told reporters.

Putin Group Races Past Soviet Party (WT)

By Michael Mainville

The Washington Times, May 26, 2006

MOSCOW -- Just four years after its founding, President Vladimir Putin's United Russia party is growing twice as quickly as the Communist Party under the Bolsheviks. And like the Communist Party of the past century, it has become the surest path to success in Russian society.

The party formed by the Kremlin to support Mr. Putin registered its 1 millionth member earlier this year, reaching a milestone that took the Bolsheviks eight years after the Russian Revolution.

More than two-thirds of the country's federal and regional parliamentarians, and 70 of 89 regional governors are members of United Russia. Thousands of civil servants, celebrities and leading business people have joined in recent years as the party has grown into a dominant force in national and local politics.

Party officials have begun an ambitious program to sign up another million members in time for the 2007 parliamentary elections and 2008 presidential vote, when a successor to Mr. Putin will be chosen.

Supporters say United Russia's success is proof of democracy in action in Russia.

"United Russia is so popular because the people know that it is promoting the best interests of Russian citizens," said Oleg Morozov, the deputy leader of the party's faction in the State Duma, the lower house of parliament.

But critics say that United Russia is little more than a Kremlin fan club and that through it Mr. Putin is essentially re-creating the Soviet Communist Party system. At its height, the Communist Party had 22 million members, and joining was considered essential for anyone to advance his or her career.

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"United Russia is not a real political party and is not even truly popular," said Sergei Mitrokhin, the deputy leader of the liberal Yabloko opposition party. "It is only successful because it has the full resources of the state behind it and because people are forced to join the party."

Political parties were slow to develop in Russia after the 1991 collapse of the Soviet Union. Throughout the 1990s, Russian parliaments were a chaotic mix of communists, liberals and nationalists, with none able to win over a significant portion of the voters.

That changed under Mr. Putin, who created United Russia by merging the Unity and Fatherland-All Russia parties. With the full backing of the Kremlin, United Russia swept to power in the 2003 elections to the State Duma, winning more than two-thirds of the seats. In regional elections earlier this year, United Russia won majorities in all eight local legislatures up for grabs.

At the same time, membership in the party has surpassed all other political parties combined.

United Russia's nearest rival, the Communist Party, has about 180,000 members, many of them pensioners pining for the days of the Soviet Union. The nationalist Rodina (Motherland) party has 105,000 members, while the Yabloko and the Union of Right Forces parties barely have 50,000 members, the minimum required under a law on political parties passed last year.

United Russia's platform is ostensibly based on a philosophy its leaders call "social conservatism" -- an improbable mix calling for both a strong, centralized state and free-market reforms.

But even party members acknowledge that most of United Russia's support stems from its close connection to Mr. Putin, who is widely popular, and its reputation as the "party of power."

"United Russia has had brilliant successes in elections, and a lot of that is because President Putin is so popular," Mr. Morozov said. "And we don't hide the fact that the party puts its members forward to be in the leading positions in all spheres of society, including in business."

Financial newspaper Kommersant reported earlier this year that joining United Russia is becoming essential for anyone dealing with the government.

"Like membership in the Communist Party once was, membership in United Russia is now a way of making it easier to solve all sorts of problems, from getting promotions for state officials to settling conflicts with the police and tax structures for businessmen," the newspaper reported.

Russia Calls To Review Foreign Oil Deals (FT)

By Arkady Ostrovsky

Financial Times, May 26, 2006

Russia's natural resources ministry called on Thursday for a review of the two largest foreign oil projects in the country, even as senior Russian officials sought to assure EU leaders that Russia was a reliable energy partner.

The ministry said the legal agreements underpinning oil and gas developments on Sakhalin island, on Russia's eastern flank, were ineffective and should be reviewed.

It said it planned to ask the Duma, Russia's lower house of parliament, to review production-sharing agreements signed in the 1990s, saying they were damaging Russia's national interests.

Any review of PSAs would threaten the two largest foreign investments in Russia: the Sakhalin-1 project, on which ExxonMobil and its partners have already spent nearly $5bn; and the Sakhalin-2 project, in which Royal Dutch Shell and its partners are investing $20bn.

However, two Russian ministers insisted separately that all Moscow's agreements with foreign energy companies would be honoured, suggesting a rift had opened within the government.

Speaking on the margins of a European Union-Russia summit in Sochi, Viktor Khristenko, energy minister, told the Financial Times that there were elements of the agreements Russia was no longer happy with.

"If I was signing them again today, I would do it differently," he said. "But they are legal obligations for us. We are fulfilling them and we expect our partners to fulfil them."

German Gref, Russia's economy minister, added: "We can only work in the framework of the existing agreements."

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Chris Finlayson, the head of Shell's Russia operation, said the company had been recently told by the energy ministry that existing PSAs would be honoured. "I have no reason to doubt this," he said.

Nevertheless, the statement by Russia's resources ministry comes as the Kremlin moves to reassert control over energy resources, helping state-controlled companies such as Rosneft and Gazprom gain influence.

Affiliates in Rosneft hold a 20 per cent stake in Sakhalin-1. Under the terms of an asset swap agreed last year, Gazprom is also set to acquire a 25 per cent state in Sakhalin-2.

Russia's natural resources ministry also said it would start legal proceedings against Total, the French oil company, for allegedly violating its licensing conditions for the development of the Kharyaga oil field in the north of Russia.

Rinat Gizatulin, the spokesman for Yuri Trutnev, the minister for natural resources, yesterday told the FT: "We have all the evidence that Total's use of the oil field is not effective."

He said Total was unlikely to win a tender to participate in the development of a massive Shtokman gas field in the Barents Sea.

Total declined to comment.

Australian Forces Intervene To Halt Fighting In East Timor (NYT)

By Jane Perlez

The New York Times, May 26, 2006

SINGAPORE, May 25 — Several hundred Australian commandos landed Thursday in the tiny Indian Ocean nation of East Timor to try to quell escalating fighting in an ethnic dispute involving the country's armed forces and police.

Explosions, apparently from grenades, and widespread small-arms fighting were heard across Dili, the capital. Nine people were killed and 27 others were wounded, including two United Nations police advisers, during an attack on the national police headquarters, the United Nations said.

By midnight, gunshots could still be heard, said an Indonesian diplomat, Budi, who spoke by telephone from his embassy. "There is danger for everyone in Dili," said Mr. Budi, who uses only one name. "We are protecting about 50 people in the embassy. They are afraid."

East Timor's foreign minister, José Ramos-Horta, appealed for the outside help to disarm "renegade troops and police rebelling against the state." Mr. Ramos-Horta, who shared the 1996 Nobel Peace Prize, said his government could not counter a breakdown of law and order, with about 800 loyal members of the army fighting a group of about 600 rebellious soldiers.

An additional 1,300 Australian soldiers, as well as forces from Malaysia and Portugal, the country's former colonial power, are expected in the next several days.

Kofi Annan, the United Nations secretary general, dispatched a special envoy, Ian Martin, to East Timor on Thursday. Mr. Martin, the United Nations' human rights envoy to Nepal, was Mr. Annan's special representative in East Timor in 1999.

The violence was the worst since East Timor, an extremely poor country of 800,000 people, gained independence from Indonesia four years ago after a United Nations-sponsored referendum. About 1,000 people died after the referendum as a result of violence by pro-Indonesian militias.

The current unrest has been simmering since earlier this year. About 600 members of the army, known as Loromonu, from the western part of the country, went on strike to protest what they contend is ethnic discrimination and a lack of promotions at the hands of the military leadership.

In April, the strikers were fired, and they formed a dissident group that has battled the remaining army, made up mostly of Lorosae, from the east.

The fighting between the groups intensified this week after many policemen of the same ethnic background as the rebellious soldiers defected to the rebel side, officials said.

Because of the fighting, roughly half of a contingent of about 200 Americans, mostly contractors for the United States Agency for International Development, left in the last few weeks, said a Western official who spoke on the condition of anonymity because he was not authorized to speak for attribution. All 47 Peace Corps volunteers, many of whom were stationed in remote areas, were evacuated at the beginning of May, he said.

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The shootings outside the police headquarters on Thursday were the worst bloodshed of the conflict, the Western official said.

Stéphane Dujarric, the United Nations spokesman, said in New York, based on information from staff members in Dili, that after an hourlong attack at the Dili police headquarters, United Nations police and military advisers had negotiated a cease-fire that was agreed to on condition that police officers surrender their weapons and leave the headquarters unarmed. As they were being escorted out, he said, soldiers opened fire on them, killing 9 police officers and wounding 27 other people, including the 2 United Nations police advisers.

In the Australian Parliament, Prime Minister John Howard described the situation as "exceptionally dangerous." He said Australian troops, who have helped train the East Timor armed forces, would try to separate the warring factions and disarm them. The Australians will try to create a secure enough environment to conduct a dialogue that would end the conflict, he said.

In a hopeful sign, the Australian commandos were warmly welcomed at the airport by women and children holding signs reading, "Viva Australia."

Since gaining independence, East Timor has been almost totally dependent on foreign aid, and that is likely to continue for a long time, experts say. The United Nations Development Program estimates that the life expectancy in East Timor is 57 years.

The country, depleted of the coffee and sandalwood that once made it a small trading center, has valuable offshore reserves of natural gas. East Timor recently completed an agreement with Australia to exploit those reserves, but it is not expected to reap the benefits for years.

Extreme poverty, especially among young unemployed men, has encouraged the formation of gangs that have taken part in the violence.

Troops Land In Restive East Timor (WP)

By Alan Sipress And Colum Lynch

The Washington Post, May 26, 2006

JAKARTA, Indonesia, May 25 -- Soldiers in East Timor opened fire on unarmed police officers Thursday, killing nine people and injuring 27, as Australian commandos arrived in an effort to quell surging violence on the tiny island nation.

The soldiers launched an hour-long attack on a police headquarters in Dili, the capital, in the deadliest clash since violence flared in East Timor several weeks ago. The unrest has been fueled by veterans angry over their dismissal from the army.

The violence jeopardized attempts by the government to assert control and represented a major setback for the United Nations, which had cited East Timor's independence in 2002 as one of the organization's greatest achievements of the past decade.

On Thursday, U.N. Secretary General Kofi Annan said he would dispatch a senior adviser to East Timor, and the Security Council met in an emergency session. Meanwhile, an initial planeload of Australian forces secured Dili's airport ahead of the full deployment of about 1,300 international troops requested by East Timor's government.

Before the attack on the police headquarters, in which two U.N. police advisers were wounded, five people had been killed in violence this week. Fierce gun battles forced residents to remain indoors while foreigners started to evacuate, according to news service reports. Several houses and shops were set on fire as rival factions carried their fight to the capital's downtown area, including streets by the presidential office and the U.N. compound.

East Timor's armed forces have launched attacks against police strongholds, including the Interior Ministry, U.N. Undersecretary Jean-Marie Guéhenno told the Security Council in a briefing.

He said the country's nascent police force was in "total disarray," noting that its commander, Paulo Martins, had not come to work in days and that his deputy and other officers had reportedly joined a dissident group of military police.

The investment in East Timor "is in danger of being seriously undermined should the international community fail to extend its support at this critical time of need," Guéhenno said. Besides Australia, Guéhenno said Portugal, New Zealand and Malaysia had made commitments to send troops.

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Since East Timor won its independence from Indonesia, the government has struggled to absorb former rebel fighters into a modern military. The latest troubles began in March, when senior officers fired nearly half the army after hundreds of soldiers went on strike, alleging discrimination inside the armed forces. Those grievances erupted into deadly riots last month before reappearing in the form of a nascent guerrilla campaign by about 600 former soldiers based in the hills outside Dili. It was unclear if the violence on Thursday was led by the breakaway army faction.

The rebel commander told the BBC that the deployment of outside peacekeepers was vital to heading off civil war.

"There is no other way, or it will be war forever," said Maj. Alfredo Reinado, commander of the renegade force. "The government has taken too long. It is not capable of resolving this."

East Timorese voted for independence in 1999 following mob violence by Indonesian-backed militias. That violence ended only after the deployment of an Australian-led peacekeeping force. Today, the government in East Timor remains weak and strapped for cash, leaving it dependent on assistance from foreign governments and private organizations. The United Nations has substantially reduced its role on the island since early last year.

When the first contingent of Australians emerged from their plane Thursday and fanned out across the airfield, they were met by hundreds of cheering East Timorese.

"Welcome, Aussie soldiers. Please help us again," Judit Isaac, a homemaker, said as she watched the troops arrive, the Associated Press reported.

As international troops prepared to deploy, the U.S. Embassy ordered the evacuation of all nonessential personnel and advised U.S. citizens to leave the country.

"We can't control the situation," said Foreign Minister José Ramos-Horta, according to the AP. He said the foreign forces would help "disarm renegade troops and police rebelling against the state."

Raiders From Sudan Killed 118 In Chad, Rights Watch Reports (NYT/AP)

The New York Times, May 26, 2006

LONDON, May 25 (AP) — Raiders from Sudan have killed more than 100 villagers in Chad, Human Rights Watch reported Thursday, and the group expressed concern that the violence in Darfur was spreading.

Survivors told Human Rights Watch, a New York-based advocacy group, that the massacre was carried out last month by the janjaweed, an Arab militia that Sudan has been accused of unleashing on African villages where Darfur rebels might find support.

The Sudanese government denies backing the janjaweed but agreed to rein them in under a May 5 peace agreement. Violence, though, has increased since the government and the main rebel movement signed the accord. More than 180,000 people have died in Darfur, in western Sudan, since 2003.

"Sudanese militiamen are moving further and further into Chad, and are looting and killing Chadian villagers," Peter Takirambudde, executive director of the Africa division of Human Rights Watch, said in a statement.

The Darfur war has destabilized the region where Sudan, Chad and the Central African Republic meet. Some 200,000 Darfur refugees have sought shelter in Chad.

Chadian rebels have bases along the border and Chad's government accuses Sudan of backing them, while Sudan accuses Chad of backing Darfur rebels. There are also reports that opponents of the Central African Republic's government are gathering in the area to prepare an attack on their government.

The massacre denounced by Human Rights Watch on Thursday occurred April 12-13, when Chadian security forces were preoccupied with an abortive attack by Chadian rebels on the capital.

Human Rights Watch, quoting witnesses, said 118 people were killed in four neighboring villages. Survivors said attackers shot or hacked to death unarmed villagers. The United Nations refugee agency has reported cross-border attacks on Darfur refugee camps in Chad as well as on nearby Chadian villages.

But attackers struck far from the camps in April, "in an area where there's almost no international presence ... very little government presence," a Human Rights Watch researcher, Leslie Lefkow, said in a telephone interview from Amsterdam.

Chadian officials had no immediate comment.

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Human Rights Watch researchers learned of the massacres weeks later during a rare visit to the southern border area, Ms. Lefkow said.

The rivalry over resources and the complex ethnic dimension of the recent fighting in Chad is reminiscent of the roots of the conflict in Darfur.

The western Sudanese region saw decades of low-level tribal clashes over land and water before members of its African tribes rose in revolt in 2003, accusing the Arab-dominated central government of neglecting their impoverished region. Besides the 180,000 dead, 2.5 million people have been forced from their homes since the widespread fighting erupted.

Militia Fighting Intensifies In Mogadishu (WP)

By Tom Maliti

The Washington Post, May 26, 2006

NAIROBI, May 25 -- Islamic and secular militias battled in Somalia's capital Thursday, the most widespread and some of the deadliest fighting in Mogadishu in 14 years. Dozens of people were killed and thousands fled their homes on foot.

The fighting spread from northern Mogadishu, the scene of fierce battles in recent weeks, into the southern and eastern parts of the city, where the Islamic Court Union militia made a rare foray, witnesses said.

Islamic militiamen captured a strategic road junction, known as K4, and seized the historic Sahafi Hotel, owned by a member of the rival secular militia, the Alliance for the Restoration of Peace and Counterterrorism.

The fight for control of Mogadishu comes despite a May 14 cease-fire agreement. The alliance says the self-appointed Islamic Court leaders, who have their own militias, have links to al-Qaeda, while the Islamic militia accuses the alliance of working for the CIA. U.S. officials decline to confirm any association with the secular militia.

More than 140 people were killed in eight days of fighting earlier this month, and at least six people were killed in battles that erupted Wednesday in north Mogadishu. But residents said that Thursday marked the first time since 1992 -- when international forces came to Somalia, resulting in the failed U.S. military operation described in the book and movie "Black Hawk Down" -- that battles had broken out in different parts of Mogadishu on the same day.

At least 48 people were killed and about 90 injured, said Abdi Ibrahim Jiya of the Somali Doctors Association, citing information collected from the main hospitals in Mogadishu. He said the death toll would probably rise because many civilians were unable to make it to a hospital.

Thousands of civilians fled their homes on foot, some carrying children on their backs, trying to avoid the crossfire or stray rockets, shells and bullets.

Among those fleeing southern and eastern Mogadishu were residents who had sought refuge there after leaving the north.

"I have fled from northern Mogadishu. Now the fighting has affected me in the south. So I would prefer to go back to home since there is no safe place in the city," said Sadumo Imaam, whose youngest child was killed Thursday by mortar fire.

The Islamic militiamen portray themselves as an alternative force capable of bringing order to Somalia, which has been without a real government since largely clan-based warlords overthrew longtime dictator Mohamed Siad Barre in 1991.

A U.N.-backed government based in the central city of Baidoa, 155 miles northwest of Mogadishu, has been unable to assert authority. Islamic leaders reject the government because it is not based on Islam.

The battle for Mogadishu has further complicated relations within the transitional government. Transitional Prime Minister Ali Mohamed Gedi gave an ultimatum to cabinet ministers involved with the secular alliance -- which operates independently -- telling them to join the administration in Baidoa or resign.

Mohamed Qanyare Afrah, an alliance leader and the national security minister, said Thursday that he and three other alliance leaders in the cabinet had not resigned despite widespread reports they had, raising questions about the viability of the already weak government.

A Latin Leader Set To Defy Leftist Trend (CSM)

By Danna Harman

The Christian Science Monitor, May 26, 2006

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BOGOTÁ, COLOMBIA - As leftists and populist politicians - some of them overtly anti-American - gain strength across Latin America, Colombia's conservative president, Alvaro Uribe, stands out as a political island.

The slight, bespectacled yoga enthusiast with an amateur historian's interest in the US Civil War (he knows the Gettysburg Address by heart) is expected to be reelected here Sunday. Uribe has more than 57 percent support, enough to win elections in the first round, according to the Napoleón Franco Group, a polling firm here.

The reason, say observers, is that Colombians feel safer - and better off economically - today.

"Uribe is a remarkable leader," says Michael Shifter, vice president of the InterAmerican Dialogue, a think tank in Washington, D.C. "He has an acute sense of what the people want, and despite continuing, serious problems, has made real progress on the security front."

Indeed, three days before the elections wealthy young Colombians while away the late afternoon at trendy outdoor cafes in Bogotá. In Plaza Bolivar, school children in plaid uniforms race to scatter the pigeons and small groups of tourists gather for the changing of the presidential guard nearby.

Four years ago, when Mr. Uribe took office, Colombia looked much different. Car bombings and kidnappings were an almost daily occurrence. Talks between the government and leftist rebels to end 40 years of insurgency had just collapsed, and Frommer's didn't even bother including Colombia in its South America tour guide.

Today, the ongoing conflict between rebels and right-wing paramilitaries, both fueled by drug money, still kills thousands each year and has displaced, according to UN estimates, more than 2 million people. But there has been progress.

Homicides and kidnapping rates here are among the world's highest - but are down sharply. The murder rate has fallen 36 percent since 2002, according to Uribe's spokesman. Kidnappings dropped to 800 last year from nearly 3,000 in 2002, and are down 47 percent so far this year.

Highways in some parts of the country are still off limits and dangerous, but many that were long-controlled by bandits have been reopened.

The country's largest rebel group, the 17,000-strong Revolutionary Armed Forces of Colombia (FARC), preparing to celebrate its 42nd anniversary next week, still refuses to negotiate. But the smaller leftist National Liberation Army (ELN) rebel group is in preliminary peace talks, and 30,635 United Self Defense Forces of Colombia (AUC) rightist paramilitaries have demobilized.

The improved security situation in Colombia, meanwhile, has also helped the economy: reviving tourism, consumer demand, and investment. According to Central Bank statistics, foreign direct investment here is up fivefold - to $10 billion last year - since Uribe took office.

"I can go to the countryside for the weekend without being killed on the road, I can go out for lunch without fear of being kidnapped, and I have more money in my pocket. What's not to like?" asks Pedro Quintero, an accountant.

Uribe, a Harvard University graduate, is popular in Washington, too, where President Bush has referred to him as a "strong and principled leader," and has poured $3 billion in aid into Colombia since 2002, most of that for the war on drugs.

Despite having his hands tied by the war at home, Uribe is a natural bulwark to Washington nemesis Hugo Chávez, the leftist Venezuelan president, says Alvaro Vargas Llosa, a Latin America expert at The Independent Institute in Oakland, Calif., public policy think tank. "Uribe can be more forceful a counter than some of the more moderate left in the region, and the US needs that," says Mr. Vargas Llosa.

Uribe's tough antirebel offensive and willingness to extradite suspected drug traffickers to the US also play well. The State Department's annual report on terrorism, released last month, lists both the leftist rebel groups and the rightist paramilitaries here as terrorist organizations - and hails Colombia as "a model of success in its counter-terrorism campaign."

By contrast, the State Department claims that next-door neighbor Venezuela is "unwilling or unable" to control traffic in arms, supplies, and drugs to the FARC and ELN - a designation that prompted Washington last week to announce a suspension of arms sales to Mr. Chávez.

Uribe, if he wins, would be the first Colombian president immediately elected to a second term after congress changed the constitution last year to allow him to run. Uribe has maintained popularity levels of near 70 percent throughout his first term. But the history of second- or third- term presidencies in Latin America offers a caution. Argentina's Carlos Menem similarly won

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congressional permission to run for a second term, and Peru's Alberto Fujimori dissolved congress in a "self-coup" to get his second term, and changed the constitution to get a third term. Both ultimately left office amid declining popularity and corruption allegations.

"A second administration will be very tough because Colombians' instincts are against excess of power," says Vargas Llosa. "They will be hard on Uribe."

Criticisms of Uribe center around accusations that the wealthy landowner, whose father was killed by the rebels in the early 1980s, maintains too-cozy ties with paramilitary leaders, protecting them from long jail sentences and extradition to the US, and that he has allowed his security forces to commit abuses. Uribe is also charged with ignoring grave social problems in a country where more than half of the 41 million population live in poverty.

But perhaps the most serious criticism of him is how - in the tradition of Latin American strongmen who trample the judicial and legislative branches - he handles criticism. "Uribe has an authoritarian streak ... and embodies a new kind of conservative populism," charges Bruce Bagley, a professor of international studies at the University of Miami in Florida.

"He is intolerant of criticism, especially by human rights organizations and NGOs. He runs his foreign policy out of the presidential palace ... and most important, he has made no effort to build an effective political party that would allow the country to continue to function democratically after he leaves office," says Mr. Bagley.

Carlos Gavira, a left-wing judge who is also running for president, and who was once Uribe's law professor at the University of Antioquia in Medellin, joked to the Associated Press this week that Uribe "was a good student, but he forgot to come to the class on constitutional law."

Uribe's recent tirades against journalists critical of him - which earned him reprimands from Human Rights Watch - and his refusal to participate in any presidential debates, have not helped this image. "He projects himself as a messiah, saying that only he can bring the country out of chaos," says Maria Jimena Duzan, a columnist at Colombia's most influential newspaper, El Tiempo. "He manages the country like it's his farm, and I am afraid this will get worse."

The Alternative Democratic Pole (PDA) party's Mr. Gavira, who opposes free trade agreements with the US, is second behind Uribe, with some 19 percent of the votes, according to last Friday's Napoleón Franco poll. Former minister Horacio Serpa of the Colombian Liberal Party (PLC) is behind with 13 percent.

Colombia's Peace And Justice Law (NYT)

The New York Times, May 26, 2006

Last July, Colombia passed a measure called the Justice and Peace Law. It was supposed to offer paramilitary fighters incentives to put down their guns, but would instead have let them continue their criminal activities undisturbed. Now Colombia's Constitutional Court has restored justice and peace to the law.

The State Department considers the Colombian paramilitaries to be terrorists. They are responsible for massacring thousands of civilians, and they finance their activities through extortion and by providing 40 percent of Colombia's cocaine exports.

The Constitutional Court has greatly strengthened the demobilization law. The court left in a substantial reduction in sentences to induce paramilitaries to stop fighting, but requires them to confess in full to their crimes and provide the authorities with the information necessary to dismantle these criminal gangs. The court also struck down a provision that would have given prosecutors a cripplingly short time to prepare cases.

President Álvaro Uribe's administration has twice written bills that restrict the jurisdiction of the Constitutional Court, which is the most important remaining check on the president's power. Mr. Uribe may try again if he is elected to a second term on Sunday. He enjoys the strong backing of Washington, which considers him a counterweight to Hugo Chávez in Venezuela. The American ambassador, William Wood, has enthusiastically supported Mr. Uribe's sweetheart deal for the paramilitaries.

While the Bush administration acknowledges in general that Constitutional Court decisions should be respected, it needs to make a strong statement of support for that court's independence, and for paramilitary demobilization under the court's terms. Mr. Uribe should, too, and should abandon his efforts to meddle with the Constitutional Court.

The Tyranny Doctrine (LAT)

DOJ_NMG_0029838

By Danielle Pletka And Michael Rubin

The Los Angeles Times, May 26, 2006

LAST WEEK, Secretary of State Condoleezza Rice announced resumption of full U.S. diplomatic relations with Libya, citing Tripoli's renunciation of terrorism and intelligence cooperation. This ends a quarter-century diplomatic freeze. It also marks an effective end to the Bush doctrine.

At his second inauguration, President Bush declared: "The survival of liberty in our land increasingly depends on the success of liberty in other lands. The best hope for peace in our world is the expansion of freedom in all the world."

Since that soaring pronouncement, the Bush administration has watched Egypt abrogate elections, ignored the collapse of the so-called Cedar Revolution in Lebanon and abandoned imprisoned Chinese dissidents; now Washington is mulling a peace treaty with Stalinist North Korea.

The rhetoric of democracy, it turns out, comes more easily than its implementation. Washington worries that Egypt will bow out of the fight against Al Qaeda if the U.S. presses for reform. It worries that China will bar investment if Bush presses for the release of political prisoners. Are these fears realistic? No. These countries still have interests that parallel ours. But that won't be clear unless the president forces the tyrants to make a choice: reform or face isolation.

The case of Fathi El Jahmi, Libya's foremost democracy activist, is among the most poignant. When El Jahmi was briefly furloughed from prison in 2004, Bush hailed his release as a sign of change in Libyan strongman Moammar Kadafi. But El Jahmi's freedom lasted just two weeks, and his name hasn't passed the president's lips again. Rice's announcement welcoming Libya back into the fold of civilized nations mentioned neither democracy nor El Jahmi.

In Egypt, where only last year Rice made herself a heroine to reformers by demanding competitive elections, the government has accelerated repression. It has imprisoned Ayman Nour, the leading opposition leader, on spurious charges. Where once the Bush administration threatened to withhold aid and won the release of a prominent democracy advocate, it is now silent. In early May, Egyptian police rounded up hundreds of demonstrators rallying in support of two judges who said that parliamentary elections were rigged. Yet Washington does not seek to reduce Egypt's $1.8 billion in annual aid. Instead, this month it hosted President Hosni Mubarak's son (and anointed successor).

Pressure for changes also has lessened in Syria and Lebanon. In March 2005, in the wake of the assassination of former Prime Minister Rafik Hariri, the Lebanese people rose up to demand democracy and reform. The Bush administration cheered, but it soon lost interest. A July visit to Beirut by Rice, replete with the "obligatory" meeting with the puppet president installed by Syria, sowed doubt about the U.S. commitment to Lebanese independence. Washington's blunders have ensured that a Syrian stooge will likely govern Lebanon for another year.

The same devotion to form over substance has been apparent in our China policy. Before his 2005 visit, Bush asked for the release of several political prisoners, including a New York Times researcher, Zhao Yan. The Chinese government ignored the request. The same polite query went to Beijing before President Hu Jintao's April visit to Washington. This time, Zhao was released, only to be indicted again once Hu's world tour was complete. Signs of White House displeasure? Not one.

Is it possible that the administration is questioning the wisdom of promoting democracy as a long-term solution to U.S. national security woes? "Realists" suggest that the president has finally woken up and smelled the coffee. They say democracy gave us an Islamist government in Iraq and Hamas in Palestine. It could give us the Muslim Brotherhood in Egypt. Heaven knows what it would spawn in China or Libya. Better the devil you know.

But there is no sign the White House has done any strategic rethinking. The president continues to believe his own preaching, but his administration has become incapable of making the hard choices those beliefs require. Instead, it has been quick to embrace the showy, if transitory, political advantages that come from welcoming Kadafi into the family of nations and China's president on a tour of Boeing.

The many foreign dissidents and reformers who took Bush at his word are the first to pay the price for Washington's lack of backbone. They were told that if they took risks for freedom, the U.S. would stand with them. Letting them down will make it all the more difficult to find democratic allies. Brave individuals are the real building blocks for transitions to democracy. Without them, as we have learned in Iraq, there are few alternatives to the tyranny that threatens us all.

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Danielle Pletka And Michael Rubin are, respectively, vice president for defense and foreign policy and resident scholar at the American Enterprise Institute.

Democracy At Risk South Of The Border (WSJ)

By Manuel Suarez-Mier

The Wall Street Journal, May 26, 2006

On July 2 Mexico will hold the most closely contested presidential election in its history. That in itself wouldn't be a problem if all the candidates were committed to the democratic process. But in recent weeks two of the three main campaigns have jointly pledged to challenge election results in the streets with massive unrest if their candidates don't win. If that happens, Mexico will be thrown into chaos and Mexicans will be the losers.

A poll by Zogby International last week gave Felipe Calderón a five percentage point lead over Andrés Manuel López Obrador and 12 points over Roberto Madrazo.

That's good news for Mexico. Mr. Calderón of the National Action Party offers the best chance to deepen the market-oriented economic reforms necessary for strong growth and job creation and to ease the exodus of Mexicans abroad. Mr. López Obrador of the hard-left Revolutionary Democratic Party, on the other hand, would return the country to nationalist populism and a closed economy. Mr. Madrazo of the Institutional Revolutionary Party is marketing a mixture of both, publicly siding with the left while privately pledging support for centrist reforms.

Yet even if Mr. Calderón can hold the lead, Mexico may be heading for trouble. The PRD and the PRI have announced that they are forming a united front to reject the election results if neither one wins. They charge that Mexico's PAN President Vicente Fox has illicitly used government resources to support Mr. Calderón. This week Manuel Camacho of the PRD signaled his party's nondemocratic intentions when he told the Financial Times that "there are going to be demonstrations on a scale rarely seen in Mexico and that will make it very hard to govern, no matter who wins."

Mexico can ill afford what Mr. Camacho has in mind. And yet, the prospect is looming as, much to the dismay of the PRI and the PRD, it appears that voter preferences have truly shifted toward the more market-minded Mr. Calderón.

The first big turnaround in this election concerns the PRI. It ran the country for 70 years until 2000 and as it enjoyed victories in state and local elections over the past three years, Mr. Madrazo appeared, six months ago, to have a good shot at winning. But he alienated so many would-be allies within the PRI, in his blind ambition to become its presidential contender, that today he appears unelectable. The Madrazo campaign is going nowhere but down.

The contrast with Mr. Calderón could not be more striking. He came from behind to beat Mr. Fox's hand-picked favorite in his party's primaries, and won the nomination. For months his candidacy appeared to stall. But in April he shook up his campaign team, focused his message and sharpened the attacks against his opponents. His cause was further advanced by winning, hands down, the first presidential debate in April in which Mr. López Obrador refused to participate.

Until Mr. Calderón's turnaround, this year's campaign phenomenon had been the PRD's Mr. López Obrador. Popularly known in the Mexican press as "AMLO," the PRD candidate has been running for president since he became Mexico City's mayor in 2000. Using savvy propaganda and generous giveaways, this populist demagogue seemed to have an unbeatable political advantage. But the lead went to his head, and he began acting as if he had already won. He rejected invitations to speak with nongovernmental organizations and private-sector groups and openly insulted Mr. Fox in alarmingly shrill tones.

As public opinion has turned against him, AMLO has resorted to accusing the pollsters, the media and the electoral authorities of plotting against him, a tactic he has employed regularly throughout his political career to boost his "victim" image and create social unrest in the streets. With his recent charges that Mr. Fox's government is illicitly helping Mr. Calderón he appears to be once again laying the groundwork for a challenge to an official ruling, this time the July 2 results. Mexicans are bracing for the protests that are now an AMLO trademark and that Mr. Camacho has threatened.

The surprising development, though, is that Mr. Madrazo -- once AMLO's arch-enemy in politics -- now seems ready to join in claims of an election swindle. This is all the more unusual because the PRI created Mexico's independent electoral authorities, which have gained widespread respect.

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The PRD was formed by members of the PRI who bolted their party when it began to reform in the mid-1980s. As one of these dinosaurs, AMLO seeks to restore Mexican rule to the "true" PRI values of 1930s and to ban the "neoliberal" technocrats. If he wins, he could do this by wooing PRI legislators with perks that their losing party can no longer deliver, in exchange for changing parties. Think of it as a leveraged buyout. In this set-up the PRI, as a national party, would probably vanish.

With a congressional majority, AMLO could then change the laws that limit his power and by pledging federal money for state governors, he might also win enough votes to modify the constitution and add the ingredient that he needs to fulfill his mission: presidential reelection. He could crown his authoritarian reforms by uprooting the judicial system that has worked in recent years, for the first time in history, like the independent power intended in the original Constitutional design.

If Mr. Calderón wins and the government subdues the protests of a losing PRD and its PRI allies, the PRI might survive; Mr. Calderón is not likely to offer goodies the way AMLO would. This is what makes Mr. Madrazo's support of the PRD's electoral-fraud scheme so bizarre.

A lot is riding on this election, with repercussions far beyond Mexico's national boundaries. If Mr. Calderon wins by a wide margin, PRD and PRI claims of fraud would have little traction, although they will be tried anyway. But if the Calderón margin is narrow and his competition contests the results by creating serious unrest, it could compel the government to annul the poll's results, forcing a new election.

This situation would weaken the country's institutions, raise uncertainty and fears of anarchy, with potentially serious financial instability and economic disarray. Emigration would mushroom. The long awaited Mexican miracle of fast growth and job creation -- stemming migratory outflows -- would be lost for at least another six years, if not for much longer.

Mr. Suarez-Mier teaches economics at American University in Washington.

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DEPARTMENT OF JUSTICE *NEWS CLIPS*

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TERRORISM NEWS:

Secrets Claims In NSA Case May Stop Suits (WSJ)

By Dionne Searcey

The Wall Street Journal, May 26, 2006

As lawsuits mount against phone companies from plaintiffs who allege their call records were handed over to the National Security Agency illegally, the companies' defense may benefit from a powerful force: the U.S. government.

The plaintiffs, who accuse Bell phone companies of privacy violations and are seeking billions of dollars in damages, would need to delve into the depths of the NSA's surveillance program to make their cases. But the government considers such information top secret, and legal experts expect the Bush administration to assert the "state secrets" privilege in the 20 or more lawsuits filed by privacy advocates in recent weeks. If judges accept the claim, as has been the case in nearly every instance in which it has been asserted since the early 1950s, the suits will dissolve.

The state-secrets privilege stems from the Cold War era, created to allow the U.S. government a means of moving to dismiss lawsuits that would hurt foreign policy or national security. The motion has been successfully invoked in cases involving government contractors and, more recently, in the case of a German citizen claiming he was wrongfully detained by the Central Intelligence Agency.

In a California suit filed earlier this year against AT&T Inc., the Bush administration has already weighed in to try to dismiss the case, asserting state secrets in a motion aimed at preventing the airing of any classified information. A federal judge in San Francisco is expected to rule on the motion as soon as June 23.

In that case, the Electronic Frontier Foundation, a San Francisco privacy-rights group, accuses AT&T of illegally helping the NSA analyze phone records and Internet communications without court authorization. Most of the suits have been brought on behalf of phone-company customers by activists ranging from the state branches of the American Civil Liberties Union to public-interest lawyers to Chicago author Studs Terkel. Nearly all seek class-action status.

The suits against AT&T, Verizon Communications Inc. and BellSouth Corp. stem from recent media reports alleging that the companies violated privacy laws by handing over domestic calling records of Americans without court authorization. To litigate the cases, plaintiffs as well as defendants must produce evidence of exactly what happened between the companies and the NSA, lawyers say. AT&T declines to comment on the cases but insists it has violated no laws. Spokesmen for BellSouth and Verizon, which have denied turning over records to the NSA, say the suits are without merit.

Senate Judiciary Committee leaders met yesterday to consider issuing subpoenas to the chief executives of AT&T, BellSouth, Verizon and Qwest Communications International Inc. for a hearing that would examine the NSA issue. No decision was made, a committee aide said, but the senators plan to meet again June 6. Earlier this week Federal Communications Commission Chairman Kevin Martin, citing the government's invocation of the state's secret privilege in the AT&T suit, said the agency wouldn't investigate allegations of privacy violations by the phone companies.

In highly redacted document unsealed yesterday in the Electronic Frontier Foundation suit, a former AT&T technician says an NSA agent visited an AT&T office in 2002 and 2003.

The bulk of the other lawsuits offer virtually no evidence from plaintiffs beyond the allegations raised in newspaper articles. The phone companies have either denied participating in the NSA program or said they did nothing illegal, and they have noted that they can't discuss classified information. So far, no one in the U.S. government has offered any information publicly.

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"As it stands right now we have no way to defend against these lawsuits," said one telecom lawyer. "It's equally important to point out that short of a newspaper article the plaintiffs don't have anything to prosecute these cases," he added.

Lawyers familiar with the suits say they anticipate that the government will invoke state secrets in all the cases against the phone companies. In a filing Wednesday in which Verizon asked the courts to consolidate the myriad cases, the company's lawyers said: "The United States is likely to intervene in and seek the dismissal of these cases...in order to assert its state secret privilege." The Judicial Panel on Multidistrict Litigation in Washington, D.C., will determine whether to consolidate the cases.

In recent years, government officials have ratcheted up the use of state-secrets motions. According to Thomas Blanton, a director the National Security Archive at George Washington University, the use of the privilege climbed from about once every five years from the 1950s through the late 1970s to twice a year from 1977 to 2001. Since 2001, the government has used the privilege in at least 13 cases, or a rate of about three times a year.

Mr. Blanton says that in nearly every case judges have sided with the government. "With state secrets the way it's developed is that's the magic word, the neutron bomb that leaves no plaintiff standing," he says.

If judges dismiss state-secret motions in the cases, both sides would likely rely on classified information to argue their cases, which could result in significant logistical hurdles. Secret documents would need to be flown from Washington, with federal escorts, to judges' chambers in Rhode Island, Louisiana, Montana and numerous other states where suits have been filed.

Lee Tien, a lawyer for the Electronic Frontier Foundation, says he is optimistic that the judge in that suit will quash the state-secrets motion. He argues that the government isn't merely a bystander in the case. "They're an intrinsic part of what's going on," Mr. Tien says. "It's a bigger problem from a fairness or due process point of view."

The judge's ruling in June could set the stage for how the other cases play out, and other lawyers and plaintiffs in the suits said they will be closely watching.

National Security Is A Video Game For Politicians (WSJ)

By Daniel Henninger

The Wall Street Journal, May 26, 2006

Did this week mark the first return steps to bipartisan sanity in the war on terror? The Senate Intelligence Committee approved Gen. Michael Hayden to run the CIA by a 12-3 vote. And by helpful coincidence, the Supreme Court decided 9-0 in Brigham City v. Stuart that the police can make a warrantless entry into a home in which people are in imminent danger of physical harm. As we all are now.

For awhile after 9/11 the war on terror was a serious national enterprise. Then it entered a twilight zone between the reality of terrorist killing and the abstractions of our domestic politics. The subject became a kind of political video game in which political partisans -- the press, the pols, the bureaucracies -- attempt to splatter each other. The best-selling version of the game has been Warrantless Wiretaps, introduced for political playstations by the New York Times.

The Times reported in December that President Bush had authorized a "secret" National Security Agency program run by Gen. Hayden to monitor international phone calls related to al Qaeda. Like most video games, the story line of Warrantless Wiretaps is crudely simple: President Bush sits at a console of electronic surveillance programs and tries to demolish "our most basic civil liberties," eviscerate the Foreign Intelligence Surveillance Act and trample the Constitution's Fourth Amendment. The person who has scored the most points playing Warrantless Wiretaps is GOP Sen. Arlen Specter, just ahead of Democratic presidential gamer Sen. Russ Feingold. The rest of the country has shown little interest in Washington's new game. In opinion polls about the NSA's surveillance programs, strong majorities essentially say, So what?

Something approximating "So what?" was the Supreme Court's answer this week to the proposition that the police might sometimes enter a home to prevent mayhem without a search warrant. Indeed Justice John Paul Stevens called it "an odd flyspeck of a case."

But it was a Fourth Amendment case. And we have little choice other than to apply the same Constitution to flyspecks and national tragedies, to brawling drunks in a Utah kitchen and al Qaeda agents plotting the next 9/11. Chief Justice John Roberts's opinion in Brigham is in fact a nice summary of the Court's thinking on the exceptions to requiring search warrants, what he called the Fourth Amendment's "ultimate touchstone" of "reasonableness." With apologies to Chief Justice Roberts for this legal leap, I am going to cross-apply the Fourth Amendment citations in the Court's no-brainer Brigham decision to the post-9/11 war on terror in the U.S.

"Reasonableness" was the benchmark most people were looking for amid the rancor over the warrantless wiretaps. Simply, are the anti-terror taps reasonable or not?

The Supreme Court's purpose in Brigham was to clear up confusions among lower courts about "the appropriate Fourth Amendment standard governing warrantless entry by law enforcement in an emergency situation." I'd call the terror war an

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emergency. Brigham said the Court has held that officers can make a warrantless entry "onto private property" to fight a fire, investigate its cause, prevent the imminent destruction of evidence, and engage in pursuit of a fleeing suspect. Al Qaeda qualifies as all four. Yet another precedent cited for "obviating the requirement of a warrant" is "the need to protect or preserve life." That sounds like the point of the war on terror, but some may disagree.

Because the kitchen fight had already began, "the officers had an objectively reasonable basis for believing . . . that the violence in the kitchen was just beginning." Osama bin Laden has recently broadcast a "reasonable basis" to believe the violence is "just beginning." The Court said, "Nothing in the Fourth Amendment required them to wait until another blow rendered someone unconscious, semiconscious or worse before entering." To stop the next al Qaeda attack, do we need a stricter test than we allow for kitchen fights?

In a final burst of Fourth Amendment common sense, the Court said, "The role of a peace officer includes preventing violence and restoring order, not simply rendering first aid to casualties." This is what the ranting over Homeland Security's inadequacies has been about -- preventing violence before the casualties begin. That is the purpose of recording these calls at the moment they sound dangerous, not after we've made paper submissions to a court.

In a helpful June 2002 essay on all this for the Yale Law Journal, "Local Policing after the Terror," William J. Stuntz, a Fourth Amendment specialist at Harvard Law School, argued that increasing legal authority for the police was appropriate in the post-9/11 world. The problem with Big Brotherism, he says, is not the surveillance itself but that they might use the information to "punish you for ordinary behavior." To avoid tying the war on terror in legalistic knots, he proposes that we forbid public disclosure of any information gathered in anti-terror searches "where the search tactic is secret and potentially invasive." Then restrict use of that information only for prosecutions of the most serious crimes.

This sounds like 9/11 policy for adults, in contrast to Washington's "shocked" reaction to the anti-terror surveillance programs. We began by saying the 12-3 Hayden vote was cause for hope. Small cause. * * *

Supreme Court Footnote. In a April 28 column I noted that no public record is kept of the Justices' conferences. It turns out there is a fascinating record -- "The Supreme Court in Conference (1940-1985): The Private Discussions Behind Nearly 300 Supreme Court Decisions"(Oxford University Press, 1040 pages, $135). University of San Diego political science professor Del Dickson assembled the notes from the available papers of Justices such as Frankfurter, Jackson, Douglas, Harlan, Clark, Warren and Brennan. He then edited the papers around individual cases, say, Brown v. Board of Education or Roe v. Wade. The book, incidentally, is regarded in some quarters of the Court as a violation of the sanctity of the conference. Sounds like an interesting privacy issue.

Editorial: Bush Team Indifferent To Press Freedom Issues (CCCT)

Corpus Christi (TX) Caller-Times, May 26, 2006

Indeed, latest foray by Attorney General Alberto Gonzales shows an alarming eagerness to target the nation's journalists

Thomas Jefferson, who had been savaged by newspapers, nevertheless understood the role of a free and independent press in a democracy. He wrote that ". . . were it left to me to decide whether we should have a government without newspapers or newspapers without a government, I should not hesitate a moment to prefer the latter." George W. Bush and his administration are not so inclined to embrace the work of the press.

The latest evidence of this administration's wary, and often hostile, approach, to the news media is the statement by U.S. Attorney General Alberto Gonzales that his office is reviewing the possible prosecution of journalists under turn-of-the-20th century espionage laws. He spoke on ABC's "This Week" about The New York Times' disclosure last year that the National Security Agency was, without warrants, eavesdropping on international phone calls in the pursuit of terrorism suspects.

"There are some statutes on the book which, if you read the language carefully, would seem to indicate that that is a possibility," Gonzales said regarding the possibility of prosecuting the journalists who won a Pulitzer Prize for the story.

Whether it is retroactively removing declassified documents from circulation, or seeking to rummage among the papers of deceased muckraking newspaper columnist Jack Anderson, or sending platoons of Justice Department agents bearing subpoenas after reporters, the White House has shown it will play hardball with the press. Bush's penchant for secrecy predates Sept. 11, but the terrorism threat has turned this into obsession. It's a sentiment that would have found favor with President Nixon, who fought the publication of the Pentagon papers in 1971.

Yet in both the Pentagon papers and the disclosure of NSA activities, the press was informing the public what its government was up to. If terrorists operate under the assumption that their every waking moment is under surveillance, the only party in the dark about the government's supposition that the constitutional prohibition against unreasonable searches was no longer operative was the American public.

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Even if Gonzales' statement expresses only the administration's pique over the disclosure, rather than a real intent to prosecute, the effect is nonetheless chilling. And that chill hampers the flow of information, one of those democratic values which the fight against terrorism is supposed to protect.

Derrick Z. Jackson Op-Ed: AG Doesn't Grasp Notion Of Free Press (SEAPI)

By DERRICK Z. JACKSON, SYNDICATED COLUMNIST

Seattle Post-Intelligencer, May 26, 2006

Journalists. Get the rack ready! Our attorney general is coming for us, snarling like a guard dog at Abu Ghraib.

On Sunday, Alberto Gonzales told ABC's "This Week" he would consider prosecuting reporters who get their hands on classified information and break news about President Bush's terrorist surveillance program. "There are some statutes on the book which, if you read the language carefully, would seem to indicate that that is a possibility," Gonzales said. "We have an obligation to enforce those laws."

It is almost funny to see Gonzales scour the statutes to harass journalists. This is the same administration that cannot spell the word law if you spot it the "l" and the "a." It has already set the presidential record in claiming the authority to circumvent the law in more than 750 cases.

Because the war "is not the traditional clash between nations adhering to the laws of war," Gonzales reasoned to Bush, "in my judgment, this new paradigm renders obsolete Geneva's strict limitations on questioning of enemy prisoners and renders quaint some of its provisions requiring that captured enemy be afforded such things as commissary privileges, script (i.e., advances of monthly pay), athletic uniforms and scientific instruments."

We saw where Gonzales' desire to deny a detainee a trip to the commissary to get a candy bar and some gym clothes got us eventually: Abu Ghraib, the symbol of America's abuse of global statutes.

Gonzales was a prime force in other matters to seal off the Bush White House from accountability when he was White House counsel. He helped the administration block and drag its feet on the release of presidential papers from Ronald Reagan and George H.W. Bush and the papers of John Roberts as he was being considered for the Supreme Court. Gonzales helped to withhold or delay highly classified documents from the president's own 9/11 Commission and from the Government Accountability Office concerning the energy task force of Dick Cheney.

Bruce Craig, executive director of the National Coalition for History, called the Bush roadblocks on presidential papers "a disaster for history." Gonzales remains in the lead of this disastrous presidency. A few weeks before it was revealed that the administration's phone-record collecting was domestic as well as international, Gonzales was asked at a House hearing if he thought the administration could monitor domestic calls without warrants. His answer was, "I wouldn't rule it out."

Now, we have the FBI trying to get the papers of the late columnist Jack Anderson. We already knew what low regard Bush had for the press before he got into the Oval Office. On the 2000 presidential campaign, he told Cheney, "There's Adam Clymer -- major-league (expletive) from The New York Times." Cheney responded, "Oh yeah, he is, big time."

Six years later, Gonzales' comment, combined with the past, make you wonder when we are going to hear about a Nixonian enemies list. In Richard Nixon's administration, Watergate masterminds actually thought about killing Anderson with LSD, and Attorney General John Mitchell threatened Katharine Graham, the late Washington Post publisher, by saying she would have her breast caught in a wringer.

We have not heard of anything that incredible yet. But there is nothing to suggest this administration is going to do anything else but sink deeper into secrecy. On Monday, Bush tried to plug the leaks in his plunging popularity over Iraq by saying, "Freedom is moving, but it's in incremental steps."

It is impossible to take Bush seriously on that concept when, at home, he is attempting to circumvent Congress and prosecuting one of the most important institutions for free speech. Gonzales told ABC, "I understand very much the role that the press plays in our society, the protection under the First Amendment we want to promote and respect, the right of the press." The actions of Gonzales show how little the Bush administration promotes the rights of the press. With every pronouncement, freedom is disappearing, in incremental steps.

Derrick Z. Jackson writes for The Boston Globe.

Watch What You Read These Days (ODESAMER)

Odessa (TX) American, May 26, 2006

THE POINT — Attorney general hints at prosecutions for leaks of classified information.

Attorney General Alberto Gonzales may have simply been launching a trial balloon on one of the Sunday political chat shows when he hinted that certain laws could be interpreted to authorize the prosecution of journalists who receive leaks of classified material.

If so, that trial balloon needs to be punctured. If not, the law needs to be changed. If it's intended as intimidation, Gonzales deserves the scorn all bullies deserve.

On ABC's "This Week" Sunday, Gonzales was asked if he can prosecute journalists for publishing classified information. The administration is reportedly upset about the story last December that revealed the National Security Agency's warrantless wiretapping of Americans in telephonic communication with alleged terrorist suspects overseas, among others. His careful lawyer's answer deserves careful analysis.

"There are some statutes on the book, which, if you read the language carefully, would seem to indicate that that is a possibility. That's a policy judgment by the Congress in passing that kind of legislation. We have an obligation to enforce those laws."

Gonzales is almost certainly referring to the World War I-era 1917 Espionage Act, which made it a crime for "unauthorized persons" to receive national defense information and transmit it to others. The Justice Department is using that act, which hadn't been invoked for years, to prosecute two pro-Israeli lobbyists, although the judge in that case is considering a motion to dismiss the charges on the contention that the old law is unconstitutionally vague and violates the First Amendment.

If that provision, written before World War II, the Cold War and the rise of the National Security State, were applied literally, it could make journalists who publish such material criminals.

It could also make criminals of whistle-blowers seeking to reveal government abuses of power, of academics who write papers and books about leaked information, of members of Congress who discuss classified material, and perhaps even of readers of newspapers who discuss stories based on leaked information with their friends.

Gonzales is more than a little disingenuous in trying to make it seem as if policy judgments by Congress could "force" the administration to go after journalists. The 1917 Espionage Act was not passed by the current Congress to force the administration's hand. It has never been applied against journalists because most authorities believe the First Amendment would protect journalists and others from its provisions. Indeed, during the Clinton administration Congress passed a law to criminalize leaks of classified material (which Bill Clinton vetoed) precisely because people on all sides of the issue understood that then-current law (including the Espionage Act) did not criminalize most leaks.

Government officials who receive security clearances and promise not to divulge classified material are a different story. They have made contractual assurances and been entrusted with secret information. Ordinary citizens — and yes, that includes journalists — are under no such contractual obligation.

Unfortunately, government has become so big, so secretive and so inclined to classify material that is embarrassing or scandalous rather than vital to national security that whistle-blowers and leakers are sometimes the only way citizens can learn what government is really doing in their name.

Prosecuting journalists would not be the end of freedom as we know it, but it would be a step on the road to more overbearing government.

EDITORIAL A Total Disappointment (AAS)

Austin American-Statesman, May 26, 2006

When he was nominated to be U.S. attorney general, Alberto Gonzales had a mostly quiet record as a Texas Supreme Court justice, secretary of state and George W. Bush's attorney, both as governor and president.

But now it seems the signs were there all along that he is a lawyer willing to defend executive power to an extreme rarely seen in national politics. At his Senate confirmation hearing, Gonzales was grilled about memos construed as defending torture and ignoring the Geneva Conventions.

He evaded most of those queries and cast enough doubt about others to gain confirmation. And his personal story of rising from a farm laborer background to graduate from Harvard Law School was compelling enough to overcome vague doubts.

Since taking over the Justice Department, however, Gonzales has acted as if he is still the president's general counsel, not the top law officer in the land.

He has gone to Congress to defend the National Security Agency's warrantless wiretapping of American citizens living in this country. Gonzales has said the war powers act gives the administration the authority to spy on Americans, and that the secret court where domestic surveillance warrants are sought is insufficiently speedy for the war on terror.

His willingness to condone domestic spying has even some members of his own Republican Party squirming.

This week, Gonzales sparked a constitutional crisis by authorizing the FBI to search the congressional offices of U.S. Rep. William Jefferson, D-Louisiana. When an executive branch Cabinet member OKs rummaging through a legislative branch office, separation of powers issues become a political battleground. The GOP leadership in Congress is livid at Gonzales for approving the search.

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Gonzales began the week by assaulting the First Amendment and threatening to prosecute journalists under an ancient espionage law. The attorney general objects to journalists revealing classified material — even when that information shouldn't be classified and properly informs the public.

It's no secret that the president and Gonzales harbor no fondness for a free press. Their loathing is palpable, and they have declared war on journalists. They might prosecute The New York Times for writing about the NSA's no-warrant eavesdropping on U.S. citizens, and they are eager to tap journalists' phones when they think information is being leaked.

What is at stake here is the public's ability to know what its government is doing. The administration can declare anything classified as part of the war on terror — including gathering millions of private citizens' phone records and spying on Americans without a warrant — then jail any reporter who exposes it.

It is chilling to consider how far this administration will go to crush dissent and free speech, and how far Gonzales will go to defend it.

What a disappointment he has been.

Court Hears Appeal Of `Virginia Jihad' Cases (FINDLAW/AP)

By Larry O'dell, Associated Press Writer

AP, May 26, 2006

(AP) - RICHMOND, Virginia-Three U.S. Muslims convicted in a conspiracy that began with paintball games to train for a holy war against the United States were improperly denied a jury trial, their lawyers told a federal appeals court Thursday.

A federal prosecutor, however, argued that the three had to live with their "tactical decision" to entrust their fate to a judge.

"They got exactly what they wanted," Assistant U.S. Attorney Gordon Kromberg told a three-judge panel of the 4th U.S. Circuit Court of Appeals.

Masoud Khan of Gaithersburg, Maryland, Seifullah Chapman of Alexandria and Hammad Abdur-Raheem of Falls Church were part of what prosecutors called a "Virginia jihad network" that prepared to join the Taliban by playing paintball games in the woods near Fredericksburg in 2000 and 2001.

In all, the government charged 11 men. Six entered plea bargains and two were acquitted.

Khan was convicted of the most serious charges, including conspiracy to levy war against the United States and conspiracy to contribute services to the Taliban. He trained with the militant, anti-American group Lashkar-e-Taiba, which the government later designated a terrorist organization.

Lawyers for Chapman and Abdur-Raheem contend their clients and Khan should have been tried separately. Chapman's attorney, John Zwerling, said his client was essentially forced to choose a bench trial because a jury's post-9/11 passions might be inflamed by the more serious allegations against Khan.

Khan's attorney, Jonathan Shapiro, suggested his client may have waived his right to a jury trial because of pressure from his co-defendants and that all three men may have based their decision on "a misapprehension about what their trial would be like."

Appellate Judge H. Emory Widener Jr. seemed unimpressed with the defense attorneys' arguments.

"If a feeling that you can't get fair trial is reason to reverse a case, we'd have to reverse them all," Widener said.

Lawyers for Chapman and Khan also are appealing their clients' sentences. Khan was originally sentenced to life plus 65 years in prison, but that was reduced to life plus 45 years. Chapman's original 85-year sentence was reduced to 65 years.

The government is appealing Abdur-Raheem's sentence reduction from eight years and a month to four years and four months.

HOMELAND RESPONSE:

House Struggles To Plug Security Gaps (AP-Y2)

By Lara Jakes Jordan

AP2, May 25, 2006

Worried about security gaps in commuter trains and at U.S. borders, the House struggled Thursday to pump billions of extra dollars into protecting the country against terrorists without putting too much strain on taxpayers.

The spending bill would give the Homeland Security Department $32 billion in 2007, $1.8 billion more than this year. The legislation moved toward passage as lawmakers debated dozens of competing proposals to bolster national security.

Lawmakers nixed a plan to add $36 million for devices to detect nuclear materials being smuggled over U.S. borders that critics said would short-shrift other security programs.

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But they agreed to spend an additional $50 million to bolster rail security in a plan by Rep. Stephen F. Lynch (news, bio, voting record), D-Mass., that pit lawmakers from cities with large transit systems against those from rural areas.

"We seem to have forgotten that more people travel on rail on a daily basis than fly," Rep. Rob Simmons, R-Conn.

Rep. Harold Rogers (news, bio, voting record), chair of the House Appropriations panel that oversees homeland security spending, warned the plan would shift money from other projects to avoid increasing the bottom line.

"What we can't afford to do is fund one program at the expense of all the others," said Rogers, R-Ky.

Democrats accused the Bush administration of not doing enough to protect the nation from terrorists, and lawmakers from both parties noted widespread management problems at Homeland Security.

"We don't have the bucks in here to get enough of a bang to really protect the country," said Rep. David Obey (news, bio, voting record) of Wisconsin, top Democrat on the House Appropriations Committee.

Homeland Security, which was created in response to the 2001 terror attacks in New York and Washington, has been criticized for providing only spotty protections since it opened its doors three years ago.

Homeland Security "has yet to prove itself to be a valued agency," said Rep. Louise Slaughter, D-N.Y. "Frankly, its value is very dubious."

For the second straight year, the House bill eliminates a $1.3 billion administration plan to raise fees for airline passengers. It also includes:

_$20 billion to protect U.S. borders and deter illegal immigration.

_$4.2 billion for port security.

_$6.5 billion to bolster disaster preparedness and the Federal Emergency Management Agency, which was overwhelmed when Hurricane Katrina devastated the Gulf Coast last year.

_$3.2 billion in state and local grants for emergency first responders.

The Senate has yet to write a similar bill.

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On the Net:

The FY07 Homeland Security Appropriations bill, H.R. 5441, can be found at: http://thomas.loc.gov/

Bush Says U.S. Learning Lessons Of Katrina (AP)

By Deb Riechmann

The AP, May 25, 2006

President Bush highlighted U.S. preparedness for the upcoming hurricane season as he marked a change of command Thursday at the U.S. Coast Guard, which rescued 33,000 people after Hurricane Katrina.

"The whole world saw your skill and bravery during the hurricanes last year," Bush said at Fort McNair, where Adm. Thad Allen replaced Adm. Tom Collins as commandant of America's oldest maritime service. "They saw Coast Guard rescuers plunging from helicopters, lifting people from rooftops, hoisting them to safety."

Overall, however, the federal government botched its response to Katrina, which devastated the Gulf Coast. The National Hurricane Center has warned residents to prepare for as many as six major hurricanes during this year's hurricane season, which begins June 1.

"We're determined to learn the lessons of Katrina, and we're doing everything possible to be prepared for the next storm," Bush said. "The Department of Homeland Security has reviewed emergency plans for all 50 states and America's 75 largest cities. The department is working closely with communities to identify any weaknesses in their plans and to find ways to improve them now."

Bush said Homeland Security Secretary Michael Chertoff has taken steps to reform FEMA, improve partnerships with the Red Cross and the Defense Department and expand federal supplies.

"We're also making it clear that all able-bodied Americans should have the resources necessary to sustain themselves for 48 to 72 hours after a disaster so that emergency personnel can focus on saving those who cannot help themselves," Bush said.

While Bush was with the Coast Guard, Senate Democrats hosted a homeland security summit with leaders from across the nation to discuss how to protect the nation from the next emergency.

"While President Bush has pushed hard to ensure that our military has the resources necessary to protect our nation abroad, he has let our country's fire fighters and paramedics down by failing to provide the resources necessary for them to protect our citizens here at home," said Harold Schaitberger, president of the International Association of Fire Fighters. "Our nation shouldn't have to suffer another Katrina or 9/11 before our nation's first responders get the support they need."

Senate Panel Approves FEMA Nominee (AP)

DOJ_NMG_0029851

By Lara Jakes Jordan
The AP, May 25, 2006

A Senate panel on Thursday approved the nomination of R. David Paulison as chief of the Federal Emergency Management Agency after he pledged to refile three years of tax returns to correct questionable travel deductions.

In a statement, Paulison said he was "pleased to have this matter raised and resolved" after the Senate Homeland Security and Governmental Affairs Committee this week found errors in his state and federal returns.

Paulison, who has served as acting FEMA director since September, said he relied on ultimately bad advice from his accountant in filing the returns from 2003 to 2005. It was not immediately known how much the deductions were worth.

"I will file as soon as possible the required federal and state returns and will pay all taxes, penalties or interest that may be required to immediately correct these issues," Paulison said in a letter Thursday to Sens. Susan Collins, R-Maine, and Joseph Lieberman, D-Conn., who lead the committee.

That satisfied the panel's concerns as it wrapped up its review of Paulison's returns. It approved his nomination by voice vote and sent it to the full Senate for consideration.

"We do not believe it should disqualify him," Collins said. Lieberman said Paulison "answered the committee's questions on this matter completely."

The 2006 hurricane season begins next week, on June 1. Paulison has had a three-decade firefighting career, including a stint as chief of the Miami-Dade County fire department and head of the U.S. Fire Administration.

Despite Panel Approval, Senator Stalls FEMA Nominee (AP)

By Lara Jakes Jordan
The AP, May 26, 2006

Angered over FEMA's flood insurance program, a senator said late Thursday he would block the nomination of R. David Paulison as the agency's chief in the latest hitch in the push for his approval before the start of the hurricane season.

A spokesman for Sen. Jim Bunning, R-Ky., said he will delay Paulison's confirmation until the Federal Emergency Management Agency develops a suitable appeals process for property owners whose flood insurance claims are rejected.

FEMA administers the insurance program. Bunning spokesman Mike Reynard said the agency was supposed to establish an appeals process by December 2004.

Bunning "is going to hold the nomination until they meet the intention of Congress by establishing an appeals process that will help the victims of floods," Reynard said. "It has to be a real and meaningful appeals process."

Homeland Security spokesman Russ Knocke declined comment Thursday night on the stalled confirmation. The Homeland Security Department oversees FEMA.

The surprise delay surfaced hours after a Senate panel approved Paulison's nomination after he pledged to refile three years of tax returns to correct questionable travel deductions.

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Fixing FEMA (WT)

By Susan M. Collins And Joseph I. Lieberman
The Washington Times, May 26, 2006

Moving an intensive-care patient outdoors won't cure him, but that's how some members of Congress would treat a patient in desperate need of care and rehabilitation — the Federal Emergency Management Agency.

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We shared Americans' shock at news accounts of FEMA's delayed, halting and often wasteful response to Hurricane Katrina last summer. After a seven-month investigation that featured 22 hearings and 325 formal interviews and collected more than 838,000 pages of documents, the Senate Homeland Security Committee concluded that "FEMA was unprepared — and has never been prepared — for a catastrophe of the scale of Katrina." The committee found that FEMA has been under-staffed, under funded, unready and weakened by loss of essential functions like grant-making authority to support state and local disaster training.

Among the 88 recommendations in our new committee report, "Hurricane Katrina: A Nation Still Unprepared," is that FEMA be strengthened, protected and given a more regional focus to promote faster and better-tailored responses to natural disasters or terror attacks — and be reconstituted as the National Preparedness and Response Authority as a mark of serious change.

Some Washington insiders have reacted poorly to this proposal (e.g., the op-ed "Getting FEMA wrong," in the Washington Times on May 8). They want to pull FEMA out of the Department of Homeland Security to reclaim what they see as the glory days of an earlier time.

Their prescription has several reality-based problems.

First, FEMA is not now and probably never was capable of responding effectively to a catastrophe like Hurricane Katrina — even when it was an independent agency. Its response to the 1992 destruction in Florida from Hurricane Andrew was widely criticized. A Government Accountability Office report said the "the federal strategy for responding to catastrophic disasters is deficient" and that the performance "raised serious doubts about whether FEMA is capable of responding to catastrophic disasters." And FEMA's own inspector general recently reported that, except for evacuation planning, there was no evidence of "FEMA efforts to conduct planning specifically for catastrophic natural disasters, and little awareness of the need for preparing for them, prior to 2001."

Second, moving FEMA out of DHS won't cure its problems, but will sever its close working ties with other DHS units like the Coast Guard, infrastructure protection, law enforcement, and communications and intelligence capabilities. We would note that the Coast Guard — by all accounts a stellar performer in responding to Katrina — was, like FEMA, transferred to DHS, and has continued to excel.

Third — and ironic, considering that critics like Reps. Tom Davis and Bill Shuster fault us for supposedly "creating another bureaucracy" — moving FEMA out of DHS would force the department to create another bureaucracy to maintain its capability to deal with the disastrous aftermath of a mass-casualty terror attack. Since DHS' mission applies to both natural and man-made disasters, and since challenges like arranging evacuation, food, medical care and shelter are similar regardless of cause, keeping a strengthened agency within DHS makes operational and financial sense.

Fourth, the critics' position overlooks the committee's recommendation that the emergency preparedness and response system be transformed from a Washington-centered bureaucracy into a 10-region organization focused on training, planning and responding in close cooperation with state and local officials. While we propose a decentralized model that focuses on regional challenges, others cling to a more bureaucratic model.

Fifth, our plan would protect a reinforced, reinvented FEMA to ensure its visibility and influence. It includes statutory protection against departmental reorganization, a regular advisory link to the president, and direct reporting to the president in times of crisis.

Members of Congress engaged in a long and thoughtful debate before deciding that FEMA belonged in the DHS structure. That logic is still sound. Emergency management is a central part of our homeland security. FEMA's withdrawal from DHS can only weaken the agency further and transfer its problems elsewhere. It is the wrong way to go if we are serious about protecting American lives.

Sen. Susan M. Collins, Maine Republican, is chairman of the Committee on Homeland Security and Governmental Affairs. Sen. Joseph I. Lieberman, Connecticut Democrat, is ranking member.

Congress Increases Effort To Bolster Flood Insurance (WSJ)

By Michael Schroeder

The Wall Street Journal, May 26, 2006

WASHINGTON -- As hurricane season approaches, Congress will speed action on a bill to shore up the National Flood Insurance Program by raising policy premiums for the most vulnerable coastal properties.

Most policyholders wouldn't be assessed big premium increases under the proposals, but commercial properties and second-home owners in high-risk areas would pay much more for insurance.

The Senate Banking Committee unanimously approved a flood-insurance bill yesterday that is similar to a measure passed in March by the House Financial Services Committee.

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The urgency to pass legislation stems from fears of a new round of storm damage this season, as well as from Hurricanes Katrina and Rita that put the flood-insurance program deeply in the red. Costs amounting to $23 billion dwarfed the $2 billion in premiums and fees the program collects each year.

The legislation would remove the flood-insurance program's obligation to repay as much as $20.8 billion in borrowings from the U.S. Treasury for last year's hurricane-damage claims. The Senate bill would require future borrowing requests to include a repayment plan and create a reserve fund of as much as 1% of all risk exposure in force.

Like the House measure, the Senate proposal would require policyholders with vacation homes in risky areas to pay fair-market rates for their premiums. The Senate measure also would end subsidies for structures that have received claims from repeated flood damage.

While federally chartered banks already must ensure that mortgage holders in flood-prone areas have insurance, the Senate bill would add the requirement to state-chartered financial institutions. The bill would impose new stiffer fines on financial institutions that fail to verify applicable mortgage holders have flood insurance.

Industry experts believe that the bills would only incrementally help the national flood-insurance program, which is operated by the Federal Emergency Management Agency, but won't eliminate future needs for taxpayer bailouts.

WAR NEWS:

Bush And Blair Acknowledge Iraq 'Setbacks' (AP)

By Terence Hunt And Tom Raum

The AP, May 25, 2006

President Bush and British Prime Minister Tony Blair acknowledged difficult times in the Iraq war they launched together in 2003, but both vowed to keep troops there until the new Iraqi government takes control.

"Despite setbacks and missteps, I strongly believe we did and are doing the right thing," Bush said Thursday evening in a White House news conference with Blair.

For his part, Blair declared that after a meeting earlier this week with Iraq's new prime minister, "I came away thinking the challenge is still immense, but I also came away thinking more certain than ever that we should rise to it."

Bush and Blair refused to discuss withdrawing troops from Iraq.

Bush, Blair Concede Missteps On Iraq (WP)

By Glenn Kessler And Michael A. Fletcher

The Washington Post, May 26, 2006

President Bush and British Prime Minister Tony Blair last night acknowledged a series of errors in managing the occupation of Iraq that have made the conflict more difficult and more damaging to the U.S. image abroad, even as they insisted that enough progress has been made that other nations should support the nascent Iraqi government.

In a joint news conference, Bush said he had used inappropriate "tough talk" -- such as saying "bring 'em on" in reference to insurgents -- that he said "sent the wrong signal to people." He also said the "biggest mistake" for the United States was the Abu Ghraib prison scandal, in which guards photographed themselves sexually tormenting Iraqi prisoners, spawning revulsion worldwide. "We've been paying for that for a long period of time," he said.

Blair, who visited Baghdad this week, said he and Bush should have recognized that the fall of president Saddam Hussein would not "be the rise of a democratic Iraq, that it was going to be a more difficult process" because "you're talking about literally building the institutions of a state from scratch."

While Bush increasingly has begun to acknowledge missteps in handling the war, his comments last night -- together with Blair's -- represent his most explicit acknowledgment that the administration underestimated the difficulty of the central project of his presidency.

The hour-long news conference came at a moment of acute political weakness for both men, who repeatedly emphasized that Iraq is finally turning a corner and that, whatever their other misjudgments, the decision to attack Iraq remains justified. Blair appeared dour and exhausted during much of the news conference, and both leaders became most animated when talking about their sagging political fortunes.

"No question that the Iraq war has, you know, created a sense of consternation here in America," Bush said. "I mean, when you turn on your TV screen and see innocent people die day in and day out, it affects the mentality of our country." He added: "I can understand why the American people are troubled by the war in Iraq. I understand that. But I also believe the sacrifice is worth it and it's necessary."

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In his own recital of errors -- which came in response to a British reporter on the last question of the evening -- Blair cited the process of "de-Baathification" that immediately followed the overthrow of the old government. Many analysts say that decision to remove all of Hussein's loyalists fueled the insurgency because it threw tens of thousands of Iraqis out of work and left an administrative vacuum, and Blair agreed that it should have been done "in a more differentiated way."

The prime minister's examples appeared to be a direct rebuke of both the Pentagon's insistence that a detailed "nation-building" plan was unnecessary before the invasion and the push by key members of Bush's administration for broad de-Baathification.

Bush's approval ratings have sunk to some of the lowest numbers for any president in decades, while Blair's Labor Party took a beating in recent elections. Iraq has played a role in both their troubles as American and British voters tire of the war. In the latest Washington Post-ABC News poll, 32 percent of Americans approved of Bush's handling of the war and 37 percent said it has been worth the cost.

Bush, and especially Blair, made the case that because Iraq now has a permanent government, other nations and international organizations -- such as the United Nations -- that have been reluctant to assist in rebuilding the country now have an obligation to step forward. Speaking of his trip to Baghdad, Blair said, "I came away thinking that the challenge is still immense, but I also came away more certain than ever that we should rise to it.

"What is important now is to say that after three years, which have been very, very difficult, indeed, and when at times it looked impossible for the democratic process to work . . . then it is our duty, but it is also the duty of the whole of the international community, to get behind this government and support it," he added.

Both governments have previously signaled desires to draw down troops in Iraq. Britain in the next week or so will have reduced its deployment from 8,000 to 7,200, and officials in London have talked about making greater progress toward withdrawals in the next year. Pentagon officials have suggested they would like to withdraw about 30,000 troops by the end of the year, leaving 100,000 there.

At the same time, both governments have made it clear that they envision some troops remaining for years. Bush at a previous news conference said it will be up to future presidents to decide when the last U.S. forces will leave, and an aide to Blair told British reporters this week that London hopes to pull out its last troops by 2010.

Bush brushed away questions about reducing troop levels, saying it depends on discussions with the Iraqi government and the judgment of U.S. commanders. "I have said to the American people, 'As the Iraqis stand up, we'll stand down,' " he said. "But I've also said that our commanders on the ground will make that decision.

"I want our troops out, don't get me wrong," Bush added, saying that he said U.S. troops would not leave the country until Iraq is able to sustain, defend and govern itself.

Blair's singling out the handling of "de-Baathification" -- that is, the effort to remove members of Hussein's ruling Baath Party from positions of power in post-invasion Iraq -- is noteworthy because Bush administration officials have been reluctant to revisit the controversy surrounding that decision publicly. Blair's raising of the issue may signal a greater willingness to acknowledge such debates, which have raged among policy analysts.

The de-Baathification program was issued as Coalition Provisional Authority Order Number 1 on May 16, 2003, by L. Paul Bremer III, the chief of the U.S. occupation in 2003-2004.

It purged all Baath Party members with rank, a number estimated at 30,000 to 85,000. It was opposed by many other U.S. civilian and military officials, including the CIA station chief at the time, who thought it would drive tens of thousands of influential Iraqis into the arms of those violently opposed to the U.S. presence. On the other hand, it was consistent with the Bush administration's policy of transforming Iraq as a way of changing Middle Eastern politics.

In 2005, a joint study by the inspectors general of the Pentagon and State Department concluded that de-Baathification had indeed helped destabilize post-invasion Iraq. "The CPA decision to cleanse the political system of Hussein sympathizers -- notably, the 'de-Baathification' effort -- effectively decapitated" the Iraqi police services, they wrote.

While Blair singled out the de-Baathification policy, he did not mention the other major program that was started just after it, Bremer's order on May 23, 2003, that dissolved the Iraqi military and the Interior Ministry's national police force. That move added to the group of disaffected Iraqis and also lessened the ability of the occupation authority to control post-invasion Iraq. It was a move that surprised generals at U.S. Central Command, the nation's military headquarters for Iraq and the Middle East, where plans had been developed to use Iraqi army troops in reconstruction tasks.

Bremer and his allies have argued that the Iraqi military already had disbanded itself, but other officials said it could have easily been called back to bases and supported by U.S. logistics.

Regarding Iran, Bush said he would consider providing incentives if it agreed to abandon nuclear enrichment activities. "If they would like to see an enhanced package, the first thing they've got to do is suspend their operations, for the good of the

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world," Bush said. He also said that a letter from Iranian President Mahmoud Ahmadinejad was "interesting," but it skirted the nuclear issue.

Blair earlier in the day tried to defuse talk of military confrontation with Iran. "We don't want a conflict with Iran, we have got enough on our plate doing other things," he told al-Jazeera television. "Nobody is targeting Iran. People are simply worried because they appear to be in breach of their nuclear obligations and because they are supporting terrorism around the Middle East."

Blair And Bush Are Duo Even In Descent (WP)

By Glenn Kessler

The Washington Post, May 26, 2006

President Bush and British Prime Minister Tony Blair once bestrode the globe as powerful leaders who spoke boldly of bringing democracy to the Middle East. Now, dragged down by popular discontent over their adventure in Iraq, both have reached the lowest point of their careers.

On May 4, Blair's Labor Party suffered its worst defeats since 1997 in elections for seats on local governing boards, forcing the prime minister to shake up his cabinet amid calls that he step aside soon in favor of Gordon Brown, his expected successor. Bush, with his approval ratings hovering just above 30 percent, has also tried to reinvigorate his sagging popularity by reshuffling top aides.

Blair, desperate to hang on for at least another year, is already viewed as a lame duck -- and Bush also is increasingly seen as one, even though he has nearly three years left in his term.

As the Economist magazine put it earlier this month, the Bush-Blair partnership has become the "axis of feeble."

The two have always been a bit of an odd couple. Bush is a conservative Texan who speaks inelegant English, while Blair is an eloquent speaker who promoted the "third way" of politics with former president Bill Clinton, his transatlantic pal. After their first meeting, when Bush was asked what they had in common, he replied: "We both use Colgate toothpaste."

But Blair always has had a moralistic streak. Clinton, after all, had restrained the more enthusiastic prime minister when he wanted to send ground troops during the conflict over Kosovo. It turned out that Blair's worldview meshed perfectly with the neo-Wilsonian outlook that Bush adopted after the Sept. 11, 2001, attacks.

Blair, convinced that it was essential for Britain to align its foreign policy closely with that of the United States, moved quickly to make sure he was in Bush's good graces. Though most European nations opposed Bush's plan for a missile defense system, Blair offered to support it as long as Bush agreed to negotiate a deal with Russia to end the Anti-Ballistic Missile Treaty -- rather than end it unilaterally, as some administration officials preferred. Bush agreed to Blair's proposal.

In many ways, the partnership has worked that way: Bush sets the course, with Blair at his side occasionally urging a slight turn of the oar. For instance, Blair persuaded Bush to seek U.N. approval before attacking Iraq, and he intervened at crucial moments to get Bush to devote more attention to the Israeli-Palestinian conflict. In Britain, however, Blair's willingness to accommodate Bush made him the subject of ridicule, earning him the sobriquet "Bush's poodle."

By coincidence or not, the two men held a news conference last night when it was past midnight in London. Indeed, while they still speak frequently by secure videoconference, yesterday's Oval Office visit was their first substantial meeting since September. Blair has also not officially accepted the Congressional Gold Medal that Congress awarded him for support after the Sept. 11 attacks, though he has come to Washington frequently since then.

"One of the reasons Blair is unpopular, even in his own party, is because he has been so close to Bush," said Charles Grant, director of the Center for European Reform in London. He said that in Bush's second term, the administration has worked hard to repair relations with European allies. But he said that while the European foreign policy elite was aware of the change, the general public was not -- and impressions of Bush had hardened.

"The thing public opinion focuses on is Iraq, which is still there," Grant said. The sudden upsurge in violence in Basra, which is controlled by British troops and had been largely quiet until now, has further hurt the prime minister.

Blair, in fact, is among the last of Bush's foreign policy allies still in power, with many ousted by anti-U.S. sentiment.

Peter Riddell, a political writer for the Times of London who wrote a book called "Hug Them Close" on Blair's relationship with Clinton and Bush, said that if Brown replaces Blair, it is unlikely he would suddenly try to distance himself from Bush; that is in part because British leaders have long regarded a close relationship with the United States as critical for Britain. But Grant said that Brown is closer to Labor Party members -- who deeply dislike Bush -- than is Blair, and so Brown would be reluctant to send British troops into any more military campaigns led by Americans.

"Public opinion is quite hostile to this shackling of British foreign policy to the United States," Grant said.

Of course, Iraq may yet turn out to be a success. But neither Bush nor Blair is likely to be in power to enjoy the moment.

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Bush And Blair Concede Errors, But Defend War (NYT)

By David E. Sanger And Jim Rutenberg

The New York Times, May 26, 2006

WASHINGTON, May 25 — President Bush and Prime Minister Tony Blair of Britain, two leaders badly weakened by the continuing violence in Iraq, acknowledged major misjudgments in the execution of the Iraq war on Thursday night even while insisting that the election of a constitutional government in Baghdad justified their decision to go to war three years ago.

Speaking in subdued, almost chastened, tones at a joint news conference in the East Room, the two leaders steadfastly refused to talk about a schedule for pulling troops out of Iraq — a pressure both men are feeling intently. They stuck to a common formulation that they would pull troops out only as properly trained Iraqi troops progressively took control over more and more territory in the country.

But in an unusual admission of a personal mistake, Mr. Bush said he regretted challenging insurgents in Iraq to "bring it on" in 2003, and said the same about his statement that he wanted Osama bin Laden "dead or alive." Those two statements quickly came to reinforce his image around the world as a cowboy commander in chief. "Kind of tough talk, you know, that sent the wrong signal to people," Mr. Bush said. "I learned some lessons about expressing myself maybe in a little more sophisticated manner." He went on to say that the American military's biggest mistake was the treatment of prisoners at Abu Ghraib prison, where photographs of detainees showed them in degrading and abusive conditions. "We've been paying for that for a long period of time," Mr. Bush said, his voice heavy with regret.

Mr. Blair, whose approval levels have sunk even lower than Mr. Bush's, said he particularly regretted the broad decision to strip most members of Saddam Hussein's Baath Party of their positions in government and civic life in 2003, leaving most institutions in Iraq shorn of expertise and leadership.

The news conference, in the formal setting of the East Room, was notable for the contrite tone of both leaders. Mr. Bush acknowledged "a sense of consternation" among the American people, driven by the steady drumbeat of American casualties.

The meeting came at a low moment in Mr. Bush's presidency and Mr. Blair's prime ministership, at a time when the decisions that they made to invade Iraq and that they have defended ever since have proved a political albatross for both.

Just as they joined in the drive to war in 2003, the two leaders on Thursday evening seemed joined by a common interest in arguing that things had finally turned around in Iraq. Mr. Blair, who was in Iraq earlier this week, ventured the closest to a prediction about a timetable for disengagement, saying that he thought it was possible that Iraq's new prime minister, Nuri Kamal al-Maliki, was accurate in his prediction that Iraqi forces could control security in all of the country's provinces within 18 months.

But Mr. Bush quickly fell back to his familiar insistence that he would not begin a drawdown until his commanders said it was possible, and he noted that troops were recently called up from Kuwait to help stabilize Baghdad. He said that in the end he would insist on victory over both insurgents and terrorists linked to Al Qaeda, and he dismissed as "press speculation" reports of tentative Pentagon plans to bring American troop levels to about 100,000 by the end of this year. "A loss in Iraq would make this world an incredibly dangerous place," Mr. Bush said.

Mr. Bush said he and Mr. Blair had spent "a great deal of time" discussing their next challenge: how to put together the right mix of penalties and incentives to force Iran to suspend the production of uranium and give up a program that both men had said clearly pointed to a desire to build a nuclear bomb.

Mr. Bush bristled at a question about whether he had "ignored back-channel overtures" from the Iranians over possible talks about their nuclear program. Mr. Bush said that "the Iranians walked away from the table" in discussions with three European nations, and that a letter sent to him by Iran's president "didn't address the issue of whether or not they're going to continue to press for a nuclear weapon." Some in the State Department and even some of Mr. Bush's outside foreign policy advisers have said that Mr. Bush missed a diplomatic opening by deciding not to respond to the letter, though others say it is still not too late.

But the overwhelming sense from the news conference was of two battered leaders who, once confident in their judgments on Iraq, now understood that misjudgments had not only affected their approval ratings, but perhaps their legacies. The British news magazine The Economist pictured the two on a recent cover under the headline "Axis of Feeble."

And while both men sidestepped questions about how their approval ratings were linked to Iraq, at one point Mr. Bush seemed to try to buck up his most loyal ally, who is expected to leave office soon and may be in the midst of his last official visit to Washington, by telling a British reporter, "Don't count him out."

Outside the White House gates, a smattering of protesters gathered, blowing whistles and chanting, "Troops out now."

Mr. Bush called the terrorists in Iraq "totalitarians" and "Islamic fascists," a phrase he has used periodically to give the current struggle a tinge of the last great American-British alliance, during World War II. But he acknowledged that the war in Iraq

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had taken a significant toll in public opinion. "I mean, when you turn on your TV screen and see innocent people die day in and day out, it affects the mentality of our country," Mr. Bush said.

Mr. Blair tried to focus on the current moment, saying that he had heard the complaint that "you went in with this Western concept of democracy, and you didn't understand that their whole culture was different." With a weak smile, he suggested to Mr. Bush that those who voted in Iraq had amounted to "a higher turnout, I have to say — I'm afraid to say I think — than either your election or mine."

Mr. Bush did not budge from his long-stated position that conditions in Iraq and the ability of Iraqi security forces to assume greater responsibilities would dictate whether the United States reduced the 133,000 American forces there. He said he would rely on the recommendations of Gen. George W. Casey Jr., the top commander in Iraq. In an effort to cajole the new government even while he was praising it, Mr. Bush twice mentioned that it had yet to appoint a defense minister with whom to discuss troop cuts, one of the glaring gaps in the Iraqi cabinet that is symbolic of the continuing struggle over power. "We'll keep the force level there necessary to win," Mr. Bush said.

Mr. Blair acknowledged that some of the 260,000 Iraqi security forces, especially the police, suffered from corruption and the influence of militias. But he said a new Iraqi government would be more able than allied officials to cope with these problems.

For those who trace Mr. Bush's own reluctance to acknowledge errors in Iraq, his statements on Thursday night seemed to mark a crossing of a major threshold. In an interview with The New York Times in August 2004, Mr. Bush said that his biggest mistake in Iraq had been underestimating the speed of initial victory over Mr. Hussein's forces, which allowed Iraqi troops to melt back into the cities and towns. When pressed, he said he could think of no other errors.

Over the winter, as public support for the war eroded, he acknowledged other mistakes — failing to plan sufficiently for the occupation and rebuilding of the country, or to execute the plans that had been made. But he described these as tactical mistakes that had been fixed.

His answer on Thursday evening, though, harked back to the two statements — "bring them on" and "dead or alive" — that his wife, Laura, had been particularly critical about. While he had apologized before for the treatment of detainees at Abu Ghraib, his statement on Thursday was his starkest admission to date of the damage that the episode did to the image of the United States.

But Mr. Bush emphasized that American soldiers had been punished for the abuses. "Unlike Iraq, however, under Saddam, the people who committed those acts were brought to justice," he said. Mr. Bush's critics have noted that the prosecutions have focused on low-level soldiers and have not held senior officers accountable.

Mr. Blair, while saying that the coalition had misjudged the de-Baathification process, added: "It's easy to go back over mistakes that we may have made. But the biggest reason why Iraq has been difficult is the determination of our opponents to defeat us. And I don't think we should be surprised at that."

No Quick Troop Reduction In Iraq, Allies Warn (USAT)

By David Jackson And Richard Benedetto

USA Today, May 26, 2006

WASHINGTON — President Bush and British Prime Minister Tony Blair on Thursday acknowledged mistakes in Iraq and cautioned that the formation of a unity government for the country does not mean an immediate drawdown of troops.

“We'll keep the force level there necessary to win,” Bush said at a joint news conference with Blair, a staunch ally in Iraq. “Politics isn't going to make the decision as to the size of our force level.”

Blair, who met in Baghdad on Monday with Iraq's new prime minister, Nouri al-Maliki, said it's possible to realize al-Maliki's goal of having Iraqi troops take control of the country's security by the end of 2007. But Blair agreed with Bush that any timetable for withdrawal will be set by conditions on the ground. “Obviously the first thing that we need is a strong government in Baghdad,” he said.

While the two leaders said there had been setbacks and missteps in Iraq, they spoke candidly and at times emotionally as they defended a war they called a critical step toward democracy in the Middle East. Both said deposing Saddam Hussein was the right thing to do.

Bush identified the abuse scandal at the U.S.-operated Abu Ghraib prison near Baghdad as the biggest mistake of the war. He also said he regretted some of his own “tough talk,” including saying Osama bin Laden was “wanted dead or alive” and his challenge in the summer of 2003 — “Bring 'em on” — as insurgents in Iraq were stepping up attacks on U.S. troops.

“In certain parts of the world, it was misinterpreted,” he said.

Opposition to the Iraq war has sapped political strength from Bush and Blair. Both face low approval ratings in public opinion polls and discontent within their own parties. Some members of Blair's Labor Party have called on him to step aside in favor of Gordon Brown, the chancellor of the exchequer, or finance minister.

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The embattled allies repeatedly backed each other up in their remarks at the news conference. When a British reporter asked whether this would be Blair's last official trip to Washington, Bush replied, “Don't count him out.” He said he wants Blair to remain in office through the end of his presidency.

Bush said there are about 135,000 U.S. troops in Iraq. Asked about reports that the Pentagon would like that number to be about 100,000 by the end of this year, he said it was “some speculation in the press” that hasn't been discussed with him.

While saying “I want our troops out,” Bush also said it is vital to complete the mission of defeating insurgents: “A loss in Iraq would make this world an incredibly dangerous place.”

Blair said “the challenge is still immense” in Iraq but added that it is the duty of the international community to put aside differences over the 2003 invasion and get behind the new government in Iraq.

“These people who are fighting us there know what is at stake,” he said. “The question is, do we?”

Gary Schmitt, a foreign policy analyst with the business-oriented American Enterprise Institute, said that as they serve out the remainders of their terms, “Bush and Blair are both holding onto the same life preserver — Iraq.”

“As Iraq goes,” he said, “so go their ultimate reputations.”

On another matter, Bush said Iran must suspend programs that could lead to development of nuclear weapons. Only then, he said, can negotiations begin for a possible assistance package to Iran.

“If they suspend … then of course we'll talk about ways forward,” Bush said.

Covering A Friend's Back: Leaders Reverse The Roles (NYT)

By Alessandra Stanley

The New York Times, May 26, 2006

Tony Blair has always served as the world's Bush-whisperer, but at their joint news conference last night, it was almost the reverse. Mr. Blair, the normally silver-tongued prime minister, seemed stiff and defensive, and it was Mr. Bush who tried to smooth things over and help Mr. Blair out.

British political analysts have repeatedly predicted that Mr. Blair, a lame duck whose popularity in Britain has never been lower, will be out of office as early as next year. But when a British reporter actually suggested that this was his last official Washington visit, he looked dismayed and tongue-tied.

Mr. Bush jumped in, saying with a laugh, "Don't count him out, let me tell it to you that way." He also asked the British to give his friend another chance. "I want him to be here so long as I'm the president."

That role reversal was as good a sign as any of how the two friends' political standing has eroded since they made the case together for war in Iraq. Last week even The Economist, a British magazine that has been more favorable to Mr. Blair than most, called his partnership with Mr. Bush the "Axis of Feeble."

In the past, Mr. Blair always raced to Washington to buck up Mr. Bush with his eloquence and aplomb, spending his own political capital to enhance that of the American. Mr. Bush was obviously grateful for his ally's support, yet last night he hinted that if he had to go it alone, he could take it from here — even in the realm of the English language.

Asked what he most regretted, Mr. Bush replied that he was sorry he had used terms like "bring it on" and "dead or alive," and that he had learned to express himself in a "little more sophisticated manner."

It was never an even-steven friendship; Mr. Blair risked his popularity in Britain when he stood by Mr. Bush and supported the war. In return he received gratitude, but little else.

One reason Mr. Blair's reputation is so tattered is his critics dismiss him as a poodle, doing his master's bidding. It did not help that before the war, Mr. Blair was unable to persuade his American friend to seek a second United Nations resolution authorizing military action.

He did not have much luck with other issues important to Europeans, from an effort to double aid to Africa to the need to take steps to avert global warming. (It probably did not help Mr. Blair's morale that "Stuff Happens," a play by David Hare that focuses on the imbalance of power between the White House and 10 Downing St., is on the New York stage.)

No one has been a better bedfellow for George Bush than Tony Blair, but last night the steadfast British prime minister tugged the covers to his side, adding his own, broader agenda to the subject at hand.

He spoke of "the importance of trying to unite the international community behind an agenda that means, for example, action on global poverty in Africa, and issues like Sudan; it means a good outcome to the world trade round, which is vital for the whole of the civilized world, vital for developing countries, but also vital for countries such as ourselves; for progress in the Middle East; and for ensuring that the global values that people are actually struggling for today in Iraq are global values we take everywhere and fight for everywhere that we can in our world today."

Mr. Blair came to Washington to help the president, but this time, perhaps for the first time, he looked like he needed the president's help.

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Bush And Blair Admit To Missteps In Iraq (FT)

By Caroline Daniel

Financial Times, May 26, 2006

President George W. Bush and Prime Minister Tony Blair on Thursday night pointedly refused to set a timetable for withdrawal of troops from Iraq, but acknowledged that they had both made missteps in the country over the last three years since the invasion.

Striking a sombre note during a 45-minute joint press conference at the White House, both leaders stuck to the script on ruling out a clear timetable to exit Iraq. Mr Bush distanced himself from hopes that US troops could fall to 100,000 from 135,000 by the year end. He cautioned: "It is kind of hard to have a conversation [about timing] when you don't have a defence minister [in Iraq]."

Mr Bush, in a rare declaration of personal regret, for the first time said he had been wrong to use the phrase: "bring it on," a reference to the challenge he had once confidently laid down to the insurgents in Iraq.

"Saying 'bring it on', kind of tough talk, you know, that sent the wrong signal to people. I learned some lessons about expressing myself maybe in a little more sophisticated manner, you know. 'Wanted, dead or alive', that kind of talk, I think in certain parts of the world it was misinterpreted."

He added that for the administration in Iraq, the biggest error had been the Abu Ghraib prison. "We've been paying for that for a long period of time."

Mr Blair, while reaffirming the decision to invade Iraq and oust Saddam Hussein, conceded that: "probably in retrospect, though at the time it was very difficult to argue this, we could have done de-Baathification in a more differentiated way than we did."

In a sign of the warmth of the personal relationship between the two men, Mr Bush strongly defended Mr Blair's leadership and hailed his resolve in refusing to be driven by opinion polls about Iraq. "Don't count him out," he said, when asked what he would miss about Mr Blair as prime minister. "I know a man of resolve and vision and courage, and ... my attitude is I want him to be here so long as I'm the president."

Mr Blair, who has faced renewed pressure to stand down as prime minister following the recent local elections in the UK when the Labour party fared poorly, responded with a sheepish look and added: "Probably not wise to say anything more at all."

The two leaders, whose political obituaries will be dictated by the fate of Iraq, both sought to shift the focus to the future and place Iraq in the wider context of reform of the Middle East and democratisation of the region.

Mr Bush said there was "no question that the Iraq war has ... created a sense of consternation here in America," and cited the daily toll of civilian deaths in Iraq. Yet the key question from Americans was: "Can we win? That's what they want to know."

Iran was also a central issue in the talks between the two leaders on Thursday, which will continue on Friday.

Mr Bush declined to comment directly on whether he would agree to the overtures from Iran for direct talks, and instead blamed the Iranian presidents for having "walked away from the table…. we've got to continue to work to convince them that we're serious, that if they want to be isolated from the world, we will work to, you know, to achieve that."

He added that the 17-page letter from the Iranian president sent last month, "didn't address the issue of whether or not they're going to continue to press for a nuclear weapon. That's the issue at hand."

Britain's Blair To Rally World Support For Iraq (AFP-Y2)

AFP, May 25, 2006

British Prime Minister Tony Blair met with US President George W. Bush on the future of Iraq and to rally world support for the new government in the war-torn country.

Blair, Bush's staunchest ally, is to brief the US leader on talks he held earlier this week with Iraq's new Prime Minister Nuri al-Maliki.

The two men, who have seen their popularity ratings drop as a result of the Iraq war, were also to discuss trade issues, Iran, Afghanistan, and the Middle East peace process.

The prime minister's official spokesman said Blair would emphasize "the need for the international community as a whole, including the United Nations, to get behind the democratically elected government of Iraq and support it."

Bush's chief spokesman for his part dampened expectations that the meeting could lead to dramatic announcements such as a timetable for troop withdrawals.

"There aren't going to be people kissing in Times Square tomorrow, but I think what you will have is a very forward-leaning set of discussions about how to proceed forward," spokesman Tony Snow told reporters.

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The Bush administration has repeatedly stressed that US troops can only leave Iraq when the country's forces can assure security unaided.

Bush and Blair hope to chart a new course following the formation of a new Iraqi government under the country's new prime minister.

"They're going to be talking about the readiness of Iraqi troops, how to continue the business of training Iraqi troops, professionalizing them, getting the government institutions in place," and related matters, Snow said.

US and British officials are relying on the new government in Baghdad to help extricate them from an increasingly unpopular war that has left them weakened at home and which is costing both governments billions of dollars each month.

The Iraq venture has also had a higher than expected death toll. In addition to the tens of thousands of Iraqis believed to have been killed since the 2003 invasion to topple Saddam Hussein, Washington has lost 2,460 soldiers and Britain has lost 111.

The United States has about 130,000 soldiers in Iraq. Britain has the second largest contingent, some 8,000 troops.

As the death toll rises, both Blair and Bush have seen their popularity ratings drop. Both need to show their constituencies that there is some movement forward in Iraq, observers say.

Bush, whose popularity has sunk to 31 percent, is also seeking to minimize Iraq war fallout ahead of legislative elections in November that could hurt his Republican Party.

There is speculation that Blair's trip could be his last to the United States as prime minister, especially after the drubbing his Labour Party suffered in local elections earlier this month and mounting calls for him to step down.

Blair, prime minister since 1997, has pledged to resign before the end of his third term, which is due to expire in May 2010 at the latest.

Following their meeting, Blair and Bush were to hold an evening press conference during prime television viewing hours in the United States. The two leaders are to meet again Friday after Blair delivers a speech on foreign policy at Georgetown University.

Bush, Blair Admit Errors In Iraq War (WT)

By Joseph Curl And Stephen Dinan

The Washington Times, May 26, 2006

President Bush and British Prime Minister Tony Blair yesterday acknowledged setbacks and missteps in the Iraqi war, but both refused to set a timeline for withdrawing troops, instead voicing optimism that a new unity government will be best able to end insurgent violence and establish stability.

In a rare admission, Mr. Bush said during the hourlong press conference that he regretted once having taunted loyalists to former dictator Saddam Hussein and insurgents by saying "bring it on" and calling for Osama bin Laden "dead or alive" and the Abu Ghraib prison abuse by U.S. soldiers.

Mr. Bush said last night that the "bring it on" remark was "tough talk that sent the wrong signal," but both he and Mr. Blair were steadfast in arguing that removing the Iraqi dictator from power was necessary.

"We did not find the weapons of mass destruction that we all believed were there, and that's raised questions about whether the sacrifice in Iraq has been worth it. Despite setbacks and missteps, I strongly believe we did, and are doing, the right thing," the president said.

Mr. Blair traveled to Iraq earlier this week to see firsthand the government and Cabinet that were formed over the weekend, and yesterday's meeting was a chance for him to share his impressions with Mr. Bush.

"Something fundamental changed in Iraq last weekend," the president said.

Standing in the White House East Room, both leaders said coalition troops are winning in Iraq, and each said the unity government made up of Sunnis, Shi'ites and Kurds is best able to establish security in a country being ripped about by insurgent terrorist attacks.

"I don't think, in one sense, it's very surprising that it is both difficult and taking time," Mr. Blair said. "But I think that they do know that this is of vital importance for them to succeed. And I think you may find that it is easier for Iraqis to do this themselves and take some of these measures necessary than it is for us."

The White House spent much of yesterday downplaying expectations that the two leaders would make a major announcement about troop withdrawals. But that was the subject of most of the questions, from both the U.S. and British press, and Mr. Bush said he does not plan to keep U.S. troops in Iraq any longer than necessary.

"Listen, I want our troops out, understand what it means to have troops in harm's way," he said. "But I also understand that it is vital that we do the job, that we complete the mission. But it has been tough, it has been really tough."

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Deeming reports that the Pentagon hoped to reduce the 131,000 troops in Iraq to 100,000 by year's end "speculation in the press," Mr. Bush repeated his longtime stance.

"We'll keep the force level there necessary to win."

The president said he would continue to rely on his commanders on the ground to determine when Iraq is stable enough for troops to withdraw and said he will work with the new unity government toward that goal.

"First of all, we're going to work with our partners in Iraq, the new government, to determine the best way forward in achieving an objective, which is an Iraq that can govern itself and sustain itself and defend itself," Mr. Bush said.

Mr. Blair, who met earlier this week with Iraq's new prime minister, Nouri al-Maliki, said he felt after the meeting that "the challenge is still immense, but I also came away thinking more certain than ever that we should rise to it."

Mr. al-Maliki said on Wednesday that Iraqi police forces will be capable of taking control of all security within 18 months. And Mr. Blair said that he found the assertion "possible."

Each leader has tumbled in his country's polls, with Mr. Bush now facing the possibility that Republicans could lose control of one or both congressional chambers and Mr. Blair seeking to build a legacy as the end of his tenure approaches. Both in Britain and the United States, calls are increasing to begin troop withdrawals.

But neither would back down from a commitment to see the war to its end, and Mr. Blair said the new Iraqi government wants "us to stay until the job is done."

He also said coalition nations need to understand the dedication it takes to fight.

"We should have the same faith and confidence in our determination to succeed as [the insurgents] have in their determination to make us fail," the British leader said.

He called on the international community to step up and bolster the new government.

"I think after these three years and the democratic process working and producing this government, then it is our duty, but it is also the duty of the whole of the international community to get behind this government and support it," Mr. Blair said.

Mr. Bush said the United Nations needs to step up its support of the fledgling government.

"The United Nations ought to be clear about its desire to liberate people from the clutches of tyranny. That's what the United Nations ought to be doing, as far as I'm concerned," he said.

The British prime minister also voiced his regrets in answer to a question posed to both leaders. He said he regretted the way in which Saddam's Ba'ath Party political allies were purged from the Iraqi military and government soon after the fall of Baghdad. Mr. Blair also said his allies seriously underestimated the insurgency.

The chance of a major insurgency "should have been very obvious to us" from the beginning, he said.

For his part, Mr. Bush also cited the abuse of prisoners at Baghdad's Abu Ghraib prison as the "biggest mistake" in the U.S. conduct of the war in Iraq.

"I think the biggest mistake that's happened so far, at least from our country's involvement, is Abu Ghraib," Mr. Bush said. "We've been paying for that for a long period of time."

On Iran, Mr. Bush said recent overtures by that nation's leaders, including what he called "16 or 17 single-spaced typed pages" letter he received from Iranian President Mahmoud Ahmadinejad, don't answer the fundamental questions about its nuclear program.

"He didn't address the issue of whether or not they're going to continue to press for a nuclear weapon," Mr. Bush said. "That's the issue at hand."

He said he and Mr. Blair are committed to a diplomatic solution, and will try to convince other key countries to press the issue through the U.N. Security Council. He also held out the chance of further incentives to entice Iran to forgo its nuclear program but said Iran must take concrete steps first.

"The Iranians walked away from the table," he said. "They're the ones who made the decision, and the choice is theirs. Now, if they would like to see an enhanced package, the first thing they've got to do is suspend their operations, for the good of the world."

Bush Says Early Iraq Troop Cuts Unlikely (LAT)

By Paul Richter

The Los Angeles Times, May 26, 2006

WASHINGTON — President Bush said Thursday that the formation of a new government in Iraq marked a turning point for the war-torn country, but not one that would allow for an earlier drawdown of U.S. and coalition forces.

After a White House meeting with British Prime Minister Tony Blair, Bush repeated his position that he would order a reduction in forces only after military commanders told him that the country could be defended by the growing Iraqi military and police forces.

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"The American people need to know that we'll keep the forces there necessary to win," Bush told an evening news conference. "It's important for the American people to know that politics isn't going to make the decision as to the size of our force level."

He dismissed reports that the administration intended to reduce the number of troops in Iraq to 100,000 from 131,000 by year's end as no more than "speculation in the press."

The meeting of the two wartime allies had given rise to hope that they might signal the beginning of a troop drawdown long sought on both sides of the Atlantic. But the leaders instead indicated that they still saw huge risks for Iraq, where a Sunni Arab-driven insurgency rages on and sectarian violence between Sunni and Shiite Muslims is on the rise.

Bush said his commanders would recommend only a troop reduction "based on conditions on the ground."

"I know I keep saying that," he said. "And it probably bores you that I keep giving you the same answer. But I haven't changed my opinion."

Blair suggested that the leaders might make no decision on troop levels for several months while they waited to see how effectively Iraqi forces stood up to their attackers.

"You will find probably, over the next few months, there will be a real attempt by the anti-democratic forces to test them very, very strongly," Blair said, responding to a question about potential troop withdrawals.

Iraq's new leader, Prime Minister Nouri Maliki, said this week that he wanted Iraqi troops to take over responsibility for the nation's security as soon as possible. Maliki said he believed Iraqis could assume a lead role by the end of 2007.

Blair cast some skepticism on Maliki's prediction, saying it was possible, but insisting that Iraqi control was contingent on the new government quickly establishing a strong grip on the country, and on the ability of the Iraqi troops to crack down on insurgents.

A decision to maintain troop levels at their current size may be unwelcome news for Republicans, who face midterm elections in November with their party's poll numbers sagging. Delaying the decision on troop withdrawals also poses difficulty for Bush and Blair, whose political fortunes have been badly damaged by the war.

The meeting of the two weakened leaders drew ridicule from some parts of the British press; the Economist magazine referred to the pair as an "axis of feeble." Blair is expected to leave office by next summer and is widely viewed as a lame duck. Some observers have noted that this visit could be Blair's last to the White House as prime minister.

Bush and Blair were asked pointedly about "missteps and mistakes" that they most regretted during the war.

Bush said he considered the Abu Ghraib prison abuses to be the biggest U.S. mistake in Iraq. "We've been paying for that for a long time," he said.

The president also said he regretted some of his own "tough talk," including the very phraseology that initially endeared him to Americans after the Sept. 11 terrorist attacks. He said he regretted responding to early reports of the rising Iraqi insurgency by saying, "Bring it on." He also lamented his use of the phrase "dead or alive" in describing how he would one day capture Osama bin Laden and others. Bush has mentioned those regrets before.

For his part, Blair said the expulsion of members of Saddam Hussein's Baath Party from the Iraqi government could have been handled better. Many people argue that expelling low- and mid-level party members alienated Sunni Arabs and fueled the insurgency.

Bush has in the past derided opponents of the war as isolationists, but he was more conciliatory Thursday. "No question that the Iraq war has, you know, created a sense of consternation here in America," he said.

But even with surveys showing greater support for a withdrawal or reduction in the number of U.S. troops in Iraq, Bush said that most Americans would not support pulling out.

Military commanders and other U.S. officials have said privately that they hope for a substantial troop withdrawal this year. Some suggested that the U.S. troop level could drop to about 100,000 by year's end.

But in recent months, as sectarian divisions have become more deadly, such talk has appeared to subside.

Blair, who met with Army Gen. George W. Casey, commander of U.S. forces in Iraq, during a surprise visit to Baghdad this week, said commanders were concerned that the new Iraqi government could face a surge in violence as Iraqi forces began to take over more territory from U.S., British and other coalition troops.

Secretary of Defense Donald H. Rumsfeld said this month that he expected a recommendation on troop levels from Casey once Maliki's government was in place. However, Bush said Casey was awaiting the installation of a new Iraqi defense minister, who has yet to be selected. The president said any reductions might not come until the new ministry had developed capabilities "to enable the Iraqis to take more of the fight."

Inside Politics (WT)

By Jennifer Harper

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The Washington Times, May 26, 2006

Sham-nesty

Rep. J.D. Hayworth makes clear what's so "onerous" about White House immigration policy. The Arizona Republican offered a point-by-point deconstruction of an explanation of the policy made by White House spokesman Tony Snow.

"Illegal aliens will have to 'pay taxes': That's no penalty; they're supposed to pay taxes. In fact, according to Sen. Chuck Grassley, under Bush's plan illegals would have the option to only have to pay three of their last five years in back taxes," Mr. Hayworth observed in the National Review Online yesterday.

"They have to 'keep their nose clean' : Big deal. So does everybody else.

"They have to get a tamper-proof ID card: Oh, the humanity!

"They'll have to stay employed: But isn't that why they came here, to do jobs Americans won't?

"They'll have to learn English: That's a benefit to the illegal."

Mr. Hayworth continued, "Most of these 'benchmarks' would be required of any legal immigrant. They are in no way burdensome, yet Tony Snow makes them sound almost oppressive. The only real punishment on the entire list is the fine. Know what it is? A measly $2,000 payable in two $1,000 installments. When you consider what illegals get for their two grand, it's the deal of a lifetime."

He concludes, "The American people see through the White House spin. They know an amnesty when they see it. And the president's plan is an amnesty."

Off the deep end

British leftist George Galloway has taken his opposition to the Iraq war to the point of saying that the assassination of British Prime Minister Tony Blair would be "morally justified."

In an interview with GQ, the men's fashion magazine asked him: "Would the assassination of, say, Tony Blair by a suicide bomber — if there were no other casualties — be justified as revenge for the war on Iraq?"

Mr. Galloway, a member of Parliament for the Respect party, responded, "Yes, it would be morally justified. I am not calling for it — but if it happened, it would be of a wholly different moral order to the events of 7/7," referring to the deadly al Qaeda attacks on the London mass-transit system last year.

Mr. Blair's assassination "would be entirely logical and explicable. And morally equivalent to ordering the deaths of thousands of innocent people in Iraq — as Blair did," he said.

Labor member of Parliament Stephen Pound called Mr. Galloway's words "disgraceful and truly twisted."

"These comments take my breath away," he told the Sun. "Every time you think he can't sink any lower, he goes and stuns you again."

The Sunday Times reported Mr. Blair's reaction: "No. 10 made no comment."

Fleet Street also reported on Mr. Galloway's doings this week: a visit to Cuba to make nice with dictator Fidel Castro.

"Mr. Galloway shocked panelists on a live television discussion show in Havana by emerging on set mid-transmission to offer passionate support for Castro. Looking approvingly into each others' eyes, the pair embraced," reports the Independent's Oliver Duff.

Ready to rumble

Young Republicans are looking out for their party. The College Republican National Committee (CRNC) announced yesterday that 275 membership chapters were established on campuses nationwide last year — joining 1,000 existing chapters.

"The success of college Republicans this spring is a reflection of the organization and initiative that distinguishes the Republican Party," said the group's chairman, Paul Gourley. "We are determined to remain the well-organized grass-roots force that wins elections for the GOP in November.

"We've witnessed a lot of legislative victories thus far: the confirmation of many sound federal judges, and tax cuts at a variety of levels. But there's still a lot of work to do," Mr. Gourley added. "We need to lock Republican majorities in the fall to carry out our full agenda."

Young GOPers are already "on the ground," he said.

One noteworthy former member applauds their vigor.

"Grass-roots initiatives have surged and marked the College Republican National Committee as a compelling force in the current political fight," observed Grover Norquist, the president of Americans for Tax Reform who was a field director for the organization in the early 1980s.

A green Bush

"Environmentalists should thank President Bush for breathing new — albeit indignant — life into the stagnant climate-change debate when he announced in 2001 that he wouldn't pursue ratification of Kyoto. New policy opportunities opened up,

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and people went back to the creative drawing boards," Samuel Thernstrom of the American Enterprise Institute notes in a story that plumbs Al Gore's global-warming-destroys-the-earth movie, "An Inconvenient Truth," now in theaters.

"We're taking small steps in the right direction, but activists are more enamored with their politics, which dictate that anything that Bush supports must be wrong — than with spurring these nascent efforts on. Clinton and Gore continue to mislead Americans by telling us that the solutions are simple and cheap — all we need is political will to implement them. Nothing could be further from the truth: the answers to climate change are expensive and elusive; they will be found in the Los Alamos labs, not the halls of Congress."

"We can build fuel-cell cars now — for $1 million. When we figure out how to sell them for $30,000, we won't need an international treaty to get people to buy them. Almost every major car company in the world is frantically trying to unlock that puzzle and — are you sitting down? — George W. Bush, the ex-oil man who once mocked Al Gore's fascination with green cars, is pouring billions of federal dollars into the effort."

What's to come

Look for congressional Republicans to "dish up a plate of 'red meat' social issues they hope will motivate their conservative base for the Nov. 7 elections," predicts Judy Holland of Hearst Newspapers.

Next week, Republican senators will push proposals on hot-button issues — including constitutional amendments to ban homosexual "marriage" and to outlaw flag burning, along with legislation to clamp down on minors who cross state lines for abortions and thus evade parental-notification restrictions in their home states.

Sen. Orrin G. Hatch, Utah Republican, who is behind the flag-burning proposal, concedes his chances aren't good, but said the party's base "would get mad if we didn't try."

Paul Weyrich, chairman of the Free Congress Foundation, said Republicans will be satisfied only if they think that the party leadership "really went after these measures. If they feel they have paid lip service, then I think the leadership is going to pay for it."

Standing By Stand-Up Iraqis (NYT)

By Thomas L. Friedman

The New York Times, May 26, 2006

I am often asked why I don't just give up on Iraq and pronounce it a lost cause. It would certainly make my job (and marriage) easier.

What holds me back are scenes like the one related in last Sunday's Times story from Baghdad about the Iraqi Parliament's vote to approve the country's new cabinet. Our story noted that during the Iraqi parliamentary session, the Sunni party leader Saleh Mutlaq, a former Baathist, stood up and started denouncing the decision by Prime Minister Nuri Kamal al-Maliki to have Parliament vote on the new cabinet even though he hadn't yet filled the key security posts.

At that point, another Sunni politician, Mithal al-Alousi, told Mr. Mutlaq to sit down. "Iraqi blood is being spilled every day," Mr. Alousi said. It was time to move forward. When Mr. Mutlaq pressed on with his denunciations, Mr. Alousi "pulled him down into his chair," The Times reported. That was a gutsy move — live on Iraqi TV. Many Sunni insurgents may not like what Mr. Alousi did, but he did it anyway.

As long as I see Iraqis ready to take a stand like that, I think we have to stand with them. When we don't see Iraqis taking the risk to build a progressive Iraq, then it is indeed time to pack and go. That moment may come soon. It's hard to tell. I won't hesitate to say so — but not yet.

In such confusing times I find it useful to listen to someone steeped in the history of the Arab world, someone like the Egyptian sociologist and democracy campaigner Saad Eddin Ibrahim, who was visiting Washington with a human rights group from the Carter Center.

Mr. Ibrahim compares the U.S. invasion of Iraq to Napoleon's invasion of Egypt in 1798, which punched the first big hole through which modernity could seep into the Arab world. It was the key ruler of Egypt after the Napoleonic invasion, Muhammad Ali, who started sending students to Europe, introduced secular education and ushered in a mini-Arab renaissance that culminated with the first Egyptian parliament, elected in 1866.

What you are seeing in Iraq today is the "hard labor" of nation building in a country that has gone through almost 50 years of tyrannical rule, Mr. Ibrahim said. It is a naturally messy process, much messier than Eastern Europe's, with the outcome uncertain. "Everyone with a grievance for 50 years there is now breathing freely and wanting to act on their newfound freedom," he added.

The reason that the violence in Iraq is so intense — mass executions, mosques blown up — is in part because of all these pent-up grievances. But in part it is also because two very entrenched forces in that part of the world — the theocrats and the

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autocrats; that is, the Qaedas and the Arab regimes surrounding Iraq, even the "pro-America" ones — are deeply worried that we might succeed.

"The theocrats fear modernity taking root in Iraq," in the heart of the Arab world, "and the autocrats fear democracy taking root there," Mr. Ibrahim said. Therefore, they are pulling out all the stops to make Iraq fail. America, Britain and their Iraqi allies must fail, the theocrats and autocrats say, so the Arab theocrats can tell their people that modernity is not an option and so the Arab autocrats can tell their people that democracy is not an option. The future of the Arab world is at stake here.

Nevertheless, thanks to the incredible sacrifice of U.S. and British soldiers, Iraqi elections have been held, a parliament convened. The process is indeed messy, and, given all the shameful mistakes by the Bush team, much deadlier than it had to be. But Mr. Ibrahim, who spent from 2000 to 2003 in an Egyptian prison for pushing free and fair elections in Egypt, is no starry-eyed dreamer, and he believes there's a decent chance that in a few years, Iraq will make its transition, build up an army and settle down.

"Every major transformation since Napoleon in this part of the world has been the function of an external jolt," Mr. Ibrahim said.

The best thing the Americans could do now to help this process is to move into the background in Iraq, he added. Let the Iraqis invite our help, but let's get out of their faces wherever possible. Also, Mr. Ibrahim said, "We need America to get back on the moral high ground that it has slid down from since 9/11."

President Bush may have moral clarity when speaking about freedom and democracy in the Arab world, but he has no moral authority. He lost it all by coddling Arab oil regimes and by tolerating the Abu Ghraib and Guantánamo prisons, which should be closed down immediately.

"So you have your homework to do, and we have ours," Mr. Ibrahim said.

Military Expected To Report Marines Killed Iraqi Civilians (NYT)

By Thom Shanker, Eric Schmitt And Richard A. Oppel Jr.

The New York Times, May 26, 2006

This article is by Thom Shanker, Eric Schmitt and Richard A. Oppel Jr.

WASHINGTON, May 25 — A military investigation into the deaths of two dozen Iraqis last November is expected to find that a small number of marines in western Iraq carried out extensive, unprovoked killings of civilians, Congressional, military and Pentagon officials said Thursday.

Two lawyers involved in discussions about individual marines' defenses said they thought the investigation could result in charges of murder, a capital offense. That possibility and the emerging details of the killings have raised fears that the incident could be the gravest case involving misconduct by American ground forces in Iraq.

Officials briefed on preliminary results of the inquiry said the civilians killed at Haditha, a lawless, insurgent-plagued city deep in Sunni-dominated Anbar Province, did not die from a makeshift bomb, as the military first reported, or in cross-fire between marines and attackers, as was later announced. A separate inquiry has begun to find whether the events were deliberately covered up.

Evidence indicates that the civilians were killed during a sustained sweep by a small group of marines that lasted three to five hours and included shootings of five men standing near a taxi at a checkpoint, and killings inside at least two homes that included women and children, officials said.

That evidence, described by Congressional, Pentagon and military officials briefed on the inquiry, suggested to one Congressional official that the killings were "methodical in nature."

Congressional and military officials say the Naval Criminal Investigative Service inquiry is focusing on the actions of a Marine Corps staff sergeant serving as squad leader at the time, but that Marine officials have told members of Congress that up to a dozen other marines in the unit are also under investigation. Officials briefed on the inquiry said that most of the bullets that killed the civilians were now thought to have been "fired by a couple of rifles," as one of them put it.

The killings were first reported by Time magazine in March, based on accounts from survivors and human rights groups, and members of Congress have spoken publicly about the episode in recent days. But the new accounts from Congressional, military and Pentagon officials added significant new details to the picture. All of those who discussed the case had to be granted anonymity before they would talk about the findings emerging from the investigation.

A second, parallel inquiry was ordered by the second-ranking general in Iraq to examine whether any marines on the ground at Haditha, or any of their superior officers, tried to cover up the killings by filing false reports up the chain of command. That inquiry, conducted by an Army officer assigned to the Multinational Corps headquarters in Iraq, is expected to report its findings in coming days.

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In an unusual sign of high-level concern, the commandant of the Marine Corps, Gen. Michael W. Hagee, flew from Washington to Iraq on Thursday to give a series of speeches to his forces re-emphasizing compliance with international laws of armed conflict, the Geneva Conventions and the American military's own rules of engagement.

"Recent serious allegations concerning actions of marines in combat have caused me concern," General Hagee said in a statement issued upon his departure. The statement did not mention any specific incident.

The first official report from the military, issued on Nov. 20, said that "a U.S. marine and 15 Iraqi civilians were killed yesterday from the blast of a roadside bomb" and that "immediately following the bombing, gunmen attacked the convoy with small-arms fire."

Military investigators have since uncovered a far different set of facts from what was first reported, partly aided by marines who are cooperating with the inquiry and partly guided by reports filed by a separate unit that arrived to gather intelligence and document the attack; those reports contradicted the original version of the marines, Pentagon officials said.

One senior Defense Department official who has been briefed on the initial findings, when asked how many of the 24 dead Iraqis were killed by the improvised bomb as initially reported, paused and said, "Zero."

While Haditha was rife with violence and gunfire that day, the marines, who were assigned to the Third Battalion, First Marines, and are now back at Camp Pendleton, Calif., "never took what would constitute hostile fire of a seriously threatening nature," one Pentagon official said.

Women and children were among those killed, as well as five men who had been traveling in a taxi near the bomb, which killed Lance Cpl. Miguel Terrazas of El Paso.

Although investigators are still piecing together the string of deaths, Congressional and Pentagon officials said the five men in the taxi either were pulled out or got out at a Marine checkpoint and were shot.

The deaths of those in the taxi, and inside two nearby houses, were not the result of a quick and violent firefight, according to officials who had been briefed on the inquiry.

"This was not a burst of fire, but a sustained operation over several hours, maybe five hours," one official said. Forensic evidence gathered from the houses where Iraqi civilians died is also said to contradict reports that the marines had to overcome hostile fire to storm the homes.

Members of the House and Senate briefed on the Haditha shootings by senior Marine officers, including General Hagee and Brig. Gen. John F. Kelly, the Marine legislative liaison, voiced concerns Thursday about the seriousness of the accusations.

Representative John Kline, a Minnesota Republican who is a retired Marine colonel, said that the allegations indicated that "this was not an accident. This was direct fire by marines at civilians." He added, "This was not an immediate response to an attack. This would be an atrocity."

The deaths, and the role of the marines in those deaths, is being viewed with such alarm that senior Marine Corps officers briefed members of Congress last week and again on Wednesday and Thursday.

The briefings were in part an effort to prevent the kind of angry explosion from Capitol Hill that followed news of detainee abuse by American military jailers at Abu Ghraib prison, which had been quietly under investigation for months before the details of the abuse were leaked to the news media. "If the accounts as they have been alleged are true, the Haditha incident is likely the most serious war crime that has been reported in Iraq since the beginning of the war," said John Sifton, of Human Rights Watch. "Here we have two dozen civilians being killed — apparently intentionally. This isn't a gray area. This is a massacre."

Three Marine officers — the battalion commander and two company commanders in Haditha at the time — have been relieved of duty, although official statements have declined to link that action to the investigation.

Senator John W. Warner, a Virginia Republican who heads the Armed Services Committee, said he expected senators would review investigators' evidence, including photographs by military photographers that Mr. Warner said were "taken as a matter of routine in Iraq on operations of this nature when there's loss of life."

Lawyers who have been in conversations with the marines under investigation stressed the chaotic situation in Haditha at the time of the killings. And they expect that the defense will stress that insurgents often hide among civilians, that Haditha on the day of the shootings was suffering a wave of fluid insurgent attacks and that the marines responded to high levels of hostile action aimed at them.

Much of the area around Haditha is controlled by Sunni Arab insurgents who have made the city one of the deadliest in Iraq for American troops. On Aug. 1, three months before the massacre, insurgents ambushed and killed six Marine snipers moving through Haditha on foot. Insurgents released a video after the ambush that appeared to show the attack, and the mangled and burned body of a dead serviceman. Then, two days later, 14 marines were killed when their armored vehicle was destroyed by a roadside bomb near the southern edge of the city.

The Marines also disclosed this week that a preliminary inquiry had found "sufficient information" to recommend a criminal probe into the killing of an Iraqi civilian on April 26 near Hamandiyah, a village west of Baghdad.

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Probe Finds Marines Killed Unarmed Iraqi Civilians (LAT)

By Tony Perry

The Los Angeles Times, May 26, 2006

SAN DIEGO — Marines from Camp Pendleton wantonly killed unarmed Iraqi civilians, including women and children, and then tried to cover up the slayings in the insurgent stronghold of Haditha, military investigations have found.

Officials who have seen the findings of the investigations said the filing of criminal charges, including some murder counts, was expected, which would make the Nov. 19 incident the most serious case of alleged U.S. war crimes in Iraq.

An administrative inquiry overseen by Army Maj. Gen. Eldon Bargewell found that several infantry Marines fatally shot as many as 24 Iraqis and that other Marines either failed to stop them or filed misleading or blatantly false reports.

The report concludes that a dozen Marines acted improperly after a roadside bomb explosion killed a fellow Marine, Lance Cpl. Miguel Terrazas.

Looking for insurgents, the Marines entered several homes and began firing their weapons, according to the report.

In its initial statement to the media, the Marine Corps said the Iraqi civilians were killed either by an insurgent bomb or by crossfire between Marines and insurgents.

But after Time magazine obtained pictures showing dead women and children and quoted Iraqis who said the attack was unprovoked, the Marine Corps backtracked on its explanation and called for an investigation.

The Marines, many of whom were on their third deployment to Iraq, are part of the 3rd Battalion, 1st Regiment of the 1st Marine Division.

The battalion commander and two company commanders were relieved of duty last month because, a spokesman said, Maj. Gen. Richard Natonski, commanding general of the division, had lost confidence in their leadership.

The Naval Criminal Investigative Service, which conducted a separate investigation, is expected to call for criminal charges, including murder, negligent homicide, dereliction of duty and filing a false report.

After the roadside bomb killed Terrazas, the Marines conducted a sweep of the area, a common military tactic. But instead of following the Geneva Convention rules about identifying combatants, the Marines killed Iraqis in homes and five sitting in a vehicle, reportedly without provocation, the investigation found.

Bargewell's report is to be given soon to Army Lt. Gen. Peter Chiarelli, the top operational commander in Baghdad. Chiarelli will make recommendations involving leadership, training and filing reports. Compensation has already been paid to families of some of the slain Iraqis.

Marine officials also confirmed Thursday that an investigation had been opened into an April 26 incident in which troops allegedly killed a civilian in the town of Hamandiya, west of Baghdad.

Marine Commandant Gen. Michael Hagee flew to Iraq on Thursday to talk to Marines and remind them of long-standing orders to protect Iraqi civilians and follow the Geneva Convention.

Hagee is emphasizing "the importance of our core values" and reminding troops about the laws of war, a Marine Corps statement said.

The Marine commandant planned to read to officers and enlisted personnel a statement reminding them: "We must regulate force and violence, we only damage property that must be damaged, and we protect the noncombatants we find on the battlefield."

Hagee last week briefed key congressional leaders on the upcoming report. One of those, Rep. John P. Murtha (D-Pa.), a retired Marine colonel, said later that Marines "killed innocent civilians in cold blood."

Rep. Duncan Hunter (R-El Cajon), chairman of the House Armed Services Committee, held a news conference last Friday to plead with reporters, politicians and the public not to judge U.S. troops by the action "of one squad, in one city, on one morning."

The Marines have had more than 700 personnel killed in Iraq.

In his statement, Hagee said that Marines should overcome the tendency "of becoming indifferent to the loss of a human life" in their dealings with Iraqi civilians.

General To Teach Rules Of War (WT)

By Rowan Scarborough

The Washington Times, May 26, 2006

The Marine Corps' top general yesterday left Washington for Iraq, where he will lecture Marines on the importance of fighting Iraqi insurgents and foreign terrorists by the rules.

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Gen. Michael W. Hagee's trip comes as members of a Marine battalion, based at Camp Pendleton, Calif., are under investigation in the deaths of more than 20 Iraqi civilians, some of them women and children, in the town of Haditha.

The fact that the Marine commandant is dedicating his trip to reinforcing the need to refrain from war crimes underscores the severity of what happened Nov. 19 in Haditha, a known haven for insurgents and al Qaeda in Iraq fighters who regularly attack Marines.

Gen. Hagee said in a message to his troops, "We do not employ force just for the sake of employing force. We use lethal force only when justified, proportional and, most importantly, lawful. ... We protect the noncombatants we find on the battlefield."

Rep. John P. Murtha, Pennsylvania Democrat and a decorated Marine veteran, told reporters last week that Marines killed "innocent civilians in cold blood." Sources close to the investigation told The Washington Times that defense attorneys expect one or more Marines to be charged with murder.

A Marine Corps statement announced Gen. Hagee's departure for Iraq, where he will "reinforce the ideals, values and standards for which Marines have been known for more than 200 years."

The Corps is bracing for the worst, congressional sources say, and are regularly briefing members of Congress. The Naval Criminal Investigative Service (NCIS) will likely complete its investigation this summer.

Senate Armed Services Chairman John W. Warner, Virginia Republican, has been briefed by Gen. Hagee and yesterday convened a closed committee briefing from Brig. Gen. John Kelly.

"There are established facts that incidents of a very serious nature did take place," Mr. Warner told reporters afterwards." He spoke of "very, very serious allegations, and there have been facts substantiated to date to underpin those allegations as to what occurred."

Gen. Hagee said in his message that "To a Marine, honor is more than just honesty. It means having uncompromising personal integrity and being accountable for all actions. To most Marines, the most difficult part of courage is not the raw physical courage that we have seen so often on today's battlefield. It is rather the moral courage to do the 'right thing' in the face of danger or pressure from other Marines."

The events in Haditha began when a Marine was killed by an improvised explosive device (IED) while on patrol. The Marines -- members of the 3rd Battalion, 1st Marine Regiment -- launched quick, house-to-house raids to try to find the insurgents who made and planted it. During the operation, perhaps as many as two dozen Iraqi civilians were killed.

Haditha lies west of Baghdad, in the Anbar province, which is patrolled by about 20,000 Marines who face constant attacks. In the fog of combat, it is sometimes difficult to distinguish Iraqi civilians from hardened al Qaeda terrorists.

"The nature of this war with its ruthless enemies and its complex and dangerous battlefield will continue to challenge us in the commitment to our core values," Gen. Hagee said. "We must be strong and help one another to measure up. The war will also test our commitment to our belief in the rule of law."

As the Haditha investigation was in full bore, the Marines announced this week a second criminal probe in the death of an Iraqi civilian last month near Baghdad.

Marine Corps To Probe Iraq Civilian Deaths (AP)

By Robert Burns

The AP, May 25, 2006

The top Marine general said Thursday that he feared, based on two recent cases of alleged killings of civilians in Iraq, that some Marines could become "indifferent to the loss of a human life." His office announced that he was enroute to Iraq to reinforce the Corps' standards of behavior in combat.

"We do not employ force just for the sake of employing force. We use lethal force only when justified, proportional and, most importantly, lawful," Gen. Michael W. Hagee wrote in a statement issued by his office.

His statement and the announcement of his trip to Iraq came just hours after the Marine command in Iraq disclosed a criminal investigation into allegations that an unspecified number of Marines killed an Iraqi civilian west of Baghdad on April 26. Iraqis made the charge during a meeting with Marine officers on May 1.

"Many of our Marines have been involved in life or death combat or have witnessed the loss of their fellow Marines, and the effects of these events can be numbing," Hagee wrote. "There is the risk of becoming indifferent to the loss of a human life, as well as bringing dishonor upon ourselves."

A spokesman for Hagee, Col. David Lapan, said the general had scheduled the trip long ago but in light of the latest allegations he decided to use the visit as an opportunity to reinforce Marine Corps values and standards.

"To a Marine, honor is more than just honesty; it means having uncompromising personal integrity and being accountable for all actions," Hagee said in his statement. He urged all Marines to have the moral courage to "do the `right thing' in the face of danger or pressure from other Marines."

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He referred to "recent serious allegations about actions of Marines in combat," but he did not specifically cite the two cases - one from last November and the other in April - of alleged killings of civilians.

In Wednesday's announcement of the latest criminal investigation, Marine officials said a preliminary investigation by Multinational Force-West, headed by Marine Maj. Gen. Richard C. Zilmer, had found enough information to recommend an investigation by the Naval Criminal Investigation Service.

The statement provided no details about the alleged killing, including either the gender or age of the victim. It said "several service members" from the 3rd Battalion, 5th Marine Regiment, which is based in the Fallujah area about 40 miles west of Baghdad, were suspected of involvement. They were "removed from operations" and sent back to the United States pending the results of the criminal investigation, it said.

A criminal investigation also is under way in connection with Marines from another battalion who are accused of killing at least 15 civilians, including women and children, last November in Haditha, 140 miles northwest of Baghdad.

The military initially described the Haditha encounter as an ambush during a joint U.S.-Iraqi patrol that involved a roadside bombing in which a Marine died, followed by a firefight. However, residents of the neighborhood maintained that only U.S. forces were shooting after the explosion.

Videotape aired by an Arab television station showed images purportedly taken in the aftermath of the encounter: a bloody bedroom floor, bullet holes in walls and bodies of women and children. An Iraqi human rights group called for an investigation of what it described as another deadly mistake that had harmed civilians.

The military began its administrative investigation to review whether the Marines involved had lied about what happened. A House committee will review the military's investigation next month.

On May 17, Rep. John Murtha, D-Pa., a decorated former Marine, said the toll in the Haditha attack was far worse than originally reported and that U.S. troops killed innocent women and children "in cold blood." He said that nearly twice as many people were killed than first reported, maintaining that U.S. forces are "overstretched and overstressed" by the war in Iraq.

Last August, the Marine Corps announced a criminal investigation into the death of the cousin of Iraq's ambassador to Washington, Samir al-Sumaidaie, who was shot and killed during a search of his home in Haditha on June 25.

No announcement has been made about the findings of the investigation.

Top Marine General To Stress Corps' Values On Trip To Iraq (KRT)

By Drew Brown

Knight Ridder, May 25, 2006

WASHINGTON - The Marine Corps' top general left for Iraq on Thursday to remind Marines that it's important to maintain their core values of "honor, courage and commitment" even in the middle of a bitter counterinsurgency where the differences between right and wrong, friend and foe, are often blurred.

Marine Commandant Gen. Michael W. Hagee's departure came a day after Marines in Iraq announced a criminal investigation into allegations that Marines killed an Iraqi civilian near the town of Hamandiyah, west of Baghdad, on April 26. Investigators are also probing a Nov. 19 incident in which a group of Marines allegedly shot and killed 23 Iraqi civilians in the town of Haditha, according to survivors interviewed by Knight Ridder.

Sen. John Warner, R-Va., chairman of the Senate Armed Services Committee, told reporters on Thursday that in both cases "there are established facts that incidents of a very serious nature did take place." Hagee briefed Warner and the committee's ranking Democrat, Carl Levin of Michigan, about the investigations on Wednesday. The full committee was briefed on Thursday.

Warner said he would reserve judgment until he and other members of Congress "have a full set of facts." He disclosed that there were possibly photos taken of the scene where the killings occurred.

A person familiar with the investigation said the photos were taken after the incident and didn't show actual wrongdoing by troops.

But the person, who asked not be identified because the investigation was still ongoing, said that if the photos are tied to the killings, they "could be very damaging to the U.S. effort in Iraq."

Marine Corps officials said Hagee's trip had been scheduled months ago, but that he intended to use the trip to deliver prepared remarks at Marine bases in Iraq and on every Marine base in the United States reminding troops of their obligations under the rules of war.

"Many of our Marines have been involved in life or death combat or have witnessed the loss of their fellow Marines, and the effects of these events can be numbing," Hagee will say, according to a copy of the remarks. "There is the risk of becoming indifferent to the loss of a human life, as well as bringing dishonor upon ourselves."

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Hagee said all Marines have been taught how to conduct themselves properly on the battlefield and have been trained to follow the Geneva Convention and other regulations while at war.

"We do not employ force just for the sake of employing force," the prepared text said. "We use lethal force only when justified, proportional, and most importantly lawful."

The remarks call such conduct "the American way of war."

"We must regulate force and violence," Hagee will say. "We only damage property that must be damaged, and we protect non-combatants we find on the battlefield."

Hagee also will urge Marines to have the "moral courage to do the `right thing' in the face of danger or pressure from other Marines."

On Wednesday, the Marine command in the Iraqi city of Fallujah said that "several" Marines from 3rd Battalion, 5th Marine Regiment had been returned to the United States until an investigation is completed into the April 26 killing of an Iraqi civilian near Hamandiyah. The Marines said local Iraqis brought the alleged killing to the attention of Marine commanders during a routine meeting on May 1.

Investigators reportedly are near completion of their probe into the Nov. 19 incident at Haditha. Military officials in Baghdad initially reported that 15 civilians on a bus were killed that day, along with one Marine in a nearby Humvee, when a roadside bomb exploded. They later said the civilians died in the crossfire between Marines and insurgents.

But Rep. John Murtha, D-Pa., told a press conference last week that the Marines killed the civilians "in cold blood" after snapping because of the pressures of combat.

Murtha, the ranking Democrat on the Defense Appropriations subcommittee and an opponent of Bush administration policy in Iraq, said those findings would be included in a report due for delivery to top military brass in Baghdad this week.

Murtha, a retired Marine officer and Vietnam veteran, said he had not read the report, but had learned of its findings from military commanders and other sources.

A Marine lieutenant colonel and two company commanders from 3rd Battalion, 1st Marine Regiment were relieved after the Haditha killings and sent home. The commander of 1st Marine Division didn't tie the officers to the alleged massacre, but said they'd been relieved because of numerous incidents throughout their tour.

Haditha, a town in western Iraq about 140 miles northwest of Baghdad, has been a hotbed of the Iraqi insurgency in western Anbar province for more than two years. Fourteen Marines were killed near Haditha last August when a bomb blew up underneath their armored personnel carrier, in one of the worst single fatal attacks for U.S. troops so far in the war.

Top Marine Visits Iraq As Probe Of Deaths Widens (WP)

By Thomas E. Ricks

The Washington Post, May 26, 2006

The commandant of the Marine Corps flew to Iraq to address his troops yesterday, and members of the Senate Armed Services Committee were briefed on allegations that Marines had purposely killed as many as two dozen Iraqi civilians in November.

The two developments were indications of the growing seriousness of two investigations into the incident in Haditha that has led to charges from a congressman that Marines killed civilians "in cold blood."

"When these investigations come out, there's going to be a firestorm," said retired Brig. Gen. David M. Brahms, formerly a top lawyer for the Marine Corps. "It will be worse than Abu Ghraib -- nobody was killed at Abu Ghraib."

An Army lawyer who has heard some accounts of the investigation said, "It's a lot more serious than people thought at the beginning. It's really bad timing," coming as the repercussions of the Abu Ghraib detainee abuse scandal are waning, he added. He requested anonymity because he is on active duty and not authorized to be interviewed.

If so, the case is likely to make it more difficult for the Bush administration to bolster support for the war.

Sen. John W. Warner (R-Va.), chairman of the Armed Services Committee, was briefed Wednesday by Gen. Michael W. Hagee, the Marine commandant, and again yesterday by Brig. Gen. John Kelly, the legislative liaison for the Corps. Warner described the case as consisting of "very, very serious allegations" that resulted in "a significant loss of life, civilian."

Hagee flew to Iraq yesterday "to reinforce the ideals, values and standards" of the Corps, the Marines said. "There is a risk of becoming indifferent to the loss of a human life, as well as bringing dishonor on ourselves," Hagee said in a statement announcing his trip. "We do not employ force just for the sake of employing force."

Two military investigations of events in Haditha are expected to be completed soon, and charges could be brought by late June, according to a person familiar with some aspects of the case. A civilian lawyer tracking the case said he has heard from Marine contacts that there could be as many as a dozen court-martial proceedings.

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At issue is what occurred on Nov. 19, 2005, after a Marine convoy was allegedly hit by a roadside bomb, killing Lance Cpl. Miguel Terrazas. An initial inquiry found that 15 civilians were killed in the crossfire of a subsequent Marine firefight with insurgents.

In April, the Marine Corps relieved Lt. Col. Jeffrey Chessani of his command of the 3rd Battalion of the 1st Marine Regiment, the unit involved in the incident. Two of his company commanders were also relieved of command. The 1st Marine Regiment is part of the 1st Marine Division and is based at Camp Pendleton, Calif., just north of San Diego.

Rep. John P. Murtha (D-Pa.) said last week that there was neither a bomb nor a firefight, and that 24 civilians had been killed "in cold blood."

"It's much worse than reported," said Murtha, who like Warner is a former Marine and maintains close ties with senior Marine officers despite his vigorous opposition to the war.

Rep. John Kline (R-Minn.), a retired Marine helicopter pilot, said in an interview he thought Hagee was doing the right thing.

"I was saddened, surprised and outraged that this could happen," Kline said. He said he thought the incident would be regarded as "a horrific aberration" for the Marines.

Afghanistan's Leader Visits Civilians Wounded In American Bombing (NYT)

By Carlotta Gall

The New York Times, May 26, 2006

KABUL, Afghanistan, May 25 — President Hamid Karzai made a surprise trip to his hometown of Kandahar in southern Afghanistan today to visit civilians wounded in an American bombing raid earlier in the week amid one of the worst bouts of violence in the last four years.

Thousands of villagers have fled their homes and sought refuge in the city in the last few days after heavy fighting just 35 kilometers west of the city, and fighting and bombing continued.

Mr. Karzai made a fleeting visit to Kandahar, where he narrowly survived an assassination attempt in 2003, and promised a gathering of tribal elders that he would bring security to the region.

"He told us not to be worried about the situation, that let's see what happens and that we will bring security," said Haji Agha Lalai Dastagiri, a member of the newly elected provincial council in Kandahar who was present at the meeting.

"He promised the people of Afghanistan that he would build Afghanistan, that God would rebuild it, that the international community was with us and they would build Afghanistan and bring security to this region," said Haji Agha Lalai Dastagiri, a member of the newly elected provincial council in Kandahar who was present at the meeting.

"People were telling him we really need security, but that we do not need foreign troops, and helicopters and tanks anymore, we Afghans should take care of it," he said.

Meanwhile the American-led coalition in Kandahar said fighting continued in the Panjwai district just west of Kandahar Wednesday and coalition forces bombed the area again Wednesday night. Two suspected Taliban insurgents were detained, the military said in a press statement.

In the evening, troops clashed with a "sizable force of Taliban, who retreated into a house and continued fighting," the statement said. "Artillery and air support was used to destroy the enemy. Sporadic fighting continued through the night. We have no assessment of Taliban killed or wounded."

The numbers of civilian casualties in the bombing continued to rise. At least 35 civilians were killed and 15 wounded when United States planes bombed Taliban fighters in a village of Tolokan, west of Kandahar, on Sunday night, said Abdul Qadar Noorzai, the head of the Afghan Independent Human Rights Commission in Kandahar, who has been compiling numbers from accounts from families arriving at his office.

Villagers had traveled in to the city to report that 24 members of one family, living in a large mud-walled compound, had died and eight were wounded, he said. In a second bombing of a madrassah, nine civilians were killed and three were wounded, he said. Villagers had reported that they had buried 35 Taliban fighters who were also killed in the bombardment, he said.

Inside The Ring (WT)

By Bill Gertz And Rowan Scarborough

The Washington Times, May 26, 2006

N. Korean sanctions

As this paper reported Tuesday, the Bush administration recently tightened economic sanctions on North Korea after learning that Pyongyang was selling its ship registry to U.S. and foreign companies here for two or three times the going rate for such so-called flags of convenience.

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The registry provides cash for Pyongyang, but there also are signs that the ships flying North Korean flags do so to avoid inspections because of criminal activity.

Administration officials tell us the new sanctions followed the interdiction March 29 of the freighter MV Crystal off a European port. The ship was found to be engaged in migrant smuggling. The officials did not identify the owner by name but said it was a company incorporated in Delaware. Under the sanctions that went into effect May 8, the company will be forced to give up the North Korean registry.

Another North Korean-flagged vessel, the Rimyongsu, was stopped by Japanese authorities in 2005 and found to be carrying 6,500 counterfeit $100 bills, a North Korean specialty known as the supernote because of the high-quality forgery.

According to the International Transport Workers' Federation, most ships that sail under North Korean flags are bulk, cargo and fishing vessels. A report by the federation stated that out of 408 North Korean-flagged vessels, 187 were owned by North Korea and the rest were owned by a variety of states, including three U.S. companies. Most of the ships are owned by companies based in Cambodia, Comoros, Tonga, and Sao Tome and Principe.

Navy intercept

The U.S. Navy this week reached a milestone in its sea-based missile defense program. A modified SM-2 interceptor missile launched from the Hawaii-based Aegis cruiser USS Lake Erie successfully shot down an incoming short-range test missile in the final few seconds before impact.

It was the first sea-based intercept of a ballistic missile in the terminal, or last stage, of flight.

The target missile was destroyed by a combination of the SM-2's direct contact with it as well as an explosive blast, Pentagon officials said.

"We believe it is an important step towards the desired end-state of a robust sea-based terminal ballistic missile defense capability," Rear Adm. Barry McCullough, director for surface warfare on the staff of the chief of naval operations, said of the test. He noted that the new system "begins to meet an immediate near-term concern of our combatant commanders."

The only other terminal missile defense available is the land-based Patriot PAC-3 system.

There is no current sea-based terminal defense, and the modified SM-2 is a "limited emergency capability" for sea-based terminal missile defense.

China threat

Call it good timing. Just as the Pentagon releases a report critical of communist China's brisk military buildup, a Defense Department hand and a radio talk show host came out with a book on why Beijing wants a military confrontation with the United States.

"Showdown: Why China Wants War With the United States" paints several scenarios for how China and the world's only superpower will clash one day.

"China may soon have the capacity to shut down the stock market, take out air traffic control and telephone satellite networks and hijack our electric power grid," writes Jed Babbin, a frequent fill-in for a variety of radio hosts across the country and a former senior Pentagon official; and Edward Timperlake, a Pentagon procurement official and former Marine fighter pilot. Both authors have written previous New York Times best-sellers.

The authors also save space for scolding democratic Taiwan, the island that China claims as its own.

"President Bush and his successors must take a 'tough love' approach with the Taiwanese," the authors write. "If the Taiwanese are unwilling to spend the necessary money to defend themselves they should be told in unmistakable terms that we will not spend blood and treasure in their defense. The Taiwanese need a big dose of reality."

Buyer and the vets

Veterans cannot recall the last time relations were so bad between the chairman of a congressional committee and the groups that go to bat for the country's millions of ex-service members.

It began when House Veterans' Affairs Committee Chairman Steve Buyer, Indiana Republican, changed the way the American Legion, Veterans of Foreign Wars and other vets groups provide their views to his committee. The old practice was for joint hearings with the Senate committee counterpart, with individual sessions with each group's leader, who had plenty of time to testify.

Mr. Buyer has condensed those proceedings, according to the American Legion, and has pushed back the hearing date until after the president's veterans budget is delivered to Congress each February. Previously, the groups met with the committee in September as the White House formulated the federal budget.

Thomas Bock, the American Legion's national commander, said Mr. Buyer offered him three minutes to talk as part of a panel and then increased his time — by seven minutes. "I thought, 'What a slap in the face,' " Mr. Bock told us.

Earlier this month, Mr. Bock and representatives from three other leading vets groups sent a letter to Mr. Buyer.

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"The fact that you have made a decision without consulting the [veterans service organizations] is on its face, disrespectful to our organizations and our millions of volunteer members that live and advocate for their fellow veterans and their families all across this great nation," said the letter, which was hand-delivered to every member of Congress. The groups called Mr. Buyer's attitude "hostile."

Matters got worse. Mr. Buyer fired back on May 12 that the letter was "a political stunt filled with falsehoods, innuendo and misrepresentations."

This week, the four veterans groups replied: "That you would label our attempt to speak to reason on this issue a 'political stunt' is both offensive and disingenuous in the extreme. Your implication that we are putting politics above service to veterans is disgraceful and a calculated misrepresentation." They asked for a meeting with Mr. Buyer sometime after Memorial Day.

Jeff Phillips, Mr. Buyer's spokesman, said in an e-mail: "Chairman Buyer heard from 19 veterans' groups in February, under this new schedule — before his committee wrote its views and estimates. That has never been done before. He also plans a 'look-back, look ahead' hearing in September for these groups. That's new, too."

Said Mr. Bock, "We never have had relations so strained with a committee chairman."

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Local Hero Receives Courage Award (WTEN-TV)

WTEN-TV, Albany, NY, May 26, 2006

Stephanie was honored at the Department of Justice National Missing Children's Day awards ceremony.

A local hero receives a national award; and if anybody deserved one, 15-year-old Stephanie Quackenbush does.

She is the Albany girl who fought off an armed attacker and then helped send him to prison. Today she received "The Courage" award.

And courage is something Stephanie has plenty of. So much, she was honored at the Department of Justice National Missing Children's Day awards ceremony. She shares the credit with her mom.

"I'm proud of myself, I just did everything my mom taught me to do," said Quackenbush.

There were words of praise from Attorney General Alberto Gonzales

"Today we honor all who work for our children, because they are our dreams and our future," says Gonzales.

Stephanie almost never lived to see her future. On June of last year, on the way to school she was attacked by a man armed with a butcher knife. Quackenbush fought and screamed, even after the man told her he was going to stab her.

Her screams got the attention of two men, as her attacker ran. He turned out to be 24-year-old Darius Ashley, who is serving 25 years in prison for the assault on Quackenbush, and the rapes of two other girls.

Stephanie's mom, Rhonda Quackenbush, says she is, "proud, very proud. She has four sisters and she taught us all a lot. She deserves it.

Stephanie also has words of advice. "Just for like young girls, fight back, scream as hard as you can. You have one chance, why not take it."

Stephanie's attacker also allegedly admitted to raping and killing Gretchen Perham, a classmate of Quackenbush. He has not been prosecuted for those crimes.

CORPORATE SCANDALS:

Reversal Could Be Long Shot, Legal Experts Say (WSJ)

By Nathan Koppel And Peter Lattman

The Wall Street Journal, May 26, 2006

For former Enron Corp. executives Kenneth Lay1 and Jeffrey Skilling2, overturning yesterday's guilty verdicts will be a long shot, legal specialists say.

Mr. Lay was found guilty in a Houston federal court of conspiracy, securities fraud and wire fraud. He was also found guilty of bank fraud and misrepresentation in personal loans in a separate trial. Mr. Skilling was found guilty of conspiracy, securities fraud, making false statements and insider trading. Mr. Skilling was acquitted of some other insider-trading counts.

Sentencing was set for Sept. 11. Mr. Lay, 64 years old, faces a maximum penalty of 45 years in prison in the main trial, and he could get from zero to six months for each of the four separate bank charges; Mr. Skilling, 52, faces a maximum penalty of 185 years in prison. However, sentencing experts say that the actual sentences are likely to fall in the 12- to 25-year range.

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The two are expected to seek reversals in the Fifth U.S. Circuit Court of Appeals in New Orleans, which lawyers say is one of the more pro-government benches in the nation. It also would likely be the last stop for Messrs. Skilling and Lay, since the U.S. Supreme Court agrees to hear very few cases.

"Your typical white-collar defendant has a better chance of winning a Golden Globe award than getting his conviction reversed in the Fifth Circuit," says Brian Wice, a Houston lawyer who specializes in criminal appeals.

After the trial, Mr. Skilling's lawyer, Daniel Petrocelli3, said the verdict "didn't change our view of Jeff Skilling's innocence" and said he would soon file an appeal. "We have just begun the fight."

Mr. Lay said he was "shocked" at the verdict but didn't say whether he would appeal.

Lawyers for the former Enron chiefs likely will raise a host of appellate arguments, including that the case should have been moved to another venue and that the defendants were adversely affected by having to stand trial together. Both defense lawyers had requested trials outside of Houston, where Enron's collapse had a particularly significant impact. Mr. Lay had requested to be tried separately.

But trial judges are given wide latitude over the conduct of a trial. And lawyers who attended the Enron trial say federal Judge Simeon Lake4, widely regarded as one of Houston's more fastidious judges, didn't make any obvious missteps. "Judge Lake is on solid ground," says Houston securities lawyer Christopher Bebel.

Here is a snapshot of issues that could be raised in an appeal:

· JURY INSTRUCTIONS: Over the defense's objection, Judge Lake included a controversial "deliberate indifference" instruction. Under this standard, the jury could find either Mr. Lay or Mr. Skilling guilty for closing their eyes to signs of criminal conduct that would otherwise have been obvious to them. The defense contended this instruction didn't apply either to the prosecution's or defense's theory of the case.

· VENUE: Judge Lake denied a request to move the trial out of Houston. The defense argued that Enron's implosion so infected Houston that they would be unable to get a fair trial there.

· PAIRING THE TRIALS: Judge Lake denied Mr. Lay's request to have his case tried separately from Mr. Skilling's. Mr. Lay might argue on appeal that he was unfairly prejudiced by the joint trial.

· IMMUNITY: Judge Lake and the government declined to grant immunity to numerous former Enron executives who might have testified on behalf of the defense. This stance regarding potential witnesses deprived the defendants of helpful testimony, they might argue.

Meantime, Messrs. Lay and Skilling shouldn't take heart from two other recent, high-profile appeals, legal specialists say. Last year, the Supreme Court reversed the 2002 conviction of Arthur Andersen LLP for obstructing justice by shredding documents related to its work for Enron. The Supreme Court held that the Andersen trial judge erred by not requiring the jury to find Andersen knew the document-shredding was unlawful.

The Andersen ruling, in turn, paved the way for former investment banker Frank Quattrone to win a reversal this year of his 2004 conviction for obstructing a government probe of Credit Suisse First Boston (now named Credit Suisse.) The Second Circuit concluded Mr. Quattrone was harmed by juror-instruction errors highlighted by the Andersen ruling.

Unlike the Andersen and Quattrone cases, however, the Enron trial dealt with "very well-settled law," says Samuel Buell, a professor at the University of Texas School of Law and a former prosecutor with the Enron Task Force.

Lay, Skilling Found Guilty (USAT)

By Greg Farrell

USA Today, May 26, 2006

HOUSTON — In a dramatic resolution to a landmark criminal case that defined an era of corporate fraud in the USA, a jury here found former Enron CEOs Ken Lay and Jeff Skilling guilty on all counts of conspiring to hide the company's financial condition in 2000 and 2001.

The verdict was a resounding victory for federal prosecutors who had spent four years building a criminal case against two men once celebrated as business visionaries.

It was also a total repudiation of Lay and Skilling, who both testified that Enron was a fundamentally sound company brought low in a market panic spurred by short sellers and negative media reports. The government had argued Enron was a speculative trading company that boosted its earnings through deceptive accounting and bogus claims about the growth potential of new business units.

The jury found Lay, 64, guilty of six counts of conspiracy and fraud. Skilling, 52, was convicted on 18 counts of conspiracy and securities fraud but acquitted on nine out of 10 counts of illegal inside trading.

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Lay was not charged with inside trading, but in a news conference after the verdict was announced, jurors said Lay's incessant selling of stock in the months leading up to Enron's collapse was evidence of intent to deceive the public about Enron's financial health.

The two men, who stood stoically in the courtroom while the verdicts were announced, even as their families and lawyers were overwhelmed with emotion, are scheduled to be sentenced on Sept. 11. Because of the magnitude of the financial losses caused by Enron's collapse into bankruptcy in December 2001, which erased more than $60 billion of market value, both men could spend the rest of their lives in prison.

As the verdicts were read, Lay's wife, Linda — a fixture in the courtroom throughout the four-month trial — slumped her head toward her husband's shoulder and fought back sobs.

On his way out of the courthouse, Lay said he was "shocked" by the verdict. "I firmly believe I am innocent of the charges against me as I've said from day one."

In a news conference after the verdict was announced, several jurors said they didn't believe that Lay and Skilling were unaware of the accounting manipulations that took place on their watch.

"I felt it was their duty to know what was going on," said juror Wendy Vaughan. Another juror, Kathy Harrison, declared, "No American is above the law."

Outside the courthouse after the verdict, prosecutors said the trial should send a message to executives who manipulate their companies' earnings. "No matter how rich and powerful you are, you have to play by the rules," said Sean Berkowitz, director of the Enron Task Force. "You will be held accountable for your actions."

Skilling And Lay Convicted Of Enron Conspiracy (FT)

By Sheila McNulty And Ben White

Financial Times, May 26, 2006

Former Enron executives Kenneth Lay and Jeffrey Skilling were convicted on Thursday of fraud and conspiracy for their role in the energy trader's collapse, bringing a dramatic conclusion to a case that changed the face of US business.

The verdict provided the federal government with its most important victory in a five-year crackdown, which followed a white-collar crime wave that rattled investor confidence, wiped out thousands of jobs and destroyed billions of dollars in wealth.

Some of the jurors said they saw themselves as part of a bigger battle against corporate excess, an effort that prompted US lawmakers to pass Sarbanes-Oxley, which requires increased accountability from corporate executives and directors.

"This is undoubtedly the most challenging and heart-rending experience I've ever had," one of the jurors, Kathy Harrison, an elementary school teacher, said at a news conference. "I've fought on this battleground for American justice."

After five days of deliberations on the case, which involved the use of off-the-book partnerships to disguise debt, Mr Lay, former chairman, was found guilty on all six counts of wire fraud, securities fraud and conspiracy. In addition, Judge Sim Lake said he had found Mr Lay guilty of four counts of bank fraud in a separate case that was argued last week without a jury.

Mr Skilling, the former chief executive, was found guilty on 19 counts of conspiracy, securities fraud, insider trading and making false statements. Mr Skilling was acquitted on nine of 10 counts of insider trading.

It is possible the two men could spend the rest of their lives in prison. Mr Lay, 64, faces up to 45 years. Mr Skilling, 52, faces up to 185 years. They are to be sentenced on September 11.

As the verdicts were read, Mr Lay's face turned grey. His wife and daughter covered their faces and sobbed. All five of his children huddled around him. Mr Skilling, whose wife was not at court, kept his face blank. Daniel Petrocelli, his lawyer, promised a "vigorous" appeal.

Legal experts said the verdicts showed jurors rejected defence arguments that there was no accounting fraud at the world's biggest energy trader, and that the collapse was sparked by a collapse in confidence caused by heightened scrutiny from regulators, analysts and the media.

Henry Hu, business and law professor at the University of Texas, said: "Symbolically, this is the end of the morality play. Enron has become a word that you can use to scare children. Average investors might not have followed some of the other cases, such as WorldCom and Tyco, but they followed this one. They knew who these guys were."

Jurors said their verdict was not reached because of one particular witness or piece of evidence, and confessed to changing their minds from day to day.

"You felt like a ping-pong ball,'' said Doug Baggett, a juror who manages a legal department, in a news conference.

Judge Lake said Mr Skilling's $5m bond was sufficient to release him until sentencing but told Mr Lay to surrender his passport and have his five children post their homes to back up his $5m bond.

Meanwhile, a consortium of US and European hedge funds had agreed to buy the international assets of Enron for $2.1bn in cash.

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Lay, Skilling Convicted In Enron Case (WT/AP)

By Kristen Hays, Associated Press

The Washington Times, May 26, 2006

HOUSTON -- Kenneth L. Lay and Jeffrey Skilling were convicted of conspiracy and fraud yesterday by a federal jury that laid blame for one of the biggest business scandals in U.S. history squarely on Enron Corp.'s two former top executives.

Jurors found that the once-wealthy and powerful corporate chiefs repeatedly lied to cover up accounting tricks and business failures that led to its 2001 demise. The collapse wiped out more than $60 billion in market value, almost $2.1 billion in pension plans and 5,600 jobs.

The verdict came in the sixth day of deliberations after a criminal trial that lasted nearly four months. Lay also was convicted of bank fraud and making false statements to banks in a separate, nonjury trial before U.S. District Judge Sim Lake related to Lay's personal finances.

The conspiracy conviction was a major victory for the government, serving almost as a bookend to an era that has seen prosecutors win convictions against executives from WorldCom Inc. to Adelphia Communications Corp. and homemaking diva Martha Stewart. The public outrage over the string of corporate scandals led Congress to pass the Sarbanes-Oxley act, designed to make company executives more accountable.

"The jury's verdicts help to close a notorious chapter in the history of America's publicly traded companies" said Rep. Michael G. Oxley, Ohio Republican, co-author of the Sarbanes-Oxley legislation. "Appeals aside, the end of the trial will mark the end of a dark era."

Lay was convicted on all six counts of conspiracy, securities and wire fraud against him in the corporate trial and all four in the personal banking trial. Former Chief Executive Officer Skilling was convicted on 19 of the 28 counts in the corporate trial, including one count of insider trading, and acquitted on the remaining nine.

Judge Lake set sentencing for September 11. The charges against Lay, who is 64, carry a maximum penalty in prison of 45 years for the corporate trial and 120 years in the personal banking trial. The charges against Skilling, 52, carry a maximum penalty of 185 years in prison.

As Judge Lake read the verdict from the bench, Lay tossed his head at hearing the first "guilty" on the conspiracy count. He clutched his wife's hand as he heard that word over and over again.

Lay sat with his wife, Linda; his daughter, Elizabeth Vittor, a member of his defense team; and Linda Lay's daughter, Robyn. As Lay clutched his wife's hand, the three women leaned forward and began to sob quietly.

Skilling, sitting with his brother, Mark, showed no emotion when the verdict was read.

The sentencing will come five years almost to the day after Skilling sold 500,000 shares of Enron stock for $15.5 million, for which he was convicted of insider trading.

"Obviously, I'm disappointed," he told reporters outside the courthouse. "But that's the way the system works." Skilling said he will appeal.

Skilling's $5 million bond, which restricts him to the continental U.S., remains in effect. Lay, who surrendered his passport, posted a $5 million bond secured with family-owned properties at a hearing after the verdict.

"I firmly believe I'm innocent of the charges against me," Lay said afterward. "We believe that God in fact is in control and indeed He does work all things for good for those who love the Lord."

Jurors found that both men had repeatedly lied to cover a vast web of unsustainable accounting tricks and failing ventures at Enron.

Both men testified in their own defense. But the panel rejected Skilling's insistence that no fraud occurred at Enron other than that committed by a few executives skimming millions in secret side deals, and that bad press and poor market confidence combined to sink the company.

"I wanted very, very badly to believe what they were saying, very much so, and there were pieces in the testimony where I felt their character was questioned," juror Wendy Vaughan said after the verdict was announced.

The government's victory caps a 41/2 year investigation that garnered 16 guilty pleas from ex-Enron executives, including former Chief Financial Officer Andrew Fastow and former Chief Accounting Officer Richard Causey. All are awaiting sentencing later this year except for two, who either finished or are still serving prison terms.

Enron Executives Guilty On Most Counts (LAT)

By Thomas S. Mulligan

The Los Angeles Times, May 26, 2006

DOJ_NMG_0029877

HOUSTON — Former Enron executives Kenneth L. Lay and Jeffrey K. Skilling were found guilty today on most counts in their landmark conspiracy and fraud case.

In the end, the jury of eight women and four men embraced the testimony of a parade of former Enron executives who said Lay and Skilling lied publicly about the energy company's financial health and condoned, if not actively encouraged, the use of accounting tricks to boost reported profits and hide debt.

The verdicts, which were reached after the jury deliberated for more than five days, were read aloud in a Houston courtroom.

Lay, 64, the company's former chairman, was found guilty on all six counts of fraud and conspiracy. Former chief executive Skilling, 52, was found guilty of fraud and conspiracy in addition to one count of insider trading, 19 counts in all; he was acquitted of the nine remaining insider trading charges. One of the fraud counts against Skilling included the misstating of Enron's financial situation during the California energy crisis.

Sentencing was scheduled for Sept. 11. Lay faces a maximum of 165 years in prison while Skilling faces a maximum of 185 years, according to Associated Press.

Outside the courtroom, Skilling denied any wrongdoing, and his chief defense attorney, Daniel Petrocelli, vowed to file a "full and vigorous appeal."

"We fought a good fight," Skilling told reporters gathered outside the downtown courtroom. "Some things work. Some things don't."

A few hours later, Lay, accompanied by his wife, Linda, emerged from the courthouse to profess his innocence and his belief that "God, in fact, is in control, and indeed he does work all things for good."

But the former chairman said he was stunned by the verdict.

"Certainly, we are surprised. I think [it's] probably more appropriate to say we are shocked," said Lay in brief comments to reporters. "I firmly believe I'm innocent of the charges against me, as I have said from day one."

Police mounted on horses kept the news media at bay as Lay and his entourage made their way from the courthouse into another building.

One of the jurors interviewed after the trial said that the testimony of former Enron treasurer Ben Glisan Jr., who is serving a five-year prison sentence for his role in the scandal, played an important part as they weighed the evidence.

"We kept on going back to that testimony to corroborate things," said school principal Freddy Delgado. "I believe that he was one of the best witnesses that was brought forward."

The decision of Lay and Skilling to take the stand in their own defense didn't help their case much, according to another juror.

"I wanted very, very badly to believe what they were saying," said business owner Wendy Vaughn. But, "there were places in their testimony where I felt their character was questioned."

Lay's sale of $20 million of Enron stock in 2001 months before the company collapsed also weighed heavily with jurors, with one expressing disgust at the transaction, which would not have to be reported until the following year. It was "a disgrace," said electrical designer Doug Martin.

The verdicts were perhaps the government's most important victory in its high-profile war against corporate corruption.

"The jury has spoken, and they have sent an unmistakable message to boardrooms across the country: You can't lie to shareholders. You can't put yourselves in front of your employees' interest," said Sean M. Berkowitz, head of the Justice Department's Enron Task Force, outside the courtroom. "No matter how rich and powerful you are, you have to play by the rules."

Fellow Enron task force member and Orange County federal prosecutor John C. Hueston said that the verdicts will make it harder for top executives to blame their company's problems on their underlings to avoid legal responsibility.

"CEO's cannot hide behind accountants. They cannot hide behind lawyers. They cannot hide behind claims of ignorance when they have been paid tens of millions of dollars to be the faithful stewards of shareholders and investors," Hueston said.

Enron's implosion was one of the most infamous corporate scandals in U.S. history. The energy company's failure wiped out more than 5,000 jobs and billions of dollars of stock market value. It also led to sweeping new regulations and legislation — particularly the 2002 Sarbanes-Oxley law — meant to curb corporate wrongdoing and restore confidence in companies' financial statements.

Lay and Skilling, who have insisted that they were made scapegoats for Enron's shocking 2001 collapse, became the headline targets of a massive crackdown on corporate wrongdoing that also resulted in charges against executives of such companies as WorldCom, Adelphia Communications, HealthSouth and Tyco International.

Enron's auditors, then-Big Five accounting giant Arthur Andersen, went out of business after being indicted for obstruction of justice in the wake of Enron's collapse. Testimony showed that Andersen employees shredded mounds of Enron-related

documents after the federal probe was launched. The U.S. Supreme Court last July overturned the firm's 2002 conviction due to faulty jury instructions.

Lay and Skilling attempted vainly to have their trial moved to a location less saturated by media coverage of Enron's crash, but there were few places in America where the news hadn't penetrated.

"Just the mention of the name Enron evokes images of duplicity and greed," Linda Chatman Thomsen, director of enforcement for the Securities and Exchange Commission, said at the time of Lay's July 2004 indictment.

An Oscar-nominated documentary film and a handful of mass-market books were spawned by the scandal. Feisty Enron whistle-blower Sherron S. Watkins, in addition to co-authoring a book, launched a lucrative second career lecturing on business ethics.

An investigation by the Enron Task Force, created by the Department of Justice shortly after the company's Dec. 2, 2001 bankruptcy filing, has resulted in charges against more than 20 people.

The Enron trial lasted 56 days, including one day for jury selection, one day for opening statements and three days for closing arguments. The prosecution team took 30 days to present its case. The defense took 21 days.

The government called 22 witnesses and the defense 31, including Lay and Skilling. Lay spent five days on the witness stand. Skilling testified for eight days.

Lay and Skilling argued that there was no crime at Enron, other than that committed secretly by former Chief Financial Officer Andrew S. Fastow. Times staff writer Jesus Sanchez in Los Angeles contributed to this report.

Enron Leaders Found Guilty (WP)

By Carrie Johnson

The Washington Post, May 26, 2006

HOUSTON, May 25 -- A federal jury found former Enron chairman Kenneth L. Lay guilty of every one of the half-dozen counts with which he was charged and convicted his protege Jeffrey K. Skilling of 19 more on Thursday, pinning them with responsibility for one of the era's biggest and most damaging business frauds.

Jurors deliberated for less than six days over a trial that took almost four months and was more than four years in the making. As they filed back into the courtroom, jurors avoided eye contact with the defendants and their families. Skilling rose first and stood impassively, holding his hands pressed together in front of him and exchanging words with his brother, while the judge read aloud "guilty" after "guilty."

Lay, who sat beside his weeping wife and daughter, bowed his head at Skilling's predicament, then stood and braced himself as the judge handed down a rapid-fire series of guilty verdicts against him. Relatives and friends of both men buried their heads in their hands and murmured "no" as individual jurors affirmed their ruling.

Moments after the verdicts, U.S. District Judge Simeon T. Lake III asked Lay to stand for a second time, finding him guilty of four counts of bank fraud and making false statements in a separate trial, related to personal loans. The judge then demanded that the once-powerful executive who had dominated this city's business and cultural circles surrender his passport and fork over a $5 million bond. At the bond hearing, Lay's wife and three of the couple's children pledged their homes on the promise that he would not abscond before he is sentenced.

"I am not going to let him leave this building until his passport is surrendered," Lake said firmly. The judge ordered both men to return to the building for sentencing on Sept. 11, the fifth anniversary of the terrorist attacks that the defense blamed for contributing to Enron's misfortunes.

Skilling's lawyer Daniel M. Petrocelli appeared at microphones set up on the courthouse steps just minutes after the verdict was read and vowed a "full and vigorous" appeal.

"We have just begun to fight," he said, standing beside his client, who appeared composed. Skilling, whose wife and three children were not present for the verdict, was among the first to race out of the courtroom when the judge left the bench. Skilling was heckled by a few members of the public who camped outside the courthouse alongside scores of cameramen and reporters. Two police officers on horseback patrolled the area, trying to keep order, stopping traffic so Lay and a phalanx of relatives could cross the street and make their way home.

Skilling, 52, and Lay, 64, once stood near the pinnacle of American business, as the energy trading powerhouse they created out of a stodgy pipeline company grew to become the nation's seventh-largest public company. But much of their fortunes collapsed in a heap along with the business in December 2001.

Now the two men, who together invested close to $70 million in their defense, face the possibility of spending the rest of their lives in prison and living in history as the ringleaders of a fraud at a company whose name became synonymous with accounting tricks and rule-breaking.

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"Certainly, we're surprised, and it's probably more accurate to say we're shocked," Lay told reporters outside the courthouse. Earlier in the day, he held hands with a circle of family members and prayed alongside his pastor inside the courtroom well. "I firmly believe I'm innocent of the charges against me. . . . Most of all, we believe in the fact that God is in control."

Jurors, on the other hand, said they believed Lay and Skilling were firmly in charge as the company veered into financial problems, rejecting the defense that Enron fell victim to a market panic fueled by skeptical news reports; the terrorist attacks; investors who bet the stock price would drop; and concerns about the ethics of Andrew S. Fastow, then Enron's finance chief.

"Both defendants said they had their hands firmly on the wheel," said juror Freddy Delgado, an elementary school principal. "To say you didn't know what was going on in your company . . . was not the right thing to do."

Enron's bankruptcy filing cost thousands of workers their jobs, spooked investors into doubting the integrity of the stock market and spurred lawmakers to enact the most significant changes to corporate practices in more than 70 years.

Another jury member, payroll manager Carolyn Kuchera, said panelists managed to do their jobs at nights, on weekends and during breaks in the long case. "We were responsible, we were always accountable, we tied up the loose ends, and I think those [Enron] employees were entitled to the same thing."

Both Lay, who once mingled with members of the Bush family and earned the nickname "Kenny Boy" from the president, and Skilling, who during boom years convinced Wall Street analysts of Enron's genius and his own, took the witness stand in an effort to deploy their legendary salesmanship on their own behalf. But, in 14 days of testimony, neither man proved convincing, jurors said.

The eight-woman, four-man jury issued its verdict after hearing evidence over 16 weeks from 56 witnesses, including eight insiders who pleaded guilty and testified against Lay and Skilling. None, however, mattered more than the defendants themselves.

In contrast to his grandfatherly, genial public image, Lay angrily attacked prosecutors for deigning to investigate his $77.5 million of stock sales back to Enron in the months before its demise, an issue that did not form the basis of criminal charges but nonetheless struck juror Don Martin as a "disgrace," he said later. Skilling suffered memory lapses about key events and tried to outwit the government by spinning long explanations for such things as problems in Enron's retail and broadband units.

Federal prosecutors prevailed despite the lack of documents that directly linked the men to a scheme to boost earnings and conceal billions of dollars in debt. From the start of the trial Jan. 30, government lawyers signaled they would skim over arcane business issues and instead focus on whether the defendants misled analysts and investors in a series of optimistic public statements designed to prop up Enron's stock price.

"The jury has spoken, and they have sent a powerful message," said Justice Department Task Force Director Sean M. Berkowitz. "You can't lie to shareholders. You can't put yourself above employees' interests. . . . No matter how rich you are, you have to play by the rules just like anyone else."

Skilling, whom prosecutors characterized as the mastermind of the fraud, resigned abruptly in August 2001, passing the torch back to his mentor. He faced a total of 28 charges of insider trading, conspiracy, securities fraud and making false statements. Jurors acquitted Skilling of nine of the 10 insider-trading charges because, they said, they did not have sufficient evidence. Forewoman Deborah Smith, a human resources manager, explained the move by saying: "Not guilty equals not proven. It does not equal innocent."

Lay faced six more-narrow charges based on his leadership of the company after he stepped in upon Skilling's departure, a decision that he testified he grew to regret bitterly. Prosecutor John C. Hueston told reporters that Lay had a "golden opportunity" to come clean about Enron's problems but instead chose time and again "not to tell the unvarnished truth."

The Enron investigation has been the most sophisticated and painstaking white-collar criminal probe in history, Justice Department officials said, producing convictions of 18 people. Enron's collapse also helped topple accounting firm Arthur Andersen LLP, convicted of obstructing justice for tampering with documents related to Enron in 2002. The U.S. Supreme Court unanimously overturned the verdict last year because of faulty jury instructions -- one of many issues Lay and Skilling are likely to argue in their own extensive appeals.

Enron's implosion in late 2001 put substantial pressure on the Bush administration, which had developed close ties to Lay, to distance itself from business malfeasance. Within months, President Bush mobilized federal agencies and launched a corporate-fraud task force that has convicted more than 1,063 people, including 167 corporate presidents and chief executives and 36 chief financial officers.

"This was the most important corporate scandal of our lifetimes," said securities-law historian Joel S. Seligman. "It was one of the immediate causes of the Sarbanes-Oxley Act, the governance reforms of the New York Stock Exchange and NASD, and the most consequential reorientation of corporate behavior in living memory."

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Lay and Skilling have yet to resolve civil lawsuits filed by former shareholders who seek billions of dollars. But they may have to stand in line behind the federal government, which is seeking the forfeiture of Lay's $4 million penthouse apartment and Skilling's $5 million Mediterranean-style mansion, among other assets.

Two Enron Chiefs Are Convicted In Fraud And Conspiracy Trial (NYT)

By Alexei Barrionuevo

The New York Times, May 26, 2006

HOUSTON, May 25 — Kenneth L. Lay and Jeffrey K. Skilling, the chief executives who guided Enron through its spectacular rise and even more stunning fall, were found guilty Thursday of fraud and conspiracy. They are among the most prominent corporate leaders convicted in the parade of scandals that marked the get-rich-quick excesses and management failures of the 1990's.

The eight women and four men on the jury reached the verdicts after a little more than five days of deliberations. Mr. Skilling was convicted of 18 counts of fraud and conspiracy and one count of insider trading. He was acquitted on nine counts of insider trading. Mr. Lay was found guilty on six counts of fraud and conspiracy and four counts of bank fraud.

The conspiracy and fraud convictions each carry a sentence of 5 to 10 years in prison. The insider trading charge against Mr. Skilling carries a maximum of 10 years.

Both men are expected to appeal. Judge Simeon T. Lake III, the judge in the case, set sentencing for Sept. 11. Until then, the two men are free on bail. If they lose their appeals, Mr. Skilling and Mr. Lay face potential sentences that experts say they believe will keep them in prison for the rest of their lives. Mr. Skilling, who had few family members in attendance, reacted with little emotion as the verdict was read, briefly searching the audience's faces and later striding confidently alone out of the courtroom ahead of his lead lawyer, Daniel Petrocelli.

"Obviously, I'm disappointed," Mr. Skilling said as he left the courthouse, "but that's the way the system works."

Once jurors and the judge cleared out of the courtroom, Mr. Lay's family members huddled around him. Elizabeth Vittor, Mr. Lay's daughter and a lawyer who had worked on his defense team, sobbed uncontrollably. Two local ministers also leaned in and hugged Mr. Lay, whose family members soon formed a circle in the courtroom, with arms over shoulders, and cried together. "I know, I know," Mr. Lay said in a soothing voice to several of them, as they clutched at his suit coat.

After he emerged from court, Mr. Lay said, "I firmly believe I'm innocent of the charges against me."

In televised remarks he said, "We believe that God in fact is in control and indeed he does work all things for good for those who love the Lord."

For a company that once seemed so complex that almost no one could understand how it actually made its money, the cases ended up being simpler than most people envisioned. Mr. Lay, 64, and Mr. Skilling, 52, were found guilty of lying — to investors, employees and regulators — in an effort to disguise the crumbling fortunes of their energy empire.

The 12 jurors and 3 alternates, who all agreed to talk to about 100 reporters at a news conference after the verdict, said they were persuaded — by the volume of evidence the government presented and by Mr. Skilling's and Mr. Lay's own appearances on the stand — that the men had perpetuated a far-reaching fraud by lying to investors and employees about Enron's performance.

The panel rejected the former chief executives' insistence that no fraud occurred at Enron other than that committed by a few underlings who stole millions in secret side deals. And the jurors said they did not believe that negative press and failing market confidence combined to sink the company.

"The jury has spoken and they have sent an unmistakable message to boardrooms across the country that you can't lie to shareholders, you can't put yourself in front of your employees' interests, and no matter how rich and powerful you are you have to play by the rules," Sean M. Berkowitz, the director of the Justice Department Enron Task Force, said outside the courthouse.

For years, Enron's gravity-defying stock price made it a Wall Street darling and an icon of the "New Economy" of the 1990's. But its sudden collapse at the end of 2001 and revelation as little more than a house of cards left Enron, with its crooked E logo, the premier public symbol of corporate ignominy. Investors and employees lost billions when Enron shares became worthless.

Enron's fall had a far greater impact than on just the energy industry by heightening nervousness among average investors about the transparency of American companies. "The Enron case and all the other scandals and cases that trailed after it may have finally punctured that romance with Wall Street that has been true of American culture for a while now," said Steve Fraser, a historian and author of "Every Man a Speculator: A History of Wall Street in American Life."

At Enron, Mr. Skilling was the visionary from the world of management consulting who spearheaded the company's rapid ascent by fastening on new ways to turn commodities, like natural gas and electricity, into lucrative financial instruments.

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Mr. Lay, the company's founder, was the public face of Enron. Known for his close ties to President Bush's family, he built Enron into a symbol of civic pride and envy here in its hometown of Houston and throughout the financial world.

The verdicts are a vindication for federal prosecutors, who had produced mixed results from their four-year investigation of wrongdoing at the company. The investigation resulted in 16 guilty pleas by Enron executives, and four convictions of Merrill Lynch bankers in a case involving the bogus sale of Nigerian barges to the Wall Street firm.

Last year, however, the Supreme Court, blaming flawed jury instructions, overturned the obstruction-of-justice verdict that sounded the death knell for the accounting firm Arthur Andersen, Enron's outside auditor. And a jury either acquitted or failed to agree on charges in the fraud trial of former managers of Enron's failed broadband division.

In the 56-day trial, defense lawyers repeatedly criticized prosecutors for bringing criminal charges against Mr. Skilling and Mr. Lay, saying the government had set out to punish the company's top officers regardless of what the facts might be. The lawyers said the government was criminalizing normal business practices and accused prosecutors of pressuring critical witnesses to plead guilty to crimes they did not commit.

The defense lawyers also complained about a lack of access to witnesses who they contended could have corroborated their clients' versions of events. Several jurors said they would have liked to hear from more witnesses, in particular Richard A. Causey, the chief accounting officer, whom neither side called. "To me, he was a missing link," said a juror, Douglas Baggett, an administrative manager for a corporate legal department at Shell.

The Enron trial, more than any other, punctuates the era of corporate corruption defined by the failure of WorldCom, the telecommunications giant whose bankruptcy following revelations of $11 billion in accounting fraud exceeded even Enron's in size; the prosecution of Frank P. Quattrone, the technology industry banker; and scandals at Tyco, Adelphia and HealthSouth.

Mr. Lay was forced to remain in the courthouse for more than three hours after the verdict was announced for a hearing on securing a $5 million bond, which will come from a mix of financial pledges from his children, and to surrender his passport.

Judge Lake will have broad discretion in determining the former executives' sentences.

He is not known for his leniency. Two years ago he sentenced Jamie Olis, a former midlevel executive at Dynegy, an Enron competitor, to 24 years for his role in a scheme to disguise the company's finances. An appeals court last year ordered the judge to revise the sentence. A hearing is set for June 9. The guilty verdicts could have limited impact on a spate of civil cases. "They are not the ones who are going to pay the billions of dollars in additional recoveries that we hope to obtain on top of the $7.2 billion we already have from banks in our previous settlements," said William S. Lerach, the lead lawyer in the largest civil case, set to go to trial in October.

From the beginning, the Enron leaders' trial was not what many people expected after revelations of secret off-the-books schemes that earned a small fortune for Andrew S. Fastow, Enron's former chief financial officer, and his cadre of co-conspirators. Some of those transactions were used by Mr. Fastow without approval by anyone to enrich himself at Enron's expense; others were used to manipulate Enron's financial reports with what Mr. Fastow testified was the full knowledge of his bosses.

Rather than delve into those intricate structures, prosecutors focused on what they cited as the false statements Mr. Skilling and Mr. Lay made to employees and outside investors.

The "lies and choices" theme transformed the case into a test of credibility between the former chief executives and the more than half a dozen witnesses from inside Enron who testified for the government.

During the trial, the government called 25 witnesses and the defense called 31, including Mr. Skilling and Mr. Lay. Government witnesses, including the former Enron treasurer, Ben F. Glisan Jr., testified that the executives had sanctioned or encouraged manipulative accounting practices and then crossed the line from cheerleading into outright misrepresentations of financial performance.

Mr. Fastow's emotional turn on the stand offered some of the most devastating evidence against Mr. Skilling, and to a lesser extent, Mr. Lay. He said he had struck "bear hug" side deals with Mr. Skilling guaranteeing that his off-the-books partnerships, called LJM, would not lose money in their dealings with Enron. Mr. Fastow also described how Mr. Skilling had bought into using the LJM's to bolster earnings.

But Mr. Fastow's own admitted history of extensive crimes at Enron was dissected by Mr. Petrocelli, and jurors said they did not find Mr. Fastow particularly persuasive. "Fastow was Fastow," said a juror, Donald Martin, shaking his head. "We knew where he was coming from."

The jurors said they were moved, in contrast, by the testimony of Mr. Glisan. "We kept on going back to that testimony to corroborate things," said one juror, Freddy Delgado, a school principal.

The surprise testimony of David W. Delainey, the former chief of a retail unit called Energy Services, also helped pave the way for Mr. Skilling's conviction. Mr. Delainey, who pleaded guilty to fraud, said that Mr. Skilling took part in a decision to shift

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some $200 million in losses from Energy Services to the more profitable wholesale energy division to avoid having to admit to investors that Energy Services was failing.

On the stand, Mr. Skilling offered differing and confusing explanations for the shift. He proved evasive and sometimes forgetful, and he revealed a highly emotional demeanor rarely seen among the stoic class of chief executives.

His resignation in August 2001, after only six months as chief executive, led to a bout of heavy drinking as a depressed Mr. Skilling watched in horror as the company he helped build edged closer to the brink.

For Mr. Lay, a turning point came when Sherron S. Watkins, the former Enron vice president, took the stand to describe how she confronted him with concerns about Enron's accounting. Ms. Watkins suggested that the subsequent investigation Mr. Lay ordered was intentionally limited in scope to conclude that there were no problems.

Other issues plagued Mr. Lay's defense, most notably his own testiness on the stand and the sudden illness of his lead lawyer, Michael W. Ramsey, a well-regarded criminal defense lawyer who was forced to miss more than a month of the trial because of coronary disease that required two operations. Mr. Lay, in part because of his own strained finances, decided to carry on without Mr. Ramsey rather than seek to delay the trial and fight another day.

Ignorance Claim Did Not Sway Enron Jury (NYT)

By Vikas Bajaj And Kyle Whitmire

The New York Times, May 26, 2006

HOUSTON, May 25 — One after another, the jurors spoke and, in different voices, it all added up to the same thing.

They simply could not believe, the eight women and four men of the jury explained in an extraordinary joint news conference after rendering their verdict, that Kenneth L. Lay and Jeffrey K. Skilling were telling the truth when they claimed they didn't realize that something was rotten at Enron.

How, they repeatedly wondered, could Enron's former chief executives not have known what was going on?

The jurors said they found the testimony by Mr. Lay and Mr. Skilling in their own defense — which many legal experts had warned could prove to be their undoing — both revealing and damning.

Freddy Delgado, an elementary-school principal, questioned how the two men could testify that they "had their hands firmly on the wheel" at Enron and then say that they did not know about the improper accounting and the intensifying financial problems?

After all, parents hold him accountable for their children's welfare and safety. "I can't say that I don't know what my teachers were doing in the classroom," Mr. Delgado said. "I am still responsible if a child gets lost."

"So I would say that to say that you didn't know what was going on in your own company," Mr. Delgado added, "was not the right thing."

After sitting through a 16-week trial and listening to 56 witnesses, the jurors finally had a chance to speak. And gathering together in a sixth-floor room at the federal courthouse here, several blocks from Enron's former headquarters, that's exactly what they did.

In other high-profile cases, many jurors quickly dispersed to avoid reporters. But all of the Enron jurors, including the three alternates, attended the hourlong session. Facing dozens of reporters and TV cameramen, they calmly and patiently answered questions, appearing unburdened and frequently cracking jokes. If they had any doubt or hesitation about the verdict they had reached in the biggest corporate corruption case in recent American history, they didn't show it.

The jury included people of widely different backgrounds — a dairy farmer, payroll manager, two engineers, a ship inspector, county court clerk, personnel manager, retired sales assistant and dental hygienist — but they drew on their own life experiences, making clear that they thought of themselves as responsible for knowing everything about their jobs. Certainly, richly paid corporate executives should, too?

They respected Mr. Lay's charitable, civic and political standing in Houston and Washington, they said, but ultimately concluded that he put his own financial welfare ahead of his duties to shareholders and employees.

As for Mr. Skilling, jurors said they found his professed memory lapses and unfamiliarity with certain details incredible for someone who prided himself on having command over every area of Enron's operations.

"It is hard to believe," said Deborah Smith, the jury forewoman, "that someone, such a hands-on individual, could not possibly know the things that were going on within the company."

When the verdict was announced, Mr. Lay tried to console his sobbing wife while Mr. Skilling looked expressionless at the judge, turning briefly to search the faces of the audience.

But Nancy Thomas, who is retired and whose police officer husband is recovering from a stroke, shed a few tears as the verdict was read. Later, she said: "This is an emotional thing, there are too many people involved in it. There are human beings; there are families."

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Before the trial, defense lawyers doubted they could ever find an untainted jury in Houston. Federal District Judge Simeon T. Lake III chose the jury in one day after the jurors filled out 14-page questionnaires. Some jurors expressed doubt about the innocence of Mr. Skilling and Mr. Lay, yet were allowed on the panel.

Mr. Lay and Mr. Skilling were "greedy people" and that's what helped cause Enron's demise, Ms. Smith wrote on her jury questionnaire.

Jill Ford, another juror who made the panel, wrote: "I think they probably knew they were breaking the law."

Throughout the trial, the jurors showed a remarkable solidarity. On Valentine's Day, most of them wore red; during Mardi Gras they came to court donning colorful beads.

But throughout, as Judge Lake proudly told them on Thursday, they did not show up late a single day in the 56-day trial. One woman, an alternate who called in sick, was immediately booted from the jury by the judge.

For the jurors, the four months were an extraordinary period of personal sacrifice. Mr. Delgado said he struggled to keep his focus on school matters with only one day a week — Fridays — to be at school when the case was not in session.

"We've cried together, we've laughed together and we really, really became more than just friends," he said. "I believe that we are a family and we supported each other with all the different things that happened in our lives within these four months."

The jurors took two days to organize themselves, but by the third day of deliberations they began working through the counts one by one, according to Douglas Baggett, an administrator for a corporate legal department, who described the mood in the jury room in an interview at his home.

"After not being able to discuss the trial this whole time, the biggest thing we did in deliberations was to talk about how everybody felt," he said. "There were differing opinions."

The jurors said that they found it appalling that Mr. Lay had mismanaged his own finances and was selling his own Enron shares even as he assured employees and shareholders that the company was fiscally sound.

"I thought that was a disgrace," Donald Martin, an electrical designer, said.

A moment later Mr. Delgado echoed that thought. "That was very much the character of the person that he was. He cashed out before the employees did."

For Mr. Lay the decision came as a heavy blow that he went out of his way to prepare himself for. Just before the jury returned to the courtroom, Mr. Lay told his lead lawyer, Michael Ramsey, that he would like to sit with his wife in the first bench of the visitors section.

"It's just never been done before," Mr. Ramsey told him.

"Why not?" Mr. Lay responded. "It's just as much her life as it is mine."

To Wendy Vaughan, Mr. Lay "very much wanted to be in control when he spoke."

"He kind of commanded the room, I thought," Ms. Vaughan, who owns a gym and a roofing business, added. "He answered questions. He just seemed very focused, a little bit of a chip on his shoulder."

Some added that they would have still found the men guilty had they not taken the stand, though they would have been disappointed. "I would have always had questions if they had not taken the stand," said Kathy Harrison, an elementary-school teacher.

Judge Lake commended and thanked the jurors for sitting through often obtuse and conflicting testimony. During the trial, they were shown thousands of pages of corporate documents and spreadsheets; they took 27 boxes worth of evidence with them into the jury room where they deliberated.

One juror contrasted their determination with Mr. Lay's and Mr. Skilling's approach to their top positions at Enron.

"Those of us that have full-time jobs, we did our jobs at night when we went home so tired we hardly knew who we were," said Carolyn Kuchera, a payroll manager. "We were responsible, we were always accountable and we always found a way to circle back around to tie up the loose ends."

"And I think those employees," she said about Enron workers, "were entitled to the same thing."

The jurors said they had become like a family and planned to drive in different directions at the end of the news conference and meet at an undisclosed location to celebrate the end of the trial.

Mr. Baggett said he and his wife planned to go out of town on Friday to celebrate their anniversary.

When asked what they had learned, several said they better understood corporations and the legal system.

Mr. Delgado, the principal, said he realized that "if I ever had to be defended, I would go with Mr. Petrocelli," he said, referring to Daniel Petrocelli, the well-regarded Los Angeles-based lawyer who defended Mr. Skilling. "If I had the money."

The jurors said they vacillated during the trial as prosecutors and defense lawyers offered competing explanations of the events going on at the company.

"Through 16 weeks of testimony, I would go home one night swayed in one direction," Mr. Baggett said. "The next day, when cross or direct began, it would go the other direction. And I think we all felt that — you felt like a Ping-Pong ball."

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There did not appear to have been one inflection point when the jury became convinced of the defendants' guilt. Rather, they gradually made up their minds as they went over the voluminous evidence and the testimony by former Enron officials like Ben F. Glisan, a company treasurer who pleaded guilty and has already served the bulk of a five-year sentence. He was granted immunity from further prosecution to testify.

"I don't think I had made up my mind one way or the other until we entered into deliberations, and it all came together," Mr. Delgado said.

The jurors said they had at least some concern about the credibility of virtually every witness who took the stand, but decided that the sum total of the testimony and the evidence was enough to convict Mr. Lay and Mr. Skilling.

"We turned to the evidence," said Ms. Smith, a human resources manager. "We put our own timeline in place and we thrashed it out."

Ms. Vaughan, the entrepreneur, said she wanted to believe the defendants but in the end could not square their version of events with the evidence and the testimony of other Enron executives.

"Early during the trial, I had an admiration for both men — just what they had accomplished in their careers," she said. "And it was sad to see that in the end it wasn't accomplished in a respectful manner, having to hurt so many people to get there."

Defendants Sunk By Their Testimony (WP)

By Carol Rust

The Washington Post, May 26, 2006

HOUSTON, May 25 -- Jurors in the Enron trial made it clear that it would have been better for former executives Kenneth L. Lay and Jeffrey K. Skilling if they'd kept their mouths shut and stayed off the witness stand.

Speaking shortly after a federal judge read their verdict, jurors said Lay's indignant outbursts while testifying in his own behalf made him seem "that he very much wanted to be in control -- he commanded the courtroom," said Wendy Vaughan, a Houston business owner.

"He was very focused, but he had a bit of a chip on his shoulder that made me question his character," she said.

As for Skilling, who spent days explaining the tedious financial inner workings of the once high-flying energy company, the jurors couldn't understand how he could know so much about that and not be aware of illegal business maneuvering, whether or not he was responsible for it personally.

"Skilling was supposed to be a hands-on individual," said Freddy Delgado, an elementary school principal. "It's hard to believe a hands-on individual wouldn't know what was going on."

"When he got on the stand and knew what a [technically complicated] chart was and how it worked, we knew he was involved," Delgado said.

Elementary school teacher Kathy Harrison said she was glad Lay and Skilling took the stand during their trial. Had they not, "I would have always had questions," she said.

Jurors, who appeared from the start of the trial to form a close and cohesive unit, collectively hissed when one brought up Lay's testimony about how he felt his employees' pain, given his repeated multimillion-dollar stock sales in the weeks leading up to Enron's bankruptcy. During that time, Enron's human resources department was switching to a new savings program and employees couldn't sell their stock, which for many was their life savings.

Lay's stock sales "meant a lot," said legal department manager Doug Baggett. "It defined the word 'intent.' " "It went very much to the character of the person he was -- cashing out at the expense of employees," Delgado said.

Juror Carolyn Kuchera, a payroll manager, said most jurors worked nights and on weekends to maintain their personal and professional lives during the four months of testimony and less than six days of deliberations.

"The responsibility of Lay and Skilling -- all I can do is relate that to what we had to do," she said. "We did our jobs on nights, weekends and holidays. We would leave here to go to work. We were accountable -- those [Enron] employees deserved the same thing."

Speaking early Thursday afternoon in a sixth-floor jury assembly room, the jurors -- who dressed in red for Valentine's Day, wore Mardi Gras beads on Fat Tuesday and dressed in Western clothing on Texas Independence Day -- sometimes finished each other's sentences and voiced confidence that they had made the best decision possible after the biggest collective challenge in their lives.

"We answered all the questions, we tore the boxes [of evidence] apart and we looked at all the evidence," said jury forewoman Deborah Smith, who works in human resources. "We won't have to worry about this [decision] later because we did it right the first time."

"We didn't have a target of today. We were prepared to stay as long as it took to reach the verdict," she said. "We thrashed it out."

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Beginning deliberations on such a complicated case, which practically required them to learn a new vocabulary of financial and business terms and Enron vernacular, "was like having a 25,000-piece puzzle dumped on the table," said Vaughan, who owns a roofing company and a fitness company and is a mother of two.

"And not all the pieces were there," added another juror.

Smith said they started by building their own timeline based on numerous dates and events they believed were pivotal to determining what happened in the company's final year, the time frame for the events that led to most of the government's charges.

They also reached conclusions on the credibility of the witnesses who took the stand, especially the government's witnesses, many of whom had pleaded guilty previously and whose testimony could affect their possible punishment.

"The people with plea bargains we questioned from different angles," said Don Martin, an electrical designer. "All their answers led to one result."

"Fastow was . . . Fastow," Martin continued, referring to former Enron finance chief Andrew S. Fastow, who faces 10 years in prison for stealing millions from the company. "We knew where he was coming from, and we kind of discounted some of what he said, but we weighed all the stuff the government witnesses said, and their answers all came to the same conclusion."

Whenever there was doubt about credibility, jurors dug through the 10 crate-size boxes to find evidence to support or discredit the testimony.

The jury delivered not-guilty verdicts on all but one of Skilling's 10 insider trading charges. In deciding the answer to each charge, forewoman Smith said, "We went by the judge's instruction: 'Not guilty' means 'not proven.' "

Baggett said the government didn't provide enough evidence for insider trading.

At one point Wednesday, jurors sent a note to U.S. District Judge Simeon T. Lake III, requesting the trial transcript. Usually, jurors can have part of trial testimony read back to them, although Lake asked them to be more precise in their request. In that note, jurors also asked for additional copies of the list of evidence.

On Tuesday, they requested speakers for the computer they were using. During the trial prosecutors had played tapes of conference calls to investors, which Lay and Skilling held several hours after they released quarterly earnings reports, as well as the tape of an employee meeting during which Lay encouraged his employees to buy more Enron stock, calling it "an incredible bargain." Government prosecutors revealed that Lay sold millions of dollars worth of Enron stock the same day.

"I don't think it's over," Vaughan said of Thursday's outcome. Both defendants plan to appeal. "Now that we have made our decision, it will be interesting to know if justice will be served or whether the almighty dollar will win again."

Several Factors Influence Sentences (USAT)

By Edward Iwata

USA Today, May 26, 2006

After a Supreme Court ruling last year that gave judges more leeway to sentence criminals, Ken Lay and Jeff Skilling could face prison terms of anywhere from 10 years to life, some legal experts say.

Amid the legal confusion, “There is ample discretion in the guidelines to impose what could essentially be a life sentence,” said Barry Boss, an attorney at Cozen O'Connor.

Skilling's counts carry a maximum prison sentence of 185 years; Lay's, a maximum of 45 years, not including his separate convictions in a bank fraud case.

U.S. District Judge Sim Lake will base their prison terms on several factors, including total dollar loss to investors, the number of people hurt by the fraud and whether Lay, 64, and Skilling, 52, obstructed justice by lying on the witness stand.

If the judge finds that investment losses are more than $100 million, current guidelines recommend 10 to 12 years. If the losses are higher, the years rise, too.

Enron once had a $60 billion stock-market value, and if Lake finds Lay and Skilling responsible for a loss of 1%, that's $600 million, said law professor Peter Henning at Wayne State University.

Lake also will study other sentences before the Sept. 11 hearing, such as the 25-year prison term for former WorldCom CEO Bernie Ebbers, said Douglas Berman, a law professor at Ohio State University.

The U.S. Sentencing Commission adopted tougher guidelines in 2003. But defense attorneys called the longer sentences draconian, including a 24-year prison term for Jamie Olis, a former Dynegy energy trader convicted of fraud, which was tossed out by an appeals court.

Last year, the Supreme Court ruled the guidelines “advisory,” not binding, which makes it “much harder to predict what the courts will do,” Henning said.

Enron's Impact On The Corner Office (CSM)

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By Ron Scherer And Kris Axtman

The Christian Science Monitor, May 26, 2006

BRYN MAWR, PA., AND HOUSTON - The quiet, classic bank offices at Bryn Mawr Trust are a far cry from the hustle - and self-dealing - of Enron Corp., the former energy powerhouse of Houston.

But the tale of Kenneth Lay and Jeffrey Skilling, the Enron executives who were found guilty of most charges by a jury Thursday, has prompted change even at the gracious offices of the 117-year-old bank.

"This is the highest profile white-collar trial in the past 20 to 30 years and it has literally been watched by the world," says Thomas Ajamie, a securities-fraud lawyer in Houston. "The broader message to people in corporate America is: 'Don't lie to your investors or you'll go to jail.' "

Just ask the Bryn Mawr Trust's chairman and CEO, Ted Peters, who has been a banker for most of his career. Today, he can reel off the provisions of a reform law Congress passed in the wake of the corporate scandals of the late 1990s. The one that really gets his attention is his personal liability.

"I could get 20 years in jail and a $5 million fine if [I] do something wrong purposely," he says during an interview at the white, limestone bank.

This is just one of the ways life for a CEO has changed since 2001, when the Enron collapse stunned the business world. The jury's quick - and overwhelming - verdict Thursday is likely to hammer home that sense of diligence to corporate America.

The jury found Mr. Lay, Enron's founder, guilty on all six counts of conspiracy and fraud against him. It found Mr. Skilling, the former CEO, guilty on 19 of the 28 counts he faced. Lay was also found guilty of four counts of bank fraud in a case heard the past few days by US District Judge Sim Lake.

Lay faces a maximum of about 165 years in prison and Skilling about 85 years, but they will both realistically get between 10 and 25 years each, says Gerald Treece, assistant dean of the South Texas College of Law in Houston.

Others expect the punishment will be greater. "I believe it will be the stiffest sentence for corporate crime in our history," says Jacob Zamansky, a securities fraud lawyer in New York who attended much of the Enron trial.

Today, CEOs can no longer use the excuse that they can't be responsible for other people robbing the company. They can't reward friends with a seat on the board of directors - today, the board must consist of knowledgeable people who will challenge company procedures when it's necessary. And, CEOs, if they choose to ignore the changes, could well be out of their jobs.

"This is part of a unified effort by state and federal authorities to wage war on white-collar crime," says Christopher Bebel, a former federal prosecutor and economic-crimes expert in Houston.

"This has undoubtedly had a powerful effect on the corporate mind-set. CEOs from Main Street to Wall Street are going to be more hesitant to deceive investors while lining their own pockets," says Mr. Bebel.

Since Enron, forced turnover at the top has doubled.

"The CEO used to be the pinnacle of a career, the reward for a long, hard slog," says Paul Kocourek, a senior vice president at Booz Allen Hamilton in San Francisco. "Now, it boils down to your performance - if it's not there you are probably not either."

One reason boards are starting to exert themselves more are changes in how board members are chosen. In the case of the Bryn Mawr bank, Mr. Peters says his predecessor, who had held the job for 20 years, would pick each board candidate. "He would announce, 'Here's Joe and he's from Villanova' and everyone would applaud, he would sit down and that would be that," says Peters.

"Now, it's an independent group that brings up names, and there is a whole involved process to get people with the right skill sets. A new director then meets me, and I spend a few hours with him or her talking about my vision for the company."

In the post-Enron era, a CEO must go beyond being a good manager, says Michael Kendall, a partner in the law firm of McDermott Will & Emery LLP based in its Boston office. "The concept is crisis management instead of risk spotting," he says. "You have to manage the crisis before it consumes you."

Peters's way of managing a crisis is notifying his board of directors as soon as he identifies a problem. "You tell the board right away," he says. "And if there are documents involved, you don't shred them, you don't delete e-mails, and you don't touch a thing."

The problems at Enron have highlighted to many companies the importance of implementing a code of ethics. Enron actually had a lengthy code of ethics but it was largely ignored.

One thing Peters has learned from the corporate scandals is that ethics comes from the top down. "A CEO has to make clear to people who work for him or her that ethics are non- negotiable," he says.

For example, the bank discovered an employee who used bank stationary to dispute personal claims with the Internal Revenue Service. He was fired, says Peters. "That might seem extreme, but it was against our code of conduct."

However, many executives today rail against what they see as the more onerous parts of the Sarbanes-Oxley Act. A group called the Free Enterprise Fund is mounting a constitutional legal challenge to part of the act. It particularly wants to ease the financial burden on small- and medium-size companies.

"Sarbanes-Oxley was designed to prevent" the kind of fraud that brought down Enron and its top managers, says Bebel, the former federal prosecutor.

Peters can certainly relate to the added cost of running a company in the post-Enron era. Today, it costs the company about $300,000 per year to manage its new responsibilities. "Hopefully, we get some good benefits from it," says Peters.

Verdict On An Era: Arrogance And Recklessness At Enron (NYT)

By Kurt Eichenwald

The New York Times, May 26, 2006

Guilty of crimes — and a whole lot more.

Regardless of whether the jury verdict against Kenneth L. Lay and Jeffrey K. Skilling is upheld, testimony from 56 days of trial has sealed what is sure to be history's judgment — one that is unlikely to be vulnerable to appeal.

The Enron case will forever stand as the ultimate reflection of an era of near madness in finance, a time in the late 1990's when self-certitude and spin became a substitute for financial analysis and coherent business models. Controls broke down and management deteriorated as arrogance overrode careful judgment, allowing senior executives to blithely push aside their critics.

Indeed, it could be argued that the most significant lesson from the trial had nothing to do with whether the defendants, both former Enron chief executives, committed the crimes charged in their indictments. Instead, the testimony and the documents admitted during the case painted a broad and disturbing portrait of a corporate culture poisoned by hubris, leading ultimately to a recklessness that placed the business's survival at risk.

"Enron is one of the great frauds in American business history," said James Post, a professor of management at Boston University. "But it is also a symbol of a particular era of management practice. The excesses of Enron point pretty clearly to what was going on in mainstream companies across the business landscape in the 1990's."

That may go a long way toward explaining how corporate America became infused in the late 1990's by what appeared to be a near endless amount of greed and criminality, leading to scandal at an array of corporate giants, from Enron to WorldCom, from Adelphia to HealthSouth.

It was not simply that the ethics of the corporate world changed overnight; the ever-rising bubble of market prices created a sense of invincibility among corporate executives, who read market delusions as proof of their own genius. Arrogance gave way to recklessness, which in turn opened the door to criminality.

That message was repeated throughout the trial of Mr. Skilling and Mr. Lay. Paula Rieker, an executive with the company's investor relations group, testified to her fear of correcting Mr. Skilling when he made what she considered to be false statements to investors. Vince Kaminski, a top risk analyst, spoke of how Mr. Skilling became increasingly difficult to contradict as Enron won plaudits from the marketplace. And Ben F. Glisan Jr., the treasurer, portrayed an "Emperor's New Clothes" culture, where no one was willing to challenge the rule-bending and recklessness as the company's executives charged into one ill-considered business line after another.

"I would think that most observers of this trial would be shocked and surprised that Enron was such a poorly run company for so long," said Stephen Meagher, a former federal prosecutor who now represents corporate whistle-blowers. "But as long as the checks kept coming in and the stock price kept going up, it was easy to look the other way and ignore the obvious clues that there were deep problems there."

Attention to the mundane details of business — debt maturity schedules, available cash, companywide risk — appeared to be almost second thoughts among the senior ranks of the company, if thought about at all. Instead, the focus was centered on marketing the image, not only of the company, but of its senior executives. It was an approach that met widespread success and was emulated throughout corporate America.

"This was the era of the story, the shtick, the celebrity," said Mr. Post of Boston University. "Lay and Skilling delighted in that, they loved becoming business and civic celebrities. They created the model for that kind of superexecutive C.E.O. in the 1990's. Meanwhile, they left all the details to people who were being driven by a troubled culture."

In the end, although many in the public seem to believe this was a case about the collapse of Enron, that had little to do with the criminal charges. In the closing arguments, the government made sure to separate allegations of criminality from responsibility for Enron's collapse.

The testimony suggested that the bankruptcy was much more about a company gone out of control, with executives pushing to the financial edge on deals that received little attention and supervision once the transactions closed. But as that

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recklessness rotted the company from the inside, the jury found, Mr. Skilling and Mr. Lay falsely portrayed a corporate ship where everything remained steady.

The testimony and evidence suggested that Enron executives could not even agree on what the company's business was. There was no doubt that Enron made the bulk of its profits from trading natural gas contracts. But trading companies rarely win stratospheric stock prices; the risks and requirements for credit in such businesses temper potential market enthusiasm. So some executives argued that Enron was not a trading company, but a logistics business — one involved in every step of the production and delivery of commodities — and therefore deserved its once-lofty stock price.

Putting new labels on the old wine didn't change the financial underpinnings of the business. Most trading companies, because of the knowledge that a sudden market bump can cause available cash to disappear maintain credit ratings of A and above to protect them in the downdrafts. Enron chose instead to maintain a credit rating just notches above junk, apparently in the belief that a bad day would never arrive.

That freed capital and allowed for borrowings that otherwise would not have been available, driving Enron's supposed "growth" strategy into new business lines, which almost all proved to be debacles. Throughout the trial, there was repeated testimony about Enron's disastrous forays into international power plants and water operations, which led to the company's acquiring billions of dollars in assets that lost huge value, becoming a financial albatross.

A result, when Enron finally faced a crisis, was that it was financially unable to weather the storm. Credit lines were largely tapped out, few assets had the equity necessary for additional borrowings and the liquidity needed for the trading business rapidly dried up. Those factors combined to push Enron toward collapse.

The trial underscores that neither defendant fully accepted what happened at the company. Mr. Lay testified that the collapse was largely caused by short sellers, critical articles in The Wall Street Journal, and a resulting panic in the marketplace.

But short selling, negative press and market concerns are issues that scores of companies deal with every year, without collapsing. Indeed, to some degree, Mr. Lay's argument was a bit like blaming a match for igniting a basement filled with gasoline. In this case, the accelerant was the poor condition of Enron's financial structure.

Those lessons about the importance of quality management and strong finances in avoiding scandal, experts said, have not been lost on the audiences that perhaps matter most: the managers of corporate America and the government regulators who keep an eye on them.

"Some people say this is the end of an era, but I don't think it is," said George A. Stamboulidis, a partner with Baker & Hostetler who was appointed a monitor at Merrill Lynch as part of that firm's settlement of an Enron-related case. "This fuels the government and boards and investors to continue to push for more accountability, more transparency and better management."

Those continued efforts, coupled with the changes of the past, should mean that the kind of troubles that emerged at Enron are less likely to appear on the corporate landscape.

"Hopefully," Mr. Stamboulidis said, "the ways businesses are run in 2006 are very different from the ways the businesses were run in the 1990's."

But others expressed fear that as long as huge sums of money can be earned by executives for cutting corners and being dishonest, collapses and scandals like Enron will continue to be part of corporate America.

"One of the things we know from social psychology is that incentives and greed really blind" corporate executives, said Arthur P. Brief, a professor at the A. B. Freeman School of Business at Tulane University. "And those incentives are still with us."

Lay, Skilling Convicted In Enron Collapse (AP)

By Kristen Hays, AP Business Writer

AP, May 26, 2006

Jury Convicts Former Enron Chiefs Kenneth Lay, Jeffrey Skilling of Conspiracy, Fraud

HOUSTON (AP) -- Kenneth Lay and Jeffrey Skilling were convicted of conspiracy and fraud Thursday by a federal jury that laid blame for one of the biggest business scandals in U.S. history squarely on Enron Corp.'s two former top executives.

Jurors found that the men, who received tens of millions in pay and stock options, repeatedly lied to cover up accounting tricks and business failures that led to the company's 2001 demise. The collapse wiped out more than $60 billion in market value, almost $2.1 billion in pension plans and 5,600 jobs.

The verdict came in the sixth day of deliberations following a criminal trial that lasted nearly four months. Lay was also convicted of bank fraud and making false statements to banks in a separate, non-jury trial before U.S. District Judge Sim Lake related to Lay's personal finances.

The conspiracy conviction was a major win for the government, serving almost as a bookend to an era that has seen prosecutors win convictions against executives from WorldCom Inc. to Adelphia Communications Corp. and homemaking maven

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Martha Stewart. The public outrage over the string of corporate scandals led Congress to pass the Sarbanes-Oxley act, designed to make company executives more accountable.

"The jury's verdicts help to close a notorious chapter in the history of America's publicly traded companies" said Rep. Michael Oxley, R-Ohio, co-author of the Sarbanes-Oxley legislation. "Appeals aside, the end of the trial will mark the end of a dark era."

Lay was convicted on all six counts of conspiracy, securities and wire fraud against him in the corporate trial and all four in the personal banking trial. Former Chief Executive Skilling was convicted on 19 of the 28 counts in the corporate trial, including one count of insider trading, and acquitted on the remaining nine.

Lake set sentencing for Sept. 11. The charges against Lay, who is 64, carry a maximum penalty in prison of 45 years for the corporate trial and 120 years in the personal banking trial. The charges against Skilling, 52, carry a maximum penalty of 185 years in prison.

As Lake read the verdict from the bench, Lay tossed his head at hearing the first "guilty" on the conspiracy count. He clutched his wife's hand as he heard that word over and over again.

Lay sat with his wife, Linda; his daughter, Elizabeth Vittor, a member of his defense team; and Linda Lay's daughter, Robyn. As Lay clutched Linda Lay's hand, the three women leaned forward and began to sob quietly.

After Lake left the courtroom, Lay's family and some friends gathered around him as the ex-chairman, red-faced and fighting back tears, hugged them and thanked them for their support.

Skilling, sitting with his brother, Mark, showed no emotion when the verdict was read.

The sentencing will come five years almost to the day after Skilling sold 500,000 shares of Enron stock for $15.5 million, for which he was convicted of insider trading.

"Obviously, I'm disappointed," Skilling told reporters outside the courthouse. "But that's the way the system works."

"We're going to stand behind him," his lawyer, Daniel Petrocelli, said. "As I told him, we've just begun to fight."

Skilling's $5 million bond, which restricts him to the continental U.S., remains in effect. Lay, who surrendered his passport, posted a $5 million bond secured with family-owned properties at a hearing following the verdict.

The Enron founder was also ordered to stay in the Southern District of Texas or Colorado, avoid contact with any victim of the offense charged, report to pre-trial services regularly and must not own a gun or use alcohol excessively or drugs.

"I firmly believe I'm innocent of the charges against me," Lay said following the hearing. "We believe that God in fact is in control and indeed he does work all things for good for those who love the lord."

Jurors found through their verdict that both men had repeatedly lied to cover a vast web of unsustainable accounting tricks and failing ventures at Enron.

Both men testified in their own defense. But the panel rejected Skilling's insistence that no fraud occurred at Enron other than that committed by a few executives skimming millions in secret side deals, and that bad press and poor market confidence combined to sink the company.

"I wanted very, very badly to believe what they were saying, very much so, and there were pieces in the testimony where I felt their character was questioned," juror Wendy Vaughan said after the verdict was announced.

Lay was a campaign benefactor who President Bush nicknamed "Kenny Boy" when the two were up-and-comers in Texas. The Center for Public Integrity, a Washington-based nonprofit group, said the Lays had given $139,500 to Bush's political campaigns over the years.Those donations were part of $602,000 that Enron employees gave to Bush's various campaigns, making the company the leading political patron for Bush at the time of the company's bankruptcy in 2001.

Early in 2002, the White House disclosed that Lay sought help from two Cabinet members shortly before the company collapsed, but neither offered aid.

Speaking for the president on Thursday, White House press secretary Tony Snow congratulated the Justice Department on "successfully concluding a highly complex conviction."

The government's victory caps a 4 1/2 year investigation that garnered 16 guilty pleas from ex-Enron executives, including former Chief Financial Officer Andrew Fastow and former Chief Accounting Officer Richard Causey.

All are awaiting sentencing later this year except for two, who either finished or are still serving prison terms.

"You can't lie to shareholders, you can't put yourselves in front of your employees' interests. No matter how rich and powerful you are, you have to play by the rules," prosecutor Sean Berkowitz told reporters outside the courthouse.

He expressed sympathy for the Enron employees who lost their life savings when the company collapsed.

"Nothing that happened today is going to bring that back for them. ... What we do hope is that today's verdict lets them know that the government will not let corporate leaders violate their trust and get away with it."

Former employee Sherri Saunders, who lost $1 million in retirement savings when the company collapsed, found a bit of closure.

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"To me, God has spoken to him with this verdict," Saunders said. "I guess it gives me a little comfort, but it doesn't put back my retirement money."

Prosecutor John Hueston, who sparred with Lay on the stand, said the founder had missed "a golden opportunity to save Enron.

"He made that choice to put his own interests ahead of that of the shareholders and investors. And he did that by choosing not to tell the unvarnished truth and he did it by choosing not to ask the hard questions."

Asked what was next, Berkowitz joked, "We're probably going to step aside and go get a well-deserved drink and an afternoon off."

The Enron case tested the government's ability to prove complicated corporate skullduggery. Its implosion and the subsequent scandals scared off investors, increased regulatory scrutiny over publicly traded companies and prompted Congress to stiffen white collar penalties.

The vast federal investigation seemed to stall until Fastow pleaded guilty in January 2004 to two counts of conspiracy and paved the way for prosecutors to secure indictments against his bosses. Fastow also led investigators to Causey, who was bound for trial alongside Lay and Skilling until he broke ranks with their unified defense and pleaded guilty to securities fraud just weeks before the trial began.

Philip Hilder, a former federal prosecutor who represents ex-Enron finance executive Sherron Watkins, said the convictions were "absolutely a comprehensive government victory," particularly given the speed of the jury's decision. Watkins tried to warn Lay of financial problems in the fall of 2001.

Hilder said that both men likely face "north of 20 years" in prison.

"This verdict encourages us ... to continue to combat corruption wherever we find it," said Deputy Attorney General Paul McNulty, at the Justice Department in Washington. Attorney General Alberto Gonzales was recused from the Enron case because he once was a partner at Houston law firm Vinson & Elkins LLP, which represented Enron.

Associated Press writers Mike Graczyk, Erin McClam and Angela K. Brown in Houston and Mark Sherman in Washington contributed to this report.

Enron Jurors Find Lay, Skilling Guilty (HC)

By Mark Babineck, Mary Flood And John Roper

Houston Chronicle, May 26, 2006

A federal jury convicted former Enron chiefs Ken Lay on all counts and Jeff Skilling on most counts today, marking the climax of one of the most notorious corporate scandals in U.S. history and nearly ensuring prison time for two of Houston's best-known executives.

The jury heard 16 weeks of testimony and arguments and made its announcement early on its sixth day of deliberations. The eight-woman, four-man panel found Lay guilty of all six counts. They convicted Skilling on 19 of the 28 counts against him.

U.S. District Judge Sim Lake set a sentencing date of Sept. 11. The two men remain free on bond.

In Lay's separate personal banking fraud trial, Lake found Lay guilty on all four counts.

After the verdict, Skilling and his attorney, Daniel Petrocelli, talked to the media outside the downtown courthouse and promised an appeal.

"Obviously, it did not come out the way we hoped. It doesn't change our view of what happened at Enron and it certainly doesn't change our view of Jeff Skilling's innocence," he said. "As I told (Skilling), we've just begun the fight."

When asked whether he could admit that he had broken the law, Skilling replied, "No. I didn't."

"We fought the good fight," Skilling said. "Some things work; some things don't."

Shortly before 3 p.m., Lay also made a brief statement to the media outside the courthouse: "Despite what happened today, I'm still a very blessed man. At my left is this beautiful lady that's my wife. I have a very warm, loving family. And, most of all I believe God, in fact, is in control and that, indeed God works all things good for all who love the lord. We love our lord, all this will work for good."

The jury panel spent 16 weeks listening to often diametrically opposed testimony, with the government calling 25 witnesses plus three more on rebuttal. Several had struck cooperation agreements with the government and acknowledged crimes, and most claimed Lay and Skilling were part of a conspiracy to profit personally by duping the world about Enron.

"We stole. We all benefited financially at the expense of others," said former Chief Financial Officer Andrew Fastow, who is expected to serve a 10-year prison sentence after admitting he masterminded fraudulent bookkeeping schemes and bled Enron to the tune of $45 million in the process.

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The defense impugned Fastow's character and told jurors he was a liar then and he's a liar now, implying he fabricated evidence and testimony that Skilling approved of "bear hug" deals with Fastow's LJM partnerships to hide Enron debt and guarantee Fastow wouldn't lose money.

The defense called 31 witnesses, including Skilling and Lay, many taking the stand in brief stints to rebut specific points raised by the prosecution. Of course, the most important men to testify were Skilling and Lay themselves.

Skilling, 52, went first on April 10 and testified over eight days, much of it on direct examination by his Los Angeles-based defense attorney, Daniel Petrocelli.

Petrocelli, a career civil attorney trying his first criminal case, methodically took Skilling through each charge in four days of direct examination. Skilling had a reputation for being controlling and abrasive, but he seemed relaxed and downright professorial while telling jurors he committed no crimes, that most of Enron's dealings were legitimate and that the real criminal was Fastow.

One of Skilling's dramatic moments came on April 13, when Petrocelli seized on bubbling emotion and engaged his client in powerful exchange about what Skilling perceived as abuse of power by the Justice Department.

"We are innocent. And by 'we' I mean Enron Corporation," Skilling said. "It was a fine company. I am innocent of all of these charges, and I will fight for that for a long time."

Enron Task Force Director Sean Berkowitz began cross-examination the next week, and Skilling surprised many by keeping his cool despite pointed questioning that sometimes turned embarrassing and personal, such as his $180,000 stake in an ex-girlfriend's Internet startup company called Photofete that did business with Enron.

"Would you agree with me that this may be a conflict of interest, at least within the (company's) code of ethics?" Berkowitz asked.

"It may be," Skilling replied, appearing humbled.

Defense lawyers cited Photofete as a prime example of prosecutors seeking to smear Skilling and Lay, who also was an investor, by throwing information at the jury that is not part of the indictment.

"Don't come to Houston, Texas, and lie to us," Lay attorney Chip Lewis shouted at prosecutor John Hueston during closing arguments, referring to Photofete.

Lay, 64, took the stand April 24 and testified over six days. Contrary to Skilling's calm demeanor, Lay seemed easily irritated by defense attorney George McCall 'Mac' Secrest. Secrest was substituting for lead defender Michael Ramsey, who bowed out for much of the trial because of surgery.

Lay's demeanor turned from grouchy to hostile once Hueston began questioning, with fireworks popping as soon as cross-examination began when the prosecutor accused Lay of trying to contact potential trial witnesses to get their "stories straight."

Lay, sometimes snarling into the microphone, shot back at Hueston.

"I don't have a story. I have my recollection of the facts and they are totally different than Mr. Fastow's," Lay said.

In closing arguments, Berkowitz seemed to agree jurors should pay close attention to what Lay and Skilling said in the ninth-floor courtroom and contrast it to what they were told actually happened on the 50th floor of the Enron Building, a few blocks down Smith Street.

"They lied to investors and omitted critical facts," Berkowitz said. "And they lied to you, ladies and gentlemen, from the stand."

Berkowitz also reminded the jurors that justice for Lay and Skilling, who invested at least $38 million combined in their united defense, should not be bought.

Ramsey, who recovered in time to make some closing arguments, warned jurors that only they could judge the facts and not the host of politicians, columnists, jilted investors and prosecutors who want to see Lay and Skilling behind bars.

"There may be a court in America that bends to political pressure but it's not this court! There may come a day when an American jury yields to a media mob, but it's not this jury," said Ramsey, one of Houston's most-respected criminal lawyers. "We're going to have a fair jury here."

The attorneys and Lake took one day to pick the jury that heard the case. Many among the panel knew little about Enron, although some confided in questionnaires and in court that "greed" or misdeeds took the company down.

Tuning out Enron has been a neat trick in the Houston area over the past five years as the ruination of what was dubbed the nation's seventh-largest company has remained the dominant U.S. corporate scandal among a flurry of such implosions around the turn of the century. Scandal also enveloped companies like Worldcom, Tyco and Adelphia, but Enron always has been at the forefront.

That's especially so in Houston, where thousands of employees lost their jobs — 4,000 at once the day after Enron filed for bankruptcy on Dec. 2, 2001. Many lost their retirement savings, which was invested in near-worthless Enron shares.

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SLICK EXECS TAKEN DOWN (NYPOST)

By Andy Geller

The New York Post, May 26, 2006

May 26, 2006 -- Former hot-shot execs Kenneth Lay and Jeffrey Skilling, who guided Enron through its spectacular rise and crashing fall, were convicted yesterday of orchestrating a massive fraud that made the energy company the symbol of corporate deceit in America.

After four months of testimony, a Houston federal jury, on the sixth day of deliberations, found Lay and Skilling guilty of fraud and conspiracy for lying about Enron's crumbling fortunes - to investors, employees and government regulators.

Lay, 64, the firm's ex-chairman, and Skilling, 52, its former CEO - who together spent close to $70 million on their defense - could spend the rest of their lives behind bars.

Enron's collapse in December 2001 wiped out $2.1 billion in pension plans and 5,600 jobs.

It led to a crackdown on corporate crime in which federal prosecutors won convictions against CEOs and domestic diva Martha Stewart. And Congress passed a law to make company executives more accountable.

Jurors said they didn't believe the claims of Lay and Skilling, who testified for a total of 131/2 days, that they were kept in the dark about Enron's problems.

"To say you didn't know what was going on in your own company was not the right thing," said Freddy Delgado, an elementary-school principal.

"I think both defendants said they had their hands firmly on the wheel, so they didn't know what was going on?" he added. "Personally, I can't say, 'I don't know what my teachers are doing in the classroom.' I'm still responsible if a child gets lost."

Juror Wendy Vaughn agreed.

"I felt like in the position they were in, it was their duty to know what was going on and they should have gone farther to know what was going on," she said, adding that Lay's attitude on the witness stand may have worked against him.

He had "a little bit of a chip on his shoulder," she said. "It made me question his character at that point, how controlling he might be."

Lay - called "Kenny Boy" by his pal President Bush, to whom he made hefty campaign contributions - was convicted of six counts of securities fraud, wire fraud and conspiracy. In a related bench trial, he was also found guilty of bank fraud and making false statements to banks.

He faces a total of 165 years in prison.

As Judge Simeon Lake pronounced the first "guilty," Lay slumped, sighed heavily and shook his head.

As the judge repeated the word nine more times, Lay clutched the hand of his wife, Linda, and she leaned forward and began weeping.

Two other women sitting with Lay - his daughter, Elizabeth Vittor, a member of his defense team, and Linda Lay's daughter, Robyn - also began sobbing.

After the judge left the courtroom, family and friends gathered around Lay, whose face was red and who was fighting back tears.

Lay, the son of a Baptist preacher, hugged them and thanked them for their support, saying, "God's got another plan right now."

He then clasped hands with them and they stood in a circle to pray.

"We'll all come through this stronger and more reliant on God," he told them.

Later, he proclaimed his innocence, declaring, "We believe that God in fact is in control and indeed he does work all things for good for those who love the Lord."

Skilling, who was Lay's protégé, was convicted of 19 counts of securities and wire fraud, conspiracy, making false statements to auditors and one count of insider trading. He was acquitted of nine other counts of insider trading.

He faces 185 years behind bars.

Skilling, sitting with his brother, Mark, appeared shaken at the verdict and left the courtroom quickly.

"Obviously, I'm disappointed," he said outside the courthouse. "But that's the way the system works."

His lawyer, Daniel Petrocelli, said he would appeal.

"We've just begun to fight," he said.

"We've had a trial, and obviously it did not come out the way we hoped. It doesn't change our view of what happened at Enron. And it certainly doesn't change our view of Jeff Skilling's innocence," he added.

The prosecution was jubilant.

"The government will not let corporate leaders violate their trust and get away with it," said lead prosecutor Sean Berkowitz.

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"You can't lie to shareholders, you can't put yourselves in front of your employees' interests. No matter how rich and powerful you are, you have to play by the rules."

The defendants will be sentenced Sept. 11 - almost five years to the day that Skilling sold 500,000 shares of Enron stock for $15.5 million, for which he was convicted of insider trading.

Lake allowed Skilling to remain free on $5 million bond, rejecting a prosecution request to place him in home confinement.

Lay, who also remains free, was ordered to surrender his passport.

"I'm not letting him leave this building until his passport is surrendered," the judge said.

The former Enron chief was also ordered to post a $5 million cash bond.

It was a stunning reversal of fortune for Lay and Skilling, who transformed Enron from a sleepy natural-gas company into the nation's seventh-largest corporation and the world's largest energy-trading company.

Enron was one of Bush's biggest backers, with company employees donating $602,000 to Bush's political campaigns. Lay and his wife donated $139,500.

Then came the fall.

In December 2001 the company filed for bankruptcy, revealing it was little more than a house of cards that used accounting tricks and off-the-books partnerships to hide billions in losses and company debt.

In the wake of the collapse, the feds cracked down on corporate crime.

CEOs of WorldCom, HealthSouth, Adelphia Communications and Rite Aid were prosecuted for accounting fraud or looting company treasuries.

All were convicted of fraud except HealthSouth founder Richard Scrushy, who now is on trial in Alabama on unrelated bribery charges.

Public outrage led to the passage of the Sarbanes-Oxley Act, designed to make company executives more accountable.

Sen. Paul Sarbanes (D-Md.), the lead author, said "we should punish the bad apples and that's obviously what happened in Texas. They undermined confidence in our markets."

"The jury's verdicts help to close a notorious chapter in the history of America's publicly traded companies," agreed Rep. Michael Oxley (R-Ohio), the co-author. "Appeals aside, the end of the trial will mark the end of a dark era."

In presenting their case, prosecutors did not accuse Lay and Skilling of creating the off-the-books partnerships and accounting tricks.

Instead, they argued that the two men knew about them and repeatedly lied to cover them up.

In Lay's case, one of those lies was a lie of omission. When he urged employees to buy Enron stock in September 2001, he failed to tell them he had sold $70 million in stock back to the company.

And just before the bankruptcy, he used stock proceeds to pay off the mortgage on his home.

Those facts infuriated juror Don Martin.

"I thought that was a disgrace," he said. "It was horrible. People had all their money tied up [in pensions] and they can't touch it and he's out paying his house payment."

Delgado added, "It was very much the character of person he was. He cashed out before the employees did."

The witnesses against Lay and Skilling included a parade of ex-Enron executives.

Former Chief Financial Officer Andrew Fastow testified that Skilling encouraged him to set up the partnerships to hide losses, "juice" the company's earnings and help meet quarterly forecasts.

The feds' investigation seemed to stall until Fastow pleaded guilty in January 2004 to two counts of conspiracy, paving the way for prosecutors to win indictments against his bosses.

Skilling impressed the jury - and hurt his defense - when he stepped off the witness stand and used a complicated chart to explain Enron's trading activity.

"I would have always had questions if they had not taken the stand," said juror Kathy Harrison, an elementary-school teacher. "That helped reaffirm it for me."

Added Delgado: "To say he's [Skilling] not involved, that's not credible."

In the end, the jurors said they were convinced by the tales of the witnesses that Lay and Skilling knew more than they were willing to admit.

"There was too much evidence interlinked," Delgado said. "Even if the government persuaded them, twisted their arm, whatever, you cannot get all of them to say the same thing and point to the same evidence." With Post Wire Services

Lay, Skilling Convicted Of Fraud That Doomed Enron (Update9) (BLOOM)

Bloomberg, May 26, 2006

May 25 (Bloomberg) -- Kenneth Lay and Jeffrey Skilling, who built Enron Corp. into the nation's seventh-largest company and then drove it into bankruptcy, were convicted of orchestrating a fraud that made the energy trader the symbol of corporate deceit in America.

Jurors in federal court in Houston deliberated six days before finding Lay, Enron's former chairman, and Skilling, its former chief executive officer, guilty today of fraud, conspiracy and other charges for lying to investors about the company's finances. The panel heard four months of testimony before reaching its verdict.

``The government will not let corporate leaders violate their trust and get away with it," said Sean Berkowitz, head of the Justice Department's Enron Task Force, which conducted the prosecution. ``You can't lie to shareholders and put yourself in front of your employees' interests."

Lay, 64, and Skilling, 52, face at least 25 years each in prison after being convicted of using off-the-books partnerships to disguise Enron's debts. Skilling faces additional jail time over his conviction for using inside information to sell Enron stock. Lay was also convicted on bank fraud charges after a trial that U.S. District Judge Sim Lake held without a jury while the panel in the main case deliberated.

``Obviously I'm not real happy with this," Skilling said in the courtroom after the verdict. ``It is what it is." Skilling maintained his innocence and his lawyer, Daniel Petrocelli, said he would appeal.

Surrender Passport

Lake said he would sentence the defendants on Sept. 11. Skilling is allowed to remain free on $5 million bond and doesn't have to be put in ``home confinement" as prosecutors sought, Lake said.

Lay surrendered his passport after the judge said he wasn't allowed to leave the courthouse until he did so. Lay posted a $5 million bond, co-signed by his wife and children. He's restricted to living in Colorado and the southern district of Texas, and the routes to and from those places.

``I firmly believe I'm innocent of the charges against me," Lay said outside the courtroom. ``We believe God in fact is in control and he does indeed work all things for the good."

Both men face spending the rest of their lives in prison if they are given maximum sentences. After the verdict was announced, the color drained from Lay's face and his wife and daughter burst into tears. Skilling's wife wasn't in the courtroom.

``We've had a trial, and obviously it did not come out the way we hoped," Petrocelli said. ``It doesn't change our view of what happened at Enron. And it certainly doesn't change our view of Jeff Skilling's innocence."

Government Crackdown

Enron, once the world's largest energy trading firm, had more than $68 billion in market value before its December 2001 bankruptcy filing wiped out thousands of jobs and at least $1 billion in retirement funds virtually overnight. Investors suing over the company's collapse claim accounting fraud at the Houston-based firm caused at least $25 billion in losses.

``I think investors can feel validated in that the legal system worked here," said Mark Ross, partner at Sichenzia Ross Friedman Ference. ``On a bigger picture, it will instill confidence back in the capital markets in America."

In the wake of Enron's meltdown, government prosecutors cracked down on corporate crime. CEOs of WorldCom Inc., HealthSouth Corp., Adelphia Communications Corp. and Rite Aid Corp. were prosecuted for accounting fraud or looting company treasuries. All were convicted of fraud except HealthSouth founder Richard Scrushy, who now is on trial on unrelated bribery charges in Alabama.

Punish Bad Apples

We should ``punish the bad apples and that's obviously what happened in Texas," said Senator Paul Sarbanes, a Maryland Democrat. Sarbanes is the co-author of the Sarbanes-Oxley Act of 2002, passed to improve corporate reporting. ``They undermined confidence in our markets."

The eight-woman, four-man jury convicted Skilling on 19 of the 28 charges against him while finding Lay guilty of all of the six counts against him. The government presented a total of 25 witnesses against the men, including a parade of former Enron executives.

``It's safe to say each of them is facing north of 20 years real jail time," said Kirby Behre, a former federal prosecutor and co-author of Federal Sentencing for Business Crimes. The calculation of the size of the fraud will play a part in determining the exact sentence. ``There's going to be a mini- trial on sentencing issues."

`Kenny Boy'

Prosecutors should feel vindicated as well, said Behre, now a partner at Paul Hastings Janofsky & Walker in Washington. ``This case epitomizes a new paradigm of corporate criminal prosecutions. We now hold the highest-level executives responsible for the misconduct of the company. These two guys are as high as they get."

Enron contributed nearly $6 million to federal parties and candidates between 1989 and 2001, more than two-thirds to Republicans, according to OpenSecrets.org, the Web site of the Center for Responsive Politics.

More than $2 million of that money came during the 1999-2000 election cycle, when the company became one of the biggest backers of President George W. Bush's bid for the White House. Lay personally raised at least $100,000 for the campaign, and Bush used to refer to him by the nickname ``Kenny Boy.''

White House spokesman Tony Snow said today the Justice Department was to be congratulated for concluding a ``highly complex'' case. ``The administration has been pretty clear, there's no tolerance for corporate corruption,'' Snow said when asked about the guilty verdicts.

Fastow Testimony

Former Chief Financial Officer Andrew Fastow told jurors Skilling helped orchestrate a scheme to use off-the-books partnerships to hide billions in losses and debts racked up by the company. Other executives said Lay took over the effort to deceive investors about Enron's finances after Skilling stepped down as CEO.

Lawyers for the two men argued that prosecutors sought to criminalize normal business practices and that their clients were victims of thieving subordinates like Fastow.

Fastow, who pleaded guilty to fraud charges stemming from Enron's collapse, told jurors that Skilling encouraged him to set up the partnerships to ``juice'' the company's earnings and help meet quarterly forecasts. Fastow agreed to serve 10 years in prison for committing fraud at the company.

The defense sought to discredit Fastow, noting he'd stolen more than $20 million from Enron in partnership-related deals and had hidden his actions from Skilling and Lay.

Glisan Effective

Former Enron Treasurer Ben Glisan testified that Skilling endorsed using the partnerships to overvalue assets and disguise losses and touted them because they allowed the company to ``circumvent accounting rules.'' Glisan pleaded guilty to fraud charges and is serving five years in prison. After the verdict was announced, a juror said the jury referred to Glisan's testimony throughout its deliberations.

Glisan said Lay assigned him in August 2001, after Skilling left as CEO, to lobby credit-rating companies to allow the company to write off more than $1 billion in losses without suffering a debt rating downgrade.

Other witnesses, including former Enron investor relations executives Mark Koenig and Paula Rieker, testified that Lay misled analysts about the performance of some of the company's units as the firm deteriorated in the fall of 2001.

Lay and Skilling took the witness stand to try to convince jurors they hadn't presided over fraud at Enron and that prosecutors strong-armed their former colleagues into testifying against them.

Life on the Line

Skilling, who told jurors his ``life was on the line'' in the case, said the government investigation of Enron became a ``witch hunt'' that resulted in the charges against him and Lay.

Skilling denied being part of any effort to manipulate earnings and dismissed Fastow as a thief and a liar. He sparred with prosecutors, accusing them of twisting facts about Enron's performance to blame the company's demise on him and Lay.

Lay, whose father was a Missouri farmer and a Baptist preacher, earned a masters degree in economics from the University of Missouri in 1965. After a stint with Humble Oil in Houston, he joined the Navy in 1968 and worked as a purchasing officer at the Pentagon.

After the Navy, Lay worked at the Federal Power Commission and then the Department of the Interior. After that he joined Florida Gas Co., eventually becoming president. He moved to Transco Energy Co. in 1981 and joined Houston Natural Gas Corp. in 1985, where he was chief executive officer.

In 1985, Houston Natural Gas merged with Omaha, Nebraska- based InterNorth Inc., another pipeline company, and Enron was born.

Great Fall

`It's a stunning verdict,'' said John Carney, a former federal prosecutor now at Baker & Hostetler. ``It's the end of a chapter but not the end of a book. Enron was an icon of American business. Ken Lay was one of the most revered and respected CEOs in the country. To see him go like that is probably one of the greatest falls in business history.''

Skilling joined McKinsey & Co., a management consulting firm,, after his 1979 graduation from Harvard Business School. McKinsey counted Enron's predecessor, InterNorth, as a client, and Skilling joined Enron in 1990. He became president and chief operating officer in 1997 and chief executive officer in February 2001, upon Lay's initial departure from the company, only to quit in August.

``I've had my fingers, my legs and everything else crossed hoping this verdict would come down in the manner and form that it has,'' said Raymond Plank, chairman of Houston-based oil and gas producer Apache Corp. ``I feel justice has been served. My primary interest is to see them serve a long, long sentence.''

The case is U.S. v. Skilling, 04-cr-25, U.S. District Court, Southern District of Texas (Houston).

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Lay And Skilling's Day Of Reckoning (CNNM)

By Shaheen Pasha And Jessica Seid, CNNMoney.com staff writers

CNN/Money, May 26, 2006

Enron ex-CEO and founder convicted on fraud and conspiracy charges; sentencing slated for September.

HOUSTON (CNNMoney.com) - Enron former chief executive Jeffrey Skilling and founder Kenneth Lay were both found guilty Thursday of conspiracy and fraud in the granddaddy of all corporate fraud cases.

On the sixth day of deliberations, a jury of eight women and four men convicted the former executives of misleading the public about the true financial health of Enron, whose collapse in late 2001 symbolized the wave of corporate fraud that swept the United States early this decade.

Ex-Enron CEO Jeffrey Skilling walks away from reporters in Houston after a jury found him guilty of 19 counts of fraud, conspiracy, false statements and insider trading.

Skilling was found guilty on 19 counts of conspiracy, fraud, false statements and insider trading. He was found not guilty on nine counts of insider trading.

Lay was found guilty on all six counts of conspiracy and fraud. In a separate bench trial, Judge Sim Lake ruled Lay was guilty of four counts of fraud and false statements. (Click here for the defendants' reactions)

Both Lay and Skilling could face 20 to 30 years in prison, legal experts say. And Lay will also face an additional hefty term in prison for his conviction in the bank fraud case.

"I think absent a successful appeal, they will both die in prison," said Jamie Wareham, global chairman of litigation at the international law firm Paul Hastings. "When you're a judge that's concluded that two men have lied to you for hours and hours and hours, light sentences aren't going to flow."

Judge Lake set sentencing for Sept. 11 and ordered Lay to surrender his passport and post a $5 million bond. No home confinement was ordered but homes owned by Lay and his children were used as an assurety for the $5 million bond.

Skilling's attorney, Daniel Petrocelli, told reporters outside the courthouse, "We will have a full and vigorous appeal."

"The jury saw it differently," Petrocelli said, referring to his client's maintaining his innocence. "We'll take it from here."

Wareham said the defendants don't have a large amount of appeal platforms, but he expects lawyers will try to raise the issue that both men were tried in Houston, the epicenter of Enron's implosion. Defense attorneys had attempted unsuccessfully to have the venue changed prior to the trial saying it was impossible to get a fair trial in Houston.

Jurors react

All 12 jurors and three alternates speaking to reporters after the verdict insisted that the decision was one of the hardest they had to make, given compelling arguments from both sides. But ultimately, they agreed that the evidence, corroborated by the line of witnesses presented by the prosecution, proved too strong to ignore.

"This is undoubtedly the most difficult, heart-wrenching experience I've ever had in my life," said Kathy Harrison, an elementary school teacher who served on the jury. "I performed my duty as an American citizen. I've never fought on a foreign battleground (but) I fought on this battleground for American justice."

Jurors said of the 22 witnesses for the prosecution, the first witness, Mark Koenig - who served as Enron's head of investor relations - and Ben Glisan, the former treasurer of Enron who is the only executive currently serving time in jail, were the most persuasive given their knowledge of details at the company.

But Andrew Fastow, Enron's former financial chief who was long considered to be a star witness for the prosecution, was less effective, jurors said.

"Fastow was Fastow," said Donald Martin, an electrical designer who served on the jury. "We knew where he was coming from."

The defense has long contended that Fastow's treachery brought down the company and he cut a deal with the prosecution, requiring him to testify against his former bosses, to receive a lighter sentence.

Wendy Vaughn, a juror who owns two businesses, said that from the beginning she admired both Lay and Skilling's brilliance and talent as businessmen building up Enron. But she said "it was sad to see in the end, it wasn't accomplished in a respectful manner."

She added that Lay's demeanor on the stand ultimately worked against him.

"He seemed very much wanting to be in control," she said. "He seemed to have very much of a chip on his shoulder... it made me question his character."

And the jurors said both men seemed to be hands-on executives, making their testimony that they relied on the advice of others questionable.

"Both said they had their hands on the wheel," said Freddy Delgado, an elementary school principal. "I can't say I don't know what my teachers are doing. To say that they didn't know what was going (on, it) wasn't right they said that."

Delgado added that the jury pored through the facts and he didn't believe anyone could question the fairness of the Houston jury.

"Houston should be proud," he said.

Tears in the courthouse

Skilling stood stone-faced as he was convicted on most of the counts he faced. Skilling's wife and children were notably absent.

Petrocelli had his hand on his client's shoulder, bracing him.

As Lay's verdict was read, his daughter Elizabeth Vittore, who has been one of his attorneys during the case, began to sob uncontrollably. His wife, Linda, clutching his hand, wiped tears away silently. All of his children sat in the front row with other members of the family. One of his sons put his face in his hands and wept.

Lay clutched his wife's hand and looked straight ahead.

Speaking to reporters outside the courthouse, Lay expressed shock at the verdict and continued to maintain his innocence as his wife Linda stood by his side.

"I firmly believe I am innocent of the charges," he said. "Despite what has happened I'm still a very blessed man."

Outside the courtroom after court was adjourned, Skilling said, "We fought a good fight. Some things work. Some things don't."

"Obviously I'm disappointed, but that's the way the system works," he added.

Enron employees rejoiced at the verdict. (Click here for full story.)

A huge scandal

The verdict is a major victory for the government, and marks the end of one of the most scandalous chapters in the history of corporate America.

The Enron government task force exited the courthouse at 2 p.m. ET and was greeted with applause. In a statement to the press, lead government prosecutor Sean Berkowitz said, "The eyes of the world have been on this courthouse and they have seen the justice system at work."

"No matter how rich you are, you have to play by the rules," he added.

Berkowitz said that he was proud of everybody on his team and the personal sacrifice they had made, adding they would all "go out and get a drink."

In Washington, Department of Justice officials praised the Enron prosecutors and said the conviction will encourage the government to go after more such cases.

"Our laws will be enforced just as vigorously against corporate executives as against street criminals," said Deputy Attorney General Paul McNulty. "No one is above the law."

The White House had no comment on the verdicts except to congratulate the Justice Department for winning convictions in a "highly complex" case. Lay was a major fund-raiser for President Bush, who gave him the nickname "Kenny Boy."

"The administration has been pretty clear - there is no tolerance for corporate corruption," White House spokesman Tony Snow said.

Houston-based Enron, once one of the hottest companies on Wall Street, imploded in a matter of months after Skilling abruptly resigned as CEO in August 2001. Lay, who was chairman at the time, postponed his retirement plans to return to the helm.

Enron's collapse marked the first of the high-profile corporate scandals that rocked the nation, followed by WorldCom, Global Crossing, Adelphia and Tyco. The wave of fraud led to passage of the Sarbanes-Oxley law that tightened oversight of how American companies are audited.

After a government investigation that took 4-1/2 years, prosecutors presented evidence that Lay and Skilling orchestrated a conspiracy to artificially inflate profits, hide millions in losses and misrepresent the true nature of the company's finances.

The long-awaited trial began Jan. 31 in Houston.

Enron's bankruptcy, the biggest in U.S. history when it was filed in December 2001, cost 4,000 employees their jobs and many of them their life savings. Investors lost billions of dollars.

Over 16 weeks, the government presented 22 witnesses, including former top executives, who testified that Skilling and Lay fostered a culture that put the company's image and stock price above everything else, at any cost.

Sixteen people pleaded guilty for crimes committed at the company, and five others, including four former Merrill Lynch employees, were found guilty at trial. Eight former Enron executives testified against Lay and Skilling, their former bosses.

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Jurors: Ex-Enron Execs Not Credible (USAT)

By Greg Farrell

USA Today, May 26, 2006

HOUSTON — Ken Lay and Jeff Skilling said they always relied on the lawyers and accountants who signed off on Enron's earnings statements. Jurors said they should have relied on the truth.

In a decisive conclusion to an epic trial here Thursday, a federal jury convicted the two men of lying to investors five years ago about the financial health of Enron, the company they both led as CEOs.

By convicting the pair of conspiracy to commit securities fraud and related crimes, the 12 jurors rejected Lay and Skilling's primary defense: that they believed Enron's earnings statements were fair and accurate because those statements had been blessed by internal accountants and lawyers.

Instead, the jury agreed overwhelmingly with government prosecutors, who argued that the men used their power to bully and cajole subordinates into painting an artificially positive picture of Enron's earnings for investors.

"The defense was built around a reliance on auditors, attorneys and staff, and trying to get people to believe that as CEOs, they knew absolutely nothing about fraud when they were getting paid millions," says Lynn Turner, former chief accountant of the Securities and Exchange Commission. "Other executives are going to understand that this type of defense isn't plausible anymore."

The guilty verdict in the biggest criminal case to emerge from the wave of corporate frauds that rattled investors from 2001 through 2003 is a significant triumph for the Enron Task Force. That team, formed in January 2002 to investigate wrongdoing after Enron's sudden collapse, has secured 16 guilty pleas from former Enron employees but has failed to win convictions of several prominent former executives.

It is also a significant victory for the Justice Department's push to restore integrity to the corporate boardroom. Last year, a federal jury in Manhattan convicted former WorldCom CEO Bernie Ebbers of encouraging his subordinates to cook his company's books. The year before, former Adelphia CEO John Rigas was convicted of fraud and misuse of investor funds. Manhattan District Attorney Robert Morgenthau won a conviction last year of former Tyco CEO Dennis Kozlowski and his CFO, Mark Swartz.

The only significant failure in the Justice Department's campaign against corporate fraud occurred in Alabama last year, when a federal jury acquitted former HealthSouth CEO Richard Scrushy of masterminding a $2.7 billion fraud, even though five former CFOs testified against Scrushy.

In discussing that case after the verdict, several jurors seemed confused about what the government was trying to prove against Scrushy. In the Enron trial, government prosecutors wanted to avoid the same mistakes.

After Enron's collapse in 2001, Lay and Skilling became poster boys for corporate misbehavior and were widely blamed in the media for the fraud that was found at Enron.

But to win criminal convictions in federal court, prosecutors needed actual proof of guilt against the two men. And, because there were no e-mails tying Lay and Skilling directly to the fraud, prosecutors made a strategic decision to focus the trial on whether Lay and Skilling told the truth in public, not if Enron's accounting was illegal.

To that end, perhaps the biggest single break for the prosecutors occurred in December, a month before the trial was to begin, when Richard Causey, the former chief accounting officer of Enron, pleaded guilty to one count of securities fraud.

Originally, the government was going to put Causey on trial alongside Skilling and Lay. That would have made the case more difficult to win because it would have required the Enron Task Force to delve deeply into Enron's convoluted accounting, which could have confused the jury. Prosecuting Causey would also have added two months to the trial, which could have exhausted the jury.

Instead, with Causey out of the picture in a plea deal, prosecutors could focus their case against Lay and Skilling exclusively on whether the two men were honest in statements to employees, analysts and investors.

In his opening statement on Jan. 31, Assistant U.S. Attorney John Hueston said the government's case was not about accounting but the choices Lay and Skilling made when speaking to the public in 2000 and 2001.

Defense lawyers tried to divert the case into the thicket of accounting rules, but prosecutors wouldn't budge. Throughout February and March, the government elicited testimony from 22 witnesses, many of them cooperators who had pleaded guilty to lesser charges in exchange for the promise of more lenient prison sentences. With almost every witness, prosecutors banged away at the same theme: Lay and Skilling lied to the outside world about what was going on at Enron.

In April, when the defense put on its case, it was clear both Lay and Skilling had to testify. Ultimately, jurors said, the testimony of the two men wasn't as credible as what came from all the government witnesses, whose stories corroborated one another. "I wanted very, very badly to believe what they were saying," said juror Wendy Vaughan after the verdict. "At the

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beginning of the trial, I admired both men. I thought they were brilliant. It was sad to see in the end it wasn't accomplished in a respectful manner."

According to the jury, Skilling was undone by his own brilliance, which was evident on the stand. In two weeks of testimony, the former McKinsey consultant who revolutionized the energy industry by turning the mundane business of delivering natural gas into a wildly successful futures market, instructed jurors about the intricacies of Enron's businesses. At one point, he told in detail how Enron used a statistical risk model, dubbed VaR for "value at risk," to insulate itself from gyrations in commodities markets.

"For a man who knew every aspect of the business, why didn't he know what was going on?" asked juror Doug Baggett, legal department manager at a Houston company.

As for Lay, jurors said they were impressed with the many civic and charitable contributions he made in Houston, but his outward generosity didn't excuse what happened at Enron. "Outside the company, he was a very nice person," said juror Don Martin.

"Mr. Lay did many great things," added Kathy Harrison. "All of this is a tragedy. Bad choices and bad decisions don't take away from what he did for the community."

For Lay to win an acquittal, he was going to have to convince the jury that he wasn't aware of any wrongdoing at Enron. His attorneys also wanted him to tell the inspiring story of rising from humble roots in rural Missouri to the pinnacle of American business. But in telling his story on the stand, Lay sounded angry, blaming prosecutors for turning his life into a nightmare, and even snapping at his own attorney on occasion.

"He seemed very much to want to be in control," said Vaughan. "He commanded the room." Lay also seemed "to have a chip on his shoulder," she said. "It made me question his character at that point."

Worse than Lay's demeanor on the stand, jurors said, was evidence presented by the government that while Enron was collapsing, he quietly sold $70 million in stock back to Enron while urging employees to buy more.

On the witness stand, Lay explained that he had accumulated about $100 million in bank debt, secured largely by his Enron stock holdings. As the value of that stock dropped through 2001, he received margin calls from the banks and, therefore, sold his stock back to Enron to pay off his debts.

But when prosecutors confronted him with a statement he made to employees declaring that he was buying stock himself, Lay said he didn't consider "forced" sales of stock to be the same as "discretionary" sales. The distinction seemed lost on the jury.

Martin labeled the secret sales "disgusting" and "horrible," while Baggett said they provided evidence of Lay's "intent."

Michael Moran, an Enron retiree who serves as co-chairman of a special employee committee created by the bankruptcy court, said he was satisfied with the verdict: "It brings to closure one of the final chapters of the Enron saga. I would have been extremely disappointed had the jury come back and found Mr. Lay and Mr. Skilling not guilty."

The Enron Task Force is currently trying to convict several executives from the company's broadband unit and has asked that three British bankers be extradited from the UK to face charges that they were part of one fraudulent scheme at Enron. But for all practical purposes, the conviction of Lay and Skilling is likely to end the Justice Department's investigation of fraud at what was once the USA's seventh-largest corporation.

It's standard practice for prosecutors to declare, even after a victory, that an investigation into wrongdoing is "ongoing." Thursday, basking in the glory of a big win outside the federal courthouse, prosecutor Hueston wouldn't go that far. Instead, he said, "The investigation may be ongoing."

Trial Fails To Answer Many Questions About Spectacular Collapse (WSJ)

By Rebecca Smith

The Wall Street Journal, May 26, 2006

Some of the most tantalizing questions about what really happened at Enron Corp. remain unanswered -- and in all likelihood will stay that way.

The convictions of former Enron Chairman Kenneth Lay1 and former President Jeffrey Skilling2 on a majority of the conspiracy and fraud charges against them cap a long drive by the government to prosecute crimes associated with the Houston company's spectacular collapse into bankruptcy. As the Enron prosecutorial effort winds down after four years of forensic digging, it has become clear that the government moved quickly in the wake of the 2001 scandal to demonstrate to an angry public that a cop was on the beat, the guilty would be punished and the system purged of corruption.

Yet none of the trials produced new pieces of evidence that could be termed "smoking guns," despite the fact prosecutors had broad subpoena powers and access to Enron records and internal documents that weren't available to the public. Some of the big questions linger, seemingly beyond the reach of the trials.

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The questions involve Enron's finances and tactics, and the motivations of many former employees. For example, it still isn't clear how much Enron made or lost off its vaunted energy-trading, energy-services and broadband units. It also isn't known how much money Enron reaped by exploiting the California electricity market during the 15-month crisis that began in the spring of 2000. Even after all the trial testimony, it isn't clear how long Enron could have continued to operate, absent the scandal that engulfed it in 2001, or just how much Messrs. Skilling and Lay knew about the company's off-balance-sheet partnerships.

"A criminal trial is not designed as a search for the truth," said Joseph Beeler, a partner at Ferrell Law in Miami and past president of the American Board of Criminal Lawyers. The mission is to "dispense justice in an individual case, and those who expect more are bound to be disappointed."

Instead of answering important social or philosophical questions, trials are adversarial contests in which prosecutors attempt to prove, beyond a reasonable doubt, that defendants committed certain narrowly defined crimes.

"The system is designed to focus on relevant and material information," and exclude nearly everything else, said Mark Biros, a former federal prosecutor who is now managing partner of the Washington office of Proskauer Rose LLP. "That's why people walk away somewhat dissatisfied."

The just-completed trial of Messrs. Skilling and Lay is a case in point. Because a third defendant, former Enron Chief Accounting Officer Richard Causey12, pleaded guilty just before the trial began, the case against Messrs. Skilling and Lay became simpler and less focused on the nitty-gritty of how Enron operated. So, while the defendants insisted Enron was a healthy energy-trading company that fell victim to a "run on the bank," there was little detailed exploration of the roots of Enron's problems -- including how it became so dependent on paper trading gains that had little real cash attached to them and so vulnerable to credit calls that made it incapable of riding out a crisis.

Indeed, more than four years after the Enron scandal began, it is still impossible to say what was real at Enron and what was smoke and mirrors.

Enron was permitted to book profits through means that were volatile and risky, but that, apparently, broke no laws. It was allowed to rack up "mark-to-market" gains on its trading book rather than use "accrual" accounting that is based on the flow of actual money. A reliance on such accounting may be acceptable, in some circumstances, so long as there is real cash coming from somewhere. In the real world, companies need hard cash to pay employees and cover expenses.

It still isn't clear how much of Enron's profits came from outright financial chicanery and how much from exploiting accounting constructs such as mark-to-market accounting and the use of derivative instruments that remain legal and largely unregulated today. Prosecutors go after illegal conduct, not foolhardy business practices.

Leslie Caldwell, the former head of the Enron Task Force who is now at Morgan Lewis & Bockius in New York, said she thought it was "very smart" of prosecutors "not to get bogged down" in accounting intricacies. It might have answered some questions about the company, but it would not have advanced the case.

Nor should one expect revelatory insights from defendants. "Your own trial is not the place to engage in self-reflection," said Melinda Haag, a former federal prosecutor who is now a partner at Orrick Herrington & Sutcliffe in San Francisco. "For that, you have a clergy person, a friend or a therapist."

Trials generate mosaic pieces that can be combined with other bits of information to create the big pictures that ultimately give meaning to the judicial exercise and explain the significance of the Enron saga.

"What trials aren't about is the resolution of great issues," said Anton Valukas, a former U.S. attorney for Chicago who is now a partner at Jenner & Block there.

White-Collar Crime's New Milestone (WP)

By Brooke A. Masters And Carrie Johnson

The Washington Post, May 26, 2006

If there was one case the government had to make to define this as the era of corporate accountability, it was Enron.

But the Enron Corp. tale was complicated, with labyrinthine partnerships and intricate accounting entries, and no documents directly tying the guys at the top to the decisions carried out by others. It was a tough case to be a must win.

When the jury returned its verdicts -- guilty on 25 of a combined 34 counts -- it was a clear win. Jurors refused to let slide the two former chief executives who had become synonymous with corporate corruption, and who tried to blame underlings, advisers, institutional investors and the media for the Houston energy company's spectacular 2001 collapse.

"The jury says, you're the boss," said white-collar defense attorney Charles A. Stillman.

The convictions of Enron founder Kenneth L. Lay and former chief executive Jeffrey K. Skilling cap the Justice Department's five-year battle to hold top executives responsible for a flood of accounting fraud and corporate failures that undermined investor confidence, put tens of thousands of people out of work and hit the savings of millions of ordinary people.

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Enron's 2001 bankruptcy exposed failures across the system of corporate governance, from audit companies that lacked true independence and board members who failed to ask skeptical questions to lawyers and bankers who blessed questionable deals in exchange for whopping fees. It also resulted in major changes to the regulatory system, including a federal law that requires top corporate executives to attest to the accuracy of financial statements.

When Enron was followed by a wave of scandals at companies such as WorldCom Inc., Tyco International Ltd. and Adelphia Communications Corp., it was not clear whether prosecutors and the Securities and Exchange Commission would be able to cope with the complexity and sheer numbers of the cases. But government lawyers slowly built their evidence and, after initial setbacks, learned to streamline their cases for juries. They won convictions of WorldCom chief executive Bernard J. Ebbers, Adelphia Chairman John J. Rigas, domesticity entrepreneur Martha Stewart and the top executives of Tyco.

But none of them equaled the importance of Enron, where it all started and which involved the most complicated financial and legal schemes.

"The ordinary investor uses the word Enron to scare their kids," said University of Texas law professor Henry T.C. Hu. "These convictions are the end of a particularly important morality play. Everyone always thought that the Enron-Skilling-Lay trial would be harder for prosecutors . . . and yet the prosecutors won. That really helps in terms of deterrence."

Although the Enron convictions serve as a high-water mark for the government's efforts to crack down on high-level corporate lawbreaking, legal analysts cautioned that the case does not mark the end of white-collar crime. "Where there's money, there's going to be crime," said former U.S. Attorney David N. Kelley. "You never know what's going to surface."

For corporate executives still under scrutiny, the verdicts yesterday underscored the peril of defendants taking the witness stand in white-collar fraud cases.

As in many of the recent top corporate trials, prosecutors had few documents linking Skilling and Lay to the accounting maneuvers that hid billions of dollars in losses from investors. The case therefore came down to weighing the two men's credibility against that of the other Enron executives, who swore Lay and Skilling were involved.

That made the two men's performances on the stand that much more critical, and both of them fell short. Lay in particular came across as an irritable control freak, while Skilling strained credulity with his complicated explanations and convenient memory lapses, jurors said.

The results mirrored those of other high-profile cases: The jurors who convicted Ebbers also said they didn't believe his testimony that he was unaware of the accounting schemes in that case, and former investment banker Frank P. Quattrone torpedoed his case when he was caught in an apparent misstatement on the stand. Quattrone's obstruction of justice conviction was later reversed, and he is currently negotiating with prosecutors to avoid another trial. Most legal observers credit the lone prominent acquittal, that of Richard M. Scrushy of HealthSouth Corp., to the months he spent cultivating the black and religious communities in Birmingham, where his case was tried.

"It's Shakespearean. The CEOs who have gone down are people who literally lost touch with reality," said Yale University law professor Jonathan Macey. "Ken Lay had so internalized the idea of an imperial CEO that he blamed everyone but himself. He could not conceptualize that he should take responsibility."

More than any other case, Enron symbolized the collapse of the 1990s stock market bubble and the revelation that many of the nation's highest-flying companies were far less substantial than they seemed. "This was the stock market's 9/11. How could the seventh-largest company collapse?" said Samuel W. Buell, a former federal prosecutor who worked on the early stages of the Enron case. "The knowledge that there is going to be punishment in egregious cases has to restore investor confidence."

"The fact that significant and highly credible companies engaged in misconduct of the rankest sort, pulling the wool over the eyes not just of investors but of analysts, journalists and regulators, is a very sorry chapter in our history, and one that deserves the right type of burial," said Harvey L. Pitt, a former chairman of the Securities and Exchange Commission.

Energized after Enron's December 2001 bankruptcy filing and the fall of WorldCom months later, Congress overwhelmingly passed legislation that forces companies to set up stronger internal controls and holds chief executives, finance chiefs, board members and auditors more responsible for financial reports.

The aftermath of the 2002 Sarbanes-Oxley Act spawned new standards by the major U.S. stock exchanges and prompted courts to review such cases more stringently, experts said.

"The failure of Enron . . . fundamentally altered the corporate governance movement forever," said University of Delaware professor Charles M. Elson. "It greatly accelerated changes in the form of more responsibility for corporate boards and auditors, and it led to a great skepticism on the part of the investing public as to the business practices in corporate America. Regardless of what happens, they have been inadvertent change agents."

Even now, however, groups including the U.S. Chamber of Commerce are attacking the law in the courts and in the halls of the SEC. Another trade organization, the Free Enterprise Fund, has mounted a legal challenge to the Public Company

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Accounting Oversight Board as too costly and invasive. The board is a watchdog body created by the Sarbanes-Oxley Act to police the accounting industry. Advocates of increased oversight warn that if that case is successful, the entire law could be thrown out.

But the law's supporters said they hope the string of prosecution victories will give would-be fraudsters pause and remind Americans of the need for corporate accountability.

"Now we have a greater appreciation of the role of watchdogs," said Anthony M. Sabino, a law professor at St. John's University. "Sarbanes-Oxley was a good idea, is a good idea. Leave it alone. We need it to prevent the Enrons of the future."

Lay, Skilling May Have Paved Their Way To Prison (AP)

By Kristen Hays, AP Business Writer

AP, May 26, 2006

HOUSTON — Kenneth Lay may have paved his way to prison when he testified in his own defense against fraud and conspiracy charges, snarling at a prosecutor and telling a jury of middle-class men and women that he couldn't turn off his rich lifestyle "like a spigot," despite $100 million in personal debt.

Jeffrey Skilling may have guaranteed himself a string of convictions when he couldn't counter incriminating testimony from prosecution witnesses with more than, "It's not true."

The epic undoing of the founder and former chief executive of what was once the seventh-largest company in the country and his hand-picked successor came in telling moments throughout the trial of more than four months.

Lay and Skilling entered the trial with a claim that shocked many: Not only were they innocent of wrongdoing, no fraud at all occurred at Enron. Skilling boiled it down with a statement at the end of his 7 1/2 days of grueling testimony:

"We are innocent. By 'we' I mean Enron Corp.," he said.

Prosecutors knew going in that both defendants would seek to exonerate not only themselves, but the company as well. Lay forecast that approach in a speech to Houston business and academic leaders in mid-December, while Skilling's legal team used a court filing to signal their intent.

But Enron fell so precipitously into bankruptcy proceedings in December 2001 from being the nation's seventh-largest company the year before that something had to be rotten, whether Lay and Skilling knew about it or not.

The government sought to show that rot, and how Lay and Skilling led an effort to hide it — a conclusion both continue to vehemently deny as they vow to appeal their convictions.

It wasn't easy. No one sat around a table in a dark, smoke-filled room and brazenly stated that they would commit crimes to fool investors into believing Enron deserved its powerhouse image.

No one even typed a memo, dashed off an e-mail or left a phone message indicating criminal intent, leaving prosecutors with little hard evidence.

Prosecutors presented their case like it was built over four years — brick by brick — with much emphasis on testimony from former executives who pleaded guilty to crimes rather than face their own trials, convictions and lengthy prison terms.

Those division heads and others said they felt pressure — tangible or intangible — from Skilling and Lay to meet earnings targets or mask bad news at any cost and to maintain Wall Street's adoration.

The government also painstakingly worked to present its cadre of 25 witnesses as an ensemble cast without any stars, to be seen as a whole.

The media eagerly touted the testimony of former Chief Financial Officer Andrew Fastow, but his testimony was in the end no more important than that of other ex-executives. De-emphasizing the importance of the man held responsible for forging schemes that helped sink Enron was among the prosecution's smartest moves.

Fastow was an easy target for the defense. He roped his wife into his crimes. He likely could have prevented her from being indicted had he cut a deal with prosecutors within six months of being indicted himself, much as junk-bond pioneer Michael Milken copped a plea to keep the government from charging his brother.

Fastow endured his first public flogging during four days of brutal testimony and cross examination. He laid bare his shame. He never minimized his culpability and greed. And he insisted he and Skilling "committed crimes together," and Lay knew disaster was imminent in the fall of 2001 when he claimed publicly that Enron was fundamentally strong.

The key was, others provided equally damaging testimony about how Lay and Skilling knew Enron wasn't what it purported to be thanks to smoke and mirrors that masqueraded as proper accounting.

Those included former Enron Treasurer Ben Glisan Jr. Now federal inmate No. 20293-179, Glisan is in prison for crafting fraudulent financial structures Enron used to hide losses and bad investments — structures Lay and Skilling insisted were proper.

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But others with no criminal taint added fuel to the prosecution's fire. Vince Kaminski, a former top risk analyst whom Skilling respected, said the ex-CEO swept him and his staff from a risk assessment squad, complaining they acted too much like "cops" rather than deal facilitators.

Then came the defendants, the stars among the defense's 29 witnesses. Observers expected Skilling to live up to his reputation for being temperamental and abrasive, but it was Lay who bickered and bristled, even with his own lawyer.

Lay, known for making pious-sounding religious references, arrogantly defended his extravagant lifestyle, including a $200,000 yacht for wife Linda's birthday party, despite $100 million in personal debt.

"It was difficult to turn off that lifestyle like a spigot," Lay said.

Lay, a local mover-and-shaker dubbed "Kenny Boy" by President Bush, once told prosecutor John Hueston that Enron's "corpse was on the gurney" for the government to carve up.

Lay was convicted on all counts, while Skilling was acquitted on nine insider trading charges stemming from trades of Enron stock he made in 2000. The ex-CEO was convicted on 19 other counts of fraud, conspiracy, lying to auditors and insider trading.

"This whole thing of saying there was nothing wrong at Enron, it just strains the imagination," said Gary Brown, former special counsel for the Senate Committee on Governmental Affairs in its investigation of Enron's December 2001 crash.

Sam Buell, a former federal prosecutor with the Justice Department's Enron Task Force who secured the indictment against Skilling, said the government had witnesses from myriad units — trading, finance, broadband, investor relations and retail energy — who told a story that hung together when viewed as a whole.

"I think the defense probably felt they just couldn't deviate from the playbook that says you have to give the jury an affirmative story of your own that explains the whole case — that it would be too risky just to play defense and poke holes in the government's case," Buell said.

However, the story that the government witnesses were liars or misunderstood what they thought was sinister "just wasn't plausible and undermined the credibility of everything they did and said," Buell said.

Jurors said they acquitted Skilling on the nine insider trading counts for lack of evidence. But they said when viewed overall, the government's case — despite its lack of hard evidence beyond the word of witnesses — pointed to the pair's guilt.

Enron Trial May Encourage Businesses To Adopt Low-risk Strategies (KRT)

By Greg Burns

Knight Ridder, May 26, 2006

CHICAGO - So much for the bold defense of Kenneth Lay and Jeffrey Skilling.

The pair was convicted Thursday by federal jurors who listened to both former Enron Corp. executives spin a tale from the witness stand about a truly great company that was sadly misunderstood.

From the start, legal observers questioned the strategy of promoting Enron as a "shining star," since the rest of the world concluded long ago it had been misled about the one-time Houston energy giant.

Former insiders cooperating with the government swore under oath that the company had lost its moral bearings and manipulated its financial results to deceive a gullible public.

The outcome of the case, with Skilling and Lay facing long prison terms, is likely to encourage future corporate executives targeted in criminal investigations to adopt a lower-risk approach, some legal experts predict.

The convictions underscore the conventional wisdom among defense attorneys that testifying at trial is among the most perilous steps for any criminal defendant, even the polished and educated.

They also suggest that convincing a jury of a completely different story than the one advanced by the government is especially tough in complex corporate fraud.

The Enron defendants "felt they had to roll the dice on the `Big Sell,' because the traditional defenses were going to be met with great skepticism," said David Yellen, dean of the Loyola University law school in Chicago.

Merely saying, "We made mistakes, but they weren't criminal," or, "We didn't know about the fraud," would have been insufficient in this case, Yellen explained.

Yet by attempting to "shoot the moon" with their description of a wonderful company brought low by a "run on the bank" through no fault of theirs, the Enron defendants eroded some of their best defenses, said Samuel Buell, a former prosecutor on the government's Enron Task Force now teaching at the University of Texas law school.

"That undermines the credibility of even the good stuff you've got for poking holes in the government's case," he said. "It was highly risky."

The Enron prosecution was by no means a slam dunk for the Justice Department, despite public expectations that the former corporate leaders would be convicted. It lacked a blockbuster witness, or "smoking gun" evidence tying the defendants conclusively to the fraud.

Lay and Skilling were consistent in maintaining they not only did nothing wrong, but also almost everything right. Apart from their decision to waive conflict-of-interest rules for their corrupt finance chief, Andrew Fastow, the pair aggressively defended their time at the top of the ill-fated company.

On direct examination, as they described Enron's glory days, it almost seemed they wanted the poker-faced jurors to burst into applause. Then on cross-examination, Lay all but snarled at the prosecutor questioning him, while Skilling lurched between near-perfect recall of certain events and sudden amnesia about others.

The pair should have admitted more faults and errors, said Brian Wice, a Houston defense attorney who followed the trial. "You can't come in with a stiff neck and say, `I'm perfect,'" he said. "For these guys, it not only was business, it was personal, and that's a mistake. They wanted to be vindicated."

Asked on the day the jury began its deliberations if his client sought redemption, not just acquittal, Lay's lead attorney, Michael Ramsey, replied, "That's very true. Very true."

Daniel Petrocelli, who represented Skilling, said the defense needed to knock down the preconceptions of jurors steeped in years of adverse publicity about Enron.

Skilling sought redemption "only to the extent it was needed to unlock jurors' minds," Petrocelli said. "It's not an ego thing. It's really to undo these perceptions."

The defendants' campaign for absolution began immediately after Enron collapsed. Although Lay refused to testify before Congress, taking a pounding in grim silence, Skilling talked and talked.

He shared a witness table with Sherron Watkins, the Enron whistleblower who would testify against him and Lay at their criminal trial, presenting the "run on the bank" defense that became his most prominent theme.

That impulse to blame the victims for their lack of faith in the company carried through to the trial. Far from bringing down a thriving enterprise, the "run" on Enron revealed the house of cards it had become, prosecutors pointed out to the jury. Enron lacked the wherewithal to raise enough cash to keep its operations going, even long enough to sell it at a bargain price.

The defense was seeking to "defuse the notion that this was a business that was rotten to the core from start to finish," said Buell. "Obviously, certain parts of the business were successful. That's beside the point. They had to explain how the collapse of Enron happened. It didn't work because the story was just implausible."

Symbol Of An Era Lay, Skilling Are Convicted Of Fraud (WSJ)

By John R. Emshwiller, Gary McWilliams And Ann Davis

The Wall Street Journal, May 26, 2006

HOUSTON -- The convictions of former Enron Corp. chairman Kenneth Lay1 and former president Jeffrey Skilling2 decimated their high-stakes argument that Enron was a law-abiding company done in by newspaper reports, short-sellers and market panic. The jury3's decision cemented the once-highflying energy company's legacy as one of the most egregious corporate offenders of the 1990s.

The verdicts yesterday against both men on numerous federal fraud and conspiracy charges cap a string of prosecutions in which hundreds of senior corporate executives at numerous companies have been held accountable for wrongdoing on their watches. 4

Once viewed as one of the biggest business success stories of the 1990s, Enron collapsed in 2001, the first of a string of corporate scandals. Its fall marked a dramatic end to the stock-market boom and the beginning of a wave of corporate and regulatory reforms, including the 2002 Sarbanes-Oxley law.

Juror Kathy Harrison, an elementary-school teacher, said after the verdicts that she hoped executives at other companies would realize that "those in charge have responsibility. There's too much hurt here. If something good can come out, companies can be aware that they must be conscientious." (Read more reactions5 to the verdicts.)

After delivering their verdicts, the Enron jurors said they had focused partly on the credibility of the two former executives. In a risky legal strategy, both men had argued that no crimes were committed at Enron, apart from a few largely irrelevant ones involving former Chief Financial Officer Andrew Fastow6. Messrs. Lay and Skilling both testified during the trial, and both faced withering cross-examinations by prosecutors.

Judge Sim Lake7 read the string of guilty verdicts in a packed courtroom. Both defendants stood calmly as family members gasped and some began to sob.

Mr. Skilling, 52 years old, was convicted on 19 of 28 counts of conspiracy, fraud and insider trading. He was acquitted on nine counts of insider trading. Mr. Lay, 64, was convicted on all six conspiracy and fraud counts he faced. After reading the jury

verdicts, Judge Lake also found Mr. Lay guilty of all four counts in a separate banking-fraud case heard by the judge while the jury was deliberating.

After the verdicts were announced, Mr. Lay joined more than a dozen friends and family members in a circle in one corner of the courtroom to pray. One of Mr. Lay's supporters, Rev. Bill Lawson, could be heard invoking the story of Jesus, "who was convicted and even executed," he said.

"We'll all come through this stronger," said Mr. Lay, occasionally tugging at the hand of his wife, Linda, who had sat through the entire four-month trial. Later, Mr. Lawson said he advised Mr. Lay "to hang in there and trust God."

In a telephone interview last night, Mr. Skilling said that when he was pronounced guilty on the first count of conspiracy, "that floored me. God, there was no conspiracy." He said that the relatively short jury deliberations had raised his hopes. But "we were just on a tilted football field," he said, referring to going on trial in Enron's headquarters city.

The convictions came despite Messrs. Lay and Skilling putting on one of the most expensive criminal defenses ever, spending an estimated $60 million. Both men remain free pending sentencing, which is set for Sept. 11. Each faces many years in prison.

Attorneys for both men said they would appeal the verdicts, which came on the sixth day of jury deliberations that many observers had expected to stretch for weeks. The verdict "doesn't change our view of what happened at Enron, or of Jeff Skilling's innocence," said a clearly upset Daniel Petrocelli16, Mr. Skilling's lead lawyer. "We told our story and the jury disagreed with it."

At a press conference after the verdicts, several jurors said that government witnesses, many of them former Enron executives testifying as part of plea bargains, had convinced them that illegal activities had occurred at Enron, and that the defendants were responsible.

Defense lawyers had decided to put both Mr. Skilling and Mr. Lay on the stand. "I wanted badly to believe what they were saying," said juror Wendy Vaughan, a small-business owner. But "there were places in their testimony where I felt their character was questioned," she said.

"Both men said they had their hands firmly on the wheel" of the company, said another juror, elementary-school principal Freddy Delgado. For the two executives to later claim they didn't know about wrongdoing, said Mr. Delgado, was "not the right thing."

During the trial, defense attorneys repeatedly portrayed Enron as a fundamentally healthy and successful business. It was destroyed, they claimed, by irresponsible news articles in The Wall Street Journal and the manipulative stock-market activities of traders looking to profit from the company's declining share price. The political and media furor that followed Enron's collapse, they argued, caused the government to search for crimes where none existed. "This is not a case of 'Hear no evil, see no evil,'" Mr. Petrocelli, Mr. Skilling's lead attorney, told the jury during his opening argument in early February. "This is a case of 'There was no evil.'"

In his closing argument earlier this month, Mr. Petrocelli told jurors that if they accepted the government's definitions of corporate wrongdoing, "we might as well put every CEO in jail."

The defense differed markedly from those used in the trials of former WorldCom Inc. Chief Executive Bernard Ebbers and former HealthSouth Corp. boss Richard Scrushy. Those defendants acknowledged that financial crimes had occurred, but said the wrongdoing had been hidden from them. Mr. Ebbers was convicted; Mr. Scrushy was acquitted.

Some Enron jurors said they were bothered by Mr. Lay's stock sales. Mr. Lay quietly sold about $70 million of Enron stock back to the company, some of it as Enron's financial crisis worsened in 2001. He did not have to publicly report those transactions for up to a year.

Juror Don Martin, an electrical designer, said the stock sales "defined the word 'intent.'" Mr. Delgado, another juror, said the sales reflected "the character of the person." Deborah Smith, the forewoman of the Enron jury, said she hoped that federal regulators would tighten rules governing how executives report stock sales.

Some jurors also said they rejected defense arguments that former Enron executives testifying for the government as part of plea bargains were lying to win leniency from prosecutors. Mr. Martin said that in spite of their incentives to cooperate with prosecutors, "it was hard not to lend credence to their testimony." Mr. Delgado, the school principal, added that "even if the government twisted their arms, you can not get everyone to say the same thing."

Detailed Notes

Jurors cited testimony by Enron's former treasurer, Ben Glisan, Jr.17, the only witness currently in prison for an Enron-related crime. Mr. Glisan had knowledge of Enron's finances and kept detailed notes of some key meetings. "We kept going back to Mr. Glisan's testimony to corroborate things," said Mr. Delgado, the school principal.

In a telephone interview, juror Douglas Baggett said that outside partnerships run by Mr. Fastow, the former financial officer, contributed to the jury's decision to convict. The government said that the partnerships, known as LJM118 and LJM2, had

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been used to manipulate Enron's reported financial results. Mr. Baggett called the partnerships "the first domino....Most every one of the counts went back to LJM." While the defense attacked Mr. Fastow for stealing money from Enron, it defended the company's transactions with LJM as proper.

Several jurors said they wished other witnesses had been called, particularly former Chief Accounting Officer Richard Causey19. Mr. Causey's name came up repeatedly during the trial as someone deeply involved in the company's most controversial financial transactions. He had been a co-defendant in the case, but in December pleaded guilty to one count of securities fraud. Both the government and the defense considered calling him to the stand, but both apparently decided the risks were too great.

Mr. Causey "could have linked a lot more things together," said Mr. Baggett, the juror. But Ms. Smith, the jury's forewoman, said she didn't think his appearance "would have changed the verdicts."

The defense had frequently expressed concern that the overwhelmingly negative news coverage of Enron's collapse had tainted the jury pool here in Enron's hometown. Judge Lake's refusal to move the trial out of Houston is seen as a major issue in the expected appeal.

During questioning of potential jurors prior to the trial, one who wound up on the jury said he felt something had gone wrong at Enron, and described the two defendants as "greedy," though he added that wasn't a crime.

Some jurors said yesterday that they went into the case sympathetic to both Mr. Lay and Mr. Skilling. "In all honesty, at the very beginning of the trial, I admired both men," said Ms. Vaughan. "I thought they were brilliant."

Jurors said their opinions shifted under the weight of the evidence and because of the defendants' demeanor on the witness stand. Mr. Lay and Mr. Skilling seemed "very controlling people at times," said Mr. Baggett, noting that at times they were "even telling their attorneys what to do" from the witness stand.

Mr. Lay's testimony was hampered by the absence of his lead attorney, Michael Ramsey20, for much of the trial due to health problems.

Defense lawyers had emphasized Mr. Lay's extensive civic involvement in Houston. Jurors said that didn't influence their decision. In his civic and charitable activities, "he was a very magnanimous person," said Mr. Martin. "He gave and donated a lot of money. But when he went into the company, he was a different person entirely."

Prosecutors argued that by 1999, Enron had begun to live a lie. To the public, it seemed one of the decade's great business success stories. Wall Street loved Enron, and the company's share price soared even by the inflated standards of the 1990s stock-market boom. Mr. Lay regularly rubbed shoulders with national and world leaders, including President Bush, who sometimes referred to him as "Kenny Boy."

Big Institutions Snared

Enron's 2001 collapse led to the demise of Arthur Andersen LLP, the company's outside auditor, and snared some of the nation's biggest financial institutions, including Citigroup Inc., J.P. Morgan Chase & Co. and Merrill Lynch & Co., in litigation and regulatory actions.

It also sparked a raft of investigations, including a federal criminal probe by a specially created Enron Task Force. To date, the Task Force has filed criminal charges against 33 individuals and obtained guilty pleas or convictions against 23 of them, including Messrs. Lay and Skilling.

The case against Enron's only two chief executives prior to the bankruptcy was the Task Force's most critical. Both had made tens of millions of dollars while at Enron. Mr. Skilling allocated $40 million to his defense, a little less than half of it coming from Enron officers' liability insurance. Mr. Petrocelli, his lawyer, said all of that money had been spent before the trial began. Mr. Lay is estimated to have gone through more than $20 million. On most days, each defendant had at least a half-dozen attorneys in court. The government used a like number.

Despite the huge defense effort, the two men couldn't overcome major questions about what happened at Enron. Jurors said they didn't buy the defense argument that the LJM partnerships were legitimate outside entities that gave Enron additional financing flexibility. It appears that they didn't accept Mr. Skilling's insistence that he had quit as chief executive in August 2001, after only six months on the job, for personal reasons that had nothing to do with the company's health, which he and Mr. Lay declared at the time to be excellent. The company collapsed less than four months after he departed.

Jurors said that they were convinced that Enron had serious problems in 2001, and that defendants had to have known that when they publicly portrayed the company as healthy and growing. "There were red flags everywhere" about the company's problems, said Mr. Baggett. He cited internal company surveys, emails and the testimony of Mr. Glisan, the former treasurer, who said he had warned Mr. Lay in the fall of 2001 about a pending liquidity crisis.

The jury acquitted Mr. Skilling on nine of the ten insider-trading charges against him. Jurors said there was reasonable doubt on most of the insider-trading counts. Ms. Smith, the jury forewoman, added: "Not guilty equals not proven. It does not equal innocence."

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The sole insider-trading conviction involved Mr. Skilling's most controversial stock sale: a $15 million transaction on Sept. 17, 2001, involving 500,000 shares of Enron stock. Mr. Skilling had told federal securities regulators in 2001, only days after Enron's bankruptcy filing, that he made the sale only because of concerns about the general economy following the Sept. 11 terrorist attacks. Prosecutors discovered that Mr. Skilling had attempted to sell 200,000 Enron shares a few days before those attacks. They used that fact to pound his credibility.

"Mr. Skilling used our nation's tragedy to cover his tracks," prosecutor Sean Berkowitz told the jury in his closing argument. "That's offensive and you shouldn't let him get away with it."

Enron Pair Found Guilty (TIMES)

By James Doran, Wall Street Correspondent

Times (UK), May 26, 2006

Former chief executive vows to fight verdict 'I'm still a blessed man,' says founder

KENNETH LAY, the founder of Enron, and Jeffrey Skilling, his former chief executive, face long terms in jail after a jury last night found the pair guilty of conspiring to commit one of the biggest frauds in US corporate history.

Lay, 64, was found guilty in a courthouse in Houston, Texas, on all six charges of fraud and conspiracy against him in the Enron case. He was also found guilty of four separate bank fraud charges that were heard in a trial without a jury.

He faces a maximum jail sentence of 165 years if given the full term for each guilty verdict.

Skilling, 52, was found guilty of 19 counts, carrying a maximum jail term of 185 years. He was found not guilty of a further nine charges of insider trading.

Judge Sim Lake, who presided over both the jury and non-jury trials, asked the pair to return to court on September 11 for sentencing. Legal experts expect both men to be sent to a medium- security facility for between 12 and 20 years, which — for Lay at least — could be a de facto life sentence.

Judge Lake asked Lay to surrender his passport. Lay signed documents in court to secure his $5 million bond with properties owned by his wife and children. He was also restricted from travelling outside the southern judicial district of Texas or Colorado. Skilling had previously submitted a $5 million bond.

Skilling looked down as the verdict was read. Lay sighed heavily and shook his head as his wife, Linda, took his arm.

Skilling, in a dark suit, white shirt and purple tie, appeared outside the court immediately to announce his decision to lodge an appeal. “Obviously, I am disappointed, but that is the way the system works,” Skilling said.

Daniel Petrocelli, Skilling’s lawyer, said that the verdict “doesn’t change our view of what happened at Enron . . . or Jeffrey Skilling’s innocence.”

Legal experts said, however, that the likelihood of a successful appeal was slim because the jury had obviously considered each count in turn, rather than returning a blanket decision.

Outside court after the verdict, Lay spoke to a jeering crowd that was kept at bay by several mounted police officers. He said that he was disappointed with the outcome, but, in an outpouring of his religious faith, added: “Despite this, I am still a very blessed man.”

Lay joined in a prayer circle being led near the courthouse by Steve Wende, his close friend and pastor of the largest Methodist church in Houston. Lay’s family wept as the former Enron boss said: “God has got another plan right now.”

Jurors who spoke to the media after the verdict was read said that the evidence of Ben Glisan, a former Enron treasurer, had been pivotal. One juror, Wendy Vaughan, a small business owner, said that the testimony of Lay and Skilling, who each spent a week on the witness stand, led her to return a guilty verdict. “There were pieces in the testimony where I felt their character was questioned,” she said.

The guilty verdicts mark the most significant victory yet for the US Justice Department in its fight against corporate crime. The Enron affair raised the curtain on an era of corporate scandals in the US in which dozens of executives have been convicted.

Legal Observers Divided On Odds Of Successful Appeal In Enron Case (LAW)

By Brenda Sapino Jeffreys, Texas Lawyer

Texas Lawyer, May 26, 2006

Former Enron Corp. Chairman Kenneth Lay and former Chief Executive Officer Jeffrey Skilling spent many years getting their way in the business world, but in the courtroom, where it really counted, the men and their skilled defense lawyers could not sway a jury hearing criminal charges against them.

On Thursday, a federal court jury in Houston found Lay guilty of all six criminal charges against him and found Skilling guilty of 19 of 28 charges against him. The jury found Skilling not guilty of nine insider-trading charges.

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The jury's verdict sends an "unmistakable message" to corporate America, prosecutor Sean Berkowitz, director of the Enron Task Force, said after the verdict.

"You can't lie to shareholders," Berkowitz, an Assistant U.S. Attorney, told reporters shortly after the jury verdict was announced on Thursday.

"No matter how rich and powerful you are, you have to play by the rules," he said.

Fellow task force prosecutor John Hueston spoke similarly: "The jury has spoken. CEOs can't hide behind accountants, can't hide behind lawyers."

The jury of eight women and four men returned their verdict at 11 a.m. on Tuesday, in their sixth day of deliberations.

The verdict came in the 17th week of proceedings in the trial, which received considerable U.S. and international coverage. Enron, once the nation's seventh highest-grossing company, filed for bankruptcy in December 2001.

The breakdown of the verdict is as follows. The Houston jury found Skilling guilty on one count of conspiracy to commit wire and securities fraud; 12 counts of securities fraud; five counts of making false statements to auditors; and one count of insider trading. Jurors found Lay guilty of one count of conspiracy to commit wire and securities fraud; two counts of wire fraud for making false and misleading statements; and three counts of securities fraud.

Upon hearing the verdict, Skilling showed little emotion. Lay's daughter and wife cried as the verdict was read.

U.S. District Judge Sim Lake set sentencing for Sept. 11. Berkowitz declined to say what kind of a sentence the government would seek for Lay and Skilling.

Skilling was one of the first people out of the courtroom after Lake excused the jury. Lay couldn't leave the courthouse until after he surrendered his passport and he and his family put up enough assets to back a $5 million bond. Lay and his wife, Linda, and three of his children put up deeds to property to secure the bond.

Outside the courthouse in downtown Houston, both Skilling and Lay continued to proclaim their innocence.

Lay said he was surprised and shocked by the verdict but that he is blessed by the support of a loving family and friends.

He spoke of his faith in God: "Indeed He does work all things for the good, for those who love the Lord."

Attorneys for Lay, including lead defense lawyer Michael Ramsey, a solo practitioner in Houston, did not comment on the verdict.

Skilling's lead defense lawyer, Daniel Petrocelli, a partner in O'Melveny & Myers in Century City, Calif., answered questions at the courthouse with Skilling at his side. Both men looked tired.

"We've just begun the fight," Petrocelli told reporters, later adding, "We will have a full and vigorous appeal." Asked about how he would proceed with the appeal, Petrocelli said, "I'm going to sit down and take a look at everything."

About the jury, he said, "They gave it five full days, and they saw it their way."

Petrocelli impressed juror Freddy Delgado. Delgado said, "If I was ever a defendant, I would go with Mr. Petrocelli."

After the verdict, Delgado and the other 11 jurors as well as three of the four alternates met with reporters. Forewoman Deborah Smith, who works in human resources at a large oilfield services company, said jurors didn't have a target date to reach a verdict; they were prepared to stay as long as it took.

Delgado, an elementary school principal, said, "We looked at all the facts and looked at the documents, put in long, long hours."

Jurors said they were not bothered by the fact that many of the government's witnesses had struck plea deals.

One of those government witnesses was Andrew Fastow, Enron's former chief financial officer.

"Fastow was Fastow," juror Don Martin said about the testimony of the former CFO, who pleaded guilty to two criminal charges and admitted on the witness stand that he stole from Enron. "We knew where he was coming from from the outset. We kind of discounted some of it."

Juror Doug Baggett said the jury listened to and considered the testimony of every witness. "We figured they were all there for a reason," he said.

Forewoman Smith and Baggett said the jury found Skilling not guilty of nine of the 10 insider-trading charges against him, because the government didn't bring enough evidence to the table to convict him of the charges. Smith noted that not guilty does not mean innocent.

One juror, Wendy Vaughn, said, "At the very beginning of the trial, I admired both men. ... It was sad to see that, in the end, it [the success of Enron] was not accomplished in a respectful manner."

Juror Kathy Harrison said of Skilling: "He was a hands-on individual. It was hard to believe such a hands-on individual would not know what was going on in the company." She later added, "Mr. Lay did many great things, but all this is a tragedy. ... No American is above the law."

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Jurors said they didn't know why former Enron Chief Accounting Officer Richard Causey didn't testify, and they wish he would have. Baggett said, "To me, he was a missing link." However, Smith said Causey's testimony wouldn't have changed the verdict.

Causey was a defendant in the case alongside Lay and Skilling, but he struck a plea deal with prosecutors in December 2005.

Lake presided over the 16-week jury trial, held in the Bob Casey U.S. Courthouse, located just a few blocks from the 50-story Enron Center skyscraper where Lay and Skilling once reigned as powerful executives.

In the jury trial, prosecutors alleged Lay and Skilling participated in a conspiracy to misrepresent the true financial condition of Enron.

The indictment in United States v. Jeffrey K. Skilling, et al. alleged Lay and Skilling "engaged in a wide-ranging scheme" to deceive investors, including Enron shareholders and the U.S. Securities and Exchange Commission, about the true performance of Enron by manipulating public financial reports, making "false and misleading" public statements about the company's financial performance, and failing to disclose facts that would make those statements and representations fair and accurate.

Lay and Skilling had pleaded not guilty. They blamed Enron's problems on criminal acts by Fastow.

In 2004, Fastow pleaded guilty to one count of conspiracy to commit wire fraud and one count of conspiracy to commit wire and securities fraud.

Also on Thursday, following a separate bench trial that began on May 18 and ended on Tuesday, Lake found Lay guilty of four bank fraud charges.

In 2005, Lay had asked for a separate trial from Skilling, but Lake only granted a separate trial on the bank fraud charges.

Lay was accused of violating a federal banking regulatory rule by using up to $75 million in loans from Bank of America, Chase Bank of Texas and Compass Bank, from 1999 to 2001, to buy stock.

According to the indictment, Lay signed loan forms known as Forms U-1, which would require him to state that he will not use loan proceeds to buy stock on margin. But the indictment in United States v. Jeffrey K. Skilling, et al. alleged he did so.

"WILLFUL BLINDNESS" INSTRUCTION

Joel Androphy, a partner in Berg & Androphy in Houston who has watched most of the trial, says he gives Skilling -- unlike Lay -- reasonable odds at a successful appeal.

Androphy says Lake's instructions to the jurors will help Skilling's appeal. Androphy believes the evidence was not sufficient against Skilling to justify the judge's instructions that the jurors should consider "willful blindness." The government had laid out a case against Lay that he specifically avoided learning details but not so against Skilling.

Androphy says two government witnesses were extremely important to the prosecutors' case: Ben Glisan, the former Enron treasurer who pleaded guilty in 2003 to one count of conspiracy to commit wire and securities fraud and is serving a five-year prison term, and Mark Koenig, the former head of investor relations at Enron who has pleaded guilty to aiding securities fraud at Enron.

Androphy's assessment is the jurors put little stock in the defense's arguments that the government's witnesses were tainted by deals they cut with prosecutors to avoid jail time.

"Jurors are becoming immune to witnesses making government deals. That should send shock waves to criminal lawyers all over the country," Androphy says.

Dan Cogdell, of the Cogdell Law Firm in Houston, watched the trial with the perspective of a lawyer who won the only acquittal for a defendant in an Enron case. Cogdell won an acquittal in 2004 for Sheila Kahanek, a former Enron employee who was charged in United States v. Daniel Bayly, et al., the so-called Nigerian Barge trial. A federal court jury in Houston found Kahanek not guilty of charges of conspiracy to commit wire fraud and to falsify books and records.

About the Lay and Skilling verdicts, Cogdell says, "I am surprised that there were blanket convictions." For such a long case, he says, the jury deliberated for a very short period of time.

Like Androphy, Cogdell too believes that the judge's instructions to the jury to consider "willful blindness" hurt the defense significantly. He does not believe, however, in any likelihood for a successful appeal for Skilling or Lay. He notes that the 5th U.S. Circuit Court of Appeals does not often reverse Lake. Moreover, Cogdell says, during the time he spent at the trial, Lake appeared to be bending over backward to give a fair trial to the defendants.

Thomas Ajamie of Ajamie LLP in Houston also believes a successful appeal of the verdicts is unlikely for Lay or Skilling. "Sim Lake is a very careful, methodical judge. He knows this case is being watched very carefully," says Ajamie.

Ajamie does not believe that the medical issues that forced Lay's lead lawyer Michael Ramsey to leave the trial had a significant impact on the outcome. "Ramsey is a great lawyer. But I'm not sure that the Lord himself could have turned these facts around. A Mack truck coming at you at 100 miles an hour is a hard thing to stop."

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Lay himself hurt his case, Ajamie says. "He was terrible witness. I came away thinking he is a bad person. He wasn't forthright. But he was clearly a man who was in control."

Philip Hilder, a Houston criminal defense attorney who represented former Enron executive and prosecution witness Sherron Watkins, says the verdict was a "stunning victory" for the Enron Task Force.

"Jurors rarely come back as quickly as this one did in such a complicated case," Hilder says. "The legacy of the Task Force will be defined by this."

But juror Vaughn, a business owner, told reporters that due to expected appeals by Lay and Skilling, "I don't think it's over."

She said, "Will justice really prevail? Will the almighty dollar prevail again? We'll see."

Reporter Miriam Rozen contributed to this article.

Justice Department, White House React To Verdict (HC)

By Michael Hedges

Houston Chronicle, May 26, 2006

In Washington, Deputy Attorney General Paul McNulty called the verdict a triumph for the Justice Department, and the federal Enron task force that was created in late 2001.

"Lay, Skilling and their numerous coconspirators perpetrated an elaborate scheme to mislead analysts and investors about Enron's true financial picture. Their efforts to mislead the markets were protracted, deliberate and dishonest," McNulty said. "At a time when the company was foundering, these defendants perpetrated a lie that Enron was a robust and growing company in the strongest financial condition it had ever been in. And as they knew, the truth was something very different."

He added, "The message of today's verdict is simple: Our criminal laws will be enforced just as vigorously against corporate executives as they will street criminals."

Attorney General Alberto Gonzales, who had recused himself from the Enron investigation because of corporate donations he received as a Texas judge, did not comment.

But McNulty lauded the work of a task force he said, "worked thousands and thousands of hours. They've gone over millions of pages of documents. They have devoted years of their professional life, sacrificing time from families, all in the effort to try to hold individuals accountable for corruption."

McNulty left without responding to shouted reporter's questions.

White House spokesman Tony Snow made brief comments about Enron during a scheduled press briefing that coincided with the jury's verdict.

"My only comment is that the Justice Department -- you know, we congratulate the Justice Department on successfully concluding a highly complex set of legal proceedings that led to the convictions today in the Enron case," Snow said. "The administration's been pretty clear there's no tolerance for corporate corruption. And furthermore, the Justice Department has been going aggressively after those who are involved in corporate corruption."

Asked if President Bush favored a compensation program for Enron victims, Snow said, "I honestly don't know."

Bush did not directly respond to Enron, and there was no hint of the company's name in a glowing statement he issued early Wednesday afternoon on the state of the economy: "America's economy is on the fast track. Today's revised report by the Commerce Department indicates our economy grew at 5.3 percent for the first quarter of this year. That is the fastest growth in two-and-half years and another clear sign that our economy is powerful, productive, and prosperous," Bush said.

Guilty Verdict Will Embolden Prosecutors (FT)

By Stephanie Kirchgaessner And Patti Waldmeir In Washington

Financial Times, May 26, 2006

The conviction of Ken Lay and Jeffrey Skilling is the successful culmination of a legal strategy Department of Justice prosecutors have been fine tuning since the day, in 2001, when Enron, one of America's most respected companies, collapsed under the weight of a massive fraud.

That strategy called on law enforcement officials to indict and seek the conviction of chief executives of companies on fraud charges – often involving complex accounting schemes – even if there was little or no solid evidence that the executives intended to commit a crime or even knew the fraud existed.

In the case of Enron, says Michael Missal, a former attorney at the Securities and Exchange Commission who is now a partner at Kirkpatrick & Lockhart, the verdict will further embolden prosecutors to "go after the people at the very top", holding them responsible for wrongdoing at the companies they ran.

"If you look at what they were charged on, Ken Lay's fingerprints weren't on it – except that he knew the company wasn't in good shape and he lied about it," says Mr Missal.

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Dan Small, a litigation strategy expert at the law firm of Duane Morris, also believes the victory will rejuvenate the justice department at a time when, he says, the legal community has been wondering whether momentum of prosecuting corporate fraud has slowed down.

"There will be a sense among other executives that if Ken Lay and Jeff Skilling couldn't pull it off, who can?" he says.

But one former senior counsel at the justice department disagrees. Timothy Coleman, an attorney at Dewey Ballantine, says the guilty verdict represents the end of an era that began and ends with Enron and that the political forces that put aggressive prosecution of white collar crime at the top of law enforcement's agenda will now subside.

"The government will continue to bring high-profile corporate fraud cases, but we are now entering a period of retrenchment and re-examination," Mr Coleman says.

He believes that the fact that the government is increasingly coming under fire for its tactics, including on issues involving waiver of attorney-client privilege and corporate payment of executives' attorneys fees, is evidence that the pendulum is swinging away from aggressive enforcement "in the court of public opinion".

Whether prosecutors continue to pursue indictments against executives as aggressively as they have in the era of Enron or not, the jury's decision proves that the justice department was capable of securing a conviction on a case that was exceedingly complex.

Columbia University Law School's John Coffee, an expert in securities law, says the government succeeded because it learned to follow what he calls the "kiss" rule: Keep It Simple, Stupid.

"[The jury's decision] shows that you can convict in a complicated factual case that resembles a Russian novel," Mr Coffee says.

Stephen Cutler, the former head of enforcement at the SEC, says the decision to "streamline" the case also proved how far prosecutors had come since the early white collar crime trials, such as the first trial of Tyco's Dennis Kozlowski, which ended in a mistrial and was seen as having been presented to the jury in an overly complicated way by prosecutors.

"It is essential in these type of cases to boil it down to credibility. In this case, they boiled it down to: do you believe these men?" says Mr Small of Duane Morris.

He contends that the conviction was at least as much the result of defence errors as prosecution brilliance.

"The defence badly oversold the case: they went so far as to say there was no fraud against Enron; that's a bad mistake," he says. "They didn't have to do that."

It also proved that the "ostrich defence" of claiming ignorance – a strategy similarly used by WorldCom's former chief executive Bernie Ebbers – is one of which juries are sceptical.

"These are people who have spent their lives promoting themselves as masters of the universe, and suddenly to come into court and say they couldn't find the executive washroom without help – which was essentially the defence here – that's a very tough sell," says Mr Small.

Guilty Verdicts Provide 'Red Meat' To Prosecutors Chasing Companies (WSJ)

By Paul Davies And Kara Scannell

The Wall Street Journal, May 26, 2006

The convictions of former Enron Corp. executives Kenneth Lay1 and Jeffrey Skilling2 culminate a crackdown on turn-of-the-century corporate malfeasance. They also will likely embolden the government to continue its campaign.

When it collapsed nearly five years ago, Enron became synonymous with executive wrongdoing. Since then, authorities have obtained convictions or guilty pleas on fraud and other charges against hundreds of corporate bigwigs, and lawmakers have imposed tough new regulations. While some business leaders brand these measures excessive, particularly the 2002 Sarbanes-Oxley Act, few oppose prosecution of corporate misdeeds.

Yesterday's convictions serve as a reminder that while the economic and stock-market booms of the 1990s were among the greatest in history, they were tainted by greed and fraud. "We all get distracted by the benefits that flow from these great market advances when it's climbing up," said Robert Morvillo, a veteran defense attorney. "The distraction seems to have to await a seriously jarring issue when somebody gets hurt. Enron is a prime example of when people got hurt."

Messrs. Lay and Skilling now join a list of once-high-flying executives brought low. Among them: Adelphia Communications Corp. founder John Rigas; Tyco International Ltd. Chief Executive Officer L. Dennis Kozlowski; and former WorldCom Inc. CEO Bernard Ebbers.

With the Enron verdicts, those favoring aggressive tactics to protect shareholders and others have reason to feel energized, their stance endorsed in a landmark trial by a jury of 12 citizens. "Our criminal laws will be enforced just as vigorously against corporate executives as they will street criminals," Deputy Attorney General Paul J. McNulty said. "This verdict encourages us -- it encourages us to continue to combat corruption wherever we find it."

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And George Stamboulidis, a former federal prosecutor, said: "I am confident that prosecutors have cases in the hopper ready to go." Among the possibilities: Two dozen or so companies under federal investigation into whether they improperly backdated stock-option grants to enrich executives. (Complete coverage3)

The Enron trial may provide a general template for future enforcement in complex accounting cases, though no two scandals are alike. In some previous trials involving complicated financial matters, prosecutors took a kitchen-sink approach, piling on arcane accounting evidence. Enron prosecutors took a simpler approach, reducing the risk that jurors would feel overwhelmed.

"Prosecutors have tasted the red meat," said Roman Darmer, another former federal prosecutor. "They have shown they know how to win these cases, and they now have more tools to work with."

A defeat for prosecutors would have provided fodder for the incipient pro-business backlash, which so far has had only limited success. "This may be the end of a case that came to symbolize the wave of corporate scandals, but by no means does this signal the end to investigators," said Arthur Jakoby, a defense attorney who used to work for the Securities and Exchange Commission.

Flood of Accusations

The bursting of the stock-market bubble in 2000 was followed by a surge of accusations that executives used accounting shenanigans to artificially improve results, otherwise defrauded shareholders or improperly enriched themselves. As companies collapsed, investors lost untold sums, and tens of thousands of employees lost jobs. Class-action securities lawyers won billions of dollars in settlements against the companies involved and their investment bankers and accountants.

Enron, a giant Houston-based energy-trading company, was among the biggest and the first to go under, filing for bankruptcy protection in late 2001.

In January 2002, the Justice Department launched a criminal probe that led to yesterday's convictions of Mr. Skilling and Mr. Lay, the latter a big supporter of President Bush. That July, Congress passed the Sarbanes-Oxley Act, which stiffened corporate-governance and accounting rules, and President Bush created the Corporate Fraud Task Force in the Justice Department. Since then, the Department says it has secured more than 1,000 convictions or guilty pleas of corporate fraud, including cases against more than 200 chief executives, company presidents and chief financial officers.

The sentences handed down have been of a length unheard of during the 1980s insider-trading and saving-and-loan scandals. Adelphia's Mr. Rigas was sentenced to 15 years in prison; Tyco's Mr. Kozlowski, convicted in state court, was sentenced to 8? to 25 years; and WorldCom's Mr. Ebbers to 25 years.

Wall Street got sucked into the scandals, too. In 2003, the New York attorney general's office and the SEC reached a $1.4 billion civil settlement with major Wall Street firms after discovering emails revealing that the firms had misled investors with overly rosy stock-research reports, and that they enriched favored customers in doling out hot initial public offerings of stock.

Not all prosecutions succeeded. Former HealthSouth CEO Richard Scrushy was acquitted in Birmingham, Ala., last June on all 36 counts he faced, including an alleged Sarbanes-Oxley violation. That decision followed a nearly six-month trial, including 21 days of deliberation -- a lesson likely not lost on prosecutors in the Enron trial, which lasted less than three months. (Mr. Scrushy has been on trial since May 1 on unrelated charges that he bribed Alabama's governor for a spot on a regulatory panel.)

Much of the backlash against the government's crackdown focuses on concerns that Sarbanes-Oxley imposes costly requirements at the expense of innovative risk-taking. The law's most controversial provision requires a company's management to gauge whether internal controls aimed at preventing improper accounting are sufficient, and requires independent auditors to test those controls.

Relax and Unwind

Some are pressing the SEC and Congress to unwind aspects of Sarbanes-Oxley. Republican lawmakers have introduced bills to lessen its impact on small businesses, but they face an uphill fight. SEC Chairman Christopher Cox has promised to try to make Sarbanes-Oxley less costly, but his changes are unlikely to satisfy the law's critics.

A free-market group filed a lawsuit against the Public Company Accounting Oversight Board, saying its creation under the law violates the Constitution. The plaintiffs plan to use the suit to open up the whole law for review.

In some cases, the backlash has succeeded. The U.S. Chamber of Commerce sued the SEC over a rule requiring that 75% of a mutual fund's board, including its chairman, be independent -- a regulation prompted in part by revelations about funds allowing some clients to make trades that cheated other clients. An appeals court last month returned the rule to the SEC for further consideration. And a hedge-fund adviser has sued the SEC over a rule that requires such advisers to register with the agency; that case is pending.

The most significant setback for authorities was a 2005 Supreme Court decision overturning the criminal conviction of accounting giant Arthur Andersen LLP, which had been accused of impeding the probe of Enron, a client. The conviction put

Andersen out of business, costing thousands of employees their jobs, so its reversal opened the government to heavy criticism over the decision to prosecute.

Since then, the Bush administration has shied away from indicting corporations. Yet on May 18, Milberg Weiss Bershad & Schulman LLP, a law firm that made an industry of suing companies on behalf of wronged shareholders, was indicted along with two partners on charges of funneling kickbacks to plaintiffs in dozens of class-action cases.

Prosecutors continue to use the threat of indictment to force companies to cooperate with investigators and to accept so-called deferred prosecution agreements. These impose requirements aimed at keeping companies honest -- including that they hire independent monitors -- and leave them vulnerable to swift conviction if they falter. Bristol-Myers Squibb Co., Computer Associates International Inc. (now CA Inc.) and other companies have accepted such agreements.

That tactic is in line with recommendations laid out in a controversial 2003 memo by then-Deputy Attorney General Larry Thompson. It said federal prosecutors should consider indicting corporations if their executives and directors don't swiftly and voluntarily cooperate.

Business groups and defense lawyers have become increasingly critical of the government's methods, which include pressuring companies to waive attorney-client privilege and to stop paying legal fees for employees under scrutiny. Congress has held hearings on the matter, and the American Bar Association, the U.S. Chamber of Commerce and others have pushed the Justice Department to lighten up.

"The government should not be in the position of saying, 'If you don't do X, Y and Z, then we are going to nuke you out of business,' " said Marc Mukasey, a former federal prosecutor.

Enron Task Force Had Rocky Path To Big Victory (WSJ)

By John R. Emshwiller

The Wall Street Journal, May 26, 2006

HOUSTON -- The Enron Task Force's uneven record looks sharply improved after it scored big wins in its defining case yesterday with the convictions of former Chief Executives Kenneth Lay1 and Jeffrey Skilling2.

The high-profile convictions cap a series of cases that have, so far, produced a mixed record for the Task Force. While it has won some crucial court battles and pleas, one of its other high-profile cases, a conviction of accounting firm Arthur Andersen LLP, was overturned by the U.S. Supreme Court. (Messrs. Lay and Skilling will appeal their cases.)

The Task Force, created in the wake of Enron's Dec. 2001 collapse into bankruptcy, has brought criminal charges against 33 people and 16 of them have pleaded guilty to Enron-related crimes. With yesterday's verdicts, prosecutors have won convictions against seven individuals, while one person has been acquitted. A trial of several former executives of Enron's high-speed telecommunications unit ended with no convictions and acquittals on numerous counts. The Task Force is retrying the defendants on the remaining counts in three separate trials. A jury verdict in one of those trials, held recently in the courtroom next to the Skilling-Lay case, could come any day.

In bringing its battery of cases, the Task Force carried the governmental powers to issue subpoenas, fashion criminal charges, grant immunity and negotiate plea bargains. Despite those sweeping powers, the Enron Task Force suffered at times from communication problems, bureaucratic infighting and disagreements over tactics.

Communication issues became so bad that Task Force members had to rely on personal email accounts because the email system used by federal prosecutors doesn't fully mesh with the email system used by agents at the Federal Bureau of Investigation.

Only around last summer, more than a year after Messrs. Lay and Skilling had been indicted, did investigators obtain the capacity to electronically search through the vast archives of Enron documents, say people familiar with the matter. These people blame the delays on a failure to marshal resources in a timely fashion. For instance, the Task Force went for long stretches with only one paralegal to help the attorneys.

"One of our greatest fears was, 'What else was out there?' " among the millions of Enron documents, said Sam Buell, a former Task Force member now teaching at the University of Texas law school. Another person close to the Task Force recalled one instance where prosecutors learned about potentially important documents in one of the Enron cases only when they were filed in court by defense attorneys.

Enron's failure sparked a media and political firestorm, partly because Mr. Lay had been a friend and major campaign supporter of President Bush. The formation of the Task Force enabled members to concentrate on one subject -- as opposed to the multiple cases that a typical prosecutor or FBI agent has to juggle.

The formation of the Task Force required unusually large amounts of travel time and time away from home. For instance, John Hueston3, one of the lead prosecutors on the Skilling-Lay case, has been living in Houston since late last year and has gotten home to Southern California for two days to see his family.

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Partly as a result, the Task Force experienced lots of turnover. Of the attorneys currently on the Task Force, the longest serving is deputy director Kathryn Ruemmler, who joined the team in late 2003, about 18 months after the unit was founded. The Task Force is on its third director, Sean Berkowitz4. The first two, Leslie Caldwell and Andrew Weissmann, left for private practice.

Controversy surrounded the Task Force from its inception. Some wondered whether the Bush administration would vigorously pursue possible crimes involving a political supporter as big as Mr. Lay. Others wondered whether the Task Force would be too aggressive -- just to show that there wasn't any political favoritism. Following his July 2004 indictment, Mr. Lay argued that the charges against him looked "like part of a political campaign."

The Task Force drew heat for indicting Andersen for obstruction of justice in connection with destroying large amounts of Enron-related documents. Critics contended that the Task Force unfairly penalized thousands of innocent Andersen employees for the alleged crimes of a few. Andersen's conviction helped put the large accounting firm out of business.

Other, less-noticed strategy calls produced disputes within the Task Force. Several people familiar with the unit have questioned the decision to allow civil suits by Enron shareholders to go forward at the same time as the criminal probe. Criminal defense attorneys have used those civil proceedings to depose many prospective witnesses and get a window into potential testimony. The Task Force didn't move to stop the civil proceedings, a block that often happens in criminal probes, because prosecutors thought it would be unfair -- and politically untenable -- to slow efforts to recover money for Enron shareholders, say people familiar with the matter.

There was debate within the Task Force over whether to include Mr. Lay in the case against Mr. Skilling, which at the time included Enron's former chief accounting officer, Richard Causey5 (who reached a plea bargain with prosecutors). Although all three were part of the same alleged conspiracy, Mr. Lay's purported role was largely confined to a several-month period after Mr. Skilling quit Enron in August 2001. Some prosecutors worried that adding Mr. Lay to the case could distract or confuse jurors, says one person familiar with the matter.

Plus, it was widely believed that the case against Mr. Lay was a tougher one to prove than the one against Mr. Skilling.

Enron Convictions Solidifies Corporate America's Reform Movement (KRT)

By David Greising

Knight Ridder, May 26, 2006

CHICAGO - Enron. The very word encapsulates an era.

It conjures images of too-cozy board rooms, all-powerful CEOs, compliant accountants, greed-struck employees and, ultimately, out-of-luck investors.

And now, thanks to the convictions of former chief executives Ken Lay and Jeff Skilling, Enron finally can stand for something else.

It stands for justice, thanks to the jury's unequivocal verdict.

The convictions also likely will embolden the sheriffs in town - federal prosecutors, the Securities and Exchange Commission, ambitious district attorneys and even a few private investors - to forge ahead in the challenging, ongoing effort to battle business corruption.

Some argue that a guilty verdict was not needed to exact justice. A flurry of post-Enron reforms, highlighted by the Sarbanes-Oxley law, had done that, they say.

"Even if there had been an acquittal, that would have been ok," said Charles Elson, director of the John L. Weinberg Center for Corporate Governance at the University of Delaware. "The changes that this case has brought are a victory in their own right."

But Andrew Weissmann disagrees. Weissmann laid the investigative foundation for Thursday's verdict as head of the Justice Department's Enron Task Force. Before he stepped down nearly a year ago, he sifted through the grubby entrails of the corrupt Enron enterprise.

Weissmann also led the prosecution of Arthur Andersen. And since the Supreme Court threw out the Andersen guilty verdict because of the judge's flawed jury instruction, he has seen how a final verdict can muddle the public's perceptions of right and wrong.

An acquittal would have changed the conversation. Inevitably, people would have focused us on the ways the prosecutors blew the trial, or that the government overreached, in much the same way that people now muse about Andersen's demise.

Apologists might even have emerged. Some might even have embraced the preposterous Skilling-Lay defense - that a cabal of journalists and short sellers doomed a complex but legitimate enterprise.

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"A huge part of the justice system is holding people accountable," Weissmann said Thursday. "In terms of the larger picture - what Enron meant to corporate America - this is a real sea change, a paradigm shift in the way corporations view their obligations to the public."

To appreciate how far the verdict takes us, first consider how far we've already come.

In their hey days, Ken Lay and Jeff Skilling straddled the world. Lay was George W. Bush's "Kenny Boy," a source of civic pride to Houston, an architect of Dick Cheney's energy policy and a leading voice in corporate America.

Skilling was slicked-back and whip-smart. He was the brain and the bustle behind Enron's transformation from a company that traded electricity to a new kind of corporate colossus that made billions trading just about anything.

Had Lay and Skilling been acquitted, they might have become objects of pity, or at least puzzlement. Convicted, they become object lessons instead.

Any executive, anywhere, who might want to cut a corner or break a law, must keep Lay and Skilling in mind. And government enforcement officials, everywhere, should take note, too, and vow not to let things get quite so Enron-bad before they step in. The conviction is a signal that there's still plenty of work to do.

For example: Hedge funds are powerful and mysterious, just as Ivan Boesky and Michael Milken were in their heyday. Prosecutions around the fringes of that industry are an encouraging sign that regulators are beginning to keep tabs on the derring-do of hedge funds, and are trying to sort out the legal from the illegal before a crisis occurs.

An acquittal for Lay and Skilling could have set vigilance back. It could have emboldened critics who say reforms such as Sarbanes-Oxley have gone too far. Acquittal might have encouraged the SEC, or the Justice Department, to ease up, to quit bringing criminal cases. If you can't convict on Enron, the argument might go, then you just can't convict.

So when the Enron jury spoke on Lay and Skilling, they did more than call the former Enron executives guilty. They gave voice to the notion that the reform movement in corporate America still has plenty of room to run.

Lay, Skilling Convicted In Enron Collapse (CHIT)

By Greg Burns

Chicago Tribune, May 26, 2006

Embracing a prosecution that focused on simple lies instead of complex accounting, a federal jury Thursday convicted Kenneth Lay and Jeffrey Skilling of criminal charges stemming from their leading role in the Enron Corp. scandal.

The panel found Lay guilty of all six fraud and conspiracy counts against him, while Skilling was convicted of 19 counts, including one of insider trading, and acquitted on the remaining nine for lack of evidence.

The decisive conviction of Enron's top brass brings closure to one of the most devastating frauds in American business history, and it represents a major victory for the government crackdown on corporate crime.

"It's been a long, long time coming," said Chicagoan Sean Berkowitz, lead prosecutor of the government's Enron Task Force. "The system worked."

The collapse of Enron nearly five years ago wiped out 5,000 jobs and billions of dollars in wealth, shaking the public's confidence in financial markets and leading to the indictment and liquidation of Chicago's Andersen accounting firm. Enron's shocking demise also led directly to legislation that changed and strengthened the rules of accountability for senior executives.

After failing to win convictions in several other prominent white-collar cases, federal prosecutors sought to keep it simple in Houston. Rather than focus on the nuances of a highly complex corporation, at one time the nation's seventh largest, they emphasized how Lay and Skilling repeatedly deceived the public.

"They lied to their investors, they omitted critical facts, and at times they put their interests ahead of their shareholders," Berkowitz told jurors in his final argument last week. "They lied from the stand."

The key was presenting a "clear and focused" case, said Sheldon Zenner, a veteran trial attorney at Katten Muchin Rosenman in Chicago. "Jurors could understand without getting bogged down in the minutiae of the accounting."

The eight-woman, four-man jury deliberated for more than five days, embracing the testimony of a parade of former Enron executives who said Lay and Skilling condoned the use of accounting tricks to boost reported profits and hide debt.

The defendants' decision to take the stand didn't particularly help their case, said a juror interviewed after the verdicts were delivered.

"I wanted very, very badly to believe what they were saying," said business owner Wendy Vaughn. But "there were places in their testimony where I felt their character was questioned."

Lay's sale of $20 million of Enron stock in 2001, just months before the company collapsed, also weighed heavily with jurors. One expressed disgust at the transaction, which came as Lay publicly urged Enron employees to buy more of the plunging shares: It was "a disgrace," said electrical designer Doug Martin.

Lay also was convicted Thursday of bank fraud and making false statements in a separate non-jury trial.

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The 64-year-old Lay and 52-year-old Skilling face steep penalties, potentially including life in prison. Sentencing is set for Sept. 11.

Lay's charges carry a maximum penalty of 45 years in prison for the corporate trial and 120 years in the personal banking trial, according to The Associated Press. Skilling's charges carry a maximum penalty of 185 years.

]Much discretion rests with U.S. District Judge Sim Lake, a no-nonsense jurist who has a history of imposing lengthy terms. The likely sentences easily could stretch for two decades, legal experts said.

As Lake read the verdicts from the bench, Lay tossed his head at hearing the first "guilty" on the conspiracy count. He clutched his wife's hand as he heard that word over and over again.

Lay sat with his wife, Linda; his daughter, Elizabeth Vittor, a member of his defense team; and Linda Lay's daughter, Robyn. As Lay clutched Linda Lay's hand, the three women leaned forward and began to sob quietly.

After Lake left the courtroom, Lay's family and some friends gathered around him as the ex-chairman, red-faced and fighting back tears, hugged them and thanked them for their support.

Skilling, sitting with his younger brother, Mark, showed no emotion when the verdict was read.

"Obviously, I'm disappointed," Skilling told reporters outside the courthouse. "But that's the way the system works."

His chief defense attorney, Daniel Petrocelli, vowed to file a "full and vigorous" appeal.

"We're going to stand behind him," Petrocelli said. "As I told him, we've just begun to fight."

Skilling's other brother, Tom, chief meteorologist for the Chicago Tribune and WGN-TV, who attended portions of the trial in Houston, could not be reached for comment Thursday.

The verdicts were perhaps the government's most important victory in its high-profile war against corporate corruption.

"The jury has spoken, and they have sent an unmistakable message to boardrooms across the country: You can't lie to shareholders," Berkowitz said. "No matter how rich and powerful you are, you have to play by the rules."

Prosecutor John Hueston, who sparred with Lay on the stand, said the ex-chairman had missed "a golden opportunity" to save Enron.

"He made that choice to put his own interests ahead of that of the shareholders and investors," Hueston said. "And he did that by choosing not to tell the unvarnished truth, and he did it by choosing not to ask the hard questions."

Enron's implosion prompted a wave of outrage, leading to sweeping new regulations, including the 2002 Sarbanes-Oxley law aimed at curbing corporate wrongdoing and restoring confidence in financial statements.

Lay and Skilling, who have insisted they were made scapegoats for Enron's shocking 2001 collapse, became the headline targets of the crackdown on the boardroom that also resulted in charges against executives at WorldCom Inc., Adelphia Communications Corp., Tyco International Ltd. and other giant companies.

Enron's auditors were among the first casualties, with Andersen going out of business mere months after its client's collapse.

Testimony at Andersen's criminal trial on an obstruction-of-justice charge showed that its employees shredded mounds of Enron-related documents after the federal investigation was launched. The U.S. Supreme Court in July overturned the company's 2002 conviction because of faulty jury instructions.

Lay and Skilling attempted to have their trial moved to a location less saturated by media coverage of Enron's crash, but there were few places in America where the news hadn't penetrated.

"Just the mention of the name Enron evokes images of duplicity and greed," Linda Chatman Thomsen, director of enforcement for the Securities and Exchange Commission, said at the time of Lay's July 2004 indictment.

An Oscar-nominated documentary film and a handful of mass-market books were spawned by the scandal. Enron whistle-blower Sherron Watkins, in addition to co-authoring a book and testifying against her former bosses, launched a lucrative second career lecturing on business ethics.

An investigation by the Enron Task Force, created by the Department of Justice shortly after the company's bankruptcy filing, has resulted in charges against more than 20 people. Enron's collapse took with it more than $60 billion in market value, almost $2.1 billion in pension assets and 5,600 jobs.

Reaction to the verdict among ex-Enron employees ranged from elation to indifference. Sherri Saunders, who lost her job and $1 million in retirement savings, said the verdict "gives me a little comfort."

She's hoping for stiff sentences because Lay and Skilling never took responsibility or showed remorse, she told The Associated Press. "If Ken Lay gets 20 years, he'll probably die in jail. So 20 years would be good."

Sen. Paul Sarbanes (D-Md.), co-author of the Sarbanes-Oxley legislation, said, "Enron was the canary in the mineshaft, and subsequently a lot of other companies were found to have engaged in practices which abused the trust that had been placed in them."

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Added Michael Oxley (R-Ohio): "The verdicts help to close a notorious chapter in the history of America's publicly traded companies. Appeals aside, the end of the trial will mark the end of a dark era."

The Los Angeles Times, a Tribune newspaper, contributed to this report, as did Tribune news wires.

For Ex-Enron Employees, Verdict Is Personal (HC)

By Purva Patel

Houston Chronicle, May 26, 2006

For those with ties to Enron, the announcement of the verdict shortly after 11 a.m was something they felt personally. Sherron Watkins

Former Enron vice president Sherron Watkins, who warned Lay of accounting problems at the company was attending her daughter's first grade graduation when she heard the news.

"I think the jury has sent a message that they will hold leaders accountable for what takes place in their organization. I think CEOS need to be more than effectively public relations heads. They bear responsibility to know what's going on in their company and ensure the value system is firmly in place. Fred Philipson

Fred Philipson, who used to work in Enron's business development department before being laid off, said he was relieved when he heard the guilty verdicts. But he didn't always think Ken Lay and Jeff Skilling were guilty.

"I think I gave them the benefit of the doubt initially. That there is at least a possibility that they weren't guilty, but as the trial wore on and evidence was brought out, I did believe they were guilty."

Philipson, 43, now works for the Harris County Toll Authority, after being unemployed for a year after Enron filed for bankruptcy. Erica BessDuncan

Erica BessDuncan, 34, who did marketing and communications work for Enron, said she says she never doubted that Ken Lay and Jeff Skilling were guilty.

"I'm happy," she said. "A part of me feels bad for their families because obviously they're probably going to go away for a long time, but I'm relieved because I do believe Skilling and Lay are guilty. Ultimately Lay was responsible for what happened.His saying he didn't know what was going on and trusted what his underlings told him is not an excuse. The same goes for Skilling."

BessDuncan said she's glad she can put it behind her because she's worked hard moving on. Even though sentencing is months away, she says she's just happy it's over and isn't too worried about what punishment each will receive.

"I think obviously returning all their ill gotten money and putting it in the fund to be dispersed to former employees and shareholder is more appropriate than prison time given their age for both of them. But more than anything I think this is a moral victory. I don't really care what ultimately happens to them." John Olson

John Olson of Sanders Morris Harris Group, an outspoken analyst who was forced out of a previous firm after writing negative reports about Enron that prompted Ken Lay to pressure his employer, told CNBC immediately after the verdict was read, "These two gentlemen rode the edge quite a bit. I feel personally sorry for the families but these people, I think, were just operating in a different dimension than the rest of us."

While Olson said he knew Enron was manufacturing paper profits, because the company did not make proper disclosures to the SEC it was tough to find a smoking gun.

"I couldn't even get to that level really because you really would hear this from people — that it was built on a house of cards — but you couldn't go look at the 10Ks or 10Q s (SEC documents) and say this is wrong because it was cosmetically covered." Rod Jordan

The verdict will likely bring relief to many former employees, said Rod Jordan, co-founder of the Severed Enron Employee Coalition.

"I think it was the right verdict," Jordan said. "I always have been disappointed that men of that potential quality would step over the line. I think it's vindication as former employees that the top people were found guilty and had their day in court. They were picking at people in the middle and now they've reached the top. It's good that justice was served."

He added he hoped the guilty verdicts would help restore trust in the country's justice system.

He also thinks both Lay and Skilling should spend at least 12 years in jail, two more than Andy Fastow received in exchange for his plea deal.

From The Ex-Employees: Revenge, Shock, Sadness (WP)

By Frank Ahrens

The Washington Post, May 26, 2006

"I am in such an excellent mood," former Enron Corp. employee Ken Horton gushed from Houston yesterday.

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Friends started calling Horton about 10:30 a.m. central time after news broke that a verdict had been reached in the trial of former Enron executives Kenneth L. Lay and Jeffrey K. Skilling.

Within a half-hour, the guilty verdicts began rolling in, the culmination of a 16-week trial, a four-year investigation and a nearly five-year saga for the 30,000 former employees of the energy company, many of whom lost jobs they loved and retirement savings they counted on.

Some, like Horton, were happy. Others were saddened.

Horton, who followed the trial closely, worked under Richard Buy, then Enron's chief risk officer. Enron's risk assessment division conducted sophisticated, minute-by-minute mathematical analyses that assessed the risk presented to the company by its various deals.

Horton joined Enron in 1998 and was one of the thousands of employees who boxed up their belongings and marched out of the gleaming Enron tower around the time the company declared bankruptcy in December 2001.

Like many employees, Horton felt betrayed by leaders of a company he loved.

"If I had to do it all over again, I would work at Enron again," he said. "I just would have invested a little differently."

Like many Enron employees, Horton also filled his retirement account with Enron stock. His loss "was in the six figures," he said. "It set my retirement back a few years."

Horton called working at Enron an "intense" experience.

"One of the really strong characteristics of the company was how much it was driven by deals," he said. "The people managing these deals had enormous bonuses riding on the deals and rode everybody hard."

Adam Plager's reaction to yesterday's verdicts was shock.

"I never thought" the jury would reach a guilty verdict, said the former Enron software engineer. "I thought it was too complicated of a case."

As the chief executive of his own small software company, which he founded shortly after exiting Enron in December 2001 ("or after it exited me," he said), Plager said he believes top executives should be held accountable for the failures of their companies. But he was afraid the guilty verdicts would take attention from others culpable for the company's downfall: Wall Street banks that loaned the company money while underwriting its deals and stock analysts who touted the Enron stock without asking the company tough questions about its financials.

Plager lost his 401(k) plan, which was filled with Enron stock, but had prudently diversified the rest of his portfolio based on Enron's spendthrift ways. Smart companies don't spend money "like water," he thought.

"I went to England once, flew first-class and stayed at a hotel across from Buckingham Palace for a project that never should have required me to be there," he said. "With a little more planning, I would not have had to be there."

Rod Jordan was a manager in the much-maligned Enron Energy Services business, which contracted with companies, such as J.C. Penney Co., to manage their energy needs. The division inflated its earnings by booking long-term anticipated profits on current earnings reports.

Jordan bought his first Enron stock in 1991 at $11 per share. He joined Enron in 1998 with a five-year plan to retire from the company with profits from his Enron stock, which soared as high as $90 per share in August 2000. Jordan projected that it would top out at $120 per share by 2003 and he'd be set. Instead, he found himself part of the exodus of Enron employees in December 2001.

The verdicts yesterday stung Jordan a little. He said justice had been done, but he admitted to have been pulling, at least early on, for a Lay acquittal.

"I wanted someone high up that I could still believe in," Jordan said. "That hope sort of faded away after the stuff started coming out" during the trial, he said.

After he lost his job, he started the Severed Enron Employees Coalition, a Web network that kept former employees in touch and served as a resource for those looking for jobs.

Jordan recently surveyed the 1,200-member coalition about life after Enron and got more than 200 responses, he said. About 60 percent of the respondents said they believed Lay was guilty, while all but two respondents felt that way about Skilling.

"There was a lot more animosity toward Skilling in the company," Jordan said.

Skilling, who joined Enron from McKinsey & Co. in 1990, led Enron's conversion from a pipeline company to the industry's leading energy trader. He was the company's chief executive from February 2001 to August 2001, when he abruptly resigned, citing personal reasons. Lay, who founded Enron and preceded Skilling as chief executive, took over after his resignation and helmed the company until its bankruptcy.

Tracy Randall is one of the former Enron employees saddened by the verdicts.

An IT staffer from 1997 to 2003, she followed the company into reorganization. She still harbors warm feelings for Lay.

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"I just can't believe they said he was guilty," she wrote via e-mail from Houston. "He might be accountable for some mistakes, but I don't think he should go to prison. He hired the best of the best to run things for him, and they failed him."

Many Who Lost Savings, Jobs Pleased (USAT)

By Julie Appleby

USA Today, May 26, 2006

Roy Rinard was up in the bucket of his service truck, working on a power line for Portland General Electric on Thursday morning when his wife, Vicki, called on his cellphone to say the verdicts were coming in half an hour.

The 57-year-old Rinard, who lost $470,000 in 401(k) savings when Enron collapsed, quickly finished his work, got down and flipped on the radio.

News that former Enron CEOs Jeffrey Skilling and Kenneth Lay were guilty on nearly all counts left him ecstatic, a feeling shared by others who lost jobs, retirement money or both in the collapse of what was once the nation's seventh-largest company.

"It restores our faith in the system," says Rinard, "that people don't get away scot-free just because they have money for good defense lawyers."

Since 1980, Rinard has worked in Oregon for the Portland electric company, which was purchased by Enron in 1997. Most of his retirement savings were in his company's 401(k) program at the time of the sale, when it converted to Enron stock.

After Enron went bankrupt in 2001, he and his wife, Vicki, had to sell their home and buy a much smaller one. Like many other former Enron employees, they gave up plans for travel, retirement and helping the grandkids.

The verdicts, he says, "brought a small sense of closure to a very difficult five years."

Enron's collapse resulted in the loss of $60 billion in market value on Wall Street, almost $2.1 billion in pension plans and 5,600 jobs.

Tom Padgett, 63, was about to retire in 2001 when he was laid off from the Enron plant where he worked as a senior lab technician. He lost about $700,000 in retirement savings — and it took a year and a half for him to find another job.

He, too, was pleased with the verdicts. "They got exactly what they deserve," says Padgett.

Gary Kemper, 62, who worked for an Enron company for more than 29 years, says he lost $280,000 in his 401(k). A fitting punishment in Kemper's opinion would be to "put (Lay) on the streets of Houston without a penny in his pocket like he did with the Enron employees."

Many of the former employees are involved in shareholder lawsuits that seek some redress for their losses. But most don't expect to see much of their savings back.

"I feel good about the verdict, but my retirement is still gone," says Sherri Saunders, 58, who worked as an executive secretary for Enron for 24 years and lost about $1 million in retirement savings.

Saunders now has a new job she loves: head secretary to a top executive at Methodist Hospital in Houston: "We're rebuilding, slowly plodding along."

Schwarzenegger Strategists Gain Confidence (WSJ)

By John Harwood

The Wall Street Journal, May 26, 2006

See updates to Washington Wire each weekday at www.washwire.com1.

SCHWARZENEGGER STRATEGISTS gain confidence, but challenges remain.

Scrambling to avoid termination, California governor ditches conservative 2005 script and tacks toward center. In campaign, led by former Bush strategists, he criticizes unpopular president on climate change, Medicare and immigration. A new poll by Public Policy Institute of California pegs ex-movie star's approval at 36%, up from 32% six months ago.

Seven in 10 back his 10-year $222 billion infrastructure-spending plan. But Schwarzenegger only runs even against lesser-known Democratic challengers Steve Westly and Phil Angelides, who square off in June primary. Like Democratic Gov. Davis in 2002, he'll run "a strongly negative" campaign, predicts Berkeley analyst Bruce Cain.

"Arnold has improved his position tactically," cautions Democratic strategist Bill Carrick, but faces "hostile" electorate.

OUTLOOK REMAINS MURKY for next tax steps.

In bill extending expiring provisions, lawmakers from Louisiana and New York seek more tax breaks for disaster zones. Sen. Santorum of Pennsylvania pushes bill encouraging charitable donations, but Finance Chairman Grassley insists on crackdown on charitable abuses.

Grassley looks for compromise on estate tax, but some in both parties prefer pre-election stalemate. Majority Leader Frist plans base-pleasing June vote on full repeal but lacks strength to overcome filibuster. Kyl of Arizona hopes failure will jump-start talks on preserving "death tax" only for richest families.

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WHITE HOUSE BACKS Bernanke as Fed faces heat.

Inflation-wary investors want more interest-rate boosts, while election-minded politicians complain. But "the Fed knows what's best," says Bush economic adviser Al Hubbard. Markets seek clues to Fed thinking in next week's release of May 10 policy-meeting summary.

After lackluster April job growth, forthcoming report on May employment becomes important signal. A strong number will please Bush but increase pressure on the Fed to tap monetary brakes.

Analyst Tom Gallagher calls Bernanke's apology for talking to CNBC's Bartiromo a mea culpa, "not a Maria culpa."

BOTH PARTIES DOUBT Enron verdicts will have large political impact. "The public verdict is already in on CEO greed at the expense of the company's own employees," says ex-Clinton strategist Stan Greenberg. Adds Republican pollster Neil Newhouse, "There could have been a public backlash had the verdicts not come in guilty."

TURNING TABLES: At House panel hearing on runaway executive compensation, Republicans highlight fees for plaintiffs lawyers, who are big Democratic donors. "Trial lawyers are the ones who are sopping up investors' wealth," argued Rep. McHenry, North Carolina Republican. Democrat Watt, also of North Carolina, called the argument "bizarre."

PELOSI'S DEMAND that embattled Louisiana Rep. Jefferson quit tax-writing committee angers Black Caucus, since he hasn't yet been charged in bribe probe. Matt Bennett of centrist Democratic group Third Way calls Pelosi "dead right" because "this is politics."

AMERICAN DIPLOMATS WORK toward proposal on restricting nuclear technologies to Iran and other countries. The proposal aims to assure those seeking nuclear power, but not weapons, that they can gain necessary feedstock under safeguards. Among potential beneficiaries: Indonesia and Ukraine.

'NET NEUTRALITY' backers gain -- for now.

House Judiciary Committee passes a bill, supported by the likes of Google, embracing government role in assuring that phone and cable companies don't play favorites. Bad news for Internet firms fearing discrimination: Only one-fourth of committee Republicans backed the bill.

Partisan split bodes well for phone and cable firms. House leaders normally bury legislation that most Republicans oppose. At hearing on separate Internet-gambling bill, Chairman Sensenbrenner asks members to say "woof" or "no" in support of amendment on horse and dog racing.

The amendment failed, but the bill passed, 25 woofs to 11.

MINOR MEMOS: As Gore promotes global-warming movie, a Hillary Rodham Clinton adviser taunts, "Run, Al, run!!" ... College Republicans ridicule the movie with Global Warming Beach Parties. ... After column promoting antimalaria mosquito nets for Africa generates $860,000 for U.N. Foundation, Sports Illustrated's Rick Reilly says, "I had no idea how many people read me...(and that) they had this much money."

Kenny Boy, Meet Brownie (NSWK)

By Howard Fineman

Newsweek, May 26, 2006

May 25, 2006 - If you want a date to mark the beginning of the end of the Bush era in American life, you may as well make it this one: May 25, 2006. The Enron jury in Houston didn't just put the wood to Ken Lay and Jeff Skilling. The jurors took a chainsaw to the moral claims of the Texas-based corporate culture that had helped fuel the rise to power of President George W. Bush.

First, caveats. There's no evidence that the president or anyone in his entourage knew about or benefited financially from the house of cards that Lay and Skilling built—and that a federal jury now has found to have been an edifice of fraud.

The Bush Crowd was old school in the energy bidness and viewed Lay & Co. as hustling parvenus who had no real interest in finding and pumping oil—what real men in Texas do.

Most of what Enron concocted was assembled in the go-go Clinton years. Bush's idea of an oilman was his old Bible-study buddy, the upright, clean-as-a-whistle Don Evans. As the Enron scam was falling apart, Lay frantically sought help from Evans—by then the Commerce secretary—among others (including Democrats such as former Clinton Treasury secretary Robert Rubin). He got nowhere, and had the chutzpah to be bitter about it.

Ultimately, Bush's Justice Department pressed the case against Enron—and won.

Still, when the history books are written, the debit side of the Bush-era ledger will include a line labeled "Kenny Boy." That's the nickname Bush gave the guy he later claimed he barely knew.

As Texas governor from 1995 to 2000, Bush and consiglieri Karl Rove cultivated the Enronites for their vast connections and money; more than that, Bush linked arms with Lay in the belief that market forces alone should guide the production,

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distribution and use of energy. But the theory ran riot at Enron, giving license to corporate buccaneers who blithely screwed consumers, employees and shareholders alike. The old saying applies to Enron: you lie down with dogs, you get up with fleas.

Once A Friend And Ally, Now A Distant Memory (WP)

By Zachary A. Goldfarb

The Washington Post, May 26, 2006

He started as "Kenny Boy." Then he was a "supporter," an acquaintance who had not talked to President Bush in "quite some time." Now he is a man convicted of conspiracy and fraud, and a symbol of corporate corruption.

This is former Enron chief Kenneth L. Lay's transformation in the words of President Bush and his spokesmen -- going from a personal and political ally to someone the White House sought to keep as distant as possible as his role in the multibillion-dollar collapse of the energy giant became clear.

In the 1980s, when Bush was working in the Texas oil industry, his firm invested in a drilling partnership with Lay's company, a predecessor to Enron. In 1992, Lay was co-chairman of the Republican National Convention in Houston that re-nominated President George H.W. Bush.

Later, Lay was a major fundraiser for George W. Bush's political career. He delivered more than $300,000 for his two gubernatorial campaigns, according to Texans for Public Justice. In 1997, Bush wrote to Lay: "Dear Ken, One of the sad things about old friends is that they seem to be getting older -- just like you! 55 years old. Wow. . . . Laura and I value our friendship with you. . . . Your younger friend, George W. Bush."

In the 2000 presidential race, Lay remained a steadfast ally. Lay was a Bush "Pioneer" who raised at least $100,000, according to the Center for Responsive Politics. Enron also made its jet available and contributed to inaugural festivities.

Lay later wrote to the new president and the first lady that he was "so proud of you and look forward to seeing both of you in the White House." But Lay also found influence in the administration.

Vice President Cheney invited Lay to take part in his secret energy task force meetings. Cheney also talked to the Indian government about a debt it owed Enron for the rebuilding of a power plant. Numerous administration officials held Enron stock. Lawrence B. Lindsey, Bush's chief economic adviser at the time, had sat on Enron's board, receiving $50,000.

These connections came to light as Enron collapsed under the weight of a broad accounting fraud. It was also revealed that Enron executives had sought the counsel of administration officials as bankruptcy loomed.

Responding to public outrage, the White House promoted corporate accountability and put space between itself and Enron. Bush said only that "Ken Lay is a supporter," and that he "first got to know Ken" in 1994 when "he was a supporter of Ann Richards," the Democratic governor Bush ousted. Dan Bartlett, the White House communications director, said the administration "is leading the investigation, not being resistant."

White House press secretary Tony Snow congratulated the Justice Department yesterday on winning the case, adding: "The administration's been pretty clear there's no tolerance for corporate corruption."

U.K. Banker Fighting Extradition Calls Enron Case `Terrifying' (BLOOM)

By Megan Murphy

Bloomberg, May 26, 2006

May 25 (Bloomberg) -- A British banker fighting extradition to the U.S. on Enron Corp.-related charges said he was ``terrified'' by today's convictions of the company's former Chairman Kenneth Lay and ex-Chief Executive Officer Jeffrey Skilling and questioned why the men chose to fight the case.

``It was either an incredibly brave or foolhardy thing that they did, and I guess they're paying the consequences now,'' David Bermingham said in a telephone interview from his home outside London. ``They had both hands tied behind their back, and they were up against the 400-pound gorilla. The deck was completely stacked against them.''

Bermingham, Giles Darby and Gary Mulgrew, all former employees of Royal Bank of Scotland Group Plc's Greenwich NatWest unit, are wanted in Texas for allegedly pocketing millions from the sale of an Enron off-the-books partnership.

They are among the 33 individuals, including Lay and Skilling, the U.S. government has prosecuted in connection with the energy trader's implosion, which wiped out thousands of jobs and more than $1 billion in retirement funds virtually overnight.

A jury in a Houston federal court deliberated six days before convicting Skilling, 52, of 19 of the 28 charges against him and Lay, 64, of all six counts. Both men face at least 25 years in prison, while Skilling may receive additional jail time after being found guilty of using inside information to sell Enron stock.

`NatWest Three'

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Bermingham said today that while he didn't have any opinion on whether Lay or Skilling were guilty of the fraud and conspiracy charges against them, the fact that both men may spend the rest of their lives in prison only reinforced the importance of the bankers' ongoing battle against extradition.

The ``NatWest Three," as Bermingham, Darby and Mulgrew are known in Britain, were charged with seven counts of wire fraud in 2002 for allegedly skimming $7.3 million by duping their former employer over the value of an Enron partnership known as ``Swap Sub." The indictments were the first criminal fraud charges to emerge from the U.S. Justice Department's probe into the energy trader's collapse.

If they lose their fight against extradition, now on appeal to Britain's highest court, the men are likely to be forced into some sort of plea arrangement with U.S. prosecutors, Bermingham said.

``We can't defend ourselves in Houston," Bermingham said. ``Our government knows that, and the U.S. government knows that. If someone feels there is a case to answer, let us fight our case in London. At least then it will be a fair fight."

Human Rights

Bermingham, Darby and Mulgrew say that as British citizens accused of defrauding a British bank, any charges brought against them should be brought in the U.K. They also claim that their extradition, which is being pursued under new ``fast-track" legislation designed to clamp down on terrorism and other cross- border crime, would violate their human rights.

The House of Lords, Britain's highest court, is expected to decide within the next few weeks whether to hear a series of legal challenges to Britain's new extradition arrangements with the U.S., including the NatWest Three case.

``I don't see today's verdict as having any direct bearing on our case, but I certainly feel sorry for them," Bermingham said. ``The government had effectively stopped them from bringing any real defense, by having so many cooperating witnesses on their side. In retrospect, you've got to wonder if they made the right decision."

Wives, Ex-wives Faced Trials Of Their Own (USAT)

By Jayne O'Donnell And Mindy Fetterman

USA Today, May 26, 2006

In courtroom wrangling over white-collar crimes, the way family support is perceived can be important. In the Enron trial, it was often about the wives.

Linda Lay, the former secretary turned second wife to Enron ex-chairman Ken Lay, stood by her man every day of the four-month trial that ended in her husband's conviction Thursday.

Usually, she sat in the first row of the spectator gallery, about 20 feet from her husband. But as the clock approached 11 a.m. in Houston Thursday, the hour of judgment for Ken Lay, she moved into the front part of the courtroom to be beside him.

Linda Lay maintained the same tight grasp on her husband's hand that she's had in all the trips to and from the courtroom.

That wasn't the case with Rebecca Carter, former Enron CEO Jeff Skilling's second wife and former corporate board secretary. She did not attend every day of the trial and was not in the courtroom when it was time for a verdict. Outside the courthouse, after being convicted on all counts, Skilling thanked his family, especially his three children, but didn't mention his wife.

Beth Bonora, a jury consultant in San Francisco, says it's important for those on trial to have family members in the courtroom to “convey that other people care about you and believe in you. … People are curious about relationships, the dynamics” of family members in the courtroom.

The Enron wives were under a lot of pressure, says Mike Paul, a New York public relations consultant who advises clients facing charges.

“You have these wives who themselves probably were lied to for many, many years and who probably knew things that they turned their heads away from, and they're trying to be loyal and be there for their husbands,” says Paul. “They're thinking: ‘I guess this is the kind of loyalty you're supposed to have.' ”

But it's hard to disguise strong emotions in a courtroom, he says. “It's about fear mixed with anger; all those hidden emotions are right on top,” he says. “I never tell clients to hold their wife's hand if they truly can't show empathy, because it will backfire.”

Skilling's wife and his ex-wife made his legal predicament darker with their own stock trades. Before they were married, Carter sold more than $1 million in Enron stock in October and November 2000. His ex-wife, Susan Skilling Lowe, exercised Enron options for $14 million that October, about the time Enron's desperate attempt to unload unprofitable international assets fell through. Skilling testified the sales were coincidental.

Linda Lay had a more public role as the scandal unfolded. On the Today Show in January 2002, she tearfully told of the family's financial plight and the stress of having her husband's life scrutinized. She opened a consignment shop which sold hers and others' goods because of what she called a “liquidity crisis.”

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In the courtroom, Linda Lay favored brightly colored, yet conservative, pantsuits. Carter kept a low profile in court, often dressed in black.

The key to dressing, experts say, is to not look arrogant, overdressed, tacky or wealthy. "If they were my clients, I'd tell them that the perception is that you are these flashy, Texas, Southern women who had access to friendships with the president, the governor, with top celebrities," says Paul. "All of that is gone now."

As Skilling left the courthouse with his lawyer, the Lays joined hands again — this time with supporters inside the courthouse in a prayer circle.

Outside the courthouse, Lay, facing life in prison, described his life as "blessed." Among the reasons: "On my left is this beautiful woman who is my wife."

Books, Film, Memorabilia Not Drawing Attention (USAT)

By David Lieberman, Theresa Howard And Laura Petrecca

USA Today, May 26, 2006

NEW YORK — Enron's legacy includes several well-regarded books, an Oscar-nominated documentary, a mountain of memorabilia and — based on sales of those items — lots of yawns.

Publishers, who made the biggest bets on public interest in Enron, hope for a few more sales off the verdict, but don't expect much.

"There were a lot of (Enron) books and relatively few readers," says Michael Cader, editor of industry newsletter Publishers Lunch. "It was a complex case and the extent to which it meant anything to general readers was elusive."

For example, Kurt Eichenwald's Conspiracy of Fools: A True Story has sold 122,000 hardback and paperback copies since its release last year, says Nielsen BookScan (which does not include Wal-Mart).

"Kurt will be called upon to do a number of interviews about the verdict, and that helps drive sales," says Broadway Books spokesman David Drake. Eichenwald last week was on PBS' The Charlie Rose Show.

The Smartest Guys in the Room: The Amazing Rise and Scandalous Fall of Enron by Fortune magazine's Bethany McLean and Peter Elkind has sold 105,000 hardback and paperback copies since 2003, according to Nielsen BookScan.

They also are hitting the talk show circuit, but even with the case resolved, Will Weisser, associate publisher at Penguin's business imprint Portfolio, calls the prospect of an updated edition "a longer-term question."

Producers of the film based on the book, Enron: The Smartest Guys in the Room, a runner-up for this year's Best Documentary Oscar, don't plan a big push for the upcoming DVD. The film earned about $4.5 million in theaters worldwide since April 2005, according to BoxOfficeMojo.com.

"We'll try to get retailers to try to put it in main locations so visibility is high," says Eamonn Bowles, president of distributor Magnolia Pictures. He also might re-release the film in Houston.

Meanwhile, auctioneers don't expect a surge of Enron-mania for souvenirs. "Some of the wind is out of the sails because of the length of time of the trial," says Dennis Kruse, president of the National Auctioneers Association.

This week, 66 Enron items have sold on eBay, says eBay spokesman Dean Jutilla, while bidders snapped up 1,285 items tied to American Idol winner Taylor Hicks.

The Enron winning bids averaged $21. Coveted items included Enron cycling jerseys and stock certificates. Getting less interest: Enron's 64-page Code of Ethics.

Among big-ticket Enron items that have sold is the giant neon version of Enron's tilted "E" logo, which went for $44,000 at a company auction in 2002. Jimmy Luu, a Houston computer salesman who made the winning offer on behalf of his boss, says he thinks it would go for more now but is unlikely to be sold. "His main intention was to get that for his personal collection."

The Enron Verdicts . . . (WSJ)

The Wall Street Journal, May 26, 2006

If anyone still thinks corporate chieftains are above the law, yesterday's 29 guilty verdicts against former Enron CEOs Jeffrey Skilling and Kenneth Lay should put that myth to rest. The two former masters of the Houston universe will make long-shot appeals, but the odds are that both will spend much if not all of their remaining years in a federal prison.

Sentencing is scheduled for September 11, of all dates. Yet this is somehow fitting since Skilling initially tried to blame a suspicious attempt to dump his Enron stock on the climate of uncertainty following the 9/11 attacks. He was flatly contradicted by records showing he had actually tried to sell on September 6, 2001.

More broadly, Skilling and Lay may have lost their case from the start when they hung their defense on the dubious assertion that Enron was a fundamentally sound company tripped up only because speculators were abetted by critical articles

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on the front page of this newspaper. "This is not a case of hear no evil, see no evil. This is a case of there was no evil," said Skilling's lead attorney.

But that was after former CFO Andrew Fastow had already pleaded guilty and admitted to helping cook the company's books. Fastow and a string of former execs testified against the two CEOs. And in the end, jurors clearly understood that companies with real assets and sound balance sheets don't just go poof as the result of a little bad press. We appreciate the free advertising, but the Journal isn't that powerful.

Meanwhile, the damage done from this fraud was terrible: tens of billions of dollars in market value, $2.1 billion in pension obligations, and 5,600 jobs lost in the December 2001 collapse. With each of the guilty verdicts carrying potential penalties of at least five years, Skilling and Lay may well spend more time in prison than Fastow, the fraud mastermind.

By way of comparison, WorldCom CEO Bernie Ebbers is now facing 25 years, John and Timothy Rigas of Adelphia Cable 15 and 20 years respectively, and Tyco's two top former officials 25 years apiece. That's a pretty impressive cleanup job by the Justice Department and (in the Tyco case) Manhattan District Attorney. We think these convictions of individuals -- some 30 in the Enron case alone -- will do more to deter future corporate crime than anything in Sarbanes-Oxley. At the same time, the U.S. economy has snapped back nicely, meaning that assertions of widespread corporate fraud back in 2001 and 2002 were way overblown.

The Enron verdicts are proof, if more were needed, that lying to employees, shareholders and the public about corporate finances is a serious crime that will be punished.

And Justice For All (NYT)

The New York Times, May 26, 2006

Kenneth Lay and Jeffrey Skilling, the former chief executives of Enron, had their day in court. Both had high-priced legal talent to defend them and the chance to take the stand and tell their side of the story to the jury. Yesterday, that jury found both of them guilty of criminal conduct for their part in the spectacular collapse of Enron, the first in a series of corporate scandals that shook the country's faith in its business leaders.

Mr. Lay was convicted on six counts of fraud and conspiracy and four counts of bank fraud. The jury, which acquitted Mr. Skilling on nine counts of insider trading, convicted him on 18 counts of fraud and conspiracy and one count of insider trading. These onetime corporate superstars could very well end up dying behind bars. The thought of aging men withering away in jail cells is a sad one, but no sadder in this case than in any other.

We as a society have a destructive tendency to think of crimes like holding up a convenience store or selling drugs as very serious and destructive to the social fabric, while looking more tolerantly at corporate malfeasance as simply businessmen being a little overzealous. Just because there isn't a gun doesn't mean there isn't a crime.

It is easy to see Enron as a symbol of an era of corporate lying, cheating and stealing. From the company's implausible rise to its cozy political connections to its crooked E logo, the energy giant and its cast of colorful characters always appeared to be the stuff of theater. But this was no morality play. This was about the real costs for normal people who suffered because of the machinations in the executive suites at Enron.

For one example, think of the employees at Portland General Electric, an Oregon utility company acquired by Enron four years before it went bankrupt. Many longstanding employees there lost huge chunks of their retirement funds and still face an uncertain old age. All because their business was snatched up by a company with a rotten core.

We hope the jury's verdict deters other corporate kingpins from breaking the rules. As Paul McNulty, deputy attorney general, put it in a news conference shortly after the verdict was announced, "No one, including the heads of Fortune 500 companies, is above the law." At the same time, white-collar criminal cases can be difficult, paper intensive and hard to explain to juries. We expect the verdict in the Enron case to encourage prosecutors to pursue them.

Not Just Bad Apples (WP)

The Washington Post, May 26, 2006

WAY, WAY back, before dot-coms became dot-bombs, Kenneth L. Lay was part rock star, part high priest among rival energy executives. His company, Enron Corp., had seized opportunities created by deregulation and the Internet to transform the energy business, turning itself into America's seventh-biggest public company in the process. At an industry conference in 1999, Mr. Lay was asked how he could top the ninefold expansion of Enron's market capitalization over the previous decade. According to The Economist, Mr. Lay responded coolly: "We'll do it again this coming decade."

Not long after that forecast, Enron admitted that its profits for the years 1997 to 2000 had been overstated by $591 million. That confession began a downward spiral that ended in Enron's 2001 bankruptcy. But yesterday a Houston jury accepted the government's contention that Mr. Lay's bragging was deliberately dishonest rather than merely hollow. Along with Jeffrey K.

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Skilling, his right-hand man at Enron and briefly his successor as chief executive, Mr. Lay was found guilty of misleading investors about the true state of his firm. The sentencing phase of the trial will begin in September. Mr. Lay and Mr. Skilling may spend the rest of their lives in prison.

These convictions follow those of bosses from other firms that imploded around the same time, such as Tyco International Ltd., WorldCom Inc. and Adelphia Communications Corp. But Enron was the first and most famous of the corporate failures, and the Lay and Skilling verdicts are the most symbolically significant. The government's prosecutors, who were up against a defense team that cost almost $70 million, deserve credit. The criminals' victims -- investors who lost savings, and workers who lost both their jobs and their savings because their retirement plans were invested in Enron stock -- may now feel some emotional redress. Meanwhile, many plan to sue for financial redress as well.

There is a danger in this verdict, however. In the wake of Enron's bankruptcy, some argued that the problems of corporate America were the work of a few bad apples. That argument lost, for the good reason that fully 250 U.S. public companies had to restate their accounts in 2002, up from 92 five years earlier. Corporate America's problems reflected lax oversight of auditors, conflicts of interest at audit companies, accounting rules with too many inviting loopholes and so on. The Sarbanes-Oxley Act, passed in 2002 to fix these systemic weaknesses, now faces a backlash from firms that complain of stiff compliance costs. Although some tweaks in the way the law is implemented may be justified, the welcome Enron verdict should not color the regulatory question. This decade's business scandals were not just about bad apples, and putting those apples in jail is not going to change that.

Enron's End Game (USAT)

USA Today, May 26, 2006

Since Enron collapsed in 2001, other major accounting fraud cases have come and gone. But Enron always remained the most celebrated case, the one that epitomized an era, the one that the federal prosecutors absolutely had to win.

Now that they did, with the guilty verdicts Thursday against former CEOs Ken Lay and Jeff Skilling, public attention to issues of corporate fraud and governance might wane. That would be a shame because much more remains to be done before shareholders and employees can be confident that senior managers are acting in their company's best interest, not their own.

To be sure, the verdicts accomplish a number of important objectives. They send a clear message to executives that the most flagrant forms of fraud will not be tolerated. And they send a message to defense attorneys that American juries are not stupid. The Enron jurors did not buy the "ostrich defense" that Lay and Skilling had their heads in the sand and did not see the company's problems. Nor did they buy the absurd argument that Enron was in good shape until it was undermined by news reports and investors betting the stock price would drop.

But the verdicts do not compensate the company's 5,600 employees who lost their jobs, more than $2 billion in pensions and, in many cases, much of their savings. They don't compensate investors for their $60 billion in losses when the company collapsed. They don't change the culture on Wall Street, where analysts, accountants and attorneys remain under enormous pressure to speak well of the companies they examine.

And the verdicts do nothing to thwart the looting of public companies in the form of outrageous pay packages. Executive compensation has surged in recent years as managers have figured out they needn't break the law to enrich themselves. They need only a compliant board of directors.

In a way, the business world has learned little from Lay, the central figure in the Enron saga. Lay, 64, was once a pillar of Houston society, a friend of the first President Bush and a major contributor to the current President Bush, who called him "Kenny Boy." He suffered a colossal fall and now could be sent to prison for the rest of his life.

Other executives see Lay as an oddity, a bad apple in good batch. But it is not hard to see at least a little of Lay in some of them: the greed, the arrogance, the contempt for shareholders. It's all there, everything but the comeuppance.

The Enron verdicts are good news for investors. They show how the wheels of justice can move, albeit slowly. But they will have the most positive effect if they are seen as a beginning, not an end.

Convictions Drive Home The Point Again (WP)

By Steven Pearlstein

The Washington Post, May 26, 2006

Ken Lay and Jeff Skilling are right about one thing: The games they played at Enron were no different than the games being played at hundreds of other big public companies during the late 1990s. So in that respect, it is unfair that Lay and Skilling (and their partner in crime, Andy Fastow) have been singled out for criminal prosecution. Unfair -- and totally necessary.

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The point of criminal prosecution of corporate crime is not really retribution or restitution. Former Enron shareholders and employees are not better off because of yesterday's verdict. And to the degree that there is monetary compensation to be had, civil suits are sufficient for the task.

Rather, the point of these prosecutions -- like those of executives at WorldCom, Tyco and Adelphia -- is to burn into the consciousness of all those other masters of the corporate universe that they, too, could wind up in the federal pokey if they try to enrich themselves at the expense of shareholders, creditors and employees.

For all the nuance and sophistication of our legal system, the convictions of Lay, Skilling, Bernard Ebbers, Dennis Kozlowski, the Rigases and the Arthur Andersen accounting firm amount to nothing more than old-fashioned hangings in the public square. They are the way by which a capitalist society gets its most powerful economic actors to abide by the rules that make free markets work. They are less about justice than they are about sustaining a system that fundamentally rests on a foundation of trust. And as we've seen time and again -- during the junk-bond scandal, the savings and loan debacle, the Asian financial crisis and the bursting of the Internet bubble -- when that trust evaporates, entire businesses and markets can quickly collapse.

The defense of selective prosecution, like Churchill's famous defense of democracy, is that the alternatives are even worse.

Relying simply on civil prosecution -- the approach favored by much of the business community -- would provide only a modest deterrent. After all, the hundreds of millions of dollars in fines extracted from Fannie Mae or the old Computer Associates, for example, is merely money out of the pockets of the shareholders who were the biggest victims. And in those cases in which corporate executives are forced to disgorge all their ill-gotten gains, the unspoken message is that the worst that can happen if you get caught stealing cookies from the jar is that you only have to put back what took.

On the other hand, it's simply not possible to prosecute every company and every executive during those frothy periods when corporate misbehavior becomes commonplace. It took dozens of lawyers and FBI agents more than four years to investigate and prosecute the fraudsters at just one company, Enron. And there aren't enough jail cells in all of Christendom to hold all the corporate executives who engaged in "earnings management" during the late 1990s.

So, we are left with the imperfect justice of selective prosecution. That was certainly the case in the 1980s, when Michael Milken, Ivan Boesky, Dennis Levine and Drexel Burnham Lambert had to pay for the sins of legions of junk-bond traders and corporate raiders. That was followed by the S&L crisis, when Charles Keating took the criminal heat for countless executives and directors before his conviction was overturned on appeal.

And, by and large, it worked. After a rocky start, junk bonds are now a staple of corporate finance and a part of many diversified investment portfolios. And despite a prolonged period of loose money and surging real estate prices, there have been almost no failures of banks or thrifts. And even while debate continues on the wisdom and fairness of the criminal prosecution of Arthur Andersen, I think you'd have a hard time today finding a partner at one of the remaining big accounting firms who would risk turning a blind eye to a suspicious off-balance-sheet transaction.

There is, however, one set of professionals up to their knickers in corporate misdeeds who have not only escaped responsibility, but may have actually profited from the prosecution of others. I refer, of course, to the lawyers.

By hiding behind attorney-client privilege and insisting that they are subject only to discipline by captive and incompetent state regulators, few lawyers, if any, have been held to account for their prominent role in blessing and hiding corporate fraud. Four years ago, the American Bar Association asked that lawyers be allowed to police themselves. Now that self-regulation has failed so miserably, the lawyers who run the Securities and Exchange Commission need to set aside their professional loyalties and bar a few $750-an-hour attorneys from providing any more advice and services to publicly held companies.

Masters Of The Universe, Unite! (NYT)

By James P. Othmer

The New York Times, May 26, 2006

HOUSTON, we have a verdict. And, if you care about the very future of American business, we also have a bit of a problem.

Because this is about much more than the fate of Kenny Boy Lay and Jeff Skilling. This is about us. The Masters of the Universe. The all-knowing, type-A power mongers in crimson suspenders with bottomless expense accounts. This is about the fate of the prickly, unapologetic, rule-averse tough guys like you and me who run this country, not because we're particularly talented or charming, but because we have the gift of arrogance. And, until noon Eastern Standard Time yesterday, we were able to wield it like a sword, a pink slip or a box full of Internet stock options, circa 1997.

But now the arrogance card — our arrogance card — is being threatened by so-called rules and accountability and an eight-woman, four-man jury's interpretation of the truth. Some might say this is not a good day for those of us with the corporate

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jets, the wardrobe and decorating allowance, the "other" set of books. Some might say this is not a good day for creative accountants, for selling stock while telling your shareholders it's a bargain, and for everyone with the good old American audacity to ignore their lawyers' advice to take the Fifth.

Indeed, some might even say this is not a good day for those entertaining clients with the corporate card in the V.I.P. room, or for the strippers whose livelihoods depend on them.

But not me. No sir. Are we to give up the very arrogance that got us here just because a few insanely rich, pathologically correct men have fallen? Some might say our friends at Enron fell because they had it coming. But the truly arrogant, we know better. We say it would never happen to us, because we'd never have gotten caught. And if by some fluke we did, we would have handled it differently.

So, on this somewhat troubling day, I implore you, fellow universe shapers, do not squander your audacity, your pomposity, your God-given right to make bear-hug deals. I urge you to hold fast to your smug demeanor, your all-knowing smirk. Hold fast to your arrogance, or before you know it we'll be outsourcing that to Bangalore, too.

Shed no tears this morning for Kenneth Lay and Jeffrey Skilling. Keep your chin up — way up — and as an affirmation of our way, do something to make the most out of our special gift. Rather than giving in and playing along with someone's idea of a code of ethics, may I suggest telling your secretary that you've got to go out for "a very important meeting" and getting an early start on this long weekend, on the company. Maybe go antiquing for "office furniture." Or charge a big old lunch with a fictional client. Or head over to the V.I.P. room of the nearest upscale gentleman's sports cabaret and run a tab on the corporate plastic. Do it for capitalism. Do it for America. Do it for Kenny Boy.

James P. Othmer is the author of the forthcoming novel "The Futurist."

Editorial: Enron Fraud: Guilty As Charged (SEAPI)

By SEATTLE POST-INTELLIGENCER EDITORIAL BOARD

Seattle Post-Intelligencer, May 26, 2006

Guilty, guilty, guilty. Ken Lay, Jeffrey Skilling and the political-economic scam of deregulation all received proper verdicts Thursday.

The convictions of former Enron execs Lay and Skilling provide some justice for Washingtonians bilked by the Western energy crisis. Even within perhaps the worst-led Justice Department in U.S. history, enough capable, dedicated, honest prosecutors remain to win difficult convictions. Jurors saw through the defense's attempts at explanations, evasions and excuses.

A judge set a Sept. 11 sentencing date for Lay and Skilling. They deserve something on the order of the 25-year term awaiting former WorldCom head Bernard Ebbers for another financial fraud.

While their prison terms will be a measure of justice, the public will never receive anything close to adequate recompense for tens of billions lost in the energy crisis of 2000-01. Manipulation by energy trading companies, withholding of supplies by energy producers and California's failed deregulation plan all contributed heavily to the enormous run-up in prices. What was once explained as a "perfect storm" of events now looks more like a series of political sellouts, misjudgments and not-so-perfect crimes.

The Enron convictions should provide a lifetime worth of lessons for corporations, aspiring executives and business schools. Investors also ought to be more cautious about investing in clever trading schemes rather than services. Just don't count on it.

The 1990s' boom brought a renewal of a longstanding U.S. tendency for politicians to let down their guard about corporate influence. Some of the blame goes to Clinton Democrats who curried corporate favor by going along with right-wing dogma of deregulation.

But the larger and continuing scandal belongs to Republicans and the Bush administration, which still runs an Enron-approved energy program. President Bush took Lay's word on whom to appoint as his first head of the Federal Energy Regulatory Commission. Vice President Dick Cheney has covered up the details of how he let Enron, oil companies and other big contributors design Bush's energy policy.

Since the energy crisis, U.S. Sen. Maria Cantwell, Rep. Jay Inslee and other leaders from this state have fought to restore fairness to utility regulation nationally. The verdicts in Texas show the rightness of their cause, even if a political victory for consumer justice remains unlikely with today's Congress and administration.

Fannie Mae Board Reverses; CEO Mudd Won't Head Probe (DOW)

Dow Jones, May 26, 2006

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WASHINGTON -(Dow Jones)- Reversing course Thursday, Fannie Mae Chairman Stephen B. Ashley said chief executive officer Daniel H. Mudd won't lead the company's investigation into who should be fired or punished because of the housing giant's $10.6 billion accounting scandal.

Instead, Ashley said that four independent board members who have joined Fannie Mae (FNM) in the last 18 months would spearhead the probe.

"The board and myself have developed our thinking further for how a review of the personnel mentioned in the OFHEO report would be handled," Ashley said in an interview.

Ashley said the board decided to change its plans on Wednesday, one day after he said on an analyst call that Mudd would lead the review.

He said the decision was "internal" and didn't come from pressure by regulators or lawmakers.

The Office of Federal Housing Enterprise Oversight and the Securities and Exchange Commission fined Fannie Mae (FNM) $400 million Tuesday for "deliberately and systematically" creating earnings "illusions" to hit targets from 1998 through 2004.

Reaching these targets triggered millions of dollars in bonuses for senior Fannie Mae (FNM) executives.

Mudd, who was chief operating officer at the time, received $14.5 million in bonuses and rewards tied to Fannie Mae's (FNM) ability to hit the earnings targets.

Ashley said the board's decision to retain Mudd does not exempt him from a review of the bonuses he earned and possible disgorgement.

"Yes, he'll be treated like everyone else," Ashley said.

Coinciding with the fine, the mortgage giant's board vowed to review all the current employees and directors mentioned in a 340-page report issued by OFHEO.

When Ashley originally said Mudd would lead the review, it sparked allegations that his oversight would be tainted because of his senior role when the reported accounting manipulation occurred.

"It's hard to imagine that someone who was working at a senior level - during the time that many of these unethical practices took place - can really lend an unbiased eye to the situation," Sen. John Sununu, R-N.H., said in an interview Thursday.

Mudd's name appeared in the report nearly 90 times, more frequently than any other executive still with the company.

The board's probe will now be led by directors Dennis Beresford, former head of the Financial Accounting Standards Board, Greg C. Smith, vice chairman of Ford Motor Co., Bridget A. Macaskill, principal of BAM Consulting LLC, and John K. Wulff, chairman of Hercules Inc.

All have joined Fannie Mae (FNM) since December 2004.

Ashley would not comment on whether the report should lead to anyone being forced from the company.

"I'm not going to comment on that at all," he said. "That would front-run the work of the committee."

He said, though, that the board was not going to rethink its Tuesday decision to retain Mudd as chief executive officer. After Ashley offered his unwavering support for Mudd during the analyst call, Robert J. Lacoursiere, an equity research principal at Banc of America Securities, said it seemed premature.

"It has the appearance of a summary dismissal of OFHEO's concerns," he said in an interview. "We think this is more reminiscent of the old, kind of arrogant Fannie Mae (FNM), as opposed to the new, humbler Fannie Mae (FNM)."

Armando Falcon, the former director of OFHEO who started the Fannie Mae (FNM)investigation, agreed.

"The board's quick absolvement of Dan Mudd doesn't seem in the spirit of the agreement," he said.

Ashley conceded the process was expedited but said it was measured.

He said board members met Monday, one day before the report was released, and reviewed the findings, specifically focusing on Mudd's role during the accounting scandal. Each report had red stickers that marked the pages where Mudd's name was mentioned.

The report does not appear to implicate Mudd as being directly involved in the accounting manipulation, but it does fault several of the decisions he made as one of the company's top executives.

For example, the report said Mudd and another Fannie executive launched a " flawed investigation" into an employee's concerns about bad accounting.

In that case, the report said "Mr. Mudd did not comply with Fannie Mae's (FNM) Code of Business Conduct" in the way he handled the situation.

Referencing the anecdote at a press conference Tuesday, OFHEO acting director James B. Lockhart said this was something Fannie Mae's (FNM) board "has to look into."

The report also cited an e-mail from Mudd describing conversations he had with an unnamed Treasury Department official "what to do if OFHEO is not falling in line."

The board also conferred Monday with former Sen. Warren Rudman, who compared the OFHEO report with a lengthy report he released three months earlier.

Rudman, who worked with a team from Paul, Weiss, Rifkind, Wharton & Garrison LLP, said there was very little new material in the OFHEO report regarding Mudd that had not already been brought to the board's attention.

He acknowledged, though, that his review did not include any analysis of Fannie Mae's (FNM) lobbying efforts and that his team did not know Mudd had contacted the Treasury Department official.

"That one issue was something I learned of for the first time reading the OFHEO report," Rudman said.

Ashley said the board had already conducted extensive reviews of Mudd - even searching his home computer - when they were considering whether to install him as chief executive officer last year.

"At the conclusion of the review, I was satisfied that I could give my full confidence in Dan's leadership, and that was the consensus of the board," Ashley said.

After discussing Dan's role in the report during an hour-long executive session later Monday, the board decided Mudd would stay, Ashley said.

"Given the importance of this company in the credit market, in the housing market, and with our shareholder community - and with the employees, the 5,000 plus employees of the company, it is in my mind...very important to bring closure to the Dan leadership question and do it quickly, but appropriately," he said.

He would not say if any board members questioned Mudd's leadership or asked for more time during the closed-door meeting.

"I'm not going to go into the discussion within the board room with you," he said.

Mudd, who serves on the board in addition to being CEO, was not allowed to attend the internal discussions when his future was debated.

An OFHEO spokeswoman would not comment for this story, but during a press conference Tuesday, Lockhart said Fannie Mae's (FNM) board would have to report the findings of its review back to the agency.

"The board of directors, as part of the agreement, will be looking at present management that is also mentioned in the report," he said. "As said, if the company doesn't do it, OFHEO will do it, and I'm sure the SEC will be working on other aspects of what this previous management did."

Lockhart said Mudd was "doing a good job of trying to turn around this operation," but would not comment on Mudd's role in the accounting scandal.

The SEC and Justice Department are both looking into the roles individuals played in the accounting scandal. Tuesday's agreement only settled allegations against the company.

Under the agreement, Fannie Mae's (FNM) board has 30 days to notify OFHEO which officials are under review and then another 120 days to conduct its review.

"Such report shall include plans to seek restitution, disgorgement or other remedies to recover funds" from individuals, said the agreement, which Mudd, Ashley and Lockhart signed.

. . . And The Beltway Version (WSJ)

The Wall Street Journal, May 26, 2006

Some are calling yesterday's Enron verdicts the end of the corporate scandal era, but there's at least one big case still pending: Fannie Mae.

The mortgage giant's regulator issued its long-awaited, 340-page report on the company's $10.8 billion accounting woes this week, and the news is that the internal rot is even worse than we ever imagined. This is the Beltway's Enron, yet the political class still hasn't fixed the core problem, which is Fannie's political protection.

For years, Fannie's backers sneered at critics -- including such worrywarts as Alan Greenspan -- by claiming the company was so good at what it did that there was no reason to fret about its accounting, much less any "systemic risk" to the larger financial system. However, the Ofheo (Office of Federal Housing Enterprise Oversight) report makes clear that Fannie's core expertise was manipulating its earnings and rigging the politics. The management of credit risk that was supposed to be its stock-in-trade was way down the list.

This should worry us all, especially taxpayers who will be on the hook if Fannie or its sibling Freddie Mac get into trouble. For years Fannie boasted of steady profits and consistent growth. But the report makes clear that Fannie Mae's officers made those numbers up in order to pad their own compensation.

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This is not merely an "accounting problem," as some of Fannie's friends would have it. The earnings manipulation became necessary because the underlying business was not making its targets. What's more, Fannie underinvested in the systems and technology that any company concerned about staying on top of the largest privately issued pool of debt in the country would want to have.

The company also tied the compensation of its internal auditors to the same earnings per share targets that determined executive bonuses -- which is the definition of a conflict of interest. And people like then-COO (and current CEO) Daniel Mudd failed to react to questions raised inside the company about its accounting practices. In one revealing internal memo after everything began to unravel, Mr. Mudd acknowledged that the "political reality was that we always won, we took no prisoners, and we faced little organized political opposition."

Fannie Mae also took steps to ensure that a nominally independent board of directors was nothing of the sort. Frederick Malek, a supposedly independent director between 2002 and 2004, was a business partner with then-CEO Franklin Raines. Kenneth Duberstein, White House chief of staff at the end of the Reagan administration, was both a board member and a paid lobbyist for the company.

Over the years covered by the report, Fannie's board and executive ranks featured some of the most prominent names in Democratic Party politics, as well as a few big-name Republicans. Jamie Gorelick, most recently of 9/11 Commission conflict-of-interest fame, was made Vice Chairman of the Board the same year she left the Clinton Justice Department. James Johnson, who was Fannie's CEO through much of the 1990s, had been a close adviser to former Vice President Walter Mondale and was also an adviser to Presidential candidate John Kerry in 2004. On the other side of the aisle, Board member Anne McLaughlin Korologos was a Reagan-era Labor Secretary.

What these men and women all have in common is that their main expertise wasn't financial but political. They had the experience and contacts to maintain the taxpayer subsidy and weak regulation that fueled Fannie's growth and made its executives super-rich.

Looking ahead, Ofheo calls on the board to claw back the tens of millions in bonuses that executives like Mr. Raines reaped through earnings management. But on the evidence of manipulation in the report, that will be the least of it. The Justice Department is continuing to investigate, and criminal charges shouldn't be ruled out.

Ofheo also called for all current employees named in the report to be investigated by the company. But Chairman of the Board Stephen Ashley quickly expressed his confidence in CEO Mudd, despite Mr. Mudd's repeated and unflattering appearances in the report. It's hard for us to see how Mr. Mudd can be a credible reformer. Ofheo has also done the right thing in demanding that Fannie freeze the growth of its portfolio of mortgage-backed securities, which have been the main source of both its growth and, we now know, its accounting woes (because it hedges the risks of those MBSs with derivatives it had no clue how to account for).

The larger story here is that Fannie Mae is less a corporate outrage than a political one. It is the tale of a company that has grown rich off an implicit taxpayer subsidy and then plowed those profits back into buying political protection in Congress and feckless regulation from the executive. Ofheo only rose to the occasion thanks to the prodding of a few souls in Congress and the press, and only after Freddie Mac's own accounting blew up. Even now, a bipartisan coalition in the House and Senate is protecting the companies from genuine supervision. That's the real scandal.

House Committee Holds Heated Session On Corporate Execs' Pay Packages (LAW/AP)

By Marcy Gordon, The Associated Press

AP, May 26, 2006

Lawmakers on Thursday addressed an issue that rankles company shareholders and the public -- executive pay packages and perks -- at a time when revelations of excess surface almost daily.

A senior Democrat, Rep. Barney Frank of Massachusetts, wants Congress to give shareholders a greater say over executive compensation.

"There have clearly been abuses," Frank said at the start of a hearing by the House Financial Services Committee. The session became an impassioned debate between Democrats and Republicans over the morality of lavish compensation, an argument portrayed by panel members as a clash between faith in capitalism and advocacy of socialism.

Frank had earlier used a parliamentary rule to force the majority Republican leaders of the committee to convene the hearing.

The partisan rhetoric flew, as befits an election year. Countering Frank's legislative proposal, Republicans disclosed that they have a bill of their own in the works: one that would rein in trial lawyers, a group that is a perennial ally of Democrats and generous contributor to their campaigns.

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Don't blame the corporate executives, said Rep. Patrick McHenry, R-N.C. By targeting companies in lawsuits, "Trial lawyers are the ones who are sopping up investor wealth in this country."

Business interests reject Frank's proposal for shareholder input.

"If we adopted a system where small groups of activist shareholders used the process to politicize corporate decision-making, the consequences could very well be destabilizing" for companies, testified Thomas Lehner, director of public policy for the Business Roundtable, a group representing CEOs of major companies. "... We should not ruin our free-market system because of a few rogues. We strongly believe that the current system has worked well and should not be changed."

Lehner's view was echoed by several Republican members of the committee.

The subject clearly hits a nerve with Americans, who hear reports almost daily of excessive pay and perks for executives while their companies stumble, lay off employees or renege on billions of dollars in pension obligations for workers' retirement. The chasm between executives' salaries and the pay of rank-and-file employees continues to widen.

"Marie Antoinette would be embarrassed," Nell Minow, who heads the Corporate Library, a business governance group, told the hearing.

It was held the same day that a federal jury in Houston convicted former Enron Corp. chiefs Kenneth Lay and Jeffrey Skilling of conspiracy and securities fraud in one of the biggest business scandals in U.S. history, involving a company that became a notorious symbol of corporate greed.

Meanwhile, the number of public companies ensnared in a federal investigation into the timing of stock option grants to their executives continues to grow. More than a dozen companies -- from high-flying technology names to a pharmacy benefits manager -- have received inquiries from federal prosecutors in New York and the Securities and Exchange Commission seeking details on how they grant stock options.

The companies -- the biggest so far is UnitedHealth Group Inc. -- are being examined to determine whether they boosted executives' payoff from stock options by backdating the grants to coincide with a point where corresponding stock prices had dropped to lows.

But the lawmakers reserved their greatest scorn for Lee Raymond, the recently retired chairman of Exxon Mobil Corp., who received a package of nearly $400 million, including salary, bonus, stock options and a one-year $1 million consulting deal.

"We've got a problem here," said Rep. David Scott, D-Ga., noting that Raymond's compensation works out to more than $144,000 a day while angry consumers pay over $3 a gallon for gasoline and are outraged by his pay package.

"It is important for the sanctity of the markets" for companies to disclose executives' pay, Scott said.

The SEC proposed in January the biggest changes since 1992 in rules governing disclosure of executive compensation. The rule changes would require companies to disclose far more details about their executives' pay packages and perks.

"I have a feeling that when people are forced to undress in public, they'll pay more attention to their figures," SEC Chairman Christopher Cox said recently.

But Frank insists that the SEC plan doesn't go far enough. His proposed legislation would call for disclosure of more information on executive pay packages. It would also require shareholder approval of executive compensation plans.

The bill's legislative prospects, however, are in doubt because it has drawn most of its support from minority Democrats.

On Thursday, Home Depot Inc.'s chief executive, Bob Nardelli, did little to quell an uproar among some shareholders over his pay, stifling debate at the company's annual meeting as the board members who approved the compensation didn't show up to defend themselves. Nardelli has received $123.7 million in compensation, excluding stock option grants, since taking over as CEO in December 2000. The company's stock price has dropped 9 percent over that period on a split-adjusted basis.

Former Wal-Mart Exec Faces Fraud Sentence Aug. 11 (FINDLAW/AP)

By Marcus Kabel, Ap Business Writer

AP, May 26, 2006

(AP) - SPRINGFIELD, Missouri-A federal judge has set a sentencing hearing Aug. 11 for Thomas Coughlin, the former No. 2 executive at Wal-Mart Stores Inc., who pleaded guilty in January to fraud and tax charges for stealing money, gift cards and merchandise from the world's largest retailer.

Coughlin, 57, faces a maximum of 28 years in prison after pleading guilty to five counts of wire fraud and one count of filing a false tax return. He also could be fined $1.35 million (â,¬1 million).

U.S. District Judge Robert Dawson, who accepted Coughlin's guilty plea in January, set the sentencing hearing for Aug. 11 in his courtroom in Fort Smith, Arkansas.

Prosecutors have recommended a sentence but Dawson sealed the plea agreement pending a presentencing report.

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Wal-Mart referred Coughlin to federal prosecutors after discovering Coughlin allegedly had embezzled money from the company and used expense vouchers to buy products as varied as snakeskin boots, hunting trips and Bloody Mary cocktail mix. Wal-Mart estimated losses at up to $500,000. (â,¬392,000).

Wal-Mart Chief Executive Lee Scott has called the ordeal "an embarrassment" for himself and for the company.

Coughlin was a protege of company founder Sam Walton. As vice chairman, he received a base salary of $1.03 million (â,¬807,500) in his final year with the company. He received more than $3 million (â,¬2.35 million) in bonuses and other income in the same period and held about $20 million (â,¬15.7 million) in Wal-Mart stock, according to Securities and Exchange Commission filings.

In documents filed with the court, Coughlin specifically admitted defrauding the company to pay for the care of his hunting dogs, lease a private hunting area, upgrade his pickup truck, buy liquor and a cooler, and receive $3,100 (â,¬2,430) in cash.

Coughlin retired as Wal-Mart vice chairman last year and gave up his spot on the company board in March after Wal-Mart referred him to prosecutors. The matter was taken up by a grand jury in Fort Smith.

In November, former Coughlin subordinate Robert E. Hey Jr. agreed to plead guilty to wire fraud and testify for the government in return for parole instead of prison time.

Besides giving the case to federal prosecutors, Bentonville, Arkansas-based Wal-Mart filed suit last year to end Coughlin's multimillion-dollar retirement agreement and to recover money.

However, that lawsuit was dismissed by an Arkansas judge who said both sides had signed a pledge as part of Coughlin's retirement deal not to pursue any claims against each other for any reasons. Wal-Mart has appealed the dismissal of its lawsuit to the Arkansas Supreme Court.

No mention was made in Coughlin's public filings with the court of his earlier claim that he used money obtained from Wal-Mart to pay for anti-union activism. Wal-Mart has said there was no such project.

$363M Is Average Pay For Top Hedge Fund Managers (USAT)

By Adam Shell

USA Today, May 26, 2006

NEW YORK — James Simons, a mathematician turned money manager who prefers hiring Ph.D.s over MBAs, inched out oil tycoon T. Boone Pickens Jr. as the world's best-paid hedge fund manager in 2005, collecting

an estimated $1.5 billion, according to rankings released today by Institutional Investor's Alpha magazine.

In rising to the top of what amounts to a who's who list of the secretive hedge fund world, Simons, of Renaissance Technologies, unseated 2004's top earner and first-ever billion-dollar man, Edward Lampert of ESL Investments, who is best known for buying Kmart and masterminding the blockbuster deal to buy Sears. Lampert's earnings dipped to an estimated $425 million last year, down from $1.0 billion in 2004.

“These are staggering numbers,” said Alpha editor Michael Peltz in announcing its fifth-annual list of Top 25 earners. “It took $130 million to make the list.”

Pickens also topped $1 billion, earning an estimated $1.4 billion. The average pay of the 26 (there was a tie for 25th place) on the list was $363 million, up 45% from $251 million in 2004.

Other big-name managers with big-time reputations in the top 10 included: financier George Soros, who was named “the man who broke the Bank of England” in 1992 after a winning bet against the British pound netted him more than $1 billion; Steven Cohen of SAC Capital Advisors, whom BusinessWeek called “the most powerful trader on Wall Street you've never heard of” in a July 2003 cover story; and legendary trader Paul Tudor Jones II. “These top earners are the best of the best, the real superstars,” says Ryan Pearson, senior vice president at hedge fund consultancy Greenwich-Van Advisors.

The surge in pay comes amid an explosive growth in the industry, which now has roughly 8,000 funds and $1.2 trillion in assets. A lucrative business model for hedge fund managers, which, on average, entitles them to 2% of assets under management and 20% of the profit, makes these large paydays possible, Peltz says. A $10 billion fund would earn $200 million from the 2% management fee alone. Super-successful managers charge even more. Simons, the No. 1 earner last year, charges a 5% management fee and 44% of profits, Alpha's Peltz says.

Simons, whose firm, Peltz quips, has enough “rocket scientists to run their own space program,” makes its money trading “often and frequently” with the help of computers, trying to capture small price movements. Pickens profited from the boom in energy prices.

The managers didn't just line their own pockets. “I suspect they have made more money for their clients than themselves,” says Charles Davidson, hedge fund director at Standard & Poor's.

Charity Invites Donors To 'Kick The Tires' And Squeeze The Cash Register (NYT)

By Stephanie Strom

The New York Times, May 26, 2006

SANTA BARBARA, Calif. — As slides with bullet points and pie charts flashed behind his head, Thomas Tighe meticulously laid out the financial affairs of the charity he runs, Direct Relief International.

"We are a public corporation," Mr. Tighe told the audience of more than 200 donors. "No one has a stronger interest in our doing good than you, because you've invested in it."

For the last four years, Direct Relief, which provides donated medicine and medical supplies to communities around the world, has held a "shareholders' meeting" for contributors to demonstrate its accountability and to burnish its relationship with its donors.

One donor, Jude Blau, says he likes the meeting because it is informative and different from the typical interaction he and his wife, Mary Jane, have with other charities.

"The trouble is that a lot of them are locked into these very expensive fund-raisers and benefits and so forth," Mr. Blau said. "Direct Relief does something different, and I think organizations that do well and have innovative thinking like this are great. It's better than sending out address labels."

H. Art Taylor, president and chief executive of BBB Wise Giving Alliance, a watchdog group, said if more charities adopted this approach, "there would be a lot less questions about what nonprofits are doing with their resources and a lot less skepticism about the sector in general."

Last year, Direct Relief received $15.7 million in cash, stock and investment income and $121.5 million in donated supplies. "For every $1 we spent," Mr. Tighe said, "$25.50 in aid went out the door."

The charity began holding the shareholders' meetings to expand its appeal to donors locally and beyond. They were the brainchild of Barry Kravitz, a money manager who was then on the board.

"I told them it was really important for people to be able to come here and kick the tires," Mr. Kravitz said. "What you're doing as contributors, you really are investing in this company, and so you're interested in what your investment is doing."

Direct Relief invites representatives of the organizations it has supported to attend the meetings and explain how the charity has assisted them, as well as to offer primers on the challenges they face in providing health services in impoverished and conflict-ravaged countries.

Dr. Jerome Sulubani, a pediatrician at the Mansa General Hospital in Zambia, told donors how a premature baby who weighed roughly one pound at birth had survived as a result of an incubator donated by Direct Relief, the first his hospital had. "Today, that girl is in primary school," Dr. Sulubani said.

Direct Relief works with pharmaceutical companies and medical equipment manufacturers to get products needed by medical professionals like Dr. Sulubani who lack the basic tools to do their jobs.

"We're kind of a Costco for poor countries' health services," said Mr. Tighe (pronounced TYG, as in tiger).

The money it receives, from $3 million to $4.5 million in an average year, is used for overhead costs and to transport supplies. Donors like the idea that their money helps more than $100 million of donated goods get to needy people. "It's a huge selling point, that the money is so well used," said Kate Firestone, a donor and board member.

Ms. Firestone was among the board members who elected to cover many of the costs Direct Relief incurred in responding to the tsunami that struck the Indian Ocean rim at the end of 2004.

Donors provided $14 million for the tsunami victims — roughly three times what the charity raises in a normal year. The board decided that every penny should go into the relief effort, in part because that was what donors expected and in part to build long-lasting relationships.

The board covered the costs of bank charges, credit card fees, processing receipts for donors, additional accounting and other expenses related to managing the tsunami-related gifts. Direct Relief did not pay any part of its staff salaries from them.

"This was cash in excess of what we traditionally get, so we had to think through what we should morally, ethically and responsibly do with it," Mr. Tighe said. "As one board member said at the time, 'This is not our money.' "

At the shareholders' meeting, Mr. Tighe reported that about 9 percent of the donors who gave to Direct Relief for the first time after the tsunami later gave it money or in-kind donations for its routine operations.

"For probably most of our history, we were primarily supported by people living in Santa Barbara," said Mr. Tighe, who joined Direct Relief in 2000 from the Peace Corps, where he was chief of staff and chief operating officer. "We had never had an ability to get in touch with folks outside our very local area."

That all changed before the tsunami, when Google gave the charity one of its coveted Google Grants, essentially free advertising on the search engine's Web site. Mr. Tighe said the organization's national reach, while still small, has increased ever since.

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It received $4.73 million designated for victims of Hurricane Katrina, even though it is mainly known as an international relief organization, and it used the money to get medicine and medical supplies to doctors on the Mississippi Gulf Coast.

The tsunami and Hurricane Katrina put the charity in the business of providing grants to local organizations. In Sri Lanka, such money bought five ambulances for a local charity and trained 16 emergency medical technicians and 20 first aid responders to operate them.

In Mississippi, it bought coats.

"I knew Direct Relief dealt with medicines and physicians, but I called Chris anyway," recalled Rhonda McNair, executive director of the Reuben T. Morris Wellness Foundation, referring to Chris Brady, Direct Relief's vice president for programs. Direct Relief gave the Wellness Foundation $82,061, about $500 of which was used to buy coats.

"Today is when we get the connection between our money and what happens to it," said Nancy Walker-Koppelman, a donor. "I had no idea that we gave money to buy coats."

CRIMINAL LAW:

Bush Orders FBI-Congress Documents Sealed (AP-Y2)

By Laurie Kellman

AP2, May 25, 2006

President Bush stepped into a confrontation between the Justice Department and Congress on Thursday, ordering that documents seized in an FBI raid on a lawmaker's office be sealed for 45 days.

His spokesman also labeled as "false, false, false" charges that Attorney General Alberto Gonzales' department had tried to intimidate Republican House Speaker Dennis Hastert.

In an effort to defuse an intensifying, election-year dispute between the Republican-led Congress and his administration, Bush, facing growing complaints from lawmakers in both parties that he has abused presidential powers, called for a cooling-off period.

"Our government has not faced such a dilemma in more than two centuries," he said in a statement. "Yet after days of discussions, it is clear these differences will require more time to be worked out."

Republican officials who spoke on condition of anonymity said Vice President Dick Cheney had become involved as the administration worked to ease the anger of the speaker, who has enormous control over the president's legislative agenda.

Bush granted one of Hastert's demands, directing the FBI to surrender documents and computerized records taken last weekend from the office of Rep. William Jefferson (news, bio, voting record), D-La. He ordered Solicitor General Paul Clement, who has a separate office in the Justice Department, to take custody of them.

The president said no one is above the law and that he continued to support the investigation of Jefferson. The eight-term congressman is accused of accepting hundreds of thousands of dollars to facilitate a telephone investment deal in Africa.

"Those who violate the law — including a member of Congress — should and will be held to account," the president said. "This investigation will go forward and justice will be served."

Within minutes, the heads of the battling institutions stood down and began talking about solutions.

Hastert said the order would "give us some time to step back and try to negotiate with the Department of Justice."

Gonzales said the move provides "time to reach a permanent solution that allows this investigation to continue while accommodating the concerns of certain members of Congress."

The FBI said it would comply with Bush's order.

Jefferson called the order "a good first step but ultimately, the answer would be to return the documents."

The time-out came five days after the FBI, acting on a search warrant signed a week ago by a federal judge, raided Jefferson's office as part of the bribery investigation.

In an affidavit supporting the search warrant, the FBI said it had videotaped Jefferson last summer taking $100,000 in bribe money and that agents had found $90,000 of that cash stuffed in a freezer in his home.

Two people have pleaded guilty to bribing Jefferson to promote the high-tech business venture in Africa. One of them, Brett Pfeffer, a former aide to the congressman, was scheduled to be sentenced Friday in Alexandria, Va. Jefferson has not been charged and has denied wrongdoing.

Historians said the raid was the first such search of a House or Senate member's office since the first Congress convened 219 years ago.

Its unprecedented nature and the lack of notice given Hastert set off loud complaints from both Republicans and Democrats that the administration was overstepping its authority.

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More than a dozen agents who convened on Jefferson's office Saturday night conducted a search that stretched into Sunday morning. They took two boxes of paper records and made a copy of everything on Jefferson's personal computer, Robert Trout, Jefferson's lawyer, said in his legal filing Wednesday demanding the return of the materials.

The only items specifically identified by Trout as having been taken by the FBI are letters requesting donations to the legal defense fund Jefferson created to defray his legal bills.

The FBI and prosecutors refused to allow lawyers for Jefferson or the House of Representatives to be present for the search, Trout and House officials said.

Administration officials have said the White House did not know in advance of the raid. That suggested the ultimate authority for the event rested with Gonzales.

The dispute escalated all week. Hastert complained personally to Bush at least twice. He was joined Wednesday in rare agreement by his Democratic counterpart, Rep. Nancy Pelosi (news, bio, voting record) of California, in a statement demanding the FBI give back the material it seized.

On Thursday, Hastert accused the Justice Department of trying to intimidate him after ABC News quoted unnamed top law enforcement officials as saying Wednesday the speaker was being investigated in a broad influence-peddling probe centered on convicted lobbyist Jack Abramoff.

The Justice Department issued two denials of the report. Hastert demanded a retraction from the network, which refused. Hastert's lawyers threatened Thursday to sue the network. ABC again stood by its story.

"This is one of the leaks that come out to try to, you know, intimidate people," Hastert said on Chicago's WGN radio.

White House spokesman Tony Snow called the accusation "false, false, false."

"They're not leaking information to try to undermine the House speaker," Snow said. "I got pretty categorical denials."

Bush Puts Jefferson Documents On Ice Amid Heated Debate (LAT)

By Maura Reynolds And Richard B. Schmitt

The Los Angeles Times, May 26, 2006

WASHINGTON — President Bush intervened Thursday to defuse a dispute between congressional leaders and the Justice Department, ordering that documents seized in an unprecedented raid on a congressman's office be sealed for 45 days.

Congressional leaders, displaying rare bipartisan unity, accused the Justice Department of overstepping its authority and demanded the return of the material confiscated in a weekend search of the Capitol Hill office of Rep. William Jefferson, D-La., who is under investigation for bribery.

"This period will provide both parties more time to resolve the issues in a way that ensures that materials relevant to the ongoing criminal investigation are made available to prosecutors in a manner that respects the interests of a coequal branch of government," Bush said in a statement. "The Justice Department and the House of Representatives should continue their discussions and resolve this matter as quickly as possible."

House Speaker J. Dennis Hastert, R-Ill., accepted the olive branch from the White House but said he stood by his position that the search warrant served on Jefferson was a violation of the "separation of powers" between Congress and the executive branch.

"This gives everybody a chance to step back," Hastert said after meeting with fellow Republicans, whose cheers at the announcement were audible outside their meeting room in the basement of the Capitol.

Hastert insisted he was defending the Constitution. "I taught it for 16 years," Hastert said. "We need to protect our Constitution. It's important that the people's records are protected."

The dispute began Saturday, when FBI agents served a search warrant on Jefferson's office and barred congressional officers -- including the House sergeant of arms and the Capitol Police -- from the site.

It is believed to be the only time in U.S. history that the executive branch has served a search warrant on a congressional office.

The Justice Department said the move was necessary after Jefferson had resisted a subpoena. Investigators already searched his home, where they retrieved $90,000 in marked bills wrapped in foil in his freezer. Earlier, he was videotaped accepting money from a Virginia businesswoman.

Congressional leaders argue that the Constitution protects lawmakers from such searches. They have offered to develop procedures for making available materials connected to a criminal investigation.

"Members were relieved to see the White House response," said Majority Whip Roy Blunt, R-Mo. "They believe it gives us a chance to find the proper way to view this material."

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Earlier in the day Thursday, Hastert used a radio interview to accuse officials in the Justice Department of seeking to intimidate him by leaking a false story to ABC News. The network reported Wednesday night that the FBI was investigating Hastert in connection with the influence-peddling investigation surrounding fallen lobbyist Jack Abramoff.

Abramoff pleaded guilty to conspiring to bribe members of Congress and steal millions from American Indian tribes he represented. Abramoff is cooperating with federal investigators.

After the ABC News report, the Justice Department twice denied Hastert was under investigation. Hastert said the report was false, and his lawyers have demanded a retraction and threatened legal action.

"This is one of the leaks that come out to try to ... intimidate people, and we're just not going to be intimidated," Hastert told Chicago radio station WGN.

ABC News reported that investigators were examining a letter Hastert and others wrote in 2003 to the secretary of the Interior to block a casino on an Indian reservation that would have competed with tribes then represented by Abramoff. The letter was written shortly after a fundraiser for Hastert at a Washington restaurant Abramoff owned at the time.

An ABC News executive said the report was careful to avoid saying Hastert was a "target" or "subject" of the investigation. "We said he was 'in the mix' and that Abramoff had said things to federal investigators which have led them to look at a number of congressmen, including the speaker," said Jeffrey Schneider, an ABC News spokesman.

The Justice Department did not comment on Hastert's claim that the leak was an act of retribution.

White House officials would not say whether Bush had spoken personally to Attorney General Alberto Gonzales about the Jefferson raid, but they said there had been "ongoing discussions" since the raid with officials from Justice and the House.

Bush ordered that the Office of the Solicitor General be responsible for ensuring that the documents remain under seal for 45 days. That office is an arm of the Justice Department that represents the government before the Supreme Court.

Gonzales, who approved the search of Jefferson's office, issued a statement saying he was satisfied with the president's decision.

"Throughout this discussion period with the Congress over the court-authorized search of Congressman Jefferson's office, the Justice Department has sought to protect the integrity of this important ongoing public corruption investigation," Gonzales said. "The president's order does that and provides additional time to reach a permanent solution that allows this investigation to continue while accommodating the concerns of certain members of Congress."

A government official, who requested anonymity because of the ongoing investigation, said Justice Department negotiators were adamant that the department not relinquish the seized materials, because it could compromise the investigation. The official said some senior department officials had been prepared to submit their resignations if Bush had ordered them returned.

Press Secretary Tony Snow has said the White House did not know about the search in advance. Thursday, he said the White House counsel's office first learned of the raid from an e-mail sent while agents were in Jefferson's office, stating simply that a search warrant was being executed.

Snow said Bush had decided to order the 45-day seal so the House and the Justice Department could "shift the focus from who gets the records right now to the more constructive task of working together to resolve the constitutional concerns of both sides."

"It became pretty obvious that this was a very complex issue, and it was necessary to give cooler heads time to prevail on it," Snow said. "We're getting into uncharted constitutional waters, and I think both sides want to reserve the integrity of their institutions."

Harvard Law Professor Charles Fried, solicitor general under the Reagan administration, said that he considered the House's legal arguments shaky -- but that Bush's actions were reasonable.

"It is something new, but in principle it strikes me as probably OK," Fried said. "No evidence is lost. (Jefferson) has no chance to flush any papers down the toilet. So it's all on ice, and people can figure it out."

Jefferson is accused of accepting cash in return for helping a Virginia businesswoman obtain contracts to provide mobile-phone and Internet services in the African countries of Ghana and Nigeria. Two Jefferson associates are cooperating with investigators, as is the businesswoman.

Members of Congress and their staff have expressed concern privately that the Justice Department was less interested in prosecuting Jefferson than in establishing a legal precedent that could be used in other investigations -- specifically the widening ethics investigation around lobbyist Jack Abramoff.

Justice Department officials will not know until at least August about their legal rights to investigate lawmakers' offices.

Bush Seals Files Seized In FBI Probe Of Jefferson (WP)

By Dan Eggen And Jim Vandehei

The Washington Post, May 26, 2006

DOJ_NMG_0029937

President Bush ordered the Justice Department yesterday to seal records seized from the Capitol Hill office of a Democratic congressman, representing a remarkable intervention by the nation's chief executive into an ongoing criminal probe of alleged corruption.

The order was aimed at quelling an escalating constitutional confrontation between the Justice Department and the House, where Republican and Democratic leaders have demanded that the FBI return documents and copies of computer files seized from the office of Rep. William J. Jefferson (D-La.).

In a six-paragraph statement, Bush cast the dispute in historic terms and said he issued the order to give Justice Department officials and lawmakers more time to negotiate a compromise. "Our government has not faced such a dilemma in more than two centuries," Bush said. "Yet after days of discussions, it is clear these differences will require more time to be worked out."

The order capped five days of tumultuous negotiations involving the White House, the Justice Department and House Speaker J. Dennis Hastert (R-Ill.), who denounced the Saturday-night raid as an infringement on the separation of powers between the legislative and executive branches and had joined Minority Leader Nancy Pelosi (D-Calif.) in demanding that the seized documents be returned.

Bush hoped to mollify Hastert, one of his most reliable legislative allies, at a time of increasingly sour relations with the GOP-controlled Congress, according to White House sources. Tempers rose so high this week that some House Republicans threatened to seek the resignation of Attorney General Alberto R. Gonzales, although GOP leaders said the idea was not seriously considered.

The agreement also marked a setback for the FBI and Justice Department, which had refused demands to return the materials -- and had resisted pressure from the White House to cordon them off, according to several officials familiar with the debate.

Bush signaled in his statement, however, that he expected the documents to eventually be made available to prosecutors. "Those who violate the law -- including a Member of Congress -- should and will be held to account," Bush said. "This investigation will go forward, and justice will be served."

The materials will be held by Solicitor General Paul D. Clement, who is not involved in the Jefferson probe, Bush's statement said.

Emerging from a House Republican meeting about the raid yesterday afternoon, Hastert said he welcomed Bush's 45-day hiatus as a cooling-off period that "gives everybody a chance to step back. I appreciate that."

In effect, Bush's order serves to grant a portion of a legal motion filed on Thursday by Jefferson, which asked that the materials seized by the FBI be locked in a secure place "to allow for full briefing and careful consideration by the court of the serious Constitutional issues and the unprecedented circumstances that give rise to this motion."

Robert P. Trout, Jefferson's attorney, called Bush's decision "a good start."

"It's not every day a lawyer has his motion granted by the president of the United States," Trout said. "We're obviously pleased with this decision."

Another potential entanglement with the FBI arose yesterday when the Capitol Hill newspaper Roll Call reported that federal agents are seeking to interview top House members from both parties as part of an investigation into leaks about the National Security Agency's domestic surveillance program to the New York Times.

Jamal D. Ware, spokesman for the chairman of the House intelligence committee, Peter Hoekstra (R-Mich.), said the effort at the moment is to determine ground rules for the interviews, "to ensure that all constitutional issues are worked out beforehand so a thorough inquiry can move forward."

In the Jefferson case, the FBI has been investigating allegations that the New Orleans Democrat took hundreds of thousands of dollars in bribes in exchange for using his congressional influence to promote business ventures in Africa. Two people -- Brett Pfeffer and Vernon L. Jackson -- have pleaded guilty to bribing Jefferson to promote iGate Inc., a Louisville-based company that was marketing Internet and cable television technology in Nigeria, Ghana and Cameroon.

Pfeffer, a former Jefferson legislative aide, is scheduled to be sentenced today in U.S. District Court in Alexandria.

Jefferson, 59, has not been charged and has denied any wrongdoing. But an 83-page affidavit used to raid his office Saturday said agents videotaped Jefferson last summer taking $100,000 in $100 denominations in bribe money. A few days later, agents found $90,000 of the money stuffed inside a freezer in his D.C. apartment.

Bush has been under heavy pressure from Hastert since Monday, when the president and the speaker appeared together at a Chicago speech, according to accounts from senior White House officials, who requested anonymity. On the ride home aboard Air Force One, Hastert was adamant that the Justice Department had violated the Constitution, and he implored the president to intervene, the sources said.

DOJ_NMG_0029938

The next day, the two spoke by phone and Hastert told Bush that he and other leaders would only intensify their campaign to stop Justice from sifting through the materials seized in the weekend search, according to the accounts.

White House officials worked late into the night Wednesday and Thursday, trying to find a middle ground. One person said efforts to get the department to strike a compromise failed.

"Obviously, emotions were running high," the official said. "There was a sense of urgency."

Bush had Vice President Cheney call Hastert to inform him of his decision. The president sees the 45-day period as sufficient to resolve the constitutional questions without disrupting the Jefferson case, according to sources.

There have also been discussions between the White House and Hastert's office about possible legislation to set parameters on handling the unique situation of prosecutors seeking congressional materials, according to administration sources.

The negotiations angered many federal prosecutors and FBI agents, who believed that the search warrant for Jefferson's office, which was signed by Chief U.S. District Judge Thomas F. Hogan, was lawful and necessary because of Jefferson's refusal to comply with a subpoena issued in August.

"Some people are definitely unhappy" with Bush's order, one law enforcement official said. "But if we can bring down the rhetoric and cool off, it may be better for everyone in the end."

Gonzales said in a statement that Bush's order will "protect the integrity" of the investigation, while providing "additional time to reach a permanent solution."

Legal experts said that Bush clearly has the legal authority to direct his Justice Department to do anything lawful with regard to an ongoing investigation.

To Ease Standoff, Bush Seals Seized Files (NYT)

By Carl Hulse And David Johnston

The New York Times, May 26, 2006

WASHINGTON, May 25 — President Bush intervened directly Thursday in an increasingly tense constitutional fight between Congress and the Justice Department by ordering that records seized from a Congressional office over the weekend be sealed for 45 days.

"Our government has not faced such a dilemma in more than two centuries," Mr. Bush said in his first statement on the swirl of events surrounding the Federal Bureau of Investigation's search of the office of Representative William J. Jefferson, Democrat of Louisiana, who has been accused of accepting bribes. "Yet after days of discussions, it is clear these differences will require more time to be worked out."

The president said that the material in question would be turned over for 45 days to the solicitor general, the Justice Department official who represents the government before the Supreme Court. That step would allow the Justice Department to say that it had not given up material regarded by prosecutors as lawfully obtained evidence needed for a criminal case.

The presidential intervention came as Speaker J. Dennis Hastert, normally the administration's champion on Capitol Hill, suggested that the Justice Department had tried to intimidate him through a news leak because of his challenge of the agency's authority to conduct the search.

In one interview, the normally reticent speaker, an Illinois Republican, portrayed a report broadcast by ABC News on Wednesday evening as calculated retaliation and said that he had demanded a retraction. The Justice Department issued firm denials of the ABC report, which was attributed to anonymous federal sources and said Mr. Hastert was part of the inquiry into the activities of the convicted lobbyist Jack Abramoff.

In a morning interview with a radio station in his home state, WGN in Chicago, Mr. Hastert said, "This is one of the leaks that come out to try to, you know, intimidate people."

He stopped short of that charge when pressed later by reporters on the West Front steps of the Capitol. But he and his allies were clearly furious. "I don't know if this leak out of the Justice Department or wherever it came was a coincidence or not," Mr. Hastert said. "But I will let anybody else try to connect the dots."

Tony Snow, the White House spokesman, said senior officials at the Justice Department had assured the White House there had been no effort to embarrass Mr. Hastert. "Just false, false, false," Mr. Snow said.

ABC News, meanwhile, continued to defend its report. "We stand by the story," said Jeffrey W. Schneider, vice president of ABC News. "We went back to our sources twice after our first report. They affirmed what we reported and what they had told us."

Before Mr. Bush's decision to step in, what law enforcement officials described as a tense drama had played out as Justice Department officials, backed by career prosecutors, refused to give up the material seized in the search of Mr. Jefferson's office. At one point, Paul J. McNulty, the deputy attorney general who was once chief counsel to the House majority leader, told Scott Palmer, chief of staff to Mr. Hastert, that he would quit rather than give up the materials to Mr. Jefferson.

By Wednesday evening, Justice Department lawyers and lawyers for the House had staked out nonnegotiable positions, with House lawyers demanding return of the Jefferson documents.

Justice lawyers, backed by the F.B.I., would not agree to hand over any of the material, which included a copy of the hard drive of Mr. Jefferson's office computer, along with calendars and date books.

Throughout Wednesday, Attorney General Alberto R. Gonzales, who had signed off on the search warrant of Mr. Jefferson's office, sought unsuccessfully to speak with Mr. Hastert. At the same time, Mr. McNulty, who has long-term Republican ties to Capitol Hill, sought to placate infuriated lawmakers.

The stalemate was broken Thursday morning, when White House aides suggested an intermediate step of turning the material over to the solicitor general. Sealing it for 45 days allows the House and the Justice Department to continue to discuss a more permanent resolution, which could be important in several other pending criminal inquiries that have focused on sitting House members of both parties.

Those include the influence-buying inquiry involving Mr. Abramoff, the convicted lobbyist, and the broadening investigation that grew out of the inquiry into the activities of Representative Randy Cunningham, the San Diego Republican who was a member of the House Appropriations Committee. Mr. Cunningham resigned his House seat last fall when he pleaded guilty to accepting more than $2 million in cash and gifts in return for steering contracts to political supporters.

At the F.B.I., officials said they would comply with the deal but complained privately that it would bar them from examining the materials discovered in the search for more than a month. Senior F.B.I. officials were not consulted in negotiations and regarded any effort to keep them from evidence as an unfair intrusion that could compromise their investigation.

The confrontation over the independence of the legislative branch from the executive branch, coming as Congress was busy trying to complete a full plate of legislation heading into a Memorial Day recess, was taking unusual twists.

Republicans were leading a challenge to the administration stemming from the criminal inquiry into a Democrat; Democrats were wrestling with how to separate themselves from Mr. Jefferson. And some were hinting that Republicans were more concerned with protecting themselves from future searches than with protecting the institution.

Mr. Bush took no sides in the fight but said the cooling-off period would "provide both parties more time to resolve the issues in a way that ensures that materials relevant to the ongoing criminal investigation are made available to prosecutors in a manner that respects the interests of a coequal branch of government." He also pledged that "this investigation will go forward, and justice will be served."

In a statement, Mr. Gonzales said the search had been approved by a federal judge. But he said Mr. Bush's action "provides additional time to reach a permanent solution that allows this investigation to continue while accommodating the concerns of certain members of Congress."

Justice Department officials said the search of Mr. Jefferson's office was lawfully carried out on the basis of a warrant signed by Judge T. S. Ellis of Federal District Court in Alexandria, Va. They said the search was intended to retrieve specific documents and e-mail messages that prosecutors hoped to find. Without identifying the documents, the officials said investigators had found what they were looking for.

Mr. Hastert and Representative Nancy Pelosi of California, the Democratic leader, issued a joint statement, saying they had directed the House counsel to open negotiations with the Justice Department on "protocols and procedures to be followed in connection with evidence of criminal conduct that might exist in the offices of members."

Mr. Bush sought to defuse the controversy as tempers were rising among House Republicans, both over the government search and what rank-and-file Republicans saw as poisonous treatment of Mr. Hastert, which could be a major problem for the administration as it tries to move legislation ahead. House Republicans met privately for more than an hour Thursday afternoon to explore the situation and hear the leadership's rationale for its strong opposition to the search.

Bush Seals Documents In Bribery Probe (CHIT)

By William Neikirk

Chicago Tribune, May 26, 2006

WASHINGTON -- Seeking to quell a rebellion in Congress, President Bush took the extraordinary step Thursday of sealing for 45 days all the documents the FBI seized from Rep. William Jefferson's Capitol Hill office as part of a bribery investigation against the New Orleans Democrat.

Bush acted after an ugly confrontation developed between the administration and House leaders, including Speaker Dennis Hastert (R-Ill.), over the constitutionality of the FBI's Saturday night raid in the House's Rayburn Office Building.

In a statement, the president said the 45-day period "will provide both parties more time to resolve the issues in a way that ensures that materials relevant to the ongoing criminal investigation are made available to prosecutors in a manner that respects the interests of a co-equal branch of government."

In a letter to the administration on Wednesday, Hastert and House Minority Leader Nancy Pelosi (D-Calif.) charged that the Justice Department, in conducting the raid, had violated the doctrine of separation of powers between Congress and the executive branch and the debate and speech clause in the Constitution. They said the documents should be returned, even if the government is conducting a criminal investigation.

An obviously angry Hastert went one step further, saying in a radio interview with WGN in Chicago that it appeared administration officials had leaked a false story to ABC News on Wednesday suggesting he was under investigation in a congressional lobbying scandal in an apparent effort to intimidate him.

When asked later if the leak was retaliatory, Hastert said, "All I'm saying is, here are the dots. People can connect the dots any way they want to. I thought it was an interesting sequence of events." White House spokesman Tony Snow said the government did not leak information to undermine Hastert. "I got pretty categorical denials," Snow said.

In response to the ABC report, the Justice Department denied the speaker was under investigation.

Hastert had even sought a private audience with the president to complain about the FBI raid. Not all members of Congress agreed with the speaker, however, and several said in statements that they saw nothing wrong with a raid seeking to uncover criminality.

Still, the raid was widely criticized on Capitol Hill by both Democrats and Republicans. It was the first time in the 219 years of the House that the executive branch raided the office of a member of Congress. The department said it acted to obtain a search warrant after Jefferson, an eight-term congressman, refused to comply with a subpoena for various documents.

Abner Mika, White House counsel under President Bill Clinton and a former House member, praised the president's action. "I think it is a reasonable, temporary solution to the problem," he said. Mikva, who also was a federal judge, raised doubts about whether the constitutional provisions cited by Hastert and Pelosi cover illegal activity by a House member.

Charles Tiefer, a professor of government and law at the University of Baltimore and a former lawyer in the House counsel's office, said, "It's historic, striking, extraordinary and represents a classic effort by the chief executive to balance several of his responsibilities—on the one hand, to respect a coordinate branch of government, and at the same time to take care that the laws be faithfully executed." Tiefer, scheduled to testify at a House Judiciary Committee hearing next week on the FBI raid, said he could not recall a president intervening by sealing seized papers.

"The overtones of a police raid like that directly on the Capitol grounds for the first time in history—especially with FBI agents slamming the door on the lawyer for the House, when she just wanted to watch what they were doing—bring to mind some of the aspects of living in a police state," Tiefer said.

Bush said the documents would remain in the custody of Solicitor General Paul Clement, who heads a separate office in the Justice Department and is not involved in the corruption probe involving Jefferson.

Bush did not cite a precedent for his action, but the president clearly was in a box, seeking to defend his own government's action even as numerous Republicans on Capitol Hill were riled over the raid.

"Let me be clear," Bush said. "Investigating and prosecuting crime is a crucial executive responsibility that I take seriously. Those who violate the law—including a member of Congress—should and will be held to account. This investigation will go forward and justice will be served."

According to FBI statements filed in court, Jefferson, the first black congressman to be elected from Louisiana since Reconstruction, accepted $100,000 in bribes, and $90,000 in cash had been found in his freezer at his Washington apartment.

Two businessmen have pleaded guilty to bribing Jefferson to promote a business venture, but the congressman has denied allegations of wrongdoing.

Pelosi, who has alleged that the Republican majority is guilty of a "culture of corruption" as the result of lobbying scandals, pushed Jefferson on Wednesday to resign his seat on the House Ways and Means Committee. But the congressman refused to do so, saying he needed to represent his city as it tries to rebuild after Hurricane Katrina.

The Jefferson scandal, however, has given Republicans a way to counter Democratic charges about a culture of corruption under GOP control of Congress. That scandal involved influence-peddling by convicted lobbyist Jack Abramoff and the resignation of former House Majority Leader Tom DeLay (R-Texas).

The speaker and Pelosi said House counsel Geraldine Gennet would meet with the Justice Department to resolve what to do with the papers seized in the raid on Jefferson's office.

A Justice Department official familiar with the negotiations with Congress said House leaders put the agency in an untenable position by demanding return of the Jefferson documents.

"Do you think there's any way the Justice Department would give incriminating documents back to an entity that the target is connected to? No way," said the source, who requested anonymity because of the delicacy of discussions between the House and the executive branch.

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Bush Seeks To Defuse Conflict With House Over Seized Documents (KRT)

By James Kuhnhenn

Knight Ridder, May 25, 2006

WASHINGTON - Trying to avert a showdown with the House of Representatives over the Constitution's powers, President Bush on Thursday ordered the FBI to stop examining files seized from a congressman's office last weekend while the House and the Justice Department negotiate a way out of their confrontation.

In a highly unusual intervention, the president ordered that files taken by the FBI from the Capitol Hill office of Rep. William Jefferson, D-La., be sealed for 45 days and held in the custody of the solicitor general.

House Speaker Dennis Hastert, R-Ill., and House Democratic Leader Nancy Pelosi, D-Calif., displayed rare bipartisan outrage this week over the FBI raid of Jefferson's office. They argued that it violated a fundamental principle of the U.S. Constitution - the independence of the three co-equal branches of government, legislative, executive and judicial. Never before has an executive police agency raided a congressional office.

"I recognize these are deeply held views," Bush said. "Our government has not faced such a dilemma in more than two centuries."

In a joint statement following the president's announcement, Hastert and Pelosi said they had directed House lawyers to negotiate with the Justice Department to establish procedures for obtaining "evidence of criminal conduct that might exist in the offices of members."

Legal experts say the Justice Department could seek the appointment of a special master to examine the seized documents and determine which ones are relevant to the investigation.

According to lawmakers who were briefed by the Justice Department, the agents carted away one box of records from Jefferson's office.

The FBI-House confrontation has roiled Washington politics.

In a radio interview Thursday that his office distributed to reporters, Hastert suggested that a report by ABC News Wednesday evening linking him to a federal influence-peddling investigation was an attempt by Justice to bully him for his opposition to the FBI's raid on Jefferson's office.

The Justice Department denied that Hastert is under investigation shortly after the ABC News report.

"This is one of the leaks that come out to try to, you know, intimidate people, and we're just not going to be intimidated by it," Hastert said on WGN radio in Chicago. "This is about trying to kind of smoke-screen some of the separation of power stuff that we're doing."

Some lawmakers have complained that the objections from Hastert and Pelosi appear self-serving and could prove to be politically embarrassing.

"They're saying a congressman's office is a safe haven ... sort of like an embassy, where traditionally you stash incriminating evidence," said Sen. David Vitter, R-La. "The position they seem to be taking is indefensible."

Because Jefferson is a Democrat, Hastert has some political cover. But the Justice Department is also investigating Republicans as an outgrowth of guilty pleas by former lobbyist Jack Abramoff and some of his associates on charges that they illegally tried to influence legislative action.

Pelosi, meanwhile, has irritated some members of the Congressional Black Caucus, of which Jefferson is a member, for asking Jefferson to give up his seat on the powerful House Ways and Means Committee, which writes tax law. Several members of the caucus have complained that Jefferson hasn't been charged with a crime and that the accusations against him have nothing to do with his work on the committee.

An affidavit filed in court to obtain last weekend's search warrant accuses Jefferson of taking a $100,000 bribe. It says $90,000 in cash was discovered hidden in his home freezer.

Bush Seals FBI-seized Files In Bribery Probe (WT)

By Stephen Dinan And Amy Fagan

The Washington Times, May 26, 2006

President Bush yesterday sealed the files the FBI seized from a Louisiana congressman's Capitol office as part of a bribery probe, saying the Justice Department and Congress should take 45 days to resolve the constitutional issues involved.

The White House has been stung by criticism from top Republicans that last week's nighttime raid of the office of Rep. William J. Jefferson, Louisiana Democrat, violated the separation of powers between the branches of government. Mr. Bush's action yesterday was both an acknowledgment that the move was unprecedented, and a plea for time for the parties to cool off.

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"Our government has not faced such a dilemma in more than two centuries. Yet after days of discussions, it is clear these differences will require more time to be worked out," Mr. Bush said yesterday afternoon.

He also said if the Justice Department and Congress can't resolve it, they should take it to court.

Under Mr. Bush's orders, the seized papers will be turned over to the Solicitor General's Office and no one will be allowed access to the files other than to preserve them.

"It's a big step in the right direction to try to diffuse the crisis that we have," House Majority Leader John A. Boehner, Ohio Republican, said of the 45-day freeze.

House Speaker J. Dennis Hastert, Illinois Republican, and House Minority Leader Nancy Pelosi, California Democrat -- the two lead critics of the raid, who earlier this week demanded the documents be returned -- said the House counsel will start negotiating with the Justice Department to reach a resolution.

Mr. Jefferson is the subject of an ongoing federal investigation.

House Republican leaders called their members to a meeting yesterday afternoon to discuss the situation. Afterward, Mr. Hastert said the 45-day freeze is "an agreement we can live with" and predicted a resolution is possible.

"I think there's a great appreciation of the 45 days and there's a great appreciation for the speaker's leadership on this," said House Majority Whip Roy Blunt, Missouri Republican.

Attorney General Alberto R. Gonzales said Mr. Bush's move "provides additional time to reach a permanent solution that allows this investigation to continue while accommodating the concerns of certain members of Congress."

Not all lawmakers, however, are opposed to the FBI's actions. Republican Sen. David Vitter, Louisiana Republican, was briefed yesterday by high-level Justice Department officials and said, "I feel more strongly than ever that that search was legal and constitutional."

He said that if lawmakers continue to complain, the American people will think Congress is trying to protect its own.

Some House Republicans also said it's politically bad for Republicans to be feuding. "I don't think we should be fighting with the FBI going into an election," said Rep. Joe Pitts, Pennsylvania Republican.

Meanwhile, Mr. Hastert yesterday accused the Justice Department of trying to intimidate him because of his vocal outrage over the FBI search.

"This is one of the leaks that come out to try to, you know, intimidate people. And we're just not going to be intimidated," he told Chicago radio station WGN yesterday morning. Later, he said, "All I'm saying is, here are the dots. People can connect any dots they want to."

Mr. Hastert was referring to an ABC News story Wednesday that referred to an unnamed law-enforcement source as saying the Illinois Republican is part of the Justice Department's investigation surrounding convicted lobbyist Jack Abramoff. Soon after the story broke, the Justice Department issued a statement saying Mr. Hastert is not being investigated.

Mr. Hastert demanded a retraction of the story, which ABC stood behind. The speaker's lawyers yesterday threatened to sue ABC on libel and defamation charges.

Bush Intervenes In Constitutional Battle Over Congress Raid (AFP-Y2)

By Laurent Lozano

AFP, May 25, 2006

President George W. Bush stepped into a growing constitutional battle between the US Congress and criminal investigators over an unprecedented raid on a lawmaker's office.

Acknowledging that the problem was a first in US political history, Bush ordered the Justice Department to seal for 45 days documents and computer discs seized in the raid on the Congress office of a House of Representatives member.

Republican and Democratic leaders have said the raid represented unconstitutional interference by the executive branch into legislative activities and demanded that the Federal Bureau of Investigation return the material.

The operation late Saturday at the office of Representative William Jefferson (news, bio, voting record), a Democrat from Louisiana suspected of corruption, was the first of its kind on the Congress building in the 219 year history of the US legislature, according to political experts.

"Our government has not faced such a dilemma in more than two centuries," said Bush, who still insisted that the investigation against Jefferson must go ahead.

"Today I am directing the Department of Justice to seal all the materials recovered from Congressman Jefferson's office for the next 45 days and not to allow access to anyone involved in the investigation," Bush said in a statement.

The materials are to be held by the solicitor general, who is not involved in the investigation.

Jefferson is accused of taking bribes for business deals in West Africa. In a search of his home last year, authorities found 90,000 dollars stuffed in his freezer, according to court documents released this week.

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Republican House speaker Dennis Hastert and Democratic House leader Nancy Pelosi said in a joint statement Wednesday that the raid was "unconstitutional" and demanded the return of the seized material.

But they also said Jefferson, who has denied any wrongdoing, must cooperate with investigators.

"What we want to do is not protect people that broke the law, what we need to protect is the division of powers in the constitution of the United States, and that's one of the things I talked to the president about," Hastert told reporters Thursday.

Bush said there were "deeply held views" in Congress on the raid.

The 45 days "will provide both parties more time to resolve the issues in a way that ensures that materials relevant to the ongoing criminal investigation are made available to prosecutors in a manner that respects the interests of a coequal branch of government," he said.

But the president also warned that Jefferson could not escape the investigation into his activities.

"Let me be clear," he said. "Investigating and prosecuting crime is a crucial executive responsibility that I take seriously. Those who violate the law -- including a member of Congress -- should and will be held to account. This investigation will go forward, and justice will be served."

Bitterness over the raid has gone so deep that Hastert has alleged that a report by a US television network that he was under investigation for corruption was a deliberate leak caused by his protest.

ABC News reported Wednesday that Hastert was involved in an investigation into Congress corruption involving convicted lobbyist Jack Abramoff, who has close links to the Republican Party.

Hastert has demanded ABC retract the report and said the Justice Department was behind the report. "This is one of the leaks that came out to intimidate people," he told a Chicago radio station.

The Justice Department took the unusual step of issuing two statements denying that Hastert was under investigation. It normally refuses to confirm or deny news reports about investigations.

Bush Orders House Documents Sealed (MRKTWTCH)

By William L. Watts, MarketWatch

MarketWatch, May 26, 2006

Move aims to defuse confrontation with House

WASHINGTON (MarketWatch) -- President Bush on Thursday ordered the Justice Department to seal documents it seized from a Democratic congressman's office for 45 days, in an effort to defuse a constitutional confrontation with House leaders.

The move came after House Speaker Dennis Hastert accused Justice Department officials of trying to intimidate him by leaking a false report to ABC News that the chamber's top Republican was under investigation as part of a corruption probe.

"This is one of the leaks that come out to try to intimidate people. And we're just not going to be intimidated on it," Hastert, R-Ill., told Chicago's WGN radio Thursday morning. The Justice Department has denied officially that Hastert is under investigation.

Hastert, the House's top Republican, has demanded a retraction, while ABC has stood behind the story.

Minority Leader Nancy Pelosi, D-Calif., and Hastert have demanded that the Justice Department return documents seized from the congressional offices of Rep. William Jefferson, D-La. They contend that the execution of a search warrant over the weekend breached the Constitution's separation of powers doctrine.

Bush ordered a cooling-off period. "Our government has not faced such a dilemma in more than two centuries," he said in a statement. "Yet after days of discussions, it is clear these differences will require more time to be worked out."

The president ordered that the FBI to turn over the seized materials to the Solicitor General, who would place them under seal.

ABC News, citing unidentified law-enforcement sources, reported Wednesday night that the FBI was investigating a letter Hastert wrote three years ago to then-Interior Secretary Gale Norton to block an Indian casino -- which would have competed with casinos operated by tribes represented by Republican lobbyist Jack Abramoff, who has pleaded guilty to federal corruption charges and is cooperating with an ongoing investigation.

Denial, denial

The Justice Department twice issued denials of the story, saying that Hastert wasn't the subject of an investigation. Such denials are rare; the agency usually refuses to confirm or deny the existence of a probe.

ABC News late Wednesday posted an update on its Web site, saying that despite the department's statement, federal law-enforcement sources said the network had accurately reported that Hastert was "in the mix" of the FBI probe of congressional corruption.

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That prompted a second statement from Justice Wednesday night. "With regards to reports suggesting that the speaker of the House is under investigation or 'in the mix,' as stated by ABC News, I reconfirm, as stated by the department earlier this evening, that these reports are untrue," said Deputy Attorney General Paul J. McNulty.

ABC News stood behind its story.

"We've gone back to our multiple sources on two occasions since we did the report, and they assured us that what they reported reflected what they knew," ABC News spokesman Jeffrey Schneider told the Associated Press.

Schneider suggested there may be a semantic difference between saying someone is formally under investigation and whether his name came up as part of a wider probe, according to the wire report.

Hastert and Pelosi issued a joint statement on Wednesday calling on the Justice Department to "immediately return the papers it unconstitutionally seized" from Jefferson's office.

"Once that is done, Congressman Jefferson can and should fully cooperate with the Justice Department's efforts, consistent with his constitutional rights," the legislators said. William L. Watts is a reporter for MarketWatch.

Bush Orders Evidence Seized From Congressional Office Sealed (BLOOM)

By Roger Runningen

Bloomberg, May 26, 2006

May 25 (Bloomberg) -- President George W. Bush ordered the Justice Department to put under seal evidence seized during a weekend raid on the congressional office of a lawmaker under investigation in a bribery case.

Bush took the step today after leaders of both parties complained that the Federal Bureau of Investigation overstepped the constitutional separation of powers by searching the government office of a member of Congress.

House Speaker Dennis Hastert, a Republican, and Democratic leader Nancy Pelosi yesterday issued a rare joint statement demanding the Justice Department return all documents taken from Representative William Jefferson's Capitol Hill office.

``I am directing the Department of Justice to seal all materials recovered from Congressman Jefferson's office for the next 45 days and not to allow access to anyone involved in the investigation," Bush said in a statement.

The material will be put in the custody of the U.S. Solicitor General's office.

Hastert has expressed frustration that the White House didn't consult him before the FBI searched Jefferson's offices on May 20. Jefferson, a Louisiana Democrat, was videotaped accepting a leather briefcase containing $100,000 in cash from a government witness, according to an FBI affidavit filed in connection with the search warrant. He has denied wrongdoing and hasn't been charged with a crime.

Hastert discussed his constitutional concerns directly with Bush this week, said Ron Bonjean, the congressman's spokesman.

``Investigating and prosecuting crime is a crucial executive responsibility that I take seriously," Bush's statement said. ``Those who violate the law, including members of Congress, should and will be held to account. This investigation will go forward, and justice will be served."

Sealing the evidence will give both sides time to ``resolve the issues" involved in the raid, Bush said.

Lawmaker Raid May Come Back To Bite Bush (WSJ)

By Jeanne Cummings And Brody Mullins

The Wall Street Journal, May 26, 2006

WASHINGTON -- The recent FBI raid of a congressman's office is fueling a power struggle between Congress and the administration that could hobble President Bush in his efforts to move his legislative agenda.

In hopes of easing tensions, President Bush yesterday ordered frozen all documents taken by federal agents during Saturday's search of the office of Louisiana Democrat Rep. William Jefferson, who is being investigated for taking bribes. The documents will now be sealed for 45 days, which the president hopes will provide a cooling off period.

The president had good reasons to act. The fracas turned into a near-open revolt yesterday among House Republicans -- normally the White House's staunchest backers -- who were infuriated by a news report that Speaker Dennis Hastert himself was a subject of the federal corruption probe.

Even though the Justice Department denied the report, Mr. Hastert, in a Chicago radio interview yesterday, accused Justice of leaking the report to try to silence his criticism of the Jefferson raid. "This is one of the leaks that come out to try to, you know, intimidate people," Mr. Hastert said. "We're just not going to be intimidated on it."

The new tensions with Capitol Hill could have a real impact on the White House. Mr. Hastert, a burly former wrestling coach, has been one of the White House's best friends on Capitol Hill. As the Senate has been willing to challenge the White

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House, Mr. Hastert delivered a succession of legislative victories over the years to President Bush even when it meant bending the will of his own moderate or conservative wings.

For much of Mr. Bush's term, the president's aides and policies haven't been subject to the level of congressional oversight that critics have demanded. Now, more administration officials could find themselves being hauled before skeptical -- if not hostile -- oversight committees, such as the hearings scheduled by the House Judiciary Committee next week to review the Jefferson office raid. In press releases, Judiciary Chairman James Sensenbrenner (R., Wyo.) has dubbed the hearings: "Reckless Justice: Did the Saturday Night Raid of Congress Trample the Constitution?"

The battle could also embolden the Senate to pass a tougher version of legislation limiting the administration's ability to conduct domestic spying programs with the hope that the House would back them, rather than Mr. Bush, as it has in the past. And there could be more fights over spending bills, even as the spat could scuttle any hope of passing a comprehensive overhaul of immigration laws, which the White House views as a key prong of its election strategy.

"The House is now faced with a reality of power," says former Republican House Speaker Newt Gingrich, a possible candidate for president in 2008 now working at the conservative American Enterprise Institute think tank. "Either they do things that involve appropriations or oversight that are real, or they earn the contempt with which they are being treated."

The ABC News Hastert report came the same day Mr. Hastert had joined with House Democratic Leader Nancy Pelosi in claiming the Jefferson raid violated the constitution because it represented an infringement by the executive branch into the realm of the legislative branch.

"Obviously they don't like to be challenged and they were by the most powerful people on the Hill," Rep. Ray LaHood (R., Ill.) said in an interview. "I think Justice pointed the gun at the wrong person this time."

Frustration between the House and the Justice Department stems in part from the probe of lobbyist Jack Abramoff.

Mr. Abramoff in January pleaded guilty to trying to bribe members of Congress, and has been cooperating with federal investigators. Much of the evidence that has emerged suggests Mr. Abramoff curried favor with lawmakers by shoving cash from his clients into their campaign accounts, providing flashy accommodations for fund-raisers, such as his own downtown restaurant or skyboxes for football or basketball games, and paying for expensive trips abroad.

For many lawmakers, the investigation seems to be moving from the most egregious practices of a few members to criminalizing some basic fund-raising and lobbying techniques. "There is widespread belief on the Hill that the Justice Department is out of control with this idea that campaign contributions equals bribery," noted one Republican close to the caucus.

Thus far, government attorneys haven't made such a claim in a case against a lawmaker. But several have been forced to publicly explain how campaign donations didn't affect their official acts and to turn over documents to the FBI to prove it.

FBI agents are also seeking to interview House and Senate members to see if they leaked information to the New York Times last year disclosing the administration's controversial program allowing some eavesdropping on domestic telephone calls. Justice officials have hinted that criminal charges could be lodged in that investigation.

"For an administration that needs allies in order to come back," the Justice Department's actions are "dumbfounding," says David Gergen, a veteran of Republican and Democratic administrations.

Mr. Bush has, in some ways, aggravated congressional Republicans since the beginning of his presidency, when he sought strict loyalty from legislative partisans, arguing that his success and theirs were inseparable. Now, many fear that they -- and not Mr. Bush -- will pay an electoral price for backing what is now an unpopular war in Iraq, and the president's plunging approval ratings.

Yesterday afternoon, House Republicans gathered in a windowless basement room for a private meeting aimed at sorting through the roller coaster of the past few days. They left the meeting carrying talking points from Republican leaders: "No one is above the law," the paper said. "Just as no branch of government is above the Constitution."

Hastert Slammed For Raid Reaction (WT)

By Ralph Z. Hallow

The Washington Times, May 26, 2006

Conservatives yesterday expressed confusion and outrage over House Speaker J. Dennis Hastert's defense of a Democratic congressman whose Capitol Hill office was raided last weekend by the FBI.

"Only thing I can figure is that Denny got up one morning and said, 'Our approval with the public is at 27 percent -- how can I drive that down further?' " said former Rep. Bob Barr, Georgia Republican.

House Republicans, meanwhile, refused to criticize their leader, who joined Minority Leader Nancy Pelosi in accusing the Justice Department of violating "protocols and procedures" because of the FBI's Saturday night seizure of records from the offices Rep. William J. Jefferson, Louisiana Democrat.

Radio host Rush Limbaugh yesterday told his millions of listeners that the Hastert-Pelosi alliance shows the GOP has become "politically tone-deaf," while a Louisiana senator was the only elected Republican in Washington to criticize the defense of congressional privilege by Mr. Hastert, Illinois Republican.

"For congressional leaders to react by trying to ban or limit searches of congressional offices will only destroy what little faith and confidence in the institution is left," said Sen. David Vitter, Louisiana Republican. "Make no mistake, the American people will come to one conclusion, that congressional leaders are trying to protect their own from valid investigation."

Veteran conservative activist Richard Viguerie said Mr. Hastert "is clueless -- he just doesn't get it, doesn't understand he has to make changes, the same in the Senate."

Mr. Viguerie predicted that "this whole thing is going to come down on" Republicans, who are expecting a powerful Democratic challenge this November to their 12-year control of the House, in a campaign where scandal and corruption have already become a key issue.

Several polls in recent weeks have indicated that Americans consider the GOP more prone to corruption than Democrats. Earlier this month for example, a CBS/New York Times survey reported that 40 percent of those polled said "Republicans in Congress are more financially corrupt," compared to 15 percent who said Democrats are more corrupt and 30 percent who said both parties are equally corrupt.

The political impact of the Jefferson case -- the New Orleans congressman who prosecutors say hid $90,000 in bribe money in his freezer -- drew Mr. Limbaugh's attention.

"Here you have the Democrats attempting ... to craft as a campaign theme the Republican 'culture of corruption,' and lo and behold, delivered to the Republicans on a silver platter is Congressman William Jefferson," the nation's No. 1 talk-radio host said yesterday. "So you would think that the Republican leadership would understand there's an opportunity here."

Court documents describing the Rayburn House Office Building search revealed new details of federal prosecutors' corruption charges against Mr. Jefferson, part of a continuing investigation that has already produced two convictions, including a former Jefferson aide.

Mr. Hastert and Mrs. Pelosi yesterday said the Justice Department's search of Mr. Jefferson's office was a violation of the separation of powers guaranteed under Article I of the Constitution, which says members of Congress "shall in all cases, except treason, felony and breach of the peace, be privileged from arrest during their attendance at the session of their respective houses, and in going to and returning from the same; and for any speech or debate in either House, they shall not be questioned in any other place."

Mr. Barr, a former federal prosecutor -- and a leader in the 1998 impeachment of President Clinton -- scoffed at the Hastert-Pelosi statement.

"There is no constitutional right to secret evidence of criminal activity, just because it happens to occupy space on Capitol Hill," said Mr. Barr. "I think the FBI is perfectly within its rights to exercise a judicially approved search warrant."

One top Republican in Washington yesterday said privately that the problem was that nobody in the Bush administration had bothered to tip off Mr. Hastert or House Majority Leader John A. Boehner before the FBI staged its search of Mr. Jefferson's offices. Capitol Hill insiders said complaints by some House Republicans were aired in a tense two-hour closed-door leadership meeting yesterday.

While the House GOP publicly closed ranks behind Mr. Hastert, Mr. Viguerie yesterday said the leader's stance was arrogant.

"What Hastert and Pelosi are doing in hammering the FBI is saying, 'We play by different rules from ordinary people. We protect each other, Republicans and Democrats, in Congress,' " said Mr. Viguerie. "Congress makes sure its members have no serious competition, and the public understands and resents that."

Mr. Barr said the House leadership's stand was motivated in part by resentment of the Bush White House.

"I suppose on a very general level Congress has for some reason awakened from its constitutional sleepwalk and seized on this as way to assert it relevance and power," Mr. Barr said. "The Congress has allowed itself to be slapped around by the Bush administration and appears to be unconcerned about eroding the base of its authority."

Analysis: Congress-FBI Flap May Irk Voters (AP-Y2)

By Tom Raum

AP2, May 25, 2006

The constitutional clash over the FBI raid of a lawmaker's office in a corruption probe has triggered an exceptional display of congressional bipartisan unity. But there are pitfalls for both parties.

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Additional prosecutions loom in the investigation surrounding convicted lobbyist Jack Abramoff, and calling more attention to corruption — and congressional privilege — could further drive down election-year approval ratings for all of Congress. These numbers already languish below those of President Bush.

"I don't think it's wise politically for Congress to stand too tall on this issue," said Paul C. Light, professor of public service at New York University.

While the Constitution does extend certain protections to lawmakers against being intimidated or controlled by the executive branch, "I don't think the American public would warm easily to the notion that Congress can't be investigated because the Constitution says otherwise," he said.

Bush sought to defuse the battle between the Justice Department and Congress on Thursday, ordering documents seized by the FBI — which congressional leaders want returned — to be sealed for a 45-day cooling-off period.

Even if the debate may not be stirring ordinary Americans, it's become a huge deal in turf-sensitive Washington.

The weekend raid on the legislative offices of Rep. William Jefferson (news, bio, voting record), D-La., was said to be the first such physical encroachment by the executive branch on Congress in the nation's history.

Yet for ruling-party Republicans, the more attention they give the issue, the more likely voters will be reminded of GOP figures under prosecution as well.

This includes charges against former Majority Leader Tom DeLay of Texas and former vice presidential aide I. Lewis "Scooter" Libby — as well as the bribery investigation that already has sent former Rep. Randy "Duke" Cunningham, R-Calif., to prison.

Furthermore, the flap comes at a time when the Bush administration faces criticism for pushing the envelope of its executive powers in warrantless eavesdropping by the National Security Agency and in other surveillance and detention programs.

For Democrats, the more they blast FBI tactics against one of their own, the harder it will be to make their "culture of corruption" label stick against Republicans. And the more they may reinforce public perceptions that corruption in Washington is bipartisan.

Senate Minority Leader Harry Reid, D-Nev., was among the few leaders counseling restraint, saying, "I'm not going to beat up on the FBI." But Reid's House counterpart — Minority Leader Nancy Pelosi, D-Calif. — joined House Speaker Dennis Hastert in a blistering joint condemnation of the FBI's tactics that demanded return of the seized documents.

The FBI called its behavior proper and necessary, noting the bureau had obtained a warrant and that Jefferson had ignored a subpoena for the information issued last August. The FBI is investigating allegations that the eight-term House member, who represents New Orleans, took hundreds of thousands of dollars in exchange for promoting business ventures in Africa.

Congressional leaders accused the FBI of overstepping the bounds of what's permissible under the Constitution's separation-of-powers provisions. In particular, they asserted the FBI violated the "speech and debate" protections in Article 1, Section 6.

That section states that members of Congress "shall in all cases, except treason, felony and breach of the peace, be privileged from arrest during their attendance at the session of their respective houses, and in going to and returning from the same; and for any speech or debate in either house, they shall not be questioned in any other place."

The prohibition against searching congressional offices is not spelled out. It's more a matter of tradition, many legal analysts argue.

"You can't hide bribery behind the `speech and debate clause,'" said Melanie Sloan, a former federal prosecutor who is director of Citizens for Responsibility and Ethics in Washington.

"I find it kind of ironic that the one time they're getting exercised about the possible abuse of executive power is when the executive branch is looking into congressional corruption," Sloan said.

But Norman Ornstein, a political analyst at the American Enterprise Institute who specializes in Congress, said the dispute is "a big deal. This has never happened before and there's a reason this has never happened before. This is a pretty direct violation of the `speech and debate' clause. If I were the speaker, I would really be upset."

Hastert was.

He escalated matters Thursday by accusing the Justice Department of trying to intimidate him, hinting it was linked to an ABC news report that alleged he was under investigation for dealings with Abramoff. Hastert also threatened to sue the network. The Justice Department denied Hastert was a target of its investigation.

Fallout From Jefferson Case May Hurt His Party (USAT)

By Anne Rochell Konigsmark

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USA Today, May 26, 2006

NEW ORLEANS — International bribery schemes hatched in fancy hotels outside the nation's capital. Wads of cash in foil-wrapped bundles in a congressman's freezer. A Saturday night raid by federal agents on Capitol Hill.

At the center of Washington's latest alleged political scandal: Mild-mannered, Harvard-educated U.S. Rep. William Jefferson, Louisiana's only black congressman and a fixture in New Orleans politics since the 1970s. The eight-term House member is suspected of taking money to help a Kentucky technology company called iGate Inc. win lucrative contracts in Africa.

Jefferson, 59, has not been charged and he denies the allegations, which have shocked residents in the Katrina-ravaged neighborhoods he represents.

"I believe he is innocent, whatever the accusations are," says Pearl Thomas, Jefferson's 73-year-old neighbor.

Others, such as Cheron Brylski, a political consultant who once backed Jefferson's opponent in a congressional race, say they have always wondered about him.

"We called him 'Dollar Bill.' … There is this awful perception of him as someone out for personal gain, and that has haunted him almost from day one," Brylski said. She later befriended Jefferson, however, and ran two of his campaigns. "The Bill Jefferson I know, there are two sides. I would consider him one of the few Democrats who literally believes in the Democratic Party platform."

Louisiana has always borne a reputation for corrupt politicians. Jefferson's alleged misdoings may cause more than just red faces, however. Louisiana is still recovering from Hurricane Katrina, and billions in federal dollars await congressional approval.

"Since the storm has hit, we've basically been without representation in that district," says Russell Henderson, a lobbyist and a teacher at Dillard University in New Orleans. "The congressman has been unable to provide us with any kind of leadership. Everything he would say or do is distracted by his problems with the feds."

A host of Louisiana politicians — former governor Edwin Edwards, most famously — have been caught in local kickback schemes. This case alleges overseas deals and bribery of foreign officials, however. Not only could it be bad for Louisiana, but also for Democrats nationally, who are trying to win mid-term elections by painting Republicans as corrupt. This week, House Democratic leader Nancy Pelosi asked Jefferson to give up his seat on the powerful Ways and Means Committee. He refused.

The case against Jefferson was revealed in an affidavit filed Saturday to obtain a search warrant for the congressman's office. Jefferson called the raid, possibly the first on a congressman's office in history, "outrageous." Leaders of both political parties denounced the raid as a violation of the constitutional separation of powers. In response, President Bush Thursday ordered the materials to be sealed for 45 days.

The details from the affidavit, though, are out there, and they sound as if they were ripped from a crime novel:

The FBI described secretly recorded conversations and meetings between Jefferson and an investor in iGate Inc.'s Africa project. The investor, whose name is blacked out in the public version of the affidavit, approached the FBI in 2004 to allege that Jefferson had demanded "consulting fees" in exchange for his help with a deal to provide wireless services to West African nations.

Last July, the witness met with Jefferson at the Ritz-Carlton in Arlington, Va. They walked outside to the witness's car, where Jefferson retrieved a leather briefcase filled with $100,000 in marked bills, money the congressman said he would use to coax African officials into the deal.

Four days later, the FBI raided Jefferson's homes in New Orleans and Washington. The affidavit says they found $90,000 of the cash in his Washington freezer, wrapped in foil and nestled in plastic food containers.

The court document says agents videotaped Jefferson as he struck deals on slips of paper passed back and forth at the hotel, with Jefferson speaking of money being funneled to a bank account in his children's names. FBI tapes recorded Jefferson using colorful language during the secret meetings, describing himself as a man "in the shadows, behind the curtain," the affidavit said. When he demanded more money by writing down a percentage and passing it across a table, he laughed and said, "All these damn notes we're writing to each other as if we're talking, as if the FBI is watching," according to the affidavit.

Jefferson now says, "There are two sides to this story."

Two of Jefferson's associates have pleaded guilty and are cooperating with the FBI. Vernon Jackson, chief executive of iGate Inc., said he paid hundreds of thousands of dollars to Jefferson and his family members in exchange for help securing contracts.

In Jefferson's Louisiana district, the potentially damning evidence against an ambitious and accomplished man is disheartening, even to those who aren't surprised.

Jefferson was born in 1947 in the north Louisiana town of Lake Providence, known as one of America's poorest. After graduating from Harvard Law School, he founded what is now the largest majority-black law firm in the South. He was a well-

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respected, three-term state senator before being elected to Congress in 1990. Three of his five daughters graduated from Harvard College and Law School; one is a state representative.

"His legacy has been tremendous," says Trevor Bryan, who was his law partner from 1976 to 1990. "He knocked down a lot of doors (for blacks) in the Deep South."

With one week to go before hurricane season begins, and Congress poised to vote on billions in hurricane relief, another political scandal has bubbled up. The uncle of former mayor Marc Morial pleaded guilty Wednesday to stealing from the Regional Transit Authority, which he managed. An ongoing federal corruption probe of Morial's friends and associates could implicate others.

"We're staggering as a city, and all this is another blow," Henderson says.

There's A Right Way (USAT)

By Rep. Dennis Hastert

USA Today, May 26, 2006

If the information we have read about the behavior of Rep. William Jefferson, D-La., seems as obvious to a jury as it does to me, he deserves to be vigorously prosecuted. I do not want to do anything that will interfere with that prosecution.

The issue that has concerned me, as Speaker, since Saturday night is not if the FBI should be able to search a member of Congress' office, but rather how to do it within the boundaries of the Constitution.

On Thursday, President Bush recognized that serious constitutional issues needed to be resolved. He wisely directed the Department of Justice to send the documents (taken from Jefferson's office last weekend) to the Solicitor General's office for safekeeping for 45 days. This was a meaningful step. The president also encouraged the Justice Department to meet with us.

Democratic Leader Nancy Pelosi and I directed the lawyers for the House to develop reasonable protocols and procedures that will make it possible for the FBI to go into congressional offices to constitutionally-execute a search warrant.

In more than 219 years, the Justice Department has never found it necessary to use a search warrant to obtain documents from a congressional office. These issues have always been resolved without the necessity of a search warrant, and prosecutions have gone forward.

Justice Department officials now insist that this specific case required them, for the first time, to conduct a search. I regret that when they reached this conclusion, they did not work with us to figure out a way to do it consistently with the Constitution. But that is behind us now. I am confident that in the next 45 days, the lawyers will figure out how to do it right.

Rep. Dennis Hastert, R-Ill., is speaker of the U.S. House of Representatives.

Cash-in-Freezer Probe A Hot Topic In New Orleans (LAT)

By Ann M. Simmons, Times Staff Writer

The Los Angeles Times, May 26, 2006

Friends and foes of Rep. William J. Jefferson, who is accused in bribery case, voice a range of opinions from denial to distrust.

NEW ORLEANS — Rep William J. Jefferson has long provided one of Louisiana's favorite success stories: the sometime-sharecropper's son who rose from rural roots to attend Harvard Law School, become a Democratic Party power player and reach the halls of Congress.

So when the FBI revealed that it had videotape of Jefferson accepting $100,000 in cash that the bureau said was intended to bribe a Nigerian official — and that $90,000 of it had been found in the freezer of Jefferson's home — constituents of Louisiana's 2nd Congressional District reacted with shock, disappointment and a touch of amusement hardened by experience.

Friends say the allegations against Jefferson, who represents New Orleans, are simply out of character. Foes say they never trusted him. Now that the city's mayoral elections are over and incumbent C. Ray Nagin is in office for four more years, Jefferson's travails are the buzz around many quarters of this city.

"It's really the new talk after the elections," said Mike Miller, 26, as he walked his English bulldog, Buddha, one recent afternoon not far from Jefferson's house on Marengo Street in a ritzy section of the city's Uptown neighborhood. "We've got our mayor, and now we've got this big one with Bill."

"When they found the money in the freezer, man … " said Ricky Bragg between bites of spaghetti Bolognese at Fat Harry's bar in Uptown. "I was kind of shocked. I just never thought he would get caught up — allegedly — in that type of situation."

Jefferson, an eight-term congressman and a senior member of the powerful House Ways and Means Committee, and its subcommittee on trade, has not been charged with any crime. And he has denied any wrongdoing in a case that alleges he offered to bribe a Nigerian official and accepted kickbacks to help a U.S. telecommunications company land deals there and in Ghana.

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But the general sentiments among friends and supporters have been disbelief and denial.

"No one expected him to be involved in a scandal of this proportion," said John Maginnis, a political analyst and independent journalist who publishes the Louisiana Political Fax Weekly.

The 59-year-old Jefferson, a tall, lean man — low-key, soft-spoken and a dapper dresser — has had a primarily scandal-free career.

Analysts believe his rise from privation to power has helped defuse the outrage that might have ignited if he were someone else.

Raised in rural northeastern Louisiana to parents who didn't graduate from high school, Jefferson still managed to excel. The crowning moment of his career came in 1991, when he became the first African American elected to Congress from Louisiana since Reconstruction. Along the way, Jefferson raised five daughters — three of them also Harvard Law School graduates, one of whom is a Louisiana state representative.

"I think people don't want to believe that he's gone wrong," said Wayne Parent, a political analyst at Louisiana State University in Baton Rouge. "Until now, he never really caused a lot of controversy, and that's why reaction has been as slow as it has been. I don't think people in Louisiana want to hear this."

As a child, Jefferson attended the East Carroll Training School for the Colored. He went on to Southern University A&M College — considered a flagship of Louisiana's African American university system, which includes Dillard and Xavier in New Orleans — and then to Harvard Law, before earning a master of laws in taxation from Georgetown in 1996.

"He had tremendous confidence in his ability to do well," said New Orleans attorney Trevor Bryan, a longtime friend and former law firm partner of Jefferson, who in the 1970s founded Jefferson, Bryan and Gray (now Bryan and Jupiter), which became the largest predominantly African American firm in the South. "He did good in his courses. He was always hardworking, almost a workaholic."

Though a competent legal practitioner, politics was always Jefferson's passion, friends said.

"He's a smart guy, a guy who started with the idea of trying to get blacks involved in politics," said New Orleans attorney Walter Wilkerson, who ran Jefferson's campaign for the state Senate. "He was committed to improving conditions for blacks. The results have been mixed … but before this incident, he was roundly applauded."

"What is surprising is that he's been devoted to political life and not to financial success," Bryan said. "He had a lot of opportunity at various stages to make a lot of money. He gave up a good salary to go to Congress. His major goal was public service."

But critics say the alleged evidence — the videotape and the money supposedly found in Jefferson's freezer — is too damning to be ignored.

"We think the behavior is not fitting for a member of Congress, and that it's time for him to step down," said David Donnelly, national campaigns director for the Public Campaign Action Fund, a Washington-based nonprofit, nonpartisan watchdog organization. The group has launched a petition calling for Jefferson's resignation.

In an editorial Thursday, the Times-Picayune called on Jefferson to immediately announce that he would not run for reelection. "The congressman is entitled to the presumption of innocence and to his day in court. He is not entitled to inflict more pain upon an already traumatized district," the newspaper said.

A composed and stoic Jefferson has continued to insist that he is still effective, and his director of communications, Melanie Roussell, said he was continuing his job, business as usual.

Since Katrina, Jefferson has introduced legislation that would allow eligible homeowners to temporarily defer mortgage payments; secured disaster recovery grants for local universities; co-sponsored a bill designed to rebuild the healthcare infrastructure in hurricane-damaged areas; and co-authored legislation that provides major tax incentives to business development in the Gulf Coast region.

In the Uptown neighborhood, where Jefferson has a house on a street defined by stately wooden frame homes with white-painted pillars, neighbors said the congressman and his family were usually visible and accessible.

"He seemed to be a decent guy," said Uptown resident John Ritchie, who said he had met Jefferson on many occasions and voted for him.

"I personally liked the man. After Katrina, we need him in the House Ways and Means Committee. It's a blow, not just for the city but the whole state. We need more positive things down here right now to get on our feet."

Ritchie said he was willing to "wait and see" what comes out of the investigation because "there are two sides to every story…. Everybody deserves a fair shot."

"I always voted for him because I liked the way he voted in Congress," said Michelle Breaux, another neighborhood resident. "But it's very disgusting what he's been doing. I've met his daughters. They're intelligent, well-educated. They can look after themselves. They don't need Daddy's help."

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The FBI affidavit said Jefferson channeled the bribery money into a company owned by his wife and daughters.

Jefferson has denied the charge, but some neighbors said they were not surprised by the alleged indiscretions. Many recounted news reports that Jefferson had diverted National Guard troops from their duties at the height of the rescue efforts after Hurricane Katrina to take him to his house to retrieve some belongings. Jefferson has said the troops insisted on accompanying him because of alleged sniper fire in the area.

"I just never really trusted him," said Joe Kopfler, 59, as he sat on a step in front of his home, around the block from Jefferson's. "He always seemed like his morality wouldn't be of a high standard."

Other residents dismissed the scandal as another corrupt Louisiana politician. In the last decade, Louisiana has seen an attorney general, a congressman, a state Senate president, a federal judge and numerous local officials convicted of corruption. Investigators are currently looking at the administration of former New Orleans Mayor Marc Morial; and Jefferson's brother-in-law, Judge Alan Green, is serving time for mail fraud.

"It's kind of so common around here … money changing hands in brown paper bags," said doctoral student Vico Marziale, 29, as he nursed a beer at Fat Harry's. "We suspect all the politicians around here. It's become a joke. You know, like … 'We've got another one.' "

G-Men Vs. Members Of The House (LAT)

The Los Angeles Times, May 26, 2006

IT IS OUTRAGEOUS ENOUGH that both the speaker and the minority leader have complained about a lawful FBI search of the offices of a fellow House member. It's even more outrageous that the president is now trying to placate them by announcing that records seized in the search will be off-limits to investigators for 45 days.

A Kentucky businessman has pleaded guilty to paying more than $400,000 in bribes to the family of Rep. William J. Jefferson (D-La.) in exchange for his assistance with business ventures in Nigeria. Jefferson denies any wrongdoing. On Saturday night, FBI agents, armed with a warrant, searched Jefferson's offices in the Rayburn House Office Building.

The search provoked a display of righteous indignation from Speaker J. Dennis Hastert (R-Ill.), who accused the Justice Department of the constitutional equivalent of desecrating a church. Joined by Rep. Nancy Pelosi (D-San Francisco), the speaker invoked the doctrine of separation of powers and demanded that the records be returned. This is the sort of bipartisanship the country can do without.

Like Willie Sutton, who said he robbed banks because that's where the money was, the FBI searched Jefferson's offices because that's where he kept his records. This wasn't a case of jackbooted thugs from the executive branch rifling willy-nilly through congressional files in search of embarrassing information. Unlike Sutton, the agents who searched Jefferson's office were acting lawfully and within the requirements of the 4th Amendment.

The speaker and minority leader make the argument that the search ran afoul of the Constitution's "speech and debate" clause, which says in part that members of Congress "shall in all cases, except treason, felony and breach of the peace, be privileged from arrest during their attendance at the session of their respective houses, and in going to and returning from the same." Nothing in this language creates a legal force field around Capitol Hill that federal agents with a lawful warrant may not penetrate.

That makes President Bush's actions on Thursday even more indefensible than Hastert's and Pelosi's. Bush said his order would allow time "to resolve the issues in a way that ensures that materials relevant to the ongoing criminal investigation are made available to prosecutors in a manner that respects the interests of a co-equal branch of government."

Although the president is the head of the executive branch, he shouldn't second-guess the conduct of a criminal investigation because of meritless complaints from Capitol Hill. The sooner this "seal" is broken, the better.

One Man's Constitutional Crisis ... (NYT)

The New York Times, May 26, 2006

Republicans and Democrats in the House of Representatives have achieved an almost unprecedented level of bipartisanship in denouncing the F.B.I.'s search of a congressman's office. They talk angrily about the separation of powers and the implications of having an executive branch agency make a foray into a lawmaker's official space. Our first question is where all these concerned constitutionalists have been for the last five years.

Time and time again, Congress has played dead when the executive branch refused to provide it with information, answer questions or follow laws that the legislative branch has passed. Currently, the Senate Judiciary Committee, which has not been the worst offender, is tinkering dangerously with the laws covering domestic wiretapping by the National Security Agency. It could end up endorsing a program that the White House won't even fully describe to a vast majority of lawmakers.

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Compared with the enormous issues at hand, the matter of Representative William Jefferson is small potatoes. The F.B.I. says that it videotaped the congressman accepting $100,000 to grease the way for some business deals in Africa, and that agents found most of the money in his freezer. The Justice Department obtained a warrant, entered Mr. Jefferson's office and removed files that it says are related to that investigation.

Mr. Jefferson says there are two sides to every story, although he has not yet offered his. That does not make him guilty — indeed, he is yet to be charged. The House leaders demanded that the seized documents be returned, and the White House ordered them sealed for 45 days to buy time.

The F.B.I. is going to have to show some very good reasons for having precipitated this showdown. Federal investigators have managed to prosecute many other officials for corruption over the last 200-odd years without ever barging into Congressional offices in the process. The danger of abuse with this kind of activity is enormous, especially with a president and an attorney general whose grasp for power seems to have no limits. They cannot be trusted to keep legitimate police activity from turning into political persecution. Just yesterday, administration officials were talking about having the F.B.I. interrogate lawmakers in an attempt to find the sources of the Times article disclosing Mr. Bush's domestic spying operation. That would certainly represent a major breach of the separation of powers principle.

The constitutional claims made by the Congressional leadership on the Jefferson case seem overblown. House and Senate members are protected from arrest while going about their official business to shield them from intimidation and meddling by the executive branch in the affairs of state, not to deter law enforcement officials from doing their lawful duty to investigate possible felonies.

But members of Congress who have been politically comatose or complicit as the Bush administration built itself an imperial presidency, immune from the historical powers of the legislative branch, are up in arms. The House Judiciary Committee, which has been in the forefront of the long-running cave-in, has scheduled a hearing that the chairman has titled "Reckless Justice: Did the Saturday Night Raid of Congress Trample the Constitution?"

It seems like a phony approach to a real problem.

Lawmakers, Quiet On Your Rights, Roar About Theirs (USAT)

USA Today, May 26, 2006

Now we know what it takes to make Congress mad enough to stand up for constitutional rights.

When the government snoops on your phone calls and records without warrants, lawmakers barely kick up a fuss. But when the target is a fellow congressman — one under investigation for taking a bribe, no less — they're ready to rumble.

Witness the bipartisan frenzy set off after the FBI searched the Capitol Hill offices of Rep. William Jefferson, D-La., on Saturday. The FBI had a court order. According to an FBI affidavit, he was videotaped taking $100,000 in cash from an investor working undercover for the FBI. Agents found $90,000 of it stuffed in his freezer at home, the affidavit said.

Never mind all that. Leaders of the House of Representatives are appalled. They say the search violated the Constitution's separation of powers, "designed to protect the Congress and the American people from abuse of power."

House Speaker Dennis Hastert, R-Ill., and Minority Leader Nancy Pelosi, D-Calif., who rarely agree on anything, demanded that the Justice Department return the "unconstitutionally seized" documents. House Judiciary Committee Chairman James Sensenbrenner, R-Wis., said the episode raised "profoundly disturbing" questions. He set a hearing for Tuesday to ask: "Did the Saturday night raid of Congress trample the Constitution?"

If only those leaders were as profoundly disturbed about executive branch incursions on the rights of average citizens. You certainly have to wonder where they've been for the past several years while the Bush administration ran roughshod over the legislative branch and launched anti-terror programs of questionable legality.

Last December, The New York Times revealed that the National Security Agency (NSA) was wiretapping international phone calls without court warrants. Hastert didn't make a peep. Pelosi and other Democrats loudly protested, but nothing came of it. As it turns out, Pelosi was part of a tiny leadership group that had been briefed on the program since October 2001.

The scenario repeated itself this month when USA TODAY revealed that the NSA has collected millions of phone records.

So now the leadership swings into action because the FBI searched a Capitol Hill office for evidence of criminal activity?

This is not to belittle the separation of powers doctrine. It's meant to prevent a president from using investigations and unwarranted searches to intimidate lawmakers in their official duties. The Justice Department might have minimized the outcry by managing the search with more deference to congressional sensitivities. But there's no evidence that the Jefferson raid was an abuse of power.

A more appropriate response from congressional leaders would have been remorse over their failure to do anything meaningful to make members act ethically. Hastert, for instance, replaced a House ethics committee chairman last year after he attempted to enforce some rules. Congressional offices, obviously, should not be sanctuaries for crime, but the outcry from

Capitol Hill brought quick action. On Thursday, President Bush ordered the documents seized in Jefferson's office to be "sealed" from the investigators' view for 45 days, while the Justice Department and Congress settle their differences.

What a pity that Congress' leaders haven't used their clout to protect the public's rights as eagerly as they defend their own.

Editorial: Raid Reverberations / Distrust Shadows FBI In Visit To Congress (PPG)

Pittsburgh Post-gazette

Pittsburgh Post-Gazette, May 26, 2006

The unprecedented Federal Bureau of Investigation raid Saturday night and Sunday on the congressional office of Rep. William J. Jefferson, Democrat of Louisiana, has prompted outrage on both the Republican and Democratic sides of the aisle in Congress.

The issue is complicated. On the one hand, sending the FBI in to search the office of a member of Congress is an example of the jackbooted approach of the administration of President Bush to the legislative branch of what is supposed to be constitutionally based, three-branch American government. The raid was consistent with the administration policy of surveillance by the National Security Agency of Americans' phone calls and e-mails: disregard of the legal requirement to obtain an order from the Foreign Intelligence Surveillance Court before instituting bugging, and failure to keep the Congress informed on the subject.

By no stretch of the imagination could the FBI raid on Mr. Jefferson's office be considered to be a national security matter either.

On the other hand, it is hard to be sympathetic to Mr. Jefferson. There is an argument that the case against him, the $90,000 in cold cash found stashed in his freezer at home, led naturally to a presumption on the part of the FBI that a stop of an icy love train in the congressman's office might provide further relevant evidence. Or, suppose that a murder had occurred in a congressional office. Could anyone argue that police should not be admitted there to gather evidence?

But both the Republicans, in the form of Speaker J. Dennis Hastert of Illinois, and the Democrats in the form of House Minority Leader Nancy Pelosi of California, have hit the roof. Their argument is based soundly on the Constitution, the concept that Congress cannot play its appropriate role in American government if representatives of the executive branch can go unbidden into their offices to search and scoop up documents and computer-stored information at will.

A more skeptical approach to the issue would attribute members' indignation at the search of Mr. Jefferson's office to concern at what would be found if their own offices were searched.

Overall, we see the Sunday raid as the wrong thing for the FBI or any other body of the federal government to do. At the very least, representatives of the legislative branch of government should have been present for the search, to assure that the FBI limited itself to collecting evidence of crime. Given the Bush administration's general approach to the rule of law, embodied in various pronouncements of Attorney General Alberto R. Gonzales, there is otherwise no guarantee of respect of separation of powers, the critical line between executive and legislative that is essential to our form of government that was crossed so sharply Saturday night and Sunday in the Rayburn House Office Building.

FBI Raid Galvanizes Congress On Rights (SCRIPPS)

By An Editorial / By Dale McFeatters, Scripps Howard News Service

Scripps Howard, May 26, 2006

From the standpoint of public sympathy, the House couldn't have chosen a worse time to stand on constitutional principle. The voters surely do not share the House members' outrage at a weekend FBI raid of a congressional office in connection with a spreading influence-peddling investigation that has tarred the whole institution.

Indeed, after ABC reported that GOP House Speaker Dennis Hastert might get caught up in that probe, Hastert accused the Justice Department of trying to intimidate him because he so vehemently objected to the raid. This was fine irony coming from a legislator who couldn't do enough to broaden the department's powers through the Patriot Act and its renewal.

What happened was that the FBI, armed with a warrant signed by the chief judge of the U.S. district court, searched the offices of Rep. William Jefferson, D-La., and hauled away two cartons of documents and copies of hard drives. Jefferson is hardly a sympathetic figure on whom to make a constitutional case. The FBI already has videotape of him allegedly accepting a $100,000 bribes and agents confiscated $90,000 in cold cash hidden in the freezer of his Washington apartment.

Hastert and Democratic leader Nancy Pelosi, a pairing many though impossible, denounced the executive branch's action as a violation of separation of powers, the speech and debate clause of the Constitution, and "the practice of the last 219 years." And they demanded the immediate return of Jefferson's documents. Moreover, the Republican-run body that was markedly

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incurious about the Bush administration's stewardship of the laws is now planning hearings under the overwrought title, "Reckless Justice: Did the Saturday Night Raid of Congress Trample the Constitution?"

It says something about the state of relations between the administration and Congress that the Justice Department and White House seemed stunned by the strenuous reaction. After all, they had trampled over Congress' prerogatives before with no discernible reaction.

The two leaders are on shaky constitutional ground, legal scholars say. The Constitution makes an exception to lawmakers' legal immunity for felonies and nothing in that document says Capitol Hill should be a sanctuary for committing them. However, historians could find no precedent for a warrant and search of a congressional office.

Still, there is a serious issue of government to be addressed. The potential for Soviet-style intimidation is clear. Members of Congress must be confident that they are free from politically motivated reprisals from the executive branch and, at the same time, the Justice Department must be free to conduct legitimate investigations into unlawful conduct.

The raid did have one beneficial effect. The House is finally paying attention to due process and civil liberties.

Opinion In Our View: Above The Law Congress Rallies Against Barbarians At The Gates (TEXGAZ)

Texarkana (TX) Gazette, May 26, 2006

Speaker of the House Dennis Hastert has chosen to weigh in on the side of embattled U.S. Rep. William Jefferson.

The Louisiana Democrat's office was raided Saturday by FBI agents, who seized documents and other items looking for evidence implicating Jefferson in a bribery scandal.

Jefferson maintains his innocence in the investigation and vows to fight on.

Now Hastert, as well as other lawmakers, want the FBI to return the seized material and Hastert even says the FBI agents who conducted the raid should be barred from further participation in the probe.

The reason? They claim a lawmaker's office is protected by the Constitution under the separation of powers and the the raid was an illegal action by the Executive branch—the Justice Department under the attorney general—against the Legislative Branch.

It was the first time a House member's office was raided in our nation's history. Officials in the Justice Department said the raid on Jefferson's office was necessary after he refused to comply with a subpoena for documents last summer. Jefferson disclosed receiving the subpoena to the House on Sept. 15, 2005.

Basically, the august members of Congress figure they are entitled to the equivalent of diplomatic immunity while on Capitol Hill.

This imperial attitude has no real foundation. Lawmakers may be used to deferential treatment and exceptional courtesy—and even expect law enforcement to look the other way from time to time—but they are not above the law and their offices are not akin to church sanctuary.

In fact, their offices are not even theirs. They belong to the people of the United States, many of whom are getting fed up with the pervasive attitude of near-royal entitlement among Washington insiders.

This was not political intimidation, which is what the Constitution was guarding against with the separation of powers, but a valid criminal investigation.

Hastert has complained to the president, and the White House says it is taking the Legislative Branch's complaints most seriously.

Hastert has complained to the president, and the White House says it is taking the Legislative Branch's complaints most seriously.

But the dispute between these two branches of government will almost certainly be decided down the road by the third, the Judicial Branch and the Supreme Court.

Hastert Lashes Out At Justice Dept. (AP-Y2)

By Laurie Kellman

AP2, May 25, 2006

House Speaker Dennis Hastert accused the Justice Department Thursday of trying to intimidate him in retaliation for criticizing the FBI's weekend raid on a congressman's office, escalating a searing battle between the executive and legislative branches of government.

"This is one of the leaks that come out to try to, you know, intimidate people," Hastert said on WGN radio Thursday morning. "We're just not going to be intimidated on it."

Asked later Thursday whether he thought he Justice Department retaliated against him with the leak, Hastert replied: "All I'm saying is, here are the dots. People can connect any dots they want to."

"I thought it was an interesting sequence of events," he added.

The Illinois Republican, in his interview with the Chicago radio station, was responding to an ABC News report that quoted an unnamed law enforcement source as saying that he was "in the mix" of the Justice Department's investigation into influence peddling by convicted lobbyist Jack Abramoff.

"We are not going to dignify or speculate about the motives of anonymous sources providing inaccurate information," said Justice Department spokesman Brian Roehrkasse.

Within minutes of that report late Wednesday, the department issued the first of two denials that it was investigating Hastert. The speaker demanded a retraction from ABC News, which stood by its story. Hastert on Thursday threatened to sue the network and reporters and executives for libel and defamation.

"We will take any and all actions necessary to rectify the harm ABC has caused and to hold those at ABC responsible for their conduct," wrote Hastert's counsels, J. Randolph Evans and Stefan C. Passantino. The letter was addressed to network President David Westin and reporter Brian Ross.

"Our response to the letter is our reporting on the story," said ABC News Vice President Jeffrey Schneider.

Correspondent Brian Ross stood by his report, saying he has checked with his sources who say the story accurately represents the facts "as they know them."

"There's enough there for them (the FBI) to take a look at the speaker" and other members of Congress, Ross said in an interview.

Hastert aimed his broadsides at the Justice Department amid a swirl of recriminations on Capitol Hill, including warnings by some lawmakers of a voter backlash against members of Congress "trying to protect their own."

Hastert's aides, at the same time, were in talks with the White House about the possible transfer of material seized by the FBI during its weekend raid of the office of Rep. William Jefferson (news, bio, voting record), perhaps to the House ethics committee, according to several Republican officials.

A federal law enforcement official said no computers were taken during the search. Instead, "mirror images" were made of the contents of some computers in Jefferson's office, the official said on condition of anonymity because the items taken during the search remain under court seal

The goals of any transfer, they said, would be to deny the documents both to prosecutors and to Jefferson, a Louisiana Democrat ensnared in a bribery investigation, until the legal issues surrounding the weekend search of his office are resolved. The officials spoke on condition of anonymity, citing the confidential nature of the discussions.

Historians said it was the first such search of a congressman's quarters in the more than two centuries since the first Congress convened.

The White House continued to try to keep its distance publicly, saying it acknowledged "the constitutional concerns" expressed.

The House Judiciary Committee chairman, GOP Rep. James Sensenbrenner of Wisconsin, announced a hearing next week, "Reckless Justice: Did the Saturday Night Raid of Congress Trample the Constitution?"

The Associated Press reported last November that Hastert for two years did not disclose his use of Abramoff's restaurant for a fundraiser just two weeks before he asked the Interior Department in a letter to reject a Louisiana Indian tribe's application for a casino license.

At the time, Abramoff was representing another tribe that opposed the casino. Hastert, who collected a total of $100,000 from Abramoff's and his tribal clients, blamed a paperwork oversight, filed the required disclosure and paid for the use of the restaurant.

Hastert, Justice Dept. Dispute Inquiry Story (WP)

By Howard Kurtz

The Washington Post, May 26, 2006

ABC News says federal investigators have put House Speaker J. Dennis Hastert (R-Ill.) "in the mix" of their corruption probe centering on convicted former lobbyist Jack Abramoff.

Deputy Attorney General Paul J. McNulty says the ABC report involving Hastert -- even the "in the mix" language -- is "untrue."

And Hastert, calling the story "absolutely" wrong, is demanding a retraction.

Who's right?

It is highly unusual for the Justice Department to confirm or deny that someone is under investigation. Department spokesman Brian Roehrkasse said that federal guidelines allow such statements in cases receiving "substantial publicity" and that the decision was based on the guidelines "combined with the inaccuracy of the information."

On "World News Tonight" Wednesday, Brian Ross, ABC's chief investigative correspondent, said the bribery probe "now includes" Hastert but cautioned that the investigation is "clearly at the very beginning. The allegations could well prove unfounded." George Stephanopoulos, the network's chief Washington correspondent, called the implications "potentially seismic."

Ross said in an interview: "I think our story is accurate. We've gone back to our sources, and they believe what we reported was accurate as they knew it. There seems to be some disconnect between what the congressman thinks, what the Justice Department thinks and what the FBI thinks. . . . There may be a semantics issue here as to what constitutes being under investigation."

Reporters for NBC, CBS, CNN, Fox News and other news organizations checked out ABC's report but were waved off by law enforcement officials. "Within 15 minutes, we had three or four basic denials saying in effect this was a complete overreach, and we chose not to run it," said John Reiss, executive producer of "NBC Nightly News."

The dispute with ABC comes as the news business has been beset by declining public confidence, several high-profile media mistakes and leak investigations by the Bush administration aimed at pressuring journalists into revealing confidential sources. Ross recently reported -- again based on unidentified sources -- that federal leak investigators are tracking his calls and those of other journalists.

Hastert told Chicago radio station WGN yesterday that the information was leaked to "intimidate" him after his criticism of an FBI raid on the office of Rep. William J. Jefferson (D-La.) as a violation of the separation-of-powers doctrine.

In asking for a retraction, two Hastert attorneys told ABC News President David Westin in a letter that for the network to repeat the "false" statement on its Web site after the Justice Department's denial "constitutes libel and defamation" and reflects a "malicious intent" to damage Hastert's reputation.

As was reported last year, Hastert was among four House Republican leaders who signed a 2003 letter to then-Interior Secretary Gale A. Norton in an effort to block an Indian casino opposed by tribes represented by Abramoff. Shortly before the letter was sent, Abramoff hosted a fundraiser for Hastert's political action committee. In January, the speaker said he would give to charity the donations, estimated at $69,000, that he received from Abramoff and Abramoff's clients.

Several dozen members of Congress -- some at the urging of Abramoff's team of lobbyists -- wrote letters asking Norton not to allow tribes to establish casinos on off-reservation sites. Legal experts have said that campaign contributions alone, even if closely timed to a lawmaker's action, are not likely to become a focus for investigators in the Abramoff case.

Ross said yesterday the Hastert inquiry he described "could wash out and be nothing." Asked if the alleged inquiry should have been the top story on "World News Tonight," Ross said: "Questions are being raised about the speaker of the House -- that's worthy of a lead story."

Novak Told Rove He Wouldn't Identify Him, Person Familiar Says (BLOOM)

By Richard Keil

Bloomberg, May 26, 2006

May 25 (Bloomberg) -- Syndicated columnist Robert Novak assured presidential adviser Karl Rove that he wouldn't identify him to prosecutors investigating the disclosure of a CIA agent's name, a person familiar with the matter said.

Rove told a grand jury that Novak called him shortly after the Central Intelligence Agency asked the Justice Department to investigate who leaked the name of operative Valerie Plame to Novak and other reporters, the person, who spoke on the condition of anonymity, said. Novak revealed Plame's name in a July 14, 2003, column, citing unnamed administration officials.

The National Journal, which reported earlier today on the Sept. 29, 2003, conversation between Rove and Novak, said Justice Department prosecutors were concerned that Rove and Novak may have been working on a cover story to protect Rove. The report, citing people familiar with the grand jury testimony of both men, said then-Attorney General John Ashcroft was briefed on the matter.

Rove's attorney, Robert Luskin, said the White House deputy chief of staff didn't conspire to hide information.

``Karl has never urged anyone to testify falsely or withhold information from the grand jury, and no one has ever suggested to him that they would, or that they intended to," Luskin said in a telephone interview. ``The special counsel has never suggested there is any evidence to support such an allegation."

Calls to Ashcroft and James Hamilton, Novak's attorney, weren't immediately returned. Randall Samborn, a spokesman for the special counsel, U.S. Attorney Patrick Fitzgerald, said he wouldn't comment.

Prosecutor

Fitzgerald took over the investigation in December 2003 to learn whether anyone in President George W. Bush's administration violated a 1982 law designed to protect the identity of covert agents. Plame's name was disclosed after her

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husband, former diplomat Joseph Wilson, publicly criticized the war in Iraq and questioned whether the administration twisted intelligence to justify the invasion.

While no one has been charged with purposely unmasking a covert agent, I. Lewis Libby, Vice President Dick Cheney's former chief of staff, was indicted last October on perjury and obstruction of justice charges for allegedly lying about his conversations with reporters about Plame.

Rove has testified five times before federal grand juries hearing evidence in the case, and persons close to the investigation have said that Fitzgerald is still considering whether to indict Rove on a perjury charge for initially failing to disclose a conversation he had about Plame with Time Magazine reporter Matt Cooper.

The person familiar with Rove's grand jury testimony said Rove told the panel that during his phone call with Novak, Novak told him that he wouldn't hurt Rove before the grand jury. Rove also told the panel that Novak assured him that he would never reveal an unnamed source, the person familiar with Rove's testimony said.

Fitzgerald has said in court filings that evidence in the Libby case suggests ``a plan to discredit, punish or seek revenge against Mr. Wilson."

City Hall Hiring Testimony: Interviews Were Shams (CHIT)

By Dan Mihalopoulos And Rudolph Bush, Tribune Staff Reporters

Chicago Tribune, May 26, 2006

Applicants for city jobs waited by the hundreds in a South Side auditorium for meaningless interviews that had no bearing on who ultimately was hired, a former Streets and Sanitation Department official testified Thursday.

Jack Drumgould, the department's personnel director from 1998 to 2004, told jurors that Mayor Richard Daley's office dictated who would be hired for 95 percent of blue-collar, union jobs in Streets and Sanitation.

Testifying under a grant of immunity in the City Hall corruption trial, Drumgould said he took orders from defendants Robert Sorich and Timothy McCarthy in a secret effort to circumvent a federal court order prohibiting political-based hiring for such jobs.

Sorich and McCarthy were top aides in the mayor's Office of Intergovernmental Affairs, where prosecutors charge they rigged the city's personnel process to select favored applicants, including many pro-Daley political workers. Former Streets and Sanitation officials John Sullivan and Patrick Slattery also are on trial for allegedly participating in the scheme.

Prosecutors hope Drumgould's testimony backs up the argument they made in opening statements—that job applicants who lacked clout were victims of the alleged hiring fraud.

Drumgould testified Thursday that Sorich or McCarthy would provide him with lists of job winners before interviews were ever held.

Nevertheless, eligible applicants for positions such as truck drivers and laborers were summoned to the former Board of Education building at 1819 W. Pershing Rd., he said.

When the city was hiring truck drivers in 2004, more than 400 people applied for about 50 openings. The starting wage was $25.90 an hour.

Drumgould described a process that served as a facade for a merit hiring system.

The applicants filled out forms, then waited to undergo two brief interviews, he said. Interviewers were provided a set of questions that related to applicants' experience as truck drivers and history of traffic accidents.

"Did you believe it was important to get answers to these kinds of questions?" Assistant U.S. Atty. Julie Ruder asked.

"No, it would not be relevant to who was selected," Drumgould responded.

Drumgould said Slattery assisted him in falsifying ratings forms for applicants months after the interviews took place. The forms were fixed to ensure that the people endorsed by Sorich or McCarthy received the highest scores, Drumgould testified.

He said Sullivan selected interviewers and once had a friend hired as the $50,000-a-year director of a garbage cart program.

Drumgould also implicated other former city employees in the alleged scheme. He testified that he took the names of preselected job winners to department supervisors such as Steven Bylina, who was a deputy commissioner of the city's Bureau of Forestry.

Bylina, general superintendent of the Cook County Forest Preserve District, is not charged in the alleged scheme. Through a spokesman, he declined to comment Thursday.

Sullivan's lawyer, Cynthia Giacchetti, challenged Drumgould's credibility on cross-examination.

She suggested that Drumgould had agreed to cooperate with authorities to spare himself from indictment and retain his $6,000-a-month pension. Giacchetti asked whether Drumgould was telling the truth.

"You haven't done that in your testimony—have you sir?" Giacchetti said.

"Yes, I have," said Drumgould, arms crossed tightly.

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Drumgould earlier testified that a tree trimmer was promoted in 2001 over applicants with more experience. Drumgould said then-Streets and Sanitation Commissioner Al Sanchez, a Hispanic Democratic Organization leader, had mentioned to him that the tree trimmer was an organization member.

Drumgould said the fix was in again when Sorich allegedly told him to guarantee the promotion of Jack Bataoel from truck driver foreman to general foreman in 2001. Although another foreman had greater seniority than Bataoel, Drumgould said, he, Slattery and another Streets and Sanitation official conducted sham interviews and filled out ratings forms to make sure that Bataoel was ranked highest.

But Giacchetti said on cross-examination that Bataoel had 2½ years of experience as an acting general foreman before being promoted to that job.

Bataoel was a precinct captain for 25 years in Ald. Richard Mell's 33rd Ward Democratic Organization. Mell declined to comment Thursday.

Bataoel, who has retired from the city, told the Tribune last year that he was "more than qualified" for his promotion.

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Daley Could Be Called To Testify (CHIST)

By Steve Warmbir And Natasha Korecki, Staff Reporters

Chicago Sun-Times, May 26, 2006

Mayor Daley could be called as a witness in the ongoing trial of four former city employees accused of routinely ordering the hiring or promotion of people based on politics, a lawyer for one of the defendants indicated Wednesday

The attorney for Robert Sorich opened the door to that possibility during a sidebar in the federal court trial, a transcript released late Wednesday revealed.

As the Chicago Sun-Times reported May 8, Daley has given a sworn statement saying he didn't know about rigged hiring schemes going on in his administration.

"One of my assumptions is the mayor's testimony that he didn't believe that there was anything improper at the time, and he was not aware that there was anything improper going on. He's already testified under oath to that," Sorich defense lawyer Tom Durkin told U.S. District Judge David Coar on Wednesday in a private discussion. "It's my representation that the mayor's testified to that, and I'll give you the transcript."

When Coar asked whether the mayor would come in and testify, Durkin left the door open.

"I can't represent that he's going to come in because I don't know whether he is or he isn't," Durkin replied.

The hiring scandal has ensnared four people, including Sorich, who worked in Daley's Office of Intergovernmental Affairs. The trial just entered its second week.

Daley has refused to give more details on that earlier interview and has withheld public comment on the Sorich trial. At the time of the interview, however, FBI Special Agent in Charge Robert Grant told the Sun-Times that Daley was asked why "certain areas of the government appeared to be rewarded with jobs," and, "How much involvement did he have to those activities that happened so close to his office?"

Also Wednesday, testimony tied one of Daley's top political advisers, Jeremiah Joyce, and the man likely to be the next Cook County sheriff, Thomas Dart, in to the alleged City Hall hiring scheme.

'You didn't even apply'

On the witness stand Wednesday was Luke Somerville, a city worker from Joyce's political base in the 19th Ward who admitted getting promotions at his city job after doing political volunteer work.

Somerville said that after working in the 1995 mayoral election for Daley, he asked for promotions or shift changes for himself, his brother and a friend. He gave the request to the man he worked for during the election, Kevin Joyce, the son of Jeremiah Joyce and now a state representative.

Kevin Joyce told Somerville that Joyce "had to give the list to his father to see if they'd be approved." Soon after, Somerville learned he would be getting the promotion.

The only problem was that when he checked the city list of people to be interviewed, he wasn't on it. He was told he needed to send in an application. A city personnel director told him, "You didn't even apply for a job you were supposed to get," Somerville recalled on the stand.

Somerville said he eventually got the job, and his two other requests were filled, too. On Wednesday, Jeremiah Joyce in an interview blasted Somerville as a liar.

On the witness stand, Somerville explained how he turned to his childhood friend, Thomas Dart, to help him get another city job promotion. Dart is the chief of staff for Cook County Sheriff Michael Sheahan and the Democratic nominee to replace

Sheahan, who is retiring. Dart eventually told Somerville to call Sorich directly because Dart was tired of making the calls himself, Somerville testified.

House Panel Backs Internet Gambling Limits (AP)

By Erica Werner, The Associated Press

AP, May 25, 2006

WASHINGTON (AP) — A House panel approved legislation Thursday to crack down on the $12 billion Internet gambling industry by applying federal prohibitions to games like online poker, blackjack and roulette.

The bill by Rep. Bob Goodlatte, R-Va., would update the 1961 Federal Wire Wager Act to apply to online gambling. It also would outlaw electronic transmission of funds to pay for gambling bets and give law enforcement agencies authority to block such money transfers.

Internet gambling already is mostly illegal in the United States, and most of as many as 2,300 gambling sites in existence are overseas.

The bill approved by the Judiciary Committee would "prevent offshore fly-by-night gambling businesses from violating the laws of all states," Goodlatte said.

"This legislation is badly needed," he said, adding spending on the sites has skyrocketed.

But half of the $12 billion spent on online gambling is thought to come from U.S. bettors and some companies in this country want to get in on the action. The American Gaming Association, the industry's largest lobby, has opposed online gambling in the past but last month backed a study of the feasibility of legalizing it.

Nevada's House members introduced a bill this week calling for such a study.

A previous attempt by Goodlatte to get his anti-online gambling bill through Congress failed after aggressive opposition by disgraced lobbyist Jack Abramoff. Goodlatte alluded to that during heated debate in the Judiciary Committee on Thursday.

"This was the poison pill that was supported by Jack Abramoff five years ago — don't support it today," he shouted as Rep. Robert Wexler, D-Fla., sought to attach an amendment related to horse racing.

Wexler didn't comment on the Abramoff reference and his amendment failed.

"Unfortunately the gentleman just mentioned by the gentleman from Virginia had some involvement in this issue before," remarked Rep. Chris Cannon, R-Utah. Abramoff is now under indictment. Abramoff has pleaded guilty in a Justice Department corruption probe.

Goodlatte's bill passed 25-11.

House Committee Approves Limits On Online Gambling (Update1) (BLOOM)

Bloomberg, May 26, 2006

May 25 (Bloomberg) -- The House Judiciary Committee approved legislation to toughen U.S. laws against Internet gambling, clearing the way for consideration by the full House of Representatives.

The committee voted 25-11 to approve the Internet Gambling Prohibition Act sponsored by Representative Bob Goodlatte, a Virginia Republican, and prepared to support a second measure, the Unlawful Internet Gambling Enforcement Act, sponsored by Jim Leach, an Iowa Republican.

``I oppose gambling because I think it causes many, many problems in our society," Goodlatte said at today's committee meeting.

The Bush administration Justice Department supports the proposed legislation. Online gambling's legal status in the U.S. is unclear. The Justice Department interprets a 1961 law against using telephone lines to place interstate bets as banning online gambling. Goodlatte said his bill would make that explicit.

Gambling on the Internet is a $12 billion-a-year business that is growing rapidly offshore. Internet-based casinos such as PartyGaming Plc and 888 Holdings Plc, operating in locations such as Gibraltar and Antigua, rake in billions from U.S. gamblers.

Shares of Internet gambling companies declined in London trading after the U.S. vote. 888 Holdings Plc, the world's biggest Web casino operator, fell 5 pence to 193.5 pence. Sportingbet Plc, the online bookmaker that owns Paradise Poker, slipped 16.25 pence to 367.5 pence.

Shutting Down Sites

The Goodlatte measure would force U.S. financial institutions to cooperate with federal law enforcement authorities in shutting down illegal gambling sites based outside the U.S. The measure exempts horse racing, fantasy-sports betting and state lotteries in the U.S.

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By carving out an exception for horse racing, the bill hurts dog racing and jalai, Representative Robert Wexler, a Florida Democrat, said. The Judiciary Committee, controlled by Republicans, rejected proposed amendments calling for specific state regulation and for adopting criminal penalties for bettors of fines and up to two years in prison.

Leach's measure would make it unlawful for credit-card companies to collect payments for transactions with online-gaming sites.

The anti-gambling legislation is likely to pass the full House where some Republican lawmakers are uneasy about the damage done by former lobbyist Jack Abramoff's guilty plea on corruption charges. Abramoff helped block similar legislation in the past.

``We are anxious to have the opportunity to expunge that smear," Goodlatte said.

Senate Battle

The House legislation may face an uphill battle in the Senate. Some states, including Nevada, are seeking to legalize, regulate and tax online gambling, the fastest-growing segment of the industry.

Senator Jon Kyl, an Arizona Republican who has proposed a measure seeking to block financial transactions, said he wants to press for approval. ``I am going to wait and see how the House deals with it," Kyl said yesterday.

Frank Fahrenkopf, president of the American Gaming Association, said through a spokeswoman that his group, the Washington lobbying arm for Las Vegas-based casinos, is ``neutral" on the Goodlatte and Leach measures.

The association is asking Congress to fund a federal commission that would study whether online gambling can be regulated and taxed in the U.S. That may eventually let major casino operators such as MGM Mirage and Harrah's Entertainment Inc. enter the online business.

Legalized gambling has grown dramatically in the U.S. over the past two decades. In 2005, commercial and Indian tribe casinos and horse-betting operations took in more than $52 billion in gross revenue nationwide, according to a Pew Research Center study citing industry estimates. Lotteries in 41 states sold $52 billion in tickets.

Elfvin Removed From Case Of Longtime Friend (BUFFNEWS)

By Dan Herbeck, News Staff Reporter

Buffalo News, May 26, 2006

Appeals court found problems with how judge handled Lewiston attorney's sentence

When U.S. District Judge John T. Elfvin sentenced a suspended Lewiston attorney in a criminal tax case last year, the judge called the man a longtime friend and added, "It hurts me as much as it does you, Tim."

The words spoken by the judge in his courtroom last August have caused an appeals court to remove him from the case of Timothy J. Toohey.

Toohey, 59, pleaded guilty in February 2003 to underreporting his income by $1 million. Elfvin already has sentenced him three times - twice to probation, and then to 15 months in prison.

But every time, the Second Circuit Appeals Court found legal problems with Elfvin's handling of the case and ordered a resentencing.

Now, the appeals court has removed Elfvin from the case altogether, saying he should have recused himself because of his friendship with Toohey.

"As is obvious, it's quite a mess," Elfvin, 88, said in an interview with The Buffalo News on Wednesday. "It's probably a good idea to have another judge handle it."

A panel of appeals judges said remarks made by Elfvin in court last August revealed that his friendship with Toohey had caused him to be lenient on two previous occasions.

"Those first two sentences really go back to a lot of the relationship that you and I had when I was practicing law," Elfvin told Toohey, according to court records. "You were a great friend, a good guy. . . . I really bent over backwards on your behalf in that regard. That explains those two sentences."

After saying those words last August, Elfvin sentenced Toohey to 15 months in prison. Toohey's attorneys then appealed that sentencing, and Toohey has been out of prison while the appeal is pending.

The Toohey case has not yet been reassigned. The chief federal judge of Western New York, Richard J. Arcara, is expected to determine who will handle the case.

This incident is the latest in a series of difficulties for Elfvin. The judge's supporters call him smart, independent and hard-working. Critics say he is prone to terrible lapses in judgment.

"I still enjoy [the job] and feel I can do it," Elfvin told The News. "Absolutely. Absolutely."

Controversy has surrounded the case of Toohey - who has long been active in Niagara County politics - for more than three years. The U.S. Justice Department protested after Elfvin sentenced Toohey to probation in May 2003 and again in July

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2004. Prosecutors said probation was insufficient punishment for a $1 million tax crime. They said Elfvin failed to explain his legal reasons behind the sentences.

Advisory federal sentencing guidelines called for a prison term of 15 to 21 months for Toohey. According to prosecutors, Toohey's crime cost the government about $410,000 in tax collections.

The prosecutor in the case, William J. Gillmeister, has complained in the past that Toohey had received "unfair special treatment" from Elfvin. But this week, Gillmeister and U.S. Attorney Terrance P. Flynn declined to comment on Elfvin's removal.

"The Second Circuit's ruling speaks for itself," Flynn said. "We're going to continue with this case in the courts and are not going to say anything beyond that."

One of the oldest judges ever to serve in Western New York, Elfvin is a senior, or semi-retired judge. If he chose to retire, he could collect his $165,200 salary as a pension, without doing any work.

Instead, he chooses to work nearly full-time, assisting Arcara and others with a large caseload.

The judge has continued working despite ailments and injuries, among them a spinal problem and two falls, including one last week that gave him a black eye and injured his ribs.

"I like to work. I guess I've always been that way," Elfvin said last year, as he celebrated his 30th anniversary on the federal bench. "It makes me feel good that I'm helping out with the workload."

But Elfvin also has a history of incidents that caused him some embarrassment.

In 1992, he reached an out-of-court settlement on a lawsuit filed by his former court stenographer, who accused him of tearing her blouse during a barroom argument. That year, he also received some unwanted national publicity when he took off on a Barbados vacation while his jury was deliberating on a huge case involving the Attica prison revolt.

More recently, he has been criticized several times by the U.S. Justice Department for ignoring the sentencing guidelines, which used to be mandatory but now are advisory. Many local lawyers agreed with Elfvin's stance on that issue.

One of those guidelines controversies involved Toohey. After a lengthy criminal investigation by the Internal Revenue Service, Toohey pleaded guilty in 2003 to a felony of making a false statement on an income tax return. Several prominent government officials wrote letters to Elfvin, asking for leniency for Toohey.

On Wednesday, Elfvin described Toohey as "a friend only in the practice of law." He said his remarks about his friendship with Toohey and the sympathy he feels toward Toohey were words he "only threw in as a side comment."

Toohey could not be reached to comment.

His attorney, Margaret A. Murphy, said this week that she is thankful that a new judge will be taking "a fresh look" at the case. But she insisted that Elfvin never showed favoritism toward Toohey in past rulings.

"I personally have never seen John Elfvin show favoritism, ever. He's the most independent judge on the federal bench," she y said.

Awaiting High Court Review Of Lethal Injection, Circuits Are Divided (LAW)

By Pamela A. Maclean, The National Law Journal

National Law Journal, May 26, 2006

A frustrated five-judge minority on the 6th U.S. Circuit Court of Appeals decried the "dysfunctional patchwork of stays and executions" in capital cases since January, when the U.S. Supreme Court agreed to explore a procedural attack on lethal injection.

Some 38 states use lethal injection out of the 39 that permit capital punishment. In all, courts around the country have granted nine stays of execution, but 15 condemned inmates have been executed during the same period that the lethal injection issue has been pending.

"In some instances stays are granted, while others they are not, and the defendants are executed with no principled distinction to justify such a result," wrote Judge Boyce Martin Jr. last week. He dissented after the full 6th Circuit refused, by a 7-5 vote, to reconsider the request to stay the Tennessee execution of Sedley Alley in Alley v. Little, No. 06-6550.

Alley faced execution on May 17 for the 1985 rape and murder of a 19-year-old Marine corporal, Suzanne M. Collins, at Millington Naval Air Station near Memphis. Tennessee Gov. Phil Bredesen last week granted a 15-day stay of execution. Alley's case is the second to challenge the Tennessee chemical protocol used in executions. The other, Abdur'Rahman v. Bredesen, No. 05-1036, was set for the high court's conference meeting one day after Alley's scheduled execution. Rahman's case raises a frontal attack on lethal injection.

Critics claim that the chemicals used in lethal injections do not properly anesthetize the subject, and thus cause unnecessary suffering before death.

AN UNNERVING SITUATION

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The situation around the country is unnerving for defense lawyers where stays may be handed out in one circuit but denied in the circuit next door.

"The problem is we have no guidance from the court on how to defend our clients," said Kelley Henry, one of Alley's lawyers. "It is very discouraging when your client's life is on the line."

She said that the stay request is no different from ones granted in Missouri, North Carolina, Maryland and other states where the execution method is under attack.

The 6th circuit refused to issue a stay to Alley even though he raised the same issue in the same procedural posture as a high court case likely to be decided in less than a month, Hill v. McDonough, No. 05-8794. The question in Hill is not a direct challenge to lethal injection but a procedural one.

The case asks whether inmates may invoke a federal civil rights law, 42 U.S.C. 1983, to challenge the state's method of lethal injection. Without access to the civil rights claim, the court would have no jurisdiction to review the issue as a successive habeas appeal under a 1996 law in which Congress limited successive appeals.

Whether or not the high court decides a civil rights action is a proper vehicle for challenging lethal injection, it would not change Alley's situation, according to Chief Judge Danny J. Boggs, writing for the 6th Circuit majority. The Supreme Court has the authority to issue a nationwide stay of executions but it has not, Boggs pointed out.

The high court's consideration of a procedural matter such as Hill's "can not freeze in place all actions in the lower federal courts under existing law."

Even the Supreme Court has declined to issue stays in several cases raising nearly identical claims, he said.

"Given the Supreme Court's own pattern of conduct ... we cannot conclude that the Supreme Court has established any new precedent that would favor a stay of Alley's execution pending the outcome in Hill," he wrote.

The Hill case is the latest in a rising number of appeals over lethal injection from around the country.

On May 15, the Texas Court of Criminal Appeals stayed an execution within hours of the deadline in a case that, like the others, raised lethal-injection challenges, but eight other condemned have been executed in the state this year, according to Richard Dieter, executive director of the Death Penalty Information Center in Washington.

"I think the Supreme Court is going to have to take up the whole question of lethal injection eventually," he said.

In California, U.S. District Judge Jeremy Fogel set hearings for September to review that state's lethal-injection practices in the case of Michael Morales. New Jersey and Ohio courts have halted executions while lethal-injection procedures are reviewed. Delaware stayed an execution May 9 based on a challenge to state execution procedure. And a federal court in Missouri stayed an execution to allow a lethal-injection challenge more time.

"The death penalty is basically grinding to a halt, but that means in the meantime some people are executed and some are not," said Dieter.

Judge Criticizes Government's New Indictment In Gotti Trial (FINDLAW/AP)

By Larry Neumeister, Associated Press Writer

AP, May 26, 2006

(AP) - NEW YORK-The third racketeering trial of John "Junior" Gotti was postponed Thursday by a federal judge who suggested the government was trying to sneak references to murders into a rewritten indictment.

The judge said it seemed the government was trying to reword the indictment until it could find a combination that would result in a conviction.

Two cases against Gotti in the last year ended with hung juries after defense attorneys argued that the mob scion had quit the crime mob life in 1999.

"I'm really troubled," U.S. District Judge Shira Scheindlin said of the new Gotti indictment, which includes an allegation that Gotti promoted people within the Gambino crime family if they committed murders.

Assistant U.S. Attorney Victor Hou said there was no specific new evidence he could immediately point to that would support the murder references in Gotti's racketeering indictment.

Scheindlin reset opening statements in the next trial by seven weeks, from July 5 to Aug. 28, so lawyers would have enough time to argue the issues.

Gotti lawyer Charles Carnesi said he would challenge the inclusion of language about murders, allegations that the judge had ordered removed before the first trial against Gotti.

"I think it's ridiculous that the government should be able to circumvent your rulings by rewriting the indictment," Carnesi said.

The judge agreed to a point, saying "it certainly reveals the problem with allowing a third trial."

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The government also has alleged in a revised indictment brought this week that Gotti continued racketeering activities through this month by laundering money earned by the Gambino crime families with businesses he had created. They also alleged he tampered with a witness in another trial.

Carnesi said he would challenge the new allegations as well.

Gotti pleaded guilty in another racketeering case in 1999 and he has maintained that he left the mob life and never returned.

The government continues to allege that Gotti ordered two attacks on radio talk show host Curtis Sliwa in 1992 after the Guardian Angels founder criticized Gotti's father on his radio show. John Gotti died in prison in 2002, a decade after he was convicted of racketeering and sentenced to life in prison.

The government alleges that Gotti ordered a baseball bat beating of Sliwa and a kidnapping several weeks later that ended with Sliwa being shot three times before he dived out of a moving taxi. Sliwa recovered from the attack to resume his on-air Gotti criticisms. Gotti has denied ordering the attacks on Sliwa.

Sliwa, wearing his signature Guardian Angels outfit, watched Thursday as a spectator while Gotti entered a plea of not guilty to the rewritten indictment.

If convicted, Gotti faces 30 years in prison.

Prosecutors Fire Back At Wecht's Defense (PTR)

By David Conti, TRIBUNE-REVIEW

Pittsburgh Tribune-Review, May 26, 2006

Federal prosecutors responded Thursday to allegations made by former Allegheny County Coroner Dr. Cyril Wecht's defense team that the district attorney and an FBI agent built a case against the renowned forensic pathologist based on politics and lies.

Assistant U.S. Attorney Stephen Stallings asked U.S. District Judge Arthur J. Schwab to dismiss Wecht's request to have evidence tossed out, calling the defense team's previous court filings a "journey down a road to a tangle of conspiracy theories."

"Defendant's motion to suppress, though 'full of sound and fury' ... lacks substance, and should be denied without further hearing," Stallings wrote.

Wecht's attorneys asked for 10 days to respond to Stallings' filing.

In their motion filed last month, defense attorneys Mark Rush and Jerry McDevitt accused District Attorney Stephen A. Zappala Jr. of using his office for personal gain -- the same allegations Wecht faces -- by funneling county money to his former law firm.

Wecht, 75, of Squirrel Hill, was indicted in January on 84 counts of using his public office to benefit his private forensic consulting business.

Stallings wrote that Zappala's hiring of his former law firm as a solicitor to his office while accepting buyout payments from his sale of his portion of the firm does not appear to be illegal. Even if Zappala had crossed ethical lines, Stallings argued the issue was not relevant to the charges against Wecht.

Rush and McDevitt claim Zappala pushed federal prosecutors to investigate Wecht during a political struggle between the two powerful Democrats.

Zappala has declined to comment on his arrangement with the law firm of Brucker Schneider and Porter and would not speak yesterday about the new filing.

Also irrelevant to the charges against Wecht, Stallings wrote, are allegations that FBI Special Agent Brad Orsini -- one of the lead investigators in the case -- has a bad reputation and once asked a witness to lie.

According to a ruling by Schwab last month, prosecutors have two reports outlining Orsini's history of departmental reprimands. Wecht's attorneys argue search warrants filed by Orsini were based on a "fanciful yarn."

Stallings responded that the evidence turned up in searches of the former coroner's office and Wecht's private offices supported the charges against Wecht. Among the items the FBI found in its searches were e-mails proving that Wecht had county employees spending time working on his personal business, federal authorities allege.

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Workers Begin Digging Under Barn At Hoffa Search Site (SDUT/AP)

By Tom Krisher, Associated Press

The San Diego Union-Tribune, May 26, 2006

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MILFORD TOWNSHIP, Mich. – After tearing apart a barn, FBI agents began digging up the ground where it stood Thursday, taking photos and video and sifting through dirt by hand as they searched for Jimmy Hoffa's remains at a suburban Detroit farm.

After a backhoe dug a hole at the site, FBI agents and crime-scene investigators jumped in to take pictures and comb through the soil. At one point, two dogs were sent into the hole. But after seven hours of digging, FBI spokeswoman Dawn Clenney said nothing significant was found.

"Much ado about nothing," Clenney said. She said the search was expected to continue through the Memorial Day holiday weekend.

The 100-by-30-foot barn was torn down Wednesday as the FBI scoured Hidden Dreams Farm, which once was owned by a Hoffa associate and is located not far from where the former Teamsters chief vanished in 1975. Before the dig began Thursday, authorities removed a layer of concrete and asphalt that had been the floor of three rooms inside the building.

The search of the Milford Township farm, 30 miles northwest of Detroit, began May 17. Officials have said the search would last a couple of weeks and involve cadaver dogs, demolition experts, archaeologists and anthropologists.

Bill Koresky, whose company was hired by the FBI to knock down the barn and dig beneath it, said the digging was stopped when a university professor who is leading the work noticed a change in the color of the dirt and a piece of what looked like rotted wood.

"You'll see the color will be different, I don't care if it's 70 or 80 years" since the land was disturbed, said Koresky, the co-owner of Able Demolition of Sterling Heights who ran one of the excavation machines at the site on Wednesday and Thursday.

Cadaver dogs were sent into the hole but turned up nothing significant, Clenney said.

Koresky said that before stopping for the day, crews had dug a 50- by 40-foot hole that was 3 1/2- to 4-feet deep. A trained eye, he said, can tell whether the dirt has been disturbed by digging to that depth.

Donald Shouse of nearby Highland Township, who has done business on the horse farm for three decades, said demolished barn had been built sometime in the 1970s and was the oldest barn on the site.

No trace of Hoffa has ever been found, and no one has ever been charged in his disappearance.

A government investigator said last week that Donovan Wells, who lived on the land at the time, gave the FBI the tip that sparked the intense effort to solve the legendary mystery. The investigator is familiar with the current dig and spoke on condition of anonymity because some of his information came from records that have been ordered sealed by a federal judge.

Hoffa last was seen on a night he was scheduled to have dinner at a restaurant about 20 miles from the farm. He was supposed to meet with a New Jersey Teamsters boss and a Detroit Mafia captain, both now dead.

Over the years, Hoffa's disappearance spawned endless theories – that he was entombed in concrete at Giants Stadium in the New Jersey Meadowlands; that he was ground up and thrown to the fish in a Florida swamp; that he was obliterated in a mob-owned fat-rendering plant that has since burned down.

More Than $1 Million In Cash Found At Miami-Dade Homes Linked To MIA Heist (MH)

By Jay Weaver

The Miami Herald, May 26, 2006

FBI agents have dug up $1.1 million in vacuum-packed cash stashed at two southwest Miami-Dade houses, recovering some of the loot stolen in a Goodfellas-style heist at Miami International Airport.

Agents unearthed $300,000 of the sealed cash under brick pavers at the home of Karls and Cinnamon Monzon, who were indicted along with two others in last fall's $7.4 million warehouse ripoff at MIA.

They also found an additional $800,000 at the residence of another person who has not been charged in the federal case.

"We're still searching for the rest of the money and for other suspects," FBI spokeswoman Judy Orihuela said Thursday.

The FBI found the stolen cash in mid-May. Earlier this year, agents had recovered $80,000 from the attic of the Monzons and $85,000 from another robbery defendant, Onelio Diaz. He was a security guard with Brinks security system, the company hired to transport the cash from the MIA warehouse to the Federal Reserve Bank in the Doral area.

In addition, Jeffrey Boatwright was indicted in the alleged robbery caper.

Separately, three other suspects were charged with kidnapping Boatwright: Michael Sanfiel, Guillermo Del-Regato and Manuel A. Palacio. The three kidnapped Boatwright and demanded a $500,000 payment from his robbery cohorts for his release, according to an indictment.

Sanfiel and Del-Regato have pleaded guilty and are cooperating with prosecutors, court records show.

The initial $7.4 million in stolen cash was a fraction of the $80 million that had arrived at MIA in November on a Lufthansa Airlines flight from Frankfurt, Germany. The cash, packed neatly in 42 bags that each weighed 38 pounds, was awaiting Customs' clearance at a warehouse before it was to be delivered to the Federal Reserve Bank.

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The robbery mirrors one of the most infamous heists in U.S. history: the Dec. 11, 1978, robbery of $5.85 million from the Lufthansa Airlines cargo terminal at John F. Kennedy International Airport.

That robbery was the plot for the 1990 movie Goodfellas.

FBI Finds $1 Million From Airport Heist Buried At Miami-Dade House (FLSUNSEN)

By Akilah Johnson, South Florida Sun-sentinel

South Florida Sun-Sentinel, May 26, 2006

FBI officials said Thursday they unearthed more than $1 million in buried loot taken during a November heist at Miami International Airport, a caper that easily could have been lifted from the pages of a Hollywood screenplay.

Masked men with guns busted into an airport warehouse and ripped off part of an $80 million cash shipment headed to the Federal Reserve Bank in Miami. The thieves divvied up the cash and dodged authorities for months. Then someone gave them up, but not before one of the thieves was kidnapped for ransom.

Now, fast forward to May 13.

Agents dug up $300,000 stashed in vacuum-sealed bags and buried below brick pavers outside the south Miami-Dade County house of Karls and Cinnamon Monzon, who had been indicted along with two others for the Nov. 6 heist.

Another $800,000 was found beneath the living room floor of a second south Miami-Dade home that belongs to someone who has not been charged in the case, FBI spokeswoman Judy Orihuela said Thursday.

A total of $1.26 million has been recovered so far, but it is only a small chunk of the $7.4 million taken from the cash shipment that arrived at the airport on board Lufthansa Airlines Flight 462 from Frankfurt, Germany.

"We're still looking," Orihuela said. "We're going to follow all the logical leads we can until we find it all."

The first bit of stolen money was recovered after local and federal authorities arrested the Monzons on Feb. 17.

Investigators found $80,000 hidden in the couple's attic. The same night, authorities arrested Onelio Diaz, a former Brinks Security guard who was carrying $5,000 and had $80,000 separated into three bundles in his car.

In March, a Miami grand jury indicted Karls Monzon, Diaz and Jeffrey Boatwright for allegedly planning and committing the robbery. Cinnamon Monzon was indicted on a charge of being an accessory because she knew her husband participated, authorities said.

Boatwright was kidnapped by three men, who threatened to kill him unless his robbery cohorts paid $500,000, officials said. On Feb. 18, agents found him bound and beaten in the bed of a pickup truck. Michael Sanfiel, Manuel Palacio, and Guillermo Del-Regato were indicted on charges of conspiracy to take a hostage.

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Muhammad's Lack Of Legal Knowledge Shows (BSUN)

By Julie Scharper

The Baltimore Sun, May 26, 2006

ROCKVILLE -- John Allen Muhammad, who aggressively hammered his former accomplice Lee Boyd Malvo with questions and shouted at prosecutors yesterday, appeared deflated today, as three witnesses whom he had called added little or nothing to his defense.

Muhammad, who is representing himself, meekly ceded to most of the prosecution's objections that his questions were leading, inappropriate or irrelevant.

The state rested its case against Muhammad, 45, yesterday after unveiling an enormous amount of evidence over three weeks, including ballistics reports, fingerprints, DNA and Malvo's firsthand account of the pair's murderous rampage. Muhammad is on trial in Montgomery County for six counts of murder in the October 2002 sniper shootings.

One of the defense witnesses, Heidi Mansen of Silver Spring, said outside the courtroom that she believes Muhammad is guilty of the slayings, and she hopes her testimony won't sway the jury.

"I'm hoping that my testimony amounts to nothing compared to the other evidence against him," Mansen said. She testified that she saw a red car feet away from the scene of one of the sniper shootings. Police later said that the car was not involved in that crime.

"I felt bad because I had testified against the wrong person," Mansen said. "Just because I saw something doesn't mean that's what really happened."

Muhammad's lack of legal finesse hampered his efforts in questioning other witnesses.

He doggedly tried to ask a Secret Service agent about a report that could not be entered into evidence as prosecutors successfully blocked nearly every question.

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A third witness, Elgin Jamison of Oxen Hill, testified that he saw an unusual white van parked several hundred yards away from one of the shooting sites an hour before the murder occurred. Early in the spate of shootings, which left 10 people dead and three injured in the Washington area, police released a sketch of a white box truck wanted in connection with the shootings.

Jamison was one of thousands who called tip lines and reported seeing white trucks or vans. Police later released a description of Muhammad's 1990 blue Chevrolet Caprice, which led to the arrest of Muhammad and Malvo. Both have been tried and convicted for sniper slayings in Virginia. Muhammad is on death row for a sniper murder there.

Several people Muhammad planned to call refused to come, saying they didn't want to take part in his defense because of his notoriety, according to an attorney who is helping Muhammad with his case.

"I've been threatened, I've been chased off people's property, I've had people's subpoenas balled up and thrown away right in front of me," said lawyer J. Wyndal Gordon.

Robert Metzger, who testified today that he saw two suspicious people at a Bowie middle school three days before a 13-year-old boy was shot there, said he initially tried to avoid appearing for Muhammad. He eventually agreed when Gordon found him.

"That guy killed a lot of people," Metzger said after his testimony. "I don't want to be a part of that."

Montgomery Circuit Judge James L. Ryan quashed Muhammad's subpoena for Fairfax County, Va., Detective June Boyle, who questioned Malvo after he and Muhammad were arrested Oct. 24, 2002.

Malvo told Boyle that he was the triggerman in all 13 sniper shootings, but Malvo testified this week that he lied to protect Muhammad and said Muhammad was the triggerman in 10 shootings. When prosecutors objected to the plan to call Boyle, Muhammad claimed Boyle fed sniper details to Malvo when he confessed.

"The information that Lee Boyd Malvo allegedly told her he didn't tell her," said Muhammad, who wanted to probe Boyle about notes she took during the lengthy interview. "She told him all the details pertaining to this crime."

Ryan said Muhammad missed his chance to ask Malvo about the interview and ruled against him.

"Those areas are not relevant to the evidence as it is being presented," he said.

Malvo agreed to plead guilty to the same six Maryland murders this week and gave a detailed, inside account of the planning and execution of the sniper shootings. He said Muhammad devised the scheme to terrorize the region, and planned even more killings.

Muhammad and Malvo are also suspected of earlier shootings in Maryland, Alabama, Arizona, Georgia, Louisiana and Washington state.

Muhammad claimed he and Malvo were simply driving around the Washington, D.C., area looking for the children Muhammad has lost in a custody battle. He said in his opening statement that he would prove himself and Malvo innocent.

Muhammad Gets Little Help From His Witnesses (WT)

By Jon Ward

The Washington Times, May 26, 2006

Convicted sniper mastermind John Allen Muhammad had little luck yesterday with witnesses he called in his defense, so today he might testify himself.

"I reserve the right to answer that [later]," Muhammad told Montgomery County Circuit Judge James L. Ryan, when asked whether he planned to put himself on the stand.

Muhammad is representing himself, even though he has no legal training, and prosecutors objected to more than half of his hundreds of questions to witnesses yesterday, often successfully.

Muhammad, 45, is charged with six counts of capital murder stemming from the October 2002 sniper spree.

If he does take the stand, Muhammad's testimony would take the form of a "presentation," his standby attorney, J. Wyndal Gordon, said.

Closing arguments are expected Tuesday.

Muhammad called four witnesses yesterday after calling his first three Wednesday, and hopes to call "three or four" today, Mr. Gordon said.

But Mr. Gordon said many people subpoenaed by Muhammad have refused to come to court.

"Witnesses don't want to be a part of Mr. Muhammad's defense," Mr. Gordon told the judge. "They're saying, 'I don't care what you do, even if you send the sheriff's deputies after me, I'm still not coming.'

"I've been threatened. I've been chased off people's properties. ... I've had subpoenas balled up and thrown at me," Mr. Gordon said. "I didn't realize how dangerous serving subpoenas could be."

The few witnesses who did come to court said that they didn't want to be there and that they didn't want to help Muhammad.

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"It was scary testifying for someone that you believe actually did it, and not wanting to help his case, but I had to tell what I saw," said Heidi Mansen, a Silver Spring architect who saw the sniper's sixth shooting.

Mrs. Mansen was in her car at a stoplight, heading north on Georgia Avenue Northwest, just inside the District line, on Oct. 3, 2002, when Pascal Charlot, 72, was shot on the sidewalk to her right.

The red car between Mrs. Mansen's car and Mr. Charlot sped off from the light as soon as the shot was fired.

Mrs. Mansen chased the car and called police, who pulled over the car in Maryland, just inside the Beltway. The car's driver was arrested on drug charges that were not related to the sniper shootings.

Robert Metzger, who ran a youth program at Benjamin Tasker Middle School in Bowie two days before 13-year-old Iran Brown was shot there Oct. 7, 2002, also testified for Muhammad yesterday against his will.

"I didn't want to be talking to him," Mr. Metzger said.

Mr. Metzger said he saw two strange men in the woods next to the school on the evening of Oct. 4, 2002, a Friday, and told them to leave. He said he had never seen Muhammad before.

Outside the courtroom, Mr. Metzger said he understood that Muhammad "wanted me to make [him] look good," and then cursed.

Muhammad questioned Ralph Daigneau, a Prince William County, Va., detective who is organizing the trial evidence, for about two hours, probing his handling of the evidence.

Muhammad also tried to call Fairfax County Detective June Boyle to the stand. Lee Boyd Malvo, Muhammad's accomplice, told Detective Boyle after he was arrested that he shot all 13 victims. In two days of testimony this week, Malvo said he lied to Detective Boyle to protect Muhammad.

Malvo once considered Muhammad a father figure, but said this week in court that Muhammad is a "coward" who pulled the trigger in 10 of the 13 shootings.

Judge Ryan denied Muhammad's request to question Detective Boyle. The judge also told the jury that prosecutors, despite Muhammad's many complaints, have provided all the evidence required under law.

Muhammad and Malvo each were convicted of one fatal shooting in Virginia, two of the 10 fatalities in the three-week spree that also left three persons wounded.

A Virginia Beach jury sentenced Muhammad to death, but authorities said they brought him to Montgomery County for insurance, in case his first conviction is overturned. A Chesapeake, Va., jury sentenced Malvo to life in prison without parole. In Montgomery County, he testified this week for the prosecution and pleaded guilty to the six slayings for which Muhammad is being tried.

Witnesses In Sniper Trial Wary (WP)

By Ernesto Londoño And Eric Rich

The Washington Post, May 26, 2006

Call it the uncooperative witness defense.

Sniper John Allen Muhammad, who submitted a list of nearly 180 potential witnesses and has closely guarded his defense strategy at his trial in Montgomery County, intends to call no witnesses after today.

"The difficulty we're having is witnesses don't want to be a part of Mr. Muhammad's defense," J. Wyndal Gordon, one of Muhammad's standby attorneys, told the judge. "I've actually been told: 'I don't care what you do. If the judge wants to send the sheriff after me, so be it. I'm not coming.' "

Closing arguments could come as soon as Tuesday, and a verdict on six first-degree murder charges in the October 2002 shootings is likely before the end of next week.

Muhammad questioned three witnesses Wednesday and five yesterday. Most had been near one of the sniper shootings and gave police statements that didn't incriminate Muhammad. None offered an account that contradicted the case prosecutors have laid out in recent weeks. But getting those witnesses to show up was a struggle.

"I've actually been threatened. I've been chased off people's property. I've had subpoenas balled up and thrown on the ground right in front of me," said Gordon, who with two other lawyers volunteered to represent Muhammad after he fired his public defenders and asked to represent himself. "It's been a very abusive situation. . . . I didn't realize how dangerous serving subpoenas could be."

Other defense witnesses included a Prince William County police officer who described a small clerical error that delayed obtaining a mouth swab to get a sample of Muhammad's DNA. Another was a U.S. Secret Service forensic document examiner who was not allowed to answer questions about documents he reviewed in connection with the case because he was not testifying as an expert witness.

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While cross-examining Maria Jimenez, who heard a blast near one of the shootings, Muhammad appeared to grow irritated by her answers and called her "hostile."

At one point, for no apparent reason, he demanded to know: "Are you a citizen of the United States?"

A startled Jimenez did not have to answer after Circuit Court Judge James L. Ryan sustained the prosecutors' objection to the question.

Another witness, Robert Metzger, testified yesterday that he had a bizarre encounter with two men outside a Bowie school three days before Iran Brown, a 13-year-old student at the school, was shot.

Muhammad was apparently trying to prove that two suspicious people who did not meet the description of him or accomplice Lee Boyd Malvo were near the shooting scene.

"There were actually two guys back there, and one of them was kind of like chanting, and I didn't really go too close to them to ask them what he was doing. He said he was praying for the grounds," Metzger testified. "The guy was whacked out. You could kind of tell he was messed up. What this has to do with this, I don't know."

Metzger said later that he disregarded a defense subpoena that asked him to show up Wednesday. Gordon stopped by his home yesterday morning and drove him to court.

"They were trying to get me to help that dude," Metzger said after he finished testifying. Later he said, "I don't even want to be here."

The defense expects to call three witnesses today. Muhammad, 45, could also choose to testify. Malvo, 21, agreed to plead guilty to the killings and testified against his former mentor this week.

Because he is representing himself, Muhammad would have to testify in narrative form, an unusual format during which defendants speak freely. Muhammad declined to tell Ryan whether he will testify.

"I'm reserving the right to answer that right now," Muhammad said.

A Killer's Testimony (WP)

The Washington Post, May 26, 2006

WHATEVER Lee Boyd Malvo's reasons were for testifying against fellow sniper John Allen Muhammad this week -- whether to curry favor with prosecutors, or to redeem himself with the victims and their families, or to confront and defy his former mentor at last -- his appearance shed some light on the motive and method behind the pair's murderous binge in October 2002.

Taking the stand as a prosecution witness at Mr. Muhammad's trial on six counts of murder in Montgomery County, Mr. Malvo -- already sentenced to life in prison without the chance of parole in Virginia -- laid out the older man's sinister purpose in undertaking the series of killings that paralyzed this region for weeks. Mr. Muhammad's intent, Mr. Malvo suggested, was to induce a wave of mayhem in the Washington area that would somehow allow him to take back his three children, whom he had lost to their mother in a custody dispute and who were living in Clinton. The wave of shootings was just the first phase of Mr. Muhammad's plan, Mr. Malvo said; after that he intended to plant bombs that specifically targeted children.

Mr. Malvo also provided details about the pair's methodology in surveying sites and identifying victims -- in some instances while under cross-examination by Mr. Muhammad, who acted as his own lawyer. By representing himself, Mr. Muhammad was within his constitutional rights, but he did himself no favors. Rather than establishing a plausible defense, Mr. Muhammad, who has already been sentenced to die in Virginia, seemed more interested in displaying his old psychological dominance over Mr. Malvo, his former protege. His self-advocacy was a perversion of legal defense work and a platform for his own megalomania and extravagant self-regard.

We don't know whether Mr. Malvo's appearance provided any psychological comfort or closure for the surviving victims and their loved ones. For the most part, the face-off between two killers was a sickening spectacle. But it did fill in the blanks of what is publicly known about an event that traumatized this region and left lasting psychological scars, and that has its own value. Mr. Malvo may finally have come clean as to the events of that grim autumn, particularly when he looked Mr. Muhammad in the eye and said: "I think [you are] a coward. You took me into your house, and you made me a monster."

Psychiatric Care Denied To Gunman, Attorney Says (WP)

By Tom Jackman

The Washington Post, May 26, 2006

In the three months before he fatally shot two Fairfax County police officers, Michael W. Kennedy and his parents tried numerous times to get him immediate psychiatric help, their attorney said. Four times, Kennedy was sent home without getting help, and two mental health facilities told them not to bother coming in at all.

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On one occasion, Kennedy, 18, who by this time claimed he was talking to God and was threatening suicide, was voluntarily admitted to a mental health facility in Rockville. But after several hours, he left of his own accord and carjacked a vehicle to return home to Fairfax.

"This young man was crying out for help," said Richard F. MacDowell Jr., the attorney for Brian and Margaret Kennedy, Michael Kennedy's parents. "On at least five occasions, they sought mental health services and were turned away. I can't think of another case that would be this compelling as to how ineffective our mental health system has become."

Michael Kennedy's last contact with mental health professionals occurred May 4, four days before he carried seven loaded guns to the Sully District police station and opened fire, MacDowell said. Kennedy fatally shot Detective Vicky O. Armel and Officer Michael E. Garbarino before being shot to death by other officers.

MacDowell spoke on behalf of Kennedy's parents to express their frustration at a system that seemed unable or unwilling to help their son. MacDowell said Kennedy's mental condition was never diagnosed, except for "a generalized diagnosis of depression and then anxiety at the end. This was somebody who was obviously deeply troubled."

Despite Kennedy's mental problems, the parents did not remove their guns from their home because the weapons were kept in locked containers, MacDowell said. The Kennedys did not expect their son to break into them.

Police could not verify the family's version of events, because the Kennedys have not met with authorities in the investigation of the killings. MacDowell said he could not comment on the reasons for that.

Beginning in February, Kennedy was evaluated twice at the Woodburn Center for Community Mental Health in Annandale and twice at Prince William Hospital in Manassas but was turned away all four times, MacDowell said. He was not given any medication or a plan for treatment. Officials at those facilities said they could not discuss individual cases because of privacy laws.

Woodburn is part of the Fairfax-Falls Church Community Services Board, with mental health professionals available 24 hours a day to evaluate people and, if necessary, recommend that they be hospitalized, even involuntarily. Prince William Hospital has its own psychiatric inpatient ward.

Experts said the refusal to treat Kennedy is far from surprising.

"Particularly here in Northern Virginia, it's so hard to get somebody in when they need psychiatric care," said Mary Zdanowicz, executive director of the Treatment Advocacy Center in Arlington. She said the definition of who must be given immediate treatment -- a person who is in "imminent danger" of harming himself or others or is incapable of caring for himself -- is usually interpreted too strictly, often because facilities don't have room for anyone but the most obviously dangerous people.

Northern Virginia has lost about one-third of its private psychiatric beds in the past three years and more than half of its beds -- a decrease from 402 to 196 -- since 1990, Zdanowicz said. The one state mental hospital in the region, Northern Virginia Mental Health Institute in Fairfax, is "always full," Zdanowicz said.

"The people that desperately need care aren't getting help."

Kennedy's family knew he needed help and had him seeing a private therapist early this year, MacDowell said. But on Feb. 13, while home alone, the teenager shot the family dog. Kennedy told police and friends that he had been suicidal that day, then decided against killing himself but accidentally fired a gun and hit the dog.

MacDowell said police took Kennedy to the Woodburn center that day. After an evaluation, "they determined he was not in need of future services. They had been told that he was seeing a therapist" and advised that was sufficient, MacDowell said.

Kennedy returned to Woodburn with his parents on Easter Sunday, April 16, after he told them "he's got to be seen by somebody," MacDowell said. After a lengthy evaluation, MacDowell said Kennedy was told: "You're too smart to be here. You don't need to be here. Just go home. Here are four sleeping pills. Go see your private doctor."

The Kennedy family was not satisfied and returned to Woodburn the next day. MacDowell said a crisis intervention team met with Kennedy, determined that his family had insurance and found a bed for him at Potomac Ridge Behavioral Health Center in Rockville. He was voluntarily admitted the next day, April 18, but broke out a window later that evening and left. He told friends that he didn't like the way he was being treated. He then stole a car and drove back to Fairfax.

Euphia Hsu Smith, a spokeswoman for Potomac Ridge, said she could not discuss the specifics of Kennedy's case because of privacy laws. But she noted that "because we're a health-care facility, we're not a detention facility. We're not set up for detention, especially if someone is here voluntarily."

On April 24, MacDowell said, Kennedy's mother again tried to get her son help. She called Inova Fairfax and Dominion hospitals, both with limited numbers of psychiatric beds, and was told that there was no room, MacDowell said. She then contacted Prince William Hospital, which said that Kennedy should be brought to the emergency room.

"He's talking about cutting himself, he's suicidal and God talks to him," MacDowell said of Kennedy. "They say he's fine and give him 10 milligrams of Ambien," a sleeping pill, MacDowell said.

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Donna Ballou, a spokeswoman for Prince William Hospital, said the hospital disagrees with MacDowell's claims but could not be more specific because of privacy laws.

By early May, Kennedy was talking about aliens, MacDowell said. Margaret Kennedy called Prince William Hospital on May 4 and took him back to the emergency room, in tears, MacDowell said.

MacDowell said the staff thought Kennedy was claiming mental problems to evade criminal charges. "The diagnosis is anxiety," MacDowell said. "And they let him go."

"It's astonishing," MacDowell said, "how the system has deteriorated to the point that a clearly troubled individual, such as Michael Kennedy, cannot receive inpatient services. Our mental health system in Virginia is essentially broken when the severely ill cannot receive vital and necessary services."

Financial Firms Attack Child Porn (USAT)

By Wendy Koch

USA Today, May 26, 2006

The nation's leading banks and credit card companies will soon team with law enforcement in a groundbreaking coalition to catch people who sell child pornography online.

The financial institutions will report child porn sites they discover on the Web to a central tip line, slated to expand next month to receive the information. The companies will block transactions for online child porn or, if law enforcement opens an investigation, help track sellers and buyers.

The Financial Coalition Against Child Pornography represents a new phase in the war against what has become a multibillion-dollar, international business. Internet service providers, including AOL, already report child porn sites they find.

“The scope of the problem is much greater than we ever thought. It's mind-boggling,” says Ernie Allen of the National Center for Missing & Exploited Children, a private group that runs the tip line. Allen says one website can attract tens of thousands of customers, mostly men, who use credit cards to buy $29 monthly subscriptions. “People are getting into this because they see children as a commodity. There's no question organized crime is involved.”

Eager to take profitability out of online child porn, Allen and Sen. Richard Shelby, R-Ala., brought together the companies.

“This is the broadest, most comprehensive coalition we've been involved in,” says Joshua Peirez, a MasterCard executive. “This is not a competitiveness issue. This is about protecting children,” he says.

“I haven't seen anything like it,” adds Drew Oosterbaan, chief of the Justice Department's child exploitation section. “We're here to support the effort.”

Participants include Visa, MasterCard, American Express and Discover, which cover most of the U.S. credit card market. Also involved are Bank of America, Chase, Citigroup and PayPal. Visa, MasterCard and American Express say they will identify sites accepting their cards to sell child porn but won't reveal customers unless subpoenaed.

Canada Cracks Down On Rising Violence (CSM)

By Josie Newman

The Christian Science Monitor, May 26, 2006

TORONTO - The predawn sting operation last week that resulted in more than 100 arrests of individuals associated with Toronto's Jamestown gang, is being hailed as the city's largest anti-gang sweep ever. The raid netted a substantial cache of guns, cocaine, marijuana, and stolen cars, and more than 1,000 criminal charges were levied.

"The community is talking to us a lot more and providing us with crucial information since more officers started doing foot patrol late last year," says Toronto's deputy police chief, Tony Warr, who heads the city police's guns and gangs unit. "People ... seem relieved that gun-crime legislation is getting tougher," he adds.

Both the sting operation and the recent legislation are part of a larger crackdown on handguns and gang violence in Canada, particularly in Toronto where handgun murders and injuries doubled between 2004 and 2005.

But while police and the public applaud the hard-line approach, social pundits and criminology professors are skeptical that the approach is getting at the roots of the problem: poverty, illiteracy, dysfunctional families, and racism in a diverse ethnic population. They cite US cities such as Boston, where a similar initiative led to an 80 percent drop in homicide rates by 1999 - a success dubbed the "Boston miracle." But fatal shootings have more than doubled since.

In Canada, guns and gangs are a relatively new phenomenon, particularly in Toronto, known as "Toronto the Good" for its traditionally safe streets and low homicide rates. There were 52 deadly handgun shootings in the city in 2005, compared with 12 in 1995. Police and social workers alike attribute the acts largely to young black males - many of whom are the children of West Indian immigrants - who feel marginalized and drop out of school early to join the "gangsta" culture where they make quick money through drugs, guns, or prostitution.

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The Ontario provincial government has earmarked $51 million Canadian ($46 million US) to spend on crime deterrence and new social programs related to education, employment, and skills training - C$5 million of that has already been spent on forming a 24-hour police street squad who ferret out drug dealers, illegal guns, and people breaking parole or on warrants for crimes in Toronto's most violent neighborhoods.

Provincial money has also been designated for a $26-million Operations Centre for the Guns and Gangs Task Force, as well as for 31 prosecutors, three judges, and several high-tech courtrooms specifically designed to try gun- and gang-related crimes.

In addition, Prime Minister Stephen Harper's new Conservative government recently introduced tough new legislation designed to curb handgun deaths, reduce the trafficking in illegal weapons, and shut down growing inner-city gangs. Coupled with other new legislation for "lesser" offenses like trying to steal a weapon, the initiatives will cost Canadian taxpayers an additional C$220 to C$240 million annually for extra prison facilities alone.

While several multimillion-dollar programs that address the educational, social, and employment needs of disenfranchised youth have been implemented over the past year, critics say effective solutions that get to the crux of the problem haven't yet been found.

"What [these kids] really want is respect, a school system that's responsive and sensitive to their social situation, money for education and employment, and positive male role models," says Anthony Hutchinson, a former professor of social work who served as a consultant to the "Safe Schools, Healthy Communities" initiative of the Conservative government last year.

"If you give them proper funding for skills training and provide those with good [grades] free postsecondary education, many of them will turn around and teach and do social work in the communities they left. If the government saved just 25 percent of the money they use to control crime for crime prevention, they'd eliminate a lot of it and save money in the long run," he adds.

"I work in Jane-Finch, one of Toronto's most violent areas, and it's nothing short of miraculous the transformation I've seen happen with potentially violent youth once we spend consistent time with them, listening, disciplining, and guiding," says the Rev. Alvin Nicholson of Coalition of Christian Leaders, which implements Down with Guns - a C$3 million program funded by the provincial government that primarily targets black youth vulnerable to gang involvement.

"We stay with them through whatever programs they're in until they come out the other end - many of them end up then mentoring other troubled youth," says Mr. Nicholson.

But such government initiatives are often hit-and-miss, says Josephine Grey, a widow who started the nongovernmental organization Low Income Families Together several years ago in response to what she saw as a huge discrepancy between the public system's treatment of the middle class and the working poor.

The widow - who says she supports her four children on C$1,200 a month - points to the new community center built for St. Jamestown, one of Toronto's largest multiethnic, low-income areas, where she lives. The free programs, including continuing education and language classes, are primarily used by outsiders with computers, she says, because they can register more quickly.

CIVIL RIGHTS:

Man Gets 20 Months In Cross Burning (CO)

By Jen Aronoff

The Charlotte Observer, May 26, 2006

A former Morganton resident who admitted building and burning a cross has been sentenced to 20 months in federal prison, the U.S. Department of Justice announced Thursday.

In 2004, a federal grand jury accused Grady Allan Carswell, 36, now of Lenoir, of putting a burning cross in front of a black couple's home in the Bristol Creek community.

Carswell pled guilty in January 2005 to a one-count indictment related to the incident but said he burned the cross because of a land dispute with another neighbor, not out of racism.

At a sentencing hearing Monday, U.S. District Judge Lacy Thornburg rejected that argument and ordered Carswell serve the prison time followed by three years' probation. He will also have to pay the victims about $2,200 in restitution.

"Cross burning remains a vicious symbol of hatred and cannot be tolerated," Wan Kim, assistant attorney general for the Justice Department's civil rights division, said in a news release. "All American families have the right to live where they choose, undisturbed by racist threats.

Stop The Black-Only Treatment (WP)

DOJ_NMG_0029972

By Michael Meyers

The Washington Post, May 26, 2006

I'm sorry to report that 52 years after Brown v. Board of Education, separate but equal is all the rage in certain parts of the education world -- especially on college campuses where special programs are offered that target minority students for "special" and separate attention, counseling, mentoring, tutoring, residences and instruction.

The latest of these race fads are the Black Male Initiatives (BMIs), government-funded and university-sponsored, and underway on campuses in states including Georgia, Kansas, Ohio, Pennsylvania and New York. The initiatives focus on recruiting, schooling and "saving" black men.

Until recently, when the New York Civil Rights Coalition filed a complaint against the City University of New York, these special programs were unassailable. But more and more they are being shown to feature new variants of an old prejudice. This has included stereotyping all black male students as "at risk," and, for example, running special classes only for black men at CUNY's Medgar Evers College. This special instruction focused on black men's alleged deficiencies and their need to act more responsibly in order to reclaim their traditional patriarchal roles as leaders in the black community and of the so-called black race. A tenet of the program at CUNY's Queensborough Community College is to provide black men with special tutoring, career services and academic advice. Until caught, CUNY's Hunter College invited only black male students to a planning conference on its BMI.

Many black leaders in and outside academia seem to have no objection to these figurative black-only signs over certain doorways at America's colleges. Not surprisingly, this racial identity ferment -- aka self-determination -- is proudly endorsed by white liberals disturbed by the dwindling numbers of black men on campus, as well as by many black female students for whom interracial dating is either taboo or impracticable.

Hence, college presidents are listening to their black students and to their officials for diversity and affirmative action or minority affairs, and they are setting up BMIs as a way of making life on campus more comfortable for black students. And black faculty have a new source of grants to apply for, from foundations that urge the study of the black male problem and experimentation with intervention techniques. No educator rebukes such offerings with the hard, nonstatistical truth that there is no such thing as "the black male," just as there never was such a thing as "the Negro."

While not all BMIs look alike, they're typically designed with an Afrocentric, male-domination focus, replete with outreach and links to black men's fraternal, community and pride organizations. Through emphasis on racial pride and "black male identity," black male students are encouraged, as at Medgar Evers College, to think about the status and future of the race: "The people in the village are many but the warriors are few and are now scattered; thus, leaving the borders unprotected and us as easy prey for the enemy," according to the director of the college's Male Development and Empowerment Center. Racial breast beating is a powerful ingredient in winning and securing support for such separatist programming.

Some BMIs are open to all students, for legal reasons. But the nomenclature shows a mission of serving and rescuing "at risk" black men from their alleged self-destructive behavior and from the afflictions of their environment. Only legal curmudgeons, it seems, would stand in the way of college as parent and social engineer, full of missionary zeal to bring rehabilitation and redemption to the wretched, conflicted souls of black men.

When the college takes on such tasks it is only confirming and reinforcing pernicious racial stereotypes. The penchant to isolate, track and segregate black men is a deeply offensive and nasty American social habit, and programs that parrot and mirror such group prejudices are as crude as they are paternalistic. Indeed, schools treating black men separately and differently from all others of similar age and qualification is exactly what federal Judge Robert L. Carter cautioned against in his indictment of proposals for public schools for African American boys. "The advocates of this panacea place no blame on the public school system," Carter said, but black males "are stigmatized and must be isolated from others in order to develop into productive adults."

The psychologist Kenneth Clark, who was my mentor and whose research did so much to bring about Brown, steered his colleagues on the New York State Board of Regents away from state-sponsored racial thinking. He persuaded them in 1972 to declare as policy that college officials were to avoid "any practices which would perpetuate a caste system in which groups are placed in certain stereotyped positions with little regard for the needs and desires of the individual." That policy continued: "Racist patterns of segregation can lead only to blocked communications, with a resultant social climate that is close and tense, if not hostile. Moreover, the de facto segregation of a minority group, even if demanded by that group, often results in peer pressure on individuals which may lead to intragroup hostility."

Dr. Clark died just last year, by which time the regents had long since abandoned the wisdom in that policy.

The writer, a former assistant national director of the NAACP, is executive director of the New York Civil Rights Coalition.

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ANTITRUST:

Benit, Wife Face Fraud Charges (AANEWS)

By MARJORIE KAUTH-KARJALA, News Staff Reporter

Ann Arbor News (MI), May 25, 2006

Fired Willow Run superintendent arrested in Ecorse district case

Former Willow Run schools superintendent Douglas A. Benit and his wife face federal criminal charges that they defrauded another school district and a federal program out of millions of dollars by steering contracts to companies they owned.

Benit and his wife, Mary Ann Elam Benit, were arrested Wednesday, a day after a federal grand jury in Detroit returned the indictment. Both were released on $10,000 personal bonds and are scheduled to be arraigned May 31 in federal District Court in Detroit.

Neither Benit nor his wife could be reached for comment. Benit's attorney in another matter, Don Gasiorek, said he is not representing Benit in the criminal matter and had no comment.

Benit was fired from Willow Run last fall after a district investigation concluded that Benit had a conflict of interest with two companies that did business with the district and that he may have benefited from the connection. There have been no charges stemming from the Willow Run investigation, although Justice Department officials said the probe is continuing.

The federal indictment includes charges of fraud against the Ecorse Public School district and a federal program called E-Rate, which was intended to help school districts gain better Internet access. Benit was subpoenaed to testify before Congress concerning the E-Rate investigation in 2004. He appeared but declined to testify, citing the protections of the 5th Amendment to the Constitution.

The indictments against the Benits are part of an ongoing antitrust investigation into the E-Rate program by the Justice Department that has resulted in charges against 13 people and 12 companies across the country. Six of the companies and three people have either pleaded guilty or have entered into civil settlements with the defendants agreeing to pay fines and restitution of more than $40 million. Two of the defendants have been sentenced to six years in prison, according to a statement from the Justice Department.

Other charges against the Benits include using fraudulent documents to obtain a line of credit and a mortgage to purchase the couple's Superior Township home and also laundering money. There are nine charges against Benit, with some of the same charges levied against Mary Ann Elam Benit. Charges were also filed against Coral Technology Inc. and School Management Services Inc., both companies that Benit helped form and of which he was an officer.

The indictment also indicates that Benit had three aliases that he used to disguise the fraudulent activities. The indictment states that the government will proceed with forfeiture proceedings for the Benits' assets, including their home, which in January was listed for sale for $1.5 million.

The indictment alleges that the Benits attempted to obtain contracts for projects at the Ecorse school district for about $7.27 million. Many of the contracts were directly with Coral Technology and some were with companies that used Coral as a subcontractor. Some of the contracts were refused by the E-Rate program, but the indictment states that Ecorse paid Coral at least $4.3 million.

Benit at various times between 1999 and 2003 identified himself as an officer, employee or chief executive officer of Coral Technology, the indictment states. Benit was employed in Ecorse from 1997-2003. Mary Ann Elam Benit, who married Benit in 2005, worked for Coral, according to the indictment. Elam Benit, Benit and others falsified documents to obtain payment from the Ecorse district, the indictment states.

The indictment alleges that Benit used the aliases J.D. Howen, D.J. Howen and Jack Howen to conceal his relationship to Coral. While working for Ecorse schools, Benit used the name J.D. Howen to bid on a project for Coral with another school district. An Ann Arbor News investigation found that Howen was listed as an officer for Coral, along with Benit, on a 1999 Ohio tax record.

The indictment also alleges that Benit paid a former Coral employee in exchange for the employee not reporting Benit's dual roles at Ecorse and Coral.

Penalties for the charges range from five to 30 years in prison. Statutory fines for the charges range from $250,000 to $1 million, and the fine can be increased to twice what either the victim lost or the perpetrator gained from the fraud.

Willow Run Community Schools Superintendent Ron Ciranna, who helped investigate Benit's actions in the district, said people in Willow Run generally trusted Benit but there were signs that made some uneasy. Benit worked for the district from June 2003 to June 2005.

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Benit was out of the district often and "was always evasive of where he was or how to get a hold of him," Ciranna said. Ciranna said he hopes the investigation will uncover more information on Benit's actions in Willow Run and possibly result in restitution. The district paid about $260,000 to the two companies that Benit was connected with.

Rhonda McGill, president of the Kettering Elementary PTO, said she was saddened by the indictment.

"What a really unfortunate thing. (The parents) tried to support him and stick by him because he had done such good things for the school," she said.

McGill said Benit helped increase enrollment and improved communication. But McGill said she was glad the district investigated the issue and took action.

Marjorie Kauth-Karjala can be reached at mkarjala@annarbornews.com or at 734-482-2961.

Ex-school Leader Accused Of Fraud (FREEP)

By Lori Higgins, Free Press Education Writer

Detroit Free Press, May 26, 2006

Ecorse district, U.S. government lost money

A former assistant superintendent for Ecorse Public Schools has been indicted, along with his wife, on federal charges for their alleged roles in steering almost $7.3 million from the district and a federal program to a company they had ties to.

Douglas A. Benit and Mary Ann Elam Benit of Superior Township, who were indicted Tuesday and arrested Wednesday, have been released from federal custody on $10,000 unsecured bonds.

Douglas Benit faces charges of federal program fraud, mail fraud, bank fraud and money laundering. Mary Ann Elam Benit is charged with bank fraud and money laundering.

Both will be arraigned Wednesday. If they're convicted, penalties could go as high as 30 years in prison and a $1-million fine.

The Benits could not be reached for comment Wednesday. A message was left late Wednesday for the attorney who represents them.

The U.S. Department of Justice says Benit used his position in the district, which he left in 2003, to steer contracts -- sometimes at inflated prices -- to Coral Technology Inc., an Ohio company he controlled. It allegedly occurred from March 1998 to October 2003.

The money came from the federal E-Rate program, which provides funding for Internet access and other telecommunications services to poor schools and libraries. The indictments bring to 13 the number of individuals charged as part of the Justice Department's ongoing investigation into fraud in the E-Rate program. Twelve companies have been charged.

The department "will continue to vigorously pursue those who cheat the competitive process and who violate the public's trust ... by stealing from federal programs and taking advantage of lending institutions," Thomas O. Barnett, assistant attorney general in charge of the department's antitrust division, said in a news release.

School officials in Ecorse had little to say Wednesday.

"At this time, I have no comment. Our attorney will be issuing a statement," said Ecorse Superintendent Emma Epps. That attorney, Floyd Allen of Detroit, could not be reached Wednesday.

Carol Salisbury, a Board of Education member, hung up on a reporter Wednesday, saying "I have no comment on this. Sorry."

Also silent was board Vice President Virginia Martinez, who said she couldn't comment because she didn't know anything about it. "I didn't even know he was married," she said.

According to Justice Department officials, the school district is assisting in the investigation, which is ongoing.

Benit resigned from the Ecorse district in 2003 and took a job as superintendent of the Willow Run Community Schools in Ypsilanti. The Willow Run Board of Education fired him at a Nov. 14 meeting and authorized school district attorneys to pursue a lawsuit against him, according to minutes of the meeting on the district's Web site.

It was unclear Wednesday what precipitated Benit's firing from Willow Run.

Among the allegations detailed in the indictment:

· The Benits, along with Coral and another company they controlled, School Management Services, conspired to launder fraudulently obtained money to purchase and make improvements to their Superior Township home.

· Douglas Benit schemed to defraud a lending company to obtain a $893,750 mortgage.

· He and his wife schemed to defraud a bank, causing the bank to issue Douglas Benit a $200,000 line of credit.

· He and his wife used aliases to conceal their involvement with the companies that received contracts from the Ecorse district.

DOJ_NMG_0029975

UPDATE: House Judiciary Panel Votes To Ban Content Fees (DOW)

By Siobhan Hughes, Of DOW JONES NEWSWIRES

Dow Jones, May 26, 2006

WASHINGTON -(Dow Jones)- The House Judiciary Committee on Thursday voted to ban the nation's phone and cable companies from charging extra fees to companies such as Amazon.com Inc. (AMZN) (AMZN) and Google Inc. (GOOG) (GOOG) for speedier delivery of their content.

By 20-13 the panel approved legislation being pushed by more than 100 consumer groups and businesses. The vote was, at least on the surface, a blow to Verizon Communications (VZ) (VZ) and AT&T Inc. (T) (T), which have said that new regulations may undercut their ability to invest in high-capacity networks.

House Judiciary Committee Chairman James Sensenbrenner, R-Wis., is speeding ahead with the bill to assert court jurisdiction over a matter that some would prefer left to regulators. In so doing, he is also seeking to counter efforts by phone companies to keep open the option of building business plans organized around additional fees.

"While the technological dynamics of the marketplace have changed over time, the threat of dominant firms abusing their market power to restrain competition has not," Sensenbrenner said.

One strategy he could employ is to attach his measure to a broader telecommunications bill that may reach the House floor as soon as next month. That broader bill, developed by House Energy and Commerce Committee Chairman Joe Barton, R-Texas, is favored by phone companies as it would make it easier for them to roll out cable television service.

However, it is unclear whether Sensenbrenner's measure would be considered germane to the broader telecommunications legislation. That, combined with a sense of reluctance from even those who voted with Sensenbrenner, underscores the obstacles facing the latest efforts to ensure that Internet sites may be downloaded without regard to whether the Web site has made payments beyond those they already make to access the network.

"I think the bill is a blunt instrument," said Rep. Chris Van Hollen, D-Md., who nonetheless voted for the bill, saying he wanted to ensure that telecommunications issues stayed within the purview of the Justice Department and antitrust laws.

The Federal Communications Commission last August weighed in on the so-called "net neutrality" debate, issuing a policy statement saying that consumers should be able to access lawful content, run any application they choose, connect their own lawful devices and have the benefit of competition.

However, the FCC didn't adopt official rules. As a result, the policy isn't enforceable.

-By Siobhan Hughes, Dow Jones Newswires; 202-862-6654; siobhan.hughes@ dowjones.com

Google Reaches Agreement To Have Its Software Installed On New Dell Computers (NYT)

By Laurie J. Flynn

The New York Times, May 26, 2006

SAN FRANCISCO, May 25 — Google and Dell have reached an agreement to install Google software on millions of new Dell computers over the next few years, Google's chief executive said on Thursday.

The executive, Eric E. Schmidt, said the arrangement meant that Google's search toolbar would appear on the screens of new Dell systems, and that Dell users would be directed to a Web page branded by the two companies.

Mr. Schmidt, speaking at a Goldman Sachs Internet conference in Las Vegas, said the companies would share revenue from the deal.

While financial terms were not disclosed, many analysts assumed that Google would pay Dell a fee for the arrangement. If that is the case, said Safa Rashtchy, an analyst with Piper Jaffray, this will be the beginning of a era in which Google pays for alliances in order to maintain its growth rate.

Spokesmen for both companies declined to comment.

Mr. Schmidt said that this would be first of several agreements with Dell. The time period of the deal was not disclosed.

The software, Dell said, would be put only on machines sold to consumers and to small and medium-size businesses. While the consumer market accounted for roughly 14 percent of Dell's revenue last quarter, the deal would nonetheless involve millions of new computers over time.

Google could receive a significant boost in its intense competition with Microsoft for search advertising revenue. By ensuring prime real estate on Dell computers, Google will gain exposure to millions of consumers who might otherwise have used Microsoft's search technology.

The agreement comes only two weeks after the Justice Department found that the design of Microsoft's new Web browser did not pose a threat to competition in the Internet search market. Google had expressed concern to antitrust officials that Microsoft's browser routinely steered users to its search service, MSN, giving it an unfair advantage.

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"This is very important for Google, particularly if you look at how Microsoft is going to be pushing its search technology by embedding it in Internet Explorer," Mr. Rashtchy said. "Most people are going to stay with the default search technology that comes with their machine."

Google announced the deal at the close of regular trading. Shares of Google rose $1.74, to $382.99, and were roughly unchanged in after-hours trading. Dell shares increased 12 cents, to $24.30, then rose another 8 cents in after-hours trading.

The prospect of additional revenue from the deal would be a welcome lift for Dell, which has been struggling to hold onto its market share and maintain the heady growth rates it once enjoyed. Dell's profit declined 18 percent in the first quarter, though revenue grew 6 percent, mainly from growth overseas.

"It's a slight positive for Dell," said Cindy Shaw, vice president for research at Moors & Cabot. "But it will not solve Dell's larger issues. It's not going to be what gets people to buy a Dell."

Dell To Sell PCs Installed With Google's Software (SEATIMES/BLOOM)

By Connie Guglielmo And Jonathan Thaw, Bloomberg News

The Seattle Times, May 26, 2006

Dell, the world's biggest maker of personal computers, will sell PCs installed with Google software, dealing a setback to Microsoft's longtime control of the desktop.

Under the three-year agreement, Dell will offer machines with Google programs for searching hard drives and e-mail as well as its Web browser tool bar, Google Chief Executive Officer Eric Schmidt said at a conference in Las Vegas that was sponsored by Goldman Sachs.

The accord is a victory for Google, the world's most-used search engine, putting its software before 100 million new PC owners over the life of the deal. Until now, Microsoft's Internet browser and services have been the default settings on Dell PCs and the agreement may derail Microsoft's attempts to draw users to its search services with its new Windows operating system.

"The gloves have come off," said Jordan Rohan, an analyst at RBC Capital Markets in New York. He rates Google "outperform" and said he doesn't own it. "This is a bare-knuckles distribution move for Google."

Google's software will be installed on Dell's PCs by the end of this month, Dell spokesman Jess Blackburn said. He declined to comment on financial terms of the deal.

The transaction came hours after Yahoo, the No. 2 search engine, and eBay, the largest online auctioneer, said they formed an alliance to combat Google's grip on the Internet.

Schmidt said he won't outline terms of the deals. The companies will share revenue, he said. "The real reason to do this is the end-user benefit," Schmidt said. Google's software is designed to make computers easier to use, he said.

Google will probably pay Dell a fee of about $5 to $10 for each PC, Rohan said. That would hand Dell a new revenue stream as it grapples with a slide in sales and profit growth. Dell Chief Executive Officer Kevin Rollins is struggling to reignite sales after Dell last week reported first-quarter earnings that missed a February forecast. Price cuts crimped profit and failed to spur orders as anticipated.

"For a long time, PC makers have wanted to sell real estate on their systems because it's prime real estate," said Roger Kay, an analyst with Endpoint Technologies Associates in Wayland, Massachusetts. "If they get a few bucks per copy, that could add up to a lot of money."

Hewlett-Packard declined to comment on whether the company is considering a deal with Google, according to spokesman Ryan Donovan. Hewlett-Packard is the world's No. 2 PC maker.

Google will be able to recoup the money quickly through revenue from search-linked ads, RBC's Rohan said. A payment by Google of $5 for each PC would be made back in about 12 clicks by users on a Google ad, Rohan said. Google gets between a few cents to tens of dollars each time a user clicks on its ads.

Dell sold 37.7 million PCs in calendar 2005, according to market researcher IDC. The company sold 9.64 million PCs in the calendar first quarter, down from 10.5 million in the fourth quarter, IDC said.

The deal curbs Microsoft's ability to close the gap with Google. Microsoft is putting search in the new Vista version of Windows, scheduled to hit stores in January, in an effort to encourage more customers to use it.

While Microsoft dominates desktop software, Google has four times more users for its Internet search and Google leads in advertising revenue. Microsoft CEO Steve Ballmer escalated spending on the company's MSN Internet unit to challenge Google and reclaim share of Internet search.

Microsoft handled just 11 percent of U.S. searches in March, compared with Google's 49 percent, Nielsen//NetRatings data show.

In the new Windows, Microsoft has placed search panes on the start menu, the Internet browser, as well as the program that helps users organize files and folders. The new version of Office also has search integrated into its programs.

Google's ability to buy a place on Dell desktops was made possible by a settlement between Microsoft and U.S. government regulators. Microsoft, in its settlement after the U.S. antitrust case, agreed to allow PC makers to promote and highlight rival software on their machines.

The company was found to have violated antitrust law by restricting computer makers from changing the way Windows was displayed when users turned on their machines in a bid to shut out rival Netscape Communications Corp.'s browser.

Google complained to the European Commission about Microsoft's new browser, which directs Web surfers to Microsoft's MSN and other search sites.

"The Dell deal and similar deals like it are the Vista vaccine," Rohan said. "They help to prevent against a loss of share between a tight integration between Vista and MSN search."

Yahoo, EBay Team In Battle With Google (USAT)

By Jefferson Graham

USA Today, May 26, 2006

LOS ANGELES — In a bid to challenge Google's growing domination of the Internet, auctioneer eBay joined forces with Google rival Yahoo on Thursday. The alliance brings text-based advertising to eBay from Yahoo and eBay's PayPal payment program to Yahoo.

“This is a real boost for Yahoo at a time when they really needed it,” says Allen Weiner, an analyst at researcher Gartner. “Yahoo is in a battle to the death with Google and Microsoft, and getting eBay's base into the Yahoo network will make people look at Yahoo's ad platform as a real plus.”

Weiner says PayPal represents 20% of eBay's revenue. Expanding PayPal to the Yahoo network “is an interesting way for Yahoo to offer digital content for sale, like movies and TV shows, and offer its customers a really easy way to pay for it.”

Yahoo is the most visited website, with more than 100 million monthly visitors. But it has been losing market share in online searches to Google, which dominates the hot search advertising business — those little text ads that appear near search results. According to measurement firm ComScore Media Metrix, Google's search share rose 6.6% in April over the same time a year ago, while Yahoo's fell 2.7%.

EBay, the Internet's fifth-most-visited site, according to ComScore, is also the Internet's largest purchaser of search ads, says John Battelle, who runs the Searchblog website. “It was inevitable that Yahoo and eBay would do this deal, because eBay needed to counterbalance its dependence on Google for traffic,” he says.

John Donahoe, president of eBay's marketplace division, says eBay supports its network of sellers by advertising their wares elsewhere on the Web with a heavy use of search-based “keyword” advertising. In the past year, eBay's purchases of keywords for use in search queries has gone from 1 million to 15 million keywords, he says.

Google late last year introduced a classified-ad service, Google Base, where individuals can buy and sell goods. Google has consistently denied that it was going after eBay's business.

Yahoo and eBay executives insisted Thursday that competitive pressures with Google had nothing to do with their deal. “We're not focused on what others do but what we think is best for our community,” said Yahoo Chief Operating Officer Dan Rosensweig.

Yahoo until recently provided search advertising for Microsoft's MSN. This year, Microsoft introduced its own ad platform.

Donahoe says no money is changing hands in the deal with eBay. Instead, both companies will share revenue, splitting proceeds from advertising and PayPal fees.

Martin Pyykkonen, an analyst at securities firm Hoefer & Arnett, says he doesn't expect the deal to generate a lot of cash immediately for either company.

The alliance is more “tactical,” he says. “Yahoo and eBay have a common enemy, Google, and they're both protecting themselves.”

New Tech Alliances Signal More Scrambling Ahead (WSJ)

By Kevin J. Delaney, Mylene Mangalindan And Robert A. Guth

The Wall Street Journal, May 26, 2006

The land rush over the Internet entered a new phase yesterday as four tech titans -- Yahoo Inc., eBay Inc., Google Inc. and Dell Inc. -- announced alliances that signal more jockeying ahead over access to online consumers and the advertising they view on the Web. The high-profile deals also raise fresh questions about Microsoft Corp.'s efforts to keep step in the race.

Yahoo and eBay unveiled a broad partnership under which eBay will display ads brokered by Yahoo on its U.S. online auction site and marketplace. Yahoo will promote eBay's PayPal electronic-payment system as a way for consumers to pay for Yahoo services.

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Separately, Google and Dell confirmed an agreement to install Google software on Dell PCs before they are shipped to users. The deal, which Dell says could include as many as 20 million computers a year, will get Google's search services and ads in front of more users.

The agreements are the result of behind-the-scenes efforts by tech companies big and small to form alliances that strengthen their efforts to own a bigger piece of the Web landscape. At stake are huge future profits from Internet users and advertisers, whose buying and spending habits are still in flux.

EBay's decision to tie up with Yahoo appeared to be a tacit acknowledgement that it didn't feel comfortable more closely aligning itself with long-time partner Google, which has begun efforts over the past year that some believe compete with eBay in areas such as payment services and listings. Meanwhile, Google's Dell pact was driven partly by Google's desire to keep a leg up on Microsoft, say people familiar with the matter.

The deals come amid growing ambitions of the Internet companies that increasingly have them encroaching on one another's turf. Rivalries are building as Internet penetration in the U.S. has reached a mature, slower-growth phase. That augurs more battles over attracting and retaining current Internet users, who are increasing the time they spend online. At the same time, relationships among many Internet companies exist already, complicating rivalries and prospective alliances.

More scuffles for new alliances appear to already be underway. Google and Microsoft, for example, are competing to provide search technology and related advertising to News Corp.'s Fox Interactive Media division, which includes the popular MySpace social networking site, according to people familiar with the matter. A Fox Interactive spokeswoman declined to comment. EBay itself could be a further object of heated courting by rivals. The Yahoo-eBay ad agreement is exclusive to the U.S., leaving open the possibility of eBay doing an ad deal with Google or Microsoft in Europe and Asia.

Yahoo's announcement with eBay caps years of partnership and discussions between the companies, including a near-merger that fell apart in 2000. In recent months, mounting concern about a competitive threat from Google has led eBay to intensify discussions with Yahoo and Microsoft, say people familiar with the matter. Under the agreement announced yesterday, visitors to the U.S. eBay site will see graphical ads with images brokered by Yahoo. They will also view text ads from Yahoo linked to phrases they enter when they search for specific goods.

Analysts say the linkup should increase the companies' revenue and provide a critical boost to Yahoo's search-related ad business, which is going through a major overhaul. The chief executives of eBay and Yahoo say the agreement, which centers around sharing revenue from ads and electronic payments, will have no material impact on their revenue in 2006.

EBay is grappling with slowing growth of its U.S. auction marketplace, and the deal is a bet that Yahoo -- more than Google or Microsoft -- can help increase revenue from existing Web users and drive new users to eBay. EBay Chief Executive Meg Whitman, in an interview, said she chose to ally with Yahoo because "there is no one who can help us with graphical as well as text search ads the way Yahoo can." Google's graphical-ad offerings are relatively fledgling.

Ms. Whitman declined to comment specifically on eBay's talks with Google and Microsoft or on concerns about Google's encroachment. Google CEO Eric Schmidt told investors at a Goldman Sachs Internet conference yesterday that the Yahoo agreement was "a very good deal for eBay," and that Google's "relationship with eBay will only get closer in the next year or two as we both do very well."

Yahoo's partnership will give it access to eBay's tens of millions of users as well as to valuable data about consumers' searches on eBay. Users perform about 345 million searches daily on eBay's sites, rivaling total searches on the top Web-search sites. That information could help Yahoo refine its search technology to offer better ad-targeting capabilities.

One complication for eBay: it must make sure that Yahoo-provided ads don't pull away too many buyers from eBay's own auction listings. Under the agreement, which will begin with a testing phase over the next several months, Yahoo will provide search-related ads for "complementary products," the companies said. The companies also said they will explore developing "click to call" advertising linked to eBay's Skype and Yahoo Messenger Internet phone technology, which would allow consumers to directly call advertisers.

Google, under the roughly three-year pact announced yesterday, will pay Dell an unspecified amount to have its Web-browser-search toolbar and desktop-search software -- which consumers can use to search the content of their hard drives and emails -- installed on PCs. Dell shipped over 37 million PCs and servers globally in 2005, according to research group IDC.

Dell will also set its PCs so they "default" to Google's search engine, automatically providing it in certain instances when consumers search using Microsoft's Web browser.

The agreement should help mitigate some of Google's concerns about Microsoft's new Web browser, to be released this year. Google has complained that Microsoft is making it too difficult for users to change the default setting away from Microsoft's search engine. The Justice Department earlier this month said that Google's concerns were unfounded.

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By expanding its placement on PCs, Google will instantly gain a spot in front of millions of consumers, who industry analysts say are far more likely to use software and access Internet services if they are pre-loaded on PCs. For Dell, the agreement is an opportunity to boost revenue from software shipped on new computers.

The new alliances pose serious questions for Microsoft, which in recent years has dramatically increased its focus on the Internet and online advertising -- with mixed results. People familiar with the matter say the Redmond, Wash., company had at some stages been in the running for both the eBay and Dell agreements announced yesterday. Google late last year snatched away from Microsoft an agreement that included providing search advertising on AOL's sites.

The eBay deal doesn't preclude Microsoft from creating closer ties with Yahoo or eBay itself. All three see Google as a common threat and have spent the past year exploring a variety of ways to work together, say people familiar with the matter. A big concern among the three companies, though, was avoiding any appearance of teaming up against Google, especially given Microsoft's past antitrust problems in the U.S. and Europe, these people say.

The Yahoo-eBay deal could pull Microsoft's top management deeper into the problem of how to compete with Google and better capitalize on the growth of online advertising. Microsoft is now picking around the edges for partners that can direct traffic to its services and display Internet ads it brokers. Potential partners could include MySpace and FaceBook, a site used by millions of college students. Microsoft could also tighten an existing link with Amazon.com. "Clearly there are going to be a lot of partnerships and alliances in this area," says Vivek Varma, a Microsoft spokesman.

The Dell-Google alliance potentially cuts into Microsoft's most coveted and important partnership with a computer maker. By increasing the amount of its software in Dell PCs, Google squeezes onto a stage where Microsoft has long been the lead player. As the world's largest PC maker by number of machines, Dell has been arguably Microsoft's most important distribution channel for its most important software, the Windows operating system and Office business applications. Those two products are Microsoft's largest source of profit and revenue.

Microsoft says it sees the Google and Dell deal as an expansion of options for PC users. "Customers are going to have choice," Mr. Varma says, when asked if the deal threatens Microsoft's position in PC software.

Yahoo And EBay Join To Fight The Giants (WP)

By Yuki Noguchi

The Washington Post, May 26, 2006

EBay Inc. and Yahoo Inc. forged an alliance yesterday aimed at capturing more online sales and advertising dollars, while giving both greater leverage against their primary rivals, Google Inc. and Microsoft Corp.

The partnership spans some of the most critical areas of both companies' businesses, adding eBay's Paypal online payment system throughout Yahoo's operations and giving Yahoo an exclusive deal to sell display ads for eBay.com.

That two of the Internet's top brands decided to cooperate so closely highlights how powerful Google is becoming as it roves across the online business world, competing with eBay in online classifieds and payment systems and with Yahoo in search and content. It also leaves Microsoft in increasing need of a partner of its own, as its online service trails the others in search and advertising.

"This deal is partially offensive, partially defensive for eBay and Yahoo," because it allows the companies to share technologies and combine resources, said Philip Remek, an analyst for Guzman & Co.

Yahoo is the most visited site on the Internet, and eBay is the world's largest auctioneer. Consumers will start to see experimental versions of joint offerings in coming months. Yahoo users will more easily be able to make calls off the Internet by "clicking-to-call" local merchants, for example, using eBay's Internet-phone company Skype. EBay users will have greater access to Yahoo's news and entertainment content through a toolbar championed by both brands.

"I think it plays to the complementary strengths of both companies," said eBay president and chief executive Meg Whitman, speaking at a Goldman Sachs investor conference yesterday.

Speaking at its annual shareholder meeting, Terry Semel, chairman and chief executive of Yahoo, said the deal is a "terrific strategic partnership for our company."

One area not covered by the arrangement: instant messaging. Yahoo's service will not be compatible with eBay's Skype instant messaging; Yahoo already has such an agreement with Microsoft's MSN.

Such overlapping deals show how Internet companies are jockeying for Web surfers' time and interest, which translates into more opportunities to sell advertising.

Microsoft appears to be planning to chart its own course in competing for an advertising network, and for building its online audience. Earlier this year, Microsoft lost out to Google in negotiations to forge a deal with Dulles-based AOL LLC. Google invested $1 billion in AOL and deepened its search and content-sharing arrangement.

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Separately, Google yesterday announced a partnership deal with Dell Computer Corp. to install Google's software on its computers, an arrangement that threatens to diminish Microsoft's presence on the consumer desktop.

"Microsoft has been jilted twice this year, by AOL and eBay," said David Card, an analyst with Jupiter Research. Through MSN, Microsoft still has a large community of users for its Web-based services, but it is trying to improve in areas of both search and advertising sales, he said. "They are trying to go it alone."

Advertisers are also spending more to run ads alongside search results, or pictorial ads that run on Web pages, as viewers spend more time online and less time with traditional media sources. Google, the search engine with the most traffic, dominates the search-based advertising market, while Yahoo has the largest advertising network for pictorial ads, and is also trying to catch up to Google on search-related ads.

"It's a bigger win for Yahoo, in many ways, to win against Google," said Charlene Li, an analyst with Forrester Research. EBay, meanwhile, pays both Google and Yahoo to sponsor links next to those companies' search results, but it has been cautious about selling ads on its own site. By employing Yahoo to provide such ads, it could boost its relatively meager share of the online ad market, she said.

EBay also might tap more locally based advertisers by integrating Skype throughout Yahoo's network, Li said.

For now, the companies' collaboration will happen exclusively in the United States, but if it succeeds, it might extend into other parts of the globe, Whitman said.

Shares of eBay closed up $3.68 yesterday, at $33.88 a share. Shares of Yahoo closed up $1.13 a share at $32.92.

Yahoo Makes Deal On Ads With EBay (NYT)

By Saul Hansell

The New York Times, May 26, 2006

EBay and Yahoo, two top Internet companies that have been losing ground to Google, said yesterday that they would work together in several areas, including advertising and online payments.

The deal will expand Yahoo's share of Internet advertising, a market where it lost leadership to Google. Investors have been worried that eBay's highly profitable shopping site is being undercut as consumers increasingly find products through search engines or through free listing services like Craigslist. Google and Yahoo have introduced similar free services.

At the same time, eBay is spending $260 million a year to advertise its auctions on search engines, with 60 percent of that on Google, according to estimates by Jordan Rohan, an analyst with RBC Capital Markets.

The deal announced yesterday gives eBay some new ways to make money from its large audience, but it does not directly address the concerns about competition. Yahoo will continue to offer its auctions and other online shopping services that compete directly with eBay.

For Yahoo, however, the deal represents a potentially significant expansion of its advertising business. EBay agreed to place on its site text advertisements sold by Yahoo. That gives Yahoo a major new partner just as the MSN service of Microsoft, which was the largest outlet for Yahoo's text ads, has switched to selling its own advertising.

Small text ads that automatically appear next to related material on Web pages have proved hugely profitable, but eBay has long been wary of placing them on its site because they are likely to refer people to sites that compete with its marketplace.

"EBay is selling a little bit of its soul by doing this deal," Mr. Rohan said. "The idea of eBay as a destination site is marginalized by a deal that drives traffic outside of eBay."

Margaret C. Whitman, eBay's chief executive, said the company was starting to change its policy because "we have to embrace some of the things that are happening on the Web." Still, she said, the company will test the impact of the text ads to make sure they do not hurt revenue.

Ms. Whitman added that the text ads would be restricted so they did not offer products that competed directly with eBay's sellers. They will be for "complementary products" like cases for digital cameras, she said, and they will also appear when a user searches for a product that is not available on eBay.

EBay also agreed to have Yahoo sell graphical display advertising on its site, the first time Yahoo has sold graphic ads for another company.

"EBay brings the best of quality inventory and a huge community," said Terry S. Semel, Yahoo's chief executive. "It gives us the opportunity to do a big job."

Yahoo and eBay said the revenue from the deal would be small this year, and they declined to characterize its financial impact for next year. Mr. Rohan said that if eBay placed text ads on 25 percent of its pages, the revenue could be about $130 million a year, and about 80 percent of that would go to eBay.

Mr. Rohan said the deal might help establish Yahoo as an advertising network that is an alternative to Google. "Yahoo was clearly able to play the fear-of-Google card," he said.

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Microsoft, too, has been trying to establish its own advertising network and is reported to have bid for eBay's business.

Google, which is by far the leader in selling text ads for other Web sites, has been moving to sell graphic ads as well, and said this week that it would start selling video advertisements for other sites.

Google's approach is to create an automated auction in which marketers enter their own advertisements and bid for placement. Yahoo, which uses such an auction for text ads, will sell graphic ads on eBay through its traditional sales force, which negotiates rates with major marketers.

EBay will also offer its customers a new version of its browser toolbar that will encourage people to use Yahoo search and other services. Yahoo agreed to offer eBay's PayPal payment service as an option for customers buying goods and services through Yahoo's site.

The companies said they would explore developing features that would let people click on ads on either of their sites and be connected with the advertiser through either eBay's Skype voice chat service or the voice calling feature of Yahoo Messenger.

EBay's shares rose to $33.88, up $3.68. Yahoo rose $1.13 to $32.92

Ms. Whitman said the deal did not mean eBay would cut back its huge spending on Google advertisements. Search and other advertising brings in about 40 percent of eBay's traffic.

She said she did not see the competition from search engines and free classified sites as undercutting eBay's position with consumers.

"There is a lot more to running a marketplace than getting a lot of listings," she said. "There is trust and safety, and payments and reputation. That stands eBay in good stead."

ENVIRONMENT:

GAO Report Faults Voluntary Programs To Cut Air Pollution (WP)

By Juliet Eilperin

The Washington Post, May 26, 2006

The Bush administration's voluntary programs to reduce greenhouse gas emissions by industry have yet to deliver promised results, according to a report issued yesterday by the Government Accountability Office.

The 51-page report, which was requested by Sens. John McCain (R-Ariz.) and John F. Kerry (D-Mass.), highlights shortcomings in two projects aimed at encouraging the private sector to cut emissions linked to global warming. The Environmental Protection Agency sponsors "Climate Leaders," while the Energy Department oversees "Climate VISION."

Both encourage polluters to cut their greenhouse-gas releases, but in each case, according to the study, the administration has failed to ensure that participating firms set firm reduction targets or meet their stated goals.

"EPA and DOE each expect participants in their voluntary emissions reduction programs to complete a number of actions; however, participants' progress toward completing those actions, as well as the agencies' efforts to track accomplishments, has varied," the report said.

The United States, unlike most developed countries, has repeatedly resisted mandatory curbs on carbon dioxide and other gases linked to climate change, instead relying on voluntary programs.

This week, Bush's senior environmental adviser, James L. Connaughton, told an audience at the American Enterprise Institute, a conservative think tank, that the country does not have to regulate such pollutants because it is on track to reduce greenhouse gas emissions by 18 percent relative to the gross domestic product by 2012.

"Why do you need a mandate to deliver an outcome you're already going to get?" he asked.

The GAO report, however, indicated that many firms in the voluntary reduction programs have not established specific targets. As of November 2005, only 38 of the 74 firms in the EPA program had set reduction goals, according to the report. In the Energy Department program, 11 of the 15 participating trade groups have established targets, and five have reported on their emissions. The DOE has no deadline for emissions reporting.

"This report makes clear that letting the fox guard the henhouse is not working," Kerry said in a statement. "It's unbelievable enough that President Bush refuses to accept the very clear scientific evidence on greenhouse gas emissions, but now he can't even get his own non-action plan right."

EPA spokeswoman Jennifer Wood responded in a statement that, to date, half of the 87 organizations that joined its Climate Leaders program have completed inventories of their emissions "and have set aggressive public reduction commitments." The agency "continuously tracks the progress" of the participants, she said.

DOE spokeswoman Megan Barnett said the department is taking steps to better track cuts in emissions under its program.

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House Votes For Oil Drilling In Alaska (USAT)

USA Today, May 26, 2006

The House of Representatives voted Thursday to allow oil exploration on a small portion of Alaska's 19 million-acre Arctic National Wildlife Refuge. The vote was 225-201 to allow drilling on 1.5 million acres that federal geologists estimate hold 5.4 billion to 16 billion barrels of recoverable oil.

Supporters cited gasoline prices and U.S. reliance on foreign oil. Rep. Richard Pombo, R-Calif., said an additional 1 million barrels a day would reduce the need for imports. About 60% of the U.S. daily consumption of 21 million barrels of oil comes from abroad.

Rep. Lois Capps, D-Calif., and other opponents prefer conservation and alternative energy sources and cite concerns over the welfare of wildlife in the refuge.

In the Senate, drilling backers have been unable to get the 60 votes needed to overcome a filibuster.

Congress approved drilling in the refuge in 1994, but President Clinton vetoed the bill.

The mine safety bill that passed the Senate this week hit a snag in the House. Rep. George Miller of California, the top Democrat on the House committee that oversees labor issues, blocked the bill from being considered under an expedited process. Miller said he wants it amended. Among the changes he wants is a requirement that miners have air supplies that last two days rather than two hours. Miller released a statement of support for his changes from a lawyer for relatives of three of the 12 miners killed in the Sago Mine accident in January in West Virginia.

The bill won't be considered until after lawmakers return from their holiday break June 6. Rep. Shelley Moore Capito, R-W.Va., said Miller's objection was “a huge disappointment for miners who are relying on us to help protect them.”

The U.S. ambassador to the United Nations, John Bolton, told the Senate Foreign Relations Committee he is not optimistic the world body will adopt U.S.-led proposals to impose more fiscal discipline and other changes by June 30, when the interim U.N. budget runs out of money. Bolton cited the “culture of inaction” at the United Nations.

The United States and its allies, who pay 87% of the budget, want more efficiency, transparency and accountability. But some developing countries say Secretary-General Kofi Annan would have too much power.

“We're not going to continue to throw away money at an organization that has no credibility,” said Sen. Norm Coleman, R-Minn.

Sen. Chris Dodd, D-Conn., cautioned against precipitous action because the United Nations supports many U.S. interests.

President Bush will meet with Rwandan President Paul Kagame at the White House on Tuesday to discuss AIDS and economic issues affecting east Africa.

Rwanda is part of the U.S. emergency plan for AIDS relief, economic development, trade and investment under the African Growth and Opportunity Act.

White House spokesman Tony Snow said first lady Laura Bush will represent the United States at a major United Nations AIDS conference next week in New York City. The conference will chart progress made over the past five years in combating AIDS and HIV.

House OKs Oil Drilling In Alaska Refuge (AP-Y2)

By H. Josef Hebert

AP2, May 25, 2006

Citing the public outcry over $3-a-gallon gasoline and America's heavy reliance on foreign oil, the House on Thursday voted to open an Alaska wildlife refuge to oil drilling, knowing the prospects for Senate approval were slim.

Drilling proponents argued that the refuge on Alaska's North Slope would provide 1 million barrels a day of additional domestic oil at peak production and reduce the need for imports.

But opponents to developing what environmentalists argue is a pristine area where drilling will harm caribou, polar bears and migratory birds, said Congress should pursue conservation and alternative energy sources that would save more oil than would be tapped from the refuge.

The House voted 225-201 to direct the Interior Department to open oil leases on the coastal strip of the Arctic National Wildlife Refuge — an area of 1.5 million acres that is thought likely to hold about 11 billion barrels of recoverable oil.

But the action may be little more than symbolic. Arctic refuge development, while approved by the House five times, repeatedly has been blocked in the Senate where drilling proponents have been unable to muster the 60 votes needed to overcome a filibuster.

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"We need to develop energy, here at home. ... We can't say no to everything," declared Rep. Richard Pombo (news, bio, voting record), R-Calif., who pressed for a House vote on opening the refuge that lies east of the declining Prudhoe Bay oil fields 200 miles north of the Arctic Circle.

Access to ANWR's oil has been a key part of President Bush's energy agenda, although over the last five years he's been unable to convince Congress of its merits. Energy Secretary Samuel Bodman on Thursday urged the Senate to pass a drilling measure "so we can strengthen our nation's energy security."

The refuge was set aside for protection in 1960 and expanded by Congress to 19 million acres in 1980 with a stipulation that its oil — limited to the coastal strip — could be developed, but only if Congress allows it.

The federal government would share revenues equally with the state.

While oil companies have long eyed the area where federal geologists estimate anywhere from 5.4 billion to as much as 16 billion barrels of oil may be recoverable, environmentalists consider one of its top priorities for protection.

"There are simply some places that should be off limits to drilling. The Arctic refuge should be one of them," said Rep. Lois Capps (news, bio, voting record), D-Calif.

The coastal strip is a calving area for caribou, home to polar bears and musk oxen, and a seasonal destination for millions of migratory birds.

Drilling opponents cited an Energy Department analysis that ANWR's oil would have little impact on gasoline prices and reduce imports by only a few percentage points. Currently 60 percent of the 21 million barrels of oil used daily in the United States comes from imports.

Advocates for opening the refuge to energy development said the tundra and its wildlife can be protected using modern drilling techniques and environmental restrictions. They argued the additional domestic oil would help move the country toward more energy independence.

Congress approved drilling in the refuge in 1995, but President Clinton vetoed the bill.

Had Clinton not issued his veto "we would have had a million barrels of oil today," said Rep. Don Young (news, bio, voting record), R-Alaska. "We should be drilling off shore, we should be drilling in the Rockies and most of all we should be drilling in the Arctic refuge."

Rep. Sherwood Boehlert (news, bio, voting record), R-N.Y., countered that had Congress passed improved auto fuel economy measures 11 years ago when they were considered, today "we would save far more oil than ANWR would produce."

"This Congress hasn't voted on a single conservation measure since gasoline hit $3 a gallon," said Boehlert.

"Rather than debating how we could increase the fuel efficiency standards (of cars) over the next few years, we are debating about a bill that won't produce the first barrel of oil for 10 years and it will come from a pristine wildlife refuge," complained Rep. Ed Markey, D-Mass., a leading drilling opponent.

The vote fell heavily along party lines. Twenty-seven Democrats joined the Republican majority in support of the legislation. Only 30 Republicans opposed the measure.

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On the Net:

Arctic National Wildlife Refuge: http://arctic.fws.gov/

House Votes To Allow Drilling In Arctic Refuge (WP)

By Juliet Eilperin

The Washington Post, May 26, 2006

The House voted 225 to 201 yesterday to open the Arctic National Wildlife Refuge to drilling, with proponents arguing that new domestic production will ease the nation's energy crunch.

The measure marks the 12th time since 1995 that the House has voted in favor of opening the refuge to oil and gas development. But it has little concrete impact because its backers have not obtained the 60 Senate votes needed to surmount a filibuster.

"Once again, the House has voted to put Americans to work producing more of our own energy," said House Resources Committee Chairman Richard W. Pombo (R-Calif.), author of the bill to allow drilling on the land, which is home to caribou and other migrating species. "And, once again, liberals defied the common-sense principle of supply and demand by voting no. That's a great way to keep prices on the rise."

Twenty-seven Democrats voted for Pombo's bill, which proponents say would add 10.4 billion barrels to the nation's oil reserves, and 30 Republicans voted against it.

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House Science Committee Chairman Sherwood L. Boehlert (R-N.Y.), a key opponent, said that if the nation had adopted stricter fuel economy standards for vehicles when they were first proposed 11 years ago, they would have saved more oil than could be produced in the Arctic refuge. Mileage standards have remained the same for 30 years.

Rep. Tom Udall (D-N.M.), also a Resources Committee member, called "The American-Made Energy and Good Jobs Act" a shortsighted approach to address rising gasoline prices.

"This shows once again how bankrupt the majority is in finding new ideas to solve our energy crisis. Drilling in ANWR seems to be their solution for everything, when what we really need is a bold and comprehensive national energy policy for the 21st century."

Environmentalists, who argue that drilling will harm wildlife on Alaska's North Slope, said they are confident that moderate Republicans will join with many Senate Democrats to block the proposal.

House Votes To Allow Drilling In Alaska Refuge (NYT)

By Michael Janofsky

The New York Times, May 26, 2006

WASHINGTON, May 25 — With gasoline prices around $3 a gallon as the Memorial Day weekend approaches, the House again voted Thursday to approve drilling for oil and gas in the Arctic National Wildlife Refuge.

It was at least the 12th time that the House had voted to allow energy exploration in a small piece of the preserve's 19 million acres along the northern coastal plain of Alaska. The final tally was 225 to 201, with 27 Democrats joining the majority and 30 Republicans voting against.

But given the Senate's recent disposition toward drilling in the Arctic, the vote may be little more than symbolic.

Since 1995, when Congress passed an arctic drilling bill and President Bill Clinton vetoed it, Senate proponents of drilling have failed to gather the 60 votes needed to end a filibuster against it. The outcome is expected to be no different this year.

Drilling in the Arctic has become a major fault line in the debate over how to wean the nation from foreign oil and bring down gasoline prices.

Backers of the drilling contend that the promise of 10.3 billion barrels of oil would lead to greater energy independence and job creation. Opponents say that the risk of spills and other environmental damage outweighs the benefits and that drilling for oil delays the development of alternative fuels.

"A vote against energy production in ANWR is a vote for increasing our dependence on foreign oil and sending good American jobs overseas — two things we simply cannot do anymore," said Representative Richard W. Pombo, a California Republican who is chairman of the House Resources Committee and the bill's sponsor.

But Representative Alcee L. Hastings, Democrat of Florida, said the bill represented "the triumph of politics over geology" and would not reduce the price of gas at the pump.

Representative John W. Olver, Democrat of Massachusetts, said, "It will be five years at best, and probably eight years, before the first barrel of oil flows" if drilling is allowed.

Energy Secretary Samuel W. Bodman applauded the House vote, but the administration was dealt a setback on Wednesday night, when the House voted on spending for one of President Bush's signature energy initiatives, the Global Nuclear Energy Partnership.

In providing $24.4 billion for the Energy Department — about $300 million more than the administration requested and $327 million above current spending — lawmakers gave Mr. Bush $120 million for the partnership, less than half the $250 million he had sought.

Under the plan, the United States and Russia would provide reactor fuel to other countries and reclaim the spent fuel to assure that it would not be used for weapons. The administration is advancing the plan as a way to promote expanding the use of nuclear fuel in the United States.

Senator Pete V. Domenici, Republican of New Mexico and chairman of the Senate energy committee, vowed to reverse the House, saying, "I plan to restore full funding for G.N.E.P. and go looking for more."

House Again OKs Drilling In Arctic Refuge (LAT)

By Richard Simon

The Los Angeles Times, May 26, 2006

Jittery about voters' sour mood over high gasoline prices less than six months before congressional elections, the Republican-controlled House on Thursday passed an old favorite: legislation seeking to open the Arctic National Wildlife Refuge to oil drilling.

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The measure, which was approved by a 225-201 vote, faces long odds in the Senate, where it has been blocked repeatedly by filibusters. A Senate GOP aide called the measure "DOA" in that chamber.

But House Republicans wanted to return to their districts for Memorial Day able to say that they had acted on energy legislation before the summer vacation season begins.

"It's an election year, isn't it?" Rep. Alcee L. Hastings, D-Fla., remarked.

The drilling measure is the first in a series of energy proposals expected to come before Congress in coming weeks, now that pump prices have become a campaign issue in the battle for control of Congress this year. Both parties have stepped up efforts to highlight their differences on energy policy.

During the debate Thursday, Republicans accused Democrats of opposing efforts to increase domestic fuel supplies. "Had President Clinton and the Democrats in Congress not blocked exploration in ANWR 10 years ago, a greater supply of American oil could have been available today," Rep. Jeb Hensarling, R-Texas, argued, citing Clinton's 1995 veto of a budget bill that included a drilling proposal.

Democrats portrayed the Arctic drilling measure as a sop to Big Oil that would endanger an environmental treasure. "Everyone knows this bill is dead on arrival in the U.S. Senate," said Rep. Diana DeGette, D-Colo. "If the Republicans are serious about energy security, they would offer up real solutions -- like increasing alternative fuels and making our cars and light trucks more fuel-efficient."

GOP leaders were eager to put Democrats on the record in advance of the fall elections, even though 30 Republicans joined 170 Democrats and one independent in opposing the drilling.

Although the House has previously voted to authorize drilling in the refuge, Republican leaders predicted that with gas prices now above $3 a gallon, voters would pay closer attention to the vote.

"This is about the law of supply and demand," said Rep. Mike Conaway, R-Texas. "By increasing oil supply here in the U.S., we can impact rising energy costs in the long run and decrease our dependency on foreign sources of energy."

But drilling opponents contend that it would take years for Arctic oil to reach the market, and even then, it would have only a negligible impact on prices.

Opening a portion of the 19.6-million-acre refuge in Alaska's northeast corner to energy exploration has long been among the most contentious U.S. environmental issues. President Bush has pushed for allowing the drilling since taking office, calling it critical to national security and economic growth.

Proponents have repeatedly tried to pass the drilling measure, attaching it to budget and defense bills and seeking to entice more lawmakers to vote for it by offering to use government royalties from energy production for such things as home-heating subsidies and aid to the steel industries.

Federal estimates say the equivalent of 10 billion barrels of oil lies beneath the refuge's tundra, though opponents argue that only about 3 billion barrels are economically recoverable. The U.S. consumes about 20 million barrels of oil a day.

Many Democrats and some Republicans advocated greater conservation measures, such as tougher miles-per-gallon rules for cars.

"Astonishingly, this Congress has not voted on a single conservation measure since gasoline hit $3 a gallon," said Rep. Sherwood Boehlert, R-N.Y.

But Rep. Richard Pombo, R-Calif., the House Resources Committee chairman and the drilling measure's chief sponsor, ridiculed Democrats for promoting energy-saving technology without considering the immediate need to produce more domestic oil.

"Your response to everything has been 'no,' " he said. "You've got this pie in the sky (idea) that we're going to invent a 100-mile-per gallon carburetor and all of a sudden our problems are going to go away."

Death In The Mines, Action In Congress (NYT)

The New York Times, May 26, 2006

Another mine disaster is finally spurring Congress to pass long overdue repairs to the nation's threadbare safety laws. Mandates for such obvious necessities as extra oxygen supplies for trapped miners languished after an initial burst of concern over the disaster in January that killed 12 miners in Sago, W.Va. But the explosion last weekend in Kentucky that killed five miners has been followed by quick Senate approval of a bill ordering extra oxygen, more responsive rescue teams, and stronger underground barriers to seal off danger zones from workers.

The Republican leaders in the House, lagging behind the Senate, hurried to catch up. But the sad truth is that safety equipment and rescue procedures have been scandalously neglected for years under company-friendly regulations that have been laxly enforced by government agencies stocked with political appointees who have come from the coal industry.

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The Senate bill does at least force companies to invest in new emergency communication and tracking equipment and to face tougher penalties and possibly a shutdown, rare now as companies let fines pile up. It also mandates the doubling of a miner's emergency oxygen packet to two hours, plus the stashing of extra oxygen along escape routes. In the two headlined disasters, some miners survived explosions only to die for lack of oxygen.

Other changes — aimed at the 11-hour delay in starting a rescue attempt in Sago — would require rescue teams to be nearer to each mine for faster response, and to be protected from damage liability. Some companies have actually hesitated to have mine rescue teams for fear of being sued. The Senate bill only begins to repair the problem. But it is preferable to pro-industry proposals in the House to require drug testing for miners — as if the victims, not government and industry, were to blame for miners' highest death rate in 20 years.

FBI/DEA/ATF/USMS:

Man Admits Selling Stolen Prescription Drugs Worth $7.3 Million (AP)

AP, May 26, 2006

NEWARK, N.J. (AP) - A former drug distributor admitted Thursday that he sold $7.3 million worth of prescription drugs that he knew were stolen from warehouses and trucks.

Gregory Broccoli pleaded guilty to five conspiracy charges, acknowledging wrongdoing from 2002 through 2004 at a company he operated in Jersey City and Elizabeth called Providers Plus.

Broccoli, 39, of Staten Island, N.Y., is the eighth person to plead guilty in connection with a federal investigation that began in 2003.

The FBI investigation and guilty pleas from the defendants exposed a network of thieves and crooked wholesalers who obtained prescription drugs through illegal means, created fraudulent documents, and then reintroduced the prescription drugs into the marketplace, federal prosecutors in New Jersey said.

Broccoli admitted that to sell the prescription drugs, he created bogus documents that are required to certify the origin and sales history of shipments.

Each conspiracy count carries up to five years in prison. Broccoli is to be sentenced Sept. 5 by U.S. District Judge Dennis M. Cavanaugh.

Drug Cocktail Causing Overdoses From Philadelphia To Chicago (AP)

By Sarah Karush

AP, May 25, 2006

DETROIT (AP) - Larry, a 53-year-old heroin addict, has two cardinal rules: Never shoot up alone, and only shoot up one at a time. If one person overdoses, "you need someone there to bring you back," he said.

Larry, who asked that his last name not be used because of his illegal habit, recited his rules after hearing that a mixture of heroin and a powerful painkiller has been killing unsuspecting users who believe they are taking pure heroin.

Officials from Philadelphia to Chicago have reported deaths from the drug, called fentanyl and considered 80 times more powerful than morphine. In the Detroit area - the apparent hub of the problem with more than 100 confirmed cases since last fall and about two dozen suspected ones in the last week - officials from the national Centers for Disease Control and Prevention are investigating, and community organizations are scrambling to get the word out to users.

The CDC says it has no national statistics on fentanyl deaths and has only been asked to investigate in Michigan. But individual reports from a scattering of states indicate the drug is widespread.

In Philadelphia, there have been 20 confirmed deaths from heroin mixed with fentanyl since April 17, and test results are pending for another eight suspected cases, the city health department said.

In New Jersey, where officials first raised the alarm about the drug in April, there have been about 10 confirmed fentanyl deaths and another 10 to 20 suspected cases since last month, according to the state's poison control center.

"This is a huge, huge problem," said Stephen Marcus, medical director of the New Jersey Poison Control Center.

In Chicago, 30 people have died from fentanyl or fentanyl-laced heroin from September 2005 to March 2006, said Christopher Hoyt, a spokesman for the U.S. Drug Enforcement Administration in that city. Another 23 suspected cases were reported in April and May.

In Wayne County, which includes Detroit, Medical Examiner Carl J. Schmidt said he began noticing an uptick in fentanyl-related deaths in September. In total, medical examiners found 63 people in Wayne County with fentanyl in their blood when they died last year. From the beginning of 2006 to mid-April, there were 70 such cases.

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But county officials did not begin treating fentanyl as a crisis until last week, when the number of overdoses began to soar.

"Sometimes divining what the role of fentanyl is in an individual's death is more an art than a science," Schmidt said, noting that drug users often have multiple substances in their blood.

Still, it was clear something was amiss when 12 people died of overdoses May 18-19, Schmidt said. Over the next four days, there were 15 more fatal overdoses, Schmidt said. The county of 2 million typically sees two to three drug deaths a day.

Fentanyl is a suspected culprit in most of the recent deaths, though that won't be confirmed until after the toxicology results come back in four to six weeks.

The drug kills by inhibiting respiration, Schmidt said. "It literally suppresses your natural impulse to breathe," he said.

Before the recent surge, Wayne County saw 20 to 30 fentanyl deaths a year, Schmidt said. Those cases tended to be severely ill people with legitimate prescriptions for fentanyl patches who committed suicide by putting on many patches at once or the occasional person who had stolen the drug, he said.

The fentanyl behind the current problem appears to be manufactured illegally and mixed with heroin long before it gets to the user, Schmidt said.

In one case, three people found dead in a car last month took fentanyl not with heroin, but with cocaine. Schmidt said he fears that could indicate a new trend.

Detroit police spokesman James Tate said the department is following up on several leads about where the fentanyl is originating. So far, however, there is no indication that it is being manufactured locally, he said.

Organizations that run needle exchanges and other health programs for drug users are trying to spread the word. "Is your friend turning blue?" reads one flier that describes what to do in an emergency.

Officials emphasize that there is help for people who have overdosed if they get to an emergency room immediately.

"Treatment is available, and treatment works," said Michele Reid, medical director of the Detroit-Wayne County Community Mental Health Agency and chairwoman of the newly created Wayne County fentanyl work group.

But to some drug users, the warnings are in fact an advertisement.

"When they hear about people OD-ing somewhere, they want to go there" to get the more potent drugs, said Larry, the Detroit heroin user.

That's what New Jersey officials found last month. "The drug addicts were actually looking for the drug, so what we did was actually counterproductive," said Marcus, the poison control director.

Like Larry, 37-year-old Latonja, of Detroit, said she would do her best to stay away from the tainted heroin by sticking to dealers she knows. However, she acknowledged it may be difficult, since users can never know for sure what they're buying.

"We're not analyzers when we're trying to shoot our dope," said Latonja, who also asked that her last name not be used. "We're like, 'OK, it's time to get happy.'"

Associated Press writers Maryclaire Dale in Philadelphia, Geoff Mulvihill in Mount Laurel, N.J., and Michael Tarm in Chicago contributed to this report.

A Look At A Drug Cocktail Problem Around The Country (AP)

AP, May 25, 2006

A look at problems reported around the country related to a mixture of heroin and the powerful painkiller fentanyl that has been killing unsuspecting users who believe they are taking pure heroin.

WAYNE COUNTY, MICH.:

-The county that includes Detroit has the most fentanyl-linked deaths. The drug was found in 63 people who died last year and 70 this year, through mid-April.

-The county saw 27 fatal overdoses over six days ending Tuesday. Fentanyl is suspected but not confirmed.

REST OF MICHIGAN:

-State health officials say the problem appears to be limited to the Detroit area.

-Not all medical examiners in the state routinely screen for fentanyl in drug deaths, so the problem may not be apparent.

PHILADELPHIA:

-20 confirmed deaths from heroin mixed with fentanyl since April 17; test results pending for another eight suspected cases. In the same five-week period in 2005, there were seven drug-related deaths of any kind.

CHICAGO:

-30 fentanyl-linked deaths from September 2005 to March 2006. Another 23 suspected cases in April and May.

NEW JERSEY:

-Since April, about 10 confirmed fentanyl deaths; 10 to 20 suspected cases.

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DELAWARE:

-Five suspected drug deaths over two weeks beginning at the end of April, awaiting test results.

Sources: Wayne County, Michigan Department of Community Health, Philadelphia Health Department, U.S. Drug Enforcement Administration, New Jersey Poison Control Center, Delaware Department of Health and Social Services.

FENTANYL DEATHS RISE: Mom: Cops Failed To Act On OD (FREEP)

By Ben Schmitt, Amber Hunt And Kim Norris, Free Press Staff Writers

Detroit Free Press, May 25, 2006

Son died last year; now drug is crisis

When Justin Wortmann's life ended in December in a White Castle parking lot after he took a dose of heroin, it was a silent warning about an unprecedented crisis now bubbling over in metro Detroit.

His mother, Janice Wortmann of Plymouth Township, learned from autopsy results 8 weeks later that the killer actually was a drug called fentanyl. She called police in Taylor, where her son died Dec. 27.

"The detective told me they didn't have the manpower to look for a dealer, that they were on every street corner," she said.

Police responded that they tried, to no avail.

Now, the body count of people suspected of overdosing on a mix of heroin and fentanyl is rising -- and an urgent search is on.

Wortmann, 47, wonders whether the death of her 26-year-old son could have been prevented.

"Maybe if they took me seriously they could have gone to the source," Wortmann said Wednesday. "Maybe this wouldn't be happening now."

Local toxicologists say they've seen a steady increase in fentanyl-related deaths since last fall, but nothing prepared them for the jump that began last week: At least 23 people have died in Wayne County since May 18 from what investigators believe was a lethal combination of heroin or cocaine and fentanyl, a prescription painkiller typically given to terminally ill patients for pain.

Now, as Michiganders gear up for the long holiday weekend and outdoor activities, county and Detroit officials are scrambling to get the word out about the drug's dangers.

Workers are distributing flyers in areas known to be frequented by drug users that warn of the dangers of using heroin or cocaine laced with fentanyl, which they might not be aware they are buying.

If the numbers from the past week prove true, fentanyl experts agree: The rash of Wayne County deaths is unprecedented.

"It's amazing," said Bruce Goldberger, director of toxicology at the University of Florida, who has published several studies on fentanyl abuse. "I've seen fentanyl deaths, but not in terms of the outbreak you have."

As a result, Wayne County Prosecutor Kym Worthy said Wednesday that her office is prepared to charge with murder the dealers of the deadly mix of drugs, and authorities acknowledged they're navigating new territory as they hunt for the dealers.

Tracking down the dealers won't be easy, officials said.

Detroit Police spokesman James Tate said police are fielding numerous tips about the sale of the heroin-fentanyl mix. No arrests were made as of Wednesday.

Lawrence Meyer, chief of field operations for the Wayne County Sheriff's Office, said he has never seen a similar case in his 30 years in law enforcement. He and other investigators first had to learn about fentanyl itself, and then how it's distributed.

"We're just at the point where we're sorting all the records," he said. "Our investigators are pulling records ... on the victims and we're trying to establish a nexus with a distribution point or source.

"We're talking to victims' relatives, their associates, their friends. We're just at the preliminary stages."

Law enforcement and medical officials said the most likely source is an illegal lab.

"It's probably clandestinely manufactured," said Daniel Isenschmid, chief toxicologist with the Wayne County Medical Examiner's Office. He said a change in the fentanyl-to-heroin ratio might explain the rising body count.

Goldberger agreed the fentanyl is probably homemade. "You can synthesize it if you're a good chemist," he said.

Deaths linked to fentanyl-laced drugs have been reported in smaller numbers in cities across the country, including Chicago and Philadelphia, and investigated by the U.S. Drug Enforcement Agency since last fall.

Investigators from the Atlanta-based Centers for Disease Control and Prevention arrived Monday in Detroit to gather information. They're expected to stay at least through the week -- and possibly longer -- to comb through medical records and toxicology reports and to conduct interviews.

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"This is the first time we have taken a look at heroin overdoses connected to fentanyl," said Bernadette Burden, a CDC spokeswoman, who said the agency typically doesn't give a time frame for investigations. "This is new territory for CDC investigators."

Authorities learned of another Wayne County drug death Wednesday that might also be linked to fentanyl.

County officials would not release the names of the victims Wednesday or the specifics about where they died, offering no explanation. They insisted the Free Press file a Freedom of Information Act request.

The true death count won't be known until toxicology reports are completed in the next few weeks, but officials with the Wayne County Medical Examiner's Office said some of the bodies showed telltale signs -- including syringes still stuck in victims' arms, indicating the type of sudden death that a fentanyl overdose causes.

Oakland County confirmed 20 such deaths from Sept. 28 through early April. Most of those deaths were from Genesee County, which does not have its own medical examiner.

Drug-related deaths in Macomb County have risen in recent weeks, said Medical Examiner Daniel Spitz, but he won't know if the deaths are linked to fentanyl until toxicology reports come back in another week or so.

In the Taylor case involving Justin Wortmann, from Dearborn, police said they searched for the drug dealer but were unsuccessful.

"We understand she's a grieving mother, but detectives worked on the case to get to the bottom of it," said Jac Desrosiers, Taylor's director of police services. "It's hard to accept the fact that it happened, but our detectives don't let these cases slide."

CDC investigators have to confirm the deaths truly are linked to fentanyl, and then they'll help state and local authorities develop guidelines to try to halt the carnage.

Gary Kunsman, chief forensic toxicologist for the Oakland County Medical Examiner's Office, has been tracking fentanyl-related deaths since Sept. 28, when the first of seven victims arrived at the morgue in a three-week period.

"It's been sort of steady since," Kunsman said. He said three of the 20 total cases came from the Pontiac area; the rest were from Genesee County.

Kunsman reported the cases to the crime lab in the county sheriff's office so the lab could test for the potentially lethal combination.

Isenschmid said he also noticed an increase in fentanyl-related deaths in Wayne County beginning last fall.

Isenschmid's office usually confirms fentanyl as the cause of death through standard toxicology tests, which can detect the drug in "high-therapeutic" doses -- or amounts at which patients might legitimately be using the drug.

In response to the recent deaths, however, the office plans to begin a new screening test that will detect fentanyl faster and in smaller quantities.

"We'll have the results of a screen in less than a week," Isenschmid said.

Janice Wortmann, whose son died in December, said she has relived the loss because of the deaths in the past week.

"This should not be happening at all. It shouldn't have happened to my son," she said. "I know exactly what these parents are going through."

Possible Sources Of Fentanyl (FREEP)

Detroit Free Press, May 25, 2006

The drug fentanyl, a potent painkiller often prescribed to terminally ill patients, landed on the streets years ago, authorities said. But it's now more popular than ever before. And authorities don't know where it's coming from.

The drug usually is prescribed as patches -- dubbed "pain patches" by cancer patients -- or on lollipop-like sticks, though it also can be administered in liquid form during surgeries.

Law enforcement officials investigating fentanyl-related deaths in Wayne County say drug dealers could be crystallizing prescription fentanyl to use as a cutting agent for heroin and cocaine, but they doubt it.

They believe someone is manufacturing the drug in an illegal lab.

"It's probably clandestinely manufactured," said Daniel Isenschmid, chief toxicologist with the Wayne County Medical Examiner's Office.

As with other painkillers, fetanyl is strictly regulated. Hospice workers are instructed to destroy whatever remains after a patient dies, and they're told to slice up used pain patches with scissors so that excess fentanyl can't be removed and used inappropriately.

That's why experts such as Dr. Bruce Goldberger, director of toxicology at the University of Florida, say the fentanyl killing people in Wayne County is likely homemade.

"You can synthesize it if you're a good chemist," he said.

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A change in the fentanyl-to-heroin ratio might explain the rising body count, Isenschmid said. At least 23 people have died since May 18.

"Fentanyl is 80 times more potent than morphine," he said. "One of the problems is that users don't know how to dose themselves."

Fentanyl Deaths Hit 33 In A Week (DN)

Detroit News, May 26, 2006

The Wayne County death toll attributed to fentanyl-laced drugs has reached 33 people in one week, putting Metro Detroit at the epicenter of a national health concern that reaches into several other states.

There have been at least 200 confirmed deaths in five states attributed to the painkiller mixed with heroin or cocaine, with 130 of them in Wayne County since January 2005. That total doesn't include the 33 Wayne deaths from May 18 through Wednesday, which are suspected but not yet confirmed by toxicology tests.

"It's a lot bigger than we thought it was in the beginning," said John Kashani of the Poison Control Center in New Jersey, where 30 suspected fentanyl-related deaths occurred in the past month, about the same as in Philadelphia.

Nowhere is concern higher than in Metro Detroit.

"The officials of this county should have taken this on a long time ago," said Randy Richter, whose son was found dead in Canton on Feb. 27. "It is absolutely ridiculous to hear they didn't know it was a problem because they knew it was a problem. How many lives could have been saved?"

Richter's son's death was among nine over three days this winter, a Detroit News review of toxicology reports found.

Richter was told his son, 18, was the 30th person to die this year because of fentanyl. He's livid officials waited until Friday to make the concern public. He suspects officials kept the deaths quiet for Super Bowl XL, held in Detroit on Feb. 5, a charge county officials emphatically deny.

"We've never done that and never will we do that," said Sharon Banks, spokeswoman for the Wayne County executive office, who called that suggestion "offensive and irresponsible."

The surge in Wayne County fentanyl-related deaths began in August 2005 and climbed steadily, according to health records.

Public health officials put out an alert last weekend when 12 people died Thursday and Friday.

Most of the victims are believed to have used heroin mixed with fentanyl, which is 80-100 times more potent than heroin and can cause rapid death through respiratory failure.

This year's victims had fentanyl concentrations in their blood ranging from .002 to as high as .19, according to toxicology reports from the Wayne County Medical Examiner's Office reviewed by The News. Victims were a mix of men and women, black and white.

Before this week, the highest concentration of deaths occurred Feb. 27, 28 and March 1, when nine people died, including Richter's son, health reports show. Of those, two had lethal amounts of the drug in their blood of .11 or higher and others had high levels.

While some support more public awareness, others fear publicity will have the opposite effect.

"One of the concerns many treatment providers have is this: Are heroin users going to be seeking out fentanyl for their desire to get the ultimate high?" said Christopher Parks of the Neighborhood Services Organization. "They heard people are dying from it so it must be a potent drug."

Centers for Disease Control and Prevention officials are trying to develop a profile of those most likely to die from the painkiller, so they can target groups with educational information.

County officials say they have heard the fentanyl may be manufactured in a lab, but law enforcement says they are investigating all angles, including whether health officials may be stealing it.

Fentanyl is a synthetic opiate used for pain relief and anesthesia. Therapeutic concentrations in the bloodstream range between .001 and .01, officials say.

"You are basically playing Russian roulette by using this," said Wayne County Deputy Chief Medical Examiner Cheryl Loewe.

The Associated Press contributed to this report.

Operation Street sweep (CA)

Commercial Appeal, May 26, 2006

Just two hours into Thursday's roundup, two teams of officers supervised by Memphis Police Lt. Charles 'Bubba' Cox had picked up four of 10 suspects on his list of those wanted on state or federal warrants.

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By late afternoon, 48 of 67 people indicted on drug and gun charges were behind bars in Operation Street Sweep. The sweep was a joint effort by Memphis Organized Crime Unit officers, Shelby County Sheriff's deputies, federal Bureau of Alcohol, Tobacco, Firearms & Explosives (ATF) and deputy U.S. Marshals.

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Despite the atypical ease his teams had finding and arresting the suspects Thursday morning, Cox cautioned his people to stay on their toes.

"You don't want to become complacent," he said. "You take

them one at a time. ... Violence has become more prevalent."

Many of those being sought by roughly 130 officers, deputies and federal agents were repeat offenders, many gang members.

"They go armed," said Memphis Police department spokesman Sgt. Vince Higgins. "They have expressed a desire not to go back to jail."

Dogs accompanied the teams to search for drugs and chase down suspects known for running when the cops show up.

And though no suspect fought with the police, several tried to run. At least one hid in an attic.

"I'm on pins and needles every time we do one of these," Higgins said. The officers face the potential of "bullets, dogs, someone with a knife" every time they go through a door.

Thirty of the suspects were being sought on federal indictments returned this week, and 24 are wanted for state crimes, mainly drug offenses. The rest were wanted on previous warrants.

At their first stop, one team, led by Joe Hoing, a 32-year Memphis Police veteran assigned to the DEA drug task force, caught up with Nicholas Hull, 28, named in six counts of crack possession.

Hull, a known Gangster Disciple wanted for drug sales, was holed up at 1316 Inglewood in South Memphis with several friends.

The friends were allowed to leave, since none had outstanding warrants.

After prolonged harping by one member of the group, Hoing ordered the group to disperse.

"The clock is ticking. You have 30 seconds to leave, or you're coming with me," he told them. They left quickly.

A five-shot .22-caliber Derringer was found in the house, and a Dodge Intrepid with stolen tags was towed away.

The other team under Cox had to ram down the door at 1421 Hemlock to get the cuffs on Walter Holmes, 45, charged with three counts of crack possession.

Holmes joined Hull in the back of a squad car. The two were taken to booking stations in Tobey Park where they were photographed and fingerprinted.

The array of charges included impersonating a federal officer, possession by a felon of firearms, possession of body armor, and crack, heroin, and powder cocaine possession.

Brandon Clayton was indicted in federal court for allegedly impersonating an ATF agent and using his assumed status to get discounts on rent and sales tax exemptions on the purchase of communications equipment.

The suspects ranged in age from 18 to 55 and included several known gang members.

17 Arrested In Regional Drug Sting (AP)

AP, May 25, 2006

Seventeen people from Maine, New Hampshire and Massachusetts have been arrested on drug charges after a seven-month undercover investigation.

Edward Arias and Jose Ortiz, both of Lawrence, Mass., were indicted on charges of conspiracy to distribute cocaine by a federal grand jury in New Hampshire.

They supplied more than 150 pounds of cocaine to southern Maine, said Kittery, Maine, Police Chief Edward Strong. Up to 15 more people could be arrested as the investigation continues, he said yesterday. Strong helped lead the multi-agency investigation.

York, Maine, Police Detective Thomas Cryan said he hopes the arrests will slow the drug trade in the area and serve as a warning to other dealers.

"Maybe this will let them know that we are looking. Either way, I think it's going to be a busy summer," he said.

Demetries Agiasotelis, 29, of Rollinsford, was indicted separately on a federal charge of conspiracy to distribute cocaine.

Six others also face federal drug charges, all in U.S. District Court in New Hampshire:

q Chris Knight, 24, of Sanford, Maine, was charged with distribution of cocaine.

q Chris Cote, 25, of Sanford, Maine, was charged with distribution of cocaine and marijuana.

q Michael Ducharme, 23, of Milton, Mass., was charged with distribution of marijuana.

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q Mouen Chan, 26, of Sanford, was charged with distribution of cocaine.

q Virak Tin, 20, of Berwick, Maine, was charged with distribution of marijuana.

q Sothear Kim, 25, of Sanford, was charged with distribution of cocaine.

The police arrested eight more suspects on state drug charges: Trevor Small, 28, of Eliot, Maine; Alan Hall, 50, of Kittery; Erin Glen, 26, of South Berwick, Maine; Thomas Millette, 40, of York; Justin Bellissimo, 25, of Berwick; Kyle Clark, 19, of Newburyport, Mass.; Donald Crocker, 25, of Wells, Maine; and William Burke, 38, of York.

They will be arraigned in York District Court, Strong said.

The investigation was led by the York and Kittery police departments and the New Hampshire office of the U.S. Drug Enforcement Agency, assisted by the Portsmouth Police and the New England State Police Information Network.

Kittery Chief: Arrests 'put A Dent' In Drug Trade (PHN)

By Deborah McDermott

Portsmouth (NH) Herald News, May 26, 2006

News this week that 17 people are facing federal and state cocaine and marijuana distribution charges has "definitely put a dent" in the local drug trade - from significant suppliers right down to street dealers, said Kittery Police Chief Edward Strong.

Kittery and York police departments Tuesday announced the arrests and, in many cases, indictments of four different sets of dealers, each facing an array of distribution and trafficking charges.

The joint investigation was "a model of cooperation" between the two departments, Strong said. He and York Police Chief Douglas Bracy have officers devoted only to drug cases, who share information and work together.

"We've put a lot of effort into trying to make a dent into drug trafficking in this area," he said.

In each of the 17 cases, either Kittery Detective Steven Hamel, York Detective Thomas Cryan or members of the New Hampshire Drug Enforcement Agency allegedly purchased drugs from the defendants, which led to their arrests. Most were arrested in their homes or at work in the past three weeks, and some turned themselves in.

According to Hamel, the investigation began last fall, when a local confidential informant gave police information on Edward Arias of Lawrence, Mass.

Strong said Arias was allegedly "a high-level supplier with connections in New York." He led them to Jose Ortiz, also of Lawrence, who Strong called Arias' "mule, who would run cocaine into this area and deliver it."

Both men, whose ages are unknown, were arrested this week and arraigned in federal district court in Concord on charges of conspiracy to possess with intent to distribute cocaine and distribution of cocaine.

"They'd been supplying the entire area. It's going to take a while for someone to fill those shoes," Strong said.

A separate informant gave Hamel information on Demetries Agiasotelis, 30, of Rollinsford, N.H., whom Hamel said has been "a target of this area for four or five years." Hamel called Agiasotelis a "mid-level supplier" of cocaine in the area, "supplying the whole Seacoast."

Agiasotelis has been arraigned in federal court in Concord on charges of conspiracy to possess with intent to distribute cocaine.

Yet another set of federal charges were filed against five individuals from Maine and one from New Hampshire who together, Strong said, had "a network" in the Seacoast area.

Finally, eight others who Strong identified as "low-level street dealers" are facing state charges. They have arraignment dates in the next few months in York District Court, although Strong said they will likely all be indicted in superior court prior to their arraignment.

Bracy said the arrests are proof of not only Kittery and York cooperation, but also police departments in New Hampshire and Massachusetts, because "we're all in this together. The drugs don't come from York, Maine or Kittery, Maine."

He said by bringing federal charges against these defendants, "we're sending a message. We know they aren't coming into this area as much as they used to. We're making a dent at the street."

Clayton Man Admits To Money Laundering (DDN)

Dayton (OH) Daily News, May 26, 2006

Dayton | A Clayton businessman admitted Thursday to a federal felony charge of money laundering that could put him in prison for four years.

Glen Hurst, 55, of Butler Twp. pleaded guilty as part of a plea agreement that provides that his wife, Debra Hurst, will plead to a misdemeanor tax charge after federal prosecutors dismiss a felony. He also pleaded to a misdemeanor tax offense.

The Hursts were indicted in a wide-ranging case that focused on drug kingpin Earl Marshall, who pleaded guilty April 18 to five felonies and faces at least 18 years in prison.

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In 2004, federal officials called the case one of the largest trafficking operations in Dayton. It was investigated by the Internal Revenue Service and Drug Enforcement Administration.

Hurst owned and operated the American Funding Agency Inc., a mortgage company at 8126 N. Main St. in Clayton. DEA and IRS agents raided it June 24, 2004.

According to facts presented in court:

Marshall would provide information, much of it false, to Hurst's mortgage company. From that information, American Funding employees created fraudulent documents to support loan requests. Hurst was aware the documents were based in part on false information from Marshall and others.

Financial sources for the loans came from Marshall, even when he was not connected by the documents. Hurst was aware the money was coming from illegal sources and the transactions were done in part to conceal Marshall's financial involvement in the real estate transactions.

Purchases involved properties at 272 Valley View Drive in Englewood, 4424 Genesee, 2285 Diamond Mill Road in Brookville, 106 Deans Court in Union; 6600 Westford Ave., 5104 Gardendale Ave. and 2516 Germantown, according to the statement of facts.

In the tax charge, Hurst admitted to failing to file an income tax return for 1999, failing to comply with withholding obligation for employees and other acts. The tax loss to the government for 1999 and 2000 was $55,733.

U.S. District Judge Thomas M. Rose set sentencing for Aug. 24.

Study Finds No Cancer-Marijuana Connection (WP)

By Marc Kaufman

The Washington Post, May 26, 2006

The largest study of its kind has unexpectedly concluded that smoking marijuana, even regularly and heavily, does not lead to lung cancer.

The new findings "were against our expectations," said Donald Tashkin of the University of California at Los Angeles, a pulmonologist who has studied marijuana for 30 years.

"We hypothesized that there would be a positive association between marijuana use and lung cancer, and that the association would be more positive with heavier use," he said. "What we found instead was no association at all, and even a suggestion of some protective effect."

Federal health and drug enforcement officials have widely used Tashkin's previous work on marijuana to make the case that the drug is dangerous. Tashkin said that while he still believes marijuana is potentially harmful, its cancer-causing effects appear to be of less concern than previously thought.

Earlier work established that marijuana does contain cancer-causing chemicals as potentially harmful as those in tobacco, he said. However, marijuana also contains the chemical THC, which he said may kill aging cells and keep them from becoming cancerous.

Tashkin's study, funded by the National Institutes of Health's National Institute on Drug Abuse, involved 1,200 people in Los Angeles who had lung, neck or head cancer and an additional 1,040 people without cancer matched by age, sex and neighborhood.

They were all asked about their lifetime use of marijuana, tobacco and alcohol. The heaviest marijuana smokers had lighted up more than 22,000 times, while moderately heavy usage was defined as smoking 11,000 to 22,000 marijuana cigarettes. Tashkin found that even the very heavy marijuana smokers showed no increased incidence of the three cancers studied.

"This is the largest case-control study ever done, and everyone had to fill out a very extensive questionnaire about marijuana use," he said. "Bias can creep into any research, but we controlled for as many confounding factors as we could, and so I believe these results have real meaning."

Tashkin's group at the David Geffen School of Medicine at UCLA had hypothesized that marijuana would raise the risk of cancer on the basis of earlier small human studies, lab studies of animals, and the fact that marijuana users inhale more deeply and generally hold smoke in their lungs longer than tobacco smokers -- exposing them to the dangerous chemicals for a longer time. In addition, Tashkin said, previous studies found that marijuana tar has 50 percent higher concentrations of chemicals linked to cancer than tobacco cigarette tar.

While no association between marijuana smoking and cancer was found, the study findings, presented to the American Thoracic Society International Conference this week, did find a 20-fold increase in lung cancer among people who smoked two or more packs of cigarettes a day.

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The study was limited to people younger than 60 because those older than that were generally not exposed to marijuana in their youth, when it is most often tried.

Idaho Man Indicted For Drug Smuggling From Canada (AP)

AP, May 25, 2006

SPOKANE, Wash. -- A federal grand jury has indicted a Sandpoint, Idaho, man on charges he attempted to smuggle marijuana, methamphetamine and the designer drug Ecstacy into the United States from Canada.

Joseph A. Roberts, 43, was arrested by U.S. Border Patrol agents May 7 near Molson, just south of the Canadian border in Okanogan County.

The grand jury indicted Roberts on Tuesday on three counts of importation and three counts of possession with intent to distribute drugs.

Federal prosecutors allege Roberts had nearly 170 pounds of "B.C. Bud" marijuana, 143 pounds of methamphetamine and 16 pounds of Ecstasy when arrested. The street value of the methamphetamine alone is estimated at more than $1 million, prosecutors said.

Conviction on the methamphetamine counts would carry a mandatory minimum penalty of 10 years to a maximum of life imprisonment, a fine up to $4 million, and a life term of court supervision after release.

The remaining counts each carry a maximum penalty of up to 20 years in prison, a $1 million fine and life supervision.

Judge Won't Halt Gun-store Closure (CHICOER)

By Josh Richman, STAFF WRITER

Chico (CA) Enterprise Record, May 26, 2006

SAN FRANCISCO - A federal judge refused today to postpone the government-imposed closing date for Northern California's largest gun dealer, Trader Sports of San Leandro, due to extensive violations of federal law.

Chief U.S. District Court Judge Vaughn Walker found that although Trader Sports likely will be hurt more by the closure than the public would be by allowing the store to remain open, the gun dealer hasn't substantially disputed the claims against it and isn't likely enough to succeed in its claims of an unfair administrative hearing to deserve a court-ordered stay.

Vaughn gave the store until June 2 - one day past the government's previously imposed deadline - to take the case to the 9th U.S. Circuit Court of Appeals and seek a stay there. The store's attorney, Malcolm Segal of Sacramento, said he'll have to ask store owner Anthony Cucchiara whether to appeal.

The Bureau of Alcohol, Tobacco and Firearms served Cucchiara months ago with notice that he'd have to surrender his license and close his store effective June 1. This followed a 13-month administrative hearing in which the ATF used evidence from a September 2003 inspection, along with earlier information, to argue Trader Sports has flouted federal firearms sale reporting requirements for years.

The 2003 inspection found 3,659 firearms in stock at the store, yet computer records showing 9,100 firearms should have been in inventory. The discrepancy later was whittled to more than 1,700 firearms unaccounted for.

Assistant U.S. Attorney Jonathan Lee argued Thursday that this, atop record-keeping deficiencies found in past inspections, proved Trader Sports couldn't be trusted to keep proper track of its sales.

``A license is a privilege... It comes with certain responsibilities," he told Walker, later adding ATF inspectors have found 19 instances in the three years since the inspection in which Trader Sports couldn't properly help law enforcement trace firearms found at crime scenes - a rate far higher than that of similar dealers. ``There is no substantial disagreement on this point."

Evidence also shows firearms sold by Trader Sports have been found at crime scenes at a rate of roughly one per week over the past two years, also out of line with similar dealers, Lee said.

Segal argued among other things that closing

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the store means more than 20 longtime employees will lose their jobs; police and hunters will be deprived of a valuable resource; and the business will miss its most profitable time of year as hunting season begins in June. He also argued that ATF violated its own rule by inspecting Trader Sports in 2003 a few weeks short of a year after its last meeting with Cucchiara, so all evidence from the inspection should be excluded from the case.

But this appeal of the administrative order to close the store is a civil lawsuit, and Walker said Thursday he could find no reason to exclude evidence from non-criminal cases.

He also said Trader Sports' claims that its administrative hearing was unfair - due to excluded evidence, and to alleged collusion between the ATF's ``prosecutor" and the hearing officer - were ``essentially insubstantial" and not enough to support the store's claim of due-process violations.

Thursday's hearing was merely for a preliminary injunction to halt the closure; Cucchiara can continue his lawsuit after the store closes in order to try to regain his license and reopen.

Griffin Dix of Kensington, president of the California chapters of the Brady Campaign to Prevent Gun Violence's Million Mom March, said he believes the judge's order and the store's impending closure set good precedent.

``Enough is enough," he said. ``Just consider the harm done to the community by the guns that are spread all over the place by this irresponsibility."

The Brady Campaign has issued a report, ``Trading in Death," outlining all of Trader Sports' past and present violations.

``Trader Sports has supplied more criminals with firearms than almost any other gun dealer in the nation," Brady Campaign legal director Dennis Henigan said in a statement. ``Congress should strengthen ATF's power to revoke licenses of corrupt dealers rather than enacting new special interest laws to protect them."

SAN LEANDRO Gun Shop Tries To Keep U.S. From Closing Store Trader Sports Losing License Over Weapons That Can't Be Found (SFC)

By Demian Bulwa, Chronicle Staff Writer

San Francisco Chronicle, May 26, 2006

The owner of the Bay Area's biggest firearms store will ask a judge today to stop regulators from shutting him down at the end of the month, in a case that is being watched on both sides of the gun debate.

The hearing before U.S. District Judge Vaughn Walker in San Francisco will center on federal agents' 2003 inspection of Trader Sports, which has operated on East 14th Street near downtown San Leandro for more than 35 years. It sells more than 3,500 revolvers, pistols, shotguns and rifles a year, along with fishing tackle and other goods.

Regulators from the federal Bureau of Alcohol, Tobacco, Firearms and Explosives ordered Tony Cucchiara to surrender his firearms license because he allegedly could not account for 1,723 guns, among other bookkeeping problems that officials argued could endanger public safety and hinder police investigating gun crimes.

His lawyer sued U.S. Attorney General Alberto Gonzales and other federal officials in an effort to overturn the revocation, saying agents had found only "hyper-technical" violations.

Cucchiara is asking the judge to postpone the revocation, which is scheduled to take effect June 1, and hold a full hearing.

Those who have been watching the fight between Cucchiara and the firearms bureau said it carries implications beyond the plight of a San Leandro gun shop. Trader Sports has a history of run-ins with regulators and is a high-profile target of gun-control groups.

"Trader Sports is one of the worst of the worst," Daniel Vice, a staff attorney for the pro-gun-control Brady Campaign in Washington, D.C., said Wednesday. He said license revocations are significant because the government issues them so rarely.

Malcolm Segal, an attorney for the store, said regulators had pushed too far in the other direction. In a legal filing, he said the federal agency is "engaged in an unfair campaign to intimidate firearm purchasers and remove the licenses of firearms dealers based on hyper-technical and inadvertent violations."

The U.S. attorney's office, which is defending the firearms bureau in the lawsuit, said the inspection of Trader Sports in September 2003 found 3,659 firearms on hand, even though store records showed 9,100 guns in inventory.

Cucchiara and the federal inspectors had tried to reconcile the discrepancy and found that an additional 2,036 guns could not be accounted for, bringing the total to 7,477, Assistant U.S. Attorney Jonathan Lee wrote in a legal filing.

Most of those weapons were eventually tracked down, Lee said. But when the firearms bureau issued its final notice of revocation in December, 1,723 guns still had not been found.

Lee said the firearms bureau also found that the shop routinely filed faulty sales records and failed to properly document the sale of high-powered guns to police.

Authorities also suggested that the store's guns show up too often at crime scenes. They said police asked Trader Sports last year to trace 447 guns that had been recovered -- the second-highest number among more than 100,000 licensed gun dealers in the country.

On 19 occasions in the past three years, Trader Sports was unable to produce a weapon's history, authorities said.

Segal said guns end up in police custody for many reasons other than use by a criminal. "The fact that a firearm is found at a crime scene could mean that it is a firearm that a victim had, trying to protect themselves," he said.

The attorney wrote in a court filing that Cucchiara and Trader Sports had received a disproportionate number of trace requests because the store sold a lot of guns and had been in business for more than 35 years.

Gun Crime Program Team Wins Award (DALLASBIZ)

Dallas Business Journal, May 26, 2006

DOJ_NMG_0029996

The city of Dallas' criminal prosecution team has received federal laurels for a program that has helped to reduce gun crime involving repeat offenders.

Gun crimes committed by parolees in Dallas between October 2003 and September 2005 fell by about 45 percent, according to a recent crime study.

The prosecution team -- which helped plan and implement the program -- was honored with a U. S. Department of Justice Project Safe Neighborhoods Achievement Award for exemplary local training, according to a Justice Department news release.

The community prosecutors, who have offices in seven Dallas neighborhoods, and others in law enforcement created a program that requires probationers and parolees to attend workshops that inform them of the consequences of violating terms of their release, which include not using or possessing firearms.

The Dallas team was nominated for the award by U.S. Attorney Richard B. Roper of the Northern District of Texas. The award was presented by Deputy U.S. Attorney General Paul J. McNulty during a national conference earlier this month.

IMMIGRATION:

Senate OKs Immigration Bill 62 To 36 (LAT)

By Joel Havemann

The Los Angeles Times, May 26, 2006

WASHINGTON — The Senate, closing one round of acrimonious debate but setting the stage for another, passed legislation today that would both tighten the borders to new immigrants and provide procedures for the 12 million foreigners already living in this country illegally to gain legal status.

The bill would also authorize a guest worker program by which foreigners could work temporarily in this country.

The vote was 62 to 36.

The bill now goes to a committee of House and Senate members, who will try to forge a compromise between the Senate legislation and a much more punitive bill approved by the House in December.

The task may prove impossible. House Speaker Dennis J. Hastert (R-Ill.) said this week that he would not schedule a compromise bill for floor action unless it commanded the support of a majority of the House's Republican majority.

"If Speaker Hastert insists on the 'majority of the majority,' "Sen. Richard Durbin (D-Ill.)said this week, then immigration reform is dead.

Rep. Mike Pence (R-Ind.), a leader of House conservatives as head of the 100-plus Republican Study Committee, criticized the Senate bill for providing amnesty to large numbers of people who had broken the law.

"This does not mean, however, that we cannot work together to find a solution to the problem of illegal immigration," Pence said. "The real rational middle ground can be found in a bill that is tough on border security, employer enforcement, and contains a no-amnesty guest worker program run by the private sector."

The House bill triggered massive protest demonstrations in Los Angeles and other cities this spring by a population that had been largely politically inactive.

Senate Minority Leader Harry Reid (D-Nev.) said the Senate had passed "good, comprehensive immigration reform legislation…. It deals with security, by providing new agents and new resources to secure our porous borders. It deals with employers who break the law, by making sure employee sanctions are tough and real — a big difference from the last five years."

And for foreigners in this country illegally, he said, the bill puts them on the road to legal status if they pay a fine and learn English.

Sen. Jeff Sessions (R-Ala.), a leader of the opposition, said the bill's provisions to beef up border controls and provide tougher sanctions against employers of illegal immigrants were insufficient. "The border is not secured by this bill," he said.

And as for foreigners already here illegally, Sessions complained, "A vast majority of the illegal alien population will be given every benefit our nation can bestow on its citizens, including participation in the Social Security System, based on their illegal work histories."

The bill would authorize future legal immigration levels of three to five times current rates, he said.

"This bill is a huge, monumental budget buster," Sessions said, citing a Congressional Budget Office report that the costs would approach $120 billion over the first 10 years.

Like Sessions, House Republicans have resisted White House efforts to push them beyond their "enforcement only" approach to immigration reform.

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"The basic difference of opinion that we have seen on this issue between the House and Senate and the White House is real, it is honest, and it was exhibited at this meeting," House Majority Leader John Boehner (R-Ohio) said.

Sen. Norm Coleman of Minnesota, a Republican supporter of the bill, said the value of the bill was that it included the dispatch of National Guard troops to the southern border and the construction of hundreds of miles of fence along between the U.S. and Mexico.

"By securing the border, discouraging the hiring of illegal immigrants and addressing the illegal immigrants currently living in the U.S., this bill implements a comprehensive response to solve our nation's illegal immigration woes," Coleman said.

Speaking for the Bush administration, Commerce Secretary Carlos Gutierrez, himself an immigrant from Cuba, applauded the Senate vote.

"Comprehensive immigration reform must secure our borders, toughen interior enforcement, create a temporary worker program, and provide employers with tamper-resistant identification cards that will help them determine the legal status of their employees," Gutierrez said. "I urge the House and Senate conferees to work in good faith to work out the differences in legislation."

Senate, In Bipartisan Act, Passes An Immigration Bill (NYT)

By Rachel L. Swarns

The New York Times, May 26, 2006

WASHINGTON, May 25 — The Senate easily passed legislation on Thursday that would give most illegal immigrants a chance to become American citizens. But the vote did little to soften opposition to the measure among House conservatives, and Republican leaders acknowledged that delivering a final bill to President Bush's desk would be enormously difficult.

The Senate legislation, which also creates a guest worker program and seeks to tighten control of the border, passed 62 to 36. Twenty-three Republicans and one independent joined 38 Democrats to win approval of the bill in one of the few displays of bipartisanship on a major piece of legislation in years.

If the Senate bill's provisions were to make it into law, they would be the most substantial overhaul of immigration law in two decades. The key architects of the bill, Senators John McCain, Republican of Arizona, and Edward M. Kennedy, Democrat of Massachusetts, hailed the bipartisan coalition for withstanding a slew of amendments intended to sink the legislation.

The bill was also praised by some immigrant advocacy groups, the Roman Catholic Church and business leaders, who worked to ensure its passage. And Senator Bill Frist of Tennessee, the majority leader, described the vote as "a success for the American people" as well as for the immigrants "who hope to participate someday in that American dream."

Mr. Bush issued a statement praising the Senate for its vote and the House for passing an earlier immigration bill that he said "began a national dialogue." He urged both chambers to work together to pass a bill that he could sign into law.

But with Republicans deeply divided over immigration, the bill's future remains in doubt, reflecting the fluid politics of the issue in a Congressional election year. House conservatives, who passed a border security bill in December, vowed to thwart any deal that includes a central provision of the Senate bill: its call to give most illegal immigrants a chance to become citizens if they meet certain conditions.

Representative John A. Boehner of Ohio, the House majority leader, said on Thursday that he was hopeful that the Senate and House could reach a compromise. But when asked whether that compromise might include a guest worker program, he said he did not know.

The House bill did not include a guest worker or legalization plan.

"This is a very difficult issue," Mr. Boehner said, adding, "I don't underestimate the difficulty of the House and Senate trying to come together in an agreement."

Conservatives in the House denounced the bill for legalizing illegal immigrants and creating a guest worker program that would admit 200,000 foreign workers each year. Representative J. D. Hayworth, Republican of Arizona, called it an amnesty for lawbreakers and "a nonstarter."

But some Republicans in the House said that the ground seemed to be shifting, if only slightly.

They pointed to Representative Mike Pence, Republican of Indiana, the leader of the conservative caucus in the House, who proposed a bill this week that would allow illegal immigrants to become guest workers, though not permanent residents or citizens.

They also said that the effort to reach a compromise could benefit from a strong push for a deal by Mr. Bush. And they noted the sizeable numbers of Republicans, including Mr. Frist, who offered vigorous support for the Senate legislation.

All of those developments, they said, might provide enough political cover for Republicans facing midterm elections in the fall to sign on to a plan that might include at least a temporary worker program.

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Representative Jeff Flake, an Arizona Republican who supports legalizing illegal immigrants, said that a week ago he was betting that the House and the Senate might not even agree to a meeting. On Thursday, he described the chances of a House-Senate compromise bill as "50-50."

Representative Peter T. King of New York, the chairman of the House Homeland Security Committee, said he also thought there was significant support for a temporary worker program. "A good number of Republicans who are opposed to legalization are willing to support guest workers," Mr. King said.

But supporters of the Senate legislation said they hoped to keep their central principles intact. Democrats said they would not support legislation that did not place most of the estimated 11 million illegal immigrants on a path to citizenship.

Under the legislation, illegal immigrants who have lived in the United States for five years or more, about seven million people, would eventually be granted citizenship if they remained employed, passed background checks, paid fines and back taxes, and enrolled in English classes.

Illegal immigrants who have lived here two to five years, about three million people, would have to leave the country briefly and receive a temporary work visa before returning, as a guest worker. Over time, they would be allowed to apply for permanent residency and ultimately citizenship.

Illegal immigrants who have been here less than two years, about one million people, would be required to leave the country altogether. They could apply for the guest worker program, but they would not be guaranteed acceptance in it.

Some immigrant groups criticize the plan for leaving out illegal immigrants who have been here for less than two years. Others praise the legislation, but not without qualms.

"It means there is real hope that we will have immigration reform that will legalize millions of people who are here," said Cecilia Muñoz, a vice president of the National Council of La Raza, a Latino civil rights group. "But we still have some real reservations."

Border Fight Divides G.O.P. (NYT)

By Jim Rutenberg

The New York Times, May 26, 2006

WASHINGTON, May 25 — The negotiations between the White House and Congress that will follow the Senate's passage on Thursday of an immigration bill could decide not just how the nation confronts illegal immigration but also what strain of conservatism the Republican Party carries into the midterm elections and beyond.

Will it be the compassionate brand Mr. Bush considers crucial to the party's future, in this case by signaling support for a provision in the Senate bill that would give most illegal immigrants an opportunity to become legal? Or will it be the more doctrinaire variety embraced by much of Mr. Bush's party in the House, one that shuns anything that smacks of amnesty for illegal immigrants and seeks to criminalize them further?

The 62-to-36 vote in the Senate was a victory for a fragile bipartisan coalition. [Page A19.]

It will now be challenged in negotiations with the House. While the Senate bill calls for tougher border security, the establishment of a guest worker program and a plan to allow millions of illegal immigrants a chance to become citizens if they meet certain conditions, the House bill is focused on border control.

As on several issues, especially the increase in federal spending under Mr. Bush, immigration has shown Republicans to be struggling to define what they stand for.

Since Mr. Bush's influence among Republicans has ebbed with his poll numbers, the outcome of the intraparty battle rests in large part with the House leadership, especially the speaker, J. Dennis Hastert of Illinois, and the new majority leader, John A. Boehner of Ohio. They have kept their options open, but neither has shown enthusiasm for moving substantially toward the Senate position.

Some well-known Republicans came out in support of a comprehensive plan, and argued that progress was possible. But it does not help the prospects for a deal that relations between the administration and Republican leaders on Capitol Hill are especially chilly at the moment because of the showdown about whether the Justice Department overstepped constitutional bounds over the weekend by raiding the office of a member of Congress.

Mr. Bush has made clear that he wants to sign an immigration bill this year, and his ability to pull his fractured party together on the issue may be the starkest test yet of whether he has enough remaining strength to drive any agenda at all for the remainder of his second term.

Mr. Hastert has indicated he will go only so far for the president. He has expressed some openness to Mr. Bush's guest worker proposals, but has more often emphasized enforcement against illegal immigrants and their employers, and securing the border, as top priorities.

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That Mr. Bush has chosen to put so much capital behind an issue so divisive within his own party — and during an election year in which Republican prospects seem particularly grim — has bewildered some conservatives.

"Clearly, Bush is not in tune with where I think the bulk of the Republican Party is today," said Bruce Bartlett, a conservative critic of the president who worked for Mr. Bush's father's administration and that of Ronald Reagan. "He's getting hammered on a lot of the talk-radio shows, and I kind of wonder what the motivation was."

Mr. Bartlett said he could only surmise that the issue was so close to Mr. Bush's heart that he was willing to risk further division within his party to see his plan, or some close version of it, become law.

Mr. Bush's aides and allies are only too happy to agree that the president's personal conviction is at play.

They clearly see a chance to show the president as leading on principle.

"He's got to lead his country and the party in a direction he thinks is right," Dan Bartlett, the White House counselor, said. But some allies have argued in interviews that Republicans who are pushing solely to criminalize illegal workers fail to understand that Mr. Bush's approach will broaden the party and make it more appealing to Hispanic voters.

"The party can't be a dominant party without reaching out to minority communities, especially Latinos," said Matthew Dowd, Mr. Bush's chief strategist in the 2004 campaign, who has also worked for Democrats.

But Mr. Dowd and others acknowledge that the president and Congress will have to proceed carefully as they try to craft an immigration overhaul that legalizes a foreign work force, which business leaders want badly, even as it strictly enforces the law and seals the border.

Some Republicans suggest that the solution is to jettison the citizenship provisions of the Senate bill, but retain its guest worker program, which was the focus of Mr. Bush's original proposal. But it is not clear that the Senate would accept such a deal.

"If we have the right mix of border security and a guest worker or temporary worker program," said Ed Gillespie, a Republican lobbyist who is a close White House ally, "we can continue to hold rank-and-file conservative Republicans, as well as continue to gain votes with Hispanics as we have in the past two cycles."

Aides to Mr. Bush liken their strategy to that of arms negotiators during the cold war: by first bringing the two sides together on matters of agreement and then moving onto the issues that divide them.

But as of now all indications are that once the negotiators move from the border security measures that both sides can support to guest worker and citizenship provisions that conservative House members oppose, they will hit a wall.

And it is unclear how much Mr. Bush, with the lowest approval ratings of his presidency, will be able to prevail upon hard-liners who face tough campaigns this fall. Though Mr. Bush's allies argue that those most vocally opposed to anything beyond border security are in the minority of the party — and indeed the country — they matter especially in elections. And they are angry.

"He's facing an open rebellion," said Richard A. Viguerie, a conservative direct-mail veteran and one of those openly rebelling. "And he's determined to force something down the throats of the conservatives that's going to cause them to abandon him in droves in 2006."

With so many in the House agreeing with Mr. Viguerie's view, it is difficult to handicap whether the president will get a comprehensive immigration law before fall. That possibility has prompted a frenetic round of discussions among Republicans about whether it would be best to put the House-Senate negotiations off until after the elections.

There is no clear consensus about how to proceed, but few argue that delay would be good for Mr. Bush, who badly needs a victory right now.

"If he can bring this one off, it won't necessarily save his presidency," said William A. Galston, a former adviser to President Bill Clinton who is now a senior fellow at the Brookings Institution, the liberal-leaning research organization. "But if he doesn't, I think he loses everything except the title of the office."

Senate Passes Sweeping Bill On Immigration (LAT)

By Nicole Gaouette

The Los Angeles Times, May 26, 2006

WASHINGTON — The Senate on Thursday approved a sweeping bill that would upgrade border security and offer a path to citizenship to most illegal immigrants in the U.S., setting up a major — and probably bitter — confrontation over revamping immigration policy.

The bill passed 62 to 36, moving Congress a significant step closer to the first overhaul of immigration law since 1986.

But key differences between the Senate measure and a bill the House passed late last year mean that the legislation's final contours — if an agreement can even be reached — remain uncertain.

The effort to reach a compromise, strongly endorsed by President Bush, now rests with House and Senate negotiators who will conduct their talks behind closed doors.

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Staunch opposition to the Senate bill from House conservatives is a key hurdle to an accord. They view any provisions that would permit illegal immigrants to become citizens as a reward for criminal activity.

Still, passage of the Senate bill represents a victory for Bush, who began a push for a broad overhaul of immigration policy with a speech in January 2004. His proposals sparked an extended debate about border security, the role of immigrants in American life and how best to deal with the estimated 12 million people who are in the country illegally.

For many lawmakers, the challenge in rewriting immigration laws has been to find a middle ground between recognizing the nation's heritage as a nation of immigrants and planning for its future in an uncertain age of terrorism.

Resolving the immigration issue in a comprehensive way "is a national security issue," said Sen. John McCain (R-Ariz.), one of the leaders of the bipartisan coalition that shepherded the Senate bill to passage.

Referring to the path to citizenship that the bill would create for illegal immigrants, McCain said: "Some Americans believe we must find all these millions, round them up and send them back. I don't know how you do that. I don't know why you would want to."

But some conservative senators roundly condemned the legalization provisions.

"This bill is going to make the problem of illegal immigrants much worse," said Sen. David Vitter (R-La.), arguing that the legalization measures would simply draw more people across the border.

Like many of the Senate bill's opponents, Vitter said Congress needed to produce a measure that dealt solely with beefed-up security at the nation's borders and stricter enforcement of immigration law in the workplace.

The House bill adheres to that course.

The Senate roll call on its bill illustrated the GOP divide on the issue: 23 Republicans, 38 Democrats and one independent voted for the legislation; 32 Republicans and four Democrats opposed it.

California's senators, Democrats Barbara Boxer and Dianne Feinstein, supported the bill.

Immediately after the vote, Sen. Patrick J. Leahy (D-Vt.) offered his odds on the prospects for a compromise during the negotiations ahead.

"I want to warn people, it is a 50-50 proposition to get a bill on the president's desk," he said. "I would like to see us improve those odds, and I think we will."

As Senate passage neared this week, House Republican leaders signaled a willingness to consider a guest worker program. But they continued to draw the line at legalization measures.

Despite that position, Sen. Arlen Specter (R-Pa.) insisted he was optimistic a compromise could be reached — with the help of Bush.

"I believe we can do it," he said. "The time has come for very active participation by the president."

A statement by Bush on Thursday night underscored his backing for the broader Senate approach rather than the narrower House version.

"An effective immigration reform bill will protect our borders, hold employers to account for the workers they hire, create a temporary worker program … address the issue of the millions of illegal immigrants already in our country and honor America's great tradition of the melting pot," he said.

The Senate legislation resembles the outline that Bush laid out in his 2004 speech.

Border security would get a boost, with 14,000 Border Patrol agents added to the existing 11,300 over the next five years. Extra detention facilities would be built to hold the illegal immigrants caught at the border. And the bill authorizes the construction of 370 miles of fencing along the U.S.-Mexico boundary.

Employers would have to start using an electronic verification system within 18 months to ensure that all new hires are legal. Companies that hired illegal workers would be fined up to $20,000, and repeat offenders would draw prison terms.

In its most controversial section, the bill creates a three-tiered system to determine the future status of illegal immigrants.

Those who arrived in the U.S. in the last two years would be required to leave. Those in the country more than two years but less than five years would have to leave the country and get a work visa before reentering, after which they could work toward legal status.

Those in the U.S. longer than five years could stay and eventually apply for permanent legal status, a step toward citizenship, as long as they paid back taxes and fines of at least $3,250, continued working, and learned English and U.S. civics.

A guest worker program would allow foreign workers to enter the country in the future and provide a way for them to gain permanent legal status.

The bill also declares English the national language.

In contrast, the House bill has no provisions for a guest worker program or for accommodating illegal immigrants. Instead, it would criminalize illegal presence in the U.S., a status that is now a civil offense.

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It also provides for a 700-mile barrier along the U.S.-Mexico border and would require that employers verify the status of all employees within six years.

It is not clear how quickly the House and Senate will begin talks over a joint bill.

Mexican President Vicente Fox, visiting Sacramento, praised the Senate's approval of the immigration bill as a "monumental step forward."

"It is a moment that millions of families have been hoping for; this is the moment that millions of people have been working for," Fox said in a speech to the California Legislature.

Senate Majority Leader Bill Frist (R-Tenn.) said that by late Thursday, he and Minority Leader Harry Reid (D-Nev.) would finish appointing senators to negotiate with House members in what is known as a conference committee. Frist added that he would urge the House to appoint negotiators "as soon as possible."

But at least some House Republicans argue that it might be better not to negotiate at all.

"There might be some strategic advantage in not calling the conference and just asking the Senate to pass the House bill as written," said Rep. Trent Franks (R-Ariz.). "My fear is that the bills are so far apart that it may dissolve into chaos if conference is called."

Other House Republicans say the party will look incompetent if Congress doesn't send a bill to the president before November's midterm elections.

"We are better off with any bill than no bill," said Rep. Thomas M. Davis III (R-Va.). "This is our best shot, and for both political and strategic reasons, we're best off getting this done."

"The wrath of the voters will be upon" the GOP majorities in the House and Senate if no bill is produced, added Rep. Jack Kingston (R-Ga.). "I think you have to have something."

Scores of House Republicans, however, have stressed that they cannot support any form of legalization for those in the country illegally.

"I'm not opposed to a guest worker status. I'm opposed to illegals becoming legal," said Rep. Peter T. King (R-N.Y.). "I think it's better to have no bill than a bad bill," which he described as "any bill that has legalization."

Some Senate conservatives view negotiations with the House as a chance to correct the flaws they see in the bill. These senators oppose the legalization measures, and some prefer the House approach of addressing only security and enforcement issues.

Sen. Jon Kyl (R-Ariz.), who will take part in the conference talks, expressed conservatives' hopes for the closed-door sessions.

"We'll have the ability to craft something, in effect, from scratch," he said.

But in another example of the complicated task that faces the negotiators, a proposed compromise that lacks legalization provisions probably would spur opposition from most Senate Democrats and doom its chances in that chamber.

Times staff writers Maura Reynolds in Washington and Peter Nicholas in Sacramento contributed to this report.

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(INFOBOX BELOW)

How the bills stack up

There are key differences between the Senate immigration bill passed Thursday and the House bill passed in December.

Issue: Legalization of undocumented immigrants

Senate bill: Allows illegal immigrants who have been in the country five years or more to remain, continue working and eventually become legal permanent residents and citizens after paying back taxes, paying at least $3,250 in fines and fees, and learning English.

Requires illegal immigrants in the U.S. more than two but less than five years to go to a point of entry at the border and file an application to return.

Requires those in the country less than two years to leave.

House bill: Contains no provisions providing a path to legal residency or citizenship for illegal immigrants.

Makes illegal presence in the country a felony.

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Issue: Temporary worker program

Senate bill: Creates a special guest worker program for an estimated 1.5 million farm workers, who could also earn legal permanent residency.

House bill: Contains no new temporary guest worker program.

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Issue: Enforcement

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Senate bill: Orders deportation of illegal immigrants convicted of a felony or three misdemeanors, no matter how long they have been in the U.S.

Authorizes hiring an additional 1,000 Border Patrol agents this year, for a total of 3,000 new agents in 2006.

Authorizes more detention facilities for apprehended illegal immigrants.

House bill: Makes it a felony to assist, encourage, direct or induce a person to enter or attempt to enter or remain in the United States illegally.

Establishes mandatory sentences for smuggling illegal immigrants and for reentering the U.S. illegally after deportation.

Makes a drunk driving conviction a deportable offense.

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Issue: Employer sanctions

Senate bill: Requires employers and subcontractors to use an electronic system within 18 months to verify that new hires are legal.

Increases maximum fines on employers for hiring illegal workers to $20,000 for each worker and imposes jail time for repeat offenders.

House bill: Increases maximum fines for employers of illegal workers from the current $10,000 to $40,000 per violation and establishes prison sentences of up to 30 years for repeat offenders.

Beginning in six years, all employers would have to use a database to verify Social Security numbers of all employees.

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Issue: Fences

Senate bill: Authorizes 370 miles of new triple-layered fencing plus 500 miles of vehicle barriers along the 2,000-mile-long Mexico border. Requires building two-layer fences along 700 miles of the Mexico border.

Issue: Other

Senate bill: Declares English the national language.

Source: Associated Press

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Next steps

The Senate and House have passed immigration bills with key differences, so a committee with members from each chamber is expected to try to reach a compromise.

· House and Senate negotiators may hold public sessions, but the real work is usually conducted behind closed doors.

· Talks could begin shortly and wrap up quickly, or they could last for months.

· An unusually large Senate contingent of 14 Republicans and 12 Democrats is expected, probably led by Senate Judiciary Committee Chairman Arlen Specter (R-Pa.) and including Sen. Dianne Feinstein (D-Calif.).

· The makeup of the House team is not yet known, though it is expected to be led by House Judiciary Committee Chairman F. James Sensenbrenner Jr. (R-Wis.).

· If negotiators fail to reconcile their differences, the legislation dies.

· A compromise would go to the floor of both houses for a vote. Usually, but not always, the compromise is approved and sent to the president, whose signature makes it law.

Source: Los Angeles Times

Los Angeles Times

Senate Approves Immigration Bill (WP)

By Charles Babington

The Washington Post, May 26, 2006

The Senate yesterday approved legislation that would trigger the biggest changes to U.S. immigration policy in decades, by strengthening border security, establishing a guest-worker program, and providing the means for millions of illegal immigrants to stay in the country and possibly become citizens.

The product of a tenuous bipartisan coalition that faced tough conservative opposition, the measure calls for 370 miles of triple-layer fencing along the Mexican border, a complicated three-tiered system for determining who can stay and who must leave the country, and more jail cells for those awaiting deportation. It would declare English the country's national language, a gesture that many advocates found insulting but accepted in hopes of helping millions of undocumented workers achieve legal status.

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But even as the Senate approved the bill 62 to 36, the measure's backers acknowledged that it faces formidable opposition in the House, whose political dynamics differ markedly from the Senate's. Numerous House members insist that Congress do nothing about legalizing immigrants until illegal border crossings are dramatically reduced.

Democrats and Republicans alike said a House-Senate accord will be nearly impossible without the vigorous involvement of President Bush, who favors an approach similar to the Senate's. The White House has already begun lobbying efforts, but it faces resistance from more than 200 House Republicans seeking reelection this fall, many in districts where the sentiment against illegal immigrants runs high.

"This is the most far-reaching immigration reform in our history," Sen. Edward M. Kennedy (D-Mass.), a leader of the Senate effort, said of the bill's passage. "It is a comprehensive and realistic attempt to solve the real-world problems that have festered for too long in our broken immigration system."

Sen. John McCain (R-Ariz.), Kennedy's partner in the effort, said more than 11 million illegal immigrants "harvest our crops, tend our gardens, work in our restaurants and clean our houses" and added: "Some Americans believe we must find all these millions, round them up and send them back to the countries they came from. I don't know how you do that. And I don't know why you would want to."

But opponents called the bill fundamentally flawed and predicted that it will be completely rewritten by a House-Senate conference committee, which will try next month to craft a compromise version acceptable to both chambers.

Sen. Saxby Chambliss (R-Ga.) called the measure "a bad bill" that "puts more emphasis on amnesty than on border security."

The House in December passed a bill that dealt only with border and workplace enforcement. It would make illegal presence in the country a felony.

After mass demonstrations by immigrants in several cities and complaints by Roman Catholic officials -- plus Bush's recent televised speech calling for a comprehensive approach that would include pathways to legal status for undocumented aliens -- House GOP leaders signaled a willingness to modify their bill. But they said the Senate bill goes too far and would amount to "amnesty," a term that many dispute, for millions of foreigners who broke the law and jumped ahead of would-be immigrants waiting for legal entry.

A possible compromise, some lawmakers said, might start with tighter border security and then -- if there is measurable evidence the crackdown is working -- proceed to a mechanism for some illegal immigrants to achieve legal status. But lawmakers said it is far from clear whether such a plan would appeal to enough House Republicans, and enough Senate Democrats, to win passage in either chamber.

Further complicating matters is Speaker J. Dennis Hastert's policy of allowing votes on major issues only if most of the House's 231 Republicans back them. Theoretically, a compromise immigration bill could be supported by most of the House's Democrats and nearly half of its Republicans -- making up a clear majority in the 435-seat chamber -- only to be thwarted by Hastert's dictum.

If the Senate had embraced the same policy, the bill would have died. Twenty-three Republicans, 38 Democrats and one independent voted for the immigration bill; 32 Republicans and four Democrats voted against it. Sens. Barbara A. Mikulski (D-Md.), Paul S. Sarbanes (D-Md.) and John W. Warner (R-Va.) voted for the bill. Sen. George Allen (R-Va.) voted against it.

The Senate bill calls for 1,000 new Border Patrol agents and thousands of National Guard troops to support them, plus 500 miles of vehicle barriers on the Mexican border. Several such provisions, added during two weeks of debate, were designed to appease Senate conservatives who threatened to kill the entire bill. But senators repeatedly rejected conservatives' bids to strip or weaken the provisions allowing legal status for undocumented immigrants.

The Senate bill would provide 200,000 new temporary guest-worker visas a year, while creating a separate guest-worker program for immigrant farm laborers. Its key compromise would divide the nation's estimated 11 million to 12 million illegal immigrants into three groups.

Those here five years or longer would be allowed to stay and apply for citizenship, provided they pay back taxes, learn English and have no serious criminal records. Those here two to five years would eventually have to return to another country and apply for a green card, which could allow their immediate return. The roughly 2 million immigrants who have been in the United States illegally for less than two years would be ordered home and be subject to deportation. Illegal immigrants convicted of a felony or three misdemeanors would be deported no matter how long they have been in the United States.

Critics on the left and right call the bill -- and especially its three-tiered formulation -- unworkable. The notion of apprehending and deporting 2 million illegal immigrants who have been in the United States less than two years defies logic, some say. They add that the task would be six times as great under the House proposal to empty the nation of all illegal immigrants.

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Immigrants who have lived largely underground for more than five years might have trouble proving their length of stay, advocacy groups say, while those who arrived less than five years ago might try to convince officials that they have been here longer. The bill would obligate immigrants to prove their length of residency, and fraudulent claims would be a crime.

Those claiming five years of residency or more would have to prove they were employed for at least three years to qualify for a citizenship application.

Senate Passes Sweeping Immigration Reform Bill (KRT)

By Dave Montgomery

Knight Ridder, May 25, 2006

WASHINGTON - Congress' struggle to overhaul America's immigration law heads next into House-Senate negotiations that could last all summer. They will test President Bush's ability to forge a compromise on an emotional issue in an election year.

As expected, the Senate voted 62-36 Thursday to pass landmark legislation that would put nearly two-thirds of the nation's illegal immigrants on track to eventual U.S. citizenship and create a guest-worker program to give U.S. employers a steady supply of low-skilled foreign labor.

The Senate bill embraces the basic concepts of Bush's call for comprehensive immigration reform and also includes toughened enforcement provisions, increased penalties on employers who hire illegal workers and a combination of fences, technology and increased manpower to help plug the porous U.S.-Mexico border.

But the volatile debate over immigration next moves to a House-Senate negotiating committee, where lawmakers will be hard pressed to find middle ground between the multilayered Senate bill and a House measure that focuses more on expanded enforcement.

Leaders on both sides say the ultimate outcome is impossible to predict.

Backers of the bipartisan Senate plan are calling on Bush to use the full force of the White House to forge a compromise, but acknowledge that the president is weakened by declining polls and his growing lame-duck status.

"After tonight, whether this bipartisan balance still survives or not really rests in the hands of the man at the other end of Pennsylvania Avenue," said Sen. Charles Schumer, D-N.Y.

House Republican leaders denounce the Senate's legalization provisions as "amnesty" and remain adamantly opposed to the Senate bill. Some declared it all but dead on arrival.

"The nation needs legislation that will secure our borders and provide meaningful immigration reform - this bill completely misses that mark," said Sen. Jon Kyl, R-Ariz., who opposed it. He vowed to rewrite the Senate bill as a member of the House-Senate conference.

Hailed as the most sweeping immigration bill in two decades, the Senate measure emerged from weeks of rancorous deliberations that paralleled massive demonstrations by immigrants and their supporters across the country. The bill was co-sponsored by Sens. Mel Martinez, R-Fla., and Chuck Hagel, R-Neb.

As many as 12 million illegal immigrants, more than half from Mexico, have entered the United States to find work. Their presence has provoked an angry response from many U.S. citizens, who say illegal immigrants cause a multibillion-dollar drain on social services and unfairly wrest jobs from U.S. workers.

Perhaps the Senate bill's most controversial provision is a three-tiered approach to illegal immigrants. The nearly 7 million who've been in the United States five years or longer would be allowed to stay. They could become permanent legal residents in six years and U.S. citizens five years later by paying $3,250 in fees, learning English, paying back taxes and passing background checks.

Illegal immigrants who have lived here between two to five years - estimated at nearly 3 million - would be eligible for "deferred mandatory departure," allowing them to stay and work for another three years.

They would be required to leave after three years, but could return as participants in the guest-worker program. A so-called "touch-back" provision would enable them to satisfy the requirement by briefing exiting the country and returning through a U.S. port of entry. They would also be eligible to apply for "green cards" to become permanent legal residents.

The more than 1.5 million immigrants who've been here less than two years would be required to return to their native countries.

Martinez and Hagel crafted the three-tiered structure as a compromise to draw wavering Republicans, but even proponents acknowledge that it could be difficult to administer.

Another lightning-rod provision sets up the H2-C guest worker program. It would allow U.S. employers to hire foreign workers for low-skill jobs, largely in hotels, restaurants, construction and landscaping, if they're unable to find American workers for those positions. The workers would hold temporary visas for up to six years and would be eligible to apply for green cards.

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Bush has urged Congress to enact a guest-worker program since he first began pushing his proposed immigration overhaul in January 2004, backed by a broad coalition of business groups seeking foreign workers to fill what they say is a chronic labor shortage. But the concept encountered stiff resistance in Congress.

The Senate bill originally called for up to 400,000 guest workers a year, but the ceiling was lowered to 200,000 through an amendment co-sponsored by Sens. Jeff Bingaman, D-N.M., and Dianne Feinstein, D-Calif.

The bill also creates a five-year pilot program that would offer eventual legal status for up to 1.5 million undocumented farm workers. Another provision, known as the DREAM Act, would put illegal immigrant children who have graduated from high school on track to legalization if they complete college or join the military.

Embraced by the Senate's Republican and Democratic leadership, and supported by a bipartisan coalition, the bill withstood most major challenges during nine days of debate. But it was refined to include two elements to boost conservative appeal: 370 miles of fencing along the Southwest border and a declaration of English as the national language.

Its enforcement provisions are similar to those in the House bill, including an additional 14,000 Border Patrol agents over five years, a crackdown on smugglers and document forgers, and an array of new border technology such as unmanned aerial vehicles, sensors and cameras. The House bill proposes a 700-mile border fence.

The bills include differing versions of an electronic verification system that employers would use to confirm the eligibility of job applicants. The House bill makes illegal presence a felony, but House leaders have signaled a willingness to reduce it to a misdemeanor. The Senate bill retains current law: a criminal misdemeanor for illegal entry and a civil violation for overstaying visas.

The House-Senate conference committee may begin work shortly after Congress returns from a week-long recess in early June. It will be under intense pressure from all sides.

Although pro-immigration groups support the basic thrust of the Senate bill, they'll press to increase the cap on the guest-worker program and eliminate the three-tiered treatment of illegal immigrants. Frank Sharry, the executive director of the National Immigration Forum, described the bill as "a rough draft."

Conversely, advocates of a get-tough stance toward illegal immigrants are calling on House conferees to stand firm against any movement toward the Senate bill. "There's an entrenched wall of opposition in the House led by people who know better," said Dan Stein, president of the Federation for American Immigration Reform. He denounced the Senate measure as a "disaster" and "a pig of a bill."

Bush dispatched White House adviser Karl Rove to Capitol Hill this week to try to soften opposition among House members, apparently with negligible results. The president has elevated his profile on the issue in recent weeks, including giving an Oval Office address in which he announced plans to send the National Guard to the Southwest border to assist Border Patrol agents.

Senate Passes Immigration Bill; GOP Advocate Of Crackdown Pledges 'battle' (USAT)

By Kathy Kiely

USA Today, May 26, 2006

WASHINGTON — A bipartisan coalition held together to give President Bush the comprehensive immigration bill that he says he wants. But the president may have to shatter his own party's unity in the House of Representatives if the bill is to become law.

"The ball is in the president's court," Sen. Charles Schumer, D-N.Y., said Thursday as the Senate approved the first rewrite of immigration law in 20 years with mostly Democratic and independent support.

The 62-36 vote capped a month-long debate punctuated by lawmakers' stories of their own immigrant roots. In the end, 38 Democrats, 23 Republicans and one independent supported the bill.

The Senate bill would add staff and technology at the nation's borders, expand opportunities for foreigners to work in the USA and give millions of illegal immigrants who have lived here since Jan. 7, 2004, a chance to become citizens.

"It strengthens our security and reflects our humanity," said Sen. Edward Kennedy, D-Mass., an architect of the bill. Sen. Jeff Sessions, R-Ala., opposed the bill, calling it "a tremendous budget-buster."

The legislation faces strong opposition in the House, which passed a bill in December that would make illegal immigration a felony, increase penalties for hiring undocumented workers and beef up border security.

Some backers of the House bill say the Senate version awards amnesty to lawbreakers. They promised to take a tough line in the House-Senate conference committee that will hammer out differences between the bills.

"I'd rather see no bill than a bad bill," said Rep. Pete King, R-N.Y. "An overwhelming majority of House Republicans are opposed to legalization."

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Rep. Tom Tancredo, a Colorado Republican who has become a national spokesman for cracking down on illegal immigration, sounded a defiant note. “The battle has been joined,” he said.

Senate Judiciary Committee Chairman Arlen Specter, R-Pa., a supporter of the Senate immigration bill, joined Democratic leaders in calling on Bush to overcome GOP opposition. “We are looking forward to the president's more intensive participation,” he said.

Specter and House Judiciary Committee Chairman F. James Sensenbrenner, R-Wis., have said they want to begin ironing out differences. “The public deserves to know where their elected representatives stand on this before the elections in November,” Sensenbrenner said.

Specter warned that Republicans, who control the House and Senate, could pay a price if Congress fails to reach a compromise. “There is an election in November, and our leadership position as Republicans is on the line,” he said.

That could put Bush in the politically awkward position of relying on Democrats to produce an immigration bill. Of the Senate's 55 Republicans, 32 voted against the bill containing many elements the president favors. The House bill was supported by 203 of the chamber's 231 Republicans.

Democrats and Republicans said Bush will have to flex his muscle to get a bill he can sign. “His biggest work is ahead of him,” said Senate Minority Leader Harry Reid, D-Nev.

House GOP Expected To Yield On Legislation (WT)

By Stephen Dinan

The Washington Times, May 26, 2006

The House is the only obstacle that stands between President Bush and a comprehensive immigration bill, and the White House yesterday predicted that the chamber's Republicans will give in.

White House press secretary Tony Snow said House Republicans will want to pass border security badly enough to back down from the fight against what many consider amnesty for illegal aliens, knowing there is a "heavier political price for failing to act, than for acting."

"If you are a Republican member of Congress and you're concerned about illegal immigration, do you really want to say to your constituents: You know, I'm going to wait a couple of years before I take up the issue of people knowingly hiring illegal aliens, I want to wait a couple of years before I go ahead and try to identify who the illegal aliens are, I want to wait a couple of years before I start grappling with what to do with these 11 or 12 million people who are here illegally," Mr. Snow said.

A president always has the most influence in the backroom House-Senate negotiations, but yesterday, Mr. Snow wouldn't tip the administration's hand when asked how they would approach the conference committee.

"At this point, let's get a bill through the Senate, let's figure out where the fault lines are," he said.

But those fault lines between the House and Senate are fairly public, deep and fundamental.

The House passed a bill in December that stepped up border enforcement and interior enforcement, enabled local law enforcement in border areas to help enforce immigration laws and cracked down on employers who hired illegal aliens.

The Senate included some of those measures but put far more emphasis on future foreign workers and a pathway to citizenship for the current estimated 10 million to 12 million illegal aliens, a move House Republicans consider an unacceptable amnesty.

"If both parties in a negotiation are running the other way, they will never meet in any middle," said Don Stewart, spokesman for Sen. John Cornyn, Texas Republican.

"The question for the House is some agreement to do more than just border security. The question for the Senate is: Are they willing to be less generous than the Senate bill? Without a yes on both of those two questions, there's no point in the conference going forward."

From the House side, Majority Leader John A. Boehner acknowledged there were "two very separate and distinct directions that we're going," but said he still thinks they can reach an agreement with the Senate.

Still, the Ohio Republican said, the House position is clear.

"You can't control the problem without first strengthening the borders and beginning to enforce the laws," said Mr. Boehner.

Mr. Bush last week called the Senate measure "a good immigration bill." He also recently reversed his administration's earlier position and now endorses the idea of a path to citizenship for some illegal aliens.

He said any final bill must include border security, employer sanctions, a temporary-worker program and a way to handle the current illegal alien population.

Rep. Jack Kingston, Georgia Republican, said the House has some areas in common with the Senate, including provisions to build more fencing -- 370 miles in the Senate version and 698 miles in the House version.

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Mr. Kingston said House Republicans are willing to accept a temporary-worker program for future workers but, in exchange, would have to win agreement on delaying it until the borders are secure and adopting some sort of biometric identification card.

"We think probably we might be able to do something on a temporary visa basis, but where we will have a line in the sand is on the pathway to citizenship, because pathway to citizenship, by almost any angle, leads to somebody's definition of amnesty," he said. "We don't want 'Republican' and 'amnesty' in the same sentence."

He estimated that there are 180 members of the House "just adamant about no amnesty."

Although Mr. Bush has generally favored the Senate's approach and has recently said some illegal aliens can gain citizenship, he has been insistent that future foreign workers not have a path to citizenship. That sets up a major conflict with the Senate, where the bill that passed yesterday does grant that right to future workers.

Mr. Bush did win an unlikely ally in former President Jimmy Carter, a Democrat, who this week said Mr. Bush's efforts to create a right to citizenship have been "quite admirable."

Immigration: Now The Hard Part (CSM)

By Gail Russell Chaddock

The Christian Science Monitor, May 26, 2006

WASHINGTON - As hard as it was in the Senate to pull together a winning coalition on immigration reform, getting to "yes" with the House - in a form that can again pass both bodies - will be even tougher.

But it's not impossible. Even before the Senate completed work on its immigration bill Thursday, House Republicans were signaling an openness to compromise, as long as the final legislation maintains a focus on border security.

"I believe it is resolvable, and we will be successful in putting an illegal immigration bill on the president's desk," said House majority leader John Boehner, before the Senate vote Thursday. But he cautioned: "This is going to be a delicate negotiation between the House and Senate."

On some fronts, the way forward is obvious. Both the House and Senate bills include measures to improve border security. The House bill proposes building 700 miles of fence along the border with Mexico; the Senate bill, 370 miles.

But the guest-worker program and a path to citizenship for millions of people in the US illegally are sticking points for many House Republicans. Their position is that any form of amnesty is unacceptable.

"We shouldn't be selling American citizenship," Rep. James Sensenbrenner (R) of Wisconsin said Sunday on CBS's "Face the Nation." "What the Senate is doing is it is providing illegal immigrants benefits that we don't give to legal immigrants, and that's dead wrong."

Moreover, House leaders say that unless a compromise plan has the support of most House Republicans, it will not be allowed to come to a vote - even if the members of the conference committee agree on a compromise.

"The Speaker will not bring a conference report on immigration to the floor unless it has the support of a majority of the majority," says Ron Bonjean, spokesman for Speaker Dennis Hastert.

GOP leaders are hopeful that threshhold can be met, he adds. "This will be a difficult conference, but the Speaker believes we can get to a balanced bill that will put border security first."

This week, President Bush's top political adviser, Karl Rove, made his second trip to Capitol Hill to boost prospects for a compromise. While several Republicans who spoke with the press after the closed meeting said they were not convinced, others are signaling they may be interested in helping to broker a deal.

On Tuesday, Rep. Mike Pence (R) of Indiana, leader of the Republican Study Group, proposed a privately operated guest-worker plan in a talk before the Heritage Foundation, a conservative think tank.

"I agree with the president that a rational middle ground can be found between amnesty and mass deportation, but I disagree with the president that amnesty is the middle ground," he said. The solution, Representative Pence said, is to set up a system that "will encourage illegal aliens to self-deport and come back legally as guest workers." Under this plan, the federal government would license private worker-placement agencies to match willing guest workers with jobs that cannot be filled with American workers.

Meanwhile, the Republican Main Street Partnership, a group of moderate Republicans in the House and Senate, is offering to help broker a deal. Last weekend, Rep. Michael Castle (R) of Delaware and Sen. John McCain (R) of Arizona, both Main Street members, opened discussions on the bill.

Senate conservatives, however, are urging their House colleagues to hold the line against amnesty and for border protection.

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Commenting on the Senate immigration bill, which had not been passed at press time, Sen. Rick Santorum (R) of Pennsylvania said: "This [bill] is not acceptable to me, and I hope that the House of Representatives thinks the same way. This is not what I would expect from a country of laws."

Sen. John Cornyn (R) of Texas, already designated as a conferee who will meet with House conferees, says he remains committed to comprehensive reform and thinks it can be achieved in the conference.

"I am concerned that we still have not learned the lessons of [immigration-law overhaul in] 1986, which resulted in massive fraud and [in] the federal government refusing to provide the information needed for enforcement" of sanctions against employers who hire illegal immigrants.

The House bill, which passed in December, addresses only border protection and illegal immigration "control." Mr. Bush and a bipartisan coalition in the Senate want border control plus an expanded guest-worker program and a path to legalization for most of the 11 million people in the country illegally.

Many GOP lawmakers worry that voters in November will punish legislators who back any measure that appears to reward illegal behavior. Rep. Tom Osborne, who ran in the Nebraska Republican primary for governor, lost his bid after an ad campaign criticized his support for in-state tuition for children of illegal immigrants.

More registered Republicans (19 percent) cite immigration as the most important national problem than cite any other issue, according to a Pew Hispanic Center poll this month. Only 6 percent of Demo-crats cite it as the most important problem.

Senate Passes Immigration Bill Overhaul (AP)

By David Espo

The AP, May 25, 2006

Landmark legislation to secure U.S. borders and offer millions of illegal immigrants a share of the American dream cleared the Senate on Thursday, a rare election-year reach across party lines and a triumph for President Bush.

The 62-36 vote cleared the way for arduous summertime compromise talks with the House on its immigration measure focusing on border enforcement with no guarantee of success. Republicans and Democrats said energetic participation by Bush would be critical.

"Why not say to those undocumented workers who are working the jobs that the rest of us refuse, come out from the shadows," said Arizona Republican John McCain, a key architect of the bill.

The legislation includes money to better secure the borders, provide a new guest worker program and give an eventual shot at citizenship to many of the estimated 11 million to 12 million immigrants in the country illegally.

The bill "strengthens our security and reflects our humanity," said Edward M. Kennedy, D-Mass., McCain's partner in the Senate compromise. "It is intended to keep out those who would harm us and welcome those who contribute to our country."

Majority Leader Bill Frist, R-Tenn., and the Democratic leader, Harry Reid of Nevada, both sided with supporters, a reflection of the bipartisan backing for a bill that was months in the drafting and survived several near-death experiences. In all, 38 Democrats, 23 Republicans and one independent voted for the bill, while 32 Republicans opposed and four Democrats opposed it.

Conservative critics attacked the legislation to the end after trying unsuccessfully to pull it apart with amendments.

"This bill will not secure our borders," said Sen. Jeff Sessions (news, bio, voting record), R-Ala., one of the most persistent critics.

"This is amnesty," added David Vitter, R-La., who tried last week to strip out provisions relating to citizenship.

Not so, said Sen. Arlen Specter (news, bio, voting record), R-Pa., chairman of the Judiciary Committee, in a rebuttal to weeks of debate. "They have to pay a fine. They have to undergo a criminal background check. They have to pay back taxes, they have to learn English and they have to go to the back of the line," he said, referring to illegal immigrants who would apply for citizenship.

Still, Sessions, Vitter, John Cornyn of Texas and others echoed a view widely held among House Republicans, many of whom have vigorously denounced the Senate bill as well as Bush's call for a "comprehensive approach" to the issue.

That portended difficult compromise talks in the shadow of midterm elections, at a time when Bush's poll ratings are low, congressional Republicans are concerned and Democrats are increasingly optimistic about their chances in November.

Lawmakers in both parties pledged strenuous efforts to reach a compromise. Specter said that Republicans, as the party in power in Congress and the White House, had a special burden to produce a compromise. "I believe the president will put a heavy shoulder to the wheel," he added.

Internal GOP divisions will complicate compromise talks. In the Senate alone, four members of the leadership voted against the bill, including Sen. Elizabeth Dole of North Carolina, chairman of the party's senatorial committee.

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House Majority Leader John Boehner, R-Ohio, issued a statement that said, "we owe it to the American people to seek common ground on responsible solutions, while always stressing our most important priority is to secure our borders and stop illegal immigration."

The House bill, which passed on a largely party-line vote last year, is generally limited to border enforcement. It would make all illegal immigrants subject to felony charges and it contains no provision for either a new temporary worker program or citizenship for men, women and children in the country unlawfully.

In contrast, the Senate bill would mark the most far-reaching changes in immigration law in two decades.

Built on compromise after painstaking compromise, it was designed to appeal to conservatives and others seeking tougher border enforcement; business interests eager for a steady supply of legal, low-wage labor; unions seeking enhanced protections for migrants who often toil in seasonal work the fields and Hispanics who are on the cusp of greater political power and determined to win a change in legal status for millions of illegal immigrants.

That last group — Hispanics — comprises the fastest growing segment of the electorate, and millions made their feelings clear in street demonstrations denouncing the House measure and calling for passage of a broader measure.

Bush played a prominent role in the run-up to passage. An Oval Office speech last week made explicit his support for the Senate's overall approach. A later trip to Arizona was designed to reassure conservatives about his commitment to stanching illegal immigration.

In more than a week of debate, the Senate made a series of changes in the legislation. Still, the key pillars were preserved when opponents failed to knock out the guest worker program or the citizenship provisions. A new program for 1.5 million temporary agricultural workers also survived.

To secure the borders, the measure calls for the hiring of an additional 1,000 new Border Patrol agents this year and 14,000 by 2011, and backs Bush's plan for a short-term deployment of National Guard troops to states along the Mexican Border. The bill calls for new surveillance equipment as well as the construction of 370 miles of triple-layered fencing and 500 miles of vehicle barriers.

The new guest worker program would admit 200,000 individuals a year. Once here, they would be permitted for the first time to petition on their own for a green card that confers legal permanent residency, a provision designed to reduce the potential for exploitation by employers.

A separate new program, a compromise between growers and unions, envisions admission of an estimated 1.5 million immigrant farm workers who may also apply for permanent residency

Even supporters of the bill conceded the three-tiered program related to illegal immigrants was complicated.

Those in the country unlawfully for five years or more would be permitted to remain, continue working and eventually apply for citizenship. They would be required to pay at least $3,250 in fines and fees, settle any back taxes and learn English.

Illegal immigrants in the country for more than two years but less than five would be required to travel to a point of entry before re-entering the United States legally and beginning a lengthy process of seeking citizenship. They would be subject to the same fines, fees and other requirements as the longer-term immigrants.

An immigrant in the country illegally for less than two years would be required to leave with no guarantee of return.

Senate Passes Immigration Bill (CHIT)

By Frank James

Chicago Tribune, May 26, 2006

WASHINGTON -- The Senate's bipartisan passage Thursday of sweeping changes in the nation's immigration laws could lead to citizenship for millions of illegal immigrants. But it also created an immediate confrontation with the House's enforcement-only approach and will offer a test of President Bush's ability to lead on an issue that has deeply divided the nation.

The Senate, on a 62-36 vote, approved a sweeping measure along the lines favored by Bush that provides a path to legalization for most of the estimated 12 million illegal immigrants in the U.S. and also would beef up security along the porous border with Mexico.

But strong conservative opposition to the citizenship provisions in the Senate bill, which some critics describe as an "amnesty" for illegal immigrants, and the powerful emotions evoked by the issue, make the legislation's future uncertain, especially in an election year.

Many voters oppose granting eventual citizenship to people who entered the U.S. illegally, as provided for in the Senate bill and supported by the president.

House Republicans have sharply criticized the Senate bill and its accommodation of illegal immigrants. Thus it was not immediately clear how the Senate bill could be reconciled with the tougher House version, which lacks provisions to provide a way for undocumented immigrants to gain legal status.

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Despite the difficulties they face, senators who supported the bill said they were optimistic that Congress could produce immigration legislation this year that the president could sign.

What's more, they also said it proved that the Congress could work toward compromise legislation on a controversial issue, even in the often poisonous, partisan atmosphere that exists in Washington.

"This is truly landmark legislation produced by a big-league team," said Sen. Arlen Specter (R-Pa.), chairman of the Senate Judiciary Committee that wrote the legislation.

"The next step is going to be the conference [with the House] and I believe we can do it," Specter said. "We're going to work as hard to get a bill to the president's desk as we did to get a bill passed today. And I predict success."

The troubles ahead were almost immediately apparent, however. House Majority Leader John Boehner (R-Ohio) issued a non-committal statement that didn't even acknowledge that the Senate bill had any acceptable provisions and instead espoused the immigration priorities sought by the House majority in passing its measure in December.

"The American people expect Congress to secure our borders and stop the flood of illegal immigration," Boehner's statement said, "and House Republicans responded by passing a strong border security bill that re-establishes basic respect for our immigration laws.

"Now that the Senate has passed a bill, we owe it to the American people to seek common ground on responsible solutions, while always stressing our most important priority is to secure our borders and stop illegal immigration," he said.

Boehner also urged House Democrats to stop advocating "troubling policies that encourage open borders and invite more illegal immigrants into our country" and to join House Republicans in making U.S. borders more secure.

That criticism paralleled comments House conservatives have made about the Senate legislation, which they have said would cause more illegal border crossings because of its provisions creating a guest worker program and eventual citizenship.

The hard-line House stance led both Republican and Democratic senators to say after they passed their bill that Bush's leadership was essential to realize their hopes of enacting a bill this year.

Sen. Dick Durbin (D-Ill.) said, "If comprehensive immigration reform is to succeed, the Senate conferees [with the House] must be resolute in their commitment to what we have achieved tonight in the Senate. And we must turn to the president and ask him to share our commitment for comprehensive immigration reform."

The president, in a statement issued by the White House, said he looked forward to working with both houses to "to produce a bill for me to sign into law."

For his part, Specter said, "Now the time has come for very active participation by the president. "And I believe the president will put a very heavy shoulder to the wheel."

Bush, in a prime-time speech this month, outlined an approach to immigration reform that was very similar to the Senate bill. He called for a guest-worker program as well as a path to citizenship.

He also called for stronger border enforcement and said he would send 6,000 National Guard troops to states along the U.S. border with Mexico to augment the Border Patrol.

As senators debated the measure this month, the bill took on a harder edge. That was a practical response to the reality that if the Senate hoped to win over enough support in the House, the senators needed to narrow the distance between the two measures.

Senators also were responding to polls indicating that many Americans want stronger border enforcement.

Thus the Senate legislation includes 370 miles of triple-layered fencing and 500 miles of vehicle barriers along the southern border. The House bill would build a fence 700 miles long.

One of the best-known provisions of the Senate bill would make English the official national language. Under that provision, the federal government would not have to provide services and materials in languages other than English unless specific federal laws required it, such as statutes that require translators in court cases.

Despite the efforts of senators who supported the bill to make it a tougher measure, Senate opponents were not won over.

"The amnesty provisions and the fact that the enforcement provisions will not kick in immediately mean to me that this will not solve the illegal immigration problem," said Sen. David Vitter (R-La.) "This will, in fact, make the illegal immigration problem much bigger."

And senators who opposed the bill said they hoped their counterparts in the House would change some of the provisions in the Senate bill they found objectionable.

"I'm hopeful that the House will save us from this bill," said Sen. John Ensign (R-Nev.).

Nonetheless, passage was a victory for Senate Majority Leader Bill Frist, the Tennessee Republican and a 2008 presidential hopeful.

By navigating the bill through treacherous political waters, he appeared to burnish his leadership credentials and gain a major accomplishment he could campaign on.

Immigration Bill Passes Senate, Still Faces Chasm (WSJ)

By June Kronholz And Sarah Lueck

The Wall Street Journal, May 26, 2006

WASHINGTON -- By a 62 to 36 vote, the Senate passed legislation that offers eventual citizenship to millions of illegal immigrants, assures employers that hundreds of thousands of legal foreign workers will be allowed into the country every year and sets up a worker-verification system aimed at stanching the flow of illegal immigrants.

But marked differences with a House bill, deep divisions within the Republican Party and hardening public attitudes -- all in the shadow of congressional elections -- make the path for any legislation to the president's desk difficult.

Employers won key victories in the Senate bill, including measures that would more than quadruple the number of visas for skilled workers to 650,000 a year. But employers of low-skilled workers say the bill would leave them hundreds of thousands of workers short. And the measure is so complicated it may set up conditions for even more illegal immigration down the road. Even supporters warned that the Senate bill would be difficult to enforce.

"You still have the longest land border between a rich and poor country in the world," said Michael Fix, vice president of the Migration Policy Institute, a Washington research group.

Still, a month of Senate debate may have changed the political atmosphere for years to come. It has activated a huge Hispanic population that has been politically passive, but that both parties see as a potentially vast new constituency. "This community has more than once demonstrated its capacity to act when it gets mad," said Cecilia Munoz, of the National Council of La Raza, a Hispanic advocacy group.

It also has inflamed many native-born voters who may have benefited from the goods and services low-skilled immigrants produce, but are increasingly wary of their spreading influence over U.S. culture. A largely symbolic Senate amendment making English the national language, for instance, turned into a fiery public debate.

The bill rode to an easy victory after dozens of amendments -- calling for a 370-mile border fence and steep cuts to a temporary-worker plan among other things -- brought reluctant senators on board. But those compromises also tested the support of the bill's advocates, including some business and immigrant groups that quickly denounced it. "Everyone's got problems with it," said John Gay of the Essential Worker Immigration Coalition, a group that includes the restaurant and landscaping industries and has been a crucial supporter of immigration overhaul.

The bill next must be reconciled with a House border-security bill that passed in December without any measures for dealing with the illegal population, now estimated at about 12 million. Many House Republicans remain staunchly opposed to a central tenet of the Senate bill that would allow most of those immigrants to eventually become citizens.

"It's got to be border security first; that's just how I feel," said Rep. Jo Ann Emerson (R., Mo.).

Supporters of the Senate bill also hope to make changes during the conference. Democrats want to bring back a proposal that would allow about five million illegal immigrants who have been in the U.S. for five years or less to stay in the country while they pursue citizenship.

As it is, they either would be deported or return home before they become citizens -- a move many employers said would deprive them of at least a million workers. Immigrants who have been in the U.S. for more than five years would be allowed to remain under the bill. They could become permanent residents after six more years and citizens after 11 years.

Business lobbyists also hope to use the conference to boost the guest-worker program to 325,000 workers yearly from the 200,000 the bill now allows, and permit the number to rise further to meet labor-market demands.

But the House and Senate bills are so vastly different that there may be little room for compromise, and even less for measures that could be seen as improving the prospects of immigrants. With midterm elections approaching, there may be little incentive to tackle an issue that its opponents are labeling an amnesty for law breakers.

House leaders haven't said whom they would send into negotiations with the Senate, but they are likely to stack their team with critics of the legalization plan, while the Senate names supporters.

That could stymie a bill for this year or longer -- a huge disappointment to the bill's supporters, but a move that isn't unusual with such sweeping pieces of legislation. "If a conference isn't successful, it sets the stage for 2007" and a new Congress, said Randel Johnson, vice president of the U.S. Chamber of Commerce.

Senate OKs Citizenship For Illegal Aliens (WT)

By Charles Hurt

The Washington Times, May 26, 2006

The Senate yesterday easily approved an immigration bill that allows 10 million illegal aliens to become citizens, doubles the flow of legal immigration each year and will cost U.S. taxpayers an estimated $54 billion over the next 10 years.

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The leaders of both parties hailed the 62-36 passage as a historic success.

Majority Leader Bill Frist said the vote represented the "very best" of the Senate.

"This is a success for the American people," the Tennessee Republican said. "It is a success for people who hope to participate someday in that American dream."

Four Democrats -- Sens. Robert C. Byrd of West Virginia, Byron L. Dorgan of North Dakota, Ben Nelson of Nebraska and Debbie Stabenow of Michigan -- joined 32 of the chamber's 55 Republicans, including several members of the GOP leadership, to vote against the bill. Three of the four Democrats who opposed the bill face voters in November.

Opponents said that the Senate is ignoring clear public will and that the bill would have disastrous consequences for decades to come.

"We will never solve the problem of illegal immigration by rewarding those who break our laws," said Sen. Jim DeMint, South Carolina Republican. "We must stop illegal immigration by securing the border and creating a temporary-worker program that does not reward illegal behavior with a clear path to citizenship and voting rights."

In the moments before the vote, Mr. Frist and about a dozen senators, from both parties, tearfully congratulated one another for all their hard work in producing the legislation. Sen. Edward M. Kennedy, Massachusetts Democrat and the leading proponent of the bill, called it "the most far-reaching immigration reform in our history."

After the vote, more than a dozen giddy lawmakers from both sides of the aisle gathered before television cameras to again commend one another.

"I am so proud of the Senate," Minority Leader Harry Reid said as those around him smiled broadly. "This is the way we should legislate -- on a bipartisan basis."

As he spoke, a television screen behind him showed a live picture of the Senate floor, where fellow Democrats were at that moment trying to mount a filibuster against President Bush's latest judicial nominee.

In the end, Democrats failed and a final vote was set for today on the nomination of White House lawyer Brett M. Kavanaugh, named to the Court of Appeals for the D.C. Circuit. After speaking to reporters, Mr. Reid returned to the Senate floor and cast his vote in favor of the filibuster.

Those senators who voted against the immigration bill said it should have left out the "amnesty" provisions and instead focus solely on securing the border and enforcing the immigration laws that have been on the books for decades.

Sen. Rick Santorum of Pennsylvania, the No. 3 Republican in the Senate, said the bill "puts the cart before the horse" because it gives citizenship rights to illegals, grants full-blown amnesty to employers and opens the borders to millions of new immigrants each year.

"The horse here, that I've been hearing from my constituents, is we need a border-security bill first," said Mr. Santorum, who spends much of his time campaigning for re-election this fall. "And we need a program that makes sure that our country's borders are secure and that they are not a threat either to our national security or economic security."

The bill also includes approval for 370 miles of new fencing along the border, 500 miles of vehicle barriers and authorization of 3,000 new Border Patrol agents this year.

But conservatives in Congress -- like many voters -- are skeptical that the federal government will make good on promises to secure the border and enforce the laws. They suspect that immigration reform is headed for a repeat of the 1986 reforms that granted amnesty to 3 million aliens and promised to seal the border. Ultimately, the laws were never enforced and 3 million illegals were replaced with some 12 million new illegals.

"The amnesty provisions and the fact that the enforcement provisions will not kick in immediately mean to me that this will not solve the illegal immigration problem," Sen. David Vitter, Louisiana Republican, said today. "This will, in fact, make the illegal immigration problem much bigger."

Sen. John Cornyn, Texas Republican, said yesterday he has been amazed by the Senate's inability to do what voters clearly want.

"There seems to me to be a sense of surreality here, where people in the Senate just are not listening to what the American people are telling us," he said. "We've tried, through the course of the amendments that have been offered that people standing here have offered, to highlight some of the problems that we have identified and which I believe are responsive to the concerns that we've heard from our constituents."

Chief among them was an amendment by Sen. Johnny Isakson, Georgia Republican, that would have delayed implementation of the amnesty and guest-worker provisions until after the secretary of homeland security had certified that the border had been secured. The Senate killed that suggestion.

An amendment by Sen. John Ensign, Nevada Republican, would have barred illegal aliens from collecting Social Security benefits for past illegal work. The Senate rejected that proposal, even if the aliens had forged Social Security documents to get the employment.

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An amendment by Mr. Cornyn and Sen. Jon Kyl of Arizona would have required that the 200,000 new workers ushered into the country each year under the guest-worker program be allowed to stay for only a set period of time rather than permanently. The Senate rejected that proposal as well.

Immediately before the final vote yesterday, conservatives suffered what they viewed as one final insult. Buried in a 125-page last-minute amendment was a requirement that local, state and federal officials in the U.S. consult with their Mexican counterparts before they can start building the fence.

IMMIGRATION VOTE

The 62-36 roll call by which the Senate yesterday passed a broad immigration-reform bill. Voting "yes" were 38 Democrats, 23 Republicans and one independent. Voting "no" were 32 Republicans and four Democrats.

Here are major points of the bill:

Amnesty: 10 million illegals can apply for citizenship.

Border security: Adds 370 miles of triple-wire fencing and 500 miles of vehicle barriers; adds 3,000 Border Patrol agents this year

Employers: No penalties for businesses that hired illegals

VOTING FOR THE BILL

Akaka (D); Baucus (D); Bayh (D); Bennett (R); Biden (D); Bingaman (D); Boxer (D); Brownback (R); Cantwell (D); Carper (D); Chafee (R); Clinton (D); Coleman (R); Collins (R); Conrad (D); Craig (R); Dayton (D); DeWine (R); Dodd (D); Domenici (R); Durbin (D); Feingold (D); Feinstein (D); Frist (R); Graham (R); Gregg (R); Hagel (R); Harkin (D); Inouye (D); Jeffords (I); Johnson (D); Kennedy (D); Kerry (D); Kohl (D); Landrieu (D); Lautenberg (D); Leahy (D); Levin (D); Lieberman (D); Lincoln (D); Lugar (R); Martinez (R); McCain (R); McConnell (R); Menendez (D); Mikulski (D); Murkowski (R); Murray (D); Nelson (D, Fla.); Obama (D); Pryor (D); Reed (D); Reid (D); Sarbanes (D); Schumer (D); Smith (R); Snowe (R); Specter (R); Stevens (R); Voinovich (R); Warner (R); Wyden (D)

VOTING AGAINST THE BILL

Alexander (R); Allard (R); Allen (R); Bond (R); Bunning (R); Burns (R); Burr (R); Byrd (D); Chambliss (R); Coburn (R); Cochran (R); Cornyn (R); Crapo (R); DeMint (R); Dole (R); Dorgan (D); Ensign (R); Enzi (R); Grassley (R); Hatch (R); Hutchison (R); Inhofe (R); Isakson (R); Kyl (R); Lott (R); Nelson (D, Neb.); Roberts (R); Santorum (R); Sessions (R); Shelby (R); Stabenow (D); Sununu (R); Talent (R); Thomas (R); Thune (R); Vitter (R)

NOT VOTING

Rockefeller (D); Salazar (D)

Source: Associated Press

Critics Say Bill Diminishes Due Process For Immigrants (WP)

By Amy Goldstein

The Washington Post, May 26, 2006

The legislation approved by the Senate yesterday would offer many illegal immigrants a chance at citizenship. But advocates of expanded immigration rights complain that "hidden traps" woven through the bill's 300 pages erode significant due-process protections for all foreign-born people living in the United States.

A coalition of civil rights, religious and legal groups says the legislation would make it easier for the government to detain or deport immigrants -- whether in the country legally or not -- while making it more difficult for them to prove they deserve asylum or naturalization.

One provision would add to the list of acts considered "aggravated felonies" under immigration law -- automatic grounds for removal from the country. The rewritten list would include carrying fraudulent documents. According to immigration and civil rights lawyers, that change could prompt the government to expel people who use such documents to escape oppressive regimes or those who have been working in the United States for years under false Social Security numbers.

Another change would give federal courts less latitude to review the cases of immigrants who have applied for asylum or citizenship and been turned down by immigration boards. Currently, U.S. circuit courts consider such appeals from scratch. Under the bill, courts could consider only whether the immigration agency had any reasonable grounds for its decision -- not whether its decision was correct.

The bill also would give Border Patrol officers new powers to jail and deport, without a judge's review, immigrants suspected of having recently crossed into the country illegally. Border officers would be allowed to make such decisions on their own for any foreigners, except Mexicans, they stop within 100 miles of the Mexican or Canadian line. The provision essentially would cement in law a controversial policy that the Department of Homeland Security has phased in during the past few years.

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Critics predict that it would lead to racial profiling, and they complain that the enforcement area is so wide it would encompass several major cities, including San Diego, El Paso and Detroit.

The changes indicate that the bill is far more intricate than its public image as a measure that is relatively friendly to immigrants, particularly in comparison with an immigration measure passed by the House late last year.

The merits of the changes are a matter of intense debate.

"We had counted on senators taking the time to eliminate . . . the unwise and unsound provisions that strike due process," said Timothy D. Sparapani, legislative counsel of the American Civil Liberties Union. "And the Senate failed to do its job."

Mark Krikorian, executive director of the Center for Immigration Studies, a group that favors low immigration, disagreed. "The limits on what the other side calls 'due process' are actually essential if we are going to get control of the immigration system," he said.

Krikorian said so many illegal immigrants are crossing into the country that the immigration and judicial systems do not have the capacity to review every case. "We need to restrict the amount of access illegals have to the court system. There is nothing morally problematic about it. It's not a criminal matter. We are simply deciding whether they should stay in the country or be sent home," he said.

Late yesterday afternoon, the Senate removed from the bill one provision that had alarmed immigration rights groups. An amendment sponsored by Sens. Dianne Feinstein (D-Calif.) and Sam Brownback (R-Kan.) eliminated a section that would have made it more difficult for immigrants to avoid being deported while they are appealing asylum or other applications.

Still, Paul M. Igasaki, executive director of a coalition called the Rights Working Group, said that, on balance, the Senate measure represents "a very serious deterioration of the rights of immigrants."

In several instances, the Senate essentially embraced the due-process restrictions included in the House bill. In at least a few ways, however, senators included provisions that are stricter than those created by the House.

Nancy Morawetz, a law professor at New York University, said that in the Senate version legal residents would be counted as having committed an aggravated felony if they had been convicted repeatedly of driving under the influence of alcohol, even if the convictions happened years ago.

And only the Senate bill, Morawetz said, would create penalties for legal residents if they do not notify the government when they move. She said the requirement has existed for years, but many immigrants do not know they are supposed to file an address change and the federal government has done a poor job of keeping track.

USCIS Could Process Immigration Plan, Ombudsman Says (AP)

The AP, May 26, 2006

DALLAS -- The nation's immigration service could handle a program offering millions of illegal immigrants a chance at citizenship if lawmakers provide enough time and money, the ombudsman who reviews the agency said Thursday.

"Yes, USCIS can definitely do it. The key is funding and time allocated under the law," said Citizenship and Immigration Ombudsman Prakash I. Khatri.

Legislation calling for a new guest worker program and giving many illegal immigrants an eventual chance to become citizens gained the Senate's approval Thursday.

It now heads to compromise talks with the House, which previously passed legislation focused on border enforcement rather than legalizing undocumented immigrants. An estimated 11 million to 12 million illegal immigrants in the country would be affected by legislation that comes out of the compromise talks.

The result would greatly increase the workload of an agency already facing a backlog that has left some immigrants waiting years for citizenship or the "green cards" that provide permanent residence status. U.S. Citizenship and Immigration Services would need to hire and train more staff and require facilities to process the millions of applications expected, Khatri said.

The amount of time and money needed would depend on the provisions lawmakers ultimately approve. But a tighter deadline for processing immigrants in the plan would cost more, Khatri said.

"There's no way for a fee-funded agency to start up a 10-fold increase in annual processing ... unless Congress really funds it in advance," he said.

Khatri was appointed in July 2003 as the first ombudsman for Citizenship and Immigration Services. He was charged with helping people and employers solve problems with U.S. CIS and gives advice on policies and programs for the agency.

Since then, Khatri has focused on improving the agency's processing times and making the CIS district offices' work more uniform. He's recommended upfront screening to help speed processing of applications and eliminate temporary immigration benefits.

In March, U.S. Citizenship and Immigration Services Director Emilio Gonzalez said the agency hoped to get through a backlog of immigrant petitions in time to handle another immigration program.

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Secure Border Takes Serious Study (USAT)

By Mimi Hall

USA Today, May 26, 2006

ARTESIA, N.M. — In a sand pit in 100-degree sun, two dozen trainees run, jump, and crawl through obstacles. In air-conditioned classrooms, some of their classmates study nationality law. And on the driving course, others learn to control a car during a high-speed chase.

The 482 students on this remote campus are Border Patrol agents-in-training undergoing a rigorous, 19-week course. The Border Patrol Academy prepares men and women to join the rapidly swelling ranks of the agency that polices the nation's porous borders.

The number of Border Patrol agents has been growing since the Sept. 11 terrorist attacks, and the grounds here reflect that. A new academic building with nine 50-seat classrooms has just been completed; a $14 million, 50,000-square-foot addition to the gym is under construction; and new dorms are on the way.

The academy's going to need the extra space.

After three years of steady growth, the Border Patrol is about to embark on an unprecedented expansion. If Congress approves President Bush's request for 6,000 new agents over the next 21/2 years, the patrol will have 18,000 agents on the nation's 5,000 miles of border with Mexico and Canada.

That would double the number of agents since 9/11 raised new concerns about terrorists' ability to slip into the country across land borders.

Bush's announcement that 6,000 National Guard troops will be available for deployment along the Mexican border dominated headlines earlier this month. But the Guard soldiers would be relied upon only for a year or two while the government recruits and trains the new Border Patrol agents, all of whom Bush wants on board by the end of 2008.

On average, 40 people apply for every one accepted at the academy, and some in Congress are skeptical that the Homeland Security Department, which runs the Border Patrol, can move fast enough to get so many new agents hired.

“The track record of this department in this area is not stellar,” Sen. Judd Gregg, R-N.H., said in a Senate floor speech on May 17. Gregg chairs the Senate Appropriations homeland security subcommittee.

If Bush's plan works, it will fundamentally change the Border Patrol and make it the largest federal law enforcement agency, surpassing the FBI.

“Our objective is straightforward,” Bush said in his speech announcing the plan May 15. “The border should be open to trade and lawful immigration and shut to illegal immigrants, as well as criminals, drug dealers and terrorists.”

Trainee Stephen Crudale says it was the idea that terrorists could enter the USA undetected that motivated him to join the Border Patrol and spend months at the academy here.

A husband and father of two young boys, he says he gave up his high school teaching job in Los Angeles because “I see this as an opportunity to give something back to my country” and help prevent terrorism.

In Week 11 of the 19-week course, Crudale says the hardest part is being separated from his family. But learning the nation's immigration codes hasn't been easy either, he says, and “I'm not a big fan of long-distance runs” in the wilting desert heat.

Heather Teeple, 25, says she signed up because she was bored with her job as an immigration inspector at the port of Calexico in Southern California. “I've always been one for excitement,” she says.

She almost didn't make it through the program. Trainees have to be able to run a mile and a half in 13 minutes, and Teeple failed her midterm test when she came in at 13 minutes and nine seconds. But after her classmates helped her train every day for weeks, she passed the final test with 22 seconds to spare.

She'll graduate in her dark green dress uniform today.

Former Marine Matthew Dover, 35, of San Diego, has had no trouble with the physical requirements. But he says Spanish has been hard to master.

Trainees are tested repeatedly in Spanish because all new agents begin their careers on the southern border. Eventually, some are reassigned in the north — but not many. Only about 10% of all agents are sent to Washington, Michigan, New York and other states bordering Canada.

Spanish instructor Greg Burwell says about half the trainees who come in are native speakers. For the rest, it can be tough getting through 222 hours of intensive language training — a year's course load crammed into three hours a day for 19 weeks.

“It's a big hurdle for a lot of people,” Burwell says.

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The trainees have to be conversant in the language of the border, including phrases such as “How much did you pay the smuggler?” and “When did you cross?” They also have to be able to advise people of their rights in Spanish while maintaining eye contact.

At simulated border crossings, agents are put through various scenarios to practice trying to determine whether the occupants of a car are legal or might be hiding something.

In some cases, role-playing instructors refuse to turn down a blaring radio or jump out of their cars and start to run; in others, they become violent or belligerent to see how the trainees respond.

During one recent exercise, in which trainees had to board a bus and ask people to state their nationality and show ID, instructors told female actors on the bus to try to provoke the trainees. One woman badgered a trainee about whether he was married; another told him what “pretty eyes” he had. He kept his poise.

In more tense situations, when instructors play violent, armed smugglers, trainees are often taken to task for being too rough or too timid in their response. Or for mangling their Spanish commands.

Dover, who grew up in Flint, Mich., and who has had to spend all his free weekends studying Spanish so he can pass the tests, says he's eager to join the growing ranks on the southern border.

Like most of the trainees, he doesn't have the time — or the inclination — to follow the debate over immigration policy and border security a world away in Washington. “That's not up to us,” he says. “We're here to protect the border. My job is to enforce the law.”

Border Deaths Expected To Rise As Summer Arrives (WT)

By Jerry Seper

The Washington Times, May 26, 2006

The U.S. Border Patrol says an increase in the number of people who die trying to cross the desert to enter the United States illegally is expected as summer temperatures rise, and efforts are being made to ask the Mexican media to warn would-be crossers of the dangers involved.

"As the summer approaches, it is important that the people understand the seriousness of the situation," said Border Patrol Chief David V. Aguilar. "The temperatures are deadly, the terrain is unforgiving, and the risks are real. People that do not understand the situation or do not heed the warnings will face reality which too often results in unnecessary and tragic situations."

Last year, 473 persons died on the Southwest border -- a record number of deaths. Since Oct. 1, the Border Patrol reported 210 deaths -- 43 more than the same period a year ago. The western desert of Arizona accounted for more than 56 percent of the total number of deaths.

Chief Aguilar said alien smugglers, charging an average of $1,500 to $2,000 a person to cross into the United States, "routinely prey on the desperation of undocumented migrants, callously lead aliens into harm's way." In an effort to prevent heat-related deaths, he said, the Border Patrol has increased its search and rescue efforts.

Since Oct. 1, the Border Patrol's Search, Trauma and Rescue team, known as Borstar, has rescued 1,887 persons -- an increase of 49 percent or 620 more than last year.

"The Border Patrol will continue its efforts on reducing the number of heat-related deaths and remain steadfast in its commitment to securing the border," the chief said.

In an effort to reduce the number of deaths, the agency has implemented a program known as the Border Safety Initiative (BSI), whose two main objectives are to reduce injuries and prevent deaths in the southwest border region. Begun in 1998, the program seeks to "educate and inform" would-be border crossers of the dangers and hazards involved and to respond to those who are in life-threatening situations.

The BSI has four major goals:

·Prevention -- Working with Mexican officials to identify dangerous crossing points along the entire southwest border, discouraging illegal crossings and addressing safety problems.

·Search and rescue -- Targeting hazardous areas where migrants may become lost, abandoned or in distress because of difficult terrain and the willingness of smugglers to lead aliens into dangerous territory.

·Identification -- Establishing procedures and deploying resources to help officials identify those who have died attempting to cross the border illegally through our target zones.

·Tracking and recording -- The BSI Tracking System is the main repository for data collected on BSI-related deaths and rescues for reporting and analysis.

"Smugglers and human traffickers are criminals who have no regard for human life," Chief Aguilar said.

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In California, Fox Gets Warm Embrace And A Cold Shoulder (NYT)

By John M. Broder

The New York Times, May 26, 2006

SACRAMENTO, Calif., May 25 — In an echo of the debate on immigration under way in Washington, the California Legislature gave visiting President Vicente Fox of Mexico a two-edged welcome on Thursday.

Democratic and Latino members, including the Assembly speaker, Fabian Núñez, embraced Mr. Fox, while some Republicans boycotted his evening address to a joint session of the Legislature. Other Republicans attended the speech, but wore yellow buttons reading "No mas!" to protest Mr. Fox's support for liberalizing American policies on immigration.

Chuck DeVore, a Republican Assembly member from Orange County, refused to attend Mr. Fox's speech because, he said in an interview, a foreign leader has no right to come to the United States to lobby openly on a piece of domestic legislation.

"I do not at all appreciate a foreign head of state telling my nation how to deal with its own sovereignty and the issue of immigration," said Mr. DeVore, an aerospace executive and a lieutenant colonel in the California Army National Guard.

Mr. DeVore, like many other Republicans in the California Legislature, supports the House version of national immigration legislation that focuses on securing the southern border and imposes sanctions on employers who hire illegal immigrants.

He opposes the provision of the Senate bill that would lead to legalization for many of the millions of illegal immigrants already in the country, saying it is nothing more than amnesty for those who broke the law to come here.

Mr. Fox, who is in the last months of his six-year term, is in California on the final leg of a four-day visit to the United States to advocate comprehensive immigration legislation, including better enforcement on both sides of the border.

He told the California lawmakers that his country would do its share to reduce the unregulated flow of people across the border. "We want to be part of the solution, not part of the problem," Mr. Fox said.

ICE Set To Deport 15 Illegal Aliens (WT)

By Seth McLaughlin

The Washington Times, May 26, 2006

The U.S. Immigration and Customs Enforcement agency is preparing to deport 15 illegal aliens from Mexico and Guatemala who were arrested Tuesday in Hanover County after the speeding van they were in was stopped by police.

"They were issued notices to appear before an immigration judge and more than likely will be removed from the United States," said Ernestine Fobbs, an ICE spokeswoman.

The illegals went through initial interviews yesterday morning with ICE agents who were working to determine their immigration status, Ms. Fobbs said.

Then the group was driven to an ICE facility in Norfolk where officials conducted further background checks to determine whether they had criminal histories or had histories of entering the country illegally, she said.

"They are in removal proceedings," Ms. Fobbs said, adding that a judge will take each person on a case-by-case basis to determine whether they should be removed immediately or whether additional charges will be levied.

The incident began at 6:45 p.m. Tuesday when a patrolman with the Hanover County Sheriff's Office stopped a Ford van that was traveling at 62 mph in a 45 mph zone south on Washington Highway, said Sgt. Michael Trice, spokesman for the sheriff's department.

When the patrolman approached the van and asked for identification, he was handed Mexican documents indicating that the man behind the wheel was in the country illegally, Sgt. Trice said. The patrolman also noticed 12 persons in the back of the van, some of whom had what appeared to be gang-related tattoos.

"As he was conducting the investigation, another car pulled up with two people, and that driver gave police fake identification and presented it as if it was real," Sgt. Trice said.

In all, there were 14 adults between the ages of 20 and 49 years old, and a juvenile who worked at "various job sites in our county" and stayed "around the metro Richmond area," Sgt. Trice said.

After further questioning, the immigrants told police in broken English and through an interpreter that they were in the country illegally, Sgt. Trice said.

Police then contacted ICE officials, who arrived Tuesday night with detention papers.

Hanover police and ICE agents transported the group to the Pamunkey Regional Jail, a facility with a housing capacity of 400 inmates that serves Hanover and Caroline counties and the town of Ashland.

In April 2005, a dozen illegal aliens were detained after an Interstate 95 traffic stop in Spotsylvania County.

Virginia State Police found the illegals -- who came primarily from El Salvador, Guatemala and Mexico -- riding in a van south of Fredericksburg, where a trooper stopped the vehicle for a traffic violation.

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Nine of them eventually were deported to their home countries.

The Spotsylvania County arrests were made a few days after federal authorities released 11 illegals who Fairfax County police found in a van during a traffic stop in Annandale.

In that case, ICE officials ordered the 11 Mexican nationals, three of whom were children, to show up for further immigration processing at the ICE agency in Northern Virginia.

None of the aliens showed up for the proceedings. Officials later located one. Police charged the driver with traffic violations and child endangerment in the case.

Their People, Our Money (WSJ)

By Joel Kurtzman And Glenn Yago

The Wall Street Journal, May 26, 2006

The problem with the debate on immigration is that it has so far looked at just one side -- ours. Somehow, for political or other reasons, Mexico has escaped scrutiny. And yet we are suffering for Mexico's myriad of economic sins. Our part in creating the immigration mess is that we built a society filled with opportunities but surrounded it with a porous border. Mexico's part is that it has failed to produce enough growth, despite massive wealth. The solution is to open the borders even wider -- but open up Mexico, too. If Mexicans can come here, let our capital and ingenuity invest there freely. President Fox, tear down that investment-restriction wall!

In order to keep its people from leaving for the U.S., Mexico needs to create a million jobs a year; currently, it creates half that. Similarly, its growth has been nonexistent since 2000, despite a 5.5% jump in the first quarter of the year due to oil prices and increased sales of auto parts to U.S. manufacturers. Put simply, Mexico has too little investment capital to start, expand or turn around businesses. And failing to attract that capital has an impact. Despite its proximity to the U.S. market and the special status of the maquiladora program, Mexico has seen its share of exports to the U.S. fall since 2000.

If Mexico is to make up that half-million job difference, it will require capital investment to expand its business sector and modernize the energy sector, which generates 38% of government tax revenue. Mexicans don't have access to capital because of the way Mexico is run. It has a big, bureaucratic government that is highly corrupt and controls too much of the economy. To conduct business requires bribes or "facilitation" payments in order to get the bureaucracy to move. Without these, papers don't get filed, permits don't get issued and cases don't get heard in court. Even the police take bribes. Americans can land in jail in the U.S. if they make these payments, due to the Foreign Corrupt Practices Act. As a result, Mexico only gets a fraction of the money it needs to grow.

In addition, Mexico is a highly opaque country, with woeful accounting standards and corporate governance. And then there are Mexico's own self-imposed restraints, many of which were aimed specifically at the U.S. Americans cannot invest in real estate within 30 miles of the coastline, cannot invest in the energy sector and are limited in their investments in the telecom and transportation sectors. And yet, with so many Americans reaching retirement age and looking for warmer, less expensive beachfront property, Mexico could become their top choice -- if it ended investment restrictions and bureaucratic complications. Mexico could be enjoying a real-estate-led boom big enough to lure back its best construction workers, many of whom are now working illegally in the U.S. but could be contractors in Mexico. Capital coming into the real-estate sector would stimulate many other sectors of the economy including banking, insurance, textiles, construction and services.

Then there is oil. Nothing better illustrates the country's problems than Pemex, a gigantic, inefficient, state-controlled jumble -- and the No. 1 foreign supplier of oil to the U.S. Because the Mexican constitution prohibits foreign and private investment in the energy sector, Pemex has a 100% monopoly on Mexico's vast reserves of oil and gas, the largest proved in North America.

Pemex, like much of Mexico, is opaque. It has weak internal accounting, budgeting and reporting practices. It has no independent board members and a dubious relationship with its union. These problems -- which don't even take into account corruption with suppliers, distributors, dealers and others in the supply and distribution chain -- have made it difficult for Mexico to derive as much benefit from its vast oil reserves as it should. Counterintuitively, Pemex has made Mexico one of the world's highest cost energy producers, even in its low-wage environment.

Of all oil producing companies, public and private, in any country, Pemex is the most indebted. As a result, whereas other oil companies have been investing to develop new proved oil reserves, Pemex's reserves have been falling with much of the Gulf of Mexico still unexplored. Even without changing its constitution, Mexico's energy sector could be opened up to U.S. investment by using future oil revenues as collateral to finance the modernization of Mexico's oil sector.

The only way for Mexico to reduce the number of workers it sends to the U.S. is to transform itself into a jobs-producing, high-opportunity economy. The way to begin would be to allow unfettered U.S. investment. As that happens, Mexico should

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reform its bureaucracy -- to make it more efficient and transparent -- and make a real effort to do away with corruption. President Fox took a first, tentative step with his national transparency commissions. The next step is to clean up the nation's police force.

Mexico is a rich country, exporting its troubles north while pretending to fix them. It must do better. By creating an environment conducive to investment and relaxing restrictions, jobs will be created, and immigration will slow. A rapidly developing Mexico would induce would-be immigrants to stop seeking opportunities far from their homes and families, and start seeking them at home.

Messrs. Kurtzman and Yago are, respectively, senior fellow and director of capital studies at the Milken Institute.

A Debate Beyond The Fence (WP)

By E. J. Dionne Jr.

The Washington Post, May 26, 2006

In our debate over immigration, we're talking past each other on issues of genuine concern to both sides, and we're using our confrontation over immigration to evade larger questions.

As the Senate moved to set up a clash with the House over how to deal with the estimated 12 million illegal immigrants, the country faced the prospect of a narrow and confusing discussion. On one side are those who just want to deal with border security and would like to deport a lot of those immigrants. On the other are those who also want to deal with security but would provide a path to citizenship for most, though not all, of those illegally in our country.

On the whole, senators -- such as John McCain and Ted Kennedy -- who want to deal with both security and legalization have the better of the argument. As President Bush has said, we're not about to round up and deport 12 million people, and we might as well face that fact. It is far better for our country, perhaps especially for the native-born, to transform members of an illegal subclass into taxpaying, rights-bearing citizens who can openly live up to their responsibilities as Americans.

But advocates of a more liberal policy toward illegal immigrants need to take seriously the discontent that the anti-immigration movement has tapped into. Immigration has been a blessing to the United States, but it is not an unmixed blessing, and the costs of our immigration policies are borne more heavily by some parts of our society than others. Rather than dismiss all immigration critics as xenophobes, supporters of immigrant rights need to deal with the legitimate gripes of their opponents.

The most basic (and perhaps the simplest to deal with) is that immigrants cost local governments money even as they fill federal coffers with income, especially from payroll taxes. "The tax costs are local, but the tax windfalls are national," says Cecilia Muñoz, vice president for policy at the National Council of La Raza. "There's a local-national imbalance. It becomes a potent political issue locally, and there is nothing local governments can do."

A National Academy of Sciences study found that the average immigrant puts a net lifetime fiscal cost of $25,000 on state and local governments. "Estimates are that states and localities are forced to pay tens of billions of dollars in health and education costs for noncitizens," says Sen. Hillary Rodham Clinton (D-N.Y.). The federal government should share its tax windfall with localities, yet Clinton's amendment to the immigration bill to do just that was defeated last week. This issue will come back.

Less straightforward but still important are the effects of illegal immigration on the wages and working conditions of our fellow citizens at the bottom of the income structure. There is much debate over this effect, but the evidence suggests at least a small downward push on wages.

Low-income native workers worried about their own wages and job opportunities cannot be dismissed as special pleaders. What to do? Clearly laws against hiring illegal workers need to be enforced more effectively. But former labor secretary Robert Reich has made a broader point: If our labor laws, for immigrants and the native-born, were enforced more vigorously and consistently, all workers at the bottom of the economy would benefit.

The core problem illegal workers pose for the native-born is that the illegally employed are less likely to demand their rights and to complain about unfair treatment. The problem would be much less severe if the federal government were doing its job.

This, by the way, is why it would be a great mistake to create a large new class of "guest workers" with no pathway to citizenship. Paradoxically, those most worried about the impact of immigration should be those most insistent upon full rights for immigrants. Establishing a separate and unequal population with limited civil, political and social rights is the surest way of undercutting the rights of those who were born here.

Of course, the immigration battle is not just about economics. It also entails sharp cultural confrontations, particularly in areas of heavy immigration. Our nation's long history of such fights suggests that cultural battles are more easily resolved when legitimate economic grievances on both sides of the immigration divide are taken seriously.

Paradoxically, those fighting to achieve justice for immigrants will reach their goal only if they are also seen as fighting for justice for the native-born. The native-born, in turn, will find their rights better protected if the rights of immigrants are guaranteed, too.

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Our National Laboratory For Bad Government (CHIT)

By Molly Ivins

Chicago Tribune, May 26, 2006

AUSTIN, Texas -- Last week, President Bush visited Yuma, Ariz., to tour a portion of the U.S.-Mexico Border by Border Patrol buggy. Maybe Jorge was doing a little measuring for the $3.2 million-a-mile fence the Senate approved, which I guarantee will be really helpful. Are they insane? As Arizona Gov. Janet Napolitano observes, "Show me a 50-foot wall, and I'll show you a 51-foot ladder."

Meanwhile, Republicans in the Senate have constructively declared English the national language. That'll fix everything. Every foreigner at our borders will stop and say: "Good thing to know. I'll begin speaking it immediately."

Yes sir, you want a solution, call a Republican.

Of course, I am enchanted to discover that the entire project will be turned over to Raytheon, General Dynamics and other military contractors--think Halliburton with non-competitive bids, anyone? Because this outsourcing stuff is just working like a charm. Another Republican solution.

Ted Koppel suggests in the New York Times that we outsource war: "Blackwater and other leading security companies are seriously proposing to officials at very high levels of the government that their private forces could relieve a number of the burdens now being shouldered [or not] by American troops. ... The Pentagon ... is nonetheless struggling to come to terms with what it now calls `the long war.' There is every expectation that the fight against global terrorism and the most extreme forms of Islamic fundamentalism will last for many years. This is a war that will not necessarily require aircraft carriers, strategic bombers, fighter jets or heavily armored tanks. It will certainly not enable the United States to exploit its advantages in nuclear weapons. It is a war, indeed, that favors the highly mobile and adaptive fighting skills of the former Special Forces soldiers and other ex-commandos ..."

"Will"? Hell! Did and does. This is a war that is being fought with the wrong tools--and, in Iraq, at the wrong time, in the wrong place and against the wrong enemy.

It never did call for tanks, jets or carriers--just a combination of good detectives and good intelligence. In other words, smart, clever people with language skills. All of which we have fully available to us because of ... immigration. Lebanese, Iraqis, Iranians, Syrians, Pakistanis and Indonesians have all become Americans, and in so many cases we got the bravest of the brave--those who saw their country torn apart by religious factions. These are Americans who know the culture and language of the Middle East and other Islamic countries and who care deeply about how it all comes out.

By all means, reform immigration with this deep obeisance to the Republican right-wing nut faction and their open contempt for "foreigners." But do not pretend for one minute that it is not a craven political bow to racism (Yes, racism--I am actually calling them racists, although they pretend it hurts their feelings. Try reading their Web sites and see for yourself), and to nativism, to xenophobia and to Know-Nothingism. Just don't forget what you are throwing away in the process.

Molly Ivins is a syndicated columnist based in Austin, Texas. E-mail: info@creators.com

TAX:

Feds Cut Off Phone Tax After 108 Years (USAT)

By Paul Davidson

USA Today, May 26, 2006

A pesky, century-old tax on your phone bill is finally being put to rest.

The Treasury Department said Thursday that it will no longer collect a 3% federal excise tax on long-distance calls and would refund about $15 billion to taxpayers.

The tax was imposed in 1898 to help pay for the Spanish-American War. It was designed as a tax on wealthy Americans, back when phone service was considered a luxury.

“It's not often you get to kill a tax, particularly one that goes back so far in history,” Treasury Secretary John Snow said.

Treasury said it was conceding its battle to uphold the tax after five appeals courts declared it illegal because of changes in the way long-distance calls are billed.

Phone companies and cellular carriers must stop billing for the tax Aug. 1. Individuals and businesses can file for refunds next year on their 2006 tax returns for excise taxes paid on long-distance calls since March 1, 2003.

Individuals who don't have phone bill records can seek a standard refund that has yet to be determined.

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Elimination of the tax will cost Treasury about $46 billion in refunds, lost revenue and administrative expenses in the next five years. That should be offset by higher tax revenue from a strong economy, Snow said.

Phone companies hailed the move. “This is a good first step in alleviating consumers' telephone tax burden, which currently accounts for more than 18% of the average bill,” Verizon Vice President Tom Tauke said.

Callers will still pay a 3% excise tax on local phone calls. But that tax will no longer be levied on services that don't distinguish local calls, such as cellular, all-distance landline plans and Internet-based offerings. Consumers with those services can seek refunds on their full excise-tax payments.

Snow urged Congress to repeal the local-phone excise tax, as well.

Phone Tax Laid To Rest At Age 108 (NYT)

By Ken Belson

The New York Times, May 26, 2006

Bowing to changes in technology and pressure from taxpayers and phone companies, the Treasury Department said yesterday that it would scrap the 108-year-old federal excise tax on long-distance phone calls. The move will bring consumers and businesses about $15 billion in refunds on next year's tax returns.

The decision, which applies to cellphones and Internet phone services and some landlines, follows a series of court reversals for the government. Large businesses had successfully sued the Internal Revenue Service to recoup the taxes they paid. Phone companies also wanted the tax abolished to relieve them of having to collect it.

Originally a luxury tax to help pay for the Spanish-American War, the 3 percent surcharge was calculated based on the length of the call and the distance of the connection. But as unlimited long-distance calling plans became commonplace, and the tax was applied to a flat monthly fee, some taxpayers argued that the tax no longer applied to them because the duration and distance of a call were irrelevant.

Though the tax will still be imposed on local phone service, the government will reimburse three years' worth of taxes on long-distance calls, including any plans that combine local and long-distance calling. Consumers, who pay about 40 percent of the taxes collected, typically pay about $18 a year in excise taxes if they have a long-distance service and a cellphone.

They will be able to file for a refund on their 2006 federal income tax returns.

"It's time to disconnect this tax and put it on the permanent do-not-call list," Treasury Secretary John W. Snow said. Yesterday's decision, he added, "marks the beginning of the end of an outdated, antiquated tax that has survived a century beyond its original purpose, and by now should have been ancient history."

The abolition of the tax, effective July 31, will cost the Treasury $5 billion annually in lost revenues in the next few years.

With budget deficits soaring, the Treasury had been slow to scrap the tax. But several federal courts ruled in recent years that it was no longer applicable to customers with unlimited long-distance plans. The Internal Revenue Service has refunded hundreds of thousands of dollars in taxes to companies including OfficeMax and the American Bankers Insurance Group based on the court decisions.

While the courts said some businesses should get refunds, Congress had not repealed the tax, so the I.R.S. was compelled to continue collecting it. This created a peculiar dynamic in which taxpayers who won refunds still had to pay the tax in subsequent years and then reapply for another refund.

Companies in districts where courts had ruled against the tax could get refunds, while companies elsewhere still had to pay it.

Now, the hundreds of companies that applied for refunds before yesterday's decision will not have their claims processed, according to some tax lawyers. That means companies that could have won refunds through the courts might have to wait far longer for their refunds to arrive after they file their income tax returns.

"The Treasury wants to standardize the process, but it's grotesquely unfair to the people who got this started," said Hank Levine, a partner at Levine, Blaszak, Block & Boothby, a Washington law firm that has represented business plaintiffs in most of the successful cases to date. "The I.R.S. didn't want to give up the money, and now that they have been forced to, they are doing so grudgingly."

Congress was close to abolishing the tax in 2000, but it was attached to a larger tax bill that President Bill Clinton vetoed. Congressmen are again calling for its repeal.

Senators Charles E. Grassley, Republican of Iowa, and Max Baucus, Democrat of Montana, asked the Senate Finance Committee yesterday to look also at eliminating the tax on local phone service.

For now, the Treasury said that consumers and businesses would get refunds, including interest, on their 2006 income tax returns filed in 2007. The I.R.S. has not decided the size of the standard refund for individuals. But taxpayers who use a lot of phone services will be able to apply for a larger refund if they can document how much they paid in excise taxes.

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The average household spends $10 a month on long-distance calls and $41 a month on wireless service, or $612 a year, according to figures from the Federal Communications Commission. Since those services are taxed at 3 percent, the typical household pays $18.36 a year in federal excise taxes, or $55 over three years.

Consumers, of course, can still expect plenty of taxes and fees on their phone bills. Phone companies are obligated to collect an array of state and local taxes as well as fees that pay for emergency response groups and public services provided by the Universal Service Fund and others.

Phone companies have opposed some of these taxes because of the expense of collecting them, and because it drives up the cost of their services, making them less attractive to consumers.

" Wireless consumers can now turn their attention and efforts to repealing discriminatory wireless taxes on the state and local level," said Steve Largent, the president of CTIA, a trade group that represents cellular companies.

Mr. Largent said 17 percent of the typical monthly cellular bill was made up of taxes and fees.

Carriers, however, are partly to blame for that burden because they charge their customers a range of discretionary fees to recoup their business costs. For instance, some customers are charged "property tax allotment" fees that are meant to pay for a company's real estate taxes. Other companies charge "carrier cost recovery fees" to pay for the administrative costs of collecting taxes.

These fees generate billions of dollars in revenue for the companies.

That is a far cry from 1898, when the tax was first levied and there were 681,000 phone subscribers in the United States, according to James Katz, a telecommunications historian at Rutgers University. Though relatively small in numbers, those subscribers paid a considerable amount in taxes to help finance the government's battle against Spain.

The annual basic charge for a home phone in the 1890's was about $100, or more than $2,200 in today's dollars. A three-minute call from New York to Chicago in 1902 cost $5.45 — about $120 today.

U.S. To End Contentious Phone Tax (WSJ)

By Robert Guy Matthews

The Wall Street Journal, May 26, 2006

WASHINGTON -- The Treasury is conceding defeat in its battle to collect a long-distance telephone tax enacted to pay for the Spanish-American War, paving the way for business and individual taxpayers to get refunds, plus interest, going back three years.

The "telephone tax," which will be terminated July 31, imposed a 3% surcharge on consumers based on distance of the call. But today telecommunication companies don't price long-distance calls based on distance. Businesses argued that the tax was illegal, and the Internal Revenue Service spent years fighting -- and losing -- court challenges to the tax.

Treasury Secretary John Snow said he expects the refunds will cost government coffers about $13 billion. In addition to paying out refunds, the government also now will lose out on an estimated $37 billion in revenue over the next five years.

The IRS will include a provision on tax returns for the 2006 year that will allow businesses and individuals to apply for refunds. The IRS will soon issue details on how to claim the refund.

Businesses will likely draw the lion's share of the refunds because they pay a larger portion of the tax and are likely to have better access to old documents showing payments, if needed. But IRS Commissioner Mark Everson said he is drafting a "simple" process for individual consumers to legally claim the refund.

Individuals who paid the tax for the past three years, usually denoted on each monthly bill, could likely have to show proof that they paid the tax.

Mr. Snow said the government will be able to shoulder the projected $13 billion hit because government collections from business and individual taxes have grown and are projected to rise steadily. "The revenue of the U.S. government is strong and can easily absorb this."

The levy has long been targeted for removal by conservatives. At the announcement, Mr. Snow was flanked by House Republicans who were among the most politically endangered incumbents of this midterm election year, including House Republican Conference Chairman Deborah Pryce of Ohio, and Reps. Jeb Bradley of New Hampshire, Thelma Drake of Virginia, and Mike Fitzpatrick and Jim Gerlach of Pennsylvania.

Though courts have ruled the tax illegal, Sen. Charles Grassley (R., Iowa), chairman of the Senate Finance Committee, said he intends to have his panel consider legislation to abolish it all together.

As of now, consumers still have to pay the local portion of the telephone excise tax but that may change also. Sen. Rick Santorum (R., Pa.) said he is pursuing eliminating the local tax assessed on local calling plans.

While the origins of the telephone tax stem from an 1898 law -- in essence a luxury tax -- to fund the Spanish-American war, the current interpretation of the law was last modified in the 1960s.

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Courts have ruled 10 times in recent years that the government is misapplying the tax and ordered refunds to companies that have sued over the charges. Several companies over the years have won refunds, including OfficeMax Inc. and Honeywell International Inc. Even so, the IRS continued to collect the tax and the Justice Department continued to litigate. All companies with pending cases can now apply for refunds.

"There is going to have to be a company-by-company settlement," said Jack Miles, tax partner at New York-based law firm Kelley, Drye & Warren who has successfully sued the IRS on behalf of clients fighting the payment of the telephone tax. He said that he is representing 30 more businesses with pending cases against the IRS. "IRS officials have advised me that it will be years to clear up the corporate backlog."

Telecommunications companies hailed the tax rollback. "This is a tax that discourages consumption," said Walter B. McCormick Jr., president and chief executive of USTelecom, a U.S. telecom trade group. "It is a positive thing for consumers and positive for our nation."

'Antique' Phone Tax Dropped (WP)

By Albert B. Crenshaw

The Washington Post, May 26, 2006

Treasury to Refund $13 Billion Collected on Long-Distance Calls

The Treasury Department, conceding that it has no right to continue collecting a 108-year-old tax on long-distance telephone calls, announced yesterday that it will drop its legal battle for the tax and instead refund about $13 billion to callers who have paid the tax in the past three years.

The 3 percent tax, enacted in 1898 to help pay for the Spanish-American War and revised in 1965, has been declared illegal by five federal courts of appeal during the past year as the result of challenges brought by companies forced to pay it.

Long-distance carriers have been required to bill customers for the tax and remit it to the government.

Treasury Secretary John W. Snow yesterday called it "an outdated, antiquated tax that has survived a century beyond its original purpose, and by now should have been ancient history."

The tax, which was originally considered a luxury tax because only wealthy people had telephones at the time, will go out of existence July 31.

"It's a great day for consumers," said Gene Kimmelman, director of the Washington office of Consumers Union. "The last residue of the Spanish-American War is finally complete."

The Treasury Department had no figures on how much of a refund an individual might expect, but Kimmelman said, "People with the biggest phone bills will be the biggest winners." Those are principally businesses and high-income consumers who tend to make heavier use of phone services than do lower-income individuals, he said.

However, he cautioned that many, perhaps most, households will see only a modest refund -- possibly $10 or so. Over the past several years, traditional long-distance usage has fallen as cellphones and the Internet have gained in popularity.

Snow said the taxpayers will be able to claim three years' worth of the telephone tax, the legal limit on claiming tax overpayments, on their 2006 tax returns. The Internal Revenue Service, he said, is working on a simplified method by which taxpayers can claim their refunds.

It is expected that, as with sales-tax deductions, taxpayers will be allowed to claim either a standard amount or an exact amount based on their phone bills. Individuals who are not required to file tax returns will be offered a special form for the rebate.

"It was an antiquated tax that made no sense whatever," Kimmelman added. With advances in telephone technology, cellphones and the Internet, he said, it has become increasingly difficult to determine which party in a call the tax should be assigned to.

"You can't track it," he said. "That made the levy unsustainable."

The $13 billion in rebates will cost the government more than the estimated $10 billion that would have been handed out under Senate Majority Leader Bill Frist's (R-Tenn.) short-lived proposal to give taxpayers $100 apiece to offset high gasoline prices.

Snow noted that a similar levy on local calling remains in effect, and he called upon Congress "to terminate the remainder of this antique tax by repealing the excise tax on local service as well."

UPDATE: Treasury Concedes Fight Over Federal Telephone Tax (DOW)

Dow Jones, May 26, 2006

WASHINGTON -(Dow Jones)- Individual and corporate taxpayers will be eligible for an estimated $13 billion in tax refunds after the Treasury Department abandoned a legal fight over a federal long distance telephone tax.

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Treasury Secretary John Snow on Thursday announced the government's surrender in a long-running legal fight over the long-distance telephone tax, first imposed in 1898 to fund the Spanish-American War.

It came after the government lost an estimated 10 court cases, including five federal appellate court cases, challenging the legality of a 3% federal excise tax on long-distance services.

Millions of individuals and businesses that paid the tax will be eligible for refunds, plus interest, for taxes paid on long-distance service billed after Feb. 28, 2003. Tax experts said it may be the broadest case involving elimination of a tax through a legal challenge.

"I can't think of a tax situation where there was an issue that affected as many Americans," said George Clarke, an attorney for Baker & McKenzie LLP who represented Radio Shack in a telephone tax lawsuit.

Snow summed up the government's capitulation: "The American taxpayers have been right."

The tax has long been targeted by conservatives for elimination.

Speaking at a Capitol Hill press conference, Snow was visibly pleased to announce demise of the long distance telephone tax, long targeted for elimination by conservatives.

"It's not often you get to kill a tax," Snow said, surrounded by several Republican House members who oppose the tax.

Snow also called on Congress to repeal the remaining part of the telephone excise tax as it applies to local telecommunications services. Today's announcement "marks the beginning of the end of an outdated, antiquated tax that has survived a century beyond its original purpose, and by now should have been ancient history," Snow said.

The Internal Revenue Service has lost at least 10 cases that contend the telephone excise tax can't be collected on flat-rate long distance telecommunications services. The telephone tax is a 3% rate on the value of local, long distance and wireless phone services.

The issue involves companies such as Radio Shack, OfficeMax (OMX) and Honeywell International (HON) that have been challenging an outdated definition of telecommunications services in the tax law.

The current law, which originates from the 1960s, defines "taxable service" as the rate computed based on distance and time of each long-distance call.

The telecommunications companies argue that it is outdated since long-distance services are no longer based on distance and time but instead on flat, per- minute rates or a single rate for unlimited calls. Long distance service also is sold as part of a broader bundle of services.

The Justice Department will no longer pursue litigation concerning these cases.

Taxpayers will be eligible to file for refunds of all excise tax they have paid on long-distance service for the past three years. Taxpayers will claim this refund on their 2006 tax returns, to be filed in 2007. The IRS said it soon will announce a simplified method to seek the refunds.

Clarke, the Baker & McKenzie attorney, said taxpayers needs to carefully read the fine print of the refund procedures in order to get their money.

Snow said corporations, small businesses and individuals will qualify for an estimated $13 billion in refunded back taxes over three years.

Snow said he didn't know what portion of the tax is paid by corporations and individuals, and he couldn't estimate the size of individual refunds.

Sen. Rick Santorum, R-Pa., told reporters in a separate conference call with Snow that he would pursue eliminating the local portion of the excise tax. With Thursday's announcement, Santorum said the telephone tax would remain on basic local telephone plans and the very inexpensive local plans which are overwhelmingly used by low income individuals.

"This tax becomes what was a regressive tax to an extremely regressive tax," Santorum said. He didn't estimate the cost of repealing the tax on local telephone services, but said it would be less than the long distance tax repeal.

Snow said rising federal revenues, associated with the growing economy, will more than offset cost of the long distance tax, which officially will terminate July 31, 2006.

"The revenue stream of the U.S. government is strong and can easily absorb this," Snow said.

-By Rob Wells, Dow Jones Newswires; 202-862-9272; Rob.Wells@dowjones.com

Treasury Disconnects Tax On Long-distance Calls (MRKTWTCH)

By Jeffry Bartash, MarketWatch

MarketWatch, May 26, 2006

3% excise originally established a century ago to pay for short-lived war

WASHINGTON (MarketWatch) -- The brief Spanish-American War ended more than a century ago, but not the federal tax assessed to fund the conflict. Until now.

On Thursday, the U.S. Treasury said it would stop collecting the 3% federal excise tax on long-distance calls, a fee originally assessed in 1898. The government also said it will issue refunds requested by consumers and businesses that paid the fee over the past three years. Taxpayers will be able to request refunds when they file 2006 tax returns in early 2007.

The Treasury also said the Justice Department would cease litigation in support of the tax after a handful of federal appeals courts ruled the fee illegal in decisions rendered within the past year. The most recent loss in federal court occurred earlier this month.

"The Federal Appeals courts have spoken across the board," Treasury Secretary John Snow said in a statement. "It's time to 'disconnect' this tax and put it on the permanent 'do not call' list."

The tax, which generates more than $6 billion annually, has survived repeated efforts to eliminate it, most recently in 2000, when President Bill Clinton vetoed a larger bill that included a repeal of the excise fee.

Bills aimed at ending the tax have circulated every year since. Businesses call the tax unfair and outdated. Phone companies say it's costly and complex to administer. Consumer-advocacy groups say the flat-rate fee put an undue burden on poorer Americans. Virtually no one in Washington supported the tax.

Nonetheless, for decades long-distance companies such as AT&T Inc. (T: news, board) and Sprint Nextel Corp. (S: news, board) have been required to collect the excise fee from customers and pass it on to the federal government.

In recent years, however, some large corporations such as Hewlett Packard have successfully sued to get rid of the tax on claims that it was illegal. Others have won large refunds from the Internal Revenue Service.

What's more, rapid changes in telecommunications technology have rendered the tax obsolete, critics say. The Internet, for example, makes it more difficult to discern what sort of communication is taking place over long distance and customers are increasingly billed via flat-rate plans instead of per-minute charges, particularly in the relatively new wireless business.

The excise tax works out to $1.50 per every $50 in long-distance calls, not a particularly large sum for consumers. Yet for a business that spends, say, $10,000 a month on long-distance calls, the tax would equal $300 a month or $3,600 a year.

If the tax remained in place over the next decade, it would have generated about $67 billion for federal coffers, a congressional panel estimated. Altogether, the excise tax has raised more than $300 billion in its entire existence, the Congressional Research Service found.

The excise fee was originally established in 1898 on long distance because phones were considered a luxury and only the wealthiest Americans could afford service. These days, the tax affects all consumers directly or indirectly, no matter what their annual income.

At its highest point, the long-distance excise reached 25% during World War II and the Korean War and it remained as high as 10% during the Vietnam War. The excise later fell to as low as 1% in 1982 before being bumped up to 3%, a level made permanent in 1990.

In announcing his decision, Treasury Secretary Snow also called on Congress to eliminate the 3% federal excise tax on local phone calls. That tax is separate from the long-distance fee.

"Customers should see a noticeable difference in their phone bills within the next few months," said Herschel Abbott, vice president of governmental affairs at BellSouth." We hope this decision is a harbinger of removal of other discriminatory taxes on communications customers."

Jeffry Bartash is a reporter for MarketWatch in Washington.

FBI And IRS Seek Documents In Land Deal Involving Palm Beach County Commissioner (FLSUNSEN)

By Jerome Burdi, South Florida Sun-sentinel

South Florida Sun-Sentinel, May 26, 2006

The FBI and Internal Revenue Service on Thursday went after documents regarding a controversial land deal involving Palm Beach County Commission Chairman Tony Masilotti and the South Florida Water Management District.

A subpoena for the documents was served on the water management district, Chairman Kevin McCarty confirmed.

McCarty said the water management district counsel called him to tell him the news.

"We didn't know that Commissioner Masilotti was involved" in the sale McCarty said. "There was a secret trust involved in it ... We thought we were buying it just from the Lee brothers."

In recent months, Masilotti and his ex-wife, Susan, have come under scrutiny for making more than $1.3 million through a series of complex transactions in Martin County, according to court and land records.

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The South Florida Water Management District was buying land in southern Martin County for preservation, and Susan Masilotti got into a deal in September 2002 with David and Jeffrey Lee, who sold their Black Diamond nursery in Masilotti's commission district to developers several years before.

Neither the FBI nor IRS would confirm or deny the papers were served.

McCarty said all copies of the sales documents were requested.

"It came as a complete surprise to us," McCarty said, emphasizing that the water district was not served with papers beyond the request for the sale documents. "I guess when you try to keep it a secret like that it raised the curiosity of the authorities."

The water management district will turn over all the documents, which could take up to 30 days, he said.

Masilotti, who could not be reached for comment, despite attempts by phone, has said he did nothing wrong by profiting from the deals. The deals were first revealed in court filings in the Masilottis' divorce case in January, when Susan Masilotti filed a financial disclosure form listing $1.3 million in 10 certificates of deposit she purchased in 2005. Her financial disclosure also referred to the Martin County land deals. The CDs were purchased beginning soon after Susan Masilotti sold a portion of the land she bought.

On May 16, Masilotti, a Republican, said he would not seek re-election this fall amid criticism over the land deal from his own political party.

The Lees bought huge swaths of land in southern Martin County, about 3,500 acres, for $7.9 million in January 2001, according to land records and an appraisal of the property done for the water management district.

They eventually sold most of the land to the water management district for $43 million, and they brought three partners into the deal before the payoff, according to the water district appraisal. The water management district made its final installment payment last month, McCarty said.

He said he hasn't been in touch with Masilotti and didn't know the federal government was conducting an investigation.

Susan Masilotti's name didn't appear in the public records relating to the land deals because she used a trustee to purchase the land and hold it, records show. The trustee bought 147 acres from the Lees for $367,500 in September 2002.

Then in March 2004, as the Lees prepared to sell their land and that of their partners to the water district, they recorded a series of documents in Martin County land records. They bought back Susan Masilotti's 140 acres for $2.1 million, and sold her another 150-acre parcel for the same price.

In that deal, the Lees agreed to purchase 110 of the 150 acres from Susan Masilotti by April 2005 so long as they sold their property to the water district.

On the day of the deadline, the Lees paid $1.7 million for the 110 acres. Susan Masilotti saw more than a $1.3 million profit, taking into consideration the original $367,500 she invested in the deals.

The trustee recently transferred the remaining 40 acres of land into Susan Masilotti's name, land records show.

In Susan Masilotti's divorce financial-disclosure forms, she listed her husband as the beneficiary of three of the $100,000 CDs. In his court filings, Tony Masilotti listed his "wife's cash" of $1.3 million as a marital asset.

The couple were headed for a divorce trial earlier this month when they reached a confidential settlement, just as their attorneys were about to take depositions concerning the land deals that could be made public.

Other water management board members also were surprised about the subpoena.

"It's an unfortunate situation," said board member Nicolás Gutiérrez Jr., who learned the news from a reporter. "But our hands are very clean on all this."

CONGRESS-ADMINISTRATION:

Frist Still Hopeful For Hayden Debate (AP-Y2)

By Katherine Shrader

AP2, May 25, 2006

CIA director-nominee Michael Hayden awaited confirmation from the Senate Thursday evening in a vote that would install the four-star general and veteran of intelligence controversies atop the civilian spy agency.

Majority Leader Bill Frist, R-Tenn., said he remained hopeful the Senate could take up Hayden's nomination before departing for the Memorial Day recess.

Hayden, 61, would be the first active-duty or retired military officer to run the CIA in 25 years.

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At his confirmation hearing, Hayden sought to assure senators that he would be independent from the Pentagon, but said he would consider how his uniform affects his relationship with CIA personnel. If it were to get in the way, he said, "I'll make the right decision."

Hayden became a lightening rod for the debate about the Bush administration's no-warrant surveillance program, which monitors domestic communications — without court approval — when one party is overseas and terrorism is suspected. Some Democrats and civil-liberties advocates argue the monitoring was illegal.

As head of the National Security Agency from 1999 to 2005, Hayden oversaw the groundbreaking operations, but his defenders have said repeatedly that he was relying on the advice of top government lawyers.

The White House tried to hurry Hayden's nomination through in under three weeks, in part by heeding Congress' five-month-old requests for more information on the classified operations.

But President Bush's selection of Hayden exposed fissures among Republicans who say the administration is making decisions without consulting Congress.

"That's the way they decided to do business," House Intelligence Chairman Peter Hoekstra, R-Mich., said in an interview Thursday. "The problem is there are major changes going on in the intelligence community, and the executive branch is doing it on their own."

Hoekstra said a military official shouldn't be in charge of the CIA, but he planned to look ahead and learn more about Hayden's vision for the agency. Hoekstra also said he would use every tool available to Congress — including the power of the purse — to ensure he has a voice in the intelligence reforms.

Hoekstra is among Republicans close to outgoing CIA Director Porter Goss who are angry that the Bush administration dismissed him suddenly from the post. "It was a very ungracious exit for a very gracious man," Hoekstra said of Goss, the former House Intelligence Committee chairman who had a 40-year career in government.

The top Democrat on the House Intelligence Committee, Rep. Jane Harman (news, bio, voting record) of California, said the White House has treated Congress disrespectfully for years. "It is not confined to the process on the NSA program," she said.

At his confirmation hearing, Hayden said he wants to encourage the CIA's clandestine service to take more risks, expand how the CIA shares information with allied intelligence services and encourage the CIA's analysts to make hard-edge assessments.

Hayden said he wants the CIA out of the news — "as source or subject" — but also wants to win back public confidence in America's best-known spy agency.

Senate Clears The Way For Kavanaugh Vote (AP-Y2)

By Laurie Kellman

AP2, May 25, 2006

The Senate cleared the way Thursday for the confirmation of White House aide Brett Kavanaugh to a federal appeals court judgeship, over Democratic complaints that he is unseasoned and partisan.

By 67-30, senators approved a confirmation vote, set for Friday.

Democrats, however, complained that Kavanaugh has a long record of loyalty to President Bush and too short a record in the courtroom. They highlighted the American Bar Association's recent downgrading of its rating of Kavanaugh from "highly qualified" to qualified.

"It's clear that he is a political pick being pushed for political reasons," said Sen. Patrick Leahy (news, bio, voting record) of Vermont, ranking Democrat on the Judiciary Committee. "This is not a court that needs another rubber stamp for this president's exertion of executive power."

The White House and Judiciary Committee Chairman Arlen Specter say Kavanaugh's Ivy League education, Supreme Court clerkship and other work had prepared him well for a federal judgeship. Specter's panel approved the nomination along party lines.

"It is hardly a surprise that Brett Kavanaugh would be close to the president, because the president selects people in whom he has confidence," said Specter, R-Pa. "Brett M. Kavanaugh must be confirmed."

Democrats initially threatened to filibuster Kavanaugh, but the bluster softened after Specter granted their request for a new hearing at which the nominee appeared.

There, Kavanaugh told Democrats he played no role in the White House formulation of policies on detainees, domestic wiretapping or any relationship with convicted lobbyist Jack Abramoff.

Avoiding Clash, Senate Sends Judicial Nomination To Floor (NYT)

By Sheryl Gay Stolberg

The New York Times, May 26, 2006

WASHINGTON, May 25 — The Senate cleared the way on Thursday for a top aide to President Bush, Brett M. Kavanaugh, to be confirmed for the federal appeals court, avoiding a partisan showdown over a nomination that had been stalled for three years.

Senators voted, 67 to 30, for a floor vote on the nomination, expected on Friday.

Democrats said Mr. Kavanaugh, who was on the staff of Kenneth W. Starr, the independent counsel who investigated President Bill Clinton, was too partisan and lacked the experience for the appellate bench.

But the senators were unwilling to block the nomination using a filibuster. That tactic could have prompted Republicans to respond with the so-called nuclear option, a rules change permanently barring judicial filibusters.

"I don't believe he's filibuster-able," said Senator Dianne Feinstein, the California Democrat on the Senate Judiciary Committee who voted to bring the nomination to the floor.

Ms. Feinstein said she would vote against confirmation, saying that she would vote for Mr. Kavanaugh as a district judge, but saying, "the circuit, I think, requires more seasoning."

Mr. Kavanaugh has been nominated to a seat on the United States Court of Appeals for the District of Columbia Circuit, the court that produced Chief Justice John G. Roberts Jr.

Mr. Kavanaugh's candidacy revived the fight over Mr. Bush's judicial nominees. For a time, Democrats hinted that they might use the filibuster against him.

They are promising to block the nomination of another nominee for an appeals court, Judge Terrence W. Boyle, a longtime federal judge in North Carolina, if Republicans try to bring it up for a vote.

Mr. Kavanaugh, 41, is Mr. Bush's staff secretary, a position in the president's inner circle. At his confirmation hearing, Democrats pressed him about whether he had a role in White House deliberations over domestic telephone surveillance; had met Jack Abramoff, the center of a lobbying scandal; or had involvement in writing legal memorandums used to justify coercive questioning of people who have been detained on suspicion of terrorism.

"No, Senator," he replied each time.

Democrats also pointed to an American Bar Association downgrading of its rating of Mr. Kavanaugh to "qualified" from "well qualified."

Senator Patrick J. Leahy of Vermont, senior Democrat on the judiciary panel, said Thursday that he could not recall any nominee's being confirmed after such a development.

Mr. Leahy said Mr. Kavanaugh had "failed miserably" to demonstrate "that he has the capacity to be independent of the president, to be an independent check on his political patron."

Republicans praised Mr. Kavanaugh as eminently qualified. Senator John Cornyn of Texas called him an "outstanding nominee," adding, "His nomination has been needlessly protracted and contentious."

Artful Dodging (NSWK)

By Richard Wolffe And Holly Bailey

Newsweek, May 25, 2006

May 24, 2006 - How different is the shiny new White House Press Secretary Tony Snow compared to his jaded predecessor Scott McClellan?

After more than two weeks inside the West Wing, Snow has pulled off the unusual coup of improving relations with the press corps while offering, at times, less information than McClellan. He has also managed to win widespread forgiveness for a series of foreign-policy fumbles that would have landed McClellan in deep trouble.

How has Snow won over the press corps? Take a look at the toughest of his customers: Helen Thomas, one of the longest-serving reporters at the White House, and--in the opinion of administration officials--one of the most hostile.

During Tuesday afternoon's press briefing, Thomas was grilling Snow on what role, if any, the United States was playing in negotiations between Israel and the Palestinians over a two-state peace deal. Snow told Thomas that Washington was operating "the same as it's always been" and was working with Israel and "when possible" with the Palestinians.

"Then why is it bankrupting the Palestinians?" Thomas shot back.

Snow clutched the side of the podium. "The Palestinians are not being bankrupted, Helen," Snow said, smiling. "Hamas is a terrorist organization. We do not give money to terrorist organizations."

"They were democratically elected," Thomas insisted.

"They were democratically elected, and they're still a terrorist organization," Snow replied.

"By your designation," Thomas snapped.

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"Yes, thank you very much, Helen," Snow shot back.

That could have been a scene straight out of one of Scott McClellan's combative press briefings, if it weren't for what happened next. From the podium, Snow looked down at Thomas sitting in her front-row seat and noticed the veteran reporter was clutching a shiny red apple.

"By the way, that's a nice apple," Snow grinned.

"Here," Thomas instantly replied, offering the new press secretary her apple.

As the press room erupted in laughter, Snow dramatically leapt from the podium and grabbed the apple, placing it front and center on the lectern. "Whoever thought that Helen Thomas would kiss up to me," Snow said, laughing. "An apple for the teacher."

"Hardly!" Thomas shouted from the front row. But she was smiling--and so was every other reporter in the room.

Indeed, there's been a lot of smiling and plenty of jokes and laughter during the first two weeks of Snow's tenure as Bush's new press guy. The atmosphere in the briefing room, which only weeks ago seemed poisonous beyond repair, now seems relaxed and different enough to compensate for the fact that reporters don't seem to be getting any more straightforward answers than before.

Snow has openly dodged questions on everything from the NSA wiretaps to immigration reform--all the while admitting to reporters that he's doing so. Perhaps the most artful dodge has been Snow's tendency to say "I don't know"--a phrase that has been cited dozens of times in the last several briefings.

It's not unreasonable to think that Snow can and should only stick to the facts that he knows. But it's interesting to see how Snow has offered noncomments on issues where he should be fully up to speed. In some cases, Snow has been even less forthcoming than McClellan about what Bush and his advisers are doing.

Last week, Snow repeatedly declined to comment on even the most basic information that used to be easily confirmed with the White House. When border-state governors, including Arnold Schwarzenegger, complained that Bush had not consulted with them about his plan to deploy National Guard troops along the border, Snow at first declined to comment on whether the president had phoned the governors at all. "I'm not going to engage in on deliberations," Snow told reporters. When asked if Bush spoke to any members of Congress about his plan, Snow echoed his earlier remarks. "I'm not going to get into what the president did or did not do," he said. The new press secretary later admitted that he just didn't know if Bush consulted with the governors or not--but still declined to comment, though he said he knew "for a fact" there had been "staff contact."

During McClellan's reign at the White House, it was typical for the administration to put out information about the president's daily schedule, including meetings with members of Congress or phone calls between the president and lawmakers. No doubt part of that strategy was to stamp out accusations that relations between Bush and Congress are shaky, but it was also being practical. When lawmakers come to see Bush at the White House, they drive up the West Driveway--past so-called pebble beach, where TV reporters do their stand-ups and right outside the press briefing room. In other words, it was no secret.

But for the past two weeks, Snow hasn't put out such information and has declined to comment on such events--even though the meetings have obviously continued. On Tuesday, a group of congressional Republicans, including House Speaker Dennis Hastert, met at the White House with Bush. The subject: immigration reform--a fact confirmed only when lawmakers who attended the meeting told reporters about it after the fact. Asked about the president's message during the meeting, House Majority Leader John Boehner told reporters, "It wasn't any different than everybody's heard before."

More startling is Snow's readiness to plunge into the realm of foreign policy when he seems unfamiliar with some basic details, including some of the most frequently repeated positions of the White House itself.

When asked about a possible military strike on Iran, Snow stumbled over one of the president's most common statements on the subject. Snow was lobbed a softball question suggesting that "nothing is off the table" in terms of military action.

His reply: "We've always said that." But then he continued, "Let me put it this way: The use of force is off the table. All right? Let me be specific. That is what the president has said. Is that not correct?"

Er, not quite. As reporters and White House staff started to shake their heads, Snow plunged back in. "I'm sorry," he said. "Is not off the table. Thank you. Yes, it's on the table."

That wasn't the only problem for Snow. With Israeli Prime Minister Ehud Olmert at the White House, Snow managed to mangle the names of the main players on both sides of the Israeli-Palestinian conflict.

At his morning off-camera briefing, Snow repeatedly called the Palestinian president "Prime Minister Abbas." In fact, the prime minister, Hamas leader Ismail Haniya, is the sworn enemy of Israel and the United States. Later Snow mangled Abbas's nickname, Abu Mazen, when asked about the administration's assessment of his power. "I'm not going to get into whether the president is going to talk about … Abu Mazen, Abu Abbas, whatever you want to call him," Snow said. For good measure, Snow promoted the Israeli prime minister's position to "President Olmert."

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Snow started out with good intentions. At his first off-camera briefing earlier this month, he said he wasn't going to deal with questions on foreign affairs or currency, because of one simple reason. "I do not want to set off global tempests," he said, "because I frankly just don't know enough on those." It sounds like he was right first time.

Treasury Secretary To Step Down (WP)

By Peter Baker And Paul Blustein

The Washington Post, May 26, 2006

Treasury Secretary John W. Snow, who has presided during a period of strong economic growth but at times seemed out of sync with President Bush, has informed the White House that he will resign in the coming days after three years as the nation's chief economic officer, a source close to Snow said yesterday.

Snow asked the White House to announce his resignation in early June and said he plans to stay in the job no later than July 3 while a replacement is sought, the source said. The secretary's decision was intended to bring finality to a process that has played out awkwardly in public over months as Snow's job security has been a regular source of Washington speculation.

Republican insiders said possible candidates to succeed Snow include former commerce secretary Donald L. Evans, a longtime Bush friend; Commerce Secretary Carlos M. Gutierrez, a former Kellogg Co. chief executive; Ambassador David C. Mulford, a former treasury undersecretary who represents the United States in India; and Stephen Friedman, the president's former chief economic adviser and a former Goldman Sachs chief executive.

Two Republicans said Evans and his wife will accompany the Bushes to Camp David today, although they cautioned against reading too much into that because the two couples often spend holidays together. One of the Republicans said Evans would be willing to take the job if Bush indicates he needs him.

"There is a lean toward a person who's on the inside and would have the opportunity to come into the position very easily," said a former administration official, who like others insisted on anonymity to discuss a resignation that has not been formally announced.

Deputy Secretary of State Robert B. Zoellick, a former trade representative, had hoped to be named the next treasury secretary but does not appear likely to get the job, and has indicated to associates that he plans to resign soon to return to the private sector.

Robert M. Kimmitt, Snow's deputy, is another possible candidate. But his prospects may have been damaged by the controversy over a Dubai company's proposed takeover of terminal operations at U.S. ports; he was Treasury's point man on the process that initially approved the takeover.

Snow's impending departure has been expected for months, but word of his decision began leaking out yesterday and was first reported by the Dow Jones news service.

Bush, when asked about the Treasury secretary at his news conference last night, indicated only that he had not spoken directly with Snow and quickly changed the subject to positive economic indicators. "He has not talked to me about resignation," Bush said. "I think he's doing a fine job. I mean, after all, our economy is strong."

Snow first told then-White House Chief of Staff Andrew H. Card Jr. around Christmas last year that he was ready to go but said he would stay through the State of the Union address in January until a successor could be found, according to the source close to Snow. But the White House had trouble finding a person of stature from Wall Street to take over a job that, under Bush, has become more about selling policy than making it, which is why his team has turned to current and former government officials, according to several sources.

Snow grew frustrated as news reports in recent weeks suggested that the White House wanted him out, the source close to him said. Rather than be left hanging any longer, he decided to set a firm July 3 departure date even if a replacement is not named. "He just didn't want it to drag on later than that," the source said. "He's anxious to get back to the private sector."

"With the economy in good shape," the source added, "it feels like a good time to leave on a high note." Snow, the source said, "is leaving on very good terms with the president."

A genial former railroad executive, Snow, 66, has hewed steadfastly to the White House line, in contrast with his feisty predecessor Paul H. O'Neill, who often irritated Bush aides by differing with the president on issues such as tax cuts and steel tariffs. Although Snow's loyalty is appreciated at the White House, he has followed his assigned script so closely that even some boosters concede he has sometimes come across as an ineffective salesman for the administration's policies.

In recent weeks, even amid reports about his impending departure, Snow has continued traveling around the country, delivering speeches touting the economy's strength and the recent surge of tax revenue as evidence that the president's policies are working.

At times, though, he has appeared disengaged. When questioned a few days ago at a congressional hearing on how high inflation has been over the past year, for example, he replied about 5 percent, when the correct answer was 3.5 percent.

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But Snow could cite other numbers to bolster his legacy. The government announced yesterday that the gross domestic product grew a brisk 5.3 percent in the first quarter, and in a statement Snow noted that it has averaged 4 percent growth over the last three years. The news, he said, "further demonstrates the strength of the American economy."

Snow Plans To Leave Treasury Post Next Month (WSJ)

By John Harwood And Deborah Solomon

The Wall Street Journal, May 26, 2006

WASHINGTON -- Treasury Secretary John Snow plans to announce his departure from the Bush administration by mid-June, according to people familiar with the matter.

After months of criticism and speculation about his future, Mr. Snow has told the White House he wants to leave, a senior administration official said. He has withheld any announcement until President Bush settles on a successor, a process that is nearly concluded, the people familiar with the matter said.

Mr. Snow is scheduled to attend a meeting of G-8 finance ministers in Russia June 9 and 10, but that is expected to be his last major public event as secretary. The senior administration official said Mr. Snow's departure would be announced "within days."

At a news conference last night, President Bush said Mr. Snow "has not talked to me about resignation," but didn't address how long the secretary would remain on the job. He praised Mr. Snow for "doing a fine job" helping manage the U.S. economy.

White House officials declined to identify leading candidates to succeed him. Among those most often mentioned in Republican circles are David Mulford, currently the U.S. ambassador to India and a former undersecretary of the Treasury under President George H.W. Bush; Steve Friedman, the former head of Mr. Bush's National Economic Council; Don Evans, the former commerce secretary and Carlos M. Gutierrez, the current commerce secretary and former chief executive of Kellogg Co.

Others believed to be potential choices include Deputy Secretary of State Robert Zoellick, though he has discussed leaving the administration in recent days; Deputy Treasury Secretary Robert Kimmitt, who was tarnished by involvement in overseeing the review of potential U.S. ports management by a firm based in the United Arab Emirates; and Energy Secretary Samuel W. Bodman, a former deputy Treasury secretary.

One reason Mr. Snow is believed to have stayed as long as he has is that the White House has had trouble identifying desired replacements. Some prominent Wall Street executives, such as Goldman Sachs CEO Henry Paulson, have rebuffed overtures.

A former chairman and CEO of CSX Corp., Mr. Snow succeeded Paul O'Neill as Treasury Secretary in 2003. He hasn't committed major gaffes or repeated Mr. O'Neill's penchant for blunt-spoken independence. Yet he has been faulted for ineffectiveness in communicating the administration's message on the economy, which despite continued growth hasn't stopped the slide in Mr. Bush's poll ratings. As a result, Mr. Snow has endured nearly two years of speculation about when he would be replaced.

While the economy is relatively strong, the next Treasury secretary will face challenges, in part because many Americans don't seem to feel that their economic situation is improving. A recent Wall Street Journal/NBC News poll found that 77% of respondents call themselves uneasy about the state of the economy rather than confident, even as data shows strong economic growth. Rising gas prices and concerns about Iraq continue to overshadow strong economic gains.

New Reports Of Change At Treasury (NYT)

By Edmund L. Andrews

The New York Times, May 26, 2006

WASHINGTON, May 25 — John W. Snow has signaled his readiness to step down as Treasury secretary, possibly by the end of June, or as soon as the White House has a candidate to succeed him, say Republicans with ties to the administration.

Mr. Snow, a congenial former railroad executive who took over the Treasury Department three years ago, has made it clear he did not expect to stay in the job beyond the midterm elections in November.

President Bush said Thursday at a news conference that he had not spoken to Mr. Snow about his plans.

Tony Fratto, the Treasury Department's chief spokesman, refused to comment, saying, "We don't comment or speculate on personnel issues."

But one Republican said Mr. Snow was prepared to leave soon after the Group of Eight meetings on June 8 and 9 in St. Petersburg, Russia.

It was not clear whom Mr. Bush might nominate as a successor. Speculation includes David Mulford, a Treasury official under President Ronald Reagan and the first President Bush who is currently the American ambassador to India; Donald Evans,

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who was secretary of commerce in Mr. Bush's first term; Carlos Gutierrez, the current commerce secretary; and Allan Hubbard, director of the White House National Economic Council.

Competition for Mr. Snow's job had already heated up within the administration. Robert Zoellick, currently the deputy secretary of state and previously the United States trade representative, is believed to have wanted the top Treasury post but was ruled out. He is now expected to step down and has been said to be talking to firms on Wall Street.

Administration officials have also been reported to have contacted Wall Street executives like Henry Paulsen, the chairman of Goldman Sachs.

Speculation about Mr. Snow's departure has been almost constant since Mr. Bush's re-election in 2004. But the speculation, including some fueled by White House officials, repeatedly turned out to be wrong.

Mr. Snow remained outwardly impervious to all the speculation, including published reports in which anonymous White House officials were quoted as predicting his ouster.

But even before Mr. Bush's re-election, officials suggested they wanted to shake up his economic team to better pursue an ambitious agenda — now stalled — of overhauling both Social Security and the tax code.

Veteran Data Was Removed Routinely, Official Says (NYT)

By David Stout

The New York Times, May 26, 2006

WASHINGTON, May 25 — Officials of the Veterans Affairs Department told angry lawmakers on Thursday that an agency employee had been taking home sensitive data for three years before some of the material was stolen from his residence, compromising the records of 26.5 million veterans.

"He said that he routinely took such data home to work on it, and had been doing so since 2003," George J. Opfer, the department's inspector general, told senators, some of whom expressed amazement at how the department has handled the theft.

Because the data included Social Security numbers and birth dates as well as names, there has been widespread concern that the information could be used by computer-handy criminals for credit card fraud and other forms of identity theft.

Secretary Jim Nicholson said 105,753 calls had been logged from Monday, when his agency set up a special toll-free information line, to Wednesday night.

Mr. Nicholson said he believed computer security had lagged at the agency, which he has headed for just over a year, because of past "embedded cultural resistance" to change.

That inertia is beginning to dissolve, he told a joint hearing of the Veterans' Affairs and Homeland Security and Government Affairs Committees.

"But I'm not going to tell you it's what it should be," he replied to a question from Senator Susan Collins, the Maine Republican who heads the homeland security panel.

Mr. Nicholson said that just sending letters to veterans whose data was compromised — those discharged since 1975, plus some veterans getting disability compensation — would cost $11 million to $12 million. He did not specify how much the agency expected to spend on telephone banks, Web sites and other measures, but Senator Patty Murray, Democrat of Washington, said she expected him to have to ask for more money.

"This responsibility rests on me," Mr. Nicholson told the senators, who greeted him warmly and seemed angry not at him but at the bureaucracy of the 235,000-employee veterans agency, which has been criticized by its own inspector general's office several years in a row for inadequate data security.

It seemed possible from exchanges between Mr. Nicholson and members of the committees that the full dimension of the current data breach, which came about because an agency employee's suburban house was burglarized after he took the data home without authorization, might not yet be known.

Ms. Murray, who sits on the Veterans Affairs Committee, posed this question: Suppose letters are sent to veterans who have already died and then returned unopened; could spouses or other relatives be vulnerable?

"That's a good question," Mr. Nicholson replied. "We'll have to look at that."

Moreover, he said that the data on some veterans included "numerical disability ratings and the diagnostic codes which identify the disabilities being compensated," enough knowledge for some unauthorized people to compute compensation payments.

Mr. Nicholson said the employee who took the data home had broken no law "as near as I can tell," even though he had violated department policy. He said the employee, a data analyst, had been cooperating with the Montgomery County police and the Federal Bureau of Investigation.

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Mr. Nicholson said he continued to be outraged over the delay between the burglary, on May 3, and the date he learned about it, May 16. Senators Collins and Larry E. Craig, the Idaho Republican who heads the Veterans' Affairs Committee, described the time lag as "baffling," "mind-boggling" and "just unbelievable."

Veterans' Data Theft Went Unreported (AP-Y2)

By Hope Yen

AP2, May 25, 2006

The Veterans Affairs data analyst who lost the personal data of 26.5 million veterans improperly took the information home for three years before the data was stolen, government investigators told Congress Thursday.

In a pair of hearings, VA Inspector General George Opfer detailed a series of missteps leading to one of the nation's largest information security breaches. He noted that his office only became aware of the May 3 burglary through office gossip.

"We were never notified," Opfer told Senate and House panels investigating the breach, explaining that one of his employees first heard about a burglary — and that VA electronic records may have been stolen — while attending a routine meeting on May 10.

"It wasn't until we interviewed the employee on the 15th that we knew we had a significant problem" involving a vast cache of Social Security numbers, birthdates and disability ratings, Opfer said. Only then did the VA bring in local and federal law enforcement to investigate.

The disclosure comes as the VA is under attack for a three-week delay in publicizing the burglary. During the hearing, VA Secretary Jim Nicholson said he was "mad as hell" that employees did not tell him about the breach until May 16.

He acknowledged that Deputy Secretary of Veterans Affairs Gordon Mansfield knew immediately about the incident. But he declined to say whether Mansfield would be fired or how the theft could have happened, citing the need to await results of a full investigation.

"As a veteran, I am outraged. Frankly I'm mad as hell," Nicholson said. "I can't explain the lapses of judgment on the behalf of my people. We will stay focused on these problems until we get them fixed."

Lawmakers were skeptical.

"The testimony you gave us is absolutely baffling," said Sen. Susan Collins (news, bio, voting record), R-Maine, who chairs the Homeland Security Committee. "You seem to be saying it was just one employee. But it's not just one employee. You have a high-risk vulnerable system that has been identified time and again as vulnerable."

At the House hearing, Rep. Bob Filner (news, bio, voting record), D-Calif. was even more blunt.

"Your own people don't tell you about the theft involving 26 million veterans. You say you take responsibility but then you tell veterans to go call your creditors," he said.

"You're not taking responsibility for this mismanagement debacle," Filner said. "The most dramatic thing to take responsibility is to resign."

White House press secretary Tony Snow said Thursday that wasn't going to happen.

"He'll have his opportunity to testify on Capitol Hill today," Snow said of Nicholson. "I'm sure they will have sharp questions for him. But he's not tendering his resignation."

Congress is trying to determine whether the VA had adequate security measures in place to guard against the unauthorized disclosure of veterans' Social Security numbers and birthdates. It is one of the nation's largest security breaches.

Also at issue is why the department waited so long before acknowledging that a government-owned laptop and disks were stolen in what appeared to be a routine burglary at an agency analyst's home in Maryland.

During the hearing, Rep. Steve Buyer (news, bio, voting record), R-Ind., chairman of the House veterans panel, pressed Nicholson to give the nation's veterans assurances that their information will not be used for identity theft, or that they would be "made whole" if the information is misused.

Nicholson said he could not, saying that the VA would have to get more funding to compensate veterans. Nicholson has previously downplayed the potential danger, explaining that the May 3 theft appeared to be a random burglary.

"Before I can give you that assurance, I have to work with Congress ... if they suffer a loss," Nicholson said, who added that it would take about $25 million alone to improve security procedures at his agency. "It will give piece of mind to veterans if they suffer a loss to have a system to compensate."

Nicholson got an endorsement from President Bush even as lawmakers pressed for greater accountability and awaited answers in the hearings and a subsequent joint meeting of the Senate Veterans' Affairs and the Homeland Security and Governmental Affairs committees.

Snow said Wednesday said Bush had "full faith and confidence" in Nicholson. Snow originally had declined to issue a statement of support in the president's name, but then said he wanted to clarify his remarks.

Nicholson is a Vietnam War veteran and former chairman of the Republican National Committee.

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On the Net:
Information for veterans suspecting identity theft:
http://www.firstgov.gov or 1-800-FED-INFO

Worker Often Took Data Home (WP)

By Christopher Lee
The Washington Post, May 26, 2006

The Department of Veterans Affairs data analyst who lost 26.5 million veterans' personal information when his home was burglarized had routinely taken such data home since 2003, VA Inspector General George J. Opfer said yesterday.

"It wasn't like all of a sudden one night he took home all this data," Opfer said during a break in House and Senate hearings on the massive information security breach.

Authorities announced a $50,000 reward for information leading to the recovery of the laptop computer and external hard drive stolen May 3 from the employee's Aspen Hill home. The VA inspector general and the FBI are offering the reward. Montgomery County police asked anyone with information to call 866-411-8477.

Federal investigators have removed other sensitive VA data the worker was not authorized to have at home, Opfer testified. He said his staff will identify all the data the employee had at home and determine which supervisors knew about it.

Veterans Affairs Secretary Jim Nicholson said the stolen information was not encrypted or "scrambled." He reiterated that there has been no indication that thieves are using the data to open credit card accounts, take out bank loans or engage in other forms of identity theft.

The electronic file contained names and dates of birth for as many as 26.5 million veterans who have been discharged since 1975, or who were discharged in any year and are collecting disability compensation from the department, Nicholson said. The file also included the Social Security numbers of 19.6 million of those veterans, he said. He said fewer than 100 spouses are believed to be included in the file.

Opfer said his office did not learn of the lost data until May 10, and then only through an offhand remark by a VA employee at a routine meeting. Nicholson was even further out of the loop; he testified yesterday that his subordinates failed to inform him until May 16 -- nearly two weeks after the theft put millions of veterans at risk of identity theft. The FBI was not told until May 17, and Nicholson did not make a public announcement until Monday.

"I'm so damn mad at the loss of veterans' data and the fact that one person can put all of us at risk," said Nicholson, an Army veteran who served in Vietnam. "I can't explain these lapses in judgment on the part of my people. . . . After the inspector general finishes his investigation and finds exactly what happened, I plan to take decisive actions. "

Nicholson said several VA officials have offered their resignations but he will not decide whether to accept them until the investigation is complete. "I am the person ultimately responsible to our veterans, and therefore I am the person responsible for this situation," the secretary said.

He repeated his plan to have all VA employees take a cybersecurity training course by June 30 and to increase background checks of employees with access to sensitive information. He said the employee who took the data home last had a background check 32 years ago.

Lawmakers, besieged by calls from outraged veterans, lambasted Nicholson both for the security breakdown and for the department's sluggish response.

Sen. Susan M. Collins (R-Maine), chairman of the Senate Homeland Security and Governmental Affairs Committee, called the entire episode "absolutely baffling."

"If the employee had chosen not to report the theft immediately, VA and the public could possibly still be in the dark," said Hawaii Sen. Daniel K. Akaka, the top Democrat on the Veterans Affairs Committee.

"Something like this should never go unknown by the boss," said Sen. Johnny Isakson (R-Ga.).

Several lawmakers noted that the department's information security measures have repeatedly been identified as vulnerable in recent years.

"The system is so poorly designed that one employee can compromise the whole thing," said Sen. Barack Obama (D-Ill.).

Sen. Larry E. Craig (R-Idaho), chairman of the veterans panel, said he believes that the VA data analyst was "a dedicated federal employee who took work home with the hope of improving VA operations."

He said the department, and not veterans themselves, should cover the cost of the increased credit monitoring made necessary by the loss of the personal data. "There were many lapses in judgment for which many people are going to have to

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answer," Craig said. "This was not an error that a veteran made. This was an error that the system that provides services to them made."

Cost To Inform Vets Of Data Theft Starts At $10M (USAT)

By Emily Bazar

USA Today, May 26, 2006

WASHINGTON — It will cost at least $10 million to inform veterans that their personal information may be in the hands of criminals, Veterans Affairs Secretary Jim Nicholson told Congress on Thursday. He warned that the ultimate price tag of the government's response could be tens of millions more.

Letters will be sent to the 26.5 million veterans whose names, birth dates and, in most cases, Social Security numbers were stolen from the Maryland home of a department analyst May 3, Nicholson said at back-to-back hearings. Postage and paper will make up the bulk of the cost.

The department also is considering providing veterans with a credit monitoring or counseling service at a free or reduced charge.

Taxpayers could be hit for much more. When asked for an estimate, Nicholson tossed out the figure of $100 million — or more.

There's no indication the data are being used for criminal purposes, and Nicholson and George Opfer, the agency's inspector general, say they believe the theft was random.

Still, Nicholson told lawmakers, he's “mad as hell” at the employee,

Several lawmakers responded by scolding Nicholson for what they called systemic problems. They pointed to reports from the agency's inspector general that they said identified weaknesses in the information technology system.

“You seem to be saying it's just one employee,” said Sen. Susan Collins, R-Maine. “But it's not just one employee. You have a high-risk, vulnerable system.”

According to the Montgomery County Police Department in Maryland, a laptop computer and an external hard drive with the veterans' information were stolen. The analyst, who has been placed on leave, was not authorized to take the data home, Nicholson said. Nonetheless, he had been doing so since 2003, Opfer said.

The data include the information on 26.5 million veterans and fewer than 100 spouses of veterans, Nicholson said. Social Security numbers for 19.6 million of those veterans also were included.

Even though the employee promptly informed his supervisor and local police about the theft, Nicholson said he wasn't informed until May 16.

On Thursday, the agency and FBI announced a $50,000 reward for information leading to the recovery of the stolen data.

Veterans Chief Is Grilled Over Stolen Data (LAT)

By Johanna Neuman

The Los Angeles Times, May 26, 2006

WASHINGTON — The theft of a disk containing names, birth dates and Social Security numbers for as many as 26.5 million veterans and their spouses stirred fury in Congress on Thursday, as Republicans and Democrats pounced on Veterans Affairs Secretary Jim Nicholson, demanding to know why the agency's notorious computer security issues had not been fixed.

With millions in danger of identity theft because a VA data analyst took home a computer disk that was later stolen during a burglary, more than 100,000 aggrieved veterans sought answers from 14 call centers set up by the Department of Veterans Affairs. They also took their complaints to the airwaves and the Internet, where one Vietnam vet set up an online petition urging Nicholson to quit.

Amid calls for Nicholson's resignation, White House Press Secretary Tony Snow said President Bush had "full faith and confidence" in the Veterans Affairs secretary.

Nicholson, a 67-year-old former Army Ranger who fought in Vietnam, said in testimony before House and Senate committees that he was "mad as hell" that the employee had taken the disk home, and that his deputy secretary, Gordon Mansfield, had not informed him of the security breach for two weeks.

"As a veteran, I am outraged," Nicholson said. "I'm outraged that this employee would do this so recklessly, and I'm outraged that I wasn't notified sooner."

He added: "Other people are also in my sights as a result of this."

But neither Congress nor veterans' groups was appeased. The Veterans of Foreign Wars, the nation's largest group of combat veterans, issued a sharp response to the VA's advice to individuals to check their own credit reports.

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"Telling 26.5 million veterans to deal with this as individuals is a totally unacceptable response," the VFW's national commander, James R. Mueller, said in an e-mailed statement. "We strongly suggest that the federal government start figuring out a way to deal with this problem computer-to-computer between the VA, national credit bureaus and other national institutions."

During the hearings on Capitol Hill, the VA's inspector general, George Opfer, said the agency had been unable to formally notify the affected veterans because "we don't have 26 million envelopes."

Opfer estimated the costs of buying, addressing and mailing the envelopes at $10 million to $11 million.

Asked the cost for preventing and covering potential losses from identity theft, Nicholson estimated "way north of $100 million" and did not rule out a total as high as $500 million.

He told the House committee that the stolen records were those of veterans who have been discharged since 1975 or who are receiving compensation for disabilities.

The missing data include the names and birth dates of about 26.5 million veterans and some of their spouses, along with 19.6 million Social Security numbers.

Officials at the White House and Veterans Affairs stressed that so far the records have not been compromised and that the FBI is trying to recover them.

In the meantime, veterans were being advised to notify banks and credit card companies, and lawmakers were talking about earmarking funds to pay for veterans to get regular credit reports.

"I'm absolutely furious," said Stewart Resmer, a Vietnam veteran from Santa Monica who started the anti-Nicholson petition at http://www.petitionspot.com .

Noting that the VA had lost thousands of records in a 1973 fire at its National Personnel Records Center in St. Louis, Resmer said:

"Now they make us prove that we were shot or where we were, and we have to get two buddy statements. We've had our tails shot off and lived to tell it. They never sent me a letter about Agent Orange; I don't need them to get me a free credit report check. They should be looking to replace all of our Social Security numbers."

The breach dramatically underscores the risks inherent in information collection in a high-tech age. In Washington, where many government officials take work home or on the road, the advent of powerful, lightweight laptop computers has turned routine home burglaries into major security threats. In 2000, a State Department employee was fired and five others were disciplined over a missing laptop that contained top-secret information.

"The VA is not alone in the potential to suffer a data breach of this magnitude," said Sen. Susan Collins (R-Maine), calling the security failure "a wake-up call to the rest of the federal government."

Still, the VA has been famously lagging in computer security — having earned an "F" on an annual federal computer security report card compiled by the House Government Reform Committee in four of the last five years.

Several lawmakers expressed concern that the security lapse was the tip of the iceberg.

"Just unbelievable," said Sen. Larry E. Craig (R-Idaho), chairman of the Senate Committee on Veterans Affairs. "How is it that VA's computer system permits one person to download the records of 26 million individuals and no one is alerted?"

Others called for Nicholson to leave.

"I don't think the secretary is really up to this job," said Rep. Ted Strickland (D-Ohio), a member of the House Committee on Veterans Affairs.

Added Rep. Bob Filner (D-Chula Vista), another panel member: "You say you take responsibility, but then you tell veterans to 'go call your creditors.' … The most dramatic thing to take responsibility is to resign."

The midlevel data analyst who took home the veterans' information — officials said he was trying to figure out how to reduce the file — has been placed on administrative leave pending an investigation.

Opfer said the employee told investigators that he had been taking data work to his suburban Maryland home regularly since 2003.

The theft involved 5 gigabytes of material, Nicholson said, adding that the employee could easily have accessed the information over a secure connection from his home computer.

He said he has ordered immediate training for all computer employees in security and privacy but suggested Congress might want to consider enacting laws making it unlawful to take records home.

At day's end, veterans were not reassured.

"I really don't know what to do. I've only got one bank and one credit union. I guess I'll kind of watch them," said Don Tetschlag, a 31-year Navy veteran now retired in San Diego.

Referring to the employee who took home the disk with such sensitive information, he added, "If I'd done that, I would be in jail."

Harkin, Kerry Call For Free Credit Watch For Vets After Data Theft (DMR)

By Jane Norman

Des Moines Register, May 25, 2006

Washington, D.C. - Two senators are pushing to give free credit monitoring to those affected by the loss of highly personal data on 26.5 million U.S. veterans that was stolen in a home burglary.

Sen. Tom Harkin, D-Ia., said today that he and Sen. John Kerry, D-Mass., are sponsoring legislation that would provide one year of free credit monitoring as well as one free credit report annually for two years after the end of monitoring.

"We owe this to our veterans," Harkin told reporters. "Doing right by our veterans is a continuing cost of our national defense." He said the estimated cost of the credit protection is $1.25 billion though "we don't think it will cost that much." He said the bill could be approved by the Senate yet this week.

A Department of Veterans Affairs staff member took the data on a disk drive to his suburban Maryland home to work on a project, without authorization.

The data had identifying information such as names, Social Security numbers and dates of birth for veterans, although not financial information, VA officials say.

The disk drive was stolen on May 3, and VA Secretary Jim Nicholson, an Iowa native, told a congressional committee today he is "mad as hell" he was not informed until May 16. There is no indication that the data is being used yet for identity theft.

"There has to be some accountability," said Harkin, though he said he was not ready to call for Nicholson's resignation. "I don't want to hang someone before the trial," he said.

In Iowa, Patrick Palmersheim, executive director of the Iowa Department of Veterans Affairs, said about 75 veterans have called with questions about the theft. But he said that it's difficult to know the extent of the problem among Iowa's 276,000 veterans. "We as state directors can't get all the answers," he said.

John Derner, department adjutant for the American Legion of Iowa, said just three veterans have contacted his organization. "Actually, I am a little surprised we haven't had many phone calls," he said.

Veterans are being advised to keep a close eye on their credit card bills and bank accounts, he said.

The VA has set up a manned call center for veterans to obtain information at 1-800-333-4636, operating Mondays through Saturdays from 7 a.m. to 8 p.m. Central time.

Edwards: Investigate Records Theft (AP)

The Associated Press, May 25, 2006

DES MOINES, IA - Former North Carolina Sen. John Edwards said Thursday that a full congressional investigation into the theft of millions of veterans records is necessary and that Veterans Affairs Secretary Jim Nicholson should be held responsible.

Nicholson's role in the lost records should be investigated because his future "depends on the degree of his involvement," Edwards said.

"Those (records) are more important now than they have ever been," Edwards told The Associated Press before a series of Democratic fundraising events in western Iowa. "They can be used to deny people health coverage, they can be used to deny people treatment."

The issue surfaced when VA officials reported that a worker at the agency took home a laptop computer and disk containing the medical records of 26.5 million veterans. The computer and disk were stolen in a burglary.

Many lawmakers were angered to learn that it took more than two weeks for the VA to make the theft public.

Edwards said a full congressional investigation is needed because it's unclear what actually happened.

During the 2002 midterm election, Edwards spent considerable time raising money and donating computers to campaign organizers. That grassroots involvement paid off with a surprising second-place showing in the 2004 Iowa caucuses, and Edwards went on to become the running mate of Democratic presidential nominee John Kerry.

Edwards has not ruled out making another run for the Democratic nomination, and he is seeking to repeat the grassroots campaign of the last cycle with repeated visits to Iowa.

He was attending fundraisers for state Rep. Paul Shomshor, and for the Democratic Party in Woobdury County.

Edwards also met privately with people living in poverty. Since losing the last election, Edwards has established a center for studying poverty issues at the University of North Carolina, and he travels the country talking about the issue.

With War On, Americans Have Troops In Mind (CSM)

By Brad Knickerbocker

The Christian Science Monitor, May 26, 2006

DOJ_NMG_0030038

Americans will still fire up their barbecues, watch parades, and go camping this weekend. But for the first time in a generation, Memorial Days are coming during prolonged armed conflict. That has strengthened ties between civilians and soldiers, bringing a marked change in the way people will observe the holiday this year.

Politicians of all persuasions are pushing for better veterans' services, including healthcare for the living and survivors' benefits for those who've lost loved ones. Many states are now providing free tuition at public colleges and universities for the children of those killed in war zones.

Since terrorists attacked the United States in 2001, communities around the country have begun to bring back traditional Memorial Day ceremonies - many of them featuring Iraq war vets.

It's part of growing public interest in military affairs, historians say. And this time, unlike in the Vietnam era, declining support for the war has not eroded backing for the troops, say many of those taking part in Memorial Day cer- emonies.

Gainesville, Ga., started having parades again in 2003. On Monday, about 700 veterans, police officers, firefighters, marching bands, baton twirlers, and Boy Scouts will march up Green Street, a shady lane bordered by antebellum homes. Charlie Company of the local National Guard unit, recently returned from Iraq, will serve as honorary grand marshal.

"We just decided that it was time to bring it back with the main thing being just to honor our veterans," says organizer Cheryl Vandiver, whose son is an Iraq war veteran.

In Chattanooga, Tenn., the Command Post Military Museum, which was started to commemorate World War II, now includes the current conflict in Iraq and Afghanistan. While "reenacters" will dress as soldiers from earlier wars this weekend, recently returned Iraq war GI's will bring real-life immediacy to the displays of uniform and military gear.

"What we try to impress upon students, especially with the current conflict going on, is that we're not here to glorify war," says museum curator and former middle-school history teacher Louis Varnell. "We don't want to lose sight of the fact that war itself is terrible."

Many of those involved with Memorial Day ceremonies see a marked difference with the last era of sustained US military combat abroad.

Despite mounting criticism of the war in Iraq, American support of troops serving there has not waned, says Jerry Rivers, director of veterans' services in Montgomery County, Tenn., which is near Fort Campbell, home to the US Army's 101st Airborne Division. "We wanted to make sure at least in our community that they weren't treated as poorly as those guys that served in Vietnam."

Part of this post-Vietnam urge to separate the warrior from the war has to do with the portrait of the typical soldier today. Unlike his or her father, who probably would have gone to Vietnam right out of school, today's GI is more likely to be older, to be married, and to have children. Especially among those in National Guard or Reserve units, he or she is likely to have strong work and community connections. Taking care of soldiers' families

More family men and women in the war zone also means more dependents to care for in the wake of combat casualties. The 2,404 men and 55 women killed in Iraq have left an estimated 1,700 children without their parent.

In concluding his second presidential inaugural speech in 1865, Abraham Lincoln spoke of the need "to care for him who shall have borne the battle and for his widow and his orphan."

In that same spirit, Congress this year voted to increase the "death gratuity" for service member survivors from $12,000 to $100,000 and to increase group life insurance payments from $250,000 to $400,000.

Last week, members of Congress heard testimony on the estimated 200,000 homeless veterans. "In the battlefield of life, they are wounded, and we cannot leave them behind," said Rep. Bob Filner (D) of Calif., who convened the forum.

Like other programs in at least three dozen states, the University of Minnesota this fall will begin waiving tuition costs for children of war casualties. "It's our responsibility to watch over the families of those soldiers who have watched over us and paid the ultimate price," said state Rep. Lloyd Cybart (R), an Air Force veteran.

Communities and local businesses around the country are finding ways to bring a bit of home to service members halfway around the world. Earlier this month, Vermonters sent 825 gallons of maple syrup to Iraq, Kuwait, and Afghanistan.

"Memorial Day is about thanking those who are there and honoring those who didn't come back," says Rick Marsh, president of the Vermont Maple Sugar Makers' Association. "So we're sending them a little bit of Vermont, a little thank-you." Soldiers' heartfelt letters

Meanwhile, some Memorial Day services this weekend will bring the war closer to home. At Shiloh National Cemetery in rural Tennessee, a children's choir will sing the National Anthem and military hymns. High school thespians will read last letters sent home by American soldiers.

Among these is one that Marine Cpl. Blake Mounce meant for his wife after his death. Killed last July when his vehicle struck a roadside bomb, he was buried on his 23rd birthday.

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"To read that over and to know that he was aware of the danger that might possibly happen and wanted to send that last message to her, that's especially poignant," says Woody Harrell, superintendent of Shiloh National Military Park.

In addition to the parades and speeches, many Americans will observe the official National Moment of Remembrance (one minute at 3 p.m. local time).

Rita Payne, who runs Roman Catholic programs at Fort Campbell, sees a growing reverence for Memorial Day.

"There is a more deepening of faith, of spirituality and just prayerfulness," she says. "People take it upon themselves to do something positive, and prayer seems to be our greatest weapon right now."

1 War. 2 Deaths. 1 Year Later. (USAT)

By Rick Hampson

USA Today, May 26, 2006

Memorial Day 2005: America is at the park, in the water, around the grill. At a walleye fishing tournament in Dubuque, Iowa, a lawn mower race in Hillsborough, N.J., a techno-music festival in Detroit. Dania Jai-Alai near Miami offers free U.S. flag magnets, while supplies last.

There are countless sack races, eating contests and tugs of war, endless sales on everything from RVs to bikinis. All patriotic T-shirts are $5 at eight Sears stores in greater Phoenix, while supplies last.

This is how most of us spend Memorial Day, an occasion for remembrance that morphed, through years of peace, into beer, ball, boats and barbecue.

But three years of war have revived the holiday's original meaning. Today, for the families of two young Air Force officers, the gateway to summer will become a portal to grief.

In Iraq, Derek Argel and Jeremy Fresques — both Air Force Academy class of 2001, both commandos, both promoted this day to captain — prepare to fly off on a classified mission.

In Fort Walton Beach, Fla., Capt. Argel's wife, Wendy, sits down at the computer as their 10-month-old son, Logan, plays on the floor. She wants Derek to have an e-mail from her when he gets back.

The television shows scenes of parades and cemetery services. In the e-mail's subject field, she types, “Memorial Day.”

In nearby Destin, Fla., Capt. Fresques' wife, Lindsey, also an Air Force captain, joins the annual “Gate to Gate” road race at Eglin Air Force Base. She and other runners drop carnations at the base Veterans Memorial as they jog past.

In Yuma, Ariz., Fresques' father, Nick, has gotten a call from his wife, Sherry, asking him to come home early from work. After all, it's Memorial Day. In Santa Barbara, Calif., Argel's mother, Debbie, enjoys a poolside martini in her father-in-law's backyard.

All are patriotic Americans who have relatives at war. Still, for them as for almost everyone else, Memorial Day is 90% recreation and 10% recollection. Before the day is over, that will change forever.

More than a dozen communities claim to be the birthplace of Memorial Day, including Waterloo, N.Y., (designated as such by Congress in 1966); Columbus, Miss. (recognized by the Library of Congress in 1958); and Boalsburg, Pa., where in 1864 three women started a tradition of decorating Civil War soldiers' graves with flowers.

On May 30, 1868, Union veterans first officially observed Decoration Day. Over the next century, a succession of wars swelled the importance of what became known as Memorial Day.

In 1971, Congress divorced Memorial Day from May 30, making it the last Monday in May. By 2000, the day's original meaning had become so subsumed in the festive three-day weekend that Congress passed the national Moment of Remembrance Act, asking for a moment of silence at 3 p.m.

Years of peace also took their toll. For many, Memorial Day was old men walking around in funny hats and outfits wearing obscure ribbons and medals — forgotten heroes of forgotten wars.

In Farmington, N.M., where Jeremy Fresques grew up, his mother mostly recalls the kids' baseball games and soccer tournaments. His father sums it up: “Memorial Day was a picnic.”

In Lompoc, Calif., where Derek Argel grew up near Vandenberg Air Force Base, Memorial Day was different. The main street was lined with flags. Hundreds of people gathered at the cemetery. A clergyman read the names of the war dead, Scouts placed a flag on every veteran's grave and a bugler played taps.

Derek's grandfather was a career Marine who fought in World War II.

In the sixth grade, Derek wrote that on Memorial Day, “We should put the flag out at our homes, and go to the service at the cemetery. On this day we show respect to the veterans who risked their lives or were killed protecting our freedom and flag. I am happy to see them put a little flag on my grandfather's grave.”

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In Iraq on Memorial Day 2005, Fresques, 26, and Argel, 28, have made captain. However, there's no time for a promotion ceremony. Because they're on a mission, they're not even wearing their new silver bars. A promotion "would have been the last thing on their minds," says Col. Kenneth Rodriquez, their group commander. "These guys were very mission-focused."

Only a few cadets from each Air Force Academy class are selected to wear the red beret of the Air Force's Special Tactics unit. They're called combat controllers, a dry term for shock troops trained to land in hostile territory, set up and protect landing fields, and direct aircraft into them.

Argel: water polo star, 6-5, 210, 4% body fat. Wanted to go to the Air Force Academy so badly he attended two prep schools after high school to get in. On a whim, entered academy boxing tournament, having never boxed before, and made the finals, losing a split decision. Set so many records in commando training he had to lug a hunk of driftwood as handicap.

Fresques: hard worker, deep thinker. Considered military academies because he didn't want to get a loan to attend University of Arizona. Joked that he chose Colorado Springs over West Point because female cadets were better looking; said the Air Force treated officers better. Found Jesus in his senior year at the academy. Upon seeing copy of Maxim, the men's magazine, on the desk of a superior officer, he said, "Sir, you aren't going to read that, are you?" Disqualified by eyesight for flight school, he became a communications officer. Applied for elite special ops unit after deciding that he'd "go crazy sitting at a desk."

Argel, a rising star in Special Tactics, has decided to make a career of it. Fresques plans to leave the Air Force in 2006 and possibly go into real estate. Both will finish their tour in a month and go home.

"I'm definitely ready," Fresques e-mails his parents on May 26. Three days later he writes in his journal that he's not afraid of dying, only "the process of dying." He says his fondest desire is to be "raptured with Lindsey" into heaven to be with Jesus.

On Memorial Day, the two captains board the surveillance plane to scout potential emergency landing sites. Winds are calm, visibility unrestricted.

In the early afternoon, a holiday rooted in wars past is transformed by news from war today:

Four U.S. airmen and an Iraqi Air Force pilot were killed when their light plane crashed and exploded into flames 80 miles northeast of Baghdad. The plane went down about an hour after takeoff from Kirkuk. The cause of the crash was under investigation.

Wendy Argel is on an errand when she gets a call from her mother at home with little Logan. There are soldiers there to see her.

Wendy's father was an Air Force pilot. She knows what that means.

While she was writing that e-mail, her husband was dead.

A few miles away, Lindsey Fresques is bustling around her town house getting ready for a barbecue when there's a knock on the door. Four soldiers are standing there.

One is a major who attended her wedding, and the look on his face says this will be the worst day of her life. The carnation she'd dropped at the memorial had been for her own husband.

The young widows spread the sad news. Wendy reaches her mother-in-law in Santa Barbara. Debbie sinks to her knees. Her husband thinks she's having a stroke.

Lindsey calls Sherry Fresques, who again calls Nick at work. "Jeremy won't be coming back," she explains.

In Iraq, where an investigation will later rule out hostile fire and mechanical failure, only a few personal items are recovered from the wreckage. They include a silver cross Jeremy had bought in Jerusalem and wore around his neck, and Derek's gold wedding ring.

Some of the human remains are burned too badly for identification. Later, these intermingled ashes will be buried at Arlington National Cemetery. The pilot will become the first Iraqi interred there.

Four days after the crash, a ceremony is held in a hangar at Hurlburt Field in Florida, where the four airmen were based. Each is awarded the Bronze Star. Each soldier is represented by combat boots, a rifle, a helmet and, of course, a red beret.

This year, for the friends and relatives of Jeremy and Derek, Memorial Day will be no picnic.

Nick Fresques: "It always meant something to me, but it wasn't a real important day. I didn't know anyone real close that even served in a war. Now that my son … Now it's completely different. Until something like this happens, unfortunately, it's hard to realize the true meaning of Memorial Day."

Sherry Fresques: "It's a new experience for me, picking out what to put on your son's grave. I've selected two white roses, symbolizing purity, as well as a spray of red, white and blue stars that kind of reminds me of fireworks — Jeremy loved fireworks. And I'll probably put up this little flagpole. The flag's one of those sparkly ones."

Wendy Argel: "Memorial Day is a big deal down here, but I know in some other places it's not. But we're living in wartime. I hope people remember that. It's not just numbers. One of those numbers happens to be my husband."

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Lindsey Fresques: “It reminds you that there really are people who make sacrifices. Jeremy and I used to think, ‘You go in and do your time, and then you get out.' So what happened makes the meaning and honor of military service a lot more real.”

Debbie Argel Bastian: “Memorial Day will always be difficult for me now, but it will also have so much more honor attached to it.”

For tough guys, Derek and Jeremy were never very aggressive around women.

Wendy basically picked up Derek, making eyes at him in a bar on St. Patrick's Day. Lindsey and Jeremy met when she was his superior officer and instructor in air traffic training school. Taking a cue from Top Gun, she passed him a note inviting him to dinner.

Now there's an overwhelming sense of what might have been. Derek was away for about half of his two-year marriage. Jeremy was overseas on his only wedding anniversary. Wendy wears Derek's ring around her neck. Lindsey wears Jeremy's cross around hers.

Last month, Wendy and Lindsey went sky diving, each for the first time, doing something their guys enjoyed doing.

On Memorial Day, they'll be at Walt Disney World, where Wendy's looking forward to the roller coasters. “It's the adrenaline,” she says. “You can't help but smile.”

Disney — “the happiest place on earth,” Lindsey says, reciting Walt's famous claim. But there's a touch of irony in her voice, suggesting that there are days when there are no happy places on earth, and that this Memorial Day could be one of them.

Remember The Guys In The Foxholes (USAT)

By Capt. James Key

USA Today, May 26, 2006

One evening, a casualty officer and I drove down the road on our way to inform a soldier's spouse that her husband had died in Iraq. As an Army chaplain, I thought about how difficult it would be for this young mother and how empty the two children's' lives would be without their dad.

On our way to the house, the casualty officer had assured me that he would be able to deliver the sad news. But when we got to our destination, his confidence disappeared. "Chaplain," he asked, "will you pray for me?" I placed my hand on his shoulder and began to pray. I asked God to give us the strength to perform our duty. I asked God to control our thoughts and actions and comfort the household we were about to enter. When I finished, we got out of the car and with great pain did the job that we were both called to do.

Memorial Day reminds us of the soldiers who gave their lives for our country. But often we forget to also honor the families they left behind.

Military chaplains guide soldiers and their families through the "Circle of Life" from births, baptisms, confirmations, marriage, illness to death. Our role is broader than a typical civilian minister's because we have to connect soldiers to God on a daily basis.

There was a time when I considered leaving the ministry. Then a friend asked me to join the military chaplaincy. It changed my life. The past year, I served as chaplain for a 600-soldier logistics battalion in Baghdad. Whoever said that "there are no atheists in the foxhole" was absolutely right. These soldiers had to deliver supplies along the most dangerous routes in Iraq. When bombs exploded, reality of war forced many to do some serious soul searching.

Countless soldiers came to talk to me about war, death and faith. They presented me with many perplexing theological questions: Is God on our side, and will he protect me from death? Will God forgive me if I kill an innocent person by mistake? Will God be angry with me for participating in this war? Exactly where do we really go when we die?

I am back home in the states now, a safe distance away from the death and war that challenge many servicemen and women in ways most people in our country will never fully understand.

This year, as we celebrate Memorial Day, we should pause as a nation from talk about high gas prices, what language our national anthem should be sung in and the latest celebrity gossip, and instead think about the men and women who continue to fight and die in places such as Iraq and Afghanistan. It is true: War is hell, freedom is expensive, death is painful and faith still matters — especially to those in the foxhole.

Capt. James Key is a chaplain in the U.S. Army at Fort Irwin, Calif.

Honoring Soldiers, Not Pitying Them (WSJ)

The Wall Street Journal, May 26, 2006

Here's a Memorial Day quiz:

1. Who is Jessica Lynch?

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Correct. She's the Army private captured, and later rescued, in the early days of the war.

2. Who is Leigh Ann Hester?

Come on. The Kentucky National Guard vehicle commander was awarded a Silver Star last year for fighting off an insurgent attack on a convoy in Iraq. The first woman to receive a Silver Star since World War II, and the first woman ever to receive one for close combat.

If you don't recognize Sergeant Hester's name, that's not surprising. While Private Lynch's ordeal appears in some 12,992 newspaper and broadcast reports on the Factiva news service, Sergeant Hester and her decoration for extraordinary valor show up in only 162.

One difference: Sergeant Hester is a victor, while Private Lynch can be seen as a victim. And when it comes to media reports about the military these days, victimology is all the rage. For every story about someone who served out of conviction and resolutely went on with his civilian life, there are many more articles about a soldier's failure or a veteran's floundering.

It's a sign of some progress that the men and women returning from Iraq and Afghanistan are not spit upon and shunned as Vietnam vets were. Yet there may be something more pernicious about mouthing "Support Our Troops" while also asserting that many of them are poor, uneducated dupes who were cannon fodder overseas and have come home as basket cases, plagued by a range of mental, emotional and financial problems.

The vast majority of vets don't fit that description. Many, like one returned Army guardsman we talked to, chalk up this portrayal to the media's fascination with bad news in general. As for his combat in Iraq, both "going to war and coming home is very overwhelming," he says. "But you make choices in life . . . and through inner strength and support, I am making a choice that I want to be healthy."

In some cases, the depiction of military personnel as damaged goods serves the antiwar agenda. Yet retired Marine Lieutenant Colonel Tom Linn sees more basic impulses at work. "I honestly believe it is guilt" and even resentment, he says. The military type as misfit "is a stereotype that a lot of people from the Vietnam era have held on to." Then, as now, "they saw men and women who did more than they did . . . and they'd compensate by casting those folks in an inferior status."

This Memorial Day, most of us will remember the Americans who have served their country since the Revolutionary War not with pity but with admiration. For those who want to show their gratitude, Major John Morris has some recommendations. He's deputy chaplain for Minnesota's Army National Guard and a founder of a state program called Reintegration: Beyond Reunion. Its broad goal, he explains, is to help returning guardsmen and reservists frame their "experience, to draw from it everything that they can to grow into productive citizens."

How can we help? For one thing, he says, don't assume that all struggling vets are sick, since what looks like abnormal behavior may be culture shock. But do give vets and their families the tools to adjust. Major Morris explains: "Schools, look out for these military kids. Neighbors, cut their grass and shovel their snow, babysit and do chores around the house. Employers, make sure those jobs are still there." It's the least we can do, he says: "Since there are so few of us fighting the war, it's easy for the rest of us to try."

GAO Review Finds Flaws In Hiring By Federal Agencies (WP)

By Stephen Barr

The Washington Post, May 26, 2006

An investigation of hiring practices by federal agencies during the first four years of the Bush administration has turned up 18 cases where political appointees apparently schemed to obtain career jobs in the civil service and stay on the public payroll for the long haul.

The practice is popularly known as "burrowing in" and happens in almost every administration. A similar investigation during the Clinton administration found 17 cases where political appointees benefited from cronyism or were given an inside track for a career job.

In a government of about 2 million employees, the job finagling is rather small. Still, allegations of favoritism trumping expertise are being taken more seriously these days on Capitol Hill because of renewed attention to the government's ability to respond to terrorist threats and to natural disasters, such as Hurricane Katrina.

One case turned up by the investigation found that a Bush administration political appointee at the Federal Emergency Management Agency, working as a staff assistant, had been selected as a program specialist despite "limited qualifications and experience."

There were 39 applicants for the job, including a career FEMA employee with more than 10 years of experience as an emergency management specialist. The experienced employee and the appointee were deemed the "best qualified," although investigators said "it is unclear" why they were given the same rating.

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The appointee had worked four years in the private sector for a former FEMA director before coming to the government. The career job paid $71,357, slightly more than the staff assistant position, the investigators said.

In addition to political appointees landing jobs over more qualified applicants, investigators said some agencies created jobs for appointees and some agencies allowed appointees to jump ahead of military veterans by ignoring laws that give a hiring preference to veterans.

The investigation was conducted by the Government Accountability Office, the congressional watchdog agency, between May 2001 and April 2005 at the request of two House Democrats, Reps. Henry A. Waxman (Calif.) and Danny K. Davis (Ill.).

They released the GAO's report on the probe yesterday. The report, which covered 41 agencies, does not name the appointees or the bosses who made the conversions possible, and it does not show whether the converted employees remain on the federal payroll.

The GAO recommended that the Office of Personnel Management undertake an executive branch review, which the OPM has agreed to do.

The GAO review found that 23 agencies converted 144 individuals from non-career to career positions during the time period studied. They ranged in salary from about $31,000 to $146,000 annually. (In the similar review of the Clinton administration, which ran from October 1998 through April 2001, the GAO found 100 appointees who had been converted to career status.)

For the Bush administration years, the GAO examined 130 conversions at the General Schedule 12 or higher pay levels, finding that 37 did not follow normal hiring practices. The GAO determined that 18 were improper, and could not find enough information about the rest to render any judgment.

In a letter to the OPM calling for corrective action, Waxman and Davis said improper conversions "are a threat to the civil service both because they implant less qualified personnel into the government and because they tarnish the integrity of the federal merit-based hiring system."

Civil service law calls for fair and open competition for federal jobs, based on what an applicant knows, not who they know. But the GAO probe found instances where agencies did not adhere to the highest hiring standards.

The Justice Department, for example, converted an appointee with less than six months of immigration law experience into an immigration judge, raising questions of fairness, the GAO said.

In one case, Waxman and Davis said, a longtime aide to a former secretary of Health and Human Services was given a career job that had been created to match the appointee's work experience. The employee received about the same in salary after the conversion, $57,550 annually.Talk Shows

Craig W. Floyd , chairman and executive director of the National Law Enforcement Officers Memorial Fund, will be the guest on "FEDtalk" at 11 a.m. today on federalnewsradio.com and WFED radio (1050 AM).

Richard L. Gregg , commissioner of the Financial Management Service at the Treasury Department, will be the guest on "The IBM Business of Government Hour" at 9 a.m. Saturday on WJFK radio (106.7 FM).

Inside The Beltway (WT)

By John McCaslin

The Washington Times, May 26, 2006

Get the message?

Top Democrats crowded into the Sulgrave Club on Massachusetts Avenue on Wednesday evening to celebrate the first political tome of Ben Barnes, the powerhouse lobbyist and one-time Texas lieutenant governor who former Senate Majority Leader Tom Daschle once dubbed the "51st Democratic senator."

It was Mr. Barnes who came forward to say that in 1968 he pulled strings to get young George W. Bush into the National Guard and out of possible harm's way.

Picking up personal copies of "Barn Burning Barn Building: Tales of a Political Life, From LBJ to George W. Bush and Beyond," were Mr. Daschle, former White House Chief of Staff Mac McLarty, Massachusetts Sen. John Kerry, House Minority Leader Nancy Pelosi, former Democratic Party leader Terry McAuliffe, former Virginia Sen. Chuck Robb and one-time Democratic Party Chairman and Ambassador to the Soviet Union Robert S. Strauss, whose wife, Helen, died a few weeks ago.

"To have Bob Strauss there saying kind words about me made for a sentimental evening," Mr. Barnes told Inside the Beltway afterward. As for the future of the Democratic Party?

"I am optimistic ... if the party message is reasons to vote for Democrats as opposed to reasons to vote against Republicans," he told us. "If they come up with that message, then there is a good chance we can win back the House, and win Senate seats, and retake the White House."

Show me the money

Want a high-paying government job? Become an air traffic controller.

While the average union-backed controller compensation already totals $166,000 per year, Congress has until June 5 to decide whether salaries will rise to the $187,000 level the Federal Aviation Administration has offered to pay, or perhaps as much as the $200,000-plus the controllers have been demanding.

All of which has led to an impasse in negotiations that began eight months ago and shifted the matter to Congress to decide, as law requires.

"Taxpayers will save $600 million if Congress allows the FAA's contract to take effect," according to Heritage Foundation fellow Ronald D. Utt. "Incredibly, a bipartisan majority in the House ... is siding with the controllers in their effort to force the taxpayers to provide them with one of the most generous pay and benefit packages available to any group of American workers."

That effort is being led by Reps. Steven C. LaTourette, Ohio Republican, and Jerry F. Costello, Illinois Democrat.

The FAA, at the same time, points out that the base pay for the estimated 14,500 controllers already has soared 75 percent over seven years, rising from $64,877 in 1998 to $113,615 last year. But when benefits are included, total compensation averaged $166,000 last year, according to Mr. Utt.

In addition, about 1,300 senior-level controllers made more than $200,000 last year with overtime and other benefits included.

One source close to the negotiations tells Inside the Beltway the controllers "cannot reasonably expect to replicate the lavish deal they were given [in 1998] by the Clinton administration — these are very different times for the aviation industry and the federal budget."

"That 1998 contract has proven to cost the U.S. taxpayer billions of dollars more than the administration had estimated at that time. This new proposal will cost taxpayers a $2.6 billion in additional costs."

Almighty power

Democrats had better not mess with Pat Robertson. One kick in the you-know-where, and who knows how far they'd travel.

The Christian Broadcasting Network is touting the fact that through "rigorous" training, its founder, a former Republican presidential candidate, recently leg-pressed a whopping 2,000 pounds — an entire ton, ladies and gentlemen, or about the weight of a compact car.

"Pat Robertson worked out at the gym on an incline leg press machine with weights up to 570 pounds," according to the CBN Web site (www.cbn.com). "Working with his physician, who was an amazing strength trainer, he worked up to 800 pounds, then 1,000 pounds.

"Then one day he was able to leg press 1,500 pounds one time. Then over the succeeding months, he trained with multiple reps of 1,200 pounds, 1,300 pounds and 1,400 pounds. One Saturday morning, his physician said, 'I'll get you bragging rights. Let's go to 2,000 pounds.'

"When 2,000 pounds was put on the machine, two men got on either side and helped push the load up, and then let it down on Mr. Robertson, who pushed it up one rep and let it go back down again."

The TV preacher says one of his secrets is consuming a high-protein shake with energy-producing nutrients.

We'll be the first to report when Mr. Robertson walks on water.

Smithsonian Hands Over TV Contract (WP)

By Jacqueline Trescott

The Washington Post, May 26, 2006

The Smithsonian Institution is locked into its semi-exclusive television contract with Showtime Networks Inc. for 30 years, Smithsonian Secretary Lawrence M. Small told a House oversight committee yesterday.

Filmmakers, historians and members of Congress have criticized the contract, which has never been made public.

Small disclosed several other details about the deal:

· The Smithsonian is guaranteed $500,000 a year, and can earn additional money if Smithsonian on Demand, Showtime programming based on Smithsonian holdings, is popular with cable subscribers.

· Showtime invested "tens of millions of dollars upfront" to start Smithsonian on Demand.

· The Smithsonian can do six television programs a year with other filmmakers outside the Showtime contract.

Summoned by the House Administration Committee, chaired by Rep. Vernon J. Ehlers (R-Mich.), Smithsonian officials explained how the deal originated and what the new partnership means to scholars and historians seeking access to the Smithsonian's voluminous collections and its experts.

The committee was given a copy of the 170-page contract, Ehlers announced as he opened the hearing, but he said he would keep it confidential. He added that the first copy he had received was incomplete. "Large portions of the contract were

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redacted in the version that was submitted, making it difficult to gain a complete picture of its substance," he said. He thanked Small for providing a full text, but some committee members said they hadn't had time to read the entire document.

Some members of Congress have strenuously objected to the secrecy around the contract. They also complained that it wasn't shared with them before it was announced in March. As a sign of its displeasure the House Appropriations Committee reduced the proposed Smithsonian budget by $20 million.

Yesterday's hearing was the first time Small and Gary M. Beer, chief executive of Smithsonian Business Ventures, the brokers of the Showtime contract, have spoken publicly about the contract. Rep. Juanita Millender-McDonald (D-Calif.) said the unusual aspects of the contract should have prompted the Smithsonian officials to consult Congress.

"We apologize for the hullabaloo this has caused for Congress," Small said.

With the deal, the Smithsonian said, researchers and scholars would continue to have access to the archives and other Smithsonian resources. But commercial filmmakers could make only "incidental" use of the materials unless they were working with Showtime or got special approval. Smithsonian officials have said only a very small number of filmmakers would be affected. Small said that of the 900 media contracts signed between 2000 and 2005, only 17 had more than an incidental use of Smithsonian resources.

The objections were loud and were repeated yesterday at the hearing.

"What we do know is that the resources of the Smithsonian should not be made exclusive to anyone," said Margaret Drain, vice president for national programming at Boston station WGBH, one of public television's leading producers.

Several committee members said they were deeply troubled over the length of the contract, especially if access continues to be an issue. "I'm worried about stifling people for 30 years, and Showtime doesn't want the competition," said Rep. Robert A. Brady (D-Pa.). Small said it took time to build a cable company, and establish a brand.

Small explained that the Showtime project was one way that Smithsonian was trying to bring in extra revenue. It receives 75 percent of its money from Congress. Its other funds come from a private account that includes an $800 million endowment. Small said yesterday the Smithsonian had raised $1 billion from private sources since 2000. But he also reminded the panel that the Smithsonian has a backlog of repairs that would cost billions of dollars.

The contract also gives the Smithsonian a 10 percent ownership in the Smithsonian on Demand venture. "Since the Smithsonian is not investing any money, the percentage is unusually good," Small said.

The Showtime agreement, Beer said, was reached after discussions with 10 other media companies. The conversations with Showtime started in March 2005 and were announced a year later.

Besides Drain, the committee heard from two other critics of the deal. Emily Sheketoff, executive director of the American Library Association's Washington office, suggested that the Showtime contract be annulled and that the terms of another deal with HarperCollins Publishers be disclosed. Carl Malamud, a senior fellow at the Center for American Progress, a Washington think tank, said in a rapidly changing media age, a 30-year contract was impractical. "In this Internet era, even three-year distribution contracts can be considered long," Malamud said.

Whatever the future of Smithsonian businesses, the panel emphasized that Congress needs to be keep informed.

"If we have even an idea we will come to you," Beer said.

OTHER NEWS:

GDP Growth Rate Revised Upward, But Housing Slowdown Looms (WSJ)

By Mark Whitehouse

The Wall Street Journal, May 26, 2006

It is official: The U.S. was one of the world's fastest-growing advanced economies in the first quarter of 2006. Downbeat data on home sales, however, support economists' expectations that the distinction won't last.

The Commerce Department yesterday revised its estimate to an annualized rate of 5.3% of first-quarter growth in real gross domestic product -- a measure of the nation's output, adjusted for inflation -- from an initial estimate of 4.8%. The upward revision was smaller than expected, but still made the U.S. the second-fastest-growing economy among advanced members of the Organization for Economic Cooperation and Development that have reported first-quarter data. Greece is in first place, with an annualized growth rate of 8.2%, according to the OECD.

Economists see the first-quarter number more as a one-time payback for an unusually slow fourth quarter -- which took the hit for Hurricane Katrina -- than an indication of how fast the economy will grow this year.

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"It was a hot quarter, but it was a bit of a fluke and overstated the underlying strength of the U.S.," said Nariman Behravesh, chief economist at consultancy Global Insight. Combined, the two quarters yielded average annualized growth of 3.5%, about the rate at which the economy has tended to expand in the long term.

The first-quarter spurt contributed to another strong quarter for business. After-tax corporate profits rose 8.8% in the first quarter to a seasonally adjusted annual rate of $1.115 trillion. That was less than the 13.8% rise in the fourth quarter. But profits in the latest period were up 24.8% from a year earlier, the largest year-on-year increase since 2002. At 8.9%, after-tax corporate profits' share of the entire economy reached the highest level in at least 60 years.

New data on home sales, however, supported economists' predictions that the economy is likely cooling. The National Association of Realtors reported yesterday that sales of existing, or previously owned, homes fell 2% in April to a seasonally adjusted annual rate of 6.76 million units.

Housing has been a major pillar of the economy in recent years as low mortgage rates fueled a home-buying boom that created lots of new jobs in everything from construction to mortgage finance. As home values rose, consumers were able to tap the equity in their homes to finance spending. A cooling housing market is expected to damp consumers' desire to spend.

Most home prices still are rising, but a growing backlog of unsold properties is putting more pressure on prices to fall. The median single-family home price in April was $222,700, up 4.3% from a year earlier, while the median price of condominiums and cooperatives was $222,000, down 0.2% from a year ago. At April's rate of sales, it would take six months to sell all the homes on the market, up from 5.6 months in March. The inventory of single-family homes, at 5.9 months, was up 40.5% from a year earlier -- the largest year-on-year rise since 1982, when the Realtors' association began collecting the data.

"What's interesting is the unbelievable speed with which people are dumping houses on the market," said Ian Shepherdson, chief U.S. economist at consultancy High Frequency Economics. "I don't think the market can absorb this much supply this quickly."

The factors that led to the bump up in GDP also point to slower growth ahead. A smaller-than-expected trade deficit reflected some strength in U.S. exports, but was driven mostly by a drop in oil imports that economists expect will reverse in coming months. Businesses produced more to rebuild inventories depleted by robust first-quarter sales, but that means they won't need to restock as much in the current quarter or later.

"The upward revisions leave a little less growth on the table for the remainder of 2006," said Steve Wieting, senior economist at Citigroup in New York.

Separately, a report on jobless claims suggested companies might be slowing their hiring. The Labor Department reported that 329,000 people filed for unemployment benefits in the week ended May 20. The seasonally adjusted number was down 40,000 from the previous week, but higher than economists had expected.

5.3% Growth May Be 'last Hurrah' (USAT)

By Sue Kirchhoff

USA Today, May 26, 2006

WASHINGTON — The economy expanded at a rapid clip in the first quarter of 2006, though more recent data — including April's existing home sales — suggest the pace of growth is slowing, according to reports Thursday.

The Commerce Department said gross domestic product, the broadest measure of goods and services produced in the country, expanded at a brisk 5.3% pace in the first three months of 2006, well above a previous 4.8% estimate.

The new numbers reflect stronger exports and inventory replenishing by U.S. firms. But economists said business activity is not likely to sustain that robust pace.

"The strong first-quarter data may well be the last hurrah of this phase of the current expansion," says Nariman Behravesh, chief economist of Global Insight, who expects growth to slow to a 3% to 3.5% pace in the second quarter, and 3% in the second half of the year.

Behravesh says the report contained some cautionary signs for the Federal Reserve as it debates whether to continue raising its target for short-term interest rates, now at 5%. A measure of core inflation, a gauge of prices that excludes food and energy, rose at a 2% rate. That's at the top of the Fed's comfort level.

In other economic news:

·The National Association of Realtors said existing home sales, the bulk of the housing market, fell 2% in April from the previous month and were nearly 6% below year-ago levels. Home prices rose, but at a much more moderate pace than the frenzied increases of recent years. The national median home price was $223,000 in April, up 4.2% from a year ago.

"Higher interest rates are slowing home sales, but we see this as another sign of a soft landing in the housing sector," says David Lereah, chief economist for the National Association of Realtors.

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·Federal Reserve Chairman Ben Bernanke said the central bank needs to track stock and housing prices when setting interest-rate policy but emphasized that it is not the Fed's job to try to influence asset prices or pop bubbles.

"A central bank cannot ignore movements in stock prices, home values and other asset prices but should respond to them only to the extent that they have implications for future output and inflation," Bernanke said in a letter in response to questions from Rep. Jim Saxton, R-N.J.

·The American Trucking Association's index of trucking volume rose a seasonally adjusted 2% in April, the biggest increase since January 2005. The increase followed two months of declines and suggests a strengthening economy. Nearly three-quarters of the goods shipped around the country are transported on trucks, so the ATA's gauge can be considered a barometer for the overall economy.

"April was a good sign that truck volumes are improving from the challenging first quarter," says ATA chief economist Bob Costello.

Dow Industrials Climb 93.73 Points As Economic Data Come In Just Right (WSJ)

By Ian McDonald

The Wall Street Journal, May 26, 2006

Emboldened by just-right readings on the economy, investors gave the Dow Jones Industrial Average a two-day winning streak for its 110th birthday.

Jittery traders cheered a Commerce Department report showing ample economic growth in the first quarter, but not enough to stoke the inflation and interest-rate-increase fears that rattled the markets for two weeks.

The Dow industrials gained 93.73 points, or 0.84%, to 11211.05 amid a flurry of late-afternoon buying. It was the industrial average's biggest gain in almost three weeks. The Dow average, which made its debut on May 26, 1896, is up 4.6% on the year and is back within 4% of its all-time high of 11722.98 that it neared on May 10.

"After a difficult couple of weeks, stocks were oversold," said Andy Brooks, head of stock trading at money-management group T. Rowe Price. "The economic figures made people comfortable."

The Standard & Poor's 500-stock index rose 14.31, or 1.14%, to 1272.88, while the tech-laden Nasdaq Composite Index gained 29.07 or 1.34% to 2198.24. Small stocks posted the biggest gains with the Russell 2000 adding 14.31 points, or 2.01%, to 725.58.

Commodities recovered from declines posted Wednesday. Crude oil gained $1.46, or 2.09%, to $71.32 a barrel on the New York Mercantile Exchange. Gold advanced $11.40, or 1.79%, to $648.40 a troy ounce on the Comex division of the Nymex. Crude and gold are up 17% and 25%, respectively, so far this year.

Bond prices and the dollar slipped.

Traders' spirits were buoyed before the market opened when the Commerce Department raised its estimate of the economy's first-quarter growth, but left inflation measures mostly unchanged. Investors also digested unsurprising tallies of jobless claims and existing-home sales.

A deal between two behemoths helped pushed technology shares higher. Online giants Yahoo and eBay unveiled a partnership to better compete with search-engine giant Google Inc. Shares of Yahoo and eBay rose 3.6% and 12%, respectively, on the Nasdaq Stock Market.

Markets didn't seem to react when a federal jury in Houston found former Enron Corp. Chairman Kenneth Lay and former Enron President Jeffrey Skilling guilty of conspiracy and fraud charges stemming from that company's 2001 collapse.

Still, yesterday's gains may be a brief respite, with investors scrutinizing each economic data point. "This is the fox-trot economy," says Jeffrey Saut, chief investment strategist at Raymond James. "One figure is fast and the next is slow."

Shares of General Electric, the only initial Dow component included in the current industrial average, rose 16 cents or 0.5%, to $34.42 on the New York Stock Exchange.

Outside the U.S., stocks advanced in dollar terms. The Dow Jones World Stock Index, excluding U.S. stocks, rose 1.58, or 0.75%, to 212.95.

In major U.S. market action:

Stocks rose1. Total trading volume for stocks listed on the Big Board was 2.46 billion shares, as 2,541 issues rose and 745 fell.

Bonds fell2. The 10-year Treasury note fell 9/32, or $2.81 for each $1,000 invested, pushing the yield up to 5.076%. The 30-year Treasury fell 1/2 to yield 5.173%.

The dollar fell3. Late in New York, the currency traded at 111.78 yen, down from 112.66 yen. The euro rose against the U.S. currency to $1.2795 from $1.2778.

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Home Economics (WSJ)

The Wall Street Journal, May 26, 2006

The political left insists that the current economy, however strong, is leaving minorities behind, and that the gains of some have come at the expense of others. But a new study on homeownership by the National Association of Realtors suggests that the benefits of recent economic growth have been more widespread than critics want to admit.

We already knew that U.S. homeownership overall is at an all-time high of nearly 70%. The minority homeownership rate of 52% is also unprecedented. Now comes news that minorities are also increasing their share of second-home purchases. According to the Realtor report, minorities accounted "for 11% of vacation home purchases between 2003 and 2005 in contrast with 6% of purchases in 2002 or earlier. In the investment property segment, minorities accounted for 17% of transactions between 2003 and 2005 compared with 11 percent in 2002 or earlier."

Among minorities, black and Latino gains were most impressive. In 2002, Latinos comprised 2% of vacation homeowners. That number jumped to 7% last year. The percentage of black investment property owners increased to 8% from 3% over the same period.

Homeownership, a traditional measure of economic well-being, does more than just help families build equity. The children of homeowners tend to perform better in school and have fewer behavioral problems. And home equity is a major source of collateral for people seeking bank loans to start new businesses.

The media prefer to focus on economic disparity rather than minority progress, especially when a Republican happens to be occupying the White House. But these homeownership figures indicate than an increasing number of racial and ethnic minorities are doing a whole lot better than just getting by. Many are thriving. More surely will.

Diocese To Sell Headquarters To Help Settle Abuse Claims (NYT)

By Neela Banerjee

The New York Times, May 26, 2006

The Roman Catholic Diocese of Spokane, Wash., is selling its headquarters and other property valued at about $11 million as part of its effort to settle claims by victims of sexual abuse by members of the clergy.

The diocese is one of three in the country that have filed for bankruptcy; the others are those in Portland, Ore., and Tucson.

Although the Spokane diocese announced its intention to sell diocesan assets when it filed for Chapter 11 bankruptcy protection in December 2004, the fact that those assets are now going on the market underscores the financial strain many dioceses face as they address hundreds of millions of dollars in claims by victims of sexual abuse.

"I think it is symbolically significant," said the Rev. John J. Coughlin, a Franciscan priest and a law professor at the University of Notre Dame, specializing in civil and canon law. "The diocese doesn't need the physical building to exist. But the sale shows that the effects of the sex abuse crisis are serious, for this and other dioceses as well."

In a report issued in March, the United States Conference of Catholic Bishops said that in 2005, dioceses in the United States paid $399 million in settlements with victims of sexual abuse and $68 million in legal fees and support programs for victims, a sharp increase from the year before.

The church's total payments resulting from the sexual abuse scandal have surpassed $1 billion, and many dioceses have yet to reach settlements with victims.

The number of victims has exceeded 12,000. Nearly 5,000 priests have been implicated in abuse dating from as long ago as 1950. Most of the abuse occurred from the mid-1960's to the mid-1980's.

Each diocese has tried to find a way to address the many claims against it, including filing for bankruptcy. Barbara Dorris, victims' outreach director for a group called Survivors Network of Those Abused by Priests, said bankruptcy was a way to avoid answering charges in court that officials might have covered up sexual abuse by their clergy.

But the experience of the Spokane diocese exposes some of the perils of bankruptcy, Father Coughlin said. The diocese faces 185 claims totaling more than $200 million, said Shaun Cross, a lawyer for the diocese with the Paine Hamblin firm of Spokane.

Recently, a federal bankruptcy judge ruled that the parishes and schools in the diocese belonged to the bishop's office and could be sold to settle abuse claims, Mr. Cross said. The diocese, which argues that the bishop holds those properties in trust, is appealing the ruling to avoid selling the properties.

Those properties are valued at about $80 million, and the judge has yet to rule on seminaries, retreats and charities in the diocese.

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The diocesan headquarters, called the chancery, has an asking price of $1.5 million, Mr. Cross said. Once it is sold, the diocesan staff could stay there until the end of 2007.

Spokane's bishop, William S. Skylstad, president of the bishops conference, himself faces an accusation of sexual abuse brought by a woman that dates to the early 1960's. Bishop Skylstad has denied wrongdoing.

By filing for bankruptcy, the Spokane diocese may have thought it would be limiting its financial liability, Father Coughlin said, though that has not been the case so far.

"One of the things that a bishop has to consider is once a diocese files for bankruptcy protection and goes under receivership, then the federal bankruptcy judge has control of all the assets," Father Coughlin said. "Many bishops rightly are reluctant to hand that kind of authority to a federal judge."

Support Weak For Harris In Senate Poll (AP)

By Brendan Farrington

The Associated Press, May 25, 2006

TAMPA, Fla. - U.S. Rep. Katherine Harris had weak support in a poll released Thursday that includes the three little-known entries in the Republican U.S. Senate primary.

Only 37 percent of respondents said they favored Harris, compared to 13 percent for Will McBride, 4 percent for LeRoy Collins Jr. and 2 percent for Peter Monroe. Her three opponents all entered the race May 12, which was the last day to get on the Sept. 5 primary ballot.

More respondents - 43 percent - didn't choose a candidate. In a head-to-head with Democratic incumbent Bill Nelson, Harris trailed Nelson 58-25.

The poll was conducted by Quinnipiac University May 12-22. It surveyed 1,086 registered voters and had an overall margin of error of plus or minus 3 percentage points. The poll surveyed 424 Republican voters about the primary, with a margin of error of plus or minus 4.8 percentage points.

"Given how well known Congresswoman Harris is among Republicans and how well thought of she has been by them, it is somewhat surprising that she would only get 37 percent support," said Peter Brown, assistant director of the school's polling institute. "The fact that 63 percent of Republicans say they prefer either the other three or are undecided is remarkable."

Harris spokesman Chris Ingram said, "We don't comment on polls."

Harris's campaign has been troubled nearly from the start with poor fundraising, an effort by GOP leaders to find another candidate, a complete turnover in core campaign staff, her association with a corrupt defense contractor who gave her $32,000 in illegal campaign contributions and her decision to spend $10 million of her own money on the race.

Collins, who's father served as a Democratic governor from 1955 to 1961, is a businessman who retired from the U.S. Navy Reserve as a rear admiral. Monroe is a developer who has worked with the federal Department of Housing and Urban Development and helped manage the government's savings and loan bailout in the early 1990s. McBride is an Orlando lawyer.

Collins and Monroe said they expected the low numbers, considering that the survey was taken so soon after they got in the race.

"I've got to establish identity, I know that. No surprise, nothing disheartening," Monroe said. "That poll in a month will look very different."

Added Collins: "There's no reason for me to expect as much as I'm showing now, simply because I'm not that well known. Probably what's there is a little name recognition from my dad."

McBride's campaign didn't return phone calls and an e-mail seeking comment. McBride earlier this week said he would not discuss his candidacy until later this month.

Monroe, though, suggested that the 13 percent McBride received was probably boosted by voters recognizing the name from the governor's race four years ago, when Tampa lawyer Bill McBride won the Democratic nomination to challenge Gov. Jeb Bush. Bill and Will McBride aren't related.

"A lot of people are going to think 'McBride, Hmmm. I think I recognize that name,'" Monroe said.

Nelson increased his lead over Harris even though Harris ran a statewide television ad since an April 20 Quinnipiac poll, which had Nelson ahead 56-27.

Still, the Nelson campaign refused to gloat about the numbers.

"We're not paying attention to the polls," said Nelson campaign manager Chad Clanton. "We're expecting it's going to be a tough, competitive race in the end and we're doing everything we can every day to be prepared and we take nothing for granted."

A Test Of Our Character (NYT)

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By Paul Krugman

The New York Times, May 26, 2006

In his new movie, "An Inconvenient Truth," Al Gore suggests that there are three reasons it's hard to get action on global warming. The first is boiled-frog syndrome: because the effects of greenhouse gases build up gradually, at any given moment it's easier to do nothing. The second is the perception, nurtured by a careful disinformation campaign, that there's still a lot of uncertainty about whether man-made global warming is a serious problem. The third is the belief, again fostered by disinformation, that trying to curb global warming would have devastating economic effects.

I'd add a fourth reason, which I'll talk about in a minute. But first, let's notice that Mr. Gore couldn't have asked for a better illustration of disinformation campaigns than the reaction of energy-industry lobbyists and right-wing media organizations to his film.

The cover story in the current issue of National Review is titled "Scare of the Century." As evidence that global warming isn't really happening, it offers the fact that some Antarctic ice sheets are getting thicker — a point also emphasized in a TV ad by the Competitive Enterprise Institute, which is partly financed by large oil companies, whose interests it reliably represents.

Curt Davis, a scientist whose work is cited both by the institute and by National Review, has already protested. "These television ads," he declared in a press release, "are a deliberate effort to confuse and mislead the public about the global warming debate." He points out that an initial increase in the thickness of Antarctica's interior ice sheets is a predicted consequence of a warming planet, so that his results actually support global warming rather than refuting it.

Even as the usual suspects describe well-founded concerns about global warming as hysteria, they issue hysterical warnings about the economic consequences of environmentalism. "Al Gore's global warming movie: could it destroy the economy?" Fox News asked.

Well, no, it couldn't. There's some dispute among economists over how forcefully we should act to curb greenhouse gases, but there's broad consensus that even a very strong program to reduce emissions would have only modest effects on economic growth. At worst, G.D.P. growth might be, say, one-tenth or two-tenths of a percentage point lower over the next 20 years. And while some industries would lose jobs, others would gain.

Actually, the right's panicky response to Mr. Gore's film is probably a good thing, because it reveals for all to see the dishonesty and fear-mongering on which the opposition to doing something about climate change rests.

But "An Inconvenient Truth" isn't just about global warming, of course. It's also about Mr. Gore. And it is, implicitly, a cautionary tale about what's been wrong with our politics.

Why, after all, was Mr. Gore's popular-vote margin in the 2000 election narrow enough that he could be denied the White House? Any account that neglects the determination of some journalists to make him a figure of ridicule misses a key part of the story. Why were those journalists so determined to jeer Mr. Gore? Because of the very qualities that allowed him to realize the importance of global warming, many years before any other major political figure: his earnestness, and his genuine interest in facts, numbers and serious analysis.

And so the 2000 campaign ended up being about the candidates' clothing, their mannerisms, anything but the issues, on which Mr. Gore had a clear advantage (and about which his opponent was clearly both ill informed and dishonest).

I won't join the sudden surge of speculation about whether "An Inconvenient Truth" will make Mr. Gore a presidential contender. But the film does make a powerful case that Mr. Gore is the sort of person who ought to be running the country.

Since 2000, we've seen what happens when people who aren't interested in the facts, who believe what they want to believe, sit in the White House. Osama bin Laden is still at large, Iraq is a mess, New Orleans is a wreck. And, of course, we've done nothing about global warming.

But can the sort of person who would act on global warming get elected? Are we — by which I mean both the public and the press — ready for political leaders who don't pander, who are willing to talk about complicated issues and call for responsible policies? That's a test of national character. I wonder whether we'll pass.

U.S. Aide Doubts Tehran Will Bend (WT)

By David R. Sands

The Washington Times, May 26, 2006

The top American diplomat at the U.N. nuclear watchdog held out little hope yesterday that Iranian President Mahmoud Ahmadinejad will give up programs that could lead to the development of a nuclear weapon.

"We shouldn't fool ourselves. The president of Iran is not someone who is swayed by normal diplomatic demarches," said Ambassador Greg Schulte, U.S. representative to the Vienna, Austria-based International Atomic Energy Agency (IAEA).

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But Mr. Schulte, speaking to reporters and analysts during a Washington visit, said that there also were divisions within Iran's ruling Islamic regime over Tehran's nuclear confrontation, and that the United States and its allies must give Iran a clear path to back down.

Although the hard-line Iranian president "wants a crisis," the U.S. government and its negotiating partners "have to make clear to him and to the leadership that there is a better path to take," Mr. Schulte said.

Diplomats from Germany and the five U.N. Security Council permanent powers -- the United States, France, Britain, Russia and China -- are expected to gather again next week in Europe to try to agree on a package of carrots and sticks designed to induce Iran to give up its nuclear ambitions, State Department spokesman Sean McCormack said yesterday.

Envoys from Canada, Italy and Japan are expected to join the negotiations.

U.S. officials said that a meeting Wednesday in London produced progress on the outlines of an offer to Tehran, but that more talks were needed. The package of incentives and sanctions is designed to get Tehran to halt uranium enrichment, which can lead to the production of either electrical power or a nuclear bomb.

Last night, President Bush said he would consider providing incentives to Iran if it agreed to resume a suspension on nuclear-enrichment activities that the United States thinks is aimed at producing nuclear weapons.

Mr. Bush, at a White House press conference with British Prime Minister Tony Blair, said the two leaders spent a lot of time discussing strategy on how to resolve the Iranian nuclear crisis.

Iran insists its programs are solely for peaceful civilian energy needs, but the IAEA's 35-nation board has found that Tehran has refused to cooperate on inspection and verification programs needed to validate those claims.

IAEA chief Mohamed ElBaradei, who briefed top Bush administration officials this week, will update IAEA board members at a June 12 meeting in Vienna on Iran's cooperation, Mr. Schulte said.

"At this point, I don't think [Mr. ElBaradei] will have much to report," he said.

On other issues, Mr. Schulte:

· Denied that a proposed U.S. civilian nuclear deal with India -- which never signed the nuclear Non-Proliferation Treaty -- had undermined Washington's campaign against Iran. "I hear that argument a lot more in Washington than I do in Vienna," he said.

He said members of the 30-nation Nuclear Suppliers Group, which must approve parts of the special deal for India, expressed growing support for the deal in their most recent meeting.

·Said the United States and its allies hope to present a plan at the June IAEA board meeting that would guarantee nuclear fuel supplies for countries that agree not to enrich uranium on their own soil, with a final deal possible by the end of the year.

·Said IAEA inspectors have found Iran's nuclear scientists to be "technically competent" and "motivated," but he added that there was no hard and fast estimate on when Iran might be able to produce a nuclear weapon.

"Anybody who gives an exact time frame on that probably doesn't know what he is talking about," he said.

US Debates Carrots, Sticks For Iran's Nuclear Program (CSM)

By Scott Peterson

The Christian Science Monitor, May 26, 2006

ISTANBUL, TURKEY - Amid a din of uncompromising rhetoric from and about Iran, the UN's permanent five powers and Germany this week worked to hammer out a package of incentives and threats they hope will ensure the Islamic Republic's nuclear program is limited to peaceful purposes.

On the table: giving Iran nuclear reactors and providing fuel for energy production, as well as economic and security incentives. In exchange, Iran would have to give up uranium enrichment - a step that can lead to weapons production - or face UN sanctions or even an arms embargo.

Cutting through layers of mistrust to determine any US role - as well as Iran's ultimate goals - will not be easy, given a relationship calcified by more than 25 years of hostile rhetoric and official silence. But increasingly, analysts say that any deal ultimately depends on direct talks between the US and Iran - and possibly a US "security guarantee" that it will not attack Iran.

"If you are going to solve the problem permanently, US participation is a must," says Nasser Hadian-Jazy, a political scientist at Tehran University who was recently at Columbia University in New York. "It's like the ... elephant in the room. Everybody knows [the US] is there, but not talking about it is not going to solve the problem."

Britain, France, and Germany are spearheading the diplomatic effort on the UN Security Council. But Russia and China are loath to back sanctions that they believe could lead to an arms embargo or military action. Senior diplomats from those nations and the US reported "progress" during talks in London on Wednesday, but no agreement.

Foreign ministers of all six countries are expected to meet shortly, and Russia's National Security Council chief Igor Ivanov has been invited to meet with Iran's top nuclear negotiator Ali Larijani in coming days in Tehran.

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Analysts say that "red lines" on both sides have been shifting, but that no deal is likely to stand unless the US and Iran engage in direct talks. An American "security guarantee" for Iran may be required, experts say, but so far US officials dismiss any deal that would ensure the survival of Iran's current government.

"When the US avoids giving a security guarantee [to Iran], it means they surely want to collapse and destroy the regime," says Saeed Laylaz, a political and security analyst in Tehran. "It is very good for the hard-liners in Iran. They like a critical situation in which they can say to the people: 'The United States of America is why we have trouble in the world.'"

Mr. Laylaz says that Iran would be willing to "stop" uranium enrichment completely with the right deal: a security guarantee, then getting the US directly involved in nuclear negotiations. US sanctions should be removed, he adds, and Iran integrated more fully into the global economy.

White House Press Secretary Tony Snow did not rule out the possibility of talks on Wednesday, but said that Iran would have to halt enrichment first. "When that happens, all right, then there may be some opportunities," said Mr. Snow.

The result is a dilemma for Iran. "If you know the US wants to destroy you, and the four borders of your country are occupied by the US military, you know that you should accelerate your uranium enrichment, not suspend it," says Laylaz. "But at the same time, [Iranian officials] are asking the US: 'Please come to the table and start negotiating.' Because they realize there is no country in the world ... that can stop the US if it wants to militarily attack Iran."

Mohamed ElBaradei, the head of the UN's International Atomic Energy Agency (IAEA), indicated during talks on Wednesday with US Secretary of State Condoleezza Rice that Iran might delay enrichment plans for five or six years and accept the intrusive inspections of the "additional protocol" of the nuclear Non-Proliferation Treaty (NPT).

"The default position in Iranian foreign policy is hard-line, and you have to work hard to bring it the other way," says Shahram Chubin, director of studies at the Geneva Centre for Security Policy.

"The hard-line conservatives in Iran believe that dealing with the Americans and the West is a contaminating thing, that you are going to give up all your values, and end up being ... a nothing," says Mr. Chubin. "And the whole essence of the revolution is as an example, a model in the Islamic world. They have a vanguard reputation, and they're not going to give it up - there is a lot there."

Still, Iran has been signaling that it wants to talk. President Mahmoud Ahmadinejad sent a letter to Mr. Bush on May 8, the first such high-level public contact since Iran's 1979 Islamic revolution. Though it was full of tough and critical talk, experts suggest that a Bush response - ruled out for now - could be first steps toward dialogue.

One day later, another letter from Iran's former top nuclear negotiator, Hassan Rohani, who remains the influential representative of Iran's top religious leader on the Supreme National Security Council, was published in Time magazine, taking a "good cop" tone to Mr. Ahmadinejad's "bad cop."

"Iran is intent on producing nuclear fuel domestically for reasons both historic and long-term economic," he wrote, laying out an eight-point plan for a negotiated solution.

Past failures to declare aspects of nuclear programs "are not uncommon among NPT members," and "an Iranian secret weapon program is only hype," Mr. Rohani wrote. "A solution imposed on Iran by the Security Council is unlikely to provide assurances the US seeks about the Iranian nuclear program."

Iran has enriched small quantities of uranium to levels needed for nuclear fuel in recent weeks, using a cascade of 164 centrifuges. Iran wants to start two more such pilot projects in coming months - before beginning production with tens of thousands of centrifuges to fuel a Russian-made reactor at Bushehr. That reactor should be completed later this year. .

Ahmadinejad on Wednesday claimed that Iran had mastered "the entire nuclear fuel cycle from start to finish," and that it would never give it up.

"The minimum [acceptable to Iran] would be at least to have this 164-centrifuge cascade running - this is a red line," says Mr. Hadian-Jazy. The US holds that all enrichment must stop; some Europeans and IAEA diplomats say that is unrealistic.

"Is it worth - and I'm talking about both parties--to go to war for one cascade?" asks Hadian-Jazy. "[Iran] is ready to give a more intrusive inspection regime, real-time monitoring, ratifying the Additional Protocol, accepting some transparency measures..."

The picture in Iran is further clouded by local politics. "When you ask, 'What do the Iranians want?' the answer is: 'Which Iranians?' " says Chubin at the Geneva Centre. "It's certainly true that Rohani and [former president and head of the powerful Expediency Council Ali Akbar] Rafsanjani believe Iran should use the leverage of their ... program to cut an overall deal with the West.

"The other view, of Ahmadinejad and Larijani, is that: 'We've got the power; we don't need anyone's help with our own security,' " says Chubin. "They want nuclear weapons to be the leading power in the region, in order to be in opposition to the West, and they have no interest in a global grand bargain."

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And there is another player, whose vote in Iran counts above all others: Supreme Leader Ayatollah Ali Khamenei. "They don't want a military attack," says analyst Laylaz. "It's not the hard-liners' [red line], but the Leader's red line."

"I'm not sure about US policy toward Iran," adds Leylaz. "If they test a potential negotiated way, and ask strongly to suspend any uranium enrichment, we can avoid a catastrophe. Otherwise, I'm not sure about the future."

Hizbullah Factor In Iran Fray (CSM)

By Nicholas Blanford

The Christian Science Monitor, May 26, 2006

SHEIKH ABBAD HILL, LEBANON - In the spring sunshine, the 70-mile Lebanon-Israel frontier of olive groves and fields of bright green tobacco appears a picture of rural calm. But the looming confrontation between the West and Tehran ensures that tensions linger here, with Iran-backed Hizbullah fortifying its frontline observation posts and Israel recently increasing its aerial reconnaissance patrols over Lebanon.

One alarming scenario gaining attention is if Iran's nuclear facilities come under attack by the US or Israel, it could inadvertently trigger a violent confrontation between Lebanon's Hizbullah and the Israeli military.

Hizbullah this week aired fresh warnings on the extent of its massive rocket arsenal, reinforcing concerns in Israel that it will be targeted as part of Tehran's retaliation to a strike against its nuclear sites.

"We have the power to destroy important and sensitive targets in northern occupied Palestine," Sayyed Hassan Nasrallah, Hizbullah's secretary-general said in a speech marking the sixth anniversary this week of Israel's troop withdrawal from south Lebanon.

"The resistance now has over 13,000 rockets. All of north occupied Palestine is within our firing range. This is the minimum range. As for the range beyond the north ... it is best to be silent," he added, hinting at the existence of long-range rockets in Hizbullah's armory.

Earlier this month, Major General Amos Gilad, a senior Israeli defense ministry official, said that while Iran's main strategic arm was its long-range Shihab-3 missiles, "their second arm is Hizbullah, which has 13,000 to 14,000 rockets that threaten Israel."

Still, there are compelling reasons why Hizbullah would refrain from military action, analysts say.

Although Hizbullah looks to Iran for guidance and much of its logistical and financial support, the Shiite organization has spent the past decade and a half shedding its image as a tool of Iranian foreign policy. The party has the overwhelming support of Lebanon's Shiite community, the largest sect within the country, and it is represented by 14 politicians in Lebanon's parliament and entered the government for the first time last summer.

That assimilation into mainstream politics has helped bolster the party at a time when it faces intense pressure to disband its military wing. Last week, the UN Security Council adopted a French-proposed resolution that in part repeated a call for Hizbullah's disarmament. Hizbullah refuses to disarm, saying it is a vital component of Lebanon's defense strategy and that yielding its weapons would only benefit Israel, an argument that resonates with most Lebanese Shiites, if not other Lebanese.

"The irony is that without a US/French campaign against Hizbullah's arms, the party would have been in a much more difficult position to defend the rationale of continuing resistance," says Reinoud Leenders, assistant professor of politics at the University of Amsterdam and former Beirut-based analyst with the International Crisis Group.

Many non-Shiite Lebanese are uncomfortable with a political party possessing weapons, saying it risks Lebanon becoming embroiled in external conflicts.

Hizbullah officials, however, say that its weapons are for the defense of Lebanon, not Iran. "Iran is capable of launching its own retaliation," says Ahmad Malli, a member of Hizbullah's political council. "It's not logical for Iran as a regional power to ask a small organization to attack Israel."

The domestic constraints on Hizbullah convince many analysts, including some critics, that the party is unlikely to attack Israel in a knee-jerk reaction to a military strike against its Iranian backer.

"Any act that is perceived internationally and domestically as serving Iran would call Hizbullah's Lebanese credentials into serious doubt and confirm the widely circulated hypothesis that Hizbullah is Iran's proxy in Lebanon," says Amal Saad-Ghorayeb, assistant professor of politics at the Lebanese-American University and author of "Hizbullah: Politics and Religion."

However, Mr. Malli offered another scenario in which Israel launches a preemptive strike against Hizbullah to degrade Tehran's retaliatory options in the event of an attack.

"If Israel attacks Iran, it may well attack other targets at the same time, including Hizbullah in Lebanon," he says. "In that case, Hizbullah has the right to defend itself and Lebanon with all possible means."

Far from a theoretical concept, Malli's scenario is one that is under serious consideration by Israel, says Gerald Steinberg, professor of politics at Israel's Bar Ilan University.

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"Hizbullah is seen as the main force of the Iranian response, and IDF [Israel Defense Force] planners could be expected to be prepared for such a strike [against Hizbullah] in the context of a military move against Iran," he says. "Some Israelis would argue that since a Hizbullah response in the event of an attack on Iran is inevitable, not striking against Hizbullah would be irrational."

The uncomfortable proximity in which these bitter foes find themselves is best illustrated on this wind-swept hilltop 2,400 feet above northern Galilee.

Nestled against the Israeli side of the fence is a massive structure bristling with antennae, cameras, and rotating radar dishes. Yards away on the Lebanese side is Hizbullah's bunker of bulldozed earth ramparts surmounted by two metal turrets that Hizbullah has had fitted with bulletproof glass windows. Closer to the fence, Hizbullah has erected surveillance cameras pointing at the Israeli position.

UN officials believe Hizbullah's construction work is probably defensive in nature, to improve the monitoring of Israeli troop movements, rather than preparations for an attack. But in this volatile corner of the Middle East, misreading the intentions of the enemy can have dangerous consequences.

"Hizbullah ultimately benefits from the West's inflated assessment of its capabilities and intentions," says Mr. Leenders, the Dutch academic. "It effectively presents them as a source of deterrence without them having to lift a finger."

Say No To Tehran's Gambit (WP)

By Charles Krauthammer

The Washington Post, May 26, 2006

All of a sudden, revolutionary Iran has offered direct talks with the United States. All of a sudden, the usual suspects -- European commentators, American liberals, dissident CIA analysts, Madeleine Albright -- are urging the administration to take the bait.

It is not rare to see a regime such as Iran's -- despotic, internally weak, feeling the world closing in -- attempt so transparent a ploy to relieve pressure on itself. What is rare is to see the craven alacrity with which such a ploy is taken up by others.

Mark my words. The momentum for U.S.-Iran negotiations has only begun. The focus of the entire Iranian crisis will begin to shift from the question of whether Tehran will stop its nuclear program to whether Washington will sit down alone at the table with Tehran.

To this cynical bait-and-switch, there can be no American response other than No. Absolutely not.

Just yesterday the world was excoriating the Bush administration for its unilateralism -- on Kyoto, the ABM Treaty and, most especially, Iraq -- and demanding that Washington act in concert with the "international community." Just yesterday the Democratic nominee for president attacked President Bush's foreign policy precisely for refusing to consult with, listen to and work with "the allies."

Another day, another principle. Bush is now being pressured to abandon multilateralism and go it alone with Iran. Remember: In September 2003, after Iran was discovered cheating on its nuclear program, the United States wanted immediate U.N. action. The allies argued for a softer approach. Britain, France and Germany wanted to negotiate with Tehran and offer diplomatic and economic carrots in return for Iran's giving up its nuclear weapons program. The United States acquiesced.

After 2 1/2 years of utter futility, the E.U. Three had to admit failure and acknowledge the obvious: Iran had no intention of giving up its nuclear ambitions. Iran made the point irrefutable when it broke International Atomic Energy Agency seals and brazenly resumed uranium enrichment.

The full understanding we had with our allies was that if the E.U. Three process failed, we would go to the Security Council together and get sanctions imposed on Iran. Yes, Russia and China might still stand in the way. But even so, concerted sanctions by America, Europe and other economic powers could have devastating effects on Iran and its shaky clerical dictatorship.

Which is why the mullahs launched this recent initiative. They know, and fear, that if the West persists on its present and agreed course, they face sanctions so serious that their rule, already unpopular, might be in jeopardy. The very fact that Iran is desperately trying to change the subject, change the venue and shift the burden onto the United States shows how close the mullahs believe we are to achieving major international pressure on them.

Pushing Washington to abandon the multilateral process and enter negotiations alone is more than rank hypocrisy. It is a pernicious folly. It would short-circuit the process that, after years of dithering, is about to yield its first fruits: sanctions that Tehran fears. It would undo the allied consensus, produce endless new delays and give Iran more time to reach the point of no return, after which its nuclear status would be a fait accompli .

Entering negotiations carries with it the responsibility to do something if they fail. The E.U. Three understood that when they took on the mullahs a couple of years ago. Bilateral U.S.-Iran talks are the perfect way to get Europe off the hook. They

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would preempt all the current discussions about sanctions, place all responsibility for success on the negotiations and set America up to take the blame for their inevitable failure.

It is an obvious trap. We should resolutely say no.

Except on one condition. If the allies, rather than shift responsibility for this entire process back to Washington, will reassert their responsibility by pledging support for U.S. and/or coalition military action against Iran in the event that the bilateral talks fail, then we might achieve something.

You want us to talk? Fine. We will go there, but only if you arm us with the largest stick of all: your public support for military action if the talks fail. The mullahs already fear economic sanctions; they will fear European-backed U.S. military action infinitely more. Such negotiations might actually accomplish something.

That's our condition. Otherwise, the entire suggestion of bilateral talks is a ploy that should be rejected with the same contempt with which it was proposed.

It's Time To Engage With Iran (WP)

By David Ignatius

The Washington Post, May 26, 2006

"Only connect." That was the trademark line of E.M. Forster's great novel "Howards End." And it's a useful injunction in thinking about U.S. strategy toward Iran and the wider conflicts between the West and the Muslim world.

We are in the early stages of what the Centcom commander, Gen. John Abizaid, calls "the first war of globalization, between openness and closed societies." One key to winning that war, Abizaid told a small group of reporters at the Pentagon yesterday, is to expand openness and connection. He called al-Qaeda "the military arm of the closed order." The same could be said of the extremist mullahs in Tehran who are pushing for nuclear weapons.

America's best strategy is to play to its strengths -- which are the open exchange of ideas, backed up by unmatched military power. The need for connection is especially clear in the case of Iran, which in isolation has remained frozen in revolutionary zealotry like an exotic fruit in aspic. Yet some in the Bush administration cling to the idea that isolation is a good thing and that connectivity will somehow weaken the West's position. That ignores the obvious lesson of the past 40 years, which is that isolation has usually failed (as in the cases of Cuba and North Korea), while connectivity has usually succeeded (as in the cases of the Soviet Union and China).

A telling example was the decision to engage the Soviet Union in 1973 through the Conference for Security and Cooperation in Europe. At the time, some conservatives argued that it was a dangerous concession that the Soviets might interpret as a symbol of weakness. But the CSCE provided a crucial forum for dissidents in Russia and Eastern Europe, and with astonishing speed the mighty edifice of Soviet power began to crumble. Similar warnings about showing weakness in the face of an aggressive adversary were voiced when President Richard Nixon went to China in February 1972.

I cite this Cold War history because the moment has come for America to attempt to engage revolutionary Iran. The invitation for such a dialogue came this month in a letter to President Bush from Iranian President Mahmoud Ahmadinejad -- a man whose rabble-rousing, Israel-baiting career gave him the credentials, if that's the right word, to break a 27-year Iranian taboo on contacts with the Great Satan.

Ahmadinejad's letter clearly had the backing of Iran's supreme leader, Ayatollah Ali Khamenei. In the American context, that's like having the support of Vice President Cheney for a peace feeler. My own Iranian sources say there is broad consensus in Tehran that it is time for talks with the United States. "Iran wants to start discussions the same way the Chinese wanted discussions" with Nixon, an Iranian businessman named Ali Ettefagh told me in an e-mail this week. "Great Satan doesn't sell anymore. More than half the population was not born 27 years ago, and the broken record does not play well." The Iranian offer of dialogue, he says, "ought to be taken as an opportunity, if only to air out grievances and amplify differences."

I suspect Iran wants dialogue now partly because it perceives America's position in Iraq as weak and its own as strong. That may be true, but so what? Washington should still take yes for an answer. The United States and its European allies this week are crafting a package that, one hopes, will include everything the Iranian people could want -- except nuclear weapons. The bundle of goodies should stress connectivity -- more air travel to Iran, more scholarships for students, more exchanges, Iranian membership in the World Trade Organization. The mullahs may well reject these incentives as threatening, but that's the point. Their retrograde theocracy can't last long in an open world. This very week, about 40 police officers were injured in a clash with demonstrators at two Tehran universities. One of the hand-lettered protest signs captured in an Iranian photo said: "This is not a seminary, it is a university."

Karim Sadjadpour, an Iranian analyst with the International Crisis Group, noted in Senate testimony last week that opinion polls show 75 percent of Iranians favor relations with the United States. "Embarking on a comprehensive dialogue with Iran

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would provide the U.S. with the opportunity to match its rhetorical commitment to Iranian democracy and human rights with action," Sadjadpour said. He's right.

There's no guarantee that a policy of engagement will work. The Iranian regime's desire to acquire nuclear weapons may be so unyielding that Tehran and Washington will remain on a collision course. But America and its allies will be in a stronger position for responding to Iranian calls for dialogue. Openness isn't a concession by America, it's a strategic weapon.

Abbas Threatens Hamas With Measure Implicitly Recognizing Israel (KRT)

By Dion Nissenbaum

Knight Ridder, May 25, 2006

RAMALLAH, West Bank - Palestinian Authority President Mahmoud Abbas issued a surprise ultimatum to his Hamas rivals on Thursday: Break the political stalemate imperiling the Palestinian government within 10 days or he'll ask voters to approve a measure that would implicitly recognize Israel.

Hamas officials appeared caught off-guard by Abbas' threat to hold a referendum in July. Some leaders voiced optimism that they would be able to work out their differences, while others criticized Abbas for trying to bully them.

A referendum accepting the establishment of a Palestinian state alongside Israel would put the issue directly before Palestinian voters for the first time - and the outcome would be uncertain. While polls have shown broad support among Palestinians for a two-state solution, voters also dumped Abbas' long-dominant Fatah party in favor of the Muslim fundamentalist Hamas in part because of frustration over compromises that Fatah had made in peace talks with Israel.

Speaking at the start of a unity conference, Abbas put Hamas leaders on notice that he's running out of patience with a power struggle that in recent weeks has broken out into confrontations between rival gunmen in Gaza streets.

"Our cause is at stake," Abbas said, in demanding a quick response from Hamas. "We cannot afford the luxury of time."

"There is no need for such threats from the president," said Hamas lawmaker Abdel Jaber Fuqaha. "Let the dialogue take its normal course."

The Palestinian Authority has faced a number of challenges ever since January, when voters catapulted Hamas, a movement formally committed to Israel's destruction, into power over Fatah, which accepts Israel's right to exist.

The United States and Europe have cut off aid, and Israel has been withholding tax receipts it collects on the Palestinians' behalf, creating a financial crisis.

In recent weeks, the factional feud has erupted into near-daily clashes in the Gaza Strip between Hamas militants and Abbas loyalists that have left at least 10 people dead. The latest battle, which left one Palestinian security officer dead, broke out shortly after the unity conference began.

This week's conference was partly a response to a joint political statement issued earlier this month by a group of Palestinian leaders in an Israeli prison. Top Hamas and Fatah members signed the letter, along with leaders of smaller political factions.

The 18-point document calls for the creation of a Palestinian state, with East Jerusalem as its capital, on all the land captured by Israel in the 1967 Six Day War. It also suggests that Palestinians stop attacking targets in Israel and restrict their actions to targets in the West Bank.

But Hamas' embrace of the document might not go very far toward easing the international pressure on the Palestinian Authority.

The proposal falls short of meeting two critical demands: Explicitly recognizing Israel's right to exist and abandoning violence as a political weapon. And Israel has made it clear that it intends to hold onto major Jewish settlements in the West Bank.

But formal acceptance by Hamas of a Palestinian state in the West Bank could put more pressure on Israel to seek a negotiated settlement instead of pressing ahead with a new plan to ignore the Palestinian leadership and dictate its own borders.

Israeli Prime Minister Ehud Olmert's unilateral proposal got a boost this week during his first official visit to Washington when President Bush praised the idea as a "bold" concept that could lead to peace.

But Bush encouraged Olmert not to move forward with the idea until he tries to reach an agreement with Abbas. But the Israeli prime minister is dubious of working out any deal with Abbas when the government is dominated by Hamas leaders.

Before Abbas issued his vow to put the issue before voters, Prime Minister Ismail Haniyeh urged the conference to work together to end the internal violence.

"The space of consensus between us is much closer than we imagine," said Haniyeh, who spoke via video link from a simultaneous gathering held in Gaza City for Hamas members who, like the prime minister, are barred by Israel from traveling to the West Bank.

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Abbas Urges Hamas To Back 2-State Plan (WP)

By Scott Wilson

The Washington Post, May 26, 2006

JERUSALEM, May 25 -- Palestinian Authority President Mahmoud Abbas called on Hamas on Thursday to endorse the creation of a Palestinian state on territory occupied by Israel in the 1967 Middle East war. If the radical Islamic movement refuses, he said, he will put the proposal to a referendum within two months.

Abbas gave leaders of Hamas, the principal political rival of his Fatah movement, 10 days to accept a two-state solution to the conflict with Israel, something the group has rejected since its founding nearly two decades ago. Hamas envisions the creation of a Palestinian state across territory that now includes Israel.

If Hamas does not change its position, Abbas said, he will measure public support for a two-state solution within 40 days through a popular referendum. Although it would not be binding, the result would help clarify for recalcitrant Hamas leaders, the Israeli government and the world what course Palestinians favor to resolve the conflict with Israel.

"We must stop with the slogans and start dealing with reality," said Abbas, Fatah's leader. "We must stop dreaming and accept what we can take now. Let us not speak of dreams. Let us take the Palestinian state on the '67 borders. There is a national consensus for this."

Abbas delivered his ultimatum during a meeting of Fatah and Hamas leaders in the West Bank city of Ramallah that was intended to reduce mounting tensions. His comments reflect frustration over Hamas's refusal to soften its views at a time of deepening economic hardship in the Palestinian territories and sporadic armed conflict between the two movements.

Hamas and Fatah gunmen exchanged fire Thursday in Gaza City following the funeral of a senior Fatah security official killed this week in a car bombing. The gunfire killed a member of the Fatah-dominated Palestinian security services and wounded several others.

When Abbas asked Hamas to form the Palestinian cabinet after its January election victory, he urged its leaders to accept agreements backed by Fatah that call for the creation of a Palestinian state in the West Bank, Gaza Strip and East Jerusalem. Israel has occupied those territories since the 1967 war, although it evacuated Jewish settlements in Gaza last year.

Since Hamas took control of the Palestinian government ministries, international donors have frozen foreign aid to the Palestinian Authority, and Israel has suspended the transfer of tax revenue it collects on the government's behalf. The Palestinian Authority has not paid its more than 150,000 employees for nearly three months.

Advisers and allies of Abbas said his comments Thursday were calculated to force Hamas to moderate its position, which international donors have demanded in return for a renewal of aid, or else face a vote that he expects will endorse the two-state solution. The referendum would be based on an 18-point document drafted this month by Fatah and Hamas leaders in Israeli prisons. The Hamas prison leadership is an important element of the movement's decision-making body, along with Hamas members in exile and those in the territories.

"We're escalating the tension a little bit to try to corner them and show them as rejectionists," said a political adviser to Abbas who spoke on condition of anonymity because he was not authorized to comment publicly. "The idea is to bring Hamas back inside the national dialogue or to go to the people for a reminder of what the national consensus is."

As president, Abbas has the authority to fire Prime Minister Ismail Haniyeh, a member of Hamas, and disband the cabinet. He has chosen instead to give Hamas an opportunity to govern the poor and often lawless occupied territories, betting that his rivals will suffer politically in the attempt.

But the economic sanctions imposed on the Palestinian Authority have given Hamas something to blame for any perceived political shortcomings. Israel's top general warned this week that the economic squeeze would not topple the Hamas government, citing opinion polls that show its support has not declined.

"We do not fear conducting a referendum, as we know that the Palestinian people support us and support our program," said Mushir al-Masri, a Hamas legislator from Gaza.

The prisoners' plan, as the document has come to be known, endorses a Palestinian state in the West Bank, Gaza and East Jerusalem. Among other items, it also calls for the release of all Palestinian political prisoners in Israeli jails, the right of Palestinian refugees and their descendants to return to Israel and reforms of the Palestinian security services and political institutions.

The more radical Hamas leaders in exile immediately rejected the document when it was made public this month. But Haniyeh and other party figures in the territories -- including Masri, who called the document "positive" -- said it could serve as a starting point for further discussion. Polls conducted since show that roughly 80 percent of Palestinians support it.

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"If Hamas says democracy, democracy, democracy -- okay. The president is going back to the people," said Saeb Erekat, a Fatah member of parliament and the chief Palestinian negotiator with Israel. "He could not continue to have the government defy the guidelines he gave it, and he didn't want to sack it."

Abbas's gambit could also strengthen his hand with Israeli Prime Minister Ehud Olmert, who told President Bush in Washington this week that he would explore the possibility of reviving peace talks before taking any unilateral steps to define the Jewish state's final borders.

Abbas, who as head of the Palestine Liberation Organization manages peace policy, has asked Olmert to restart negotiations under the U.S.-backed peace plan known as the "road map." Formal negotiations between the two sides have been moribund since January 2001.

Olmert told a joint meeting of Congress, "If there is to be a just, fair and lasting peace, we need a partner who rejects violence and who values life more than death." Some Israeli politicians said Thursday that a Palestinian vote in favor of a two-state solution along the 1967 border would increase pressure on Olmert to pursue a peace process with Abbas.

Abbas Stuns Hamas With Talk Of Referendum (AP-Y2)

By Mohammed Daraghmeh

AP2, May 25, 2006

In a bold initiative, the Palestinian president gave Hamas 10 days to accept the idea of a Palestinian state alongside Israel, saying Thursday he'll submit the plan to a referendum by mid-July if the Islamic militants refuse.

Mahmoud Abbas' surprise announcement is a political gamble that could either help resolve the Palestinians' internal deadlock or lead the Hamas-led government and Fatah into a deeper crisis.

Abbas asked Hamas to endorse a document drawn up by senior Palestinian militants imprisoned in Israel. It accepts statehood in the West Bank, Gaza Strip and east Jerusalem — territories captured by Israel in the 1967 Middle East War.

Approving the document would imply recognition of Israel — one of the three conditions imposed by Israel and the West for doing business with the Hamas-led government. The document falls short of meeting the other two conditions — renouncing violence and accepting past peace accords — so it was unclear if the international boycott would be called off even if Hamas acquiesced.

However, a referendum, which Palestinian pollsters expect to pass, could provide cover for the militants to become more moderate without appearing to succumb to Western pressure. Such a vote could also renew pressure on Israel to return to the negotiating table rather than impose borders on the Palestinians.

As Abbas outline his proposal, violence again erupted in Gaza.

A group of policemen on their way back from the funeral of a top security commander in Gaza City clashed with a newly formed Hamas militia, and one of the officers was wounded, security officials said.

At nightfall, three officers in the presidential guard were shot and wounded on patrol in Gaza City, officials said. They said the gunfire came from the direction of a Hamas militia unit. In the past week, 10 people have been killed in clashes between Hamas and Abbas' Fatah Party.

Fatah and Hamas leaders held talks in Ramallah and Gaza to defuse the crisis, and Abbas used the opportunity to challenge Hamas to adopt a program that implies recognition of Israel or to let the people decide.

Hamas, which is facing a crippling international boycott because of its refusal to moderate its position, appeared to be divided over the idea. The Islamic militants won parliamentary elections in January, and took over the Palestinian Authority on Feb. 18. Abbas was elected separately a year earlier.

The plan was conceived in a wing for 120 Palestinian security prisoners at Hadarim prison, with many sessions taking place in the prison yard, said Khader Shkirat, a lawyer for a key signer, Fatah leader Marwan Barghouti. An inmate from Hamas also signed the document.

Hamas ideology does not accept a Jewish state in the Middle East, and Hamas does not accept interim peace accords with a state it does not recognize. Hamas suicide bombers have killed hundreds of Israelis over the past decade.

Abbas has been seeking to counter Hamas' power, removing authority over security forces from the Hamas-controlled Interior Ministry and asserting he has the authority to conduct peace negotiations with Israel.

Hamas fielded a 3,000-strong militia in Gaza in defiance of Abbas' ban, setting off clashes with Fatah-dominated security forces.

Abbas brought things to a head Thursday, giving Hamas 10 days to achieve a political accord with him or face a referendum within 40 days.

Prime Minister Ismail Haniyeh of Hamas was noncommittal, saying: "We will study how the call for a referendum is compatible with the law, the constitution and politics."

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Other Hamas figures were divided over the idea.

Parliament Speaker Abdel Aziz Duaik of Hamas said the prisoners' document was a good basis for dialogue, adding: "Returning to the people is one of the most important principles in democracy."

But Hamas legislator Mushir al-Masri called the proposal a "coup against the democratic choice" of the Palestinians.

The Islamic Jihad group, which also rejects the existence of Israel, opposed the plan.

Israeli Foreign Ministry spokesman Mark Regev called the issue an "internal Palestinian matter," and reiterated that Israel insists on fulfillment of all three international conditions.

Israeli Cabinet minister Haim Ramon, who is close to Prime Minister Ehud Olmert, said the referendum was "worthy of examination." But another Israeli minister, Ronnie Bar-On, said that as long as Hamas does not accept international conditions, Abbas' idea "is like playing checkers with himself."

In Washington, State Department spokesman Sean McCormack said: "The only way you can test the proposition is for the Palestinians to go through that process, whether it's a referendum or whether it's through national dialogue or through some other peaceful means, to talk about what the future of the Palestinian people will be."

Olmert returned Thursday from talks in Washington with President Bush, where he explained his plan to draw Israel's borders unilaterally if efforts to resume peace talks fail. Israel refuses to negotiate with Hamas, which it considers a terror group, and is hesitant to talk peace with Abbas because Hamas controls the government.

However, if Palestinians approve a plan that accepts Israel, Israel might be forced back to the negotiating table.

The Palestinians reject Olmert's unilateral plan, and Abbas' announcement Thursday appeared part of a hurried effort to show the world there is a willing Palestinian partner for negotiations with Israel.

Israeli analyst Yossi Alpher said if a referendum is held and the program is approved, Israel would have to consider it.

"The burden of proof will still be on Abbas to prove that he is a viable negotiating partner," Alpher said.

Abbas Challenges Hamas To Endorse Document On A Palestinian State (USAT/AP)

By Mohammed Daraghmeh, The Associated Press

USA Today, May 26, 2006

RAMALLAH, West Bank — In a surprise initiative, the Palestinian president gave Hamas 10 days to accept the idea of a Palestinian state alongside Israel, saying Thursday he'll submit the plan to a referendum by mid-July if the Islamic militants refuse.

Mahmoud Abbas' announcement is a political gamble that could either help resolve the Palestinians' internal deadlock or lead the Hamas-led government and Fatah into a deeper crisis.

Abbas asked Hamas to endorse a document drawn up by senior Palestinian militants imprisoned in Israel. It accepts statehood in the West Bank, Gaza and East Jerusalem — territories captured by Israel in the 1967 Middle East war.

Approving the document would imply recognition of Israel — one of the three conditions imposed by Israel and the West for doing business with the Hamas-led government. The document falls short of meeting the other two conditions — renouncing violence and accepting past peace accords.

Hamas ideology does not accept a Jewish state in the Middle East. Hamas suicide bombers have killed hundreds of Israelis over the past decade.

Hamas is facing a crippling international boycott because of its refusal to moderate its position. The Islamic militants won parliamentary elections in January, and took over the Palestinian Authority on Feb. 18. Abbas was elected separately a year earlier.

It was unclear whether the international boycott would be called off even if Hamas acquiesced to Abbas' proposal. A referendum could provide cover for the militants to become more moderate without appearing to succumb to Western pressure. Such a vote could renew pressure on Israel to return to the negotiating table rather than impose borders on the Palestinians.

As Abbas outlined his proposal, violence again erupted in Gaza. In the past week, 10 people have been killed in clashes between Hamas and Abbas' Fatah Party. Fatah and Hamas leaders held talks in Ramallah and Gaza to defuse the crisis, and Abbas used the opportunity to challenge Hamas to adopt a program that implies recognition of Israel or to let the people decide.

The plan was conceived in a wing for 120 Palestinian prisoners at Hadarim prison, with many sessions taking place in the prison yard, said Khader Shkirat, a lawyer for a key signer, Fatah leader Marwan Barghouti. An inmate from Hamas also signed the document.

Abbas has tried to counter Hamas' power, removing authority over security forces from the Hamas-controlled Interior Ministry and asserting he has the authority to conduct peace negotiations with Israel. Hamas fielded a 3,000-person militia in Gaza in defiance of Abbas' ban, setting off clashes with Fatah-dominated security.

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Prime Minister Ismail Haniyeh of Hamas said, “We will study how the call for a referendum is compatible with the law, the constitution and politics.”

Israeli Foreign Ministry spokesman Mark Regev called the issue an “internal Palestinian matter,” and reiterated that Israel insists on fulfillment of all three international conditions.

Israeli Prime Minister Ehud Olmert returned Thursday from talks in Washington with President Bush, where he explained his plan to draw Israel's borders unilaterally if efforts to resume peace talks fail. Israel refuses to negotiate with Hamas, which it considers a terror group, and is hesitant to talk peace with Abbas because Hamas controls the government.

The Palestinians reject Olmert's unilateral plan, and Abbas' announcement Thursday appeared part of a hurried effort to show the world there is a willing Palestinian partner for negotiations with Israel.

Abbas Says He'd Put Peace Plan To A Vote (NYT)

By Greg Myre

The New York Times, May 26, 2006

RAMALLAH, West Bank, May 25 — The president of the Palestinian Authority, Mahmoud Abbas, said Thursday that he would call a referendum on a proposal for a Palestinian state that would recognize Israel, if the governing Hamas party failed to accept the plan within 10 days.

In laying down his challenge, Mr. Abbas seems to be gambling that he can force his Fatah party, Hamas and some smaller factions to agree on a broad framework for dealing with Israel, which Hamas now refuses to recognize. But he runs the risk of provoking a political showdown at a moment when the Palestinians are already plagued by infighting and a worsening financial crisis.

"We differ, it is true," Mr. Abbas said in Ramallah at a conference intended to put an end to internal Palestinian quarreling. "We see things differently, but we need to find middle-of-the-road solutions."

Several Hamas figures said Thursday that they did not object to a referendum, at least in principle.

"We are not afraid of a referendum," said a Hamas legislator, Salah Bardawil. "The election was a referendum, and the majority of the people chose us." He was referring to the vote in January in which Fatah, which previously dominated Palestinian politics, lost its parliamentary majority and Hamas, a radical Islamic group, came to power.

Like the Palestinians, Israel appeared caught off guard by Mr. Abbas's announcement and had little to say about it. Mark Regev, a spokesman for Israel's Foreign Ministry, described it as an internal Palestinian matter.

In the past Israel has strongly rejected two of the plan's provisions: returning to pre-1967 borders and giving Palestinian refugees the right to return to lands they left in 1948.

The proposal, based on a plan drafted earlier this month by prominent Palestinian prisoners from Hamas and Fatah, calls for a Palestinian state and a negotiated peace settlement with Israel, if it withdraws to the borders that existed before the Arab-Israeli war of 1967. The Palestinian state would include all of the Gaza Strip and the West Bank, with its capital in East Jerusalem.

Marwan Barghouti, a leading Fatah figure serving five life terms in Israel's Hadarim Prison, is credited as the driving force behind the prisoners' document, though imprisoned members of Hamas also endorsed it.

"We must rise to the level of responsibility," said Mr. Abbas, whose Fatah movement has supported plans along those lines for years. "If within 10 days you don't reach results through dialogue, I will take the prisoners' document to a popular referendum" within 40 days.

The referendum can be authorized either by a decree from Mr. Abbas or by Parliament, Amar Dwik, the head of the Palestinian election commission, told The Associated Press.

In recent years Palestinian polls have generally shown strong public support for a Palestinian state with the 1967 borders. But Hamas has refused to moderate its hard-line policies despite a cutoff in Western assistance that has left the Palestinian government financially crippled.

The Palestinian conference was held simultaneously in Ramallah and Gaza City and connected by video because Israel does not permit Hamas members to travel between the West Bank and the Gaza Strip.

Until Mr. Abbas spoke, the talks were expected to focus on the almost daily clashes in Gaza between Hamas and Fatah.

"Our meeting today aims to cement our national unity," said Ismail Haniya, the Palestinian prime minister and a Hamas leader, who spoke in Gaza City before Mr. Abbas's remarks in Ramallah. "Our difference is with the Israeli occupation."

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Abbas Delivers Talks Ultimatum To Hamas (WT)

By Joshua Mitnick

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The Washington Times, May 26, 2006

TEL AVIV -- Palestinian Authority President Mahmoud Abbas issued an ultimatum to Hamas yesterday, calling on it to accept the principle of a state alongside Israel in the West Bank and Gaza Strip or submit to a national referendum on the issue.

Speaking in the West Bank city of Ramallah at a public forum aimed at reducing tensions between his Fatah party and Hamas, Mr. Abbas challenged the Islamic militants to reach an understanding within 10 days on negotiations with Israel or face a plebiscite within 40 days.

"Are slogans enough to feed the hungry? You need to stop with these slogans and deal with reality," Mr. Abbas said in an uncharacteristically lively speech delivered off the cuff. "You need to stop with dreaming and get what is possible to get now. Let's not talk about dreams. Let's get a Palestinian state within the '67 borders."

The surprise declaration, in which the embattled Palestinian leader gambled his little remaining political capital, comes amid escalating violence between the rival political parties that has stoked worries of a civil war.

Clashes between Fatah and Hamas gunmen have killed about 10 people in the last few weeks.

Hamas politicians went on the defensive after Mr. Abbas' challenge. Some predicted a Fatah-Hamas agreement that would make a referendum unnecessary; others said the Islamic militants don't oppose the idea of a national referendum as long as the two sides reach agreement on the ground rules.

"It needs some procedures," said Ghazi Hamad, a Hamas spokesman. "It needs to be inside and outside of Palestine," meaning that the several million Palestinian refugees abroad should be permitted to vote.

Palestinian refugees in countries like Jordan and Lebanon are generally more radical than those living in the West Bank and Gaza.

Mr. Abbas wants the vote specifically to approve or disapprove a joint declaration signed recently by Hamas and Fatah prisoners in Israeli jails that backs a two-state solution.

The Palestinian president was weakened when a surprise electoral landslide put Hamas in control of the Palestinian parliament and government. Since the militants took power, Mr. Abbas has been embroiled in an escalating battle of words and bullets with Hamas.

At the same time, he has struggled to earn the respect of Israeli leaders, who called him "irrelevant" and "helpless" after the Palestinian Authority elections.

Israeli Prime Minister Ehud Olmert gave Mr. Abbas a boost this week by inviting him to hold talks. And Israel's Channel 2 television reported yesterday that Mr. Olmert and Defense Minister Amir Peretz had agreed to supply Mr. Abbas' presidential guard with badly needed weapons.

Aides to Mr. Abbas said the Palestinian president is fully aware of the risks of setting a referendum in motion. The vote could become a referendum on Mr. Abbas, who has a reputation as a wooden and aloof politician.

Palestinian negotiator Saeb Erekat warned that the Palestinian Authority is following two different policies even though it is supposed to function as one group. He hinted that the Palestinian president might even resign if he doesn't win the vote.

"We know the risks, we know the difficulties," said Mr. Erekat. "He knows the consequences of losing. If we lose, we go home."

Mr. Erekat insisted that the Palestinian president had the authority to call a referendum, and said talks were planned with the Central Election Commission today.

The proposal of a national vote could make the Palestinians the first in the Middle East to hold a referendum.

An Israeli commentator said the Israeli government's contention that "there is no one to talk to" on the Palestinian side came crashing down yesterday.

"Abbas proved that he is the address and there are no excuses," said Ali Vaked, a columnist for the Israeli Web site ynet.co.il. "Abbas said to Olmert that he is the address and there are no excuses."

Israel's 'Realignment' (WP)

The Washington Post, May 26, 2006

THOUGH THEY paid lip service to continued Israeli-Palestinian negotiations, President Bush and Israeli Prime Minister Ehud Olmert in effect inaugurated an entirely different process at their White House meeting Tuesday -- one in which Israel will parley with the United States about the new borders it intends to draw for itself. Despite his promise to pursue talks with Palestinian President Mahmoud Abbas, Mr. Olmert has made clear that he doesn't believe Israel will be able to work with the Palestinian Authority anytime soon. Even if a credible partner appeared, Mr. Olmert might prove reluctant. Like his predecessor, Ariel Sharon, he opposes some of the compromises Israel would have to make to achieve a peace settlement.

Mr. Olmert has now won Mr. Bush's de facto consent to pursue a unilateral "realignment," in which Israel would draw a border of its own choosing in the West Bank, dismantle some of the settlements that lie beyond it and thereby "guarantee Israel's

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security as a Jewish state with the borders it desires," as the prime minister put it. Mr. Bush called these ideas "bold," adding that they "could lead to a two-state solution." But as Mr. Olmert acknowledged, there is one crucial condition: Israel cannot successfully impose its plan on the Palestinians unless it has "the comprehensive support of the United States and the international community."

That means that in the remainder of his term, Mr. Bush will have the opportunity to encourage an Israeli redeployment that would open the way toward the Palestinian state he called for four years ago. But he could also cripple the prospects for that settlement if he provides a U.S. imprimatur for a realignment that disregards essential Palestinian interests. Left to his own calculations, Mr. Olmert probably would settle on such a strategy. According to reports in the Israeli press, he is thinking of dismantling only a small fraction of the West Bank settlements that lie beyond the boundary fence Israel is constructing, which means that settlers and the army would remain in the Palestinian territory indefinitely. He also intends to annex all of Jerusalem's Old City and most of its Arab neighborhoods, even though a previous Israeli government recognized that a peace settlement will require divided sovereignty in the city.

Mr. Bush has already accepted the idea that large settlement blocks near the present border will be incorporated into Israel. But U.S. officials in the past have expressed skepticism about parts of the emerging Israeli plan, including the extent of West Bank territory to be taken. Those points should be pressed: The closer Mr. Olmert comes to adopting the territorial map that was negotiated by Israelis and Palestinians after the Camp David talks of 2000, the better will be the chances that the realignment will lead to a real peace. Mr. Bush said Tuesday that an Israeli-Palestinian peace "will only be achieved on the basis of mutually agreed changes, and no party should prejudice the outcome of negotiations." As his administration plunges into what will probably be months of detailed discussions with Israel about the realignment plan, it will be imperative to defend those principles.

Harper To Meet Bush July 6, Canadian Ambassador Wilson Says (BLOOM)

By Theophilos Argitis

Bloomberg, May 26, 2006

May 25 (Bloomberg) -- Canadian Prime Minister Stephen Harper will meet with U.S. President George W. Bush on July 6 in a bid to cement improving relations between the two countries, said Michael Wilson, Canada's ambassador to the U.S.

``The two of them will be getting together in another meeting in early July, July 6, where they will build on their first meeting in Cancun," Wilson told a hearing of the House International Relations Subcommittee on the Western Hemisphere, broadcast today on CBC television.

Harper has sought to repair relations with the U.S., soured under the previous Liberal Party government over a dispute on softwood lumber tariffs and the country's decision not to participate in the U.S. missile-defense system. Harper and Bush negotiated an agreement on softwood duties in April.

This would be Harper's first meeting with Bush since March, when he met with the U.S. president and Mexican President Vicente Fox at a trilateral meeting in Cancun.

Canada's Leader Won't Talk To National Media (LAT)

By Maggie Farley

The Los Angeles Times, May 26, 2006

TORONTO — Canadian Prime Minister Stephen Harper has declared he won't talk to the national media because they are biased against him, his latest move in a spat with the Parliament's press corps.

After reporters walked out of a news conference this week when he refused to answer any questions, Harper said no Liberal prime minister had faced such effrontery, and he had decided to deal only with more friendly local press.

"Unfortunately, the press gallery has taken the view they are going to be the opposition to the government," the recently elected Conservative leader told a Canadian television network Wednesday.

"We'll just take the message out on the road. There's lots of media who do want to ask questions and hear what the government is doing for Canadians, or to Canadians. So we'll get our message out however we can," Harper said.

Since Harper's minority government took office after the Jan. 23 elections, his relations with the national media have become more and more strained. Determined to impose order on the traditionally chaotic press scrum in which reporters shout out questions, Harper said he would choose questioners from a pre-screened list.

The parliamentary media corps, which includes broadcast and print reporters from all over the country, worried that the new protocol would freeze out journalists perceived to be tough on the prime minister. After journalists refused to sign on to the list, Harper refused to take any questions.

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On Tuesday, when Harper's press secretary announced there would be no questions after his announcement of aid to the Darfur region of Sudan, nearly two dozen reporters walked out, leaving the prime minister to make his statement in front of a single camera in a nearly empty room.

"We are responsible for asking questions, and he is responsible for answering them," said Yves Malo, the president of the Parliament's press gallery.

Malo acknowledged that the media culture in Ottawa was less decorous than other places, such as the White House, where reporters stand up when the president enters the room and don't interrupt while he is speaking.

He said that the once-unruly press corps had tried to compromise by forming a line behind a microphone, but even then Harper refused to recognize some questioners.

"Since the election, certain reporters have never gotten a question. No one is well served. We are not, the public is not, and the government is not," Malo said.

Harper, the first Conservative prime minister after 12 years of Liberal Party rule, has moved toward dismantling many of his predecessors' policies, including gun control, support for medical marijuana and backing of the Kyoto Protocol on global warming. He thinks that the press corps simply doesn't like his politics.

"I have trouble believing that, frankly, a Liberal prime minister would have this problem," he said. "The press gallery at the leadership level has taken an anti-Conservative view."

But across the country, his popularity is growing. Recent polls have placed the party's approval ratings above 40%, which could help it win a majority in Parliament if a new election was held.

Putin Objects To Cheney's Remarks (AP)

By Vladimir Isachenkov

The Associoated Press, May 25, 2006

President Vladimir Putin said Thursday that Russia wants good relations with the United States but he objected vigorously to Vice President Dick Cheney's recent criticism of democratic backtracking by the Kremlin.

"We see how the United States defends its interests, we see what methods and means they use for this," Putin said at a news conference following a summit meeting of Russia and the European Union in his most direct criticism of Cheney's remarks.

In a speech earlier this month in Lithuania, Cheney accused the Kremlin of rolling back democracy and strong-arming its ex-Soviet neighbors.

"When we fight for our interests, we also look for the most acceptable methods to accomplish our national tasks, and I find it strange that this seems inexplicable to someone," Putin said, replying to a reporter's request for his reaction to the vice president's remarks.

Even before Cheney's speech, Russian-U.S. relations had been on a steady downward slide. Last month, Putin claimed the United States had put up artificial obstacles to slow Russia's entry into the World Trade Organization, and the Pentagon accused Moscow of giving intelligence on U.S. troop movements in Iraq to Saddam Hussein in 2003.

The crisis around Iran's nuclear program has seen the two countries, which proclaimed themselves "strategic partners" just a few years ago, firmly in opposing camps.

Putin said that despite the friction, the United States remains "one of our major partners."

But he suggested no nation had the right to interfere in Russia's relations with third countries.

"As far as the view of our relations with other countries, we will discuss our relations with them directly," Putin said icily.

The growing rift with Washington threatens to mar the summit of the Group of Eight leading industrialized nations in St. Petersburg in July.

Speaking of U.S. criticism of a hard-fought Russian-Ukrainian gas deal, which many Ukrainian politicians and the U.S. government have objected to as putting the two sides on unequal terms, Putin asked: "How can leaders of other states say it is bad for the Ukrainians?"

"I don't understand if this criticism is addressed to us or the Ukrainian leadership. But you should ask those who make these comments."

Putin and European Union leaders agreed their countries had common interests in easing their dispute over energy supplies and markets, but acknowledged differences.

"We are aware of our common interests," European Commission President Jose Manuel Barroso said at the final press conference. "What we want is a relationship based on ... the principle of interdependence."

The energy disputes have hung over the relationship since January, when a brief disruption in Russian gas supplies to Western Europe amid a price dispute with Ukraine tarnished Russia's reputation as a reliable supplier and encouraged the EU to intensify a search for alternative supply routes.

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"We are as interested as Russia to avoid further misunderstandings," said Austrian Chancellor Wolfgang Schuessel, whose country currently holds the EU presidency.

But Barroso said there were still "sensitivities" that needed to be addressed.

"This is not at all, I want to underline this on our side, a problem of lack of trust in Russia as a credible supplier, as Russia has always been," he said. "But there are some sensitivities, it is true."

He said the sensitivities included the way public opinion in the EU reacted to the problems between Russia and Ukraine earlier this year.

Putin tried to assure his EU partners that China was no substitute for Europe as a market for Russia's oil and gas although Russia was developing markets for its energy resources.

"China is not an alternative to Europe for energy supplies," Putin told a news conference following the Russia-EU summit.

The New Year's shutdown, which was followed by gas shortages amid a harsh winter, came as Russia declared energy security to be a top priority of its leadership this year of the G-8.

European fears of excessive energy reliance on Russia, which supplies a quarter of Europe's gas and is its second-biggest supplier of oil, increased further amid talk that Russia's state-controlled natural gas giant, Gazprom, was considering acquiring Britain's largest gas distributor and negotiating similar deals in other EU nations.

EU leaders on Thursday spared Russia from any criticism similar to Cheney's, but they emphasized the need for Moscow to adhere to democratic values.

"Russia has now very important chairmanships, it's not only the chairman of the G-8, it's also chairman now of the Council of Europe, and therefore we do think that Russia has a special responsibility also to take forward questions like human rights, rule of law, good governance — all these basic values we in the European Union hold up," EU External Relations Commissioner Benita Ferrero-Waldner told reporters.

Putin Group Races Past Soviet Party (WT)

By Michael Mainville

The Washington Times, May 26, 2006

MOSCOW -- Just four years after its founding, President Vladimir Putin's United Russia party is growing twice as quickly as the Communist Party under the Bolsheviks. And like the Communist Party of the past century, it has become the surest path to success in Russian society.

The party formed by the Kremlin to support Mr. Putin registered its 1 millionth member earlier this year, reaching a milestone that took the Bolsheviks eight years after the Russian Revolution.

More than two-thirds of the country's federal and regional parliamentarians, and 70 of 89 regional governors are members of United Russia. Thousands of civil servants, celebrities and leading business people have joined in recent years as the party has grown into a dominant force in national and local politics.

Party officials have begun an ambitious program to sign up another million members in time for the 2007 parliamentary elections and 2008 presidential vote, when a successor to Mr. Putin will be chosen.

Supporters say United Russia's success is proof of democracy in action in Russia.

"United Russia is so popular because the people know that it is promoting the best interests of Russian citizens," said Oleg Morozov, the deputy leader of the party's faction in the State Duma, the lower house of parliament.

But critics say that United Russia is little more than a Kremlin fan club and that through it Mr. Putin is essentially re-creating the Soviet Communist Party system. At its height, the Communist Party had 22 million members, and joining was considered essential for anyone to advance his or her career.

"United Russia is not a real political party and is not even truly popular," said Sergei Mitrokhin, the deputy leader of the liberal Yabloko opposition party. "It is only successful because it has the full resources of the state behind it and because people are forced to join the party."

Political parties were slow to develop in Russia after the 1991 collapse of the Soviet Union. Throughout the 1990s, Russian parliaments were a chaotic mix of communists, liberals and nationalists, with none able to win over a significant portion of the voters.

That changed under Mr. Putin, who created United Russia by merging the Unity and Fatherland-All Russia parties. With the full backing of the Kremlin, United Russia swept to power in the 2003 elections to the State Duma, winning more than two-thirds of the seats. In regional elections earlier this year, United Russia won majorities in all eight local legislatures up for grabs.

At the same time, membership in the party has surpassed all other political parties combined.

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United Russia's nearest rival, the Communist Party, has about 180,000 members, many of them pensioners pining for the days of the Soviet Union. The nationalist Rodina (Motherland) party has 105,000 members, while the Yabloko and the Union of Right Forces parties barely have 50,000 members, the minimum required under a law on political parties passed last year.

United Russia's platform is ostensibly based on a philosophy its leaders call "social conservatism" -- an improbable mix calling for both a strong, centralized state and free-market reforms.

But even party members acknowledge that most of United Russia's support stems from its close connection to Mr. Putin, who is widely popular, and its reputation as the "party of power."

"United Russia has had brilliant successes in elections, and a lot of that is because President Putin is so popular," Mr. Morozov said. "And we don't hide the fact that the party puts its members forward to be in the leading positions in all spheres of society, including in business."

Financial newspaper Kommersant reported earlier this year that joining United Russia is becoming essential for anyone dealing with the government.

"Like membership in the Communist Party once was, membership in United Russia is now a way of making it easier to solve all sorts of problems, from getting promotions for state officials to settling conflicts with the police and tax structures for businessmen," the newspaper reported.

Russia Calls To Review Foreign Oil Deals (FT)

By Arkady Ostrovsky

Financial Times, May 26, 2006

Russia's natural resources ministry called on Thursday for a review of the two largest foreign oil projects in the country, even as senior Russian officials sought to assure EU leaders that Russia was a reliable energy partner.

The ministry said the legal agreements underpinning oil and gas developments on Sakhalin island, on Russia's eastern flank, were ineffective and should be reviewed.

It said it planned to ask the Duma, Russia's lower house of parliament, to review production-sharing agreements signed in the 1990s, saying they were damaging Russia's national interests.

Any review of PSAs would threaten the two largest foreign investments in Russia: the Sakhalin-1 project, on which ExxonMobil and its partners have already spent nearly $5bn; and the Sakhalin-2 project, in which Royal Dutch Shell and its partners are investing $20bn.

However, two Russian ministers insisted separately that all Moscow's agreements with foreign energy companies would be honoured, suggesting a rift had opened within the government.

Speaking on the margins of a European Union-Russia summit in Sochi, Viktor Khristenko, energy minister, told the Financial Times that there were elements of the agreements Russia was no longer happy with.

"If I was signing them again today, I would do it differently," he said. "But they are legal obligations for us. We are fulfilling them and we expect our partners to fulfil them."

German Gref, Russia's economy minister, added: "We can only work in the framework of the existing agreements."

Chris Finlayson, the head of Shell's Russia operation, said the company had been recently told by the energy ministry that existing PSAs would be honoured. "I have no reason to doubt this," he said.

Nevertheless, the statement by Russia's resources ministry comes as the Kremlin moves to reassert control over energy resources, helping state-controlled companies such as Rosneft and Gazprom gain influence.

Affiliates in Rosneft hold a 20 per cent stake in Sakhalin-1. Under the terms of an asset swap agreed last year, Gazprom is also set to acquire a 25 per cent state in Sakhalin-2.

Russia's natural resources ministry also said it would start legal proceedings against Total, the French oil company, for allegedly violating its licensing conditions for the development of the Kharyaga oil field in the north of Russia.

Rinat Gizatulin, the spokesman for Yuri Trutnev, the minister for natural resources, yesterday told the FT: "We have all the evidence that Total's use of the oil field is not effective."

He said Total was unlikely to win a tender to participate in the development of a massive Shtokman gas field in the Barents Sea.

Total declined to comment.

Australian Forces Intervene To Halt Fighting In East Timor (NYT)

By Jane Perlez

The New York Times, May 26, 2006

DOJ_NMG_0030066

SINGAPORE, May 25 — Several hundred Australian commandos landed Thursday in the tiny Indian Ocean nation of East Timor to try to quell escalating fighting in an ethnic dispute involving the country's armed forces and police.

Explosions, apparently from grenades, and widespread small-arms fighting were heard across Dili, the capital. Nine people were killed and 27 others were wounded, including two United Nations police advisers, during an attack on the national police headquarters, the United Nations said.

By midnight, gunshots could still be heard, said an Indonesian diplomat, Budi, who spoke by telephone from his embassy. "There is danger for everyone in Dili," said Mr. Budi, who uses only one name. "We are protecting about 50 people in the embassy. They are afraid."

East Timor's foreign minister, José Ramos-Horta, appealed for the outside help to disarm "renegade troops and police rebelling against the state." Mr. Ramos-Horta, who shared the 1996 Nobel Peace Prize, said his government could not counter a breakdown of law and order, with about 800 loyal members of the army fighting a group of about 600 rebellious soldiers.

An additional 1,300 Australian soldiers, as well as forces from Malaysia and Portugal, the country's former colonial power, are expected in the next several days.

Kofi Annan, the United Nations secretary general, dispatched a special envoy, Ian Martin, to East Timor on Thursday. Mr. Martin, the United Nations' human rights envoy to Nepal, was Mr. Annan's special representative in East Timor in 1999.

The violence was the worst since East Timor, an extremely poor country of 800,000 people, gained independence from Indonesia four years ago after a United Nations-sponsored referendum. About 1,000 people died after the referendum as a result of violence by pro-Indonesian militias.

The current unrest has been simmering since earlier this year. About 600 members of the army, known as Loromonu, from the western part of the country, went on strike to protest what they contend is ethnic discrimination and a lack of promotions at the hands of the military leadership.

In April, the strikers were fired, and they formed a dissident group that has battled the remaining army, made up mostly of Lorosae, from the east.

The fighting between the groups intensified this week after many policemen of the same ethnic background as the rebellious soldiers defected to the rebel side, officials said.

Because of the fighting, roughly half of a contingent of about 200 Americans, mostly contractors for the United States Agency for International Development, left in the last few weeks, said a Western official who spoke on the condition of anonymity because he was not authorized to speak for attribution. All 47 Peace Corps volunteers, many of whom were stationed in remote areas, were evacuated at the beginning of May, he said.

The shootings outside the police headquarters on Thursday were the worst bloodshed of the conflict, the Western official said.

Stéphane Dujarric, the United Nations spokesman, said in New York, based on information from staff members in Dili, that after an hourlong attack at the Dili police headquarters, United Nations police and military advisers had negotiated a cease-fire that was agreed to on condition that police officers surrender their weapons and leave the headquarters unarmed. As they were being escorted out, he said, soldiers opened fire on them, killing 9 police officers and wounding 27 other people, including the 2 United Nations police advisers.

In the Australian Parliament, Prime Minister John Howard described the situation as "exceptionally dangerous." He said Australian troops, who have helped train the East Timor armed forces, would try to separate the warring factions and disarm them. The Australians will try to create a secure enough environment to conduct a dialogue that would end the conflict, he said.

In a hopeful sign, the Australian commandos were warmly welcomed at the airport by women and children holding signs reading, "Viva Australia."

Since gaining independence, East Timor has been almost totally dependent on foreign aid, and that is likely to continue for a long time, experts say. The United Nations Development Program estimates that the life expectancy in East Timor is 57 years.

The country, depleted of the coffee and sandalwood that once made it a small trading center, has valuable offshore reserves of natural gas. East Timor recently completed an agreement with Australia to exploit those reserves, but it is not expected to reap the benefits for years.

Extreme poverty, especially among young unemployed men, has encouraged the formation of gangs that have taken part in the violence.

Troops Land In Restive East Timor (WP)

By Alan Sipress And Colum Lynch

The Washington Post, May 26, 2006

DOJ_NMG_0030067

JAKARTA, Indonesia, May 25 -- Soldiers in East Timor opened fire on unarmed police officers Thursday, killing nine people and injuring 27, as Australian commandos arrived in an effort to quell surging violence on the tiny island nation.

The soldiers launched an hour-long attack on a police headquarters in Dili, the capital, in the deadliest clash since violence flared in East Timor several weeks ago. The unrest has been fueled by veterans angry over their dismissal from the army.

The violence jeopardized attempts by the government to assert control and represented a major setback for the United Nations, which had cited East Timor's independence in 2002 as one of the organization's greatest achievements of the past decade.

On Thursday, U.N. Secretary General Kofi Annan said he would dispatch a senior adviser to East Timor, and the Security Council met in an emergency session. Meanwhile, an initial planeload of Australian forces secured Dili's airport ahead of the full deployment of about 1,300 international troops requested by East Timor's government.

Before the attack on the police headquarters, in which two U.N. police advisers were wounded, five people had been killed in violence this week. Fierce gun battles forced residents to remain indoors while foreigners started to evacuate, according to news service reports. Several houses and shops were set on fire as rival factions carried their fight to the capital's downtown area, including streets by the presidential office and the U.N. compound.

East Timor's armed forces have launched attacks against police strongholds, including the Interior Ministry, U.N. Undersecretary Jean-Marie Guéhenno told the Security Council in a briefing.

He said the country's nascent police force was in "total disarray," noting that its commander, Paulo Martins, had not come to work in days and that his deputy and other officers had reportedly joined a dissident group of military police.

The investment in East Timor "is in danger of being seriously undermined should the international community fail to extend its support at this critical time of need," Guéhenno said. Besides Australia, Guéhenno said Portugal, New Zealand and Malaysia had made commitments to send troops.

Since East Timor won its independence from Indonesia, the government has struggled to absorb former rebel fighters into a modern military. The latest troubles began in March, when senior officers fired nearly half the army after hundreds of soldiers went on strike, alleging discrimination inside the armed forces. Those grievances erupted into deadly riots last month before reappearing in the form of a nascent guerrilla campaign by about 600 former soldiers based in the hills outside Dili. It was unclear if the violence on Thursday was led by the breakaway army faction.

The rebel commander told the BBC that the deployment of outside peacekeepers was vital to heading off civil war.

"There is no other way, or it will be war forever," said Maj. Alfredo Reinado, commander of the renegade force. "The government has taken too long. It is not capable of resolving this."

East Timorese voted for independence in 1999 following mob violence by Indonesian-backed militias. That violence ended only after the deployment of an Australian-led peacekeeping force. Today, the government in East Timor remains weak and strapped for cash, leaving it dependent on assistance from foreign governments and private organizations. The United Nations has substantially reduced its role on the island since early last year.

When the first contingent of Australians emerged from their plane Thursday and fanned out across the airfield, they were met by hundreds of cheering East Timorese.

"Welcome, Aussie soldiers. Please help us again," Judit Isaac, a homemaker, said as she watched the troops arrive, the Associated Press reported.

As international troops prepared to deploy, the U.S. Embassy ordered the evacuation of all nonessential personnel and advised U.S. citizens to leave the country.

"We can't control the situation," said Foreign Minister José Ramos-Horta, according to the AP. He said the foreign forces would help "disarm renegade troops and police rebelling against the state."

Raiders From Sudan Killed 118 In Chad, Rights Watch Reports (NYT/AP)

The New York Times, May 26, 2006

LONDON, May 25 (AP) — Raiders from Sudan have killed more than 100 villagers in Chad, Human Rights Watch reported Thursday, and the group expressed concern that the violence in Darfur was spreading.

Survivors told Human Rights Watch, a New York-based advocacy group, that the massacre was carried out last month by the janjaweed, an Arab militia that Sudan has been accused of unleashing on African villages where Darfur rebels might find support.

The Sudanese government denies backing the janjaweed but agreed to rein them in under a May 5 peace agreement. Violence, though, has increased since the government and the main rebel movement signed the accord. More than 180,000 people have died in Darfur, in western Sudan, since 2003.

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"Sudanese militiamen are moving further and further into Chad, and are looting and killing Chadian villagers," Peter Takirambudde, executive director of the Africa division of Human Rights Watch, said in a statement.

The Darfur war has destabilized the region where Sudan, Chad and the Central African Republic meet. Some 200,000 Darfur refugees have sought shelter in Chad.

Chadian rebels have bases along the border and Chad's government accuses Sudan of backing them, while Sudan accuses Chad of backing Darfur rebels. There are also reports that opponents of the Central African Republic's government are gathering in the area to prepare an attack on their government.

The massacre denounced by Human Rights Watch on Thursday occurred April 12-13, when Chadian security forces were preoccupied with an abortive attack by Chadian rebels on the capital.

Human Rights Watch, quoting witnesses, said 118 people were killed in four neighboring villages. Survivors said attackers shot or hacked to death unarmed villagers. The United Nations refugee agency has reported cross-border attacks on Darfur refugee camps in Chad as well as on nearby Chadian villages.

But attackers struck far from the camps in April, "in an area where there's almost no international presence ... very little government presence," a Human Rights Watch researcher, Leslie Lefkow, said in a telephone interview from Amsterdam.

Chadian officials had no immediate comment.

Human Rights Watch researchers learned of the massacres weeks later during a rare visit to the southern border area, Ms. Lefkow said.

The rivalry over resources and the complex ethnic dimension of the recent fighting in Chad is reminiscent of the roots of the conflict in Darfur.

The western Sudanese region saw decades of low-level tribal clashes over land and water before members of its African tribes rose in revolt in 2003, accusing the Arab-dominated central government of neglecting their impoverished region. Besides the 180,000 dead, 2.5 million people have been forced from their homes since the widespread fighting erupted.

Militia Fighting Intensifies In Mogadishu (WP)

By Tom Maliti

The Washington Post, May 26, 2006

NAIROBI, May 25 -- Islamic and secular militias battled in Somalia's capital Thursday, the most widespread and some of the deadliest fighting in Mogadishu in 14 years. Dozens of people were killed and thousands fled their homes on foot.

The fighting spread from northern Mogadishu, the scene of fierce battles in recent weeks, into the southern and eastern parts of the city, where the Islamic Court Union militia made a rare foray, witnesses said.

Islamic militiamen captured a strategic road junction, known as K4, and seized the historic Sahafi Hotel, owned by a member of the rival secular militia, the Alliance for the Restoration of Peace and Counterterrorism.

The fight for control of Mogadishu comes despite a May 14 cease-fire agreement. The alliance says the self-appointed Islamic Court leaders, who have their own militias, have links to al-Qaeda, while the Islamic militia accuses the alliance of working for the CIA. U.S. officials decline to confirm any association with the secular militia.

More than 140 people were killed in eight days of fighting earlier this month, and at least six people were killed in battles that erupted Wednesday in north Mogadishu. But residents said that Thursday marked the first time since 1992 -- when international forces came to Somalia, resulting in the failed U.S. military operation described in the book and movie "Black Hawk Down" -- that battles had broken out in different parts of Mogadishu on the same day.

At least 48 people were killed and about 90 injured, said Abdi Ibrahim Jiya of the Somali Doctors Association, citing information collected from the main hospitals in Mogadishu. He said the death toll would probably rise because many civilians were unable to make it to a hospital.

Thousands of civilians fled their homes on foot, some carrying children on their backs, trying to avoid the crossfire or stray rockets, shells and bullets.

Among those fleeing southern and eastern Mogadishu were residents who had sought refuge there after leaving the north.

"I have fled from northern Mogadishu. Now the fighting has affected me in the south. So I would prefer to go back to home since there is no safe place in the city," said Sadumo Imaam, whose youngest child was killed Thursday by mortar fire.

The Islamic militiamen portray themselves as an alternative force capable of bringing order to Somalia, which has been without a real government since largely clan-based warlords overthrew longtime dictator Mohamed Siad Barre in 1991.

A U.N.-backed government based in the central city of Baidoa, 155 miles northwest of Mogadishu, has been unable to assert authority. Islamic leaders reject the government because it is not based on Islam.

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The battle for Mogadishu has further complicated relations within the transitional government. Transitional Prime Minister Ali Mohamed Gedi gave an ultimatum to cabinet ministers involved with the secular alliance -- which operates independently -- telling them to join the administration in Baidoa or resign.

Mohamed Qanyare Afrah, an alliance leader and the national security minister, said Thursday that he and three other alliance leaders in the cabinet had not resigned despite widespread reports they had, raising questions about the viability of the already weak government.

A Latin Leader Set To Defy Leftist Trend (CSM)

By Danna Harman

The Christian Science Monitor, May 26, 2006

BOGOTÁ, COLOMBIA - As leftists and populist politicians - some of them overtly anti-American - gain strength across Latin America, Colombia's conservative president, Alvaro Uribe, stands out as a political island.

The slight, bespectacled yoga enthusiast with an amateur historian's interest in the US Civil War (he knows the Gettysburg Address by heart) is expected to be reelected here Sunday. Uribe has more than 57 percent support, enough to win elections in the first round, according to the Napoleón Franco Group, a polling firm here.

The reason, say observers, is that Colombians feel safer - and better off economically - today.

"Uribe is a remarkable leader," says Michael Shifter, vice president of the InterAmerican Dialogue, a think tank in Washington, D.C. "He has an acute sense of what the people want, and despite continuing, serious problems, has made real progress on the security front."

Indeed, three days before the elections wealthy young Colombians while away the late afternoon at trendy outdoor cafes in Bogotá. In Plaza Bolivar, school children in plaid uniforms race to scatter the pigeons and small groups of tourists gather for the changing of the presidential guard nearby.

Four years ago, when Mr. Uribe took office, Colombia looked much different. Car bombings and kidnappings were an almost daily occurrence. Talks between the government and leftist rebels to end 40 years of insurgency had just collapsed, and Frommer's didn't even bother including Colombia in its South America tour guide.

Today, the ongoing conflict between rebels and right-wing paramilitaries, both fueled by drug money, still kills thousands each year and has displaced, according to UN estimates, more than 2 million people. But there has been progress.

Homicides and kidnapping rates here are among the world's highest - but are down sharply. The murder rate has fallen 36 percent since 2002, according to Uribe's spokesman. Kidnappings dropped to 800 last year from nearly 3,000 in 2002, and are down 47 percent so far this year.

Highways in some parts of the country are still off limits and dangerous, but many that were long-controlled by bandits have been reopened.

The country's largest rebel group, the 17,000-strong Revolutionary Armed Forces of Colombia (FARC), preparing to celebrate its 42nd anniversary next week, still refuses to negotiate. But the smaller leftist National Liberation Army (ELN) rebel group is in preliminary peace talks, and 30,635 United Self Defense Forces of Colombia (AUC) rightist paramilitaries have demobilized.

The improved security situation in Colombia, meanwhile, has also helped the economy: reviving tourism, consumer demand, and investment. According to Central Bank statistics, foreign direct investment here is up fivefold - to $10 billion last year - since Uribe took office.

"I can go to the countryside for the weekend without being killed on the road, I can go out for lunch without fear of being kidnapped, and I have more money in my pocket. What's not to like?" asks Pedro Quintero, an accountant.

Uribe, a Harvard University graduate, is popular in Washington, too, where President Bush has referred to him as a "strong and principled leader," and has poured $3 billion in aid into Colombia since 2002, most of that for the war on drugs.

Despite having his hands tied by the war at home, Uribe is a natural bulwark to Washington nemesis Hugo Chávez, the leftist Venezuelan president, says Alvaro Vargas Llosa, a Latin America expert at The Independent Institute in Oakland, Calif., public policy think tank. "Uribe can be more forceful a counter than some of the more moderate left in the region, and the US needs that," says Mr. Vargas Llosa.

Uribe's tough antirebel offensive and willingness to extradite suspected drug traffickers to the US also play well. The State Department's annual report on terrorism, released last month, lists both the leftist rebel groups and the rightist paramilitaries here as terrorist organizations - and hails Colombia as "a model of success in its counter-terrorism campaign."

By contrast, the State Department claims that next-door neighbor Venezuela is "unwilling or unable" to control traffic in arms, supplies, and drugs to the FARC and ELN - a designation that prompted Washington last week to announce a suspension of arms sales to Mr. Chávez.

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Uribe, if he wins, would be the first Colombian president immediately elected to a second term after congress changed the constitution last year to allow him to run. Uribe has maintained popularity levels of near 70 percent throughout his first term. But the history of second- or third- term presidencies in Latin America offers a caution. Argentina's Carlos Menem similarly won congressional permission to run for a second term, and Peru's Alberto Fujimori dissolved congress in a "self-coup" to get his second term, and changed the constitution to get a third term. Both ultimately left office amid declining popularity and corruption allegations.

"A second administration will be very tough because Colombians' instincts are against excess of power," says Vargas Llosa. "They will be hard on Uribe."

Criticisms of Uribe center around accusations that the wealthy landowner, whose father was killed by the rebels in the early 1980s, maintains too-cozy ties with paramilitary leaders, protecting them from long jail sentences and extradition to the US, and that he has allowed his security forces to commit abuses. Uribe is also charged with ignoring grave social problems in a country where more than half of the 41 million population live in poverty.

But perhaps the most serious criticism of him is how - in the tradition of Latin American strongmen who trample the judicial and legislative branches - he handles criticism. "Uribe has an authoritarian streak ... and embodies a new kind of conservative populism," charges Bruce Bagley, a professor of international studies at the University of Miami in Florida.

"He is intolerant of criticism, especially by human rights organizations and NGOs. He runs his foreign policy out of the presidential palace ... and most important, he has made no effort to build an effective political party that would allow the country to continue to function democratically after he leaves office," says Mr. Bagley.

Carlos Gavira, a left-wing judge who is also running for president, and who was once Uribe's law professor at the University of Antioquia in Medellin, joked to the Associated Press this week that Uribe "was a good student, but he forgot to come to the class on constitutional law."

Uribe's recent tirades against journalists critical of him - which earned him reprimands from Human Rights Watch - and his refusal to participate in any presidential debates, have not helped this image. "He projects himself as a messiah, saying that only he can bring the country out of chaos," says Maria Jimena Duzan, a columnist at Colombia's most influential newspaper, El Tiempo. "He manages the country like it's his farm, and I am afraid this will get worse."

The Alternative Democratic Pole (PDA) party's Mr. Gavira, who opposes free trade agreements with the US, is second behind Uribe, with some 19 percent of the votes, according to last Friday's Napoleón Franco poll. Former minister Horacio Serpa of the Colombian Liberal Party (PLC) is behind with 13 percent.

Colombia's Peace And Justice Law (NYT)

The New York Times, May 26, 2006

Last July, Colombia passed a measure called the Justice and Peace Law. It was supposed to offer paramilitary fighters incentives to put down their guns, but would instead have let them continue their criminal activities undisturbed. Now Colombia's Constitutional Court has restored justice and peace to the law.

The State Department considers the Colombian paramilitaries to be terrorists. They are responsible for massacring thousands of civilians, and they finance their activities through extortion and by providing 40 percent of Colombia's cocaine exports.

The Constitutional Court has greatly strengthened the demobilization law. The court left in a substantial reduction in sentences to induce paramilitaries to stop fighting, but requires them to confess in full to their crimes and provide the authorities with the information necessary to dismantle these criminal gangs. The court also struck down a provision that would have given prosecutors a cripplingly short time to prepare cases.

President Álvaro Uribe's administration has twice written bills that restrict the jurisdiction of the Constitutional Court, which is the most important remaining check on the president's power. Mr. Uribe may try again if he is elected to a second term on Sunday. He enjoys the strong backing of Washington, which considers him a counterweight to Hugo Chávez in Venezuela. The American ambassador, William Wood, has enthusiastically supported Mr. Uribe's sweetheart deal for the paramilitaries.

While the Bush administration acknowledges in general that Constitutional Court decisions should be respected, it needs to make a strong statement of support for that court's independence, and for paramilitary demobilization under the court's terms. Mr. Uribe should, too, and should abandon his efforts to meddle with the Constitutional Court.

The Tyranny Doctrine (LAT)

By Danielle Pletka And Michael Rubin

The Los Angeles Times, May 26, 2006

DOJ_NMG_0030071

LAST WEEK, Secretary of State Condoleezza Rice announced resumption of full U.S. diplomatic relations with Libya, citing Tripoli's renunciation of terrorism and intelligence cooperation. This ends a quarter-century diplomatic freeze. It also marks an effective end to the Bush doctrine.

At his second inauguration, President Bush declared: "The survival of liberty in our land increasingly depends on the success of liberty in other lands. The best hope for peace in our world is the expansion of freedom in all the world."

Since that soaring pronouncement, the Bush administration has watched Egypt abrogate elections, ignored the collapse of the so-called Cedar Revolution in Lebanon and abandoned imprisoned Chinese dissidents; now Washington is mulling a peace treaty with Stalinist North Korea.

The rhetoric of democracy, it turns out, comes more easily than its implementation. Washington worries that Egypt will bow out of the fight against Al Qaeda if the U.S. presses for reform. It worries that China will bar investment if Bush presses for the release of political prisoners. Are these fears realistic? No. These countries still have interests that parallel ours. But that won't be clear unless the president forces the tyrants to make a choice: reform or face isolation.

The case of Fathi El Jahmi, Libya's foremost democracy activist, is among the most poignant. When El Jahmi was briefly furloughed from prison in 2004, Bush hailed his release as a sign of change in Libyan strongman Moammar Kadafi. But El Jahmi's freedom lasted just two weeks, and his name hasn't passed the president's lips again. Rice's announcement welcoming Libya back into the fold of civilized nations mentioned neither democracy nor El Jahmi.

In Egypt, where only last year Rice made herself a heroine to reformers by demanding competitive elections, the government has accelerated repression. It has imprisoned Ayman Nour, the leading opposition leader, on spurious charges. Where once the Bush administration threatened to withhold aid and won the release of a prominent democracy advocate, it is now silent. In early May, Egyptian police rounded up hundreds of demonstrators rallying in support of two judges who said that parliamentary elections were rigged. Yet Washington does not seek to reduce Egypt's $1.8 billion in annual aid. Instead, this month it hosted President Hosni Mubarak's son (and anointed successor).

Pressure for changes also has lessened in Syria and Lebanon. In March 2005, in the wake of the assassination of former Prime Minister Rafik Hariri, the Lebanese people rose up to demand democracy and reform. The Bush administration cheered, but it soon lost interest. A July visit to Beirut by Rice, replete with the "obligatory" meeting with the puppet president installed by Syria, sowed doubt about the U.S. commitment to Lebanese independence. Washington's blunders have ensured that a Syrian stooge will likely govern Lebanon for another year.

The same devotion to form over substance has been apparent in our China policy. Before his 2005 visit, Bush asked for the release of several political prisoners, including a New York Times researcher, Zhao Yan. The Chinese government ignored the request. The same polite query went to Beijing before President Hu Jintao's April visit to Washington. This time, Zhao was released, only to be indicted again once Hu's world tour was complete. Signs of White House displeasure? Not one.

Is it possible that the administration is questioning the wisdom of promoting democracy as a long-term solution to U.S. national security woes? "Realists" suggest that the president has finally woken up and smelled the coffee. They say democracy gave us an Islamist government in Iraq and Hamas in Palestine. It could give us the Muslim Brotherhood in Egypt. Heaven knows what it would spawn in China or Libya. Better the devil you know.

But there is no sign the White House has done any strategic rethinking. The president continues to believe his own preaching, but his administration has become incapable of making the hard choices those beliefs require. Instead, it has been quick to embrace the showy, if transitory, political advantages that come from welcoming Kadafi into the family of nations and China's president on a tour of Boeing.

The many foreign dissidents and reformers who took Bush at his word are the first to pay the price for Washington's lack of backbone. They were told that if they took risks for freedom, the U.S. would stand with them. Letting them down will make it all the more difficult to find democratic allies. Brave individuals are the real building blocks for transitions to democracy. Without them, as we have learned in Iraq, there are few alternatives to the tyranny that threatens us all.

Danielle Pletka And Michael Rubin are, respectively, vice president for defense and foreign policy and resident scholar at the American Enterprise Institute.

Democracy At Risk South Of The Border (WSJ)

By Manuel Suarez-Mier

The Wall Street Journal, May 26, 2006

On July 2 Mexico will hold the most closely contested presidential election in its history. That in itself wouldn't be a problem if all the candidates were committed to the democratic process. But in recent weeks two of the three main campaigns have jointly pledged to challenge election results in the streets with massive unrest if their candidates don't win. If that happens, Mexico will be thrown into chaos and Mexicans will be the losers.

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A poll by Zogby International last week gave Felipe Calderón a five percentage point lead over Andrés Manuel López Obrador and 12 points over Roberto Madrazo.

That's good news for Mexico. Mr. Calderón of the National Action Party offers the best chance to deepen the market-oriented economic reforms necessary for strong growth and job creation and to ease the exodus of Mexicans abroad. Mr. López Obrador of the hard-left Revolutionary Democratic Party, on the other hand, would return the country to nationalist populism and a closed economy. Mr. Madrazo of the Institutional Revolutionary Party is marketing a mixture of both, publicly siding with the left while privately pledging support for centrist reforms.

Yet even if Mr. Calderón can hold the lead, Mexico may be heading for trouble. The PRD and the PRI have announced that they are forming a united front to reject the election results if neither one wins. They charge that Mexico's PAN President Vicente Fox has illicitly used government resources to support Mr. Calderón. This week Manuel Camacho of the PRD signaled his party's nondemocratic intentions when he told the Financial Times that "there are going to be demonstrations on a scale rarely seen in Mexico and that will make it very hard to govern, no matter who wins."

Mexico can ill afford what Mr. Camacho has in mind. And yet, the prospect is looming as, much to the dismay of the PRI and the PRD, it appears that voter preferences have truly shifted toward the more market-minded Mr. Calderón.

The first big turnaround in this election concerns the PRI. It ran the country for 70 years until 2000 and as it enjoyed victories in state and local elections over the past three years, Mr. Madrazo appeared, six months ago, to have a good shot at winning. But he alienated so many would-be allies within the PRI, in his blind ambition to become its presidential contender, that today he appears unelectable. The Madrazo campaign is going nowhere but down.

The contrast with Mr. Calderón could not be more striking. He came from behind to beat Mr. Fox's hand-picked favorite in his party's primaries, and won the nomination. For months his candidacy appeared to stall. But in April he shook up his campaign team, focused his message and sharpened the attacks against his opponents. His cause was further advanced by winning, hands down, the first presidential debate in April in which Mr. López Obrador refused to participate.

Until Mr. Calderón's turnaround, this year's campaign phenomenon had been the PRD's Mr. López Obrador. Popularly known in the Mexican press as "AMLO," the PRD candidate has been running for president since he became Mexico City's mayor in 2000. Using savvy propaganda and generous giveaways, this populist demagogue seemed to have an unbeatable political advantage. But the lead went to his head, and he began acting as if he had already won. He rejected invitations to speak with nongovernmental organizations and private-sector groups and openly insulted Mr. Fox in alarmingly shrill tones.

As public opinion has turned against him, AMLO has resorted to accusing the pollsters, the media and the electoral authorities of plotting against him, a tactic he has employed regularly throughout his political career to boost his "victim" image and create social unrest in the streets. With his recent charges that Mr. Fox's government is illicitly helping Mr. Calderón he appears to be once again laying the groundwork for a challenge to an official ruling, this time the July 2 results. Mexicans are bracing for the protests that are now an AMLO trademark and that Mr. Camacho has threatened.

The surprising development, though, is that Mr. Madrazo -- once AMLO's arch-enemy in politics -- now seems ready to join in claims of an election swindle. This is all the more unusual because the PRI created Mexico's independent electoral authorities, which have gained widespread respect.

The PRD was formed by members of the PRI who bolted their party when it began to reform in the mid-1980s. As one of these dinosaurs, AMLO seeks to restore Mexican rule to the "true" PRI values of 1930s and to ban the "neoliberal" technocrats. If he wins, he could do this by wooing PRI legislators with perks that their losing party can no longer deliver, in exchange for changing parties. Think of it as a leveraged buyout. In this set-up the PRI, as a national party, would probably vanish.

With a congressional majority, AMLO could then change the laws that limit his power and by pledging federal money for state governors, he might also win enough votes to modify the constitution and add the ingredient that he needs to fulfill his mission: presidential reelection. He could crown his authoritarian reforms by uprooting the judicial system that has worked in recent years, for the first time in history, like the independent power intended in the original Constitutional design.

If Mr. Calderón wins and the government subdues the protests of a losing PRD and its PRI allies, the PRI might survive; Mr. Calderón is not likely to offer goodies the way AMLO would. This is what makes Mr. Madrazo's support of the PRD's electoral-fraud scheme so bizarre.

A lot is riding on this election, with repercussions far beyond Mexico's national boundaries. If Mr. Calderon wins by a wide margin, PRD and PRI claims of fraud would have little traction, although they will be tried anyway. But if the Calderón margin is narrow and his competition contests the results by creating serious unrest, it could compel the government to annul the poll's results, forcing a new election.

This situation would weaken the country's institutions, raise uncertainty and fears of anarchy, with potentially serious financial instability and economic disarray. Emigration would mushroom. The long awaited Mexican miracle of fast growth and job creation -- stemming migratory outflows -- would be lost for at least another six years, if not for much longer.

DOJ_NMG_0030073

Mr. Suarez-Mier teaches economics at American University in Washington.

DOJ_NMG_0030074

Ames, Andrew

From: Ames, Andrew
Sent: Friday, May 26, 2006 11:05 AM
To: Agarwal, Asheesh (CIV); Ames, Andrew; Baxter, Felix (CIV); Branda, Joyce (CIV); Brett Gerry; Brody, Stephen (CIV); Bucholtz, Jeffrey (CIV); Bukvics, Jennifer (CIV); Claterbos, Barbara (CIV); Cohen, David M. (CIV); Cohn, Jonathan (CIV); Davidson, Jeanne (CIV); Davis, Dan (CIV); Fargo, John (CIV); Fielding, Gabrielle (CIV); Figley, Paul (CIV); Flentje, August (CIV); Frost, Peter (CIV); Garren, Timothy (CIV); Glynn, J.Patrick (CIV); Gorsuch, Neil M; Hertz, Michael (CIV); Hollis, Robert (CIV); Hunt, Jody (CIV); Hussey, Thom (CIV); Jennifer Brosnahan; Jeweler, James (CIV); Katsas, Gregory (CIV); Keisler, Peter D (CIV); Kohn, Chris (CIV); Kopp, Robert (CIV); Letter, Douglas (CIV); Levine, Larry (EOIR); Lindemann, Michael (CIV); Magnuson, Cynthia; McCallum, Robert (SMO); Miller, Charles S; Nichols, Carl (CIV); Nowacki, John; Pyles, Phyllis (CIV); Riley, Sharon (CIV); Rivera, Jennifer (CIV); Roehrkasse, Brian; Schiffer, Stuart (CIV); Scolinos, Tasia; Seidel, Rebecca; Senger, Jeffrey M; Spellberg, Dianne (CIV); Swenson, Lily F; Thirolf, Eugene; Wilson, Karen L; Zwick, Ken (CIV)
Subject: 5/26/06 Civil Division News

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Editorial: Don't let lawsuit do end run around FBI security checks

Editorial: Dodging blame for errors drags U.S. down

Los Angeles Times

May 26, 2006

Bush Seals Jefferson's Seized Files

By Maura Reynolds and Richard B. Schmitt
Times Staff Writers

WASHINGTON — President Bush intervened Thursday to defuse an increasingly bitter dispute between congressional leaders and the Justice Department, ordering that documents seized in an unprecedented raid on a congressman's office be sealed for 45 days.

Congressional leaders, displaying rare bipartisan unity, had angrily accused the Justice Department of overstepping its authority and demanded the return of the material confiscated in a weekend search of the Capitol Hill office of Rep. William Jefferson (D-La.), who is under investigation for bribery.

It is highly unusual for a president to step into a Justice Department investigation. Bush's decision followed an escalating conflict that strained relations between the White House and the Republican-led Congress.

The president's intervention also came as federal probes into possible corruption have the House on edge. In a radio interview Thursday morning, House Speaker J. Dennis Hastert (R-Ill.), who had complained to the president about the raid, accused Justice Department officials of trying to intimidate him by leaking a false story to ABC News that he was under investigation.

Although the 45-day delay will slow down the investigation of a Democrat, it could also benefit Republicans, who are under greater scrutiny in the investigation surrounding former lobbyist Jack Abramoff, who has pleaded guilty to fraud and schemes to bribe members of Congress.

In a statement explaining his decision, Bush acknowledged the "deeply held views" of House leaders that the raid violated the constitutional principle of separation of powers between Congress and the executive branch.

"After days of discussions, it is clear that these differences will require more time to be worked out," he said, noting that the timeout would allow a solution that "respects the interests of a coequal branch of government."

Hastert accepted the olive branch. "This gives everybody a chance to step back," he said after meeting with Republicans, whose cheers at the announcement could be heard outside a room in the Capitol.

Hastert insisted he was defending the Constitution, not a potentially corrupt congressman. "We need to protect our Constitution," he said. "It's important that the people's records are protected."

The dispute began Saturday, when FBI agents served a search warrant on Jefferson's office and barred congressional officers — including the House sergeant of arms and the Capitol Police — from the overnight search. The dozen agents removed two boxes of documents and copied computer files.

It is believed to be the only time in U.S. history that the executive branch served a search warrant on a congressional office.

The Justice Department said the move came after Jefferson had resisted a subpoena. Investigators have already searched his Washington-area home, where they reported finding $90,000 in marked bills wrapped in foil in his freezer. The FBI said it earlier videotaped him accepting the money from a Virginia businesswoman.

Congressional leaders argue that the Constitution protects lawmakers from such searches of their offices but have offered to establish a procedure to make available materials that are wanted in a criminal investigation.

"Members were relieved to see the White House response," said Majority Whip Roy Blunt (R-Mo.). "They believe it gives us a chance to find the proper way to view this material."

Tensions between House Republicans and the White House have been building for months.

Members complain that the White House often ignores their views, which led to an unwanted debate over Social Security, and has been politically tone-deaf on issues such as allowing a Dubai company to manage U.S. ports.

"There are several instances here that are extremely troubling to members of Congress," said a Republican leadership aide who spoke on condition of anonymity.

Earlier in the day, Hastert told Chicago radio station WGN that the ABC News report was "one of the leaks that come out to try to … intimidate people, and we're just not going to be intimidated."

The network reported Wednesday night that the FBI was investigating Hastert in connection with the influence-peddling probe surrounding Abramoff, who is cooperating with federal investigators.

After the ABC News report, the Justice Department twice denied that Hastert was under investigation. Hastert said the report was false, and his lawyers have demanded a retraction and threatened legal action.

ABC News reported that investigators were examining a letter that Hastert and others wrote in 2003 to the secretary of the Interior to block a casino on an Indian reservation that would have competed with tribes then represented by Abramoff. The letter was written shortly after a fundraiser for Hastert at a Washington restaurant that Abramoff owned at the time.

An ABC News executive said the report did not say Hastert was a "target" or "subject" of the investigation. "We said he was 'in the mix' and that Abramoff had said things to federal investigators which have led them to look at a number of congressmen, including the speaker," said Jeffrey Schneider, a spokesman.

Responding to Hastert's charge that someone in the department was trying to intimidate him, a Justice Department spokesman said, "We are not going to dignify or speculate about the motives of anonymous sources providing inaccurate information."

White House officials would not say whether Bush spoke personally to Atty. Gen. Alberto R. Gonzales about the raid but said that there had been "ongoing discussions" with officials from Justice and the House.

Bush ordered the U.S. solicitor general to ensure the documents remain under seal for 45 days. That office, which is not involved in the Jefferson investigation, represents the government before the U.S. Supreme Court.

Gonzales, who approved the search of Jefferson's office, issued a statement saying he was satisfied with the president's decision.

"Throughout this discussion period with the Congress over the court-authorized search of Congressman Jefferson's office, the Justice Department has sought to protect the integrity of this important ongoing public corruption investigation," Gonzales said. "The president's order does that and provides additional time to reach a permanent solution that allows this investigation to continue while accommodating the concerns of certain members of Congress."

A government official, who requested anonymity, said Justice Department negotiators were adamant that the department not relinquish the seized materials because it could compromise the investigation.

The official also said some senior department officials were prepared to resign if Bush had ordered the documents returned.

Press Secretary Tony Snow said Thursday that the White House counsel's office learned of the raid only after it had begun.

Snow said Bush decided to order the 45-day seal to "shift the focus from who gets the records right now to the more constructive task of working together to resolve the constitutional concerns of both sides."

"It became pretty obvious that this was a very complex issue, and it was necessary to give cooler heads time to prevail on it," Snow said. "We're getting into uncharted constitutional waters, and I think both sides want to preserve the integrity of their institutions."

Harvard law professor Charles Fried, a solicitor general in the Reagan administration, said he considered the House's legal arguments to be on shaky ground but said Bush's actions were reasonable.

"It is something new, but in principle it strikes me as probably OK," Fried said. "No evidence is lost. [Jefferson] has no chance to flush any papers down the toilet. So it's all on ice, and people can figure it out."

Jefferson, an eight-term congressman from New Orleans, is accused of accepting cash in return for helping a Virginia businesswoman obtain contracts to provide mobile phone and Internet services in the African countries of Ghana and Nigeria. Two Jefferson associates are cooperating with investigators, as is the businesswoman.

Members of Congress and their staffs have expressed concern privately that the Justice Department was less interested in prosecuting Jefferson than in establishing a legal precedent that could be used in other probes — specifically the widening ethics probe around Abramoff.

The president's decision to seal the documents was an unusual intervention in a criminal prosecution, but, as chief executive, he controls the entire executive branch, including federal prosecutions. The president not only appoints U.S. attorneys but at least in theory could decide that a particular case should or should not be investigated.

Past controversies involving the president and prosecutions have arisen in the rare circumstance when the chief executive, under political pressure, agreed to appoint a special prosecutor to investigate his conduct.

President Nixon appointed special prosecutor Archibald Cox to investigate the Watergate affair and then set the stage for his eventual resignation when he ordered Cox to be fired.

President Clinton agreed to have an independent counsel appointed to investigate the allegations of wrongdoing in the Arkansas land deal known as Whitewater and later clashed with Independent Counsel W. Kenneth Starr.

END

Wall Street Journal

May 26, 2006

Secrets Claims In NSA Case May Stop Suits

By DIONNE SEARCEY

As lawsuits mount against phone companies from plaintiffs who allege their call records were handed over to the National Security Agency illegally, the companies' defense may benefit from a powerful force: the U.S. government.

The plaintiffs, who accuse Bell phone companies of privacy violations and are seeking billions of dollars in damages, would need to delve into the depths of the NSA's surveillance program to make their cases. But the government considers such information top secret, and legal experts expect the Bush administration to assert the "state secrets" privilege in the 20 or more lawsuits filed by privacy advocates in recent weeks. If judges accept the claim, as has been the case in nearly every instance in which it has been asserted since the early 1950s, the suits will dissolve.

The state-secrets privilege stems from the Cold War era, created to allow the U.S. government a means of moving to dismiss lawsuits that would hurt foreign policy or national security. The motion has been successfully invoked in cases involving government contractors and, more recently, in the case of a German citizen claiming he was wrongfully detained by the Central Intelligence Agency.

In a California suit filed earlier this year against AT&T Inc., the Bush administration has already weighed in to try to dismiss the case, asserting state secrets in a motion aimed at preventing the airing of any classified information. A federal judge in San Francisco is expected to rule on the motion as soon as June 23.

In that case, the Electronic Frontier Foundation, a San Francisco privacy-rights group, accuses AT&T of illegally helping the NSA analyze phone records and Internet communications without court authorization. Most of the suits have been brought on behalf of phone-company customers by activists ranging from the state branches of the American Civil Liberties Union to public-interest lawyers to Chicago author Studs Terkel. Nearly all seek class-action status.

The suits against AT&T, Verizon Communications Inc. and BellSouth Corp. stem from recent media reports alleging that the companies violated privacy laws by handing over domestic calling records of Americans without court authorization. To litigate the cases, plaintiffs as well as defendants must produce evidence of exactly what happened between the companies and the NSA, lawyers say. AT&T declines to comment on the cases but insists it has violated no laws. Spokesmen for BellSouth and Verizon, which have denied turning over records to the NSA, say the suits are without merit.

Senate Judiciary Committee leaders met yesterday to consider issuing subpoenas to the chief executives of AT&T, BellSouth, Verizon and Qwest Communications International Inc. for a hearing that would examine the NSA issue. No decision was made, a committee aide said, but the senators plan to meet again June 6. Earlier this week Federal Communications Commission Chairman Kevin Martin, citing the government's invocation of the state's secret privilege in the AT&T suit, said the agency wouldn't investigate allegations of privacy violations by the phone companies.

In highly redacted document unsealed yesterday in the Electronic Frontier Foundation suit, a former AT&T technician says an NSA agent visited an AT&T office in 2002 and 2003.

The bulk of the other lawsuits offer virtually no evidence from plaintiffs beyond the allegations raised in newspaper articles. The phone companies have either denied participating in the NSA program or said they did nothing illegal, and they have noted that they can't discuss classified information. So far, no one in the U.S. government has offered any information publicly.

"As it stands right now we have no way to defend against these lawsuits," said one telecom lawyer. "It's equally important to point out that short of a newspaper article the plaintiffs don't have anything to prosecute these cases," he added.

Lawyers familiar with the suits say they anticipate that the government will invoke state secrets in all the cases against the phone companies. In a filing Wednesday in which Verizon asked the courts to consolidate the myriad cases, the company's lawyers said: "The United States is likely to intervene in and seek the dismissal of these cases...in order to assert its state secret privilege." The Judicial Panel on Multidistrict Litigation in Washington, D.C., will determine whether to consolidate the cases.

In recent years, government officials have ratcheted up the use of state-secrets motions. According to Thomas Blanton, a director the National Security Archive at George Washington University, the use of the privilege climbed from about once every five years from the 1950s through the late 1970s to twice a year from 1977 to 2001. Since 2001, the government has used the privilege in at least 13 cases, or a rate of about three times a year.

Mr. Blanton says that in nearly every case judges have sided with the government. "With state secrets the way it's developed is that's the magic word, the neutron bomb that leaves no plaintiff standing," he says.

If judges dismiss state-secret motions in the cases, both sides would likely rely on classified information to argue their cases, which could result in significant logistical hurdles. Secret documents would need to be flown from Washington, with federal escorts, to judges' chambers in Rhode Island, Louisiana, Montana and numerous other states where suits have been filed.

Lee Tien, a lawyer for the Electronic Frontier Foundation, says he is optimistic that the judge in that suit will quash the state-secrets motion. He argues that the government isn't merely a bystander in the case. "They're an intrinsic part of what's going on," Mr. Tien says. "It's a bigger problem from a fairness or due process point of view."

The judge's ruling in June could set the stage for how the other cases play out, and other lawyers and plaintiffs in the suits said they will be closely watching.

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Inside Higher Education

May 26

Ever-Expanding False Claims Act

When a ruling by the U.S. Court of Appeals for the Seventh Circuit last fall endorsed a legal theory that made it easier for individuals to sue colleges under the federal False Claims Act, higher education legal experts did what they often do: They predicted that the sky might fall, in the form of a flurry of lawsuits that might be more likely to succeed.

That sound you just heard might have been the first piece of the sky hitting the roof.

A federal judge in California on Tuesday cleared the way for three former adjunct professors at Chapman University to sue the institution under the False Claims Act, which permits lawsuits by an individual who believes he or she has identified fraud committed against the federal government, and who sues hoping to be joined by the U.S. Justice Department. (The plaintiff then shares in any financial penalties, which can include trebled damages.) In siding with those who sued Chapman, Judge James V. Selna not only cited the Seventh Circuit's decision in *United States of America ex. rel. Jeffrey E. Main v. Oakland City University* as a key precedent, but expanded on it in significant ways. Most notably, the judge concludes that a college can run afoul of the False Claims Act by violating a requirement imposed not directly by the federal government but by an accrediting group — a position the Justice Department endorsed.

"This is exactly what we were worried about with the *Main* case, and in fact it broadens it and takes it a

step further," said Mark L. Pelesh, executive vice president at Corinthian Colleges and a longtime higher education lawyer. "Now making false claims to an accreditor somehow translates, through this conflationary approach, into making false claims for money to the federal government."

This is complicated legal terrain, so let's back up. First, last October's decision by the Seventh Circuit was perceived as breaking new ground because it concluded that a college or other recipient of federal funds could be held accountable under the False Claims Act for breaking a promise or commitment it makes to the government at one point in time or at one stage of a federal application process, even if it does not make a similar promise at the point at which it formally requests or receives the funds. Specifically, the court ruled that a former admissions director could sue Oakland City for allegedly paying recruiters based on enrollment because the initial, "phase one" application that it and other colleges make to the Education Department for certification to eventually award federal financial aid funds bars it from doing that, even though no money passes hands at that point.

"Lawyers who make a living out of suing universities can have a field day with this," Sheldon E. Steinbach, vice president and general counsel of the American Council on Education, the chief umbrella group for higher education, said at the time of the ruling in the *Main* case.

The U.S. Supreme Court decided last month not to review the *Oakland City v. Main* decision, which leaves it intact in Illinois, Indiana and Wisconsin, the states that are part of the Seventh Circuit, and as legal precedent for other courts to cite.

And indeed, that's what happened this week, in a case known as *United States of America v. Chapman University.* In that case, three former instructors at the comprehensive institution in Orange, Calif., charged that Chapman had broken promises made to the federal and state governments about certain aspects of the quality of education offered at Chapman's University College branch campuses, which primarily serve adults.

They said, for example, that instructors at Chapman regularly shortchanged students by providing fewer in-class hours than are required by the Western Association of Schools and Colleges, the regional accrediting agency that oversees California, and that the university had purposely and fraudulently failed to give students in its marriage and family therapy program as many hours of clinical training as California's certification program for such therapists requires. (The university released a statement Wednesday that said: "We are very confident that this case has no merit; it lacks basis in law and in fact. We are certain that Chapman University will ultimately prevail.")

The instructors, who say they resigned rather than participate in the fraud they allege occurred, sued under both the federal and California False Claims Acts. Chapman sought to have the case dismissed, and in his decision this week rejecting the university's request, Judge Selna said that the Seventh Circuit's decision in *Main* "provides a persuasive analytic framework" for the Chapman case.

Further, he accepted their unconventional argument that statements the university made during the course to the Western Association of Schools and Colleges in the course of the accreditation accrediting process were analogous to those Oakland City made to the U.S. Education Department that the Seventh Circuit concluded triggered the False Claims Act. The underlying theory: Chapman told the accreditor it would do certain things (like give students a certain amount of class time to make their degrees mean something). If it had not agreed to do those things, Chapman would not have received accreditation, and if it was not accredited by an agency recognized by the Education Department, the university would not have qualified for the federal grants and loans — the receipt of which triggers the False Claims Act.

In siding with the plaintiffs and their novel theory, the federal court had the encouragement of another not insignificant party: the U.S. Justice Department. Although the government declined to take the instructors' side in their lawsuit against Chapman, Assistant Attorney General Peter D. Keisler filed a brief with the California court mostly backing their legal argument and opposing Chapman's request to dismiss the suit.

The university's argument "that 'no False Claims Act claim can be maintained based on the standards of [a] private accreditation authority' " sweeps "too broadly," the government brief notes. "Numerous courts

have held that where the United States makes compliance with certain requirements a condition of receiving a government benefit and a person submits a claim while not in compliance with such requirements, the claim violates the [False Claims Act].... Nothing in this theory of liability requires that the substance of the federal requirement originate with the federal government, as long as the federal government has adopted the requirement as its own, by statute, regulation, rule or contract."

Michael B. Goldstein, a higher education lawyer at Dow Lohnes Albertson, said the Justice Department has seized on the *Main* case as a way of pushing for a broader interpretation of the False Claims Act, and has stepped into several pending cases — including the anticipated blockbuster of higher education False Claims cases, one involving incentive compensation at the University of Phoenix that is now before the U.S. Court of Appeals for the Ninth Circuit — to "make it clear that this is now the government's position."

Several lawyers who represent colleges bemoaned what they said was the expanding reach of the False Claims Act into higher education, although Goldstein and others were quick to note that all that the Main and Chapman cases have done so far is to allow those suing them to make the case that the institutions actually engaged in fraud, and to make it easier for others to persuade a court to give them such a chance.

But lawyers who tend to sue colleges in cases like this say that the lawyers' "sky is falling rhetoric" overstates the threat to the institutions. Daniel Bartley, who represents the three instructors in the Chapman case as well as those in the pending Phoenix case, says college lawyers are wrong to say that the new line of False Claims cases allow colleges to be sued if they have violated any of the hundreds of regulations that the government — or, under the Chapman ruling, an accreditor — imposes on them. "This applies only where there is a material breach of a condition of payment, and it's flagrant," Bartley said. "The only colleges that face trouble are those that are not obeying the law and the material accreditation standards that underlie their getting loans and credits."

Exactly what laws, regulations and standards are considered "material," of course, will be one of the many issues that could keep the courts (and colleges' lawyers) busy for months and years to come, if this line of False Claims Act cases continues to gather steam.

END

AP

May 26, 2006

Doctor accuses former Methodist Hospitals executives of fraud

HAMMOND, Ind._Methodist Hospitals on Thursday denied a physician's allegations that hospital administrators and physicians conspired to overbill Medicare for years.

"These allegations are false, and we'll vigorously defend it and prove that they're false," hospital attorney R. Lawrence Steele said.

Dr. Richard Lichtenberg claimed in a lawsuit filed in U.S\l "l". District\l "l" Court\l "l" in Hammond that former Methodist CEO John Betjemann conspired to double-bill the federal government\l "l" for procedures performed at Broadway Radiology Services Inc., where Lichtenberg formerly worked, and other facilities starting in 1994.

Mary Hatton, a spokeswoman for U.S. Attorney Joseph Van Bokkelen, said her office investigated Lichtenberg's claims but declined to pursue the case. Assistant U.S. Attorney Joseph Reid declined to

discuss the reasons for the decision.

A hearing was scheduled Friday that could determine whether Lichtenberg would pursue the suit privately.

The Associated Press left messages seeking comment from Lichtenberg.

Steele, the hospital attorney, said Lichtenberg used a Civil War-era law that allows private citizens to bring lawsuits in the name of the United States, prompting incorrect media reports that the U.S. Attorney's office had filed the lawsuit.

The lawsuit contends 14 people were involved in generating $51 million in improper Medicare bills between 1995 to 2004. Medicare is the federal health care program for the elderly and disabled.

It contends Betjemann and John Diehl, vice president of hospital financial services under Betjemann, wanted Broadway Radiology Services to pay the hospital $287,000 to continue to have it refer patients to the center.

The physicians initially resisted, but eventually agreed to pay Methodist $200,000 a year in kickbacks disguised as hospital services, court records allege.

Methodist Hospitals acting president Ed Charbonneau said Lichtenberg was one of several physicians who had a dispute among themselves, which caused to the hospital to be "dragged into it."

Methodist Hospitals has campuses in Gary and Merrillville.

END

OpEd News

May 25, 2006

Neurontin Deal - Slap On The Hand To Pfizer

by Evelyn Pringle

The off-label prescribing of drugs has become a serious problem over the past decade. Doctors are adjusting dosage levels and prescribing drugs for medical indications and treatment durations for which the drugs were never approved or intended.

When the FDA approves a drug, it also approves the labeling for the drug, which explains the manner in which the medication is to be used. While physicians may prescribe approved drugs as they see fit, its against the law for drug companies to promote drugs for uses outside of the approved labeling but they do it all the time.

Neurontin remains the most notorious example of an illegal, but highly successful, off-label marketing campaign. The drug was approved for the limited use of treating epileptic seizures but nonetheless, became an overnight blockbuster with sales that soared from $97.5 million in 1995, to more than $2.5 billion in 2003.

While Neurontin might be the most notorious, it is certainly not the only problem. A study published in the May 8, 2006, Archives of Internal Medicine, determined that more than one out of every 7 prescriptions written for 160 commonly used drugs were for off-label uses that lacked scientific support.

The study was based on information from the IMS Health National Disease and Therapeutic Index that defines drug prescribing patterns and provides market data on drug companies.

In 2001, an estimated 150 million prescriptions, or 21% of prescriptions written, were for off-label use, according to the Archives study.

To reach its results, the study first determined whether a prescription was off-label and then assessed the level of available scientific evidence supporting the use, through the Drugdex system, a comprehensive summary of evidence supporting off-label uses of prescription drugs.

The study found that 73%, or 109 million off-label prescriptions, had little or no supporting evidence. The study does not explain why doctors prescribe so many drugs off-label but one explanation may be that "both physicians and patients have misunderstood the role of the FDA," the study's lead author Randall Stafford says.

"I think there's sort of a presumption that if a drug has made it onto the market," he notes, "the FDA has vouched for its safety and efficacy for all of its potential uses."

One way drug companies have been able to increase the off-label sale of drugs is by influencing doctors in public institutions, and state policy makers, who are involved in the development of drug formularies that list which drugs will be used in state institutions and by persons covered by government health care programs like Medicaid and Medicare.

Allen Jones, a former Pennsylvania fraud investigator, explains that each state has a menu of approved drugs that doctors must prescribe to persons in state institutions. "Before a drug can be prescribed by a state physician for somebody in the state system," he says, "it has to be on the list."

According to Mr Jones, the drug companies "have bought the decision-making process from our government officials all the way down to the guy who decides what drugs get on the formulary."

Doctors who sit on the expert panels and decide which drugs will be on the lists, he says, are paid by drug companies to give positive opinions in order to circumvent the FDA approval process.

"The FDA has no control over what an individual doctor does or says," Mr Jones explains, "the pharmaceutical industry has funded a mechanism whereby they can gather favorable opinions."

"They then amplify and magnify those opinions," he says, "and put them in the form of a treatment protocol that can be implemented in any state with the approval of a few key decision-makers."

Stacking the deck with industry friendly "experts" is apparently common. An investigation by the scientific journal Nature found "extensive" financial connections between drug companies and the advisory panels, with as many as 70% of the panels affected. In one instance, Nature found every member of a panel had received payments from the company making the drug that was recommended.

In the summer of 2002, Mr Jones discovered an off-the-books account where drug companies were depositing "educational grants" from which state officials and policy makers involved in developing Pennsylvania's drug list were receiving payments.

"We had state officials accepting $2,000 honorariums," he noted, "and physicians who were taking trips, perks and gratuities."

One of the officials Mr Jones named in his investigation was the state pharmacist, Steven Fiorello. In April 2005, the State Ethics Commission fined Fiorello over $27,000 after finding that he repeatedly took money from drug makers, Pfizer and Janssen, while serving on the panel that decided which drugs could be given at 9 state mental hospitals. The commission's report cited repeated failures to disclose his

income from the drug companies.

On June 10, 2005, Senators Chuck Grassley and Max Baucus announced the beginning of an investigation by the Senate Finance Committee, which has oversight responsibility for government health care programs, into the practice where drug companies give money to state governments.

"The drug companies call the awards educational grants," their press release said, "but the senators are concerned that the dollars are more focused on product promotion than education."

The Senators said their inquiry was based on reports that companies have awarded grants as inducements to prescribe medications the companies produce.

In some cases, they said, "such grants to state agencies may have prompted those agencies to develop programs leading to over-medication of patients at the expense of patient health or to unnecessary expense for taxpayers."

"We need to know how this behind-the-scenes funneling of money is influencing decision makers," Senator Grassley said. "The decisions result in the government spending billions of dollars on drugs."

In recent years, investigations into the prescribing patterns for people on Medicaid and Medicare has led to the discovery of a drastic increase in off-label prescribing to children and the elderly of drugs never approved for use with children and the elderly.

One class of drugs found to be prescribed off-label most often without scientific support are psychiatric medications. In 96% of the psychiatric drugs prescribed off-label, the Archive study found support was lacking.

According to the report, Death by Medicine (2003), by Gary Null, PhD; Carolyn Dean MD, ND; Martin Feldman, MD; Debora Rasio, MD; and Dorothy Smith, PhD, a study on prescription drug use by the elderly conducted by Medco Health Solutions found that 6.3 million senior citizens received more than 160 million prescriptions and a total of 7.9 million medical alerts were triggered by off-label prescribing, with 2.2 million alerts indicating excessive dosages unsuitable for seniors, and about 2.4 million indicating clinically inappropriate drugs for the elderly.

Drug companies have promoted the off-label use of psychiatric drugs with children even after their own studies have shown the drugs to be dangerous. In 2004, New York attorney general, Eliot Spitzer, filed a lawsuit against GlaxoSmithKline for withholding studies that raised doubts about the effectiveness and safety of Paxil in treating children and revealed that more than 2 million prescriptions for Paxil were written off-label to treat children in 2002.

In late 2004 the FDA ordered black box warnings on all SSRI antidepressants after it was discovered that drug makers had suppressed studies that showed the drugs were linked to an increased risk of suicide in children.

Documents that have surfaced during litigation reveal that drug makers knew about this risk before the SSRI antidepressants arrived on the market but continued to find ways to get doctors to prescribe the drugs to kids. A report by Express Scripts, Inc, a pharmacy benefit manager, titled "Trends in the Use of Antidepressants in a National Sample of Commercially Insured Pediatric Patients," shows that between1998 and 2002, the overall use of antidepressants among children increased from 160 children per 10,000 in 1998, to 240 per 10,000 in 2003.

Tom Woodward's daughter Julie hung herself after being prescribed the antidepressant, Zoloft, off-label. He is angry at the Bush administration and the FDA for failing to protect the public against drug companies who hide studies that show drugs are dangerous when given to children.

"It is clear that the FDA is a political entity and its leadership has protected the economic interests of the

drug industry," he says.

According to Mr Woodward, officials in leadership positions have strong ties to the industry. "FDA's chief counsel Daniel Troy has spent his career defending the drug industry," he noted, "if a study does not favor a drug, the public never hears about it."

"Under the Bush administration," Mr Woodward said, "the FDA has placed the interests of the drug industry over protecting the American public."

He points out that 86% of the millions of dollars in campaign contributions by drug companies went to Bush and Republican candidates and wants to know, "what did Pfizer, Eli Lilly, and GlaxoSmithKline Beecham buy?"

A recent study reveals that even when the FDA does add a black box warning to a label, the highest form of drug safety alert available, doctors will continue to prescribe the drug.

The February 14, 2006 Archives of Internal Medicine featured a report on a study where researchers reviewed the records of 324,548 patients seen at several Boston area medical facilities between January 1, 2002 and December 31, 2002 and found that 33,778 patients were prescribed a drug that had a black box label, and 2,354 of those prescriptions were written contrary to the guidance set forth in black box warning.

The study found that in about 1,000 cases, patients were taking one drug at the same time as another when the warning said that taking the 2 drugs together should be avoided, and in about 90% of the cases, a drug was prescribed to treat a condition for which the drug was not approved.

According to Death by Medicine, each year approximately 2.2 million US hospital patients experience adverse drug reactions to prescribed medications and experts say many are caused by prescribing drugs for uses not approved.

The dangerous off-label prescribing practices have come under scrutiny in recent years because so many of the drugs are covered by government health care programs, and lawmakers charged with oversight of programs like Medicaid and Medicare became suspicious about the skyrocketing prescription drug costs.

In some of the largest cases involving Medicaid and Medicare fraud, former industry employees came forward with information about marketing schemes and filed lawsuits under the False Claims Act.

The Washington DC based Taxpayors Against Fraud, is a non-profit organization dedicated to combating fraud against the federal government through the promotion and use of the qui tam provisions of the False Claims Act.

Qui tam is a mechanism that allows persons with evidence of fraud to bring suit on behalf of the government. TAF educates the public about the FCA and its qui tam provisions and provides assistance to whistleblowers and their attorneys and sometimes files amicus curiae briefs on important issues.

TAF also has a staff of lawyers and other professionals who are available to assist anyone interested in the FCA and publishes the False Claims Act and Qui Tam Quarterly Review.

Whistleblower lawsuits are proving to be highly effective in exposing fraud. Of the10 top FCA Medicaid fraud recoveries to date, the top 5 are whistleblower cases against drug companies.

According to TAF, during FY 2004, between October 1, 2003 and September 30, 2004, the US Department of Justice settled 3 whistleblower cases against drug companies for a total of over $800 million, raising the total recoveries in such cases by nearly 50% to $2.46 billion.

Two of the settlements involved both criminal fines and civil penalties. The recoveries included $290

million in criminal fines, $275 million in civil penalties and damages to the federal government, and nearly $235 million to state governments. All three settlements involved allegations of fraud against Medicaid.

Two of the cases began as lawsuits filed under the FCA by whistleblowers and the third began as a case under the Texas Medicaid Fraud Prevention Act.

The defendant in one case was the nation's largest drug maker, Pfizer, with annual sales of $30 billion. The conduct at issue concerned a Pfizer subsidiary, the Parke-Davis Division of Warner-Lambert, acquired by Pfizer in 2000.

Drug maker Schering-Plough was the defendant in the other 2 cases.

Government recoveries from Pfizer totaled $430 million, and the two Schering settlements were $345 million and $27 million.

This is the second FCA whistleblower settlement entered into by Pfizer, and the second largest drug maker settlement ever when measured by the combined civil recovery of $430 million and the criminal fine of $240 million.

The Pfizer case broke new legal ground by recovering losses to Medicaid resulting from the illegal off-label promotion of a drug for uses other than those approved as safe and effective.

At the time of the settlement in May 2004, Pfizer's drug, Neurontin, ranked 9th among all drugs sold in the US, with annual sales of $2.7 billion, according to IMS Health, "Leading 20 Products by U.S. Sales, Moving Annual Total, June 2004," www.imshealth.com.

The whistleblower, David Franklin, a former medical liaison for Parke-Davis, who filed the FCA lawsuit, received a $24.6 million settlement, when Warner-Lambert agreed to plead guilty to two felonies to settle charges that it fraudulently promoted Neurontin for a wide variety of unapproved uses.

Among the tactics the DOJ found the company using to achieve its goal of increasing off-label use of Neurontin were the following:

(1) Encouraging sales reps to provide one-on-one sales pitches, or "details," to physicians about off-label uses of Neurontin;

(2) Utilizing medical liaisons, who represented themselves, often falsely, as neutral scientific experts on Neurontin, to promote off-label uses, working in tandem with the sales reps to directly sell Neurontin to physicians for off-label uses;

(3) Paying doctors to allow a sales reps to see patients with the doctor and to participate in discussing the treatment plan;

(4) Paying physicians, through both direct payments, and trips, hotel rooms, dinners and other benefits, to attend meetings termed "consultant" or "advisory" meetings or "speaker bureau trainings" in which doctors received listened to presentations about off-label uses;

(5) Implementing frequent teleconferences in which doctors were paid to speak about Neurontin on off-label topics to other doctors; and

(6) Sponsoring independent "medical education" events on off-label uses where there was actually extensive input from the company on topics, speakers, content, and participants.

"Neurontin was marketed for four broad categories of unapproved use: pain, psychiatric use, monotherapy and dosage," the DOJ stated. In fact, the company promoted the drug for so many unapproved uses, the DOJ said, "some employees referred to the list of these uses as the "snake oil" list."

In the settlement agreement, the company admitted that it aggressively marketed the drug by illicit means for unapproved uses including pain, bipolar disorder, migraines, and drug and alcohol withdrawal.

The prosecutors described the harm that resulted from the off-label scheme as: (1) health care reimbursement programs such as Medicaid paid more in reimbursement; (2) consumers paid for ineffective, experimental use and may have been improperly medicated; (3) improper medication could have resulted where Neurontin was not as effective as another approved drug; and (4) unnecessary exposure of patients to adverse side effects of Neurontin.

The prosecutors said Warner-Lambert turned Neurontin into a blockbuster drug with promotional tactics like paying doctors "honoraria" to listen to sales pitches on the off-label use of the drug and by treating physicians to luxury trips to Florida, Hawaii, and Atlanta for the 1996 Olympics.

According to court documents filed in the case, doctors were paid honoraria to listen to presentations that took place at: “Bus to Yankee Stadium,” “World Yacht Cruise” and “Braves Stadium.”

On one weekend in April 1996, the DOJ discovered that Warner-Lambert had arranged 2 weekend “consultant” meetings, one at the Jupiter Beach Resort in Palm Beach, Florida, and the other at the Ritz-Carlton in Aspen, Colorado. Both were 3 day affairs, for which each attendee received a $250 cash payment, plus airfare, and all other expenses paid at the resort, and the doctors who acted as faculty were also paid between $1,500 and $2,000.

According to the DOJ, the total cost for the Jupiter Beach weekend was approximately $361,000 for about 100 doctors, meaning the price per doctor was about $3,000, and the cost of the Aspen weekend ran about the same.

Documents showed that both meetings included presentations on off-label topics such as “Neurontin: Use as Monotherapy,” and “Reduction of Pain Symptoms During Treatment with Gabapentin,” that were designed to present information to the attendees, rather than to receive information from consultants.

One advisory board was treated to an extravaganza at the 1996 summer Olympics in Atlanta, Georgia. Along with free Olympics tickets valued at $650 each, the company staged an Epilepsy Advisory Meeting, at the Chateau Elan Winery and Resort, in Atlanta.

The brochure for the event describes the resort as: "Chateau Elan has made a name for itself as a fine winery. It is now earning a reputation as a one-of-a-kind resort... Here, you’ll enjoy all the comforts and amenities you’d expect of a fine resort, mellowed by the warm ambiance of a French country inn."

"During your meeting breaks," the brochure says, "you will have the opportunity to play a round at one of three accessible golf courses, swim, play tennis, explore the Georgia hill country by foot or by horseback, or escape to Chateau’s European style spa for a pampering body treatment...."

For this event, records show the company paid all expenses for 18 advisers and their spouses, and each adviser was given $750 in cash for spending. In planning the Olympics advisory board meeting, a company document obtained by the DOJ, referred to the cost of the event as a “$3 million investment.”

Another example of the lavish meetings doctors attended for free, was the Western Advisory Board Meeting, held at the Grand Wailea Resort, Hotel & Spa in Maui, Hawaii in April 2000.

Only one of the attendees resided in Hawaii and the company paid for all of the others to fly to Hawaii for a two night stay at the resort to attend only 3 hours of meetings, all on off-label uses of Neurontin, according to the DOJ.

In planning this meeting, the company targeted doctors whose uses for Neurontin were only off-label and "evidence shows this event was promotional, not an independent, scientific meeting," according to the

DOJ's sentencing memorandum.

The DOJ said Parke-Davis held hundreds of meetings where doctors were paid to attend, and paid even more to speak and that Parke-Davis was especially interested in two types of physicians: (1) those who prescribed large amounts of anti-convulsants; and (2) those who had a prominent reputation.

These doctors were often referred to as the “movers and shakers” or “thought leaders” because of their influence, and were recruited as spokespersons on behalf of Neurontin.

Parke-Davis paid key “thought leaders” well who could be counted on to deliver a strongly favorable message on off-label use. At least 20 of these doctors, the DOJ said, were paid more than $50,000 over time for speaking on the company’s behalf. In fact, some received in excess of $250,000.

Corporate documents show, the DOJ says, that the company focused its attention on recruiting doctors from major teaching hospitals to serve as "Neurontin champions."

For example, documents show that Dr Steven Schachter, a professor at Harvard Medical School and a physician at Beth Israel Deaconess Medical Center in Boston received $71,477 between May 1994 and September 1997, and a Dr B.J. Wilder, a former professor of neurology at the University of Florida, was paid more than $300,000 for speeches given between 1994 and 1997. Six other doctors, including some from top medical schools, the DOJ said, received more than $100, 000 each.

The most common forums for speakers were consultant and advisory board meetings, where doctors were gathered to listen to a presentation. Parke-Davis justified holding these meetings, because it entered into pro forma consultant agreements with the physician attendees and doctors were paid anywhere from $250-$2,500 to serve as consultants or advisers.

In one 6-month period alone, the DOJ said, Park-Davis held over 50 meetings and despite being called “consultant” meetings, the actual objective was to provide off-label information to the doctors rather than to receive information from the consultants.

During its investigation, the DOJ discovered that doctors were misled into believing that educational programs they attended were independent programs when they were actually led by the drug maker. For example, prosecutors found a Ward-Lambert relationship with a company known as Physicians World where Warner-Lambert employees transferred to Physicians World to run the company's speakers bureau.

At the same time, a division of Physicians World, known as Professional Post-Graduate Services, purported to be an independent education provider for a program on anticonvulsants for pain, when in fact, Ward-Lambert staff planned and developed the program and thousands of US doctors took the classes.

This program was provided to thousands of doctors all around the country and in each instance, the materials stated that they were created in compliance with ACCME guidelines, which prohibited content control by Parke-Davis as a condition of accreditation, and required disclosure of all financial affiliations.

The materials did not disclose the relationship between Physicians World and Parke-Davis, and did not disclose the financial links between Parke-Davis and each of the faculty members, all of whom were paid consultants, the DOJ said.

For instance, one physician was a regular Neurontin speaker who had received payments of more than $10,000 and yet by the listing of each faculty member, there was an asterisk indicating “no significant financial or other affiliation reported."

"This evidence," the US attorney said, "demonstrates that Parke-Davis knew that these events were

unlawful promotional activities."

Another method of promoting face-to-face was the preceptorship, or “shadowing.” This involved paying a doctor to allow a sales rep to follow the doctor through the course of a day seeing patients. In one example, a sales rep did a preceptorship with a neurologist and after they saw a teenage patient, the doctor and the sales rep discussed treatment options.

The sales rep advised the doctor to increase the Neurontin dose and at the same time, taper the patient off other epilepsy medication to reduce side effects, thus resulting in Neurontin being used for monotherapy. According to the sales rep, as recorded in a voice mail sent in to the company obtained by the DOJ: “I really felt I made a difference. I saw the actual prescription generated in front of me... and I certainly felt that me being there, I had some influence on that medical decision.”

Another patient seen was a 65 year old veteran who suffered neuralgia with pain in his limbs. The patient developed blurred vision while on Neurontin; and the sales rep told the doctor that such side effects are mild and transient and so the doctor kept the patient on the drug. In the sales rep’s own words: “I felt like I influenced that particular situation. So again, another prescription was generated for us. Overall, the day went, you know, very well. And we had the immediate impact of two prescriptions written.”

The DOJ said the drug maker decided not to seek an expanded use for Neurontin with the FDA because it would have required solid proof from clinical trials so instead, the company boosted sales through promotional strategies, even for conditions where studies had indicated that Neurontin was not effective.

In his sentencing Memorandum the US Attorney noted: "One of the psychiatric uses for which Neurontin was promoted ... bipolar disorder, was particularly troubling because the Company had very weak evidence of Neurontin's efficacy in treating this condition."

"Indeed," the prosecutor wrote, "in one study ... the placebo was as effective or more effective than was Neurontin."

Moreover, the DOJ found the company paid no attention even when the FDA did refuse to approve an additional use. For instance, Parke-Davis sought approval for use as a monotherapy on September 16, 1996, but because one of 2 clinical trials submitted with the application showed no demonstrable monotherapy efficacy, on August 26, 1997, the FDA rejected the application.

Nonetheless, the DOJ found that Parke-Davis had actively promoted the drug for monotherapy before it applied for approval, and after the FDA rejected its application right through at least 2000, when slides, lecture summaries and audiotapes obtained by the DOJ demonstrate that Parke-Davis continued to promote Neurontin for monotherapy without ever mentioning the fact that the FDA had rejected its application.

Documented examples listed by the DOJ, of statements made after the FDA's non-approval include a marketing event in 1998, where Parke-Davis went so far as to state that Neurontin was “now approved as monotherapy for seizures.”

In his whistleblower lawsuit, Mr Franklin explained how Warner-Lambert had hired two marketing firms to write favorable articles about the unapproved uses of Neurontin and to find doctors willing to sign their names as the authors. The marketing firms, he said, were paid $12,000 for the articles and the doctors were paid $1,000 for signing off as authors.

The off-label scheme proved to be highly successful. By government estimates, citing company documents and independent market research, by 2002, 94% of Neurontin's sales were for off-label use, up from 40% in 1995.

At the time of the settlement in 2004, Vermont Attorney General, William Sorrell, noted that a 30-day supply of Neurontin at a common dose sold for $205.

Under the terms of the settlement agreement, Pfizer agreed to:

(A) plead guilty to inadequately labeling of Neurontin and to introducing Neurontin into interstate commerce for unapproved purposes, which, by virtue of its prior violation of the Food, Drug & Cosmetic Act, constitute felony violations of the Act, and to pay a $240,000,000 criminal fine;

(B) settle its False Claims Act and other civil liabilities and to pay the Government $83,600,000, plus interest, in civil damages for losses suffered by the federally funded portion of the Medicaid program as a result of off-label promotion of Neurontin;

(C) settle its civil liabilities to the 50 states and the District of Columbia in an amount of $68,400,000, plus interest, in civil damages for losses suffered by the state-funded portion of the Medicaid program as a result of off-label promotion of Neurontin;

(D) settle its civil liabilities to the Consumer Protection divisions of 50 states and the District of Columbia state attorney general's offices in an amount of $38,000,000, plus interest, in civil damages for losses suffered by consumers and to fund a remediation program designed to offset the impact of the improper marketing of Neurontin; and

(E) comply with the terms of an amendment to the corporate compliance program of its parent, Pfizer, which, among other things, proscribes off-label marketing and requires training of employees and audits of its marketing practices.

At the time of the settlement, Pfizer issued a statement that said the illegal practices took place before Pfizer acquired Warner-Lambert in 2000. However, even if true, sales figures reveal that Pfizer was still reaping the benefits of the scheme at the time of the settlement.

For instance, on August 19, 2004, USA Today noted that: "Pfizer's confession that the success of one of its top drugs was built partly on fraud may have been humbling, but it isn't hurting the bottom line. Neurontin sales last quarter rose 32% from a year ago, and 2004 sales should pass last year's $2.7 billion."

"With few exceptions," USA said, "state Medicaid programs pay for Neurontin just as before and so do major insurers."

Pfizer's denials also rang hollow at the time due to the fact that the company's regulatory filings showed the DOJ was also scrutinizing its off-label marketing of the Genotropin growth hormone and a federal grand jury in Maryland was taking testimony from former Pfizer employees about the diabetes drug, Rezulin, that was pulled off the market in 2000 after it was linked to over 60 liver-related deaths.

But as far as fearing the FDA, the drug companies had no fear and apparently for good reason. documents unearthed in litigation reveal that the FDA was well aware of the company's off-label marketing scheme eight years before the settlement. In July, 1996, FDA official, Lesley Frank, wrote to Parke-Davis and said in part:

"Parke-Davis may be promoting Neurontin for 'off-label' uses ... in printed promotional materials, in detail or sales presentations to physicians, and through the use of company-solicited physician participation in a series of teleconferences.

"These promotions of Neurontin for off-label uses included, but were not limited to, its use in chronic pain, bipolar disorders, and other psychiatric conditions. As you are aware, Neurontin's only approved indication was for adjunctive therapy in the treatment of partial seizures with and without secondary generalization in adults with epilepsy."

Documents show that after 11 months, Parke-Davis responded and denied all allegations and the FDA

simply accepted the company's denial and the issue was dropped.

As part of the settlement with the DOJ, Warner-Lambert pleaded guilty only to conduct that occurred before August 21, 1996, even though illegal conduct is documented as occurring much later than 1996.

This part of the agreement made it possible for Pfizer to continue to participate in government health care programs despite an August 21, 1996, health care fraud law that would have led to its exclusion.

In addition to financial fraud, the company pleaded guilty to criminal misbranding of the drug in promotional and advertising material claiming that "the drug is safe and effective for uses which have not been approved by the FDA."

Pfizer's settlement with the DOJ did not cover damages for any patients who may have been harmed by Neurontin and those patients are entitled to file personal injury lawsuits.

Pfizer is currently engaged in multi-district litigation (MDL). On October 26, 2004, the Judicial Panel on Multidistrict Litigation consolidated nearly all Neurontin off-label cases in the US District Court for the District of Massachusetts.

The JPML is a panel of seven federal judges chosen by the Chief Justice of the US Supreme Court that decides on the appropriateness of establishing an MDL, and where the MDL should reside. The MDL brings together lawsuits with common claims to determine pretrial matters.

The MDL primarily involves cases of consumers who purchased Neurontin for off-label uses that Pfizer knew showed no efficacy but more lawsuits have been filed on behalf of persons who suffered adverse effects when Neurontin was prescribed for off-label uses. The first Neurontin trial is expected to take place later this year or early 2007.

In 2004, the New York law firm of Finkelstein & Partners filed several lawsuits and announced plans to file many more. At the time, the firm’s senior partner, Andrew Finkelstein, said he had gathered the names of 160 people who committed suicide and 2000 more who attempted suicide while taking Neurontin.

In addition to handling lawsuits, for more than 2 years Mr Finkelstein's law firm has been warning the FDA about patients committing suicide while taking Neurontin and asked the FDA numerous times to add a black box warning to Neurontin's label about the risk of suicide in patients taking the drug. As of October 2005, Mr Finkelstein has been contacted by the relatives of 425 people who committed suicide while on Neurontin.

After a year of inaction by the FDA, on March 21, 2005, Mr Finkelstein wrote a letter to the FDA's Dr Russell Katz and said in part: "Enclosed you will find two hundred fifty eight MedWatch forms … Each represents a suicide of an American who was on Neurontin when he or she took his or her own life."

Mr Franelstein told Dr Katz the "complete inaction by the FDA to warn an unknowing population that was relying upon the FDA to require warnings for potential adverse events from off-label usage is deplorable."

"Since our conversation of March 31, 2004," he wrote, "my firm has learned of seventy four additional suicides that occurred after that date."

"Many of these suicides likely could have been prevented," he said, "had both the treating physician and unsuspecting families been armed with full knowledge of the risks of suicide that was known to both the FDA and the manufacturer."

Neurontin was recommended for approval by the Neuropharmacolgical Drug Products Division of the FDA in 1992, and according to Mr Finkelstein, at that time, Mr Katz oversaw the FDA’s analysis of the clinical data supplied by the sponsor seeking approval to sell Neurontin.

Mr Finkelstein obtained the FDA's 1992 analysis of the New Drug Application for Neurontin, and in reviewing the data, he told Dr Katz he found "shocking information."

"During your evaluation of serious adverse events that occurred during original clinical trials," he advised Dr Katz in the letter, "the risk of Neurontin causing suicide was both known and a major concern."

The FDA reviewer from your Division, Mr Finkelstein pointed out, "specifically stated in December, 1992:

"Serious adverse events may limit the drug's widespread usefulness. Depression, while it may not be an infrequent occurrence in the epileptic population, may become worse and require intervention or lead to suicide, as it has resulted in some suicidal attempts during clinical trials.

"In fact, during the clinical trials ... Neurontin was attributable to four people actually attempting suicide, two more having depression with suicidal ideations and twenty two participants reporting depression so severe it required pharmacologic intervention.

"Additionally," he said, "nineteen of the seventy eight participants who reported depression during the clinical trials had no prior history of depression."

"Clearly," Mr Finkelstein wrote, "the FDA did not approve this drug with any expectation of use beyond the approved indication."

"Even though the FDA knew Neurontin caused depression that may lead to suicide and that Neurontin's effects were never fully tested on people who suffered from chronic pain, bipolar disorder or other psychiatric conditions," he told Dr Katz, "the FDA acted with no urgency."

Mr Finkelstein reminded Dr Katz of the company's 2004 conviction for fraud in the DOJ case and said: "The complicity by the FDA in Parke-Davis's scheme to defraud physicians and consumers is more egregious than the underlying fraud itself."

"The governmental body charged with the responsibility of protecting the health and safety of Americans has done absolutely nothing to prevent entirely preventable deaths," he continued. "Such complicity borders on criminality," he added.

On October 14, 2005, Mr Finkelstein wrote another letter to Dr Katz and summarized the efforts by his law firm to get the FDA to warn people about the risk of suicide over 2 years and began by saying: "Due to the continued public danger facing a substantial class of prescription drug users, I am compelled to write to you regarding the FDA's ineffective oversight related to appropriate warnings for Neurontin."

"On March 31, 2004," he reminded Mr Katz, "you were advised of thousands of serious psychiatric adverse events that occurred while Americans were taking Neurontin."

"At that time," he said, "the FDA recognized a potential imminent health crisis existed, yet nothing was done to require enhanced warning labels."

"Due to the FDA's inaction," Mr Finkelstein continued, "my firm filed a citizen's petition on May 17, 2004 with the hope that the FDA would investigate the potential for Neurontin contributing to self-injurious behavior."

In addition to the black box warning, the Petition asked that a Dear Doctor letter be sent to health care providers cautioning them to be on alert for increased depression in patients taking Neurontin.

"The FDA took six (6) months to respond," Mr Finkelstein told Dr Katz, "and stated no decision had been reached and more time was needed to investigate."

"All investigations, if any," he wrote, "have been couched in secrecy and not open to public scrutiny while the same serious health crisis continues."

"Regrettably," the letter concluded, "this is an example of why the American people have lost faith in the FDA's ability to protect them from unsafe drugs."

"While your real motivations are not known at this time," he advised, "it is clear your interest is not in discovering the truth or protecting the health and safety of the American people."

Author, Dr Marcia Angell, also recognizes the massive influence that drug companies exert over the FDA, Congress, and doctors, and how this influence is harming Americans.

After she resigned as interim editor-in-chief of the New England Journal of Medicine in 2000, Dr Angell decided to write a book about the biases in clinical trials but in doing her research, says she discovered that "all roads led back to drug companies."

Her book, "The Truth about Drug Companies: How They Deceive Us and What to Do About It," provides an indepth account of the entanglements between Big Pharma and every area of the health care field including government agencies, doctors, medical journals, Congress, and universities, as well as how these relationships harm the public.

During an August 18, 2004 interview with Business Week Online, Dr Angell told reporter Amy Tsao, that she saves her harshest criticism for her fellow physicians and the medical profession as a whole. "After all," she said, "the industry is in business to make money, but that isn't what doctors and medical schools should be doing."

"They don't have to be in bed with the drug companies," she said. "But they are."

Dr Angell explained how drug companies finance most of the continuing education seminars for doctors, as well as meetings of professional societies, and how they lavish all kinds of gifts on doctors including dinners in fancy restaurants and trips to exotic resorts.

"And they provide speakers and meals for interns and residents in teaching hospitals," she told Business Week.

All of which, she says, adds to the high cost of prescription drugs. "The profession should acknowledge that this is all a form of marketing," she said, "which adds to the prices of prescription drugs."

"Doctors should take responsibility for their own education and buy their own meals," Dr Angell said.

The most perverse examples of off-label marketing involve drugging children. In 2001, Dr Stefan Kruszewski, a Harvard-trained psychiatrist working for the Pennsylvania Department of Public Welfare, began investigating the widespread off-label use of psychotropic drugs and found cases of what he calls "horrendous polypharmacy."

The first disturbing pattern he noticed was that an overwhelming number of patients were being prescribed Neurontin to treat conditions like anxiety, depression, psychosis and impotence. "The FDA had not approved using that drug for mental illnesses," he noted.

Dr Kruszewski found patients on as many as 5 medications at the same time, something he says is "hard to justify."

One of the most disturbing cases he found was a mentally retarded 15-year-old girl who was supposedly being treated for being defiance and sexual promiscuity.

Dr Kruszewski discovered that the girl was on 11 different drugs, including five anti-psychotics, even

though she had no diagnosis of a psychiatric disorder. "She was so overmedicated," he said, "that she had trouble getting out of bed or standing up by herself."

"Although physicians can choose to prescribe virtually any medication for any condition," he explains, "the promotion of Neurontin remains the subject of intense scrutiny since Pfizer's off-label promotion was previously the subject of civil and criminal penalties by the US Department of Justice."

"In my opinion as a clinical and academic psychiatrist," Dr Kruszewski says, "Neurontin's link to severe emotional and cognitive disturbances, including mania, depression, suicide and memory loss, continues to be the most egregious aspect of Neurontin's promotion."

"It causes suffering, morbidity and death," he noted, "problems that Pfizer and the current generic makers of Neurontin have failed to make known to consumers and potential victims," he said.

Attorney, Zena Crenshaw, Executive Director for National Judicial Conduct and Disability Law Project, agrees that off-label prescribing is a major problem and says any drug manufacturer even suspected of such "market expansion" should be called to the carpet.

"The idea of salesmen hyping drugs to doctors," she says, "for conditions beyond those for which the products were approved is unnerving."

"Considering that even dire prescription drug warnings probably reflect a minimum level of adequate care," she warns, "prescribing drugs off-label should seem universally hazardous."

When Dr Kruszewski warned his superiors that off-label use of the drugs was not only harmful to patients but could also expose the state to liability from lawsuits by injured patients, he was told "it's none of your business."

When Dr Kruszewski continued to voice his concerns he was told to quit digging up dirt and when he refused to let go he was fired. He has since filed a whistleblower lawsuit against state officials and 6 drug companies including Pfizer alleging among other things, that the defendants: "through the use of political friendships, money and other emoluments, effectively achieved a level of influence with Pennsylvania's state government that allowed them to abuse state finances and state citizens with impunity."

The Government Accountability Project (GAP) is a nonprofit public interest group that promotes government and corporate accountability by advancing occupational free speech, defending whistleblowers, and empowering citizen activists.

The GAP is assisting Dr Kruszewski with his lawsuit against the drug giants. Mark Cohen, an attorney with the GAP, describes whistleblowers like Dr Kruszewski as "regular people who have been pushed beyond the limits their consciences can bear."

"They feel a moral duty to set the situation right," he says.

"They can no longer "go along to get along" in the face of wrongdoing," he explains. "And they can't simply opt out -- take another job and keep their lips sealed -- and ignore the wrongdoing," he says.

"But if "right" and "wrong" mean anything," Mr Cohen says, "they feel they don't really have a choice but to blow the whistle."

"Of course, they do so at great personal risk," he says he recognizes. "Speaking up puts their current job in jeopardy and it threatens to brand them as trouble-makers with other employers."

In fact, people who do expose the highly profitable Medicaid fraud or off-label practices often find themselves fired like Dr Kruszewski. However, the False Claims Act now provides a cause of action for whistleblowers with remedies that include reinstatement to their job, 3 times the wages lost,

compensatory damages, and attorney's fees.

END

FDA Week

May 26, 2006

FEDERAL LAWSUIT HEATS UP OVER FDA\l "I" OVERSIGHT OF RX COMPOUNDING

Oral arguments are scheduled Thursday in a federal court case in Texas that could end once and for all the persistent battle FDA and compounding pharmacies have waged over the agency's right, if any, to exercise authority over the medications the pharmacies alter at doctors' requests to meet patients' special needs.

Nine pharmacies filed a lawsuit in U.S. District Court\l "I" of Western Texas in September 2004 claiming FDA is conducting unauthorized inspections of compounding pharmacies, unfairly treating compounded drugs as new drugs that require agency approval and blocking access to bulk drug ingredients.

Attorneys for both sides filed motions for summary judgment in late March asking District Judge Robert Junell to make a decision on the case based on current evidence without a jury trial. They will argue their positions Thursday, according to an industry source.

Compounding pharmacies alter commercial drugs to meet unique patient needs, such as dye removal for patients with allergies or preparation of an intravenous ingestion method. Often, the compounded drug can meet the needs of a large number of patients, but not quite a large enough number to entice commercial manufacturers to seek new drug approval.

At the crux of the plaintiffs' argument is the assertion that FDA\l "I" has been increasingly auditing compounding pharmacies over the last several years. Compounding pharmacies comply with FDA's\l "I" authority to inspect their equipment and ingredients used to prepare medications, but do not believe Congress has granted FDA\l "I" the authority to review their records, a source said. State boards of pharmacy currently regulate compounding pharmacies' books, although dual federal and state regulation of any entity is not uncommon.

Compounding pharmacies allege the Food, Drug and Cosmetic Act (FDCA), which empowered FDA\l "I" to regulate drug manufacturers, does not apply to them. The difference between manufacturers and compounding pharmacies, an industry source said, is compounding pharmacies prepare a drug to fulfill a prescription for distribution directly to a patient or a doctor who will administer the drug, while a manufacturer first makes a drug and then a market is created.

While both sides fought over the issue, Congress passed the FDA\l "I" Modernization Act in 1997 with a provision, Section 503A, that exempted compounding pharmacies from FDCA. The U.S. Supreme Court\l "I" overturned Section 503A in 2002 when pharmacists sued over part of the provision that prohibited compounding pharmacies from advertising their products.

Compounding pharmacies claim Section 503A was done to explicitly ensure their exempt status, a source said. But Senior Trial Counsel for the Department of Justice Gerald Kell argues Section 503A proved FDCA applied to compounding pharmacies, according to court\l "I" documents.

In addition, FDA\l "I" created guidelines for compounding human drugs in 2002 and veterinary drugs in 2003 -- provisions of which the pharmacies are asking the court\l "I" to overturn. In the guidance for

human compounded drugs, FDA\l "I" states it will hold compounding pharmacies to the same requirements as manufacturers, including obtaining new drug approval, if they take part in certain activities. Activities FDA\l "I" believes stray too close to manufacturing but that compounding pharmacies argue are unreasonable include preparing compounded medications in anticipation of receiving prescriptions except in very limited quantities and when FDA\l "I" considers a drug is only "slightly" different than the manufactured drug.

Proponents of compounding pharmacies believe they should be able to stockpile compounded drugs based on prescription history. Proponents also believe doctors should be left to decide what is "slightly" different from the manufactured drug and what variation is vital for the patients' health. Compounding pharmacies agree some of the activities FDA\l "I" lists should be viewed as manufacturing, but view some of the activities prohibited for compounding as an attempt by FDA\l "I" to protect manufacturers' market share, an industry source said.

As compounding grows in popularity, compounding pharmacists believe FDA\l "I" is targeting them under pressure from manufacturers. FDA\l "I" claims compounding pharmacists are acting more like manufacturers, requiring more regulation.

Kell also points out in court\l "I" documents that FDA\l "I" always viewed compounded drugs as new drugs subject to an approval process, but exercised enforcement discretion to balance patients' needs with warranted enforcement.

The pharmacies also have asked the Texas court\l "I" to address a provision in FDA's\l "I" guidelines for compounded veterinary drugs that prohibits compounding pharmacies from using bulk ingredients for animal drugs.

A decision could come as early as Thursday on the motions for summary judgment, although judges rarely make decisions from the bench, a source said.

END

The Australian

May 26, 2006

Wilson in to bat for tobacco giant

Vanda Carson

The former chairman of Australian law firm, Clayton Utz, will be a witness in a case to be heard by a New South Wales court. The Dust Diseases Tribunal was told that Brian Wilson may give evidence for British American Tobacco Australian Services (BATAS) in the trial that begins on 26 June 2006. In the 2002 Rolah McCabe case in Victoria, he was accused of being involved in the shredding of BATAS documents. BATAS is being sued\l "I" by Brambles, which is claiming back the compensation it paid a worker who died of lung cancer. Brambles will call US\l "I" tobacco whistleblower, Jeffrey Wigand

END

Chicago Tribune

Bush may cite secrets to disconnect phone lawsuit

BY ANDREW ZAJAC

WASHINGTON - A suit filed this week in Chicago by author Studs Terkel and others accusing AT&T of invading its customers' privacy by sharing phone records with the National Security Agency could provide the next test of whether the Bush administration employs a once-rare tactic that essentially gives the government a blank check to kill civil suits.

Earlier this month, Justice Department lawyers intervened in an invasion-of-privacy suit in San Francisco against AT&T and asserted what is known as the state secrets privilege by asking a judge to dismiss the case because they said allowing it to go forward would compromise national security.

The government has repeatedly invoked the state secrets privilege to head off challenges to two of the most sensitive aspects of the administration's war on terror - domestic electronic surveillance and so-called extraordinary renditions. In the latter instance, suspected terrorists are secretly picked up overseas and sent to foreign countries for interrogations under harsh conditions.

All told, the administration has asserted the privilege at least six times since 2001.
Last week, the government used the privilege to short-circuit a German man's suit alleging that he was wrongfully imprisoned in Afghanistan for five months in a case of mistaken identity. In the San Francisco invasion-of-privacy suit, brought by the nonprofit Electronic Frontier Foundation, a judge has set a June date for arguments on the government's secrets claim.

The suit charges that AT&T gave NSA access to databases of domestic and international Internet and telephone records without obtaining prior court approval.

The Justice Department declined to discuss specific cases. The department said in a statement that both the head of an agency seeking to protect information, such as the Central Intelligence Agency or NSA, and Justice Department lawyers must agree that national security is at stake before asking a court to dismiss a case.

But Harvey Grossman, legal director of the ACLU of Illinois, which co-filed the Chicago suit, said invoking the state secrets privilege has moved from an extremely selectively used tool to a weapon of choice in combating suits challenging national security policy. "Anything that touches on national security, we expect to see" an assertion of the state secrets privilege, Grossman said.

He said he expects the government to use the privilege in the Illinois lawsuit, but "we're hoping we can convince a judge that the case can be tried in a way that protects the government's legitimate interests." The Illinois case is narrower in scope than the one in California, he said.

Although use of the secrets privilege is limited to the federal government, Verizon, a telecom company linked in news accounts to the NSA surveillance program, has tried to shield itself from regulatory scrutiny by arguing that its hands are tied by the administration's use of the privilege.

"The inability of Verizon to provide information concerning its cooperation, if any, with the NSA program is further demonstrated by the `state secrets' privilege which the Department of Justice has invoked in connection with a pending federal court action," the company wrote in a filing with the Maine Public Utility Board. The board is conducting an inquiry after a customer complained.

A company spokesman declined to comment. In an earlier statement, Verizon denied supplying various specific categories of telecom data to the NSA but said it would neither confirm nor deny "whether it has any relationship to the classified NSA program."

In addition to its use in NSA surveillance cases, the state secrets privilege has been cited at least twice in high-profile cases challenging renditions.

On May 17, a Washington judge accepted the government's assertion of a secrets privilege in dismissing a case brought by Khaled al-Masri, a German citizen who said he was a victim of mistaken identity when he was arrested in Macedonia in December 2003 and flown to Afghanistan, imprisoned and beaten. The judge said that if al-Masri's claims were true, he deserved redress but that national security trumped his cause.

The government also cited state secrets in the case of Maher Arar, a Syrian and Canadian citizen who said he was detained while transiting through New York's Kennedy International Airport in September 2002 and flown to Syria, where he was imprisoned and tortured. He eventually was released and never charged with a crime.

In throwing out Arar's case in February, the judge did not specifically rule on the government's secrets claim but said Arar did not have legal standing for his suit and noted the "national security and foreign policy considerations at stake."

The state secrets privilege, recognized in modern form in a 1953 Supreme Court case, was used sparingly and narrowly for decades.

But in the past quarter century or so, use of the privilege has grown more frequent. The scope of requests has also expanded, with the government seeking the elimination of particular pieces of evidence and asking that entire cases be tossed out of court, according to Mark Zaid, a Washington attorney who represented plaintiffs in three recent cases ended by assertion of the secrets privilege.

The privilege is a particularly lethal legal weapon because the federal judiciary is loath to dispute executive branch decisions on national security questions and almost never rejects a government request for secrecy. "The judges don't want to be the ones who release the family jewels," Zaid said.

As a result, there's a powerful temptation for government lawyers to overuse the privilege, because, Zaid said, "They know the judges will accept it."

END

AP

Suit says AT&T violated privacy laws
Company is accused of giving phone data to U.S. spy agency

Friday, May 26, 2006

ST. LOUIS — AT&T broke Missouri privacy laws when it allowed federal agents access to phone records of millions of customers, a lawsuit filed in St. Louis alleges.

The suit is part of a backlash across the country to news reports that several phone companies revealed calling information to the National Security Agency. Complaints about the alleged disclosures were made Wednesday by the American Civil Liberties Union to utility commissioners and attorneys general in 20 states, including Missouri.

The class action suit in St. Louis Circuit Court cites state regulatory laws that protect the privacy of phone customers, the *St. Louis Post-Dispatch* reported Thursday. Violations are felonies. Many states have similar laws.

The records at issue are said to include who called and for how long.

Phone companies can share records with the government or other third parties with a court order or with customer approval. The suit, brought on behalf of AT&T customers in Missouri, alleges that neither was the case.

“This comprehensive and warrantless gathering and disclosure of telephone logs violates Missouri law,” says the suit by lawyer Joseph Dulle.

Meanwhile, Missouri Public Service Commission members Robert Clayton and Steve Gaw said that AT&T had refused to cooperate with their investigation. They said they would start a formal investigation and issue subpoenas requiring the company to disclose with whom it shared customer records.

AT&T is the largest telephone company in Missouri. It has not confirmed or denied giving customer records to the government.

Walt Sharp, a spokesman for the San Antonio-based company, said AT&T does not comment on pending litigation or “national security issues.” Sharp also pointed to a letter the company sent last week to the Public Service Commission in Jefferson City.

That letter says AT&T shares customer information with law enforcement or other government agencies only with legal authorization.

AT&T told the commissioners that it shares consumer records with the government “strictly within the law.”

President Bush and other administration officials have neither confirmed nor denied a *USA Today* report that the NSA is collecting the calling records of Americans in its effort to detect the plans of al-Qaida and other terrorist organizations. But the White House has insisted that its surveillance has been within the law.

The St. Louis suit alleges that AT&T is still giving the government customer records, including databases that keep track of telephone numbers and the length of calls.

END

Chicago Sun Times (IL)

May 26, 2006

Editorial: Don't let lawsuit do end run around FBI security checks

Joel J. Sprayregen ; Special to The Chicago Sun-Times

A group with proven links to terrorism is demanding "immediate" U.S\l "l". citizenship for Arab men whose FBI background checks have not been completed. The Council on American-Islamic Relations and other groups have sued\l "l" in U.S\l "l". District Court in Chicago on behalf of nine Arabs and one Pakistani. Plaintiffs admit that "background checks performed by the FBI are not yet completed," but complain that naturalization takes "significantly longer" for Muslim men.

America's generous traditions suggest that applicants for citizenship not be consigned to limbo for lengthy periods. But since 9/11 we live, at our peril, in a new world of security concerns. Candidates for

citizenship must pass two main events -- i.e., interview by the U.S. Citizenship and Immigration Services plus FBI background checks, especially the crucial "name check," to ascertain involvement in terrorism or crime. No sane person can suggest FBI checks are superfluous; they are essential to national security.

CAIR seeks to exploit efforts by CIS to expedite naturalization. Stung by accusations of bureaucratic inertia, CIS speeded processes so applications -- including interviews -- are generally completed within six months. In less than 1 percent of cases, the FBI did not complete name checks as swiftly as CIS completed interviews. According to CIS, 82 percent of name checks are completed within a few weeks and 99 percent within six months; the remaining 1 percent of applications "can sometimes take months and in rare instances years to resolve." More than 3.3 million name checks were conducted in 2005. The plaintiffs had their CIS interviews between March 2004 and September 2005.

Daunting obstacles delay checks requiring special FBI attention, including translations from non-Roman alphabets, multiple aliases (each must be checked) in countries where using several names is common, reliability of governments supplying information and profusion of identical names (three plaintiffs are named Mohamed). The gravity of the risks is illustrated by renewal of Mohammed Atta's visa after 9/11.

Federal law allows the court to take jurisdiction if CIS has not determined citizenship 120 days after the interview. CIS will not act without completion of FBI checks, for which the statute sets no deadlines. CAIR asks the Court to order "immediate . . . naturalization of plaintiffs," notwithstanding incomplete FBI checks. Alarmingly, the case is a class action for "all Muslim males applying for naturalization." The complaint claims 35,000 Muslim men apply annually. CAIR thus seeks to have thousands of Muslim men naturalized annually without complete FBI checks.

A peek at the record of CAIR functionaries might illuminate the motivation of CAIR for seeking to bypass FBI name checks. CAIR has been sued for wrongful death and other alleged wrongs in federal court in New York by the estate of John P. O'Neill, former head of FBI counterterrorism, who was killed on 9/11. Case documents reveal facts including the following:

uGhassin Elashi, founder of CAIR-Texas, was convicted of knowingly doing business with Abu Marzook, a designated terrorist who was deported in 1997 and is now a Hamas chief in Damascus.

uRandall Royer, CAIR communications specialist and civil rights co-ordinator, was indicted for conspiring to help al-Qaida and convicted of terrorist\l "l"-related weapons charges.

uRabih Hadid, CAIR fund-raiser and co-founder of a foundation\l "l" frozen by the U.S. Treasury for financing al-Qaida, was deported. CAIR solicited donations for the foundation.

uSiraji Wahajr of CAIR's board of advisers was named unindicted co-conspirator in the first World Trade Center bombing.

CAIR's activities have drawn authoritative scrutiny. Sen. Charles Schumer (D-N.Y.) described CAIR as an organization "which we know has ties to terrorism." Sen. Richard Durbin (D-Ill.) observes CAIR is "unusual in its extreme rhetoric and associations." FBI counterterrorism chief Steven Pomerantz said, "CAIR, its leaders and activities effectively give aid to international terrorist groups."

Justice Robert Jackson, chief Nuremberg prosecutor, warned that "the Bill of Rights should not be converted into a suicide pact." One hopes the courts will uphold national security by allowing complete FBI checks on all applicants for citizenship and that CAIR's record will be exposed in the lawsuit.

Joel J. Sprayregen, a Chicago lawyer, writes about the tension between civil liberties and national security.

END

Statesman Journal

Editorial: Dodging blame for errors drags U.S. down

Marie Cocco

May 26, 2006

WASHINGTON — No justice, no peace. The phrase is worn from overuse at too many protests of too many wrongs, real or perceived.

Still, it is the most apt reaction to the sad and infuriating case of Khaled al-Masri.

Masri is a German citizen who was mistakenly seized from a tourist bus en route to the Macedonian capital of Skopje in 2003, then held for five months of what he says was hellish treatment.

He was accused of being a terrorist, turned over to Americans and flown to a prison in Afghanistan. In the course of his detention, he claims he was shackled, beaten, sodomized, stripped naked, photographed nude and injected with drugs. After five months, Masri was released as suddenly as he'd been seized — dropped along a winding mountain road at the border between Albania and Macedonia, where he was handed a box containing his belongings, including his passport, which had been taken from him when he was captured.

German prosecutors have verified much of Masri's account. At least two official European bodies are investigating. German Chancellor Angela Merkel said last December that Secretary of State Condoleezza Rice had admitted the United States erred in Masri's case — his name apparently is similar to that of an al-Qaida suspect on terrorist watch lists. The U.S. government says Rice indicated that when mistakes are made, they are rectified.

Yet just last week, the CIA succeeded in squashing Masri's lawsuit against the U.S. government. He sought compensation and a public apology, trifling demands that surely could be met. And perhaps they would be met by an American government still inspired by the ideal of justice.

But this government said Masri's suit must be blocked because to acknowledge his situation — to confirm or deny it — would reveal a “state secret,” and so jeopardize national security. U.S. District Court Judge T.S. Ellis III agreed, although he made clear that accepting the “state secrets” argument in court wasn't a judgment on whether Masri's claims are true or false.

“Every single fact that is needed to prove liability is already in the public record,” says Ben Wizner, the American Civil Liberties Union attorney who represents Masri.

Several European governments and the United Nations, as well as unnamed American sources, have confirmed that the U.S. runs a secret program of “renditions” in which terrorism suspects are swept off the streets and spirited away to secret detention centers. Hundreds of media accounts around the world have detailed Masri's story — including one in The Washington Post that carried the headline, “Wrongful Imprisonment: Anatomy of a CIA Mistake.”

To whisper the word “secret” in connection with this case is to bend the language beyond absurdity. Stonewall is more accurate.

“The danger is that if secrecy can be invoked in this case, then the CIA has a blank check to shield even its most outrageous conduct from accountability,” Wizner says. “They say they're arguing secrecy, but what they're really arguing is immunity.”

The secrecy blanket that the Bush administration routinely throws over its questionable conduct also was used to cloak the case of Sibel Edmonds, a former FBI translator who was fired in 2002 after reporting security breaches and other misconduct. Unclassified briefings given to members of Congress about Edmonds' claims verified many of them — so then-Attorney General John Ashcroft classified the information retroactively. The Justice Department's inspector general also found that Edmonds' revelations of malfeasance were a factor in her dismissal. That report, too, was classified, though an unclassified version was released.

The Supreme Court ended the Edmonds case by refusing to hear it. Planned appeals of Masri's lawsuit would seem to be similarly doomed. The courts seem unperturbed by the government's addiction to the state secrets' strategy; its use has climbed dramatically since the Cold War wound down and the war on terror heated up.

Some discomfort, at least, seemed to unsettle Ellis. Even though Masri's claims couldn't be brought in court, the judge wrote that if they are “essentially true,” then “all fair-minded people … must also agree that Masri has suffered injuries as a result of our country's mistake, and deserves a remedy.”

But his only hope, Ellis wrote, lies with the executive branch (which carried out the misbegotten seizure) or the legislative branch (where political complicity has sanctioned executive misconduct).

Masri, then, has no recourse. Yet the more the United States heaps injustice upon the innocent, the more we stoke grievances. And the longer we will go without something resembling peace.

END

Benjamin, Anna (CRT)

From: Benjamin, Anna (CRT)
Sent: Friday, May 26, 2006 11:24 AM
To: Washington, Tracy T; Nichols, Grant W; Beach, Andrew; Koysza, David H; Potter, Janet; Salmons, David B; Buggs, Evelyn M; Gorsuch, Neil M; Swenson, Lily F; Shaw, Aloma A; Gunn, Currie (SMO); Martinson, Wanda; Calvert, Chris (CIV); Selim, George (CRS); Jezierski, Crystal; Vargas, Omar; Warren, Julie; Blomquist, Kathleen M; Cohen, Brian; Overstreet, Wanda S; Simmons, Carolyn M; Scott-Finan, Nancy; Wade, Jill C; Segal, Joshua M; Evans, Claire J; Agarwal, Asheesh (CIV); Holland, Eric W; Block, Jonathan; Ames, Andrew; Magnuson, Cynthia; Hughes, Richard; Eisenstein, Ilana H
Cc: Gamble, Nathaniel (CRT)
Subject: Bradley J. Saull's Farewell Seal
Importance: High

Hi All:

As you know today's Bradley Saull's last day with the Department. His farewell seal is located in the Front office (Suite 5643) for those of you who would like to sign it.

Thanks in advance

Anna P. Benjamin
Department of Justice
Civil Rights Division
950 Pennsylvania Ave, NW
Suite 5643
Washington, DC 20530

If you don't like something change it. If you can't change it, change your attitude. Don't complain. Maya Angelou

Martinson, Wanda

Subject:	Updated: Tuesday this week: OLP Policy Coordination Meeting
Location:	4236 OLP Conference Room
Start:	Tuesday, May 30, 2006 3:00 PM
End:	Tuesday, May 30, 2006 3:30 PM
Show Time As:	Tentative
Recurrence:	Weekly
Recurrence Pattern:	every 2 weeks on Monday from 3:00 PM to 3:30 PM
Meeting Status:	Not yet responded
Organizer:	Martinson, Wanda
Required Attendees:	Hertling, Richard; Macklin, Kristi R; McIntosh, Brent; Bounds, Ryan W (OLP); Battle, Michael (USAEO); Voris, Natalie (USAEO); Campbell, Benton; Elwood, Courtney; Epley, Mark D; Otis, Lee L; Gorsuch, Neil M; Todd, Gordon (SMO); Jezierski, Crystal; Kim, Wan (CRT); Schofield, Regina; Scolinos, Tasia; Roehrkasse, Brian; Seidel, Rebecca; Clinger, James H; Stuart, Diane; Taylor, Jeffrey (OAG); Vargas, Omar; Hagy, David; Comisac, Rena (CRT)
Optional Attendees:	Moschella, William

When: Tuesday, May 30, 2006 3:00 PM-3:30 PM (GMT-05:00) Eastern Time (US & Canada).
Where: 4236 OLP Conference Room

~~*~*~*~*~*~*~*~*~*

Attendees: Rachel Brand, Richard Hertling, Kristi Macklin, Brent McIntosh, Ryan Bounds
Michael Battle or Natalie Voris, Ben Campbell, Courtney Elwood, Mark Epley or Lee Otis, Neil Gorsuch or Gordon Todd, Crystal Jezierski or Omar Vargas, Wan Kim or Rena Comisac, Regina Schofield or David Hagy, Tasia Scolinos or Brian Roehrkasse, Rebecca Seidel or James Clinger (or Will Moschella), Diane Stuart, Jeff Taylor

USDOJ- Office of Public Affairs

From:	USDOJ- Office of Public Affairs
Sent:	Tuesday, May 30, 2006 8:29 AM
To:	USDOJ- Office of Public Affairs
Subject:	Department of Justice News Clips for Tuesday, May 30, 2006
Attachments:	dojclips060530.pdf; dojclips060530.doc

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DEPARTMENT OF JUSTICE *NEWS CLIPS*

PREPARED FOR THE OFFICE OF PUBLIC AFFAIRS, US DEPARTMENT OF JUSTICE

TO: THE ATTORNEY GENERAL AND SENIOR STAFF

DATE: TUESDAY, MAY 30, 2006 7:45 AM EDT

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TERRORISM NEWS:

Bush Says U.S. Must Honor War Dead (AP)

By Nedra Pickler

AP, May 29, 2006

President Bush, delivering a Memorial Day message surrounded by the graves of thousands of military dead, said Monday that the United States must continue fighting the war on terror in the name of those have already given their life in the cause.

"The best way to pay respect is to value why a sacrifice was made," Bush said, quoting from a letter that Lt. Mark Dooley wrote to his parents before being killed last September in the Iraqi city of Ramadi.

Noting that some 270 fighting men and women of the nearly 2,500 who have fallen since the terror attacks of Sept. 11, 2001, are buried at Arlington National Cemetery, Bush said, "We have seen the costs in the war on terror that we fight today."

"I am in awe of the men and women who sacrifice for the freedom of the United States of America," the president declared, drawing a long standing ovation from the troops, families of the fallen and others gathered at the cemetery's 5,000-seat white marble amphitheater.

"Here in the presence of veterans they fought with and loved ones whose pictures they carried, the fallen give silent witness to the price of liberty and our nation honors them this day and every day," he said.

The nation can best honor the dead by "defeating the terrorists. ... and by laying the foundation for a generation of peace," Bush said.

The president spoke after laying a wreath at the Tomb of the Unknowns. He ventured across the Potomac River on a sun-splashed Memorial Day just a short time after signing into law a bill that restricts protests at military funerals.

At the White House, Bush signed the Respect for America's Fallen Heroes Act," passed by Congress largely in response to the activities of a Kansas church group that has staged protests at military funerals around the country, claiming the deaths symbolized God's anger at U.S. tolerance of homosexuals.

The new law bars protests within 300 feet of the entrance of a national cemetery and within 150 feet of a road into the cemetery. This restriction applies an hour before until an hour after a funeral. Those violating the act would face up to a $100,000 fine and up to a year in prison.

DOJ_NMG_0030109

Monday's observance at Arlington National Cemetery was not a funeral, so demonstrators were free to speak their minds at the site. Bush's motorcade passed several on the way in, including a small group that held signs saying, "Thank God for dead soldiers" and "God hates fags."

Approximately 10 people from the Washington, D.C., chapter of FreeRepublic.com, a self-styled grass roots conservative group, stood across the road with signs supporting U.S. troops. A large sign held by several people said, "God bless our troops, defenders of freedom, American heroes."

The FreeRepublic.com group was trying to counter demonstrations by the Kansas-based group, led by the Rev. Fred Phelps. He previously had organized protests against those who died of AIDS and gay murder victim Matthew Shepard.

In an interview when the House passed the bill that Bush signed Monday, Phelps accused Congress of "blatantly violating" his First Amendment rights. He said that if it became law, he would continue to demonstrate but would abide by the law's restrictions.

Bush signed a second bill Monday that allows combat troops to deposit tax-free pay into individual retirement accounts. Supporters of the legislation argued that rules governing these accounts were punishing soldiers in Afghanistan and Iraq who earn only tax-free combat pay.

Bush Invokes The Fallen, Past And Present (NYT)

By Sheryl Gay Stolberg And Michael R. Gordon

The New York Times, May 30, 2006

ARLINGTON, Va., May 29 — President Bush paid homage to fallen members of the nation's military on Monday, using his annual Memorial Day speech at Arlington National Cemetery to draw a link between those who fought in an earlier era and those killed in Iraq and Afghanistan.

"I am in awe of the men and women who sacrifice for the freedom of the United States of America," Mr. Bush said, a remark that brought more applause than any other in his eight-minute speech. "Our nation is free because of brave Americans like these, who volunteer to confront our adversaries abroad so we do not have to face them here at home."

Mr. Bush spoke at the cemetery's marble-columned amphitheater after placing a floral wreath at the Tomb of the Unknowns, on a hillside overlooking the Potomac. The president vowed to honor those who had died in Iraq and Afghanistan "by completing the mission for which they gave their lives: by defeating the terrorists, by advancing the cause of liberty and by laying the foundation of peace for a generation of young Americans."

Seeking to draw a connection to wars past, the president quoted from two similar letters written more than half a century apart, the first by Second Lt. Jack Lundberg, who died two weeks after D-Day, the other by First Lt. Mark Dooley, killed by a bomb last September in Ramadi, Iraq. Lieutenant Lundberg wrote his parents to say, "The United States of America is worth the sacrifice."

"That same feeling," Mr. Bush said, "moves those who are now fighting the war on terror."

Though polls suggest the public is uneasy about the war in Iraq, none of that unease was evident in Arlington on Monday. More than 4,500 people gathered in sweltering sun to catch a glimpse of the president, who was introduced by Defense Secretary Donald H. Rumsfeld as "an historic leader, a selfless leader."

The crowd, waving tiny American flags, was both enthusiastic and somber: aging veterans in Pearl Harbor Survivor caps, grieving mothers with their children's dog tags dangling from their necks, little boys and girls in red T-shirts, a sign of membership in the Tragedy Assistance Program for Survivors, a group helping youngsters whose parents have died in military service. Afterward, they wandered the grassy knolls and the rows of white headstones.

The president began his day at the White House, where he signed bills to prohibit certain demonstrations at military cemeteries and to help military personnel in combat zones save for their retirement. He was joined at the cemetery by members of his administration and prominent lawmakers, including Senator John W. Warner of Virginia, chairman of the Armed Services Committee, and Senator Bill Frist of Tennessee, the majority leader. Former Senator Bob Dole of Kansas, badly wounded in World War II, was also there.

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Of more than 300,000 people buried at Arlington, more than 270 have been killed since the terrorist attacks of Sept. 11, 2001, and Mr. Bush singled them out for particular praise. Nearly 2,500 Americans have died in Iraq, according to Pentagon statistics, and more than 18,000 have been wounded there since the invasion in March 2003.

"In this place where valor sleeps, we are reminded why America has always gone to war reluctantly: because we know the costs of war," Mr. Bush said. "We have seen those costs in the war on terror we fight today."

Later, more than 600 members of the military who had served in Iraq or Afghanistan marched in a Memorial Day parade down Constitution Avenue in Washington. This was the first time that personnel returning from either of those two zones had participated in the event, which also featured veterans of other wars, high school bands, representatives of American Legion posts and banners promoting corporate sponsors.

Richard Rodriquez, a 23-year-old Navy petty officer from Union City, N.J., was one of the sailors selected by his commanders to take part. With the Army stretched thin, some of its ranks have been filled out by the Navy, and Petty Officer Rodriquez, who had been serving on a destroyer, left it to be a machine-gunner guarding Army convoys in Iraq.

He said Monday that he had decided to go out of a sense of solidarity with the troops there. "I lost a lot of friends," he said. "I know I could have helped somebody come home."

Bush Gets More Bad News From Iraq (AP)

By Nedra Pickler

AP, May 29, 2006

Just when President Bush was trying to accentuate the positive in Iraq and declare a new beginning in the war on terror, a rash of bad news comes from multiple fronts in the global struggle.

New details are emerging in the killings of two dozen Iraqi civilians at the hands of Marines. Anti-American protesters are staging riots in Afghanistan after a U.S. military convoy rammed into several civilian cars. And a reported 75 military detainees at Guantanamo Bay are on a hunger strike to protest their continued imprisonment without charges.

Add the trouble to the continuing daily violence in Iraq — at least 40 were killed in a series of bombings Monday, including two from a CBS News crew — and Bush could be in danger of losing even more support for his mission.

Bush has tried to keep the nation behind him with repeated talk about the importance of defeating the terrorists abroad so they cannot attack the United States again. He has expressed confidence that the U.S. will prevail and spread democracy. And he has acknowledged costly mistakes along the way.

In the past week, Bush has spoken about a new chapter in the nation's relationship with Iraq since a new government has taken control. But that hasn't kept the violence and unrest out of the headlines every day, and some in the White House have been arguing that he needs to do more to push back. His public relations blitzes on the war have helped build support in the past, according to public opinion polls taken before and after his campaigns.

At a press conference last week, Bush said the war has featured personal mistakes — specifically his "tough talk" about capturing Osama bin Laden "dead or alive" and challenging U.S. foes to "bring it on." And he said the worst mistake the country has made in Iraq was the Abu Ghraib prisoner abuse scandal. "We've been paying for that for a long period of time," Bush said.

He has not yet commented publicly on an incident in Iraq that Rep. John Murtha (news, bio, voting record), a decorated Marine war veteran and prominent critic of Iraq policy, has contended could undermine U.S. efforts there even more than Abu Ghraib did.

Murtha, D-Pa., has spoken critically about reports that Marines killed two dozen unarmed Iraqi civilians, including women and children, last November in Haditha, a city western Iraq that has been plagued by insurgents. The congressman also believes that the deaths were initially covered up by the military.

The killings came after a bomb rocked a military convoy on Nov. 19, killing a Marine. Marines then shot and killed unarmed civilians in a taxi at the scene and went into homes and shot other people, according to Murtha, who has been briefed by officials.

The Pentagon is investigating the deaths in Haditha, along with the events in Afghanistan that sparked rioting there Monday.

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Witnesses said the incident began when a convoy of at least three U.S. Humvees came into the city from the outskirts, then rammed into a rush-hour traffic jam, hitting several civilian cars. There were disputes about the number of deaths, but at least one person died.

The crash sparked a riot by dozens of stone-throwing Afghans who shouted "Down with America." Witnesses said U.S. forces then fired on the crowd, and the violence escalated.

Hundreds of Afghan army troops and NATO peacekeepers in tanks were deployed around the city, as chanting protesters marched on the presidential palace and rioters smashed police guard boxes, set fire to police cars and ransacked buildings.

The military also is dealing with defiant prisoners at Guantanamo Bay who are trying to draw attention to the fact that some have been held for up to 4 1/2 years without charges and with little contact with the outside world.

The U.S. military holds about 460 men at Guantanamo on suspicion of links to al-Qaida or the Taliban. Human rights groups say many innocent people have been swept up in the Bush administration's war on terrorism and sent to the prison at the Cuban base in Guantanamo Bay, with no end in sight to their incarceration. Only 10 of the detainees have been charged with crimes.

Their military trials, the first held by the United States since the World War II era, are set to begin within months. The Supreme Court, however, is expected to rule in June on whether Bush overstepped his authority by ordering war-crimes trials for some of those held at Guantanamo Bay.

Bush, Rumsfeld Honor Dead At Arlington Cemetery (WP)

By William Wan

The Washington Post, May 30, 2006

With their hands over their hearts, in salute and waving flags, thousands gathered at Arlington National Cemetery yesterday to remember those who had died for their country.

Under a sweltering sun, they watched as prayers were said, speeches were given and a wreath was laid at the Tomb of the Unknowns. For some, it was a well-timed tourist destination; for others, an annual pilgrimage through the rows of alabaster-white markers toward the cemetery's amphitheater.

There, shortly before noon, President Bush and Secretary of Defense Donald H. Rumsfeld spoke to the standing-room-only crowd. Rumsfeld urged audience members to renew their resolve against U.S. enemies and to count the country's many soldiers as blessings.

Following him, Bush said: "We are reminded why America has always gone to war reluctantly, because we know the costs of war. We have seen those costs in the war on terror we fight today."

Standing in the shade outside the amphitheater, Diane Cameron, 59, said it was her 15th year to make the journey from Texas. She has sat through similar speeches by Ronald Reagan, Bush's father and Bill Clinton.

"You don't come here for the politicians," she explained. "The politicians are the ones who get us into war. Our military gets us out."

After the ceremony, she planned to visit the grave of her brother, a Navy pilot whose jet had been shot down over Vietnam in the 1960s.

"This is the right way to celebrate Memorial Day," she said. "It's something I can only do here in Arlington."

A few paces away, Air Force Maj. Robert Grazulis, dressed in civilian shorts, took in the spectacle with his 6-year-old son, John, at his side. It was John's first visit to Arlington, and Grazulis, who works at the Pentagon, said he had brought him hoping to teach him about the duty and sacrifice required in a soldier's life.

"He's still young, so I don't know if he completely understands it all: life and death, honor and duty," Grazulis said. "He knows the white stones are for soldiers who aren't alive anymore."

They would take pictures, he said, so that on future Memorial Days they could look back and remember.

Bush Vows To Win War For Fallen (WT)

By Joseph Curl

The Washington Times, May 30, 2006

DOJ_NMG_0030112

President Bush stood among the graves of nearly 300,000 veterans at Arlington National Cemetery yesterday and said that the United States must continue fighting the war on terror in the name of those who have already given their lives in the cause.

"The best way to pay respect is to value why a sacrifice was made," the president said in a Memorial Day speech, quoting from a letter that Army 1st Lt. Mark Dooley wrote to his parents shortly before he was killed in September in the Iraqi city of Ramadi.

Mr. Bush noted that some 270 of the nearly 2,500 service members who have fallen since the September 11 terror attacks are buried at the nation's most famous military cemetery, which he called several times a "place where valor sleeps."

"On this Memorial Day, we look out on quiet hills and rows of white headstones -- and we know that we are in the presence of greatness. Here, in the presence of veterans they fought with and loved ones whose pictures they carried, the fallen give silent witness to the price of our liberty -- and our nation honors them, this day and every day," Mr. Bush said.

While he said that America has "always gone to war reluctantly," he added that the costs of the war against terror begun after the September 11, 2001, attacks are clear today.

"Our nation is free because of brave Americans like these, who volunteer to confront our adversaries abroad so we do not have to face them here at home. Our nation mourns the loss of our men and women in uniform; we will honor them by completing the mission for which they gave their lives -- by defeating the terrorists, by advancing the cause of liberty and by laying the foundation of peace for a generation of young Americans," he said to applause from troops, families of the fallen and others gathered at the cemetery's 5,000-seat white marble amphitheater.

The president also referred to soldiers from wars past and those still missing from the Vietnam War. "With us here are veterans who fought alongside them -- and who have come today to pay their respects. They are joined by veterans of World War II, Korea, Vietnam and other conflicts across the globe, whose friends and comrades also lie in this sacred ground. As we pray for their fallen friends, we also remember those who went to war and are still missing, and we are determined to account for them all," he said.

Mr. Bush remembered 2nd Lt. Jack Lundberg, killed two weeks after D-Day in World War II. "He wrote his Mom and Dad a letter to be opened in the event he did not come home. He wrote, 'I am sorry to add to your grief ... but we of the United States have something to fight for -- never more fully have I realized that. The United States of America is worth the sacrifice.' "

The president spoke after laying a wreath at the Tomb of the Unknowns. In his speech, he said: "The names of those buried there are known only to God, yet their souls have entered into the spirit of America, and they will never be forgotten by our nation."

Mr. Bush visited the cemetery shortly after signing into law a bill that restricts protests at military funerals.

At the White House, Mr. Bush signed the "Respect for America's Fallen Heroes Act," passed by Congress largely in response to the activities of a Kansas church group that has staged protests at military funerals around the country, claiming the deaths symbolized God's anger at U.S. tolerance of homosexuals.

The new law bars protests within 300 feet of the entrance of a national cemetery and within 150 feet of a road into the cemetery. This restriction applies an hour before a funeral until an hour afterward. Those violating the act would face up to a $100,000 fine and up to a year in prison.

Yesterday's observance at Arlington National Cemetery was not a funeral, so protesters were free to demonstrate. Mr. Bush's motorcade passed several on the way in, including a small group that held signs saying, "Thank God for dead soldiers."

About a dozen people from the Washington chapter of FreeRepublic.com, a grass-roots conservative group, stood across the road with signs supporting U.S. troops. A large sign held by several people said, "God bless our troops, defenders of freedom, American heroes."

Some 296,000 military members are buried at Arlington, most from the two World Wars and the Vietnam and Korean wars.

Tribute Paid To Fallen Soldiers In USA And Abroad (USAT)

By From Staff And Wire Reports

USA Today, May 30, 2006

DOJ_NMG_0030113

ARLINGTON, Va. — President Bush honored Americans killed in action Monday by vowing to complete "the mission for which they gave their lives — by defeating the terrorists."

Marking Memorial Day at Arlington National Cemetery for the fifth time during his presidency, Bush noted that 270 of the 296,000 men and women buried there died in the "war on terror" that followed the Sept. 11, 2001, attacks.

He singled out two of them: 1st Lt. Mark Dooley, killed in Iraq in September, who wrote his parents that "the best way to pay respect is to value why a sacrifice was made," and Lt. Col. Joseph Fenty Jr., killed in Afghanistan this month, one of whose comrades said they "were all in awe of him."

"I am in awe of the men and women who sacrifice for the freedom of the United States of America," Bush said, to sustained applause.

"We will honor them by completing the mission for which they gave their lives — by defeating the terrorists, by advancing the cause of liberty, and by laying the foundation of peace for a generation of young Americans," he said.

Across the country and overseas, Americans honored their war dead in a variety of ways:

•In New York City, the chairman of the city's top military museum apologized to the nation's servicemembers and veterans for what he said was the lost meaning of the once-solemn holiday.

"We Americans have become less concerned about those who died for us than we are about the menu being planned for the family picnic," Arnold Fisher said on the flight deck of the USS Intrepid Sea, Air & Space Museum. "I apologize to you for carrying the burden of this nation's commitment to freedom and liberty alone."

•In Topeka, Kansas Gov. Kathleen Sebelius said her generation learned a lesson from the Vietnam War: Even if Americans question or oppose a war, they must stand behind the troops who fight it. "The most important lesson from the era I grew up in is to remember that, as we debate the causes and outcomes of armed conflicts, we must remain united in our resolve to support and honor our troops and their families," Sebelius said.

•In Europe, members of the Senate Veterans Affairs Committee laid wreaths near the graves of thousands of servicemembers killed in World War I and World War II, including many who died storming the beaches of Normandy on D-Day in June 1944. Sen. Larry Craig, R-Idaho, the panel's chairman, said the delegation was the first to survey the condition of American cemeteries in France, Belgium, the Netherlands and North Africa.

Bush spoke at the Arlington cemetery's 5,000-seat white marble amphitheater, its first rows filled with family members of servicemembers killed in Iraq. Before his eight-minute speech, the president laid a wreath of red and white carnations and blue irises at the Tomb of the Unknowns.

Earlier, he signed into law a bill that restricts protests at military funerals. It was passed by Congress in response to the activities of a Kansas church group that has staged protests at military funerals around the country, claiming the deaths are evidence of God's anger at U.S. tolerance of homosexuality.

The law bars protests within 300 feet of the entrance of a national cemetery and within 150 feet of a road into the cemetery. Violators face up to a $100,000 fine and a year in prison.

Monday's observance was not a funeral, so demonstrators were free to speak their minds. Several did, including a handful from Westboro Baptist Church of Topeka, the target of the new law. They sang, "God hates America" to the tune of God Bless America and held signs reading "You're going to hell" and "Bush killed them."

About 10 people from the Washington, D.C., chapter of FreeRepublic.com, a grass-roots conservative group, responded with their own signs at the cemetery entrance supporting U.S. troops. One sign read, "God bless our troops, defenders of freedom, American heroes."

Bush Aligns Nation's Past And Present Wars (LAT)

By Peter Spiegel

The Los Angeles Times, May 30, 2006

WASHINGTON — Invoking the memory of more than 270 service members buried at Arlington National Cemetery who have died in combat since the Sept. 11 terrorist attacks, President Bush vowed Monday to honor them by "completing the mission for which they gave their lives."

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Speaking at Arlington after laying a wreath at the Tomb of the Unknowns as part of annual Memorial Day remembrances, Bush drew parallels between the forces felled in Iraq and Afghanistan and their predecessors who were killed in Korea, Vietnam and the two world wars, saying they all died fighting enemies abroad so the United States would not have to face them at home.

"In this place where valor sleeps, we are reminded why America has always gone to war reluctantly, because we know the costs of war," Bush said. "We have seen those costs in the war on terror we fight today."

Bush added that even as Americans mourned the deaths of troops in Iraq and Afghanistan, the United States would continue the fight, saying the country could best honor those killed "by defeating the terrorists, by advancing the cause of liberty, and by laying the foundation of peace for a generation of young Americans."

As of Monday, 2,466 U.S. soldiers have died in Iraq and 292 in Afghanistan, according to Defense Department figures.

Speaking on a hot, cloudless day, Bush was greeted warmly by friends and relatives of fallen soldiers and by the veterans in attendance. The loudest applause came when he told the story of Army Lt. Col. Joseph J. Fenty Jr., who was buried at Arlington last week after being killed in a helicopter crash in Afghanistan before ever meeting his newborn daughter.

One of Fenty's soldiers described his unit as being in awe of its leader, said Bush, adding he shared that feeling. "I am in awe of the men and women who sacrifice for the freedom of the United States of America," the president said to loud cheers.

Bush's remarks came on the same day that car bombs in Iraq killed at least 33 people, including one American soldier and two CBS journalists embedded with the U.S. military. The president's comments were preceded by short addresses from Defense Secretary Donald H. Rumsfeld and Marine Gen. Peter Pace, chairman of the Joint Chiefs of Staff, both of whom thanked the soldiers who had died and offered strong endorsements of Bush's stewardship.

Pace said Bush and Rumsfeld were providing soldiers "the very finest" leadership, and Rumsfeld called Bush "a historic leader, a selfless leader."

Rumsfeld also indirectly addressed public criticism of the war in Iraq, arguing that although naysayers had existed during most American wars, the U.S. military had always done its duty professionally and with honor.

"In whatever era they lived, it was said by some that America was a fading nation; in whatever era they fought, it was said by some that their fighting was not worth the cost," Rumsfeld said of the generations of soldiers buried at Arlington. "Yet every time, in every era, these citizen-soldiers answered those who doubted our country's cause with grit and gallantry."

The strong backing of Bush comes as his handling of the war in Iraq has increasingly been questioned by the American public. In an ABC News/Washington Post poll released this month, 66% of those surveyed said they disapproved of his handling of the war, the highest percentage to date.

Bush also used Memorial Day to sign two pieces of legislation aimed at helping military personnel and their families. One bill revises the Internal Revenue Service code to allow service members to deposit tax-free combat pay into individual retirement accounts, and the other bans some demonstrations at government-run cemeteries.

The ban was passed by Congress last week in response to a Topeka, Kan., church group that has been demonstrating near funerals of soldiers killed in Iraq, holding placards claiming that God was punishing the U.S. for its tolerance of homosexuals. Ban violators face up to a $100,000 fine and up to a year in prison.

Memorial Day Demonstrators Face Off (AP)

By Larry Margasak

AP, May 29, 2006

As throngs came to the hallowed grounds of Arlington National Cemetery to honor the fallen on Memorial Day, a handful of protesters from an anti-gay group stood across a four-lane highway from a conservative group supporting the troops.

The two groups, separated by a line of police cars, were faced off about 300 feet from the entrance to the cemetery. They held signs making competing arguments. But because of noise from approaching motorcycles and cars, they could not hear one another.

A small group of members of the Westboro Baptist Church of Topeka, Kan., who have been demonstrating around the country at military funerals, sang "God hates America" to the tune of "God Bless America" and held signs that read "God is America's terror", "Thank God for dead soldiers", "You're going to hell", and "Bush killed them."

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Across the street, a handful of people from the conservative group known as FreeRepublic.com held a large sign saying, "God bless our troops, defenders of freedom, American heroes." Other signs said, "God does love our defenders of freedom" and "This Memorial Day, thank a soldier for your freedom."

As people walked to the cemetery past the Westboro church group, many looked at them and scowled and several shouted insults.

A Marine lance corporal in uniform, passing by on the sidewalk, suddenly lunged toward one of the church protesters. A policeman put his arm around the Marine and led him away before there was any physical contact.

"Shut your mouth," one woman yelled at them, and a man passing by said, "Read your Bible." A spokesman for FreeRepublic.com, Kristinn Taylor, said his group showed up to demonstrate because they knew the church group was coming. He said they have staged counter demonstrations on several occasions when Westboro protesters disrupted military funerals.

"They're out of line," Taylor said. "Their hateful message isn't welcome here. Many of us have loved ones buried here."

"We wanted to send a positive message of support for troops serving now and their families and those who made the ultimate sacrifice," he said.

Margie Phelps, spokeswoman for the Westboro church group, said the group was protesting because "Congress doesn't have the power and can't pass enough laws to stop the wrath of God" against homosexuals.

"America is doomed because she has institutionalized sin and exalted homosexuality," she said.

Many people in cars and on motorcycles honked and gave friendly waves to the FreeRepublic group as they drove by.

A passerby got close to one of the protesters and yelled, "Thank God for America." A policeman stepped between them and the incident ended.

NSA Cases May Hinge On Issue Of Standing (LAW)

By Justin Scheck, The Recorder

California Recorder, May 30, 2006

Carolyn Jewel says the federal government's warrantless wiretapping program is giving her writer's block.

"I have recently begun to write in a new genre (action and futuristic romance)," the Petaluma, Calif., database-administrator-cum-novelist -- and named plaintiff in a class action against AT&T for cooperating with secret government eavesdropping -- wrote in court papers earlier this year.

"I feel that certain plots or subplots that would otherwise be of significant interest to me may be unwise since they would require research into weapons, arms and military and paramilitary operations. As a result, I do not plan to use my Worldnet service to do this research," continued Jewel, the only AT&T named plaintiff to specifically state how she was affected by the wiretaps.

"I suppose that's a claim," said Rory Little, a professor at Hastings College of the Law. "It's not as strong as saying they were definitely wiretapped."

A lawyer for the plaintiffs said Jewel and other AT&T customers suffered real harm.

"She actually chose not to pursue certain areas of writing," said Lee Tien, a lawyer with the Electronic Frontier Foundation.

Lawyers for AT&T and the government are trying to convince U.S. District Judge Vaughn Walker that chilling effects on customers -- such as Jewel's reticence to research upcoming books (one of which, "Rake," promises: "Romantic sensualist meets widowed novelist. Hot. Hot. Hot. Proposal is done and with my agent," according to her Web site, carolynjewel.com) -- don't amount to enough harm to give them standing.

While Walker mulls over the standing question, a similar case in Oregon federal court probably won't have that problem.

The suit, which has received less recent publicity than the AT&T class action, has a more direct complaint -- and fewer standing issues.

In late February, the Al-Haramain Islamic Foundation says it was directly harmed through illegal wiretaps -- and it has proof, according to court filings.

DOJ_NMG_0030116

"This case is unique among the various pending lawsuits challenging the president's warrantless electronic surveillance program in that only these plaintiffs possess incontrovertible proof -- the document filed under seal -- that they were victims of the president's program, and thus have standing to sue," wrote Thomas Nelson, a lawyer for Al-Haramain, in papers filed Monday.

Jon Eisenberg, an Oakland, Calif., lawyer and Nelson's co-counsel, said he was "immediately excited to see this case because there's standing." Eisenberg said he expects core issues in the case to be litigated faster than in the AT&T suit.

"They have a standing issue to overcome that we don't have," he said. "They're seeking to say the administration violated the law without having a specific instance of violation, which spills over into policy. That's problematic."

Tien said he expects Walker to rule that the class plaintiff have standing nonetheless. But in the meantime, he and the Oregon lawyers are facing a similar set of problems posed by government lawyers.

In both cases, the government has insisted that documents at the core of the case, as well as government pleadings, should remain confidential. Anthony Coppolino, the lead Department of Justice attorney in both cases, could not be reached by press time.

In the AT&T suit, the key evidence is documents provided by a former AT&T engineer that, plaintiffs lawyers say, show communications were routed through government computers. The documents are filed under seal, and Walker has agreed to keep them in a secure case as the litigation continues.

The most important piece of evidence in the Oregon suit is a secret document accidentally disclosed by the FBI in 2004 through discovery in another lawsuit. It's currently being held in a secure location in Seattle, despite efforts by the federal government to take it back.

The judges in both suits are now trying to decide whether that information should remain secret -- and whether to consider government motions kept concealed from plaintiffs lawyers. The secret papers, government lawyers said, argue that the suits should be thrown out because they jeopardize state secrets.

In a hearing in the AT&T suit last week, Walker seemed disturbed by the notion that plaintiffs would be unable to see their opponents' arguments, and asked for briefing on the issue. Similar briefs have been submitted in the Oregon case, too.

In both suits, defense lawyers say the Justice Department has a longstanding right to submit ex parte, in camera documents in sensitive cases.

"Contrary to plaintiffs' arguments, AT&T does not believe that an assertion of state secrets may blithely be dismissed without even considering the basis for it," wrote lawyers for AT&T.

Such arguments don't sit well for the plaintiffs in either case. As lawyers for the Oregon plaintiffs wrote, "Secret court filings are repugnant to a free society."

As the issues continue to be litigated, the judges in both suits will have to decide whether to open the heretofore secret documents, whether plaintiffs have standing, and if the suits would indeed unearth secrets vital to national security.

In the AT&T case, plaintiffs are hoping that Walker's decision on these issues will ultimately lead him to consider their motion for an injunction that would keep the government out of AT&T's network.

Until that decision is made this summer, Jewel -- judging by her Web site -- seems to have plenty to work on that won't bring government suspicion upon her.

One title in development is called "The Barbarian."

In that book, her Web site says, "a Highlander ends up married to the daughter of an English lord. He speaks only Gaelic and she doesn't. She thinks he's the muscle, not the bridegroom." That book, she wrote, will only require her to study Gaelic.

75 Now On Hunger Strike At Guantanamo (AP)

By Ben Fox

AP, May 29, 2006

The number of Guantanamo Bay detainees participating in a hunger strike has ballooned from three to around 75, the U.S. military said Monday, revealing growing defiance among prisoners held for up to 4 1/2 years with no end in sight.

DOJ_NMG_0030117

Navy Cmdr. Robert Durand called the hunger strike at the U.S. naval base in southeastern Cuba an "attention-getting" tactic to step up pressure for the inmates' release and said it might be related to a May 18 clash between detainees and guards that injured six prisoners.

"The hunger strike technique is consistent with al-Qaida practice and reflects detainee attempts to elicit media attention to bring international pressure on the United States to release them back to the battlefield," Durand said from Guantanamo Bay.

The United States now holds about 460 people at Guantanamo on suspicion of links to al-Qaida or the Taliban. But human rights groups say innocent people have been sent to the jail.

Defense lawyers said the hunger strike, which began last year, reflects increasing frustration among men who have little contact with the world outside the remote prison.

"I think it is escalating because the people down there are getting more and more desperate," said Bill Goodman, legal director for the New York-based Center for Constitutional Rights, which represents many of the detainees. "Obviously, things have reached a crisis point."

The military did not release the names of the striking detainees, and lawyers said they have no way of learning whether their clients are involved until they can visit the base.

"All these men want is a chance to have a trial," said Zachary Katznelson, an attorney for Reprieve, a British human rights group that represents 36 Guantanamo detainees. "If they are guilty, punish them. If not, then send them home."

Only 10 of the prisoners have been charged and face trial before military tribunals. The U.S. Supreme Court is expected to rule in June whether President Bush overstepped his authority in ordering the tribunals.

Durand said the number of hunger strikers reached about 75 over the weekend. U.S. officials classify detainees as being on hunger strike when they have missed nine consecutive meals.

Some 76 detainees began the strike last August to protest their confinement, with their ranks peaking at 131 in the fall, the military has said.

Defense lawyers have accused the military of underreporting the number of hunger strikers.

The lawyers say the number of strikers dwindled to three earlier this year after the military adopted more aggressive measures to force feed them, including using a restraint chair. U.S. officials said the measures are "safe and humane" and have been used in American civilian prisons.

Four of the detainees on hunger strike are being force-fed, including the three who were participating in the protest before the recent increase, Durand said.

Military officials believe the increase in hunger strikers was timed to coincide with the arrival of journalists and lawyers for the next round of pretrial hearings for Guantanamo detainees in June, Durand said.

He added it also could be related to the clash earlier this month in which, according to the military, a detainee pretended to commit suicide to lure guards into a cellblock, where they were attacked by prisoners armed with makeshift weapons.

Earlier that day, two detainees overdosed on antidepressant drugs they collected from other detainees and hoarded in their cells. The men have since regained consciousness.

75 Prisoners Join In Hunger Strike At U.S. Base In Guantanamo Bay (WP)

By Jane Sutton

The Washington Post, May 30, 2006

MIAMI, May 29 -- Seventy-five prisoners at the U.S. naval base in Guantanamo Bay, Cuba, were on a hunger strike Monday, joining a few who have refused food and been force-fed since August, a military official said.

Cmdr. Robert Durand, a spokesman for the Guantanamo Bay detention operation, called the hunger strike an attempt by the prisoners to gain media attention and pressure the United States to release about 460 men held there as enemy combatants.

Detainees are counted as hunger strikers if they miss nine consecutive meals, and most of the 75 hit that mark Sunday, Durand said. Most are refusing food but continuing to drink liquids, he said.

One of the recent group is being force-fed through a tube inserted through the nose and into the stomach, as are three others who have been on a hunger strike since Aug. 8, Durand said.

Hunger strikes have occurred periodically since the first suspected al-Qaeda and Taliban prisoners were taken to the U.S. base in southeast Cuba in 2002.

Durand said the current hunger strike may be timed to a series of hearings scheduled in June by the U.S. war crimes tribunals at Guantanamo Bay, which are formally called commissions.

"This new hunger strike is likely a coordinated, but short-term, effort designed to coincide with the military commissions hearings scheduled for the next several weeks, as defense attorneys and media normally travel to Guantanamo to observe this process," Durand said by e-mail.

He said it may also be related to an outbreak of violence on May 18, when two detainees tried to commit suicide by overdosing on hoarded medicine. Several others attacked guards who rushed into a communal barracks to stop an attempted hanging that was later determined to be a ruse.

The two who overdosed are expected to recover fully, and they remain under observation at a hospital inside the detention camp, Durand said.

"They are alert, talking, walking and recovering," he said.

Human rights groups have long criticized the indefinite detention of foreign captives at Guantanamo Bay. President Bush said recently he would like to close the base, but administration officials said many of those held there are dangerous men who should remain locked up somewhere, if not at Guantanamo Bay.

Military officials said 287 Guantanamo Bay prisoners have been freed or transferred to other governments, and negotiations are ongoing to return more than 100 others to their homelands for continued detention.

Excluding Friends (WP)

The Washington Post, May 30, 2006

THE SENATE HAD an opportunity last week to fix the horrendous mess Congress has inadvertently made out of the law governing the admission of refugees to the United States. In an overwhelming, bipartisan vote, it passed it up -- much to its shame. The body voted 79 to 19 to reject an amendment put forth by Sen. Patrick J. Leahy (D-Vt.) that would have restored discretion to the government to admit human rights victims bizarrely branded under current law as terrorists or supporters of terrorism.

The vote followed gross misrepresentations of the proposal by Sen. Jon Kyl (R-Ariz.) and Judiciary Committee Chairman Arlen Specter (R-Pa.). Indeed, given their descriptions, it's a wonder even 19 senators voted for it. Mr. Kyl portrayed it as permitting the admission of Taliban fighters; Mr. Specter warned of members of Hamas and other terrorists showing up on American shores.

The proposal would have done nothing of the kind. The government has wide latitude to exclude people who pose a national security threat. The problem with the existing laws are that they define a terrorist group so broadly as to include virtually any organization that has ever used weapons. And they not only permit but also require the exclusion of all members and material supporters of such groups -- with no exceptions for people who acted under the threat of violence. So a Liberian woman used as a sex slave in her own house or a Northern Alliance soldier who fought alongside American troops in Afghanistan would both be excluded -- the former for providing shelter to terrorists, the latter for membership in a "terrorist" group. Tens of thousands of refugees around the world are held up because of these strictures, many of them for affiliations with armed groups this country has actively supported and certainly never regarded as terrorists.

The Leahy proposal would have clarified that the bar applies only to groups the government has designated foreign terrorist organizations, and it would have created an exception for people who were forced to provide support to such organizations. Its rejection puts a huge burden on the administration -- which also shamefully opposed Mr. Leahy's amendment -- to exercise its very limited discretion under existing law aggressively. Current law allows the government to waive the ban for supporters, though not members, of terrorist groups. Following a lengthy intra-governmental skirmish, the administration has finally begun using this power -- permitting one large group of ethnic Karen victims of Burmese oppression to move forward in the process. But it won't be enough. The Senate needs to revisit this.

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HOMELAND RESPONSE:

For Some Katrina Evacuees, Another Displacement Looms (WP)

By Sylvia Moreno

The Washington Post, May 30, 2006

AUSTIN -- In the nine months since their New Orleans home was flooded with nine feet of water, Dianne Jeanpierre has worked hard to put her life and her daughters' lives back in order.

Their orderly apartment here is filled with gently worn donated furniture. The new routine for this Catholic family includes weekly inspirational services at a Baptist church.

Ashley, 17, attended her junior prom through the generosity of a department-store dress giveaway to children affected by Hurricane Katrina. Brittany, 14, had been enrolled in a high school for academically gifted students in New Orleans when the hurricane hit Aug. 29; she stayed focused and last week finished the school year with two citations for scholarship.

But the family's fragile stability is threatened. Jeanpierre has run out of unemployment insurance benefits from her former job as a security guard in New Orleans and cannot work because of debilitating asthma. Earlier this month, she got a notice that she would lose her housing benefits from the Federal Emergency Management Agency. Soon thereafter, her car was repossessed.

"I tried to make a home," said Jeanpierre, 46. "Now they're trying to eat you up, I tell you. Everything is just going downhill."

Jeanpierre's family is among about 55,000 nationwide facing the end of a FEMA-funded rental assistance program, in which local governments issued 12-month housing and utility vouchers.

Last month, FEMA began issuing letters to thousands of evacuees telling them their aid would be terminated. The vouchers are to end Wednesday in most of the country and on June 30 in 11 Texas jurisdictions, including Austin, Dallas and Houston.

That decision, says a class-action lawsuit filed by the Houston law firm of Caddell & Chapman and a consortium of public interest law groups, will create "widespread homelessness" and violates FEMA's statutory obligations to provide temporary housing assistance to hurricane victims.

FEMA's decisions on which evacuees to move into a housing assistance program with more rigorous requirements are "arbitrary, inconsistent and inequitable," the lawsuit contends. "As a result, FEMA is creating an opportunity to discontinue its housing assistance for tens of thousands of people."

Sixty-two members of the House filed a brief last week supporting the suit. It says that FEMA "continues to engage in a process that is marked by inefficiency, a lack of discernable standards and seeming disregard for the plight of the vulnerable survivors who are depending on the aid that FEMA is statutorily obligated to provide."

U.S. District Judge David Hittner is expected to rule Tuesday on a request to stop FEMA temporarily from shutting down the housing assistance program and to hold a trial on the lawsuit's merits.

"This process is broken, and FEMA is not following its mandates," said John B. Scofield Jr. of Caddell & Chapman. "Some people have extensions [to June 30], but still there are multiple thousands that are being left in the dust."

Aaron Walker, a FEMA spokesman in Washington, declined to comment on the lawsuit, citing agency policy regarding pending litigation. But, Walker said, reviews of evacuees' cases -- appeals and application updates -- are being conducted continually.

"There's a number of reasons, reasonable and logical reasons, people are found ineligible" for continued housing assistance, Walker said. "We genuinely aren't in an effort to have people without housing."

FEMA officials say that about 50,000 households are in the housing assistance program and that 12,000 have been informed they are ineligible for continued aid. The lawsuit contends that about 55,000 households are in the program nationwide and that "at least 17,000 households or at least 50,000 people of all ages have been deemed ineligible for further housing assistance and/or have not received a final determination of eligibility."

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Of the households deemed ineligible, 7,600 are in Houston, where the majority of displaced Katrina evacuees live, and 2,100 are in the Dallas-Fort Worth area, the suit says.

Many rulings of ineligibility were wrong, according to the lawsuit and officials working with evacuees. Some evacuees were told that their homes in New Orleans were not damaged enough to qualify them for continued assistance or that their old houses or apartments are habitable. Some were told that their paperwork was incomplete or that they did not meet certain requirements. Others were given no reason.

Those determinations, said LaTosha Brown, executive director of the Saving Our Selves Coalition in Atlanta, has displaced Louisianans panicked and landlords -- who were told by FEMA that it will no longer honor the housing vouchers -- sending eviction notices for next month.

"Instead of the government helping, it exacerbates the problem," said Brown, co-founder of the coalition, which is working with Katrina evacuees throughout the Gulf Coast and in Georgia. "There's an insensitivity to where people are emotionally. This is not business as usual. People are still damaged from the debacle."

Jeanpierre found out she was ineligible for continued rental assistance after her landlord received a notice from FEMA that it would stop paying her rent and utilities on Wednesday (an extension to June 30 was granted last week). The insurance settlement she received for her destroyed home in the Gentilly neighborhood went to the bank to pay off the mortgage.

She has applied for federal disability benefits through the Social Security Administration because of her health, but the case is pending. An urgent request to FEMA by a lawyer representing her asked the agency not to terminate her housing assistance until her case is settled. The request has not been answered.

"I'm just going to stay here until they send the police to put us out," Jeanpierre said. "There's nowhere for me to go."

After Katrina, New Fear Along Coast (WP)

By Peter Whoriskey

The Washington Post, May 30, 2006

VIOLET, La. -- When the floodwaters of Katrina reached the second floor of his home, Jesse Reed decided it was time to flee. He grabbed a shotgun, climbed onto the roof from a second-floor dormer window and jumped into his bass boat, which he kept nearby just for that purpose.

The 51-year-old, an outdoorsman and a plumber by trade, was proud of having ridden out previous storms with a certain woodsy elan.

Now, he says, "I wouldn't stay here for a goddarn hard rain."

All along the coast of the southeastern United States, even in those places untouched by its rage, Hurricane Katrina has obliterated long-held certitudes. Last year's destructive storm eroded the almost innate self-confidence of residents who once viewed hurricanes as tempests that could be weathered, not unimaginable catastrophes.

On the verge of what forecasters say will be a "very active" hurricane season, the result is a hovering fear. The wariness is a key but often unspoken cause for the slow recovery in towns wrecked last year -- residents are too afraid to return -- and a source of widespread anxiety everywhere else along the southeast coast.

Tony Fernandez, a sheriff's office official for St. Bernard Parish here, said that throughout the community there is a new reverence for "nature's strength and fury."

"Before we were all like doubting Thomases -- we had to see it," he said, shrugging. "Now we saw it."

The new faith is pervasive. Since Katrina, emergency managers from Houston to Biloxi, Miss., to Charleston, S.C., have chucked or revised evacuation plans that were long thought to have been adequate.

Dillard University in New Orleans has moved the start of classes from mid-August to late September to miss most of hurricane season. Some Florida residents have banded together to buy enormous generators capable of running entire households.

And civil engineers from around the country are similarly gripped by a new sense of the perils. They have reported widespread and long-standing flaws in the New Orleans levees, called for investigations into every levee in the United States and identified flaws in the dike that keeps Lake Okeechobee from overflowing South Florida.

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"Katrina was a defining experience for many people, and that's no less true for engineers," said Steven G. Vick, a Colorado engineer and one of the investigators who reported that the Lake Okeechobee dike is unsafe. The news spurred state leaders this month to create an evacuation plan for thousands of nearby residents who had long thought there was nothing to fear.

"You just don't do engineering in the same way after you've seen New Orleans. You don't take it as an abstraction, lines on a map," he said. "You recognize that you're dealing with people's lives."

While federal, state and local leaders have assured an anxious coastal public that every possible measure is being taken to avoid the calamitous evacuations and bungled responses during the last season, there are clearly unbridgeable gaps in the preparations.

Homeland Security Secretary Michael Chertoff expressed concern last week that the "greatest vulnerability" remains in areas that were hardest hit last year because the ubiquitous trailers that house storm victims cannot withstand high winds and because work on the protective levees has not been completed.

In Louisiana, about 200,000 people are living in 100,000 trailers, and a scattering of them dots this flood-wrecked town.

After Katrina passed by, Violet was inundated in a matter of minutes by water flowing over what was left of the levees protecting it from the Mississippi River Gulf Outlet. The surrounding area of St. Bernard Parish took some of Katrina's worst punishment.

Nearly every one of the 27,000 homes in the parish was severely flooded, and residents have taken to a rueful joke: One guy says, "How'd you do in the flood?" And the other guy says, "Not bad, just four feet -- on the second floor."

Of the several thousand people who did not evacuate, many languished for days without adequate food, water and medical supplies, and today, debris and wrecked houses still line roadways. Many stoplights don't work, and most businesses remain closed.

"We're living in a monument to why you need to get out when a hurricane is coming," Fernandez said.

On Friday, at Our Lady of Prompt Succor here -- the only Catholic church of eight in the area to have reopened -- parishioners will fast and pray for safety during the hurricane season, responding to a statewide call by the bishops of Louisiana. Churches elsewhere in Louisiana and in Florida have held services to ask for God's mercy this season.

"There's a tremendous anxiety here," said the Rev. William Maestri, spokesman for the Archdiocese of New Orleans. "We have to avoid despair, and we have to avoid the presumption that God will handle everything. We have to offer hope."

The specter of Katrina, combined with the warnings from the National Hurricane Center last week predicting eight to 10 hurricanes this season, has created an atmosphere of suspense and vulnerability.

St. Bernard Parish leaders announced last week that in the event of a hurricane, they will call for evacuations 24 hours earlier and store emergency supplies on higher ground, and that they had decided it is too dangerous to open any local shelters.

Because so many now say they will obey evacuation orders, the fear is not for lives but for the community itself. Many people are not returning. Fewer than 1 in 10 houses in Reed's neighborhood have trailers out in front; the others are unoccupied.

Despite assurances by the Army Corps of Engineers, many here believe the levees are inadequate.

Last week, Corps contractors were repairing the levees damaged by Katrina, piling them up to 20 feet with dirt floated in on barges, but officials acknowledged that even once that job is complete, another storm like Katrina could inundate the area again. More funding for the levees is pending before Congress.

Among those distrustful of the levees -- and not returning -- is Warren Duvieilh, 47, an electrician. He and his wife and daughter, all natives of the Violet area, have moved north of New Orleans. He rode out the storm at home and when the flood came, ran to the second floor of a house next door, where he was rescued 24 hours later. Then, like hundreds of others, he was stranded for days at a nearby improvised evacuee camp, where water and food had to be rationed.

"We've been married for 26 years and we lost everything," Duvieilh said. "No one could ever imagine the water could get that high. I'll never doubt it again."

Most of his family's friends, he said, have already moved out of harm's way.

"It is very difficult for some to leave," he said. "But they don't feel they could go back and risk everything again."

When Katrina flooded this small town, Jesse Reed rescued neighbors with his boat before heading toward dry land a few days later. Like a hardy few, he is planning to give the area one more chance. But just one.

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"If the water comes back," he said, "I ain't coming back."

Levee Progress Report: Much Done, More To Do (CSM)

By Kris Axtman

The Christian Science Monitor, May 30, 2006

NEW ORLEANS - With meteorologists predicting another severe round of hurricanes this summer, the US Army Corps of Engineers is hastily working to finish repairs to the New Orleans' levee system by June 1 - the official start of hurricane season - calling the end product "stronger and better than before."

But independent engineers and scientists say that even with $800 million in repairs and re-inforcements, the levee system is not safe yet, and they caution residents in badly damaged areas against "buying promises" and returning too soon.

The result is that many evacuees remain uncertain about whether to rebuild and move home, adding to the trepidation about the approaching hurricane season.

"People need to have confidence in their protection system in order to come back," says Col. Lewis Setliff, the engineer overseeing the levee repairs for the corps.

Currently, his team is installing three new floodgates where New Orleans meets Lake Pontchartrain, to block tidal surges, as well as auxiliary pumps to help prevent inland flooding when the gates are closed. But the massive floodgates - at a cost of about $35 million each - are only temporary, says Colonel Setliff as he watches the work being done on the 17th Street Canal.

Congress is debating a more permanent solution, the building of which could take years and cost significantly more than the $3.1 billion now allotted for repairs to the protection system.

After the corps completes initial repairs, the integrity of the entire system is not certain, corps officials acknowledge. They are working to have a full assessment by September - two-thirds of the way through hurricane season.

That's especially disconcerting, says Raymond Seed, a civil engineer at the University of California, Berkeley, and head of the Independent Levee Investigation Team, which presented its final report this week. "During Katrina, the weakest link in the chain broke, and the next weakest link is the one we now have to worry about," he says.

Across from the breach at the east side of the 17th Street Canal, for instance, the west bank's floodwall is now off center about 3-1/2 inches. "It was about to fail," says Dr. Seed.

His group is calling for a Federal Flood Protection Authority similar to local flood-protection authorities and a reorganization of the corps similar to what occurred at NASA after the space shuttle Columbia went down.

"I myself would not purchase property and move in now if the commitment of the state and federal government is to continue with business as usual," he says.

Pam Dashiell, for one, is taking his advice. About 250 people have returned to her historic neighborhood in the Ninth Ward's Holy Cross area, but she is not one of them.

"I'm waiting to see whether the levees will hold," she says, adding that she does not trust the corps when it says the levees will be stronger and better. "They told us it was safe before."

Residents should be concerned, says Robert Bea, an expert in technical forensics and a member of the Independent Levee Investigation Team. "The corps has made some really substantive and good repairs to the system since Katrina, but it is essentially the same system," he says. "If it is challenged again, it will suffer the same outcome, which is catastrophic failure."

For a new system to work, says Dr. Bea, new technologies and new ideas must be incorporated. "Beyond sheet pilings and floodgates," he says, the corps needs to bolster the barrier islands, plant trees and other vegetation, eliminate drainage canals, build underground culverts, and turn some backyards into fields.

"In some places, you are going to have to surrender land, because either you can't defend it or it should be part of the defense system," says Bea.

Recently, the corps announced that two of the new floodgates and pumps won't be ready until July - though Setliff stresses there are adequate fallback plans in case of an early hurricane.

Sandy Rosenthal, with levees.org, says her watchdog group was not surprised to hear of the delay.

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"The organization that is responsible for this catastrophe is still in charge," she says, referring to the corps. Ninety percent of what went wrong lies at the feet of the federal government, and more specifically, the corps, which built the levee system, she says.

But Seed, who has been a critic of the corps' performance, cautions against that view. "Everybody's looking to blame the Army Corps of Engineers, but this is very much a layered cake with regards to responsibility."

The levee along the Orleans Avenue Canal, for instance, did not fail during Katrina. But because a 400-foot section was simply unfinished, it became a spillway, inundating nearby neighborhoods with water.

It was up to the city to complete that section, but the levee board and the reclamation district could never agree on how to finish it.

"There seems to be a rule down here that two agencies have to be in conflict. And their failure to get together in the interest of the public good caused catastrophic damage," says Seed.

Acknowledging local failures, Cynthia Hedge-Morrell, a city councilwoman whose district includes hard-hit Gentilly and Pontchartrain Park, says everyone needs to take part in the solution.

"But it's the responsibility of the federal government to provide the funding for safe levees," she says. She is satisfied that the corps' repairs will prevent storm surge, "but what about overtopping, what about heavy rains, what about the long-term solution? We need a comprehensive plan."

The Catastrophe Wasn't Katrina (WP)

By Eugene Robinson

Washington Post, May 30, 2006

The evidence, by now, is overwhelming: Beautiful, decadent New Orleans wasn't doomed by Hurricane Katrina but by decades of human incompetence and neglect. As far as the drowned city is concerned, the greatest natural disaster in the nation's history would have been just a messy inconvenience if not for the fumbling hand of man.

The mortal threat to New Orleans, as Katrina plowed into the Gulf Coast, was not the powerful winds -- Mississippi took the brunt of those -- but the massive storm surge the hurricane generated. We now know that the levees, floodwalls and other barriers protecting the city were, for the most part, plenty tall enough and theoretically strong enough to keep the waters at bay. On paper, New Orleans should have ended up wet and wounded, but basically intact.

What happened instead was "the single most costly catastrophic failure of an engineered system in history," according to a report issued last week by the Independent Levee Investigation Team, a blue-ribbon panel led by experts from the University of California at Berkeley and funded by the National Science Foundation.

Some of the flood barriers were built using inadequate materials, the report says. Others were designed so poorly that they provided weak spots for the waters to exploit. Still others were left unfinished for lack of funds.

The Army Corps of Engineers, which was responsible for building the levees that failed, has not yet issued its own final report on the flood and likely will dispute some of the independent team's conclusions. But Secretary of Homeland Security Michael Chertoff remarked last week that "had it not been for what appear to be structural problems in the building of the levees, Katrina would have been a bad hurricane" but not an unparalleled catastrophe.

The report of the independent team, which was led by UC Berkeley engineering professor Raymond B. Seed, cites these examples of cause and effect:

Earthen levees stretching east from the city were built with "highly erodible sand" and other "lightweight" materials that could be found locally, rather than more "cohesive" clay soils that would have had to be trucked in. "When the storm surge arrived, massive portions of these levees eroded catastrophically," the report says. "The resulting carnage in St. Bernard Parish was devastating," with a "wall of water . . . pushing homes laterally, flipping cars like toys and leaving them leaning against buildings, and driving large shrimp boats deep into the heart of residential neighborhoods."

Floodwalls lining the east side of the Inner Harbor Navigation Canal, known to locals as the Industrial Canal, were not engineered to keep water from seeping beneath and undermining them. "The result was two massive breaches that devastated

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the adjacent Ninth Ward neighborhood, and then pushed east to meet with the floodwaters already rapidly approaching from the east from St. Bernard Parish."

Surging water pushed by the hurricane's winds from Lake Pontchartrain into the 17th Street and London Avenue drainage canals remained "well below the design levels, and well below the tops of the floodwalls." Nonetheless, the floodwalls suffered "catastrophic" failures; the designers apparently had not fully understood the weakness of the foundation soils on which the walls were built. So even though little if any water lapped over the walls, sudden breaches inundated central New Orleans -- residential neighborhoods, business districts, the streets around the Superdome.

The report notes that "no one group or organization had a monopoly on responsibility" for the disaster. Local, state and national government officials were rarely on the same page. In terms of pure engineering, there should have been independent review of some of the Corps of Engineers' assumptions and methods.

The most chilling sentence in the report is this one:

"A number of these same problems appear to be somewhat pervasive, and call into question the integrity and reliability of other sections of the flood protection system that did not fail during the event."

In other words, there are many miles of levees around New Orleans that were built with the same questionable design principles and materials that were used in the barriers that gave way. The Corps has patched the levee system so that it could probably prevent the last flood, but what about the next one?

Chertoff worries about a storm hitting next-door Jefferson Parish, which has seen its population swell with evacuees and reconstruction workers. He worries that with so many people living in flimsy trailers, even an approaching tropical storm might necessitate an evacuation. With New Orleans still crippled and the jury not yet back on whether it can ever fully recover from Katrina, no one wants to flip the calendar. Hurricane season officially begins on Thursday.

DHS Personnel Officer Resigns As Department Tackles Crucial Workplace Issues (WP)

By Stephen Barr

Washington Post, May 30, 2006

The top personnel officer at the Department of Homeland Security, on the job about eight months, has resigned and will leave June 9, a department spokesman said.

K. Gregg Prillaman , who has more than 30 years of experience in personnel and management issues, had been tapped to oversee an ambitious revision of pay scales and workplace rules at Homeland Security, which has about 185,000 employees.

His departure is another jolt to the department, which has been coping with turnover in its senior executive ranks. "I was surprised by his resignation," said Michael Jackson , deputy secretary for Homeland Security. "He had done some good work for us. He just made a decision to make a change, and that was his call."

Department spokesman Larry Orluskie said Prillaman had no comment on his resignation. "We will pass on the opportunity at this time to do an interview," Orluskie said.

Prillaman's departure comes as the department wrestles with a series of critical workplace issues. A lawsuit brought by federal unions has blocked new rules that would curtail union rights and an appeals court ruling could come within the next few weeks. The House has voted to take money from the department's management account and shows little interest in providing funds to develop a new personnel system. And the merger of 22 agencies into Homeland Security, although three years old, continues to drain employee morale.

The department is behind its original schedule for changing how employees will be paid, deployed and disciplined. Officials now hope to introduce a new pay-for-performance system in February 2007 and continue in phases through 2008.

Some officials fear that the changes, although a priority for the administration, may continue to slip because of more pressing issues, such as improving immigration and border controls, and preparing for the summer hurricane season.

Prillaman's position -- chief human capital officer -- is relatively new in the government. Congress created the position in 2002 as a way to elevate workforce issues and put them on the table at senior leadership meetings.

But the job did not work out for Prillaman, according to current and former colleagues.

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Prillaman and Janet Hale , the department's undersecretary for management, clashed over policy and operational issues, colleagues said. Strong philosophical differences so strained their relationship that they could not work together, said the colleagues, who spoke on condition of anonymity because they were not authorized to publicly discuss an internal matter.

Jackson suggested that the accounts were off base. "I would not oversubscribe to any sort of internal discussions here about people pushing on each other, because that happens in any organization," he said.

Hale also is leaving the department; her last day was Friday. She had been at Homeland Security since its founding. . She declined to be interviewed, Orluskie said.

Jackson said being Homeland Security's undersecretary of management "is one of the toughest jobs in the U.S. government. . . . It is a contact sport sometimes. It is a lot of complex issues, and people who bring a passion to the job like Janet did are the solution to what we need."

Searches are underway for successors to Prillaman and Hale, and an interim replacement for Prillaman has been found, Jackson said.

Scott Charbo , who oversees technology issues for the department, will be acting undersecretary for management.

Other key vacancies also have been filled, Jackson said.

On Friday, the Senate confirmed W. Ralph Basham , a 29-year veteran of the Secret Service, as the commissioner for Customs and Border Protection, which has 41,000 employees and is one of Homeland Security's largest agencies.

The Senate also confirmed R. David Paulison as undersecretary for federal emergency management and David Norquist as the department's chief financial officer.

"We are attracting strong public servants," Jackson said.

WAR NEWS:

Marine Probe Poses A Crucial Test For Iraqi Leaders (WSJ)

By Yochi Dreazen And Greg Jaffe

The Wall Street Journal, May 30, 2006

The killing of unarmed Iraqi civilians allegedly by U.S. Marines could become a flash point between the U.S. and the new Iraqi government, which faces the question of whether to seek the extradition of American military personnel who may have been involved in the incident.

When Nouri al-Maliki was sworn in as Iraq's prime minister earlier this month, the Bush administration expressed hope that the installation of Iraq's first democratically elected government would reduce tensions there and pave the way for a U.S. military withdrawal. But the possibility that Marines in the Sunni city of Haditha killed 24 Iraqi civilians and tried to cover up the shootings could inflame conditions during Mr. Maliki's first days in power.

U.S. military investigators opened a pair of formal probes into the mid-November incident in Haditha, and civilian and military officials familiar with the matter said photos, videos and other evidence in the possession of military authorities indicate the Marines killed unarmed civilians, including women and children, without provocation. The evidence also indicates the Marines tried to cover up the incident by blaming the deaths on insurgents, these officials said. Investigators are likely to charge several Marines with murder, which carries the death penalty under military law, and other Marines are likely to be charged with attempting to cover up the incident, the officials said.

U.S. officials say they are bracing for the possibility that Mr. Maliki will demand that any Marines involved in the incident be turned over to the Iraqi justice system for trial as a way of burnishing his credentials as leader and addressing outrage over the incident.

Under the U.S. government's "status of forces" agreements with Iraq, U.S. military personnel accused of wrongdoing can be tried solely under the U.S. military justice system. As a political matter, however, an Iraqi extradition demand would almost certainly spark a standoff between the two governments.

Gen. George Casey, the top military commander in Iraq, said in an interview that he hadn't discussed the Haditha incident with the new prime minister or his Iraqi counterparts, and they hadn't asked about it. Once the investigation is complete, Gen.

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Casey said, he likely would discuss it with them. A spokeswoman for the U.S. Embassy in Baghdad referred questions about Haditha to the military. A spokesman for Mr. Maliki said the government is "considering all its options," but declined to comment further.

Allegations of the incident in Haditha, where dozens of U.S. forces have been killed in ambushes and other attacks since the 2003 invasion, prompted several U.S. lawmakers to warn that the deaths could damage America's efforts in Iraq and its moral standing in the Arab world more deeply than the Abu Ghraib prison-abuse scandal. Republicans pledged to hold public hearings to investigate the military's handling of the deaths.

"There is this serious question...of what happened and when it happened and what was the immediate reaction of the senior officers in the Marine Corps when they began to gain knowledge of it," Sen. John Warner (R., Va.), chairman of the Senate Armed Services Committee, said yesterday on ABC's "This Week."

Iraqis have complained that the U.S. military rarely investigates the accidental killings of Iraqi civilians in raids or at military-run checkpoints. The belief that Mr. Maliki's predecessors as premier have been unable or unwilling to confront the issue has fueled Iraqi skepticism about the political transition.

Thousands of Iraqi civilians have been killed in recent months in sectarian violence carried out by insurgents, militia fighters, and death squads linked to the new U.S.-trained Iraqi military and paramilitary forces. With fears of sectarian bloodshed escalating, Sunnis and Shiites who have lost faith in the new federal government and its forces see U.S. troops as the only semihonest broker in the country. Many Iraqi leaders have expressed outrage over the incident, but broader concerns of sectarian violence could help reduce a public backlash against U.S. forces.

"None of the locals here trust the new government at all," said Capt. Rick Montcalm, who leads a reconnaissance platoon in a largely Sunni area north of Baghdad.

General Pledges 'appropriate Action' In Probe Of Iraqi Deaths (USAT/AP)

By The Associated Press

USA Today, May 30, 2006

The chairman of the military's Joint Chiefs of Staff said Monday that "it would be premature for me to judge" the outcome of a Pentagon investigation into the killing of as many as a dozen Iraqi civilians by Marines.

However, Marine Gen. Peter Pace said he believes it's critically important to make the point that if certain servicemembers are responsible for an atrocity there, they "have not performed their duty the way that 99.9% of their fellow Marines have."

Interviewed on CBS' The Early Show as the nation observed Memorial Day honoring men and women lostin war, Pace pledged that "we'll get to the bottom of the investigation and take the appropriate action."

Pace's interview came a day after Rep. John Murtha, a decorated Marine war veteran and critic of Iraq policy, said the incident could undermine U.S. efforts there more than the Abu Ghraib prison scandal did.

Murtha, a Pennsylvania Democrat, also charged that the shootings last November at Hadithah, a city in the Anbar province of western Iraq that has been plagued by insurgents, were covered up.

"Who covered it up, why did they cover it up, why did they wait so long?" Murtha said Sunday on This Week on ABC. "We don't know how far it goes. It goes right up the chain of command."

A bomb rocked a military convoy on Nov. 19, killing a Marine. Marines then shot and killed unarmed civilians in a taxi at the scene and went into two homes and shot other people, according to Murtha, who has been briefed by officials.

One of the Marines in Hadithah that day, Lance Cpl. Roel Ryan Briones of Hanford, Calif., told the Los Angeles Times that he took photos and carried out bodies as part of a cleanup crew dispatched to the homes after the shootings. He said he did not witness their deaths.

"They ranged from little babies to adult males and females. I'll never be able to get that out of my head. I can still smell the blood. This left something in my head and heart," Briones, 21, told the Los Angeles Times for a story published Monday.

Murtha said Sunday that high-level reports he received indicated that no one fired upon the Marines or that there was any military action against the U.S. forces after the initial explosion. Yet the deaths were not seriously investigated until March because an early probe was stifled within days of the incident, he said.

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Said Pace on Monday: “This investigation is ongoing. It would be premature for me to judge the outcome.”

Asked how such a thing could have happened, he replied, “Fortunately, it does not happen very frequently, so there's no way to say historically why something like this might have happened. We'llfind out.” Murtha repeated his view that the war in Iraq cannot be won militarily and needs political solutions, which he said were damaged by such incidents involving the United States.

“This is the kind of war you have to win the hearts and minds of the people,” he said. “And we're set back every time something like this happens. This is worse than Abu Ghraib.”

The U.S. effort to win over Iraqis and others in the Arab world by fostering a democratic government was damaged when it was revealed that U.S. military personnel had abused and humiliated people held at Abu Ghraib, a prison outside of Baghdad.

Bloody Scenes Haunt A Marine (LAT)

By Rone Tempest

The Los Angeles Times, May 29, 2006

HANFORD, Calif. — Lance Cpl. Roel Ryan Briones says he is tormented by two memories of Nov. 19, 2005, in Haditha, Iraq.

The first is of the body of his best friend and fellow Marine blown apart just after dawn by a roadside bomb. The second is of the lifeless form of a small Iraqi girl, one of two dozen unarmed civilians allegedly killed by members of his Camp Pendleton unit — Kilo Company, 3rd Battalion, 1st Marine Regiment, 1st Marine Division.

Briones, a wiry, soft-spoken 21-year-old interviewed Sunday at his family home in this Central Valley city, said he was not among the small group of Marines that military investigators have concluded killed the civilians, including children, women and elderly men.

However, Briones, who goes by Ryan, said he took photographs of the victims and helped carry their bodies out of their homes as part of the cleanup crew sent in late in the afternoon on the day of the killings.

"They ranged from little babies to adult males and females. I'll never be able to get that out of my head. I can still smell the blood. This left something in my head and heart," Briones said.

He said he erased the digital photos he took at the scene after first providing them to the Haditha Marine command center. He said Navy investigators later interrogated him about the pictures and confiscated his camera.

At least two military investigations are underway into the incident at Haditha, which is emerging as possibly the worst case of alleged criminal misconduct by U.S. forces in the 3-year-old Iraq war.

Of the 12 Marines being investigated, three or four are thought to have done the killing, according to officials briefed on the investigation. The others are being investigated for failing to stop the killings or for not reporting the incident truthfully.

Briones is the first of his unit to speak publicly about the events. His account provides background on the atmosphere and activities that day in the Euphrates River town and the traumatic memories it left in its wake.

Shortly after 7 a.m. on Nov. 19, Briones, who received a Purple Heart during a previous tour in Iraq that included fierce fighting in Fallouja, said his team of five men was called to respond to a roadside bomb explosion about 300 yards outside Kilo Company's Firm Base Sparta, located in an abandoned school.

When they arrived about 10 minutes later at the smoky, chaotic scene in a residential neighborhood, he said he saw the remains of his best friend, Lance Cpl. Miguel "T.J." Terrazas, his body split in half, resting in the destroyed Humvee in which he had been riding.

"He had a giant hole in his chin. His eyes were rolled back up in his skull," Briones recalled of the 20-year-old Texan. Briones said he draped a poncho over the body of his drinking buddy and workout partner and said a short prayer over his body: "Rest in peace. You are my brother by another mother. I love you, man."

After the explosion, Marines began a methodical sweep of homes looking for the bomber or people who knew his identity, according to officials briefed on the investigation. At some point during the sweep, Marines entered three nearby homes, killing the people inside.

But Briones said he didn't see any of this.

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"It was such a blur. Smoky and smelled like an explosion," Briones said. "I only saw T.J. because he was right there. I practically walked into him."

He said his team evacuated two other soldiers in Terrazas' unit who were wounded in the explosion, including one, whom he identified as Lance Cpl. James Crossan of Washington state, who was pinned under the wreckage.

Briones and his team, including a Navy medical corpsman he identified as Brian Witt, evacuated the two wounded to a nearby soccer field where they were picked up by a Black Hawk helicopter. He said he and his team then returned to the Sparta home base.

"We went back to the firm base and just waited," Briones said. "A lot of people were mad. Everyone had just had a [terrible] feeling about what had happened to T.J." Still in shock over the death of his best friend, Briones said he retreated to a dark corner of the camp to collect his thoughts. Only 20 at the time, he said he didn't want his even younger 3rd Squad, 3rd Platoon team members to see that he was grieving.

He said he and his team remained at the camp until they were called back to the scene of the explosion about 5:30 p.m. the same day.

When they arrived, Briones said that most of the Marines on the site were sergeants or above, including several officers: "I remember because they didn't have enough lance corporals to deal with the bodies."

Briones said his team was assigned to mark the bodies of the victims by number and place them in body bags. He said a sergeant or a junior officer, he couldn't recall which, asked if any of the Marines carried personal cameras and that he and another Marine, whom he identified as Lance Cpl. Andrew Wright of Novato, said they did.

"You are going to be combat photographers," Briones said they were told.

Briones said he took pictures of at least 15 bodies before his camera batteries died. He said he then helped other Marines remove the bodies and place them in body bags. He said his worst moment, and one that haunts him to this day, was picking up the body of a young girl who was shot in the head.

"I held her out like this," he said, demonstrating with his arms extended, "but her head was bobbing up and down and the insides fell on my legs."

As he spoke, his mother, Susie Briones, 40, a Hanford community college teacher, who was sitting beside him at the kitchen table, silently wiped away tears.

Earlier she confided to a reporter that her son called frequently from Iraq after he experienced nightmares over the little girl.

"He called me many times," she said, "about carrying this little girl in his hands and her brains splattering on his boots. He'd say, 'Mom, I can't clean my boots. I can't clean my boots. I see her.' "

Ryan Briones said that he and other members of the cleanup crew remained at the site until about 11 p.m. When he came back he said he dropped his Olympus 3.2 megapixel camera by the unmanned Sparta base command operations center. When he returned a few hours later he said it looked like the camera had been moved so he assumed someone had downloaded the pictures and he erased them all.

But whether the photos ever reached authorities, who also have pictures from an intelligence investigation team and another source, is not clear.

Briones also said that he did not want to give the impression that he still had copies of the photographs because he did not want his possessions or those of his family searched by Navy investigators. He said there had been several examples recently of Navy investigators confiscating computers and PlayStation consoles capable of storing photographs.

The photos later became the main focus of questions by investigators who interviewed Briones for several hours in Iraq in March, shortly before he returned home. In the second interrogation, which he said took place at the battalion headquarters at Haditha Dam north of the city of Haditha, investigators showed him photographs of the bodies similar to his but shot from different angles.

"They wanted to know if the bodies had been moved or tampered with," Briones recalled. He said he had not been interviewed by Navy investigators since his return, although other Marines in his company had been interrogated repeatedly for hours at the Naval Criminal Investigative Service at Camp Horno, part of sprawling Camp Pendleton.

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In early April, less than 36 hours after his return from Iraq, Ryan Briones got into serious trouble in his hometown that he and his family say was related to stress from the Haditha incident.

Briones was charged with stealing a pickup truck, crashing it into a house, leaving the scene of the accident, driving under the influence and resisting arrest. A picture of the spectacular crash with a white Ford F-150 lodged in a Hanford living room appeared on the Hanford Sentinel's front page April 4.

Released from Kings County jail April 5 on $35,000 bond, Briones has a court date set in mid-June.

His mother said that her son has joined Alcoholics Anonymous and is being treated by a San Diego physician for his post-traumatic symptoms.

"My son saw what the Marines did, and he knew who did it before the Haditha investigations began," the mother wrote in a long letter to local authorities seeking leniency in the criminal cases.

"He saw the killings and knew who sent the word out to do the killings, he had to clean up the bodies of children who were sleeping in their beds and he saw his best friend die in front of his eyes."

Susie Briones said she is angry at what she described as the Marines' failure to adequately "decompress" him and other Marines when they come home from combat. She said she was writing a book to help other families avoid what she and her son are going through.

"I used to be one of those Marines who said that post-traumatic stress is a bunch of bull," said Ryan Briones, who has prescriptions for anti-depressants and sleeping pills. "But all this stuff that keeps going through my head is eating me up. I need immediate help."

Drone's Video May Aid Marine Inquiry (WP)

By Thomas E. Ricks

The Washington Post, May 30, 2006

Military investigators piecing together what happened in the Iraqi town of Haditha on Nov. 19 -- when Marines allegedly killed two dozen civilians -- have access to video shot by an unmanned drone aircraft that was circling overhead for at least part of that day, military defense lawyers familiar with the case said in interviews.

It is unclear whether the video obtained from that day's flight captured the violence, said the lawyers, who have consulted with Marines who were there. One lawyer said investigators have reviewed surveillance footage taken hours after the shootings, which showed the Marines returning to the town to remove the bodies of the Iraqis.

Yesterday, Marine Gen. Peter Pace, chairman of the Joint Chiefs of Staff, said charges will be issued against troops if the evidence merits it. For now, however, "it would be premature for me to judge" the outcome of the two U.S. military investigations, Pace said on CBS's "The Early Show." "We'll get to the bottom of the investigation and take the appropriate action."

Iraqis who say they witnessed the violence in Haditha have said U.S. troops shot men, women and children at close range in retaliation for the death of a Marine lance corporal in a roadside bombing. The two investigations -- one into the incident and another into allegations that military personnel tried to cover it up -- began this year after news reports challenged an early military statement that the civilians were killed in the bombing.

People familiar with the case say they expect that charges of murder, dereliction of duty and making a false statement will be brought against several Marines.

In addition to video from the drone, investigators have records of radio message traffic between the Marines and a command center, said military defense lawyers who have discussed the investigation with Marines who were at Haditha but who have not yet been formally retained by them.

"There's a ton of information that isn't out there yet," said one lawyer, who, like the others, would speak only on the condition of anonymity because a potential client has not been charged. The radio message traffic, he said, will provide a different view of the incident than has been presented by Rep. John P. Murtha (D-Pa.) and other members of Congress. For example, he said, contrary to Murtha's account, it will show that the Marines came under small-arms fire after the roadside explosion.

Two of the lawyers said the message traffic will show officers in higher headquarters knew early on that a large number of civilians had been killed and that they did not raise alarms.

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"The chain of command knew about it," said one, and "the number of deaths was reported" by the commander of the company involved, Capt. Lucas M. McConnell of Kilo Company, 3rd Battalion of the 1st Regiment of the 1st Marine Division.

Lt. Col. Scott Fazekas, a Marine spokesman, said yesterday he could not comment on the reports of drone-aircraft video or other aspects of the case because "the investigation isn't complete." Last month, the Marines relieved of command the battalion commander, Lt. Jeffrey R. Chessani, as well as McConnell and another company commander, citing a lack of confidence in their leadership.

The presence of the drone is potentially significant because such surveillance craft are in high demand in Iraq and their use is supervised by senior officers -- which could indicate there was interest among higher officers about what was occurring in Haditha.

One of the military lawyers said Nov. 19 was the 3rd Battalion's "hottest day" in Iraq, and was unusually violent even for al Anbar Province, which is where the insurgency began and where it remains extremely active.

In addition to drone surveillance that day, AV-8 Harriers were dropping bombs, helicopters were evacuating wounded, and a large firefight occurred about one-third of a mile from the site of the civilian shootings, said several people familiar with the investigation.

Also yesterday, the Los Angeles Times reported that a Marine said he photographed at least 15 bodies after the attack, which he said he was not involved in. Lance Cpl. Roel Ryan Briones, the first member of the unit to speak publicly about the incident, told the newspaper that after he took the pictures he helped remove bodies, including that of a young girl who had been shot in the head.

Briones indicated that since returning home to Hanford, Calif., he has suffered from post-traumatic stress disorder stemming from the corpses he saw and carried that day. "They ranged from little babies to adult males and females," the Times quoted him as saying.

Less than two days after coming home he was charged with stealing a pickup truck, leaving the scene of the accident, driving under the influence of alcohol and resisting arrest, the newspaper said.

On A Marine Base, Disbelief Over Charges (NYT)

By Carolyn Marshall

The New York Times, May 30, 2006

CAMP PENDLETON, Calif., May 29 — In this "company town" where everything and everyone caters to the well-being of the Marine Corps, there is no shortage of people, both military and civilian, who are willing to give the benefit of the doubt to the troops accused of unjustified killings last November in Haditha, Iraq.

Denial and utter disbelief are the overwhelming reaction to reports of the killings involving marines based here. If there is any truth to the accusations, some say, then the troops must have been acting on direct orders, responding as they were trained to do.

Lawrence Harper, 36, now retired, served in the Marine Corps for more than 15 years, and was in the Persian Gulf war.

"Many times you see a situation the next day and wonder, how did my brain think this was dangerous?" Mr. Harper said, while shopping for gear at G.I. Joe's, a military supply shop in Oceanside.

Mr. Harper expressed doubt that the marines knowingly committed crimes in Haditha, saying that they undoubtedly acted on instinct, as trained, in the heat of battle.

"When a bullet comes at you and you turn around and half your buddy's head is blown off, it changes the way you think forever," he said.

Jerry Alexander, the owner of G.I. Joe's and a Navy man who served with the Marines for a dozen years, had much the same perspective, saying, "If I saw my buddy laying there dead, there is no such thing as too much retaliation."

While Mr. Alexander said "unacceptable kills" should not be covered up, he worried about the unfairness of judging those who were in Haditha.

"In the heat of combat, you cannot hesitate; he who hesitates is lost," he said. "I would not prosecute these young men because they were just doing their jobs."

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On this Memorial Day, in this military community, people will concede that any marine who committed illegal acts must be punished and that the Pentagon must take responsibility.

But conversation quickly returns to emotional and earnest explanations of the need for understanding for what one former marine described as "these 19-year-old kids who get paid 900 bucks a month to put their lives on the line."

The marines and several senior officers assigned to the Third Battalion of the First Marine Division are the focus of criminal investigations looking into the deaths of 24 people who lived in the Subhani district of Haditha, an insurgent stronghold in Iraq.

A preliminary inquiry indicated that the civilians were killed during a four- to five-hour sweep, led by a handful of marines angry over the death of Lance Cpl. Miguel Terrazas, 20, of El Paso, Tex., who was killed as his patrol drove through the area.

Appearing Monday on the CNN program "American Morning," Gen. Peter Pace, chairman of the Joint Chiefs of Staff, said, "We want to find out what happened and we'll make it public."

He added, "If the allegations, as they are being portrayed in the newspaper, turn out to be valid, then of course there will be charges. But we don't know yet what the outcome will be."

The family of Corporal Terrazas was interviewed Monday morning on "Morning Edition" on National Public Radio. His uncle, Andy Terrazas, a former marine who is now a border patrol agent, said, "I hope this is over soon so they can just let him rest in peace. I hope these marines come out clean, but I guess it's not looking too good, right?"

None of the active and former marines interviewed for this story knew Corporal Terrazas or the members of the unit at the center of the probe. But most of them had seen combat, recently or in the Gulf war.

"In Iraq, everything you do has to be cleared with a commanding officer," said Cpl. Michael Miller, 25, who has served two tours of duty and fought in Falluja and Ramadi. "You just can't go clearing houses without the permission of higher-ups."

Corporal Miller said he believed that the marines would be vindicated in the inquiry. "I just think the marines did what they had to do," he said. "I don't know why innocent people are dead, but someone must have seen a gun." Several retired senior officers agreed. Col. Ben Mittman of the Air Force, interviewed as he got his regular military buzz cut at the Beachcomber Barber Shop in Oceanside, worried that the young servicemen were being made scapegoats.

"If this thing really happened, they had to radio communication and get the go-ahead," he said. "The frontline grunts these days do not do anything without the commanders knowing, especially something like that."

The Los Angeles Times reported Friday that photographs taken by a Marine intelligence team sent into Haditha showed execution-style killings, including gunshots to the head. As more details about the Haditha deaths incident surface, it has conjured disturbing memories of the My Lai massacre in Vietnam for many former marines and in other circles of war veterans. "I would draw the same parallel," Mr. Alexander said. "The young guys took the heat for the higher-ups there too."

Most of those "young guys," the active-duty marines who are the peers of those under scrutiny in the Haditha deaths, were off base this weekend on a five-day holiday leave.

It is those marines and their leaders who were the focus of other remarks by General Pace in his interview on "Morning Edition."

"We should, in fact, as leaders take on the responsibility to get out and talk to our troops and make sure that they understand that what 99.9 percent of them are doing, which is fighting with honor and courage, is exactly what we expect of them," he said, adding, "Because regardless of where this investigations goes, we want to ensure that our troops understand what's expected of them."

Nation's Honor Requires Full Inquiry Into Haditha Killings (USAT)

USA Today, May 30, 2006

It was a hard thing to have to address on Memorial Day.

The chairman of the Joint Chiefs of Staff, Marine Gen. Peter Pace, responding to a brewing scandal over an alleged massacre of as many as 24 civilians by Marines in the western Iraqi town of Haditha, pledged that two investigations would get to the bottom of what happened and that appropriate action would be taken.

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The investigations are another painful reminder that there are no tidy wars. Young soldiers under tremendous stress don't always act honorably. Those dishonorable actions by a few tarnish the vast majority whose sacrifices and courage were marked Monday in ceremonies and remembrances across the USA.

That is all the more reason to make sure that the Haditha inquiries — into the alleged massacre and a possible coverup — live up to Pace's promise.

Rep. John Murtha, D-Pa., a former Marine and outspoken critic of the Iraq war, says the preliminary findings sketch a disturbing sequence: that after a bomb rocked a military convoy in the town Nov. 19 and killed a Marine, other Marines shot and killed unarmed civilians in a taxi and at least two homes.

Witnesses cited by The New York Times Monday say the dead included a 77-year-old man in a wheelchair and a 4-year-old boy in one home, and five children in the other.

Jumping to conclusions is, as Pace said, premature. So is any comparison to Vietnam's My Lai massacre, where hundreds died at the hands of U.S. soldiers.

But one particularly disturbing aspect is that it took reporting by Time magazine in March to reopen a quickly closed Haditha probe. Time challenged official accounts that civilians were killed in a roadside bombing or in a crossfire between insurgents and Marines.

It's understandable that military officials might have little appetite for an unvarnished investigation, which is why Congress also needs to play an active role. The war in Iraq has already damaged the image of America's military — particularly, as President Bush noted last week, the Abu Ghraib prison abuse scandal.

And amid all the killing, torture and violence in Iraq, the deaths of a dozen or two more Iraqis — fewer, even, than died in bombings Monday — might seem inconsequential. Many Iraqis have reacted to the reports about Haditha with the numb shrugs of those inured to brutality.

But that is not the point. Iraqi insurgents carry out premeditated slaughter of innocents with appalling regularity. The United States should never stoop to that level. It is a measure of a country's moral strength that it can face up to such horror, investigate it thoroughly and punish it appropriately.

Carbomb Kills CBS Crew, Injures Reporter (CHIT)

By Liz Sly

Chicago Tribune, May 30, 2006

Baghdad -- CBS television correspondent Kimberly Dozier and her two-man crew became part of the Memorial Day story they had set out to report when a car bomb exploded Monday beside their patrol in central Baghdad, killing the two British crew members, an American soldier and an Iraqi translator.

Dozier, 39, was critically injured, and six U.S. soldiers from the patrol with which she was traveling also were hurt in the midmorning blast in central Baghdad's Karradah neighborhood, just one of a surge of bombings that ripped across the capital and its surrounding provinces, killing at least 40 people.

CBS named the dead TV journalists as veteran cameraman Paul Douglas, 48, and sound man James Brolan, 42. Both based in London and veterans of many wars, they were embedded with Dozier at the time of the attack with soldiers from the 4th Brigade Combat Team, 4th Infantry Division in Baghdad, according to a statement issued by the network.

Dozier, who has been reporting from Iraq for the past three years, was in critical condition at a U.S. military hospital in Baghdad's Green Zone. She was undergoing her second surgery early Tuesday, a CBS spokeswoman said.

``Doctors are cautiously optimistic about her prognosis," the network statement said Monday.

The CBS team had set out with U.S. soldiers early Monday to gather an eyewitness account of the everyday activities of U.S. and Iraqi troops on this fourth Memorial Day in Iraq since the war began, said Maj. Mark Cheadle, a 4th Brigade spokesman.

``They wanted to know what we did to commemorate Memorial Day," Cheadle said. ``Essentially what we do is continue the mission, because every day is a little bit of a Memorial Day for us."

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The three were traveling in an armored Humvee but exited their vehicle when U.S. troops got out to inspect a checkpoint, according to an account posted on the CBS Web site. Just as they disembarked, at about 10:30 a.m., a nearby car packed with explosives detonated, killing the four and setting ablaze one of the Humvees in the convoy.

The military did not name the U.S. soldier killed in the attack, the 2,466th since the war began, according to Defense Department figures.

It was not clear whether the car bomb was intended to hit the U.S. patrol or was just one of the string of bombings across Baghdad on Monday, including three others in Karradah, a Shiite neighborhood that is bombed fairly regularly.

Karradah is one of Baghdad's calmest districts, however, and U.S. soldiers rarely are attacked there, Cheadle said.

``It was an anomaly," he said. ``It isn't indicative of the state of security in Karradah at all, although obviously there are other places that we still need to work on.

``Looking at the damage, I'm not sure it would have made a difference if they had been in their vehicle," he said. ``It was a pretty large explosion.

Monday's two deaths brought to 71 the number of journalists killed in Iraq since the U.S.-led invasion, the overwhelming majority of them Iraqis.

The CBS team was the second U.S. television news crew to be struck by a bombing while embedded with American forces this year. In January, ABC ``World News Tonight" co-anchor Bob Woodruff and cameraman Doug Vogt were seriously injured when a roadside bomb exploded near their patrol in Taji, just north of Baghdad.

``This is a devastating loss for CBS News," Sean McManus, president of CBS News and Sports, said in a statement. ``Kimberly, Paul and James were veterans of war coverage who proved their bravery and dedication every single day."

U.S. Ambassador Zalmay Khalilzad also paid tribute to the crew.

``These brave journalists risked their lives to tell the world the story of a courageous people and a proud nation," he said. ``That story must and will be told."

The attack serves as a reminder of the perils confronting soldiers and journalists alike whenever they venture out in Iraq, said Lt. Col. Jonathan Withington, spokesman for the multinational force in Baghdad.

``U.S. soldiers are going out every day and journalists are going out every day to cover them, and there are inherent risks in that," he said. ``The terrorists don't care who they kill or injure."

Withington attributed Monday's wave of bombings to ``terrorists who want to disrupt the formation of Iraq's new government."

The attacks rolled across Baghdad starting shortly after dawn, targeting civilians and security forces and Sunni and Shiite neighborhoods in eastern and western Baghdad, sending jitters across the city.

Two car bombs killed 17 people in the Sunni neighborhood of Adhamiyah, and a device planted under a mini-bus just across the river in the Shiite neighborhood of Kadhamiyah killed seven, police said. Three other explosions in Karradah killed at least five people, and a bombing on the eastern edge of the city killed one person traveling in a mini-bus.

In the deadliest single attack, 14 Iraqi civilians employed on a base used by the Iranian opposition group People's Mujahedeen of Iran were killed when a bomb targeted the bus carrying them to work in Khalis, about 50 miles north of Baghdad. Also, police said they found the bodies of 10 men who had been shot in the head and dumped in garbage in the Baghdad neighborhood of Dora, a police spokesman said.

The escalation in violence comes as Iraq's new government remains paralyzed by bitter infighting over whom to appoint to head the crucial Interior and Defense Ministries. Prime Minister Nouri al-Maliki had promised he would name the ministers by last weekend, but Sunnis and Shiites still are unable to agree on candidates, meaning the two ministries with responsibility for bringing security to Iraq remain leaderless.

Car Bomb Kills Soldier, 2 CBS News Crew Members (LAT)

By Megan K. Stack And Matea Gold

The Los Angeles Times, May 30, 2006

BAGHDAD, Iraq -- A car bomb on Monday killed a U.S. soldier and two CBS News crew members, and severely wounded an American correspondent.

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On-air reporter Kimberly Dozier, 39, and two British crew members had embedded with the 4th Brigade Combat Team of the 4th Infantry Division, which was working its way through central Baghdad. Cameraman Paul Douglas, 48, and soundman James Brolan, 42, died at the scene of the attack. An Iraqi contractor also died in the blast, the military said.

The CBS crew was riding through the predominantly Shiite Muslim, middle-class shopping district of Karada, and had stepped down from a Humvee when the car bomb ripped through the vehicles. It was unclear how the bomb was detonated.

The attack came as bloodshed surged across the country Monday. At least 33 people were shot dead or killed in bombings in Baghdad, as an ongoing insurgency raged and the two major Muslim sects continued to swap rounds of attacks and assassinations.

Targets for bombing attacks included the German embassy, an Iraqi police station and a parking garage.

The most deadly attack struck a bus full of day laborers on their way to work at a base belonging to Iranian dissident group Mujahedeen e Khalq. The blast north of Baghdad killed 11 workers and wounded 16 others. Most of the men were farmers and construction workers on the base; they had mixed religious backgrounds.

Another bomb targeting a patrol of Iraqi police in northern Baghdad killed eight people, most of them students from a nearby school. And Sunday night, two British soldiers died after a British patrol north of Basra was struck by a roadside bomb.

After the patrol attack, Dozier was rushed into surgery at a U.S. military hospital in the Iraqi capital. She was in critical condition, and doctors were "cautiously optimistic" about her prognosis, a statement from CBS said.

"This is a devastating loss for CBS News," Sean McManus, president of the network's news and sports divisions, said in a statement. "Kimberly, Paul and James were veterans of war coverage who proved their bravery and dedication every single day. They always volunteered for dangerous assignments and were invaluable in our attempt to report the news to the American public."

McManus said Dozier was undergoing a second operation Monday evening at the military hospital in Balad and would likely be airlifted to a U.S. military base in Germany.

Gen. George Casey, the top U.S. military commander in Iraq, and U.S. Ambassador Zalmay Khalilzad rushed to the hospital Monday night to pay their condolences to CBS staffers and to monitor Dozier's condition.

Dozier, who had been reporting in Iraq for three years, had returned to Baghdad this week after taking a break to help move her elderly parents, who live in Baltimore, to an assisted living facility, said anchor Bob Schieffer.

"We're just sick to our stomachs about this," he said in an interview. "This is a reminder that this is not a reality show. We see so much of this on television that we tend to look at these things as a movie. But people are getting hurt and killed out there. This brings it home."

Schieffer said he had just spoken to Dozier last week about taking a break from the war zone.

"I was encouraging her to take some assignments where there was less risk," he said. "But she was just determined to go back to Baghdad and see the story through. It's just a heartbreaker."

The attack suffered by the CBS news crew was an eerie echo of the one sustained by ABC anchor Bob Woodruff and cameraman Doug Vogt five months ago as they were traveling with Iraqi troops north of Baghdad.

On Monday, Woodruff released a statement saying he was "devastated" by the news.

"I have met both remarkable journalists Kimberly Dozier and Paul Douglas in so many different countries from Israel to Afghanistan," he said. "Their work and intelligence have always impressed me, whenever our paths have crossed. James Brolan and I were embedded together, working very closely on many difficult stories. During the Iraqi invasion in 2003 we spent more than a month on the road with the Marines, and it was often James' wonderful sense of humor that kept us going."

McManus said he had received personal calls and messages from the top executives at the other broadcast networks and cable news channels offering support.

He said he hasn't contemplated whether the network should re-evaluate how it is covering Iraq, but added, "I don't think there are any more precautions that any of us could take that we're not taking. The fact of the matter is that it is so, so dangerous and so unprecedented. It's something that every news organization is grappling with trying to cover the story."

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Douglas had worked for CBS News for more than a decade in hot spots such as Iraq, Afghanistan, Pakistan, Rwanda and Bosnia. He is survived by his wife of 29 years, Linda, as well as two daughters, Kelly 29, and Joanne 26, and three grandchildren, Charlie , 8, Georgia, 4 , and Kai, 18 months.

Brolan was a freelancer who had worked for the network for a year, in Baghdad and Afghanistan, and was part of the CBS News team that received a 2006 Overseas Press Club Award for its reporting on the Pakistan earthquake.

Brolan's family released a statement calling him "the best dad, the best husband and the best mate to be with in a tight spot out in the field."

He is survived by his wife, Geri, and his two children; Sam, 17, and Agatha, 12.

Roadside Bomb Kills Two CBS Journalists In Iraq, Injures Third (USAT)

By Peter Johnson

USA Today, May 30, 2006

Two CBS News crewmen were killed and a correspondent critically hurt in Iraq on Monday when U.S. forces they were traveling with came under attack.

A U.S. soldier and an Iraqi contractor also were killed in the attack, one of eight explosions in Iraq that killed at least 33 people and wounded dozens Monday in a wave of violence.

The CBS News journalists were on patrol in Baghdad when the U.S. troops they were with stopped to inspect an Iraqi army checkpoint, according to a story posted on the CBS News website. The journalists got out of the armored vehicle as a nearby car packed with explosives detonated. Six U.S. soldiers were injured in the attack. The death of CBS cameraman Paul Douglas, 48, and sound technician James Brolan, 42, both Britons, brings to 71 the number of journalists killed in Iraq since the U.S.-led invasion in March 2003, according to the Committee to Protect Journalists.

Correspondent Kimberly Dozier, 39, who has served multiple tours in Iraq, underwent surgery in a U.S. military hospital in Baghdad, where doctors were “cautiously optimistic,” CBS said.

CBS News said the three journalists were covering American troops for Memorial Day.

“These brave journalists risked their lives to tell the world the story of a courageous people and a proud nation,” U.S. Ambassador Zalmay Khalilzad said. “That story must and will be told.”

News organizations said the latest attack underscored the risk of reporting in Iraq, but that the danger of the assignment would not stop them from covering the war.

ABC News anchor Bob Woodruff and cameraman Doug Vogt were injured by shrapnel from a roadside bomb while patrolling with Iraqi soldiers in January. NBC News correspondent David Bloom died from a pulmonary embolism during the invasion in 2003.

Iraq is the “single most dangerous place on earth,” said CBS News President Sean McManus. “This is going to happen again but you just hope and pray that it doesn't happen to someone who works for you.”

Monday's wave of attacks began just after dawn when a roadside bomb killed 10 in Khalis, 50 miles north of Baghdad, the Associated Press reported. A car bomb parked near Baghdad's Sunni Abu Hanifa mosque killed at least nine Iraqi civilians.

Iraq Blast Kills Two On Crew For CBS (WP)

By Nelson Hernandez And Salih Saif Aldin

The Washington Post, May 30, 2006

BAGHDAD, May 29 -- A car bomb explosion in central Baghdad Monday killed two CBS News crew members, an Iraqi interpreter and a U.S. soldier, and severely wounded the news team's correspondent, in one of a string of attacks that killed dozens of people in Iraq over the course of the day.

Paul Douglas, a cameraman, and James Brolan, a sound man, died in the blast, CBS News said in a statement. Both men were British citizens based in London. Kimberly Dozier, an American correspondent who has covered the war in Iraq for nearly three years, was taken to a Baghdad hospital for surgery. The network said she was listed in critical condition and that doctors were "cautiously optimistic" about her prognosis.

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U.S. military authorities did not identify the soldier and the interpreter who were killed. Six other soldiers were wounded, the military said in a statement.

The president of CBS News, Sean McManus, said that Dozier was undergoing a second round of surgery in Baghdad and that the network hoped she would be evacuated to Germany as soon as possible. Doctors successfully removed shrapnel from Dozier's head, but her more serious injuries are to her lower body, CBS News correspondent David Martin reported. She had been in Iraq only for a few days on this visit and was in New York last weekend, according to McManus.

The news team had been traveling in a convoy with the 4th Brigade Combat Team of the 4th Infantry Division, working on a Memorial Day report. On its Web site, CBS News said they had planned to stay out only a few hours in order to get back to their bureau to edit their report.

The convoy had stopped to inspect an Iraqi army checkpoint when a car bomb blew up nearby. Dozier, 39, Douglas, 48, and Brolan, 42, were outside the convoy's Humvees at the time to film the American soldiers inspecting the checkpoint. The network said it believed they were wearing helmets and body armor.

The three journalists were the latest to become casualties in a conflict that has claimed the lives of 71 reporters, most of them Iraqis, since it began in 2003, according to the Committee to Protect Journalists.

On Jan. 29, in the most recent incident involving Americans, Bob Woodruff, then co-anchor of the ABC News "World News Tonight," and his cameraman, Doug Vogt, suffered serious wounds when the Iraqi military vehicle in which they were traveling was struck by a roadside bomb. Both men are still recovering.

In an interview, McManus called the attack "horribly sad." Iraq is "the most dangerous place on Earth right now, and we take every precaution," he said. He added that CBS would not pull back on its war coverage. "The reporters have a very strong obligation and passion to cover this story."

"What people need to know about Paul is what an amazing human being he was, as well as a great professional," said Jim Murphy, a former executive producer of the "CBS Evening News" who worked with both Douglas and Dozier. "So many times, I watched him get us out of dangerous situations just with his body language or the right words. He projected this great strength but amazing calm at the same time."

Brolan was a freelancer who had worked with CBS News in Iraq and Afghanistan over the past year. He was part of a CBS News team that received a 2006 Overseas Press Club Award for its reporting on the 2005 Pakistan earthquake.

Dozier, born in Honolulu, has been a foreign correspondent specializing in the Middle East since the early 1990s and speaks Arabic and Hebrew. She has worked in radio and print -- she was a freelance reporter for The Washington Post in 1994 -- as well as television. She won three American Women in Radio and Television Gracie Awards for her reports on violence in the Middle East, Kosovo and Afghanistan.

"Every time Kimberly left, she wanted to know when she could go back to Iraq," McManus said. "She really lived for this story. She's passionate and brave and committed."

Murphy said that she had probably spent more time in Iraq than any other single American correspondent.

This attack and others Monday underlined the gravity of the problems facing the country's nine-day-old government. As Iraqi politicians continued a long debate over who will head the country's security ministries, more than 40 people died in eight bombings and several shootings, according to police and news reports. Military authorities also reported that two British soldiers were killed by a roadside bomb while on patrol in the city of Basra in southern Iraq on Sunday night.

The bloodiest attack was the bombing of a bus near Khalis, a predominantly Shiite town about 40 miles north of Baghdad in Diyala province. Fifteen people died, according to police and hospital officials. The passengers worked for the People's Mujaheddin Organization of Iran, a group opposed to the Shiite government of Iraq's eastern neighbor.

The explosion ripped through the middle of the bus. One passenger, Ahmed Bilal Thyab, interviewed while recuperating at a nearby hospital from wounds to his head and right arm, said he was in the back when the bomb exploded. "I saw the others die in front of me," Thyab said. "I survived because I wasn't in the middle."

Thyab thought the bus was attacked in Khalis because "most of the people there are Shiites and hate the People's Mujaheddin."

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The organization maintained a military wing in Iraq during the government of President Saddam Hussein, which was intensely hostile to Iran during and after the 1980-88 war between the two countries. After the U.S.-led invasion of Iraq in 2003 ended Hussein's rule, the organization was disarmed and took a lower profile. Shiites dominate Iraq's new government.

Another bombing, in northern Baghdad's predominantly Shiite Kazimiyah neighborhood, claimed eight lives, an Iraqi army officer said.

Maj. Abbas Khudhaiyer described what happened, in an account confirmed by another witness. A man wearing a brown tracksuit -- and a hidden explosive belt -- placed a box on the front seat of a minibus waiting on a street packed with vendors who sell clothes. A soldier, seeing the suspicious activity, ran toward the man and stopped him.

"Who are you? Why did you drop that box there? What does it have?" the soldier demanded.

"I'm just a passenger and I'm going to ride in the minibus," the man replied. "I'm going to go to Shulah," another neighborhood in Baghdad.

"Show me some identification," the soldier said.

"I don't have any identification," the man said.

The soldier grabbed him by the hand, apparently intending to take him to his officers for questioning, but then the man detonated his explosive belt, which also set off a bomb in the box.

Just before the explosion, Hussein Abdel Ghaffar, a bystander, saw a woman walking hand-in-hand with her 8-year-old boy along the street. After the detonation, the boy was gone. The mother, hysterical, couldn't find him. Ghaffar helped, and found the boy's mutilated body.

"The thing that stayed in my mind, and I will never forget it, is that mother who lost her kid," Ghaffar said. "I was only able to bring her the upper half of his body."

Surging Iraq Attacks Kill Dozens (WT/AP)

By Patrick Quinn, Associated Press

The Washington Times, May 30, 2006

BAGHDAD -- A wave of car bombings and shootings plagued Shi'ite and Sunni areas of Iraq yesterday, killing more than three dozen people, including two CBS crew members and a U.S. soldier. The network's correspondent was seriously wounded.

Network correspondent Kimberly Dozier, 39, was critically wounded. CBS said Miss Dozier underwent surgery at a U.S. military hospital in Baghdad. She was in critical condition, but doctors were cautiously optimistic, the network said.

As parliament discussed the nation's disintegrating security, lawmakers pressed for the appointment of defense and interior ministers -- seen as a necessary step toward Iraqi forces assuming more control so U.S.-led troops can begin withdrawing.

At least eight bombings rocked the capital in the worst wave of violence in days. A car bomb exploded as a U.S. convoy patrolled in central Baghdad, killing veteran CBS cameraman Paul Douglas, 48; soundman James Brolan, 42; and an American soldier, U.S. officials said.

The CBS crew was on patrol with the 4th Brigade Combat Team, 4th Infantry Division, when the bomb exploded. The U.S. military said an Iraqi interpreter also was killed and six American soldiers were injured.

There were conflicting reports on whether the car was moving or parked when it detonated.

According to CBS and Iraqi police, the journalists were reporting outside their armored Humvee when the blast occurred just before noon in Tahariyat Square, a mixed area in south-central Baghdad. The blast collapsed the front end of the Humvee.

Dozens of journalists have been injured, killed or kidnapped in Iraq since the 2003 U.S.-led invasion that toppled Saddam Hussein. Before yesterday's attack killed the two Britons, the Committee to Protect Journalists had put the number killed at 69. Of those, nearly three-quarters were Iraqis, the New York-based group has said.

More than 35 other persons were killed nationwide, most of them in Baghdad.

The attacks began just after dawn, with one roadside bomb killing 10 persons and injuring another 12 who worked for an Iranian organization opposed to the Tehran regime, police said.

That bombing targeted a public bus near Khalis, 50 miles north of Baghdad in Diyala province, an area notorious for such attacks, provincial police said.

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All the dead were workers at the Ashraf base of the Mujahedeen Khalq. The group, made up of Iranian dissidents living in Iraq, said the dead were Iraqi workers heading to their camp.

A car bomb parked near Baghdad's main Sunni Abu Hanifa mosque killed at least nine Iraqi civilians and wounded 25, said Saif al-Janabi, director of Noaman hospital. It exploded at noon in north Baghdad's Azamiyah neighborhood and disintegrated the vehicle.

A bomb planted in a parked minivan killed at least seven persons and wounded at least 20 at the entrance to an open-air market selling secondhand clothes in the northern Baghdad suburb of Kazimiyah.

Another parked car bomb exploded near Ibn al-Haitham college in Azamiyah, also in northern Baghdad, killing two civilians and wounding at least five -- including four Iraqi soldiers, police Lt. Col. Falah al-Mohammedawi said.

In other attacks, a roadside bomb killed two police officers and wounded three others in Baghdad's Karradah district, while one man was killed and six were wounded when a bomb hidden in a minivan exploded.

A mortar shell exploded at a Shi'ite mosque in southern Baghdad's Zafraniyah district. Shi'ite militiamen sealed off the area and prevented police from approaching, said Col. al-Mohammedawi.

Also, gunmen in separate incidents killed two police officers in western Baghdad; two police officers, identified as former Ba'athists, in Amarah, 180 miles southeast of Baghdad; and police Brig. Gen. Sadiq Jaafar Salih, director of the national ID card office in Diyala, authorities said.

Iraq's parliament debated the deteriorating security situation in the capital and some of its outlying provinces but did not set up a commission to address the problem because of Prime Minister Nouri al-Maliki's inability to appoint ministers of defense and interior -- two posts that control the various security forces.

2 On CBS Crew Killed In Iraq (LAT)

By Megan K. Stack And Matea Gold

The Los Angeles Times, May 30, 2006

BAGHDAD — A car bomb on Monday killed a U.S. soldier and two CBS News crew members and severely wounded an American correspondent.

On-air reporter Kimberly Dozier, 39, and two British crew members were traveling with the 4th Brigade Combat Team of the Army's 4th Infantry Division, which was working its way in a convoy through central Baghdad. Cameraman Paul Douglas, 48, and soundman James Brolan, 42, died at the scene of the attack.

The CBS crew was riding through the largely Shiite Muslim, middle-class shopping district of Karada and had stepped down from a Humvee when the car bomb ripped through the vehicles. It was unclear how the bomb was detonated.

The attack came as bloodshed surged across the country Monday. At least 33 people were shot dead or killed in bombings in Baghdad as an insurgency raged and the two major Muslim sects continued to swap rounds of attacks and assassinations.

Targets for bomb attacks included the German Embassy, an Iraqi police station and a parking garage.

The most deadly attack struck a bus full of day laborers on their way to work at a base belonging to the Iranian dissident group Mujahedin Khalq. The blast north of Baghdad killed 11 workers and wounded 16 others. Most of the men were farmers and construction workers on the base; they had mixed religious backgrounds.

Another bomb targeting a patrol of Iraqi police in northern Baghdad killed eight people, most of them students from a nearby school. And Sunday night, two British soldiers died after a British patrol north of the southern city of Basra struck a roadside bomb.

After the Karada attack, Dozier was rushed into surgery at a U.S. military hospital in the Iraqi capital. She was in critical condition, and doctors were "cautiously optimistic" about her prognosis, a statement from CBS said.

"This is a devastating loss for CBS News," Sean McManus, president of the network's news and sports divisions, said in a statement. "Kimberly, Paul and James were veterans of war coverage who proved their bravery and dedication every single day. They always volunteered for dangerous assignments and were invaluable in our attempt to report the news to the American public."

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McManus said in a phone interview that Dozier was undergoing a second operation Monday evening at the military hospital in Balad, 50 miles north of Baghdad, and would probably be airlifted to a U.S. military base in Germany.

"We're hoping and praying for a full recovery," he said. "She is in the best possible hands and is getting medical attention that is probably better than any hospital in America."

Army Gen. George W. Casey, the top U.S. military commander in Iraq, and U.S. Ambassador Zalmay Khalilzad rushed to the hospital Monday night to pay their condolences to CBS staffers and to monitor Dozier's condition.

Dozier, who has been reporting in Iraq for three years, had returned to Baghdad this week after taking a break in Maryland to help her parents move, said anchor Bob Schieffer.

"We're just sick to our stomachs about this," he said in an interview. "This is a reminder that this is not a reality show. We see so much of this on television that we tend to look at these things as a movie. But people are getting hurt and killed out there. This brings it home."

Schieffer said he had just spoken to Dozier last week about taking a break from the war zone. "I was encouraging her to take some assignments where there was less risk," he said. "But she was just determined to go back to Baghdad and see the story through. It's just a heartbreaker."

"This is the story that most of all she wanted to cover," McManus agreed. "She couldn't wait to get back. The amazing thing is how many of our reporters really, really have a need and a desire to report from Iraq. It's an amazing tribute to their dedication and their bravery."

The attack suffered by the CBS News crew was an eerie echo of the one sustained by ABC anchor Bob Woodruff and cameraman Doug Vogt four months ago as they were traveling with Iraqi troops north of Baghdad.

On Monday, Woodruff released a statement saying he was devastated by the news.

"I have met both remarkable journalists Kimberly Dozier and Paul Douglas in so many different countries from Israel to Afghanistan," he said. "Their work and intelligence have always impressed me, whenever our paths have crossed. James Brolan and I were embedded together, working very closely on many difficult stories. During the Iraqi invasion in 2003 we spent more than a month on the road with the Marines and it was often James' wonderful sense of humor that kept us going."

McManus said he had received personal calls and messages from the top executives at the other broadcast networks and cable news channels offering support.

He said he hadn't contemplated whether the network should reevaluate how it was covering Iraq, but added, "I don't think there are any more precautions that any of us could take that we're not taking. The fact of the matter is that it is so, so dangerous and so unprecedented. It's something that every news organization is grappling with trying to cover the story."

Douglas had worked for CBS News for more than a decade in hot spots such as Iraq, Afghanistan, Pakistan, Rwanda and Bosnia-Herzegovina. He is survived by his wife of 29 years, Linda; as well as two daughters, Kelly, 29, and Joanne, 26; and three grandchildren, Charlie, 8, Georgia, 4, and Kai, 18 months.

Brolan was a freelancer who had worked for the network for a year, in Iraq and Afghanistan, and was part of the CBS News team that received a 2006 Overseas Press Club award for its reporting on the Pakistani earthquake.

Brolan's family released a statement calling him "the best dad, the best husband and the best mate to be with in a tight spot out in the field."

After serving in the British army, Brolan ran his own painting and decorating business before getting into TV as a sound recordist, according to his family.

"James had a natural way with people and was always in demand as the person to go with to the world's trouble spots; always putting the locals at ease, winning friends everywhere he went and always putting in his best effort," the statement read.

He is survived by his wife, Geri; and his two children, Sam, 18, and Agatha, 12.

The military had not yet released the name of the U.S. soldier killed in the blast.

With its steady bouts of kidnappings, bombings and shootouts, Iraq has proved a deadly place to practice journalism. Before Monday's attack, the Committee to Protect Journalists had said that at least 69 journalists and 29 support staff members had been killed in Iraq since the U.S.-led invasion. The vast majority of the slain reporters have been Iraqi.

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"Reporters who are embedding have always had a very realistic understanding of the dangers," said Army Lt. Col. Barry Johnson, a senior spokesman for the U.S. military in Baghdad. "They cover it every day."

Reporters who have been covering the war in Iraq for the past three years have experienced a whittling away of their ability to gather information as the violence continues to spiral. Many have been forced to rely increasingly on Iraqi colleagues and reporters traveling with the military to get an accurate view of everyday life in Iraq.

"You develop coping strategies; you develop a little cocoon — a place you feel safe," Dozier told CNN in 2004. "I still go out and report the story, but I do it in a way that gives minimum danger to me and to the team of people I'm working with. We're still trying to get the story out. I think if we would pull out, that would be a cop-out."

Before reporting from Iraq, Dozier was the chief Middle East correspondent for New York affiliate WCBS-TV in Jerusalem, covering the Israeli-Palestinian conflict and the war in Iraq.

She also served as London bureau chief and chief European correspondent for CBS Radio News.

Among her peers, she has a reputation for kindness, collegiality and a knack for asking incisive questions.

"Kimberly is a very genuine person who wanted to go out and be with the soldiers and understand what they're doing and feeling," Johnson said. "This is exactly why she chose to do this story today."

2 At CBS News Die In Baghdad On Bloody Day (NYT)

By John F. Burns

The New York Times, May 30, 2006

BAGHDAD, Iraq, May 29 — On a day of soaring violence in Baghdad, two Britons working as members of a CBS News television crew were killed on Monday and an American correspondent for the network was critically wounded when a military patrol they were accompanying was hit by a roadside bomb.

The police said at least 31 other people were killed in bombings and shootings in one of the worst days of bloodshed in the capital for weeks.

An American soldier and an Iraqi interpreter were also killed in the attack on a joint United States and Iraqi patrol that killed the two CBS crew members, and six other soldiers were wounded, a statement by the American military command said.

The bombing marked the first time that Western journalists embedded with United States troops have been killed as a direct result of hostile fire since 2003.

CBS News identified the two dead network employees as Paul Douglas, 48, a cameraman, and James Brolan, 42, a soundman. It said that Kimberly Dozier, 39, a correspondent who had worked long periods in CBS's Baghdad bureau in the past three years and had been a correspondent for the network's New York affiliate, sustained serious injuries and underwent emergency surgery at a military hospital in Baghdad. The statement said Ms. Dozier was in critical condition, but that doctors were "cautiously optimistic about her progress."

Later in the day, Ms. Dozier was airlifted by a Black Hawk helicopter to the main American air base in Iraq at Balad, 50 miles north of the capital, a spokesman for the United States Embassy said. Most seriously wounded Americans are airlifted aboard specially equipped transport jets directly from Balad to a military hospital at Landstuhl, Germany, and from there on to hospitals in the United States.

The Iraqi police said the attack that killed the CBS crewmen was only one of a sequence of at least eight bombings which, together with a series of drive-by shootings, killed at least 33 people and wounded dozens of others, a fresh surge in violence that has brought hundreds of deaths in the capital in recent weeks.

The police said 12 Iraqis died and 25 were wounded in a noontime car bombing outside the Abu Hanifa mosque in Adhamiya, a Sunni stronghold in north Baghdad.

They said at least seven others died and 20 were wounded when a bomb planted in a parked minivan exploded at the entrance to an open-air clothes market in Khadhimiya, a mainly Shiite area across the Tigris River from Adhamiya.

At least 25 other people were killed in bombing and shooting attacks elsewhere in the country, including 10 Iraqis working at a camp for members of an exiled Iranian Communist group who died shortly after dawn when a roadside bomb hit their minivan near Khalis, 50 miles north of Baghdad. Two British soldiers were killed Sunday night when an armored Land Rover hit a

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roadside bomb in the southern city of Basra. The British deaths brought to nine the number of British troops killed in Iraq this month, one of Britain's highest monthly tolls of the war.

The deaths of the two CBS staffers raised to more than 70 the number of journalists killed in Iraq in the 38 months since the American-led invasion, including at least 47 Iraqis.

Monday's attack marked the second time this year that a United States television network crew embedded with American troops has been hit by a roadside bomb.

On Jan. 29, the co-anchor of the ABC News program "World News Tonight," Bob Woodruff, and a cameraman, Douglas Vogt, were seriously wounded while accompanying a joint United States-Iraqi patrol. ABC has said Mr. Woodruff is still recovering from serious head and neck injuries, and Mr. Vogt has returned to his home in France to convalesce.

The American military command in Baghdad said the CBS journalists were embedded with a unit of the Fourth Infantry Division, responsible for security in wide areas in and around Baghdad, when they were hit by a car bomb.

A CBS spokesman said the journalists were filming for a Memorial Day report on American troops and were outside the armored Humvee in which they were traveling, wearing body armor, when the explosion occurred at about 10:30 a.m. in the middle-class Amina district. The site is about a mile east across the Tigris River from the Green Zone.

The statement by the United States command did not specify whether the blast took the form of a suicide attack or a bomb left in a parked vehicle.

Iraqi employees of The New York Times who visited the scene said the bomb exploded on a busy avenue just south of an intersection known as Basil Building Square, opposite a compound containing two schools. They said the blast left a crater in the road and a carpet of broken glass, and shattered windows in neighboring homes and shops.

"This is a devastating loss for CBS News," Sean McManus, its president, said in a statement issued in New York.

"Kimberly, Paul and James were veterans of war coverage who proved their bravery and dedication every day. They always volunteered for dangerous assignments and were invaluable in our attempt to report the news to the American public." He added: "Our deepest sympathy goes out to the families of Paul and James, and we are hoping and praying for a complete recovery by Kimberly."

Zalmay Khalilzad, the American ambassador to Iraq, issued a statement condemning the attack.

"These brave journalists risked their lives to tell the world the story of a courageous people and a proud nation," he said. "The terrorists who committed this evil crime have shown themselves for who they are. They do not want the world to see the truth of what is happening in Iraq, where a determined people are fighting for freedom and liberty."

"That story must and will be told," he said.

Ms. Dozier, who was born in Honolulu and educated at Wellesley College in Massachusetts and the University of Virginia, has spent most of the past 15 years working in Europe, the Middle East and Afghanistan for the CBS radio and television networks. For 19 months in 2002 and 2003, she was the chief Middle East correspondent, based in Jerusalem, for WCBS-TV, the network's New York affiliate. She returned to Baghdad only last week for her latest stint covering the war here.

In the past year, the risks of reporting the war have played a part in the steady reduction of the number of Western journalists based in Baghdad. The main hazard has come not from the bombings that have killed more than half of all American troops but from a rash of kidnappings, including the 82 days that Jill Carroll, an American reporter for The Christian Science Monitor, spent as a hostage of an insurgent group before being released in March.

The surge in attacks in Baghdad on Monday came as the new, four-year government of Prime Minister Nuri Kamal al-Maliki, which took office 10 days ago, continued to struggle with a step American officials here see as crucial to curbing the violence racking the country: filling the three key security posts in his cabinet, at the Ministries of Interior, Defense and National Security. The positions were left vacant when the Maliki cabinet was sworn in on May 20, with key Sunni, Shiite and Kurdish groups unable to agree on nominees.

The fresh momentum American officials have said the government needs in cracking down on the violence is unlikely to be achieved while jockeying over the security posts continues, American officials have said.

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Over the weekend, one American commander said he expected to see the posts filled within two or three days. But an Iraqi official familiar with the negotiations said Monday that Mr. Maliki was considering asking each of the contending groups to submit three names for each vacant post, a process the prime minister's aide said could take another week to complete.

Iraq Is A Deadly Assignment For Journalists (NYT)

By Marc Santora And Bill Carter

The New York Times, May 30, 2006

By some reckonings, the death of two journalists working for CBS News on Monday firmly secured the Iraq war as the deadliest conflict for reporters in modern times.

Since the start of the war in 2003, 71 journalists have been killed in Iraq, a figure that does not even include the more than two dozen members of news media support staff who have also died, according to the Committee to Protect Journalists. That number is more than the 63 killed in Vietnam, the 17 killed in Korea, and even the 69 killed in World War II, according to Freedom Forum, a nonpartisan free speech advocacy group.

"It is absolutely striking," said Ann Cooper, the executive director of the Committee to Protect Journalists. While cautioning that the recorded number of journalists killed in past conflicts may be inexact, she said: "We talk to veteran war correspondents who have covered everything going back to Vietnam and through Bosnia. Even those who have seen a number of different wars say they have never seen something like this conflict."

In the latest incident, a veteran cameraman, Paul Douglas, 48, and a soundman, James Brolan, 42, were killed, and a correspondent, Kimberly Dozier, 39, was seriously wounded when the United States Army unit in which they were embedded was attacked.

All three had extensive backgrounds covering wars and each had volunteered to work in Iraq.

They set out Monday morning to do what might seem simple: spend a few hours with soldiers, hoping to give the audience back in America a glimpse of what this holiday was like, far from family barbecues and beach vacations. Ms. Dozier sent a note to her colleagues before leaving, CBS News said, saying she was working on a report about an wounded serviceman who insisted on returning to Iraq.

On this day, their reporting ended less than a mile outside the fortified Green Zone when a car laden with explosives was detonated just as the crew members stepped from their armored vehicle, military officials said.

An American soldier and an Iraqi translator also died, and six more soldiers were wounded in the attack. The condition of the wounded soldiers was not available last night. Ms. Dozier was rushed from the scene to a military hospital in Baghdad, where she underwent an operation, and then was moved to a hospital north of Baghdad for a second operation. When her condition allowed it, she was to be flown to Germany for more care. She suffered extensive wounds to her legs and shrapnel wounds to her head, CBS News reported.

"Terrible is exactly the right word for this day," said Sean McManus, president of CBS News. "The ironic thing of course is that it was Memorial Day. But everyone here is a professional, and we're going to move forward and do our jobs."

Ms. Dozier has reported numerous stories for CBS from Iraq over the past three years. She had been embedded with other units and, like most reporters in Iraq, had endured close calls. "Every time Kimberly has left Iraq she has asked, 'When can I get back in there?' " Mr. McManus said. "She was particularly determined to report on Iraq. This is what really drove her."

Before going to Iraq, Ms. Dozier worked as chief correspondent for WCBS-TV in New York, based in its Middle East bureau in Jerusalem. She has covered news ranging from the hunt for Osama bin Laden to the crises in the Balkans. She was well aware of the risks involved in reporting from Iraq, recalling her frustration with the difficulty of telling the story of ordinary Iraqis during a 2004 interview with CNN.

"The last time I tried to do that — to go to someone's home and sit down with that man and say, 'Are you thinking about leaving Iraq or staying?' — the moment he saw me, blond hair and my two armored vehicles," Ms. Dozier said, "he turned white."

Her colleagues who were killed were equally experienced.

Mr. Douglas, the cameraman, had worked with CBS since the early 1990's. Based in London, he had traveled to some of the most dangerous countries in the world, including Afghanistan, Pakistan, Bosnia and Rwanda. Big and brawny, he is seen in

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photos released by CBS smiling and playing the ham, posing with flak jacket on, helmet under his arm and a smirk breaking through his goatee. He left behind a wife, two daughters, three grandchildren and his mother.

Mr. Brolan, a former soldier in the British Army, was a freelancer who, during the course of the past year, worked as a soundman for CBS News in Iraq and Afghanistan. Noted for his quick wit, he once made George Clooney laugh, joking about their physical resemblance during an interview, colleagues at CBS News said. Mr. Brolan was part of the CBS team that won an Overseas Press Club Award in 2006 for its coverage of the earthquake in Pakistan. He had a wife and two teenage children.

CBS, like other major news organizations, has been struggling to cover the war while providing security for its employees, including their Iraqi employees, who often go places Westerners cannot.

Still, it is Iraqi journalists who have been most at risk.

Just this month, three Iraqi reporters were killed in a two-week period, according to Reporters Without Borders. More often than not, no one is ever brought to justice for killing journalists, fostering a climate of impunity, the group said on its Web site.

In addition to those killed, at least 42 journalists have been kidnapped, according to the group.

Even the seeming security of being with the American military carries substantial risk, as it did in January, when the ABC anchorman Bob Woodruff and Doug Vogt, a cameraman, suffered severe injuries in a roadside bombing in Iraq.

The death of the CBS journalists was the first time since 2003 that reporters embedded with the American military had died as a direct result of hostile fire.

Lt. Col. Barry Johnson, the director of the press center for the multinational force in Baghdad, is currently responsible for embedding reporters. He said the military had not changed its policy in any significant way since the start of the war, leaving the final decision to commanders on the ground.

The CBS crew, by all accounts, was wearing the standard protective gear.

"I think Kimberly just saw this as an opportunity to be on the ground with the troops on Memorial Day," he said, "to hear their thoughts, to see what they see."

U.S. Will Reinforce Troops In West Iraq (WP)

By Ellen Knickmeyer

The Washington Post, May 30, 2006

BAGHDAD, May 29 -- The U.S. military said Monday it was deploying the main reserve fighting force for Iraq, a full 3,500-member armored brigade, as emergency reinforcements for the embattled western province of Anbar, where a surge of violence linked to the insurgent group al-Qaeda in Iraq has severely damaged efforts to turn Sunni Arab tribal leaders against the insurgency.

The insurgents have assassinated 11 tribal leaders in the Ramadi area since the end of last year, when Sunni sheiks in the city began open cooperation with the U.S. military. That alliance was heralded by U.S. commanders as a sign of a major split between Sunni insurgents and the larger Sunni community of western Iraq.

The insurgent attacks since then have all but frozen the cooperation between Sunni tribal leaders and U.S. forces in Ramadi, local leaders say.

Disclosure of the plan came on a day when insurgent bombings and other attacks killed more than 40 people around the country, including two members of a CBS News team. The team's correspondent, Iraq veteran Kimberly Dozier, was wounded and listed in critical condition. [Details, A9.]

Last week, U.S. Ambassador Zalmay Khalilzad conceded, in answer to a question about Ramadi in an interview with CNN, that parts of Anbar were under insurgent control. Ramadi is the capital of the overwhelmingly Sunni province. The difficulties facing stretched-thin U.S. Marines in Ramadi suggest the continuing obstacles to a reduction of American forces in Iraq.

"We hope to get rid of al-Qaeda, which is a huge burden on the city. Unfortunately, Zarqawi's fist is stronger than the Americans'," said one Sunni sheik, who spoke on condition of anonymity for fear of insurgent retaliation. He was referring to Abu Musab al-Zarqawi, the leader of al-Qaeda in Iraq, an umbrella group for many of the foreign and local resistance fighters in Iraq. Local Sunni leaders often insist that the most violent insurgent attacks are by foreign fighters, not Iraqi Sunnis.

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In Ramadi, "Zarqawi is the one who is in control," the sheik said, speaking to a Washington Post special correspondent in Ramadi. "He kills anyone who goes in and out of the U.S. base. We have stopped meetings with the Americans, because, frankly speaking, we have lost confidence in the U.S. side, as they can't protect us."

Another sheik, Bashir Abdul Qadir al-Kubaisi of the Kubaisat tribe in Ramadi, expressed similar views. "Today, there is no tribal sheik or a citizen who dares to go to the city hall or the U.S. base, because Zarqawi issued a statement ordering his men to kill anyone seen leaving the base or city hall," he said.

"We are very upset. But being upset is better than mourning the death of a sheik or tribal leader," Kubaisi said. "Zarqawi has imposed himself on us. We started thinking of appeasing Zarqawi and his group, because rejecting them means death."

Gen. George W. Casey, the commander of U.S. forces in Iraq, has called up the 2nd Brigade, 1st Armored Division, the main standby reserve force for the roughly 130,000 American troops in Iraq, Maj. Todd Breasseale, a Marine spokesman in Baghdad, confirmed.

The call-up leaves a Marine Expeditionary Unit, which typically includes one combat infantry battalion and air and logistical support, in Kuwait as the only American reserve in the Iraqi theater, a U.S. Central Command spokesman said.

CNN reported last week that as many as two of the brigade's three battalions were headed to Ramadi. U.S. military officials would not comment then, citing security of any ongoing troop movements.

Breasseale confirmed Monday that the full armored brigade is headed to Anbar, where both U.S. Marines and many local tribal leaders -- particularly in Ramadi -- have appealed for more U.S. troops.

"Enough is never enough" when it comes to commanders on the ground wanting more troops, Breasseale said. "It might be when these guys get into position they might be in a better position to provide the force structure on the ground that would reenergize the sheiks to begin their work."

Although Anbar province is heavily Sunni, many local residents have grown weary of the presence of the foreign fighters who joined the Sunni insurgents. They have tired of the violent control the fighter groups wield over cities and towns, and of the U.S. attacks the insurgents draw.

Scores of local Sunni tribal leaders turned out for a groundbreaking meeting with U.S. Marine officers in Ramadi in November. Robed sheiks and Marine officers in camouflage faced each other in a town hall, ignoring mortar rounds that insurgents lobbed at the meeting, to start talking about the first major, open cooperation between Ramadi's sheiks and U.S. forces.

But when U.S. and Iraqi forces held the first local recruiting drive for local Sunni young men in January, bombs killed more than 60 of the Sunni tribal enlistees and others. The local residents said the bombs were set by Zarqawi's group.

The assassinations of the tribal leaders then mounted, in what was seen as a clear warning to them not to cooperate with U.S. forces. Violence surged in Ramadi in April and May. In many weeks, Marines in Ramadi have accounted for one-third to half of all American combat deaths in Iraq. U.S. forces say scores of insurgents have been killed in the same period; no full tally of the civilian toll is known.

U.S. forces have called in repeated strikes by air and by artillery on the heart of Ramadi. Marines defend a five-block area of downtown that holds the local government, now a sniper's alley where U.S. forces move at a run to elude insurgent guns.

Marines have temporarily suspended new embedding of journalists in Ramadi. Time magazine, U.S. News & World Report and the Associated Press, all with embedded reporters already in Ramadi last week, quoted both officers and the enlisted Marines at sandbag firing positions as saying that Ramadi had to have reinforcements to do more than fight insurgents to a draw around the town hall. Time quoted officers as estimating it would take three brigades, up from one.

Marine officers on the ground have been open for more than a year now about needing more troops in Anbar, whose Sunni population, remoteness and comparative lawlessness have made it a stronghold for the insurgency. Anbar borders Syria, a conduit for some of the weapons, money and fighters.

In Ramadi, people describe themselves as under siege. The fighters are moving to enforce the strictest form of Islam on the city, requiring head scarves for women and banning shorts and jeans for men, residents said.

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Insurgent groups, calling themselves "Promoting Virtue and Banning Vice" regiments, have threatened households that have Internet service and warned that they will monitor rooftops for satellite dishes turned toward European satellites, said Imad Mohammed, a resident.

"Is it possible that the U.S. Marines are able to control only the government buildings, while al-Qaeda is walking freely in the streets and in the buildings with no one to deter it?" Mohammed asked. "Until the Arab fighters start to interfere with the daily, smallest and personal details of our lives?"

Residents say basic services have fallen, with electricity, water and schooling interrupted and the university closed for long periods. The imported Shiite police force, they say, has collapsed, and many doctors, professors and other professionals are fleeing.

"The city has gone back to the 14th century, if not further," said Akram Fadhil, a 40-year-old man with seven children and no job.

Rumors routinely circulate of a Fallujah-style clearing operation in Ramadi. Residents say they both hope for it and fear it. The November 2004 operation in Fallujah, a largely Sunni Arab city about 35 miles west of Baghdad, involved a major deployment of troops and sometimes intense fighting with insurgents.

"The city has become an unburnable hell," said Abdul Salam Ahmed al-Rawi, owner of a now-shuttered ice cream shop in Ramadi.

"We hope this will end soon, and that Americans will clean the city," Rawi said early last week. "But first they have to change the troops here now, and bring in more, better troops, just like a year and a half ago in Fallujah."

"For I expect if these troops were given the orders to launch a military campaign, many civilians will fall," Rawi said. "The Marines in Ramadi now are considering the whole situation as a matter of a challenge, or revenge, because of the daily strikes they get. It makes them put civilians and the al-Qaeda men all in one category."

Number Of Brigades May Fall, But Troops To Stay At 133,000 (WT)

By Rowan Scarborough

The Washington Times, May 30, 2006

U.S. troop levels in Iraq will likely stay around the 133,000 mark in the coming months even if an Army brigade or two is cut from the current number of 15 total combat brigades, defense officials say.

The officials said Army Gen. George Casey, the top commander in Iraq, may decide he does not need a replacement brigade for one going home. Yet the overall force level will likely stay the same because new training teams are entering the country to embed with units of the Iraq Security Force (ISF).

Gen. Casey is also periodically tapping an Army "call-forward" brigade of about 4,000 soldiers in Kuwait for periodic duty in Iraq, most recently in Baghdad. Such moves, when coupled with the influx of trainers, also increases the overall force level.

Still, Pentagon planners hope to see the actual combat brigade numbers decrease from 15 in the coming months. Even though the force level would remain the same, such a trade-off means fewer American troops are in direct combat and more are in the training mission.

"The broad message is the numbers are going to fluctuate even if the brigade numbers come down," one senior official said. "Brigades will likely continue to come down, but it won't mean all the numbers will come down. The bottom line is fewer brigades means less direct combat for American troops."

The 15 combat brigades are down from 20 during Iraq's elections last year, and about 6,000 U.S. military personnel embedded with Iraqi units.

The big question is whether Gen. Casey sometime this summer will recommend to Defense Secretary Donald H. Rumsfeld and President Bush a larger troop reduction, which could begin this fall. Officials said Gen. Casey had not made that recommendation as of last weekend.

The command has been waiting for Iraqi Prime Minister Nouri al-Maliki to name a unity government before recommending any drawdowns. That task is now nearly completed. But the new government is not yet fully able to deal with the security issues because the key posts of defense and interior ministries remain vacant.

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Gen. Casey's planning staff constantly reviews force levels. They look at the timetable for when Army and Marine units are due to leave to see whether that is an appropriate time to replace it.

"Casey is mindful of when units are supposed to rotate in," said the official. The source said Gen. Casey might conclude this summer that "I don't think we need to send a replacement in right away."

That's just what happened in April, when the general decided to put on hold a brigade in Germany that was preparing to come to Iraq.

The withdrawal plan is contingent on the 260,000-strong ISF taking over more counterinsurgency missions.

A new test awaits the emerging force: the restive town of Ramadi in Anbar province, which is not fully in control of the coalition and is becoming a new safe haven for terrorists.

The U.S. command has decided it will be the ISF, not U.S. forces, who will lead a campaign to retake the city.

"It isn't a situation that we can resolve. ... The Iraqis have got to take the lead in solving this one," said Brig. Gen. Carter Ham, the Pentagon's deputy director for regional operations.

U.S. Lawmakers Urge Iraqis To Agree On Key Security Posts (AP)

By Kim Gamel

AP, May 29, 2006

BAGHDAD, Iraq - Democratic and Republican legislators urged the nascent Iraqi government to reach agreement on key security posts and respect human rights Monday as they made a Memorial Day visit to U.S. troops in Baghdad.

A bipartisan delegation including Rep. Robin Hayes, R-N.C., had lunch with troops at the U.S. Embassy in the heavily fortified Green Zone before a planned meeting with Iraqi Prime Minister Nouri al-Maliki.

Rep. Sheila Jackson Lee, D-Texas, said the goal was "to ensure a strong, independent and sovereign Iraq that can stand on its own two feet and protect its people."

"It is very important for the two remaining ministries to be appointed. That will make a very important statement to the American people," she added.

Iraq's parliament debated the deteriorating security situation in the capital and some of its outlying provinces, but failed to set up a commission to deal with the problem because of al-Maliki's failure to appoint ministers of defense and interior.

Hayes, whose district includes Fort Bragg, home of the Army's Special Operations Command, said he would encourage the prime minister to promote unity among the country's myriad religious and ethnic groups.

"This is an Iraqi government ... everyone would like for the process to happen immediately and we certainly want them to be successful. You can't rush the process too quickly," he said. "The new government promoting unity ... is how security will be established."

The legislators also stressed the importance of respecting human rights amid a wave of sectarian killings after the February bombing of a Shiite shrine.

"They lived under a totalitarian regime for many years ... and any government that is formed here, if it is going to succeed, they're going to have to respect all Iraqis," Republican Rep. Jeff Miller of Florida.

Sen. Debbie Stabenow, D-Mich., welcomed an investigation into allegations that Marines shot and killed unarmed civilians in the western city of Haditha after a bomb rocked a military convoy on Nov. 19, killing a Marine.

"We are continuing to watch the investigation unfold," she said. "I think that is a big difference with the U.S. and most of the coalition forces is that we do thorough investigations and if somebody is found guilty of a violation that they are held accountable."

The delegation traveled to Iraq after visiting a training center for Iraqi forces in Amman, Jordan. They also met with Gen. George Casey, the head of U.S. forces in Iraq, as well as the U.S. ambassador to Iraq, Zalmay Khalilzad, the U.S. ambassador to Iraq.

Anti-U.S. Rioting Erupts In Kabul; At Least 14 Dead (NYT)

By Carlotta Gall

The New York Times, May 30, 2006

DOJ_NMG_0030147

KABUL, Afghanistan, May 29 — A deadly traffic accident caused by a United States military convoy quickly touched off a full-blown antiAmerican riot on Monday that raged across much of the Afghan capital, leaving at least 14 people dead and scores injured.

Witnesses said American soldiers fired on Afghans throwing stones at them after the crash, though the United States military said only that warning shots had been fired in the air.

But the crash tapped into a latent resentment of the American military presence here, and violence radiated quickly through the city as rumors circulated that the crash might have been deliberate. Gunfire rang out as Afghan police officers and army soldiers tried to contain rioters who rampaged through the streets for about six hours, burning and looting a dozen offices, cars and police posts. By the end of the day at least 14 people were dead and more than 90 injured, hospital officials said. It was the bloodiest day in the capital since the fall of the Taliban in late 2001.

The Interior Ministry announced a nighttime curfew for the city for the first time in four years, from 10 p.m. until 4 a.m., and President Hamid Karzai called for calm on national television. "This country has been destroyed for years by rioters," he said, "and they are using this traffic incident as an excuse."

The speed and magnitude of the unrest was such that hundreds of police officers and soldiers struggled to contain the violence. The Afghan government and the American military authority issued statements promising full investigations of the accident.

It became clear the American military and the Afghan police and army had used their weapons to try to disperse the crowds. Scores of people were treated in hospitals for gunshot wounds.

A 7-year-old boy was among the dead, and two more schoolchildren were badly wounded, said Dr. Amin, the duty doctor at Khair Khana Hospital in the northern part of Kabul, who like many Afghans uses only one name. Four people died at the hospital, he said, and 60 wounded people were given first aid before being transferred to other hospitals.

Although the sudden explosion of violence may have been a reaction to the five deaths in the crash, it is a sign that Afghans are losing patience with the government and the foreign military presence in Afghanistan, residents said.

Ali Seraj, a businessman and a descendant of the Afghan royal family, contended that the American military showed a careless attitude toward human life that was becoming a growing problem, whether it was the bombing of villages in counterinsurgency activities in southern Afghanistan or car accidents in the capital.

"This type of attitude has created a great deal of mistrust and hatred," he said.

Just last week, President Karzai ordered an investigation of an American airstrike on a village near Kandahar in the south that killed at least 35 civilians. In another episode, the United States military said last month that it would investigate the killings of seven members of a family in an airstrike in Kunar Province in the east during an operation against insurgents.

On Monday, clashes began early in the morning when a truck leading an American military convoy smashed into 12 cars in rush-hour traffic as it went down a long hill from the Khair Khana pass just north of Kabul. Five civilians were killed and more injured in the multiple crash, a statement from Mr. Karzai's office said.

The United States military said in a statement, "A large cargo truck apparently experienced a mechanical failure." The statement continued, "This was a tragic incident, and we deeply regret any deaths or injuries resulting from this incident."

An angry crowd gathered and began stoning the American convoy, and the Afghan police when they arrived. "There are indications that at least one coalition military vehicle fired warning shots over the crowd," the United States military statement said. "We will determine the facts regarding the incident and cooperate fully with Afghan authorities."

Demonstrators and townspeople said the American troops had fired into the crowd as people gathered and started throwing stones.

One demonstrator, called Ahmadullah, was still shouting, "Death to Karzai!" and "Death to America!" hours after the initial event.

Demonstrators and townspeople also asserted that the American truck driver had deliberately rammed vehicles as he led the convoy from Bagram Air Base through outlying villages and then into the city. "The Americans came all the way from Bagram to Kabul and killed about 20 people along the way," said Fraidoon, a youth who was among the demonstrators.

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He and other bystanders said up to a dozen demonstrators had been shot by guards as they tried to break into a British security company's compound in a downtown area.

Other protesters tried to reach the United States Embassy across town but were prevented by armed blockades of Afghan police officers and soldiers. Others attacked buildings in the commercial center of the city, and some marched on Parliament in the city's southwest, attacking a television company and pizzeria nearby.

By late afternoon the crowds had dispersed, leaving people to count the casualties and put out fires. The offices of the aid organization CARE International and the French nongovernmental organization known by the acronym Acted, a pizzeria, a Chinese guesthouse and a post office were among the buildings that were gutted by fire and ransacked.

Ground-floor windows of the newly opened Serena Hotel, Kabul's first five-star hotel, were smashed, and traffic police officers sat outside burnt roadside police posts. NATO troops evacuated diplomats and staff members from a European Commission compound downtown.

Mr. Karzai blamed opportunists and rioters for the violence. "Wherever you face these elements, do not let them destroy our home once again," he said.

In a sign of the political implications the event has for the government, the president promised to investigate the circumstances of the crash and to see that the Americans involved were punished if found to be guilty. He added that he had received a visit Monday afternoon from the United States ambassador, who had expressed his "deep regrets."

The demonstrators — overwhelmingly young men, even schoolchildren, carrying sticks and stones — were angry at the reports of deaths, but some also expressed frustration with the government, the police and the generally poor standard of living.

"Most of the demonstrators are people who have lost their jobs, and the government cannot provide the people with the basic necessities," said Mukhtar Ziayee, 33, a real estate salesman. "The people are disappointed."

But others were armed and intent on violence and robbery, residents said. Mohammed Arif Safajoy, the owner of the pizzeria that was attacked, estimated the rioters had done $50,000 damage there.

"This was just a demonstration in name," he said. "They were looters, these people who came to my restaurant." Among them were students from a nearby high school, and they carried off electric fans, dishes and antique ornaments, he said.

Riots Breach Kabul 'Island' (CSM)

By Rachel Morarjee

The Christian Science Monitor, May 30, 2006

KABUL, AFGHANISTAN - Hundreds of demonstrators rampaged through the Afghan capital Monday, torching foreign aid agencies and looting businesses in a wave of violence that killed at least 14 people and wounded another 142.

The riots brought the unrest, which has racked southern Afghanistan in recent months, within the gates of Kabul - hitherto seen as an island of stability.

The protest was sparked early Monday when a US military convoy was involved in a traffic accident with a cargo truck that had experienced a mechanical failure. The resulting 12-car pileup killed at least one person, the US military said in a statement. US soldiers fired warning shots over the top of the crowd that had gathered around the accident. However, it remains unclear whether the five people who were killed at the scene were shot by the US military or by Afghan police who arrived to control the crowds.

A survey of the city's hospitals found that at least 11 more people were killed over the course of the day's rioting, which caused millions of dollars of damage and left a trail of destruction along the route the protesters traveled.

With violence in southern Afghanistan at its worst levels since the fall of the Taliban, the Kabul riots reflect a growing nationwide resentment about the foreign military presence in the country and the glacial pace of reconstruction, say analysts and residents.

"There is a large reservoir of discontent and people are now just looking for a reason to vent their rage," says a Western diplomat who requested anonymity.

Demonstrators set the offices of CARE and other foreign aid agencies ablaze, but also torched a Chinese brothel and Afghan businesses as the demonstrations escalated into looting.

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"Many people hate the NGOs [nongovernmental organizations] because they see all this money coming into the country and they have not been able to get jobs. They were waiting for a day like today," says Ehsan, an Afghan security officer.

The road accident Monday morning follows a bloody two weeks of fighting around the country that has left nearly 400 people dead. Around 30 civiliarns were killed in an airstrike in southern Afghanistan last week during a battle with the Taliban, stoking public resentment already inflamed by the way Coalition forces drive around the country.

"The US use force in the street with their cars. When Americans are in a hurry they cut people off and they don't care how they drive. We all have to wait in line behind them," says an Afghan UN employee who asked to remain anonymous. Coalition forces often move quickly as a safety precaution.

It remains unclear whether the riots were orchestrated by Islamic militants or were a spontaneous eruption of unrest.

"There was organization behind the demonstrations. They have literally been biding their time and waiting for a catalyst from Coalition forces," says a Western security source, who added that demonstrators were carrying maps with a marching route already marked. The protesters started in the north of Kabul, went through the center of the city, passed by the major hotels, the US Embassy, and the main NATO base, and ended up in the western part of the city. There were other spontaneous demonstrations around the capital.

However, diplomats and many eyewitnesses said the demonstrations have been used by criminals as a window of opportunity for looting and theft.

"Those people on the outskirts of Kabul have always been bandits and they are still thieves. They were waiting for a chance to take stuff from houses," says Rauf, a shopkeeper along the protesters' route who goes by one name.

As the demonstrations subsided, police resumed patrols but were hassling any groups of men they saw standing in the open, punching people with no explanation and shoving them into cars. Questions will now be asked about why the police were unable to contain the riots and protect businesses and aid agencies. The riots lasted a full eight hours.

Kabul Riot Targets Aid Agencies (FT)

By Rachel Morarjee

Financial Times, May 30, 2006

About 1,000 demonstrators rampaged through the Afghan capital on Monday, setting alight the offices of foreign aid agencies and looting businesses in a wave of violence that killed at least 16 people and injured another 142.

The unrest was the worst to sweep through Kabul since 2001 and reflects growing resentment towards the foreign military presence in the country and the slow pace of reconstruction. The US has 23,000 troops and Nato a force of about 9,000 in Afghanistan.

The protest was triggered by a collision between a US military convoy and a cargo truck that caused a 12-car pile-up, the US military said in a statement.

A crowd quickly swelled around the accident in the northern Shomali district of Kabul and turned hostile, surrounding the US vehicles.

Shots were then fired either by the US military or by Afghan police who had arrived on the scene.

“There are indications that at least one coalition military vehicle fired warning shots over the crowd,” Colonel Thomas Collins, US military spokesman, said, adding that an investigation had begun.

Five people were killed during the accident and the shooting which followed, said a statement from the Afghan presidency.

A survey of Kabul’s hospitals found that at least 11 more people were killed during the day’s rioting. Protesters left a trail of destruction, burning down almost every police guard post they came across. Demonstrators set the offices of CARE and other foreign aid agencies ablaze, and also set civilian businesses on fire.

A group of European Union diplomats was escorted to safety by British Royal Marines after they had requested evacuation from their compound in central Kabul.

The main protest, composed mostly of young men, spawned smaller riots at other locations across the capital. “There is a large reservoir of discontent and people are now just looking for a reason to vent their rage,” said one western diplomat.

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The road accident followed an air strike by the US during a battle with the Taliban in southern Afghanistan last week, in which about 30 civilians were killed.

Opinion remains divided over whether the disturbance was orchestrated by Islamic militants or was a spontaneous eruption.

“The riots were organised,” said a western security source working with Afghan police. “They have been waiting for a catalyst from the coalition forces and biding their time.”

He added that he had seen demonstrators carrying maps with a route drawn out. “They are after martyrdom. They are calling the people who got killed in the accident martyrs,” he said.

However, diplomats and eyewitnesses said the demonstrations had been used by criminals as an opportunity for looting and theft.

“They were thieves. They were waiting for a small opportunity to steal and loot from the houses,” said Jan Ali, a 50-year-old shopkeeper in downtown Kabul.

As the streets of Kabul grew calmer, police started to resume control and were harassing groups of men standing in the open.

An Afghan reporter said: “Soldiers are picking up groups of people in the street, punching people with no explanation and shoving them in cars.”

Traffic Accident Sparks Kabul Riots (WT/AP)

By Amir Shah, Associated Press

The Washington Times, May 30, 2006

KABUL, Afghanistan -- Violent anti-foreigner protests raged across the capital yesterday after a U.S. military truck crashed into traffic, touching off the worst rioting since the Taliban's ouster in 2001. At least eight persons died and 107 were injured before Kabul's streets calmed.

Chanting "Death to America," rioters stoned the U.S. convoy involved in the accident, then headed to the center of town, ransacking offices of international aid groups and searching for foreigners in a display of rising resentment over civilian deaths in the war against insurgents.

Gunfire, at times intense, rang out across Kabul as hundreds of young men looted shops and set fire to police cars and station houses. Some people said U.S. and Afghan troops fired on the crowds.

The U.S.-backed Afghan government decreed a nighttime curfew, and the city quieted before sunset. Yousuf Stanizai, an Interior Ministry spokesman, warned that anyone found outside between 10 p.m and 4 a.m. would suffer "serious measures."

President Hamid Karzai went on television yesterday to decry the outbursts, branding the rioters as troublemakers who should be resisted and linking their violence to the long years of conflict that wrecked Afghanistan.

"We will recognize as the enemy of Afghanistan these people who do these things," Mr. Karzai said. "You should stand up against these agitators and not let them to destroy our country again."

Patience with the 23,000 U.S. soldiers and other foreign troops in Afghanistan is fraying amid recent civilian deaths, including at least 16 persons killed by an air strike targeting Taliban fighters in a village last week.

The civilian deaths have come during some of the fiercest fighting since a U.S.-led coalition drove the Taliban religious militia from power at the end of 2001, after the regime refused to hand over terror leader Osama bin Laden and close al Qaeda camps after the September 11 attacks.

Much of the bloodshed is in the south, where officials reported a battle yesterday killed six militants and wounded five Canadian soldiers. Elsewhere, warplanes of the U.S.-led coalition bombed a suspected Taliban meeting late Sunday and dozens of militants were reported killed, Afghan authorities said.

Although most Afghans support the presence of foreign troops to stabilize a country devastated by a quarter century of war and civil conflict, many also harbor resentment at the outsiders.

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Those feelings have surfaced with increasing regularity in the past year, during violent protests over accusations that the Koran was desecrated at the U.S. prison at Guantanamo Bay, Cuba, and the publication in European newspapers of cartoons depicting the prophet Muhammad.

"We don't want Americans in our country. They don't care about poor people. They killed innocent people today, and this is not the first time," said Abdul Shakoor, a 28-year-old who joined in the protests after yesterday's traffic accident. "They do it all the time, and in the end, they say it was a mistake. It's not acceptable to us anymore."

The U.S. military expressed regret for the crash, which it said occurred when a mechanical malfunction sent a large cargo truck careening into about a dozen vehicles at an intersection. The military was investigating the incident.

The U.S.-led coalition said at least one person was killed and six injured in the crash, while Afghan authorities gave higher but differing tolls. A statement from Mr. Karzai's office said five died in the accident. Police said three were killed and 16 were injured.

"This was a tragic incident, and we deeply regret any deaths or injuries resulting from this incident," a U.S. military spokesman, Col. Thomas Collins, said.

Kabul Police Chief Sher Shah Usafi said another person was killed when U.S. troops fired into a crowd of stone-throwing protesters soon after the crash. U.S. military officials said they couldn't confirm that.

Abdullah Fahim, a Health Ministry spokesman, said eight bodies were delivered to hospitals in Kabul and 107 Afghans were treated for injuries. He had no details on how the casualties occurred, and it wasn't clear whether the toll included people from the traffic accident.

General: Desertions Plague Afghan Army (AP)

By Jim Krane

AP, May 29, 2006

Desertions from Afghanistan's U.S.-allied army have dropped sharply, but more than 10 percent of the troops still go AWOL, a U.S. general said Monday.

Maj. Gen. Robert Durbin, who heads the effort to train Afghan soldiers and police, said a focus on replacing unfit commanders has cut desertion rates from their peak a few months ago, when almost a quarter of all Afghan troops absconded for varying periods.

"Where you have higher AWOL rates is where you have weaker leaders," Durbin told The Associated Press during a visit to Dubai. "We're trying to trade out those weaker leaders."

More than 2,500 Afghan soldiers are still absent without leave. The army has a total of 35,000 forces, including those in basic training.

In January, a top-level committee headed by Afghan Defense Minister Abdul Rahim Wardak began enforcing a plan to cut desertions by replacing commanders whose units suffered high AWOL rates and by improving food and living conditions.

U.S. and Afghan officials have said soldiers desert for several reasons, including a reluctance to fight alongside foreigners against countrymen and a need to earn money for families in remote villages.

The desertion rate dropped from as high as 25 percent in January to about 13 percent now, Durbin said. The goal, he said, is to cut desertions to below 10 percent.

"Perhaps that is alarming by international standards," said Durbin, 52, of Connellsville, Pa.

But, he said, Afghan fighters traditionally have joined militias that permitted long periods of leave. Many return after unexplained disappearances, and those who do not are scrubbed from active-duty rosters.

Durbin compared the concept to American militiamen who returned home at harvest time during the Revolutionary War.

"That behavior wasn't looked down upon," Durbin said. "But that's different from what you have in a professional force."

Afghan army recruiters employing pressure tactics — including reporting deserters to religious and community leaders — have persuaded 1,120 deserters to return to their bases, Durbin said.

The U.S. commander in Afghanistan, Lt. Gen. Karl W. Eikenberry, said last week during a visit near Kabul that the Afghan army had two tasks.

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"One is the fight. The second is to be an enduring symbol for the people of Afghanistan of national unity," he said.

But that army will require U.S. and NATO support for years to come, said Anthony Cordesman, a military expert at the Center for Strategic and International Studies in Washington.

"The numbers still remain very, very low relative to the size of the country and size of the mission," Cordesman said. "They're simply too small to deal with Afghanistan's security problems."

Durbin, who took command of the training mission in December, said Afghan government troops were taking far fewer casualties than their adversaries — former Taliban militias and opium traffickers — in heavy fighting in the south.

More than 350 people, mostly anti-government rebels, have died in less than two weeks of heavy fighting, according to Afghan and coalition figures. U.S. airstrikes have killed many of them. A May 21 airstrike killed 16 civilians, U.S. and Afghan figures show.

Durbin said the heavy fighting in the south is related to Afghan security forces' efforts to assert control in a region outside the government's orbit.

"In my mind it's a sign of progress but, unfortunately, it will result in casualties on both sides," Durbin said.

Neo-cons Question Bush's Democratisation Strategy (FT)

By Guy Dinmore

Financial Times, May 30, 2006

President George W. Bush has likened the "war on terrorism" to the cold war against communism.

Addressing military cadets graduating from West Point, Mr Bush reaffirmed at the weekend that the US "will not rest until the promise of liberty reaches every people in every nation".

But as the US struggles to assert itself on the international stage, the president's most radical supporters now dismiss this as mere rhetoric, and traditional conservatives are questioning the wisdom of a democratisation strategy that has brought unpleasant consequences in the Middle East.

Administration officials speak privately of a sense of fatigue over the worsening crisis in Iraq that has drained energy from other important policy issues. Senior officials are leaving – not so unusual in a second term, but still giving the sense of a sinking ship run in some quarters by relatively inexperienced crew.

Neo-conservative commentators at the American Enterprise Institute wrote last week what amounted to an obituary of the Bush freedom doctrine.

"Bush killed his own doctrine," they said, describing the final blow as the resumption of diplomatic relations with Libya. This betrayal of Libyan democracy activists, they said, came after the US watched Egypt abrogate elections, ignored the collapse of the "Cedar Revolution" in Lebanon, abandoned imprisoned Chinese dissidents and started considering a peace treaty with Stalinist North Korea.

The neo-conservatives offered no explanation for desertion of the doctrine, other than a desire to make quick but transitory short-term gains. "The president continues to believe his own preaching, but his administration has become incapable of making the hard choices those beliefs require," they wrote.

But the ranks of the neo-conservatives are also being depleted. In his new book, America at the Crossroads, Francis Fukuyama, perhaps the movement's most outstanding intellectual force, confirms his defection from the brand concepts of "pre-emption, regime change, unilateralism and benevolent hegemony as put into practice by the Bush administration".

"It seems to me better to abandon the label and articulate an altogether distinct foreign policy position," he writes.

Advisers to the White House say it would be premature, however, to write off the doctrine of pre-emption, which was restated in the National Security Strategy released in March. But on Iran, for example, they believe the Bush administration is moving towards a cold war-style strategy of containment and deterrence with as broad an international coalition as possible.

Graham Fuller, former diplomat and intelligence officer, suggests the US is suffering from "strategic fatigue" brought on by "imperial over-reach".

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"The administration's bark is minimised, and much of the bite seems gone," he writes in the Nixon Center's National Interest journal. "Has superpower fatigue set in? Clearly so, to judge by the administration's own dwindling energy and its sober acknowledgment that changing the face of the world is a lot tougher than it had hoped."

Short-term economic costs of the empire have been bearable, says Mr Fuller, but long-term indicators show it is not sustainable – massive domestic debt, growing trade imbalances, an extraordinary gap in wealth between rich and poor Americans, the growing outsourcing of jobs.

More immediately, the unprecedented unilateral character of the US exercise of global power has proved its undoing.

Condoleezza Rice, the secretary of state, has tried to redress this in Mr Bush's second term, but key allies – Britain's Tony Blair, for example – are also suffering from weakened credibility.

In contrast, Russia, which Mr Bush saw as a declining power when he came to office in 2001, is asserting itself on the international stage. So is China.

Neither wants to declare itself explicitly at odds with the US, but they share a common agenda and ability to stymie Washington's will. This is seen in their policies towards Iran, North Korea, Syria, the new Palestinian government led by Hamas, and Venezuela.

"In the last few years, diverse countries have deployed a multiplicity of strategies and tactics designed to weaken, divert, complicate, limit, delay or block the Bush agenda through a death by a thousand cuts," says Mr Fuller.

Even some traditional Republicans are challenging the concept that the global "war on terror" is the paramount issue for generations to come.

Richard Lugar, chairman of the Senate's powerful foreign relations committee, suggested that "there are a good many who would feel that the possibilities for devastation of countries, including our own, may come much more from our myopia in terms of energy policy than our ability to track down the last of the al-Qaeda cells".

Robert Jervis, professor of international politics at Columbia University, argues in the Washington Quarterly that the US system does not have the commitment to sustain the prolonged efforts required by Mr Bush's "transformationalist" agenda.www.ft.com/us

Bush arrives to deliver his address to military cadets at West Point: he likened the war on terror to the cold war against communism AP

'Countries deployed a multiplicity of strategies and tactics designed to weaken . . . the Bush agenda through a death by a thousand cuts'

CORPORATE SCANDALS:

Scrushy's Lawyer Says Lay Strategy Was Wrong (USAT)

By Greg Farrell

USA Today, May 30, 2006

Convicted former Enron chief Kenneth Lay was a "dream client" hobbled by a fundamentally flawed approach to his defense, says one lawyer who knows how to defend top executives from criminal charges.

"Ken Lay would have been a dream client," says Donald Watkins, the Alabama lawyer and businessman who last year engineered the acquittal of former HealthSouth CEO Richard Scrushy of charges that he masterminded a $2.7 billion accounting fraud.

Months ago, before prosecutors from the Enron Task Force had even finished presenting their case against Lay and his co-defendant Jeff Skilling, Watkins predicted the two men were going down. Last Thursday, a Houston jury found Lay and Skilling guilty on multiple charges.

"There comes a time when you can forecast the outcome of a contest," Watkins told USA TODAY for a story published March 7. "In this contest, these guys have lost."

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In an interview following the Enron trial, Watkins called Lay's strategy wrong from the start because the former Enron CEO began his defense by hiring a team of big-name trial lawyers. What Lay needed first, Watkins says, was a strategist with a broader view of what was needed to keep such a high-profile defendant out of prison.

"Lawyers are technicians," Watkins says. "They're like painters, plumbers and sheet-rockers."

In the Scrushy case, Watkins' strategy was to attack and harass the government at every turn, while building up Scrushy's stature as a civic and religious leader in Birmingham, Ala.

For an entire year leading up to the HealthSouth trial, Scrushy hosted a religious TV show each morning on a local Birmingham station, bringing in a variety of local ministers to discuss the Bible.

Scrushy's media campaign was so powerful that the U.S. attorney complained to the judge about it. "The government tried to get a gag order against us," Watkins said. "The U.S. government said it could not get a fair trial."

In Lay's case, when it became clear that he was the target of a criminal investigation, he didn't launch a massive public relations campaign. Instead, he adopted the posture that most lawyers recommend: silence. After Enron collapsed into bankruptcy in December 2001, and Lay was forced out of his job a month later, the former CEO clammed up, asserting his Fifth Amendment right to keep silent at a congressional hearing, and circling the wagons with his legal team.

For Lay, whose civic and charitable contributions to the Houston community dwarfed Scrushy's good deeds in Birmingham, the early silence was a blown opportunity, Watkins says.

"The first trial is always in the court of public opinion, and it comes down to community support and good will. If you've been a pillar of the community for decades, you've got to energize that."

Once you've set the overall strategy for fighting the government, Watkins says, then you can prepare for the trial. That's when you hire lawyers, he says.

In Scrushy's case, Watkins wanted two attorneys with different skill sets. He brought a former prosecutor, Art Leach, on board, to serve as the "designated objector" to everything the government tried to do.

Then, just three months before the HealthSouth trial began, Watkins hired Jim Parkman, a country lawyer whose previous clients were much more likely to be those accused of being drunken drivers and petty thieves than prominent businessmen. Watkins says he wanted someone who could "connect" with jurors.

Finally, Watkins says, Lay should not have testified. "You never, ever put the CEO on the witness stand," Watkins says.

"When you do that, you're leaving it to him to save himself. That telegraphs that everything you have done has failed."

Enron Case A Grueling Trial For Its Lawyers (WP)

By Carrie Johnson

The Washington Post, May 29, 2006

With No Key Evidence, Skill Was at a Premium

HOUSTON, May 28 -- The unyielding preparation, the sleepless nights spent in a dingy room far from his wife and four children, whom he visited only twice in six months, all came down to this: a few hours of questions in the case of a lifetime.

Assistant U.S. Attorney John C. Hueston strode briskly into the courtroom with his eyes on a man he had pursued with unusual intensity for more than two years, former Enron Corp. chairman Kenneth L. Lay.

The Southern California prosecutor, who has a compact build and a gleam in his eye, squared his shoulders and steeled himself for a fight. In the hour that followed, including a court break in which he maintained his focus by doing push-ups in his office, Hueston, 42, accused Lay of contacting witnesses during the four-month trial in an effort to "get your story straight."

Hueston's chilly persistence left the once-genial corporate chieftain, who had been expected to flash his charm like a get-out-of-jail card, stammering and angry, drawn for the jury in a few quick strokes as a micromanager who thought he could talk his way out of trouble with a handful of well-placed phone calls. Jurors said that "controlling" attitude stuck in their minds as they found Lay guilty of a half-dozen conspiracy and fraud charges Thursday.

A smiling Hueston appeared before camera crews at an outdoor news conference after jurors handed up their resounding decision, saying that Lay and former chief executive Jeffrey K. Skilling, who was also found guilty, had sealed their fates with lie

after lie. The following day, Hueston flew home to California and took his children go-karting, leaving behind the sign in his temporary Houston office that urged him: "Play like a champion today" -- a University of Notre Dame invocation.

The trial, the capstone of the government's efforts to hold corporate executives accountable for fraud that occurred while they were in charge, required both sides to be at the top of their games. In a case that featured no smoking-gun documents or "gotcha" moments, the skill of the advocates on both sides took on special importance, said experts who followed the trial.

The single-minded pursuit of Lay and Skilling ended in success for the Justice Department's Enron Task Force. But the four-year drive was not without conflicts over strategy and personal style for lawyers on both sides of the monumental effort, one of the most complicated corporate cases in history.

The government team stayed on course largely under the guidance of task force director and Chicago prosecutor Sean M. Berkowitz, a marathon runner who turned 39 two days after the verdict. Colleagues call Berkowitz unflappable, and he behaved true to form, even when government projection specialists stumbled and failed to find documents quickly as he cross-examined Skilling. Berkowitz parceled out key witnesses to members of his team without considering his own ego.

He was the man who also made peace among squabbling colleagues and delivered the final -- and, according to jurors, the convincing -- rebuttal argument in a smooth baritone, snapping his fingers for emphasis. Paraphrasing a line from the Jack Nicholson character in the film "A Few Good Men," Berkowitz told the jury that Lay and Skilling resorted to falsehoods because "Enron couldn't handle the truth."

Berkowitz, who pokes fun at his bald spot and rides motorcycles in his spare time, overrode the occasional interpersonal conflicts over resources and speaking roles among the team of nine lawyers, 15 agents, five paralegals and six others. He pushed -- despite opposing views -- to strike a plea deal only weeks before the trial with former Enron accounting chief Richard A. Causey. That helped slash more than a half-dozen witnesses from the case and also deprived Skilling and Lay of a scapegoat to blame if things started to go sour.

The government victory was by no means a sure bet. Skilling's lead defender, Daniel M. Petrocelli, an entertainment lawyer from Century City, Calif., appearing in his first criminal trial, outtalked everyone else on his side of the courtroom, including highly touted and far more experienced advocates hired by Lay, according to lawyers who watched the trial. Petrocelli, 52, emerged as a clear leader of Skilling's defense as he marshaled help from more than a dozen junior lawyers, three law partners and a team of paralegals and support staff, including Skilling's wife Rebecca Carter, his younger brother Mark and his longtime assistant Sherri Sera. A separate unit of three document specialists set up an aluminum table bearing laptop computers directly outside the courtroom and often raced in with papers and opposition research to help the lawyers in the middle of the action.

Surprisingly to Houston's legal community and trial watchers who had mostly underestimated him, Petrocelli's command of the facts equaled his theatrical style, as he rattled off arcane measurements of financial risk and accounting rules without glancing at notes. He left the eight-women, four-men jury smiling -- and left a series of government witnesses withering under his strong-armed attack. Juror Doug Baggett said that during much of the case, he felt like a "Ping-Pong ball," as his opinions vacillated back and forth after incisive questions by the defense team.

A man who keeps his salt-and-pepper hair and his fingernails as carefully manicured as some of his movie-star clients', Petrocelli won praise from hard-bitten U.S. District Judge Simeon T. Lake III, who is not known for being a fan of defense lawyers. Government witness Ben F. Glisan Jr., Enron's former treasurer, acknowledged Petrocelli's talent even as the defense lawyer sought to rip apart his testimony. Even jurors who ultimately convicted Skilling on 19 of 28 criminal charges against him praised Petrocelli, who walked out of the courthouse looking ashen and shell-shocked after the verdict. Inside the building, however, elementary school principal Freddy Delgado told reporters that if he ever ran afoul of the law, he would hire Petrocelli, "if I had the money." His fellow jurors erupted with laughter.

Petrocelli's law firm, O'Melveny & Myers LLP, received a $23 million retainer from Skilling, but the defense lawyer said the defense spent many millions of dollars more, though he would not say how much. He received crucial support from partner M. Randall Oppenheimer, 53, whose most visible courtroom role involved questioning accountants and technical experts but who performed important strategic work behind the scenes. Oppenheimer, a gray-bearded private pilot and the son of a film director who once visited the trial, combined razor-sharp intellect with a mild-mannered, dignified delivery. His understated manner won

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him respect from the government team and greater leeway from the judge, who coined "the Oppenheimer rule," which allowed lawyers in the long trial to get in "just one more question" after their opponents' objections.

Perhaps the O'Melveny team's greatest accomplishment was keeping in check the mercurial temper of its client. Skilling, 52, followed his lawyers' advice and generally remained cool over eight days on the witness stand, in the face of expectations that his emotions might detonate and come back to hurt him with the jury.

As they maintained control of Skilling, his defense lawyers also successfully cultivated an important alliance with Lay's team, which resisted the temptation to blame Skilling for Enron's misfortunes. That O'Melveny picked up the tab for experts and other pricey legal bills likely helped preserve goodwill between the defense teams. But it also took no small amount of Petrocelli's persuasion.

If Skilling's legal team rose above expectations, Lay's failed to live up to them. Lead lawyer Michael W. Ramsey, 66, armed with a string of victories in murder and public-corruption cases in his four-decade career, sat on the bench for nearly the entire defense case after doctors implanted stents to open his clogged arteries. But Ramsey, who received $2 million from Lay, had run into trouble even before his health deteriorated.

In his opening statement Jan. 31, Ramsey twice called on securities lawyer and fellow Lay defense lawyer Bruce Collins to confirm facts in the case. The judge took Ramsey to task for asking the government's first witness irrelevant questions, prompting Lay to pull him aside during a courtroom break. And in his cross-examination of former chief financial officer Andrew S. Fastow, Ramsey shouted when Fastow, who has a hearing problem, said he could not understand the lawyer's inquiries. Jurors and spectators flinched at the spectacle. Ramsey later told reporters that he was worried he had had a heart attack during the Fastow episode.

With Ramsey out of the game, the Lay defense was in chaos and eventually settled on appellate lawyer George "Mac" Secrest to lead the questioning of Lay. That decision was made only a few days before Lay's turn on the witness stand, the most important turning point in the trial. Lay, who kept firm control of his legal team, balked when Secrest asked him to talk about his personal finances and other issues, once asking his own lawyer, "Where are we going with this, Mr. Secrest?"

After news reports criticized the performance, Lay's daughter, Elizabeth Vittor, a lawyer who sat next to him every day and helped coordinate his defense, told reporters Secrest had done a "fabulous" job. Vittor did not question any witnesses in the trial and instead appeared to serve as a behind-the-scenes advocate for her father, who had amassed $100 million in debt in 2001, the year Enron filed for bankruptcy, and who spent less on his legal defense than Skilling.

It remains unclear whether Ramsey's presence would have helped Lay. During cross-examination, prosecutors used some of Ramsey's negative comments from earlier in the trial about government witnesses against Lay. And there is little doubt that Lay's strong emotions about Hueston, whom he has accused of leading a vendetta against him, would have boiled over when the two men faced off anyway. During closing arguments, Chip B. Lewis, a young, goateed defense lawyer for Lay who could fill a doorway with his solid frame, stood over Hueston and bellowed, "Don't come to Houston, Texas, and lie to us."

In the end, in a contest of will between prosecutors and defendants Skilling and Lay, the jury found the government more believable.

As Berkowitz confronted Skilling with evidence that one of his investments violated Enron's ethics code, Skilling shot back: "What does this have to do with fraud at Enron?"

The prosecutor was ready with a potent answer: "When we started this testimony, we agreed, that the one thing, the most important thing the jury had to rely upon here was your word."

Enron Verdicts Good For Investors (USAT)

By Adam Shell

USA Today, May 30, 2006

NEW YORK — The bedrock of free markets — trust, confidence, integrity — that was undermined by the fraud that led to Enron's 2001 collapse, took another step toward rehabilitation with the conviction of the energy company's two former CEOs, Wall Street experts say.

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To be sure, last week's guilty verdicts against disgraced Enron executives Ken Lay and Jeff Skilling in Houston do not rule out the possibility of future corporate fraud cases, or erase the financial and emotional pain of shareholders and employees hurt by the scandal.

But the convictions did mark a symbolic end to an era of corporate malfeasance that flourished in the aftermath of the 1990s stock market bubble and resulted in many regulatory reforms, such as the 2002 Sarbanes-Oxley Act. More important, it sent a key message to investors: Corporate crooks will pay for their crimes.

The verdicts will "add to investor confidence," says Gary Gensler, former undersecretary of the Treasury who was a senior adviser to Maryland Sen. Paul Sarbanes during drafting of the law. "Too often, investors have reason to believe the market is not fair. Fortunately, this one went the right way."

Many Wall Street watchers say that had Lay and Skilling been acquitted, it would have resulted in huge damage to investors' psyches and reinforced the belief that the system is rigged against the little guy.

"Had it been not guilty, oh, boy, I don't think it would have gone over well," says Henry Herrmann, chief investment officer at Waddell & Reed. "There would have been a public outcry. The markets would probably have gotten beaten up for a day or two."

Instead, the verdict coincided with a nice two-day rally on Wall Street, which helped halt a skid that began May 10 and knocked stock prices down across the board. The Dow Jones industrials gained a combined 161 points Thursday and Friday, finishing up 1.2% for the week at 11,279.

"The markets were relieved that these two powerful, wealthy corporate leaders wouldn't be able to walk away from such a big scandal," says Michael Chasnoff, CEO of wealth management firm Truepoint Capital. "There was a little bit of relief to know that there is accountability in the financial markets system."

But Chasnoff adds that the psychological boost to the market will be short-lived, as investors refocus their attention on corporate earnings, interest rates and inflation.

Short-Lived Lessons From An Enron Short (WSJ)

By Jim Chanos

The Wall Street Journal, May 30, 2006

The convictions of Ken Lay and Jeff Skilling are less than a week old, and yet conclusions are already being drawn about whether "corporate wrongdoing" is a thing of the past. As someone with more than a passing interest in the Enron story -- I was, to quote Ken Lay's bizarre testimony, one of the "short-sellers that were organized and working together and conspiring together" against Enron -- I feel a need to examine what lessons those of us who slog it out daily in the corporate trenches might gain from Enron's spectacular collapse. I propose to offer the top 10 lessons from Enron that executives, investors and lawyers will soon forget:

1. The Enron scandal shows a need for a standards-based accounting system, rather than a rules-based one.

Wait a minute, you must be saying -- in the wake of Enron, don't we need more accounting rules to cover every possible situation, not some mushy "standards"-based guidelines?

No. It is precisely our "check-the-box" accounting rules that get written for every type of transaction that helped create the financial monster that was Enron. By having armies of clever bankers and lawyers pretzel-twist uneconomic deals into profit sources that conformed to GAAP ("Generally Accepted Accounting Principles," or "Good As Actual Profits" as it's sometimes known), dishonest management teams always hide behind the disclaimer that their accounting has been blessed by their auditors. The problem is, I can think of no major financial fraud in the 25 years I've been on Wall Street that did not have audited financials that conformed to GAAP! Yet reasonable independent auditors and audit committees, using the "standard" of economic common sense, would have unmasked most of the financial chicanery that became apparent at these companies only after their collapse.

2. Mark-to-Market accounting was not the problem at Enron, Mark-to-Model was.

Many casual observers of the Enron saga have pointed to the shortcomings of the Mark-to-Market (MTM) method of accounting that Enron used for its trading assets (i.e., the act of recording the price or value of a security, portfolio or account to reflect its current market value rather than its book value). But MTM is entirely appropriate -- and necessary -- for trading assets

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held at financial firms. How else would one handle valuation for assets that trade on verifiable exchanges and/or electronic networks?

In Enron's case, however, non-exchange traded assets and illiquid private deals were treated similarly, with today's "prices" derived by computer models that estimated future prices and volatility. The "estimates" in these models were helpfully provided by . . . Enron itself! As any capable financial economist will point out, today's market prices offer only a starting point for estimating future prices and volatility, which are, by definition, unknowable. In an MTM system with no independent source of current prices, when one feeds the "unknowables" of future prices and volatility, and the "probable" of time, into a computer, a "certain" current price is calculated! Neat, huh?

3. Off-balance-sheet deals and entities are "off" the balance sheet for a reason.

One would think that this concept would be pretty obvious, given the LJM, Jedi, Chewco, Deathstar, Jabba the Hut (OK, I made that last one up) monikers used to describe off-balance-sheet entities at Enron. One would be wrong. Yet it is my experience, pre- and post-Enron, that such accounting is used by companies to hide things they don't want investors to see. Pre-Enron saw silliness such as the Coca-Cola/Coca-Cola Enterprises "two-step," while today one can ponder the off-balance-sheet "land banking" that exists at the publicly traded U.S. homebuilders. If a company is determined to keep a significant aspect of its business off its books, investors should simply ask why.

4. Wall Street analysts don't "do" complex.

Isn't that what securities analysts are for, you might ask? Silly reader . . . analysis is for kids! Literally. At most large Wall Street firms, the tedious job of constructing financial models and answering client accounting queries is handled by the junior analyst on the team. It still shocks me today that when meeting with a team of "sell-side" Wall Street analysts from a firm to discuss a particular company, the senior analyst invariably concedes the answer to a complex financial question to a junior analyst working for him.

In a post-Eliot Spitzer world, how can this be? Simple. Senior analysts still spend most of their time on the road making client presentations. That is, of course, if they aren't playing golf with the CEO or organizing the menu at the next investor conference in Las Vegas. The recent attempts by certain companies to discourage hard-hitting independent research will only serve to maintain the chasm between those that "do the numbers" and those with, hopefully, the experience to know what the numbers mean.

5. The rating agency system breaks down when most needed. Rely on it at your own peril.

Time and again, when confronted with negative financial "surprises" by corporate issuers during the last decade, the "independent" ratings agencies fell down on the job. This kept slow-on-the-uptake investors dancing on the decks of numerous financial Titanics, while those heeding other signals (such as the burgeoning market for credit-default derivatives) prepared to man the lifeboats.

Whether it was the hubris of not wanting to precipitate a run on the bank (as if it wasn't happening already!), or the incompetence of one ratings agency analyst admitting to not having read the company's SEC filings, the shortcomings of an analyst-based ratings agency system became apparent in the Enron fiasco. Market-based price-discovery agents, such as short sellers in the equity market and purchasers of credit-default insurance in the bond/derivative markets, supplanted the Big Three ratings agencies as accurate predictors of Enron's financial distress.

6. Beware of, and question, unexpected executive resignations.

This lesson should seem obvious, but cognitive dissonance assures that it isn't. When Jeff Skilling resigned abruptly after six months as Enron's CEO, alarm bells should have been going off on Wall Street, as they were in Houston. But mindful of the still-bountiful fees Enron promised the Street, virtually every analyst covering Enron told his/her clients "all was well"! Didn't anyone find it disconcerting that despite claiming (the still undisclosed) "personal reasons" for his resignation, Mr. Skilling admitted on the front page of this newspaper the next day that if Enron's stock price had stayed up, "I don't think that I would have felt the pressure to leave"?

By asking the right questions, investors in August 2001 (with Enron's stock still at $40) might have been able to deduce that Enron's stock was not just a barometer of its financial health, but was also an actual component (through the investor-guarantee

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mechanism in the Fastow partnerships) of its health, as this newspaper's reporters would so convincingly point out two months later. Mr. Skilling hid the road map to Enron's future collapse on the front page of The Wall Street Journal, but few noticed.

7. Whistleblowers aren't whistleblowers if they blow their whistles inside the company walls.

Someone should inform Time magazine's Person-of-the-Year Department that writing a "cover-your-behind" memo to your boss about financial irregularities within the firm is not "whistleblowing." Having the guts to risk your job and reputation, by bringing evidence of those irregularities to the proper financial authorities, is. Enough said.

8. Special investigations by corporate boards are almost always a waste of time/money, and often prove highly misleading.

As a corollary to Lesson No. 7, when questions are raised internally about possible financial improprieties, corporate boards often hire counsel to conduct investigations on their behalf. This is done foremost for their own protection ("We investigated once we knew!"), and only incidentally to uncover unpleasant facts that such boards, charged with oversight as a duty, should've known about already. Many boards, in a wonderful example of willful blindness, simply don't want to know. In fact, one well-regarded Washington law firm forensic accounting SWAT team, headed by a former SEC enforcement director, managed to not find much wrong at either Enron or Tyco, despite abundant internal documents at their disposal. Such incompetence is highly rewarded in future corporate assignments. Rely on these reports at your own risk.

9. Character cannot be compartmentalized.

This lesson may be the most important of all. Investors and outside advisors often seem preoccupied with analyzing the formal propriety of specific corporate transactions, and the associated financial accounting. Questionable deals and disclosures are analyzed discretely, and not as part of any disturbing pattern of dubious corporate policies. Yet one had only to read the history of Ken Lay's involvement in the Valhalla energy-trading scandal at Enron in 1987 to detect a harbinger of scandals yet to come. That bad guys have a pattern of dishonest behavior should seem obvious, but it's not.

And, finally, 10: Friends do not let (possibly guilty) friends take the stand in criminal trials.

Let's face it, the Enron trials of Lay and Skilling had it all; greed, arrogance, an incompetent defense strategy (oh, how I wish short sellers had the power that Enron's defense team claimed we have!) and, of course, larger-than-life corporate villains. One would assume the high profile nature of the trial itself might underscore this observer's list of lessons learned from Enron's spectacular collapse. But thankfully, I'm pretty confident that they will be forgotten soon.

Mr. Chanos is managing partner of Kynikos Associates.

Mexico's TV Azteca Owner Seeks To Settle SEC Suit (WSJ)

By John Lyons

The Wall Street Journal, May 30, 2006

MEXICO CITY -- Ricardo Salinas Pliego, the billionaire Mexican businessman who for more than a year has parried U.S. Security and Exchange Commission efforts to bring him to court, is seeking to settle what was the first lawsuit brought against an executive of a foreign company under the Sarbanes-Oxley corporate-governance law.

Mr. Salinas Pliego and his co-defendant in the case, Pedro Padilla, have presented a proposed settlement with the SEC, according to a statement last night by Mr. Salinas Pliego's flagship television company, TV Azteca SA, of Mexico. The proposed settlement came after discussions with the SEC, which TV Azteca expects will respond to the overture within 90 days, the statement said. Under it, Messrs. Salinas Pliego and Padilla would pay all fines personally, precluding a financial burden to TV Azteca.

SEC officials couldn't be reached to comment. A TV Azteca spokesman declined to disclose details, such as the terms of the settlement.

The SEC filed civil suit against Mr. Salinas Pliego early last year, accusing him and Mr. Padilla of fraud by hiding their role in a debt transaction that netted Mr. Salinas Pliego $109 million at the expense of shareholders in a cellphone company Mr. Salinas Pliego controls. The two have denied doing anything improper. The SEC got involved because Mr. Salinas Pliego's television company, a major stockholder in the cellphone company, traded on the New York Stock Exchange at the time.

At stake for the SEC in the case is its ability to reach across international borders to enforce its rules. Since the lawsuit, Mr. Salinas Pliego has delisted the shares of all of his companies from U.S. exchanges, and swapped dollar debts into pesos, in

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order to remove himself from SEC jurisdiction. International treaties, and the chaotic bureaucracy of Mexican courts, frustrated many SEC attempts to serve Mr. Salinas Pliego with a summons in the case, which had stagnated.

Mr. Salinas Pliego has much at stake. Like many Mexican businessmen, he is seeking to expand his business into the U.S. and tap the spending power of the increasing U.S. Hispanic middle class. TV Azteca has television stations in 46 major U.S. Hispanic markets -- including Houston, New York, Miami, and has a plan to double its market share to 10% in 18 months. The SEC case puts a wrench in the works. The lawsuit prevented Mr. Salinas Pliego from traveling to the U.S., because he was concerned that he could be forced into court by U.S. Marshals.

The proposed settlement is a turnaround for Mr. Salinas Pliego, who had vowed never to reach a deal with the SEC on the grounds that the U.S. had no jurisdiction over a Mexican. Mr. Salinas Pliego, whose personal fortune is estimated at around $1 billion, controls banks, retail shops and cellphone companies that serve the working class, an often overlooked market. His business practices have earned him a tough reputation. In 2002, he sent armed commandos to occupy a rival television station during a contract dispute.

CRIMINAL LAW:

How The Jefferson Search Put Bush In A Bind (NSWK)

By Michael Isikoff, Holly Bailey And Richard Wolffe

Newsweek, May 29, 2006

President George W. Bush's intervention in the dispute between Congress and the Justice Department over the FBI search of Rep. William Jefferson's office infuriated many senior law-enforcement officials. Bush's directive to temporarily remove the documents from FBI custody was an implicit rebuke not just of FBI Director Robert Mueller but of Attorney General Alberto Gonzales—both of whom signed off on the search of Jefferson's office before it took place. "What is he [Bush] saying? His own Justice Department was wrong?" said one senior law-enforcement official who, like other senior officials NEWSWEEK spoke to, asked not to be identified because of the political sensitivity of the case. "People are livid about this." FBI officials say the search was undertaken only after the Louisiana Democrat failed to turn over records subpoenaed by a federal grand jury nine months ago. The bureau was seeking material relating to an African business deal Jefferson allegedly helped promote in exchange for bribes—including $90,000 apparently stuffed in his freezer. Once it became clear Jefferson would not comply—reportedly on Fifth Amendment grounds—federal prosecutors got the green light from Gonzales to seek a search warrant. A lawyer for Jefferson called the search "outrageous" and said his client "has consistently maintained his innocence."

House Speaker Dennis Hastert erupted in fury over the search, demanding that the FBI return the material. "I've never seen Denny Hastert as mad," said a senior Bush aide, declining to be named. Hastert twice complained directly to Bush that the FBI search of a congressman's office was unprecedented and an unconstitutional violation of the separation of powers. When Dick Cheney chief of staff David Addington backed Hastert, tempers flared. DOJ officials floated the idea that Gonzales and Mueller might even resign over the issue. That put Bush in a bind—either to back up his old friend Gonzales or placate a speaker the White House badly needs on immigration reform and other matters. To cool passions, Bush ordered the seized materials transferred to the office of Solicitor General Paul Clement. "The White House was looking to give Hastert some cover," said one administration official, requesting anonymity. The official said Hastert's position was "out of sync" with a public increasingly fed up with corruption. In talking points distributed to GOP House members last week, Hastert and other House leaders conceded the perils of their position. "Is this a smart battle for Congress to fight?" the talking points asked. "Perhaps not. Defending Constitutional principles—particularly those related to institutional balances of power—is often not politically expedient and often results in bad publicity."

(TIME)

By Perry Bacon Jr.

Time, May 28, 2006

DOJ_NMG_0030161

The battle between the FBI and Congress over documents seized in a raid on the office of Congressman William Jefferson, a Democrat from New Orleans, turned Washington upside down last week. The FBI, which has long been investigating allegations that Jefferson accepted money in exchange for helping businessmen secure deals in Africa, says it had already found $90,000 wrapped in foil in the freezer of Jefferson's apartment and had a videotape of him allegedly accepting $100,000 in bribe money. But when federal agents, who had been trying to get documents from Jefferson for nine months, obtained a warrant and searched his Capitol Hill office, they found an unlikely adversary: House Speaker Dennis Hastert. The Illinois Republican argued that the search violated the separation of powers between the Legislative and Executive branches and demanded that the FBI return the seized documents.

Hastert grew even angrier when ABC News, quoting unnamed federal law-enforcement officials, reported that Hastert was being investigated in another corruption case, involving lobbyist Jack Abramoff. The Justice Department denied the story, but Hastert, suspicious of the report's timing, accused the FBI of trying to "intimidate" him.

As Hastert led congressional appeals to the White House, Attorney General Alberto Gonzales and FBI Director Robert Mueller made clear that they would not comply with any presidential order to return the seized materials--and were willing to risk being fired for their defiance, says a law-enforcement source. So the President instead ordered the FBI to hand over the documents to the Solicitor General's office, which is not involved in the probe. The documents will be sealed for 45 days while Congress and the Administration seek agreement on what prosecutors may view.

Bush's order didn't totally calm a jittery Capitol Hill. Two other corruption investigations by the Justice Department could implicate members of Congress: the Abramoff case and a probe of defense contractors' ties to several lawmakers. The FBI says it's just doing its job. "We go where the evidence takes us," says a senior official. "Why should a Congressman be off limits?"

(USNEWS)

By Brian Duffy

U.S. News and World Report, May 29, 2006

In case you haven't heard, Washington's been hit by a Category 5 constitutional crisis. No, it's not over domestic eavesdropping or those secret CIA prisons. This one's so big, it's got Democrats embracing Republicans like long-lost cousins and both parties pillorying the White House for--hold on to your hats--infringing on the separation of powers between the legislative and executive branches. Heavy stuff. A bit of history: Way back in 1642, King Charles I launched his considerable person upon the House of Commons with the foul purpose of arresting five of its members. Thereupon followed, in right short order, the English Civil War. So impressed by these facts were the framers of our own Constitution (never mind their aggravation over the infernal meddling of George III's colonial governors), they enshrined the separation-of-powers doctrine prominently in the hallowed document.

Well. The instant cause for last week's constitutional kerfuffle was a tad more pedestrian, having to do with a congressman who found a novel use for some Tupperware and several Glad freezer bags. Turns out the things are just dandy for hiding stacks of $100 bills in the deep freeze. Who knew? FBI agents discovered the greenbacks, $90,000 worth, in the icebox of a Louisiana lawmaker named William Jefferson. The constitutional issue arose when the FBI decided to take a peek and see what other things of interest might be lurking in Jefferson's congressional office. That's when, as the saying goes, all hell broke loose.

Folks who should know say the whole constitutional thing is overblown, if not arrant nonsense, but that didn't stop President Bush from entering the fray, ordering the papers taken from Jefferson's office stashed in a neutral safe for 45 days so everyone could cool off. It was that kind of week in Washington, crazy. The president, appearing with British Prime Minister Tony Blair, even admitted to having made a passel of mistakes in Iraq. Not to be outdone, Blair fessed up to some of his own pratfalls there. Neither man, though, said a single thing about Charles I.

Frist Breaks With Others In G.O.P. Over Raid (NYT)

By Mark Mazzetti

The New York Times, May 29, 2006

DOJ_NMG_0030162

WASHINGTON, May 28 — Senator Bill Frist, the majority leader, on Sunday defended the raid by federal agents on a Democratic lawmaker's Capitol Hill office, breaking with senior House Republicans who had said the search was unconstitutional.

Mr. Frist, Republican of Tennessee, said agents from the Federal Bureau of Investigation had acted appropriately when they searched the office of the lawmaker, Representative William J. Jefferson, Democrat of Louisiana, as part of a bribery investigation.

The House speaker, Dennis J. Hastert, Republican of Illinois, criticized the raid last week and demanded that the F.B.I. immediately return the materials from Mr. Jefferson's office. Mr. Hastert even issued a rare joint statement with Representative Nancy Pelosi of California, the Democratic leader, saying that F.B.I. officials had not notified them before the raid and that the search violated the constitutional principle of the separation of powers.

Mr. Frist disagreed, shifting his position from last week when he had expressed concern about the search.

"No, I don't think it abused separation of powers," said Mr. Frist, who is considering a bid for the presidency in 2008, during a "Fox News Sunday" appearance. "I think there's allegations of criminal activity, and the American people need to have the law enforced."

Mr. Frist said that "nobody in government should be above the law of the land, period," and that federal agents had gone through appropriate procedures to obtain a search warrant for Mr. Jefferson's office.

During the raid on May 20, F.B.I. agents carried away computer records and files as part of the bureau's inquiry into whether Mr. Jefferson accepted bribes in exchange for helping set up business deals in Africa.

Ron Bonjean, a spokesman for Mr. Hastert, on Sunday reiterated the House speaker's opposition to the raid.

"Clearly there is a difference between what the Congressional leadership think and what Senator Frist thinks about what is and is not constitutional," Mr. Bonjean said.

After lawmakers angrily denounced the raid last week, Attorney General Alberto R. Gonzales; the F.B.I. director, Robert S. Mueller III; and other senior law enforcement officials told associates that they were prepared to resign if the White House ordered them to turn over the seized evidence.

Instead, President Bush ordered that all the records taken from Mr. Jefferson's office be sealed for 45 days — an effort to ease tensions over what had been developing into a constitutional crisis.

Senator Richard J. Durbin of Illinois, the second-ranking Democrat in the Senate, said Sunday that the raid was the first time that the F.B.I. had searched a Congressional office. He said, however, that federal agents in the past had searched a judge's chambers.

"So it appears that there's been some precedent for this," said Mr. Durbin, who also appeared on "Fox News Sunday."

Both Mr. Frist and Mr. Durbin said the Senate should begin examining the exact authorities the executive branch has to carry out such searches, to reduce the chances of another constitutional dispute. And Mr. Bonjean said House leaders were working with the Justice Department to determine proper procedures for any future searches.

Some House Republicans have not backed off their opposition to the F.B.I. raid. Representative F. James Sensenbrenner Jr., a Wisconsin Republican who is chairman of the House Judiciary Committee, said Sunday that Congress must be able to do its job "free of coercion from the executive branch."

"I don't think that it would be right for a House committee to issue a subpoena to the president's office and send the Capitol Police rummaging through files, taking everything, and then deciding what wasn't relevant by themselves and returning it to the president," Mr. Sensenbrenner said on the NBC News program "Meet the Press."

Mr. Sensenbrenner's committee plans to hold a hearing this week about the constitutionality of the F.B.I. search.

Frist Backs Search Of Congressman's Office (AP-Y2)

By Nedra Pickler, Associated Press Writer

AP2, May 30, 2006

In a break with his counterparts in the House, the Senate's leader said Sunday the FBI was within its right to search the office of a congressman under investigation in a bribery case.

"No House member, no senator, nobody in government should be above the law of the land, period," Senate Majority Leader Bill Frist said.

Frist, R-Tenn., was responding to the search conducted May 20-21 in the office of Rep. William Jefferson (news, bio, voting record), D-La. FBI agents carted away computer and other records in their pursuit of evidence that Jefferson accepted hundreds of thousands of dollars in exchange for helping set up business deals in Africa.

It was the first time that a warrant had been used to search a lawmaker's office in the history of the Congress.

House Speaker Dennis Hastert, R-Ill., and Democratic leader Nancy Pelosi of California responded with a rare joint statement, protesting that the FBI had not notified them and that the search violated the Constitution's separation of power protections.

Frist said he examined the provision closely and talked the issue over with Attorney General Alberto Gonzales. He concluded that the FBI acted appropriately.

"I don't think it abused separation of powers," Frist said on "Fox News Sunday.

"I think there's allegations of criminal activity, and the American people need to have the law enforced."

The chairman of the House Judiciary Committee, which plans a hearing Tuesday on the constitutionality of the search, said the FBI overstepped its authority. Rep. James Sensenbrenner compared the search of a congressman's office to a Capitol Police raid of the Oval Office.

"This debate is not over whether Congressman Jefferson is guilty of a criminal offense," Sensenbrenner said on NBC's "Meet the Press." "He cannot use the constitutional immunity of Congress to shield himself from that or any evidence of that. But it is about the ability of the Congress to be able to do its job free of coercion from the executive branch."

Hastert complained directly to President Bush and demanded that the FBI return the materials. Bush struck a compromise Thursday, ordering that the documents be sealed for 45 days until congressional leaders and the Justice Department agree on what to do with them — a move that Frist said he supported "to let things settle down."

Illinois Sen. Dick Durbin, the No. 2 Democrat in the Senate, said there needs to be "hard look" at whether the FBI violated the Constitution. But he said the FBI has raided judge's chambers before, so there is precedent for crossing branches of government for searches.

He also said he wasn't sure the "speech and debate" protections in Article 1, Section 6 of the Constitution were violated, as some of have argued.

That section states that members of Congress "shall in all cases, except treason, felony and breach of the peace, be privileged from arrest during their attendance at the session of their respective houses, and in going to and returning from the same; and for any speech or debate in either house, they shall not be questioned in any other place."

"I'm not sure that you can stretch it to apply to this situation," Durbin said. "In the next several weeks, we ought to take a hard look at it. I'm not going to rule it in or out at this moment."

Before Bush's compromise, the showdown last week led the House leaders to threaten budgetary retaliation against the Justice Department, a senior administration official told The Associated Press on Saturday. Justice officials, including Attorney General Alberto Gonzales, raised the prospect of resigning if the department were asked to return documents that FBI agents took from Jefferson's office.

Frist Defends Raid On Hill Office (WT)

By Joseph Curl, The Washington Times

The Washington Times, May 30, 2006

Senate Majority Leader Bill Frist yesterday broke with the two top House leaders, asserting that the FBI was within its right to search the office of a congressman under investigation in a bribery case.

"No House member, no senator, nobody in government should be above the law of the land, period," the Tennessee Republican said. "I think there's allegations of criminal activity, and the American people need to have the law enforced."

In the overnight hours last weekend, FBI agents seized computer records and other documents from the office of Rep. William J. Jefferson, Louisiana Democrat. It was the first time in U.S. history that an elected federal official's Capitol Hill office was subject to a warrant.

The FBI filed documents last week asserting that Mr. Jefferson was videotaped accepting money in exchange for helping set up business deals in Africa. In a search of the congressman's home, agents found $90,000 in his freezer.

House SpeakerJ. Dennis Hastert of Illinois, a Republican, and Democratic leader Nancy Pelosi of California responded with a rare joint statement, protesting that the FBI had not notified them and that the search violated the Constitution's separation of power protections.

Mr. Frist said he examined the provision closely and talked the issue over with Attorney General Alberto R. Gonzales. He concluded that the FBI acted appropriately.

"I don't think it abused separation of powers," Mr. Frist said on "Fox News Sunday."

But the chairman of the House Judiciary Committee, which plans a hearing tomorrow on the constitutionality of the search, said yesterday the FBI overstepped its authority. Rep. F. James Sensenbrenner Jr. compared the search of a congressman's office to a Capitol Police raid of the Oval Office.

"This debate is not over whether Congressman Jefferson is guilty of a criminal offense," Mr. Sensenbrenner, Wisconsin Republican, said on NBC's "Meet the Press."

"He cannot use the constitutional immunity of Congress to shield himself from that or any evidence of that. But it is about the ability of the Congress to be able to do its job free of coercion from the executive branch."

Mr. Hastert complained directly to President Bush and demanded that the FBI return the materials. Mr. Bush struck a compromise Thursday, ordering that the documents be sealed for 45 days until congressional leaders and the Justice Department agree on what to do with them.

Before Mr. Bush's compromise, the showdown last week led the House leaders to threaten budgetary retaliation against the Justice Department, a senior administration official told the Associated Press on Saturday. Justice officials, including Mr. Gonzales, raised the prospect of resigning if the department were asked to return documents that FBI agents took from Mr. Jefferson's office.

•This article is based in part on wire service reports.

Raiding Capitol Hill (WSJ)

The Wall Street Journal, May 30, 2006

With the separation of powers, the Founders created a system with inevitable tension between Congress and the executive. Congress has been the biggest offender in stealing power from the executive in the modern era, but the May 20 FBI raid on the legislative office of William Jefferson (D., La.) seems a case in which the Justice Department has gone overboard, and even been insubordinate.

Both Republican and Democratic leaders in the House have protested, prompting media clucking that Members aren't "above the law." Having spent years trying to get Congress to live by the laws it imposes on the rest of us, we couldn't agree more. However, Congress is uniquely protected in one vital sense -- in its act of legislating, under the Speech and Debate Clause of the Constitution. In the most obvious case, this protects Members as they consider legislation on the House or Senate floor. This also arguably includes papers and other material in Member offices that are related to legislating.

In the case of Mr. Jefferson, Justice clearly had reason to consider a search. The Congressman is suspected of taking bribes, individuals have already pleaded guilty to paying him and agreed to cooperate with prosecutors, and a search of his home found $90,000 in his freezer. Mr. Jefferson says he has done nothing wrong, but we doubt he has found the miracle of an icebox that pays interest on deposits.

Yet with all of this evidence in hand, the question is why prosecutors also felt the need to raid Mr. Jefferson's office in the middle of the night -- the first such raid in the history of Congress. They surely knew the raid would prompt embarrassing headlines, and for ambitious prosecutors that motive can never be ruled out. With Congress currently low in opinion polls, Justice

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officials may also have felt they could indulge in this kind of intimidation. If they really believe Mr. Jefferson is running a criminal enterprise out of his Capitol Hill office, they could always negotiate the parameters of such a search with House leaders.

Justice also hasn't helped its case with its bullying behavior after Speaker Denny Hastert denounced the raid. Someone leaked to ABC News that Mr. Hastert was himself a target of a Justice probe, and while it was quickly and officially denied, this kind of media ambush is typical of prosecutorial payback.

Someone also leaked that Attorney General Alberto Gonzales and Deputy AG Paul McNulty had threatened to resign if President Bush returned material confiscated in the raid. So here we have someone at Justice trying to intimidate not just the House Speaker but also President Bush. If we were Mr. Bush, we'd have accepted both resignations on those grounds alone.

One of the sillier criticisms is that Mr. Bush is out of line for having intervened in this dispute. He has decided to seal the confiscated materials for 45 days while Justice works out a compromise with House officials. Federal prosecutors work for the President, and if there is ever a case where the White House should intervene it is one that involves a Constitutional clash between the branches. It's revealing that the same media voices that want Congress to limit the President's war powers also want to limit his ability in this case to control federal prosecutors. They seem to want a feeble Presidency.

Another, and related, bad argument is that the FBI raid was kosher because it was approved by a judge. But judicial warrants can never trump core Constitutional powers -- whether they are the rights of Congress under the Speech and Debate Clause, or the executive's ability to conduct warrantless wiretaps against al Qaeda under Presidential war powers. This willingness of modern liberalism to confer vast new authority on the judiciary is itself a violation of the separation of powers. The Founders designed a system in which each branch had to defend its own prerogatives, not one in which some local or district court judge was the final arbiter in such disputes. Congress and the President are ultimately accountable to the voters, while judges are not.

Mr. Bush's sensible decision to seal the Jefferson evidence has had the useful effect of calming this dispute down. If it turns out that Justice has to prosecute its case without evidence obtained from Mr. Jefferson's Congressional office, so be it. Prosecutors have to work around such limitations all the time. Congress's right to legislate without being intimidated by the executive is a core element of the Constitution, and bullying prosecutors shouldn't be allowed to violate it.

Jefferson's Alleged Misdeeds May Strand Louisiana Yet Again (USAT)

By DeWayne Wickham

USA Today, May 30, 2006

Days before the official start of this year's hurricane season, an ill wind hit New Orleans. Not another massive storm like the one that devastated the Big Easy nine months ago. This one was no act of Mother Nature. It was man-made.

And the man who made it, federal investigators contend, is Rep. William Jefferson, the Democratic congressman whose New Orleans district was the epicenter of the destruction wrought by Hurricane Katrina last year.

Jefferson, Louisiana's most prominent black politician, is the target of a federal criminal investigation. Though he has yet to be charged with a crime, the FBI said in an affidavit used to get a warrant to search his office that the eight-term congressman engaged in widespread criminal conduct. The 83-page document accuses Jefferson, among other things, of fraud and attempting to bribe a foreign official.

The G-men claim to have secretly tape recorded and videotaped some of Jefferson's alleged bad acts.

As a member of the House of Representatives' powerful Ways and Means Committee, Jefferson is well positioned to help the mostly black residents of his congressional district, many of whom have been forced out of their homes — and out of New Orleans — by Katrina's floodwaters. But if the FBI's accusations are true, Jefferson spent a lot of time before and after the hurricane struck New Orleans trying to feather his own nest.

The FBI's account

In the affidavit, the FBI recounts how Jefferson was recorded negotiating an increased share of the expected profits of a company he was helping to establish in Nigeria and Ghana.

While scribbling several figures on a piece of paper during a dinner meeting on May 12, 2005, with the woman who controlled the firm, whom the FBI identified only as a "cooperating witness," Jefferson allegedly revealed his criminal intent.

"I make a deal for my children. It wouldn't be me," Jefferson said as he pushed the woman to give a larger share of her Nigerian business venture to Global Energy & Environmental Services, LLC, a firm owned by his children and run by a son-in-law.

All of this convinced a federal judge to give the FBI a warrant to search Jefferson's Capitol Hill office, an extraordinary action that has enraged both congressional Democrats and Republicans. The search, they say, tramples upon the separation of powers doctrine.

Last week, President Bush ordered the Justice Department to seal the documents seized from Jefferson's office for 45 days to give federal lawyers and lawmakers a chance to avoid a constitutional crisis.

Silence, for now

Jefferson has refused to discuss the facts surrounding his case. "There will be an appropriate time and forum when that can be explained and explicated," he said last week at a news conference.

But that's not good enough.

Jefferson is accused of using his elected office for criminal purposes. The FBI said they have videotape of him accepting a $100,000 bribe last July. They said they later found $90,000 of that money hidden in the freezer of his Washington apartment.

Then in September, five days after Katrina hit, Jefferson had the Louisiana National Guard take him through the flooded streets of New Orleans so he could recover some items from his home, which the FBI had searched earlier. Whether this had anything to do with his criminal investigation is unclear.

But this much is certain: Jefferson owes the voters of his district an explanation. And he should speak up before they go to the polls in November to fill the congressional seat he holds. If he chooses to remain silent, then he should quit the race.

The people of Louisiana, especially those in his district, are still reeling from the lingering effects of Katrina. What they need now is a tireless champion. What they have instead is Jefferson, whose effectiveness has been severely damaged by bad judgment and, possibly, criminal conduct.

DeWayne Wickham writes weekly for USA TODAY.

Senate Leaders Profess Less Outrage On FBI Raid (WP)

By Lois Romano

The Washington Post, May 29, 2006

Unlike House Officials, Frist and Durbin Say They See No Breach of Constitution in Jefferson Inquiry

After a week of bipartisan outrage over an FBI raid on a congressman's office, Senate Majority Leader Bill Frist weighed in yesterday, saying that he was "okay" with the search and saw no constitutional problems with it.

"No House member, no senator, nobody in government should be above the law of the land, period," Frist said of the search of the office of William J. Jefferson (D-La.), who has been accused of bribery.

Frist (R-Tenn.) said on "Fox News Sunday" that he had studied the provision in the Constitution regarding the separation of powers, and consulted with Attorney General Alberto R. Gonzales. He concluded that the FBI acted appropriately when it used a warrant to search the office of a sitting lawmaker for the first time in history.

"I don't think it abused separation of powers," Frist said. "I think there's allegations of criminal activity, and the American people need to have the law enforced."

Eight days ago, FBI agents angered many members of Congress when they took from Jefferson's office records and a computer as they investigate whether Jefferson illegally took money for brokering business deals in Africa. The raid threw Washington into tumult last week, inflaming congressional leaders on both sides of the aisle, and reportedly prompting Gonzales and FBI Director Robert S. Mueller III to threaten to quit if the documents were returned.

House Speaker J. Dennis Hastert (R-Ill.) and Democratic leader Nancy Pelosi of California responded in a show of unity, jointly protesting that the search was illegal, and complaining that they were not notified before the raid. Hastert complained to President Bush, who weighed in by ordering the Justice Department to seal the materials for 45 days until congressional leaders and the department can agree on the next step.

"I think the president handled it well, because we had tempers flying," Frist said. "We don't need to be doing that. And so the president came in and put a pause . . . to let things settle down."

Sen. Richard J. Durbin (D-Ill.), assistant minority leader, also took a measured view of the raid, questioning whether the "speech and debate" protections in the Constitution were violated, as critics say. "I'm not sure you can stretch it to apply to this situation," he said. He noted that the action was not without precedent. He said that the FBI has raided the office of a federal judge before, so there is a history of branches of government crossing each other with regard to a search warrant. "In the next several weeks, we ought to take a hard look at it. I'm not going to rule it in or out at this moment."

House Judiciary Committee Chairman F. James Sensenbrenner Jr. (R-Wis.), who called a hearing tomorrow on the constitutionality of the search, said yesterday that the FBI overreached.

"This debate is not over whether Congressman Jefferson is guilty of a criminal offense," Sensenbrenner said on NBC's "Meet the Press." "He cannot use the constitutional immunity of Congress to shield himself from that or any evidence of that. But it is about the ability of the Congress to be able to do its job free of coercion from the executive branch."

Target Of F.B.I. Raid Had A Hard Path To Capitol Hill (NYT)

By Christopher Drew And Robert Pear

The New York Times, May 29, 2006

NEW ORLEANS, May 27 — Representative William J. Jefferson has always liked to talk about growing up in an impoverished farm community, picking cotton for $3 a day and hitting the books hard enough to win his ticket out — a scholarship to Harvard Law School.

But even as Mr. Jefferson built a reputation as one of Louisiana's brightest, most effective leaders, a less flattering view began to emerge, one signified by his nickname in political circles, "Dollar Bill."

Early in his career, as a state legislator, he was criticized for enriching his law firm with contracts from state and local agencies. He also ran stores that rented appliances by the month to poor residents, owned dilapidated apartment buildings and was sued by federal regulators over a defaulted loan.

Now, with the Federal Bureau of Investigation raid on his Capitol Hill office on May 20, Mr. Jefferson, a 59-year-old Democrat, is under investigation for possibly turning his efforts to promote trade with Africa into another sideline worth hundreds of thousands of dollars — and has become the central figure in a political drama consuming Washington.

The unprecedented raid has set off a huge institutional showdown, with Republican leaders including J. Dennis Hastert of Illinois, the speaker of the House, challenging the White House and criticizing the F.B.I.'s actions. Democratic leaders have also stood by the speaker's side.

President Bush has stepped into the fray, ordering the F.B.I. to seal any records it seized and calling for a 45-day cooling-off period to allow time to resolve the crisis.

The raid on Mr. Jefferson's office took place barely a week ago. But in a sense, the questions circling him have long resonances in his career, which was shaped by a remarkable ascent from the deepest poverty and a quest for the comforts his family never had.

In a 95-page affidavit released after the raid, the F.B.I. accused Mr. Jefferson, an eight-term lawmaker, of demanding more than $400,000 in bribes to help iGate Inc., a technology company based in Kentucky, obtain lucrative contracts in Africa. The bureau said it had also videotaped him accepting a suitcase with $100,000 in cash and later found $90,000 of it in his freezer.

Though the details were blacked out, the affidavit also said the F.B.I. had "evidence linking Congressman Jefferson to at least seven other schemes" in which he "sought things of value in return for his performance of official acts."

Mr. Jefferson has vigorously denied wrongdoing and has not been charged with a crime. "I certainly did not sell my office," Mr. Jefferson said in a recent statement. "The government seems inclined to view the facts in the worst possible light, and to characterize events that could be explained, or are exculpatory, in ways that tend to incriminate."

Whether his actions were criminal or not, several people who have long known Mr. Jefferson said he had often seemed driven by a desire to escape his spartan roots.

"There was always a feeling among those who knew him as Dollar Bill that having grown up as poor as he did, his hunger for wealth always burned," said Allan Katz, a New Orleans political consultant.

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Mr. Jefferson, a taciturn man who began his career as a favorite of good-government groups, has built a political empire in New Orleans, winning re-election by wide margins and helping his sister, one of his five daughters and many allies win public offices.

Standing outside a new post office that Mr. Jefferson helped bring to his district, one voter, Joyce F. Smith, said that if the accusations were true, "I'd be very disappointed because he's been a very good congressman."

But many people here have been joking about his "frozen assets" and "cold cash." And Ms. Smith added, it is "hard for me to believe" that he would have stashed legitimate earnings in frozen-food containers and aluminum foil.

Mr. Jefferson was raised, along with eight brothers and sisters, on a small farm in northeast Louisiana, where, he said earlier this year, "our whole life revolved around that cotton field." His father left school after second grade, and his mother attended only through eighth grade.

As a child, Mr. Jefferson was such a good shot, his father once said, that when it came time to bag dinner, "if I wanted one rabbit, I'd give him one shell; and if I needed two rabbits, I'd give him two."

After he graduated from Southern University in Baton Rouge in 1969, Mr. Jefferson has said, he won his mother's blessing to go to Harvard Law School — she had never heard of it — only by explaining that it had been John F. Kennedy's college.

Mr. Jefferson has credited his parents with pressing the value of hard work. Elizabeth Brannum Trass, one of his high school teachers, said in an interview that he had always had the seriousness of purpose that helped catapult him onto a much faster track.

A clerkship with a United States district judge brought Mr. Jefferson to New Orleans in 1972. He got into politics as a campaign aide for Ernest N. Morial, who became the city's first black mayor in 1978 and gave Mr. Jefferson the Dollar Bill nickname.

Friends of both men said the mayor thought Mr. Jefferson had tried too aggressively to collect legal fees for helping Mr. Morial win the election. But after Mr. Jefferson became a state senator in 1979, his political rivals began to use "Dollar Bill" to refer to his expanding financial ventures.

His rental business — which leased television sets and other appliances to people who could not afford to buy them — appeared on the delinquent list in a city sales-tax scandal in the 1980's. And a day after he was elected to Congress in 1990, the Resolution Trust Corporation, which was trying to clean up the mess from the collapse of savings institutions, sued him for $160,000 over an apartment-building loan on which he had quit making payments. He later settled the suit, with friends saying his investments had been hurt by a faltering economy.

Still, once Mr. Jefferson became a close ally of President Bill Clinton, and then won a seat on the powerful House Ways and Means Committee, he was able to provide "absolute A+" support for city projects, said Marc H. Morial, one of Ernest Morial's sons and the mayor of New Orleans from 1994 to 2002.

Mr. Jefferson also became known as a strong advocate of freer trade and made at least nine trips to Africa to promote it, including one with President Clinton. He championed a 2000 law that extended trade benefits to sub-Saharan Africa. "Africa is a reservoir of opportunities for American businesses," he said then.

Over the years, Mr. Jefferson has received campaign contributions and free travel from individuals and companies seeking business in Africa, including iGate.

Campaign finance records show he received a $1,000 contribution as early as 2001 from Vernon L. Jackson, the chief executive of iGate, which makes technology to transmit high-speed Internet service across the wires used in some African nations. Mr. Jackson pleaded guilty this month to bribing Mr. Jefferson with more than $400,000 in cash and millions of shares of iGate stock.

Government documents show that Mr. Jackson told the F.B.I. that when he met Mr. Jefferson in late 2000, the congressman voluntarily helped promote iGate's products — a normal and legitimate action for a government official involved in trade issues. But according to the F.B.I. documents, in early 2001, the congressman's actions became improper when he said he would continue to use his influence on iGate's behalf only if Mr. Jackson made payments to a company, the ANJ Group, run by the Jefferson family. The iGate payments were disguised as consulting fees, the F.B.I. said.

Mr. Jefferson says these were private business dealings that had nothing to do with his work on the House committee.

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But as part of a 2003 deal to distribute iGate's products, a Nigerian company, Netlink Digital Television, agreed to pay the congressman $5 per subscriber, the F.B.I. affidavit said, "in return for Jefferson's official assistance if the deal was successful."

House records show that in February 2004, Mr. Jefferson led a business delegation to Nigeria and Cameroon as a co-chairman of the Congressional Nigeria Caucus and the Africa Trade and Investment Caucus. The trip, which cost $16,313, according to the records, was paid for in part by iGate.

In 2005, the F.B.I. said, Mr. Jefferson wrote to the vice presidents of Nigeria and Ghana, and traveled to Ghana, seeking approval for iGate projects. Within a week after returning, the F.B.I. said, Mr. Jefferson used his influence to help a Virginia woman, Lori Modi, who had invested $3.5 million in the Nigeria project. He introduced her to officials at the Export-Import Bank of the United States and urged them to provide financing for the project.

But by then, Ms. Modi had asked the F.B.I. to investigate the deal.

Investigators said that in negotiating the deals, Mr. Jefferson had often cited his desire to provide for his five daughters, three of whom also have degrees from Harvard Law School.

From December 2004 through June 2005, the F.B.I. said in its affidavit, Mr. Jefferson increased his demands for equity in one Nigerian company, to 30 percent, to be split among his daughters. He also told an investor that one of his daughters had to be retained to do legal work, according to documents in the case.

Then, on July 30, 2005, when Mr. Jefferson met Ms. Modi at a Ritz-Carlton hotel, the F.B.I. said it supplied her with a briefcase with $100,000 in marked bills. Mr. Jefferson had told her the money would be needed to bribe Nigerian officials, the affidavit said.

As the F.B.I.'s video cameras zoomed in on him, the bureau said, Mr. Jefferson drove off with the briefcase on the seat of his Lincoln Town Car. And when agents raided his home four days later, $90,000 of the money turned up again, in the kitchen freezer.

Corruption Crackdown (CSM)

By Peter Grier

The Christian Science Monitor, May 30, 2006

WASHINGTON - In Lynchburg, Va., mayor Carl Hutcherson on May 2 was convicted, among other crimes, of stealing cash from Social Security disability recipients to pay for a stereo, a mattress, and cable television.

In Oklahoma City, three US Army soldiers on April 25 pleaded guilty to taking bribes to transport cocaine while in uniform - bringing to 13 the number of current or former military personnel ensnared by the FBI undercover investigation Operation Tarnish Star.

In West Palm Beach, Fla., city commissioner Raymond Liberti on May 8 was charged with fraud in federal court after allegedly harassing two local massage parlors in return for a $2,000 TAG Heuer watch and $66,000 in cash.

Jack Abramoff, you're not alone. Federal corruption cases are on the upswing all across America, as the FBI devotes more resources to pursuing those who abuse the public trust.

Over the past two years, FBI investigations have led to corruption convictions for more than 1,000 government employees, according to bureau figures. Corruption indictments are up 40 percent.

At times, critics say, this push has gone too far - witness the current legal standoff over documents seized by agents from Rep. William Jefferson's office. But other experts applaud the attempt to curb bribery and other misdeeds - especially in Washington, nexus of money, lobbyists, and power.

"I think it's great," says Melanie Sloan, former federal prosecutor who now heads Citizens for Responsibility and Ethics in Washington (CREW). "It's overdue."

The FBI's latest strategic plan lists "combat public corruption on all levels" as the bureau's highest-ranking criminal priority, ahead of such things as fighting transnational crime organizations (read "the Mafia") and white-collar crime.

Over the past 18 months, some 200 agents have been added to the 400 already working on public corruption cases, according to FBI data.

This new emphasis is due to the fact that "public corruption is different than other crimes," said FBI director Robert Mueller in a May 11 speech in San Diego. "It does not just strike at the heart of good government - it can strike at the security of our communities and our nation."

A recent Arizona-based investigation found serious corruption along the US southern border, noted Mr. Mueller. Fifty current and former soldiers and law-enforcement officers pleaded guilty to accepting cash to smuggle drugs and illegal immigrants into the US from Mexico.

"For the right price, would they ... help terrorist operatives cross the border?" said the FBI director.

Not that the stakes are always so high. A recent election fraud case in West Virginia centered around the trading of votes for gravel, which the voters in question needed for their gravel roads, said James "Chip" Burrus, assistant director of the FBI's Criminal Investigative Division, at an April press conference.

The FBI and federal prosecutors have broken some big corruption cases outside of Washington. Former Illinois Gov. George Ryan, for instance, was convicted of a pattern of fraud while in office.

Abramoff, for one, has admitted to conspiring to bribe public officials, plus mail fraud and tax evasion, as a result of one of the widest-ranging such probes in recent history. So far, the Abramoff investigation has ensnared three former congressional aides - the latest being Neil Volz, an ex-lobbyist and ex-aide to Rep. Bob Ney (R) of Ohio, who pleaded guilty to fraud May 8.

In addition, former Rep. Duke Cunningham (R) of California last year admitted taking $2.4 million in return for helping defense firms get Pentagon contracts. The Cunningham case is still threatening to engulf others, too, such as a former high CIA official named Kyle "Dusty" Foggo. Mr. Foggo was a friend of an unindicted co-conspirator who figured in Cunningham's schemes, and agents searched Foggo's Langley, Virginia office on May 12.

Then there's Rep. Jefferson (D) of Louisiana. The FBI says it has a videotape of him accepting $100,000 in bribes, and that it found $90,000 of that cash stuffed in his home freezer. Last week, a former Jefferson aide, Brett Pfeffer, was sentenced to eight years in prison for aiding and abetting the bribery of a public official.

The current spate of bribery investigations involving Congress is "extraordinary," notes John Fortier, a research fellow and governance expert at the American Enterprise Institute.

Given President Clinton's own legal problems while in office, his administration wasn't interested in allowing the FBI to go after corruption in the GOP- controlled Congress, she added. But now, "political gloves are off," says Sloan.

How To Do Nothing, Washington-Style (WP)

By Ruth Marcus

The Washington Post, May 30, 2006

The Gulfstream II had everything a congressman getting a free golf trip to Scotland could want. "State of the art entertainment center," boasted a description of the jet's elegant appointments. "Complete bar service. . . . Rich mahogany woodwork . " For the $91,465 charter, lobbyist Jack Abramoff got his money's worth -- or, as was his style, other people's money's worth: in this case, two Indian tribes and a Russian vodka distributor.

The charter details were part of the evidence introduced last week during the trial of David Safavian at the federal courthouse in Washington. A former General Services Administration official, Safavian is accused of lying to investigators about whether Abramoff had business before the agency when he invited Safavian along for the ride. Also on board, and shown to the jury in a photograph that captured him reading the newspaper in a plush captain's chair, was Rep. Bob Ney (R-Ohio).

A few blocks away, the purveyors of business as usual known as the United States Congress were killing lobbying reform in the way Washington does best: with the silent stiletto of procedure.

The latest lethal jab took the form of appointing Senate members of a conference committee that is supposed to blend the inadequate Senate version of lobbying reform with the even more feeble House proposal.

And guess who's not coming to conference: The chairman, Sen. Susan Collins (R-Maine), and ranking Democrat Sen. Joseph Lieberman (Conn.), of the Homeland Security and Governmental Affairs Committee, which shares jurisdiction over the subject with the Senate Rules and Administration Committee.

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Collins and Lieberman had backed much tougher lobbying reform -- especially an independent ethics enforcement office -- than the Senate ultimately passed. No wonder Senate leaders didn't want them anywhere near the conference.

Yes, one member who serves on both panels is a conferee, but if you think Sen. Ted Stevens (R-Alaska) will be a champion of lobbying reform against the feckless House, I've got a bridge to nowhere to sell you. If you're counting on Rules Chairman Trent Lott (R-Miss.) to be as tough as Collins and Lieberman, I'll throw in a railroad to nowhere, too.

This is the way the push for lobbying reform ends, not with a bang but a maneuver -- indecipherable to outsiders but quietly effective. As for the House, the leadership there considers the matter so pressing that it hasn't yet gotten around to naming conferees.

Washington has many ways of avoiding action while pretending the opposite. Nearly all of them have been deployed in the cause of evading effective lobbying reform:

· Run out the clock. Remember the frantic push for lobbying reform in the weeks after Abramoff's guilty plea? The anti-reform forces were betting you wouldn't.

· Avoid the subject . One of the cushiest perks that lawmakers get is flying the corporate skies at cut-rate prices. When they borrow a corporate jet, they only have to pay the company the price of a first-class ticket.

But both houses managed to avoid the unpleasantness of having to vote on proposals to require lawmakers to pay full freight. In the Senate, a bipartisan cabal led by Majority Leader Bill Frist (Tenn.) and Minority Leader Harry Reid (Nev.) cut off debate before such an amendment could be offered. Asked about that during a visit to The Post last month, Reid said such flights were a complicated topic that required hearings -- this after Rules and Homeland Security had just finished lobbying reform hearings.

· Rig the rules. This subset of "avoid the subject" is a specialty of the House. Under the version of democracy practiced by House Republicans, votes are permitted only when the conclusion is pre-ordained; real consideration of alternatives is forbidden; and troublesome amendments, even from party members, are disallowed.

On lobbying reform, Republicans refused to permit floor votes on establishing an independent ethics office, on corporate flights, and on increasing the waiting period for lawmakers to lobby their former colleagues. A simple up-or-down vote on the Democratic alternative was entirely off the table, of course.

· Stack the deck. See discussion of Senate conferees, above.

· Show no shame. This is an essential element of the effort to con ordinary citizens into thinking that something has been accomplished. In January, House Speaker J. Dennis Hastert (R-Ill.) demanded an end to privately subsidized congressional travel and free meals and other goodies from lobbyists. Last month, after the House passed a measure that met neither of those goals, Hastert was unabashed about patting himself and his colleagues on the back.

Congress has left town for its Memorial Day recess, but the Safavian trial continues. Today, Neil Volz, the former Ney chief of staff turned Abramoff lobbyist turned admitted felon, is to take the stand to describe, among other things, the Scotland trip.

But don't count on that -- or a lawmaker's freezer stuffed with cash, or a congressional Rolls-Royce underwritten by a defense contractor -- to produce the real change that Congress is so doggedly resisting.

Congressman Questions Cost Of Hoffa Search (AP-Y2)

By Joseph Altman, Associated Press Writer

AP2, May 30, 2006

A Michigan congressman on Monday questioned the cost of the FBI's search for the remains of former Teamsters boss Jimmy Hoffa.

"The FBI might be better off establishing a budget and some kind of timeline, because what new information do they have now, 31 years later?" said Rep. Joe Knollenberg, whose district is near the search site.

Monday marked the 13th consecutive day that agents have worked at Hidden Dreams Farm in Milford Township, 30 miles northwest of Detroit.

The Republican told The Associated Press he has not asked the FBI for an explanation but may do so this week.

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"It seems to be a no-holds-barred move on the part of the FBI to do all this sifting and digging and searching," Knollenberg said. "It's purely a question of cost at this moment. ... It's the taxpayer that has the voice here, too."

Messages left for FBI spokeswoman Dawn Clenney were not immediately returned Monday.

The FBI has declined to release an estimate of how much the search will cost but has said it will last a couple of weeks and involve more than 40 FBI personnel, as well as demolition experts, archaeologists and anthropologists.

"The expenditure of funds has always been necessary in each and every case the FBI works, and this one is no exception," the FBI said in a statement last week. "We will not abandon our responsibility to effectively investigate a pending organized crime case simply because it might be termed 'too old.' "

The FBI has said it received a credible tip that Hoffa's body is buried at the farm, once owned by a Hoffa associate.

Hoffa was last seen when he was scheduled to have dinner at a restaurant about 20 miles from the farm. He was supposed to meet with a New Jersey Teamsters boss and a Detroit Mafia captain, who are now both dead.

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Associated Press writer Brian Charlton in Milford Township contributed to this report.

Little Activity At Hoffa Search Site On Memorial Day (AP)

By Brian Charlton, The Associated Press

AP, May 29, 2006

MILFORD TOWNSHIP, Mich. (AP) — The FBI's search for Jimmy Hoffa appeared to take a back seat to Memorial Day. But area businesses trying to cash in on the Hoffa hoopla were still at work on Monday.

The FBI for nearly two weeks has been searching a Milford Township horse farm for the remains of the former Teamsters boss.

Sunday marked the 12th consecutive day of the search at Hidden Dreams Farm 30 miles northwest of Detroit. But on Monday, only a few agents were on the site, and they appeared only to be guarding it, not actively searching.

FBI spokeswoman Dawn Clenney said that despite appearances, agents were working at the site Monday.

"There might not have been a lot of digging that you could see visually, but they're still working out there," said Clenney, who declined to elaborate. "There's a lot of investigating still going on that might not be visible."

The search would continue Tuesday, she said.

A few miles away, ClubHouse Golf employees encouraged customers to "whack" Hoffa.

The golf shop challenged customers to hit a ball into a picture of Hoffa that was placed 8 feet away. The names of those who successfully complete the task are entered into a drawing. The winner will take home a golf bag packed with items that include a shovel and DVDs of "The Sopranos" and "The Godfather."

"I've kind of grown up with the whole Hoffa thing. I was a little paranoid at first, but we figured it's kind of an urban legend now," said ClubHouse Golf owner Corky Davis.

The streets of Milford were lined Monday for the annual Memorial Day parade.

In an effort to show respect to veterans, the Milford Baking Company removed its Hoffa cupcakes from a store display case and substituted red, white and blue cupcakes.

"We thought this day should be dedicated just to veterans, so we just have them in the back," said bakery co-owner Laura Helwig.

The bakery has sold more than 2,500 of the Hoffa cupcakes, which feature a plastic green hand emerging from chocolate-flavored sprinkles and frosting meant to resemble dirt.

Flats Mexican Bar & Grill also was getting in on the Hoffa hype, selling $1 Teamsters Tacos.

Meanwhile, U.S. Rep. Joe Knollenberg questioned how much money the FBI is spending on the search for Hoffa, who was last seen in July 1975.

"The FBI might be better off establishing a budget and some kind of timeline, because what new information do they have now, 31 years later?" the Republican from Oakland County's Bloomfield Township said Monday.

He said he has not yet asked the FBI for an explanation but is considering doing so this week.

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"It seems to be a no-holds-barred move on the part of the FBI to do all this sifting and digging and searching," Knollenberg said. "It's purely a question of cost at this moment. ... It's the taxpayer that has the voice here, too."

The FBI has declined to release an estimate of how much the search at the farm will cost but has said it will last a couple of weeks and involve more than 40 FBI personnel, along with demolition experts, archaeologists and anthropologists.

"The expenditure of funds has always been necessary in each and every case the FBI works, and this one is no exception," the FBI said in a statement issued last week. "We will not abandon our responsibility to effectively investigate a pending organized crime case simply because it might be termed `too old,' nor will we compromise any other ongoing investigation in the process."

The FBI has said it received a credible tip that Hoffa's body is buried at the farm, which at one time was owned by Hoffa associate Rolland McMaster.

Hoffa was last seen when he was scheduled to have dinner at a Bloomfield Township restaurant, about 20 miles from the farm. He was supposed to meet with a New Jersey Teamsters boss and a Detroit Mafia captain, who are now both dead.

Over the years, Hoffa's disappearance spawned endless theories: that he was entombed in concrete at Giants Stadium in the New Jersey Meadowlands; that he was ground up and thrown into a Florida swamp; that he was obliterated in a mob-owned fat-rendering plant that has since burned down.

Associated Press Writer Joseph Altman in Detroit contributed to this report.

Search For Hoffa Eases For Holiday (DEN)

By Lisa Martino, The Detroit News

Detroit News, May 30, 2006

MILFORD TOWNSHIP -- Memorial Day marked a break in the digging for the remains of former Teamsters leader Jimmy Hoffa at Hidden Dreams horse farm, but the FBI remained on hand.

Aside from a typical delivery of hay and authorities guarding the dig site, not much was visible at the farm, but FBI spokeswoman Dawn Clenney said agents continued to work on other aspects of the investigation at the scene.

"They're there on site. You may not see what they're doing, but they're working," she said.

Work crews have demolished a horse barn and have been digging under the foundation for the remains of Hoffa based on a tip from Donovan Wells, 75, an ailing federal prisoner who lived on the Milford Township property in 1975.

Wells is serving time in a prison medical center in Lexington, Ky., for marijuana trafficking.

Hoffa disappeared on July 30, 1975, before a meeting he was to attend at the Machus Red Fox restaurant in Bloomfield Township. Numerous other searches for Hoffa have turned up no leads.

At least 40 FBI agents and other experts have been brought in to work on this search for Hoffa's remains.

Today is the 14th day of the search. It is uncertain how long the search will continue at the site, Clenney said.

You can reach Lisa Martino at (313) 222-5374 or lmartino@detnews.com.

Longtime Hoffa Friend Doubts Latest Tip Will Crack Case (AP)

By Curt Anderson, Associated Press

AP, May 30, 2006

BOCA RATON, Fla. -- Longtime Jimmy Hoffa friend Charles "Chuckie" O'Brien has seen it all before -- the breathless news reports, the stern FBI agents, the digging in yards, the ripping up of floorboards, the endless speculation that maybe, this time, one of America's great mysteries will be solved.

Some think O'Brien may have been involved in the July 30, 1975, disappearance. But he said he highly doubts that a horse farm 30 miles outside Detroit will answer the question of what happened to the former Teamsters president.

"At this point, after 31 years -- I don't know how much longer God is going to keep me on this Earth, but I just don't see it," said O'Brien, now 72. He is retired from the Teamsters and battling numerous health problems. "I just don't think it will ever be solved."

O'Brien said while working as a Teamsters official he knew the tipster, Donovan Wells, who provided new information leading the FBI to Hidden Dreams Farm this month. Wells, now 75, is serving time at a federal prison in Lexington, Ky., on a drug conviction.

"If he had to get on a truth meter, he would go down the tubes," O'Brien said during an interview with The Associated Press at a swimming pool in his Boca Raton condominium complex.

O'Brien said he views Hoffa as a father figure. He was a child when Hoffa took him in, along with his mother. He has been questioned about the disappearance at least a dozen times by FBI agents. Most recently he was in the news in 2001 when the FBI matched a hair to Hoffa that was found in a car that O'Brien was driving the day Hoffa disappeared.

The car belonged to the son of reputed Mafia figure Anthony Giacalone, whom Hoffa was supposed to meet at a restaurant along with New Jersey Teamsters boss and mob associate Anthony "Tony Pro" Provenzano. Hoffa phoned his wife to say neither man showed, and that was the last anyone ever heard from him.

O'Brien adamantly denies having any role in whatever happened to Hoffa, or knowing anyone who did. He keeps a photograph on his desk of Hoffa and his wife during one of their visits to Florida in the early 1970s.

"It's very frustrating. I have so much inside, my love for him and his family," O'Brien said. "How long can you keep talking to people and being honest with people?"

Hoffa was Teamsters president from 1957 to 1971. The FBI has said his disappearance was probably connected to his attempts to regain power in the union. O'Brien said it also was known that Hoffa intended to testify before the special U.S. Senate investigative panel, known as the Church Committee, about Mafia involvement in U.S.-backed plots to assassinate Cuban President Fidel Castro.

"I think a disappearance is very hard. If somebody doesn't want you to be found, you won't be found," O'Brien said.

The Michigan farm investigation is only the latest in a series of high-profile efforts to find Hoffa. A backyard pool in Michigan was excavated in 2003, floorboards were ripped up in a Detroit house in 2004 and ground-penetrating radar was used by a television show to check for remains underneath Giants Stadium in New Jersey.

"It's gone into another circus. I wish they would find something so there could be closure for the family," O'Brien said.

The Teamsters as a union, O'Brien said, never recovered from Hoffa's disappearance. Now led by Hoffa's son James P. Hoffa, the Teamsters recently broke away from the AFL-CIO as a rift grows within labor unions about their future. About 12 percent of U.S. workers are union members, down from about 20 percent in 1983.

"This tragedy hurt everybody who grew up with the Teamsters. We lost the spirit, and they are paying a heavy price for it," O'Brien said.

O'Brien himself was banned from contact with the Teamsters for alleged links with organized crime, which he denies. But he said the ban has made it difficult for him to even attend funerals of his former union associates.

"I've been taking a beating because of people who are not legitimate people," he said, referring to prison inmates whom he contends provide authorities with false information. "My family gets the brunt. ... I'm trying to say it's not true, it never happened."

Dixon's Bribery Trial Starts Today (KNOXNS/AP)

By Lucas L. Johnson Ii, Associated Press

Knoxville News Sentinel (TN), May 30, 2006

Ex-senator's lawyer hopeful about verdict from 'Waltz' sting

NASHVILLE - The federal bribery trial of former state Sen. Roscoe Dixon begins today, and his attorney says he's optimistic about the outcome despite the charge against his client.

"It's going to be tough," Coleman W. Garrett said by phone from his Memphis office on Monday. "But you just tell yourself you're going to prevail."

Dixon was arrested along with four sitting lawmakers a year ago in the Tennessee Waltz sting, which focused on an FBI front company, called E-Cycle Management, that supposedly wanted to buy and resell used government computers.

Dixon, who represented Memphis in the Legislature for 22 years before he resigned in 2005, is the first lawmaker indicted in the case to go to trial. He is charged with accepting $9,500 in bribes as part of the public corruption case.

At least two state senators and a member of the governor's cabinet have received subpoenas to testify at Dixon's trial. Dixon was at the Capitol with a woman serving the legal summonses as last Wednesday's session began, according to Senate sergeants at arms.

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Lt. Gov. John Wilder, D-Mason, and Sen. Jeff Miller, R-Cleveland, both told The Associated Press they received subpoenas.

Miller has been investigated but not charged in the public corruption case. He has acknowledged accepting $1,000 from a lobbyist who pleaded guilty as part of the undercover probe but has said the money was a campaign contribution.

On Friday, state Finance Commissioner Dave Goetz told WSMV-TV that he, too, had been subpoenaed.

He declined to comment about the case, and Wilder and Miller said they don't know why they were subpoenaed.

Garrett said five people were subpoenaed.

Prosecutors say undercover agents acting as E-Cycle representatives bribed lawmakers and local government officials while pretending to set up business in Tennessee.

Two of the indicted lawmakers, Ward Crutchfield of Chattanooga and Kathryn Bowers of Memphis, are in the Senate and have pleaded not guilty. Defendant John Ford resigned from the Senate after his arrest and has pleaded not guilty.

Chris Newton, a Republican from East Tennessee, pleaded guilty and resigned from the state House. He is now in prison serving a one-year sentence.

Former Tennessee State Senator Roscoe Dixon Prepares For Corruption Trial (WREG-TV)

WREG-TV, May 30, 2006

Memphis - It has been a year of preparation for former State Senator Roscoe Dixon and his attorneys. Tuesday they take their defense to federal court and Dixon hopes it is enough to keep him a free man.

It was a year ago that the foundation of Tennessee politics was shaken with a statewide rumble. It was then that Roscoe Dixon's name became entwined with the investigation called the Tennessee Waltz. No one knew what to make of it, and the former Senator didn't have much to offer.

"Everything is okay. I just want my constituents to know that I appreciate all the support they have given me and let's let this unfold." said Dixon, last year, when the investigation was revealed.

As details came out, it became clear that Roscoe Dixon has trouble ahead. Dixon would be charged with extortion and accepting 95-hundred dollars in bribes from representatives of the fictitious FBI created company called E-Cycle. It seems he introduced a bill on behalf of the company. It became a dark cloud over 22 years of public service, in both the House and Senate.

Dixon decided not to plea bargain, but to fight the charges against him. "In all my discussions with the senator regarding his position with respect to the trial and what you have, it's been that he is not going to consider entertaining any negotiated plea in this case." said Coleman Garrett, Dixon's attorney.

Dixon's attorneys have subpoenaed several of his state government colleagues in his trial. We may very well see more prominent people called to the stand and many will be watching on the sidelines to see the fallout from this big dance and what it may indicate for the other lawmaker who waltz in next.

Other 5 Defendants Looking For Strategy (MCA)

By Marc Perrusquia

Memphis Commercial Appeal, May 30, 2006

Like a canary in a coal mine, Roscoe Dixon is the focus of great anxiety.

When he stands trial Tuesday on federal bribery and extortion charges, the former state senator will be watched, studied and fretted over by five other Tennessee Waltz defendants who've refused to deal with prosecutors.

Advertisement

They're anxious to see if Dixon goes down with a guilty verdict or if he can flit away on acquittal, stirring hope that they, too, might survive the reams of undercover FBI tape shot in the two-year corruption sting.

It's a high-stakes challenge for Dixon, 56, a beloved 22-year veteran of the General Assembly who was both revered for his constituent service and criticized for suspected self-dealing.

"Everybody's watching just to see what will happen," said Michael Scholl, defense lawyer for former state senator John Ford, who's seen on one covert tape stuffing cash from an undercover agent into his pocket.

Scholl won't discuss his legal strategy, but it's clear Ford, Dixon and four other remaining Waltz defendants hope to poke holes in a government case built on some 3,000 hours of undercover audio and video tapes.

Unlike most criminal cases, in which the majority of defendants plead guilty, seven of the 10 Waltz defendants statewide have opted for jury trials. One of the seven -- ex-Hamilton County Commissioner William Cotton -- was convicted by an East Tennessee jury in February and sentenced to three years in prison.

Defendants found guilty at trial generally receive stiffer sentences than those who plead, yet all but one of the six Memphis defendants plan to go to trial.

All the Memphis defendants are black, and race already has begun to play a role in defense strategies.

"This is a different animal," said Steve Farese, defense lawyer for indicted County Commissioner Michael Hooks Sr., explaining why so few of the Waltz defendants have copped pleas.

"You have overtones of entrapment, overtones of a suspect group of people."

Dixon's lawyer, Coleman Garrett, unveiled the race defense this month when he unsuccessfully asked U.S. Dist. Judge Jon McCalla to toss out charges, alleging selective prosecution.

Noting eight of 10 Waltz defendants are black, Garrett argued that the FBI ignored white targets -- an allegation prosecutors deny and one McCalla found no evidence to support.

Yet in watching a star-studded trial where potential witnesses include Lt. Gov. John Wilder and other big names in Tennessee politics, defense lawyers will be on the lookout for miscues.

Scholl said he wants to see if more comes to light on the government's star witness, FBI informant Tim Willis. Farese will watch for anything he may borrow to score points with jurors.

"It's always good to see what the government's perspective will be in trial," he said. "Lawyers are basically thieves. We'll steal good ideas from others."

One potential -- yet dangerous -- defense is entrapment, in which a defendant contends he was illegally enticed by undercover agents. To do it, a defendant must admit taking a bribe, and, in turn, the government can put on evidence of any past corrupt practices.

Charged with sharing $9,500 in bribes with a bag man, Dixon hinted in a pretrial motion he might use the entrapment defense. Prosecutors say they're ready if he does.

A study of his 22 years in the House and Senate reveals two sides of Dixon, who grew up disadvantaged in South Memphis and rose to be an outspoken advocate for the poor, yet couldn't shake talk he mixed his public and private interests.

"I always liked Roscoe. He always seemed to be reasonable," said Rusty Siebert, former bureau chief for TennCare, the state's health program for the poor. TennCare met hostile resistance in 1995 when it tried to ax Access Medplus, a black-owned managed care organization, yet Siebert recalls Dixon as a voice of reason in the debate.

"Roscoe was very well-liked, period," agreed Rep. Mike Kernell, who recalls his fellow Memphis Democrat working long hours and speaking up for his constituents.

Yet whispers often surrounded Dixon. Like Ford, Dixon listed his occupation as a consultant, yet didn't disclose how much he was paid or who he worked for on conflict-of-interest forms.

Some were surprised in 2003 to see Dixon waging a lawsuit for control of publicly funded Memphis Health Center, but not Gregory Grant, his rival in the tussle. When Dixon called Grant "a shady character" who should be ousted from the multimillion-dollar clinic for the poor, Grant responded, "He's as slick as grease himself."

Dixon often helped community groups navigate state bureaucracy, and he once helped land a $75,000 state grant for another nonprofit organization he controlled. Records show lawmakers added language in a 1997 appropriations bill to give $75,000 to the Hamilton Community Initiative, a South Memphis organization set up to improve neighborhoods around Hamilton High School, where Dixon graduated.

The organization's 2001 Internal Revenue Service return lists Dixon as controlling its financial books, and he's named in another as executive director.

Dixon declined comment for this article, and two calls to his attorney went unreturned.

How much the FBI studied Dixon's past isn't known, but it's clear he was among the first approached when agents set up a fake company called E-Cycle Management that passed cash to lawmakers in exchange for their help landing state contracts.

Agents got to Dixon through his friend, now-confessed bag man Barry Myers, 39, who's expected to testify against him. It started with a 2002 probe of then-Shelby County Juvenile Court Clerk Shep Wilbun's office, where Myers worked.

First, agents got to Willis, 35, a political consultant paid more than $30,000 in still-unexplained fees from Wilbun's office. Joining the FBI in February 2003 as a $72,000-a-year informant, Willis began recording conversations the next month with Myers, and before long Willis was recording Dixon, too.

By that August, Dixon participated in eight conversations secretly recorded on video or audio, court records show. By then, the FBI set up a mini-sting that preceded the Waltz. Prosecutors say they'll present evidence that Dixon and Myers took $6,000 that July and August from agents posing to represent a dental clinic in search of TennCare funds.

By January 2004, with the Waltz in full swing, Dixon introduced Senate Bill 2500 on behalf of E-Cycle -- a firm ostensibly in the computer parts-recycling business -- to create financial incentives for reusing electronic waste. Prosecutors allege Dixon and Myers were paid for introducing the bill and again for pulling it to make way for a stronger bill -- $9,500, in all, between February and May 2005.

-- Marc Perrusquia: 529-2545

ROSCOE DIXON

Age: 56

Career: Served parts of three terms (1995-2005) in the state Senate representing Dist. 33. Served three terms (1983-1994) in the state House. Director of Congressman Harold Ford Sr.'s South Memphis office, 1975. Aide to Shelby County Mayor AC Wharton, 2005.

Education: Graduated from Hamilton High School, 1967, and Memphis State, 1975.

Charges: Accused of one count of conspiracy to commit extortion; three counts of attempted extortion and one count of bribery. Prosecutors allege Dixon shared $9,500 in bribes with confessed bag man Barry Myers.

TIMELINE

June 26, 2003: Confessed bag man Barry Myers allegedly tells an FBI informant that Dixon will need to be paid to support his official actions in the General Assembly.

July 11, 2003: An undercover agent allegedly passes $4,000 to Myers and Dixon in the first of two stings by the FBI. Preceding the Tennessee Waltz sting, this one involved paying Dixon for his support to arrange TennCare payments for a children's dental clinic.

Aug. 26, 2003: Another $2,000 allegedly is passed to Dixon for his support of the dental clinic. Dixon isn't charged with any crimes for these payments, but prosecutors say they will use them against him in his Tennesse Waltz trial.

Jan. 21, 2004: Dixon files Senate Bill 2500 at the request of E-Cycle Management Inc., the sham FBI company used in the Tennessee Waltz sting.

Feb. 6, 2004: E-Cycle tells Dixon his bill is insufficient. Undercover agents draft a new bill and tell Dixon some money would be made available to him. Dixon allegedly responds: "Work through Barry. Keep Barry happy."

Feb. 12, 2004: E-Cycle allegedly gives $6,000 cash to Dixon and Myers, with Dixon pocketing $1,000 and Myers taking the rest.

March 5, 2004: Dixon allegedly accepts $1,500 "for his assistance in pulling Bill 2500."

May 14, 2004: Myers accepts another $2,000, telling E-Cycle "Roscoe is solidly on board."

Jan. 13, 2005: Dixon resigns his senate seat to join Shelby County Mayor A C Wharton's staff as a $101,856-a-year aide.

May 26, 2005: Dixon, Myers and five others are arrested as the government makes public the Tennessee Waltz sting.

Trucking Firms Fund Politicians (CHIST)

By Natasha Korecki And Steve Warmbir, Staff Reporters

Chicago Sun-Times, May 29, 2006

Immunity keeps them out of jail, not hot water

Two of the top prosecution witnesses testifying in the City Hall hiring trial admitted they broke the rules while taking part in an alleged crooked hiring scheme.

But the former city employees are not at risk of going to prison for their deeds.

That's because Mary Jo Falcon and John Kosiba testified over the last two weeks with letters of immunity, meaning they can talk about breaking the law without worrying about criminal prosecution, unless they gave false testimony.

Yet they're not completely in the clear, the Chicago Sun-Times has learned.

Falcon and Kosiba, both lawyers, are now at risk of losing their law licenses because of their testimony against Robert Sorich and three other former city employees. Sorich, Timothy McCarthy, Patrick Slattery and John Sullivan are charged with manipulating the city's hiring system to award politically connected candidates with jobs and promotions. Prosecutors argue that's a violation of a 1983 federal decree that aims to keep political influence out of hiring decisions. The trial enters its third week Tuesday.

No word on disciplinary inquiry

"The bottom line here is immunity has no meaning in our system," said James Grogan, chief counsel for the Illinois Attorney Registration and Disciplinary Commission. "The Illinois Supreme Court has long held that a grant of immunity has absolutely no impact in terms of lawyer discipline."

Grogan would not comment on whether the commission has opened an investigation on Kosiba and Falcon. But lawyers can get in trouble for fraudulent behavior even if it had nothing to do with legal work, he said.

"We do regularly monitor alleged attorney misconduct when it comes to our attention in the terms of a criminal case," Grogan said. "This agency can generate an investigation based on media reports."

Grogan said the commission has taken action against other lawyers even though they were testifying for the government with a grant of immunity. That happened quite a bit in the Operation Greylord investigation that took place in the late 1980s and early 1990s and depended to an extent on the immunized testimony of lawyers.

Notorious Greylord case

Most notorious among those witnesses was Robert J. Cooley, a mob lawyer who admitted to taking bribes and fixing a number of criminal cases before he started working for the government. His cooperation helped bring down judges and lawyers. The Illinois Supreme Court disbarred Cooley in 1994.

Falcon is a former director of personnel at the city's Sewers Department. She left in 2005 when part of the expanding Hired Truck investigation delved into political hiring at City Hall. She soon began cooperating with federal investigators.

In her testimony at trial, Falcon admitted she falsified scores on rating forms so politically connected candidates won city jobs. Falcon said she rigged it so the names provided to her by Sorich or McCarthy could win the jobs. Sorich and McCarthy worked in the mayor's Office of Intergovernmental Affairs. Falcon acknowledged changing interview rating forms without telling the men.

Meanwhile, Kosiba, a former sewers commissioner, conducted hundreds of interviews and said he evaluated candidates so IGA selections won the jobs.

"Did interviews for most positions even matter while you were there?" Assistant U.S. Attorney Barry Miller asked.

"No," Kosiba said.

Kosiba said he knew he was supposed to rank candidates based on their qualifications when he interviewed people.

"Did you do that?" Miller asked.

"No," he said flatly.

FBI Questions Another Masilotti Land Deal (PALMBEACHP)

By Dwayne Robinson, Palm Beach Post Staff Writer

Palm Beach Post (FL), May 30, 2006

The FBI issued yet another subpoena late last week in its investigation of land deals by Palm Beach County Commission Chairman Tony Masilotti.

The latest federal subpoena to the Village of Royal Palm Beach on Thursday relates to a $7 million sale of up to 50 acres in 2004 from the Roman Catholic Diocese of Palm Beach to prominent Broward County builders GL Homes.

PBC Commission Chairman Tony Masilotti's family made as much as $1.3 million in connection with a government land purchase in Martin County.

As early as 2001, Royal Palm Beach sought approximately 15 acres at the site for a public park before leaning on its county commissioner for assistance when a sale to another buyer seemed imminent.

"I would appreciate your support in ensuring that a significant portion of that parcel be committed to public recreational space by the potential purchaser," Village Manager David Farber wrote to Masilotti on March 6, 2003, according to village records. "Any help you can provide regarding this matter would be greatly appreciated."

Masilotti, a former Royal Palm Beach mayor, never responded to the request, Farber says.

Royal Palm Beach offered to prchase the property at $42,000 an acre in 2001. According to court records, GL Homes forked over $7 million, or roughly $140,000 an acre, in 2004.

GL Homes constructed single-family homes and townhouses, ranging from $360,000 and up, at what is now the Nautica Lakes subdivision.

Masilotti could not be reached for comment. The FBI would not comment on the subpoena. And spokespeople from the diocese and GL Homes could not be reached for comment.

On the same day the federal subpoena was issued to Royal Palm Beach, the South Florida Water Management District also was ordered to hand over documents relating to a complicated 2003 land deal that enriched Masilotti's family.

The Palm Beach Post first reported in April that Masilotti's family made as much as $1.3 million in connection with the district deal, through a secret land trust and a tangled series of real estate transactions.

Royal Palm Beach has no records relating to Thursday's subpoena, Farber said. The subpoena asks for records relating to the sale of the diocesan property between 2001 and 2006 to the village, but no such sale occurred.

"I guess the response to the subpoena is there are no documents," Farber said. "I don't know what they're searching for. Someone needs to expand to us what they want."

BE ON GUARD, JUNIOR (NYPOST)

By Steve Dunleavy

The New York Post, May 30, 2006

EXCLUSIVE

THE feds have told John "Junior" Gotti that a threat has been made on his life.

The FBI captured the threat on tape during an ongoing investigation and immediately passed the chilling information on to Gotti and his camp, sources said.

If Junior's people are scared, they certainly aren't showing it.

"I have pretty good sources, too," Gotti's lawyer, Charlie Carnesi, said yesterday. "This is just another ploy by the prosecution to muddy the waters around this case."

The death threat was made on April 5, which was before a blizzard of subpoenas were sent out to Gotti associates and family members as part a new sweeping grand jury probe of the Gambino crime family that came after the second Gotti trial ended in a mistrial.

Carnesi has complained to Judge Shira Scheindlin that some of those subpoenas came with a message from the FBI: "You can thank Gotti for this."

"How disingenuous can the government be?" Carnesi asked yesterday.

The FBI has a legal and ethical obligation to convey the threat to Gotti, but his camp believes the feds are trying to give a perception to dangerous wiseguys that Junior has sold them out.

And that makes the Gotti camp hopping mad.

"That is stark insanity," one source said. "If he had sold anyone out, John would not have been facing 30 years in jail and $25 million in fines. He would not have been facing a third trial after flatly rejecting every deal the prosecution has offered him. Gotti has turned his back on the life."

The latest twist follows Thursday's arraignment of Junior when Judge Scheindlin broadsided the prosecution for bringing a third trial after two earlier juries failed to return a verdict.

"Does the government get to have endless trials until they get it right? The fourth, fifth or sixth?" Scheindlin asked as Gotti was arraigned on new witness-tampering and money-laundering charges.

Carnesi is definitely pleased with the way his case is going, because he believes the feds' constant use of turncoat mobsters as witnesses sends out a dangerous message.

"I am absolutely thrilled at the turn of events," Carnesi said. "The government is giving out a message, from prosecution witnesses Joey D'Angelo and Mikey 'Scars' DiLeonardo that it's OK to murder and you can get away with it.

"The real message is from John Jr. He had been in the life and it was full of treachery and it sucked."

From Mob Boss To Devastating Informant – The Life Of 'Little Al' D'Arco (SDUT/AP)

By Larry Mcshane, Associated Press

The San Diego Union-Tribune, May 30, 2006

NEW YORK – The killers put the dead canary in the freezer. Later, their work finished, they placed the bird inside the mouth of the equally deceased Bruno Facciola.

The August 1990 mob hit followed a tip from two corrupt NYPD detectives that the Luchese family capo had turned government informant. Facciola was stabbed, shot through both eyes and shot again in the head. Then came the bird. Message: Speak no evil.

The slaying was orchestrated by a diminutive thug known to fellow Mafiosi as "Little Al." Few embraced the mob ethos more fervently than Alphonse D'Arco, a hard case from the cradle.

"I was a man when I was born," Little Al once bragged. He committed every crime except pimping and pornography, which he deemed beneath his dignity. Murders? He committed eight while rising through the Luchese ranks.

He especially despised informants. "Rats," he'd spit. He did a three-year heroin rap without opening his yap. So when word came that Facciola was singing, D'Arco arranged for his demise.

And for the canary.

Four months later, D'Arco became the Luchese boss, though not for long. His reign abruptly ended, but not in the fashion he expected: on the wrong end of a jury verdict. Or maybe a bullet.

Instead, D'Arco – disgusted by the loss of mob honor, double-crossed by men he had respected – became in 1991 what he most abhorred: a rat.

And not just any rat. Over the last 15 years, he has brought down mob bosses, underbosses, consiglieres. And he's still making inmates out of ex-accomplices today.

Little Al may be the most devastating mob informant ever.

3 Plead Guilty To FEMA Fraud; Feds Charge 4 In Separate Cases (BRADV)

Baton Rouge Advocate, May 30, 2006

Three Louisiana residents pleaded guilty and four more were indicted in Baton Rouge federal court this week on violations related to Hurricane Katrina disaster relief funds.

According to a news release from the U.S. Attorney's Office, those who pleaded guilty are Jenny L. Lowery, 22, of Baton Rouge, Whitney Paul, 19, of Donaldsonville and Sharon D. Dalcourt, 45, of Baton Rouge.

Both Lowery and Paul were charged with making a false and fraudulent claim for disaster relief benefits. They each face a maximum sentence of five years in prison, a $250,000 fine or both.

Dalcourt pleaded guilty to making false and fraudulent statements to the Federal Emergency Management Agency regarding damages incurred as a result of Katrina. She also faces a maximum sentence of five years in prison, a $250,000 fine or both, the news release said.

Also this week, Leonard Jackson, 54, Mary Johnson, 51, Anthony Parker, 21, and Edward Parker, 20, all of Baton Rouge, were charged in two-count indictments with making a false and fraudulent claim for disaster assistance benefits and illegal conversion of government property (a check from FEMA for expedited disaster assistance), a second news release said.

The cases were investigated by the Hurricane Katrina Fraud Task Force, which includes members of the FBI, the Federal Trade Commission, the Postal Inspector's Office, the Executive Office for U.S. Attorneys and other federal agencies.

The total number of defendants charged in Baton Rouge federal court with violations related to hurricane relief stands at 58, the news release said.

Feds Charge 26 In FEMA Fraud (BRAH/AP)

By Associated Press

The Bradenton Herald, May 30, 2006

TAMPA, Fla. - A grand jury has indicted 26 Orlando area residents on charges of making fraudulent claims for federal assistance after the two hurricanes that struck the Gulf Coast last year.

Federal prosecutors said on Thursday that the defendants collected a total of $150,000 in emergency assistance from the Federal Emergency Management Agency, even though they didn't live in the areas affected by hurricanes Katrina and Rita.

Because so many people were affected by the storms, FEMA provided a streamlined process to quickly get at least $2,000 to those who needed disaster assistance. People whose primary residence was damaged could apply in person or via the Internet or a toll-free telephone number.

Those indicted Wednesday made fraudulent claims for amounts ranging from $2,000 to more than $100,000, federal prosecutors said. The indictments were a result of an investigation federal officials called Operation ``Storm Chaser."

Charges include conspiracy, submission of a false claim to a governmental agency, theft of government property, mail fraud, wire fraud, and making a false statement to a government agency.

The counts carry prison sentences ranging from five to 20 years.

"In the aftermath of hurricanes Katrina and Rita, our nation came together to support the people whose lives were devastated by those disasters," U.S. Attorney Paul I. Perez said in a statement Thursday. ``As we enter a new hurricane season next week, we will aggressively pursue anyone who attempts to take advantage of a natural disaster to defraud FEMA or anyone else."

Three In Mobile County Indicted On FEMA Fraud Charges (AP)

AP, May 27, 2006

MOBILE, Ala. (AP) — Three Mobile County residents have been indicted on charges of making false FEMA disaster claims related to Hurricane Katrina.

Silas J. Jackson, 53, of Mobile, Dianna Denise McMillian, 35, of Grand Bay, and Penny Sue Byrd, 35, of Citronelle, were each charged in multiple-count indictments, the U.S. attorney's office announced Friday.

Jackson received $23,529 through a scheme to defraud the Federal Emergency Management Agency by sending an altered fire marshal report in support of his application for disaster assistance, according to the indictment.

McMillian was charged with falsely claiming to reside at a residence from which she had moved several months prior to Katrina and defrauding FEMA of $13,498.

Byrd was charged with defrauding FEMA of $2,000 by falsely claiming to have resided in a travel trailer and mobile home at the time Katrina hit Aug. 29.

The maximum penalty for making false claims to the government is 5 years in prison and a $250,000 fine. Mail fraud and wire fraud each carry maximum penalties of 20 years and a $250,000 fine.

U.S. Attorney Deborah J. Rhodes in Mobile said the Hurricane Katrina Fraud Task Force investigations continue.

Man In The Middle (NSWK)

By Mark Hosenball, Jamie Reno And Evan Thomas, Newsweek

Newsweek, May 29, 2006

As a corruption probe heats up on Capitol Hill, the spotlight falls on a California defense contractor with some powerful friends.

During World War II, the Royal Hawaiian, a grand pink palace on Waikiki Beach, was reserved mainly for officers and men in the U.S. Navy's Submarine Service. It was understood that the sailors who took the greatest risks—about a quarter of the submariners never came back—deserved to be pampered while they waited to go back out on war patrols. More recently, the most frequent guest in the Royal Hawaiian's tony King Kamehameha Suite was a man with close ties to the military who also took risks, though of a different kind.

Brent Wilkes has flown in a private Gulfstream jet, lived in a huge house (once occupied by former San Diego Chargers quarterback Stan Humphries) in a gated community, smoked expensive cigars on the best golf courses and sponsored good works and charities, like the "Tribute to Heroes Gala," which raised hundreds of thousands of dollars for a children's hospital and a military charity called the Air Warrior Courage Foundation.

What paved the road to riches and beneficence for Wilkes? Once a lowly CPA in southern California, Wilkes became a fabulously successful defense contractor. He carefully cultivated friends in high places, personally handing out some $800,000 in campaign contributions, not counting the donations of a political action committee controlled by his company. He was a Republican "Pioneer," which means he raised at least $100,000 for the GOP. And he has long been known for showering favors on congressmen and national-security officials, playing poker with them at fancy Washington hotels and flying them in a jet he partly owned.

There is nothing unusual or illegal about a defense contractor with an open checkbook for campaign fund-raisers and seats to fill on a corporate jet. But federal prosecutors want to find out more about how Wilkes tapped into what may be one of Washington's sweetest post-9/11 honey pots—secret defense and intelligence contracts that are often awarded without competitive bids or oversight but with plenty of congressional meddling. Wilkes appears to be at the center of a Washington scandal that has the potential to shake Capitol Hill and the Pentagon.

Wilkes has protested his innocence, and indeed, his friends say he appears cheerful and confident he will be vindicated. But his lawyers have confirmed that he is the man identified as "Co-conspirator No. 1" in the charges against former congressman Randy (Duke) Cunningham, the former Navy air ace who pleaded guilty to taking bribes. In one prosecution document, "Co-conspirator No. 1" agreed to give Cunningham $525,000 in return for $6 million in government contracts. Wilkes is also a close friend of one of the more colorful characters to fall from a top government job, Kyle (Dusty) Foggo, the former executive director of the CIA who resigned three weeks ago, just before his house and office were raided by federal agents. According to The San Diego Union-Tribune, high-school classmates Wilkes and Foggo served as best men at each other's weddings, named their sons after each other and shared a wine locker at Washington's Capital Grille restaurant, a favorite lobbyists' hangout.

According to Foggo's lawyer, Bill Hundley, the Feds are operating on the theory that Foggo helped Wilkes get CIA contracts in return for Wilkes's paying for vacation trips for Foggo. According to Hundley, Foggo claims that he paid for some of the trips before Wilkes became a wealthy contractor, though he concedes Wilkes may have picked up the tab later on. The details of how Wilkes procured contracts remain murky, but the Feds appear to be particularly interested in contracts that seemingly offered little or dubious value for high prices. Wilkes's lawyers have repeatedly denied that he engaged in any wrongdoing.

In one case, described in prosecution documents, a Wilkes company was awarded a $9.7 million contract to electronically scan Panama Canal Zone documents dating back a century to the administration of Theodore Roosevelt, even though the Pentagon reportedly wanted to use the money for more-urgent projects. Wilkes allegedly lobbied Cunningham to press the Pentagon to award the contract anyway.

According to published reports and congressional and law-enforcement sources who did not want to be identified discussing a sensitive investigation, the Feds are also reviewing Wilkes's ties to other powerful House leaders. Former GOP majority leader Tom DeLay, Armed Services Committee chairman Duncan Hunter and Appropriations Committee chairman Jerry Lewis all reportedly had dealings with Wilkes. None has been accused of any wrongdoing; a spokesman for Lewis said the congressman had not seen Wilkes for 10 years. Hunter's spokesman said his boss urged the Pentagon to ignore congressional pressure on contracting, and DeLay's lawyer had no immediate comment.

Wilkes himself is said to be a bluff man who likes to burst into show tunes and shout out expressions like "boom shaka-laka," "God loves a working man" and "Yeah, baby!" after the Austin Powers movies. Though he owns custom-made suits, he

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generally prefers khakis and golf shirts. A former linebacker, he is said to be tough and unyielding, not the sort to easily crack under the pressure of prosecutors. Raised as a Mormon, he is described by acquaintances as a loyal friend who is very close to his children.

His life is getting lonelier. He has been dropped by charities; his office building is for sale; his federal contracts are drying up. Once a ubiquitous figure in San Diego politics, Wilkes might as well have ceased to exist. Former San Diego congressman Brian Bilbray, a Republican who was in the House until 2001 before retiring to become a lobbyist, is running for Duke Cunningham's vacated seat. Bilbray told NEWSWEEK, "I may have met Brent once or twice, but I really do not remember." Bilbray did discover that Wilkes had donated $7,000 to his campaigns, but the candidate has given the money to charity. "I wouldn't know Wilkes if I saw him in the street," said Bilbray.

Sniper Jury To Sift Conspiracy Theory (WT/AP)

By Stephen Manning, Associated Press

The Washington Times, May 30, 2006

Early in his more-than-three-hour closing statement, convicted sniper mastermind John Allen Muhammad laid out the heart of his defense against six murder charges stemming from the 2002 sniper shootings: He and accomplice Lee Boyd Malvo were framed.

"My case is based on one thing. It is very simple. They lied on two innocent men," Muhammad said Friday, before launching into a rambling speech in which he said government agencies, including the CIA, worked to falsely imprison him.

But as Montgomery County jurors begin deliberations today in Muhammad's second trial in the shootings, they will weigh this conspiracy theory -- for which he offered little proof and no motive -- against the four weeks of testimony and evidence presented by prosecutors.

Witnesses reported seeing Muhammad and his Chevrolet Caprice near scenes of the shootings.

Forensic analysts said his DNA was on evidence that included parts of the Bushmaster rifle found in the Caprice when he and Malvo were arrested.

Ballistics analysts matched the .223-caliber bullets used in the killings to the rifle.

Jurors also heard dramatic testimony from Malvo, whom Muhammad still referred to as "my son" even though his former protege took the stand to say Muhammad planned and carried out most of the shootings.

The jury of seven women and five men also likely will consider their personal impressions of Muhammad, who defended himself.

He came to Montgomery County from Virginia's death row, convicted by a jury that heard most of the same evidence in 2003.

Muhammad showed he has learned a lot about lawyering -- he seemed comfortable with courtroom procedure, asking the "court's indulgence" when he wanted more time to prepare his thoughts. He cross-examined government witnesses, seizing on inconsistency in reports, looking for holes to suggest he was set up.

Prosecutors urged jurors not to be fooled by Muhammad's courtroom demeanor. It was a facade, Assistant State's Attorney Vivek Chopra said in his closing.

"Scrub away that veneer that covers this man and see him for what he is," Mr. Chopra said, labeling Muhammad "a heartless, soulless, manipulating murderer."

Ten persons were killed and three were wounded during the three weeks of shootings in October 2002.

Victims were shot at gas stations, in parking lots, and a 13-year-old boy was struck by a bullet outside his Bowie middle school. The randomness sowed pervasive fear among people, who were afraid to pump gas, go out or send their children to school.

Muhammad and Malvo were arrested Oct. 24, 2002, as they slept in the Caprice at a Western Maryland rest stop. Behind the back seat was the Bushmaster. Authorities discovered a hole bored in the trunk of the Caprice, allowing a shooter to lie inside to fire.

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A Virginia jury convicted Muhammad of a shooting at a Manassas gas station, and Malvo was given a life term for a shooting at the Home Depot in Falls Church. Montgomery County prosecutors say their case is insurance in case Muhammad's Virginia conviction is overturned.

The two men also are suspected in earlier shootings in Maryland, Alabama, Arizona, Georgia, Louisiana and Washington state.

The composition of Montgomery County's jury may be key to whether Muhammad is convicted.

Most candidates said during jury selection that they vividly remembered the shootings and knew that he had been convicted in Virginia.

Some of the jurors selected said they thought Muhammad was guilty, but they agreed to put that opinion aside and focus on the evidence.

Technology And Easy Credit Give Identity Thieves An Edge (NYT)

By John Leland And Tom Zeller Jr.

The New York Times, May 30, 2006

PHOENIX — In a Scottsdale police station last December, a 23-year-old methamphetamine user showed officers a new way to steal identities.

His arrest had been unremarkable. This metropolitan area, which includes Scottsdale and Phoenix, has the highest rate of identity theft complaints in the nation, according to the Federal Trade Commission. Even members of the Scottsdale police force have had their identities stolen.

But the suspect showed officers something they had not seen before. Browsing a government Web site, he pulled up a local divorce document listing the parties' names, addresses and bank account numbers, along with scans of their signatures. With a common software program and some check stationery, the document provided all he needed to print checks in his victims' names — and it was all made available, with some fanfare, by the county recorder's office. The site had thousands of them.

The data were not as rich as some found in stolen mail or trash bins. But for law enforcement officials here, this was another turn in a cat-and-mouse game in which criminals have outpaced most efforts to stop them.

"We're trying to keep up with the technology," said Lt. Craig Chrzanowski, who runs Scottsdale's property crimes division, including a computer crimes unit started two years ago. "But they're getting a lot better."

In an economy that runs increasingly on the instantaneous flow of information and credit — aggressively promoted by banks and credit card companies despite the risks — Phoenix and its surrounding area provide a window on one of the system's unintended consequences.

According to a Federal Trade Commission survey in 2003, about 10 million Americans — 1 in 30 — had their identities stolen in the previous year, with losses to the economy of $48 billion. Subsequent surveys, by Javelin Strategy and Research, a private research company, found that the number of victims had declined to nine million last year but that the losses had risen to $56.6 billion.

In Arizona, one in six adults had their identities stolen in the last five years, about twice the national rate, according to the Javelin survey.

Arizona officials have responded with a preventive mantra: shred all documents and avoid giving Social Security numbers or bank account numbers to strangers over the telephone or the Internet. The State Legislature has passed tougher penalties for people caught stealing or trafficking in stolen identities.

But the real problem, many officials and consumer advocates say, lies elsewhere. In recent years banks have campaigned energetically to extend more credit to more people with fewer hassles, and retailers and consumers have embraced instant, near-anonymous access to credit.

Last year a group of prosecutors, law enforcement officers and security executives from banks and credit card associations met to discuss ways of curbing identity theft. The group had plenty of ideas, including PIN numbers or fingerprint verification for all credit card purchases and a ban on mailings that include blank checks.

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But all ran counter to the promotional campaigns of banks and, banks say, to the desires of consumers.

"There's a disconnect between corporate leadership at financial institutions and their security departments," said Brad H. Astrowsky, a former prosecutor who was part of the group. "Marketing people are ruling the day in banking. They can do things to fix the problem, but they have no incentive and motivation to do it. Preventing something from happening is a cost. What's the benefit? It's hard to quantify."

A Hot Spot for Thieves

Several factors converge to make Arizona a hot spot for identity theft. Maricopa County, which includes Phoenix, is one of the fastest-growing counties in the nation, according to the Census Bureau, and its growth exaggerates trends that exist in many communities: a mobile population and high numbers of immigrants and retirees. It also has a heavy traffic in methamphetamine.

Methamphetamine users, whose binges keep them up for days in a row, have the time to sort through trash or old mail for Social Security numbers, bank account numbers or other identifying information, said Andrew P. Thomas, the county attorney. Dealers trade drugs for stolen identities that they use to launder their profits. Nearly half the identity theft cases in Mr. Thomas's office have a connection to methamphetamine, he said.

At the same time, he added, "More than half of the illegal immigrants entering the U.S. come through Arizona," creating a market for fraudulent Social Security numbers and driver's licenses.

Though Arizona passed the nation's first identity theft law in 1996, law officers say they are fighting a crime that is as swift and adaptive as the economy it exploits.

The newest wave of thefts here involves copying the magnetic strip from a victim's credit card onto the back of another. When thieves use the doctored cards, the transactions are charged to their victims' accounts. "Even if the cashier asks for my driver's license, the name on the front is going to match," said Todd C. Lawson, an assistant attorney general in Phoenix who specializes in identity theft prosecutions.

The machine to copy the magnetic strip, Mr. Lawson added, is the one nearly every hotel in America uses to recode room key cards.

And the county's Web site, which earned a place in the Smithsonian's permanent research collection on information technology innovation, has made Social Security numbers and other information, once viewable only by visiting the county recorder's office, accessible to anyone with an Internet connection. Police officers and prosecutors in Phoenix knew of just two cases involving public records, but most victims do not know how their identities are stolen.

For local law enforcement, pursuing even low-tech, small-time thieves is often complicated and expensive. The victim could be in Arizona, the thief in another state and the transactions spread all over the world. "If someone goes on the Internet and buys goods from Bangladesh, do you call witnesses from Bangladesh?" asked Barnett Lotstein, a special assistant county attorney.

Mr. Lawson said, "I don't think we prosecute 5 percent of it."

On a recent afternoon, Lt. Russ Skinner, who runs the county sheriff's computer crimes division, hefted three vinyl binders onto a wooden table. For the detectives in his unit, this is what the "crime of the 21st century" looks like: photographs of litter-strewn hotel rooms, and of a 33-year-old woman in various stages of methamphetamine-fueled decline.

When detectives caught up with her last August, after nearly three months of investigation, the woman was paying other users to steal mail for her — especially preapproved credit offers — and had parlayed those into credit cards or fraudulent accounts in 46 different names. She had secured housing, utilities and a series of small online loans in her victims' names.

"She wasn't the smartest or the most creative," Lieutenant Skinner said. "She just knew how to get it done."

A Connection to Drug Use

In the past, a drug user who needed money might go into a convenience store with a gun, Lieutenant Skinner said. "They're on the surveillance camera. They might get shot. They might get stopped in the parking lot for having a broken taillight," he said. "Now they can just sit at a computer, no one sees them and they can buy whatever they want."

Officials here began to notice a sharp rise in identity theft about five years ago, said Paul K. Charlton, United States attorney for the District of Arizona.

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"The first tip-off was that we started to see a lot of mailbox break-ins by tweakers," Mr. Charlton said, referring to methamphetamine users.

When police officers raided home methamphetamine laboratories that were then proliferating on the outskirts of town, they found stacks of stolen mail or notebooks filled with credit card information. They also found thieves were using acetone, an ingredient used in methamphetamine production, to "wash" the ink off checks, a simple means of identity fraud.

These small laboratories lend themselves to identity theft rings, said John C. Horton, a White House aide in the Office of National Drug Control Policy. In a laboratory, one or two people typically have some technical knowledge, and others specialize in procuring materials.

Identity theft rings follow the same pattern, with a handful of grunts stealing mail for one person who knows how to turn the information into credit cards or checks, Mr. Horton said. "It doesn't seem to happen with cocaine or heroin because we don't produce heroin and cocaine in this country," he said. "Meth production is to some degree a social activity in the same way as identity theft."

Though the Arizona police have closed many laboratories, the identity theft rings have survived or multiplied.

From its commercial downtown, Phoenix extends in a patchwork of satellite communities, some so new that the highway connecting them does not appear on the maps in the central post office. In the mid-1990's, as Phoenix's population boomed, the Postal Service created cluster mailboxes that served whole housing developments. Like other conveniences associated with the city's rapid growth, the boxes have proved a boon for identity thieves.

"You can jimmy one open and get everyone's mail at the same time," said Mr. Lawson, the prosecutor. After numerous break-ins, the Postal Service has spent $12 million on reinforced mailboxes, but many communities here still have the old ones.

Some thieves drive around neighborhoods with their laptops until they find a resident's unsecured wireless Internet connection. If the police investigate a fraudulent purchase, they will trace it to the customer with the connection, not to the thief who placed the order.

Since 1994, a Phoenix security officer named Bob Hartle, frustrated by his own experience with identity theft, has led an often lonely campaign for tighter controls on organizations that handle people's data, and curbs on the way credit card companies, banks and stores grant credit.

Data breaches in the last year have exposed the personal information of more than 80 million Americans, according to the Privacy Rights Clearinghouse, a nonprofit organization that follows identity theft. On May 3, a thief stole computer disks holding the names, Social Security numbers and other information of 26.6 million veterans from the residence of a Department of Veterans Affairs employee who had taken the data home without authorization. In most states, organizations are not required to tell consumers if their identities have been compromised.

"It's the sharing of data without necessary safeguards that enables this crime to grow as it has," said Torin Monahan, an assistant professor of justice and social inquiry at Arizona State University. "The response is always 'protect yourself, go to these workshops, get a shredder.' That diverts attention away from the extent to which these are systemic problems."

Seventeen states have passed "credit freeze" laws enabling consumers to prevent banks or credit agencies from issuing new accounts in their names.

But here, as in other states, businesses have successfully opposed such legislation.

"They're fighting us tooth and nail," said Mr. Hartle, who runs ID Theft Services Inc., a nonprofit organization that provides free help for victims.

"Banks, credit card companies, retailers want to make it easy to buy," Mr. Hartle said. "They write off identity theft as a cost of doing business. So whenever legislation comes up that's going to cost them money, they throw themselves against it."

Nessa E. Feddis, senior federal counsel for the American Bankers Association, said freezing credit could create problems for consumers, especially if they needed to get a new cellphone or change residences in a hurry.

"A credit freeze is one of those things that sounds like a good idea, but people don't realize how often they need to use their credit report," Ms. Feddis said. "There's a balance between security and convenience."

She continued, "We all want fraud to go away, but we don't want to take 20 extra minutes every time we do online banking. We like buying airline tickets online, but there's a risk."

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Though consumers worry about identity theft, Ms. Feddis said, banks absorb most of the losses.

Credit card companies point to new monitoring systems that have reduced loss from fraud as a percentage of overall transaction volume. At Visa, fraud accounted for 7 cents per $100 in transactions, down from 18 cents per $100 in 1990. "We could have a system reducing fraud to zero basis points, but it wouldn't meet what consumers are demanding," said Rosetta Jones, a Visa spokeswoman. "We need to deliver what consumers want in a way that is secure."

Fritz M. Elmendorf, a spokesman for the Consumer Bankers Association, described a chess match with identity criminals. For example, banks now protect prescreened credit card offers with address-matching technologies that make it harder for thieves to have cards sent to a drop address, Mr. Elmendorf said.

"There are more tools today than ever to ascertain the identity of a credit applicant," he said. "And the industry can point to a lot of things — some of which they won't talk about in detail — to validate people."

In the community of Chandler, southeast of Phoenix, Bobby Joe Harris questioned the efforts of businesses and banks to protect his identity.

Mr. Harris, 60, is a retired police chief. His wife, Judy, is a retired bank manager. Last December, Mrs. Harris was shopping at a Sam's Club store when a cashier said their membership had been canceled. When Mr. Harris tried to reactivate their membership in January, he learned that the store had issued a new credit card on their account to a woman who had said she was the couple's daughter.

"I don't have a daughter," Mr. Harris said. "I told the lady, 'I don't think so.' "

In two phone calls, possibly working with a store employee, the thief had raised the Harrises' credit limit to $10,000 from $3,500 and then to $15,000, and had run up charges of $11,093. No one had called them.

"It was only by luck that we found out," Mr. Harris said.

Seeking Protection

Though like most consumer victims the Harrises did not have to pay the bogus charges, they now pay $220 a year to LifeLock, a protective service that started last September in Phoenix.

The company's core service is simple: Whenever a bank or other business requests to look at a LifeLock subscriber's credit history, the company gets a fraud alert asking to confirm that the customer applied for credit. Federal law empowers consumers to get these alerts on their own, but they must reapply regularly to one of the three companies that issue credit reports.

Other companies offer different protections. None has had to prove that its services are effective.

When the Maricopa County recorder's office began posting records online in 1997, it was one of the first in the country to do so. Since then, legislatures in other states, including New York and Florida, have wrestled with whether — or how — to make their information available online.

A law in Florida requires that all Social Security and financial account numbers be stripped from online records by 2007, although new legislation may delay that another year.

In Phoenix, the county recorder's office posts 8,000 to 10,000 documents a day. Most are innocuous, but some, including divorce decrees and tax lien records, have sensitive information.

"I'm not insensitive to people's fear," said Helen Purcell, the county recorder. "I have the same fear. My information is out there, too." But it is far too late to start editing Social Security numbers or other data from the county Web site, she said. "We have 100 million documents out there now."

In the absence of full security, Arizonans cling to what protections they can. On a recent morning in Ventana Lakes, a development of older residents northwest of Phoenix, Lois Owen and Joan Schanks joined a small procession of neighbors to a community "shredathon" organized by the attorney general's office and AARP. Since the first shredathon last fall, residents around the state have carted 12 tons of paper to the mobile machines, in many cases supplementing the shredding they do at home.

"It's a big relief," Ms. Schanks said as she watched 20 pounds of old bank statements disappear. Yet even with the shredding, the residents here cannot begin to estimate how many people have their personal information, or how tempted any of those individuals may be to sell that information, Mr. Lawson, the prosecutor, said.

"You can take all the precautions you want," he said. "But everyone's exposed to a certain extent."

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Insanity's Legal Fall From Grace (USAT)

By Jonathan Turley

USA Today, May 30, 2006

In the National Gallery of Art in Washington hangs a cherished Rembrandt titled Abraham's Sacrifice.

It is an etching of Abraham about to slay his son, Isaac, upon the orders of God, to show his faith. The scene from Genesis 22:1-12 is repeated in stained glass windows, paintings and other displays worldwide. It is also a scene being repeated in real life by demented individuals who believe that they have been given divine instructions to slay their loved ones.

In the past few months, the nation has found itself again in the middle of one of the law's greatest quagmires: how to define insanity, and when it should be a defense.

Last month, the U.S. Supreme Court heard argument in the case of Eric Michael Clark of Flagstaff, Ariz., who at 17 was suffering from paranoid schizophrenia in June 2000 when he killed a police officer whom he thought was an alien. The case might determine whether there is a constitutional basis for the insanity defense.

While Clark allegedly believed he was fighting aliens, many murder defendants in insanity cases believe they're acting on orders from a higher authority:

• In San Francisco, Lashaun Harris is on trial in the murder of her three kids, whom she allegedly threw into the frigid waters of San Francisco Bay in October. Harris believed that God wanted her children as a sacrifice, police said.

• In Houston, a new trial has been ordered for Andrea Yates, a suburban housewife who has admitted to drowning her five children — ages 7 years to six months — to save them from Satan. Despite a long and documented history of schizophrenia and postpartum depression, Yates was found sane and guilty in the first trial.

• In McKinney, Texas, Dena Schlosser was tried for a second time and found not guilty by reason of insanity (after a first jury deadlocked) in the killing of her 10-month-old daughter, Maggie, on orders from God.

• In Lamar, Colo., Rebekah Amaya was tried after telling police she killed her two kids upon orders from a spider. She was found insane.

• In Tyler, Texas, Deanna Laney was found insane after she crushed the skulls of her three children; she believed she was given instructions, like Abraham, from God.

The Hinckley precedent

These, and other recent cases, show a disturbing lack of consistency among the states on the insanity defense.

Much of this confusion can be traced to the acquittal of John Hinckley on the grounds of insanity after he wounded President Reagan and three others in 1981. It was too much for state legislators, who proceeded to drastically narrow the insanity defense.

Four states — Idaho, Kansas, Montana and Utah — have eliminated any defense that one is insane. Many states, such as Arizona, allow insanity to be used as defense only when defendants could not understand that their conduct was wrong.

Many people might know or suspect that an act is wrong but are unable to resist the impulse or stop themselves from doing the act. Indeed, they might believe that an otherwise "wrong" act is justified by divine instruction.

As for Abraham, he would have made an even worse defendant than Yates does. Abraham recounted how he was told by God, "Take your son, your only son, Isaac, whom you love, and go to the region of Moriah. Sacrifice him there as a burnt offering on one of the mountains I will tell you about."

Abraham, if he had not been stopped at the last second by an angel, would have been toast in Arizona. Genesis 22 shows Abraham displaying complete control and even subterfuge in bringing his son to the place of slaughter. Shortly before the planned killing, Abraham told his servants to hold back and allow him and Isaac to go forward alone.

Abraham took the wood for the burnt offering and placed it on his son Isaac, and he himself carried the fire and the knife. As the two of them went on together, Isaac spoke up.

"Father?"

"Yes, my son?" Abraham replied.

"The fire and wood are here," Isaac said, "but where is the lamb for the burnt offering?"

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Abraham answered, "God himself will provide the lamb for the burnt offering, my son." And the two of them went on together.

Notably, in discussing the story of Abraham and Isaac, churches uniformly emphasize that, as one Internet site called rationalchristianity.net explains, "God's command to Abraham was not wrong, for God has the right to take human life and therefore had the right to command Isaac's death."

God's intervention

For defendants such as Yates, Schlosser, Laney and others, killings were compelled by the same motivation as Abraham's, albeit because of delusions of divine direction. They didn't have an angel who "called out ... from heaven, Abraham! Abraham!' ... 'Do not lay a hand on the boy.' ... 'Do not do anything to him. Now I know that you fear God."

From a defense standpoint, the angel was truly godsend. The convergence of religion, the law and insanity makes for the most difficult cases. Even so, just as religion teaches that we must obey the command of the Almighty even in killing a child, the law must recognize that troubled persons may be acting under the delusion of such orders.

When states fail to recognize the difference between a premeditated and delusional act, they commit an act every bit as immoral as disobeying the command of God.

Jonathan Turley is the Shapiro Professor of Public Interest Law at George Washington University, and he is a member of USA TODAY's board of contributors.

CIVIL LAW:

Legal Help For Veterans (WP)

By Christopher Lee

The Washington Post, May 30, 2006

In a political twist, two conservative Republicans are trying to drum up more business for lawyers.

Sens. Larry E. Craig (Idaho) and Lindsey O. Graham (S.C.) introduced a bill this month that would allow lawyers to represent veterans applying for disability pay and other benefits from the Department of Veterans Affairs.

The bill would overturn protections for veterans that date to the Civil War, when some lawyers siphoned money away from veterans while "helping" them obtain pensions, reenlistment awards or other payments. Congress put the kibosh on that by capping lawyers' fees at $5 (later upped to $10).

In 1988, Congress got rid of the fee limit when it created the Court of Appeals for Veterans Claims. But veterans may not hire a lawyer until their cases go through a lengthy administrative process to a VA appeals board, although lawyers may offer their services free.

Craig, chairman of the Senate Veterans' Affairs Committee, said in a written statement that the VA bureaucracy is so onerous that denying the nation's 24 million veterans the ability to retain legal representation hurts more than it helps.

"I suppose that some would still warn that lawyers are not to be trusted, but the reality is that the laws are complex and I want veterans to have the option of hiring an attorney," he said.

Graham said in a statement that "this overdue change will significantly improve [veterans'] access to the VA and expedite just outcomes."

The idea has support on the other side of the aisle. Rep. Lane Evans (Ill.), the top Democrat on the House Veterans' Affairs Committee, and Rep. Shelley Berkley (Nev.) are sponsoring a companion bill in the House.

Richard J. Hipolit, an assistant general counsel at the VA, said the department has not taken a position on the legislation. The claims process is not adversarial, he said. "We have a duty to assist, to help the veteran develop their claim."

Indeed, veterans have not exactly been left to decode the bureaucracy all by themselves. For years, veterans service organizations have provided free assistance in applying for benefits and rectifying problems.

The American Legion, for instance, has specially trained representatives -- most of them non-lawyers -- stationed at local VA offices to assist veterans, said Steven Smithson, the organization's deputy director for claims services.

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"They have access to the VA system. They are right there with the people who make the decisions," Smithson said. "Just because a person is an attorney doesn't mean they are going to be an effective representative."

Smithson said his group opposes letting lawyers in but wants the legislation to include safeguards such as fee limits and training requirements.

"Adding attorneys to the mix isn't necessarily going to fix things like staffing problems, quality of work, consistency, training deficiencies in the VA," he said. "This isn't going to make the system perfect."

CIVIL RIGHTS:

Debating The Bugs Of High-Tech Voting (WP)

By Zachary A. Goldfarb

The Washington Post, May 30, 2006

The already-cantankerous debate over high-tech voting machines, which have been installed in great numbers in recent years, is growing more intense and convoluted as primaries get underway and the midterm election nears.

A coalition of voting rights activists and prominent computer scientists argues that some of the machines are not sufficiently secure against tampering and could result in disputed elections, while voting machine vendors and many election officials say that view is exaggerated.

The latest dispute occurred several weeks ago after it was discovered at a test in Utah that someone with a reasonable knowledge of computer code could gain access to and tamper with the system software on a popular brand of voting machine manufactured by Diebold Election Systems. The developments prompted California and Pennsylvania to send urgent warnings to counties that use Diebold's touch-screen voting systems to take additional steps to secure them.

But the vastly differing assessments of the severity of the problem offered by computer scientists, Diebold and election officials made clear that four years after Congress passed a law to improve the reliability of elections, Americans still lack definitive word on whether the nation's voting machines are secure.

In California, David Jefferson, a computer scientist at Lawrence Livermore National Laboratory who consults with the state on its elections, said he was "stunned when he found out" about the vulnerability identified in the Utah test and agreed with the "frequently expressed opinion that this is the worst vulnerability that we have ever seen."

But Diebold spokesman David Bear said it was a "functionality" that company engineers had built into the voting machines so their software could be easily updated, and it only becomes an vulnerability if an unauthorized person gains unfettered access to the machine, and there are safeguards against that happening.

State officials tried to strike a middle ground. "There certainly are potential security vulnerabilities that have arisen," said Jennifer Kerns, a spokeswoman for California's secretary of state. "But you have to be realistic about it: When you're administrating elections, there's a very low risk of any" tampering.

By passing the 2002 Help America Vote Act and spending more than $2 billion to upgrade voting machines nationwide, Congress hoped to avoid this kind of exchange. HAVA was a response to the contested 2000 presidential election in Florida, which had brought the use of old punch-card voting machines into focus.

The newer technology, such as touch-screen and optical scan systems, held the promise of making voting more secure, transparent and accessible. But as the new technology was implemented, voting rights activists raised questions about whether vendors had paid enough attention to security. Activists pushed for the use of technology that still provided a paper record.

Many of the criticisms of voting technology were originally dismissed as exaggerations promulgated by partisans displeased with election results. But the criticisms have been viewed with increasing gravity as prominent computer scientists have rallied behind them. Although it has not been shown that an election was compromised by a security flaw, several elections since 2000, including in this year's primaries, have experienced problems with the technology that have delayed results.

The federal Election Assistance Commission, which was created to help states implement HAVA's wide-ranging requirements, says it is in the midst of strengthening the process of federal certification for election systems. States and localities also have their own procedures.

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But voter groups have been unimpressed. They have pursued legal action to try to stop states from using the equipment, including in Arizona, California and New Mexico. Activists are also considering suits in Colorado, Florida, Missouri and Pennsylvania.

Unlike many colleagues in his field, Michael I. Shamos, a computer science professor at Carnegie Mellon University who has worked on election issues for about 20 years, has not generally been seen as a friend of the activists.

In 2004, they assailed Maryland's decision to buy Diebold touch-screen machines and asked a court to stop the state from using them. Shamos testified that with a few additional steps, the machines could be used without problem, and the court agreed.

Now, Shamos wonders. He is confident in his testimony and believes most security holes can be plugged. But he wonders whether Diebold cares enough about security and the sanctity of elections.

"There's a broader philosophical question that's been worrying me more and more lately," Shamos said. "What are these companies really doing? They don't seem to have embraced the seriousness with which people in this country take their elections. It's been kind of an adversarial thing where companies want to make profits, and they just haven't spent enough time and energy designing secure systems."

Bear says that is not true, and he repeats a frequent refrain about why the security concerns are overblown: "It's based on the premise that you have some nefarious or evil election official that's willing to commit a felony and break the law."

To which Shamos responds: "You don't want the success or failure of an election to be based on the individual."

Block The Vote (NYT)

The New York Times, May 30, 2006

In a country that spends so much time extolling the glories of democracy, it's amazing how many elected officials go out of their way to discourage voting. States are adopting rules that make it hard, and financially perilous, for nonpartisan groups to register new voters. They have adopted new rules for maintaining voter rolls that are likely to throw off many eligible voters, and they are imposing unnecessarily tough ID requirements.

Florida recently reached a new low when it actually bullied the League of Women Voters into stopping its voter registration efforts in the state. The Legislature did this by adopting a law that seems intended to scare away anyone who wants to run a voter registration drive. Since registration drives are particularly important for bringing poor people, minority groups and less educated voters into the process, the law appears to be designed to keep such people from voting.

It imposes fines of $250 for every voter registration form that a group files more than 10 days after it is collected, and $5,000 for every form that is not submitted — even if it is because of events beyond anyone's control, like a hurricane. The Florida League of Women Voters, which is suing to block the new rules, has decided it cannot afford to keep registering new voters in the state as it has done for 67 years. If a volunteer lost just 16 forms in a flood, or handed in a stack of forms a day late, the group's entire annual budget could be put at risk.

In Washington, a new law prevents people from voting if the secretary of state fails to match the information on their registration form with government databases. There are many reasons that names, Social Security numbers and other data may not match, including typing mistakes. The state is supposed to contact people whose data does not match, but the process is too tilted against voters.

Congress is considering a terrible voter ID requirement as part of the immigration reform bill. Senator Mitch McConnell, Republican of Kentucky, introduced an amendment to require all voters to present a federally mandated photo ID. Even people who have been voting for years would need to get a new ID to vote in 2008. Millions of people without drivers' licenses, including many elderly people and city residents, might fail to do so, and be ineligible to vote. The amendment has been blocked so far, but voting-rights advocates worry that it could reappear.

These three techniques — discouraging registration drives, purging eligible voters and imposing unreasonable ID requirements — keep showing up. Colorado recently imposed criminal penalties on volunteers who slip up in registration drives. Georgia, one of several states to adopt harsh new voter ID laws, had its law struck down by a federal court.

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Protecting the integrity of voting is important, but many of these rules seem motivated by a partisan desire to suppress the vote, and particular kinds of voters, rather than to make sure that those who are entitled to vote — and only those who are entitled — do so. The right to vote is fundamental, and Congress and state legislatures should not pass laws that put an unnecessary burden on it. If they do, courts should strike them down.

Disgrace Unchecked (WP)

The Washington Post, May 30, 2006

WE SAID IT three years ago and it's still disgracefully true: Maryland's treatment of juvenile offenders is one of the longest-running emergencies in state government. The sickening conditions that existed in the detention centers long before Robert L. Ehrlich Jr. (R) denounced them during his campaign for governor still exist. Mr. Ehrlich promised to end the scandals and has talked periodically ever since about plans in the works. Yet independent monitors continue to roll out devastating reports.

Check out these comments last week by Ralph Thomas, who was the monitor from 2000 until last June, on reading the latest report from his successor, Katherine A. Perez: "It's the same thing: overcrowding, understaffing . . . health safety issues . . . child abuse . . . and continued assaults." In appropriately stinging reports, Ms. Perez described spotting a male staff member at the Thomas J.S. Waxter Children's Center in Laurel throwing punches at a girl who was acting up. She also found overcrowding, insufficient staffing and out-of-control behavior at facilities. At the Lower Eastern Shore Children's Center in Salisbury in March, Ms. Perez made an unannounced nighttime visit and, according to the Baltimore Sun, found 31 youths crammed into a facility designed for 24, including youths sleeping in plastic "boats" used as cots in bathrooms as well as bedrooms.

So how has the Ehrlich administration reacted? Ms. Perez, appointed by the governor this year to head the independent monitoring office, came under fire from Juvenile Services Secretary Kenneth C. Montague Jr. for issuing her reports. Mr. Thomas, too, said he had been attacked for writing reports that did not sit well with officials. Edward Hopkins, a Juvenile Services spokesman, told the Sun that the governor "has been supportive of everything that we've tried to do to rebuild this system and make it better for kids."

Whatever "everything" means, the response has been pathetic. True, the system was dysfunctional and badly run under Mr. Ehrlich's predecessor, Parris N. Glendening (D). But nearly four years have elapsed and the systemic problems persist. Mr. Ehrlich's opponents should seize on this huge failure with concrete proposals to commit the necessary funds and expertise for a respectable, effective program.

ANTITRUST:

Kinder Morgan In $13bn Management Buy-out (FT)

By James Politi

Financial Times, May 30, 2006

Kinder Morgan, the Texas-based midstream energy company, on Monday night received a takeover proposal worth $13.5bn in cash from its management and a group of private equity funds including Goldman Sachs.

If a deal is struck it will be the latest - and largest - in a recent string of proposed "management buy-outs" in the US, where executives offer to take their companies private with the help of private equity firms.

This month, Aramark, the food service and equipment rental company, received a $5.8bn takeover offer led by its management, while Kerzner International, the Bahamas-based casino and leisure group, will be taken private in a $3.5bn deal led by its founders.

The consortium bidding for Kinder Morgan is offering to pay $100 a share for the company, or an 18.5 per cent premium over the company's closing share price of $84.41 on Friday. The proposal may have been driven by a belief that the company's fortunes with public investors had passed their peak. Its shares hit a high this year of $103.45.

As well as Kinder executives Richard Kinder, Mike and Bill Morgan and Fayez Sarofim, members of the consortium include the buy-out units of Goldman Sachs, the investment bank, American International Group, the insurance giant, and US private equity firms Carlyle Group and Riverstone Holdings.

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The buyers would also take on about $8bn of the company's debt, bringing the total value of the proposed deal near to $22bn - or close to the $30bn Kohlberg Kravis Roberts paid for RJR Nabisco in the largest private equity deal in the late 1980s.

Kinder Morgan is one of the largest US midstream energy companies, operating natural gas and oil pipelines and terminals across North America.

The company expanded into Canada last year with the acquisition of Terasen for $3.1bn. Kinder Morgan also owns the general partnership in Kinder Morgan Energy Partners, one of the largest publicly traded pipeline limited partnerships in the US.

In a statement on Monday night, Mr Kinder, chairman and chief executive, said the takeover offer would benefit the partnership by allowing it to implement a new hedging facility for crude oil, and to acquire at an attractive price the Trans Mountain Pipeline, which connects Edmonton with Vancouver.

A deal to take Kinder Morgan private would represent the latest chapter in one of the more remarkable stories in the US energy industry. Only 15 years ago, Kinder Morgan was a small rural utility. But its assets grew rapidly through a series of acquisitions and its pipelines now serve key regional energy markets such as Chicago and Houston.

Kinder Morgan Gets Proposal To Take It Private (WSJ)

By Dennis K. Berman And Henny Sender

The Wall Street Journal, May 30, 2006

Top management of Kinder Morgan Inc. proposed to take the oil-and-gas pipeline company private in a $13.5 billion deal that would be the largest management-led buyout in history and one of the largest leveraged buyouts ever.

Kinder Morgan Chief Executive Richard Kinder and other executives are offering $100 a share for the Houston-based company. That's a roughly 18% premium to Friday's New York Stock Exchange closing price of $84.41 but shy of the stock's 52-week high of $103.75.

Under the proposal, Mr. Kinder and others would contribute $2.8 billion of their existing shares to the newly private company, with another $4.5 billion coming from private-equity investors Goldman Sachs Capital Partners, American International Group Inc. and the Carlyle Group and its Riverstone Holdings affiliate.

If the deal is approved, the newly private Kinder Morgan would take on a total of $14.5 billion in debt, giving the transaction a total value of about $22 billion.

The biggest private-equity deal remains Kohlberg Kravis Roberts & Co.'s $25 billion acquisition of RJR Nabisco Inc., completed in 1989. KKR also assumed $5.5 billion in debt as part of the transaction, which was a high-water mark in the deal-making bravado of the 1980s. A generation later, big dollars and ambitions are again reshaping the financial landscape.

The Kinder Morgan deal underscores how powerful private-equity firms have become, snapping up properties ranging from General Motors Corp.'s auto-lending arm to the film library of the MGM film studio. With Wall Street's help, they are issuing torrents of new debt, which remains relatively cheap and easy to sell to investors. Several of the largest private-equity firms have raised war chests exceeding $10 billion.

"Clearly a lot of money has moved into private-equity funds," the 61-year-old Mr. Kinder said in an interview yesterday. "It makes a transaction like this much more doable than it was before."

Mr. Kinder formed Kinder Morgan about a decade ago with roughly $40 million in assets he bought from Enron Corp., which he left in late 1996 after Kenneth Lay, then-chairman of Enron, declined to make him chief executive.

Since 1999, a series of acquisitions in the U.S. and Canada has pushed Kinder Morgan's shares up 155%, compared with a 24% gain for similar stocks tracked by data provider Baseline. Mr. Kinder's 18% stake in Kinder Morgan is valued at about $2.4 billion based on Friday's closing share price.

Mr. Kinder's success in expanding his company, which now has 43,000 miles of pipelines, terminals for distributing oil and gas and oil-sands assets in Alberta, Canada, stands in contrast to the fate of his former Enron colleague. Mr. Lay was convicted last week on several charges of fraud and conspiracy in connection with the 2001 collapse of Enron, and faces up to 45 years in jail. He plans to appeal.

Enron and Kinder Morgan took divergent paths to build their businesses. Enron initially built up its pipeline assets, but eventually embraced a business model based on trading. Kinder Morgan, by contrast, steadily added to its pipeline portfolio.

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Today it transports more than two million barrels of gasoline a day, can store some 70 million barrels of oil and chemicals, and handles more than 80 million tons of coal each year.

Mr. Kinder's plans to take his company private are by no means certain. The company is convening a special board committee to review the fairness of his offer, which he called a "very nice top-end-of-the-market premium." In such situations, special committees often ask for, and receive, an improved price from potential buyers as a sign that there is no sweetheart deal in place.

There is also the chance a rival bidder could emerge with a better price and potentially wrest the company away from Mr. Kinder. He acknowledged that is "always a possibility," though it is clear his big stake in the company helps lower his own overall acquisition costs while providing a potential hurdle to interlopers.

Management buyouts can be controversial. The other shareholders sometimes grow skeptical of the motives, wondering if top executives -- with their understanding of the business -- see a long-term opportunity and are trying to grab it for themselves.

Kinder Morgan is tied into three different securities. The buyout target, Kinder Morgan Inc., is generally held by institutional investors. It is the general partner of Kinder Morgan Energy Partners LP, a tax-reducing master limited partnership that attracts primarily retail investors. Kinder Morgan Management, meanwhile, is a separate limited-liability company whose only significant assets are partnership units in Kinder Morgan Energy Partners.

The most valuable of Kinder Morgan's assets is a planned $4 billion pipeline that will extend from the Rocky Mountains to Ohio, and possibly on to Pittsburgh. The pipeline, which is under construction, would be the first major one built in the U.S. since the Alaska pipeline was completed in 1977. Customers have already committed to take up the pipeline's output, lowering the risk of the project.

The private-equity investors in the proposed buyout said they also were emboldened by Kinder Morgan's practice of publicly posting its annual budget each year. "In any deal, we always ask what can go wrong," said Henry Cornell, a managing director in charge of the Americas at Goldman Sachs, who worked on the proposal. "They have proven themselves for a decade, and you take comfort because they are betting their whole ranch," added Mr. Cornell, referring to the fact that the Kinder Morgan management team would roll over their entire holdings in the going-private transaction.

Those involved describe the buyout as a deal with moderate risks and modest potential returns, because it is so expensive and requires such a large equity investment. That's in contrast to recent deals in which buyout firms have bought companies, added substantial debt, and flipped them in a matter of months.

There are some potential pitfalls, though: The main one is whether the debt markets will remain robust enough to allow the financing to be completed.

The proposal comes at a time when private-equity firms are contemplating numerous deals in sectors from media to technology to retail. "It is a benign environment," Tony James, president of the Blackstone Group, told a recent conference. "Borrowing costs are low, the interest costs are manageable, there is a lot of leverage available. You have a rising stock market at your back and a booming economy."

As a result, adds David Rubenstein, co-founder of the Carlyle Group, speaking generally, "nothing is out of favor."

Part of the reason for the frenzy is the fear that the aversion to risk that has begun to assert itself in the stock market might spread to the debt market, damping investors' enthusiasm for financing big private-equity deals. But so far, there has been little sign that the appetite for lower-quality corporate debt has diminished.

A Kinder Morgan deal would represent a success for Goldman, a unit of Goldman Sachs Group Inc., which is both a principal and adviser in the deal, at a time when it is being criticized for potential conflicts arising from such dual roles.

Other investment banks have scaled back their commitment to the private-equity business, at least partly in response to complaints from private-equity firms. But Goldman, which closed an $8.5 billion private-equity fund in April 2005, continues to operate in the big leagues, amid concerns from its chief executive that its private-equity arm is wading into takeover situations that may conflict with clients' interests.

Goldman has worked with Kinder Morgan since the company was established, looking for strategic opportunities for Mr. Kinder. Mr. Kinder called Goldman about two months ago with the idea that led to yesterday's proposal.

The proposed buyout, which requires shareholder approval, could close within three to six months.

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Gas Giant Gets Offer For Buyout (NYT)

By Andrew Ross Sorkin And Jad Mouawad

The New York Times, May 30, 2006

A group led by Richard D. Kinder announced a buyout offer yesterday valued at $22 billion for Kinder Morgan Inc., the parent of the pipeline giant he founded in 1997.

The deal, which includes the assumption of about $8 billion in debt, would be the largest leveraged buyout since Kohlberg Kravis Roberts & Company bought RJR Nabisco in 1989 for $25 billion.

The offer by Mr. Kinder, a former president of Enron who was ousted after a dispute with Enron's founder, Kenneth L. Lay, is backed by a group of investors that includes Goldman Sachs, American International Group, the Carlyle Group and Riverstone Holdings. Mr. Kinder owns about 20 percent of Kinder Morgan.

Under the buyout's proposal, shareholders of Kinder Morgan would receive $100 a share in cash, an 18.5 percent premium over the $84.41 closing price of Kinder Morgan's shares on Friday.

Mr. Kinder; William Morgan, the company's co-founder; and two current directors, Fayez S. Sarofim, the billionaire financier, and Mike Morgan, William's Morgan son, will invest $2.8 billion in the transaction. The other investors will put in $4.5 billion. The group will also raise $14.5 billion to finance the rest of the deal.

After leaving Enron at the end of 1996, Richard Kinder started a pipeline business by buying some of Enron's assets and quickly expanding through a series of mergers and acquisitions.

In an interview yesterday, Mr. Kinder said he wanted to take the company private, in part because he thought that investors had "discounted" Kinder Morgan's shares, which have traded as high as $103.75 in the last year.

He blamed the share slump on plans to build a $4 billion natural gas pipeline to link the Rocky Mountain region to the Eastern markets. While calling the offer fair, he said, "Clearly I and the rest of the management team think this has very good value or we wouldn't be doing this."

But the offer is not without risk. Mr. Kinder's bid could put Kinder Morgan in play, opening it to rival offers. Late yesterday, energy investment bankers who were not involved in the deal had started calling clients to evaluate their interest in a competing bid.

A special committee of Kinder Morgan's board has been formed to evaluate the offer. Typically in management buyouts, the buyers are eventually forced to increase their offer from their original bid to fend off counteroffers.

"If someone wants to present themselves, so be it," he said. "As someone once said, 'You're for sale every day on the New York Stock Exchange.' "

After leaving Enron, Mr. Kinder became known for his use of limited partnerships — contractual arrangements giving investors a direct ownership interest in assets and redistributing most of their income each quarter to their shareholders. These partnerships bought stable assets like pipelines that generated steady cash flows and then grew through acquisitions — increasing their payout.

In 1997, when the limited partnership Kinder Morgan Energy Partners was created from the Enron assets, the general partnership had an enterprise value of $325 million, reflecting equity minus debt, and only a handful of assets. The company is now one of the largest publicly traded limited partnerships operating pipelines. According to its Web site, it now has an enterprise value of more than $13 billion.

In 1999, Mr. Kinder engineered a merger between Kinder Morgan Energy Partners and KN Energy, a gas utility in the Midwest, which ultimately created Kinder Morgan Inc. That deal was followed by a number of smaller acquisitions that expanded its holdings in storage terminals, distribution networks and other so-called midstream assets.

Kinder Morgan now operates about 43,000 miles of pipelines of natural gas, oil, petroleum products and carbon dioxide. It also runs more than 150 terminals for gasoline and other petroleum products and provides natural gas distribution service to over 1.1 million customers. Mr. Kinder receives an annual salary of one dollar and receives no bonus, options or restricted stock.

Among its larger assets, Kinder Morgan owns Plantation Pipelines, one of the nation's main transportation networks for petroleum products, carrying gasoline from refineries on the Gulf Coast to markets on the Atlantic Coast.

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Bolstered by high energy prices, Kinder Morgan's latest project is to build a $4 billion, 1,300-mile natural gas pipeline linking the Rocky Mountains to markets in the East. Nicknamed the Rockies Express, the project would be one of the biggest new pipelines constructed in the United States in more than two decades.

Mittal Aims To Thwart Arcelor Deal (WSJ)

By Paul Glader, Jason Singer And Geoffrey T. Smith

The Wall Street Journal, May 30, 2006

Mittal Steel Co.'s advisers over the weekend continued to seek support among Arcelor SA investors to thwart Arcelor's proposed deal with Russia's OAO Severstal, even as a potential pact involving another Russian steelmaker underscored the consolidation wave sweeping the industry.

In the Arcelor-Severstal white-knight arrangement, Arcelor would purchase the nearly 90% stake of Severstal owned by Chief Executive Alexei Mordashov, plus all of his other steel and mining assets. Mr. Mordashov, in return, would receive Arcelor shares and purchase more with cash, ultimately giving him a 32% stake in Luxembourg-based Arcelor and hefty managerial control. The proposed merger is valued at €13 billion ($16.54 billion).

Mr. Mordashov, 40 years old, would become president of the combined company and co-leader of the board, while Guy Dollé, Arcelor's chief executive, would be CEO.

In a separate potential deal, coal-and-steel producer Evraz Group SA is in talks to sell 40% of itself to Russian tycoon Roman Abramovich, a representative for Evraz's core shareholders said yesterday. The stake is valued at roughly $3 billion by current market values. Following on the heels of Severstal's deal, the Evraz talks show Russian investors could play a key role amid a heatedly consolidating world steel industry.

"Russian producers could now end up driving the process," said Al Breach, chief strategist at Moscow investment bank Brunswick UBS. Severstal's alliance with Arcelor "confirms to the world that Russia has re-emerged as a serious economic player," he said.

Mittal adviser Goldman Sachs Group Inc. continued over the weekend to solicit Arcelor shareholders to sign a letter that would call for an extraordinary shareholders meeting to try to make the deal subject to shareholder approval. The investment bank, along with a law firm, over the weekend had yet to tally at least 20% of Arcelor shareholders, a threshold needed to convene such a meeting, according to people familiar with the matter.

The letter, addressed to Arcelor Chairman Joseph Kinsch, said Arcelor's decision to force the deal through unless shareholders vote it down -- the opposite of how companies typically seek shareholder support by making a deal subject to shareholder approval -- was unacceptable, according to a copy of the letter reviewed by The Wall Street Journal.

"Given the significance of the transaction, we would like to have the proposed Severstal combination be proposed to and approved by shareholders in a manner consistent with widely followed procedures across Europe and in accordance with best corporate governance practice," the letter reads. "Specifically, we would propose the approval procedure to consist of a two-thirds majority vote of all shares present or represented at a properly convened extraordinary general meeting of shareholders."

The proposed deal is the latest turn in a long-running drama atop the world's steel industry. Arcelor since January has been trying to repel the advances of rival Mittal, which recently launched a formal offer for the company. Arcelor's deal with Severstal will make it much harder for Mittal to seal a deal, and at least some Arcelor shareholders are expected to object strongly to it.

Wilbur Ross, the New York billionaire investor who sold his steel assets to the Mittal family in 2005 and is now a member of the Mittal board, criticized Arcelor's choice of a partner. "There are serious questions in the minds of Western institutions as to how good it is to have a Russian oligarch in charge of this company. What if [President Vladimir] Putin decides he doesn't like [Mr. Mordashov]? What happens to the company and the steel assets?" Mr. Ross said. "Of course, the oligarchs are not well known for corporate-governance concepts."

Mr. Ross and other Mittal executives said a decline Friday in Arcelor's share price and a rise in Mittal's showed the market supports its side. Yesterday in Paris, Arcelor's shares dropped 25 European cents to €32.80. In 4 p.m. New York Stock Exchange composite trading Friday, Mittal's American depositary receipts stood at $33.71, up $1.40. And yesterday in Amsterdam Mittal's shares rose 5%, or €1.25, to €26.25.

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Peter Marcus, a partner in World Steel Dynamics, a research firm in Englewood Cliffs, N.J., said in a recent report that the merger makes sense because "the world's other leading steel mills will be more encouraged to join the race to be No. 1" while the Mittal-Arcelor combinations "would have given Mittal Steel an insurmountable lead and, as a consequence, might have dampened the 'urge to merge' enthusiasm by other steel companies." The firm has advised Severstal on the merger and would receive a fee if the merger occurs.

Other analysts and consultants disagree, suggesting Mittal might make a better partner. "Severstal is exactly the kind of company Arcelor complained about Mittal being -- a developing company, a formerly centrally controlled economy company that needs spending," said Chuck Bradford, a New York-based steel analyst with Bradford Research/Soleil.

Separately, Evraz founder and departing Chairman Alexander Abramov and his successor, Alexander Frolov, are preparing to sell as much as half of Crosland Global Ltd., the offshore holding company through which they own more than 82% of Evraz, to Millhouse Capital, the investment company of Mr. Abramovich, the Russian tycoon. Evraz is registered in Luxembourg but has most of its operations in Russia.

Millhouse, which declined to comment, hasn't signaled any intention to be a long-term investor in the steel industry.

FCC Is Set To Take Fresh Look At Media Ownership (WSJ)

By Amy Schatz

The Wall Street Journal, May 30, 2006

WASHINGTON -- With Republicans in the majority at the Federal Communications Commission for the first time in 14 months, the agency is poised to begin tackling a host of contentious issues, including changes to media ownership limits.

Senate confirmation Friday of Republican Robert McDowell to fill an empty commission seat marks the beginning of a more active phase at Chairman Kevin Martin's FCC, which has been idle on several fronts while deadlocked 2-2 between Republicans and Democrats.

Mr. McDowell's arrival is likely to have an immediate impact on one issue: consideration of Time Warner Inc.'s and Comcast Corp.'s deal to split Adelphia Communications' assets. Commission Democrats had hoped to impose several conditions, including tougher Internet protections than those required of AT&T Inc. and Verizon Communications Inc. in their respective mergers last year.

Even before Mr. McDowell was confirmed, the FCC chairman had begun circulating proposals among the other commissioners to reopen two issues: media ownership limits and a requirement that cable operators carry multiple channels from local broadcasters after the transition to digital television instead of just one.

A vote to reopen the debate of media ownership limits may occur at the FCC's regularly scheduled meeting next month, agency officials said. The FCC will take a comprehensive look at what changes should be made, but the review isn't expected to be completed this year.

Even the whiff of possible FCC action has been enough to prompt a stir. Mississippi Republican Senator Trent Lott and Democratic Senator Byron Dorgan of North Dakota last week sent a letter asking Mr. Martin to have the commission address the issue of local broadcast content before acting on new media ownership rules. An FCC task force was created in 2004 to study the issue, but no report has been issued.

Meanwhile, the cable industry is gearing up to oppose Mr. Martin's must-carry proposal, which has been on broadcasters' wish-list for several years.

"The FCC has twice rejected multicasting and Congress also rejected it during the last session, so there's no evidence that it should be approved," said Brian Dietz, a spokesman for the National Cable & Telecommunications Association.

ENVIRONMENT:

National Parks To Stay Ad-Free (WP/AP)

By The Associated Press

The Washington Post, May 30, 2006

DOJ_NMG_0030198

The national parks will not become a new frontier for American advertisers anytime soon.

Park Service Director Fran P. Mainella upheld tight restrictions on advertising and marketing in the parks this month when she issued new guidelines that did not include changes that would have permitted some employees to solicit donations and give donors the right to slap their names on rooms, benches and bricks.

Another change proposed last year, and recently rejected by Mainella, would have allowed the Park Service to accept alcohol and tobacco company donations for the first time.

"Some level of donor recognition, if tastefully done, is a good idea," Deputy Park Service Director Stephen P. Martin said. "Too much of it, and it can go downhill really fast."

About $100 million in donations and $150 million in entrance fees augment the taxpayer funds that support the national park system, which has an annual budget of about $2.2 billion.

Park rangers and other employees, advocacy groups and environmentalists complained that the proposals would have opened the door to an unseemly amount of commercialization. The guidelines were last set in 1998 and are supposed to be reviewed every five years.

Much of the private support for national parks is contributed through the National Park Foundation, chartered by Congress in 1967. Companies such as American Airlines Inc., Discovery Communications Inc., Eastman Kodak Co. and Ford Motor Co. have each donated $5 million or more.

Alaska The 'poster State' For Climate Concerns (USAT)

By Elizabeth Weise

USA Today, May 30, 2006

FAIRBANKS, Alaska — To the untrained eye, Bonanza Creek forest is breathtaking, a vibrant place alive with butterflies and birds, with evidence of moose and bear at every turn.

But look through forest ecologist Glenn Juday's eyes, and you see a dying landscape.

Since the 1970s, climate change has doubled the growing season in some places and raised state temperatures 6 degrees in the winter and 3.5 on average annually since 1950, says Juday, a professor at the University of Alaska-Fairbanks. Drought is stressing and killing spruce, aspen and birch trees.

Alaska has emerged as the poster state for global warming, the worldwide climate effect that many scientists attribute to higher concentrations of "greenhouse" gases — mostly carbon dioxide created by burning fossil fuels — that capture the sun's heat in the atmosphere.

Global warming is a hot topic, especially now. Former vice president Al Gore is back in the news with the release of his acclaimed documentary on warming, An Inconvenient Truth. And President Bush — who has been criticized by environmental groups that say he has been slow to acknowledge the dangers posed by warming — said last week that "people in our country are rightly concerned about greenhouse gases and the environment."

Alaska is important in measuring the effect of global warming on the USA because what happens here soon will be felt in the Lower 48 states, say experts such as Robert Corell, a senior fellow at the American Meteorological Society.

The spruce budworm, aspen leaf miner and the spruce bark beetle, pests once kept in check by winter cold, are flourishing here. Statewide, insect outbreaks have killed more than 4 million acres of forest in a decade and a half, says John Morton, a biologist at the Kenai National Wildlife Refuge in Soldotna.

Fires, long an integral part of the forest ecology here, are burning millions of acres as summers get longer and hotter, says Scott Rupp, a University of Alaska-Fairbanks professor of forestry. And with each wave of fires, trees have a harder time coming back in the increasingly warm and dry landscape.

This great northern forest may end up a grassland. "Soon, people will be coming to the great plains of Alaska," Juday says.

Alaska is ahead of the climate-change curve because polar regions warm the fastest. They had long been kept frigid by vast regions of snow and ice that reflect 70% of the sun's energy back out to space.

But higher temperatures are shrinking that snow and ice cover. In the Arctic, summer sea ice has shrunk 15% to 20% in the past 30 years, according to 2005's Arctic Climate Impact Assessment report.

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And as the snow and ice recede, the sun's rays are hitting more dark ground and water, which absorb most of the heat, reflecting just 20% of the energy away, says Matthew Sturm, a research scientist with the U.S. Army Corps of Engineers' Cold Regions Research and Engineering Laboratory in Fairbanks.

Lakes and ponds are disappearing as the permafrost, permanently frozen ground that underlies much of Alaska north of Fairbanks, melts.

"It's like pulling the plug in a bathtub," says Peter Schweitzer, an anthropologist who works with the Arctic peoples in Alaska and Russia.

In some areas, as much as 40% of surface water has disappeared, taking with it vital habitat for ducks and other waterfowl, says Juday.

The permafrost that underlies much of the central and north of the state is a relic from the last Ice Age. Some of the frozen ground under Fairbanks is 100,000 years old, says Vladimir Romanovsky, a permafrost expert at Fairbanks. And now, he says, it's starting to get "slushy."

For Ruth Macchione, that meant a more expensive design to her new home after the cabin her husband built in the 1950s sank into the ground. The permafrost under the cabin thawed because the structure wasn't built to keep the ground cold — a key trick in building in frigid regions.

Her new home incorporates piers to allow cold air to circulate underneath it.

"Local engineers are getting worried about higher ground temperatures, so they're specifying more pilings to combat that," says Billy Connor, director of the Alaska University Transportation Center. That will mean higher construction costs across the state, Sturm says.

More heat means longer summers. The growing season in Fairbanks has gone from 80 to 120 days since records were first kept in the 1900s, says John Walsh, director of the Center for Global Change and Arctic System Research at the University of Alaska-Fairbanks.

But those summer days haven't come with any more rain, so plants and trees adapted to short, cool summers grow quickly but then dry out while it's still warm. That's one reason forest fires have become such a problem, he says.

Hotter summers aren't just a problem here. In the Midwest and East, a few extra degrees can bring on higher milk prices. That's because cows don't like it hot. When the mercury gets over 80 degrees, milk production drops.

"Last year, we had herds that were down 5 to 15 pounds of milk per cow, and they'll usually be making 65 to 75 pounds" a day, says Larry Chase, a professor of animal science at Cornell University in Ithaca, N.Y.

In the Midwest, the corn belt is shrinking, says S. Elwynn Taylor, a professor of agricultural meteorology at Iowa State University in Ames. Especially at the western edges in Nebraska and the Dakotas, areas that were marginal for corn and soybeans are now unable to economically grow them.

David Lobell, an environmental scientist at Lawrence Livermore National Laboratory in Livermore, Calif., says that for every 2-degree increase in growing-season temperature, farmers can expect a 17% decline in yield for both corn and soybeans.

Taylor isn't convinced that the warming isn't simply part of a larger climate pattern that has been seen in the Midwest since about 1850.

He is not alone. Other scientists see warming as part of a cyclical climate change, but they are outnumbered by colleagues who say the planet is warming steadily because human activity is adding to the greenhouse gases.

A landmark 2001 report by the United Nations' Intergovernmental Panel on Climate Change forecast that the average global surface temperature will increase 2.5 to 10 degrees above 1990 levels by 2100.

In White Mountain, a village of 200 on the western coast of Alaska near Nome, stocking up the larder is harder now for Rita Buck, a native Alaska Inupiaq and health practitioner at the town clinic.

Buck's year used to be a steady flow of work. First came salmon fishing, then harvesting berries. Salmonberries, a type of raspberry, would arrive first, then blueberries, blackberries and finally cranberries. Berries make up an important part of the subsistence diet.

But now, she says, the berries are blooming too early, when frost is still a danger. "It freezes all the berry blossoms and stops them growing," she says.

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Cherry growers in Michigan, the nation's primary grower of tart cherries for pies, are having much the same problem. Spring now arrives seven to 10 days earlier there than in the 1970s, but cold snaps still come when they always have.

The commonly grown cherry variety isn't cold-hardy, so once it comes out of dormancy, it has no resistance to freezing, says Jeffrey Andresen, an agricultural meteorologist with Michigan State University in East Lansing.

"In 2002, early warming brought the tart cherry crop out of dormancy, and then a two-day freeze in April resulted in an almost complete loss for the year," he says.

Growers may have to plant new, more cold-hardy varieties, which won't be cheap, Andresen says. "You can't just pick up the trees and move them somewhere else."

In Alaska, the sea ice that armors the coastline against winter storms is forming a week later than it used to, says David Atkinson, a Fairbanks professor of atmospheric science.

The state accounting office, worried about the cost of moving at-risk communities, estimates that more than 100 coastal villages potentially face danger as winter storms erode their once-protected shorelines. The open water makes for stronger storms. Some areas have lost 30 to 40 feet of beach in a single storm, Atkinson says.

Warmer winters also are creating problems for California farmers of high-value crops such as peaches, plums, nectarines, almonds, pistachios and walnuts, which need a period of cold in the winter to bloom properly.

A series of warm winters has played havoc with fruit production, says Theodore DeJong, a professor of plant science at the University of California-Davis. Farmers may have to switch out their current trees with low-chill varieties, expensive but at least a solution.

But for the trees that grow plums for prunes, that's simply not an option. It would take 10 to 20 years to develop low-chill varieties of these trees, DeJong says.

Packers already are moving some production to Chile. There could soon come a day when California, which grows 95% to 98% of all plums in the USA, is out of the business entirely.

The huge fires that have hit Alaska in the past few summers filled the air with so much smoke and ash that people in Fairbanks at times wore dust masks and doctors told asthmatic patients to leave town until the fires were out.

But it doesn't take a fire to make air unhealthy, says Paul Epstein, associate director of the Center for Health and the Global Environment at Harvard Medical School.

U.S. asthma and allergy rates are increasing in part because more carbon dioxide in the atmosphere is supercharging the production of pollen that can trigger them, he says. When carbon dioxide is doubled, ragweed stems grow 10% more but pollen increases by 60%.

"Pollen counts of 120 used to be cause for alert. We're seeing counts like 6,000 now," Epstein says.

Warmer winters also mean insects can survive and thrive in places where the cold used to keep them in check. Lyme disease is spreading beyond the former winter confines of the tick that carries it. And West Nile virus is spreading farther because spring drought amplifies the cycle of the bird-biting mosquito, Epstein says.

Ten years of change in the Arctic region is a preview of 25 years of change in the rest of the world, says Corell of the American Meteorological Society.

But that's not to say that path is cast in stone. Even researchers such as University of New Hampshire earth science professor Cameron Wake, who tracks phenomena such as the earlier arrival of spring, see a silver lining in this cloud.

"This country is at its best when it has a grand challenge, whether it's World War II or going to the moon," Wake says. "This is the next grand challenge."

Songs From The Wood (NYT)

By Scott Weidensaul

The New York Times, May 30, 2006

Schuylkill Haven, Pa.

I SAT on my farmhouse's back step in the low light of dawn, watching two blackpoll warblers — slim, streaky and hyperkinetic — flit through the new leaves of the maples, which the sun turned into tiny lenses of green.

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My trees were a way station for these birds, moving between their winter home in South America and their destination to the north — the boreal forest, the vast shield of spruce and aspen, of muskeg and marsh, that stretches from Newfoundland to western Alaska. Larger than even the Amazon, North America's boreal zone is one of the biggest intact ecosystems left on the planet, with 1.4 billion acres in Canada alone, most of it still in immense, interlocking tracts that make up a quarter of the earth's remaining original forest.

With its southern fringe running just across the border from northern New England and the upper Great Lakes, the boreal forest is largely unknown to most people in the United States. Its most visible product, however, is now flooding our backyards with welcome color and song. The boreal forest is the continent's matchless bird nursery: some three billion individuals of nearly 300 species breed there, from trumpeter swans to delicate warblers, migrating across the entirety of the United States to return there. In autumn, they scatter to the farthest corners of the hemisphere, leading some scientists to suggest that the boreal has a greater global impact than perhaps any other single ecosystem.

Despite centuries of logging and development, most of the boreal is still intact. But over the next decade, timber, energy and mineral development will accelerate across the region, including a natural-gas pipeline through the heart of the Mackenzie Valley in the Northwest Territories that will speed the extraction of oil from the vast tar-sand deposits beneath Alberta's boreal forests.

Because this region is so huge, though, we have a chance to get it right this time — to upend the typical approach to conservation. Instead of protecting a few patches of natural habitat, we have the opportunity to save immense, functioning ecosystems as the matrix, with islands of carefully managed development in between.

This isn't just a pipe dream. The Boreal Forest Conservation Framework, which calls for protecting fully half of Canada's forest while promoting sustainable development on the remainder, has attracted support from a remarkable array of traditional adversaries. These include territorial and provincial governments, Canadian Indian tribes, environmental groups like the World Wildlife Fund and the Nature Conservancy, and (most important) industrial giants like Suncor Energy and large paper companies like Domtar and Alberta-Pacific Forest Industries.

One reason for this unusual degree of cooperation and farsightedness is simple self-interest. In the case of the Mackenzie pipeline, cooperation may finally lay to rest legal challenges by tribes that have stalled development for more than 30 years. In other cases, American consumers are helping to drive change. Most of the wood pulp from boreal forests, for example, goes into products like tissue paper, catalogs and half the newsprint sold in the United States; Canadian logging companies are signing on to the conservation framework to avoid growing pressure from environmental groups in this country. Tembec, a $4 billion forest products enterprise that was an original signatory for the framework, has pledged to bring all 40 million acres of its timberland into compliance with the development standards set by the international Forest Stewardship Council.

Governments have also begun to recognize the economic importance of a vibrant, healthy boreal forest. A recent study found that the ecological benefits of Canada's boreal forest — including clean water, carbon sequestration and pest control by migratory birds — are worth more than $80 billion annually, two and a half times the extractive value of its resources.

But there is much the Canadian government can still do to protect this incomparable region, in addition to supporting the goals of the boreal framework. It has yet to address the heavy environmental impacts of tar-sand extraction, which range from the strip-mining of immense areas to the use of staggering quantities of fresh water. In the Northwest Territories, one of the most pressing needs is to identify (with the help of the aboriginal groups there) and preserve significant swaths of the most critical natural areas in the Mackenzie Valley before the pipeline is routed and built. The time to draw up a workable — and visionary — plan to safeguard the boreal is now.

Most Americans will never visit the boreal forest, never watch woodland caribou flow over the crest of a hill by the hundreds, never hear the howl of gray wolves echo through the conifers. But the boreal touches us every spring, as the birds it scatters to the world come back again. And if we're wise, we can ensure that it will always be so. Sitting on the porch, I realized the warblers had moved on. They were already feeling the boreal's timeless pull, tugging them north again.

Scott Weidensaul is the author, most recently, of "Return to Wild America."

Your Congress At Work (WSJ)

DOJ_NMG_0030202

The Wall Street Journal, May 30, 2006

Not a day goes by that our elected representatives don't moan about high energy prices. But faced with an opportunity earlier this month to do something about it, they drilled another dry political hole.

A bipartisan coalition voted to maintain a ban on offshore oil and natural-gas exploration in the 85% of the Outer Continental Shelf that has been off limits since 1981. The ban extends from three miles offshore, where federal jurisdiction begins, to 200 miles, where U.S. territorial waters end. "Our coasts are too valuable to risk this," said New Jersey Democrat Frank Pallone, invoking the usual aesthetic and environmental concerns. The vote on allowing oil and gas exploration was 279 to 141, with 94 Republicans joining nearly every Democrat.

Where to begin? Katrina was the most destructive hurricane in decades, yet it caused not a spill of oil in coastal waters. As for natural gas, it doesn't spill; it's a gas. Yet a separate measure in the Interior Department appropriations bill to allow drilling only for gas was stripped out by a vote of 217 to 203, with 59 Republicans voting to maintain the ban.

As the nearby chart shows, this kind of restriction on U.S. gas exploration has a real impact on prices, and thus on American economic growth. Unlike oil, natural gas is a not a global commodity with a single world price. Unless gas can be transported by pipelines, it must be chilled into liquified form and shipped. Yet only 3% of the world's gas is currently shipped -- which means that gas prices vary based on local supply and demand. So limits on U.S. exploration directly affect U.S. natural gas prices.

Overall natural gas demand has been surging, in part because environmentalists gave it their blessing as a "clean" fuel 20 years ago. American electric utilities use 41% more natural gas than they did a decade ago, and that trend is set to continue. Former Interior Secretary Gale Norton said recently that 90% of the power plants due to come online in the next five years will be gas-fired. This is due largely to a big push to reduce carbon emissions from electricity generation. All of this will put further pressure on prices.

Natural gas is also an important feedstock in cosmetics, plastics, fertilizers and the rest of the chemical industry. That fertilizer is, in turn, used to grow the crops that the bio-mass movement wants to turn into "renewable" fuels. But 90% of the cost of fertilizer is tied to the cost of natural gas, so the U.S. fertilizer industry is moving overseas in search of cheaper raw materials; capacity is down 36% from its highs.

Meanwhile, those exploitative capitalists in Cuba are now exploring for gas in its territorial waters, some of which lie just 45 miles off American shores. But American companies cannot drill on the U.S. side of that line. Canadian companies drill for natural gas in the Canadian waters of the Great Lakes, but once again the American side is off-limits. The absurdities of our current policy go on and on.

Congressman John Peterson (R., Pa.) is sponsoring another bill to lift the moratorium on natural-gas exploration (but not oil) for waters 20 miles or more from shore. That would put any rigs safely out of sight of land. His bill already has more than 160 co-sponsors, and he hopes that removing the aesthetic objection that gas rigs ruin the ocean view will attract more votes. We wish him luck, but on the evidence so far Congress simply isn't serious about expanding American energy supplies.

Energy Shortage (NYT)

The New York Times, May 30, 2006

Sherwood Boehlert, the moderate Republican who will retire this fall, observed on the floor of the House last week that despite polls showing conservation as the "preferred option" among Americans worried about high gas prices and oil dependency, "this Congress has not voted on a single conservation measure since gasoline hit $3 a gallon." At which point his colleagues voted (yet again) to open the Arctic National Wildlife Refuge to oil drilling in the misguided but apparently unshakable belief that a nation that uses one-quarter of the world's oil while possessing 3 percent of its reserves can drill its way to lower prices.

The legislative outlook is brighter in the Senate, which has before it the Enhanced Energy Security Act of 2006. The bill has impressive bipartisan sponsorship and incorporates the best features of an earlier (and more cumbersomely named) vehicle called the Vehicle and Fuel Choices for American Security Act. Its stated purpose is to reduce oil dependency, but the strategies and technologies it encourages would also do much to reduce greenhouse gas emissions.

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The bill would require the president to figure out ways to cut oil consumption by 2.5 million barrels — 12.5 percent of current use — by 2016, and cut it in half by 2031. It offers a menu of loans, direct subsidies, tax breaks and other incentives that would encourage the production of fuel-efficient cars as well as gasoline alternatives like cellulosic ethanol. It does not mandate specific improvements in fuel economy standards — a Congressional red flag — yet the goal it sets would get us to the same place.

There is also real money here — $1.8 billion for hybrid "plug-in" vehicles, for instance, $1 billion for cellulosic fuels. And while anything is possible in a Congress habituated to pork, the bill is not yet encumbered with the special favors and tax breaks for the oil and gas industry that have disfigured recent energy bills. It would, in fact, repeal some of those breaks in an effort to lessen its cost.

This is a relatively straightforward bill with big ambitions — to reduce the demand for oil, thus reducing America's contribution to global warming while enhancing its national security. President Bush, who has made so much of the dependency issue without offering legislation of his own, would do the country a great favor by getting behind it.

FBI/DEA/ATF/USMS:

Drug Kingpin's Help Reduces His Sentence (DDN)

By Rob Modic

Dayton Daily News, May 27, 2006

DAYTON — Federal prosecutors were so pleased with the cooperation of a local drug kingpin that they sought a vast reduction in his sentence from the advisory guidelines for federal judges.

As a result, John Raymond "Ray-Ray" Senter was sentenced Friday to six years in prison. He's served a third of it already.

U.S. District Judge Thomas M. Rose said the federal sentencing guidelines recommended 21 years and 10 months to 26 years, 10 months.

Rose, who sealed a transcript of a closed hearing about Senter, said he "has made significant assistance."

Senter's twin, John Benjamin "Benji" Senter, will be sentenced at a later date.

The brothers were at the top of a drug conspiracy that shipped hundreds of pounds of cocaine and marijuana into the Dayton area in the 1990s, according to court documents and an investigation by the Internal Revenue Service and Drug Enforcement Administration.

Senter, 32, told Rose, "Since I was locked up, there has been a change in me. I found the Lord, and I found drugs was a big part of what I have done. Using drugs. It's been a burden to my mother and my kids and loved ones."

The sentence paled in comparison to another "top tier" defendant in the same case, Darnell "No Limit" Collier, 36, who also pleaded guilty and was sentenced to 15 years and six months in prison, the longest imposed on 10 other co-defendants. Only John Benjamin Senter awaits sentencing.

The group was indicted in March 2004 following a July 24, 2003, seizure by IRS and DEA agents of 600 pounds of marijuana at the Wilberforce residence of co-defendant Clifton "Tip Ingles" Ingles. At the time, Russ Neville, agent in charge of the DEA, said the seizure was the largest for marijuana in either Montgomery or Greene counties.

Drug Trafficking Worth 35 Years (SANEWS)

By DARRYL Q. TUCKER, THE SAGINAW NEWS

The Saginaw News (MI), May 26, 2006

BAY CITY -- A Saginaw man is headed to prison for his role in transporting cocaine to Saginaw in a drug operation that sparked a shootout and left two police officers injured and two men dead.

James R. Sylvester, 49, who has no known address, will spend the next 35 years behind federal bars for conspiring to deliver cocaine and trafficking in crack cocaine, cocaine, oxycontin, valium, vicodin and marijuana Feb. 25, 2003.

A jury convicted Sylvester of the drug charges. Jurors also found him guilty of possessing a firearm as a felon and possessing a firearm while using an illegal controlled substance.

U.S. District Judge David M. Lawson sentenced him.

"Armed drug trafficking is a path with no way out other than violence or prison," said U.S. Attorney Stephen J. Murphy.

In 2004, Saginaw County Circuit Judge Fred L. Borchard sentenced Shay S. Irwin, 32, and Anthony J. Watson, 36, to 25 to 50 years in prison for their roles in the shootout at 2207 Jerome. A jury convicted the pair of assault with intent to rob while armed, conspiring to commit that crime, conspiring to possess more than 650 grams of cocaine and possessing a firearm as a felon, plus four counts of possessing a firearm while committing a felony.

Jurors also found Watson guilty of carrying a concealed weapon and carrying a dangerous weapon with unlawful intent.

This year, a state appellate court upheld the convictions and sentences.

Saginaw Township Police Officer Michael Cohee, who was serving as a member of the Bay Area Narcotics Enforcement Team, or BAYANET, suffered a gunshot wound to the abdomen. U.S. Drug Enforcement Administration Agent Tyler Kruse suffered a bullet wound to the face. Both officers recovered.

Charles R. Aldridge and Erin D. Murrell died in the shootout.

Investigators said Watson and Irwin were involved in a plan to ambush Vicky L. Loos and her boyfriend, Jose Escobar, when the couple returned to their home with 5 kilograms of cocaine they had picked up in Los Angeles. v

Jury Finds Drug-ring Suspects Guilty (DNT)

By John Pirro

Danbury (CT) News Times, May 29, 2006

Three men, one a Danbury resident, face lengthy prison terms after being convicted of participating in what federal prosecutors called a "large scale" powdered and crack cocaine trafficking ring.

A U.S. District Court jury in Bridgeport deliberated for one day before returning guilty verdicts on Thursday against Warren Hawkins of Danbury and Jose Luis Rodriguez and Arcadio Ramirez of Brooklyn, N.Y.

Hawkins, 35, faces up to 30 years in prison, Rodriguez could be sentenced to between 10 years and life behind bars and Ramirez could draw a term of between 5 and 40 years when they are sentenced on Aug. 11.

The three men are the last of 24 people arrested by local police and federal investigators last year when they broke up an drug-selling operation that had been active in the city for several years.

The ring was headed by former Danbury resident Alex Luna, who pleaded guilty to narcotics and firearms charges in March. Luna is scheduled to be sentenced June 13.

Prosecutors said Hawkins was a street-level dealer who was overheard on a court-authorized wiretap ordering cocaine from Luna.

Rodriguez and Ramirez were among several individuals who regularly made trips between New York City and Danbury, smuggling in kilogam-sized shipments of cocaine. The drugs were usually carried in cars equipped with hidden compartments to avoid detection, authorities said.

Rodriguez was the only defendant to testify during the trial, which began on May 10. He denied any knowledge or involvement with the ring.

U.S. Attorney Kevin O'Connor praised the efforts of Danbury police and federal Drug Enforcement Administration agents in breaking up the ring.

"The federal penalties for cocaine and crack distribution are severe, and it is our hope that this successful operation will deter others in Danbury from attempting to follow in Mr. Luna's and his associates' footsteps."

Suspect Ordered To Substance Program (SEQCT)

By Monica Keen, Staff Writer

Sequoyah County Times, May 26, 2006

A federal judge ordered a man, who is accused along with eight others of operating a drug trafficking ring, to participate in a substance abuse program after he failed a drug test, violating a condition of his pre-trial release.

According to court minutes filed Wednesday in U.S. District Court in Muskogee, the court allowed David Nelson, 44, to remain free on bond, under the same conditions previously ordered by the court. The judge also ordered Nelson to participate in

a program of inpatient or outpatient substance abuse therapy or counseling if deemed advisable by the pretrial services officer, according to court minutes.

Nelson is one of eight people named in a criminal drug conspiracy complaint, filed by an agent with the Drug Enforcement Administration (DEA). Nelson was arrested May 2, along with his wife, Twila Nelson, 33, and others, including Sallisaw residents Travis E. Philpot, 28, Paul Philpot, 61, Rhonda Valdivia, 38, Samuel L. Valdivia, 43, Hoyet W. Philpot, 57, and Pamela S. Pearson, 44.

The suspects are accused of conspiring to possess a controlled substance with intent to distribute and distribution of a controlled substance. The criminal complaint alleges that the suspects were involved in a multiple-state drug ring.

The Nelsons, Pearson, and Hoyet Philpot were each released on $5,000 bonds on the day of their arrest. But according to a petition filed Monday in U.S. District Court, David Nelson violated a condition of his pre-trial release by testing positive for the presence of marijuana.

A hearing set Thursday for another suspect in the case, Pearson, was reset for 10 a.m. June 5.

Paul and Travis Philpot and Rhonda Valdivia, all of Sallisaw, were released from the Muskogee City/County Jail on bonds May 5 and were ordered to abide by a variety of stipulations, including that they have no contact with any other defendants or witnesses in the case, with the exception of each other. Travis Philpot was ordered back in jail May 8 after contacting a witness named in the case the night of his release from jail. Samuel Valdivia remains in jail without bond.

Timmy Smith Gets 30-month Sentence (DENP)

By Alicia Caldwell

Denver Post, May 27, 2006

Timmy Smith, a former Washington Redskins running back who helped beat the Broncos in Super Bowl XXII in 1988, was sentenced Friday to 30 months in federal prison for dealing cocaine.

Smith, 42, also was ordered to pay $88,000 in unpaid child support.

Chief U.S. District Judge Lewis Babcock ordered Smith, who is out on bail, to report to prison July 10.

Federal agents arrested Smith and his brother, Christopher Smith, last year after 20 ounces of cocaine worth $13,600 was handed off to an undercover agent in Greenwood Village.

Drug Enforcement Administration agents had recorded several drug deals involving the Smith brothers, according to court documents.

Smith was accused of working with his brother in selling cocaine to an informant eight times in 2005, according to a federal arrest affidavit.

In all, the Smith brothers were accused of selling nearly 1,318 grams of cocaine for a total of $31,150.

Both were charged with possession and distribution of cocaine.

But according to negotiated plea agreements, each pleaded guilty to a single drug charge and the other charges were dropped.

Earlier this month, Christopher Smith was sentenced to five years' probation for aiding and abetting in distributing cocaine.

Smith, who was working at a Denver juvenile detention facility at the time of his arrest, set an NFL record in 1988 for the most rushing yards in a Super Bowl - 204 - in Washington's 42-10 victory over the Broncos.

Timmy Smith Scolded For 'Jekyl And Hyde Lifestyle.' (RMN)

By Sue Lindsay

Rocky Mountain News, May 27, 2006

Former football star Timmy Smith heaved a huge sigh as he was sentenced to 30 months in prison Friday in a federal drug case.

The sentence came over the objections of defense attorney Harvey Steinberg who argued that Smith should be sentenced to probation as his brother, Chris Smith, was earlier this month.

Sending Timmy Smith to prison while his brother got probation is "unfair," Steinberg said.

But the government argued that Timmy Smith played a much larger role in drug deals.

Timmy Smith pleaded guilty to conspiracy to distribute 750 grams of cocaine in eight sales. His brother pleaded guilty to distributing an ounce of cocaine and helping Timmy Smith.

The former Washington Redskins running back, 42, was arrested Sept. 30 near the Denver Tech Center after he sold an undercover officer about 20 ounces of cocaine for $13,500.

Chris Smith, 35, was arrested after delivering cocaine to his brother.

Timmy Smith apologized, saying he had made a bad choice.

"I have made a mistake," he said. "It will never happen again. I have learned my lesson, sir. I wasn't raised that way."

He told U.S. District Judge Lewis T. Babcock he was trying to get money to help a friend hurt by Hurricane Katrina.

But Babcock rebuked Smith for selling drugs by night, making deliveries to people at health clubs, after working all day as a youth counselor at Gilliam Youth Services Center.

"You were putting that stuff out on the streets," Babcock said, shaking his head. "It's a Jekyl and Hyde lifestyle."

The judge also ordered Smith to pay $88,000 in unpaid child support. He is married and has five children.

Smith had worked for more than five years for the Colorado Department of Human Services as a correctional safety officer at Gilliam, a lockup for troubled youth in Denver. He resigned Oct. 26.

The judge ordered Smith to begin serving his prison sentence July 10.

SPORTS SHORTS (NYPOST)

By GRID: Ex-Skin Sentenced

The New York Post, May 27, 2006

Former NFL running back Timmy Smith was sentenced in federal court to 21/2 years in prison for conspiring to distribute cocaine. Smith, 42, apologized to the state of Colorado during a hearing, saying, "I have made a mistake and I wasn't raised this way."

The former Redskin was arrested last fall along with his younger brother, Christopher, after the pair sold about $20,000 worth of cocaine to undercover agents with the U.S. Drug Enforcement Administration. Timmy Smith pleaded guilty in March to the conspiracy charge after federal prosecutors agreed to drop eight additional cocaine-trafficking counts in exchange for the guilty plea.

Ex-Tech Running Back Sentenced To 30 Months (AP)

AP, May 27, 2006

DENVER (AP) - Former Texas Tech football player Tim Smith, a Hobbs, N.M., product who set a Super Bowl rushing record with the Washington Redskins in 1988, was sentenced Friday to 21/2 years in federal prison for cocaine distribution.

The 42-year-old former running back also was ordered to pay $88,000 in back child support and must report to prison by July 10.

His brother, Christopher Smith, 35, was sentenced May 12 to five years of probation.

The two were indicted by a federal grand jury in October. Tim Smith pleaded guilty to cocaine distribution and Christopher Smith pleaded guilty to aiding and abetting cocaine distribution.

They were arrested Sept. 30 and charged with possession of 500 grams or more of cocaine with intent to distribute. Police said Tim Smith sold about 20 ounces of the drug to an undercover officer for $13,600.

Smith rushed for 204 yards and two touchdowns in the Redskins' 42-10 victory over the Denver Broncos in the title game. He last played in the NFL in 1990 with the Dallas Cowboys.

He lives in Denver and had worked as a detention officer at the Gilliam Youth Services Center.

Doubts Raised On Colombian Killings (BOS)

By Indira A.r. Lakshmanan, Globe Staff

The Boston Globe, May 28, 2006

Police antidrug team was slain by soldiers

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BOGOTÁ -- The suspicious killings last week of all 10 members of Colombia's most elite antinarcotics police team by soldiers have raised questions about the possible infiltration of the military by drug lords.

The police unit, trained by the US Drug Enforcement Administration, had smashed 15 drug rings; captured 205 traffickers, including 23 wanted for extradition to the United States; and seized nearly 4.4 tons of cocaine in the past two years, Brigadier General Oscar Naranjo, director of the judicial police, said in an interview.

The police and an informant were in the outskirts of Jamundí, a town near Cali 195 miles southwest of the capital, on Monday afternoon to investigate an alleged stash of 200 kilograms of cocaine. Witnesses interviewed by telephone said the anti narcotics team, wearing police caps and jackets, had gotten out of their vehicles when they and the informant were fatally shot at close range by a platoon of 28 soldiers.

``We're judicial police, don't shoot!'' the men yelled repeatedly, according to the witnesses. No soldiers were injured.

Army commander General Mario Montoya described the killings as a tragic case of ``friendly fire,'' saying the platoon had no advance knowledge of a police operation and was on alert for sabotage in the days before a presidential election. But investigators are heaping doubt on that explanation, and President Álvaro Uribe yesterday described the shooting as a ``massacre.''

The killings have dealt a blow to the war on drugs and further tarnished the reputation of the military. The government is already investigating the armed forces for alleged extrajudicial killings of dozens of civilians whom the military identified as rebels.

The police slayings have revived memories of a 2004 case in which soldiers killed seven police officers and four civilians on a supposed undercover drug operation. In that case, evidence including police uniforms was destroyed, the killers were absolved by military courts, and the facts were never aired, an outcome that Uribe vowed would not be repeated this time.

Military failures are understandable, the president told reporters yesterday, ``but military crimes are not.''

Uribe said he has information that he conveyed to the attorney general suggesting that the shooting was more than an error.

The president ordered that the attorney general, not military judges, handle the investigation, and offered a reward of $400,000 for information that solves the killings. The influence of narco-traffickers in the area where the officers were killed made it a particularly worrisome case, he said.

Last month, the slain police unit had busted a ring involving five retired police officers, a retired military official, and an employee of the national airline. ``They were my most effective, trustworthy, elite group, so it's a terrible loss,'' Naranjo said.

``If this was a mistake, the level of incompetence is staggering,'' Andrés Villamizar, former adviser to the minister of defense, said in an interview. ``The excessive force used is inconsistent with friendly fire.''

Villamizar said the fact that no one was held responsible for the deaths of seven officers two years ago set a terrible example. ``When you have people literally getting away with murder, events can repeat themselves.''

The killings took place in an area with properties under the control of drug kingpins. A few months ago in the same zone, five members of a ring led by Wilber Valera were killed in a confrontation with the private army of rival drug lord Diego Montoya, authorities said. Both are wanted for extradition to the United States.

Sources told El Tiempo newspaper that drug traffickers may have given false information to the military to provoke a confrontation with the anti drug police. Soldiers reportedly told investigators that they had received information that armed men in the area were planning to kidnap four Spaniards.

Initial forensics reports indicate that 145 bullets and three hand grenades were fired at the police from 50 yards away and that their three vehicles were attacked on all sides. Preliminary reports indicate the bodies of at least seven of the police may have been moved. Investigators found them face down in a ditch. The civilian informant appears to have been hit at closer range by small-arms fire.

Colonel Bayron Carvajal, commander of the military battalion whose headquarters is two hours away, was seen by witnesses in civilian clothes at the site of the shooting and was heard shouting over a walkie-talkie, ``Not one more shot!'' witnesses told El Tiempo.

His battalion has been involved in several controversial shootings since last year, including the killing of two police officers.

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Vice President Francisco Santos has said he was troubled by several facts: that the shooting took place in broad daylight in an area with clear visibility; that it occurred after the police had identified themselves; and that not a single policeman survived.

Hypotheses about the killings are circulating among analysts, politicians, and the general public. One theory is that the military platoon or its bosses were in the pay of drug lords .

Sergio Berrio, administrator at a psychiatric clinic near the site of the shooting, said patients were traumatized. ``One keeps saying, `Boom boom, Police!' and covering his ears," Berrio said in a telephone interview.

William Darío Sicachá, mayor of Jamundí, said he could imagine that jumpy soldiers in the days before an election might have mistaken police for armed delinquents or rebels. But, he said, ``there are many questions that all of us Colombians have, right up to the president."

IMMIGRATION:

Nation Splits 4 Ways On Illegals (USAT)

By Susan Page

USA Today, May 30, 2006

WASHINGTON — Americans hold strong and conflicting views about immigration that underscore the difficulties Congress will face in reaching a final legislative deal on the issue, an analysis of USA TODAY polling data shows.

The public splits into separate camps over whether illegal immigrants should be able to work toward citizenship, whether they help or hurt the economy — even whether immigration is an urgent problem that must be addressed.

Those disagreements are reflected in the Senate immigration bill that passed Thursday and the House bill, passed in December, which takes a tougher approach. A conference committee will try to resolve conflicts between the two measures on the issue, President Bush's top domestic priority before Congress.

A USA TODAY breakdown of public opinion, based on Gallup polls taken in April and May, finds Americans falling into four clusters that are roughly equal in size but vary dramatically in point of view. The groups can be characterized as “hard-liners,” “unconcerned,” “ambivalent” and “welcoming.”

“You're talking about irreconcilable groups that represent substantial parts of the population,” says Roberto Suro, director of the non-partisan Pew Hispanic Center. “A compromise that 50% of the population can go for leaves half the public feeling unhappy, and very unhappy.”

Among the findings in the USA TODAY analysis:

•Traditional partisanship doesn't drive views on immigration. Gender, education and family history seem to do as much to shape attitudes as political party or ideology. Significant numbers of liberals and conservatives are divided among three of the four groups. Moderates spread across all four.

In Congress, too, partisanship doesn't rule on this issue. Republicans are particularly divided: 23 Senate Republicans voted for the immigration bill, 32 voted against it.

•Those who want to take the toughest steps against illegal immigration also feel the most urgency about the subject. Two-thirds of the “hard-liners” call the issue “extremely important.” No one in the most lenient group, the “unconcerned,” feels that way.

The intensity of their views magnifies the clout of those most opposed to citizenship programs. “They project a loud voice,” says Frank Sharry of the pro-immigrant National Immigration Forum.

“The people whose political decisions are based on a candidate's immigration stance are mainly pro-control, pro-enforcement people,” says Mark Kirkorian of the Center for Immigration Studies, which supports tougher enforcement.

The “hard-liners” are also the most Republican group — one reason many House Republicans, especially those considered at risk in November's elections, may be reluctant to compromise.

•The four groups are starkly at odds on basic issues, making it difficult to see common ground. No one in the “hard-liner” group supports a proposal to allow illegal immigrants to work toward citizenship, but more than three-fourths of those in the other three groups do. The Senate bill includes such a provision; the House bill doesn't.

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In two of the four groups, overwhelming majorities say removing illegal immigrants would hurt the economy. In the other two groups, solid majorities say it would help.

Jobs Could Solve Some Mexico Woes (USAT)

By David J. Lynch

USA Today, May 30, 2006

Of all the ways to curb unauthorized human traffic across the USA's southern border, there's one remedy that few people are even discussing: creating more jobs in Mexico.

The Mexican economy in 2006 is expected to post its third-consecutive year of better than 3% growth, but the jobs picture isn't as bright. Each year, about 1 million Mexicans enter the labor pool. But the economy creates only a sliver of the new jobs needed for them.

It doesn't require a degree in economics to understand that if there were more well-paid jobs in Mexico, fewer Mexicans would enter the USA in search of work. Today, more than half of the roughly 500,000 unauthorized immigrants entering the USA each year are from Mexico, according to the Pew Hispanic Center.

So why doesn't the Mexican economy — more than a decade after a landmark free trade deal with the United States — produce more jobs? "Although Mexico has done all the right things at the macroeconomic level … and has integrated with the U.S., it has not done the last fundamental reforms," says Claudio Loser, a former International Monetary Fund (IMF) official.

Despite dropping trade barriers and liberalizing its financial markets, Mexico remains economically stuck. The consensus view is that to produce an adequate number of jobs, the USA's southern neighbor requires far-reaching reforms of labor markets, investment policy, the tax code, competitiveness — almost every critical component of a world-class economy.

Mexico faces a daunting "to-do" list, but it's hardly mission impossible. Over the past generation, other countries in Latin America and elsewhere have pulled themselves from poverty to prosperity. From 1980 to 2004, both South Korea and Ireland roughly tripled per-capita incomes while Mexico saw little more than a 10% jump.

Today, just 12.8 million of the country's 43 million working-age population have jobs in the formal sector, according to the IMF. (Millions more work in off-the-books jobs with low or uncertain wages and no benefits.)

Despite widespread acknowledgment of the need for an overhaul, Mexican politics are producing gridlock not change. In 2000, when Vicente Fox was elected president, ending the ruling Institutional Revolutionary Party's 71-year lock on power, there were hopes for ambitious reforms.

But political squabbling, as Mexico adjusted to the new multiparty reality, has stalled them. So cozy state monopolies retain control of vital sectors such as electricity and telecommunications. That keeps prices sky high, which saddles the entire economy with uncompetitive costs.

Ultimately, unless job-creating reforms are implemented, the enormous disparity in living standards on opposite sides of the border will continue to draw Mexican labor into the USA.

Today, the ratio between American and Mexican incomes is roughly 6-to-1. To curb illegal immigration, Mexico doesn't have to become as rich as the USA. It just needs to close the gap and give its citizens hope of further progress. After all, Connecticut's per-capita income is almost twice that of Mississippi's. Yet plenty of people live in the Magnolia State.

Mexico's predicament, however, is growing more urgent because of the rise of China. Since joining the World Trade Organization in 2001, the Asian power has emerged as the low-cost supplier in a host of industries from furniture to toys. Mexico, after years of operating as the low bidder, suddenly finds itself priced out of many markets.

The two developing nations compete head-on in about one-half of the goods — equal to three-quarters of their total export value — that each ships to the USA, the IMF says. Manufacturing costs are almost twice as high in Mexican clothing plants as in their Chinese rivals, according to the Inter-American Development Bank. In the three years ended in 2003, Mexican textile job losses totaled 187,000.

"Mexico is not well-positioned in the major dynamic markets," concludes the IMF.

During the NAFTA debate, Mexico's then-president Carlos Salinas said the trade deal would allow Mexico to export "tomatoes, not tomato pickers." Yet, more than a decade later, the tomato pickers keep coming.

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By the end of this decade, demographics should cool the immigration controversy. Mexico had the world's highest fertility rate in the 1960s, when the typical woman had seven children. Now, the average is down to 2.6 children.

So the annual number of people turning 15 years old will drop from a peak of about 1 million in 2003 to about 600,000 by 2010, according to Philip Martin, a professor at the University of California, Davis.

“Demography is real. There will be less migration pressure from a rapidly growing Mexican labor force in the future,” Martin says.

But unless Mexico musters the political will for comprehensive economic reforms, cross-border flows won't dry up entirely. What would be needed to really make a dent in illegal immigration?

“The economy would have to grow at double the rate it is today,” Loser says.

“It may take a generation.”

The Manicure Menace (NYT)

By John Tierney

The New York Times, May 30, 2006

LOS ANGELES

If you're fretting about immigrants stealing American jobs, I recommend going to Traci Harris for a manicure, complete with the soothing aromatic compresses. Her business is a case study of what happens to native workers when immigrants arrive.

In theory, hordes of immigrants are a problem because they can take lots of jobs and drive down wages, especially for the less-educated natives in direct competition with them.

In practice, though, that's not what economists find when they look at wages and unemployment rates in cities that attract large numbers of immigrants. Less-educated American workers in places like Los Angeles, Miami and New York don't seem to be substantially worse off than they are in cities with few immigrants.

Why not? One of the cleverest answers comes from an analysis of the nail-salon business in California. It makes an especially tidy case study because the state keeps track of all licensed manicurists, enabling economists to see what happened to American workers like Harris when tens of thousands of Vietnamese entered the business during the past two decades.

Harris owns the Salon Legohn in Leimert Park, a working-class, predominantly black neighborhood in Los Angeles. As Vietnamese salons proliferated nearby, she couldn't compete with their low prices. But she has kept her salon in business — and kept hiring Americans — by concentrating on hairstyling.

"Women want a hairdresser who speaks English," Harris says. "You don't face the same kind of competition from the Vietnamese."

Harris herself remained a manicurist, but not at her own salon. She has found more lucrative full-time jobs at beachfront hotel spas and as a freelancer on movie sets and at magazine photo shoots. Instead of competing with the Vietnamese in the neighborhood, she visits clients in Beverly Hills who pay $150 for a house call.

"If you can speak English, it's easy to find a job at an elite shop," she says. "American manicurists are a hot commodity. My clients want to have a conversation."

Harris's experience doesn't surprise Kathy Krynski of Kenyon College, one of the economists who analyzed the California manicure business. She, Maya Federman and David Harrington found that the surge in Vietnamese manicurists didn't suddenly put Americans out of work.

Some Americans gave up their licenses, but the turnover wasn't much higher than it had been before the Vietnamese arrived. The chief effect of the competition was to discourage young Americans from entering the business, so over time the number of American manicurists dwindled.

"The Vietnamese didn't so much displace Americans as gradually replace them," Krynski says. "Some Americans stayed in the business in upscale salons, and others probably went into other occupations offering higher wages, like being a hairdresser."

Some young Americans did lose the chance to become manicurists, but it's not as if every immigrant took an American's job. The study found that for every two fewer Americans in the business, there were five new Vietnamese manicurists.

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Like other immigrants, Vietnamese nail-salon owners didn't simply fill existing jobs. They created more jobs that benefited American consumers. These entrepreneurs transformed the business not only with their workers but also with time-saving innovations like electric tools for shaping nails.

As a result, shop clerks in Harris's neighborhood who used to go a couple of months between manicures can now afford weekly visits to Van's Salon. I got a manicure there from Nancy Nguyen for $8, a quarter of what I paid for the cheapest manicure available from Harris at the spa at Shutters on the Beach hotel.

Nguyen couldn't compete with Harris in ambience or conversation — I barely got her to utter her name. Harris spent half an hour working on my right hand, gently using compresses infused with tangerine and peppermint as well as a hazelnut and menthol scrub. Nguyen did my left hand in 10 minutes without explaining what she was doing.

To my inexpert eye — this was my first manicure — Harris did the better job, but the nails buffed by Nguyen certainly looked better than usual. If I wanted a weekly manicure, I'd be glad to have the cheaper Vietnamese option available.

And I wouldn't worry about the economic menace of foreign manicurists. American workers have survived this immigrant invasion with their paychecks intact, and their fingernails in better shape than ever.

My History Of English-Only (WP)

By Richard Cohen

The Washington Post, May 30, 2006

To understand something of the current immigration debate, it might help to look at New York's Lower East Side in the early 1900s through the eyes of Henry Adams, the great-grandson of one president, grandson of another, ambassador to Britain and, toward the end of his life, winner of the Pulitzer Prize for his autobiography. All those Jews sickened him.

"God tried drowning out the world once," he wrote in a 1906 letter, "but it did no kind of good, and there are said to be 450,000 Jews now doing Kosher in New York alone. God himself owned failure."

One of those "doing Kosher" at that time was my grandfather, Rueben, a part-time garment worker and full-time no-goodnik who placed his two boys in an orphanage when his wife, Judith, died. When he came to visit, the older boy had to translate for the younger. My grandfather never spoke English, and my father never spoke anything but.

You can understand Adams's distress. The Lower East Side of Manhattan was an alien place. Its denizens spoke Yiddish. They were not Christians. They had their own newspapers and theaters and political organizations, and when they rallied for one cause or another -- and boy did they ever rally -- the calls for reform or revolution were uttered in a foreign tongue. This pot was not melting.

Now, of course, the Lower East Side is the East Village and it is cool and hip and young and expensive. The grandchildren of those who did Kosher there have scattered throughout the country, and the English their grandparents did not speak has been mastered and enriched by Bellow and Roth and Chabon and Ephron, not to mention Irving Berlin, if you are that old, or Jon Stewart, if you can stay up that late.

The current immigration fuss has engendered more sloppy thinking and rhetoric than any issue in recent times. The descendants of immigrants wax romantic, confusing legal and illegal immigration -- it's all the same. But it is not. My grandparents were legal immigrants. They came through Ellis Island, papers in hand. It was easier to do so then, but that is not the point. The point is that they broke no law and, as a consequence, sought no amnesty.

But this anxiety about the fate of English and its importance to the culture does have its antecedents, although they are not, of course, exact. The non-English-speaking immigrants of the 19th and earlier centuries could not simply get on an airplane and return to the mother country for a visit. Once they came to America, they usually stayed in America. This is not necessarily true of Spanish-speakers, who can more easily visit Mexico or another Latin American country. Still, the larger culture remains English-speaking and its pull is like an ocean tide. It may take a while, but it will get its way.

In Los Angeles, for instance, radio station KDL shifted in 2003 from Spanish to English because the Latino audience it wanted -- the young -- was increasingly bilingual and what's called "English dominant." English was cooler, hipper and younger, younger, younger. Spanish was the language of mom and dad, and nothing could be fustier -- or, in some cases, more

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embarrassing. The latter is why, to my regret, I peevishly ignored my Yiddish-speaking grandmother, adamantly insisting she speak English. I thought I was being very patriotic.

In New York City, the library system of a single borough, Queens, typically has the highest circulation of any in the country. That's not because the culturally ravenous Jews of myth and fact are continuing their reading habits but because of a much newer influx of Asians. Many of them read exclusively in their native language, some in two and some, sooner or later, in English only. The richness of Shakespeare's tongue, its universality in commerce and business and above all in entertainment, make it unavoidable. Few things in life are certain, but death, taxes and English certainly are.

It's reasonable, I suppose, to insist on English-sufficiency for citizenship or even for a driver's license. But the nation's so-called political conversation can be conducted in any language -- just as long as it's conducted. The Jews, the Italians, the Chinese, the Russians, the Germans and all the other ethnic groups who once lived cheek by jowl in Manhattan had a vibrant press and raised the roof with their political conversation. Now their descendants rue, as I do, the virtual loss of a tongue. Henry Adams need not have feared. I can read him but not the contemporaries he so reviled.

TAX:

Adios To A Phone Tax (WSJ)

The Wall Street Journal, May 30, 2006

The Spanish-American War was fought in 1898 and lasted less than eight months, but Americans still pay an excise tax on phone service that was imposed to finance it. Last week, a mere 108 years after the end of that conflict, the Bush Administration moved to terminate the levy. Its duration is something to keep in mind the next time you hear a politician call for a "temporary" tax.

Treasury Secretary John Snow said the Internal Revenue Service will no longer collect the 3% federal excise tax on long-distance phone calls and will offer refunds for the past three years. We'd like to think the Administration was acting out of principle. But the reality is that the courts -- most recently the Second Circuit Court of Appeals in a decision last month -- have forced its hand with repeated rulings that the tax on long-distance is illegal in a telecom world in which calls are no longer priced based on distance. The IRS will continue to collect the tax on local calls, but Mr. Snow to his credit did express support for the idea of Congress passing legislation to repeal the tax entirely.

That would be the best outcome, and not just because a future administration might opt to begin collecting the tax again and restart the court battles. Another argument for full repeal is that so long as the tax exists, so will the political temptation to expand its scope and turn it into yet another revenue stream for the federal till. A Joint Tax Committee report issued last year suggested extending the excise tax to "all data communication services," including cable modems, cellular and DSL Internet connections.

Like the alternative minimum tax, the federal excise tax was intended to target "the rich," who at the time were the only ones who could afford a telephone. Yet our tax code still considers phones "luxury" items today. The last time Congress came close to ending this charade was 2000, when majorities in both the House and the Senate voted for repeal, which President Clinton vetoed. The Republican Congress, which may not be Republican much longer, might consider giving it another shot before November.

CONGRESS-ADMINISTRATION:

New Policy Adviser Admits Altering Text (WP)

By Zachary Goldfarb

The Washington Post, May 30, 2006

Karl Zinsmeister, President Bush's new domestic policy adviser, acknowledged he did something wrong when he took a newspaper profile of himself, altered quotes and text, and then posted it on a Web site without noting the changes.

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"Looking back, this is foolish," he said in a telephone interview Friday evening. Zinsmeister said he did it to correct the record while protecting a young journalist who had made mistakes.

This admission came about because on Friday morning the New York Sun's Josh Gerstein disclosed that shortly after the weekly Syracuse New Times published a profile of Zinsmeister in August 2004, Zinsmeister posted an altered copy of the profile on the Web site of the American Enterprise Institute's magazine, which he edits.

The Syracuse paper had requested to interview Zinsmeister, who lives near Syracuse, because of his writings about the Iraq war. The article quoted him saying critical things about ordinary Iraqis, Washington elites and upper-class parents. It also contained a quote questioning the Bush administration's execution of the war.

In one example, the original article attributed to Zinsmeister this quote: "People in Washington are morally repugnant, cheating, shifty human beings."

But, on the institute site, it appeared as: "I learned in Washington that there is an 'overclass' in this country stocked with cheating, shifty human beings that's just as morally repugnant as our 'underclass.' "

Zinsmeister explained the change to The Washington Post by saying he has long studied issues of class and morality and he was confident he would have used the kind of specific language in the quote on the institute site rather than the more broad description in the original article.

In other examples, he said he made changes to fix errors he believed the New Times reporter had made because of misunderstandings or truncated notes -- taken in an interview in a noisy restaurant.

Even so, Zinsmeister acknowledged, "I should have contacted the New Times to say that there were four errors in the story and they should be retracted and corrected. . . . At the time it seemed innocent."

White House press secretary Tony Snow said Friday that Zinsmeister erred in making the changes, but he was well-intentioned: "This was done not out of animosity; it was an attempt to set the record straight and he did it in an unartful way."

All of this was a surprise to the New Times reporter, Justin Park, especially because, as he told the Sun, he had received a laudatory e-mail from Zinsmeister after the profile was published.

But Zinsmeister said he avoided asking for corrections at the time because "I think I would have gotten Justin in worse trouble if I moaned about it."

He said he expects people to dig through his vast writings as he prepares to start his White House job in mid-June. "There's so much insincerity in the political discourse. I write very bluntly and I know that, and the president knew that when he picked me. That's somewhat of the bond between us," he said. "I don't have trepidation or worry that there's a huge skeleton in my closet."

Poised To Come Back To The C.I.A., A Former Official Who Has Become A Symbol (NYT)

By Mark Mazzetti

The New York Times, May 30, 2006

WASHINGTON, May 29 — In his old office at the Central Intelligence Agency, Stephen R. Kappes once hung a World War II-era British poster that announced, "Keep Calm and Carry On." He ignored this admonition 18 months ago, when he resigned in anger after bitter clashes with senior aides to Porter J. Goss.

But now Mr. Goss has been forced out as the agency's director, and Mr. Kappes is poised to return, with a promotion. He would become deputy director, under Gen. Michael V. Hayden, who won Senate confirmation on Friday.

A man of military bearing and a storied past, Mr. Kappes would become the first person since William E. Colby in 1973 to ascend to one of agency's top two positions from a career spent in the clandestine service. General Hayden has said that his return would be a signal that "amateur hour" is over at the C.I.A., which has seen little calm since Mr. Kappes's departure.

A no-nonsense former Marine officer who insists on addressing his elders as "sir," Mr. Kappes speaks Russian and Persian; served as the agency's station chief in Moscow and Kuwait during a quarter-century at the C.I.A.; and played a pivotal role in the secret talks with Libya that culminated in December 2003 in the agreement in which Col. Muammar el-Qadaffi agreed to give up his chemical and biological weapons program.

His appointment has not been formally announced, but intelligence officials as well as Mr. Kappes's friends say he will probably take the deputy director position.

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Mr. Kappes, 54, declined to be interviewed for this article, having spent most of his professional career trying hard not to be noticed.

Veteran intelligence officials say his expected return is being celebrated within the agency, and some Democratic lawmakers have even characterized Mr. Kappes as a savior who will rescue a moribund agency.

Some critics, including Representative Peter Hoekstra, the Michigan Republican who is chairman of the House Intelligence Committee, have portrayed his return as a victory for a hidebound C.I.A. bureaucracy that resists all change. There has even been grumbling among White House officials that Mr. Kappes, the former head of the clandestine service, criticized the Bush administration and its policies after he left the agency in 2004.

People who know Mr. Kappes well reject these descriptions as simplistic.

"I would suggest that we dismiss all of the breathless characterizations of Steve Kappes either from his critics or the people trying to counter his critics," said Milton A. Bearden, who served for three decades in the C.I.A.'s clandestine service. "The simple fact is that he is a very solid choice to come to the agency at a time when it is extremely wobbly."

John E. McLaughlin, deputy director of the C.I.A. from 2000 to 2004, said Mr. Kappes would "bring a sense of leadership and professionalism to the agency's operations division."

Mr. Kappes, a Cincinnati native, joined the C.I.A. in 1981 after five years in the Marine Corps, where he once commanded a platoon of the Marines' legendary "silent drill team" in Washington that performs a tightly scripted rifle ceremony before thousands of spectators each year.

In 1988 he became the deputy chief of a secret C.I.A. station in Frankfurt, the agency's hub for collecting information about Ayatollah Ruhollah Khomeini's government in Iran. From Frankfurt, case officers debriefed Iranian exiles and built up a network of agents inside Iran.

Mr. Kappes later transferred to the Middle East, where he served on the agency's task force before the Persian Gulf war of 1991 and re-opened the C.I.A. station in Kuwait after the war's end.

After running the C.I.A. station in Moscow in the late 1990's, Mr. Kappes returned to C.I.A. headquarters, where he ascended to the top echelon of the directorate of operations, now known as the national clandestine service.

His time at C.I.A. headquarters was marked by an occasionally stormy relationship with the lawmakers who oversee the intelligence community.

One of the biggest successes of Mr. Kappes's career came after he became the clandestine service's second-ranking official and was put in charge of coordinating the C.I.A's effort to penetrate the secret network of a Pakistani nuclear scientist, A. Q. Khan.

Dr. Khan had for years been using the black market to sell nuclear blueprints and centrifuge parts, and in October 2003, American and European authorities intercepted a freighter bound for Libya loaded with nuclear bomb-making material.

Soon afterward, Colonel Qaddafi agreed to allow American and British inspectors to tour suspected nuclear sites, and Mr. Kappes was put in charge of a team that began negotiating directly with the colonel over ending Libya's programs for unconventional weapons.

Former intelligence officials said Mr. Kappes was given the assignment because he had both the background and the temperament for the delicate negotiations with a longtime American adversary.

"You don't send just anyone to do this," Mr. McLaughlin said. "It was an enormously difficult, complicated and high-stakes mission."

After several rounds of talks led by Mr. Kappes, the Bush administration was able to announce in December 2003 that Libya had agreed to abandon the programs.

Yet Mr. Kappes's career track veered off course in late 2004, when Mr. Goss and many of his top aides came to the C.I.A.

The incident that directly led to his resignation occurred in November 2004, shortly after Mr. Goss took over at the agency. Patrick Murray, who was Mr. Goss's chief of staff, ordered Mr. Kappes to fire his deputy, Michael Sulick, after Mr. Sulick had a testy exchange with Mr. Murray.

Mr. Kappes, who at the time was in charge of the C.I.A.'s clandestine service, refused and chose to resign instead.

After leaving the agency, he became an executive vice president at ArmorGroup, a private security firm based in London.

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Those who know Mr. Kappes say he bears no grudges for the circumstances of his departure. But while many inside the agency are eagerly awaiting Mr. Kappes's return, his reputation as a taskmaster who does not suffer fools gladly has some bracing for what could lie ahead.

"The really good people are happy he's coming back," said a former top C.I.A. official, speaking on condition of anonymity because Mr. Kappes's return has not yet been made official. "The ones who are scared of him should be scared of him."

Justices' Heaviest Lifting Is Ahead (LAT)

By David G. Savage, Times Staff Writer

The Los Angeles Times, May 30, 2006

As the Supreme Court term ends, weighty issues will test Roberts' consensus-finding skills.

WASHINGTON — As the Supreme Court heads into the final month of its term, the new chief justice has shown a knack for finding ways to decide cases on narrow issues that have led to unanimous rulings.

But June is rarely the time for harmony and unanimity at the high court.

The justices tend to put off the most difficult cases to the end of the term, and this one is no different. The court faces major decisions on terrorism tribunals, wetlands protection, lethal injection, domestic violence prosecutions and campaign finance limits.

The final cases could test whether Chief Justice John G. Roberts Jr. can extend his record through his first term on the court, which he acknowledged could be a challenge in a recent talk to Maryland judges.

"I do feel at this point a bit like the fellow who jumped off the Empire State Building, passed the 50th floor and said, 'So far, so good,' " he joked. "The hard part's coming up."

In all, 37 cases remain to be decided by the end of June. Unlike in years past, however, the justices will not face end-of-term decisions on issues that typically divide the court along ideological lines, such as religion, affirmative action, abortion and gay rights.

In one highly anticipated case, the court could deal a rebuke to President Bush and the Defense Department for their plans to put some prisoners at Guantanamo Bay in Cuba on trial for war crimes in special military courts.

Defense lawyers and civil libertarians say the military courts have not set fair rules and do not adhere to international standards for war crimes trials.

That decision, however, will not bear the imprint of the new chief justice. He is sitting out the case because he heard it when he was on the U.S. Court of Appeals and ruled in favor of the administration's position.

Meanwhile, property rights advocates hope Roberts and the court will sharply cut back on the reach of the federal law that protects wetlands and streams by deciding that it applies only to "navigable" waters.

The Clean Water Act seeks to protect the nation's rivers, bays and lakes from pollution. Since the 1970s, environmental regulators have cited it to stop the dredging of wetlands and the flow of tainted drainage into small streams because the pollution will end up in lakes and bays.

The Bush administration has linked up with environmentalists to protect the broad reach of federal anti-pollution law.

And the court could make it far harder to prosecute domestic violence. Because victims are often afraid to testify in court, prosecutors commonly use their tape-recorded calls to 911.

Justice Antonin Scalia, however, has said defendants have a right to confront their accusers face-to-face in court, and he may persuade a majority to halt prosecutions based on out-of-court statements.

Most of the remaining cases will not change the law in a significant way, and many may be resolved on narrow issues.

For example, the justices in January stopped Florida's planned execution of Clarence Hill, the murderer of a police officer whose many appeals were rejected. His defense lawyer said he was not challenging Hill's conviction or death sentence, but the method of execution.

Challenges to lethal injection have been filed in many states, including California. U.S. District Judge Jeremy Fogel in San Jose has scheduled a hearing in September on whether the state must change its lethal injection procedures.

Some doctors say the drugs commonly used in lethal injections may, if wrongly administered, cause excruciating pain.

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But the Supreme Court justices might decide only a procedural question: Can a state inmate win a new hearing in federal court after his final appeals have been rejected? If the justices do so, the court will put off for another day the ultimate question of whether such injections amount to cruel and unusual punishment.

Roberts has established that he intends to steer his court toward such narrow rulings.

This month, the court decided eight cases, and all were unanimous. Sometimes, however, the ruling skirted the most difficult issue.

For example, an Ohio case tested whether states could give special tax breaks to lure big corporations to build new factories there. A lower court, siding with some disgruntled taxpayers, said the tax breaks were unconstitutional.

Roberts, writing for the court in DaimlerChrysler Corp. vs. Cuno, threw out the lawsuit on the grounds that the taxpayers did not have standing in federal court to challenge the state's policy. The decision sent the case back to a state court to start again.

In January, the court even managed to resolve an abortion case with a narrow, unanimous ruling. The justices revived a New Hampshire law that required doctors to notify the parents of girls under age 18 two days before they performed an abortion, but the justices also said there must be an exception for medical emergencies.

The chief justice recently explained to Georgetown law school graduates his desire to press for narrow rulings over broad pronouncements. "If it is not necessary to decide more to a case," he said, "then in my view it is necessary not to decide more to a case."

*

(INFOBOX BELOW)

Topping the court's docket

Here are 10 of the most important questions the Supreme Court will confront in June, the last month of its term.

War on terrorism

Can the Bush administration try detainees at Guantanamo Bay in special military courts? This is a clash between Bush's claim of war powers and Geneva Convention rules. (Hamdan vs. Rumsfeld)

Texas redistricting

Can Texas redraw its electoral districts in mid-decade to give the Republican Party more seats in Congress? At issue is a redistricting plan engineered by former House Majority Leader Tom DeLay. Such plans are usually drawn only once a decade based on the census. (League of United Latin American Citizens vs. Perry)

Campaign spending

Can Vermont strictly limit how much state candidates spend on campaigns? The state is challenging the 1976 Supreme Court ruling Buckley vs. Valeo, which said federal candidates had a free-speech right to spend as much as they wanted. (Randall vs. Sorrell)

Whistle-blowers

Does the 1st Amendment protect government whistle-blowers from being punished for reporting wrongdoing? This case arose when a Los Angeles deputy sheriff alleged he was moved to a less desirable job for reporting misconduct by the police. The outcome could affect the rights of 21 million public employees. (Garcetti vs. Ceballos)

Domestic violence

Can the government prosecute domestic assaults based not on courtroom testimony of the alleged victim but on taped 911 calls? A ban on such evidence would make it much harder for prosecutors to pursue cases when the victim can't or won't testify. (Davis vs. Washington and Hammon vs. Indiana)

Wetlands

Does the Clean Water Act protect inland streams and wetlands, or is this federal anti-pollution measure limited to navigable rivers, lakes and bays? If a Michigan developer prevails, it would greatly limit the reach of a key environmental law. (Rapanos vs. United States)

Lethal injections

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Can death row inmates file a last-minute appeal after losing all previous appeals to challenge the method of execution as cruel? Lawyers for a Florida murderer won a stay on the day their client faced execution, citing studies that suggested a drug used in executions may mask an inmate's pain. (Hill vs. McDonough)

DNA

Can a death row inmate win a new trial after showing that new DNA analysis refutes some of the evidence against him? Paul House was sentenced to death for the rape and murder of a neighbor, but DNA tests showed he did not have sex with her. (House vs. Bell)

Foreign felons

Do foreign prisoners in the United States have a right to reopen their cases if they and their consulates were not informed of their rights at the time of their arrest? The World Court ruled that the Vienna Convention gives legal rights to Mexican natives imprisoned in the United States. (Sanchez-Llamas vs. Oregon)

Retaliation

Can an employer be forced to pay damages for transferring a worker to a lesser job after she has filed a complaint of sexual harassment? Employers say retaliation claims, such as this one involving a woman who was removed from her job as a forklift operator, are the fastest-growing kind of discrimination cases. (Burlington Northern vs. White)

Graphics reporting by David G. Savage

Los Angeles Times

Senate Leader Took Free Boxing Tickets (AP-Y2)

By John Solomon

AP2, May 29, 2006

Senate Democratic Leader Harry Reid accepted free ringside tickets from the Nevada Athletic Commission to three professional boxing matches while that state agency was trying to influence him on federal regulation of boxing.

Reid, D-Nev., took the free seats for Las Vegas fights between 2003 and 2005 as he was pressing legislation to increase government oversight of the sport, including the creation of a federal boxing commission that Nevada's agency feared might usurp its authority.

He defended the gifts, saying they would never influence his position on the bill and was simply trying to learn how his legislation might affect an important home state industry. "Anyone from Nevada would say I'm glad he is there taking care of the state's No. 1 businesses," he told The Associated Press.

"I love the fights anyways, so it wasn't like being punished," added the senator, a former boxer and boxing judge.

Senate ethics rules generally allow lawmakers to accept gifts from federal, state or local governments, but specifically warn against taking such gifts — particularly on multiple occasions — when they might be connected to efforts to influence official actions.

"Senators and Senate staff should be wary of accepting any gift where it appears that the gift is motivated by a desire to reward, influence, or elicit favorable official action," the Senate ethics manual states. It cites the 1990s example of an Oregon lawmaker who took gifts for personal use from a South Carolina state university and its president while that school was trying to influence his official actions.

"Repeatedly taking gifts which the Gifts Rule otherwise permits to be accepted may, nonetheless, reflect discredit upon the institution, and should be avoided," the manual states.

Several ethics experts said Reid should have paid for the tickets, which were close to the ring and worth between several hundred and several thousand dollars each, to avoid the appearance he was being influenced by gifts.

Two senators who joined Reid for fights with the complimentary tickets took markedly differently steps.

Sen. John McCain (news, bio, voting record), R-Ariz., insisted on paying $1,400 for the tickets he shared with Reid for a 2004 championship fight. Sen. John Ensign (news, bio, voting record), R-Nev., accepted free tickets to another fight with Reid but already had recused himself from Reid's federal boxing legislation because his father was an executive for a Las Vegas hotel that hosts fights.

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In an interview Thursday in his Capitol office, Reid broadly defended his decisions to accept the tickets and to take several actions benefiting disgraced lobbyist Jack Abramoff's clients and partners as they donated to him.

"I'm not Goodie two shoes. I just feel these events are nothing I did wrong," Reid said.

Reid had separate meetings in June 2003 in his Senate offices with two Abramoff tribal clients and Edward Ayoob, a former staffer who went to work lobbying with Abramoff.

The meetings occurred over a five-day span in which Ayoob also threw a fundraiser for Reid at the firm where Ayoob and Abramoff worked that netted numerous donations from Abramoff's partners, firm and clients.

Reid said he viewed the two official meetings and the fundraiser as a single event. "I think it all was one, the way I look at it," he said.

One of the tribes, the Saginaw Chippewa of Michigan, donated $9,000 to Reid at the fundraiser and the next morning met briefly with Reid and Ayoob at Reid's office to discuss federal programs. Reid and the tribal chairman posed for a picture.

Five days earlier, Reid met with Ayoob and the Sac & Fox tribe of Iowa for about 15 minutes to discuss at least two legislative requests. Reid's office said the senator never acted on those requests.

A few months after the fundraiser, Reid did sponsor a spending bill that targeted $100,000 to another Abramoff tribe, the Chitimacha of Louisiana, to pay for a soil erosion study Ayoob was lobbying for. Reid said he sponsored the provision because Louisiana lawmakers sent him a letter requesting it.

Abramoff, a Republican lobbyist, has pleaded guilty in a widespread corruption probe of Capitol Hill. Reid used that conviction earlier this year to accuse Republicans of fostering a culture of corruption inside Congress.

AP recently reported that Reid also wrote at least four letters favorable to Abramoff's tribal clients around the time Reid collected donations from those clients and Abramoff's partners. Reid has declined to return the donations, unlike other lawmakers, saying his letters were consistent with his beliefs.

Senate ethics rules require senators to avoid even the appearance that any official meetings or actions they took were in any way connected with political donations.

Reid broadly defended his actions, stating he would never change his position because of donations, free tickets or a request from a former-staffer-turned-lobbyist.

"People who deal with me and have over the years know that I am an advocate for what I believe in. I always try to do it fair, never take advantage of people on purpose," he said.

Asked if he would have done anything differently, the Senate Democratic leader said his only concern was "the willingness of the press ... to take these instances and try to make a big deal out of them."

Several ethics experts said they believed Reid should have paid for the boxing tickets to avoid violating Senate ethics rules.

Bernadette Sargeant, a former House ethics lawyer, said the Senate would have to examine the specific facts to determine whether Reid violated the gift ban. She said the clearer ethics issue involved Reid's obligation to avoid the appearance that the free tickets and his official duties were connected.

"From what you are describing, it is such a huge risk that a reasonable person with all the relevant facts would say this creates the appearance of impropriety," she said. "The more cautious thing, the more prudent thing would be to either pay the tickets or fair market value or not accept the tickets in the first place."

Andrew Herman, a Washington lawyer who frequently works with Congress, agreed. "I think it is pretty clear what Sen. McCain did in the current atmosphere in Washington was certainly the more prudent thing."

"I think if you are receiving anything of value from anyone that has matters before the federal government and matters under your purview that you have to be very careful with your conduct," Herman said.

Attorney Marc Elias, who has represented Democrats in ethics cases and was asked by Reid's office to call AP, said he believed Reid should not be penalized for trying to help his state. "There are varying degrees of gift givers," Elias said. "There is a difference between a gift from a state entity and a gift from a savings & loan."

Marc Ratner, executive director of the Nevada Athletic Commission when Reid took the free tickets, said one of his desires was to convince Reid and McCain that there was no need for the federal government to usurp the state commission's authority. At the time, McCain and Reid were pushing legislation to create a federal boxing commission.

"I invited him because I was talking with his staff" about the legislation, Ratner said. "This was a chance for all of my commissioners, who are politically appointed, to interact with them. It was important for them to see how we in Nevada did things.

"I am a states rights activist and I didn't want any federal bill that would take away our state rights to regulate fights," he said, adding that he hoped McCain and Reid, at the very least, would be persuaded to model any federal commission after Nevada's body.

Reid said he remembered talking to Ratner briefly at the fights and knew Ratner was working with his Senate staff on the federal legislation.

McCain's office said the Arizona senator felt an obligation to pay for the ringside tickets he got from the Nevada commission to attend the Oscar De La Hoya-Bernard Hopkins championship match in September 2004.

"Sen. McCain has always paid for his own tickets to boxing matches and sees no reason to change that," aide Mark Salter said.

Ensign's office said he attended one fight in the last couple of years with Reid and accepted the free tickets from the commission. But his office said Ensign already had removed himself from the boxing legislation that would have affected the Nevada commission.

"He did not have anything to do with it because at the time he recused himself," Ensign spokesman Jack Finn said of the legislation.

Kathleen Clark, a Washington University of St. Louis congressional ethics expert, said Congress should re-examine the exemption allowing gifts by state and federal and local governments because they too can have interest in influencing federal lawmakers like Reid.

"I think he would want to be above approach even when it's from a state commission and not a private lobbyist," Clark said. "I don't think we should make any assumption about a government. The fact is government agencies can act as proxies for different interests. Here it happens to be the Nevada boxing commission, and I would guess it is aligned with certain industry groups."

Reid Accepted Free Boxing Tickets While A Related Bill Was Pending (WP)

By John Solomon

The Washington Post, May 30, 2006

Senate Democratic Leader Harry M. Reid (Nev.) accepted free ringside tickets from the Nevada Athletic Commission to three professional boxing matches while that state agency was trying to influence him on federal regulation of boxing.

Reid took the free seats for Las Vegas fights between 2003 and 2005 as he was pressing legislation to increase government oversight of the sport, including the creation of a federal boxing commission that Nevada's agency feared might usurp its authority.

He defended the gifts, saying that they would never influence his position on the bill and he was simply trying to learn how his legislation might affect an important home state industry. "Anyone from Nevada would say I'm glad he is there taking care of the state's number one businesses," he said. "I love the fights anyways, so it wasn't like being punished," added the senator, a former boxer and boxing judge.

Senate ethics rules generally allow lawmakers to accept gifts from federal, state or local governments, but specifically warn against taking such gifts -- particularly on multiple occasions -- when they might be connected to efforts to influence official actions.

"Senators and Senate staff should be wary of accepting any gift where it appears that the gift is motivated by a desire to reward, influence, or elicit favorable official action," the Senate ethics manual states. It cites the 1990s example of an Oregon lawmaker who took gifts for personal use from a South Carolina state university and its president while that school was trying to influence his official actions.

"Repeatedly taking gifts which the Gifts Rule otherwise permits to be accepted may, nonetheless, reflect discredit upon the institution, and should be avoided," the manual states.

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Several ethics experts said Reid should have paid for the tickets, which were close to the ring and worth between several hundred and several thousand dollars each, to avoid the appearance he was being influenced by gifts.

Two senators who joined Reid for fights with the complimentary tickets took markedly differently steps.

Sen. John McCain (R-Ariz.) insisted on paying $1,400 for the tickets he shared with Reid for a 2004 championship fight. Sen. John Ensign (R-Nev.) accepted free tickets to another fight with Reid but already had recused himself from Reid's federal boxing legislation because his father was an executive for a Las Vegas hotel that hosts fights.

In an interview Thursday in his Capitol office, Reid defended his decisions to accept the tickets and to take several actions benefiting former lobbyist Jack Abramoff's clients and partners as they donated to him.

"I'm not Goodie Two Shoes. I just feel these events are nothing I did wrong," Reid said.

Reid had separate meetings in June 2003 in his Senate offices with two Abramoff tribal clients and Edward Ayoob, a former staff member who went to work with Abramoff.

The meetings occurred over a five-day span in which Ayoob also threw a fundraiser for Reid at the firm where Ayoob and Abramoff worked that netted numerous donations from Abramoff's partners, firm and clients.

Reid said he viewed the two official meetings and the fundraiser as a single event. "I think it all was one, the way I look at it," he said.

One of the tribes, the Saginaw Chippewa of Michigan, donated $9,000 to Reid at the fundraiser and the next morning tribal officials met briefly with Reid and Ayoob at Reid's office to discuss federal programs. Reid and the tribal chairman posed for a picture.

Five days earlier, Reid met with Ayoob and representatives of the Sac & Fox tribe of Iowa for about 15 minutes to discuss at least two legislative requests. Reid's office said the senator never acted on those requests.

A few months after the fundraiser, Reid did sponsor a spending bill that targeted $100,000 to another Abramoff tribe, the Chitimacha of Louisiana, to pay for a soil erosion study for which Ayoob was lobbying. Reid said he sponsored the provision because Louisiana lawmakers sent him a letter requesting it.

Abramoff, a Republican lobbyist, has pleaded guilty in a widespread corruption probe of Capitol Hill. Reid used that conviction earlier this year to accuse Republicans of fostering a culture of corruption inside Congress.

Reid also wrote at least four letters favorable to Abramoff's tribal clients around the time Reid collected donations from those clients and Abramoff's partners, the Associated Press reported recently. Reid has declined to return the donations, unlike other lawmakers, saying his letters were consistent with his beliefs.

Senate ethics rules require senators to avoid even the appearance that any official meetings or actions they took were in any way connected with political donations.

Reid defended his actions, stating he would never change his position because of donations, free tickets or a request from a former staffer turned lobbyist.

"People who deal with me and have over the years know that I am an advocate for what I believe in. I always try to do it fair, never take advantage of people on purpose," he said.

Asked if he would have done anything differently, the Senate Democratic leader said his only concern was "the willingness of the press . . . to take these instances and try to make a big deal out of them."

Reid Sat Ringside In Vegas For Free (WT/AP)

By John Solomon, Associated Press

The Washington Times, May 30, 2006

Senate Minority Leader Harry Reid accepted free ringside tickets from the Nevada Athletic Commission to three professional boxing matches while that state agency was trying to influence him on federal regulation of boxing.

Mr. Reid, Nevada Democrat, took the free seats for Las Vegas fights from 2003 to 2005 as he was pressing legislation to increase government oversight of the sport, including the creation of a federal boxing commission that Nevada's agency feared might usurp its authority.

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Mr. Reid, who has accused the Republicans of fostering a culture of corruption, defended the gifts, saying they would never influence his position on the bill and was simply trying to learn how his legislation might affect an important home-state industry.

"Anyone from Nevada would say 'I'm glad he is there taking care of the state's No. 1 businesses,' " he told the Associated Press.

"I love the fights anyways, so it wasn't like being punished," added the senator, a former boxer and boxing judge.

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Two Republican senators who joined Mr. Reid for fights with the complimentary tickets took markedly differently steps.

Sen. John McCain of Arizona insisted on paying $1,400 for the tickets he shared with Mr. Reid for a championship match between Oscar De La Hoya and Bernard Hopkins, one of 2004's most-hyped fights. Sen. John Ensign of Nevada accepted free tickets to another fight along with Mr. Reid but already had recused himself from Mr. Reid's boxing legislation because his father was an executive for a Las Vegas hotel that hosts fights.

In an interview Thursday in his Capitol office, Mr. Reid broadly defended his decisions to accept the tickets and to take several actions benefiting disgraced lobbyist Jack Abramoff's clients and partners as they donated to him.

"I'm not 'goody-two-shoes.' I just feel these events are nothing I did wrong," Mr. Reid said.

Mr. Reid had separate meetings in June 2003 in his Senate offices with two Abramoff tribal clients and Edward Ayoob, a former staffer who went to work lobbying with Mr. Abramoff.

The meetings occurred over a five-day span in which Mr. Ayoob also threw a fundraiser for Mr. Reid at the firm where Mr. Ayoob and Abramoff worked. That firm netted numerous donations from Abramoff's partners, firm and clients.

Mr. Reid said he viewed the two official meetings and the fundraiser as a single event. "I think it all was one, the way I look at it," he said.

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Asked whether he would have done anything differently, the Senate Democratic leader said his only concern was "the willingness of the press ... to take these instances and try to make a big deal out of them."

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Several former ethics officials said they thought Mr. Reid should have paid for the boxing tickets to avoid violating Senate ethics rules.

Bernadette Sargeant, a former House ethics lawyer, said the Senate would have to examine the facts to determine whether Mr. Reid violated the gift ban but said a clearer ethics issue involved Mr. Reid's obligation to avoid the appearance that the free tickets and his official duties were connected.

"From what you are describing, it is such a huge risk that a reasonable person with all the relevant facts would say this creates the appearance of impropriety," she said. "The more cautious thing, the more prudent thing would be to either pay for the tickets or fair market value or not accept the tickets in the first place."

Andrew Herman, a Washington lawyer who frequently works with Congress, agreed. "I think it is pretty clear what Senator McCain did in the current atmosphere in Washington was certainly the more prudent thing."

Attorney Marc Elias, who has represented Democrats in ethics cases and was asked by Mr. Reid's office to call AP, said he thought Mr. Reid should not be penalized for trying to help his state.

"There are varying degrees of gift givers," Mr. Elias said. "There is a difference between a gift from a state entity and a gift from a savings and loan."

Marc Ratner, executive director of the Nevada Athletic Commission when Mr. Reid took the free tickets, said one of his desires was to convince Mr. Reid and Mr. McCain, who were pushing legislation to create a federal boxing commission, that there was no need for the federal government to usurp the state commission's authority.

"I invited him because I was talking with his staff" about the legislation, Mr. Ratner said. "This was a chance for all of my commissioners, who are politically appointed, to interact with them. It was important for them to see how we in Nevada did things." He added that he hoped the two senators, at the very least, would be persuaded to model any federal commission after Nevada's body.

Mr. Reid said he remembered talking to Mr. Ratner briefly at the fights and knew Mr. Ratner was working with his Senate staff on the federal legislation.

Dem Leader Reid Took Free Boxing Tickets (USAT)

USA Today, May 30, 2006

Senate Minority Leader Harry Reid, D-Nev., accepted free ringside tickets from the Nevada Athletic Commission to three professional boxing matches while that agency was trying to influence him on federal regulation of boxing, the Associated Press reported. The tickets were worth several hundred to several thousand dollars each.

Reid took the seats for Las Vegas fights in 2003-05 as he was pressing legislation to increase government oversight of the sport, including the creation of a federal boxing commission that Nevada's agency feared might usurp its authority.

Reid defended the gifts, saying they would never influence his position on the bill. He said he was simply trying to learn how his legislation might affect an important home state industry. “Anyone from Nevada would say, ‘I'm glad he is there taking care of the state's No. 1 businesses,' ” Reid said.

Two Republican senators who joined Reid for fights with the complimentary tickets took different steps. Sen. John McCain of Arizona paid $1,400 for the tickets he shared with Reid for a 2004 championship fight. Sen. John Ensign of Nevada accepted tickets to a fight with Reid but had recused himself from Reid's federal boxing legislation because his father was an executive for a Las Vegas hotel that hosts fights.

Senate ethics rules generally allow lawmakers to accept gifts from federal, state or local governments but warn against taking such gifts when they might be connected to efforts to influence official actions.

Finding himself under attack from both the right and left, Sen. Lincoln Chafee, R-R.I., is putting $280,000 into television ads to defend his seat. Conservative Republicans, citing Chafee's votes against the war in Iraq, President Bush's tax cuts and Supreme Court nominee Samuel Alito have been gravitating to his primary challenger, Cranston Mayor Stephen Laffey.

The Club for Growth, which has raised thousands of dollars for Laffey's campaign, is running ads on cable TV that criticize Chafee for voting against the president's tax cuts and supporting unspecified increases in government spending.

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Chafee's ads present him as a financial conservative and attack Laffey for raising taxes and increasing government spending.

On the Democratic side, former state attorney general Sheldon Whitehouse is spending more than $180,000 on ads, promising to bring home the troops, lower drug costs and protect Social Security. Whitehouse leads in the polls against his Democratic primary rival, businessman Carl Sheeler.

Spending Bill Includes Pay Increases For Civil Service, Military (WP)

By Stephen Barr

The Washington Post, May 29, 2006

Federal employees would receive a 2.7 percent pay raise next year under a provision included in a fiscal 2007 spending bill.

The provision reaffirms a tradition of providing "pay parity" increases to the civil service and the military, and the policy decision is rarely changed by the House or Senate after being accepted by leaders of the House Appropriations Committee.

The 2007 raise was wrapped into a $67.8 billion appropriations bill for the departments of Transportation, Treasury, and Housing and Urban Development by Rep. Joe Knollenberg (R-Mich.), chairman of the Appropriations subcommittee overseeing the departments. The bill, approved by the subcommittee on a voice vote Thursday night, typically includes a series of government-wide provisions, including the pay raise.

President Bush had recommended a 2.2 percent pay raise for the civil service and the military in his fiscal 2007 budget. But the House, on May 11, approved a 2.7 percent raise for the military as part of next year's defense authorization bill, and congressional aides said the transportation-treasury subcommittee decided to provide an equal increase for the civil service.

Reps. Steny H. Hoyer (D-Md.), Frank R. Wolf (R-Va.) and James P. Moran (D-Va.), members of the Appropriations Committee, had planned to offer a pay parity amendment. Rep. Thomas M. Davis III (R-Va.), chairman of the House Government Reform Committee, also had urged Knollenberg and Rep. Jerry Lewis (R-Calif.), chairman of the House Appropriations Committee, to support a higher federal raise.

But the amendment became unnecessary when Knollenberg presented his draft of the bill. There was no discussion on the pay proposal before the voice vote, an aide said.

The Bush administration has opposed across-the-board raises for government personnel, contending that the president's recommendation is adequate and will support hiring objectives for the military and the civil service.

Advocates for parity in pay adjustments have said that civil service and military personnel serve side by side in the Defense Department and point to civilians in the Homeland Security, State and Justice departments and the CIA as essential to the support of the armed forces in the fight against terrorism.

The House Appropriations Committee will take up the spending bill on June 6, aides said.

Colleen M. Kelley , president of the National Treasury Employees Union, called the subcommittee's decision "a giant step. This is very good news." She praised the panel for showing "bipartisan support and recognition that a 2.2 percent raise is inadequate."Retirement Upgrade

The Office of Personnel Management has awarded a contract to Accenture to develop business and technology models for the agency's transition to an electronic retirement system.

The contract, announced Friday, is part of a larger effort by OPM to more quickly calculate pension payments for federal employees who are retiring. The current process requires a search to find personnel files and other paperwork, often creating delays. Most retirees, as a result, are put on interim, partial retirement pay while a final annuity is calculated.

Accenture, a consulting and technology services company, will help OPM reorganize its staffing, training and processes for handling retirement claims under a contract that carries a maximum value of $40 million and that will run no longer than four years, an OPM official said. Accenture will be paid as task orders are issued, the official said.

The contract is the second awarded by OPM to upgrade retirement claims processing. On May 3, the agency announced a 10-year, $290 million contract with Hewitt Associates, an outsourcing and consulting firm, to build the new, electronic benefits-delivery and tracking system.

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Funding for the retirement project, however, may be in jeopardy. The House Appropriations transportation-treasury subcommittee that oversees OPM has removed funding for the project in fiscal 2007. The administration had asked for $26.7 million next year.

In a letter to Congress, OPM Director Linda M. Springer warned that the retirement project "will be halted without adequate funding" next year. An OPM official said the agency hopes to win support for the project when Congress returns after the holiday recess.

U.S. Foreign-Investment Debate Goes Global (WSJ)

By Greg Hitt

The Wall Street Journal, May 30, 2006

As Congress debates legislation to tighten rules on foreign investment in the U.S., the most important audience may be abroad.

Any restrictions lawmakers impose on such deals could boomerang against the U.S., spurring action by nations anxious to impose their own limits. To date, the debate in Congress has focused on whether the proposed changes would impede the flow of capital into the country, endangering U.S. jobs and curbing economic expansion. A deeper danger is the legislation might feed retaliation abroad, tightening cross-border investment flows and damping the business climate for U.S. companies operating internationally.

"Anything we do, it reverberates," says Dave McCurdy, president of the Electronics Industries Alliance, a high-tech trade group in Arlington, Va., whose members include Motorola Inc., International Business Machines Corp. and BAE Systems PLC. A former Oklahoma congressman active in trade issues, Mr. McCurdy warns that China -- where the U.S. is pushing to loosen domestic restrictions on foreign investment -- is particularly watchful of what is happening on Capitol Hill.

Other nations are paying attention, too. In Russia, aides to President Vladimir Putin are working on legislation that would impose controls on foreign investors in "strategic industries," joining France and other nations in Europe that have embraced "economic patriotism." In Mexico, opening the oil sector further to foreign investors is a presidential campaign issue. And echoing the fight here over a Dubai company's bid to operate several U.S. ports, members of the Canadian Parliament are considering proposals to widen the government's authority to block investments on national-security grounds.

On Capitol Hill, senior members of the House and Senate are pushing rival bills that would make substantial changes in the Committee for Foreign Investment in the United States, of CFIUS, the panel that reviews the security implications of foreign-led transactions. The bills would subject deals involving government-controlled entities to an extended 45-day investigation -- beyond the 30-day review that applies to all deals. The measures would raise accountability within the government for final decisions, requiring cabinet-rank sign-off on scores of deals handled at lower levels.

The CFIUS panel is led by Treasury, but the departments of State, Homeland Security and Defense all have a seat at the table, as do several offices from within the White House.

Both chambers of Congress, moreover, share the goal of enhancing disclosure to lawmakers of CFIUS actions. The Senate, by far, draws a tougher line, requiring notification to Congress once reviews are initiated -- a mandate that would expose CFIUS deliberations to political influence. The House simply requires notification once reviews are completed. Further sharpening differences, the Senate bill would require the administration to create a ranking of countries based on compliance with weapons-control deals. Those rankings would guide CFIUS decisions. Also, a measure pushed by House Armed Services Chairman Duncan Hunter (R., Calif.), would bar foreigners from holding critical infrastructure, including roads and bridges and ports.

The legislation began amid concerns raised over Dubai Ports World, a firm controlled by the Persian Gulf emirate. The furor over DP World, which tried to gain control of commercial operations at five U.S. ports, highlighted public unease with the nation's security after the Sept. 11, 2001, attacks, and underscored an increasing economic nationalism among the public and many U.S. lawmakers.

"We live in an age of nascent protectionism," says Ohio Republican Mike Oxley, chairman of the House Financial Services Committee.

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The Trans-Atlantic Business Dialogue, a group of business executives from Europe and the U.S., warns lawmakers to proceed cautiously. The group says legislation on Capitol Hill "greatly complicates" efforts by global-minded companies to resist calls abroad for new limits on foreign competition and investment.

The Bush administration, after losing control of the Dubai debate, is trying to referee an end to the sparring. Aides to President Bush stress the need to embrace policies that meet national-security demands post-Sept. 11, while ensuring the U.S. supports investment -- at home and abroad. From 1985-2004, foreign investment in U.S. hard assets, such as buildings and factories, as opposed to stocks and bonds, soared to $1.47 trillion from $184.6 billion. U.S. foreign direct investment abroad ballooned during the same period, reaching more than $2 trillion.

The flow of capital dramatizes the integration of the world economy that took place in the 1990s, and preserving the capital flow is a Bush priority. But the administration worries that even the House bill -- the more moderate of the measures moving through Congress -- may go too far.

"There's no question that countries around the world are watching this very carefully," says Clay Lowery, Treasury's assistant secretary of international affairs. "It is a concern to us."

Andrew Somers, president of the American Chamber of Commerce in Russia, is working to make sure U.S. lawmakers know their actions are being monitored abroad. Mr. Somers says Kremlin officials have suggested to him that the Putin-backed measure aimed at limiting foreign investment has been put on slow track, in part to assess the effect of legislative efforts in Washington. In Moscow, diplomats don't quite go that far, but do emphasize that making the case for liberal foreign-investment rules has gotten harder after the fights over Cnooc Ltd. and Dubai Ports World.

Analysis: Democrats Wary Of November Vote (AP-Y2)

By Ron Fournier

AP2, May 29, 2006

Republicans are three steps from a November shellacking — each a grim possibility if habitually divided Democrats get their acts together.

First step: Voters must focus on the national landscape on Nov. 7 rather than local issues and personalities that usually dominate midterm elections.

That would sting Republicans, who trail badly in national polls.

Second step: Voters must be so angry at Washington and politics in general that an anti-incumbent, throw-the-bums-out mentality sweeps the nation.

That would wound Republicans, the majority party.

Third step: Americans must view the elections as a referendum on President Bush and the GOP-led Congress, siding with Democrats in a symbolic vote against the Iraq war, rising gas prices, economic insecurity and the nagging sense that the nation is on the wrong track.

That would destroy Republicans, sweeping them from power in one or both chambers and making Bush a lame duck.

Less than six months out, most Democratic and Republican strategists say the first two elements are in place for now — a national, anti-incumbent mind-set — and all signs point to the third.

Still, many Democrats worry that their party has not closed the deal.

"The fear I have as a Democrat is that if we are making this solely a referendum on the Republicans, we are not giving people a reason to turn out," said Democratic strategist Chris Lehane of California.

"Having said that, I think all these other elements are so bad for the Republicans that 'Had enough?' should be enough."

Democratic National Committee Chairman Howard Dean and the party's congressional leaders have clashed over money and the DNC's push for a unified message that draws a stark contrast with the GOP.

Inside the DNC, some officials point to internal polls that show voters holding both the Democratic and Republican parties in equally low esteem.

The fact that most voters, when forced to choose, tell pollsters they want Democrats rather than Republicans to control Congress is not a sign of strength, these officials say. Rather, it's evidence that voters are simply giving Democrats a chance to

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win them over — a chance that can be blown unless Democrats stand for something other than attacking Bush, these officials said.

Sen. Chuck Schumer of New York, the head of the Democratic Senate Campaign Committee, agreed that Democrats have not sealed the deal.

"I think if the election were held today, there is a 50-50 chance of taking the House and the Senate and a very high percentage of gaining a significant number of seats," Schumer said.

"But things change."

Democrats outside Congress will be disappointed with anything less than major triumphs.

"Shame on us if we don't have a good election cycle," said Jill Alper, a Democratic strategist from Michigan.

Back to those three steps.

NATIONAL ELECTION: Among the two dozen Republican and Democratic strategists interviewed in the last two weeks, there was unanimity that the fall campaigns will be national in scope. Voters will give local issues less attention than normal, a bad sign for the GOP.

"If we keep it local we win; if they nationalize issues, they win," said Michigan Republican Party Chairman Saul Anuzis.

Sen. Elizabeth Dole of North Carolina, head of the GOP Senate committee, seemed resigned to a national campaign. "Obviously, we're going to do everything we can here at the Senate committee to minimize any aspect of that," she said.

THROW THE BUMS OUT: More than 70 percent of Americans tell pollsters that the nation is on the wrong track. Larger percentages think corruption is a major problem in Washington. Incumbents have been roughed up already this year in Pennsylvania and Indiana, and in both cases Republicans suffered the worst.

If this shapes up to be an anti-incumbent midterm, "we'll lose some members" in Congress, said Democratic strategist Steve Elmendorf, "but they have more incumbents."

ANTI-REPUBLICAN TIDE: Whether 2006 turns out to be an anti-incumbent or anti-GOP election "is the 15-seat question," said Democratic strategist Dane Strother, referring to the number of seats the Democrats need to win to seize control of the House.

Sen. John McCain (news, bio, voting record), R-Ariz., says GOP majorities are "clearly in jeopardy" because the political landscape is both anti-incumbent and anti-Republican.

"They know that Republicans are in charge," the grim-faced presidential hopeful said of voters. "But I just want to emphasize that we have six months, and we can turn this around."

And Democrats could fumble the opportunity.

Takeover Of House, Senate Not Likely (WT)

By Donald Lambro

The Washington Times, May 30, 2006

The only thing that can be said with any certainty about the 2006 midterm elections is that none of the top campaign forecasters is flatly predicting Republicans will lose the House or Senate -- yet.

President Bush's job approval polls are the lowest in his presidency; the Democrats are leading Republicans in the generic congressional election polls by an average of 13 percent; and voter surveys suggest a strong anti-incumbent tide is building. But leading analysts still think at this point that Republicans will hold on to majority control of both chambers, though with reduced numbers.

"The 2006 midterm elections are a political analyst's nightmare. The national climate seems to portend big changes, yet race-by-race analyses reveal formidable odds against a Democratic takeover of either the House or the Senate," veteran elections tracker Charlie Cook says in his latest National Journal election preview.

Several structural problems confront the Democrats in the House elections. Just three- to four-dozen House races out of 435 at stake are truly competitive. And among the 18 Republican seats that are open, only half are in districts where "Democrats have a remote chance of winning," Mr. Cook says. Making matters worse, the Democrats were able to recruit only second- or third-tier challengers in many key districts where the Republicans looked vulnerable.

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Stuart Rothenberg, Mr. Cook's chief rival in the political predictions business, believes "the House definitely is in play" and has increased his estimate of likely Democratic gains "from 5-8 seats to 7-10 seats," short of the 15 seats needed to topple Republicans from power, though he thinks there could be "greater Democratic gains."

As for the six to eight Senate seats that are in play this year, there appear to be nearly as many races where Democrats are leading, as in Pennsylvania and Maryland, as races where Republicans are competitive, like Washington, Minnesota and New Jersey. Neither Mr. Cook nor Mr. Rothenberg see the Democrats taking control of the Senate, but they could make some gains in the GOP's 55-45 seat majority, they say.

But to win, Democrats would need a strong national anti-Republican wave behind them, Mr. Rothenberg writes in his latest House forecast. Many Democrats think that opposition to the war in Iraq, $3 a gallon gas prices, unhappiness with the economy and the GOP's handling of illegal immigration is creating that wave.

"I think we are in one of those cycles in politics where the Republicans in Congress are getting hit on every front and obviously the president's polls don't help, and that, combined with a series of unprecedented crises, from the war to gas prices, concerns over the handling of Hurricane Katrina, and with conservative Republicans expressing great concern [about their party's political direction], it's almost as if they can't catch a break," said Democratic adviser Leon Panetta, who was President Clinton's White House chief of staff.

"The anxiety of the country is there and people are angry and frustrated and wondering where the country is going. In light of that, there isn't any question in my view that Democrats would be able to win control of the House and probably capture additional seats in the Senate, though it's going to be much harder to get control of the Senate," Mr. Panetta said.

But independent pollsters like John Zogby say the Democrats could "blow this opportunity" if they do not come up with an agenda that appeals to swing voters, and Mr. Panetta, among other Democrats, is urging his party to come up with "an agenda and a message for voters, sooner rather than later."

"They ought to present a very clear vision to the country in four or five areas. People want to know they stand for something. The public is hungry to know what solutions this party is going to present," he said. "If they wait too long, they won't have enough time to say what they stand for."

He is also worried about the political fallout from a growing anti-incumbent mood that he says could hit both parties in November. "This could be one of those years that could produce a lot of surprises where we could see some Democratic incumbents not winning easy seats and that could be true for Republicans as well," he said.

Both parties enter the last five months of the 2006 election with political advantages that they hope to exploit in the final weeks of the campaigns, but with problems and divisions, too.

The Republicans' biggest political advantage lies in its congressional district boundaries, which have been redrawn over the past decade in GOP-friendly ways. A number of district lines were strengthened after the 2000 census in both Republican and Democratic districts. As a result, Republican redistricting strategists say, the GOP now has many more districts that can withstand a stiffer Democratic challenge.

In the past decade or more the re-election rate for House members has been running from 97 percent to 99.5 percent. And despite the Republican Congress' low approval polls, surveys show that an average of 59 percent of the voters like the job their representative or senator is doing.

But Republican campaign advisers acknowledge that the bitter battles over immigration, spending and other issues have divided and alienated parts of the party conservative base amid fears that many will not turn out to vote.

"I worry about that. There's disagreement in the party and dissatisfaction on the issues. [Republican leaders] are going to have to convince conservative voters that Congress is holding true to conservative principles," said Frank Donatelli, the former Reagan White House political director.

"There's just tremendous division. The issues that brought the party to power are not around anymore. New issues have come to the fore, so it's going to be a challenge to reconstitute your governing coalition. It's not going to happen in '06. The 2008 presidential election is the next big challenge to fashion a governing agenda," Mr. Donatelli said.

But other Republicans say they do not see any evidence that the party's disputes are having any effect in their state elections.

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"The president's popularity is eroding in this state as it is everywhere else, but there's no evidence I've seen that there is any kind of down-ballot effect because of what's going on in Washington. I don't have a sense that the wheels are wobbling on the Republican Party here," said Florida Republican campaign consultant Mac Stipanovich.

Still, Ken Mehlman, the Republican National Committee chairman, isn't taking any chances. He has reactivated the massive get-out-the-vote volunteer army that was pivotal to the success of the party's 2004 election victories. A Republican ground force that will eventually number in the hundreds of thousands is identifying, contacting and registering voters in a vast computerized network that for months has been sending in weekly quota reports to the RNC in preparation for its get-out-the-vote drive on Election Day.

But if the Republicans are having problems with their base, Democrats say their supporters are more activated and united than ever.

"We are seeing an uptick in party participation. We've had a 25-year high this year in precinct caucus participation," said Brian Melendez, the Minnesota Democratic state chairman. "That suggests that party activists are energized."

Like other Democrats interviewed, Mr. Melendez is unhappy with his party's failure to produce a national campaign agenda and is critical of Democratic leaders who say they will subpoena and investigate Mr. Bush's administration if they win control of the House in November.

"I hope that's not where we go. I hope we fight on the issues that affect people's lives and not engage in political infighting. I would rather end the war than try to impeach George Bush," he said.

"What Democrats need to do is to articulate a clear message that is more than we-are-not-the-Republicans," he said.

Many Democrats say their local organizations have been strengthened by the party organizers sent into their state by party Chairman Howard Dean. The Democratic National Committee has put at least four party strategists into each state, as part of a long-term, 50-state party-building plan to prepare for the '06 and '08 elections.

"It's working miracles and is exactly the right strategy for Minnesota," Mr. Melendez said. "They are doing the grass-roots organizing that is going to turn out our voters in November, channeling all that voter anger into votes."

Bush Rating At All-time Low In W.Va. (CWVG)

By Scott Finn

Charleston (WV) Gazette, May 29, 2006

A record number of West Virginians don't like the way President Bush is doing his job, according to a new poll from the nonpartisan group SurveyUSA and WUSA-TV in Washington.

Fifty-nine percent of state residents disapproved in the survey of 600 adults taken May 12 to 14. Thirty-seven percent approve. The poll has a margin of error of plus or minus 4 percentage points.

Bush's approval rating in West Virginia is 2 points below his previous low of 39 percent reached in December, May and April.

The president is still more popular in West Virginia than most states. Nationwide, only 33 percent of American adults approved of his job performance, according to SurveyUSA.

The approval rating among state Republicans has taken the biggest dive, from 87 percent in January to 67 percent this month, while 18 percent of Democrats and 38 percent of independents approve of the president's job performance.

Bush's troubles are no surprise to Marybeth Beller, assistant professor of political science at Marshall University. She blamed dissatisfaction about the war in Iraq.

"You're seeing Republican leaders in the House of Representatives opening up a debate about the Iraq war," she said. "That's a sign of growing frustration about the war and Republicans' willingness to distance themselves from the president to save their own seats."

The only Republican representing West Virginia in Congress, Rep. Shelley Moore Capito, also is distancing herself from the Bush administration by talking about high gas prices, mine safety and problems with the Medicare drug benefit plan, Beller said.

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Her Democratic challenger, former federal prosecutor Mike Callaghan, will have to do a better job getting out the vote and introducing himself to voters if he wants to beat Capito this fall, she said.

About two-thirds of West Virginians approved of the job being done by West Virginia's two Democratic senators.

Clinton Is A Politician Not Easily Defined (WP)

By Dan Balz

The Washington Post, May 30, 2006

Hillary Rodham Clinton has fashioned a political persona that generates intense passions but defies easy characterization. She is viewed as a hawk on Iraq and national security, stamped as a big-government Democrat for her work on health care in the 1990s, and depicted as seeking the middle ground on abortion.

After three decades in public life, New York's junior senator is one of the most recognized women in the world, her every move and utterance interpreted amid the assumption in Democratic circles and her own circle that her reelection campaign this fall will pivot into a run for president in 2008. Yet for all her fame, there are missing pieces to the Clinton puzzle: What does she stand for? And where would she try to take the country if elected?

Clinton's roles as senator, first lady, governor's wife, lawyer and children's advocate have given her a depth of experience that few national politicians can match, but she is still trying to demonstrate whether these yielded a coherent governing philosophy. For now, she is defined by a combination of celebrity and caution that strategists say leaves her more vulnerable than most politicians to charges that she is motivated more by personal ambition and tactical maneuver than by a clear philosophy.

In recent weeks, Clinton has moved to clarify her agenda with major speeches on the economy and energy. Later this summer she will help present a new strategy for the Democrats. She has also given speeches setting out her foreign policy views. But she has yet to wrap up her ideas in a kind of package like the "New Democrat" philosophy her husband, former president Bill Clinton, used in his 1992 campaign or the "compassionate conservative" label George W. Bush adopted in 2000.

To the contrary, she made clear in a telephone interview on Friday that her governing philosophy may never be easily reduced to a slogan. "I don't think like that," she said. "I approach each issue and problem from a perspective of combining my beliefs and ideals with a search for practical solutions. It doesn't perhaps fit in a preexisting box, but many of the problems we face as a nation don't either."

As a result, everyone seems to have a label for her. Roger Altman, a former Treasury Department official and one of her outside advisers, calls Clinton "a modern centrist." William Galston of the Brookings Institution, who was domestic policy adviser in the Clinton White House, describes her as "a progressive without illusions" and a politician who has been "consistent but complicated."

Her detractors find much -- and much different -- to criticize. Liberal columnist Molly Ivins dismisses Clinton as the embodiment of "triangulation, calculation and equivocation." Markos Moulitsas, whose Daily Kos Web site often attacks the Democratic establishment, ridicules her as a leader who is "afraid to offend." The Rev. Jerry Falwell, echoing a view shared by many Republicans, calls her a liberal "ideologue" who is far more doctrinaire than her husband.

A selective reading of Clinton's record can produce evidence to prove she is a centrist, a liberal and much in between. But there are clear patterns. On defense, she has consistently supported the use of force abroad, having advocated military intervention in the Balkans during her husband's administration. She differs with Bush administration officials on many aspects of how they have conducted foreign policy, but not on combating terrorism or the imperative of winning in Iraq.

Domestically, she has a more complex profile, a product of life experiences that have shaped and refined her approach to issues. She is an activist who believes in the power of government to solve problems, but those pro-government instincts have been tempered by the health-care debacle of 1993-94 and the nation's budgetary squeeze. On family policy, she has some traditional, even moralistic, instincts that those who know her best say are genuine and deeply felt.

Asked whether there is anything that connects her different interests and positions, she answered in spacious language: "What's framed all the work I've done in the Senate and all the years before that is my belief that our most important obligation is to take care of our children . . . and that as a nation, America should remain as a symbol of freedom and hope around the world."

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She believes government is an essential partner in a three-sided relationship that also includes the free market, and a "civil society" of churches and nonprofit groups. "I am a big believer in self-help and personal responsibility and a work ethic that holds people responsible," she said. "But I know one of the reasons our country has been one of the most successful organizations in the world is because we got the balance right."A Polarizing Force

The debate about Clinton's beliefs is linked to one about her electability. Many Democrats fear she carries so much baggage that, if she becomes the party's standard-bearer in 2008, she would prove too polarizing and lead it to a third straight defeat. Many Republicans see a shrewd politician who they fear would be a formidable opponent in a general election and who, if elected, would move the country leftward.

That she polarizes the electorate is clear from a new Washington Post-ABC News poll. The survey found that 84 percent of Democrats have a favorable impression of Clinton, while 73 percent of Republicans have an unfavorable view. As a point of contrast, Sen. John McCain (Ariz.), a leading potential candidate for the Republican nomination, is viewed favorably by 65 percent of Republicans and 50 percent of Democrats.

Although she has drawn criticism from the left for supporting the Iraq war, Clinton remains more popular among liberal Democrats than among moderate Democrats. Overall, 37 percent of Americans said she is too liberal, which is less than the 45 percent recorded for Sen. John F. Kerry (D-Mass.) during the 2004 campaign and almost identical to perceptions of then-Vice President Al Gore in 2000.

Clinton's advisers argue that most Americans have formed opinions about her based not just on Iraq or health care but also on how she has conducted herself through personal circumstances. In the Post-ABC News poll, for example, 68 percent said they see Clinton as a strong leader, 16 percentage points more than Bush received a few months ago.

On balance, most of those around Clinton say her hard-to-pigeonhole profile is a political asset -- the product, they say, of a curious intellect, the absence of rigid ideology, an instinct for problem solving and a willingness to seek consensus even across party lines. Her detractors see her career as the work of an opportunistic politician who has sanded the sharp edges off her views, so much so that there is little sense of authenticity when she speaks.

On Iraq, she has tried to be a critic of Bush without renouncing her support for the resolution that authorized him to go to war, as other Democrats have done. She opposes both a timetable for withdrawing troops and an open-ended commitment.

In the interview, Clinton defended herself. "I've said many times I regret how the president has used his authority," she said. "But I think I have a responsibility to look at this as carefully as I can and say what I believe, and what I believe is we're in a very dangerous situation and it doesn't lend itself to sound bites, and therefore I have resisted going along with either my colleagues who feel passionately they need to call for a date certain or colleagues who are 100 percent behind the policy and with the president and [British] Prime Minister [Tony] Blair. . . . I know I take criticism from all sides on this, but I've tried to work my way through it as clearly and responsibly as I can."

Bill Clinton is also a defender. At a meeting of a group of well-heeled liberal donors called the Democracy Alliance this month in Austin, he lost his temper when an audience member suggested that Hillary Clinton should follow the lead of 2004 Democratic vice presidential nominee John Edwards and renounce her 2002 vote authorizing military force in Iraq, audience members said. He glowered and lectured the donor that it was more important to look to the future than to debate the past in Iraq.

In the Senate, Hillary Clinton has introduced about 190 bills. Of those not strictly involving parochial New York matters, about half include at least one Republican co-sponsor, her advisers say.

But a Congressional Quarterly analysis found that she has voted with a majority of Democrats 95 percent of the time and has consistently recorded one of the highest percentages for opposing Bush on legislation of any of her potential 2008 Democratic rivals.No One Label

Those who have dealt with Clinton say she is not easily caricatured. "Reviewing her writings, which I've done, having chatted with her and knowing personally something about how the Clintons raised Chelsea, I believe she holds what we sometimes call traditional values about personal responsibility and family," said Douglas Besharov of the American Enterprise Institute.

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Peter Edelman, who resigned in protest from the Clinton administration after the president signed, with his wife's support, the welfare reform bill in 1996, said no label fits her. "Anybody who thinks she's some sort of down-the-line liberal who has tailored her thinking for electoral reasons, I think that's just not true," he said.

The defeat of her health-care proposal in 1994, advisers say, taught her to respect the limits of the political system to absorb major policy changes.

She said the biggest lesson learned is that there can be no progress on health care without the business community. "There has to be a consensus in the public and private sector before we can ever get the political system to respond," she said.

Hillary Clinton has a populist streak that sometimes takes on an angry edge, in contrast to her husband. But one policy aide in the Clinton White House who has worked closely with both Clintons suggested their differences are stylistic. "She's just blunter in the way she talks about things than he is," the adviser said. "If you hear the same policy from both of them, because he sugarcoated it and she didn't, it might sound more centrist coming from him than from her."

No Clinton speech has drawn more attention than her January 2005 address in which she described abortion as a "sad, even tragic choice" for many women. The speech was widely interpreted as her effort to move toward the center. Her advisers, worried that she would be attacked for inconsistency, insisted that it represented no change from her past position.

The speech, read in its entirety, was a ringing endorsement of a woman's right to choose, and its political purpose, advisers say, was to put abortion foes on the defensive about contraception, not to make news by softening Clinton's tone on abortion.

This summer, Clinton will participate in the rollout of a Democratic agenda, a project initiated by the centrist Democratic Leadership Council. At her urging, the project includes participation of the liberal Center for American Progress, as well as two other centrist groups, the New Democrat Network and Third Way.

When he sought the presidency, Bill Clinton used the DLC to signal a break from the old Democratic Party when the DLC officials were at war with the liberal wing. Hillary Clinton appears to have the opposite goal, which is to use the DLC as a base from which to unite the party to rebut criticism that Democrats have no common message.

Galston suggested that people are asking the wrong questions about her. "I think the real issue that people ought to be talking about is not whether she's consistent or sincere," he said. "If I'm reading her correctly, she is. The real question that people ought to be asking is, given what she's stood for unflinchingly, is that the direction they want the standard-bearer to take the party?"

Waiting At The Docks (WT)

By Antonio Villaraigosa And Rusty Hammer

The Washington Times, May 30, 2006

This past week, California Gov. Arnold Schwarzenegger signed legislation recently passed by the state legislature to place the largest infrastructure bond measure in state history -- $37 billion for transportation, housing, education and levees -- before the voters in November. This historic agreement has the strong support of the City of Los Angeles and its business leaders. Meanwhile, throughout the United States, other states are struggling with how to fund the transportation infrastructure that is so necessary to the future of the country.

One of the biggest effects of that gap is the economic cost of delays and logistical uncertainties in transporting goods, as congestion threatens to overwhelm the system. Our economic reality is changing to meet the distribution needs of imported goods, and our environmental reality is telling us to be mindful of the inherent relationship between environmental pollution and the movement of goods. There will be no greater pressure placed on our transportation system and environment than this massive inflow. As we survey the global context and local landscape, it is clear that our gateway cities, with Los Angeles a top example, face major challenges -- from homeland security to the movement of goods to public health to the environment.

The movement of goods has far-reaching effects on the lives of all Americans. Not only does it shape our markets, it also impacts the air we breathe, the jobs we create and the economic climate we foster.

American retailers and manufacturers depend on the Ports of Los Angeles and Long Beach for 43 percent of all imported goods to the United States Think of it as a river carrying more than $230 billion in products to every corner of every state, where retail jobs and markups and sales taxes add value to local economies.

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To carry this load, there are ships of increasing size and number, needing more trains and trucks, arriving at our docks every day. The biggest container vessels can now carry up to 1.2 million 29-inch color televisions or 50 million mobile phones and are larger than an aircraft carrier.

The issue we face is daunting: We have no coherent national policy to deal with goods and freight movement. Nor do we have the available resources upfront to infuse our seaports, airports, highways and rail lines with enough capital to be efficient and cost-effective for users in years ahead.

We must be creative and responsible in how we green, grow and compete in our increasingly global market place. And our success will be measured not only by our economic prosperity, but also in how our decisions and investments maintain the environmental integrity and public health of our communities.

This is not an exclusively urban or rural problem; this is a global issue affecting every sector of our market and every consumer in every community. Meanwhile, issues surrounding port and cargo security have, until now, been going unaddressed and adding to the uncertainty within the supply chain.

The Los Angeles gateway is a national asset, providing consumer goods to the entire country. Californians are stepping up to the plate to ensure the critical infrastructure necessary for competitive access to world markets, but we can't do it alone.

A stronger partnership with the federal government is essential. What's needed? From Congress: Pass the port security bill. From the Department of Transportation: Provide a national freight policy and partner with the states and cities on massive gateway and corridor construction projects. From the states: Share the financial burden of these projects of national significance, whose return on investment is spread throughout the country.

The challenges we face are immense. And they will not be remedied with simple solutions or quick fixes. Nor can they be addressed by one community alone.

A unified country needs a unified, flowing transportation system. Los Angeles and California are ready to put our future on the line to raise our share of the cost, but this is a future that belongs to the whole country, and we can only achieve it together.

Antonio Villaraigosa is mayor of Los Angeles. Rusty Hammer is president and CEO of the Los Angeles Area Chamber of Commerce.

OTHER NEWS:

Manufacturers' Profits Outpace Broader Economy (WSJ)

By Timothy Aeppel

The Wall Street Journal, May 30, 2006

Profits are increasing far faster for U.S. manufacturers than for U.S. companies as a whole, aided by a wave of consolidation that has wiped out weaker players, unrelenting cost cutting and a revival of pricing power in some sectors.

Companies still find it tough to raise prices to consumers, helping curb overall inflation.

But within manufacturing, those that make important materials and intermediate products are raising prices to other producers, often in an effort to offset their own soaring costs. Many have moved some operations overseas, trimming costs.

A surge in U.S. exports, dominated by manufactured goods, also is helping. The Commerce Department reported this month that exports jumped 13.8% to $76.5 billion in March, compared with a year ago.

"There's clearly been an upturn in profits and profitability for manufacturers," says David Huether, director of economic analysis at the National Association of Manufacturers.

To be sure, some manufacturers continue to struggle. Foreign competition remains fierce. Manufacturers could also face challenges keeping up profit growth amid rising interest rates, predictions of a global economic slowdown and the continued climb in prices for raw materials, particularly energy.

Manufacturing profits almost quadrupled since 2001 on a pretax basis to $208 billion last year, according to the Bureau of Economic Analysis, while profits for all types of companies doubled to $1.2 trillion. Manufacturing profits now exceed the level they reached at the height of the late 1990s economic boom.

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Economists say that manufacturing's relative strength is partly attributable to the severity of the recent downturn, which was far deeper than it was for the larger economy. Profits in the factory sector plunged almost 64% in 2001 to $52.6 billion from $144.3 billion in 2000 as manufacturers shed millions of workers and slashed output to survive the slump. Manufacturers had more ground to cover just to catch up, says Richard DeKaser, chief economist at bank National City Corp. in Cleveland.

"I expect manufacturing profit gains to continue throughout 2006, though rising interest and labor costs will slow the momentum somewhat," Mr. DeKaser says.

The global boom has helped. Caterpillar Inc. recently reported first-quarter net income rose 45% to $840 million from a year earlier amid strong world-wide demand for construction and mining equipment.

Some U.S. companies also are benefiting from increased manufacturing on U.S. soil by foreign companies, even as some traditional customers such as General Motors Corp. and Ford Motor Co. struggle to run their factories profitably. "Go up the road to Toyota -- their parking lot is full, they're expanding," says Michael Mittler, president of Mittler Bros. Machine & Tool in Wright City, Missouri, referring to Japanese auto maker Toyota Motor Corp. Toyota's plant in nearby Troy, Missouri, makes aluminum castings for cylinder heads and engine manifolds.

Striding through the middle of his bustling shop one recent morning, he pointed to large machines that shape cylinder heads for Toyota's new V-8 engines, part of a subcontract he landed last fall.

Mr. Huether, the NAM economist, says, "One of the things driving profits for manufacturers is that they have more pricing power," although in some cases that mainly means no longer facing as much pressure to cut prices. He attributes this both to rising domestic demand as well as to higher prices for imports, which creates less deflationary pressure in the U.S.

Robert Murdock, president of Murdock-SuperSecur LLC, has raised prices, just not fast enough. His Cincinnati-based company, a maker of brass drinking fountains and fire hydrants, is caught in a bind because of the lag between when his customers order products and when he delivers. With raw materials such as brass surging over the past year, he often has found himself paying more for metal than he had expected, after quoting a lower price as part of a bid.

For many manufacturers, the trick has been to keep squeezing their own costs and pushing into new businesses in order to boost profits.

Hoveround Corp. in Sarasota, Florida, isn't allowed to raise prices for its motorized wheelchairs and scooters, because prices are set by fee structures for Medicaid and by contracts with large insurers. Yet the company has managed to consistently widen profit margins "slightly" each year, says company President Tom Kruse.

One strategy has been to move more production of subassemblies and parts to cheaper off-shore factories. And the company has grown every year since 2000, so it has also benefited in some cases by increasing the volume of outside parts it buys, making it eligible for bigger volume discounts.

Meanwhile, business is the best it has ever been at Allfast Fastening Systems Inc. in City of Industry, California. Chief Executive Jim Randall says demand has soared for the company's rivets, used in commercial and military aircraft. Indeed, Mr. Randall's biggest problem is meeting demand, given tight supplies of key materials such as titanium. Some wags in the industry have taken to calling such hard-to-get metals "unobtainium."

Talk Of Pelosi As Speaker Delights Both Parties (NYT)

By Mark Leibovich

The New York Times, May 30, 2006

WASHINGTON, May 29 — Hoping to win a Congressional majority in November, some optimistic Democratic lawmakers have taken to referring to Representative Nancy Pelosi as "speaker," as in speaker of the House. So have some optimistic Republicans.

"She ought to be a big component of the fall campaign," said Ed Rogers, a Republican strategist and lobbyist. "There are some Democrats who make really good bad guys."

Ms. Pelosi, the California Democrat and House minority leader, lends herself to easy caricature by Republicans. She is an unapologetic liberal, with a voting record to match (the Republican National Committee chairman, Ken Mehlman, said she was neither a "New Democrat" nor an "Old Democrat" but a "prehistoric Democrat"). She is wealthy (married to an investment banker,

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she has assets listed at more than $16 million). She represents San Francisco, which Republicans love to invoke as a hotbed of counterculture decadence and extremism.

"Is America ready for Nancy Pelosi's Contract With San Francisco?" asked Representative Ric Keller, Republican of Florida, posing a question that, one imagines, could form the basis of many Republican advertisements this fall.

Democrats may have some reservations about Ms. Pelosi, but they are largely loyal, seeing her as an earnest champion of the party's beliefs and as an effective leader.

"She has brought everyone together, she has kept everyone together, and I think she deserves a great deal of credit," said Martin Frost, a former Texas congressman and rival of Ms. Pelosi for minority leader.

Republicans have made a target of Ms. Pelosi — who has become ubiquitous on campaign podiums, in interviews and in Republican talking points — because the notion of Democrats' winning a Congressional majority is hardly the pipe dream it was 18 months ago.

As President Bush's approval ratings languish with those of Republican lawmakers, polls suggest that Democrats could be on course to lead the House for the first time in 12 years.

As a result, Ms. Pelosi teeters on a fine line: between the need to say what Democrats plan to do if they win control of the House and the danger of speaking too soon. She begins some sentences with "when we win" and others with "if we win." Sometimes she will tack on a qualifier ("no matter who wins this election") or caveat ("that's if the election were held today").

"I don't want to appear overconfident," she said.

She is sitting in an office that, she often notes, belonged to Thomas P. O'Neill Jr. when he was speaker. After November, she hopes — or expects — to assume that mantle, depending on what conjunction she happens to be using.

Republicans hope to block her ascent by preventing Democrats from picking up the 15 seats they need to take control of the House. Republican strategists say they are eager to conduct a direct assault on Ms. Pelosi, focusing on what they believe are her vulnerabilities.

Ms. Pelosi can struggle at times to give the air of the gravitas that powerful women like Hillary Rodham Clinton and Condoleezza Rice do, both friends and adversaries say. She can appear tentative and overscripted in interviews, with a tight smile and large, expressive eyes than can leave an impression of nervousness.

"Her public speaking style is not good," said Representative Barney Frank, Democrat of Massachusetts.

She is more animated and assured in private meetings, said Mr. Frank, who counts himself a big admirer.

The view of Ms. Pelosi as a deficient spokeswoman for her party was buttressed during an appearance on "Meet the Press" on NBC earlier this month, which centered largely on what Democrats would do if they won the House. Political insiders of both parties judged her performance as shaky, uncommanding and defensive.

"A lot of Republicans were saying, 'We need her on TV more,' " said Ed Kutler, a Republican lobbyist. "Maybe we should buy ad time for her."

Asked why she makes such a popular Democratic bogyman, or bogywoman, Ms. Pelosi shrugged, smirked and, finally, smiled.

"I am an Italian-American Catholic grandmother," she said, "very traditional in terms of values."

She repeated this three times, as if to emphasize that her self-image was at odds with more common descriptors, like "San Francisco liberal."

Representative Steny H. Hoyer of Maryland, the House Democratic whip, said, "They will try to demonize our members in leadership because it's all they have left."

Mr. Hoyer, who is seen as more moderate than Ms. Pelosi, has made no secret over the years of his interest in moving up the leadership ranks. But he said he would not run against Ms. Pelosi for speaker, and he dismissed speculation on Capitol Hill that he might do so as "the right trying to create a fight."

Ms. Pelosi has said that she intends to become speaker if her party wins control of the House and that she would expect to run unopposed.

As the prospect of a Democratic majority gains credibility and Ms. Pelosi is more visible, she is also subjected to the speculation and analysis about her hair, makeup and clothes that any woman positioned for such a big job often must endure.

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"I hear them say on TV that I've had face-lifts," said Ms. Pelosi, 66, who added that she had never had one. "I heard one woman say I've had a face-lift, but it looks terrible."

She shook her head and said, "Did you ever think that those two things cancel themselves out?"

Ms. Pelosi said she slept little, stole exercise by dashing through airports and subsisted many days on Ghirardelli chocolates ("less than 10" a day) and pistachio nuts (which she shells with her teeth).

"I had a hamburger last night and it was my breakfast, lunch and dinner," she said last week. "And I had these strange things. I realized they were French fries." She made quick spiraling gestures with her fingers to show what they looked like.

It was apparent that she was not familiar with curly fries.

In the course of two interviews, Ms. Pelosi repeated herself frequently, even by the hyper-repetitious standards of politicians:

¶About how the Republican House leadership was presiding over a "culture of corruption."

¶About how Democrats were committed to fiscal responsibility.

¶About how Democrats would restore civility to the House.

¶About how "when Democrats win," President Bush will be a "lame duck," upon which she switches poultry metaphors and drops in the cautionary cliché about not counting chickens before they are hatched.

She repeated Jesse Jackson-like alliterative sound bites in halting un-Jackson-like cadences. Republicans, she said, "are engaging in deluge and desperation," while her Democratic caucus "is a great collection of idealism, intellect and" — she paused while trying to summon the third "i" — "integrity."

Whatever Ms. Pelosi lacks as a communicator, her political gifts are abundant, colleagues say. She is known as a shrewd inside player with instincts honed in the political hothouse of her youth. She grew up in the Little Italy section of Baltimore, one of six children and the only daughter of a legendary Democratic machine boss, congressman and mayor, Tommy D'Alesandro.

She attended Trinity College in Washington, where she met her future husband, Paul Pelosi, who was attending Georgetown. They eventually moved to his hometown, San Francisco, where she remained active in Democratic politics and was first elected to Congress in 1987. The heavily Democratic district has easily re-elected her ever since.

In Congress, Ms. Pelosi has been particularly interested in intelligence issues and has strongly supported abortion rights. She has also shown sharp-elbowed partisanship and old-school pragmatism and collegiality.

Ms. Pelosi nodded vigorously when asked if she was friends with Representative Tom DeLay, whom she had just seconds earlier described as "corrupt." She went on to catalog the work the two had done together in Congress. And then Ms. Pelosi affirmed, once again, how "corrupt" her friend Mr. DeLay was.

Ms. Pelosi, who succeeded Representative Richard A. Gephardt as minority leader in 2002, has been credited in that role with keeping her racially, ideologically and stylistically diverse caucus unified. Congressional Quarterly magazine examined 669 roll-call votes in 2005 and found that Democrats voted with the majority of their party 88 percent of the time, the highest total since it started doing such analyses in 1956.

"She understands her members, where they are on issues and what they need," said the Democratic lobbyist Steve Elmendorf, a former aide to Mr. Gephardt.

Mr. Elmendorf described Ms. Pelosi as "an extremely attentive leader" who would deservedly receive much credit if Democrats won in November.

Democratic solidarity is also forged of the party's fierce opposition to President Bush's policies. As Mr. Frank said, "The Republicans' extremism is the sine qua non of our unity."

Indeed, throughout the Bush presidency, Democrats have been criticized as being only against Mr. Bush and not standing for any ideals or agenda of their own. This creates something of a dilemma for them.

In recent years, Republicans have charged that Democrats had no ideas, Ms. Pelosi said. Now, whenever Democrats talk about their ideas, she said, "they say we're measuring the curtains on the speaker's office."

Ms. Pelosi disagrees with the notion — proffered by some Democrats — that party leaders should say nothing and let the Republicans founder on their own.

"We've done our job for 18 months saying why they shouldn't vote for Republicans," she said. "Enough of the Republicans. Now it's about us."

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Inside Politics (WT)

By Greg Pierce

The Washington Times, May 30, 2006

Jeb's future

Don't underestimate Florida Gov. Jeb Bush's prospects as a future presidential contender, says former House Speaker Newt Gingrich.

Probably 2008 is a little bit tricky, but " '12 or '16 isn't. And he's a young enough guy that he has a great future," Mr. Gingrich said on a Florida television station.

"I just think his natural, personal ability is so great that people are going to realize he is not his father, and he's not his brother. He's a very unique, charismatic leader with extraordinary capabilities. ... Jeb Bush may well be the most innovative [governor] in the entire country."

Which potential Democratic presidential candidate most worries Mr. Gingrich?

"Either [former Virginia] Gov. Mark Warner or [Indiana] Sen. Evan Bayh have a lot to offer the Democratic Party because they're more moderate," he said, although he predicted that either would have a very tough time beating New York Sen. Hillary Rodham Clinton for the nomination.

Mr. Gingrich said Mrs. Clinton will have a tough time winning over voters in much of the country, including Florida, but Republicans are foolish to underestimate her.

"She's very smart; she works very hard. Anyone who thinks we're going to beat her easily is just wrong. We can beat her if we have better ideas and better solutions, and people have a choice between a left-wing view of the world and a solution-oriented view of the world. We're not going to beat her just with an anti-Hillary campaign," he said.

Mr. Gingrich likewise fretted that the Republican loyalists might stay away from the polls in November out of disenchantment with Republican leaders in Washington, the St. Petersburg [Fla.] Times reports.

Dayton's jibes

When asked to describe his attitude in his last few months in office, Sen. Mark Dayton cited a line from the 1971 song "Me and Bobby McGee."

"Freedom's just another word for nothing left to lose," he said.

The first-term Minnesota Democrat is not seeking re-election and, these days, sounds very much like a politician with nothing left to lose, the Associated Press reports.

In February, upset about a plan by a South Dakota railroad to run coal trains close to the Mayo Clinic in Rochester, Minn., Mr. Dayton said the clinic "is worth a hell of a lot more than the whole state of South Dakota."

He later apologized for the remark.

The next month, he called fellow Democratic Sen. Russ Feingold's proposal to censure President Bush over a warrantless surveillance program "an overreaching step by someone who is grandstanding and running for president at the expense of his own party and his own country."

Mr. Dayton did not apologize for that.

He even told a Minnesota high-school group that he'd give himself an "F" if he had to grade his accomplishments in the Senate.

"And I would give the entire Congress, of which I'm a member, an 'F' for results," Mr. Dayton said. He pointed out that he also told the students that he'd give himself an "A-minus" for effort.

Lack of enthusiasm

The race for the Democratic nomination for California governor enters its final stretch this week in a virtual tie, with a large chunk of voters still undecided -- and unimpressed by their two choices in the June 6 primary, the Los Angeles Daily News reports.

In part, analysts said, the two Democratic candidates -- state Treasurer Phil Angelides and state Controller Steve Westly -- have to overcome voter fatigue. With the recall in 2003 and Gov. Arnold Schwarzenegger's special election last year, the state's voters have not had a year off from the barrage of TV ads and campaign rallies since 2001.

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"I think there is a lack of enthusiasm for the two candidates," said political analyst Sherry Bebitch Jeffe of the University of Southern California. "I think the whole country is in a very sour mood. People are not happy about the way government is performing at all."

A poll released last week by the Public Policy Institute of California found Mr. Angelides with a slight edge, 35 percent to 32 percent, within the poll's margin of error. That was a big improvement for the treasurer, who was 13 points behind in a Los Angeles Times poll last month.

Not going away

"June 6, 2006, is an important date, not only because it's the 62nd anniversary of D-Day. It's also the day the Senate will vote on the so-called marriage amendment, which would amend the Constitution to restrict marriage in America to a man and a woman," Fred Barnes writes in the Weekly Standard.

"It won't pass. A constitutional amendment requires a two-thirds majority in the Senate and the House. When the Senate voted in 2004, the amendment got only 48 votes. This time, it's likely to get more -- probably between 52 and 58 -- in part because a powerful and unusually ecumenical religious coalition is now backing the amendment. And President Bush, despite his wife Laura's admonition that the marriage issue ought to be kept out of politics, plans to host a pro-amendment event at the White House and speak out in favor of the amendment," Mr. Barnes said.

"Once dismissed as a sop to social conservatives, the proposed amendment has become a serious rallying point for opponents of same-sex marriage. The June 6 vote will put senators on the record and make their position on the amendment a potential campaign issue. And the formation of the religious coalition means the issue won't go away soon."

On the lookout

The group Public Advocate of the United States said yesterday that it had set up sobriety checkpoints on Capitol Hill over the holiday weekend to protect the public against Sen. Edward M. Kennedy, Massachusetts Democrat, and his son, Rep. Patrick J. Kennedy, Rhode Island Democrat.

"Citizen volunteers have responded to the call, and we have erected checkpoints at several intersections to prevent any Kennedy from driving in an impaired manner on Capitol Hill. We selected the long Memorial Day weekend due to the increased potential for a repeat of earlier car accidents," said Eugene Delgaudio, president of the group.

Volunteers patrolling in front of the U.S. Capitol and in front of the Supreme Court are attempting to prevent a repeat of Kennedy-related car accidents, the group said. The elder Mr. Kennedy walked away from a 1969 Chappaquiddick Island auto accident after a day of drinking, leaving campaign aide Mary Jo Kopechne to drown in the car. His son earlier this month crashed his car into a concrete barrier on Capitol Hill while, he said, disoriented from prescription drugs.

The checkpoints were mobile units comprising two dozen persons alternating positions around the Capitol. Volunteers wore bright orange or yellow vests and yellow construction hats and carried traffic cones and traffic directional signs (stop, slow down, go) and posters that identified them as the "Kennedy Sobriety Checkpoint" and with a message that states, "If your name is Kennedy, Get Out of the Car."

Roy Moore 'So Help Me God' (WSJ)

By Kyle Wingfield

The Wall Street Journal, May 30, 2006

MONTGOMERY, Ala. -- Most politicians would kill for -- or spend millions of dollars to acquire -- the name recognition Roy Moore has in Alabama. Not necessarily the kind of name recognition, mind you. Just the level.

That's because here, and across the country, he's known not just as Roy Moore, but as "Roy Moore, Ten Commandments Judge" -- the Southern Baptist-cum-chief justice of Alabama who defied a federal court order to remove his 2.5-ton monument to the Commandments from the state courthouse, and lost his job as a result. It's a moniker that wins him automatic support in some quarters, and deafens ears before he even opens his mouth in others. And as he runs for the Republican nomination for governor in his native state, that notoriety is both a blessing and a curse. * * *

Roy Moore makes no apologies. "I'm not trying to dodge or get away from my past," he tells me over lunch at a Montgomery seafood restaurant. "I think what we stand for in this state is exactly what our motto is: 'We dare defend our rights.' And Alabamians

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have always dared defend our rights, whether it be Martin Luther King, or what I did, or the beginning of the Civil War. We dare defend our rights."

At the same time as he makes this boast, there's no doubting that much of his campaign is devoted to explaining his past and persuading voters to look beyond it. "You've got to understand what the issue was with the Ten Commandments monument," he says. "And that is the message that must be gotten out first, to open the eyes and the ears of the people to understand that I do have more than that. It was more about principle than politics. . . .

"When they don't understand that it wasn't about a monument, or the Ten Commandments, or disobedience of a federal court order, but about obedience to the U.S. Constitution and the acknowledgment of God which cannot be prohibited by any authority, then when you get that message out, you can go to the platform, [and] they start to see that."

Mr. Moore referred to the "acknowledgment of God" so many times during his 2003 battle to keep the monument (and himself) in the courthouse that reporters covering the months-long saga wished they had a keystroke for the phrase. As he tells it, it's his way of describing the many nods to the Almighty made by public officials: the invocation, "God save the United States of America and this honorable court," that opens sessions of the Supreme Court; the phrase, "so help me God," that concludes many an oath of office, from the president on down; the references in the Declaration of Independence to "Nature's God," the "Creator"; the fact that religious freedom is the first right mentioned in the Bill of Rights. And, he argues, it includes postings of the Ten Commandments in courthouses -- from small plaques like the wooden one he carved and hung in his Etowah County courtroom a decade ago, to the washing-machine-sized granite marker he installed in the state courthouse.

"Every function of government is related" to the acknowledgment of God, he says. "For example, an understanding of God leads to an understanding of the fallen nature of man, which leads to the separation of powers, checks and balances. . . . Then you understand why judges can't make law, and legislators can't enforce law, and the executives can't put themselves above the law." * * *

But putting himself above the law is exactly what Mr. Moore was accused of doing. His refusal to remove the tablet from the state courthouse -- a U.S. district judge had ruled that it was an unconstitutional endorsement of religion by government -- drew hundreds of supporters from across the country to camp out on the building's steps for over a week in the dog days of August. They organized food deliveries and threatened to form a blockade if anyone tried to remove the stone. Critics, from the ACLU to atheist groups, also gathered to voice their opposition.

Even for Alabama, which has seen its share of political stagecraft over the years, it was a surreal sight. After all, George C. Wallace's "stand in the schoolhouse door" to protest the integration of the University of Alabama ended with his stepping aside to allow two black students to enroll. Eventually, the state Supreme Court's eight associate justices had "Roy's Rock" rolled away with little incident. Three months later, a special panel of retired judges voted to expel Mr. Moore from office.

So it's no wonder that this yarn is what people remember about Roy Moore, and not his platform, which lists four topics -- Legislative Reform, Education, Taxation and Wasteful Spending, and Illegal Aliens -- ahead of Morality. Money has been a critical issue for Mr. Moore, who has been out-fundraised by his opponent in the June 6 GOP primary, the incumbent Bob Riley, by more than 4-to-1. The Moore campaign ran its first TV commercial in mid-May; Gov. Riley has been ruling the airwaves since January.

"Our problem has been reaching great multitudes of people with the message because of funding," Mr. Moore says. "And the funding has been hampered by the fact that we take no political action committee money, and the reason is because it's the very problem here in Montgomery. . . . In my opinion, [the state government] is controlled by special interests. And when it's controlled by special interests . . . you can't address the problem by taking their money."

It's to address this crucial problem, he says, that he's proposing term limits for legislators and amending the state constitution so that the legislature meets every other year instead of annually -- "Because, by fewer legislative sessions, you don't have as much time for the special interests to control."

In some ways, his platform could belong to just about any small-government conservative. But if you're starting to wonder what all this has to do with God, and whether Mr. Moore has lost support because he's strayed from his religious message, consider how he addresses these topics.

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His arguments for limited government portray this political philosophy as the only one for those who believe in God. He quotes Jefferson: "'Resistance to tyrants is obedience to God.' Now that had a meaning back in 1700 which is true today. Tyrants are those who put [themselves] above the law of God and become all-powerful. They control everything -- your life, your liberty, your pursuit of happiness. In this country, those things are given by God and government is there to secure them."

The Constitution, Mr. Moore says, was framed largely to prevent the emergence of such a godless, all-powerful tyrant. "Jefferson said, 'In questions of power let no more be heard of confidence in man, but bind him down from mischief by the chains of the Constitution.' Which is exactly what the Constitution's about." And as for the budget deficit, Mr. Moore believes that God is on the side of lower taxes and spending: "If you know that government isn't God, then government doesn't need all the money in the world to do everything for everybody, because that's not the role" of government. * * *

Can more than one deity, I ask, be held in official esteem in America? Not if religious tolerance is to be maintained, Mr. Moore argues: "The Judeo-Christian God is the one that gives religious liberty. The Muslim God, Allah, does not give religious liberty. If you want to prove that, go to Saudi Arabia and lift up your Bible on a street corner, and you'll find out what the Muslim God -- they say -- dictates.

"They dictate a form of worship through the government, and that's what their God mandates -- they say. Our God does not mandate that at all. . . . Our God says that that freedom is between you and me, not you and government. That's the big difference. . . . And that's exactly why Muslims and Buddhists and others are free to worship [here] the way they want, not dictated by government."

For a man who might fairly be described as a provincial populist, Mr. Moore has a somewhat unconfined (and, in parts, exotic) past. After graduating from West Point in 1969, then-Lt. Moore served in Kansas, Germany and Vietnam. In the 1980s, he worked for a time as a cowboy on a ranch in the Australian outback. But now, he expresses disdain for much of the world beyond his own -- in particular, for Europe, with its widespread secularism. "When they don't acknowledge there's a God, government is the god and controls everything.

"You don't have to know anything about history," he continues, "to go over to Europe and look at the churches. I mean, they're cold, vacant, locked museums of what used to be." The U.S. had been moving in that direction for some 60 years, he says, but in recent years has started to reverse the slide. "America's churches are alive and growing. But more than the churches, the people are coming back to a knowledge of God -- and a knowledge of what the Constitution is."

Europeans likely wouldn't vote for someone as overtly religious as Mr. Moore to be dog-catcher, much less elect him to a position comparable to a U.S. governor. Yet it's beginning to look like Alabamians' sentiments toward his candidacy aren't much warmer. A May 21 poll by the Mobile Press-Register and the University of South Alabama shows Mr. Moore trailing Gov. Riley by 69% to 20% after leading the incumbent by eight points a year-and-a-half ago. The passage of time hasn't helped. Many an observer reckons that Mr. Moore might have beaten the governor handily had the race been held in 2004, when the erstwhile judge was perhaps at his most popular and Mr. Riley was being browbeaten for a poor economy and his failed proposal to raise taxes by $1.2 billion.

Regardless of how the election turns out, Mr. Moore says he asks supporters to pray only that God's will be done. And he indicates that failing to elect faith-oriented politicians like himself won't be the end of the world for Americans: "It's good to have people in office that do understand these things, no doubt. But I think, whether they're elected or not, it's the people that are going to change it. It's from the bottom-up, not the top-down. If you go from the top-down, you're liable to put your faith in somebody that doesn't deserve it."

Mr. Wingfield, an editorial page writer for The Wall Street Journal Europe, was a Montgomery-based reporter for the Associated Press from 2002 to 2004.

Blowing Smoke About Tobacco (WP)

By Philip Alcabes

The Washington Post, May 30, 2006

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"Tobacco: deadly in any form or disguise" is the slogan of the World Health Organization's World No Tobacco Day tomorrow. The claim is false: Tobacco is not deadly; the harm is in the smoke. A policy that confuses innocuous tobacco with harmful smoke is responsible for millions of avoidable deaths each year worldwide.

Cigarette smoke is a deadly delivery device for a benign but habit-forming product: nicotine. Nicotine isn't especially dangerous -- about like caffeine. Good policy toward tobacco use would reduce the grave harm of smoking by replacing cigarettes with non-smoked forms of nicotine for the addicts. They might use nicotine safely forever, if harmless delivery systems were widely available.

Instead, nicotine abstinence is the policymakers' only approach to tobacco. Like other abstinence campaigns (alcohol prohibition, sexual abstinence before marriage, just saying "no" to drugs), this one is both moralistic and ineffective.

The human cost of the nicotine-abstinence policy is doleful. More than 430,000 U.S. deaths each year -- one out of every five -- can be attributed to smoking. This is 10 times our death rate from car crashes, 30 times the rate from AIDS -- an unprecedented toll that is a testament to the inadequacy of 40 years of quit-smoking policy.

The surgeon general reported smoking to be a health hazard back in 1964, but the net effect of smoking-cessation messages since then is that between 4 and 5 percent of smokers quit each year. Of the approximately 14 million Americans who try to quit smoking every year, only 2 million succeed. That failure leaves 45 million to 60 million American smokers, more than one-fifth of American adults. Most of them smoke regularly. Another million or so start smoking each year. In fact, of all the Americans alive today who ever smoked regularly, half are smoking now.

Obviously, nicotine use is a popular and tenacious habit. Equally obviously, tobacco policy is a failure. Surveys show that a majority of current smokers would like good alternatives to smoking as ways of getting nicotine. But we will not tell nicotine users that there are safe ways to continue to use the legal drug they crave. Apparently, our policymakers would rather see those people get sick and die.

Alternative nicotine delivery could be easy. Nicotine replacement therapy could work long-term. Gum and the patch are already available, but not to everyone. Also, they are still approved only for short-term use and can deliver only small doses -- inadequate for heavy users.

Smokeless tobacco would work. It comes in several forms. One is chewing tobacco, made famous by cowboys and ballplayers. But other forms are handier, less messy and far less dangerous than smoking. Yet health officials label smokeless tobacco as "not a safe alternative to smoking," despite much evidence that it is quite safe. Indeed, current policy is so wedded to nicotine abstinence that officials will lie to discourage widespread use of smokeless tobacco as a way of delivering the drug.

As Carl V. Phillips, an epidemiologist at the University of Alberta, has shown, evidence points to a low risk of health hazards stemming from smokeless-tobacco use. That includes virtually no evidence of risk of oral cancer. Phillips's calculations show that total mortality from "smokeless" is about a hundreth of that from smoking.

And then there's what many smokers nowadays really do: Mix periods of abstinence (encouraged by smoke-free workplaces and restaurants) with periods of light smoking. Mixing light or occasional smoking with other nicotine-delivery products might be even safer -- but it can't be studied as a possible alternative because current funding goes only to research on how to quit smoking, not on finding a safe level of smoking.

How shameful that the United States is willing to allow almost a half-million Americans to die each year, and that the World Health Organization is prepared to allow up to 5 million annual deaths worldwide -- all because of a delivery device -- cigarette smoke -- whose hazards are well known and largely avoidable.

Where's the usually progressive public-health establishment on this? We are generally not given to telling people, "Stop doing what you are doing." We prefer health promotion in the form of seat belts, motorcycle helmets, condoms, syringe exchange, ingredient labels, and warning labels, rather than forcing people to quit their habits. But with tobacco we have jettisoned our tolerance and thrown all our support to nicotine abstinence.

We cannot ignore tobacco in its one deadly "disguise": cigarette smoke. Neither should we ignore a deadly nicotine-abstinence crusade disguised as tobacco control.

The writer, an epidemiologist, is on the faculty of the School of Health Sciences of Hunter College at the City University of New York.

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6 Nations Plan To Sign Off On Iran Package (AP)

By George Jahn, Associated Press Writer

AP, May 30, 2006

Top U.S., Russian, Chinese and European officials plan to sign off this week on a package of incentives and penalties meant to reward Iran if it gives up uranium enrichment — and punish it if it doesn't, diplomats said Monday.

Agreement by the five permanent members of the U.N. Security Council plus Germany could open the way for sanctions if Tehran remains defiant and refuses to abandon technology that can be used to make the fissile core of nuclear warheads.

The meeting of foreign ministers including Secretary of State Condoleeza Rice was set for Thursday in Vienna, said the diplomats, who demanded anonymity for divulging the confidential information.

Tehran appeared unimpressed: One official repeated that Iran is permitted to enrich uranium for peaceful purposes under the Nuclear Nonproliferation Treaty. Another announced that his country had experimented in technology that can be used to make the hydrogen bomb.

Tehran's main goal was recognition of "the essential right of Iran to have nuclear technology," Foreign Minister Manouchehr Mottaki said during a visit to Malaysia.

State television quoted nuclear official Sadat Hosseini as saying his country "is competing with the advanced world in the field of producing nuclear energy through fusion."

Fusion is the main principle behind the hydrogen bomb, which can be hundreds of times more powerful than atomic weapons that use fission. In a hydrogen bomb, radiation from a nuclear fission explosion sets off a fusion reaction responsible for a powerful blast and radioactivity.

Peaceful uses of fusion are still at the experimental stage.

The European Union, the United States, Japan, China, Russia and others hope to set up a demonstration power plant in the southern French town of Cadarache around 2040. Officials project that 10 percent to 20 percent of the world's energy could come from fusion by the end of the century.

International concern about Iran's nuclear aims has been focused on fears it could be trying to make a fission-type nuclear weapon by enriching uranium to weapons-grade level. Hosseini's comments were likely add to concern about Tehran's interest in fusion.

But former U.N. nuclear inspector David Albright said the announcement was probably "not very worrisome."

"They like to pretend they are competing but their program is (probably) pretty rudimentary," said Albright, who runs the Washington-based Institute for Science and International Security.

"One part of their (nuclear) strategy is to say, 'We have it all, so you can't stop us,'" he said.

Any package foreign ministers approve on Thursday would then be presented to Tehran by France, Britain and Germany — the trio of nations that broke off talks with Iran in August after it resumed activities linked to uranium enrichment.

The Security Council gave Iran until the end of April to suspend all such activities. Instead of complying, Iran announced last month that it had for the first time successfully enriched uranium and was doing research on advanced centrifuges to produce more of the material in less time.

Indirectly linked to any possible deal for Iran would be agreement on a resolution tough enough for Washington but acceptable to Tehran ally Moscow, a dispute that has hobbled action by the Security Council's permanent members for months.

If Iran remains defiant, the proposal — as outlined to AP by diplomats familiar with the text — calls for a resolution imposing sanctions under Chapter VII, Article 41 of the U.N. Charter. But it avoids any reference to Article 42, which is the trigger for possible military action to enforce any such resolution.

The proposal also calls for new consultations among the five permanent Security Council members on any further steps against Iran — a move meant to dispel complaints by the Russians and Chinese that once the screws on Iran are tightened, the council would automatically move toward military involvement.

Among the possible sanctions are a visa ban on government officials, the freezing of assets, blocking financial transactions by government figures and those involved in the country's nuclear program, an arms embargo and a blockade on the shipping of refined oil products to Iran.

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If Tehran agrees to suspend enrichment, enter new negotiations on its nuclear program and lift a ban on intrusive inspections by the International Atomic Energy Agency, rewards would include agreement to "suspend discussion of Iran's file at the Security Council," as well as help in building a peaceful domestic nuclear program that uses an outside supply of enriched uranium.

Iran Set Up For Big Gains In Iraq (AP)

By Robert H. Reid, Associated Press Writer

AP, May 30, 2006

With a new Iraqi government in place, Iran is positioning itself to play a major role here at a time when American influence is showing signs of faltering.

That is worrisome to Iraq's Arab neighbors, especially Sunni-dominated countries such as Saudi Arabia and Egypt. But it also raises serious questions for Washington, including the wisdom of withdrawing entirely from Iraq when it has long been considered the eastern defense against Iranian expansion.

Concerns about Iran have simmered since the March 2003 U.S.-led invasion of Iraq removed a Sunni-dominated dictatorship and set the stage for democracy — or, inevitably, Shiite rule in a country where Shiites hold an overwhelming majority.

Those issues have now come to the fore because of Iran's confrontational stance over its nuclear program. In effect, Iran's recent robust behavior in Iraq serves to remind Washington that it has its own cards to play — including influence among Iraqi Shiites — if the Americans threaten Tehran militarily over its plans to enrich uranium.

Iran has wasted little time in moving to shore up ties with the new government that took power last month in Baghdad. Iranian Foreign Minister Manouchehr Mottaki flew to Baghdad on Friday, where he was warmly welcomed by Iraq's new leadership, including not only Shiites but also Sunni and Kurdish politicians.

In addition, work has already started on a multimillion-dollar international airport near the Shiite holy city of Najaf, financed mostly by a low-interest loan from Iran. The airport is designed to serve Shiite religious pilgrims visiting Najaf's shrines and provide a major boost to the economy of Iraqi's impoverished Shiite south.

All that is alarming to the Middle East's majority Sunni Arab governments — including Jordan, Egypt and Saudi Arabia — which have long feared Iranian influence among Shiites throughout the Persian Gulf because it could undermine pro-American regimes in the oil-rich region.

Last year, Jordan's King Abdullah II warned that Iran wants to create "a Shiite crescent" that would disrupt the balance of power in the region. The Saudi foreign minister gave similar warnings.

Egyptian President Hosni Mubarak then outraged Shiites across the region this year when he said that Iraqi Shiites were more loyal to Iran than to their own country.

Arab governments fear a bleak future in which Iraq either descends into civil war or ends up closely allied with Iran.

As long as substantial U.S. forces remain in Iraq, those dark scenarios seem unlikely. But prospects for a long-term U.S. presence here look shaky as American public opposition to the war grows.

If the Americans leave, the Iranians are waiting in the wings.

It is unlikely, however, that Iran would take a high-profile role, given the ambivalent feelings that most Iraqis, even Shiites, hold toward their eastern neighbor after a bitter 1980s war that killed an estimated 2 million people.

Sunni Arabs deeply distrust Iranians and consider Shiite politicians little more than Iranian agents. Rumors circulate widely that Iranian intelligence agents direct death squads in Baghdad.

"Iran wants to shape the situation in its favor, but does not want to be, or be perceived as, heavy-handed about it," said Juan Cole, an expert on Shiite Islam at the University of Michigan.

Instead, the Iranians prefer to work behind the scenes, doling out cash to key Shiite political players — chief among them the biggest Shiite political party, the Supreme Council for the Islamic evolution in Iraq.

Iran's hand also is rumored to be behind Shiite militias in Basra, although little evidence of a direct link has been made public.

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Nevertheless, U.S. officials have long accused the Iranians — though not necessarily the Tehran government_ of smuggling weapons to Shiite militias in Basra and perhaps also selling roadside bomb technology to Sunni militants — charges Iran denies.

If the charges are valid, it may be that Iran wants to keep Iraq bubbling just enough to tie down the Americans and keep them from any military moves against Tehran.

Ironically, both the United States and Iran share an interest in preventing Iraq from disintegrating into full-scale civil war, something that would threaten Shiite political power in Iraq and risk angering Iran's Arab minority.

But the nuclear standoff, as well as a generation of bitterness, has prevented the two countries from working together. U.S. Ambassador Zalmay Khalilzad has offered to talk to the Iranians but only about the situation in Iraq.

Mottaki, the Iranian foreign minister, ruled out talks with the Americans, citing unspecified conditions. That suggested the Iranians want to hold out until Washington is ready to put everything — including the nuclear issue — on the table.

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Robert H. Reid is correspondent at large for The Associated Press and has reported frequently from Iraq since 2003.

Echoes Of Barbary (WSJ)

By Richard Brookhiser

The Wall Street Journal, May 30, 2006

One way or another we have been dealing with a hostile Iran for 27 years. In 1979, Iranian mobs, including one Mahmoud Ahmadinejad (now the president), overran our embassy in Tehran and seized our diplomats. In 1980 President Carter sent a military mission to rescue them that crashed and failed at Desert One. The hostages were released on Jan. 20, 1981, the day of Ronald Reagan's first inauguration, which seemed to symbolize a clean slate, but Reagan became involved in secret arms sales to Iran via his National Security Council staffer Col. Oliver North. In the late 1990s, we began to view Iran's nuclear program with alarm. President George W. Bush placed Iran in the Axis of Evil in his 2002 State of the Union address. Now we hope some combination of U.N. and European diplomacy will forestall Iran going nuclear, or at least buy time, while President Ahmadinejad, the former goon now guiding his nation of 68 million, corresponds with the 12th imam, hidden in his well near the city of Qom.

We might take counsel ourselves with our first, second, third and fourth presidents and their own dealings with Islamic rogue nations -- the warlords of 18th- and early 19th-century North Africa: Morocco, Algiers, Tunis and Tripoli, better known as the Barbary States. George Washington, John Adams, Thomas Jefferson and James Madison were men of this world. Unlike the 12th imam, they cannot tell us what God thinks. But their actions offer a primer in dealing with intractable enemies.

The Barbary States were originally parts of the Turkish empire, struggling for control of the Mediterranean with Spain (Cervantes spent five years as a prisoner of war in Algiers). In the late 1600s, however, they became effectively independent and turned to extortion. Barbary ships preyed on merchantmen and defenseless coastal towns. If your country paid the Barbary States a periodic fee, you would be safe from attack. But if no one had paid up front, you might be captured and held for ransom. If no one then paid under compulsion, you spent your life in slavery. A prisoner could free himself by embracing Islam, especially if he were a capable seaman who could join in the raids of his new co-religionists. The Barbary States ran a pious protection racket, a fusion of jihad and the mob.

The infant U.S. had many merchants but no navy to speak of, so found itself obliged to pay. Thomas Jefferson spent considerable time as minister to France in fruitless dickering. "An angel sent on this business," he wrote, ". . . could have done nothing." In 1795, President Washington commissioned Joel Barlow, a poet and diplomat whose efforts in both fields were characterized by high ambition and modest achievement, to negotiate a treaty with Tripoli. Seeking to avoid any pretext for trouble, Barlow's treaty declared that the U.S. bore "no . . . enmity against the laws, religion or tranquility of Musselmens" because it was "not, in any sense, founded on the Christian religion." (Secularists today point to the treaty as proof that America is not a Christian nation. They would do better to cite the First Amendment, rather than a payoff to thugs.) Barlow's treaty was ratified unanimously by the Senate and signed by Washington's successor, President Adams, in 1797.

Jefferson followed Adams in the White House in 1801, determined to shrink government spending, including on the Navy, which Adams had increased during a maritime showdown with France. Jefferson's first inaugural promised "peace, commerce

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and honest friendship with all nations," but Tripoli had other ideas. In May 1801 the Bashaw (or pasha) cut down the flag in front of the American consulate, declaring war and demanding a higher tribute. Jefferson sent the excellent little navy which Adams had built to cruise the Barbary coast. The most pacific of the founders resented buying protection. "Nothing will stop the eternal increase from these pirates," he wrote his secretary of state, James Madison, "but the presence of an armed force."

Jefferson's show of force encountered setbacks. The Philadelphia, a 36-gun frigate, ran aground in Tripoli harbor in 1803. Its crew was enslaved, and Lt. Stephen Decatur made a daring raid to burn it. Jefferson's greatest success was a combined land-sea attack on the Bashaw's territory in 1805. The land assault was led by William Eaton, a quarrelsome ex-Army captain, who assembled a force of marines, mercenaries and Muslim allies in Alexandria, Egypt, and marched 500 miles across the desert. Eaton stormed Derna, Tripoli's second largest town, a feat remembered in the Marine Corps Hymn ("to the shores of Tripoli"). The Bashaw, alarmed, negotiated in earnest, agreeing to release his captives for $60,000; we took the deal. Eaton spent an angry, alcoholic old age denouncing what he considered a shameful compromise.

The compromise was ineffective as well as shameful, for in 1812 the Barbary States resumed their predatory ways. This time Algiers was the principle aggressor. James Madison, who was then president, found himself embroiled in war with Great Britain; any thought of dealing with the Barbary States had to be postponed. But in March 1815, four months after peace with Britain was declared, Madison sent a fleet, led by Decatur, now a commodore, to the Mediterranean. Decatur smashed the Algerians and wrung payment from them. Madison hailed "this demonstration of American skill and prowess." Britain, acting on behalf of the European powers, led a punitive expedition of its own in 1816. Barbary piracy was finally stamped out when France conquered Algiers in the 1830s, and a revived Turkish empire reasserted control over Tripoli.

What are the similarities in our situations? Then, as now, too many cooks spoiled the broth. The Barbary States flourished because the major naval powers thought taking action would be too expensive, or were even pleased to see their competitors molested. Today, Iran's nuclear aspirations are suspended in a cat's cradle of diplomacy, Muslim solidarity masking fear, and lucrative arms traffic. We generated our own cross-purposes in our dealings with the Barbary States, even as we do with Iran today: Our founders tried diplomacy, warfare plus diplomacy, and finally warfare, just as we have alternated menaces and blandishments.

Mahmoud Ahmadinejad seems more devout than his North African soul mates, who warred against infidels when it would raise money, but who made peace when they were paid. Yet the piety differential is perhaps an illusion: The mullahocracy for whom Mr. Ahmadinejad fronts has grown well used to ease and power.

The big difference, of course, is that Iran hopes for something the Barbary States had no concept of: the ultimate weapon, deliverable by missile, or by terrorist. Perhaps Alexander Hamilton, who took no direct role in the Barbary saga, gives the most useful advice: We should "awake from the deceitful dream of a golden age," he wrote in Federalist No. 6, and realize that we "are yet remote from the happy empire of perfect wisdom and perfect reason." It's a tough world, and our problems won't go away by wishing.

Mr. Brookhiser is the author of "What Would the Founders Do? Our Questions, Their Answers," published recently by Perseus Books.

Coalition Of The Erring (WP)

By E. J. Dionne Jr.

The Washington Post, May 30, 2006

Imagine where British Prime Minister Tony Blair would be if he hadn't joined with President Bush in prosecuting the Iraq war.

It's hard to resist imagining an alternative universe after hearing Bush and Blair offer their apologies last Thursday for difficulties in Iraq that they did not foresee. It was even more heartbreaking to study Blair's Georgetown University speech the next day, which -- in perfect Third Way fashion -- amended Bush's approach to the world with a vigorous internationalism that would appeal to many of the president's critics.

At their joint news conference, Bush shocked most of his listeners by actually apologizing for something. Except for speaking of his regrets over Abu Ghraib, Bush concentrated on mistakes in the way he said things.

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"Saying 'Bring it on,' kind of tough talk, you know, that sent the wrong signal to people," Bush said. "I learned some lessons about expressing myself maybe in a little more sophisticated manner -- you know, 'wanted, dead or alive,' that kind of talk. I think in certain parts of the world it was misinterpreted."

It was striking that Bush focused on the sound of his words and the fact that they had not seemed "sophisticated." But as George Orwell argued in "Politics and the English Language," published in 1946, "the slovenliness of our language makes it easier for us to have foolish thoughts."

What was foolish were the thoughts Bush conveyed: that foreign policy was about his toughness and swagger, that the United States could transform the world and count on potential allies to follow along or acquiesce. The melodrama of the great American Western -- "Wanted, Dead or Alive" -- would be a sufficient story line for one of the most complicated foreign enterprises ever pursued by an American government.

It remains maddening to many who admire Blair that he went along with all this. You wish, at least, that the prime minister could have edited Bush's rhetoric. More important, you wish Blair would have pushed Bush much harder to approach the rest of the world in a way that would have left us with a few more friends and allies.

Blair speaks as if he has no doubts. His defense of the policies he and the president pursued in Iraq was so forceful and articulate that Bush, at the end of one of Blair's eloquent mini-speeches at their news conference, commented: "I'm going to say, that was a great answer."

But Blair's Georgetown speech the next day, while defending the Iraq war, was also an implicit critique of Bush's foreign policy. That's true, even taking into account the Sunday Telegraph's report that Blair softened his remarks on climate change, Iran and other issues at the Bush administration's request.

"Interdependence -- the fact of a crisis somewhere becoming a crisis everywhere -- makes a mockery of traditional views of national interest," Blair declared. "You can't have a coherent view of national interest today without a coherent view of the international community. Nations, even ones as large and powerful as the U.S.A., are affected profoundly by world events; and not affected in time or at the margins, but at breakneck speed and fundamentally."

Calling for "a new concord to displace the old contention," Blair urged the world to help Iraq in its struggle for democracy, but also insisted on joint action to reduce global poverty, deal with climate change and respond to the catastrophe in Sudan.

Blair laid out a broad agenda for reforming international institutions, including the United Nations, and creating new ones. In the process, he suggested that Bush had missed a great opportunity to be the Harry Truman whom he praised lavishly in his address to West Point cadets on Saturday. Just as Truman, George Marshall and Dean Acheson built effective organizations that served the world well for decades after World War II, so did the world need to be reorganized in the wake of the Cold War and in the face of globalization. Too bad Blair couldn't get Bush moving on this four years ago.

Invoking a commitment to the common good that many see as naive in the international sphere, Blair insisted that the "national self-interest" could be best achieved through "effective communal action."

Paradoxically, Bush's best ally may have delivered to the president's political opponents the outlines of a coherent approach to the world. To believe in internationalism, international cooperation and global justice is not soft, but essential and practical. Some who would never accept such thoughts from the likes of John Kerry or Al Gore might give them a second look after hearing them from Blair.

Jordan's King Meets With President Bush (AP)

AP, May 30, 2006

Jordan's King Abdullah II met with President Bush on Monday and urged him to pursue Israeli-Palestinian peace efforts, repeating a plea the king made in a recent letter to the White House.

"King Abdullah underlined the importance of moving forward in the pursuit of a two-state solution as outlined in President Bush's vision for peace," the Jordanian Embassy said in a statement Monday night.

The king told Bush the Palestinian people need aid to avert a humanitarian crisis in the Palestinian territories, the embassy statement said.

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Abdullah told Bush that Jordan plans to play a key role in the peace process, the embassy said. Abdullah meets regularly with Palestinian President Mahmoud Abbas and plans to hold a separate meeting in the next few weeks with Israeli Prime Minister Ehud Olmert.

Abdullah wrote to Bush earlier this month urging him to help restart the Mideast peace process.

The king met with Bush for a private dinner Monday during a brief visit to the United States. In addition to the Mideast peace process, the possibility of additional U.S. aid for Jordan came up during their conversation, the embassy said.

Abdullah "thanked the president for considering additional assistance to Jordan this year, at a time when Jordan's economy is facing many challenges associated with high oil prices," the statement said.

Earlier Monday, Abdullah met with Vice President Dick Cheney in Jackson Hole, Wyo. The king has been on a private visit to the United States since Friday.

Palestinians Report 3 Dead In Gaza Attack (AP-Y2)

AP2, May 29, 2006

An Israeli helicopter fired a missile in northern Gaza early Tuesday, killing three militants and wounding four, Palestinian security and hospital officials said.

The officials said the incident began with a gun battle across the border, and then the helicopter fired the missile.

The Israeli military had no immediate comment.

The area where the clash took place is a frequent flashpoint. Palestinian militants fire rockets and Israel from there, and there are frequent infiltration attempts by unarmed Palestinians seeking work in Israel and armed militants trying to carry out attacks.

In The Village Of Nowhere, A Fate Soon Sealed (WP)

By Scott Wilson

The Washington Post, May 30, 2006

NUAMAN, West Bank -- For generations, first in caves hollowed from hillsides, then shepherds' tents and simple stone houses, the Shawarwa and Darawi families thrived here amid pine windbreaks, olive orchards and flocks of sheep. On a hill of their own, they worked, married and raised children.

Jamal Darawi was born here in a weathered house in June 1967, the same month Israel triumphed in the Middle East war. In the conflict, Israel's army seized East Jerusalem and the West Bank from Jordan. Soon, the Israeli government drew a larger municipal boundary around Jerusalem, annexing the lands to the Jewish state, including Darawi's home.

But Israel did not take the people of Nuaman. An Israeli military census right after the war registered families here as West Bank residents, even though their village fell inside Jerusalem's new borders. As a result, the Israeli government has never offered them the right to live in the city, apply for Israeli citizenship or vote in Jerusalem, rights given to Palestinians in other annexed neighborhoods.

For many, it was a distant problem, and as the years passed on Nuaman's single street, the residents did little about it. But now their lives in the village are threatened. Israel's separation barrier is rising along the eastern edge of the village, sealing them inside the Jewish state.

In the valley below Darawi's home, backhoes are preparing the way for the tall fence, which traces a chalky stripe across the far hillside. Soon, the 200 people will be cut off from the Palestinian territories where Israel says they live, enclosed within a state where they have no right to be. This is the village of nowhere.

"All of our life has been changed," said Darawi, 38, a farmer, father and political activist. "The purpose of what is being done here now is to empty this place of its people."

This solitary village on a windswept plateau between Bethlehem and Jerusalem captures in microcosm the accelerating dislocation of Palestinian communities along the Israeli separation barrier now dividing the land with chain link and concrete. Prime Minister Ehud Olmert says the 456-mile barrier will roughly define the final eastern border of Israel.

The 1993 Oslo accords began a process of separation between Israel and the Palestinians and established a semiautonomous Palestinian government in the occupied territories. But the Palestinian uprising that began in 2000, including

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suicide bomb attacks on Israeli civilians, led Israel to build a towering barrier to keep Palestinians out. The course of the wall, drawn by Israel, is now also separating thousands of Palestinians from their property and from each other.

The Israeli government says the barrier -- in some places a 26-foot-high concrete wall -- runs along a course designed to protect Israel from Palestinian attacks, which have dropped dramatically since construction began. Only a quarter of the barrier follows the pre-1967 borders. Along the rest, it cuts into land Palestinians envision as part of their future state, according to the United Nations.

Approximately one-third of the barrier's route has been challenged in court by Palestinians and Israeli civil rights groups on the grounds that it is based more on annexing Palestinian land than safeguarding Israeli citizens.

As it skirts the edge of this village, the nearly complete barrier is a 10-foot-high chain-link fence with electronic sensors and an 82-foot-wide military buffer running along each side. Construction of the fence, along with a new road for Jewish settlers commuting to Jerusalem and a crossing terminal, has consumed acres of valley and hillside once used by families here for agriculture.

In Jerusalem, the barrier has cast a shadow across the daily lives of thousands of Palestinians. Once complete, it will leave roughly 140,000 Palestinians with Jerusalem residency rights on the West Bank side, forcing them to pass through Israeli-controlled checkpoints along the wall to reach jobs, families and classrooms in the city. Another 110,000 will remain on Israel's side of the barrier with equally uncertain access to the West Bank.

Idyllic and isolated by layers of hills, Nuaman is a mix of two dozen aging stone houses and grander homes of a younger generation, clustered along the one-lane road that dips toward the valley below. Tilled plots of vegetables, olive trees and lemon groves line the back yards, and on weekends they fill with parents and children helping with harvests. Stands of cypress surround small graveyards on the hillside above and in the valley below.

This village lies close enough to Jerusalem's Old City that some of its men travel by foot to the al-Aqsa mosque each Friday to pray. On nearby hillsides, topped with minarets and watchtowers, camels graze in the twilight shadows cast by apartment towers in the Jewish settlement of Har Homa. The fence draws tighter each day.

"This village," said Labib Habib, a lawyer representing the residents, "will not survive."'The Original Owners'

In sandals, Darawi negotiated the rocky hillside beneath his house one recent afternoon holding the hand of his 5-year-old daughter, Yara. The slope bloomed with wildflowers and spring wheat under his feet.

The landmarks on the hillside, he said during the walking tour, tell the story of his family's claim to the land.

Darawi is tall and broad, round around the middle with thick hands and a smile that rarely appears unless his three children are nearby. His hair recedes in a black widow's peak, and his bristly mustache is streaked with gray.

In silence, he made his way to an opening in the hillside, ducking into a cavern with rough walls blackened by a thousand cooking fires. The outlines of an animal pen appeared in one corner. Across its length sat the stone oven where his grandmother baked bread as recently as three decades ago.

"We are the original owners of this land," Darawi said, emerging from the cavern and ascending toward a stone house with shuttered windows and grassy tufts sprouting from the roof. A stone above the door, etched with a crescent moon and Arabic script, says the house belongs to Suleiman Darawi, Jamal's grandfather. It was built, according to a date on the stone, in 1963.

Darawi grew up walking to schools in East Jerusalem. He participated in demonstrations protesting Israel's 1982 invasion of Lebanon and marking the anniversary of the 1967 war. He attended university in the territories and in Jordan, receiving his undergraduate degree in 1987. That December, a Palestinian uprising against the Israeli occupation broke out and his plans to work in a medical laboratory suddenly changed. He joined the ranks of the Popular Front for Liberation of Palestine, a radical nationalist movement with a Marxist orientation. At 21, Darawi began his first of four stints in Israeli prisons, held without charge, he said, for participating in the uprising.

After the 1993 accords, he joined the newly established Palestinian Authority, where he now works as a political organizer in Bethlehem, a city that will soon lie on the West Bank side of the fence. Even now, his work is reachable only by passing through an Israeli military checkpoint.

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As he returned home from Bethlehem with his toddler son, Suleiman, and some Palestinian laborers last month, Darawi said, soldiers at the checkpoint ordered them out of his Isuzu Trooper. The soldiers began a search and then told the men to lift their T-shirts, though Darawi refused as his son looked on. The others obeyed.

"I have my dignity," he said. "I have my self-respect and I won't take my clothes off for them."Erased From the Map

Darawi was an infant when Israeli soldiers arrived in the weeks after the war with pens and notepads to carry out a census. The troubles of the village can be traced to that day.

At the time the war broke out, the village was located in Jordan. Some of the village men were working construction in Amman, the capital, and were unable to return for years after Israel occupied the land. According to aerial photographs taken in August 1967 by Israel's mapping agency, 13 houses ran along the ridge. While showing that the houses existed, the photos have not resolved the question of who lived in them at the time.

The soldiers registered the people they found there as residents of Um A-Talla, a West Bank village where the head of their clan lived. Israel then renamed the village Mazmuriya for a Roman archaeological site nearby, erasing Nuaman from the map.

Whether a clerical error or deliberate, the West Bank residency classification deprived the families of the right to live, vote in municipal elections and work in Jerusalem that thousands of other Palestinians in the city's annexed neighborhoods received.

Sabin Hadad, a spokeswoman for Israel's Interior Ministry, said that "either they were not there when the census took place or they did not live there continuously, and therefore did not enjoy the right to obtain an Israeli ID."

"The fact that they now live in Israel does not make them automatic Israeli residents, just as living in the United States does not grant you automatic rights of citizenship or residency," Hadad said.A Settlement Rises

Yusef Darawi's mobile phone rang.

The voice on the other end came in angry shouts -- his boss. Yusef's almond eyes looked into his lap.

"We're under pressure," he said, snapping his phone shut with calloused hands. "We're behind schedule because they won't let us in." He had been denied passage through a checkpoint to work on a construction site.

Yusef was born in the house behind his own 41 years ago, one of 15 children of a father with two wives. Now he was helping build a Jewish settlement planned in the years after Oslo that, according to its development plan, would likely displace his own village one day.

Throughout Israel and the territories, peace seemed a possibility after the Oslo accords. The village of Nuaman had grown to 25 homes by then. Young men like Yusef were starting their own families and building multistory houses next to the squat one-room cottages they were born in.

Then one day, within a year of the Oslo accords, a pair of Israeli building inspectors arrived at the unfinished home of Mahmoud Atiyeh Shawarwa, one of Yusef's many distant cousins. The inspectors ordered the construction, which Shawarwa was doing himself, to stop for lack of building permits granted by the city of Jerusalem.

"We never knew this was part of Jerusalem until they told us that," Yusef recalled. "The inspector who told us was surprised to see we had West Bank identification. We told him everyone here did."

Some residents began appealing to the Interior Ministry for residency rights, though none were successful. All building in the village was frozen. On a hilltop, construction for the Jewish settlement expansion began rising. It is now visible from the window of Yusef's comfortable living room.

Israeli planning maps show that Har Homa's "D" neighborhood is to be built in the years ahead on the hilltop where his home is now. Yusef runs a 30-person construction crew at the site of the settlement, but on this day Israel had closed the territories and kept his men from reaching the job, despite their permits.

"No one wants to work on land that belongs to Arabs," Yusef, a father of six, said with a thin smile. "But you have to feed your family."The Daily Crossing

By 6:30 a.m., clusters of children began gathering outside homes and filing onto the road in the village. Samar and Yara Darawi, Jamal's daughters, were among the bundled crowd.

Students from the village went to school in Jerusalem for years. In 1995, two years after the Oslo accords, the Israelis began turning them away. The students lived inside the city limits, but the Israelis said their parents held West Bank residency documents, based on the census decades earlier, and the children were no longer allowed in Jerusalem schools.

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After Oslo, as the two societies began a complicated separation, Nuaman found itself in a crack between them. Although the village was part of Jerusalem, the Palestinian Authority assumed responsibility for its water, electricity and telephone services. Village residents turned to Bethlehem for medical care, but were forced to navigate new Israeli checkpoints along the one road to the outside world.

In her blue-and-white striped school smock, Samar, along with her sister and cousins, walked pensively across the valley -- out of Jerusalem and into the West Bank. The children cast shifting shadows against the exposed hillside, carved out for the new road. Once the fence is complete, the children of Nuaman will have to pass through a chain-link barrier, manned by Israeli soldiers, to reach their school.

On this day, however, the soldiers were huddled against the chill, inside an armored personnel carrier that sat near the site where the terminal will be built. Coils of concertina wire marked the location.

Only the patter of light footsteps sounded as the children wound their way down the road to the valley floor, Samar's long single braid bouncing against her pink backpack. Two days earlier, the Darawi girls had not gone to school because they were frightened to cross the Israeli checkpoint. Samar, flushed cheeks beneath brown eyes, said Israeli soldiers had searched her backpack and torn up a map of historic Palestine she had inside.

This day the soldiers waved and smiled at the children. As they climbed past a small graveyard, the mood lightened. Samar and her friends began jostling each other along the footpath, laughing and shouting. Yara turned toward kindergarten, housed in the town council building. Samar and the others stopped at a corner grocery to buy grape drinks and lollipops.

"Now there is no fear," Samar said. "We have passed."A Narrowing Existence

The authorities came to Raed Shawarwa's house, a smooth concrete cube behind his father's, while he was on a job hours away. His wife received them nervously on a March day in 2004. The house, they said, would have to be torn down.

"The Jews told us we had no building permits," said Shawarwa, a cousin of Mahmoud and a distant cousin of the Darawis. "But no one here does."

For years, the village had been growing slowly, clandestinely, despite the 1993 Israeli orders to cease construction. Village sons like Yusef Darawi married and brought their brides from surrounding towns, some with Jerusalem residency. Families grew larger. Today, children's tiny purple pants and school smocks dry on lines strung beneath vine-laced trellises outside many of the homes in the warm evening.

The construction to enlarge homes and accommodate the population growth was done without permits, which Arab residents receive from the Jerusalem municipality only with great difficulty. City officials say the decisions are based on planning criteria. But human rights groups counter that denying permits is a way to limit Arab population growth and increase the proportion of the city's Jewish residents.

An Israeli organization that tracks home demolitions reports that the Jerusalem municipality has destroyed 467 homes that it says were built without permits since 2000 -- the year the second Palestinian uprising began.

As the intifada intensified around him, Shawarwa had more immediate concerns -- saving his house, which with his slight savings, he had built himself. He commuted several hours each day to Ramallah, where, as a heavy-machinery operator on a construction crew, he made far more than in Bethlehem. In a good month, he says, he brings home $225.

Shawarwa appeared in court in 2004 in a bid to make his house legal. He was fined the equivalent of $6,000, more than two years' salary, and the house was ordered sealed until permits could be arranged. Raed bricked up his own windows.

"I felt like I was killing myself," Shawarwa said over warm flat bread and tea under an olive tree on his doorstep.

The house is still sealed two years later. When he went to the Jerusalem municipality to arrange for permits, he discovered he lived nowhere.

"The people there told us we didn't belong to Jerusalem but to Bethlehem," said Shawarwa, who is still paying off his fine in monthly increments. "When we went to Bethlehem, they told us we belong to Jerusalem. So we learned that we don't belong to either side."

Last year, a lawyer for Nuaman and the Israeli government reached an agreement that would allow the families to apply for Jerusalem residency without a guarantee of success, a risky proposition given that failure would likely cost them their homes.

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The status of the agreement appears uncertain now, and the villagers have appealed to the Jerusalem municipality for the fence to be rerouted in a way that leaves them in the West Bank.

Life in the village, meanwhile, is narrowing.

At the end of April, Israeli work crews installed a steel gate at one end of the road into the village. A lock and chain appeared on it a week later, the only keys in the hands of border police and the work crews in the valley below. No taxis, buses or private vehicles that do not belong to village residents are allowed in.

The village has been without running water for much of this month, shut off by the construction crews working below. Lowering buckets into makeshift backyard wells, men and women fetch their own water just as their parents and grandparents did on the same hilltop decades ago.Lives Dismantled

Nidal Darawi, a schoolteacher, married in late 2005. The newlyweds added a kitchen to the small house he had built eight years earlier without permits. But the construction job drew the notice of passing border police patrols. The demolition team arrived soon after, on the last day of January.

Using a backhoe, the crew dismantled the house as the family and soldiers looked on. The carefully tended rosebushes rimming the property remain intact, surrounding a heap of rubble and twisted rebar.

"This is a threat to Israel?" asked Yusef Darawi, a brother, looking over the wreckage of the house in the lot behind his own. "This was his blood and the blood of his children -- all of his savings."

British Teachers' Union Votes On Boycott (AP)

By Paisley Dodds

AP, May 29, 2006

Britain's largest college teachers' union voted Monday to consider boycotting Israeli academics over what members termed "apartheid" policies and discrimination against Palestinians.

The 69,000-member National Association of Teachers in Further and Higher Education, or NATFHE, passed the motion at its annual conference in the northern English city of Blackpool.

NATFHE is merging with another teachers' union this week. Trevor Phillips, a spokesman for NATFHE, said Monday's vote would be purely advisory and not set policy for the new, larger union, which will have more than 100,000 members.

Ronnie Fraser, director of the Academic Friends of Israel, said his group would continue fighting the boycott proposal, which he called "racist."

"If the sponsors of this boycotting campaign succeeded in something, it is only to undermine further progress, collaboration and peace in the Middle East and to marginalize the standing of NATFHE," Fraser said.

One part of the motion called on union members to consider whether they should refuse to cooperate with Israeli academics or Israeli research journals that do not "disassociate themselves" from the policies described in the motion.

It said members had a responsibility to ensure "equity and nondiscrimination" in Israeli education institutions and passed with 106 regional delegates in favor, 71 against and 21 abstaining, Phillips said.

Other parts of the boycott motion that passed with a show of hands noted Israel's "apartheid practices" toward Palestinians, including the construction of a wall between Israel and the West Bank, and called for more meetings in secondary schools and universities on the subject.

"This resolution's intent is an aggressive assault on the universal concept of academic freedom," said Prof. Yosi Yeshurun, rector of Israel's Bar-Ilan University and chairman of the country's International Advisory Board for Academic Freedom. "It reflects a lack of knowledge of the structure of the Israeli academia, which consists of all the spectrum of Israeli political views."

The proposal reopened debate sparked last year when Britain's 40,000-member Association of University Teachers voted to boycott Bar-Ilan and Haifa universities for actions that it said undermined Palestinian rights and academic freedom.

That union said it targeted Bar-Ilan for its links to the College of Judea and Samaria in the West Bank settlement of Ariel. It accused Haifa University of threatening to fire an Israeli political science lecturer for supporting a student's research into allegations of killings by Israeli troops.

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The universities said many elements of the allegations were false. The boycott was condemned by the Israeli and British governments and overturned after a month.

Some British academics continue to push for ties to be cut. Professor Richard Seaford, a classicist at Exeter University, told the British Broadcasting Corp. that he and other academics were already engaged in an informal boycott, refusing to submit work to Israeli journals or collaborate with Israeli academics.

The American Association for the Advancement of Science had urged NATFHE to withdraw the boycott motion, calling it "antithetical to the positive role of free scientific inquiry in improving the lives of all citizens of the world, and in promoting cooperation among nations, despite political differences."

British Teachers Favor Call To Boycott Israelis (NYT)

By Alan Cowell

The New York Times, May 30, 2006

LONDON, May 29 — Britain's biggest association of higher education instructors voted Monday to urge its 67,000 members to consider boycotting Israeli academics who had failed to renounce what it called Israel's "apartheid policies."

The resolution by the National Association of Teachers in Further and Higher Education deepened the contest among academics in Britain, the United States and the Middle East that has evoked questions of academic freedom. The debate threatened to further divide British academics into camps — for or against the imposition of penalties on Israeli university teachers cast as complicit in Israeli government actions in the West Bank and Gaza.

At its annual conference in Blackpool, in northern England, the association voted 106 to 71 in favor of the resolution, which called for the organization's members "to consider their own responsibility for ensuring equity and nondiscrimination in contacts with Israeli educational institutions or individuals." There were 21 abstentions, said Trevor Phillips, an association spokesman.

The text of the resolution noted "continuing Israeli apartheid policies, including construction of the exclusion wall and discriminatory educational practices," and it urged the association's members to "consider the appropriateness of a boycott of those that do not publicly dissociate themselves from such policies."

The resolution's thrust is to encourage individual academics in Britain to sever professional contact with their counterparts in Israel.

The resolution was "advisory" rather than mandatory, Mr. Phillips said in a telephone interview. It echoed a call last year by the smaller Association of University Teachers, which first demanded a boycott of two Israeli universities and then withdrew the call under pressure from some of its members.

The unions are set to merge into a single body, the University and College Union, on Thursday, and there has been some discussion of the resolution's status after that date. Some academics said the struggle over the principle of boycotting would carry over to the new organization.

Sue Blackwell, a lecturer in English at Birmingham University and a supporter of last year's boycott move, said: "This is a contentious issue of policy. The new union will have to adopt its own policy."

Emanuele Ottolenghi, who teaches Israeli politics at St. Antony's College at Oxford and opposes the boycott, said, "The view is that this is purely symbolic and will have no consequences" after the creation of the new union.

"But I think it will have consequences, not so much because it will be binding, but because it creates a precedent," he said. "This will bolster the pro-boycott lobby" within the new organization. He said he would ask to be boycotted by other academics who supported the resolution.

"I don't think anyone should be asked to come clean about political views as a precondition" for academic cooperation, he said in a telephone interview.Palestinian supporters of the boycott argue that it should be imposed as part of a broader effort to isolate Israel, modeled on the sanctions used against white-ruled South Africa in the apartheid era.

In a statement after the resolution was approved Monday, the Palestinian Campaign for the Academic and Cultural Boycott of Israel said, "Just as in the South African case, a comprehensive regime of sanctions and boycotts remains not only the most politically effective but also the most morally sound strategy in bringing about Israel's compliance with international law and universal principles of human rights."

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Ms. Blackwell is a member of a commission from the smaller Association of University Teachers studying the Israel-Palestine academic issue. It has drawn up proposals for penalties, from "graylisting" of academic institutions — publishing their names as not adhering to adequate standards — to a full boycott.

Such proposals seem likely to recur within the British debate, deepening the divide.

In a separate statement on Monday, the pro-boycott British Committee for the Universities of Palestine called the association's vote "a historic step forward both in expressing our solidarity with our Palestinian academic colleagues, and also in helping persuade our Israeli academic colleagues that it is time to cease silent complicity with the illegal acts of the Israeli state."

But opponents of the boycott insisted such views would be challenged. "I don't think this is going to lead to a split down the middle," said Mr. Ottolenghi at Oxford University. "It's going to be a small minority pursuing the boycott and a large majority finding it distasteful."

Bolton Changes Tune Over UN Relationship (FT)

By Mark Turner

Financial Times, May 30, 2006

After a recent Security Council resolution on Lebanon, John Bolton, the iconoclastic US ambassador to the United Nations, invoked the wisdom of the Rolling Stones to assembled reporters.

"You can't always get what you want," he intoned, "but if you try sometimes, you just might find you get what you need."

It was an interesting statement from the ambassador of a country more often characterised in UN circles as coming late to negotiations and rejecting them if it does not get exactly what it wants.

Senator Paul Sarbanes upbraided this tendency in the Senate foreign relations committee last week. "I'd hate for you to be the coach of an athletic team," he told Mr Bolton. "This role of the constant scold, I'm not sure it's the best way to induce change."

Yet the recent US record at the UN is more complex than that put-down would suggest. For a start, in spite of personal rivalries, significant progress has been made in relations between the transatlantic powers, which appear once more broadly in harmony during UN debates.

But that may no longer be enough for the US to get what it wants. China is exerting growing influence over a range of Security Council debates and tensions with Russia are rising. Both regularly find common cause against Washington, undermining attempts at action by the council.

Meanwhile, in the General Assembly, a bloc of developing countries is growing increasingly vocal about the US vision, with India, Egypt and South Africa, all US allies, among those to the fore of the dissenting chorus.

In the Security Council, the US did manage, after much wrangling, to win a unanimous statement urging Tehran to cease nuclear enrichment. But its subsequent efforts to threaten sanctions quickly ran into Sino-Russian opposition.

US policy at the UN, with French backing, also did much to achieve a withdrawal of Syrian troops from Lebanon. But recent efforts to clamp down on the Lebanese Islamic party Hizbollah and its Iranian backers have been considerably less successful.

And on Sudan, a recent US-European push to punish alleged war criminals overcame Chinese objections but fell short of securing backing to target key regime figures. While a new US-backed resolution should speed up efforts to deploy UN peacekeepers, it is still unclear which countries will offer troops and success is far from assured.

The picture gets worse in the General Assembly, where the US has suffered outright defeats. It was isolated in its opposition to a new Human Rights Council and a coalition of developing countries recently forced through a rejection of American-backed management reforms.

"These countries that are coming into their own are not going to put up with the 1945 order any more," said Mark Malloch Brown, UN deputy secretary-general. "Ultimately, if the US price of paying 22 per cent of the budget is to keep the UN ever more imprisoned in that 1945 arrangement, they are reaching the point where they are as likely as the US to say 'enough's enough'."

This has prompted some searching questions. Is the US failing diplomatically or has its ability to wield influence at the UN been fundamentally diminished? On the other hand, could its recent compromises in the council mark not a decline in influence but emergence of a more mature foreign policy?

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The problem, say analysts, is that it is not always clear what the US objectives actually are. Mr Bolton is often suspected of pursuing a different set of policies to Condoleezza Rice, secretary of state, leading to significant confusion among diplomats. Mr Bolton, for his part, claims there is little evidence of a new Russia-China axis and suggests the developing-world attack is part of a cyclical pattern.

By contrast, he says the permanent members of the Security Council are actually working more closely than before and that he has recently taken a more conciliatory approach to the assembly's reform debate, alongside Japanese, Canadian and Australian allies.

Mr Bolton also warns against drawing too many conclusions from events at the UN. "By and large, what happens in the Security Council reflects larger geopolitical realities," he told the Financial Times, "but what happens here in New York doesn't necessarily affect what goes on in the bigger world."

"I don't think that much of what happens here reflects the status of bilateral relationships. Sometimes it's like being in the twilight zone – it's a different environment that operates under practices that are decades old."

Drive To Aid Indonesia (CSM)

By Michael J. Coren And Tom McCawley

The Christian Science Monitor, May 30, 2006

BANTUL AND YOGYAKARTA, INDONESIA - The rumble of C-130 cargo planes over the ancient Indonesian city of Yogyakarta Monday marked the slow but increasing flow of emergency aid to survivors of Saturday's quake.

The scale of the relief effort needed is still coming into focus. The magnitude 6.3 temblor that rocked the island of Java has left more than 5,000 dead and at least 150,000 people homeless, according to UN and Indonesian official estimates.

Food, medicine, and tents began arriving after the quake-damaged airport reopened to aid flights on Sunday. The International Red Cross, for example, says it has already sent a field hospital and 2,000 tents, with 8,000 more on the way. But as of Monday, most of the aid had yet to be distributed beyond the capital here.

Indonesia's President Susilo Bambang Yudhoyono, who spent Saturday night sleeping in a tent with quake surivivors, said relief efforts reflected a "lack of coordination."

"There is a lack of clothes, food, of everything. We need help," says Sugiharto, who lives in Bantul, the worst-hit area south of Yogyakarta. Sugiharto's two sons were trapped in the rubble for 30 minutes before he was able to pull them out. Like many of the thousands injured in the quake, one of Sugiharto's sons had two broken legs.

Some 80 percent of the homes in Bantul were destroyed. The Indonesian government estimates as many as 35,000 homes and buildings on the island of Java were reduced to rubble.

In Sugiharto's tiny village, some 25 survivors - ranging in age from 1 to 80 - sat under blue tarps staring out at a relentless rain that has fallen each night since the quake.

The aid that did arrive on Monday inched along rubble-choked roads. Residents, some who said they lost their entire families, gathered into isolated encampments following the temblor. But most stayed put, saying they prefer the familiarity of their devastated villages to low-lying camps scattered nearby.

As with the December 2004 tsunami that devastated villages in Banda Aceh, Indonesia, many of the first groups to provide help to the Java quake survivors were nongovernmental organizations.

Food distribution has fallen to private citizens who have been driving their SUVs into the rice paddy fields handing out eggs, cookies, cooking oil, and rice. One government truck drove by announcing the location of a food pickup point, say residents, but no food was found at the site.

Islamic political groups are stepping in to help, already establishing camps housing as many as 600 people.

Monday, rescue workers and some distraught relatives continued to search collapsed buildings, even as aftershocks continued through the weekend.

In Yogyakarta, boxes stenciled with "Japanese Disaster Response Team" arrived in hotel lobbies and the distinctive white UN vehicles began to ply the roads. Although inadequate for the scale of this disaster, some international and Indonesia aid was

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already here prior to Saturday's quake to support villagers evacuating from the sides of Mt. Merapi, a nearby volcano threatening to erupt.

For example, Oxfam, with a branch in Yogyakarta, has already distributed 600 tents, 1,600 tarpaulins, and 6,000 hygiene kits. The World Food Program is sending 200 tons of food.

Since Saturday, more than a dozen national governments have pledged assistance. The US has committed $2.5 million in aid and is sending 100 doctors, nurses, and medical technicians from a base in Okinawa, Japan. Britain has pledged $5.6 million to be channeled through UN relief efforts. The European Union pledged $3.8 million, China is sending $2 million, and Japan almost $1 million plus medical teams.

International aid agencies met in Geneva Monday to coordinate relief and brief donor nations on the specific kinds of help needed.

Yet residents in the ruins of some isolated villages said they had not yet seen a government or aid worker.

The Indonesian military sent teams to the province to rescue survivors, residents said, along with about 600 military cadets here clearing debris and starting reconstruction.

The government's attention appears to be focused on overwhelmed hospitals where doctors have been triaging patients crammed into hallways and courtyards. Hundreds of victims are lying on newspapers, plastic tarpaulins, and even banana and palm leaves. Nurses were forced to set up intravenous drips using trees in car parks as props.

Budi Mulyono, a spokesman for the Sardjito Hospital, says they needed more of everything, including doctors, medical supplies, and tents.

At Yogyakarta's Muhammadiyah Hospital, which is filled to seven times its normal capacity, paramedic Gunawan says, "Our doctors and nurses were included among the victims. So you can imagine our situation. This is the best I can do at the moment."

Many had feared devastation and death on the scale that followed the tsunami in in 2004. The quake death toll by Monday night reached 5,140, according to Biwara Yuswantana, a government spokesperson, although it was expected to keep climbing.

The two disasters differed in another way as well, says Gunawan, who worked as a medic in Aceh for five months.

"The difference is the [nature of the injuries suffered by] victims and the lack of dead bodies, says Gunawan. 'In this earthquake, there were bodies, but there were also true emergency patients."

In the coming days, aid workers cite several local conditions that will help their relief effort. Yogyakarta airport is functioning. And unlike Aceh, most roads were undamaged. In fact, much of the area's infrastructure, including communications towers, sewage facilities, and government offices were left largely intact.

By nightfall Monday, thick rains fell on thousands of the displaced, sheltering in tent settlements, parking lots, and rice fields.

"My house was flattened, everything was flattened," says Wati, a grandmother, who, like many Indonesians, only uses one name. She crouched with her two grandchildren in a deserted shop opposite the main buildings of an Islamic university in Yogyakarta that had been tipped sideways by the quake. Then, there's Mt. Merapi

Residents of the rice-growing towns of Bantul and Klaten, the worst hit areas, had been watching the grumbling volcano Mt. Merapi, that has been spewing clouds of ash and gas in recent weeks.

Activity in the volcano has tripled since Saturday's earthquake, with hot clouds spewed out an average of 150 times a day, compared with 50 times before, said Subandriyo, chief of the Merapi volcanology and monitoring office.

"The earthquake has caused instability in the lava dome," Subandriyo told the Associated Press. "There is still a chance that a big eruption might occur."

Chew Soon Hoe, an associate professor of engineering geology at the National University of Singapore, says Merapi's renewed activity and the earthquake are related. Both are in the same subduction zone - the area where one tectonic plate slides under another plate - along a boundary between the Euro-Asia plate and the India-Australia plate, he says.

"This ocean plate ... is the cause of the recent earthquake and volcanic activity in Indonesia," Mr. Chew says. "Because it is very near, the energy released by the quake will accelerate or perturb the activity of the volcano."

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David Booth, a seismologist with the British Geological Survey, disagrees, saying the quake would not necessarily cause the volcano to erupt. He says the plates that shifted to cause the earthquake did not necessarily open cracks in the surface that would be needed to cause a volcanic eruption.

Indonesia, the world's largest archipelago sits atop the Ring of Fire, an arc of volcanoes and fault lines around the Pacific basin. Indonesia has some 129 active volcanoes.

Indonesian Quake Toll Climbs; Aid Arrives (AP)

By Irwan Firdaus

AP, May 29, 2006

Homeless earthquake survivors living in rice fields and makeshift shacks begged for food and water under a blazing sun Monday as Indonesia's death toll rose to over 5,000.

Soldiers began delivering bags of rice to village chiefs in the mountainous quake zone on the island of Java, but survivors called the aid meager and slow. The United Nations planned a global appeal, saying relief money was running low.

"We have 300 families in this village and have only gotten two sacks of rice," said Lastri, 27, holding a 5-month-old. "It's not enough."

Indonesia's Social Affairs Ministry raised the death toll to 5,137, saying some 800 bodies that were buried in mass graves immediately after the quake had just been counted.

Thousands of people including children and the elderly lined main roads in the area of Saturday's 6.3-magnitude quake, holding out whatever containers they could find to hold donations to buy rice, oil and candles.

"Please give me something, I'm hungry," 7-year-old Sari told passing drivers, standing beside a group of children carrying banners that read "We have not gotten any aid" and "Help us."

A plane chartered by the U.N. children's agency touched down near the disaster area, and the United States, which pledged $2.5 million, said 100 military doctors and nurses were en route with surgical, dental and other equipment.

But rough roads in mountainous central Java and new cracks in the runway at the region's main airport hampered delivery efforts.

In Jamprip, a village of 300 families, Edi Sutrisno, 37, helped unload aid from a military truck — two bags of rice, nine boxes of dried noodles and two boxes of bottled water.

"It's the first we've gotten since the quake," he said. "Of course it's not enough for all of us, not even for a day."

A group of teenagers raced up to a slowing truck and managed to steal supplies off the back, but their excitement was short-lived.

"I thought it was food, but it was just soap and toothbrushes," said Andi Marwanto, 16.

The government said an estimated 200,000 people were homeless, most living in improvised shacks close to their former homes or in shelters erected in rice fields. Hospitals overflowed with bloodied survivors. Power was still out in much of the quake region, which covers hundreds of square miles.

Compounding the devastation were fears of an eruption of nearby Mount Merapi, which has been belching gas and lava for weeks, and a scientist said its volcanic activity had increased threefold since the quake.

Lava and hot clouds of gas were avalanching 2 1/2 miles down the volcano's slopes Monday, said volcanologist Subandriyo, who like many Indonesians uses only one name.

President Susilo Bambang Yudhoyono visited refugees Monday and acknowledged a "lack of coordination" in aid distribution. He urged government officials to be "more agile."

"I saw in many areas that there are many things that need to be speeded up," said Yudhoyono, who moved his office to the ancient city of Yogyakarta to supervise relief operations.

A UNICEF plane loaded with water, tents, stoves and cooking sets arrived Monday in Solo, a city about three hours' drive from the hardest-hit district of Bantul.

On Sunday, three U.N. trucks brought high-energy biscuits to survivors and two Singapore military cargo planes arrived with doctors and medical supplies.

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Some 22 countries have contributed or pledged assistance, the U.N. Office for the Coordination of Humanitarian Affairs said in Geneva. The agency said it has released $100,000 in emergency funds to jump start the relief effort, but said it will need much more.

Indonesia said it hoped foreign aid would account for 50 percent of the $108 million to $161 million in estimated rehabilitation costs.

The quake was the fourth destructive temblor to hit Indonesia in the past 17 months, including the one that spawned the Dec. 26, 2004, Indian Ocean tsunami that left at least 216,000 dead or missing.

The country also is battling a bird flu crisis and a spate of terror attacks by al-Qaida-linked Islamic militants.

Indonesia, the world's largest archipelago, is prone to seismic upheaval due to its location on the so-called Pacific "Ring of Fire," an arc of volcanos and fault lines encircling the Pacific Basin. It has 76 volcanos, the largest number of any nation.

Indonesian Hospital Overflows With Victims (LAT)

By Richard C. Paddock

The Los Angeles Times, May 30, 2006

BANTUL, Indonesia — Panembahan Senopati Hospital was designed for 140 patients. On Monday, it had 1,200.

Even so, the wards were nearly empty. No one wanted to stay inside. Instead, the patients lay in rows in the open-air reception area and in the sprawling hospital's exterior corridors.

These were survivors of Saturday's central Java earthquake, which measured magnitude 6.3 and killed more than 5,100 people as of Monday. Many at the hospital had casts on broken limbs and bandages on cuts, but the psychic wounds they suffered from the quake were far greater.

"The main problem is the patients don't want to go home," said the hospital's director, Dr. Endang Purwati. "They are afraid to go and they don't have houses."

Most of the patients narrowly escaped from their collapsing homes and live in fear of a major aftershock. Refusing to stay in the wards, they were poised to make a break for the parking lot at the first sign of shaking.

They lay on mattresses, thin woven mats or pieces of cardboard. Some were connected to intravenous drips that hung from window frames and exterior air conditioning units.

Even those who were sedated or wearing casts were resting in prime spots only a few steps from the safety of the open air. Never mind that the sturdily built hospital suffered no damage on Saturday.

"If there is another earthquake, we can run faster," said Nada Refty Nurhidayah, 15, who was taking care of her grandmother, Ngatrihardi Suwarno.

Suwarno suffered a compressed vertebra when two banana trees fell on her. Sedated, she lay on a mat on the floor two feet from the main reception counter, surround by hundreds of other patients. Soldiers carried injured people past on cots, and the reception area was filled with the constant buzz of activity.

People came every few minutes to stand only inches from Suwarno's head and use a phone on the counter. Some narrowly missed stepping on her. She was oblivious to it all.

Authorities estimate that the quake left between 100,000 and 200,000 Indonesians homeless. Many are sleeping in rice paddies and soccer fields in shelters made of plastic sheeting that do little to protect them from frequent downpours.

Throughout the quake zone Monday, hundreds of young men and boys stood in the middle of busy streets with cardboard boxes begging for assistance from cars that zipped past. "We need to eat," read the sign on a box held by one boy. "Please help," said another.

In the stricken village of Manding Gandekan, about 50 villagers were taking part in the fund-raising drive. Some had placed chairs and benches in the middle of the street to slow traffic. Sometimes, one of the boys would step in front of a line of cars to stop them in the hope of snagging a donation.

"Nobody's scared because this is what we do to get some food," said Rustam Nurkholis, 18. In three days of begging, he said the group had raised about $18.

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President Susilo Bambang Yudhoyono acknowledged Monday that assistance had been slow in arriving to the quake zone. "I saw in many areas that there are things that need to be speeded up," he said.

Ibham Samawi, the regent of Bantul, the hardest hit area, said he was sorry the government had not done more to help victims.

"We apologize to Bantul residents for not being able to help optimally for the past two days," he said. "But now we have enough people to work."

Nearly 100 troops from Malaysia joined Indonesian soldiers and volunteers in digging through the rubble for bodies. Authorities said it would be unlikely to find any survivors at this stage, three days after the quake.

Archeologists were still coming to grips with the damage caused to Prambanan, a 9th century Hindu temple complex that is one of Indonesia's most significant historic monuments. The tallest temple is more than 150 feet tall.

Hundreds of chunks of stone were shaken loose from the complex's 16 main temples. Many of them weigh hundreds of pounds each and crashed to the ground around the temples. Some of the intricate stone reliefs were damaged, and one of the temples has begun leaning to one side.

To help treat survivors of the quake, meanwhile, the United States was sending 100 doctors and other medical personnel to Indonesia from facilities in Okinawa, Guam and the Philippines.

Purwati, the director at Panembahan Senopati hospital, welcomed the possibility of assistance. She said the hospital was in need of doctors and nurses, surgical equipment, and needles and thread for sewing up victims' wounds.

She said most of the patients admitted to the hospital were suffering from broken bones and lacerations. She estimated that a third of those were physically healthy enough to leave.

Suprapdi Harjono, 54, was in the hospital for kidney failure when the earthquake struck. Like other patients, he hurried out of the building onto the lawn. The shock of the quake gave him a mild heart attack. On Monday, he sat quietly on a mattress in the outer corridor with other patients.

"We ran when the earthquake happened," he said. "Now I am scared to go back to my room."

Indonesia Pleads For Relief As Quake Aid Slowly Arrives (WT/AP)

By Chris Brummitt, Associated Press

The Washington Times, May 30, 2006

BANTUL, Indonesia -- Emergency aid began arriving yesterday in areas devastated by a magnitude 6.3 earthquake in Indonesia, but officials said supplies were not being delivered fast enough to victims who begged for help on roads lined with crumpled buildings.

The government's Social Affairs Ministry raised the official death toll to 5,427. The new number includes bodies buried in mass graves immediately after the quake.

The International Committee of the Red Cross said it had sent a field hospital and distributed about 2,000 tents, with up to 8,000 more on the way.

The United Nations sent three trucks carrying high-energy biscuits and a plane loaded with water, tents, stoves and cooking gear.

Two Singapore military cargo planes arrived at Yogyakarta airport with doctors and medical supplies.

Japan said it would dispatch land, sea and air forces to help with relief efforts.

But officials said supplies remain inadequate.

"We have received food and medicine from the government, but it's not enough," said Suparno, a neighborhood official in the hardest-hit district of Bantul on Java island who goes by one name, like many Indonesians. "How can I distribute [90 pounds] of rice to 1,200 people?"

Indonesia said late Sunday that it would allocate $107 million to help rebuild over the next year.

The United States has allocated $2.5 million in aid, and the U.S. military plans to send 100 doctors, nurses and medical technicians from a base in Okinawa to Indonesia, U.S. Pacific Command spokesman Lt. Col. Bill Bigelow said Sunday.

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The U.N. Office for the Coordination of Humanitarian Affairs has released $100,000 in emergency aid but said it will need to give much more.

U.N. humanitarian chief Jan Egeland has proposed boosting relief efforts with money from the United Nations' $178 million central emergency relief fund.

U.N. officials in Indonesia said the most urgent needs were for generators, tents, three 100-bed field hospitals and medical supplies, mostly for treating broken limbs. Officials said they hoped to meet these requirements within three days.

France said yesterday that it would send medical equipment and personnel. Spain was to send 12 tons of tents, blankets and medicines and other aid, and Germany said aid groups were moving water-purification equipment and a mobile medical clinic to Java.

Britain, the European Union, China and the Japanese Red Cross Society together have given, or pledged to give, more than $14 million.

Indonesian President Susilo Bambang Yudhoyono -- criticized by some as being hesitant to act in the past -- spent the first night after Saturday's quake sleeping in a tent along with survivors and moved his office to the nearby city of Yogyakarta to supervise relief operations.

Quake Survivors Desperate For Aid (WP)

By Irwan Firdaus

The Washington Post, May 30, 2006

JAMPRIP, Indonesia, May 30 -- Homeless earthquake survivors living in rice fields and makeshift shacks begged for food and water under a blazing sun Monday as the death toll from Saturday's quake continued to rise.

Indonesia's Social Affairs Ministry on Tuesday raised the official death toll to 5,427.

Soldiers began delivering bags of rice Monday to village chiefs in the mountainous quake zone on the island of Java, but survivors called the aid meager and slow. The United Nations planned a global appeal, saying relief money was running low.

"We have 300 families in this village and have only gotten two sacks of rice," said Lastri, 27, holding a 5-month-old child. "It's not enough."

Thousands of people including children and the elderly lined main roads in the area of the 6.3-magnitude quake, holding out whatever containers they could find for donations to buy rice, oil and candles.

"Please give me something, I'm hungry," 7-year-old Sari told passing drivers, standing beside a group of children carrying banners that read "We have not gotten any aid" and "Help us."

Explaining the continuing rise in the official toll, Indonesia's Social Affairs Ministry said Monday that about 800 bodies that were buried in mass graves immediately after the quake had just been counted.

A plane chartered by UNICEF, the U.N. children's agency, touched down near the disaster area, and the United States, which pledged $2.5 million, said 100 military doctors and nurses were en route with surgical, dental and other equipment. But rough roads in mountainous central Java and new cracks in the runway at the region's main airport hampered delivery efforts.

In Jamprip, a village of 300 families, Edi Sutrisno, 37, helped unload aid from a military truck -- two bags of rice, nine boxes of dried noodles and two boxes of bottled water. "It's the first we've gotten since the quake," he said. "Of course it's not enough for all of us, not even for a day."

A group of teenagers raced up to a slowing truck and managed to steal supplies off the back, but their excitement was short-lived. "I thought it was food, but it was just soap and toothbrushes," said Andi Marwanto, 16.

The government said an estimated 200,000 people were homeless, most living in improvised shacks close to their former homes or in shelters erected in rice fields. Hospitals overflowed with bloodied survivors. Power was still out in much of the quake region, which covers hundreds of square miles.

Compounding the devastation were fears of an eruption of nearby Mount Merapi, which has been belching gas and lava for weeks, and a scientist said its volcanic activity had increased threefold since the quake.

Lava and hot clouds of gas were avalanching 2 1/2 miles down the volcano's slopes Monday, said volcanologist Subandriyo, who like many Indonesians uses only one name.

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President Susilo Bambang Yudhoyono visited refugees Monday and acknowledged a "lack of coordination" in aid distribution. He urged government officials to be "more agile."

More than 20 countries have contributed or pledged assistance, the U.N. Office for the Coordination of Humanitarian Affairs said in Geneva. The agency said it had released $100,000 in emergency funds to jump-start the relief effort but that it would need much more.

Indonesia said it hoped foreign aid would account for 50 percent of the $108 million to $161 million in estimated rehabilitation costs.

The quake was the fourth destructive temblor to hit Indonesia in the past 17 months, including the one that led to the Dec. 26, 2004, Indian Ocean tsunami that left at least 216,000 dead or missing.

Aid Reaches Indonesian Quake Area, But Volcano's Activity Increases (NYT)

By Peter Gelling

The New York Times, May 30, 2006

YOGYAKARTA, Indonesia, May 29 — Significant amounts of aid began arriving Monday in Bantul, the town south of this city that was hit the hardest by Saturday's earthquake, but a nearby volcano substantially increased its threatening activity.

For the third night in a row, residents in Bantul and in Klaten, another badly ravaged town, slept outside their houses, grouped around campfires and used debris for cover from the sporadic rain. Some softly strummed guitars, while others, kneeling on mats, prayed for help.

Mount Merapi, a towering 9,800-foot volcano north of Yogyakarta, has been close to an eruption for nearly a month, but activity weakened in recent weeks. Volcanologists said Monday that the powerful quake destabilized a fragile dome at the mountain's peak. Collapse of the dome would set off a large eruption of lava, rocks and hot gas, they said.

Large, billowing clouds of gas were vented from the mountain's crater on Monday, drifting more than two miles down its western slope toward the village of Magelang.

Subandriyo, director of the Merapi division of the Volcanology Center here, said the volcano released 150 gaseous clouds on Monday, compared with an average of 50 the week before.

"Residents living in the danger areas on the slopes of the volcano have again begun to evacuate," he said. "The danger is growing as activity increases."

South of Yogyakarta, the death toll from the earthquake on Saturday rose to about 5,000, with more than 15,000 injured and 100,000 displaced, according to government figures released Monday.

Puji Pujiono, the lead officer of the United Nations team in Bantul, said it was receiving no new reports of missing persons, a sign that the number of deaths might not increase much in the coming days.

Emergency teams previously deployed in Yogyakarta for the expected eruption of Mount Merapi have shifted their resources to Bantul, where a command center for the rescue effort has been established. A communications post there is monitoring the volcano's activity and keeping emergency workers informed of developments.

Activity at the command center in Bantul was high Monday afternoon as government, military and international aid workers, forming human chains, unloaded rice, water and other supplies.

The Indonesian Finance Ministry told United Nations officials on Monday evening that it would provide subsistence grants to survivors of the quake. The ministry also said it would provide grants to families, administered by local government, to help rebuild houses. It intends to complete a full action plan for rehabilitation in two weeks.

Despite heavy rain during the last three nights, officials said they did not expect large numbers of deaths from disease or hunger. Many residents are staying near their homes and in their villages, where they have been able to share salvaged food, clothing and shelter.

But villagers who were ill or injured continued arriving at seriously overburdened hospitals on Monday afternoon. Officials said medical workers and hospital supplies were now the most urgent need.

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To partly relieve overcrowding, the Indonesian Red Cross began transferring patients with minor injuries to hospitals in Yogyakarta and to emergency tents in the quake area. The United States military said it would provide 100 doctors, nurses and medical technicians.

A United Nations team from the Office for the Coordination of Humanitarian Affairs began organizing the arrival of aid groups on Sunday. Daily meetings have been held to share information and coordinate the use of resources.

Electricity in Yogyakarta, a city of half a million, has been fully restored, and the airport, which was damaged during the quake, reopened Monday to emergency and commercial traffic. Aid shipments had been diverted to nearby airports in Solo and Semarang, where the relief groups loaded supplies and personnel onto trucks and vans bound for Bantul.

The convoy of trucks caused heavy traffic along the road to Bantul, further delaying aid. "There is a huge need here," said Mr. Pujiono, the United Nations official. "We are not lacking supplies, but they are being held up by a jammed distribution system."

On Monday, trucks, cars and motorbikes continued to wait in dense traffic on the one-lane road to Bantul, while villagers lined the street holding plastic cups and cardboard boxes begging for food and money.

Emergency shelters were only beginning to go up on Monday. Andi Hanindito, chief of disaster response for the Indonesian Social Welfare Ministry, said the delay was partly because local government workers, who were caught in the quake, were only now returning to work.

Relief groups, many of which were coming from Aceh Province in western Sumatra, where there was widespread destruction from the tsunami at the end of 2004, said their experience there helped them carry out the relief effort in Yogyakarta. Many aid group leaders are already acquainted with the United Nations staff members and government officials responding to the emergency here.

"Everyone is switched on here, and a lot of us know each other," said Rae McGrath, country director for International Medical Corps. "Authorities here have so far been sensible and supportive."

Local government officials have not been attending the daily coordination meetings, and the national government has yet to make a formal request for assistance from the United Nations. But Mr. Pujiono said he had been meeting regularly with local officials and communicating their concerns to other groups.

The Indonesian president, Susilo Bambang Yudhoyono, temporarily moved his offices to Yogyakarta on Sunday, bringing greater pressure on the provincial government to respond efficiently.

WHO Will Clarify Stages Of Pandemic-Alert System (WSJ)

By Nicholas Zamiska

The Wall Street Journal, May 30, 2006

The World Health Organization plans to clarify its influenza-pandemic alert system after a cluster of human bird-flu cases in Indonesia, and the WHO's response to it, sent ripples through markets and media around the world last week.

The move highlights the challenges the United Nations health agency faces in keeping the public alert to the possibility of a human pandemic without panicking, or wearying, people.

"What we're going to fundamentally try to do is just to write out the phases and explain things so it's simpler for people to understand," Keiji Fukuda, coordinator of the WHO's global influenza program, said in an interview yesterday. "What's become clear to me over the past several weeks is that there's a lot of confusion."

The WHO has spent more than a year working to raise global awareness about bird flu, in hopes of preventing or limiting any world-wide human outbreak, while stressing that the virus hasn't yet acquired the ability to pass easily among people. But last week, the group found itself striving to tamp down concerns and explain why the Indonesian case cluster didn't necessarily mean the virus was now capable of sparking a human pandemic.

In that unusually large cluster, seven of eight relatives who fell ill died, and at least six of those seven fatalities were bird-flu cases. The Indonesian cluster briefly raised the possibility that the health agency might consider raising the alert level, which can trigger certain public-health responses and to which some companies have keyed employee-evacuation plans. At present, the alert level is at stage three of six, six being the full pandemic alert.

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So far, the deadly virus has passed from birds to people in a relatively small number of cases and, even more rarely, may have passed among people. In the Indonesian case cluster, the virus may for the first time have set off a three-person chain of human transmission, from a woman to her nephew and then from the nephew to his father. Such an event might signal an incremental advance in the virus's ability to pass from human to human.

The WHO is still investigating the case. But last week the group decided against convening a global task force of experts to consider raising the alert level, even though the current guidelines outlining a change in the alert stages could, on their face, have fit the Indonesian cluster.

Dr. Fukuda said he doesn't expect any fundamental or wholesale changes to the alert system, which was introduced last year, after being revised from its 1999 form. He said he expects just further explanation and clarification.

The move to revise the system includes the distinction it makes between the virus's ability to pass between humans who have been in very close contact with one another -- caring for a dying family member, for example -- and its ability to pass easily between people who may have only sat next to one another at a restaurant and been exposed to a cough.

Stage three indicates that there have been human infections, "but no human-to-human spread, or at most rare instances of spread to a close contact," according to the WHO's guidelines. Stage four describes a small cluster or clusters "with limited human-to-human transmission, but spread is highly localized, suggesting that the virus is not well adapted to humans."

The difference between stages three and four hinges on how easily the virus can be passed between humans. But that has proved a subjective and difficult call to make.

Venezuela Fetes Bolivia, Cuba Trade (WSJ)

By José De Córdoba

The Wall Street Journal, May 30, 2006

LA PAZ, Bolivia -- While Venezuela's President Hugo Chavez was pledging to invest $1.5 billion in Bolivia's newly renationalized gas industry last week, participants at a Venezuelan-financed trade fair here were plugging microcommerce among Venezuela, Bolivia and Cuba as a way of defying the U.S. and promoting regional integration.

The energy investment includes deals to build two gas-processing plants and to explore for natural gas together with Bolivia's resurrected national energy company, Yacimientos Petroliferos Fiscales Bolivianos, or YPFB. The announcement marks Mr. Chavez's most ambitious and expensive attempt to increase his political clout in Latin America.

Mr. Chavez is keeping his eye on Bolivia's gas reserves -- the largest in South America after Venezuela's. The Venezuelan-backed trade fair shows Mr. Chavez is also fighting an ideological war in favor of his Bolivarian Alternative for the Americas, or ALBA, in every arena large or small.

The ALBA, signed by Mr. Chavez, Cuba's Fidel Castro and Bolivia's new president, Evo Morales, is a kind of socialist alternative to a U.S. proposal for hemisphere-wide free-trade zone. The trade fair late last week showed what the ALBA has become so far -- a heavy dose of ideology mixed in with a little business.

"We've come here, in cooperation and solidarity to get close to our brother people the Bolivians, from whom we have been distant," said Ramon Aguirre, a representative of Invepal, a Venezuelan maker of school notebooks, one of some 60 or so Bolivian and Venezuelan companies that set up booths at the fair. Once a private company, Invepal was expropriated by the Venezuelan government after the company went broke in 2004, Mr. Aguirre says. Now the Venezuelan government owns 51% of the company, while the workers who run it own the remaining 49%. Invepal bills itself as the first endogenous Venezuelan paper company -- endogenous being the term Mr. Chavez uses for domestic economic development that largely eschews traditional global trade and business practices.

Essentially, he would have the ALBA countries trade mainly among themselves -- except when it comes to oil and gas, which Venezuela sells on the world market.

Some of the basics of ALBA trade have yet to be worked out. When Bolivian entrepreneurs asked Mr. Aguirre the prices for his Venezuelan-made paper, he said he didn't know yet. "We have nothing concrete on that," he said. In the background of his booth was a poster of Mr. Chavez, his arm draped around Mr. Morales, while in the background a smiling Mr. Castro looked approvingly on both men.

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Elsewhere, Bolivian Indian women in traditional bowler hats met with Cuban trade officials and Venezuelan entrepreneurs, who encouraged them to sell alpaca sweaters and embroidered shawls in Cuba and Venezuela, although neither country is known for cold weather. Other booths offered Bolivian wine, vitamins made from soya, coffee, and quinua, a cereal that has been grown since Incan times in the Bolivian altiplano, but which is practically unknown outside of the country.

It was tough going, acknowledged Rina Zeballos, president of the 1,200-strong Movement of Indian Women of the Kollasuyo, a weavers' cooperative. "We are producing these shawls, but we don't have a market," Ms. Zeballos said. Nevertheless, she was hopeful. She had talked to her Cuban and Venezuelan counterparts who had told her to send a catalog. "Maybe this will be the start of our exporting to other countries," she said. South American nations should pull together with Central American nations and with the 500 Indian tribes in North America to "develop our economies," she said.

In the end, Bolivia's deputy minister of industry and exports, Gustavo Barbery, declared the fair to have been a success, with some $12 million of potential business deals discussed.

Letter On Korean War Massacre Reveals Plan To Shoot Refugees (WP)

By Charles J. Hanley And Martha Mendoza

The Washington Post, May 30, 2006

Historian Discovers U.S. Envoy's Writings Relating to No Gun Ri

More than a half-century after hostilities ended in Korea, a document from the war's chaotic early days has come to light -- a letter from the U.S. ambassador to Seoul, informing the State Department that U.S. soldiers would shoot refugees approaching their lines.

The letter -- dated the day of the Army's mass killing of South Korean refugees at No Gun Ri in 1950 -- is the strongest indication yet that such a policy existed for all U.S. forces in Korea, and the first evidence that that policy was known to upper ranks of the U.S. government.

"If refugees do appear from north of US lines they will receive warning shots, and if they then persist in advancing they will be shot," wrote Ambassador John J. Muccio, in his message to Assistant Secretary of State Dean Rusk.

The letter reported on decisions made at a high-level meeting in South Korea on July 25, 1950, the night before the 7th U.S. Cavalry Regiment shot the refugees at No Gun Ri.

Estimates vary on the number of dead at No Gun Ri. U.S. soldiers' estimates ranged from fewer than 100 to "hundreds" dead; Korean survivors say about 400, mostly women and children, were killed at the village 100 miles southeast of Seoul, the South Korean capital. Hundreds more refugees were killed in later, similar episodes, survivors say.

The No Gun Ri killings were documented in a Pulitzer Prize-winning story by the Associated Press in 1999, which prompted a 16-month Pentagon inquiry.

The Pentagon concluded that the No Gun Ri shootings, which lasted three days, were "an unfortunate tragedy" -- "not a deliberate killing." It suggested panicky soldiers, acting without orders, opened fire because they feared that an approaching line of families, baggage and farm animals concealed enemy troops.

But Muccio's letter indicates the actions of the 7th Cavalry were consistent with policy, adopted because of concern that North Koreans would infiltrate via refugee columns. And in subsequent months, U.S. commanders repeatedly ordered refugees shot, documents show.

The Muccio letter, declassified in 1982, is discussed in a new book by American historian Sahr Conway-Lanz, who discovered the document at the National Archives, where the AP also has obtained a copy.

Conway-Lanz, a former Harvard historian and now an archivist of the National Archives' Nixon collection, was awarded the Stuart L. Bernath Award of the Society for Historians of American Foreign Relations for the article on which the book is based.

"With this additional piece of evidence, the Pentagon report's interpretation [of No Gun Ri] becomes difficult to sustain," Conway-Lanz argues in his book, "Collateral Damage," published this spring by Routledge.

The Army report's own list of sources for the 1999-2001 investigation shows its researchers reviewed the microfilm containing the Muccio letter. But the 300-page report did not mention it.

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Asked about this, Pentagon spokeswoman Betsy Weiner would say only that the Army inspector general's report was "an accurate and objective portrayal of the available facts based on 13 months of work."

Said Louis Caldera, who was Army secretary in 2001 and is now University of New Mexico president, "Millions of pages of files were reviewed, and it is certainly possible they may have simply missed it."

Former Washington Post diplomatic correspondent Don Oberdorfer, a historian of Korea who served on a team of outside experts who reviewed the investigation, said he did not recall seeing the Muccio message. "I don't know why, since the military claimed to have combed all records from any source."

Muccio noted in his 1950 letter that U.S. commanders feared disguised North Korean soldiers were infiltrating American lines via refugee columns.

As a result, those meeting on the night of July 25, 1950 -- top staff officers of the U.S. 8th Army, Muccio's representative Harold J. Noble and South Korean officials -- decided on a policy of air-dropping leaflets telling South Korean civilians not to head south toward U.S. defense lines and of shooting them if they did approach U.S. lines despite warning shots, the ambassador wrote to Rusk.

Rusk, Muccio and Noble, who was embassy first secretary, are all dead. It is not known what action, if any, Rusk and others in Washington may have taken as a result of the letter.

Muccio told Rusk, who was secretary of state during the Vietnam War, that he was writing him "in view of the possibility of repercussions in the United States" from such deadly U.S. tactics.

But the No Gun Ri killings -- as well as others in the ensuing months -- remained hidden from history until the AP report of 1999, in which soldiers who were at No Gun Ri corroborated the Korean survivors' accounts.

Survivors said U.S. soldiers first forced them from nearby villages on July 25, 1950, and then stopped them in front of U.S. lines the next day, when they were attacked without warning by aircraft as hundreds sat atop a railroad embankment. Troops of the 7th Cavalry followed with ground fire as survivors took shelter under a railroad bridge.

The late Army Col. Robert M. Carroll, a lieutenant at No Gun Ri, said in a 1998 interview that he remembered the order radioed across the warfront on the morning of July 26 to stop refugees from crossing battle lines. "What do you do when you're told nobody comes through? . . . We had to shoot them to hold them back."

Other soldier witnesses attested to radioed orders to open fire at No Gun Ri.

Since that episode was confirmed in 1999, South Koreans have lodged complaints with the Seoul government about more than 60 other alleged large-scale killings of refugees by the U.S. military in the 1950-53 war.

The Army report of 2001 acknowledged that investigators learned of other, unspecified civilian killings, but said these would not be investigated.

AP research uncovered at least 19 declassified U.S. military documents showing commanders ordered or authorized such killings in 1950-51.

In a statement issued Monday in Seoul, a No Gun Ri survivors group called that episode "a clear war crime," demanded an apology and compensation from the U.S. government, and said Congress and the United Nations should conduct investigations. The survivors also said they would file a lawsuit against the Pentagon for alleged manipulation of the earlier probe.

Gary Solis, a West Point expert on war crimes, said the policy described by Muccio clearly "deviates from typical wartime procedures. It's an obvious violation of the bedrock core principle of the law of armed conflict -- distinction."

Solis said soldiers always have the right to defend themselves. But "noncombatants are not to be purposely targeted."

But William Eckhardt, lead Army prosecutor in the My Lai atrocities case in Vietnam, sensed "angst, great angst" in the letter because officials worried about what might happen. "If a mob doesn't stop when they're coming at you, you fire over their heads. And if they still don't stop, you fire at them. Standard procedure," he said.

Speak Out? Are You Crazy? (LAT)

By Kim Murphy

The Los Angeles Times, May 30, 2006

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CHEBOKSARY, Russia — Albert Imendayev collected the signatures he needed to run for the legislature last fall in this city on the banks of the Volga River. He met with supporters, prepared his campaign material. He would have made the ballot had it not been for one thing: He was hauled off to a mental asylum.

Only days before he was required to appear at the local election commission to finalize his candidacy, an investigator from the prosecutor's office met Imendayev at the courthouse with three police officers. They kept him locked up until a judge could be found to sign the order committing him for a psychiatric evaluation.

"The hearing took place, and I was taken straight off to the asylum," said the businessman and human rights activist. By the time he was released nine days later, the election filing deadline had passed and he was out of the race.

Imendayev's act of insanity was filing a series of legal complaints against local officials, police, prosecutors and judges, alleging corruption, violation of court procedures and cronyism — charges that are far from rare in today's Russia. The prosecutor, a frequent target of Imendayev's darts, called his behavior "paranoia."

Through much of the Cold War, the Soviet Union waged a chilling psychiatric war against political dissidents. Critics of the communist authorities found themselves locked for months or years behind the barred windows of state asylums, drugged into tranquillity and prevented from talking to lawyers or family.

The end of the Soviet Union saw the adoption of laws that raised legal protections for psychiatric patients to international standards, granting potential mental patients guarantees of legal representation and commitment only on the orders of a court. But Imendayev's trip behind hospital walls last September was, human rights activists say, one of many signs that punitive psychiatry has not disappeared.

"This has only just resurfaced in recent years, and for a time we couldn't even believe it was happening. But now it seems quite clear that such abuses are on the rise, and that this is a trend," said Yury Savenko, president of the Independent Psychiatric Assn., an advocacy group of professional psychiatrists that has pushed for mental health reforms in Russia.

The ranks of the "insane" over the last three years have included women divorcing powerful husbands, people locked in business disputes and citizens, like Imendayev, who have become a nuisance by filing numerous legal challenges against local politicians and judges or lodging appeals against government agencies to uphold their rights.

Unlike during the Soviet era, when an all-powerful KGB locked up those who challenged the foundations of the regime, there appears to be no systematic federal repression of dissidents through the mental health system. Instead, citizens today fall victim to regional authorities in localized disputes, or to private antagonists who have the means, as so many in Russia do, to bribe their way through the courts.

"People are being institutionalized in psychiatric hospitals unlawfully, and on the most diverse grounds," the International Helsinki Federation for Human Rights concluded in a 2004 study. "Not only did punitive psychiatry exist during the Soviet period, and not only does it exist today, unfortunately there are no grounds to hope that it will disappear in the foreseeable future."

In another case here in Cheboksary, a four-term opposition deputy in the regional parliament, Igor Molyakov, spent six months in jail on libel charges in 2004. While incarcerated, he was ordered committed for psychiatric hospitalization after a judge agreed with government lawyers that Molyakov's repeated writings about corruption among local authorities reflected an outlook so "somber" that it might constitute a "mental disorder."

In St. Petersburg, Ivan Ivannikov, who lectured for 38 years at the State University of Economics and Finance, found himself wrestled to the ground, handcuffed and dragged to the city psychiatric hospital in December 2003 after a protracted dispute with a well-connected contractor over repairs to his apartment. An influential state psychiatrist signed the recommendation for commitment without ever having met Ivannikov, deciding that his multiple legal complaints against the contractor constituted an "obsession" with "revenge." He was released after 60 days.

In Moscow, Natalya Kuznetsova was fired from her job at the federal audit chamber not long after charging that $140 million had been siphoned out of the federal budget in 2001 and 2002. A subsequent set of quarrels with her supervisors led to her firing, and when she filed suit seeking disability compensation, a state psychologist reported she had a mental disability.

"When they finally fired me on the 25th of January, 2005, they threatened to call a psychiatric ambulance for me," said Kuznetsova, who successfully fought against commitment. "This is all because of flourishing corruption. These corrupt people are using psychiatric persecution to destroy people."

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In some cases, people who families and friends insist had no overt signs of mental illness have been committed for more than a year, sometimes drugged with sedatives and tied to their beds when they resisted, and prevented from attending the often-perfunctory court hearings that extended their hospitalization.

In many of these cases, patients were talked into signing consent forms. The rate of involuntary hospitalizations is so suspiciously low in at least 51 facilities across Russia that the Helsinki commission concluded that coerced consent through "persuading" and "falsification of signatures" was widespread.

State and regional mental health officials say improper hospitalizations are rare, and most psychiatrists say they follow the orders of the courts in conducting their reviews.

"Of course I have heard of such cases. The world over, there are dishonest people with bad consciences. But there are also people who are mentally ill but who do not appear so to non-specialists," said Vladimir Rothstein, a professor at a research center affiliated with the Russian Academy of Medical Sciences and head of the advocacy group Public Initiative on Psychiatry.

In 2004, doctors connected to the very institute that perfected the tools under which Soviet-era dissidents were hospitalized from the 1960s through the 1980s sought to roll back some reforms in Russia's landmark 1992 law on mental health. Proponents of mental health reform only narrowly beat back the effort by the doctors from the Serbsky Institute for Social and Forensic Psychiatry.

The proposed amendments included allowing doctors to keep patients under involuntary hospitalization longer without a court order and restricting the ability of patient-rights groups and nongovernment psychiatrists to advocate for clients in court or provide independent expert testimony.

Directors of the Serbsky Institute declined to be interviewed. The head of the state-run Republican Psychiatric Hospital in Cheboksary, however, said patients who accused officials of psychiatric abuse often painted a remarkably different picture than those who dealt with the cases.

"I've been the head doctor here for eight years, and I have not heard of a single case of pressure being put on doctors by law enforcement officials for a diagnosis," Alexander Kozlov said. "I can also assure you with 100% confidence that in this hospital, not a single dissident ever received treatment, and not a single dissident was ever given a diagnosis of schizophrenia or sent for compulsory treatment."

Human rights leaders say the government psychiatric apparatus has updated legal protections for patients but has changed relatively little in its mind-set since the Soviet era.

"It's important to note that the Serbsky Institute, like the majority of penal institutions in our country, was not obliterated after the collapse of the Soviet Union. The sign outside the door was modified. They even expressed some regrets that there had been 'isolated cases' when psychiatry had made some 'wrong decisions.' But ultimately, very little was changed," said Alexander Podrabinek, who wrote a book on psychiatric abuses in the Soviet era.

"Persecution that has to do with the intellect or the mind or one's psychological health is perceived as perhaps worse than physical punishment, or even torture, because it's more frightening to lose your mind than to lose your freedom," he said.

Cheboksary, a city of 420,000 people about 400 miles east of Moscow, is known as Russia's hops-growing center with a long tradition of beer-making. It is the capital of the republic of Chuvashia, governed since 1994 by former Russian Justice Minister Nikolai Fyodorov, who controls all levers of power in the republic, from the press to the police to the courts.

Members of Imendayev's organization, For Human Rights, and other opposition activists have long accused Fyodorov's allies of consolidating money and power through manipulation of elections and the court system. The case that landed Imendayev in the hospital began last year, while he was running for office and also acting as an advocate for a teacher who felt she had been improperly fired.

The case had gone to court, and he thought it was almost won. Then a police officer familiar with the case "came up to us ... and I recorded it on tape," Imendayev said. "The words were very crude. He literally said to her: 'You idiot, what are you trying to do battle with? The system? Everything here is under control. Everything has been bought.' What he meant was that people on the other side had given money to the judge."

Imendayev wrote a complaint to the prosecutor-general of Russia, mentioning the tape. At the end of the next court hearing, he was removed to the Chuvashia Republican Psychiatric Hospital.

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At least three other members of the local branch of For Human Rights have been hospitalized in the last few years, accused of having various forms of schizophrenia, paranoia and other mental disabilities requiring urgent diagnosis or treatment.

Fyodorov's administration dismisses the idea that anyone has been recommended for psychiatric treatment based on politics. "Our judicial branch of power is independent," said Boris Kuzmin, the president's spokesman. "Moreover, our president has a background in law. I think he would not tolerate any sort of violations or pressure on the courts."

Still, Fyodorov's own lawyers moved against Molyakov, the opposition lawmaker arrested on suspicion of libeling the president during his election campaign. In November 2004, they sought to have him hospitalized for psychiatric evaluation.

When federal Judge Oleg Zhukov overturned a lower court's psychiatric referral order, the president's lawyers appealed, arguing that Molyakov's accomplishments as an author and philosophy professor didn't mean he wasn't crazy.

"The court ought to know that even being a personal genius doesn't rule out a mental disorder ... (Van Gogh, F.M. Dostoyevsky, N.V. Gogol, etc.)," the lawyers asserted. "As has been established by scientists, the risk of a mental disease in gifted people ... is seven to eight times higher."

But of all the cases, the story of Sergei Zotov, a convicted extortionist and businessman-turned-political-gadfly, is unparalleled in its alternate melodrama and hilarity, reading more like "One Flew Over the Cuckoo's Nest," Russian-style, than the sorry episode in regional politics that it is.

Zotov, 47, got in trouble with the law in the early 1990s, when he flirted with the kind of speculation schemes that widely accompanied the collapse of communism. In 1991, he was brought up on organized-crime charges that originated with an alleged attempt to sell a car at black-market prices (and also involved Zotov's generous use of his skills as a boxer).

He was convicted and sentenced to 6 1/2 years in prison, where he spent much of the time reading the law and filing appeals. Once he was released, Zotov turned his newfound legal expertise against the system, filing complaint after complaint demanding criminal prosecution of various alleged incidences of corruption and election fraud within the political establishment in Cheboksary.

Zotov would file challenges to the slightest infraction of court rules — judges who didn't wear their robes on hot days, or a state flag hung in the wrong direction. But he also filed complaints challenging purported misdeeds on the part of local authorities, including the alleged awarding of state property to ministers and judges and evidence that voters were paid and escorted to the polls by pro-government candidates.

"I'm like a bone stuck in their throats," Zotov, a pudgy, balding man who wears rose-colored sunglasses to cover up a bad eye, said cheerfully in a recent interview.

The war was already well underway in November 2002 when he entered a Supreme Court hearing room presided over by then-Chief Justice Pyotr Yurkin. Zotov, who was running for the regional legislature, had accused the judge of improperly taking title to a state-owned apartment, among other malfeasance.

As soon as Zotov stood to raise his endless procedural motions, Yurkin ordered him ejected. What happened next is like a Russian "Rashomon": It depends on who saw it.

What is clear is that a bailiff ended up on the floor and a large table was broken as Zotov was hauled from the courtroom. Zotov insists that the bailiff fell and that the table broke when he tried to hang on to it as he was being dragged away.

Some of the judges present testified that Zotov threw the bailiff over his shoulder, karate-style, and either kicked the table or landed on it hard with his hindquarters.

Yurkin sent Zotov to the Chuvashia Republican Psychiatric Hospital. He remained there and at other facilities for seven months and repeatedly was given psychiatric drugs, despite pleas by his family and colleagues that he was sane and should be released. Hearings to continue his hospitalization were held but neither Zotov nor his lawyers appeared. Doctors said he showed signs of hyperactivity, inflated self-importance and "nonsensical ideas of reform."

"It was awful there," said his wife, Natalya Semyonova. "I would go to the window, and Sergei was gathering information and trying to communicate it to us through the window about people who were being kept there illegally, about people who'd had their apartments taken away. There was one man who'd been there 25 years."

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After his release in April 2004, Zotov tried to run for the local legislature again. When he appeared on television, slamming local authorities, the court ordered him to undergo outpatient psychiatric treatment, a prospect he feared so much he went into hiding.

In February of last year, two dozen police officers and firefighters arrived at Zotov's apartment to take him back to the mental hospital. The order they were executing referred to him as "a person who had committed a socially dangerous act," according to the prosecutor's office. When Semyonova refused to answer the door, two officers scaled a ladder to the family's ninth-floor balcony, all to no avail — Zotov was not at home.

Dmitry Ivanov, deputy spokesman for the police, said law enforcement officers are no longer actively looking for Zotov, but "if he does show up, we will have to react." He denied any campaign against the human rights activist, and hinted that Zotov might have tried to have himself hospitalized to seek shelter from dangerous associates in the criminal underworld.

Prosecutors, in a written response, said Zotov's case "was handled in accordance with all legal procedures." They said psychiatrists at the Serbsky Institute had examined Zotov and his courtroom outburst and concluded that "when he committed his crime, he was unable to acknowledge its actual nature and social danger, he wasn't able to control his actions, and he requires mandatory treatment in an inpatient facility."

The doctors at Chuvashia hospital declined to discuss Zotov's case in detail. But they implied that Zotov's version of events was distorted.

"I think if the opponents of your main character were to turn to you and told you about the ways in which he'd offended or harmed them, you'd feel a sense of sympathy for them as well," said Lyudmila Karnilova, deputy chief psychiatrist.

"As for the idea of a psychiatric hospital hunting someone down and dragging them back here, this is certainly not the case. Our main responsibility is to treat patients who need our help," added Kozlov, the chief doctor.

Zotov, who rarely visits his own apartment, says he fears for his sanity if he has to go back to the hospital.

"People who fight for justice in our republic, it's already a trend that they become subjected to isolation in a psychiatric hospital," said Semyonova, his wife. "This entire case, from the beginning, was based on nothing more than personal antipathy toward my husband."

Bush Betrays Egypt's Democrats. For What? (WSJ)

By Bret Stephens

The Wall Street Journal, May 30, 2006

CAIRO -- In Washington this month, George Bush met with Gamal Mubarak, heir apparent to the Egyptian throne, and sent regards to Mr. Mubarak's father, President Hosni Mubarak. The House Appropriations Committee turned back an effort by Wisconsin Democrat David Obey to withhold a fraction of Egypt's $1.7 billion annual aid allocation. Secretary of State Condoleezza Rice warned that any cuts would damage a "strategic partnership" that is "a cornerstone of U.S. policy in the Middle East."

Also this month, in Cairo, pro-democracy activists such as 39-year-old Ahmed Salah of the Egyptian Movement for Change and dozens of his colleagues were beaten, arrested and detained -- ostensibly for congregating publicly in groups larger than five. The emergency law through which Mr. Mubarak has ruled for 25 years was extended again. The judiciary -- the only semi-uncorrupted branch of government -- is under political assault. And Ayman Nour, the imprisoned liberal politician who ran second to Mr. Mubarak in last September's rigged presidential election, lost his final appeal against a five-year prison sentence on forgery charges.

Maybe there is no connection between the first and second set of events. Maybe Mr. Mubarak did not need tacit American acquiescence to embark on his latest campaign of repression. Maybe there are plausible reasons for the administration to go soft on the regime for now. But speak to opposition figures here and the sense of American betrayal is palpable.

Few Egyptians have felt this betrayal more keenly than Gameela Ismail, a prominent journalist and Mr. Nour's wife of 17 years. President Bush, she says, "made a very encouraging statement," referring to the line in his 2005 State of the Union address where he called on Egypt, "which showed the way toward peace in the Middle East, [to] show the way toward democracy." Mr.

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Nour, an independent member of parliament, heard from then-U.S. Ambassador David Welch that the administration was, in Ms. Ismail's words, "very interested in political reform in the Middle East and would support calls for democracy."

Mr. Nour was then launching a new political party as well as a newspaper, both called "Ghad" (Tomorrow), which he hoped would appeal to younger voters, political liberals, the middle class, Coptic Christians and moderate Muslims. "It was such a bright, clear, sunny prospect," Ms. Ismail says. "We had all sorts of confidence in the future."

That confidence ended abruptly on Jan. 28, 2005, when Mr. Nour was stripped of his parliamentary immunity and detained for 43 days on forgery charges. The story of his release (under heavy U.S. pressure), his bid for the presidency and his subsequent conviction are matters of public record. Less well known is the ferocity and manic persistence of the regime's effort to discredit Mr. Nour and Ms. Ismail.

"Fourteen security people arrived in our house that morning," Ms. Ismail recalls. "They went through every paper, every book, CDs, videos, our children's belongings. They opened the safe box, went through our checkbooks, sniffed his cigars. . . . I asked them, 'What does this have to do with the charges?' It was clear they were looking for anything at all that might be incriminating."

The harassment, both petty and serious, has never let up. Ms. Ismail says security officers have infiltrated the Ghad, forming a breakaway faction and an alternative newspaper. Ask for a copy at a Cairene newsstand, and you'll be asked whether you want "Security Ghad or Nour's Ghad." Ms. Ismail's TV shows have been canceled, and she is being charged, preposterously, with assaulting a state security officer.

The culprit here, Ms. Ismail insists, isn't simply the regime but Gamal Mubarak, who despite avowals to the contrary is setting himself up as his father's successor. "What provoked Gamal," she explains, "is that he and Nour are the same age, but Nour's been elected to parliament twice, he takes buses, he takes the metro, he knows what's happening with the people. He did not just say, 'Down with Mubarak.' He did more: He offered himself as an alternative."

It's partly for this reason that Ms. Ismail can hardly account for why Mr. Bush would receive Gamal so cordially, even as she says she never once has been personally contacted by Francis Ricciardone, the current U.S. ambassador. "Everyone is asking what Gamal did in Washington: Were we sold out in exchange for something?" She also notes that despite the billions the U.S. provides Egypt, the Mubarak regime continues to stoke anti-American sentiment in its press campaigns against Mr. Nour. "They call my husband, 'Nour, the spy of the U.S.' 'Nour, the friend of Rice.' 'Nour, the child of Madeleine Albright.'"

As for the regime, its game plan is clear: It needs to destroy liberal opponents such as Mr. Nour so that Hosni Mubarak, and eventually his son, can present themselves to the U.S. as the only viable bulwark against the Muslim Brotherhood. Little wonder that, despite being officially banned, a visitor has no trouble finding the Brotherhood's headquarters and interviewing its leadership at locations that are anything but secret. Beneath the surface tension, the regime and the Brotherhood depend on one another to exclude any decent middle way.

Meanwhile, Mr. Nour sits in the hospital ward of Cairo's Tora prison, recovering from a 25-day hunger strike. Ms. Ismail says he's in somewhat better spirits, and there are rumors of a presidential pardon on July 23, a national holiday. Ultimately, however, it's not her husband Ms. Ismail worries most about. "Nour is getting plenty of attention; he knows the law; he has experience; he's paying the price for the course he has chosen. It's the young [activists] I'm worried about. They don't have experience; they don't know the law; nobody knows them. What's happening to them is . . ." She trails off.

Maybe next time, President Bush can give Gamal Mubarak a miss and acquaint himself a little better with "them." As with Republican voters in the U.S., Egypt's democrats are part of his base -- and he's fast losing them, too.

A Plague Of Orphans And Lonely Grandmothers (NYT)

By Nicholas D. Kristof

The New York Times, May 30, 2006

MANZINI, Swaziland

In the early years of AIDS, the virus didn't get attention because the victims were marginalized people: gays, Haitians and hemophiliacs.

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Then when AIDS did threaten mainstream America, it finally evoked empathy and research dollars. But now it has slipped back in our consciousness because once more the primary victims are marginalized people — this time, Africans.

Nearly three million people die from AIDS each year. Among them are half a million children under the age of 15, mostly Africans infected during childbirth.

The numbers are numbing, even paralyzing. So for a window into southern African village life today, meet two of those African kids whose lives are being destroyed by the world's inattention to AIDS: Wandile Shongwe and his sister, Temdoline.

Wandile, an 11-year-old boy speaking shyly in front of his hut in central Swaziland, told me his story. First his mother died, and then last year his father followed, along with his older brother.

So Wandile and Temdoline, who is 9, moved in with their grandmother, but a month ago she died of AIDS. They were shuffled off to their last surviving relative, an aunt, and now she is dying as well, and is too ill to care for them.

"Nobody will take care of them after my death," said the aunt, Buduzile Ngcamphalala.

But in fact, no one is really caring for them now. The aunt was too sick to plant corn in the family plot, so there is no food. She cannot buy clothes, so Temdoline's only dress is a school uniform so tattered that it has no seat and completely shows her underwear.

To preserve even that remnant of a dress, she takes it off when she gets home from school and puts on her only other bit of clothing: a pair of shorts, with no shirt. That would be too scandalous to wear to church, so she does not go.

To live such a childhood means not only unending trauma, but also unrelenting hunger. I asked the children whether they had had breakfast that morning. No. Dinner the night before? No. The only meal they regularly get is lunch at school, provided by the World Food Program's outstanding school-feeding program (www.wfp.org).

"Every day I go to school without breakfast," Temdoline said, "and every day I go to bed without dinner."

The children gather the firewood and water, and they wash their own clothes — as well as caring for their aunt. And soon the two orphans will be left to bury their aunt and then try to survive all alone.

"I feel very painful when she is sick," Wandile said of his aunt. "Because after she dies, no one is going to take care of us." (See video of Wandile, if you dare, in my multimedia report on AIDS at www.nytimes.com/kristof.)

After traveling in southern Africa to report on AIDS, on the 25th anniversary of the detection of the virus, I feel a compulsion to share stories of people like Wandile and Temdoline. They spill out of me.

The life expectancy in Swaziland, which has the highest infection rate in the world, with nearly 40 percent of adults infected, has fallen from 55 to 34. This is a land where parents routinely bury their children, and where mothers constantly learn that they have given their babies a death sentence — the AIDS virus — during childbirth or breastfeeding.

In rural Swaziland, a 74-year-old woman named Maria Shongwe told me that 9 of her 11 children have died, along with many of her grandchildren. (It's not certain that all died of AIDS, because so few people are tested that the cause of death is not always known.) I met her as she returned from preparing the body of a 24-year-old granddaughter for a funeral.

The only comparable apocalypse in historical times was the Black Death 650 years ago. But there is a difference.

In the 14th century, we didn't know how to fight the Plague. Today we know what to do, and we have the tools to overcome AIDS — and yet we still don't use them. A $4 dose of a medicine called nevirapine mostly blocks mother-to-child transmission of H.I.V. during childbirth, and yet because of poverty and governmental incompetence, at last count only 10 percent of pregnant African women with the virus got such a drug.

Maybe that's the saddest thing of all. Twenty-five years after we allowed AIDS to spin out of control because its victims were marginalized people, we're doing the same thing all over again. And so today, as every day, another 7,900 people will die of AIDS.

Still A Genocide (WP)

The Washington Post, May 30, 2006

IT'S BEEN MORE than three weeks since a Darfur peace accord was signed, bringing hope for an end to the genocide in Sudan's western territory. Since then the news has been terrible. The two rebel factions that refused to sign the peace deal have continued to snub it. Violence between rebel factions has generated blood-curdling attacks on civilians. Human Rights Watch has reported fresh evidence of atrocities committed by government-backed Janjaweed death squads across the border in Chad.

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The cash-strapped U.N. World Food Program has been forced to reduce the already meager rations it distributes to 6 million Sudanese, including 3 million in Darfur. And Sudan's government has waffled on the crucial question of whether it will allow in an expanded peacekeeping force, without which violence, hunger and mass death are likely to continue.

The only external force at present is a 7,000-strong African Union contingent. It is too small and ill-equipped to cover a territory the size of France, and its mandate allows it to monitor violence but not actually stop it. Gunmen in Darfur have learned that it is toothless. Even the displaced civilians whom the African Union is trying to help have staged violent demonstrations against the force out of frustration with its shortcomings. There is no way that this contingent can oversee the implementation of Darfur's peace treaty, which envisages the complex demobilization of combatants and the eventual repatriation of some 2 million displaced people. Recognizing this, the African Union has agreed to fold its soldiers into a larger U.N. peacekeeping force.

After much prevarication, Sudan's government appeared to agree last Thursday to allow in a team of U.N. military planners. But that concession came just a day after the speaker of Sudan's parliament ruled out a foreign deployment in Darfur, and it was undermined by the foreign minister's simultaneous statement that "any forces, if that is agreed upon, would be a force for supervision and not a force for peace implementation." In a repeat of its tactics toward humanitarian workers, Sudan's regime plainly means to stall peacekeepers for as long as possible -- and never mind that the aid workers and peacekeepers are trying to save the lives of Sudanese civilians.

The U.S. government has described the killing in Darfur as genocide, a term that Sudan's government rejects and that the United Nations and Europeans have also shrunk from using. The more that the conflict in Darfur features infighting between rebel factions rather than just atrocities by the government's militia, the more observers may resist pointing the finger at the government and accusing it of genocide. But the reason that Sudan's government is culpable, today as in the past, is that it is deliberately creating the conditions in which thousands of civilians from rebel-aligned tribes are likely to die. First the government and its militia drove these people from their villages. Then it impeded humanitarian workers so that thousands of them fell prey to disease or starved. Now it is obstructing a serious peacekeeping deployment, with the result that its victims will continue to face shortages of medicines and food.

This may not be genocide by gas chamber or machete. But it is still a calculated policy of targeting ethnic groups and planning, meticulously, to eliminate them.

A Violent Detour In Turkey (NYT)

The New York Times, May 30, 2006

Turkey's foreign minister, Abdullah Gul, said last week that recent violence in Turkey did not presage a return to the "old days" of coups and military rule. We hope he's right.

In recent years, there has been much debate in Turkey over the conflicts between its secular constitution and many Turks' conservative Muslim impulses. Lately those confrontations have taken some troubling turns.

This month, a gunman shot five judges in a courthouse, killing one and wounding the others. Initial reports indicated that the assailant was enraged about a decision by the judges that strictly upheld Turkey's ban on wearing head scarves in public buildings. The news further polarized the debate over the role of religion in public life, and the judge's funeral turned into a mass demonstration in support of staunch secularism.

The outcry was seen as a setback for Turkey's ruling party, in power since 2002, which supports a greater public role for religious expression.

Since the funeral, however, the motive behind the attack has become increasingly unclear, and sorting out the facts will take time. But the overriding question is: Are the bad old days coming back?

Turkey's prime minister, Recep Tayyip Erdogan, is a conservative Muslim, but he also has overseen the pro-Western reforms that qualified Turkey to open membership talks with the European Union. During the reform process, he stressed that more democracy was the best way to resolve Turkey's polarizing issues. He was right, and now is the time for him to forcefully reassert that view. Washington can help promote Turkish democracy by using its longstanding ties with Turkey's generals to communicate zero tolerance for military meddling.

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Turkey borders Iran, Iraq and Syria, and is an ally of Israel, a member of NATO and a candidate for the European Union. The world can ill afford for it to become less democratic.

DEPARTMENT OF JUSTICE *NEWS CLIPS*

PREPARED FOR THE OFFICE OF PUBLIC AFFAIRS, US DEPARTMENT OF JUSTICE

TO: THE ATTORNEY GENERAL AND SENIOR STAFF

DATE: TUESDAY, MAY 30, 2006 7:45 AM EDT

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TERRORISM NEWS:

Bush Says U.S. Must Honor War Dead (AP)

By Nedra Pickler

AP, May 29, 2006

President Bush, delivering a Memorial Day message surrounded by the graves of thousands of military dead, said Monday that the United States must continue fighting the war on terror in the name of those have already given their life in the cause.

"The best way to pay respect is to value why a sacrifice was made," Bush said, quoting from a letter that Lt. Mark Dooley wrote to his parents before being killed last September in the Iraqi city of Ramadi.

Noting that some 270 fighting men and women of the nearly 2,500 who have fallen since the terror attacks of Sept. 11, 2001, are buried at Arlington National Cemetery, Bush said, "We have seen the costs in the war on terror that we fight today."

"I am in awe of the men and women who sacrifice for the freedom of the United States of America," the president declared, drawing a long standing ovation from the troops, families of the fallen and others gathered at the cemetery's 5,000-seat white marble amphitheater.

"Here in the presence of veterans they fought with and loved ones whose pictures they carried, the fallen give silent witness to the price of liberty and our nation honors them this day and every day," he said.

The nation can best honor the dead by "defeating the terrorists. ... and by laying the foundation for a generation of peace," Bush said.

The president spoke after laying a wreath at the Tomb of the Unknowns. He ventured across the Potomac River on a sun-splashed Memorial Day just a short time after signing into law a bill that restricts protests at military funerals.

At the White House, Bush signed the Respect for America's Fallen Heroes Act," passed by Congress largely in response to the activities of a Kansas church group that has staged protests at military funerals around the country, claiming the deaths symbolized God's anger at U.S. tolerance of homosexuals.

The new law bars protests within 300 feet of the entrance of a national cemetery and within 150 feet of a road into the cemetery. This restriction applies an hour before until an hour after a funeral. Those violating the act would face up to a $100,000 fine and up to a year in prison.

Monday's observance at Arlington National Cemetery was not a funeral, so demonstrators were free to speak their minds at the site. Bush's motorcade passed several on the way in, including a small group that held signs saying, "Thank God for dead soldiers" and "God hates fags."

Approximately 10 people from the Washington, D.C., chapter of FreeRepublic.com, a self-styled grass roots conservative group, stood across the road with signs supporting U.S. troops. A large sign held by several people said, "God bless our troops, defenders of freedom, American heroes."

The FreeRepublic.com group was trying to counter demonstrations by the Kansas-based group, led by the Rev. Fred Phelps. He previously had organized protests against those who died of AIDS and gay murder victim Matthew Shepard.

In an interview when the House passed the bill that Bush signed Monday, Phelps accused Congress of "blatantly violating" his First Amendment rights. He said that if it became law, he would continue to demonstrate but would abide by the law's restrictions.

Bush signed a second bill Monday that allows combat troops to deposit tax-free pay into individual retirement accounts. Supporters of the legislation argued that rules governing these accounts were punishing soldiers in Afghanistan and Iraq who earn only tax-free combat pay.

Bush Invokes The Fallen, Past And Present (NYT)

By Sheryl Gay Stolberg And Michael R. Gordon

The New York Times, May 30, 2006

ARLINGTON, Va., May 29 — President Bush paid homage to fallen members of the nation's military on Monday, using his annual Memorial Day speech at Arlington National Cemetery to draw a link between those who fought in an earlier era and those killed in Iraq and Afghanistan.

"I am in awe of the men and women who sacrifice for the freedom of the United States of America," Mr. Bush said, a remark that brought more applause than any other in his eight-minute speech. "Our nation is free because of brave Americans like these, who volunteer to confront our adversaries abroad so we do not have to face them here at home."

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Mr. Bush spoke at the cemetery's marble-columned amphitheater after placing a floral wreath at the Tomb of the Unknowns, on a hillside overlooking the Potomac. The president vowed to honor those who had died in Iraq and Afghanistan "by completing the mission for which they gave their lives: by defeating the terrorists, by advancing the cause of liberty and by laying the foundation of peace for a generation of young Americans."

Seeking to draw a connection to wars past, the president quoted from two similar letters written more than half a century apart, the first by Second Lt. Jack Lundberg, who died two weeks after D-Day, the other by First Lt. Mark Dooley, killed by a bomb last September in Ramadi, Iraq. Lieutenant Lundberg wrote his parents to say, "The United States of America is worth the sacrifice."

"That same feeling," Mr. Bush said, "moves those who are now fighting the war on terror."

Though polls suggest the public is uneasy about the war in Iraq, none of that unease was evident in Arlington on Monday. More than 4,500 people gathered in sweltering sun to catch a glimpse of the president, who was introduced by Defense Secretary Donald H. Rumsfeld as "an historic leader, a selfless leader."

The crowd, waving tiny American flags, was both enthusiastic and somber: aging veterans in Pearl Harbor Survivor caps, grieving mothers with their children's dog tags dangling from their necks, little boys and girls in red T-shirts, a sign of membership in the Tragedy Assistance Program for Survivors, a group helping youngsters whose parents have died in military service. Afterward, they wandered the grassy knolls and the rows of white headstones.

The president began his day at the White House, where he signed bills to prohibit certain demonstrations at military cemeteries and to help military personnel in combat zones save for their retirement. He was joined at the cemetery by members of his administration and prominent lawmakers, including Senator John W. Warner of Virginia, chairman of the Armed Services Committee, and Senator Bill Frist of Tennessee, the majority leader. Former Senator Bob Dole of Kansas, badly wounded in World War II, was also there.

Of more than 300,000 people buried at Arlington, more than 270 have been killed since the terrorist attacks of Sept. 11, 2001, and Mr. Bush singled them out for particular praise. Nearly 2,500 Americans have died in Iraq, according to Pentagon statistics, and more than 18,000 have been wounded there since the invasion in March 2003.

"In this place where valor sleeps, we are reminded why America has always gone to war reluctantly: because we know the costs of war," Mr. Bush said. "We have seen those costs in the war on terror we fight today."

Later, more than 600 members of the military who had served in Iraq or Afghanistan marched in a Memorial Day parade down Constitution Avenue in Washington. This was the first time that personnel returning from either of those two zones had participated in the event, which also featured veterans of other wars, high school bands, representatives of American Legion posts and banners promoting corporate sponsors.

Richard Rodriquez, a 23-year-old Navy petty officer from Union City, N.J., was one of the sailors selected by his commanders to take part. With the Army stretched thin, some of its ranks have been filled out by the Navy, and Petty Officer Rodriquez, who had been serving on a destroyer, left it to be a machine-gunner guarding Army convoys in Iraq.

He said Monday that he had decided to go out of a sense of solidarity with the troops there. "I lost a lot of friends," he said. "I know I could have helped somebody come home."

Bush Gets More Bad News From Iraq (AP)

By Nedra Pickler

AP, May 29, 2006

Just when President Bush was trying to accentuate the positive in Iraq and declare a new beginning in the war on terror, a rash of bad news comes from multiple fronts in the global struggle.

New details are emerging in the killings of two dozen Iraqi civilians at the hands of Marines. Anti-American protesters are staging riots in Afghanistan after a U.S. military convoy rammed into several civilian cars. And a reported 75 military detainees at Guantanamo Bay are on a hunger strike to protest their continued imprisonment without charges.

Add the trouble to the continuing daily violence in Iraq — at least 40 were killed in a series of bombings Monday, including two from a CBS News crew — and Bush could be in danger of losing even more support for his mission.

Bush has tried to keep the nation behind him with repeated talk about the importance of defeating the terrorists abroad so they cannot attack the United States again. He has expressed confidence that the U.S. will prevail and spread democracy. And he has acknowledged costly mistakes along the way.

In the past week, Bush has spoken about a new chapter in the nation's relationship with Iraq since a new government has taken control. But that hasn't kept the violence and unrest out of the headlines every day, and some in the White House have been arguing that he needs to do more to push back. His public relations blitzes on the war have helped build support in the past, according to public opinion polls taken before and after his campaigns.

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At a press conference last week, Bush said the war has featured personal mistakes — specifically his "tough talk" about capturing Osama bin Laden "dead or alive" and challenging U.S. foes to "bring it on." And he said the worst mistake the country has made in Iraq was the Abu Ghraib prisoner abuse scandal. "We've been paying for that for a long period of time," Bush said.

He has not yet commented publicly on an incident in Iraq that Rep. John Murtha (news, bio, voting record), a decorated Marine war veteran and prominent critic of Iraq policy, has contended could undermine U.S. efforts there even more than Abu Ghraib did.

Murtha, D-Pa., has spoken critically about reports that Marines killed two dozen unarmed Iraqi civilians, including women and children, last November in Haditha, a city western Iraq that has been plagued by insurgents. The congressman also believes that the deaths were initially covered up by the military.

The killings came after a bomb rocked a military convoy on Nov. 19, killing a Marine. Marines then shot and killed unarmed civilians in a taxi at the scene and went into homes and shot other people, according to Murtha, who has been briefed by officials.

The Pentagon is investigating the deaths in Haditha, along with the events in Afghanistan that sparked rioting there Monday.

Witnesses said the incident began when a convoy of at least three U.S. Humvees came into the city from the outskirts, then rammed into a rush-hour traffic jam, hitting several civilian cars. There were disputes about the number of deaths, but at least one person died.

The crash sparked a riot by dozens of stone-throwing Afghans who shouted "Down with America." Witnesses said U.S. forces then fired on the crowd, and the violence escalated.

Hundreds of Afghan army troops and NATO peacekeepers in tanks were deployed around the city, as chanting protesters marched on the presidential palace and rioters smashed police guard boxes, set fire to police cars and ransacked buildings.

The military also is dealing with defiant prisoners at Guantanamo Bay who are trying to draw attention to the fact that some have been held for up to 4 1/2 years without charges and with little contact with the outside world.

The U.S. military holds about 460 men at Guantanamo on suspicion of links to al-Qaida or the Taliban. Human rights groups say many innocent people have been swept up in the Bush administration's war on terrorism and sent to the prison at the Cuban base in Guantanamo Bay, with no end in sight to their incarceration. Only 10 of the detainees have been charged with crimes.

Their military trials, the first held by the United States since the World War II era, are set to begin within months. The Supreme Court, however, is expected to rule in June on whether Bush overstepped his authority by ordering war-crimes trials for some of those held at Guantanamo Bay.

Bush, Rumsfeld Honor Dead At Arlington Cemetery (WP)

By William Wan

The Washington Post, May 30, 2006

With their hands over their hearts, in salute and waving flags, thousands gathered at Arlington National Cemetery yesterday to remember those who had died for their country.

Under a sweltering sun, they watched as prayers were said, speeches were given and a wreath was laid at the Tomb of the Unknowns. For some, it was a well-timed tourist destination; for others, an annual pilgrimage through the rows of alabaster-white markers toward the cemetery's amphitheater.

There, shortly before noon, President Bush and Secretary of Defense Donald H. Rumsfeld spoke to the standing-room-only crowd. Rumsfeld urged audience members to renew their resolve against U.S. enemies and to count the country's many soldiers as blessings.

Following him, Bush said: "We are reminded why America has always gone to war reluctantly, because we know the costs of war. We have seen those costs in the war on terror we fight today."

Standing in the shade outside the amphitheater, Diane Cameron, 59, said it was her 15th year to make the journey from Texas. She has sat through similar speeches by Ronald Reagan, Bush's father and Bill Clinton.

"You don't come here for the politicians," she explained. "The politicians are the ones who get us into war. Our military gets us out."

After the ceremony, she planned to visit the grave of her brother, a Navy pilot whose jet had been shot down over Vietnam in the 1960s.

"This is the right way to celebrate Memorial Day," she said. "It's something I can only do here in Arlington."

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A few paces away, Air Force Maj. Robert Grazulis, dressed in civilian shorts, took in the spectacle with his 6-year-old son, John, at his side. It was John's first visit to Arlington, and Grazulis, who works at the Pentagon, said he had brought him hoping to teach him about the duty and sacrifice required in a soldier's life.

"He's still young, so I don't know if he completely understands it all: life and death, honor and duty," Grazulis said. "He knows the white stones are for soldiers who aren't alive anymore."

They would take pictures, he said, so that on future Memorial Days they could look back and remember.

Bush Vows To Win War For Fallen (WT)

By Joseph Curl

The Washington Times, May 30, 2006

President Bush stood among the graves of nearly 300,000 veterans at Arlington National Cemetery yesterday and said that the United States must continue fighting the war on terror in the name of those who have already given their lives in the cause.

"The best way to pay respect is to value why a sacrifice was made," the president said in a Memorial Day speech, quoting from a letter that Army 1st Lt. Mark Dooley wrote to his parents shortly before he was killed in September in the Iraqi city of Ramadi.

Mr. Bush noted that some 270 of the nearly 2,500 service members who have fallen since the September 11 terror attacks are buried at the nation's most famous military cemetery, which he called several times a "place where valor sleeps."

"On this Memorial Day, we look out on quiet hills and rows of white headstones -- and we know that we are in the presence of greatness. Here, in the presence of veterans they fought with and loved ones whose pictures they carried, the fallen give silent witness to the price of our liberty -- and our nation honors them, this day and every day," Mr. Bush said.

While he said that America has "always gone to war reluctantly," he added that the costs of the war against terror begun after the September 11, 2001, attacks are clear today.

"Our nation is free because of brave Americans like these, who volunteer to confront our adversaries abroad so we do not have to face them here at home. Our nation mourns the loss of our men and women in uniform; we will honor them by completing the mission for which they gave their lives -- by defeating the terrorists, by advancing the cause of liberty and by laying the foundation of peace for a generation of young Americans," he said to applause from troops, families of the fallen and others gathered at the cemetery's 5,000-seat white marble amphitheater.

The president also referred to soldiers from wars past and those still missing from the Vietnam War. "With us here are veterans who fought alongside them -- and who have come today to pay their respects. They are joined by veterans of World War II, Korea, Vietnam and other conflicts across the globe, whose friends and comrades also lie in this sacred ground. As we pray for their fallen friends, we also remember those who went to war and are still missing, and we are determined to account for them all," he said.

Mr. Bush remembered 2nd Lt. Jack Lundberg, killed two weeks after D-Day in World War II. "He wrote his Mom and Dad a letter to be opened in the event he did not come home. He wrote, 'I am sorry to add to your grief ... but we of the United States have something to fight for -- never more fully have I realized that. The United States of America is worth the sacrifice.' "

The president spoke after laying a wreath at the Tomb of the Unknowns. In his speech, he said: "The names of those buried there are known only to God, yet their souls have entered into the spirit of America, and they will never be forgotten by our nation."

Mr. Bush visited the cemetery shortly after signing into law a bill that restricts protests at military funerals.

At the White House, Mr. Bush signed the "Respect for America's Fallen Heroes Act," passed by Congress largely in response to the activities of a Kansas church group that has staged protests at military funerals around the country, claiming the deaths symbolized God's anger at U.S. tolerance of homosexuals.

The new law bars protests within 300 feet of the entrance of a national cemetery and within 150 feet of a road into the cemetery. This restriction applies an hour before a funeral until an hour afterward. Those violating the act would face up to a $100,000 fine and up to a year in prison.

Yesterday's observance at Arlington National Cemetery was not a funeral, so protesters were free to demonstrate. Mr. Bush's motorcade passed several on the way in, including a small group that held signs saying, "Thank God for dead soldiers."

About a dozen people from the Washington chapter of FreeRepublic.com, a grass-roots conservative group, stood across the road with signs supporting U.S. troops. A large sign held by several people said, "God bless our troops, defenders of freedom, American heroes."

Some 296,000 military members are buried at Arlington, most from the two World Wars and the Vietnam and Korean wars.

Tribute Paid To Fallen Soldiers In USA And Abroad (USAT)

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By From Staff And Wire Reports
USA Today, May 30, 2006

ARLINGTON, Va. — President Bush honored Americans killed in action Monday by vowing to complete "the mission for which they gave their lives — by defeating the terrorists."

Marking Memorial Day at Arlington National Cemetery for the fifth time during his presidency, Bush noted that 270 of the 296,000 men and women buried there died in the "war on terror" that followed the Sept. 11, 2001, attacks.

He singled out two of them: 1st Lt. Mark Dooley, killed in Iraq in September, who wrote his parents that "the best way to pay respect is to value why a sacrifice was made," and Lt. Col. Joseph Fenty Jr., killed in Afghanistan this month, one of whose comrades said they "were all in awe of him."

"I am in awe of the men and women who sacrifice for the freedom of the United States of America," Bush said, to sustained applause.

"We will honor them by completing the mission for which they gave their lives — by defeating the terrorists, by advancing the cause of liberty, and by laying the foundation of peace for a generation of young Americans," he said.

Across the country and overseas, Americans honored their war dead in a variety of ways:

·In New York City, the chairman of the city's top military museum apologized to the nation's servicemembers and veterans for what he said was the lost meaning of the once-solemn holiday.

"We Americans have become less concerned about those who died for us than we are about the menu being planned for the family picnic," Arnold Fisher said on the flight deck of the USS Intrepid Sea, Air & Space Museum. "I apologize to you for carrying the burden of this nation's commitment to freedom and liberty alone."

·In Topeka, Kansas Gov. Kathleen Sebelius said her generation learned a lesson from the Vietnam War: Even if Americans question or oppose a war, they must stand behind the troops who fight it. "The most important lesson from the era I grew up in is to remember that, as we debate the causes and outcomes of armed conflicts, we must remain united in our resolve to support and honor our troops and their families," Sebelius said.

·In Europe, members of the Senate Veterans Affairs Committee laid wreaths near the graves of thousands of servicemembers killed in World War I and World War II, including many who died storming the beaches of Normandy on D-Day in June 1944. Sen. Larry Craig, R-Idaho, the panel's chairman, said the delegation was the first to survey the condition of American cemeteries in France, Belgium, the Netherlands and North Africa.

Bush spoke at the Arlington cemetery's 5,000-seat white marble amphitheater, its first rows filled with family members of servicemembers killed in Iraq. Before his eight-minute speech, the president laid a wreath of red and white carnations and blue irises at the Tomb of the Unknowns.

Earlier, he signed into law a bill that restricts protests at military funerals. It was passed by Congress in response to the activities of a Kansas church group that has staged protests at military funerals around the country, claiming the deaths are evidence of God's anger at U.S. tolerance of homosexuality.

The law bars protests within 300 feet of the entrance of a national cemetery and within 150 feet of a road into the cemetery. Violators face up to a $100,000 fine and a year in prison.

Monday's observance was not a funeral, so demonstrators were free to speak their minds. Several did, including a handful from Westboro Baptist Church of Topeka, the target of the new law. They sang, "God hates America" to the tune of God Bless America and held signs reading "You're going to hell" and "Bush killed them."

About 10 people from the Washington, D.C., chapter of FreeRepublic.com, a grass-roots conservative group, responded with their own signs at the cemetery entrance supporting U.S. troops. One sign read, "God bless our troops, defenders of freedom, American heroes."

Bush Aligns Nation's Past And Present Wars (LAT)

By Peter Spiegel
The Los Angeles Times, May 30, 2006

WASHINGTON — Invoking the memory of more than 270 service members buried at Arlington National Cemetery who have died in combat since the Sept. 11 terrorist attacks, President Bush vowed Monday to honor them by "completing the mission for which they gave their lives."

Speaking at Arlington after laying a wreath at the Tomb of the Unknowns as part of annual Memorial Day remembrances, Bush drew parallels between the forces felled in Iraq and Afghanistan and their predecessors who were killed in Korea, Vietnam and the two world wars, saying they all died fighting enemies abroad so the United States would not have to face them at home.

"In this place where valor sleeps, we are reminded why America has always gone to war reluctantly, because we know the costs of war," Bush said. "We have seen those costs in the war on terror we fight today."

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Bush added that even as Americans mourned the deaths of troops in Iraq and Afghanistan, the United States would continue the fight, saying the country could best honor those killed "by defeating the terrorists, by advancing the cause of liberty, and by laying the foundation of peace for a generation of young Americans."

As of Monday, 2,466 U.S. soldiers have died in Iraq and 292 in Afghanistan, according to Defense Department figures.

Speaking on a hot, cloudless day, Bush was greeted warmly by friends and relatives of fallen soldiers and by the veterans in attendance. The loudest applause came when he told the story of Army Lt. Col. Joseph J. Fenty Jr., who was buried at Arlington last week after being killed in a helicopter crash in Afghanistan before ever meeting his newborn daughter.

One of Fenty's soldiers described his unit as being in awe of its leader, said Bush, adding he shared that feeling. "I am in awe of the men and women who sacrifice for the freedom of the United States of America," the president said to loud cheers.

Bush's remarks came on the same day that car bombs in Iraq killed at least 33 people, including one American soldier and two CBS journalists embedded with the U.S. military. The president's comments were preceded by short addresses from Defense Secretary Donald H. Rumsfeld and Marine Gen. Peter Pace, chairman of the Joint Chiefs of Staff, both of whom thanked the soldiers who had died and offered strong endorsements of Bush's stewardship.

Pace said Bush and Rumsfeld were providing soldiers "the very finest" leadership, and Rumsfeld called Bush "a historic leader, a selfless leader."

Rumsfeld also indirectly addressed public criticism of the war in Iraq, arguing that although naysayers had existed during most American wars, the U.S. military had always done its duty professionally and with honor.

"In whatever era they lived, it was said by some that America was a fading nation; in whatever era they fought, it was said by some that their fighting was not worth the cost," Rumsfeld said of the generations of soldiers buried at Arlington. "Yet every time, in every era, these citizen-soldiers answered those who doubted our country's cause with grit and gallantry."

The strong backing of Bush comes as his handling of the war in Iraq has increasingly been questioned by the American public. In an ABC News/Washington Post poll released this month, 66% of those surveyed said they disapproved of his handling of the war, the highest percentage to date.

Bush also used Memorial Day to sign two pieces of legislation aimed at helping military personnel and their families. One bill revises the Internal Revenue Service code to allow service members to deposit tax-free combat pay into individual retirement accounts, and the other bans some demonstrations at government-run cemeteries.

The ban was passed by Congress last week in response to a Topeka, Kan., church group that has been demonstrating near funerals of soldiers killed in Iraq, holding placards claiming that God was punishing the U.S. for its tolerance of homosexuals. Ban violators face up to a $100,000 fine and up to a year in prison.

Memorial Day Demonstrators Face Off (AP)

By Larry Margasak

AP, May 29, 2006

As throngs came to the hallowed grounds of Arlington National Cemetery to honor the fallen on Memorial Day, a handful of protesters from an anti-gay group stood across a four-lane highway from a conservative group supporting the troops.

The two groups, separated by a line of police cars, were faced off about 300 feet from the entrance to the cemetery. They held signs making competing arguments. But because of noise from approaching motorcycles and cars, they could not hear one another.

A small group of members of the Westboro Baptist Church of Topeka, Kan., who have been demonstrating around the country at military funerals, sang "God hates America" to the tune of "God Bless America" and held signs that read "God is America's terror", "Thank God for dead soldiers", "You're going to hell", and "Bush killed them."

Across the street, a handful of people from the conservative group known as FreeRepublic.com held a large sign saying, "God bless our troops, defenders of freedom, American heroes." Other signs said, "God does love our defenders of freedom" and "This Memorial Day, thank a soldier for your freedom."

As people walked to the cemetery past the Westboro church group, many looked at them and scowled and several shouted insults.

A Marine lance corporal in uniform, passing by on the sidewalk, suddenly lunged toward one of the church protesters. A policeman put his arm around the Marine and led him away before there was any physical contact.

"Shut your mouth," one woman yelled at them, and a man passing by said, "Read your Bible." A spokesman for FreeRepublic.com, Kristinn Taylor, said his group showed up to demonstrate because they knew the church group was coming. He said they have staged counter demonstrations on several occasions when Westboro protesters disrupted military funerals.

"They're out of line," Taylor said. "Their hateful message isn't welcome here. Many of us have loved ones buried here."

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"We wanted to send a positive message of support for troops serving now and their families and those who made the ultimate sacrifice," he said.

Margie Phelps, spokeswoman for the Westboro church group, said the group was protesting because "Congress doesn't have the power and can't pass enough laws to stop the wrath of God" against homosexuals.

"America is doomed because she has institutionalized sin and exalted homosexuality," she said.

Many people in cars and on motorcycles honked and gave friendly waves to the FreeRepublic group as they drove by.

A passerby got close to one of the protesters and yelled, "Thank God for America." A policeman stepped between them and the incident ended.

NSA Cases May Hinge On Issue Of Standing (LAW)

By Justin Scheck, The Recorder

California Recorder, May 30, 2006

Carolyn Jewel says the federal government's warrantless wiretapping program is giving her writer's block.

"I have recently begun to write in a new genre (action and futuristic romance)," the Petaluma, Calif., database-administrator-cum-novelist -- and named plaintiff in a class action against AT&T for cooperating with secret government eavesdropping -- wrote in court papers earlier this year.

"I feel that certain plots or subplots that would otherwise be of significant interest to me may be unwise since they would require research into weapons, arms and military and paramilitary operations. As a result, I do not plan to use my Worldnet service to do this research," continued Jewel, the only AT&T named plaintiff to specifically state how she was affected by the wiretaps.

"I suppose that's a claim," said Rory Little, a professor at Hastings College of the Law. "It's not as strong as saying they were definitely wiretapped."

A lawyer for the plaintiffs said Jewel and other AT&T customers suffered real harm.

"She actually chose not to pursue certain areas of writing," said Lee Tien, a lawyer with the Electronic Frontier Foundation.

Lawyers for AT&T and the government are trying to convince U.S. District Judge Vaughn Walker that chilling effects on customers -- such as Jewel's reticence to research upcoming books (one of which, "Rake," promises: "Romantic sensualist meets widowed novelist. Hot. Hot. Hot. Proposal is done and with my agent," according to her Web site, carolynjewel.com) -- don't amount to enough harm to give them standing.

While Walker mulls over the standing question, a similar case in Oregon federal court probably won't have that problem.

The suit, which has received less recent publicity than the AT&T class action, has a more direct complaint -- and fewer standing issues.

In late February, the Al-Haramain Islamic Foundation says it was directly harmed through illegal wiretaps -- and it has proof, according to court filings.

"This case is unique among the various pending lawsuits challenging the president's warrantless electronic surveillance program in that only these plaintiffs possess incontrovertible proof -- the document filed under seal -- that they were victims of the president's program, and thus have standing to sue," wrote Thomas Nelson, a lawyer for Al-Haramain, in papers filed Monday.

Jon Eisenberg, an Oakland, Calif., lawyer and Nelson's co-counsel, said he was "immediately excited to see this case because there's standing." Eisenberg said he expects core issues in the case to be litigated faster than in the AT&T suit.

"They have a standing issue to overcome that we don't have," he said. "They're seeking to say the administration violated the law without having a specific instance of violation, which spills over into policy. That's problematic."

Tien said he expects Walker to rule that the class plaintiff have standing nonetheless. But in the meantime, he and the Oregon lawyers are facing a similar set of problems posed by government lawyers.

In both cases, the government has insisted that documents at the core of the case, as well as government pleadings, should remain confidential. Anthony Coppolino, the lead Department of Justice attorney in both cases, could not be reached by press time.

In the AT&T suit, the key evidence is documents provided by a former AT&T engineer that, plaintiffs lawyers say, show communications were routed through government computers. The documents are filed under seal, and Walker has agreed to keep them in a secure case as the litigation continues.

The most important piece of evidence in the Oregon suit is a secret document accidentally disclosed by the FBI in 2004 through discovery in another lawsuit. It's currently being held in a secure location in Seattle, despite efforts by the federal government to take it back.

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The judges in both suits are now trying to decide whether that information should remain secret -- and whether to consider government motions kept concealed from plaintiffs lawyers. The secret papers, government lawyers said, argue that the suits should be thrown out because they jeopardize state secrets.

In a hearing in the AT&T suit last week, Walker seemed disturbed by the notion that plaintiffs would be unable to see their opponents' arguments, and asked for briefing on the issue. Similar briefs have been submitted in the Oregon case, too.

In both suits, defense lawyers say the Justice Department has a longstanding right to submit ex parte, in camera documents in sensitive cases.

"Contrary to plaintiffs' arguments, AT&T does not believe that an assertion of state secrets may blithely be dismissed without even considering the basis for it," wrote lawyers for AT&T.

Such arguments don't sit well for the plaintiffs in either case. As lawyers for the Oregon plaintiffs wrote, "Secret court filings are repugnant to a free society."

As the issues continue to be litigated, the judges in both suits will have to decide whether to open the heretofore secret documents, whether plaintiffs have standing, and if the suits would indeed unearth secrets vital to national security.

In the AT&T case, plaintiffs are hoping that Walker's decision on these issues will ultimately lead him to consider their motion for an injunction that would keep the government out of AT&T's network.

Until that decision is made this summer, Jewel -- judging by her Web site -- seems to have plenty to work on that won't bring government suspicion upon her.

One title in development is called "The Barbarian."

In that book, her Web site says, "a Highlander ends up married to the daughter of an English lord. He speaks only Gaelic and she doesn't. She thinks he's the muscle, not the bridegroom." That book, she wrote, will only require her to study Gaelic.

75 Now On Hunger Strike At Guantanamo (AP)

By Ben Fox

AP, May 29, 2006

The number of Guantanamo Bay detainees participating in a hunger strike has ballooned from three to around 75, the U.S. military said Monday, revealing growing defiance among prisoners held for up to 4 1/2 years with no end in sight.

Navy Cmdr. Robert Durand called the hunger strike at the U.S. naval base in southeastern Cuba an "attention-getting" tactic to step up pressure for the inmates' release and said it might be related to a May 18 clash between detainees and guards that injured six prisoners.

"The hunger strike technique is consistent with al-Qaida practice and reflects detainee attempts to elicit media attention to bring international pressure on the United States to release them back to the battlefield," Durand said from Guantanamo Bay.

The United States now holds about 460 people at Guantanamo on suspicion of links to al-Qaida or the Taliban. But human rights groups say innocent people have been sent to the jail.

Defense lawyers said the hunger strike, which began last year, reflects increasing frustration among men who have little contact with the world outside the remote prison.

"I think it is escalating because the people down there are getting more and more desperate," said Bill Goodman, legal director for the New York-based Center for Constitutional Rights, which represents many of the detainees. "Obviously, things have reached a crisis point."

The military did not release the names of the striking detainees, and lawyers said they have no way of learning whether their clients are involved until they can visit the base.

"All these men want is a chance to have a trial," said Zachary Katznelson, an attorney for Reprieve, a British human rights group that represents 36 Guantanamo detainees. "If they are guilty, punish them. If not, then send them home."

Only 10 of the prisoners have been charged and face trial before military tribunals. The U.S. Supreme Court is expected to rule in June whether President Bush overstepped his authority in ordering the tribunals.

Durand said the number of hunger strikers reached about 75 over the weekend. U.S. officials classify detainees as being on hunger strike when they have missed nine consecutive meals.

Some 76 detainees began the strike last August to protest their confinement, with their ranks peaking at 131 in the fall, the military has said.

Defense lawyers have accused the military of underreporting the number of hunger strikers.

The lawyers say the number of strikers dwindled to three earlier this year after the military adopted more aggressive measures to force feed them, including using a restraint chair. U.S. officials said the measures are "safe and humane" and have been used in American civilian prisons.

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Four of the detainees on hunger strike are being force-fed, including the three who were participating in the protest before the recent increase, Durand said.

Military officials believe the increase in hunger strikers was timed to coincide with the arrival of journalists and lawyers for the next round of pretrial hearings for Guantanamo detainees in June, Durand said.

He added it also could be related to the clash earlier this month in which, according to the military, a detainee pretended to commit suicide to lure guards into a cellblock, where they were attacked by prisoners armed with makeshift weapons.

Earlier that day, two detainees overdosed on antidepressant drugs they collected from other detainees and hoarded in their cells. The men have since regained consciousness.

75 Prisoners Join In Hunger Strike At U.S. Base In Guantanamo Bay (WP)

By Jane Sutton

The Washington Post, May 30, 2006

MIAMI, May 29 -- Seventy-five prisoners at the U.S. naval base in Guantanamo Bay, Cuba, were on a hunger strike Monday, joining a few who have refused food and been force-fed since August, a military official said.

Cmdr. Robert Durand, a spokesman for the Guantanamo Bay detention operation, called the hunger strike an attempt by the prisoners to gain media attention and pressure the United States to release about 460 men held there as enemy combatants.

Detainees are counted as hunger strikers if they miss nine consecutive meals, and most of the 75 hit that mark Sunday, Durand said. Most are refusing food but continuing to drink liquids, he said.

One of the recent group is being force-fed through a tube inserted through the nose and into the stomach, as are three others who have been on a hunger strike since Aug. 8, Durand said.

Hunger strikes have occurred periodically since the first suspected al-Qaeda and Taliban prisoners were taken to the U.S. base in southeast Cuba in 2002.

Durand said the current hunger strike may be timed to a series of hearings scheduled in June by the U.S. war crimes tribunals at Guantanamo Bay, which are formally called commissions.

"This new hunger strike is likely a coordinated, but short-term, effort designed to coincide with the military commissions hearings scheduled for the next several weeks, as defense attorneys and media normally travel to Guantanamo to observe this process," Durand said by e-mail.

He said it may also be related to an outbreak of violence on May 18, when two detainees tried to commit suicide by overdosing on hoarded medicine. Several others attacked guards who rushed into a communal barracks to stop an attempted hanging that was later determined to be a ruse.

The two who overdosed are expected to recover fully, and they remain under observation at a hospital inside the detention camp, Durand said.

"They are alert, talking, walking and recovering," he said.

Human rights groups have long criticized the indefinite detention of foreign captives at Guantanamo Bay. President Bush said recently he would like to close the base, but administration officials said many of those held there are dangerous men who should remain locked up somewhere, if not at Guantanamo Bay.

Military officials said 287 Guantanamo Bay prisoners have been freed or transferred to other governments, and negotiations are ongoing to return more than 100 others to their homelands for continued detention.

Excluding Friends (WP)

The Washington Post, May 30, 2006

THE SENATE HAD an opportunity last week to fix the horrendous mess Congress has inadvertently made out of the law governing the admission of refugees to the United States. In an overwhelming, bipartisan vote, it passed it up -- much to its shame. The body voted 79 to 19 to reject an amendment put forth by Sen. Patrick J. Leahy (D-Vt.) that would have restored discretion to the government to admit human rights victims bizarrely branded under current law as terrorists or supporters of terrorism.

The vote followed gross misrepresentations of the proposal by Sen. Jon Kyl (R-Ariz.) and Judiciary Committee Chairman Arlen Specter (R-Pa.). Indeed, given their descriptions, it's a wonder even 19 senators voted for it. Mr. Kyl portrayed it as permitting the admission of Taliban fighters; Mr. Specter warned of members of Hamas and other terrorists showing up on American shores.

The proposal would have done nothing of the kind. The government has wide latitude to exclude people who pose a national security threat. The problem with the existing laws are that they define a terrorist group so broadly as to include virtually any organization that has ever used weapons. And they not only permit but also require the exclusion of all members and

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material supporters of such groups -- with no exceptions for people who acted under the threat of violence. So a Liberian woman used as a sex slave in her own house or a Northern Alliance soldier who fought alongside American troops in Afghanistan would both be excluded -- the former for providing shelter to terrorists, the latter for membership in a "terrorist" group. Tens of thousands of refugees around the world are held up because of these strictures, many of them for affiliations with armed groups this country has actively supported and certainly never regarded as terrorists.

The Leahy proposal would have clarified that the bar applies only to groups the government has designated foreign terrorist organizations, and it would have created an exception for people who were forced to provide support to such organizations. Its rejection puts a huge burden on the administration -- which also shamefully opposed Mr. Leahy's amendment -- to exercise its very limited discretion under existing law aggressively. Current law allows the government to waive the ban for supporters, though not members, of terrorist groups. Following a lengthy intra-governmental skirmish, the administration has finally begun using this power -- permitting one large group of ethnic Karen victims of Burmese oppression to move forward in the process. But it won't be enough. The Senate needs to revisit this.

HOMELAND RESPONSE:

For Some Katrina Evacuees, Another Displacement Looms (WP)

By Sylvia Moreno

The Washington Post, May 30, 2006

AUSTIN -- In the nine months since their New Orleans home was flooded with nine feet of water, Dianne Jeanpierre has worked hard to put her life and her daughters' lives back in order.

Their orderly apartment here is filled with gently worn donated furniture. The new routine for this Catholic family includes weekly inspirational services at a Baptist church.

Ashley, 17, attended her junior prom through the generosity of a department-store dress giveaway to children affected by Hurricane Katrina. Brittany, 14, had been enrolled in a high school for academically gifted students in New Orleans when the hurricane hit Aug. 29; she stayed focused and last week finished the school year with two citations for scholarship.

But the family's fragile stability is threatened. Jeanpierre has run out of unemployment insurance benefits from her former job as a security guard in New Orleans and cannot work because of debilitating asthma. Earlier this month, she got a notice that she would lose her housing benefits from the Federal Emergency Management Agency. Soon thereafter, her car was repossessed.

"I tried to make a home," said Jeanpierre, 46. "Now they're trying to eat you up, I tell you. Everything is just going downhill."

Jeanpierre's family is among about 55,000 nationwide facing the end of a FEMA-funded rental assistance program, in which local governments issued 12-month housing and utility vouchers.

Last month, FEMA began issuing letters to thousands of evacuees telling them their aid would be terminated. The vouchers are to end Wednesday in most of the country and on June 30 in 11 Texas jurisdictions, including Austin, Dallas and Houston.

That decision, says a class-action lawsuit filed by the Houston law firm of Caddell & Chapman and a consortium of public interest law groups, will create "widespread homelessness" and violates FEMA's statutory obligations to provide temporary housing assistance to hurricane victims.

FEMA's decisions on which evacuees to move into a housing assistance program with more rigorous requirements are "arbitrary, inconsistent and inequitable," the lawsuit contends. "As a result, FEMA is creating an opportunity to discontinue its housing assistance for tens of thousands of people."

Sixty-two members of the House filed a brief last week supporting the suit. It says that FEMA "continues to engage in a process that is marked by inefficiency, a lack of discernable standards and seeming disregard for the plight of the vulnerable survivors who are depending on the aid that FEMA is statutorily obligated to provide."

U.S. District Judge David Hittner is expected to rule Tuesday on a request to stop FEMA temporarily from shutting down the housing assistance program and to hold a trial on the lawsuit's merits.

"This process is broken, and FEMA is not following its mandates," said John B. Scofield Jr. of Caddell & Chapman. "Some people have extensions [to June 30], but still there are multiple thousands that are being left in the dust."

Aaron Walker, a FEMA spokesman in Washington, declined to comment on the lawsuit, citing agency policy regarding pending litigation. But, Walker said, reviews of evacuees' cases -- appeals and application updates -- are being conducted continually.

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"There's a number of reasons, reasonable and logical reasons, people are found ineligible" for continued housing assistance, Walker said. "We genuinely aren't in an effort to have people without housing."

FEMA officials say that about 50,000 households are in the housing assistance program and that 12,000 have been informed they are ineligible for continued aid. The lawsuit contends that about 55,000 households are in the program nationwide and that "at least 17,000 households or at least 50,000 people of all ages have been deemed ineligible for further housing assistance and/or have not received a final determination of eligibility."

Of the households deemed ineligible, 7,600 are in Houston, where the majority of displaced Katrina evacuees live, and 2,100 are in the Dallas-Fort Worth area, the suit says.

Many rulings of ineligibility were wrong, according to the lawsuit and officials working with evacuees. Some evacuees were told that their homes in New Orleans were not damaged enough to qualify them for continued assistance or that their old houses or apartments are habitable. Some were told that their paperwork was incomplete or that they did not meet certain requirements. Others were given no reason.

Those determinations, said LaTosha Brown, executive director of the Saving Our Selves Coalition in Atlanta, has displaced Louisianans panicked and landlords -- who were told by FEMA that it will no longer honor the housing vouchers -- sending eviction notices for next month.

"Instead of the government helping, it exacerbates the problem," said Brown, co-founder of the coalition, which is working with Katrina evacuees throughout the Gulf Coast and in Georgia. "There's an insensitivity to where people are emotionally. This is not business as usual. People are still damaged from the debacle."

Jeanpierre found out she was ineligible for continued rental assistance after her landlord received a notice from FEMA that it would stop paying her rent and utilities on Wednesday (an extension to June 30 was granted last week). The insurance settlement she received for her destroyed home in the Gentilly neighborhood went to the bank to pay off the mortgage.

She has applied for federal disability benefits through the Social Security Administration because of her health, but the case is pending. An urgent request to FEMA by a lawyer representing her asked the agency not to terminate her housing assistance until her case is settled. The request has not been answered.

"I'm just going to stay here until they send the police to put us out," Jeanpierre said. "There's nowhere for me to go."

After Katrina, New Fear Along Coast (WP)

By Peter Whoriskey

The Washington Post, May 30, 2006

VIOLET, La. -- When the floodwaters of Katrina reached the second floor of his home, Jesse Reed decided it was time to flee. He grabbed a shotgun, climbed onto the roof from a second-floor dormer window and jumped into his bass boat, which he kept nearby just for that purpose.

The 51-year-old, an outdoorsman and a plumber by trade, was proud of having ridden out previous storms with a certain woodsy elan.

Now, he says, "I wouldn't stay here for a goddarn hard rain."

All along the coast of the southeastern United States, even in those places untouched by its rage, Hurricane Katrina has obliterated long-held certitudes. Last year's destructive storm eroded the almost innate self-confidence of residents who once viewed hurricanes as tempests that could be weathered, not unimaginable catastrophes.

On the verge of what forecasters say will be a "very active" hurricane season, the result is a hovering fear. The wariness is a key but often unspoken cause for the slow recovery in towns wrecked last year -- residents are too afraid to return -- and a source of widespread anxiety everywhere else along the southeast coast.

Tony Fernandez, a sheriff's office official for St. Bernard Parish here, said that throughout the community there is a new reverence for "nature's strength and fury."

"Before we were all like doubting Thomases -- we had to see it," he said, shrugging. "Now we saw it."

The new faith is pervasive. Since Katrina, emergency managers from Houston to Biloxi, Miss., to Charleston, S.C., have chucked or revised evacuation plans that were long thought to have been adequate.

Dillard University in New Orleans has moved the start of classes from mid-August to late September to miss most of hurricane season. Some Florida residents have banded together to buy enormous generators capable of running entire households.

And civil engineers from around the country are similarly gripped by a new sense of the perils. They have reported widespread and long-standing flaws in the New Orleans levees, called for investigations into every levee in the United States and identified flaws in the dike that keeps Lake Okeechobee from overflowing South Florida.

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"Katrina was a defining experience for many people, and that's no less true for engineers," said Steven G. Vick, a Colorado engineer and one of the investigators who reported that the Lake Okeechobee dike is unsafe. The news spurred state leaders this month to create an evacuation plan for thousands of nearby residents who had long thought there was nothing to fear.

"You just don't do engineering in the same way after you've seen New Orleans. You don't take it as an abstraction, lines on a map," he said. "You recognize that you're dealing with people's lives."

While federal, state and local leaders have assured an anxious coastal public that every possible measure is being taken to avoid the calamitous evacuations and bungled responses during the last season, there are clearly unbridgeable gaps in the preparations.

Homeland Security Secretary Michael Chertoff expressed concern last week that the "greatest vulnerability" remains in areas that were hardest hit last year because the ubiquitous trailers that house storm victims cannot withstand high winds and because work on the protective levees has not been completed.

In Louisiana, about 200,000 people are living in 100,000 trailers, and a scattering of them dots this flood-wrecked town.

After Katrina passed by, Violet was inundated in a matter of minutes by water flowing over what was left of the levees protecting it from the Mississippi River Gulf Outlet. The surrounding area of St. Bernard Parish took some of Katrina's worst punishment.

Nearly every one of the 27,000 homes in the parish was severely flooded, and residents have taken to a rueful joke: One guy says, "How'd you do in the flood?" And the other guy says, "Not bad, just four feet -- on the second floor."

Of the several thousand people who did not evacuate, many languished for days without adequate food, water and medical supplies, and today, debris and wrecked houses still line roadways. Many stoplights don't work, and most businesses remain closed.

"We're living in a monument to why you need to get out when a hurricane is coming," Fernandez said.

On Friday, at Our Lady of Prompt Succor here -- the only Catholic church of eight in the area to have reopened -- parishioners will fast and pray for safety during the hurricane season, responding to a statewide call by the bishops of Louisiana. Churches elsewhere in Louisiana and in Florida have held services to ask for God's mercy this season.

"There's a tremendous anxiety here," said the Rev. William Maestri, spokesman for the Archdiocese of New Orleans. "We have to avoid despair, and we have to avoid the presumption that God will handle everything. We have to offer hope."

The specter of Katrina, combined with the warnings from the National Hurricane Center last week predicting eight to 10 hurricanes this season, has created an atmosphere of suspense and vulnerability.

St. Bernard Parish leaders announced last week that in the event of a hurricane, they will call for evacuations 24 hours earlier and store emergency supplies on higher ground, and that they had decided it is too dangerous to open any local shelters.

Because so many now say they will obey evacuation orders, the fear is not for lives but for the community itself. Many people are not returning. Fewer than 1 in 10 houses in Reed's neighborhood have trailers out in front; the others are unoccupied.

Despite assurances by the Army Corps of Engineers, many here believe the levees are inadequate.

Last week, Corps contractors were repairing the levees damaged by Katrina, piling them up to 20 feet with dirt floated in on barges, but officials acknowledged that even once that job is complete, another storm like Katrina could inundate the area again. More funding for the levees is pending before Congress.

Among those distrustful of the levees -- and not returning -- is Warren Duvieilh, 47, an electrician. He and his wife and daughter, all natives of the Violet area, have moved north of New Orleans. He rode out the storm at home and when the flood came, ran to the second floor of a house next door, where he was rescued 24 hours later. Then, like hundreds of others, he was stranded for days at a nearby improvised evacuee camp, where water and food had to be rationed.

"We've been married for 26 years and we lost everything," Duvieilh said. "No one could ever imagine the water could get that high. I'll never doubt it again."

Most of his family's friends, he said, have already moved out of harm's way.

"It is very difficult for some to leave," he said. "But they don't feel they could go back and risk everything again."

When Katrina flooded this small town, Jesse Reed rescued neighbors with his boat before heading toward dry land a few days later. Like a hardy few, he is planning to give the area one more chance. But just one.

"If the water comes back," he said, "I ain't coming back."

Levee Progress Report: Much Done, More To Do (CSM)

By Kris Axtman

The Christian Science Monitor, May 30, 2006

DOJ_NMG_0030286

NEW ORLEANS - With meteorologists predicting another severe round of hurricanes this summer, the US Army Corps of Engineers is hastily working to finish repairs to the New Orleans' levee system by June 1 - the official start of hurricane season - calling the end product "stronger and better than before."

But independent engineers and scientists say that even with $800 million in repairs and re-inforcements, the levee system is not safe yet, and they caution residents in badly damaged areas against "buying promises" and returning too soon.

The result is that many evacuees remain uncertain about whether to rebuild and move home, adding to the trepidation about the approaching hurricane season.

"People need to have confidence in their protection system in order to come back," says Col. Lewis Setliff, the engineer overseeing the levee repairs for the corps.

Currently, his team is installing three new floodgates where New Orleans meets Lake Pontchartrain, to block tidal surges, as well as auxiliary pumps to help prevent inland flooding when the gates are closed. But the massive floodgates - at a cost of about $35 million each - are only temporary, says Colonel Setliff as he watches the work being done on the 17th Street Canal.

Congress is debating a more permanent solution, the building of which could take years and cost significantly more than the $3.1 billion now allotted for repairs to the protection system.

After the corps completes initial repairs, the integrity of the entire system is not certain, corps officials acknowledge. They are working to have a full assessment by September - two-thirds of the way through hurricane season.

That's especially disconcerting, says Raymond Seed, a civil engineer at the University of California, Berkeley, and head of the Independent Levee Investigation Team, which presented its final report this week. "During Katrina, the weakest link in the chain broke, and the next weakest link is the one we now have to worry about," he says.

Across from the breach at the east side of the 17th Street Canal, for instance, the west bank's floodwall is now off center about 3-1/2 inches. "It was about to fail," says Dr. Seed.

His group is calling for a Federal Flood Protection Authority similar to local flood-protection authorities and a reorganization of the corps similar to what occurred at NASA after the space shuttle Columbia went down.

"I myself would not purchase property and move in now if the commitment of the state and federal government is to continue with business as usual," he says.

Pam Dashiell, for one, is taking his advice. About 250 people have returned to her historic neighborhood in the Ninth Ward's Holy Cross area, but she is not one of them.

"I'm waiting to see whether the levees will hold," she says, adding that she does not trust the corps when it says the levees will be stronger and better. "They told us it was safe before."

Residents should be concerned, says Robert Bea, an expert in technical forensics and a member of the Independent Levee Investigation Team. "The corps has made some really substantive and good repairs to the system since Katrina, but it is essentially the same system," he says. "If it is challenged again, it will suffer the same outcome, which is catastrophic failure."

For a new system to work, says Dr. Bea, new technologies and new ideas must be incorporated. "Beyond sheet pilings and floodgates," he says, the corps needs to bolster the barrier islands, plant trees and other vegetation, eliminate drainage canals, build underground culverts, and turn some backyards into fields.

"In some places, you are going to have to surrender land, because either you can't defend it or it should be part of the defense system," says Bea.

Recently, the corps announced that two of the new floodgates and pumps won't be ready until July - though Setliff stresses there are adequate fallback plans in case of an early hurricane.

Sandy Rosenthal, with levees.org, says her watchdog group was not surprised to hear of the delay.

"The organization that is responsible for this catastrophe is still in charge," she says, referring to the corps. Ninety percent of what went wrong lies at the feet of the federal government, and more specifically, the corps, which built the levee system, she says.

But Seed, who has been a critic of the corps' performance, cautions against that view. "Everybody's looking to blame the Army Corps of Engineers, but this is very much a layered cake with regards to responsibility."

The levee along the Orleans Avenue Canal, for instance, did not fail during Katrina. But because a 400-foot section was simply unfinished, it became a spillway, inundating nearby neighborhoods with water.

It was up to the city to complete that section, but the levee board and the reclamation district could never agree on how to finish it.

"There seems to be a rule down here that two agencies have to be in conflict. And their failure to get together in the interest of the public good caused catastrophic damage," says Seed.

Acknowledging local failures, Cynthia Hedge-Morrell, a city councilwoman whose district includes hard-hit Gentilly and Pontchartrain Park, says everyone needs to take part in the solution.

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"But it's the responsibility of the federal government to provide the funding for safe levees," she says. She is satisfied that the corps' repairs will prevent storm surge, "but what about overtopping, what about heavy rains, what about the long-term solution? We need a comprehensive plan."

The Catastrophe Wasn't Katrina (WP)

By Eugene Robinson

Washington Post, May 30, 2006

The evidence, by now, is overwhelming: Beautiful, decadent New Orleans wasn't doomed by Hurricane Katrina but by decades of human incompetence and neglect. As far as the drowned city is concerned, the greatest natural disaster in the nation's history would have been just a messy inconvenience if not for the fumbling hand of man.

The mortal threat to New Orleans, as Katrina plowed into the Gulf Coast, was not the powerful winds -- Mississippi took the brunt of those -- but the massive storm surge the hurricane generated. We now know that the levees, floodwalls and other barriers protecting the city were, for the most part, plenty tall enough and theoretically strong enough to keep the waters at bay. On paper, New Orleans should have ended up wet and wounded, but basically intact.

What happened instead was "the single most costly catastrophic failure of an engineered system in history," according to a report issued last week by the Independent Levee Investigation Team, a blue-ribbon panel led by experts from the University of California at Berkeley and funded by the National Science Foundation.

Some of the flood barriers were built using inadequate materials, the report says. Others were designed so poorly that they provided weak spots for the waters to exploit. Still others were left unfinished for lack of funds.

The Army Corps of Engineers, which was responsible for building the levees that failed, has not yet issued its own final report on the flood and likely will dispute some of the independent team's conclusions. But Secretary of Homeland Security Michael Chertoff remarked last week that "had it not been for what appear to be structural problems in the building of the levees, Katrina would have been a bad hurricane" but not an unparalleled catastrophe.

The report of the independent team, which was led by UC Berkeley engineering professor Raymond B. Seed, cites these examples of cause and effect:

Earthen levees stretching east from the city were built with "highly erodible sand" and other "lightweight" materials that could be found locally, rather than more "cohesive" clay soils that would have had to be trucked in. "When the storm surge arrived, massive portions of these levees eroded catastrophically," the report says. "The resulting carnage in St. Bernard Parish was devastating," with a "wall of water . . . pushing homes laterally, flipping cars like toys and leaving them leaning against buildings, and driving large shrimp boats deep into the heart of residential neighborhoods."

Floodwalls lining the east side of the Inner Harbor Navigation Canal, known to locals as the Industrial Canal, were not engineered to keep water from seeping beneath and undermining them. "The result was two massive breaches that devastated the adjacent Ninth Ward neighborhood, and then pushed east to meet with the floodwaters already rapidly approaching from the east from St. Bernard Parish."

Surging water pushed by the hurricane's winds from Lake Pontchartrain into the 17th Street and London Avenue drainage canals remained "well below the design levels, and well below the tops of the floodwalls." Nonetheless, the floodwalls suffered "catastrophic" failures; the designers apparently had not fully understood the weakness of the foundation soils on which the walls were built. So even though little if any water lapped over the walls, sudden breaches inundated central New Orleans -- residential neighborhoods, business districts, the streets around the Superdome.

The report notes that "no one group or organization had a monopoly on responsibility" for the disaster. Local, state and national government officials were rarely on the same page. In terms of pure engineering, there should have been independent review of some of the Corps of Engineers' assumptions and methods.

The most chilling sentence in the report is this one:

"A number of these same problems appear to be somewhat pervasive, and call into question the integrity and reliability of other sections of the flood protection system that did not fail during the event."

In other words, there are many miles of levees around New Orleans that were built with the same questionable design principles and materials that were used in the barriers that gave way. The Corps has patched the levee system so that it could probably prevent the last flood, but what about the next one?

Chertoff worries about a storm hitting next-door Jefferson Parish, which has seen its population swell with evacuees and reconstruction workers. He worries that with so many people living in flimsy trailers, even an approaching tropical storm might necessitate an evacuation. With New Orleans still crippled and the jury not yet back on whether it can ever fully recover from Katrina, no one wants to flip the calendar. Hurricane season officially begins on Thursday.

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DHS Personnel Officer Resigns As Department Tackles Crucial Workplace Issues (WP)

By Stephen Barr

Washington Post, May 30, 2006

The top personnel officer at the Department of Homeland Security, on the job about eight months, has resigned and will leave June 9, a department spokesman said.

K. Gregg Prillaman , who has more than 30 years of experience in personnel and management issues, had been tapped to oversee an ambitious revision of pay scales and workplace rules at Homeland Security, which has about 185,000 employees.

His departure is another jolt to the department, which has been coping with turnover in its senior executive ranks. "I was surprised by his resignation," said Michael Jackson , deputy secretary for Homeland Security. "He had done some good work for us. He just made a decision to make a change, and that was his call."

Department spokesman Larry Orluskie said Prillaman had no comment on his resignation. "We will pass on the opportunity at this time to do an interview," Orluskie said.

Prillaman's departure comes as the department wrestles with a series of critical workplace issues. A lawsuit brought by federal unions has blocked new rules that would curtail union rights and an appeals court ruling could come within the next few weeks. The House has voted to take money from the department's management account and shows little interest in providing funds to develop a new personnel system. And the merger of 22 agencies into Homeland Security, although three years old, continues to drain employee morale.

The department is behind its original schedule for changing how employees will be paid, deployed and disciplined. Officials now hope to introduce a new pay-for-performance system in February 2007 and continue in phases through 2008.

Some officials fear that the changes, although a priority for the administration, may continue to slip because of more pressing issues, such as improving immigration and border controls, and preparing for the summer hurricane season.

Prillaman's position -- chief human capital officer -- is relatively new in the government. Congress created the position in 2002 as a way to elevate workforce issues and put them on the table at senior leadership meetings.

But the job did not work out for Prillaman, according to current and former colleagues.

Prillaman and Janet Hale , the department's undersecretary for management, clashed over policy and operational issues, colleagues said. Strong philosophical differences so strained their relationship that they could not work together, said the colleagues, who spoke on condition of anonymity because they were not authorized to publicly discuss an internal matter.

Jackson suggested that the accounts were off base. "I would not oversubscribe to any sort of internal discussions here about people pushing on each other, because that happens in any organization," he said.

Hale also is leaving the department; her last day was Friday. She had been at Homeland Security since its founding. . She declined to be interviewed, Orluskie said.

Jackson said being Homeland Security's undersecretary of management "is one of the toughest jobs in the U.S. government. . . . It is a contact sport sometimes. It is a lot of complex issues, and people who bring a passion to the job like Janet did are the solution to what we need."

Searches are underway for successors to Prillaman and Hale, and an interim replacement for Prillaman has been found, Jackson said.

Scott Charbo , who oversees technology issues for the department, will be acting undersecretary for management.

Other key vacancies also have been filled, Jackson said.

On Friday, the Senate confirmed W. Ralph Basham , a 29-year veteran of the Secret Service, as the commissioner for Customs and Border Protection, which has 41,000 employees and is one of Homeland Security's largest agencies.

The Senate also confirmed R. David Paulison as undersecretary for federal emergency management and David Norquist as the department's chief financial officer.

"We are attracting strong public servants," Jackson said.

WAR NEWS:

Marine Probe Poses A Crucial Test For Iraqi Leaders (WSJ)

By Yochi Dreazen And Greg Jaffe

The Wall Street Journal, May 30, 2006

The killing of unarmed Iraqi civilians allegedly by U.S. Marines could become a flash point between the U.S. and the new Iraqi government, which faces the question of whether to seek the extradition of American military personnel who may have been involved in the incident.

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When Nouri al-Maliki was sworn in as Iraq's prime minister earlier this month, the Bush administration expressed hope that the installation of Iraq's first democratically elected government would reduce tensions there and pave the way for a U.S. military withdrawal. But the possibility that Marines in the Sunni city of Haditha killed 24 Iraqi civilians and tried to cover up the shootings could inflame conditions during Mr. Maliki's first days in power.

U.S. military investigators opened a pair of formal probes into the mid-November incident in Haditha, and civilian and military officials familiar with the matter said photos, videos and other evidence in the possession of military authorities indicate the Marines killed unarmed civilians, including women and children, without provocation. The evidence also indicates the Marines tried to cover up the incident by blaming the deaths on insurgents, these officials said. Investigators are likely to charge several Marines with murder, which carries the death penalty under military law, and other Marines are likely to be charged with attempting to cover up the incident, the officials said.

U.S. officials say they are bracing for the possibility that Mr. Maliki will demand that any Marines involved in the incident be turned over to the Iraqi justice system for trial as a way of burnishing his credentials as leader and addressing outrage over the incident.

Under the U.S. government's "status of forces" agreements with Iraq, U.S. military personnel accused of wrongdoing can be tried solely under the U.S. military justice system. As a political matter, however, an Iraqi extradition demand would almost certainly spark a standoff between the two governments.

Gen. George Casey, the top military commander in Iraq, said in an interview that he hadn't discussed the Haditha incident with the new prime minister or his Iraqi counterparts, and they hadn't asked about it. Once the investigation is complete, Gen. Casey said, he likely would discuss it with them. A spokeswoman for the U.S. Embassy in Baghdad referred questions about Haditha to the military. A spokesman for Mr. Maliki said the government is "considering all its options," but declined to comment further.

Allegations of the incident in Haditha, where dozens of U.S. forces have been killed in ambushes and other attacks since the 2003 invasion, prompted several U.S. lawmakers to warn that the deaths could damage America's efforts in Iraq and its moral standing in the Arab world more deeply than the Abu Ghraib prison-abuse scandal. Republicans pledged to hold public hearings to investigate the military's handling of the deaths.

"There is this serious question...of what happened and when it happened and what was the immediate reaction of the senior officers in the Marine Corps when they began to gain knowledge of it," Sen. John Warner (R., Va.), chairman of the Senate Armed Services Committee, said yesterday on ABC's "This Week."

Iraqis have complained that the U.S. military rarely investigates the accidental killings of Iraqi civilians in raids or at military-run checkpoints. The belief that Mr. Maliki's predecessors as premier have been unable or unwilling to confront the issue has fueled Iraqi skepticism about the political transition.

Thousands of Iraqi civilians have been killed in recent months in sectarian violence carried out by insurgents, militia fighters, and death squads linked to the new U.S.-trained Iraqi military and paramilitary forces. With fears of sectarian bloodshed escalating, Sunnis and Shiites who have lost faith in the new federal government and its forces see U.S. troops as the only semihonest broker in the country. Many Iraqi leaders have expressed outrage over the incident, but broader concerns of sectarian violence could help reduce a public backlash against U.S. forces.

"None of the locals here trust the new government at all," said Capt. Rick Montcalm, who leads a reconnaissance platoon in a largely Sunni area north of Baghdad.

General Pledges ‘appropriate Action' In Probe Of Iraqi Deaths (USAT/AP)

By The Associated Press

USA Today, May 30, 2006

The chairman of the military's Joint Chiefs of Staff said Monday that “it would be premature for me to judge” the outcome of a Pentagon investigation into the killing of as many as a dozen Iraqi civilians by Marines.

However, Marine Gen. Peter Pace said he believes it's critically important to make the point that if certain servicemembers are responsible for an atrocity there, they “have not performed their duty the way that 99.9% of their fellow Marines have.”

Interviewed on CBS' The Early Show as the nation observed Memorial Day honoring men and women lostin war, Pace pledged that “we'll get to the bottom of the investigation and take the appropriate action.”

Pace's interview came a day after Rep. John Murtha, a decorated Marine war veteran and critic of Iraq policy, said the incident could undermine U.S. efforts there more than the Abu Ghraib prison scandal did.

Murtha, a Pennsylvania Democrat, also charged that the shootings last November at Hadithah, a city in the Anbar province of western Iraq that has been plagued by insurgents, were covered up.

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“Who covered it up, why did they cover it up, why did they wait so long?” Murtha said Sunday on This Week on ABC. “We don't know how far it goes. It goes right up the chain of command.”

A bomb rocked a military convoy on Nov. 19, killing a Marine. Marines then shot and killed unarmed civilians in a taxi at the scene and went into two homes and shot other people, according to Murtha, who has been briefed by officials.

One of the Marines in Hadithah that day, Lance Cpl. Roel Ryan Briones of Hanford, Calif., told the Los Angeles Times that he took photos and carried out bodies as part of a cleanup crew dispatched to the homes after the shootings. He said he did not witness their deaths.

“They ranged from little babies to adult males and females. I'll never be able to get that out of my head. I can still smell the blood. This left something in my head and heart,” Briones, 21, told the Los Angeles Times for a story published Monday.

Murtha said Sunday that high-level reports he received indicated that no one fired upon the Marines or that there was any military action against the U.S. forces after the initial explosion. Yet the deaths were not seriously investigated until March because an early probe was stifled within days of the incident, he said.

Said Pace on Monday: “This investigation is ongoing. It would be premature for me to judge the outcome.”

Asked how such a thing could have happened, he replied, “Fortunately, it does not happen very frequently, so there's no way to say historically why something like this might have happened. We'llfind out.” Murtha repeated his view that the war in Iraq cannot be won militarily and needs political solutions, which he said were damaged by such incidents involving the United States.

“This is the kind of war you have to win the hearts and minds of the people,” he said. “And we're set back every time something like this happens. This is worse than Abu Ghraib.”

The U.S. effort to win over Iraqis and others in the Arab world by fostering a democratic government was damaged when it was revealed that U.S. military personnel had abused and humiliated people held at Abu Ghraib, a prison outside of Baghdad.

Bloody Scenes Haunt A Marine (LAT)

By Rone Tempest

The Los Angeles Times, May 29, 2006

HANFORD, Calif. — Lance Cpl. Roel Ryan Briones says he is tormented by two memories of Nov. 19, 2005, in Haditha, Iraq.

The first is of the body of his best friend and fellow Marine blown apart just after dawn by a roadside bomb. The second is of the lifeless form of a small Iraqi girl, one of two dozen unarmed civilians allegedly killed by members of his Camp Pendleton unit — Kilo Company, 3rd Battalion, 1st Marine Regiment, 1st Marine Division.

Briones, a wiry, soft-spoken 21-year-old interviewed Sunday at his family home in this Central Valley city, said he was not among the small group of Marines that military investigators have concluded killed the civilians, including children, women and elderly men.

However, Briones, who goes by Ryan, said he took photographs of the victims and helped carry their bodies out of their homes as part of the cleanup crew sent in late in the afternoon on the day of the killings.

"They ranged from little babies to adult males and females. I'll never be able to get that out of my head. I can still smell the blood. This left something in my head and heart," Briones said.

He said he erased the digital photos he took at the scene after first providing them to the Haditha Marine command center. He said Navy investigators later interrogated him about the pictures and confiscated his camera.

At least two military investigations are underway into the incident at Haditha, which is emerging as possibly the worst case of alleged criminal misconduct by U.S. forces in the 3-year-old Iraq war.

Of the 12 Marines being investigated, three or four are thought to have done the killing, according to officials briefed on the investigation. The others are being investigated for failing to stop the killings or for not reporting the incident truthfully.

Briones is the first of his unit to speak publicly about the events. His account provides background on the atmosphere and activities that day in the Euphrates River town and the traumatic memories it left in its wake.

Shortly after 7 a.m. on Nov. 19, Briones, who received a Purple Heart during a previous tour in Iraq that included fierce fighting in Fallouja, said his team of five men was called to respond to a roadside bomb explosion about 300 yards outside Kilo Company's Firm Base Sparta, located in an abandoned school.

When they arrived about 10 minutes later at the smoky, chaotic scene in a residential neighborhood, he said he saw the remains of his best friend, Lance Cpl. Miguel "T.J." Terrazas, his body split in half, resting in the destroyed Humvee in which he had been riding.

"He had a giant hole in his chin. His eyes were rolled back up in his skull," Briones recalled of the 20-year-old Texan. Briones said he draped a poncho over the body of his drinking buddy and workout partner and said a short prayer over his body: "Rest in peace. You are my brother by another mother. I love you, man."

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After the explosion, Marines began a methodical sweep of homes looking for the bomber or people who knew his identity, according to officials briefed on the investigation. At some point during the sweep, Marines entered three nearby homes, killing the people inside.

But Briones said he didn't see any of this.

"It was such a blur. Smoky and smelled like an explosion," Briones said. "I only saw T.J. because he was right there. I practically walked into him."

He said his team evacuated two other soldiers in Terrazas' unit who were wounded in the explosion, including one, whom he identified as Lance Cpl. James Crossan of Washington state, who was pinned under the wreckage.

Briones and his team, including a Navy medical corpsman he identified as Brian Witt, evacuated the two wounded to a nearby soccer field where they were picked up by a Black Hawk helicopter. He said he and his team then returned to the Sparta home base.

"We went back to the firm base and just waited," Briones said. "A lot of people were mad. Everyone had just had a [terrible] feeling about what had happened to T.J." Still in shock over the death of his best friend, Briones said he retreated to a dark corner of the camp to collect his thoughts. Only 20 at the time, he said he didn't want his even younger 3rd Squad, 3rd Platoon team members to see that he was grieving.

He said he and his team remained at the camp until they were called back to the scene of the explosion about 5:30 p.m. the same day.

When they arrived, Briones said that most of the Marines on the site were sergeants or above, including several officers: "I remember because they didn't have enough lance corporals to deal with the bodies."

Briones said his team was assigned to mark the bodies of the victims by number and place them in body bags. He said a sergeant or a junior officer, he couldn't recall which, asked if any of the Marines carried personal cameras and that he and another Marine, whom he identified as Lance Cpl. Andrew Wright of Novato, said they did.

"You are going to be combat photographers," Briones said they were told.

Briones said he took pictures of at least 15 bodies before his camera batteries died. He said he then helped other Marines remove the bodies and place them in body bags. He said his worst moment, and one that haunts him to this day, was picking up the body of a young girl who was shot in the head.

"I held her out like this," he said, demonstrating with his arms extended, "but her head was bobbing up and down and the insides fell on my legs."

As he spoke, his mother, Susie Briones, 40, a Hanford community college teacher, who was sitting beside him at the kitchen table, silently wiped away tears.

Earlier she confided to a reporter that her son called frequently from Iraq after he experienced nightmares over the little girl.

"He called me many times," she said, "about carrying this little girl in his hands and her brains splattering on his boots. He'd say, 'Mom, I can't clean my boots. I can't clean my boots. I see her.' "

Ryan Briones said that he and other members of the cleanup crew remained at the site until about 11 p.m. When he came back he said he dropped his Olympus 3.2 megapixel camera by the unmanned Sparta base command operations center. When he returned a few hours later he said it looked like the camera had been moved so he assumed someone had downloaded the pictures and he erased them all.

But whether the photos ever reached authorities, who also have pictures from an intelligence investigation team and another source, is not clear.

Briones also said that he did not want to give the impression that he still had copies of the photographs because he did not want his possessions or those of his family searched by Navy investigators. He said there had been several examples recently of Navy investigators confiscating computers and PlayStation consoles capable of storing photographs.

The photos later became the main focus of questions by investigators who interviewed Briones for several hours in Iraq in March, shortly before he returned home. In the second interrogation, which he said took place at the battalion headquarters at Haditha Dam north of the city of Haditha, investigators showed him photographs of the bodies similar to his but shot from different angles.

"They wanted to know if the bodies had been moved or tampered with," Briones recalled. He said he had not been interviewed by Navy investigators since his return, although other Marines in his company had been interrogated repeatedly for hours at the Naval Criminal Investigative Service at Camp Horno, part of sprawling Camp Pendleton.

In early April, less than 36 hours after his return from Iraq, Ryan Briones got into serious trouble in his hometown that he and his family say was related to stress from the Haditha incident.

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Briones was charged with stealing a pickup truck, crashing it into a house, leaving the scene of the accident, driving under the influence and resisting arrest. A picture of the spectacular crash with a white Ford F-150 lodged in a Hanford living room appeared on the Hanford Sentinel's front page April 4.

Released from Kings County jail April 5 on $35,000 bond, Briones has a court date set in mid-June.

His mother said that her son has joined Alcoholics Anonymous and is being treated by a San Diego physician for his post-traumatic symptoms.

"My son saw what the Marines did, and he knew who did it before the Haditha investigations began," the mother wrote in a long letter to local authorities seeking leniency in the criminal cases.

"He saw the killings and knew who sent the word out to do the killings, he had to clean up the bodies of children who were sleeping in their beds and he saw his best friend die in front of his eyes."

Susie Briones said she is angry at what she described as the Marines' failure to adequately "decompress" him and other Marines when they come home from combat. She said she was writing a book to help other families avoid what she and her son are going through.

"I used to be one of those Marines who said that post-traumatic stress is a bunch of bull," said Ryan Briones, who has prescriptions for anti-depressants and sleeping pills. "But all this stuff that keeps going through my head is eating me up. I need immediate help."

Drone's Video May Aid Marine Inquiry (WP)

By Thomas E. Ricks

The Washington Post, May 30, 2006

Military investigators piecing together what happened in the Iraqi town of Haditha on Nov. 19 -- when Marines allegedly killed two dozen civilians -- have access to video shot by an unmanned drone aircraft that was circling overhead for at least part of that day, military defense lawyers familiar with the case said in interviews.

It is unclear whether the video obtained from that day's flight captured the violence, said the lawyers, who have consulted with Marines who were there. One lawyer said investigators have reviewed surveillance footage taken hours after the shootings, which showed the Marines returning to the town to remove the bodies of the Iraqis.

Yesterday, Marine Gen. Peter Pace, chairman of the Joint Chiefs of Staff, said charges will be issued against troops if the evidence merits it. For now, however, "it would be premature for me to judge" the outcome of the two U.S. military investigations, Pace said on CBS's "The Early Show." "We'll get to the bottom of the investigation and take the appropriate action."

Iraqis who say they witnessed the violence in Haditha have said U.S. troops shot men, women and children at close range in retaliation for the death of a Marine lance corporal in a roadside bombing. The two investigations -- one into the incident and another into allegations that military personnel tried to cover it up -- began this year after news reports challenged an early military statement that the civilians were killed in the bombing.

People familiar with the case say they expect that charges of murder, dereliction of duty and making a false statement will be brought against several Marines.

In addition to video from the drone, investigators have records of radio message traffic between the Marines and a command center, said military defense lawyers who have discussed the investigation with Marines who were at Haditha but who have not yet been formally retained by them.

"There's a ton of information that isn't out there yet," said one lawyer, who, like the others, would speak only on the condition of anonymity because a potential client has not been charged. The radio message traffic, he said, will provide a different view of the incident than has been presented by Rep. John P. Murtha (D-Pa.) and other members of Congress. For example, he said, contrary to Murtha's account, it will show that the Marines came under small-arms fire after the roadside explosion.

Two of the lawyers said the message traffic will show officers in higher headquarters knew early on that a large number of civilians had been killed and that they did not raise alarms.

"The chain of command knew about it," said one, and "the number of deaths was reported" by the commander of the company involved, Capt. Lucas M. McConnell of Kilo Company, 3rd Battalion of the 1st Regiment of the 1st Marine Division.

Lt. Col. Scott Fazekas, a Marine spokesman, said yesterday he could not comment on the reports of drone-aircraft video or other aspects of the case because "the investigation isn't complete." Last month, the Marines relieved of command the battalion commander, Lt. Jeffrey R. Chessani, as well as McConnell and another company commander, citing a lack of confidence in their leadership.

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The presence of the drone is potentially significant because such surveillance craft are in high demand in Iraq and their use is supervised by senior officers -- which could indicate there was interest among higher officers about what was occurring in Haditha.

One of the military lawyers said Nov. 19 was the 3rd Battalion's "hottest day" in Iraq, and was unusually violent even for al Anbar Province, which is where the insurgency began and where it remains extremely active.

In addition to drone surveillance that day, AV-8 Harriers were dropping bombs, helicopters were evacuating wounded, and a large firefight occurred about one-third of a mile from the site of the civilian shootings, said several people familiar with the investigation.

Also yesterday, the Los Angeles Times reported that a Marine said he photographed at least 15 bodies after the attack, which he said he was not involved in. Lance Cpl. Roel Ryan Briones, the first member of the unit to speak publicly about the incident, told the newspaper that after he took the pictures he helped remove bodies, including that of a young girl who had been shot in the head.

Briones indicated that since returning home to Hanford, Calif., he has suffered from post-traumatic stress disorder stemming from the corpses he saw and carried that day. "They ranged from little babies to adult males and females," the Times quoted him as saying.

Less than two days after coming home he was charged with stealing a pickup truck, leaving the scene of the accident, driving under the influence of alcohol and resisting arrest, the newspaper said.

On A Marine Base, Disbelief Over Charges (NYT)

By Carolyn Marshall

The New York Times, May 30, 2006

CAMP PENDLETON, Calif., May 29 — In this "company town" where everything and everyone caters to the well-being of the Marine Corps, there is no shortage of people, both military and civilian, who are willing to give the benefit of the doubt to the troops accused of unjustified killings last November in Haditha, Iraq.

Denial and utter disbelief are the overwhelming reaction to reports of the killings involving marines based here. If there is any truth to the accusations, some say, then the troops must have been acting on direct orders, responding as they were trained to do.

Lawrence Harper, 36, now retired, served in the Marine Corps for more than 15 years, and was in the Persian Gulf war.

"Many times you see a situation the next day and wonder, how did my brain think this was dangerous?" Mr. Harper said, while shopping for gear at G.I. Joe's, a military supply shop in Oceanside.

Mr. Harper expressed doubt that the marines knowingly committed crimes in Haditha, saying that they undoubtedly acted on instinct, as trained, in the heat of battle.

"When a bullet comes at you and you turn around and half your buddy's head is blown off, it changes the way you think forever," he said.

Jerry Alexander, the owner of G.I. Joe's and a Navy man who served with the Marines for a dozen years, had much the same perspective, saying, "If I saw my buddy laying there dead, there is no such thing as too much retaliation."

While Mr. Alexander said "unacceptable kills" should not be covered up, he worried about the unfairness of judging those who were in Haditha.

"In the heat of combat, you cannot hesitate; he who hesitates is lost," he said. "I would not prosecute these young men because they were just doing their jobs."

On this Memorial Day, in this military community, people will concede that any marine who committed illegal acts must be punished and that the Pentagon must take responsibility.

But conversation quickly returns to emotional and earnest explanations of the need for understanding for what one former marine described as "these 19-year-old kids who get paid 900 bucks a month to put their lives on the line."

The marines and several senior officers assigned to the Third Battalion of the First Marine Division are the focus of criminal investigations looking into the deaths of 24 people who lived in the Subhani district of Haditha, an insurgent stronghold in Iraq.

A preliminary inquiry indicated that the civilians were killed during a four- to five-hour sweep, led by a handful of marines angry over the death of Lance Cpl. Miguel Terrazas, 20, of El Paso, Tex., who was killed as his patrol drove through the area.

Appearing Monday on the CNN program "American Morning," Gen. Peter Pace, chairman of the Joint Chiefs of Staff, said, "We want to find out what happened and we'll make it public."

He added, "If the allegations, as they are being portrayed in the newspaper, turn out to be valid, then of course there will be charges. But we don't know yet what the outcome will be."

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The family of Corporal Terrazas was interviewed Monday morning on "Morning Edition" on National Public Radio. His uncle, Andy Terrazas, a former marine who is now a border patrol agent, said, "I hope this is over soon so they can just let him rest in peace. I hope these marines come out clean, but I guess it's not looking too good, right?"

None of the active and former marines interviewed for this story knew Corporal Terrazas or the members of the unit at the center of the probe. But most of them had seen combat, recently or in the Gulf war.

"In Iraq, everything you do has to be cleared with a commanding officer," said Cpl. Michael Miller, 25, who has served two tours of duty and fought in Falluja and Ramadi. "You just can't go clearing houses without the permission of higher-ups."

Corporal Miller said he believed that the marines would be vindicated in the inquiry. "I just think the marines did what they had to do," he said. "I don't know why innocent people are dead, but someone must have seen a gun." Several retired senior officers agreed. Col. Ben Mittman of the Air Force, interviewed as he got his regular military buzz cut at the Beachcomber Barber Shop in Oceanside, worried that the young servicemen were being made scapegoats.

"If this thing really happened, they had to radio communication and get the go-ahead," he said. "The frontline grunts these days do not do anything without the commanders knowing, especially something like that."

The Los Angeles Times reported Friday that photographs taken by a Marine intelligence team sent into Haditha showed execution-style killings, including gunshots to the head. As more details about the Haditha deaths incident surface, it has conjured disturbing memories of the My Lai massacre in Vietnam for many former marines and in other circles of war veterans. "I would draw the same parallel," Mr. Alexander said. "The young guys took the heat for the higher-ups there too."

Most of those "young guys," the active-duty marines who are the peers of those under scrutiny in the Haditha deaths, were off base this weekend on a five-day holiday leave.

It is those marines and their leaders who were the focus of other remarks by General Pace in his interview on "Morning Edition."

"We should, in fact, as leaders take on the responsibility to get out and talk to our troops and make sure that they understand that what 99.9 percent of them are doing, which is fighting with honor and courage, is exactly what we expect of them," he said, adding, "Because regardless of where this investigations goes, we want to ensure that our troops understand what's expected of them."

Nation's Honor Requires Full Inquiry Into Haditha Killings (USAT)

USA Today, May 30, 2006

It was a hard thing to have to address on Memorial Day.

The chairman of the Joint Chiefs of Staff, Marine Gen. Peter Pace, responding to a brewing scandal over an alleged massacre of as many as 24 civilians by Marines in the western Iraqi town of Haditha, pledged that two investigations would get to the bottom of what happened and that appropriate action would be taken.

The investigations are another painful reminder that there are no tidy wars. Young soldiers under tremendous stress don't always act honorably. Those dishonorable actions by a few tarnish the vast majority whose sacrifices and courage were marked Monday in ceremonies and remembrances across the USA.

That is all the more reason to make sure that the Haditha inquiries — into the alleged massacre and a possible coverup — live up to Pace's promise.

Rep. John Murtha, D-Pa., a former Marine and outspoken critic of the Iraq war, says the preliminary findings sketch a disturbing sequence: that after a bomb rocked a military convoy in the town Nov. 19 and killed a Marine, other Marines shot and killed unarmed civilians in a taxi and at least two homes.

Witnesses cited by The New York Times Monday say the dead included a 77-year-old man in a wheelchair and a 4-year-old boy in one home, and five children in the other.

Jumping to conclusions is, as Pace said, premature. So is any comparison to Vietnam's My Lai massacre, where hundreds died at the hands of U.S. soldiers.

But one particularly disturbing aspect is that it took reporting by Time magazine in March to reopen a quickly closed Haditha probe. Time challenged official accounts that civilians were killed in a roadside bombing or in a crossfire between insurgents and Marines.

It's understandable that military officials might have little appetite for an unvarnished investigation, which is why Congress also needs to play an active role. The war in Iraq has already damaged the image of America's military — particularly, as President Bush noted last week, the Abu Ghraib prison abuse scandal.

And amid all the killing, torture and violence in Iraq, the deaths of a dozen or two more Iraqis — fewer, even, than died in bombings Monday — might seem inconsequential. Many Iraqis have reacted to the reports about Haditha with the numb shrugs of those inured to brutality.

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But that is not the point. Iraqi insurgents carry out premeditated slaughter of innocents with appalling regularity. The United States should never stoop to that level. It is a measure of a country's moral strength that it can face up to such horror, investigate it thoroughly and punish it appropriately.

Carbomb Kills CBS Crew, Injures Reporter (CHIT)

By Liz Sly

Chicago Tribune, May 30, 2006

Baghdad -- CBS television correspondent Kimberly Dozier and her two-man crew became part of the Memorial Day story they had set out to report when a car bomb exploded Monday beside their patrol in central Baghdad, killing the two British crew members, an American soldier and an Iraqi translator.

Dozier, 39, was critically injured, and six U.S. soldiers from the patrol with which she was traveling also were hurt in the midmorning blast in central Baghdad's Karradah neighborhood, just one of a surge of bombings that ripped across the capital and its surrounding provinces, killing at least 40 people.

CBS named the dead TV journalists as veteran cameraman Paul Douglas, 48, and sound man James Brolan, 42. Both based in London and veterans of many wars, they were embedded with Dozier at the time of the attack with soldiers from the 4th Brigade Combat Team, 4th Infantry Division in Baghdad, according to a statement issued by the network.

Dozier, who has been reporting from Iraq for the past three years, was in critical condition at a U.S. military hospital in Baghdad's Green Zone. She was undergoing her second surgery early Tuesday, a CBS spokeswoman said.

``Doctors are cautiously optimistic about her prognosis," the network statement said Monday.

The CBS team had set out with U.S. soldiers early Monday to gather an eyewitness account of the everyday activities of U.S. and Iraqi troops on this fourth Memorial Day in Iraq since the war began, said Maj. Mark Cheadle, a 4th Brigade spokesman.

``They wanted to know what we did to commemorate Memorial Day," Cheadle said. ``Essentially what we do is continue the mission, because every day is a little bit of a Memorial Day for us."

The three were traveling in an armored Humvee but exited their vehicle when U.S. troops got out to inspect a checkpoint, according to an account posted on the CBS Web site. Just as they disembarked, at about 10:30 a.m., a nearby car packed with explosives detonated, killing the four and setting ablaze one of the Humvees in the convoy.

The military did not name the U.S. soldier killed in the attack, the 2,466th since the war began, according to Defense Department figures.

It was not clear whether the car bomb was intended to hit the U.S. patrol or was just one of the string of bombings across Baghdad on Monday, including three others in Karradah, a Shiite neighborhood that is bombed fairly regularly.

Karradah is one of Baghdad's calmest districts, however, and U.S. soldiers rarely are attacked there, Cheadle said.

``It was an anomaly," he said. ``It isn't indicative of the state of security in Karradah at all, although obviously there are other places that we still need to work on.

``Looking at the damage, I'm not sure it would have made a difference if they had been in their vehicle," he said. ``It was a pretty large explosion.

Monday's two deaths brought to 71 the number of journalists killed in Iraq since the U.S.-led invasion, the overwhelming majority of them Iraqis.

The CBS team was the second U.S. television news crew to be struck by a bombing while embedded with American forces this year. In January, ABC ``World News Tonight" co-anchor Bob Woodruff and cameraman Doug Vogt were seriously injured when a roadside bomb exploded near their patrol in Taji, just north of Baghdad.

``This is a devastating loss for CBS News," Sean McManus, president of CBS News and Sports, said in a statement. ``Kimberly, Paul and James were veterans of war coverage who proved their bravery and dedication every single day."

U.S. Ambassador Zalmay Khalilzad also paid tribute to the crew.

``These brave journalists risked their lives to tell the world the story of a courageous people and a proud nation," he said. ``That story must and will be told."

The attack serves as a reminder of the perils confronting soldiers and journalists alike whenever they venture out in Iraq, said Lt. Col. Jonathan Withington, spokesman for the multinational force in Baghdad.

``U.S. soldiers are going out every day and journalists are going out every day to cover them, and there are inherent risks in that," he said. ``The terrorists don't care who they kill or injure."

Withington attributed Monday's wave of bombings to ``terrorists who want to disrupt the formation of Iraq's new government."

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The attacks rolled across Baghdad starting shortly after dawn, targeting civilians and security forces and Sunni and Shiite neighborhoods in eastern and western Baghdad, sending jitters across the city.

Two car bombs killed 17 people in the Sunni neighborhood of Adhamiyah, and a device planted under a mini-bus just across the river in the Shiite neighborhood of Kadhamiyah killed seven, police said. Three other explosions in Karradah killed at least five people, and a bombing on the eastern edge of the city killed one person traveling in a mini-bus.

In the deadliest single attack, 14 Iraqi civilians employed on a base used by the Iranian opposition group People's Mujahedeen of Iran were killed when a bomb targeted the bus carrying them to work in Khalis, about 50 miles north of Baghdad. Also, police said they found the bodies of 10 men who had been shot in the head and dumped in garbage in the Baghdad neighborhood of Dora, a police spokesman said.

The escalation in violence comes as Iraq's new government remains paralyzed by bitter infighting over whom to appoint to head the crucial Interior and Defense Ministries. Prime Minister Nouri al-Maliki had promised he would name the ministers by last weekend, but Sunnis and Shiites still are unable to agree on candidates, meaning the two ministries with responsibility for bringing security to Iraq remain leaderless.

Car Bomb Kills Soldier, 2 CBS News Crew Members (LAT)

By Megan K. Stack And Matea Gold

The Los Angeles Times, May 30, 2006

BAGHDAD, Iraq -- A car bomb on Monday killed a U.S. soldier and two CBS News crew members, and severely wounded an American correspondent.

On-air reporter Kimberly Dozier, 39, and two British crew members had embedded with the 4th Brigade Combat Team of the 4th Infantry Division, which was working its way through central Baghdad. Cameraman Paul Douglas, 48, and soundman James Brolan, 42, died at the scene of the attack. An Iraqi contractor also died in the blast, the military said.

The CBS crew was riding through the predominantly Shiite Muslim, middle-class shopping district of Karada, and had stepped down from a Humvee when the car bomb ripped through the vehicles. It was unclear how the bomb was detonated.

The attack came as bloodshed surged across the country Monday. At least 33 people were shot dead or killed in bombings in Baghdad, as an ongoing insurgency raged and the two major Muslim sects continued to swap rounds of attacks and assassinations.

Targets for bombing attacks included the German embassy, an Iraqi police station and a parking garage.

The most deadly attack struck a bus full of day laborers on their way to work at a base belonging to Iranian dissident group Mujahedeen e Khalq. The blast north of Baghdad killed 11 workers and wounded 16 others. Most of the men were farmers and construction workers on the base; they had mixed religious backgrounds.

Another bomb targeting a patrol of Iraqi police in northern Baghdad killed eight people, most of them students from a nearby school. And Sunday night, two British soldiers died after a British patrol north of Basra was struck by a roadside bomb.

After the patrol attack, Dozier was rushed into surgery at a U.S. military hospital in the Iraqi capital. She was in critical condition, and doctors were "cautiously optimistic" about her prognosis, a statement from CBS said.

"This is a devastating loss for CBS News," Sean McManus, president of the network's news and sports divisions, said in a statement. "Kimberly, Paul and James were veterans of war coverage who proved their bravery and dedication every single day. They always volunteered for dangerous assignments and were invaluable in our attempt to report the news to the American public."

McManus said Dozier was undergoing a second operation Monday evening at the military hospital in Balad and would likely be airlifted to a U.S. military base in Germany.

Gen. George Casey, the top U.S. military commander in Iraq, and U.S. Ambassador Zalmay Khalilzad rushed to the hospital Monday night to pay their condolences to CBS staffers and to monitor Dozier's condition.

Dozier, who had been reporting in Iraq for three years, had returned to Baghdad this week after taking a break to help move her elderly parents, who live in Baltimore, to an assisted living facility, said anchor Bob Schieffer.

"We're just sick to our stomachs about this," he said in an interview. "This is a reminder that this is not a reality show. We see so much of this on television that we tend to look at these things as a movie. But people are getting hurt and killed out there. This brings it home."

Schieffer said he had just spoken to Dozier last week about taking a break from the war zone.

"I was encouraging her to take some assignments where there was less risk," he said. "But she was just determined to go back to Baghdad and see the story through. It's just a heartbreaker."

The attack suffered by the CBS news crew was an eerie echo of the one sustained by ABC anchor Bob Woodruff and cameraman Doug Vogt five months ago as they were traveling with Iraqi troops north of Baghdad.

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On Monday, Woodruff released a statement saying he was "devastated" by the news.

"I have met both remarkable journalists Kimberly Dozier and Paul Douglas in so many different countries from Israel to Afghanistan," he said. "Their work and intelligence have always impressed me, whenever our paths have crossed. James Brolan and I were embedded together, working very closely on many difficult stories. During the Iraqi invasion in 2003 we spent more than a month on the road with the Marines, and it was often James' wonderful sense of humor that kept us going."

McManus said he had received personal calls and messages from the top executives at the other broadcast networks and cable news channels offering support.

He said he hasn't contemplated whether the network should re-evaluate how it is covering Iraq, but added, "I don't think there are any more precautions that any of us could take that we're not taking. The fact of the matter is that it is so, so dangerous and so unprecedented. It's something that every news organization is grappling with trying to cover the story."

Douglas had worked for CBS News for more than a decade in hot spots such as Iraq, Afghanistan, Pakistan, Rwanda and Bosnia. He is survived by his wife of 29 years, Linda, as well as two daughters, Kelly 29, and Joanne 26, and three grandchildren, Charlie , 8, Georgia, 4 , and Kai, 18 months.

Brolan was a freelancer who had worked for the network for a year, in Baghdad and Afghanistan, and was part of the CBS News team that received a 2006 Overseas Press Club Award for its reporting on the Pakistan earthquake.

Brolan's family released a statement calling him "the best dad, the best husband and the best mate to be with in a tight spot out in the field."

He is survived by his wife, Geri, and his two children; Sam, 17, and Agatha, 12.

Roadside Bomb Kills Two CBS Journalists In Iraq, Injures Third (USAT)

By Peter Johnson

USA Today, May 30, 2006

Two CBS News crewmen were killed and a correspondent critically hurt in Iraq on Monday when U.S. forces they were traveling with came under attack.

A U.S. soldier and an Iraqi contractor also were killed in the attack, one of eight explosions in Iraq that killed at least 33 people and wounded dozens Monday in a wave of violence.

The CBS News journalists were on patrol in Baghdad when the U.S. troops they were with stopped to inspect an Iraqi army checkpoint, according to a story posted on the CBS News website. The journalists got out of the armored vehicle as a nearby car packed with explosives detonated. Six U.S. soldiers were injured in the attack. The death of CBS cameraman Paul Douglas, 48, and sound technician James Brolan, 42, both Britons, brings to 71 the number of journalists killed in Iraq since the U.S.-led invasion in March 2003, according to the Committee to Protect Journalists.

Correspondent Kimberly Dozier, 39, who has served multiple tours in Iraq, underwent surgery in a U.S. military hospital in Baghdad, where doctors were “cautiously optimistic,” CBS said.

CBS News said the three journalists were covering American troops for Memorial Day.

“These brave journalists risked their lives to tell the world the story of a courageous people and a proud nation,” U.S. Ambassador Zalmay Khalilzad said. “That story must and will be told.”

News organizations said the latest attack underscored the risk of reporting in Iraq, but that the danger of the assignment would not stop them from covering the war.

ABC News anchor Bob Woodruff and cameraman Doug Vogt were injured by shrapnel from a roadside bomb while patrolling with Iraqi soldiers in January. NBC News correspondent David Bloom died from a pulmonary embolism during the invasion in 2003.

Iraq is the “single most dangerous place on earth,” said CBS News President Sean McManus. “This is going to happen again but you just hope and pray that it doesn't happen to someone who works for you.”

Monday's wave of attacks began just after dawn when a roadside bomb killed 10 in Khalis, 50 miles north of Baghdad, the Associated Press reported. A car bomb parked near Baghdad's Sunni Abu Hanifa mosque killed at least nine Iraqi civilians.

Iraq Blast Kills Two On Crew For CBS (WP)

By Nelson Hernandez And Salih Saif Aldin

The Washington Post, May 30, 2006

BAGHDAD, May 29 -- A car bomb explosion in central Baghdad Monday killed two CBS News crew members, an Iraqi interpreter and a U.S. soldier, and severely wounded the news team's correspondent, in one of a string of attacks that killed dozens of people in Iraq over the course of the day.

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Paul Douglas, a cameraman, and James Brolan, a sound man, died in the blast, CBS News said in a statement. Both men were British citizens based in London. Kimberly Dozier, an American correspondent who has covered the war in Iraq for nearly three years, was taken to a Baghdad hospital for surgery. The network said she was listed in critical condition and that doctors were "cautiously optimistic" about her prognosis.

U.S. military authorities did not identify the soldier and the interpreter who were killed. Six other soldiers were wounded, the military said in a statement.

The president of CBS News, Sean McManus, said that Dozier was undergoing a second round of surgery in Baghdad and that the network hoped she would be evacuated to Germany as soon as possible. Doctors successfully removed shrapnel from Dozier's head, but her more serious injuries are to her lower body, CBS News correspondent David Martin reported. She had been in Iraq only for a few days on this visit and was in New York last weekend, according to McManus.

The news team had been traveling in a convoy with the 4th Brigade Combat Team of the 4th Infantry Division, working on a Memorial Day report. On its Web site, CBS News said they had planned to stay out only a few hours in order to get back to their bureau to edit their report.

The convoy had stopped to inspect an Iraqi army checkpoint when a car bomb blew up nearby. Dozier, 39, Douglas, 48, and Brolan, 42, were outside the convoy's Humvees at the time to film the American soldiers inspecting the checkpoint. The network said it believed they were wearing helmets and body armor.

The three journalists were the latest to become casualties in a conflict that has claimed the lives of 71 reporters, most of them Iraqis, since it began in 2003, according to the Committee to Protect Journalists.

On Jan. 29, in the most recent incident involving Americans, Bob Woodruff, then co-anchor of the ABC News "World News Tonight," and his cameraman, Doug Vogt, suffered serious wounds when the Iraqi military vehicle in which they were traveling was struck by a roadside bomb. Both men are still recovering.

In an interview, McManus called the attack "horribly sad." Iraq is "the most dangerous place on Earth right now, and we take every precaution," he said. He added that CBS would not pull back on its war coverage. "The reporters have a very strong obligation and passion to cover this story."

"What people need to know about Paul is what an amazing human being he was, as well as a great professional," said Jim Murphy, a former executive producer of the "CBS Evening News" who worked with both Douglas and Dozier. "So many times, I watched him get us out of dangerous situations just with his body language or the right words. He projected this great strength but amazing calm at the same time."

Brolan was a freelancer who had worked with CBS News in Iraq and Afghanistan over the past year. He was part of a CBS News team that received a 2006 Overseas Press Club Award for its reporting on the 2005 Pakistan earthquake.

Dozier, born in Honolulu, has been a foreign correspondent specializing in the Middle East since the early 1990s and speaks Arabic and Hebrew. She has worked in radio and print -- she was a freelance reporter for The Washington Post in 1994 -- as well as television. She won three American Women in Radio and Television Gracie Awards for her reports on violence in the Middle East, Kosovo and Afghanistan.

"Every time Kimberly left, she wanted to know when she could go back to Iraq," McManus said. "She really lived for this story. She's passionate and brave and committed."

Murphy said that she had probably spent more time in Iraq than any other single American correspondent.

This attack and others Monday underlined the gravity of the problems facing the country's nine-day-old government. As Iraqi politicians continued a long debate over who will head the country's security ministries, more than 40 people died in eight bombings and several shootings, according to police and news reports. Military authorities also reported that two British soldiers were killed by a roadside bomb while on patrol in the city of Basra in southern Iraq on Sunday night.

The bloodiest attack was the bombing of a bus near Khalis, a predominantly Shiite town about 40 miles north of Baghdad in Diyala province. Fifteen people died, according to police and hospital officials. The passengers worked for the People's Mujaheddin Organization of Iran, a group opposed to the Shiite government of Iraq's eastern neighbor.

The explosion ripped through the middle of the bus. One passenger, Ahmed Bilal Thyab, interviewed while recuperating at a nearby hospital from wounds to his head and right arm, said he was in the back when the bomb exploded. "I saw the others die in front of me," Thyab said. "I survived because I wasn't in the middle."

Thyab thought the bus was attacked in Khalis because "most of the people there are Shiites and hate the People's Mujaheddin."

The organization maintained a military wing in Iraq during the government of President Saddam Hussein, which was intensely hostile to Iran during and after the 1980-88 war between the two countries. After the U.S.-led invasion of Iraq in 2003 ended Hussein's rule, the organization was disarmed and took a lower profile. Shiites dominate Iraq's new government.

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Another bombing, in northern Baghdad's predominantly Shiite Kazimiyah neighborhood, claimed eight lives, an Iraqi army officer said.

Maj. Abbas Khudhaiyer described what happened, in an account confirmed by another witness. A man wearing a brown tracksuit -- and a hidden explosive belt -- placed a box on the front seat of a minibus waiting on a street packed with vendors who sell clothes. A soldier, seeing the suspicious activity, ran toward the man and stopped him.

"Who are you? Why did you drop that box there? What does it have?" the soldier demanded.

"I'm just a passenger and I'm going to ride in the minibus," the man replied. "I'm going to go to Shulah," another neighborhood in Baghdad.

"Show me some identification," the soldier said.

"I don't have any identification," the man said.

The soldier grabbed him by the hand, apparently intending to take him to his officers for questioning, but then the man detonated his explosive belt, which also set off a bomb in the box.

Just before the explosion, Hussein Abdel Ghaffar, a bystander, saw a woman walking hand-in-hand with her 8-year-old boy along the street. After the detonation, the boy was gone. The mother, hysterical, couldn't find him. Ghaffar helped, and found the boy's mutilated body.

"The thing that stayed in my mind, and I will never forget it, is that mother who lost her kid," Ghaffar said. "I was only able to bring her the upper half of his body."

Surging Iraq Attacks Kill Dozens (WT/AP)

By Patrick Quinn, Associated Press

The Washington Times, May 30, 2006

BAGHDAD -- A wave of car bombings and shootings plagued Shi'ite and Sunni areas of Iraq yesterday, killing more than three dozen people, including two CBS crew members and a U.S. soldier. The network's correspondent was seriously wounded.

Network correspondent Kimberly Dozier, 39, was critically wounded. CBS said Miss Dozier underwent surgery at a U.S. military hospital in Baghdad. She was in critical condition, but doctors were cautiously optimistic, the network said.

As parliament discussed the nation's disintegrating security, lawmakers pressed for the appointment of defense and interior ministers -- seen as a necessary step toward Iraqi forces assuming more control so U.S.-led troops can begin withdrawing.

At least eight bombings rocked the capital in the worst wave of violence in days. A car bomb exploded as a U.S. convoy patrolled in central Baghdad, killing veteran CBS cameraman Paul Douglas, 48; soundman James Brolan, 42; and an American soldier, U.S. officials said.

The CBS crew was on patrol with the 4th Brigade Combat Team, 4th Infantry Division, when the bomb exploded. The U.S. military said an Iraqi interpreter also was killed and six American soldiers were injured.

There were conflicting reports on whether the car was moving or parked when it detonated.

According to CBS and Iraqi police, the journalists were reporting outside their armored Humvee when the blast occurred just before noon in Tahariyat Square, a mixed area in south-central Baghdad. The blast collapsed the front end of the Humvee.

Dozens of journalists have been injured, killed or kidnapped in Iraq since the 2003 U.S.-led invasion that toppled Saddam Hussein. Before yesterday's attack killed the two Britons, the Committee to Protect Journalists had put the number killed at 69. Of those, nearly three-quarters were Iraqis, the New York-based group has said.

More than 35 other persons were killed nationwide, most of them in Baghdad.

The attacks began just after dawn, with one roadside bomb killing 10 persons and injuring another 12 who worked for an Iranian organization opposed to the Tehran regime, police said.

That bombing targeted a public bus near Khalis, 50 miles north of Baghdad in Diyala province, an area notorious for such attacks, provincial police said.

All the dead were workers at the Ashraf base of the Mujahedeen Khalq. The group, made up of Iranian dissidents living in Iraq, said the dead were Iraqi workers heading to their camp.

A car bomb parked near Baghdad's main Sunni Abu Hanifa mosque killed at least nine Iraqi civilians and wounded 25, said Saif al-Janabi, director of Noaman hospital. It exploded at noon in north Baghdad's Azamiyah neighborhood and disintegrated the vehicle.

A bomb planted in a parked minivan killed at least seven persons and wounded at least 20 at the entrance to an open-air market selling secondhand clothes in the northern Baghdad suburb of Kazimiyah.

Another parked car bomb exploded near Ibn al-Haitham college in Azamiyah, also in northern Baghdad, killing two civilians and wounding at least five -- including four Iraqi soldiers, police Lt. Col. Falah al-Mohammedawi said.

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In other attacks, a roadside bomb killed two police officers and wounded three others in Baghdad's Karradah district, while one man was killed and six were wounded when a bomb hidden in a minivan exploded.

A mortar shell exploded at a Shi'ite mosque in southern Baghdad's Zafraniyah district. Shi'ite militiamen sealed off the area and prevented police from approaching, said Col. al-Mohammedawi.

Also, gunmen in separate incidents killed two police officers in western Baghdad; two police officers, identified as former Ba'athists, in Amarah, 180 miles southeast of Baghdad; and police Brig. Gen. Sadiq Jaafar Salih, director of the national ID card office in Diyala, authorities said.

Iraq's parliament debated the deteriorating security situation in the capital and some of its outlying provinces but did not set up a commission to address the problem because of Prime Minister Nouri al-Maliki's inability to appoint ministers of defense and interior -- two posts that control the various security forces.

2 On CBS Crew Killed In Iraq (LAT)

By Megan K. Stack And Matea Gold

The Los Angeles Times, May 30, 2006

BAGHDAD — A car bomb on Monday killed a U.S. soldier and two CBS News crew members and severely wounded an American correspondent.

On-air reporter Kimberly Dozier, 39, and two British crew members were traveling with the 4th Brigade Combat Team of the Army's 4th Infantry Division, which was working its way in a convoy through central Baghdad. Cameraman Paul Douglas, 48, and soundman James Brolan, 42, died at the scene of the attack.

The CBS crew was riding through the largely Shiite Muslim, middle-class shopping district of Karada and had stepped down from a Humvee when the car bomb ripped through the vehicles. It was unclear how the bomb was detonated.

The attack came as bloodshed surged across the country Monday. At least 33 people were shot dead or killed in bombings in Baghdad as an insurgency raged and the two major Muslim sects continued to swap rounds of attacks and assassinations.

Targets for bomb attacks included the German Embassy, an Iraqi police station and a parking garage.

The most deadly attack struck a bus full of day laborers on their way to work at a base belonging to the Iranian dissident group Mujahedin Khalq. The blast north of Baghdad killed 11 workers and wounded 16 others. Most of the men were farmers and construction workers on the base; they had mixed religious backgrounds.

Another bomb targeting a patrol of Iraqi police in northern Baghdad killed eight people, most of them students from a nearby school. And Sunday night, two British soldiers died after a British patrol north of the southern city of Basra struck a roadside bomb.

After the Karada attack, Dozier was rushed into surgery at a U.S. military hospital in the Iraqi capital. She was in critical condition, and doctors were "cautiously optimistic" about her prognosis, a statement from CBS said.

"This is a devastating loss for CBS News," Sean McManus, president of the network's news and sports divisions, said in a statement. "Kimberly, Paul and James were veterans of war coverage who proved their bravery and dedication every single day. They always volunteered for dangerous assignments and were invaluable in our attempt to report the news to the American public."

McManus said in a phone interview that Dozier was undergoing a second operation Monday evening at the military hospital in Balad, 50 miles north of Baghdad, and would probably be airlifted to a U.S. military base in Germany.

"We're hoping and praying for a full recovery," he said. "She is in the best possible hands and is getting medical attention that is probably better than any hospital in America."

Army Gen. George W. Casey, the top U.S. military commander in Iraq, and U.S. Ambassador Zalmay Khalilzad rushed to the hospital Monday night to pay their condolences to CBS staffers and to monitor Dozier's condition.

Dozier, who has been reporting in Iraq for three years, had returned to Baghdad this week after taking a break in Maryland to help her parents move, said anchor Bob Schieffer.

"We're just sick to our stomachs about this," he said in an interview. "This is a reminder that this is not a reality show. We see so much of this on television that we tend to look at these things as a movie. But people are getting hurt and killed out there. This brings it home."

Schieffer said he had just spoken to Dozier last week about taking a break from the war zone. "I was encouraging her to take some assignments where there was less risk," he said. "But she was just determined to go back to Baghdad and see the story through. It's just a heartbreaker."

"This is the story that most of all she wanted to cover," McManus agreed. "She couldn't wait to get back. The amazing thing is how many of our reporters really, really have a need and a desire to report from Iraq. It's an amazing tribute to their dedication and their bravery."

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The attack suffered by the CBS News crew was an eerie echo of the one sustained by ABC anchor Bob Woodruff and cameraman Doug Vogt four months ago as they were traveling with Iraqi troops north of Baghdad.

On Monday, Woodruff released a statement saying he was devastated by the news.

"I have met both remarkable journalists Kimberly Dozier and Paul Douglas in so many different countries from Israel to Afghanistan," he said. "Their work and intelligence have always impressed me, whenever our paths have crossed. James Brolan and I were embedded together, working very closely on many difficult stories. During the Iraqi invasion in 2003 we spent more than a month on the road with the Marines and it was often James' wonderful sense of humor that kept us going."

McManus said he had received personal calls and messages from the top executives at the other broadcast networks and cable news channels offering support.

He said he hadn't contemplated whether the network should reevaluate how it was covering Iraq, but added, "I don't think there are any more precautions that any of us could take that we're not taking. The fact of the matter is that it is so, so dangerous and so unprecedented. It's something that every news organization is grappling with trying to cover the story."

Douglas had worked for CBS News for more than a decade in hot spots such as Iraq, Afghanistan, Pakistan, Rwanda and Bosnia-Herzegovina. He is survived by his wife of 29 years, Linda; as well as two daughters, Kelly, 29, and Joanne, 26; and three grandchildren, Charlie, 8, Georgia, 4, and Kai, 18 months.

Brolan was a freelancer who had worked for the network for a year, in Iraq and Afghanistan, and was part of the CBS News team that received a 2006 Overseas Press Club award for its reporting on the Pakistani earthquake.

Brolan's family released a statement calling him "the best dad, the best husband and the best mate to be with in a tight spot out in the field."

After serving in the British army, Brolan ran his own painting and decorating business before getting into TV as a sound recordist, according to his family.

"James had a natural way with people and was always in demand as the person to go with to the world's trouble spots; always putting the locals at ease, winning friends everywhere he went and always putting in his best effort," the statement read.

He is survived by his wife, Geri; and his two children, Sam, 18, and Agatha, 12.

The military had not yet released the name of the U.S. soldier killed in the blast.

With its steady bouts of kidnappings, bombings and shootouts, Iraq has proved a deadly place to practice journalism. Before Monday's attack, the Committee to Protect Journalists had said that at least 69 journalists and 29 support staff members had been killed in Iraq since the U.S.-led invasion. The vast majority of the slain reporters have been Iraqi.

"Reporters who are embedding have always had a very realistic understanding of the dangers," said Army Lt. Col. Barry Johnson, a senior spokesman for the U.S. military in Baghdad. "They cover it every day."

Reporters who have been covering the war in Iraq for the past three years have experienced a whittling away of their ability to gather information as the violence continues to spiral. Many have been forced to rely increasingly on Iraqi colleagues and reporters traveling with the military to get an accurate view of everyday life in Iraq.

"You develop coping strategies; you develop a little cocoon — a place you feel safe," Dozier told CNN in 2004. "I still go out and report the story, but I do it in a way that gives minimum danger to me and to the team of people I'm working with. We're still trying to get the story out. I think if we would pull out, that would be a cop-out."

Before reporting from Iraq, Dozier was the chief Middle East correspondent for New York affiliate WCBS-TV in Jerusalem, covering the Israeli-Palestinian conflict and the war in Iraq.

She also served as London bureau chief and chief European correspondent for CBS Radio News.

Among her peers, she has a reputation for kindness, collegiality and a knack for asking incisive questions.

"Kimberly is a very genuine person who wanted to go out and be with the soldiers and understand what they're doing and feeling," Johnson said. "This is exactly why she chose to do this story today."

2 At CBS News Die In Baghdad On Bloody Day (NYT)

By John F. Burns

The New York Times, May 30, 2006

BAGHDAD, Iraq, May 29 — On a day of soaring violence in Baghdad, two Britons working as members of a CBS News television crew were killed on Monday and an American correspondent for the network was critically wounded when a military patrol they were accompanying was hit by a roadside bomb.

The police said at least 31 other people were killed in bombings and shootings in one of the worst days of bloodshed in the capital for weeks.

An American soldier and an Iraqi interpreter were also killed in the attack on a joint United States and Iraqi patrol that killed the two CBS crew members, and six other soldiers were wounded, a statement by the American military command said.

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The bombing marked the first time that Western journalists embedded with United States troops have been killed as a direct result of hostile fire since 2003.

CBS News identified the two dead network employees as Paul Douglas, 48, a cameraman, and James Brolan, 42, a soundman. It said that Kimberly Dozier, 39, a correspondent who had worked long periods in CBS's Baghdad bureau in the past three years and had been a correspondent for the network's New York affiliate, sustained serious injuries and underwent emergency surgery at a military hospital in Baghdad. The statement said Ms. Dozier was in critical condition, but that doctors were "cautiously optimistic about her progress."

Later in the day, Ms. Dozier was airlifted by a Black Hawk helicopter to the main American air base in Iraq at Balad, 50 miles north of the capital, a spokesman for the United States Embassy said. Most seriously wounded Americans are airlifted aboard specially equipped transport jets directly from Balad to a military hospital at Landstuhl, Germany, and from there on to hospitals in the United States.

The Iraqi police said the attack that killed the CBS crewmen was only one of a sequence of at least eight bombings which, together with a series of drive-by shootings, killed at least 33 people and wounded dozens of others, a fresh surge in violence that has brought hundreds of deaths in the capital in recent weeks.

The police said 12 Iraqis died and 25 were wounded in a noontime car bombing outside the Abu Hanifa mosque in Adhamiya, a Sunni stronghold in north Baghdad.

They said at least seven others died and 20 were wounded when a bomb planted in a parked minivan exploded at the entrance to an open-air clothes market in Khadhimiya, a mainly Shiite area across the Tigris River from Adhamiya.

At least 25 other people were killed in bombing and shooting attacks elsewhere in the country, including 10 Iraqis working at a camp for members of an exiled Iranian Communist group who died shortly after dawn when a roadside bomb hit their minivan near Khalis, 50 miles north of Baghdad. Two British soldiers were killed Sunday night when an armored Land Rover hit a roadside bomb in the southern city of Basra. The British deaths brought to nine the number of British troops killed in Iraq this month, one of Britain's highest monthly tolls of the war.

The deaths of the two CBS staffers raised to more than 70 the number of journalists killed in Iraq in the 38 months since the American-led invasion, including at least 47 Iraqis.

Monday's attack marked the second time this year that a United States television network crew embedded with American troops has been hit by a roadside bomb.

On Jan. 29, the co-anchor of the ABC News program "World News Tonight," Bob Woodruff, and a cameraman, Douglas Vogt, were seriously wounded while accompanying a joint United States-Iraqi patrol. ABC has said Mr. Woodruff is still recovering from serious head and neck injuries, and Mr. Vogt has returned to his home in France to convalesce.

The American military command in Baghdad said the CBS journalists were embedded with a unit of the Fourth Infantry Division, responsible for security in wide areas in and around Baghdad, when they were hit by a car bomb.

A CBS spokesman said the journalists were filming for a Memorial Day report on American troops and were outside the armored Humvee in which they were traveling, wearing body armor, when the explosion occurred at about 10:30 a.m. in the middle-class Amina district. The site is about a mile east across the Tigris River from the Green Zone.

The statement by the United States command did not specify whether the blast took the form of a suicide attack or a bomb left in a parked vehicle.

Iraqi employees of The New York Times who visited the scene said the bomb exploded on a busy avenue just south of an intersection known as Basil Building Square, opposite a compound containing two schools. They said the blast left a crater in the road and a carpet of broken glass, and shattered windows in neighboring homes and shops.

"This is a devastating loss for CBS News," Sean McManus, its president, said in a statement issued in New York.

"Kimberly, Paul and James were veterans of war coverage who proved their bravery and dedication every day. They always volunteered for dangerous assignments and were invaluable in our attempt to report the news to the American public." He added: "Our deepest sympathy goes out to the families of Paul and James, and we are hoping and praying for a complete recovery by Kimberly."

Zalmay Khalilzad, the American ambassador to Iraq, issued a statement condemning the attack.

"These brave journalists risked their lives to tell the world the story of a courageous people and a proud nation," he said. "The terrorists who committed this evil crime have shown themselves for who they are. They do not want the world to see the truth of what is happening in Iraq, where a determined people are fighting for freedom and liberty."

"That story must and will be told," he said.

Ms. Dozier, who was born in Honolulu and educated at Wellesley College in Massachusetts and the University of Virginia, has spent most of the past 15 years working in Europe, the Middle East and Afghanistan for the CBS radio and television

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networks. For 19 months in 2002 and 2003, she was the chief Middle East correspondent, based in Jerusalem, for WCBS-TV, the network's New York affiliate. She returned to Baghdad only last week for her latest stint covering the war here.

In the past year, the risks of reporting the war have played a part in the steady reduction of the number of Western journalists based in Baghdad. The main hazard has come not from the bombings that have killed more than half of all American troops but from a rash of kidnappings, including the 82 days that Jill Carroll, an American reporter for The Christian Science Monitor, spent as a hostage of an insurgent group before being released in March.

The surge in attacks in Baghdad on Monday came as the new, four-year government of Prime Minister Nuri Kamal al-Maliki, which took office 10 days ago, continued to struggle with a step American officials here see as crucial to curbing the violence racking the country: filling the three key security posts in his cabinet, at the Ministries of Interior, Defense and National Security. The positions were left vacant when the Maliki cabinet was sworn in on May 20, with key Sunni, Shiite and Kurdish groups unable to agree on nominees.

The fresh momentum American officials have said the government needs in cracking down on the violence is unlikely to be achieved while jockeying over the security posts continues, American officials have said.

Over the weekend, one American commander said he expected to see the posts filled within two or three days. But an Iraqi official familiar with the negotiations said Monday that Mr. Maliki was considering asking each of the contending groups to submit three names for each vacant post, a process the prime minister's aide said could take another week to complete.

Iraq Is A Deadly Assignment For Journalists (NYT)

By Marc Santora And Bill Carter

The New York Times, May 30, 2006

By some reckonings, the death of two journalists working for CBS News on Monday firmly secured the Iraq war as the deadliest conflict for reporters in modern times.

Since the start of the war in 2003, 71 journalists have been killed in Iraq, a figure that does not even include the more than two dozen members of news media support staff who have also died, according to the Committee to Protect Journalists. That number is more than the 63 killed in Vietnam, the 17 killed in Korea, and even the 69 killed in World War II, according to Freedom Forum, a nonpartisan free speech advocacy group.

"It is absolutely striking," said Ann Cooper, the executive director of the Committee to Protect Journalists. While cautioning that the recorded number of journalists killed in past conflicts may be inexact, she said: "We talk to veteran war correspondents who have covered everything going back to Vietnam and through Bosnia. Even those who have seen a number of different wars say they have never seen something like this conflict."

In the latest incident, a veteran cameraman, Paul Douglas, 48, and a soundman, James Brolan, 42, were killed, and a correspondent, Kimberly Dozier, 39, was seriously wounded when the United States Army unit in which they were embedded was attacked.

All three had extensive backgrounds covering wars and each had volunteered to work in Iraq.

They set out Monday morning to do what might seem simple: spend a few hours with soldiers, hoping to give the audience back in America a glimpse of what this holiday was like, far from family barbecues and beach vacations. Ms. Dozier sent a note to her colleagues before leaving, CBS News said, saying she was working on a report about an wounded serviceman who insisted on returning to Iraq.

On this day, their reporting ended less than a mile outside the fortified Green Zone when a car laden with explosives was detonated just as the crew members stepped from their armored vehicle, military officials said.

An American soldier and an Iraqi translator also died, and six more soldiers were wounded in the attack. The condition of the wounded soldiers was not available last night. Ms. Dozier was rushed from the scene to a military hospital in Baghdad, where she underwent an operation, and then was moved to a hospital north of Baghdad for a second operation. When her condition allowed it, she was to be flown to Germany for more care. She suffered extensive wounds to her legs and shrapnel wounds to her head, CBS News reported.

"Terrible is exactly the right word for this day," said Sean McManus, president of CBS News. "The ironic thing of course is that it was Memorial Day. But everyone here is a professional, and we're going to move forward and do our jobs."

Ms. Dozier has reported numerous stories for CBS from Iraq over the past three years. She had been embedded with other units and, like most reporters in Iraq, had endured close calls. "Every time Kimberly has left Iraq she has asked, 'When can I get back in there?' " Mr. McManus said. "She was particularly determined to report on Iraq. This is what really drove her."

Before going to Iraq, Ms. Dozier worked as chief correspondent for WCBS-TV in New York, based in its Middle East bureau in Jerusalem. She has covered news ranging from the hunt for Osama bin Laden to the crises in the Balkans. She was

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well aware of the risks involved in reporting from Iraq, recalling her frustration with the difficulty of telling the story of ordinary Iraqis during a 2004 interview with CNN.

"The last time I tried to do that — to go to someone's home and sit down with that man and say, 'Are you thinking about leaving Iraq or staying?' — the moment he saw me, blond hair and my two armored vehicles," Ms. Dozier said, "he turned white."

Her colleagues who were killed were equally experienced.

Mr. Douglas, the cameraman, had worked with CBS since the early 1990's. Based in London, he had traveled to some of the most dangerous countries in the world, including Afghanistan, Pakistan, Bosnia and Rwanda. Big and brawny, he is seen in photos released by CBS smiling and playing the ham, posing with flak jacket on, helmet under his arm and a smirk breaking through his goatee. He left behind a wife, two daughters, three grandchildren and his mother.

Mr. Brolan, a former soldier in the British Army, was a freelancer who, during the course of the past year, worked as a soundman for CBS News in Iraq and Afghanistan. Noted for his quick wit, he once made George Clooney laugh, joking about their physical resemblance during an interview, colleagues at CBS News said. Mr. Brolan was part of the CBS team that won an Overseas Press Club Award in 2006 for its coverage of the earthquake in Pakistan. He had a wife and two teenage children.

CBS, like other major news organizations, has been struggling to cover the war while providing security for its employees, including their Iraqi employees, who often go places Westerners cannot.

Still, it is Iraqi journalists who have been most at risk.

Just this month, three Iraqi reporters were killed in a two-week period, according to Reporters Without Borders. More often than not, no one is ever brought to justice for killing journalists, fostering a climate of impunity, the group said on its Web site.

In addition to those killed, at least 42 journalists have been kidnapped, according to the group.

Even the seeming security of being with the American military carries substantial risk, as it did in January, when the ABC anchorman Bob Woodruff and Doug Vogt, a cameraman, suffered severe injuries in a roadside bombing in Iraq.

The death of the CBS journalists was the first time since 2003 that reporters embedded with the American military had died as a direct result of hostile fire.

Lt. Col. Barry Johnson, the director of the press center for the multinational force in Baghdad, is currently responsible for embedding reporters. He said the military had not changed its policy in any significant way since the start of the war, leaving the final decision to commanders on the ground.

The CBS crew, by all accounts, was wearing the standard protective gear.

"I think Kimberly just saw this as an opportunity to be on the ground with the troops on Memorial Day," he said, "to hear their thoughts, to see what they see."

U.S. Will Reinforce Troops In West Iraq (WP)

By Ellen Knickmeyer

The Washington Post, May 30, 2006

BAGHDAD, May 29 -- The U.S. military said Monday it was deploying the main reserve fighting force for Iraq, a full 3,500-member armored brigade, as emergency reinforcements for the embattled western province of Anbar, where a surge of violence linked to the insurgent group al-Qaeda in Iraq has severely damaged efforts to turn Sunni Arab tribal leaders against the insurgency.

The insurgents have assassinated 11 tribal leaders in the Ramadi area since the end of last year, when Sunni sheiks in the city began open cooperation with the U.S. military. That alliance was heralded by U.S. commanders as a sign of a major split between Sunni insurgents and the larger Sunni community of western Iraq.

The insurgent attacks since then have all but frozen the cooperation between Sunni tribal leaders and U.S. forces in Ramadi, local leaders say.

Disclosure of the plan came on a day when insurgent bombings and other attacks killed more than 40 people around the country, including two members of a CBS News team. The team's correspondent, Iraq veteran Kimberly Dozier, was wounded and listed in critical condition. [Details, A9.]

Last week, U.S. Ambassador Zalmay Khalilzad conceded, in answer to a question about Ramadi in an interview with CNN, that parts of Anbar were under insurgent control. Ramadi is the capital of the overwhelmingly Sunni province. The difficulties facing stretched-thin U.S. Marines in Ramadi suggest the continuing obstacles to a reduction of American forces in Iraq.

"We hope to get rid of al-Qaeda, which is a huge burden on the city. Unfortunately, Zarqawi's fist is stronger than the Americans'," said one Sunni sheik, who spoke on condition of anonymity for fear of insurgent retaliation. He was referring to Abu Musab al-Zarqawi, the leader of al-Qaeda in Iraq, an umbrella group for many of the foreign and local resistance fighters in Iraq. Local Sunni leaders often insist that the most violent insurgent attacks are by foreign fighters, not Iraqi Sunnis.

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In Ramadi, "Zarqawi is the one who is in control," the sheik said, speaking to a Washington Post special correspondent in Ramadi. "He kills anyone who goes in and out of the U.S. base. We have stopped meetings with the Americans, because, frankly speaking, we have lost confidence in the U.S. side, as they can't protect us."

Another sheik, Bashir Abdul Qadir al-Kubaisi of the Kubaisat tribe in Ramadi, expressed similar views. "Today, there is no tribal sheik or a citizen who dares to go to the city hall or the U.S. base, because Zarqawi issued a statement ordering his men to kill anyone seen leaving the base or city hall," he said.

"We are very upset. But being upset is better than mourning the death of a sheik or tribal leader," Kubaisi said. "Zarqawi has imposed himself on us. We started thinking of appeasing Zarqawi and his group, because rejecting them means death."

Gen. George W. Casey, the commander of U.S. forces in Iraq, has called up the 2nd Brigade, 1st Armored Division, the main standby reserve force for the roughly 130,000 American troops in Iraq, Maj. Todd Breasseale, a Marine spokesman in Baghdad, confirmed.

The call-up leaves a Marine Expeditionary Unit, which typically includes one combat infantry battalion and air and logistical support, in Kuwait as the only American reserve in the Iraqi theater, a U.S. Central Command spokesman said.

CNN reported last week that as many as two of the brigade's three battalions were headed to Ramadi. U.S. military officials would not comment then, citing security of any ongoing troop movements.

Breasseale confirmed Monday that the full armored brigade is headed to Anbar, where both U.S. Marines and many local tribal leaders -- particularly in Ramadi -- have appealed for more U.S. troops.

"Enough is never enough" when it comes to commanders on the ground wanting more troops, Breasseale said. "It might be when these guys get into position they might be in a better position to provide the force structure on the ground that would reenergize the sheiks to begin their work."

Although Anbar province is heavily Sunni, many local residents have grown weary of the presence of the foreign fighters who joined the Sunni insurgents. They have tired of the violent control the fighter groups wield over cities and towns, and of the U.S. attacks the insurgents draw.

Scores of local Sunni tribal leaders turned out for a groundbreaking meeting with U.S. Marine officers in Ramadi in November. Robed sheiks and Marine officers in camouflage faced each other in a town hall, ignoring mortar rounds that insurgents lobbed at the meeting, to start talking about the first major, open cooperation between Ramadi's sheiks and U.S. forces.

But when U.S. and Iraqi forces held the first local recruiting drive for local Sunni young men in January, bombs killed more than 60 of the Sunni tribal enlistees and others. The local residents said the bombs were set by Zarqawi's group.

The assassinations of the tribal leaders then mounted, in what was seen as a clear warning to them not to cooperate with U.S. forces. Violence surged in Ramadi in April and May. In many weeks, Marines in Ramadi have accounted for one-third to half of all American combat deaths in Iraq. U.S. forces say scores of insurgents have been killed in the same period; no full tally of the civilian toll is known.

U.S. forces have called in repeated strikes by air and by artillery on the heart of Ramadi. Marines defend a five-block area of downtown that holds the local government, now a sniper's alley where U.S. forces move at a run to elude insurgent guns.

Marines have temporarily suspended new embedding of journalists in Ramadi. Time magazine, U.S. News & World Report and the Associated Press, all with embedded reporters already in Ramadi last week, quoted both officers and the enlisted Marines at sandbag firing positions as saying that Ramadi had to have reinforcements to do more than fight insurgents to a draw around the town hall. Time quoted officers as estimating it would take three brigades, up from one.

Marine officers on the ground have been open for more than a year now about needing more troops in Anbar, whose Sunni population, remoteness and comparative lawlessness have made it a stronghold for the insurgency. Anbar borders Syria, a conduit for some of the weapons, money and fighters.

In Ramadi, people describe themselves as under siege. The fighters are moving to enforce the strictest form of Islam on the city, requiring head scarves for women and banning shorts and jeans for men, residents said.

Insurgent groups, calling themselves "Promoting Virtue and Banning Vice" regiments, have threatened households that have Internet service and warned that they will monitor rooftops for satellite dishes turned toward European satellites, said Imad Mohammed, a resident.

"Is it possible that the U.S. Marines are able to control only the government buildings, while al-Qaeda is walking freely in the streets and in the buildings with no one to deter it?" Mohammed asked. "Until the Arab fighters start to interfere with the daily, smallest and personal details of our lives?"

Residents say basic services have fallen, with electricity, water and schooling interrupted and the university closed for long periods. The imported Shiite police force, they say, has collapsed, and many doctors, professors and other professionals are fleeing.

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"The city has gone back to the 14th century, if not further," said Akram Fadhil, a 40-year-old man with seven children and no job.

Rumors routinely circulate of a Fallujah-style clearing operation in Ramadi. Residents say they both hope for it and fear it. The November 2004 operation in Fallujah, a largely Sunni Arab city about 35 miles west of Baghdad, involved a major deployment of troops and sometimes intense fighting with insurgents.

"The city has become an unburnable hell," said Abdul Salam Ahmed al-Rawi, owner of a now-shuttered ice cream shop in Ramadi.

"We hope this will end soon, and that Americans will clean the city," Rawi said early last week. "But first they have to change the troops here now, and bring in more, better troops, just like a year and a half ago in Fallujah."

"For I expect if these troops were given the orders to launch a military campaign, many civilians will fall," Rawi said. "The Marines in Ramadi now are considering the whole situation as a matter of a challenge, or revenge, because of the daily strikes they get. It makes them put civilians and the al-Qaeda men all in one category."

Number Of Brigades May Fall, But Troops To Stay At 133,000 (WT)

By Rowan Scarborough

The Washington Times, May 30, 2006

U.S. troop levels in Iraq will likely stay around the 133,000 mark in the coming months even if an Army brigade or two is cut from the current number of 15 total combat brigades, defense officials say.

The officials said Army Gen. George Casey, the top commander in Iraq, may decide he does not need a replacement brigade for one going home. Yet the overall force level will likely stay the same because new training teams are entering the country to embed with units of the Iraq Security Force (ISF).

Gen. Casey is also periodically tapping an Army "call-forward" brigade of about 4,000 soldiers in Kuwait for periodic duty in Iraq, most recently in Baghdad. Such moves, when coupled with the influx of trainers, also increases the overall force level.

Still, Pentagon planners hope to see the actual combat brigade numbers decrease from 15 in the coming months. Even though the force level would remain the same, such a trade-off means fewer American troops are in direct combat and more are in the training mission.

"The broad message is the numbers are going to fluctuate even if the brigade numbers come down," one senior official said. "Brigades will likely continue to come down, but it won't mean all the numbers will come down. The bottom line is fewer brigades means less direct combat for American troops."

The 15 combat brigades are down from 20 during Iraq's elections last year, and about 6,000 U.S. military personnel embedded with Iraqi units.

The big question is whether Gen. Casey sometime this summer will recommend to Defense Secretary Donald H. Rumsfeld and President Bush a larger troop reduction, which could begin this fall. Officials said Gen. Casey had not made that recommendation as of last weekend.

The command has been waiting for Iraqi Prime Minister Nouri al-Maliki to name a unity government before recommending any drawdowns. That task is now nearly completed. But the new government is not yet fully able to deal with the security issues because the key posts of defense and interior ministries remain vacant.

Gen. Casey's planning staff constantly reviews force levels. They look at the timetable for when Army and Marine units are due to leave to see whether that is an appropriate time to replace it.

"Casey is mindful of when units are supposed to rotate in," said the official. The source said Gen. Casey might conclude this summer that "I don't think we need to send a replacement in right away."

That's just what happened in April, when the general decided to put on hold a brigade in Germany that was preparing to come to Iraq.

The withdrawal plan is contingent on the 260,000-strong ISF taking over more counterinsurgency missions.

A new test awaits the emerging force: the restive town of Ramadi in Anbar province, which is not fully in control of the coalition and is becoming a new safe haven for terrorists.

The U.S. command has decided it will be the ISF, not U.S. forces, who will lead a campaign to retake the city.

"It isn't a situation that we can resolve. ... The Iraqis have got to take the lead in solving this one," said Brig. Gen. Carter Ham, the Pentagon's deputy director for regional operations.

U.S. Lawmakers Urge Iraqis To Agree On Key Security Posts (AP)

By Kim Gamel

AP, May 29, 2006

DOJ_NMG_0030307

BAGHDAD, Iraq - Democratic and Republican legislators urged the nascent Iraqi government to reach agreement on key security posts and respect human rights Monday as they made a Memorial Day visit to U.S. troops in Baghdad.

A bipartisan delegation including Rep. Robin Hayes, R-N.C., had lunch with troops at the U.S. Embassy in the heavily fortified Green Zone before a planned meeting with Iraqi Prime Minister Nouri al-Maliki.

Rep. Sheila Jackson Lee, D-Texas, said the goal was "to ensure a strong, independent and sovereign Iraq that can stand on its own two feet and protect its people."

"It is very important for the two remaining ministries to be appointed. That will make a very important statement to the American people," she added.

Iraq's parliament debated the deteriorating security situation in the capital and some of its outlying provinces, but failed to set up a commission to deal with the problem because of al-Maliki's failure to appoint ministers of defense and interior.

Hayes, whose district includes Fort Bragg, home of the Army's Special Operations Command, said he would encourage the prime minister to promote unity among the country's myriad religious and ethnic groups.

"This is an Iraqi government ... everyone would like for the process to happen immediately and we certainly want them to be successful. You can't rush the process too quickly," he said. "The new government promoting unity ... is how security will be established."

The legislators also stressed the importance of respecting human rights amid a wave of sectarian killings after the February bombing of a Shiite shrine.

"They lived under a totalitarian regime for many years ... and any government that is formed here, if it is going to succeed, they're going to have to respect all Iraqis," Republican Rep. Jeff Miller of Florida.

Sen. Debbie Stabenow, D-Mich., welcomed an investigation into allegations that Marines shot and killed unarmed civilians in the western city of Haditha after a bomb rocked a military convoy on Nov. 19, killing a Marine.

"We are continuing to watch the investigation unfold," she said. "I think that is a big difference with the U.S. and most of the coalition forces is that we do thorough investigations and if somebody is found guilty of a violation that they are held accountable."

The delegation traveled to Iraq after visiting a training center for Iraqi forces in Amman, Jordan. They also met with Gen. George Casey, the head of U.S. forces in Iraq, as well as the U.S. ambassador to Iraq, Zalmay Khalilzad, the U.S. ambassador to Iraq.

Anti-U.S. Rioting Erupts In Kabul; At Least 14 Dead (NYT)

By Carlotta Gall

The New York Times, May 30, 2006

KABUL, Afghanistan, May 29 — A deadly traffic accident caused by a United States military convoy quickly touched off a full-blown antiAmerican riot on Monday that raged across much of the Afghan capital, leaving at least 14 people dead and scores injured.

Witnesses said American soldiers fired on Afghans throwing stones at them after the crash, though the United States military said only that warning shots had been fired in the air.

But the crash tapped into a latent resentment of the American military presence here, and violence radiated quickly through the city as rumors circulated that the crash might have been deliberate. Gunfire rang out as Afghan police officers and army soldiers tried to contain rioters who rampaged through the streets for about six hours, burning and looting a dozen offices, cars and police posts. By the end of the day at least 14 people were dead and more than 90 injured, hospital officials said. It was the bloodiest day in the capital since the fall of the Taliban in late 2001.

The Interior Ministry announced a nighttime curfew for the city for the first time in four years, from 10 p.m. until 4 a.m., and President Hamid Karzai called for calm on national television. "This country has been destroyed for years by rioters," he said, "and they are using this traffic incident as an excuse."

The speed and magnitude of the unrest was such that hundreds of police officers and soldiers struggled to contain the violence. The Afghan government and the American military authority issued statements promising full investigations of the accident.

It became clear the American military and the Afghan police and army had used their weapons to try to disperse the crowds. Scores of people were treated in hospitals for gunshot wounds.

A 7-year-old boy was among the dead, and two more schoolchildren were badly wounded, said Dr. Amin, the duty doctor at Khair Khana Hospital in the northern part of Kabul, who like many Afghans uses only one name. Four people died at the hospital, he said, and 60 wounded people were given first aid before being transferred to other hospitals.

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Although the sudden explosion of violence may have been a reaction to the five deaths in the crash, it is a sign that Afghans are losing patience with the government and the foreign military presence in Afghanistan, residents said.

Ali Seraj, a businessman and a descendant of the Afghan royal family, contended that the American military showed a careless attitude toward human life that was becoming a growing problem, whether it was the bombing of villages in counterinsurgency activities in southern Afghanistan or car accidents in the capital.

"This type of attitude has created a great deal of mistrust and hatred," he said.

Just last week, President Karzai ordered an investigation of an American airstrike on a village near Kandahar in the south that killed at least 35 civilians. In another episode, the United States military said last month that it would investigate the killings of seven members of a family in an airstrike in Kunar Province in the east during an operation against insurgents.

On Monday, clashes began early in the morning when a truck leading an American military convoy smashed into 12 cars in rush-hour traffic as it went down a long hill from the Khair Khana pass just north of Kabul. Five civilians were killed and more injured in the multiple crash, a statement from Mr. Karzai's office said.

The United States military said in a statement, "A large cargo truck apparently experienced a mechanical failure." The statement continued, "This was a tragic incident, and we deeply regret any deaths or injuries resulting from this incident."

An angry crowd gathered and began stoning the American convoy, and the Afghan police when they arrived. "There are indications that at least one coalition military vehicle fired warning shots over the crowd," the United States military statement said. "We will determine the facts regarding the incident and cooperate fully with Afghan authorities."

Demonstrators and townspeople said the American troops had fired into the crowd as people gathered and started throwing stones.

One demonstrator, called Ahmadullah, was still shouting, "Death to Karzai!" and "Death to America!" hours after the initial event.

Demonstrators and townspeople also asserted that the American truck driver had deliberately rammed vehicles as he led the convoy from Bagram Air Base through outlying villages and then into the city. "The Americans came all the way from Bagram to Kabul and killed about 20 people along the way," said Fraidoon, a youth who was among the demonstrators.

He and other bystanders said up to a dozen demonstrators had been shot by guards as they tried to break into a British security company's compound in a downtown area.

Other protesters tried to reach the United States Embassy across town but were prevented by armed blockades of Afghan police officers and soldiers. Others attacked buildings in the commercial center of the city, and some marched on Parliament in the city's southwest, attacking a television company and pizzeria nearby.

By late afternoon the crowds had dispersed, leaving people to count the casualties and put out fires. The offices of the aid organization CARE International and the French nongovernmental organization known by the acronym Acted, a pizzeria, a Chinese guesthouse and a post office were among the buildings that were gutted by fire and ransacked.

Ground-floor windows of the newly opened Serena Hotel, Kabul's first five-star hotel, were smashed, and traffic police officers sat outside burnt roadside police posts. NATO troops evacuated diplomats and staff members from a European Commission compound downtown.

Mr. Karzai blamed opportunists and rioters for the violence. "Wherever you face these elements, do not let them destroy our home once again," he said.

In a sign of the political implications the event has for the government, the president promised to investigate the circumstances of the crash and to see that the Americans involved were punished if found to be guilty. He added that he had received a visit Monday afternoon from the United States ambassador, who had expressed his "deep regrets."

The demonstrators — overwhelmingly young men, even schoolchildren, carrying sticks and stones — were angry at the reports of deaths, but some also expressed frustration with the government, the police and the generally poor standard of living.

"Most of the demonstrators are people who have lost their jobs, and the government cannot provide the people with the basic necessities," said Mukhtar Ziayee, 33, a real estate salesman. "The people are disappointed."

But others were armed and intent on violence and robbery, residents said. Mohammed Arif Safajoy, the owner of the pizzeria that was attacked, estimated the rioters had done $50,000 damage there.

"This was just a demonstration in name," he said. "They were looters, these people who came to my restaurant." Among them were students from a nearby high school, and they carried off electric fans, dishes and antique ornaments, he said.

Riots Breach Kabul 'Island' (CSM)

By Rachel Morarjee

The Christian Science Monitor, May 30, 2006

DOJ_NMG_0030309

KABUL, AFGHANISTAN - Hundreds of demonstrators rampaged through the Afghan capital Monday, torching foreign aid agencies and looting businesses in a wave of violence that killed at least 14 people and wounded another 142.

The riots brought the unrest, which has racked southern Afghanistan in recent months, within the gates of Kabul - hitherto seen as an island of stability.

The protest was sparked early Monday when a US military convoy was involved in a traffic accident with a cargo truck that had experienced a mechanical failure. The resulting 12-car pileup killed at least one person, the US military said in a statement. US soldiers fired warning shots over the top of the crowd that had gathered around the accident. However, it remains unclear whether the five people who were killed at the scene were shot by the US military or by Afghan police who arrived to control the crowds.

A survey of the city's hospitals found that at least 11 more people were killed over the course of the day's rioting, which caused millions of dollars of damage and left a trail of destruction along the route the protesters traveled.

With violence in southern Afghanistan at its worst levels since the fall of the Taliban, the Kabul riots reflect a growing nationwide resentment about the foreign military presence in the country and the glacial pace of reconstruction, say analysts and residents.

"There is a large reservoir of discontent and people are now just looking for a reason to vent their rage," says a Western diplomat who requested anonymity.

Demonstrators set the offices of CARE and other foreign aid agencies ablaze, but also torched a Chinese brothel and Afghan businesses as the demonstrations escalated into looting.

"Many people hate the NGOs [nongovernmental organizations] because they see all this money coming into the country and they have not been able to get jobs. They were waiting for a day like today," says Ehsan, an Afghan security officer.

The road accident Monday morning follows a bloody two weeks of fighting around the country that has left nearly 400 people dead. Around 30 civiliarns were killed in an airstrike in southern Afghanistan last week during a battle with the Taliban, stoking public resentment already inflamed by the way Coalition forces drive around the country.

"The US use force in the street with their cars. When Americans are in a hurry they cut people off and they don't care how they drive. We all have to wait in line behind them," says an Afghan UN employee who asked to remain anonymous. Coalition forces often move quickly as a safety precaution.

It remains unclear whether the riots were orchestrated by Islamic militants or were a spontaneous eruption of unrest.

"There was organization behind the demonstrations. They have literally been biding their time and waiting for a catalyst from Coalition forces," says a Western security source, who added that demonstrators were carrying maps with a marching route already marked. The protesters started in the north of Kabul, went through the center of the city, passed by the major hotels, the US Embassy, and the main NATO base, and ended up in the western part of the city. There were other spontaneous demonstrations around the capital.

However, diplomats and many eyewitnesses said the demonstrations have been used by criminals as a window of opportunity for looting and theft.

"Those people on the outskirts of Kabul have always been bandits and they are still thieves. They were waiting for a chance to take stuff from houses," says Rauf, a shopkeeper along the protesters' route who goes by one name.

As the demonstrations subsided, police resumed patrols but were hassling any groups of men they saw standing in the open, punching people with no explanation and shoving them into cars. Questions will now be asked about why the police were unable to contain the riots and protect businesses and aid agencies. The riots lasted a full eight hours.

Kabul Riot Targets Aid Agencies (FT)

By Rachel Morarjee

Financial Times, May 30, 2006

About 1,000 demonstrators rampaged through the Afghan capital on Monday, setting alight the offices of foreign aid agencies and looting businesses in a wave of violence that killed at least 16 people and injured another 142.

The unrest was the worst to sweep through Kabul since 2001 and reflects growing resentment towards the foreign military presence in the country and the slow pace of reconstruction. The US has 23,000 troops and Nato a force of about 9,000 in Afghanistan.

The protest was triggered by a collision between a US military convoy and a cargo truck that caused a 12-car pile-up, the US military said in a statement.

A crowd quickly swelled around the accident in the northern Shomali district of Kabul and turned hostile, surrounding the US vehicles.

Shots were then fired either by the US military or by Afghan police who had arrived on the scene.

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"There are indications that at least one coalition military vehicle fired warning shots over the crowd," Colonel Thomas Collins, US military spokesman, said, adding that an investigation had begun.

Five people were killed during the accident and the shooting which followed, said a statement from the Afghan presidency.

A survey of Kabul's hospitals found that at least 11 more people were killed during the day's rioting. Protesters left a trail of destruction, burning down almost every police guard post they came across. Demonstrators set the offices of CARE and other foreign aid agencies ablaze, and also set civilian businesses on fire.

A group of European Union diplomats was escorted to safety by British Royal Marines after they had requested evacuation from their compound in central Kabul.

The main protest, composed mostly of young men, spawned smaller riots at other locations across the capital. "There is a large reservoir of discontent and people are now just looking for a reason to vent their rage," said one western diplomat.

The road accident followed an air strike by the US during a battle with the Taliban in southern Afghanistan last week, in which about 30 civilians were killed.

Opinion remains divided over whether the disturbance was orchestrated by Islamic militants or was a spontaneous eruption.

"The riots were organised," said a western security source working with Afghan police. "They have been waiting for a catalyst from the coalition forces and biding their time."

He added that he had seen demonstrators carrying maps with a route drawn out. "They are after martyrdom. They are calling the people who got killed in the accident martyrs," he said.

However, diplomats and eyewitnesses said the demonstrations had been used by criminals as an opportunity for looting and theft.

"They were thieves. They were waiting for a small opportunity to steal and loot from the houses," said Jan Ali, a 50-year-old shopkeeper in downtown Kabul.

As the streets of Kabul grew calmer, police started to resume control and were harassing groups of men standing in the open.

An Afghan reporter said: "Soldiers are picking up groups of people in the street, punching people with no explanation and shoving them in cars."

Traffic Accident Sparks Kabul Riots (WT/AP)

By Amir Shah, Associated Press

The Washington Times, May 30, 2006

KABUL, Afghanistan -- Violent anti-foreigner protests raged across the capital yesterday after a U.S. military truck crashed into traffic, touching off the worst rioting since the Taliban's ouster in 2001. At least eight persons died and 107 were injured before Kabul's streets calmed.

Chanting "Death to America," rioters stoned the U.S. convoy involved in the accident, then headed to the center of town, ransacking offices of international aid groups and searching for foreigners in a display of rising resentment over civilian deaths in the war against insurgents.

Gunfire, at times intense, rang out across Kabul as hundreds of young men looted shops and set fire to police cars and station houses. Some people said U.S. and Afghan troops fired on the crowds.

The U.S.-backed Afghan government decreed a nighttime curfew, and the city quieted before sunset. Yousuf Stanizai, an Interior Ministry spokesman, warned that anyone found outside between 10 p.m and 4 a.m. would suffer "serious measures."

President Hamid Karzai went on television yesterday to decry the outbursts, branding the rioters as troublemakers who should be resisted and linking their violence to the long years of conflict that wrecked Afghanistan.

"We will recognize as the enemy of Afghanistan these people who do these things," Mr. Karzai said. "You should stand up against these agitators and not let them to destroy our country again."

Patience with the 23,000 U.S. soldiers and other foreign troops in Afghanistan is fraying amid recent civilian deaths, including at least 16 persons killed by an air strike targeting Taliban fighters in a village last week.

The civilian deaths have come during some of the fiercest fighting since a U.S.-led coalition drove the Taliban religious militia from power at the end of 2001, after the regime refused to hand over terror leader Osama bin Laden and close al Qaeda camps after the September 11 attacks.

Much of the bloodshed is in the south, where officials reported a battle yesterday killed six militants and wounded five Canadian soldiers. Elsewhere, warplanes of the U.S.-led coalition bombed a suspected Taliban meeting late Sunday and dozens of militants were reported killed, Afghan authorities said.

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Although most Afghans support the presence of foreign troops to stabilize a country devastated by a quarter century of war and civil conflict, many also harbor resentment at the outsiders.

Those feelings have surfaced with increasing regularity in the past year, during violent protests over accusations that the Koran was desecrated at the U.S. prison at Guantanamo Bay, Cuba, and the publication in European newspapers of cartoons depicting the prophet Muhammad.

"We don't want Americans in our country. They don't care about poor people. They killed innocent people today, and this is not the first time," said Abdul Shakoor, a 28-year-old who joined in the protests after yesterday's traffic accident. "They do it all the time, and in the end, they say it was a mistake. It's not acceptable to us anymore."

The U.S. military expressed regret for the crash, which it said occurred when a mechanical malfunction sent a large cargo truck careening into about a dozen vehicles at an intersection. The military was investigating the incident.

The U.S.-led coalition said at least one person was killed and six injured in the crash, while Afghan authorities gave higher but differing tolls. A statement from Mr. Karzai's office said five died in the accident. Police said three were killed and 16 were injured.

"This was a tragic incident, and we deeply regret any deaths or injuries resulting from this incident," a U.S. military spokesman, Col. Thomas Collins, said.

Kabul Police Chief Sher Shah Usafi said another person was killed when U.S. troops fired into a crowd of stone-throwing protesters soon after the crash. U.S. military officials said they couldn't confirm that.

Abdullah Fahim, a Health Ministry spokesman, said eight bodies were delivered to hospitals in Kabul and 107 Afghans were treated for injuries. He had no details on how the casualties occurred, and it wasn't clear whether the toll included people from the traffic accident.

General: Desertions Plague Afghan Army (AP)

By Jim Krane

AP, May 29, 2006

Desertions from Afghanistan's U.S.-allied army have dropped sharply, but more than 10 percent of the troops still go AWOL, a U.S. general said Monday.

Maj. Gen. Robert Durbin, who heads the effort to train Afghan soldiers and police, said a focus on replacing unfit commanders has cut desertion rates from their peak a few months ago, when almost a quarter of all Afghan troops absconded for varying periods.

"Where you have higher AWOL rates is where you have weaker leaders," Durbin told The Associated Press during a visit to Dubai. "We're trying to trade out those weaker leaders."

More than 2,500 Afghan soldiers are still absent without leave. The army has a total of 35,000 forces, including those in basic training.

In January, a top-level committee headed by Afghan Defense Minister Abdul Rahim Wardak began enforcing a plan to cut desertions by replacing commanders whose units suffered high AWOL rates and by improving food and living conditions.

U.S. and Afghan officials have said soldiers desert for several reasons, including a reluctance to fight alongside foreigners against countrymen and a need to earn money for families in remote villages.

The desertion rate dropped from as high as 25 percent in January to about 13 percent now, Durbin said. The goal, he said, is to cut desertions to below 10 percent.

"Perhaps that is alarming by international standards," said Durbin, 52, of Connellsville, Pa.

But, he said, Afghan fighters traditionally have joined militias that permitted long periods of leave. Many return after unexplained disappearances, and those who do not are scrubbed from active-duty rosters.

Durbin compared the concept to American militiamen who returned home at harvest time during the Revolutionary War.

"That behavior wasn't looked down upon," Durbin said. "But that's different from what you have in a professional force."

Afghan army recruiters employing pressure tactics — including reporting deserters to religious and community leaders — have persuaded 1,120 deserters to return to their bases, Durbin said.

The U.S. commander in Afghanistan, Lt. Gen. Karl W. Eikenberry, said last week during a visit near Kabul that the Afghan army had two tasks.

"One is the fight. The second is to be an enduring symbol for the people of Afghanistan of national unity," he said.

But that army will require U.S. and NATO support for years to come, said Anthony Cordesman, a military expert at the Center for Strategic and International Studies in Washington.

"The numbers still remain very, very low relative to the size of the country and size of the mission," Cordesman said. "They're simply too small to deal with Afghanistan's security problems."

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Durbin, who took command of the training mission in December, said Afghan government troops were taking far fewer casualties than their adversaries — former Taliban militias and opium traffickers — in heavy fighting in the south.

More than 350 people, mostly anti-government rebels, have died in less than two weeks of heavy fighting, according to Afghan and coalition figures. U.S. airstrikes have killed many of them. A May 21 airstrike killed 16 civilians, U.S. and Afghan figures show.

Durbin said the heavy fighting in the south is related to Afghan security forces' efforts to assert control in a region outside the government's orbit.

"In my mind it's a sign of progress but, unfortunately, it will result in casualties on both sides," Durbin said.

Neo-cons Question Bush's Democratisation Strategy (FT)

By Guy Dinmore

Financial Times, May 30, 2006

President George W. Bush has likened the "war on terrorism" to the cold war against communism.

Addressing military cadets graduating from West Point, Mr Bush reaffirmed at the weekend that the US "will not rest until the promise of liberty reaches every people in every nation".

But as the US struggles to assert itself on the international stage, the president's most radical supporters now dismiss this as mere rhetoric, and traditional conservatives are questioning the wisdom of a democratisation strategy that has brought unpleasant consequences in the Middle East.

Administration officials speak privately of a sense of fatigue over the worsening crisis in Iraq that has drained energy from other important policy issues. Senior officials are leaving – not so unusual in a second term, but still giving the sense of a sinking ship run in some quarters by relatively inexperienced crew.

Neo-conservative commentators at the American Enterprise Institute wrote last week what amounted to an obituary of the Bush freedom doctrine.

"Bush killed his own doctrine," they said, describing the final blow as the resumption of diplomatic relations with Libya. This betrayal of Libyan democracy activists, they said, came after the US watched Egypt abrogate elections, ignored the collapse of the "Cedar Revolution" in Lebanon, abandoned imprisoned Chinese dissidents and started considering a peace treaty with Stalinist North Korea.

The neo-conservatives offered no explanation for desertion of the doctrine, other than a desire to make quick but transitory short-term gains. "The president continues to believe his own preaching, but his administration has become incapable of making the hard choices those beliefs require," they wrote.

But the ranks of the neo-conservatives are also being depleted. In his new book, America at the Crossroads, Francis Fukuyama, perhaps the movement's most outstanding intellectual force, confirms his defection from the brand concepts of "pre-emption, regime change, unilateralism and benevolent hegemony as put into practice by the Bush administration".

"It seems to me better to abandon the label and articulate an altogether distinct foreign policy position," he writes.

Advisers to the White House say it would be premature, however, to write off the doctrine of pre-emption, which was restated in the National Security Strategy released in March. But on Iran, for example, they believe the Bush administration is moving towards a cold war-style strategy of containment and deterrence with as broad an international coalition as possible.

Graham Fuller, former diplomat and intelligence officer, suggests the US is suffering from "strategic fatigue" brought on by "imperial over-reach".

"The administration's bark is minimised, and much of the bite seems gone," he writes in the Nixon Center's National Interest journal. "Has superpower fatigue set in? Clearly so, to judge by the administration's own dwindling energy and its sober acknowledgment that changing the face of the world is a lot tougher than it had hoped."

Short-term economic costs of the empire have been bearable, says Mr Fuller, but long-term indicators show it is not sustainable – massive domestic debt, growing trade imbalances, an extraordinary gap in wealth between rich and poor Americans, the growing outsourcing of jobs.

More immediately, the unprecedented unilateral character of the US exercise of global power has proved its undoing.

Condoleezza Rice, the secretary of state, has tried to redress this in Mr Bush's second term, but key allies – Britain's Tony Blair, for example – are also suffering from weakened credibility.

In contrast, Russia, which Mr Bush saw as a declining power when he came to office in 2001, is asserting itself on the international stage. So is China.

Neither wants to declare itself explicitly at odds with the US, but they share a common agenda and ability to stymie Washington's will. This is seen in their policies towards Iran, North Korea, Syria, the new Palestinian government led by Hamas, and Venezuela.

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"In the last few years, diverse countries have deployed a multiplicity of strategies and tactics designed to weaken, divert, complicate, limit, delay or block the Bush agenda through a death by a thousand cuts," says Mr Fuller.

Even some traditional Republicans are challenging the concept that the global "war on terror" is the paramount issue for generations to come.

Richard Lugar, chairman of the Senate's powerful foreign relations committee, suggested that "there are a good many who would feel that the possibilities for devastation of countries, including our own, may come much more from our myopia in terms of energy policy than our ability to track down the last of the al-Qaeda cells".

Robert Jervis, professor of international politics at Columbia University, argues in the Washington Quarterly that the US system does not have the commitment to sustain the prolonged efforts required by Mr Bush's "transformationalist" agenda.www.ft.com/us

Bush arrives to deliver his address to military cadets at West Point: he likened the war on terror to the cold war against communism AP

'Countries deployed a multiplicity of strategies and tactics designed to weaken . . . the Bush agenda through a death by a thousand cuts'

CORPORATE SCANDALS:

Scrushy's Lawyer Says Lay Strategy Was Wrong (USAT)

By Greg Farrell

USA Today, May 30, 2006

Convicted former Enron chief Kenneth Lay was a "dream client" hobbled by a fundamentally flawed approach to his defense, says one lawyer who knows how to defend top executives from criminal charges.

"Ken Lay would have been a dream client," says Donald Watkins, the Alabama lawyer and businessman who last year engineered the acquittal of former HealthSouth CEO Richard Scrushy of charges that he masterminded a $2.7 billion accounting fraud.

Months ago, before prosecutors from the Enron Task Force had even finished presenting their case against Lay and his co-defendant Jeff Skilling, Watkins predicted the two men were going down. Last Thursday, a Houston jury found Lay and Skilling guilty on multiple charges.

"There comes a time when you can forecast the outcome of a contest," Watkins told USA TODAY for a story published March 7. "In this contest, these guys have lost."

In an interview following the Enron trial, Watkins called Lay's strategy wrong from the start because the former Enron CEO began his defense by hiring a team of big-name trial lawyers. What Lay needed first, Watkins says, was a strategist with a broader view of what was needed to keep such a high-profile defendant out of prison.

"Lawyers are technicians," Watkins says. "They're like painters, plumbers and sheet-rockers."

In the Scrushy case, Watkins' strategy was to attack and harass the government at every turn, while building up Scrushy's stature as a civic and religious leader in Birmingham, Ala.

For an entire year leading up to the HealthSouth trial, Scrushy hosted a religious TV show each morning on a local Birmingham station, bringing in a variety of local ministers to discuss the Bible.

Scrushy's media campaign was so powerful that the U.S. attorney complained to the judge about it. "The government tried to get a gag order against us," Watkins said. "The U.S. government said it could not get a fair trial."

In Lay's case, when it became clear that he was the target of a criminal investigation, he didn't launch a massive public relations campaign. Instead, he adopted the posture that most lawyers recommend: silence. After Enron collapsed into bankruptcy in December 2001, and Lay was forced out of his job a month later, the former CEO clammed up, asserting his Fifth Amendment right to keep silent at a congressional hearing, and circling the wagons with his legal team.

For Lay, whose civic and charitable contributions to the Houston community dwarfed Scrushy's good deeds in Birmingham, the early silence was a blown opportunity, Watkins says.

"The first trial is always in the court of public opinion, and it comes down to community support and good will. If you've been a pillar of the community for decades, you've got to energize that."

Once you've set the overall strategy for fighting the government, Watkins says, then you can prepare for the trial. That's when you hire lawyers, he says.

In Scrushy's case, Watkins wanted two attorneys with different skill sets. He brought a former prosecutor, Art Leach, on board, to serve as the "designated objector" to everything the government tried to do.

Then, just three months before the HealthSouth trial began, Watkins hired Jim Parkman, a country lawyer whose previous clients were much more likely to be those accused of being drunken drivers and petty thieves than prominent businessmen. Watkins says he wanted someone who could “connect” with jurors.

Finally, Watkins says, Lay should not have testified. “You never, ever put the CEO on the witness stand,” Watkins says.

“When you do that, you're leaving it to him to save himself. That telegraphs that everything you have done has failed.”

Enron Case A Grueling Trial For Its Lawyers (WP)

By Carrie Johnson

The Washington Post, May 29, 2006

With No Key Evidence, Skill Was at a Premium

HOUSTON, May 28 -- The unyielding preparation, the sleepless nights spent in a dingy room far from his wife and four children, whom he visited only twice in six months, all came down to this: a few hours of questions in the case of a lifetime.

Assistant U.S. Attorney John C. Hueston strode briskly into the courtroom with his eyes on a man he had pursued with unusual intensity for more than two years, former Enron Corp. chairman Kenneth L. Lay.

The Southern California prosecutor, who has a compact build and a gleam in his eye, squared his shoulders and steeled himself for a fight. In the hour that followed, including a court break in which he maintained his focus by doing push-ups in his office, Hueston, 42, accused Lay of contacting witnesses during the four-month trial in an effort to "get your story straight."

Hueston's chilly persistence left the once-genial corporate chieftain, who had been expected to flash his charm like a get-out-of-jail card, stammering and angry, drawn for the jury in a few quick strokes as a micromanager who thought he could talk his way out of trouble with a handful of well-placed phone calls. Jurors said that "controlling" attitude stuck in their minds as they found Lay guilty of a half-dozen conspiracy and fraud charges Thursday.

A smiling Hueston appeared before camera crews at an outdoor news conference after jurors handed up their resounding decision, saying that Lay and former chief executive Jeffrey K. Skilling, who was also found guilty, had sealed their fates with lie after lie. The following day, Hueston flew home to California and took his children go-karting, leaving behind the sign in his temporary Houston office that urged him: "Play like a champion today" -- a University of Notre Dame invocation.

The trial, the capstone of the government's efforts to hold corporate executives accountable for fraud that occurred while they were in charge, required both sides to be at the top of their games. In a case that featured no smoking-gun documents or "gotcha" moments, the skill of the advocates on both sides took on special importance, said experts who followed the trial.

The single-minded pursuit of Lay and Skilling ended in success for the Justice Department's Enron Task Force. But the four-year drive was not without conflicts over strategy and personal style for lawyers on both sides of the monumental effort, one of the most complicated corporate cases in history.

The government team stayed on course largely under the guidance of task force director and Chicago prosecutor Sean M. Berkowitz, a marathon runner who turned 39 two days after the verdict. Colleagues call Berkowitz unflappable, and he behaved true to form, even when government projection specialists stumbled and failed to find documents quickly as he cross-examined Skilling. Berkowitz parceled out key witnesses to members of his team without considering his own ego.

He was the man who also made peace among squabbling colleagues and delivered the final -- and, according to jurors, the convincing -- rebuttal argument in a smooth baritone, snapping his fingers for emphasis. Paraphrasing a line from the Jack Nicholson character in the film "A Few Good Men," Berkowitz told the jury that Lay and Skilling resorted to falsehoods because "Enron couldn't handle the truth."

Berkowitz, who pokes fun at his bald spot and rides motorcycles in his spare time, overrode the occasional interpersonal conflicts over resources and speaking roles among the team of nine lawyers, 15 agents, five paralegals and six others. He pushed -- despite opposing views -- to strike a plea deal only weeks before the trial with former Enron accounting chief Richard A. Causey. That helped slash more than a half-dozen witnesses from the case and also deprived Skilling and Lay of a scapegoat to blame if things started to go sour.

The government victory was by no means a sure bet. Skilling's lead defender, Daniel M. Petrocelli, an entertainment lawyer from Century City, Calif., appearing in his first criminal trial, outtalked everyone else on his side of the courtroom, including highly touted and far more experienced advocates hired by Lay, according to lawyers who watched the trial. Petrocelli, 52, emerged as a clear leader of Skilling's defense as he marshaled help from more than a dozen junior lawyers, three law partners and a team of paralegals and support staff, including Skilling's wife Rebecca Carter, his younger brother Mark and his longtime assistant Sherri Sera. A separate unit of three document specialists set up an aluminum table bearing laptop computers directly outside the courtroom and often raced in with papers and opposition research to help the lawyers in the middle of the action.

Surprisingly to Houston's legal community and trial watchers who had mostly underestimated him, Petrocelli's command of the facts equaled his theatrical style, as he rattled off arcane measurements of financial risk and accounting rules without

glancing at notes. He left the eight-women, four-men jury smiling -- and left a series of government witnesses withering under his strong-armed attack. Juror Doug Baggett said that during much of the case, he felt like a "Ping-Pong ball," as his opinions vacillated back and forth after incisive questions by the defense team.

A man who keeps his salt-and-pepper hair and his fingernails as carefully manicured as some of his movie-star clients', Petrocelli won praise from hard-bitten U.S. District Judge Simeon T. Lake III, who is not known for being a fan of defense lawyers. Government witness Ben F. Glisan Jr., Enron's former treasurer, acknowledged Petrocelli's talent even as the defense lawyer sought to rip apart his testimony. Even jurors who ultimately convicted Skilling on 19 of 28 criminal charges against him praised Petrocelli, who walked out of the courthouse looking ashen and shell-shocked after the verdict. Inside the building, however, elementary school principal Freddy Delgado told reporters that if he ever ran afoul of the law, he would hire Petrocelli, "if I had the money." His fellow jurors erupted with laughter.

Petrocelli's law firm, O'Melveny & Myers LLP, received a $23 million retainer from Skilling, but the defense lawyer said the defense spent many millions of dollars more, though he would not say how much. He received crucial support from partner M. Randall Oppenheimer, 53, whose most visible courtroom role involved questioning accountants and technical experts but who performed important strategic work behind the scenes. Oppenheimer, a gray-bearded private pilot and the son of a film director who once visited the trial, combined razor-sharp intellect with a mild-mannered, dignified delivery. His understated manner won him respect from the government team and greater leeway from the judge, who coined "the Oppenheimer rule," which allowed lawyers in the long trial to get in "just one more question" after their opponents' objections.

Perhaps the O'Melveny team's greatest accomplishment was keeping in check the mercurial temper of its client. Skilling, 52, followed his lawyers' advice and generally remained cool over eight days on the witness stand, in the face of expectations that his emotions might detonate and come back to hurt him with the jury.

As they maintained control of Skilling, his defense lawyers also successfully cultivated an important alliance with Lay's team, which resisted the temptation to blame Skilling for Enron's misfortunes. That O'Melveny picked up the tab for experts and other pricey legal bills likely helped preserve goodwill between the defense teams. But it also took no small amount of Petrocelli's persuasion.

If Skilling's legal team rose above expectations, Lay's failed to live up to them. Lead lawyer Michael W. Ramsey, 66, armed with a string of victories in murder and public-corruption cases in his four-decade career, sat on the bench for nearly the entire defense case after doctors implanted stents to open his clogged arteries. But Ramsey, who received $2 million from Lay, had run into trouble even before his health deteriorated.

In his opening statement Jan. 31, Ramsey twice called on securities lawyer and fellow Lay defense lawyer Bruce Collins to confirm facts in the case. The judge took Ramsey to task for asking the government's first witness irrelevant questions, prompting Lay to pull him aside during a courtroom break. And in his cross-examination of former chief financial officer Andrew S. Fastow, Ramsey shouted when Fastow, who has a hearing problem, said he could not understand the lawyer's inquiries. Jurors and spectators flinched at the spectacle. Ramsey later told reporters that he was worried he had had a heart attack during the Fastow episode.

With Ramsey out of the game, the Lay defense was in chaos and eventually settled on appellate lawyer George "Mac" Secrest to lead the questioning of Lay. That decision was made only a few days before Lay's turn on the witness stand, the most important turning point in the trial. Lay, who kept firm control of his legal team, balked when Secrest asked him to talk about his personal finances and other issues, once asking his own lawyer, "Where are we going with this, Mr. Secrest?"

After news reports criticized the performance, Lay's daughter, Elizabeth Vittor, a lawyer who sat next to him every day and helped coordinate his defense, told reporters Secrest had done a "fabulous" job. Vittor did not question any witnesses in the trial and instead appeared to serve as a behind-the-scenes advocate for her father, who had amassed $100 million in debt in 2001, the year Enron filed for bankruptcy, and who spent less on his legal defense than Skilling.

It remains unclear whether Ramsey's presence would have helped Lay. During cross-examination, prosecutors used some of Ramsey's negative comments from earlier in the trial about government witnesses against Lay. And there is little doubt that Lay's strong emotions about Hueston, whom he has accused of leading a vendetta against him, would have boiled over when the two men faced off anyway. During closing arguments, Chip B. Lewis, a young, goateed defense lawyer for Lay who could fill a doorway with his solid frame, stood over Hueston and bellowed, "Don't come to Houston, Texas, and lie to us."

In the end, in a contest of will between prosecutors and defendants Skilling and Lay, the jury found the government more believable.

As Berkowitz confronted Skilling with evidence that one of his investments violated Enron's ethics code, Skilling shot back: "What does this have to do with fraud at Enron?"

The prosecutor was ready with a potent answer: "When we started this testimony, we agreed, that the one thing, the most important thing the jury had to rely upon here was your word."

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Enron Verdicts Good For Investors (USAT)

By Adam Shell

USA Today, May 30, 2006

NEW YORK — The bedrock of free markets — trust, confidence, integrity — that was undermined by the fraud that led to Enron's 2001 collapse, took another step toward rehabilitation with the conviction of the energy company's two former CEOs, Wall Street experts say.

To be sure, last week's guilty verdicts against disgraced Enron executives Ken Lay and Jeff Skilling in Houston do not rule out the possibility of future corporate fraud cases, or erase the financial and emotional pain of shareholders and employees hurt by the scandal.

But the convictions did mark a symbolic end to an era of corporate malfeasance that flourished in the aftermath of the 1990s stock market bubble and resulted in many regulatory reforms, such as the 2002 Sarbanes-Oxley Act. More important, it sent a key message to investors: Corporate crooks will pay for their crimes.

The verdicts will "add to investor confidence," says Gary Gensler, former undersecretary of the Treasury who was a senior adviser to Maryland Sen. Paul Sarbanes during drafting of the law. "Too often, investors have reason to believe the market is not fair. Fortunately, this one went the right way."

Many Wall Street watchers say that had Lay and Skilling been acquitted, it would have resulted in huge damage to investors' psyches and reinforced the belief that the system is rigged against the little guy.

"Had it been not guilty, oh, boy, I don't think it would have gone over well," says Henry Herrmann, chief investment officer at Waddell & Reed. "There would have been a public outcry. The markets would probably have gotten beaten up for a day or two."

Instead, the verdict coincided with a nice two-day rally on Wall Street, which helped halt a skid that began May 10 and knocked stock prices down across the board. The Dow Jones industrials gained a combined 161 points Thursday and Friday, finishing up 1.2% for the week at 11,279.

"The markets were relieved that these two powerful, wealthy corporate leaders wouldn't be able to walk away from such a big scandal," says Michael Chasnoff, CEO of wealth management firm Truepoint Capital. "There was a little bit of relief to know that there is accountability in the financial markets system."

But Chasnoff adds that the psychological boost to the market will be short-lived, as investors refocus their attention on corporate earnings, interest rates and inflation.

Short-Lived Lessons From An Enron Short (WSJ)

By Jim Chanos

The Wall Street Journal, May 30, 2006

The convictions of Ken Lay and Jeff Skilling are less than a week old, and yet conclusions are already being drawn about whether "corporate wrongdoing" is a thing of the past. As someone with more than a passing interest in the Enron story -- I was, to quote Ken Lay's bizarre testimony, one of the "short-sellers that were organized and working together and conspiring together" against Enron -- I feel a need to examine what lessons those of us who slog it out daily in the corporate trenches might gain from Enron's spectacular collapse. I propose to offer the top 10 lessons from Enron that executives, investors and lawyers will soon forget:

1. The Enron scandal shows a need for a standards-based accounting system, rather than a rules-based one.

Wait a minute, you must be saying -- in the wake of Enron, don't we need more accounting rules to cover every possible situation, not some mushy "standards"-based guidelines?

No. It is precisely our "check-the-box" accounting rules that get written for every type of transaction that helped create the financial monster that was Enron. By having armies of clever bankers and lawyers pretzel-twist uneconomic deals into profit sources that conformed to GAAP ("Generally Accepted Accounting Principles," or "Good As Actual Profits" as it's sometimes known), dishonest management teams always hide behind the disclaimer that their accounting has been blessed by their auditors. The problem is, I can think of no major financial fraud in the 25 years I've been on Wall Street that did not have audited financials that conformed to GAAP! Yet reasonable independent auditors and audit committees, using the "standard" of economic common sense, would have unmasked most of the financial chicanery that became apparent at these companies only after their collapse.

2. Mark-to-Market accounting was not the problem at Enron, Mark-to-Model was.

Many casual observers of the Enron saga have pointed to the shortcomings of the Mark-to-Market (MTM) method of accounting that Enron used for its trading assets (i.e., the act of recording the price or value of a security, portfolio or account to

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reflect its current market value rather than its book value). But MTM is entirely appropriate -- and necessary -- for trading assets held at financial firms. How else would one handle valuation for assets that trade on verifiable exchanges and/or electronic networks?

In Enron's case, however, non-exchange traded assets and illiquid private deals were treated similarly, with today's "prices" derived by computer models that estimated future prices and volatility. The "estimates" in these models were helpfully provided by . . . Enron itself! As any capable financial economist will point out, today's market prices offer only a starting point for estimating future prices and volatility, which are, by definition, unknowable. In an MTM system with no independent source of current prices, when one feeds the "unknowables" of future prices and volatility, and the "probable" of time, into a computer, a "certain" current price is calculated! Neat, huh?

3. Off-balance-sheet deals and entities are "off" the balance sheet for a reason.

One would think that this concept would be pretty obvious, given the LJM, Jedi, Chewco, Deathstar, Jabba the Hut (OK, I made that last one up) monikers used to describe off-balance-sheet entities at Enron. One would be wrong. Yet it is my experience, pre- and post-Enron, that such accounting is used by companies to hide things they don't want investors to see. Pre-Enron saw silliness such as the Coca-Cola/Coca-Cola Enterprises "two-step," while today one can ponder the off-balance-sheet "land banking" that exists at the publicly traded U.S. homebuilders. If a company is determined to keep a significant aspect of its business off its books, investors should simply ask why.

4. Wall Street analysts don't "do" complex.

Isn't that what securities analysts are for, you might ask? Silly reader . . . analysis is for kids! Literally. At most large Wall Street firms, the tedious job of constructing financial models and answering client accounting queries is handled by the junior analyst on the team. It still shocks me today that when meeting with a team of "sell-side" Wall Street analysts from a firm to discuss a particular company, the senior analyst invariably concedes the answer to a complex financial question to a junior analyst working for him.

In a post-Eliot Spitzer world, how can this be? Simple. Senior analysts still spend most of their time on the road making client presentations. That is, of course, if they aren't playing golf with the CEO or organizing the menu at the next investor conference in Las Vegas. The recent attempts by certain companies to discourage hard-hitting independent research will only serve to maintain the chasm between those that "do the numbers" and those with, hopefully, the experience to know what the numbers mean.

5. The rating agency system breaks down when most needed. Rely on it at your own peril.

Time and again, when confronted with negative financial "surprises" by corporate issuers during the last decade, the "independent" ratings agencies fell down on the job. This kept slow-on-the-uptake investors dancing on the decks of numerous financial Titanics, while those heeding other signals (such as the burgeoning market for credit-default derivatives) prepared to man the lifeboats.

Whether it was the hubris of not wanting to precipitate a run on the bank (as if it wasn't happening already!), or the incompetence of one ratings agency analyst admitting to not having read the company's SEC filings, the shortcomings of an analyst-based ratings agency system became apparent in the Enron fiasco. Market-based price-discovery agents, such as short sellers in the equity market and purchasers of credit-default insurance in the bond/derivative markets, supplanted the Big Three ratings agencies as accurate predictors of Enron's financial distress.

6. Beware of, and question, unexpected executive resignations.

This lesson should seem obvious, but cognitive dissonance assures that it isn't. When Jeff Skilling resigned abruptly after six months as Enron's CEO, alarm bells should have been going off on Wall Street, as they were in Houston. But mindful of the still-bountiful fees Enron promised the Street, virtually every analyst covering Enron told his/her clients "all was well"! Didn't anyone find it disconcerting that despite claiming (the still undisclosed) "personal reasons" for his resignation, Mr. Skilling admitted on the front page of this newspaper the next day that if Enron's stock price had stayed up, "I don't think that I would have felt the pressure to leave"?

By asking the right questions, investors in August 2001 (with Enron's stock still at $40) might have been able to deduce that Enron's stock was not just a barometer of its financial health, but was also an actual component (through the investor-guarantee mechanism in the Fastow partnerships) of its health, as this newspaper's reporters would so convincingly point out two months later. Mr. Skilling hid the road map to Enron's future collapse on the front page of The Wall Street Journal, but few noticed.

7. Whistleblowers aren't whistleblowers if they blow their whistles inside the company walls.

Someone should inform Time magazine's Person-of-the-Year Department that writing a "cover-your-behind" memo to your boss about financial irregularities within the firm is not "whistleblowing." Having the guts to risk your job and reputation, by bringing evidence of those irregularities to the proper financial authorities, is. Enough said.

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8. Special investigations by corporate boards are almost always a waste of time/money, and often prove highly misleading.

As a corollary to Lesson No. 7, when questions are raised internally about possible financial improprieties, corporate boards often hire counsel to conduct investigations on their behalf. This is done foremost for their own protection ("We investigated once we knew!"), and only incidentally to uncover unpleasant facts that such boards, charged with oversight as a duty, should've known about already. Many boards, in a wonderful example of willful blindness, simply don't want to know. In fact, one well-regarded Washington law firm forensic accounting SWAT team, headed by a former SEC enforcement director, managed to not find much wrong at either Enron or Tyco, despite abundant internal documents at their disposal. Such incompetence is highly rewarded in future corporate assignments. Rely on these reports at your own risk.

9. Character cannot be compartmentalized.

This lesson may be the most important of all. Investors and outside advisors often seem preoccupied with analyzing the formal propriety of specific corporate transactions, and the associated financial accounting. Questionable deals and disclosures are analyzed discretely, and not as part of any disturbing pattern of dubious corporate policies. Yet one had only to read the history of Ken Lay's involvement in the Valhalla energy-trading scandal at Enron in 1987 to detect a harbinger of scandals yet to come. That bad guys have a pattern of dishonest behavior should seem obvious, but it's not.

And, finally, 10: Friends do not let (possibly guilty) friends take the stand in criminal trials.

Let's face it, the Enron trials of Lay and Skilling had it all; greed, arrogance, an incompetent defense strategy (oh, how I wish short sellers had the power that Enron's defense team claimed we have!) and, of course, larger-than-life corporate villains. One would assume the high profile nature of the trial itself might underscore this observer's list of lessons learned from Enron's spectacular collapse. But thankfully, I'm pretty confident that they will be forgotten soon.

Mr. Chanos is managing partner of Kynikos Associates.

Mexico's TV Azteca Owner Seeks To Settle SEC Suit (WSJ)

By John Lyons

The Wall Street Journal, May 30, 2006

MEXICO CITY -- Ricardo Salinas Pliego, the billionaire Mexican businessman who for more than a year has parried U.S. Security and Exchange Commission efforts to bring him to court, is seeking to settle what was the first lawsuit brought against an executive of a foreign company under the Sarbanes-Oxley corporate-governance law.

Mr. Salinas Pliego and his co-defendant in the case, Pedro Padilla, have presented a proposed settlement with the SEC, according to a statement last night by Mr. Salinas Pliego's flagship television company, TV Azteca SA, of Mexico. The proposed settlement came after discussions with the SEC, which TV Azteca expects will respond to the overture within 90 days, the statement said. Under it, Messrs. Salinas Pliego and Padilla would pay all fines personally, precluding a financial burden to TV Azteca.

SEC officials couldn't be reached to comment. A TV Azteca spokesman declined to disclose details, such as the terms of the settlement.

The SEC filed civil suit against Mr. Salinas Pliego early last year, accusing him and Mr. Padilla of fraud by hiding their role in a debt transaction that netted Mr. Salinas Pliego $109 million at the expense of shareholders in a cellphone company Mr. Salinas Pliego controls. The two have denied doing anything improper. The SEC got involved because Mr. Salinas Pliego's television company, a major stockholder in the cellphone company, traded on the New York Stock Exchange at the time.

At stake for the SEC in the case is its ability to reach across international borders to enforce its rules. Since the lawsuit, Mr. Salinas Pliego has delisted the shares of all of his companies from U.S. exchanges, and swapped dollar debts into pesos, in order to remove himself from SEC jurisdiction. International treaties, and the chaotic bureaucracy of Mexican courts, frustrated many SEC attempts to serve Mr. Salinas Pliego with a summons in the case, which had stagnated.

Mr. Salinas Pliego has much at stake. Like many Mexican businessmen, he is seeking to expand his business into the U.S. and tap the spending power of the increasing U.S. Hispanic middle class. TV Azteca has television stations in 46 major U.S. Hispanic markets -- including Houston, New York, Miami, and has a plan to double its market share to 10% in 18 months. The SEC case puts a wrench in the works. The lawsuit prevented Mr. Salinas Pliego from traveling to the U.S., because he was concerned that he could be forced into court by U.S. Marshals.

The proposed settlement is a turnaround for Mr. Salinas Pliego, who had vowed never to reach a deal with the SEC on the grounds that the U.S. had no jurisdiction over a Mexican. Mr. Salinas Pliego, whose personal fortune is estimated at around $1 billion, controls banks, retail shops and cellphone companies that serve the working class, an often overlooked market. His business practices have earned him a tough reputation. In 2002, he sent armed commandos to occupy a rival television station during a contract dispute.

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CRIMINAL LAW:

How The Jefferson Search Put Bush In A Bind (NSWK)

By Michael Isikoff, Holly Bailey And Richard Wolffe

Newsweek, May 29, 2006

President George W. Bush's intervention in the dispute between Congress and the Justice Department over the FBI search of Rep. William Jefferson's office infuriated many senior law-enforcement officials. Bush's directive to temporarily remove the documents from FBI custody was an implicit rebuke not just of FBI Director Robert Mueller but of Attorney General Alberto Gonzales—both of whom signed off on the search of Jefferson's office before it took place. "What is he [Bush] saying? His own Justice Department was wrong?" said one senior law-enforcement official who, like other senior officials NEWSWEEK spoke to, asked not to be identified because of the political sensitivity of the case. "People are livid about this." FBI officials say the search was undertaken only after the Louisiana Democrat failed to turn over records subpoenaed by a federal grand jury nine months ago. The bureau was seeking material relating to an African business deal Jefferson allegedly helped promote in exchange for bribes—including $90,000 apparently stuffed in his freezer. Once it became clear Jefferson would not comply—reportedly on Fifth Amendment grounds—federal prosecutors got the green light from Gonzales to seek a search warrant. A lawyer for Jefferson called the search "outrageous" and said his client "has consistently maintained his innocence."

House Speaker Dennis Hastert erupted in fury over the search, demanding that the FBI return the material. "I've never seen Denny Hastert as mad," said a senior Bush aide, declining to be named. Hastert twice complained directly to Bush that the FBI search of a congressman's office was unprecedented and an unconstitutional violation of the separation of powers. When Dick Cheney chief of staff David Addington backed Hastert, tempers flared. DOJ officials floated the idea that Gonzales and Mueller might even resign over the issue. That put Bush in a bind—either to back up his old friend Gonzales or placate a speaker the White House badly needs on immigration reform and other matters. To cool passions, Bush ordered the seized materials transferred to the office of Solicitor General Paul Clement. "The White House was looking to give Hastert some cover," said one administration official, requesting anonymity. The official said Hastert's position was "out of sync" with a public increasingly fed up with corruption. In talking points distributed to GOP House members last week, Hastert and other House leaders conceded the perils of their position. "Is this a smart battle for Congress to fight?" the talking points asked. "Perhaps not. Defending Constitutional principles—particularly those related to institutional balances of power—is often not politically expedient and often results in bad publicity."

(TIME)

By Perry Bacon Jr.

Time, May 28, 2006

The battle between the FBI and Congress over documents seized in a raid on the office of Congressman William Jefferson, a Democrat from New Orleans, turned Washington upside down last week. The FBI, which has long been investigating allegations that Jefferson accepted money in exchange for helping businessmen secure deals in Africa, says it had already found $90,000 wrapped in foil in the freezer of Jefferson's apartment and had a videotape of him allegedly accepting $100,000 in bribe money. But when federal agents, who had been trying to get documents from Jefferson for nine months, obtained a warrant and searched his Capitol Hill office, they found an unlikely adversary: House Speaker Dennis Hastert. The Illinois Republican argued that the search violated the separation of powers between the Legislative and Executive branches and demanded that the FBI return the seized documents.

Hastert grew even angrier when ABC News, quoting unnamed federal law-enforcement officials, reported that Hastert was being investigated in another corruption case, involving lobbyist Jack Abramoff. The Justice Department denied the story, but Hastert, suspicious of the report's timing, accused the FBI of trying to "intimidate" him.

As Hastert led congressional appeals to the White House, Attorney General Alberto Gonzales and FBI Director Robert Mueller made clear that they would not comply with any presidential order to return the seized materials--and were willing to risk being fired for their defiance, says a law-enforcement source. So the President instead ordered the FBI to hand over the documents to the Solicitor General's office, which is not involved in the probe. The documents will be sealed for 45 days while Congress and the Administration seek agreement on what prosecutors may view.

Bush's order didn't totally calm a jittery Capitol Hill. Two other corruption investigations by the Justice Department could implicate members of Congress: the Abramoff case and a probe of defense contractors' ties to several lawmakers. The FBI says it's just doing its job. "We go where the evidence takes us," says a senior official. "Why should a Congressman be off limits?"

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(USNEWS)

By Brian Duffy

U.S. News and World Report, May 29, 2006

In case you haven't heard, Washington's been hit by a Category 5 constitutional crisis. No, it's not over domestic eavesdropping or those secret CIA prisons. This one's so big, it's got Democrats embracing Republicans like long-lost cousins and both parties pillorying the White House for--hold on to your hats--infringing on the separation of powers between the legislative and executive branches. Heavy stuff. A bit of history: Way back in 1642, King Charles I launched his considerable person upon the House of Commons with the foul purpose of arresting five of its members. Thereupon followed, in right short order, the English Civil War. So impressed by these facts were the framers of our own Constitution (never mind their aggravation over the infernal meddling of George III's colonial governors), they enshrined the separation-of-powers doctrine prominently in the hallowed document.

Well. The instant cause for last week's constitutional kerfuffle was a tad more pedestrian, having to do with a congressman who found a novel use for some Tupperware and several Glad freezer bags. Turns out the things are just dandy for hiding stacks of $100 bills in the deep freeze. Who knew? FBI agents discovered the greenbacks, $90,000 worth, in the icebox of a Louisiana lawmaker named William Jefferson. The constitutional issue arose when the FBI decided to take a peek and see what other things of interest might be lurking in Jefferson's congressional office. That's when, as the saying goes, all hell broke loose.

Folks who should know say the whole constitutional thing is overblown, if not arrant nonsense, but that didn't stop President Bush from entering the fray, ordering the papers taken from Jefferson's office stashed in a neutral safe for 45 days so everyone could cool off. It was that kind of week in Washington, crazy. The president, appearing with British Prime Minister Tony Blair, even admitted to having made a passel of mistakes in Iraq. Not to be outdone, Blair fessed up to some of his own pratfalls there. Neither man, though, said a single thing about Charles I.

Frist Breaks With Others In G.O.P. Over Raid (NYT)

By Mark Mazzetti

The New York Times, May 29, 2006

WASHINGTON, May 28 — Senator Bill Frist, the majority leader, on Sunday defended the raid by federal agents on a Democratic lawmaker's Capitol Hill office, breaking with senior House Republicans who had said the search was unconstitutional.

Mr. Frist, Republican of Tennessee, said agents from the Federal Bureau of Investigation had acted appropriately when they searched the office of the lawmaker, Representative William J. Jefferson, Democrat of Louisiana, as part of a bribery investigation.

The House speaker, Dennis J. Hastert, Republican of Illinois, criticized the raid last week and demanded that the F.B.I. immediately return the materials from Mr. Jefferson's office. Mr. Hastert even issued a rare joint statement with Representative Nancy Pelosi of California, the Democratic leader, saying that F.B.I. officials had not notified them before the raid and that the search violated the constitutional principle of the separation of powers.

Mr. Frist disagreed, shifting his position from last week when he had expressed concern about the search.

"No, I don't think it abused separation of powers," said Mr. Frist, who is considering a bid for the presidency in 2008, during a "Fox News Sunday" appearance. "I think there's allegations of criminal activity, and the American people need to have the law enforced."

Mr. Frist said that "nobody in government should be above the law of the land, period," and that federal agents had gone through appropriate procedures to obtain a search warrant for Mr. Jefferson's office.

During the raid on May 20, F.B.I. agents carried away computer records and files as part of the bureau's inquiry into whether Mr. Jefferson accepted bribes in exchange for helping set up business deals in Africa.

Ron Bonjean, a spokesman for Mr. Hastert, on Sunday reiterated the House speaker's opposition to the raid.

"Clearly there is a difference between what the Congressional leadership think and what Senator Frist thinks about what is and is not constitutional," Mr. Bonjean said.

After lawmakers angrily denounced the raid last week, Attorney General Alberto R. Gonzales; the F.B.I. director, Robert S. Mueller III; and other senior law enforcement officials told associates that they were prepared to resign if the White House ordered them to turn over the seized evidence.

Instead, President Bush ordered that all the records taken from Mr. Jefferson's office be sealed for 45 days — an effort to ease tensions over what had been developing into a constitutional crisis.

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Senator Richard J. Durbin of Illinois, the second-ranking Democrat in the Senate, said Sunday that the raid was the first time that the F.B.I. had searched a Congressional office. He said, however, that federal agents in the past had searched a judge's chambers.

"So it appears that there's been some precedent for this," said Mr. Durbin, who also appeared on "Fox News Sunday."

Both Mr. Frist and Mr. Durbin said the Senate should begin examining the exact authorities the executive branch has to carry out such searches, to reduce the chances of another constitutional dispute. And Mr. Bonjean said House leaders were working with the Justice Department to determine proper procedures for any future searches.

Some House Republicans have not backed off their opposition to the F.B.I. raid. Representative F. James Sensenbrenner Jr., a Wisconsin Republican who is chairman of the House Judiciary Committee, said Sunday that Congress must be able to do its job "free of coercion from the executive branch."

"I don't think that it would be right for a House committee to issue a subpoena to the president's office and send the Capitol Police rummaging through files, taking everything, and then deciding what wasn't relevant by themselves and returning it to the president," Mr. Sensenbrenner said on the NBC News program "Meet the Press."

Mr. Sensenbrenner's committee plans to hold a hearing this week about the constitutionality of the F.B.I. search.

Frist Backs Search Of Congressman's Office (AP-Y2)

By Nedra Pickler, Associated Press Writer

AP2, May 30, 2006

In a break with his counterparts in the House, the Senate's leader said Sunday the FBI was within its right to search the office of a congressman under investigation in a bribery case.

"No House member, no senator, nobody in government should be above the law of the land, period," Senate Majority Leader Bill Frist said.

Frist, R-Tenn., was responding to the search conducted May 20-21 in the office of Rep. William Jefferson (news, bio, voting record), D-La. FBI agents carted away computer and other records in their pursuit of evidence that Jefferson accepted hundreds of thousands of dollars in exchange for helping set up business deals in Africa.

It was the first time that a warrant had been used to search a lawmaker's office in the history of the Congress.

House Speaker Dennis Hastert, R-Ill., and Democratic leader Nancy Pelosi of California responded with a rare joint statement, protesting that the FBI had not notified them and that the search violated the Constitution's separation of power protections.

Frist said he examined the provision closely and talked the issue over with Attorney General Alberto Gonzales. He concluded that the FBI acted appropriately.

"I don't think it abused separation of powers," Frist said on "Fox News Sunday.

"I think there's allegations of criminal activity, and the American people need to have the law enforced."

The chairman of the House Judiciary Committee, which plans a hearing Tuesday on the constitutionality of the search, said the FBI overstepped its authority. Rep. James Sensenbrenner compared the search of a congressman's office to a Capitol Police raid of the Oval Office.

"This debate is not over whether Congressman Jefferson is guilty of a criminal offense," Sensenbrenner said on NBC's "Meet the Press." "He cannot use the constitutional immunity of Congress to shield himself from that or any evidence of that. But it is about the ability of the Congress to be able to do its job free of coercion from the executive branch."

Hastert complained directly to President Bush and demanded that the FBI return the materials. Bush struck a compromise Thursday, ordering that the documents be sealed for 45 days until congressional leaders and the Justice Department agree on what to do with them — a move that Frist said he supported "to let things settle down."

Illinois Sen. Dick Durbin, the No. 2 Democrat in the Senate, said there needs to be "hard look" at whether the FBI violated the Constitution. But he said the FBI has raided judge's chambers before, so there is precedent for crossing branches of government for searches.

He also said he wasn't sure the "speech and debate" protections in Article 1, Section 6 of the Constitution were violated, as some of have argued.

That section states that members of Congress "shall in all cases, except treason, felony and breach of the peace, be privileged from arrest during their attendance at the session of their respective houses, and in going to and returning from the same; and for any speech or debate in either house, they shall not be questioned in any other place."

"I'm not sure that you can stretch it to apply to this situation," Durbin said. "In the next several weeks, we ought to take a hard look at it. I'm not going to rule it in or out at this moment."

Before Bush's compromise, the showdown last week led the House leaders to threaten budgetary retaliation against the Justice Department, a senior administration official told The Associated Press on Saturday. Justice officials, including Attorney General Alberto Gonzales, raised the prospect of resigning if the department were asked to return documents that FBI agents took from Jefferson's office.

Frist Defends Raid On Hill Office (WT)

By Joseph Curl, The Washington Times

The Washington Times, May 30, 2006

Senate Majority Leader Bill Frist yesterday broke with the two top House leaders, asserting that the FBI was within its right to search the office of a congressman under investigation in a bribery case.

"No House member, no senator, nobody in government should be above the law of the land, period," the Tennessee Republican said. "I think there's allegations of criminal activity, and the American people need to have the law enforced."

In the overnight hours last weekend, FBI agents seized computer records and other documents from the office of Rep. William J. Jefferson, Louisiana Democrat. It was the first time in U.S. history that an elected federal official's Capitol Hill office was subject to a warrant.

The FBI filed documents last week asserting that Mr. Jefferson was videotaped accepting money in exchange for helping set up business deals in Africa. In a search of the congressman's home, agents found $90,000 in his freezer.

House SpeakerJ. Dennis Hastert of Illinois, a Republican, and Democratic leader Nancy Pelosi of California responded with a rare joint statement, protesting that the FBI had not notified them and that the search violated the Constitution's separation of power protections.

Mr. Frist said he examined the provision closely and talked the issue over with Attorney General Alberto R. Gonzales. He concluded that the FBI acted appropriately.

"I don't think it abused separation of powers," Mr. Frist said on "Fox News Sunday."

But the chairman of the House Judiciary Committee, which plans a hearing tomorrow on the constitutionality of the search, said yesterday the FBI overstepped its authority. Rep. F. James Sensenbrenner Jr. compared the search of a congressman's office to a Capitol Police raid of the Oval Office.

"This debate is not over whether Congressman Jefferson is guilty of a criminal offense," Mr. Sensenbrenner, Wisconsin Republican, said on NBC's "Meet the Press."

"He cannot use the constitutional immunity of Congress to shield himself from that or any evidence of that. But it is about the ability of the Congress to be able to do its job free of coercion from the executive branch."

Mr. Hastert complained directly to President Bush and demanded that the FBI return the materials. Mr. Bush struck a compromise Thursday, ordering that the documents be sealed for 45 days until congressional leaders and the Justice Department agree on what to do with them.

Before Mr. Bush's compromise, the showdown last week led the House leaders to threaten budgetary retaliation against the Justice Department, a senior administration official told the Associated Press on Saturday. Justice officials, including Mr. Gonzales, raised the prospect of resigning if the department were asked to return documents that FBI agents took from Mr. Jefferson's office.

·This article is based in part on wire service reports.

Raiding Capitol Hill (WSJ)

The Wall Street Journal, May 30, 2006

With the separation of powers, the Founders created a system with inevitable tension between Congress and the executive. Congress has been the biggest offender in stealing power from the executive in the modern era, but the May 20 FBI raid on the legislative office of William Jefferson (D., La.) seems a case in which the Justice Department has gone overboard, and even been insubordinate.

Both Republican and Democratic leaders in the House have protested, prompting media clucking that Members aren't "above the law." Having spent years trying to get Congress to live by the laws it imposes on the rest of us, we couldn't agree more. However, Congress is uniquely protected in one vital sense -- in its act of legislating, under the Speech and Debate Clause of the Constitution. In the most obvious case, this protects Members as they consider legislation on the House or Senate floor. This also arguably includes papers and other material in Member offices that are related to legislating.

In the case of Mr. Jefferson, Justice clearly had reason to consider a search. The Congressman is suspected of taking bribes, individuals have already pleaded guilty to paying him and agreed to cooperate with prosecutors, and a search of his

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home found $90,000 in his freezer. Mr. Jefferson says he has done nothing wrong, but we doubt he has found the miracle of an icebox that pays interest on deposits.

Yet with all of this evidence in hand, the question is why prosecutors also felt the need to raid Mr. Jefferson's office in the middle of the night -- the first such raid in the history of Congress. They surely knew the raid would prompt embarrassing headlines, and for ambitious prosecutors that motive can never be ruled out. With Congress currently low in opinion polls, Justice officials may also have felt they could indulge in this kind of intimidation. If they really believe Mr. Jefferson is running a criminal enterprise out of his Capitol Hill office, they could always negotiate the parameters of such a search with House leaders.

Justice also hasn't helped its case with its bullying behavior after Speaker Denny Hastert denounced the raid. Someone leaked to ABC News that Mr. Hastert was himself a target of a Justice probe, and while it was quickly and officially denied, this kind of media ambush is typical of prosecutorial payback.

Someone also leaked that Attorney General Alberto Gonzales and Deputy AG Paul McNulty had threatened to resign if President Bush returned material confiscated in the raid. So here we have someone at Justice trying to intimidate not just the House Speaker but also President Bush. If we were Mr. Bush, we'd have accepted both resignations on those grounds alone.

One of the sillier criticisms is that Mr. Bush is out of line for having intervened in this dispute. He has decided to seal the confiscated materials for 45 days while Justice works out a compromise with House officials. Federal prosecutors work for the President, and if there is ever a case where the White House should intervene it is one that involves a Constitutional clash between the branches. It's revealing that the same media voices that want Congress to limit the President's war powers also want to limit his ability in this case to control federal prosecutors. They seem to want a feeble Presidency.

Another, and related, bad argument is that the FBI raid was kosher because it was approved by a judge. But judicial warrants can never trump core Constitutional powers -- whether they are the rights of Congress under the Speech and Debate Clause, or the executive's ability to conduct warrantless wiretaps against al Qaeda under Presidential war powers. This willingness of modern liberalism to confer vast new authority on the judiciary is itself a violation of the separation of powers. The Founders designed a system in which each branch had to defend its own prerogatives, not one in which some local or district court judge was the final arbiter in such disputes. Congress and the President are ultimately accountable to the voters, while judges are not.

Mr. Bush's sensible decision to seal the Jefferson evidence has had the useful effect of calming this dispute down. If it turns out that Justice has to prosecute its case without evidence obtained from Mr. Jefferson's Congressional office, so be it. Prosecutors have to work around such limitations all the time. Congress's right to legislate without being intimidated by the executive is a core element of the Constitution, and bullying prosecutors shouldn't be allowed to violate it.

Jefferson's Alleged Misdeeds May Strand Louisiana Yet Again (USAT)

By DeWayne Wickham

USA Today, May 30, 2006

Days before the official start of this year's hurricane season, an ill wind hit New Orleans. Not another massive storm like the one that devastated the Big Easy nine months ago. This one was no act of Mother Nature. It was man-made.

And the man who made it, federal investigators contend, is Rep. William Jefferson, the Democratic congressman whose New Orleans district was the epicenter of the destruction wrought by Hurricane Katrina last year.

Jefferson, Louisiana's most prominent black politician, is the target of a federal criminal investigation. Though he has yet to be charged with a crime, the FBI said in an affidavit used to get a warrant to search his office that the eight-term congressman engaged in widespread criminal conduct. The 83-page document accuses Jefferson, among other things, of fraud and attempting to bribe a foreign official.

The G-men claim to have secretly tape recorded and videotaped some of Jefferson's alleged bad acts.

As a member of the House of Representatives' powerful Ways and Means Committee, Jefferson is well positioned to help the mostly black residents of his congressional district, many of whom have been forced out of their homes — and out of New Orleans — by Katrina's floodwaters. But if the FBI's accusations are true, Jefferson spent a lot of time before and after the hurricane struck New Orleans trying to feather his own nest.

The FBI's account

In the affidavit, the FBI recounts how Jefferson was recorded negotiating an increased share of the expected profits of a company he was helping to establish in Nigeria and Ghana.

While scribbling several figures on a piece of paper during a dinner meeting on May 12, 2005, with the woman who controlled the firm, whom the FBI identified only as a "cooperating witness," Jefferson allegedly revealed his criminal intent.

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"I make a deal for my children. It wouldn't be me," Jefferson said as he pushed the woman to give a larger share of her Nigerian business venture to Global Energy & Environmental Services, LLC, a firm owned by his children and run by a son-in-law.

All of this convinced a federal judge to give the FBI a warrant to search Jefferson's Capitol Hill office, an extraordinary action that has enraged both congressional Democrats and Republicans. The search, they say, tramples upon the separation of powers doctrine.

Last week, President Bush ordered the Justice Department to seal the documents seized from Jefferson's office for 45 days to give federal lawyers and lawmakers a chance to avoid a constitutional crisis.

Silence, for now

Jefferson has refused to discuss the facts surrounding his case. "There will be an appropriate time and forum when that can be explained and explicated," he said last week at a news conference.

But that's not good enough.

Jefferson is accused of using his elected office for criminal purposes. The FBI said they have videotape of him accepting a $100,000 bribe last July. They said they later found $90,000 of that money hidden in the freezer of his Washington apartment.

Then in September, five days after Katrina hit, Jefferson had the Louisiana National Guard take him through the flooded streets of New Orleans so he could recover some items from his home, which the FBI had searched earlier. Whether this had anything to do with his criminal investigation is unclear.

But this much is certain: Jefferson owes the voters of his district an explanation. And he should speak up before they go to the polls in November to fill the congressional seat he holds. If he chooses to remain silent, then he should quit the race.

The people of Louisiana, especially those in his district, are still reeling from the lingering effects of Katrina. What they need now is a tireless champion. What they have instead is Jefferson, whose effectiveness has been severely damaged by bad judgment and, possibly, criminal conduct.

DeWayne Wickham writes weekly for USA TODAY.

Senate Leaders Profess Less Outrage On FBI Raid (WP)

By Lois Romano

The Washington Post, May 29, 2006

Unlike House Officials, Frist and Durbin Say They See No Breach of Constitution in Jefferson Inquiry

After a week of bipartisan outrage over an FBI raid on a congressman's office, Senate Majority Leader Bill Frist weighed in yesterday, saying that he was "okay" with the search and saw no constitutional problems with it.

"No House member, no senator, nobody in government should be above the law of the land, period," Frist said of the search of the office of William J. Jefferson (D-La.), who has been accused of bribery.

Frist (R-Tenn.) said on "Fox News Sunday" that he had studied the provision in the Constitution regarding the separation of powers, and consulted with Attorney General Alberto R. Gonzales. He concluded that the FBI acted appropriately when it used a warrant to search the office of a sitting lawmaker for the first time in history.

"I don't think it abused separation of powers," Frist said. "I think there's allegations of criminal activity, and the American people need to have the law enforced."

Eight days ago, FBI agents angered many members of Congress when they took from Jefferson's office records and a computer as they investigate whether Jefferson illegally took money for brokering business deals in Africa. The raid threw Washington into tumult last week, inflaming congressional leaders on both sides of the aisle, and reportedly prompting Gonzales and FBI Director Robert S. Mueller III to threaten to quit if the documents were returned.

House Speaker J. Dennis Hastert (R-Ill.) and Democratic leader Nancy Pelosi of California responded in a show of unity, jointly protesting that the search was illegal, and complaining that they were not notified before the raid. Hastert complained to President Bush, who weighed in by ordering the Justice Department to seal the materials for 45 days until congressional leaders and the department can agree on the next step.

"I think the president handled it well, because we had tempers flying," Frist said. "We don't need to be doing that. And so the president came in and put a pause . . . to let things settle down."

Sen. Richard J. Durbin (D-Ill.), assistant minority leader, also took a measured view of the raid, questioning whether the "speech and debate" protections in the Constitution were violated, as critics say. "I'm not sure you can stretch it to apply to this situation," he said. He noted that the action was not without precedent. He said that the FBI has raided the office of a federal judge before, so there is a history of branches of government crossing each other with regard to a search warrant. "In the next several weeks, we ought to take a hard look at it. I'm not going to rule it in or out at this moment."

House Judiciary Committee Chairman F. James Sensenbrenner Jr. (R-Wis.), who called a hearing tomorrow on the constitutionality of the search, said yesterday that the FBI overreached.

"This debate is not over whether Congressman Jefferson is guilty of a criminal offense," Sensenbrenner said on NBC's "Meet the Press." "He cannot use the constitutional immunity of Congress to shield himself from that or any evidence of that. But it is about the ability of the Congress to be able to do its job free of coercion from the executive branch."

Target Of F.B.I. Raid Had A Hard Path To Capitol Hill (NYT)

By Christopher Drew And Robert Pear

The New York Times, May 29, 2006

NEW ORLEANS, May 27 — Representative William J. Jefferson has always liked to talk about growing up in an impoverished farm community, picking cotton for $3 a day and hitting the books hard enough to win his ticket out — a scholarship to Harvard Law School.

But even as Mr. Jefferson built a reputation as one of Louisiana's brightest, most effective leaders, a less flattering view began to emerge, one signified by his nickname in political circles, "Dollar Bill."

Early in his career, as a state legislator, he was criticized for enriching his law firm with contracts from state and local agencies. He also ran stores that rented appliances by the month to poor residents, owned dilapidated apartment buildings and was sued by federal regulators over a defaulted loan.

Now, with the Federal Bureau of Investigation raid on his Capitol Hill office on May 20, Mr. Jefferson, a 59-year-old Democrat, is under investigation for possibly turning his efforts to promote trade with Africa into another sideline worth hundreds of thousands of dollars — and has become the central figure in a political drama consuming Washington.

The unprecedented raid has set off a huge institutional showdown, with Republican leaders including J. Dennis Hastert of Illinois, the speaker of the House, challenging the White House and criticizing the F.B.I.'s actions. Democratic leaders have also stood by the speaker's side.

President Bush has stepped into the fray, ordering the F.B.I. to seal any records it seized and calling for a 45-day cooling-off period to allow time to resolve the crisis.

The raid on Mr. Jefferson's office took place barely a week ago. But in a sense, the questions circling him have long resonances in his career, which was shaped by a remarkable ascent from the deepest poverty and a quest for the comforts his family never had.

In a 95-page affidavit released after the raid, the F.B.I. accused Mr. Jefferson, an eight-term lawmaker, of demanding more than $400,000 in bribes to help iGate Inc., a technology company based in Kentucky, obtain lucrative contracts in Africa. The bureau said it had also videotaped him accepting a suitcase with $100,000 in cash and later found $90,000 of it in his freezer.

Though the details were blacked out, the affidavit also said the F.B.I. had "evidence linking Congressman Jefferson to at least seven other schemes" in which he "sought things of value in return for his performance of official acts."

Mr. Jefferson has vigorously denied wrongdoing and has not been charged with a crime. "I certainly did not sell my office," Mr. Jefferson said in a recent statement. "The government seems inclined to view the facts in the worst possible light, and to characterize events that could be explained, or are exculpatory, in ways that tend to incriminate."

Whether his actions were criminal or not, several people who have long known Mr. Jefferson said he had often seemed driven by a desire to escape his spartan roots.

"There was always a feeling among those who knew him as Dollar Bill that having grown up as poor as he did, his hunger for wealth always burned," said Allan Katz, a New Orleans political consultant.

Mr. Jefferson, a taciturn man who began his career as a favorite of good-government groups, has built a political empire in New Orleans, winning re-election by wide margins and helping his sister, one of his five daughters and many allies win public offices.

Standing outside a new post office that Mr. Jefferson helped bring to his district, one voter, Joyce F. Smith, said that if the accusations were true, "I'd be very disappointed because he's been a very good congressman."

But many people here have been joking about his "frozen assets" and "cold cash." And Ms. Smith added, it is "hard for me to believe" that he would have stashed legitimate earnings in frozen-food containers and aluminum foil.

Mr. Jefferson was raised, along with eight brothers and sisters, on a small farm in northeast Louisiana, where, he said earlier this year, "our whole life revolved around that cotton field." His father left school after second grade, and his mother attended only through eighth grade.

As a child, Mr. Jefferson was such a good shot, his father once said, that when it came time to bag dinner, "if I wanted one rabbit, I'd give him one shell; and if I needed two rabbits, I'd give him two."

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After he graduated from Southern University in Baton Rouge in 1969, Mr. Jefferson has said, he won his mother's blessing to go to Harvard Law School — she had never heard of it — only by explaining that it had been John F. Kennedy's college.

Mr. Jefferson has credited his parents with pressing the value of hard work. Elizabeth Brannum Trass, one of his high school teachers, said in an interview that he had always had the seriousness of purpose that helped catapult him onto a much faster track.

A clerkship with a United States district judge brought Mr. Jefferson to New Orleans in 1972. He got into politics as a campaign aide for Ernest N. Morial, who became the city's first black mayor in 1978 and gave Mr. Jefferson the Dollar Bill nickname.

Friends of both men said the mayor thought Mr. Jefferson had tried too aggressively to collect legal fees for helping Mr. Morial win the election. But after Mr. Jefferson became a state senator in 1979, his political rivals began to use "Dollar Bill" to refer to his expanding financial ventures.

His rental business — which leased television sets and other appliances to people who could not afford to buy them — appeared on the delinquent list in a city sales-tax scandal in the 1980's. And a day after he was elected to Congress in 1990, the Resolution Trust Corporation, which was trying to clean up the mess from the collapse of savings institutions, sued him for $160,000 over an apartment-building loan on which he had quit making payments. He later settled the suit, with friends saying his investments had been hurt by a faltering economy.

Still, once Mr. Jefferson became a close ally of President Bill Clinton, and then won a seat on the powerful House Ways and Means Committee, he was able to provide "absolute A+" support for city projects, said Marc H. Morial, one of Ernest Morial's sons and the mayor of New Orleans from 1994 to 2002.

Mr. Jefferson also became known as a strong advocate of freer trade and made at least nine trips to Africa to promote it, including one with President Clinton. He championed a 2000 law that extended trade benefits to sub-Saharan Africa. "Africa is a reservoir of opportunities for American businesses," he said then.

Over the years, Mr. Jefferson has received campaign contributions and free travel from individuals and companies seeking business in Africa, including iGate.

Campaign finance records show he received a $1,000 contribution as early as 2001 from Vernon L. Jackson, the chief executive of iGate, which makes technology to transmit high-speed Internet service across the wires used in some African nations. Mr. Jackson pleaded guilty this month to bribing Mr. Jefferson with more than $400,000 in cash and millions of shares of iGate stock.

Government documents show that Mr. Jackson told the F.B.I. that when he met Mr. Jefferson in late 2000, the congressman voluntarily helped promote iGate's products — a normal and legitimate action for a government official involved in trade issues. But according to the F.B.I. documents, in early 2001, the congressman's actions became improper when he said he would continue to use his influence on iGate's behalf only if Mr. Jackson made payments to a company, the ANJ Group, run by the Jefferson family. The iGate payments were disguised as consulting fees, the F.B.I. said.

Mr. Jefferson says these were private business dealings that had nothing to do with his work on the House committee.

But as part of a 2003 deal to distribute iGate's products, a Nigerian company, Netlink Digital Television, agreed to pay the congressman $5 per subscriber, the F.B.I. affidavit said, "in return for Jefferson's official assistance if the deal was successful."

House records show that in February 2004, Mr. Jefferson led a business delegation to Nigeria and Cameroon as a co-chairman of the Congressional Nigeria Caucus and the Africa Trade and Investment Caucus. The trip, which cost $16,313, according to the records, was paid for in part by iGate.

In 2005, the F.B.I. said, Mr. Jefferson wrote to the vice presidents of Nigeria and Ghana, and traveled to Ghana, seeking approval for iGate projects. Within a week after returning, the F.B.I. said, Mr. Jefferson used his influence to help a Virginia woman, Lori Modi, who had invested $3.5 million in the Nigeria project. He introduced her to officials at the Export-Import Bank of the United States and urged them to provide financing for the project.

But by then, Ms. Modi had asked the F.B.I. to investigate the deal.

Investigators said that in negotiating the deals, Mr. Jefferson had often cited his desire to provide for his five daughters, three of whom also have degrees from Harvard Law School.

From December 2004 through June 2005, the F.B.I. said in its affidavit, Mr. Jefferson increased his demands for equity in one Nigerian company, to 30 percent, to be split among his daughters. He also told an investor that one of his daughters had to be retained to do legal work, according to documents in the case.

Then, on July 30, 2005, when Mr. Jefferson met Ms. Modi at a Ritz-Carlton hotel, the F.B.I. said it supplied her with a briefcase with $100,000 in marked bills. Mr. Jefferson had told her the money would be needed to bribe Nigerian officials, the affidavit said.

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As the F.B.I.'s video cameras zoomed in on him, the bureau said, Mr. Jefferson drove off with the briefcase on the seat of his Lincoln Town Car. And when agents raided his home four days later, $90,000 of the money turned up again, in the kitchen freezer.

Corruption Crackdown (CSM)

By Peter Grier

The Christian Science Monitor, May 30, 2006

WASHINGTON - In Lynchburg, Va., mayor Carl Hutcherson on May 2 was convicted, among other crimes, of stealing cash from Social Security disability recipients to pay for a stereo, a mattress, and cable television.

In Oklahoma City, three US Army soldiers on April 25 pleaded guilty to taking bribes to transport cocaine while in uniform - bringing to 13 the number of current or former military personnel ensnared by the FBI undercover investigation Operation Tarnish Star.

In West Palm Beach, Fla., city commissioner Raymond Liberti on May 8 was charged with fraud in federal court after allegedly harassing two local massage parlors in return for a $2,000 TAG Heuer watch and $66,000 in cash.

Jack Abramoff, you're not alone. Federal corruption cases are on the upswing all across America, as the FBI devotes more resources to pursuing those who abuse the public trust.

Over the past two years, FBI investigations have led to corruption convictions for more than 1,000 government employees, according to bureau figures. Corruption indictments are up 40 percent.

At times, critics say, this push has gone too far - witness the current legal standoff over documents seized by agents from Rep. William Jefferson's office. But other experts applaud the attempt to curb bribery and other misdeeds - especially in Washington, nexus of money, lobbyists, and power.

"I think it's great," says Melanie Sloan, former federal prosecutor who now heads Citizens for Responsibility and Ethics in Washington (CREW). "It's overdue."

The FBI's latest strategic plan lists "combat public corruption on all levels" as the bureau's highest-ranking criminal priority, ahead of such things as fighting transnational crime organizations (read "the Mafia") and white-collar crime.

Over the past 18 months, some 200 agents have been added to the 400 already working on public corruption cases, according to FBI data.

This new emphasis is due to the fact that "public corruption is different than other crimes," said FBI director Robert Mueller in a May 11 speech in San Diego. "It does not just strike at the heart of good government - it can strike at the security of our communities and our nation."

A recent Arizona-based investigation found serious corruption along the US southern border, noted Mr. Mueller. Fifty current and former soldiers and law-enforcement officers pleaded guilty to accepting cash to smuggle drugs and illegal immigrants into the US from Mexico.

"For the right price, would they ... help terrorist operatives cross the border?" said the FBI director.

Not that the stakes are always so high. A recent election fraud case in West Virginia centered around the trading of votes for gravel, which the voters in question needed for their gravel roads, said James "Chip" Burrus, assistant director of the FBI's Criminal Investigative Division, at an April press conference.

The FBI and federal prosecutors have broken some big corruption cases outside of Washington. Former Illinois Gov. George Ryan, for instance, was convicted of a pattern of fraud while in office.

Abramoff, for one, has admitted to conspiring to bribe public officials, plus mail fraud and tax evasion, as a result of one of the widest-ranging such probes in recent history. So far, the Abramoff investigation has ensnared three former congressional aides - the latest being Neil Volz, an ex-lobbyist and ex-aide to Rep. Bob Ney (R) of Ohio, who pleaded guilty to fraud May 8.

In addition, former Rep. Duke Cunningham (R) of California last year admitted taking $2.4 million in return for helping defense firms get Pentagon contracts. The Cunningham case is still threatening to engulf others, too, such as a former high CIA official named Kyle "Dusty" Foggo. Mr. Foggo was a friend of an unindicted co-conspirator who figured in Cunningham's schemes, and agents searched Foggo's Langley, Virginia office on May 12.

Then there's Rep. Jefferson (D) of Louisiana. The FBI says it has a videotape of him accepting $100,000 in bribes, and that it found $90,000 of that cash stuffed in his home freezer. Last week, a former Jefferson aide, Brett Pfeffer, was sentenced to eight years in prison for aiding and abetting the bribery of a public official.

The current spate of bribery investigations involving Congress is "extraordinary," notes John Fortier, a research fellow and governance expert at the American Enterprise Institute.

Given President Clinton's own legal problems while in office, his administration wasn't interested in allowing the FBI to go after corruption in the GOP- controlled Congress, she added. But now, "political gloves are off," says Sloan.

How To Do Nothing, Washington-Style (WP)

By Ruth Marcus

The Washington Post, May 30, 2006

The Gulfstream II had everything a congressman getting a free golf trip to Scotland could want. "State of the art entertainment center," boasted a description of the jet's elegant appointments. "Complete bar service. . . . Rich mahogany woodwork . " For the $91,465 charter, lobbyist Jack Abramoff got his money's worth -- or, as was his style, other people's money's worth: in this case, two Indian tribes and a Russian vodka distributor.

The charter details were part of the evidence introduced last week during the trial of David Safavian at the federal courthouse in Washington. A former General Services Administration official, Safavian is accused of lying to investigators about whether Abramoff had business before the agency when he invited Safavian along for the ride. Also on board, and shown to the jury in a photograph that captured him reading the newspaper in a plush captain's chair, was Rep. Bob Ney (R-Ohio).

A few blocks away, the purveyors of business as usual known as the United States Congress were killing lobbying reform in the way Washington does best: with the silent stiletto of procedure.

The latest lethal jab took the form of appointing Senate members of a conference committee that is supposed to blend the inadequate Senate version of lobbying reform with the even more feeble House proposal.

And guess who's not coming to conference: The chairman, Sen. Susan Collins (R-Maine), and ranking Democrat Sen. Joseph Lieberman (Conn.), of the Homeland Security and Governmental Affairs Committee, which shares jurisdiction over the subject with the Senate Rules and Administration Committee.

Collins and Lieberman had backed much tougher lobbying reform -- especially an independent ethics enforcement office -- than the Senate ultimately passed. No wonder Senate leaders didn't want them anywhere near the conference.

Yes, one member who serves on both panels is a conferee, but if you think Sen. Ted Stevens (R-Alaska) will be a champion of lobbying reform against the feckless House, I've got a bridge to nowhere to sell you. If you're counting on Rules Chairman Trent Lott (R-Miss.) to be as tough as Collins and Lieberman, I'll throw in a railroad to nowhere, too.

This is the way the push for lobbying reform ends, not with a bang but a maneuver -- indecipherable to outsiders but quietly effective. As for the House, the leadership there considers the matter so pressing that it hasn't yet gotten around to naming conferees.

Washington has many ways of avoiding action while pretending the opposite. Nearly all of them have been deployed in the cause of evading effective lobbying reform:

· Run out the clock. Remember the frantic push for lobbying reform in the weeks after Abramoff's guilty plea? The anti-reform forces were betting you wouldn't.

· Avoid the subject . One of the cushiest perks that lawmakers get is flying the corporate skies at cut-rate prices. When they borrow a corporate jet, they only have to pay the company the price of a first-class ticket.

But both houses managed to avoid the unpleasantness of having to vote on proposals to require lawmakers to pay full freight. In the Senate, a bipartisan cabal led by Majority Leader Bill Frist (Tenn.) and Minority Leader Harry Reid (Nev.) cut off debate before such an amendment could be offered. Asked about that during a visit to The Post last month, Reid said such flights were a complicated topic that required hearings -- this after Rules and Homeland Security had just finished lobbying reform hearings.

· Rig the rules. This subset of "avoid the subject" is a specialty of the House. Under the version of democracy practiced by House Republicans, votes are permitted only when the conclusion is pre-ordained; real consideration of alternatives is forbidden; and troublesome amendments, even from party members, are disallowed.

On lobbying reform, Republicans refused to permit floor votes on establishing an independent ethics office, on corporate flights, and on increasing the waiting period for lawmakers to lobby their former colleagues. A simple up-or-down vote on the Democratic alternative was entirely off the table, of course.

· Stack the deck. See discussion of Senate conferees, above.

· Show no shame. This is an essential element of the effort to con ordinary citizens into thinking that something has been accomplished. In January, House Speaker J. Dennis Hastert (R-Ill.) demanded an end to privately subsidized congressional travel and free meals and other goodies from lobbyists. Last month, after the House passed a measure that met neither of those goals, Hastert was unabashed about patting himself and his colleagues on the back.

Congress has left town for its Memorial Day recess, but the Safavian trial continues. Today, Neil Volz, the former Ney chief of staff turned Abramoff lobbyist turned admitted felon, is to take the stand to describe, among other things, the Scotland trip.

But don't count on that -- or a lawmaker's freezer stuffed with cash, or a congressional Rolls-Royce underwritten by a defense contractor -- to produce the real change that Congress is so doggedly resisting.

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Congressman Questions Cost Of Hoffa Search (AP-Y2)

By Joseph Altman, Associated Press Writer

AP2, May 30, 2006

A Michigan congressman on Monday questioned the cost of the FBI's search for the remains of former Teamsters boss Jimmy Hoffa.

"The FBI might be better off establishing a budget and some kind of timeline, because what new information do they have now, 31 years later?" said Rep. Joe Knollenberg, whose district is near the search site.

Monday marked the 13th consecutive day that agents have worked at Hidden Dreams Farm in Milford Township, 30 miles northwest of Detroit.

The Republican told The Associated Press he has not asked the FBI for an explanation but may do so this week.

"It seems to be a no-holds-barred move on the part of the FBI to do all this sifting and digging and searching," Knollenberg said. "It's purely a question of cost at this moment. ... It's the taxpayer that has the voice here, too."

Messages left for FBI spokeswoman Dawn Clenney were not immediately returned Monday.

The FBI has declined to release an estimate of how much the search will cost but has said it will last a couple of weeks and involve more than 40 FBI personnel, as well as demolition experts, archaeologists and anthropologists.

"The expenditure of funds has always been necessary in each and every case the FBI works, and this one is no exception," the FBI said in a statement last week. "We will not abandon our responsibility to effectively investigate a pending organized crime case simply because it might be termed 'too old.' "

The FBI has said it received a credible tip that Hoffa's body is buried at the farm, once owned by a Hoffa associate.

Hoffa was last seen when he was scheduled to have dinner at a restaurant about 20 miles from the farm. He was supposed to meet with a New Jersey Teamsters boss and a Detroit Mafia captain, who are now both dead.

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Associated Press writer Brian Charlton in Milford Township contributed to this report.

Little Activity At Hoffa Search Site On Memorial Day (AP)

By Brian Charlton, The Associated Press

AP, May 29, 2006

MILFORD TOWNSHIP, Mich. (AP) — The FBI's search for Jimmy Hoffa appeared to take a back seat to Memorial Day. But area businesses trying to cash in on the Hoffa hoopla were still at work on Monday.

The FBI for nearly two weeks has been searching a Milford Township horse farm for the remains of the former Teamsters boss.

Sunday marked the 12th consecutive day of the search at Hidden Dreams Farm 30 miles northwest of Detroit. But on Monday, only a few agents were on the site, and they appeared only to be guarding it, not actively searching.

FBI spokeswoman Dawn Clenney said that despite appearances, agents were working at the site Monday.

"There might not have been a lot of digging that you could see visually, but they're still working out there," said Clenney, who declined to elaborate. "There's a lot of investigating still going on that might not be visible."

The search would continue Tuesday, she said.

A few miles away, ClubHouse Golf employees encouraged customers to "whack" Hoffa.

The golf shop challenged customers to hit a ball into a picture of Hoffa that was placed 8 feet away. The names of those who successfully complete the task are entered into a drawing. The winner will take home a golf bag packed with items that include a shovel and DVDs of "The Sopranos" and "The Godfather."

"I've kind of grown up with the whole Hoffa thing. I was a little paranoid at first, but we figured it's kind of an urban legend now," said ClubHouse Golf owner Corky Davis.

The streets of Milford were lined Monday for the annual Memorial Day parade.

In an effort to show respect to veterans, the Milford Baking Company removed its Hoffa cupcakes from a store display case and substituted red, white and blue cupcakes.

"We thought this day should be dedicated just to veterans, so we just have them in the back," said bakery co-owner Laura Helwig.

The bakery has sold more than 2,500 of the Hoffa cupcakes, which feature a plastic green hand emerging from chocolate-flavored sprinkles and frosting meant to resemble dirt.

Flats Mexican Bar & Grill also was getting in on the Hoffa hype, selling $1 Teamsters Tacos.

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Meanwhile, U.S. Rep. Joe Knollenberg questioned how much money the FBI is spending on the search for Hoffa, who was last seen in July 1975.

"The FBI might be better off establishing a budget and some kind of timeline, because what new information do they have now, 31 years later?" the Republican from Oakland County's Bloomfield Township said Monday.

He said he has not yet asked the FBI for an explanation but is considering doing so this week.

"It seems to be a no-holds-barred move on the part of the FBI to do all this sifting and digging and searching," Knollenberg said. "It's purely a question of cost at this moment. ... It's the taxpayer that has the voice here, too."

The FBI has declined to release an estimate of how much the search at the farm will cost but has said it will last a couple of weeks and involve more than 40 FBI personnel, along with demolition experts, archaeologists and anthropologists.

"The expenditure of funds has always been necessary in each and every case the FBI works, and this one is no exception," the FBI said in a statement issued last week. "We will not abandon our responsibility to effectively investigate a pending organized crime case simply because it might be termed `too old,' nor will we compromise any other ongoing investigation in the process."

The FBI has said it received a credible tip that Hoffa's body is buried at the farm, which at one time was owned by Hoffa associate Rolland McMaster.

Hoffa was last seen when he was scheduled to have dinner at a Bloomfield Township restaurant, about 20 miles from the farm. He was supposed to meet with a New Jersey Teamsters boss and a Detroit Mafia captain, who are now both dead.

Over the years, Hoffa's disappearance spawned endless theories: that he was entombed in concrete at Giants Stadium in the New Jersey Meadowlands; that he was ground up and thrown into a Florida swamp; that he was obliterated in a mob-owned fat-rendering plant that has since burned down.

Associated Press Writer Joseph Altman in Detroit contributed to this report.

Search For Hoffa Eases For Holiday (DEN)

By Lisa Martino, The Detroit News

Detroit News, May 30, 2006

MILFORD TOWNSHIP -- Memorial Day marked a break in the digging for the remains of former Teamsters leader Jimmy Hoffa at Hidden Dreams horse farm, but the FBI remained on hand.

Aside from a typical delivery of hay and authorities guarding the dig site, not much was visible at the farm, but FBI spokeswoman Dawn Clenney said agents continued to work on other aspects of the investigation at the scene.

"They're there on site. You may not see what they're doing, but they're working," she said.

Work crews have demolished a horse barn and have been digging under the foundation for the remains of Hoffa based on a tip from Donovan Wells, 75, an ailing federal prisoner who lived on the Milford Township property in 1975.

Wells is serving time in a prison medical center in Lexington, Ky., for marijuana trafficking.

Hoffa disappeared on July 30, 1975, before a meeting he was to attend at the Machus Red Fox restaurant in Bloomfield Township. Numerous other searches for Hoffa have turned up no leads.

At least 40 FBI agents and other experts have been brought in to work on this search for Hoffa's remains.

Today is the 14th day of the search. It is uncertain how long the search will continue at the site, Clenney said.

You can reach Lisa Martino at (313) 222-5374 or lmartino@detnews.com.

Longtime Hoffa Friend Doubts Latest Tip Will Crack Case (AP)

By Curt Anderson, Associated Press

AP, May 30, 2006

BOCA RATON, Fla. -- Longtime Jimmy Hoffa friend Charles "Chuckie" O'Brien has seen it all before -- the breathless news reports, the stern FBI agents, the digging in yards, the ripping up of floorboards, the endless speculation that maybe, this time, one of America's great mysteries will be solved.

Some think O'Brien may have been involved in the July 30, 1975, disappearance. But he said he highly doubts that a horse farm 30 miles outside Detroit will answer the question of what happened to the former Teamsters president.

"At this point, after 31 years -- I don't know how much longer God is going to keep me on this Earth, but I just don't see it," said O'Brien, now 72. He is retired from the Teamsters and battling numerous health problems. "I just don't think it will ever be solved."

O'Brien said while working as a Teamsters official he knew the tipster, Donovan Wells, who provided new information leading the FBI to Hidden Dreams Farm this month. Wells, now 75, is serving time at a federal prison in Lexington, Ky., on a drug conviction.

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"If he had to get on a truth meter, he would go down the tubes," O'Brien said during an interview with The Associated Press at a swimming pool in his Boca Raton condominium complex.

O'Brien said he views Hoffa as a father figure. He was a child when Hoffa took him in, along with his mother. He has been questioned about the disappearance at least a dozen times by FBI agents. Most recently he was in the news in 2001 when the FBI matched a hair to Hoffa that was found in a car that O'Brien was driving the day Hoffa disappeared.

The car belonged to the son of reputed Mafia figure Anthony Giacalone, whom Hoffa was supposed to meet at a restaurant along with New Jersey Teamsters boss and mob associate Anthony "Tony Pro" Provenzano. Hoffa phoned his wife to say neither man showed, and that was the last anyone ever heard from him.

O'Brien adamantly denies having any role in whatever happened to Hoffa, or knowing anyone who did. He keeps a photograph on his desk of Hoffa and his wife during one of their visits to Florida in the early 1970s.

"It's very frustrating. I have so much inside, my love for him and his family," O'Brien said. "How long can you keep talking to people and being honest with people?"

Hoffa was Teamsters president from 1957 to 1971. The FBI has said his disappearance was probably connected to his attempts to regain power in the union. O'Brien said it also was known that Hoffa intended to testify before the special U.S. Senate investigative panel, known as the Church Committee, about Mafia involvement in U.S.-backed plots to assassinate Cuban President Fidel Castro.

"I think a disappearance is very hard. If somebody doesn't want you to be found, you won't be found," O'Brien said.

The Michigan farm investigation is only the latest in a series of high-profile efforts to find Hoffa. A backyard pool in Michigan was excavated in 2003, floorboards were ripped up in a Detroit house in 2004 and ground-penetrating radar was used by a television show to check for remains underneath Giants Stadium in New Jersey.

"It's gone into another circus. I wish they would find something so there could be closure for the family," O'Brien said.

The Teamsters as a union, O'Brien said, never recovered from Hoffa's disappearance. Now led by Hoffa's son James P. Hoffa, the Teamsters recently broke away from the AFL-CIO as a rift grows within labor unions about their future. About 12 percent of U.S. workers are union members, down from about 20 percent in 1983.

"This tragedy hurt everybody who grew up with the Teamsters. We lost the spirit, and they are paying a heavy price for it," O'Brien said.

O'Brien himself was banned from contact with the Teamsters for alleged links with organized crime, which he denies. But he said the ban has made it difficult for him to even attend funerals of his former union associates.

"I've been taking a beating because of people who are not legitimate people," he said, referring to prison inmates whom he contends provide authorities with false information. "My family gets the brunt. ... I'm trying to say it's not true, it never happened."

Dixon's Bribery Trial Starts Today (KNOXNS/AP)

By Lucas L. Johnson Ii, Associated Press

Knoxville News Sentinel (TN), May 30, 2006

Ex-senator's lawyer hopeful about verdict from 'Waltz' sting

NASHVILLE - The federal bribery trial of former state Sen. Roscoe Dixon begins today, and his attorney says he's optimistic about the outcome despite the charge against his client.

"It's going to be tough," Coleman W. Garrett said by phone from his Memphis office on Monday. "But you just tell yourself you're going to prevail."

Dixon was arrested along with four sitting lawmakers a year ago in the Tennessee Waltz sting, which focused on an FBI front company, called E-Cycle Management, that supposedly wanted to buy and resell used government computers.

Dixon, who represented Memphis in the Legislature for 22 years before he resigned in 2005, is the first lawmaker indicted in the case to go to trial. He is charged with accepting $9,500 in bribes as part of the public corruption case.

At least two state senators and a member of the governor's cabinet have received subpoenas to testify at Dixon's trial. Dixon was at the Capitol with a woman serving the legal summonses as last Wednesday's session began, according to Senate sergeants at arms.

Lt. Gov. John Wilder, D-Mason, and Sen. Jeff Miller, R-Cleveland, both told The Associated Press they received subpoenas.

Miller has been investigated but not charged in the public corruption case. He has acknowledged accepting $1,000 from a lobbyist who pleaded guilty as part of the undercover probe but has said the money was a campaign contribution.

On Friday, state Finance Commissioner Dave Goetz told WSMV-TV that he, too, had been subpoenaed.

He declined to comment about the case, and Wilder and Miller said they don't know why they were subpoenaed.

Garrett said five people were subpoenaed.

Prosecutors say undercover agents acting as E-Cycle representatives bribed lawmakers and local government officials while pretending to set up business in Tennessee.

Two of the indicted lawmakers, Ward Crutchfield of Chattanooga and Kathryn Bowers of Memphis, are in the Senate and have pleaded not guilty. Defendant John Ford resigned from the Senate after his arrest and has pleaded not guilty.

Chris Newton, a Republican from East Tennessee, pleaded guilty and resigned from the state House. He is now in prison serving a one-year sentence.

Former Tennessee State Senator Roscoe Dixon Prepares For Corruption Trial (WREG-TV)

WREG-TV, May 30, 2006

Memphis - It has been a year of preparation for former State Senator Roscoe Dixon and his attorneys. Tuesday they take their defense to federal court and Dixon hopes it is enough to keep him a free man.

It was a year ago that the foundation of Tennessee politics was shaken with a statewide rumble. It was then that Roscoe Dixon's name became entwined with the investigation called the Tennessee Waltz. No one knew what to make of it, and the former Senator didn't have much to offer.

"Everything is okay. I just want my constituents to know that I appreciate all the support they have given me and let's let this unfold." said Dixon, last year, when the investigation was revealed.

As details came out, it became clear that Roscoe Dixon has trouble ahead. Dixon would be charged with extortion and accepting 95-hundred dollars in bribes from representatives of the fictitious FBI created company called E-Cycle. It seems he introduced a bill on behalf of the company. It became a dark cloud over 22 years of public service, in both the House and Senate.

Dixon decided not to plea bargain, but to fight the charges against him. "In all my discussions with the senator regarding his position with respect to the trial and what you have, it's been that he is not going to consider entertaining any negotiated plea in this case." said Coleman Garrett, Dixon's attorney.

Dixon's attorneys have subpoenaed several of his state government colleagues in his trial. We may very well see more prominent people called to the stand and many will be watching on the sidelines to see the fallout from this big dance and what it may indicate for the other lawmaker who waltz in next.

Other 5 Defendants Looking For Strategy (MCA)

By Marc Perrusquia

Memphis Commercial Appeal, May 30, 2006

Like a canary in a coal mine, Roscoe Dixon is the focus of great anxiety.

When he stands trial Tuesday on federal bribery and extortion charges, the former state senator will be watched, studied and fretted over by five other Tennessee Waltz defendants who've refused to deal with prosecutors.

Advertisement

They're anxious to see if Dixon goes down with a guilty verdict or if he can flit away on acquittal, stirring hope that they, too, might survive the reams of undercover FBI tape shot in the two-year corruption sting.

It's a high-stakes challenge for Dixon, 56, a beloved 22-year veteran of the General Assembly who was both revered for his constituent service and criticized for suspected self-dealing.

"Everybody's watching just to see what will happen," said Michael Scholl, defense lawyer for former state senator John Ford, who's seen on one covert tape stuffing cash from an undercover agent into his pocket.

Scholl won't discuss his legal strategy, but it's clear Ford, Dixon and four other remaining Waltz defendants hope to poke holes in a government case built on some 3,000 hours of undercover audio and video tapes.

Unlike most criminal cases, in which the majority of defendants plead guilty, seven of the 10 Waltz defendants statewide have opted for jury trials. One of the seven -- ex-Hamilton County Commissioner William Cotton -- was convicted by an East Tennessee jury in February and sentenced to three years in prison.

Defendants found guilty at trial generally receive stiffer sentences than those who plead, yet all but one of the six Memphis defendants plan to go to trial.

All the Memphis defendants are black, and race already has begun to play a role in defense strategies.

"This is a different animal," said Steve Farese, defense lawyer for indicted County Commissioner Michael Hooks Sr., explaining why so few of the Waltz defendants have copped pleas.

"You have overtones of entrapment, overtones of a suspect group of people."

Dixon's lawyer, Coleman Garrett, unveiled the race defense this month when he unsuccessfully asked U.S. Dist. Judge Jon McCalla to toss out charges, alleging selective prosecution.

Noting eight of 10 Waltz defendants are black, Garrett argued that the FBI ignored white targets -- an allegation prosecutors deny and one McCalla found no evidence to support.

Yet in watching a star-studded trial where potential witnesses include Lt. Gov. John Wilder and other big names in Tennessee politics, defense lawyers will be on the lookout for miscues.

Scholl said he wants to see if more comes to light on the government's star witness, FBI informant Tim Willis. Farese will watch for anything he may borrow to score points with jurors.

"It's always good to see what the government's perspective will be in trial," he said. "Lawyers are basically thieves. We'll steal good ideas from others."

One potential -- yet dangerous -- defense is entrapment, in which a defendant contends he was illegally enticed by undercover agents. To do it, a defendant must admit taking a bribe, and, in turn, the government can put on evidence of any past corrupt practices.

Charged with sharing $9,500 in bribes with a bag man, Dixon hinted in a pretrial motion he might use the entrapment defense. Prosecutors say they're ready if he does.

A study of his 22 years in the House and Senate reveals two sides of Dixon, who grew up disadvantaged in South Memphis and rose to be an outspoken advocate for the poor, yet couldn't shake talk he mixed his public and private interests.

"I always liked Roscoe. He always seemed to be reasonable," said Rusty Siebert, former bureau chief for TennCare, the state's health program for the poor. TennCare met hostile resistance in 1995 when it tried to ax Access Medplus, a black-owned managed care organization, yet Siebert recalls Dixon as a voice of reason in the debate.

"Roscoe was very well-liked, period," agreed Rep. Mike Kernell, who recalls his fellow Memphis Democrat working long hours and speaking up for his constituents.

Yet whispers often surrounded Dixon. Like Ford, Dixon listed his occupation as a consultant, yet didn't disclose how much he was paid or who he worked for on conflict-of-interest forms.

Some were surprised in 2003 to see Dixon waging a lawsuit for control of publicly funded Memphis Health Center, but not Gregory Grant, his rival in the tussle. When Dixon called Grant "a shady character" who should be ousted from the multimillion-dollar clinic for the poor, Grant responded, "He's as slick as grease himself."

Dixon often helped community groups navigate state bureaucracy, and he once helped land a $75,000 state grant for another nonprofit organization he controlled. Records show lawmakers added language in a 1997 appropriations bill to give $75,000 to the Hamilton Community Initiative, a South Memphis organization set up to improve neighborhoods around Hamilton High School, where Dixon graduated.

The organization's 2001 Internal Revenue Service return lists Dixon as controlling its financial books, and he's named in another as executive director.

Dixon declined comment for this article, and two calls to his attorney went unreturned.

How much the FBI studied Dixon's past isn't known, but it's clear he was among the first approached when agents set up a fake company called E-Cycle Management that passed cash to lawmakers in exchange for their help landing state contracts.

Agents got to Dixon through his friend, now-confessed bag man Barry Myers, 39, who's expected to testify against him. It started with a 2002 probe of then-Shelby County Juvenile Court Clerk Shep Wilbun's office, where Myers worked.

First, agents got to Willis, 35, a political consultant paid more than $30,000 in still-unexplained fees from Wilbun's office. Joining the FBI in February 2003 as a $72,000-a-year informant, Willis began recording conversations the next month with Myers, and before long Willis was recording Dixon, too.

By that August, Dixon participated in eight conversations secretly recorded on video or audio, court records show. By then, the FBI set up a mini-sting that preceded the Waltz. Prosecutors say they'll present evidence that Dixon and Myers took $6,000 that July and August from agents posing to represent a dental clinic in search of TennCare funds.

By January 2004, with the Waltz in full swing, Dixon introduced Senate Bill 2500 on behalf of E-Cycle -- a firm ostensibly in the computer parts-recycling business -- to create financial incentives for reusing electronic waste. Prosecutors allege Dixon and Myers were paid for introducing the bill and again for pulling it to make way for a stronger bill -- $9,500, in all, between February and May 2005.

-- Marc Perrusquia: 529-2545

ROSCOE DIXON

Age: 56

Career: Served parts of three terms (1995-2005) in the state Senate representing Dist. 33. Served three terms (1983-1994) in the state House. Director of Congressman Harold Ford Sr.'s South Memphis office, 1975. Aide to Shelby County Mayor AC Wharton, 2005.

Education: Graduated from Hamilton High School, 1967, and Memphis State, 1975.

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Charges: Accused of one count of conspiracy to commit extortion; three counts of attempted extortion and one count of bribery. Prosecutors allege Dixon shared $9,500 in bribes with confessed bag man Barry Myers.

TIMELINE

June 26, 2003: Confessed bag man Barry Myers allegedly tells an FBI informant that Dixon will need to be paid to support his official actions in the General Assembly.

July 11, 2003: An undercover agent allegedly passes $4,000 to Myers and Dixon in the first of two stings by the FBI. Preceding the Tennessee Waltz sting, this one involved paying Dixon for his support to arrange TennCare payments for a children's dental clinic.

Aug. 26, 2003: Another $2,000 allegedly is passed to Dixon for his support of the dental clinic. Dixon isn't charged with any crimes for these payments, but prosecutors say they will use them against him in his Tennesse Waltz trial.

Jan. 21, 2004: Dixon files Senate Bill 2500 at the request of E-Cycle Management Inc., the sham FBI company used in the Tennessee Waltz sting.

Feb. 6, 2004: E-Cycle tells Dixon his bill is insufficient. Undercover agents draft a new bill and tell Dixon some money would be made available to him. Dixon allegedly responds: "Work through Barry. Keep Barry happy."

Feb. 12, 2004: E-Cycle allegedly gives $6,000 cash to Dixon and Myers, with Dixon pocketing $1,000 and Myers taking the rest.

March 5, 2004: Dixon allegedly accepts $1,500 "for his assistance in pulling Bill 2500."

May 14, 2004: Myers accepts another $2,000, telling E-Cycle "Roscoe is solidly on board."

Jan. 13, 2005: Dixon resigns his senate seat to join Shelby County Mayor A C Wharton's staff as a $101,856-a-year aide.

May 26, 2005: Dixon, Myers and five others are arrested as the government makes public the Tennessee Waltz sting.

Trucking Firms Fund Politicians (CHIST)

By Natasha Korecki And Steve Warmbir, Staff Reporters

Chicago Sun-Times, May 29, 2006

Immunity keeps them out of jail, not hot water

Two of the top prosecution witnesses testifying in the City Hall hiring trial admitted they broke the rules while taking part in an alleged crooked hiring scheme.

But the former city employees are not at risk of going to prison for their deeds.

That's because Mary Jo Falcon and John Kosiba testified over the last two weeks with letters of immunity, meaning they can talk about breaking the law without worrying about criminal prosecution, unless they gave false testimony.

Yet they're not completely in the clear, the Chicago Sun-Times has learned.

Falcon and Kosiba, both lawyers, are now at risk of losing their law licenses because of their testimony against Robert Sorich and three other former city employees. Sorich, Timothy McCarthy, Patrick Slattery and John Sullivan are charged with manipulating the city's hiring system to award politically connected candidates with jobs and promotions. Prosecutors argue that's a violation of a 1983 federal decree that aims to keep political influence out of hiring decisions. The trial enters its third week Tuesday.

No word on disciplinary inquiry

"The bottom line here is immunity has no meaning in our system," said James Grogan, chief counsel for the Illinois Attorney Registration and Disciplinary Commission. "The Illinois Supreme Court has long held that a grant of immunity has absolutely no impact in terms of lawyer discipline."

Grogan would not comment on whether the commission has opened an investigation on Kosiba and Falcon. But lawyers can get in trouble for fraudulent behavior even if it had nothing to do with legal work, he said.

"We do regularly monitor alleged attorney misconduct when it comes to our attention in the terms of a criminal case," Grogan said. "This agency can generate an investigation based on media reports."

Grogan said the commission has taken action against other lawyers even though they were testifying for the government with a grant of immunity. That happened quite a bit in the Operation Greylord investigation that took place in the late 1980s and early 1990s and depended to an extent on the immunized testimony of lawyers.

Notorious Greylord case

Most notorious among those witnesses was Robert J. Cooley, a mob lawyer who admitted to taking bribes and fixing a number of criminal cases before he started working for the government. His cooperation helped bring down judges and lawyers. The Illinois Supreme Court disbarred Cooley in 1994.

Falcon is a former director of personnel at the city's Sewers Department. She left in 2005 when part of the expanding Hired Truck investigation delved into political hiring at City Hall. She soon began cooperating with federal investigators.

In her testimony at trial, Falcon admitted she falsified scores on rating forms so politically connected candidates won city jobs. Falcon said she rigged it so the names provided to her by Sorich or McCarthy could win the jobs. Sorich and McCarthy worked in the mayor's Office of Intergovernmental Affairs. Falcon acknowledged changing interview rating forms without telling the men.

Meanwhile, Kosiba, a former sewers commissioner, conducted hundreds of interviews and said he evaluated candidates so IGA selections won the jobs.

"Did interviews for most positions even matter while you were there?" Assistant U.S. Attorney Barry Miller asked.

"No," Kosiba said.

Kosiba said he knew he was supposed to rank candidates based on their qualifications when he interviewed people.

"Did you do that?" Miller asked.

"No," he said flatly.

FBI Questions Another Masilotti Land Deal (PALMBEACHP)

By Dwayne Robinson, Palm Beach Post Staff Writer

Palm Beach Post (FL), May 30, 2006

The FBI issued yet another subpoena late last week in its investigation of land deals by Palm Beach County Commission Chairman Tony Masilotti.

The latest federal subpoena to the Village of Royal Palm Beach on Thursday relates to a $7 million sale of up to 50 acres in 2004 from the Roman Catholic Diocese of Palm Beach to prominent Broward County builders GL Homes.

PBC Commission Chairman Tony Masilotti's family made as much as $1.3 million in connection with a government land purchase in Martin County.

As early as 2001, Royal Palm Beach sought approximately 15 acres at the site for a public park before leaning on its county commissioner for assistance when a sale to another buyer seemed imminent.

"I would appreciate your support in ensuring that a significant portion of that parcel be committed to public recreational space by the potential purchaser," Village Manager David Farber wrote to Masilotti on March 6, 2003, according to village records. "Any help you can provide regarding this matter would be greatly appreciated."

Masilotti, a former Royal Palm Beach mayor, never responded to the request, Farber says.

Royal Palm Beach offered to prchase the property at $42,000 an acre in 2001. According to court records, GL Homes forked over $7 million, or roughly $140,000 an acre, in 2004.

GL Homes constructed single-family homes and townhouses, ranging from $360,000 and up, at what is now the Nautica Lakes subdivision.

Masilotti could not be reached for comment. The FBI would not comment on the subpoena. And spokespeople from the diocese and GL Homes could not be reached for comment.

On the same day the federal subpoena was issued to Royal Palm Beach, the South Florida Water Management District also was ordered to hand over documents relating to a complicated 2003 land deal that enriched Masilotti's family.

The Palm Beach Post first reported in April that Masilotti's family made as much as $1.3 million in connection with the district deal, through a secret land trust and a tangled series of real estate transactions.

Royal Palm Beach has no records relating to Thursday's subpoena, Farber said. The subpoena asks for records relating to the sale of the diocesan property between 2001 and 2006 to the village, but no such sale occurred.

"I guess the response to the subpoena is there are no documents," Farber said. "I don't know what they're searching for. Someone needs to expand to us what they want."

BE ON GUARD, JUNIOR (NYPOST)

By Steve Dunleavy

The New York Post, May 30, 2006

EXCLUSIVE

THE feds have told John "Junior" Gotti that a threat has been made on his life.

The FBI captured the threat on tape during an ongoing investigation and immediately passed the chilling information on to Gotti and his camp, sources said.

If Junior's people are scared, they certainly aren't showing it.

"I have pretty good sources, too," Gotti's lawyer, Charlie Carnesi, said yesterday. "This is just another ploy by the prosecution to muddy the waters around this case."

The death threat was made on April 5, which was before a blizzard of subpoenas were sent out to Gotti associates and family members as part a new sweeping grand jury probe of the Gambino crime family that came after the second Gotti trial ended in a mistrial.

Carnesi has complained to Judge Shira Scheindlin that some of those subpoenas came with a message from the FBI: "You can thank Gotti for this."

"How disingenuous can the government be?" Carnesi asked yesterday.

The FBI has a legal and ethical obligation to convey the threat to Gotti, but his camp believes the feds are trying to give a perception to dangerous wiseguys that Junior has sold them out.

And that makes the Gotti camp hopping mad.

"That is stark insanity," one source said. "If he had sold anyone out, John would not have been facing 30 years in jail and $25 million in fines. He would not have been facing a third trial after flatly rejecting every deal the prosecution has offered him. Gotti has turned his back on the life."

The latest twist follows Thursday's arraignment of Junior when Judge Scheindlin broadsided the prosecution for bringing a third trial after two earlier juries failed to return a verdict.

"Does the government get to have endless trials until they get it right? The fourth, fifth or sixth?" Scheindlin asked as Gotti was arraigned on new witness-tampering and money-laundering charges.

Carnesi is definitely pleased with the way his case is going, because he believes the feds' constant use of turncoat mobsters as witnesses sends out a dangerous message.

"I am absolutely thrilled at the turn of events," Carnesi said. "The government is giving out a message, from prosecution witnesses Joey D'Angelo and Mikey 'Scars' DiLeonardo that it's OK to murder and you can get away with it.

"The real message is from John Jr. He had been in the life and it was full of treachery and it sucked."

From Mob Boss To Devastating Informant – The Life Of 'Little Al' D'Arco (SDUT/AP)

By Larry Mcshane, Associated Press

The San Diego Union-Tribune, May 30, 2006

NEW YORK – The killers put the dead canary in the freezer. Later, their work finished, they placed the bird inside the mouth of the equally deceased Bruno Facciola.

The August 1990 mob hit followed a tip from two corrupt NYPD detectives that the Luchese family capo had turned government informant. Facciola was stabbed, shot through both eyes and shot again in the head. Then came the bird. Message: Speak no evil.

The slaying was orchestrated by a diminutive thug known to fellow Mafiosi as “Little Al.” Few embraced the mob ethos more fervently than Alphonse D'Arco, a hard case from the cradle.

“I was a man when I was born,” Little Al once bragged. He committed every crime except pimping and pornography, which he deemed beneath his dignity. Murders? He committed eight while rising through the Luchese ranks.

He especially despised informants. “Rats,” he'd spit. He did a three-year heroin rap without opening his yap. So when word came that Facciola was singing, D'Arco arranged for his demise.

And for the canary.

Four months later, D'Arco became the Luchese boss, though not for long. His reign abruptly ended, but not in the fashion he expected: on the wrong end of a jury verdict. Or maybe a bullet.

Instead, D'Arco – disgusted by the loss of mob honor, double-crossed by men he had respected – became in 1991 what he most abhorred: a rat.

And not just any rat. Over the last 15 years, he has brought down mob bosses, underbosses, consiglieres. And he's still making inmates out of ex-accomplices today.

Little Al may be the most devastating mob informant ever.

3 Plead Guilty To FEMA Fraud; Feds Charge 4 In Separate Cases (BRADV)

Baton Rouge Advocate, May 30, 2006

Three Louisiana residents pleaded guilty and four more were indicted in Baton Rouge federal court this week on violations related to Hurricane Katrina disaster relief funds.

According to a news release from the U.S. Attorney’s Office, those who pleaded guilty are Jenny L. Lowery, 22, of Baton Rouge, Whitney Paul, 19, of Donaldsonville and Sharon D. Dalcourt, 45, of Baton Rouge.

Both Lowery and Paul were charged with making a false and fraudulent claim for disaster relief benefits. They each face a maximum sentence of five years in prison, a $250,000 fine or both.

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Dalcourt pleaded guilty to making false and fraudulent statements to the Federal Emergency Management Agency regarding damages incurred as a result of Katrina. She also faces a maximum sentence of five years in prison, a $250,000 fine or both, the news release said.

Also this week, Leonard Jackson, 54, Mary Johnson, 51, Anthony Parker, 21, and Edward Parker, 20, all of Baton Rouge, were charged in two-count indictments with making a false and fraudulent claim for disaster assistance benefits and illegal conversion of government property (a check from FEMA for expedited disaster assistance), a second news release said.

The cases were investigated by the Hurricane Katrina Fraud Task Force, which includes members of the FBI, the Federal Trade Commission, the Postal Inspector's Office, the Executive Office for U.S. Attorneys and other federal agencies.

The total number of defendants charged in Baton Rouge federal court with violations related to hurricane relief stands at 58, the news release said.

Feds Charge 26 In FEMA Fraud (BRAH/AP)

By Associated Press

The Bradenton Herald, May 30, 2006

TAMPA, Fla. - A grand jury has indicted 26 Orlando area residents on charges of making fraudulent claims for federal assistance after the two hurricanes that struck the Gulf Coast last year.

Federal prosecutors said on Thursday that the defendants collected a total of $150,000 in emergency assistance from the Federal Emergency Management Agency, even though they didn't live in the areas affected by hurricanes Katrina and Rita.

Because so many people were affected by the storms, FEMA provided a streamlined process to quickly get at least $2,000 to those who needed disaster assistance. People whose primary residence was damaged could apply in person or via the Internet or a toll-free telephone number.

Those indicted Wednesday made fraudulent claims for amounts ranging from $2,000 to more than $100,000, federal prosecutors said. The indictments were a result of an investigation federal officials called Operation ``Storm Chaser."

Charges include conspiracy, submission of a false claim to a governmental agency, theft of government property, mail fraud, wire fraud, and making a false statement to a government agency.

The counts carry prison sentences ranging from five to 20 years.

"In the aftermath of hurricanes Katrina and Rita, our nation came together to support the people whose lives were devastated by those disasters," U.S. Attorney Paul I. Perez said in a statement Thursday. ``As we enter a new hurricane season next week, we will aggressively pursue anyone who attempts to take advantage of a natural disaster to defraud FEMA or anyone else."

Three In Mobile County Indicted On FEMA Fraud Charges (AP)

AP, May 27, 2006

MOBILE, Ala. (AP) — Three Mobile County residents have been indicted on charges of making false FEMA disaster claims related to Hurricane Katrina.

Silas J. Jackson, 53, of Mobile, Dianna Denise McMillian, 35, of Grand Bay, and Penny Sue Byrd, 35, of Citronelle, were each charged in multiple-count indictments, the U.S. attorney's office announced Friday.

Jackson received $23,529 through a scheme to defraud the Federal Emergency Management Agency by sending an altered fire marshal report in support of his application for disaster assistance, according to the indictment.

McMillian was charged with falsely claiming to reside at a residence from which she had moved several months prior to Katrina and defrauding FEMA of $13,498.

Byrd was charged with defrauding FEMA of $2,000 by falsely claiming to have resided in a travel trailer and mobile home at the time Katrina hit Aug. 29.

The maximum penalty for making false claims to the government is 5 years in prison and a $250,000 fine. Mail fraud and wire fraud each carry maximum penalties of 20 years and a $250,000 fine.

U.S. Attorney Deborah J. Rhodes in Mobile said the Hurricane Katrina Fraud Task Force investigations continue.

Man In The Middle (NSWK)

By Mark Hosenball, Jamie Reno And Evan Thomas, Newsweek

Newsweek, May 29, 2006

As a corruption probe heats up on Capitol Hill, the spotlight falls on a California defense contractor with some powerful friends.

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During World War II, the Royal Hawaiian, a grand pink palace on Waikiki Beach, was reserved mainly for officers and men in the U.S. Navy's Submarine Service. It was understood that the sailors who took the greatest risks—about a quarter of the submariners never came back—deserved to be pampered while they waited to go back out on war patrols. More recently, the most frequent guest in the Royal Hawaiian's tony King Kamehameha Suite was a man with close ties to the military who also took risks, though of a different kind.

Brent Wilkes has flown in a private Gulfstream jet, lived in a huge house (once occupied by former San Diego Chargers quarterback Stan Humphries) in a gated community, smoked expensive cigars on the best golf courses and sponsored good works and charities, like the "Tribute to Heroes Gala," which raised hundreds of thousands of dollars for a children's hospital and a military charity called the Air Warrior Courage Foundation.

What paved the road to riches and beneficence for Wilkes? Once a lowly CPA in southern California, Wilkes became a fabulously successful defense contractor. He carefully cultivated friends in high places, personally handing out some $800,000 in campaign contributions, not counting the donations of a political action committee controlled by his company. He was a Republican "Pioneer," which means he raised at least $100,000 for the GOP. And he has long been known for showering favors on congressmen and national-security officials, playing poker with them at fancy Washington hotels and flying them in a jet he partly owned.

There is nothing unusual or illegal about a defense contractor with an open checkbook for campaign fund-raisers and seats to fill on a corporate jet. But federal prosecutors want to find out more about how Wilkes tapped into what may be one of Washington's sweetest post-9/11 honey pots—secret defense and intelligence contracts that are often awarded without competitive bids or oversight but with plenty of congressional meddling. Wilkes appears to be at the center of a Washington scandal that has the potential to shake Capitol Hill and the Pentagon.

Wilkes has protested his innocence, and indeed, his friends say he appears cheerful and confident he will be vindicated. But his lawyers have confirmed that he is the man identified as "Co-conspirator No. 1" in the charges against former congressman Randy (Duke) Cunningham, the former Navy air ace who pleaded guilty to taking bribes. In one prosecution document, "Co-conspirator No. 1" agreed to give Cunningham $525,000 in return for $6 million in government contracts. Wilkes is also a close friend of one of the more colorful characters to fall from a top government job, Kyle (Dusty) Foggo, the former executive director of the CIA who resigned three weeks ago, just before his house and office were raided by federal agents. According to The San Diego Union-Tribune, high-school classmates Wilkes and Foggo served as best men at each other's weddings, named their sons after each other and shared a wine locker at Washington's Capital Grille restaurant, a favorite lobbyists' hangout.

According to Foggo's lawyer, Bill Hundley, the Feds are operating on the theory that Foggo helped Wilkes get CIA contracts in return for Wilkes's paying for vacation trips for Foggo. According to Hundley, Foggo claims that he paid for some of the trips before Wilkes became a wealthy contractor, though he concedes Wilkes may have picked up the tab later on. The details of how Wilkes procured contracts remain murky, but the Feds appear to be particularly interested in contracts that seemingly offered little or dubious value for high prices. Wilkes's lawyers have repeatedly denied that he engaged in any wrongdoing.

In one case, described in prosecution documents, a Wilkes company was awarded a $9.7 million contract to electronically scan Panama Canal Zone documents dating back a century to the administration of Theodore Roosevelt, even though the Pentagon reportedly wanted to use the money for more-urgent projects. Wilkes allegedly lobbied Cunningham to press the Pentagon to award the contract anyway.

According to published reports and congressional and law-enforcement sources who did not want to be identified discussing a sensitive investigation, the Feds are also reviewing Wilkes's ties to other powerful House leaders. Former GOP majority leader Tom DeLay, Armed Services Committee chairman Duncan Hunter and Appropriations Committee chairman Jerry Lewis all reportedly had dealings with Wilkes. None has been accused of any wrongdoing; a spokesman for Lewis said the congressman had not seen Wilkes for 10 years. Hunter's spokesman said his boss urged the Pentagon to ignore congressional pressure on contracting, and DeLay's lawyer had no immediate comment.

Wilkes himself is said to be a bluff man who likes to burst into show tunes and shout out expressions like "boom shaka-laka," "God loves a working man" and "Yeah, baby!" after the Austin Powers movies. Though he owns custom-made suits, he generally prefers khakis and golf shirts. A former linebacker, he is said to be tough and unyielding, not the sort to easily crack under the pressure of prosecutors. Raised as a Mormon, he is described by acquaintances as a loyal friend who is very close to his children.

His life is getting lonelier. He has been dropped by charities; his office building is for sale; his federal contracts are drying up. Once a ubiquitous figure in San Diego politics, Wilkes might as well have ceased to exist. Former San Diego congressman Brian Bilbray, a Republican who was in the House until 2001 before retiring to become a lobbyist, is running for Duke

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Cunningham's vacated seat. Bilbray told NEWSWEEK, "I may have met Brent once or twice, but I really do not remember." Bilbray did discover that Wilkes had donated $7,000 to his campaigns, but the candidate has given the money to charity. "I wouldn't know Wilkes if I saw him in the street," said Bilbray.

Sniper Jury To Sift Conspiracy Theory (WT/AP)

By Stephen Manning, Associated Press

The Washington Times, May 30, 2006

Early in his more-than-three-hour closing statement, convicted sniper mastermind John Allen Muhammad laid out the heart of his defense against six murder charges stemming from the 2002 sniper shootings: He and accomplice Lee Boyd Malvo were framed.

"My case is based on one thing. It is very simple. They lied on two innocent men," Muhammad said Friday, before launching into a rambling speech in which he said government agencies, including the CIA, worked to falsely imprison him.

But as Montgomery County jurors begin deliberations today in Muhammad's second trial in the shootings, they will weigh this conspiracy theory -- for which he offered little proof and no motive -- against the four weeks of testimony and evidence presented by prosecutors.

Witnesses reported seeing Muhammad and his Chevrolet Caprice near scenes of the shootings.

Forensic analysts said his DNA was on evidence that included parts of the Bushmaster rifle found in the Caprice when he and Malvo were arrested.

Ballistics analysts matched the .223-caliber bullets used in the killings to the rifle.

Jurors also heard dramatic testimony from Malvo, whom Muhammad still referred to as "my son" even though his former protege took the stand to say Muhammad planned and carried out most of the shootings.

The jury of seven women and five men also likely will consider their personal impressions of Muhammad, who defended himself.

He came to Montgomery County from Virginia's death row, convicted by a jury that heard most of the same evidence in 2003.

Muhammad showed he has learned a lot about lawyering -- he seemed comfortable with courtroom procedure, asking the "court's indulgence" when he wanted more time to prepare his thoughts. He cross-examined government witnesses, seizing on inconsistency in reports, looking for holes to suggest he was set up.

Prosecutors urged jurors not to be fooled by Muhammad's courtroom demeanor. It was a facade, Assistant State's Attorney Vivek Chopra said in his closing.

"Scrub away that veneer that covers this man and see him for what he is," Mr. Chopra said, labeling Muhammad "a heartless, soulless, manipulating murderer."

Ten persons were killed and three were wounded during the three weeks of shootings in October 2002.

Victims were shot at gas stations, in parking lots, and a 13-year-old boy was struck by a bullet outside his Bowie middle school. The randomness sowed pervasive fear among people, who were afraid to pump gas, go out or send their children to school.

Muhammad and Malvo were arrested Oct. 24, 2002, as they slept in the Caprice at a Western Maryland rest stop. Behind the back seat was the Bushmaster. Authorities discovered a hole bored in the trunk of the Caprice, allowing a shooter to lie inside to fire.

A Virginia jury convicted Muhammad of a shooting at a Manassas gas station, and Malvo was given a life term for a shooting at the Home Depot in Falls Church. Montgomery County prosecutors say their case is insurance in case Muhammad's Virginia conviction is overturned.

The two men also are suspected in earlier shootings in Maryland, Alabama, Arizona, Georgia, Louisiana and Washington state.

The composition of Montgomery County's jury may be key to whether Muhammad is convicted.

Most candidates said during jury selection that they vividly remembered the shootings and knew that he had been convicted in Virginia.

Some of the jurors selected said they thought Muhammad was guilty, but they agreed to put that opinion aside and focus on the evidence.

Technology And Easy Credit Give Identity Thieves An Edge (NYT)

By John Leland And Tom Zeller Jr.

The New York Times, May 30, 2006

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PHOENIX — In a Scottsdale police station last December, a 23-year-old methamphetamine user showed officers a new way to steal identities.

His arrest had been unremarkable. This metropolitan area, which includes Scottsdale and Phoenix, has the highest rate of identity theft complaints in the nation, according to the Federal Trade Commission. Even members of the Scottsdale police force have had their identities stolen.

But the suspect showed officers something they had not seen before. Browsing a government Web site, he pulled up a local divorce document listing the parties' names, addresses and bank account numbers, along with scans of their signatures. With a common software program and some check stationery, the document provided all he needed to print checks in his victims' names — and it was all made available, with some fanfare, by the county recorder's office. The site had thousands of them.

The data were not as rich as some found in stolen mail or trash bins. But for law enforcement officials here, this was another turn in a cat-and-mouse game in which criminals have outpaced most efforts to stop them.

"We're trying to keep up with the technology," said Lt. Craig Chrzanowski, who runs Scottsdale's property crimes division, including a computer crimes unit started two years ago. "But they're getting a lot better."

In an economy that runs increasingly on the instantaneous flow of information and credit — aggressively promoted by banks and credit card companies despite the risks — Phoenix and its surrounding area provide a window on one of the system's unintended consequences.

According to a Federal Trade Commission survey in 2003, about 10 million Americans — 1 in 30 — had their identities stolen in the previous year, with losses to the economy of $48 billion. Subsequent surveys, by Javelin Strategy and Research, a private research company, found that the number of victims had declined to nine million last year but that the losses had risen to $56.6 billion.

In Arizona, one in six adults had their identities stolen in the last five years, about twice the national rate, according to the Javelin survey.

Arizona officials have responded with a preventive mantra: shred all documents and avoid giving Social Security numbers or bank account numbers to strangers over the telephone or the Internet. The State Legislature has passed tougher penalties for people caught stealing or trafficking in stolen identities.

But the real problem, many officials and consumer advocates say, lies elsewhere. In recent years banks have campaigned energetically to extend more credit to more people with fewer hassles, and retailers and consumers have embraced instant, near-anonymous access to credit.

Last year a group of prosecutors, law enforcement officers and security executives from banks and credit card associations met to discuss ways of curbing identity theft. The group had plenty of ideas, including PIN numbers or fingerprint verification for all credit card purchases and a ban on mailings that include blank checks.

But all ran counter to the promotional campaigns of banks and, banks say, to the desires of consumers.

"There's a disconnect between corporate leadership at financial institutions and their security departments," said Brad H. Astrowsky, a former prosecutor who was part of the group. "Marketing people are ruling the day in banking. They can do things to fix the problem, but they have no incentive and motivation to do it. Preventing something from happening is a cost. What's the benefit? It's hard to quantify."

A Hot Spot for Thieves

Several factors converge to make Arizona a hot spot for identity theft. Maricopa County, which includes Phoenix, is one of the fastest-growing counties in the nation, according to the Census Bureau, and its growth exaggerates trends that exist in many communities: a mobile population and high numbers of immigrants and retirees. It also has a heavy traffic in methamphetamine.

Methamphetamine users, whose binges keep them up for days in a row, have the time to sort through trash or old mail for Social Security numbers, bank account numbers or other identifying information, said Andrew P. Thomas, the county attorney. Dealers trade drugs for stolen identities that they use to launder their profits. Nearly half the identity theft cases in Mr. Thomas's office have a connection to methamphetamine, he said.

At the same time, he added, "More than half of the illegal immigrants entering the U.S. come through Arizona," creating a market for fraudulent Social Security numbers and driver's licenses.

Though Arizona passed the nation's first identity theft law in 1996, law officers say they are fighting a crime that is as swift and adaptive as the economy it exploits.

The newest wave of thefts here involves copying the magnetic strip from a victim's credit card onto the back of another. When thieves use the doctored cards, the transactions are charged to their victims' accounts. "Even if the cashier asks for my driver's license, the name on the front is going to match," said Todd C. Lawson, an assistant attorney general in Phoenix who specializes in identity theft prosecutions.

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The machine to copy the magnetic strip, Mr. Lawson added, is the one nearly every hotel in America uses to recode room key cards.

And the county's Web site, which earned a place in the Smithsonian's permanent research collection on information technology innovation, has made Social Security numbers and other information, once viewable only by visiting the county recorder's office, accessible to anyone with an Internet connection. Police officers and prosecutors in Phoenix knew of just two cases involving public records, but most victims do not know how their identities are stolen.

For local law enforcement, pursuing even low-tech, small-time thieves is often complicated and expensive. The victim could be in Arizona, the thief in another state and the transactions spread all over the world. "If someone goes on the Internet and buys goods from Bangladesh, do you call witnesses from Bangladesh?" asked Barnett Lotstein, a special assistant county attorney.

Mr. Lawson said, "I don't think we prosecute 5 percent of it."

On a recent afternoon, Lt. Russ Skinner, who runs the county sheriff's computer crimes division, hefted three vinyl binders onto a wooden table. For the detectives in his unit, this is what the "crime of the 21st century" looks like: photographs of litter-strewn hotel rooms, and of a 33-year-old woman in various stages of methamphetamine-fueled decline.

When detectives caught up with her last August, after nearly three months of investigation, the woman was paying other users to steal mail for her — especially preapproved credit offers — and had parlayed those into credit cards or fraudulent accounts in 46 different names. She had secured housing, utilities and a series of small online loans in her victims' names.

"She wasn't the smartest or the most creative," Lieutenant Skinner said. "She just knew how to get it done."

A Connection to Drug Use

In the past, a drug user who needed money might go into a convenience store with a gun, Lieutenant Skinner said. "They're on the surveillance camera. They might get shot. They might get stopped in the parking lot for having a broken taillight," he said. "Now they can just sit at a computer, no one sees them and they can buy whatever they want."

Officials here began to notice a sharp rise in identity theft about five years ago, said Paul K. Charlton, United States attorney for the District of Arizona.

"The first tip-off was that we started to see a lot of mailbox break-ins by tweakers," Mr. Charlton said, referring to methamphetamine users.

When police officers raided home methamphetamine laboratories that were then proliferating on the outskirts of town, they found stacks of stolen mail or notebooks filled with credit card information. They also found thieves were using acetone, an ingredient used in methamphetamine production, to "wash" the ink off checks, a simple means of identity fraud.

These small laboratories lend themselves to identity theft rings, said John C. Horton, a White House aide in the Office of National Drug Control Policy. In a laboratory, one or two people typically have some technical knowledge, and others specialize in procuring materials.

Identity theft rings follow the same pattern, with a handful of grunts stealing mail for one person who knows how to turn the information into credit cards or checks, Mr. Horton said. "It doesn't seem to happen with cocaine or heroin because we don't produce heroin and cocaine in this country," he said. "Meth production is to some degree a social activity in the same way as identity theft."

Though the Arizona police have closed many laboratories, the identity theft rings have survived or multiplied.

From its commercial downtown, Phoenix extends in a patchwork of satellite communities, some so new that the highway connecting them does not appear on the maps in the central post office. In the mid-1990's, as Phoenix's population boomed, the Postal Service created cluster mailboxes that served whole housing developments. Like other conveniences associated with the city's rapid growth, the boxes have proved a boon for identity thieves.

"You can jimmy one open and get everyone's mail at the same time," said Mr. Lawson, the prosecutor. After numerous break-ins, the Postal Service has spent $12 million on reinforced mailboxes, but many communities here still have the old ones.

Some thieves drive around neighborhoods with their laptops until they find a resident's unsecured wireless Internet connection. If the police investigate a fraudulent purchase, they will trace it to the customer with the connection, not to the thief who placed the order.

Since 1994, a Phoenix security officer named Bob Hartle, frustrated by his own experience with identity theft, has led an often lonely campaign for tighter controls on organizations that handle people's data, and curbs on the way credit card companies, banks and stores grant credit.

Data breaches in the last year have exposed the personal information of more than 80 million Americans, according to the Privacy Rights Clearinghouse, a nonprofit organization that follows identity theft. On May 3, a thief stole computer disks holding the names, Social Security numbers and other information of 26.6 million veterans from the residence of a Department of Veterans Affairs employee who had taken the data home without authorization. In most states, organizations are not required to tell consumers if their identities have been compromised.

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"It's the sharing of data without necessary safeguards that enables this crime to grow as it has," said Torin Monahan, an assistant professor of justice and social inquiry at Arizona State University. "The response is always 'protect yourself, go to these workshops, get a shredder.' That diverts attention away from the extent to which these are systemic problems."

Seventeen states have passed "credit freeze" laws enabling consumers to prevent banks or credit agencies from issuing new accounts in their names.

But here, as in other states, businesses have successfully opposed such legislation.

"They're fighting us tooth and nail," said Mr. Hartle, who runs ID Theft Services Inc., a nonprofit organization that provides free help for victims.

"Banks, credit card companies, retailers want to make it easy to buy," Mr. Hartle said. "They write off identity theft as a cost of doing business. So whenever legislation comes up that's going to cost them money, they throw themselves against it."

Nessa E. Feddis, senior federal counsel for the American Bankers Association, said freezing credit could create problems for consumers, especially if they needed to get a new cellphone or change residences in a hurry.

"A credit freeze is one of those things that sounds like a good idea, but people don't realize how often they need to use their credit report," Ms. Feddis said. "There's a balance between security and convenience."

She continued, "We all want fraud to go away, but we don't want to take 20 extra minutes every time we do online banking. We like buying airline tickets online, but there's a risk."

Though consumers worry about identity theft, Ms. Feddis said, banks absorb most of the losses.

Credit card companies point to new monitoring systems that have reduced loss from fraud as a percentage of overall transaction volume. At Visa, fraud accounted for 7 cents per $100 in transactions, down from 18 cents per $100 in 1990. "We could have a system reducing fraud to zero basis points, but it wouldn't meet what consumers are demanding," said Rosetta Jones, a Visa spokeswoman. "We need to deliver what consumers want in a way that is secure."

Fritz M. Elmendorf, a spokesman for the Consumer Bankers Association, described a chess match with identity criminals. For example, banks now protect prescreened credit card offers with address-matching technologies that make it harder for thieves to have cards sent to a drop address, Mr. Elmendorf said.

"There are more tools today than ever to ascertain the identity of a credit applicant," he said. "And the industry can point to a lot of things — some of which they won't talk about in detail — to validate people."

In the community of Chandler, southeast of Phoenix, Bobby Joe Harris questioned the efforts of businesses and banks to protect his identity.

Mr. Harris, 60, is a retired police chief. His wife, Judy, is a retired bank manager. Last December, Mrs. Harris was shopping at a Sam's Club store when a cashier said their membership had been canceled. When Mr. Harris tried to reactivate their membership in January, he learned that the store had issued a new credit card on their account to a woman who had said she was the couple's daughter.

"I don't have a daughter," Mr. Harris said. "I told the lady, 'I don't think so.' "

In two phone calls, possibly working with a store employee, the thief had raised the Harrises' credit limit to $10,000 from $3,500 and then to $15,000, and had run up charges of $11,093. No one had called them.

"It was only by luck that we found out," Mr. Harris said.

Seeking Protection

Though like most consumer victims the Harrises did not have to pay the bogus charges, they now pay $220 a year to LifeLock, a protective service that started last September in Phoenix.

The company's core service is simple: Whenever a bank or other business requests to look at a LifeLock subscriber's credit history, the company gets a fraud alert asking to confirm that the customer applied for credit. Federal law empowers consumers to get these alerts on their own, but they must reapply regularly to one of the three companies that issue credit reports.

Other companies offer different protections. None has had to prove that its services are effective.

When the Maricopa County recorder's office began posting records online in 1997, it was one of the first in the country to do so. Since then, legislatures in other states, including New York and Florida, have wrestled with whether — or how — to make their information available online.

A law in Florida requires that all Social Security and financial account numbers be stripped from online records by 2007, although new legislation may delay that another year.

In Phoenix, the county recorder's office posts 8,000 to 10,000 documents a day. Most are innocuous, but some, including divorce decrees and tax lien records, have sensitive information.

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"I'm not insensitive to people's fear," said Helen Purcell, the county recorder. "I have the same fear. My information is out there, too." But it is far too late to start editing Social Security numbers or other data from the county Web site, she said. "We have 100 million documents out there now."

In the absence of full security, Arizonans cling to what protections they can. On a recent morning in Ventana Lakes, a development of older residents northwest of Phoenix, Lois Owen and Joan Schanks joined a small procession of neighbors to a community "shredathon" organized by the attorney general's office and AARP. Since the first shredathon last fall, residents around the state have carted 12 tons of paper to the mobile machines, in many cases supplementing the shredding they do at home.

"It's a big relief," Ms. Schanks said as she watched 20 pounds of old bank statements disappear. Yet even with the shredding, the residents here cannot begin to estimate how many people have their personal information, or how tempted any of those individuals may be to sell that information, Mr. Lawson, the prosecutor, said.

"You can take all the precautions you want," he said. "But everyone's exposed to a certain extent."

Insanity's Legal Fall From Grace (USAT)

By Jonathan Turley

USA Today, May 30, 2006

In the National Gallery of Art in Washington hangs a cherished Rembrandt titled Abraham's Sacrifice.

It is an etching of Abraham about to slay his son, Isaac, upon the orders of God, to show his faith. The scene from Genesis 22:1-12 is repeated in stained glass windows, paintings and other displays worldwide. It is also a scene being repeated in real life by demented individuals who believe that they have been given divine instructions to slay their loved ones.

In the past few months, the nation has found itself again in the middle of one of the law's greatest quagmires: how to define insanity, and when it should be a defense.

Last month, the U.S. Supreme Court heard argument in the case of Eric Michael Clark of Flagstaff, Ariz., who at 17 was suffering from paranoid schizophrenia in June 2000 when he killed a police officer whom he thought was an alien. The case might determine whether there is a constitutional basis for the insanity defense.

While Clark allegedly believed he was fighting aliens, many murder defendants in insanity cases believe they're acting on orders from a higher authority:

· In San Francisco, Lashaun Harris is on trial in the murder of her three kids, whom she allegedly threw into the frigid waters of San Francisco Bay in October. Harris believed that God wanted her children as a sacrifice, police said.

· In Houston, a new trial has been ordered for Andrea Yates, a suburban housewife who has admitted to drowning her five children — ages 7 years to six months — to save them from Satan. Despite a long and documented history of schizophrenia and postpartum depression, Yates was found sane and guilty in the first trial.

· In McKinney, Texas, Dena Schlosser was tried for a second time and found not guilty by reason of insanity (after a first jury deadlocked) in the killing of her 10-month-old daughter, Maggie, on orders from God.

· In Lamar, Colo., Rebekah Amaya was tried after telling police she killed her two kids upon orders from a spider. She was found insane.

· In Tyler, Texas, Deanna Laney was found insane after she crushed the skulls of her three children; she believed she was given instructions, like Abraham, from God.

The Hinckley precedent

These, and other recent cases, show a disturbing lack of consistency among the states on the insanity defense.

Much of this confusion can be traced to the acquittal of John Hinckley on the grounds of insanity after he wounded President Reagan and three others in 1981. It was too much for state legislators, who proceeded to drastically narrow the insanity defense.

Four states — Idaho, Kansas, Montana and Utah — have eliminated any defense that one is insane. Many states, such as Arizona, allow insanity to be used as defense only when defendants could not understand that their conduct was wrong.

Many people might know or suspect that an act is wrong but are unable to resist the impulse or stop themselves from doing the act. Indeed, they might believe that an otherwise "wrong" act is justified by divine instruction.

As for Abraham, he would have made an even worse defendant than Yates does. Abraham recounted how he was told by God, "Take your son, your only son, Isaac, whom you love, and go to the region of Moriah. Sacrifice him there as a burnt offering on one of the mountains I will tell you about."

Abraham, if he had not been stopped at the last second by an angel, would have been toast in Arizona. Genesis 22 shows Abraham displaying complete control and even subterfuge in bringing his son to the place of slaughter. Shortly before the planned killing, Abraham told his servants to hold back and allow him and Isaac to go forward alone.

Abraham took the wood for the burnt offering and placed it on his son Isaac, and he himself carried the fire and the knife. As the two of them went on together, Isaac spoke up.

"Father?"

"Yes, my son?" Abraham replied.

"The fire and wood are here," Isaac said, "but where is the lamb for the burnt offering?"

Abraham answered, "God himself will provide the lamb for the burnt offering, my son." And the two of them went on together.

Notably, in discussing the story of Abraham and Isaac, churches uniformly emphasize that, as one Internet site called rationalchristianity.net explains, "God's command to Abraham was not wrong, for God has the right to take human life and therefore had the right to command Isaac's death."

God's intervention

For defendants such as Yates, Schlosser, Laney and others, killings were compelled by the same motivation as Abraham's, albeit because of delusions of divine direction. They didn't have an angel who "called out ... from heaven, Abraham! Abraham!' ... 'Do not lay a hand on the boy.' ... 'Do not do anything to him. Now I know that you fear God."

From a defense standpoint, the angel was truly godsend. The convergence of religion, the law and insanity makes for the most difficult cases. Even so, just as religion teaches that we must obey the command of the Almighty even in killing a child, the law must recognize that troubled persons may be acting under the delusion of such orders.

When states fail to recognize the difference between a premeditated and delusional act, they commit an act every bit as immoral as disobeying the command of God.

Jonathan Turley is the Shapiro Professor of Public Interest Law at George Washington University, and he is a member of USA TODAY's board of contributors.

CIVIL LAW:

Legal Help For Veterans (WP)

By Christopher Lee

The Washington Post, May 30, 2006

In a political twist, two conservative Republicans are trying to drum up more business for lawyers.

Sens. Larry E. Craig (Idaho) and Lindsey O. Graham (S.C.) introduced a bill this month that would allow lawyers to represent veterans applying for disability pay and other benefits from the Department of Veterans Affairs.

The bill would overturn protections for veterans that date to the Civil War, when some lawyers siphoned money away from veterans while "helping" them obtain pensions, reenlistment awards or other payments. Congress put the kibosh on that by capping lawyers' fees at $5 (later upped to $10).

In 1988, Congress got rid of the fee limit when it created the Court of Appeals for Veterans Claims. But veterans may not hire a lawyer until their cases go through a lengthy administrative process to a VA appeals board, although lawyers may offer their services free.

Craig, chairman of the Senate Veterans' Affairs Committee, said in a written statement that the VA bureaucracy is so onerous that denying the nation's 24 million veterans the ability to retain legal representation hurts more than it helps.

"I suppose that some would still warn that lawyers are not to be trusted, but the reality is that the laws are complex and I want veterans to have the option of hiring an attorney," he said.

Graham said in a statement that "this overdue change will significantly improve [veterans'] access to the VA and expedite just outcomes."

The idea has support on the other side of the aisle. Rep. Lane Evans (Ill.), the top Democrat on the House Veterans' Affairs Committee, and Rep. Shelley Berkley (Nev.) are sponsoring a companion bill in the House.

Richard J. Hipolit, an assistant general counsel at the VA, said the department has not taken a position on the legislation. The claims process is not adversarial, he said. "We have a duty to assist, to help the veteran develop their claim."

Indeed, veterans have not exactly been left to decode the bureaucracy all by themselves. For years, veterans service organizations have provided free assistance in applying for benefits and rectifying problems.

The American Legion, for instance, has specially trained representatives -- most of them non-lawyers -- stationed at local VA offices to assist veterans, said Steven Smithson, the organization's deputy director for claims services.

"They have access to the VA system. They are right there with the people who make the decisions," Smithson said. "Just because a person is an attorney doesn't mean they are going to be an effective representative."

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Smithson said his group opposes letting lawyers in but wants the legislation to include safeguards such as fee limits and training requirements.

"Adding attorneys to the mix isn't necessarily going to fix things like staffing problems, quality of work, consistency, training deficiencies in the VA," he said. "This isn't going to make the system perfect."

CIVIL RIGHTS:

Debating The Bugs Of High-Tech Voting (WP)

By Zachary A. Goldfarb

The Washington Post, May 30, 2006

The already-cantankerous debate over high-tech voting machines, which have been installed in great numbers in recent years, is growing more intense and convoluted as primaries get underway and the midterm election nears.

A coalition of voting rights activists and prominent computer scientists argues that some of the machines are not sufficiently secure against tampering and could result in disputed elections, while voting machine vendors and many election officials say that view is exaggerated.

The latest dispute occurred several weeks ago after it was discovered at a test in Utah that someone with a reasonable knowledge of computer code could gain access to and tamper with the system software on a popular brand of voting machine manufactured by Diebold Election Systems. The developments prompted California and Pennsylvania to send urgent warnings to counties that use Diebold's touch-screen voting systems to take additional steps to secure them.

But the vastly differing assessments of the severity of the problem offered by computer scientists, Diebold and election officials made clear that four years after Congress passed a law to improve the reliability of elections, Americans still lack definitive word on whether the nation's voting machines are secure.

In California, David Jefferson, a computer scientist at Lawrence Livermore National Laboratory who consults with the state on its elections, said he was "stunned when he found out" about the vulnerability identified in the Utah test and agreed with the "frequently expressed opinion that this is the worst vulnerability that we have ever seen."

But Diebold spokesman David Bear said it was a "functionality" that company engineers had built into the voting machines so their software could be easily updated, and it only becomes an vulnerability if an unauthorized person gains unfettered access to the machine, and there are safeguards against that happening.

State officials tried to strike a middle ground. "There certainly are potential security vulnerabilities that have arisen," said Jennifer Kerns, a spokeswoman for California's secretary of state. "But you have to be realistic about it: When you're administrating elections, there's a very low risk of any" tampering.

By passing the 2002 Help America Vote Act and spending more than $2 billion to upgrade voting machines nationwide, Congress hoped to avoid this kind of exchange. HAVA was a response to the contested 2000 presidential election in Florida, which had brought the use of old punch-card voting machines into focus.

The newer technology, such as touch-screen and optical scan systems, held the promise of making voting more secure, transparent and accessible. But as the new technology was implemented, voting rights activists raised questions about whether vendors had paid enough attention to security. Activists pushed for the use of technology that still provided a paper record.

Many of the criticisms of voting technology were originally dismissed as exaggerations promulgated by partisans displeased with election results. But the criticisms have been viewed with increasing gravity as prominent computer scientists have rallied behind them. Although it has not been shown that an election was compromised by a security flaw, several elections since 2000, including in this year's primaries, have experienced problems with the technology that have delayed results.

The federal Election Assistance Commission, which was created to help states implement HAVA's wide-ranging requirements, says it is in the midst of strengthening the process of federal certification for election systems. States and localities also have their own procedures.

But voter groups have been unimpressed. They have pursued legal action to try to stop states from using the equipment, including in Arizona, California and New Mexico. Activists are also considering suits in Colorado, Florida, Missouri and Pennsylvania.

Unlike many colleagues in his field, Michael I. Shamos, a computer science professor at Carnegie Mellon University who has worked on election issues for about 20 years, has not generally been seen as a friend of the activists.

In 2004, they assailed Maryland's decision to buy Diebold touch-screen machines and asked a court to stop the state from using them. Shamos testified that with a few additional steps, the machines could be used without problem, and the court agreed.

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Now, Shamos wonders. He is confident in his testimony and believes most security holes can be plugged. But he wonders whether Diebold cares enough about security and the sanctity of elections.

"There's a broader philosophical question that's been worrying me more and more lately," Shamos said. "What are these companies really doing? They don't seem to have embraced the seriousness with which people in this country take their elections. It's been kind of an adversarial thing where companies want to make profits, and they just haven't spent enough time and energy designing secure systems."

Bear says that is not true, and he repeats a frequent refrain about why the security concerns are overblown: "It's based on the premise that you have some nefarious or evil election official that's willing to commit a felony and break the law."

To which Shamos responds: "You don't want the success or failure of an election to be based on the individual."

Block The Vote (NYT)

The New York Times, May 30, 2006

In a country that spends so much time extolling the glories of democracy, it's amazing how many elected officials go out of their way to discourage voting. States are adopting rules that make it hard, and financially perilous, for nonpartisan groups to register new voters. They have adopted new rules for maintaining voter rolls that are likely to throw off many eligible voters, and they are imposing unnecessarily tough ID requirements.

Florida recently reached a new low when it actually bullied the League of Women Voters into stopping its voter registration efforts in the state. The Legislature did this by adopting a law that seems intended to scare away anyone who wants to run a voter registration drive. Since registration drives are particularly important for bringing poor people, minority groups and less educated voters into the process, the law appears to be designed to keep such people from voting.

It imposes fines of $250 for every voter registration form that a group files more than 10 days after it is collected, and $5,000 for every form that is not submitted — even if it is because of events beyond anyone's control, like a hurricane. The Florida League of Women Voters, which is suing to block the new rules, has decided it cannot afford to keep registering new voters in the state as it has done for 67 years. If a volunteer lost just 16 forms in a flood, or handed in a stack of forms a day late, the group's entire annual budget could be put at risk.

In Washington, a new law prevents people from voting if the secretary of state fails to match the information on their registration form with government databases. There are many reasons that names, Social Security numbers and other data may not match, including typing mistakes. The state is supposed to contact people whose data does not match, but the process is too tilted against voters.

Congress is considering a terrible voter ID requirement as part of the immigration reform bill. Senator Mitch McConnell, Republican of Kentucky, introduced an amendment to require all voters to present a federally mandated photo ID. Even people who have been voting for years would need to get a new ID to vote in 2008. Millions of people without drivers' licenses, including many elderly people and city residents, might fail to do so, and be ineligible to vote. The amendment has been blocked so far, but voting-rights advocates worry that it could reappear.

These three techniques — discouraging registration drives, purging eligible voters and imposing unreasonable ID requirements — keep showing up. Colorado recently imposed criminal penalties on volunteers who slip up in registration drives. Georgia, one of several states to adopt harsh new voter ID laws, had its law struck down by a federal court.

Protecting the integrity of voting is important, but many of these rules seem motivated by a partisan desire to suppress the vote, and particular kinds of voters, rather than to make sure that those who are entitled to vote — and only those who are entitled — do so. The right to vote is fundamental, and Congress and state legislatures should not pass laws that put an unnecessary burden on it. If they do, courts should strike them down.

Disgrace Unchecked (WP)

The Washington Post, May 30, 2006

WE SAID IT three years ago and it's still disgracefully true: Maryland's treatment of juvenile offenders is one of the longest-running emergencies in state government. The sickening conditions that existed in the detention centers long before Robert L. Ehrlich Jr. (R) denounced them during his campaign for governor still exist. Mr. Ehrlich promised to end the scandals and has talked periodically ever since about plans in the works. Yet independent monitors continue to roll out devastating reports.

Check out these comments last week by Ralph Thomas, who was the monitor from 2000 until last June, on reading the latest report from his successor, Katherine A. Perez: "It's the same thing: overcrowding, understaffing . . . health safety issues . . . child abuse . . . and continued assaults." In appropriately stinging reports, Ms. Perez described spotting a male staff member at the Thomas J.S. Waxter Children's Center in Laurel throwing punches at a girl who was acting up. She also found overcrowding, insufficient staffing and out-of-control behavior at facilities. At the Lower Eastern Shore Children's Center in Salisbury in March,

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Ms. Perez made an unannounced nighttime visit and, according to the Baltimore Sun, found 31 youths crammed into a facility designed for 24, including youths sleeping in plastic "boats" used as cots in bathrooms as well as bedrooms.

So how has the Ehrlich administration reacted? Ms. Perez, appointed by the governor this year to head the independent monitoring office, came under fire from Juvenile Services Secretary Kenneth C. Montague Jr. for issuing her reports. Mr. Thomas, too, said he had been attacked for writing reports that did not sit well with officials. Edward Hopkins, a Juvenile Services spokesman, told the Sun that the governor "has been supportive of everything that we've tried to do to rebuild this system and make it better for kids."

Whatever "everything" means, the response has been pathetic. True, the system was dysfunctional and badly run under Mr. Ehrlich's predecessor, Parris N. Glendening (D). But nearly four years have elapsed and the systemic problems persist. Mr. Ehrlich's opponents should seize on this huge failure with concrete proposals to commit the necessary funds and expertise for a respectable, effective program.

ANTITRUST:

Kinder Morgan In $13bn Management Buy-out (FT)

By James Politi

Financial Times, May 30, 2006

Kinder Morgan, the Texas-based midstream energy company, on Monday night received a takeover proposal worth $13.5bn in cash from its management and a group of private equity funds including Goldman Sachs.

If a deal is struck it will be the latest - and largest - in a recent string of proposed "management buy-outs" in the US, where executives offer to take their companies private with the help of private equity firms.

This month, Aramark, the food service and equipment rental company, received a $5.8bn takeover offer led by its management, while Kerzner International, the Bahamas-based casino and leisure group, will be taken private in a $3.5bn deal led by its founders.

The consortium bidding for Kinder Morgan is offering to pay $100 a share for the company, or an 18.5 per cent premium over the company's closing share price of $84.41 on Friday. The proposal may have been driven by a belief that the company's fortunes with public investors had passed their peak. Its shares hit a high this year of $103.45.

As well as Kinder executives Richard Kinder, Mike and Bill Morgan and Fayez Sarofim, members of the consortium include the buy-out units of Goldman Sachs, the investment bank, American International Group, the insurance giant, and US private equity firms Carlyle Group and Riverstone Holdings.

The buyers would also take on about $8bn of the company's debt, bringing the total value of the proposed deal near to $22bn - or close to the $30bn Kohlberg Kravis Roberts paid for RJR Nabisco in the largest private equity deal in the late 1980s.

Kinder Morgan is one of the largest US midstream energy companies, operating natural gas and oil pipelines and terminals across North America.

The company expanded into Canada last year with the acquisition of Terasen for $3.1bn. Kinder Morgan also owns the general partnership in Kinder Morgan Energy Partners, one of the largest publicly traded pipeline limited partnerships in the US.

In a statement on Monday night, Mr Kinder, chairman and chief executive, said the takeover offer would benefit the partnership by allowing it to implement a new hedging facility for crude oil, and to acquire at an attractive price the Trans Mountain Pipeline, which connects Edmonton with Vancouver.

A deal to take Kinder Morgan private would represent the latest chapter in one of the more remarkable stories in the US energy industry. Only 15 years ago, Kinder Morgan was a small rural utility. But its assets grew rapidly through a series of acquisitions and its pipelines now serve key regional energy markets such as Chicago and Houston.

Kinder Morgan Gets Proposal To Take It Private (WSJ)

By Dennis K. Berman And Henny Sender

The Wall Street Journal, May 30, 2006

Top management of Kinder Morgan Inc. proposed to take the oil-and-gas pipeline company private in a $13.5 billion deal that would be the largest management-led buyout in history and one of the largest leveraged buyouts ever.

Kinder Morgan Chief Executive Richard Kinder and other executives are offering $100 a share for the Houston-based company. That's a roughly 18% premium to Friday's New York Stock Exchange closing price of $84.41 but shy of the stock's 52-week high of $103.75.

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Under the proposal, Mr. Kinder and others would contribute $2.8 billion of their existing shares to the newly private company, with another $4.5 billion coming from private-equity investors Goldman Sachs Capital Partners, American International Group Inc. and the Carlyle Group and its Riverstone Holdings affiliate.

If the deal is approved, the newly private Kinder Morgan would take on a total of $14.5 billion in debt, giving the transaction a total value of about $22 billion.

The biggest private-equity deal remains Kohlberg Kravis Roberts & Co.'s $25 billion acquisition of RJR Nabisco Inc., completed in 1989. KKR also assumed $5.5 billion in debt as part of the transaction, which was a high-water mark in the deal-making bravado of the 1980s. A generation later, big dollars and ambitions are again reshaping the financial landscape.

The Kinder Morgan deal underscores how powerful private-equity firms have become, snapping up properties ranging from General Motors Corp.'s auto-lending arm to the film library of the MGM film studio. With Wall Street's help, they are issuing torrents of new debt, which remains relatively cheap and easy to sell to investors. Several of the largest private-equity firms have raised war chests exceeding $10 billion.

"Clearly a lot of money has moved into private-equity funds," the 61-year-old Mr. Kinder said in an interview yesterday. "It makes a transaction like this much more doable than it was before."

Mr. Kinder formed Kinder Morgan about a decade ago with roughly $40 million in assets he bought from Enron Corp., which he left in late 1996 after Kenneth Lay, then-chairman of Enron, declined to make him chief executive.

Since 1999, a series of acquisitions in the U.S. and Canada has pushed Kinder Morgan's shares up 155%, compared with a 24% gain for similar stocks tracked by data provider Baseline. Mr. Kinder's 18% stake in Kinder Morgan is valued at about $2.4 billion based on Friday's closing share price.

Mr. Kinder's success in expanding his company, which now has 43,000 miles of pipelines, terminals for distributing oil and gas and oil-sands assets in Alberta, Canada, stands in contrast to the fate of his former Enron colleague. Mr. Lay was convicted last week on several charges of fraud and conspiracy in connection with the 2001 collapse of Enron, and faces up to 45 years in jail. He plans to appeal.

Enron and Kinder Morgan took divergent paths to build their businesses. Enron initially built up its pipeline assets, but eventually embraced a business model based on trading. Kinder Morgan, by contrast, steadily added to its pipeline portfolio. Today it transports more than two million barrels of gasoline a day, can store some 70 million barrels of oil and chemicals, and handles more than 80 million tons of coal each year.

Mr. Kinder's plans to take his company private are by no means certain. The company is convening a special board committee to review the fairness of his offer, which he called a "very nice top-end-of-the-market premium." In such situations, special committees often ask for, and receive, an improved price from potential buyers as a sign that there is no sweetheart deal in place.

There is also the chance a rival bidder could emerge with a better price and potentially wrest the company away from Mr. Kinder. He acknowledged that is "always a possibility," though it is clear his big stake in the company helps lower his own overall acquisition costs while providing a potential hurdle to interlopers.

Management buyouts can be controversial. The other shareholders sometimes grow skeptical of the motives, wondering if top executives -- with their understanding of the business -- see a long-term opportunity and are trying to grab it for themselves.

Kinder Morgan is tied into three different securities. The buyout target, Kinder Morgan Inc., is generally held by institutional investors. It is the general partner of Kinder Morgan Energy Partners LP, a tax-reducing master limited partnership that attracts primarily retail investors. Kinder Morgan Management, meanwhile, is a separate limited-liability company whose only significant assets are partnership units in Kinder Morgan Energy Partners.

The most valuable of Kinder Morgan's assets is a planned $4 billion pipeline that will extend from the Rocky Mountains to Ohio, and possibly on to Pittsburgh. The pipeline, which is under construction, would be the first major one built in the U.S. since the Alaska pipeline was completed in 1977. Customers have already committed to take up the pipeline's output, lowering the risk of the project.

The private-equity investors in the proposed buyout said they also were emboldened by Kinder Morgan's practice of publicly posting its annual budget each year. "In any deal, we always ask what can go wrong," said Henry Cornell, a managing director in charge of the Americas at Goldman Sachs, who worked on the proposal. "They have proven themselves for a decade, and you take comfort because they are betting their whole ranch," added Mr. Cornell, referring to the fact that the Kinder Morgan management team would roll over their entire holdings in the going-private transaction.

Those involved describe the buyout as a deal with moderate risks and modest potential returns, because it is so expensive and requires such a large equity investment. That's in contrast to recent deals in which buyout firms have bought companies, added substantial debt, and flipped them in a matter of months.

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There are some potential pitfalls, though: The main one is whether the debt markets will remain robust enough to allow the financing to be completed.

The proposal comes at a time when private-equity firms are contemplating numerous deals in sectors from media to technology to retail. "It is a benign environment," Tony James, president of the Blackstone Group, told a recent conference. "Borrowing costs are low, the interest costs are manageable, there is a lot of leverage available. You have a rising stock market at your back and a booming economy."

As a result, adds David Rubenstein, co-founder of the Carlyle Group, speaking generally, "nothing is out of favor."

Part of the reason for the frenzy is the fear that the aversion to risk that has begun to assert itself in the stock market might spread to the debt market, damping investors' enthusiasm for financing big private-equity deals. But so far, there has been little sign that the appetite for lower-quality corporate debt has diminished.

A Kinder Morgan deal would represent a success for Goldman, a unit of Goldman Sachs Group Inc., which is both a principal and adviser in the deal, at a time when it is being criticized for potential conflicts arising from such dual roles.

Other investment banks have scaled back their commitment to the private-equity business, at least partly in response to complaints from private-equity firms. But Goldman, which closed an $8.5 billion private-equity fund in April 2005, continues to operate in the big leagues, amid concerns from its chief executive that its private-equity arm is wading into takeover situations that may conflict with clients' interests.

Goldman has worked with Kinder Morgan since the company was established, looking for strategic opportunities for Mr. Kinder. Mr. Kinder called Goldman about two months ago with the idea that led to yesterday's proposal.

The proposed buyout, which requires shareholder approval, could close within three to six months.

Gas Giant Gets Offer For Buyout (NYT)

By Andrew Ross Sorkin And Jad Mouawad

The New York Times, May 30, 2006

A group led by Richard D. Kinder announced a buyout offer yesterday valued at $22 billion for Kinder Morgan Inc., the parent of the pipeline giant he founded in 1997.

The deal, which includes the assumption of about $8 billion in debt, would be the largest leveraged buyout since Kohlberg Kravis Roberts & Company bought RJR Nabisco in 1989 for $25 billion.

The offer by Mr. Kinder, a former president of Enron who was ousted after a dispute with Enron's founder, Kenneth L. Lay, is backed by a group of investors that includes Goldman Sachs, American International Group, the Carlyle Group and Riverstone Holdings. Mr. Kinder owns about 20 percent of Kinder Morgan.

Under the buyout's proposal, shareholders of Kinder Morgan would receive $100 a share in cash, an 18.5 percent premium over the $84.41 closing price of Kinder Morgan's shares on Friday.

Mr. Kinder; William Morgan, the company's co-founder; and two current directors, Fayez S. Sarofim, the billionaire financier, and Mike Morgan, William's Morgan son, will invest $2.8 billion in the transaction. The other investors will put in $4.5 billion. The group will also raise $14.5 billion to finance the rest of the deal.

After leaving Enron at the end of 1996, Richard Kinder started a pipeline business by buying some of Enron's assets and quickly expanding through a series of mergers and acquisitions.

In an interview yesterday, Mr. Kinder said he wanted to take the company private, in part because he thought that investors had "discounted" Kinder Morgan's shares, which have traded as high as $103.75 in the last year.

He blamed the share slump on plans to build a $4 billion natural gas pipeline to link the Rocky Mountain region to the Eastern markets. While calling the offer fair, he said, "Clearly I and the rest of the management team think this has very good value or we wouldn't be doing this."

But the offer is not without risk. Mr. Kinder's bid could put Kinder Morgan in play, opening it to rival offers. Late yesterday, energy investment bankers who were not involved in the deal had started calling clients to evaluate their interest in a competing bid.

A special committee of Kinder Morgan's board has been formed to evaluate the offer. Typically in management buyouts, the buyers are eventually forced to increase their offer from their original bid to fend off counteroffers.

"If someone wants to present themselves, so be it," he said. "As someone once said, 'You're for sale every day on the New York Stock Exchange.' "

After leaving Enron, Mr. Kinder became known for his use of limited partnerships — contractual arrangements giving investors a direct ownership interest in assets and redistributing most of their income each quarter to their shareholders. These partnerships bought stable assets like pipelines that generated steady cash flows and then grew through acquisitions — increasing their payout.

In 1997, when the limited partnership Kinder Morgan Energy Partners was created from the Enron assets, the general partnership had an enterprise value of $325 million, reflecting equity minus debt, and only a handful of assets. The company is now one of the largest publicly traded limited partnerships operating pipelines. According to its Web site, it now has an enterprise value of more than $13 billion.

In 1999, Mr. Kinder engineered a merger between Kinder Morgan Energy Partners and KN Energy, a gas utility in the Midwest, which ultimately created Kinder Morgan Inc. That deal was followed by a number of smaller acquisitions that expanded its holdings in storage terminals, distribution networks and other so-called midstream assets.

Kinder Morgan now operates about 43,000 miles of pipelines of natural gas, oil, petroleum products and carbon dioxide. It also runs more than 150 terminals for gasoline and other petroleum products and provides natural gas distribution service to over 1.1 million customers. Mr. Kinder receives an annual salary of one dollar and receives no bonus, options or restricted stock.

Among its larger assets, Kinder Morgan owns Plantation Pipelines, one of the nation's main transportation networks for petroleum products, carrying gasoline from refineries on the Gulf Coast to markets on the Atlantic Coast.

Bolstered by high energy prices, Kinder Morgan's latest project is to build a $4 billion, 1,300-mile natural gas pipeline linking the Rocky Mountains to markets in the East. Nicknamed the Rockies Express, the project would be one of the biggest new pipelines constructed in the United States in more than two decades.

Mittal Aims To Thwart Arcelor Deal (WSJ)

By Paul Glader, Jason Singer And Geoffrey T. Smith

The Wall Street Journal, May 30, 2006

Mittal Steel Co.'s advisers over the weekend continued to seek support among Arcelor SA investors to thwart Arcelor's proposed deal with Russia's OAO Severstal, even as a potential pact involving another Russian steelmaker underscored the consolidation wave sweeping the industry.

In the Arcelor-Severstal white-knight arrangement, Arcelor would purchase the nearly 90% stake of Severstal owned by Chief Executive Alexei Mordashov, plus all of his other steel and mining assets. Mr. Mordashov, in return, would receive Arcelor shares and purchase more with cash, ultimately giving him a 32% stake in Luxembourg-based Arcelor and hefty managerial control. The proposed merger is valued at €13 billion ($16.54 billion).

Mr. Mordashov, 40 years old, would become president of the combined company and co-leader of the board, while Guy Dollé, Arcelor's chief executive, would be CEO.

In a separate potential deal, coal-and-steel producer Evraz Group SA is in talks to sell 40% of itself to Russian tycoon Roman Abramovich, a representative for Evraz's core shareholders said yesterday. The stake is valued at roughly $3 billion by current market values. Following on the heels of Severstal's deal, the Evraz talks show Russian investors could play a key role amid a heatedly consolidating world steel industry.

"Russian producers could now end up driving the process," said Al Breach, chief strategist at Moscow investment bank Brunswick UBS. Severstal's alliance with Arcelor "confirms to the world that Russia has re-emerged as a serious economic player," he said.

Mittal adviser Goldman Sachs Group Inc. continued over the weekend to solicit Arcelor shareholders to sign a letter that would call for an extraordinary shareholders meeting to try to make the deal subject to shareholder approval. The investment bank, along with a law firm, over the weekend had yet to tally at least 20% of Arcelor shareholders, a threshold needed to convene such a meeting, according to people familiar with the matter.

The letter, addressed to Arcelor Chairman Joseph Kinsch, said Arcelor's decision to force the deal through unless shareholders vote it down -- the opposite of how companies typically seek shareholder support by making a deal subject to shareholder approval -- was unacceptable, according to a copy of the letter reviewed by The Wall Street Journal.

"Given the significance of the transaction, we would like to have the proposed Severstal combination be proposed to and approved by shareholders in a manner consistent with widely followed procedures across Europe and in accordance with best corporate governance practice," the letter reads. "Specifically, we would propose the approval procedure to consist of a two-thirds majority vote of all shares present or represented at a properly convened extraordinary general meeting of shareholders."

The proposed deal is the latest turn in a long-running drama atop the world's steel industry. Arcelor since January has been trying to repel the advances of rival Mittal, which recently launched a formal offer for the company. Arcelor's deal with Severstal will make it much harder for Mittal to seal a deal, and at least some Arcelor shareholders are expected to object strongly to it.

Wilbur Ross, the New York billionaire investor who sold his steel assets to the Mittal family in 2005 and is now a member of the Mittal board, criticized Arcelor's choice of a partner. "There are serious questions in the minds of Western institutions as to how good it is to have a Russian oligarch in charge of this company. What if [President Vladimir] Putin decides he doesn't like

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[Mr. Mordashov]? What happens to the company and the steel assets?" Mr. Ross said. "Of course, the oligarchs are not well known for corporate-governance concepts."

Mr. Ross and other Mittal executives said a decline Friday in Arcelor's share price and a rise in Mittal's showed the market supports its side. Yesterday in Paris, Arcelor's shares dropped 25 European cents to €32.80. In 4 p.m. New York Stock Exchange composite trading Friday, Mittal's American depositary receipts stood at $33.71, up $1.40. And yesterday in Amsterdam Mittal's shares rose 5%, or €1.25, to €26.25.

Peter Marcus, a partner in World Steel Dynamics, a research firm in Englewood Cliffs, N.J., said in a recent report that the merger makes sense because "the world's other leading steel mills will be more encouraged to join the race to be No. 1" while the Mittal-Arcelor combinations "would have given Mittal Steel an insurmountable lead and, as a consequence, might have dampened the 'urge to merge' enthusiasm by other steel companies." The firm has advised Severstal on the merger and would receive a fee if the merger occurs.

Other analysts and consultants disagree, suggesting Mittal might make a better partner. "Severstal is exactly the kind of company Arcelor complained about Mittal being -- a developing company, a formerly centrally controlled economy company that needs spending," said Chuck Bradford, a New York-based steel analyst with Bradford Research/Soleil.

Separately, Evraz founder and departing Chairman Alexander Abramov and his successor, Alexander Frolov, are preparing to sell as much as half of Crosland Global Ltd., the offshore holding company through which they own more than 82% of Evraz, to Millhouse Capital, the investment company of Mr. Abramovich, the Russian tycoon. Evraz is registered in Luxembourg but has most of its operations in Russia.

Millhouse, which declined to comment, hasn't signaled any intention to be a long-term investor in the steel industry.

FCC Is Set To Take Fresh Look At Media Ownership (WSJ)

By Amy Schatz

The Wall Street Journal, May 30, 2006

WASHINGTON -- With Republicans in the majority at the Federal Communications Commission for the first time in 14 months, the agency is poised to begin tackling a host of contentious issues, including changes to media ownership limits.

Senate confirmation Friday of Republican Robert McDowell to fill an empty commission seat marks the beginning of a more active phase at Chairman Kevin Martin's FCC, which has been idle on several fronts while deadlocked 2-2 between Republicans and Democrats.

Mr. McDowell's arrival is likely to have an immediate impact on one issue: consideration of Time Warner Inc.'s and Comcast Corp.'s deal to split Adelphia Communications' assets. Commission Democrats had hoped to impose several conditions, including tougher Internet protections than those required of AT&T Inc. and Verizon Communications Inc. in their respective mergers last year.

Even before Mr. McDowell was confirmed, the FCC chairman had begun circulating proposals among the other commissioners to reopen two issues: media ownership limits and a requirement that cable operators carry multiple channels from local broadcasters after the transition to digital television instead of just one.

A vote to reopen the debate of media ownership limits may occur at the FCC's regularly scheduled meeting next month, agency officials said. The FCC will take a comprehensive look at what changes should be made, but the review isn't expected to be completed this year.

Even the whiff of possible FCC action has been enough to prompt a stir. Mississippi Republican Senator Trent Lott and Democratic Senator Byron Dorgan of North Dakota last week sent a letter asking Mr. Martin to have the commission address the issue of local broadcast content before acting on new media ownership rules. An FCC task force was created in 2004 to study the issue, but no report has been issued.

Meanwhile, the cable industry is gearing up to oppose Mr. Martin's must-carry proposal, which has been on broadcasters' wish-list for several years.

"The FCC has twice rejected multicasting and Congress also rejected it during the last session, so there's no evidence that it should be approved," said Brian Dietz, a spokesman for the National Cable & Telecommunications Association.

ENVIRONMENT:

National Parks To Stay Ad-Free (WP/AP)

By The Associated Press

The Washington Post, May 30, 2006

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The national parks will not become a new frontier for American advertisers anytime soon.

Park Service Director Fran P. Mainella upheld tight restrictions on advertising and marketing in the parks this month when she issued new guidelines that did not include changes that would have permitted some employees to solicit donations and give donors the right to slap their names on rooms, benches and bricks.

Another change proposed last year, and recently rejected by Mainella, would have allowed the Park Service to accept alcohol and tobacco company donations for the first time.

"Some level of donor recognition, if tastefully done, is a good idea," Deputy Park Service Director Stephen P. Martin said. "Too much of it, and it can go downhill really fast."

About $100 million in donations and $150 million in entrance fees augment the taxpayer funds that support the national park system, which has an annual budget of about $2.2 billion.

Park rangers and other employees, advocacy groups and environmentalists complained that the proposals would have opened the door to an unseemly amount of commercialization. The guidelines were last set in 1998 and are supposed to be reviewed every five years.

Much of the private support for national parks is contributed through the National Park Foundation, chartered by Congress in 1967. Companies such as American Airlines Inc., Discovery Communications Inc., Eastman Kodak Co. and Ford Motor Co. have each donated $5 million or more.

Alaska The 'poster State' For Climate Concerns (USAT)

By Elizabeth Weise

USA Today, May 30, 2006

FAIRBANKS, Alaska — To the untrained eye, Bonanza Creek forest is breathtaking, a vibrant place alive with butterflies and birds, with evidence of moose and bear at every turn.

But look through forest ecologist Glenn Juday's eyes, and you see a dying landscape.

Since the 1970s, climate change has doubled the growing season in some places and raised state temperatures 6 degrees in the winter and 3.5 on average annually since 1950, says Juday, a professor at the University of Alaska-Fairbanks. Drought is stressing and killing spruce, aspen and birch trees.

Alaska has emerged as the poster state for global warming, the worldwide climate effect that many scientists attribute to higher concentrations of "greenhouse" gases — mostly carbon dioxide created by burning fossil fuels — that capture the sun's heat in the atmosphere.

Global warming is a hot topic, especially now. Former vice president Al Gore is back in the news with the release of his acclaimed documentary on warming, An Inconvenient Truth. And President Bush — who has been criticized by environmental groups that say he has been slow to acknowledge the dangers posed by warming — said last week that "people in our country are rightly concerned about greenhouse gases and the environment."

Alaska is important in measuring the effect of global warming on the USA because what happens here soon will be felt in the Lower 48 states, say experts such as Robert Corell, a senior fellow at the American Meteorological Society.

The spruce budworm, aspen leaf miner and the spruce bark beetle, pests once kept in check by winter cold, are flourishing here. Statewide, insect outbreaks have killed more than 4 million acres of forest in a decade and a half, says John Morton, a biologist at the Kenai National Wildlife Refuge in Soldotna.

Fires, long an integral part of the forest ecology here, are burning millions of acres as summers get longer and hotter, says Scott Rupp, a University of Alaska-Fairbanks professor of forestry. And with each wave of fires, trees have a harder time coming back in the increasingly warm and dry landscape.

This great northern forest may end up a grassland. "Soon, people will be coming to the great plains of Alaska," Juday says.

Alaska is ahead of the climate-change curve because polar regions warm the fastest. They had long been kept frigid by vast regions of snow and ice that reflect 70% of the sun's energy back out to space.

But higher temperatures are shrinking that snow and ice cover. In the Arctic, summer sea ice has shrunk 15% to 20% in the past 30 years, according to 2005's Arctic Climate Impact Assessment report.

And as the snow and ice recede, the sun's rays are hitting more dark ground and water, which absorb most of the heat, reflecting just 20% of the energy away, says Matthew Sturm, a research scientist with the U.S. Army Corps of Engineers' Cold Regions Research and Engineering Laboratory in Fairbanks.

Lakes and ponds are disappearing as the permafrost, permanently frozen ground that underlies much of Alaska north of Fairbanks, melts.

"It's like pulling the plug in a bathtub," says Peter Schweitzer, an anthropologist who works with the Arctic peoples in Alaska and Russia.

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In some areas, as much as 40% of surface water has disappeared, taking with it vital habitat for ducks and other waterfowl, says Juday.

The permafrost that underlies much of the central and north of the state is a relic from the last Ice Age. Some of the frozen ground under Fairbanks is 100,000 years old, says Vladimir Romanovsky, a permafrost expert at Fairbanks. And now, he says, it's starting to get "slushy."

For Ruth Macchione, that meant a more expensive design to her new home after the cabin her husband built in the 1950s sank into the ground. The permafrost under the cabin thawed because the structure wasn't built to keep the ground cold — a key trick in building in frigid regions.

Her new home incorporates piers to allow cold air to circulate underneath it.

"Local engineers are getting worried about higher ground temperatures, so they're specifying more pilings to combat that," says Billy Connor, director of the Alaska University Transportation Center. That will mean higher construction costs across the state, Sturm says.

More heat means longer summers. The growing season in Fairbanks has gone from 80 to 120 days since records were first kept in the 1900s, says John Walsh, director of the Center for Global Change and Arctic System Research at the University of Alaska-Fairbanks.

But those summer days haven't come with any more rain, so plants and trees adapted to short, cool summers grow quickly but then dry out while it's still warm. That's one reason forest fires have become such a problem, he says.

Hotter summers aren't just a problem here. In the Midwest and East, a few extra degrees can bring on higher milk prices. That's because cows don't like it hot. When the mercury gets over 80 degrees, milk production drops.

"Last year, we had herds that were down 5 to 15 pounds of milk per cow, and they'll usually be making 65 to 75 pounds" a day, says Larry Chase, a professor of animal science at Cornell University in Ithaca, N.Y.

In the Midwest, the corn belt is shrinking, says S. Elwynn Taylor, a professor of agricultural meteorology at Iowa State University in Ames. Especially at the western edges in Nebraska and the Dakotas, areas that were marginal for corn and soybeans are now unable to economically grow them.

David Lobell, an environmental scientist at Lawrence Livermore National Laboratory in Livermore, Calif., says that for every 2-degree increase in growing-season temperature, farmers can expect a 17% decline in yield for both corn and soybeans.

Taylor isn't convinced that the warming isn't simply part of a larger climate pattern that has been seen in the Midwest since about 1850.

He is not alone. Other scientists see warming as part of a cyclical climate change, but they are outnumbered by colleagues who say the planet is warming steadily because human activity is adding to the greenhouse gases.

A landmark 2001 report by the United Nations' Intergovernmental Panel on Climate Change forecast that the average global surface temperature will increase 2.5 to 10 degrees above 1990 levels by 2100.

In White Mountain, a village of 200 on the western coast of Alaska near Nome, stocking up the larder is harder now for Rita Buck, a native Alaska Inupiaq and health practitioner at the town clinic.

Buck's year used to be a steady flow of work. First came salmon fishing, then harvesting berries. Salmonberries, a type of raspberry, would arrive first, then blueberries, blackberries and finally cranberries. Berries make up an important part of the subsistence diet.

But now, she says, the berries are blooming too early, when frost is still a danger. "It freezes all the berry blossoms and stops them growing," she says.

Cherry growers in Michigan, the nation's primary grower of tart cherries for pies, are having much the same problem. Spring now arrives seven to 10 days earlier there than in the 1970s, but cold snaps still come when they always have.

The commonly grown cherry variety isn't cold-hardy, so once it comes out of dormancy, it has no resistance to freezing, says Jeffrey Andresen, an agricultural meteorologist with Michigan State University in East Lansing.

"In 2002, early warming brought the tart cherry crop out of dormancy, and then a two-day freeze in April resulted in an almost complete loss for the year," he says.

Growers may have to plant new, more cold-hardy varieties, which won't be cheap, Andresen says. "You can't just pick up the trees and move them somewhere else."

In Alaska, the sea ice that armors the coastline against winter storms is forming a week later than it used to, says David Atkinson, a Fairbanks professor of atmospheric science.

The state accounting office, worried about the cost of moving at-risk communities, estimates that more than 100 coastal villages potentially face danger as winter storms erode their once-protected shorelines. The open water makes for stronger storms. Some areas have lost 30 to 40 feet of beach in a single storm, Atkinson says.

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Warmer winters also are creating problems for California farmers of high-value crops such as peaches, plums, nectarines, almonds, pistachios and walnuts, which need a period of cold in the winter to bloom properly.

A series of warm winters has played havoc with fruit production, says Theodore DeJong, a professor of plant science at the University of California-Davis. Farmers may have to switch out their current trees with low-chill varieties, expensive but at least a solution.

But for the trees that grow plums for prunes, that's simply not an option. It would take 10 to 20 years to develop low-chill varieties of these trees, DeJong says.

Packers already are moving some production to Chile. There could soon come a day when California, which grows 95% to 98% of all plums in the USA, is out of the business entirely.

The huge fires that have hit Alaska in the past few summers filled the air with so much smoke and ash that people in Fairbanks at times wore dust masks and doctors told asthmatic patients to leave town until the fires were out.

But it doesn't take a fire to make air unhealthy, says Paul Epstein, associate director of the Center for Health and the Global Environment at Harvard Medical School.

U.S. asthma and allergy rates are increasing in part because more carbon dioxide in the atmosphere is supercharging the production of pollen that can trigger them, he says. When carbon dioxide is doubled, ragweed stems grow 10% more but pollen increases by 60%.

“Pollen counts of 120 used to be cause for alert. We're seeing counts like 6,000 now,” Epstein says.

Warmer winters also mean insects can survive and thrive in places where the cold used to keep them in check. Lyme disease is spreading beyond the former winter confines of the tick that carries it. And West Nile virus is spreading farther because spring drought amplifies the cycle of the bird-biting mosquito, Epstein says.

Ten years of change in the Arctic region is a preview of 25 years of change in the rest of the world, says Corell of the American Meteorological Society.

But that's not to say that path is cast in stone. Even researchers such as University of New Hampshire earth science professor Cameron Wake, who tracks phenomena such as the earlier arrival of spring, see a silver lining in this cloud.

“This country is at its best when it has a grand challenge, whether it's World War II or going to the moon,” Wake says. “This is the next grand challenge.”

Songs From The Wood (NYT)

By Scott Weidensaul

The New York Times, May 30, 2006

Schuylkill Haven, Pa.

I SAT on my farmhouse's back step in the low light of dawn, watching two blackpoll warblers — slim, streaky and hyperkinetic — flit through the new leaves of the maples, which the sun turned into tiny lenses of green.

My trees were a way station for these birds, moving between their winter home in South America and their destination to the north — the boreal forest, the vast shield of spruce and aspen, of muskeg and marsh, that stretches from Newfoundland to western Alaska. Larger than even the Amazon, North America's boreal zone is one of the biggest intact ecosystems left on the planet, with 1.4 billion acres in Canada alone, most of it still in immense, interlocking tracts that make up a quarter of the earth's remaining original forest.

With its southern fringe running just across the border from northern New England and the upper Great Lakes, the boreal forest is largely unknown to most people in the United States. Its most visible product, however, is now flooding our backyards with welcome color and song. The boreal forest is the continent's matchless bird nursery: some three billion individuals of nearly 300 species breed there, from trumpeter swans to delicate warblers, migrating across the entirety of the United States to return there. In autumn, they scatter to the farthest corners of the hemisphere, leading some scientists to suggest that the boreal has a greater global impact than perhaps any other single ecosystem.

Despite centuries of logging and development, most of the boreal is still intact. But over the next decade, timber, energy and mineral development will accelerate across the region, including a natural-gas pipeline through the heart of the Mackenzie Valley in the Northwest Territories that will speed the extraction of oil from the vast tar-sand deposits beneath Alberta's boreal forests.

Because this region is so huge, though, we have a chance to get it right this time — to upend the typical approach to conservation. Instead of protecting a few patches of natural habitat, we have the opportunity to save immense, functioning ecosystems as the matrix, with islands of carefully managed development in between.

This isn't just a pipe dream. The Boreal Forest Conservation Framework, which calls for protecting fully half of Canada's forest while promoting sustainable development on the remainder, has attracted support from a remarkable array of traditional

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adversaries. These include territorial and provincial governments, Canadian Indian tribes, environmental groups like the World Wildlife Fund and the Nature Conservancy, and (most important) industrial giants like Suncor Energy and large paper companies like Domtar and Alberta-Pacific Forest Industries.

One reason for this unusual degree of cooperation and farsightedness is simple self-interest. In the case of the Mackenzie pipeline, cooperation may finally lay to rest legal challenges by tribes that have stalled development for more than 30 years. In other cases, American consumers are helping to drive change. Most of the wood pulp from boreal forests, for example, goes into products like tissue paper, catalogs and half the newsprint sold in the United States; Canadian logging companies are signing on to the conservation framework to avoid growing pressure from environmental groups in this country. Tembec, a $4 billion forest products enterprise that was an original signatory for the framework, has pledged to bring all 40 million acres of its timberland into compliance with the development standards set by the international Forest Stewardship Council.

Governments have also begun to recognize the economic importance of a vibrant, healthy boreal forest. A recent study found that the ecological benefits of Canada's boreal forest — including clean water, carbon sequestration and pest control by migratory birds — are worth more than $80 billion annually, two and a half times the extractive value of its resources.

But there is much the Canadian government can still do to protect this incomparable region, in addition to supporting the goals of the boreal framework. It has yet to address the heavy environmental impacts of tar-sand extraction, which range from the strip-mining of immense areas to the use of staggering quantities of fresh water. In the Northwest Territories, one of the most pressing needs is to identify (with the help of the aboriginal groups there) and preserve significant swaths of the most critical natural areas in the Mackenzie Valley before the pipeline is routed and built. The time to draw up a workable — and visionary — plan to safeguard the boreal is now.

Most Americans will never visit the boreal forest, never watch woodland caribou flow over the crest of a hill by the hundreds, never hear the howl of gray wolves echo through the conifers. But the boreal touches us every spring, as the birds it scatters to the world come back again. And if we're wise, we can ensure that it will always be so. Sitting on the porch, I realized the warblers had moved on. They were already feeling the boreal's timeless pull, tugging them north again.

Scott Weidensaul is the author, most recently, of "Return to Wild America."

Your Congress At Work (WSJ)

The Wall Street Journal, May 30, 2006

Not a day goes by that our elected representatives don't moan about high energy prices. But faced with an opportunity earlier this month to do something about it, they drilled another dry political hole.

A bipartisan coalition voted to maintain a ban on offshore oil and natural-gas exploration in the 85% of the Outer Continental Shelf that has been off limits since 1981. The ban extends from three miles offshore, where federal jurisdiction begins, to 200 miles, where U.S. territorial waters end. "Our coasts are too valuable to risk this," said New Jersey Democrat Frank Pallone, invoking the usual aesthetic and environmental concerns. The vote on allowing oil and gas exploration was 279 to 141, with 94 Republicans joining nearly every Democrat.

Where to begin? Katrina was the most destructive hurricane in decades, yet it caused not a spill of oil in coastal waters. As for natural gas, it doesn't spill; it's a gas. Yet a separate measure in the Interior Department appropriations bill to allow drilling only for gas was stripped out by a vote of 217 to 203, with 59 Republicans voting to maintain the ban.

As the nearby chart shows, this kind of restriction on U.S. gas exploration has a real impact on prices, and thus on American economic growth. Unlike oil, natural gas is a not a global commodity with a single world price. Unless gas can be transported by pipelines, it must be chilled into liquified form and shipped. Yet only 3% of the world's gas is currently shipped -- which means that gas prices vary based on local supply and demand. So limits on U.S. exploration directly affect U.S. natural gas prices.

Overall natural gas demand has been surging, in part because environmentalists gave it their blessing as a "clean" fuel 20 years ago. American electric utilities use 41% more natural gas than they did a decade ago, and that trend is set to continue. Former Interior Secretary Gale Norton said recently that 90% of the power plants due to come online in the next five years will be gas-fired. This is due largely to a big push to reduce carbon emissions from electricity generation. All of this will put further pressure on prices.

Natural gas is also an important feedstock in cosmetics, plastics, fertilizers and the rest of the chemical industry. That fertilizer is, in turn, used to grow the crops that the bio-mass movement wants to turn into "renewable" fuels. But 90% of the cost of fertilizer is tied to the cost of natural gas, so the U.S. fertilizer industry is moving overseas in search of cheaper raw materials; capacity is down 36% from its highs.

Meanwhile, those exploitative capitalists in Cuba are now exploring for gas in its territorial waters, some of which lie just 45 miles off American shores. But American companies cannot drill on the U.S. side of that line. Canadian companies drill for

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natural gas in the Canadian waters of the Great Lakes, but once again the American side is off-limits. The absurdities of our current policy go on and on.

Congressman John Peterson (R., Pa.) is sponsoring another bill to lift the moratorium on natural-gas exploration (but not oil) for waters 20 miles or more from shore. That would put any rigs safely out of sight of land. His bill already has more than 160 co-sponsors, and he hopes that removing the aesthetic objection that gas rigs ruin the ocean view will attract more votes. We wish him luck, but on the evidence so far Congress simply isn't serious about expanding American energy supplies.

Energy Shortage (NYT)

The New York Times, May 30, 2006

Sherwood Boehlert, the moderate Republican who will retire this fall, observed on the floor of the House last week that despite polls showing conservation as the "preferred option" among Americans worried about high gas prices and oil dependency, "this Congress has not voted on a single conservation measure since gasoline hit $3 a gallon." At which point his colleagues voted (yet again) to open the Arctic National Wildlife Refuge to oil drilling in the misguided but apparently unshakable belief that a nation that uses one-quarter of the world's oil while possessing 3 percent of its reserves can drill its way to lower prices.

The legislative outlook is brighter in the Senate, which has before it the Enhanced Energy Security Act of 2006. The bill has impressive bipartisan sponsorship and incorporates the best features of an earlier (and more cumbersomely named) vehicle called the Vehicle and Fuel Choices for American Security Act. Its stated purpose is to reduce oil dependency, but the strategies and technologies it encourages would also do much to reduce greenhouse gas emissions.

The bill would require the president to figure out ways to cut oil consumption by 2.5 million barrels — 12.5 percent of current use — by 2016, and cut it in half by 2031. It offers a menu of loans, direct subsidies, tax breaks and other incentives that would encourage the production of fuel-efficient cars as well as gasoline alternatives like cellulosic ethanol. It does not mandate specific improvements in fuel economy standards — a Congressional red flag — yet the goal it sets would get us to the same place.

There is also real money here — $1.8 billion for hybrid "plug-in" vehicles, for instance, $1 billion for cellulosic fuels. And while anything is possible in a Congress habituated to pork, the bill is not yet encumbered with the special favors and tax breaks for the oil and gas industry that have disfigured recent energy bills. It would, in fact, repeal some of those breaks in an effort to lessen its cost.

This is a relatively straightforward bill with big ambitions — to reduce the demand for oil, thus reducing America's contribution to global warming while enhancing its national security. President Bush, who has made so much of the dependency issue without offering legislation of his own, would do the country a great favor by getting behind it.

FBI/DEA/ATF/USMS:

Drug Kingpin's Help Reduces His Sentence (DDN)

By Rob Modic

Dayton Daily News, May 27, 2006

DAYTON — Federal prosecutors were so pleased with the cooperation of a local drug kingpin that they sought a vast reduction in his sentence from the advisory guidelines for federal judges.

As a result, John Raymond "Ray-Ray" Senter was sentenced Friday to six years in prison. He's served a third of it already.

U.S. District Judge Thomas M. Rose said the federal sentencing guidelines recommended 21 years and 10 months to 26 years, 10 months.

Rose, who sealed a transcript of a closed hearing about Senter, said he "has made significant assistance."

Senter's twin, John Benjamin "Benji" Senter, will be sentenced at a later date.

The brothers were at the top of a drug conspiracy that shipped hundreds of pounds of cocaine and marijuana into the Dayton area in the 1990s, according to court documents and an investigation by the Internal Revenue Service and Drug Enforcement Administration.

Senter, 32, told Rose, "Since I was locked up, there has been a change in me. I found the Lord, and I found drugs was a big part of what I have done. Using drugs. It's been a burden to my mother and my kids and loved ones."

The sentence paled in comparison to another "top tier" defendant in the same case, Darnell "No Limit" Collier, 36, who also pleaded guilty and was sentenced to 15 years and six months in prison, the longest imposed on 10 other co-defendants. Only John Benjamin Senter awaits sentencing.

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The group was indicted in March 2004 following a July 24, 2003, seizure by IRS and DEA agents of 600 pounds of marijuana at the Wilberforce residence of co-defendant Clifton "Tip Ingles" Ingles. At the time, Russ Neville, agent in charge of the DEA, said the seizure was the largest for marijuana in either Montgomery or Greene counties.

Drug Trafficking Worth 35 Years (SANEWS)

By DARRYL Q. TUCKER, THE SAGINAW NEWS

The Saginaw News (MI), May 26, 2006

BAY CITY -- A Saginaw man is headed to prison for his role in transporting cocaine to Saginaw in a drug operation that sparked a shootout and left two police officers injured and two men dead.

James R. Sylvester, 49, who has no known address, will spend the next 35 years behind federal bars for conspiring to deliver cocaine and trafficking in crack cocaine, cocaine, oxycontin, valium, vicodin and marijuana Feb. 25, 2003.

A jury convicted Sylvester of the drug charges. Jurors also found him guilty of possessing a firearm as a felon and possessing a firearm while using an illegal controlled substance.

U.S. District Judge David M. Lawson sentenced him.

"Armed drug trafficking is a path with no way out other than violence or prison," said U.S. Attorney Stephen J. Murphy.

In 2004, Saginaw County Circuit Judge Fred L. Borchard sentenced Shay S. Irwin, 32, and Anthony J. Watson, 36, to 25 to 50 years in prison for their roles in the shootout at 2207 Jerome. A jury convicted the pair of assault with intent to rob while armed, conspiring to commit that crime, conspiring to possess more than 650 grams of cocaine and possessing a firearm as a felon, plus four counts of possessing a firearm while committing a felony.

Jurors also found Watson guilty of carrying a concealed weapon and carrying a dangerous weapon with unlawful intent.

This year, a state appellate court upheld the convictions and sentences.

Saginaw Township Police Officer Michael Cohee, who was serving as a member of the Bay Area Narcotics Enforcement Team, or BAYANET, suffered a gunshot wound to the abdomen. U.S. Drug Enforcement Administration Agent Tyler Kruse suffered a bullet wound to the face. Both officers recovered.

Charles R. Aldridge and Erin D. Murrell died in the shootout.

Investigators said Watson and Irwin were involved in a plan to ambush Vicky L. Loos and her boyfriend, Jose Escobar, when the couple returned to their home with 5 kilograms of cocaine they had picked up in Los Angeles. v

Jury Finds Drug-ring Suspects Guilty (DNT)

By John Pirro

Danbury (CT) News Times, May 29, 2006

Three men, one a Danbury resident, face lengthy prison terms after being convicted of participating in what federal prosecutors called a "large scale" powdered and crack cocaine trafficking ring.

A U.S. District Court jury in Bridgeport deliberated for one day before returning guilty verdicts on Thursday against Warren Hawkins of Danbury and Jose Luis Rodriguez and Arcadio Ramirez of Brooklyn, N.Y.

Hawkins, 35, faces up to 30 years in prison, Rodriguez could be sentenced to between 10 years and life behind bars and Ramirez could draw a term of between 5 and 40 years when they are sentenced on Aug. 11.

The three men are the last of 24 people arrested by local police and federal investigators last year when they broke up an drug-selling operation that had been active in the city for several years.

The ring was headed by former Danbury resident Alex Luna, who pleaded guilty to narcotics and firearms charges in March. Luna is scheduled to be sentenced June 13.

Prosecutors said Hawkins was a street-level dealer who was overheard on a court-authorized wiretap ordering cocaine from Luna.

Rodriguez and Ramirez were among several individuals who regularly made trips between New York City and Danbury, smuggling in kilogam-sized shipments of cocaine. The drugs were usually carried in cars equipped with hidden compartments to avoid detection, authorities said.

Rodriguez was the only defendant to testify during the trial, which began on May 10. He denied any knowledge or involvement with the ring.

U.S. Attorney Kevin O'Connor praised the efforts of Danbury police and federal Drug Enforcement Administration agents in breaking up the ring.

"The federal penalties for cocaine and crack distribution are severe, and it is our hope that this successful operation will deter others in Danbury from attempting to follow in Mr. Luna's and his associates' footsteps."

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Suspect Ordered To Substance Program (SEQCT)

By Monica Keen, Staff Writer

Sequoyah County Times, May 26, 2006

A federal judge ordered a man, who is accused along with eight others of operating a drug trafficking ring, to participate in a substance abuse program after he failed a drug test, violating a condition of his pre-trial release.

According to court minutes filed Wednesday in U.S. District Court in Muskogee, the court allowed David Nelson, 44, to remain free on bond, under the same conditions previously ordered by the court. The judge also ordered Nelson to participate in a program of inpatient or outpatient substance abuse therapy or counseling if deemed advisable by the pretrial services officer, according to court minutes.

Nelson is one of eight people named in a criminal drug conspiracy complaint, filed by an agent with the Drug Enforcement Administration (DEA). Nelson was arrested May 2, along with his wife, Twila Nelson, 33, and others, including Sallisaw residents Travis E. Philpot, 28, Paul Philpot, 61, Rhonda Valdivia, 38, Samuel L. Valdivia, 43, Hoyet W. Philpot, 57, and Pamela S. Pearson, 44.

The suspects are accused of conspiring to possess a controlled substance with intent to distribute and distribution of a controlled substance. The criminal complaint alleges that the suspects were involved in a multiple-state drug ring.

The Nelsons, Pearson, and Hoyet Philpot were each released on $5,000 bonds on the day of their arrest. But according to a petition filed Monday in U.S. District Court, David Nelson violated a condition of his pre-trial release by testing positive for the presence of marijuana.

A hearing set Thursday for another suspect in the case, Pearson, was reset for 10 a.m. June 5.

Paul and Travis Philpot and Rhonda Valdivia, all of Sallisaw, were released from the Muskogee City/County Jail on bonds May 5 and were ordered to abide by a variety of stipulations, including that they have no contact with any other defendants or witnesses in the case, with the exception of each other. Travis Philpot was ordered back in jail May 8 after contacting a witness named in the case the night of his release from jail. Samuel Valdivia remains in jail without bond.

Timmy Smith Gets 30-month Sentence (DENP)

By Alicia Caldwell

Denver Post, May 27, 2006

Timmy Smith, a former Washington Redskins running back who helped beat the Broncos in Super Bowl XXII in 1988, was sentenced Friday to 30 months in federal prison for dealing cocaine.

Smith, 42, also was ordered to pay $88,000 in unpaid child support.

Chief U.S. District Judge Lewis Babcock ordered Smith, who is out on bail, to report to prison July 10.

Federal agents arrested Smith and his brother, Christopher Smith, last year after 20 ounces of cocaine worth $13,600 was handed off to an undercover agent in Greenwood Village.

Drug Enforcement Administration agents had recorded several drug deals involving the Smith brothers, according to court documents.

Smith was accused of working with his brother in selling cocaine to an informant eight times in 2005, according to a federal arrest affidavit.

In all, the Smith brothers were accused of selling nearly 1,318 grams of cocaine for a total of $31,150.

Both were charged with possession and distribution of cocaine.

But according to negotiated plea agreements, each pleaded guilty to a single drug charge and the other charges were dropped.

Earlier this month, Christopher Smith was sentenced to five years' probation for aiding and abetting in distributing cocaine.

Smith, who was working at a Denver juvenile detention facility at the time of his arrest, set an NFL record in 1988 for the most rushing yards in a Super Bowl - 204 - in Washington's 42-10 victory over the Broncos.

Timmy Smith Scolded For 'Jekyl And Hyde Lifestyle.' (RMN)

By Sue Lindsay

Rocky Mountain News, May 27, 2006

Former football star Timmy Smith heaved a huge sigh as he was sentenced to 30 months in prison Friday in a federal drug case.

The sentence came over the objections of defense attorney Harvey Steinberg who argued that Smith should be sentenced to probation as his brother, Chris Smith, was earlier this month.

Sending Timmy Smith to prison while his brother got probation is "unfair," Steinberg said.

But the government argued that Timmy Smith played a much larger role in drug deals.

Timmy Smith pleaded guilty to conspiracy to distribute 750 grams of cocaine in eight sales. His brother pleaded guilty to distributing an ounce of cocaine and helping Timmy Smith.

The former Washington Redskins running back, 42, was arrested Sept. 30 near the Denver Tech Center after he sold an undercover officer about 20 ounces of cocaine for $13,500.

Chris Smith, 35, was arrested after delivering cocaine to his brother.

Timmy Smith apologized, saying he had made a bad choice.

"I have made a mistake," he said. "It will never happen again. I have learned my lesson, sir. I wasn't raised that way."

He told U.S. District Judge Lewis T. Babcock he was trying to get money to help a friend hurt by Hurricane Katrina.

But Babcock rebuked Smith for selling drugs by night, making deliveries to people at health clubs, after working all day as a youth counselor at Gilliam Youth Services Center.

"You were putting that stuff out on the streets," Babcock said, shaking his head. "It's a Jekyl and Hyde lifestyle."

The judge also ordered Smith to pay $88,000 in unpaid child support. He is married and has five children.

Smith had worked for more than five years for the Colorado Department of Human Services as a correctional safety officer at Gilliam, a lockup for troubled youth in Denver. He resigned Oct. 26.

The judge ordered Smith to begin serving his prison sentence July 10.

SPORTS SHORTS (NYPOST)

By GRID: Ex-Skin Sentenced

The New York Post, May 27, 2006

Former NFL running back Timmy Smith was sentenced in federal court to 21/2 years in prison for conspiring to distribute cocaine. Smith, 42, apologized to the state of Colorado during a hearing, saying, "I have made a mistake and I wasn't raised this way."

The former Redskin was arrested last fall along with his younger brother, Christopher, after the pair sold about $20,000 worth of cocaine to undercover agents with the U.S. Drug Enforcement Administration. Timmy Smith pleaded guilty in March to the conspiracy charge after federal prosecutors agreed to drop eight additional cocaine-trafficking counts in exchange for the guilty plea.

Ex-Tech Running Back Sentenced To 30 Months (AP)

AP, May 27, 2006

DENVER (AP) - Former Texas Tech football player Tim Smith, a Hobbs, N.M., product who set a Super Bowl rushing record with the Washington Redskins in 1988, was sentenced Friday to 21/2 years in federal prison for cocaine distribution.

The 42-year-old former running back also was ordered to pay $88,000 in back child support and must report to prison by July 10.

His brother, Christopher Smith, 35, was sentenced May 12 to five years of probation.

The two were indicted by a federal grand jury in October. Tim Smith pleaded guilty to cocaine distribution and Christopher Smith pleaded guilty to aiding and abetting cocaine distribution.

They were arrested Sept. 30 and charged with possession of 500 grams or more of cocaine with intent to distribute. Police said Tim Smith sold about 20 ounces of the drug to an undercover officer for $13,600.

Smith rushed for 204 yards and two touchdowns in the Redskins' 42-10 victory over the Denver Broncos in the title game. He last played in the NFL in 1990 with the Dallas Cowboys.

He lives in Denver and had worked as a detention officer at the Gilliam Youth Services Center.

Doubts Raised On Colombian Killings (BOS)

By Indira A.r. Lakshmanan, Globe Staff

The Boston Globe, May 28, 2006

Police antidrug team was slain by soldiers

BOGOTÁ -- The suspicious killings last week of all 10 members of Colombia's most elite antinarcotics police team by soldiers have raised questions about the possible infiltration of the military by drug lords.

The police unit, trained by the US Drug Enforcement Administration, had smashed 15 drug rings; captured 205 traffickers, including 23 wanted for extradition to the United States; and seized nearly 4.4 tons of cocaine in the past two years, Brigadier General Oscar Naranjo, director of the judicial police, said in an interview.

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The police and an informant were in the outskirts of Jamundí, a town near Cali 195 miles southwest of the capital, on Monday afternoon to investigate an alleged stash of 200 kilograms of cocaine. Witnesses interviewed by telephone said the anti narcotics team, wearing police caps and jackets, had gotten out of their vehicles when they and the informant were fatally shot at close range by a platoon of 28 soldiers.

``We're judicial police, don't shoot!'' the men yelled repeatedly, according to the witnesses. No soldiers were injured.

Army commander General Mario Montoya described the killings as a tragic case of ``friendly fire,'' saying the platoon had no advance knowledge of a police operation and was on alert for sabotage in the days before a presidential election. But investigators are heaping doubt on that explanation, and President Álvaro Uribe yesterday described the shooting as a ``massacre.''

The killings have dealt a blow to the war on drugs and further tarnished the reputation of the military. The government is already investigating the armed forces for alleged extrajudicial killings of dozens of civilians whom the military identified as rebels.

The police slayings have revived memories of a 2004 case in which soldiers killed seven police officers and four civilians on a supposed undercover drug operation. In that case, evidence including police uniforms was destroyed, the killers were absolved by military courts, and the facts were never aired, an outcome that Uribe vowed would not be repeated this time.

Military failures are understandable, the president told reporters yesterday, ``but military crimes are not.''

Uribe said he has information that he conveyed to the attorney general suggesting that the shooting was more than an error.

The president ordered that the attorney general, not military judges, handle the investigation, and offered a reward of $400,000 for information that solves the killings. The influence of narco-traffickers in the area where the officers were killed made it a particularly worrisome case, he said.

Last month, the slain police unit had busted a ring involving five retired police officers, a retired military official, and an employee of the national airline. ``They were my most effective, trustworthy, elite group, so it's a terrible loss,'' Naranjo said.

``If this was a mistake, the level of incompetence is staggering,'' Andrés Villamizar, former adviser to the minister of defense, said in an interview. ``The excessive force used is inconsistent with friendly fire.''

Villamizar said the fact that no one was held responsible for the deaths of seven officers two years ago set a terrible example. ``When you have people literally getting away with murder, events can repeat themselves.''

The killings took place in an area with properties under the control of drug kingpins. A few months ago in the same zone, five members of a ring led by Wilber Valera were killed in a confrontation with the private army of rival drug lord Diego Montoya, authorities said. Both are wanted for extradition to the United States.

Sources told El Tiempo newspaper that drug traffickers may have given false information to the military to provoke a confrontation with the anti drug police. Soldiers reportedly told investigators that they had received information that armed men in the area were planning to kidnap four Spaniards.

Initial forensics reports indicate that 145 bullets and three hand grenades were fired at the police from 50 yards away and that their three vehicles were attacked on all sides. Preliminary reports indicate the bodies of at least seven of the police may have been moved. Investigators found them face down in a ditch. The civilian informant appears to have been hit at closer range by small-arms fire.

Colonel Bayron Carvajal, commander of the military battalion whose headquarters is two hours away, was seen by witnesses in civilian clothes at the site of the shooting and was heard shouting over a walkie-talkie, ``Not one more shot!'' witnesses told El Tiempo.

His battalion has been involved in several controversial shootings since last year, including the killing of two police officers.

Vice President Francisco Santos has said he was troubled by several facts: that the shooting took place in broad daylight in an area with clear visibility; that it occurred after the police had identified themselves; and that not a single policeman survived.

Hypotheses about the killings are circulating among analysts, politicians, and the general public. One theory is that the military platoon or its bosses were in the pay of drug lords .

Sergio Berrio, administrator at a psychiatric clinic near the site of the shooting, said patients were traumatized. ``One keeps saying, `Boom boom, Police!' and covering his ears,'' Berrio said in a telephone interview.

William Darío Sicachá, mayor of Jamundí, said he could imagine that jumpy soldiers in the days before an election might have mistaken police for armed delinquents or rebels. But, he said, ``there are many questions that all of us Colombians have, right up to the president.''

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IMMIGRATION:

Nation Splits 4 Ways On Illegals (USAT)

By Susan Page

USA Today, May 30, 2006

WASHINGTON — Americans hold strong and conflicting views about immigration that underscore the difficulties Congress will face in reaching a final legislative deal on the issue, an analysis of USA TODAY polling data shows.

The public splits into separate camps over whether illegal immigrants should be able to work toward citizenship, whether they help or hurt the economy — even whether immigration is an urgent problem that must be addressed.

Those disagreements are reflected in the Senate immigration bill that passed Thursday and the House bill, passed in December, which takes a tougher approach. A conference committee will try to resolve conflicts between the two measures on the issue, President Bush's top domestic priority before Congress.

A USA TODAY breakdown of public opinion, based on Gallup polls taken in April and May, finds Americans falling into four clusters that are roughly equal in size but vary dramatically in point of view. The groups can be characterized as "hard-liners," "unconcerned," "ambivalent" and "welcoming."

"You're talking about irreconcilable groups that represent substantial parts of the population," says Roberto Suro, director of the non-partisan Pew Hispanic Center. "A compromise that 50% of the population can go for leaves half the public feeling unhappy, and very unhappy."

Among the findings in the USA TODAY analysis:

·Traditional partisanship doesn't drive views on immigration. Gender, education and family history seem to do as much to shape attitudes as political party or ideology. Significant numbers of liberals and conservatives are divided among three of the four groups. Moderates spread across all four.

In Congress, too, partisanship doesn't rule on this issue. Republicans are particularly divided: 23 Senate Republicans voted for the immigration bill, 32 voted against it.

·Those who want to take the toughest steps against illegal immigration also feel the most urgency about the subject. Two-thirds of the "hard-liners" call the issue "extremely important." No one in the most lenient group, the "unconcerned," feels that way.

The intensity of their views magnifies the clout of those most opposed to citizenship programs. "They project a loud voice," says Frank Sharry of the pro-immigrant National Immigration Forum.

"The people whose political decisions are based on a candidate's immigration stance are mainly pro-control, pro-enforcement people," says Mark Kirkorian of the Center for Immigration Studies, which supports tougher enforcement.

The "hard-liners" are also the most Republican group — one reason many House Republicans, especially those considered at risk in November's elections, may be reluctant to compromise.

·The four groups are starkly at odds on basic issues, making it difficult to see common ground. No one in the "hard-liner" group supports a proposal to allow illegal immigrants to work toward citizenship, but more than three-fourths of those in the other three groups do. The Senate bill includes such a provision; the House bill doesn't.

In two of the four groups, overwhelming majorities say removing illegal immigrants would hurt the economy. In the other two groups, solid majorities say it would help.

Jobs Could Solve Some Mexico Woes (USAT)

By David J. Lynch

USA Today, May 30, 2006

Of all the ways to curb unauthorized human traffic across the USA's southern border, there's one remedy that few people are even discussing: creating more jobs in Mexico.

The Mexican economy in 2006 is expected to post its third-consecutive year of better than 3% growth, but the jobs picture isn't as bright. Each year, about 1 million Mexicans enter the labor pool. But the economy creates only a sliver of the new jobs needed for them.

It doesn't require a degree in economics to understand that if there were more well-paid jobs in Mexico, fewer Mexicans would enter the USA in search of work. Today, more than half of the roughly 500,000 unauthorized immigrants entering the USA each year are from Mexico, according to the Pew Hispanic Center.

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So why doesn't the Mexican economy — more than a decade after a landmark free trade deal with the United States — produce more jobs? “Although Mexico has done all the right things at the macroeconomic level … and has integrated with the U.S., it has not done the last fundamental reforms,” says Claudio Loser, a former International Monetary Fund (IMF) official.

Despite dropping trade barriers and liberalizing its financial markets, Mexico remains economically stuck. The consensus view is that to produce an adequate number of jobs, the USA's southern neighbor requires far-reaching reforms of labor markets, investment policy, the tax code, competitiveness — almost every critical component of a world-class economy.

Mexico faces a daunting “to-do” list, but it's hardly mission impossible. Over the past generation, other countries in Latin America and elsewhere have pulled themselves from poverty to prosperity. From 1980 to 2004, both South Korea and Ireland roughly tripled per-capita incomes while Mexico saw little more than a 10% jump.

Today, just 12.8 million of the country's 43 million working-age population have jobs in the formal sector, according to the IMF. (Millions more work in off-the-books jobs with low or uncertain wages and no benefits.)

Despite widespread acknowledgment of the need for an overhaul, Mexican politics are producing gridlock not change. In 2000, when Vicente Fox was elected president, ending the ruling Institutional Revolutionary Party's 71-year lock on power, there were hopes for ambitious reforms.

But political squabbling, as Mexico adjusted to the new multiparty reality, has stalled them. So cozy state monopolies retain control of vital sectors such as electricity and telecommunications. That keeps prices sky high, which saddles the entire economy with uncompetitive costs.

Ultimately, unless job-creating reforms are implemented, the enormous disparity in living standards on opposite sides of the border will continue to draw Mexican labor into the USA.

Today, the ratio between American and Mexican incomes is roughly 6-to-1. To curb illegal immigration, Mexico doesn't have to become as rich as the USA. It just needs to close the gap and give its citizens hope of further progress. After all, Connecticut's per-capita income is almost twice that of Mississippi's. Yet plenty of people live in the Magnolia State.

Mexico's predicament, however, is growing more urgent because of the rise of China. Since joining the World Trade Organization in 2001, the Asian power has emerged as the low-cost supplier in a host of industries from furniture to toys. Mexico, after years of operating as the low bidder, suddenly finds itself priced out of many markets.

The two developing nations compete head-on in about one-half of the goods — equal to three-quarters of their total export value — that each ships to the USA, the IMF says. Manufacturing costs are almost twice as high in Mexican clothing plants as in their Chinese rivals, according to the Inter-American Development Bank. In the three years ended in 2003, Mexican textile job losses totaled 187,000.

“Mexico is not well-positioned in the major dynamic markets,” concludes the IMF.

During the NAFTA debate, Mexico's then-president Carlos Salinas said the trade deal would allow Mexico to export “tomatoes, not tomato pickers.” Yet, more than a decade later, the tomato pickers keep coming.

By the end of this decade, demographics should cool the immigration controversy. Mexico had the world's highest fertility rate in the 1960s, when the typical woman had seven children. Now, the average is down to 2.6 children.

So the annual number of people turning 15 years old will drop from a peak of about 1 million in 2003 to about 600,000 by 2010, according to Philip Martin, a professor at the University of California, Davis.

“Demography is real. There will be less migration pressure from a rapidly growing Mexican labor force in the future,” Martin says.

But unless Mexico musters the political will for comprehensive economic reforms, cross-border flows won't dry up entirely. What would be needed to really make a dent in illegal immigration?

“The economy would have to grow at double the rate it is today,” Loser says.

“It may take a generation.”

The Manicure Menace (NYT)

By John Tierney

The New York Times, May 30, 2006

LOS ANGELES

If you're fretting about immigrants stealing American jobs, I recommend going to Traci Harris for a manicure, complete with the soothing aromatic compresses. Her business is a case study of what happens to native workers when immigrants arrive.

In theory, hordes of immigrants are a problem because they can take lots of jobs and drive down wages, especially for the less-educated natives in direct competition with them.

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In practice, though, that's not what economists find when they look at wages and unemployment rates in cities that attract large numbers of immigrants. Less-educated American workers in places like Los Angeles, Miami and New York don't seem to be substantially worse off than they are in cities with few immigrants.

Why not? One of the cleverest answers comes from an analysis of the nail-salon business in California. It makes an especially tidy case study because the state keeps track of all licensed manicurists, enabling economists to see what happened to American workers like Harris when tens of thousands of Vietnamese entered the business during the past two decades.

Harris owns the Salon Legohn in Leimert Park, a working-class, predominantly black neighborhood in Los Angeles. As Vietnamese salons proliferated nearby, she couldn't compete with their low prices. But she has kept her salon in business — and kept hiring Americans — by concentrating on hairstyling.

"Women want a hairdresser who speaks English," Harris says. "You don't face the same kind of competition from the Vietnamese."

Harris herself remained a manicurist, but not at her own salon. She has found more lucrative full-time jobs at beachfront hotel spas and as a freelancer on movie sets and at magazine photo shoots. Instead of competing with the Vietnamese in the neighborhood, she visits clients in Beverly Hills who pay $150 for a house call.

"If you can speak English, it's easy to find a job at an elite shop," she says. "American manicurists are a hot commodity. My clients want to have a conversation."

Harris's experience doesn't surprise Kathy Krynski of Kenyon College, one of the economists who analyzed the California manicure business. She, Maya Federman and David Harrington found that the surge in Vietnamese manicurists didn't suddenly put Americans out of work.

Some Americans gave up their licenses, but the turnover wasn't much higher than it had been before the Vietnamese arrived. The chief effect of the competition was to discourage young Americans from entering the business, so over time the number of American manicurists dwindled.

"The Vietnamese didn't so much displace Americans as gradually replace them," Krynski says. "Some Americans stayed in the business in upscale salons, and others probably went into other occupations offering higher wages, like being a hairdresser."

Some young Americans did lose the chance to become manicurists, but it's not as if every immigrant took an American's job. The study found that for every two fewer Americans in the business, there were five new Vietnamese manicurists.

Like other immigrants, Vietnamese nail-salon owners didn't simply fill existing jobs. They created more jobs that benefited American consumers. These entrepreneurs transformed the business not only with their workers but also with time-saving innovations like electric tools for shaping nails.

As a result, shop clerks in Harris's neighborhood who used to go a couple of months between manicures can now afford weekly visits to Van's Salon. I got a manicure there from Nancy Nguyen for $8, a quarter of what I paid for the cheapest manicure available from Harris at the spa at Shutters on the Beach hotel.

Nguyen couldn't compete with Harris in ambience or conversation — I barely got her to utter her name. Harris spent half an hour working on my right hand, gently using compresses infused with tangerine and peppermint as well as a hazelnut and menthol scrub. Nguyen did my left hand in 10 minutes without explaining what she was doing.

To my inexpert eye — this was my first manicure — Harris did the better job, but the nails buffed by Nguyen certainly looked better than usual. If I wanted a weekly manicure, I'd be glad to have the cheaper Vietnamese option available.

And I wouldn't worry about the economic menace of foreign manicurists. American workers have survived this immigrant invasion with their paychecks intact, and their fingernails in better shape than ever.

My History Of English-Only (WP)

By Richard Cohen

The Washington Post, May 30, 2006

To understand something of the current immigration debate, it might help to look at New York's Lower East Side in the early 1900s through the eyes of Henry Adams, the great-grandson of one president, grandson of another, ambassador to Britain and, toward the end of his life, winner of the Pulitzer Prize for his autobiography. All those Jews sickened him.

"God tried drowning out the world once," he wrote in a 1906 letter, "but it did no kind of good, and there are said to be 450,000 Jews now doing Kosher in New York alone. God himself owned failure."

One of those "doing Kosher" at that time was my grandfather, Rueben, a part-time garment worker and full-time no-goodnik who placed his two boys in an orphanage when his wife, Judith, died. When he came to visit, the older boy had to translate for the younger. My grandfather never spoke English, and my father never spoke anything but.

You can understand Adams's distress. The Lower East Side of Manhattan was an alien place. Its denizens spoke Yiddish. They were not Christians. They had their own newspapers and theaters and political organizations, and when they rallied for one

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cause or another -- and boy did they ever rally -- the calls for reform or revolution were uttered in a foreign tongue. This pot was not melting.

Now, of course, the Lower East Side is the East Village and it is cool and hip and young and expensive. The grandchildren of those who did Kosher there have scattered throughout the country, and the English their grandparents did not speak has been mastered and enriched by Bellow and Roth and Chabon and Ephron, not to mention Irving Berlin, if you are that old, or Jon Stewart, if you can stay up that late.

The current immigration fuss has engendered more sloppy thinking and rhetoric than any issue in recent times. The descendants of immigrants wax romantic, confusing legal and illegal immigration -- it's all the same. But it is not. My grandparents were legal immigrants. They came through Ellis Island, papers in hand. It was easier to do so then, but that is not the point. The point is that they broke no law and, as a consequence, sought no amnesty.

But this anxiety about the fate of English and its importance to the culture does have its antecedents, although they are not, of course, exact. The non-English-speaking immigrants of the 19th and earlier centuries could not simply get on an airplane and return to the mother country for a visit. Once they came to America, they usually stayed in America. This is not necessarily true of Spanish-speakers, who can more easily visit Mexico or another Latin American country. Still, the larger culture remains English-speaking and its pull is like an ocean tide. It may take a while, but it will get its way.

In Los Angeles, for instance, radio station KDL shifted in 2003 from Spanish to English because the Latino audience it wanted -- the young -- was increasingly bilingual and what's called "English dominant." English was cooler, hipper and younger, younger, younger. Spanish was the language of mom and dad, and nothing could be fustier -- or, in some cases, more embarrassing. The latter is why, to my regret, I peevishly ignored my Yiddish-speaking grandmother, adamantly insisting she speak English. I thought I was being very patriotic.

In New York City, the library system of a single borough, Queens, typically has the highest circulation of any in the country. That's not because the culturally ravenous Jews of myth and fact are continuing their reading habits but because of a much newer influx of Asians. Many of them read exclusively in their native language, some in two and some, sooner or later, in English only. The richness of Shakespeare's tongue, its universality in commerce and business and above all in entertainment, make it unavoidable. Few things in life are certain, but death, taxes and English certainly are.

It's reasonable, I suppose, to insist on English-sufficiency for citizenship or even for a driver's license. But the nation's so-called political conversation can be conducted in any language -- just as long as it's conducted. The Jews, the Italians, the Chinese, the Russians, the Germans and all the other ethnic groups who once lived cheek by jowl in Manhattan had a vibrant press and raised the roof with their political conversation. Now their descendants rue, as I do, the virtual loss of a tongue. Henry Adams need not have feared. I can read him but not the contemporaries he so reviled.

TAX:

Adios To A Phone Tax (WSJ)

The Wall Street Journal, May 30, 2006

The Spanish-American War was fought in 1898 and lasted less than eight months, but Americans still pay an excise tax on phone service that was imposed to finance it. Last week, a mere 108 years after the end of that conflict, the Bush Administration moved to terminate the levy. Its duration is something to keep in mind the next time you hear a politician call for a "temporary" tax.

Treasury Secretary John Snow said the Internal Revenue Service will no longer collect the 3% federal excise tax on long-distance phone calls and will offer refunds for the past three years. We'd like to think the Administration was acting out of principle. But the reality is that the courts -- most recently the Second Circuit Court of Appeals in a decision last month -- have forced its hand with repeated rulings that the tax on long-distance is illegal in a telecom world in which calls are no longer priced based on distance. The IRS will continue to collect the tax on local calls, but Mr. Snow to his credit did express support for the idea of Congress passing legislation to repeal the tax entirely.

That would be the best outcome, and not just because a future administration might opt to begin collecting the tax again and restart the court battles. Another argument for full repeal is that so long as the tax exists, so will the political temptation to expand its scope and turn it into yet another revenue stream for the federal till. A Joint Tax Committee report issued last year suggested extending the excise tax to "all data communication services," including cable modems, cellular and DSL Internet connections.

Like the alternative minimum tax, the federal excise tax was intended to target "the rich," who at the time were the only ones who could afford a telephone. Yet our tax code still considers phones "luxury" items today. The last time Congress came

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close to ending this charade was 2000, when majorities in both the House and the Senate voted for repeal, which President Clinton vetoed. The Republican Congress, which may not be Republican much longer, might consider giving it another shot before November.

CONGRESS-ADMINISTRATION:

New Policy Adviser Admits Altering Text (WP)

By Zachary Goldfarb

The Washington Post, May 30, 2006

Karl Zinsmeister, President Bush's new domestic policy adviser, acknowledged he did something wrong when he took a newspaper profile of himself, altered quotes and text, and then posted it on a Web site without noting the changes.

"Looking back, this is foolish," he said in a telephone interview Friday evening. Zinsmeister said he did it to correct the record while protecting a young journalist who had made mistakes.

This admission came about because on Friday morning the New York Sun's Josh Gerstein disclosed that shortly after the weekly Syracuse New Times published a profile of Zinsmeister in August 2004, Zinsmeister posted an altered copy of the profile on the Web site of the American Enterprise Institute's magazine, which he edits.

The Syracuse paper had requested to interview Zinsmeister, who lives near Syracuse, because of his writings about the Iraq war. The article quoted him saying critical things about ordinary Iraqis, Washington elites and upper-class parents. It also contained a quote questioning the Bush administration's execution of the war.

In one example, the original article attributed to Zinsmeister this quote: "People in Washington are morally repugnant, cheating, shifty human beings."

But, on the institute site, it appeared as: "I learned in Washington that there is an 'overclass' in this country stocked with cheating, shifty human beings that's just as morally repugnant as our 'underclass.' "

Zinsmeister explained the change to The Washington Post by saying he has long studied issues of class and morality and he was confident he would have used the kind of specific language in the quote on the institute site rather than the more broad description in the original article.

In other examples, he said he made changes to fix errors he believed the New Times reporter had made because of misunderstandings or truncated notes -- taken in an interview in a noisy restaurant.

Even so, Zinsmeister acknowledged, "I should have contacted the New Times to say that there were four errors in the story and they should be retracted and corrected. . . . At the time it seemed innocent."

White House press secretary Tony Snow said Friday that Zinsmeister erred in making the changes, but he was well-intentioned: "This was done not out of animosity; it was an attempt to set the record straight and he did it in an unartful way."

All of this was a surprise to the New Times reporter, Justin Park, especially because, as he told the Sun, he had received a laudatory e-mail from Zinsmeister after the profile was published.

But Zinsmeister said he avoided asking for corrections at the time because "I think I would have gotten Justin in worse trouble if I moaned about it."

He said he expects people to dig through his vast writings as he prepares to start his White House job in mid-June. "There's so much insincerity in the political discourse. I write very bluntly and I know that, and the president knew that when he picked me. That's somewhat of the bond between us," he said. "I don't have trepidation or worry that there's a huge skeleton in my closet."

Poised To Come Back To The C.I.A., A Former Official Who Has Become A Symbol (NYT)

By Mark Mazzetti

The New York Times, May 30, 2006

WASHINGTON, May 29 — In his old office at the Central Intelligence Agency, Stephen R. Kappes once hung a World War II-era British poster that announced, "Keep Calm and Carry On." He ignored this admonition 18 months ago, when he resigned in anger after bitter clashes with senior aides to Porter J. Goss.

But now Mr. Goss has been forced out as the agency's director, and Mr. Kappes is poised to return, with a promotion. He would become deputy director, under Gen. Michael V. Hayden, who won Senate confirmation on Friday.

A man of military bearing and a storied past, Mr. Kappes would become the first person since William E. Colby in 1973 to ascend to one of agency's top two positions from a career spent in the clandestine service. General Hayden has said that his return would be a signal that "amateur hour" is over at the C.I.A., which has seen little calm since Mr. Kappes's departure.

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A no-nonsense former Marine officer who insists on addressing his elders as "sir," Mr. Kappes speaks Russian and Persian; served as the agency's station chief in Moscow and Kuwait during a quarter-century at the C.I.A.; and played a pivotal role in the secret talks with Libya that culminated in December 2003 in the agreement in which Col. Muammar el-Qadaffi agreed to give up his chemical and biological weapons program.

His appointment has not been formally announced, but intelligence officials as well as Mr. Kappes's friends say he will probably take the deputy director position.

Mr. Kappes, 54, declined to be interviewed for this article, having spent most of his professional career trying hard not to be noticed.

Veteran intelligence officials say his expected return is being celebrated within the agency, and some Democratic lawmakers have even characterized Mr. Kappes as a savior who will rescue a moribund agency.

Some critics, including Representative Peter Hoekstra, the Michigan Republican who is chairman of the House Intelligence Committee, have portrayed his return as a victory for a hidebound C.I.A. bureaucracy that resists all change. There has even been grumbling among White House officials that Mr. Kappes, the former head of the clandestine service, criticized the Bush administration and its policies after he left the agency in 2004.

People who know Mr. Kappes well reject these descriptions as simplistic.

"I would suggest that we dismiss all of the breathless characterizations of Steve Kappes either from his critics or the people trying to counter his critics," said Milton A. Bearden, who served for three decades in the C.I.A.'s clandestine service. "The simple fact is that he is a very solid choice to come to the agency at a time when it is extremely wobbly."

John E. McLaughlin, deputy director of the C.I.A. from 2000 to 2004, said Mr. Kappes would "bring a sense of leadership and professionalism to the agency's operations division."

Mr. Kappes, a Cincinnati native, joined the C.I.A. in 1981 after five years in the Marine Corps, where he once commanded a platoon of the Marines' legendary "silent drill team" in Washington that performs a tightly scripted rifle ceremony before thousands of spectators each year.

In 1988 he became the deputy chief of a secret C.I.A. station in Frankfurt, the agency's hub for collecting information about Ayatollah Ruhollah Khomeini's government in Iran. From Frankfurt, case officers debriefed Iranian exiles and built up a network of agents inside Iran.

Mr. Kappes later transferred to the Middle East, where he served on the agency's task force before the Persian Gulf war of 1991 and re-opened the C.I.A. station in Kuwait after the war's end.

After running the C.I.A. station in Moscow in the late 1990's, Mr. Kappes returned to C.I.A. headquarters, where he ascended to the top echelon of the directorate of operations, now known as the national clandestine service.

His time at C.I.A. headquarters was marked by an occasionally stormy relationship with the lawmakers who oversee the intelligence community.

One of the biggest successes of Mr. Kappes's career came after he became the clandestine service's second-ranking official and was put in charge of coordinating the C.I.A's effort to penetrate the secret network of a Pakistani nuclear scientist, A. Q. Khan.

Dr. Khan had for years been using the black market to sell nuclear blueprints and centrifuge parts, and in October 2003, American and European authorities intercepted a freighter bound for Libya loaded with nuclear bomb-making material.

Soon afterward, Colonel Qaddafi agreed to allow American and British inspectors to tour suspected nuclear sites, and Mr. Kappes was put in charge of a team that began negotiating directly with the colonel over ending Libya's programs for unconventional weapons.

Former intelligence officials said Mr. Kappes was given the assignment because he had both the background and the temperament for the delicate negotiations with a longtime American adversary.

"You don't send just anyone to do this," Mr. McLaughlin said. "It was an enormously difficult, complicated and high-stakes mission."

After several rounds of talks led by Mr. Kappes, the Bush administration was able to announce in December 2003 that Libya had agreed to abandon the programs.

Yet Mr. Kappes's career track veered off course in late 2004, when Mr. Goss and many of his top aides came to the C.I.A.

The incident that directly led to his resignation occurred in November 2004, shortly after Mr. Goss took over at the agency. Patrick Murray, who was Mr. Goss's chief of staff, ordered Mr. Kappes to fire his deputy, Michael Sulick, after Mr. Sulick had a testy exchange with Mr. Murray.

Mr. Kappes, who at the time was in charge of the C.I.A.'s clandestine service, refused and chose to resign instead.

After leaving the agency, he became an executive vice president at ArmorGroup, a private security firm based in London.

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Those who know Mr. Kappes say he bears no grudges for the circumstances of his departure. But while many inside the agency are eagerly awaiting Mr. Kappes's return, his reputation as a taskmaster who does not suffer fools gladly has some bracing for what could lie ahead.

"The really good people are happy he's coming back," said a former top C.I.A. official, speaking on condition of anonymity because Mr. Kappes's return has not yet been made official. "The ones who are scared of him should be scared of him."

Justices' Heaviest Lifting Is Ahead (LAT)

By David G. Savage, Times Staff Writer

The Los Angeles Times, May 30, 2006

As the Supreme Court term ends, weighty issues will test Roberts' consensus-finding skills.

WASHINGTON — As the Supreme Court heads into the final month of its term, the new chief justice has shown a knack for finding ways to decide cases on narrow issues that have led to unanimous rulings.

But June is rarely the time for harmony and unanimity at the high court.

The justices tend to put off the most difficult cases to the end of the term, and this one is no different. The court faces major decisions on terrorism tribunals, wetlands protection, lethal injection, domestic violence prosecutions and campaign finance limits.

The final cases could test whether Chief Justice John G. Roberts Jr. can extend his record through his first term on the court, which he acknowledged could be a challenge in a recent talk to Maryland judges.

"I do feel at this point a bit like the fellow who jumped off the Empire State Building, passed the 50th floor and said, 'So far, so good,' " he joked. "The hard part's coming up."

In all, 37 cases remain to be decided by the end of June. Unlike in years past, however, the justices will not face end-of-term decisions on issues that typically divide the court along ideological lines, such as religion, affirmative action, abortion and gay rights.

In one highly anticipated case, the court could deal a rebuke to President Bush and the Defense Department for their plans to put some prisoners at Guantanamo Bay in Cuba on trial for war crimes in special military courts.

Defense lawyers and civil libertarians say the military courts have not set fair rules and do not adhere to international standards for war crimes trials.

That decision, however, will not bear the imprint of the new chief justice. He is sitting out the case because he heard it when he was on the U.S. Court of Appeals and ruled in favor of the administration's position.

Meanwhile, property rights advocates hope Roberts and the court will sharply cut back on the reach of the federal law that protects wetlands and streams by deciding that it applies only to "navigable" waters.

The Clean Water Act seeks to protect the nation's rivers, bays and lakes from pollution. Since the 1970s, environmental regulators have cited it to stop the dredging of wetlands and the flow of tainted drainage into small streams because the pollution will end up in lakes and bays.

The Bush administration has linked up with environmentalists to protect the broad reach of federal anti-pollution law.

And the court could make it far harder to prosecute domestic violence. Because victims are often afraid to testify in court, prosecutors commonly use their tape-recorded calls to 911.

Justice Antonin Scalia, however, has said defendants have a right to confront their accusers face-to-face in court, and he may persuade a majority to halt prosecutions based on out-of-court statements.

Most of the remaining cases will not change the law in a significant way, and many may be resolved on narrow issues.

For example, the justices in January stopped Florida's planned execution of Clarence Hill, the murderer of a police officer whose many appeals were rejected. His defense lawyer said he was not challenging Hill's conviction or death sentence, but the method of execution.

Challenges to lethal injection have been filed in many states, including California. U.S. District Judge Jeremy Fogel in San Jose has scheduled a hearing in September on whether the state must change its lethal injection procedures.

Some doctors say the drugs commonly used in lethal injections may, if wrongly administered, cause excruciating pain.

But the Supreme Court justices might decide only a procedural question: Can a state inmate win a new hearing in federal court after his final appeals have been rejected? If the justices do so, the court will put off for another day the ultimate question of whether such injections amount to cruel and unusual punishment.

Roberts has established that he intends to steer his court toward such narrow rulings.

This month, the court decided eight cases, and all were unanimous. Sometimes, however, the ruling skirted the most difficult issue.

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For example, an Ohio case tested whether states could give special tax breaks to lure big corporations to build new factories there. A lower court, siding with some disgruntled taxpayers, said the tax breaks were unconstitutional.

Roberts, writing for the court in DaimlerChrysler Corp. vs. Cuno, threw out the lawsuit on the grounds that the taxpayers did not have standing in federal court to challenge the state's policy. The decision sent the case back to a state court to start again.

In January, the court even managed to resolve an abortion case with a narrow, unanimous ruling. The justices revived a New Hampshire law that required doctors to notify the parents of girls under age 18 two days before they performed an abortion, but the justices also said there must be an exception for medical emergencies.

The chief justice recently explained to Georgetown law school graduates his desire to press for narrow rulings over broad pronouncements. "If it is not necessary to decide more to a case," he said, "then in my view it is necessary not to decide more to a case."

*

(INFOBOX BELOW)

Topping the court's docket

Here are 10 of the most important questions the Supreme Court will confront in June, the last month of its term.

War on terrorism

Can the Bush administration try detainees at Guantanamo Bay in special military courts? This is a clash between Bush's claim of war powers and Geneva Convention rules. (Hamdan vs. Rumsfeld)

Texas redistricting

Can Texas redraw its electoral districts in mid-decade to give the Republican Party more seats in Congress? At issue is a redistricting plan engineered by former House Majority Leader Tom DeLay. Such plans are usually drawn only once a decade based on the census. (League of United Latin American Citizens vs. Perry)

Campaign spending

Can Vermont strictly limit how much state candidates spend on campaigns? The state is challenging the 1976 Supreme Court ruling Buckley vs. Valeo, which said federal candidates had a free-speech right to spend as much as they wanted. (Randall vs. Sorrell)

Whistle-blowers

Does the 1st Amendment protect government whistle-blowers from being punished for reporting wrongdoing? This case arose when a Los Angeles deputy sheriff alleged he was moved to a less desirable job for reporting misconduct by the police. The outcome could affect the rights of 21 million public employees. (Garcetti vs. Ceballos)

Domestic violence

Can the government prosecute domestic assaults based not on courtroom testimony of the alleged victim but on taped 911 calls? A ban on such evidence would make it much harder for prosecutors to pursue cases when the victim can't or won't testify. (Davis vs. Washington and Hammon vs. Indiana)

Wetlands

Does the Clean Water Act protect inland streams and wetlands, or is this federal anti-pollution measure limited to navigable rivers, lakes and bays? If a Michigan developer prevails, it would greatly limit the reach of a key environmental law. (Rapanos vs. United States)

Lethal injections

Can death row inmates file a last-minute appeal after losing all previous appeals to challenge the method of execution as cruel? Lawyers for a Florida murderer won a stay on the day their client faced execution, citing studies that suggested a drug used in executions may mask an inmate's pain. (Hill vs. McDonough)

DNA

Can a death row inmate win a new trial after showing that new DNA analysis refutes some of the evidence against him? Paul House was sentenced to death for the rape and murder of a neighbor, but DNA tests showed he did not have sex with her. (House vs. Bell)

Foreign felons

Do foreign prisoners in the United States have a right to reopen their cases if they and their consulates were not informed of their rights at the time of their arrest? The World Court ruled that the Vienna Convention gives legal rights to Mexican natives imprisoned in the United States. (Sanchez-Llamas vs. Oregon)

Retaliation

Can an employer be forced to pay damages for transferring a worker to a lesser job after she has filed a complaint of sexual harassment? Employers say retaliation claims, such as this one involving a woman who was removed from her job as a forklift operator, are the fastest-growing kind of discrimination cases. (Burlington Northern vs. White)

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Graphics reporting by David G. Savage
Los Angeles Times

Senate Leader Took Free Boxing Tickets (AP-Y2)

By John Solomon
AP2, May 29, 2006

Senate Democratic Leader Harry Reid accepted free ringside tickets from the Nevada Athletic Commission to three professional boxing matches while that state agency was trying to influence him on federal regulation of boxing.

Reid, D-Nev., took the free seats for Las Vegas fights between 2003 and 2005 as he was pressing legislation to increase government oversight of the sport, including the creation of a federal boxing commission that Nevada's agency feared might usurp its authority.

He defended the gifts, saying they would never influence his position on the bill and was simply trying to learn how his legislation might affect an important home state industry. "Anyone from Nevada would say I'm glad he is there taking care of the state's No. 1 businesses," he told The Associated Press.

"I love the fights anyways, so it wasn't like being punished," added the senator, a former boxer and boxing judge.

Senate ethics rules generally allow lawmakers to accept gifts from federal, state or local governments, but specifically warn against taking such gifts — particularly on multiple occasions — when they might be connected to efforts to influence official actions.

"Senators and Senate staff should be wary of accepting any gift where it appears that the gift is motivated by a desire to reward, influence, or elicit favorable official action," the Senate ethics manual states. It cites the 1990s example of an Oregon lawmaker who took gifts for personal use from a South Carolina state university and its president while that school was trying to influence his official actions.

"Repeatedly taking gifts which the Gifts Rule otherwise permits to be accepted may, nonetheless, reflect discredit upon the institution, and should be avoided," the manual states.

Several ethics experts said Reid should have paid for the tickets, which were close to the ring and worth between several hundred and several thousand dollars each, to avoid the appearance he was being influenced by gifts.

Two senators who joined Reid for fights with the complimentary tickets took markedly differently steps.

Sen. John McCain (news, bio, voting record), R-Ariz., insisted on paying $1,400 for the tickets he shared with Reid for a 2004 championship fight. Sen. John Ensign (news, bio, voting record), R-Nev., accepted free tickets to another fight with Reid but already had recused himself from Reid's federal boxing legislation because his father was an executive for a Las Vegas hotel that hosts fights.

In an interview Thursday in his Capitol office, Reid broadly defended his decisions to accept the tickets and to take several actions benefiting disgraced lobbyist Jack Abramoff's clients and partners as they donated to him.

"I'm not Goodie two shoes. I just feel these events are nothing I did wrong," Reid said.

Reid had separate meetings in June 2003 in his Senate offices with two Abramoff tribal clients and Edward Ayoob, a former staffer who went to work lobbying with Abramoff.

The meetings occurred over a five-day span in which Ayoob also threw a fundraiser for Reid at the firm where Ayoob and Abramoff worked that netted numerous donations from Abramoff's partners, firm and clients.

Reid said he viewed the two official meetings and the fundraiser as a single event. "I think it all was one, the way I look at it," he said.

One of the tribes, the Saginaw Chippewa of Michigan, donated $9,000 to Reid at the fundraiser and the next morning met briefly with Reid and Ayoob at Reid's office to discuss federal programs. Reid and the tribal chairman posed for a picture.

Five days earlier, Reid met with Ayoob and the Sac & Fox tribe of Iowa for about 15 minutes to discuss at least two legislative requests. Reid's office said the senator never acted on those requests.

A few months after the fundraiser, Reid did sponsor a spending bill that targeted $100,000 to another Abramoff tribe, the Chitimacha of Louisiana, to pay for a soil erosion study Ayoob was lobbying for. Reid said he sponsored the provision because Louisiana lawmakers sent him a letter requesting it.

Abramoff, a Republican lobbyist, has pleaded guilty in a widespread corruption probe of Capitol Hill. Reid used that conviction earlier this year to accuse Republicans of fostering a culture of corruption inside Congress.

AP recently reported that Reid also wrote at least four letters favorable to Abramoff's tribal clients around the time Reid collected donations from those clients and Abramoff's partners. Reid has declined to return the donations, unlike other lawmakers, saying his letters were consistent with his beliefs.

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Senate ethics rules require senators to avoid even the appearance that any official meetings or actions they took were in any way connected with political donations.

Reid broadly defended his actions, stating he would never change his position because of donations, free tickets or a request from a former-staffer-turned-lobbyist.

"People who deal with me and have over the years know that I am an advocate for what I believe in. I always try to do it fair, never take advantage of people on purpose," he said.

Asked if he would have done anything differently, the Senate Democratic leader said his only concern was "the willingness of the press ... to take these instances and try to make a big deal out of them."

Several ethics experts said they believed Reid should have paid for the boxing tickets to avoid violating Senate ethics rules.

Bernadette Sargeant, a former House ethics lawyer, said the Senate would have to examine the specific facts to determine whether Reid violated the gift ban. She said the clearer ethics issue involved Reid's obligation to avoid the appearance that the free tickets and his official duties were connected.

"From what you are describing, it is such a huge risk that a reasonable person with all the relevant facts would say this creates the appearance of impropriety," she said. "The more cautious thing, the more prudent thing would be to either pay the tickets or fair market value or not accept the tickets in the first place."

Andrew Herman, a Washington lawyer who frequently works with Congress, agreed. "I think it is pretty clear what Sen. McCain did in the current atmosphere in Washington was certainly the more prudent thing."

"I think if you are receiving anything of value from anyone that has matters before the federal government and matters under your purview that you have to be very careful with your conduct," Herman said.

Attorney Marc Elias, who has represented Democrats in ethics cases and was asked by Reid's office to call AP, said he believed Reid should not be penalized for trying to help his state. "There are varying degrees of gift givers," Elias said. "There is a difference between a gift from a state entity and a gift from a savings & loan."

Marc Ratner, executive director of the Nevada Athletic Commission when Reid took the free tickets, said one of his desires was to convince Reid and McCain that there was no need for the federal government to usurp the state commission's authority. At the time, McCain and Reid were pushing legislation to create a federal boxing commission.

"I invited him because I was talking with his staff" about the legislation, Ratner said. "This was a chance for all of my commissioners, who are politically appointed, to interact with them. It was important for them to see how we in Nevada did things.

"I am a states rights activist and I didn't want any federal bill that would take away our state rights to regulate fights," he said, adding that he hoped McCain and Reid, at the very least, would be persuaded to model any federal commission after Nevada's body.

Reid said he remembered talking to Ratner briefly at the fights and knew Ratner was working with his Senate staff on the federal legislation.

McCain's office said the Arizona senator felt an obligation to pay for the ringside tickets he got from the Nevada commission to attend the Oscar De La Hoya-Bernard Hopkins championship match in September 2004.

"Sen. McCain has always paid for his own tickets to boxing matches and sees no reason to change that," aide Mark Salter said.

Ensign's office said he attended one fight in the last couple of years with Reid and accepted the free tickets from the commission. But his office said Ensign already had removed himself from the boxing legislation that would have affected the Nevada commission.

"He did not have anything to do with it because at the time he recused himself," Ensign spokesman Jack Finn said of the legislation.

Kathleen Clark, a Washington University of St. Louis congressional ethics expert, said Congress should re-examine the exemption allowing gifts by state and federal and local governments because they too can have interest in influencing federal lawmakers like Reid.

"I think he would want to be above approach even when it's from a state commission and not a private lobbyist," Clark said. "I don't think we should make any assumption about a government. The fact is government agencies can act as proxies for different interests. Here it happens to be the Nevada boxing commission, and I would guess it is aligned with certain industry groups."

Reid Accepted Free Boxing Tickets While A Related Bill Was Pending (WP)

By John Solomon

The Washington Post, May 30, 2006

Senate Democratic Leader Harry M. Reid (Nev.) accepted free ringside tickets from the Nevada Athletic Commission to three professional boxing matches while that state agency was trying to influence him on federal regulation of boxing.

Reid took the free seats for Las Vegas fights between 2003 and 2005 as he was pressing legislation to increase government oversight of the sport, including the creation of a federal boxing commission that Nevada's agency feared might usurp its authority.

He defended the gifts, saying that they would never influence his position on the bill and he was simply trying to learn how his legislation might affect an important home state industry. "Anyone from Nevada would say I'm glad he is there taking care of the state's number one businesses," he said. "I love the fights anyways, so it wasn't like being punished," added the senator, a former boxer and boxing judge.

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Two senators who joined Reid for fights with the complimentary tickets took markedly differently steps.

Sen. John McCain (R-Ariz.) insisted on paying $1,400 for the tickets he shared with Reid for a 2004 championship fight. Sen. John Ensign (R-Nev.) accepted free tickets to another fight with Reid but already had recused himself from Reid's federal boxing legislation because his father was an executive for a Las Vegas hotel that hosts fights.

In an interview Thursday in his Capitol office, Reid defended his decisions to accept the tickets and to take several actions benefiting former lobbyist Jack Abramoff's clients and partners as they donated to him.

"I'm not Goodie Two Shoes. I just feel these events are nothing I did wrong," Reid said.

Reid had separate meetings in June 2003 in his Senate offices with two Abramoff tribal clients and Edward Ayoob, a former staff member who went to work with Abramoff.

The meetings occurred over a five-day span in which Ayoob also threw a fundraiser for Reid at the firm where Ayoob and Abramoff worked that netted numerous donations from Abramoff's partners, firm and clients.

Reid said he viewed the two official meetings and the fundraiser as a single event. "I think it all was one, the way I look at it," he said.

One of the tribes, the Saginaw Chippewa of Michigan, donated $9,000 to Reid at the fundraiser and the next morning tribal officials met briefly with Reid and Ayoob at Reid's office to discuss federal programs. Reid and the tribal chairman posed for a picture.

Five days earlier, Reid met with Ayoob and representatives of the Sac & Fox tribe of Iowa for about 15 minutes to discuss at least two legislative requests. Reid's office said the senator never acted on those requests.

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Reid also wrote at least four letters favorable to Abramoff's tribal clients around the time Reid collected donations from those clients and Abramoff's partners, the Associated Press reported recently. Reid has declined to return the donations, unlike other lawmakers, saying his letters were consistent with his beliefs.

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Reid defended his actions, stating he would never change his position because of donations, free tickets or a request from a former staffer turned lobbyist.

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Asked if he would have done anything differently, the Senate Democratic leader said his only concern was "the willingness of the press . . . to take these instances and try to make a big deal out of them."

Reid Sat Ringside In Vegas For Free (WT/AP)

By John Solomon, Associated Press

The Washington Times, May 30, 2006

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Mr. Reid, Nevada Democrat, took the free seats for Las Vegas fights from 2003 to 2005 as he was pressing legislation to increase government oversight of the sport, including the creation of a federal boxing commission that Nevada's agency feared might usurp its authority.

Mr. Reid, who has accused the Republicans of fostering a culture of corruption, defended the gifts, saying they would never influence his position on the bill and was simply trying to learn how his legislation might affect an important home-state industry.

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Two Republican senators who joined Mr. Reid for fights with the complimentary tickets took markedly differently steps.

Sen. John McCain of Arizona insisted on paying $1,400 for the tickets he shared with Mr. Reid for a championship match between Oscar De La Hoya and Bernard Hopkins, one of 2004's most-hyped fights. Sen. John Ensign of Nevada accepted free tickets to another fight along with Mr. Reid but already had recused himself from Mr. Reid's boxing legislation because his father was an executive for a Las Vegas hotel that hosts fights.

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USA Today, May 30, 2006

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Finding himself under attack from both the right and left, Sen. Lincoln Chafee, R-R.I., is putting $280,000 into television ads to defend his seat. Conservative Republicans, citing Chafee's votes against the war in Iraq, President Bush's tax cuts and Supreme Court nominee Samuel Alito have been gravitating to his primary challenger, Cranston Mayor Stephen Laffey.

The Club for Growth, which has raised thousands of dollars for Laffey's campaign, is running ads on cable TV that criticize Chafee for voting against the president's tax cuts and supporting unspecified increases in government spending.

Chafee's ads present him as a financial conservative and attack Laffey for raising taxes and increasing government spending.

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On the Democratic side, former state attorney general Sheldon Whitehouse is spending more than $180,000 on ads, promising to bring home the troops, lower drug costs and protect Social Security. Whitehouse leads in the polls against his Democratic primary rival, businessman Carl Sheeler.

Spending Bill Includes Pay Increases For Civil Service, Military (WP)

By Stephen Barr

The Washington Post, May 29, 2006

Federal employees would receive a 2.7 percent pay raise next year under a provision included in a fiscal 2007 spending bill.

The provision reaffirms a tradition of providing "pay parity" increases to the civil service and the military, and the policy decision is rarely changed by the House or Senate after being accepted by leaders of the House Appropriations Committee.

The 2007 raise was wrapped into a $67.8 billion appropriations bill for the departments of Transportation, Treasury, and Housing and Urban Development by Rep. Joe Knollenberg (R-Mich.), chairman of the Appropriations subcommittee overseeing the departments. The bill, approved by the subcommittee on a voice vote Thursday night, typically includes a series of government-wide provisions, including the pay raise.

President Bush had recommended a 2.2 percent pay raise for the civil service and the military in his fiscal 2007 budget. But the House, on May 11, approved a 2.7 percent raise for the military as part of next year's defense authorization bill, and congressional aides said the transportation-treasury subcommittee decided to provide an equal increase for the civil service.

Reps. Steny H. Hoyer (D-Md.), Frank R. Wolf (R-Va.) and James P. Moran (D-Va.), members of the Appropriations Committee, had planned to offer a pay parity amendment. Rep. Thomas M. Davis III (R-Va.), chairman of the House Government Reform Committee, also had urged Knollenberg and Rep. Jerry Lewis (R-Calif.), chairman of the House Appropriations Committee, to support a higher federal raise.

But the amendment became unnecessary when Knollenberg presented his draft of the bill. There was no discussion on the pay proposal before the voice vote, an aide said.

The Bush administration has opposed across-the-board raises for government personnel, contending that the president's recommendation is adequate and will support hiring objectives for the military and the civil service.

Advocates for parity in pay adjustments have said that civil service and military personnel serve side by side in the Defense Department and point to civilians in the Homeland Security, State and Justice departments and the CIA as essential to the support of the armed forces in the fight against terrorism.

The House Appropriations Committee will take up the spending bill on June 6, aides said.

Colleen M. Kelley , president of the National Treasury Employees Union, called the subcommittee's decision "a giant step. This is very good news." She praised the panel for showing "bipartisan support and recognition that a 2.2 percent raise is inadequate."Retirement Upgrade

The Office of Personnel Management has awarded a contract to Accenture to develop business and technology models for the agency's transition to an electronic retirement system.

The contract, announced Friday, is part of a larger effort by OPM to more quickly calculate pension payments for federal employees who are retiring. The current process requires a search to find personnel files and other paperwork, often creating delays. Most retirees, as a result, are put on interim, partial retirement pay while a final annuity is calculated.

Accenture, a consulting and technology services company, will help OPM reorganize its staffing, training and processes for handling retirement claims under a contract that carries a maximum value of $40 million and that will run no longer than four years, an OPM official said. Accenture will be paid as task orders are issued, the official said.

The contract is the second awarded by OPM to upgrade retirement claims processing. On May 3, the agency announced a 10-year, $290 million contract with Hewitt Associates, an outsourcing and consulting firm, to build the new, electronic benefits-delivery and tracking system.

Funding for the retirement project, however, may be in jeopardy. The House Appropriations transportation-treasury subcommittee that oversees OPM has removed funding for the project in fiscal 2007. The administration had asked for $26.7 million next year.

In a letter to Congress, OPM Director Linda M. Springer warned that the retirement project "will be halted without adequate funding" next year. An OPM official said the agency hopes to win support for the project when Congress returns after the holiday recess.

U.S. Foreign-Investment Debate Goes Global (WSJ)

By Greg Hitt

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The Wall Street Journal, May 30, 2006

As Congress debates legislation to tighten rules on foreign investment in the U.S., the most important audience may be abroad.

Any restrictions lawmakers impose on such deals could boomerang against the U.S., spurring action by nations anxious to impose their own limits. To date, the debate in Congress has focused on whether the proposed changes would impede the flow of capital into the country, endangering U.S. jobs and curbing economic expansion. A deeper danger is the legislation might feed retaliation abroad, tightening cross-border investment flows and damping the business climate for U.S. companies operating internationally.

"Anything we do, it reverberates," says Dave McCurdy, president of the Electronics Industries Alliance, a high-tech trade group in Arlington, Va., whose members include Motorola Inc., International Business Machines Corp. and BAE Systems PLC. A former Oklahoma congressman active in trade issues, Mr. McCurdy warns that China -- where the U.S. is pushing to loosen domestic restrictions on foreign investment -- is particularly watchful of what is happening on Capitol Hill.

Other nations are paying attention, too. In Russia, aides to President Vladimir Putin are working on legislation that would impose controls on foreign investors in "strategic industries," joining France and other nations in Europe that have embraced "economic patriotism." In Mexico, opening the oil sector further to foreign investors is a presidential campaign issue. And echoing the fight here over a Dubai company's bid to operate several U.S. ports, members of the Canadian Parliament are considering proposals to widen the government's authority to block investments on national-security grounds.

On Capitol Hill, senior members of the House and Senate are pushing rival bills that would make substantial changes in the Committee for Foreign Investment in the United States, of CFIUS, the panel that reviews the security implications of foreign-led transactions. The bills would subject deals involving government-controlled entities to an extended 45-day investigation -- beyond the 30-day review that applies to all deals. The measures would raise accountability within the government for final decisions, requiring cabinet-rank sign-off on scores of deals handled at lower levels.

The CFIUS panel is led by Treasury, but the departments of State, Homeland Security and Defense all have a seat at the table, as do several offices from within the White House.

Both chambers of Congress, moreover, share the goal of enhancing disclosure to lawmakers of CFIUS actions. The Senate, by far, draws a tougher line, requiring notification to Congress once reviews are initiated -- a mandate that would expose CFIUS deliberations to political influence. The House simply requires notification once reviews are completed. Further sharpening differences, the Senate bill would require the administration to create a ranking of countries based on compliance with weapons-control deals. Those rankings would guide CFIUS decisions. Also, a measure pushed by House Armed Services Chairman Duncan Hunter (R., Calif.), would bar foreigners from holding critical infrastructure, including roads and bridges and ports.

The legislation began amid concerns raised over Dubai Ports World, a firm controlled by the Persian Gulf emirate. The furor over DP World, which tried to gain control of commercial operations at five U.S. ports, highlighted public unease with the nation's security after the Sept. 11, 2001, attacks, and underscored an increasing economic nationalism among the public and many U.S. lawmakers.

"We live in an age of nascent protectionism," says Ohio Republican Mike Oxley, chairman of the House Financial Services Committee.

The Trans-Atlantic Business Dialogue, a group of business executives from Europe and the U.S., warns lawmakers to proceed cautiously. The group says legislation on Capitol Hill "greatly complicates" efforts by global-minded companies to resist calls abroad for new limits on foreign competition and investment.

The Bush administration, after losing control of the Dubai debate, is trying to referee an end to the sparring. Aides to President Bush stress the need to embrace policies that meet national-security demands post-Sept. 11, while ensuring the U.S. supports investment -- at home and abroad. From 1985-2004, foreign investment in U.S. hard assets, such as buildings and factories, as opposed to stocks and bonds, soared to $1.47 trillion from $184.6 billion. U.S. foreign direct investment abroad ballooned during the same period, reaching more than $2 trillion.

The flow of capital dramatizes the integration of the world economy that took place in the 1990s, and preserving the capital flow is a Bush priority. But the administration worries that even the House bill -- the more moderate of the measures moving through Congress -- may go too far.

"There's no question that countries around the world are watching this very carefully," says Clay Lowery, Treasury's assistant secretary of international affairs. "It is a concern to us."

Andrew Somers, president of the American Chamber of Commerce in Russia, is working to make sure U.S. lawmakers know their actions are being monitored abroad. Mr. Somers says Kremlin officials have suggested to him that the Putin-backed measure aimed at limiting foreign investment has been put on slow track, in part to assess the effect of legislative efforts in

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Washington. In Moscow, diplomats don't quite go that far, but do emphasize that making the case for liberal foreign-investment rules has gotten harder after the fights over Cnooc Ltd. and Dubai Ports World.

Analysis: Democrats Wary Of November Vote (AP-Y2)

By Ron Fournier

AP2, May 29, 2006

Republicans are three steps from a November shellacking — each a grim possibility if habitually divided Democrats get their acts together.

First step: Voters must focus on the national landscape on Nov. 7 rather than local issues and personalities that usually dominate midterm elections.

That would sting Republicans, who trail badly in national polls.

Second step: Voters must be so angry at Washington and politics in general that an anti-incumbent, throw-the-bums-out mentality sweeps the nation.

That would wound Republicans, the majority party.

Third step: Americans must view the elections as a referendum on President Bush and the GOP-led Congress, siding with Democrats in a symbolic vote against the Iraq war, rising gas prices, economic insecurity and the nagging sense that the nation is on the wrong track.

That would destroy Republicans, sweeping them from power in one or both chambers and making Bush a lame duck.

Less than six months out, most Democratic and Republican strategists say the first two elements are in place for now — a national, anti-incumbent mind-set — and all signs point to the third.

Still, many Democrats worry that their party has not closed the deal.

"The fear I have as a Democrat is that if we are making this solely a referendum on the Republicans, we are not giving people a reason to turn out," said Democratic strategist Chris Lehane of California.

"Having said that, I think all these other elements are so bad for the Republicans that 'Had enough?' should be enough."

Democratic National Committee Chairman Howard Dean and the party's congressional leaders have clashed over money and the DNC's push for a unified message that draws a stark contrast with the GOP.

Inside the DNC, some officials point to internal polls that show voters holding both the Democratic and Republican parties in equally low esteem.

The fact that most voters, when forced to choose, tell pollsters they want Democrats rather than Republicans to control Congress is not a sign of strength, these officials say. Rather, it's evidence that voters are simply giving Democrats a chance to win them over — a chance that can be blown unless Democrats stand for something other than attacking Bush, these officials said.

Sen. Chuck Schumer of New York, the head of the Democratic Senate Campaign Committee, agreed that Democrats have not sealed the deal.

"I think if the election were held today, there is a 50-50 chance of taking the House and the Senate and a very high percentage of gaining a significant number of seats," Schumer said.

"But things change."

Democrats outside Congress will be disappointed with anything less than major triumphs.

"Shame on us if we don't have a good election cycle," said Jill Alper, a Democratic strategist from Michigan.

Back to those three steps.

NATIONAL ELECTION: Among the two dozen Republican and Democratic strategists interviewed in the last two weeks, there was unanimity that the fall campaigns will be national in scope. Voters will give local issues less attention than normal, a bad sign for the GOP.

"If we keep it local we win; if they nationalize issues, they win," said Michigan Republican Party Chairman Saul Anuzis.

Sen. Elizabeth Dole of North Carolina, head of the GOP Senate committee, seemed resigned to a national campaign. "Obviously, we're going to do everything we can here at the Senate committee to minimize any aspect of that," she said.

THROW THE BUMS OUT: More than 70 percent of Americans tell pollsters that the nation is on the wrong track. Larger percentages think corruption is a major problem in Washington. Incumbents have been roughed up already this year in Pennsylvania and Indiana, and in both cases Republicans suffered the worst.

If this shapes up to be an anti-incumbent midterm, "we'll lose some members" in Congress, said Democratic strategist Steve Elmendorf, "but they have more incumbents."

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ANTI-REPUBLICAN TIDE: Whether 2006 turns out to be an anti-incumbent or anti-GOP election "is the 15-seat question," said Democratic strategist Dane Strother, referring to the number of seats the Democrats need to win to seize control of the House.

Sen. John McCain (news, bio, voting record), R-Ariz., says GOP majorities are "clearly in jeopardy" because the political landscape is both anti-incumbent and anti-Republican.

"They know that Republicans are in charge," the grim-faced presidential hopeful said of voters. "But I just want to emphasize that we have six months, and we can turn this around."

And Democrats could fumble the opportunity.

Takeover Of House, Senate Not Likely (WT)

By Donald Lambro

The Washington Times, May 30, 2006

The only thing that can be said with any certainty about the 2006 midterm elections is that none of the top campaign forecasters is flatly predicting Republicans will lose the House or Senate -- yet.

President Bush's job approval polls are the lowest in his presidency; the Democrats are leading Republicans in the generic congressional election polls by an average of 13 percent; and voter surveys suggest a strong anti-incumbent tide is building. But leading analysts still think at this point that Republicans will hold on to majority control of both chambers, though with reduced numbers.

"The 2006 midterm elections are a political analyst's nightmare. The national climate seems to portend big changes, yet race-by-race analyses reveal formidable odds against a Democratic takeover of either the House or the Senate," veteran elections tracker Charlie Cook says in his latest National Journal election preview.

Several structural problems confront the Democrats in the House elections. Just three- to four-dozen House races out of 435 at stake are truly competitive. And among the 18 Republican seats that are open, only half are in districts where "Democrats have a remote chance of winning," Mr. Cook says. Making matters worse, the Democrats were able to recruit only second- or third-tier challengers in many key districts where the Republicans looked vulnerable.

Stuart Rothenberg, Mr. Cook's chief rival in the political predictions business, believes "the House definitely is in play" and has increased his estimate of likely Democratic gains "from 5-8 seats to 7-10 seats," short of the 15 seats needed to topple Republicans from power, though he thinks there could be "greater Democratic gains."

As for the six to eight Senate seats that are in play this year, there appear to be nearly as many races where Democrats are leading, as in Pennsylvania and Maryland, as races where Republicans are competitive, like Washington, Minnesota and New Jersey. Neither Mr. Cook nor Mr. Rothenberg see the Democrats taking control of the Senate, but they could make some gains in the GOP's 55-45 seat majority, they say.

But to win, Democrats would need a strong national anti-Republican wave behind them, Mr. Rothenberg writes in his latest House forecast. Many Democrats think that opposition to the war in Iraq, $3 a gallon gas prices, unhappiness with the economy and the GOP's handling of illegal immigration is creating that wave.

"I think we are in one of those cycles in politics where the Republicans in Congress are getting hit on every front and obviously the president's polls don't help, and that, combined with a series of unprecedented crises, from the war to gas prices, concerns over the handling of Hurricane Katrina, and with conservative Republicans expressing great concern [about their party's political direction], it's almost as if they can't catch a break," said Democratic adviser Leon Panetta, who was President Clinton's White House chief of staff.

"The anxiety of the country is there and people are angry and frustrated and wondering where the country is going. In light of that, there isn't any question in my view that Democrats would be able to win control of the House and probably capture additional seats in the Senate, though it's going to be much harder to get control of the Senate," Mr. Panetta said.

But independent pollsters like John Zogby say the Democrats could "blow this opportunity" if they do not come up with an agenda that appeals to swing voters, and Mr. Panetta, among other Democrats, is urging his party to come up with "an agenda and a message for voters, sooner rather than later."

"They ought to present a very clear vision to the country in four or five areas. People want to know they stand for something. The public is hungry to know what solutions this party is going to present," he said. "If they wait too long, they won't have enough time to say what they stand for."

He is also worried about the political fallout from a growing anti-incumbent mood that he says could hit both parties in November. "This could be one of those years that could produce a lot of surprises where we could see some Democratic incumbents not winning easy seats and that could be true for Republicans as well," he said.

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Both parties enter the last five months of the 2006 election with political advantages that they hope to exploit in the final weeks of the campaigns, but with problems and divisions, too.

The Republicans' biggest political advantage lies in its congressional district boundaries, which have been redrawn over the past decade in GOP-friendly ways. A number of district lines were strengthened after the 2000 census in both Republican and Democratic districts. As a result, Republican redistricting strategists say, the GOP now has many more districts that can withstand a stiffer Democratic challenge.

In the past decade or more the re-election rate for House members has been running from 97 percent to 99.5 percent. And despite the Republican Congress' low approval polls, surveys show that an average of 59 percent of the voters like the job their representative or senator is doing.

But Republican campaign advisers acknowledge that the bitter battles over immigration, spending and other issues have divided and alienated parts of the party conservative base amid fears that many will not turn out to vote.

"I worry about that. There's disagreement in the party and dissatisfaction on the issues. [Republican leaders] are going to have to convince conservative voters that Congress is holding true to conservative principles," said Frank Donatelli, the former Reagan White House political director.

"There's just tremendous division. The issues that brought the party to power are not around anymore. New issues have come to the fore, so it's going to be a challenge to reconstitute your governing coalition. It's not going to happen in '06. The 2008 presidential election is the next big challenge to fashion a governing agenda," Mr. Donatelli said.

But other Republicans say they do not see any evidence that the party's disputes are having any effect in their state elections.

"The president's popularity is eroding in this state as it is everywhere else, but there's no evidence I've seen that there is any kind of down-ballot effect because of what's going on in Washington. I don't have a sense that the wheels are wobbling on the Republican Party here," said Florida Republican campaign consultant Mac Stipanovich.

Still, Ken Mehlman, the Republican National Committee chairman, isn't taking any chances. He has reactivated the massive get-out-the-vote volunteer army that was pivotal to the success of the party's 2004 election victories. A Republican ground force that will eventually number in the hundreds of thousands is identifying, contacting and registering voters in a vast computerized network that for months has been sending in weekly quota reports to the RNC in preparation for its get-out-the-vote drive on Election Day.

But if the Republicans are having problems with their base, Democrats say their supporters are more activated and united than ever.

"We are seeing an uptick in party participation. We've had a 25-year high this year in precinct caucus participation," said Brian Melendez, the Minnesota Democratic state chairman. "That suggests that party activists are energized."

Like other Democrats interviewed, Mr. Melendez is unhappy with his party's failure to produce a national campaign agenda and is critical of Democratic leaders who say they will subpoena and investigate Mr. Bush's administration if they win control of the House in November.

"I hope that's not where we go. I hope we fight on the issues that affect people's lives and not engage in political infighting. I would rather end the war than try to impeach George Bush," he said.

"What Democrats need to do is to articulate a clear message that is more than we-are-not-the-Republicans," he said.

Many Democrats say their local organizations have been strengthened by the party organizers sent into their state by party Chairman Howard Dean. The Democratic National Committee has put at least four party strategists into each state, as part of a long-term, 50-state party-building plan to prepare for the '06 and '08 elections.

"It's working miracles and is exactly the right strategy for Minnesota," Mr. Melendez said. "They are doing the grass-roots organizing that is going to turn out our voters in November, channeling all that voter anger into votes."

Bush Rating At All-time Low In W.Va. (CWVG)

By Scott Finn

Charleston (WV) Gazette, May 29, 2006

A record number of West Virginians don't like the way President Bush is doing his job, according to a new poll from the nonpartisan group SurveyUSA and WUSA-TV in Washington.

Fifty-nine percent of state residents disapproved in the survey of 600 adults taken May 12 to 14. Thirty-seven percent approve. The poll has a margin of error of plus or minus 4 percentage points.

Bush's approval rating in West Virginia is 2 points below his previous low of 39 percent reached in December, May and April.

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The president is still more popular in West Virginia than most states. Nationwide, only 33 percent of American adults approved of his job performance, according to SurveyUSA.

The approval rating among state Republicans has taken the biggest dive, from 87 percent in January to 67 percent this month, while 18 percent of Democrats and 38 percent of independents approve of the president's job performance.

Bush's troubles are no surprise to Marybeth Beller, assistant professor of political science at Marshall University. She blamed dissatisfaction about the war in Iraq.

"You're seeing Republican leaders in the House of Representatives opening up a debate about the Iraq war," she said. "That's a sign of growing frustration about the war and Republicans' willingness to distance themselves from the president to save their own seats."

The only Republican representing West Virginia in Congress, Rep. Shelley Moore Capito, also is distancing herself from the Bush administration by talking about high gas prices, mine safety and problems with the Medicare drug benefit plan, Beller said.

Her Democratic challenger, former federal prosecutor Mike Callaghan, will have to do a better job getting out the vote and introducing himself to voters if he wants to beat Capito this fall, she said.

About two-thirds of West Virginians approved of the job being done by West Virginia's two Democratic senators.

Clinton Is A Politician Not Easily Defined (WP)

By Dan Balz

The Washington Post, May 30, 2006

Hillary Rodham Clinton has fashioned a political persona that generates intense passions but defies easy characterization. She is viewed as a hawk on Iraq and national security, stamped as a big-government Democrat for her work on health care in the 1990s, and depicted as seeking the middle ground on abortion.

After three decades in public life, New York's junior senator is one of the most recognized women in the world, her every move and utterance interpreted amid the assumption in Democratic circles and her own circle that her reelection campaign this fall will pivot into a run for president in 2008. Yet for all her fame, there are missing pieces to the Clinton puzzle: What does she stand for? And where would she try to take the country if elected?

Clinton's roles as senator, first lady, governor's wife, lawyer and children's advocate have given her a depth of experience that few national politicians can match, but she is still trying to demonstrate whether these yielded a coherent governing philosophy. For now, she is defined by a combination of celebrity and caution that strategists say leaves her more vulnerable than most politicians to charges that she is motivated more by personal ambition and tactical maneuver than by a clear philosophy.

In recent weeks, Clinton has moved to clarify her agenda with major speeches on the economy and energy. Later this summer she will help present a new strategy for the Democrats. She has also given speeches setting out her foreign policy views. But she has yet to wrap up her ideas in a kind of package like the "New Democrat" philosophy her husband, former president Bill Clinton, used in his 1992 campaign or the "compassionate conservative" label George W. Bush adopted in 2000.

To the contrary, she made clear in a telephone interview on Friday that her governing philosophy may never be easily reduced to a slogan. "I don't think like that," she said. "I approach each issue and problem from a perspective of combining my beliefs and ideals with a search for practical solutions. It doesn't perhaps fit in a preexisting box, but many of the problems we face as a nation don't either."

As a result, everyone seems to have a label for her. Roger Altman, a former Treasury Department official and one of her outside advisers, calls Clinton "a modern centrist." William Galston of the Brookings Institution, who was domestic policy adviser in the Clinton White House, describes her as "a progressive without illusions" and a politician who has been "consistent but complicated."

Her detractors find much -- and much different -- to criticize. Liberal columnist Molly Ivins dismisses Clinton as the embodiment of "triangulation, calculation and equivocation." Markos Moulitsas, whose Daily Kos Web site often attacks the Democratic establishment, ridicules her as a leader who is "afraid to offend." The Rev. Jerry Falwell, echoing a view shared by many Republicans, calls her a liberal "ideologue" who is far more doctrinaire than her husband.

A selective reading of Clinton's record can produce evidence to prove she is a centrist, a liberal and much in between. But there are clear patterns. On defense, she has consistently supported the use of force abroad, having advocated military intervention in the Balkans during her husband's administration. She differs with Bush administration officials on many aspects of how they have conducted foreign policy, but not on combating terrorism or the imperative of winning in Iraq.

Domestically, she has a more complex profile, a product of life experiences that have shaped and refined her approach to issues. She is an activist who believes in the power of government to solve problems, but those pro-government instincts have

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been tempered by the health-care debacle of 1993-94 and the nation's budgetary squeeze. On family policy, she has some traditional, even moralistic, instincts that those who know her best say are genuine and deeply felt.

Asked whether there is anything that connects her different interests and positions, she answered in spacious language: "What's framed all the work I've done in the Senate and all the years before that is my belief that our most important obligation is to take care of our children . . . and that as a nation, America should remain as a symbol of freedom and hope around the world."

She believes government is an essential partner in a three-sided relationship that also includes the free market, and a "civil society" of churches and nonprofit groups. "I am a big believer in self-help and personal responsibility and a work ethic that holds people responsible," she said. "But I know one of the reasons our country has been one of the most successful organizations in the world is because we got the balance right."A Polarizing Force

The debate about Clinton's beliefs is linked to one about her electability. Many Democrats fear she carries so much baggage that, if she becomes the party's standard-bearer in 2008, she would prove too polarizing and lead it to a third straight defeat. Many Republicans see a shrewd politician who they fear would be a formidable opponent in a general election and who, if elected, would move the country leftward.

That she polarizes the electorate is clear from a new Washington Post-ABC News poll. The survey found that 84 percent of Democrats have a favorable impression of Clinton, while 73 percent of Republicans have an unfavorable view. As a point of contrast, Sen. John McCain (Ariz.), a leading potential candidate for the Republican nomination, is viewed favorably by 65 percent of Republicans and 50 percent of Democrats.

Although she has drawn criticism from the left for supporting the Iraq war, Clinton remains more popular among liberal Democrats than among moderate Democrats. Overall, 37 percent of Americans said she is too liberal, which is less than the 45 percent recorded for Sen. John F. Kerry (D-Mass.) during the 2004 campaign and almost identical to perceptions of then-Vice President Al Gore in 2000.

Clinton's advisers argue that most Americans have formed opinions about her based not just on Iraq or health care but also on how she has conducted herself through personal circumstances. In the Post-ABC News poll, for example, 68 percent said they see Clinton as a strong leader, 16 percentage points more than Bush received a few months ago.

On balance, most of those around Clinton say her hard-to-pigeonhole profile is a political asset -- the product, they say, of a curious intellect, the absence of rigid ideology, an instinct for problem solving and a willingness to seek consensus even across party lines. Her detractors see her career as the work of an opportunistic politician who has sanded the sharp edges off her views, so much so that there is little sense of authenticity when she speaks.

On Iraq, she has tried to be a critic of Bush without renouncing her support for the resolution that authorized him to go to war, as other Democrats have done. She opposes both a timetable for withdrawing troops and an open-ended commitment.

In the interview, Clinton defended herself. "I've said many times I regret how the president has used his authority," she said. "But I think I have a responsibility to look at this as carefully as I can and say what I believe, and what I believe is we're in a very dangerous situation and it doesn't lend itself to sound bites, and therefore I have resisted going along with either my colleagues who feel passionately they need to call for a date certain or colleagues who are 100 percent behind the policy and with the president and [British] Prime Minister [Tony] Blair. . . . I know I take criticism from all sides on this, but I've tried to work my way through it as clearly and responsibly as I can."

Bill Clinton is also a defender. At a meeting of a group of well-heeled liberal donors called the Democracy Alliance this month in Austin, he lost his temper when an audience member suggested that Hillary Clinton should follow the lead of 2004 Democratic vice presidential nominee John Edwards and renounce her 2002 vote authorizing military force in Iraq, audience members said. He glowered and lectured the donor that it was more important to look to the future than to debate the past in Iraq.

In the Senate, Hillary Clinton has introduced about 190 bills. Of those not strictly involving parochial New York matters, about half include at least one Republican co-sponsor, her advisers say.

But a Congressional Quarterly analysis found that she has voted with a majority of Democrats 95 percent of the time and has consistently recorded one of the highest percentages for opposing Bush on legislation of any of her potential 2008 Democratic rivals.No One Label

Those who have dealt with Clinton say she is not easily caricatured. "Reviewing her writings, which I've done, having chatted with her and knowing personally something about how the Clintons raised Chelsea, I believe she holds what we sometimes call traditional values about personal responsibility and family," said Douglas Besharov of the American Enterprise Institute.

Peter Edelman, who resigned in protest from the Clinton administration after the president signed, with his wife's support, the welfare reform bill in 1996, said no label fits her. "Anybody who thinks she's some sort of down-the-line liberal who has tailored her thinking for electoral reasons, I think that's just not true," he said.

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The defeat of her health-care proposal in 1994, advisers say, taught her to respect the limits of the political system to absorb major policy changes.

She said the biggest lesson learned is that there can be no progress on health care without the business community. "There has to be a consensus in the public and private sector before we can ever get the political system to respond," she said.

Hillary Clinton has a populist streak that sometimes takes on an angry edge, in contrast to her husband. But one policy aide in the Clinton White House who has worked closely with both Clintons suggested their differences are stylistic. "She's just blunter in the way she talks about things than he is," the adviser said. "If you hear the same policy from both of them, because he sugarcoated it and she didn't, it might sound more centrist coming from him than from her."

No Clinton speech has drawn more attention than her January 2005 address in which she described abortion as a "sad, even tragic choice" for many women. The speech was widely interpreted as her effort to move toward the center. Her advisers, worried that she would be attacked for inconsistency, insisted that it represented no change from her past position.

The speech, read in its entirety, was a ringing endorsement of a woman's right to choose, and its political purpose, advisers say, was to put abortion foes on the defensive about contraception, not to make news by softening Clinton's tone on abortion.

This summer, Clinton will participate in the rollout of a Democratic agenda, a project initiated by the centrist Democratic Leadership Council. At her urging, the project includes participation of the liberal Center for American Progress, as well as two other centrist groups, the New Democrat Network and Third Way.

When he sought the presidency, Bill Clinton used the DLC to signal a break from the old Democratic Party when the DLC officials were at war with the liberal wing. Hillary Clinton appears to have the opposite goal, which is to use the DLC as a base from which to unite the party to rebut criticism that Democrats have no common message.

Galston suggested that people are asking the wrong questions about her. "I think the real issue that people ought to be talking about is not whether she's consistent or sincere," he said. "If I'm reading her correctly, she is. The real question that people ought to be asking is, given what she's stood for unflinchingly, is that the direction they want the standard-bearer to take the party?"

Waiting At The Docks (WT)

By Antonio Villaraigosa And Rusty Hammer

The Washington Times, May 30, 2006

This past week, California Gov. Arnold Schwarzenegger signed legislation recently passed by the state legislature to place the largest infrastructure bond measure in state history -- $37 billion for transportation, housing, education and levees -- before the voters in November. This historic agreement has the strong support of the City of Los Angeles and its business leaders. Meanwhile, throughout the United States, other states are struggling with how to fund the transportation infrastructure that is so necessary to the future of the country.

One of the biggest effects of that gap is the economic cost of delays and logistical uncertainties in transporting goods, as congestion threatens to overwhelm the system. Our economic reality is changing to meet the distribution needs of imported goods, and our environmental reality is telling us to be mindful of the inherent relationship between environmental pollution and the movement of goods. There will be no greater pressure placed on our transportation system and environment than this massive inflow. As we survey the global context and local landscape, it is clear that our gateway cities, with Los Angeles a top example, face major challenges -- from homeland security to the movement of goods to public health to the environment.

The movement of goods has far-reaching effects on the lives of all Americans. Not only does it shape our markets, it also impacts the air we breathe, the jobs we create and the economic climate we foster.

American retailers and manufacturers depend on the Ports of Los Angeles and Long Beach for 43 percent of all imported goods to the United States Think of it as a river carrying more than $230 billion in products to every corner of every state, where retail jobs and markups and sales taxes add value to local economies.

To carry this load, there are ships of increasing size and number, needing more trains and trucks, arriving at our docks every day. The biggest container vessels can now carry up to 1.2 million 29-inch color televisions or 50 million mobile phones and are larger than an aircraft carrier.

The issue we face is daunting: We have no coherent national policy to deal with goods and freight movement. Nor do we have the available resources upfront to infuse our seaports, airports, highways and rail lines with enough capital to be efficient and cost-effective for users in years ahead.

We must be creative and responsible in how we green, grow and compete in our increasingly global market place. And our success will be measured not only by our economic prosperity, but also in how our decisions and investments maintain the environmental integrity and public health of our communities.

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This is not an exclusively urban or rural problem; this is a global issue affecting every sector of our market and every consumer in every community. Meanwhile, issues surrounding port and cargo security have, until now, been going unaddressed and adding to the uncertainty within the supply chain.

The Los Angeles gateway is a national asset, providing consumer goods to the entire country. Californians are stepping up to the plate to ensure the critical infrastructure necessary for competitive access to world markets, but we can't do it alone.

A stronger partnership with the federal government is essential. What's needed? From Congress: Pass the port security bill. From the Department of Transportation: Provide a national freight policy and partner with the states and cities on massive gateway and corridor construction projects. From the states: Share the financial burden of these projects of national significance, whose return on investment is spread throughout the country.

The challenges we face are immense. And they will not be remedied with simple solutions or quick fixes. Nor can they be addressed by one community alone.

A unified country needs a unified, flowing transportation system. Los Angeles and California are ready to put our future on the line to raise our share of the cost, but this is a future that belongs to the whole country, and we can only achieve it together.

Antonio Villaraigosa is mayor of Los Angeles. Rusty Hammer is president and CEO of the Los Angeles Area Chamber of Commerce.

OTHER NEWS:

Manufacturers' Profits Outpace Broader Economy (WSJ)

By Timothy Aeppel

The Wall Street Journal, May 30, 2006

Profits are increasing far faster for U.S. manufacturers than for U.S. companies as a whole, aided by a wave of consolidation that has wiped out weaker players, unrelenting cost cutting and a revival of pricing power in some sectors.

Companies still find it tough to raise prices to consumers, helping curb overall inflation.

But within manufacturing, those that make important materials and intermediate products are raising prices to other producers, often in an effort to offset their own soaring costs. Many have moved some operations overseas, trimming costs.

A surge in U.S. exports, dominated by manufactured goods, also is helping. The Commerce Department reported this month that exports jumped 13.8% to $76.5 billion in March, compared with a year ago.

"There's clearly been an upturn in profits and profitability for manufacturers," says David Huether, director of economic analysis at the National Association of Manufacturers.

To be sure, some manufacturers continue to struggle. Foreign competition remains fierce. Manufacturers could also face challenges keeping up profit growth amid rising interest rates, predictions of a global economic slowdown and the continued climb in prices for raw materials, particularly energy.

Manufacturing profits almost quadrupled since 2001 on a pretax basis to $208 billion last year, according to the Bureau of Economic Analysis, while profits for all types of companies doubled to $1.2 trillion. Manufacturing profits now exceed the level they reached at the height of the late 1990s economic boom.

Economists say that manufacturing's relative strength is partly attributable to the severity of the recent downturn, which was far deeper than it was for the larger economy. Profits in the factory sector plunged almost 64% in 2001 to $52.6 billion from $144.3 billion in 2000 as manufacturers shed millions of workers and slashed output to survive the slump. Manufacturers had more ground to cover just to catch up, says Richard DeKaser, chief economist at bank National City Corp. in Cleveland.

"I expect manufacturing profit gains to continue throughout 2006, though rising interest and labor costs will slow the momentum somewhat," Mr. DeKaser says.

The global boom has helped. Caterpillar Inc. recently reported first-quarter net income rose 45% to $840 million from a year earlier amid strong world-wide demand for construction and mining equipment.

Some U.S. companies also are benefiting from increased manufacturing on U.S. soil by foreign companies, even as some traditional customers such as General Motors Corp. and Ford Motor Co. struggle to run their factories profitably. "Go up the road to Toyota -- their parking lot is full, they're expanding," says Michael Mittler, president of Mittler Bros. Machine & Tool in Wright City, Missouri, referring to Japanese auto maker Toyota Motor Corp. Toyota's plant in nearby Troy, Missouri, makes aluminum castings for cylinder heads and engine manifolds.

Striding through the middle of his bustling shop one recent morning, he pointed to large machines that shape cylinder heads for Toyota's new V-8 engines, part of a subcontract he landed last fall.

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Mr. Huether, the NAM economist, says, "One of the things driving profits for manufacturers is that they have more pricing power," although in some cases that mainly means no longer facing as much pressure to cut prices. He attributes this both to rising domestic demand as well as to higher prices for imports, which creates less deflationary pressure in the U.S.

Robert Murdock, president of Murdock-SuperSecur LLC, has raised prices, just not fast enough. His Cincinnati-based company, a maker of brass drinking fountains and fire hydrants, is caught in a bind because of the lag between when his customers order products and when he delivers. With raw materials such as brass surging over the past year, he often has found himself paying more for metal than he had expected, after quoting a lower price as part of a bid.

For many manufacturers, the trick has been to keep squeezing their own costs and pushing into new businesses in order to boost profits.

Hoveround Corp. in Sarasota, Florida, isn't allowed to raise prices for its motorized wheelchairs and scooters, because prices are set by fee structures for Medicaid and by contracts with large insurers. Yet the company has managed to consistently widen profit margins "slightly" each year, says company President Tom Kruse.

One strategy has been to move more production of subassemblies and parts to cheaper off-shore factories. And the company has grown every year since 2000, so it has also benefited in some cases by increasing the volume of outside parts it buys, making it eligible for bigger volume discounts.

Meanwhile, business is the best it has ever been at Allfast Fastening Systems Inc. in City of Industry, California. Chief Executive Jim Randall says demand has soared for the company's rivets, used in commercial and military aircraft. Indeed, Mr. Randall's biggest problem is meeting demand, given tight supplies of key materials such as titanium. Some wags in the industry have taken to calling such hard-to-get metals "unobtainium."

Talk Of Pelosi As Speaker Delights Both Parties (NYT)

By Mark Leibovich

The New York Times, May 30, 2006

WASHINGTON, May 29 — Hoping to win a Congressional majority in November, some optimistic Democratic lawmakers have taken to referring to Representative Nancy Pelosi as "speaker," as in speaker of the House. So have some optimistic Republicans.

"She ought to be a big component of the fall campaign," said Ed Rogers, a Republican strategist and lobbyist. "There are some Democrats who make really good bad guys."

Ms. Pelosi, the California Democrat and House minority leader, lends herself to easy caricature by Republicans. She is an unapologetic liberal, with a voting record to match (the Republican National Committee chairman, Ken Mehlman, said she was neither a "New Democrat" nor an "Old Democrat" but a "prehistoric Democrat"). She is wealthy (married to an investment banker, she has assets listed at more than $16 million). She represents San Francisco, which Republicans love to invoke as a hotbed of counterculture decadence and extremism.

"Is America ready for Nancy Pelosi's Contract With San Francisco?" asked Representative Ric Keller, Republican of Florida, posing a question that, one imagines, could form the basis of many Republican advertisements this fall.

Democrats may have some reservations about Ms. Pelosi, but they are largely loyal, seeing her as an earnest champion of the party's beliefs and as an effective leader.

"She has brought everyone together, she has kept everyone together, and I think she deserves a great deal of credit," said Martin Frost, a former Texas congressman and rival of Ms. Pelosi for minority leader.

Republicans have made a target of Ms. Pelosi — who has become ubiquitous on campaign podiums, in interviews and in Republican talking points — because the notion of Democrats' winning a Congressional majority is hardly the pipe dream it was 18 months ago.

As President Bush's approval ratings languish with those of Republican lawmakers, polls suggest that Democrats could be on course to lead the House for the first time in 12 years.

As a result, Ms. Pelosi teeters on a fine line: between the need to say what Democrats plan to do if they win control of the House and the danger of speaking too soon. She begins some sentences with "when we win" and others with "if we win." Sometimes she will tack on a qualifier ("no matter who wins this election") or caveat ("that's if the election were held today").

"I don't want to appear overconfident," she said.

She is sitting in an office that, she often notes, belonged to Thomas P. O'Neill Jr. when he was speaker. After November, she hopes — or expects — to assume that mantle, depending on what conjunction she happens to be using.

Republicans hope to block her ascent by preventing Democrats from picking up the 15 seats they need to take control of the House. Republican strategists say they are eager to conduct a direct assault on Ms. Pelosi, focusing on what they believe are her vulnerabilities.

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Ms. Pelosi can struggle at times to give the air of the gravitas that powerful women like Hillary Rodham Clinton and Condoleezza Rice do, both friends and adversaries say. She can appear tentative and overscripted in interviews, with a tight smile and large, expressive eyes than can leave an impression of nervousness.

"Her public speaking style is not good," said Representative Barney Frank, Democrat of Massachusetts.

She is more animated and assured in private meetings, said Mr. Frank, who counts himself a big admirer.

The view of Ms. Pelosi as a deficient spokeswoman for her party was buttressed during an appearance on "Meet the Press" on NBC earlier this month, which centered largely on what Democrats would do if they won the House. Political insiders of both parties judged her performance as shaky, uncommanding and defensive.

"A lot of Republicans were saying, 'We need her on TV more,' " said Ed Kutler, a Republican lobbyist. "Maybe we should buy ad time for her."

Asked why she makes such a popular Democratic bogyman, or bogywoman, Ms. Pelosi shrugged, smirked and, finally, smiled.

"I am an Italian-American Catholic grandmother," she said, "very traditional in terms of values."

She repeated this three times, as if to emphasize that her self-image was at odds with more common descriptors, like "San Francisco liberal."

Representative Steny H. Hoyer of Maryland, the House Democratic whip, said, "They will try to demonize our members in leadership because it's all they have left."

Mr. Hoyer, who is seen as more moderate than Ms. Pelosi, has made no secret over the years of his interest in moving up the leadership ranks. But he said he would not run against Ms. Pelosi for speaker, and he dismissed speculation on Capitol Hill that he might do so as "the right trying to create a fight."

Ms. Pelosi has said that she intends to become speaker if her party wins control of the House and that she would expect to run unopposed.

As the prospect of a Democratic majority gains credibility and Ms. Pelosi is more visible, she is also subjected to the speculation and analysis about her hair, makeup and clothes that any woman positioned for such a big job often must endure.

"I hear them say on TV that I've had face-lifts," said Ms. Pelosi, 66, who added that she had never had one. "I heard one woman say I've had a face-lift, but it looks terrible."

She shook her head and said, "Did you ever think that those two things cancel themselves out?"

Ms. Pelosi said she slept little, stole exercise by dashing through airports and subsisted many days on Ghirardelli chocolates ("less than 10" a day) and pistachio nuts (which she shells with her teeth).

"I had a hamburger last night and it was my breakfast, lunch and dinner," she said last week. "And I had these strange things. I realized they were French fries." She made quick spiraling gestures with her fingers to show what they looked like.

It was apparent that she was not familiar with curly fries.

In the course of two interviews, Ms. Pelosi repeated herself frequently, even by the hyper-repetitious standards of politicians:

¶About how the Republican House leadership was presiding over a "culture of corruption."

¶About how Democrats were committed to fiscal responsibility.

¶About how Democrats would restore civility to the House.

¶About how "when Democrats win," President Bush will be a "lame duck," upon which she switches poultry metaphors and drops in the cautionary cliché about not counting chickens before they are hatched.

She repeated Jesse Jackson-like alliterative sound bites in halting un-Jackson-like cadences. Republicans, she said, "are engaging in deluge and desperation," while her Democratic caucus "is a great collection of idealism, intellect and" — she paused while trying to summon the third "i" — "integrity."

Whatever Ms. Pelosi lacks as a communicator, her political gifts are abundant, colleagues say. She is known as a shrewd inside player with instincts honed in the political hothouse of her youth. She grew up in the Little Italy section of Baltimore, one of six children and the only daughter of a legendary Democratic machine boss, congressman and mayor, Tommy D'Alesandro.

She attended Trinity College in Washington, where she met her future husband, Paul Pelosi, who was attending Georgetown. They eventually moved to his hometown, San Francisco, where she remained active in Democratic politics and was first elected to Congress in 1987. The heavily Democratic district has easily re-elected her ever since.

In Congress, Ms. Pelosi has been particularly interested in intelligence issues and has strongly supported abortion rights. She has also shown sharp-elbowed partisanship and old-school pragmatism and collegiality.

Ms. Pelosi nodded vigorously when asked if she was friends with Representative Tom DeLay, whom she had just seconds earlier described as "corrupt." She went on to catalog the work the two had done together in Congress. And then Ms. Pelosi affirmed, once again, how "corrupt" her friend Mr. DeLay was.

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Ms. Pelosi, who succeeded Representative Richard A. Gephardt as minority leader in 2002, has been credited in that role with keeping her racially, ideologically and stylistically diverse caucus unified. Congressional Quarterly magazine examined 669 roll-call votes in 2005 and found that Democrats voted with the majority of their party 88 percent of the time, the highest total since it started doing such analyses in 1956.

"She understands her members, where they are on issues and what they need," said the Democratic lobbyist Steve Elmendorf, a former aide to Mr. Gephardt.

Mr. Elmendorf described Ms. Pelosi as "an extremely attentive leader" who would deservedly receive much credit if Democrats won in November.

Democratic solidarity is also forged of the party's fierce opposition to President Bush's policies. As Mr. Frank said, "The Republicans' extremism is the sine qua non of our unity."

Indeed, throughout the Bush presidency, Democrats have been criticized as being only against Mr. Bush and not standing for any ideals or agenda of their own. This creates something of a dilemma for them.

In recent years, Republicans have charged that Democrats had no ideas, Ms. Pelosi said. Now, whenever Democrats talk about their ideas, she said, "they say we're measuring the curtains on the speaker's office."

Ms. Pelosi disagrees with the notion — proffered by some Democrats — that party leaders should say nothing and let the Republicans founder on their own.

"We've done our job for 18 months saying why they shouldn't vote for Republicans," she said. "Enough of the Republicans. Now it's about us."

Inside Politics (WT)

By Greg Pierce

The Washington Times, May 30, 2006

Jeb's future

Don't underestimate Florida Gov. Jeb Bush's prospects as a future presidential contender, says former House Speaker Newt Gingrich.

Probably 2008 is a little bit tricky, but " '12 or '16 isn't. And he's a young enough guy that he has a great future," Mr. Gingrich said on a Florida television station.

"I just think his natural, personal ability is so great that people are going to realize he is not his father, and he's not his brother. He's a very unique, charismatic leader with extraordinary capabilities. ... Jeb Bush may well be the most innovative [governor] in the entire country."

Which potential Democratic presidential candidate most worries Mr. Gingrich?

"Either [former Virginia] Gov. Mark Warner or [Indiana] Sen. Evan Bayh have a lot to offer the Democratic Party because they're more moderate," he said, although he predicted that either would have a very tough time beating New York Sen. Hillary Rodham Clinton for the nomination.

Mr. Gingrich said Mrs. Clinton will have a tough time winning over voters in much of the country, including Florida, but Republicans are foolish to underestimate her.

"She's very smart; she works very hard. Anyone who thinks we're going to beat her easily is just wrong. We can beat her if we have better ideas and better solutions, and people have a choice between a left-wing view of the world and a solution-oriented view of the world. We're not going to beat her just with an anti-Hillary campaign," he said.

Mr. Gingrich likewise fretted that the Republican loyalists might stay away from the polls in November out of disenchantment with Republican leaders in Washington, the St. Petersburg [Fla.] Times reports.

Dayton's jibes

When asked to describe his attitude in his last few months in office, Sen. Mark Dayton cited a line from the 1971 song "Me and Bobby McGee."

"Freedom's just another word for nothing left to lose," he said.

The first-term Minnesota Democrat is not seeking re-election and, these days, sounds very much like a politician with nothing left to lose, the Associated Press reports.

In February, upset about a plan by a South Dakota railroad to run coal trains close to the Mayo Clinic in Rochester, Minn., Mr. Dayton said the clinic "is worth a hell of a lot more than the whole state of South Dakota."

He later apologized for the remark.

The next month, he called fellow Democratic Sen. Russ Feingold's proposal to censure President Bush over a warrantless surveillance program "an overreaching step by someone who is grandstanding and running for president at the expense of his own party and his own country."

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Mr. Dayton did not apologize for that.

He even told a Minnesota high-school group that he'd give himself an "F" if he had to grade his accomplishments in the Senate.

"And I would give the entire Congress, of which I'm a member, an 'F' for results," Mr. Dayton said. He pointed out that he also told the students that he'd give himself an "A-minus" for effort.

Lack of enthusiasm

The race for the Democratic nomination for California governor enters its final stretch this week in a virtual tie, with a large chunk of voters still undecided -- and unimpressed by their two choices in the June 6 primary, the Los Angeles Daily News reports.

In part, analysts said, the two Democratic candidates -- state Treasurer Phil Angelides and state Controller Steve Westly -- have to overcome voter fatigue. With the recall in 2003 and Gov. Arnold Schwarzenegger's special election last year, the state's voters have not had a year off from the barrage of TV ads and campaign rallies since 2001.

"I think there is a lack of enthusiasm for the two candidates," said political analyst Sherry Bebitch Jeffe of the University of Southern California. "I think the whole country is in a very sour mood. People are not happy about the way government is performing at all."

A poll released last week by the Public Policy Institute of California found Mr. Angelides with a slight edge, 35 percent to 32 percent, within the poll's margin of error. That was a big improvement for the treasurer, who was 13 points behind in a Los Angeles Times poll last month.

Not going away

"June 6, 2006, is an important date, not only because it's the 62nd anniversary of D-Day. It's also the day the Senate will vote on the so-called marriage amendment, which would amend the Constitution to restrict marriage in America to a man and a woman," Fred Barnes writes in the Weekly Standard.

"It won't pass. A constitutional amendment requires a two-thirds majority in the Senate and the House. When the Senate voted in 2004, the amendment got only 48 votes. This time, it's likely to get more -- probably between 52 and 58 -- in part because a powerful and unusually ecumenical religious coalition is now backing the amendment. And President Bush, despite his wife Laura's admonition that the marriage issue ought to be kept out of politics, plans to host a pro-amendment event at the White House and speak out in favor of the amendment," Mr. Barnes said.

"Once dismissed as a sop to social conservatives, the proposed amendment has become a serious rallying point for opponents of same-sex marriage. The June 6 vote will put senators on the record and make their position on the amendment a potential campaign issue. And the formation of the religious coalition means the issue won't go away soon."

On the lookout

The group Public Advocate of the United States said yesterday that it had set up sobriety checkpoints on Capitol Hill over the holiday weekend to protect the public against Sen. Edward M. Kennedy, Massachusetts Democrat, and his son, Rep. Patrick J. Kennedy, Rhode Island Democrat.

"Citizen volunteers have responded to the call, and we have erected checkpoints at several intersections to prevent any Kennedy from driving in an impaired manner on Capitol Hill. We selected the long Memorial Day weekend due to the increased potential for a repeat of earlier car accidents," said Eugene Delgaudio, president of the group.

Volunteers patrolling in front of the U.S. Capitol and in front of the Supreme Court are attempting to prevent a repeat of Kennedy-related car accidents, the group said. The elder Mr. Kennedy walked away from a 1969 Chappaquiddick Island auto accident after a day of drinking, leaving campaign aide Mary Jo Kopechne to drown in the car. His son earlier this month crashed his car into a concrete barrier on Capitol Hill while, he said, disoriented from prescription drugs.

The checkpoints were mobile units comprising two dozen persons alternating positions around the Capitol. Volunteers wore bright orange or yellow vests and yellow construction hats and carried traffic cones and traffic directional signs (stop, slow down, go) and posters that identified them as the "Kennedy Sobriety Checkpoint" and with a message that states, "If your name is Kennedy, Get Out of the Car."

Roy Moore 'So Help Me God' (WSJ)

By Kyle Wingfield

The Wall Street Journal, May 30, 2006

MONTGOMERY, Ala. -- Most politicians would kill for -- or spend millions of dollars to acquire -- the name recognition Roy Moore has in Alabama. Not necessarily the kind of name recognition, mind you. Just the level.

That's because here, and across the country, he's known not just as Roy Moore, but as "Roy Moore, Ten Commandments Judge" -- the Southern Baptist-cum-chief justice of Alabama who defied a federal court order to remove his 2.5-ton monument to

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the Commandments from the state courthouse, and lost his job as a result. It's a moniker that wins him automatic support in some quarters, and deafens ears before he even opens his mouth in others. And as he runs for the Republican nomination for governor in his native state, that notoriety is both a blessing and a curse. * * *

Roy Moore makes no apologies. "I'm not trying to dodge or get away from my past," he tells me over lunch at a Montgomery seafood restaurant. "I think what we stand for in this state is exactly what our motto is: 'We dare defend our rights.' And Alabamians have always dared defend our rights, whether it be Martin Luther King, or what I did, or the beginning of the Civil War. We dare defend our rights."

At the same time as he makes this boast, there's no doubting that much of his campaign is devoted to explaining his past and persuading voters to look beyond it. "You've got to understand what the issue was with the Ten Commandments monument," he says. "And that is the message that must be gotten out first, to open the eyes and the ears of the people to understand that I do have more than that. It was more about principle than politics. . . .

"When they don't understand that it wasn't about a monument, or the Ten Commandments, or disobedience of a federal court order, but about obedience to the U.S. Constitution and the acknowledgment of God which cannot be prohibited by any authority, then when you get that message out, you can go to the platform, [and] they start to see that."

Mr. Moore referred to the "acknowledgment of God" so many times during his 2003 battle to keep the monument (and himself) in the courthouse that reporters covering the months-long saga wished they had a keystroke for the phrase. As he tells it, it's his way of describing the many nods to the Almighty made by public officials: the invocation, "God save the United States of America and this honorable court," that opens sessions of the Supreme Court; the phrase, "so help me God," that concludes many an oath of office, from the president on down; the references in the Declaration of Independence to "Nature's God," the "Creator"; the fact that religious freedom is the first right mentioned in the Bill of Rights. And, he argues, it includes postings of the Ten Commandments in courthouses -- from small plaques like the wooden one he carved and hung in his Etowah County courtroom a decade ago, to the washing-machine-sized granite marker he installed in the state courthouse.

"Every function of government is related" to the acknowledgment of God, he says. "For example, an understanding of God leads to an understanding of the fallen nature of man, which leads to the separation of powers, checks and balances. . . . Then you understand why judges can't make law, and legislators can't enforce law, and the executives can't put themselves above the law." * * *

But putting himself above the law is exactly what Mr. Moore was accused of doing. His refusal to remove the tablet from the state courthouse -- a U.S. district judge had ruled that it was an unconstitutional endorsement of religion by government -- drew hundreds of supporters from across the country to camp out on the building's steps for over a week in the dog days of August. They organized food deliveries and threatened to form a blockade if anyone tried to remove the stone. Critics, from the ACLU to atheist groups, also gathered to voice their opposition.

Even for Alabama, which has seen its share of political stagecraft over the years, it was a surreal sight. After all, George C. Wallace's "stand in the schoolhouse door" to protest the integration of the University of Alabama ended with his stepping aside to allow two black students to enroll. Eventually, the state Supreme Court's eight associate justices had "Roy's Rock" rolled away with little incident. Three months later, a special panel of retired judges voted to expel Mr. Moore from office.

So it's no wonder that this yarn is what people remember about Roy Moore, and not his platform, which lists four topics -- Legislative Reform, Education, Taxation and Wasteful Spending, and Illegal Aliens -- ahead of Morality. Money has been a critical issue for Mr. Moore, who has been out-fundraised by his opponent in the June 6 GOP primary, the incumbent Bob Riley, by more than 4-to-1. The Moore campaign ran its first TV commercial in mid-May; Gov. Riley has been ruling the airwaves since January.

"Our problem has been reaching great multitudes of people with the message because of funding," Mr. Moore says. "And the funding has been hampered by the fact that we take no political action committee money, and the reason is because it's the very problem here in Montgomery. . . . In my opinion, [the state government] is controlled by special interests. And when it's controlled by special interests . . . you can't address the problem by taking their money."

It's to address this crucial problem, he says, that he's proposing term limits for legislators and amending the state constitution so that the legislature meets every other year instead of annually -- "Because, by fewer legislative sessions, you don't have as much time for the special interests to control."

In some ways, his platform could belong to just about any small-government conservative. But if you're starting to wonder what all this has to do with God, and whether Mr. Moore has lost support because he's strayed from his religious message, consider how he addresses these topics.

His arguments for limited government portray this political philosophy as the only one for those who believe in God. He quotes Jefferson: "'Resistance to tyrants is obedience to God.' Now that had a meaning back in 1700 which is true today. Tyrants

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are those who put [themselves] above the law of God and become all-powerful. They control everything -- your life, your liberty, your pursuit of happiness. In this country, those things are given by God and government is there to secure them."

The Constitution, Mr. Moore says, was framed largely to prevent the emergence of such a godless, all-powerful tyrant. "Jefferson said, 'In questions of power let no more be heard of confidence in man, but bind him down from mischief by the chains of the Constitution.' Which is exactly what the Constitution's about." And as for the budget deficit, Mr. Moore believes that God is on the side of lower taxes and spending: "If you know that government isn't God, then government doesn't need all the money in the world to do everything for everybody, because that's not the role" of government. * * *

Can more than one deity, I ask, be held in official esteem in America? Not if religious tolerance is to be maintained, Mr. Moore argues: "The Judeo-Christian God is the one that gives religious liberty. The Muslim God, Allah, does not give religious liberty. If you want to prove that, go to Saudi Arabia and lift up your Bible on a street corner, and you'll find out what the Muslim God -- they say -- dictates.

"They dictate a form of worship through the government, and that's what their God mandates -- they say. Our God does not mandate that at all. . . . Our God says that that freedom is between you and me, not you and government. That's the big difference. . . . And that's exactly why Muslims and Buddhists and others are free to worship [here] the way they want, not dictated by government."

For a man who might fairly be described as a provincial populist, Mr. Moore has a somewhat unconfined (and, in parts, exotic) past. After graduating from West Point in 1969, then-Lt. Moore served in Kansas, Germany and Vietnam. In the 1980s, he worked for a time as a cowboy on a ranch in the Australian outback. But now, he expresses disdain for much of the world beyond his own -- in particular, for Europe, with its widespread secularism. "When they don't acknowledge there's a God, government is the god and controls everything.

"You don't have to know anything about history," he continues, "to go over to Europe and look at the churches. I mean, they're cold, vacant, locked museums of what used to be." The U.S. had been moving in that direction for some 60 years, he says, but in recent years has started to reverse the slide. "America's churches are alive and growing. But more than the churches, the people are coming back to a knowledge of God -- and a knowledge of what the Constitution is."

Europeans likely wouldn't vote for someone as overtly religious as Mr. Moore to be dog-catcher, much less elect him to a position comparable to a U.S. governor. Yet it's beginning to look like Alabamians' sentiments toward his candidacy aren't much warmer. A May 21 poll by the Mobile Press-Register and the University of South Alabama shows Mr. Moore trailing Gov. Riley by 69% to 20% after leading the incumbent by eight points a year-and-a-half ago. The passage of time hasn't helped. Many an observer reckons that Mr. Moore might have beaten the governor handily had the race been held in 2004, when the erstwhile judge was perhaps at his most popular and Mr. Riley was being browbeaten for a poor economy and his failed proposal to raise taxes by $1.2 billion.

Regardless of how the election turns out, Mr. Moore says he asks supporters to pray only that God's will be done. And he indicates that failing to elect faith-oriented politicians like himself won't be the end of the world for Americans: "It's good to have people in office that do understand these things, no doubt. But I think, whether they're elected or not, it's the people that are going to change it. It's from the bottom-up, not the top-down. If you go from the top-down, you're liable to put your faith in somebody that doesn't deserve it."

Mr. Wingfield, an editorial page writer for The Wall Street Journal Europe, was a Montgomery-based reporter for the Associated Press from 2002 to 2004.

Blowing Smoke About Tobacco (WP)

By Philip Alcabes

The Washington Post, May 30, 2006

"Tobacco: deadly in any form or disguise" is the slogan of the World Health Organization's World No Tobacco Day tomorrow. The claim is false: Tobacco is not deadly; the harm is in the smoke. A policy that confuses innocuous tobacco with harmful smoke is responsible for millions of avoidable deaths each year worldwide.

Cigarette smoke is a deadly delivery device for a benign but habit-forming product: nicotine. Nicotine isn't especially dangerous -- about like caffeine. Good policy toward tobacco use would reduce the grave harm of smoking by replacing cigarettes with non-smoked forms of nicotine for the addicts. They might use nicotine safely forever, if harmless delivery systems were widely available.

Instead, nicotine abstinence is the policymakers' only approach to tobacco. Like other abstinence campaigns (alcohol prohibition, sexual abstinence before marriage, just saying "no" to drugs), this one is both moralistic and ineffective.

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The human cost of the nicotine-abstinence policy is doleful. More than 430,000 U.S. deaths each year -- one out of every five -- can be attributed to smoking. This is 10 times our death rate from car crashes, 30 times the rate from AIDS -- an unprecedented toll that is a testament to the inadequacy of 40 years of quit-smoking policy.

The surgeon general reported smoking to be a health hazard back in 1964, but the net effect of smoking-cessation messages since then is that between 4 and 5 percent of smokers quit each year. Of the approximately 14 million Americans who try to quit smoking every year, only 2 million succeed. That failure leaves 45 million to 60 million American smokers, more than one-fifth of American adults. Most of them smoke regularly. Another million or so start smoking each year. In fact, of all the Americans alive today who ever smoked regularly, half are smoking now.

Obviously, nicotine use is a popular and tenacious habit. Equally obviously, tobacco policy is a failure. Surveys show that a majority of current smokers would like good alternatives to smoking as ways of getting nicotine. But we will not tell nicotine users that there are safe ways to continue to use the legal drug they crave. Apparently, our policymakers would rather see those people get sick and die.

Alternative nicotine delivery could be easy. Nicotine replacement therapy could work long-term. Gum and the patch are already available, but not to everyone. Also, they are still approved only for short-term use and can deliver only small doses -- inadequate for heavy users.

Smokeless tobacco would work. It comes in several forms. One is chewing tobacco, made famous by cowboys and ballplayers. But other forms are handier, less messy and far less dangerous than smoking. Yet health officials label smokeless tobacco as "not a safe alternative to smoking," despite much evidence that it is quite safe. Indeed, current policy is so wedded to nicotine abstinence that officials will lie to discourage widespread use of smokeless tobacco as a way of delivering the drug.

As Carl V. Phillips, an epidemiologist at the University of Alberta, has shown, evidence points to a low risk of health hazards stemming from smokeless-tobacco use. That includes virtually no evidence of risk of oral cancer. Phillips's calculations show that total mortality from "smokeless" is about a hundreth of that from smoking.

And then there's what many smokers nowadays really do: Mix periods of abstinence (encouraged by smoke-free workplaces and restaurants) with periods of light smoking. Mixing light or occasional smoking with other nicotine-delivery products might be even safer -- but it can't be studied as a possible alternative because current funding goes only to research on how to quit smoking, not on finding a safe level of smoking.

How shameful that the United States is willing to allow almost a half-million Americans to die each year, and that the World Health Organization is prepared to allow up to 5 million annual deaths worldwide -- all because of a delivery device -- cigarette smoke -- whose hazards are well known and largely avoidable.

Where's the usually progressive public-health establishment on this? We are generally not given to telling people, "Stop doing what you are doing." We prefer health promotion in the form of seat belts, motorcycle helmets, condoms, syringe exchange, ingredient labels, and warning labels, rather than forcing people to quit their habits. But with tobacco we have jettisoned our tolerance and thrown all our support to nicotine abstinence.

We cannot ignore tobacco in its one deadly "disguise": cigarette smoke. Neither should we ignore a deadly nicotine-abstinence crusade disguised as tobacco control.

The writer, an epidemiologist, is on the faculty of the School of Health Sciences of Hunter College at the City University of New York.

6 Nations Plan To Sign Off On Iran Package (AP)

By George Jahn, Associated Press Writer

AP, May 30, 2006

Top U.S., Russian, Chinese and European officials plan to sign off this week on a package of incentives and penalties meant to reward Iran if it gives up uranium enrichment — and punish it if it doesn't, diplomats said Monday.

Agreement by the five permanent members of the U.N. Security Council plus Germany could open the way for sanctions if Tehran remains defiant and refuses to abandon technology that can be used to make the fissile core of nuclear warheads.

The meeting of foreign ministers including Secretary of State Condoleeza Rice was set for Thursday in Vienna, said the diplomats, who demanded anonymity for divulging the confidential information.

Tehran appeared unimpressed: One official repeated that Iran is permitted to enrich uranium for peaceful purposes under the Nuclear Nonproliferation Treaty. Another announced that his country had experimented in technology that can be used to make the hydrogen bomb.

Tehran's main goal was recognition of "the essential right of Iran to have nuclear technology," Foreign Minister Manouchehr Mottaki said during a visit to Malaysia.

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State television quoted nuclear official Sadat Hosseini as saying his country "is competing with the advanced world in the field of producing nuclear energy through fusion."

Fusion is the main principle behind the hydrogen bomb, which can be hundreds of times more powerful than atomic weapons that use fission. In a hydrogen bomb, radiation from a nuclear fission explosion sets off a fusion reaction responsible for a powerful blast and radioactivity.

Peaceful uses of fusion are still at the experimental stage.

The European Union, the United States, Japan, China, Russia and others hope to set up a demonstration power plant in the southern French town of Cadarache around 2040. Officials project that 10 percent to 20 percent of the world's energy could come from fusion by the end of the century.

International concern about Iran's nuclear aims has been focused on fears it could be trying to make a fission-type nuclear weapon by enriching uranium to weapons-grade level. Hosseini's comments were likely add to concern about Tehran's interest in fusion.

But former U.N. nuclear inspector David Albright said the announcement was probably "not very worrisome."

"They like to pretend they are competing but their program is (probably) pretty rudimentary," said Albright, who runs the Washington-based Institute for Science and International Security.

"One part of their (nuclear) strategy is to say, 'We have it all, so you can't stop us,'" he said.

Any package foreign ministers approve on Thursday would then be presented to Tehran by France, Britain and Germany — the trio of nations that broke off talks with Iran in August after it resumed activities linked to uranium enrichment.

The Security Council gave Iran until the end of April to suspend all such activities. Instead of complying, Iran announced last month that it had for the first time successfully enriched uranium and was doing research on advanced centrifuges to produce more of the material in less time.

Indirectly linked to any possible deal for Iran would be agreement on a resolution tough enough for Washington but acceptable to Tehran ally Moscow, a dispute that has hobbled action by the Security Council's permanent members for months.

If Iran remains defiant, the proposal — as outlined to AP by diplomats familiar with the text — calls for a resolution imposing sanctions under Chapter VII, Article 41 of the U.N. Charter. But it avoids any reference to Article 42, which is the trigger for possible military action to enforce any such resolution.

The proposal also calls for new consultations among the five permanent Security Council members on any further steps against Iran — a move meant to dispel complaints by the Russians and Chinese that once the screws on Iran are tightened, the council would automatically move toward military involvement.

Among the possible sanctions are a visa ban on government officials, the freezing of assets, blocking financial transactions by government figures and those involved in the country's nuclear program, an arms embargo and a blockade on the shipping of refined oil products to Iran.

If Tehran agrees to suspend enrichment, enter new negotiations on its nuclear program and lift a ban on intrusive inspections by the International Atomic Energy Agency, rewards would include agreement to "suspend discussion of Iran's file at the Security Council," as well as help in building a peaceful domestic nuclear program that uses an outside supply of enriched uranium.

Iran Set Up For Big Gains In Iraq (AP)

By Robert H. Reid, Associated Press Writer

AP, May 30, 2006

With a new Iraqi government in place, Iran is positioning itself to play a major role here at a time when American influence is showing signs of faltering.

That is worrisome to Iraq's Arab neighbors, especially Sunni-dominated countries such as Saudi Arabia and Egypt. But it also raises serious questions for Washington, including the wisdom of withdrawing entirely from Iraq when it has long been considered the eastern defense against Iranian expansion.

Concerns about Iran have simmered since the March 2003 U.S.-led invasion of Iraq removed a Sunni-dominated dictatorship and set the stage for democracy — or, inevitably, Shiite rule in a country where Shiites hold an overwhelming majority.

Those issues have now come to the fore because of Iran's confrontational stance over its nuclear program. In effect, Iran's recent robust behavior in Iraq serves to remind Washington that it has its own cards to play — including influence among Iraqi Shiites — if the Americans threaten Tehran militarily over its plans to enrich uranium.

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Iran has wasted little time in moving to shore up ties with the new government that took power last month in Baghdad. Iranian Foreign Minister Manouchehr Mottaki flew to Baghdad on Friday, where he was warmly welcomed by Iraq's new leadership, including not only Shiites but also Sunni and Kurdish politicians.

In addition, work has already started on a multimillion-dollar international airport near the Shiite holy city of Najaf, financed mostly by a low-interest loan from Iran. The airport is designed to serve Shiite religious pilgrims visiting Najaf's shrines and provide a major boost to the economy of Iraqi's impoverished Shiite south.

All that is alarming to the Middle East's majority Sunni Arab governments — including Jordan, Egypt and Saudi Arabia — which have long feared Iranian influence among Shiites throughout the Persian Gulf because it could undermine pro-American regimes in the oil-rich region.

Last year, Jordan's King Abdullah II warned that Iran wants to create "a Shiite crescent" that would disrupt the balance of power in the region. The Saudi foreign minister gave similar warnings.

Egyptian President Hosni Mubarak then outraged Shiites across the region this year when he said that Iraqi Shiites were more loyal to Iran than to their own country.

Arab governments fear a bleak future in which Iraq either descends into civil war or ends up closely allied with Iran.

As long as substantial U.S. forces remain in Iraq, those dark scenarios seem unlikely. But prospects for a long-term U.S. presence here look shaky as American public opposition to the war grows.

If the Americans leave, the Iranians are waiting in the wings.

It is unlikely, however, that Iran would take a high-profile role, given the ambivalent feelings that most Iraqis, even Shiites, hold toward their eastern neighbor after a bitter 1980s war that killed an estimated 2 million people.

Sunni Arabs deeply distrust Iranians and consider Shiite politicians little more than Iranian agents. Rumors circulate widely that Iranian intelligence agents direct death squads in Baghdad.

"Iran wants to shape the situation in its favor, but does not want to be, or be perceived as, heavy-handed about it," said Juan Cole, an expert on Shiite Islam at the University of Michigan.

Instead, the Iranians prefer to work behind the scenes, doling out cash to key Shiite political players — chief among them the biggest Shiite political party, the Supreme Council for the Islamic evolution in Iraq.

Iran's hand also is rumored to be behind Shiite militias in Basra, although little evidence of a direct link has been made public.

Nevertheless, U.S. officials have long accused the Iranians — though not necessarily the Tehran government_ of smuggling weapons to Shiite militias in Basra and perhaps also selling roadside bomb technology to Sunni militants — charges Iran denies.

If the charges are valid, it may be that Iran wants to keep Iraq bubbling just enough to tie down the Americans and keep them from any military moves against Tehran.

Ironically, both the United States and Iran share an interest in preventing Iraq from disintegrating into full-scale civil war, something that would threaten Shiite political power in Iraq and risk angering Iran's Arab minority.

But the nuclear standoff, as well as a generation of bitterness, has prevented the two countries from working together. U.S. Ambassador Zalmay Khalilzad has offered to talk to the Iranians but only about the situation in Iraq.

Mottaki, the Iranian foreign minister, ruled out talks with the Americans, citing unspecified conditions. That suggested the Iranians want to hold out until Washington is ready to put everything — including the nuclear issue — on the table.

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Robert H. Reid is correspondent at large for The Associated Press and has reported frequently from Iraq since 2003.

Echoes Of Barbary (WSJ)

By Richard Brookhiser

The Wall Street Journal, May 30, 2006

One way or another we have been dealing with a hostile Iran for 27 years. In 1979, Iranian mobs, including one Mahmoud Ahmadinejad (now the president), overran our embassy in Tehran and seized our diplomats. In 1980 President Carter sent a military mission to rescue them that crashed and failed at Desert One. The hostages were released on Jan. 20, 1981, the day of Ronald Reagan's first inauguration, which seemed to symbolize a clean slate, but Reagan became involved in secret arms sales to Iran via his National Security Council staffer Col. Oliver North. In the late 1990s, we began to view Iran's nuclear program with alarm. President George W. Bush placed Iran in the Axis of Evil in his 2002 State of the Union address. Now we hope some combination of U.N. and European diplomacy will forestall Iran going nuclear, or at least buy time, while President Ahmadinejad, the former goon now guiding his nation of 68 million, corresponds with the 12th imam, hidden in his well near the city of Qom.

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We might take counsel ourselves with our first, second, third and fourth presidents and their own dealings with Islamic rogue nations -- the warlords of 18th- and early 19th-century North Africa: Morocco, Algiers, Tunis and Tripoli, better known as the Barbary States. George Washington, John Adams, Thomas Jefferson and James Madison were men of this world. Unlike the 12th imam, they cannot tell us what God thinks. But their actions offer a primer in dealing with intractable enemies.

The Barbary States were originally parts of the Turkish empire, struggling for control of the Mediterranean with Spain (Cervantes spent five years as a prisoner of war in Algiers). In the late 1600s, however, they became effectively independent and turned to extortion. Barbary ships preyed on merchantmen and defenseless coastal towns. If your country paid the Barbary States a periodic fee, you would be safe from attack. But if no one had paid up front, you might be captured and held for ransom. If no one then paid under compulsion, you spent your life in slavery. A prisoner could free himself by embracing Islam, especially if he were a capable seaman who could join in the raids of his new co-religionists. The Barbary States ran a pious protection racket, a fusion of jihad and the mob.

The infant U.S. had many merchants but no navy to speak of, so found itself obliged to pay. Thomas Jefferson spent considerable time as minister to France in fruitless dickering. "An angel sent on this business," he wrote, ". . . could have done nothing." In 1795, President Washington commissioned Joel Barlow, a poet and diplomat whose efforts in both fields were characterized by high ambition and modest achievement, to negotiate a treaty with Tripoli. Seeking to avoid any pretext for trouble, Barlow's treaty declared that the U.S. bore "no . . . enmity against the laws, religion or tranquility of Musselmens" because it was "not, in any sense, founded on the Christian religion." (Secularists today point to the treaty as proof that America is not a Christian nation. They would do better to cite the First Amendment, rather than a payoff to thugs.) Barlow's treaty was ratified unanimously by the Senate and signed by Washington's successor, President Adams, in 1797.

Jefferson followed Adams in the White House in 1801, determined to shrink government spending, including on the Navy, which Adams had increased during a maritime showdown with France. Jefferson's first inaugural promised "peace, commerce and honest friendship with all nations," but Tripoli had other ideas. In May 1801 the Bashaw (or pasha) cut down the flag in front of the American consulate, declaring war and demanding a higher tribute. Jefferson sent the excellent little navy which Adams had built to cruise the Barbary coast. The most pacific of the founders resented buying protection. "Nothing will stop the eternal increase from these pirates," he wrote his secretary of state, James Madison, "but the presence of an armed force."

Jefferson's show of force encountered setbacks. The Philadelphia, a 36-gun frigate, ran aground in Tripoli harbor in 1803. Its crew was enslaved, and Lt. Stephen Decatur made a daring raid to burn it. Jefferson's greatest success was a combined land-sea attack on the Bashaw's territory in 1805. The land assault was led by William Eaton, a quarrelsome ex-Army captain, who assembled a force of marines, mercenaries and Muslim allies in Alexandria, Egypt, and marched 500 miles across the desert. Eaton stormed Derna, Tripoli's second largest town, a feat remembered in the Marine Corps Hymn ("to the shores of Tripoli"). The Bashaw, alarmed, negotiated in earnest, agreeing to release his captives for $60,000; we took the deal. Eaton spent an angry, alcoholic old age denouncing what he considered a shameful compromise.

The compromise was ineffective as well as shameful, for in 1812 the Barbary States resumed their predatory ways. This time Algiers was the principle aggressor. James Madison, who was then president, found himself embroiled in war with Great Britain; any thought of dealing with the Barbary States had to be postponed. But in March 1815, four months after peace with Britain was declared, Madison sent a fleet, led by Decatur, now a commodore, to the Mediterranean. Decatur smashed the Algerians and wrung payment from them. Madison hailed "this demonstration of American skill and prowess." Britain, acting on behalf of the European powers, led a punitive expedition of its own in 1816. Barbary piracy was finally stamped out when France conquered Algiers in the 1830s, and a revived Turkish empire reasserted control over Tripoli.

What are the similarities in our situations? Then, as now, too many cooks spoiled the broth. The Barbary States flourished because the major naval powers thought taking action would be too expensive, or were even pleased to see their competitors molested. Today, Iran's nuclear aspirations are suspended in a cat's cradle of diplomacy, Muslim solidarity masking fear, and lucrative arms traffic. We generated our own cross-purposes in our dealings with the Barbary States, even as we do with Iran today: Our founders tried diplomacy, warfare plus diplomacy, and finally warfare, just as we have alternated menaces and blandishments.

Mahmoud Ahmadinejad seems more devout than his North African soul mates, who warred against infidels when it would raise money, but who made peace when they were paid. Yet the piety differential is perhaps an illusion: The mullahocracy for whom Mr. Ahmadinejad fronts has grown well used to ease and power.

The big difference, of course, is that Iran hopes for something the Barbary States had no concept of: the ultimate weapon, deliverable by missile, or by terrorist. Perhaps Alexander Hamilton, who took no direct role in the Barbary saga, gives the most useful advice: We should "awake from the deceitful dream of a golden age," he wrote in Federalist No. 6, and realize that we "are yet remote from the happy empire of perfect wisdom and perfect reason." It's a tough world, and our problems won't go away by wishing.

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Mr. Brookhiser is the author of "What Would the Founders Do? Our Questions, Their Answers," published recently by Perseus Books.

Coalition Of The Erring (WP)

By E. J. Dionne Jr.

The Washington Post, May 30, 2006

Imagine where British Prime Minister Tony Blair would be if he hadn't joined with President Bush in prosecuting the Iraq war.

It's hard to resist imagining an alternative universe after hearing Bush and Blair offer their apologies last Thursday for difficulties in Iraq that they did not foresee. It was even more heartbreaking to study Blair's Georgetown University speech the next day, which -- in perfect Third Way fashion -- amended Bush's approach to the world with a vigorous internationalism that would appeal to many of the president's critics.

At their joint news conference, Bush shocked most of his listeners by actually apologizing for something. Except for speaking of his regrets over Abu Ghraib, Bush concentrated on mistakes in the way he said things.

"Saying 'Bring it on,' kind of tough talk, you know, that sent the wrong signal to people," Bush said. "I learned some lessons about expressing myself maybe in a little more sophisticated manner -- you know, 'wanted, dead or alive,' that kind of talk. I think in certain parts of the world it was misinterpreted."

It was striking that Bush focused on the sound of his words and the fact that they had not seemed "sophisticated." But as George Orwell argued in "Politics and the English Language," published in 1946, "the slovenliness of our language makes it easier for us to have foolish thoughts."

What was foolish were the thoughts Bush conveyed: that foreign policy was about his toughness and swagger, that the United States could transform the world and count on potential allies to follow along or acquiesce. The melodrama of the great American Western -- "Wanted, Dead or Alive" -- would be a sufficient story line for one of the most complicated foreign enterprises ever pursued by an American government.

It remains maddening to many who admire Blair that he went along with all this. You wish, at least, that the prime minister could have edited Bush's rhetoric. More important, you wish Blair would have pushed Bush much harder to approach the rest of the world in a way that would have left us with a few more friends and allies.

Blair speaks as if he has no doubts. His defense of the policies he and the president pursued in Iraq was so forceful and articulate that Bush, at the end of one of Blair's eloquent mini-speeches at their news conference, commented: "I'm going to say, that was a great answer."

But Blair's Georgetown speech the next day, while defending the Iraq war, was also an implicit critique of Bush's foreign policy. That's true, even taking into account the Sunday Telegraph's report that Blair softened his remarks on climate change, Iran and other issues at the Bush administration's request.

"Interdependence -- the fact of a crisis somewhere becoming a crisis everywhere -- makes a mockery of traditional views of national interest," Blair declared. "You can't have a coherent view of national interest today without a coherent view of the international community. Nations, even ones as large and powerful as the U.S.A., are affected profoundly by world events; and not affected in time or at the margins, but at breakneck speed and fundamentally."

Calling for "a new concord to displace the old contention," Blair urged the world to help Iraq in its struggle for democracy, but also insisted on joint action to reduce global poverty, deal with climate change and respond to the catastrophe in Sudan.

Blair laid out a broad agenda for reforming international institutions, including the United Nations, and creating new ones. In the process, he suggested that Bush had missed a great opportunity to be the Harry Truman whom he praised lavishly in his address to West Point cadets on Saturday. Just as Truman, George Marshall and Dean Acheson built effective organizations that served the world well for decades after World War II, so did the world need to be reorganized in the wake of the Cold War and in the face of globalization. Too bad Blair couldn't get Bush moving on this four years ago.

Invoking a commitment to the common good that many see as naive in the international sphere, Blair insisted that the "national self-interest" could be best achieved through "effective communal action."

Paradoxically, Bush's best ally may have delivered to the president's political opponents the outlines of a coherent approach to the world. To believe in internationalism, international cooperation and global justice is not soft, but essential and practical. Some who would never accept such thoughts from the likes of John Kerry or Al Gore might give them a second look after hearing them from Blair.

Jordan's King Meets With President Bush (AP)

AP, May 30, 2006

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Jordan's King Abdullah II met with President Bush on Monday and urged him to pursue Israeli-Palestinian peace efforts, repeating a plea the king made in a recent letter to the White House.

"King Abdullah underlined the importance of moving forward in the pursuit of a two-state solution as outlined in President Bush's vision for peace," the Jordanian Embassy said in a statement Monday night.

The king told Bush the Palestinian people need aid to avert a humanitarian crisis in the Palestinian territories, the embassy statement said.

Abdullah told Bush that Jordan plans to play a key role in the peace process, the embassy said. Abdullah meets regularly with Palestinian President Mahmoud Abbas and plans to hold a separate meeting in the next few weeks with Israeli Prime Minister Ehud Olmert.

Abdullah wrote to Bush earlier this month urging him to help restart the Mideast peace process.

The king met with Bush for a private dinner Monday during a brief visit to the United States. In addition to the Mideast peace process, the possibility of additional U.S. aid for Jordan came up during their conversation, the embassy said.

Abdullah "thanked the president for considering additional assistance to Jordan this year, at a time when Jordan's economy is facing many challenges associated with high oil prices," the statement said.

Earlier Monday, Abdullah met with Vice President Dick Cheney in Jackson Hole, Wyo. The king has been on a private visit to the United States since Friday.

Palestinians Report 3 Dead In Gaza Attack (AP-Y2)

AP2, May 29, 2006

An Israeli helicopter fired a missile in northern Gaza early Tuesday, killing three militants and wounding four, Palestinian security and hospital officials said.

The officials said the incident began with a gun battle across the border, and then the helicopter fired the missile.

The Israeli military had no immediate comment.

The area where the clash took place is a frequent flashpoint. Palestinian militants fire rockets and Israel from there, and there are frequent infiltration attempts by unarmed Palestinians seeking work in Israel and armed militants trying to carry out attacks.

In The Village Of Nowhere, A Fate Soon Sealed (WP)

By Scott Wilson

The Washington Post, May 30, 2006

NUAMAN, West Bank -- For generations, first in caves hollowed from hillsides, then shepherds' tents and simple stone houses, the Shawarwa and Darawi families thrived here amid pine windbreaks, olive orchards and flocks of sheep. On a hill of their own, they worked, married and raised children.

Jamal Darawi was born here in a weathered house in June 1967, the same month Israel triumphed in the Middle East war. In the conflict, Israel's army seized East Jerusalem and the West Bank from Jordan. Soon, the Israeli government drew a larger municipal boundary around Jerusalem, annexing the lands to the Jewish state, including Darawi's home.

But Israel did not take the people of Nuaman. An Israeli military census right after the war registered families here as West Bank residents, even though their village fell inside Jerusalem's new borders. As a result, the Israeli government has never offered them the right to live in the city, apply for Israeli citizenship or vote in Jerusalem, rights given to Palestinians in other annexed neighborhoods.

For many, it was a distant problem, and as the years passed on Nuaman's single street, the residents did little about it. But now their lives in the village are threatened. Israel's separation barrier is rising along the eastern edge of the village, sealing them inside the Jewish state.

In the valley below Darawi's home, backhoes are preparing the way for the tall fence, which traces a chalky stripe across the far hillside. Soon, the 200 people will be cut off from the Palestinian territories where Israel says they live, enclosed within a state where they have no right to be. This is the village of nowhere.

"All of our life has been changed," said Darawi, 38, a farmer, father and political activist. "The purpose of what is being done here now is to empty this place of its people."

This solitary village on a windswept plateau between Bethlehem and Jerusalem captures in microcosm the accelerating dislocation of Palestinian communities along the Israeli separation barrier now dividing the land with chain link and concrete. Prime Minister Ehud Olmert says the 456-mile barrier will roughly define the final eastern border of Israel.

The 1993 Oslo accords began a process of separation between Israel and the Palestinians and established a semiautonomous Palestinian government in the occupied territories. But the Palestinian uprising that began in 2000, including

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suicide bomb attacks on Israeli civilians, led Israel to build a towering barrier to keep Palestinians out. The course of the wall, drawn by Israel, is now also separating thousands of Palestinians from their property and from each other.

The Israeli government says the barrier -- in some places a 26-foot-high concrete wall -- runs along a course designed to protect Israel from Palestinian attacks, which have dropped dramatically since construction began. Only a quarter of the barrier follows the pre-1967 borders. Along the rest, it cuts into land Palestinians envision as part of their future state, according to the United Nations.

Approximately one-third of the barrier's route has been challenged in court by Palestinians and Israeli civil rights groups on the grounds that it is based more on annexing Palestinian land than safeguarding Israeli citizens.

As it skirts the edge of this village, the nearly complete barrier is a 10-foot-high chain-link fence with electronic sensors and an 82-foot-wide military buffer running along each side. Construction of the fence, along with a new road for Jewish settlers commuting to Jerusalem and a crossing terminal, has consumed acres of valley and hillside once used by families here for agriculture.

In Jerusalem, the barrier has cast a shadow across the daily lives of thousands of Palestinians. Once complete, it will leave roughly 140,000 Palestinians with Jerusalem residency rights on the West Bank side, forcing them to pass through Israeli-controlled checkpoints along the wall to reach jobs, families and classrooms in the city. Another 110,000 will remain on Israel's side of the barrier with equally uncertain access to the West Bank.

Idyllic and isolated by layers of hills, Nuaman is a mix of two dozen aging stone houses and grander homes of a younger generation, clustered along the one-lane road that dips toward the valley below. Tilled plots of vegetables, olive trees and lemon groves line the back yards, and on weekends they fill with parents and children helping with harvests. Stands of cypress surround small graveyards on the hillside above and in the valley below.

This village lies close enough to Jerusalem's Old City that some of its men travel by foot to the al-Aqsa mosque each Friday to pray. On nearby hillsides, topped with minarets and watchtowers, camels graze in the twilight shadows cast by apartment towers in the Jewish settlement of Har Homa. The fence draws tighter each day.

"This village," said Labib Habib, a lawyer representing the residents, "will not survive."'The Original Owners'

In sandals, Darawi negotiated the rocky hillside beneath his house one recent afternoon holding the hand of his 5-year-old daughter, Yara. The slope bloomed with wildflowers and spring wheat under his feet.

The landmarks on the hillside, he said during the walking tour, tell the story of his family's claim to the land.

Darawi is tall and broad, round around the middle with thick hands and a smile that rarely appears unless his three children are nearby. His hair recedes in a black widow's peak, and his bristly mustache is streaked with gray.

In silence, he made his way to an opening in the hillside, ducking into a cavern with rough walls blackened by a thousand cooking fires. The outlines of an animal pen appeared in one corner. Across its length sat the stone oven where his grandmother baked bread as recently as three decades ago.

"We are the original owners of this land," Darawi said, emerging from the cavern and ascending toward a stone house with shuttered windows and grassy tufts sprouting from the roof. A stone above the door, etched with a crescent moon and Arabic script, says the house belongs to Suleiman Darawi, Jamal's grandfather. It was built, according to a date on the stone, in 1963.

Darawi grew up walking to schools in East Jerusalem. He participated in demonstrations protesting Israel's 1982 invasion of Lebanon and marking the anniversary of the 1967 war. He attended university in the territories and in Jordan, receiving his undergraduate degree in 1987. That December, a Palestinian uprising against the Israeli occupation broke out and his plans to work in a medical laboratory suddenly changed. He joined the ranks of the Popular Front for Liberation of Palestine, a radical nationalist movement with a Marxist orientation. At 21, Darawi began his first of four stints in Israeli prisons, held without charge, he said, for participating in the uprising.

After the 1993 accords, he joined the newly established Palestinian Authority, where he now works as a political organizer in Bethlehem, a city that will soon lie on the West Bank side of the fence. Even now, his work is reachable only by passing through an Israeli military checkpoint.

As he returned home from Bethlehem with his toddler son, Suleiman, and some Palestinian laborers last month, Darawi said, soldiers at the checkpoint ordered them out of his Isuzu Trooper. The soldiers began a search and then told the men to lift their T-shirts, though Darawi refused as his son looked on. The others obeyed.

"I have my dignity," he said. "I have my self-respect and I won't take my clothes off for them."Erased From the Map

Darawi was an infant when Israeli soldiers arrived in the weeks after the war with pens and notepads to carry out a census. The troubles of the village can be traced to that day.

At the time the war broke out, the village was located in Jordan. Some of the village men were working construction in Amman, the capital, and were unable to return for years after Israel occupied the land. According to aerial photographs taken in

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August 1967 by Israel's mapping agency, 13 houses ran along the ridge. While showing that the houses existed, the photos have not resolved the question of who lived in them at the time.

The soldiers registered the people they found there as residents of Um A-Talla, a West Bank village where the head of their clan lived. Israel then renamed the village Mazmuriya for a Roman archaeological site nearby, erasing Nuaman from the map.

Whether a clerical error or deliberate, the West Bank residency classification deprived the families of the right to live, vote in municipal elections and work in Jerusalem that thousands of other Palestinians in the city's annexed neighborhoods received.

Sabin Hadad, a spokeswoman for Israel's Interior Ministry, said that "either they were not there when the census took place or they did not live there continuously, and therefore did not enjoy the right to obtain an Israeli ID."

"The fact that they now live in Israel does not make them automatic Israeli residents, just as living in the United States does not grant you automatic rights of citizenship or residency," Hadad said.A Settlement Rises

Yusef Darawi's mobile phone rang.

The voice on the other end came in angry shouts -- his boss. Yusef's almond eyes looked into his lap.

"We're under pressure," he said, snapping his phone shut with calloused hands. "We're behind schedule because they won't let us in." He had been denied passage through a checkpoint to work on a construction site.

Yusef was born in the house behind his own 41 years ago, one of 15 children of a father with two wives. Now he was helping build a Jewish settlement planned in the years after Oslo that, according to its development plan, would likely displace his own village one day.

Throughout Israel and the territories, peace seemed a possibility after the Oslo accords. The village of Nuaman had grown to 25 homes by then. Young men like Yusef were starting their own families and building multistory houses next to the squat one-room cottages they were born in.

Then one day, within a year of the Oslo accords, a pair of Israeli building inspectors arrived at the unfinished home of Mahmoud Atiyeh Shawarwa, one of Yusef's many distant cousins. The inspectors ordered the construction, which Shawarwa was doing himself, to stop for lack of building permits granted by the city of Jerusalem.

"We never knew this was part of Jerusalem until they told us that," Yusef recalled. "The inspector who told us was surprised to see we had West Bank identification. We told him everyone here did."

Some residents began appealing to the Interior Ministry for residency rights, though none were successful. All building in the village was frozen. On a hilltop, construction for the Jewish settlement expansion began rising. It is now visible from the window of Yusef's comfortable living room.

Israeli planning maps show that Har Homa's "D" neighborhood is to be built in the years ahead on the hilltop where his home is now. Yusef runs a 30-person construction crew at the site of the settlement, but on this day Israel had closed the territories and kept his men from reaching the job, despite their permits.

"No one wants to work on land that belongs to Arabs," Yusef, a father of six, said with a thin smile. "But you have to feed your family."The Daily Crossing

By 6:30 a.m., clusters of children began gathering outside homes and filing onto the road in the village. Samar and Yara Darawi, Jamal's daughters, were among the bundled crowd.

Students from the village went to school in Jerusalem for years. In 1995, two years after the Oslo accords, the Israelis began turning them away. The students lived inside the city limits, but the Israelis said their parents held West Bank residency documents, based on the census decades earlier, and the children were no longer allowed in Jerusalem schools.

After Oslo, as the two societies began a complicated separation, Nuaman found itself in a crack between them. Although the village was part of Jerusalem, the Palestinian Authority assumed responsibility for its water, electricity and telephone services. Village residents turned to Bethlehem for medical care, but were forced to navigate new Israeli checkpoints along the one road to the outside world.

In her blue-and-white striped school smock, Samar, along with her sister and cousins, walked pensively across the valley -- out of Jerusalem and into the West Bank. The children cast shifting shadows against the exposed hillside, carved out for the new road. Once the fence is complete, the children of Nuaman will have to pass through a chain-link barrier, manned by Israeli soldiers, to reach their school.

On this day, however, the soldiers were huddled against the chill, inside an armored personnel carrier that sat near the site where the terminal will be built. Coils of concertina wire marked the location.

Only the patter of light footsteps sounded as the children wound their way down the road to the valley floor, Samar's long single braid bouncing against her pink backpack. Two days earlier, the Darawi girls had not gone to school because they were frightened to cross the Israeli checkpoint. Samar, flushed cheeks beneath brown eyes, said Israeli soldiers had searched her backpack and torn up a map of historic Palestine she had inside.

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This day the soldiers waved and smiled at the children. As they climbed past a small graveyard, the mood lightened. Samar and her friends began jostling each other along the footpath, laughing and shouting. Yara turned toward kindergarten, housed in the town council building. Samar and the others stopped at a corner grocery to buy grape drinks and lollipops.

"Now there is no fear," Samar said. "We have passed."A Narrowing Existence

The authorities came to Raed Shawarwa's house, a smooth concrete cube behind his father's, while he was on a job hours away. His wife received them nervously on a March day in 2004. The house, they said, would have to be torn down.

"The Jews told us we had no building permits," said Shawarwa, a cousin of Mahmoud and a distant cousin of the Darawis. "But no one here does."

For years, the village had been growing slowly, clandestinely, despite the 1993 Israeli orders to cease construction. Village sons like Yusef Darawi married and brought their brides from surrounding towns, some with Jerusalem residency. Families grew larger. Today, children's tiny purple pants and school smocks dry on lines strung beneath vine-laced trellises outside many of the homes in the warm evening.

The construction to enlarge homes and accommodate the population growth was done without permits, which Arab residents receive from the Jerusalem municipality only with great difficulty. City officials say the decisions are based on planning criteria. But human rights groups counter that denying permits is a way to limit Arab population growth and increase the proportion of the city's Jewish residents.

An Israeli organization that tracks home demolitions reports that the Jerusalem municipality has destroyed 467 homes that it says were built without permits since 2000 -- the year the second Palestinian uprising began.

As the intifada intensified around him, Shawarwa had more immediate concerns -- saving his house, which with his slight savings, he had built himself. He commuted several hours each day to Ramallah, where, as a heavy-machinery operator on a construction crew, he made far more than in Bethlehem. In a good month, he says, he brings home $225.

Shawarwa appeared in court in 2004 in a bid to make his house legal. He was fined the equivalent of $6,000, more than two years' salary, and the house was ordered sealed until permits could be arranged. Raed bricked up his own windows.

"I felt like I was killing myself," Shawarwa said over warm flat bread and tea under an olive tree on his doorstep.

The house is still sealed two years later. When he went to the Jerusalem municipality to arrange for permits, he discovered he lived nowhere.

"The people there told us we didn't belong to Jerusalem but to Bethlehem," said Shawarwa, who is still paying off his fine in monthly increments. "When we went to Bethlehem, they told us we belong to Jerusalem. So we learned that we don't belong to either side."

Last year, a lawyer for Nuaman and the Israeli government reached an agreement that would allow the families to apply for Jerusalem residency without a guarantee of success, a risky proposition given that failure would likely cost them their homes. The status of the agreement appears uncertain now, and the villagers have appealed to the Jerusalem municipality for the fence to be rerouted in a way that leaves them in the West Bank.

Life in the village, meanwhile, is narrowing.

At the end of April, Israeli work crews installed a steel gate at one end of the road into the village. A lock and chain appeared on it a week later, the only keys in the hands of border police and the work crews in the valley below. No taxis, buses or private vehicles that do not belong to village residents are allowed in.

The village has been without running water for much of this month, shut off by the construction crews working below. Lowering buckets into makeshift backyard wells, men and women fetch their own water just as their parents and grandparents did on the same hilltop decades ago.Lives Dismantled

Nidal Darawi, a schoolteacher, married in late 2005. The newlyweds added a kitchen to the small house he had built eight years earlier without permits. But the construction job drew the notice of passing border police patrols. The demolition team arrived soon after, on the last day of January.

Using a backhoe, the crew dismantled the house as the family and soldiers looked on. The carefully tended rosebushes rimming the property remain intact, surrounding a heap of rubble and twisted rebar.

"This is a threat to Israel?" asked Yusef Darawi, a brother, looking over the wreckage of the house in the lot behind his own. "This was his blood and the blood of his children -- all of his savings."

British Teachers' Union Votes On Boycott (AP)

By Paisley Dodds

AP, May 29, 2006

Britain's largest college teachers' union voted Monday to consider boycotting Israeli academics over what members termed "apartheid" policies and discrimination against Palestinians.

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The 69,000-member National Association of Teachers in Further and Higher Education, or NATFHE, passed the motion at its annual conference in the northern English city of Blackpool.

NATFHE is merging with another teachers' union this week. Trevor Phillips, a spokesman for NATFHE, said Monday's vote would be purely advisory and not set policy for the new, larger union, which will have more than 100,000 members.

Ronnie Fraser, director of the Academic Friends of Israel, said his group would continue fighting the boycott proposal, which he called "racist."

"If the sponsors of this boycotting campaign succeeded in something, it is only to undermine further progress, collaboration and peace in the Middle East and to marginalize the standing of NATFHE," Fraser said.

One part of the motion called on union members to consider whether they should refuse to cooperate with Israeli academics or Israeli research journals that do not "disassociate themselves" from the policies described in the motion.

It said members had a responsibility to ensure "equity and nondiscrimination" in Israeli education institutions and passed with 106 regional delegates in favor, 71 against and 21 abstaining, Phillips said.

Other parts of the boycott motion that passed with a show of hands noted Israel's "apartheid practices" toward Palestinians, including the construction of a wall between Israel and the West Bank, and called for more meetings in secondary schools and universities on the subject.

"This resolution's intent is an aggressive assault on the universal concept of academic freedom," said Prof. Yosi Yeshurun, rector of Israel's Bar-Ilan University and chairman of the country's International Advisory Board for Academic Freedom. "It reflects a lack of knowledge of the structure of the Israeli academia, which consists of all the spectrum of Israeli political views."

The proposal reopened debate sparked last year when Britain's 40,000-member Association of University Teachers voted to boycott Bar-Ilan and Haifa universities for actions that it said undermined Palestinian rights and academic freedom.

That union said it targeted Bar-Ilan for its links to the College of Judea and Samaria in the West Bank settlement of Ariel. It accused Haifa University of threatening to fire an Israeli political science lecturer for supporting a student's research into allegations of killings by Israeli troops.

The universities said many elements of the allegations were false. The boycott was condemned by the Israeli and British governments and overturned after a month.

Some British academics continue to push for ties to be cut. Professor Richard Seaford, a classicist at Exeter University, told the British Broadcasting Corp. that he and other academics were already engaged in an informal boycott, refusing to submit work to Israeli journals or collaborate with Israeli academics.

The American Association for the Advancement of Science had urged NATFHE to withdraw the boycott motion, calling it "antithetical to the positive role of free scientific inquiry in improving the lives of all citizens of the world, and in promoting cooperation among nations, despite political differences."

British Teachers Favor Call To Boycott Israelis (NYT)

By Alan Cowell

The New York Times, May 30, 2006

LONDON, May 29 — Britain's biggest association of higher education instructors voted Monday to urge its 67,000 members to consider boycotting Israeli academics who had failed to renounce what it called Israel's "apartheid policies."

The resolution by the National Association of Teachers in Further and Higher Education deepened the contest among academics in Britain, the United States and the Middle East that has evoked questions of academic freedom. The debate threatened to further divide British academics into camps — for or against the imposition of penalties on Israeli university teachers cast as complicit in Israeli government actions in the West Bank and Gaza.

At its annual conference in Blackpool, in northern England, the association voted 106 to 71 in favor of the resolution, which called for the organization's members "to consider their own responsibility for ensuring equity and nondiscrimination in contacts with Israeli educational institutions or individuals." There were 21 abstentions, said Trevor Phillips, an association spokesman.

The text of the resolution noted "continuing Israeli apartheid policies, including construction of the exclusion wall and discriminatory educational practices," and it urged the association's members to "consider the appropriateness of a boycott of those that do not publicly dissociate themselves from such policies."

The resolution's thrust is to encourage individual academics in Britain to sever professional contact with their counterparts in Israel.

The resolution was "advisory" rather than mandatory, Mr. Phillips said in a telephone interview. It echoed a call last year by the smaller Association of University Teachers, which first demanded a boycott of two Israeli universities and then withdrew the call under pressure from some of its members.

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The unions are set to merge into a single body, the University and College Union, on Thursday, and there has been some discussion of the resolution's status after that date. Some academics said the struggle over the principle of boycotting would carry over to the new organization.

Sue Blackwell, a lecturer in English at Birmingham University and a supporter of last year's boycott move, said: "This is a contentious issue of policy. The new union will have to adopt its own policy."

Emanuele Ottolenghi, who teaches Israeli politics at St. Antony's College at Oxford and opposes the boycott, said, "The view is that this is purely symbolic and will have no consequences" after the creation of the new union.

"But I think it will have consequences, not so much because it will be binding, but because it creates a precedent," he said. "This will bolster the pro-boycott lobby" within the new organization. He said he would ask to be boycotted by other academics who supported the resolution.

"I don't think anyone should be asked to come clean about political views as a precondition" for academic cooperation, he said in a telephone interview.Palestinian supporters of the boycott argue that it should be imposed as part of a broader effort to isolate Israel, modeled on the sanctions used against white-ruled South Africa in the apartheid era.

In a statement after the resolution was approved Monday, the Palestinian Campaign for the Academic and Cultural Boycott of Israel said, "Just as in the South African case, a comprehensive regime of sanctions and boycotts remains not only the most politically effective but also the most morally sound strategy in bringing about Israel's compliance with international law and universal principles of human rights."

Ms. Blackwell is a member of a commission from the smaller Association of University Teachers studying the Israel-Palestine academic issue. It has drawn up proposals for penalties, from "graylisting" of academic institutions — publishing their names as not adhering to adequate standards — to a full boycott.

Such proposals seem likely to recur within the British debate, deepening the divide.

In a separate statement on Monday, the pro-boycott British Committee for the Universities of Palestine called the association's vote "a historic step forward both in expressing our solidarity with our Palestinian academic colleagues, and also in helping persuade our Israeli academic colleagues that it is time to cease silent complicity with the illegal acts of the Israeli state."

But opponents of the boycott insisted such views would be challenged. "I don't think this is going to lead to a split down the middle," said Mr. Ottolenghi at Oxford University. "It's going to be a small minority pursuing the boycott and a large majority finding it distasteful."

Bolton Changes Tune Over UN Relationship (FT)

By Mark Turner

Financial Times, May 30, 2006

After a recent Security Council resolution on Lebanon, John Bolton, the iconoclastic US ambassador to the United Nations, invoked the wisdom of the Rolling Stones to assembled reporters.

“You can’t always get what you want,” he intoned, “but if you try sometimes, you just might find you get what you need.”

It was an interesting statement from the ambassador of a country more often characterised in UN circles as coming late to negotiations and rejecting them if it does not get exactly what it wants.

Senator Paul Sarbanes upbraided this tendency in the Senate foreign relations committee last week. “I’d hate for you to be the coach of an athletic team,” he told Mr Bolton. “This role of the constant scold, I’m not sure it’s the best way to induce change.”

Yet the recent US record at the UN is more complex than that put-down would suggest. For a start, in spite of personal rivalries, significant progress has been made in relations between the transatlantic powers, which appear once more broadly in harmony during UN debates.

But that may no longer be enough for the US to get what it wants. China is exerting growing influence over a range of Security Council debates and tensions with Russia are rising. Both regularly find common cause against Washington, undermining attempts at action by the council.

Meanwhile, in the General Assembly, a bloc of developing countries is growing increasingly vocal about the US vision, with India, Egypt and South Africa, all US allies, among those to the fore of the dissenting chorus.

In the Security Council, the US did manage, after much wrangling, to win a unanimous statement urging Tehran to cease nuclear enrichment. But its subsequent efforts to threaten sanctions quickly ran into Sino-Russian opposition.

US policy at the UN, with French backing, also did much to achieve a withdrawal of Syrian troops from Lebanon. But recent efforts to clamp down on the Lebanese Islamic party Hizbollah and its Iranian backers have been considerably less successful.

And on Sudan, a recent US-European push to punish alleged war criminals overcame Chinese objections but fell short of securing backing to target key regime figures. While a new US-backed resolution should speed up efforts to deploy UN peacekeepers, it is still unclear which countries will offer troops and success is far from assured.

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The picture gets worse in the General Assembly, where the US has suffered outright defeats. It was isolated in its opposition to a new Human Rights Council and a coalition of developing countries recently forced through a rejection of American-backed management reforms.

"These countries that are coming into their own are not going to put up with the 1945 order any more," said Mark Malloch Brown, UN deputy secretary-general. "Ultimately, if the US price of paying 22 per cent of the budget is to keep the UN ever more imprisoned in that 1945 arrangement, they are reaching the point where they are as likely as the US to say 'enough's enough'."

This has prompted some searching questions. Is the US failing diplomatically or has its ability to wield influence at the UN been fundamentally diminished? On the other hand, could its recent compromises in the council mark not a decline in influence but emergence of a more mature foreign policy?

The problem, say analysts, is that it is not always clear what the US objectives actually are. Mr Bolton is often suspected of pursuing a different set of policies to Condoleezza Rice, secretary of state, leading to significant confusion among diplomats. Mr Bolton, for his part, claims there is little evidence of a new Russia-China axis and suggests the developing-world attack is part of a cyclical pattern.

By contrast, he says the permanent members of the Security Council are actually working more closely than before and that he has recently taken a more conciliatory approach to the assembly's reform debate, alongside Japanese, Canadian and Australian allies.

Mr Bolton also warns against drawing too many conclusions from events at the UN. "By and large, what happens in the Security Council reflects larger geopolitical realities," he told the Financial Times, "but what happens here in New York doesn't necessarily affect what goes on in the bigger world."

"I don't think that much of what happens here reflects the status of bilateral relationships. Sometimes it's like being in the twilight zone – it's a different environment that operates under practices that are decades old."

Drive To Aid Indonesia (CSM)

By Michael J. Coren And Tom McCawley

The Christian Science Monitor, May 30, 2006

BANTUL AND YOGYAKARTA, INDONESIA - The rumble of C-130 cargo planes over the ancient Indonesian city of Yogyakarta Monday marked the slow but increasing flow of emergency aid to survivors of Saturday's quake.

The scale of the relief effort needed is still coming into focus. The magnitude 6.3 temblor that rocked the island of Java has left more than 5,000 dead and at least 150,000 people homeless, according to UN and Indonesian official estimates.

Food, medicine, and tents began arriving after the quake-damaged airport reopened to aid flights on Sunday. The International Red Cross, for example, says it has already sent a field hospital and 2,000 tents, with 8,000 more on the way. But as of Monday, most of the aid had yet to be distributed beyond the capital here.

Indonesia's President Susilo Bambang Yudhoyono, who spent Saturday night sleeping in a tent with quake surivivors, said relief efforts reflected a "lack of coordination."

"There is a lack of clothes, food, of everything. We need help," says Sugiharto, who lives in Bantul, the worst-hit area south of Yogyakarta. Sugiharto's two sons were trapped in the rubble for 30 minutes before he was able to pull them out. Like many of the thousands injured in the quake, one of Sugiharto's sons had two broken legs.

Some 80 percent of the homes in Bantul were destroyed. The Indonesian government estimates as many as 35,000 homes and buildings on the island of Java were reduced to rubble.

In Sugiharto's tiny village, some 25 survivors - ranging in age from 1 to 80 - sat under blue tarps staring out at a relentless rain that has fallen each night since the quake.

The aid that did arrive on Monday inched along rubble-choked roads. Residents, some who said they lost their entire families, gathered into isolated encampments following the temblor. But most stayed put, saying they prefer the familiarity of their devastated villages to low-lying camps scattered nearby.

As with the December 2004 tsunami that devastated villages in Banda Aceh, Indonesia, many of the first groups to provide help to the Java quake survivors were nongovernmental organizations.

Food distribution has fallen to private citizens who have been driving their SUVs into the rice paddy fields handing out eggs, cookies, cooking oil, and rice. One government truck drove by announcing the location of a food pickup point, say residents, but no food was found at the site.

Islamic political groups are stepping in to help, already establishing camps housing as many as 600 people.

Monday, rescue workers and some distraught relatives continued to search collapsed buildings, even as aftershocks continued through the weekend.

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In Yogyakarta, boxes stenciled with "Japanese Disaster Response Team" arrived in hotel lobbies and the distinctive white UN vehicles began to ply the roads. Although inadequate for the scale of this disaster, some international and Indonesia aid was already here prior to Saturday's quake to support villagers evacuating from the sides of Mt. Merapi, a nearby volcano threatening to erupt.

For example, Oxfam, with a branch in Yogyakarta, has already distributed 600 tents, 1,600 tarpaulins, and 6,000 hygiene kits. The World Food Program is sending 200 tons of food.

Since Saturday, more than a dozen national governments have pledged assistance. The US has committed $2.5 million in aid and is sending 100 doctors, nurses, and medical technicians from a base in Okinawa, Japan. Britain has pledged $5.6 million to be channeled through UN relief efforts. The European Union pledged $3.8 million, China is sending $2 million, and Japan almost $1 million plus medical teams.

International aid agencies met in Geneva Monday to coordinate relief and brief donor nations on the specific kinds of help needed.

Yet residents in the ruins of some isolated villages said they had not yet seen a government or aid worker.

The Indonesian military sent teams to the province to rescue survivors, residents said, along with about 600 military cadets here clearing debris and starting reconstruction.

The government's attention appears to be focused on overwhelmed hospitals where doctors have been triaging patients crammed into hallways and courtyards. Hundreds of victims are lying on newspapers, plastic tarpaulins, and even banana and palm leaves. Nurses were forced to set up intravenous drips using trees in car parks as props.

Budi Mulyono, a spokesman for the Sardjito Hospital, says they needed more of everything, including doctors, medical supplies, and tents.

At Yogyakarta's Muhammadiyah Hospital, which is filled to seven times its normal capacity, paramedic Gunawan says, "Our doctors and nurses were included among the victims. So you can imagine our situation. This is the best I can do at the moment."

Many had feared devastation and death on the scale that followed the tsunami in in 2004. The quake death toll by Monday night reached 5,140, according to Biwara Yuswantana, a government spokesperson, although it was expected to keep climbing.

The two disasters differed in another way as well, says Gunawan, who worked as a medic in Aceh for five months.

"The difference is the [nature of the injuries suffered by] victims and the lack of dead bodies, says Gunawan. 'In this earthquake, there were bodies, but there were also true emergency patients."

In the coming days, aid workers cite several local conditions that will help their relief effort. Yogyakarta airport is functioning. And unlike Aceh, most roads were undamaged. In fact, much of the area's infrastructure, including communications towers, sewage facilities, and government offices were left largely intact.

By nightfall Monday, thick rains fell on thousands of the displaced, sheltering in tent settlements, parking lots, and rice fields.

"My house was flattened, everything was flattened," says Wati, a grandmother, who, like many Indonesians, only uses one name. She crouched with her two grandchildren in a deserted shop opposite the main buildings of an Islamic university in Yogyakarta that had been tipped sideways by the quake. Then, there's Mt. Merapi

Residents of the rice-growing towns of Bantul and Klaten, the worst hit areas, had been watching the grumbling volcano Mt. Merapi, that has been spewing clouds of ash and gas in recent weeks.

Activity in the volcano has tripled since Saturday's earthquake, with hot clouds spewed out an average of 150 times a day, compared with 50 times before, said Subandriyo, chief of the Merapi volcanology and monitoring office.

"The earthquake has caused instability in the lava dome," Subandriyo told the Associated Press. "There is still a chance that a big eruption might occur."

Chew Soon Hoe, an associate professor of engineering geology at the National University of Singapore, says Merapi's renewed activity and the earthquake are related. Both are in the same subduction zone - the area where one tectonic plate slides under another plate - along a boundary between the Euro-Asia plate and the India-Australia plate, he says.

"This ocean plate ... is the cause of the recent earthquake and volcanic activity in Indonesia," Mr. Chew says. "Because it is very near, the energy released by the quake will accelerate or perturb the activity of the volcano."

David Booth, a seismologist with the British Geological Survey, disagrees, saying the quake would not necessarily cause the volcano to erupt. He says the plates that shifted to cause the earthquake did not necessarily open cracks in the surface that would be needed to cause a volcanic eruption.

Indonesia, the world's largest archipelago sits atop the Ring of Fire, an arc of volcanoes and fault lines around the Pacific basin. Indonesia has some 129 active volcanoes.

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Indonesian Quake Toll Climbs; Aid Arrives (AP)

By Irwan Firdaus

AP, May 29, 2006

Homeless earthquake survivors living in rice fields and makeshift shacks begged for food and water under a blazing sun Monday as Indonesia's death toll rose to over 5,000.

Soldiers began delivering bags of rice to village chiefs in the mountainous quake zone on the island of Java, but survivors called the aid meager and slow. The United Nations planned a global appeal, saying relief money was running low.

"We have 300 families in this village and have only gotten two sacks of rice," said Lastri, 27, holding a 5-month-old. "It's not enough."

Indonesia's Social Affairs Ministry raised the death toll to 5,137, saying some 800 bodies that were buried in mass graves immediately after the quake had just been counted.

Thousands of people including children and the elderly lined main roads in the area of Saturday's 6.3-magnitude quake, holding out whatever containers they could find to hold donations to buy rice, oil and candles.

"Please give me something, I'm hungry," 7-year-old Sari told passing drivers, standing beside a group of children carrying banners that read "We have not gotten any aid" and "Help us."

A plane chartered by the U.N. children's agency touched down near the disaster area, and the United States, which pledged $2.5 million, said 100 military doctors and nurses were en route with surgical, dental and other equipment.

But rough roads in mountainous central Java and new cracks in the runway at the region's main airport hampered delivery efforts.

In Jamprip, a village of 300 families, Edi Sutrisno, 37, helped unload aid from a military truck — two bags of rice, nine boxes of dried noodles and two boxes of bottled water.

"It's the first we've gotten since the quake," he said. "Of course it's not enough for all of us, not even for a day."

A group of teenagers raced up to a slowing truck and managed to steal supplies off the back, but their excitement was short-lived.

"I thought it was food, but it was just soap and toothbrushes," said Andi Marwanto, 16.

The government said an estimated 200,000 people were homeless, most living in improvised shacks close to their former homes or in shelters erected in rice fields. Hospitals overflowed with bloodied survivors. Power was still out in much of the quake region, which covers hundreds of square miles.

Compounding the devastation were fears of an eruption of nearby Mount Merapi, which has been belching gas and lava for weeks, and a scientist said its volcanic activity had increased threefold since the quake.

Lava and hot clouds of gas were avalanching 2 1/2 miles down the volcano's slopes Monday, said volcanologist Subandriyo, who like many Indonesians uses only one name.

President Susilo Bambang Yudhoyono visited refugees Monday and acknowledged a "lack of coordination" in aid distribution. He urged government officials to be "more agile."

"I saw in many areas that there are many things that need to be speeded up," said Yudhoyono, who moved his office to the ancient city of Yogyakarta to supervise relief operations.

A UNICEF plane loaded with water, tents, stoves and cooking sets arrived Monday in Solo, a city about three hours' drive from the hardest-hit district of Bantul.

On Sunday, three U.N. trucks brought high-energy biscuits to survivors and two Singapore military cargo planes arrived with doctors and medical supplies.

Some 22 countries have contributed or pledged assistance, the U.N. Office for the Coordination of Humanitarian Affairs said in Geneva. The agency said it has released $100,000 in emergency funds to jump start the relief effort, but said it will need much more.

Indonesia said it hoped foreign aid would account for 50 percent of the $108 million to $161 million in estimated rehabilitation costs.

The quake was the fourth destructive temblor to hit Indonesia in the past 17 months, including the one that spawned the Dec. 26, 2004, Indian Ocean tsunami that left at least 216,000 dead or missing.

The country also is battling a bird flu crisis and a spate of terror attacks by al-Qaida-linked Islamic militants.

Indonesia, the world's largest archipelago, is prone to seismic upheaval due to its location on the so-called Pacific "Ring of Fire," an arc of volcanos and fault lines encircling the Pacific Basin. It has 76 volcanos, the largest number of any nation.

Indonesian Hospital Overflows With Victims (LAT)

DOJ_NMG_0030403

By Richard C. Paddock

The Los Angeles Times, May 30, 2006

BANTUL, Indonesia — Panembahan Senopati Hospital was designed for 140 patients. On Monday, it had 1,200.

Even so, the wards were nearly empty. No one wanted to stay inside. Instead, the patients lay in rows in the open-air reception area and in the sprawling hospital's exterior corridors.

These were survivors of Saturday's central Java earthquake, which measured magnitude 6.3 and killed more than 5,100 people as of Monday. Many at the hospital had casts on broken limbs and bandages on cuts, but the psychic wounds they suffered from the quake were far greater.

"The main problem is the patients don't want to go home," said the hospital's director, Dr. Endang Purwati. "They are afraid to go and they don't have houses."

Most of the patients narrowly escaped from their collapsing homes and live in fear of a major aftershock. Refusing to stay in the wards, they were poised to make a break for the parking lot at the first sign of shaking.

They lay on mattresses, thin woven mats or pieces of cardboard. Some were connected to intravenous drips that hung from window frames and exterior air conditioning units.

Even those who were sedated or wearing casts were resting in prime spots only a few steps from the safety of the open air. Never mind that the sturdily built hospital suffered no damage on Saturday.

"If there is another earthquake, we can run faster," said Nada Refty Nurhidayah, 15, who was taking care of her grandmother, Ngatrihardi Suwarno.

Suwarno suffered a compressed vertebra when two banana trees fell on her. Sedated, she lay on a mat on the floor two feet from the main reception counter, surround by hundreds of other patients. Soldiers carried injured people past on cots, and the reception area was filled with the constant buzz of activity.

People came every few minutes to stand only inches from Suwarno's head and use a phone on the counter. Some narrowly missed stepping on her. She was oblivious to it all.

Authorities estimate that the quake left between 100,000 and 200,000 Indonesians homeless. Many are sleeping in rice paddies and soccer fields in shelters made of plastic sheeting that do little to protect them from frequent downpours.

Throughout the quake zone Monday, hundreds of young men and boys stood in the middle of busy streets with cardboard boxes begging for assistance from cars that zipped past. "We need to eat," read the sign on a box held by one boy. "Please help," said another.

In the stricken village of Manding Gandekan, about 50 villagers were taking part in the fund- raising drive. Some had placed chairs and benches in the middle of the street to slow traffic. Sometimes, one of the boys would step in front of a line of cars to stop them in the hope of snagging a donation.

"Nobody's scared because this is what we do to get some food," said Rustam Nurkholis, 18. In three days of begging, he said the group had raised about $18.

President Susilo Bambang Yudhoyono acknowledged Monday that assistance had been slow in arriving to the quake zone. "I saw in many areas that there are things that need to be speeded up," he said.

Ibham Samawi, the regent of Bantul, the hardest hit area, said he was sorry the government had not done more to help victims.

"We apologize to Bantul residents for not being able to help optimally for the past two days," he said. "But now we have enough people to work."

Nearly 100 troops from Malaysia joined Indonesian soldiers and volunteers in digging through the rubble for bodies. Authorities said it would be unlikely to find any survivors at this stage, three days after the quake.

Archeologists were still coming to grips with the damage caused to Prambanan, a 9th century Hindu temple complex that is one of Indonesia's most significant historic monuments. The tallest temple is more than 150 feet tall.

Hundreds of chunks of stone were shaken loose from the complex's 16 main temples. Many of them weigh hundreds of pounds each and crashed to the ground around the temples. Some of the intricate stone reliefs were damaged, and one of the temples has begun leaning to one side.

To help treat survivors of the quake, meanwhile, the United States was sending 100 doctors and other medical personnel to Indonesia from facilities in Okinawa, Guam and the Philippines.

Purwati, the director at Panembahan Senopati hospital, welcomed the possibility of assistance. She said the hospital was in need of doctors and nurses, surgical equipment, and needles and thread for sewing up victims' wounds.

She said most of the patients admitted to the hospital were suffering from broken bones and lacerations. She estimated that a third of those were physically healthy enough to leave.

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Suprapdi Harjono, 54, was in the hospital for kidney failure when the earthquake struck. Like other patients, he hurried out of the building onto the lawn. The shock of the quake gave him a mild heart attack. On Monday, he sat quietly on a mattress in the outer corridor with other patients.

"We ran when the earthquake happened," he said. "Now I am scared to go back to my room."

Indonesia Pleads For Relief As Quake Aid Slowly Arrives (WT/AP)

By Chris Brummitt, Associated Press

The Washington Times, May 30, 2006

BANTUL, Indonesia -- Emergency aid began arriving yesterday in areas devastated by a magnitude 6.3 earthquake in Indonesia, but officials said supplies were not being delivered fast enough to victims who begged for help on roads lined with crumpled buildings.

The government's Social Affairs Ministry raised the official death toll to 5,427. The new number includes bodies buried in mass graves immediately after the quake.

The International Committee of the Red Cross said it had sent a field hospital and distributed about 2,000 tents, with up to 8,000 more on the way.

The United Nations sent three trucks carrying high-energy biscuits and a plane loaded with water, tents, stoves and cooking gear.

Two Singapore military cargo planes arrived at Yogyakarta airport with doctors and medical supplies.

Japan said it would dispatch land, sea and air forces to help with relief efforts.

But officials said supplies remain inadequate.

"We have received food and medicine from the government, but it's not enough," said Suparno, a neighborhood official in the hardest-hit district of Bantul on Java island who goes by one name, like many Indonesians. "How can I distribute [90 pounds] of rice to 1,200 people?"

Indonesia said late Sunday that it would allocate $107 million to help rebuild over the next year.

The United States has allocated $2.5 million in aid, and the U.S. military plans to send 100 doctors, nurses and medical technicians from a base in Okinawa to Indonesia, U.S. Pacific Command spokesman Lt. Col. Bill Bigelow said Sunday.

The U.N. Office for the Coordination of Humanitarian Affairs has released $100,000 in emergency aid but said it will need to give much more.

U.N. humanitarian chief Jan Egeland has proposed boosting relief efforts with money from the United Nations' $178 million central emergency relief fund.

U.N. officials in Indonesia said the most urgent needs were for generators, tents, three 100-bed field hospitals and medical supplies, mostly for treating broken limbs. Officials said they hoped to meet these requirements within three days.

France said yesterday that it would send medical equipment and personnel. Spain was to send 12 tons of tents, blankets and medicines and other aid, and Germany said aid groups were moving water-purification equipment and a mobile medical clinic to Java.

Britain, the European Union, China and the Japanese Red Cross Society together have given, or pledged to give, more than $14 million.

Indonesian President Susilo Bambang Yudhoyono -- criticized by some as being hesitant to act in the past -- spent the first night after Saturday's quake sleeping in a tent along with survivors and moved his office to the nearby city of Yogyakarta to supervise relief operations.

Quake Survivors Desperate For Aid (WP)

By Irwan Firdaus

The Washington Post, May 30, 2006

JAMPRIP, Indonesia, May 30 -- Homeless earthquake survivors living in rice fields and makeshift shacks begged for food and water under a blazing sun Monday as the death toll from Saturday's quake continued to rise.

Indonesia's Social Affairs Ministry on Tuesday raised the official death toll to 5,427.

Soldiers began delivering bags of rice Monday to village chiefs in the mountainous quake zone on the island of Java, but survivors called the aid meager and slow. The United Nations planned a global appeal, saying relief money was running low.

"We have 300 families in this village and have only gotten two sacks of rice," said Lastri, 27, holding a 5-month-old child. "It's not enough."

Thousands of people including children and the elderly lined main roads in the area of the 6.3-magnitude quake, holding out whatever containers they could find for donations to buy rice, oil and candles.

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"Please give me something, I'm hungry," 7-year-old Sari told passing drivers, standing beside a group of children carrying banners that read "We have not gotten any aid" and "Help us."

Explaining the continuing rise in the official toll, Indonesia's Social Affairs Ministry said Monday that about 800 bodies that were buried in mass graves immediately after the quake had just been counted.

A plane chartered by UNICEF, the U.N. children's agency, touched down near the disaster area, and the United States, which pledged $2.5 million, said 100 military doctors and nurses were en route with surgical, dental and other equipment. But rough roads in mountainous central Java and new cracks in the runway at the region's main airport hampered delivery efforts.

In Jamprip, a village of 300 families, Edi Sutrisno, 37, helped unload aid from a military truck -- two bags of rice, nine boxes of dried noodles and two boxes of bottled water. "It's the first we've gotten since the quake," he said. "Of course it's not enough for all of us, not even for a day."

A group of teenagers raced up to a slowing truck and managed to steal supplies off the back, but their excitement was short-lived. "I thought it was food, but it was just soap and toothbrushes," said Andi Marwanto, 16.

The government said an estimated 200,000 people were homeless, most living in improvised shacks close to their former homes or in shelters erected in rice fields. Hospitals overflowed with bloodied survivors. Power was still out in much of the quake region, which covers hundreds of square miles.

Compounding the devastation were fears of an eruption of nearby Mount Merapi, which has been belching gas and lava for weeks, and a scientist said its volcanic activity had increased threefold since the quake.

Lava and hot clouds of gas were avalanching 2 1/2 miles down the volcano's slopes Monday, said volcanologist Subandriyo, who like many Indonesians uses only one name.

President Susilo Bambang Yudhoyono visited refugees Monday and acknowledged a "lack of coordination" in aid distribution. He urged government officials to be "more agile."

More than 20 countries have contributed or pledged assistance, the U.N. Office for the Coordination of Humanitarian Affairs said in Geneva. The agency said it had released $100,000 in emergency funds to jump-start the relief effort but that it would need much more.

Indonesia said it hoped foreign aid would account for 50 percent of the $108 million to $161 million in estimated rehabilitation costs.

The quake was the fourth destructive temblor to hit Indonesia in the past 17 months, including the one that led to the Dec. 26, 2004, Indian Ocean tsunami that left at least 216,000 dead or missing.

Aid Reaches Indonesian Quake Area, But Volcano's Activity Increases (NYT)

By Peter Gelling

The New York Times, May 30, 2006

YOGYAKARTA, Indonesia, May 29 — Significant amounts of aid began arriving Monday in Bantul, the town south of this city that was hit the hardest by Saturday's earthquake, but a nearby volcano substantially increased its threatening activity.

For the third night in a row, residents in Bantul and in Klaten, another badly ravaged town, slept outside their houses, grouped around campfires and used debris for cover from the sporadic rain. Some softly strummed guitars, while others, kneeling on mats, prayed for help.

Mount Merapi, a towering 9,800-foot volcano north of Yogyakarta, has been close to an eruption for nearly a month, but activity weakened in recent weeks. Volcanologists said Monday that the powerful quake destabilized a fragile dome at the mountain's peak. Collapse of the dome would set off a large eruption of lava, rocks and hot gas, they said.

Large, billowing clouds of gas were vented from the mountain's crater on Monday, drifting more than two miles down its western slope toward the village of Magelang.

Subandriyo, director of the Merapi division of the Volcanology Center here, said the volcano released 150 gaseous clouds on Monday, compared with an average of 50 the week before.

"Residents living in the danger areas on the slopes of the volcano have again begun to evacuate," he said. "The danger is growing as activity increases."

South of Yogyakarta, the death toll from the earthquake on Saturday rose to about 5,000, with more than 15,000 injured and 100,000 displaced, according to government figures released Monday.

Puji Pujiono, the lead officer of the United Nations team in Bantul, said it was receiving no new reports of missing persons, a sign that the number of deaths might not increase much in the coming days.

Emergency teams previously deployed in Yogyakarta for the expected eruption of Mount Merapi have shifted their resources to Bantul, where a command center for the rescue effort has been established. A communications post there is monitoring the volcano's activity and keeping emergency workers informed of developments.

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Activity at the command center in Bantul was high Monday afternoon as government, military and international aid workers, forming human chains, unloaded rice, water and other supplies.

The Indonesian Finance Ministry told United Nations officials on Monday evening that it would provide subsistence grants to survivors of the quake. The ministry also said it would provide grants to families, administered by local government, to help rebuild houses. It intends to complete a full action plan for rehabilitation in two weeks.

Despite heavy rain during the last three nights, officials said they did not expect large numbers of deaths from disease or hunger. Many residents are staying near their homes and in their villages, where they have been able to share salvaged food, clothing and shelter.

But villagers who were ill or injured continued arriving at seriously overburdened hospitals on Monday afternoon. Officials said medical workers and hospital supplies were now the most urgent need.

To partly relieve overcrowding, the Indonesian Red Cross began transferring patients with minor injuries to hospitals in Yogyakarta and to emergency tents in the quake area. The United States military said it would provide 100 doctors, nurses and medical technicians.

A United Nations team from the Office for the Coordination of Humanitarian Affairs began organizing the arrival of aid groups on Sunday. Daily meetings have been held to share information and coordinate the use of resources.

Electricity in Yogyakarta, a city of half a million, has been fully restored, and the airport, which was damaged during the quake, reopened Monday to emergency and commercial traffic. Aid shipments had been diverted to nearby airports in Solo and Semarang, where the relief groups loaded supplies and personnel onto trucks and vans bound for Bantul.

The convoy of trucks caused heavy traffic along the road to Bantul, further delaying aid. "There is a huge need here," said Mr. Pujiono, the United Nations official. "We are not lacking supplies, but they are being held up by a jammed distribution system."

On Monday, trucks, cars and motorbikes continued to wait in dense traffic on the one-lane road to Bantul, while villagers lined the street holding plastic cups and cardboard boxes begging for food and money.

Emergency shelters were only beginning to go up on Monday. Andi Hanindito, chief of disaster response for the Indonesian Social Welfare Ministry, said the delay was partly because local government workers, who were caught in the quake, were only now returning to work.

Relief groups, many of which were coming from Aceh Province in western Sumatra, where there was widespread destruction from the tsunami at the end of 2004, said their experience there helped them carry out the relief effort in Yogyakarta. Many aid group leaders are already acquainted with the United Nations staff members and government officials responding to the emergency here.

"Everyone is switched on here, and a lot of us know each other," said Rae McGrath, country director for International Medical Corps. "Authorities here have so far been sensible and supportive."

Local government officials have not been attending the daily coordination meetings, and the national government has yet to make a formal request for assistance from the United Nations. But Mr. Pujiono said he had been meeting regularly with local officials and communicating their concerns to other groups.

The Indonesian president, Susilo Bambang Yudhoyono, temporarily moved his offices to Yogyakarta on Sunday, bringing greater pressure on the provincial government to respond efficiently.

WHO Will Clarify Stages Of Pandemic-Alert System (WSJ)

By Nicholas Zamiska

The Wall Street Journal, May 30, 2006

The World Health Organization plans to clarify its influenza-pandemic alert system after a cluster of human bird-flu cases in Indonesia, and the WHO's response to it, sent ripples through markets and media around the world last week.

The move highlights the challenges the United Nations health agency faces in keeping the public alert to the possibility of a human pandemic without panicking, or wearying, people.

"What we're going to fundamentally try to do is just to write out the phases and explain things so it's simpler for people to understand," Keiji Fukuda, coordinator of the WHO's global influenza program, said in an interview yesterday. "What's become clear to me over the past several weeks is that there's a lot of confusion."

The WHO has spent more than a year working to raise global awareness about bird flu, in hopes of preventing or limiting any world-wide human outbreak, while stressing that the virus hasn't yet acquired the ability to pass easily among people. But last week, the group found itself striving to tamp down concerns and explain why the Indonesian case cluster didn't necessarily mean the virus was now capable of sparking a human pandemic.

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In that unusually large cluster, seven of eight relatives who fell ill died, and at least six of those seven fatalities were bird-flu cases. The Indonesian cluster briefly raised the possibility that the health agency might consider raising the alert level, which can trigger certain public-health responses and to which some companies have keyed employee-evacuation plans. At present, the alert level is at stage three of six, six being the full pandemic alert.

So far, the deadly virus has passed from birds to people in a relatively small number of cases and, even more rarely, may have passed among people. In the Indonesian case cluster, the virus may for the first time have set off a three-person chain of human transmission, from a woman to her nephew and then from the nephew to his father. Such an event might signal an incremental advance in the virus's ability to pass from human to human.

The WHO is still investigating the case. But last week the group decided against convening a global task force of experts to consider raising the alert level, even though the current guidelines outlining a change in the alert stages could, on their face, have fit the Indonesian cluster.

Dr. Fukuda said he doesn't expect any fundamental or wholesale changes to the alert system, which was introduced last year, after being revised from its 1999 form. He said he expects just further explanation and clarification.

The move to revise the system includes the distinction it makes between the virus's ability to pass between humans who have been in very close contact with one another -- caring for a dying family member, for example -- and its ability to pass easily between people who may have only sat next to one another at a restaurant and been exposed to a cough.

Stage three indicates that there have been human infections, "but no human-to-human spread, or at most rare instances of spread to a close contact," according to the WHO's guidelines. Stage four describes a small cluster or clusters "with limited human-to-human transmission, but spread is highly localized, suggesting that the virus is not well adapted to humans."

The difference between stages three and four hinges on how easily the virus can be passed between humans. But that has proved a subjective and difficult call to make.

Venezuela Fetes Bolivia, Cuba Trade (WSJ)

By José De Córdoba

The Wall Street Journal, May 30, 2006

LA PAZ, Bolivia -- While Venezuela's President Hugo Chavez was pledging to invest $1.5 billion in Bolivia's newly renationalized gas industry last week, participants at a Venezuelan-financed trade fair here were plugging microcommerce among Venezuela, Bolivia and Cuba as a way of defying the U.S. and promoting regional integration.

The energy investment includes deals to build two gas-processing plants and to explore for natural gas together with Bolivia's resurrected national energy company, Yacimientos Petroliferos Fiscales Bolivianos, or YPFB. The announcement marks Mr. Chavez's most ambitious and expensive attempt to increase his political clout in Latin America.

Mr. Chavez is keeping his eye on Bolivia's gas reserves -- the largest in South America after Venezuela's. The Venezuelan-backed trade fair shows Mr. Chavez is also fighting an ideological war in favor of his Bolivarian Alternative for the Americas, or ALBA, in every arena large or small.

The ALBA, signed by Mr. Chavez, Cuba's Fidel Castro and Bolivia's new president, Evo Morales, is a kind of socialist alternative to a U.S. proposal for hemisphere-wide free-trade zone. The trade fair late last week showed what the ALBA has become so far -- a heavy dose of ideology mixed in with a little business.

"We've come here, in cooperation and solidarity to get close to our brother people the Bolivians, from whom we have been distant," said Ramon Aguirre, a representative of Invepal, a Venezuelan maker of school notebooks, one of some 60 or so Bolivian and Venezuelan companies that set up booths at the fair. Once a private company, Invepal was expropriated by the Venezuelan government after the company went broke in 2004, Mr. Aguirre says. Now the Venezuelan government owns 51% of the company, while the workers who run it own the remaining 49%. Invepal bills itself as the first endogenous Venezuelan paper company -- endogenous being the term Mr. Chavez uses for domestic economic development that largely eschews traditional global trade and business practices.

Essentially, he would have the ALBA countries trade mainly among themselves -- except when it comes to oil and gas, which Venezuela sells on the world market.

Some of the basics of ALBA trade have yet to be worked out. When Bolivian entrepreneurs asked Mr. Aguirre the prices for his Venezuelan-made paper, he said he didn't know yet. "We have nothing concrete on that," he said. In the background of his booth was a poster of Mr. Chavez, his arm draped around Mr. Morales, while in the background a smiling Mr. Castro looked approvingly on both men.

Elsewhere, Bolivian Indian women in traditional bowler hats met with Cuban trade officials and Venezuelan entrepreneurs, who encouraged them to sell alpaca sweaters and embroidered shawls in Cuba and Venezuela, although neither country is

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known for cold weather. Other booths offered Bolivian wine, vitamins made from soya, coffee, and quinua, a cereal that has been grown since Incan times in the Bolivian altiplano, but which is practically unknown outside of the country.

It was tough going, acknowledged Rina Zeballos, president of the 1,200-strong Movement of Indian Women of the Kollasuyo, a weavers' cooperative. "We are producing these shawls, but we don't have a market," Ms. Zeballos said. Nevertheless, she was hopeful. She had talked to her Cuban and Venezuelan counterparts who had told her to send a catalog. "Maybe this will be the start of our exporting to other countries," she said. South American nations should pull together with Central American nations and with the 500 Indian tribes in North America to "develop our economies," she said.

In the end, Bolivia's deputy minister of industry and exports, Gustavo Barbery, declared the fair to have been a success, with some $12 million of potential business deals discussed.

Letter On Korean War Massacre Reveals Plan To Shoot Refugees (WP)

By Charles J. Hanley And Martha Mendoza

The Washington Post, May 30, 2006

Historian Discovers U.S. Envoy's Writings Relating to No Gun Ri

More than a half-century after hostilities ended in Korea, a document from the war's chaotic early days has come to light -- a letter from the U.S. ambassador to Seoul, informing the State Department that U.S. soldiers would shoot refugees approaching their lines.

The letter -- dated the day of the Army's mass killing of South Korean refugees at No Gun Ri in 1950 -- is the strongest indication yet that such a policy existed for all U.S. forces in Korea, and the first evidence that that policy was known to upper ranks of the U.S. government.

"If refugees do appear from north of US lines they will receive warning shots, and if they then persist in advancing they will be shot," wrote Ambassador John J. Muccio, in his message to Assistant Secretary of State Dean Rusk.

The letter reported on decisions made at a high-level meeting in South Korea on July 25, 1950, the night before the 7th U.S. Cavalry Regiment shot the refugees at No Gun Ri.

Estimates vary on the number of dead at No Gun Ri. U.S. soldiers' estimates ranged from fewer than 100 to "hundreds" dead; Korean survivors say about 400, mostly women and children, were killed at the village 100 miles southeast of Seoul, the South Korean capital. Hundreds more refugees were killed in later, similar episodes, survivors say.

The No Gun Ri killings were documented in a Pulitzer Prize-winning story by the Associated Press in 1999, which prompted a 16-month Pentagon inquiry.

The Pentagon concluded that the No Gun Ri shootings, which lasted three days, were "an unfortunate tragedy" -- "not a deliberate killing." It suggested panicky soldiers, acting without orders, opened fire because they feared that an approaching line of families, baggage and farm animals concealed enemy troops.

But Muccio's letter indicates the actions of the 7th Cavalry were consistent with policy, adopted because of concern that North Koreans would infiltrate via refugee columns. And in subsequent months, U.S. commanders repeatedly ordered refugees shot, documents show.

The Muccio letter, declassified in 1982, is discussed in a new book by American historian Sahr Conway-Lanz, who discovered the document at the National Archives, where the AP also has obtained a copy.

Conway-Lanz, a former Harvard historian and now an archivist of the National Archives' Nixon collection, was awarded the Stuart L. Bernath Award of the Society for Historians of American Foreign Relations for the article on which the book is based.

"With this additional piece of evidence, the Pentagon report's interpretation [of No Gun Ri] becomes difficult to sustain," Conway-Lanz argues in his book, "Collateral Damage," published this spring by Routledge.

The Army report's own list of sources for the 1999-2001 investigation shows its researchers reviewed the microfilm containing the Muccio letter. But the 300-page report did not mention it.

Asked about this, Pentagon spokeswoman Betsy Weiner would say only that the Army inspector general's report was "an accurate and objective portrayal of the available facts based on 13 months of work."

Said Louis Caldera, who was Army secretary in 2001 and is now University of New Mexico president, "Millions of pages of files were reviewed, and it is certainly possible they may have simply missed it."

Former Washington Post diplomatic correspondent Don Oberdorfer, a historian of Korea who served on a team of outside experts who reviewed the investigation, said he did not recall seeing the Muccio message. "I don't know why, since the military claimed to have combed all records from any source."

Muccio noted in his 1950 letter that U.S. commanders feared disguised North Korean soldiers were infiltrating American lines via refugee columns.

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As a result, those meeting on the night of July 25, 1950 -- top staff officers of the U.S. 8th Army, Muccio's representative Harold J. Noble and South Korean officials -- decided on a policy of air-dropping leaflets telling South Korean civilians not to head south toward U.S. defense lines and of shooting them if they did approach U.S. lines despite warning shots, the ambassador wrote to Rusk.

Rusk, Muccio and Noble, who was embassy first secretary, are all dead. It is not known what action, if any, Rusk and others in Washington may have taken as a result of the letter.

Muccio told Rusk, who was secretary of state during the Vietnam War, that he was writing him "in view of the possibility of repercussions in the United States" from such deadly U.S. tactics.

But the No Gun Ri killings -- as well as others in the ensuing months -- remained hidden from history until the AP report of 1999, in which soldiers who were at No Gun Ri corroborated the Korean survivors' accounts.

Survivors said U.S. soldiers first forced them from nearby villages on July 25, 1950, and then stopped them in front of U.S. lines the next day, when they were attacked without warning by aircraft as hundreds sat atop a railroad embankment. Troops of the 7th Cavalry followed with ground fire as survivors took shelter under a railroad bridge.

The late Army Col. Robert M. Carroll, a lieutenant at No Gun Ri, said in a 1998 interview that he remembered the order radioed across the warfront on the morning of July 26 to stop refugees from crossing battle lines. "What do you do when you're told nobody comes through? . . . We had to shoot them to hold them back."

Other soldier witnesses attested to radioed orders to open fire at No Gun Ri.

Since that episode was confirmed in 1999, South Koreans have lodged complaints with the Seoul government about more than 60 other alleged large-scale killings of refugees by the U.S. military in the 1950-53 war.

The Army report of 2001 acknowledged that investigators learned of other, unspecified civilian killings, but said these would not be investigated.

AP research uncovered at least 19 declassified U.S. military documents showing commanders ordered or authorized such killings in 1950-51.

In a statement issued Monday in Seoul, a No Gun Ri survivors group called that episode "a clear war crime," demanded an apology and compensation from the U.S. government, and said Congress and the United Nations should conduct investigations. The survivors also said they would file a lawsuit against the Pentagon for alleged manipulation of the earlier probe.

Gary Solis, a West Point expert on war crimes, said the policy described by Muccio clearly "deviates from typical wartime procedures. It's an obvious violation of the bedrock core principle of the law of armed conflict -- distinction."

Solis said soldiers always have the right to defend themselves. But "noncombatants are not to be purposely targeted."

But William Eckhardt, lead Army prosecutor in the My Lai atrocities case in Vietnam, sensed "angst, great angst" in the letter because officials worried about what might happen. "If a mob doesn't stop when they're coming at you, you fire over their heads. And if they still don't stop, you fire at them. Standard procedure," he said.

Speak Out? Are You Crazy? (LAT)

By Kim Murphy

The Los Angeles Times, May 30, 2006

CHEBOKSARY, Russia — Albert Imendayev collected the signatures he needed to run for the legislature last fall in this city on the banks of the Volga River. He met with supporters, prepared his campaign material. He would have made the ballot had it not been for one thing: He was hauled off to a mental asylum.

Only days before he was required to appear at the local election commission to finalize his candidacy, an investigator from the prosecutor's office met Imendayev at the courthouse with three police officers. They kept him locked up until a judge could be found to sign the order committing him for a psychiatric evaluation.

"The hearing took place, and I was taken straight off to the asylum," said the businessman and human rights activist. By the time he was released nine days later, the election filing deadline had passed and he was out of the race.

Imendayev's act of insanity was filing a series of legal complaints against local officials, police, prosecutors and judges, alleging corruption, violation of court procedures and cronyism — charges that are far from rare in today's Russia. The prosecutor, a frequent target of Imendayev's darts, called his behavior "paranoia."

Through much of the Cold War, the Soviet Union waged a chilling psychiatric war against political dissidents. Critics of the communist authorities found themselves locked for months or years behind the barred windows of state asylums, drugged into tranquillity and prevented from talking to lawyers or family.

The end of the Soviet Union saw the adoption of laws that raised legal protections for psychiatric patients to international standards, granting potential mental patients guarantees of legal representation and commitment only on the orders of a court.

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But Imendayev's trip behind hospital walls last September was, human rights activists say, one of many signs that punitive psychiatry has not disappeared.

"This has only just resurfaced in recent years, and for a time we couldn't even believe it was happening. But now it seems quite clear that such abuses are on the rise, and that this is a trend," said Yury Savenko, president of the Independent Psychiatric Assn., an advocacy group of professional psychiatrists that has pushed for mental health reforms in Russia.

The ranks of the "insane" over the last three years have included women divorcing powerful husbands, people locked in business disputes and citizens, like Imendayev, who have become a nuisance by filing numerous legal challenges against local politicians and judges or lodging appeals against government agencies to uphold their rights.

Unlike during the Soviet era, when an all-powerful KGB locked up those who challenged the foundations of the regime, there appears to be no systematic federal repression of dissidents through the mental health system. Instead, citizens today fall victim to regional authorities in localized disputes, or to private antagonists who have the means, as so many in Russia do, to bribe their way through the courts.

"People are being institutionalized in psychiatric hospitals unlawfully, and on the most diverse grounds," the International Helsinki Federation for Human Rights concluded in a 2004 study. "Not only did punitive psychiatry exist during the Soviet period, and not only does it exist today, unfortunately there are no grounds to hope that it will disappear in the foreseeable future."

In another case here in Cheboksary, a four-term opposition deputy in the regional parliament, Igor Molyakov, spent six months in jail on libel charges in 2004. While incarcerated, he was ordered committed for psychiatric hospitalization after a judge agreed with government lawyers that Molyakov's repeated writings about corruption among local authorities reflected an outlook so "somber" that it might constitute a "mental disorder."

In St. Petersburg, Ivan Ivannikov, who lectured for 38 years at the State University of Economics and Finance, found himself wrestled to the ground, handcuffed and dragged to the city psychiatric hospital in December 2003 after a protracted dispute with a well-connected contractor over repairs to his apartment. An influential state psychiatrist signed the recommendation for commitment without ever having met Ivannikov, deciding that his multiple legal complaints against the contractor constituted an "obsession" with "revenge." He was released after 60 days.

In Moscow, Natalya Kuznetsova was fired from her job at the federal audit chamber not long after charging that $140 million had been siphoned out of the federal budget in 2001 and 2002. A subsequent set of quarrels with her supervisors led to her firing, and when she filed suit seeking disability compensation, a state psychologist reported she had a mental disability.

"When they finally fired me on the 25th of January, 2005, they threatened to call a psychiatric ambulance for me," said Kuznetsova, who successfully fought against commitment. "This is all because of flourishing corruption. These corrupt people are using psychiatric persecution to destroy people."

In some cases, people who families and friends insist had no overt signs of mental illness have been committed for more than a year, sometimes drugged with sedatives and tied to their beds when they resisted, and prevented from attending the often-perfunctory court hearings that extended their hospitalization.

In many of these cases, patients were talked into signing consent forms. The rate of involuntary hospitalizations is so suspiciously low in at least 51 facilities across Russia that the Helsinki commission concluded that coerced consent through "persuading" and "falsification of signatures" was widespread.

State and regional mental health officials say improper hospitalizations are rare, and most psychiatrists say they follow the orders of the courts in conducting their reviews.

"Of course I have heard of such cases. The world over, there are dishonest people with bad consciences. But there are also people who are mentally ill but who do not appear so to non-specialists," said Vladimir Rothstein, a professor at a research center affiliated with the Russian Academy of Medical Sciences and head of the advocacy group Public Initiative on Psychiatry.

In 2004, doctors connected to the very institute that perfected the tools under which Soviet-era dissidents were hospitalized from the 1960s through the 1980s sought to roll back some reforms in Russia's landmark 1992 law on mental health. Proponents of mental health reform only narrowly beat back the effort by the doctors from the Serbsky Institute for Social and Forensic Psychiatry.

The proposed amendments included allowing doctors to keep patients under involuntary hospitalization longer without a court order and restricting the ability of patient-rights groups and nongovernment psychiatrists to advocate for clients in court or provide independent expert testimony.

Directors of the Serbsky Institute declined to be interviewed. The head of the state-run Republican Psychiatric Hospital in Cheboksary, however, said patients who accused officials of psychiatric abuse often painted a remarkably different picture than those who dealt with the cases.

"I've been the head doctor here for eight years, and I have not heard of a single case of pressure being put on doctors by law enforcement officials for a diagnosis," Alexander Kozlov said. "I can also assure you with 100% confidence that in this

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hospital, not a single dissident ever received treatment, and not a single dissident was ever given a diagnosis of schizophrenia or sent for compulsory treatment."

Human rights leaders say the government psychiatric apparatus has updated legal protections for patients but has changed relatively little in its mind-set since the Soviet era.

"It's important to note that the Serbsky Institute, like the majority of penal institutions in our country, was not obliterated after the collapse of the Soviet Union. The sign outside the door was modified. They even expressed some regrets that there had been 'isolated cases' when psychiatry had made some 'wrong decisions.' But ultimately, very little was changed," said Alexander Podrabinek, who wrote a book on psychiatric abuses in the Soviet era.

"Persecution that has to do with the intellect or the mind or one's psychological health is perceived as perhaps worse than physical punishment, or even torture, because it's more frightening to lose your mind than to lose your freedom," he said.

Cheboksary, a city of 420,000 people about 400 miles east of Moscow, is known as Russia's hops-growing center with a long tradition of beer-making. It is the capital of the republic of Chuvashia, governed since 1994 by former Russian Justice Minister Nikolai Fyodorov, who controls all levers of power in the republic, from the press to the police to the courts.

Members of Imendayev's organization, For Human Rights, and other opposition activists have long accused Fyodorov's allies of consolidating money and power through manipulation of elections and the court system. The case that landed Imendayev in the hospital began last year, while he was running for office and also acting as an advocate for a teacher who felt she had been improperly fired.

The case had gone to court, and he thought it was almost won. Then a police officer familiar with the case "came up to us ... and I recorded it on tape," Imendayev said. "The words were very crude. He literally said to her: 'You idiot, what are you trying to do battle with? The system? Everything here is under control. Everything has been bought.' What he meant was that people on the other side had given money to the judge."

Imendayev wrote a complaint to the prosecutor-general of Russia, mentioning the tape. At the end of the next court hearing, he was removed to the Chuvashia Republican Psychiatric Hospital.

At least three other members of the local branch of For Human Rights have been hospitalized in the last few years, accused of having various forms of schizophrenia, paranoia and other mental disabilities requiring urgent diagnosis or treatment.

Fyodorov's administration dismisses the idea that anyone has been recommended for psychiatric treatment based on politics. "Our judicial branch of power is independent," said Boris Kuzmin, the president's spokesman. "Moreover, our president has a background in law. I think he would not tolerate any sort of violations or pressure on the courts."

Still, Fyodorov's own lawyers moved against Molyakov, the opposition lawmaker arrested on suspicion of libeling the president during his election campaign. In November 2004, they sought to have him hospitalized for psychiatric evaluation.

When federal Judge Oleg Zhukov overturned a lower court's psychiatric referral order, the president's lawyers appealed, arguing that Molyakov's accomplishments as an author and philosophy professor didn't mean he wasn't crazy.

"The court ought to know that even being a personal genius doesn't rule out a mental disorder ... (Van Gogh, F.M. Dostoyevsky, N.V. Gogol, etc.)," the lawyers asserted. "As has been established by scientists, the risk of a mental disease in gifted people ... is seven to eight times higher."

But of all the cases, the story of Sergei Zotov, a convicted extortionist and businessman-turned-political-gadfly, is unparalleled in its alternate melodrama and hilarity, reading more like "One Flew Over the Cuckoo's Nest," Russian-style, than the sorry episode in regional politics that it is.

Zotov, 47, got in trouble with the law in the early 1990s, when he flirted with the kind of speculation schemes that widely accompanied the collapse of communism. In 1991, he was brought up on organized-crime charges that originated with an alleged attempt to sell a car at black-market prices (and also involved Zotov's generous use of his skills as a boxer).

He was convicted and sentenced to 6 1/2 years in prison, where he spent much of the time reading the law and filing appeals. Once he was released, Zotov turned his newfound legal expertise against the system, filing complaint after complaint demanding criminal prosecution of various alleged incidences of corruption and election fraud within the political establishment in Cheboksary.

Zotov would file challenges to the slightest infraction of court rules — judges who didn't wear their robes on hot days, or a state flag hung in the wrong direction. But he also filed complaints challenging purported misdeeds on the part of local authorities, including the alleged awarding of state property to ministers and judges and evidence that voters were paid and escorted to the polls by pro-government candidates.

"I'm like a bone stuck in their throats," Zotov, a pudgy, balding man who wears rose-colored sunglasses to cover up a bad eye, said cheerfully in a recent interview.

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The war was already well underway in November 2002 when he entered a Supreme Court hearing room presided over by then-Chief Justice Pyotr Yurkin. Zotov, who was running for the regional legislature, had accused the judge of improperly taking title to a state-owned apartment, among other malfeasance.

As soon as Zotov stood to raise his endless procedural motions, Yurkin ordered him ejected. What happened next is like a Russian "Rashomon": It depends on who saw it.

What is clear is that a bailiff ended up on the floor and a large table was broken as Zotov was hauled from the courtroom. Zotov insists that the bailiff fell and that the table broke when he tried to hang on to it as he was being dragged away.

Some of the judges present testified that Zotov threw the bailiff over his shoulder, karate-style, and either kicked the table or landed on it hard with his hindquarters.

Yurkin sent Zotov to the Chuvashia Republican Psychiatric Hospital. He remained there and at other facilities for seven months and repeatedly was given psychiatric drugs, despite pleas by his family and colleagues that he was sane and should be released. Hearings to continue his hospitalization were held but neither Zotov nor his lawyers appeared. Doctors said he showed signs of hyperactivity, inflated self-importance and "nonsensical ideas of reform."

"It was awful there," said his wife, Natalya Semyonova. "I would go to the window, and Sergei was gathering information and trying to communicate it to us through the window about people who were being kept there illegally, about people who'd had their apartments taken away. There was one man who'd been there 25 years."

After his release in April 2004, Zotov tried to run for the local legislature again. When he appeared on television, slamming local authorities, the court ordered him to undergo outpatient psychiatric treatment, a prospect he feared so much he went into hiding.

In February of last year, two dozen police officers and firefighters arrived at Zotov's apartment to take him back to the mental hospital. The order they were executing referred to him as "a person who had committed a socially dangerous act," according to the prosecutor's office. When Semyonova refused to answer the door, two officers scaled a ladder to the family's ninth-floor balcony, all to no avail — Zotov was not at home.

Dmitry Ivanov, deputy spokesman for the police, said law enforcement officers are no longer actively looking for Zotov, but "if he does show up, we will have to react." He denied any campaign against the human rights activist, and hinted that Zotov might have tried to have himself hospitalized to seek shelter from dangerous associates in the criminal underworld.

Prosecutors, in a written response, said Zotov's case "was handled in accordance with all legal procedures." They said psychiatrists at the Serbsky Institute had examined Zotov and his courtroom outburst and concluded that "when he committed his crime, he was unable to acknowledge its actual nature and social danger, he wasn't able to control his actions, and he requires mandatory treatment in an inpatient facility."

The doctors at Chuvashia hospital declined to discuss Zotov's case in detail. But they implied that Zotov's version of events was distorted.

"I think if the opponents of your main character were to turn to you and told you about the ways in which he'd offended or harmed them, you'd feel a sense of sympathy for them as well," said Lyudmila Karnilova, deputy chief psychiatrist.

"As for the idea of a psychiatric hospital hunting someone down and dragging them back here, this is certainly not the case. Our main responsibility is to treat patients who need our help," added Kozlov, the chief doctor.

Zotov, who rarely visits his own apartment, says he fears for his sanity if he has to go back to the hospital.

"People who fight for justice in our republic, it's already a trend that they become subjected to isolation in a psychiatric hospital," said Semyonova, his wife. "This entire case, from the beginning, was based on nothing more than personal antipathy toward my husband."

Bush Betrays Egypt's Democrats. For What? (WSJ)

By Bret Stephens

The Wall Street Journal, May 30, 2006

CAIRO -- In Washington this month, George Bush met with Gamal Mubarak, heir apparent to the Egyptian throne, and sent regards to Mr. Mubarak's father, President Hosni Mubarak. The House Appropriations Committee turned back an effort by Wisconsin Democrat David Obey to withhold a fraction of Egypt's $1.7 billion annual aid allocation. Secretary of State Condoleezza Rice warned that any cuts would damage a "strategic partnership" that is "a cornerstone of U.S. policy in the Middle East."

Also this month, in Cairo, pro-democracy activists such as 39-year-old Ahmed Salah of the Egyptian Movement for Change and dozens of his colleagues were beaten, arrested and detained -- ostensibly for congregating publicly in groups larger than five. The emergency law through which Mr. Mubarak has ruled for 25 years was extended again. The judiciary -- the only semi-uncorrupted branch of government -- is under political assault. And Ayman Nour, the imprisoned liberal politician who ran second

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to Mr. Mubarak in last September's rigged presidential election, lost his final appeal against a five-year prison sentence on forgery charges.

Maybe there is no connection between the first and second set of events. Maybe Mr. Mubarak did not need tacit American acquiescence to embark on his latest campaign of repression. Maybe there are plausible reasons for the administration to go soft on the regime for now. But speak to opposition figures here and the sense of American betrayal is palpable.

Few Egyptians have felt this betrayal more keenly than Gameela Ismail, a prominent journalist and Mr. Nour's wife of 17 years. President Bush, she says, "made a very encouraging statement," referring to the line in his 2005 State of the Union address where he called on Egypt, "which showed the way toward peace in the Middle East, [to] show the way toward democracy." Mr. Nour, an independent member of parliament, heard from then-U.S. Ambassador David Welch that the administration was, in Ms. Ismail's words, "very interested in political reform in the Middle East and would support calls for democracy."

Mr. Nour was then launching a new political party as well as a newspaper, both called "Ghad" (Tomorrow), which he hoped would appeal to younger voters, political liberals, the middle class, Coptic Christians and moderate Muslims. "It was such a bright, clear, sunny prospect," Ms. Ismail says. "We had all sorts of confidence in the future."

That confidence ended abruptly on Jan. 28, 2005, when Mr. Nour was stripped of his parliamentary immunity and detained for 43 days on forgery charges. The story of his release (under heavy U.S. pressure), his bid for the presidency and his subsequent conviction are matters of public record. Less well known is the ferocity and manic persistence of the regime's effort to discredit Mr. Nour and Ms. Ismail.

"Fourteen security people arrived in our house that morning," Ms. Ismail recalls. "They went through every paper, every book, CDs, videos, our children's belongings. They opened the safe box, went through our checkbooks, sniffed his cigars. . . . I asked them, 'What does this have to do with the charges?' It was clear they were looking for anything at all that might be incriminating."

The harassment, both petty and serious, has never let up. Ms. Ismail says security officers have infiltrated the Ghad, forming a breakaway faction and an alternative newspaper. Ask for a copy at a Cairene newsstand, and you'll be asked whether you want "Security Ghad or Nour's Ghad." Ms. Ismail's TV shows have been canceled, and she is being charged, preposterously, with assaulting a state security officer.

The culprit here, Ms. Ismail insists, isn't simply the regime but Gamal Mubarak, who despite avowals to the contrary is setting himself up as his father's successor. "What provoked Gamal," she explains, "is that he and Nour are the same age, but Nour's been elected to parliament twice, he takes buses, he takes the metro, he knows what's happening with the people. He did not just say, 'Down with Mubarak.' He did more: He offered himself as an alternative."

It's partly for this reason that Ms. Ismail can hardly account for why Mr. Bush would receive Gamal so cordially, even as she says she never once has been personally contacted by Francis Ricciardone, the current U.S. ambassador. "Everyone is asking what Gamal did in Washington: Were we sold out in exchange for something?" She also notes that despite the billions the U.S. provides Egypt, the Mubarak regime continues to stoke anti-American sentiment in its press campaigns against Mr. Nour. "They call my husband, 'Nour, the spy of the U.S.' 'Nour, the friend of Rice.' 'Nour, the child of Madeleine Albright.'"

As for the regime, its game plan is clear: It needs to destroy liberal opponents such as Mr. Nour so that Hosni Mubarak, and eventually his son, can present themselves to the U.S. as the only viable bulwark against the Muslim Brotherhood. Little wonder that, despite being officially banned, a visitor has no trouble finding the Brotherhood's headquarters and interviewing its leadership at locations that are anything but secret. Beneath the surface tension, the regime and the Brotherhood depend on one another to exclude any decent middle way.

Meanwhile, Mr. Nour sits in the hospital ward of Cairo's Tora prison, recovering from a 25-day hunger strike. Ms. Ismail says he's in somewhat better spirits, and there are rumors of a presidential pardon on July 23, a national holiday. Ultimately, however, it's not her husband Ms. Ismail worries most about. "Nour is getting plenty of attention; he knows the law; he has experience; he's paying the price for the course he has chosen. It's the young [activists] I'm worried about. They don't have experience; they don't know the law; nobody knows them. What's happening to them is . . ." She trails off.

Maybe next time, President Bush can give Gamal Mubarak a miss and acquaint himself a little better with "them." As with Republican voters in the U.S., Egypt's democrats are part of his base -- and he's fast losing them, too.

A Plague Of Orphans And Lonely Grandmothers (NYT)

By Nicholas D. Kristof
The New York Times, May 30, 2006
MANZINI, Swaziland

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In the early years of AIDS, the virus didn't get attention because the victims were marginalized people: gays, Haitians and hemophiliacs.

Then when AIDS did threaten mainstream America, it finally evoked empathy and research dollars. But now it has slipped back in our consciousness because once more the primary victims are marginalized people — this time, Africans.

Nearly three million people die from AIDS each year. Among them are half a million children under the age of 15, mostly Africans infected during childbirth.

The numbers are numbing, even paralyzing. So for a window into southern African village life today, meet two of those African kids whose lives are being destroyed by the world's inattention to AIDS: Wandile Shongwe and his sister, Temdoline.

Wandile, an 11-year-old boy speaking shyly in front of his hut in central Swaziland, told me his story. First his mother died, and then last year his father followed, along with his older brother.

So Wandile and Temdoline, who is 9, moved in with their grandmother, but a month ago she died of AIDS. They were shuffled off to their last surviving relative, an aunt, and now she is dying as well, and is too ill to care for them.

"Nobody will take care of them after my death," said the aunt, Buduzile Ngcamphalala.

But in fact, no one is really caring for them now. The aunt was too sick to plant corn in the family plot, so there is no food. She cannot buy clothes, so Temdoline's only dress is a school uniform so tattered that it has no seat and completely shows her underwear.

To preserve even that remnant of a dress, she takes it off when she gets home from school and puts on her only other bit of clothing: a pair of shorts, with no shirt. That would be too scandalous to wear to church, so she does not go.

To live such a childhood means not only unending trauma, but also unrelenting hunger. I asked the children whether they had had breakfast that morning. No. Dinner the night before? No. The only meal they regularly get is lunch at school, provided by the World Food Program's outstanding school-feeding program (www.wfp.org).

"Every day I go to school without breakfast," Temdoline said, "and every day I go to bed without dinner."

The children gather the firewood and water, and they wash their own clothes — as well as caring for their aunt. And soon the two orphans will be left to bury their aunt and then try to survive all alone.

"I feel very painful when she is sick," Wandile said of his aunt. "Because after she dies, no one is going to take care of us." (See video of Wandile, if you dare, in my multimedia report on AIDS at www.nytimes.com/kristof.)

After traveling in southern Africa to report on AIDS, on the 25th anniversary of the detection of the virus, I feel a compulsion to share stories of people like Wandile and Temdoline. They spill out of me.

The life expectancy in Swaziland, which has the highest infection rate in the world, with nearly 40 percent of adults infected, has fallen from 55 to 34. This is a land where parents routinely bury their children, and where mothers constantly learn that they have given their babies a death sentence — the AIDS virus — during childbirth or breastfeeding.

In rural Swaziland, a 74-year-old woman named Maria Shongwe told me that 9 of her 11 children have died, along with many of her grandchildren. (It's not certain that all died of AIDS, because so few people are tested that the cause of death is not always known.) I met her as she returned from preparing the body of a 24-year-old granddaughter for a funeral.

The only comparable apocalypse in historical times was the Black Death 650 years ago. But there is a difference.

In the 14th century, we didn't know how to fight the Plague. Today we know what to do, and we have the tools to overcome AIDS — and yet we still don't use them. A $4 dose of a medicine called nevirapine mostly blocks mother-to-child transmission of H.I.V. during childbirth, and yet because of poverty and governmental incompetence, at last count only 10 percent of pregnant African women with the virus got such a drug.

Maybe that's the saddest thing of all. Twenty-five years after we allowed AIDS to spin out of control because its victims were marginalized people, we're doing the same thing all over again. And so today, as every day, another 7,900 people will die of AIDS.

Still A Genocide (WP)

The Washington Post, May 30, 2006

IT'S BEEN MORE than three weeks since a Darfur peace accord was signed, bringing hope for an end to the genocide in Sudan's western territory. Since then the news has been terrible. The two rebel factions that refused to sign the peace deal have continued to snub it. Violence between rebel factions has generated blood-curdling attacks on civilians. Human Rights Watch has reported fresh evidence of atrocities committed by government-backed Janjaweed death squads across the border in Chad. The cash-strapped U.N. World Food Program has been forced to reduce the already meager rations it distributes to 6 million Sudanese, including 3 million in Darfur. And Sudan's government has waffled on the crucial question of whether it will allow in an expanded peacekeeping force, without which violence, hunger and mass death are likely to continue.

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The only external force at present is a 7,000-strong African Union contingent. It is too small and ill-equipped to cover a territory the size of France, and its mandate allows it to monitor violence but not actually stop it. Gunmen in Darfur have learned that it is toothless. Even the displaced civilians whom the African Union is trying to help have staged violent demonstrations against the force out of frustration with its shortcomings. There is no way that this contingent can oversee the implementation of Darfur's peace treaty, which envisages the complex demobilization of combatants and the eventual repatriation of some 2 million displaced people. Recognizing this, the African Union has agreed to fold its soldiers into a larger U.N. peacekeeping force.

After much prevarication, Sudan's government appeared to agree last Thursday to allow in a team of U.N. military planners. But that concession came just a day after the speaker of Sudan's parliament ruled out a foreign deployment in Darfur, and it was undermined by the foreign minister's simultaneous statement that "any forces, if that is agreed upon, would be a force for supervision and not a force for peace implementation." In a repeat of its tactics toward humanitarian workers, Sudan's regime plainly means to stall peacekeepers for as long as possible -- and never mind that the aid workers and peacekeepers are trying to save the lives of Sudanese civilians.

The U.S. government has described the killing in Darfur as genocide, a term that Sudan's government rejects and that the United Nations and Europeans have also shrunk from using. The more that the conflict in Darfur features infighting between rebel factions rather than just atrocities by the government's militia, the more observers may resist pointing the finger at the government and accusing it of genocide. But the reason that Sudan's government is culpable, today as in the past, is that it is deliberately creating the conditions in which thousands of civilians from rebel-aligned tribes are likely to die. First the government and its militia drove these people from their villages. Then it impeded humanitarian workers so that thousands of them fell prey to disease or starved. Now it is obstructing a serious peacekeeping deployment, with the result that its victims will continue to face shortages of medicines and food.

This may not be genocide by gas chamber or machete. But it is still a calculated policy of targeting ethnic groups and planning, meticulously, to eliminate them.

A Violent Detour In Turkey (NYT)

The New York Times, May 30, 2006

Turkey's foreign minister, Abdullah Gul, said last week that recent violence in Turkey did not presage a return to the "old days" of coups and military rule. We hope he's right.

In recent years, there has been much debate in Turkey over the conflicts between its secular constitution and many Turks' conservative Muslim impulses. Lately those confrontations have taken some troubling turns.

This month, a gunman shot five judges in a courthouse, killing one and wounding the others. Initial reports indicated that the assailant was enraged about a decision by the judges that strictly upheld Turkey's ban on wearing head scarves in public buildings. The news further polarized the debate over the role of religion in public life, and the judge's funeral turned into a mass demonstration in support of staunch secularism.

The outcry was seen as a setback for Turkey's ruling party, in power since 2002, which supports a greater public role for religious expression.

Since the funeral, however, the motive behind the attack has become increasingly unclear, and sorting out the facts will take time. But the overriding question is: Are the bad old days coming back?

Turkey's prime minister, Recep Tayyip Erdogan, is a conservative Muslim, but he also has overseen the pro-Western reforms that qualified Turkey to open membership talks with the European Union. During the reform process, he stressed that more democracy was the best way to resolve Turkey's polarizing issues. He was right, and now is the time for him to forcefully reassert that view. Washington can help promote Turkish democracy by using its longstanding ties with Turkey's generals to communicate zero tolerance for military meddling.

Turkey borders Iran, Iraq and Syria, and is an ally of Israel, a member of NATO and a candidate for the European Union. The world can ill afford for it to become less democratic.

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Ames, Andrew

From: Ames, Andrew
Sent: Tuesday, May 30, 2006 10:26 AM
To: Agarwal, Asheesh (CIV); Ames, Andrew; Baxter, Felix (CIV); Branda, Joyce (CIV); Brett Gerry; Brody, Stephen (CIV); Bucholtz, Jeffrey (CIV); Bukvics, Jennifer (CIV); Claterbos, Barbara (CIV); Cohen, David M. (CIV); Cohn, Jonathan (CIV); Davidson, Jeanne (CIV); Davis, Dan (CIV); Fargo, John (CIV); Fielding, Gabrielle (CIV); Figley, Paul (CIV); Flentje, August (CIV); Frost, Peter (CIV); Garren, Timothy (CIV); Glynn, J.Patrick (CIV); Gorsuch, Neil M; Hertz, Michael (CIV); Hollis, Robert (CIV); Hunt, Jody (CIV); Hussey, Thom (CIV); Jennifer Brosnahan; Jeweler, James (CIV); Katsas, Gregory (CIV); Keisler, Peter D (CIV); Kohn, Chris (CIV); Kopp, Robert (CIV); Letter, Douglas (CIV); Levine, Larry (EOIR); Lindemann, Michael (CIV); Magnuson, Cynthia; McCallum, Robert (SMO); Miller, Charles S; Nichols, Carl (CIV); Nowacki, John; Pyles, Phyllis (CIV); Riley, Sharon (CIV); Rivera, Jennifer (CIV); Roehrkasse, Brian; Schiffer, Stuart (CIV); Scolinos, Tasia; Seidel, Rebecca; Senger, Jeffrey M; Spellberg, Dianne (CIV); Swenson, Lily F; Thirolf, Eugene; Wilson, Karen L; Zwick, Ken (CIV)
Subject: 5/30/06 Civil Division News

Bush Administration Wants Spy Lawsuits Dismissed; Defending the NSA's warrantless domestic eavesdropping program in court would harm national security, it says.

NSA Cases May Hinge on Issue of Standing

FEMA defends evacuee benefits / Agency scoffs at the claims of inefficiency in class-action suit

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A theater near you

Los Angeles Times

May 28, 2006

Bush Administration Wants Spy Lawsuits Dismissed; Defending the NSA's warrantless domestic eavesdropping program in court would harm national security, it says.

The Bush administration has asked federal judges in New York and Michigan to dismiss a pair of lawsuits filed over the National Security Agency's domestic eavesdropping program, saying litigating them would jeopardize state secrets.

In papers filed late Friday, Justice Department lawyers said it would be impossible to defend the legality

of the spying program without disclosing classified information that could be of value to suspected terrorists.

National Intelligence Director John D. Negroponte invoked the state-secrets privilege on behalf of the administration, writing that disclosure of such information would cause "exceptionally grave damage" to national security.

The administration laid out some of its supporting arguments in classified memos filed under seal.

The government's motion, widely anticipated, involves two cases challenging an NSA program that allows investigators to eavesdrop, without court warrants, on phone calls and e-mails into and out of the U.S. involving people who authorities say are suspected of having terrorist ties.

In New York, the Center for Constitutional Rights has asked a judge to stop the program, saying it is an abuse of presidential power. The American Civil Liberties Union and other groups filed a similar lawsuit\l "l" in Detroit.

For decades, U.S. law enforcement and intelligence agencies have been required to seek court approval before using electronic surveillance in the United States. President Bush has said the warrantless eavesdropping is legal under a congressional resolution passed after the Sept\l "l". 11\l "l" terrorist attacks.

Center for Constitutional Rights attorney Shayana Kadidal called the administration's motion "undemocratic." Safeguards could be established that would prevent the disclosure of classified information, he said.

The center has also argued that the court already has enough information to decide whether the program was legal.

"The Bush administration is trying to crush a very strong case against domestic spying without any evidence or argument," Kadidal said in a written statement.

"Can the president tell the courts which cases they can rule on? If so, the courts will never be able to hold the president accountable for breaking the law."

Justice Department attorneys said in their legal brief that the legality of the president's actions could only be properly judged by understanding "the specific threat facing the nation and the particular actions taken by the president to meet that threat."

"That understanding is not possible without revealing to the very adversaries we are trying to defeat what we know about them and how we are proceeding to stop them," they wrote.

END

The Recorder
05-30-2006

NSA Cases May Hinge on Issue of Standing

Justin Scheck

\Carolyn Jewel says the federal government's warrantless wiretapping program is giving her writer's block.

"I have recently begun to write in a new genre (action and futuristic romance)," the Petaluma, Calif., database-administrator-cum-novelist -- and named plaintiff in a class action against AT&T for cooperating with secret government eavesdropping -- wrote in court papers earlier this year.

"I feel that certain plots or subplots that would otherwise be of significant interest to me may be unwise since they would require research into weapons, arms and military and paramilitary operations. As a result, I do not plan to use my Worldnet service to do this research," continued Jewel, the only AT&T named plaintiff to specifically state how she was affected by the wiretaps.

"I suppose that's a claim," said Rory Little, a professor at Hastings College of the Law. "It's not as strong as saying they were definitely wiretapped."

A lawyer for the plaintiffs said Jewel and other AT&T customers suffered real harm.

"She actually chose not to pursue certain areas of writing," said Lee Tien, a lawyer with the Electronic Frontier Foundation.

Lawyers for AT&T and the government are trying to convince U.S. District Judge Vaughn Walker that chilling effects on customers -- such as Jewel's reticence to research upcoming books (one of which, "Rake," promises: "Romantic sensualist meets widowed novelist. Hot. Hot. Hot. Proposal is done and with my agent," according to her Web site, carolynjewel.com) -- don't amount to enough harm to give them standing.

While Walker mulls over the standing question, a similar case in Oregon federal court probably won't have that problem.

The suit, which has received less recent publicity than the AT&T class action, has a more direct complaint -- and fewer standing issues.

In late February, the Al-Haramain Islamic Foundation says it was directly harmed through illegal wiretaps -- and it has proof, according to court filings.

"This case is unique among the various pending lawsuits challenging the president's warrantless electronic surveillance program in that *only these plaintiffs* possess incontrovertible proof -- the document filed under seal -- that they were victims of the president's program, and thus have standing to sue," wrote Thomas Nelson, a lawyer for Al-Haramain, in papers filed Monday.

Jon Eisenberg, an Oakland, Calif., lawyer and Nelson's co-counsel, said he was "immediately excited to see this case because there's standing." Eisenberg said he expects core issues in the case to be litigated faster than in the AT&T suit.

"They have a standing issue to overcome that we don't have," he said. "They're seeking to say the administration violated the law without having a specific instance of violation, which spills over into policy. That's problematic."

Tien said he expects Walker to rule that the class plaintiff have standing nonetheless. But in the meantime, he and the Oregon lawyers are facing a similar set of problems posed by government lawyers.

In both cases, the government has insisted that documents at the core of the case, as well as government pleadings, should remain confidential. Anthony Coppolino, the lead Department of Justice attorney in both cases, could not be reached by press time.

In the AT&T suit, the key evidence is documents provided by a former AT&T engineer that, plaintiffs lawyers say, show communications were routed through government computers. The documents are filed under seal, and Walker has agreed to keep them in a secure case as the litigation continues.

The most important piece of evidence in the Oregon suit is a secret document accidentally disclosed by the FBI in 2004 through discovery in another lawsuit. It's currently being held in a secure location in

Seattle, despite efforts by the federal government to take it back.

The judges in both suits are now trying to decide whether that information should remain secret -- and whether to consider government motions kept concealed from plaintiffs lawyers. The secret papers, government lawyers said, argue that the suits should be thrown out because they jeopardize state secrets.

In a hearing in the AT&T suit last week, Walker seemed disturbed by the notion that plaintiffs would be unable to see their opponents' arguments, and asked for briefing on the issue. Similar briefs have been submitted in the Oregon case, too.

In both suits, defense lawyers say the Justice Department has a longstanding right to submit ex parte, in camera documents in sensitive cases.

"Contrary to plaintiffs' arguments, AT&T does not believe that an assertion of state secrets may blithely be dismissed without even considering the basis for it," wrote lawyers for AT&T.

Such arguments don't sit well for the plaintiffs in either case. As lawyers for the Oregon plaintiffs wrote, "Secret court filings are repugnant to a free society."

As the issues continue to be litigated, the judges in both suits will have to decide whether to open the heretofore secret documents, whether plaintiffs have standing, and if the suits would indeed unearth secrets vital to national security.

In the AT&T case, plaintiffs are hoping that Walker's decision on these issues will ultimately lead him to consider their motion for an injunction that would keep the government out of AT&T's network.

Until that decision is made this summer, Jewel -- judging by her Web site -- seems to have plenty to work on that won't bring government suspicion upon her.

One title in development is called "The Barbarian."

In that book, her Web site says, "a Highlander ends up married to the daughter of an English lord. He speaks only Gaelic and she doesn't. She thinks he's the muscle, not the bridegroom." That book, she wrote, will only require her to study Gaelic.

END

Houston Chronicle

May 27, 2006

FEMA defends evacuee benefits / Agency scoffs at the claims of inefficiency in class-action suit

MIKE SNYDER

Responding to a lawsuit alleging that it has bungled housing programs for Hurricane Katrina evacuees, a federal\l "l" agency told a judge it has provided record levels of assistance.

"FEMA has adjusted its programs, waived certain rules, and created an unprecedented, nearly nationwide program of emergency shelter to address the unique circumstances of this disaster," the Federal Emergency Management Agency said in a federal court filing this week.

Meanwhile, 62 U.S. House members, including seven from Texas, have filed a brief supporting the

lawsuit. It says that despite pleas from Congress for reforms, FEMA "continues to engage in a process that is marked by inefficiency, a lack of discernible standards, and seeming disregard" for the plight of evacuees from Hurricane Katrina.

U.S. District Judge David Hittner is expected to rule Tuesday on the lawsuit's short-term goals: To compel the agency to continue its emergency housing assistance nationwide through at least June 30, and to pay utility bills for evacuees already moved into a new, less generous assistance program.

If the class-action suit goes to trial, it will provide a public airing of the many complaints saying that FEMA's administration of housing assistance has been badly mishandled. The lawsuit calls FEMA's housing work "wholly inept."

"The main goal is to find that FEMA is employing policies that are inconsistent with its mandate - with the law," said Mike Caddell, the lead attorney for the 12 evacuees who filed the suit on behalf of Katrina victims nationwide.

FEMA's arbitrary and unfair decisions about how to move evacuees from one program to another and its determinations of who is eligible for help have put 50,000 people around the country at risk of becoming homeless, Caddell said.

In its response, which only addresses the plaintiffs' request for a temporary order extending the emergency program, FEMA does not respond in detail to specific allegations in the suit. It focuses chiefly on issues of jurisdiction and procedure.

Sovereign immunity

The response says the agency is protected from such suits by the principle of sovereign immunity, which generally precludes lawsuits against government agencies. FEMA also claims that the U.S. District Court in Houston lacks jurisdiction to hear the case, and that the named plaintiffs lack standing to file it.

A key point of contention in the case is FEMA's "shared household rule," which prohibits providing assistance to more than one member of a household. In the case of Katrina, however, many households were divided after the disaster and ended up being resettled in different cities.

FEMA says it has suspended the rule for this disaster, but Caddell said some evacuees still are being denied assistance because someone who had lived with them before the storm is receiving assistance elsewhere.

Texas supporters

The U.S. representatives from Texas supporting the brief, all Democrats, are Al Green and Sheila Jackson Lee of Houston; Ruben Hinojosa of Mercedes; Silvestre Reyes of El Paso; Eddie Bernice Johnson of Dallas; Charles Gonzalez of San Antonio; and Henry Cuellar of Laredo.

END

San Francisco Chronicle (CA)

May 30, 2006

Ex-braceros leery of guest worker plan : They say Senate bill needs assurances on living conditions, pay

Tyche Hendricks

Picking beets, cherries and cotton and shoveling manure on farms across the United States as a Mexican guest worker in the 1940s and 1950s, Cecilio Santillana was glad to earn a few dollars a day.

He didn't complain about living in horse stalls without bathrooms or doing stoop work for 12 hours a day without breaks for fear he would be sent back to Chihuahua and lose the steady work that allowed him to support his family in Mexico.

But the 78-year-old San Jose man opposes a temporary worker proposal in the immigration bill the Senate passed last week.

"I'm against it, because they may do to the new workers what they did to us," he said. "We suffered a lot."

Some immigrant advocates say the new plan remedies shortcomings of the old Bracero Program, through which the United States recruited Mexican workers to toil at 4.5 million mostly agricultural jobs from 1942 to 1964. And they say it's a crucial alternative to the current state of affairs where migrant workers risk their lives crossing the border illegally.

But others say the new arrangement probably will replicate the pitfalls of the Bracero Program and two present-day guest worker programs. They also fear new worker protections in the Senate bill will vanish when lawmakers seek to reconcile the legislation with the enforcement-only bill the House passed in December.

Immigration foes, meanwhile, criticize the guest worker plan more broadly. They say the United States already has enough people to fill its low-skilled jobs and warn that a guest worker program will only draw new waves of immigration.

The Bracero Program -- named for men who work with their arms, brazos in Spanish -- was this country's first large-scale guest worker arrangement and is the prototype to which others are compared.

In spite of the low pay, poor living conditions and often bullying crew bosses, Santillana said the Bracero Program was good for him. He's proud, too, that after 15 years he became a permanent U.S. resident with the help of an employer who agreed to fill out the papers. He has since become a citizen.

But he shakes his head in consternation when he talks about the long struggle waged by aging braceros like him to recoup wages the government withheld more than half a century ago. In the early years of the Bracero Program, 10 percent of workers' wages was withheld to be deposited in savings accounts they could claim when they returned to Mexico.

Somewhere between the payroll deductions and bank transfers, the money vanished. In the United States, a class\l "l"-action\l "l" lawsuit filed four years ago on behalf of defrauded braceros is inching through the federal\l "l" courts; last year, the Mexican government announced it would pay roughly $3,800 to former braceros who could prove their claim to the deducted pay. Former braceros dismiss the one-time payments as inadequate.

From the standpoint of growers and consumers, the program was a success, said Philip Martin, an agricultural economist at UC Davis.

"It's how California got to replace New Jersey as the 'Garden State,' " said Martin. "Crops got picked. Wages didn't rise and choke off expansion. It helped parts of the California economy to expand without costs and prices rising rapidly."

But Martin and others said a surplus of braceros depressed wages for everyone, and braceros were sometimes used to break strikes by U.S. laborers. On paper, the program protected both Mexican and U.S. workers, requiring employers to certify that domestic labor could not be found and assuring that guest workers be paid the prevailing wage. In reality, immigration and labor analysts said, enforcement

was minimal and the guest workers became dependent on sometimes abusive employers.

"It's important to have protections written into the law, but ... having them in law is not a guarantee that they will be implemented and enforced," said Deborah Meyers, a senior policy analyst at the Migration Policy Institute who has studied temporary worker programs. "Historically, enforcement has been very weak."

The temporary worker program the Senate approved Thursday would admit up to 200,000 foreign workers a year to take low-skilled jobs for up to six years that U.S. employers attest they cannot fill. Unlike the existing "H2A" and "H2B" programs for low-skilled workers, the new bill would allow temporary workers to change jobs and apply to become legal permanent U.S. residents, two provisions labor advocates said were key.

Eliseo Medina, international executive vice president of the Service Employees International Union, listened as a child to his father describe his sense of powerlessness in the face of hard-driving bracero bosses. And as a young labor organizer in the 1970s, Medina saw similar treatment of Jamaican sugar cane cutters in Florida; men who spoke up for themselves were summarily shipped home.

But Medina supports the guest worker program in the Senate bill -- dubbed H2C. He's convinced that the new provisions and an expanded right to organize will protect workers in a way the old system did not. He said reform that allows foreign workers to come to the United States legally and legalizes workers already here will improve conditions for all workers.

"What undermines worker standards is having different sets of workers, one with rights and one without," he said. "That's the current situation with undocumented workers now."

Other labor advocates are not sure. Bruce Goldstein, director of Farmworker Justice, said the United States should allow more immigrants to work here permanently.

"We do need a legal avenue for people to enter the country to work, to reduce the illegal flow and people dying in the desert," he said. "The question is, what kind of legal status?"

As an example of present day abuses, Goldstein cited the case of Los Angeles-based Global Horizons, which was recently fined $230,000 by the state of Washington for mistreating temporary laborers brought in on H2A visas from Thailand. Subcontractors, said Goldstein, often charge high fees to match workers with jobs so that, by the time they reach the United States, the guest workers are deeply in debt and desperate.

Goldstein worries that members of Congress negotiating a compromise between the two pending bills will eliminate measures such as the option of applying for a green card and eventual citizenship. Even in the Senate, some members preferred a program that would bar guest workers from getting on a path to U.S. citizenship.

"Temporary must mean temporary," Sen. Jon Kyl, R-Ariz., emphasized in an unsuccessful push earlier this month for an amendment to prevent guest workers from applying for legal permanent residence. "We must think ahead to a day when the economy might not be as strong and robust as it is today, and we're left with millions of what will be unemployed foreign workers. Our first responsibility is to the American people and the American economy."

Others oppose all guest worker plans on the theory that any version will attract too many more immigrants.

"A guest implies someone who's here temporarily, and they never are," said John Keeley, a spokesman for the Center for Immigration Studies in Washington, D.C., a think tank that favors restricting both legal and illegal immigration.

The vast majority of braceros actually did return to Mexico when their jobs here ended, said Meyers, of the Migration Policy Institute, though a handful, like Santillana and his friend Ernesto Aguilar, 71, put down roots.

Aguilar said he never would have been able to educate all of his seven children in Mexico if he hadn't worked as a bracero. But he thinks any new program needs to ensure that workers receive decent food and housing and are paid fairly.

Although he grew up a peasant in Oaxaca, he was taken aback by the living conditions he encountered picking cotton in Texas in the 1950s, where workers were crammed into claustrophobic bunkrooms and had to cook their tortillas over outdoor fire pits.

"I was used to living in poverty, but it was worse than I thought," he said. "We were afraid to speak up. They threatened us that if we complained, they would take our working papers and send us home."

Harvesting melons in Arizona a couple of years later, Aguilar noticed that his weekly earnings never added up given the number of hours he worked. The problem was remedied when a federal inspector made a rare visit.

Years later, as a construction laborer in San Jose with a green card, he learned from his union that workers are entitled to a 15-minute break each morning and afternoon, and to overtime pay when they put in long hours.

Juan Valentin, a bracero who returned and settled in Richmond, said he didn't know money was deducted from his paycheck during the years he picked cotton and oranges in California's Imperial Valley and in Arizona.

"I never received any money when I went back to Mexico," he told The Chronicle in 2003. "No one did."

Valentin died last year at age 81, without collecting any of the wages he realized must have been withheld from his pay, said his daughter-in-law, Yolanda Valentin.

Goldstein said the mistakes of half a century ago should serve as a lesson.

"The U.S. government needs to start enforcing the labor rights of guest workers," he said. "It didn't under the Bracero Program, and it doesn't today. As long as these people hold this nonimmigrant temporary status, the government doesn't have the political will to enforce the law vigorously."

END

The Dallas Morning News

May 28, 2006

Experts wary of personal data use

By Allen Pusey

WASHINGTON - The government knows how old you are, the market value of your home, whether you've been arrested, what car you drive and what you earn. You know that.

But do they know what books you buy? What Web sites you visit? Whether you've bounced a check? Whom you call? Perhaps.

Privacy advocates and some constitutional scholars say recent revelations - the gathering of domestic phone records to find terrorists and the loss of data on 26 million veterans - raise new questions about the potential for abuse and misuse when the government archives personal information about ordinary Americans.

The debate isn't new, and neither is the trend. In 1974, the Senate Judiciary Committee identified 843 government databases that contained personal data on Americans. Of those, at least 457 had no specific legal authorization, and 100 of those had no authorization at all.

The computer age has multiplied those numbers, however, with no accurate accounting of how much the government compiles.

Despite concerns about identity theft and domestic spying, polls show that most people accept the gathering of personal data - whether for programs like social security or for the war on terrorism.

Judith Womack, 47, counts herself as a "left-leaning" Democrat who cherishes personal freedom. Still, the Dallas legal assistant said she is comforted by the fact that the government is actively searching for the next wave of al-Qaida operatives.

"I think 9/11 could have been prevented if we'd done more about finding out who was here," Womack said. "And I don't think I mind giving up a little freedom if it means making us more secure. I don't think that you should have so much freedom that you put people at risk."

Brandon Mayfield, a lawyer from Portland, Ore., has a different perspective.

Two years ago, he was arrested in the 2004 terrorist bombings of rush-hour trains in Madrid after the FBI used a computer database that matched a 22-year-old fingerprint from him with one found by Spanish authorities on a satchel of detonating devices. He was held for 21 days - much of the time without access to a lawyer - before the print was found to be that of an Algerian terrorist. An FBI inspector general determined later that investigators ignored evidence of his innocence in favor of the data-based fingerprint match.

Mayfield declined to speak in detail about his experience because of pending lawsuits, but he said Americans may be taking government snooping too lightly.

"Most of us are willing to trade our privacy for security, as long as it doesn't involve us," he said. Concerns about intrusion and accuracy are compounded, say privacy advocates, by increased government use of commercially gathered data from private sources.

New technologies have created a massive market for what was once regarded as intimate knowledge of individuals. Marketing programs and devices - ranging from grocery discount cards to Internet identifiers on your computer - allow passive disclosure of consumer transactions. And for the right price, that information is available to the government or anyone else. Law enforcement agencies, tax collectors, utility firms, collection companies and others purchase data from companies such as ChoicePoint and BTI to create profiles for everything from screening job applicants to solving crimes.

"It's the biggest privacy problem in the 21st century," said Jim Harper of the Cato Institute, a Libertarian think tank. "The crossover of privately created data into the hands of the government is a potentially dangerous thing."

Still, the development of new government data and database projects is rarely debated in Washington, and not always disclosed.

And that may be the biggest concern: What is the government compiling in secret?

"That's why you need the institutional bulwark of constitutional checks. It's all about accountability. You need the collective wisdom of the people to regulate this," said Bruce Fein, a high-ranking Justice Department official during the Reagan administration.

Critics like Fein say that technology and expedience have helped to erode the 1974 Privacy Act, in which Congress tried to control wholesale government information gathering by allowing average Americans to see and challenge their personal records. That access, once a hallmark of government accountability, has been chipped away by concerns for secrecy, Fein said.

"You can't challenge something if it's kept secret," he said. "You have no way of knowing what you don't know."

Since the Sept. 11 terror attacks, government databases have, by federal law, become more prolific and more proficient.

Since March 2003, for instance, all international airlines are required to provide the government with full electronic access to passenger data - from names and flights to credit card numbers and specially requested meals.

By 2004, Sen. Edward Kennedy, D-Mass., was being turned away from flights because his last name and first initial matched a person on the government's no-fly list as a terrorist threat.

Just last month, the New York Civil Liberties Union sued Pentagon officials on behalf of six teenagers who objected to a little-known recruiting database maintained by the Defense Department. The six claim the Joint Advertising and Market Research and Recruiting Database used e-mails, test scores and other private information without legal authorization to keep tabs on school-aged youths.

Perhaps no government data effort received a more hostile reception than Total Information Awareness - a Defense Department program revealed in news reports in 2002. The program involved tracking large commercial databases such as travel records, credit card receipts, bank accounts, medical files and telephone logs to try to detect the movement of terrorists across the globe.

Though Congress subsequently scrapped the program, its essential analysis technique - data mining - survived. Data mining is a computerized mathematical tool that analyzes large bodies of information to identify patterns.

In a 2004 study by the Government Accountability Office, federal agencies reported at least 199 data mining projects planned or in operation. Neither the National Security Agency nor the CIA, the nation's largest spy operations, participated in the survey.

At a recent conference on security, Sen. John Sununu, R-N.H., argued that most questions about government information gathering need to be considered in context before Congress steps in to regulate them. He said commercial data can be controlled by disclosure and private contracts rather than new laws.
But, he said, even Congress is nervous about wholesale data mining. "You have to weigh whether the benefit is really worth the privacy intrusions involved."

Aside from misusing government databases, there's the potential for government workers to just mishandle the information.

The recent theft of 26.5 million Veterans Administration records during a residential burglary illustrates how vulnerable digital government records are. VA officials have said the records were apparently stolen after a VA data analyst took them home on his laptop.

Though there has been no evidence that the records have been used, VFW Commander in Chief Jim Mueller called the incident "deeply disturbing."

"What happened is absolutely unacceptable, but the task at hand is to inform every veteran family so that they can begin taking steps to safeguard their personal information," Mueller said.

The incident shows how many people can be affected by just one database, whether the information is gathered from tax rolls, drug stores, long distance providers, utility companies, credit card vendors and Internet questionnaires, said Lillie Coney of the Electronic Privacy Information Center, a group that advocates stricter controls on commercial and government data.

"The more this information is sold and spread around, the less accountability there is for the accuracy of the information, much less the privacy concerns," said Coney. "If everyone has the information, where do you go to correct it if it is wrong?"

END

Great Falls Tribune

A theater near you

May 30, 2006

BROWNING — Call her a Native American Erin Brockovich.

Elouise Cobell's fight to get the government to pay tribal members for mismanaging Indian trust money is the subject of a documentary.

Cobell vs. Norton is the largest class action suit ever filed against the U.S. government. She's seeking between $40 and $176 billion to be paid to Native Americans, one-third of whom live in poverty. Unemployment is as high as 80 percent on some reservations.

Melinda Janko, of Fire in the Belly Productions, is working on the documentary titled "Broken Promises: Indian Trust." The film includes interviews with senators, congressmen and other government officials, along with documenting the last 25 years of Cobell's battle.

With production still under way, the film makers don't have plans of how to show the documentary, but are hoping for national distribution.

END

Elston, Michael (ODAG)

From: Elston, Michael (ODAG)
Sent: Tuesday, May 30, 2006 5:56 PM
To: Tenpas, Ronald J (ODAG); Fisher, Alice; Keisler, Peter D (CIV); Clement, Paul D; White, Clifford
Cc: Garre, Gregory G; Mercer, Bill (ODAG); McCallum, Robert (SMO); Gorsuch, Neil M
Subject: Standing Committee on Rules -- Meeting June 22-23

To DOJ Representatives to Rules Advisory Committees:

The DAG is planning to attend part of the Standing Committee meeting in late June. I respectfully request that those of you who represent DOJ on one of the Advisory Committees submit **by the COB on June 12, 2006,** a memo addressing the issues/rules from your committee that will be before the Standing Committee in June. Please submit the memos to Ron Tenpas with a copy to Bill Mercer and to me. Ron Tenpas will coordinate the preparation of the DAG's briefing book. Based on the written materials, he may ask for a further briefing.

Thank you all.

Mike

Michael J. Elston
Chief of Staff and Counselor
to the Deputy Attorney General
950 Pennsylvania Avenue, N.W., Room 4210
Washington, D.C. 20530
(202) 307-2090
(202) 514-9368 (fax)

Gorsuch, Neil M

From: Gorsuch, Neil M
Sent: Wednesday, May 31, 2006 6:14 AM
To: Letter, Douglas (CIV)
Cc: Clement, Paul D
Subject: Fw: Standing Committee on Rules -- Meeting June 22-23

Would you mind preparing a brief summary of the (few) issues we discussed at the recent app rules cmte mtg we attended?

-----Original Message-----
From: Elston, Michael (ODAG)
To: Tenpas, Ronald J (ODAG); Fisher, Alice; Keisler, Peter D (CIV); Clement, Paul D; White, Clifford
CC: Garre, Gregory G; Mercer, Bill (ODAG); McCallum, Robert (SMO); Gorsuch, Neil M
Sent: Tue May 30 17:55:32 2006
Subject: Standing Committee on Rules -- Meeting June 22-23

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Letter, Douglas (CIV)

From:	Letter, Douglas (CIV)
Sent:	Wednesday, May 31, 2006 8:20 AM
To:	Gorsuch, Neil M
Cc:	Clement, Paul D
Subject:	RE: Standing Committee on Rules -- Meeting June 22-23
Attachments:	Spring 2006 meeting report.wpd

Neil:

I am trying to get the Omar draft brief done today, and am leaving for a Third Cir argument later in the afternoon, but will get a memo done on this either on Thursday when I return, or on Friday. Here is a memo that I had already sent to you and Paul about the meeting, but I will edit it to make it fit what is now being requested for the DAG. I am not sure we have anything from the Appellate Rules Committee that will be before the Standing Committee at this point.

-----Original Message-----
From: Gorsuch, Neil M
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U.S. Department of Justice

Civil Division

Washington, D.C. 20530

DLetter

Tel: (202) 514-3602
Fax: (202) 514-8151

May 4, 2006

MEMORANDUM

TO: Paul D. Clement
Solicitor General

FROM: Douglas N. Letter
Appellate Litigation Counsel
Civil Division, Appellate Staff

SUBJECT: Report on the Spring 2006 Meeting of the FRAP Committee

I am providing a report on the Spring 2006 meeting in San Francisco of the Federal Rules of Appellate Procedure Committee; there are a few items that are likely of interest to appellate offices throughout DOJ. At this meeting, Judge Stewart of the Fifth Circuit replaced Judge (now Chief Justice) Roberts as chair of the Committee (Chief Justice Roberts had served on the Committee for several years and was slated to replace Judge (now Justice) Alito as Committee chair, but never actually did so in light of other developments in his career).

1. As you know, we had proposed a new rule to prohibit the filing of pro se appellate briefs by represented persons whose attorneys had already filed briefs on their behalf in the appeal. The Committee was interested in our proposal, and had various questions, and asked that we consider some alternatives.

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Judge Sutton asked what the Supreme Court practice is with regard to pro se briefs by represented persons. I have consulted with Emily Spadoni in your office about this, and she has already put me in touch with the right person in the Supreme Court clerk's office.

One Committee member questioned whether a FRAP provision on this subject is appropriate, or whether it should simply be left to the local option of the Circuits. I indicated that we are having an actual problem in a few Circuits, and that we think a uniform rule barring this type of pro se brief is in order.

Committee members proposed two alternatives that DOJ has been asked to consider. The first would treat such pro se briefs similarly to a rehearing petition in a key way – a new rule would prohibit the courts from accepting arguments raised in the pro se brief alone unless the other side (generally the United States) has been given an opportunity by the court to respond to the arguments in that pro se supplemental brief. Thus, we would not be expected to respond to points raised only in a pro se brief from a represented party unless the court ordered a response.

The second alternative would create a rule that pro se parties could file their supplemental briefs only if they first received permission from the appellate court in response to a motion filed before the party's brief is due. Thus, we would not have to respond to such pro se briefs unless they had been filed with permission of the court after grant of a motion.

My initial reaction is that either of these alternatives would largely solve our concerns about having to respond to a pro se brief as well as an attorney-filed brief. The second alternative would seem preferable from our perspective, and I think it would be a perfectly adequate substitute for our proposal. By this memorandum, I am soliciting the thoughts of the various interested DOJ components.

2. The Committee Reporter told us that he has been serving as the Reporter for a special Judicial Conference committee looking into the question of whether to make the counting of time in all of the procedural rules simpler and uniform. The current basic proposal of this special committee is to convert all time limits to "calendar" days, as opposed to the current practice in FRCP and FRAP, under which certain time limits are computed in "business" days. The special committee fully intends that, if this change is made, each of the rules committees will recommend amendments to their respective rules in order to adjust current time limits.

Judge Stewart appointed a subcommittee to study this matter for the FRAP, and I will serve on it. Thus, DOJ needs to consider three issues.

First, do we see any serious problem with switching to a uniform system for counting time in all of the rules? Second, what changes in the FRAP are needed if all days in the rules mean calendar days, rather than business days? In other words, we need to identify the various time limits in FRAP, and determine what we think they should be if they are all going to be

DOJ_NMG_0030433

stated in calendar days.

Third, we must also identify other timing provisions not appearing in FRAP, but nevertheless applicable to the courts of appeals (for example, 28 U.S.C. § 1292(b) (a party has ten days to petition the court of appeals after a district court certifies an issue for interlocutory appeal)). Committee members raised the question whether the Supreme Court can through FRAP amendments change deadlines set by statute. I pointed out that 28 U.S.C. § 2072(b) appears to provide that the Court can indeed do so.

One other issue relevant to this discussion arose: should the Committee at the same time address the three -extra-days-for-mail-service rule. See FRAP 26(c). Should this provision be abolished? Should it continue to apply to all service (including electronic service) other than actual hand-delivery of a hard copy? Should it be clarified?

By this memorandum, I am soliciting comments from the various interested DOJ components on these points, and asking that they let me know as soon as possible about pertinent statutory deadlines that should be examined as part of this process. (The Committee members noted the concern that the Circuits also will have to take account of a new calendar -day timing provision as they issue orders containing deadlines.)

3. Public Citizen Litigation Group had in the past raised with the Committee a question about the timing of reply briefs in the courts of appeals in light of the fact that amicus briefs supporting appellees are currently not due until seven business days after appellee briefs are filed. This scheduling means that, in some instances, a reply brief might be filed before the amicus brief supporting the appellee is actually filed. Thus, Public Citizen has suggested that the due date for all reply briefs be lengthened to avoid this potential problem.

This Public Citizen suggestion has been discussed by the Committee before, and it has been rejected because we did not think there is truly a problem, and it can be dealt with by motions if it ever actually occurs. However, at this meeting, the Public Citizen suggestion caused some members of the Committee to question the FRAP system under which amicus briefs are due seven business days after the brief they are supporting. Some members wondered if amicus briefs in the courts of appeals should be due on the same day as the brief they are supporting, as is the practice in the Supreme Court. I pointed out that the reason for the FRAP practice was the assumption by the Committee in the past that, by having amicus briefs due seven days after the brief they are supporting, those amicus briefs would include less duplication of the party briefs. Committee members questioned if that is actually true.

I was thus asked by the Committee to analyze this question and report on whether a change is appropriate. I am, by this memorandum, asking the relevant components to let me know their thoughts on whether the FRAP should be changed to meet Supreme Court practice – i.e., amicus briefs would be due the same day as the briefs they support. Such a change would, I think, have a significant impact on our practice in the Civil Division – we file many amicus

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briefs, and are often dependent on that seven-day extra period.

4. I had provided a report to the Committee regarding whether it should recommend FRAP changes in light of the Victims ' Rights Act, which contains some provisions difficult to square with existing rules. I reported to the Committee that there has thus far been very little experience with the new statute 's provision for mandamus review, and that DOJ thus recommended that no FRAP changes be proposed now. Instead, I recommended that DOJ continue to monitor this matter; otherwise, we might make rules changes, only to find, as experience develops, that the actual problems lie elsewhere. The Circuit Clerk representative on the Committee strongly agreed, as did the full Committee. Pursuant to my offer, the Committee has asked that DOJ continue to watch the situation and report if problems are developing. I will thus keep in touch with the Criminal Division and U.S. Attorneys ' offices, as well as Deputy SG Dreeben, on this matter.

5. Finally, one Committee member stated that he had been requested by several judges to raise the question about whether FRAP should include a provision like Supreme Court Rule 37.6, which requires non-governmental amici to include a statement in their briefs addressing "whether counsel for a party authored the brief in whole or in part," and identifying all persons and entities other than the amicus who made a monetary contribution to the preparation or submission of the brief.

Again, I am hereby asking interested DOJ components if they have views on this proposal. Further, I wonder if your office has any views on whether the existing provision in the Supreme Court rules has proven to be of value to us.

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Gorsuch, Neil M

From: Gorsuch, Neil M
Sent: Wednesday, May 31, 2006 8:23 AM
To: Letter, Douglas (CIV)
Cc: Clement, Paul D
Subject: RE: Standing Committee on Rules -- Meeting June 22-23

Doug, There's no rush at all on this housekeeping task and, in any event, your existing memo looks like it'd more than do the trick with little/no modification. Many thanks, NMG

-----Original Message-----
From: Letter, Douglas (CIV)
Sent: Wednesday, May 31, 2006 8:20 AM
To: Gorsuch, Neil M
Cc: Clement, Paul D
Subject: RE: Standing Committee on Rules -- Meeting June 22-23

Neil:

I am trying to get the Omar draft brief done today, and am leaving for a Third Cir argument later in the afternoon, but will get a memo done on this either on Thursday when I return, or on Friday. Here is a memo that I had already sent to you and Paul about the meeting, but I will edit it to make it fit what is now being requested for the DAG. I am not sure we have anything from the Appellate Rules Committee that will be before the Standing Committee at this point.

-----Original Message-----
From: Gorsuch, Neil M
Sent: Wednesday, May 31, 2006 6:14 AM
To: Letter, Douglas (CIV)
Cc: Clement, Paul D
Subject: Fw: Standing Committee on Rules -- Meeting June 22-23

Would you mind preparing a brief summary of the (few) issues we discussed at the recent app rules cmte mtg we attended?

-----Original Message-----
From: Elston, Michael (ODAG)
To: Tenpas, Ronald J (ODAG); Fisher, Alice; Keisler, Peter D (CIV); Clement, Paul D; White, Clifford
CC: Garre, Gregory G; Mercer, Bill (ODAG); McCallum, Robert (SMO); Gorsuch, Neil M
Sent: Tue May 30 17:55:32 2006
Subject: Standing Committee on Rules -- Meeting June 22-23

To DOJ Representatives to Rules Advisory Committees:

The DAG is planning to attend part of the Standing Committee meeting in late June. I respectfully request that those of you who represent DOJ on one of the Advisory Committees submit by the COB on June 12, 2006, a memo addressing the issues/rules from your committee that will be before the Standing Committee in June. Please submit the memos to Ron Tenpas with a copy to Bill Mercer and to me. Ron Tenpas will coordinate the preparation of the DAG's briefing book. Based on the written materials, he may ask for a further briefing.

Thank you all.

Mike

Michael J. Elston
Chief of Staff and Counselor
to the Deputy Attorney General
950 Pennsylvania Avenue, N.W., Room 4210 Washington, D.C. 20530 (202) 307-2090 (202) 514-9368 (fax)

USDOJ- Office of Public Affairs

From:	USDOJ- Office of Public Affairs
Sent:	Wednesday, May 31, 2006 8:26 AM
To:	USDOJ- Office of Public Affairs
Subject:	Attorney General's News Briefing for Wednesday, May 31, 2006
Attachments:	agnb060531.pdf; agnb060531.doc

THE ATTORNEY GENERAL'S NEWS BRIEFING

PREPARED FOR THE OFFICE OF PUBLIC AFFAIRS, U.S. DEPARTMENT OF JUSTICE

TO: THE ATTORNEY GENERAL AND SENIOR STAFF

DATE: WEDNESDAY, MAY 31, 2006 7:45 AM EDT

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TERRORISM NEWS:

Judge Rules US Must Reveal Monitoring In Detainee Suit. The New York Times (5/31, Bernstein) reports, "A federal magistrate in Brooklyn yesterday insisted that government lawyers defending former Attorney General John Ashcroft and other top officials in a lawsuit brought by former immigrant detainees cannot dodge the plaintiffs' persistent and unwelcome question: Are members of the United States trial team and likely witnesses — including Mr. Ashcroft and Robert S. Mueller III, the F.B.I. director — aware of any secret government monitoring of communications between the plaintiffs and their lawyers? … 'Plaintiffs' effort to learn whether their conversations with their attorneys were monitored by the government is not a mere fishing expedition based on unfounded speculation,' the magistrate, Judge Steven M. Gold, wrote in an 11-page decision. The order rejected the government's request that he reconsider a similar order that he made orally on March 7." Judge Gold "noted that 'the government's electronic surveillance of individuals suspected of links to terrorism has received widespread publicity and has even been acknowledged by the president of the United States.' And he cited findings by the inspector general that on more than 40 occasions, staff members of the Metropolitan Detention Center secretly video-recorded visits between lawyers and Muslim immigrants swept up and detained there after the Sept. 11 attacks, and later deported after being cleared of links to terrorism." The Times notes, "Stephen E. Handler, a Justice Department lawyer, had argued that confirming or denying such monitoring in one case and not another could 'tend to reveal classified information.' … But Judge Gold rejected the government's main argument for silence. 'Any claim that sensitive secrets would be revealed by the government's disclosure of whether conversations between plaintiffs and their counsel in this case were monitored is hard to fathom,' he wrote."

Gonzales' Threat To Prosecute Reporters Meets With Continuing Criticism. In an op-ed in the Washington Times (5/31), syndicated columnist Jacob Sullum writes, "The Justice Department, which was complicit in the National Security Agency's circumvention of the statutory limits on surveillance of e-mail and phone calls, has not shown much interest in getting to the bottom of that apparent crime. It recently abandoned an internal probe of the legal advice Justice lawyers gave the NSA, ostensibly because its investigators could not get requisite security clearances. … But that does not mean the Justice Department is ignoring the revelations concerning the NSA's warrantless surveillance. Last week Attorney General Alberto Gonzales suggested the government might prosecute New York Times reporters and editors for informing the public about the program." Sullum continues, "Mr. Gonzales probably had in mind a 1950 amendment to the Espionage Act of 1917 that says 'whoever knowingly and willfully... publishes... any classified information... concerning the communication intelligence activities of the United States... shall be fined not more than $10,000 or imprisoned not more than 10 years, or both.' On its face, this section covers what the New York Times did. … But it also covers what I'm doing right now: discussing, online and in print, a communication intelligence activity that remains classified. The law seemingly applies to everyone who has publicly acknowledged existence of the NSA's warrantless surveillance program, including the Bush administration's defenders." Sullum concludes, "When the executive branch decides what information is secret and whether any given person should be prosecuted for discussing it, the potential chilling effect on reporting and public debate is enormous. So is the potential for unconstitutional favoritism, since classified material is routinely used by journalists both sympathetic and hostile to the current administration. … Largely for such reasons, the Justice Department has never prosecuted a journalist for using classified information in a story. It should not start now."

The Kansas City Star (5/31) editorializes, "President Bush, Attorney General Alberto Gonzales and many of their congressional supporters speak of the importance of respecting the exact words of the U.S. Constitution. Yet some words get more respect than others." The Star continues, "The Fourth Amendment, for example, protects people against unreasonable searches and lays out requirements for search warrants. But Bush and some of his top aides need a refresher course on this part of the Constitution, judging from reports about their controversial surveillance programs. … Now the administration seems intent on downplaying the First

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Amendment as well. That part of the Constitution protects freedom of the press and freedom of speech, among other things. … Let's get real. U.S. forces have been hunting down and killing the group's operatives for years. The wary survivors hardly need a newspaper story to tell them American intelligence might be eavesdropping on them. … The Founding Fathers were all too familiar with efforts by surly government officials to hobble the press, suppress criticism and restrict the flow of information to the public. … That's why the First Amendment prohibits any law 'abridging the freedom of speech, or of the press.' … Bush and Gonzales shouldn't forget those words. Neither should the American public."

In a column in the Atlantic Monthly (5/30), Stuart Taylor Jr. writes, "Comes now Attorney General Alberto Gonzales, a man not known for legal acuity, with a threat to prosecute The New York Times and other news media for publishing leaks of classified information. … Gonzales, who launched a major investigation late last year into such leaks, claimed in a May 21 ABC News interview that Congress has made a 'policy judgment' that in some circumstances journalists should be prosecuted for publishing classified information. … This assertion is misleading at best. The 89-year-old espionage law to which Gonzales was mainly referring was not intended to prosecute anybody for publishing anything and has never been so used. This is an administration that has not hesitated to leak classified information that makes it look good—but calls it criminal for others to publish leaks that make it look bad." Taylor adds, "When it comes to leaking classified information, this administration has no standing to preach, let alone prosecute. … We have seen strong evidence that I. Lewis (Scooter) Libby and Karl Rove leaked Plame's classified CIA role to reporters, in pursuit of Dick Cheney's interest in discrediting criticisms by Plame's husband, Joseph C. Wilson. The idea was to show Wilson to be a lightweight trading on his wife's CIA connections. (He was. But that's another story.) … Under the Gonzo doctrine, as I will call it, such leaks are felonies if the leakers and any co-conspirators knew that the information was classified. Libby knew, according to Special Prosecutor Patrick Fitzgerald. (Nobody has claimed—yet—that Cheney knew, or that he approved the Plame leak.)" Taylor continues, "What would the courts do with such a prosecution? The legal precedents are sparse. The Supreme Court spurned Nixon's 1971 effort to enjoin publication of the Pentagon Papers in advance. But the nine separate opinions in the case are less than reassuring. … Still, I'd be surprised if even Bush and Gonzales are foolish enough to prosecute journalists. Notwithstanding the unpopularity of the media, that might drive Bush's approval ratings below 30 percent for the rest of his already blighted term. … There is not much chance that a New York or Washington jury would vote unanimously to convict in such a case. And if there were a conviction, the case would end up in a Supreme Court that seems sick and tired of this administration's contempt for law."

Top EU Court Tosses Bilateral Passenger Agreement. The New York Times (5/31, Clark, Wald, 1.19M) reports, "The European Union's highest court ruled Tuesday that the Union had overstepped its authority by agreeing to give the United States personal details about airline passengers on flights to America in an effort to fight terrorism," a decision that will "force the two sides to renegotiate the deal at a time of heightened concerns about possible infringements of civil liberties by the Bush administration in its campaign against terrorism, and the extent to which European governments have cooperated." The two sides now have "four months to approve a new agreement, and American officials expressed optimism that one could be reached."

The Washington Post (5/31, A11, Anderson, Alexander, 744K) quotes Jarrod Agen, a spokesman for the US Department of Homeland Security, as saying, "The content of the agreement was not what the court found issue with." Separately, an unnamed US official in Brussels is quoted as saying, "We've been in touch with European institutions to talk about how to deal with what came down. ... No one knew what it would say until today, but there were contacts between European institutions and US authorities to agree to handle this in a smooth way, whatever happened."

The Financial Times (5/31, Laitner, Cameron, Peel) notes "the controversial 2004 agreement required carriers to send up to 34 pieces of passenger information to the Department of Homeland Security, which used the data to compile 'no-fly' lists of suspected terrorists and criminals." The deal "had been attacked by civil liberties' groups on both sides of the Atlantic, but was struck down by the European Court of Justice on a legal technicality following a challenge from the European Parliament." Airlines "expressed confidence that a new deal could be reached by the September 30 deadline imposed by the court, though said the

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move highlighted continuing confusion over aviation security regulations."

The Wall Street Journal (5/31, Echikson, 2.11M) reports EU Justice Commissioner Franco Frattini "said he would try to rework the agreement 'under a different legal basis, but with similar content.' He, too, said he is confident a deal can be struck before most EU officials go on holiday for August. But without one, he added, 'we could face really huge problems.'" However, "in private, an EU official cautioned that it will be hard to renegotiate a deal that will satisfy both the European Parliament and the U.S. government. Some members of the Parliament vowed to take a tough line on any new agreement."

The AP (5/31, White) reports, "The European Court of Justice said EU nations acted without the correct legal basis. It did not, however, take issue with specific measures of the law. … Lawyers have until Sept. 30 to address the concerns raised by the court. If they fail to fix legal technicalities by that date, airlines may have to change the way they collect and transfer data."

Bloomberg (5/31, Lumley) reports, "The European Commission, the EU's Brussels-based executive agency, said it's analyzing the 'full implications' of the court ruling and will work with the other institutions to find a solution by the September deadline. The regulator will consult with the U.S. on any changes that may be required. … 'The commission remains committed to the fight against terrorism while respecting fundamental human rights such as the right to privacy,' commission spokesman Johannes Laitenberger said at a daily news briefing in Brussels today." Bloomberg adds, "The current regulations, imposed after the Sept. 11 attacks to allow security agencies to scan airline records for terrorists and criminals, are a compromise with U.S. authorities. The commission had found the original rules violated the EU's privacy laws. The U.S. agreed not to record passengers' meal and seating preferences, which could reveal a traveler's religion or health, as well as limit the amount of time the data is stored to 3 1/2 years from 50 years."

PATRIOT ACT:

Connecticut Librarians Denounce NSL Gag Order, Patriot Act. The New York Times (5/31, Cowan, 1.19M) reports, "Four Connecticut librarians who had been barred from revealing that they had received a request for patrons' records from the federal government spoke out yesterday, expressing frustration about the sweeping powers given to law enforcement authorities by the USA Patriot Act. The librarians took turns at the microphone at their lawyers' office and publicly identified themselves as the collective John Doe who had sued the United States attorney general after their organization received a confidential demand for patron records in a secret counterterrorism case. … 'I'm John Doe, and if I had told you before today that the F.B.I. was requesting library records, I could have gone to jail, said…Peter Chase, a librarian from Plainville who is on the executive committee of Library Connection's board." Library Connection executive director George Christian added that "being free to speak now, weeks after the Patriot Act was reauthorized for several more years, was 'like being allowed to call the Fire Department after the building has burned down.'"

The Hartford Courant (5/31, Tuohy, 206K) adds that board president Barbara Bailey said, "It all reminded me of George Orwell's '1984.' You knew it was fiction. You knew it was preposterous. But you know, I've been living it." ACLU associate legal director Ann Beeson "said the Library Connection has not turned over any of the records sought in the national security letter, and the legal battle continues over other portions of the demand. The librarians still are prohibited from discussing the targets of the demand letter and the scope of the records sought." The AP (5/31, Eltman) notes that the librarians "spoke out bitterly for the first time," and they "did little to hide their displeasure at being told by the government to keep quiet." NPR's All Things Considered (5/30, Abramson) reported that "before the lawsuit was fully litigated, prosecutors dropped their appeal, leading a judge to rescind the gag order on the librarians. Nonetheless, analysts say the gag-order option remains available for the government in future cases."

HOMELAND RESPONSE:

ELF Bomb Plot Suspect Pleads Guilty, Agrees To Cooperate With Investigators. The AP (5/31) reports, "A Westchester County woman, one of three people accused of plotting to blow up a U.S. Forest Service genetics lab and other targets" in California, "pleaded guilty to conspiracy, federal prosecutors said Tuesday." Lauren Weiner "agreed to cooperate with investigators as part of her plea bargain. That includes testifying against" her two

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codefendants. The AP notes, "The three planned to act in the name of the Earth Liberation Front, a shadowy group of environmental activists, investigators said. However, the FBI infiltrated the group with an undercover informant."

Bush Views "United 93" With Families Of Flight's Passengers, Crew. The Washington Post (5/31, C3, Argetsinger, Roberts, 744K) reports in its "The Reliable Source" column that President Bush and the First Lady viewed the movie United 93 in the White House family theater last night. They were joined by "relatives of many of the 40 passengers and crew who died on the hijacked flight nearly five years ago. This is the first time the president has seen the harrowing film, which dramatizes the struggle to retake the plane from terrorists aimed at the Capitol or White House."

Chertoff Assesses Hurricane Preparedness In New Orleans. CNN's Situation Room (5/30, Meserve) reported that DHS Secretary Michael Chertoff visited New Orleans "to satisfy himself that everything that can be done has been done to protect this city if another big hurricane hits." Secretary Chertoff was shown giving his name for a mock evacuation and riding on a bus as he "played evacuee, getting a firsthand taste of what will happen if there is another evacuation of New Orleans." CNN added, "New Orleans Mayor Ray Nagin is among those meeting and briefing Chertoff. Nagin brings to the secretary a concern of his own. The regional transit authority will run out of money the very month hurricane season starts. … Chertoff says the federal government will come up with the money to keep drivers on the job if it has to. Chertoff gives a good grade to the city's evacuation plan, but he says all of the efforts of local, state and federal governments could be undercut if citizens refuse to leave when they are told to."

The AP (5/30, McConnaughey) reported Secretary Chertoff, who visited Touro Infirmary along with FEMA Director R. David Paulison, said his visit gave him "a tangible feel for what not only what the challenges are but also what steps the city has taken to prepare itself for a hurricane this time." Though he "said the federal government has made arrangements for about 3,000 buses to help with evacuations if needed," Chertoff said "there seemed to be more shelter spaces available" last year. "However, the state actually has identified more shelter space than it used last year — excluding the Superdome, which will not be available, said Cleo Allen, spokeswoman for the state Department of Social Services."

Allen Calls Coast Guard, FEMA Under DHS "Perfect Marriage." In an interview on the Situation Room (5/30, Blitzer), Coast Guard Commandant Thad Allen was asked whether it was "smart" to bring FEMA and the Coast Guard into the Department of Homeland Security. Allen said, "I think this is a perfect marriage of Coast Guard and FEMA in the same department. We prescript mission assignments now, so we're ready to act further in advance than we ever have before. But the joint training between Coast Guard and FEMA people has been extraordinarily useful."

Shuster, Boustany Tour Cameron, Calcasieu Parishes. The Daily Advertiser (5/31, Taylor) reports Reps. Bill Shuster and Charles Boustany "toured Cameron and Calcasieu parishes Tuesday" to view hurricane damage in the area. Shuster, who is sponsoring legislation to remove FEMA from DHS, "said he was surprised to learn that it would cost only $2-4 million to repair a large piece of levee in southwest Louisiana and the federal money has not been sent. 'In Washington numbers, that's peanuts,' Shuster said. The money, he said, is probably tied up in federal bureaucracy."

Hurricane-Prone States Hope Efforts To Scare Residents Will Prompt Preparedness. Under the headline "As Hurricane Season Looms, States Aim To Scare," the New York Times (5/31, Goodnough, 1.19M) reports many "officials in hurricane-prone states are trumpeting dire warnings" in advance of this year's hurricane season, aiming, "it seems, …to scare the multitudes of people who emergency officials say remain blasé even after last year's record-breaking storm season." The Florida Division of Emergency Management, for example, "is broadcasting public service announcements with recordings of 911 calls placed during Hurricane Ivan in 2004." The Times continues with quotes from "unfazed" residents, including Jimmy Austin, of Nags Head, North Carolina, who said he "sees no need for special precautions."

Federal Judge In Houston Won't Issue Restraining Order To Continue FEMA Housing. The New York Times (5/31, Goodman, 1.19M) reports a federal judge in Houston, David Hittner, has "declined to issue a temporary restraining order that would force the Federal Emergency Management Agency to continue financing its rental-assistance housing program for Hurricane Katrina evacuees." Hittner found that "lawyers representing evacuees against the agency had failed to meet all four conditions required by law to compel a

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restraining order." The Times adds, "Many evacuees were told that their assistance would end today, while some in cities like Houston and Dallas had been granted extensions until June 30."

Long Island Insurance Market Shows Signs Of Hurricane Fears. The Wall Street Journal (5/31, B1, Pleven, 2.11M) reports that "with the ever-present threat that a mammoth storm could deviate from recent patterns" and strike Long Island, "the insurance market here is showing glimmers of the kind of fragility that has plagued places like Florida." The situation in Long Beach, where "finding any hurricane coverage at all is getting harder and more expensive," is an example of "how the insurance industry has intensified efforts to limit its exposure in the Northeast." Meanwhile, "In Long Beach, only about 40% of households are covered by the federally backed flood-insurance program," which is "a much lower percentage than in much of New Orleans at the time of Hurricane Katrina."

Insurance Executive Says Residents In Catastrophe-Prone Areas Should Assume Risk. Edmund F. Kelly, chairman, president and CEO of Liberty Mutual, in an op-ed in the Wall Street Journal (5/31, A12, 2.11M) writes that while "calls for the federal government to expand its role in providing insurance for those who build or live in catastrophe-prone areas" will "likely…grow louder" with the start of hurricane season, "reasons this is a bad idea should be obvious. People who willingly and knowingly live in catastrophe-prone areas should assume the risk, and pay the cost, of doing so; government-subsidized insurance just loads this risk, and cost, on average taxpayers. And what proponents of a greater role for the government don't like to discuss is that the Federal Flood Program has a $20 billion deficit -- and has notably failed to meet its original purpose of encouraging people to rebuild away from areas vulnerable to devastating coastal storms." Kelly suggests "stronger building codes to make homes and other structures less susceptible to severe storms" and regulatory processes that would "allow insurance pricing to better reflect risks."

WAR NEWS:

Bush Learned From Press About Haditha Incident. The AP (5/30) reports, "President Bush learned of reports that U.S. Marines killed two dozen unarmed Iraqi civilians only after reporters began asking questions, the White House said Tuesday." Press secretary Tony Snow said Bush learned from a Time reporter. The article quotes the version alleged by war critic Rep. John Murtha (D-PA), namely that "Marines then shot and killed unarmed civilians in a taxi at the scene and went into homes and shot other people."

ABC News Nightline (5/30, Karl) reported, Bush "was briefed by his national security adviser on what happened, shortly after 'Time' started asking questions. Press secretary, Tony Snow, says the President has taken a personal interest in the story." Snow: "I think anybody who has heard the story has a personal interest in it. It's impossible not to. But the president is also allowing the chain of command to do what it's supposed to do, through the department of defense, which is to complete an investigation." And House Armed Services Committee Chairman Duncan Hunter said, "Justice will occur here. And it's important when the marines brief me, we agreed that we should let the chips fall where they may. This should be a tough, effective, aggressive investigation."

Meanwhile, the CBS Evening News (5/30, story 4, 0:25, Schieffer, 7.66M) reported, "The White House pledged today that the public will be told everything Pentagon investigators learn about reports that US Marines in Iraq killed two dozen unarmed civilians last November."

Probe May "Already Be Compromised." ABC News Nightline (5/30, Moran) called the investigation into allegations that Marines killed 24 civilians in Haditha perhaps "the most important criminal investigation in the US military since the My Lai massacre in Vietnam. And it may already be compromised." The probe "is running into serious trouble. Too much time has passed since the killings. And not enough evidence remains." The investigation is characterized as being taken seriously at the "highest level."

Iraqi Prime Minister Wants Investigation Expedited. NBC Nightly News (5/30, story 3, 4:30, Williams, 9.87M) reported Iraqi Prime Minister Nouri al-Maliki yesterday addressed the deaths of 24 civilians in Haditha, reportedly at the hands of US Marines, saying "his patience here is wearing thin. Military forces, he said, must respect human rights and innocent Iraqis cannot be killed by mistake."

Military Inquiry Refuted Haditha Marines' Claims. The New York Times (5/31, Schmitt and Cloud, 1.19M) reports, "A military investigator uncovered evidence in February and March that contradicted repeated claims by marines that Iraqi civilians killed in Haditha last November were victims of a roadside bomb, according to a senior military official in Iraq." Such evidence included gunshot

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wounds to the heads and chests of the victims. That investigator also reviewed compensation paid shortly afterward to the victims.

Officers Not Target Of Haditha Investigation. The AP (5/30, Watkins) reports, "Three officers relieved of command from a Marine battalion are not targets of investigations into whether their troops killed as many as two dozen Iraqi civilians and tried to cover it up, the attorney for one of the officers said Tuesday." The article names the three officers as Capt. James Kimber, Lt. Col. Jeffrey Chessani, and Capt. Lucas McConnell. It extensively quotes attorney Paul Hackett, Kimber's counsel, in defense of his client. CNN's The Situation Room (5/30, McIntyre) reported, "In anticipation of the idea that charges will be filed against Marines in the weeks or perhaps even months ahead, some of those Marines are talking to defense attorneys. And we're talking to those attorneys. They're painting a slightly different picture of what may have happened in Haditha that day, including accounts of a firefight that was nearby, even if it wasn't at the scene where the killings took place."

Murtha Urges More Openness. Rep. John Murtha was asked on CNN's The Situation Room (5/30) was asked about his suggestion that there was a cover-up of the Haditha incident. Murtha said, "What I worry about is that this happened six months ago. And nothing -- you heard nothing about it. As a matter of fact, the original story was that an IED killed these 15 people. It became very confusing to the public. TIME magazine came out with an article, and they still tried to cover it up. Now, there were payments made to victims, which aren't made unless we kill them, one way or the other. And, secondly, they knew about it the day afterwards. So, there's no excuse for not having this be more open and know exactly what -- and the longer it goes, the worse it is for us, because it looks like it's the policy of our troops to do something like this."

Haditha Allegations Said To Undercut US Efforts In Iraq. USA Today (5/31, Johnson, 2.31M) writes, "Allegations that Marines killed civilians in the western Iraqi town of Haditha last year could undo efforts to win the cooperation of locals in the volatile Anbar province, some Marines say." The article notes, "The allegations also highlight the rapid life-and-death decisions that soldiers and Marines make in the shadowy world of guerrilla warfare," often very young ones. CNN's The Situation Room (5/30, Malveaux) reported that "officials worry the scandal of Abu Ghraib may pale in comparison to what military investigators uncover out of the western Iraqi city of Haditha. Pentagon sources say they suspect a small group of Marines massacred several dozen Iraqi citizens last November in retaliation for a killing of one of their own. The administration is now bracing itself for another potential crisis. … White House officials are urging everyone not to jump to conclusions or rush to judgment when it comes to the investigation." NPR's All Things Considered (5/30, Bowman) reported the USMC paid at least $38,000 to the families of those killed in Haditha.

WPost Says US Must Be "Accountable." The Washington Post (5/31, 744K) editorializes on the alleged Haditha massacre, "There is no way to mitigate or excuse such despicable acts if they occurred, and hardly any way to alleviate the tremendous damage that will be done to U.S. honor in Iraq and around the world. The only remediation can come through a thorough investigation, the full disclosure of all misconduct and accountability for all those responsible." The Los Angeles Times (5/31, 958K) editorializes, "First things first. If Marines 'avenged' the killing of a comrade by terrorizing and killing innocent Iraqis, they disgraced their uniform and must be punished. The same is true of anyone higher in the chain of command who helped conceal what happened on Nov. 19, 2005, in Haditha in western Iraq." It concludes, "No amount of fog, and no level of confusion, can obscure the fact that this is a nation of laws, and when the U.S. condones the deliberate murder of civilians it becomes, as Murtha said, no better than its enemy."

Batiste Blames Rumsfeld For Haditha, Abu Ghraib. Retired Army Maj. Gen. John Batiste appeared on MSNBC's Hardball (5/30, 7:16 p.m.) and repeated his call for Secretary Rumsfeld's resignation, saying, "There's one man in charge of an organization, in this case, the Department of Defense, and he is responsible for what happens or what fails to happen under his watch." Batiste went on to say that the "alleged atrocity in Haditha…the whole national disgrace of Abu Ghraib and I think the chaos over the last three years can be traced directly back to our Secretary of Defense."

New Iraqi Envoy Presents Credentials To Bush. The Washington Times (5/31, Dinan, 90K) reports, "Iraq's ambassador to the United States presented his credentials to President Bush yesterday and said the president was right in saying terrorists cannot stop Iraq from forming a free and democratic country." Although the appointment of a new envoy by Iraq's government was "good news" for President Bush, "Mr. Sumaidaie's personal story

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could be bad news for the White House. Last year, he accused Marines of killing his 21-year-old cousin, a civilian who was home from school visiting his family in Haditha. Although not directly related, the incident raises the same issues being investigated by Marines and the Defense Department after reports of dozens of Iraqis killed on Nov. 19 in Haditha, a city in western Iraq." CNN's The Situation Room (5/30, Blitzer) reported, "At the White House today President Bush told Iraq's new ambassador to the US that he's impressed by the new leaders in Baghdad. But he also acknowledged difficult times including the mounting death toll for US troops in Iraq." CNN (Malveaux) added, "The Bush Administration is certainly hoping that this new permanent Iraqi government can turn things around. They are counting on it essentially to take on the terrorists and the insurgents. It's been some ten days since the installation of that new government and already bloody battles. Already a renewed sense here at the White House the need to be upbeat."

White House Officials Say Bush's Candor On Iraq Mistakes Surprised Them. The White House Bulletin/US News (5/30) reported, "New details are emerging about President Bush's admission of mistakes in handling the Iraq war last week. White House officials say they were as surprised as everyone else when Bush expressed regrets for his tough-guy rhetoric leading up to the Iraq war." They "note that Bush has been asked essentially the same question -- what were his biggest mistakes regarding the Iraq conflict -- many times over the years and has always declined to answer in a full and comprehensive way. This time, at a joint news conference with British Prime Minister Tony Blair, Bush was asked the same question by a British journalist. The President suddenly turned introspective and expressed misgivings about some of his macho rhetoric, such as his challenging Iraqi insurgents to 'bring it on.'" A senior Bush adviser tells US News and the Bulletin: "It was an extraordinary moment for us. Ironically, even though it was asked before, it was the least expected question" because Bush had brushed it off so often in the past. The Bulletin adds, "Why the surge of candor at that moment? Bush advisers say that Laura and Rove had been urging him for a while to soften his image and be more accommodating to his critics. But they also say the President has felt this way for a long time and simply felt it was time to reveal himself publicly."

Car Bombs Ravage Iraq As Violence Hits New High. The AP (5/31) writes, "Two car bombs killed dozens of people in Shiite Muslim areas of Iraq on Tuesday, part of a wave of attacks that left at least 54 people dead and 120 wounded on one of the bloodiest days in recent weeks. Iraqi officials told the Associated Press that a suspected terrorist who had confessed to taking part in hundreds of beheadings was captured in a raid that also netted documents, cellphones and computers with information on other wanted men."

The Washington Post (5/31, Hernandez and al-Izzi, 744K) reports, "In an indicator of rising violence, more 'multiple-fatality' bombings -- involving at least three deaths -- occurred this month than in any other since the war began in 2003, according to the Brookings Institution, which issues a twice-weekly report of security and reconstruction statistics. The report this week noted 44 such bombings as of May 25; since then, that number has risen above 50. The next-worst month was September 2005, with 46." According to the Post, "U.S. commanders have warned for weeks that the country's Sunni Arab insurgent movement, which they say is led by the group al-Qaeda in Iraq, would unleash an all-out offensive to weaken the new government's authority and stoke hatred between Sunni and Shiite Muslims." The Post notes a peculiar twist in the Saddam Hussein trial: "Two of the three defense witnesses who testified on Hussein's role in the alleged execution of 148 Iraqi Shiites in retaliation for an attempt on his life in the town of Dujail in 1982 testified that at least 23 of the people sentenced to death were still alive." The violence-filled day was the lead on each of the networks last night.

ABC World News Tonight (5/30, lead story, 2:40, Karl, 8.78M) reported, "The attacks came exactly one year after Vice President Cheney had this to say about the insurgency in Iraq." Vice President Cheney: "The level of activity that we see today from a military standpoint, I think, will clearly decline. I think they're in the last throes, if you will, of the insurgency." Karl: "But a new Pentagon assessment today says the insurgency has gotten deadlier." Military officials "blame the long delay on forming a new Iraqi government for the violence."

The CBS Evening News (5/30, lead story, 2:35, Schieffer, 7.66M) reported, "Today was one of the worst in a long time. An American soldier was killed as a string of bombings left 54 people dead and more than 120 wounded." CBS (Martin) added, "Average weekly attacks on Americans

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and Iraqis, more than 600 a week, the highest level ever. Average daily casualties, that's killed and wounded, American troops down from 25 two years ago to about 15. But Iraqis, both civilian and military, way up, from 30 to nearly 80. The report also shows signs of progress, such as areas where Iraqi security forces are take the lead in the fighting: None at the start of last year, 30,000 square miles today."

NBC Nightly News (5/30, lead story, 3:15, Miklaszewski, 9.87M) reported the Pentagon's "own report released today which shows that violence in Iraq is on the rise and that more than half of Iraqis believe the security situation there has only gotten worse. Violence raged seemingly unabated throughout Iraq today."

1,500 US Troops To Reinforce Anbar. The New York Times (5/31, Oppel, 1.19M) writes pointedly, "One year after Vice President Dick Cheney predicted that the Iraqi insurgency was in its 'last throes,' the United States military said it had had to reassign 1,500 troops from Kuwait to Anbar Province. The move comes amid growing signs that much of the region is under the control of insurgent groups, including the terrorist organization of Abu Musab al-Zarqawi. He and other jihadists have spoken of creating a caliphate that would be a shelter for radical Sunni groups." The Times added, "The inability to find nominees acceptable to the Shiite, Kurdish, Sunni Arab and secular members of Mr. Maliki's coalition continues to underscore how fragile the new government is in the face of a resilient insurgency."

Fox News (5/30, 7:05 p.m.) reported, "About 1,500 US soldiers have moved from Kuwait to Iraq. This is the second time since March that soldiers on stand-by in Kuwait have been sent into Iraq. Their assignment: a terrorist hotbed stretching from west of Baghdad to the Syrian border." CNN Headline News (5/30, 11:43 a.m.) reported the Second Brigade First Armored Division troops "follow some 750 troops who were already sent again from that brigade held in reserve in Kuwait, who were sent to Baghdad in March. They are still there. The Pentagon is not saying how long these 1,500 troops will remain in al Anbar province."

The CBS Evening News (5/30, lead story, 2:35, Martin, 7.66M) reported, "1500 more combat troops have been ordered into western Iraq in an attempt to establish some semblance of government control. It is the second time this year the American commander, General George Casey, has called in reinforcements. In March, 700 troops were sent into Baghdad to help hold down sectarian violence. They were supposed to remain 30 days, but they are still there."

NBC Nightly News (5/30, lead story, 3:15, Williams, 9.87M) reported, "Fifteen hundred US troops are being flown from Kuwait to the Al Anbar province of Iraq, where a lot of this violence has been centered." NBC (Miklaszewski) added, "This latest increase in violence could delay the withdrawal of any significant numbers of American forces from Iraq."

Violence Escalation Likely Has Derailed Pullout Plans. The Los Angeles Times (5/31, Roug and Spiegel, 958K) writes, "The Pentagon's hopes to make substantial reductions in U.S. troop levels in Iraq this year appear to be fading as a result of resurgent violence in the nation, particularly in the Sunni Arab stronghold of Anbar province, military officials acknowledge." The violence appears to have dashed hopes of "substantial U.S. troop reductions, from more than 130,000 now to 100,000 or less." However, "military officials say the deployment of new troops to Al Anbar is not a prelude to an offensive like the one launched in 2004 on Fallouja, which had become a haven for rebels."

Zakaria Says Iraq Needs Political Solution. In the Washington Post (5/31, 744K), Fareed Zakaria writes that standing up an Iraqi military is not the answer to the country's problems; rather, "the reality is that only an effective political bargain will bring about order. There needs to be a deal that gives all three communities strong incentives to cooperate rather than be spoilers." He says the new prime minister has two major challenges: "weakening the insurgency and disbanding sectarian militias. Neither can be done purely militarily."

Pentagon Says Insurgency Likely Will Be Strong Until 2007. The Copley News Service (5/30, Kreisher) reports, "Iraq in the last three months had the highest level of attacks of any similar previous period, while casualties among Iraqis soared, the Pentagon reported Tuesday." It contrasts that grim statistic with Asst. Secretary Rodman's emphasis on "political progress" in the form of a "permanent government." Copley adds, "With its comparatively thin population, Anbar had the highest rate of violent attacks per capita during the reporting period …The report said 63 Iraqi army battalions 'have the lead for security responsibility' in their assigned areas." However, Copley mentions that the report does not say how many Iraqi battalions can operate independently, a change of practice from its predecessor, which stated that none could.

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The AP (5/31, Burns) writes, "The report to Congress offered a relatively dim picture of economic progress, with few gains in improving basic services like electricity, and it provided no promise of U.S. troop reductions anytime soon. On the other hand, it said the Iraqi Army was gaining strength and taking lead responsibility for security in more areas." It says, "The U.S. government has struggled for three years to understand the insurgency in Iraq, which began in the Sunni Triangle west and north of Baghdad." It states of likely insurgent strength, "The Sunni Arab heart of the Iraqi insurgency seems likely to hold its strength for the rest of this year, and some of its leaders are now collaborating with Al Qaeda terrorists, the Pentagon said Tuesday."

Meanwhile, the Washington Times (5/31, Scarborough, 90K) states more optimistically the Pentagon's view "that a key element of the Iraq insurgency will maintain its level of violence this year, but then begin to weaken in 2007." It notes the Pentagon Iraq report's contention that "U.S. commanders are methodically turning over more territory to the ISF and putting them in the lead in counterinsurgency operations. More than half of all operations in Baghdad, one of the country's most violence-prone provinces, are being led by Iraqis."

Pentagon Classifies Number Of Independent Iraqi Battalions. UPI (5/30) reports, "The Pentagon has newly classified the number of Iraqi army battalions that are fully independent in its latest public report on conditions in Iraq." The classification comes after the Pentagon said in its last previous report that "zero" Iraqi battalions were "capable of full independence." UPI writes, "The fact that there have been zero fully independent Iraqi battalions in Iraq after three years of occupation, nearly $300 billion and the training of a new army, has been cited by critics of the war as evidence that progress has not been made." However, Lt. Gen. Gene Renuart "said there has been a significant increase in fully independent units. [Assistant Secretary] Rodman said the number 'fluctuates for different kinds of reasons' but called it a 'good increase.'" The Financial Times (5/31, Sevastopoulo) does not report this new classification but quotes the Pentagon as asserting that "the number of Iraqi soldiers and police who had completed their training had risen to 263,400, an increase of 36,100 from three months ago. It said the Iraqi ministries of defence and interior were on track to complete initial training targets by the end of this year." The FT notes of the Pentagon public report that "it said Anbar had the highest number of daily attacks per capita over the past three months."

Media Reassess Iraq TV Assignments After CBS Deaths. The New York Times (5/31, Carter, 1.19M) reports, "The roadside blast in Baghdad on Monday that killed two CBS News crew members and seriously wounded a third has deepened concerns among television network executives about the risks their crews face trying to cover the Iraq war, some arguing that television reporters may be even more exposed than those in print journalism." Executives fear that "the risks are even greater for television personnel because of the equipment they must carry — including cameras that are sometimes mistaken for weapons — and how visible they must be to convey the story."

Dowd Points Out Risks Taken By Journalists. In the New York Times (5/31, 1.19M), Maureen Dowd argues that journalists in Iraq face risks that conservative pundits understate. She writes that, despite conservative scorn about alleged timidity by journalists, "Now two network personalities — Ms. Dozier and Bob Woodruff — have been severely injured by roadside bombs while embedded with the military, trying to do the sort of stories the administration wants." She also denounces the anonymity of military and Iraqi casualties, unlike the publicity that journalists receive when they are attacked: "The administration tries to play down any sense of individual loss; the president has not attended a single funeral, and the government banned pictures of [troops'] returning coffins. The Iraqi civilians who die don't even get their names in the small print."

Wounded CBS Correspondent Transported To US Military Hospital In Germany. Injured CBS reporter Kimberly Dozier was transported to Landstuhl military hospital in Germany, where she was reported to be in critical but stable condition with injuries to her head and legs. The story was reported in full segments on both CBS and NBC, while ABC ran a brief. The CBS Evening News (5/30, story 2, 3:05, MacVicar, 7.66M) reported, "Kimberly is in intensive care. She had surgery twice yesterday on injuries to her legs and on her head to remove shrapnel from her skull. She was able to wiggle her toes as she was admitted. Tonight, she remains sedated and faces more surgery."

NBC Nightly News (5/30, story 2, 2:40, Maceda, 9.87M) reported, "Dozier's camera crew, Britons Paul Douglas and Jim Brolan, were killed by the same roadside bomb while embedded with the US Army in Baghdad. In underscores yet

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again the danger journalists face here on a daily basis, even the most seasoned and cautious, like Dozier." According to "the Committee to Protect Journalists, 71 journalists have died covering the war in Iraq, surpassing the number killed in World War II, Korea, and Vietnam, 3/4 of them Iraqis, who often can't afford expensive, around-the-clock protection."

ABC World News Tonight (5/30, story 2, :20, Gibson, 8.78M) reported, "The commander of the Landstuhl military hospital in Germany says Dozier is in critical but stable condition, with serious injuries to her head and legs."

"CASH" Military Trauma Hospital Profiled. The CBS Evening News (5/30, story 3, 2:20, Schieffer, 7.66M) reported, "To understand why Kimberly Dozier is alive tonight, we want to show you now how the team works that springs into action every time an American is seriously wounded in Iraq." CBS (Palmer) added, "Thanks to the trauma team at Baghdad's Ibn Sina military hospital, Kimberly Dozier is alive." Capt. David Steinbruner, trauma specialist, Ibn Sina Hospital: "She had a very powerful will to live." Palmer: "But Dr. David Steinbruner, who treated her, admits the outcome could have been very different." Dr. Steinbruner: "She was tough. She was near death when she first came in." Palmer: "It's at centers like this where life is often restored. Doctors here say once upon a time they were called MASH units. Now, they're called a 'CASH' -- short for 'combat support hospitals', saving lives with a mixture of sophisticated emergency room technology and old-fashioned heart."

Romney Expresses Optimism About Iraq. Massachusetts Gov. Mitt Romney, who has just returned from a trip to Iraq and Afghanistan, was asked on Fox News' Your World with Neil Cavuto (5/30) claims from President Bush and British Prime Minister Tony Blair that the Iraqis are ready to stand up for themselves. Romney said, "It is very difficult to assess what the level of readiness is, but clearly they are more ready every day by virtue of the training that they are undergoing. And the assessment on the part of their new prime minister with the new unity government he's formed that he believes they will be ready within 18 months to take the primary responsibility for security, that is very encouraging. I think that is possible, if he says it is." Romney added, "I actually think that at this stage the prospects for a positive outcome are more real than they have been in sometime."

Brake Failure Caused Crash That Sparked Kabul Riots. The AP (5/31) reports a US military spokesman said Tuesday that this week's crash of a US military truck that sparked Monday's riots in Kabul occurred because the truck's brakes "'apparently overheated and failed' as it came down the long hill." He said that "[t]he truck hit several unoccupied parked cars in an effort to slow down, but the truck hit occupied vehicles at an intersection anyway." Kabul's police chief said that the "toll from Monday's rioting in Kabul rose to 12 dead and 138 injured."

The New York Times (5/31, Gall, 1.19M) reports that although "Kabul residents placed blame for Monday's rioting on young hoodlums and criminal gangs," "they also criticized the American military for its arrogance, saying military vehicles frequently crush civilian cars, and they doubted that the government or the military would conduct an honest investigation of the incident." The Times also reports many in Kabul, "including Western diplomats and aid workers, said the protests appeared spontaneous and were aggravated by frustration with joblessness and the slow pace of reconstruction." US Ambassador Ronald E. Neumann "promised compensation for the victims and a full investigation."

The Washington Post (5/31, A10, Constable, 744K) reports "Afghan army troops blanketed the capital Tuesday," but foreign peacekeepers "kept off the streets, out of concern their presence would ignite new violence." Many in Kabul "remained angry both at the rioters and U.S. troops, and worried about permanent damage to the country's faltering democracy, economy and relations with the outside world." A spokesman for the International Security Assistance Force "said it had been ready to help restore order Monday but that the Afghan authorities had asked the force not to do so." The Post reports, "Numerous witnesses said some rioters were older men who gave orders, carried AK-47 assault rifles and wore the dress of former anti-Soviet militia fighters whose political leaders oppose Karzai."

Reporter Who Witnessed Riots Says Mobs Were Incited By Agitators. In a web-exclusive commentary, Newsweek (5/30) reporter Joe Cochrane, who was caught amid Monday's riots, said the "roaming gangs of rioters" were clearly "incited by agitators." Cochrane writes, "While television images of the riots looked shocking, they should be kept in perspective. Less than 1,000 of Kabul's 4 million residents joined in the madness, many of them street thugs or unemployed youths with nothing better to do. While Afghans get understandably angry when local residents are killed during U.S. military operations or during car accidents

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involving troops, the majority still seems to want them protecting the capital and forcing the Taliban to hide in the mountains."

Growing Rich-Poor Gap Said To Be At Root Of Riots. Time (5/30, Morarjee) reports the "growing gap between Afghanistan's haves and have-nots helps explain why a U.S. military convoy accident triggered" Monday's riots. Time reports, "Even before the convoy accident, Western diplomats say many frustrated young men were already looking for a provocation." Aid workers in Kabul "blame the U.S. and other Western military for enflaming anti-Western sentiment, which invariably ends up being vented at the softest targets: the charities." The major agitators of the riots were "young men allied to" the Northern Alliance.

Violence Flares In Northern Afghanistan. The New York Times (5/31, Gall, 1.19M) reports as "calm returned" to Kabul, "violence was reported in northern Afghanistan as three women social workers and their driver, working for the aid agency, ActionAid, on a government program, were shot dead on a village road in the province of Jowzjan." In another northern province, Badakhshan, "two Afghans working for a development organization were killed…and two American citizens traveling in convoy with them were slightly injured" in a roadside explosion. The two attacks "raised concerns that security in the previously peaceful north is also deteriorating."

USA Today Says Afghanistan Beginning To Resemble Iraq. An editorial in the USA Today (5/31, 2.31M) says the riots reveal the "disturbing truth" that "Afghanistan is increasingly beginning to resemble" the war in Iraq. The paper says that while international help to Afghanistan is encouraging, "far more is needed — from putting greater pressure on Pakistan to close down Taliban refuges, to winning popular support along with military victories. That might require more troops. It certainly requires sustained attention and aid. It is dismaying to consider how much better the situation in Afghanistan might be, and whether bin Laden would still be at large, had the Bush administration not diverted resources to its misbegotten adventure in Iraq."

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California Child Porn Investigators Honored. The Contra Costa Times (5/31, Doyle) reports, "Even monsters get scared and lonely. Sometimes, they just need someone to talk to. … Mike Prado will listen, sympathetically. And then, when he has asked his questions, the Fresno-based federal investigator seizes the confessions and sends admitted child molesters off to federal prison for a very long time." The Times continues, "Now, the achievements of this 30-year-old Immigration and Customs Enforcement special agent have secured national recognition. Prado and his partner, Fresno County sheriff's detective Kevin Wiens, joined other top investigators recently in being honored by the National Center for Missing and Exploited Children. … In a Capitol Hill ceremony, the organization presented Prado and Wiens with a National Exploited Children's Award. The Justice Department will follow suit later this month, further putting a spotlight on an investigation that is still unfolding." The Times adds, "Starting with one Fresno computer that was crawling with sexual images, Prado and Wiens expanded an investigation that has yielded 30 arrests and 100 suspects. A Pennsylvania man has recently been sentenced to prison in the case, and former Clovis girls softball coach Mark McGarry is awaiting resolution of charges of possessing and distributing child pornography."

CORPORATE SCANDALS:

McAfee Fires General Counsel Amid Widening Stock-Option Probe. The Wall Street Journal (5/31, Hechinger) reports, "The board of McAfee Inc. fired its general counsel after an internal review of stock-options granting practices, marking another casualty amid a widening government probe that now involves at least 20 companies." The Journal continues, "The termination at McAfee brings to nearly a dozen the number of executives and directors, at five different companies, who have lost their jobs in recent weeks amid government and company investigations of the timing of option grants to senior corporate officials. … The Justice Department and the Securities and Exchange Commission are both examining McAfee, a Santa Clara, Calif., maker of computer security software, for possible options irregularities. At least 20 companies are facing similar scrutiny from one or both of the two authorities."

The AP (5/31, Liedtke) reports, "The Santa Clara, Calif.-based maker of antivirus software linked Kent Roberts' ouster to a stock option incident that occurred six years ago. McAfee described the episode as improper without providing specifics. … McAfee is among a widening group of publicly held companies examining whether insiders manipulated the timing of stock option grants to increase the likelihood that

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management would reap huge windfalls. On Tuesday, Rambus Inc., a developer of high-speed computer chip interfaces, joined that group of companies, launching an internal investigation into how officials doled out stock options in 2003 and before. … Under the practice, the options are backdated to an ebb in a company's stock price instead of pegging the exercise price to the prevailing market value at the time of the award."

The California Recorder (5/31, Pasternak, Scheck) reports, "Nationwide, about two dozen companies so far have been approached by the government in connection with backdated options grants. The scandal is fueling anxiety among audit committee members and in-house lawyers, with companies launching internal investigations into their options programs or preparing responses to government inquiries. … Brewing in the background is a possible tussle between federal prosecutors in the Manhattan, Brooklyn and San Francisco U.S. Attorney's Offices, all of which have been involved in probing companies thus far."

USAToday Decries Practice Of Backdating Stock Options. An editorial in USA Today (5/31) says, "The Securities and Exchange Commission, Justice Department and Internal Revenue Service are investigating the practice of backdating stock-option grants to senior corporate executives. … If these inquiries confirm that backdating is widespread, it would serve as yet another troubling example of how shareholders are being fleeced. It would also show how a benefit designed to attract, reward and retain talented employees is being perverted. Given the creative ways corporate executives have enriched themselves in recent years, perhaps this practice should come as no surprise. Even so, its blatant nature is mind-boggling."

Firms Changing Rules On Company Stock In 401(k) Plans. The Wall Street Journal (5/31, Opdyke) reports, "Facing a slew of worker lawsuits, companies increasingly are limiting how much of their stock can be held in employee 401(k) retirement plans." The Journal continues, "Company stock in 401(k)s is still widespread, despite the lessons of Enron Corp., whose 2001 collapse depleted the retirement savings of thousands of employees. Many companies use stock to match employee contributions to retirement plans, and workers often are barred from selling the stock for many years. Some workers also buy the stock to participate in their company's growth, or because they aren't sure where else to invest. … But dozens of lawsuits since Enron have highlighted companies' legal liability when their stock declines in value, a development that also has helped to drive up insurance costs." The Journal adds, "Last month, Bristol-Myers Squibb Co. notified employees that the drug maker will no longer contribute company stock to its 401(k) plan, starting July 1. Instead, company contributions will go into a money-market fund run by Fidelity Investments. Health insurer Cigna Corp. last fall began allowing workers to immediately roll out of company stock and into one of 22 other options in the 401(k) plan, including mutual funds. Previously, Cigna employees had to keep their shares until they either left the company or reached age 55. … Some companies are banishing their stock from retirement plans altogether. Too Inc., parent of nationwide specialty retailer Limited Too, required its employees to sell any company stock they held in their 401(k) plan by last fall."

DOJ's Use Of Deferred-Prosecution Deals Sparks Debate. USA Today (5/31, Iwata) reports, "The legal debate over the Justice Department's aggressive prosecution of businesses has been reignited after the recent indictment of securities class-action law firm Milberg Weiss, plus an ongoing court battle between prosecutors and former KPMG executives indicted on fraud charges." USA continues, "Milberg Weiss is the first business to be prosecuted by the federal government since Arthur Andersen, the former accounting firm and Enron auditor that died even though its obstruction-of-justice conviction was overturned last year by the Supreme Court." USA adds, "In the KPMG case, 16 former executives believe their constitutional rights to legal counsel and fair trial were violated when prosecutors forced KPMG to stop paying their legal fees as part of the firm's agreement with the government to escape prosecution, according to court filings. … As the Justice Department intensified its crackdown on corporate crime in the post-Enron era, a growing number of defense lawyers and business groups have accused it of prosecutorial overkill. … Prosecutors, encouraged by the so-called Holder and Thompson memorandums in 1999 and 2003, respectively, that set Justice Department criteria for going after 'business organizations,' are compelling more businesses to cooperate with investigations and sign 'deferred-prosecution agreements' and "no prosecution" deals — or risk being indicted. … Since the Justice Department's corporate fraud task force was formed four years ago, prosecutors have signed 'a couple dozen' deferred-prosecution agreements

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with business entities, says department spokesman Bryan Sierra. … That's twice as many as in the 10 years before the corporate fraud task force was created, says Andrew Weissmann, who prosecuted Arthur Andersen as a member of the Enron Task Force. … Weissmann, who also prosecuted drug gangs and Mafia defendants in New York, says the Justice Department is addicted to using deferred-prosecution deals 'like crack cocaine.' … 'As the department gets more experienced at deferred-prosecution agreements and realize they have more leverage,' Weissmann predicts, 'you're going to see more and more draconian agreements.'"

Former US Attorney Helps Corporations About Fraud. The San Diego Business Journal (5/29, Broderick) reports, "The post-Enron scrutiny on businesses might not be making them more honest, but many of them are taking great pains to police themselves, sniffing out trouble before it morphs into a major scandal. … Giving them a seasoned hand is former U.S. Attorney Chuck La Bella, now in private practice in Downtown San Diego and specializing in white-collar crime, and other high-stakes litigation involving the likes of the Securities and Exchange Commission." The Journal continues, "Most recently, La Bella has been representing Barry Weinbaum, a former chief executive officer of Alvarado Hospital Medical Center, in the lengthy kickback scandal that recently reached a settlement with current U.S. Attorney Carol Lam. … His firm also represented Peregrine Systems Inc. before the Securities and Exchange Commission and the Justice Department over charges involving accounting irregularities and securities fraud. In 2003, Peregrine, without admitting or denying the charges, agreed to a wide-ranging settlement. … 'Post-Enron, the country has become more sensitive to corporate actions and actions of the corporate executives,' said La Bella, 55, a partner in La Bella & McNamara, LLP in Downtown San Diego. 'We are now looking more closely at each and every action and transaction and mistake. Companies make mistakes all the time. … People make mistakes, and not every mistake should be elevated to the level of an SEC, U.S. attorney or district attorney investigation. There are mistakes that bear scrutiny by them, but the pendulum is starting to swing back a little bit.'"

Corporate Spycatchers Frustrated By Government Treatment Of Trade Secrets. The National Law Journal (5/31, Maclean) reports, "In 1997, the FBI videotaped the chairman of a Taiwanese company, Four Pillars Enterprise Co., in an Ohio hotel accepting secret documents about Avery Dennison Corp.'s formulas for its adhesive products. Agents watched as he cut the company's confidential markings off the papers and then discussed what an Avery scientist should steal next, according to court records." The Journal continues, "Four years later, FBI agents at San Francisco International Airport surrounded two Chinese engineers bound for China carrying satchels allegedly packed with trade secrets from four Silicon Valley firms detailing the manufacture of microprocessors. … And in 2003, the U.S. Department of Justice indicted two managers for the Boeing Co.'s rocket launch vehicle system used to carry commercial and military satellites into space. The government alleges that one Boeing manager recruited a Lockheed Martin Corp. engineer to bring secret Lockheed documents to Boeing in exchange for a better job at higher pay." The Journal adds, "The criminal trial is set for June, but disclosure cost Boeing a $1 billion Air Force contract. U.S. v. Branch, No. CR03-715RSWL (C.D. Calif.). … 'Economic espionage is huge and it is not going away,' said Steven Fink, observing the trend as president of the crisis management firm Lexicon Communications Corp. in Pasadena, Calif. … Yet victimized companies remain reticent to come forward, fearing prosecution would expose their trade secrets and damage their corporate image. … The companies 'have been appalled at the cavalier way [the FBI and federal prosecutors] handled their trade secrets,' Fink said. 'They feel they are more at risk for getting trade secrets exposed by coming forward than just sweeping it under the rug.'"

USA Today Says Accusations Against Fannie Mae Executives Are Damning. An editorial in USA Today (5/31, 2.31M) says a report from government officials says Fannie Mae "engaged in 'extensive financial fraud' by doctoring earnings so…executives could earn 'unjustified levels of compensation.'" USA adds, "These are extraordinarily damning assertions. They show a company whose top executives were contemptuous of criticism and imbued with a sense of entitlement to enrich." USA adds, "The report on Fannie Mae was accompanied by a $400 million settlement with the government. Federal agencies are still evaluating whether to bring civil or criminal charges against individuals. These are not pleasant things to contemplate. But they are the facts."

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CRIMINAL LAW:

DOJ Defends Jefferson Office Search As House Seeks Answers. The Washington Post (5/31, A4, Lengel, Babington) reports, "The Justice Department yesterday vigorously defended the recent weekend raid of Rep. William J. Jefferson's Capitol Hill office as part of a bribery investigation, asserting that the Democratic lawmaker attempted to hide documents from FBI agents while they were searching his New Orleans home last August." The Post continues, "The government questioned in a 34-page motion filed in U.S. District Court here whether it could have obtained all the materials it had sought in a subpoena if it had not launched the surprise raid on Jefferson's congressional office May 20. According to the government filing, an FBI agent caught Jefferson slipping documents into a blue bag in the living room of his New Orleans home during a search. … 'It is my belief that when Congressman Jefferson placed documents into the blue bag, he was attempting to conceal documents that were relevant to the investigation,' FBI agent Stacey E. Kent of New Orleans stated in an affidavit that was part of the government's court submission. The document was filed in response to Jefferson's lawsuit demanding that the government return to him documents seized during the raid on his Capitol Hill office 11 days ago. … Robert P. Trout, Jefferson's attorney, said he would refrain from commenting pending further review of the government's documents. Meanwhile, the recent FBI raid spurred new tensions between Congress and the administration, as a House committee chairman vowed to interrogate top Justice Department officials."

CNN's The Situation Room (5/30, Blitzer) reported, "Justice Department officials rejected Democrat William Jefferson's demand to have all the seized documents returned." CNN (Bash) added that DOJ said "they would allow Jefferson to have copies of everything they took to make sure that nothing that they took was privileged." The Los Angeles Times (5/31, Schmitt, 958K) notes DOJ "proposed a 'procedural accommodation' that would give Jefferson a new chance to challenge whether prosecutors should have the documents. Although it was unclear whether the proposal would be accepted, it was the first significant public concession by the department since the 18-hour search…ignited a political firestorm."

MSNBC (5/31) reports, "Justice Department lawyers said (Tuesday) it will make another concession to Congressman William Jefferson, D-LA, in the fight over the search of Jefferson's Capitol Hill office. … In the latest court filing involving the search, prosecutors say they'll provide Jefferson with copies of everything taken from his office in the weekend raid. Before the FBI agents investigating the corruption case are allowed to see the documents, Jefferson's lawyers will have a chance to urge a judge to exclude any items they consider protected by the Constitution's Speech and Debate clause privilege." MSNBC continues, "'As for the search itself, government lawyers today argued it did not violate the Constitution. They say that Rep. Jefferson's position would extend the Speech and Debate clause's immunity so far that it would make it impossible to search any place that might contain even one privileged document. That should be rejected, they say, because the courts have held that 'the laws of this country allow no place or employment as a sanctuary for crime.'"

Sensenbrenner Vows To Call Gonzales, Mueller As House Panel Criticizes FBI Raid. The House Judiciary Committee yesterday held a hearing about the FBI search of Rep. William Jefferson's Capitol Hill office. Chairman James Sensenbrenner – who called the hearing, titled "Reckless Justice: Did the Saturday Night Raid of Congress Trample the Constitution?" – vowed to hold two more sessions and said he will call Attorney General Alberto Gonzales and FBI Director Robert Mueller to testify. ABC World News Tonight (5/30, story 6, 2:30, Gibson, 8.78M) reported, "Some in Congress charge the Justice Department had no right -- that congressmen should be immune. Justice Department officials said they had every right, if a congressman might be breaking the law." ABC (Tapper) added, "Some say this battle could go to the Supreme Court, which has already ruled that the separation of power protects only legislative activities, such as a congressman researching or writing a bill." Yale Law Prof. Akhil Amar: "Last time I checked, taking bribes isn't part of ordinary legislative work."

CNN's The Situation Room (5/30, Bash) reported, "We're told that House Speaker Dennis Hastert is preparing to send a letter to the Attorney General this afternoon that says that Justice officials should come up to the Hill next week to meet with the general counsel of the House, to start talks about what kind of procedure they can put in place in case the FBI wants to search a lawmaker's office in the future." At the hearing yesterday, Sensenbrenner said he will call

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Gonzales and Mueller "to explain why they okayed a raid on a lawmaker's office for the first time in history." The Hill (5/31, O'Connor) notes that "spokesmen for the Judiciary Committee and the Justice Department were unable to conclude by press time whether or not Sensenbrenner had issued formal requests to Gonzales or Mueller to appear."

The New York Times (5/31, Hulse) reports, "The House intends to summon Attorney General Alberto R. Gonzales and the director of the Federal Bureau of Investigation, Robert S. Mueller III, before the Judiciary Committee to justify its search of a Congressional office, the panel chairman said Tuesday. … The chairman, Representative F. James Sensenbrenner Jr., Republican of Wisconsin, called the search 'profoundly disturbing.' … Mr. Sensenbrenner also said he planned a legislative response to the search on May 20 of the office of Representative William J. Jefferson, Democrat of Louisiana. The bill would be patterned on a law limiting searches of news media offices. … 'I think this law will help the Justice Department get it right next time because they didn't get it right this time,' Mr. Sensenbrenner said as his committee heard from legal experts and a former lawmaker." The Times adds, "All four witnesses, appearing Tuesday at an unusual hearing held in a Congressional recess, described the search as a damaging breach of the constitutional separation of powers. They said it warranted an aggressive reaction from Congress, including subpoenaing material from Mr. Gonzales if necessary. … 'This latest use of a search warrant by the executive branch to rummage through the files of a member's office is simply an additional instrument of the Bush administration to cow Congress,' Bruce Fein, a constitutional lawyer, said at the hearing."

USA Today (5/31, 4A, Johnson, 2.31M) adds that DOJ spokesman Brian Roehrkasse said, "We have a great deal of respect for Congress as a co-equal branch of government. We will continue to meet with members of Congress…about the search and what can be done to alleviate their concerns." At the hearing, former Reagan Associate Deputy Attorney General Bruce Fein "suggested that President Bush should have allowed Gonzales and Mueller to resign or fired them after the pair signaled last week that they would have stepped down if forced to return material seized in…raid."

The Washington Times (5/31, Fagan) reports, "Rep. John Conyers Jr. of Michigan, the panel's top Democrat, called the raid 'sloppy at best but reckless at worse' and joined other Democrats and the American Civil Liberties Union, in saying it's just one of many examples of the Bush administration overreaching. … Hearing witnesses, including law professors and a former House member, said the Justice Department overstepped its bounds. They specifically criticized the department for failing to give House leaders adequate notice or consultation, barring House personnel from being present and searching through congressional files, some of which inevitably contained legislative-related material that, witnesses argued, are protected from use in a prosecution under the constitution's 'speech or debate' clause. … 'The raid on this office represents a profound and almost gratuitous insult to a coequal branch of government,' said George Washington University Law School Professor Jonathan Turley." The Times notes, "Justice Department spokesman Brian Roehrkasse was open to a hearing, but added, 'We also hope that Congress recognizes it would be inappropriate for a federal official to discuss the specific details of an ongoing criminal investigation in a public hearing.'"

The AP (5/31, Kellman) reports, "Sensenbrenner, R-Wis., a loyal White House ally, made his position clear with the title of Tuesday's hearing: 'Reckless Justice: Did the Saturday Night Raid of Congress Trample the Constitution?' … 'The issues involved in this unprecedented action by the executive branch transcend any particular member,' Sensenbrenner said Tuesday." The AP adds, "Democrats said a member of the Bush administration, and not just legal experts, should have been called before the panel to answer for the raid. … 'We've never been told why the search had to be done in the middle of the night,' noted ranking Democrat John Conyers of Michigan. 'We've never learned why the member in question was not permitted to have his attorneys present while his offices were searched for some 18 hours.'" The AP notes, "One witness at the hearing, former Rep. Bob Walker, R-Pa., said Congress should play hardball in seeking answers to its questions by subpoenaing administration documents authorizing the raid. … 'The American people should be deeply concerned that a decision to conduct a raid on Congress was made consciously and evidently at high levels inside the Justice Department and the FBI,' Walker told the panel. … 'If the Rayburn raid was a precedent for coming attractions and intimidating tactics, the way Congress responds initially must be improved.'"

The Minneapolis Star Tribune/AP (5/31, Kellman) reports, "Sensenbrenner said Tuesday he will summon Attorney General Alberto Gonzales and FBI Director Robert Mueller before his House panel to testify about their decision

to search a lawmaker's office. … 'I want to have Attorney General Gonzales and FBI Director Mueller up here to tell us how they reached the conclusion they did,'' said Sensenbrenner, a Wisconsin Republican and one of President Bush's most loyal House allies." The AP adds, 'Gonzales has said that the search of Rep. William Jefferson's offices was legal and necessary because the Louisiana Democrat had not cooperated with investigators' efforts to gain access to evidence in a bribery probe. An affidavit on which the search warrant was based said investigators had found $90,000 stashed in the freezer of Jefferson's house. … 'We would certainly consider a request for a hearing if one were to be made,'' said Justice Department spokesman Brian Roehrkasse, 'We also hope that Congress recognizes it would inappropriate for a federal official to discuss the specific details of an ongoing criminal investigation in a public hearing.'"

Milbank Notes Sensenbrenner's Prior Reluctance To Challenge Administration. In his Washington Post (5/31, A2, 744K) "Washington Sketch" column, Dana Milbank writes, "When asked to hold hearings on the rendition and torture of terrorism suspects," Sensenbrenner "respectfully declined. Invited repeatedly to probe the Bush administration's leaking of a CIA operative's identity, the chairman sent his regrets. Urged to have hearings dedicated to the administration's warrantless eavesdropping, Sensenbrenner demurred once more. But when FBI agents searched a congressional office…Sensenbrenner went up to the attic and found his gavel."

Mueller Shows Up For Jury Duty In DC. Newsweek (5/31, Isikoff) reports, "Don't ever accuse Robert Mueller of shirking his civic duty. Smack in the middle of last week's constitutional crisis over the FBI raid of Rep. William Jefferson's Capitol Hill office, the conscientous FBI director didn't show up at the office one morning. The reason: he was down at a Washington, D.C., courtroom patiently waiting with other citizens who had been called for jury duty." Newsweek continues, "Much to the surprise of top bureau officials, Mueller didn't immediately get struck for pro-government bias either. Even though he showed up late for his jury duty call on May 25 (he had a valid excuse: he needed to give President Bush his regular morning terrorism briefing), Mueller was processed into the jury pool and made it through the first round of dismissals, according to FBI spokesman John Miller. He was then assigned to a murder case. He even took his seat in the jury box to be questioned in the voir doir process by lawyers in the case. Mueller said he could be 'fair and impartial as to the evidence,' Miller said. 'There were other people eliminated before him.' … But in the end, Mueller—who was accompanied the whole time by his usual security detail—did have a bias problem: in his prior life, after serving as chief of the Justice Department's criminal division during the administration of President George H.W. Bush, Mueller had forsworn a career with a fancy white-collar law firm, in order to join the U.S. attorney's office in Washington, D.C., and prosecute homicide cases. It turned out Mueller had tried cases in front of the judge handling last week's murder case. He also had worked with the prosecutor and police detective involved with the case and knew the defense lawyer, having tried cases against him. 'So, finally at some point, they cut him,' said Miller."

US Pressures Internet Firms Over Data Retention. CNN.com (5/31) reports, "During a meeting last week with some of the nation's leading Internet service companies, the attorney general and the FBI director asked a variety of customer information and other data be kept for two years, much longer than the companies do now, the Justice Department confirmed Tuesday." CNN continues, "Companies have varying policies regarding what information is kept and for how long. … One thing the Justice Department wants is some type of subscriber information, such as the Internet address assigned to a person when logging on to a service provider, two sources familiar with the meeting told CNN." CNN adds, "The online industry is expected to strongly oppose any request to retain these types of records because of privacy concerns for their customers. … 'It is a slippery slope,' one of the sources said of the government's interest in the information. 'It becomes a fishing expedition.' … The Internet companies have said there are other ways to get the information without them having to hand it over and believe requests like this are burden to the industry, the sources said." CNN notes, "Justice Department spokesman Brian Roehrkasse said government and private industry officials are continuing to discuss the privacy issues involved and some of the concerns raised by the companies at the meeting Friday at the Justice Department. … The meeting, first reported by CNET News.com, included representatives from Verizon, Comcast, AOL (which is owned by Time Warner, as is CNN.com), Microsoft, Google and the U.S. Internet Service Provider Association, the sources told

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CNN. Companies involved refused to comment on the meeting."

Jury Finds Muhammad Guilty Of Six Sniper Murders. ABC World News Tonight (5/30, story 7, :20, Gibson) reported, "In the state of Maryland, today, another guilty verdict for the murderous sniper John Allen Muhammad. A jury found Muhammad guilty of six killings during the shooting spree that terrorized the Washington area in 2002. His protégé and colleague, Lee Malvo testified against Muhammad. He now faces a life sentence in Maryland. He has already received a death sentence from a jury in Virginia."

The CBS Evening News (5/30, story 6, 0:25, Schieffer) reported, "Muhammad could get life without parole, but he's already been sentenced to death for a sniper murder in Virginia."

The Washington Post (5/31, A1, Rich, Londoño) reports, "A jury deliberated less than five hours yesterday before finding John Allen Muhammad guilty in each of the six sniper slayings in Montgomery County, marking the second time he has been held responsible in the 2002 rampage that terrorized the Washington area." The Post continues, "The verdict, returned in the county where the snipers did most of their killing,ended a four-week trial that brimmed with new claims about the mechanics of the slayings and the motives behind them. The source of those claims was Muhammad's younger accomplice, Lee Boyd Malvo, who agreed to plead guilty and testify for the first time against the man he once regarded as a father. … As the jury was led into the courtroom yesterday, Muhammad stood at the defense table with his arms folded, appearing to smile confidently. The slight smile vanished, and he blinked repeatedly as the forewoman pronounced him guilty of murder six times. … State's Attorney Douglas F. Gansler said later that prosecutors will ask that Muhammad, who was convicted in Virginia in 2003 and is on that state's death row, be sentenced to life in prison without the possibility of parole. Sentencing is scheduled for tomorrow."

The Washington Times (5/31, Ward) reports, "In 2003, a Virginia Beach jury sentenced Muhammad to death for capital murder in the shooting of Dean Harold Meyers and other charges. He could be executed as soon as three years from now, the Virginia Attorney General's Office said yesterday. … Montgomery County State's Attorney Douglas F. Gansler said Muhammad will be shipped back to Virginia 'within a week' of his sentencing hearing. … Authorities said they brought Muhammad to Maryland to give victims' families their day in court, and for insurance in case Muhammad's Virginia conviction is overturned on appeal."

The AP (5/31, Manning) reports, "The announcement Tuesday afternoon followed four weeks of prosecutors, experts and witnesses presenting evidence against Muhammad and Muhammad defending himself with the argument that he had been framed. … Acting as his own attorney, Muhammad told the jury in his closing argument Friday that he was only in the Washington area during those three terrifying weeks to search for his ex-wife and children. He said government agencies planted evidence and collaborated to pin the crime on him and teenager Lee Boyd Malvo. … Maryland prosecutors said Malvo had agreed to a plea deal, and last week, the young man gave a chilling account of Muhammad's planning for the October 2002 shooting spree."

Former Ney Aide Testifies He Falsified Travel Disclosure For Scotland Trip. The New York Times (5/31, Shenon, 1.19M) reports Neil Volz, a former aide to Rep. Bob Ney who later became a lobbyist, "testified on Tuesday that he had prepared a travel disclosure statement for" Rep. Ney "that intentionally understated the cost of the lawmaker's lavish 2002 golfing trip to Scotland with the now-disgraced lobbyist Jack Abramoff." Volz "said in testimony before a federal jury in Washington that he had talked with the lawmaker, Representative Bob Ney of Ohio, before providing Mr. Ney's office with a copy of the statement, which he said falsely listed the cost of Mr. Ney's trip that summer as $3,200. Before joining Mr. Abramoff's lobbying firm, Mr. Volz had been Mr. Ney's chief of staff." Volz appeared as a "government witness at the trial of David H. Safavian, a former White House aide accused of lying about his ties to Mr. Abramoff." Volz said "he knew the $3,200 figure was too low, especially given the use of a chartered Gulfstream jet and $500-a-night hotel rooms. But he said he provided the number to Mr. Ney because it was modest enough not to attract the attention of reporters and others who might see the disclosure form."

The Washington Post (5/31, A7, Schmidt, 744K) adds that Volz testified how Abramoff "identified his 'champions' in government and then showered them with favors to get inside information and help for his clients." Volz said "that among those he and his colleagues considered allies were Ney and

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former General Services Administration official David H. Safavian, the first person brought to trial in connection with the Abramoff scandal. Central to Team Abramoff's lobbying operation, Volz said, was developing contacts in government 'who operate at a higher level' and who 'for whatever reason want to help you out.'" The Post adds that Volz "testified that Safavian and Ney guided the lobbyists as they looked for ways to gain access to government-owned land in Maryland, which Abramoff wanted for a religious school, in the weeks before the lobbyists took the two officials on a luxury golf trip to Scotland."

US To Seek Death Penalty In Virginia Murders. The Washington Post (5/31, Jackman) reports, "Federal prosecutors in Alexandria said yesterday that they will seek the death penalty for Thomas M. Hager for his alleged role in the stabbing death of a Fairfax County woman, saying that since 1992, Hager has killed five other people and ordered the slaying of a seventh person." The Post continues, "Two men have pleaded guilty to the murder of Barbara E. White, a 19-year-old single mother who lived in the Mount Vernon area. Those men admitted that on Nov. 29, 1993, they stabbed White repeatedly in her bathtub while White's 13-month-old daughter was elsewhere in the apartment with a fourth suspect. White's body and her toddler weren't found for 18 hours. White had been stabbed 82 times. … The two men, Lonnie T. Barnett Jr. and Arlington Johnson Jr., received life sentences. They said they were working for Hager, a crack cocaine dealer, who also stabbed White repeatedly, according to prosecutors. Hager was indicted in January on a charge of murder while engaged in drug trafficking." The Post adds, "Hager, now 33, is serving a minimum 87-year sentence for killing a man in the District in March 1995. In filing notice of their intent to seek the death penalty for Hager, prosecutors outlined a career of crime dating to a conviction for dealing cocaine as a 16-year-old. … Assistant U.S. Attorneys James L. Trump and Steven D. Mellin wrote that Hager was a regular crack dealer in the District who robbed people, including rival drug dealers, of drugs, money and other valuables."

Prosecution Witness Cross-Examined At Chicago Patronage Trial. The Chicago Tribune (5/31, Mihalopoulos, Bush, 643K) reports, "City hiring officials made sure Chicago Skyway tollbooths were staffed so Mayor Richard Daley would not get stuck in traffic as he traveled to and from his summer home in Michigan, according to a former Streets and Sanitation personnel director. Jack Drumgould testified Tuesday in the City Hall corruption trial that he received the advice in 1998 from his predecessor soon after taking over as director of personnel in Streets and Sanitation. … That anecdote came as defense attorneys for four former Daley administration officials charged with rigging the city's hiring and promotions process tried to attack Drumgould's credibility." Drumgould testified last week that he made political hires at the direction of Daley patronage officials. During his cross-examination yesterday, defense attorney Thomas Anthony Durkin "returned again and again to a theme from his opening statement in the trial — that politics has long played a role in city hiring and is only now being treated as a crime."

The Chicago Sun-Times (5/31, Warmbir, Korecki) also opens its story with Drumgould's revelation "that he was told by his supervisor to make sure there were always enough toll collectors on the Chicago Skyway to avoid any backups that could ensnare the mayor." The Sun-Times adds, "Defense attorneys for Sorich and his former colleagues drilled Drumgould throughout the day. They pointed out possible inconsistencies in his testimony on the stand and what he said before. They suggested that city workers were promoted not because of politics, but because they were qualified. And one defense attorney pointed out that Drumgould passed his daughter's application along when she applied for and received a job at the Chicago Park District."

Jury Seated In First Tennessee Waltz Trial. The Memphis Commercial Appeal (5/31, Buser) reports, "Testimony is scheduled to begin this morning in the bribery trial of former state senator Roscoe Dixon, the first local trial in the FBI's undercover sting operation dubbed Tennessee Waltz. … On Tuesday, a jury of seven women, five men and two female alternates was seated after day-long jury selection." The jurors "were identified in court by their jury number or by seat number in the jury box. U.S. Dist. Court Judge Jon McCalla said the secret procedure would be used since more than half of the potential jurors chose on a questionnaire to be addressed in court by number rather than by name." The AP (5/31, Baird) adds that "Dixon said he felt 'at peace' as his trial on federal bribery charges got under way Tuesday. … Federal prosecutors have estimated the trial will last two weeks. But Dixon's lawyer, Coleman W. Garrett, said that estimate may be conservative." The New York

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Times (5/31, Emery, 1.19M) notes Dixon "was indicted with four sitting state lawmakers in May 2005. He is…accused of taking $9,500 from a bogus company created by the F.B.I. John N. Ford, a Memphis Democrat and uncle of Representative Harold E. Ford Jr., resigned his State Senate seat and will go on trial in the fall."

Closing Arguments Made At Gambino Capo Trial. The AP (5/31) reports, "A prosecutor told a jury in closing arguments Tuesday that an ailing Gambino captain all but convicted himself of racketeering by bragging about the family and its crimes as he cozied up to an undercover FBI agent. Gregory DePalma, breathing through a tube connected to an oxygen tank, sat with his eyes closed as Assistant U.S. Attorney Christopher Conniff berated him as a 'violent and cunning criminal.'" The AP adds, "Defense lawyer, Martin Geduldig, attacked the government's evidence, saying prosecutors tried to trick the jury when it 'brought out all the old ghosts,' including pictures of the late mob boss John Gotti and mob figures from the 1980s. He said the cooperating witnesses in the trial were essentially bought by the government with money or promises of leniency for mob murders." The New York Daily News (5/31, Zambito, 729K) adds Conniff said that "DePalma's foul-mouthed rants, captured by an FBI bug secreted in his own cell phone, are all jurors need to convict the elderly capo of being a scheming shakedown artist." However, "Geduldig said DePalma's only crime was being a 'blowhard' who exaggerated his Mafia muscle."

Casinos Enticed By Revenue Prospects Of Online Gaming. The Las Vegas Sun (5/31, Benston) reports, "What a difference $15 billion makes. … After watching the fortunes of online casinos soar fivefold in as many years - an extraordinary winning streak with no apparent end in sight - Las Vegas casino giants want Congress to study letting them in on the action." The Sun continues, "Casino executives are licking their chops for good reason. … A gambling industry survey indicates that U.S. gamblers who bet online - which is illegal in this country - are young, savvy, college-educated men with money to burn. … But even as the industry wants to create dot-com casinos, conservative members of Congress were pushing last week to strengthen the ban on Internet betting - and were buoyed by a public opinion poll that showed growing concern about gambling." The Sun adds, "The Pew Research Center released poll results last week showing that 70 percent of Americans think legalized gambling encourages people to gamble more than they can afford, up from 62 percent in 1989. … Online gaming catapulted onto the scene this decade, skyrocketing from a $3 billion industry in 2001 to a $15 billion jackpot last year. … As much as 60 percent of the revenue is estimated to have come from U.S. citizens, many of whom reported in the survey commissioned by the American Gaming Association that they didn't realize they were breaking the law. … Online gambling revenue is projected to balloon to $24 billion by the end of the decade. … The Justice Department's inflexible position that Internet gambling is illegal has left American casino giants standing on the sidelines of one of the most lucrative business opportunities in the past decade."

FBI Completes Search Of Michigan Farm For Hoffa Remains. The FBI yesterday completed its search of a Milford Township, Mich., farm for evidence in the disappearance of Jimmy Hoffa. Investigators found no remains, but Detroit FBI agents vowed to continue the probe.

The CBS Evening News (5/30, story 8, 1:55, Schieffer, 7.66M) reported, "The FBI does not know where he is, but it does know tonight where he is not. And that would be a horse farm in Michigan. It cost taxpayers about a quarter of a million dollars to find that out. … The FBI estimates it will cost taxpayers $160,000 to replace the barn they tore down, and another $100,000 to staff the search." ABC World News Tonight (5/30, story 8, Gibson, 8.78M) noted, "This search ended the way so many previous ones have, with no trace of Hoffa." NBC Nightly News (5/30, story 8, 0:25, Williams, 9.87M) added, "And so, as someone said today, while there's no proof that Hoffa bought the farm, the government now has to buy a barn for the folks who own the farm."

In a widely-distributed story, the AP (5/31, Krisher) reports, "The two-week search involved dozens of FBI agents, along with anthropologists, archaeologists, cadaver-sniffing dogs and a demolition crew that took apart a barn." Detroit FBI Supervisory Special Agent Louis Fischetti "said the tip that led agents to the farm was the best federal authorities had received," and "the agency planned to continue the investigation." Assistant Special Agent in Charge Judy Chilen noted, "There are still prosecutable defendants who are living, and they know who they are." Chilen "said that she believes Hoffa had been buried on the farm and that she had no evidence his body had been moved. Fischetti added: 'We really don't have any indication that it was or wasn't moved.'"

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The Detroit News (5/31, Wisely) notes, "Investigators said the tip that led them to the farm once owned by Hoffa associate Rolland McMaster was scrutinized and carried credibility because it included details they hadn't seen before. … But when asked what the search produced, Chilen answered with a single word: 'Nothing.'"

In a story distributed by Knight Ridder, The Detroit Free Press (5/31, Ashenfelter, Witsil, Swickard) adds that "the FBI came up empty-handed," but "people familiar with the case said federal prosecutors likely would propose a sentence reduction" for tipster Donovan Wells. At yesterday's press conference, Chilen and Fischetti "said Hoffa's body still might be on the farm. FBI spokeswoman Dawn Clenney said the search focused on 'the most likely areas' and 'if further information comes forward, we'd go back and get another warrant.' Clenney said news of the search prompted additional tips phoned into the FBI." The Free Press notes, "Although critics have said that the FBI wasted the public's time and money…Milford Township Police Chief Wayne Walli said authorities had no choice but to dig," and "Hoffa's daughter, Barbara Crancer…said the family is grateful that the FBI searched."

The Chicago Tribune (5/31, Jones, 643K) reports that "with no hints that the search was going anywhere, the effort started to draw fire this week from those, including a Detroit-area congressman, who questioned the cost." Fischetti "said the search is expected to cost less than $250,000. In response to criticism, Chilen said the FBI does 'not put a price tag on murder and kidnapping. ... We go where the evidence leads us,' she said. … 'We hope this sends a message to those involved…that the FBI does not give up,' Chilen said, 'no matter how much time has passed.'" The New York Times (5/31, Maynard, 1.19M) also notes Rep. Joe Knollenberg's criticism of the search and adds that FBI Detroit SAC Daniel D. Roberts responded in a statement Friday, "The expenditure of funds has always been necessary in each and every case the F.B.I. works, and this one is no exception. We will not abandon our responsibility to investigate a pending organized crime case because it might be termed "too old."" CNN.com (5/30), NPR's All Things Considered (5/30, Klinefelter) and BBC News (5/30) also reported on the end of the search.

Elderly Women Charged With Insurance Fraud In Deaths Of Two Men. The Los Angeles Times (5/31, Pringle, So) reports, "In early April, the two women dropped by a Sunday lunch for the homeless at Hollywood Presbyterian Church. … They fit the picture of do-gooders, a pair of kind souls happy to spend the afternoon helping the less fortunate. … The women, Olga Rutterschmidt and Helen Golay, are the septuagenarian odd couple charged in an alleged life insurance scam involving the hit-and-run deaths of two homeless men." The Times continues, "Rutterschmidt is a feisty music lover from Hungary. She has an expired electrolysis license and little visible means of support, but hinted to her Hollywood neighbors that she knew of ways to make easy money. … Golay is an outwardly prosperous Santa Monica landlord. Her penchants are for pantsuits and the big bouffants of her native Texas, as well as for siccing lawyers on those who crossed her, including her own daughter. … And while their backgrounds and lifestyles could scarcely be more different, they have shared a tendency over the years for alienating, suing and ultimately baffling the people around them, according to court records and interviews." The Times adds, "The women filed nearly 40 lawsuits between them over the last two decades, usually demanding money for alleged wrongs. … Golay sought damages from a woman she claimed stole leather skirts from her. She also sued a health club, saying she was hurt on an exercise machine. … A federal grand jury Tuesday indicted Golay, 75, and Rutterschmidt, 72, on nine counts of fraud in connection with more than $2 million in life insurance policies that they took out for Paul Vados and Kenneth McDavid, who were struck and killed by cars in 1999 and 2005. … Authorities say the women, who were arrested May 18, are also under investigation in the deaths."

VA Official Resigns For Failing To Notify Department Of Data Theft. ABC World News Tonight (5/30, story 10, 2:25, Gibson, 8.78M) reported, "The Veterans Affairs official who failed to notify superiors about the theft of millions of veterans' personal information resigned today. Michael McLendon supervised the employee who lost the data." The Washington Post (5/31, A17, Lee, 744K) adds, "Dennis M. Duffy, who has been acting assistant secretary for policy and planning, was placed on administrative leave yesterday." He "learned of the theft May 5," but "Deputy Secretary Gordon H. Mansfield was not told of the data loss until May 10, and" Veterans Affairs Secretary Nicholson was not informed until May 16. Paul Hutter, assistant general counsel for management and operations, will "temporarily

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lead the Office of Policy and Planning until Patrick W. Dunne, nominated last week to be assistant secretary for policy and planning, is considered by the Senate." The New York Times (5/31, 1.19M) and USA Today (5/31, 4A, 2.31M) also report on the resignation.

Identity Thieves Trolling State, Local Government Web Sites. ABC World News Tonight (5/30, story 10, 2:25, Gibson, 8.78M) reported, "Last year, 9 million Americans had their identities stolen at a cost of more than $56 billion." ABC (Reynolds) added, "Personal identity thieves are graduating, from the dumpster to the desktop. And as sunshine laws meet cyberspace, government has become an involuntary accomplice." In Maricopa County, Arizona, "which has the highest percentage of ID theft in the country, Social Security numbers can be found online in court documents and real estate deals. And the county recorder says with 60 million to 70 million documents online, it would be impossible to remove all the information." In Ohio, "hundreds of people were victimized to the tune of $500,000 by thieves who used a Hamilton County Website." Greg Hartmann, clerk of courts: "They were mining our site, perusing the public documents and finding traffic tickets and other records that had Social Security numbers attached to somebody's name and address."

Capitol Mall's Safe Image Shattered By Night Crimes. The Washington Post (5/31, A1, Dvorak, Ruane) reports, "The green expanse of the Mall evokes many emotions, but wariness has never been one of them. Over the years, the lack of crime has created an aura of safety that allows joggers and tourists, children and couples to drop their guard and stroll in the day and even at night. … That changed in recent days, when a band of robbers used the elm tree shadows to surprise and attack six tourists walking along Washington's grassy sanctuary under the spell of the stars. It was as if an unspoken agreement had been broken between the underworld and the nation's icons. … 'There's no question that the Mall has been off-limits to thugs, and it's no surprise that they found it,' said Del. Eleanor Holmes Norton (D-D.C.). 'But it should only be for a split second.'" The Post continues, "Norton, a race walker who strides across the Mall when the sun goes down, was angry that the U.S. Park Police did not double up patrols on the Mall after what happened Thursday. Twice that night, bandits brandishing a semiautomatic handgun robbed a man and a woman, assaulted the woman and fled. A similar attack happened early Sunday. … The Thursday night assaults happened only 15 minutes apart." The Post adds, "After the Thursday night incidents, police added a scooter and a patrol car to the stretch of Mall between Ninth and 12th streets, near where the attacks happened, Norton said. … Park Police Chief Dwight E. Pettiford acknowledged that the response should have been stronger. … Since the sexual assault Sunday, a low-key police force, ordinarily dispatched to guard the steps of the Lincoln Memorial and patrol the Baltimore-Washington Parkway, has been reassembled along the Mall."

7th Circuit Upholds White Supremacist's Murder Solicitation Conviction. The AP (5/31, Robinson) reports, "A federal appeals court in Chicago on Tuesday upheld white supremacist Matthew Hale's conviction and 40-year sentence for soliciting the murder of a federal judge, brushing aside his claim that he had repeatedly said he wanted nothing to do with the crime. … 'As the government has maintained, Hale tried to "create plausible deniability in the event his conversation was being monitored,"' a three-judge panel of the 7th U.S. Circuit Court of Appeals said." The AP continues, "The judges refused to overturn Hale's April 2004 conviction on charges that he solicited an FBI informant to murder U.S. District Judge Joan Humphrey Lefkow. They also turned down his request for a reduced sentence. Lefkow's husband and mother were killed in her home the following year by a man who had no relation to the Hale case." The AP adds, "According to evidence at his trial, Hale, 35, had become enraged at Lefkow after she ordered his white supremacist group to stop using the name World Church of the Creator. Another group had sued saying it had a copyright on the name. … The appellate panel cited a number of Hale conversations and behavior patterns to bolster the government's theory that he wanted to have Lefkow killed because of the case. Among them, it described as 'flimsy' Hale's claim that pressure from FBI agents who had been investigating him for more than a year made him violate the law."

Oklahoma Man Indicted For Threatening Federal Judge. KOKO-TV Oklahoma City (5/27) reported on its Web site, "A man indicted for threatening to assault and kill a federal judge appeared before a federal magistrate Friday, authorities said." Rhett Ellis Arterburn "is accused of threatening U.S. District Judge Ralph G. Thompson, U.S. Attorney John Richter said. Arterburn

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allegedly threatened to assault and murder Thompson in retaliation for the judge sentencing him to federal prison. … He appeared Friday before U.S. Magistrate Bana Roberts on a one-count indictment returned by a federal grand jury in Oklahoma City." The AP (5/27) also reported on Aterburn's indictment.

CIVIL LAW:

Supreme Court Limits Protections For Whistleblowers. Knight Ridder (5/31, Henderson) reports, "The Supreme Court made life a bit tougher for government whistleblowers Tuesday, saying the First Amendment doesn't protect public employees who disclose waste and fraud as part of their jobs." By a 5-4 margin, the justices "said that the government's interest in effectively managing operations outweighs the interests that protect employee speech, even in cases where employees may be reporting inefficiencies or wrongdoing." The ruling "leaves public employees…significantly more prone to retaliation from their employers if they speak out in ways that displease their bosses."

The Washington Post (5/31, A1, Lane, 744K) reports Justice Anthony M. Kennedy wrote the majority opinion, and was joined by Chief Justice John G. Roberts Jr. and Justices Antonin Scalia, Clarence Thomas and Samuel A. Alito Jr. But "Kennedy's opinion drew a sharp dissent from Justice David H. Souter, who argued that statutory and other protections for whistle-blowers are weak. Justices John Paul Stevens and Ruth Bader Ginsburg joined Souter. Justice Stephen G. Breyer dissented in a solo opinion."

USA Today (5/31, Biskupic, 2.31M) notes the dispute "involved Richard Ceballos, a Los Angeles County prosecutor who said he was transferred and denied a promotion for writing a memo to his bosses alleging misrepresentations in an affidavit used by a sheriff's deputy to obtain a search warrant. Officials in the Los Angeles County district attorney's office said their actions arose from legitimate staff changes and contended Ceballos' report was not protected under the First Amendment." The US Court of Appeals for the 9th Circuit ruled, however, that "Ceballos' statements about a potential lie in a search-warrant affidavit were 'inherently a matter of public concern' protected by the Constitution." USA Today adds, "Rejecting that view, Justice Anthony Kennedy wrote that applying constitutional free-speech protections to workers engaged in their regular duties would intrude on managers' discretion." The Bush Administration sided with the District Attorney's office. The Washington Times (5/31, Price, 90K), Wall Street Journal/AP (5/31), Christian Science Monitor (5/31, Richey, 61K), Los Angeles Times (5/31, Savage, 958K) and New York Times (5/31, Greenhouse, 1.19M), among other newspapers, also reports on the ruling.

NYTimes Criticizes Ruling. The New York Times (5/31, 1.19M) editorializes, "The Supreme Court whittled away at the First Amendment yesterday, ruling against a prosecutor who raised concerns about the validity of a search warrant." The court "made the law in this area messy, and even illogical. It suggested the attorney would have had more protection if he had embarrassed his office publicly than by working quietly through the system. But the bigger problem is that the ruling rolls back government workers' rights to speak out against possibly illegal actions." The First Amendment "should not protect employees from discipline for every statement they make at work, clearly. But as the dissenters point out, it should protect them in a case like this one, where an employee was bringing to light information that advances the public interest in honest government and the rule of law."

Justices To Review Award To Smoker's Widow. USA Today (5/31, Biskupic, 2.31M) reports, "The Supreme Court agreed Tuesday to review a jury award of $79.5 million in punitive damages to the widow of an Oregon smoker. It was nearly 100 times the damages set for her actual loss. A key question in the appeal by Philip Morris, to be heard this fall, is whether 'highly reprehensible' conduct as determined by a lower court can override a rule that punitive damages must be related to the actual injury sustained." The justices also "will review whether the jury wrongly punished the company for the injuries of other Oregon smokers."

The New York Times (5/31, Greenhouse, 1.19M) reports, "The Supreme Court's precedents have referred to 'reprehensibility' as a factor to consider in evaluating a punitive damages award." In this case, Philip Morris "argues in its appeal, the Oregon court improperly permitted its conclusion on reprehensibility to 'override the constitutional requirement that punitive damages be reasonably related to the plaintiff's harm.'" The company's appeal "was supported by briefs filed by the United States Chamber of Commerce and the Product Liability Advisory Council, a coalition of 133 manufacturers."

The Washington Post (5/31, D1, Lane, 744K) reports this is "a subject on which the court has been closely divided.

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The impact of President Bush's appointees, Chief Justice John G. Roberts Jr. and Justice Samuel A. Alito Jr., whose views on tort-related issues were not closely examined during their confirmation hearings, could be crucial."

The AP (5/31) reports, "The case gives justices a chance to clarify a 2003 ruling in an insurance case that said punitive damages should generally be in line with actual damages. Arguments will be this fall. … Philip Morris lawyers said that the punitive damages in the Williams case were nearly 100 times the compensatory damages and that the Oregon Supreme Court decision is 'dangerous.'"

Specter, Leahy Renew Effort To Pass Asbestos Bill. The Hill (5/31, Young) reports that Sens. Arlen Specter and Patrick Leahy face "considerable obstacles" in their renewed effort to pass a measure to replace the asbestos-litigation system with a $140 billion trust fund. On Friday, "Specter introduced a new version of the bill and again warned that the Senate faces a do-or-die moment. This bill represents his last stab at the issue, he vowed." The Hill adds, "Brinksmanship may be the only available strategy. Those opposed to the Specter-Leahy bill are entrenched and formidable and have a successful track record."

CIVIL RIGHTS:

DOJ Cites Abuse, Deaths In DC Group Homes. The Washington Post (5/31, A1, Dvorak) reports, "Newly filed court papers give vivid and startling details about the extent of abuse -- from severe scaldings to fatal starvation -- that mentally and physically disabled residents have endured in some of the District's group homes." The Post continues, "Each of these people was a mentally disabled ward of the District who died in the past two years after inexcusable lapses in care, the Justice Department said, urging a judge to hold the District in contempt of court for not meeting repeated promises of reform. Other mentally and physically disabled residents of group homes were beaten, berated, sexually accosted, neglected or targeted for theft, Justice lawyers said. … To protect the victims' privacy, the Justice Department used pseudonyms for the people who died or were harmed. But the circumstances were real, the government said, and represented a pattern dating back decades." The Post adds, "The papers, filed in U.S. District Court, cited 14 'preventable and questionable' deaths since January 2003. They included a 54-year-old woman who was never screened for colon cancer and died from the disease, a 58-year-old woman who was untreated for illness for so long that she went into septic shock and a 45-year-old man who did not get proper help for a swallowing disorder."

Dean Suggests Gay Marriage Ban Supporters Are Bigots. The Washington Times (5/31, Pierce, 90K) reports in its "Inside Politics" column, "Democratic National Committee Chairman Howard Dean claims to be reaching out to red-state voters, but yesterday, he suggested that opponents of homosexual 'marriage' are bigots. Mr. Dean was responding to news that Senate Majority Leader Bill Frist, Tennessee Republican, plans to bring to a vote a proposed constitutional amendment that would ban homosexual 'marriage.' 'At a time when the Republican Party is in trouble with their conservative base, Bill Frist is taking a page straight out of the Karl Rove playbook to distract from the Republican Party's failed leadership and misplaced priorities by scapegoating LGBT families for political gain, using marriage as a wedge issue,' said Mr. Dean, using the abbreviation for lesbian, gay, bisexual and transgender. 'It is not only morally wrong, it is shameful and reprehensible,' Mr. Dean said."

Georgia Supreme Court To Review Ruling On Same-Sex Marriage Ban. The New York Times/AP (5/31) reports that Georgia's Supreme Court "said it would speed its review of a ruling that struck down the state's voter-approved ban on same-sex marriage. A Superior Court judge had ruled that the ban violated the Georgia Constitution because the ballot question addressed more than one issue, including civil unions."

Abortion Advocates File Petitions To Challenge South Dakota Abortion Ban. The New York Times (5/31, Ruethling, 1.19M) reports that abortion advocates filed petitions with more than 38,000 signatures with South Dakota's secretary of state's office "to challenge the state's ban on almost all abortions. The campaign needs at least 16,728 signatures to put the ban, which became law in March, to a statewide vote in November."

ANTITRUST:

DC-Based Blackboard Becomes A Software Powerhouse. In a column for the Washington Post

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(5/31, D1), Steven Pearlstein writes, "Remember the economic theory behind the dot-com mania? … The notion was that, unlike the market for widgets, the Internet economy was prone to winner-take-all competition, in which the first company to gain a significant lead would wind up with a near monopoly, at least till the next breakthrough technology came along. … Big economies of scale were a part of it, allowing the market leader to wage a debilitating price war against smaller competitors. There was also something called 'network effect,' which had to do with the natural preference of customers to use compatible software." Pearlstein continues, "As it turned out, most of the companies bankrolled on the basis of this theory never made it. But for the few that survived, the theory may actually be panning out. There are eBay and Google, of course. And here in Washington, there's Blackboard Inc. … Blackboard has quietly become the world's leader in the software used to connect students to their teachers, their textbooks, their course materials and one another. By some estimates, Blackboard now has as much as 80 percent of the U.S. market, with sales growing at 20 percent annually, 20 percent operating margins and a stock price that has doubled since its first stock offering two years ago." Pearlstein adds, "All of which makes it particularly curious that the Justice Department earlier this year allowed Blackboard, with 45 to 50 percent of the market, to buy its main rival, WebCT, which had 35 to 40 percent. To be sure, there are still thousands of universities and school systems that have no e-learning software, and those that do can switch vendors when contracts come up for renewal. But the quiet approval of the merger of the top two companies in a market with strong winner-take-all characteristics is the best evidence yet that the Bush administration has abandoned antitrust enforcement."

Suit Seeks To Block Time Warner, Comcast Acquisition Of Adelphia. The AP (5/31, Karnowski) reports, "A startup cable television channel sued cable giants Time Warner Inc. and Philadelphia-based Comcast Corp. on Tuesday in an attempt block their planned acquisition of bankrupt Adelphia Communications Corp." The AP continues, "The America Channel, which has yet to go on the air, claims in its lawsuit that the deal violates federal antitrust laws and will reduce competition in the cable TV industry. … The lawsuit accuses Time Warner and Comcast of conspiring to monopolize local cable systems across the country and of using their alleged monopoly power to refuse to deal with independent networks such as The America Channel, denying them the access to local cable systems they need to succeed." The AP adds, "Comcast and Time Warner, the nation's two biggest cable TV companies, agreed jointly last year to acquire Adelphia, the nation's fifth-largest cable operator, for $17.6 billion, and divide up its systems among the two of them. … TAC's lawsuit accuses Comcast and Time Warner of price-fixing and bid-rigging in their submission of a joint bid instead of competing against each other to acquire Adelphia's assets."

Colgate CEO's Legacy Could Hinge On One Last Deal. The Wall Street Journal (5/31, Deogun) reports, "Chances are you have a Colgate-Palmolive Co. product in your house. Colgate Chief Executive Officer Reuben Mark, though, is no household name. … Yet Mr. Mark has delivered gleaming returns for shareholders -- a fact in which he takes great pride. At Colgate's Web site, the default setting for Colgate's stock-price performance is 22 years, which not coincidentally is how long Mr. Mark has been CEO. As of May 17, the stock was up 3,867% in that period, compared with 1,269% for the Standard & Poor's 500-stock index and 2,439% for its peer group, the company says." The Journal continues, "Now in the twilight of his career -- he is 67 and due to step down as CEO next year -- Mr. Mark must make a decision: Does he preserve his sterling stock-price legacy or make a high-stakes gamble with a big acquisition that potentially ensures Colgate a future in a rapidly consolidating marketplace? … During the next few days, final bids are due in the sale of Pfizer Inc.'s consumer-health business, which is expected to fetch $12 billion, or more than a third of Colgate's market value. The business includes over-the-counter drugs such as heartburn remedy Zantac and -- most important for an 'oral care'-obsessed Colgate -- Listerine mouthwash. Many CEOs near retirement would snap up such a deal, viewing it as a crowning achievement." The Journal notes, "Mr. Mark, though, has made his career largely by shunning big acquisitions -- and the limelight. He takes commercial flights and rarely gives interviews. Mr. Mark's deals -- Mennen deodorant and Murphy Oil Soap -- would be rounding errors for the likes of Sandy Weill or Jack Welch. … Like many chiefs, Mr. Mark has fantasized about big deals. A few years ago, he entertained a dream merger with Gillette, owner of razors, Duracell batteries and Oral-B dental-care products. From his seat on the board of Time Warner Inc., though, Mr.

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Mark had watched its heralded merger with America Online nearly wreck the combined company, and he balked. Last year, Procter & Gamble Co., Colgate's biggest rival and maker of Crest toothpaste, swooped in and bought Gillette, cementing its position as king of household products. … Colgate, meanwhile, was losing some of its shine. Some analysts said Mr. Mark had stayed too long, and Colgate was getting marginalized by the likes of P&G. As if on cue, Colgate missed its earnings forecast, and its stock got whacked."

NRG Rejects Mirant's Unsolicited $7.85 Billion Bid. The Wall Street Journal (5/31, Smith, Berman) reports, "Mirant Corp. said it made an unsolicited offer earlier this month to acquire fellow power generator NRG Energy Inc. for $7.85 billion, but in a rejection letter sent May 23, NRG called the cash-and-stock offer 'the wrong deal at the wrong time.'" The Journal continues, "Mirant disclosed its offer late yesterday and said it was renewing its proposal. Both of the so-called merchant power generators fell under bankruptcy-court protection when deregulated power markets contracted following Enron Corp.'s collapse in late 2001." The Journal adds, "Mirant, of Atlanta, emerged from bankruptcy-court proceedings in January. NRG, of Princeton, N.J., emerged in December 2003, having shed $6 billion in debt. … Under the proposal, Mirant offered $57.16 a share in cash and Mirant stock for each share of NRG stock, a 33% premium to NRG's stock price yesterday. In 4 p.m. … Mirant Chief Executive Edward Muller, formerly an executive at utility company Edison International, said he believes a combination would be immediately accretive to Mirant shareholders and would create a company able to cut overhead expenses by at least $150 million a year. He said the combined firms would have 40,000 megawatts of generating capacity in the nation's biggest wholesale-power markets."

Disney Fires Broadside At Marketing Pirates In China. The Wall Street Journal (5/31, Fowler) reports, "Walt Disney Co.'s latest marketing campaign in China features a nervy gambit: getting consumers to help it weed out counterfeit products." The Journal continues, "The company's 'Disney Magical Journey' promotion, its biggest Chinese marketing campaign of the year for consumer products, is a twist on the traditional customer-loyalty program. To enter a contest for free Disney DVDs, television sets and trips to Hong Kong Disneyland, customers peel a sticker off a Disney product, attach it to a form, fill in a few personal details and mail it in." The Journal adds, "The catch: Only legitimate Disney products carry the specific red hologram-covered stickers, in a market rife with pirated Disney products that often are of similar quality to the real thing. … Fighting these counterfeits is crucial for Disney. Sales of consumer products -- such as stuffed toys and books -- make up the bulk of the company's business in mainland China. Piracy has wiped out most legitimate sales of DVDs, while government regulations bar much of the company's imported programming from being shown in theaters and on TV."

EU Regulators Step Up Investigations Of Monopoly Abuses By Energy Companies. The Wall Street Journal (5/31, A6) reports, "European regulators said they raided energy companies to search for evidence of possible monopoly abuses, in an escalation against dominant energy companies." It was "a follow-up to a series of raids the European Commission and national regulators carried out earlier this month in Germany, Italy, France, Belgium and Austria, the commission said. Following the raids earlier this month, Germany's RWE AG confirmed regulators had carried out unannounced inspections of its offices, and German energy giant E.On AG said regulators conducted 'examinations' as part of a 'normal inspection operation' at its headquarters in Essen." The Journal notes, "The commission didn't name the companies inspected. It noted that inspections are just a preliminary step in assessing possible antitrust violations."

The AP (5/31) reports, "The unannounced inspections on Monday and Tuesday were a follow up to earlier visits in May, the commission said. … 'The commission has reason to believe that the companies concerned may have violated ... antitrust rules that prohibit restrictive business practices and/or abuse of a dominant market position,' it said in a statement."

Bloomberg (5/31, Newman) reports, "EU Competition Commissioner Neelie Kroes in February threatened legal action against utilities that bar rivals from using power grids and pipelines. As part of a bid to lower energy costs, Kroes said she will fine or impose restraints on utilities that abuse their dominance in the power and natural-gas markets."

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ENVIRONMENT/INDIAN AFFAIRS:

NOAA Alleged To Have Gagged Salmon Researchers. The Washington Post (5/31, Harden, 744K) reports the administration, "having made it hard for federal scientists to talk publicly about global warming -- appears to have decided that loose lips are also bad when they talk about salmon." The National Oceanic and Atmospheric Administration "has instructed its representatives and scientists in the West to route media questions about salmon back to headquarters. Only three people in the entire agency, all of them political appointees, are now authorized to speak of salmon, according to a NOAA employee who has been silenced on the fish." The post notes that the order "was issued the day after an article appeared last month in The Washington Post quoting federal technocrats making positive statements about two recent decisions…that challenged previous Bush administration policy about protecting salmon."

Industry Groups Challenge Endangered Species Listings. USA Today (5/31, Parker) reports, "Ever since a 3-inch fish protected by the Endangered Species Act stopped construction of a dam in Tennessee in 1978, the law has been known as one of the toughest environmental laws on the books." USA continues, "Environmental groups have used it to halt development in pristine lands across the nation. Today, the law designed to protect animals such as the manatee from extinction also has become a legal tool of property rights groups and developers." USA adds, "In a counterpunch to environmentalists who have filed lawsuits aimed at protecting hundreds of plant and animal species by listing them as endangered or threatened, property rights groups such as the Pacific Legal Foundation are filing lawsuits to have animals and plants removed from the list so that development can proceed. … Meanwhile, industry groups have filed dozens of legal challenges aimed at allowing development on lands set aside by the U.S. government to help protect endangered species. … In a study he published last August on active litigation involving the Endangered Species Act, Parenteau counted 45 lawsuits filed by industry groups and five filed by environmental groups." USA notes, "At the forefront of the movement is the National Association of Home Builders, which recently prevailed in a legal battle over Arizona land that had been designated as a habitat for the cactus ferruginous pygmy owl. Two environmental groups have sued to restore the designation, and a court hearing on the issue is scheduled for Friday. … Likewise, the conservative Pacific Legal Foundation, based in Sacramento, is pressing the federal government to re-examine several animals and plants on the endangered list. … Both groups have found a relatively friendly audience in the Bush administration, which in recent years has loosened many of the restrictions in the Endangered Species Act. Among other things, the administration has focused on giving private property owners incentives to protect vulnerable species, rather than banning activity on their land."

Global Warming Expected To Have Profound Consequences This Century. USA Today (5/31, 6A, Wiseman, Soriano, 2.31M) reports that "there's no question that rising temperatures are poised to change life as we know it." According to the United Nations Environment Program, "In less than 100 years, the Arctic could be ice-free in the summer, which would allow ships to take the polar route from Europe to Asia, say the Canadian Ice Service and the U.S. Navy. At current rates, 75% of glaciers in the Swiss Alps and two-thirds of those in China will melt by 2050, according to separate studies by the European Environment Agency and the Chinese Academy of Sciences."

Americans Seen As Unlikely To Abandon Fossil Fuels, Despite Evidence Of Climate Change. USA Today (5/31, Vergano, 2.31M) reports that "despite increased interest in recent years in hydrogen-fueled cars, windmills and biofuels made from plants, it's very unlikely people won't be burning coal, oil and natural gas in coming decades, says Jae Edmonds of the Joint Global Change Research Institute. There's just too much of the stuff, especially coal, too easily extracted from the ground to expect humanity to stop burning fossil fuels, he says."

Global Warming Threatens Species. USA Today (5/31, O'driscoll) reports, "Alarming anecdotes — such as polar bears drowning as they swim farther in search of scarce Arctic sea ice — dramatize climate change. But a flurry of scientific reports, field observations and official actions suggests nature's struggle with rising temperatures is well underway:" USA continues, "As Earth and its atmosphere grow warmer, the planet's wild inhabitants take cover where they can: cooler waters, deeper forests and canyons, higher slopes or nearer the poles, north and south. … But climate scientists say that if global warming continues unabated, the

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scramble for habitat will grow much harder for millions of species of mammals, birds, amphibians, fish, insects and more. Recent studies say that as many as one-quarter of them could begin to disappear this century and that warming has wiped out some already." USA adds, "For as long as humans have tried to protect wild species, a key strategy has been to preserve habitat and bar encroachment by development, excessive hunting or fishing, and other threats. The USA has a 150,000-square-mile system of federal sanctuaries, with 535 refuges in all 50 states, plus 3,000 other resource sites. … But rising temperatures put animals in motion, seeking new homes when they can't tolerate the old. For waterfowl, that could mean more birds in smaller spaces with less food. That can spark disease outbreaks, greater loss to predators, and cause birds to skip nesting altogether."

Friedman Says GM Undermining US Security. The New York Times' Thomas Friedman (5/31) writes, "Is there a company more dangerous to America's future than General Motors? Surely, the sooner this company gets taken over by Toyota, the better off our country will be. … Our military is in a war on terrorism in Iraq and Afghanistan with an enemy who is fueled by our gasoline purchases. So we are financing both sides in the war on terror. And what are we doing about that? Not only is GM subsidizing its gas-guzzlers, but not a single member of Congress, liberal or conservative, will stand up and demand what most of them know: that we must have some kind of gasoline tax to compel Americans to buy more fuel-efficient vehicles and to compel Detroit to make them."

Gore's Global Warming Views Said To Be Politically Motivated. In his column for the Wall Street Journal (5/31, 2.11M) Holman Jenkins Jr. writes, "A remarkable and improbable thing is that, despite presumably devoting decades of study to the subject of global warming, nothing Al Gore has learned leads him to say anything that would strike the least informed, most dogmatic 'green' as politically incorrect. He doesn't discover virtues in nuclear power. He doesn't note the cost-benefit advantages of strategies that would remove CO2 from the atmosphere, rather than those that would stop its creation. … Mr. Gore's narrative isn't science, but science fiction. It also contains a large element of political fiction, relying on the hack theme of good guys versus bad guys."

Administration Plans Funding Cuts For Energy Department Conservation Programs. The Christian Science Monitor (5/31, Clayton, 61K) reports a "few years ago a little-known US Energy Department program helped produce a design technology for lightweight cars and trucks that in 2004 alone saved the nation 122 million barrels of oil, or about $9 billion. Even without that breakthrough, the tiny Industrial Technologies Program routinely saves the United States $7 worth of energy for each dollar it spends, proponents say." With energy prices "spiking and President Bush pushing for more energy research, the ITP would seem a natural candidate for more funding. In fact, its budget is set to get chopped by a third from its 2005 level. It's one of more than a dozen energy-efficiency efforts that the Energy Department plans to trim or eliminate in a $115 million cost-saving move." The "push to solve the nation's energy woes are bumping up against the federal government's budget problems. To be sure, the Bush administration is anxious to fund its new Advanced Energy Initiative - long-term research into nuclear, coal, wind, solar, and hydrogen power. But to accomplish that, it is cutting lesser-known programs like ITP whose payoffs are far more near-term."

Indian Tribes Establish Their Own Court System. The San Diego Union-Tribune (5/31, Jiménez) reports, "In a modest office above a downtown Escondido storefront, an American Indian law school graduate and a retired Superior Court commissioner are working on a project that could significantly alter the region's justice system for American Indians." The Union-Tribune continues, "The Intertribal Court of Southern California is the latest in various attempts to establish an independent court to handle legal matters generated on the reservations of San Diego County's Indian tribes. … It began in summer 2005 and is open to any tribe." The Union-Tribune adds, "The cases so far have centered on mediating civil disputes and child-custody issues. Several tribes have started using the court as the venue to hear civil infractions, ranging from being drunk in public to illegally discharging a firearm. … It also will serve as the venue to resolve disputes for non-Indians visiting casinos or doing business on reservations that use the intertribal court. … The tribes most active in the intertribal court are clustered in North County, such as Pala and Pauma. The wealthier, more well-known tribes such as Sycuan and Viejas in East County say they either have not heard of the court or have little or no interest in joining." The Union-Tribune notes, "Funding is a primary challenge because the court must find a revenue stream to continue growing. Because California

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law applies on tribal lands, the Bureau of Indian Affairs does little to help fund local tribes in establishing their own courts, legal experts said."

FBI/DEA/ATF/USMS:

FBI To Use DNA Database For Missing Persons, Unidentified Victims. In a front-page story, USA Today (5/31, Willing, 2.31M) reports, "The FBI plans to use its national DNA database system to help identify not only criminals, but also missing persons and tens of thousands of unidentified bodies held by local coroners and medical examiners. A new computer program planned for this fall will compare genetic profiles taken from unidentified bodies or body parts with DNA submitted by family members of missing persons." CODIS Director Thomas Callaghan "said the FBI is in 'a very good position' to identify remains through family members because of the agency's small but growing database of missing persons and unidentified remains, plus its experience in using computers to match DNA."

Over 100 Detroit Deaths Linked To Deadly Drug Mix. KTBS-TV Shreveport, LA (5/31) reported on its website, "More than 100 deaths in Detroit area traced back to drugs mixed with fentanyl." There were "33 such deaths in the past week and many are suspected of being the result of the same deadly combination of drugs." Reports "surfaced before the weekend that area drug counselors were trying to get the word out on the street about the deadlier drug combination being sold, while at the same time" the DEA "was working to track down the source of the mixture."

Pennsylvania Readies For Arrival Of Deadly Compound. The Pittsburgh (PA) Tribune-Review (5/31) adds that while the deadly mix "has killed more than 100 people in Illinois, Michigan and eastern Pennsylvania and parts of four other northeastern states," it "hasn't been found in the Alle-Kiski Valley." But now "and police and drug agents are watching for it." DEA Agent Rick McGoldrick "said Friday the government is investigating more than 20 deaths in Harrisburg and Philadelphia and 30 or more in Michigan. The DEA in Pittsburgh is watching for it to pop up elsewhere."

Texas Man Dies Making Pipe Bomb To Target DEA Agents. The AP (5/31) reports James Charles Torrence, 38, was "indicted on federal drug and firearms charges died in an explosion as he was making a pipe bomb that fire officials say he planned to use against agents." Torrence "was building the bomb Monday in his home when it exploded, officials said." Brian Howell, assistant fire marshal of the Longview Fire Department, "said documents were found in the residence listing names of agents with the Bureau of Alcohol, Tobacco and Firearms and the Drug Enforcement Administration."

Police Said To Be Encountering More Drivers Impaired By Drugs. The Los Angeles Times (5/31, Wright) reports, "While incidences of drunk driving have declined over the years, thanks in part to organizations such as Mothers Against Drunk Driving, driving under the influence of drugs has increased, reports Marilyn Huestis at the National Institute on Drug Abuse in Rockville, Md. To battle the problem, researchers are scrambling to develop uniform procedures that would allow police to easily screen motorists suspected of being under the influence of drugs. One procedure involves a saliva test that could be done quickly in the field with a swab. It would not require police to take a suspect to a hospital or to jail for blood or urine samples, Huestis says."

Wisconsin Gun Shop Tops National List For Selling Weapons Later Tied To Crimes. The Milwaukee Journal Sentinel (5/31John Diedrich Jdiedrich@, journalsentinel.com) reports, "West Milwaukee's Badger Outdoors last year again was tops among all gun shops in the nation for selling guns that later were recovered by police during criminal investigations, according to new data from the federal government." The Sentinel continues, "In 2005, there were 537 crime guns - an average of more than 10 a week - recovered and traced to Badger, the Milwaukee area's largest gun dealer. None of the others in the top five had more than 500 crime guns traced to them, according to the document from the Bureau of Alcohol, Tobacco, Firearms and Explosives." The Sentinel adds, "The ranking was released during a federal trial in which another store with a high number of crime gun traces - Trader Sports Inc. of San Leandro, Calif. - sued to try to keep its dealer's license. … In 1998, Badger had the most crime guns traced to it among all gun dealers in the United States and then fell from the top spot, only to regain the spot last year. Badger has been criticized for selling cheap handguns, which were bought by "straw buyers" with clean records and then passed on to gang

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members. In a 1999 sweep, the majority of straw buyers bought the guns legally at Badger. Owner cites scarcity of shops … Co-owner Mick Beatovic said Tuesday he wasn't aware that many crime guns had been traced to Badger. ATF classifies crime guns as any firearm used or suspected of being used in a crime."

Man Arrested In California Dynamite Theft. The AP (5/31) reports, "A man wanted in the theft of 686 sticks of dynamite from a gold mine has been arrested after a short car chase in a stolen car, officials said." The AP continues, "Sheriff's deputies arrested Joshua Lee Gawn, 33, for investigation of auto theft Friday night, Deputy Chris Durham said. Gawn didn't give his name and authorities didn't realize he was wanted in the dynamite case until fingerprint information came back Saturday night, Durham said." The AP adds, 'Investigators earlier this month had focused on Gawn based on information from witnesses and tipsters. After his apartment was searched, he was arrested for investigation of a probation violation but was released the next day on $25,000 bail. … While in custody, Gawn admitted he stole explosives, according to an affidavit from the Bureau of Alcohol, Tobacco, Firearms and Explosives. The ATF obtained an arrest warrant for Gawn on May 18 after he did not turn himself in for arraignment in federal court."

The Riverside (CA) Press-Enterprise (5/31, Burge) reports, "Special Agent John D'Angelo, of the Bureau of Alcohol, Tobacco, Firearms and Explosives, said he couldn't comment on the details about Gawn's arrest. 'I'm just glad they arrested him,' he said. 'From what I can tell this was a case of good police work.' … The ATF obtained an arrest warrant for Gawn on May 18 after he failed to turn himself in for arraignment in federal court. The warrant accuses him of being a felon in possession of explosives."

FBI Agent Says Tips Prompting Expansion Of Jeffs Investigation. MSNBC's Rita Cosby Live & Direct (5/30) interviewed Salt Lake City FBI Special Agent Timothy Furhman, reporting, "Tonight, new development in the hunt for polygamist cult leader Warren Jeffs. … The FBI is now beefing up its search for the fugitive who just weeks ago made the list of the country's Top 10 most dangerous criminals. … Agent, why are we beefing up the law enforcement? Is there some tip?" Fuhrman: "We have had a number of call-ins and a number of tips that have come in. I wouldn't necessarily say we're beefing up. We're just expanding the area where we are investigating, involving a number of law enforcement offices and different FBI offices and different techniques that we're employing."

Meanwhile, The Salt Lake City Deseret Morning News (5/30, Winslow) reported, "FBI agents in Salt Lake City declined to comment on the specific number of agents assigned to the Jeffs case but said additional resources are being freed up to deal with the high-profile fugitive. 'You couldn't expect one person to handle all this work,' FBI Special Agent Patrick Kiernan said. 'The leads have continued to come in, and we continue to keep personnel and the FBI very busy.' … 'We have had 482 people on the list, and 452 have been apprehended or located,' Kiernan said. … Close to 150 of those were apprehended because of citizen tips, he added." KSL-TV Salt Lake City (5/30) also notes on its Web site that "officials say a substantial amount of agents and resources have been freed up since to deal with tips and leads on the high-profile fugitive." Jeffs' placement on the Top Ten list "enables any FBI agent in the world to drop everything to assist in the manhunt. … In the 56 year history, 94 percent of the fugitives on the list have been captured."

IMMIGRATION:

Advocates Of Tough Border Security Deliver 10,000 Bricks To Lawmakers. The New York Times (5/31, Hulse, 1.19M) reports that advocates of tough border security have sent an estimated 10,000 bricks to House and Senate lawmakers' offices to "make a none-too-subtle point with lawmakers about where many of their constituents come down on emerging immigration bills." Leaders of the send-a-brick campaign "said they had hit on the idea as a way to emphasize the benefits of a fence along the border with Mexico." The Times adds, "Besides the border fence, the group supports technology improvements for border security, added money and personnel for the Border Patrol and an enhanced security presence in general on the southern border. The brick effort was scheduled to wind down this week, though the organization encouraged people to continue if they desired."

Police Officer Featured In Story About Border Violence Shot Five Times In Nuevo Laredo. USA Today (5/31, Johnson, 2.31M) reports that a police officer in the Mexican border city of Nuevo Laredo was in hospitalized in critical condition after being shot five times outside his home.

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USA adds that Juan Pablo Elizondo "appeared in a USA TODAY and USATODAY.com report May 18 about the surging violence against police" in the Mexican border city. The attack "highlights the unrelenting threat against Mexican police in a city where two major drug cartels are battling for control of routes into the USA for shipments of drugs and illegal immigrants."

Churches Help Chinese Immigrants Adjust To Life In US. The New York Times (5/31, Chang, 1.19M) reports on efforts of local Chinese churches in Los Angeles to help Chinese immigrants assimilate to life in the US. The Times notes that "the typical newcomer arrives from an obscure corner of mainland China, well educated but with no English skills and just a few hundred dollars. Like Ms. Du, many do not even have a car. But they do have local Chinese churches. If a newcomer needs a ride to the hospital and an English speaker to help translate, someone from Mandarin Baptist's congregation steps forward. Newcomers are eligible for emergency grants, known as 'love gifts,' and the church's 1,600 members are a ready source for job referrals."

Samuelson Says Journalists Didn't Do Their Job On Immigration Bill. Robert Samuelson writes in the Washington Post (5/31, A19, 744K) that the Senate-approved immigration bill "would double the legal immigration that would occur during the next two decades from about 20 million (under present law) to about 40 million. One job of journalism is to inform the public about what our political leaders are doing. In this case, we failed. The Senate bill's sponsors didn't publicize its full impact on legal immigration, and we didn't fill the void."

Immigration Courts Overwhelmed By Case Backlog. The St Petersburg Times (5/31, Adams) reports, "In a small, downtown courtroom overlooking the Miami River, Kenny Rivera, 20, nervously awaits a long-delayed immigration hearing. Three years have passed since he applied for asylum, fearing he would be killed by a notorious street gang if he were forced to return to his native Honduras. … This kind of delay is not unusual at Miami's immigration court, which is one of the nation's busiest - and most backlogged." The Times continues, "As the United States tries to secure the border with Mexico, the nation's overburdened immigration courts are bursting at the seams. … The nation's 225 immigration judges, who are employees of the Justice Department, handled more than 352,000 matters last year up 23 percent from 2004, according to the department's Executive Office for Immigration Review, or EOIR, which runs 53 courts nationally." The Times adds, "Efforts to speed up the process have created unexpected problems. … The backlog has spilled over into the federal courts. Complaints of judicial misconduct and anti-immigrant bias have resulted in a rash of appeals to the nation's 11 circuit courts, prompting some federal appellate judges to rebuke lower-ranking colleagues on the immigration bench. … 'Time and again, we have cautioned immigration judges against making intemperate or humiliating remarks during immigration proceedings,' railed Philadelphia Circuit Judge Julio M. Fuentes in a ruling last September. … 'The tone, the tenor, the disparagement and the sarcasm' of the immigration judge 'seem more appropriate to a court television show than a federal court proceeding,' he wrote. … After complaints by federal judges began piling up last year, Attorney General Alberto Gonzales ordered a comprehensive review of U.S. immigration courts. In a sharply worded memo in January, Gonzales, whose grandparents were Mexican immigrants, chastised immigration judges for 'intemperate or even abusive' conduct toward asylum-seekers."

TAX:

Senate May Vote On Estate Tax Repeal In June. The Wall Street Journal (5/31, Herman, 2.11M) reports in its "Tax Report" column, "Estate-tax repeal may soon come up for a vote in the Senate." The federal estate tax "is scheduled to disappear in 2010 but return in 2011. The House has voted for permanent repeal. A Senate vote could come early in June. Many wealthy Americans favor retaining the tax but easing its bite."

Democrats Working To Dissuade Baucus From Cooperating On Estate Tax Repeal. The Washington Post's Harold Meyerson (5/31, A19) writes that the Senate will consider legislation sponsored by Sen. Jon Kyl that "would permanently repeal the estate tax on the wealthiest Americans. If enacted, Kyl's bill would plunge the government another trillion dollars into the red during the first decade (2011-2021) that it would be in effect. Behind the scenes, the action has been on the Democratic side in the Senate, as the party's leadership has sought to dissuade Montana's Max Baucus, ranking Democrat on the Finance Committee, from forging a halfway-house compromise with Kyl that would deplete revenue by only $500 billion to $600 billion during that decade." Meyerson adds, "Why any Democrat would back

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such a measure…is a deep mystery. … Democrats are running this year as the party of comparative fiscal sanity and greater economic equity and security. Baucus's compromise would undermine all those premises."

CONGRESS-ADMINISTRATION:

Bush Nominates Paulson To Replace Snow As Treasury Secretary. President Bush yesterday nominated Goldman Sachs CEO Henry Paulson to be Treasury Secretary. Paulson's nomination is getting favorable reviews, with most analysts predicting he will be confirmed by the Senate. NBC Nightly News (5/30, story 4, 1:25, Gregory, 9.87M) reported Paulson "is getting rave reviews so far. On Capitol Hill and on Wall Street it appears that his nomination is assured." Fox News' Special Report (5/30, Cameron) also said Paulson's nomination "was warmly received both on Wall Street and particularly on Capitol Hill. Republicans predicted swift hearings and confirmation." CNN's The Situation Room (5/30, Henry) noted "Democrats like Chick Schumer already saying they will support the nomination. Could be a relatively quick confirmation." On ABC World News Tonight (5/30, story 4, 1:20, Gibson, 8.78M), chief Washington correspondent George Stephanopoulos said Paulson "is very well-respected on Capitol Hill. And all the sounding that I got today is that he should sail through to confirmation."

Typical of the favorable coverage of Paulson's selection is Knight Ridder (5/31, Hutcheson, Hall), which reports Paulson "is arguably the most influential executive on Wall Street, the market's equivalent of a rock star." Also, in its "Washington Wire" column on its web site, the Wall Street Journal (5/30, 2.11M) reported, "A speedy, lopsided confirmation is expected for…Paulson." Confirmation "could come by 4th of July break, according to Republican leadership aide."

Even editorial pages that are often critical of Bush are sounding a positive note about Paulson. For example, in its editorial, the New York Times (5/31, 1.19M) calls the appointment "a master stroke," adding Paulson "will bring much-needed clout, pragmatism and credibility to the job. So, for a change, the question raised by a major presidential appointment is not one of competence." The Washington Post (5/31, A18, 744K), in an editorial titled "A Good Nomination," calls Paulson "a welcome addition to a faltering administration," though it also expresses "hope that someone of Mr. Paulson's stature will not merely act as a mouthpiece for dead-end budget policies." Taking a more skeptical view, the Los Angeles Times (5/31, 958K) editorializes that Bush "will be fortunate to have in place a highly credible firefighter if and when another crisis arrives. Unless, that is, financial markets soon determine that [Karl] Rove is still running the show."

ABC World News Tonight (5/30, story 3, 2:15, Stark, 8.78M) reported, "On Wall Street, where Paulson made a fortune now worth more than $600 million, the 60-year-old financier, educated at Dartmouth and Harvard business school, has superstar status. He's an international dealmaker who's been to China more than 70 times and a devout environmentalist who unwinds as a birdwatcher, and has given $100 million of his own money to conservation causes. But his status on Main Street is another story. As famous as Paulson is in the financial markets, most of the public has never heard of him." The New York Times (5/31, Dash, 1.19M) reports Paulson "has accumulated a $700 million equity stake in the Wall Street firm."

The Hill (5/31, Schor) reports that Paulson's selection gave "a welcome boost to congressional Republicans hoping for a more potent White House economic message to parlay into election-year gains." Paulson "is likely to earn quick approval" from the Senate.

The Wall Street Journal (5/31, Solomon, 2.11M) reports "the successful wooing of a prominent executive who -- unlike several recent Bush appointees -- hasn't previously held a post in this administration could bring Mr. Bush some sorely needed credibility, both with financial markets and with the public." And the New York Times (5/31, Andrews, Rutenberg, 1.19M) says the move was "intended to add economic star power to his administration as it tries to fight its way through a thicket of political difficulties." Bush was "eager to bring aboard someone who could potentially do for this administration what another former Goldman chief, Robert E. Rubin, did for President Bill Clinton as a senior economic adviser and as Treasury chief."

The AP (5/31, Aversa) reports the appointment "marked the latest in a string of major changes in the president's personnel lineup that started two months ago with the replacement of Bush's chief of staff and has grown to include his CIA director, budget chief and top trade representative." USA Today (5/31, Jackson, 2.31M) also says "it's the latest move in a personnel shakeup led by new chief of staff -- and Goldman Sachs alumnus -- Joshua Bolten. He is trying to

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fashion a new team and reinvigorate the White House agenda just months before November elections in which Republicans try to hold their majorities in Congress. … Bolten and others have said Bush is not getting credit for the strong economy. A USA TODAY/Gallup Poll in late April showed approval of Bush's handling of the economy was 34%, amid worry about high gas prices." The President "made it clear that one of Paulson's new duties is communication. He praised the nominee's "ability to explain economic issues in clear terms." The Christian Science Monitor (5/31, Scherer, Feldmann, 61K) reports, "One of the toughest challenges of Mr. Bush's second term has been to eliminate the public's perception gap on the economy -- the seeming disconnect between strong economic numbers and low public opinion of the state of the economy. … 'This is all tied to gas prices,' says Dennis Jacobe, chief economist at the Gallup Organization, based in Princeton, N.J."

The Washington Post (5/31, D1, Masters, 744K) says Paulson "has not shied away from controversy, but he has also been criticized for not paying enough attention until a crisis occurs. He owes his position as the sole head of Goldman to a 1999 coup in which he and several allies forced out Jon S. Corzine -- now the governor of New Jersey and a former US senator -- and Paulson steered Goldman through the stock-analyst scandal relatively unscathed." Paulson "spent part of his early career in Washington, working first in the Pentagon and then as a staff assistant in the White House under President Richard M. Nixon."

The Chicago Tribune (5/31, Neikirk, 643K) says that "even if there is not a huge expectation of a change in economic policy under Paulson, a lot may be different. One can expect a shift in tone, some say, a better understanding of financial markets, and a closer relationship with the Chinese." Paulson's "strength may be in working around the edges of current policy, particularly in expanding free trade and pressing China and other Asian nations to strengthen their currencies against the dollar in order to help American companies compete on a fairer basis. He also could be instrumental in breaking the impasse over a new world trade agreement."

The Washington Times (5/31, Curl, 90K) notes Senate Minority Leader Harry Reid "was less supportive" than Schumer, saying, "Mr. Paulson will face many challenges if he is confirmed in steering our economy towards greater prosperity for all Americans. Working families are struggling under high gas prices, rising health care costs, and skyrocketing college tuition. ... I hope Mr. Paulson will share that goal." The Washington Times (5/31, Hill, 90K) also reports National Association of Manufacturers President John Engler "said he expects Mr. Paulson will be able to orchestrate continued growth in the United States as well as a lower value of the dollar that will help to trim the bloated trade balance."

Paulson Wins Assurances On Status Within Bush Team. The Wall Street Journal (5/31, Solomon, 2.11M) reports Paulson "has been assured that he will rank with the secretaries of defense and state in the Bush inner circle and that the White House National Economic Council, headed by Mr. Bush's business-school classmate Allan Hubbard, will hold some of its meetings in the Treasury building and that Vice President Dick Cheney will attend some of them." The Journal adds, "If they materialize, those would be significant changes for a White House that has tightly held the power to make economic policy, essentially turning the Treasury secretary into a salesman for tax cuts, the centerpiece of its economic strategy."

Meanwhile, the Los Angeles Times (5/31, Havemann, 958K) says "it was unclear how much Paulson would shape administration policy. Bush's first Treasury secretary, Paul H. O'Neill, was frustrated that he did not have much influence." Snow "found himself cast as a cheerleader for economic policies that were largely forged in the White House rather than at the Treasury Department."

The Financial Times (5/31, Daniel, Ben White) notes Paulson "had previously turned down an offer for the position. Many on Wall St had suggested no such senior banker would not want the job because driving forward far reaching economic policy, such as tax or entitlement reform, would prove difficult during the latter stages of a second term presidency." However, "insiders said on Tuesday that Mr Paulson was unlikely to have accepted the job without some assurances that he could affect change."

The Washington Post (5/31, A1, Fletcher, Blustein, 744K) also says the move "culminated a months-long recruitment during which Paulson rebuffed several White House overtures, according to administration officials and people familiar with Paulson's decision making." White House Chief of Staff Joshua B. Bolten "renewed the effort in recent weeks and persuaded his former Goldman Sachs colleague to meet with Bush at the White House earlier this month. It was then, after a long Saturday meeting 11 days ago, that Bush persuaded Paulson to take the job."

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Bush Personally Took Part In Persuading Paulson To Take Post. Time.com (5/31, Allen) reports in a Web exclusive that Bush's aides "had been trying to find a successor to John Snow on Wall Street for months, but the most promising candidates had turned them down — including Paulson, just a few months ago. One of the reasons Bush had such a hard time landing a master of the universe like Paulson is that the Treasury job had shrunk during his presidency — at least in the estimation of Wall Street — from a premier policymaking platform to a cheerleading outpost subservient to the West Wing." But an official "involved in the selection process said Bush 'took it up himself, and wouldn't take 'no' for an answer.' Aides said Bush convinced his quarry that he would have a seat and voice at the table, and the President seemed to underscore that during his Rose Garden announcement by saying that 'Paulson will be my principal advisor on the broad range of domestic and international economic issues that affect the well-being of all Americans.'"

Paulson Described As "Huge" Environmentalist. The CBS Evening News (5/30, story 5, 2:35, Schieffer, 7.66M) reported Paulson is "a huge supporter of environmental causes," and "he also believes global warming is a threat, and that could put him at odds with some members of the Bush Administration."

USA Today (5/31, Jones, 2.31M) reports Paulson, "a Republican, is atypical in his passion about the environment, a passion critics say has interfered with his responsibility to shareholders. He's an avid bird watcher and chairman of the Nature Conservancy. He has raised animals from alligators to flying squirrels, and the Goldman Sachs website cites a corporate environmental policy of protecting wildlife and timber." The Los Angeles Times (5/31, Puzzanghera, 958K) runs a similar story under the headline "The Bird-Watching Businessman," in which it describes Paulson as an "ardent environmentalist."

The Washington Times (5/31, Hill, 90K), in a report titled "Some On Right Wary Of Nominee's Green Links," says "conservative groups that defend individual liberties expressed adamant opposition to it yesterday because of the Goldman Sachs chairman's ties to the Nature Conservancy." Myron Ebell, analyst at the Competitive Enterprise Institute in Washington, "said Mr. Paulson has the potential to wreak far more havoc in economic policy than his predecessor, Paul O'Neill, who was fired in 2002 for questioning President Bush's tax-cut plans." He "said Mr. Paulson could become an outspoken advocate for curbs on global warming and other environmental causes within the administration." The New York Times (5/31, Thomas, 1.19M) also describes Paulson as "in some ways an executive in the mold of Paul H. O'Neill, the former Treasury secretary who was forced out by a White House that could not abide his contrarian tendencies."

Traders Upbeat On Paulson Nomination. The Financial Times (5/31, Hughes, Johnson) reports, "Rumours that the nomination might go to Don Evans, the former commerce secretary, had weighed on the dollar as traders assumed he would focus more on trade than on markets." But "many analysts were buoyed on Tuesday by Mr Paulson's knowledge of the markets and his close links with China. … The appointment brought comparisons with Robert Rubin, the Clinton-era Treasury secretary who also had a Goldman Sachs background and is still revered by the markets."

The Wall Street Journal (5/31, Hudson, Karmin, 2.11M), under the headline "Traders Cheer Bush's Treasury Pick," reports, "Currency and bond traders applauded the appointment of…Paulson as the new Treasury secretary, though many said his selection by President Bush would do little to alter the course of a recently weakening dollar or rising interest rates."

Deficit, Competitiveness Agenda Seen As Early Challenges. Time.com (5/30, Kadlec) reports in a Web Exclusive that, "Across Wall Street, they are hoping that Paulson can bring a gravitas to the job that has been missing since the tenures of Larry Summers and another former Goldman executive, Robert Rubin, both of whom served under President Clinton." For "the most part, though, economists agree that Paulson likely will be asked to shape policy, which should give him a stronger voice on all economic issues." Paulson will "need some kind of win to cement his authority. That likely will come in the area of spending cuts." If Paulson "can rein in spending enough to turn the deficit around it will be clear that there was no pre-nup, and his words will carry the full weight of the U.S. government the first time he confronts an international or domestic crisis."

The Wall Street Journal (5/31, Hitt, 2.11M), meanwhile, reports Paulson "accepted his nomination as Treasury secretary by highlighting the need for the nation to stay competitive." But "one of his first challenges will be guiding…Bush's ballyhooed competitiveness agenda out of choppy waters on Capitol Hill." The initiative "started out with

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wide support among senior Democrats and Republicans in Congress. As the election year progresses, key planks face an uncertain future." As Treasury secretary, Paulson "would oversee matters from tax and currency policy to regulation of capital markets. In brief remarks yesterday, Mr. Paulson stressed the importance of bolstering the competitiveness of the US economy. … Even before Mr. Paulson's nomination, the White House remained upbeat about the outlook for the competitiveness initiative, and Mr. Bush trumpeted it several times."

More Commentary. The Wall Street Journal (5/31, 2.11M) editorializes that Paulson is "a financial heavyweight, and our hope is that his selection means that Mr. Bush has learned his lesson about the need for a strong voice at Treasury. His first choice, Paul O'Neill, marginalized himself with daft priorities. Current Secretary John Snow, who resigned yesterday, is capable but was too often marginalized by the White House." Paulson "will be most useful to the President if he is allowed to be both a policy maker and a vocal public advocate."

N. Gregory Mankiw, former chairman of the President's Council of Economic Advisers, writes in today's Wall Street Journal (5/31, 2.11M) that "while Mr. Snow helped steer the economy through a recessionary storm, he leaves for Mr. Paulson a more daunting task -- getting the long-term fiscal numbers to add up. To understand the challenge that Mr. Paulson faces, let's start with a fact about which every serious policy analyst agrees: The government budget is on an unsustainable path. … If Hank Paulson wants to leave the nation's finances in better shape than he found them, his main job will be to focus attention on the problem."

Hayden Sworn In As CIA Director. The New York Times/AP (5/31) reports, "Gen. Michael V. Hayden was sworn in as director of the C.I.A. and told agents that they must be competent and cooperative to keep the 'central' in Central Intelligence Agency." He added "that only the C.I.A. had the 'connective tissue' to bring the intelligence community together." An agency spokeswoman said he received "a standing ovation." President Bush plans attend a "a second swearing-in" at the C.I.A. campus in Langley, Va. USA Today (5/31, 4A, 2.31M) also covers this story.

WSJournal Criticizes Hayden For Not Pushing Reform. The Wall Street Journal (5/31, A12, 2.11M) editorializes that Hayden "has sent more signals that would soothe the souls of Langley's uncounted career bureaucrats than push the cause of reform." He solicitously told Michigan Democrat Carl Levin he wasn't 'comfortable' with work done by former Undersecretary of Defense Douglas Feith," whose office checked the CIA's analyses. Hayden "should have been asked to elaborate on why he is uncomfortable that analysts might have to explain how they arrive at certain conclusions." Hayden didn't "have to validate a good deal of the political left's current, if amusingly ironic, defense of the CIA's career spooks: the idea that policy makers should only rarely question the careerists' judgment, and that the careerists' assumptions shouldn't be challenged by new blood from the outside." So far, "his performance at his hearing makes us think his critics," who considered his nomination "a surrender to an agency that has often performed badly but then tried to undermine the government's policy through leaks and insubordination," may have "had a point."

Senate Confirms Capka As Federal Highway Administration Director. The AP (5/31) reports the Senate "approved President Bush's nominee to head the Federal Highway Administration after four Democratic senators dropped their opposition to him. J. Richard Capka was approved by voice vote Friday, just before the Senate left for its Memorial Day recess." Sen. Max Baucus, D-Mont., "held up consideration of Capka's appointment because he said the Bush administration wouldn't release money for a transportation project in his state. But Baucus let Capka's appointment go forward after Transportation Secretary Norman Mineta assured him the situation would be worked out, said Baucus spokeswoman Sara Kuban."

Reid Says Attending Boxing Matches Is "Official Duty." The Associated Press (5/30, Hennessey) reports Senate Minority Leader Harry Reid "said it's his official duty to attend boxing matches in Nevada and that he did nothing wrong when he accepted complimentary ringside seats from a state agency that was lobbying him." Reid said, "I would be criticized if I didn't go. It's just like going to an Ohio State football game, an Arizona State football game - in Nevada, boxing is it. I have an obligation to make sure boxing is conducted properly not only in Nevada but around the country." The AP adds Reid was "responding to an Associated Press story that detailed how the senator had accepted free tickets possibly valued at several thousand dollars from the Nevada Athletic Commission, the agency that

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regulates boxing in the state." Reid "made his comments after addressing a group of veterans gathered at town hall meeting also attended by Democratic National Committee Chairman Howard Dean, who was in town fundraising. Dean called criticism of Reid's ethics 'ridiculous' and repeated his attacks on Republicans."

NYTimes Says Reid's Acceptance Of Boxing Tickets Reinforces Need For Ethics Reform. The New York Times (5/31, 1.19M) says in an editorial that Reid "said his conscience was clear because he had not violated Senate rules by taking the free tickets. Indeed, the rules do allow gifts from state agencies (although they caution against attempts to influence official decisions). Each lawmaker must make his own call in countless such situations, and Senator John McCain, a fight-night companion of Mr. Reid in 2004, chose to pay for his $1,400 championship tickets." Senator Reid "is hardly in the dock. But his discomfort — and that of House Speaker Dennis Hastert in being mentioned last week in the endless Abramoff speculations — certainly should reinforce the need for Congress to emphasize vigilance over regret by upgrading the enforcement of ethics rules."

Study Finds Some Government Appointees Improperly Obtained Career Jobs. Government Executive (5/31, Mandel) reports, "Most political appointees who have switched to career positions since 2001 did so using the correct process, but 18 such conversions were improperly made and many more were not sufficiently documented, according to a new report." GE continues, "In a survey of 41 agencies, Government Accountability Office reviewers found 144 people converted from noncareer to career positions from May 1, 2001, through April 30, 2005 -- a move known as 'burrowing in.' Most of those conversions took place at the departments of Health and Human Services, Justice, Defense and Treasury. … 'The ability to convert noncareer employees to career positions is an appropriate and valuable process available to agencies,' reviewers stated in the report (GAO-06-381). But they found that of the 130 appointees at the GS-12 level or higher who were converted, 18 may not have followed procedures designed to ensure proper application of merit system principles." GE adds, "The reviewers found that agencies circumvented proper procedures in a variety of ways. In some cases, agencies did more than one of the following: created new career positions specifically for particular individuals, tailored job descriptions to match the resumes of the appointee in question, prevented other potential candidates from applying, selected appointee candidates who were less qualified than other applicants, or failed to honor veterans' preference rules in cases where a veteran would have scored higher than the appointee. … In seven of the 18 cases, the Office of Personnel Management had reviewed the conversion, either because of the position's senior level or its proximity to a presidential election, and allowed it to go forward. … In another 19 cases, reviewers lacked sufficient documentation to verify the hiring procedures used. … Of the 19 conversions for which reviewers found inconclusive documentation, 16 were excepted service positions at the Justice Department which reviewers were unable to trace back through the hiring process. In some cases, the department was unable to produce a copy of the individual's job application, the report noted."

Hastert Seen As Becoming More Assertive. The Christian Science Monitor (5/31, Chaddock, 61K) reports Speaker Dennis Hastert, "who surpasses" former Speaker Joe Cannon's "record in office on June 1, is the un-Cannon. For more than five years, Mr. Hastert has backed President Bush's assertion of presidential authority on issues ranging from war powers to domestic surveillance. Colleagues dub him 'the coach.'" Last week, "the coach turned tough. Angered by the FBI's unannounced raid of the Capitol Hill office of a Democratic colleague, Hastert forced a showdown with the Justice Department over the seized documents, and accused the FBI of trying to 'intimidate' him by spreading rumors that he was part of a corruption probe. It was a rare moment of public assertiveness for a speaker who has preferred to operate behind the scenes. And for the moment, it worked." The controversy "may be just the beginning of Hastert's assertiveness as key House players depart the scene. For most of his 10 terms in the House, Hastert has worked in the shadow of outsized personalities, such as former majority leader Tom DeLay (R) of Texas, who will step down from the House to cope with legal battles on June 9." Brookings Institution senior fellow Stephen Hess said, "It's remarkable that this 'accidental speaker' is about to become the longest-serving [Republican] speaker of the House, especially when you think of all the forceful, powerful speakers we have had in American history."

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House GOP Continues To Be Dogged By Divisions. The Hill (5/31, O'Connor) reports as the midterm elections "loom and concern about maintaining their majority hold on the House increases, rank-and-file Republicans have grown more and more combative with their leaders and themselves." In the "past two weeks, Republican House members have sparred openly on the House floor and have criticized their Speaker behind closed doors." And with "immigration reform, an update of the Voting Rights Act and a series of appropriations bills among the few big-ticket items remaining on this year's legislative calendar, it is unlikely these intraparty squabbles will die down any time soon, particularly as vulnerable Republicans seek to distance themselves from their party and their president."

Democrats Debate Offering Specific Proposals On Hot-Button Issues. The Los Angeles Times (5/31, Brownstein, 958K) reports with President Bush "and the Republican-controlled Congress facing bleak approval ratings, many Democrats are increasingly confident that the public is ready to hear the party's alternative policy ideas as the 2006 campaign heats up. The question is whether the Democrats have an alternative ready to present." Party leaders "have provided some specifics about how they would deal with national security, energy issues and ethics reform if they recapture one or both chambers of Congress in November. But on many topics, they have provided only broad hints about their direction. This cautious strategy is generating intensifying debate within the party." On one side "are those who believe the Democrats must present a sharp alternative to Bush's direction — as Republicans did with their 'Contract with America' before sweeping into control of Congress in 1994." On the "other side are strategists who fear that offering too many specifics could allow Republicans to shift focus away from public discontent with how they have governed. Those sentiments appear especially strong among Senate Democrats." But "attempts to minimize the target for Republicans could leave Democrats vulnerable in a different respect. A continued reluctance to detail an agenda, some party strategists say, could allow the Republicans room to define for voters what the priorities of the Democrats are."

First Lady Taking More Active Role In GOP Fundraising. The Hill (5/31, Schor) reports, "House Republicans walking an electoral tightrope as the midterms approach must accept the president's shaky public standing to benefit from the White House's still-muscular fundraising power." The avoidance "by vulnerable incumbents, whether calculated or coincidental, of a public appearance suggesting White House ties is a phenomenon difficult to ascribe to congressional-district or political relationships." A senior GOP strategist said, "There is a pecking order to this, with the president at the top, the VP right near that. The first lady has taken a more active role, and she's able to make things more successful." Just below Mrs. Bush "in the pecking order, the strategist added, is former New York City Mayor Rudy Giuliani, now a political consultant and partner at law and lobbying firm Bracewell & Giuliani."

Morris Claims Bush Oil Ties Will Cost GOP Votes. In his column for The Hill (5/31) Dick Morris writes that while President Bush "has dithered" and the Republicans in Congress "have failed to look beyond Alaska drilling as the solution to our dependence on foreign oil, first Gore and now Hillary have passed them by and staked out their claims to the issue. Bush cannot afford to yield this ground because it is no longer the esoteric preserve of the environmental-policy wonks. Rising gas prices have generated a populist anger at the bottom of the social ladder." Morris adds, "what makes the broader green movement particularly dangerous for the quiescent Republican Party is the oil man in the White House. If this new coalition of greens, pump-enraged dads and enlightened patriots has any single enemy, it is the oil companies and their Middle Eastern allies. But the Bush family's history of involvement with big oil makes this a uniquely dangerous issue for the president."

Majority Of Democratic Candidates Would Back Pelosi For Speaker. The Hill (5/31, Kaplan, Blake) reports, "An overwhelming number of Democratic incumbents running in congressional districts that President Bush won in 2004 would support the ascension of Minority Leader Nancy Pelosi (D-Calif.) to Speaker should Democrats capture a majority of seats in November. But a handful of Democratic challengers running in Republican-leaning congressional districts are much more cautious than their party's incumbents. … These challengers' cautious responses, however, stand out as the exception to the rule. In an informal survey of Democratic candidates conducted by The Hill, the vast majority of incumbents and challengers

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asked said they would vote for Pelosi as Speaker if Democrats take the majority."

Congress Has Until June 5 To Act On FAA-Union Dispute. The Washington Post (5/31, D4, Barr, 744K) reports in its "Federal Diary" column, "The clock is ticking in the dispute between the Federal Aviation Administration and its largest union, the National Air Traffic Controllers Association. The FAA declared an impasse in contract negotiations April 5 and sent the dispute to Congress, which has until June 5 to act. If Congress takes no action, the FAA can impose its contract proposal on the union. A spokeswoman for Rep. Steven C. LaTourette (R-Ohio) said yesterday that the congressman had introduced a bill to take Congress off the clock and that House Speaker J. Dennis Hastert (R-Ill.) has promised that the measure will be brought up for a vote next week."

Democratic Strategist Calls Rove "Serial Obstructionist." In a column for USA Today (5/31, 2.31M) Democratic strategist Bob Beckelis writes that White House advisor Karl Rove "is a serial obstructionist. Rove's 2004 campaign strategy was to win by increasing the base of conservative voters with no serious attempt to reach out to independents or Democrats. No wonder important legislation is decided on virtually straight party-line voting. Congress is beginning to look like the British Parliament, where lawmakers vote the party line."

WPost Notes Zinmeister's Alteration Of Profile. In an editorial, the Washington Post (5/31, A18, 744K) notes that Karl Zinsmeister, President Bush's new domestic policy adviser, has admitted altering portions of a profile in order to eliminate criticism of "people in Washington" and the war in Iraq. The Post writes, "Almost anyone who's been the subject of a profile has wished he or she could take back some words, maybe tweak them a bit. No one else that we know of -- certainly no one who's about to become the president's chief adviser on domestic policy -- has had the gall to simply make those changes unilaterally."

OTHER NEWS:

Stock Markets Fall Precipitously On Inflation Fears, Consumer Confidence. ABC World News Tonight (5/30, story 5, :15, Gibson, 8.78M) reported, "Inflation fears and a drop in consumer confidence helped send stock prices tumbling today, with the Dow Jones Industrials down 184 points. For the first time in more than a year and a half, all 30 stocks in the Dow Jones Industrial Average fell." The CBS Evening News (5/30, story 5, 2:35, Schieffer, 7.66M) also reported "there was another big sell-off on Wall Street today. The Dow fell 184 points [to close at 11,094.43], the NASDAQ lost 45 [to close at 2,164.72]." NBC Nightly News (5/30, story 5, 0:15, Williams, 9.87M) also noted stocks took "a tumble today."

USA Today (5/31, Hagenbaugh, 2.31M), however, headlines its story on the economy "Consumer Confidence Stays High," and says consumer confidence "dipped in May but remained strong despite apprehension about jobs and incomes, according to a report out Tuesday. The consumer confidence index was 103.2 in May, down from 109.8 in April, when it was the highest in nearly four years, the Conference Board said." The decline "comes after two months of gains, and confidence was still high. The index was as low as 61.4 in March 2003." USA Today adds, "The fact that confidence has remained high despite a slowing housing market and elevated gas prices bodes well for the economy, says Sean Snaith, director of the Business Forecasting Center at the University of the Pacific."

The Wall Street Journal (5/31, Derby, 2.11M), in a report titled "Consumer Confidence Is Slipping On Concerns Over Economy, Jobs," and says consumer confidence "is losing ground on concerns about the economic outlook and the labor market." The New York Times/AP (5/31), meanwhile, reports consumer confidence "soured in May, as Americans worried about the future of the economy and the outlook for jobs."

Meanwhile, the Washington Post (5/31, D1, Irwin, 744K) reports stocks "fell sharply yesterday as skittish investors reacted negatively to news about oil prices, consumer confidence levels and comments by a Federal Reserve official." Michael H. Moskow, president of the Federal Reserve Bank of Chicago, "suggested in an interview on CNBC that inflation is running at the high end of what is acceptable. 'Inflation is at the upper end of a level that I think is consistent with price stability and is a situation we have to monitor very carefully,' Moskow said. H is remarks were a major reason that the odds of the Fed raising short-term interest rates next month rose from 35 percent to about 50 percent, as measured by pricing in futures markets, Pado said." And the Wall Street Journal (5/31, Browning, 2.11M)

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says "the plunge reflected resurgent fears that slowing economic growth caused by high oil prices and rising interest rates could put a lid on corporate profits." The New York Times (5/31, Peters, 1.19M) also attributes the sell-off to "worries about inflation and another rise in interest rates."

USA Today (5/31, Shell, 2.31M) reports, "No matter if you blame it on a seasonal quirk, profit taking or an old-fashioned Wall Street price correction, the stock market's steep slide this month has distressed investors muttering, 'Mayday!' May, which started off strong, is living up to its reputation as a not particularly profitable month for stocks, as well as the starting point for what historically has been a weak six-month period for stocks. … As the damage and concern mount, money managers are trying to decipher whether this month's pullback is normal and temporary or whether it signals the beginning of a steeper decline."

World Bank Raises Forecast For Global Growth. The Wall Street Journal (5/31, White, 2.11M) reports, "The World Bank raised its forecast for global economic growth this year, arguing that sound policy frameworks have made many countries -- especially developing nations -- more resilient to high oil prices." The body "expects the global economy to expand 3.7% this year, up from its November forecast of 3.2% growth. The bank believes the global economy expanded 3.6% in 2005."

Freddie Mac's Income Dropped 27% In 2005.

The Wall Street Journal (5/31, Hagerty, 2.11M) reports, "Freddie Mac reported a 27% drop in net income for 2005 to $2.13 billion from $2.94 billion a year earlier, reflecting the costs of settling shareholder suits, losses on Hurricane Katrina and accounting changes. Earnings per share declined to $2.75 from $3.94 in 2004 at the McLean, Va., mortgage-finance company."

The Washington Post (5/31, Shin, 744K) reports, "Though delayed by two months, the release of the 2005 results was another step in the company's efforts to put its accounting problems behind it. Last month, it agreed to pay $220 million to settle shareholder lawsuits and a $3.8 million fine to settle charges that it violated campaign finance laws. The company hopes to resume timely financial reporting with its full-year 2006 results."

Ford Race Could Determine Democrats' Chances Of Taking Senate Majority. The New York Times (5/31, Toner, 1.19M) reports that Rep. Harold Ford's bid for US Senate in Tennessee may determine the Democratic Party's chances of retaking the Senate majority. The South "has become a Republican stronghold in recent years, the castle keep for the party's Senate majority. Democrats lost five seats in the region in 2004. Of the 22 Senate seats in the South, only 4 are now held by Democrats. Party leaders are keenly aware that until they make inroads in the South, any stable majority in the Senate will be hard to achieve. But they have hopes that Mr. Ford can begin to turn the tide."

Ford's Uncle To Go On Trial This Fall. Meanwhile, the New York Times (5/31, Emery, 1.19M) reports that jury selection has begun in the trial of Roscoe Dixon, a former state lawmaker charged in a federal corruption sting. Dixon "was indicted with four sitting state lawmakers in May 2005. He is on trial in Federal District Court in Memphis on charges of extortion and accepting bribes, accused of taking $9,500 from a bogus company created by the F.B.I. John N. Ford, a Memphis Democrat" and uncle of Rep. Harold E. Ford Jr. John Ford "will go on trial in the fall."

Clinton To Launch Reelection Effort Today.

Knight Ridder (5/31, Thomma) reports that as Sen. Hillary Clinton kicks off her reelection campaign today, she does with the image of "a leader of her party and the expectation she'll be the front-runner for the 2008 Democratic presidential nomination. Yet many Democrats and analysts think she's failed to lead at a pivotal time for her party and the nation, complaining that she's been overly cautious and timid in her first term. They contend that she's remained a backbencher on major issues such as the Iraq war and immigration. And they say she's squandered the unique platform her celebrity gives her to put other issues in play, such as expanding health care."

The New York Times (5/31, Kornblut, 1.19M) says that Clinton's reelection effort "is, in essence, the campaign that isn't. Even as Mrs. Clinton insists she is focused squarely on her re-election this year — not, as so many speculate, on the presidential campaign of 2008 — the junior senator from New York is not running anything like a recognizable race (apart from her huge fund-raising apparatus, which itself makes it stand out, and which her own advisers admit has more to do with preparing for 2008 than 2006). … Mrs. Clinton's strategists say she is doing more or less what any other unopposed incumbent would do — and if anything is

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spending more time and money than the other senator from New York, Charles E. Schumer, did in his last race."

New York Democrats Endorse Spitzer For Governor. The New York Times (5/31, Cooper, Hakim, 1.19M) reports that New York state's Democratic Party has endorsed Eliot Spitzer's campaign for governor. The Times notes that Spitzer's "easy victory at the convention was a foregone conclusion, and the unity it demonstrated contrasts with the disagreements among the Republicans, who begin meeting on Wednesday bitterly divided not only over their candidate for governor, but also whom to support to challenge Senator Hillary Rodham Clinton."

California Democratic Gubernatorial Hopefuls Tied Going Into Primary. The Washington Times (5/31, Pfeiffer, 90K) reports that with under a week remaining until California's gubernatorial primary, state Treasurer Phil Angelides and state Controller Steve Westly, who are battling for the Democratic nomination to challenge Gov. Arnold Schwarzenegger are in a statistical dead heat. A poll "released by the Los Angeles Times last week shows Mr. Angelides leading Mr. Westly by 3 percentage points, 37 percent to 34 percent. However, the lead is within the poll's statistical margin of error, and a full 28 percent of Democratic primary voters say they are still undecided heading into the final week of campaigning."

Cannon Decries Angelides' "Negative Campaigning." Lou Cannon writes in the Washington Post (5/31, A19, 744K), "In an oft-shown 30-second commercial, California state Controller Steve Westly calls his opponent in the Democratic primary race, Phil Angelides, a 'champion smear artist.' The quotation is attributed prominently to The Post, with the date given in smaller letters: May 31, 1994. At that time I was writing a syndicated column, but I had no memory of writing those words 12 years ago. Perhaps I'd quoted someone? No such luck. My wife looked it up and found that the someone was me." Cannon adds that "whether he wins or loses, Angelides will not easily erase the stain of the campaign he waged to win state office 12 years ago. Negative campaigning has consequences -- and not only for its victims."

Group Pushing Bipartisan Presidential Ticket For 2008. The AP (5/31, Lester) reports, "A handful of political veterans envision a new look to presidential politics in 2008 -- a bipartisan ticket. … Called Unity08, the group is trying to come up with an alternative presidential ticket headed by either a Democrat, Republican or independent. The ticket would be chosen online at a Unity08 convention in the first half of 2008. Joining [former Maine Gov. Angus] King are Hamilton Jordan and Gerald Rafshoon, former aides to President Carter, and Doug Bailey, a former staffer on President Ford's 1976 campaign. The group plans to build an online community of millions of registered voters who would participate in the online convention. Recruitment has begun on college campuses."

The Washington Post (5/31, A4, VandeHei, 744K) reports, "Their goal is to offer an alternative to the two major party choices -- a unity ticket that will emerge after secure, online balloting that they hope will include millions of Americans. In an announcement statement, Unity08 said its efforts are a reaction to a system that has 'polarized and alienated the American people' through partisanship and interest-group politics." The Post adds, "Unity08's organizers estimate that if 20 percent of the voting public signs on -- hardly a modest goal but only slightly more than what independent H. Ross Perot won in his dramatic 1992 presidential campaign -- then 'our voters will decide the 2008 elections.'"

WSJournal Praises Defeat Of Virginia Gasoline Tax Proposal. The Wall Street Journal (5/31, 2.11M) editorializes, "Last week a gang of conservative GOP members in the general assembly foiled Democratic Governor Tim Kaine's plan to raise $1.4 billion in car, gasoline and diesel taxes to pay for more roads and mass transit. This was a victory against long odds, because the renegade house members were lined up against the Governor, powerful Republicans in the state senate, elements of the business community and the state's largely pro-tax media. … Voters began to wonder why a state with a $2.5 billion budget surplus would need higher taxes only three years after imposing the largest tax increase in state history. It didn't help that Mr. Kaine was trying to raise gasoline taxes (currently 18 cents a gallon) amid soaring gasoline prices."

Iran Making Plans For Invasion By US. The Washington Times (5/31, Athanasiadis, 90K) reports, "Iran, apparently anticipating an American invasion, has quietly been restructuring its military and testing a new military doctrine that calls for a decentralized, Iraqi-style guerrilla

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campaign against an invading force." Iran has carried out "a series of war games…since late last year to test the army's readiness." Moreover, a "European military attache in Tehran told The Washington Times that the Revolutionary Guard is moving away from a joint command with the ordinary army and taking a more prominent role in controlling Iran's often porous borders, even as it makes each of Iran's border provinces autonomous in the event of war."

Saudi Ambassador Warns Of "Catastrophic" Consequences Of Strike On Iran. The Washington Times (5/31, Sands, 90K) reports Saudi Ambassador Prince Turki al-Faisal warned yesterday that a "military strike against Iran's suspected nuclear sites would have 'catastrophic' effects on other Persian Gulf states and on U.S. interests in the region and beyond." Prince Turki "said his country supports the U.S.-backed diplomatic campaign at the United Nations" but is "against any military conflict." He "said any conflict would be felt immediately in world oil markets and predicted that Iran would retaliate against U.S. allies and interests."

US Agrees To Draft Iran Resolution Without Threat Of Force. The New York Times (5/31, Weisman, 1.19M) reports that the "Bush administration, seeking to enlist Russian support for a United Nations Security Council resolution on Iran, has agreed to language ruling out the immediate threat of military force." The resolution would "call on Iran to suspend various nuclear activities." The Times reports, "Also being negotiated are a package of benefits in nuclear energy, economic activities and security to be offered Iran if it cooperates in ending its nuclear activities." The Bush administration has "quietly expressed misgivings about some" possible elements of the package.

Iran Says It Is Ready To Restart Negotiations With EU. The AP (5/31, Yoong) reports Iranian Foreign Minister Manouchehr Mottaki said Tuesday "that Tehran is ready to restart negotiations with the European Union on its nuclear program, but he ruled out direct talks with the United States." His "announcement raised hopes that Iran would react positively to a planned package of incentives meant to convince it to abandon uranium enrichment," which was "put together by the five permanent members of the U.N. Security Council plus Germany." However, "Mottaki said there was no question of direct talks with the United States."

The Washington Times characterized Mottaki's comments differently, reporting that he "repeated Iranian calls for direct talks with Washington."

NYTimes Calls For Direct Talks With Iran. In an editorial, the New York Times (5/31, 1.19M) argues for "direct talks between Washington and Tehran in which Iran would be offered a wide-ranging package of economic inducements and security assurances in exchange for completely and verifiably abandoning all programs capable of producing nuclear bomb fuel." The Times writes, "Some Iranian officials are now seeking such talks, yet Washington, perversely, seems uninterested." The Times writes, "It could be a lot easier to persuade Russia and China to enforce" a ban on buying Iranian oil "if Washington agreed to hold direct talks with Iran and it was Iranian intransigence that made them break down. Even better, the talks just might succeed."

US Lawmaker Demands Said To Be Straining US-Pakistan Relationship. The Christian Science Monitor (5/31, Montero, 61K) reports the US-Pakistan relationship "has hit a rough patch" as US lawmakers last week "urged Pakistan to wring more information from disgraced nuclear scientist Abdul Qadeer Khan, alleging that he may yet hold the blueprint to some of Iran's nuclear secrets." The Monitor notes, "So far, the tough talk is coming only from Congress, suggesting that the White House may be more keenly aware of the many demands already placed on Pakistan's President Pervez Musharraf."

Israeli Incursion Into Gaza Leaves Four Palestinians Dead. The New York Times (5/31, Myre, 1.19M) reports the Israeli military "staged their first major operation inside the Gaza Strip since pulling out of the coastal territory last year, ambushing Palestinians late Monday evening as they prepared to fire a rocket, the Israeli military said Tuesday." According to the Times, three members of Islamic Jihad, "who were handling the rocket," were killed, "as well as a Palestinian security officer." The Times notes that Israel's "incursion into Gaza on Tuesday was a new tactic in its attempts to halt Palestinian rocket fire that has been directed at Israeli border towns from northern Gaza." Palestinian Prime Minister Ismail Haniya "condemned 'the Israeli policy of aggression against our people.'" Islamic Jihad "said it tried to fire the rocket in retaliation for a car bombing last week in Lebanon, which killed one of the group's senior members, Mahmoud Majzoub, and his brother." Israel "has denied involvement."

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US Official's Reassignment Seen As Evidence Of Dissent Over Somalia Policy. The Washington Post (5/31, A13, Graham, Deyoung, 744K) reports Michael Zorick, an American political officer "previously responsible for monitoring" Somalia, "received an early transfer to another diplomatic post after expressing concerns about U.S. payments to Somali warlords who are battling Islamic groups, according to several administration officials and outside experts on Africa. … One U.S. official said yesterday that earlier this year, Zorick used the State Department's 'dissent channel' to file a memo critical of U.S. policy in Somalia. But the official disputed suggestions that Zorick's transfer was a punishment." The Post adds that the case "provided fresh evidence of a sharp dispute within the U.S. government over how to deal with Somalia."

Militia Seizes Hospital In Mogadishu. The New York Times (5/31, Lacey, 1.19M) reports, "Hospitals have generally been considered neutral territory during the long years of civil conflict in Somalia, but that changed this week when gunmen seized control of an important medical facility in northern Mogadishu, causing many wounded patients to flee. … The International Committee of the Red Cross and the Somali Red Crescent Society issued a statement on Monday condemning the takeover and calling for the immediate withdrawal of the militiamen."

Death Toll From Indonesian Earthquake Reaches 5,700. The CBS Evening News (5/30, story 7, 2:00, Schieffer, 7.66M) reported, "The death toll from the Indonesian earthquake reached almost 5,700 today, but substantial help is now arriving for the more than 200,000 homeless survivors. That help includes US Marines who flew into the hardest hit town, which is also near a volcano that could erupt at any time." CBS (Petersen) added, "The medical and rescue teams are arriving from around the world just as experts say the time has probably passed for finding any more survivors. It has been too many days. Most structures were small homes where family or neighbors have already found the living and the dead, so it is no longer a race to find survivors but a second race to help the homeless."

US Military Sending Additional Aid To Indonesia. NBC Nightly News (5/30, story 7, 1:55, Hattori, 9.87M) reported, "The Pentagon announced tonight that the USS Essex, an amphibious assault ship with extensive medical facilities, is en route to the quake zone tonight. That's in addition to a contingent of US Marines which arrived with heavy machinery earlier today. They are among the latest in the quake relief effort here."

Agencies Report Fundraising Has Been Slow. The New York Times (5/31, Strom, 1.19M) reports, "The international relief effort to help the victims of Saturday's earth quake in Indonesia got off to an unusually fast start, although fundraising for the venture is progressing slowly so far. Nonprofit groups already had staff and supplies in Indonesia because of the effort to rebuild Aceh Province after the tsunami struck there in the final days of 2004. They shifted those resources to Yogyakarta, the site of the earthquake. … Several groups that have begun fund-raising said their efforts were off to a slow start, in part because public awareness of the disaster was low."

Aid Workers Have Not Yet Visited Some Portions Of Java. The New York Times (5/31, Gelling, 1.19M) reports, "Three days after a powerful earthquake rocked central Java, many devastated villages within the two worst-hit districts have yet to receive any help, residents said Tuesday. … A steady flow of aid, however, continued to arrive Tuesday, as relief agencies and other groups surveyed the area and started distributing supplies. Helicopters buzzed above ruined towns for the first time since the quake. United States marines helped in the distribution effort."

Bolivian Opposition Claims Venezuela Aiding Rebel Militias. The Washington Times (5/31, Arostegui, 90K) reports Bolivian opposition leaders are demanding that President Evo Morales "investigate charges that Venezuela is sending arms and military personnel to organize a special militia for the ruling Movement to Socialism (MAS). Lawmakers of the conservative Podemos party cite immigration records that show nearly 100 Venezuelan military officers have entered Bolivia since Mr. Morales took power in January. … Members of the opposition and sources inside Bolivia's military say that Venezuelan military activities go beyond the technical assistance, involving espionage and clandestine weapons shipments."

Bolivian, Ecuadorian Embrace Of Chavez Energy Policies Seen As Unwise. In a piece appearing in USA Today, the Christian Science Monitor's Danna Harman (5/31) writes that in "recent weeks," Bolivian President Evo Morales and Ecuadorian President Alfredo Palacio "have taken a page out of Venezuelan populist President Hugo Chavez's natural resources manual. It's the page that features politicizing the

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oil and gas industries and nationalizing them — keeping more of the petrodollars at home but alienating longtime foreign investors. … The moves played well at home." However, "while popular, and clearly profitable initially, such nationalizations — and more particularly the way in which they are carried out — are unwise, say critics, and are likely, in the long term, to hurt those who are applauding now."

Canadian Oil Sands Production Reportedly Devastates Environment. The Washington Post (5/31, Struck, 744K), in a front-page story titled, "Canada Pays Environmentally For U.S. Oil Thirst: Huge Mines Rapidly Draining Rivers, Cutting Into Forests, Boosting Emissions," reports, "Huge mines [in Alberta] turning tarry sand into cash for Canada and oil for the United States are taking an unexpectedly high environmental toll, sucking water from rivers and natural gas from wells and producing large amounts of gases linked to global warming. The digging…has proliferated at gold-rush speed, spurred by high oil prices, new technology and an unquenched U.S. thirst for the fuel. The expansion has presented ecological problems that experts thought they would have decades to resolve." The Post notes that when oil sands "became recognized as economically viable in 2003, Canada suddenly emerged as holder of the world's second-largest oil reserves, behind Saudi Arabia. By 2015, according to industry forecasts, the oil sands will account for at least one-fourth of North America's oil production. The United States already is counting on Canada to help wean it from oil from the Middle East."

UN Finds Pace Of AIDS Epidemic Has Slowed. The New York Times (5/31, Altman, 1.19M) reports, "New surveys suggest that the global AIDS epidemic has begun to slow, with a decline in new H.I.V. infections in about 10 countries, the leader of the United Nations AIDS program said Tuesday. Outside of those countries — which include Haiti, Cambodia, Kenya and Zimbabwe — the number of new AIDS infections continues to rise or hover at its current pace."

UN Says India Now Has Most AIDS Cases. The Wall Street Journal (5/31, Chase, 2.11M) reports India has surpassed South Africa "as the country with the largest number of people infected with HIV/AIDS, underscoring the growing impact the disease is having on the South Asian subcontinent. India's estimated total of 5.7 million infected people narrowly exceeds South Africa's estimated 5.5 million, a United Nations group reported. The estimates, released yesterday in the 2006 Report on the Global AIDS Epidemic, emphasize that the center of the disease remains in sub-Saharan Africa."

UN Hosting AIDS Conference. The Christian Science Monitor (5/31, LaFranchi, 61K) reports, "High-level delegations from around the world gather at the UN in New York this week for a five-year review of global efforts against AIDS that will highlight both progress and worrying trends. An encouraging note will be sounded by reports that infection rates are falling in some heavily affected African countries, at least in part as a result of modified behavior among African youths. But with the overall number of HIV cases still increasing - 5 million new ones last year - alarms will be sounded. Chief among them is concern over the growing concentration of the disease among women - with some experts demanding that global prevention and treatment efforts be more seriously focused on them."

The Washington Post (5/31, A10, Brown, 744K) reports, "The number of people getting AIDS drug treatment in needy countries has risen more than fivefold in five years, and the number of sites providing it has jumped tenfold in just the past year. At least a quarter-million people are alive today who would not be without the money, effort and expertise expended just since 2003, according to U.N. estimates released Tuesday."

LATimes Says UN Has Failed To Meet 2001 Goals. In an editorial today, the Los Angeles Times (5/31, 958K) writes that the UN "will revisit commitments and goals the world made five years ago to fight the disease. Needless to say, those commitments have been a bust. … Most of the goals set in 2001 not only haven't been met, they aren't even close to being met. The highest-profile goal was the so-called 3 by 5 initiative — getting 3 million people on antiretroviral drugs by 2005. The actual number was fewer than 1.5 million."

East Timor President Attempts To Quash Violent Protests. The Washington Post (5/31, A11, Deutsch, 744K) reports East Timor's President Xanana Gusmao "assumed emergency national security powers Tuesday after machete-wielding mobs torched homes and ransacked buildings in the capital and desperate residents scuffled over scarce food. Youths fired slingshots in running street battles as Australian troops tried without apparent success to quell the violence by halting and disarming gangs

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hiding their faces with T-shirts. What started as sporadic clashes between former soldiers and government troops has spiraled into open gang warfare. Violence has engulfed the capital, with at least 27 people killed and 100 wounded in the past week."

The New York Times (5/31, Perlez, 1.19M) reports, "Law and order broke down in recent months as the United Nations prepared to end its mission here after five years. An insurrection in East Timor's security forces turned into gang warfare in the streets of Dili, the capital, over the last 10 days, and sent terrified families to makeshift shelters around the city. … In a televised appearance, Mr. Gusmão also appealed to the gangs on the streets to hand their weapons to Australian and other foreign soldiers patrolling the capital."

Australian Troops Said To Face "Mission Impossible" In East Timor. The Washington Times (5/31, Keats, 90K) reports, "Analysts warn Australia may have stumbled into a 'mission impossible' in nearby East Timor, where its troops dominate an international force of more than 2,000 soldiers and police seeking to end a lawless rampage that threatens to devolve into civil war."

Hunger, Disease Now Leading Killers In Darfur. The New York Times (5/31, Polgreen, 1.19M) reports, "Dr. Sayid Obeid Bakhiet's clinic, one of just two left in this vast, squalid camp of 35,000 people [in Zam Zam, Sudan] displaced by the conflict in the huge Darfur region of western Sudan, is out of money. It will be forced to close at the end of June unless the organization that runs it, the Sudanese Red Crescent, finds more cash, Dr. Bakhiet said." The Times goes on to report that "at least 200,000 and perhaps as many as 450,000 have died as a direct result of the conflict in Darfur…though no one is sure how many of the deaths have come from combat and how many from the hunger and disease that have been caused or worsened by the war. But these days, people mostly die because they cannot get health care, clean water or enough food."

Americans Said To Be Unaware Of Darfur Situation's Complexity. In an op-ed for the New York Times (5/31, 1.19M) Alan J. Kuperman, assistant professor of public affairs at the University of Texas, writes, "Thousands of Americans who wear green wristbands and demand military intervention to stop Sudan's Arab government from perpetrating genocide against black tribes in Darfur must be perplexed by recent developments. Without such intervention, Sudan's government last month agreed to a peace accord pledging to disarm Arab janjaweed militias and resettle displaced civilians. By contrast, Darfur's black rebels, who are touted by the wristband crowd as freedom fighters, rejected the deal because it did not give them full regional control. Put simply, the rebels were willing to let genocide continue against their own people rather than compromise their demand for power." Kuperman adds, "Darfur was never the simplistic morality tale purveyed by the news media and humanitarian organizations."

Egyptian Government Detaining Bloggers Indefinitely. The Washington Post (5/31, A10, Williams, 744K) reports, "At least six bloggers are among about 300 protesters jailed during the past month's suppression of demonstrations. The bloggers, supporters say, were singled out by police, who pointed them out before agents rushed in to hustle them away. In the view of some human rights observers, the Egyptian government has begun to note political activity online and is taking steps to rein it in." The Post adds, "The legal status of the jailed bloggers and other detainees distresses their relatives and friends: Under Egypt's emergency laws, which have been in place for 25 years, the bloggers can be jailed indefinitely."

Dutch Ambassador Says Hirsi Ali Is Not Being Extradited. Boudewijn J. van Eenennaam, the Netherlands' Ambassador to the US, writes in the Wall Street Journal (5/31, 2.11M), "In regard to the May 20 editorial commentary 'Dutch Courage' by Daniel Schwammenthal: Ayaan Hirsi Ali is not being extradited from the Netherlands, nor is she being asked to leave. Her citizenship was recently called into question. During a debate on May 16, the Dutch parliament asked the Minister for Immigration and Integration, Rita Verdonk, to investigate and, if necessary, expedite the procedures to grant Ms. Hirsi Ali citizenship. The prime minister, Jan Peter Balkenende, has stated that this parliamentary request will prevail. Ms. Verdonk asserted that she will promptly carry out the parliament's request."

UN Security Council Urged To Take Action Against Myanmar. In an op-ed for the Wall Street Journal (5/31, 2.11M) Jared Genser, an attorney in Washington, D.C., with DLA Piper Rudnick Gray Cary LLP, writes, "How much worse does the situation in Burma need to get before the U.N. Security Council decides to act? On Saturday, the military junta again extended the house arrest of

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opposition leader Aung San Suu Kyi for a year. The decree came only a day after U.N. Secretary General Kofi Annan made a rare appeal for her release. … The junta's unequivocal rejection of the U.N.'s outstretched hand should come as no surprise. The generals in Rangoon have a long history of hinting at democratic reforms at critical moments so as to avert further action against them. That's why it's now time for the Security Council to demand actions rather than words from the junta."

THE BIG PICTURE:

Headlines From Today's Front Pages.

Los Angeles Times:
"Onward Christian Surfers."
"Portrait Emerges Of A Baffling Pair."
"Sex Offender Housing Scarce."
"Mexico Rivals Vie For Dissatisfied Middle."
"Court Curbs The Speech Of Public Employees."
"Hopes For Iraq Pullback Fading."
"Bush Turns To Wall St. For Treasury Secretary."

USA Today:
"FBI Adds Uses For Its DNA Database."
"Rockies Seek Revival On And Off The Field."
"Bush Picks His Economic Messenger."

New York Times:
"Bush Nominates Wall Street Chief For Treasury Job."
"Hurdle For U.S. In Getting Data On Passengers."
"Military Inquiry Is Said To Oppose Account Of Raid."
"As Hurricane Season Looms, States Aim To Scare."
"Darfur War Rages On, With Disease And Hunger The Biggest Killers."

Washington Post:
"Financier Chosen To Head Treasury."
"Md. Sniper Suspect Quickly Convicted."
"Intercounty Connector Gets Final Approval."
"High Court's Free-Speech Ruling Favors Government."
"On The Mall, Image Of Safety Is Shattered."
"Canada Pays Environmentally For U.S. Oil Thirst."

Washington Times:
"Bush Chooses Paulson For Treasury."
"Justices Ease Whistleblower Protections."
"Muhammad Found Guilty Of Six Maryland Murders."
"Airlines Likely To Apologize For More Inconvenience."
"Iran's Military Plans For Invasion By U.S."
"Prices Fuel 'Gas Rage' Against Station Staff."

Detroit Free Press:
"Hoffa Dig: Not Trace."
"Cold Reality: Maybe Heat Can't Be Beat."
"Clark's Task: Boosting GM Market Share."
"Metro Detroit's Leaders Face New Reality."

Atlanta Journal-Constitution:
"Phony Preacher Ran Fraud Empire From Jail."
"'05 Crash Doomed Textiles Company."
"Duke Ethics Expert To Lead Agnes Scott."
"Cornered By Thugs, Ex-Marine Kills 1, Shuns The Spotlight."
"42 Years Later, Senior Gets His Ring."

Houston Chronicle:
"'Big D' Offers Little Help."
"A Life Saved With 'Energy, Grace And Joy.'"
"Monitors Ease Off Mexican Elections."
"Locals Fear 'We're Due,' Prepare For The Season."
"Prosecutor Says Case Put Her In A 'Different World.'"

Story Lineup From Last Night's Network News:
ABC: Iraq Violence; Injured Reporter; Bush-Paulson Nomination; Paulson Nomination-Analysis; Stock Markets; FBI Search-House; MD Sniper Verdict; Hoffa Search Ended; Adult Autism; VA Data Theft; Barbaro Recovery.
CBS: Iraq Violence; Injured Reporter; Combat Support Hospitals; Iraq-Marines Investigation; Bush-Paulson Nomination; MD Sniper Verdict; Indonesia-Earthquake Recovery; Hoffa Search Ended; Barbaro Recovery; Postage Stamp-Heroic Diplomat.
NBC: Iraq Violence; Iraq-Journalists; Iraq-Marines Investigation; Bush-Paulson Nomination; Stock Markets; Baby Boomers-Retirement; Indonesia-Earthquake Recovery; Hoffa Search Ended; Marriage-Women.

Story Lineup From This Morning's Radio News Broadcasts:
ABC: Iraq-Insurgent Violence; Iraq-Haditha Investigation; Bush-Paulson Nomination; Study-SUV Safety; Dulles-Emergency Plan Landing.
CBS: Iraq-More US Troops; Iraq Violence; Abu Ghraib Abuse Trial; Afghanistan-Taliban Offensive; CO-Missing Boy Found; Bush-Paulson Nomination;
NPR: East Timor Violence; Iraq Violence; Bush-Paulson Nomination; Hayden Confirmed; Wall Street; Muhammad Verdict; Malaysia-Islamist Militants Captured.

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WASHINGTON'S SCHEDULE:

Today's Events In Washington.

White House:

PRESIDENT BUSH — Meets with President Paul Kagame of Rwanda; participates in swearing in ceremony for the CIA Director, CIA headquarters; attends the Maryland Victory 2006 reception. BWI Airport Marriott.

VICE PRESIDENT CHENEY — No public schedule.

LAURA BUSH — Delivers remarks at the National Trust for Historic Preservation Conference, Tulane University, New Orleans, LA. Open press; participates in a tour of the Historic New Orleans Collection.

US Senate: No Scheduled Events.

US House: No Scheduled Events

Other: INTERNET CENSORSHIP _ 9 a.m. The Newseum and Freedom House hold a panel discussion on the consequences of Internet censorhip in the U.S. and abroad. Participants include Matt Cooper of Time.com, Bib Dietz of the Committee to Protect Journalists, James Andrew Lewis of CSIS, Arch Puddington of Freedom House, others. Location: National Press Club.

OIL DEPENDENCE DAY _ 9:30 a.m. Environmental Action, others, hold a news conference to mark the day each year when the U.S. effectively becomes dependent on foreign oil for the rest of the year. Participants include Navin Nayak of Enviornmental Action, Anne Korin of Set America Free Coalition, Deron Lovaas of NRDC, others. Location: National Press Club.

SUMMER GAS OUTLOOK _ 9:30 a.m. Natural Gas Supply Association releases 4th Annual Summer Outlook. Location: National Press Club.

IRAQ _ 10 a.m. The U.S. Institute of Peace holds an event on security, political, economic and social challenges facing the new Iraqi government, with Amb. Samir Sumaidaie, Karim Al-Musawi of the Supreme Council for Isalmic Revolution in Iraq, others. Location: 2nd floor conference room, 1200 17th St. NW.

HURRICANE PROTEST _ 11 a.m. Individuals and leaders from across the nation will join Hurricane Katrina survivors to call for the resignation of the heads of the National Hurricane Center and the National Oceanic and Atmospheric Administration. Location: NOAA Headquarters, 1325 East/West Highway, Silver Spring, Md.

MINORITY LENDING _ 11 a.m. The Center for Responsible Lending hold a teleconference to release a national study of subprime mortgages that finds African-Americans and Latinos are charged more for mortgages than whites, even with the same credit score. With Janis Bowdler, housing policy analyst, La Raza; and Debbie Gruenstein Bocian, senior researcher, CRL. Contacts: Patrick Mitchell, 703-276-3266. Notes: Phone in .: 1-800-860-2442. Ask for ``lending and race" news event.

HOMELAND SECURITY _ 11:30 a.m. Homeland Security Undersecretary George Foresman, others, hold a pen and pad briefing to announce the FY06 Homeland Security Grant Program grant awards. Location: Building 21, Homeland Security, 3801 Nebraska Ave. NW.

REFORMING HEALTH CARE _ 12 p.m. One in a series of Cato Institute luncheon seminars on health care. Today's topic: ``How Not to Reform Health Care." Location: B338 Rayburn House Office Bldg.

INTERNATIONAL EXPROPRIATION _ 12 p.m. - 2 p.m. The American Society of International Law's (ASIL) New Professionals Group sponsors a luncheon discussion titled ``Bolivia and Beyond - Breach of Contract and International Expropriation." The presenter will be Peter Choharis, a specialist in international law and government relations; and the the discussant will be Ken Hansen, a partner in the Project Finance Group at Chadbourne & Parke, LLP, Washington, D.C. Location: Offices of Paul, Hastings, Janofsky & Walker, LLP, 875 15th St. NW.

HOMELAND SECURITY GRANTS _ 12:30 p.m. Homeland Secretary Under Secretary for Preparedness George Foresman and Assistant Secretary for Grants and Training Tracy Henke will participate in a conference call with reporters to announce the fiscal year 2006 Homeland Security Grant Program (HSGP) grant awards. Contacts: ., 202-282-8010 Notes: Conference Call Number: 1-800-882-3610. Conference Pin: 5352361.

PROMOTION CEREMONY _ 1:30 p.m. Army Chief of Staff Gen. Peter Schoomaker presides at a promotion ceremony for Maj. Gen. Jack Stultz to the rank of Lieutenant General. Location: Pentagon Courtyard. Note: in case of rain, it will be held in Jefferson Ploaza II, P level, Boeing Conference Room 123, 1421 Jefferson Davis Highway, Arlington.

RWANDA-KAGAME _ 2:30 p.m. - 3:15 p.m. Rwandan President Paul Kagame holds a news conference to discuss his visit to Washington, security in Africa, and progress on

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reconciliation in Rwanda. Location: VOA briefing room. 330 Independence Ave., SW. C Street entrance.

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THE ATTORNEY GENERAL'S *NEWS BRIEFING*

PREPARED FOR THE OFFICE OF PUBLIC AFFAIRS, U.S. DEPARTMENT OF JUSTICE

TO: THE ATTORNEY GENERAL AND SENIOR STAFF

DATE: WEDNESDAY, MAY 31, 2006 7:45 AM EDT

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TERRORISM NEWS:

Judge Rules US Must Reveal Monitoring In Detainee Suit. The New York Times (5/31, Bernstein) reports, "A federal magistrate in Brooklyn yesterday insisted that government lawyers defending former Attorney General John Ashcroft and other top officials in a lawsuit brought by former immigrant detainees cannot dodge the plaintiffs' persistent and unwelcome question: Are members of the United States trial team and likely witnesses — including Mr. Ashcroft and Robert S. Mueller III, the F.B.I. director — aware of any secret government monitoring of communications between the plaintiffs and their lawyers? … 'Plaintiffs' effort to learn whether their conversations with their attorneys were monitored by the government is not a mere fishing expedition based on unfounded speculation,' the magistrate, Judge Steven M. Gold, wrote in an 11-page decision. The order rejected the government's request that he reconsider a similar order that he made orally on March 7." Judge Gold "noted that 'the government's electronic surveillance of individuals suspected of links to terrorism has received widespread publicity and has even been acknowledged by the president of the United States.' And he cited findings by the inspector general that on more than 40 occasions, staff members of the Metropolitan Detention Center secretly video-recorded visits between lawyers and Muslim immigrants swept up and detained there after the Sept. 11 attacks, and later deported after being cleared of links to terrorism." The Times notes, "Stephen E. Handler, a Justice Department lawyer, had argued that confirming or denying such monitoring in one case and not another could 'tend to reveal classified information.' … But Judge Gold rejected the government's main argument for silence. 'Any claim that sensitive secrets would be revealed by the government's disclosure of whether conversations between plaintiffs and their counsel in this case were monitored is hard to fathom,' he wrote."

Gonzales' Threat To Prosecute Reporters Meets With Continuing Criticism. In an op-ed in the Washington Times (5/31), syndicated columnist Jacob Sullum writes, "The Justice Department, which was complicit in the National Security Agency's circumvention of the statutory limits on surveillance of e-mail and phone calls, has not shown much interest in getting to the bottom of that apparent crime. It recently abandoned an internal probe of the legal advice Justice lawyers gave the NSA, ostensibly because its investigators could not get requisite security clearances. … But that does not mean the Justice Department is ignoring the revelations concerning the NSA's warrantless surveillance. Last week Attorney General Alberto Gonzales suggested the government might prosecute New York Times reporters and editors for informing the public about the program." Sullum continues, "Mr. Gonzales probably had in mind a 1950 amendment to the Espionage Act of 1917 that says 'whoever knowingly and willfully... publishes... any classified information... concerning the communication intelligence activities of the United States... shall be fined not more than $10,000 or imprisoned not more than 10 years, or both.' On its face, this section covers what the New York Times did. … But it also covers what I'm doing right now: discussing, online and in print, a communication intelligence activity that remains classified. The law seemingly applies to everyone who has publicly acknowledged existence of the NSA's warrantless surveillance program, including the Bush administration's defenders." Sullum concludes, "When the executive branch decides what information is secret and whether any given person should be prosecuted for discussing it, the potential chilling effect on reporting and public debate is enormous. So is the potential for unconstitutional favoritism, since classified material is routinely used by journalists both sympathetic and hostile to the current administration. … Largely for such reasons, the Justice Department has never prosecuted a journalist for using classified information in a story. It should not start now."

The Kansas City Star (5/31) editorializes, "President Bush, Attorney General Alberto Gonzales and many of their congressional supporters speak of the importance of respecting the exact words of the U.S. Constitution. Yet some words get more respect than others." The Star continues, "The Fourth Amendment, for example, protects people against unreasonable searches and lays out requirements for search warrants. But Bush and some of his top aides need a refresher course on this part of the Constitution, judging from reports about their controversial surveillance programs. … Now the administration seems intent on downplaying the First Amendment as well. That part of the Constitution protects freedom of the press and freedom of speech, among other things. … Let's get real. U.S. forces have been hunting down and killing the group's operatives for years. The wary survivors hardly need a newspaper story to tell them American intelligence might be eavesdropping on them. … The Founding Fathers were all too familiar with efforts by surly government officials to hobble the press, suppress criticism and restrict the flow of information to the public. … That's why the First Amendment prohibits any law 'abridging the freedom of speech, or of the press.' … Bush and Gonzales shouldn't forget those words. Neither should the American public."

In a column in the Atlantic Monthly (5/30), Stuart Taylor Jr. writes, "Comes now Attorney General Alberto Gonzales, a

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man not known for legal acuity, with a threat to prosecute The New York Times and other news media for publishing leaks of classified information. … Gonzales, who launched a major investigation late last year into such leaks, claimed in a May 21 ABC News interview that Congress has made a 'policy judgment' that in some circumstances journalists should be prosecuted for publishing classified information. … This assertion is misleading at best. The 89-year-old espionage law to which Gonzales was mainly referring was not intended to prosecute anybody for publishing anything and has never been so used. This is an administration that has not hesitated to leak classified information that makes it look good—but calls it criminal for others to publish leaks that make it look bad." Taylor adds, "When it comes to leaking classified information, this administration has no standing to preach, let alone prosecute. … We have seen strong evidence that I. Lewis (Scooter) Libby and Karl Rove leaked Plame's classified CIA role to reporters, in pursuit of Dick Cheney's interest in discrediting criticisms by Plame's husband, Joseph C. Wilson. The idea was to show Wilson to be a lightweight trading on his wife's CIA connections. (He was. But that's another story.) … Under the Gonzo doctrine, as I will call it, such leaks are felonies if the leakers and any co-conspirators knew that the information was classified. Libby knew, according to Special Prosecutor Patrick Fitzgerald. (Nobody has claimed—yet—that Cheney knew, or that he approved the Plame leak.)" Taylor continues, "What would the courts do with such a prosecution? The legal precedents are sparse. The Supreme Court spurned Nixon's 1971 effort to enjoin publication of the Pentagon Papers in advance. But the nine separate opinions in the case are less than reassuring. … Still, I'd be surprised if even Bush and Gonzales are foolish enough to prosecute journalists. Notwithstanding the unpopularity of the media, that might drive Bush's approval ratings below 30 percent for the rest of his already blighted term. … There is not much chance that a New York or Washington jury would vote unanimously to convict in such a case. And if there were a conviction, the case would end up in a Supreme Court that seems sick and tired of this administration's contempt for law."

Top EU Court Tosses Bilateral Passenger Agreement. The New York Times (5/31, Clark, Wald, 1.19M) reports, "The European Union's highest court ruled Tuesday that the Union had overstepped its authority by agreeing to give the United States personal details about airline passengers on flights to America in an effort to fight terrorism," a decision that will "force the two sides to renegotiate the deal at a time of heightened concerns about possible infringements of civil liberties by the Bush administration in its campaign against terrorism, and the extent to which European governments have cooperated." The two sides now have "four months to approve a new agreement, and American officials expressed optimism that one could be reached."

The Washington Post (5/31, A11, Anderson, Alexander, 744K) quotes Jarrod Agen, a spokesman for the US Department of Homeland Security, as saying, "The content of the agreement was not what the court found issue with." Separately, an unnamed US official in Brussels is quoted as saying, "We've been in touch with European institutions to talk about how to deal with what came down. ... No one knew what it would say until today, but there were contacts between European institutions and US authorities to agree to handle this in a smooth way, whatever happened."

The Financial Times (5/31, Laitner, Cameron, Peel) notes "the controversial 2004 agreement required carriers to send up to 34 pieces of passenger information to the Department of Homeland Security, which used the data to compile 'no-fly' lists of suspected terrorists and criminals." The deal "had been attacked by civil liberties' groups on both sides of the Atlantic, but was struck down by the European Court of Justice on a legal technicality following a challenge from the European Parliament." Airlines "expressed confidence that a new deal could be reached by the September 30 deadline imposed by the court, though said the move highlighted continuing confusion over aviation security regulations."

The Wall Street Journal (5/31, Echikson, 2.11M) reports EU Justice Commissioner Franco Frattini "said he would try to rework the agreement 'under a different legal basis, but with similar content.' He, too, said he is confident a deal can be struck before most EU officials go on holiday for August. But without one, he added, 'we could face really huge problems.'" However, "in private, an EU official cautioned that it will be hard to renegotiate a deal that will satisfy both the European Parliament and the U.S. government. Some members of the Parliament vowed to take a tough line on any new agreement."

The AP (5/31, White) reports, "The European Court of Justice said EU nations acted without the correct legal basis. It did not, however, take issue with specific measures of the law. … Lawyers have until Sept. 30 to address the concerns raised by the court. If they fail to fix legal technicalities by that date, airlines may have to change the way they collect and transfer data."

Bloomberg (5/31, Lumley) reports, "The European Commission, the EU's Brussels-based executive agency, said it's analyzing the 'full implications' of the court ruling and will work with the other institutions to find a solution by the September deadline. The regulator will consult with the U.S. on any changes that may be required. … 'The commission remains committed to the fight against terrorism while respecting fundamental human rights such as the right to privacy,' commission spokesman Johannes Laitenberger said

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at a daily news briefing in Brussels today." Bloomberg adds, "The current regulations, imposed after the Sept. 11 attacks to allow security agencies to scan airline records for terrorists and criminals, are a compromise with U.S. authorities. The commission had found the original rules violated the EU's privacy laws. The U.S. agreed not to record passengers' meal and seating preferences, which could reveal a traveler's religion or health, as well as limit the amount of time the data is stored to 3 1/2 years from 50 years."

PATRIOT ACT:

Connecticut Librarians Denounce NSL Gag Order, Patriot Act. The New York Times (5/31, Cowan, 1.19M) reports, "Four Connecticut librarians who had been barred from revealing that they had received a request for patrons' records from the federal government spoke out yesterday, expressing frustration about the sweeping powers given to law enforcement authorities by the USA Patriot Act. The librarians took turns at the microphone at their lawyers' office and publicly identified themselves as the collective John Doe who had sued the United States attorney general after their organization received a confidential demand for patron records in a secret counterterrorism case. … 'I'm John Doe, and if I had told you before today that the F.B.I. was requesting library records, I could have gone to jail, said…Peter Chase, a librarian from Plainville who is on the executive committee of Library Connection's board." Library Connection executive director George Christian added that "being free to speak now, weeks after the Patriot Act was reauthorized for several more years, was 'like being allowed to call the Fire Department after the building has burned down.'"

The Hartford Courant (5/31, Tuohy, 206K) adds that board president Barbara Bailey said, "It all reminded me of George Orwell's '1984.' You knew it was fiction. You knew it was preposterous. But you know, I've been living it." ACLU associate legal director Ann Beeson "said the Library Connection has not turned over any of the records sought in the national security letter, and the legal battle continues over other portions of the demand. The librarians still are prohibited from discussing the targets of the demand letter and the scope of the records sought." The AP (5/31, Eltman) notes that the librarians "spoke out bitterly for the first time," and they "did little to hide their displeasure at being told by the government to keep quiet." NPR's All Things Considered (5/30, Abramson) reported that "before the lawsuit was fully litigated, prosecutors dropped their appeal, leading a judge to rescind the gag order on the librarians. Nonetheless, analysts say the gag-order option remains available for the government in future cases."

HOMELAND RESPONSE:

ELF Bomb Plot Suspect Pleads Guilty, Agrees To Cooperate With Investigators. The AP (5/31) reports, "A Westchester County woman, one of three people accused of plotting to blow up a U.S. Forest Service genetics lab and other targets" in California, "pleaded guilty to conspiracy, federal prosecutors said Tuesday." Lauren Weiner "agreed to cooperate with investigators as part of her plea bargain. That includes testifying against" her two codefendants. The AP notes, "The three planned to act in the name of the Earth Liberation Front, a shadowy group of environmental activists, investigators said. However, the FBI infiltrated the group with an undercover informant."

Bush Views "United 93" With Families Of Flight's Passengers, Crew. The Washington Post (5/31, C3, Argetsinger, Roberts, 744K) reports in its "The Reliable Source" column that President Bush and the First Lady viewed the movie United 93 in the White House family theater last night. They were joined by "relatives of many of the 40 passengers and crew who died on the hijacked flight nearly five years ago. This is the first time the president has seen the harrowing film, which dramatizes the struggle to retake the plane from terrorists aimed at the Capitol or White House."

Chertoff Assesses Hurricane Preparedness In New Orleans. CNN's Situation Room (5/30, Meserve) reported that DHS Secretary Michael Chertoff visited New Orleans "to satisfy himself that everything that can be done has been done to protect this city if another big hurricane hits." Secretary Chertoff was shown giving his name for a mock evacuation and riding on a bus as he "played evacuee, getting a firsthand taste of what will happen if there is another evacuation of New Orleans." CNN added, "New Orleans Mayor Ray Nagin is among those meeting and briefing Chertoff. Nagin brings to the secretary a concern of his own. The regional transit authority will run out of money the very month hurricane season starts. … Chertoff says the federal government will come up with the money to keep drivers on the job if it has to. Chertoff gives a good grade to the city's evacuation plan, but he says all of the efforts of local, state and federal governments could be undercut if citizens refuse to leave when they are told to."

The AP (5/30, McConnaughey) reported Secretary Chertoff, who visited Touro Infirmary along with FEMA Director R. David Paulison, said his visit gave him "a tangible feel for what not only what the challenges are but also what steps the city has taken to prepare itself for a hurricane this time." Though he "said the federal government has made

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arrangements for about 3,000 buses to help with evacuations if needed," Chertoff said "there seemed to be more shelter spaces available" last year. "However, the state actually has identified more shelter space than it used last year — excluding the Superdome, which will not be available, said Cleo Allen, spokeswoman for the state Department of Social Services."

Allen Calls Coast Guard, FEMA Under DHS "Perfect Marriage." In an interview on the Situation Room (5/30, Blitzer), Coast Guard Commandant Thad Allen was asked whether it was "smart" to bring FEMA and the Coast Guard into the Department of Homeland Security. Allen said, "I think this is a perfect marriage of Coast Guard and FEMA in the same department. We prescript mission assignments now, so we're ready to act further in advance than we ever have before. But the joint training between Coast Guard and FEMA people has been extraordinarily useful."

Shuster, Boustany Tour Cameron, Calcasieu Parishes. The Daily Advertiser (5/31, Taylor) reports Reps. Bill Shuster and Charles Boustany "toured Cameron and Calcasieu parishes Tuesday" to view hurricane damage in the area. Shuster, who is sponsoring legislation to remove FEMA from DHS, "said he was surprised to learn that it would cost only $2-4 million to repair a large piece of levee in southwest Louisiana and the federal money has not been sent. 'In Washington numbers, that's peanuts,' Shuster said. The money, he said, is probably tied up in federal bureaucracy."

Hurricane-Prone States Hope Efforts To Scare Residents Will Prompt Preparedness. Under the headline "As Hurricane Season Looms, States Aim To Scare," the New York Times (5/31, Goodnough, 1.19M) reports many "officials in hurricane-prone states are trumpeting dire warnings" in advance of this year's hurricane season, aiming, "it seems, …to scare the multitudes of people who emergency officials say remain blasé even after last year's record-breaking storm season." The Florida Division of Emergency Management, for example, "is broadcasting public service announcements with recordings of 911 calls placed during Hurricane Ivan in 2004." The Times continues with quotes from "unfazed" residents, including Jimmy Austin, of Nags Head, North Carolina, who said he "sees no need for special precautions."

Federal Judge In Houston Won't Issue Restraining Order To Continue FEMA Housing. The New York Times (5/31, Goodman, 1.19M) reports a federal judge in Houston, David Hittner, has "declined to issue a temporary restraining order that would force the Federal Emergency Management Agency to continue financing its rental-assistance housing program for Hurricane Katrina evacuees." Hittner found that "lawyers representing evacuees against the agency had failed to meet all four conditions required by law to compel a restraining order." The Times adds, "Many evacuees were told that their assistance would end today, while some in cities like Houston and Dallas had been granted extensions until June 30."

Long Island Insurance Market Shows Signs Of Hurricane Fears. The Wall Street Journal (5/31, B1, Pleven, 2.11M) reports that "with the ever-present threat that a mammoth storm could deviate from recent patterns" and strike Long Island, "the insurance market here is showing glimmers of the kind of fragility that has plagued places like Florida." The situation in Long Beach, where "finding any hurricane coverage at all is getting harder and more expensive," is an example of "how the insurance industry has intensified efforts to limit its exposure in the Northeast." Meanwhile, "In Long Beach, only about 40% of households are covered by the federally backed flood-insurance program," which is "a much lower percentage than in much of New Orleans at the time of Hurricane Katrina."

Insurance Executive Says Residents In Catastrophe-Prone Areas Should Assume Risk. Edmund F. Kelly, chairman, president and CEO of Liberty Mutual, in an op-ed in the Wall Street Journal (5/31, A12, 2.11M) writes that while "calls for the federal government to expand its role in providing insurance for those who build or live in catastrophe-prone areas" will "likely…grow louder" with the start of hurricane season, "reasons this is a bad idea should be obvious. People who willingly and knowingly live in catastrophe-prone areas should assume the risk, and pay the cost, of doing so; government-subsidized insurance just loads this risk, and cost, on average taxpayers. And what proponents of a greater role for the government don't like to discuss is that the Federal Flood Program has a $20 billion deficit -- and has notably failed to meet its original purpose of encouraging people to rebuild away from areas vulnerable to devastating coastal storms." Kelly suggests "stronger building codes to make homes and other structures less susceptible to severe storms" and regulatory processes that would "allow insurance pricing to better reflect risks."

WAR NEWS:

Bush Learned From Press About Haditha Incident. The AP (5/30) reports, "President Bush learned of reports that U.S. Marines killed two dozen unarmed Iraqi civilians only after reporters began asking questions, the White House said Tuesday." Press secretary Tony Snow said Bush learned from a Time reporter. The article quotes the version alleged by war critic Rep. John Murtha (D-PA), namely that "Marines then shot and killed unarmed civilians in a taxi at the scene and went into homes and shot other people."

ABC News Nightline (5/30, Karl) reported, Bush "was briefed by his national security adviser on what happened,

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shortly after 'Time' started asking questions. Press secretary, Tony Snow, says the President has taken a personal interest in the story." Snow: "I think anybody who has heard the story has a personal interest in it. It's impossible not to. But the president is also allowing the chain of command to do what it's supposed to do, through the department of defense, which is to complete an investigation." And House Armed Services Committee Chairman Duncan Hunter said, "Justice will occur here. And it's important when the marines brief me, we agreed that we should let the chips fall where they may. This should be a tough, effective, aggressive investigation."

Meanwhile, the CBS Evening News (5/30, story 4, 0:25, Schieffer, 7.66M) reported, "The White House pledged today that the public will be told everything Pentagon investigators learn about reports that US Marines in Iraq killed two dozen unarmed civilians last November."

Probe May "Already Be Compromised." ABC News Nightline (5/30, Moran) called the investigation into allegations that Marines killed 24 civilians in Haditha perhaps "the most important criminal investigation in the US military since the My Lai massacre in Vietnam. And it may already be compromised." The probe "is running into serious trouble. Too much time has passed since the killings. And not enough evidence remains." The investigation is characterized as being taken seriously at the "highest level."

Iraqi Prime Minister Wants Investigation Expedited. NBC Nightly News (5/30, story 3, 4:30, Williams, 9.87M) reported Iraqi Prime Minister Nouri al-Maliki yesterday addressed the deaths of 24 civilians in Haditha, reportedly at the hands of US Marines, saying "his patience here is wearing thin. Military forces, he said, must respect human rights and innocent Iraqis cannot be killed by mistake."

Military Inquiry Refuted Haditha Marines' Claims. The New York Times (5/31, Schmitt and Cloud, 1.19M) reports, "A military investigator uncovered evidence in February and March that contradicted repeated claims by marines that Iraqi civilians killed in Haditha last November were victims of a roadside bomb, according to a senior military official in Iraq." Such evidence included gunshot wounds to the heads and chests of the victims. That investigator also reviewed compensation paid shortly afterward to the victims.

Officers Not Target Of Haditha Investigation. The AP (5/30, Watkins) reports, "Three officers relieved of command from a Marine battalion are not targets of investigations into whether their troops killed as many as two dozen Iraqi civilians and tried to cover it up, the attorney for one of the officers said Tuesday." The article names the three officers as Capt. James Kimber, Lt. Col. Jeffrey Chessani, and Capt. Lucas McConnell. It extensively quotes attorney Paul Hackett, Kimber's counsel, in defense of his client. CNN's The Situation Room (5/30, McIntyre) reported, "In anticipation of the idea that charges will be filed against Marines in the weeks or perhaps even months ahead, some of those Marines are talking to defense attorneys. And we're talking to those attorneys. They're painting a slightly different picture of what may have happened in Haditha that day, including accounts of a firefight that was nearby, even if it wasn't at the scene where the killings took place."

Murtha Urges More Openness. Rep. John Murtha was asked on CNN's The Situation Room (5/30) was asked about his suggestion that there was a cover-up of the Haditha incident. Murtha said, "What I worry about is that this happened six months ago. And nothing -- you heard nothing about it. As a matter of fact, the original story was that an IED killed these 15 people. It became very confusing to the public. TIME magazine came out with an article, and they still tried to cover it up. Now, there were payments made to victims, which aren't made unless we kill them, one way or the other. And, secondly, they knew about it the day afterwards. So, there's no excuse for not having this be more open and know exactly what -- and the longer it goes, the worse it is for us, because it looks like it's the policy of our troops to do something like this."

Haditha Allegations Said To Undercut US Efforts In Iraq. USA Today (5/31, Johnson, 2.31M) writes, "Allegations that Marines killed civilians in the western Iraqi town of Haditha last year could undo efforts to win the cooperation of locals in the volatile Anbar province, some Marines say." The article notes, "The allegations also highlight the rapid life-and-death decisions that soldiers and Marines make in the shadowy world of guerrilla warfare," often very young ones. CNN's The Situation Room (5/30, Malveaux) reported that "officials worry the scandal of Abu Ghraib may pale in comparison to what military investigators uncover out of the western Iraqi city of Haditha. Pentagon sources say they suspect a small group of Marines massacred several dozen Iraqi citizens last November in retaliation for a killing of one of their own. The administration is now bracing itself for another potential crisis. … White House officials are urging everyone not to jump to conclusions or rush to judgment when it comes to the investigation." NPR's All Things Considered (5/30, Bowman) reported the USMC paid at least $38,000 to the families of those killed in Haditha.

WPost Says US Must Be "Accountable." The Washington Post (5/31, 744K) editorializes on the alleged Haditha massacre, "There is no way to mitigate or excuse such despicable acts if they occurred, and hardly any way to alleviate the tremendous damage that will be done to U.S. honor in Iraq and around the world. The only remediation can come through a thorough investigation, the full disclosure of all misconduct and accountability for all those responsible." The Los Angeles Times (5/31, 958K) editorializes, "First things first. If Marines 'avenged' the killing of a comrade by terrorizing and killing innocent Iraqis, they disgraced their uniform and must be punished. The same is true of anyone

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higher in the chain of command who helped conceal what happened on Nov. 19, 2005, in Haditha in western Iraq." It concludes, "No amount of fog, and no level of confusion, can obscure the fact that this is a nation of laws, and when the U.S. condones the deliberate murder of civilians it becomes, as Murtha said, no better than its enemy."

Batiste Blames Rumsfeld For Haditha, Abu Ghraib. Retired Army Maj. Gen. John Batiste appeared on MSNBC's Hardball (5/30, 7:16 p.m.) and repeated his call for Secretary Rumsfeld's resignation, saying, "There's one man in charge of an organization, in this case, the Department of Defense, and he is responsible for what happens or what fails to happen under his watch." Batiste went on to say that the "alleged atrocity in Haditha…the whole national disgrace of Abu Ghraib and I think the chaos over the last three years can be traced directly back to our Secretary of Defense."

New Iraqi Envoy Presents Credentials To Bush. The Washington Times (5/31, Dinan, 90K) reports, "Iraq's ambassador to the United States presented his credentials to President Bush yesterday and said the president was right in saying terrorists cannot stop Iraq from forming a free and democratic country." Although the appointment of a new envoy by Iraq's government was "good news" for President Bush, "Mr. Sumaidaie's personal story could be bad news for the White House. Last year, he accused Marines of killing his 21-year-old cousin, a civilian who was home from school visiting his family in Haditha. Although not directly related, the incident raises the same issues being investigated by Marines and the Defense Department after reports of dozens of Iraqis killed on Nov. 19 in Haditha, a city in western Iraq." CNN's The Situation Room (5/30, Blitzer) reported, "At the White House today President Bush told Iraq's new ambassador to the US that he's impressed by the new leaders in Baghdad. But he also acknowledged difficult times including the mounting death toll for US troops in Iraq." CNN (Malveaux) added, "The Bush Administration is certainly hoping that this new permanent Iraqi government can turn things around. They are counting on it essentially to take on the terrorists and the insurgents. It's been some ten days since the installation of that new government and already bloody battles. Already a renewed sense here at the White House the need to be upbeat."

White House Officials Say Bush's Candor On Iraq Mistakes Surprised Them. The White House Bulletin/US News (5/30) reported, "New details are emerging about President Bush's admission of mistakes in handling the Iraq war last week. White House officials say they were as surprised as everyone else when Bush expressed regrets for his tough-guy rhetoric leading up to the Iraq war." They "note that Bush has been asked essentially the same question -- what were his biggest mistakes regarding the Iraq conflict -- many times over the years and has always declined to answer in a full and comprehensive way. This time, at a joint news conference with British Prime Minister Tony Blair, Bush was asked the same question by a British journalist. The President suddenly turned introspective and expressed misgivings about some of his macho rhetoric, such as his challenging Iraqi insurgents to 'bring it on.'" A senior Bush adviser tells US News and the Bulletin: "It was an extraordinary moment for us. Ironically, even though it was asked before, it was the least expected question" because Bush had brushed it off so often in the past. The Bulletin adds, "Why the surge of candor at that moment? Bush advisers say that Laura and Rove had been urging him for a while to soften his image and be more accommodating to his critics. But they also say the President has felt this way for a long time and simply felt it was time to reveal himself publicly."

Car Bombs Ravage Iraq As Violence Hits New High. The AP (5/31) writes, "Two car bombs killed dozens of people in Shiite Muslim areas of Iraq on Tuesday, part of a wave of attacks that left at least 54 people dead and 120 wounded on one of the bloodiest days in recent weeks. Iraqi officials told the Associated Press that a suspected terrorist who had confessed to taking part in hundreds of beheadings was captured in a raid that also netted documents, cellphones and computers with information on other wanted men."

The Washington Post (5/31, Hernandez and al-Izzi, 744K) reports, "In an indicator of rising violence, more 'multiple-fatality' bombings -- involving at least three deaths -- occurred this month than in any other since the war began in 2003, according to the Brookings Institution, which issues a twice-weekly report of security and reconstruction statistics. The report this week noted 44 such bombings as of May 25; since then, that number has risen above 50. The next-worst month was September 2005, with 46." According to the Post, "U.S. commanders have warned for weeks that the country's Sunni Arab insurgent movement, which they say is led by the group al-Qaeda in Iraq, would unleash an all-out offensive to weaken the new government's authority and stoke hatred between Sunni and Shiite Muslims." The Post notes a peculiar twist in the Saddam Hussein trial: "Two of the three defense witnesses who testified on Hussein's role in the alleged execution of 148 Iraqi Shiites in retaliation for an attempt on his life in the town of Dujail in 1982 testified that at least 23 of the people sentenced to death were still alive." The violence-filled day was the lead on each of the networks last night.

ABC World News Tonight (5/30, lead story, 2:40, Karl, 8.78M) reported, "The attacks came exactly one year after Vice President Cheney had this to say about the insurgency

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in Iraq." Vice President Cheney: "The level of activity that we see today from a military standpoint, I think, will clearly decline. I think they're in the last throes, if you will, of the insurgency." Karl: "But a new Pentagon assessment today says the insurgency has gotten deadlier." Military officials "blame the long delay on forming a new Iraqi government for the violence."

The CBS Evening News (5/30, lead story, 2:35, Schieffer, 7.66M) reported, "Today was one of the worst in a long time. An American soldier was killed as a string of bombings left 54 people dead and more than 120 wounded." CBS (Martin) added, "Average weekly attacks on Americans and Iraqis, more than 600 a week, the highest level ever. Average daily casualties, that's killed and wounded, American troops down from 25 two years ago to about 15. But Iraqis, both civilian and military, way up, from 30 to nearly 80. The report also shows signs of progress, such as areas where Iraqi security forces are take the lead in the fighting: None at the start of last year, 30,000 square miles today."

NBC Nightly News (5/30, lead story, 3:15, Miklaszewski, 9.87M) reported the Pentagon's "own report released today which shows that violence in Iraq is on the rise and that more than half of Iraqis believe the security situation there has only gotten worse. Violence raged seemingly unabated throughout Iraq today."

1,500 US Troops To Reinforce Anbar. The New York Times (5/31, Oppel, 1.19M) writes pointedly, "One year after Vice President Dick Cheney predicted that the Iraqi insurgency was in its 'last throes,' the United States military said it had had to reassign 1,500 troops from Kuwait to Anbar Province. The move comes amid growing signs that much of the region is under the control of insurgent groups, including the terrorist organization of Abu Musab al-Zarqawi. He and other jihadists have spoken of creating a caliphate that would be a shelter for radical Sunni groups." The Times added, "The inability to find nominees acceptable to the Shiite, Kurdish, Sunni Arab and secular members of Mr. Maliki's coalition continues to underscore how fragile the new government is in the face of a resilient insurgency."

Fox News (5/30, 7:05 p.m.) reported, "About 1,500 US soldiers have moved from Kuwait to Iraq. This is the second time since March that soldiers on stand-by in Kuwait have been sent into Iraq. Their assignment: a terrorist hotbed stretching from west of Baghdad to the Syrian border." CNN Headline News (5/30, 11:43 a.m.) reported the Second Brigade First Armored Division troops "follow some 750 troops who were already sent again from that brigade held in reserve in Kuwait, who were sent to Baghdad in March. They are still there. The Pentagon is not saying how long these 1,500 troops will remain in al Anbar province."

The CBS Evening News (5/30, lead story, 2:35, Martin, 7.66M) reported, "1500 more combat troops have been ordered into western Iraq in an attempt to establish some semblance of government control. It is the second time this year the American commander, General George Casey, has called in reinforcements. In March, 700 troops were sent into Baghdad to help hold down sectarian violence. They were supposed to remain 30 days, but they are still there."

NBC Nightly News (5/30, lead story, 3:15, Williams, 9.87M) reported, "Fifteen hundred US troops are being flown from Kuwait to the Al Anbar province of Iraq, where a lot of this violence has been centered." NBC (Miklaszewski) added, "This latest increase in violence could delay the withdrawal of any significant numbers of American forces from Iraq."

Violence Escalation Likely Has Derailed Pullout Plans. The Los Angeles Times (5/31, Roug and Spiegel, 958K) writes, "The Pentagon's hopes to make substantial reductions in U.S. troop levels in Iraq this year appear to be fading as a result of resurgent violence in the nation, particularly in the Sunni Arab stronghold of Anbar province, military officials acknowledge." The violence appears to have dashed hopes of "substantial U.S. troop reductions, from more than 130,000 now to 100,000 or less." However, "military officials say the deployment of new troops to Al Anbar is not a prelude to an offensive like the one launched in 2004 on Fallouja, which had become a haven for rebels."

Zakaria Says Iraq Needs Political Solution. In the Washington Post (5/31, 744K), Fareed Zakaria writes that standing up an Iraqi military is not the answer to the country's problems; rather, "the reality is that only an effective political bargain will bring about order. There needs to be a deal that gives all three communities strong incentives to cooperate rather than be spoilers." He says the new prime minister has two major challenges: "weakening the insurgency and disbanding sectarian militias. Neither can be done purely militarily."

Pentagon Says Insurgency Likely Will Be Strong Until 2007. The Copley News Service (5/30, Kreisher) reports, "Iraq in the last three months had the highest level of attacks of any similar previous period, while casualties among Iraqis soared, the Pentagon reported Tuesday." It contrasts that grim statistic with Asst. Secretary Rodman's emphasis on "political progress" in the form of a "permanent government." Copley adds, "With its comparatively thin population, Anbar had the highest rate of violent attacks per capita during the reporting period …The report said 63 Iraqi army battalions 'have the lead for security responsibility' in their assigned areas." However, Copley mentions that the report does not say how many Iraqi battalions can operate independently, a change of practice from its predecessor, which stated that none could.

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The AP (5/31, Burns) writes, "The report to Congress offered a relatively dim picture of economic progress, with few gains in improving basic services like electricity, and it provided no promise of U.S. troop reductions anytime soon. On the other hand, it said the Iraqi Army was gaining strength and taking lead responsibility for security in more areas." It says, "The U.S. government has struggled for three years to understand the insurgency in Iraq, which began in the Sunni Triangle west and north of Baghdad." It states of likely insurgent strength, "The Sunni Arab heart of the Iraqi insurgency seems likely to hold its strength for the rest of this year, and some of its leaders are now collaborating with Al Qaeda terrorists, the Pentagon said Tuesday."

Meanwhile, the Washington Times (5/31, Scarborough, 90K) states more optimistically the Pentagon's view "that a key element of the Iraq insurgency will maintain its level of violence this year, but then begin to weaken in 2007." It notes the Pentagon Iraq report's contention that "U.S. commanders are methodically turning over more territory to the ISF and putting them in the lead in counterinsurgency operations. More than half of all operations in Baghdad, one of the country's most violence-prone provinces, are being led by Iraqis."

Pentagon Classifies Number Of Independent Iraqi Battalions. UPI (5/30) reports, "The Pentagon has newly classified the number of Iraqi army battalions that are fully independent in its latest public report on conditions in Iraq." The classification comes after the Pentagon said in its last previous report that "zero" Iraqi battalions were "capable of full independence." UPI writes, "The fact that there have been zero fully independent Iraqi battalions in Iraq after three years of occupation, nearly $300 billion and the training of a new army, has been cited by critics of the war as evidence that progress has not been made." However, Lt. Gen. Gene Renuart "said there has been a significant increase in fully independent units. [Assistant Secretary] Rodman said the number 'fluctuates for different kinds of reasons' but called it a 'good increase.'" The Financial Times (5/31, Sevastopoulo) does not report this new classification but quotes the Pentagon as asserting that "the number of Iraqi soldiers and police who had completed their training had risen to 263,400, an increase of 36,100 from three months ago. It said the Iraqi ministries of defence and interior were on track to complete initial training targets by the end of this year." The FT notes of the Pentagon public report that "it said Anbar had the highest number of daily attacks per capita over the past three months."

Media Reassess Iraq TV Assignments After CBS Deaths. The New York Times (5/31, Carter, 1.19M) reports, "The roadside blast in Baghdad on Monday that killed two CBS News crew members and seriously wounded a third has deepened concerns among television network executives about the risks their crews face trying to cover the Iraq war, some arguing that television reporters may be even more exposed than those in print journalism." Executives fear that "the risks are even greater for television personnel because of the equipment they must carry — including cameras that are sometimes mistaken for weapons — and how visible they must be to convey the story."

Dowd Points Out Risks Taken By Journalists. In the New York Times (5/31, 1.19M), Maureen Dowd argues that journalists in Iraq face risks that conservative pundits understate. She writes that, despite conservative scorn about alleged timidity by journalists, "Now two network personalities — Ms. Dozier and Bob Woodruff — have been severely injured by roadside bombs while embedded with the military, trying to do the sort of stories the administration wants." She also denounces the anonymity of military and Iraqi casualties, unlike the publicity that journalists receive when they are attacked: "The administration tries to play down any sense of individual loss; the president has not attended a single funeral, and the government banned pictures of [troops'] returning coffins. The Iraqi civilians who die don't even get their names in the small print."

Wounded CBS Correspondent Transported To US Military Hospital In Germany. Injured CBS reporter Kimberly Dozier was transported to Landstuhl military hospital in Germany, where she was reported to be in critical but stable condition with injuries to her head and legs. The story was reported in full segments on both CBS and NBC, while ABC ran a brief. The CBS Evening News (5/30, story 2, 3:05, MacVicar, 7.66M) reported, "Kimberly is in intensive care. She had surgery twice yesterday on injuries to her legs and on her head to remove shrapnel from her skull. She was able to wiggle her toes as she was admitted. Tonight, she remains sedated and faces more surgery."

NBC Nightly News (5/30, story 2, 2:40, Maceda, 9.87M) reported, "Dozier's camera crew, Britons Paul Douglas and Jim Brolan, were killed by the same roadside bomb while embedded with the US Army in Baghdad. In underscores yet again the danger journalists face here on a daily basis, even the most seasoned and cautious, like Dozier." According to "the Committee to Protect Journalists, 71 journalists have died covering the war in Iraq, surpassing the number killed in World War II, Korea, and Vietnam, 3/4 of them Iraqis, who often can't afford expensive, around-the-clock protection."

ABC World News Tonight (5/30, story 2, :20, Gibson, 8.78M) reported, "The commander of the Landstuhl military hospital in Germany says Dozier is in critical but stable condition, with serious injuries to her head and legs."

"CASH" Military Trauma Hospital Profiled. The CBS Evening News (5/30, story 3, 2:20, Schieffer, 7.66M) reported, "To understand why Kimberly Dozier is alive tonight,

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we want to show you now how the team works that springs into action every time an American is seriously wounded in Iraq." CBS (Palmer) added, "Thanks to the trauma team at Baghdad's Ibn Sina military hospital, Kimberly Dozier is alive." Capt. David Steinbruner, trauma specialist, Ibn Sina Hospital: "She had a very powerful will to live." Palmer: "But Dr. David Steinbruner, who treated her, admits the outcome could have been very different." Dr. Steinbruner: "She was tough. She was near death when she first came in." Palmer: "It's at centers like this where life is often restored. Doctors here say once upon a time they were called MASH units. Now, they're called a 'CASH' -- short for 'combat support hospitals', saving lives with a mixture of sophisticated emergency room technology and old-fashioned heart."

Romney Expresses Optimism About Iraq. Massachusetts Gov. Mitt Romney, who has just returned from a trip to Iraq and Afghanistan, was asked on Fox News' Your World with Neil Cavuto (5/30) claims from President Bush and British Prime Minister Tony Blair that the Iraqis are ready to stand up for themselves. Romney said, "It is very difficult to assess what the level of readiness is, but clearly they are more ready every day by virtue of the training that they are undergoing. And the assessment on the part of their new prime minister with the new unity government he's formed that he believes they will be ready within 18 months to take the primary responsibility for security, that is very encouraging. I think that is possible, if he says it is." Romney added, "I actually think that at this stage the prospects for a positive outcome are more real than they have been in sometime."

Brake Failure Caused Crash That Sparked Kabul Riots. The AP (5/31) reports a US military spokesman said Tuesday that this week's crash of a US military truck that sparked Monday's riots in Kabul occurred because the truck's brakes "'apparently overheated and failed' as it came down the long hill." He said that "[t]he truck hit several unoccupied parked cars in an effort to slow down, but the truck hit occupied vehicles at an intersection anyway." Kabul's police chief said that the "toll from Monday's rioting in Kabul rose to 12 dead and 138 injured."

The New York Times (5/31, Gall, 1.19M) reports that although "Kabul residents placed blame for Monday's rioting on young hoodlums and criminal gangs," "they also criticized the American military for its arrogance, saying military vehicles frequently crush civilian cars, and they doubted that the government or the military would conduct an honest investigation of the incident." The Times also reports many in Kabul, "including Western diplomats and aid workers, said the protests appeared spontaneous and were aggravated by frustration with joblessness and the slow pace of reconstruction." US Ambassador Ronald E. Neumann "promised compensation for the victims and a full investigation."

The Washington Post (5/31, A10, Constable, 744K) reports "Afghan army troops blanketed the capital Tuesday," but foreign peacekeepers "kept off the streets, out of concern their presence would ignite new violence." Many in Kabul "remained angry both at the rioters and U.S. troops, and worried about permanent damage to the country's faltering democracy, economy and relations with the outside world." A spokesman for the International Security Assistance Force "said it had been ready to help restore order Monday but that the Afghan authorities had asked the force not to do so." The Post reports, "Numerous witnesses said some rioters were older men who gave orders, carried AK-47 assault rifles and wore the dress of former anti-Soviet militia fighters whose political leaders oppose Karzai."

Reporter Who Witnessed Riots Says Mobs Were Incited By Agitators. In a web-exclusive commentary, Newsweek (5/30) reporter Joe Cochrane, who was caught amid Monday's riots, said the "roaming gangs of rioters" were clearly "incited by agitators." Cochrane writes, "While television images of the riots looked shocking, they should be kept in perspective. Less than 1,000 of Kabul's 4 million residents joined in the madness, many of them street thugs or unemployed youths with nothing better to do. While Afghans get understandably angry when local residents are killed during U.S. military operations or during car accidents involving troops, the majority still seems to want them protecting the capital and forcing the Taliban to hide in the mountains."

Growing Rich-Poor Gap Said To Be At Root Of Riots. Time (5/30, Morarjee) reports the "growing gap between Afghanistan's haves and have-nots helps explain why a U.S. military convoy accident triggered" Monday's riots. Time reports, "Even before the convoy accident, Western diplomats say many frustrated young men were already looking for a provocation." Aid workers in Kabul "blame the U.S. and other Western military for enflaming anti-Western sentiment, which invariably ends up being vented at the softest targets: the charities." The major agitators of the riots were "young men allied to" the Northern Alliance.

Violence Flares In Northern Afghanistan. The New York Times (5/31, Gall, 1.19M) reports as "calm returned" to Kabul, "violence was reported in northern Afghanistan as three women social workers and their driver, working for the aid agency, ActionAid, on a government program, were shot dead on a village road in the province of Jowzjan." In another northern province, Badakhshan, "two Afghans working for a development organization were killed…and two American citizens traveling in convoy with them were slightly injured" in a roadside explosion. The two attacks "raised concerns that security in the previously peaceful north is also deteriorating."

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USA Today Says Afghanistan Beginning To Resemble Iraq. An editorial in the USA Today (5/31, 2.31M) says the riots reveal the "disturbing truth" that "Afghanistan is increasingly beginning to resemble" the war in Iraq. The paper says that while international help to Afghanistan is encouraging, "far more is needed — from putting greater pressure on Pakistan to close down Taliban refuges, to winning popular support along with military victories. That might require more troops. It certainly requires sustained attention and aid. It is dismaying to consider how much better the situation in Afghanistan might be, and whether bin Laden would still be at large, had the Bush administration not diverted resources to its misbegotten adventure in Iraq."

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California Child Porn Investigators Honored. The Contra Costa Times (5/31, Doyle) reports, "Even monsters get scared and lonely. Sometimes, they just need someone to talk to. … Mike Prado will listen, sympathetically. And then, when he has asked his questions, the Fresno-based federal investigator seizes the confessions and sends admitted child molesters off to federal prison for a very long time." The Times continues, "Now, the achievements of this 30-year-old Immigration and Customs Enforcement special agent have secured national recognition. Prado and his partner, Fresno County sheriff's detective Kevin Wiens, joined other top investigators recently in being honored by the National Center for Missing and Exploited Children. … In a Capitol Hill ceremony, the organization presented Prado and Wiens with a National Exploited Children's Award. The Justice Department will follow suit later this month, further putting a spotlight on an investigation that is still unfolding." The Times adds, "Starting with one Fresno computer that was crawling with sexual images, Prado and Wiens expanded an investigation that has yielded 30 arrests and 100 suspects. A Pennsylvania man has recently been sentenced to prison in the case, and former Clovis girls softball coach Mark McGarry is awaiting resolution of charges of possessing and distributing child pornography."

CORPORATE SCANDALS:

McAfee Fires General Counsel Amid Widening Stock-Option Probe. The Wall Street Journal (5/31, Hechinger) reports, "The board of McAfee Inc. fired its general counsel after an internal review of stock-options granting practices, marking another casualty amid a widening government probe that now involves at least 20 companies." The Journal continues, "The termination at McAfee brings to nearly a dozen the number of executives and directors, at five different companies, who have lost their jobs in recent weeks amid government and company investigations of the timing of option grants to senior corporate officials. … The Justice Department and the Securities and Exchange Commission are both examining McAfee, a Santa Clara, Calif., maker of computer security software, for possible options irregularities. At least 20 companies are facing similar scrutiny from one or both of the two authorities."

The AP (5/31, Liedtke) reports, "The Santa Clara, Calif.-based maker of antivirus software linked Kent Roberts' ouster to a stock option incident that occurred six years ago. McAfee described the episode as improper without providing specifics. … McAfee is among a widening group of publicly held companies examining whether insiders manipulated the timing of stock option grants to increase the likelihood that management would reap huge windfalls. On Tuesday, Rambus Inc., a developer of high-speed computer chip interfaces, joined that group of companies, launching an internal investigation into how officials doled out stock options in 2003 and before. … Under the practice, the options are backdated to an ebb in a company's stock price instead of pegging the exercise price to the prevailing market value at the time of the award."

The California Recorder (5/31, Pasternak, Scheck) reports, "Nationwide, about two dozen companies so far have been approached by the government in connection with backdated options grants. The scandal is fueling anxiety among audit committee members and in-house lawyers, with companies launching internal investigations into their options programs or preparing responses to government inquiries. … Brewing in the background is a possible tussle between federal prosecutors in the Manhattan, Brooklyn and San Francisco U.S. Attorney's Offices, all of which have been involved in probing companies thus far."

USAToday Decries Practice Of Backdating Stock Options. An editorial in USA Today (5/31) says, "The Securities and Exchange Commission, Justice Department and Internal Revenue Service are investigating the practice of backdating stock-option grants to senior corporate executives. … If these inquiries confirm that backdating is widespread, it would serve as yet another troubling example of how shareholders are being fleeced. It would also show how a benefit designed to attract, reward and retain talented employees is being perverted. Given the creative ways corporate executives have enriched themselves in recent years, perhaps this practice should come as no surprise. Even so, its blatant nature is mind-boggling."

Firms Changing Rules On Company Stock In 401(k) Plans. The Wall Street Journal (5/31, Opdyke) reports, "Facing a slew of worker lawsuits, companies increasingly are limiting how much of their stock can be held

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in employee 401(k) retirement plans." The Journal continues, "Company stock in 401(k)s is still widespread, despite the lessons of Enron Corp., whose 2001 collapse depleted the retirement savings of thousands of employees. Many companies use stock to match employee contributions to retirement plans, and workers often are barred from selling the stock for many years. Some workers also buy the stock to participate in their company's growth, or because they aren't sure where else to invest. … But dozens of lawsuits since Enron have highlighted companies' legal liability when their stock declines in value, a development that also has helped to drive up insurance costs." The Journal adds, "Last month, Bristol-Myers Squibb Co. notified employees that the drug maker will no longer contribute company stock to its 401(k) plan, starting July 1. Instead, company contributions will go into a money-market fund run by Fidelity Investments. Health insurer Cigna Corp. last fall began allowing workers to immediately roll out of company stock and into one of 22 other options in the 401(k) plan, including mutual funds. Previously, Cigna employees had to keep their shares until they either left the company or reached age 55. … Some companies are banishing their stock from retirement plans altogether. Too Inc., parent of nationwide specialty retailer Limited Too, required its employees to sell any company stock they held in their 401(k) plan by last fall."

DOJ's Use Of Deferred-Prosecution Deals Sparks Debate. USA Today (5/31, Iwata) reports, "The legal debate over the Justice Department's aggressive prosecution of businesses has been reignited after the recent indictment of securities class-action law firm Milberg Weiss, plus an ongoing court battle between prosecutors and former KPMG executives indicted on fraud charges." USA continues, "Milberg Weiss is the first business to be prosecuted by the federal government since Arthur Andersen, the former accounting firm and Enron auditor that died even though its obstruction-of-justice conviction was overturned last year by the Supreme Court." USA adds, "In the KPMG case, 16 former executives believe their constitutional rights to legal counsel and fair trial were violated when prosecutors forced KPMG to stop paying their legal fees as part of the firm's agreement with the government to escape prosecution, according to court filings. … As the Justice Department intensified its crackdown on corporate crime in the post-Enron era, a growing number of defense lawyers and business groups have accused it of prosecutorial overkill. … Prosecutors, encouraged by the so-called Holder and Thompson memorandums in 1999 and 2003, respectively, that set Justice Department criteria for going after 'business organizations,' are compelling more businesses to cooperate with investigations and sign 'deferred-prosecution agreements' and "no prosecution" deals — or risk being indicted. … Since the Justice Department's corporate fraud task force was formed four years ago, prosecutors have signed 'a couple dozen' deferred-prosecution agreements with business entities, says department spokesman Bryan Sierra. … That's twice as many as in the 10 years before the corporate fraud task force was created, says Andrew Weissmann, who prosecuted Arthur Andersen as a member of the Enron Task Force. … Weissmann, who also prosecuted drug gangs and Mafia defendants in New York, says the Justice Department is addicted to using deferred-prosecution deals 'like crack cocaine.' … 'As the department gets more experienced at deferred-prosecution agreements and realize they have more leverage,' Weissmann predicts, 'you're going to see more and more draconian agreements.'"

Former US Attorney Helps Corporations About Fraud. The San Diego Business Journal (5/29, Broderick) reports, "The post-Enron scrutiny on businesses might not be making them more honest, but many of them are taking great pains to police themselves, sniffing out trouble before it morphs into a major scandal. … Giving them a seasoned hand is former U.S. Attorney Chuck La Bella, now in private practice in Downtown San Diego and specializing in white-collar crime, and other high-stakes litigation involving the likes of the Securities and Exchange Commission." The Journal continues, "Most recently, La Bella has been representing Barry Weinbaum, a former chief executive officer of Alvarado Hospital Medical Center, in the lengthy kickback scandal that recently reached a settlement with current U.S. Attorney Carol Lam. … His firm also represented Peregrine Systems Inc. before the Securities and Exchange Commission and the Justice Department over charges involving accounting irregularities and securities fraud. In 2003, Peregrine, without admitting or denying the charges, agreed to a wide-ranging settlement. … 'Post-Enron, the country has become more sensitive to corporate actions and actions of the corporate executives,' said La Bella, 55, a partner in La Bella & McNamara, LLP in Downtown San Diego. 'We are now looking more closely at each and every action and transaction and mistake. Companies make mistakes all the time. … People make mistakes, and not every mistake should be elevated to the level of an SEC, U.S. attorney or district attorney investigation. There are mistakes that bear scrutiny by them, but the pendulum is starting to swing back a little bit.'"

Corporate Spycatchers Frustrated By Government Treatment Of Trade Secrets. The National Law Journal (5/31, Maclean) reports, "In 1997, the FBI videotaped the chairman of a Taiwanese company, Four Pillars Enterprise Co., in an Ohio hotel accepting secret documents about Avery Dennison Corp.'s formulas for its

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adhesive products. Agents watched as he cut the company's confidential markings off the papers and then discussed what an Avery scientist should steal next, according to court records." The Journal continues, "Four years later, FBI agents at San Francisco International Airport surrounded two Chinese engineers bound for China carrying satchels allegedly packed with trade secrets from four Silicon Valley firms detailing the manufacture of microprocessors. … And in 2003, the U.S. Department of Justice indicted two managers for the Boeing Co.'s rocket launch vehicle system used to carry commercial and military satellites into space. The government alleges that one Boeing manager recruited a Lockheed Martin Corp. engineer to bring secret Lockheed documents to Boeing in exchange for a better job at higher pay." The Journal adds, "The criminal trial is set for June, but disclosure cost Boeing a $1 billion Air Force contract. U.S. v. Branch, No. CR03-715RSWL (C.D. Calif.). … 'Economic espionage is huge and it is not going away,' said Steven Fink, observing the trend as president of the crisis management firm Lexicon Communications Corp. in Pasadena, Calif. … Yet victimized companies remain reticent to come forward, fearing prosecution would expose their trade secrets and damage their corporate image. … The companies 'have been appalled at the cavalier way [the FBI and federal prosecutors] handled their trade secrets,' Fink said. 'They feel they are more at risk for getting trade secrets exposed by coming forward than just sweeping it under the rug.'"

USA Today Says Accusations Against Fannie Mae Executives Are Damning. An editorial in USA Today (5/31, 2.31M) says a report from government officials says Fannie Mae "engaged in 'extensive financial fraud' by doctoring earnings so…executives could earn 'unjustified levels of compensation.'" USA adds, "These are extraordinarily damning assertions. They show a company whose top executives were contemptuous of criticism and imbued with a sense of entitlement to enrich." USA adds, "The report on Fannie Mae was accompanied by a $400 million settlement with the government. Federal agencies are still evaluating whether to bring civil or criminal charges against individuals. These are not pleasant things to contemplate. But they are the facts."

CRIMINAL LAW:

DOJ Defends Jefferson Office Search As House Seeks Answers. The Washington Post (5/31, A4, Lengel, Babington) reports, "The Justice Department yesterday vigorously defended the recent weekend raid of Rep. William J. Jefferson's Capitol Hill office as part of a bribery investigation, asserting that the Democratic lawmaker attempted to hide documents from FBI agents while they were searching his New Orleans home last August." The Post continues, "The government questioned in a 34-page motion filed in U.S. District Court here whether it could have obtained all the materials it had sought in a subpoena if it had not launched the surprise raid on Jefferson's congressional office May 20. According to the government filing, an FBI agent caught Jefferson slipping documents into a blue bag in the living room of his New Orleans home during a search. … 'It is my belief that when Congressman Jefferson placed documents into the blue bag, he was attempting to conceal documents that were relevant to the investigation,' FBI agent Stacey E. Kent of New Orleans stated in an affidavit that was part of the government's court submission. The document was filed in response to Jefferson's lawsuit demanding that the government return to him documents seized during the raid on his Capitol Hill office 11 days ago. … Robert P. Trout, Jefferson's attorney, said he would refrain from commenting pending further review of the government's documents. Meanwhile, the recent FBI raid spurred new tensions between Congress and the administration, as a House committee chairman vowed to interrogate top Justice Department officials."

CNN's The Situation Room (5/30, Blitzer) reported, "Justice Department officials rejected Democrat William Jefferson's demand to have all the seized documents returned." CNN (Bash) added that DOJ said "they would allow Jefferson to have copies of everything they took to make sure that nothing that they took was privileged." The Los Angeles Times (5/31, Schmitt, 958K) notes DOJ "proposed a 'procedural accommodation' that would give Jefferson a new chance to challenge whether prosecutors should have the documents. Although it was unclear whether the proposal would be accepted, it was the first significant public concession by the department since the 18-hour search…ignited a political firestorm."

MSNBC (5/31) reports, "Justice Department lawyers said (Tuesday) it will make another concession to Congressman William Jefferson, D-LA, in the fight over the search of Jefferson's Capitol Hill office. … In the latest court filing involving the search, prosecutors say they'll provide Jefferson with copies of everything taken from his office in the weekend raid. Before the FBI agents investigating the corruption case are allowed to see the documents, Jefferson's lawyers will have a chance to urge a judge to exclude any items they consider protected by the Constitution's Speech and Debate clause privilege." MSNBC continues, "'As for the search itself, government lawyers today argued it did not violate the Constitution. They say that Rep. Jefferson's position would extend the Speech and Debate clause's immunity so far that it would make it impossible to search any place that might contain even one privileged document. That should be rejected, they say,

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because the courts have held that 'the laws of this country allow no place or employment as a sanctuary for crime.'"

Sensenbrenner Vows To Call Gonzales, Mueller As House Panel Criticizes FBI Raid. The House Judiciary Committee yesterday held a hearing about the FBI search of Rep. William Jefferson's Capitol Hill office. Chairman James Sensenbrenner – who called the hearing, titled "Reckless Justice: Did the Saturday Night Raid of Congress Trample the Constitution?" – vowed to hold two more sessions and said he will call Attorney General Alberto Gonzales and FBI Director Robert Mueller to testify. ABC World News Tonight (5/30, story 6, 2:30, Gibson, 8.78M) reported, "Some in Congress charge the Justice Department had no right -- that congressmen should be immune. Justice Department officials said they had every right, if a congressman might be breaking the law." ABC (Tapper) added, "Some say this battle could go to the Supreme Court, which has already ruled that the separation of power protects only legislative activities, such as a congressman researching or writing a bill." Yale Law Prof. Akhil Amar: "Last time I checked, taking bribes isn't part of ordinary legislative work."

CNN's The Situation Room (5/30, Bash) reported, "We're told that House Speaker Dennis Hastert is preparing to send a letter to the Attorney General this afternoon that says that Justice officials should come up to the Hill next week to meet with the general counsel of the House, to start talks about what kind of procedure they can put in place in case the FBI wants to search a lawmaker's office in the future." At the hearing yesterday, Sensenbrenner said he will call Gonzales and Mueller "to explain why they okayed a raid on a lawmaker's office for the first time in history." The Hill (5/31, O'Connor) notes that "spokesmen for the Judiciary Committee and the Justice Department were unable to conclude by press time whether or not Sensenbrenner had issued formal requests to Gonzales or Mueller to appear."

The New York Times (5/31, Hulse) reports, "The House intends to summon Attorney General Alberto R. Gonzales and the director of the Federal Bureau of Investigation, Robert S. Mueller III, before the Judiciary Committee to justify its search of a Congressional office, the panel chairman said Tuesday. … The chairman, Representative F. James Sensenbrenner Jr., Republican of Wisconsin, called the search 'profoundly disturbing.' … Mr. Sensenbrenner also said he planned a legislative response to the search on May 20 of the office of Representative William J. Jefferson, Democrat of Louisiana. The bill would be patterned on a law limiting searches of news media offices. … 'I think this law will help the Justice Department get it right next time because they didn't get it right this time,' Mr. Sensenbrenner said as his committee heard from legal experts and a former lawmaker." The Times adds, "All four witnesses, appearing Tuesday at an unusual hearing held in a Congressional recess, described the search as a damaging breach of the constitutional separation of powers. They said it warranted an aggressive reaction from Congress, including subpoenaing material from Mr. Gonzales if necessary. … 'This latest use of a search warrant by the executive branch to rummage through the files of a member's office is simply an additional instrument of the Bush administration to cow Congress,' Bruce Fein, a constitutional lawyer, said at the hearing."

USA Today (5/31, 4A, Johnson, 2.31M) adds that DOJ spokesman Brian Roehrkasse said, "We have a great deal of respect for Congress as a co-equal branch of government. We will continue to meet with members of Congress…about the search and what can be done to alleviate their concerns." At the hearing, former Reagan Associate Deputy Attorney General Bruce Fein "suggested that President Bush should have allowed Gonzales and Mueller to resign or fired them after the pair signaled last week that they would have stepped down if forced to return material seized in…raid."

The Washington Times (5/31, Fagan) reports, "Rep. John Conyers Jr. of Michigan, the panel's top Democrat, called the raid 'sloppy at best but reckless at worse' and joined other Democrats and the American Civil Liberties Union, in saying it's just one of many examples of the Bush administration overreaching. … Hearing witnesses, including law professors and a former House member, said the Justice Department overstepped its bounds. They specifically criticized the department for failing to give House leaders adequate notice or consultation, barring House personnel from being present and searching through congressional files, some of which inevitably contained legislative-related material that, witnesses argued, are protected from use in a prosecution under the constitution's 'speech or debate' clause. … 'The raid on this office represents a profound and almost gratuitous insult to a coequal branch of government,' said George Washington University Law School Professor Jonathan Turley." The Times notes, "Justice Department spokesman Brian Roehrkasse was open to a hearing, but added, 'We also hope that Congress recognizes it would be inappropriate for a federal official to discuss the specific details of an ongoing criminal investigation in a public hearing.'"

The AP (5/31, Kellman) reports, "Sensenbrenner, R-Wis., a loyal White House ally, made his position clear with the title of Tuesday's hearing: 'Reckless Justice: Did the Saturday Night Raid of Congress Trample the Constitution?' … 'The issues involved in this unprecedented action by the executive branch transcend any particular member,' Sensenbrenner said Tuesday." The AP adds, "Democrats said a member of the Bush administration, and not just legal experts, should have been called before the panel to answer for the raid. … 'We've never been told why the search had to be done in the middle of the night,' noted ranking Democrat John Conyers of Michigan. 'We've never learned why the member in question was not permitted to have his attorneys

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present while his offices were searched for some 18 hours.'" The AP notes, "One witness at the hearing, former Rep. Bob Walker, R-Pa., said Congress should play hardball in seeking answers to its questions by subpoenaing administration documents authorizing the raid. … 'The American people should be deeply concerned that a decision to conduct a raid on Congress was made consciously and evidently at high levels inside the Justice Department and the FBI,' Walker told the panel. … 'If the Rayburn raid was a precedent for coming attractions and intimidating tactics, the way Congress responds initially must be improved.'"

The Minneapolis Star Tribune/AP (5/31, Kellman) reports, "Sensenbrenner said Tuesday he will summon Attorney General Alberto Gonzales and FBI Director Robert Mueller before his House panel to testify about their decision to search a lawmaker's office. … 'I want to have Attorney General Gonzales and FBI Director Mueller up here to tell us how they reached the conclusion they did," said Sensenbrenner, a Wisconsin Republican and one of President Bush's most loyal House allies." The AP adds, 'Gonzales has said that the search of Rep. William Jefferson's offices was legal and necessary because the Louisiana Democrat had not cooperated with investigators' efforts to gain access to evidence in a bribery probe. An affidavit on which the search warrant was based said investigators had found $90,000 stashed in the freezer of Jefferson's house. … 'We would certainly consider a request for a hearing if one were to be made," said Justice Department spokesman Brian Roehrkasse, 'We also hope that Congress recognizes it would inappropriate for a federal official to discuss the specific details of an ongoing criminal investigation in a public hearing.'"

Milbank Notes Sensenbrenner's Prior Reluctance To Challenge Administration. In his Washington Post (5/31, A2, 744K) "Washington Sketch" column, Dana Milbank writes, "When asked to hold hearings on the rendition and torture of terrorism suspects," Sensenbrenner "respectfully declined. Invited repeatedly to probe the Bush administration's leaking of a CIA operative's identity, the chairman sent his regrets. Urged to have hearings dedicated to the administration's warrantless eavesdropping, Sensenbrenner demurred once more. But when FBI agents searched a congressional office…Sensenbrenner went up to the attic and found his gavel."

Mueller Shows Up For Jury Duty In DC. Newsweek (5/31, Isikoff) reports, "Don't ever accuse Robert Mueller of shirking his civic duty. Smack in the middle of last week's constitutional crisis over the FBI raid of Rep. William Jefferson's Capitol Hill office, the conscientous FBI director didn't show up at the office one morning. The reason: he was down at a Washington, D.C., courtroom patiently waiting with other citizens who had been called for jury duty." Newsweek continues, "Much to the surprise of top bureau officials, Mueller didn't immediately get struck for pro-government bias either. Even though he showed up late for his jury duty call on May 25 (he had a valid excuse: he needed to give President Bush his regular morning terrorism briefing), Mueller was processed into the jury pool and made it through the first round of dismissals, according to FBI spokesman John Miller. He was then assigned to a murder case. He even took his seat in the jury box to be questioned in the voir doir process by lawyers in the case. Mueller said he could be 'fair and impartial as to the evidence,' Miller said. 'There were other people eliminated before him.' … But in the end, Mueller—who was accompanied the whole time by his usual security detail—did have a bias problem: in his prior life, after serving as chief of the Justice Department's criminal division during the administration of President George H.W. Bush, Mueller had forsworn a career with a fancy white-collar law firm, in order to join the U.S. attorney's office in Washington, D.C., and prosecute homicide cases. It turned out Mueller had tried cases in front of the judge handling last week's murder case. He also had worked with the prosecutor and police detective involved with the case and knew the defense lawyer, having tried cases against him. 'So, finally at some point, they cut him,' said Miller."

US Pressures Internet Firms Over Data Retention. CNN.com (5/31) reports, "During a meeting last week with some of the nation's leading Internet service companies, the attorney general and the FBI director asked a variety of customer information and other data be kept for two years, much longer than the companies do now, the Justice Department confirmed Tuesday." CNN continues, "Companies have varying policies regarding what information is kept and for how long. … One thing the Justice Department wants is some type of subscriber information, such as the Internet address assigned to a person when logging on to a service provider, two sources familiar with the meeting told CNN." CNN adds, "The online industry is expected to strongly oppose any request to retain these types of records because of privacy concerns for their customers. … 'It is a slippery slope,' one of the sources said of the government's interest in the information. 'It becomes a fishing expedition.' … The Internet companies have said there are other ways to get the information without them having to hand it over and believe requests like this are burden to the industry, the sources said." CNN notes, "Justice Department spokesman Brian Roehrkasse said government and private industry officials are continuing to discuss the privacy issues involved and some of the concerns raised by the companies at the meeting Friday at the Justice Department. … The meeting, first reported by CNET News.com, included representatives from Verizon, Comcast, AOL (which is owned by Time Warner, as is CNN.com), Microsoft, Google and the

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U.S. Internet Service Provider Association, the sources told CNN. Companies involved refused to comment on the meeting."

Jury Finds Muhammad Guilty Of Six Sniper Murders. ABC World News Tonight (5/30, story 7, :20, Gibson) reported, "In the state of Maryland, today, another guilty verdict for the murderous sniper John Allen Muhammad. A jury found Muhammad guilty of six killings during the shooting spree that terrorized the Washington area in 2002. His protégé and colleague, Lee Malvo testified against Muhammad. He now faces a life sentence in Maryland. He has already received a death sentence from a jury in Virginia."

The CBS Evening News (5/30, story 6, 0:25, Schieffer) reported, "Muhammad could get life without parole, but he's already been sentenced to death for a sniper murder in Virginia."

The Washington Post (5/31, A1, Rich, Londoño) reports, "A jury deliberated less than five hours yesterday before finding John Allen Muhammad guilty in each of the six sniper slayings in Montgomery County, marking the second time he has been held responsible in the 2002 rampage that terrorized the Washington area." The Post continues, "The verdict, returned in the county where the snipers did most of their killing,ended a four-week trial that brimmed with new claims about the mechanics of the slayings and the motives behind them. The source of those claims was Muhammad's younger accomplice, Lee Boyd Malvo, who agreed to plead guilty and testify for the first time against the man he once regarded as a father. … As the jury was led into the courtroom yesterday, Muhammad stood at the defense table with his arms folded, appearing to smile confidently. The slight smile vanished, and he blinked repeatedly as the forewoman pronounced him guilty of murder six times. … State's Attorney Douglas F. Gansler said later that prosecutors will ask that Muhammad, who was convicted in Virginia in 2003 and is on that state's death row, be sentenced to life in prison without the possibility of parole. Sentencing is scheduled for tomorrow."

The Washington Times (5/31, Ward) reports, "In 2003, a Virginia Beach jury sentenced Muhammad to death for capital murder in the shooting of Dean Harold Meyers and other charges. He could be executed as soon as three years from now, the Virginia Attorney General's Office said yesterday. … Montgomery County State's Attorney Douglas F. Gansler said Muhammad will be shipped back to Virginia 'within a week' of his sentencing hearing. … Authorities said they brought Muhammad to Maryland to give victims' families their day in court, and for insurance in case Muhammad's Virginia conviction is overturned on appeal."

The AP (5/31, Manning) reports, "The announcement Tuesday afternoon followed four weeks of prosecutors, experts and witnesses presenting evidence against Muhammad and Muhammad defending himself with the argument that he had been framed. … Acting as his own attorney, Muhammad told the jury in his closing argument Friday that he was only in the Washington area during those three terrifying weeks to search for his ex-wife and children. He said government agencies planted evidence and collaborated to pin the crime on him and teenager Lee Boyd Malvo. … Maryland prosecutors said Malvo had agreed to a plea deal, and last week, the young man gave a chilling account of Muhammad's planning for the October 2002 shooting spree."

Former Ney Aide Testifies He Falsified Travel Disclosure For Scotland Trip. The New York Times (5/31, Shenon, 1.19M) reports Neil Volz, a former aide to Rep. Bob Ney who later became a lobbyist, "testified on Tuesday that he had prepared a travel disclosure statement for" Rep. Ney "that intentionally understated the cost of the lawmaker's lavish 2002 golfing trip to Scotland with the now-disgraced lobbyist Jack Abramoff." Volz "said in testimony before a federal jury in Washington that he had talked with the lawmaker, Representative Bob Ney of Ohio, before providing Mr. Ney's office with a copy of the statement, which he said falsely listed the cost of Mr. Ney's trip that summer as $3,200. Before joining Mr. Abramoff's lobbying firm, Mr. Volz had been Mr. Ney's chief of staff." Volz appeared as a "government witness at the trial of David H. Safavian, a former White House aide accused of lying about his ties to Mr. Abramoff." Volz said "he knew the $3,200 figure was too low, especially given the use of a chartered Gulfstream jet and $500-a-night hotel rooms. But he said he provided the number to Mr. Ney because it was modest enough not to attract the attention of reporters and others who might see the disclosure form."

The Washington Post (5/31, A7, Schmidt, 744K) adds that Volz testified how Abramoff "identified his 'champions' in government and then showered them with favors to get inside information and help for his clients." Volz said "that among those he and his colleagues considered allies were Ney and former General Services Administration official David H. Safavian, the first person brought to trial in connection with the Abramoff scandal. Central to Team Abramoff's lobbying operation, Volz said, was developing contacts in government 'who operate at a higher level' and who 'for whatever reason want to help you out.'" The Post adds that Volz "testified that Safavian and Ney guided the lobbyists as they looked for ways to gain access to government-owned land in Maryland, which Abramoff wanted for a religious school, in the weeks

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before the lobbyists took the two officials on a luxury golf trip to Scotland."

US To Seek Death Penalty In Virginia Murders. The Washington Post (5/31, Jackman) reports, "Federal prosecutors in Alexandria said yesterday that they will seek the death penalty for Thomas M. Hager for his alleged role in the stabbing death of a Fairfax County woman, saying that since 1992, Hager has killed five other people and ordered the slaying of a seventh person." The Post continues, "Two men have pleaded guilty to the murder of Barbara E. White, a 19-year-old single mother who lived in the Mount Vernon area. Those men admitted that on Nov. 29, 1993, they stabbed White repeatedly in her bathtub while White's 13-month-old daughter was elsewhere in the apartment with a fourth suspect. White's body and her toddler weren't found for 18 hours. White had been stabbed 82 times. … The two men, Lonnie T. Barnett Jr. and Arlington Johnson Jr., received life sentences. They said they were working for Hager, a crack cocaine dealer, who also stabbed White repeatedly, according to prosecutors. Hager was indicted in January on a charge of murder while engaged in drug trafficking." The Post adds, "Hager, now 33, is serving a minimum 87-year sentence for killing a man in the District in March 1995. In filing notice of their intent to seek the death penalty for Hager, prosecutors outlined a career of crime dating to a conviction for dealing cocaine as a 16-year-old. … Assistant U.S. Attorneys James L. Trump and Steven D. Mellin wrote that Hager was a regular crack dealer in the District who robbed people, including rival drug dealers, of drugs, money and other valuables."

Prosecution Witness Cross-Examined At Chicago Patronage Trial. The Chicago Tribune (5/31, Mihalopoulos, Bush, 643K) reports, "City hiring officials made sure Chicago Skyway tollbooths were staffed so Mayor Richard Daley would not get stuck in traffic as he traveled to and from his summer home in Michigan, according to a former Streets and Sanitation personnel director. Jack Drumgould testified Tuesday in the City Hall corruption trial that he received the advice in 1998 from his predecessor soon after taking over as director of personnel in Streets and Sanitation. … That anecdote came as defense attorneys for four former Daley administration officials charged with rigging the city's hiring and promotions process tried to attack Drumgould's credibility." Drumgould testified last week that he made political hires at the direction of Daley patronage officials. During his cross-examination yesterday, defense attorney Thomas Anthony Durkin "returned again and again to a theme from his opening statement in the trial — that politics has long played a role in city hiring and is only now being treated as a crime."

The Chicago Sun-Times (5/31, Warmbir, Korecki) also opens its story with Drumgould's revelation "that he was told by his supervisor to make sure there were always enough toll collectors on the Chicago Skyway to avoid any backups that could ensnare the mayor." The Sun-Times adds, "Defense attorneys for Sorich and his former colleagues drilled Drumgould throughout the day. They pointed out possible inconsistencies in his testimony on the stand and what he said before. They suggested that city workers were promoted not because of politics, but because they were qualified. And one defense attorney pointed out that Drumgould passed his daughter's application along when she applied for and received a job at the Chicago Park District."

Jury Seated In First Tennessee Waltz Trial. The Memphis Commercial Appeal (5/31, Buser) reports, "Testimony is scheduled to begin this morning in the bribery trial of former state senator Roscoe Dixon, the first local trial in the FBI's undercover sting operation dubbed Tennessee Waltz. … On Tuesday, a jury of seven women, five men and two female alternates was seated after day-long jury selection." The jurors "were identified in court by their jury number or by seat number in the jury box. U.S. Dist. Court Judge Jon McCalla said the secret procedure would be used since more than half of the potential jurors chose on a questionnaire to be addressed in court by number rather than by name." The AP (5/31, Baird) adds that "Dixon said he felt 'at peace' as his trial on federal bribery charges got under way Tuesday. … Federal prosecutors have estimated the trial will last two weeks. But Dixon's lawyer, Coleman W. Garrett, said that estimate may be conservative." The New York Times (5/31, Emery, 1.19M) notes Dixon "was indicted with four sitting state lawmakers in May 2005. He is…accused of taking $9,500 from a bogus company created by the F.B.I. John N. Ford, a Memphis Democrat and uncle of Representative Harold E. Ford Jr., resigned his State Senate seat and will go on trial in the fall."

Closing Arguments Made At Gambino Capo Trial. The AP (5/31) reports, "A prosecutor told a jury in closing arguments Tuesday that an ailing Gambino captain all but convicted himself of racketeering by bragging about the family and its crimes as he cozied up to an undercover FBI agent. Gregory DePalma, breathing through a tube connected to an oxygen tank, sat with his eyes closed as Assistant U.S. Attorney Christopher Conniff berated him as a 'violent and cunning criminal.'" The AP adds, "Defense lawyer, Martin Geduldig, attacked the government's evidence, saying prosecutors tried to trick the jury when it 'brought out all the old ghosts,' including pictures of the late mob boss John Gotti and mob figures from the 1980s. He said the cooperating witnesses in the trial were essentially bought by the government with money or promises of leniency for mob

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murders." The New York Daily News (5/31, Zambito, 729K) adds Conniff said that "DePalma's foul-mouthed rants, captured by an FBI bug secreted in his own cell phone, are all jurors need to convict the elderly capo of being a scheming shakedown artist." However, "Geduldig said DePalma's only crime was being a 'blowhard' who exaggerated his Mafia muscle."

Casinos Enticed By Revenue Prospects Of Online Gaming. The Las Vegas Sun (5/31, Benston) reports, "What a difference $15 billion makes. … After watching the fortunes of online casinos soar fivefold in as many years - an extraordinary winning streak with no apparent end in sight - Las Vegas casino giants want Congress to study letting them in on the action." The Sun continues, "Casino executives are licking their chops for good reason. … A gambling industry survey indicates that U.S. gamblers who bet online - which is illegal in this country - are young, savvy, college-educated men with money to burn. … But even as the industry wants to create dot-com casinos, conservative members of Congress were pushing last week to strengthen the ban on Internet betting - and were buoyed by a public opinion poll that showed growing concern about gambling." The Sun adds, "The Pew Research Center released poll results last week showing that 70 percent of Americans think legalized gambling encourages people to gamble more than they can afford, up from 62 percent in 1989. … Online gaming catapulted onto the scene this decade, skyrocketing from a $3 billion industry in 2001 to a $15 billion jackpot last year. … As much as 60 percent of the revenue is estimated to have come from U.S. citizens, many of whom reported in the survey commissioned by the American Gaming Association that they didn't realize they were breaking the law. … Online gambling revenue is projected to balloon to $24 billion by the end of the decade. … The Justice Department's inflexible position that Internet gambling is illegal has left American casino giants standing on the sidelines of one of the most lucrative business opportunities in the past decade."

FBI Completes Search Of Michigan Farm For Hoffa Remains. The FBI yesterday completed its search of a Milford Township, Mich., farm for evidence in the disappearance of Jimmy Hoffa. Investigators found no remains, but Detroit FBI agents vowed to continue the probe.

The CBS Evening News (5/30, story 8, 1:55, Schieffer, 7.66M) reported, "The FBI does not know where he is, but it does know tonight where he is not. And that would be a horse farm in Michigan. It cost taxpayers about a quarter of a million dollars to find that out. … The FBI estimates it will cost taxpayers $160,000 to replace the barn they tore down, and another $100,000 to staff the search." ABC World News Tonight (5/30, story 8, Gibson, 8.78M) noted, "This search ended the way so many previous ones have, with no trace of Hoffa." NBC Nightly News (5/30, story 8, 0:25, Williams, 9.87M) added, "And so, as someone said today, while there's no proof that Hoffa bought the farm, the government now has to buy a barn for the folks who own the farm."

In a widely-distributed story, the AP (5/31, Krisher) reports, "The two-week search involved dozens of FBI agents, along with anthropologists, archaeologists, cadaver-sniffing dogs and a demolition crew that took apart a barn." Detroit FBI Supervisory Special Agent Louis Fischetti "said the tip that led agents to the farm was the best federal authorities had received," and "the agency planned to continue the investigation." Assistant Special Agent in Charge Judy Chilen noted, "There are still prosecutable defendants who are living, and they know who they are." Chilen "said that she believes Hoffa had been buried on the farm and that she had no evidence his body had been moved. Fischetti added: 'We really don't have any indication that it was or wasn't moved.'" The Detroit News (5/31, Wisely) notes, "Investigators said the tip that led them to the farm once owned by Hoffa associate Rolland McMaster was scrutinized and carried credibility because it included details they hadn't seen before. … But when asked what the search produced, Chilen answered with a single word: 'Nothing.'"

In a story distributed by Knight Ridder, The Detroit Free Press (5/31, Ashenfelter, Witsil, Swickard) adds that "the FBI came up empty-handed," but "people familiar with the case said federal prosecutors likely would propose a sentence reduction" for tipster Donovan Wells. At yesterday's press conference, Chilen and Fischetti "said Hoffa's body still might be on the farm. FBI spokeswoman Dawn Clenney said the search focused on 'the most likely areas' and 'if further information comes forward, we'd go back and get another warrant.' Clenney said news of the search prompted additional tips phoned into the FBI." The Free Press notes, "Although critics have said that the FBI wasted the public's time and money…Milford Township Police Chief Wayne Walli said authorities had no choice but to dig," and "Hoffa's daughter, Barbara Crancer…said the family is grateful that the FBI searched."

The Chicago Tribune (5/31, Jones, 643K) reports that "with no hints that the search was going anywhere, the effort started to draw fire this week from those, including a Detroit-area congressman, who questioned the cost." Fischetti "said the search is expected to cost less than $250,000. In response to criticism, Chilen said the FBI does 'not put a price tag on murder and kidnapping. ... We go where the evidence leads us,' she said. … 'We hope this sends a message to those involved…that the FBI does not give up,' Chilen said, 'no matter how much time has passed.'" The New York Times (5/31, Maynard, 1.19M) also notes Rep. Joe Knollenberg's criticism of the search and adds that FBI

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Detroit SAC Daniel D. Roberts responded in a statement Friday, "The expenditure of funds has always been necessary in each and every case the F.B.I. works, and this one is no exception. We will not abandon our responsibility to investigate a pending organized crime case because it might be termed "too old."" CNN.com (5/30), NPR's All Things Considered (5/30, Klinefelter) and BBC News (5/30) also reported on the end of the search.

Elderly Women Charged With Insurance Fraud In Deaths Of Two Men. The Los Angeles Times (5/31, Pringle, So) reports, "In early April, the two women dropped by a Sunday lunch for the homeless at Hollywood Presbyterian Church. … They fit the picture of do-gooders, a pair of kind souls happy to spend the afternoon helping the less fortunate. … The women, Olga Rutterschmidt and Helen Golay, are the septuagenarian odd couple charged in an alleged life insurance scam involving the hit-and-run deaths of two homeless men." The Times continues, "Rutterschmidt is a feisty music lover from Hungary. She has an expired electrolysis license and little visible means of support, but hinted to her Hollywood neighbors that she knew of ways to make easy money. … Golay is an outwardly prosperous Santa Monica landlord. Her penchants are for pantsuits and the big bouffants of her native Texas, as well as for siccing lawyers on those who crossed her, including her own daughter. … And while their backgrounds and lifestyles could scarcely be more different, they have shared a tendency over the years for alienating, suing and ultimately baffling the people around them, according to court records and interviews." The Times adds, "The women filed nearly 40 lawsuits between them over the last two decades, usually demanding money for alleged wrongs. … Golay sought damages from a woman she claimed stole leather skirts from her. She also sued a health club, saying she was hurt on an exercise machine. … A federal grand jury Tuesday indicted Golay, 75, and Rutterschmidt, 72, on nine counts of fraud in connection with more than $2 million in life insurance policies that they took out for Paul Vados and Kenneth McDavid, who were struck and killed by cars in 1999 and 2005. … Authorities say the women, who were arrested May 18, are also under investigation in the deaths."

VA Official Resigns For Failing To Notify Department Of Data Theft. ABC World News Tonight (5/30, story 10, 2:25, Gibson, 8.78M) reported, "The Veterans Affairs official who failed to notify superiors about the theft of millions of veterans' personal information resigned today. Michael McLendon supervised the employee who lost the data." The Washington Post (5/31, A17, Lee, 744K) adds, "Dennis M. Duffy, who has been acting assistant secretary for policy and planning, was placed on administrative leave yesterday." He "learned of the theft May 5," but "Deputy Secretary Gordon H. Mansfield was not told of the data loss until May 10, and" Veterans Affairs Secretary Nicholson was not informed until May 16. Paul Hutter, assistant general counsel for management and operations, will "temporarily lead the Office of Policy and Planning until Patrick W. Dunne, nominated last week to be assistant secretary for policy and planning, is considered by the Senate." The New York Times (5/31, 1.19M) and USA Today (5/31, 4A, 2.31M) also report on the resignation.

Identity Thieves Trolling State, Local Government Web Sites. ABC World News Tonight (5/30, story 10, 2:25, Gibson, 8.78M) reported, "Last year, 9 million Americans had their identities stolen at a cost of more than $56 billion." ABC (Reynolds) added, "Personal identity thieves are graduating, from the dumpster to the desktop. And as sunshine laws meet cyberspace, government has become an involuntary accomplice." In Maricopa County, Arizona, "which has the highest percentage of ID theft in the country, Social Security numbers can be found online in court documents and real estate deals. And the county recorder says with 60 million to 70 million documents online, it would be impossible to remove all the information." In Ohio, "hundreds of people were victimized to the tune of $500,000 by thieves who used a Hamilton County Website." Greg Hartmann, clerk of courts: "They were mining our site, perusing the public documents and finding traffic tickets and other records that had Social Security numbers attached to somebody's name and address."

Capitol Mall's Safe Image Shattered By Night Crimes. The Washington Post (5/31, A1, Dvorak, Ruane) reports, "The green expanse of the Mall evokes many emotions, but wariness has never been one of them. Over the years, the lack of crime has created an aura of safety that allows joggers and tourists, children and couples to drop their guard and stroll in the day and even at night. … That changed in recent days, when a band of robbers used the elm tree shadows to surprise and attack six tourists walking along Washington's grassy sanctuary under the spell of the stars. It was as if an unspoken agreement had been broken between the underworld and the nation's icons. … 'There's no question that the Mall has been off-limits to thugs, and it's no surprise that they found it,' said Del. Eleanor Holmes Norton (D-D.C.). 'But it should only be for a split second.'" The Post continues, "Norton, a race walker who strides across the Mall when the sun goes down, was angry that the U.S. Park Police did not double up patrols on the Mall after what happened Thursday. Twice that night, bandits brandishing a semiautomatic handgun robbed a man and a woman, assaulted the woman and fled. A similar attack happened early Sunday. … The Thursday night assaults

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happened only 15 minutes apart." The Post adds, "After the Thursday night incidents, police added a scooter and a patrol car to the stretch of Mall between Ninth and 12th streets, near where the attacks happened, Norton said. … Park Police Chief Dwight E. Pettiford acknowledged that the response should have been stronger. … Since the sexual assault Sunday, a low-key police force, ordinarily dispatched to guard the steps of the Lincoln Memorial and patrol the Baltimore-Washington Parkway, has been reassembled along the Mall."

7th Circuit Upholds White Supremacist's Murder Solicitation Conviction. The AP (5/31, Robinson) reports, "A federal appeals court in Chicago on Tuesday upheld white supremacist Matthew Hale's conviction and 40-year sentence for soliciting the murder of a federal judge, brushing aside his claim that he had repeatedly said he wanted nothing to do with the crime. … 'As the government has maintained, Hale tried to "create plausible deniability in the event his conversation was being monitored,"' a three-judge panel of the 7th U.S. Circuit Court of Appeals said." The AP continues, "The judges refused to overturn Hale's April 2004 conviction on charges that he solicited an FBI informant to murder U.S. District Judge Joan Humphrey Lefkow. They also turned down his request for a reduced sentence. Lefkow's husband and mother were killed in her home the following year by a man who had no relation to the Hale case." The AP adds, "According to evidence at his trial, Hale, 35, had become enraged at Lefkow after she ordered his white supremacist group to stop using the name World Church of the Creator. Another group had sued saying it had a copyright on the name. … The appellate panel cited a number of Hale conversations and behavior patterns to bolster the government's theory that he wanted to have Lefkow killed because of the case. Among them, it described as 'flimsy' Hale's claim that pressure from FBI agents who had been investigating him for more than a year made him violate the law."

Oklahoma Man Indicted For Threatening Federal Judge. KOKO-TV Oklahoma City (5/27) reported on its Web site, "A man indicted for threatening to assault and kill a federal judge appeared before a federal magistrate Friday, authorities said." Rhett Ellis Arterburn "is accused of threatening U.S. District Judge Ralph G. Thompson, U.S. Attorney John Richter said. Arterburn allegedly threatened to assault and murder Thompson in retaliation for the judge sentencing him to federal prison. … He appeared Friday before U.S. Magistrate Bana Roberts on a one-count indictment returned by a federal grand jury in Oklahoma City." The AP (5/27) also reported on Aterburn's indictment.

CIVIL LAW:

Supreme Court Limits Protections For Whistleblowers. Knight Ridder (5/31, Henderson) reports, "The Supreme Court made life a bit tougher for government whistleblowers Tuesday, saying the First Amendment doesn't protect public employees who disclose waste and fraud as part of their jobs." By a 5-4 margin, the justices "said that the government's interest in effectively managing operations outweighs the interests that protect employee speech, even in cases where employees may be reporting inefficiencies or wrongdoing." The ruling "leaves public employees…significantly more prone to retaliation from their employers if they speak out in ways that displease their bosses."

The Washington Post (5/31, A1, Lane, 744K) reports Justice Anthony M. Kennedy wrote the majority opinion, and was joined by Chief Justice John G. Roberts Jr. and Justices Antonin Scalia, Clarence Thomas and Samuel A. Alito Jr. But "Kennedy's opinion drew a sharp dissent from Justice David H. Souter, who argued that statutory and other protections for whistle-blowers are weak. Justices John Paul Stevens and Ruth Bader Ginsburg joined Souter. Justice Stephen G. Breyer dissented in a solo opinion."

USA Today (5/31, Biskupic, 2.31M) notes the dispute "involved Richard Ceballos, a Los Angeles County prosecutor who said he was transferred and denied a promotion for writing a memo to his bosses alleging misrepresentations in an affidavit used by a sheriff's deputy to obtain a search warrant. Officials in the Los Angeles County district attorney's office said their actions arose from legitimate staff changes and contended Ceballos' report was not protected under the First Amendment." The US Court of Appeals for the 9th Circuit ruled, however, that "Ceballos' statements about a potential lie in a search-warrant affidavit were 'inherently a matter of public concern' protected by the Constitution." USA Today adds, "Rejecting that view, Justice Anthony Kennedy wrote that applying constitutional free-speech protections to workers engaged in their regular duties would intrude on managers' discretion." The Bush Administration sided with the District Attorney's office. The Washington Times (5/31, Price, 90K), Wall Street Journal/AP (5/31), Christian Science Monitor (5/31, Richey, 61K), Los Angeles Times (5/31, Savage, 958K) and New York Times (5/31, Greenhouse, 1.19M), among other newspapers, also reports on the ruling.

NYTimes Criticizes Ruling. The New York Times (5/31, 1.19M) editorializes, "The Supreme Court whittled away at the First Amendment yesterday, ruling against a prosecutor who raised concerns about the validity of a search warrant." The court "made the law in this area messy, and

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even illogical. It suggested the attorney would have had more protection if he had embarrassed his office publicly than by working quietly through the system. But the bigger problem is that the ruling rolls back government workers' rights to speak out against possibly illegal actions." The First Amendment "should not protect employees from discipline for every statement they make at work, clearly. But as the dissenters point out, it should protect them in a case like this one, where an employee was bringing to light information that advances the public interest in honest government and the rule of law."

Justices To Review Award To Smoker's Widow. USA Today (5/31, Biskupic, 2.31M) reports, "The Supreme Court agreed Tuesday to review a jury award of $79.5 million in punitive damages to the widow of an Oregon smoker. It was nearly 100 times the damages set for her actual loss. A key question in the appeal by Philip Morris, to be heard this fall, is whether 'highly reprehensible' conduct as determined by a lower court can override a rule that punitive damages must be related to the actual injury sustained." The justices also "will review whether the jury wrongly punished the company for the injuries of other Oregon smokers."

The New York Times (5/31, Greenhouse, 1.19M) reports, "The Supreme Court's precedents have referred to 'reprehensibility' as a factor to consider in evaluating a punitive damages award." In this case, Philip Morris "argues in its appeal, the Oregon court improperly permitted its conclusion on reprehensibility to 'override the constitutional requirement that punitive damages be reasonably related to the plaintiff's harm.'" The company's appeal "was supported by briefs filed by the United States Chamber of Commerce and the Product Liability Advisory Council, a coalition of 133 manufacturers."

The Washington Post (5/31, D1, Lane, 744K) reports this is "a subject on which the court has been closely divided. The impact of President Bush's appointees, Chief Justice John G. Roberts Jr. and Justice Samuel A. Alito Jr., whose views on tort-related issues were not closely examined during their confirmation hearings, could be crucial."

The AP (5/31) reports, "The case gives justices a chance to clarify a 2003 ruling in an insurance case that said punitive damages should generally be in line with actual damages. Arguments will be this fall. … Philip Morris lawyers said that the punitive damages in the Williams case were nearly 100 times the compensatory damages and that the Oregon Supreme Court decision is 'dangerous.'"

Specter, Leahy Renew Effort To Pass Asbestos Bill. The Hill (5/31, Young) reports that Sens. Arlen Specter and Patrick Leahy face "considerable obstacles" in their renewed effort to pass a measure to replace the asbestos-litigation system with a $140 billion trust fund. On Friday, "Specter introduced a new version of the bill and again warned that the Senate faces a do-or-die moment. This bill represents his last stab at the issue, he vowed." The Hill adds, "Brinksmanship may be the only available strategy. Those opposed to the Specter-Leahy bill are entrenched and formidable and have a successful track record."

CIVIL RIGHTS:

DOJ Cites Abuse, Deaths In DC Group Homes. The Washington Post (5/31, A1, Dvorak) reports, "Newly filed court papers give vivid and startling details about the extent of abuse -- from severe scaldings to fatal starvation -- that mentally and physically disabled residents have endured in some of the District's group homes." The Post continues, "Each of these people was a mentally disabled ward of the District who died in the past two years after inexcusable lapses in care, the Justice Department said, urging a judge to hold the District in contempt of court for not meeting repeated promises of reform. Other mentally and physically disabled residents of group homes were beaten, berated, sexually accosted, neglected or targeted for theft, Justice lawyers said. … To protect the victims' privacy, the Justice Department used pseudonyms for the people who died or were harmed. But the circumstances were real, the government said, and represented a pattern dating back decades." The Post adds, "The papers, filed in U.S. District Court, cited 14 'preventable and questionable' deaths since January 2003. They included a 54-year-old woman who was never screened for colon cancer and died from the disease, a 58-year-old woman who was untreated for illness for so long that she went into septic shock and a 45-year-old man who did not get proper help for a swallowing disorder."

Dean Suggests Gay Marriage Ban Supporters Are Bigots. The Washington Times (5/31, Pierce, 90K) reports in its "Inside Politics" column, "Democratic National Committee Chairman Howard Dean claims to be reaching out to red-state voters, but yesterday, he suggested that opponents of homosexual 'marriage' are bigots. Mr. Dean was responding to news that Senate Majority Leader Bill Frist, Tennessee Republican, plans to bring to a vote a proposed constitutional amendment that would ban homosexual 'marriage.' 'At a time when the Republican Party is in trouble with their conservative base, Bill Frist is taking a page straight out of the Karl Rove playbook to distract from the Republican Party's failed leadership and misplaced priorities by scapegoating LGBT families for political gain, using marriage as a wedge issue,' said Mr. Dean, using the abbreviation for lesbian, gay, bisexual and transgender. 'It is not only morally wrong, it is shameful and reprehensible,' Mr. Dean said."

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Georgia Supreme Court To Review Ruling On Same-Sex Marriage Ban. The New York Times/AP (5/31) reports that Georgia's Supreme Court "said it would speed its review of a ruling that struck down the state's voter-approved ban on same-sex marriage. A Superior Court judge had ruled that the ban violated the Georgia Constitution because the ballot question addressed more than one issue, including civil unions."

Abortion Advocates File Petitions To Challenge South Dakota Abortion Ban. The New York Times (5/31, Ruethling, 1.19M) reports that abortion advocates filed petitions with more than 38,000 signatures with South Dakota's secretary of state's office "to challenge the state's ban on almost all abortions. The campaign needs at least 16,728 signatures to put the ban, which became law in March, to a statewide vote in November."

ANTITRUST:

DC-Based Blackboard Becomes A Software Powerhouse. In a column for the Washington Post (5/31, D1), Steven Pearlstein writes, "Remember the economic theory behind the dot-com mania? … The notion was that, unlike the market for widgets, the Internet economy was prone to winner-take-all competition, in which the first company to gain a significant lead would wind up with a near monopoly, at least till the next breakthrough technology came along. … Big economies of scale were a part of it, allowing the market leader to wage a debilitating price war against smaller competitors. There was also something called 'network effect,' which had to do with the natural preference of customers to use compatible software." Pearlstein continues, "As it turned out, most of the companies bankrolled on the basis of this theory never made it. But for the few that survived, the theory may actually be panning out. There are eBay and Google, of course. And here in Washington, there's Blackboard Inc. … Blackboard has quietly become the world's leader in the software used to connect students to their teachers, their textbooks, their course materials and one another. By some estimates, Blackboard now has as much as 80 percent of the U.S. market, with sales growing at 20 percent annually, 20 percent operating margins and a stock price that has doubled since its first stock offering two years ago." Pearlstein adds, "All of which makes it particularly curious that the Justice Department earlier this year allowed Blackboard, with 45 to 50 percent of the market, to buy its main rival, WebCT, which had 35 to 40 percent. To be sure, there are still thousands of universities and school systems that have no e-learning software, and those that do can switch vendors when contracts come up for renewal. But the quiet approval of the merger of the top two companies in a market with strong winner-take-all characteristics is the best evidence yet that the Bush administration has abandoned antitrust enforcement."

Suit Seeks To Block Time Warner, Comcast Acquisition Of Adelphia. The AP (5/31, Karnowski) reports, "A startup cable television channel sued cable giants Time Warner Inc. and Philadelphia-based Comcast Corp. on Tuesday in an attempt block their planned acquisition of bankrupt Adelphia Communications Corp." The AP continues, "The America Channel, which has yet to go on the air, claims in its lawsuit that the deal violates federal antitrust laws and will reduce competition in the cable TV industry. … The lawsuit accuses Time Warner and Comcast of conspiring to monopolize local cable systems across the country and of using their alleged monopoly power to refuse to deal with independent networks such as The America Channel, denying them the access to local cable systems they need to succeed." The AP adds, "Comcast and Time Warner, the nation's two biggest cable TV companies, agreed jointly last year to acquire Adelphia, the nation's fifth-largest cable operator, for $17.6 billion, and divide up its systems among the two of them. … TAC's lawsuit accuses Comcast and Time Warner of price-fixing and bid-rigging in their submission of a joint bid instead of competing against each other to acquire Adelphia's assets."

Colgate CEO's Legacy Could Hinge On One Last Deal. The Wall Street Journal (5/31, Deogun) reports, "Chances are you have a Colgate-Palmolive Co. product in your house. Colgate Chief Executive Officer Reuben Mark, though, is no household name. … Yet Mr. Mark has delivered gleaming returns for shareholders -- a fact in which he takes great pride. At Colgate's Web site, the default setting for Colgate's stock-price performance is 22 years, which not coincidentally is how long Mr. Mark has been CEO. As of May 17, the stock was up 3,867% in that period, compared with 1,269% for the Standard & Poor's 500-stock index and 2,439% for its peer group, the company says." The Journal continues, "Now in the twilight of his career -- he is 67 and due to step down as CEO next year -- Mr. Mark must make a decision: Does he preserve his sterling stock-price legacy or make a high-stakes gamble with a big acquisition that potentially ensures Colgate a future in a rapidly consolidating marketplace? … During the next few days, final bids are due in the sale of Pfizer Inc.'s consumer-health business, which is expected to fetch $12 billion, or more than a third of Colgate's market value. The business includes over-the-counter drugs such as heartburn remedy Zantac and -- most important for an 'oral care'-obsessed Colgate -- Listerine mouthwash. Many CEOs near retirement

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would snap up such a deal, viewing it as a crowning achievement." The Journal notes, "Mr. Mark, though, has made his career largely by shunning big acquisitions -- and the limelight. He takes commercial flights and rarely gives interviews. Mr. Mark's deals -- Mennen deodorant and Murphy Oil Soap -- would be rounding errors for the likes of Sandy Weill or Jack Welch. … Like many chiefs, Mr. Mark has fantasized about big deals. A few years ago, he entertained a dream merger with Gillette, owner of razors, Duracell batteries and Oral-B dental-care products. From his seat on the board of Time Warner Inc., though, Mr. Mark had watched its heralded merger with America Online nearly wreck the combined company, and he balked. Last year, Procter & Gamble Co., Colgate's biggest rival and maker of Crest toothpaste, swooped in and bought Gillette, cementing its position as king of household products. … Colgate, meanwhile, was losing some of its shine. Some analysts said Mr. Mark had stayed too long, and Colgate was getting marginalized by the likes of P&G. As if on cue, Colgate missed its earnings forecast, and its stock got whacked."

NRG Rejects Mirant's Unsolicited $7.85 Billion Bid. The Wall Street Journal (5/31, Smith, Berman) reports, "Mirant Corp. said it made an unsolicited offer earlier this month to acquire fellow power generator NRG Energy Inc. for $7.85 billion, but in a rejection letter sent May 23, NRG called the cash-and-stock offer 'the wrong deal at the wrong time.'" The Journal continues, "Mirant disclosed its offer late yesterday and said it was renewing its proposal. Both of the so-called merchant power generators fell under bankruptcy-court protection when deregulated power markets contracted following Enron Corp.'s collapse in late 2001." The Journal adds, "Mirant, of Atlanta, emerged from bankruptcy-court proceedings in January. NRG, of Princeton, N.J., emerged in December 2003, having shed $6 billion in debt. … Under the proposal, Mirant offered $57.16 a share in cash and Mirant stock for each share of NRG stock, a 33% premium to NRG's stock price yesterday. In 4 p.m. … Mirant Chief Executive Edward Muller, formerly an executive at utility company Edison International, said he believes a combination would be immediately accretive to Mirant shareholders and would create a company able to cut overhead expenses by at least $150 million a year. He said the combined firms would have 40,000 megawatts of generating capacity in the nation's biggest wholesale-power markets."

Disney Fires Broadside At Marketing Pirates In China. The Wall Street Journal (5/31, Fowler) reports, "Walt Disney Co.'s latest marketing campaign in China features a nervy gambit: getting consumers to help it weed out counterfeit products." The Journal continues, "The company's 'Disney Magical Journey' promotion, its biggest Chinese marketing campaign of the year for consumer products, is a twist on the traditional customer-loyalty program. To enter a contest for free Disney DVDs, television sets and trips to Hong Kong Disneyland, customers peel a sticker off a Disney product, attach it to a form, fill in a few personal details and mail it in." The Journal adds, "The catch: Only legitimate Disney products carry the specific red hologram-covered stickers, in a market rife with pirated Disney products that often are of similar quality to the real thing. … Fighting these counterfeits is crucial for Disney. Sales of consumer products -- such as stuffed toys and books -- make up the bulk of the company's business in mainland China. Piracy has wiped out most legitimate sales of DVDs, while government regulations bar much of the company's imported programming from being shown in theaters and on TV."

EU Regulators Step Up Investigations Of Monopoly Abuses By Energy Companies. The Wall Street Journal (5/31, A6) reports, "European regulators said they raided energy companies to search for evidence of possible monopoly abuses, in an escalation against dominant energy companies." It was "a follow-up to a series of raids the European Commission and national regulators carried out earlier this month in Germany, Italy, France, Belgium and Austria, the commission said. Following the raids earlier this month, Germany's RWE AG confirmed regulators had carried out unannounced inspections of its offices, and German energy giant E.On AG said regulators conducted 'examinations' as part of a 'normal inspection operation' at its headquarters in Essen." The Journal notes, "The commission didn't name the companies inspected. It noted that inspections are just a preliminary step in assessing possible antitrust violations."

The AP (5/31) reports, "The unannounced inspections on Monday and Tuesday were a follow up to earlier visits in May, the commission said. … 'The commission has reason to believe that the companies concerned may have violated ... antitrust rules that prohibit restrictive business practices and/or abuse of a dominant market position,' it said in a statement."

Bloomberg (5/31, Newman) reports, "EU Competition Commissioner Neelie Kroes in February threatened legal action against utilities that bar rivals from using power grids and pipelines. As part of a bid to lower energy costs, Kroes said she will fine or impose restraints on utilities that abuse their dominance in the power and natural-gas markets."

ENVIRONMENT/INDIAN AFFAIRS:

NOAA Alleged To Have Gagged Salmon Researchers. The Washington Post (5/31, Harden,

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744K) reports the administration, "having made it hard for federal scientists to talk publicly about global warming -- appears to have decided that loose lips are also bad when they talk about salmon." The National Oceanic and Atmospheric Administration "has instructed its representatives and scientists in the West to route media questions about salmon back to headquarters. Only three people in the entire agency, all of them political appointees, are now authorized to speak of salmon, according to a NOAA employee who has been silenced on the fish." The post notes that the order "was issued the day after an article appeared last month in The Washington Post quoting federal technocrats making positive statements about two recent decisions…that challenged previous Bush administration policy about protecting salmon."

Industry Groups Challenge Endangered Species Listings. USA Today (5/31, Parker) reports, "Ever since a 3-inch fish protected by the Endangered Species Act stopped construction of a dam in Tennessee in 1978, the law has been known as one of the toughest environmental laws on the books." USA continues, "Environmental groups have used it to halt development in pristine lands across the nation. Today, the law designed to protect animals such as the manatee from extinction also has become a legal tool of property rights groups and developers." USA adds, "In a counterpunch to environmentalists who have filed lawsuits aimed at protecting hundreds of plant and animal species by listing them as endangered or threatened, property rights groups such as the Pacific Legal Foundation are filing lawsuits to have animals and plants removed from the list so that development can proceed. … Meanwhile, industry groups have filed dozens of legal challenges aimed at allowing development on lands set aside by the U.S. government to help protect endangered species. … In a study he published last August on active litigation involving the Endangered Species Act, Parenteau counted 45 lawsuits filed by industry groups and five filed by environmental groups." USA notes, "At the forefront of the movement is the National Association of Home Builders, which recently prevailed in a legal battle over Arizona land that had been designated as a habitat for the cactus ferruginous pygmy owl. Two environmental groups have sued to restore the designation, and a court hearing on the issue is scheduled for Friday. … Likewise, the conservative Pacific Legal Foundation, based in Sacramento, is pressing the federal government to re-examine several animals and plants on the endangered list. … Both groups have found a relatively friendly audience in the Bush administration, which in recent years has loosened many of the restrictions in the Endangered Species Act. Among other things, the administration has focused on giving private property owners incentives to protect vulnerable species, rather than banning activity on their land."

Global Warming Expected To Have Profound Consequences This Century. USA Today (5/31, 6A, Wiseman, Soriano, 2.31M) reports that "there's no question that rising temperatures are poised to change life as we know it." According to the United Nations Environment Program, "In less than 100 years, the Arctic could be ice-free in the summer, which would allow ships to take the polar route from Europe to Asia, say the Canadian Ice Service and the U.S. Navy. At current rates, 75% of glaciers in the Swiss Alps and two-thirds of those in China will melt by 2050, according to separate studies by the European Environment Agency and the Chinese Academy of Sciences."

Americans Seen As Unlikely To Abandon Fossil Fuels, Despite Evidence Of Climate Change. USA Today (5/31, Vergano, 2.31M) reports that "despite increased interest in recent years in hydrogen-fueled cars, windmills and biofuels made from plants, it's very unlikely people won't be burning coal, oil and natural gas in coming decades, says Jae Edmonds of the Joint Global Change Research Institute. There's just too much of the stuff, especially coal, too easily extracted from the ground to expect humanity to stop burning fossil fuels, he says."

Global Warming Threatens Species. USA Today (5/31, O'driscoll) reports, "Alarming anecdotes — such as polar bears drowning as they swim farther in search of scarce Arctic sea ice — dramatize climate change. But a flurry of scientific reports, field observations and official actions suggests nature's struggle with rising temperatures is well underway:" USA continues, "As Earth and its atmosphere grow warmer, the planet's wild inhabitants take cover where they can: cooler waters, deeper forests and canyons, higher slopes or nearer the poles, north and south. … But climate scientists say that if global warming continues unabated, the scramble for habitat will grow much harder for millions of species of mammals, birds, amphibians, fish, insects and more. Recent studies say that as many as one-quarter of them could begin to disappear this century and that warming has wiped out some already." USA adds, "For as long as humans have tried to protect wild species, a key strategy has been to preserve habitat and bar encroachment by development, excessive hunting or fishing, and other threats. The USA has a 150,000-square-mile system of federal sanctuaries, with 535 refuges in all 50 states, plus 3,000 other resource sites. … But rising temperatures put animals in motion, seeking new homes when they can't tolerate the old. For waterfowl, that could mean more birds in smaller spaces with less food. That can spark disease outbreaks, greater loss to predators, and cause birds to skip nesting altogether."

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Friedman Says GM Undermining US Security. The New York Times' Thomas Friedman (5/31) writes, "Is there a company more dangerous to America's future than General Motors? Surely, the sooner this company gets taken over by Toyota, the better off our country will be. … Our military is in a war on terrorism in Iraq and Afghanistan with an enemy who is fueled by our gasoline purchases. So we are financing both sides in the war on terror. And what are we doing about that? Not only is GM subsidizing its gas-guzzlers, but not a single member of Congress, liberal or conservative, will stand up and demand what most of them know: that we must have some kind of gasoline tax to compel Americans to buy more fuel-efficient vehicles and to compel Detroit to make them."

Gore's Global Warming Views Said To Be Politically Motivated. In his column for the Wall Street Journal (5/31, 2.11M) Holman Jenkins Jr. writes, "A remarkable and improbable thing is that, despite presumably devoting decades of study to the subject of global warming, nothing Al Gore has learned leads him to say anything that would strike the least informed, most dogmatic 'green' as politically incorrect. He doesn't discover virtues in nuclear power. He doesn't note the cost-benefit advantages of strategies that would remove CO2 from the atmosphere, rather than those that would stop its creation. … Mr. Gore's narrative isn't science, but science fiction. It also contains a large element of political fiction, relying on the hack theme of good guys versus bad guys."

Administration Plans Funding Cuts For Energy Department Conservation Programs. The Christian Science Monitor (5/31, Clayton, 61K) reports a "few years ago a little-known US Energy Department program helped produce a design technology for lightweight cars and trucks that in 2004 alone saved the nation 122 million barrels of oil, or about $9 billion. Even without that breakthrough, the tiny Industrial Technologies Program routinely saves the United States $7 worth of energy for each dollar it spends, proponents say." With energy prices "spiking and President Bush pushing for more energy research, the ITP would seem a natural candidate for more funding. In fact, its budget is set to get chopped by a third from its 2005 level. It's one of more than a dozen energy-efficiency efforts that the Energy Department plans to trim or eliminate in a $115 million cost-saving move." The "push to solve the nation's energy woes are bumping up against the federal government's budget problems. To be sure, the Bush administration is anxious to fund its new Advanced Energy Initiative - long-term research into nuclear, coal, wind, solar, and hydrogen power. But to accomplish that, it is cutting lesser-known programs like ITP whose payoffs are far more near-term."

Indian Tribes Establish Their Own Court System. The San Diego Union-Tribune (5/31, Jiménez) reports, "In a modest office above a downtown Escondido storefront, an American Indian law school graduate and a retired Superior Court commissioner are working on a project that could significantly alter the region's justice system for American Indians." The Union-Tribune continues, "The Intertribal Court of Southern California is the latest in various attempts to establish an independent court to handle legal matters generated on the reservations of San Diego County's Indian tribes. … It began in summer 2005 and is open to any tribe." The Union-Tribune adds, "The cases so far have centered on mediating civil disputes and child-custody issues. Several tribes have started using the court as the venue to hear civil infractions, ranging from being drunk in public to illegally discharging a firearm. … It also will serve as the venue to resolve disputes for non-Indians visiting casinos or doing business on reservations that use the intertribal court. … The tribes most active in the intertribal court are clustered in North County, such as Pala and Pauma. The wealthier, more well-known tribes such as Sycuan and Viejas in East County say they either have not heard of the court or have little or no interest in joining." The Union-Tribune notes, "Funding is a primary challenge because the court must find a revenue stream to continue growing. Because California law applies on tribal lands, the Bureau of Indian Affairs does little to help fund local tribes in establishing their own courts, legal experts said."

FBI/DEA/ATF/USMS:

FBI To Use DNA Database For Missing Persons, Unidentified Victims. In a front-page story, USA Today (5/31, Willing, 2.31M) reports, "The FBI plans to use its national DNA database system to help identify not only criminals, but also missing persons and tens of thousands of unidentified bodies held by local coroners and medical examiners. A new computer program planned for this fall will compare genetic profiles taken from unidentified bodies or body parts with DNA submitted by family members of missing persons." CODIS Director Thomas Callaghan "said the FBI is in 'a very good position' to identify remains through family members because of the agency's small but growing database of missing persons and unidentified remains, plus its experience in using computers to match DNA."

Over 100 Detroit Deaths Linked To Deadly Drug Mix. KTBS-TV Shreveport, LA (5/31) reported on its website, "More than 100 deaths in Detroit area traced back to drugs mixed with fentanyl." There were "33 such deaths in

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the past week and many are suspected of being the result of the same deadly combination of drugs." Reports "surfaced before the weekend that area drug counselors were trying to get the word out on the street about the deadlier drug combination being sold, while at the same time" the DEA "was working to track down the source of the mixture."

Pennsylvania Readies For Arrival Of Deadly Compound. The Pittsburgh (PA) Tribune-Review (5/31) adds that while the deadly mix "has killed more than 100 people in Illinois, Michigan and eastern Pennsylvania and parts of four other northeastern states," it "hasn't been found in the Alle-Kiski Valley." But now "and police and drug agents are watching for it." DEA Agent Rick McGoldrick "said Friday the government is investigating more than 20 deaths in Harrisburg and Philadelphia and 30 or more in Michigan. The DEA in Pittsburgh is watching for it to pop up elsewhere."

Texas Man Dies Making Pipe Bomb To Target DEA Agents. The AP (5/31) reports James Charles Torrence, 38, was "indicted on federal drug and firearms charges died in an explosion as he was making a pipe bomb that fire officials say he planned to use against agents." Torrence "was building the bomb Monday in his home when it exploded, officials said." Brian Howell, assistant fire marshal of the Longview Fire Department, "said documents were found in the residence listing names of agents with the Bureau of Alcohol, Tobacco and Firearms and the Drug Enforcement Administration."

Police Said To Be Encountering More Drivers Impaired By Drugs. The Los Angeles Times (5/31, Wright) reports, "While incidences of drunk driving have declined over the years, thanks in part to organizations such as Mothers Against Drunk Driving, driving under the influence of drugs has increased, reports Marilyn Huestis at the National Institute on Drug Abuse in Rockville, Md. To battle the problem, researchers are scrambling to develop uniform procedures that would allow police to easily screen motorists suspected of being under the influence of drugs. One procedure involves a saliva test that could be done quickly in the field with a swab. It would not require police to take a suspect to a hospital or to jail for blood or urine samples, Huestis says."

Wisconsin Gun Shop Tops National List For Selling Weapons Later Tied To Crimes. The Milwaukee Journal Sentinel (5/31John Diedrich Jdiedrich@, journalsentinel.com) reports, "West Milwaukee's Badger Outdoors last year again was tops among all gun shops in the nation for selling guns that later were recovered by police during criminal investigations, according to new data from the federal government." The Sentinel continues, "In 2005, there were 537 crime guns - an average of more than 10 a week - recovered and traced to Badger, the Milwaukee area's largest gun dealer. None of the others in the top five had more than 500 crime guns traced to them, according to the document from the Bureau of Alcohol, Tobacco, Firearms and Explosives." The Sentinel adds, "The ranking was released during a federal trial in which another store with a high number of crime gun traces - Trader Sports Inc. of San Leandro, Calif. - sued to try to keep its dealer's license. … In 1998, Badger had the most crime guns traced to it among all gun dealers in the United States and then fell from the top spot, only to regain the spot last year. Badger has been criticized for selling cheap handguns, which were bought by "straw buyers" with clean records and then passed on to gang members. In a 1999 sweep, the majority of straw buyers bought the guns legally at Badger. Owner cites scarcity of shops … Co-owner Mick Beatovic said Tuesday he wasn't aware that many crime guns had been traced to Badger. ATF classifies crime guns as any firearm used or suspected of being used in a crime."

Man Arrested In California Dynamite Theft. The AP (5/31) reports, "A man wanted in the theft of 686 sticks of dynamite from a gold mine has been arrested after a short car chase in a stolen car, officials said." The AP continues, "Sheriff's deputies arrested Joshua Lee Gawn, 33, for investigation of auto theft Friday night, Deputy Chris Durham said. Gawn didn't give his name and authorities didn't realize he was wanted in the dynamite case until fingerprint information came back Saturday night, Durham said." The AP adds, 'Investigators earlier this month had focused on Gawn based on information from witnesses and tipsters. After his apartment was searched, he was arrested for investigation of a probation violation but was released the next day on $25,000 bail. … While in custody, Gawn admitted he stole explosives, according to an affidavit from the Bureau of Alcohol, Tobacco, Firearms and Explosives. The ATF obtained an arrest warrant for Gawn on May 18 after he did not turn himself in for arraignment in federal court."

The Riverside (CA) Press-Enterprise (5/31, Burge) reports, "Special Agent John D'Angelo, of the Bureau of Alcohol, Tobacco, Firearms and Explosives, said he couldn't comment on the details about Gawn's arrest. 'I'm just glad they arrested him,' he said. 'From what I can tell this was a case of good police work.' … The ATF obtained an arrest warrant for Gawn on May 18 after he failed to turn himself in for arraignment in federal court. The warrant accuses him of being a felon in possession of explosives."

FBI Agent Says Tips Prompting Expansion Of Jeffs Investigation. MSNBC's Rita Cosby Live & Direct (5/30) interviewed Salt Lake City FBI Special Agent Timothy Furhman, reporting, "Tonight, new development in the hunt

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for polygamist cult leader Warren Jeffs. … The FBI is now beefing up its search for the fugitive who just weeks ago made the list of the country's Top 10 most dangerous criminals. … Agent, why are we beefing up the law enforcement? Is there some tip?" Fuhrman: "We have had a number of call-ins and a number of tips that have come in. I wouldn't necessarily say we're beefing up. We're just expanding the area where we are investigating, involving a number of law enforcement offices and different FBI offices and different techniques that we're employing."

Meanwhile, The Salt Lake City Deseret Morning News (5/30, Winslow) reported, "FBI agents in Salt Lake City declined to comment on the specific number of agents assigned to the Jeffs case but said additional resources are being freed up to deal with the high-profile fugitive. 'You couldn't expect one person to handle all this work,' FBI Special Agent Patrick Kiernan said. 'The leads have continued to come in, and we continue to keep personnel and the FBI very busy.' … 'We have had 482 people on the list, and 452 have been apprehended or located,' Kiernan said. … Close to 150 of those were apprehended because of citizen tips, he added." KSL-TV Salt Lake City (5/30) also notes on its Web site that "officials say a substantial amount of agents and resources have been freed up since to deal with tips and leads on the high-profile fugitive." Jeffs' placement on the Top Ten list "enables any FBI agent in the world to drop everything to assist in the manhunt. … In the 56 year history, 94 percent of the fugitives on the list have been captured."

IMMIGRATION:

Advocates Of Tough Border Security Deliver 10,000 Bricks To Lawmakers. The New York Times (5/31, Hulse, 1.19M) reports that advocates of tough border security have sent an estimated 10,000 bricks to House and Senate lawmakers' offices to "make a none-too-subtle point with lawmakers about where many of their constituents come down on emerging immigration bills." Leaders of the send-a-brick campaign "said they had hit on the idea as a way to emphasize the benefits of a fence along the border with Mexico." The Times adds, "Besides the border fence, the group supports technology improvements for border security, added money and personnel for the Border Patrol and an enhanced security presence in general on the southern border. The brick effort was scheduled to wind down this week, though the organization encouraged people to continue if they desired."

Police Officer Featured In Story About Border Violence Shot Five Times In Nuevo Laredo. USA Today (5/31, Johnson, 2.31M) reports that a police officer in the Mexican border city of Nuevo Laredo was in hospitalized in critical condition after being shot five times outside his home. USA adds that Juan Pablo Elizondo "appeared in a USA TODAY and USATODAY.com report May 18 about the surging violence against police" in the Mexican border city. The attack "highlights the unrelenting threat against Mexican police in a city where two major drug cartels are battling for control of routes into the USA for shipments of drugs and illegal immigrants."

Churches Help Chinese Immigrants Adjust To Life In US. The New York Times (5/31, Chang, 1.19M) reports on efforts of local Chinese churches in Los Angeles to help Chinese immigrants assimilate to life in the US. The Times notes that "the typical newcomer arrives from an obscure corner of mainland China, well educated but with no English skills and just a few hundred dollars. Like Ms. Du, many do not even have a car. But they do have local Chinese churches. If a newcomer needs a ride to the hospital and an English speaker to help translate, someone from Mandarin Baptist's congregation steps forward. Newcomers are eligible for emergency grants, known as 'love gifts,' and the church's 1,600 members are a ready source for job referrals."

Samuelson Says Journalists Didn't Do Their Job On Immigration Bill. Robert Samuelson writes in the Washington Post (5/31, A19, 744K) that the Senate-approved immigration bill "would double the legal immigration that would occur during the next two decades from about 20 million (under present law) to about 40 million. One job of journalism is to inform the public about what our political leaders are doing. In this case, we failed. The Senate bill's sponsors didn't publicize its full impact on legal immigration, and we didn't fill the void."

Immigration Courts Overwhelmed By Case Backlog. The St Petersburg Times (5/31, Adams) reports, "In a small, downtown courtroom overlooking the Miami River, Kenny Rivera, 20, nervously awaits a long-delayed immigration hearing. Three years have passed since he applied for asylum, fearing he would be killed by a notorious street gang if he were forced to return to his native Honduras. … This kind of delay is not unusual at Miami's immigration court, which is one of the nation's busiest - and most backlogged." The Times continues, "As the United States tries to secure the border with Mexico, the nation's overburdened immigration courts are bursting at the seams. … The nation's 225 immigration judges, who are employees of the Justice Department, handled more than 352,000 matters last year up 23 percent from 2004, according to the department's Executive Office for Immigration Review, or EOIR, which runs 53 courts nationally." The Times adds, "Efforts to speed up the process have created unexpected problems. … The backlog has spilled over into the federal courts. Complaints of judicial misconduct and anti-immigrant bias have resulted in a rash of appeals to the nation's 11 circuit courts, prompting some federal appellate judges to

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rebuke lower-ranking colleagues on the immigration bench. … 'Time and again, we have cautioned immigration judges against making intemperate or humiliating remarks during immigration proceedings,' railed Philadelphia Circuit Judge Julio M. Fuentes in a ruling last September. … 'The tone, the tenor, the disparagement and the sarcasm' of the immigration judge 'seem more appropriate to a court television show than a federal court proceeding,' he wrote. … After complaints by federal judges began piling up last year, Attorney General Alberto Gonzales ordered a comprehensive review of U.S. immigration courts. In a sharply worded memo in January, Gonzales, whose grandparents were Mexican immigrants, chastised immigration judges for 'intemperate or even abusive' conduct toward asylum-seekers."

TAX:

Senate May Vote On Estate Tax Repeal In June. The Wall Street Journal (5/31, Herman, 2.11M) reports in its "Tax Report" column, "Estate-tax repeal may soon come up for a vote in the Senate." The federal estate tax "is scheduled to disappear in 2010 but return in 2011. The House has voted for permanent repeal. A Senate vote could come early in June. Many wealthy Americans favor retaining the tax but easing its bite."

Democrats Working To Dissuade Baucus From Cooperating On Estate Tax Repeal. The Washington Post's Harold Meyerson (5/31, A19) writes that the Senate will consider legislation sponsored by Sen. Jon Kyl that "would permanently repeal the estate tax on the wealthiest Americans. If enacted, Kyl's bill would plunge the government another trillion dollars into the red during the first decade (2011-2021) that it would be in effect. Behind the scenes, the action has been on the Democratic side in the Senate, as the party's leadership has sought to dissuade Montana's Max Baucus, ranking Democrat on the Finance Committee, from forging a halfway-house compromise with Kyl that would deplete revenue by only $500 billion to $600 billion during that decade." Meyerson adds, "Why any Democrat would back such a measure…is a deep mystery. … Democrats are running this year as the party of comparative fiscal sanity and greater economic equity and security. Baucus's compromise would undermine all those premises."

CONGRESS-ADMINISTRATION:

Bush Nominates Paulson To Replace Snow As Treasury Secretary. President Bush yesterday nominated Goldman Sachs CEO Henry Paulson to be Treasury Secretary. Paulson's nomination is getting favorable reviews, with most analysts predicting he will be confirmed by the Senate. NBC Nightly News (5/30, story 4, 1:25, Gregory, 9.87M) reported Paulson "is getting rave reviews so far. On Capitol Hill and on Wall Street it appears that his nomination is assured." Fox News' Special Report (5/30, Cameron) also said Paulson's nomination "was warmly received both on Wall Street and particularly on Capitol Hill. Republicans predicted swift hearings and confirmation." CNN's The Situation Room (5/30, Henry) noted "Democrats like Chick Schumer already saying they will support the nomination. Could be a relatively quick confirmation." On ABC World News Tonight (5/30, story 4, 1:20, Gibson, 8.78M), chief Washington correspondent George Stephanopoulos said Paulson "is very well-respected on Capitol Hill. And all the sounding that I got today is that he should sail through to confirmation."

Typical of the favorable coverage of Paulson's selection is Knight Ridder (5/31, Hutcheson, Hall), which reports Paulson "is arguably the most influential executive on Wall Street, the market's equivalent of a rock star." Also, in its "Washington Wire" column on its web site, the Wall Street Journal (5/30, 2.11M) reported, "A speedy, lopsided confirmation is expected for…Paulson." Confirmation "could come by 4th of July break, according to Republican leadership aide."

Even editorial pages that are often critical of Bush are sounding a positive note about Paulson. For example, in its editorial, the New York Times (5/31, 1.19M) calls the appointment "a master stroke," adding Paulson "will bring much-needed clout, pragmatism and credibility to the job. So, for a change, the question raised by a major presidential appointment is not one of competence." The Washington Post (5/31, A18, 744K), in an editorial titled "A Good Nomination," calls Paulson "a welcome addition to a faltering administration," though it also expresses "hope that someone of Mr. Paulson's stature will not merely act as a mouthpiece for dead-end budget policies." Taking a more skeptical view, the Los Angeles Times (5/31, 958K) editorializes that Bush "will be fortunate to have in place a highly credible firefighter if and when another crisis arrives. Unless, that is, financial markets soon determine that [Karl] Rove is still running the show."

ABC World News Tonight (5/30, story 3, 2:15, Stark, 8.78M) reported, "On Wall Street, where Paulson made a fortune now worth more than $600 million, the 60-year-old financier, educated at Dartmouth and Harvard business school, has superstar status. He's an international dealmaker who's been to China more than 70 times and a devout environmentalist who unwinds as a birdwatcher, and has given $100 million of his own money to conservation causes. But his status on Main Street is another story. As famous as Paulson is in the financial markets, most of the public has never heard of him." The New York Times (5/31, Dash,

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1.19M) reports Paulson "has accumulated a $700 million equity stake in the Wall Street firm."

The Hill (5/31, Schor) reports that Paulson's selection gave "a welcome boost to congressional Republicans hoping for a more potent White House economic message to parlay into election-year gains." Paulson "is likely to earn quick approval" from the Senate.

The Wall Street Journal (5/31, Solomon, 2.11M) reports "the successful wooing of a prominent executive who -- unlike several recent Bush appointees -- hasn't previously held a post in this administration could bring Mr. Bush some sorely needed credibility, both with financial markets and with the public." And the New York Times (5/31, Andrews, Rutenberg, 1.19M) says the move was "intended to add economic star power to his administration as it tries to fight its way through a thicket of political difficulties." Bush was "eager to bring aboard someone who could potentially do for this administration what another former Goldman chief, Robert E. Rubin, did for President Bill Clinton as a senior economic adviser and as Treasury chief."

The AP (5/31, Aversa) reports the appointment "marked the latest in a string of major changes in the president's personnel lineup that started two months ago with the replacement of Bush's chief of staff and has grown to include his CIA director, budget chief and top trade representative." USA Today (5/31, Jackson, 2.31M) also says "it's the latest move in a personnel shakeup led by new chief of staff -- and Goldman Sachs alumnus -- Joshua Bolten. He is trying to fashion a new team and reinvigorate the White House agenda just months before November elections in which Republicans try to hold their majorities in Congress. … Bolten and others have said Bush is not getting credit for the strong economy. A USA TODAY/Gallup Poll in late April showed approval of Bush's handling of the economy was 34%, amid worry about high gas prices." The President "made it clear that one of Paulson's new duties is communication. He praised the nominee's "ability to explain economic issues in clear terms." The Christian Science Monitor (5/31, Scherer, Feldmann, 61K) reports, "One of the toughest challenges of Mr. Bush's second term has been to eliminate the public's perception gap on the economy -- the seeming disconnect between strong economic numbers and low public opinion of the state of the economy. … 'This is all tied to gas prices,' says Dennis Jacobe, chief economist at the Gallup Organization, based in Princeton, N.J."

The Washington Post (5/31, D1, Masters, 744K) says Paulson "has not shied away from controversy, but he has also been criticized for not paying enough attention until a crisis occurs. He owes his position as the sole head of Goldman to a 1999 coup in which he and several allies forced out Jon S. Corzine -- now the governor of New Jersey and a former US senator -- and Paulson steered Goldman through the stock-analyst scandal relatively unscathed." Paulson "spent part of his early career in Washington, working first in the Pentagon and then as a staff assistant in the White House under President Richard M. Nixon."

The Chicago Tribune (5/31, Neikirk, 643K) says that "even if there is not a huge expectation of a change in economic policy under Paulson, a lot may be different. One can expect a shift in tone, some say, a better understanding of financial markets, and a closer relationship with the Chinese." Paulson's "strength may be in working around the edges of current policy, particularly in expanding free trade and pressing China and other Asian nations to strengthen their currencies against the dollar in order to help American companies compete on a fairer basis. He also could be instrumental in breaking the impasse over a new world trade agreement."

The Washington Times (5/31, Curl, 90K) notes Senate Minority Leader Harry Reid "was less supportive" than Schumer, saying, "Mr. Paulson will face many challenges if he is confirmed in steering our economy towards greater prosperity for all Americans. Working families are struggling under high gas prices, rising health care costs, and skyrocketing college tuition. ... I hope Mr. Paulson will share that goal." The Washington Times (5/31, Hill, 90K) also reports National Association of Manufacturers President John Engler "said he expects Mr. Paulson will be able to orchestrate continued growth in the United States as well as a lower value of the dollar that will help to trim the bloated trade balance."

Paulson Wins Assurances On Status Within Bush Team. The Wall Street Journal (5/31, Solomon, 2.11M) reports Paulson "has been assured that he will rank with the secretaries of defense and state in the Bush inner circle and that the White House National Economic Council, headed by Mr. Bush's business-school classmate Allan Hubbard, will hold some of its meetings in the Treasury building and that Vice President Dick Cheney will attend some of them." The Journal adds, "If they materialize, those would be significant changes for a White House that has tightly held the power to make economic policy, essentially turning the Treasury secretary into a salesman for tax cuts, the centerpiece of its economic strategy."

Meanwhile, the Los Angeles Times (5/31, Havemann, 958K) says "it was unclear how much Paulson would shape administration policy. Bush's first Treasury secretary, Paul H. O'Neill, was frustrated that he did not have much influence." Snow "found himself cast as a cheerleader for economic policies that were largely forged in the White House rather than at the Treasury Department."

The Financial Times (5/31, Daniel, Ben White) notes Paulson "had previously turned down an offer for the position. Many on Wall St had suggested no such senior banker would not want the job because driving forward far reaching economic policy, such as tax or entitlement reform, would

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prove difficult during the latter stages of a second term presidency." However, "insiders said on Tuesday that Mr Paulson was unlikely to have accepted the job without some assurances that he could affect change."

The Washington Post (5/31, A1, Fletcher, Blustein, 744K) also says the move "culminated a months-long recruitment during which Paulson rebuffed several White House overtures, according to administration officials and people familiar with Paulson's decision making." White House Chief of Staff Joshua B. Bolten "renewed the effort in recent weeks and persuaded his former Goldman Sachs colleague to meet with Bush at the White House earlier this month. It was then, after a long Saturday meeting 11 days ago, that Bush persuaded Paulson to take the job."

Bush Personally Took Part In Persuading Paulson To Take Post. Time.com (5/31, Allen) reports in a Web exclusive that Bush's aides "had been trying to find a successor to John Snow on Wall Street for months, but the most promising candidates had turned them down — including Paulson, just a few months ago. One of the reasons Bush had such a hard time landing a master of the universe like Paulson is that the Treasury job had shrunk during his presidency — at least in the estimation of Wall Street — from a premier policymaking platform to a cheerleading outpost subservient to the West Wing." But an official "involved in the selection process said Bush 'took it up himself, and wouldn't take 'no' for an answer.' Aides said Bush convinced his quarry that he would have a seat and voice at the table, and the President seemed to underscore that during his Rose Garden announcement by saying that 'Paulson will be my principal advisor on the broad range of domestic and international economic issues that affect the well-being of all Americans.'"

Paulson Described As "Huge" Environmentalist. The CBS Evening News (5/30, story 5, 2:35, Schieffer, 7.66M) reported Paulson is "a huge supporter of environmental causes," and "he also believes global warming is a threat, and that could put him at odds with some members of the Bush Administration."

USA Today (5/31, Jones, 2.31M) reports Paulson, "a Republican, is atypical in his passion about the environment, a passion critics say has interfered with his responsibility to shareholders. He's an avid bird watcher and chairman of the Nature Conservancy. He has raised animals from alligators to flying squirrels, and the Goldman Sachs website cites a corporate environmental policy of protecting wildlife and timber." The Los Angeles Times (5/31, Puzzanghera, 958K) runs a similar story under the headline "The Bird-Watching Businessman," in which it describes Paulson as an "ardent environmentalist."

The Washington Times (5/31, Hill, 90K), in a report titled "Some On Right Wary Of Nominee's Green Links," says "conservative groups that defend individual liberties expressed adamant opposition to it yesterday because of the Goldman Sachs chairman's ties to the Nature Conservancy." Myron Ebell, analyst at the Competitive Enterprise Institute in Washington, "said Mr. Paulson has the potential to wreak far more havoc in economic policy than his predecessor, Paul O'Neill, who was fired in 2002 for questioning President Bush's tax-cut plans." He "said Mr. Paulson could become an outspoken advocate for curbs on global warming and other environmental causes within the administration." The New York Times (5/31, Thomas, 1.19M) also describes Paulson as "in some ways an executive in the mold of Paul H. O'Neill, the former Treasury secretary who was forced out by a White House that could not abide his contrarian tendencies."

Traders Upbeat On Paulson Nomination. The Financial Times (5/31, Hughes, Johnson) reports, "Rumours that the nomination might go to Don Evans, the former commerce secretary, had weighed on the dollar as traders assumed he would focus more on trade than on markets." But "many analysts were buoyed on Tuesday by Mr Paulson's knowledge of the markets and his close links with China. … The appointment brought comparisons with Robert Rubin, the Clinton-era Treasury secretary who also had a Goldman Sachs background and is still revered by the markets."

The Wall Street Journal (5/31, Hudson, Karmin, 2.11M), under the headline "Traders Cheer Bush's Treasury Pick," reports, "Currency and bond traders applauded the appointment of…Paulson as the new Treasury secretary, though many said his selection by President Bush would do little to alter the course of a recently weakening dollar or rising interest rates."

Deficit, Competitiveness Agenda Seen As Early Challenges. Time.com (5/30, Kadlec) reports in a Web Exclusive that, "Across Wall Street, they are hoping that Paulson can bring a gravitas to the job that has been missing since the tenures of Larry Summers and another former Goldman executive, Robert Rubin, both of whom served under President Clinton." For "the most part, though, economists agree that Paulson likely will be asked to shape policy, which should give him a stronger voice on all economic issues." Paulson will "need some kind of win to cement his authority. That likely will come in the area of spending cuts." If Paulson "can rein in spending enough to turn the deficit around it will be clear that there was no pre-nup, and his words will carry the full weight of the U.S. government the first time he confronts an international or domestic crisis."

The Wall Street Journal (5/31, Hitt, 2.11M), meanwhile, reports Paulson "accepted his nomination as Treasury secretary by highlighting the need for the nation to stay competitive." But "one of his first challenges will be guiding…Bush's ballyhooed competitiveness agenda out of choppy waters on Capitol Hill." The initiative "started out with

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wide support among senior Democrats and Republicans in Congress. As the election year progresses, key planks face an uncertain future." As Treasury secretary, Paulson "would oversee matters from tax and currency policy to regulation of capital markets. In brief remarks yesterday, Mr. Paulson stressed the importance of bolstering the competitiveness of the US economy. … Even before Mr. Paulson's nomination, the White House remained upbeat about the outlook for the competitiveness initiative, and Mr. Bush trumpeted it several times."

More Commentary. The Wall Street Journal (5/31, 2.11M) editorializes that Paulson is "a financial heavyweight, and our hope is that his selection means that Mr. Bush has learned his lesson about the need for a strong voice at Treasury. His first choice, Paul O'Neill, marginalized himself with daft priorities. Current Secretary John Snow, who resigned yesterday, is capable but was too often marginalized by the White House." Paulson "will be most useful to the President if he is allowed to be both a policy maker and a vocal public advocate."

N. Gregory Mankiw, former chairman of the President's Council of Economic Advisers, writes in today's Wall Street Journal (5/31, 2.11M) that "while Mr. Snow helped steer the economy through a recessionary storm, he leaves for Mr. Paulson a more daunting task -- getting the long-term fiscal numbers to add up. To understand the challenge that Mr. Paulson faces, let's start with a fact about which every serious policy analyst agrees: The government budget is on an unsustainable path. … If Hank Paulson wants to leave the nation's finances in better shape than he found them, his main job will be to focus attention on the problem."

Hayden Sworn In As CIA Director. The New York Times/AP (5/31) reports, "Gen. Michael V. Hayden was sworn in as director of the C.I.A. and told agents that they must be competent and cooperative to keep the 'central' in Central Intelligence Agency." He added "that only the C.I.A. had the 'connective tissue' to bring the intelligence community together." An agency spokeswoman said he received "a standing ovation." President Bush plans attend a "a second swearing-in" at the C.I.A. campus in Langley, Va. USA Today (5/31, 4A, 2.31M) also covers this story.

WSJournal Criticizes Hayden For Not Pushing Reform. The Wall Street Journal (5/31, A12, 2.11M) editorializes that Hayden "has sent more signals that would soothe the souls of Langley's uncounted career bureaucrats than push the cause of reform." He solicitously told Michigan Democrat Carl Levin he wasn't 'comfortable' with work done by former Undersecretary of Defense Douglas Feith," whose office checked the CIA's analyses. Hayden "should have been asked to elaborate on why he is uncomfortable that analysts might have to explain how they arrive at certain conclusions." Hayden didn't "have to validate a good deal of the political left's current, if amusingly ironic, defense of the CIA's career spooks: the idea that policy makers should only rarely question the careerists' judgment, and that the careerists' assumptions shouldn't be challenged by new blood from the outside." So far, "his performance at his hearing makes us think his critics," who considered his nomination "a surrender to an agency that has often performed badly but then tried to undermine the government's policy through leaks and insubordination," may have "had a point."

Senate Confirms Capka As Federal Highway Administration Director. The AP (5/31) reports the Senate "approved President Bush's nominee to head the Federal Highway Administration after four Democratic senators dropped their opposition to him. J. Richard Capka was approved by voice vote Friday, just before the Senate left for its Memorial Day recess." Sen. Max Baucus, D-Mont., "held up consideration of Capka's appointment because he said the Bush administration wouldn't release money for a transportation project in his state. But Baucus let Capka's appointment go forward after Transportation Secretary Norman Mineta assured him the situation would be worked out, said Baucus spokeswoman Sara Kuban."

Reid Says Attending Boxing Matches Is "Official Duty." The Associated Press (5/30, Hennessey) reports Senate Minority Leader Harry Reid "said it's his official duty to attend boxing matches in Nevada and that he did nothing wrong when he accepted complimentary ringside seats from a state agency that was lobbying him." Reid said, "I would be criticized if I didn't go. It's just like going to an Ohio State football game, an Arizona State football game - in Nevada, boxing is it. I have an obligation to make sure boxing is conducted properly not only in Nevada but around the country." The AP adds Reid was "responding to an Associated Press story that detailed how the senator had accepted free tickets possibly valued at several thousand dollars from the Nevada Athletic Commission, the agency that regulates boxing in the state." Reid "made his comments after addressing a group of veterans gathered at town hall meeting also attended by Democratic National Committee Chairman Howard Dean, who was in town fundraising. Dean called criticism of Reid's ethics 'ridiculous' and repeated his attacks on Republicans."

NYTimes Says Reid's Acceptance Of Boxing Tickets Reinforces Need For Ethics Reform. The New York Times (5/31, 1.19M) says in an editorial that Reid "said his conscience was clear because he had not violated Senate rules by taking the free tickets. Indeed, the rules do allow gifts from state agencies (although they caution against attempts to influence official decisions). Each lawmaker must

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make his own call in countless such situations, and Senator John McCain, a fight-night companion of Mr. Reid in 2004, chose to pay for his $1,400 championship tickets." Senator Reid "is hardly in the dock. But his discomfort — and that of House Speaker Dennis Hastert in being mentioned last week in the endless Abramoff speculations — certainly should reinforce the need for Congress to emphasize vigilance over regret by upgrading the enforcement of ethics rules."

Study Finds Some Government Appointees Improperly Obtained Career Jobs. Government Executive (5/31, Mandel) reports, "Most political appointees who have switched to career positions since 2001 did so using the correct process, but 18 such conversions were improperly made and many more were not sufficiently documented, according to a new report." GE continues, "In a survey of 41 agencies, Government Accountability Office reviewers found 144 people converted from noncareer to career positions from May 1, 2001, through April 30, 2005 -- a move known as 'burrowing in.' Most of those conversions took place at the departments of Health and Human Services, Justice, Defense and Treasury. … 'The ability to convert noncareer employees to career positions is an appropriate and valuable process available to agencies,' reviewers stated in the report (GAO-06-381). But they found that of the 130 appointees at the GS-12 level or higher who were converted, 18 may not have followed procedures designed to ensure proper application of merit system principles." GE adds, "The reviewers found that agencies circumvented proper procedures in a variety of ways. In some cases, agencies did more than one of the following: created new career positions specifically for particular individuals, tailored job descriptions to match the resumes of the appointee in question, prevented other potential candidates from applying, selected appointee candidates who were less qualified than other applicants, or failed to honor veterans' preference rules in cases where a veteran would have scored higher than the appointee. … In seven of the 18 cases, the Office of Personnel Management had reviewed the conversion, either because of the position's senior level or its proximity to a presidential election, and allowed it to go forward. … In another 19 cases, reviewers lacked sufficient documentation to verify the hiring procedures used. … Of the 19 conversions for which reviewers found inconclusive documentation, 16 were excepted service positions at the Justice Department which reviewers were unable to trace back through the hiring process. In some cases, the department was unable to produce a copy of the individual's job application, the report noted."

Hastert Seen As Becoming More Assertive. The Christian Science Monitor (5/31, Chaddock, 61K) reports Speaker Dennis Hastert, "who surpasses" former Speaker Joe Cannon's "record in office on June 1, is the un-Cannon. For more than five years, Mr. Hastert has backed President Bush's assertion of presidential authority on issues ranging from war powers to domestic surveillance. Colleagues dub him 'the coach.'" Last week, "the coach turned tough. Angered by the FBI's unannounced raid of the Capitol Hill office of a Democratic colleague, Hastert forced a showdown with the Justice Department over the seized documents, and accused the FBI of trying to 'intimidate' him by spreading rumors that he was part of a corruption probe. It was a rare moment of public assertiveness for a speaker who has preferred to operate behind the scenes. And for the moment, it worked." The controversy "may be just the beginning of Hastert's assertiveness as key House players depart the scene. For most of his 10 terms in the House, Hastert has worked in the shadow of outsized personalities, such as former majority leader Tom DeLay (R) of Texas, who will step down from the House to cope with legal battles on June 9." Brookings Institution senior fellow Stephen Hess said, "It's remarkable that this 'accidental speaker' is about to become the longest-serving [Republican] speaker of the House, especially when you think of all the forceful, powerful speakers we have had in American history."

House GOP Continues To Be Dogged By Divisions. The Hill (5/31, O'Connor) reports as the midterm elections "loom and concern about maintaining their majority hold on the House increases, rank-and-file Republicans have grown more and more combative with their leaders and themselves." In the "past two weeks, Republican House members have sparred openly on the House floor and have criticized their Speaker behind closed doors." And with "immigration reform, an update of the Voting Rights Act and a series of appropriations bills among the few big-ticket items remaining on this year's legislative calendar, it is unlikely these intraparty squabbles will die down any time soon, particularly as vulnerable Republicans seek to distance themselves from their party and their president."

Democrats Debate Offering Specific Proposals On Hot-Button Issues. The Los Angeles Times (5/31, Brownstein, 958K) reports with President Bush "and the Republican-controlled Congress facing bleak approval ratings, many Democrats are increasingly confident that the public is ready to hear the party's alternative policy ideas as the 2006 campaign heats up. The question is whether the Democrats have an alternative ready to present." Party leaders "have provided some specifics about how they would deal with national security, energy issues and ethics reform if they recapture one or both chambers of Congress in November. But on many topics, they have provided only broad hints about their direction. This cautious strategy is

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generating intensifying debate within the party." On one side "are those who believe the Democrats must present a sharp alternative to Bush's direction — as Republicans did with their 'Contract with America' before sweeping into control of Congress in 1994." On the "other side are strategists who fear that offering too many specifics could allow Republicans to shift focus away from public discontent with how they have governed. Those sentiments appear especially strong among Senate Democrats." But "attempts to minimize the target for Republicans could leave Democrats vulnerable in a different respect. A continued reluctance to detail an agenda, some party strategists say, could allow the Republicans room to define for voters what the priorities of the Democrats are."

First Lady Taking More Active Role In GOP Fundraising. The Hill (5/31, Schor) reports, "House Republicans walking an electoral tightrope as the midterms approach must accept the president's shaky public standing to benefit from the White House's still-muscular fundraising power." The avoidance "by vulnerable incumbents, whether calculated or coincidental, of a public appearance suggesting White House ties is a phenomenon difficult to ascribe to congressional-district or political relationships." A senior GOP strategist said, "There is a pecking order to this, with the president at the top, the VP right near that. The first lady has taken a more active role, and she's able to make things more successful." Just below Mrs. Bush "in the pecking order, the strategist added, is former New York City Mayor Rudy Giuliani, now a political consultant and partner at law and lobbying firm Bracewell & Giuliani."

Morris Claims Bush Oil Ties Will Cost GOP Votes. In his column for The Hill (5/31) Dick Morris writes that while President Bush "has dithered" and the Republicans in Congress "have failed to look beyond Alaska drilling as the solution to our dependence on foreign oil, first Gore and now Hillary have passed them by and staked out their claims to the issue. Bush cannot afford to yield this ground because it is no longer the esoteric preserve of the environmental-policy wonks. Rising gas prices have generated a populist anger at the bottom of the social ladder." Morris adds, "what makes the broader green movement particularly dangerous for the quiescent Republican Party is the oil man in the White House. If this new coalition of greens, pump-enraged dads and enlightened patriots has any single enemy, it is the oil companies and their Middle Eastern allies. But the Bush family's history of involvement with big oil makes this a uniquely dangerous issue for the president."

Majority Of Democratic Candidates Would Back Pelosi For Speaker. The Hill (5/31, Kaplan, Blake) reports, "An overwhelming number of Democratic incumbents running in congressional districts that President Bush won in 2004 would support the ascension of Minority Leader Nancy Pelosi (D-Calif.) to Speaker should Democrats capture a majority of seats in November. But a handful of Democratic challengers running in Republican-leaning congressional districts are much more cautious than their party's incumbents. … These challengers' cautious responses, however, stand out as the exception to the rule. In an informal survey of Democratic candidates conducted by The Hill, the vast majority of incumbents and challengers asked said they would vote for Pelosi as Speaker if Democrats take the majority."

Congress Has Until June 5 To Act On FAA-Union Dispute. The Washington Post (5/31, D4, Barr, 744K) reports in its "Federal Diary" column, "The clock is ticking in the dispute between the Federal Aviation Administration and its largest union, the National Air Traffic Controllers Association. The FAA declared an impasse in contract negotiations April 5 and sent the dispute to Congress, which has until June 5 to act. If Congress takes no action, the FAA can impose its contract proposal on the union. A spokeswoman for Rep. Steven C. LaTourette (R-Ohio) said yesterday that the congressman had introduced a bill to take Congress off the clock and that House Speaker J. Dennis Hastert (R-Ill.) has promised that the measure will be brought up for a vote next week."

Democratic Strategist Calls Rove "Serial Obstructionist." In a column for USA Today (5/31, 2.31M) Democratic strategist Bob Beckelis writes that White House advisor Karl Rove "is a serial obstructionist. Rove's 2004 campaign strategy was to win by increasing the base of conservative voters with no serious attempt to reach out to independents or Democrats. No wonder important legislation is decided on virtually straight party-line voting. Congress is beginning to look like the British Parliament, where lawmakers vote the party line."

WPost Notes Zinmeister's Alteration Of Profile. In an editorial, the Washington Post (5/31, A18, 744K) notes that Karl Zinsmeister, President Bush's new domestic policy adviser, has admitted altering portions of a profile in order to eliminate criticism of "people in Washington" and the war in Iraq. The Post writes, "Almost anyone who's been the subject of a profile has wished he or she could take back some words, maybe tweak them a bit. No one else that we know of -- certainly no one who's about to become the president's chief adviser on domestic policy -- has had the gall to simply make those changes unilaterally."

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OTHER NEWS:

Stock Markets Fall Precipitously On Inflation Fears, Consumer Confidence. ABC World News Tonight (5/30, story 5, :15, Gibson, 8.78M) reported, "Inflation fears and a drop in consumer confidence helped send stock prices tumbling today, with the Dow Jones Industrials down 184 points. For the first time in more than a year and a half, all 30 stocks in the Dow Jones Industrial Average fell." The CBS Evening News (5/30, story 5, 2:35, Schieffer, 7.66M) also reported "there was another big sell-off on Wall Street today. The Dow fell 184 points [to close at 11,094.43], the NASDAQ lost 45 [to close at 2,164.72]." NBC Nightly News (5/30, story 5, 0:15, Williams, 9.87M) also noted stocks took "a tumble today."

USA Today (5/31, Hagenbaugh, 2.31M), however, headlines its story on the economy "Consumer Confidence Stays High," and says consumer confidence "dipped in May but remained strong despite apprehension about jobs and incomes, according to a report out Tuesday. The consumer confidence index was 103.2 in May, down from 109.8 in April, when it was the highest in nearly four years, the Conference Board said." The decline "comes after two months of gains, and confidence was still high. The index was as low as 61.4 in March 2003." USA Today adds, "The fact that confidence has remained high despite a slowing housing market and elevated gas prices bodes well for the economy, says Sean Snaith, director of the Business Forecasting Center at the University of the Pacific."

The Wall Street Journal (5/31, Derby, 2.11M), in a report titled "Consumer Confidence Is Slipping On Concerns Over Economy, Jobs," and says consumer confidence "is losing ground on concerns about the economic outlook and the labor market." The New York Times/AP (5/31), meanwhile, reports consumer confidence "soured in May, as Americans worried about the future of the economy and the outlook for jobs."

Meanwhile, the Washington Post (5/31, D1, Irwin, 744K) reports stocks "fell sharply yesterday as skittish investors reacted negatively to news about oil prices, consumer confidence levels and comments by a Federal Reserve official." Michael H. Moskow, president of the Federal Reserve Bank of Chicago, "suggested in an interview on CNBC that inflation is running at the high end of what is acceptable. 'Inflation is at the upper end of a level that I think is consistent with price stability and is a situation we have to monitor very carefully,' Moskow said. H is remarks were a major reason that the odds of the Fed raising short-term interest rates next month rose from 35 percent to about 50 percent, as measured by pricing in futures markets, Pado said." And the Wall Street Journal (5/31, Browning, 2.11M) says "the plunge reflected resurgent fears that slowing economic growth caused by high oil prices and rising interest rates could put a lid on corporate profits." The New York Times (5/31, Peters, 1.19M) also attributes the sell-off to "worries about inflation and another rise in interest rates."

USA Today (5/31, Shell, 2.31M) reports, "No matter if you blame it on a seasonal quirk, profit taking or an old-fashioned Wall Street price correction, the stock market's steep slide this month has distressed investors muttering, 'Mayday!' May, which started off strong, is living up to its reputation as a not particularly profitable month for stocks, as well as the starting point for what historically has been a weak six-month period for stocks. … As the damage and concern mount, money managers are trying to decipher whether this month's pullback is normal and temporary or whether it signals the beginning of a steeper decline."

World Bank Raises Forecast For Global Growth. The Wall Street Journal (5/31, White, 2.11M) reports, "The World Bank raised its forecast for global economic growth this year, arguing that sound policy frameworks have made many countries -- especially developing nations -- more resilient to high oil prices." The body "expects the global economy to expand 3.7% this year, up from its November forecast of 3.2% growth. The bank believes the global economy expanded 3.6% in 2005."

Freddie Mac's Income Dropped 27% In 2005. The Wall Street Journal (5/31, Hagerty, 2.11M) reports, "Freddie Mac reported a 27% drop in net income for 2005 to $2.13 billion from $2.94 billion a year earlier, reflecting the costs of settling shareholder suits, losses on Hurricane Katrina and accounting changes. Earnings per share declined to $2.75 from $3.94 in 2004 at the McLean, Va., mortgage-finance company."

The Washington Post (5/31, Shin, 744K) reports, "Though delayed by two months, the release of the 2005 results was another step in the company's efforts to put its accounting problems behind it. Last month, it agreed to pay $220 million to settle shareholder lawsuits and a $3.8 million fine to settle charges that it violated campaign finance laws. The company hopes to resume timely financial reporting with its full-year 2006 results."

Ford Race Could Determine Democrats' Chances Of Taking Senate Majority. The New York Times (5/31, Toner, 1.19M) reports that Rep. Harold Ford's bid for US Senate in Tennessee may determine the Democratic Party's chances of retaking the Senate majority. The South "has become a Republican stronghold in recent years, the castle keep for the party's Senate majority. Democrats lost five seats in the region in 2004. Of the 22 Senate seats in the South, only 4 are now held by Democrats. Party leaders are keenly aware that until they

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make inroads in the South, any stable majority in the Senate will be hard to achieve. But they have hopes that Mr. Ford can begin to turn the tide."

Ford's Uncle To Go On Trial This Fall. Meanwhile, the New York Times (5/31, Emery, 1.19M) reports that jury selection has begun in the trial of Roscoe Dixon, a former state lawmaker charged in a federal corruption sting. Dixon "was indicted with four sitting state lawmakers in May 2005. He is on trial in Federal District Court in Memphis on charges of extortion and accepting bribes, accused of taking $9,500 from a bogus company created by the F.B.I. John N. Ford, a Memphis Democrat" and uncle of Rep. Harold E. Ford Jr. John Ford "will go on trial in the fall."

Clinton To Launch Reelection Effort Today. Knight Ridder (5/31, Thomma) reports that as Sen. Hillary Clinton kicks off her reelection campaign today, she does with the image of "a leader of her party and the expectation she'll be the front-runner for the 2008 Democratic presidential nomination. Yet many Democrats and analysts think she's failed to lead at a pivotal time for her party and the nation, complaining that she's been overly cautious and timid in her first term. They contend that she's remained a backbencher on major issues such as the Iraq war and immigration. And they say she's squandered the unique platform her celebrity gives her to put other issues in play, such as expanding health care."

The New York Times (5/31, Kornblut, 1.19M) says that Clinton's reelection effort "is, in essence, the campaign that isn't. Even as Mrs. Clinton insists she is focused squarely on her re-election this year — not, as so many speculate, on the presidential campaign of 2008 — the junior senator from New York is not running anything like a recognizable race (apart from her huge fund-raising apparatus, which itself makes it stand out, and which her own advisers admit has more to do with preparing for 2008 than 2006). … Mrs. Clinton's strategists say she is doing more or less what any other unopposed incumbent would do — and if anything is spending more time and money than the other senator from New York, Charles E. Schumer, did in his last race."

New York Democrats Endorse Spitzer For Governor. The New York Times (5/31, Cooper, Hakim, 1.19M) reports that New York state's Democratic Party has endorsed Eliot Spitzer's campaign for governor. The Times notes that Spitzer's "easy victory at the convention was a foregone conclusion, and the unity it demonstrated contrasts with the disagreements among the Republicans, who begin meeting on Wednesday bitterly divided not only over their candidate for governor, but also whom to support to challenge Senator Hillary Rodham Clinton."

California Democratic Gubernatorial Hopefuls Tied Going Into Primary. The Washington Times (5/31, Pfeiffer, 90K) reports that with under a week remaining until California's gubernatorial primary, state Treasurer Phil Angelides and state Controller Steve Westly, who are battling for the Democratic nomination to challenge Gov. Arnold Schwarzenegger are in a statistical dead heat. A poll "released by the Los Angeles Times last week shows Mr. Angelides leading Mr. Westly by 3 percentage points, 37 percent to 34 percent. However, the lead is within the poll's statistical margin of error, and a full 28 percent of Democratic primary voters say they are still undecided heading into the final week of campaigning."

Cannon Decries Angelides' "Negative Campaigning." Lou Cannon writes in the Washington Post (5/31, A19, 744K), "In an oft-shown 30-second commercial, California state Controller Steve Westly calls his opponent in the Democratic primary race, Phil Angelides, a 'champion smear artist.' The quotation is attributed prominently to The Post, with the date given in smaller letters: May 31, 1994. At that time I was writing a syndicated column, but I had no memory of writing those words 12 years ago. Perhaps I'd quoted someone? No such luck. My wife looked it up and found that the someone was me." Cannon adds that "whether he wins or loses, Angelides will not easily erase the stain of the campaign he waged to win state office 12 years ago. Negative campaigning has consequences -- and not only for its victims."

Group Pushing Bipartisan Presidential Ticket For 2008. The AP (5/31, Lester) reports, "A handful of political veterans envision a new look to presidential politics in 2008 -- a bipartisan ticket. … Called Unity08, the group is trying to come up with an alternative presidential ticket headed by either a Democrat, Republican or independent. The ticket would be chosen online at a Unity08 convention in the first half of 2008. Joining [former Maine Gov. Angus] King are Hamilton Jordan and Gerald Rafshoon, former aides to President Carter, and Doug Bailey, a former staffer on President Ford's 1976 campaign. The group plans to build an online community of millions of registered voters who would participate in the online convention. Recruitment has begun on college campuses."

The Washington Post (5/31, A4, VandeHei, 744K) reports, "Their goal is to offer an alternative to the two major party choices -- a unity ticket that will emerge after secure, online balloting that they hope will include millions of Americans. In an announcement statement, Unity08 said its efforts are a reaction to a system that has 'polarized and alienated the American people' through partisanship and interest-group politics." The Post adds, "Unity08's organizers estimate that if 20 percent of the voting public signs on --

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hardly a modest goal but only slightly more than what independent H. Ross Perot won in his dramatic 1992 presidential campaign -- then 'our voters will decide the 2008 elections.'"

WSJournal Praises Defeat Of Virginia Gasoline Tax Proposal. The Wall Street Journal (5/31, 2.11M) editorializes, "Last week a gang of conservative GOP members in the general assembly foiled Democratic Governor Tim Kaine's plan to raise $1.4 billion in car, gasoline and diesel taxes to pay for more roads and mass transit. This was a victory against long odds, because the renegade house members were lined up against the Governor, powerful Republicans in the state senate, elements of the business community and the state's largely pro-tax media. … Voters began to wonder why a state with a $2.5 billion budget surplus would need higher taxes only three years after imposing the largest tax increase in state history. It didn't help that Mr. Kaine was trying to raise gasoline taxes (currently 18 cents a gallon) amid soaring gasoline prices."

Iran Making Plans For Invasion By US. The Washington Times (5/31, Athanasiadis, 90K) reports, "Iran, apparently anticipating an American invasion, has quietly been restructuring its military and testing a new military doctrine that calls for a decentralized, Iraqi-style guerrilla campaign against an invading force." Iran has carried out "a series of war games…since late last year to test the army's readiness." Moreover, a "European military attache in Tehran told The Washington Times that the Revolutionary Guard is moving away from a joint command with the ordinary army and taking a more prominent role in controlling Iran's often porous borders, even as it makes each of Iran's border provinces autonomous in the event of war."

Saudi Ambassador Warns Of "Catastrophic" Consequences Of Strike On Iran. The Washington Times (5/31, Sands, 90K) reports Saudi Ambassador Prince Turki al-Faisal warned yesterday that a "military strike against Iran's suspected nuclear sites would have 'catastrophic' effects on other Persian Gulf states and on U.S. interests in the region and beyond." Prince Turki "said his country supports the U.S.-backed diplomatic campaign at the United Nations" but is "against any military conflict." He "said any conflict would be felt immediately in world oil markets and predicted that Iran would retaliate against U.S. allies and interests."

US Agrees To Draft Iran Resolution Without Threat Of Force. The New York Times (5/31, Weisman, 1.19M) reports that the "Bush administration, seeking to enlist Russian support for a United Nations Security Council resolution on Iran, has agreed to language ruling out the immediate threat of military force." The resolution would "call on Iran to suspend various nuclear activities." The Times reports, "Also being negotiated are a package of benefits in nuclear energy, economic activities and security to be offered Iran if it cooperates in ending its nuclear activities." The Bush administration has "quietly expressed misgivings about some" possible elements of the package.

Iran Says It Is Ready To Restart Negotiations With EU. The AP (5/31, Yoong) reports Iranian Foreign Minister Manouchehr Mottaki said Tuesday "that Tehran is ready to restart negotiations with the European Union on its nuclear program, but he ruled out direct talks with the United States." His "announcement raised hopes that Iran would react positively to a planned package of incentives meant to convince it to abandon uranium enrichment," which was "put together by the five permanent members of the U.N. Security Council plus Germany." However, "Mottaki said there was no question of direct talks with the United States."

The Washington Times characterized Mottaki's comments differently, reporting that he "repeated Iranian calls for direct talks with Washington."

NYTimes Calls For Direct Talks With Iran. In an editorial, the New York Times (5/31, 1.19M) argues for "direct talks between Washington and Tehran in which Iran would be offered a wide-ranging package of economic inducements and security assurances in exchange for completely and verifiably abandoning all programs capable of producing nuclear bomb fuel." The Times writes, "Some Iranian officials are now seeking such talks, yet Washington, perversely, seems uninterested." The Times writes, "It could be a lot easier to persuade Russia and China to enforce" a ban on buying Iranian oil "if Washington agreed to hold direct talks with Iran and it was Iranian intransigence that made them break down. Even better, the talks just might succeed."

US Lawmaker Demands Said To Be Straining US-Pakistan Relationship. The Christian Science Monitor (5/31, Montero, 61K) reports the US-Pakistan relationship "has hit a rough patch" as US lawmakers last week "urged Pakistan to wring more information from disgraced nuclear scientist Abdul Qadeer Khan, alleging that he may yet hold the blueprint to some of Iran's nuclear secrets." The Monitor notes, "So far, the tough talk is coming only from Congress, suggesting that the White House may be more keenly aware of the many demands already placed on Pakistan's President Pervez Musharraf."

Israeli Incursion Into Gaza Leaves Four Palestinians Dead. The New York Times (5/31, Myre, 1.19M) reports the Israeli military "staged their first major operation inside the Gaza Strip since pulling out of the coastal territory last year, ambushing Palestinians late Monday evening as they prepared to fire a rocket, the Israeli military said Tuesday." According to the Times, three

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members of Islamic Jihad, "who were handling the rocket," were killed, "as well as a Palestinian security officer." The Times notes that Israel's "incursion into Gaza on Tuesday was a new tactic in its attempts to halt Palestinian rocket fire that has been directed at Israeli border towns from northern Gaza." Palestinian Prime Minister Ismail Haniya "condemned 'the Israeli policy of aggression against our people.'" Islamic Jihad "said it tried to fire the rocket in retaliation for a car bombing last week in Lebanon, which killed one of the group's senior members, Mahmoud Majzoub, and his brother." Israel "has denied involvement."

US Official's Reassignment Seen As Evidence Of Dissent Over Somalia Policy. The Washington Post (5/31, A13, Graham, Deyoung, 744K) reports Michael Zorick, an American political officer "previously responsible for monitoring" Somalia, "received an early transfer to another diplomatic post after expressing concerns about U.S. payments to Somali warlords who are battling Islamic groups, according to several administration officials and outside experts on Africa. … One U.S. official said yesterday that earlier this year, Zorick used the State Department's 'dissent channel' to file a memo critical of U.S. policy in Somalia. But the official disputed suggestions that Zorick's transfer was a punishment." The Post adds that the case "provided fresh evidence of a sharp dispute within the U.S. government over how to deal with Somalia."

Militia Seizes Hospital In Mogadishu. The New York Times (5/31, Lacey, 1.19M) reports, "Hospitals have generally been considered neutral territory during the long years of civil conflict in Somalia, but that changed this week when gunmen seized control of an important medical facility in northern Mogadishu, causing many wounded patients to flee. … The International Committee of the Red Cross and the Somali Red Crescent Society issued a statement on Monday condemning the takeover and calling for the immediate withdrawal of the militiamen."

Death Toll From Indonesian Earthquake Reaches 5,700. The CBS Evening News (5/30, story 7, 2:00, Schieffer, 7.66M) reported, "The death toll from the Indonesian earthquake reached almost 5,700 today, but substantial help is now arriving for the more than 200,000 homeless survivors. That help includes US Marines who flew into the hardest hit town, which is also near a volcano that could erupt at any time." CBS (Petersen) added, "The medical and rescue teams are arriving from around the world just as experts say the time has probably passed for finding any more survivors. It has been too many days. Most structures were small homes where family or neighbors have already found the living and the dead, so it is no longer a race to find survivors but a second race to help the homeless."

US Military Sending Additional Aid To Indonesia. NBC Nightly News (5/30, story 7, 1:55, Hattori, 9.87M) reported, "The Pentagon announced tonight that the USS Essex, an amphibious assault ship with extensive medical facilities, is en route to the quake zone tonight. That's in addition to a contingent of US Marines which arrived with heavy machinery earlier today. They are among the latest in the quake relief effort here."

Agencies Report Fundraising Has Been Slow. The New York Times (5/31, Strom, 1.19M) reports, "The international relief effort to help the victims of Saturday's earth quake in Indonesia got off to an unusually fast start, although fundraising for the venture is progressing slowly so far. Nonprofit groups already had staff and supplies in Indonesia because of the effort to rebuild Aceh Province after the tsunami struck there in the final days of 2004. They shifted those resources to Yogyakarta, the site of the earthquake. … Several groups that have begun fund-raising said their efforts were off to a slow start, in part because public awareness of the disaster was low."

Aid Workers Have Not Yet Visited Some Portions Of Java. The New York Times (5/31, Gelling, 1.19M) reports, "Three days after a powerful earthquake rocked central Java, many devastated villages within the two worst-hit districts have yet to receive any help, residents said Tuesday. … A steady flow of aid, however, continued to arrive Tuesday, as relief agencies and other groups surveyed the area and started distributing supplies. Helicopters buzzed above ruined towns for the first time since the quake. United States marines helped in the distribution effort."

Bolivian Opposition Claims Venezuela Aiding Rebel Militias. The Washington Times (5/31, Arostegui, 90K) reports Bolivian opposition leaders are demanding that President Evo Morales "investigate charges that Venezuela is sending arms and military personnel to organize a special militia for the ruling Movement to Socialism (MAS). Lawmakers of the conservative Podemos party cite immigration records that show nearly 100 Venezuelan military officers have entered Bolivia since Mr. Morales took power in January. … Members of the opposition and sources inside Bolivia's military say that Venezuelan military activities go beyond the technical assistance, involving espionage and clandestine weapons shipments."

Bolivian, Ecuadorian Embrace Of Chavez Energy Policies Seen As Unwise. In a piece appearing in USA Today, the Christian Science Monitor's Danna Harman (5/31) writes that in "recent weeks," Bolivian President Evo Morales and Ecuadorian President Alfredo Palacio "have taken a page out of Venezuelan populist President Hugo Chavez's natural resources manual. It's the page that features politicizing the oil and gas industries and nationalizing them — keeping more of the petrodollars at home but alienating

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longtime foreign investors. … The moves played well at home." However, "while popular, and clearly profitable initially, such nationalizations — and more particularly the way in which they are carried out — are unwise, say critics, and are likely, in the long term, to hurt those who are applauding now."

Canadian Oil Sands Production Reportedly Devastates Environment. The Washington Post (5/31, Struck, 744K), in a front-page story titled, "Canada Pays Environmentally For U.S. Oil Thirst: Huge Mines Rapidly Draining Rivers, Cutting Into Forests, Boosting Emissions," reports, "Huge mines [in Alberta] turning tarry sand into cash for Canada and oil for the United States are taking an unexpectedly high environmental toll, sucking water from rivers and natural gas from wells and producing large amounts of gases linked to global warming. The digging…has proliferated at gold-rush speed, spurred by high oil prices, new technology and an unquenched U.S. thirst for the fuel. The expansion has presented ecological problems that experts thought they would have decades to resolve." The Post notes that when oil sands "became recognized as economically viable in 2003, Canada suddenly emerged as holder of the world's second-largest oil reserves, behind Saudi Arabia. By 2015, according to industry forecasts, the oil sands will account for at least one-fourth of North America's oil production. The United States already is counting on Canada to help wean it from oil from the Middle East."

UN Finds Pace Of AIDS Epidemic Has Slowed. The New York Times (5/31, Altman, 1.19M) reports, "New surveys suggest that the global AIDS epidemic has begun to slow, with a decline in new H.I.V. infections in about 10 countries, the leader of the United Nations AIDS program said Tuesday. Outside of those countries — which include Haiti, Cambodia, Kenya and Zimbabwe — the number of new AIDS infections continues to rise or hover at its current pace."

UN Says India Now Has Most AIDS Cases. The Wall Street Journal (5/31, Chase, 2.11M) reports India has surpassed South Africa "as the country with the largest number of people infected with HIV/AIDS, underscoring the growing impact the disease is having on the South Asian subcontinent. India's estimated total of 5.7 million infected people narrowly exceeds South Africa's estimated 5.5 million, a United Nations group reported. The estimates, released yesterday in the 2006 Report on the Global AIDS Epidemic, emphasize that the center of the disease remains in sub-Saharan Africa."

UN Hosting AIDS Conference. The Christian Science Monitor (5/31, LaFranchi, 61K) reports, "High-level delegations from around the world gather at the UN in New York this week for a five-year review of global efforts against AIDS that will highlight both progress and worrying trends. An encouraging note will be sounded by reports that infection rates are falling in some heavily affected African countries, at least in part as a result of modified behavior among African youths. But with the overall number of HIV cases still increasing - 5 million new ones last year - alarms will be sounded. Chief among them is concern over the growing concentration of the disease among women - with some experts demanding that global prevention and treatment efforts be more seriously focused on them."

The Washington Post (5/31, A10, Brown, 744K) reports, "The number of people getting AIDS drug treatment in needy countries has risen more than fivefold in five years, and the number of sites providing it has jumped tenfold in just the past year. At least a quarter-million people are alive today who would not be without the money, effort and expertise expended just since 2003, according to U.N. estimates released Tuesday."

LATimes Says UN Has Failed To Meet 2001 Goals. In an editorial today, the Los Angeles Times (5/31, 958K) writes that the UN "will revisit commitments and goals the world made five years ago to fight the disease. Needless to say, those commitments have been a bust. … Most of the goals set in 2001 not only haven't been met, they aren't even close to being met. The highest-profile goal was the so-called 3 by 5 initiative — getting 3 million people on antiretroviral drugs by 2005. The actual number was fewer than 1.5 million."

East Timor President Attempts To Quash Violent Protests. The Washington Post (5/31, A11, Deutsch, 744K) reports East Timor's President Xanana Gusmao "assumed emergency national security powers Tuesday after machete-wielding mobs torched homes and ransacked buildings in the capital and desperate residents scuffled over scarce food. Youths fired slingshots in running street battles as Australian troops tried without apparent success to quell the violence by halting and disarming gangs hiding their faces with T-shirts. What started as sporadic clashes between former soldiers and government troops has spiraled into open gang warfare. Violence has engulfed the capital, with at least 27 people killed and 100 wounded in the past week."

The New York Times (5/31, Perlez, 1.19M) reports, "Law and order broke down in recent months as the United Nations prepared to end its mission here after five years. An insurrection in East Timor's security forces turned into gang warfare in the streets of Dili, the capital, over the last 10 days, and sent terrified families to makeshift shelters around the city. … In a televised appearance, Mr. Gusmão also appealed to the gangs on the streets to hand their weapons to Australian and other foreign soldiers patrolling the capital."

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Australian Troops Said To Face "Mission Impossible" In East Timor. The Washington Times (5/31, Keats, 90K) reports, "Analysts warn Australia may have stumbled into a 'mission impossible' in nearby East Timor, where its troops dominate an international force of more than 2,000 soldiers and police seeking to end a lawless rampage that threatens to devolve into civil war."

Hunger, Disease Now Leading Killers In Darfur. The New York Times (5/31, Polgreen, 1.19M) reports, "Dr. Sayid Obeid Bakhiet's clinic, one of just two left in this vast, squalid camp of 35,000 people [in Zam Zam, Sudan] displaced by the conflict in the huge Darfur region of western Sudan, is out of money. It will be forced to close at the end of June unless the organization that runs it, the Sudanese Red Crescent, finds more cash, Dr. Bakhiet said." The Times goes on to report that "at least 200,000 and perhaps as many as 450,000 have died as a direct result of the conflict in Darfur…though no one is sure how many of the deaths have come from combat and how many from the hunger and disease that have been caused or worsened by the war. But these days, people mostly die because they cannot get health care, clean water or enough food."

Americans Said To Be Unaware Of Darfur Situation's Complexity. In an op-ed for the New York Times (5/31, 1.19M) Alan J. Kuperman, assistant professor of public affairs at the University of Texas, writes, "Thousands of Americans who wear green wristbands and demand military intervention to stop Sudan's Arab government from perpetrating genocide against black tribes in Darfur must be perplexed by recent developments. Without such intervention, Sudan's government last month agreed to a peace accord pledging to disarm Arab janjaweed militias and resettle displaced civilians. By contrast, Darfur's black rebels, who are touted by the wristband crowd as freedom fighters, rejected the deal because it did not give them full regional control. Put simply, the rebels were willing to let genocide continue against their own people rather than compromise their demand for power." Kuperman adds, "Darfur was never the simplistic morality tale purveyed by the news media and humanitarian organizations."

Egyptian Government Detaining Bloggers Indefinitely. The Washington Post (5/31, A10, Williams, 744K) reports, "At least six bloggers are among about 300 protesters jailed during the past month's suppression of demonstrations. The bloggers, supporters say, were singled out by police, who pointed them out before agents rushed in to hustle them away. In the view of some human rights observers, the Egyptian government has begun to note political activity online and is taking steps to rein it in." The Post adds, "The legal status of the jailed bloggers and other detainees distresses their relatives and friends: Under Egypt's emergency laws, which have been in place for 25 years, the bloggers can be jailed indefinitely."

Dutch Ambassador Says Hirsi Ali Is Not Being Extradited. Boudewijn J. van Eenennaam, the Netherlands' Ambassador to the US, writes in the Wall Street Journal (5/31, 2.11M), "In regard to the May 20 editorial commentary 'Dutch Courage' by Daniel Schwammenthal: Ayaan Hirsi Ali is not being extradited from the Netherlands, nor is she being asked to leave. Her citizenship was recently called into question. During a debate on May 16, the Dutch parliament asked the Minister for Immigration and Integration, Rita Verdonk, to investigate and, if necessary, expedite the procedures to grant Ms. Hirsi Ali citizenship. The prime minister, Jan Peter Balkenende, has stated that this parliamentary request will prevail. Ms. Verdonk asserted that she will promptly carry out the parliament's request."

UN Security Council Urged To Take Action Against Myanmar. In an op-ed for the Wall Street Journal (5/31, 2.11M) Jared Genser, an attorney in Washington, D.C., with DLA Piper Rudnick Gray Cary LLP, writes, "How much worse does the situation in Burma need to get before the U.N. Security Council decides to act? On Saturday, the military junta again extended the house arrest of opposition leader Aung San Suu Kyi for a year. The decree came only a day after U.N. Secretary General Kofi Annan made a rare appeal for her release. … The junta's unequivocal rejection of the U.N.'s outstretched hand should come as no surprise. The generals in Rangoon have a long history of hinting at democratic reforms at critical moments so as to avert further action against them. That's why it's now time for the Security Council to demand actions rather than words from the junta."

THE BIG PICTURE:

Headlines From Today's Front Pages.

Los Angeles Times:
"Onward Christian Surfers."
"Portrait Emerges Of A Baffling Pair."
"Sex Offender Housing Scarce."
"Mexico Rivals Vie For Dissatisfied Middle."
"Court Curbs The Speech Of Public Employees."
"Hopes For Iraq Pullback Fading."
"Bush Turns To Wall St. For Treasury Secretary."

USA Today:
"FBI Adds Uses For Its DNA Database."
"Rockies Seek Revival On And Off The Field."
"Bush Picks His Economic Messenger."

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New York Times:
"Bush Nominates Wall Street Chief For Treasury Job."
"Hurdle For U.S. In Getting Data On Passengers."
"Military Inquiry Is Said To Oppose Account Of Raid."
"As Hurricane Season Looms, States Aim To Scare."
"Darfur War Rages On, With Disease And Hunger The Biggest Killers."

Washington Post:
"Financier Chosen To Head Treasury."
"Md. Sniper Suspect Quickly Convicted."
"Intercounty Connector Gets Final Approval."
"High Court's Free-Speech Ruling Favors Government."
"On The Mall, Image Of Safety Is Shattered."
"Canada Pays Environmentally For U.S. Oil Thirst."

Washington Times:
"Bush Chooses Paulson For Treasury."
"Justices Ease Whistleblower Protections."
"Muhammad Found Guilty Of Six Maryland Murders."
"Airlines Likely To Apologize For More Inconvenience."
"Iran's Military Plans For Invasion By U.S."
"Prices Fuel 'Gas Rage' Against Station Staff."

Detroit Free Press:
"Hoffa Dig: Not Trace."
"Cold Reality: Maybe Heat Can't Be Beat."
"Clark's Task: Boosting GM Market Share."
"Metro Detroit's Leaders Face New Reality."

Atlanta Journal-Constitution:
"Phony Preacher Ran Fraud Empire From Jail."
"'05 Crash Doomed Textiles Company."
"Duke Ethics Expert To Lead Agnes Scott."
"Cornered By Thugs, Ex-Marine Kills 1, Shuns The Spotlight."
"42 Years Later, Senior Gets His Ring."

Houston Chronicle:
"'Big D' Offers Little Help."
"A Life Saved With 'Energy, Grace And Joy.'"
"Monitors Ease Off Mexican Elections."
"Locals Fear 'We're Due,' Prepare For The Season."
"Prosecutor Says Case Put Her In A 'Different World.'"

Story Lineup From Last Night's Network News:
ABC: Iraq Violence; Injured Reporter; Bush-Paulson Nomination; Paulson Nomination-Analysis; Stock Markets; FBI Search-House; MD Sniper Verdict; Hoffa Search Ended; Adult Autism; VA Data Theft; Barbaro Recovery.
CBS: Iraq Violence; Injured Reporter; Combat Support Hospitals; Iraq-Marines Investigation; Bush-Paulson Nomination; MD Sniper Verdict; Indonesia-Earthquake Recovery; Hoffa Search Ended; Barbaro Recovery; Postage Stamp-Heroic Diplomat.
NBC: Iraq Violence; Iraq-Journalists; Iraq-Marines Investigation; Bush-Paulson Nomination; Stock Markets; Baby Boomers-Retirement; Indonesia-Earthquake Recovery; Hoffa Search Ended; Marriage-Women.

Story Lineup From This Morning's Radio News Broadcasts:
ABC: Iraq-Insurgent Violence; Iraq-Haditha Investigation; Bush-Paulson Nomination; Study-SUV Safety; Dulles-Emergency Plan Landing.
CBS: Iraq-More US Troops; Iraq Violence; Abu Ghraib Abuse Trial; Afghanistan-Taliban Offensive; CO-Missing Boy Found; Bush-Paulson Nomination;
NPR: East Timor Violence; Iraq Violence; Bush-Paulson Nomination; Hayden Confirmed; Wall Street; Muhammad Verdict; Malaysia-Islamist Militants Captured.

WASHINGTON'S SCHEDULE:

Today's Events In Washington.
White House:

PRESIDENT BUSH — Meets with President Paul Kagame of Rwanda; participates in swearing in ceremony for the CIA Director, CIA headquarters; attends the Maryland Victory 2006 reception. BWI Airport Marriott.

VICE PRESIDENT CHENEY — No public schedule.

LAURA BUSH — Delivers remarks at the National Trust for Historic Preservation Conference, Tulane University, New Orleans, LA. Open press; participates in a tour of the Historic New Orleans Collection.

US Senate: No Scheduled Events.

US House: No Scheduled Events

Other: INTERNET CENSORSHIP _ 9 a.m. The Newseum and Freedom House hold a panel discussion on the consequences of Internet censorhip in the U.S. and abroad. Participants include Matt Cooper of Time.com, Bib Dietz of the Committee to Protect Journalists, James Andrew Lewis of CSIS, Arch Puddington of Freedom House, others. Location: National Press Club.

OIL DEPENDENCE DAY _ 9:30 a.m. Environmental Action, others, hold a news conference to mark the day each year when the U.S. effectively becomes dependent on foreign oil for the rest of the year. Participants include Navin Nayak of Enviornmental Action, Anne Korin of Set America Free Coalition, Deron Lovaas of NRDC, others. Location: National Press Club.

SUMMER GAS OUTLOOK _ 9:30 a.m. Natural Gas Supply Association releases 4th Annual Summer Outlook. Location: National Press Club.

IRAQ _ 10 a.m. The U.S. Institute of Peace holds an event on security, political, economic and social challenges facing the new Iraqi government, with Amb. Samir Sumaidaie, Karim Al-Musawi of the Supreme Council for

DOJ_NMG_0030528

Isalmic Revolution in Iraq, others. Location: 2nd floor conference room, 1200 17th St. NW.

HURRICANE PROTEST _ 11 a.m. Individuals and leaders from across the nation will join Hurricane Katrina survivors to call for the resignation of the heads of the National Hurricane Center and the National Oceanic and Atmospheric Administration. Location: NOAA Headquarters, 1325 East/West Highway, Silver Spring, Md.

MINORITY LENDING _ 11 a.m. The Center for Responsible Lending hold a teleconference to release a national study of subprime mortgages that finds African-Americans and Latinos are charged more for mortgages than whites, even with the same credit score. With Janis Bowdler, housing policy analyst, La Raza; and Debbie Gruenstein Bocian, senior researcher, CRL. Contacts: Patrick Mitchell, 703-276-3266. Notes: Phone in .: 1-800-860-2442. Ask for ``lending and race" news event.

HOMELAND SECURITY _ 11:30 a.m. Homeland Security Undersecretary George Foresman, others, hold a pen and pad briefing to announce the FY06 Homeland Security Grant Program grant awards. Location: Building 21, Homeland Security, 3801 Nebraska Ave. NW.

REFORMING HEALTH CARE _ 12 p.m. One in a series of Cato Institute luncheon seminars on health care. Today's topic: ``How Not to Reform Health Care." Location: B338 Rayburn House Office Bldg.

INTERNATIONAL EXPROPRIATION _ 12 p.m. - 2 p.m. The American Society of International Law's (ASIL) New Professionals Group sponsors a luncheon discussion titled ``Bolivia and Beyond - Breach of Contract and International Expropriation." The presenter will be Peter Choharis, a specialist in international law and government relations; and the the discussant will be Ken Hansen, a partner in the Project Finance Group at Chadbourne & Parke, LLP, Washington, D.C. Location: Offices of Paul, Hastings, Janofsky & Walker, LLP, 875 15th St. NW.

HOMELAND SECURITY GRANTS _ 12:30 p.m. Homeland Secretary Under Secretary for Preparedness George Foresman and Assistant Secretary for Grants and Training Tracy Henke will participate in a conference call with reporters to announce the fiscal year 2006 Homeland Security Grant Program (HSGP) grant awards. Contacts: ., 202-282-8010 Notes: Conference Call Number: 1-800-882-3610. Conference Pin: 5352361.

PROMOTION CEREMONY _ 1:30 p.m. Army Chief of Staff Gen. Peter Schoomaker presides at a promotion ceremony for Maj. Gen. Jack Stultz to the rank of Lieutenant General. Location: Pentagon Courtyard. Note: in case of rain, it will be held in Jefferson Ploaza II, P level, Boeing Conference Room 123, 1421 Jefferson Davis Highway, Arlington.

RWANDA-KAGAME _ 2:30 p.m. - 3:15 p.m. Rwandan President Paul Kagame holds a news conference to discuss his visit to Washington, security in Africa, and progress on reconciliation in Rwanda. Location: VOA briefing room. 330 Independence Ave., SW. C Street entrance.

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Sellers, Kiahna (OAG)

From: Sellers, Kiahna (OAG)
Sent: Wednesday, May 31, 2006 4:01 PM
To: Sellers, Kiahna (OAG); Sampson, Kyle; Elwood, Courtney; Taylor, Jeffrey (OAG); Pacold, Martha M; Oldham, Jeffrey L; Mercer, Bill (ODAG); Gorsuch, Neil M; Brand, Rachel; Scolinos, Tasia; Jezierski, Crystal; Moschella, William; Goodling, Monica; Fisher, Alice; Masugi, Ken (OPA); Beach, Andrew; Nelson, Carrie
Subject: 060106 AG's Upcoming Speech Calendar
Attachments: 060806 Technet Briefing at the White House.doc; 062006 US Chamber - DOJ IP Task Force Report.doc; 062206 ABA Intellectual Property Law Conf Boston.doc; 080106 Ballot Access and Voting Integrity Luncheon.doc; 080906 Immigration Judges Training Conference.doc; 080906 Draft Agenda Immigration Judges Training Conference.wpd; 092106 Financial Services Roundtable 2006 Fall Conference.doc; 060106 AG speeches.xls; 060606 Hispanic Association on Corporate Resposibility.doc
Importance: High

Please find attached the AG's upcoming speech calendar as well as the accompanying event scheduling information forms.

Kiahna Sellers
Deputy Director of Scheduling
Office of the Attorney General
United States Department of Justice
[redacted]

Date	Location	Event	Length & Format	Audience	Topic	Press	Staff Contact	Speechwrtr	Clearance POC's	1st Draft
06/06/06	Cleveland, OH	Anti-Gang Initiative	TBD	TBD	Anti-Gang Init/ PSN	OPEN	Jeff Taylor [redacted]	Ken		
06/06/06	DC	Hispanic Association on Corporate Responsibility's (HACR) 20th Anniversary Gala	Approx. 11 min speech	300 national influential Hispanic and non-profit leaders, government officials and corporate executives	TBD	OPEN	Omar Vargas [redacted]	Ken		
06/08/06	DC	TechNet Day at the White House	10-15 min speech	Approx. 75 small to large CEOs, tech executives and government affairs professionals.	TBD	CLOSED	Arif Alikhan/Kat Blomquist	Arif		
6/20/2006	DC	IP Event	10-15 min speech	TBD	Requested topic: AG Progress Report on DOJ IP Task Force Report	OPEN	Kyle Sampson	Ken		
06/22/06	Boston, MA	ABA Intellectual Property Law Conference	TBD	Approximately 250 Intellectual Property lawyers from around the nation (A high percentage are members of the ABA and its section of Intellectual Property Law. Most are private practitioners with law firms. About 13% will be in-house counsel. Approximately 5% will be from other nations.)	TBD	OPEN	Kathleen Blomquist [redacted]	Ken		
07/19/06	DC	Video Conference National Advocacy Center Meth Training Conference	5 min speech	TBD	TBD	CLOSED	Jeff Taylor [redacted]	Ken/Stuart Nash		
08/01/06	DC	Ballot Access and Voting Integrity Symposium	TBD	Approximately 200 AUSAs, FBI Agents, and Department staff will attend this Symposium.	TBD	CLOSED		Ken		
08/09/06	DC	2006 Immigration Judges Training Conference	10-12 min speech; Q&A TBD	300 Officials from the Executive Office for Immigration Review, Executive Director of the American Immigration Lawyers Association, Majority Counsels from the Senate Immigration Subcommittee and the Senate Judiciary Committee, Minority Counsel from the Senate Immigration Subcommittee, Principal Legal Advisor from Immigration and Customs Enforcement, Principal Legal Advisor from Citizenship and Immigration Service, members of the federal judiciary, and members of the Canadian Immigration and Refugee Board will be presenters and attendees.	REQUESTED TOPICS: 1) Professionalism and Ethics; 2) Appellate and Judicial Review of Immigration Judges Decisions; and 3) Significant Legal and Procedural Issues	CLOSED	Courtney Elwood [redacted]	Ken		

Date	Location	Event	Length & Format	Audience	Topic	Press	Staff Contact	Speechwrtr	Clearance POC's	1st Draft
09/21/06	DC	Financial Services Roundtable 2006 Fall Conference	10-15 min speech followed by 15 mins of Q&A	150 CEO's and Senior Executives of the U.S. top 100 Financial Services companies	TBD	CLOSED	Crystal Roberts [redacted]	Ken		

Date	Location	Event	Length & Format	Audience	Topic	Press	Staff Contact	Speechwrtr	Clearance POC's	1st Draft

Date	Location	Event	Length & Format	Audience	Topic	Press	Staff Contact	Speechwrtr	Clearance POC's	1st Draft

Date	Location	Event	Length & Format	Audience	Topic	Press	Staff Contact	Speechwrtr	Clearance POC's	1st Draft

2nd Draft	AG Draft

2nd Draft	AG Draft

2nd Draft	AG Draft

2nd Draft	AG Draft

2nd Draft	AG Draft

SCHEDULING INFORMATION FORM
ATTORNEY GENERAL GONZALES

Event: HACR's 20th Anniversary Gala
City & State: Washington, DC
Date(s): Tuesday**,** June 6, 2006
Date/Time event begins: 7pm
Date/Time event concludes: 9pm
Proposed/Requested Date & Time of the Attorney General's participation: June 6, 2006
Nature of Event: Celebration of HACR's 20th Anniversary

Event Venue: The Ritz-Carlton
Room Name or number: Salon II & III, Ballroom Level
Street Address: 1150 22nd Street
City/State/Zip: Washington, DC 20037
Venue Phone #: 202-835-0500
Venue FAX #:

Event Sponsor: Hispanic Association on Corporate Responsibility (HACR)
Address: 1444 I Street, NW, Suite 850
City/State/Zip: Washington, DC 20005
Website address: www.hacr.org

Person Inviting: [redacted]
Title: President and CEO
Telephone #: [redacted]
FAX #: [redacted]
E-mail address: [redacted]@hacr.org

Contact Person: [redacted]
Title: Manager, Special Events and Program
Telephone: [redacted]
FAX #: [redacted]
E-mail address: [redacted]@hacr.org
Cell phone: [redacted]

Are there corporate sponsors or other underwriters of the event? Yes

Platinum
Altria Group, Inc.
AT&T Services, Inc.
DaimlerChrysler Corporation

Gold
Anheuser-Busch, Inc.
Coors Brewing Company
Ford Motor Company
The Home Depot, Inc.
MGM MIRAGE

Verizon Communications
Wal-Mart Stores, Inc.

Silver
Starbucks Corporation

Bronze
Harrah's Entertainment, Inc.
General Motors Corporation
Procter & Gamble
Sodexho
Univision Communications, Inc.

Please provide the following information:

Approximate size / description of the audience: 300 of the nation's most influential Hispanic and non-profit leaders, government officials and corporate executives to attend the 2-day symposium.

List of other invited speakers and program participants:

[redacted]
MANA, A National Latina Organization
HACR Chair

[redacted]
League of United Latin American Citizens
HACR Vice Chair

[redacted]
ASPIRA Association, Inc.
HACR Treasurer

[redacted]
United States Hispanic Chamber of Commerce

[redacted]
MENTóR, The National Hispanic Employee Association

[redacted]
National Association of Hispanic Publications

[redacted]
Hispanic Association of Colleges and Universities

[redacted]
Cuban American National Council

[redacted]
National Puerto Rican Coalition

[redacted]
American GI Forum of the United States

[redacted]
National Council of La Raza

[redacted]
SER-Jobs for Progress National, Inc.

[redacted]
Congressional Hispanic Caucus Institute

[redacted]
Congressional Hispanic Leadership Institute

[redacted]
Congressional Black Caucus

List of invited government officials, dignitaries, VIPS:

The Honorable Anna Cabral, US Treasurer

The Honorable Congressman Hinojosa

The Honorable Congressman Salazar

Will the portion of the event at which Mr. Gonzales is being asked to participate be open to the press? YES
Is the Attorney General being asked to speak? YES
If yes, how long is he expected to speak? 15 minutes
What is the theme/topic/subject of the event? Celebrating 20yrs of Advocacy, The Power of Hispanic Inclusion
What is the ATTIRE for the event? Business Attire
Is this invitation for the Attorney General or the Attorney General and a guest? Attorney General & Guest
Is this a fund raising event? YES
If this is a fund raising event, what group(s) or organization(s) benefit(s) from the event? Our organization, HACR. We are a non-profit, non partisan 501(c3) organization.

Are tickets being sold for this event? If yes, what is the face value of the ticket?
Yes, tickets are being sold for the event. The face value of the ticket is $250.00

What is your deadline for confirming a speaker? (if the date of the event is open ended, please indicate how many weeks or months advance notice you require to set up the event):
DEADLINE: Friday, June 2

Please include any additional information that may be helpful to Mr. Gonzales as he considers this invitation.

Founded in 1986, the Hispanic Association on Corporate Responsibility (HACR) is one of the most influential advocacy organizations in the nation representing 14 national Hispanic organizations in the U.S. and Puerto Rico. Our mission is to advance the inclusion of Hispanics in corporate America at a level commensurate with our economic contributions. To that end, HACR focuses on four areas of corporate responsibility and community reciprocity: employment, procurement, philanthropy, and governance.

Collectively, the coalition members reflect the voice of more than 44.4 million Hispanics living in the United States and Puerto Rico, serving those diverse communities through advocacy, education, representation, assistance, capacity building, public policy support, resource development, and the exertion of political influence.

HACR Coalition Members work with more than 1,500 affiliate community-based organizations serving the Hispanic community in all 50 states and Puerto Rico, including more than 450 institutions of higher learning enrolling three out of every four U.S. Hispanic college students, and 400 print publications with a combined circulation of more than 10 million.

The HACR Coalition Members

American GI Forum of the US
ASPIRA Association, Inc.
Congressional Hispanic Caucus Institute
Congressional Hispanic Leadership Institute
Cuban-American National Council
Hispanic Association of Colleges and Universities
League of United Latin American Citizens
MANA, A National Latina Organization
MENTóR, National Hispanic Employee Association
National Association of Hispanic Publications
National Council of La Raza
National Puerto Rican Coalition
SER- Jobs for Progress National, Inc.
U.S. Hispanic Chamber of Commerce

The HACR Corporate Members

Benefactor

Altria Group, Inc.

Generation

Aetna Inc.
Citigroup, Inc.
Comcast Corporation
ConAgra Foods, Inc.
Coors Brewing Company
DaimlerChrysler Corporation
Denny's Corporation
Ford Motor Company
General Motors Corporation
The Home Depot, Inc.
IBM Corporation
McDonald's Corporation
MGM MIRAGE
Ortho Biotech Products, L.P.
SBC Communications
Sodexho, Inc.
Starwood Hotels & Resorts Worldwide, Inc.
Verizon Communications
Wyndham International

Associate

Anheuser-Busch, Inc.
Bank of America
BellSouth Corporation
Burger King Corporation
Eastman Kodak Company
The Coca-Cola Company
Marriott International, Inc.
Nordstrom Inc.
PepsiCo Inc.
UnitedHealthcare
Wal-Mart Stores, Inc.

HACR

SCHEDULING INFORMATION FORM ATTORNEY GENERAL GONZALES

Name of Event: Technet Day
City & State of Event: Washington, DC
Date(s): June 8, 2006
Date/Time the event begins: 2-3:30
Date/Time the event concludes:
Proposed/Requested Date & Time of the Attorney General's participation: 2 to 2:30 or 2:50 to 3:30.

Nature of Event: White House Briefing and policy for technet members. Annual "fly-in" for member CEOs.

Event Venue Name: White House
Room Name or Room #: Room 350 Briefing Room
Address:
City/State/Zip:
Venue Phone #:
Venue FAX #:

Event Sponsor: TechNet
Address: 1717 Rhode Island Ave., NW: Ste 630
City/State/Zip: Washington, DC
Website address: www.technet.org

Person Inviting: [redacted]
Telephone #:
FAX #:
E-mail address: [redacted]@technet.org

On-site Contact Person: [redacted]
Telephone:

FAX #: [redacted]
E-mail address: [redacted]@technet.org
Cell phone: [redacted]

Are there corporate sponsors or other underwriters of the event? yes

Please provide the following information:

1. Description of the audience: Tech execs: Mix of small to large CEOs and tech executives. Some government affairs people. Can send list of who's coming
1.
2. Approximate size of the audience: 75
3. List of other invited speakers and program participants: Sec. Spellings, Karl Rove, Josh Bolton, VP Cheney, Ambassador Rob Portman
4. List of invited government officials, dignitaries, VIPS: See above.
5. Will the portion of the event at which Mr. Gonzales is being asked to participate be open to the press? NO
6. Is the Attorney General being asked to speak? YES
7. If yes, how long is he expected to speak? However long he wishes
8. What is the theme/topic/subject of the event? Any relevant tech issues
9. What is the ATTIRE for the event? Business
10. Is this invitation for the Attorney General or the Attorney General and a guest? The AG and whomever.

11. Is this a fund raising event? NO
12. If it is a fund raising event, what group(s) or organization(s) benefit(s) from the event? N/A
13. Are tickets being sold for this event? If yes, what is the face value of the ticket? NO
14. What is your deadline for confirming a speaker? (if the date of the event is open ended, please indicate how many weeks or months advance notice you require to set up the event). At your convenience.
15. Please include any additional information that may be helpful to Mr. Gonzales as he considers this invitation.

Some issues of interest to the group: education, immigration, research and development, net neutrality, patent reform. [redacted] and [redacted] from technet were in [redacted] prior to joining Technet's Washington office.

SCHEDULING INFORMATION FORM
ATTORNEY GENERAL GONZALES

Event: AG Progress Report on DOJ IP Task Force Report
City & State: Washington, DC
Date(s): June 20, 2006
Date/Time event begins: 12:00 pm
Date/Time event concludes: 2:00 pm
Proposed/Requested Date & Time of the Attorney General's participation: June 20, 2006 / 12:00-2:00
Nature of Event: **AG / VIP Lunch, AG Progress Report on DOJ IP Task Force Report, AG Press Roundtable**

Event Venue: **U.S. Chamber of Commerce**
Room Name or number: **Briefing Center**
Street Address: **1615 H Street, NW**
City/State/Zip: **Washington, DC 20062**
Venue Phone #: **202-463-5500**
Venue FAX #: **202-463-3129**

Event Sponsor: **US Chamber of Commerce**
Address: **1615 H Street, NW**
City/State/Zip: **Washington, DC 20062**
Website address: **uschamber.com**

Person Inviting: [redacted] / [redacted]
Title: [redacted]
Telephone #: [redacted]
FAX #: [redacted]
E-mail address: [redacted]@uschamber.com / [redacted]@uschamber.com

Contact Person: [redacted]
Title: [redacted]
Telephone: [redacted]
FAX #: [redacted]
E-mail address: [redacted]**@uschamber.com**
Cell phone: [redacted]

Are there corporate sponsors or other underwriters of the event? **no**

Please provide the following information:

Approximate size / description of the audience: **100 - 200**
List of other invited speakers and program participants: [redacted]
List of invited government officials, dignitaries, VIPS:
Will the portion of the event at which Mr. Gonzales is being asked to participate be open to the press? **Yes**
Is the Attorney General being asked to speak? **Yes**
If yes, how long is he expected to speak? **15 minutes**
What is the theme/topic/subject of the event? **AG Progress Report on DOJ IP Task Force Report**
What is the ATTIRE for the event? **Business**
Is this invitation for the Attorney General or the Attorney General and a guest? **AG**
Is this a fund raising event? **No**

If this is a fund raising event, what group(s) or organization(s) benefit(s) from the event?
Are tickets being sold for this event? If yes, what is the face value of the ticket? **No**
What is your deadline for confirming a speaker? (if the date of the event is open ended, please indicate how many weeks or months advance notice you require to set up the event)
Please include any additional information that may be helpful to Mr. Gonzales as he considers this invitation.

SCHEDULING INFORMATION FORM
ATTORNEY GENERAL GONZALES

Name of Event: 2006 Summer Intellectual Property Law (IPL) Conference

City & State of Event: Boston, Massachusetts

Date(s): June 21-24, 2006

Date/Time the event begins: Wednesday, June 21, 2006, 10:00 a.m.

Date/Time the event concludes: Saturday, June 24, 2006, 1:00 p.m.

Proposed/Requested Date & Time of the Attorney General's participation: Luncheon, Thursday, June 22, 2006, 12:00 – 1:30 p.m.

Nature of Event: The annual conference of the American Bar Association Section of Intellectual Property Law. Business of the Section will be conducted, including meetings of the Section Council, and various Committees, training for new committee chairs, a full program of continuing legal education session offerings, and evening social events.

Event Venue Name: Marriott Copley Place Hotel
Room Name or Room #: Grand Ballroom F, 4th Floor
Address: 110 Huntington Avenue
City/State/Zip: Boston, MA 02116
Venue Phone #: 617/236-5800
Venue FAX #: 617/236-5885

Event Sponsor: American Bar Association, Section of Intellectual Property Law
Address: 321 North Clark Street
City/State/Zip: Chicago, IL 60610
Website address: www.abanet.org/intelprop

Person Inviting: [redacted]
Telephone #: [redacted]
FAX #: [redacted]
E-mail address: [redacted]

On-site Contact Person: [redacted]
Telephone: [redacted]
FAX #: [redacted]
E-mail address: [redacted]@staff.abanet.org
Cell phone: [redacted]

Are there corporate sponsors or other underwriters of the event?

There are several sponsors of various events at the conference:
-Silver Level Conference Sponsor – Wilmer Cutler Pickering Hale & Dorr, LLP
-Reception Sponsor – Foley Hoag, LLP
-Thursday Luncheon Sponsor – Banner & Witcoff, Ltd.
-Course Materials CD-ROM Sponsor – Finnegan, Henderson, Farabow, Garrett & Dunner, LLP
-Pop-Out Maps of Boston – Registrant Gift – Sponsor – Osler, Hoskin & Harcourt, LLP

Please provide the following information:

1. *Description of the audience:* Intellectual Property lawyers from around the nation. A high percentage are members of the ABA and its Section of Intellectual Property Law. Most are private practitioners with law firms. About 13% will be in-house counsel. Approximately 5% will be from other nations.
2. *Approximate size of the audience:* 250
3. *List of other invited speakers and program participants:* There will be no other speakers at the luncheon event, other than introductory remarks by [redacted]
4. *List of invited government officials, dignitaries, VIPS:*
   Several U.S. Patent & Trademark Office officials have been invited. As of now, we have not received a response from any, other than the possibility of attendance by [redacted] Commissioner of Trademarks.
   Judges in the First Circuit Court of Appeals and the U.S. District Court for the District of Massachusetts have also been invited. Judge William Young of the District Court will deliver plenary session remarks earlier in the morning, and may attend the luncheon.
   President of the American Bar Association, [redacted] will be delivering remarks at the morning plenary session, and may attend the luncheon.

5. *Will the portion of the event at which Mr. Gonzales is being asked to participate be open to the press?* Yes.
6. *Is the Attorney General being asked to speak?* Yes.
7. *If yes, how long is he expected to speak?* 25-30 minutes, up to 45 minutes, if he desires.
8. *What is the theme/topic/subject of the event?* General Intellectual Property Law Issues
9. *What is the ATTIRE for the event?* Business Dress
10. *Is this invitation for the Attorney General or the Attorney General and a guest?*
    For the Attorney General, however he is welcome to bring a guest or family, and invited to participate in any other activities offered at the conference, at no cost, including the Friday evening Red Sox vs. Phillies baseball game.
11. *Is this a fund raising event?* No
12. *If it is a fund raising event, what group(s) or organization(s) benefit(s) from the event?* n/a
13. *Are tickets being sold for this event? If yes, what is the face value of the ticket?*
    There is a registration fee for attendance at this evening. The base fee for Section members is $645. Rates are somewhat higher for non-members. The luncheon event itself is a ticketed event at $45
14. *What is your deadline for confirming a speaker?* (if the date of the event is open ended, please indicate how many weeks or months advance notice you require to set up the event) Our program was previously complete, and we have rearranged our schedule in order to invite the Attorney General's participation. We understand from the May 19 email from Kathleen M. Blomquist that General Gonzales' acceptance has been confirmed.

15. *Please include any additional information that may be helpful to Mr. Gonzales as he considers this invitation.*

Attorney General Scheduling Request

(for DOJ Events)

TO: Andrew Beach
Assistant to the Attorney General for Scheduling

FAX: [redacted]

FROM: Kimani S. Little
Special Assistant to the Assistant Attorney General, Civil Rights Division

REQUEST:

It is requested that Attorney General Gonzales make an address at the 2006 Ballot Access and Voting Integrity Symposium hosted by the Civil Rights and Criminal Divisions. The address will take place during the Symposium luncheon meeting.

PURPOSE:

The Ballot Access and Voting Integrity Symposium is an opportunity for the Attorney General to emphasize the importance of voting protections to USAs, AUSAs, Civil Rights and Criminal Division staff attorneys, and FBI Special Agents.

WHAT IS THE REQUESTED ROLE OF THE ATTORNEY GENERAL:

It is requested that Attorney General Gonzales provide an address to the Symposium attendees.

BACKGROUND:

The annual training Symposium is part of the Attorney General's Ballot Access and Voting Integrity Initiative, which was established in October 2002 to spearhead the Department's expanded efforts to address election fraud and voting rights violations.

DATE & TIME:

The proposed dates of the Symposium are August 1-2, 2006. We propose the Attorney General speak on August 1, 2006. Alternatively, if this date is not available and we are notified by COB May 10, 2006, we can schedule the Symposium for the prior week to accommodate an Attorney General address on July 25, 26, or 27, 2006.

LOCATION:

Metropolitan Washington, D.C. The actual venue has not been chosen, but are attempting to find a location in downtown Washington. However, we may have to hold the Symposium in the suburbs depending on the availability of an appropriate space.

DURATION:

The time allotted for the luncheon and Attorney General's address is 1.5 hours.

PRESS COVERAGE:
Closed to the Press.

POSSIBLE PARTICIPANTS AND APPROXIMATE NUMBER:
Approximately 200 AUSAs, FBI Agents, and Department staff will attend this Symposium.

Specific Attendees known at this time include:

Alice S. Fisher, Assistant Attorney General for the Criminal Division
Wan J. Kim, Assistant Attorney General for the Civil Rights Division
Rena Comisac, Principal Deputy Assistant Attorney General, Civil Rights Division
Cameron Quinn, Counsel to the Assistant Attorney General, Civil Rights Division
Noel Hillman, Office of the Assistant Attorney General, Criminal Division
Craig Donsanto, Public Integrity Section, Criminal Division
Assistant United States Attorneys
Federal Bureau of Investigations Special Agents
Civil Rights Division Voting Section Attorneys and Executive Office Staff
Criminal Division, Public Integrity Section Staff

REMARKS REQUIRED:
Luncheon Address

RECOMMENDED BY:
Alice S. Fisher, Assistant Attorney General for the Criminal Division
Wan J. Kim, Assistant Attorney General for the Civil Rights Division

COORDINATED WITH:

APPROVED BY:

EVENT CONTACT AND PHONE NUMBER:
Cameron Quinn, Counsel to the Assistant Attorney General, Civil Rights Division, is the organizer of the Symposium. Her contact information is (office) 202-305-9750 or (work cell) [redacted]. Kimani S. Little, Special Assistant to the Assistant Attorney General, Civil Rights Division, is assisting Ms. Quinn. His contact information is (office) 202-307-1289 or (work cell) [redacted]. Craig Donsanto, Public Integrity Section, Criminal Division, is also an organizer of the Symposium. His contact information is (office) 202-514-1221. Angela Noel Gantt will be the Department's event logistics contact. Her contact information is (office) 202-305-8006, (cell) [redacted], or (home) [redacted].

DAILY PROGRAM

Monday
August 7th

9:00 - 9:30	**Opening Remarks from the Director** *Welcome and greetings from* [redacted]
break	
9:45 - 10:15	**State of the Immigration Court** *Welcome and overview of major developments and issues for the courts from Acting Chief Immigration Judge* [redacted]
break	
10:30 - 12:00	**Federal Judiciary Panel** [redacted] *Deputy Chief Immigration Judge* (moderator) Judge Richard C. Tallman, *U.S. Court of Appeals, 9th Circuit* Judge Sandra L. Lynch, *U.S. Court of Appeals, 1st Circuit* Judge Jon O. Newman, *U.S. Court of Appeals, 2nd Circuit* *Impact of immigration cases on the federal courts, changes in the Judiciary to handle that impact, and thoughts on how Immigration Judges can prepare a better record for review*
lunch on your own	
1:30 - 2:45	**Workshops** *Group 1 Workshop A Group 4 Workshop D* *Group 2 Workshop B Group 5 Workshop E* *Group 3 Workshop C Group 6 Workshop F*
break	
3:00 - 4:15	**Workshops** *Group 1 Workshop B Group 4 Workshop E* *Group 2 Workshop C Group 5 Workshop F* *Group 3 Workshop D Group 6 Workshop A*
break	
4:30 - ___	National Association of Immigration Judges Meeting (optional)

Tuesday
August 8th

9:00 - 10:15	**Workshops**

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	Group 1 Workshop C Group 4 Workshop F *Group 2 Workshop D Group 5 Workshop A* *Group 3 Workshop E Group 6 Workshop B*

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	break
10:30 - 11:45	**Workshops** *Group 1 Workshop D Group 4 Workshop A* *Group 2 Workshop E Group 5 Workshop B* *Group 3 Workshop F Group 6 Workshop C*
	lunch on your own
1:30 - 2:30	**Language Services Initiatives** [redacted], *Language Services Unit* (moderator) Speaker 2, IJ [on courtroom pointers] Speaker 3, *Lionbridge Global Services* *Review of how the interpreter contract works, the interpreter qualification process, rare languages, and pointers for handling challenges to interpretation*
	break
3:00 - 4:30	**Counsels' Forum** [redacted] *Counsel to the Chief Immigration Judge* (moderator) [redacted]*Principal Legal Advisor, Immigration and Customs Enforcement* [redacted], *Principal Legal Advisor, Citizenship and Immigration Services* [redacted], *Executive Director, American Immigration Lawyers Association*

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		Program updates and developments from the parties who appear before the courts.

Wednesday August 9th	8:30 - 9:30	**Retirement Review** [redacted] *Employee Benefits & Development Branch* *Overview of important considerations for government employee financial planning*
	break	
	9:45 - 10:30	**Case Completion Goals** [redacted], *Acting Chief Immigration Judge* [redacted], *Deputy Chief Immigration Judge* *Review of progress and discussion of issues regarding case completion goals*

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	break	
	10:45 - 11:45	**Juvenile Issues** [redacted] Detention and Asylum Program, Women's Commission for Refugee Women and Children (moderator) Hugh Mullane, *Office of Legal Policy* [redacted], *Legal Access Counsel* [redacted], *Division of Unaccompanied Children's Services, Office of Refugee Resettlement* *Perspectives on juveniles in the courtroom from representation to courtroom considerations for unaccompanied minors under the Unaccompanied Alien Child Protection Act of 2005*
	break	
	12:00 - 2:00	**Luncheon** *Guest speaker:* Attorney General Alberto R. Gonzales

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		break
	2:15 - 3:30	**Workshops** *Group 1* *Workshop E* *Group 4* *Workshop B* *Group 2* *Workshop F* *Group 5* *Workshop C* *Group 3* *Workshop A* *Group 6* *Workshop D*
		break
	3:45 - 5:00	**Workshops** *Group 1* *Workshop F* *Group 4* *Workshop C* *Group 2* *Workshop A* *Group 5* *Workshop D* *Group 3* *Workshop B* *Group 6* *Workshop E*

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Thursday August 10th	8:30 - 9:45	**Judicial Ethics, Civility, and Professionalism** Judge Michael E. Keasler, *Texas Court of Criminal Appeals* *Discussion of judicial demeanor in the courtroom and the expectations of conduct that come with the office of Immigration Judge*

RAFT

		break
	10:00 - 11:30	**Legislative Update** Larry Levine, *EOIR Legislative Counsel* (moderator) [redacted] *Majority Counsel, Senate Judiciary Committee* [redacted], *Minority Counsel, Senate Subcommittee on Immigration, Border Security, and Citizenship*

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		[redacted] *Specialist in Immigration Policy, Congressional Research Service* *An overview of recent statutory changes and changes contemplated by pending legislation*
	lunch on your own	
	1:00 - 2:30	**OPR on Immigration Judge Conduct** Kevin Ohlson, *Deputy Director* H. Marshall Jarrett, *Counsel, Office of Professional Responsibility* [redacted], *Immigration Judge, San Francisco* [redacted], *Immigration Judge, Chicago* [redacted] *Immigration Judge, New York City* [redacted] *Immigration Judge, Miami* *An overview of professional boundaries in the courtroom and due process considerations from the body that oversees professional conduct followed by a roundtable discussion addressing questions related to OPR issues*
	break	
	2:45 - 3:45	**Regulatory Changes and Updates** MaryBeth Keller, *EOIR General Counsel* Kevin R. Jones, *Office of Legal Policy* *Recent and pending regulatory developments and their impact on the courts*
Friday August 11th	8:30 - 9:30	**Introduction to the Canadian System** [redacted] *Assistant Chief Immigration Judge*, moderator _____, *Canadian Immigration and Refugee Board* _____, *Canadian Immigration and Refugee Board* *Overview of the Canadian counterpart to EOIR, including migration, immigration, and asylum in Canada and how it compares to the experiences of the United States*
	break	
	10:00 - 11:00	**Religious Freedom Update**

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	[redacted], *former Assistant Chief Immigration Judge* (moderator) [redacted], *Deputy Director for Policy, U.S. Commission on International Religious Freedom* [redacted], *Director for International Refugee Issues, U.S. Commission on International Religious Freedom* and/or [redacted], *Office of International Religious Freedom, Department of State* *Refresher on religious freedom and update on country conditions vis-a-vis religious freedom*
break	
11:15-11:45	**Closing Remarks** Deputy Attorney General Paul J. McNulty

WORKSHOPS DRAFT	
Workshop **A**	**Appellate Review of Oral Decisions** [redacted] *Board of Immigration Appeals* [redacted], *Office of Immigration Litigation* *Review of circuit court and BIA criticisms of IJ decisions, pointers on the importance of findings of fact, and a discussion of post-REAL ID Act issues*
Workshop **B**	**Unethical Attorneys in the Courtroom** Jennifer Barnes, *Bar Counsel, EOIR* Speaker 2, [IJ from each workshop group] *Discussion of how to create a record for review when unscrupulous attorneys appear or don't appear, with an overview of the attorney discipline process and how to create a record for discipline*
Workshop **C**	**Citizenship and Nationality issues** [redacted] *Immigration Judge, El Centro* _____, *Immigration Judge,* *An overview of citizenship and nationality issues that arise in the courtroom.* *Note: Should there be major immigration legislation prior to the conference, this session may be substituted by one dedicated to emergent law.*
Workshop **D**	**Asylum Issues** [redacted] *Senior Litigation Counsel*, Office of Immigration Litigation *Discussion of significant asylum issues in the federal courts, with a focus on credibility and Immigration Judge clarity in rendering decisions*
Workshop **E**	**Efficient Procedure** [redacted], moderator, *Immigration Judge, Miami* [redacted], *Immigration Judge*, *San Diego* *Effective use of advisals and other procedural requirements to structure the hearing and oral decision and to strengthen the record for review, including change of venue and jurisdiction issues.*
Workshop **F**	**Electronic Research** Karen Drumond, EOIR Librarian _____, Westlaw representative _____, Lexis representative *Overview of the Virtual Law Library and on-line legal research tools available to*

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	Immigration Judges and court staff

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CASE

Lexis / Nexis

Digital Audio

Lionbridge Global Solutions

Language Services Association

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SCHEDULING INFORMATION FORM
ATTORNEY GENERAL GONZALES

Event: 2006 Immigration Judges= Training Conference
City & State: Washington, D.C.
Date(s): August 6 - 11, 2006
Date/Time event begins: August 7, 2006 at 8:00 a.m.
Date/Time event concludes: August 11, 2006 at 12:00 p.m.
Proposed/Requested Date & Time of the Attorney General=s participation: August 9, 2006, 12:00 p.m. - 2:00 p.m. or at the Attorney General=s convenience
Nature of Event: Immigration Judges= Conference

Event Venue: J.W. Marriott Hotel
Room Name or number: Salon I and Salon II - Ballroom Level
Street Address: 1331 Pennsylvania Avenue, N.W.
City/State/Zip: Washington, D. C.
Venue Phone #: (202) 626-2662
Venue FAX #: (202) 626-6915

Event Sponsor: Office of the Chief Immigration Judge
Address: 5107 Leesburg Pike, Suite 2500
City/State/Zip: Falls Church, VA 22041
Website address: www.usdoj.gov/eoir

Person Inviting: Executive Office for Immigration Review
Title: Director, Kevin D. Rooney
Telephone #: (703) 305-0169
FAX #: (703) 305-0985
E-mail address: kevin.rooney@usdoj.gov

Contact Person: [redacted]
Title: Assistant Chief Immigration Judge
Telephone: [redacted]
FAX #: [redacted]
E-mail address: [redacted]@usdoj.gov
Cell phone: [redacted]

Are there corporate sponsors or other underwriters of the event? No

Please provide the following information:

Approximate size / description of the audience: *300*
List of other invited speakers and program participants: *See Attached draft of Conference Program*

List of invited government officials, dignitaries, VIPS: *Officials from the Executive Office for Immigration Review, Executive Director of the American Immigration Lawyers Association, Majority Counsels from the Senate Immigration Subcommittee and the Senate Judiciary Committee, Minority Counsel from the Senate Immigration Subcommittee, Principal Legal Advisor from Immigration and Customs Enforcement, Principal Legal Advisor from Citizenship and Immigration Service, members of the federal judiciary, and members of the Canadian Immigration and Refugee Board will be presenters and attendees.*

Will the portion of the event at which Mr. Gonzales is being asked to participate be open to the press? *No*

Is the Attorney General being asked to speak? *Yes*

If yes, how long is he expected to speak? *10 - 12 minutes*

What is the theme/topic/subject of the event? *1) Professionalism and Ethics; 2) Appellate and Judicial Review of Immigration Judges Decisions; and 3) Significant Legal and Procedural Issues*

What is the ATTIRE for the event? *Business Casual*

Is this invitation for the Attorney General or the Attorney General and a guest? *Attorney General and a guest*

Is this a fund raising event? *No*

If this is a fund raising event, what group(s) or organization(s) benefit(s) from the event? *N/A*

Are tickets being sold for this event? If yes, what is the face value of the ticket? *No*

What is your deadline for confirming a speaker? (if the date of the event is open ended, please indicate how many weeks or months advance notice you require to set up the event). *May 31, 2006*

Please include any additional information that may be helpful to Mr. Gonzales as he considers this invitation. *Please see attached draft of Conference Program*

SCHEDULING INFORMATION FORM
ATTORNEY GENERAL GONZALES

Name of Event: The Financial Services Roundtable 2006 Fall Conference
City & State of Event: Washington, DC
Date(s): September 20-21, 2006
Date/Time the event begins: Thursday, September 21, 8:30AM
Date/Time the event concludes: Thursday, September 21 3:00 PM
Proposed/Requested Date & Time of the Attorney General's participation: Antyime within those times; There is also a dinner on Wednesday evening, September 20 at 6:30 p.m. and a dinner at 6:00 pm on Thursday evening, September 21.
Nature of Event: Meeting of the Roundtable member representatives

Event Venue Name: Ritz Carlton, Washington, DC
Room Name or Room #: Ritz Carlton Ballroom
Address: 1150 22nd Street
City/State/Zip: Washington, DC 20037
Venue Phone #: 202-835-0500
Venue FAX #: 202-974-5538

Event Sponsor: The Financial Services Roundtable
Address: 1001 Pennsylvania Avenue, Suite 500 South
City/State/Zip: Washington, DC 20004
Website address: www.fsround.org

Person Inviting: [redacted]
Telephone #: [redacted]
FAX #: [redacted]
E-mail address: [redacted]@fsround.org

On-site Contact Person: [redacted]
Telephone: [redacted]
FAX #: [redacted]
E-mail address [redacted]@fsround.org
Cell phone: [redacted]

Are there corporate sponsors or other underwriters of the event? no

Please provide the following information:

1. Description of the audience: CEO's and Senior Executives of the U.S. top 100 Financial Services companies
2. Approximate size of the audience: 150
3. List of other invited speakers and program participants: TBD
4. List of invited government officials, dignitaries, VIPS: TBD
5. Will the portion of the event at which Mr. Gonzales is being asked to participate be open to the press? **No, not unless he requests it.**
6. Is the Attorney General being asked to speak? yes
7. If yes, how long is he expected to speak? He may speak as long as he wishes; however recommended time will be a total of 30 minutes, 20 for talk and 10 for Q&A
8. What is the theme/topic/subject of the event? TBD
9. What is the ATTIRE for the event? **Business**
10. Is this invitation for the Attorney General or the Attorney General and a guest? If he wishes
11. Is this a fund raising event? No

12. If it is a fund raising event, what group(s) or organization(s) benefit(s) from the event? N/A
13. Are tickets being sold for this event? No If yes, what is the face value of the ticket?
14. What is your deadline for confirming a speaker? September 1, 2006 (if the date of the event is open ended, please indicate how many weeks or months advance notice you require to set up the event)
15. Please include any additional information that may be helpful to Mr. Gonzales as he considers this invitation.

USDOJ- Office of Public Affairs

From:	USDOJ- Office of Public Affairs
Sent:	Thursday, June 01, 2006 8:42 AM
To:	USDOJ- Office of Public Affairs
Subject:	Attorney General's News Briefing for Thursday, June 01, 2006
Attachments:	agnb060601.pdf; agnb060601.doc

THE ATTORNEY GENERAL'S *NEWS BRIEFING*

PREPARED FOR THE OFFICE OF PUBLIC AFFAIRS, U.S. DEPARTMENT OF JUSTICE

TO: THE ATTORNEY GENERAL AND SENIOR STAFF

DATE: THURSDAY, JUNE 1, 2006 7:45 AM EDT

TODAY'S EDITION

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TERRORISM NEWS:

Umer Hayat Pleads Guilty To Lying To Customs Agents. In a widely-distributed story, the AP (6/1, Thompson) Umer Hayat "pleaded guilty Wednesday to a lesser charge rather than be retried on allegations that he lied to the FBI about his son's attendance at a terrorist training camp, according to court papers." Hayat, "an ice cream vendor, pleaded guilty to lying to customs agents about more than $28,000 he and family members were carrying on a trip to Pakistan three years ago," and prosecutors will recommend he be sentenced to time served and three years supervised release. US Attorney McGregor Scott said, "This outcome was not, of course, the one most desired by the government. However...our region is safer today than it was one year ago." The Lodi News-Sentinel (6/1, Bohm) adds that Hayat "remains on home detention and is scheduled to be sentenced Aug. 18. The actual sentence will be up to U.S. District Judge Garland E. Burrell Jr., who could sentence Hayat to as much as five years in prison and a $250,000 fine." The "plea deal came five days shy of June 5, the one-year mark since the Hayats were arrested during a high-profile investigation involving dozens of FBI agents swarming through Lodi."

The New York Times (6/1, McKinley, 1.19M) reports that the plea "brings to a close a federal prosecution that raised questions about government interrogation techniques. Both Hayats had submitted confessions to investigators despite limited English, an element that some legal experts say could open their convictions to appeal. In a statement on Wednesday…seemed to strike a victorious note. 'After 9/11, the U.S. Justice Department's top priority is to detect, disrupt, and deter future acts of terrorism,' he said. 'This mission was accomplished.'" Under the headline "Terrorism-Related Charges Are Dropped," The Los Angeles Times (6/1, Tempest, Bailey, 958K) notes, "Six weeks ago, a hopelessly split jury failed to reach a verdict in his case," and Scott "said

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retrying a case that had resulted in a mistrial was too daunting." Defense lawyer Johnny Griffin "described the plea bargain as a victory for Umer Hayat, who he said had been unfairly branded as a terrorist." The Sacramento Bee (6/1, Walsh, 301K) also reports on Hayat's plea agreement.

Impact Of EU Court's Decision On Terrorist Watch Lists Examined. In a Financial Times op-ed (6/1), Brookings Institution fellow Richard Falkenrath says if a Dutch national "terrorist…arrives at Amsterdam's Schiphol Airport and buys a one-way ticket on the daily KLM flight to New York" traveling "under his real name" like "the September 11 2001 hijackers," and if "he travels under his real name. US authorities have uncovered his identity and placed him on the terrorist watch list. The question is: will he be caught and, if so, when? Currently, even if the US authorities had provided this terrorist's name to Dutch or European authorities, there is no watch-listing system in either jurisdiction that would have identified him as he purchased his international ticket or transited through Dutch immigration control. Moreover, because he is a Dutch national he would not have been required to apply for a visa to enter the US. So he would pass out of Europe undetected." The terrorist likely would "be identified once his flight had left European soil. Under a May 2004 agreement between the US and the European Commission, European airlines were allowed to transmit their passenger manifests to US authorities 15 minutes after take-off. Two days ago, the European Court of Justice annulled this agreement." US and European officials "are trying to figure out what to do now that the ECJ has scuttled their passenger-data agreement. The first thing they should do is study the ways in which new technologies and procedures can be used to achieve their basic security aims while minimising the impact on personal privacy."

WSJ Says EJC Ruling Unlikely To Jeopardize Overseas Air Travel. The Wall Street Journal (6/1, 2.11M) say in an editorial, "Despite some media hyperventilating, there's next-to-no chance Europe's airlines will stop transferring important passenger information to the U.S." In its ruling, the EJC "did not address the issue of privacy rights. Rather, it said the European Commission was wrong to have based the passenger-data deal on EU law regulating commercial activities. This was not a trade matter but one of public security, it said. The court gave the EU 90 days to find a solution, and until then the agreement with the U.S. remains in place."

Legal Challenges In Terrorism Prosecutions Examined. Voice of America (6/1, Malone) reports, "Al-Qaida conspirator Zacarias Moussaoui remains the only person convicted in connection with the September 11, 2001 terrorist attacks. Others who allegedly planned the 9/11 attacks are being held by the U.S. abroad. But as of now, there are no plans to put them on trial." VOA continues, "Moussaoui was sentenced to life in prison after he pled guilty to conspiring with al-Qaida to fly planes into buildings. … But what about some of the alleged planners of the 9/11 attacks now in custody, like Khalid Sheikh Mohammed or Ramzi Binalshibh, who allegedly financed the 19 hijackers on September 11." VOA adds, "U.S. officials say that despite the lengthy and challenging prosecution of Zacarias Moussaoui, criminal prosecution remains an option. … 'The Moussaoui case, I think, demonstrates that we can be successful,' said Paul McNulty, the deputy U.S. attorney general. 'In our investigations, we will continue to use every tool and authority available to us to identify risks at the earliest stage possible. And in deciding whether to prosecute, we will not wait to see what becomes of risks.' … Legal experts and others wonder if the difficulties on display in the Moussaoui case are making it less likely that the government will want to try the alleged masterminds of the 9/11 attacks in open court. … Trying terrorist suspects in open court could be risky because the government might be forced to reveal some of its intelligence sources as it presents evidence. Prosecutors would also have to address whether torture was used to obtain confessions. … While it remains unclear what the United States will do with the alleged high profile al-Qaida members in custody, prosecutions of lower-level suspects continue. … Deputy Attorney General Paul McNulty says since the 9/11 attacks, the Justice Department has secured 253 convictions against 435 defendants in terrorism-related cases. Many of those convictions, however, involved minor crimes and immigration violations not directly related to terrorist acts or plots."

HOMELAND RESPONSE:

NYC, DC Officials Decry Cuts In DHS Anti-Terrorism Funding. DHS announced its Urban Areas Security Initiative grants for 2006 yesterday, cutting money for New York City and Washington DC while boosting funding for some Southern and Midwestern cities, including Omaha and Louisville, Kentucky. The Washington Post (6/1, A1, Eggen,

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Sheridan, 744K) in a front page article reports the agency "slashed anti-terrorism money" from "the two cities targeted on Sept. 11, 2001," prompting "outrage from lawmakers and local officials in both areas, who questioned the wisdom of cutting funds so deeply for cities widely recognized as prime terrorist targets. The decision came less than five months after Homeland Security Secretary Michael Chertoff unveiled changes in the grants plan intended to focus funding on areas facing the gravest risk of attack." The Post adds that "department officials struggled yesterday to defend" the grants.

The New York Times (6/1, Lipton, 1.19M) reports, "Homeland security officials said the grants were a result of a more sophisticated evaluation process, combined with a smaller overall allocation of money from Congress." Meanwhile, Rep. Peter T. King, who called the distribution of grants "a knife in the back to New York," said officials at DHS "who had briefed him about the grants made clear that they were unimpressed with the city's plan." The City's "emphasis on spending on recurring costs — like overtime — was cited as a factor in the relatively low rating the city's application received, one federal official said."

The Washington Times (6/1, Hudson, Doolittle, 90K) reports DC Mayor Anthony A. Williams called the allocation "very shortsighted," adding that he believed the National Capitol Region "could be attacked again at any time, and now is not the time to back off on our efforts." DHS spokeswoman Tracy Henke, asked by reporters "whether the risk is still higher in the Washington and New York areas," said, "There is risk throughout the nation."

King Calls DHS Spending Plan "Indefensible And Disgraceful." CNN's The Situation Room (5/31, Blitzer) reported, "Some political figures from New York and Washington right now are livid about the Homeland Security Department's new spending priorities. Officials say the two cities targeted in the 9/11 attacks are getting less money this year than in 2005. … New York Republican Congressman Peter King, the chairman of the House Homeland Security Committee, is calling the new spending plan -- and I'm quoting now – 'absolutely indefensible and disgraceful.' He goes on to say, 'as far as I'm concerned, the Department of Homeland Security and the administration have declared war on New York.'"

Muslim-Americans Complain Of Increased Scrutiny While Traveling. The New York Times (6/1, MacFarquhar, 1.19M) reports, "Getting through United States airports and border crossings has grown more difficult for everyone since the terrorist attacks of Sept. 11. But Muslim Americans say they are having a harder time than most, sometimes facing an intimidating maze of barriers, if not outright discrimination. Advocacy groups have taken to labeling their predicament 'traveling while Muslim,' and accuse the government of ignoring a serious erosion of civil rights." The American Civil Liberties Union plans to "go back to court to broaden a suit on behalf of Muslims and Arab-Americans who are demanding the United States government come up with a better system for screening travelers."

Air Marshal Who Intentionally Blew Cover Still Flying. USA Today (6/1, Frank, 2.31M) reports Spencer Pickard, the federal air marshal who "intentionally blew his cover to try to show that agency rules make the undercover officers easy to spot," said yesterday "that he flew, armed, three times last week. … Marshal service spokesman Dave Adams said Pickard 'is still an active air marshal, he's still on our books, and he's going to still be flying missions.'" USA Today adds that 'he and another spokesman for the service, Conan Bruce, declined to address why Pickard could still fly." Bruce, meanwhile said that policies cited in a 20/20 report featuring Pickard "'have either been changed or are going through changes'" under FAMS chief Dana Brown.

WPost Calls Democratic Proposal Requiring Cargo Container Inspections "A Terrible Idea." The Washington Post (6/1, A18, 744K) says in an editorial, "When a House committee voted this spring against an amendment that would have required all cargo containers bound for this country to be individually inspected in their ports of origin, Congress temporarily put to rest what could have been yet another hyped-up wave of politically motivated anxiety about American port security. Although the House later passed a bill that provides extra funding for nuclear screening and other measures, Democrats vowed to bring up the inspection issue again -- and ran advertisements around the country attacking Republicans who oppose it. Before the 'inspect every container' mantra becomes a national war cry, it's important to point out that this is a terrible idea."

NYTimes Says WTC Development Agency Should Take Control Of Memorial Foundation. The New York Times (6/1, 1.19M) says in

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an editorial, "Gretchen Dykstra's resignation last Friday as head of the World Trade Center Memorial Foundation took almost no one by surprise. Some of the blame for the foundation's problems will surely fall to Ms. Dykstra's account. But the real difficulty is structural. The foundation, which is private, was given a job it should never have had: To build the memorial. That made its real job — raising money for the memorial — harder than it should have been." The Times says the "vague relation between the Lower Manhattan Development Corporation and the Memorial Foundation should be clarified. The development agency, in partnership with the Port Authority, should take over the task of building the memorial."

Mayfield Fears Coastal Residents Not Prepared For Hurricane Season. In a report marking the start of hurricane season, USA Today (6/1, O'Driscoll, 2.31M) reports, "Max Mayfield, director of the National Hurricane Center in Miami, says people have to wake up. … State and local governments along the Atlantic and Gulf coasts are heeding the alarm of last year's record onslaught and forecasts of another worse-than-normal hurricane season this year," but "Mayfield says many people along the USA's hurricane coasts are not poised for the next tropical storm, let alone for a monster like 2005's Katrina." Mayfield cites a poll by the National Hurricane Survival Initiative found half of the 1,100 respondents "don't feel vulnerable to hurricanes, and three in five have no family disaster plan."

The CBS Evening News (5/31, story 13, 2:30, Cowan, 7.66M) profiled Mayfield, who is "to coastal residents, what Alan Greenspan was to Wall Street: When he talks, people listen." It "falls to him to warn the nation of potential natural disasters. Preparedness has become his passion. He travels the nation during the off season doing interviews, showing off the latest technology to kids, and hoping his newfound but unwanted celebrity status will help get the importance of planning for storms through people's heads." But his "message is falling on deaf ears. Thirteen percent of coastal residents say they still won't evacuate this year in the face of a hurricane and 60% admit they have no disaster plan."

National Hurricane Forecasters Predict Nine Hurricanes. The CBS Evening News (5/31, story 12, 0:20, Mitchell, 7.66M) reported, "Tomorrow is June 1st, the official start of the hurricane season. And in their latest forecast, scientists at Colorado State University predict almost twice as many major storms as normal. Nine hurricanes are expected, five of those could be major, meaning a Category 3 or stronger. Forecasters say there's a strong chance the US East Coast or the Florida Peninsula will be hit."

Insurance Companies Cutting Back Coverage In Coastal Areas. ABC World News Tonight (5/31, story 10, 2:05, Gibson, 8.78M) reported that as the hurricane season begins, "it's likely to be an active one. The National Hurricane Center predicts there will be eight to ten full hurricanes. That's potential trouble for coastal residents in hurricane zones. But they already have insurance troubles long before the storms arrive." ABC (Kofman) added, "Two years, eight hurricanes, $72 billion in insurance claims. Now, as another hurricane season begins, the insurance industry is running for cover. In Florida, All-State is refusing to renew the policies of more than 200,000 customers. And the company is refusing to write new policies for homeowners in 14 Texas counties. Insurance anxiety has spread to the Northeast, where Metlife and All-State say they will not write new policies on Long Island, where there hasn't been a hurricane since Bob hit in 1991." Tom Gallagher, CFO, State of Florida: "When you have no insurance available, you can't get a mortgage, you have no real estate market. And we have tremendous economic problems in our state." Kofman: "Problems even for those who can still get insurance. Here in Florida, State Farm is asking regulators to approve premium increases of 59% for almost a million customers."

Advocate Says Policymakers Ignoring Loss Of Wetlands, Coastal Sprawl. Meanwhile, David Helvarg, president of the Blue Frontier Campaign, and author of "50 Ways to Save the Ocean," in an op-ed in the Los Angeles Times (6/1, 958K) writes that despite predictions that this year's hurricane season "will be 'above normal,'" America's hurricane territory is still "stuck in the 1970s and 1980s, when a lull in storm activity aided and abetted unprecedented development along the Atlantic seaboard." Helvarg says "federal policymakers continue to ignore the causal factors that transform major storms into human catastrophes, such as the loss of protective wetlands and coastal sprawl. … Those who think they can rebuild in harm's way using the same assumptions that worked in the last century, or who believe they can manage nature by stockpiling generators and water bottles, are living a dangerous fantasy."

New Orleans Residents Doubt City Ready For Hurricane Season. NBC Nightly News (5/31,

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story 4, 3:20, Savidge, 9.87M) reported, "It doesn't matter who you talk to, whether it be Federal or local officials, they tell you the same story," that New Orleans "is ready" for the onset of hurricane season. But "talk to the people of New Orleans and many have serious doubts." There was a "partial collapse just this week of a 400-foot section of a hurricane protection levee. It was being repaired when the ground beneath simply gave way." Despite the "setback, the Army Corps of Engineers is confident New Orleans will have the same level of protection it had before Katrina. But for residents like David Lomax of Lakeview, the incident only adds new concerns over how well the Corps fixed 169 miles of failed levees, not to mention the 181 additional miles of potentially weakened levees the Corps didn't touch." Emergency responders "have their own worries. New Orleans has fewer police officers, hospital beds, and even weaker water pressure than a year ago. It's no wonder officials are adamant."

Isaacson Says Levees Will Be Sufficient To Protect City. NBC Nightly News (5/31, story 5, 2:40, Williams, 9.87M) interviewed former Time editor Walter Isaacson, who now serves as vice chairman of the Louisiana Recovery Authority. Asked if he was "convinced that what the Army Corps of Engineers has done" to repair the levee system "will be enough, sufficient to protect this place?" Isaacson said, "Absolutely. I think that the good, armored Category 3 levees means that people will be safe. There may be some damage and flooding in really big storms where some water gets in, but you're never going to see this type of devastation again."

Professor Says Rebuilding Near Beach After Katrina "Makes No Sense." Orrin H. Pilkey, the James B. Duke Professor of Earth Science emeritus at Duke University and a co-author of "The Corps and the Shore," in an op-ed in USA Today (6/1, 2.31M) writes that during a recent trip to the former site of his parents' house in Waveland, Mississippi, which had been flooded during Hurricane Camille in 1969, he "was impressed by the large number of volunteers still helping in the recovery effort" from Hurricane Katrina. Pilkey adds that he also noticed a "proliferation of 'For Sale' signs posted along the beach road" and "a new billboard…advertising a soon-to-be-built four-tower, 36-story beachfront condominium. … The incongruity between volunteers helping the people of Waveland and developers seeking to profit from reconstruction in an obviously dangerous zone couldn't be greater." Pilkey states, "It makes no sense to simply rebuild and even increase building density after Katrina" and, though it may be "difficult to accept, …reconstruction near the beach should be prohibited."

LATimes Says Fears Of Levee Failure Should Be Considered When Approving Development. The Los Angeles Times (6/1, 958K) editorializes that though some of the levees in California's Central Valley "are at risk almost every day," officials in the area "are doling out permits to develop what were once farms and open spaces. The urge to convert is driven not just by profit-seeking landowners but by cities and counties eager for property tax receipts. And it's abetted by flood-insurance rules that assume the levees offer more protection than they really do." Though the state Assembly rejected a bill by Dave Jones that "would hold cities and counties jointly liable with the state to the extent that, by approving a project on undeveloped land, they increase the property damage caused by a flood," the Times says "it should reverse course and approve the bill when it comes up for reconsideration today."

Passing Of Civic-Minded Bankers Said To Make Gulf Coast Rebuilding More Difficult. Otis White, a public policy consultant and columnist for Governing magazine, in the New York Times (6/1, White, 1.19M) writes that bankers like Donald E. Powell, who, before becoming President Bush's coordinator for Gulf Coast rebuilding, "wore every civic badge worth wearing" in Amarillo, Texas, "rarely lead cities…anymore, and their exit from the stage speaks to how communities have changed — and why it may be harder to mend them when disasters strike." White continues that "there are not many bankers left with the knowledge or authority to invest their banks' resources in bold rebuilding efforts. As the main federal contact for congressional, state, local and private leaders in supporting the recovery of the Gulf Coast, Mr. Powell must already be painfully aware of their passing."

Education Said To Have "Fallen By The Wayside" Among Some Hurricane Evacuees. The New York Times (6/1, Dewan, 1.19M) reports that for children at Renaissance Village, a FEMA trailer park in Baker, Louisiana, "this is their lost year." Children there "are not in school," and "health experts and advocates for evacuees say that Baker…is not unique. Throughout the areas where hurricane evacuees ended up, they say, are pockets where education has fallen by the wayside, raising the possibility that thousands of children could become permanent dropouts." Meanwhile, though "some children seem to have simply lost interest, others have found their enthusiasm thwarted. Chris Waller, a

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junior, said he was turned away by several area high schools that told him they were full."

Katrina Evacuee Makes National Spelling Bee Finals. ABC World News Tonight (5/31, story 11, Gibson, 8.78M) reported profiled National Spelling Bee finalist Hung Tran, who was "was just starting eighth grade in east New Orleans, when Hurricane Katrina hit." His home was destroyed. His family moved in with relatives in Greenbelt, Maryland." It "came as a big surprise when Hung spelled up a storm in the school bee -- and went on to beat everyone. … They didn't even have spelling bees at his old New Orleans school. In Maryland, he went on to conquer the county bee."

WAR NEWS:

Bush "Troubled" By Reports Of Haditha Killings, Promises Justice. President Bush yesterday spoke for the first time on the allegations that US Marines killed 24 Iraqi civilians in Haditha. The story was covered by all three networks, each of which ran the President's remarks. Likewise, virtually all print stories on the matter are also built around Bush's statement that he is "troubled" by the allegations.

NBC Nightly News (5/31, story 2, 2:15, Miklaszewski, 9.87M) reported, "The gravity of the allegations that a handful of Marines may have deliberately killed two dozen innocent Iraqi civilians, including women and children, weighs heavily now on the White House. President Bush said today he's troubled by the reports and promised justice." President Bush: "If in fact the, you know, laws were broken there will be, there will be punishment." The CBS Evening News (5/31, story 6, 2:15, Martin, 7.66M) said "the President made his first public comment on the case" and showed the same comments by the President. ABC World News Tonight (5/31, story 3, :30, Gibson, 8.78M) showed Bush sating, "I am troubled by the initial news stories. I'm mindful that there is a thorough investigation going on."

The New York Times (6/1, Stolberg, 1.19M) reports Bush also "said he had spoken with Gen. Peter Pace, the chairman of the Joint Chiefs of Staff, about the killings last November in the Iraqi town of Haditha, 150 miles northwest of Baghdad. … 'I've talked to General Pete Pace about the subject, who is a proud marine, and nobody is more concerned about these allegations than the Marine Corps.'" USA Today/AP (6/1), in a brief report, also runs Bush's statement that he's "troubled" by the stories.

The AP (6/1, Pickler) reports White House spokesman Tony Snow "urged patience as the Marines conduct what he called a vigorous investigation. He said a report will come out in 'a matter of weeks, not a matter of months' and include public release of photographic evidence. 'We're going to see everything,' Snow said." The AP adds, "Once that investigation is completed, a senior Marine commander in Iraq will decide whether to press charges of murder or other violations of the Uniform Code of Military Justice."

Rice Says Allegations, If True, Are "Terrible Stain" For US. Secretary of State Condoleezza Rice was asked on CNN's The Situation Room (5/31) how the Haditha incident will impact the US' image in the Arab world. Rice said, "First, we're all just worried because it's a deeply troubling report. Whatever the impact, it's a deeply troubling report that something like this might have happened. There is going to be a full investigation of it. If the charges are proved, people will be punished. That's the way democracies react to circumstances like this. But clearly, no one would want to countenance anything of the kind that is being said to have happened at Haditha. That's our first concern. And of course, it would be a terrible stain for the United States, were something like that to have been demonstrated. But our principle concern right now is to get to the truth."

Military Probe To Conclude Officers Lied To Superiors. The Washington Post (6/1, A1, Ricks, 744K) reports, "The US military investigation of how Marine commanders handled the reporting of events last November in the Iraqi town of Haditha, where troops allegedly killed 24 Iraqi civilians, will conclude that some officers gave false information to their superiors, who then failed to adequately scrutinize reports that should have caught their attention, an Army official said yesterday." The probe is being led by Army Maj. Gen. Eldon Bargewell. The Bargewell investigation "is likely to be explosive on Capitol Hill, because it focuses on questions that have haunted the Bush administration and the US military since the scandal over abuse at Abu Ghraib prison emerged two years ago: How do US military leaders in Iraq react to allegations of wrongdoing by their troops? And is the military prepared to carry out the long and arduous process of putting down an insurgency as part of the first U.S. occupation of an Arab nation? One of Bargewell's conclusions is that the training of troops for Iraq has been flawed, the official said,."

The Washington Times (6/1, Curl, 90K) notes "a preliminary military inquiry found evidence that Marines killed

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two dozen Iraqi civilians in an unprovoked attack in November, contradicting the troops' account." In addition, "forensic evidence from those killed showed the victims had bullet wounds, despite the initial statements by Marines that the civilians were killed by a roadside bomb that also took the life of a soldier, a defense official said. 'The forensics painted a different story than what the Marines had said,' the official told the Associated Press."

The Christian Science Monitor (6/1, Sappenfield, 61K) reports that "experts dismiss the notion that the military system is any more corrupt or ineffective than its civilian counterpart." But "they acknowledge that it faces its own unique challenges -- from the culture of silence that can pervade the most tight-knit military units to the lack of any department 'district attorney' to follow up on leads. The concerns are longstanding, but with citizens getting a fuller picture of the mechanics of warfare -- both on the battlefield and off -- there is pressure to ensure that Americans have confidence in their military's means of justice." The Monitor adds, "To some, the whole process has been an example of the system working correctly. … Others, however, see the need for reform. There is no position in the Department of Defense akin to an attorney general -- someone whose job it is solely to follow up on credible allegations. Under the current system, investigations are convened by local commanders, who have many other duties -- and perhaps conflicts of interest."

Pentagon To Require All US Soldiers In Iraq To Undergo "Values Training." ABC World News Tonight (5/31, story 4, :30, Gibson, 8.78M) reported, "ABC's chief White House correspondent, Martha Raddatz, reports that as a result of the Haditha deaths, the commander of US forces in Iraq will issue an order tomorrow, requiring that all 130,000 US troops in Iraq, to receive core values training. Training that will highlight the importance of adhering to legal, moral and ethical standards on the battle battlefield. It will also include instructions on the cultural expectations of Iraqis, and on the consequences of improper military conduct."

Haditha Survivors "Sinking Into Depression." The Los Angeles Times (6/1, Stack, Salman, 958K) says that in Iraq, "word of the deaths has spread slowly out of Haditha these last months, blurring into the steady background noise of daily horrors. To a public that's endured more than three years of combat, rampant bombings and executions, news of two dozen more lost lives grabbed few headlines." The Times adds, "Since that November day, the people of Haditha have been haunted. The survivors described sinking into depression. Much of the talk in town has centered on the US offer of $2,500 in compensation for each death. Some of the families say they turned down the money. In March, the townspeople said, American investigators arrived. They brought cameras to record the witnesses, and toys for the surviving children."

US Soldiers Apparently Kill Pregnant Woman. NBC Nightly News (5/31, story 3, 2:10, Engel, 9.87M) reported, "In Samarra yesterday, US soldiers apparently shot and killed a pregnant woman and her cousin. They were in a car speeding to a maternity hospital on a road closed by the military. A military spokesman said the car failed to stop despite warnings." The CBS Evening News (5/31, story 7, 0:30, Mitchell, 7.66M) said "doctors tried to save the baby but failed. The US military calls the deaths regrettable."

ABC World News Tonight (5/31, story 5, 2:10, Brown, 8.78M) reported, "Their car entered what the US military called a clearly marked, prohibited area near a checkpoint and observation post manned by coalition forces. According to the military, the driver of the car ignored signals and commands to stop, so troops fired shots to disable the vehicle. One of the survivors of this incident says they were rushing the pregnant woman to the hospital because she was about to give birth. They didn't know the road was blocked, she said." The New York Times (6/1, Burns, 1.19M) noted the women "were among 54 new victims of the war reported by the Iraqi police and the American military command on Wednesday."

Iraqi Prime Minister Seeks To Assert Control Over Basra. NBC Nightly News (5/31, story 3, 2:10, Engel, 9.87M) reported, "Iraq's new prime minister was trying to unite this country so fractured by violence under a single command, his own. Iraq's Prime Minister Nouri al-Maliki today tried to assert his new government's authority in Basra in the south. It's Iraq's second-largest city, rich in oil, but is largely controlled by Shiite militias. Police say 140 people have been killed here this month, most of them Sunnis. Maliki declared a 30-day state of emergency in Basra. It gives his security forces the power to impose curfews and make arrests without warrants. 'I will use an iron fist to strike the heads of the gangs that threaten security.' Talking tough as at least 80 Iraqis were killed over the past 48 hours, including 9 at a bakery bombed in Baghdad today."

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The Washington Times/AP (6/1, Abdul-Zahra) reports the Prime Minister "declared a state of emergency yesterday in once peaceful and oil-rich Basra." It was "the only state of emergency in effect across Iraq, officials said. Other cities where violence is rampant, such as Baghdad and Ramadi, only have curfews."

The New York Times (6/1, Tavernise, Mizher, 1.19M) calls Basra "increasingly lawless," adding the city "has sunk into chaos. Shiite political parties and their militias are fighting to control the provincial government and the region's oil wealth, contributing to some of the worst rates of killing since the invasion, with 174 killings in the past two months -- double the amount from the previous two months, according to the Basra police."

The Washington Post (6/1, Hernandez, 744K) reports Reidar Visser, "an Iraq analyst with the Norwegian Institute of International Affairs who edits historiae.org, a Web site that focuses on Basra and southern Iraq, said he believed the recent surge in violence was partly the result of an intensifying battle between two Shiite parties: the Fadhila Party, a powerful local group that dominates the provincial council, and the Supreme Council for the Islamic Revolution in Iraq, or SCIRI, which controls the Interior Ministry in Baghdad and thus influences the local police force."

The New York Times (6/1, Burns, 1.19M) reports "American and Iraqi officials had hoped that the accession of Prime Minister Nuri Kamal al-Maliki...might be a watershed that would bring a cresting of the violence. If anything, the opposite appears to have occurred, with the new government facing intensified challenges on a broad front." Knight Ridder (6/1, Youssef) also says "Iraq's violence has intensified in recent weeks, despite the country's swelling security forces."

Khalilzad Says Next Three To Six Months Critical For Iraqi Government. USA Today (6/1, Slavin, 2.31M) reports US Ambassador to Iraq Zalmay Khalilzad said Wednesday that "Iraq's new government has three to six months to bring more stability to the country, or it could collapse." Khalilzad said, "Unless there is increased security … a lessening of and containing of sectarian violence, this government will face huge challenges that might pose a problem for the viability and success of the political process." He said Iraqi Prime Minister Nouri al-Maliki "will name Interior and Defense ministers in 'the next three to four days.'"

Pentagon Report Paints "Bleak" Picture Of Situation In Iraq. CNN's The Situation Room (5/31, Roberts) reported, "This is the quarterly report that the Department of Defense provides to Congress. And three years after President Bush declared 'mission accomplished,' it contains some troubling revelations about what the future holds. The Pentagon report paints a bleak picture for the prospect of good news anytime soon in Iraq, stating in frank times that the strength of the insurgency will likely remain steady throughout 2006. Compare that with this rosy assessment exactly one year ago. … The contrast couldn't be sharper, but it's no surprise to military experts, who saw no reason for such sunny optimism."

Retired Marine Colonel Raps President For "Laundry List of Inaction" On Iraq. In a New York Times (6/1, 1.19M) op-ed, retired Marine colonel Thomas X. Hammes asks, "why is the administration taking so many actions that make holding the country together virtually impossible?" Hammes faults President Bush for diverting "nearly half the money allocated to reconstruction in Iraq to other needs, including security," deeply cutting "financing for democratization efforts, many of them undertaken by nongovernmental groups," and proposing cuts in "overall Army and Marine troop strength." Hammes writes that "the White House must commit to long timelines and to providing the money necessary for both the military and reconstruction efforts."

Casey Says Iran Increasing Support For Shiite Groups In Iraq. NBC Nightly News (5/31, story 3, 2:10, Engel, 9.87M) reported General George Casey offered "sharp criticism of Iran. In particular, he said that Iran since January stepped up its support for Shiite insurgent groups attacking coalition forces in Baghdad, Hilla, and Basra. He said not only does Iran supply these groups with the materials to make shaped charges that can tear through American armor but also experts on how to use them from their Iran's own secretive Al Quds Brigade and Hezbollah."

Battle Shakes Baghdad Neighborhood. The Washington Post (6/1, Knickmeyer, Al-Izzi, 744K) reports on civilians' fright during a battle in Baghdad's Adhamiyah neighborhood. The Post reports, "Insurgents, Shiite militias, Iraq's overwhelmingly Shiite police, the slightly more trusted army forces – all were said to be in the fight. Residents could not be sure, or tell how it started. In the fights that roil many of

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Baghdad's neighborhoods, with automatic-weapons fire heavy and explosions sounding, no one without a gun sticks his neck out to investigate." The Interior Ministry's official account said that "insurgents had attacked an army checkpoint" and soldiers then "chased them through the area." The Post reports that Iraqi soldiers and police burst into a school amid the fighting, yelled for the children to get down, and then rushed them out of the school in groups.

Injured CBS Correspondent Remains In Critical But Stable Condition. The CBS Evening News (5/31, story 8, 1:30, Mitchell, 7.66M) reported, "CBS News correspondent Kimberly Dozier, wounded in Iraq by a car bomb on Monday remains in critical but stable condition in the US military hospital in Landstuhl, Germany." CBS (MacVicar) added, "Well, doctors say she had a pretty good night last night. She remains in critical condition but she is stable. Her injuries are classified as very serious." She has "responded to her parents, she knows that her family, her boyfriend are here with her in Germany and, Russ, doctors say that is so important in helping her heal."

Bodies Of Slain CBS Employees En Route To London. The CBS Evening News (5/31, story 9, 0:20, Mitchell, 7.66M) reported, "The same car bomb that wounded Kimberly killed CBS News cameraman Paul Douglas and sound man James Brolan, both British citizens. Today, their bodies were flown from Baghdad to Kuwait, where they were met by members of their families. They, along with friends from CBS, will accompany the caskets, draped in the Union Jack, home to London tomorrow."

US Acknowledges Soldiers Fired At Kabul Mob. The Washington Post (6/1, A12, Constable, 744K) reports, "US military officials acknowledged Wednesday that American troops had fired at an angry mob that surrounded the scene of a traffic accident in the Afghan capital Monday morning. Officials previously had said the troops fired only into the air." A US military spokesman, Col. Tom Collins, said, "Initial indications from our investigation are that coalition soldiers did in fact use their weapons in self-defense." Collins "said it appeared that gunfire had come from the crowd and that the troops had 'used their weapons to defend themselves.'"

The New York Times (6/1, Gall, Wafa, 1.19M) reports that Gen. Amanullah Gozar, the chief of the highway police in Kabul, who witnessed the vehicle crash that set off Monday's riots, said that "four people died of gunfire from the last vehicle in the convoy as the American forces extricated themselves from an increasingly hostile crowd." Gozar "dismissed rumors that had spread through the city that the American soldiers deliberately rammed vehicles, even including his own car. 'I can say clearly it was an accident,' he said." The Los Angeles Times (6/1, Watson, 958K) also reports the story.

Afghan Boy Recovering From Heart Surgery In US. The CBS Evening News (5/31, story 11, 0:20, Mitchell, 7.66M) reported, "A follow-up now on a story we reported two weeks ago about a young boy from Afghanistan brought to this country for life-saving heart surgery. He got out of the hospital today. Seven-year-old Mohammed Umer had a condition that restricted his blood circulation, turning his skin blue. Now he's looking and feeling a lot better. Mohammed should be able to return home in about a month."

NYTimes Says Afghanistan "Unraveling." In an editorial titled "Afghanistan, Unraveling," the New York Times (6/1, 1.19M) writes, "Something has gone alarmingly wrong in Afghanistan" and "[u]nless Washington starts correcting its mistakes, parts of Afghanistan could start tumbling back toward the kind of anarchic chaos that once made such areas an attractive sanctuary for international terrorists like Osama bin Laden." The Times writes that Washington needs to "fight a lot smarter. It should begin talks at once with Afghanistan's government to arrive at a mutually satisfactory agreement on basic ground rules governing American military personnel in their interactions with Afghan civilians. It should reinforce its anti-narcotics drive with development programs that allow farmers to find adequate replacement livelihoods in more constructive lines of work." The Times says Washington needs to re-enlist Afghans' "support by demonstrating that it cares not just about Afghanistan's strategic geography, but also about a decent future for its people."

CORPORATE SCANDALS:

Jury Convicts One, Acquits One In Enron Broadband Trial. The New York Times (6/1, Murphy) reports, "In the sixth day of deliberation, a federal jury convicted one of two former executives of Enron's Broadband unit yesterday in connection with a $111 million accounting fraud." The Times continues, "The executive, Kevin A. Howard, 43, the former chief financial officer, was found guilty

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of five counts of fraud, conspiracy and falsifying records. … A second executive, Michael W. Krautz, 37, a former accountant at Enron Broadband Services, was acquitted of the same charges." The Times adds, "The verdict brought to an end a trial that had been going on next door to that of the two former Enron chief executives, Kenneth L. Lay and Jeffrey K. Skilling, who were found guilty last week of fraud and conspiracy. … Prosecutors accused Mr. Howard and Mr. Krautz of setting up sham deals to manufacture millions in earnings from a failed video-on-demand deal. The broadband unit dissolved when Enron declared bankruptcy in 2001. … A spokesman for the Department of Justice, Bryan Sierra, said, 'Juries obviously sometimes make the decision to acquit but we're obviously very pleased that they agreed with us on the guilt of Mr. Howard.'"

The Washington Post (6/1, D3, Hays) reports, "Howard and Krautz were accused of participating in a small piece of that fraud in a scheme to manufacture earnings for Enron's struggling broadband unit in late 2000. The deal involved selling an interest in future revenue of a video-on-demand venture that disintegrated a few months later. … Howard and Krautz were the first of five broadband executives to be retried in separate cases after the original trial of the entire group ended in a hung jury. Although Enron was primarily an energy trader, the broadband unit was created in 1998 during the dot-com boom."

The AP (6/1, Hays) reports, "The verdict came six days after another jury convicted Enron founder Kenneth Lay and former Enron Chief Executive Jeffrey Skilling of fraud, conspiracy and other charges in one of the biggest business scandals in U.S. history. … Lay and Skilling were convicted of conspiring to run a massive fraud through repeated lies to investors and employees about Enron's financial strength. The company careened into bankruptcy proceedings in December 2001." The AP adds, "The government contended that Howard and Krautz conspired to manufacture earnings for the failing broadband unit in late 2000 by selling an interest in future revenue of a video-on-demand venture that disintegrated a few months later. … The two men each testified - as they did in their first trial - that the deal was legitimate. The investors were not bought out and lost their money along with other creditors when Enron collapsed in late 2001. … The first broadband trial began in April 2005 and focused mostly on three other executives accused of overhyping capabilities of Enron's broadband network and operating software. After that case ended with a hung jury, the five defendants were split into three separate cases and re-indicted on fewer counts."

Federal Judge Dismisses Charges Against Former Gateway CEO. The Wall Street Journal (6/1, Scannell) reports, "A federal judge threw out civil-fraud charges against the former chief executive officer of Gateway Inc., dealing federal regulators an unusual loss." The Journal continues, "In a decision dated May 23 but made public Tuesday, Judge Roger Benitez of the U.S. District Court for the Southern District of California ruled that the Securities and Exchange Commission didn't offer sufficient evidence to support charges that former Gateway CEO Jeffrey Weitzen made material misstatements in a regulatory filing and subsequent news release for third-quarter 2000 earnings." The Journal adds, "In granting Mr. Weitzen's motion for summary judgment, the judge rejected the SEC's theory that Mr. Weitzen's 'substantial participation' and 'intricate involvement' in the formulation of the regulatory filing was enough to hold him liable for false statements even though Mr. Weitzen didn't sign the quarterly filing." The Journal notes, "In the opinion, the judge said the SEC relied solely upon Mr. Weitzen's signature on the management representation letter submitted to the company's auditor to prove his knowledge of a material false filing. 'A reasonable fact-finder could not find this to be substantial in relation to the preparation of the entire quarterly filing. The SEC therefore may not impute any alleged misstatements in the Q3 2000 10-Q to Weitzen,' the judge said."

SEC Settles Auction-Rate Bond Claims With 15 Banks. The Washington Post (6/1, D2, Bilodeau) reports, "Citigroup Inc., Goldman Sachs Group Inc. and 13 other banks agreed to pay a total of $13 million to settle claims that they favored some customers in the $200 billion market for auction-rate bonds." The Post continues, "The firms violated securities laws from January 2003 to June 2004 by allowing customers to change their orders in the supposedly blind auctions and by giving select clients an advantage when deciding how much to bid, the Securities and Exchange Commission said yesterday." The Post adds, "A two-year investigation of the securities, whose rates are reset periodically by auctions, found industry-wide violations, Linda Chatman Thomsen, the SEC's enforcement chief, said in a written statement. … The SEC asked the brokerages two years ago to provide reports 'detailing any potentially

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deceptive, dishonest or unfair practices,' according to a memo sent to members in May by the Bond Market Association, the Securities Industry Association and the American Bar Association. … Firms in the settlement today also include Bear Stearns Cos., Lehman Brothers Holdings Inc., Merrill Lynch & Co., J.P. Morgan Chase & Co. and Morgan Stanley & Co."

Waiver Controversy Highlighted By Milberg Weiss Prosecution. The National Law Journal (6/1, Jones) reports, "As the government's demands for waiver of privilege in white-collar prosecutions have sparked the ire of attorneys worried about the sanctity of client communications, the waiver issue in the Milberg Weiss Bershad & Schulman case is presenting an especially prickly problem." The Journal continues, "The recent announcement that a grand jury had indicted the securities class action giant and two of its partners was a triumph for prosecutors in the ongoing investigation. The government alleges that the firm paid clients more than $11 million in kickbacks to serve as plaintiffs in as many as 150 class action and derivative lawsuits. … But Milberg Weiss' case, while in some ways typical of recent corporate corruption prosecutions, also involves a key distinction -- because it is a law firm -- which some experts say makes the potential infringement on attorney-client communications all the more grave. … 'The privilege issues are much more complicated, much more expansive,' said Jonathan Polkes, a former federal prosecutor who practices white-collar defense at New York's Weil, Gotshal & Manges. 'You're talking about a defendant that lives and dies by privilege.'" The Journal notes, "The issue of waiver in what have become run-of-the-mill prosecutions against corporations has raised the hackles of both defense and plaintiffs attorneys. In April, American Bar Association President Michael Greco issued a statement saying that the attorney-client privilege was 'under attack' by prosecutors coercing corporations to waive their protections to qualify for leniency by the government. … In addition, a bipartisan group of lawmakers is considering asking the U.S. Department of Justice to change its policy of demanding waivers as evidence of defendants' cooperation. … After U.S. Attorney Debra Wong Yang in the Central District of California announced an indictment on May 18 against Milberg Weiss, the law firm in its own statement asserted that prosecutors had demanded access to communications with its counsel, Zuckerman Spaeder of Washington, in exchange for deferred prosecution. Milberg Weiss' refusal to grant access to that communication led to its indictment, the firm said."

Fannie Mae Executives To Testify Before Senate Panel. In its "Washington Wire" column on its web site, the Wall Street Journal (5/31, 2.11M) reported that the Senate Banking Committee has called Fannie Mae CEO Daniel Mudd, and former chief Franklin Raines "to testify as early as next week on federal regulators' allegations that the giant mortgage company engaged in fraudulent accounting. Also being asked to discuss their investigations are James Lockhart, acting director of Office of Federal Housing Enterprise Oversight, Fannie's main regulator, and Christopher Cox, chairman of the Securities and Exchange Commission. After Ofheo's report was released last week, Lockhart said he has directed Fannie's board to grab back any unjustified compensation paid to senior executives as a result of accounting misdeeds." Committee Chairman Richard Shelby "is planning a wide-ranging hearing, including probing whether Mudd is the right person to lead the mortgage giant."

Executive Pay Often Exceeds Amounts Allowed Under Performance Targets. The New York Times (6/1, Morgenson, 1.19M) reports that as "executive pay packages have rocketed in recent years," investors "who plow through company filings often find that executive compensation exceeds the amounts allowed under the performance targets set by the directors. Executives of companies as varied as Halliburton, the military contractor and oil services concern; Assurant, an insurance company; and Big Lots, a discount retailer, all received bonuses and other pay outside the performance parameters set by the boards of those companies. It is the equivalent of moving the goalposts to shorten the field, compensation experts say."

CRIMINAL LAW:

CBC Backs Jefferson Bid To Retain Ways And Means Seat. The Washington Times (6/1, DeBose, 90K) reports Rep. William J. Jefferson "has been asked by the House Democratic leader to step down from the Ways and Means Committee owing to the lingering FBI bribery investigation, but the Louisiana Democrat has refused and won the support of the Congressional Black Caucus (CBC)." In a statement, the CBC said, "Mr. Jefferson has not

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been charged with anything, so to forcibly remove him from a seat on the Ways and Means Committee would be unprecedented."

More Commentary. In an op-ed in the Baltimore Sun (6/1), Steven P. Grossman, a former New York City prosecutor who is now the Dean Julius Isaacson professor at the University of Baltimore School of Law, writes, "In a rare demonstration of bipartisan cooperation, House Speaker Dennis Hastert and House Minority Leader Nancy Pelosi together criticized the FBI's search of the office of Rep. William J. Jefferson, the Louisiana Democrat who is under investigation in connection with the alleged acceptance of bribes. … How heartwarming it is that two people who seem to agree on little that can benefit the country have come together to defend the right of their colleagues to have some sort of special immunity from search warrants issued to uncover crimes committed by legislators. They said the investigators, like the investigated, are not above the law. A noble thought, but one that needs to be examined." Grossman continues, "The Justice Department did obtain a search warrant to authorize the search of Mr. Jefferson's office. In other words, investigators prepared a sworn statement that demonstrated to a judge that there was probable cause, meaning it was more likely than not that there was evidence of a crime to be found in the congressman's office. … The role of the courts in the warrant process cannot be overstated. The framers of our Constitution wrote the Fourth Amendment to protect us from illegal searches and seizures." Grossman adds, "Some critics of the search have legitimate concerns about the separation of powers between government branches and particularly express concern that such searches can be too political and too broad and can uncover documents not connected with the investigation and which the proper workings of government require to be kept private. … That is why we have courts and why the framers imposed requirements not just to authorize a search but also to ensure that the search is limited in scope and duration. The courts for years have limited searches in this way. … Despite Fourth Amendment protections, abuses can occur in obtaining and executing a search warrant for a legislator's office. But such abuses can and do occur every day when search warrants are used in criminal investigations. Such abuses tell us that we must be more vigilant than we have been in avoiding these abuses. They do not, however, tell us we should stop searching."

New Orleans Reporter Calls FBI Search "Overkill." Under the headline "Office Raid Looking A Lot Like Overkill," staff writer James Gill says in The New Orleans Times-Picayune (6/1, 257K), "The question is on everyone's lips, but New Orleans criminal defense lawyer Pat Fanning asks it with rare eloquence. … Quoting from his e-mail here, 'If they really do have video and audio tapes of the cash transaction, 90 large in the freezer, two rat flips dying to throw up all over poor Billy Boy, a good-looking, kajillionaire do-gooder for a victim, numerous other tapes and documents etc., etc. then what in the hell could be so damned important in Dollar Bill's office that they couldn't live without it?' The feds aren't saying. Although they released the affidavit that secured the warrant to search the Capitol Hill office of Rep. William Jefferson…the section listing the evidence they sought was blacked out. Putting the affidavit in the public record before Jefferson has even been charged with a crime was an unusual move, but then this was a historic moment, the first time the G-men ever barged into the Rayburn Building."

Ohio Coin Dealer Pleads Guilty To Federal Campaign Law Violations. The Columbus Dispatch (6/1, Niquette) reports, "Indicted coin dealer Thomas W. Noe pleaded guilty today to illegally using friends and associates to funnel $45,400 to President Bush's re-election campaign." The Dispatch continues, "Noe changed his previous not-guilty pleas to three federal charges to 'guilty' during a hearing before U.S. District Judge David A. Katz. … Katz delayed sentencing Noe until after a presentence report is completed, but authorities said that advisory guideline call for two to two-and-a-half years in prison plus possible fines." The Dispatch adds, "Noe had faced up to 15 years in prison and fines up to $950,000 if convicted on all counts but can receive a reduced sentence for admitting responsibility. Federal prosecutors said they also plan to seek additional penalties for the loss of public confidence in the presidential election process."

The Toledo Blade (OH) (6/1, Wilkinson, Eder) reports that "in a brief, 10-second statement, Noe said he voluntarily agreed to change his plea 'to accept responsibility to spare my family and friends the further embarassment of any additional court proceeding. Therefore, I plead guilty.' … No date was set for sentencing pending a pre-sentencing report to the judge. Noe, who lives in Florida, remains free on $350,000 bond." The Blade adds, "With the admission, Noe faces a maximum of five years in prison on each count, but

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likely faces 24-30 months in prison. He also faces a potential fine of nearly $1 million, and possibly probation. … John Pearson, an assistant U.S. Attorney in the public integrity section of the Justice Department, said he would seek an even harsher penalty for Noe because of the 'potential loss of public faith in the presidential race.'"

The AP (6/1, Welsh-Huggins) reports, "The investment scandal has been a major embarrassment for Ohio's ruling Republicans and has given Democrats a better shot this year at winning state offices, including the governor's office that the GOP has held since 1991. … Once a powerful political figure who raised hefty sums for a slew of Republicans, Noe admitted arranging a contribution scheme to fulfill his promise to generate $50,000 for a Bush fundraiser." The AP adds, "Noe's attorney argued his client's access to lawyers before that trial is crucial. Prosecutors told U.S. District Judge David Katz the upcoming trial was no reason to delay Noe's sentencing on the federal conviction. … 'The fact he has other state charges does not mean he should receive special treatment for better or for worse,' said John Pearson, an attorney with the U.S. Justice Department's public integrity unit. … Katz said he'll decide after reviewing court officials' sentencing report."

FBI Arrests Pennsylvania Computer Workers For Erasing Fumo Emails. In a widely-distributed story, the AP (6/1, Dale) reports, "The FBI arrested two men who did computer work for a powerful state senator Wednesday on charges that they permanently deleted e-mails to thwart a federal investigation. Leonard P. Luchko and Mark Eister performed electronic 'wipes' of computers at Sen. Vincent J. Fumo's Senate offices, his home at the New Jersey shore and at a nonprofit with deep ties to Fumo, the FBI alleged in an affidavit. … The document does not name Fumo and he has not been charged," but US Attorney Patrick Meehan "said the probe is not over. The affidavit refers to an unidentified senator who clearly is Fumo." The Philadelphia Inquirer (6/1, McCoy, Lounsberry, Cattabiani, 423K) notes, "The arrests, the first in the three-year investigation, were seen as a hardball move by federal prosecutors: an attempt to squeeze the computer technicians into striking deals and testifying against Fumo. … Fumo's attorney said the two technicians were 'unfortunate victims' of a campaign to bring down the powerful Philadelphia Democrat." The Philadelphia Inquirer (6/1, Cattabiani, 423K) adds, "As FBI agents dug deeper into Vince Fumo's world, the powerful state senator appeared to be feeling the pressure. … Chock full of anxious e-mails and gritty politics, the FBI affidavit detailing the federal investigation into Fumo gives a previously unseen glimpse into the inner workings of the senator's office, staffed by a loyal and tight-lipped community that lived in fear of the lawmaker, as he lived in fear of prosecutors."

The Philadelphia Daily News (6/1, Hinkelman) reports, "James Schwartzman, an attorney for Luchko, said Luchko intends to fight the charges. Asked if he thought the feds were trying to get his client to cooperate with their investigation of Fumo, Schwartzman said: 'I would say that's probably a good guess.' Eister's attorney, Brian McMonagle, said his client would be 'going to trial and hopes he can meet a fair-minded jury that can tell the difference between a guy doing his job and a criminal conspirator.'" The Philadelphia Daily News (6/1, Davies) notes, "There are numerous references to Fumo in the charges" against Luchko and Eister. "'The FBI probe into the Senator has really set him off, he wants us to do a number of security checks...' Luchko wrote in a January 2004 e-mail. 'Boss is driving us ALL nuts with this FBI madness,' he wrote at another point." The Pittsburgh Tribune-Review (6/1, Gazarik) adds, "An unidentified grand jury witness, testifying under grant of immunity, said Fumo's aides discussed destroying communications in case the FBI seized computer hard drives. According to the indictment, Fumo feared 'the FBI was going to show up' one day. Agents seized computers from Fumo's Philadelphia and Harrisburg offices in 2004."

GSA Officials Say Safavian Omitted Details Of Relationship With Abramoff. The AP (6/1) reports that at the trial of David Safavian yesterday, three GSA officials testified he "left out important details about his relationship with the lobbyist Jack Abramoff, including information about a weeklong golf excursion to Scotland and England." Each of "the three prosecution witnesses said they would have wanted to know from Safavian that at the time of the trip Mr. Abramoff was interested in two pieces of property controlled by the services administration."

Government Executive (6/1, Mandel) reports, "A General Services Administration ethics official and the agency's former general counsel testified Wednesday in the trial of David Safavian, former Office of Management and Budget procurement policy chief, as the government neared the end of presenting its case on his involvement with disgraced lobbyist Jack Abramoff." GE continues, "Eugenia

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Ellison, a lawyer who administers GSA's ethics program, testified that she handled then-chief of staff Safavian's request for an ethics opinion in order to join Abramoff and others on a golfing trip to Scotland in 2002. Safavian is charged with lying in the information submitted for that clearance, and with obstructing two later investigations into the matter." GE adds, "Ellison described how she had reached the decision to clear Safavian's participation based on his description of the outing hosted by Abramoff, a friend and former colleague, as a four-day golfing expedition in which Safavian would pay all costs associated with meals, hotels and greens fees. Airfare, Safavian indicated, was being provided by Abramoff on a private jet, and none of the eight people on the trip would be contributing to cover that cost. … Safavian also indicated that Abramoff had no business before GSA. … Ellison said she approved the gift of airfare for the trip because Abramoff was an old friend of Safavian's and because of Safavian's attestation that the lobbyist worked only on Capitol Hill, which together meant that Abramoff was not a 'prohibited source' according to federal regulations. … In a barrage of questions from Justice Department lawyer Nathaniel Edmonds, Ellison indicated she had been unaware that Abramoff was at the time seeking to lease GSA-controlled land in White Oak, Md., for a school he had founded, that he had expressed interest in the GSA-controlled Old Post Office Pavilion in downtown Washington, D.C., and that he had sought to influence GSA policy regarding the consideration of Indian tribes under a classification of disadvantaged businesses."

Emphasis On Golf Outing Details Seen As Stalling Prosecution Case. The Washington Post (6/1, A2, Milbank, 744K) reports the "way things are going at the David Safavian trial this week, don't be surprised if, in the coming days, a golf cart bursts into Courtroom 29A of the federal courthouse and a pair of Scotsmen ask if they can play through." Safavian "is on trial for accepting favors from Abramoff while helping the lobbyist penetrate the General Services Administration -- and then lying about it to investigators. But the case is as much about well-tended greens as ill-gotten green: the twosome's obsessive golfing friendship, particularly a lavish golfing trip to Scotland's St. Andrews in 2002 on Abramoff's tab." The "endless talk about faraway fairways seems to have teed off the jurors. Yesterday, the judge dismissed juror No. 13, who was a no-show. Juror No. 3 was losing a battle with sleep. But the lawyers pressed on, quizzing GSA official Eugenia Ellison for hours about the ethics of the Scotland golf trip."

Opening Arguments Made At First Tennessee Waltz Trial. The Tennessean (6/1, de la Cruz) reports the trial of Tennessee Waltz defendant Roscoe Dixon began yesterday. "In his opening statement, Dixon's attorney Coleman Garrett said the proof will show Dixon was entrapped by the government. … In creating the fake company E-Cycle, which was run by undercover FBI agents, the government in turn created the conspiracy, Garrett said." But prosecutors said that "Dixon and alleged 'bagman' Barry Myers…figured they could pull off extorting money from E-Cycle in part because of its wealth, 'but they were really certain they could pull it off because they had done it before,' Assistant U.S. Attorney Tim DiScenza said. The two men had previously demanded and received payment from government informant Tim Willis for a legitimate company he worked for, called Children's Dental Clinic, to be credentialed into TennCare, DiScenza said." The Memphis Commercial Appeal (6/1, Buser) adds, "Garrett called the FBI informants, including…Willis, 'a pack of con men.'" But "prosecutors played audio and video recordings made in 2003 involving Dixon, Myers and Willis discussing payments Dixon would need to help get a children's dental clinic into the TennCare program. … FBI agent Brian Burns said he had given Willis $4,000 before the meeting to be used in gaining Dixon's support as chairman of the TennCare Oversight Committee."

In a widely-distributed story, the AP (6/1) reports, "Barry Myers, whom prosecutors called a 'bag man' for Dixon, testified Wednesday that Dixon took bribes for legislative favors but insisted on someone else handling the money. 'Sen. Dixon has always been cautious,' Myers said. Myers is awaiting sentencing on a guilty plea to passing along bribes from undercover FBI agents to Dixon and state Sen. Kathryn Bowers, who is also charged." The Chattanooga Times Free Press (6/1, Sher), WMC-TV Memphis (5/31), WPTY-TV Memphis (5/31) and WTVF-TV Nashville (5/31) also report on the opening arguments.

Chicago Hired Truck Probe Defendant Sentenced To 18 Months In Prison. The Chicago Tribune (6/1, Coen, 643K) reports, "A brother-in-law of Cook County Commissioner John Daley who has admitted to taking bribes to steer city business to a politically connected trucking firm was sentenced to 18 months in prison Wednesday." John Briatta "was sentenced by U.S. District Judge Charles Norgle, who said he wanted the punishment to send a message to others in government that

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such corruption will not be tolerated. Norgle rejected a bid by Briatta's attorneys to have him sentenced to 5 months in prison and 5 months of home confinement, saying he only breached the public trust after suffering gambling and other financial losses. … Any city official involved in taking bribes 'must understand that he is going to prison,' the judge said." The AP (6/1, Robinson) notes, "It was the latest development in a three-year scandal that has rocked City Hall and brought allegations of corruption to the mayor's doorstep. … Briatta, a former water department truck dispatcher, acknowledged that he accepted the money from another city employee, Randy Aderman, who has pleaded guilty and is awaiting sentencing."

WLS-TV Chicago (5/31, Shaw) reports on its Web site that Briatta "is the only member of the Daley family implicated in the hired truck scandal. He apparently resisted the temptation of the hired truck scandal for years, but under the pressure of skyrocketing gambling debts, he finally gave in and took payoffs." Asked about the sentencing yesterday, Mayor Richard Daley said, "Very sad. You take money you are going to get caught. It's not my family circle." The Chicago Sun-Times (6/1, Warmbir) also reports on Briatta's guilty plea.

Key Prosecution Witness Testifies About Chicago Political Hires. The Chicago Sun-Times (6/1, Korecki, Warmbir) reports, "A key witness in the City Hall hiring trial testified Wednesday he used a political army largely made up of city workers to volunteer in various Democratic campaigns, then asked Mayor Daley's patronage chief to reward them with city jobs and promotions. Daniel Katalinic, the highest-profile witness to testify yet in the trial that's in its third week, said Robert Sorich…told him to which political races he should deploy his volunteers. He also said Daley's former campaign manager, Greg Goldner, doled out similar orders. In return, Katalinic would hand Sorich a list of people he'd want hired or promoted in city positions, he testified. … Sorich told him: 'He'd do what he could,' Katalinic said."

Daley Calls Trial Testimony About Clearing Skyway Traffic "Silly." The Chicago Tribune (6/1, Washburn, 643K) reports Mayor Richard Daley yesterday said testimony at the trial of former patronage chief Robert Sorich "that Chicago Skyway tollbooths were fully staffed to help ensure an unimpeded ride to his Michigan summer home was, well, 'silly,'" and "then he said it again. About 20 times. 'Silliest thing I ever heard in my life,' the mayor declared. … When asked whether he was referring to the allegation or to a fact that underlings would seek to smooth the way for him, Daley provided more of the same. … 'It is just silly. Silliness. That is all it is ... completely silly, completely silly.'"

Documents Contradict Blagojevich Denial Of Political Hires. The AP (6/1, O'Connor) reports, "Gov. Rod Blagojevich's office reviewed and approved the hiring of state employees for hundreds of routine jobs such as highway workers and plumbers, according to documents. The hiring lists, obtained by The Associated Press, contradict the governor's statements that his office did not decide who would be hired for civil service jobs. Such hirings are to be based solely on merit." The AP notes, "His hiring practices are under investigation by federal, state and local prosecutors. … The hiring lists obtained by the AP suggest nearly 1,800 hires, promotions, transfers and salary increases were OK'd by aides to the governor in the months following Blagojevich's 2003 inauguration. They include positions such as highway maintainer and prison guard, which are classified as civil service jobs."

ISP Industry, Other Groups Raise Objections To US Request For Data Retention. CNET News (6/1, McCullagh) reports, "Internet providers and telecommunications companies expressed concern on Wednesday about the feasibility of recording Americans' online activities, a proposal that Attorney General Alberto Gonzales has recently endorsed." CNET continues, "In a meeting Friday first reported by CNET News.com, Gonzales and FBI Director Robert Mueller said the war on terror would be aided by two years' worth of data retention, a requirement industry representatives say would be accompanied by technical, security and privacy challenges. … 'We have real reservations about data retention requirements because of the security and privacy risks attached to it,' said Mark Uncapher, senior vice president of the Information Technology Association of America. ITAA's board members include representatives of AT&T, Sybase, Fujitsu and Unisys." CNET adds, "In events that were first reported by CNET News.com, Bush administration officials have said Internet providers must keep track of what Americans are doing online. … A Justice Department representative said this week that the government is not seeking to require the retention of the content of communications, but did not elaborate. If the European Union's approach were adopted, Internet companies would be required to save logs showing the

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identities of e-mail and perhaps instant messaging correspondents in addition to data about which customer was assigned which Internet address. … That suggestion alarms many Internet providers, which worry about the cost and complexity of recording what their customers are doing online. In some cases, especially among libraries, coffee shops and universities, no records may be stored at all."

USA Today (6/1, Swartz, Johnson) reports, "Attorney General Alberto Gonzales and FBI Director Robert Mueller outlined their request to executives from Google, Microsoft, AOL, Comcast, Verizon and others Friday in a private meeting at the Justice Department. The department has scheduled more discussions as early as Friday. Last week's meeting was first reported by CNET, an online news service. … The meetings reflect a new approach by law enforcement in anti-terrorism efforts. Previously, the Justice Department had invoked the need for data retention only to battle child pornography. Since the Sept. 11 attacks, Internet traffic has become increasingly critical to terrorism investigations, too." USA adds, "Justice is not asking the companies to keep the content of e-mails, spokesman Brian Roehrkasse said. It wants records such as lists of e-mail traffic and Web searches, he said. … Roehrkasse said the government is required to seek proper legal authority, such as a subpoena, before obtaining the records. He said any change in the retention period would not alter that requirement. Law enforcement officials have seen investigations derailed "time and time again" because of a lack of data, Roehrkasse said. … The government's request forces the companies to strike a balance between satisfying law enforcement demands and honoring the privacy of millions of customers. … 'The issue for us is not whether we retain data, but we want to see it done right,' says Dave McClure, president of the U.S. Internet Industry Association, which represents 150 companies, primarily Internet service providers. 'Our concerns are who pays for it, what data is retained, and if it is retained legally without violating federal laws and subscriber agreements.'"

Former New Jersey Mayor Pleads Guilty To Accepting Bribe From FBI Informant. The Newark Star-Ledger Staff (5/31, Martin) reported former Hazlet Mayor Paul Coughlin on Tuesday "admitted…accepting a $3,000 payoff from an FBI informant posing as a crooked contractor, joining a growing list of Monmouth County officials convicted of corruption." Coughlin "pleaded guilty…to a single count of accepting corrupt payments. Under federal guidelines, the former mayor and councilman faces between 21 months and 27 months in prison," and "his attorney said he will argue for a lighter term, calling the crime 'aberrant behavior' and citing what he said was Coughlin's serious alcohol problem." But "prosecutors scoffed at such an argument. 'The defendant knew full well what he was doing,' Assistant U.S. Attorney Judith Germano said." The Asbury Park Press (5/31, Sudol) noted, "Coughlin is the latest public official to plead guilty in a FBI bribery and money-laundering sting dubbed 'Operation Bid Rig,' in which 13 former and current county and local public officials and three businessmen in Monmouth County were charged last year."

Judge Partially Denies Wecht Motion To Suppress Evidence Seized By FBI. The Pittsburgh Post-Gazette (6/1, Ward, 261K) reports, "A federal judge yesterday denied a motion by Dr. Cyril H. Wecht's attorneys to suppress all of the evidence gathered against him. In the same order, though, U.S. District Judge Arthur J. Schwab said he would hold a hearing on one issue raised by the defense -- whether 29 boxes of autopsy reports seized by the FBI from the former Allegheny County coroner's private office should have been taken. The hearing will be at 8:15 a.m. next Thursday. … Dr. Wecht claimed that the files seized were not found in the area the warrant claimed they would be and were not labeled as the FBI said they'd be." The AP (6/1, Cowden) notes that the defense motion "attacked the credibility of the FBI agent who got search warrants for Wecht's records and also blamed Wecht's indictment on a political feud with Allegheny County District Attorney Stephen Zappala Jr. … The attorneys also allege the FBI agent had previously 'urged witnesses to perjure themselves in a case involving his own misconduct.'" The Pittsburgh Tribune-Review (6/1) and WPXI-TV Pittsburgh (5/31) also report briefly on the ruling.

California State Senator Subpoenaed To Testify In FBI Perata Probe. The Los Angeles Times (6/1, Morain and Evan Halper, 958K) reports, "State Sen. Gloria Romero of Los Angeles was summoned Wednesday to appear before a grand jury in the FBI probe of Senate chief Don Perata's business dealings. Romero, a member of Perata's Democratic leadership team and one of his closest allies, said an FBI agent delivered a subpoena to her Capitol office requiring her to appear in July in Oakland."

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Romero told the Times, "All along, I've thought this has been a fishing expedition. … I look forward to answering whatever questions they may have." The Times notes, "The subpoena is believed to be the first issued to a sitting legislator in the Capitol since the 1980s, when the FBI launched an undercover anti-corruption operation that put a dozen lawmakers, lobbyists and others in jail."

FBI Investigating Sports Marketing Firm That Tried To Recruit Reggie Bush. In a widely-distributed story, the AP (6/1, Wilson) reports, "The FBI has opened an investigation into a fledgling San Diego sports marketing firm that tried to recruit Heisman Trophy winner Reggie Bush, the attorney for the football star's family told The Associated Press Wednesday. Attorney David Cornwell of Atlanta said FBI agents interviewed him about 'potential federal crimes' last week by phone," and "he intends to make Bush and his parents available to the FBI. … April Langwell, an FBI spokeswoman in San Diego, said she could neither confirm nor deny any investigations." The AP notes, "The NCAA and Pac-10 are investigating whether any rules were broken when Bush's family lived in a suburban San Diego home owned by Michael Michaels, a principal in New Era Sports & Entertainment, while Bush was still playing for Southern California last season." The Los Angeles Times (6/1, Farmer, Krikorian, 958K) adds, "A federal law enforcement source said Wednesday that the inquiry was 'in its infancy' and that it was 'way too early to say where this [case] is headed.'" But Michaels lawyer Brian Watkins "called the suggestion of an FBI investigation 'ludicrous' and 'a media ploy.' Watkins said neither he nor his clients had been contacted by the FBI and he suggested that Cornwell was using his own personal contacts to stir up an inquiry."

Peltier Supporter Pleads Guilty To Throwing Rocks At Federal Building. The AP (6/1) reports, "A man accused of throwing rocks in the federal building" in Fargo "has pleaded guilty to charges of damaging government property and threatening a federal officer, the U.S. attorney's office says. U.S. District Judge Ralph Erickson ordered a psychological evaluation for Daniel Cvijanovich," but Erickson "did not immediately set a sentencing date after Cvijanovich pleaded guilty Wednesday, U.S. Attorney Drew Wrigley said." The AP notes, "The rocks struck a pane of glass that separates the lobby from the secure area of the building, and each rock had a note addressed to the FBI attached, authorities said. … Agents thought the threat was in retaliation for the investigation of American Indian activist Leonard Peltier, Wrigley's statement said."

Judge Accepts Guilty Pleas From 16 Charged In FBI Probe Of Nevada Strip Club. The AP (6/1, Ritter) reports, "A federal judge accepted plea deals Wednesday from 16 people to end a decade-long investigation of criminal activity at a Las Vegas strip club, whose owner has agreed to sell the business and plead guilty to tax evasion." Crazy Horse Too owner Rick Rizzolo, "who has faced allegations of mob ties for more than a decade, was expected Thursday to become the 17th and final person to accept plea deals in the case." He is "scheduled to plead guilty to a single tax charge…and agree not to contest some $17 million in fines, forfeitures and restitution." The AP notes, "Wednesday's pleas stemmed from a January 2005 indictment that charged club manager Robert D'Apice with racketeering and tax evasion."

California Woman Makes Public Appeal In Homeless Insurance Fraud Probe. The AP (6/1, Glazer) reports, "The daughter of a man killed in a hit-and-run crash asked the public on Wednesday to help police in their probe that has resulted in the arrests of two elderly women accused of illegally collecting money from his life insurance policies. Standing at the alley where the body of 73-year-old Paul Vados was found in 1999, Stella Vados and her lawyer Gloria Allred asked anyone who knew her father or the women held on charges of mail fraud -- Olga Rutterschmidt, 73, and Helen Golay, 75 -- to call the FBI or police." The AP notes, "Police are investigating whether Rutterschmidt and Golay were directly involved in the death of Vados and Kenneth McDavid, killed in a similar hit-and-run last year. Authorities said Golay and Rutterschmidt befriended the two transients, duped the men into signing them as beneficiaries on their life insurance policies and collected more than $2.3 million after they were killed."

Mississippi Lawyer Pleads Not Guilty To Fen-Phen Settlement Fraud Charges. The Jackson Clarion-Ledger (5/31, Gates) reported, "A lawyer formerly associated with a Jackson law firm pleaded not guilty Tuesday to a 36-count federal indictment accusing him of helping clients submit false settlement claims involving the diet drug Fen-Phen." Robert Arledge of Vicksburg "made his

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initial court appearance in U.S. District Court on Tuesday after being indicted on Friday. He is the first lawyer charged in the ongoing FBI/IRS federal investigation of fraudulent Fen-Phen claims. Arledge made no comments after his court appearance, but his attorney proclaimed Arledge's innocence." The Vicksburg Post (5/31, Barrett) added, "The 35-count indictment charges that among legitimate plaintiffs, there were false claimants who shared in more than $8 million resulting from claims based on false information about having taking the prescription drug or its effect on their health." The AP (5/31) noted, "More than a dozen federal agents last week swarmed his Vicksburg mansion. Witnesses said the officers seized property including a motorcycle and an oil painting."

Texas Medical Equipment Executive Pleads Guilty To Medicare Fraud. The Houston Chronicle (5/31, 581K) reported, "A medical equipment company owner pleaded guilty Tuesday to paying $200 kickbacks to Houston doctors for writing prescriptions for unneeded motorized wheelchairs in a scam that cost federal health agencies millions." Harold "Prince Yellowe" Iyalla "also told U.S. District Judge Vanessa Gilmore that Medicare paid his company, 1st Choice Medical Supplies and Equipment, $5.6 million under the scam." The Chronicle noted, "Iyalla pleaded guilty to conspiracy, health care fraud and money laundering with maximum sentences ranging from five to 10 years and fines of $250,000."

Judge Sentences California Money Manager To 30 Years In Prison For Ponzi Scheme. The Los Angeles Times (5/27, Reckard, 958K) reported, "Orange County money manager James P. Lewis Jr. was sentenced Friday to 30 years in prison for swindling 1,600 investors of $156 million in a Ponzi scheme so calculated and long-running that the judge called it a 'crime against humanity.'" US District Judge Cormac Carney "pronounced the maximum sentence, rejecting pleas by Lewis' lawyer that it would be 'a death sentence for a 60-year-old.' … For nearly 20 years, the judge noted, Lewis solicited retirement funds from investors who now face the prospect of humiliation and poverty in their senior years."

Former Texas Police Officer Pleads Guilty To Child Porn Possession. The Fort Worth Star-Telegram (6/1, 247K) reports former Mansfield police officer David Neal Looney on Wednesday "pled guilty in federal court in Fort Worth…to one count of possession of child pornography, according to a press release from the U.S. Department of Justice. … Looney confessed to FBI agents that he had images of child pornography on his home computer and gave written consent for agents to seize and search his computer. A forensic examination of the computer's hard drive revealed approximately 110 images of child pornography."

Scam Victims Pay For Bogus Checks Honored By Banks. The Washington Post (6/1, A1, Mayer) reports on "an increasingly common check scam that relies on the vagaries of the banking system to take advantage of unsuspecting consumers." The hPost continues, "Federal rules require banks to release funds from a consumer's deposit quickly, usually within one to five business days, depending on the kind of check. However, it can take weeks before a bank discovers a check is fraudulent. … So when a teller says 'the check has cleared,' the teller is 'usually thinking in terms of bank rules, that the hold time is over, and the consumer now has access to the funds,' said Susan Grant, director of the National Fraud Information Center. … But the average consumer thinks that phrase means 'the check is not fraudulent,' Grant added. … When that happens, it is depositors who are responsible for the money, she said. As the American Bankers Association explains in a 'Fraud Alert!' statement insert it distributes to banks to send to customers: The consumer is the one dealing directly with the person who sent the money and therefore is 'in the best position to determine how risky the transaction is.'" The Post notes, "To facilitate the flow of funds behind the 40 billion checks processed each year, banks are required to release funds within a few days, said Nessa Feddis, senior federal counsel for American Bankers Association. … If tellers start asking a lot of questions or start holding checks until they are determined to be good, banks 'might be perceived as trying to circumvent the rules entitling people to withdraw funds,' Feddis added. And if the banks are wrong, it will only be a matter of time before they are hauled before Congress and 'accused of trying to hold on to people's funds,' she said."

Texas Businessman Sentenced To 14 Years In Drugs-For-Missiles Plot. The Houston Chronicle (6/1, Rice, 581K) reports Houston businessman and former Danish Parliament member Uwe Jensen on Wednesday "was

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sentenced to 14 years in federal prison…for his role in a plot to trade cocaine for weapons to arm a right-wing militia listed as a terrorist group." Jensen "pleaded guilty more than three years ago to conspiring with his boss, Carlos Ali Romero Varela…to sell shoulder-launched anti-aircraft missiles and small arms to the United Self-Defense Forces of Colombia." The Chronicle notes, "They were arrested in an FBI sting operation code-named 'White Terror,' which began after an East German informant who claimed to have ties with the KGB told the FBI that Jensen and Romero wanted to buy Russian weapons." The AP (6/1) adds that co-defendants Elkin Alberto Arroyave Ruiz and Edgar Fernando Blanco Puerta, both Colombian nationals, also were sentenced yesterday for their roles in the plot. "Blanco was given sentences of life in prison and 15 years for the two counts he faced. Both sentences will be served concurrently. Arroyave was sentenced to 15 years and faces deportation to Colombia after serving his term."

Judge Harshly Questions Charges Against Wife Of Alleged Cuban Agent. The AP (6/1, Anderson) reports US District Judge K. Michael Moore "raised questions Wednesday about the role of a Florida International University employee accused along with her professor husband of working as agents of the Cuban government, suggesting that the charges amounted to 'character assassination' against her." Moore "said it was unfair to Elsa Alvarez to assume that she was involved in all of the activities of her husband, Carlos Alvarez, particularly since there is substantial evidence indicating she was reluctant from the beginning and later opposed continuing their alleged surveillance on behalf of Cuba." The AP notes, "Testimony revealed Wednesday that during three days of interviews with the FBI last summer, Carlos Alvarez repeatedly told agents that his wife was not directly involved in communications…with their Cuban intelligence service handlers. In fact, according to transcripts of those interviews, Elsa Alvarez grew increasingly worried about the contacts and hoped to end them."

Missing Data On Veterans Goes Beyond Initial Reports. The AP (6/1, Yen) reports, "Personal information on 26.5 million veterans that was stolen from a Veterans Affairs employee this month not only included Social Security numbers and birthdates but in many cases phone numbers and addresses, internal documents show." The AP continues, "Meanwhile, VA Secretary Jim Nicholson said Wednesday that he had named a former Arizona prosecutor as a special adviser for information security, a new three-month post that will pinpoint security problems at the VA and develop recommendations for improvements." The AP adds 'The three pages of memos by the VA, written by privacy officer Mark Whitney and distributed to high-level officials shortly after the May 3 burglary, offer new details on the scope of one of the nation's largest security breaches. The memos were obtained Wednesday by The Associated Press. … They show that a file containing 6,744 records pertaining to 'mustard gas veterans' - or those who participated in chemical testing programs during World War II - was breached, and that a 'short file' with as many as 10 diagnostic codes indicating a veteran's disability also was stolen. … At the same time, however, the memos suggest that the data might be difficult to retrieve by thieves. … On Wednesday, the VA did not say why it didn't immediately reveal that personal information such as addresses and phone numbers had been disclosed. But the agency said it aggressively sought to protect veterans once Nicholson was informed. … Some lawmakers said Wednesday they were troubled by the new revelations, which go further than what the VA initially reported after publicizing the theft on May 22. At the time, Nicholson said the data was limited to names, Social Security numbers and birthdates; he later indicated that diagnostic codes in some cases also may have been breached."

Deal Reached In Houston Crime Lab Probe. The Houston Chronicle (6/1, McVicker) reports, "Three recalcitrant witnesses believed to hold key information concerning the root of problems at the Houston Police Department crime lab could soon be forced to tell what they know." The Chronicle continues, "Michael Bromwich, the city's independent investigator, and Rep. Kevin Bailey, D-Houston, chairman of the House Committee on General Investigating and Ethics, confirmed Tuesday that an unorthodox agreement has been reached that would let Bromwich use the committee's subpoena power to compel the uncooperative former lab employees to testify under oath. … 'We're pleased we've been able to reach an agreement with Chairman Bailey and the members of his committee that will advance our investigation,' Bromwich said." The Chronicle adds, "In his latest report on the crime lab released earlier this month, Bromwich, a former U.S. Justice Department inspector general, said DNA and serology

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analysts may have tailored their findings to support predetermined crime theories. … Bromwich also complained that the probe by his team of forensic investigators has been hindered by an absence of cooperation from three ex-crime lab employees: former lab supervisor Don Krueger, former DNA lab chief James Bolding and former analyst Christy Kim. … Krueger retired in February 2003 after the DNA section's widespread problems were exposed. Former Police Chief C.O. Bradford later recommended that Krueger be fired for his role in the lab's problems. Bolding resigned in 2003 to avoid being fired. Kim was fired, but the Civil Service Commission re-instated her and she later retired."

Ohio High Court Reverses Death Penalty. The AP (6/1) reports, "The Ohio Supreme Court on Wednesday threw out the death sentence of a man who strangled and stomped a 76-year-old man during a robbery, saying the killer's chaotic childhood with abusive parents, along with other factors, outweighed the crime's brutality." The AP continues, "The 4-3 opinion also noted that Troy Tenace, 44, expressed remorse when he confessed to police in 1994, and that if he receives the maximum sentence, he won't be eligible for parole until age 96." The AP adds, "Any one factor alone would not have resulted in reversing the death sentence, but the combination of the three is enough to argue for prison over execution, the majority said. … The three dissenting justices said the brutality of the crime was inexcusable. … The justices were unanimous, however, in upholding Tenace's conviction for robbing and killing Chester Kozlowski on Jan. 28, 1994, in his Toledo home. Tenace robbed Kozlowski because the older man paid him in cash earlier for chimney repairs. The man had been gagged and strangled, and had extensive facial injuries from being stomped with heavy boots. … The ruling sends the case back to Lucas County for resentencing."

South Carolina Lawmakers Approve Death Penalty For Some Child Molesters. South Carolina's House of Representatives has passed pair of bills that would allow prosecutors to seek the death penalty for some repeat child molesters. The AP (6/1) reports, "One bill was approved earlier by the Senate and now goes to the governor's office, but the second must go back to the Senate for reconsideration."

CIVIL LAW:

FEC Keeps 527 Funding Loophole In Place. The Washington Post (6/1, A4, Edsall, 744K) reports the Federal Election Commission yesterday announced the "same rules that allowed independent '527' groups such as America Coming Together and Swift Boat Veterans for Truth to pump more than $400 million into the 2004 election campaigns will remain in place for now." The decision "invites even larger sums to be spent influencing races this year and in 2008." The FEC ruling, "made on a vote of 4 to 2 in closed session was a response to an order by U.S. District Judge Emmett G. Sullivan. Noting the apparent 'complete failure' of the FEC's regulatory efforts in 2004, Sullivan required the agency either to start crafting new rules or to issue a better explanation of how it will be able to regulate the groups effectively under existing rules."

The New York Times (6/1, Phillips, 1.19M) reports a federal judge "had told the commission that it had two choices: issue uniform rules or issue a fuller explanation of why it was dealing with 527-related cases one by one even as the 2006 elections near. The commission voted 4 to 2 not to appeal the judge's ruling, and chose the second option." The vote "by the panel set the stage for another round of court battles that could affect the 2006 Congressional elections, as well as the 2008 presidential race. Advocates of changing campaign financing — and some Republicans — have been prodding the commission and Congress to regulate the 527 groups, named after a section of the tax code. Critics term the groups' operations an end run around the McCain-Feingold ban on the largely unregulated contributions to federal candidates that is known as soft money."

Report Urges Streamlining Of Classified Records Management. Government Computer News (6/1, Lipowicz) reports, "The federal government needs to apply a more integrated approach to declassifying records, a new report from the National Archives and Records Administration recommends. … 'We need to streamline the multiple, inefficient and, at times, ineffective independent agency reviews of the same material,' according to the report, which was published by NARA's Information Security Oversight Office." GCN continues, "The office found that the level of reported classifications in fiscal 2005 decreased by 1.4 million in comparison to fiscal 2004 and is the first decrease observed since fiscal 2001. Even so, there are still

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increasing numbers of documents being classified, primarily for counterterrorism activities and critical infrastructure protection, at the Homeland Security and Justice departments." GCN adds, "The total number of classifications dropped to 14.2 million in fiscal 2005, a decrease from 15.6 million the year before. That reversed an upward trend that had been occurring since 2001, with 8.7 million classifications that year. In 2002 there were 11.3 million, in 2003 14.2 million, and in 2004 15.6 million."

Bankruptcy Judge, Pilots Approve Delta Concessions Deal. The AP (6/1, Weber, Tong) reports, "A bankruptcy judge Wednesday approved the $280-million-a-year concessions agreement between Delta Air Lines Inc. and its pilots, rejecting claims by the government's pension insurer that it should receive the compensation the pilots were promised if their pension is terminated." The AP continues, "The decision came hours after rank-and-file pilots gave their nod to the deal. The agreement, which runs through 2009, will take effect Thursday." The AP adds, "The deal, which replaces an interim pact agreed to in December, includes an initial 14 percent pay cut for pilots and assurances the pilots union won't fight any company effort to terminate the pilots' pension. … Judge Adlai Hardin signed the agreement during a hearing in White Plains, New York. Earlier in the day, pilots of the Atlanta-based airline, the No. 3 U.S. carrier, approved the deal with a vote of 61 percent in favor. … The judge's approval, the last hurdle in the process, came despite an objection filed by the government's pension insurer, which insisted that a $650 million note and $2.1 billion unsecured claim that Delta has promised the pilots should belong to the agency if the pilots' pension is terminated as expected. … Hardin heard arguments from lawyers for both sides, but determined in the end that the agreement was in the best interest of the airline."

Supreme Court Ruling May Slow Momentum To Redefine Whistleblower Protections. The Washington Post (6/1, D4, Barr, 744K) reports in its "Federal Diary" column, "The Supreme Court's ruling on freedom-of-speech rights of public employees has created a stir across the government, in part because of the way Justice Anthony M. Kennedy , writing for the 5-to-4 majority, framed the issue: 'When public employees make statements pursuant to their official duties, the employees are not speaking as citizens for First Amendment purposes, and the Constitution does not insulate their communications from employer discipline.'" The Supreme Court ruling "may slow momentum in Congress for redefining whistle-blower protections. Sen. Daniel K. Akaka (D-Hawaii), with bipartisan support, is pushing for legislation that would permit a federal whistle-blower to be protected for disclosing information learned on the job or in the course of job duties. The Justice Department has opposed taking that step, and at least one senator has placed a hold on Akaka's bill, according to congressional aides."

CIVIL RIGHTS:

NYCLU Tells Judge NYC Blocking Transfer Of Arrest Evidence To FBI. The AP (6/1, Neumeister) reports that in a letter to US Magistrate Judge James C. Francis, the New York Civil Liberties Union said "on Wednesday that the city has refused to let it give evidence to the FBI as the bureau explores whether police officers violated the rights of protesters at the 2004 Republican National Convention." NYCLU associate legal director Chris Dunn "said he planned to ask the judge at a conference next week to clear the way for the NYCLU to cooperate with the FBI. In a Tuesday letter to Dunn, city senior legal counsel Peter G. Ferrell wrote that the NYCLU may make its own materials available to the FBI but not materials the city gave it and marked confidential."

Florida Governor Signs Bill Eliminating Juvenile Boot Camps. The AP (6/1, Fanta) reports, "The military-style boot camp system that Florida has used to discipline juveniles was formally dismantled under a bill that Gov. Jeb Bush signed Wednesday, nearly five months after the death of a boy who was punched and kicked by guards at a state-run camp." The AP continues, "Instead of sending juvenile detainees to boot camps where guards can push and threaten them, children will go to residential programs that bar physical discipline. They'll go through a full medical exam when they enter and leave their programs and have a hot line they can call in case of trouble. … The $11 million program, which counties can voluntarily join, will also offer detainees job skills training, community service and counseling."

The Bradenton Herald (6/1) reports, "The legislation is named for Martin Lee Anderson, who was sent to the Bay County boot camp Jan. 5 for trespassing, a violation of his

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parole set for helping steal his grandmother's Jeep Cherokee from a church parking lot. … Security videotape taken at the camp shows a half-hour encounter between Anderson and up to nine guards, who kicked and kneed him. Anderson died the next day at a Pensacola hospital. … While a first autopsy report stated that Anderson died of sickle cell trait, a second autopsy report released in May showed Anderson died of suffocation by guards who covered his mouth while forcing ammonia capsules up his nose. … Guards have stated in reports they tried to revive Anderson with the ammonia. No arrests have been made so far and the investigation into the death is continuing, said Pam Bondi, spokeswoman for special attorney Mark Ober. Ober is handling the investigation into Anderson's death."

NYTimes Columnist Decries Sex Trafficking.

In a column for the New York Times (6/1), Bob Herbert writes, "The demand for prostitutes (here in New York and elsewhere) is much greater than the supply of women who want to be prostitutes. So trafficking, the coercion of women and young girls into the sex trade, is a flourishing industry." Herbert continues, "The toll that trafficking takes is often horrific. In addition to the forced prostitution, the women and children who are the victims of trafficking become part of a landscape in which drug addiction, disease, mental health problems, beatings and violent death are commonplace." Herbert adds, "It may seem peculiar, but there is no law against sex trafficking in the state of New York — or most other states, for that matter. Many thousands of women and children are coerced into the sex trade each year, and the pimps, madams and other lowlifes who trap them are seldom subject to legal sanctions commensurate with the severity of their crimes. … A bill has been introduced in the State Assembly that would create two new crimes in New York: trafficking a person for sexual servitude and trafficking a person for labor servitude. But that bill, which has overwhelming support in the Assembly (including more than 100 co-sponsors), has been stuck for some time in the Codes Committee. … Trafficking is much more widespread than most people realize. As the advocacy group Sanctuary for Families has pointed out, 'In our backyards and communities, a slave trade is flourishing that makes a mockery of our belief in civil and human rights.'"

Gay Marriage Debate Seen As "Battle Of Our Times." Under the headline "Gay Marriage Looms As 'Battle Of Our Times,'" the Christian Science Monitor (6/1, Lampman, 61K) reports, "As Senate prepares to argue a marriage amendment, room for compromise between religious freedom and equal rights seems thin. The battle over same-sex marriage is shaping into something more than deep societal tradition vs. civil rights. It is becoming a conflict of equality vs. religious liberty." Both sides "are pursuing their agendas in state legislatures, courts, and public schools. Both sides tend to view the struggle as a zero-sum, society-defining conflict."

New York High Court Hears Arguments On Gay Marriage. The New York Times (6/1, Hartocollis, 1.19M) reports, "As the issue of gay marriage finally reached New York State's highest court on Wednesday, the six judges who heard the passionate arguments from both sides put forth a fundamental question: Has marriage been defined by history, culture and tradition since the dawn of Western civilization, or is it an evolving social institution that should change with the times?" The Times adds, "During the two and a half hours of oral argument, the judges on the Court of Appeals grappled with essential questions of social values, asking tough questions without tipping their hands as to their ultimate decision." The case before the court was "a challenge to New York State's marriage laws, filed by 44 same-sex couples."

More Commentary On Gay Marriage Debate. GOP Sen. Wayne Allard, author of the Marriage Protection Amendment, writes in USA Today (6/1, 2.31M), "Recent decisions by activist judges not only fail to respect the traditional definition of marriage, they also highlight a lack of respect for the democratic process. The courts are driving a redefinition of marriage contrary to democratic principles. The process to amend the US Constitution is one the American people can trust. … If we in Congress fail to define marriage, the courts ultimately will not hesitate to define it for us."

USA Today (6/1, 2.31M) editorializes, "Even supporters of the Marriage Protection Amendment readily concede that the measure to ban same-sex marriage nationwide has virtually no chance of becoming part of the Constitution. … So why bother? Well, Election Day is a few months off. Supporters hope the controversy will energize their base of social and religious conservatives opposed to same-sex marriage."

The New York Times (6/1, 1.19M), in an editorial titled "On The Low Road To November," also says Republicans

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are "trying to rally their far-right base for the fall elections with a mean-spirited sideshow threatening to the Constitution: a ban on same-sex marriage. … Plainly, the real purpose of this rerun is to provide red meat to social conservatives, and fodder for commercials aimed at senators who vote to block the atrocious amendment."

Study Says Minorities Pay Higher Rates For Subprime Mortgages. A study by the advocacy group, the Center for Responsible Lending has found that black and Hispanic home buyers tend to pay higher interest rates on subprime mortgages than whites with similar credit ratings. The New York Times (6/1, Eckholm, 1.19M) reports, "The subprime industry makes loans at higher interest rates to people who cannot qualify for regular mortgages. 'When we compared borrowers with the same risk characteristics, African-Americans and Latinos were still more likely to get the higher-rate loans,' said Debbie Gruenstein Bocian, a researcher at the group, the Center for Responsible Lending. A spokesman for the mortgage banking industry challenged the conclusion, saying the report did not take into account all the legitimate questions about family wealth and debt, house appraisal and other factors that underwriters must consider when making a loan."

Horowtiz Says Liberal Professors Exclude Conservative Students. USA Today (6/1, Marklein, 2.31M) reports that "60s radical turned conservative activist" David Horowitz "has spent the past few years crisscrossing the country to warn students: 'You can't get a good education if they're only telling you half the story.' To Horowitz, an overwhelming majority of hard-line liberal professors on campuses have left conservative students complaining that their views aren't welcome. His job, he says, is to see that those students aren't treated as second-class citizens." Horowitz wants "a return to the kind of liberal arts education he got at Columbia University in the 1950s, when he still embraced communism, where professors 'taught me what the intellectual life should be like, where you focus on the ideas. It's not a political food fight like so much of our culture has become.' Trouble is, his critics, including a recently created coalition of student, faculty and civil liberties groups, say he doesn't know what he's talking about."

Group Plans To Put 10 Commandments Monument Across From Supreme Court. The Washington Post (6/1, Boorstein, 744K) reports that a DC-based evangelical Christian group plans to put a monument to the Ten Commandments across the street from the US Supreme Court. The group Faith and Action "says on its Web site that it plans to unveil the waist-high, 850-pound granite sculpture Saturday on the front lawn of the rowhouse on Second Street NE where the national group's offices are. But the group apparently doesn't have the approval it needs from at least two agencies, city officials and neighborhood activists said. … The sculpture 'will be visible to the nine justices as they arrive and leave each day,' the site said in explaining why the group undertook the project."

ANTITRUST:

DOJ Watching Napster Suit. The Los Angeles Times (5/31, Menn) reports that federal antitrust investigators "are reexamining" online music pioneer Napster's "long-standing claims that the major record labels improperly conspired to keep authorized downloads off the Internet, said people familiar with the matter." The Times continues, " Justice Department officials are closely tracking a court fight in federal court in San Francisco between the labels and the financial backers of the original Napster, the file-sharing network that debuted in 2001 and became emblematic of online piracy." The Times adds, "Napster filed for bankruptcy protection, and the name was bought and assumed by Roxio Inc. in 2002. … The labels are suing venture capital firm Hummer Winblad Venture Partners and German conglomerate Bertelsmann, which owns label BMG, accusing them of contributing to the piracy by the first Napster users. … As part of its defense, Hummer Winblad has alleged that the labels violated antitrust laws by colluding to refuse to license their music to Napster for legitimate distribution." The Times notes, "Antitrust investigators have asked both sides to keep them apprised by passing along filings in the case, said music industry sources who asked not to be identified because of the sensitive nature of the government's inquiries. … It is unclear whether the review has led to a full reopening of an inquiry that ended in 2003, when the department announced it hadn't found evidence that the major labels manipulated the digital music market." UPI (6/1) also reports this story.

Google CEO Calls Creation Of Web Browser Unlikely. The AP (6/1, Liedtke) reports, "Google Inc. CEO

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Eric Schmidt on Wednesday told industry analysts the online search engine leader is unlikely to create its own Web browser, even though the company remains worried about being slighted by the next version of Microsoft Corp.'s Internet Explorer." The AP continues, "Responding to a question during a conference call, Schmidt said Google sees little need to develop its own browser because most people seem satisfied with Explorer and rivals such as Firefox, Apple Computer Inc.'s Safari and Opera." The AP adds, 'Mountain View, Calif.-based Google already has a search toolbar installed in Firefox as part of its partnership with the Mozilla open source software project that introduced the browser in 2004. … 'We would not build a browser just for the fun of building a browser,' Schmidt said." The AP notes, "Later in the call, Schmidt reiterated Google's concerns about Microsoft programming the next version of its Internet Explorer to steer more traffic to its own Internet search engine. … Google informally complained to the U.S. Justice Department about Microsoft's plans, but regulators decided they didn't need to intervene. Schmidt said Google still hopes Microsoft will make it easier for Explorer users to set up other search engines in the browser."

Six Newspapers Await Word On McClatchy Auction. The AP (6/1, Sheeran) reports, "Six former Knight Ridder Inc. newspapers awaited word Wednesday on possible suitors as the deadline passed for bidding on the mid- and small-sized papers." The AP continues, "There was no immediate word on how many bids were submitted, when new owner McClatchy Co. might decide on possible buyers or whether the papers would be sold as a group or one by one." The AP adds, "McClatchy, based in Sacramento, Calif., bought Knight's Ridder 32 newspapers in March and decided to sell 12 largely because they were in slower-growing markets. … With buyers found for six larger newspapers - including The Philadelphia Inquirer - McClatchy turned its attention to the six smallest. Among those, most attention has focused on the Akron Beacon Journal, the largest of the six remaining papers and once the flagship of Knight Ridder. … Advance Publications in New York, parent company of the Beacon Journal's biggest competitor and Ohio's largest newspaper, The (Cleveland) Plain Dealer, was believed to be among the possible bidders for the Akron newspaper. The papers are 40 miles apart and compete in some of the faster growing Cleveland and Akron suburbs, including Medina County and northern Summit County."

EU Fines Chemical Groups In Price-Fixing Cartel. The Financial Times (6/1, Buck) reports, "The European Union's top antitrust regulator yesterday imposed fines totalling €344.6m ($441.9m) on four chemical groups for operating a cartel in the market for plexiglas and similar acrylic glass products." The Times continues, "French oil group Total's Arkema unit was worst-affected, with a fine of €219.1m. Britain's ICI was ordered to pay €91.4m. Lucite, another UK group, was fined €25m and Quinn Barlo of Ireland €9m. Both Arkema and ICI saw fines increased by 50 per cent because of convictions in other cartel cases." The Times adds, "Degussa, a German chemical group and another member of the cartel, escaped punishment because it blew the whistle on its co-conspirators. The Commission said Degussa would otherwise have been made to pay €264.5m - the highest single fine of all the members. … Neelie Kroes, EU competition commissioner, said: 'Cartels are a scourge. I am shocked that companies like ICI and Arkema have been fined once again. These fines will serve as a cold shower for the management and shareholders of all these companies, who have to realise that cartels cannot and will not be tolerated.' … The Commission said it had obtained handwritten notes of a meeting in a Dublin hotel room in October 1999, at which the companies agreed to raise their prices as of January 2000."

The AP (6/1, White) reports, "Cartels 'allow the participants to shield themselves from competition, to charge higher prices and to be protected from the need to innovate,' said EU spokesman Jonathan Todd. 'Their customers -- both companies and final consumers -- pay the price in terms of higher prices and a narrower choice of products.'"

ENVIRONMENT/INDIAN AFFAIRS:

Federal, State Officials Seek More Funds From Exxon Mobil For 1989 Spill. The AP (6/1, Lee) reports, "Federal and state authorities will seek more money from Exxon Mobil Corp. on Thursday to rehabilitate wildlife populations and clean up remaining oil from a devastating spill nearly 20 years ago, Alaska officials said." The AP continues, "Exxon has paid $900 million in restitution for the spill - the nation's largest - which emptied 11 million gallons of crude oil into Prince William Sound in 1989. … A 'reopener' provision in the settlement created a window from 2002 to 2006 in which the state and federal governments

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could claim up to an additional $100 million. … That reopener provision expires Sept. 1. State and federal officials must file a claim 90 days before that date, by the end of this week." The AP adds, 'The specifics of the claim, including how much will be requested from Exxon, have not been released. … 'We are going to make a claim, but all the details are still being worked out between the Department of Law and the Department of Justice,' John Manly, spokesman for Gov. Frank Murkowski, said Wednesday. … Exxon Mobil spokesman Mark Boudreaux said Wednesday that the company hadn't been notified that the Justice Department would seek a reopener. … Hundreds of studies by Exxon have shown the environmental impact to be less serious than claimed by other researchers. Boudreaux said Exxon didn't know of any new scientific studies that would merit reopening the settlement."

Federal Judge Rules Sea Lion Research Violates Animal Protection Laws. The AP (6/1, Lee) reports, "A judge ruled the federal government must halt studies of threatened and endangered Steller sea lions because it did not properly asses how certain research techniques might harm the animals." The AP continues, "The National Marine Fisheries Service approved permits for research activities that include hot branding and tissue sampling of thousands of sea lions each year, said the suit filed last year by the Humane Society of the United States. … 'We have concerns about the lack of environmental review, the structure of the research and how it's being done,' Jonathan Lovvorn, an attorney for the Humane Society, said Tuesday. 'Our main goal is and has always been to have them evaluate the research before authorization. We want to see that happen.'" The AP adds, "Lovern said they agency needs to better evaluate different research techniques, which range from minimally invasive to lethal. … 'We don't oppose research in order to benefit the Steller sea lion,' Lovvorn said. 'The question is are we doing that here in accordance with the law.' … The federal agency failed to comply with the National Environmental Protection Act by not preparing an environmental impact statement, and must give up its research permits, according to the decision on Friday by U.S. District Court Judge Ellen Segal Huvelle in Washington, D.C."

Death Rates Rising At Small Mines. A front page story in the Wall Street Journal (6/1, Maher, 2.11M) notes that since May 20, "seven miners have died, bringing the number of workers killed in coal-mine accidents in the U.S. this year to 33 -- compared with 22 for all of last year. Part of the problem, some say, is a rise in the number of small, undercapitalized mines that have become economical since coal prices have surged. Miners refer to them as 'dogholes.'" Higher fatality rates at small mines "have plagued the industry even in years when the overall number was falling. A report by the National Institute for Occupational Safety and Health, which examined data from 1988 to 1997, found the fatality rate at coal mines with fewer than 50 employees was 4.24 times the rate at mines with 250 or more workers."

Scientists Believe Vast Oil Deposits Lie Under Arctic Ocean. The New York Times (6/1, Revkin, 1.19M) reports, "The studies on Arctic sediment that appear today in the journal Nature tell a dramatic story of polar warming and cooling over millions of years. But what they tell petroleum geologists may be just as striking." Some scientists involved in the work "said the huge amounts of organic material from dead algae and plants embedded in the ancient sedimentary layers suggested that the center of the Arctic Ocean could hold vast oil deposits. Several of the researchers said they were reluctant to focus on that aspect of the work, saying it would be unfortunate if their climate studies prompted new oil exploration that could liberate more greenhouse gases and further warm the climate."

Research Suggests Arctic Ocean Was Tropical 55 Million Years Ago. In a separate story, the New York Times (6/1, Revkin, 1.19M) reports that a detailed analysis of the climatic and biological record from the seabed near the North Pole "shows that 55 million years ago the Arctic Ocean was much warmer than scientists imagined — a Floridian year-round average of 74 degrees. The findings, published today in three papers in the journal Nature, fill in a blank spot in scientists' understanding of climate history. And while they show that much remains to be learned about climate change, they suggest that scientists have greatly underestimated the power of heat-trapping gases to warm the Arctic."

Corporate America Increasingly Embracing Need To Address Climate Change. USA Today (6/1, Lynch, 2.31M) reports that Paul Anderson, chairman of Charlotte-based Duke Energy, a registered Republican and backer of President Bush, "wants the federal government to fight global warming by taxing companies based on the 'greenhouse gases' they pump into the atmosphere." The Times notes, "That such a Big Business stalwart is demanding federal

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action on climate change illustrates an unmistakable evolution in corporate thinking, motivated both by evidence that global warming already is affecting the economy and by the prospect of fat profits from new environment-friendly products." Corporate America "increasingly is embracing the need for reducing human contributions to the planet's rising temperatures. Forty companies — including Boeing, IBM, John Hancock and Whirlpool — have publicly endorsed the notion that climate change is real by joining a business council organized by the Pew Center on Global Climate Change."

Kempthorne Spends First Day As Interior Secretary. The Washington Post (6/1, A17, Eilperin, 744K) reports that resolving a long list of lawsuits is one of many tasks Dirk Kempthorne "faces as the nation's 49th interior secretary. With 30 months before the administration ends, he must confront everything from a huge maintenance backlog at the national parks to a contentious debate over how to best protect endangered species." Yesterday, Kempthorne "spent his first day doing what he does best: stroking the egos of interest-group leaders, chatting up tourists standing by historic memorials he now oversees, and bonding with politicians."

Reservation In Minnesota To Banish Drug Offenders. From Granite Falls, Minnesota, the AP (6/1) reports a small American Indian reservation "plans to banish drug offenders. The plan targets anyone who commits a drug crime on the Upper Sioux's reservation land. The individual is automatically prohibited from setting foot on the reservation. Tribal courts will decide how long the banishment lasts. The banned individual will retain tribal membership."

FBI/DEA/ATF/USMS:

SF Chronicle Reporters Challenge Bonds Leak Subpoena. The AP (6/1, Kravets) reports, "Two San Francisco Chronicle reporters subpoenaed to testify before a federal grand jury about how they got Barry Bonds' leaked testimony urged a judge on Wednesday to let them off the hook." The AP continues, "The Chronicle's Mark Fainaru-Wada and Lance Williams, the latest reporters to become entangled in the federal government's ramped-up efforts to investigate leaks, argued that the First Amendment protects reporters and their sources. … In an affidavit accompanying their filing, Pulitzer Prize-winning journalist Carl Bernstein wrote to U.S. District Judge Martin Jenkins of San Francisco that anonymous sources were instrumental in breaking the Watergate scandal." The AP adds, "Fainaru-Wada and Williams have been have been subpoenaed to testify before a grand jury investigating who leaked them the secret testimony of San Francisco giants slugger Bonds, the New York Yankees' Jason Giambi and other professional athletes. … About two dozen athletes were called before an earlier San Francisco grand jury in 2004 as part of the government's investigation into the Bay Area Laboratory Co-Operative - the California nutritional supplement lab that was exposed as a steroid ring."

Former DOJ Communications Director Criticizes Reporters' Subpoenas. The New York Times (6/1, Liptak) reports, "Subpoenas issued last month to reporters for The San Francisco Chronicle were criticized yesterday by a former chief spokesman for Attorney General John Ashcroft as a 'reckless abuse of power.'" The Times continues, "The former spokesman, Mark Corallo, made similar statements in an affidavit filed in federal court yesterday. He said Mr. Ashcroft's successor, Alberto R. Gonzales, had acted improperly in issuing the subpoenas. … 'This is the most reckless abuse of power I have seen in years,' Mr. Corallo said in an interview. 'They really should be ashamed of themselves.'" The Times adds, "The subpoenas, part of an effort to identify The Chronicle's sources for its coverage of steroid use in baseball, would not have been authorized by Mr. Ashcroft, Mr. Corallo said. 'You just don't ride roughshod over the rights of reporters to gather information from confidential sources,' he added. … Mr. Corallo left the Justice Department in 2005. His public relations firm represents, among others, Karl Rove, President Bush's top political adviser. A spokeswoman for Mr. Ashcroft, who also stepped down in 2005, declined to comment on Mr. Corallo's sworn statement, which was submitted with the reporters' motion to quash the subpoena." The Times notes, "Brian Roehrkasse, a Justice Department spokesman, said he could not address the subpoena to the Chronicle reporters. Subpoenas, he said, are 'handled consistent with Justice Department guidelines and on a case-by-case basis on facts specific to the case that only those in the Justice Department would be aware of.' … Mr. Gonzales has in recent weeks hinted that the Justice Department may move beyond subpoenas for journalists' sources, and pursue the criminal prosecution of reporters under espionage laws for publishing

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classified information. … Mr. Corallo said that in three years as the department's press secretary and public affairs director, he approved a single subpoena to the press, involving what he called a serious national security matter, and turned down many more. One of those he refused, he said in the court filing, concerned 'a public corruption case involving leaks of grand jury information.'"

Man Cited Among Major Foreign Heroin Dealers Gets 40-Year Prison Sentence. The AP (5/31, Neumeister) reports from New York City that a man "described as one of the biggest foreign heroin dealers ever extradited to the United States was sentenced Wednesday to 40 years in prison, dodging a life term in a U.S. deal with Colombia that was hotly debated in court. Ramiro Lopez-Imitola, who prosecutors said headed a heroin trafficking organization in Colombia and Venezuela, was sentenced in U.S. District Court and ordered to forfeit $200 million in assets, though he claimed to be broke." Lopez-Imitola is said to have "ordered the body of [a] courier cut open to extract drugs after the man died of an overdose in Miami. … Drug Enforcement Administration special agent John P. Gilbride called the desecration of the drug courier 'the extent to which a monster would go in order to make millions from the drug trade.'"

"Key" Figure In Tennessee Drug Conspiracy Case Pleads Guilty. The Greeneville (TN) Sun (5/31) reports a Telford man federal authorities "alleged was a key local figure in a decade-long conspiracy to import drugs into Northeast Tennessee pleaded guilty in U.S. District Court…Monday to two conspiracy charges. Mark Allen Saults…pleaded guilty…to two counts of a federal indictment," which included conspiring with others to distribute 15,000 pounds of marijuana. The Sun says Saults and another person were arrested on Dec. 1, 2005, by DEA agents when the two came to meet with an informant from whom they reportedly had agreed to purchase 50 pounds of marijuana and two pounds of meth.

Oregon Man Indicted In Marijuana-Related Case. The Lincoln City (OR) News Guard (5/31) reports that on May 24, a federal grand jury "indicted a Salem and Otis resident on multiple charges, including the charge of 'human trafficking.' Ramon Lopez-Montanez, 39, was indicted on charges of forced labor, marijuana manufacturing and use of a false government document. … According to the indictment, Lopez-Montanez is charged with growing marijuana in Salem and Otis and using a false Oregon driver's license to open an account at Wells Fargo Bank in Lincoln City." The News Guard notes the DEA's and FBI's involvement in the investigation, along with other agencies.

Illinois Man Convicted Of Dealing Crack Cocaine Gets 25-Year Prison Sentence. The Belleville News Democrat (5/31) reports, "A 39-year-old Alton man was sentenced in federal court in East St. Louis Tuesday to 25 years in prison on crack cocaine charges. Christopher B. Taylor was convicted of distributing and possessing with intent to distribute crack cocaine. … The case was prosecuted as part of a continuing DEA investigation targeting crack cocaine trafficking in Alton."

Woman Sentenced In Michigan For Delivering Cocaine. The Flint (MI)Journal(5/31) reports, "A woman who delivered an ounce of crack cocaine to undercover investigators last year was sentenced Tuesday to nearly 4 years in prison, even though her attorney argued for probation, saying her involvement in the drug trade was her boyfriend's fault. U.S. District Judge Paul Gadola sentenced Renee Holmes, 31, to 3 years and 10 months in prison. … Holmes and her boyfriend, Damon D. Cooper, were among nine people indicted by a grand jury on federal drug charges last September after an investigation by federal Drug Enforcement Administration agents and Flint police."

Former New York Prosecutor's Husband Challenges Cash Seizure By Federal Authorities. According to the Albany (NY) Times Union (5/31, Lyons), federal authorities "are moving to seize $352,680 in cash that Illinois state troopers confiscated from a car being driven across the country by the husband of a former Albany County prosecutor. The Justice Department contends the money…is the proceeds of drug dealing and therefore subject to seizure. But Robert L. Schultz, 45, who is married to former Assistant District Attorney Kimberly A. Mariani, is challenging the government's assertion."

Defendant's Attorney Seeks Informant's Name In Mississippi Drug Case. The Greenwood (MS) Commonwealth (5/31) reports, "Kevin Matthews wants to know the identity of the federal informant

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who turned on him, but the U.S. attorney's office said the law doesn't require them to identify that person until trial time. The pleading filed by Matthews' attorney…is the latest in a flurry of paper thrown back and forth in the Greenwood man's federal case. During raids conducted by agents of the federal Drug Enforcement Administration and the Mississippi Bureau of Narcotics in October, Matthews and three other Greenwood men were among the 36 total suspects arrested in a Delta drug sweep."

Report Said To Clear Lance Armstrong Of Doping Allegations, WADA Not Convinced. There is widespread coverage today of a report that is said to clear cyclist Lance Armstrong of using banned substances. News outlets have made more than 500 references to the report. For example, the AP (6/1) writes that a Dutch investigator's report "cleared Lance Armstrong of doping in the 1999 Tour de France on Wednesday, calling the accusations against him 'completely irresponsible' and raising the possibility of misconduct by anti-doping authorities. The 132-page report recommended convening a tribunal to discuss possible legal and ethical violations by the World Anti-Doping Agency and to consider 'appropriate sanctions to remedy the violations.'" The AP report was published by news outlets such as ABC News, the Wall Street Journal, Washington Times, San Diego Union Tribune, Chicago Sun-Times, Pittsburgh Post Gazette, and Boston Herald.

Knight Ridder (5/31, Almond) reports, "The investigator, Emile Vrijman, examined test results taken from the year Armstrong won his first of seven consecutive Tour de France titles. … The investigation was initiated after the French sports newspaper L'Equipe reported last August that six of Armstrong's urine samples from 1999 were positive for the blood-boosting drug EPO when retested in 2004. … Officials from the World Anti-Doping Agency said in a statement they were concerned that the investigation had focused on how the retired cyclist's urine tests were leaked to a newspaper and not whether the results were valid."

The Los Angeles Times (6/1, Abrahamson) reports, "WADA Chairman Dick Pound, who has long asserted the cycling federation, which goes by the acronym UCI, leaked the 1999 doping forms to the French newspaper L'Equipe, questioned how Vrijman had reached the conclusion that one of the top anti-doping labs in the world -- the French national lab, near Paris -- had so thoroughly botched tests. The lab is known by its French acronym, LNDD."

The New York Times (6/1, Macur) writes, "In the 130-page report, Vrijman stated that there was no proof that Armstrong had used EPO, a synthetic version of a naturally occurring hormone that increases oxygen-rich red blood cells, because there was no way to prove that Armstrong's urine samples had not been tampered with or tainted. In turn, Vrijman wrote that the cycling union should 'refrain from initiating any disciplinary action whatsoever.'"

According to Bloomberg (5/31, Sheringham), "Lance Armstrong was cleared of taking banned drugs at the 1999 Tour de France by independent investigators who said the World Anti-Doping Agency may be guilty of misconduct in its handling of the case."

In Forbes (5/31), Parmy Olson writes, "WADA loada baloney. … The finger of blame is now being pointed squarely at anti-doping authorities including France's LNDD and the World Anti-Doping Agency, otherwise known as WADA."

On its Web site, CNN (5/31) reports Vrijman, "assigned by the International Cycling Union (UCI) to investigate newspaper allegations, said on Wednesday testing procedures were insufficient to label Armstrong's sample positive." However, "In a strongly-worded press release on Wednesday, the UCI said that they 'deplored' the behavior of Vrijman, claiming that he had released the report without their permission to the Dutch press and before all 'interested parties' could comment."

The UK's Guardian (6/1) says Lance Armstrong yesterday "repeated his accusation that he was the victim of a 'witch-hunt' after the appearance of a report into allegations made last August in the French newspaper L'Equipe that the blood-booster erythropoietin was found in urine samples provided by the seven-times Tour de France winner during his first win in the race in 1999."

Voice of America (5/31) reports on its Web site, "Vrijman said his report 'exonerates Armstrong completely.' The cyclist has never tested positive for drugs and has vehemently denied using performance-enhancing substances."

The BBC (5/31) writes, "Cycling's governing body, the UCI, said it would make a full statement after studying the report."

Fentanyl Linked To Detroit Overdoses Possibly Made In Illegal Labs. The Detroit News

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(6/1) reports, "Doses of the painkiller fentanyl, thought to be the cause of dozens of drug overdose deaths in Metro Detroit in the past two weeks, appear to have been made illegally in underground laboratories, people familiar with an expanding police investigation said Wednesday. The findings are based on chemical tests that indicate the fentanyl…was not made the same way as the prescription forms of the drug, said Calvin Trent, director of the Detroit Bureau of Substance Abuse. … Carolyn Gibson, a spokeswoman for the U.S. Drug Enforcement Administration, said investigators won't say conclusively the drugs were illegally manufactured until all their tests are complete. 'We'd be premature in saying it's 100 percent definite, but that's what it's looking like,' she said."

Operation Rolling Thunder Nets Arrests Of 152 Fugitives In New York. The Buffalo News (6/1, Thomas) reports, "A 26-year-old man wanted in a Rochester slaying was one of 152 dangerous fugitives and sexual predators arrested in Erie and Niagara counties during a five-day blitz that ended Saturday." The News continues, "Mario Collier, arrested in Buffalo, is accused of shooting an accused drug dealer to death in January after luring him to the meeting place by dousing his friend with gasoline. He had been a fugitive for the last four months. A team of officers searched for him for three straight days, at the homes of relatives and friends, from Buffalo to Cheektowaga." The News adds, "Teams of local, state and federal officers from 20 law enforcement agencies fanned out across the two counties to apprehend fugitives wanted on felony warrants for assault, rape, burglary, narcotics, parole and probation violations and failure to register as a sex offender. During the operation, 213 outstanding warrants were executed. … The sweep was part of Operation Rolling Thunder, a statewide initiative that began in November to capture the state's worst fugitives. … Across the state, 619 fugitives have been arrested so far during Operation Rolling Thunder stings in Rochester, Syracuse and Albany, according to Chauncey G. Parker, director of criminal justice for the state Division of Criminal Justice Services. … 'Collier, without a doubt, was our No. 1 priority,' said Daniel Larish, supervisory deputy for the U.S. marshals. 'Any time you take a suspected murderer off the street, you help to make the streets safer.' Collier, aka Marlo Allen Jr., was the last of four men arrested in the slaying of Josue Marrero, 23, in Rochester on Jan. 18."

Man Who Posed As US Marshal Arrested. The New York Times (6/1, Toy, Mead) reports, "Richard S. Kudlik enjoyed regaling his girlfriend with tales of his life as a United States marshal: of his dangerous assignments hunting fugitive criminals and of being so close to Hillary Rodham Clinton that she would request that he and his team provide for her security on certain occasions.. … He would show up at her Long Island home with his gun and badge, Pam Brown recalled yesterday, wearing his blue raid jacket with 'U.S. Marshal' emblazoned across the back. The license plate on his pickup truck read, 'OFF2HUNT,' and there was a United States marshal sticker on the windshield. … But after they had been dating for eight months, Ms. Brown said, Mr. Kudlik told one story too many, and what turned out to be his fictional life as a federal law enforcement officer quickly unraveled." The Times adds, "Ms. Brown set up a Web site last month to expose Mr. Kudlik as a 43-year-old heating and ventilation worker from Port Jefferson who is married and has two teenage children. She then reported him to the Marshals Service — as did several others, according to the agency — and he was arrested on Tuesday on charges of having a counterfeit marshal badge, a misdemeanor punishable by up to six months in prison. … The site is among the latest in a series of Web sites with the goal of exposing cheating paramours. … The Web site includes what it says are e-mailed testimonials from other women who say that Mr. Kudlik duped them with the same story: that he was a divorced father of two and that his work as a marshal meant irregular hours and an inability to meet on weekends and holidays. … Ralph Rosado, a spokesman for the United States Marshals Service, said the service first learned of Mr. Kudlik more than a year ago, when marshals confiscated a badge and other marshal paraphernalia from Mr. Kudlik in April 2005 after a tip from the Nassau County police." … Mr. Kudlik told marshals that he had purchased the counterfeit items on the Internet and promised to stop masquerading as a marshal, so the marshals did not press charges."

The Long Island Newsday (6/1, Armario) reports, "The 34-year-old Port Jefferson man was arrested Tuesday by the real U.S. marshals, for allegedly possessing counterfeit marshal gear, after several women, including Brown, discovered they'd been duped and reported him. … 'He was using the marshals service as a way to get girls,' Deputy U.S. Marshal Ralph Rosado said. 'He's really married with kids.'" Newsday adds, "Officials recovered an assortment of fake marshal paraphernalia in Kudlik's car when they arrested him

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as he embarked on an Orient Point ferry: patches, duffel bags, memo pads and three laminated 'Fraternal Order of the U.S. Marshals' cards listing him as president. … Rosado said they were uncertain how Kudlik obtained the goods, but that he had a receipt from a German company that made him replica badges."

IMMIGRATION:

USCIS Director Criticizes Senate Immigration Bill. The Washington Times (6/1, Dinan, 90K) reports, "The Senate immigration bill makes the same mistake as the 1986 amnesty by restricting the ability of US Citizenship and Immigration Services to share information on illegal alien guest-worker applicants who are criminals and terrorists, the agency's director said yesterday." Emilio T. Gonzalez, "whose agency would have to administer a guest-worker program, said not allowing the US Citizenship and Immigration Services (USCIS) to share information on someone who applies means they cannot begin the process of removing criminals and national security threats, even after they are rejected from the guest-worker program." In "a briefing with reporters in which he weighed in on the Senate immigration bill, which would offer a chance for citizenship to millions of illegal aliens, expand legal immigration and start a new foreign-worker program," Gonzalez said, "It is important for us to be able to act on what we get when we run a background check on somebody." Gonzalez, "a naturalized citizen himself, has established a new tone that national security should be foremost in employees' minds at the agency. He said his agency will need at least six months and maybe as much as a year to register current illegal aliens for a foreign-worker program -- far longer than the Senate bill envisions."

House, Senate Bills Reduce Court's Ability To Review USCIS Decisions. USA Today (6/1, Kiely, 2.31M) reports, "Immigration legislation now before Congress is threatening a long-standing safeguard to keep politics out of final decisions about who becomes an American, legal experts and immigrant rights advocates say." The House and Senate "have passed immigration bills that would reduce or eliminate federal courts' ability to intervene when immigration officials decide that applicants for citizenship lack 'good moral character,' a legal requirement. Critics of the proposed change contend the final say of a subjective standard should not be left to U.S. Citizenship and Immigration Services, whose director is a presidential appointee."

Tens Of Thousands Of Hondurans, Nicaraguans Could Lose Legal Status Today. The Washington Post (6/1, A3, Raghavan, 744K) reports, "Tens of thousands of Honduran and Nicaraguan immigrants nationwide risk losing their legal status in the United States today because they have not renewed their temporary work permits under a program to help victims of natural disasters, some in the mistaken belief that they will soon be on the path to becoming US citizens." The Post adds, "With the deadline approaching by the end of today, about half the eligible applicants have yet to apply for renewal. They could lose their jobs and face deportation, jeopardizing the livelihoods of thousands of relatives here and in their homelands who depend on their salaries."

More Commentary On Immigration Reform Debate. George Will writes in the Washington Post (6/1, A19, 744K), "As members of the House and Senate head for a conference to try to reconcile the stark and probably irreconcilable differences incorporated in their two immigration bills, Republicans are between a rock and a hard place. And another rock. And another." But "if Congress fails to pass immigration reform, that will not really deserve to be called a failure, for two reasons. First, the moment may not be ripe for reform, because the country is of two minds -- actually, more than two -- about the issue. Second, the system the Framers created, with two legislative bodies having different dynamics because their constituencies have different characteristics, is in this instance performing approximately as the Framers intended." The House "is supposed to be the barometer that measures the political weather of the moment. It is not failing to do that."

Gary Bauer writes in the Washington Times (6/1, 90K) that "as lawmakers consider various immigration reform measures, they should take a hard look at the reams of polling data that show that standing strong on conservative values, not giving in on amnesty, is the key to winning the hearts, minds and votes of Hispanic Americans. First off, Hispanics are much more conservative on immigration than is commonly believed." If, Republicans "capitulate on amnesty, not only will they give their conservative base reason to stay home on Election Day, but they may alienate a growing constituency that shares those core conservative values of family, hard work, respect for the rule of law and patriotism."

Ruben Navarrette, a member of the editorial board of The San Diego Union-Tribune, writes in USA Today (6/1, 2.31M), "As a Mexican-American, I'm hearing from a lot of US-born Hispanics who are convinced that the immigration

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debate is a proxy for an assault on them, their language and their culture." Moreover, "as the national mood on immigration reform turns vile and even in some cases violent, there is the very real possibility of a backlash by assimilated, US-born Hispanics."

TAX:

Fed Adviser Calls For Elimination Of Estate Tax. Edward Prescott, senior monetary adviser to the Federal Reserve Bank of Minneapolis, writes in the Wall Street Journal (6/1, 2.11M) that "people cannot take their IRAs with them, and the fundamental question is this: Who gets it? It's a simple question that deserves a simple answer, but when a certain little word -- tax -- gets involved, things are never very easy. … The old maxim says that there are only two things in life that we can't avoid, death and taxes, but why pile on by combining the two? The Senate should join the House in permanently repealing the estate tax."

Economist Makes Case For AMT. Robert Nelson, an economist and professor in the School of Public Policy of the University of Maryland, writes in the Washington Post (6/1, A19, 744K), "The AMT is viewed by many as a bad thing. Yet, consider this: There is wide agreement among economists on the benefits of a federal 'flat tax' on income that would apply a uniform rate to every taxpayer and eliminate most current deductions and tax credits. … What does this have to do with the AMT? Just this: As Post business reporter Albert B. Crenshaw has noted, the AMT 'approaches a modern-day flat tax.' It imposes a uniform rate of 26 percent up to $175,000 in income, and above that 28 percent." Nelson adds, "The AMT is a tax policy windfall that ought to be protected and preserved."

CONGRESS-ADMINISTRATION:

Bush Expresses Confidence In CIA, Hayden. The AP (6/1, Riechmann) reports, "President Bush gave the embattled Central Intelligence Agency his vote of confidence on Wednesday, saying the spy outfit will succeed at its mission and make Americans safer with new director Gen. Michael Hayden at its helm." Bush "made the quick trip from the White House to CIA headquarters in suburban Virginia for a ceremonial swearing-in of Hayden. The former head of the National Security Agency who served as the United States' No. 2 intelligence official for the last year was officially sworn in Tuesday and had already had his first day on the job when Bush arrived." Said Bush, "He's such a good man we're going to swear him in twice." Bush "appeared warmly welcomed by the several hundred employees gathered in the CIA's main lobby despite his White House's tussles with the CIA and the agency's tradition of remaining distant from politics. He said he is confident a Hayden-led CIA can deliver."

The Washington Times (6/1, Curl, 90K) says the President "lavished praise on the general, who wore his blue Air Force uniform, four stars on each shoulder, for the ceremony." Said Bush, "Mike is a patriot; he's a reformer. He's one of our nation's finest intelligence professionals. I know firsthand how good this guy is. He brings more than two decades of experience in the intelligence field. He is going to be a superb leader for the dedicated men and women of the CIA." The Times adds, "For his part, Gen. Hayden told the president and the employees now working under him: 'I could not be more grateful.'" The New York Times (6/1, Mazzetti, 1.19M) calls Bush's remarks a "pep talk," noting he said, "I cannot do my job without the Central Intelligence Agency."

The Washington Post (6/1, A3, Pincus, 744K) reports on signs that "the CIA is not doing enough to keep its covert officers' identities secret, especially in the Internet age when so much personal information can be easily searched, said one congressional aide familiar with the Senate report." But "even more important than such security is recruiting the right person, said a former CIA station chief with experience in the Middle East." One official, "still working for the agency, recalled that Cuban intelligence quickly identified Spanish-speaking CIA officers who infiltrated that country because of their manner of speaking. … Even easier to identify were African Americans sent to African countries who could not hide their lack of knowledge of tribal dialects or history."

VA Data Loss Included Some Veterans' Phone Numbers, Addresses. The CBS Evening News (5/31, story 5, 0:25, Mitchell, 7.66M) reported, "That security breach in the Veterans Administration was even bigger than VA first let on. Computer files stolen from the home of a VA employee contained personal information on more than 26 million vets. Now, a VA memo obtained today by CBS News shows that in addition to social security numbers and birthdates, the files also contained some veterans' telephone numbers and addresses."

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USA Today (6/1, Brook, 2.31M) says "one file containing more than 6,700 records pertaining to veterans exposed to mustard gas was lost, said the memo, which was written by a VA privacy officer." The VA "gave the memo to the House Veterans' Affairs Committee at the request of Rep. Bob Filner of California, the panel's acting ranking Democrat. USA TODAY obtained the memo from the committee. Privacy experts say the Social Security numbers could be used to open fraudulent credit cards or bank accounts."

Meanwhile, the Washington Post (6/1, A7, Lee, 744K) reports the "sensitive personal information...that was stolen from…was stored in a format that could make it difficult for thieves to use, according to an internal VA memo." The format "'requires specialized application software and training' to write computer code 'to access and manipulate the data for use,' Whitney wrote in the memo, obtained yesterday by The Washington Post."

Paulson Nomination Wins Praise. The AP (6/1, Crutsinger) reports, "President Bush's selection of a savvy Wall Street veteran to be his third treasury secretary is winning widespread praise, but Democrats say it will take a change in policies -- not just personnel -- to deal with budget and trade deficits and other economic problems." Bush announced Tuesday that "he was turning to Henry Paulson, chairman and chief executive of Goldman Sachs, to become the administration's chief economic spokesman. By choosing a 32-year veteran of one of Wall Street's premier investment houses, Bush is hoping for the same economic credibility that Bill Clinton gained when he picked Robert Rubin, one of Paulson's predecessors at Goldman Sachs, as his treasury secretary."

Under the headline "2 New Captains Of The Economy Face Volatile Global Markets," the New York Times (6/1, Andrews, 1.19M) reports, "One reached the pinnacle of wealth and prestige as a dealmaker on Wall Street. The other was an academic superstar, brilliant but somewhat shy and more at ease in Bermuda shorts than suits." But "now they find themselves side by side in confronting a stiff new test: helping to guide the economy from a period of fast growth and cheap money through one of higher interest rates, jittery markets and a falling dollar." Paulson "is expected to arrive at his post at a time when global financial markets are suddenly more volatile and investors are more risk-averse than they have been in years." Ben S. Bernanke "has already endured a baptism of fire as the Fed has struggled over when to stop raising interest rates."

More Commentary On Paulson. Stephen Cecchetti, the Rosenberg professor of global finance at the International Business School, Brandeis University, writes in the Financial Times (6/1), "The announcement of Hank Paulson's nomination as US Treasury secretary is good news for everyone. In many ways he is the perfect complement to Ben Bernanke, the new Federal Reserve chairman. A giant among monetary policy thinkers is being joined by one of the most important financiers in the world. We now have the essential combination of a theorist working with a practitioner."

Lawrence Kudlow, host of CNBC's "Kudlow & Company," writes in the Wall Street Journal (6/1, 2.11M) that Paulson's appointment is "a bullish sign for the fate of the president's supply-side agenda as well as the U.S. dollar. … There's a change going on here, probably a big one. Under the new Josh Bolten-run White House, Mr. Paulson is essentially being appointed deputy president for economic policy -- a mandate not given to his two predecessors. This is a bigger shakeup than meets the eye."

David Wessel writes in the Wall Street Journal (6/1, Wessel, 2.11M) that Paulson is "expected to be the greenest Treasury secretary ever." He is "an environmentalist, not only in his private and charitable life, but as chief executive. Goldman Sachs Group has an eight-page 'environmental policy framework' that declares 'a healthy environment is necessary for the well being of society, our people and our business, and is the foundation for a sustainable and strong economy,' and the firm walks the talk. So will that make a difference at Treasury?"

Reid's Office Acknowledges He Misstated Ethics Rules. The Los Angeles Times/AP (6/1) reports Senate Minority Leader Harry Reid's spokesman "acknowledged Wednesday night that Reid misstated the ethics rules governing his acceptance of free boxing tickets and has decided to refrain from taking such gifts." Spokesman Jim Manley said Sen. Reid "still believes it was "entirely permissible" for him to accept ringside seats for three professional boxing matches in 2004 and 2005 from the Nevada Athletic Commission but has decided to avoid doing so in the future, spokesman Jim Manley said." The announcement "came after the Associated Press presented Reid's office Wednesday with conclusions from ethics experts

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that the Senate leader misstated congressional ethics rules in trying to defend his actions."

House Republicans See Signs Of Political Revival While On Recess. The White House Bulletin/US News (5/31) reports House Republican members "campaigning back home during the Memorial Day recess are sensing a comeback for the GOP built on support for recent moves to extend tax cuts, the approval of a leaner than expected budget, tough immigration reforms, and the popularity of the Medicare drug benefit." A senior GOP leadership aide said, "We're feeling better. We got a couple of things under our belt, like the tax extension and the Medicare benefit, and it's starting to take hold." The Bulletin adds that while "no Republican official is willing to guarantee that the GOP will keep control of the House in the fall elections, leadership and House GOP conference officials say that there has been a recent up-tick in polling for the members, and the reaction back home to the talking points provided by the leaders is winning applause -- despite national media stories suggesting that the Democrats have the advantage going into the summer." Meanwhile, Republican political consultants "believe that the overwhelming voter sentiment is anti-incumbent more than anti-Republican, meaning that both parties will get hit in local races and provide a balance that would keep Republicans in charge of the House."

Democrats Said To Have Fear Of Winning Power. In a Newsweek Web-exclusive commentary (5/31), Michael Hirsh says, "At least the GOP is engaged in a war over real policy choices. It is an emotional debate, often a hysterical and ill-informed one, but it is a fight among adults who know what they believe in and who have the guts to battle for it. By contrast the Democrats, ostensibly the party poised to exploit this GOP civil war, don't seem to remember what it is like to behave as adults. They resemble nothing so much as ill-adjusted adolescents, afraid of their own shadows, much less the presidency. What are they afraid of? Themselves, essentially: their past, their own left, the populist rhetoric of their leaders (Nancy Pelosi, Harry Reid, Howard Dean, Al Gore), the left-wing loony stigma represented by 'Fahrenheit 9/11' filmmaker Michael Moore (every Dem's favorite bugaboo). Above all they fear seeming and looking soft. They are all afflicted with varying degrees of megalophobia, a fear of assuming power."

Broder Says Bush, GOP Scandal Woes Were Predicted. In his Washington Post column (6/1, A19), David Broder says that in its September 2004 issue, Washington Monthly "magazine invited 16 smart political observers -- a mix of Republicans, Democrats and independents -- to write short essays predicting what would happen if George Bush won a second term. The answers, understandably enough, were all over the lot. But no one suggested that one-third of the way through his second term Bush would have suffered the political and policy reverses that he has actually experienced." The one commentator "who got it exactly right was Kevin Drum, who runs the magazine's blog. 'What do we have to look forward to if George W. Bush is elected to a second term?' he asked. 'One word: scandal.'" While "history backed that forecast," Drum "found additional reasons that led him to conclude that Bush and the Republicans might be particularly susceptible," such as the GOP leadership's "ruthlessness and disregard for traditional political norms," a "culture of lax supervision of executive agencies by the Republican Congress encouraged misbehavior on Capitol Hill," and "the lack of major policy initiatives would leave a vacuum in the news that would make scandal look like the most prominent feature of the political landscape."

Snow-Thomas Face-Off On Zinsmeister Noted. The Washington Post (6/1, A17, 744K) runs a "Verbatim" column on White House spokesman Tony Snow's response to a question from Hearst Newspapers columnist Helen Thomas about Bush domestic policy aide Karl Zinsmeister. Asked why Bush picked "man who is so contemptible of the public servants in Washington to be his domestic adviser -- saying, 'People in Washington are morally repugnant, cheating, shifty human beings?' Why would he pick such a man to be a domestic adviser?" Snow largely avoided answering the question, responding with answers such as, "You meant contemptuous, as opposed to contemptible, I think."

Beinart Says Bush "Takes Truman's Name In Vain." Peter Beinart, editor at large of the New Republic, writes in the Washington Post (6/1, A19, 744K) that President Harry Truman is the "one Democrat Republicans love. … Last weekend President Bush devoted his West Point commencement address to an extended analogy between himself and the 33rd president, invoking Truman no fewer

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than 17 times." Truman "believed in fighting totalitarianism fiercely, but with more than just guns, and through international institutions that made U.S. power legitimate in the world. George W. Bush should remember that the next time he takes Truman's name in vain."

WSJournal Favors Sunsetting Some Programs. An editorial in the Wall Street Journal (6/1, 2.11M) notes that a group of House Republicans led by Reps. Jeb Henserling and Mike Pence are pushing "new rules to sunset out-of-date federal programs. Under their proposal that has been promised a vote this summer, Congress would have to reauthorize agency budgets every five years, or they would die. The legislation would also create a sunset commission to recommend program terminations, and Congress would vote up or down on the package. … It will be instructive to see how many Democrats and Northeastern Republicans -- who like to pose as deficit hawks -- favor deficit reduction if that means sunsetting programs that have outlived their usefulness. Our guess is the number will be very close to zero -- which is the main reason Congress will spend $300 billion more than it raises in taxes this year."

OTHER NEWS:

Fed Considered Larger Rate Increase Last Month. USA Today (6/1, Kirchhoff, 2.31M) reports, "Facing both higher-than-expected inflation and the possibility of slower growth, Federal Reserve officials at a May 10 meeting were unsure how many more interest-rate increases, if any, will be needed, according to minutes released Wednesday. Underscoring the uncertainty, the central bank's Federal Open Market Committee debated a series of options at the meeting, from standing pat to raising the target for short-term rates by half a percentage point. The Fed ultimately voted unanimously to boost its target by a quarter-point to 5%." The Washington Post (6/1, D1, Henderson, 744K) notes "Fed officials also considered whether to bump the rate up by a half percentage point, to 5.25 percent." The Wall Street Journal (6/1, Ip, 2.11M) reports the story under the headline "Fed Grows Uncertain Over Rates As Inflation Concerns Multiply."

Engler Predicts Modest Manufacturing Growth This Year. The Christian Science Monitor (6/1, Cook, 61K) reports on a recent "Monitor Breakfast" with National Association of Manufacturers President John Engler. On the outlook for the US manufacturing sector, Engler said, "We are still the possessors of a substantial manufacturing sector. The demise of the manufacturing economy, the obituaries for that are a bit premature. 2005 was a record [year for] output in US manufacturing history, accomplished with fewer people, reflecting the incredible productivity that has been driving manufacturing. … It is a growth rate that makes us the envy of virtually all of old Europe. [The outlook is for] more modest growth this year than last, but still positive, with threats as a result of external factors [that are] hard for individual manufacturers to control."

Stocks Rise. The Wall Street Journal (6/1, Talley, 2.11M) reports the Dow Jones Industrial Average "rose 73.88 points, or 0.67%, to 11168.31, after losing 184.18 on Tuesday. For May, the Dow industrials lost 1.7%, the biggest monthly decline since June 2005 and first monthly drop so far this year." The Nasdaq Composite Index "gained 14.14, or 0.65%, to 2178.88. For the month, the Nasdaq fell 6.2%. The Standard & Poor's 500-stock index added 10.25, or 0.81%, to 1270.09. For the month, the S&P 500 declined 3.1%."

Savings From Medicare Drug Cap Offset By Hospital Visits. Researchers say caps on Medicare drug benefits result in more patient visits to emergency rooms and hospitals thereby offsetting savings from lower spending on prescription drugs. The Wall Street Journal (6/1, Hechinger, 2.11M) reports, "The study, published Thursday in the New England Journal of Medicine, gives ammunition to critics of the new Medicare Part D prescription-drug benefit, which includes payment restrictions. Researchers at health-maintenance organization Kaiser Permanente in Oakland, Calif.; the University of California, San Francisco; and Harvard University examined the cost and clinical outcomes of 199,179 Kaiser beneficiaries in Northern California who were enrolled in a program called Medicare+ Choice in 2003. … The study compared 157,275 Kaiser beneficiaries with caps to 41,904 who had unlimited benefits because of supplemental coverage from their employers. The study, which received funding from federal agencies and the Alfred P. Sloan Foundation, found that a cap on drug benefits lowered pharmacy costs by 31%. But total medical costs, including drugs, were roughly the same."

Consumers Said To Be Paying Billions More To Compensate For Medicare, Medicaid Imbalances. Blue Cross officials and independent actuaries say Imbalances in the nation's health care system as a result of tight Medicare

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and Medicaid budgets are causing employers and consumers to billions of dollars more per year for medical care. The New York Times (6/1, Freudenheim, 1.19M), "A new study commissioned by Premera Blue Cross, based in Seattle, has found a rapid acceleration in higher costs to private payers in Washington State, for example, as hospitals and doctors grapple with constraints in the federal health insurance programs. The study found that in 2004, the most recent year for which full data are available, hospitals in Washington State charged an additional $738 million — or 14.3 percent of their revenue — to private payers to make up for Medicare and Medicaid underpayments. … Other research has come to similar conclusions across the country. Unpaid hospital bills, largely for the uninsured, are costing about $45 billion nationally a year and adding about 8.5 percent to the cost of health insurance for those who do pay, said Kenneth E. Thorpe, a health care economist at Emory University."

Glass Artists Face Off In Rare Courtroom Battle. The New York Times (6/1, Egan) reports, "As an ever-moving maestro in the world where fine art and commerce converge, Dale Chihuly is perhaps the world's most successful glass artist. … His clients include Bill Gates and Bill Clinton, and his elaborate installations of sea gardens and flower clusters show that mere sand transformed by fire can elevate a casino ceiling to the level of gallery spectacle. … But now Mr. Chihuly is in the midst of a hard-edged legal fight in federal court here over the distinctiveness of his creations and, more fundamentally, who owns artistic expression in the glass art world." The Times continues, "Mr. Chihuly has sued two glass blowers, including a longtime collaborator, for copyright infringement, accusing them of imitating his signature lopsided creations, and other designs inspired by the sea. … The glass blowers say that Mr. Chihuly is trying to control entire forms, shapes and colors and that his brand does not extend to ancient and evolving techniques derived from the natural world." The Times notes, "The suit, rare in art circles, offers a sometimes unflattering glimpse at how high-powered commercial artists like Mr. Chihuly work. The two glass blowers say that he has very little to do with much of the art, and that he sometimes buys objects and puts the Chihuly name on them, a contention that Mr. Chihuly strongly denies. … He acknowledges that he has not blown glass for 27 years, dating from a surfing accident that cost him the full range of shoulder motion, an injury that struck three years after he had lost sight in his left eye in a traffic accident. … Still, Mr. Chihuly said, he works with sketches, faxes and through exhortation. Nothing with his name on it ever came from anyone but himself, he said."

Bush Raises Funds For Ehrlich, Steele. The Washington Times (6/1, Dinan, 90K) reports President Bush "hopped over to Baltimore yesterday to raise money for the Maryland Republican Party, telling a high-paying crowd of several hundred to help re-elect Gov. Robert L. Ehrlich Jr. and also send Lt. Gov. Michael S. Steele to the U.S. Senate, although the latter was conspicuously absent." Bush "stood on a stage in a ballroom at the BWI Marriott just feet away from Mr. Ehrlich, but the president also had brief kind words for Mr. Steele, the other major Republican statewide candidate on the ballot in November, even though Mr. Steele was not there." Some of the Republicans "in attendance last night said they were surprised by Mr. Steele's absence, but said there was no rift and he would benefit anyway from the event, which raised funds for Maryland Victory 2006, a get-out-the-vote operation that specifically targets state legislative races and Mr. Ehrlich's campaign, but which will benefit Mr. Steele as well." Early reports "had the event netting around $1 million."

The Washington Post (6/1, B5, Mosk, 744K) focuses on Steele's absence, reporting "only one of the state's two marquee Republican candidates joined him." Gov. Ehrlich "stood on a riser shoulder to shoulder with the president, but the party's leading candidate for an open U.S. Senate seat in Maryland, Lt. Gov. Michael S. Steele, was absent." Democrats were "eager to promote Bush's appearance, figuring it wouldn't help Ehrlich politically," and "were quick to spotlight Steele's decision to miss the event." The AP (6/1) reports Steele was "notably absent."

New York Democrats Formally Tap Hillary Clinton For Senate Race. Sen. Hillary Clinton formally opened her race for reelection at a New York Democratic Party meeting amid widespread anticipation that her '06 campaign will be but a prelude to a presidential run in '08. But her early prominence in the upcoming Democratic primary contest has some worried that she would not be able to rally enough support among moderates and independents to win a general election.

ABC World News Tonight (5/31, story 6, 2:15, Tapper, 8.78M) reported, Sen. Clinton "seemed to be looking beyond."

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Sen. Clinton: "We need a fundamentally new direction. Solutions that help us meet our 21st-century challenges of expanding our economy, defending our security and preserving our values." Tapper: "The presidential election is more than two years away. But Democrats are already buzzing about her prospects." While many Democrats "believe that Clinton will get her party's nomination, some are fearful that she cannot win the presidency. A new ABC News poll shows a daunting 42% of all Americans that say they will never vote for her. Some think she's too liberal. Others think she's untrustworthy. And that's a big concern for Democrats who want a candidate that can appeal to moderates and independents, in important states such as Ohio and Florida."

Fox News' Special Report (5/31, Hume) reported, "Delegates at New York state's Democratic convention today named Senator Hillary Clinton as their candidate for re-election. But the Senate race is overshadowed to some extent about speculation about whether and how she will seek her party's nomination for the White House in '08." Fox (Miller) added, "Although delegates and supporters cheered her nomination as a second term, some observers say she acted more like she was making a run for the White House. With her husband, the former President, in attendance, Mrs. Clinton brought the crowd to its feet. Not once did she mention potential Republican challengers." But she did take "a number of stabs at the Bush Administration."

The New York Times (6/1, Kornblut, 1.19M) reports Sen. Clinton "formally opened her Senate re-election campaign on Wednesday with a call to 'take our country back' from the current Republican leadership, cataloging what she called the Bush administration's failures in a marquee appearance at the state Democratic convention that signaled how she might approach a presidential campaign."

The AP (6/1, Humbert) reports Sen. Clinton "repeatedly bashed the Bush administration Wednesday as she told cheering Democrats that the country needs 'a fundamentally new direction.'" Former President Clinton "was in the audience but didn't speak. He got a standing ovation when the former first lady singled him out as 'an inspiration, a mentor, a partner.'"

The AFP (6/1) reports Clinton, "viewed by many as the Democrats' best prospect for reclaiming the White House in 2008, kicked off her campaign for a second term in the US Senate."

The Washington Times (6/1, Bellantoni, 90K) reports Clinton "officially started her re-election campaign yesterday, accepting the Democratic nomination for her New York seat with a promise of fighting for energy independence and fair wages while avoiding questions on her front-runner status if she chooses to seek the presidency in 2008." Clinton's "acceptance speech included hints of her higher ambitions, however, as the senator asked New Yorkers to 'stand with me' as she works to create well-paying jobs and to fund research for alternative energy."

The AP (6/1, Glover) reports New York Gov. George Pataki "strolled through a teeming farmers market in Iowa, chewing on a giant radish and pressing the flesh with a few thousand people he'd like to be his closest friends." Within the hour, Pataki had "donned dark robes and was delivering the commencement speech to medical graduates at Des Moines University, the multitasking required for a White House hopeful 19 months before Iowa caucus-goers vote." Pataki seems "like an unlikely sell in Iowa — a Northeast moderate who backs abortion and gay rights and gun control — but the three-term governor has focused on the handshaking-backslapping-local fundraising required to win over voters in a less populated, rural state."

Pataki Focuses On Retail Politics In Iowa Trip. The AP (6/1, Glover) reports New York Gov. George Pataki "strolled through a teeming farmers market in Iowa, chewing on a giant radish and pressing the flesh with a few thousand people he'd like to be his closest friends." Within the hour, Pataki had "donned dark robes and was delivering the commencement speech to medical graduates at Des Moines University, the multitasking required for a White House hopeful 19 months before Iowa caucus-goers vote." Pataki seems "like an unlikely sell in Iowa — a Northeast moderate who backs abortion and gay rights and gun control — but the three-term governor has focused on the handshaking-backslapping-local fundraising required to win over voters in a less populated, rural state."

Dodd Sees Ability To Reach Across Aisle As Key Selling Point. In a Newsweek Web-exclusive commentary (5/31), Howard Fineman says, "Maybe Sen. Chris Dodd of Connecticut has no chance to win the presidency. Or maybe he does. In any case, the mere fact that he called me the other day to remind me that he is running tells me something: that most of the Democratic Party's savviest veterans -- elected officials in their Capitol Hill suites, Hollywood machers tooling along the Santa Monica Freeway

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in their Priuses, the New York soft-money crowd eating their egg-white omelets at the Regency in Manhattan -- are convinced that Hillary Can't Win." No one "doubts Hillary Clinton can win the nomination; not many think she can beat the GOP's candidate, especially if it is McCain." Dodd's "argument is that, in an uncertain world, and one divided by Red and Blue, voters are ready for someone who can make politics work by bridging gaps, talking turkey and doing deals."

Pennsylvania State Senate Candidate Says GOP Must Adhere To Its Principles. Mike Folmer, a Republican candidate for the Pennsylvania state Senate, writes in the Wall Street Journal (6/1, 2.11M) that Pennsylvania's May 16 legislative primaries have been called "a 'political massacre,' an 'earthquake' and 'payback.'" Pundits, editorial writers and political analysts "are still trying to figure out what led to the defeat of 16 incumbent state legislators -- including Pennsylvania's top two state Senate Republicans -- at the hands of underfunded, and in several cases -- including mine -- unknown challengers." Folmer adds, "It was as if the Republican Party leadership in the state capitol had forgotten everything they'd been taught by Ronald Reagan -- that the core values of the Republican Party were lower taxes, less spending and limited government. Then came the notorious pay raise, and the camel's back was broken." Folmer concludes, "I have confidence that the Pennsylvania Republican Party can move forward victoriously not only this coming fall but in future elections. Yet in order to do so, it is imperative that we do not forget the principles that made the Republican Party great. In many ways, then, the Pennsylvania situation mirrors that of the country as a whole."

Perry Signs Texas Property Tax Cut. Texas Gov, Rick Perry has signed legislation to cut property taxes by nearly $16 billion over the next two years. The New York Times (6/1, Barnes, 1.19M) reports that the legislation also provides a $2,000 raise to public school teachers. The measure "was passed in a special session to bring the Texas public school system into compliance with a State Supreme Court order. The one-third reduction in property tax revenue would be offset by a new, higher levy on business, a $1 per-pack increase in cigarette taxes and a portion of the state's $8 billion treasury surplus."

In Reversal, US Offers To Participate In Direct Talks With Iran. In what's being depicted as a surprising policy-shift, the United States yesterday offered to join direct negotiations with Iran over its nuclear program -- under the conditions that Iran cease enriching uranium and permit greater access to United Nations nuclear inspectors. Iran's official news agency called the offer "propaganda." The story is generating extensive media coverage, leading all three networks last night. Reports generally describe the US "reversal" as the right move, and a very momentous one at that.

However, many are also portraying the Administration as acting under strong pressure. The Financial Times (6/1, Dinmore, Khalaf), for example, headlines its story "Bush Bows To Pressure And Offers Iran Talks," and the New York Times (6/1, Sanger, 1.19M), in an analysis piece titled "Bush's Realization On Iran: No Good Choice Left Except Talks," says Bush "reversed course on Wednesday because it was made clear to him -- by his allies, by the Russians, by the Chinese, and eventually by some of his advisers -- that he no longer had a choice." The Washington Post (6/1, Kessler, 744K), meanwhile, reports the move "underscores a central truth of diplomacy today: Nuclear weapons buy leverage." The story also calls the decision "the biggest foreign policy shift" of Bush's presidency.

ABC World News Tonight (5/31, lead story, 3:00, Gibson, 8.78M) reported, "It is a seismic change in US policy. Secretary of State Condoleezza Rice said the US is now willing to join direct talks with Iran about its nuclear program, if Iran would suspend that program. It is a big if." ABC (Karl) added, "The Bush Administration is offering to talk to the Iranians, for the first time since Iranian radicals took Americans hostage more than a quarter century ago." President Bush: "I thought it was important for the United States to take the lead, along with our partners. And that's what you're seeing. You're seeing robust diplomacy." Karl: "It's a major policy shift," noting that Secretary of State Rice had previously said "we don't need to talk about it." The offer, said ABC, "won praise from Bush Administration critics who called it long overdue."

Knight Ridder (6/1, Strobel, Landay) reports the offer "is part of a package of proposals to Iran that Rice and her European, Russian and Chinese counterparts hope to finalize Thursday in Vienna, Austria." The Washington Times (6/1, Kralev, 90K) notes "the Bush administration ruled out establishing diplomatic relations with Iran at any time soon, saying the proposal was meant only to 'enhance' the prospect of peacefully resolving the nuclear dispute."

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The AP (6/1, Gearan) reports "the overture to join stalled European talks came after mounting pressure on the US from European allies." The Los Angeles Times (61, Richter, Rubin, 958K) says "the White House has heard calls to negotiate from a wide variety of sources, including European officials. But some administration members, including Vice President Dick Cheney, have resisted, fearing that talks could only give the Iranian leadership more stature and more time to advance a weapons program."

The New York Times (6/1, Weisman, 1.19M) also reports, "Skepticism from Vice President Dick Cheney and others who have opposed concessions to Iran was overcome, the officials said, when it was realized that refusal to move toward the European view would mean that the administration would be blamed for failing to do its utmost to defuse the crisis, making it harder to rally world opinion against Iran."

The Chicago Tribune (6/1, Silva, 643K) refers to "a sharp change of course that reflects a more pragmatic approach," and the Wall Street Journal (6/1, Solomon, King, 2.11M) describes the move as an "abrupt shift" and "a nod to European allies' desire to offer carrots as well as sticks to steer Iran away from its efforts to produce weapons-grade uranium."

"Senior Administration Official" Calls Move Tactical, Not Strategic Change. CNN's The Situation Room (5/31, Quijano) reported a "senior administration official" said "a short time ago that in fact this does not represent in their view a strategic shift by the United States but rather a change in tactics. He says that President Bush did not in fact give the final go ahead for this decision until this morning. This is, though, something that the President and others have been working on for quite some time."

Rice Defends US Decision In TV Interviews. Rice granted a number of TV interviews yesterday to explain and defend the US policy change. On NBC Nightly News (5/31, lead story, 3:50, Gregory, 9.87M) Rice said, "What the Iranians are being offered is not concessions. They're being offered a set of incentives if they are prepared to do what the world needs them to do." Gregory: "Rice insisted Iran's intransigence is not paying off." Secretary Rice: "Iran is continuing its behavior at its own peril, because this process of moving Iran toward isolation has also been continuing." Gregory: "US officials and outside experts also see today's overture toward Iran as the best way to toughen the resolve of US allies and move them toward the Bush Administration position." On the CBS Evening News (5/31, lead story, 2:55, Axelrod, 7.66M) Rice was shown saying, "The reason that we're doing it is we want to know if negotiations are a real option; if Iran accepts the offer and suspends its enrichment activities, all the better. Now, if they don't then we have to be on another course."

Rice said on PBS' Newshour with Jim Lehrer (5/31) that it is "important that we know whether or not there is truly a negotiating option or not. It's time to give the Iranians a clear choice: If they're prepared to negotiate, then the world should be prepared to negotiate. We should be prepared to negotiate. But if they're not, then we need to get on with the kinds of penalties that can be brought through the Security Council so that we can bring enough pressure on the Iranian regime to make it make a different choice." Rice later noted, "The Iranians now have a choice. They can say that, yes, they're prepared to suspend and thereby get into negotiations, or they can say that they're not prepared to suspend" enrichment and related activities.

Rice said on MSNBC's Hardball (5/31) that the announcement "puts a kind of moment of truth if you will, a moment for decision for Iran before us. The Iranians have been -- want to say, 'Oh, we might be interested in negotiations on the Russian package. Oh, we might be interested in the European negotiations again.' But this is a clear choice for Iran."

Rice was asked on CNN's The Situation Room (5/31) if this announcement looks "like the United States is making concessions to what you would regard as a terrorist regime." Rice said, "The United States is supporting an international consensus that's been developing for the last year-and-a-half that Iran must not be allowed to get a nuclear weapon, that Iran has but one choice and that is to abandon its nuclear weapons ambitions, or it can face the path of isolation. That's what the United States is supporting here." Rice added, "The United States is holding to conditions that have been set for some time with Iran, conditions that we have been supporting in the negotiations with the European three, that Iran must first suspend verifiably and fully its enrichment activities."

Rice said on Fox News' The O'Reilly Factor (5/31), "The important thing to note this not just about the United States and Iran. This is about Iran and the entire international community. We have been successful in building a consensus around the view that Iran can't have a nuclear weapon, that they have to suspend the program and go back to negotiates and that if it is going to have a nuclear program has to have one without the proliferation risk of having the fuel

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cycle on Iranian territory. That is what is at stake for Iran is isolation."

Bolton Says US Will Not Compromise On Precondition That Iran Suspend Nuclear Program. US Ambassador to the UN John Bolton was asked on Fox News' Your World with Neil Cavuto (5/31) about Iran's claim that the US' demand that it agree to multilateral talks soon is nothing but a propaganda move. Bolton said, "I hope this is not a real reaction from Iran. I think it's important that they take a very careful look at what Secretary Rice laid out today, because it really is their last chance, in many respects. She is saying that we're prepared to sit down at the table with Iran if they fully suspend their uranium enrichment and reprocessing activities. So, that's a -- that's a major effort on our part to avoid this being a discussion about what's the United States doing wrong and get it back to the real point, which is what Iran is doing wrong." Asked how the US would react if Iran says it will not give up enrichment activity until talks start, Bolton said, "No, this is -- I think Secretary Rice was very clear on this today, that this is a precondition, on which we're not going to compromise. … If they're not willing to do that, the other alternative is clear, too, is that we will move for economic and political sanctions to make it clear to them what their choice is."

Allies Praise US Overture. CNN's The Situation Room (5/31, Blitzer) reported, "European allies are applauding President Bush's new overture toward Iran, and perhaps none more so than Britain's Tony Blair. A European diplomat tells our John King that getting the US. involved with talks with Iran was a top priority for Tony Blair during his meetings with the president last week. A US official says the administration had been moving toward that position for some time, but he doesn't dispute that Blair's influence helped sway the way with President Bush." USA Today (6/1, Slavin, 2.31M) reports France, Germany and Britain "welcomed the US offer."

On its front page, the Washington Post (6/1, A1, Fletcher, Kessler, 744K) reports, "Senior Chinese and Russian officials welcomed the U.S. offer of direct talks, saying it showed an increased willingness to pursue diplomatic means to resolve the budding nuclear crisis."

Oil Prices Decline On Report Of Diplomatic Outreach To Iran. The CBS Evening News (5/31, story 2, 0:10, Mitchell, 7.66M) reported, "News that the US is offering conditionally to talk with Iran sent oil prices lower today. They fell 74 cents to close at $71.29 a barrel." The Wall Street Journal (6/1, Farivar, 2.11M) says that "in the past, Iran has offered to suspend its controversial nuclear-enrichment program to find a way out of the crisis, and the surprise US diplomatic overture triggered a knee-jerk selloff in oil futures." USA Today (6/1, Hagenbaugh, 2.31M) runs a similar report.

Hardliners In Iran Said To Face Dilemma. The Washington Times (6/1, Sands, 90K) reports, "Iranian hard-liners, led by President Mahmoud Ahmadinejad, faced a dilemma of their own after yesterday's announcement by the Bush administration that it was ready to join talks over Iran's suspected nuclear programs." The US policy shift "will be seen as a victory for the tough line of the government," said A. William Samii, an Iranian political analyst for Radio Free Europe/Radio Liberty, "but it's a tricky question of how best to respond."

Blackwill Says Military Option Should Not Be Discarded. Robert D. Blackwill, deputy national security adviser for strategic planning and presidential envoy to Iraq in 2003-2004, writes in the Wall Street Journal (6/1, 2.11M), "The use of American military force against Iran's nuclear infrastructure would obviously carry great risk. But acquiescing in an Iranian nuclear weapons capability would be deeply dangerous for the US and likeminded democracies for decades to come. It would be regarded by the entire world, friend and foe alike, as a strategic defeat for the US, and produce a major shift toward Iran in the balance of power in the Greater Middle East. … Given the extraordinary stakes involved, ignoring the military option and hoping that we will somehow be rescued by sanctions, new negotiating mechanisms, or the Iranian mullahs is a serious mistake."

Opinion Pages Generally Supportive Of US Move. Under the headline "Rice Makes The Right Move On Iran," the Los Angeles Times (6/1, 958K) editorializes Bush "has made a u-turn -- and not a moment too soon." The Times goes on to call Rice's announcement "a courageous and historic about-face that offers hope of ending the hostility that has marked US relations with Iran since 1979. "

The Washington Post (6/1, 744K), under the headline "A Smart Approach To Iran," says in an editorial that the offer "was well tailored. By stating its readiness to join the European governments that have been negotiating with Tehran for several years, the administration may have defused an issue that was impeding its effort to win support for UN sanctions against Iran. … For now, the administration has rightly put the focus on forcing Tehran -- not Washington -- to make a choice."

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The Wall Street Journal (6/1, 2.11M) editorializes that the US move is "a surprising policy reversal" adding that "in theory, Condi's gambit could help to expose Iran's real intentions should it refuse to negotiate seriously. In theory, too, a determined US could use the direct talks to insist that Tehran undertake a Libyan-like dismantling of its nuclear facilities, complete with random and intrusive inspections." But "yesterday's proposal demands nothing so comprehensive, and the potential sanctions supposedly on the table are still opposed by Russia and China. The ultimate sanction of military force isn't even hinted at, much less on the table. … If this gambit fails, she'll have succeeded mainly in giving the mullahs more time to become a terrorist nuclear power."

USA Today (6/1, 2.31M) editorializes, "The administration's policy turnaround is welcome and badly needed. The question is why it took so long."

David Brooks writes in the New York Times (6/1, 1.19M), "What Rice did was set off a chain of events that could lead to a UN resolution on Iranian sanctions as early as July. Diplomats, book your New York hotel rooms today." Brooks adds, "It's still hard to believe the international community can really get its act together. (Have the U.S. and the Russians and the Chinese really forged an agreement on sanctions, or just fudged their differences?) But this display of competence causes me to remember that over the past several weeks this administration has done a number of things well (the nominations of Michael Hayden and Henry Paulson, to name just two). Maybe there's life in this presidency yet."

Palestinian Rocket Hits Home In Israel. The New York Times (6/1, 1.19M) reports that a Palestinian rocket was fired into Sederot, a residential area in southern Israel that is often the target of Palestinian fire from the Gaza Strip, early Wednesday. According to the Times, "No one was hurt, but the rocket damaged the house." The Times adds, "Later Wednesday, the Israeli military fired artillery rounds into northern Gaza. No casualties were immediately reported."

Ricciardone Delivers Nuanced Message On Egyptian Democratization. The AFP (6/1) reports US Ambassador to Egypt Frank Ricciardone, in a speech to Cairo's AmCham, "urged Egypt to pursue 'bold' reforms, but insisted that Washington has no interest in drastic changes that could spark chaos. 'Contrary to folklore, we do not, we do not confuse change with chaos. We do support bold but well-managed, wisely-led, purposeful change.'" AFP continues, "The US ambassador described as 'very harsh' the five-year jail sentence of opposition leader Ayman Nur for fraud in what Egypt insists is a criminal not a political case. … 'I would have wished that it turned out differently.'"

Bush Offers To Help Catch Perpetrators Of Rwandan Genocide. During an Oval Office meting with Rwandan President Paul Kagame, President Bush called the 1994 genocide of a half-million people in Rwanda "one of the most significant tragedies in modern history." The AP (6/1) reports that Bush "said the United States would give any help the country wanted to track down those responsible who are still at large." In addition, Bush "pledged to help repay the country for troops that it has sent to deal with another genocide." He said "the money will come from a supplemental spending bill that is being considered by Congress that also includes funding for U.S. troops in Iraq and Afghanistan and to aid Hurricane Katrina victims."

Darfur Rebel Group Refuses To Sign Peace Deal. The AP (6/1, Zerdin) reports that a Darfur rebel group yesterday rejected a peace deal aimed at ending the fighting in Sudan's western region. The African Union-drafted accord "was signed May 5 by the government and main Sudan Liberation Movement, but both a splinter group of the Liberation Movement and the Justice and Equality Movement have resisted international calls to accept the deal."

AFP (6/1, Westerhoff) reports that the deadline for holdout Darfur rebels to the peace deal "passed with no new signatories, AU officials said. … The holdout groups have refused to sign the accord aimed at ending three years of conflict in Darfur, which has left some 300,000 people dead and 2.4 million homeless."

Violence Erupts Again In East Timor. The AP (6/1, Deutsch) reports that youths wielding machetes battled in East Timor's capital yesterday. The AP adds, "After a lull in violence Tuesday, street fights broke out in several parts of the smoldering city Wednesday. Roaming bands of youths fired sling shots, threw rocks and hacked rivals with machetes."

AFP (6/1, Sands) reports, "East Timor's rebel leader rejected an agreement designed to end days of violence in the tiny nation that has forced tens of thousands to flee and demanded the sacking of the embattled prime minister. As

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gang violence and arson attacks again broke out across the capital Dili, Major Alfredo Reinado said Wednesday President Xanana Gusmao made a 'mistake' by assuming emergency powers but not sacking Prime Minister Mari Alkatiri."

US Signs Off On WTO Membership For Vietnam. The Washington Times (6/1, Sparshott, 90K) reports that the US has signed off on an agreement that will allow Vietnam to join the WTO. The pact "removes one of the last hurdles barring the communist nation from joining the world's capitalist club. … Congress still must vote on WTO membership for Vietnam. The Bush administration hopes that will happen this summer."

Morales Says US Trying To Kill Him. Bloomberg (6/1, Blount) reports, "Bolivian President Evo Morales said the U.S. organized teams to track down and kill him, according to a note published on the Bolivian presidential Web site." Morales "said he recently found out about the plots against him, the state newswire ABI said in the report on the presidential Web site. The allegations are unfounded, U.S. Embassy in La Paz said in a statement sent to journalists by E-mail. Calls to the Bolivian presidential palace requesting comment were not returned."

Chavez Expected To Ask OPEC To Cut Oil Production. The CBS Evening News (5/31, story 3, 2:50, Mitchell, 7.66M) reported, "Iran and other OPEC members are gathering now in Venezuela, where President Hugo Chavez will try to persuade them to cut oil production to keep prices high." CBS (Regan) added Chavez "gets his best opportunity yet to challenge the US when he hosts the world's oil producers at an OPEC conference." John Kilduff, oil analyst, Fimat USA: "The rhetoric, I expect, to be flying out of President Chavez. He'll make the argument that the Western economies have grown to the place they are on the back of cheap oil and it's time for the oil-producing countries to get their just desserts." Regan: "And Venezuela could be in for a second helping. It's already home to the largest proven oil reserves in the Western Hemisphere, with nearly 80 billion barrels, and there's potential to pump even more, much more." Elio Ohep, "editor of the Petroleum World Website, says the recent run-up in oil prices makes the oil's in Venezuela's Orinoco region, once considered too expensive to extract because it's so heavy, so thick and so costly to refine, suddenly worthwhile." Tomorrow, Chavez "will push OPEC to set $50 a barrel as the new rock-bottom price and as Venezuela's energy minister told CBS News, it's not just OPEC that sets the price of oil, but world politics too."

Chavez Says Orinoco Belt Contains 235 Billion Barrels Of Recoverable Oil. The New York Times (6/1, Forero, 1.19M) reports that the Chevron Corporation "has spent about $1 billion" turning oil sludge, which was "once called liquid coal into oil, helping transform a swath of scrub grass into a great frontier for oil production. The region, the Orinoco Belt, is in fact so promising that President Hugo Chávez of Venezuela says it contains up to 235 billion barrels of recoverable oil; if true, the reserves would rival those of Saudi Arabia. … This great, largely untapped treasure is pitting a leftist government aiming to use oil revenue for social programs against multinational corporations like Chevron, which were invited here a decade ago to develop the Orinoco Belt, a 54-square-mile area some 120 miles south of here."

OPEC Considering Membership For Sudan, Angola. The Financial Times (6/1, Hoyos) reports that OPEC is considering expanding its membership for the first time in more than 30 years. Oil ministers "were awaiting the report of Nigeria, the group's current president, on invitations of membership to Sudan and Angola. The pair, who are observer members, are two of the world's fastest-growing oil producers. … Their membership would boost OPEC's share of world oil supply from 41 per cent to 43 per cent. But the move would be likely to anger the US and China as well as almost every big international oil company."

Lebanese Politicians Vow To Disarm Palestinian Militias. The New York Times (6/1, Fattah, 1.19M) reports, "Lebanese politicians have begun focusing attention on the Palestinian militias as a critical security issue and have vowed to disarm them. … The Palestinian militias that persist in Lebanon -- and run checkpoints like the one in Naameh -- are mostly rogue groups like Fatah Intifada and the Popular Front for the Liberation of Palestine-General Command." Lebanese officials "note that in recent confrontations with the Lebanese Army, their ranks have swelled. The officials accuse Syria of resupplying them with weaponry."

Downfall Of South Korea's Liberal Leadership Seen As Likely In 2007. The Christian Science Monitor (6/1, Kirk, 61K) reports, "The perception of a central government unable to deal with economic problems and weak in the face of North Korean

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demands lies at the crux of a reaction that guaranteed conservative victories in two-thirds of the races for provincial governorships and mayors of major cities. For Korea, the reversion to conservatism portends the downfall of a decade of liberal leadership in the next presidential election in December 2007."

Indian Economy Grew 9.3% In First Quarter. The Wall Street Journal (6/1, Wonacott, Venkat, 2.11M) reports, India's economy grew 9.3% in the quarter ended March 31 from a year earlier, marking a broad display of momentum on par with China's red-hot growth. … India's solid recent economic performance has raised the prospect of two Asian giants expanding at double-digit rates, spinning off new jobs and buying more of what the world grows and produces."

Investigation Finds Abuse Of AIDS Funds In Uganda. The Christian Science Monitor (6/1, Scheier, 61K) reports on the investigation into the misuse of funds from the Global fund to Fight AIDS, Tuberculosis and Malaria in Uganda. According to the Monitor, "A government inquiry recently revealed that tens of millions of dollars of the country's Global Fund grants have gone missing, much of it plundered by high-ranking public officials. Through months of hearings, which began in September and concluded just a few weeks ago, a disgusted Ugandan public heard how monies meant for lifesaving AIDS drugs were spent on personal phone bills, lavish 'Christmas packages,' and fancy four-wheel drive vehicles." The scandal "highlights the corrosive nature of corruption in Africa and demonstrates the difficulties donors face in giving recipient governments the autonomy needed to spend aid money efficiently while also making sure the funds are used appropriately."

Death Toll In Indonesian Earthquake Rises To Over 6,200. ABC World News Tonight (5/31, story 8, :25, Gibson, 8.78M) reported, "The numbers keep getting worse in Indonesia after Saturday's devastating earthquake. The latest, more than 6,200 people dead, 30,000 injured and nearly 650,000 homeless. That last number three times what was originally estimated. The United Nations says the crisis may be easing a bit now that aid workers from more than 20 countries have arrived."

Earthquake Devastated Cradle Of Javanese Art And Culture. The New York Times (6/1, Gelling, 1.19M) reports that the region affected by the Indonesian earthquake "is part of the ancient kingdom of Yogyakarta, the cradle of Javanese art and culture, making it one of the most popular tourist destinations in Indonesia. … In this region, thousands of shops make and sell handicrafts, traditional batik clothing, musical instruments and ceramic sculptures, many of them exported to the United States and Europe. … In the aftermath of the earthquake, many of these contemporary artists are mobilizing relief and offering their studios as temporary shelters. Others are trying to salvage mangled paintings from ruined workshops."

EU Warns Of Higher Risks Posed By Bird Flu. The Financial Times (6/1, Jack) reports, "Europe's disease control agency will on Thursday warn governments to accelerate their preparations for a flu pandemic in the face of an increased risk the bird flu virus could mutate into a form more dangerous to humans in the near future." In its latest public health risk report, the European Centre for Disease Prevention and Control (ECDC) will say there are "many good reasons...to continue and intensify" preparations, including "boosting cooperation among countries and between health, agriculture and other government departments within each nation." Chief of these reasons, the report says, "is the spread of the virus since January into a broad range of birds, including migratory species that travel widely."

Outbreaks May Be Unreported In China, Indonesia. The Wall Street Journal Online (6/1) reports in its daily bird flu column that "outbreaks of H5N1 may be underreported in Indonesia and China, and the virus could be more widespread in Africa than authorities know," said experts gathered at a UN-sponsored conference in Rome on the disease. "Poor monitoring and lack of compensation mechanisms that encourage farmers to report animal deaths" were cited as possible causes.

Iran's Bahai Minority Says Government Trying To Eradicate Them. The New York Times (6/1, Goodstein, 1.19M) reports, "Members of the Bahai religious minority in Iran said this week that the government had recently intensified a campaign of arrests, raids and propaganda that was aimed at eradicating their religion in Iran, the country of its birth." These developments "have alarmed human rights monitors at the United Nations, who say that since December, the government newspaper in Tehran has published more than 30 articles denigrating the

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Bahai faith -- even accusing Bahais of sacrificing Muslim children on holy days."

Conservative Saudi Women Defend Traditional Islamic Values. The Washington Post (6/1, A12, Ambah, 744K) reports that a group of conservative Saudi women are "trying to redress what they view as an erosion of traditional values in the kingdom and a dangerous shift in the status of women." The changes that have riled these women "followed the intense scrutiny that Saudi Arabia received after the discovery that 15 of the 19 hijackers who carried out the Sept. 11, 2001, attacks in the United States were Saudis. The lack of personal liberties in the kingdom…was widely held to be an underlying part of the extremist ideology the attackers shared." The new atmosphere "has alarmed conservative women who are suspicious of US. interference and warn that changes in their status could destroy the country's Islamic framework."

Unrest In Paris Suburbs Sparks Fear Of Fall Riots' Return. The Washington Post (6/1, A12, Moore, 744K) reports that a second night of unrest in the Paris suburbs has sparked fears "of a return of the disturbances that inflamed 300 French towns and suburbs last fall. The violence of the last two nights…was sparked in part by mounting resentment toward the mayor of the northeastern Paris suburb of Montfermeil, who in recent weeks imposed a law prohibiting 15- to 18-year-olds from gathering in groups of more than three and requiring anyone under 16 to be accompanied by an adult on city streets after 8 p.m."

NYTimes Says Nations Watering Down AIDS Plan. An editorial in the New York Times (6/1, 1.19M) says that worldwide, the AIDS epidemic "seems to have more energy than efforts to fight it. This week, "United Nations members are meeting in a follow-up to the successful U.N. special session in 2001, which pushed the world to take AIDS more seriously. … The nations now are supposed to be reporting on whether their targets are being met, and devising a plan of action for the next few years. Instead, they are watering down the original plan. Ideologues, led by Washington, are taking out commitments to key programs, and wealthy nations worried about cost are replacing concrete goals with vague statements. AIDS groups fear the world is moving backward. … Apparently the Bush administration feels the need to make room for strategies that are not proven to work."

THE BIG PICTURE:

Headlines From Today's Front Pages.

Los Angeles Times:

"U.S. Reverses Stand On Talks With Iranians."
"Science's Tiny, Big Unknown."
"Morality On A Slippery Slope."
"A Town Awoke To Slaughter."
"Both Resumes Long On Business Experience."
"A Sign Of Pride In A Maligned Area."

USA Today:

"U.S. Asks Internet Firms To Save Data."
"Is Everyone Ready?"
"Immigration Bills Curb Court Reviews."
"Not So Afraid To Commit After All."

New York Times:

"U.S. Makes Offer To Meet Iranians On Nuclear Plan."
"Studies Portray Arctic As Sultry In Distant Past."
"Iraq's Premier Seeks To Control A City In Chaos."
"Big Bonuses Still Flow, Even If Bosses Miss Goals."
"Copycats, Or Inspired By Nature? Glass Artists Face Off In Court."
"U.S. Muslims Say Terror Fears Hamper Their Right To Travel."

Washington Post:

"After Haditha, New Look At Training."
"Anti-Terror Funding Cut In D.C. And New York."
"U.S. To Join Talks With Iran If Uranium Enrichment Stops."
"Iraqi Students Are Tested By Battle Outside."
"Schools, Pressed To Achieve, Put The Squeeze On Recess."
"Banks Honor Bogus Checks And Scam Victims Pay."

Washington Times:

"Investigators Clear Armstrong Of Doping."
"U.S. Offers To Talk To Iran."
"Bush Pitches In To Help Ehrlich."
"Immigration Agency Head Slams Senate's Alien Bill."
"U.S. Men Place High Value On Being Dads."
"U.S., Vietnam Seal Pact, Lift WTO Obstacle."
"After Centuries Of Battle, Dutch Surrender To The Sea."

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Detroit Free Press:
"Whitney Lived, Not Laura."
"Two To Go!"
"Event A Hint Of Governor's Race."
"Wife's Tunnel Vision Would Honor Conyers."

Atlanta Journal-Constitution:
"Franklin Tosses Atlanta Offer Into South Fulton Land Grab."
"U.S. Raises Stakes In Talks On Iran Nukes."
"Better Bottom Line, Pilot Deal Lift Delta."
"Red Cross Beefs Up For Hurricanes."

Houston Chronicle:
"State Farm's Home Rates May Rise 39% Near Coast."
"'Here We Go Again': The Rocket Returns."
"Iran Will Be Given 'A Clear Choice' On Nukes."
"Four Hurricane Lessons We Should Have Learned."
"Retrial Ends With One Guilty, One Not."

Story Lineup From Last Night's Network News:
ABC: US-Iran Talks Offer; US-Iran Analysis; Bush-Haditha Killings; Iraq-Core Values Training; Iraq-Pregnant Woman Killed; Hillary Clinton-NY Senate; Autism-Families; Indonesia Earthquake; Armstrong-Doping Vindication; Insurance Industry-Hurricane Claims; Katrina Evacuee-Spelling Bee.
CBS: US-Iran Talks Offer; Oil Prices; Oil Prices-Venezuela; Exxon Mobil-Shareholder's Meeting; VA Data Theft; Bush-Haditha Killings; Iraq-Pregnant Woman Killed; Injured CBS Journalist; Deceased CBS Journalists; Armstrong-Doping Vindication; Afghan Boy-Medical Status; Hurricane Season; Hurricanes-Max Mayfield.
NBC: US-Iran Talks Offer; Bush-Haditha Killings; Iraq Violence; New Orleans-Hurricane Season; New Orleans-Katrina Recovery; Armstrong-Doping Vindication; Katrina Survivor-Update.

Story Lineup From This Morning's Radio News Broadcasts:
CBS: OPEC Meeting; Hurricane Season; DHS Budget; Wounded Journalist's Condition.
NPR: Iran-Nuclear Program; North Korea-Nuclear Program; Report-Milosevic's Death; Indonesia-earthquake Relief Efforts; Bush Donor-Guilty Plea; CA-Hayat Plea.

WASHINGTON'S SCHEDULE:

Today's Events In Washington.
White House:

PRESIDENT BUSH — Speaks on immigration reform, US Chamber of Commerce; meets with the cabinet, Cabinet Room; participates in swearing in for Brett Kavanaugh to the US Circuit Court of Appeals of DC, Rose Garden.

VICE PRESIDENT CHENEY — No public schedule.

US Senate: No Scheduled Events.

US House: No Scheduled Events

Other: CITIZEN CORPS _ 8:45 a.m. Homeland Security Undersecretary George Foresman, others, speak at the National Citizen Corps Council annual meeting. Location: U.S. Chamber of Commerce, 1615 H St. NW.

CONTRACEPTIVE SERVICES _ 9:30 a.m. The National Council of Women's Organizations holds a briefing on ``Ensuring Access to Contraceptive Servicez: The Impact of Health Care Disparities on Unintended Pregnancy," with Marilyn Keefe of the National Family Planning and Reproductive Health Association, Judy Waxman of the National Women's Law Center, and Cynthia Dailard of the Guttmacher Institute. Location: Room 2168, Rayburn.

SNIPER TRIAL _ 9:30 a.m. Sentencing of John Allen Muhammad who was found guilty of six Montgomery County murders. Location: Montgomery County Circuit Court, 50 Maryland Ave., Rockville.

CONDITION OF EDUCATION _ 10 a.m. The Education Department releases the report, ``The Condition of Education 2006," the nation's only annual, congressionally-mandated report on the critical developments and trends in American education. Location: Sumner School, 17th and M Streets NW.

US-BRAZIL _ 11:45 a.m. Commerce Secretary Gutierrez holds a media roundtable with Brazilian and American reporters to preview his upcoming trip to Brazil. Location: Commerce Department. Notes: Event is for invited reporters only.

ESTATE TAXES _ 11 a.m. The Center on Budget and Policy Priorities holds a media briefing on upcoming Senate action on permanent repeal of the estate tax. Contacts: Michelle Bazie, 202-408-1080,

GAY MARRIAGE-EUROPE _ 12 p.m. The Cato Institute hosts a policy forum, ``Gay Marriage: Evidence from Europe?," with William N. Eskridge Jr., professor of Law, Yale University, and co-author, ``Gay Marriage: For Better or For Worse? What We've Learned from the Evidence;" and Maggie Gallagher, president, Institute for Marriage and Public Policy, and co-author, ``The Case for Marriage." Location: Cato Institute, 1000 Massachusetts Ave. NW.

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PRIVATE HEALTH CARE _ 12 p.m. One in a series of Cato Institute luncheon seminars on health care. Today's topic: ``Liberalizing the Private Health Care Sector." Location: B338 Rayburn House Office Bldg.

MOORE-FAMILY FINANCES _ 12 p.m. - 1:30 p.m. Kevin Moore, economist, Federal Reserve Board staff, addresses a National Economists Club luncheon. Topic: ``Changes in U.S. Family Finances from 1989 to 2004: Evidence from the Survey of Consumer Finances. Location: Chinatown Garden Restaurant, 618 H St. NW.

IMMIGRATION _ 1 p.m. Stuart Anderson, National Foundation for American Policy Executive Director, will be joined by Tamar Jacoby, Senior Fellow, Manhattan Institute, for a media tele-briefing to report on a new analysis by the National Foundation for American Policy that analyzes the context of Senate bill S. 2611s immigration numbers over a 20 year period. Contacts: Douglas Rivlin, 202-347-0040 ext 5989. Notes: Dial: 800-289-0494, Confirmation Code: 4194698.

PEDIATRICIANS-MARRIAGE _ 1 p.m. Pro-Family Pediatricians, a coalition of more than 750 pediatricians opposed to the Federal Marriage Amendment, hold a telephone briefing. Contacts: Sara Fait, 202-715-1560.

VOTING RIGHTS ACT _ 1 p.m. - 3 p.m. The Black Leadership Forum, Inc., holds a symposium on the extension of the Voting Rights Act of 1965. Location: National Press Club, Murrow Room.

DRUG CONTROL _ 2 p.m. National Drug Control Policy Director John Walters, Justice and Homeland Security department officials, and officials from the Mexican Embassy hold a news conference to announce the first-ever synthetic drug control strategy, focusing on curbing Mexican and international trafficking of methamphetamine and other chemicals. Location: 7th floor conference room, main Justice.

CHERTOFF _ 3 p.m. Homeland Security Secretary Chertoff speaks at Brookings Institution. Location: Falk Auditorium, 1775 Massachusetts Ave. NW.

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THE ATTORNEY GENERAL'S *NEWS BRIEFING*

PREPARED FOR THE OFFICE OF PUBLIC AFFAIRS, U.S. DEPARTMENT OF JUSTICE

TO: THE ATTORNEY GENERAL AND SENIOR STAFF

DATE: THURSDAY, JUNE 1, 2006 7:45 AM EDT

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TERRORISM NEWS:

Umer Hayat Pleads Guilty To Lying To Customs Agents. In a widely-distributed story, the AP (6/1, Thompson) Umer Hayat "pleaded guilty Wednesday to a lesser charge rather than be retried on allegations that he lied to the FBI about his son's attendance at a terrorist training camp, according to court papers." Hayat, "an ice cream vendor, pleaded guilty to lying to customs agents about more than $28,000 he and family members were carrying on a trip to Pakistan three years ago," and prosecutors will recommend he be sentenced to time served and three years supervised release. US Attorney McGregor Scott said, "This outcome was not, of course, the one most desired by the government. However...our region is safer today than it was one year ago." The Lodi News-Sentinel (6/1, Bohm) adds that Hayat "remains on home detention and is scheduled to be sentenced Aug. 18. The actual sentence will be up to U.S. District Judge Garland E. Burrell Jr., who could sentence Hayat to as much as five years in prison and a $250,000 fine." The "plea deal came five days shy of June 5, the one-year mark since the Hayats were arrested during a high-profile investigation involving dozens of FBI agents swarming through Lodi."

The New York Times (6/1, McKinley, 1.19M) reports that the plea "brings to a close a federal prosecution that raised questions about government interrogation techniques. Both Hayats had submitted confessions to investigators despite limited English, an element that some legal experts say could open their convictions to appeal. In a statement on Wednesday…seemed to strike a victorious note. 'After 9/11, the U.S. Justice Department's top priority is to detect, disrupt, and deter future acts of terrorism,' he said. 'This mission was accomplished.'" Under the headline "Terrorism-Related Charges Are Dropped," The Los Angeles Times (6/1, Tempest, Bailey, 958K) notes, "Six weeks ago, a hopelessly split jury failed to reach a verdict in his case," and Scott "said retrying a case that had resulted in a mistrial was too daunting." Defense lawyer Johnny Griffin "described the plea bargain as a victory for Umer Hayat, who he said had been unfairly branded as a terrorist." The Sacramento Bee (6/1, Walsh, 301K) also reports on Hayat's plea agreement.

Impact Of EU Court's Decision On Terrorist Watch Lists Examined. In a Financial Times op-ed (6/1), Brookings Institution fellow Richard Falkenrath says if a Dutch national "terrorist…arrives at Amsterdam's Schiphol Airport and buys a one-way ticket on the daily KLM flight to New York" traveling "under his real name" like "the September 11 2001 hijackers," and if "he travels under his real name. US authorities have uncovered his identity and placed him on the terrorist watch list. The question is: will he be caught and, if so, when? Currently, even if the US authorities had provided this terrorist's name to Dutch or European authorities, there is no watch-listing system in either jurisdiction that would have identified him as he purchased his international ticket or transited through Dutch immigration control. Moreover, because he is a Dutch national he would not have been required to apply for a visa to enter the US. So he would pass out of Europe undetected." The terrorist likely would "be identified once his flight had left European soil. Under a May 2004 agreement between the US and the European Commission, European airlines were allowed to transmit their passenger manifests to US authorities 15 minutes after take-off. Two days ago, the European Court of Justice annulled this agreement." US and European officials "are trying to figure out what to do now that the ECJ has scuttled their passenger-data agreement. The first thing they should do is study the ways in which new technologies and procedures can be used to achieve their basic security aims while minimising the impact on personal privacy."

WSJ Says EJC Ruling Unlikely To Jeopardize Overseas Air Travel. The Wall Street Journal (6/1, 2.11M) say in an editorial, "Despite some media hyperventilating, there's next-to-no chance Europe's airlines will stop transferring important passenger information to the U.S." In its ruling, the EJC "did not address the issue of privacy rights. Rather, it said the European Commission was wrong to have based the passenger-data deal on EU law regulating commercial activities. This was not a trade matter but one of public security, it said. The court gave the EU 90 days to find a solution, and until then the agreement with the U.S. remains in place."

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Legal Challenges In Terrorism Prosecutions Examined. Voice of America (6/1, Malone) reports, "Al-Qaida conspirator Zacarias Moussaoui remains the only person convicted in connection with the September 11, 2001 terrorist attacks. Others who allegedly planned the 9/11 attacks are being held by the U.S. abroad. But as of now, there are no plans to put them on trial." VOA continues, "Moussaoui was sentenced to life in prison after he pled guilty to conspiring with al-Qaida to fly planes into buildings. … But what about some of the alleged planners of the 9/11 attacks now in custody, like Khalid Sheikh Mohammed or Ramzi Binalshibh, who allegedly financed the 19 hijackers on September 11." VOA adds, "U.S. officials say that despite the lengthy and challenging prosecution of Zacarias Moussaoui, criminal prosecution remains an option. … 'The Moussaoui case, I think, demonstrates that we can be successful,' said Paul McNulty, the deputy U.S. attorney general. 'In our investigations, we will continue to use every tool and authority available to us to identify risks at the earliest stage possible. And in deciding whether to prosecute, we will not wait to see what becomes of risks.' … Legal experts and others wonder if the difficulties on display in the Moussaoui case are making it less likely that the government will want to try the alleged masterminds of the 9/11 attacks in open court. … Trying terrorist suspects in open court could be risky because the government might be forced to reveal some of its intelligence sources as it presents evidence. Prosecutors would also have to address whether torture was used to obtain confessions. … While it remains unclear what the United States will do with the alleged high profile al-Qaida members in custody, prosecutions of lower-level suspects continue. … Deputy Attorney General Paul McNulty says since the 9/11 attacks, the Justice Department has secured 253 convictions against 435 defendants in terrorism-related cases. Many of those convictions, however, involved minor crimes and immigration violations not directly related to terrorist acts or plots."

HOMELAND RESPONSE:

NYC, DC Officials Decry Cuts In DHS Anti-Terrorism Funding. DHS announced its Urban Areas Security Initiative grants for 2006 yesterday, cutting money for New York City and Washington DC while boosting funding for some Southern and Midwestern cities, including Omaha and Louisville, Kentucky. The Washington Post (6/1, A1, Eggen, Sheridan, 744K) in a front page article reports the agency "slashed anti-terrorism money" from "the two cities targeted on Sept. 11, 2001," prompting "outrage from lawmakers and local officials in both areas, who questioned the wisdom of cutting funds so deeply for cities widely recognized as prime terrorist targets. The decision came less than five months after Homeland Security Secretary Michael Chertoff unveiled changes in the grants plan intended to focus funding on areas facing the gravest risk of attack." The Post adds that "department officials struggled yesterday to defend" the grants.

The New York Times (6/1, Lipton, 1.19M) reports, "Homeland security officials said the grants were a result of a more sophisticated evaluation process, combined with a smaller overall allocation of money from Congress." Meanwhile, Rep. Peter T. King, who called the distribution of grants "a knife in the back to New York," said officials at DHS "who had briefed him about the grants made clear that they were unimpressed with the city's plan." The City's "emphasis on spending on recurring costs — like overtime — was cited as a factor in the relatively low rating the city's application received, one federal official said."

The Washington Times (6/1, Hudson, Doolittle, 90K) reports DC Mayor Anthony A. Williams called the allocation "very shortsighted," adding that he believed the National Capitol Region "could be attacked again at any time, and now is not the time to back off on our efforts." DHS spokeswoman Tracy Henke, asked by reporters "whether the risk is still higher in the Washington and New York areas," said, "There is risk throughout the nation."

King Calls DHS Spending Plan "Indefensible And Disgraceful." CNN's The Situation Room (5/31, Blitzer) reported, "Some political figures from New York and Washington right now are livid about the Homeland Security Department's new spending priorities. Officials say the two cities targeted in the 9/11 attacks are getting less money this year than in 2005. … New York Republican Congressman Peter King, the chairman of the House Homeland Security Committee, is calling the new spending plan -- and I'm quoting now – 'absolutely indefensible and disgraceful.' He goes on to say, 'as far as I'm concerned, the Department of Homeland Security and the administration have declared war on New York.'"

Muslim-Americans Complain Of Increased Scrutiny While Traveling. The New York Times (6/1, MacFarquhar, 1.19M) reports, "Getting through United States airports and border crossings has grown more difficult for everyone since the terrorist attacks of Sept. 11. But Muslim Americans say they are having a harder time than most, sometimes facing an intimidating maze of barriers, if not outright discrimination. Advocacy groups have taken to labeling their predicament 'traveling while Muslim,' and accuse the government of ignoring a serious erosion of civil rights." The American Civil Liberties Union plans to "go back to court to broaden a suit on behalf of Muslims and Arab-

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Americans who are demanding the United States government come up with a better system for screening travelers."

Air Marshal Who Intentionally Blew Cover Still Flying. USA Today (6/1, Frank, 2.31M) reports Spencer Pickard, the federal air marshal who "intentionally blew his cover to try to show that agency rules make the undercover officers easy to spot," said yesterday "that he flew, armed, three times last week. … Marshal service spokesman Dave Adams said Pickard 'is still an active air marshal, he's still on our books, and he's going to still be flying missions.'" USA Today adds that 'he and another spokesman for the service, Conan Bruce, declined to address why Pickard could still fly." Bruce, meanwhile said that policies cited in a 20/20 report featuring Pickard "'have either been changed or are going through changes'" under FAMS chief Dana Brown.

WPost Calls Democratic Proposal Requiring Cargo Container Inspections "A Terrible Idea." The Washington Post (6/1, A18, 744K) says in an editorial, "When a House committee voted this spring against an amendment that would have required all cargo containers bound for this country to be individually inspected in their ports of origin, Congress temporarily put to rest what could have been yet another hyped-up wave of politically motivated anxiety about American port security. Although the House later passed a bill that provides extra funding for nuclear screening and other measures, Democrats vowed to bring up the inspection issue again -- and ran advertisements around the country attacking Republicans who oppose it. Before the 'inspect every container' mantra becomes a national war cry, it's important to point out that this is a terrible idea."

NYTimes Says WTC Development Agency Should Take Control Of Memorial Foundation. The New York Times (6/1, 1.19M) says in an editorial, "Gretchen Dykstra's resignation last Friday as head of the World Trade Center Memorial Foundation took almost no one by surprise. Some of the blame for the foundation's problems will surely fall to Ms. Dykstra's account. But the real difficulty is structural. The foundation, which is private, was given a job it should never have had: To build the memorial. That made its real job — raising money for the memorial — harder than it should have been." The Times says the "vague relation between the Lower Manhattan Development Corporation and the Memorial Foundation should be clarified. The development agency, in partnership with the Port Authority, should take over the task of building the memorial."

Mayfield Fears Coastal Residents Not Prepared For Hurricane Season. In a report marking the start of hurricane season, USA Today (6/1, O'Driscoll, 2.31M) reports, "Max Mayfield, director of the National Hurricane Center in Miami, says people have to wake up. … State and local governments along the Atlantic and Gulf coasts are heeding the alarm of last year's record onslaught and forecasts of another worse-than-normal hurricane season this year," but "Mayfield says many people along the USA's hurricane coasts are not poised for the next tropical storm, let alone for a monster like 2005's Katrina." Mayfield cites a poll by the National Hurricane Survival Initiative found half of the 1,100 respondents "don't feel vulnerable to hurricanes, and three in five have no family disaster plan."

The CBS Evening News (5/31, story 13, 2:30, Cowan, 7.66M) profiled Mayfield, who is "to coastal residents, what Alan Greenspan was to Wall Street: When he talks, people listen." It "falls to him to warn the nation of potential natural disasters. Preparedness has become his passion. He travels the nation during the off season doing interviews, showing off the latest technology to kids, and hoping his newfound but unwanted celebrity status will help get the importance of planning for storms through people's heads." But his "message is falling on deaf ears. Thirteen percent of coastal residents say they still won't evacuate this year in the face of a hurricane and 60% admit they have no disaster plan."

National Hurricane Forecasters Predict Nine Hurricanes. The CBS Evening News (5/31, story 12, 0:20, Mitchell, 7.66M) reported, "Tomorrow is June 1st, the official start of the hurricane season. And in their latest forecast, scientists at Colorado State University predict almost twice as many major storms as normal. Nine hurricanes are expected, five of those could be major, meaning a Category 3 or stronger. Forecasters say there's a strong chance the US East Coast or the Florida Peninsula will be hit."

Insurance Companies Cutting Back Coverage In Coastal Areas. ABC World News Tonight (5/31, story 10, 2:05, Gibson, 8.78M) reported that as the hurricane season begins, "it's likely to be an active one. The National Hurricane Center predicts there will be eight to ten full hurricanes. That's potential trouble for coastal residents in hurricane zones. But they already have insurance troubles long before the storms arrive." ABC (Kofman) added, "Two years, eight hurricanes, $72 billion in insurance claims. Now, as another hurricane season begins, the insurance industry is running for cover. In Florida, All-State is refusing to renew the policies of more than 200,000 customers. And the company is refusing to write new policies for homeowners in 14 Texas counties. Insurance anxiety has spread to the Northeast, where Metlife and All-State say they will not write new policies on Long Island, where there hasn't been a hurricane since Bob hit in 1991." Tom Gallagher, CFO, State of Florida: "When you have no insurance available, you can't get a mortgage, you have no real estate market. And we have tremendous economic problems in our state." Kofman: "Problems even

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for those who can still get insurance. Here in Florida, State Farm is asking regulators to approve premium increases of 59% for almost a million customers."

Advocate Says Policymakers Ignoring Loss Of Wetlands, Coastal Sprawl. Meanwhile, David Helvarg, president of the Blue Frontier Campaign, and author of "50 Ways to Save the Ocean," in an op-ed in the Los Angeles Times (6/1, 958K) writes that despite predictions that this year's hurricane season "will be 'above normal,'" America's hurricane territory is still "stuck in the 1970s and 1980s, when a lull in storm activity aided and abetted unprecedented development along the Atlantic seaboard." Helvarg says "federal policymakers continue to ignore the causal factors that transform major storms into human catastrophes, such as the loss of protective wetlands and coastal sprawl. … Those who think they can rebuild in harm's way using the same assumptions that worked in the last century, or who believe they can manage nature by stockpiling generators and water bottles, are living a dangerous fantasy."

New Orleans Residents Doubt City Ready For Hurricane Season. NBC Nightly News (5/31, story 4, 3:20, Savidge, 9.87M) reported, "It doesn't matter who you talk to, whether it be Federal or local officials, they tell you the same story," that New Orleans "is ready" for the onset of hurricane season. But "talk to the people of New Orleans and many have serious doubts." There was a "partial collapse just this week of a 400-foot section of a hurricane protection levee. It was being repaired when the ground beneath simply gave way." Despite the "setback, the Army Corps of Engineers is confident New Orleans will have the same level of protection it had before Katrina. But for residents like David Lomax of Lakeview, the incident only adds new concerns over how well the Corps fixed 169 miles of failed levees, not to mention the 181 additional miles of potentially weakened levees the Corps didn't touch." Emergency responders "have their own worries. New Orleans has fewer police officers, hospital beds, and even weaker water pressure than a year ago. It's no wonder officials are adamant."

Isaacson Says Levees Will Be Sufficient To Protect City. NBC Nightly News (5/31, story 5, 2:40, Williams, 9.87M) interviewed former Time editor Walter Isaacson, who now serves as vice chairman of the Louisiana Recovery Authority. Asked if he was "convinced that what the Army Corps of Engineers has done" to repair the levee system "will be enough, sufficient to protect this place?" Isaacson said, "Absolutely. I think that the good, armored Category 3 levees means that people will be safe. There may be some damage and flooding in really big storms where some water gets in, but you're never going to see this type of devastation again."

Professor Says Rebuilding Near Beach After Katrina "Makes No Sense." Orrin H. Pilkey, the James B. Duke Professor of Earth Science emeritus at Duke University and a co-author of "The Corps and the Shore," in an op-ed in USA Today (6/1, 2.31M) writes that during a recent trip to the former site of his parents' house in Waveland, Mississippi, which had been flooded during Hurricane Camille in 1969, he "was impressed by the large number of volunteers still helping in the recovery effort" from Hurricane Katrina. Pilkey adds that he also noticed a "proliferation of 'For Sale' signs posted along the beach road" and "a new billboard…advertising a soon-to-be-built four-tower, 36-story beachfront condominium. … The incongruity between volunteers helping the people of Waveland and developers seeking to profit from reconstruction in an obviously dangerous zone couldn't be greater." Pilkey states, "It makes no sense to simply rebuild and even increase building density after Katrina" and, though it may be "difficult to accept, …reconstruction near the beach should be prohibited."

LATimes Says Fears Of Levee Failure Should Be Considered When Approving Development. The Los Angeles Times (6/1, 958K) editorializes that though some of the levees in California's Central Valley "are at risk almost every day," officials in the area "are doling out permits to develop what were once farms and open spaces. The urge to convert is driven not just by profit-seeking landowners but by cities and counties eager for property tax receipts. And it's abetted by flood-insurance rules that assume the levees offer more protection than they really do." Though the state Assembly rejected a bill by Dave Jones that "would hold cities and counties jointly liable with the state to the extent that, by approving a project on undeveloped land, they increase the property damage caused by a flood," the Times says "it should reverse course and approve the bill when it comes up for reconsideration today."

Passing Of Civic-Minded Bankers Said To Make Gulf Coast Rebuilding More Difficult. Otis White, a public policy consultant and columnist for Governing magazine, in the New York Times (6/1, White, 1.19M) writes that bankers like Donald E. Powell, who, before becoming President Bush's coordinator for Gulf Coast rebuilding, "wore every civic badge worth wearing" in Amarillo, Texas, "rarely lead cities…anymore, and their exit from the stage speaks to how communities have changed — and why it may be harder to mend them when disasters strike." White continues that "there are not many bankers left with the knowledge or authority to invest their banks' resources in bold rebuilding efforts. As the main federal contact for congressional, state, local and private leaders in supporting the recovery of the Gulf Coast, Mr. Powell must already be painfully aware of their passing."

Education Said To Have "Fallen By The Wayside" Among Some Hurricane Evacuees. The New York Times (6/1, Dewan, 1.19M) reports that for children at Renaissance Village, a FEMA trailer park in Baker, Louisiana, "this is their

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lost year." Children there "are not in school," and "health experts and advocates for evacuees say that Baker…is not unique. Throughout the areas where hurricane evacuees ended up, they say, are pockets where education has fallen by the wayside, raising the possibility that thousands of children could become permanent dropouts." Meanwhile, though "some children seem to have simply lost interest, others have found their enthusiasm thwarted. Chris Waller, a junior, said he was turned away by several area high schools that told him they were full."

Katrina Evacuee Makes National Spelling Bee Finals. ABC World News Tonight (5/31, story 11, Gibson, 8.78M) reported profiled National Spelling Bee finalist Hung Tran, who was "was just starting eighth grade in east New Orleans, when Hurricane Katrina hit." His home was destroyed. His family moved in with relatives in Greenbelt, Maryland." It "came as a big surprise when Hung spelled up a storm in the school bee -- and went on to beat everyone. … They didn't even have spelling bees at his old New Orleans school. In Maryland, he went on to conquer the county bee."

WAR NEWS:

Bush "Troubled" By Reports Of Haditha Killings, Promises Justice. President Bush yesterday spoke for the first time on the allegations that US Marines killed 24 Iraqi civilians in Haditha. The story was covered by all three networks, each of which ran the President's remarks. Likewise, virtually all print stories on the matter are also built around Bush's statement that he is "troubled" by the allegations.

NBC Nightly News (5/31, story 2, 2:15, Miklaszewski, 9.87M) reported, "The gravity of the allegations that a handful of Marines may have deliberately killed two dozen innocent Iraqi civilians, including women and children, weighs heavily now on the White House. President Bush said today he's troubled by the reports and promised justice." President Bush: "If in fact the, you know, laws were broken there will be, there will be punishment." The CBS Evening News (5/31, story 6, 2:15, Martin, 7.66M) said "the President made his first public comment on the case" and showed the same comments by the President. ABC World News Tonight (5/31, story 3, :30, Gibson, 8.78M) showed Bush sating, "I am troubled by the initial news stories. I'm mindful that there is a thorough investigation going on."

The New York Times (6/1, Stolberg, 1.19M) reports Bush also "said he had spoken with Gen. Peter Pace, the chairman of the Joint Chiefs of Staff, about the killings last November in the Iraqi town of Haditha, 150 miles northwest of Baghdad. … 'I've talked to General Pete Pace about the subject, who is a proud marine, and nobody is more concerned about these allegations than the Marine Corps.'" USA Today/AP (6/1), in a brief report, also runs Bush's statement that he's "troubled" by the stories.

The AP (6/1, Pickler) reports White House spokesman Tony Snow "urged patience as the Marines conduct what he called a vigorous investigation. He said a report will come out in 'a matter of weeks, not a matter of months' and include public release of photographic evidence. 'We're going to see everything,' Snow said." The AP adds, "Once that investigation is completed, a senior Marine commander in Iraq will decide whether to press charges of murder or other violations of the Uniform Code of Military Justice."

Rice Says Allegations, If True, Are "Terrible Stain" For US. Secretary of State Condoleezza Rice was asked on CNN's The Situation Room (5/31) how the Haditha incident will impact the US' image in the Arab world. Rice said, "First, we're all just worried because it's a deeply troubling report. Whatever the impact, it's a deeply troubling report that something like this might have happened. There is going to be a full investigation of it. If the charges are proved, people will be punished. That's the way democracies react to circumstances like this. But clearly, no one would want to countenance anything of the kind that is being said to have happened at Haditha. That's our first concern. And of course, it would be a terrible stain for the United States, were something like that to have been demonstrated. But our principle concern right now is to get to the truth."

Military Probe To Conclude Officers Lied To Superiors. The Washington Post (6/1, A1, Ricks, 744K) reports, "The US military investigation of how Marine commanders handled the reporting of events last November in the Iraqi town of Haditha, where troops allegedly killed 24 Iraqi civilians, will conclude that some officers gave false information to their superiors, who then failed to adequately scrutinize reports that should have caught their attention, an Army official said yesterday." The probe is being led by Army Maj. Gen. Eldon Bargewell. The Bargewell investigation "is likely to be explosive on Capitol Hill, because it focuses on questions that have haunted the Bush administration and the US military since the scandal over abuse at Abu Ghraib prison emerged two years ago: How do US military leaders in Iraq react to allegations of wrongdoing by their troops? And is the military prepared to carry out the long and arduous process of putting down an insurgency as part of the first U.S. occupation of an Arab nation? One of Bargewell's conclusions is that the training of troops for Iraq has been flawed, the official said,."

The Washington Times (6/1, Curl, 90K) notes "a preliminary military inquiry found evidence that Marines killed two dozen Iraqi civilians in an unprovoked attack in November, contradicting the troops' account." In addition, "forensic evidence from those killed showed the victims had bullet wounds, despite the initial statements by Marines that the civilians were killed by a roadside bomb that also took the

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life of a soldier, a defense official said. 'The forensics painted a different story than what the Marines had said,' the official told the Associated Press."

The Christian Science Monitor (6/1, Sappenfield, 61K) reports that "experts dismiss the notion that the military system is any more corrupt or ineffective than its civilian counterpart." But "they acknowledge that it faces its own unique challenges -- from the culture of silence that can pervade the most tight-knit military units to the lack of any department 'district attorney' to follow up on leads. The concerns are longstanding, but with citizens getting a fuller picture of the mechanics of warfare -- both on the battlefield and off -- there is pressure to ensure that Americans have confidence in their military's means of justice." The Monitor adds, "To some, the whole process has been an example of the system working correctly. … Others, however, see the need for reform. There is no position in the Department of Defense akin to an attorney general -- someone whose job it is solely to follow up on credible allegations. Under the current system, investigations are convened by local commanders, who have many other duties -- and perhaps conflicts of interest."

Pentagon To Require All US Soldiers In Iraq To Undergo "Values Training." ABC World News Tonight (5/31, story 4, :30, Gibson, 8.78M) reported, "ABC's chief White House correspondent, Martha Raddatz, reports that as a result of the Haditha deaths, the commander of US forces in Iraq will issue an order tomorrow, requiring that all 130,000 US troops in Iraq, to receive core values training. Training that will highlight the importance of adhering to legal, moral and ethical standards on the battle battlefield. It will also include instructions on the cultural expectations of Iraqis, and on the consequences of improper military conduct."

Haditha Survivors "Sinking Into Depression." The Los Angeles Times (6/1, Stack, Salman, 958K) says that in Iraq, "word of the deaths has spread slowly out of Haditha these last months, blurring into the steady background noise of daily horrors. To a public that's endured more than three years of combat, rampant bombings and executions, news of two dozen more lost lives grabbed few headlines." The Times adds, "Since that November day, the people of Haditha have been haunted. The survivors described sinking into depression. Much of the talk in town has centered on the US offer of $2,500 in compensation for each death. Some of the families say they turned down the money. In March, the townspeople said, American investigators arrived. They brought cameras to record the witnesses, and toys for the surviving children."

US Soldiers Apparently Kill Pregnant Woman. NBC Nightly News (5/31, story 3, 2:10, Engel, 9.87M) reported, "In Samarra yesterday, US soldiers apparently shot and killed a pregnant woman and her cousin. They were in a car speeding to a maternity hospital on a road closed by the military. A military spokesman said the car failed to stop despite warnings." The CBS Evening News (5/31, story 7, 0:30, Mitchell, 7.66M) said "doctors tried to save the baby but failed. The US military calls the deaths regrettable."

ABC World News Tonight (5/31, story 5, 2:10, Brown, 8.78M) reported, "Their car entered what the US military called a clearly marked, prohibited area near a checkpoint and observation post manned by coalition forces. According to the military, the driver of the car ignored signals and commands to stop, so troops fired shots to disable the vehicle. One of the survivors of this incident says they were rushing the pregnant woman to the hospital because she was about to give birth. They didn't know the road was blocked, she said." The New York Times (6/1, Burns, 1.19M) noted the women "were among 54 new victims of the war reported by the Iraqi police and the American military command on Wednesday."

Iraqi Prime Minister Seeks To Assert Control Over Basra. NBC Nightly News (5/31, story 3, 2:10, Engel, 9.87M) reported, "Iraq's new prime minister was trying to unite this country so fractured by violence under a single command, his own. Iraq's Prime Minister Nouri al-Maliki today tried to assert his new government's authority in Basra in the south. It's Iraq's second-largest city, rich in oil, but is largely controlled by Shiite militias. Police say 140 people have been killed here this month, most of them Sunnis. Maliki declared a 30-day state of emergency in Basra. It gives his security forces the power to impose curfews and make arrests without warrants. 'I will use an iron fist to strike the heads of the gangs that threaten security.' Talking tough as at least 80 Iraqis were killed over the past 48 hours, including 9 at a bakery bombed in Baghdad today."

The Washington Times/AP (6/1, Abdul-Zahra) reports the Prime Minister "declared a state of emergency yesterday in once peaceful and oil-rich Basra." It was "the only state of emergency in effect across Iraq, officials said. Other cities where violence is rampant, such as Baghdad and Ramadi, only have curfews."

The New York Times (6/1, Tavernise, Mizher, 1.19M) calls Basra "increasingly lawless," adding the city "has sunk into chaos. Shiite political parties and their militias are fighting to control the provincial government and the region's oil wealth, contributing to some of the worst rates of killing since the invasion, with 174 killings in the past two months -- double the amount from the previous two months, according to the Basra police."

The Washington Post (6/1, Hernandez, 744K) reports Reidar Visser, "an Iraq analyst with the Norwegian Institute of International Affairs who edits historiae.org, a Web site that focuses on Basra and southern Iraq, said he believed the

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recent surge in violence was partly the result of an intensifying battle between two Shiite parties: the Fadhila Party, a powerful local group that dominates the provincial council, and the Supreme Council for the Islamic Revolution in Iraq, or SCIRI, which controls the Interior Ministry in Baghdad and thus influences the local police force."

The New York Times (6/1, Burns, 1.19M) reports "American and Iraqi officials had hoped that the accession of Prime Minister Nuri Kamal al-Maliki...might be a watershed that would bring a cresting of the violence. If anything, the opposite appears to have occurred, with the new government facing intensified challenges on a broad front." Knight Ridder (6/1, Youssef) also says "Iraq's violence has intensified in recent weeks, despite the country's swelling security forces."

Khalilzad Says Next Three To Six Months Critical For Iraqi Government. USA Today (6/1, Slavin, 2.31M) reports US Ambassador to Iraq Zalmay Khalilzad said Wednesday that "Iraq's new government has three to six months to bring more stability to the country, or it could collapse." Khalilzad said, "Unless there is increased security … a lessening of and containing of sectarian violence, this government will face huge challenges that might pose a problem for the viability and success of the political process." He said Iraqi Prime Minister Nouri al-Maliki "will name Interior and Defense ministers in 'the next three to four days.'"

Pentagon Report Paints "Bleak" Picture Of Situation In Iraq. CNN's The Situation Room (5/31, Roberts) reported, "This is the quarterly report that the Department of Defense provides to Congress. And three years after President Bush declared 'mission accomplished,' it contains some troubling revelations about what the future holds. The Pentagon report paints a bleak picture for the prospect of good news anytime soon in Iraq, stating in frank times that the strength of the insurgency will likely remain steady throughout 2006. Compare that with this rosy assessment exactly one year ago. … The contrast couldn't be sharper, but it's no surprise to military experts, who saw no reason for such sunny optimism."

Retired Marine Colonel Raps President For "Laundry List of Inaction" On Iraq. In a New York Times (6/1, 1.19M) op-ed, retired Marine colonel Thomas X. Hammes asks, "why is the administration taking so many actions that make holding the country together virtually impossible?" Hammes faults President Bush for diverting "nearly half the money allocated to reconstruction in Iraq to other needs, including security," deeply cutting "financing for democratization efforts, many of them undertaken by nongovernmental groups," and proposing cuts in "overall Army and Marine troop strength." Hammes writes that "the White House must commit to long timelines and to providing the money necessary for both the military and reconstruction efforts."

Casey Says Iran Increasing Support For Shiite Groups In Iraq. NBC Nightly News (5/31, story 3, 2:10, Engel, 9.87M) reported General George Casey offered "sharp criticism of Iran. In particular, he said that Iran since January stepped up its support for Shiite insurgent groups attacking coalition forces in Baghdad, Hilla, and Basra. He said not only does Iran supply these groups with the materials to make shaped charges that can tear through American armor but also experts on how to use them from their Iran's own secretive Al Quds Brigade and Hezbollah."

Battle Shakes Baghdad Neighborhood. The Washington Post (6/1, Knickmeyer, Al-Izzi, 744K) reports on civilians' fright during a battle in Baghdad's Adhamiyah neighborhood. The Post reports, "Insurgents, Shiite militias, Iraq's overwhelmingly Shiite police, the slightly more trusted army forces – all were said to be in the fight. Residents could not be sure, or tell how it started. In the fights that roil many of Baghdad's neighborhoods, with automatic-weapons fire heavy and explosions sounding, no one without a gun sticks his neck out to investigate." The Interior Ministry's official account said that "insurgents had attacked an army checkpoint" and soldiers then "chased them through the area." The Post reports that Iraqi soldiers and police burst into a school amid the fighting, yelled for the children to get down, and then rushed them out of the school in groups.

Injured CBS Correspondent Remains In Critical But Stable Condition. The CBS Evening News (5/31, story 8, 1:30, Mitchell, 7.66M) reported, "CBS News correspondent Kimberly Dozier, wounded in Iraq by a car bomb on Monday remains in critical but stable condition in the US military hospital in Landstuhl, Germany." CBS (MacVicar) added, "Well, doctors say she had a pretty good night last night. She remains in critical condition but she is stable. Her injuries are classified as very serious." She has "responded to her parents, she knows that her family, her boyfriend are here with her in Germany and, Russ, doctors say that is so important in helping her heal."

Bodies Of Slain CBS Employees En Route To London. The CBS Evening News (5/31, story 9, 0:20, Mitchell, 7.66M) reported, "The same car bomb that wounded Kimberly killed CBS News cameraman Paul Douglas and sound man James Brolan, both British citizens. Today, their bodies were flown from Baghdad to Kuwait, where they were met by members of their families. They, along with friends from CBS, will accompany the caskets, draped in the Union Jack, home to London tomorrow."

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US Acknowledges Soldiers Fired At Kabul Mob. The Washington Post (6/1, A12, Constable, 744K) reports, "US military officials acknowledged Wednesday that American troops had fired at an angry mob that surrounded the scene of a traffic accident in the Afghan capital Monday morning. Officials previously had said the troops fired only into the air." A US military spokesman, Col. Tom Collins, said, "Initial indications from our investigation are that coalition soldiers did in fact use their weapons in self-defense." Collins "said it appeared that gunfire had come from the crowd and that the troops had 'used their weapons to defend themselves.'"

The New York Times (6/1, Gall, Wafa, 1.19M) reports that Gen. Amanullah Gozar, the chief of the highway police in Kabul, who witnessed the vehicle crash that set off Monday's riots, said that "four people died of gunfire from the last vehicle in the convoy as the American forces extricated themselves from an increasingly hostile crowd." Gozar "dismissed rumors that had spread through the city that the American soldiers deliberately rammed vehicles, even including his own car. 'I can say clearly it was an accident,' he said." The Los Angeles Times (6/1, Watson, 958K) also reports the story.

Afghan Boy Recovering From Heart Surgery In US. The CBS Evening News (5/31, story 11, 0:20, Mitchell, 7.66M) reported, "A follow-up now on a story we reported two weeks ago about a young boy from Afghanistan brought to this country for life-saving heart surgery. He got out of the hospital today. Seven-year-old Mohammed Umer had a condition that restricted his blood circulation, turning his skin blue. Now he's looking and feeling a lot better. Mohammed should be able to return home in about a month."

NYTimes Says Afghanistan "Unraveling." In an editorial titled "Afghanistan, Unraveling," the New York Times (6/1, 1.19M) writes, "Something has gone alarmingly wrong in Afghanistan" and "[u]nless Washington starts correcting its mistakes, parts of Afghanistan could start tumbling back toward the kind of anarchic chaos that once made such areas an attractive sanctuary for international terrorists like Osama bin Laden." The Times writes that Washington needs to "fight a lot smarter. It should begin talks at once with Afghanistan's government to arrive at a mutually satisfactory agreement on basic ground rules governing American military personnel in their interactions with Afghan civilians. It should reinforce its anti-narcotics drive with development programs that allow farmers to find adequate replacement livelihoods in more constructive lines of work." The Times says Washington needs to re-enlist Afghans' "support by demonstrating that it cares not just about Afghanistan's strategic geography, but also about a decent future for its people."

CORPORATE SCANDALS:

Jury Convicts One, Acquits One In Enron Broadband Trial. The New York Times (6/1, Murphy) reports, "In the sixth day of deliberation, a federal jury convicted one of two former executives of Enron's Broadband unit yesterday in connection with a $111 million accounting fraud." The Times continues, "The executive, Kevin A. Howard, 43, the former chief financial officer, was found guilty of five counts of fraud, conspiracy and falsifying records. … A second executive, Michael W. Krautz, 37, a former accountant at Enron Broadband Services, was acquitted of the same charges." The Times adds, "The verdict brought to an end a trial that had been going on next door to that of the two former Enron chief executives, Kenneth L. Lay and Jeffrey K. Skilling, who were found guilty last week of fraud and conspiracy. … Prosecutors accused Mr. Howard and Mr. Krautz of setting up sham deals to manufacture millions in earnings from a failed video-on-demand deal. The broadband unit dissolved when Enron declared bankruptcy in 2001. … A spokesman for the Department of Justice, Bryan Sierra, said, 'Juries obviously sometimes make the decision to acquit but we're obviously very pleased that they agreed with us on the guilt of Mr. Howard.'"

The Washington Post (6/1, D3, Hays) reports, "Howard and Krautz were accused of participating in a small piece of that fraud in a scheme to manufacture earnings for Enron's struggling broadband unit in late 2000. The deal involved selling an interest in future revenue of a video-on-demand venture that disintegrated a few months later. … Howard and Krautz were the first of five broadband executives to be retried in separate cases after the original trial of the entire group ended in a hung jury. Although Enron was primarily an energy trader, the broadband unit was created in 1998 during the dot-com boom."

The AP (6/1, Hays) reports, "The verdict came six days after another jury convicted Enron founder Kenneth Lay and former Enron Chief Executive Jeffrey Skilling of fraud, conspiracy and other charges in one of the biggest business scandals in U.S. history. … Lay and Skilling were convicted of conspiring to run a massive fraud through repeated lies to investors and employees about Enron's financial strength. The company careened into bankruptcy proceedings in December 2001." The AP adds, "The government contended that Howard and Krautz conspired to manufacture earnings for the failing broadband unit in late 2000 by selling an interest in future revenue of a video-on-demand venture that disintegrated a few months later. … The two men each testified - as they did in their first trial - that the deal was legitimate. The investors were not bought out and lost their money along with other creditors when Enron collapsed in

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late 2001. … The first broadband trial began in April 2005 and focused mostly on three other executives accused of overhyping capabilities of Enron's broadband network and operating software. After that case ended with a hung jury, the five defendants were split into three separate cases and re-indicted on fewer counts."

Federal Judge Dismisses Charges Against Former Gateway CEO. The Wall Street Journal (6/1, Scannell) reports, "A federal judge threw out civil-fraud charges against the former chief executive officer of Gateway Inc., dealing federal regulators an unusual loss." The Journal continues, "In a decision dated May 23 but made public Tuesday, Judge Roger Benitez of the U.S. District Court for the Southern District of California ruled that the Securities and Exchange Commission didn't offer sufficient evidence to support charges that former Gateway CEO Jeffrey Weitzen made material misstatements in a regulatory filing and subsequent news release for third-quarter 2000 earnings." The Journal adds, "In granting Mr. Weitzen's motion for summary judgment, the judge rejected the SEC's theory that Mr. Weitzen's 'substantial participation' and 'intricate involvement' in the formulation of the regulatory filing was enough to hold him liable for false statements even though Mr. Weitzen didn't sign the quarterly filing." The Journal notes, "In the opinion, the judge said the SEC relied solely upon Mr. Weitzen's signature on the management representation letter submitted to the company's auditor to prove his knowledge of a material false filing. 'A reasonable fact-finder could not find this to be substantial in relation to the preparation of the entire quarterly filing. The SEC therefore may not impute any alleged misstatements in the Q3 2000 10-Q to Weitzen,' the judge said."

SEC Settles Auction-Rate Bond Claims With 15 Banks. The Washington Post (6/1, D2, Bilodeau) reports, "Citigroup Inc., Goldman Sachs Group Inc. and 13 other banks agreed to pay a total of $13 million to settle claims that they favored some customers in the $200 billion market for auction-rate bonds." The Post continues, "The firms violated securities laws from January 2003 to June 2004 by allowing customers to change their orders in the supposedly blind auctions and by giving select clients an advantage when deciding how much to bid, the Securities and Exchange Commission said yesterday." The Post adds, "A two-year investigation of the securities, whose rates are reset periodically by auctions, found industry-wide violations, Linda Chatman Thomsen, the SEC's enforcement chief, said in a written statement. … The SEC asked the brokerages two years ago to provide reports 'detailing any potentially deceptive, dishonest or unfair practices,' according to a memo sent to members in May by the Bond Market Association, the Securities Industry Association and the American Bar Association. … Firms in the settlement today also include Bear Stearns Cos., Lehman Brothers Holdings Inc., Merrill Lynch & Co., J.P. Morgan Chase & Co. and Morgan Stanley & Co."

Waiver Controversy Highlighted By Milberg Weiss Prosecution. The National Law Journal (6/1, Jones) reports, "As the government's demands for waiver of privilege in white-collar prosecutions have sparked the ire of attorneys worried about the sanctity of client communications, the waiver issue in the Milberg Weiss Bershad & Schulman case is presenting an especially prickly problem." The Journal continues, "The recent announcement that a grand jury had indicted the securities class action giant and two of its partners was a triumph for prosecutors in the ongoing investigation. The government alleges that the firm paid clients more than $11 million in kickbacks to serve as plaintiffs in as many as 150 class action and derivative lawsuits. … But Milberg Weiss' case, while in some ways typical of recent corporate corruption prosecutions, also involves a key distinction -- because it is a law firm -- which some experts say makes the potential infringement on attorney-client communications all the more grave. … 'The privilege issues are much more complicated, much more expansive,' said Jonathan Polkes, a former federal prosecutor who practices white-collar defense at New York's Weil, Gotshal & Manges. 'You're talking about a defendant that lives and dies by privilege.'" The Journal notes, "The issue of waiver in what have become run-of-the-mill prosecutions against corporations has raised the hackles of both defense and plaintiffs attorneys. In April, American Bar Association President Michael Greco issued a statement saying that the attorney-client privilege was 'under attack' by prosecutors coercing corporations to waive their protections to qualify for leniency by the government. … In addition, a bipartisan group of lawmakers is considering asking the U.S. Department of Justice to change its policy of demanding waivers as evidence of defendants' cooperation. … After U.S. Attorney Debra Wong Yang in the Central District of California announced an indictment on May 18 against Milberg Weiss, the law firm in its own statement asserted that prosecutors had demanded access to communications with its counsel, Zuckerman Spaeder of Washington, in exchange for deferred prosecution. Milberg Weiss' refusal to grant access to that communication led to its indictment, the firm said."

Fannie Mae Executives To Testify Before Senate Panel. In its "Washington Wire" column on its web site, the Wall Street Journal (5/31, 2.11M) reported that the Senate Banking Committee has called Fannie Mae CEO

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Daniel Mudd, and former chief Franklin Raines "to testify as early as next week on federal regulators' allegations that the giant mortgage company engaged in fraudulent accounting. Also being asked to discuss their investigations are James Lockhart, acting director of Office of Federal Housing Enterprise Oversight, Fannie's main regulator, and Christopher Cox, chairman of the Securities and Exchange Commission. After Ofheo's report was released last week, Lockhart said he has directed Fannie's board to grab back any unjustified compensation paid to senior executives as a result of accounting misdeeds." Committee Chairman Richard Shelby "is planning a wide-ranging hearing, including probing whether Mudd is the right person to lead the mortgage giant."

Executive Pay Often Exceeds Amounts Allowed Under Performance Targets. The New York Times (6/1, Morgenson, 1.19M) reports that as "executive pay packages have rocketed in recent years," investors "who plow through company filings often find that executive compensation exceeds the amounts allowed under the performance targets set by the directors. Executives of companies as varied as Halliburton, the military contractor and oil services concern; Assurant, an insurance company; and Big Lots, a discount retailer, all received bonuses and other pay outside the performance parameters set by the boards of those companies. It is the equivalent of moving the goalposts to shorten the field, compensation experts say."

CRIMINAL LAW:

CBC Backs Jefferson Bid To Retain Ways And Means Seat. The Washington Times (6/1, DeBose, 90K) reports Rep. William J. Jefferson "has been asked by the House Democratic leader to step down from the Ways and Means Committee owing to the lingering FBI bribery investigation, but the Louisiana Democrat has refused and won the support of the Congressional Black Caucus (CBC)." In a statement, the CBC said, "Mr. Jefferson has not been charged with anything, so to forcibly remove him from a seat on the Ways and Means Committee would be unprecedented."

More Commentary. In an op-ed in the Baltimore Sun (6/1), Steven P. Grossman, a former New York City prosecutor who is now the Dean Julius Isaacson professor at the University of Baltimore School of Law, writes, "In a rare demonstration of bipartisan cooperation, House Speaker Dennis Hastert and House Minority Leader Nancy Pelosi together criticized the FBI's search of the office of Rep. William J. Jefferson, the Louisiana Democrat who is under investigation in connection with the alleged acceptance of bribes. … How heartwarming it is that two people who seem to agree on little that can benefit the country have come together to defend the right of their colleagues to have some sort of special immunity from search warrants issued to uncover crimes committed by legislators. They said the investigators, like the investigated, are not above the law. A noble thought, but one that needs to be examined." Grossman continues, "The Justice Department did obtain a search warrant to authorize the search of Mr. Jefferson's office. In other words, investigators prepared a sworn statement that demonstrated to a judge that there was probable cause, meaning it was more likely than not that there was evidence of a crime to be found in the congressman's office. … The role of the courts in the warrant process cannot be overstated. The framers of our Constitution wrote the Fourth Amendment to protect us from illegal searches and seizures." Grossman adds, "Some critics of the search have legitimate concerns about the separation of powers between government branches and particularly express concern that such searches can be too political and too broad and can uncover documents not connected with the investigation and which the proper workings of government require to be kept private. … That is why we have courts and why the framers imposed requirements not just to authorize a search but also to ensure that the search is limited in scope and duration. The courts for years have limited searches in this way. … Despite Fourth Amendment protections, abuses can occur in obtaining and executing a search warrant for a legislator's office. But such abuses can and do occur every day when search warrants are used in criminal investigations. Such abuses tell us that we must be more vigilant than we have been in avoiding these abuses. They do not, however, tell us we should stop searching."

New Orleans Reporter Calls FBI Search "Overkill." Under the headline "Office Raid Looking A Lot Like Overkill," staff writer James Gill says in The New Orleans Times-Picayune (6/1, 257K), "The question is on everyone's lips, but New Orleans criminal defense lawyer Pat Fanning asks it with rare eloquence. … Quoting from his e-mail here, 'If they really do have video and audio tapes of the cash transaction, 90 large in the freezer, two rat flips dying to throw up all over poor Billy Boy, a good-looking, kajillionaire do-gooder for a victim, numerous other tapes and documents etc., etc. then what in the hell could be so damned important in Dollar Bill's office that they couldn't live without it?' The feds aren't saying. Although they released the affidavit that secured the warrant to search the Capitol Hill office of Rep. William Jefferson…the section listing the evidence they sought was blacked out. Putting the affidavit in the public record before Jefferson has even been charged with a crime was an unusual move, but then this was a historic moment, the first time the G-men ever barged into the Rayburn Building."

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Ohio Coin Dealer Pleads Guilty To Federal Campaign Law Violations. The Columbus Dispatch (6/1, Niquette) reports, "Indicted coin dealer Thomas W. Noe pleaded guilty today to illegally using friends and associates to funnel $45,400 to President Bush's re-election campaign." The Dispatch continues, "Noe changed his previous not-guilty pleas to three federal charges to 'guilty' during a hearing before U.S. District Judge David A. Katz. … Katz delayed sentencing Noe until after a presentence report is completed, but authorities said that advisory guideline call for two to two-and-a-half years in prison plus possible fines." The Dispatch adds, "Noe had faced up to 15 years in prison and fines up to $950,000 if convicted on all counts but can receive a reduced sentence for admitting responsibility. Federal prosecutors said they also plan to seek additional penalties for the loss of public confidence in the presidential election process."

The Toledo Blade (OH) (6/1, Wilkinson, Eder) reports that "in a brief, 10-second statement, Noe said he voluntarily agreed to change his plea 'to accept responsibility to spare my family and friends the further embarassment of any additional court proceeding. Therefore, I plead guilty.' … No date was set for sentencing pending a pre-sentencing report to the judge. Noe, who lives in Florida, remains free on $350,000 bond." The Blade adds, "With the admission, Noe faces a maximum of five years in prison on each count, but likely faces 24-30 months in prison. He also faces a potential fine of nearly $1 million, and possibly probation. … John Pearson, an assistant U.S. Attorney in the public integrity section of the Justice Department, said he would seek an even harsher penalty for Noe because of the 'potential loss of public faith in the presidential race.'"

The AP (6/1, Welsh-Huggins) reports, "The investment scandal has been a major embarrassment for Ohio's ruling Republicans and has given Democrats a better shot this year at winning state offices, including the governor's office that the GOP has held since 1991. … Once a powerful political figure who raised hefty sums for a slew of Republicans, Noe admitted arranging a contribution scheme to fulfill his promise to generate $50,000 for a Bush fundraiser." The AP adds, "Noe's attorney argued his client's access to lawyers before that trial is crucial. Prosecutors told U.S. District Judge David Katz the upcoming trial was no reason to delay Noe's sentencing on the federal conviction. … 'The fact he has other state charges does not mean he should receive special treatment for better or for worse,' said John Pearson, an attorney with the U.S. Justice Department's public integrity unit. … Katz said he'll decide after reviewing court officials' sentencing report."

FBI Arrests Pennsylvania Computer Workers For Erasing Fumo Emails. In a widely-distributed story, the AP (6/1, Dale) reports, "The FBI arrested two men who did computer work for a powerful state senator Wednesday on charges that they permanently deleted e-mails to thwart a federal investigation. Leonard P. Luchko and Mark Eister performed electronic 'wipes' of computers at Sen. Vincent J. Fumo's Senate offices, his home at the New Jersey shore and at a nonprofit with deep ties to Fumo, the FBI alleged in an affidavit. … The document does not name Fumo and he has not been charged," but US Attorney Patrick Meehan "said the probe is not over. The affidavit refers to an unidentified senator who clearly is Fumo." The Philadelphia Inquirer (6/1, McCoy, Lounsberry, Cattabiani, 423K) notes, "The arrests, the first in the three-year investigation, were seen as a hardball move by federal prosecutors: an attempt to squeeze the computer technicians into striking deals and testifying against Fumo. … Fumo's attorney said the two technicians were 'unfortunate victims' of a campaign to bring down the powerful Philadelphia Democrat." The Philadelphia Inquirer (6/1, Cattabiani, 423K) adds, "As FBI agents dug deeper into Vince Fumo's world, the powerful state senator appeared to be feeling the pressure. … Chock full of anxious e-mails and gritty politics, the FBI affidavit detailing the federal investigation into Fumo gives a previously unseen glimpse into the inner workings of the senator's office, staffed by a loyal and tight-lipped community that lived in fear of the lawmaker, as he lived in fear of prosecutors."

The Philadelphia Daily News (6/1, Hinkelman) reports, "James Schwartzman, an attorney for Luchko, said Luchko intends to fight the charges. Asked if he thought the feds were trying to get his client to cooperate with their investigation of Fumo, Schwartzman said: 'I would say that's probably a good guess.' Eister's attorney, Brian McMonagle, said his client would be 'going to trial and hopes he can meet a fair-minded jury that can tell the difference between a guy doing his job and a criminal conspirator.'" The Philadelphia Daily News (6/1, Davies) notes, "There are numerous references to Fumo in the charges" against Luchko and Eister. "'The FBI probe into the Senator has really set him off, he wants us to do a number of security checks...' Luchko wrote in a January 2004 e-mail. 'Boss is driving us ALL nuts with this FBI madness,' he wrote at another point." The Pittsburgh Tribune-Review (6/1, Gazarik) adds, "An unidentified grand jury witness, testifying under grant of immunity, said Fumo's aides discussed destroying communications in case the FBI seized computer hard drives. According to the indictment, Fumo feared 'the FBI was going to show up' one day. Agents seized computers from Fumo's Philadelphia and Harrisburg offices in 2004."

GSA Officials Say Safavian Omitted Details Of Relationship With Abramoff. The AP (6/1) reports that at the trial of David Safavian yesterday, three GSA officials testified he "left out important details about his

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relationship with the lobbyist Jack Abramoff, including information about a weeklong golf excursion to Scotland and England." Each of "the three prosecution witnesses said they would have wanted to know from Safavian that at the time of the trip Mr. Abramoff was interested in two pieces of property controlled by the services administration."

Government Executive (6/1, Mandel) reports, "A General Services Administration ethics official and the agency's former general counsel testified Wednesday in the trial of David Safavian, former Office of Management and Budget procurement policy chief, as the government neared the end of presenting its case on his involvement with disgraced lobbyist Jack Abramoff." GE continues, "Eugenia Ellison, a lawyer who administers GSA's ethics program, testified that she handled then-chief of staff Safavian's request for an ethics opinion in order to join Abramoff and others on a golfing trip to Scotland in 2002. Safavian is charged with lying in the information submitted for that clearance, and with obstructing two later investigations into the matter." GE adds, "Ellison described how she had reached the decision to clear Safavian's participation based on his description of the outing hosted by Abramoff, a friend and former colleague, as a four-day golfing expedition in which Safavian would pay all costs associated with meals, hotels and greens fees. Airfare, Safavian indicated, was being provided by Abramoff on a private jet, and none of the eight people on the trip would be contributing to cover that cost. … Safavian also indicated that Abramoff had no business before GSA. … Ellison said she approved the gift of airfare for the trip because Abramoff was an old friend of Safavian's and because of Safavian's attestation that the lobbyist worked only on Capitol Hill, which together meant that Abramoff was not a 'prohibited source' according to federal regulations. … In a barrage of questions from Justice Department lawyer Nathaniel Edmonds, Ellison indicated she had been unaware that Abramoff was at the time seeking to lease GSA-controlled land in White Oak, Md., for a school he had founded, that he had expressed interest in the GSA-controlled Old Post Office Pavilion in downtown Washington, D.C., and that he had sought to influence GSA policy regarding the consideration of Indian tribes under a classification of disadvantaged businesses."

Emphasis On Golf Outing Details Seen As Stalling Prosecution Case. The Washington Post (6/1, A2, Milbank, 744K) reports the "way things are going at the David Safavian trial this week, don't be surprised if, in the coming days, a golf cart bursts into Courtroom 29A of the federal courthouse and a pair of Scotsmen ask if they can play through." Safavian "is on trial for accepting favors from Abramoff while helping the lobbyist penetrate the General Services Administration -- and then lying about it to investigators. But the case is as much about well-tended greens as ill-gotten green: the twosome's obsessive golfing friendship, particularly a lavish golfing trip to Scotland's St. Andrews in 2002 on Abramoff's tab." The "endless talk about faraway fairways seems to have teed off the jurors. Yesterday, the judge dismissed juror No. 13, who was a no-show. Juror No. 3 was losing a battle with sleep. But the lawyers pressed on, quizzing GSA official Eugenia Ellison for hours about the ethics of the Scotland golf trip."

Opening Arguments Made At First Tennessee Waltz Trial. The Tennessean (6/1, de la Cruz) reports the trial of Tennessee Waltz defendant Roscoe Dixon began yesterday. "In his opening statement, Dixon's attorney Coleman Garrett said the proof will show Dixon was entrapped by the government. … In creating the fake company E-Cycle, which was run by undercover FBI agents, the government in turn created the conspiracy, Garrett said." But prosecutors said that "Dixon and alleged 'bagman' Barry Myers…figured they could pull off extorting money from E-Cycle in part because of its wealth, 'but they were really certain they could pull it off because they had done it before,' Assistant U.S. Attorney Tim DiScenza said. The two men had previously demanded and received payment from government informant Tim Willis for a legitimate company he worked for, called Children's Dental Clinic, to be credentialed into TennCare, DiScenza said." The Memphis Commercial Appeal (6/1, Buser) adds, "Garrett called the FBI informants, including…Willis, 'a pack of con men.'" But "prosecutors played audio and video recordings made in 2003 involving Dixon, Myers and Willis discussing payments Dixon would need to help get a children's dental clinic into the TennCare program. … FBI agent Brian Burns said he had given Willis $4,000 before the meeting to be used in gaining Dixon's support as chairman of the TennCare Oversight Committee."

In a widely-distributed story, the AP (6/1) reports, "Barry Myers, whom prosecutors called a 'bag man' for Dixon, testified Wednesday that Dixon took bribes for legislative favors but insisted on someone else handling the money. 'Sen. Dixon has always been cautious,' Myers said. Myers is awaiting sentencing on a guilty plea to passing along bribes from undercover FBI agents to Dixon and state Sen. Kathryn Bowers, who is also charged." The Chattanooga Times Free Press (6/1, Sher), WMC-TV Memphis (5/31), WPTY-TV Memphis (5/31) and WTVF-TV Nashville (5/31) also report on the opening arguments.

Chicago Hired Truck Probe Defendant Sentenced To 18 Months In Prison. The Chicago Tribune (6/1, Coen, 643K) reports, "A brother-in-law of Cook County Commissioner John Daley who has admitted to taking bribes to steer city business to a politically connected trucking firm was sentenced to 18 months in prison Wednesday." John Briatta "was sentenced by U.S. District Judge Charles Norgle, who said he wanted the punishment to send a

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message to others in government that such corruption will not be tolerated. Norgle rejected a bid by Briatta's attorneys to have him sentenced to 5 months in prison and 5 months of home confinement, saying he only breached the public trust after suffering gambling and other financial losses. … Any city official involved in taking bribes 'must understand that he is going to prison,' the judge said." The AP (6/1, Robinson) notes, "It was the latest development in a three-year scandal that has rocked City Hall and brought allegations of corruption to the mayor's doorstep. … Briatta, a former water department truck dispatcher, acknowledged that he accepted the money from another city employee, Randy Aderman, who has pleaded guilty and is awaiting sentencing."

WLS-TV Chicago (5/31, Shaw) reports on its Web site that Briatta "is the only member of the Daley family implicated in the hired truck scandal. He apparently resisted the temptation of the hired truck scandal for years, but under the pressure of skyrocketing gambling debts, he finally gave in and took payoffs." Asked about the sentencing yesterday, Mayor Richard Daley said, "Very sad. You take money you are going to get caught. It's not my family circle." The Chicago Sun-Times (6/1, Warmbir) also reports on Briatta's guilty plea.

Key Prosecution Witness Testifies About Chicago Political Hires. The Chicago Sun-Times (6/1, Korecki, Warmbir) reports, "A key witness in the City Hall hiring trial testified Wednesday he used a political army largely made up of city workers to volunteer in various Democratic campaigns, then asked Mayor Daley's patronage chief to reward them with city jobs and promotions. Daniel Katalinic, the highest-profile witness to testify yet in the trial that's in its third week, said Robert Sorich…told him to which political races he should deploy his volunteers. He also said Daley's former campaign manager, Greg Goldner, doled out similar orders. In return, Katalinic would hand Sorich a list of people he'd want hired or promoted in city positions, he testified. … Sorich told him: 'He'd do what he could,' Katalinic said."

Daley Calls Trial Testimony About Clearing Skyway Traffic "Silly." The Chicago Tribune (6/1, Washburn, 643K) reports Mayor Richard Daley yesterday said testimony at the trial of former patronage chief Robert Sorich "that Chicago Skyway tollbooths were fully staffed to help ensure an unimpeded ride to his Michigan summer home was, well, 'silly,'" and "then he said it again. About 20 times. 'Silliest thing I ever heard in my life,' the mayor declared. … When asked whether he was referring to the allegation or to a fact that underlings would seek to smooth the way for him, Daley provided more of the same. … 'It is just silly. Silliness. That is all it is ... completely silly, completely silly.'"

Documents Contradict Blagojevich Denial Of Political Hires. The AP (6/1, O'Connor) reports, "Gov. Rod Blagojevich's office reviewed and approved the hiring of state employees for hundreds of routine jobs such as highway workers and plumbers, according to documents. The hiring lists, obtained by The Associated Press, contradict the governor's statements that his office did not decide who would be hired for civil service jobs. Such hirings are to be based solely on merit." The AP notes, "His hiring practices are under investigation by federal, state and local prosecutors. … The hiring lists obtained by the AP suggest nearly 1,800 hires, promotions, transfers and salary increases were OK'd by aides to the governor in the months following Blagojevich's 2003 inauguration. They include positions such as highway maintainer and prison guard, which are classified as civil service jobs."

ISP Industry, Other Groups Raise Objections To US Request For Data Retention. CNET News (6/1, McCullagh) reports, "Internet providers and telecommunications companies expressed concern on Wednesday about the feasibility of recording Americans' online activities, a proposal that Attorney General Alberto Gonzales has recently endorsed." CNET continues, "In a meeting Friday first reported by CNET News.com, Gonzales and FBI Director Robert Mueller said the war on terror would be aided by two years' worth of data retention, a requirement industry representatives say would be accompanied by technical, security and privacy challenges. … 'We have real reservations about data retention requirements because of the security and privacy risks attached to it,' said Mark Uncapher, senior vice president of the Information Technology Association of America. ITAA's board members include representatives of AT&T, Sybase, Fujitsu and Unisys." CNET adds, "In events that were first reported by CNET News.com, Bush administration officials have said Internet providers must keep track of what Americans are doing online. … A Justice Department representative said this week that the government is not seeking to require the retention of the content of communications, but did not elaborate. If the European Union's approach were adopted, Internet companies would be required to save logs showing the identities of e-mail and perhaps instant messaging correspondents in addition to data about which customer was assigned which Internet address. … That suggestion alarms many Internet providers, which worry about the cost and complexity of recording what their customers are doing online. In some cases, especially among libraries, coffee shops and universities, no records may be stored at all."

USA Today (6/1, Swartz, Johnson) reports, "Attorney General Alberto Gonzales and FBI Director Robert Mueller outlined their request to executives from Google, Microsoft, AOL, Comcast, Verizon and others Friday in a private meeting at the Justice Department. The department has

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scheduled more discussions as early as Friday. Last week's meeting was first reported by CNET, an online news service. … The meetings reflect a new approach by law enforcement in anti-terrorism efforts. Previously, the Justice Department had invoked the need for data retention only to battle child pornography. Since the Sept. 11 attacks, Internet traffic has become increasingly critical to terrorism investigations, too." USA adds, "Justice is not asking the companies to keep the content of e-mails, spokesman Brian Roehrkasse said. It wants records such as lists of e-mail traffic and Web searches, he said. … Roehrkasse said the government is required to seek proper legal authority, such as a subpoena, before obtaining the records. He said any change in the retention period would not alter that requirement. Law enforcement officials have seen investigations derailed "time and time again" because of a lack of data, Roehrkasse said. … The government's request forces the companies to strike a balance between satisfying law enforcement demands and honoring the privacy of millions of customers. … 'The issue for us is not whether we retain data, but we want to see it done right,' says Dave McClure, president of the U.S. Internet Industry Association, which represents 150 companies, primarily Internet service providers. 'Our concerns are who pays for it, what data is retained, and if it is retained legally without violating federal laws and subscriber agreements.'"

Former New Jersey Mayor Pleads Guilty To Accepting Bribe From FBI Informant. The Newark Star-Ledger Staff (5/31, Martin) reported former Hazlet Mayor Paul Coughlin on Tuesday "admitted…accepting a $3,000 payoff from an FBI informant posing as a crooked contractor, joining a growing list of Monmouth County officials convicted of corruption." Coughlin "pleaded guilty…to a single count of accepting corrupt payments. Under federal guidelines, the former mayor and councilman faces between 21 months and 27 months in prison," and "his attorney said he will argue for a lighter term, calling the crime 'aberrant behavior' and citing what he said was Coughlin's serious alcohol problem." But "prosecutors scoffed at such an argument. 'The defendant knew full well what he was doing,' Assistant U.S. Attorney Judith Germano said." The Asbury Park Press (5/31, Sudol) noted, "Coughlin is the latest public official to plead guilty in a FBI bribery and money-laundering sting dubbed 'Operation Bid Rig,' in which 13 former and current county and local public officials and three businessmen in Monmouth County were charged last year."

Judge Partially Denies Wecht Motion To Suppress Evidence Seized By FBI. The Pittsburgh Post-Gazette (6/1, Ward, 261K) reports, "A federal judge yesterday denied a motion by Dr. Cyril H. Wecht's attorneys to suppress all of the evidence gathered against him. In the same order, though, U.S. District Judge Arthur J. Schwab said he would hold a hearing on one issue raised by the defense -- whether 29 boxes of autopsy reports seized by the FBI from the former Allegheny County coroner's private office should have been taken. The hearing will be at 8:15 a.m. next Thursday. … Dr. Wecht claimed that the files seized were not found in the area the warrant claimed they would be and were not labeled as the FBI said they'd be." The AP (6/1, Cowden) notes that the defense motion "attacked the credibility of the FBI agent who got search warrants for Wecht's records and also blamed Wecht's indictment on a political feud with Allegheny County District Attorney Stephen Zappala Jr. … The attorneys also allege the FBI agent had previously 'urged witnesses to perjure themselves in a case involving his own misconduct.'" The Pittsburgh Tribune-Review (6/1) and WPXI-TV Pittsburgh (5/31) also report briefly on the ruling.

California State Senator Subpoenaed To Testify In FBI Perata Probe. The Los Angeles Times (6/1, Morain and Evan Halper, 958K) reports, "State Sen. Gloria Romero of Los Angeles was summoned Wednesday to appear before a grand jury in the FBI probe of Senate chief Don Perata's business dealings. Romero, a member of Perata's Democratic leadership team and one of his closest allies, said an FBI agent delivered a subpoena to her Capitol office requiring her to appear in July in Oakland." Romero told the Times, "All along, I've thought this has been a fishing expedition. … I look forward to answering whatever questions they may have." The Times notes, "The subpoena is believed to be the first issued to a sitting legislator in the Capitol since the 1980s, when the FBI launched an undercover anti-corruption operation that put a dozen lawmakers, lobbyists and others in jail."

FBI Investigating Sports Marketing Firm That Tried To Recruit Reggie Bush. In a widely-distributed story, the AP (6/1, Wilson) reports, "The FBI has opened an investigation into a fledgling San Diego sports marketing firm that tried to recruit Heisman Trophy winner Reggie Bush, the attorney for the football star's family told The Associated Press Wednesday. Attorney David Cornwell of Atlanta said FBI agents interviewed him about 'potential federal crimes' last week by phone," and "he intends to make Bush and his parents available to the FBI. … April Langwell, an FBI spokeswoman in San Diego, said she could neither confirm nor deny any investigations." The AP notes, "The NCAA and Pac-10 are investigating whether any rules were broken when Bush's family lived in a suburban San Diego home owned by Michael Michaels, a principal in New Era Sports & Entertainment, while Bush was still playing for Southern California last season." The Los Angeles Times

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(6/1, Farmer, Krikorian, 958K) adds, "A federal law enforcement source said Wednesday that the inquiry was 'in its infancy' and that it was 'way too early to say where this [case] is headed.'" But Michaels lawyer Brian Watkins "called the suggestion of an FBI investigation 'ludicrous' and 'a media ploy.' Watkins said neither he nor his clients had been contacted by the FBI and he suggested that Cornwell was using his own personal contacts to stir up an inquiry."

Peltier Supporter Pleads Guilty To Throwing Rocks At Federal Building. The AP (6/1) reports, "A man accused of throwing rocks in the federal building" in Fargo "has pleaded guilty to charges of damaging government property and threatening a federal officer, the U.S. attorney's office says. U.S. District Judge Ralph Erickson ordered a psychological evaluation for Daniel Cvijanovich," but Erickson "did not immediately set a sentencing date after Cvijanovich pleaded guilty Wednesday, U.S. Attorney Drew Wrigley said." The AP notes, "The rocks struck a pane of glass that separates the lobby from the secure area of the building, and each rock had a note addressed to the FBI attached, authorities said. … Agents thought the threat was in retaliation for the investigation of American Indian activist Leonard Peltier, Wrigley's statement said."

Judge Accepts Guilty Pleas From 16 Charged In FBI Probe Of Nevada Strip Club. The AP (6/1, Ritter) reports, "A federal judge accepted plea deals Wednesday from 16 people to end a decade-long investigation of criminal activity at a Las Vegas strip club, whose owner has agreed to sell the business and plead guilty to tax evasion." Crazy Horse Too owner Rick Rizzolo, "who has faced allegations of mob ties for more than a decade, was expected Thursday to become the 17th and final person to accept plea deals in the case." He is "scheduled to plead guilty to a single tax charge…and agree not to contest some $17 million in fines, forfeitures and restitution." The AP notes, "Wednesday's pleas stemmed from a January 2005 indictment that charged club manager Robert D'Apice with racketeering and tax evasion."

California Woman Makes Public Appeal In Homeless Insurance Fraud Probe. The AP (6/1, Glazer) reports, "The daughter of a man killed in a hit-and-run crash asked the public on Wednesday to help police in their probe that has resulted in the arrests of two elderly women accused of illegally collecting money from his life insurance policies. Standing at the alley where the body of 73-year-old Paul Vados was found in 1999, Stella Vados and her lawyer Gloria Allred asked anyone who knew her father or the women held on charges of mail fraud -- Olga Rutterschmidt, 73, and Helen Golay, 75 -- to call the FBI or police." The AP notes, "Police are investigating whether Rutterschmidt and Golay were directly involved in the death of Vados and Kenneth McDavid, killed in a similar hit-and-run last year. Authorities said Golay and Rutterschmidt befriended the two transients, duped the men into signing them as beneficiaries on their life insurance policies and collected more than $2.3 million after they were killed."

Mississippi Lawyer Pleads Not Guilty To Fen-Phen Settlement Fraud Charges. The Jackson Clarion-Ledger (5/31, Gates) reported, "A lawyer formerly associated with a Jackson law firm pleaded not guilty Tuesday to a 36-count federal indictment accusing him of helping clients submit false settlement claims involving the diet drug Fen-Phen." Robert Arledge of Vicksburg "made his initial court appearance in U.S. District Court on Tuesday after being indicted on Friday. He is the first lawyer charged in the ongoing FBI/IRS federal investigation of fraudulent Fen-Phen claims. Arledge made no comments after his court appearance, but his attorney proclaimed Arledge's innocence." The Vicksburg Post (5/31, Barrett) added, "The 35-count indictment charges that among legitimate plaintiffs, there were false claimants who shared in more than $8 million resulting from claims based on false information about having taking the prescription drug or its effect on their health." The AP (5/31) noted, "More than a dozen federal agents last week swarmed his Vicksburg mansion. Witnesses said the officers seized property including a motorcycle and an oil painting."

Texas Medical Equipment Executive Pleads Guilty To Medicare Fraud. The Houston Chronicle (5/31, 581K) reported, "A medical equipment company owner pleaded guilty Tuesday to paying $200 kickbacks to Houston doctors for writing prescriptions for unneeded motorized wheelchairs in a scam that cost federal health agencies millions." Harold "Prince Yellowe" Iyalla "also told U.S. District Judge Vanessa Gilmore that Medicare paid his company, 1st Choice Medical Supplies and Equipment, $5.6 million under the scam." The Chronicle noted, "Iyalla pleaded guilty to conspiracy, health care fraud and money laundering with maximum sentences ranging from five to 10 years and fines of $250,000."

Judge Sentences California Money Manager To 30 Years In Prison For Ponzi Scheme. The Los Angeles Times (5/27, Reckard, 958K) reported, "Orange County money manager James P. Lewis Jr. was sentenced Friday to 30 years in prison for swindling 1,600 investors of $156 million in a Ponzi scheme so calculated and long-running that the judge called it a 'crime against humanity.'"

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US District Judge Cormac Carney "pronounced the maximum sentence, rejecting pleas by Lewis' lawyer that it would be 'a death sentence for a 60-year-old.' … For nearly 20 years, the judge noted, Lewis solicited retirement funds from investors who now face the prospect of humiliation and poverty in their senior years."

Former Texas Police Officer Pleads Guilty To Child Porn Possession. The Fort Worth Star-Telegram (6/1, 247K) reports former Mansfield police officer David Neal Looney on Wednesday "pled guilty in federal court in Fort Worth…to one count of possession of child pornography, according to a press release from the U.S. Department of Justice. … Looney confessed to FBI agents that he had images of child pornography on his home computer and gave written consent for agents to seize and search his computer. A forensic examination of the computer's hard drive revealed approximately 110 images of child pornography."

Scam Victims Pay For Bogus Checks Honored By Banks. The Washington Post (6/1, A1, Mayer) reports on "an increasingly common check scam that relies on the vagaries of the banking system to take advantage of unsuspecting consumers." The hPost continues, "Federal rules require banks to release funds from a consumer's deposit quickly, usually within one to five business days, depending on the kind of check. However, it can take weeks before a bank discovers a check is fraudulent. … So when a teller says 'the check has cleared,' the teller is 'usually thinking in terms of bank rules, that the hold time is over, and the consumer now has access to the funds,' said Susan Grant, director of the National Fraud Information Center. … But the average consumer thinks that phrase means 'the check is not fraudulent,' Grant added. … When that happens, it is depositors who are responsible for the money, she said. As the American Bankers Association explains in a 'Fraud Alert!' statement insert it distributes to banks to send to customers: The consumer is the one dealing directly with the person who sent the money and therefore is 'in the best position to determine how risky the transaction is.'" The Post notes, "To facilitate the flow of funds behind the 40 billion checks processed each year, banks are required to release funds within a few days, said Nessa Feddis, senior federal counsel for American Bankers Association. … If tellers start asking a lot of questions or start holding checks until they are determined to be good, banks 'might be perceived as trying to circumvent the rules entitling people to withdraw funds,' Feddis added. And if the banks are wrong, it will only be a matter of time before they are hauled before Congress and 'accused of trying to hold on to people's funds,' she said."

Texas Businessman Sentenced To 14 Years In Drugs-For-Missiles Plot. The Houston Chronicle (6/1, Rice, 581K) reports Houston businessman and former Danish Parliament member Uwe Jensen on Wednesday "was sentenced to 14 years in federal prison…for his role in a plot to trade cocaine for weapons to arm a right-wing militia listed as a terrorist group." Jensen "pleaded guilty more than three years ago to conspiring with his boss, Carlos Ali Romero Varela…to sell shoulder-launched anti-aircraft missiles and small arms to the United Self-Defense Forces of Colombia." The Chronicle notes, "They were arrested in an FBI sting operation code-named 'White Terror,' which began after an East German informant who claimed to have ties with the KGB told the FBI that Jensen and Romero wanted to buy Russian weapons." The AP (6/1) adds that co-defendants Elkin Alberto Arroyave Ruiz and Edgar Fernando Blanco Puerta, both Colombian nationals, also were sentenced yesterday for their roles in the plot. "Blanco was given sentences of life in prison and 15 years for the two counts he faced. Both sentences will be served concurrently. Arroyave was sentenced to 15 years and faces deportation to Colombia after serving his term."

Judge Harshly Questions Charges Against Wife Of Alleged Cuban Agent. The AP (6/1, Anderson) reports US District Judge K. Michael Moore "raised questions Wednesday about the role of a Florida International University employee accused along with her professor husband of working as agents of the Cuban government, suggesting that the charges amounted to 'character assassination' against her." Moore "said it was unfair to Elsa Alvarez to assume that she was involved in all of the activities of her husband, Carlos Alvarez, particularly since there is substantial evidence indicating she was reluctant from the beginning and later opposed continuing their alleged surveillance on behalf of Cuba." The AP notes, "Testimony revealed Wednesday that during three days of interviews with the FBI last summer, Carlos Alvarez repeatedly told agents that his wife was not directly involved in communications…with their Cuban intelligence service handlers. In fact, according to transcripts of those interviews, Elsa Alvarez grew increasingly worried about the contacts and hoped to end them."

Missing Data On Veterans Goes Beyond Initial Reports. The AP (6/1, Yen) reports, "Personal information on 26.5 million veterans that was stolen from a Veterans Affairs employee this month not only included Social Security numbers and birthdates but in many cases phone numbers and addresses, internal documents show." The AP continues, "Meanwhile, VA Secretary Jim Nicholson said Wednesday that he had named a former Arizona prosecutor as a special

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adviser for information security, a new three-month post that will pinpoint security problems at the VA and develop recommendations for improvements." The AP adds 'The three pages of memos by the VA, written by privacy officer Mark Whitney and distributed to high-level officials shortly after the May 3 burglary, offer new details on the scope of one of the nation's largest security breaches. The memos were obtained Wednesday by The Associated Press. … They show that a file containing 6,744 records pertaining to 'mustard gas veterans' - or those who participated in chemical testing programs during World War II - was breached, and that a 'short file' with as many as 10 diagnostic codes indicating a veteran's disability also was stolen. … At the same time, however, the memos suggest that the data might be difficult to retrieve by thieves. … On Wednesday, the VA did not say why it didn't immediately reveal that personal information such as addresses and phone numbers had been disclosed. But the agency said it aggressively sought to protect veterans once Nicholson was informed. … Some lawmakers said Wednesday they were troubled by the new revelations, which go further than what the VA initially reported after publicizing the theft on May 22. At the time, Nicholson said the data was limited to names, Social Security numbers and birthdates; he later indicated that diagnostic codes in some cases also may have been breached."

Deal Reached In Houston Crime Lab Probe. The Houston Chronicle (6/1, McVicker) reports, "Three recalcitrant witnesses believed to hold key information concerning the root of problems at the Houston Police Department crime lab could soon be forced to tell what they know." The Chronicle continues, "Michael Bromwich, the city's independent investigator, and Rep. Kevin Bailey, D-Houston, chairman of the House Committee on General Investigating and Ethics, confirmed Tuesday that an unorthodox agreement has been reached that would let Bromwich use the committee's subpoena power to compel the uncooperative former lab employees to testify under oath. … 'We're pleased we've been able to reach an agreement with Chairman Bailey and the members of his committee that will advance our investigation,' Bromwich said." The Chronicle adds, "In his latest report on the crime lab released earlier this month, Bromwich, a former U.S. Justice Department inspector general, said DNA and serology analysts may have tailored their findings to support predetermined crime theories. … Bromwich also complained that the probe by his team of forensic investigators has been hindered by an absence of cooperation from three ex-crime lab employees: former lab supervisor Don Krueger, former DNA lab chief James Bolding and former analyst Christy Kim. … Krueger retired in February 2003 after the DNA section's widespread problems were exposed. Former Police Chief C.O. Bradford later recommended that Krueger be fired for his role in the lab's problems. Bolding resigned in 2003 to avoid being fired. Kim was fired, but the Civil Service Commission re-instated her and she later retired."

Ohio High Court Reverses Death Penalty. The AP (6/1) reports, "The Ohio Supreme Court on Wednesday threw out the death sentence of a man who strangled and stomped a 76-year-old man during a robbery, saying the killer's chaotic childhood with abusive parents, along with other factors, outweighed the crime's brutality." The AP continues, "The 4-3 opinion also noted that Troy Tenace, 44, expressed remorse when he confessed to police in 1994, and that if he receives the maximum sentence, he won't be eligible for parole until age 96." The AP adds, "Any one factor alone would not have resulted in reversing the death sentence, but the combination of the three is enough to argue for prison over execution, the majority said. … The three dissenting justices said the brutality of the crime was inexcusable. … The justices were unanimous, however, in upholding Tenace's conviction for robbing and killing Chester Kozlowski on Jan. 28, 1994, in his Toledo home. Tenace robbed Kozlowski because the older man paid him in cash earlier for chimney repairs. The man had been gagged and strangled, and had extensive facial injuries from being stomped with heavy boots. … The ruling sends the case back to Lucas County for resentencing."

South Carolina Lawmakers Approve Death Penalty For Some Child Molesters. South Carolina's House of Representatives has passed pair of bills that would allow prosecutors to seek the death penalty for some repeat child molesters. The AP (6/1) reports, "One bill was approved earlier by the Senate and now goes to the governor's office, but the second must go back to the Senate for reconsideration."

CIVIL LAW:

FEC Keeps 527 Funding Loophole In Place. The Washington Post (6/1, A4, Edsall, 744K) reports the Federal Election Commission yesterday announced the "same rules that allowed independent '527' groups such as America Coming Together and Swift Boat Veterans for Truth to pump more than $400 million into the 2004 election campaigns will remain in place for now." The decision "invites even larger sums to be spent influencing races this year and in 2008." The FEC ruling, "made on a vote of 4 to 2 in closed session was a response to an order by U.S. District Judge Emmett G. Sullivan. Noting the apparent 'complete failure' of the FEC's regulatory efforts in 2004, Sullivan required the agency either to start crafting new rules or to issue a better explanation of

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how it will be able to regulate the groups effectively under existing rules."

The New York Times (6/1, Phillips, 1.19M) reports a federal judge "had told the commission that it had two choices: issue uniform rules or issue a fuller explanation of why it was dealing with 527-related cases one by one even as the 2006 elections near. The commission voted 4 to 2 not to appeal the judge's ruling, and chose the second option." The vote "by the panel set the stage for another round of court battles that could affect the 2006 Congressional elections, as well as the 2008 presidential race. Advocates of changing campaign financing — and some Republicans — have been prodding the commission and Congress to regulate the 527 groups, named after a section of the tax code. Critics term the groups' operations an end run around the McCain-Feingold ban on the largely unregulated contributions to federal candidates that is known as soft money."

Report Urges Streamlining Of Classified Records Management. Government Computer News (6/1, Lipowicz) reports, "The federal government needs to apply a more integrated approach to declassifying records, a new report from the National Archives and Records Administration recommends. … 'We need to streamline the multiple, inefficient and, at times, ineffective independent agency reviews of the same material,' according to the report, which was published by NARA's Information Security Oversight Office." GCN continues, "The office found that the level of reported classifications in fiscal 2005 decreased by 1.4 million in comparison to fiscal 2004 and is the first decrease observed since fiscal 2001. Even so, there are still increasing numbers of documents being classified, primarily for counterterrorism activities and critical infrastructure protection, at the Homeland Security and Justice departments." GCN adds, "The total number of classifications dropped to 14.2 million in fiscal 2005, a decrease from 15.6 million the year before. That reversed an upward trend that had been occurring since 2001, with 8.7 million classifications that year. In 2002 there were 11.3 million, in 2003 14.2 million, and in 2004 15.6 million."

Bankruptcy Judge, Pilots Approve Delta Concessions Deal. The AP (6/1, Weber, Tong) reports, "A bankruptcy judge Wednesday approved the $280-million-a-year concessions agreement between Delta Air Lines Inc. and its pilots, rejecting claims by the government's pension insurer that it should receive the compensation the pilots were promised if their pension is terminated." The AP continues, "The decision came hours after rank-and-file pilots gave their nod to the deal. The agreement, which runs through 2009, will take effect Thursday." The AP adds, "The deal, which replaces an interim pact agreed to in December, includes an initial 14 percent pay cut for pilots and assurances the pilots union won't fight any company effort to terminate the pilots' pension. … Judge Adlai Hardin signed the agreement during a hearing in White Plains, New York. Earlier in the day, pilots of the Atlanta-based airline, the No. 3 U.S. carrier, approved the deal with a vote of 61 percent in favor. … The judge's approval, the last hurdle in the process, came despite an objection filed by the government's pension insurer, which insisted that a $650 million note and $2.1 billion unsecured claim that Delta has promised the pilots should belong to the agency if the pilots' pension is terminated as expected. … Hardin heard arguments from lawyers for both sides, but determined in the end that the agreement was in the best interest of the airline."

Supreme Court Ruling May Slow Momentum To Redefine Whistleblower Protections. The Washington Post (6/1, D4, Barr, 744K) reports in its "Federal Diary" column, "The Supreme Court's ruling on freedom-of-speech rights of public employees has created a stir across the government, in part because of the way Justice Anthony M. Kennedy , writing for the 5-to-4 majority, framed the issue: 'When public employees make statements pursuant to their official duties, the employees are not speaking as citizens for First Amendment purposes, and the Constitution does not insulate their communications from employer discipline.'" The Supreme Court ruling "may slow momentum in Congress for redefining whistle-blower protections. Sen. Daniel K. Akaka (D-Hawaii), with bipartisan support, is pushing for legislation that would permit a federal whistle-blower to be protected for disclosing information learned on the job or in the course of job duties. The Justice Department has opposed taking that step, and at least one senator has placed a hold on Akaka's bill, according to congressional aides."

CIVIL RIGHTS:

NYCLU Tells Judge NYC Blocking Transfer Of Arrest Evidence To FBI. The AP (6/1, Neumeister) reports that in a letter to US Magistrate Judge James C. Francis, the New York Civil Liberties Union said "on Wednesday that the city has refused to let it give evidence to the FBI as the bureau explores whether police officers violated the rights of protesters at the 2004 Republican National Convention." NYCLU associate legal director Chris Dunn "said he planned to ask the judge at a conference next week to clear the way for the NYCLU to cooperate with the FBI. In a Tuesday letter to Dunn, city senior legal counsel Peter G. Ferrell wrote that the NYCLU may make its own materials available to the FBI but not materials the city gave it and marked confidential."

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Florida Governor Signs Bill Eliminating Juvenile Boot Camps. The AP (6/1, Fanta) reports, "The military-style boot camp system that Florida has used to discipline juveniles was formally dismantled under a bill that Gov. Jeb Bush signed Wednesday, nearly five months after the death of a boy who was punched and kicked by guards at a state-run camp." The AP continues, "Instead of sending juvenile detainees to boot camps where guards can push and threaten them, children will go to residential programs that bar physical discipline. They'll go through a full medical exam when they enter and leave their programs and have a hot line they can call in case of trouble. … The $11 million program, which counties can voluntarily join, will also offer detainees job skills training, community service and counseling."

The Bradenton Herald (6/1) reports, "The legislation is named for Martin Lee Anderson, who was sent to the Bay County boot camp Jan. 5 for trespassing, a violation of his parole set for helping steal his grandmother's Jeep Cherokee from a church parking lot. … Security videotape taken at the camp shows a half-hour encounter between Anderson and up to nine guards, who kicked and kneed him. Anderson died the next day at a Pensacola hospital. … While a first autopsy report stated that Anderson died of sickle cell trait, a second autopsy report released in May showed Anderson died of suffocation by guards who covered his mouth while forcing ammonia capsules up his nose. … Guards have stated in reports they tried to revive Anderson with the ammonia. No arrests have been made so far and the investigation into the death is continuing, said Pam Bondi, spokeswoman for special attorney Mark Ober. Ober is handling the investigation into Anderson's death."

NYTimes Columnist Decries Sex Trafficking. In a column for the New York Times (6/1), Bob Herbert writes, "The demand for prostitutes (here in New York and elsewhere) is much greater than the supply of women who want to be prostitutes. So trafficking, the coercion of women and young girls into the sex trade, is a flourishing industry." Herbert continues, "The toll that trafficking takes is often horrific. In addition to the forced prostitution, the women and children who are the victims of trafficking become part of a landscape in which drug addiction, disease, mental health problems, beatings and violent death are commonplace." Herbert adds, "It may seem peculiar, but there is no law against sex trafficking in the state of New York — or most other states, for that matter. Many thousands of women and children are coerced into the sex trade each year, and the pimps, madams and other lowlifes who trap them are seldom subject to legal sanctions commensurate with the severity of their crimes. … A bill has been introduced in the State Assembly that would create two new crimes in New York: trafficking a person for sexual servitude and trafficking a person for labor servitude. But that bill, which has overwhelming support in the Assembly (including more than 100 co-sponsors), has been stuck for some time in the Codes Committee. … Trafficking is much more widespread than most people realize. As the advocacy group Sanctuary for Families has pointed out, 'In our backyards and communities, a slave trade is flourishing that makes a mockery of our belief in civil and human rights.'"

Gay Marriage Debate Seen As "Battle Of Our Times." Under the headline "Gay Marriage Looms As 'Battle Of Our Times,'" the Christian Science Monitor (6/1, Lampman, 61K) reports, "As Senate prepares to argue a marriage amendment, room for compromise between religious freedom and equal rights seems thin. The battle over same-sex marriage is shaping into something more than deep societal tradition vs. civil rights. It is becoming a conflict of equality vs. religious liberty." Both sides "are pursuing their agendas in state legislatures, courts, and public schools. Both sides tend to view the struggle as a zero-sum, society-defining conflict."

New York High Court Hears Arguments On Gay Marriage. The New York Times (6/1, Hartocollis, 1.19M) reports, "As the issue of gay marriage finally reached New York State's highest court on Wednesday, the six judges who heard the passionate arguments from both sides put forth a fundamental question: Has marriage been defined by history, culture and tradition since the dawn of Western civilization, or is it an evolving social institution that should change with the times?" The Times adds, "During the two and a half hours of oral argument, the judges on the Court of Appeals grappled with essential questions of social values, asking tough questions without tipping their hands as to their ultimate decision." The case before the court was "a challenge to New York State's marriage laws, filed by 44 same-sex couples."

More Commentary On Gay Marriage Debate. GOP Sen. Wayne Allard, author of the Marriage Protection Amendment, writes in USA Today (6/1, 2.31M), "Recent decisions by activist judges not only fail to respect the traditional definition of marriage, they also highlight a lack of respect for the democratic process. The courts are driving a redefinition of marriage contrary to democratic principles. The process to amend the US Constitution is one the American people can trust. … If we in Congress fail to define marriage, the courts ultimately will not hesitate to define it for us."

USA Today (6/1, 2.31M) editorializes, "Even supporters of the Marriage Protection Amendment readily concede that the measure to ban same-sex marriage nationwide has virtually no chance of becoming part of the Constitution. … So why bother? Well, Election Day is a few months off.

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Supporters hope the controversy will energize their base of social and religious conservatives opposed to same-sex marriage."

The New York Times (6/1, 1.19M), in an editorial titled "On The Low Road To November," also says Republicans are "trying to rally their far-right base for the fall elections with a mean-spirited sideshow threatening to the Constitution: a ban on same-sex marriage. … Plainly, the real purpose of this rerun is to provide red meat to social conservatives, and fodder for commercials aimed at senators who vote to block the atrocious amendment."

Study Says Minorities Pay Higher Rates For Subprime Mortgages. A study by the advocacy group, the Center for Responsible Lending has found that black and Hispanic home buyers tend to pay higher interest rates on subprime mortgages than whites with similar credit ratings. The New York Times (6/1, Eckholm, 1.19M) reports, "The subprime industry makes loans at higher interest rates to people who cannot qualify for regular mortgages. 'When we compared borrowers with the same risk characteristics, African-Americans and Latinos were still more likely to get the higher-rate loans,' said Debbie Gruenstein Bocian, a researcher at the group, the Center for Responsible Lending. A spokesman for the mortgage banking industry challenged the conclusion, saying the report did not take into account all the legitimate questions about family wealth and debt, house appraisal and other factors that underwriters must consider when making a loan."

Horowtiz Says Liberal Professors Exclude Conservative Students. USA Today (6/1, Marklein, 2.31M) reports that "60s radical turned conservative activist" David Horowitz "has spent the past few years crisscrossing the country to warn students: 'You can't get a good education if they're only telling you half the story.' To Horowitz, an overwhelming majority of hard-line liberal professors on campuses have left conservative students complaining that their views aren't welcome. His job, he says, is to see that those students aren't treated as second-class citizens." Horowitz wants "a return to the kind of liberal arts education he got at Columbia University in the 1950s, when he still embraced communism, where professors 'taught me what the intellectual life should be like, where you focus on the ideas. It's not a political food fight like so much of our culture has become.' Trouble is, his critics, including a recently created coalition of student, faculty and civil liberties groups, say he doesn't know what he's talking about."

Group Plans To Put 10 Commandments Monument Across From Supreme Court. The Washington Post (6/1, Boorstein, 744K) reports that a DC-based evangelical Christian group plans to put a monument to the Ten Commandments across the street from the US Supreme Court. The group Faith and Action "says on its Web site that it plans to unveil the waist-high, 850-pound granite sculpture Saturday on the front lawn of the rowhouse on Second Street NE where the national group's offices are. But the group apparently doesn't have the approval it needs from at least two agencies, city officials and neighborhood activists said. … The sculpture 'will be visible to the nine justices as they arrive and leave each day,' the site said in explaining why the group undertook the project."

ANTITRUST:

DOJ Watching Napster Suit. The Los Angeles Times (5/31, Menn) reports that federal antitrust investigators "are reexamining" online music pioneer Napster's "long-standing claims that the major record labels improperly conspired to keep authorized downloads off the Internet, said people familiar with the matter." The Times continues, " Justice Department officials are closely tracking a court fight in federal court in San Francisco between the labels and the financial backers of the original Napster, the file-sharing network that debuted in 2001 and became emblematic of online piracy." The Times adds, "Napster filed for bankruptcy protection, and the name was bought and assumed by Roxio Inc. in 2002. … The labels are suing venture capital firm Hummer Winblad Venture Partners and German conglomerate Bertelsmann, which owns label BMG, accusing them of contributing to the piracy by the first Napster users. … As part of its defense, Hummer Winblad has alleged that the labels violated antitrust laws by colluding to refuse to license their music to Napster for legitimate distribution." The Times notes, "Antitrust investigators have asked both sides to keep them apprised by passing along filings in the case, said music industry sources who asked not to be identified because of the sensitive nature of the government's inquiries. … It is unclear whether the review has led to a full reopening of an inquiry that ended in 2003, when the department announced it hadn't found evidence that the major labels manipulated the digital music market." UPI (6/1) also reports this story.

Google CEO Calls Creation Of Web Browser Unlikely. The AP (6/1, Liedtke) reports, "Google Inc. CEO Eric Schmidt on Wednesday told industry analysts the online search engine leader is unlikely to create its own Web browser, even though the company remains worried about being slighted by the next version of Microsoft Corp.'s Internet Explorer." The AP continues, "Responding to a question during a conference call, Schmidt said Google sees little need to develop its own browser because most people seem

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satisfied with Explorer and rivals such as Firefox, Apple Computer Inc.'s Safari and Opera." The AP adds, 'Mountain View, Calif.-based Google already has a search toolbar installed in Firefox as part of its partnership with the Mozilla open source software project that introduced the browser in 2004. … 'We would not build a browser just for the fun of building a browser,' Schmidt said." The AP notes, "Later in the call, Schmidt reiterated Google's concerns about Microsoft programming the next version of its Internet Explorer to steer more traffic to its own Internet search engine. … Google informally complained to the U.S. Justice Department about Microsoft's plans, but regulators decided they didn't need to intervene. Schmidt said Google still hopes Microsoft will make it easier for Explorer users to set up other search engines in the browser."

Six Newspapers Await Word On McClatchy Auction. The AP (6/1, Sheeran) reports, "Six former Knight Ridder Inc. newspapers awaited word Wednesday on possible suitors as the deadline passed for bidding on the mid- and small-sized papers." The AP continues, "There was no immediate word on how many bids were submitted, when new owner McClatchy Co. might decide on possible buyers or whether the papers would be sold as a group or one by one." The AP adds, "McClatchy, based in Sacramento, Calif., bought Knight's Ridder 32 newspapers in March and decided to sell 12 largely because they were in slower-growing markets. … With buyers found for six larger newspapers - including The Philadelphia Inquirer - McClatchy turned its attention to the six smallest. Among those, most attention has focused on the Akron Beacon Journal, the largest of the six remaining papers and once the flagship of Knight Ridder. … Advance Publications in New York, parent company of the Beacon Journal's biggest competitor and Ohio's largest newspaper, The (Cleveland) Plain Dealer, was believed to be among the possible bidders for the Akron newspaper. The papers are 40 miles apart and compete in some of the faster growing Cleveland and Akron suburbs, including Medina County and northern Summit County."

EU Fines Chemical Groups In Price-Fixing Cartel. The Financial Times (6/1, Buck) reports, "The European Union's top antitrust regulator yesterday imposed fines totalling €344.6m ($441.9m) on four chemical groups for operating a cartel in the market for plexiglas and similar acrylic glass products." The Times continues, "French oil group Total's Arkema unit was worst-affected, with a fine of €219.1m. Britain's ICI was ordered to pay €91.4m. Lucite, another UK group, was fined €25m and Quinn Barlo of Ireland €9m. Both Arkema and ICI saw fines increased by 50 per cent because of convictions in other cartel cases." The Times adds, "Degussa, a German chemical group and another member of the cartel, escaped punishment because it blew the whistle on its co-conspirators. The Commission said Degussa would otherwise have been made to pay €264.5m - the highest single fine of all the members. … Neelie Kroes, EU competition commissioner, said: 'Cartels are a scourge. I am shocked that companies like ICI and Arkema have been fined once again. These fines will serve as a cold shower for the management and shareholders of all these companies, who have to realise that cartels cannot and will not be tolerated.' … The Commission said it had obtained handwritten notes of a meeting in a Dublin hotel room in October 1999, at which the companies agreed to raise their prices as of January 2000."

The AP (6/1, White) reports, "Cartels 'allow the participants to shield themselves from competition, to charge higher prices and to be protected from the need to innovate,' said EU spokesman Jonathan Todd. 'Their customers -- both companies and final consumers -- pay the price in terms of higher prices and a narrower choice of products.'"

ENVIRONMENT/INDIAN AFFAIRS:

Federal, State Officials Seek More Funds From Exxon Mobil For 1989 Spill. The AP (6/1, Lee) reports, "Federal and state authorities will seek more money from Exxon Mobil Corp. on Thursday to rehabilitate wildlife populations and clean up remaining oil from a devastating spill nearly 20 years ago, Alaska officials said." The AP continues, "Exxon has paid $900 million in restitution for the spill - the nation's largest - which emptied 11 million gallons of crude oil into Prince William Sound in 1989. … A 'reopener' provision in the settlement created a window from 2002 to 2006 in which the state and federal governments could claim up to an additional $100 million. … That reopener provision expires Sept. 1. State and federal officials must file a claim 90 days before that date, by the end of this week." The AP adds, 'The specifics of the claim, including how much will be requested from Exxon, have not been released. … 'We are going to make a claim, but all the details are still being worked out between the Department of Law and the Department of Justice,' John Manly, spokesman for Gov. Frank Murkowski, said Wednesday. … Exxon Mobil spokesman Mark Boudreaux said Wednesday that the company hadn't been notified that the Justice Department would seek a reopener. … Hundreds of studies by Exxon have shown the environmental impact to be less serious than claimed by other researchers. Boudreaux said Exxon didn't know of any new scientific studies that would merit reopening the settlement."

Federal Judge Rules Sea Lion Research Violates Animal Protection Laws. The AP (6/1,

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Lee) reports, "A judge ruled the federal government must halt studies of threatened and endangered Steller sea lions because it did not properly asses how certain research techniques might harm the animals." The AP continues, "The National Marine Fisheries Service approved permits for research activities that include hot branding and tissue sampling of thousands of sea lions each year, said the suit filed last year by the Humane Society of the United States. … 'We have concerns about the lack of environmental review, the structure of the research and how it's being done,' Jonathan Lovvorn, an attorney for the Humane Society, said Tuesday. 'Our main goal is and has always been to have them evaluate the research before authorization. We want to see that happen.'" The AP adds, "Lovern said they agency needs to better evaluate different research techniques, which range from minimally invasive to lethal. … 'We don't oppose research in order to benefit the Steller sea lion,' Lovvorn said. 'The question is are we doing that here in accordance with the law.' … The federal agency failed to comply with the National Environmental Protection Act by not preparing an environmental impact statement, and must give up its research permits, according to the decision on Friday by U.S. District Court Judge Ellen Segal Huvelle in Washington, D.C."

Death Rates Rising At Small Mines. A front page story in the Wall Street Journal (6/1, Maher, 2.11M) notes that since May 20, "seven miners have died, bringing the number of workers killed in coal-mine accidents in the U.S. this year to 33 -- compared with 22 for all of last year. Part of the problem, some say, is a rise in the number of small, undercapitalized mines that have become economical since coal prices have surged. Miners refer to them as 'dogholes.'" Higher fatality rates at small mines "have plagued the industry even in years when the overall number was falling. A report by the National Institute for Occupational Safety and Health, which examined data from 1988 to 1997, found the fatality rate at coal mines with fewer than 50 employees was 4.24 times the rate at mines with 250 or more workers."

Scientists Believe Vast Oil Deposits Lie Under Arctic Ocean. The New York Times (6/1, Revkin, 1.19M) reports, "The studies on Arctic sediment that appear today in the journal Nature tell a dramatic story of polar warming and cooling over millions of years. But what they tell petroleum geologists may be just as striking." Some scientists involved in the work "said the huge amounts of organic material from dead algae and plants embedded in the ancient sedimentary layers suggested that the center of the Arctic Ocean could hold vast oil deposits. Several of the researchers said they were reluctant to focus on that aspect of the work, saying it would be unfortunate if their climate studies prompted new oil exploration that could liberate more greenhouse gases and further warm the climate."

Research Suggests Arctic Ocean Was Tropical 55 Million Years Ago. In a separate story, the New York Times (6/1, Revkin, 1.19M) reports that a detailed analysis of the climatic and biological record from the seabed near the North Pole "shows that 55 million years ago the Arctic Ocean was much warmer than scientists imagined — a Floridian year-round average of 74 degrees. The findings, published today in three papers in the journal Nature, fill in a blank spot in scientists' understanding of climate history. And while they show that much remains to be learned about climate change, they suggest that scientists have greatly underestimated the power of heat-trapping gases to warm the Arctic."

Corporate America Increasingly Embracing Need To Address Climate Change. USA Today (6/1, Lynch, 2.31M) reports that Paul Anderson, chairman of Charlotte-based Duke Energy, a registered Republican and backer of President Bush, "wants the federal government to fight global warming by taxing companies based on the 'greenhouse gases' they pump into the atmosphere." The Times notes, "That such a Big Business stalwart is demanding federal action on climate change illustrates an unmistakable evolution in corporate thinking, motivated both by evidence that global warming already is affecting the economy and by the prospect of fat profits from new environment-friendly products." Corporate America "increasingly is embracing the need for reducing human contributions to the planet's rising temperatures. Forty companies — including Boeing, IBM, John Hancock and Whirlpool — have publicly endorsed the notion that climate change is real by joining a business council organized by the Pew Center on Global Climate Change."

Kempthorne Spends First Day As Interior Secretary. The Washington Post (6/1, A17, Eilperin, 744K) reports that resolving a long list of lawsuits is one of many tasks Dirk Kempthorne "faces as the nation's 49th interior secretary. With 30 months before the administration ends, he must confront everything from a huge maintenance backlog at the national parks to a contentious debate over how to best protect endangered species." Yesterday, Kempthorne "spent his first day doing what he does best: stroking the egos of interest-group leaders, chatting up tourists standing by historic memorials he now oversees, and bonding with politicians."

Reservation In Minnesota To Banish Drug Offenders. From Granite Falls, Minnesota, the AP (6/1) reports a small American Indian reservation "plans to banish drug offenders. The plan targets anyone who commits a drug crime on the Upper Sioux's reservation land. The individual is automatically prohibited from setting foot on the reservation.

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Tribal courts will decide how long the banishment lasts. The banned individual will retain tribal membership."

FBI/DEA/ATF/USMS:

SF Chronicle Reporters Challenge Bonds Leak Subpoena. The AP (6/1, Kravets) reports, "Two San Francisco Chronicle reporters subpoenaed to testify before a federal grand jury about how they got Barry Bonds' leaked testimony urged a judge on Wednesday to let them off the hook." The AP continues, "The Chronicle's Mark Fainaru-Wada and Lance Williams, the latest reporters to become entangled in the federal government's ramped-up efforts to investigate leaks, argued that the First Amendment protects reporters and their sources. … In an affidavit accompanying their filing, Pulitzer Prize-winning journalist Carl Bernstein wrote to U.S. District Judge Martin Jenkins of San Francisco that anonymous sources were instrumental in breaking the Watergate scandal." The AP adds, "Fainaru-Wada and Williams have been have been subpoenaed to testify before a grand jury investigating who leaked them the secret testimony of San Francisco giants slugger Bonds, the New York Yankees' Jason Giambi and other professional athletes. … About two dozen athletes were called before an earlier San Francisco grand jury in 2004 as part of the government's investigation into the Bay Area Laboratory Co-Operative - the California nutritional supplement lab that was exposed as a steroid ring."

Former DOJ Communications Director Criticizes Reporters' Subpoenas. The New York Times (6/1, Liptak) reports, "Subpoenas issued last month to reporters for The San Francisco Chronicle were criticized yesterday by a former chief spokesman for Attorney General John Ashcroft as a 'reckless abuse of power.'" The Times continues, "The former spokesman, Mark Corallo, made similar statements in an affidavit filed in federal court yesterday. He said Mr. Ashcroft's successor, Alberto R. Gonzales, had acted improperly in issuing the subpoenas. … 'This is the most reckless abuse of power I have seen in years,' Mr. Corallo said in an interview. 'They really should be ashamed of themselves.'" The Times adds, "The subpoenas, part of an effort to identify The Chronicle's sources for its coverage of steroid use in baseball, would not have been authorized by Mr. Ashcroft, Mr. Corallo said. 'You just don't ride roughshod over the rights of reporters to gather information from confidential sources,' he added. … Mr. Corallo left the Justice Department in 2005. His public relations firm represents, among others, Karl Rove, President Bush's top political adviser. A spokeswoman for Mr. Ashcroft, who also stepped down in 2005, declined to comment on Mr. Corallo's sworn statement, which was submitted with the reporters' motion to quash the subpoena." The Times notes, "Brian Roehrkasse, a Justice Department spokesman, said he could not address the subpoena to the Chronicle reporters. Subpoenas, he said, are 'handled consistent with Justice Department guidelines and on a case-by-case basis on facts specific to the case that only those in the Justice Department would be aware of.' … Mr. Gonzales has in recent weeks hinted that the Justice Department may move beyond subpoenas for journalists' sources, and pursue the criminal prosecution of reporters under espionage laws for publishing classified information. … Mr. Corallo said that in three years as the department's press secretary and public affairs director, he approved a single subpoena to the press, involving what he called a serious national security matter, and turned down many more. One of those he refused, he said in the court filing, concerned 'a public corruption case involving leaks of grand jury information.'"

Man Cited Among Major Foreign Heroin Dealers Gets 40-Year Prison Sentence. The AP (5/31, Neumeister) reports from New York City that a man "described as one of the biggest foreign heroin dealers ever extradited to the United States was sentenced Wednesday to 40 years in prison, dodging a life term in a U.S. deal with Colombia that was hotly debated in court. Ramiro Lopez-Imitola, who prosecutors said headed a heroin trafficking organization in Colombia and Venezuela, was sentenced in U.S. District Court and ordered to forfeit $200 million in assets, though he claimed to be broke." Lopez-Imitola is said to have "ordered the body of [a] courier cut open to extract drugs after the man died of an overdose in Miami. … Drug Enforcement Administration special agent John P. Gilbride called the desecration of the drug courier 'the extent to which a monster would go in order to make millions from the drug trade.'"

"Key" Figure In Tennessee Drug Conspiracy Case Pleads Guilty. The Greeneville (TN) Sun (5/31) reports a Telford man federal authorities "alleged was a key local figure in a decade-long conspiracy to import drugs into Northeast Tennessee pleaded guilty in U.S. District Court…Monday to two conspiracy charges. Mark Allen Saults…pleaded guilty…to two counts of a federal indictment," which included conspiring with others to distribute 15,000 pounds of marijuana. The Sun says Saults and another person were arrested on Dec. 1, 2005, by DEA agents when the two came to meet with an informant from whom they reportedly had agreed to purchase 50 pounds of marijuana and two pounds of meth.

Oregon Man Indicted In Marijuana-Related Case. The Lincoln City (OR) News Guard (5/31) reports that on May 24, a federal grand jury "indicted a Salem and

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Otis resident on multiple charges, including the charge of 'human trafficking.' Ramon Lopez-Montanez, 39, was indicted on charges of forced labor, marijuana manufacturing and use of a false government document. … According to the indictment, Lopez-Montanez is charged with growing marijuana in Salem and Otis and using a false Oregon driver's license to open an account at Wells Fargo Bank in Lincoln City." The News Guard notes the DEA's and FBI's involvement in the investigation, along with other agencies.

Illinois Man Convicted Of Dealing Crack Cocaine Gets 25-Year Prison Sentence. The Belleville News Democrat (5/31) reports, "A 39-year-old Alton man was sentenced in federal court in East St. Louis Tuesday to 25 years in prison on crack cocaine charges. Christopher B. Taylor was convicted of distributing and possessing with intent to distribute crack cocaine. … The case was prosecuted as part of a continuing DEA investigation targeting crack cocaine trafficking in Alton."

Woman Sentenced In Michigan For Delivering Cocaine. The Flint (MI)Journal(5/31) reports, "A woman who delivered an ounce of crack cocaine to undercover investigators last year was sentenced Tuesday to nearly 4 years in prison, even though her attorney argued for probation, saying her involvement in the drug trade was her boyfriend's fault. U.S. District Judge Paul Gadola sentenced Renee Holmes, 31, to 3 years and 10 months in prison. … Holmes and her boyfriend, Damon D. Cooper, were among nine people indicted by a grand jury on federal drug charges last September after an investigation by federal Drug Enforcement Administration agents and Flint police."

Former New York Prosecutor's Husband Challenges Cash Seizure By Federal Authorities. According to the Albany (NY) Times Union (5/31, Lyons), federal authorities "are moving to seize $352,680 in cash that Illinois state troopers confiscated from a car being driven across the country by the husband of a former Albany County prosecutor. The Justice Department contends the money…is the proceeds of drug dealing and therefore subject to seizure. But Robert L. Schultz, 45, who is married to former Assistant District Attorney Kimberly A. Mariani, is challenging the government's assertion."

Defendant's Attorney Seeks Informant's Name In Mississippi Drug Case. The Greenwood (MS) Commonwealth (5/31) reports, "Kevin Matthews wants to know the identity of the federal informant who turned on him, but the U.S. attorney's office said the law doesn't require them to identify that person until trial time. The pleading filed by Matthews' attorney…is the latest in a flurry of paper thrown back and forth in the Greenwood man's federal case. During raids conducted by agents of the federal Drug Enforcement Administration and the Mississippi Bureau of Narcotics in October, Matthews and three other Greenwood men were among the 36 total suspects arrested in a Delta drug sweep."

Report Said To Clear Lance Armstrong Of Doping Allegations, WADA Not Convinced. There is widespread coverage today of a report that is said to clear cyclist Lance Armstrong of using banned substances. News outlets have made more than 500 references to the report. For example, the AP (6/1) writes that a Dutch investigator's report "cleared Lance Armstrong of doping in the 1999 Tour de France on Wednesday, calling the accusations against him 'completely irresponsible' and raising the possibility of misconduct by anti-doping authorities. The 132-page report recommended convening a tribunal to discuss possible legal and ethical violations by the World Anti-Doping Agency and to consider 'appropriate sanctions to remedy the violations.'" The AP report was published by news outlets such as ABC News, the Wall Street Journal, Washington Times, San Diego Union Tribune, Chicago Sun-Times, Pittsburgh Post Gazette, and Boston Herald.

Knight Ridder (5/31, Almond) reports, "The investigator, Emile Vrijman, examined test results taken from the year Armstrong won his first of seven consecutive Tour de France titles. … The investigation was initiated after the French sports newspaper L'Equipe reported last August that six of Armstrong's urine samples from 1999 were positive for the blood-boosting drug EPO when retested in 2004. … Officials from the World Anti-Doping Agency said in a statement they were concerned that the investigation had focused on how the retired cyclist's urine tests were leaked to a newspaper and not whether the results were valid."

The Los Angeles Times (6/1, Abrahamson) reports, "WADA Chairman Dick Pound, who has long asserted the cycling federation, which goes by the acronym UCI, leaked the 1999 doping forms to the French newspaper L'Equipe, questioned how Vrijman had reached the conclusion that one of the top anti-doping labs in the world -- the French national lab, near Paris -- had so thoroughly botched tests. The lab is known by its French acronym, LNDD."

The New York Times (6/1, Macur) writes, "In the 130-page report, Vrijman stated that there was no proof that Armstrong had used EPO, a synthetic version of a naturally occurring hormone that increases oxygen-rich red blood cells, because there was no way to prove that Armstrong's urine samples had not been tampered with or tainted. In turn, Vrijman wrote that the cycling union should 'refrain from initiating any disciplinary action whatsoever.'"

According to Bloomberg (5/31, Sheringham), "Lance Armstrong was cleared of taking banned drugs at the 1999

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Tour de France by independent investigators who said the World Anti-Doping Agency may be guilty of misconduct in its handling of the case."

In Forbes (5/31), Parmy Olson writes, "WADA loada baloney. … The finger of blame is now being pointed squarely at anti-doping authorities including France's LNDD and the World Anti-Doping Agency, otherwise known as WADA."

On its Web site, CNN (5/31) reports Vrijman, "assigned by the International Cycling Union (UCI) to investigate newspaper allegations, said on Wednesday testing procedures were insufficient to label Armstrong's sample positive." However, "In a strongly-worded press release on Wednesday, the UCI said that they 'deplored' the behavior of Vrijman, claiming that he had released the report without their permission to the Dutch press and before all 'interested parties' could comment."

The UK's Guardian (6/1) says Lance Armstrong yesterday "repeated his accusation that he was the victim of a 'witch-hunt' after the appearance of a report into allegations made last August in the French newspaper L'Equipe that the blood-booster erythropoietin was found in urine samples provided by the seven-times Tour de France winner during his first win in the race in 1999."

Voice of America (5/31) reports on its Web site, "Vrijman said his report 'exonerates Armstrong completely.' The cyclist has never tested positive for drugs and has vehemently denied using performance-enhancing substances."

The BBC (5/31) writes, "Cycling's governing body, the UCI, said it would make a full statement after studying the report."

Fentanyl Linked To Detroit Overdoses Possibly Made In Illegal Labs. The Detroit News (6/1) reports, "Doses of the painkiller fentanyl, thought to be the cause of dozens of drug overdose deaths in Metro Detroit in the past two weeks, appear to have been made illegally in underground laboratories, people familiar with an expanding police investigation said Wednesday. The findings are based on chemical tests that indicate the fentanyl…was not made the same way as the prescription forms of the drug, said Calvin Trent, director of the Detroit Bureau of Substance Abuse. … Carolyn Gibson, a spokeswoman for the U.S. Drug Enforcement Administration, said investigators won't say conclusively the drugs were illegally manufactured until all their tests are complete. 'We'd be premature in saying it's 100 percent definite, but that's what it's looking like,' she said."

Operation Rolling Thunder Nets Arrests Of 152 Fugitives In New York. The Buffalo News (6/1, Thomas) reports, "A 26-year-old man wanted in a Rochester slaying was one of 152 dangerous fugitives and sexual predators arrested in Erie and Niagara counties during a five-day blitz that ended Saturday." The News continues, "Mario Collier, arrested in Buffalo, is accused of shooting an accused drug dealer to death in January after luring him to the meeting place by dousing his friend with gasoline. He had been a fugitive for the last four months. A team of officers searched for him for three straight days, at the homes of relatives and friends, from Buffalo to Cheektowaga." The News adds, "Teams of local, state and federal officers from 20 law enforcement agencies fanned out across the two counties to apprehend fugitives wanted on felony warrants for assault, rape, burglary, narcotics, parole and probation violations and failure to register as a sex offender. During the operation, 213 outstanding warrants were executed. … The sweep was part of Operation Rolling Thunder, a statewide initiative that began in November to capture the state's worst fugitives. … Across the state, 619 fugitives have been arrested so far during Operation Rolling Thunder stings in Rochester, Syracuse and Albany, according to Chauncey G. Parker, director of criminal justice for the state Division of Criminal Justice Services. … 'Collier, without a doubt, was our No. 1 priority,' said Daniel Larish, supervisory deputy for the U.S. marshals. 'Any time you take a suspected murderer off the street, you help to make the streets safer.' Collier, aka Marlo Allen Jr., was the last of four men arrested in the slaying of Josue Marrero, 23, in Rochester on Jan. 18."

Man Who Posed As US Marshal Arrested. The New York Times (6/1, Toy, Mead) reports, "Richard S. Kudlik enjoyed regaling his girlfriend with tales of his life as a United States marshal: of his dangerous assignments hunting fugitive criminals and of being so close to Hillary Rodham Clinton that she would request that he and his team provide for her security on certain occasions.. … He would show up at her Long Island home with his gun and badge, Pam Brown recalled yesterday, wearing his blue raid jacket with 'U.S. Marshal' emblazoned across the back. The license plate on his pickup truck read, 'OFF2HUNT,' and there was a United States marshal sticker on the windshield. … But after they had been dating for eight months, Ms. Brown said, Mr. Kudlik told one story too many, and what turned out to be his fictional life as a federal law enforcement officer quickly unraveled." The Times adds, "Ms. Brown set up a Web site last month to expose Mr. Kudlik as a 43-year-old heating and ventilation worker from Port Jefferson who is married and has two teenage children. She then reported him to the Marshals Service — as did several others, according to the agency — and he was arrested on Tuesday on charges of having a counterfeit marshal badge, a misdemeanor punishable by up to six months in prison. … The site is among the latest in a series of Web sites with the goal of exposing cheating

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paramours. … The Web site includes what it says are e-mailed testimonials from other women who say that Mr. Kudlik duped them with the same story: that he was a divorced father of two and that his work as a marshal meant irregular hours and an inability to meet on weekends and holidays. … Ralph Rosado, a spokesman for the United States Marshals Service, said the service first learned of Mr. Kudlik more than a year ago, when marshals confiscated a badge and other marshal paraphernalia from Mr. Kudlik in April 2005 after a tip from the Nassau County police." … Mr. Kudlik told marshals that he had purchased the counterfeit items on the Internet and promised to stop masquerading as a marshal, so the marshals did not press charges."

The Long Island Newsday (6/1, Armario) reports, "The 34-year-old Port Jefferson man was arrested Tuesday by the real U.S. marshals, for allegedly possessing counterfeit marshal gear, after several women, including Brown, discovered they'd been duped and reported him. … 'He was using the marshals service as a way to get girls,' Deputy U.S. Marshal Ralph Rosado said. 'He's really married with kids.'" Newsday adds, "Officials recovered an assortment of fake marshal paraphernalia in Kudlik's car when they arrested him as he embarked on an Orient Point ferry: patches, duffel bags, memo pads and three laminated 'Fraternal Order of the U.S. Marshals' cards listing him as president. … Rosado said they were uncertain how Kudlik obtained the goods, but that he had a receipt from a German company that made him replica badges."

IMMIGRATION:

USCIS Director Criticizes Senate Immigration Bill. The Washington Times (6/1, Dinan, 90K) reports, "The Senate immigration bill makes the same mistake as the 1986 amnesty by restricting the ability of US Citizenship and Immigration Services to share information on illegal alien guest-worker applicants who are criminals and terrorists, the agency's director said yesterday." Emilio T. Gonzalez, "whose agency would have to administer a guest-worker program, said not allowing the US Citizenship and Immigration Services (USCIS) to share information on someone who applies means they cannot begin the process of removing criminals and national security threats, even after they are rejected from the guest-worker program." In "a briefing with reporters in which he weighed in on the Senate immigration bill, which would offer a chance for citizenship to millions of illegal aliens, expand legal immigration and start a new foreign-worker program," Gonzalez said, "It is important for us to be able to act on what we get when we run a background check on somebody." Gonzalez, "a naturalized citizen himself, has established a new tone that national security should be foremost in employees' minds at the agency. He said his agency will need at least six months and maybe as much as a year to register current illegal aliens for a foreign-worker program -- far longer than the Senate bill envisions."

House, Senate Bills Reduce Court's Ability To Review USCIS Decisions. USA Today (6/1, Kiely, 2.31M) reports, "Immigration legislation now before Congress is threatening a long-standing safeguard to keep politics out of final decisions about who becomes an American, legal experts and immigrant rights advocates say." The House and Senate "have passed immigration bills that would reduce or eliminate federal courts' ability to intervene when immigration officials decide that applicants for citizenship lack 'good moral character,' a legal requirement. Critics of the proposed change contend the final say of a subjective standard should not be left to U.S. Citizenship and Immigration Services, whose director is a presidential appointee."

Tens Of Thousands Of Hondurans, Nicaraguans Could Lose Legal Status Today. The Washington Post (6/1, A3, Raghavan, 744K) reports, "Tens of thousands of Honduran and Nicaraguan immigrants nationwide risk losing their legal status in the United States today because they have not renewed their temporary work permits under a program to help victims of natural disasters, some in the mistaken belief that they will soon be on the path to becoming US citizens." The Post adds, "With the deadline approaching by the end of today, about half the eligible applicants have yet to apply for renewal. They could lose their jobs and face deportation, jeopardizing the livelihoods of thousands of relatives here and in their homelands who depend on their salaries."

More Commentary On Immigration Reform Debate. George Will writes in the Washington Post (6/1, A19, 744K), "As members of the House and Senate head for a conference to try to reconcile the stark and probably irreconcilable differences incorporated in their two immigration bills, Republicans are between a rock and a hard place. And another rock. And another." But "if Congress fails to pass immigration reform, that will not really deserve to be called a failure, for two reasons. First, the moment may not be ripe for reform, because the country is of two minds -- actually, more than two -- about the issue. Second, the system the Framers created, with two legislative bodies having different dynamics because their constituencies have different characteristics, is in this instance performing approximately as the Framers intended." The House "is supposed to be the barometer that measures the political weather of the moment. It is not failing to do that."

Gary Bauer writes in the Washington Times (6/1, 90K) that "as lawmakers consider various immigration reform measures, they should take a hard look at the reams of polling data that show that standing strong on conservative values, not giving in on amnesty, is the key to winning the

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hearts, minds and votes of Hispanic Americans. First off, Hispanics are much more conservative on immigration than is commonly believed." If, Republicans "capitulate on amnesty, not only will they give their conservative base reason to stay home on Election Day, but they may alienate a growing constituency that shares those core conservative values of family, hard work, respect for the rule of law and patriotism."

Ruben Navarrette, a member of the editorial board of The San Diego Union-Tribune, writes in USA Today (6/1, 2.31M), "As a Mexican-American, I'm hearing from a lot of US-born Hispanics who are convinced that the immigration debate is a proxy for an assault on them, their language and their culture." Moreover, "as the national mood on immigration reform turns vile and even in some cases violent, there is the very real possibility of a backlash by assimilated, US-born Hispanics."

TAX:

Fed Adviser Calls For Elimination Of Estate Tax. Edward Prescott, senior monetary adviser to the Federal Reserve Bank of Minneapolis, writes in the Wall Street Journal (6/1, 2.11M) that "people cannot take their IRAs with them, and the fundamental question is this: Who gets it? It's a simple question that deserves a simple answer, but when a certain little word -- tax -- gets involved, things are never very easy. … The old maxim says that there are only two things in life that we can't avoid, death and taxes, but why pile on by combining the two? The Senate should join the House in permanently repealing the estate tax."

Economist Makes Case For AMT. Robert Nelson, an economist and professor in the School of Public Policy of the University of Maryland, writes in the Washington Post (6/1, A19, 744K), "The AMT is viewed by many as a bad thing. Yet, consider this: There is wide agreement among economists on the benefits of a federal 'flat tax' on income that would apply a uniform rate to every taxpayer and eliminate most current deductions and tax credits. … What does this have to do with the AMT? Just this: As Post business reporter Albert B. Crenshaw has noted, the AMT 'approaches a modern-day flat tax.' It imposes a uniform rate of 26 percent up to $175,000 in income, and above that 28 percent." Nelson adds, "The AMT is a tax policy windfall that ought to be protected and preserved."

CONGRESS-ADMINISTRATION:

Bush Expresses Confidence In CIA, Hayden. The AP (6/1, Riechmann) reports, "President Bush gave the embattled Central Intelligence Agency his vote of confidence on Wednesday, saying the spy outfit will succeed at its mission and make Americans safer with new director Gen. Michael Hayden at its helm." Bush "made the quick trip from the White House to CIA headquarters in suburban Virginia for a ceremonial swearing-in of Hayden. The former head of the National Security Agency who served as the United States' No. 2 intelligence official for the last year was officially sworn in Tuesday and had already had his first day on the job when Bush arrived." Said Bush, "He's such a good man we're going to swear him in twice." Bush "appeared warmly welcomed by the several hundred employees gathered in the CIA's main lobby despite his White House's tussles with the CIA and the agency's tradition of remaining distant from politics. He said he is confident a Hayden-led CIA can deliver."

The Washington Times (6/1, Curl, 90K) says the President "lavished praise on the general, who wore his blue Air Force uniform, four stars on each shoulder, for the ceremony." Said Bush, "Mike is a patriot; he's a reformer. He's one of our nation's finest intelligence professionals. I know firsthand how good this guy is. He brings more than two decades of experience in the intelligence field. He is going to be a superb leader for the dedicated men and women of the CIA." The Times adds, "For his part, Gen. Hayden told the president and the employees now working under him: 'I could not be more grateful.'" The New York Times (6/1, Mazzetti, 1.19M) calls Bush's remarks a "pep talk," noting he said, "I cannot do my job without the Central Intelligence Agency."

The Washington Post (6/1, A3, Pincus, 744K) reports on signs that "the CIA is not doing enough to keep its covert officers' identities secret, especially in the Internet age when so much personal information can be easily searched, said one congressional aide familiar with the Senate report." But "even more important than such security is recruiting the right person, said a former CIA station chief with experience in the Middle East." One official, "still working for the agency, recalled that Cuban intelligence quickly identified Spanish-speaking CIA officers who infiltrated that country because of their manner of speaking. … Even easier to identify were African Americans sent to African countries who could not hide their lack of knowledge of tribal dialects or history."

VA Data Loss Included Some Veterans' Phone Numbers, Addresses. The CBS Evening News (5/31, story 5, 0:25, Mitchell, 7.66M) reported, "That security breach in the Veterans Administration was even bigger than VA first let on. Computer files stolen from the home of a VA employee contained personal information on more than 26 million vets. Now, a VA memo obtained today by CBS News shows that in addition to social security numbers and

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birthdates, the files also contained some veterans' telephone numbers and addresses."

USA Today (6/1, Brook, 2.31M) says "one file containing more than 6,700 records pertaining to veterans exposed to mustard gas was lost, said the memo, which was written by a VA privacy officer." The VA "gave the memo to the House Veterans' Affairs Committee at the request of Rep. Bob Filner of California, the panel's acting ranking Democrat. USA TODAY obtained the memo from the committee. Privacy experts say the Social Security numbers could be used to open fraudulent credit cards or bank accounts."

Meanwhile, the Washington Post (6/1, A7, Lee, 744K) reports the "sensitive personal information...that was stolen from…was stored in a format that could make it difficult for thieves to use, according to an internal VA memo." The format "'requires specialized application software and training' to write computer code 'to access and manipulate the data for use,' Whitney wrote in the memo, obtained yesterday by The Washington Post."

Paulson Nomination Wins Praise. The AP (6/1, Crutsinger) reports, "President Bush's selection of a savvy Wall Street veteran to be his third treasury secretary is winning widespread praise, but Democrats say it will take a change in policies -- not just personnel -- to deal with budget and trade deficits and other economic problems." Bush announced Tuesday that "he was turning to Henry Paulson, chairman and chief executive of Goldman Sachs, to become the administration's chief economic spokesman. By choosing a 32-year veteran of one of Wall Street's premier investment houses, Bush is hoping for the same economic credibility that Bill Clinton gained when he picked Robert Rubin, one of Paulson's predecessors at Goldman Sachs, as his treasury secretary."

Under the headline "2 New Captains Of The Economy Face Volatile Global Markets," the New York Times (6/1, Andrews, 1.19M) reports, "One reached the pinnacle of wealth and prestige as a dealmaker on Wall Street. The other was an academic superstar, brilliant but somewhat shy and more at ease in Bermuda shorts than suits." But "now they find themselves side by side in confronting a stiff new test: helping to guide the economy from a period of fast growth and cheap money through one of higher interest rates, jittery markets and a falling dollar." Paulson "is expected to arrive at his post at a time when global financial markets are suddenly more volatile and investors are more risk-averse than they have been in years." Ben S. Bernanke "has already endured a baptism of fire as the Fed has struggled over when to stop raising interest rates."

More Commentary On Paulson. Stephen Cecchetti, the Rosenberg professor of global finance at the International Business School, Brandeis University, writes in the Financial Times (6/1), "The announcement of Hank Paulson's nomination as US Treasury secretary is good news for everyone. In many ways he is the perfect complement to Ben Bernanke, the new Federal Reserve chairman. A giant among monetary policy thinkers is being joined by one of the most important financiers in the world. We now have the essential combination of a theorist working with a practitioner."

Lawrence Kudlow, host of CNBC's "Kudlow & Company," writes in the Wall Street Journal (6/1, 2.11M) that Paulson's appointment is "a bullish sign for the fate of the president's supply-side agenda as well as the U.S. dollar. … There's a change going on here, probably a big one. Under the new Josh Bolten-run White House, Mr. Paulson is essentially being appointed deputy president for economic policy -- a mandate not given to his two predecessors. This is a bigger shakeup than meets the eye."

David Wessel writes in the Wall Street Journal (6/1, Wessel, 2.11M) that Paulson is "expected to be the greenest Treasury secretary ever." He is "an environmentalist, not only in his private and charitable life, but as chief executive. Goldman Sachs Group has an eight-page 'environmental policy framework' that declares 'a healthy environment is necessary for the well being of society, our people and our business, and is the foundation for a sustainable and strong economy,' and the firm walks the talk. So will that make a difference at Treasury?"

Reid's Office Acknowledges He Misstated Ethics Rules. The Los Angeles Times/AP (6/1) reports Senate Minority Leader Harry Reid's spokesman "acknowledged Wednesday night that Reid misstated the ethics rules governing his acceptance of free boxing tickets and has decided to refrain from taking such gifts." Spokesman Jim Manley said Sen. Reid "still believes it was "entirely permissible" for him to accept ringside seats for three professional boxing matches in 2004 and 2005 from the Nevada Athletic Commission but has decided to avoid doing so in the future, spokesman Jim Manley said." The announcement "came after the Associated Press presented Reid's office Wednesday with conclusions from ethics experts that the Senate leader misstated congressional ethics rules in trying to defend his actions."

House Republicans See Signs Of Political Revival While On Recess. The White House Bulletin/US News (5/31) reports House Republican members "campaigning back home during the Memorial Day recess are sensing a comeback for the GOP built on support for recent moves to extend tax cuts, the approval of a leaner than expected budget, tough immigration reforms, and the popularity of the Medicare drug benefit." A senior GOP leadership aide said, "We're feeling better. We got a couple

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of things under our belt, like the tax extension and the Medicare benefit, and it's starting to take hold." The Bulletin adds that while "no Republican official is willing to guarantee that the GOP will keep control of the House in the fall elections, leadership and House GOP conference officials say that there has been a recent up-tick in polling for the members, and the reaction back home to the talking points provided by the leaders is winning applause -- despite national media stories suggesting that the Democrats have the advantage going into the summer." Meanwhile, Republican political consultants "believe that the overwhelming voter sentiment is anti-incumbent more than anti-Republican, meaning that both parties will get hit in local races and provide a balance that would keep Republicans in charge of the House."

Democrats Said To Have Fear Of Winning Power. In a Newsweek Web-exclusive commentary (5/31), Michael Hirsh says, "At least the GOP is engaged in a war over real policy choices. It is an emotional debate, often a hysterical and ill-informed one, but it is a fight among adults who know what they believe in and who have the guts to battle for it. By contrast the Democrats, ostensibly the party poised to exploit this GOP civil war, don't seem to remember what it is like to behave as adults. They resemble nothing so much as ill-adjusted adolescents, afraid of their own shadows, much less the presidency. What are they afraid of? Themselves, essentially: their past, their own left, the populist rhetoric of their leaders (Nancy Pelosi, Harry Reid, Howard Dean, Al Gore), the left-wing loony stigma represented by 'Fahrenheit 9/11' filmmaker Michael Moore (every Dem's favorite bugaboo). Above all they fear seeming and looking soft. They are all afflicted with varying degrees of megalophobia, a fear of assuming power."

Broder Says Bush, GOP Scandal Woes Were Predicted. In his Washington Post column (6/1, A19), David Broder says that in its September 2004 issue, Washington Monthly "magazine invited 16 smart political observers -- a mix of Republicans, Democrats and independents -- to write short essays predicting what would happen if George Bush won a second term. The answers, understandably enough, were all over the lot. But no one suggested that one-third of the way through his second term Bush would have suffered the political and policy reverses that he has actually experienced." The one commentator "who got it exactly right was Kevin Drum, who runs the magazine's blog. 'What do we have to look forward to if George W. Bush is elected to a second term?' he asked. 'One word: scandal.'" While "history backed that forecast," Drum "found additional reasons that led him to conclude that Bush and the Republicans might be particularly susceptible," such as the GOP leadership's "ruthlessness and disregard for traditional political norms," a "culture of lax supervision of executive agencies by the Republican Congress encouraged misbehavior on Capitol Hill," and "the lack of major policy initiatives would leave a vacuum in the news that would make scandal look like the most prominent feature of the political landscape."

Snow-Thomas Face-Off On Zinsmeister Noted. The Washington Post (6/1, A17, 744K) runs a "Verbatim" column on White House spokesman Tony Snow's response to a question from Hearst Newspapers columnist Helen Thomas about Bush domestic policy aide Karl Zinsmeister. Asked why Bush picked "man who is so contemptible of the public servants in Washington to be his domestic adviser -- saying, 'People in Washington are morally repugnant, cheating, shifty human beings?' Why would he pick such a man to be a domestic adviser?" Snow largely avoided answering the question, responding with answers such as, "You meant contemptuous, as opposed to contemptible, I think."

Beinart Says Bush "Takes Truman's Name In Vain." Peter Beinart, editor at large of the New Republic, writes in the Washington Post (6/1, A19, 744K) that President Harry Truman is the "one Democrat Republicans love. … Last weekend President Bush devoted his West Point commencement address to an extended analogy between himself and the 33rd president, invoking Truman no fewer than 17 times." Truman "believed in fighting totalitarianism fiercely, but with more than just guns, and through international institutions that made U.S. power legitimate in the world. George W. Bush should remember that the next time he takes Truman's name in vain."

WSJournal Favors Sunsetting Some Programs. An editorial in the Wall Street Journal (6/1, 2.11M) notes that a group of House Republicans led by Reps. Jeb Henserling and Mike Pence are pushing "new rules to sunset out-of-date federal programs. Under their proposal that has been promised a vote this summer, Congress would have to reauthorize agency budgets every five years, or they would die. The legislation would also create a sunset commission to recommend program terminations, and Congress would vote up or down on the package. … It will be instructive to see how many Democrats and Northeastern Republicans -- who like to pose as deficit hawks -- favor deficit reduction if that means sunsetting programs that have outlived their usefulness. Our guess is the number will be very close to zero -- which is the main reason Congress will spend $300 billion more than it raises in taxes this year."

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OTHER NEWS:

Fed Considered Larger Rate Increase Last Month. USA Today (6/1, Kirchhoff, 2.31M) reports, "Facing both higher-than-expected inflation and the possibility of slower growth, Federal Reserve officials at a May 10 meeting were unsure how many more interest-rate increases, if any, will be needed, according to minutes released Wednesday. Underscoring the uncertainty, the central bank's Federal Open Market Committee debated a series of options at the meeting, from standing pat to raising the target for short-term rates by half a percentage point. The Fed ultimately voted unanimously to boost its target by a quarter-point to 5%." The Washington Post (6/1, D1, Henderson, 744K) notes "Fed officials also considered whether to bump the rate up by a half percentage point, to 5.25 percent." The Wall Street Journal (6/1, Ip, 2.11M) reports the story under the headline "Fed Grows Uncertain Over Rates As Inflation Concerns Multiply."

Engler Predicts Modest Manufacturing Growth This Year. The Christian Science Monitor (6/1, Cook, 61K) reports on a recent "Monitor Breakfast" with National Association of Manufacturers President John Engler. On the outlook for the US manufacturing sector, Engler said, "We are still the possessors of a substantial manufacturing sector. The demise of the manufacturing economy, the obituaries for that are a bit premature. 2005 was a record [year for] output in US manufacturing history, accomplished with fewer people, reflecting the incredible productivity that has been driving manufacturing. … It is a growth rate that makes us the envy of virtually all of old Europe. [The outlook is for] more modest growth this year than last, but still positive, with threats as a result of external factors [that are] hard for individual manufacturers to control."

Stocks Rise. The Wall Street Journal (6/1, Talley, 2.11M) reports the Dow Jones Industrial Average "rose 73.88 points, or 0.67%, to 11168.31, after losing 184.18 on Tuesday. For May, the Dow industrials lost 1.7%, the biggest monthly decline since June 2005 and first monthly drop so far this year." The Nasdaq Composite Index "gained 14.14, or 0.65%, to 2178.88. For the month, the Nasdaq fell 6.2%. The Standard & Poor's 500-stock index added 10.25, or 0.81%, to 1270.09. For the month, the S&P 500 declined 3.1%."

Savings From Medicare Drug Cap Offset By Hospital Visits. Researchers say caps on Medicare drug benefits result in more patient visits to emergency rooms and hospitals thereby offsetting savings from lower spending on prescription drugs. The Wall Street Journal (6/1, Hechinger, 2.11M) reports, "The study, published Thursday in the New England Journal of Medicine, gives ammunition to critics of the new Medicare Part D prescription-drug benefit, which includes payment restrictions. Researchers at health-maintenance organization Kaiser Permanente in Oakland, Calif.; the University of California, San Francisco; and Harvard University examined the cost and clinical outcomes of 199,179 Kaiser beneficiaries in Northern California who were enrolled in a program called Medicare+ Choice in 2003. … The study compared 157,275 Kaiser beneficiaries with caps to 41,904 who had unlimited benefits because of supplemental coverage from their employers. The study, which received funding from federal agencies and the Alfred P. Sloan Foundation, found that a cap on drug benefits lowered pharmacy costs by 31%. But total medical costs, including drugs, were roughly the same."

Consumers Said To Be Paying Billions More To Compensate For Medicare, Medicaid Imbalances. Blue Cross officials and independent actuaries say Imbalances in the nation's health care system as a result of tight Medicare and Medicaid budgets are causing employers and consumers to billions of dollars more per year for medical care. The New York Times (6/1, Freudenheim, 1.19M), "A new study commissioned by Premera Blue Cross, based in Seattle, has found a rapid acceleration in higher costs to private payers in Washington State, for example, as hospitals and doctors grapple with constraints in the federal health insurance programs. The study found that in 2004, the most recent year for which full data are available, hospitals in Washington State charged an additional $738 million — or 14.3 percent of their revenue — to private payers to make up for Medicare and Medicaid underpayments. … Other research has come to similar conclusions across the country. Unpaid hospital bills, largely for the uninsured, are costing about $45 billion nationally a year and adding about 8.5 percent to the cost of health insurance for those who do pay, said Kenneth E. Thorpe, a health care economist at Emory University."

Glass Artists Face Off In Rare Courtroom Battle. The New York Times (6/1, Egan) reports, "As an ever-moving maestro in the world where fine art and commerce converge, Dale Chihuly is perhaps the world's most successful glass artist. … His clients include Bill Gates and Bill Clinton, and his elaborate installations of sea gardens and flower clusters show that mere sand transformed by fire can elevate a casino ceiling to the level of gallery spectacle. … But now Mr. Chihuly is in the midst of a hard-edged legal fight in federal court here over the distinctiveness of his creations and, more fundamentally, who owns artistic expression in the glass art world." The Times continues, "Mr. Chihuly has sued two glass blowers, including a longtime collaborator, for copyright infringement, accusing them of imitating his signature lopsided creations, and other designs inspired by the sea. … The glass blowers say that Mr.

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Chihuly is trying to control entire forms, shapes and colors and that his brand does not extend to ancient and evolving techniques derived from the natural world." The Times notes, "The suit, rare in art circles, offers a sometimes unflattering glimpse at how high-powered commercial artists like Mr. Chihuly work. The two glass blowers say that he has very little to do with much of the art, and that he sometimes buys objects and puts the Chihuly name on them, a contention that Mr. Chihuly strongly denies. … He acknowledges that he has not blown glass for 27 years, dating from a surfing accident that cost him the full range of shoulder motion, an injury that struck three years after he had lost sight in his left eye in a traffic accident. … Still, Mr. Chihuly said, he works with sketches, faxes and through exhortation. Nothing with his name on it ever came from anyone but himself, he said."

Bush Raises Funds For Ehrlich, Steele. The Washington Times (6/1, Dinan, 90K) reports President Bush "hopped over to Baltimore yesterday to raise money for the Maryland Republican Party, telling a high-paying crowd of several hundred to help re-elect Gov. Robert L. Ehrlich Jr. and also send Lt. Gov. Michael S. Steele to the U.S. Senate, although the latter was conspicuously absent." Bush "stood on a stage in a ballroom at the BWI Marriott just feet away from Mr. Ehrlich, but the president also had brief kind words for Mr. Steele, the other major Republican statewide candidate on the ballot in November, even though Mr. Steele was not there." Some of the Republicans "in attendance last night said they were surprised by Mr. Steele's absence, but said there was no rift and he would benefit anyway from the event, which raised funds for Maryland Victory 2006, a get-out-the-vote operation that specifically targets state legislative races and Mr. Ehrlich's campaign, but which will benefit Mr. Steele as well." Early reports "had the event netting around $1 million."

The Washington Post (6/1, B5, Mosk, 744K) focuses on Steele's absence, reporting "only one of the state's two marquee Republican candidates joined him." Gov. Ehrlich "stood on a riser shoulder to shoulder with the president, but the party's leading candidate for an open U.S. Senate seat in Maryland, Lt. Gov. Michael S. Steele, was absent." Democrats were "eager to promote Bush's appearance, figuring it wouldn't help Ehrlich politically," and "were quick to spotlight Steele's decision to miss the event." The AP (6/1) reports Steele was "notably absent."

New York Democrats Formally Tap Hillary Clinton For Senate Race. Sen. Hillary Clinton formally opened her race for reelection at a New York Democratic Party meeting amid widespread anticipation that her '06 campaign will be but a prelude to a presidential run in '08. But her early prominence in the upcoming Democratic primary contest has some worried that she would not be able to rally enough support among moderates and independents to win a general election.

ABC World News Tonight (5/31, story 6, 2:15, Tapper, 8.78M) reported, Sen. Clinton "seemed to be looking beyond." Sen. Clinton: "We need a fundamentally new direction. Solutions that help us meet our 21st-century challenges of expanding our economy, defending our security and preserving our values." Tapper: "The presidential election is more than two years away. But Democrats are already buzzing about her prospects." While many Democrats "believe that Clinton will get her party's nomination, some are fearful that she cannot win the presidency. A new ABC News poll shows a daunting 42% of all Americans that say they will never vote for her. Some think she's too liberal. Others think she's untrustworthy. And that's a big concern for Democrats who want a candidate that can appeal to moderates and independents, in important states such as Ohio and Florida."

Fox News' Special Report (5/31, Hume) reported, "Delegates at New York state's Democratic convention today named Senator Hillary Clinton as their candidate for re-election. But the Senate race is overshadowed to some extent about speculation about whether and how she will seek her party's nomination for the White House in '08." Fox (Miller) added, "Although delegates and supporters cheered her nomination as a second term, some observers say she acted more like she was making a run for the White House. With her husband, the former President, in attendance, Mrs. Clinton brought the crowd to its feet. Not once did she mention potential Republican challengers." But she did take "a number of stabs at the Bush Administration."

The New York Times (6/1, Kornblut, 1.19M) reports Sen. Clinton "formally opened her Senate re-election campaign on Wednesday with a call to 'take our country back' from the current Republican leadership, cataloging what she called the Bush administration's failures in a marquee appearance at the state Democratic convention that signaled how she might approach a presidential campaign."

The AP (6/1, Humbert) reports Sen. Clinton "repeatedly bashed the Bush administration Wednesday as she told cheering Democrats that the country needs 'a fundamentally new direction.'" Former President Clinton "was in the audience but didn't speak. He got a standing ovation when the former first lady singled him out as 'an inspiration, a mentor, a partner.'"

The AFP (6/1) reports Clinton, "viewed by many as the Democrats' best prospect for reclaiming the White House in 2008, kicked off her campaign for a second term in the US Senate."

The Washington Times (6/1, Bellantoni, 90K) reports Clinton "officially started her re-election campaign yesterday, accepting the Democratic nomination for her New York seat with a promise of fighting for energy independence and fair

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wages while avoiding questions on her front-runner status if she chooses to seek the presidency in 2008." Clinton's "acceptance speech included hints of her higher ambitions, however, as the senator asked New Yorkers to 'stand with me' as she works to create well-paying jobs and to fund research for alternative energy."

The AP (6/1, Glover) reports New York Gov. George Pataki "strolled through a teeming farmers market in Iowa, chewing on a giant radish and pressing the flesh with a few thousand people he'd like to be his closest friends." Within the hour, Pataki had "donned dark robes and was delivering the commencement speech to medical graduates at Des Moines University, the multitasking required for a White House hopeful 19 months before Iowa caucus-goers vote." Pataki seems "like an unlikely sell in Iowa — a Northeast moderate who backs abortion and gay rights and gun control — but the three-term governor has focused on the handshaking-backslapping-local fundraising required to win over voters in a less populated, rural state."

Pataki Focuses On Retail Politics In Iowa Trip. The AP (6/1, Glover) reports New York Gov. George Pataki "strolled through a teeming farmers market in Iowa, chewing on a giant radish and pressing the flesh with a few thousand people he'd like to be his closest friends." Within the hour, Pataki had "donned dark robes and was delivering the commencement speech to medical graduates at Des Moines University, the multitasking required for a White House hopeful 19 months before Iowa caucus-goers vote." Pataki seems "like an unlikely sell in Iowa — a Northeast moderate who backs abortion and gay rights and gun control — but the three-term governor has focused on the handshaking-backslapping-local fundraising required to win over voters in a less populated, rural state."

Dodd Sees Ability To Reach Across Aisle As Key Selling Point. In a Newsweek Web-exclusive commentary (5/31), Howard Fineman says, "Maybe Sen. Chris Dodd of Connecticut has no chance to win the presidency. Or maybe he does. In any case, the mere fact that he called me the other day to remind me that he is running tells me something: that most of the Democratic Party's savviest veterans -- elected officials in their Capitol Hill suites, Hollywood machers tooling along the Santa Monica Freeway in their Priuses, the New York soft-money crowd eating their egg-white omelets at the Regency in Manhattan -- are convinced that Hillary Can't Win." No one "doubts Hillary Clinton can win the nomination; not many think she can beat the GOP's candidate, especially if it is McCain." Dodd's "argument is that, in an uncertain world, and one divided by Red and Blue, voters are ready for someone who can make politics work by bridging gaps, talking turkey and doing deals."

Pennsylvania State Senate Candidate Says GOP Must Adhere To Its Principles. Mike Folmer, a Republican candidate for the Pennsylvania state Senate, writes in the Wall Street Journal (6/1, 2.11M) that Pennsylvania's May 16 legislative primaries have been called "a 'political massacre,' an 'earthquake' and 'payback.'" Pundits, editorial writers and political analysts "are still trying to figure out what led to the defeat of 16 incumbent state legislators -- including Pennsylvania's top two state Senate Republicans -- at the hands of underfunded, and in several cases -- including mine -- unknown challengers." Folmer adds, "It was as if the Republican Party leadership in the state capitol had forgotten everything they'd been taught by Ronald Reagan -- that the core values of the Republican Party were lower taxes, less spending and limited government. Then came the notorious pay raise, and the camel's back was broken." Folmer concludes, "I have confidence that the Pennsylvania Republican Party can move forward victoriously not only this coming fall but in future elections. Yet in order to do so, it is imperative that we do not forget the principles that made the Republican Party great. In many ways, then, the Pennsylvania situation mirrors that of the country as a whole."

Perry Signs Texas Property Tax Cut. Texas Gov, Rick Perry has signed legislation to cut property taxes by nearly $16 billion over the next two years. The New York Times (6/1, Barnes, 1.19M) reports that the legislation also provides a $2,000 raise to public school teachers. The measure "was passed in a special session to bring the Texas public school system into compliance with a State Supreme Court order. The one-third reduction in property tax revenue would be offset by a new, higher levy on business, a $1 per-pack increase in cigarette taxes and a portion of the state's $8 billion treasury surplus."

In Reversal, US Offers To Participate In Direct Talks With Iran. In what's being depicted as a surprising policy-shift, the United States yesterday offered to join direct negotiations with Iran over its nuclear program -- under the conditions that Iran cease enriching uranium and permit greater access to United Nations nuclear inspectors. Iran's official news agency called the offer "propaganda." The story is generating extensive media coverage, leading all three networks last night. Reports generally describe the US "reversal" as the right move, and a very momentous one at that.

However, many are also portraying the Administration as acting under strong pressure. The Financial Times (6/1, Dinmore, Khalaf), for example, headlines its story "Bush Bows To Pressure And Offers Iran Talks," and the New York Times (6/1, Sanger, 1.19M), in an analysis piece titled

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"Bush's Realization On Iran: No Good Choice Left Except Talks," says Bush "reversed course on Wednesday because it was made clear to him -- by his allies, by the Russians, by the Chinese, and eventually by some of his advisers -- that he no longer had a choice." The Washington Post (6/1, Kessler, 744K), meanwhile, reports the move "underscores a central truth of diplomacy today: Nuclear weapons buy leverage." The story also calls the decision "the biggest foreign policy shift" of Bush's presidency.

ABC World News Tonight (5/31, lead story, 3:00, Gibson, 8.78M) reported, "It is a seismic change in US policy. Secretary of State Condoleezza Rice said the US is now willing to join direct talks with Iran about its nuclear program, if Iran would suspend that program. It is a big if." ABC (Karl) added, "The Bush Administration is offering to talk to the Iranians, for the first time since Iranian radicals took Americans hostage more than a quarter century ago." President Bush: "I thought it was important for the United States to take the lead, along with our partners. And that's what you're seeing. You're seeing robust diplomacy." Karl: "It's a major policy shift," noting that Secretary of State Rice had previously said "we don't need to talk about it." The offer, said ABC, "won praise from Bush Administration critics who called it long overdue."

Knight Ridder (6/1, Strobel, Landay) reports the offer "is part of a package of proposals to Iran that Rice and her European, Russian and Chinese counterparts hope to finalize Thursday in Vienna, Austria." The Washington Times (6/1, Kralev, 90K) notes "the Bush administration ruled out establishing diplomatic relations with Iran at any time soon, saying the proposal was meant only to 'enhance' the prospect of peacefully resolving the nuclear dispute."

The AP (6/1, Gearan) reports "the overture to join stalled European talks came after mounting pressure on the US from European allies." The Los Angeles Times (61, Richter, Rubin, 958K) says "the White House has heard calls to negotiate from a wide variety of sources, including European officials. But some administration members, including Vice President Dick Cheney, have resisted, fearing that talks could only give the Iranian leadership more stature and more time to advance a weapons program."

The New York Times (6/1, Weisman, 1.19M) also reports, "Skepticism from Vice President Dick Cheney and others who have opposed concessions to Iran was overcome, the officials said, when it was realized that refusal to move toward the European view would mean that the administration would be blamed for failing to do its utmost to defuse the crisis, making it harder to rally world opinion against Iran."

The Chicago Tribune (6/1, Silva, 643K) refers to "a sharp change of course that reflects a more pragmatic approach," and the Wall Street Journal (6/1, Solomon, King, 2.11M) describes the move as an "abrupt shift" and "a nod to European allies' desire to offer carrots as well as sticks to steer Iran away from its efforts to produce weapons-grade uranium."

"Senior Administration Official" Calls Move Tactical, Not Strategic Change. CNN's The Situation Room (5/31, Quijano) reported a "senior administration official" said "a short time ago that in fact this does not represent in their view a strategic shift by the United States but rather a change in tactics. He says that President Bush did not in fact give the final go ahead for this decision until this morning. This is, though, something that the President and others have been working on for quite some time."

Rice Defends US Decision In TV Interviews. Rice granted a number of TV interviews yesterday to explain and defend the US policy change. On NBC Nightly News (5/31, lead story, 3:50, Gregory, 9.87M) Rice said, "What the Iranians are being offered is not concessions. They're being offered a set of incentives if they are prepared to do what the world needs them to do." Gregory: "Rice insisted Iran's intransigence is not paying off." Secretary Rice: "Iran is continuing its behavior at its own peril, because this process of moving Iran toward isolation has also been continuing." Gregory: "US officials and outside experts also see today's overture toward Iran as the best way to toughen the resolve of US allies and move them toward the Bush Administration position." On the CBS Evening News (5/31, lead story, 2:55, Axelrod, 7.66M) Rice was shown saying, "The reason that we're doing it is we want to know if negotiations are a real option; if Iran accepts the offer and suspends its enrichment activities, all the better. Now, if they don't then we have to be on another course."

Rice said on PBS' Newshour with Jim Lehrer (5/31) that it is "important that we know whether or not there is truly a negotiating option or not. It's time to give the Iranians a clear choice: If they're prepared to negotiate, then the world should be prepared to negotiate. We should be prepared to negotiate. But if they're not, then we need to get on with the kinds of penalties that can be brought through the Security Council so that we can bring enough pressure on the Iranian regime to make it make a different choice." Rice later noted, "The Iranians now have a choice. They can say that, yes, they're prepared to suspend and thereby get into negotiations, or they can say that they're not prepared to suspend" enrichment and related activities.

Rice said on MSNBC's Hardball (5/31) that the announcement "puts a kind of moment of truth if you will, a moment for decision for Iran before us. The Iranians have been -- want to say, 'Oh, we might be interested in negotiations on the Russian package. Oh, we might be interested in the European negotiations again.' But this is a clear choice for Iran."

Rice was asked on CNN's The Situation Room (5/31) if this announcement looks "like the United States is making

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concessions to what you would regard as a terrorist regime." Rice said, "The United States is supporting an international consensus that's been developing for the last year-and-a-half that Iran must not be allowed to get a nuclear weapon, that Iran has but one choice and that is to abandon its nuclear weapons ambitions, or it can face the path of isolation. That's what the United States is supporting here." Rice added, "The United States is holding to conditions that have been set for some time with Iran, conditions that we have been supporting in the negotiations with the European three, that Iran must first suspend verifiably and fully its enrichment activities."

Rice said on Fox News' The O'Reilly Factor (5/31), "The important thing to note this not just about the United States and Iran. This is about Iran and the entire international community. We have been successful in building a consensus around the view that Iran can't have a nuclear weapon, that they have to suspend the program and go back to negotiates and that if it is going to have a nuclear program has to have one without the proliferation risk of having the fuel cycle on Iranian territory. That is what is at stake for Iran is isolation."

Bolton Says US Will Not Compromise On Precondition That Iran Suspend Nuclear Program. US Ambassador to the UN John Bolton was asked on Fox News' Your World with Neil Cavuto (5/31) about Iran's claim that the US' demand that it agree to multilateral talks soon is nothing but a propaganda move. Bolton said, "I hope this is not a real reaction from Iran. I think it's important that they take a very careful look at what Secretary Rice laid out today, because it really is their last chance, in many respects. She is saying that we're prepared to sit down at the table with Iran if they fully suspend their uranium enrichment and reprocessing activities. So, that's a -- that's a major effort on our part to avoid this being a discussion about what's the United States doing wrong and get it back to the real point, which is what Iran is doing wrong." Asked how the US would react if Iran says it will not give up enrichment activity until talks start, Bolton said, "No, this is -- I think Secretary Rice was very clear on this today, that this is a precondition, on which we're not going to compromise. … If they're not willing to do that, the other alternative is clear, too, is that we will move for economic and political sanctions to make it clear to them what their choice is."

Allies Praise US Overture. CNN's The Situation Room (5/31, Blitzer) reported, "European allies are applauding President Bush's new overture toward Iran, and perhaps none more so than Britain's Tony Blair. A European diplomat tells our John King that getting the US. involved with talks with Iran was a top priority for Tony Blair during his meetings with the president last week. A US official says the administration had been moving toward that position for some time, but he doesn't dispute that Blair's influence helped sway the way with President Bush." USA Today (6/1, Slavin, 2.31M) reports France, Germany and Britain "welcomed the US offer."

On its front page, the Washington Post (6/1, A1, Fletcher, Kessler, 744K) reports, "Senior Chinese and Russian officials welcomed the U.S. offer of direct talks, saying it showed an increased willingness to pursue diplomatic means to resolve the budding nuclear crisis."

Oil Prices Decline On Report Of Diplomatic Outreach To Iran. The CBS Evening News (5/31, story 2, 0:10, Mitchell, 7.66M) reported, "News that the US is offering conditionally to talk with Iran sent oil prices lower today. They fell 74 cents to close at $71.29 a barrel." The Wall Street Journal (6/1, Farivar, 2.11M) says that "in the past, Iran has offered to suspend its controversial nuclear-enrichment program to find a way out of the crisis, and the surprise US diplomatic overture triggered a knee-jerk selloff in oil futures." USA Today (6/1, Hagenbaugh, 2.31M) runs a similar report.

Hardliners In Iran Said To Face Dilemma. The Washington Times (6/1, Sands, 90K) reports, "Iranian hard-liners, led by President Mahmoud Ahmadinejad, faced a dilemma of their own after yesterday's announcement by the Bush administration that it was ready to join talks over Iran's suspected nuclear programs." The US policy shift "will be seen as a victory for the tough line of the government," said A. William Samii, an Iranian political analyst for Radio Free Europe/Radio Liberty, "but it's a tricky question of how best to respond."

Blackwill Says Military Option Should Not Be Discarded. Robert D. Blackwill, deputy national security adviser for strategic planning and presidential envoy to Iraq in 2003-2004, writes in the Wall Street Journal (6/1, 2.11M), "The use of American military force against Iran's nuclear infrastructure would obviously carry great risk. But acquiescing in an Iranian nuclear weapons capability would be deeply dangerous for the US and likeminded democracies for decades to come. It would be regarded by the entire world, friend and foe alike, as a strategic defeat for the US, and produce a major shift toward Iran in the balance of power in the Greater Middle East. … Given the extraordinary stakes involved, ignoring the military option and hoping that we will somehow be rescued by sanctions, new negotiating mechanisms, or the Iranian mullahs is a serious mistake."

Opinion Pages Generally Supportive Of US Move. Under the headline "Rice Makes The Right Move On Iran," the Los Angeles Times (6/1, 958K) editorializes Bush "has made a u-turn -- and not a moment too soon." The Times goes on to call Rice's announcement "a courageous and historic about-face that offers hope of ending the hostility that has marked US relations with Iran since 1979. "

The Washington Post (6/1, 744K), under the headline "A Smart Approach To Iran," says in an editorial that the offer "was well tailored. By stating its readiness to join the European governments that have been negotiating with

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Tehran for several years, the administration may have defused an issue that was impeding its effort to win support for UN sanctions against Iran. … For now, the administration has rightly put the focus on forcing Tehran -- not Washington -- to make a choice."

The Wall Street Journal (6/1, 2.11M) editorializes that the US move is "a surprising policy reversal" adding that "in theory, Condi's gambit could help to expose Iran's real intentions should it refuse to negotiate seriously. In theory, too, a determined US could use the direct talks to insist that Tehran undertake a Libyan-like dismantling of its nuclear facilities, complete with random and intrusive inspections." But "yesterday's proposal demands nothing so comprehensive, and the potential sanctions supposedly on the table are still opposed by Russia and China. The ultimate sanction of military force isn't even hinted at, much less on the table. … If this gambit fails, she'll have succeeded mainly in giving the mullahs more time to become a terrorist nuclear power."

USA Today (6/1, 2.31M) editorializes, "The administration's policy turnaround is welcome and badly needed. The question is why it took so long."

David Brooks writes in the New York Times (6/1, 1.19M), "What Rice did was set off a chain of events that could lead to a UN resolution on Iranian sanctions as early as July. Diplomats, book your New York hotel rooms today." Brooks adds, "It's still hard to believe the international community can really get its act together. (Have the U.S. and the Russians and the Chinese really forged an agreement on sanctions, or just fudged their differences?) But this display of competence causes me to remember that over the past several weeks this administration has done a number of things well (the nominations of Michael Hayden and Henry Paulson, to name just two). Maybe there's life in this presidency yet."

Palestinian Rocket Hits Home In Israel. The New York Times (6/1, 1.19M) reports that a Palestinian rocket was fired into Sederot, a residential area in southern Israel that is often the target of Palestinian fire from the Gaza Strip, early Wednesday. According to the Times, "No one was hurt, but the rocket damaged the house." The Times adds, "Later Wednesday, the Israeli military fired artillery rounds into northern Gaza. No casualties were immediately reported."

Ricciardone Delivers Nuanced Message On Egyptian Democratization. The AFP (6/1) reports US Ambassador to Egypt Frank Ricciardone, in a speech to Cairo's AmCham, "urged Egypt to pursue 'bold' reforms, but insisted that Washington has no interest in drastic changes that could spark chaos. 'Contrary to folklore, we do not, we do not confuse change with chaos. We do support bold but well-managed, wisely-led, purposeful change.'" AFP continues, "The US ambassador described as 'very harsh' the five-year jail sentence of opposition leader Ayman Nur for fraud in what Egypt insists is a criminal not a political case. … 'I would have wished that it turned out differently.'"

Bush Offers To Help Catch Perpetrators Of Rwandan Genocide. During an Oval Office meting with Rwandan President Paul Kagame, President Bush called the 1994 genocide of a half-million people in Rwanda "one of the most significant tragedies in modern history." The AP (6/1) reports that Bush "said the United States would give any help the country wanted to track down those responsible who are still at large." In addition, Bush "pledged to help repay the country for troops that it has sent to deal with another genocide." He said "the money will come from a supplemental spending bill that is being considered by Congress that also includes funding for U.S. troops in Iraq and Afghanistan and to aid Hurricane Katrina victims."

Darfur Rebel Group Refuses To Sign Peace Deal. The AP (6/1, Zerdin) reports that a Darfur rebel group yesterday rejected a peace deal aimed at ending the fighting in Sudan's western region. The African Union-drafted accord "was signed May 5 by the government and main Sudan Liberation Movement, but both a splinter group of the Liberation Movement and the Justice and Equality Movement have resisted international calls to accept the deal."

AFP (6/1, Westerhoff) reports that the deadline for holdout Darfur rebels to the peace deal "passed with no new signatories, AU officials said. … The holdout groups have refused to sign the accord aimed at ending three years of conflict in Darfur, which has left some 300,000 people dead and 2.4 million homeless."

Violence Erupts Again In East Timor. The AP (6/1, Deutsch) reports that youths wielding machetes battled in East Timor's capital yesterday. The AP adds, "After a lull in violence Tuesday, street fights broke out in several parts of the smoldering city Wednesday. Roaming bands of youths fired sling shots, threw rocks and hacked rivals with machetes."

AFP (6/1, Sands) reports, "East Timor's rebel leader rejected an agreement designed to end days of violence in the tiny nation that has forced tens of thousands to flee and demanded the sacking of the embattled prime minister. As gang violence and arson attacks again broke out across the capital Dili, Major Alfredo Reinado said Wednesday President Xanana Gusmao made a 'mistake' by assuming emergency powers but not sacking Prime Minister Mari Alkatiri."

US Signs Off On WTO Membership For Vietnam. The Washington Times (6/1, Sparshott, 90K) reports that the US has signed off on an agreement that will

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allow Vietnam to join the WTO. The pact "removes one of the last hurdles barring the communist nation from joining the world's capitalist club. … Congress still must vote on WTO membership for Vietnam. The Bush administration hopes that will happen this summer."

Morales Says US Trying To Kill Him. Bloomberg (6/1, Blount) reports, "Bolivian President Evo Morales said the U.S. organized teams to track down and kill him, according to a note published on the Bolivian presidential Web site." Morales "said he recently found out about the plots against him, the state newswire ABI said in the report on the presidential Web site. The allegations are unfounded, U.S. Embassy in La Paz said in a statement sent to journalists by E-mail. Calls to the Bolivian presidential palace requesting comment were not returned."

Chavez Expected To Ask OPEC To Cut Oil Production. The CBS Evening News (5/31, story 3, 2:50, Mitchell, 7.66M) reported, "Iran and other OPEC members are gathering now in Venezuela, where President Hugo Chavez will try to persuade them to cut oil production to keep prices high." CBS (Regan) added Chavez "gets his best opportunity yet to challenge the US when he hosts the world's oil producers at an OPEC conference." John Kilduff, oil analyst, Fimat USA: "The rhetoric, I expect, to be flying out of President Chavez. He'll make the argument that the Western economies have grown to the place they are on the back of cheap oil and it's time for the oil-producing countries to get their just desserts." Regan: "And Venezuela could be in for a second helping. It's already home to the largest proven oil reserves in the Western Hemisphere, with nearly 80 billion barrels, and there's potential to pump even more, much more." Elio Ohep, "editor of the Petroleum World Website, says the recent run-up in oil prices makes the oil's in Venezuela's Orinoco region, once considered too expensive to extract because it's so heavy, so thick and so costly to refine, suddenly worthwhile." Tomorrow, Chavez "will push OPEC to set $50 a barrel as the new rock-bottom price and as Venezuela's energy minister told CBS News, it's not just OPEC that sets the price of oil, but world politics too."

Chavez Says Orinoco Belt Contains 235 Billion Barrels Of Recoverable Oil. The New York Times (6/1, Forero, 1.19M) reports that the Chevron Corporation "has spent about $1 billion" turning oil sludge, which was "once called liquid coal into oil, helping transform a swath of scrub grass into a great frontier for oil production. The region, the Orinoco Belt, is in fact so promising that President Hugo Chávez of Venezuela says it contains up to 235 billion barrels of recoverable oil; if true, the reserves would rival those of Saudi Arabia. … This great, largely untapped treasure is pitting a leftist government aiming to use oil revenue for social programs against multinational corporations like Chevron, which were invited here a decade ago to develop the Orinoco Belt, a 54-square-mile area some 120 miles south of here."

OPEC Considering Membership For Sudan, Angola. The Financial Times (6/1, Hoyos) reports that OPEC is considering expanding its membership for the first time in more than 30 years. Oil ministers "were awaiting the report of Nigeria, the group's current president, on invitations of membership to Sudan and Angola. The pair, who are observer members, are two of the world's fastest-growing oil producers. … Their membership would boost OPEC's share of world oil supply from 41 per cent to 43 per cent. But the move would be likely to anger the US and China as well as almost every big international oil company."

Lebanese Politicians Vow To Disarm Palestinian Militias. The New York Times (6/1, Fattah, 1.19M) reports, "Lebanese politicians have begun focusing attention on the Palestinian militias as a critical security issue and have vowed to disarm them. … The Palestinian militias that persist in Lebanon -- and run checkpoints like the one in Naameh -- are mostly rogue groups like Fatah Intifada and the Popular Front for the Liberation of Palestine-General Command." Lebanese officials "note that in recent confrontations with the Lebanese Army, their ranks have swelled. The officials accuse Syria of resupplying them with weaponry."

Downfall Of South Korea's Liberal Leadership Seen As Likely In 2007. The Christian Science Monitor (6/1, Kirk, 61K) reports, "The perception of a central government unable to deal with economic problems and weak in the face of North Korean demands lies at the crux of a reaction that guaranteed conservative victories in two-thirds of the races for provincial governorships and mayors of major cities. For Korea, the reversion to conservatism portends the downfall of a decade of liberal leadership in the next presidential election in December 2007."

Indian Economy Grew 9.3% In First Quarter. The Wall Street Journal (6/1, Wonacott, Venkat, 2.11M) reports, India's economy grew 9.3% in the quarter ended March 31 from a year earlier, marking a broad display of momentum on par with China's red-hot growth. … India's solid recent economic performance has raised the prospect of two Asian giants expanding at double-digit rates, spinning off new jobs and buying more of what the world grows and produces."

Investigation Finds Abuse Of AIDS Funds In Uganda. The Christian Science Monitor (6/1, Scheier, 61K) reports on the investigation into the misuse of funds from the Global fund to Fight AIDS, Tuberculosis and Malaria in Uganda. According to the Monitor, "A government inquiry

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recently revealed that tens of millions of dollars of the country's Global Fund grants have gone missing, much of it plundered by high-ranking public officials. Through months of hearings, which began in September and concluded just a few weeks ago, a disgusted Ugandan public heard how monies meant for lifesaving AIDS drugs were spent on personal phone bills, lavish 'Christmas packages,' and fancy four-wheel drive vehicles." The scandal "highlights the corrosive nature of corruption in Africa and demonstrates the difficulties donors face in giving recipient governments the autonomy needed to spend aid money efficiently while also making sure the funds are used appropriately."

Death Toll In Indonesian Earthquake Rises To Over 6,200. ABC World News Tonight (5/31, story 8, :25, Gibson, 8.78M) reported, "The numbers keep getting worse in Indonesia after Saturday's devastating earthquake. The latest, more than 6,200 people dead, 30,000 injured and nearly 650,000 homeless. That last number three times what was originally estimated. The United Nations says the crisis may be easing a bit now that aid workers from more than 20 countries have arrived."

Earthquake Devastated Cradle Of Javanese Art And Culture. The New York Times (6/1, Gelling, 1.19M) reports that the region affected by the Indonesian earthquake "is part of the ancient kingdom of Yogyakarta, the cradle of Javanese art and culture, making it one of the most popular tourist destinations in Indonesia. … In this region, thousands of shops make and sell handicrafts, traditional batik clothing, musical instruments and ceramic sculptures, many of them exported to the United States and Europe. … In the aftermath of the earthquake, many of these contemporary artists are mobilizing relief and offering their studios as temporary shelters. Others are trying to salvage mangled paintings from ruined workshops."

EU Warns Of Higher Risks Posed By Bird Flu. The Financial Times (6/1, Jack) reports, "Europe's disease control agency will on Thursday warn governments to accelerate their preparations for a flu pandemic in the face of an increased risk the bird flu virus could mutate into a form more dangerous to humans in the near future." In its latest public health risk report, the European Centre for Disease Prevention and Control (ECDC) will say there are "many good reasons...to continue and intensify" preparations, including "boosting cooperation among countries and between health, agriculture and other government departments within each nation." Chief of these reasons, the report says, "is the spread of the virus since January into a broad range of birds, including migratory species that travel widely."

Outbreaks May Be Unreported In China, Indonesia. The Wall Street Journal Online (6/1) reports in its daily bird flu column that "outbreaks of H5N1 may be underreported in Indonesia and China, and the virus could be more widespread in Africa than authorities know," said experts gathered at a UN-sponsored conference in Rome on the disease. "Poor monitoring and lack of compensation mechanisms that encourage farmers to report animal deaths" were cited as possible causes.

Iran's Bahai Minority Says Government Trying To Eradicate Them. The New York Times (6/1, Goodstein, 1.19M) reports, "Members of the Bahai religious minority in Iran said this week that the government had recently intensified a campaign of arrests, raids and propaganda that was aimed at eradicating their religion in Iran, the country of its birth." These developments "have alarmed human rights monitors at the United Nations, who say that since December, the government newspaper in Tehran has published more than 30 articles denigrating the Bahai faith -- even accusing Bahais of sacrificing Muslim children on holy days."

Conservative Saudi Women Defend Traditional Islamic Values. The Washington Post (6/1, A12, Ambah, 744K) reports that a group of conservative Saudi women are "trying to redress what they view as an erosion of traditional values in the kingdom and a dangerous shift in the status of women." The changes that have riled these women "followed the intense scrutiny that Saudi Arabia received after the discovery that 15 of the 19 hijackers who carried out the Sept. 11, 2001, attacks in the United States were Saudis. The lack of personal liberties in the kingdom…was widely held to be an underlying part of the extremist ideology the attackers shared." The new atmosphere "has alarmed conservative women who are suspicious of US. interference and warn that changes in their status could destroy the country's Islamic framework."

Unrest In Paris Suburbs Sparks Fear Of Fall Riots' Return. The Washington Post (6/1, A12, Moore, 744K) reports that a second night of unrest in the Paris suburbs has sparked fears "of a return of the disturbances that inflamed 300 French towns and suburbs last fall. The violence of the last two nights…was sparked in part by mounting resentment toward the mayor of the northeastern Paris suburb of Montfermeil, who in recent weeks imposed a law prohibiting 15- to 18-year-olds from gathering in groups of more than three and requiring anyone under 16 to be accompanied by an adult on city streets after 8 p.m."

NYTimes Says Nations Watering Down AIDS Plan. An editorial in the New York Times (6/1, 1.19M) says that worldwide, the AIDS epidemic "seems to have more

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energy than efforts to fight it. This week, "United Nations members are meeting in a follow-up to the successful U.N. special session in 2001, which pushed the world to take AIDS more seriously. … The nations now are supposed to be reporting on whether their targets are being met, and devising a plan of action for the next few years. Instead, they are watering down the original plan. Ideologues, led by Washington, are taking out commitments to key programs, and wealthy nations worried about cost are replacing concrete goals with vague statements. AIDS groups fear the world is moving backward. … Apparently the Bush administration feels the need to make room for strategies that are not proven to work."

THE BIG PICTURE:

Headlines From Today's Front Pages.

Los Angeles Times:
"U.S. Reverses Stand On Talks With Iranians."
"Science's Tiny, Big Unknown."
"Morality On A Slippery Slope."
"A Town Awoke To Slaughter."
"Both Resumes Long On Business Experience."
"A Sign Of Pride In A Maligned Area."

USA Today:
"U.S. Asks Internet Firms To Save Data."
"Is Everyone Ready?"
"Immigration Bills Curb Court Reviews."
"Not So Afraid To Commit After All."

New York Times:
"U.S. Makes Offer To Meet Iranians On Nuclear Plan."
"Studies Portray Arctic As Sultry In Distant Past."
"Iraq's Premier Seeks To Control A City In Chaos."
"Big Bonuses Still Flow, Even If Bosses Miss Goals."
"Copycats, Or Inspired By Nature? Glass Artists Face Off In Court."
"U.S. Muslims Say Terror Fears Hamper Their Right To Travel."

Washington Post:
"After Haditha, New Look At Training."
"Anti-Terror Funding Cut In D.C. And New York."
"U.S. To Join Talks With Iran If Uranium Enrichment Stops."
"Iraqi Students Are Tested By Battle Outside."
"Schools, Pressed To Achieve, Put The Squeeze On Recess."
"Banks Honor Bogus Checks And Scam Victims Pay."

Washington Times:
"Investigators Clear Armstrong Of Doping."
"U.S. Offers To Talk To Iran."
"Bush Pitches In To Help Ehrlich."
"Immigration Agency Head Slams Senate's Alien Bill."
"U.S. Men Place High Value On Being Dads."
"U.S., Vietnam Seal Pact, Lift WTO Obstacle."
"After Centuries Of Battle, Dutch Surrender To The Sea."

Detroit Free Press:
"Whitney Lived, Not Laura."
"Two To Go!"
"Event A Hint Of Governor's Race."
"Wife's Tunnel Vision Would Honor Conyers."

Atlanta Journal-Constitution:
"Franklin Tosses Atlanta Offer Into South Fulton Land Grab."
"U.S. Raises Stakes In Talks On Iran Nukes."
"Better Bottom Line, Pilot Deal Lift Delta."
"Red Cross Beefs Up For Hurricanes."

Houston Chronicle:
"State Farm's Home Rates May Rise 39% Near Coast."
"'Here We Go Again': The Rocket Returns."
"Iran Will Be Given 'A Clear Choice' On Nukes."
"Four Hurricane Lessons We Should Have Learned."
"Retrial Ends With One Guilty, One Not."

Story Lineup From Last Night's Network News:
ABC: US-Iran Talks Offer; US-Iran Analysis; Bush-Haditha Killings; Iraq-Core Values Training; Iraq-Pregnant Woman Killed; Hillary Clinton-NY Senate; Autism-Families; Indonesia Earthquake; Armstrong-Doping Vindication; Insurance Industry-Hurricane Claims; Katrina Evacuee-Spelling Bee.
CBS: US-Iran Talks Offer; Oil Prices; Oil Prices-Venezuela; Exxon Mobil-Shareholder's Meeting; VA Data Theft; Bush-Haditha Killings; Iraq-Pregnant Woman Killed; Injured CBS Journalist; Deceased CBS Journalists; Armstrong-Doping Vindication; Afghan Boy-Medical Status; Hurricane Season; Hurricanes-Max Mayfield.
NBC: US-Iran Talks Offer; Bush-Haditha Killings; Iraq Violence; New Orleans-Hurricane Season; New Orleans-Katrina Recovery; Armstrong-Doping Vindication; Katrina Survivor-Update.

Story Lineup From This Morning's Radio News Broadcasts:
CBS: OPEC Meeting; Hurricane Season; DHS Budget; Wounded Journalist's Condition.
NPR: Iran-Nuclear Program; North Korea-Nuclear Program; Report-Milosevic's Death; Indonesia-earthquake Relief Efforts; Bush Donor-Guilty Plea; CA-Hayat Plea.

WASHINGTON'S SCHEDULE:

Today's Events In Washington.
White House:

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PRESIDENT BUSH — Speaks on immigration reform, US Chamber of Commerce; meets with the cabinet, Cabinet Room; participates in swearing in for Brett Kavanaugh to the US Circuit Court of Appeals of DC, Rose Garden.

VICE PRESIDENT CHENEY — No public schedule.

US Senate: No Scheduled Events.

US House: No Scheduled Events

Other: CITIZEN CORPS _ 8:45 a.m. Homeland Security Undersecretary George Foresman, others, speak at the National Citizen Corps Council annual meeting. Location: U.S. Chamber of Commerce, 1615 H St. NW.

CONTRACEPTIVE SERVICES _ 9:30 a.m. The National Council of Women's Organizations holds a briefing on ``Ensuring Access to Contraceptive Servicez: The Impact of Health Care Disparities on Unintended Pregnancy," with Marilyn Keefe of the National Family Planning and Reproductive Health Association, Judy Waxman of the National Women's Law Center, and Cynthia Dailard of the Guttmacher Institute. Location: Room 2168, Rayburn.

SNIPER TRIAL _ 9:30 a.m. Sentencing of John Allen Muhammad who was found guilty of six Montgomery County murders. Location: Montgomery County Circuit Court, 50 Maryland Ave., Rockville.

CONDITION OF EDUCATION _ 10 a.m. The Education Department releases the report, ``The Condition of Education 2006," the nation's only annual, congressionally-mandated report on the critical developments and trends in American education. Location: Sumner School, 17th and M Streets NW.

US-BRAZIL _ 11:45 a.m. Commerce Secretary Gutierrez holds a media roundtable with Brazilian and American reporters to preview his upcoming trip to Brazil. Location: Commerce Department. Notes: Event is for invited reporters only.

ESTATE TAXES _ 11 a.m. The Center on Budget and Policy Priorities holds a media briefing on upcoming Senate action on permanent repeal of the estate tax. Contacts: Michelle Bazie, 202-408-1080,

GAY MARRIAGE-EUROPE _ 12 p.m. The Cato Institute hosts a policy forum, ``Gay Marriage: Evidence from Europe?," with William N. Eskridge Jr., professor of Law, Yale University, and co-author, ``Gay Marriage: For Better or For Worse? What We've Learned from the Evidence;" and Maggie Gallagher, president, Institute for Marriage and Public Policy, and co-author, ``The Case for Marriage." Location: Cato Institute, 1000 Massachusetts Ave. NW.

PRIVATE HEALTH CARE _ 12 p.m. One in a series of Cato Institute luncheon seminars on health care. Today's topic: ``Liberalizing the Private Health Care Sector." Location: B338 Rayburn House Office Bldg.

MOORE-FAMILY FINANCES _ 12 p.m. - 1:30 p.m. Kevin Moore, economist, Federal Reserve Board staff, addresses a National Economists Club luncheon. Topic: ``Changes in U.S. Family Finances from 1989 to 2004: Evidence from the Survey of Consumer Finances. Location: Chinatown Garden Restaurant, 618 H St. NW.

IMMIGRATION _ 1 p.m. Stuart Anderson, National Foundation for American Policy Executive Director, will be joined by Tamar Jacoby, Senior Fellow, Manhattan Institute, for a media tele-briefing to report on a new analysis by the National Foundation for American Policy that analyzes the context of Senate bill S. 2611s immigration numbers over a 20 year period. Contacts: Douglas Rivlin, 202-347-0040 ext 5989. Notes: Dial: 800-289-0494, Confirmation Code: 4194698.

PEDIATRICIANS-MARRIAGE _ 1 p.m. Pro-Family Pediatricians, a coalition of more than 750 pediatricians opposed to the Federal Marriage Amendment, hold a telephone briefing. Contacts: Sara Fait, 202-715-1560.

VOTING RIGHTS ACT _ 1 p.m. - 3 p.m. The Black Leadership Forum, Inc., holds a symposium on the extension of the Voting Rights Act of 1965. Location: National Press Club, Murrow Room.

DRUG CONTROL _ 2 p.m. National Drug Control Policy Director John Walters, Justice and Homeland Security department officials, and officials from the Mexican Embassy hold a news conference to announce the first-ever synthetic drug control strategy, focusing on curbing Mexican and international trafficking of methamphetamine and other chemicals. Location: 7th floor conference room, main Justice.

CHERTOFF _ 3 p.m. Homeland Security Secretary Chertoff speaks at Brookings Institution. Location: Falk Auditorium, 1775 Massachusetts Ave. NW.

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TO: THE ATTORNEY GENERAL AND SENIOR STAFF

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TERRORISM NEWS:

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Calif. Man Pleads Guilty In Terror Case (AP-Y2)

By Don Thompson, Associated Press Writer

AP2, June 1, 2006

A man pleaded guilty Wednesday to a lesser charge rather than be retried on allegations that he lied to the FBI about his son's attendance at a terrorist training camp, according to court papers.

Under a deal, Umer Hayat, 48, an ice cream vendor, pleaded guilty to lying to customs agents about more than $28,000 he and family members were carrying on a trip to Pakistan three years ago. In exchange, prosecutors agreed to drop charges that he lied to the FBI and to recommend he serve no more jail time after spending nearly a year behind bars.

"This outcome was not, of course, the one most desired by the government," said U.S. Attorney McGregor Scott. "However ... our region is safer today than it was one year ago."

Hayat smiled as he left the federal courthouse, but he would not comment. He will be under house arrest until his Aug. 18 sentencing.

"He's happy. It's over. Obviously he wants to move on with his life at this point," said defense lawyer Johnny Griffin III. "From Day One we've maintained that Umer Hayat is not a terrorist; he had no involvement with terrorist-related conduct or activities."

His first trial ended last month in a mistrial after the jury deadlocked on two counts alleging that he lied to the FBI. The retrial had been scheduled to begin Monday.

He admitted in court Wednesday that he lied in April 2003 when he denied his family was carrying more than $10,000 in cash when he was detained on a jetway at Washington-Dulles International Airport.

Federal agents found two envelopes containing $5,000 each in his pants, two similar envelopes in his son's pockets and $8,053 being carried by his wife. He gave several explanations, including the cash was from several relatives to be used as wedding gifts for his son and daughter.

It was on that trip that his son, Hamid Hayat, attended a terrorist training camp, prosecutors said. But Scott said there is no indication the money was to be used for any terrorist activity.

Hamid Hayat, 23, was convicted of supporting terrorism by attending an al-Qaida training camp in Pakistan in 2003 and lying to the FBI. He faces at least 30 years in prison.

Umer Hayat's plea closes another chapter in the case of terrorist-related activities in the small city of Lodi — about 35 miles south of the state capital — which is better known for growing wine grapes.

The government's investigation into Lodi's 2,500-member Pakistani community began after agents received a tip in 2001 that local businesses were sending money to terrorist groups abroad.

That probe produced no results, but it led agents to an informant, Naseem Khan, 32, a Pakistani native who moved to the U.S. as a teenager. He targeted a pair of local imams and then befriended Hamid Hayat.

Khan recorded phone calls from the younger Hayat after he left for Pakistan. Some of the calls showed Khan urging Hayat to attend a jihadi camp, but defense lawyers claimed there was no evidence Hamid Hayat went to such a camp.

While the government presented no evidence of a terrorism network during the nine-week trial, the case centered on videotaped confessions the two Hayats gave to FBI agents.

Their lawyers claimed that the confessions came after hours of leading questioning, and that their clients merely told the FBI what they thought the agents wanted to hear.

The investigation became public a year ago when authorities arrested the Hayats and detained two local imams. The clerics and one of their sons were later deported for immigration violations. The Hayats were the only people criminally charged in the probe.

Umer Hayat Agrees To Plea Deal (LODINS)

By Layla Bohm, News-Sentinel Staff Writer

Lodi News-Sentinel, June 1, 2006

Lodian pleads guilty to lying to customs agents about money, charges unrelated to terrorism

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Umer Hayat, who had been charged with two counts of lying about terrorism, pleaded guilty Wednesday — but not to terror-related charges. Instead, the Lodi man acknowledged lying to customs agents by denying he was carrying $28,000 when he took a trip to Pakistan several years ago.

And, instead of facing up to 16 years in prison on the previous charges, the U.S. Attorney's Office is recommending a sentence of 11 months, the time Hayat already served in jail, and be placed on three years of felony supervised release.

Umer Hayat, left, and his attorney, Johnny Griffin III, smile as they talk to reporters after agreeing to a plea agreement with federal prosecutors in Sacramento on Wednesday. (AP Photo/Rich Pedroncelli)

Hayat, 48, remains on home detention and is scheduled to be sentenced Aug. 18. The actual sentence will be up to U.S. District Judge Garland E. Burrell Jr., who could sentence Hayat to as much as five years in prison and a $250,000 fine. Federal sentencing guidelines, however, call for a sentence of zero to six months behind bars.

Defense attorney Johnny L. Griffin III was happy with the deal, saying his client had always been willing to admit that he lied to customs agents. The government dismissed the terror-related charges with prejudice, meaning they can never again bring those charges against Hayat.

"I consider this a victory because I said from day one that Umer Hayat was not a terrorist, nor was he ever involved in terrorism," Griffin said.

U.S. Attorney McGregor Scott disagreed that the deal was a victory for the defense.

"(Hayat) is now a convicted felon, and he wasn't yesterday," Scott told the News-Sentinel. "(He) will remain on very strict supervised release by the probation department for the next three years and if he violates any of the terms, he's going back into custody."

Hayat and his 23-year-old son, Hamid Hayat, went on trial in mid-February with separate juries. Umer Hayat's jurors spent nine days deliberating before they told Burrell that they were "decisively deadlocked" on April 25. They split 7-5 and 6-6 on the two counts. Prosecutors had said they would retry the Lodi man, but have since decided to settle the case.

"This outcome was not, of course, the one most desired by the government," Scott said earlier Wednesday in a written statement, adding that prosecutors still believe Umer Hayat lied about terrorism, but had to consider the evenly divided jury.

"I have been a prosecutor for many years and am well acquainted with the challenges of retrying a case with those sorts of juror splits, given our duty to prove a case beyond a reasonable doubt to all 12 members of the jury," Scott said.

The plea deal came just days before Umer Hayat was scheduled to face his second trial on two counts of lying to the FBI. He was accused of denying that he had personal knowledge of terror training camps in Pakistan, and of knowing that his son attended the camps.

Umer Hayat

Because prosecutors dismissed those charges Wednesday, the ice cream vendor only stands convicted of declaring the wrong amount of money when he and his family went to Pakistan on April 19, 2003.

When customs officers stopped the Hayat family at Washington-Dulles International Airport, Umer Hayat said he was not carrying any money. Inspector David Martinez told him amounts totaling more than $10,000 must be declared, and Umer Hayat then showed two envelopes containing $5,000 each.

Twice more, he said the family was not carrying any other money, but agents then found $10,000 on Hamid Hayat and $8,053 on Umer Hayat's wife.

After assessing a fine of about $2,000, agents ultimately returned the rest of the money. During pre-trial proceedings, community members signed affidavits declaring they had sent the money with the Hayats to deliver to family members in Pakistan.

News of the plea was welcome for Woodbridge resident Debra Kiriu, who served as forewoman of Umer Hayat's jury. The jury was never told of the $28,000, though the customs agent traveled from Washington, D.C., for the trial. He testified for eight minutes.

"I'm glad to see that he came forward and said, 'Yes, I did lie,'" Kiriu said Wednesday evening. "I don't know if he just didn't know the laws at the time. It's hard to say. That's what's hard about the case: He's been here for 30 years and by then he should know the laws."

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Umer Hayat is a naturalized U.S. citizen, and his son was born in California, meaning that neither is eligible for deportation to another country.

The deal will not likely affect the case against his son, said Hamid Hayat's attorney, Wazhma Mojaddidi, because Umer Hayat did not plead guilty to anything related to terrorism.

A second jury spent eight days in deliberations before convicting Hamid Hayat of all four charges against him, which include three counts of lying to the FBI and one count of providing material support, in the form of himself, to terrorists.

Hamid Hayat's sentencing has been postponed until at least November because his attorney has asked for a new trial amidst allegations of jury misconduct.

Wednesday's plea deal came five days shy of June 5, the one-year mark since the Hayats were arrested during a high-profile investigation involving dozens of FBI agents swarming through Lodi.

Trial testimony ultimately revealed that the case had been underway for years and that a paid FBI informant, Naseem Khan, had infiltrated Lodi's Pakistani community and secretly recorded conversations. He was initially assigned in late 2001 to get close to two imams, or Muslim religious leaders, but the following summer he met Hamid Hayat, who was 10 years his junior.

The two became friends, and recordings played in court revealed an informant who repeatedly mentioned getting "training" in Pakistan and talked about violent jihad, or war against enemies of Islam.

What secured prosecutors a conviction was Hamid Hayat's videotaped interview with FBI agents. They questioned him for hours and then, when he began to change his story, turned on the video recorder. Hamid Hayat described various camps and often repeated what agents told him, but jurors decided he gave enough information to convict him.

Despite the fact that Umer Hayat has not been convicted of any terror charges, Scott, the U.S. Attorney, said the community is safer now that the Hayats have felony convictions and the two imams have been deported.

Kiriu said she thinks Lodi residents will probably be glad to hear that the case is resolved, rather than having the national media continue focusing on Lodi as a possible terrorist center.

Whether the investigation is truly over, though, remains undisclosed.

"There continue to be people of interest to us and I really can't say anything beyond that," Scott said.

Deal And Guilty Plea In Terrorism (NYT)

By Jesse McKinley

The New York Times, June 1, 2006

SAN FRANCISCO, May 31 — Federal prosecutors in Sacramento announced Wednesday that they had obtained a guilty plea from a Pakistani-American ice cream truck driver who was accused of lying to the authorities during a terrorism investigation.

The driver, Umer Hayat, agreed to plead guilty to lying to the Federal Bureau of Investigation and customs officials about how much money he was carrying on a trip from California to Pakistan in 2003, said McGregor W. Scott, a United States attorney for the Eastern District of California. Mr. Hayat had told officials during a stopover in Washington that he and his family were carrying less than $10,000, while prosecutors said the amount was more than $28,000.

Mr. Hayat, 48, had been expected to face trial next week on more serious charges of lying to federal investigators in relation to his son, Hamid, who was convicted on April 25 of lying to federal agents and providing material support to terrorists by attending a training camp of Al Qaeda in 2003. A separate jury had deadlocked on charges against the elder Mr. Hayat on the same day, but prosecutors had sought to retry him.

The plea puts at least a temporary end to an inquiry that disrupted the rural town of Lodi, where the Hayats live in a close-knit Muslim community. It also brings to a close a federal prosecution that raised questions about government interrogation techniques. Both Hayats had submitted confessions to investigators despite limited English, an element that some legal experts say could open their convictions to appeal.

In a statement on Wednesday, Mr. Scott, the prosecutor, seemed to strike a victorious note. "After 9/11, the U.S. Justice Department's top priority is to detect, disrupt, and deter future acts of terrorism," he said. "This mission was accomplished."

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In exchange for his plea, federal officials said they would dismiss all previous charges and recommend that Umer Hayat receive a sentence of three years supervised release. Since his arrest in 2005, Mr. Hayat has served 330 days in jail and 30 days of home confinement, prosecutors said. Sentencing is Aug. 18.

Lodi Man Is Released In Plea Bargain (LAT)

By Rone Tempest And Eric Bailey

The Los Angeles Times, June 1, 2006

SACRAMENTO — Federal prosecutors Wednesday agreed to drop terrorism-related charges against Lodi ice cream truck driver Umer Hayat in exchange for a guilty plea in a 2003 customs case.

Hayat, 48, who spent nearly a year in jail and under house arrest on the charges, was released for time served. Six weeks ago, a hopelessly split jury failed to reach a verdict in his case.

"This outcome, of course, was not the one most desired by the government," said U.S. Atty. McGregor Scott. The government still believes the original charges that Umer Hayat lied to FBI agents about his 23-year-old son, Hamid Hayat's, 2003-04 attendance at a terrorist training camp in Pakistan, he added.

But Scott said retrying a case that had resulted in a mistrial was too daunting. "It was my decision that the felony plea we announce here today was the best resolution of this matter for the government," he said.

In April, another jury found the younger Hayat guilty of all four counts against him. Hamid Hayat, scheduled for sentencing in July, faces up to 39 years in federal prison.

But the jury in the father's case deadlocked 7 to 5 and 6 to 6 on the two charges against him. As a result, the government Wednesday allowed Umer Hayat to plead guilty to charges that he lied to customs agents at Dulles International Airport in Virginia on April 19, 2003, about the amount of money he and his family were carrying on their way to Pakistan.

Federal law requires individuals to declare amounts exceeding $10,000. Customs officials found that the Hayat family had more than $28,000 they said they were planning to use for Hamid Hayat's upcoming wedding.

Defense attorney Johnny L. Griffin described the plea bargain as a victory for Umer Hayat, who he said had been unfairly branded as a terrorist.

"There is no way we were ever going to agree to any plea involving terrorism," Griffin said outside the Sacramento Federal Courthouse, "because it was not true."

Umer Hayat, smiling broadly at Griffin's side, declined to comment.

Although Scott said the plea deal was a setback for the government, he added that the customs conviction of Umer Hayat, terrorism conviction of his son and deportation of Lodi's two Muslim religious leaders on visa violations amounted to success for the government.

"Our region is much safer today than it was one year ago," Scott said.

The four-year investigation of Lodi's large Muslim community began in late 2001 after a Bend, Ore., convenience store clerk and former Lodi resident told FBI agents that he had seen known Al Qaeda terrorists worshiping in the Lodi mosque in 1999 and 2000.

The FBI quickly determined that the sightings were false but hired the store clerk, Pakistani Naseem Khan, as an undercover paid informant and sent him into the Lodi community, where he secretly recorded hundreds of hours of conversations with fellow Muslims. No evidence surfaced of any Al Qaeda connections.

Hayat Pleads Guilty To Lesser Charge In Lodi Terror Case (SACBEE)

By Denny Walsh, Bee Staff Writer

The Sacramento Bee, June 1, 2006

A Lodi man charged with lying to the FBI about terrorist ties pleaded guilty Wednesday in Sacramento federal court to making a false statement to customs officials in 2003 about how much money he and his family were carrying on their way out of the United States.

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Prosecutors agreed that, at the time of Umer Hayat's sentencing on Aug. 18, they will seek dismissal of charges that Hayat lied about his son's terrorist training in Pakistan and his own firsthand knowledge of such training when he was initially questioned by FBI agents in June.

The prosecutors also agreed to recommend that the nearly 11 months Hayat served in jail awaiting trial be his sentence for lying at Dulles International Airport about the amount of money he and his family were carrying to Pakistan.

The plea deal came four days before a second trial of Hayat on the terrorist-related charges was scheduled to start. The first trial ended April 25 with a deadlocked jury and a mistrial.

U.S. Attourney for the Eastern District of California McGregor Scott announces Umar Hayat's guilty plea to one felony count of making false statements to U.S. Customs agents in 2003 on Wednesday at the Federal Courthouse in downtown Sacramento. Sacramento Bee / Carl Costas

Privacy Fiasco That Needlessly Undermines Security (FT)

By Richard Falkenrath

Financial Times, June 1, 2006

Suppose a terrorist, a Dutch national, arrives at Amsterdam's Schiphol Airport and buys a one-way ticket on the daily KLM flight to New York. Like the September 11 2001 hijackers, he travels under his real name. US authorities have uncovered his identity and placed him on the terrorist watch list. The question is: will he be caught and, if so, when?

Currently, even if the US authorities had provided this terrorist's name to Dutch or European authorities, there is no watch-listing system in either jurisdiction that would have identified him as he purchased his international ticket or transited through Dutch immigration control. Moreover, because he is a Dutch national he would not have been required to apply for a visa to enter the US. So he would pass out of Europe undetected.

In all likelihood, however, he would be identified once his flight had left European soil. Under a May 2004 agreement between the US and the European Commission, European airlines were allowed to transmit their passenger manifests to US authorities 15 minutes after take-off. Two days ago, the European Court of Justice annulled this agreement.

The ECJ based its decision on technical legal grounds. It said that the Commission officials with whom the US had been negotiating lacked the legal authority to conclude the agreement. This is a significant, though perhaps temporary, setback for the European Union officials who have been trying to impose some coherence and rigour on Europe's various post-9/11 counter-terrorism and law-enforcement activities. It is also, in Washington, an unpleasant reminder of Henry Kissinger's famous line from three decades ago: "You say Europe, but can you tell me which number I should call?"

But the court avoided the real issue raised by the accord – the proper balance between the individual's right to privacy and the collective's interest in security in the era of infiltrative, transnational terrorist threats and unbounded computer power.

Huge private-sector databases, such as the airlines' passenger records, can be extremely useful to a government's effort to locate and eliminate terrorist threats. National governments have a responsibility to protect their people and therefore must take seriously new counterterrorism techniques presented by the advance of technology.

Yet a government's access to these private-sector databases raises troubling issues of personal privacy. Privacy advocates, pundits and politicians have raised alarm about a wide variety of such activities initiated in the aftermath of 9/11 – and not without reason. Potentially valuable counterterrorist initiatives such as the US-EU passenger data accord are at risk of foundering for loss of public trust and political support. In the US, the long-standing plan of the Transportation Security Ad-ministration to check the passenger manifests of domestic flights against the terrorist watch list is essentially dead in the water for this reason.

Both the US and Europe need to update their laws governing official access to private-sector databases for security purposes. The European privacy directive dates from 1995 and the US Privacy Act from 1974, so the legal framework on both sides of the Atlantic lags at least a decade behind the technological art of the possible.

But, more important than legal reform, government security services need to update their practices to incorporate that art of the possible. It is no longer necessary for government agencies to acquire and retain an entire private-sector database in order to accomplish a legitimate public purpose. It is now possible for a government to check a watch list anonymously – that is, to check one list of names in a private-sector database against another list of names in a government database in a manner that reveals to

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the government only those names that match. This is but one of several important new privacy-enhancing technologies that could, if adopted by governments, improve security as well as liberty.

US and European officials are trying to figure out what to do now that the ECJ has scuttled their passenger-data agreement. The first thing they should do is study the ways in which new technologies and procedures can be used to achieve their basic security aims while minimising the impact on personal privacy. In so doing, they may earn back some of the public trust they have lost and become more effective in the long run.

The writer is the Stephen and Barbara Friedman Fellow at the Brookings Institution. He was deputy homeland security adviser to President George W. Bush until May 2004

Flying Across The Pond (WSJ)

The Wall Street Journal, June 1, 2006

In case you were wondering, it's still safe to board a plane in Europe and fly to the U.S. That's so despite a ruling from the European Court of Justice this week striking down a post-9/11 accord on sharing air-passenger data. Despite some media hyperventilating, there's next-to-no chance Europe's airlines will stop transferring important passenger information to the U.S.

Europe's highest court ruled Tuesday against the 2004 deal between the U.S. and the European Commission on data sharing. The European Parliament had sued, taking umbrage at giving U.S. officials the same information routinely handled by travel agents. Passengers' names, addresses and the number of bags they checked were all deemed more sacrosanct than preventing another terrorist attack.

However, in its ruling the court did not address the issue of privacy rights. Rather, it said the European Commission was wrong to have based the passenger-data deal on EU law regulating commercial activities. This was not a trade matter but one of public security, it said. The court gave the EU 90 days to find a solution, and until then the agreement with the U.S. remains in place.

Since security issues remain in the national domain, the 25 member states will each have to ratify the revised accord. Given that those governments unanimously approved the current deal, this should be no problem. The September 11 attacks were planned and carried out by al Qaeda members based in Germany who freely flew into the U.S., so it is surely reasonable for Washington to seek passenger data prior to arrival across the pond. Europe remains a major recruiting ground for terrorists, and it's good to know most European governments recognize the problem.

War On Terror Breeds Legal Challenges (VOA)

By Jim Malone

Voice of America, June 1, 2006

Al-Qaida conspirator Zacarias Moussaoui remains the only person convicted in connection with the September 11, 2001 terrorist attacks. Others who allegedly planned the 9/11 attacks are being held by the U.S. abroad. But as of now, there are no plans to put them on trial.

Moussaoui was sentenced to life in prison after he pled guilty to conspiring with al-Qaida to fly planes into buildings.

But what about some of the alleged planners of the 9/11 attacks now in custody, like Khalid Sheikh Mohammed or Ramzi Binalshibh, who allegedly financed the 19 hijackers on September 11.

U.S. officials say that despite the lengthy and challenging prosecution of Zacarias Moussaoui, criminal prosecution remains an option.

Paul McNulty "The Moussaoui case, I think, demonstrates that we can be successful," said Paul McNulty, the deputy U.S. attorney general. "In our investigations, we will continue to use every tool and authority available to us to identify risks at the earliest stage possible. And in deciding whether to prosecute, we will not wait to see what becomes of risks."

During the court proceedings Moussaoui was known for his disruptive outbursts in court and taunting relatives of victims who had testified.

Legal experts and others wonder if the difficulties on display in the Moussaoui case are making it less likely that the government will want to try the alleged masterminds of the 9/11 attacks in open court.

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Benjamin Wittes has written editorials about the issue in the Washington Post newspaper. He spoke at a forum on the issue sponsored by the American Enterprise Institute in Washington.

"I mean, these are the people we have identified and are in our custody and there seems to be no plans whatsoever to bring them to trial," said Wittes.

Trying terrorist suspects in open court could be risky because the government might be forced to reveal some of its intelligence sources as it presents evidence. Prosecutors would also have to address whether torture was used to obtain confessions.

Neal Katyal, a law professor at Georgetown University Law Center in Washington, believes the Bush administration would prefer to simply detain some of the terror suspects indefinitely.

"I think the federal courts have given the president a fairly robust power to detain enemy combatants and I think they are likely to continue to do that," said Neal Katyal. "And so, folks like Khalid Sheik Mohammed, I think, are going to be detained indefinitely. And given that backdrop, it seems unwise to bring a prosecution in which the results may be acquittal," he said.

The Bush administration could also decide to try some of the al-Qaida suspects in military commissions, also known as military tribunals.

Professor Katyal represents Salim Ahmed Hamdan, now awaiting trial as an enemy combatant at the U.S. naval base at Guantanamo Bay, Cuba.

Hamdan is challenging the Bush administration's right to try terror suspects through military tribunals before the U.S. Supreme Court.

"And he can sue the President of the United States, the most powerful man on earth, in the highest court of the land," Katyal said. "That is something that in any other country, I think I would have to fear for my life and I think Hamdan would have to fear for his. It is something remarkably American about our system."

The Supreme Court is expected to issue a decision before the end of June on the legality of the military commissions.

While it remains unclear what the United States will do with the alleged high profile al-Qaida members in custody, prosecutions of lower-level suspects continue.

Deputy Attorney General Paul McNulty says since the 9/11 attacks, the Justice Department has secured 253 convictions against 435 defendants in terrorism-related cases. Many of those convictions, however, involved minor crimes and immigration violations not directly related to terrorist acts or plots. E-mail This Article

HOMELAND RESPONSE:

Anti-Terror Funding Cut In D.C. And New York (WP)

By Dan Eggen And Mary Beth Sheridan

The Washington Post, June 1, 2006

The Department of Homeland Security yesterday slashed anti-terrorism money for Washington and New York, part of an immediately controversial decision to reduce grant funds for major urban areas in the Northeast while providing more to mid-size cities from Jacksonville to Sacramento.

The announcement that the two cities targeted on Sept. 11, 2001, would suffer 40 percent reductions in urban security funds prompted outrage from lawmakers and local officials in both areas, who questioned the wisdom of cutting funds so deeply for cities widely recognized as prime terrorist targets. The decision came less than five months after Homeland Security Secretary Michael Chertoff unveiled changes in the grants plan intended to focus funding on areas facing the gravest risk of attack.

Potential targets outside the Northeast also took painful hits, including New Orleans, San Diego and Phoenix. New Orleans's grants for security and disaster preparedness were cut in half even as it struggles to rebuild after Hurricane Katrina.

In Washington, where the funding dropped from about $77 million to about $46 million, Mayor Anthony A. Williams called the decision "shortsighted."

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New York's grant plummeted from about $207 million to $124 million. A DHS risk scorecard for the city asserted that the home of the Empire State Building and the Brooklyn Bridge has "zero" national monuments or icons.

"As far as I'm concerned, the Department of Homeland Security and the administration have declared war on New York," Rep. Peter T. King (R-N.Y.), chairman of the House Homeland Security Committee, told the Associated Press. "It's a knife in the back to New York, and I'm going to do everything I can to make them very sorry they made this decision."

Homeland Security's grant programs have drawn criticism from cities both large and small; many have felt slighted by what they maintained was a haphazard and unfair distribution plan. This year's round of grants was supposed to ensure that enough money goes to areas at highest risk of terrorist attack by employing risk scores, effectiveness tests and 17 "peer review" panels consisting of homeland security professionals from 47 states.

But department officials struggled yesterday to defend the latest outcome even as lawmakers in both parties denounced them. Most experts and many government officials had expected that the new review process would lead to more money, rather than less, for major terrorist targets such as Washington and New York.

Tracy A. Henke, assistant secretary for grants and training, told reporters that the new funding distribution was the result of a better review process and does not indicate lesser risk for cities such as Washington or New York. Officials noted that Congress had cut the program by about $125 million in 2006, to $711 million, and that New York, Washington and other major cities still would receive the largest shares.

"We have to understand that there is risk throughout the nation," Henke said. "We worked very hard to make sure that there was fairness in the process."

The department refused to release the names of panel members or other details about the review boards.

I. Michael Greenberger, director of the Center for Homeland Safety and Security at the University of Maryland, said the plan doesn't pass the common-sense test.

"It's completely inconsistent," Greenberger said. "Where are our priorities? . . . There can be no doubt that Washington and New York are the biggest potential ground zeroes for any future attack."

The Urban Areas Security Initiative provides money to 46 metropolitan areas. It is part of a broader $1.7 billion grant program at DHS, most of which attracted little controversy because it is divided evenly among states and territories.

In addition to Washington and New York, the grant decisions included a 46 percent drop for San Diego, where several of the Sept. 11 hijackers lived; a 61 percent decrease for Phoenix, where an FBI agent suspected that terrorists were taking flight training; and a 30 percent reduction for Boston, the point of origin of the two jetliners that crashed into the World Trade Center.

Phoenix Mayor Phillip Gordon called the grant reduction from $10 million to $3.9 million "outrageous." He said that Phoenix, the nation's fifth-largest city, includes a network of dams, a nuclear power plant and numerous other potential targets.

"Shame on them," Gordon said. "They are literally stripping the ability to protect this area by actions that are incomprehensible."

Winners included Atlanta, Chicago and Los Angeles, as well as smaller cities such as Louisville (up 70 percent), Charlotte (64 percent) and St. Louis (31 percent). The only notable gain in the Northeast was in the Jersey City-Newark area, where the grant rose from $19 million to $34 million.

Louisville's funding increased from $5 million to $8.5 million, and Mayor Jerry Abramson said the money will be used primarily on a project to improve communications between emergency responders. "A lot of this is about logistical issues that are very important if something were to happen," he said.

Undersecretary for Preparedness George Foresman told reporters that although the program was formed with anti-terrorism objectives in mind, the money is meant to improve readiness for "an act of terrorism or an act of Mother Nature."

Yet one of the big losers was hurricane-ravaged New Orleans, whose grant award dropped from $9.3 million to $4.6 million.

The national capital region, which includes Washington and its suburbs in Maryland and Northern Virginia, had requested $190 million in urban security funds for 2006 -- an optimistic figure that would have represented an enormous increase over the $77 million the region received last year.

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Washington's deputy mayor for public safety, Edward D. Reiskin, said possible cutbacks will include $25 million planned for communications infrastructure and $10 million for "mass care shelters" to house people displaced from their homes.

"I think it's shortsighted for the federal government to cut funds this way," Williams said at his weekly news briefing. "We remain a target area."

Montgomery County's homeland security director, Gordon Aoyagi, said he was stunned by the news, and predicted "a substantive reduction in a number of regional efforts." Robert Crouch, homeland security adviser to Virginia Gov. Tim Kaine (D), said that "there will be some shakeout" because of the cuts.

New York Mayor Michael R. Bloomberg (R) scoffed at the grant decision. "When you stop a terrorist, they have a map of New York City in their pocket," he said. "They don't have a map of any of the other 45 places."

Security Cuts For New York And Washington (NYT)

By Eric Lipton

The New York Times, June 1, 2006

WASHINGTON, May 31 — After vowing to steer a greater share of antiterrorism money to the highest-risk communities, Department of Homeland Security officials on Wednesday announced 2006 grants that slashed money for New York and Washington 40 percent, while other cities including Omaha and Louisville, Ky., got a surge of new dollars.

The release of the 2006 urban area grants, which total $711 million, was immediately condemned by leaders in Washington and New York.

"When you stop a terrorist, they have a map of New York City in their pocket," Mayor Michael R. Bloomberg of New York said. "They don't have a map of any of the other 46 or 45 places."

In Washington, Mayor Anthony Williams said: "It was very shortsighted for the federal government to gut our homeland security funding program, even more so because so many dollars continue to be spent in rural areas that are far less likely to emerge as targets."

Homeland security officials said the grants were a result of a more sophisticated evaluation process, combined with a smaller overall allocation of money from Congress.

For the first time, they said, teams of law enforcement officials from around the nation evaluated the effectiveness of the spending proposals submitted by the 46 eligible urban areas, cutting grants for cities that had shoddy or poorly articulated plans.

"We want to make sure we are not simply pushing dollars out of Washington," said Tracy Henke, assistant secretary for grants and training. "The reality is you have to understand that there is risk throughout the nation."

The net effect was that the grant to New York City, which was $207.6 million last year, will drop to $124.5 million this year. Washington will see its grant dollars drop to $46.5 million this year from $77.5 million.

While some cities lost money, other gained. Money for Louisville, Omaha and Charlotte, N.C., jumped by about 40 percent, with grants to each of about $8.5 million. Money for Newark and Jersey City, which received a combined grant, rose 44 percent, to $34 million. Chicago, Atlanta and the Los Angeles area each received smaller, but still sizable increases, an action that drew praise.

"Finally, risk-based funding is kicking in," Representative Jane Harman, Democrat of California, said in a statement. "Los Angeles, the top terrorist target on the West Coast, is beginning to get the necessary funding to protect its people and critical infrastructure."

Gail Braun, grant administrator in Omaha, said she was pleased that the department also recognized the needs of smaller cities. In Omaha, Ms. Braun said, the $8.3 million will be invested primarily in emergency communications equipment and training.

"Any kind of an attack can happen here in the Midwest as well," she said. "We want to make sure we can respond or prevent it in the first place."

Representative Peter T. King, Republican of New York, who is chairman of the House Committee on Homeland Security, said the allocation formula was flawed.

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"This is indefensible," Mr. King said. "It's a knife in the back to New York, and I'm going to do everything I can to make them very sorry they made this decision."

He said senior department officials who had briefed him about the grants made clear that they were unimpressed with the city's plan.

For example, New York spends a large share of its grant money to cover overtime costs for police officers who are guarding high-risk targets, like bridges or the subways, a recurring expense.

New York, in the coming year, also intended to spend about $80 million in grants to install a security camera system in the Wall Street area, allowing the police to monitor details as small as license plates, an approach similar to the so-called Ring of Steel in London, said Paul J. Browne, the deputy police commissioner.

But the emphasis on spending on recurring costs — like overtime — was cited as a factor in the relatively low rating the city's application received, one federal official said.

New York officials were given a one-page tally that explained, in part, how the region's risk-based standing was calculated. The document said the region had no "national monuments or icons," four banking or financial firms with assets of over $8 billion, 28 chemical or hazardous material sites, as well as nearly 7,000 other possible important, high-risk targets, like hospitals or major office buildings, a tally that some city officials said had major omissions or errors.

"It's outrageous that these bean counters don't think the Statue of Liberty, Empire State Building and Brooklyn Bridge are national monuments or icons," said Jordon Barowitz, a spokesman for Mayor Bloomberg.

The $711 million in so-called Urban Area Security Initiative grants was one piece of a larger $1.7 billion pool awarded to states on Wednesday, which is hundreds of millions less than was available last year.

Over all, New York State will get $183.7 million, a 20 percent drop from last year. That means that the state's per capita share of grant money, which totals $2.78 a person, will drop to an even lower level compared with some rural states, like Wyoming, which will get $14.83 a person this year, according to a calculation by Representative Carolyn B. Maloney, Democrat of New York.

In the first three years that grants were made, New York and Washington received more than any other urban areas. To date, New York has collected $404 million, while Washington has $167 million, compared with $71 million for Houston, $120 million for Chicago, $12.8 million for Charlotte, which all received increases this year.

Ms. Henke, while not explicitly making this point on Wednesday, did say that the department had taken into account regions that had the most work to do to raise their level of preparedness to a national standard.

"It does not mean in any way that the risk in New York is any different or changed or any lower," she said.

Security Funds Shifted From New York, D.C. Area (WT)

By Audrey Hudson And Amy Doolittle

The Washington Times, June 1, 2006

The two cities targeted in the 2001 terrorist attacks -- Washington and New York -- will receive dramatically less money in homeland security grants this year, while some Southern and Midwestern states will get more, officials said yesterday.

All but 12 states will receive grants from a $757 million Urban Areas Security Initiative budget to help local officials prepare for terrorist attacks or natural disasters. The allocation is a $500 million cut over last year.

The National Capital Region, which encompasses the District and parts of Maryland and Virginia, will receive $46.4 million, which is $32 million less than last year. New York City is still the top municipal grant recipient with $124 million, down from $207 million last year.

"I think it was very shortsighted for the federal government to gut our homeland security funding program," said D.C. Mayor Anthony A. Williams. "We learned the hard way on September 11 that terrorists want to kill innocent Americans and that Washington, D.C., and New York City are among their top targets. I firmly believe that this area could be attacked again at any time, and now is not the time to back off on our efforts."

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Funding was increased to California, Florida, Georgia, Kentucky, Michigan, Missouri, North Carolina, Nebraska and Wisconsin. Cities added to the list include Fort Lauderdale, Fla., $9.9 million; Orlando, Fla., $9.4 million; Memphis, Tenn., $4.3 million; and Milwaukee, $8.5 million.

In a conference call with reporters, Tracy Henke, spokeswoman for the Homeland Security Department's grants and training office, said a panel of 100 homeland security "peers" in 47 states decided how to allocate the money, but she declined to say what cities the "peers" represented.

Funding was based on risk to geographic areas and "anticipated effectiveness of state proposals" on how the money will be spent, she said.

"Risk is ever-changing," Ms. Henke said. "Understand, the department is much better today than last year or the year before, or three years before, on its risk analysis capabilities. We have a much broader insight into information pertaining to those threats than ever before."

Asked whether the risk is still higher in the Washington and New York areas she replied, "There is risk throughout the nation."

Funding was cut from $9.3 million to $4.6 million for New Orleans, which is recovering from Hurricanes Katrina and Rita while preparing for this year's Atlantic hurricane season, which begins today.

Kansas City and St. Louis received more than $9 million, Louisville, Ky., was given nearly $9 million, and Detroit got $18.6 million.

Rep. Peter T. King, New York Republican and chairman of the House Homeland Security Committee, called the allocation "disgraceful" and "indefensible."

"New York City has been attacked twice and is doing more than any other city in the country to defend itself and our nation," Mr. King said. "As far as I'm concerned, [the Department of Homeland Security] and the administration have declared war on New York City, and I am going to fight this as hard as I possibly can. This raises very serious questions about the quality and sincerity of management at every level of the department."

Rep. Carolyn B. Maloney, New York Democrat, agreed. "This administration's approach to homeland security can be summed up in one word: incompetence," said the chairman of the House Democrats' homeland security task force. "What competent person would possibly think that slashing security funding for the nation's top terrorist target is a smart idea?"

Ed Reiskin, D.C. deputy mayor for public safety and justice, said the city requested $190 million and officials were surprised to receive a funding cut.

Terror Fears Hamper U.S. Muslims' Travel (NYT)

By Neil MacFarquhar

The New York Times, June 1, 2006

SAN FRANCISCO, May 31 — Azhar Usman, a burly American-born Muslim with a heavy black beard, says he elicits an almost universal reaction when he boards an airplane at any United States airport: conversations stop in midsentence and the look in the eyes of his fellow passengers says, "We're all going to die!"

For Ahmed Ahmed, a comedian, it is even worse. His double-barreled name matches an occasional alias used by a henchman of Osama bin Laden. "It's a bad time to be named Ahmed right now," he riffs in his stand-up routine, before describing being hauled through the Las Vegas airport in handcuffs.

Taleb Salhab and his wife say they too were dragged away in handcuffs at the border crossing in Port Huron, Mich., as their two preschool daughters wailed in the back seat of their car. The Salhabs were discharged after four hours of questioning, with no explanation from customs officers.

Getting through United States airports and border crossings has grown more difficult for everyone since the terrorist attacks of Sept. 11. But Muslim Americans say they are having a harder time than most, sometimes facing an intimidating maze of barriers, if not outright discrimination. Advocacy groups have taken to labeling their predicament "traveling while Muslim," and accuse the government of ignoring a serious erosion of civil rights. Next month, the American Civil Liberties Union will go back to

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court to broaden a suit on behalf of Muslims and Arab-Americans who are demanding the United States government come up with a better system for screening travelers.

The delays, humiliation and periodic roughing up have prompted some American Muslims to avoid traveling as much as possible. Some even skip meeting anyone at the airport for fear of a nasty encounter with a law-enforcement officer. Those who do venture forth say they are always nervous.

"I find myself enunciating English like never before, totally over-enunciating just because I want the guy to know that I am an American," says Maz Jobrani, an Iranian-born, Berkeley-educated actor. "Middle Easterners are just as scared of Al Qaeda as everybody else, but we also have to be worried about being profiled as Al Qaeda. It's a double whammy."

Many Muslim Americans fault the Department of Homeland Security and its various agencies, chiefly the Transportation Security Administration, as failing to develop an efficient system to screen travelers. In particular, they deplore the lack of a workable means for those on the federal watch list by mistake — or those whose names match that of someone on the list — to get themselves off.

Mr. Salhab, 36, says his family remains shaken by their treatment at the border. Officers, their hands on their guns, swarmed around his vehicle, barking at him to get out as alarm bells clanged, he said.

"If I had sneezed or looked the wrong way, who knows what would have happened," Mr. Salhab said in a telephone interview. "I feared for my life."

Now, he said, every time his daughter, 4, sees uniformed officers, she asks if they are going to take him away.

"What happened to me at the border is inexcusable," Mr. Salhab said.

A complaint filed with the Department of Homeland Security in January got Mr. Salhab a form letter saying the government was looking into the situation. There has been no further response.

A number of American Muslims similarly upset by how federal agents treated them and their families are seeking relief through the courts. About eight men with Muslim or Arab roots are joining a suit already filed last year by the American Civil Liberties Union branch in Illinois demanding that the government improve its treatment of returning American citizens.

But similar suits have made little headway. In general, the Constitution protects all Americans against unreasonable search and seizure. But much more aggressive searches have been deemed reasonable at airports and at the border than elsewhere. Just how elastic that standard can be is what the lawsuits are addressing.

The Department of Homeland Security denies engaging in racial profiling. Agents should not base their decisions on a face or a name, said Dan Sutherland, head of the Office for Civil Rights and Civil Liberties. "They should look at behavior, concrete action, observable activities," he said.

Mr. Sutherland said the department was aware of some problems with the watch list, but he argued that many Muslim Americans traveled without encountering difficulties.

Still, traveling makes many Muslim Americans feel like second-class citizens. Mr. Ahmed, the comedian, often travels wearing a T-shirt that says "Got rights?"

"That's the whole question of my existence right now," he said. "Do we have rights? I'm a taxpayer and I'm an American, and I want to be treated like one."

The problem has become such a part of being a Muslim American that some comedians have built routines around it. Mr. Ahmed and Mr. Jobrani both perform on The Axis of Evil Comedy Tour. Mr. Jobrani jokes about his heightened state of anxiety as he passes through security.

He says, "If anything beeps in the metal detector, I think, 'Dammit, I'm a terrorist! I knew it!"

But underneath the one-liners, the treatment grates. Mr. Ahmed, 35, now avoids flying on the day of a show lest he be barred from his flight. The stress reached a level that the whiskers in his beard started to fall out, he says. ("Your body is trying to de-Muslimize," Mr. Jobrani said jokingly, sitting next to him in a Los Angeles coffee shop. "Next, your skin will get lighter.")

Mr. Ahmed was handcuffed in the Las Vegas airport in November 2004, and, he said, a young black police officer leaned over and said, "Yo man, now you know what it was like to be a black man in the 60's."

It is an apt comparison, Mr. Ahmed feels, noting that after the 1995 Oklahoma City terrorist bombing by a white former soldier, Timothy J. McVeigh, not every blond with a buzz cut was pulled over.

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"I know I have to be demure and humble when I approach a ticket agent," Mr. Ahmed said. "If you show any ounce of negativity or righteousness, they'll deny you, they'll say, 'You're not getting on this flight, I don't like your attitude.'"

When he called a phone line for those with travel problems like his, he said, he got no response. "I understand the need for security, but they go overboard, they always have to put on this public display," he said. Mr. Usman, 30, and part of a different comedy act called Allah Made Me Funny, draws big laughs when joking about his obviously Muslim appearance. "If I was a crazy Muslim fundamentalist, this is not the disguise I would go with," he cracks.

He refuses to shave his beard. "I have a problem that people associate a certain look with Muslim terrorists," he said by telephone from his native Chicago. "The look of someone trying to live a religious life, having a long beard, has been around a lot longer than Osama bin Laden and will be around a lot longer than Osama bin Laden."

Most of those wrongly placed on the watch list seethe with frustration and anger, finding it unbelievable that a technologically advanced country like the United States has been unable to develop a list that can distinguish between a lurking terrorist and a harmless citizen with a Muslim name.

Khurrum Wahid, a lawyer, said that the Transportation Security Administration had made empty promises for years about making improvements. "If the name John Smith was on the designated list," Mr. Wahid said, "I guarantee they would have come up with some way to check that list."

Dr. Sam Hamade, 33, was born in Lebanon and carries a Canadian passport but is a permanent United States resident and is seeking citizenship. A senior resident at Upstate Medical University in Syracuse, Dr. Hamade legally changed his name from Osama to Sam to make his patients more comfortable.

In the last two years, driving back from Canada after visiting relatives or his fiancée, Dr. Hamade said, he has been detained at least six times. He has found himself weeping with frustration, he said, because the same thing happens every time — he is photographed, fingerprinted and his body groped — and every time the border police say that they are just following procedures.

Dr. Hamade was handed a "Fact Sheet" instructing him to write to the Border Patrol's "Customer Satisfaction Unit" in Washington. He wrote, but has received no answer. A complaint filed with the Department of Homeland Security in April has also elicited no response.

"It's a nightmare," Dr. Hamade said.

Cover Blown, But Air Marshal Still Flies (USAT)

By Thomas Frank

USA Today, June 1, 2006

WASHINGTON—The Federal Air Marshal Service continued to put a marshal on commercial flights after he intentionally blew his cover to try to show that agency rules make the undercover officers easy to spot.

Spencer Pickard, who was featured on ABC's 20/20 program May 19, said Wednesday that he flew, armed, three times last week.

Marshals are supposed to fly incognito so terrorists can't overpower them and seize their pistols to hijack a plane.

Marshal service spokesman Dave Adams said Pickard “is still an active air marshal, he's still on our books, and he's going to still be flying missions.”

Adams said air marshals “are supposed to blend in with the passengers.” But he and another spokesman for the service, Conan Bruce, declined to address why Pickard could still fly.

Pickard was featured for about 2½ minutes on an eight- minute, 40-second segment. The May 19 edition of 20/20 was watched by 8.2 million viewers, according to the Nielsen ratings service. The video was still available on ABC's website Wednesday.

Billie Vincent, who oversaw air marshals from 1982 to 1986 as Federal Aviation Administration security chief, said Pickard should no longer work as an air marshal. “After you go public, how can you blend in?” Vincent asked. “If a terrorist can identify a marshal and they have a knife, they can walk by, slit their throat and take their gun.”

Rep. John Mica, R-Fla., chairman of the House aviation subcommittee, said it would be “very hard for anyone to pick him out” and noted that “there's quite a bit of information out about marshals.”

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Air marshals fly undercover on planes in teams of at least two. The service, started in 1961, expanded dramatically after the 9/11 attacks.

Pickard, 34, said he expected to be fired or grounded after the TV show, which charged that the Air Marshal Service's rules and procedures make marshals conspicuous in airports and aboard planes.

"I was willing to take this risk to get these issues out there," Pickard said. He has been an air marshal for four years. In 2004-05, he was a vice president of the Federal Law Enforcement Officers Association, a group that has clashed with air marshal management.

Pickard said he was "ordered to fly" on May 22, 23 and 24 but did not fly on May 26 or on Wednesday. Marshals assigned to fly with him on those two days sought different partners because they felt their security was jeopardized by Pickard's exposure, he said.

Pickard's TV appearance coincided with a congressional report criticizing the service for failing to protect marshals' anonymity. The House Judiciary Committee report cites the boarding procedures for marshals and says the service has "shared tactics, methods and procedures, many of which should be considered sensitive, with local and national media."

Bruce, the spokesman, said policies cited in the report "have either been changed or are going through changes" under Dana Brown, who took over the service in March.

The Right Kind Of Security (WP)

The Washington Post, June 1, 2006

IT WAS THE Dubai port uproar that didn't roar: When a House committee voted this spring against an amendment that would have required all cargo containers bound for this country to be individually inspected in their ports of origin, Congress temporarily put to rest what could have been yet another hyped-up wave of politically motivated anxiety about American port security. Although the House later passed a bill that provides extra funding for nuclear screening and other measures, Democrats vowed to bring up the inspection issue again -- and ran advertisements around the country attacking Republicans who oppose it. Before the "inspect every container" mantra becomes a national war cry, it's important to point out that this is a terrible idea.

Someday, perhaps, advanced X-ray technology may be developed to the point where it's possible to beam a scanner at each one of the 11 million U.S.-bound containers at every port in the world and obtain an instant assessment of what's inside. But while some promising technologies are available, none is perfect, and all of them require a human being to analyze the scans. This not only takes time but also presumes the existence of thousands of trained scan readers around the world. In the absence of such workers, U.S. port and customs authorities examine information about each container -- where it's coming from, which shipping company is carrying it -- and determine whether it is risky enough to merit inspection, either here or abroad. In practice, this results in inspections of about 5 percent of all containers. Even now, U.S. customs officers must rely on the cooperation of foreign authorities to carry out this many inspections.

Homeland security officials could do more. Only about half of incoming containers are subjected to a radiation scan, a number that should rapidly be brought up to 100 percent, as the new House bill requires. Ports are also vulnerable because drivers and dockworkers are not thoroughly screened. Raising the number of U.S. inspectors in foreign ports could also make the inspection system safer. But "inspect 100 percent of containers" is a slogan, not a solution, and we hope lawmakers resist the temptation to use it in the election season to come.

Remaking The Memorial Foundation (NYT)

The New York Times, June 1, 2006

Gretchen Dykstra's resignation last Friday as head of the World Trade Center Memorial Foundation took almost no one by surprise. Some of the blame for the foundation's problems will surely fall to Ms. Dykstra's account. But the real difficulty is structural. The foundation, which is private, was given a job it should never have had: to build the memorial. That made its real job — raising money for the memorial — harder than it should have been.

Now is the time to fix this mess. The vague relation between the Lower Manhattan Development Corporation and the Memorial Foundation should be clarified. The development agency, in partnership with the Port Authority, should take over the task of building the memorial.

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That will put the emphasis back where it belongs. All along, the Memorial Foundation has seemed far more interested in building a 9/11 museum than the memorial itself. In part, this was simply the attraction of creating something the foundation could take credit for, as opposed to a memorial whose design was stipulated in advance. But the foundation's emphasis on the museum also stems from its belief that without a museum the memorial is incomplete. That may be. But there will be time to design and build a museum after the memorial has been set back on the right track.

The foundation lost sight of a simple fact: the memorial designed by Michael Arad was the result of a careful public process. The museum is an afterthought that has never been vetted publicly. But while there were many advocates for the museum at the foundation, it was hard to find any for the memorial, thanks in part to some very confused allegiances on the board of directors.

The time to end that confusion is now. If the Memorial Foundation can raise money for the memorial — and, down the road, a museum — then it should do so. If it can't, then it's hard to say why it should exist at all.

Is Everyone Ready? (USAT)

By Patrick O'Driscoll

USA Today, June 1, 2006

Hurricane season begins today.

Max Mayfield, director of the National Hurricane Center in Miami, says people have to wake up.

"People who get hit by a couple of hurricanes still tend to chalk it up to bad luck or a fluke and don't think it can happen again," he says.

State and local governments along the Atlantic and Gulf coasts are heeding the alarm of last year's record onslaught and forecasts of another worse-than-normal hurricane season this year. Mock disaster drills from the Northeast to Texas have tested local and regional response. States and cities have revamped evacuation plans and set up websites to encourage residents to prepare and store extra provisions. The Federal Emergency Management Agency, roundly criticized for its slow response to Katrina, has tripled its stock of relief supplies.

Flood barriers in New Orleans are mostly back to pre-Katrina strength after more than $700 million in repairs. But that doesn't mean they could withstand another big hurricane. Other major metro areas along the coasts — Houston, Miami, Tampa-St. Petersburg, even New York City — are taking fresh steps to try to avoid having a hurricane nail them the way Katrina crippled New Orleans.

Despite gales of pre-season publicity, Mayfield says many people along the USA's hurricane coasts are not poised for the next tropical storm, let alone for a monster like 2005's Katrina. The Census Bureau says more than 34.6 million people live in the most at-risk coastal zones, from the Carolinas to Texas. That's more than triple the population there in 1950.

Mayfield, who has barnstormed hurricane country for weeks to preach the gospel of readiness, sees trouble in a recent poll of coastal residents in 12 Atlantic and Gulf states. The survey of 1,100 people by Mason-Dixon Polling & Research found that more than half don't feel vulnerable to hurricanes, and three in five have no family disaster plan.

The poll, released in mid-May by the National Hurricane Survival Initiative, a public-private partnership that includes the hurricane center, also found that more than two-thirds of the respondents have no hurricane survival kit. And half erroneously believe that masking tape makes windows shatterproof in a storm. Thirteen percent say they wouldn't evacuate, even if ordered to leave.

"The folks there in Mississippi and Louisiana who made a conscious decision not to evacuate (in Katrina) were not just tempting fate, they were playing Russian roulette," Mayfield says.

He says he was heartened by the unprecedented turnout of media for the center's five-stop "hurricane awareness" tour this spring along the Gulf Coast. But news coverage "is all for nothing if we can't translate that into individuals taking personal responsibility and developing their own hurricane plan."

One reason for apathy may be timing. Although hurricane season starts today, June and July rarely record a tropical storm more than once every other year, according to records dating to 1886. The heart of hurricane season normally is mid-August

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through October. The official end is Nov. 30. Last year's record assault brought two named storms in June and five in July. There also have been tropical storms in the last two Decembers.

This year's forecast is for up to 16 tropical storms, eight to 10 of them hurricanes and as many as six of them major, meaning a Category 3 or higher with winds of at least 111 mph. But when and where will the storms occur, and will any of them strike the USA?

"Right now no one knows exactly what areas of the coast, or which states or locations," Mayfield told a Senate panel last week. "Could it be Florida again? Maybe. How about New England or New York City? That's possible. … The bottom line is that all coastal states from Texas to Maine are vulnerable."

Most vulnerable this year is the battered Gulf Coast. An estimated 110,000 people who lost their homes to Katrina, Rita and Wilma now live in 39,000 government trailers. The temporary quarters are no match for a strong storm, let alone any hurricane, Mayfield says. These people must be ready to leave — quickly.

"I can identify very well with those folks," Mayfield says. His home in a Miami suburb was damaged by Hurricane Andrew in 1992, forcing him to live in a trailer for more than six months.

Whenever the first storm of 2006 arrives, it will be named Alberto, from one of several alphabetical lists that rotate each year. Last year's list of names ran out, so the hurricane center had to use Greek letters to complete the record tally of 28 named storms, 15 of which were hurricanes.

Preparedness exercises this spring added more names of fake hurricanes: "Alicia" in New Orleans' evacuation test; "Zoey" in Florida's statewide drill; "Eunice" in Texas; and "Xena" in a two-week exercise at the U.S. Northern Command, the military branch of the nation's homeland defense. Even the White House joined in last week with "Boudreaux," an imaginary Category 5 storm blasting New Orleans again in a tabletop test for the president's Cabinet.

Besides holding disaster drills, states and agencies such as the Red Cross continue to stress self-preparedness. They say residents should be ready to subsist on their own for 72 hours after a storm.

Florida, the most hurricane-prone state, last week unveiled its "Get a Plan!" campaign of broadcast ads and billboards and a new website to help families and businesses prepare for storms. One broadcast spot plays 911 calls from people who didn't evacuate before Hurricane Ivan in 2004. They were unreachable by rescuers because the danger was too great.

Florida also is holding a 12-day holiday from paying state sales tax on purchases of hurricane supplies, ending today.

North Carolina, second to Florida in hurricane strikes, also launched a website in May to help residents prepare for natural disasters. "Our main concern is that there are so many people moving into North Carolina from other places that maybe have not been through a hurricane," says Renee Hoffman of the Department of Crime Control and Public Safety.

Texas has overhauled evacuation plans after dozens of people died in the gridlocked exodus of more than 2 million people from Houston and Galveston last September as Hurricane Rita approached.

The plans include quicker re-supplying of gas stations along evacuation routes. Rest stops will have more water, ice and medical stations, says Rachael Novier of the governor's office. A contractor has guaranteed to provide 1,100 buses for evacuation. A pre-storm registry using the state's "211" phone information line aims to identify ahead of time any elderly, sick or other people who need a ride out.

Another key change in Texas: It will be OK to evacuate with pets. Past bans on animals in shelters deterred some residents from fleeing dangerous storms. "One way that we are sure people move to safety is to say, come on and bring your dog," Novier says.

Emergency managers in New York City, which would have to evacuate up to 2.5 million people in a major hurricane, say Katrina caught people's attention. "New Yorkers who normally are complacent are starting to take hurricanes seriously," says Jarrod Bernstein of the Office of Emergency Management. It now features hurricane advice prominently on its website.

"Take Rockaway peninsula," Bernstein says, referring to the city neighborhood most exposed to an Atlantic hurricane. "We go out there every year to talk about hurricanes, and they're like, 'No way we're leaving.' This year it's, 'You know what? If the man says it's time to go, we're going to go.' "

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He says emergency planners debriefed 1,000 New York fire, rescue and police employees who went to the Gulf Coast in Katrina's aftermath to revise the city's hurricane plan. Next week, they'll stage a tabletop exercise, then a live field drill in mid-July with buses and several hundred people at one of the city's 65 evacuation centers.

"Katrina only brought it into sharper focus," Bernstein says. "We need to make that decision to evacuate early. We know that is going to be an unpopular decision if it's 70 degrees and balmy. … While the probability of a Category 4 storm for New York City is low, it only has to happen once."

Forecasters are beefing up with more staff and better tools. The hurricane center has hired four more tropical storm specialists — to predict storm movement and behavior — for a total of 10.

Among the data they draw on are a dozen computer forecast models. An upgrade this year to one of them will zero in on the "loop current," an extra-warm ribbon of water in the Gulf of Mexico. That current was responsible in part for the rapid strengthening of both Katrina and Rita as they approached the coast.

The hurricane center also will post new color-coded contour maps on its website that predict the range of wind speeds at landfall for a tropical storm days before it hits. The maps can help coastal communities in the wide zone of a possible strike to better gauge how strong the storm will be.

In the Florida Keys, the National Weather Service has completed a $5.1 million office built to withstand a Category 5 storm.

"I feel so strongly that the battle against the hurricane is won now, outside the hurricane season," says Mayfield, 57, who has traveled so much this spring to conferences, interviews, hearings and meetings that he caught bronchitis. "You just can't afford to wait for the hurricane to come knocking on your door before you get prepared."

Last week was a typical blur. On May 22 in Miami, Mayfield announced the hurricane season forecast. Then he flew to Texas to meet with emergency managers prepping for the season. The next day, he did news interviews, spoke at a Texas hurricane conference and then flew to Washington to testify on Capitol Hill. Last Thursday brought more meetings, a lunch speech, a huddle with Florida's congressional delegation and a briefing on new weather satellites. He flew home to Miami that night.

He's at it again this week. Wednesday, he went to the Florida Keys for two hurricane workshops and a TV show. Today, Mayfield is scheduled for TV interviews.

"I've worked my whole career to prevent a large loss of life like what happened in Katrina. If there's anything good that can come out of the last hurricane season, I hope it's the motivation to create that culture of preparedness."

Category 5 Foolishness (LAT)

By David Helvarg

The Los Angeles Times, June 1, 2006

TODAY MARKS the beginning of the 2006 hurricane season, one that the National Oceanic and Atmospheric Administration predicts will be "above normal," with four to six major hurricanes expected to form in the Atlantic — storms that could make landfall anywhere from Boston to Galveston.

Everyone agrees that we're into a decades-long cycle of intensified Atlantic hurricanes linked to a periodic 1-degree warming in the North Atlantic. Add an additional degree of ocean warming since 1970 from anthropogenic — human-caused — carbon-dioxide emissions, and you have the makings of a hurricane cycle that may never return to a more tranquil phase. Yet when it comes to the way we live in hurricane territory, we're stuck in the 1970s and 1980s, when a lull in storm activity aided and abetted unprecedented development along the Atlantic seaboard, helping assure that 17 of the 20 fastest-growing counties in the U.S. were coastal.

Florida, which was lucky last year in comparison with Louisiana and Mississippi, is still a poster child for hurricane devastation. Flying into Fort Lauderdale, it looks like someone scattered blue Chiclets across the landscape. That's how many blue tarps cover roofs blown away by Hurricane Wilma. At the Broward County courthouse, windows are still covered in plywood eight months after the storm.

What might be called "early greenhouse century" hubris abounds. A woman I met in Key West told me about her retired parents who had to flee their home four times in the last two years. Instead of moving, they're investing in an "evacuation RV" so

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they can flee the next storm in comfort. And in Miami, the skyline is swarming with construction cranes as developers build high-rise condos as close to the ocean as possible.

Congress has approved funding that will allow the Federal Emergency Management Agency to pay off $23 billion in property claims from last year's storms without making any commitment to reforming the flood insurance program. The levees in New Orleans are being rebuilt to something like pre-Katrina levels of safety, again paid for with federal money. The Bush administration and the Department of Homeland Security have been bragging about the pre-positioning of emergency relief supplies. Yet federal policymakers continue to ignore the causal factors that transform major storms into human catastrophes, such as the loss of protective wetlands and coastal sprawl.

So far, none of the tens of billions of dollars of hurricane relief funding that have gone into the Gulf region has been earmarked for wetlands restoration. Wetlands in Mississippi and Louisiana have historically acted as effective hurricane buffers. One often-cited Army Corps of Engineers study found that every 2 1/2 miles of marshes and trees reduce storm surge by a foot. But in the 1990s, Biloxi wetlands were replaced by floating casinos and waterfront development. And in Louisiana, Hurricane Katrina destroyed 118 square miles of wetlands and barrier islands on top of the average 30 square miles of wetlands lost every year in recent decades because of dredging and subsidence from Army Corps of Engineers and oil industry operations. "Even though I'm fairly jaded, I thought we'd have found the courage and the vision to at least begin the process of restoration, but so far nothing has changed," said Mark Davis, executive director of the Coalition to Restore Coastal Louisiana, a private group that has spent a decade pushing a $14-billion plan to bring back the wetlands.

Congress also has failed to show the courage to stand up to the coastal real estate developers lobby, and some coastal homeowners, and implement needed change. Proposals have included limiting federal flood insurance to owner-occupants rather than second-home owners and owners of rental properties, moving to a real market insurance rate (rather than a subsidized one) for high-risk properties and extending areas that require flood insurance to cover a wider zone of potential destruction. With a FEMA study suggesting one in four homes built within 500 feet of the ocean will be destroyed in the next 45 years, a new approach is needed to discourage shoreline and barrier island construction and encourage a planned retreat from along our coasts.

The facts are simple. The best available science tells us that we're faced with a projected sea-level rise and an increase in Category 4 and 5 hurricanes. We need a pragmatic approach to a changed reality. Those who think they can rebuild in harm's way using the same assumptions that worked in the last century, or who believe they can manage nature by stockpiling generators and water bottles, are living a dangerous fantasy. Unfortunately, theirs is a fantasy we're all having to pay for.

David Helvarg is president of the Blue Frontier Campaign (bluefront.org) and author of "50 Ways to Save the Ocean" and "Blue Frontier: Dispatches From America's Ocean Wilderness."

Hurricane History Isn't Worth Repeating (USAT)

By Orrin H. Pilkey

USA Today (editorial), June 1, 2006

In the mid-1960s, my engineer father was assigned to the Saturn space rocket test site near Waveland, Miss. My parents loved the weather, the beaches and the people.

But the tranquility of small town life came to a crashing end in 1969 when Hurricane Camille paid a visit. My parents' house was flooded, and falling trees punctured the roof. Their plight, however, was nothing compared with those in the first two blocks next to the beach, where essentially every building was destroyed.

Waveland was eventually rebuilt, my parents have both since passed on and the impact of Camille has become a faded memory — until the morning of Aug. 29, 2005, when Hurricane Katrina's eye passed right over Waveland. This time, the total destruction extended five or six blocks back from the beach.

I recently visited a cousin whose house is not far from the concrete pad that marks the former site of my parents' house. I was impressed by the large number of volunteers still helping in the recovery effort — eight months later. Many were from church groups, as evidenced by buses emblazoned with various Baptist or Catholic church names.

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Also in the mix were Mennonites — a row of ladies with long dresses and bonnets raking up debris — and college students who bypassed Cancun or Panama City to spend spring break in Waveland.

Still, I couldn't help but notice a number of distressing scenes, such as the proliferation of "For Sale" signs posted along the beach road. Some listed the price — one lot was selling for $685,000 and another for $700,000. Each lot featured nothing but a stark, white concrete pad, surrounded by nothing but empty concrete pads for as far as the eye could see.

At the west end of Waveland was a new billboard, nestled among twisted I-beams and fragments of a destroyed pier, advertising a soon-to-be-built four-tower, 36-story beachfront condominium. It will be the first high-rise in Waveland and will dramatically increase the town's population.

One problem with the condo is that everyone must escape the next hurricane down a two-lane beachfront road. The incongruity between volunteers helping the people of Waveland and developers seeking to profit from reconstruction in an obviously dangerous zone couldn't be greater.

An illustration of the town's vulnerability came about a month ago, when a small storm from the south flooded parts of Waveland and portions of the beachfront road.

There's no question that whatever gets rebuilt will again be destroyed. The only question is when. Waveland is adjacent to a broad flat continental shelf responsible for past storm surges in excess of 20 feet. The sorrowful end point is that Katrin a likely will become nothing more than an urban renewal project, just as Camille was 36 years earlier.

If the complete destruction of six blocks next to the shore doesn't precipitate changes in coastal development, I'm afraid nothing will. Improving building codes or nourishing the beach won't work because rebuilding a community to withstand a future Category 4 or 5 hurricane with a 20-plus foot surge is an economic impossibility.

Today, the new hurricane season begins, in a time of rising sea levels and increasing intensity of storms. It makes no sense to simply rebuild and even increase building density after Katrina. It might be difficult to accept, but reconstruction near the beach should be prohibited. Strong consideration should also be given to halting future federal storm bailouts, including taxpayer-supported flood insurance and the handout of post-storm cleanup and reconstruction funds — all of which only encourages rebuilding in the most dangerous locations. Government purchase of vulnerable beach properties, as costly as it might be, would pay off in the long term.

Will we ever learn? Near the remains of City Hall is a still-standing historic sign thanking the volunteers who helped Waveland recover from Camille in 1969.

Perhaps Waveland should construct a new sign thanking the volunteer workers who came down after Camille and Katrina, but leave additional space to thank those who come after the next "big one."

Once More Into The Breach (LAT)

The Los Angeles Times, June 1, 2006

THE FEDERAL GOVERNMENT has spent more than $700 million in recent months to shore up Louisiana's levees in time for the 2006 hurricane season, which begins today. In California's Central Valley, however, some levees are at risk almost every day; much of the Sacramento-San Joaquin Delta lies below sea level and, as in New Orleans, the ground is slowly sinking.

Nevertheless, local officials in parts of the Central Valley are doling out permits to develop what were once farms and open spaces. The urge to convert is driven not just by profit-seeking landowners but by cities and counties eager for property tax receipts. And it's abetted by flood-insurance rules that assume the levees offer more protection than they really do.

Researchers have found numerous problems in the levee system, prompting California lawmakers to provide $500 million this year for levee improvements and to propose a $4-billion bond issue for additional upgrades. Assuming the federal government covers its share of costs, that money will improve the situation facing cities, suburbs and other developed areas.

But those upgrades aren't likely to reach the segments of the 1,600-mile levee system that stand between the floodwaters and farms, wetlands and other undeveloped land. Flooding farms is bad enough, but as homes, industrial parks and Costcos sprout on those lands, the risks from a catastrophic breach grow. And under a 2004 ruling by a state appeals court, state taxpayers can be held liable for the damage caused when a levee breaks.

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That's why Assemblyman Dave Jones (D-Sacramento) wants to make local officials pause before letting developers turn an orchard into an Orchard Supply Hardware. His bill, AB 3050, would hold cities and counties jointly liable with the state to the extent that, by approving a project on undeveloped land, they increase the property damage caused by a flood.

Naturally, developers and local governments are opposed to the measure. The latter argue it's not fair to hold them liable when it's not their job to maintain levees. True enough. But they shouldn't be allowed to remain willfully blind to the risks. And that is exactly what is happening in parts of the Central Valley, where land that was flooded a decade ago is being readied for development.

Ever since Hurricane Katrina hammered New Orleans, no one in local government should be relying on levees to safeguard property — particularly not when the state's taxpayers are on the hook to cover the losses. The Assembly rejected Jones' bill last month, but it should reverse course and approve the bill when it comes up for reconsideration today.

Support Your Local Banker (NYT)

By Otis White

The New York Times, June 1, 2006

Atlanta

AFTER winning re-election as New Orleans's mayor, C. Ray Nagin promised a new beginning and an economic boom for his city fueled by federal financing for reconstruction. But in fulfilling that pledge, Mr. Nagin and his fellow Gulf Coast political leaders lack a vital resource that their predecessors of even a decade ago had: strong and engaged local bankers.

One example, from Amarillo, Tex., would be Donald E. Powell, President Bush's coordinator for Gulf Coast rebuilding. Mr. Powell built a career the old-fashioned way: starting out as loan officer at a savings and loan in his hometown, jumping to the biggest bank in town and working his way to the top. By 1987, he was the chief executive of First National Bank of Amarillo and, in time, he wore every civic badge worth wearing: chairman of the chamber of commerce, member of the city housing authority, patron of the local boys' ranch, trustee of High Plains Baptist Hospital. Had disaster struck Amarillo in the mid-1990's, Mr. Powell could have stood at the front of the room and told federal officials every project worth supporting and every politician to avoid.

Bankers rarely lead cities that way anymore, and their exit from the stage speaks to how communities have changed — and why it may be harder to mend them when disasters strike.

From the 1950's to the 1980's, bank chiefs were the capi di tutti capi of civic leaders in most cities, the bosses of all bosses. They ran important companies, but that wasn't why they were powerful. Their power came from continual involvement in civic work, an intimate knowledge of their communities and their occasional boldness.

Ivan Allen Jr., the former mayor of Atlanta, provided a snapshot of one banker as leader when he wrote about a meeting with the president of Citizens and Southern National Bank, Mills B. Lane Jr., in the mid-1960's. Mr. Allen wanted to bring a Major League Baseball franchise to Atlanta but lacked a credible plan for building a stadium.

"How bad do you want this stadium, Ivan?" Mr. Lane asked.

"Bad."

"You've got it," said Mr. Lane, who added that he would pledge the full credit of his bank to build the stadium and that he and other local executives would oversee construction. "And if that's not enough to get it done, you and I can't get it done."

Mr. Allen was stunned that Mr. Lane was willing to venture the bank's money on such a speculative civic project (as it turned out, the stadium was built and the investment returned), but such things were possible in the 1960's because banks were joined at the hip to their communities. The law prohibited bank companies from owning banks outside their home states and sometimes even outside their home counties. So Citizens and Southern could grow only if Atlanta grew too.

And today? In most cities, the chief executives of the largest banks are no more involved in civic work than the branch managers of I.B.M. That's because, since the 1980's, bank-holding restrictions have eased, local banks have been bought by out-of-state companies and the people who run the banks have become branch managers.

The numbers tell part of the story: there are now about 7,600 commercial banks in the United States, down from 13,000 in 1980. But this decline, as big as it is, underestimates the impact on civic leadership, since the consolidations have been greatest among the larger banks that once led their communities. Today, the top three banks in Chicago, Dallas, Denver, Houston, Los

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Angeles, Washington and scores of other cities are owned by companies headquartered elsewhere. (In New Orleans, only one of the top three is owned locally.) Even Mr. Powell's old bank, First National of Amarillo, was bought in the 1990's, first by Boatsmen's Bancshares, then by NationsBank (now Bank of America).

Bank presidents have become corporate nomads. A few years ago, I calculated how long bank executives from First Union Bank (now part of Wachovia Bank) stayed in Atlanta. From June 1994 to September 2000, there were three regional chief executives. With gaps, as one left and the next arrived, the average tenure was 20 months, barely time to attend a few chamber of commerce meetings, much less to lead the organization.

The decline of bankers as leaders has made cities more dependent on political leadership. Thankfully, there have been some gifted mayors in recent years, but where there haven't been, cities have suffered. There are few Mills Lanes around to instruct mayors on how to get things done.

Nor are there many bankers left with the knowledge or authority to invest their banks' resources in bold rebuilding efforts. As the main federal contact for congressional, state, local and private leaders in supporting the recovery of the Gulf Coast, Mr. Powell must already be painfully aware of their passing.

Otis White, a public policy consultant, is a columnist for Governing magazine.

For Many, Education Is Another Storm Victim (NYT)

By Shaila Dewan

The New York Times, June 1, 2006

BAKER, La. — For hundreds of children at Renaissance Village, this is their lost year. After fleeing Hurricane Katrina, they have landed in a vast gravel moonscape of government trailers, lacking even a playground.

All day they play video games, ride bikes or sit at a picnic table, watching men play horseshoes. They are not in school.

Of the 560 children who are evacuees and were enrolled in the Baker school district in mid-September, only 190 were still attending when the school year ended on May 19.

Part of the decline occurred because some families moved, but as of April there were still more than 800 children under 18 at Renaissance Village and the other trailer parks run by the Federal Emergency Management Agency.

Child health experts and advocates for evacuees say that Baker, on the outskirts of Baton Rouge, is not unique. Throughout the areas where hurricane evacuees ended up, they say, are pockets where education has fallen by the wayside, raising the possibility that thousands of children could become permanent dropouts.

More alarming, said Sister Judith Brun, who works with children at Renaissance Village through the Baton Rouge Area Foundation, is that the problem is not limited to high school students. "I think the big reason is that school has not engaged them, not comforted and motivated them," she said. "They all had terrible stories racing around in their heads."

Since many of the parents did not graduate from high school, the children's relationship to school was already tenuous, Sister Judith said. "Any breeze is adequate to keep them out of school, any vicissitude."

On a recent Thursday at the park, children were plentiful. "I don't go to Baker Middle no more," said David Williams, an eighth grader who was hanging out under one of the two white tents that provide virtually the park's only shade. "I stopped going."

Lisa Casborn, 15, agreed. "Everybody stopped going to school," she said.

"Sometimes I get up and I look out the window for the bus," Lisa said, "and if the bus ain't out there, I go back to bed."

Parents, children and educators give a variety of reasons for the children's truancy. Most families have moved several times since the hurricane, and children grew frustrated when they could not catch up.

Some parents never enrolled their children because they thought they would be able to return home much sooner. Parents and children also cited separation anxiety and the perception that they were not welcome by their host students or teachers.

Linda W. Lewis, the principal of the Capitol Pre-College Academy for Girls, where many evacuees enrolled while they were living at the large shelter at the Baton Rouge River Center, had another explanation. "I think it's just apathy," she said.

Ms. Lewis said that some of the students from New Orleans, whose school system was notoriously poor, had trouble with the strict routine at Capitol.

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In Baton Rouge and Houston, fights have occurred between New Orleans teenagers and their hosts. Dozens of New Orleans children were expelled or suspended and never went back. In Baker, children who were expelled had no alternative but private school, which their families could not afford.

"They were thrown into a big classroom without close monitoring, without the necessary mental health help that they needed, and the only thing they had left that they owned was their ego," said Tommy Cowsar, a volunteer who has been teaching children on site at Renaissance Village. "When they were pushed slightly, they pushed back."

Michael Lewis, an eighth grader who was expelled from Baker Middle School for fighting, said he had not gotten into similar trouble back in New Orleans. "You can't really hardly communicate with other people" in Baton Rouge, he said. "I don't know why they have such a grudge on us. They just do."

If it were not for the hurricane, Michael said, he would be enrolled. "I love school," he said. "There's no place I would rather be, during school hours, than school."

Mr. Cowsar said Michael had asked to join his group, whose efforts to become an official charter school have faltered. The group lost financing for the two teachers it had in the fall, and it had only a couple of volunteers to handle about 15 children ages 4 to 14. There was no room for Michael.

Michael said he had wanted to go to summer school, for which parents must pay in some districts. At any rate, he said, his mother did not have time to sign him up. "I want to stay in a child place," he said, "but life keep putting me in a man's place."

One parent, Trinest Sylve, said that two of her children liked their East Baton Rouge school but that one, her son Holden, stopped going after repeatedly getting into trouble. The school called frequently while she was at work, asking her to pick him up, she said.

Like many children, Holden did not view his absence from school as permanent. Some thought, however optimistically, that in the coming fall they would be back at the schools they left last August. Others, like Lisa and Michael, said they wanted to take summer school to make up for what they missed.

But Dr. Irwin Redlener, a professor at the Mailman School of Public Health at Columbia University and the president of the Children's Health Fund, said children who disconnected from school would suffer more than just an academic setback, especially if they had untreated mental health issues. "It's almost like we're creating conditions for them that are virtually impossible to overcome," he said.

One problem, Dr. Redlener said, was that so many major questions about the future of New Orleans remained unanswered. "The kids really cannot afford to wait until all those big things are resolved before they stabilize the basics," he said.

While some children seem to have simply lost interest, others have found their enthusiasm thwarted. Chris Waller, a junior, said he was turned away by several area high schools that told him they were full. "I said, 'How can you deny a kid an education?' " he recalled. "And they said, 'Sorry.' I was stunned."

Chris's father, James Waller, a manager at a fast food restaurant and a leader of the Renaissance Village residents' council, said he waited until his son turned 17 in December and then enrolled him in GED classes for adults. He spoke from the front steps of his trailer, painted in the purple and gold of Louisiana State University, where Chris had planned to attend.

"Now my chances of going," Chris said, "are slim to none."

WAR NEWS:

In First Comments On Case, Bush Promises Justice In Military Investigation Of Civilian Deaths (NYT)

By Sheryl Gay Stolberg

The New York Times, June 1, 2006

WASHINGTON, May 31 — President Bush said Wednesday that he was troubled by the allegations that American marines killed 24 Iraqi civilians in an unprovoked attack, and he vowed that "those who violated the law, if they did, will be punished."

"I am troubled by the initial news stories," Mr. Bush said in his first public comments about the accusations. "I am mindful that there is a thorough investigation going on. If, in fact, the laws were broken, there will be punishment."

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Mr. Bush also said he had spoken with Gen. Peter Pace, the chairman of the Joint Chiefs of Staff, about the killings last November in the Iraqi town of Haditha, 150 miles northwest of Baghdad. As many as 24 civilians there died in gunfire after a Marine patrol was attacked, and survivors say many of the victims were offering no resistance. "I know this," Mr. Bush said. "I've talked to General Pete Pace about the subject, who is a proud marine, and nobody is more concerned about these allegations than the Marine Corps." Mr. Bush spoke in response to a question from a reporter during an appearance with President Paul Kagame of Rwanda.

The killings, first reported in March by Time magazine, represent the most serious allegations of military misconduct in Iraq since reports in 2004 that soldiers had abused prisoners at the American-run military prison at Abu Ghraib. Secretary of Defense Donald H. Rumsfeld was taken to task by the president at that time for failing to inform him promptly.

On Wednesday, mindful of that history, White House officials were trying to put together a timeline of who knew what and when.

Tony Snow, the White House press secretary, said officials had put together "a tick-tock on Haditha," beginning about Nov. 19, 2005, the day the 24 Iraqis were killed in the aftermath of a roadside bombing that killed one of the marines assigned to the Third Battalion, First Marine Regiment. But Mr. Snow said the "concern about subsequent reports of people being massacred or people being killed was really stimulated" in January, after Time reporters made inquiries.

The military began an investigation on Feb. 14, and Mr. Bush was informed of it sometime after that by his national security adviser, Stephen J. Hadley, according to Frederick Jones, the National Security Council spokesman. Mr. Jones said Mr. Hadley could not recall a precise date.

At the Pentagon, the press secretary, Eric Ruff, said Mr. Rumsfeld was first told about the Haditha accusations in mid-March. He said senior military officers described to Mr. Rumsfeld what had been learned in an initial investigation and plans for opening a criminal inquiry. At that time, Mr. Ruff said, the secretary "was trying to determine how comprehensive the investigation was and whether it was being handled at a senior enough level."

But it is not clear whether Mr. Rumsfeld personally briefed the president on the episode.

With polls showing the American public deeply uneasy over the course of the war, and the Congressional midterm elections just months away, the Haditha investigation could quickly turn into a political problem for the White House and Republicans. On Capitol Hill, Senator John W. Warner of Virginia, the Republican chairman of the Senate Armed Services Committee, has said he will hold hearings after Congress returns from recess.

The Pentagon has said military investigators are wrapping up work on two separate inquiries, including a criminal investigation that American officials say they expect to result in murder charges. One senior Republican Congressional aide said the members of his party on Capitol Hill were nervous about the political impact of the episode and wanted to get information out quickly to avoid a "drip, drip" of news stories leading up to November.

"You've got an election that the White House is doing everything possible to prevent from being a forum on the president and Iraq," said the aide, speaking on condition of anonymity to avoid appearing to criticize Republicans. "And here you have the biggest P.R. problem since Abu Ghraib running right smack into the summertime before a major campaign."

Bush 'troubled' By Haditha Allegations (USAT/AP)

By The Associated Press

USA Today, June 1, 2006

President Bush promised on Wednesday that if any Marines are found to have been involved in murders of Iraqi civilians, they will be punished.

"I am troubled by the initial news stories," Bush said in his first public comments about the deaths of about two dozen civilians at Haditha in November. "I'm mindful that there's a thorough investigation going on. If in fact, laws were broken, there will be punishment."

The shootings came after a bomb rocked a military convoy on Nov. 19, killing a Marine. Residents of Haditha said Marines then went into nearby houses and shot members of two families, including a 3-year-old girl.

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In Iraq, meanwhile, Prime Minister Nouri al-Maliki declared a state of emergency Wednesday in oil-rich Basra — a response to violence spreading from Baghdad to the country's southern economic heartland.

In an address to about 700 tribal sheiks, religious leaders, officials, army officers and residents, al-Maliki vowed to restore security. It was his first major policy speech since his government was sworn in May 20.

"We shall use an iron fist against the leaders of the gangs or those who threaten security," he said. "And we shall ask all security departments to draw up an effective and quick plan to achieve security."

Al-Maliki declared a month-long state of emergency, which broadens arrest powers for Iraqi security services and establishes a curfew. It was the only state of emergency in effect in Iraq, Maj. Gen. Ahmed al-Khafaji, Interior Ministry undersecretary, said from Basra, 340 miles southeast of Baghdad.

Other cities where violence is rampant, such as Baghdad and Ramadi, just have curfews.

Tensions have been worsening in the Shiite-dominated Basra area. Mostly Shiite militias have been attacking Sunni Arabs and battling each other and Iraqi and British members of the U.S.-led coalition.

The Shiite prime minister traveled to Basra with the Sunni Arab vice president, Tariq al-Hashimi. Both leaders said security must be restored before prosperity can return to the port city.

"Basra is no exception from what is taking place in Baghdad, Anbar, Nineveh and Diyala," al-Hashimi said, referring to other volatile provinces. "There are malignant agendas to deepen divisions among Iraqis."

Police Capt. Mushtaq Kadhim said nearly 140 people — mostly Sunnis, but also Shiites and policemen — were killed this month in Basra, which until the past few months had been a fairly calm area.

In the latest violence:

•U.S. forces killed two Iraqi women — one of them about to give birth — Tuesday when the troops shot at a car that failed to stop at a prohibited area in Samarra, north of Baghdad, police Capt. Laith Mohammed and the U.S. military said Wednesday.

•Ali Jaafar, 25, a sportscaster for state-run al-Iraqiya TV, was gunned down in a drive-by shooting near his home in southwestern Baghdad, police Lt. Col. Falah al-Mohammedawi said. His death came two days after CBS News correspondent Kimberly Dozier was seriously wounded and two of her crewmembers were killed by a car bomb in Baghdad.

•A mortar attack killed nine people and wounded 20 on Wednesday in Baghdad's southern Dora district, Police 1st Lt. Mohammed Kheyoun said.

•A car packed with explosives hit a police patrol in Mosul, 225 miles northwest of Baghdad. At least five policemen died and 14 were injured, police Col. Abdulkarim Ahmed said.

Bush Upset With Iraq Killings Reports (AP)

By Nedra Pickler

AP, May 31, 2006

President Bush promised on Wednesday that any Marines involved in the alleged murders of Iraqi civilians will be punished. A senior officer said the case could undermine Iraqis' support for the presence of American troops.

"I am troubled by the initial news stories," Bush said in his first public comments about the deaths of about two dozen civilians at Haditha last January. "I'm mindful that there's a thorough investigation going on. If in fact, laws were broken, there will be punishment."

Military investigators have evidence that points toward unprovoked murders by Marines, a senior defense official said last week.

The shootings came after a bomb rocked a military convoy on Nov. 19, killing a Marine. Residents of Haditha said Marines then went into nearby houses and shot members of two families, including a 3-year-old girl.

At first, the American military described what happened as an ambush on a joint U.S.-Iraqi patrol, with a roadside bombing and subsequent firefight killing 15 civilians, eight insurgents and a Marine. The statement said the 15 civilians were killed by the blast, a claim the residents strongly denied.

With some in Congress alleging a cover-up, the Bush administration offered assurances the facts will be made public.

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Bush's spokesman, Tony Snow, urged patience as the Marines conduct what he called a vigorous investigation. He said a report will come out in "a matter of weeks, not a matter of months" and include public release of photographic evidence. "We're going to see everything," Snow said.

Once that investigation is completed, a senior Marine commander in Iraq will decide whether to press charges of murder or other violations of the Uniform Code of Military Justice.

At the Pentagon, Army Brig. Gen. Carter Ham would not discuss any aspect of the probe, but he stressed the potential harm caused by allegations alone.

"Allegations such as this, regardless of how they are borne out by the facts, can have an effect on the ability of U.S. forces to continue to operate," said Ham, a deputy operations director for the Joint Staff and a former commander of U.S. forces in northern Iraq.

"We do rely very heavily — and more importantly, the Iraqi security forces rely heavily — on the support from the Iraqi people," Ham said. "And anything that tends to diminish that, obviously, is not helpful to what we're trying to do."

The toll of Iraqi civilians climbed on Wednesday when two women, including one being taken to a maternity hospital, died when coalition troops shot at a car that failed to stop at an observation post in a city north of Baghdad. The U.S. military said the vehicle entered a clearly marked prohibited area but failed to obey repeated warnings.

The president was asked about the Haditha allegations during a photo opportunity with the president of Rwanda, Paul Kagame.

Bush said he had discussed Haditha with Gen. Peter Pace, chairman of the Joint Chiefs of Staff. "He's a proud Marine. And nobody is more concerned about these allegations than the Marine Corps. The Marine Corps is full of honorable people who understand the rules of war."

"If in fact these allegations are true," Bush said, "the Marine Corps will work hard to make sure that that culture — that proud culture — will be reinforced. And that those who violated the law, if they did, will be punished."

Until now the most infamous violation of military law in Iraq was the Abu Ghraib prisoner abuse involving Army soldiers, which came to light in April 2004. Bush said last week he considered Abu Ghraib to be the most costly U.S. mistake of the war.

Probe Into Iraq Deaths Finds False Reports (WP)

By Thomas E. Ricks

The Washington Post, June 1, 2006

The U.S. military investigation of how Marine commanders handled the reporting of events last November in the Iraqi town of Haditha, where troops allegedly killed 24 Iraqi civilians, will conclude that some officers gave false information to their superiors, who then failed to adequately scrutinize reports that should have caught their attention, an Army official said yesterday.

The three-month probe, led by Army Maj. Gen. Eldon Bargewell, is also expected to call for changes in how U.S. troops are trained for duty in Iraq, the official said.

Even before the final report is delivered, Army Gen. George W. Casey, the top U.S. commander in Iraq, is expected to order today that all U.S. and allied troops in Iraq undergo new "core values" training in how to operate professionally and humanely. Not only will leaders discuss how to treat civilians under the rules of engagement, but small units also will be ordered to go through training scenarios to gauge their understanding of those rules. "It's going to include everyone in the coalition," the official said.

The promotion of a top Marine general also has been put on hold.

Bargewell has pursued two lines of investigation: not only whether falsehoods were passed up the chain of command, but also whether senior Marine commanders were derelict in their duty to monitor the actions of subordinates. The inquiry is expected to conclude by the end of this week, the official added. He said there were multiple failures but declined to say whether he would characterize it as a "coverup," as alleged recently by Rep. John P. Murtha (D-Pa.), a former Marine.

The Bargewell report, which is expected to be delivered to top commanders by the end of the week, is one of two major military investigations into what happened at Haditha on Nov. 19, 2005, and how commanders reacted to the incident. The other is a criminal inquiry by the Naval Criminal Investigative Service. That sprawling investigation involves more than 45 agents and is expected to conclude this summer, Pentagon officials and defense lawyers said yesterday. No charges have been filed, but

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people familiar with the case say they expect charges of homicide, making a false statement and dereliction of duty, among others.

President Bush, in his first public comment on the Haditha incident, said yesterday that if an investigation finds evidence of wrongdoing, those involved will be punished. "I am troubled by the initial news stories," Bush said after a meeting with Rwandan President Paul Kagame. "I am mindful there is a thorough investigation going on. If in fact laws were broken, there will be punishment."

The Bargewell investigation is likely to be explosive on Capitol Hill, because it focuses on questions that have haunted the Bush administration and the U.S. military since the scandal over abuse at Abu Ghraib prison emerged two years ago: How do U.S. military leaders in Iraq react to allegations of wrongdoing by their troops? And is the military prepared to carry out the long and arduous process of putting down an insurgency as part of the first U.S. occupation of an Arab nation?

One of Bargewell's conclusions is that the training of troops for Iraq has been flawed, the official said, with too much emphasis on traditional war-fighting skills and insufficient focus on how to wage a counterinsurgency campaign. Currently the director of operations for a top headquarters in Iraq, Bargewell is a career Special Operations officer and therefore more familiar than most regular Army officers with the precepts of counterinsurgency, such as using the minimum amount of force necessary to succeed. Also, as an Army staff sergeant in Vietnam in 1971, Bargewell received the Distinguished Service Cross, the Army's second-highest honor, for actions in combat while a member of long-range reconnaissance team operating deep behind enemy lines.

In anticipation of the Bargewell report, the Marine Corps has placed on hold its plan to nominate Maj. Gen. Stephen T. Johnson, who was the top Marine in Iraq when the Haditha incident occurred, for promotion to lieutenant general, a senior Pentagon official said. That decision reflects concern that the report may conclude that leadership failures occurred at senior levels in Iraq. It also stands in sharp contrast to the Army's handling of the Abu Ghraib scandal, when the Pentagon forged ahead with plans to nominate Army Lt. Gen. Ricardo S. Sanchez, who had been the top commander on the ground in Iraq, for a fourth star. Sanchez's promotion has been in limbo for more than a year.

"I don't think the decision's been made" to scuttle the nomination, a Marine officer said. "I think we're going to wait and see."

In another reflection of top-level concern, Gen. Michael W. Hagee, the Marine commandant, has been traveling around Iraq this week and has visited nearly every Marine post in the country, an officer in Iraq said. Also, the Marine Corps issued a directive to its generals telling them not to discuss details of the Haditha case because such comments could compromise "the integrity of the investigative and legal processes" and because "it is not in the interests of the Marine Corps to 'further this story' by providing details or confirming information gathered from other -- mostly unnamed -- sources."

One of Bargewell's findings is that two failures occurred in reporting the Haditha incident up the Marine chain of command. The first is that Staff Sgt. Frank D. Wuterich, a squad leader alleged to have been centrally involved in the shootings, made a false statement to his superiors when he reported that 15 Iraqi civilians had been killed in the roadside bombing that killed a Marine and touched off the incident. (The other nine dead initially were reported by the Marines to have been insurgent fighters but are now believed to have been civilians.) That report was entered into an official database of "significant acts" maintained by the U.S. military in Iraq, the Pentagon official said.

A civilian attorney for Wuterich said he only recently had been retained by the Marine and has yet to interview his client, so could not comment on the case.

A second and more troubling failure occurred later in the day, this official said, when a Marine human exploitation team, which helped collect the dead, should have observed that the Iraqis were killed by gunshot, not by a bomb. The team's reporting chain lay outside that of the other Marines -- who were members of the 3rd Battalion of the 1st Marines -- and went up through military intelligence channels directly to the 1st Marine Division's intelligence director, he said. Had this second unit reported accurately what it witnessed, he indicated, that would have set off alarms and prodded commanders to investigate, he explained.

Bargewell's report also is expected to address why the Marine Corps let stand statements issued by official spokesmen that were known to be false at least two months ago. On Nov. 20, the day after the shootings, Marine Capt. Jeffrey S. Pool told reporters that the Iraqis died in a crossfire, stating that, "Iraqi army soldiers and Marines returned fire, killing eight insurgents." Time magazine, which first began making inquiries about the incident in January, reported that when one of its staff members

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asked Pool about the allegations, he accused the journalist of being duped by terrorists. "I cannot believe you're buying any of this," the magazine said the officer wrote in an e-mail. "This falls into the same category of any aqi [al-Qaeda in Iraq] propaganda." Another military representative, Lt. Col. Michelle Martin-Hing, told the magazine that insurgents caused the civilian deaths by placing the Iraqis in the line of Marine fire.

In March the magazine broke the news that Marines had killed Iraqi civilians at Haditha.

The Bargewell investigation evolved from a preliminary inquiry conducted in January by Army Col. Gregory Watt, the New York Times reported yesterday. Watt was asked by senior commanders to look into why there had been no formal Marine Corps review of the Haditha incident. After reviewing death certificates that showed the 24 Iraqis had been killed by gunshot rather than a bomb, as the Marine report had stated, Watt recommended a broader inquiry.

When the Marine leadership in Washington reviewed his report, a senior Marine said yesterday, it asked that an Army general step in to conduct the investigation, another indication that the actions of Johnson and other top officers have been a subject of Bargewell's review.

Bargewell did not respond to e-mails seeking comment.

Bush Seeks Truth In Iraq Probe (WT)

By Joseph Curl

The Washington Times, June 1, 2006

President Bush yesterday said if an investigation into charges that U.S. Marines killed unarmed civilians in the Iraqi town of Haditha turns up evidence of wrongdoing, those involved will punished.

"I am troubled by the initial news stories. I am mindful that there is a thorough investigation going on. If, in fact, the laws were broken, there will be punishment," the president said in his first public comments about the accusations.

A preliminary military inquiry found evidence that Marines killed two dozen Iraqi civilians in an unprovoked attack in November, contradicting the troops' account.

In addition, forensic evidence from those killed showed the victims had bullet wounds, despite the initial statements by Marines that the civilians were killed by a roadside bomb that also took the life of a soldier, a defense official said.

"The forensics painted a different story than what the Marines had said," the official told the Associated Press.

"I know this: I've talked to Gen. Pete Pace about the subject, who is a proud Marine, and nobody is more concerned about these allegations than the Marine Corps," Mr. Bush said. "The Marine Corps is full of men and women who are honorable people who understand rules of war."

The killings in Haditha, 125 miles northwest of Baghdad in an area that has seen terrorist activity by Sunni insurgents, came after an improvised explosive device blew up a military convoy Nov. 19, killing a Marine. Rep. John P. Murtha, Pennsylvania Democrat, who has advocated withdrawal of all U.S. troops from Iraq, charged that Marines killed unarmed civilians in a taxi at the scene and went into two homes and shot others.

Two investigations continue in the matter: A criminal probe that might result in murder charges against Marines; and another investigation into whether Marines tried to cover up the true nature of the incident, officials said.

When the military investigation is complete, which is expected this month, a senior Marine commander in Iraq will decide whether to press charges of murder or other violations of the Uniform Code of Military Justice.

White House press secretary Tony Snow said yesterday there is no firm date for release of the investigative report.

The new Iraqi ambassador to the United States, Samir al-Sumaidaie, who was received by Mr. Bush at the White House Tuesday, said there appeared to have been other killings of civilians by Marines in Haditha, where some of his family lives.

The ambassador told CNN that Marines fatally shot his cousin during a house-to-house search several months before the November incident.

"I believe he was killed intentionally," said Mr. al-Sumaidaie, adding that three other unarmed youths were fatally shot by Marines in a later incident in the area.

Can The Military Effectively Investigate Itself? (CSM)

By Mark Sappenfield

The Christian Science Monitor, June 1, 2006

WASHINGTON - For the second time since the war in Iraq began, the United States is awaiting a military investigation into sensational allegations of its troops' misconduct.

Two years ago it was Abu Ghraib. American alarm at the pictures of depravity was accompanied by questions about whether the military would be able to honestly investigate itself. Now, as the military looks into allegations that marines murdered as many as two dozen innocent civilians in Haditha last year, its justice system is again under the public microscope.

For Americans weaned on the openness of the O.J. Simpson trial, military justice can seem remote and impenetrable. For their part, experts dismiss the notion that the military system is any more corrupt or ineffective than its civilian counterpart.

But they acknowledge that it faces its own unique challenges - from the culture of silence that can pervade the most tight-knit military units to the lack of any department "district attorney" to follow up on leads. The concerns are longstanding, but with citizens getting a fuller picture of the mechanics of warfare - both on the battlefield and off - there is pressure to ensure that Americans have confidence in their military's means of justice.

"The system is a very good one once it is up and running," says William Banks, director of the Institute for National Security and Counterterrorism at Syracuse University College of Law in New York. "It is getting things launched that is the issue."

In the Haditha case, it has been a primary issue. Though the military is currently conducting two investigations into the incident, both followed independent investigations by an Iraqi journalism student and Time magazine. Conflicting accounts

Initially, the marines insisted that 15 civilians and eight insurgents had been killed by a bomb blast and subsequent firefight. But video footage of the bodies taken by the journalism student showed that the Iraqis had been killed by shots to the head and chest - wounds inconsistent with a bomb blast or crossfire. A Time investigation suggested that the civilians - including women and children - might have been killed as a reprisal for the original bomb attack, which killed a marine.

It was only after these accounts that the military took public action, fostering a perception of a military loath to police itself. But experts draw a different conclusion.

"Once [allegations are] revealed, American citizens should have absolute confidence in the military-justice system to investigate and prosecute," says Walter Huffman, judge advocate general of the Army from 1997 to 2001. "But there is a camaraderie among small military units that conceivably can lead to atrocities being committed by that unit and never revealed."

"Do we know every one of the incidents that ever occurred?" he asks. "Probably not, and we don't know what we don't know."

He says this not to suggest that the Haditha allegations point to rampant lawlessness. To the contrary, he and others believe that instances of murder are rare. But just as American police forces have their so-called "wall of silence," military units can be insular and fiercely loyal.

Moreover, with America engaged in a war that has no fixed battle lines, civilians are at greater risk. "To go and kill civilians is damnably unusual," says William Eckhardt, a prosecutor in the My Lai case, where a soldier was convicted of murdering civilians during the Vietnam War. "But this is in a changing environment.... You can almost expect this to happen periodically."

As of yet, they are rare enough that the only obvious parallel to the current allegations in the history of military law is My Lai itself. There, Mr. Eckhardt says the military-justice system proved its worth - pressing forward against the wishes of Congress, the president, and some elements of the military. In others, however, experts see the pressures of the day impacting the proceedings. Prosecuting soldiers

After the Korean War, an American soldier freed from a Korean prisoner of war camp was prosecuted for being a communist sympathizer. "During the cold war, we didn't want soldiers to look like communists," says Elizabeth Hillman, a military-justice expert at Rutgers School of Law in Camden, N.J. "Today, we don't want our soldiers to look like terrorists."

The danger, she says, is in proceedings that become less about justice and more about the broader culture wars: "It's very hard for a justice system - civilian or military - to work when it is under so much pressure."

Though neither military investigation has been released yet, there are indications that they will take a hard line. Two weeks ago, Rep. John Murtha (D) of Pennsylvania, a critic of the war in Iraq, said one report would claim that marines had killed the civilians "in cold blood." Since then, several media reports have indicated that the probe will include at least one murder charge.

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To some, the whole process has been an example of the system working correctly. Though the media accounts provided a catalyst for the investigations, "these things are helpful," says former judge advocate general Mr. Huffman. "We can't be everywhere."

"The onus is on the military to act quickly" once the allegations surface, he says.

Others, however, see the need for reform. There is no position in the Department of Defense akin to an attorney general - someone whose job it is solely to follow up on credible allegations. Under the current system, investigations are convened by local commanders, who have many other duties - and perhaps conflicts of interest.

Says Eugene Fidell, president of the National Institute for Military Justice: "The bar has been raised for the public's expectation of transparency."

Haditha Recounts A Deadly Day (LAT)

By Megan K. Stack And Raheem Salman

The Los Angeles Times, June 1, 2006

BAGHDAD, Iraq — The killing began shortly after sunrise on a November day in Haditha. As a U.S. patrol rolled through the sleepy riverside city, a homemade bomb exploded beneath the belly of a Humvee, rocking the town.

"The Americans who were in the first vehicle came back to the damaged car. They started to scream and shout," said a graying shopkeeper who would only give his name as Abu Mukarram. He said he watched the scene unfold from his bedroom window. "After some minutes, everything was quiet. During this quiet, no bullets were shot. They were moments of expectation."

Ten minutes passed in silence. Then Abu Mukarram heard the crack of the first bullets.

Planted by insurgents at the edge of the road, the bomb had killed Lance Cpl. Miguel Terrazas, a 20-year-old Marine from El Paso, Texas. According to survivors and witnesses, Terrazas' death drove some of the soldiers into a murderous rage.

Survivors say that furious Marines rampaged through a quiet street, bursting into homes and gunning down Iraqi civilians -- including children, women and an old man in a wheelchair. Their account appears to match details emerging from a military investigation into the deaths of 24 Iraqi civilians on the morning of Nov 19.

In the United States, the killings are joining the Abu Ghraib torture case as an emblem of how American soldiers in Iraq can come unhinged amid mistrust, fear and bloody violence. President Bush said Wednesday he was "troubled" by news reports of the killings.

"I am mindful that there is a thorough investigation going on. If, in fact, the laws were broken, there will be punishment," Bush said in his first public comments on the incident, remarks during a photo session with President Paul Kagame of Rwanda.

In Iraq, by contrast, word of the deaths has spread slowly out of Haditha these last months, blurring into the steady background noise of daily horrors. To a public that's endured more than three years of combat, rampant bombings and executions, news of two dozen more lost lives grabbed few headlines.

Sliced in half by the waters of the Tigris and nestled in fruit groves, Haditha is a quiet farming community of 90,000 people in the midst of barren western desert. Farmers tend date orchards, and raise oranges and apples in the shadow of the palms.

This account of the Nov. 19 killings comes from witness and survivor interviews conducted by Iraqi reporters for the Los Angeles Times in Baghdad and Haditha. The Iraqi reporter who traveled to Haditha cannot be named for security reasons.

After the roadside bombing, the U.S. soldiers arrived first at the door of Abdul Hamid Hassan Ali, an 89-year-old retiree who had been using a wheelchair after his left leg was amputated. They shot him dead, then turned their guns on his three sons and their families, survivors said.

Waleed Abdul Hameed, a 48-year-old worker in Al Anbar religious affairs office, was among the first of the family members to be gunned down. His 9-year-old daughter, Eman, who survived, said she was still wearing her pajamas when the soldiers arrived. Her brother, Abdul Rahman, 7, also survived, and said he hid his face with a blanket when his father was shot.

A few minutes later, the boy saw his mother fall to the ground, dying.

"I saw her while she was crying," he said. "She fell down on the floor bleeding." Speaking days ago in Haditha, months after the attacks, the boy broke down crying, covered his eyes with his hands, and began to mutter to himself. At his side, his older

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sister began to speak again. She described how the two siblings waited for help, the bodies of their dead family members sprawled on the floor.

"We were scared," she said. "I tried to hide under the bed." With shrapnel injuries to her legs, she lay still for two hours. Around her, seven family members died in the shootout: Ali and his wife; their three sons and one daughter-in-law; and their 5-year-old grandson. Only one of the household's adults lived through that morning.

In the first moments of shooting, Hibba Abdullah snatched her 5-month-old niece off the floor. The baby's mother had dropped her in shock after seeing her husband gunned down. Clutching the child, Abdullah scampered out of the house. She and the baby girl, Asia, both survived.

The baby's mother "completely collapsed when they killed her husband in front of her," she said. "I ran away carrying Asia (the baby) outside the house, but when the Americans returned they killed Asma, the mother of the child." Abdullah's 39-year-old husband also slipped out of the house and ran to warn his nearby cousins about the killings. But he crossed paths with the American soldiers on his way back home; he died of gunshot wounds to the shoulder and head, his wife said.

The soldiers stopped next at the home of 45-year-old customs official Younis Salim Nusaif and his wife, Aida Yassin. The mother of six children, 42-year-old Yassin was lying in bed that morning, recovering from a recent operation. While she recuperated, her sister had come to stay with the family and help with the housework.

Everybody was at home when the gunmen arrived. And except for one 12-year-old daughter, the entire family was wiped out. Four girls and one boy, their ages ranging from 4 to 15, were shot dead by the Marines, neighbors and the surviving child said.

Safa Younis Salim, a schoolgirl, said she lay on the ground, covered with her sister's blood, and pretended to be dead while her family died around her. Her sister's blood spurted fast; it was like a water tap, she said.

During a meeting with a reporter, Salim was withdrawn and reluctant to talk about the attack. Only after her relatives coaxed her to speak did she describe how she played dead to stay alive that morning. The American soldiers yelled in the faces of her family members before they shot them, she said. After they were shot, they kicked them and hit the bodies with their guns.

"I feel sorry. I was wishing to be alive," said Salim. "Now I wish I had died with them."

The soldiers moved along the street. Next, they shotdead four brothers, whose ages ranged from 20 to 38 years old, their mother said. At that home, the soldiers herded the women outside, pointed guns at their heads and ordered them to stay still, according to the woman, who did not want her own name published.

The men were grouped inside. Then gunfire rang out.

"After some minutes the soldiers ran out and left the house," she said. The women went inside, and found the men dead.

"They were shot in different parts of their bodies," she said. "Spots of blood covered the place. Blood was coming out."

The last five men to die came upon the scene by chance. Four university students, two of them brothers, and their taxi driver drove too close to the spot where the families had been killed. Witnesses said U.S. soldiers stopped their car, ordered them to get out and shot them dead.

When the killing was over, the Americans continued to guard the street, keeping relatives away, townspeople said. Eventually, the soldiers took the bodies to the hospital, a medical source in Haditha said.

Since that November day, the people of Haditha have been haunted. The survivors described sinking into depression.

Much of the talk in town has centered on the U.S. offer of $2,500 in compensation for each death. Some of the families say they turned down the money. In March, the townspeople said, American investigators arrived. They brought cameras to record the witnesses, and toys for the surviving children.

U.S. Troops Kill 2 Women, And Iraqi Death Toll Grows (NYT)

By John F. Burns

The New York Times, June 1, 2006

BAGHDAD, Iraq, May 31 — The American military command said Wednesday that United States troops had fatally shot two Iraqi women whose vehicle failed to stop after entering a "prohibited area" near the restive city of Samarra, about 65 miles north of Baghdad. The Iraqi police said one of the women may have been pregnant and on her way to a hospital.

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After the police in Samarra reported the deaths of the two women in the morning, the United States command in Baghdad issued a statement to The Associated Press. It said the vehicle carrying the women entered "a clearly marked prohibited area" near an American observation post outside Samarra, a major center for insurgent activity, and failed to stop despite "repeated visual and auditory warnings."

"Shots were fired to disable the vehicle," it said. "Coalition forces later received reports from Iraqi police that two women had died from gunshot wounds." It added, "One of the females may have been pregnant."

The women were among 54 new victims of the war reported by the Iraqi police and the American military command on Wednesday. They came on top of a toll in the previous 48 hours — at least 58 people reported killed across the country on Monday, and more than 40 on Tuesday, for a three-day total of more than 150 — that pointed to the relentless violence across Iraq that has followed the swearing-in of the new government 12 days ago.

American and Iraqi officials had hoped that the accession of Prime Minister Nuri Kamal al-Maliki at the head of the cabinet of Shiites, Sunnis and Kurds, five months after 12.1 million Iraqis went to the polls to elect the first full-term government since the toppling of Saddam Hussein, might be a watershed that would bring a cresting of the violence.

If anything, the opposite appears to have occurred, with the new government facing intensified challenges on a broad front. They have included a new surge in sectarian and insurgent violence in Baghdad, deadly feuds between rival Shiite militias in Basra and elsewhere in the south and a newly aggressive thrust by Sunni insurgents in the western province of Anbar, especially in the provincial capital of Ramadi.

Sunni insurgents in Ramadi have posed such serious challenges in recent weeks that the top American military commander in Iraq, Gen. George W. Casey Jr., has ordered the deployment to Anbar of additional troops from a 3,500-member brigade of the First Armored Division that had been held in reserve in Kuwait. At least some of those troops will reinforce Marine units at Ramadi, military spokesmen say.

Only six months ago, top United States commanders had said they hoped to begin the process of ordering staged troop reductions by mid-2006, with a target of reducing American troop levels to about 100,000 by the end of the year, down more than 30,000 from current levels. Some senior officers now say significant reductions may have to wait until mid-2007, at the earliest.

The violence reported Wednesday also included the discovery of 42 bodies dumped around Baghdad, most of them shot in the head and showing signs of torture. The police said many of the bodies were found blindfolded and handcuffed, in the pattern of hundreds of others who have died in recent months in a wave of strife between Sunni and Shiite groups.

In the latest in a series of killings of people involved with sports, Ali Jaafar, a sports broadcaster for the state-owned television channel, Al Iraqiya, was slain by machine-gun fire as he left his home for work. Last week, three members of the national tennis team were gunned down on a Baghdad street.

The mayor of Miqdadiyah, a mixed Sunni-Shiite city about 70 miles northeast of the capital, was killed when a bomb hidden in an air-conditioner exploded, causing the governor of Diyala Province to declare the city under curfew.

In Mosul, the northern oil center that is Iraq's second-largest city, at least five police officers were killed by a bomb left in a parked car that exploded as their patrol passed by.

There were two new deaths among American troops, one of them a soldier killed by a roadside bomb in Baghdad on Tuesday night, another of a soldier who was said by the American command to have died Wednesday morning of a "non-combat-related cause."

In Baghdad, a former governor of Diwaniya Province in southern Iraq was assassinated by gunmen as he left a restaurant on Tuesday evening, and a Shiite muezzin, the prayer-caller at a neighborhood mosque, was killed as left his home in a southern district of the city on Wednesday.

A member of the local council in Adhamiya, a predominantly Sunni neighborhood in central Baghdad, said in a telephone interview that 18 Sunni men from the area had disappeared Monday after leaving in two vehicles to give blood at the capital's largest medical complex in response to a bomb attack outside a local Sunni mosque that killed 12 people and wounded at least 25.

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The American command reported Wednesday what it described as a major breakthrough in its hunt for insurgent leaders, the arrest Monday in Baghdad of a man it described as a principal organizer of the March 2004 attacks on Shiite pilgrims visiting mosques in Baghdad and Karbala that killed more than 180 people.

The command's statement said the suspect, identified as Sheik Ahmed Hussein Dabash, was "a major financier and facilitator of terrorism in Iraq," and said he had been captured Monday in a raid by American and Iraqi forces in the Amiriya district of western Baghdad. "Coalition forces consider his capture significant as they believe he will provide critical information on other terrorist groups," it said.

At the trial of Saddam Hussein and seven others for their suspected role in the persecution of the townspeople of Dujail, north of Baghdad, after an assassination attempt against Mr. Hussein in 1982, days of angry confrontations with defense lawyers led the chief judge, Raouf Abdel-Rahman, to order four defense witnesses detained Wednesday.

Court officials said the four were being held under a law that provides for "investigative detention" while the judge looked into suspicions that the witnesses had been coached by defense lawyers and had given false testimony intended to exonerate Mr. Hussein and his associates.

Monthlong State Of Emergency Declared In Basra (WT/AP)

By Qassim Abdul-zahra, Associated Press

The Washington Times, June 1, 2006

BASRA, Iraq -- Iraq's prime minister declared a state of emergency yesterday in once peaceful and oil-rich Basra, as the sectarian and militia violence engulfing the country's capital spread to its southern economic heartland.

In his first major policy speech since his government was sworn in May 20, Prime Minister Nouri al-Maliki vowed to restore security in Iraq as attacks across the country took more than 20 lives and wounded dozens.

"We shall use an iron fist against the leaders of the gangs or those who threaten security," he said, apparently referring to the militias as well as rival tribal groups. "And we shall ask all security departments to draw up an effective and quick plan to achieve security."

Meanwhile, with investigations pending into charges that U.S. Marines killed unarmed civilians, then covered up the incident, President Bush yesterday said that if the probe turns up evidence of wrongdoing, those involved will be punished.

"I am troubled by the initial news stories. I am mindful that there is a thorough investigation going on. If, in fact, the laws were broken, there will be punishment," the president said in his first public comments about the accusations.

In an unrelated incident the fatal shooting Tuesday of a pregnant Iraqi, apparently by U.S. troops, as she was rushing to a hospital, threw an additional spotlight on the issue of Iraqi civilian deaths.

Iraqi police and witnesses said the troops gunned down the woman and her cousin in their car. The U.S. military said the car entered a clearly marked prohibited area but failed to stop despite repeated signals; shots were fired to disable the vehicle, the military said.

Nabiha Nisaif Jassim, a 35-year-old who was pregnant, and her cousin Saliha Mohammed Hassan, 57, became the latest victims of what many Iraqis think is the American troops' disregard for life.

Mr. Al-Maliki promised to crack down on sectarian gangs in Basra and declared a monthlong state of emergency, which broadens arrest powers for Iraqi security services and establishes an evening curfew.

It was the only state of emergency in effect across Iraq, officials said. Other cities where violence is rampant, such as Baghdad and Ramadi, only have curfews.

"The state of emergency imposed in Basra for one month is made up of a group of exceptional measures imposed for a specific time by the prime minister for dealing with some events," Interior Ministry Undersecretary Maj. Gen. Ahmed Al-Khafaji said from Basra.

Mr. Al-Maliki, who traveled with his Sunni Arab vice president, Tariq al-Hashimi, addressed about 700 tribal sheiks, religious leaders, officials, army officers and other residents in Basra, Iraq's second-largest city, 340 miles southeast of Baghdad.

Tensions have been worsening in the Shi'ite-dominated area, where Britain has about 8,000 soldiers, and mostly Shi'ite militias have been attacking Sunni Arabs and battling each other.

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Iran's hand also is rumored to be behind Shi'ite militias in Basra, although little evidence of a direct link has been made public.

Iraq's Premier Seeks To Control A City In Chaos (NYT)

By Sabrina Tavernise And Qais Mizher

The New York Times, June 1, 2006

BASRA, Iraq, May 31 — Iraq's new prime minister made an urgent visit to this increasingly lawless city on Wednesday, imposing a state of emergency and ordering leaders to cease their violent struggle for power and allow order to return to this oil-rich region.

Once seemingly immune to the violence that has plagued the rest of the country, Basra Province, the heart of Iraq's Shiite south, has sunk into chaos. Shiite political parties and their militias are fighting to control the provincial government and the region's oil wealth, contributing to some of the worst rates of killing since the invasion, with 174 killings in the past two months — double the amount from the previous two months, according to the Basra police.

Trying to stamp his authority on the region, Prime Minister Nuri Kamal al-Maliki arrived here in an American helicopter with Iraq's Sunni Arab vice president and three other senior Iraqi officials, and he berated local leaders for the chaos. He ordered the Iraqi Army to take over Basra's streets — a demand that apparently came as a surprise to the British Army, which patrols the region, and that could prove difficult, as units would have to be brought from outside the city.

"I declare strongly and frankly that we will strike with an iron fist on all gangs that are manipulating security," Mr. Maliki said, addressing an auditorium crowded with political and tribal leaders and other Basra locals. "Security comes first, second and third."

It is the first serious test of Mr. Maliki's authority since he became prime minister last month and pledged to deal decisively with political militias and criminal gangs whose growing power is now threatening the existence of the Iraqi state.

The surge in violence has posed new difficulties for the British military, which has adopted more strenuous policing measures to contain it. In two operations on Sunday, the British detained a total of 10 people and reported a large find of bomb materials.

"In our view, we need to do more, and that's what we're doing," Brig. James Everard, the commander of forces in Iraq's four southeastern provinces, said in an interview.

In May, nine British soldiers were killed, the second-deadliest month for the British since the invasion, exceeded only in January 2005 when the crash of a British military plane killed 10 soldiers.

Mr. Maliki spoke directly to the increased violence, using blunt language and a firm and measured tone.

"What are these assassinations?" he asked. "What is this killing? What are the gangs that kill and kidnap? What is going on in this city, which sacrificed so much through history?"

To a large degree, the violence has resulted from a power grab by Shiite factions left practically on their own to run the region and impose their own version of democracy while American and Iraqi officials in Baghdad have fought insurgents elsewhere.

"Freedom of speech, freedom of expression: it just hasn't quite worked out the way it was planned," Brigadier Everard said. "They're not prepared to debate. They tend to do things at the end of a gun."

In a city that welcomed the American invasion, threats against Iraqis working for the American Embassy are now so widespread that they have not picked up its trash or pumped its sewers for three weeks.

One large prize is control of Basra's oil exports. The city is near the country's only seaport, and nearly all of Iraq's current exports flow through it. Political parties accuse one another of skimming from the flow and trying to control it.

"As long as we have parties, it's impossible to ensure security," said one of Basra's senior security officials. "If you print this," the official added nervously, explaining why he wanted his name withheld, "I'll be killed."

One of the ways the parties have wielded influence is through control of portions of this city's 15,000-man police force, which is about double it's the authorized size. Rival parties and gangs fight one another through their own police units. The police chief, Maj. Gen. Hassan Swadi al-Saad, has said he trusts only a small fraction of his forces.

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Mr. Maliki used the trip, his first as prime minister, as a warning to local leaders who have used the months that Baghdad was busy assembling a government to build their own fiefs and profit from their positions. He specifically referred to the impotence of the police force, and directly rebuked political leaders for manipulating it.

"What worries us and hurts the heart of Iraq is that these apparatuses are practically helpless," he said. "It is impermissible to have a scared or disturbed military or police officer because of political interferences."

A plain model of Toyota, known by the people of Basra as Batta, Arabic for duck, has been used in so many assassinations that it has become synonymous with killing.

"Why can't we control this Batta?" said Wathib al-Amood, a member of the provincial council. "We are walking in the dark on a spiked floor."

At the heart of the struggle in Basra are political parties and a web of allegiances that is baffling to outsiders. The governor, Muhammad al-Waeli, belongs to the Fadhila Party, a religious Shiite party, which controls the most seats in the provincial council. A bloc led by the Supreme Council for the Islamic Revolution in Iraq, or Sciri, detests Mr. Waeli and wants to remove him, but has failed to garner the two-thirds majority needed to do so.

The struggle has raised questions about the balance of power between Baghdad and the provinces. A law drawn up under the former American administrator, L. Paul Bremer III, and that is still in effect gives the provinces full control over their police forces and their local governments, virtually cutting Baghdad out of the process — a fact that Mr. Waeli's supporters are quick to point out.

Aqil Taleb, a council member from the Fadhila Party, said that because of the law, removing Mr. Waeli would be difficult. "They can't get the votes they need," he said, adding, "Even Maliki can't change the governor without them."

The meeting with Mr. Maliki on Wednesday was attended by about 400 Basra citizens, including the governor, who arrived late, and the police chief, whom he has tried to fire.

The officials from Baghdad included Vice President Tariq al-Hashemi, a Sunni Arab; Khalid al-Atiya, the deputy speaker of Parliament; Bahaa al-Aaraji, a Parliament member close to the anti-American cleric Moktada al-Sadr, whose influence and militia in Basra are strong; and Safa al-Safi, the minister of state for Parliament affairs.

Mr. Maliki's political acumen was tested immediately. An hour after the meeting began, the discussion descended into a shouting match, with tribal sheiks hurling insults at the chairman of the provincial council, Muhammed Sadoon al-Abadi.

Mr. Abadi, of Fadhila, said local leaders had done the best they could with few resources and blamed the news media for painting too ghoulish a security picture. "Don't put all the blame or all the mistakes or all the collapse on the local government here," he said.

Shortly after that, tribal sheiks began to shout from a few rows back.

"Liar!" one yelled. "None of this is true. You are a liar."

When organizers proposed that participants break for lunch, there was more shouting. "We don't want to eat, we want to talk!" someone said. "All the tribes are here and if we don't have a solution we will make a revolution."

Then, Mr. Maliki, dressed in a dark suit and tie, silenced them.

"My brothers, peace," he said, and led them in a quick prayer.

"The loudest voice is not usually the winner," he added.

While Mr. Maliki focused on security, Mr. Hashemi, the Sunni Arab vice president, took leaders to task on the oil industry and sectarian cleansing.

"I hoped to receive news from Basra that the Southern Oil Company exceeded its planned output," he said in a speech to the gathering. "I hoped that Basra ports would have attracted ships from the gulf."

"But unfortunately we have come to deal with a serious problem that has exhausted the poor people of Basra."

Iraq's Prime Minister Orders Army To Take Control Of Basra (KRT)

By Nancy A. Youssef

Knight Ridder, May 31, 2006

DOJ_NMG_0030695

BAGHDAD, Iraq - Prime Minister Nouri al-Maliki on Wednesday ordered thousands of Iraqi troops to Basra, Iraq's second-largest city, to disarm the Shiite Muslim militias that have taken control there, a move that underscores how little of the country the central government in Baghdad has secured.

Al-Maliki said Iraq's 10th Army Division would set up checkpoints and round up illegal weapons from the assortment of militias, gangs and tribes that had seized control in Basra. He said the state of emergency would last a month.

His declaration, issued in a nationally televised speech from Basra, came the same week that U.S. officials announced that they'd send another 1,500 troops from Kuwait to Anbar province in western Iraq in a renewed effort to wrest much of the province from the control of Sunni Muslim insurgents.

"This month is the month of security in Basra," al-Maliki said in his address, flanked by a high-ranking government delegation. "We will beat with an iron fist on the heads of gangs who are manipulating security."

Iraq's violence has intensified in recent weeks, despite the country's swelling security forces. A new Pentagon report released this week said 263,400 security force members had been trained so far.

But that's done little to cut violence or hasten the withdrawal of U.S. troops, whose number will grow to more than 135,000 with the arrival of the reinforcements from Kuwait. The report noted that the average number of weekly enemy attacks rose 13 percent from February to April, compared with the previous few months.

The Pentagon report, titled "Measuring Stability and Security in Iraq," called Iraq's enemy elements resilient and complex and suggested little likelihood that they'll be quelled soon. The report noted that the enemy includes the Sunni insurgency and Shiite militias.

"To categorize the violence in Iraq as a single insurgency or a unified `opposition' is both inaccurate and misleading," the report said. "It is unlikely that the Coaltion and Iraq Security Forces will make progress against each of these violent factions at the same pace."

Al-Maliki's announcement was official recognition that violence in the Shiite south is far worse than previously acknowledged. At least 200 people have died in shootouts, kidnappings and executions in Basra in the last month, and British and local Iraqi officials told Knight Ridder recently that militias had largely taken control of police forces and other government institutions.

On Tuesday, the chairman of Basra's provincial council, Nussaif Jassim al-Abaidi, said the mostly Shiite police forces themselves were undisciplined and corrupt.

Many officers "are more loyal to their parties than their jobs," al-Abaidi said.

Whether sending in the army will help is unclear. The same Shiite militias that are competing for influence in Basra have infiltrated the security forces.

Basra's most active militias, the Mahdi Army, loyal to fiery cleric Muqtada al-Sadr, and the Badr Organization, the armed wing of the Supreme Council for Islamic Revolution in Iraq, are closely allied with key members of the political coalition that put al-maliki in office.

Al-Maliki didn't mention what steps would be taken to reduce Iranian assistance to the militias. While it's not clear how involved Iran's government is in aiding the groups, British and Iraqi officials in the south told Knight Ridder that money and weapons were reaching the militias from Iran and some militia members were training in Iran.

British officials said they thought that the Iranian assistance was an attempt to drive coalition forces from the area and pave the way for Iran-friendly clerical rule in southern Iraq.

Iran has close ties to many in al-Maliki's Shiite-dominated government. Al-Maliki lived in Iran for several years after he went into exile in 1980 during the rule of Saddam Hussein. He also lived in Syria and Lebanon.

While some Sunni politicians expressed skepticism that al-Maliki is politically able to challenge the militias, initial Sunni response was muted.

Tareq al-Hashemi, a Sunni and one of Iraq's two vice presidents, said al-Maliki's initiative didn't go far enough, and that more action was needed.

"There is a host of reforms that should go side by side," al-Hashemi said. "If we all - the governor, the governorate's council, political forces, tribes and religious figures - cooperate together, we will find, within a month's time, that things are much better."

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During Saddam's reign, Basra was one of Iraq's most dynamic cities, known for its nightlife and bustling economy. After the U.S.-led invasion, when much of the country fell to violence, Basra was considered relatively stable, and U.S. officials often suggested that it would be one of the first areas to return to Iraqi control.

But militias were seeping into the populace, driving out minority Sunnis and calling for a more conservative province. The change became most notable when attacks on British forces spiked. In the last month, nine British service members have been killed, including five in a helicopter crash. British officials told Knight Ridder they suspect that an Iranian-supplied missile shot down the chopper.

Al-Maliki announced his plan as leaders were still debating who will lead the Defense and Interior ministries, which oversee the army and police, respectively.

He said a special committee would be appointed to oversee the Basra operation.

Time Is Short For Iraq To Stabilize, U.S. Envoy Warns (USAT)

By Barbara Slavin

USA Today, June 1, 2006

Iraq's new government has three to six months to bring more stability to the country, or it could collapse, the U.S. ambassador to Iraq said Wednesday.

"Unless there is increased security … a lessening of and containing of sectarian violence, this government will face huge challenges that might pose a problem for the viability and success of the political process," Zalmay Khalilzad said from Baghdad.

Khalilzad said the new, U.S.-backed government led by Prime Minister Nouri al-Maliki understands the challenge presented by increased fighting among Iraq's factions and militias.

The ambassador spoke in a telephone interview shortly after al-Maliki declared a state of emergency in the southern city of Basra, where Shiite militias and tribal gangs have been battling in the streets.

"The next three to six months will be critical in terms of this government's image and impact on the Iraqi people," he said.

Under a compromise reached last year to try to win Sunni Arab support for Iraq's new constitution, the government now has four months to consider changes to the constitution and two more months to hold a referendum on any amendments.

Khalilzad said that Iraq's long-term "strategic problem" is getting Sunnis to participate and remain in the government, and that its more immediate "tactical problems" involve controlling Shiite militias.

On other issues, the U.S. ambassador said:

•Al-Maliki will name Interior and Defense ministers in "the next three to four days." The government took office May 20, but disagreement over who to place in charge of the security ministries delayed those appointments. Sunnis, including the Muslim Scholars Association, had accused the previous Interior minister, Bayan Jabr, of allowing Shiite death squads to operate under cover of police and other forces.

•The United States remains ready to talk to Iranian diplomats about Iraq, but "the Iranians have been sending conflicting messages on that. In the morning, they say 'no.' In the afternoon, they say 'maybe.' "

Khalilzad said that the Iranians were providing money and training to militias and extremist groups in Iraq but that an investigation was not complete into whether Iran provided missiles used to shoot down a British helicopter in Basra on May 6.

•U.S. officials "have not seen any political or military" fallout from allegations that U.S. Marines intentionally killed civilians in the western Iraqi town of Haditha last November. An investigation into the allegations is not complete.

The military initially attributed 15 civilian deaths to a car bomb and firefight with insurgents in the town.

Tearing Iraq Apart (NYT)

By Thomas X. Hammes

The New York Times, June 1, 2006

Oxford, England

THE White House is right to insist that our postwar goal is a unified Iraq, as opposed to one divided along ethno-religious lines. So why is the administration taking so many actions that make holding the country together virtually impossible?

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In January, President Bush diverted nearly half the money allocated to reconstruction in Iraq to other needs, including security. Given that our current strategy is nicknamed "Clear-Hold-Build," where does that leave us? Clear-Hold-Hope? Mr. Bush's decision sent a terrible signal to the Iraqis about our resolve. It is even less understandable since the expense of the critical reconstruction program is a small fraction of our annual cost in Iraq.

Next, the administration deeply cut financing for democratization efforts, many of them undertaken by nongovernmental groups. The proposed budget for fiscal 2007 asks for a paltry $63 million. This token sum — in a war that costs some $200 million a day — may simply reflect a belief that the security situation prevents such efforts from being effective. But democratization has always been one of the administration's cherished goals, and cutting spending there sends the wrong message.

The latest administration budget also recommends cutting overall Army and Marine troop strength. If Mr. Bush and his advisers are really committed to sustained support for the "long war" in Iraq, how do they reconcile that with cutting the budgets for the most engaged forces?

President Bush and his aides have also repeatedly hinted at significant troop reductions in Iraq this year — perhaps to as low as 100,000 from the current 130,000. This is despite the growing violence in Baghdad and the fact that our military leaders in Iraq have consistently said that we can withdraw troops safely only if conditions improve. The administration may simply be talking fewer troops to reassure the electorate before midterms. Unfortunately, American voters are not the only audience. What do the Iraqis think?

The administration has long stated that the so-called Provincial Reconstruction Teams — groups of 100 or so political, economic, legal and civil-military relations specialists who help distribute aid and advise regional Iraqi officials, which have had success in Afghanistan — are critical to our strategy in Iraq. Yet The Washington Post reported in mid-April that only 4 of the proposed 16 teams had even been inaugurated.

In addition, the Army staffs and units in Iraq, even those training Iraqi security forces, continue to be undermanned. Meanwhile, former colleagues outside the war zone — in the Joint Forces Command, the European Command and the Pacific Command — tell me their commands remain at full strength. It seems the Pentagon does not consider the Iraq war important enough to shift from its peacetime manning models.

Last, the administration has repeatedly said efficient and law-abiding Iraqi security forces are central to our strategy, yet has failed to provide them with more than minimal equipment. Three years after the fall of Saddam Hussein, most Iraq troops are still using open-backed trucks and unarmored S.U.V.'s.

Let's face it: this laundry list of inaction on the part of the Bush administration leaves a prudent Iraqi with no practical choice but to prepare for a United States withdrawal long before the Iraqi central government and security forces are capable of running the nation. For most Iraqis — Arab or Kurd, Sunni or Shiite — this will mean looking to religious and ethnic militias, criminal gangs and Islamist insurgents for protection. This, in turn, greatly increases the chance of civil war.

The militias are already looking ahead: some are carving out safe areas they will use as bases in the coming war by driving Iraqis of other ethnic and religious groups out of mixed neighborhoods and villages. Iraqi government officials estimated that more than 100,000 families have already fled their homes. This falling back on militias and preparing for internecine conflict is not a new phenomenon. It is exactly what we saw in Afghanistan nearly two decades ago. Once the Afghans believed the Soviet troops were finally pulling out, the various insurgent groups stopped fighting the invaders and began positioning for a multisided civil war. That conflict, of course, lasted until the United States invaded Afghanistan in 2001.

The Bush administration, despite all its missteps since the fall of the Baathists, has clung to one correct idea: that an intact Iraq is a better outcome than a splintered one. To keep it unified, however, the White House must commit to long timelines and to providing the money necessary for both the military and reconstruction efforts. The alternative is for Mr. Bush to change his mind and tell the American and Iraqi people that we must start planning for a peaceful division.

In any case, the uncertainty resulting from trying to have it both ways will result in the worst possible outcome: open civil war.

Thomas X. Hammes, a retired Marine colonel, is the author of "The Sling and the Stone: On Warfare in the 21st Century."

DOJ_NMG_0030698

Iraqi Students Are Tested By Battle Outside (WP)

By Ellen Knickmeyer And Saad Al-izzi

The Washington Post, June 1, 2006

BAGHDAD, May 31 -- For many of the 12-year-olds bent over their final exams in classrooms where the stifling heat already edged toward 100 degrees by 9 a.m., Wednesday's tests would signal the end of their families' days in Iraq.

With the school year reaching its close, and life in Baghdad unbearable for many, some of the mothers at al-Mahaj school in north Baghdad's Adhamiyah neighborhood began collecting the school records that their sons and daughters would need in new homes in other countries. They would soon join a three-year exodus of the middle class from Iraq, where outbound flights are booked near-solid through June, travel agents say.

School guards with AK-47 assault rifles stood watch around al-Mahaj. Fathers chatted outside, their own pistols discreetly hidden under shirts or tucked away close by in their cars: Kidnapping is rampant in wartime Baghdad.

Sometime after 9 a.m., bullets started flying. The 12-year-olds, well into their math tests, "were terrified," screaming and sobbing, said Um Bakir, a mother who recounted the battle. The parent of a sixth-grader, she would identify herself over the telephone only by her family name, which means mother of Bakir. She refused to identify her son, citing fears for the family's safety.

The shooting sprawled over three neighborhoods -- one Sunni Arab, one mostly Sunni, one Shiite -- where busy streets form the otherwise unremarkable dividing lines. Insurgents, Shiite militias, Iraq's overwhelmingly Shiite police, the slightly more trusted army forces -- all were said to be in the fight. Residents could not be sure, or tell how it started. In the fights that roil many of Baghdad's neighborhoods, with automatic-weapons fire heavy and explosions sounding, no one without a gun sticks his neck out to investigate.

Motorists on one main street turned around and sped back out, flashing their headlights to signal oncoming drivers to do likewise. Iraqi forces blocked another street as a vehicle carrying Iraqi soldiers rushed through.

In the official account, provided by Col. Sami Hassan at the Interior Ministry's operations center, insurgents had attacked an army checkpoint. The insurgents then withdrew, seeking cover "inside residential structures," Hassan said. Soldiers chased them through the area, past shops and schools.

Hassan said three policemen and eight insurgents were killed in the fighting.

Rumors flew among residents. Noor Taha, a newlywed awakened on her first morning in her husband's home by explosions and gunfire in her new neighborhood, said she was told that the clashes began after militiamen loyal to radical Shiite cleric Moqtada al-Sadr held a funeral for three of their fighters.

Ahmed al-Omari, a worker at an Education Ministry office, heard heavy shooting near a Sunni mosque at an intersection bordering the three neighborhoods. He had been told that police were firing on insurgents inside the mosque. He stood in the courtyard of the education office trying to discreetly scope out the firing.

As he spoke on his cellphone to a friend, Omari suddenly interrupted himself. "A bullet just hit near my foot," he said, gunfire rattling clearly in the background.

"Get inside," his friend said.

"That's what I'm trying to do," Omari said, and ran.

Back at the school, the barrage caught some of the parents outside, away from their children.

"Bullets were falling on us like rain," Um Bakir said. Events went by in a blur, with parents and teachers rushing toward screaming children.

Iraqi soldiers and police burst in. "Get away from the windows!" they screamed at the children. "Get down!"

The soldiers and police made the children curl up on their sides on the floor, as if asleep, Um Bakir said. Some of the 12-year-olds already had fainted, she said.

As gunfire continued, the police and soldiers started rushing the children out of the school in groups.

Um Bakir hurried home with her boy and three other children, hustling them inside for safety.

Once home, she washed their faces, cleaning away the dirty tear marks. She made them something to eat. She called the other children's parents. "Your kids are okay," she told each. "But don't come yet. It's not safe."

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To the south, Omari left work at noon, stepping over spent bullet cartridges as he walked to a main street for a taxi.

A bullet-riddled car sped by.

There were no bodies in sight. Shops were starting to reopen. For this part of Baghdad, street battles were nothing new.

Parents collected their children from Um Bakir's house. She sat through the heat of the afternoon, as generators that serve in lieu of city electricity in wartime Baghdad kicked on and off.

She said that for her, there would be no flight to safety overseas at the end of the school year. Her husband no longer had a job; they had no money to start a new life.

There was the summer to get through, and then the next school year. But first, there were the next three days.

"My son has at least three more exams," Um Bakir said.

"We are going to go tomorrow, and see how things turn out," she said. "We are terrified."

U.S., In Reversal, Says Troops Fired At Crowd In Kabul (WP)

By Pamela Constable

The Washington Post, June 1, 2006

KABUL, Afghanistan, May 31 -- U.S. military officials acknowledged Wednesday that American troops had fired at an angry mob that surrounded the scene of a traffic accident in the Afghan capital Monday morning. Officials previously had said the troops fired only into the air.

In the fatal accident, the driver of a U.S. military cargo truck lost control and struck 12 vehicles in rush-hour traffic, killing one person and injuring six, the military said. The incident sparked violent, day-long riots that ended with 20 dead, 160 injured and dozens of buildings badly damaged.

The incident has exposed deep public resentment against the presence of foreign troops here and shaken investor confidence in the fledgling postwar economy at a time when Afghanistan faces a mounting threat from armed Taliban fighters and other insurgents in the countryside.

"Initial indications from our investigation are that coalition soldiers did in fact use their weapons in self-defense," Col. Thomas Collins, a U.S. military spokesman, said at a news conference here. He said it appeared that gunfire had come from the crowd and that the troops had "used their weapons to defend themselves."

Collins said he had no further details but that an investigation was underway.

Several people taken to hospitals in Kabul on Monday were suffering from gunshot wounds, but it was not clear who had shot them. During the day, rioters clashed repeatedly with Afghan police and burned down their checkpoints. Some rioters were armed with AK-47 assault rifles, witnesses said.

Collins repeatedly expressed regret for the accident and the deaths. But he also said the truck driver had done everything possible to avoid hitting pedestrians and occupied vehicles after his brakes failed on a steep hill leading down to a busy intersection.

After the accident, he said, U.S. troops in the convoy began to aid injured civilians but were quickly surrounded by an angry crowd of 300 to 500 men who started to throw stones at them. He said that city police soon arrived and formed a barricade around the halted convoy, but that the crowd became increasingly hostile. The U.S. troops decided to leave, firing some shots in the process, he said.

Collins said no U.S. soldier had been injured, but he added, "That doesn't mean they were not in serious, immediate danger of injury or death." He said victims of the accident and their families would be compensated.

News videos of the scene showed a large group of men shouting and throwing stones, then ducking and running as Humvees and other military vehicles sped past, amid sounds of gunfire.

As word of the accident and possible civilian shootings spread through the city, enraged mobs swarmed into downtown Kabul, attacking banks, hotels and foreign aid offices and burning dozens of cars. Many shouted anti-American slogans. It was the worst violence in the Afghan capital since the overthrow of the Taliban in 2001.

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A curfew was announced Monday night and calm had returned to the city Tuesday, but Afghan army troops have been heavily patrolling the area since. Many Afghans have condemned the street violence, but they have also blamed U.S. troops for causing the accident and expressed broader anger at their aggressive driving and treatment of civilians.

Collins said that he was aware of such criticisms and that coalition officials "take that feedback very, very seriously." He said the U.S.-led forces were here "at the request of the Afghan people and we must always act responsibly." Afghans "have a right to know" exactly what happened Monday, he said, "and we want to know, too."

Americans Fired Into Crowd, Afghan Says (NYT)

By Carlotta Gall And Abdul Waheed Wafa

The New York Times, June 1, 2006

KABUL, Afghanistan, May 31 — American soldiers involved in a vehicle crash here on Monday that set off rioting then fired into the crowd of protesters and killed four people, according to the chief of the highway police in Kabul, Gen. Amanullah Gozar, who saw the accident.

Three people died in the crash caused by a runaway United States Army truck, and four people died of gunfire from the last vehicle in the convoy as the American forces extricated themselves from an increasingly hostile crowd, General Gozar said in an interview on Wednesday.

He dismissed rumors that had spread through the city that the American soldiers deliberately rammed vehicles, even including his own car. "I can say clearly it was an accident," he said.

The United States military initially said in a statement that the truck had a mechanical failure and called the incident "a tragic accident." It said there were "indications" that "warning shots over the crowd" had been fired from at least one military vehicle. General Gozar's account is the first declaration from a senior Afghan official that American soldiers directed lethal fire on the crowd.

An American military spokesman, Col. Tom Collins, said he had not heard that the last vehicle had fired into the crowd or that four people had been killed by Americans. "Our soldiers believed fire was coming from the crowd, and they fired their weapons in self-defense," he said.

He said soldiers in one vehicle had fired their weapons over the heads of the crowd, adding that a thorough investigation was under way and that all the soldiers would make statements to the investigators. "We are examining all information; it will all be part of the investigation," he said.

The deaths of civilians, in the initial car crash and in the protests that followed, prompted the worst anti-American riots in Kabul since the fall of the Taliban four years ago. Protesters fought the police and ransacked the offices of foreign organizations across the city. Twelve people were killed, including one policeman, and 138 were wounded as the police and Afghan Army soldiers struggled to contain the violence, police officials said.

General Gozar, who is a powerful commander of the Northern Alliance, which fought the Taliban, dismissed suggestions that politics, or factions opposed to President Hamid Karzai, had driven the protests, and blamed the violence on criminal elements who took advantage of the situation. He also criticized the Kabul police for not being prepared to contain the violence and said the president had asked him at midafternoon on Monday to move to the center of the city with his highway police officers to help put down the riots.

Colonel Collins said the soldiers stayed at the crash scene for 45 minutes until a relief vehicle arrived to tow the broken truck away, and reported that one civilian man had been killed in the car crash and six had been injured, two of them seriously. The soldiers provided first aid to the injured until ambulances arrived to take them away, he said.

General Gozar, whose house overlooks the main road into Kabul from the north, said he heard a truck horn on Monday morning and looked out his window to see the driver of a heavy military truck waving frantically to people to get out of the way. The truck hit a station wagon, then two military vehicles in the convoy, and then was swallowed by a dust cloud at the foot of the hill, he said.

When he arrived at the crash scene a few minutes later, the American soldiers had stopped their convoy and were treating the civilians injured in the other cars, while others stood guard, he said. A crowd of shopkeepers and pushcart operators gathered

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and began pelting the soldiers with stones. The police could not contain the crowd, and finally the American soldiers escaped, he said.

"The first American vehicles were firing in the air, but the last one fired at the people," he said. As the American soldiers escaped, leaving four people dead, the crowd turned on the Afghan police, burning one of their cars and stabbing a policeman, he said. The riot quickly spread. "People were really angry," he said.

General Gozar briefed President Karzai on the episode, and said he told the president that while it was clearly an accident, the behavior of the Americans had contributed to the people's anger. Arrogant driving — driving fast or not allowing cars to overtake their convoy — irritated people, he said. People were also angered when the soldiers prevented them from approaching the crashed cars to help the injured, he said.

In more violence in southern Afghanistan, Taliban insurgents overran and burned down the administration and police offices of a district in Oruzgan Province on Tuesday night, in one of the most blatant challenges to the government and foreign forces stationed in the province.

About 40 police and administration officials fled the district center to another location under siege by Taliban militants, said Ruzi Khan, the former police chief of the province. A Taliban spokesman, Qari Muhammad Yousuf, confirmed that the attack had occurred.

In a separate insurgent attack, the deputy police chief of neighboring Zabul Province was killed Wednesday in an ambush.

U.S. Troops May Have Fired At Kabul Crowd (LAT)

By Paul Watson

The Los Angeles Times, June 1, 2006

KABUL, Afghanistan — The U.S. military is investigating the possibility that soldiers fired into a crowd of Afghans at the scene of a fatal traffic accident that sparked a day of rioting here this week.

"There are indications, as part of our initial investigation, that coalition soldiers did in fact use their weapons in self-defense," Col. Tom Collins, a spokesman for U.S. forces here, said Wednesday at a news conference.

In a statement released Monday, Collins had said there were "indications that at least one coalition military vehicle fired warning shots over the crowd." On Wednesday, he said that the initial assessment had been based on news footage, and added that the investigation was continuing.

The U.S. military reported that one person was killed in the road accident, whereas President Hamid Karzai's office said five people died. Afghan health authorities have informed the U.S. military that about 20 people died and more than 160 were injured in the accident and the unrest that followed, Collins said.

No U.S. soldiers were injured.

"Just because coalition soldiers weren't hurt or injured doesn't mean that there wasn't an imminent danger of serious bodily injury or death to them," Collins said. "Our people are very well trained. They know how to react to situations."

About half an hour after a heavy U.S. military cargo truck rammed into Afghan vehicles at an intersection Monday morning, a crowd of 300 to 500 angry people began throwing rocks and firing small arms at U.S. soldiers and Afghan police officers, Collins said.

Witnesses say the crowd was trying to prevent the troops from leaving the scene to ensure that victims were compensated and that police had time to investigate the accident and arrest anyone responsible. They also say some military vehicles drove over people and crashed into shops in their hurry to leave.

Emphasizing that the investigation was in its early stages, Collins said U.S. troops had stayed at the scene to help the injured and recover the damaged truck, whose brakes had apparently failed.

"From our post-event analysis, it is strongly believed that there were agitators in the crowd who wanted to use these events for their own criminal purposes, totally counter-productive to the police and government's efforts to provide aid and assistance to the accident victims," Collins said.

A special session Tuesday of Afghanistan's parliament called on the government to prosecute U.S. soldiers responsible for the accident. The truck's driver is at the Bagram air base but is not under arrest, Collins said.

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"We have no indications at this time that he acted inappropriately," he said.

A preliminary investigation has determined that the accident, which caused the worst unrest since the Taliban regime's fall in 2001, occurred when a 12-vehicle U.S. military convoy heading from the Bagram base entered Kabul at 8:12 a.m. Monday.

Two minutes later, the driver of a large cargo truck carrying bridging equipment, weighing more than 60,000 pounds, lost control of the vehicle as it came down a long hill, Collins said.

The truck was inspected before it left Bagram, but its brakes apparently overheated and failed as the driver tapped them to slow the vehicle, preliminary results of the investigation showed.

"The driver, very experienced in the operation of this type of vehicle, applied the primary emergency brake," Collins said. "He took evasive action to avoid hitting pedestrians, to avoid hitting several unoccupied vehicles that were parked along the side of the road, in an effort to slow, or stop, the vehicle's movement."

But he couldn't avoid hitting as many as a dozen vehicles with people in them as the truck passed through an intersection, Collins said. "Coalition soldiers in the convoy immediately stopped to provide medical assistance to those who were injured."

About six minutes after the accident, Kabul city police officers arrived to form a barrier to control the growing crowd, Collins said. A second U.S. convoy arrived shortly after and provided additional security while removing the damaged truck.

In southern Afghanistan, Taliban fighters Wednesday killed at least 12 Afghan policemen in two separate attacks and kidnapped several, Afghan officials said.

Afghanistan, Unraveling (NYT)

The New York Times, June 1, 2006

Something has gone alarmingly wrong in Afghanistan, previously touted as the Bush administration's one quasi-successful venture in nation-building. Afghanistan's rising carnage still has not reached Iraq-like levels. But the trend is running in decidedly the wrong direction. Poorly thought-out American policies are at least partly to blame.

Unless Washington starts correcting its mistakes, parts of Afghanistan could start tumbling back toward the kind of anarchic chaos that once made such areas an attractive sanctuary for international terrorists like Osama bin Laden.

The warning signs go well beyond this week's deadly outbreak of anti-American rioting in Kabul — the worst violence there since the Taliban were evicted from Afghanistan's capital in 2001. And Kabul is widely acknowledged to be the most secure place in Afghanistan.

The past few months have also seen a stronger than expected Taliban military revival (with open help from supporters in Pakistan), a lengthening list of Afghan civilians accidentally killed in American military operations, a badly flawed United States-backed opium eradication program, and rising public disenchantment with Washington and its leading Afghan ally, President Hamid Karzai.

Afghans have long been renowned for their hostility toward foreign troops on their territory, as the 20th-century Russians and the 19th-century British learned the hard way. Until now they have made a conspicuous exception for the 21st-century Americans, who helped them shake off Taliban misrule and then promised their poor and war-shattered country an international rebuilding effort on the model of the post-World War II Marshall Plan.

More than four years later, Afghanistan's patience is running out. America's military presence is seen as narrowly focused on Washington's own agenda of hunting down Al Qaeda fighters and indifferent to Afghan civilian casualties and Afghanistan's own security needs.

Armed militia commanders still rule many areas. Some provincial cities and villages are back under the control of the same corrupt officials the Taliban won cheers for chasing out a decade ago. Farmers have fallen victim to a poppy eradication program unaccompanied by realistic plans for alternative economic development.

The answer is not for Washington to scale back legitimate American objectives. Pressing the fight against Al Qaeda is essential to America's own national security. Combating Afghan's growing narcotics trade is a vital precondition for any healthy economic development there.

What Washington needs to do is fight a lot smarter. It should begin talks at once with Afghanistan's government to arrive at a mutually satisfactory agreement on basic ground rules governing American military personnel in their interactions with Afghan

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civilians. It should reinforce its anti-narcotics drive with development programs that allow farmers to find adequate replacement livelihoods in more constructive lines of work.

Most Afghans do not want to go back to the horrors of the recent past. Washington needs to re-enlist their support by demonstrating that it cares not just about Afghanistan's strategic geography, but also about a decent future for its people.

CORPORATE SCANDALS:

One Guilty And One Acquitted In Enron Broadband Trial (NYT)

By Kate Murphy

The New York Times, June 1, 2006

HOUSTON, May 31 — In the sixth day of deliberation, a federal jury convicted one of two former executives of Enron's Broadband unit yesterday in connection with a $111 million accounting fraud.

The executive, Kevin A. Howard, 43, the former chief financial officer, was found guilty of five counts of fraud, conspiracy and falsifying records.

A second executive, Michael W. Krautz, 37, a former accountant at Enron Broadband Services, was acquitted of the same charges.

The verdict brought to an end a trial that had been going on next door to that of the two former Enron chief executives, Kenneth L. Lay and Jeffrey K. Skilling, who were found guilty last week of fraud and conspiracy.

Prosecutors accused Mr. Howard and Mr. Krautz of setting up sham deals to manufacture millions in earnings from a failed video-on-demand deal. The broadband unit dissolved when Enron declared bankruptcy in 2001.

"We're very surprised at the result," said Jack B. Zimmerman, one of Mr. Howard's lawyers. Although he has not talked with jurors, Mr. Zimmerman said, "It may be that they made a distinction between the relative positions these men held at the company."

A spokesman for the Department of Justice, Bryan Sierra, said, "Juries obviously sometimes make the decision to acquit but we're obviously very pleased that they agreed with us on the guilt of Mr. Howard."

Mr. Howard's sentencing is scheduled for Sept 11. He faces up to 30 years in prison, prosecutors said.

The trial was the second for the two executives. A three-month trial of the two men and other former Enron Broadband executives ended in July with no convictions and 24 acquittals on 202 charges.

The government reindicted all five defendants but on fewer counts, and Judge Vanessa Gilmore of Federal District Court separated them into three different trials.

Mr. Howard held a more senior position at the broadband unit, and prosecutors argued that he organized the team that put together a questionable finance vehicle in which an outside investor was given a no-risk guarantee.

The prosecution contended that executives set up a bogus sale of an interest in a failing joint venture with Blockbuster to provide video-on-demand. That deal, known as Braveheart, resulted in $111 million in revenue being generated in 2001, allowing the division to meet its projected earnings.

The defense's argument was similar to those used by lawyers for Mr. Skilling and Mr. Lay: that no crimes were committed and all deals were vetted by outside lawyers and accountants. Another similarity in the trials was the argument by defense lawyers that prosecution witnesses were lying to get favorable plea agreements.

Mr. Zimmerman said, "We are absolutely reviewing our options for an appeal."

After the convictions of Mr. Lay and Mr. Skilling last week, lawyers for the two men in the broadband trial asked Judge Gilmore to halt proceedings to ask jurors if they were influenced by the verdicts. She refused since she had already instructed jurors to ignore media reports.

The other three Enron Broadband executives facing trials are Joseph Hirko, 49, the former chief executive; Rex Shelby, 54, former senior vice president for engineering and operations; and Scott Yeager, 54, former senior vice president for business development.

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Mr. Yeager's trial has been postponed while he appeals the government's effort to retry him. The others are scheduled to be tried in September.

Jury Splits In Enron Case Retrial (WP)

By Kristen Hays

The Washington Post, June 1, 2006

HOUSTON, May 31 -- Jurors on Wednesday rendered a split verdict in the retrial of two former executives from Enron Corp.'s defunct broadband unit, convicting one while acquitting the other of all charges.

Former broadband unit finance chief Kevin Howard was found guilty on five counts of fraud, conspiracy and falsifying records. Former in-house accountant Michael Krautz was acquitted of the same charges, concluding a month-long retrial after their original case ended with a hung jury last year.

The verdict came six days after another local jury convicted Enron founder Kenneth L. Lay and former Enron chief executive Jeffrey K. Skilling of fraud, conspiracy and other charges.

Lay and Skilling were convicted of conspiring in a fraud by repeatedly lying to investors and employees about Enron's financial condition. The company entered bankruptcy protection in December 2001.

Howard and Krautz were accused of participating in a small piece of that fraud in a scheme to manufacture earnings for Enron's struggling broadband unit in late 2000. The deal involved selling an interest in future revenue of a video-on-demand venture that disintegrated a few months later.

Howard, 43, closed his eyes as U.S. District Judge Vanessa Gilmore announced the jury's decision.

Krautz, 37, said: "I feel very sorry for Kevin and his family. I do not feel like they got the justice they deserved."

Howard declined to comment. Jim Lavine, one of Howard's lawyers, said he would appeal.

Gilmore scheduled Howard's sentencing for Sept. 11, the same day Lay and Skilling are to be sentenced.

Howard and Krautz were the first of five broadband executives to be retried in separate cases after the original trial of the entire group ended in a hung jury. Although Enron was primarily an energy trader, the broadband unit was created in 1998 during the dot-com boom.

The first trial began in April 2005 and focused mostly on three other executives accused of overhyping the capabilities of Enron's broadband network and operating software. After that case ended with a hung jury, the five defendants were split into three separate cases and re-indicted on fewer counts.

Howard and Krautz were charged with one count each of conspiracy, another of falsifying records and three counts of wire fraud. Howard faces a maximum of 25 years in prison -- five years for each count.

Of the other three defendants, former vice president Scott Yeager's retrial on charges of insider trading and money laundering has been postponed indefinitely pending an appeal. Joseph Hirko, former broadband unit chief executive, and Rex T. Shelby, former senior vice president, are scheduled to be retried Sept. 5 on conspiracy, fraud and insider-trading charges.

Enron Broadband Jury Convicts Former Executive Of Fraud, Conspiracy; Other Acquitted (FINDLAW/AP)

By Kristen Hays, Ap Business Writer

AP, June 1, 2006

(AP) - HOUSTON-Jurors on Wednesday convicted one of the former executives from Enron Corp.'s defunct broadband unit to be retried after his original case ended in a hung jury last year.

Former broadband unit finance chief Kevin Howard was convicted of five counts of fraud, conspiracy and falsifying records while former in-house accountant Michael Krautz was acquitted of the same charges after a monthlong trial.

The verdict came six days after another jury convicted Enron founder Kenneth Lay and former Enron Chief Executive Jeffrey Skilling of fraud, conspiracy and other charges in one of the biggest business scandals in U.S. history.

Lay and Skilling were convicted of conspiring to run a massive fraud through repeated lies to investors and employees about Enron's financial strength. The company careened into bankruptcy proceedings in December 2001.

Howard and Krautz were the first of five broadband executives to be retried in separate cases after the original trial of the entire group ended in a hung jury last year. Although Enron was primarily an energy trader, the broadband unit was created to sell movies over the Internet in a diversification move.

The government contended that Howard and Krautz conspired to manufacture earnings for the failing broadband unit in late 2000 by selling an interest in future revenue of a video-on-demand venture that disintegrated a few months later.

The two men each testified - as they did in their first trial - that the deal was legitimate. The investors were not bought out and lost their money along with other creditors when Enron collapsed in late 2001.

The first broadband trial began in April 2005 and focused mostly on three other executives accused of overhyping capabilities of Enron's broadband network and operating software. After that case ended with a hung jury, the five defendants were split into three separate cases and re-indicted on fewer counts.

Howard and Krautz were charged with one count each of conspiracy, another of falsifying records and three counts of wire fraud.

Howard faces a maximum of 25 years in prison; five years for each count.

Unlike most of their former Enron colleagues, Howard and Krautz remained on the energy company's payroll after it crashed. They were fired in March 2003, the day their indictment became public.

Of the other three defendants, two are slated to be retried in September and the second trial of the third is postponed indefinitely pending an appeal to drop the case.

Jurors in the original trial gave up efforts to reach verdicts on all counts after four days of deliberations. The panel acquitted the technology defendants on a handful of charges, but were hung on the rest. Jurors were hung on all 15 counts of fraud and conspiracy that were pending against Howard and Krautz.

Of the other three defendants, former vice president Scott Yeager's May 30 retrial on charges of insider trading and money laundering has been postponed indefinitely pending an appeal. Joseph Hirko, former broadband unit CEO, and Rex Shelby, former senior vice president, face retrial Sept. 5 for conspiracy, fraud and insider trading.

Lay and Skilling are to be sentenced Sept. 11.

Judge Throws Out Charges Against Ex-Gateway CEO (WSJ)

By Kara Scannell

The Wall Street Journal, June 1, 2006

A federal judge threw out civil-fraud charges against the former chief executive officer of Gateway Inc., dealing federal regulators an unusual loss.

In a decision dated May 23 but made public Tuesday, Judge Roger Benitez of the U.S. District Court for the Southern District of California ruled that the Securities and Exchange Commission didn't offer sufficient evidence to support charges that former Gateway CEO Jeffrey Weitzen made material misstatements in a regulatory filing and subsequent news release for third-quarter 2000 earnings.

In granting Mr. Weitzen's motion for summary judgment, the judge rejected the SEC's theory that Mr. Weitzen's "substantial participation" and "intricate involvement" in the formulation of the regulatory filing was enough to hold him liable for false statements even though Mr. Weitzen didn't sign the quarterly filing.

"The court's decision was clear and unequivocal: There was no evidence to connect Jeff Weitzen to any of the alleged accounting or disclosure improprieties at Gateway. Mr. Weitzen should not have been charged in the first place," said his lawyer, Richard Marmaro of Skadden, Arps, Slate, Meagher & Flom LLP. An SEC spokesman declined to comment pending review of the decision.

In the opinion, the judge said the SEC relied solely upon Mr. Weitzen's signature on the management representation letter submitted to the company's auditor to prove his knowledge of a material false filing. "A reasonable fact-finder could not find this to be substantial in relation to the preparation of the entire quarterly filing. The SEC therefore may not impute any alleged misstatements in the Q3 2000 10-Q to Weitzen," the judge said.

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The SEC in November 2003 sued Mr. Weitzen, former Chief Financial Officer John Todd and former Controller Robert Manza, charging them with fraud, lying to auditors and other securities-law violations in connection with a series of transactions that took place in the third quarter of 2000. According to the SEC complaint, the executives were involved in a series of revenue-recognition and accounting gimmicks to "close the gap" between analysts' expectations and the actual earnings, which were reported in the public filings. All three defendants left the company in 2001.

Gateway was also sued in 2003 and settled the allegations without a fine by agreeing to not violate securities laws in the future. The case against the two other defendants is pending.

It is a rare loss for the SEC, which has lately won a string of complex financial fraud cases against individuals and corporations. While the case raises questions about the theory pursued by the SEC, the decision may not be far-reaching on CEO accountability. CEOs and chief financial officers weren't required to certify quarterly and annual reports until the 2002 Sarbanes-Oxley law, which in addition to increasing the accountability of senior executives also made filing false certifications a criminal offense with sentences of as much as 20 years. Mr. Weitzen didn't sign the company's quarterly report and his case preceded the change in law.

A spokesman for the Irvine, Calif., personal-computer maker said: "Gateway wasn't a party to this case. While we're pleased with the recent developments, we put this matter behind us years ago and are focused on continuing to grow our business world-wide."

SEC, 15 Banks Settle Auction-Rate Bond Claims (WP)

By Otis Bilodeau

The Washington Post, June 1, 2006

Citigroup Inc., Goldman Sachs Group Inc. and 13 other banks agreed to pay a total of $13 million to settle claims that they favored some customers in the $200 billion market for auction-rate bonds.

The firms violated securities laws from January 2003 to June 2004 by allowing customers to change their orders in the supposedly blind auctions and by giving select clients an advantage when deciding how much to bid, the Securities and Exchange Commission said yesterday.

A two-year investigation of the securities, whose rates are reset periodically by auctions, found industry-wide violations, Linda Chatman Thomsen, the SEC's enforcement chief, said in a written statement.

The SEC asked the brokerages two years ago to provide reports "detailing any potentially deceptive, dishonest or unfair practices," according to a memo sent to members in May by the Bond Market Association, the Securities Industry Association and the American Bar Association.

Firms in the settlement today also include Bear Stearns Cos., Lehman Brothers Holdings Inc., Merrill Lynch & Co., J.P. Morgan Chase & Co. and Morgan Stanley & Co.

The settlement also requires the firms to more fully disclose how they conduct the auctions and gives each firm's chief executive or general counsel six months to certify that they have implemented procedures to "prevent and detect" abuses, the SEC said. None of the firms admitted or denied wrongdoing.

Also yesterday, the Bond Market Association, the New York-based industry trade group, issued a draft of "best practices" for broker-dealers of auction-rate securities.

The draft sets the firms' obligations to issuers and investors, bidding by broker-dealers, and resales of auction securities by broker-dealers, Marjorie Gross, senior vice president and regulatory counsel at the Bond Market Association, said in a written statement.

"We're pleased to resolve the matter and are committed to ensuring our auction practices meet the highest industry standards," Citigroup spokesman Joseph Christinat said.

J.P. Morgan spokeswoman Kristin Lemkau could not be reached for comment. Morgan Stanley spokesman Mark Lake declined to comment.

Milberg Weiss Case Highlights Waiver Controversy (LAW)

By Leigh Jones, The National Law Journal

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National Law Journal, June 1, 2006

As the government's demands for waiver of privilege in white-collar prosecutions have sparked the ire of attorneys worried about the sanctity of client communications, the waiver issue in the Milberg Weiss Bershad & Schulman case is presenting an especially prickly problem.

The recent announcement that a grand jury had indicted the securities class action giant and two of its partners was a triumph for prosecutors in the ongoing investigation. The government alleges that the firm paid clients more than $11 million in kickbacks to serve as plaintiffs in as many as 150 class action and derivative lawsuits.

But Milberg Weiss' case, while in some ways typical of recent corporate corruption prosecutions, also involves a key distinction -- because it is a law firm -- which some experts say makes the potential infringement on attorney-client communications all the more grave.

"The privilege issues are much more complicated, much more expansive," said Jonathan Polkes, a former federal prosecutor who practices white-collar defense at New York's Weil, Gotshal & Manges. "You're talking about a defendant that lives and dies by privilege."

The issue of waiver in what have become run-of-the-mill prosecutions against corporations has raised the hackles of both defense and plaintiffs attorneys. In April, American Bar Association President Michael Greco issued a statement saying that the attorney-client privilege was "under attack" by prosecutors coercing corporations to waive their protections to qualify for leniency by the government.

In addition, a bipartisan group of lawmakers is considering asking the U.S. Department of Justice to change its policy of demanding waivers as evidence of defendants' cooperation.

After U.S. Attorney Debra Wong Yang in the Central District of California announced an indictment on May 18 against Milberg Weiss, the law firm in its own statement asserted that prosecutors had demanded access to communications with its counsel, Zuckerman Spaeder of Washington, in exchange for deferred prosecution. Milberg Weiss' refusal to grant access to that communication led to its indictment, the firm said.

Also indicted were name partners David Bershad and Steven Schulman. In addition, some clients serving as plaintiffs in class actions have pleaded guilty to receiving kickbacks.

Last week, sources involved in the case said that a reason Milberg Weiss did not waive its privilege was because its communication with Zuckerman Spaeder involved communication and work product related to Milberg Weiss' own clients and other attorneys. Milberg Weiss was not entitled to waive privilege with Zuckerman Spaeder because of its duty of confidentiality to Milberg's clients, the sources said.

In a written statement last week, a spokesman for Yang's office said that the U.S. Attorney would not comment on settlement discussions. The statement also said that "waivers of attorney-client privilege are requested in rare circumstances and only when justified by a need to obtain factual information that is not readily available through other means."

DIFFICULT ENTANGLEMENT

While it remains unclear exactly what caused deferred prosecution negotiations to collapse in the case, any request by prosecutors for Milberg Weiss' waiver of privilege likely was plagued by problems.

Professor Stephen Gillers of New York University School of Law said that two sets of communications -- those between Milberg Weiss and Zuckerman Spaeder and those between Milberg Weiss and its class action clients -- likely are entangled, which would make it difficult for Milberg Weiss to fulfill its duty of confidentiality to a client and simultaneously waive privileged communications with Zuckerman Spaeder. "It's asking Milberg to do what it cannot do," he said.

While Milberg Weiss is free to waive its own privileged and confidential protections, Gillers said, it is not free to waive the privileged and confidential protections of its clients.

Ironically, Milberg Weiss' situation regarding deferred prosecution, as it describes it, is one that some of the companies targeted by securities class actions have confronted. Like those corporations, it is facing the powerful leverage that the government has gained in white-collar corruption cases by dangling the threat of indicting the corporation, as opposed to the individuals working for it.

Practitioners and scholars point to the demise of one-time accounting giant Arthur Andersen as a seminal case. Charged, among other things, with shredding documents related to the Enron accounting fraud scandal, a criminal prosecution eventually felled the accounting firm, putting thousands of employees out of work. Since then, dozens of companies, including KPMG LLP, Computer Associates and Monsanto Co., have yielded to waiver requests and paid hefty settlements ostensibly to avoid the same fate as Arthur Andersen.

But the action against Milberg Weiss in some ways is "worse" than the Arthur Andersen case, said Greenberg Traurig attorney Leslie Corwin, whose practice focuses on ethical issues and business law. In Milberg Weiss' case, a waiver could give prosecutors access to the law firm's strategy in pursuing its class action litigation and other details about clients' representation, a situation that would violate "the most sacred right we have in the legal profession," he said.

"It involves the mental impressions, conclusions and legal theories of an attorney," Corwin said. He added that the federal rules preclude prosecutors from going after such information.

"Shame on them," he said.

But the option to defer prosecution is a choice, Polkes said. He acknowledged, however, the argument made by defendants that their choices are limited to waiving attorney-client privilege or risking the company's destruction if the government pursues criminal charges.

Particularly troublesome in the Milberg Weiss case, noted Polkes and others, is the difficulty the government has in parsing out a waiver request narrow enough to block out protected client communication, which theoretically could involve "every communication" between a firm's lawyers and its hired counsel, he said.

"The privilege waiver is potentially far less circumscribed," he said, comparing Milberg Weiss' situation to a typical white-collar investigation.

DO EXCEPTIONS APPLY?

Exceptions to an attorney's duty of confidentiality to its clients do exist, noted Gillers, with New York University. But he questions whether they would apply in Milberg Weiss' case.

A 1975 decision from the U.S. District Court for the Southern District of New York, In re Friend, 411 F. Supp. 776, held that an attorney who faced an indictment and sought a court order enabling him to reveal to a grand jury confidential documents related to the representation of a client could do so to avoid the stigma of an indictment. But that case involved disclosure of limited information about a single client, not the wholesale waiver apparently sought here, Gillers said.

In addition, the government could assert the so-called crime-fraud exception to the privilege, which would enable it to defeat a privilege claim on a case-by-case basis, if it could show probable cause to conclude that a client used the firm to commit a crime or fraud, he said.

The legal troubles that Jenkens & Gilchrist of Dallas and Sidley Austin have experienced with their involvement in the sale of allegedly illegal tax shelters may shed some light on Milberg Weiss' situation.

In those cases, clients of the firms sought to block their law firms from turning over to prosecutors what they argued was privileged information. But decisions in those cases have been mixed.

Washington Wire (WSJ)

Wall Street Journal, June 1, 2006

May 31, 2006, 5:27 pm

A Fight Over Homeland Security Funds

The Department of Homeland Security said intelligence about terrorism threats and risks was a key component to its decision-making process that awarded $1.7 billion of grants to states and cities to prevent and respond to attacks, and, to a lesser extent, disasters like hurricanes.

But many politicians and officials, especially from cities and states that saw cuts in funding this year, say they saw little intelligence in the department's grant program. "The Department of Homeland Security's decision to cut funding to New York by more than 40% is absolutely indefensible and disgraceful," said an outraged House Homeland Security Committee Chairman

Peter King (R., N.Y.). "As far as I'm concerned, DHS and the administration have declared war on New York City, and I am going to fight this as hard as I possibly can."

King said the move raised "serious" questions about "the quality and sincerity of management at every level of the department."

Funding for all states except Florida and Nebraska was reduced. Read more. –Robert Block

May 31, 2006, 4:11 pm

Preparing to Process Illegal Immigrants

The immigration service says it's up to the job of processing the residency applications of millions of illegal immigrants who might be allowed to stay as part of the Senate immigration bill. But it worries that Congress will repeat a "confidentiality" provision that was in the last big immigration bill, 20 years ago, and preclude it from turning over to the police any criminal evidence it uncovers while processing illegal immigrants.

Emilio Gonzalez, director of the Citizenship and Immigration Services office, says Congress hasn't asked him how much money he'll need or what kind of documentation he'll ask of immigrants if a Senate bill that aims to grant permanent residency to perhaps eight million illegal immigrants also passes in the House. He said he would expect those issues, and other major details, to arise when Senate and House negotiators meet to reconcile differences in their immigration bills.

The office already is notorious for its huge paperwork backlogs and the long waits legal immigrants face for permanent residency. Gonzalez says the agency is studying "models" for the additional job of processing millions of illegal immigrants, including outsourcing some of the work.

He also defends the idea of charging immigrants hefty processing fees, contending that "American citizenship is worth the cost."

He frets, though, about congressional moves that would prevent his agency from turning over evidence of lawbreaking that it might uncover during processing of that huge group of illegal immigrants. That confidentiality provision was in a 1986 amnesty law for illegal immigrants, but doesn't apply to legal immigrants in their dealings with the agency.

Immigrant groups say people with criminal backgrounds aren't eligible for the program anyway — and certainly wouldn't come forward to face certain deportation. But neither may otherwise law-abiding immigrants, who could fear that the new law is a trap, says Cecilia Munoz of the National Council of La Raza, an advocacy group. But because some of the 9/11 hijackers were in the U.S. legally, the agency is wary of sitting on criminal evidence. "That's clearly inappropriate," says Gonzalez. –June Kronholz

May 31, 2006, 4:04 pm

Minding the Map and Money

"Managing Expectations." That's the subject line for a private memo House Democrats' campaign committee chairman, Chicago's Rep. Rahm Emanuel, circulated to his colleagues as they headed home for the Memorial Day recess week. With President Bush and the Republican-led Congress dragging in the polls, and Democrats growing cautiously optimistic about their chances of recapturing the House majority after 12 years, Emanuel noted that the Democrats "are headed into structural impediments (e.g. map and money)."

On the national map, he noted that Republicans' gerrymandering of House districts after the 2000 census has so limited the number of competitive seats that the nonpartisan Cook Political Report lists 35 such seats this year compared to 100 in 1994 — the year Republicans ousted the Democrats' majority. Democrats need a net gain of 15 to have a majority of the 435-member House. As for money, Emanuel said the Republican National Committee has a 4-to-1 cash advantage over the Democratic National Committee; Emanuel and his Senate campaigns counterpart, New York Sen. Charles Schumer, have sparred with DNC Chairman Howard Dean for funds since the RNC has promised millions for Republican House candidates.

But Emanuel had good news on the money front, as well. The Democratic Congressional Campaign Committee "has the resources necessary to compete and Democratic candidates are in a better position financially than ever before," he wrote. The DCCC was nearly equal to House Republicans' committee in the most recent campaign-finance reports, with about $23 million. Candidates' most recent reports show that 40 Democrats challenging Republican incumbents have at least $250,000 on hand — 10 times the number of two years ago.

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Citing several of the Democratic challengers by name, he claimed, "Democrats are succeeding in framing and nationalizing the debate this election cycle as a campaign for change." And citing last week's primary results in Indiana and Pennsylvania, Emanuel concluded, "it is clear that Democrats are energized and Republicans are demoralized." –Jackie Calmes

May 31, 2006, 3:51 pm

Higher Phone Bills?

Monthly bills of Internet and wireless-phone customers could be going up soon, under a plan proposed by Federal Communications Commission Chairman Kevin Martin.

The plan would require Internet phone companies to pay into a $7.3 billion federal fund that subsidizes phone services for low-income and rural consumers. Internet phone companies have never been required to directly pay into the fund before, which is one reason why they've been able to charge slightly less than some competitors.

The FCC is trying to shore up the federal Universal Service Fund, which subsidizes phone services. In August, the USF fee charged on high-speed Internet customers expires because of a decision last summer by the FCC to deregulate Internet lines. To make up for the expected revenue shortfall, which could run into hundreds of millions of dollars, Martin has proposed increasing the amount of revenue wireless and Internet phone companies would contribute into the fund, FCC officials say. Contributions by wireless companies would increase 9% under the proposal. Internet phone companies would also be required to directly fund the program for the first time, and at a much higher rate than wireless companies.

Phone companies pay into the fund but usually pass along those charges to consumers. The charge is usually listed as the Universal Service Fund line item on their bills. It's not clear how much more consumers would have to pay under the new plan. The increase could actually slightly lower bills for consumers who use traditional long-distance phone services, since it would increase the number of consumers actually paying into the fund.

Phone companies aren't happy about the change. They prefer a proposal floated by Martin to charge a per-phone number fee on all customers instead of tweaking the current system. That plan has stalled, however, under criticism by several special interest groups, including the NAACP and American Association of People with Disabilities, which say it would unfairly place more of a burden on low or fixed-income consumers.

The proposal to increase fees on wireless and Internet phones has begun circulating at the FCC, but it's not clear if work on it will be done in time for the agency's regularly scheduled meeting in two weeks. One reason for a potential delay: newly confirmed Republican Commissioner Robert McDowell, who would vote on the item, hasn't been sworn in yet. –Amy Schatz

May 31, 2006, 11:04 am

Senate Panel to Grill Fannie Executives

The Senate Banking Committee is calling Fannie Mae's current chief executive officer, Daniel Mudd, and former chief Franklin Raines to testify as early as next week on federal regulators' allegations that the giant mortgage company engaged in fraudulent accounting.

Also being asked to discuss their investigations are James Lockhart, acting director of Office of Federal Housing Enterprise Oversight, Fannie's main regulator, and Christopher Cox, chairman of the Securities and Exchange Commission. After Ofheo's report was released last week, Lockhart said he has directed Fannie's board to grab back any unjustified compensation paid to senior executives as a result of accounting misdeeds.

Committee Chairman Richard Shelby (R., Ala.) is planning a wide-ranging hearing, including probing whether Mudd is the right person to lead the mortgage giant. While not accused of wrongdoing, he was a senior Fannie executive for a few years during which the books were cooked. –Michael Schroeder

Big Bonuses Still Flow, Even If Bosses Miss Goals (NYT)

By Gretchen Morgenson

The New York Times, June 1, 2006

It was the kind of mistake that wage slaves can only dream of. Because of what the company called an "improper interpretation" of his employment contract, Sheldon G. Adelson, chairman, chief executive and treasurer of the Las Vegas Sands

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Corporation, received $3.6 million in salary and bonus last year, almost $1 million more than prescribed under the company's performance plan.

Four more top executives of the Las Vegas Sands, which owns the Venetian Resort Hotel and Casino, received more than they should have. The total in excess bonus payments for the five men was $2.8 million.

The compensation committee of the board conceded that it had made an error. But it said that "the outstanding performance of the company in 2005" justified the extra money, and it allowed the executives to keep it.

Shareholders of Las Vegas Sands did not fare as well. The value of their holdings fell 18 percent last year.

As executive pay packages have rocketed in recent years, their defenders have contended that because most are tied to company performance, they are both earned and deserved. But as the Las Vegas Sands example shows, investors who plow through company filings often find that executive compensation exceeds the amounts allowed under the performance targets set by the directors.

Executives of companies as varied as Halliburton, the military contractor and oil services concern; Assurant, an insurance company; and Big Lots, a discount retailer, all received bonuses and other pay outside the performance parameters set by the boards of those companies.

It is the equivalent of moving the goalposts to shorten the field, compensation experts say.

"Lowering the hurdles is especially disconcerting because very often the goals are not set all that high to begin with," said Lucian Bebchuk, professor at Harvard Law School and author with Jesse Fried of "Pay Without Performance." Mr. Bebchuk said shareholders should be especially alert to increases in bonuses because more companies were shifting away from stock options and into cash incentives.

Some employment agreements actually stipulate that they will provide bonuses even if company performance declines. The agreement struck in 2004 by Peter Chernin, president and chief operating officer of the News Corporation, entitles him to a bonus even if earnings per share fall at the company. If earnings rise by 15 percent in any given year, Mr. Chernin's bonus is $12.5 million. But if they fall 6.25 percent, Mr. Chernin's bonus is $4.5 million, and an earnings decline of 14 percent translates to a $3.52 million bonus.

Last year, Mr. Chernin received $8.3 million in salary and $18.9 million in bonus pay. A company spokesman declined to comment on the bonus structure. He confirmed that the company's chief executive, Rupert Murdoch, has a similar bonus arrangement. Company filings show that Mr. Murdoch received a bonus of $18.9 million last year.

While bonus and other incentive pay figures are included in company filings, shareholders hoping to calculate precisely what performance objectives executives must meet to receive such pay can be confounded.

Descriptions of bonus targets are typically vague and often include a laundry list of measures that the board may or may not consider. The board may factor in sales, earnings, stock price, capital expenditures, cash flow, even inventory levels. Company officials often explain the practice by saying that too-specific information on performance hurdles can give away corporate secrets or invite rival organizations to lure executives away by offering them contract terms that are easier to achieve.

Compensation experts counter that lists of vague hurdles may allow carefully chosen measurements to be met in both fair weather and foul.

Indeed, shareholders often find that the performance measures used by the company to determine pay can be very flexible. For example, Assurant, which is based in New York, says its compensation committee can adjust incentive payments for extraordinary events, "including, but not limited to, acquisitions or dispositions of businesses, litigation costs, tax or insurance recoveries or settlements, changes to accounting principles, asset impairment and restructuring."

For bonuses paid in 2004, Assurant adjusted the earnings performance measure to exclude losses related to hurricanes along the Atlantic coastline. This adjustment helped to increase the company's net operating income and therefore raised bonuses to the company's executives in 2004.

It is impossible to pinpoint precisely how much the hurricane exclusion bolstered the Assurant executives' bonuses in 2004. Company filings stated that without two exclusions, one of which was the hurricane impact, bonuses would have been equal to half of their target. Thanks to the adjustments, bonuses were paid at 1.72 times their target.

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As James F. Reda, an independent compensation consultant in New York, pointed out, shareholders cannot adjust their results for things like hurricane losses, or losses on divestitures or discontinued operations, all of which deplete shareholder equity.

"What a lot of these plans are trying to look at is core business, and it is a decent argument," Mr. Reda said. "But sometimes people get lazy and put all sorts of stuff in the restructuring bucket that don't belong there — like operating expenses. Once you give management a little wiggle room, being smart people, they can figure out ways to take advantage of it."

Often, company officials include everyday expenses — like those relating to sales and administration — in restructuring costs, making the company appear to be far more profitable.

In some cases, performance measures appear to reflect basic operational tasks expected of an executive, not something worthy of extra pay. Last year, Assurant's compensation committee chose four elements to determine whether its executives deserved a bonus. Three were fairly typical financial measures: net operating income, revenue growth and return on equity at the company.

The fourth measure, though, was how well Assurant's executives complied with Sarbanes-Oxley, the law enacted in 2002 after Enron and WorldCom collapsed. According to company filings, one-quarter of an executive's bonus calculation related to his or her "compliance with Section 404 of the Sarbanes-Oxley Act," a part of the law that relates to a company's internal financial controls.

Last year, J. Kerry Clayton, Assurant's chief executive; Robert B. Pollock, its president, and Lesley Silvester, an executive vice president, all received bonuses that were 1.62 times their targets.

The compensation committee of Assurant's board is headed by Beth L. Bronner, chief marketing officer of Jim Beam Brands, a division of Fortune Brands. She is joined on the committee by Charles John Koch, vice chairman of the board of the Citizens Financial Group; Michele Coleman Mayes, general counsel for Pitney Bowes, and John M. Palms, president emeritus of the University of South Carolina.

Melissa Kivett, head of investor relations at Assurant, said that the hurricane exclusions in 2004 were appropriate. Because of a substantial increase in Assurant's stock price, she said, "the compensation committee of our board felt that on this one occasion they needed to make an adjustment to net operating income to recognize and compensate management for this record performance."

As for the bonuses relating to Sarbanes-Oxley, Ms. Kivett said they were designed "to ensure that we had all the processes in place to meet compliance goals. The result was we did have a clean SOX opinion." She added that this year, the portion of the bonus related to Sarbanes-Oxley was smaller than it was in 2005.

But Paul Hodgson, senior research associate at the Corporate Library, an institutional research firm in Portland, Me., said paying a bonus for compliance with a law was unusual. "I can see making compliance a requirement," he said. "Because they were not a public company until 2004 they didn't have to comply with Sarbanes-Oxley before. But actually giving them a bonus for it is taking it a step further than my logic can let me go. Compliance with the law is part of your day-to-day work, not something you have to be incentivized for."

Another company that gave extra pay to executives for regular business activities was Halliburton. Its top executives received special bonuses last year for settling asbestos litigation in which the company was a defendant.

Halliburton's filings described the asbestos settlement as a "historical achievement" requiring a "tremendous amount of effort and sacrifices on the part of the employees who worked diligently over the last three years orchestrating and implementing this uniquely creative and complicated strategy."

In recognition of their performance, the company paid cash bonuses totaling $5.5 million to 36 employees. Among them were C. Christopher Gaut, Halliburton's chief financial officer; Albert O. Cornelison Jr., the company's general counsel, and Mark A. McCollum, the chief accounting officer. Mr. Gaut received $750,000, Mr. Cornelison received $1 million and Mr. McCollum received $50,000.

David J. Lesar, the company's chief executive, did not receive cash for his contribution to the asbestos settlement. He decided to take an option grant of 100,000 shares, worth $2.04 million at the time, as his extra pay for his settlement work.

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Halliburton's compensation committee is made up of Robert L. Crandall, former chief executive of AMR, the parent of American Airlines; Kenneth T. Derr, the committee's chairman and a former chief executive of Chevron; W. R. Howell, a former chief executive of J. C. Penney; and Debra L. Reed, president of the San Diego Gas and Electric Company.

None of the directors returned phone calls seeking comment about the asbestos awards. Cathy Mann, a Halliburton spokeswoman, said: "This additional compensation was for the extraordinary amount of time and effort these individuals exerted, which was above and beyond what is normally expected of them in relation to their job responsibilities."

At least Halliburton and Assurant produced strong returns to shareholders last year before handing over more to executives.

Perhaps most exasperating to shareholders are bonuses to executives who fail to meet their basic performance targets. Consider what was paid to Dan W. Matthias, chief executive of Mothers Work, a maternity retailer, and his wife, Rebecca C. Matthias, the company's president.

According to the company's filings, Mr. and Mrs. Matthias were not entitled to either a cash bonus or an option grant during the year because the company failed to achieve the expected growth in earnings before interest, taxes, depreciation and amortization.

Each of the Matthiases, though, received a grant of 40,000 stock options in fiscal 2005, on top of half-million-dollar salaries. The company's compensation committee wanted to "recognize the progress made in the past year in both the development and launch of the company's strategic business initiatives, which included its Destination Maternity superstores and expansion of the company's relationship with Sears and a new tie with Kohl's, another retailer," its filing said.

"The compensation committee believes that the stock options grant is consistent with aligning the interests of these senior executives with the stockholders and will serve to reinforce the importance of improving stockholder value over the long term," the filing said.

Those stock options, if they have not been cashed in, are now worth $2.8 million.

The compensation committee of Mothers Work is overseen by Joseph A. Goldblum, a private investor; David Schlessinger, founder of Five Below, a discount retailer; and William A. Schwartz Jr., chief executive of U.S. Vision, an optical products retailer.

A spokeswoman for Mothers Work said neither the company nor its directors would comment on the option grant.

"What is often missing in these after-the-fact changings of the bonus rules of engagement is a sufficient — or any — quid pro quo," said Brian Foley, an independent compensation consultant in White Plains. Mr. Foley suggests that companies instead delay paying part of the bonus or stretch out the performance period to link the payout to an improvement in performance.

Like Mothers Work, Big Lots paid bonuses to executives last year even though performance was lagging. Big Lots, a discount retailer based in Columbus, Ohio, is going through a restructuring and last year hired a new chief executive, Steven S. Fishman. Performance criteria set by the compensation committee were not met, its proxy filing pointed out.

Still, four executives received one-time bonuses in 2005, on top of other pay. Brad A. Waite, executive vice president of Big Lots, received a bonus of $375,000; John C. Martin, also executive vice president, received $279,000; Lisa M. Bachmann, senior vice president, received $187,500, and Joe R. Cooper, chief financial officer, received $175,000.

As the Big Lots filing explained, without those one-time bonuses, the executives' cash compensation would have been below the market average. The committee determined that the pay additions would not be excessive.

Big Lots' shares started 2005 at $12.13 and ended the year at $12.01. Charles W. Haubiel, general counsel at Big Lots, said the bonuses were given to keep the company's talent intact during a time of uncertainty. "The compensation committee identified a core group of executives," he said, "and devised a retention program that said if you stay on during the year during the C.E.O. search process, you will receive a retention bonus equal to the target bonus you are typically eligible for."

The compensation committee of Big Lots is headed by David T. Kollat, president of 22 Inc., a research consulting firm, who is also on the board of Wolverine World Wide, a shoe manufacturer, and Select Comfort, a maker of air-bed mattresses. The committee's other members are Brenda J. Lauderback, a former president of the wholesale division of the Nine West Group, a shoe maker, who is also on the board of Wolverine Worldwide and Select Comfort; and Dennis P. Tishkoff, chief executive of the Drew Shoe Corporation.

These examples indicate that companies do not always practice what they preach about pay for performance. As a result, investors must read company proxies closely.

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Back at the Las Vegas Sands, for example, the company's regulatory filings say that executive bonuses will be paid only when they are earned. Bonuses are generated, the company said, "only upon the attainment of the applicable performance goals during the applicable performance period." The compensation committee of the Las Vegas Sands' board establishes both the goals and the period during which they are measured, the filings state.

Last year's $2.8 million mistake proves otherwise, however. The mistaken payout was equal to almost 1 percent of the company's earnings.

The unearned bonuses are notable not only because they followed $62 million in bonuses paid to the five men in 2004 (to reflect the "significant value" they created for shareholders when they helped secure financing for a mall at the Palazzo Hotel and Casino, adjacent to the Venetian). They are also striking because they cannot be justified as performance-based under the tax code. The extra bonuses therefore were not deductible as a business expense, making them more costly for shareholders.

The error did prompt a meeting on March 1 of the four-man compensation committee of Las Vegas Sands' board, its filings stated. The committee considered what to do about the overpayments, and a majority concluded that the company's performance supported them. One member of the committee dissented, the filing said: James L. Purcell, who retired as a partner at Paul, Weiss, Rifkind, Wharton & Garrison in 1999.

The members who voted to allow the executives to keep the unearned bonuses were Irwin Chafetz, a former executive at the Interface Group, a vacation tour operator that is owned by Mr. Adelson, Las Vegas Sands' chief executive; Charles Forman, a former executive at the Interface Group who is chief executive officer of the Centric Events Group, a trade show and conference business; and Michael A. Leven, founder of U.S. Franchise Systems, franchisor of Microtel Inns and Suites. Even though Mr. Chafetz and Mr. Forman have extensive affiliations, either present or past, with Mr. Adelson's Interface Group, they are considered independent directors according to New York Stock Exchange standards.

A company spokesman said that neither Mr. Purcell nor the other members of the compensation committee of Las Vegas Sands' board would comment on the bonus overpayments. Las Vegas Sands officials who might be able to discuss the bonuses were traveling and unreachable, he said.

Mr. Foley, the independent compensation consultant, said he had never seen anything like the multimillion-dollar mistakes last year at Las Vegas Sands. "There's nothing like playing by the house rules," he said, "when you own the house, the chips, the rules and the croupiers."

CRIMINAL LAW:

Black Caucus Backs Jefferson's Staying Put (WT)

By Brian Debose

The Washington Times, June 1, 2006

Rep. William J. Jefferson has been asked by the House Democratic leader to step down from the Ways and Means Committee owing to the lingering FBI bribery investigation, but the Louisiana Democrat has refused and won the support of the Congressional Black Caucus (CBC).

"Mr. Jefferson has not been charged with anything, so to forcibly remove him from a seat on the Ways and Means Committee would be unprecedented," the CBC said in a statement.

The 42 House members and one senator in the black caucus have not publicly discussed the scandal surrounding one of their own, but several staffers of CBC members have told The Washington Times that some lawmakers see a double standard in the resignation demand by House Minority Leader Nancy Pelosi, California Democrat.

The staffers said that she has made no similar demand for Rep. Allan B. Mollohan, West Virginia Democrat, who also is involved in an ethics scandal, to step aside from the House Appropriations Committee.

Mr. Jefferson has been upset with Mrs. Pelosi since she rejected his 2002 request to become chairman of the Democratic Congressional Campaign Committee in favor of her fellow California Democrat, the now-deceased Rep. Robert T. Matsui, who seconded her candidacy to become the party leader.

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Mr. Jefferson has proclaimed that he is not guilty in the bribery case and has not been charged, but a former staffer and two associates have pleaded guilty to bribing him and helping his family members' business interests in Africa in exchange for favors. The FBI raided his office last month, touching off a tense battle between Congress and the Justice Department.

Mrs. Pelosi said she asked Mr. Jefferson to step down "in the interest of upholding the high ethical standard of the House Democratic Caucus." But she has not moved to remove him forcibly and likely will not, said a Democrat staffer, because that would take a full vote of the House.

"She could also ask for a vote of no confidence by the entire Democratic Caucus," the staffer said, but added that this also is unlikely.

The Jefferson bribery investigation comes while Democrats have tried to tag the Republican majority as one engaged in a "culture of corruption" and "unethical behavior." But the issue has also caused problems internally because of the perceived disparity in the way Mr. Jefferson and Mr. Mollohan are being disciplined, said some staffers of CBC members.

A conservative group in West Virginia called for an investigation into Mr. Mollohan's dealings with a distant cousin, who used his connection to the congressman to win work with a nonprofit that Mr. Mollohan established and a federal contract in his district that was pulled for noncompliance in the late 1990s.

The cousin, Joseph L. Jarvis Jr., owes the nonprofit $67,681 in unpaid rent, but he jointly owns 27 condominiums in the Remington, a building in Washington, worth $8 million. In addition, the inquiries delve into other foundations that Mr. Mollohan has established that collectively have received millions in federal tax dollars through the appropriations process.

Despite the apparent smell of pork-spending for personal gain, Mr. Mollohan has not been asked to step down from his seat on the House Appropriations Committee.

A Democratic House staffer said the cases are different, noting that Mr. Mollohan "cooperated" with the House leadership and voluntarily gave up his spot as ranking Democrat on the House Standards of Official Conduct Committee. The staffer also noted that the FBI has refused to confirm that Mr. Mollohan is being investigated, that no associates or staffers have pleaded guilty to anything and that there are no reports that he had been caught on tape taking bribes or making deals.

The black caucus, however, is not so sure that that removes the perception of a double standard, because Mr. Mollohan's position as an appropriator is a key part of the investigation.

"They basically asked him to step down from ethics, and he said, 'Thank you,' " one staffer said.

Op-Ed: Lawmakers' Offices Not Immune From Searches (BSUN)

By Steven P. Grossman

The Baltimore Sun, June 1, 2006

In a rare demonstration of bipartisan cooperation, House Speaker Dennis Hastert and House Minority Leader Nancy Pelosi together criticized the FBI's search of the office of Rep. William J. Jefferson, the Louisiana Democrat who is under investigation in connection with the alleged acceptance of bribes.

How heartwarming it is that two people who seem to agree on little that can benefit the country have come together to defend the right of their colleagues to have some sort of special immunity from search warrants issued to uncover crimes committed by legislators. They said the investigators, like the investigated, are not above the law. A noble thought, but one that needs to be examined.

The Justice Department did obtain a search warrant to authorize the search of Mr. Jefferson's office. In other words, investigators prepared a sworn statement that demonstrated to a judge that there was probable cause, meaning it was more likely than not that there was evidence of a crime to be found in the congressman's office.

According to an FBI affidavit, agents videotaped Mr. Jefferson meeting about receiving money in exchange for favorable treatment of a business venture in Nigeria. It said he was shown being handed a briefcase containing $100,000 in cash and later was found to have secreted $90,000 in his refrigerator. The New Orleans congressman has not been charged with a crime.

The role of the courts in the warrant process cannot be overstated. The framers of our Constitution wrote the Fourth Amendment to protect us from illegal searches and seizures.

There are two separate and independent requirements the government must meet before it searches a private home or business. The first is that there must be probable cause for the search. The second is that the government must obtain a warrant from a magistrate authorizing and properly limiting the search.

The reason the framers included the warrant requirement was that they saw the courts as the intermediary between the forces of law and order and the citizenry.

They did not want the government intruding on people's privacy rights and freedoms based on a law enforcement officer's determination of whether probable cause existed. It is for this reason that President Bush's arguments in favor of wiretapping and telephone interceptions (considered to be searches under the Fourth Amendment) without seeking proper authorization from a judge have been so widely and correctly criticized.

Despite laws specifically designed to facilitate and speed up the process by which the government can obtain warrants from magistrates always at their disposal for these purposes, the Bush administration has invaded people's privacy rights without obtaining judicial permission. If you want to worry about government overreaching, worry about this.

Some critics of the search have legitimate concerns about the separation of powers between government branches and particularly express concern that such searches can be too political and too broad and can uncover documents not connected with the investigation and which the proper workings of government require to be kept private.

That is why we have courts and why the framers imposed requirements not just to authorize a search but also to ensure that the search is limited in scope and duration. The courts for years have limited searches in this way.

For example, in authorizing searches of newspaper offices for evidence that could assist a criminal investigation, the Supreme Court has made it clear that such searches must be limited in ways designed to minimize the likelihood that material protected by the First Amendment's freedom of the press requirement will be disturbed.

The same type of minimization requirements should be imposed when the courts authorize the search of a legislative office. There is nothing in the Fourth Amendment or case law, however, that immunizes congressional offices from legitimate government searches.

Despite Fourth Amendment protections, abuses can occur in obtaining and executing a search warrant for a legislator's office. But such abuses can and do occur every day when search warrants are used in criminal investigations. Such abuses tell us that we must be more vigilant than we have been in avoiding these abuses. They do not, however, tell us we should stop searching.

Steven P. Grossman, a former New York City prosecutor, is the Dean Julius Isaacson professor at the University of Baltimore School of Law. His e-mail is sgrossman@ubalt.edu.

Office Raid Looking A Lot Like Overkill (NOTP)

By James Gill

New Orleans Times-Picayune, June 1, 2006

The question is on everyone's lips, but New Orleans criminal defense lawyer Pat Fanning asks it with rare eloquence.

Quoting from his e-mail here, "If they really do have video and audio tapes of the cash transaction, 90 large in the freezer, two rat flips dying to throw up all over poor Billy Boy, a good-looking, kajillionaire do-gooder for a victim, numerous other tapes and documents etc., etc. then what in the hell could be so damned important in Dollar Bill's office that they couldn't live without it?"

The feds aren't saying. Although they released the affidavit that secured the warrant to search the Capitol Hill office of Rep. William Jefferson, D-New Orleans, the section listing the evidence they sought was blacked out. Putting the affidavit in the public record before Jefferson has even been charged with a crime was an unusual move, but then this was a historic moment, the first time the G-men ever barged into the Rayburn Building.

It's not every day that Republicans take up the cause of an allegedly crooked Democrat either, but that is what the federal raid wrought. Such was the bipartisan squawk in Congress that President Bush, though brushing aside demands that the seized evidence be returned, did order the Justice Department not to take another gander at it for 45 days.

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In what was decidedly not a first, the protesting members of Congress spouted a great deal of pishtosh, denouncing the raid as contrary to the separation of powers principle and a violation of the Constitution's speech and debate clause.

That clause stipulates that "for any Speech or Debate in either House, they (members of Congress) shall not be questioned in any other Place." Neither that, nor any other provision of the Constitution, seems to have been written in order to thwart the investigation of public bribery.

It is unlikely in any case that many voters bought the line that the brouhaha was over constitutional principle. This Congress has meekly acquiesced in too many executive power grabs to be taken seriously on that issue. Many citizens will assume the worm turned because dark secrets lurk in the recesses of other congressional offices.

If the raid generated sympathy for Jefferson in Congress, it does not seem to have had the same effect anywhere else. Still, the Justice Department will need to have uncovered some pretty juicy evidence if the raid is to be worth the resentment it stirred up in Congress and the consequent distraction and delay.

The affidavit filed with the warrant application gives the strong impression that the feds have enough on Jefferson to send him away for many years -- maybe, he being 59 years old, the rest of his life. Whatever else they found in their latest raid could hardly have made his plight any worse. So far as Jefferson is concerned the feds are just running up the score, although it may be that his files contained evidence against accomplices unknown to the public.

Legal experts speculated that the raid may have been staged to pressure Jefferson into a deal. But it is hard to imagine that, even with a guilty plea, Jefferson would be offered a sentence to jump at. Two accomplices have reached plea deals of their own and agreed to testify against Jefferson . The first of them to be sentenced, his former congressional aide Brett Pfeffer, just got eight years.

Although Pfeffer's sentence will probably be reduced if his testimony pleases prosecutors at trial, it does provide a benchmark that Jefferson might contemplate with a shudder. As the alleged criminal mastermind, Jefferson would have to get significantly more for his guilty plea than Pfeffer got for his, especially as judges like to tack on extra time for betrayal of the public trust. Jefferson is in such deep trouble that he might have little to lose by rolling the dice at trial.

Federal investigations are always reminiscent of molasses in February, but we are all wondering now what else is required for an indictment. The feds got Pfeffer, they got Vernon Jackson, who has confessed to paying serious sweeteners and they got Lori Mody a "good-looking kajillionaire" to Fanning but a "cooperating witness" in official parlance. Mody wore a wire when handing over $100,000 in cash that investigators say had been requested to bribe a Nigerian official but most of which was later discovered in a freezer when the FBI raided Jefferson's Washington residence.

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Noe Pleads Guilty To Federal Campaign Fund-raising Charges (COLDIS)

By Mark Niquette, The Columbus Dispatch

Columbus Dispatch, June 1, 2006

Coin dealer faces likely 2-year prison sentence

TOLEDO -- Indicted coin dealer Thomas W. Noe pleaded guilty today to illegally using friends and associates to funnel $45,400 to President Bush's re-election campaign.

Noe changed his previous not-guilty pleas to three federal charges to "guilty" during a hearing before U.S. District Judge David A. Katz.

Katz delayed sentencing Noe until after a presentence report is completed, but authorities said that advisory guideline call for two to two-and-a-half years in prison plus possible fines.

Noe had faced up to 15 years in prison and fines up to $950,000 if convicted on all counts but can receive a reduced sentence for admitting responsibility. Federal prosecutors said they also plan to seek additional penalties for the loss of public confidence in the presidential election process.

Noe, 51, read a brief statement before pleading guilty, saying he came to court to voluntarily accept responsibility and to spare his family and friends the embarrassment of further court proceedings.

The former Maumee coin dealer pleaded not guilty after being indicted last October and was set to stand trial July 24. But he notified the court last month he wanted to change that plea.

Prosecutors said Noe circumvented the $2,000 federal limit on individual contributions by giving his own money to 24 people as "conduits" to donate illegally to Bush in their names.

Noe carried out the scheme to fulfill a pledge to raise $50,000 for the Bush-Cheney campaign at a 2003 fundraiser in Columbus, according to the indictment.

The former Maumee coin dealer was listed by the Bush-Cheney campaign as one of 19 Ohio "Pioneers" -- someone who raised at least $100,000 for the campaign.

Noe faced one count of conspiracy to violate the Federal Election Campaign Act, one count of violating the act and one count of causing the Bush-Cheney campaign to file a false campaign finance report.

Federal officials have said it is the largest conduit scheme ever prosecuted under new campaign-finance restrictions passed in 2002 and "one of the first and most important examples" of federal efforts to crack down on such activity.

"(It is) one of the most blatant and excessive campaign-finance criminal schemes we have encountered," Noel Hillman, head of the Justice Department's public-integrity section, said last fall after Noe's indictment.

Federal authorities have said that conduits -- or the "super conduits," who recruited other conduits in the scheme -- typically aren't prosecuted in such cases if they cooperate against the main target.

Even so, four current or former Toledo-area public officials who have been identified as conduits could face state ethics charges related to not reporting the money received from Noe. A special prosecutor has been appointed in that matter.

Separate from the federal case, Noe also faces 53 state felony counts related to his handling of an ill-fated $50 million investment in rare coins and other items for the Ohio Bureau of Workers' Compensation.

The charges against Noe include theft, forgery and engaging in a pattern of corrupt activity. Auditors determined more than $13.5 million was misspent.

Noe has pleaded not guilty to those charges and is free on bond. His trial is scheduled for Aug. 29 in Lucas County Common Pleas Court in Toledo, although Noe has asked to have the trial moved to another county because of pre-trial publicity.

Noe Pleads Guilty To Illegally Funneling Donations To Bush (TOLB)

By MIKE WILKINSON And STEVE EDER, BLADE STAFF WRITERS

Toledo Blade (OH), June 1, 2006

Former GOP fund-raiser Tom Noe admitted today that he used politicians, former aides to Gov. Bob Taft, coworkers, and friends to illegally pour thousands of dollars into the effort to reelect President Bush.

Noe entered a guilty plea before U.S. District Court Judge David Katz in Toledo to all three felony charges he faced for violating federal campaign finance law. Appearing with his sister and brother-in-law and three attorneys, Noe was calm and responsive to Judge Katz' questions during the 47-minute hearing.

Then, in a brief, 10-second statement, Noe said he voluntarily agreed to change his plea "to accept responsibility to spare my family and friends the further embarassment of any additional court proceeding. Therefore, I plead guilty."

No date was set for sentencing pending a pre-sentencing report to the judge. Noe, who lives in Florida, remains free on $350,000 bond.

With the admission, Noe faces a maximum of five years in prison on each count, but likely faces 24-30 months in prison. He also faces a potential fine of nearly $1 million, and possibly probation.

John Pearson, an assistant U.S. Attorney in the public integrity section of the Justice Department, said he would seek an even harsher penalty for Noe because of the "potential loss of public faith in the presidential race."

Noe, 51, was indicted in October on three charges related to the funneling of more then $45,000 into the Bush campaign at a $2,000-a-seat fund-raiser in Columbus in October, 2003. The Bush campaign later named Noe a “Pioneer” for raising at least $100,000 overall.

At the time of his indictment, a senior Justice Department official said the Noe case represented the largest campaign money-laundering scheme prosecuted by the U.S. Justice Department since new campaign finance laws were enacted by Congress in 2002.

The Noe probe identified several current and former politicians as “conduits,” including Toledo City Councilman Betty Shultz, Lucas County Commissioner Maggie Thurber, former Toledo mayor Donna Owens, and former state representative Sally Perz.

All face potential state ethics charges for failing to disclose the money from Noe. He still faces more than four dozen other charges in Lucas County Common Pleas Court on allegations that he stole millions of dollars from two rare-coin funds he managed for the Ohio Bureau of Workers' Compensation.

Coin Dealer Awaits Federal Sentence With State Case Pending (AP)

By ANDREW WELSH-HUGGINS, Associated Press Writer

AP, June 1, 2006

TOLEDO, Ohio — A prominent GOP fundraiser no sooner pleaded guilty to breaking federal campaign finance law than he began fighting to stay out of prison with his trial over the state's ill-fated $50 million coin investment looming.

Tom Noe, also at the center of a state political scandal, pleaded guilty Wednesday to charges that he illegally funneled about $45,000 to President Bush's re-election campaign.

The investment scandal has been a major embarrassment for Ohio's ruling Republicans and has given Democrats a better shot this year at winning state offices, including the governor's office that the GOP has held since 1991.

Once a powerful political figure who raised hefty sums for a slew of Republicans, Noe admitted arranging a contribution scheme to fulfill his promise to generate $50,000 for a Bush fundraiser.

Noe said Wednesday that he decided to plead guilty to "spare my family and many dear friends" the ordeal of a trial. The former Toledo-area coin dealer who now lives in the Florida Keys remained free on bond.

Noe, 51, is charged in state court with stealing up to $1 million of the coin investment he managed for the state insurance fund for injured workers. He has pleaded not guilty and is scheduled for trial Aug. 29.

Noe's attorney argued his client's access to lawyers before that trial is crucial. Prosecutors told U.S. District Judge David Katz the upcoming trial was no reason to delay Noe's sentencing on the federal conviction.

"The fact he has other state charges does not mean he should receive special treatment for better or for worse," said John Pearson, an attorney with the U.S. Justice Department's public integrity unit.

Katz said he'll decide after reviewing court officials' sentencing report.

Prosecutors told Katz they would recommend a total sentence of two years to 2 1/2 years for all three convictions. The maximum sentence is five years in prison on each of the three counts and a combined $950,000 in fines.

Noe took the conviction in stride, chatting with family members on a bench outside the courtroom before the hearing began and making occasional calls on his cell phone.

Investigators have not said whether Noe used money from the state coin fund for campaign contributions. Pearson said Wednesday that wouldn't be a factor in determining Noe's federal sentence, but he added prosecutors would ask for a lengthier sentence because the case may have caused a loss of confidence in the presidential election.

Noe was charged with exceeding federal campaign contribution limits, using others to make the contributions and causing the Bush campaign to submit a false campaign-finance statement. Prosecutors said Noe gave $45,400 to 24 friends and associates who made the campaign donations in their own names, allowing him to skirt the $2,000 limit on individual contributions.

Assistant U.S. Attorney Seth Uram said Noe told his friends to tell investigators that the money was a loan. At least four told investigators they knew what they were doing was illegal, he said.

Noe wrote several checks just under the cap to avoid suspicion because he knew the scheme violated campaign finance laws since he had received literature from the Bush campaign outlining the federal rules, Uram said. Noe wrote the checks in the eight days leading up to a fundraiser in October 2003 at a downtown Columbus hotel.

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Among those who donated money that came from Noe were several Toledo area officeholders and a former mayor. A lawyer for three said they were not in danger of being charged because they cooperated with investigators.

Investigations into Noe's coin investment, first reported in April 2005 by The Blade newspaper, led to Gov. Bob Taft's no contest plea and conviction in August to charges he accepted golf outings and other gifts that he didn't report.

Noe personally contributed more than $105,000 to Republicans including Bush and Taft during the 2004 campaign. The Bush-Cheney campaign donated $6,000 it received from Noe and his wife, Bernadette, to charity. The rest of the money donated at the Bush fundraiser in October 2003 remains with the Republican Party.

Democrats criticized Bush for keeping the contributions, with Ohio Democratic chairman Chris Redfern calling for the money to be donated to the state workers' comp bureau.

Aaron McLear, spokesman for the Republican National Committee, which represents the inactive Bush campaign, said the group is waiting for a directive it expects from the court about what to do with the money.

Associated Press writer John Seewer in Toledo contributed to this report.

FBI Arrests 2 Pa. Legislative Aides (WP)

By Maryclaire Dale

The Washington Post, June 1, 2006

PHILADELPHIA -- The FBI arrested two men who did computer work for a powerful state senator Wednesday on charges that they permanently deleted e-mails to thwart a federal investigation.

Leonard P. Luchko and Mark Eister performed electronic "wipes" of computers at Sen. Vincent J. Fumo's Senate offices, his home at the New Jersey shore and at a nonprofit with deep ties to Fumo, the FBI alleged in an affidavit.

"This was a deliberate, systematic and ultimately successful effort to interfere with a federal investigation," U.S. Attorney Patrick Meehan said. "We have to assume that valuable information is lost forever."

The document does not name Fumo and he has not been charged, but Meehan said the probe is not over. The affidavit refers to an unidentified senator who clearly is Fumo.

Luchko and Eister, employees of a state Senate entity that provides computer services to its Democratic members, are charged with obstruction of justice.

The aides' lawyers say they were just doing their jobs, securing the privacy of communications. Prosecutors, however, say e-mails were deleted as the FBI demanded files as part of their grand jury investigation into Fumo's links to the nonprofit.

"Boss is driving us ALL nuts with this FBI madness," Luchko wrote in a June 2004 e-mail, according to court documents. Prosecutors allege that Luchko wrote to Eister to same day, saying Fumo wanted all e-mail between him and his Harrisburg staff deleted weekly.

The investigation centers on whether Fumo used his office to extort corporate donations for the Citizens' Alliance for Better Neighborhoods, which benefits Fumo's South Philadelphia district. Investigators are trying to find out if the senator "benefited both politically and personally from expenditures made" by the nonprofit, according to court documents.

The nonprofit, which has helped finance charter schools and refurbished run-down properties in South Philadelphia, has obtained millions of dollars in donations from powerful entities that lobby the Legislature.

Prosecutors say they have numerous e-mails from third-party sources that show Fumo used the nonprofit to funnel money to projects and causes important to him.

Fumo, the ranking Democrat on the Senate appropriations committee, is one of the most influential politicians in Harrisburg. He has said requests for donations to Citizens Alliance were efforts to help his district and did not influence his policy positions.

"The government has made it clear that it will go to any length to get Senator Fumo," Fumo's lawyer, Richard Sprague, said in a statement. "These two individuals arrested today are unfortunately victims of the process of attempting to get the senator. Their trials will prove that."

Luchko, 49, of Collingdale, and Eister, 36, of Camp Hill, were arrested at their homes before daybreak, the FBI said. They were released on bail, ordered not to talk to Fumo staff members and told to return to court next week.

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Luchko's lawyer, James C. Schwartzman, said he was surprised to learn of the arrests because he had repeatedly offered to have his client surrender. He promised to fight the charges and said Luchko was not under any pressure to please Fumo.

Eister's lawyer, Brian McMonagle, said his client routinely deleted e-mails for security reasons long before the FBI probe.

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On the Net:

http://www.citizensalliance.us/

2 Fumo Aides Charged With Cover-up (PHI)

By Craig R. Mccoy, Emilie Lounsberry And Mario F. Cattabiani

The Philadelphia Inquirer, June 1, 2006

Stepping up the pressure in their investigation of State Sen. Vincent J. Fumo, federal agents yesterday arrested two low-level aides and charged them with a scheme to obstruct justice by hiding the senator's e-mails from the FBI.

The arrests, the first in the three-year investigation, were seen as a hardball move by federal prosecutors: an attempt to squeeze the computer technicians into striking deals and testifying against Fumo.

At 6 a.m., FBI and IRS agents rousted Leonard Luchko, 49, and Mark Eister, 36, taking them in handcuffs to the federal courthouse in Center City.

The two men were accused of wiping e-mail and other evidence from computers used by Fumo, his staff, and a wealthy nonprofit with ties to Fumo, Citizens' Alliance for Better Neighborhoods.

There was more: Prosecutors released a richly detailed, 65-page FBI affidavit that quoted e-mails from the two technicians, saying they were following Fumo's orders.

"The FBI probe into the Senator has really set him off," Luchko wrote in one message found by the FBI. "... He wants all the Blackberries wiped."

U.S. Attorney Patrick L. Meehan said that the deletions amounted to a "pervasive, deliberate and continual effort to stifle the investigation."

Meehan would not discuss Fumo's future, but he did say the inquiry was still under way. "I would suggest we're not finished with this yet," he said.

The affidavit also provides the government's first public disclosure of the scope of its investigation: whether Fumo was "engaged in extortion" in trying to get corporate contributions for Citizens' Alliance, and whether any of those contributions were used to benefit Fumo politically or personally.

Possible crimes in the case could include extortion, conspiracy, mail and wire fraud, honest-services fraud and tax crimes, the affidavit said.

Fumo's attorney said the two technicians were "unfortunate victims" of a campaign to bring down the powerful Philadelphia Democrat. "The government has made it clear that it will go to any length to get Senator Fumo," attorney Richard A. Sprague said.

Sprague said prosecutors stitched together "inaccurate and disputed facts" to draw a falsely sinister conclusion. He suggested the two men were merely following routine data-destruction procedures put in place years earlier.

Fumo, 63, who has served in the state Senate for 27 years, was not available for comment yesterday. Fumo "stands by his employees," Sprague said.

Fumo, who has not been charged with wrongdoing, is not named in the affidavit; he is referred to only as "the Senator." Details in the document make it clear that the senator is Fumo.

Defense lawyers for the two men said their clients have nothing to say to prosecutors. "They better come up with a better plan, if that's the plan," said Brian McMonagle, Eister's attorney.

Luchko, of Collingdale, and Eister, of Camp Hill, near Harrisburg, each face a maximum sentence of five years in prison if convicted. Luchko showed little emotion during a brief hearing yesterday. Eister appeared stunned. They were released on their own recognizance.

Luchko is paid $64,438 by the state. Eister makes $62,125. Both joined Fumo's large technical staff in the late 1990s.

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As The Inquirer has reported, prosecutors in the investigation have sent a target letter to Ruth Arnao, a former top aide to Fumo who is executive director of Citizens' Alliance. In the parlance of federal prosecutors, a "target" refers to someone who is likely to be indicted.

In previous court hearings, prosecutors have alleged she, too, participated in the destruction of documents.

Assistant U.S. Attorneys Robert A. Zauzmer and John Pease are leading the prosecution. Zauzmer said yesterday that the lost documents had taken a toll on the inquiry. "They haven't destroyed it, but we have to assume that valuable information was lost forever," he said.

The investigation began focusing on the corporate donations after The Inquirer reported in 2003 that Peco Energy Co. - engaged in negotiations with Fumo about deregulating electricity rates - had secretly given $17 million to Citizens' Alliance.

Fumo sought money from Verizon Communications at a time when he was backing away from a plan to break up the company. Verizon refused to contribute.

While federal authorities said they ultimately seized 84,000 e-mails during the probe, they said fewer than 125 pertained to Citizens' Alliance.

They said that this showed how pervasive were the deletions and computer wipes, using products with names like SecureClean and PGP Free Space.

How, then, did the prosecutors learn about the deletions?

According to prosecutors, the software experts failed to follow their own instructions and delete their own e-mails.

Prosecutors said they also recovered e-mails from "third-party" recipients, such as outside political consultants.

The affidavit was written by FBI agent Vicki Humphreys; she and agent Kathleen McAfee are the lead agents in the probe.

In the document, Humphreys repeatedly cites the publication dates of Inquirer articles - and then tracks deletions and system wipes that followed.

In November 2003, The Inquirer published its first investigative articles on the nonprofit.

The following month, the affidavit said, Luchko wrote in an e-mail that Fumo had "called me into his office today and told me to start going around and checking everyone's computer and make sure they were not saving his mail."

On Jan. 25, 2004, after The Inquirer reported the federal probe was under way, Luchko sent a mass e-mail to Fumo and staff saying Fumo had ordered tighter computer security.

"The FBI probe into the senator has really set him off," he wrote in another e-mail that night. "He wants us to start doing a number of security checks starting tomorrow... . He wants all of the Blackberries wiped... . S- has [definitely] hit the fan."

At one point, Luchko wrote: "He REALLY wants that mail gone." He added that if Fumo "goes [down], we all go down."

He also justified the deletions, saying the FBI was out to get Fumo. "I don't blame the senator. The FBI is really coming at him hard and he is innocent. I truly believe that or I wouldn't do this."

In 2004, the nonprofit turned over 10 boxes of records to the FBI in response to a subpoena - but "conspicuously" few e-mails, the affidavit says.

While arresting the two technicians, federal authorities have granted immunity to a third technician, Don Wilson, who is cooperating with the probe.

Wilson, identified in the affidavit only as Person No. 1, has told a grand jury that Fumo "knew that we were deleting" and was aware that evidence was being wiped from hard drives, the document says.

He said he would not have engaged in deletions without Fumo's "knowledge and blessing," the document says, though it provides no details.

White-collar defense lawyers called the arrests a textbook effort to pressure Eister and Luchko to cooperate in the probe.

Dan Richman, a former prosecutor who teaches at Fordham University Law School, called the level of detail in the affidavit "extraordinary."

"This seems to be a clear and very public demand for cooperation from the defendants, sooner rather than later," he said.

James C. Schwartzman, who represents Luchko, said his client did nothing wrong and would fight the charges. He questioned why prosecutors had opted to arrest Luchko at a home he shares with his elderly mother at 6 a.m. - when Schwartzman had offered to have him surrender if charges were filed.

Fumo has praised Citizens' Alliance for its work improving a business district in South Philadelphia and supporting a charter school. But Fumo allies have in the past sought to distance him from the nonprofit, pointing out that he holds no official position with it.

In fact, the affidavit states, Fumo was "directly involved in managing and controlling" the affairs of Citizens' Alliance. The document says authorities are investigating whether the charity illegally spent money on politics.

Among other actions, the affidavit said, Fumo directed that $25,000 of the charity's money be used for a Pittsburgh program that would "help garner political support for a politician there whom the senator supported."

The nonprofit also paid $250,000 for political polling, and, sources said, it spent $17,000 to secretly finance a lawsuit against a Fumo foe in the legislature.

Fumo has long been a dominant force in Harrisburg, renowned for his ability to build alliances - and his just-as-legendary feuds. During his years in politics, Fumo has been criminally charged twice. In 1973, he was charged with voter fraud, but the charges were later withdrawn.

In 1980, he was convicted on charges of placing "ghost employees" on the state legislative payroll, but a judge later tossed out the verdict.

As Pressure Mounted, A Scramble To 'Wipe' (PHI)

By Mario F. Cattabiani

The Philadelphia Inquirer, June 1, 2006

As FBI agents dug deeper into Vince Fumo's world, the powerful state senator appeared to be feeling the pressure.

In June 2004, according to an FBI affidavit, Fumo e-mailed a top political consultant with a task: Find out what an attorney representing a utility was telling federal authorities.

The lawyer probably wouldn't talk because of attorney-client privilege, the consultant said. Fumo - long known for tight alliances and his tough temper - didn't like the answer.

"FRIENDS are supposed to help FRIENDS!!! Not give them that kind of bulls-!!!" Fumo e-mailed the consultant. "... Ask anyway, so that we will know if we have a future friend or an enemy in your current friend!!! There is no middle ground on this one!! You know how serious and almost life threatening this is... . We will never forget. One way or the other. And right now they owe us big time!!!"

Chock full of anxious e-mails and gritty politics, the FBI affidavit detailing the federal investigation into Fumo gives a previously unseen glimpse into the inner workings of the senator's office, staffed by a loyal and tight-lipped community that lived in fear of the lawmaker, as he lived in fear of prosecutors.

The document portrays Fumo as a politician who tracked the ongoing news coverage of the probe "minute by minute," and implemented changing security measures over two years.

BlackBerrys and servers were wiped clean with the latest software. So, too, were Fumo's computers, even those he kept at his two Shore homes, prosecutors said.

In March 2004, Leonard Luchko - one of the aides charged yesterday - corresponded with an executive at the company that makes Pretty Good Privacy software. He wanted to know if someone could detect that the software had been used to delete files.

"[If] I wiped a computer and the next day someone confiscated would they be able to tell it was wiped at all?" he asked. Given the lack of data, it probably would be detected, the executive said.

"I can't help you... Lets hope they are not sophisticated enough to notice," the executive wrote back.

FBI forensic analysis showed, the affidavit said, that the program was run on the senator's office computer in Philadelphia two months later.

Don Wilson, one computer aide who was granted immunity, has told the grand jury that Fumo was concerned that the FBI might utilize "Carnivore," a surveillance program that could track all computer keystrokes.

He had his aides install software to neutralize that threat, the affidavit said.

The demands took their toll on his top computer aides, whom the affidavit depicts as feverishly trying to meet Fumo's increasing demands for security.

On Jan. 25, 2004, the day The Inquirer ran a front-page story on the federal probe, Luchko sent an e-mail to other Fumo staffers. It read "The FBI probe in the Senator has really set him off..."

Fumo had just requested all staff BlackBerrys be wiped clean. What's more, aides were to do a deep cleaning of all laptop computers, known as a "DOD" wipe, so-called because it uses the standards of the Department of Defense to ensure destruction of all files.

By June of that year, Luchko wrote his supervisor complaining "Boss is driving us ALL nuts with this FBI madness."

Earlier, Luchko complained to another Fumo staffer who had not been deleting e-mails: "You really have to clean your mailbox up this is the kind of s- that can get us in trouble."

In an e-mail headed "venting," Luchko wrote to an unnamed staffer that Fumo "has us doing stuff that I know is going to come back and bite us in the a-... . I don't blame the Senator the FBI is really coming at him hard and he is innocent I truly believe that or I wouldn't do this..."

By February 2005, Luchko and Mark Eister - the other aide charged - had gotten cocky about their efforts. Luchko e-mailed Eister, saying he believed the FBI would try to lift e-mails from the computer of Ruth Arnao, a former Fumo aide and the director of the nonprofit Citizens' Alliance for Better Neighborhoods.

"Good Luck to them because they are going to need it," he wrote, adding in a subsequent e-mail: "They aren't getting s- off that PC..."

Feds: E-mail Deletions Were Obstruction (PHI)

By Michael Hinkelman

The Philadelphia Inquirer, June 1, 2006

As the FBI ratcheted up the pressure on state Sen. Vince Fumo, his aides destroyed years worth of e-mails from his office computers, federal prosecutors charged yesterday.

Two state Senate computer-service employees were arrested at their homes early yesterday and charged with obstruction of justice in the ongoing federal probe of Fumo and a Fumo-backed community organization.

Leonard Luchko, 49, of Collingdale, who was assigned to Fumo's Tasker Street district office, and Mark Eister, 36, of Camp Hill, who worked in Harrisburg, allegedly destroyed e-mails and other electronic evidence in an attempt to thwart federal investigators.

Luchko and Eister deleted e-mails from computers in Fumo's Senate offices, from his Jersey shore house and from the Citizens Alliance for Better Neighborhoods, the FBI alleged in a 65-page affidavit.

Attorneys for Luchko and Eister said their clients had not committed any crimes and were simply doing their jobs.

The two men, wearing T-shirts and jeans, appeared before U.S. Magistrate Judge Charles P. Smith yesterday and were later released on bail and ordered not to talk with Fumo staffers or witnesses in the probe. Both men are due back in court next week.

James Schwartzman, an attorney for Luchko, said Luchko intends to fight the charges. Asked if he thought the feds were trying to get his client to cooperate with their investigation of Fumo, Schwartzman said: "I would say that's probably a good guess."

Eister's attorney, Brian McMonagle, said his client would be "going to trial and hopes he can meet a fair-minded jury that can tell the difference between a guy doing his job and a criminal conspirator."

Senate rules require staffers charged with crimes related to their jobs to be suspended without pay. It wasn't clear last night if either Luchko or Eister had been suspended. The charging papers for Luchko and Eister detail the lengths to which the two allegedly conspired to thwart the federal probe.

Luchko wrote an e-mail on Dec. 1, 2003, to 24 members of Fumo's staff, including Ruth Arnao, the executive director of Citizens Alliance, and sent a copy to Fumo. The e-mail told staffers they were not to save any e-mails to and from the senator under "ANY circumstance."

Arnao has received a letter from prosecutors identifying her as a target of the investigation.

Luchko also instructed staffers using BlackBerry devices to set up a time with him or a staffer identified as "Person No. 1" in the affidavit "so we can wipe them."

"Person No. 1" is Donald J. Wilson, a computer technician who works in Fumo's Tasker Street office, sources familiar with the probe said.

Wilson has been granted immunity from prosecution. He testified before the grand jury that Fumo "knew that we were deleting the mail out of people's accounts" and that the senator approved it.

Federal authorities declined to comment on Wilson.

Luchko also suggested that Fumo was preoccupied with keeping the FBI away from his e-mails, according to the charges.

In an e-mail to his supervisor in June 2004, Luchko wrote: "Boss is driving us ALL nuts with this FBI madness. My life just got so complicated it isn't even funny and the killer is I can't tell anyone about it."

Fumo clearly felt the heat from FBI investigators.

In a June 8, 2004, e-mail, the affidavit states, Fumo asked a politcal consultant to try to find out from a utility-company attorney what the FBI was investigating. The consultant told him the lawyer probably would decline on attorney-client privilege grounds.

"Ask anyway so that we will know if we have a future friend or an enemy," Fumo wrote in one note. "There is no middle ground on this one!! You know how serious and almost life threatening this is."

Meanwhile, in Harrisburg, Eister allegedly was taking steps similar to Luchko's in Philadelphia.

In June 2004, he instructed all Fumo staff members in Harrisburg to delete e-mail to and from the senator.

U.S. Attorney Patrick Meehan said the campaign to erase the e-mails had created a "roadblock" for federal investigators.

Federal prosecutors, the FBI and the IRS have been investigating Fumo for more than three years to determine if he extorted payments from corporations on behalf of Citizens Alliance, and whether he benefited politically and personally from Citizens Alliance's spending practices.

Fumo has said that he did nothing wrong and that the donations were simply to help his district.

FUMO UNDER FIRE (PHI)

By Dave Davies

The Philadelphia Inquirer, June 1, 2006

RICHARD NIXON was forced to resign the presidency in 1974 not because of the Watergate burglary, but because he participated in its coverup.

Martha Stewart went to jail in 2004 not for insider trading, but for misleading the FBI.

Could state Sen. Vince Fumo face a similar fate?

For three years, a sprawling grand jury investigation of Fumo has delved into yacht trips, property transactions and secret payments to a nonprofit community organization.

But the first charges in the case - against two Fumo aides yesterday - presented information that Fumo participated in a yearlong effort to hide and destroy information sought by the FBI.

Fumo was not charged, and his attorney, Richard Sprague, said in a prepared statement that the feds had presented "inaccurate and disputed facts" in their obstruction-of-justice case against the two low-level employees.

But the 65-page affidavit prosecutors made public yesterday could not have been comforting to Fumo, who predicted at a Harrisburg press lunch in March that the probe would "go nowhere."

There are numerous references to Fumo in the charges against Leonard Luchko and Mark Eister, accused of waging a campaign to destroy e-mails and other electronic evidence after the FBI began looking at Fumo and Citizens Alliance for Better Neighborhoods, a non-profit organization associated with Fumo.

"The FBI probe into the Senator has really set him off, he wants us to do a number of security checks..." Luchko wrote in a January 2004 e-mail.

"Boss is driving us ALL nuts with this FBI madness," he wrote at another point.

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If authorities hope to build an obstruction-of-justice case against Fumo, it would be far stronger if they had the testimony of Eister and Luchko, whose e-mails suggest they received instructions directly from Fumo.

The procedure used to charge the two may be specifically designed to put pressure on them and other Fumo associates to cooperate with investigators.

Eister and Luchko were charged not in an indictment, but in a criminal complaint, with an accompanying affidavit.

Two former prosecutors said that typically provides more information about an investigation than an indictment, since the affidavit must convince a magistrate to issue an arrest warrant.

"To a certain extent, that's a press release," said former federal prosecutor Dan Lyons.

"It may be a way of sending a message to other low-level people out there that it's time to start cooperating. It could put out the word that 'We're not going away, and we may be coming after you next,' " he said.

The affidavit mentions more than a dozen other people, without identifying them by name, who had contact with Fumo or the two aides on issues related to the charges.

In addition to presenting the obstruction-of-justice case, the affidavit makes it clear authorities have substantive information about Fumo and his relationship with Citizens Alliance.

Fumo secured a $17 million payment to Citizens Alliance from Peco Energy in connection with the settlement of a rate case.

The federal affidavit says the investigation focuses in part on "whether the Senator engaged in extortion" in extracting the contribution, and whether Citizens Alliance "spent money for the Senator's personal benefit and for political activities," violating its tax-exempt status.

Fumo has always denied any wrongdoing, and Sprague's statement yesterday said, "The government has made it clear it will go to any length to get Senator Fumo."

Citizens Alliance has long argued that it is not controlled by Fumo, but the affidavit cites 10 e-mails that "demonstrate that the Senator controls and directs" Citizens Alliance's "payments to persons and entities that are important to the Senator."

The affidavit says that in a series of e-mails in 2000 and 2001, Fumo directs Citizens Alliance to purchase properties in South Philadelphia and that "he instructs an aide that he alone would decide which properties are to be purchased..."

U.S. Attorney Patrick Meehan yesterday said, "We are going to diligently pursue this from this point forward, and I would suggest that we're not finished yet."

Among other areas of the FBI investigation:

• Why Citizens Alliance paid $17,000 to finance a lawsuit against state Sen. Robert Jubelirer, a Fumo foe, challenging Jubelirer's acting as lieutenant governor while holding his Senate seat. The suit was unsuccessful.

• Fumo's negotiations in 2002 with the Swedish furniture retailer Ikea over its effort to open in South Philadelphia.

• Why a subsidiary of Citizens Alliance paid $215,000 for political polling, then got reimbursement from a political-action committee after feds began looking into the organization's activities.

• Fumo's securing of state grants for the Independence Seaport Museum and his use of a luxury yacht owned by the musuem. Fumo eventually repaid the museum for use of the vessel.

FBI Arrests Fumo Aides (PTR)

By Richard Gazarik, TRIBUNE-REVIEW

Pittsburgh Tribune-Review, June 1, 2006

A federal investigation appears to be targeting Democratic state Sen. Vincent Fumo, after a grand jury indicted two legislative aides for allegedly destroying evidence in an investigation of the 63-year-old politician.

A powerful Senate leader, Fumo has been a major political player in Harrisburg and Philadelphia for 28 years. He is the ranking Democrat on the Senate Appropriations Committee.

FBI agents on Wednesday arrested Mark Eister, 36, of Camp Hill, Dauphin County, and Leonard P. Luchko, 49, of Collingdale, Delaware County, charging them with obstructing justice in the systematic destruction of e-mails sent to and by Fumo.

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They also are accused of electronically cleansing the hard drives of 17 computers and hand-held communication devices used by Fumo, his staff and employees of Citizens Alliance for Better Neighborhoods, a Philadelphia nonprofit linked to Fumo that is at the center of the investigation.

Fumo's attorney, Richard A. Sprague, released a statement saying that an affidavit released by federal authorities took statements out of context and included inaccurate and disputed facts.

"The fat lady has not yet sung, and the arrests are not the end of the ball game," Sprague said. "These two individuals arrested today are unfortunately victims of the process of attempting to get the senator. Their trials will prove that."

The arrests follow the notification of former Fumo aide Ruth Arnao that she is a grand jury target for allegedly destroying e-mails. The FBI seized financial records of Citizens Alliance, where Arnao serves as executive director.

The government is investigating whether Fumo used Citizens Alliance for political and personal gain.

An unidentified grand jury witness, testifying under grant of immunity, said Fumo's aides discussed destroying communications in case the FBI seized computer hard drives. According to the indictment, Fumo feared "the FBI was going to show up" one day. Agents seized computers from Fumo's Philadelphia and Harrisburg offices in 2004.

Testimony indicated Fumo ordered Eister and Luchko to increase computer security, and personally ordered a computer system cleansing to erase incriminating e-mails. One e-mail shed light on Fumo's frame of mind.

"BOSS is driving us ALL nuts with this FBI madness," Luchko wrote.

In another e-mail, Luchko admitted deleting the e-mail to protect Fumo.

"I don't blame the Senator the FBI is really coming at him hard and he is innocent I truly believe that or I wouldn't do this...."

Luchko also accused the FBI of trying "to manufacture stuff so they can justify the many hours and money spent on a fruitless investigation."

Luchko then added: "Delete it after you read it."

The destruction of the e-mails spanned a 23-month period from 2003-05 and was undertaken, according to the indictment, to prevent incriminating material from falling into FBI hands.

Investigators also are looking into whether Fumo used his position as senator to extort payments from Philadelphia-area corporations on behalf of Citizens Alliance, long a recipient of Fumo's financial largesse.

The nonprofit received $17 million from Peco Energy Co. and $10 million from the Delaware River Authority in 2004 after Fumo brokered secret deals with the two organizations. Investigators are trying to determine whether the money was linked to Fumo's decision to drop a challenge to Peco's deregulation plan and merger with a Chicago-based utility. Fumo is a board member of the Delaware River Authority.

Citizens Alliance also received millions of taxpayers' dollars through Fumo's intercession from a legislative slush fund. Using public money, Citizens Alliance purchased a street sweeper to clean the streets in Fumo's neighborhood. The group also started a charter school and formed a corporation that has bought property worth millions in a section of South Philadelphia.

The FBI grew suspicious that someone in Fumo's employ was destroying evidence because agents examined 84,000 e-mails and recovered an "extremely limited amount" pertaining to the investigation of Fumo and Citizens Alliance.

"That confirms that the effort to destroy such communications was successful," said an FBI affidavit.

But by obtaining e-mails from third parties, the FBI recovered the deleted messages, "which demonstrates that the senator was directly involved in managing and controlling the affairs of (Citizens Alliance)."

Investigators believe Fumo also used the organization's money to help other politicians.

Citizens Alliance gave $25,000 to a "program in Pittsburgh that will help garner political support for a politician there, whom the senator has supported," the affidavit states. It does not name the politician.

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Ex-Aide Left Out Details Of Ties To Lobbyist (NYT/AP)

By The Associated Press

The New York Times, June 1, 2006

DOJ_NMG_0030728

Three officials of the General Services Administration testified that a Bush administration executive left out important details about his relationship with the lobbyist Jack Abramoff, including information about a weeklong golf excursion to Scotland and England. Based on representations by the executive, David Safavian, the officials told a jury in Federal District Court in Washington that they approved the proposed trip for him and closed an investigation of the trip the year after it took place. Mr. Safavian, who was the chief of staff to the administrator of the G.S.A. at the time of the trip, is facing five counts of lying to investigators. Each of the three prosecution witnesses said they would have wanted to know from Mr. Safavian that at the time of the trip Mr. Abramoff was interested in two pieces of property controlled by the services administration.

Prosecution Nears End Of Case Against Safavian (GOVEXEC)

By Jenny Mandel

Government Executive, June 1, 2006

A General Services Administration ethics official and the agency's former general counsel testified Wednesday in the trial of David Safavian, former Office of Management and Budget procurement policy chief, as the government neared the end of presenting its case on his involvement with disgraced lobbyist Jack Abramoff.

Eugenia Ellison, a lawyer who administers GSA's ethics program, testified that she handled then-chief of staff Safavian's request for an ethics opinion in order to join Abramoff and others on a golfing trip to Scotland in 2002. Safavian is charged with lying in the information submitted for that clearance, and with obstructing two later investigations into the matter.

Ellison described how she had reached the decision to clear Safavian's participation based on his description of the outing hosted by Abramoff, a friend and former colleague, as a four-day golfing expedition in which Safavian would pay all costs associated with meals, hotels and greens fees. Airfare, Safavian indicated, was being provided by Abramoff on a private jet, and none of the eight people on the trip would be contributing to cover that cost.

Safavian also indicated that Abramoff had no business before GSA.

Ellison said she approved the gift of airfare for the trip because Abramoff was an old friend of Safavian's and because of Safavian's attestation that the lobbyist worked only on Capitol Hill, which together meant that Abramoff was not a "prohibited source" according to federal regulations.

In a barrage of questions from Justice Department lawyer Nathaniel Edmonds, Ellison indicated she had been unaware that Abramoff was at the time seeking to lease GSA-controlled land in White Oak, Md., for a school he had founded, that he had expressed interest in the GSA-controlled Old Post Office Pavilion in downtown Washington, D.C., and that he had sought to influence GSA policy regarding the consideration of Indian tribes under a classification of disadvantaged businesses.

Ellison said had she known those things at the time, they could have influenced the outcome of the ethics decision.

An official ethics decision, if based on a full and accurate disclosure of relevant facts by the requesting individual, provides a "safe harbor" protection for that person if a subsequent investigation shows that government regulations were not properly followed. Ellison indicated that agency ethics opinions cannot grant such immunity if a criminal infraction is found, but the Justice Department can take into consideration that professional ethical advice had been sought.

Raymond McKenna, GSA's general counsel and the person who formally issued the opinion researched and drafted by Ellison, testified that after the opinion had been issued, Safavian indicated in private conversation that he had decided to pay the cost of the airfare. Safavian eventually paid $3,100 for the trip, far short of his share of a trip estimated to total $140,000.

Questioned as to whether Abramoff's activities with respect to the Old Post Office would have been relevant to whether he was a "prohibited source" for gifts, McKenna said, "The legal advice would have been incomplete, at the very least," without that information.

Neither McKenna nor Ellison recalled a conversation with Safavian to probe for further details on the trip beyond what Safavian had initially provided in his written request for an opinion, but both said such a conversation would have been required based on questions that arose from his initial communication, and it was clear from the opinion ultimately issued that some such communication had taken place.

In questioning, Safavian's lawyer suggested that Ellison may have inadvertently added a short clause -- that Abramoff was not "seeking to do business" with GSA -- to Safavian's statements in the course of writing the ethics opinion. Some have

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interpreted this more expansive language as lending support to the prosecution's argument that Safavian misled federal and Senate investigators.

Wednesday's witnesses came on the heels of a Tuesday appearance by Neil Volz, former chief of staff to Rep. Bob Ney, R-Ohio. Volz is a key Justice Department witness, having pleaded guilty to charges that he deprived the public of his honest services. He is cooperating in government investigations in hopes of reducing a possible five-year jail term.

Prosecutors intended to call two additional witnesses, investigators with the Senate and the GSA inspector general's office, to round out their case before Safavian's lawyer, Barbara Van Gelder, begins her defense.

At Safavian Trial, You Can't Tell The Players Without A Scorecard (WP)

By Dana Milbank

The Washington Post, June 1, 2006

Fore!

The way things are going at the David Safavian trial this week, don't be surprised if, in the coming days, a golf cart bursts into Courtroom 29A of the federal courthouse and a pair of Scotsmen ask if they can play through.

"A lot of discussion in this case is about golf," defense lawyer Barbara Van Gelder observed as she cross-examined an FBI agent in the case, the first trial in the sprawling Jack Abramoff bribery scandal.

"That is correct," replied the agent, Jeffrey Reising.

That is also a whopping understatement. Officially, Safavian, a former senior Bush administration official, is on trial for accepting favors from Abramoff while helping the lobbyist penetrate the General Services Administration -- and then lying about it to investigators. But the case is as much about well-tended greens as ill-gotten green: the twosome's obsessive golfing friendship, particularly a lavish golfing trip to Scotland's St. Andrews in 2002 on Abramoff's tab.

Stephen Perry, a former GSA administrator, was called to the stand. "Do you play golf?" queried prosecutor Peter Zeidenberg.

"I don't know if you could really call it golfing," Perry replied, admitting that he played with Safavian at Andrews Air Force Base.

"You played golf with Mr. Abramoff?" the prosecutor wanted to know.

"Yes," the witness admitted, though he said he thought they were only put in the same foursome by "coincidence."

"Nine holes or 18?" Zeidenberg pressed.

"Eighteen," Perry confessed.

The FBI's Reising had to answer a similar line of questioning. "Do you recall what Mr. Safavian's handicap was?" Zeidenberg queried.

"Twenty-three."

Zeidenberg mentioned that Abramoff listed Safavian's handicap and that of fellow golfer Rep. Bob Ney (R-Ohio) as only 18.

"I don't recall what Jack Abramoff reported to the Old Course about what Congressman Ney's handicap was," the earnest agent replied.

When Neil Volz, the felonious former Ney chief of staff, took the stand, the trial turned into a slide show from the Scotland trip. Ney narrated: "That's myself and David. . . . This is on kind of a famous bridge before the 18th hole. . . . We are in front of the clubhouse. People watch you play golf and it ruins your game."

Prosecutor Nathaniel Edmonds flashed a picture of the legendary St. Andrews rough. "This is more a picture of the grass," Volz testified.

"Why did you take that photo?" Edmonds inquired.

"Because I probably lost 17 or 18 balls in the grass."

Edmonds established that each round of golf was about $400 per person. "Did you ever see [Safavian] pay greens fees or tip the caddy?"

"I did not," the witness said.

DOJ_NMG_0030730

A thick stack of e-mails between Abramoff and Safavian -- which prosecutors have used to demonstrate Safavian's aid to Abramoff as he tried to acquire GSA properties -- also describes a golfing partnership in which regular rounds during the workday were par for the course.

"Can't pull weekday golf until I'm a bit more ensconced as chief of staff," Safavian writes.

"Loser!" Abramoff replies. "I told you to come with me and not the gov!! You'd be playing golf non-stop."

"I can't seem to find the golf cart I lent you," Abramoff says in one e-mail.

"Jack," writes Safavian. "My handicap is a 23. My home course is Springfield Golf and Country Club in Springfield, Virginia. Do you want to try to play Sunday morning or late afternoon?"

"Want to see the new clubhouse at Woodmore?" Abramoff offers.

"Do you want me to see if Steve Perry wants to join you?" Safavian wants to know.

In July, 2002, Abramoff sends Safavian a blank e-mail with the subject line "Golf Friday? Golf Monday? Golf Sunday? Golf golf golf!!!"

"CAN YOU THINK OF A FOURTH?" Safavian asks Abramoff hours before a round in August.

Finally, the men were ready for a change. "Want to go to the Redskins game on Sunday?" Abramoff offered. Safavian countered with a racquetball- and-lunch proposal.

The winter came and Abramoff made Safavian another offer. "I'll be in Florida for the Nickles tournament. (Join me?)"

"I am a hard working civil servant," Safavian replied, "and I have the people's business to do."

Fortunately, the people did not ask him to play golf. For all his practice, his 23 handicap ranks him as a confirmed duffer. This complicated the case for defense lawyer Van Gelder, who is trying to argue that "David was just a golfing guy," not a crooked official.

The endless talk about faraway fairways seems to have teed off the jurors. Yesterday, the judge dismissed juror No. 13, who was a no-show. Juror No. 3 was losing a battle with sleep. But the lawyers pressed on, quizzing GSA official Eugenia Ellison for hours about the ethics of the Scotland golf trip.

She read from Safavian's e-mails seeking permission to take the trip. "I . . . have been invited by a friend and former colleague on a trip to Scotland to play golf for four days," Ellison read. "I will be paying for all my hotels, meals and greens fees."

But Safavian didn't, and now he's in big trouble. Or, as they might say on the Old Course, he's lying triple bogey in the bunker with a large water hazard before the green.

Prosecutors: Dixon Had Extorted Before Waltz (TENN)

By BONNA De La CRUZ, Staff Writer

The Tennessean, June 1, 2006

His defense attorneys say he was entrapped, but prosecutors said Tennessee Waltz defendant Roscoe Dixon had previously extorted money from a business wanting to take part in TennCare.

A Memphis Democrat, the former state senator is the first of the original defendants from the Operation Tennessee Waltz bribery sting to go to trial. His case is being heard in federal court in Memphis.

In his opening statement, Dixon's attorney Coleman Garrett said the proof will show Dixon was entrapped by the government.

"At the end of this case, the question will be whether the government induced the defendant to commit criminal acts he was not predisposed to commit," Garrett said.

In creating the fake company E-Cycle, which was run by undercover FBI agents, the government in turn created the conspiracy, Garrett said.

Conversely, prosecutors outlined their case that Dixon willingly took bribes.

Dixon and alleged "bagman" Barry Myers, who has already pleaded guilty, figured they could pull off extorting money from E-Cycle in part because of its wealth, "but they were really certain they could pull it off because they had done it before," Assistant U.S. Attorney Tim DiScenza said.

The two men had previously demanded and received payment from government informant Tim Willis for a legitimate company he worked for, called Children's Dental Clinic, to be credentialed into TennCare, DiScenza said.

Willis had been motivated to help the FBI in part because he had been found to have fabricated invoices while working for the Shelby County Juvenile Court clerk's office, the prosecutor said.

For more on this story, check Tennessean.com later today or pick up tomorrow's Tennessean.

Prosecution: Dixon Feared Getting Caught; Defense: E-Cycle Is True Criminal (MCA)

By Lawrence Buser

Memphis Commercial Appeal, June 1, 2006

Federal prosecutors today told a federal court jury that former state senator Roscoe Dixon is "a pretty wily character" who used a middle man to help distance himself from illegal payoffs to avoid getting caught.

Dixon, 56, is charged with conspiracy, extortion and bribery in an undercover FBI operation known as the Tennessee Waltz. His defense attorney told jurors the case was built on entrapment and that Dixon had served his constituuents honorably for 22 years.

The two-year investigation resulted in the indictments of 10 people, including five present or former state lawmakers.

Federal prosecutor Tim DiScenza told jurors Dixon and his associate, Barry Myers, thought a fictitious company named E-Cycle Management Inc. was a well-heeled business that needed "political juice" to be successful in Tennessee. He said Dixon and Myers made up a criminal partnership intent on using Dixon's position to make money without getting caught.

"What they didn't know was that E-Cycle management was an FBI operation," the prosecutor said. "Mr. Dixon was a pretty wily character. As Barry Myers described him, he was paranoid about getting caught."

Dixon is accused of accepting $9,500 in payoffs in exchange for promoting legislation favorable to the bogus computer recycling company.

Myers has pleaded guilty and is expected to testify in the trial.

Defense attorney Coleman Garrett said it was E-Cycle that was a "criminal element." He said the government set up a business to entrap certain people, including Dixon, and that the proof will be that E-Cycle ought to be the defendant in the case.

Garrett called the FBI informants, including political broker Tim Willis, "a pack of con men."

He said the government didn't investigate corruption, they created it, and at the end of the trial, the jury will be thinking that Dixon should be suing the government for malicious prosecution.

Prosecutors played audio and video recordings made in 2003 involving Dixon, Myers and Willis discussing payments Dixon would need to help get a children's dental clinic into the TennCare program. Willis was hired as a lobbyist for the clinic.

In one secretly made videotape on July 8, 2003, in Dixon's Memphis office on Pillow Street, Willis hands Myers a stack of cash with Dixon behind his desk in the near background. FBI agent Brian Burns said he had given Willis $4,000 before the meeting to be used in gaining Dixon's support as chairman of the TennCare Oversight Committee.

In an effort to deflate the defense claims of entrapment, prosecutors said the tapes show Dixon was predisposed to criminal behavior before he was investigated and charged in the Tennessee Waltz public corruption investigation.

Trial Begins For Tenn. Lawmaker (NYT/AP)

By The Associated Press

The New York Times, June 1, 2006

Filed at 12:33 a.m. ET

MEMPHIS, Tenn. (AP) -- A former state senator thought he could get away with taking bribes because he had done it before, a prosecutor told jurors Wednesday.

The defense countered during opening statements that former Roscoe Dixon was snagged by overzealous government agents and set up by "a pack of con men ... trying to save their own hides from going to jail."

Dixon is one of five current or former state lawmakers charged in a bribery and extortion sting called Tennessee Waltz. He is the first of the five to go to trial, although a former House member pleaded guilty and is in prison.

Barry Myers, whom prosecutors called a "bag man" for Dixon, testified Wednesday that Dixon took bribes for legislative favors but insisted on someone else handling the money.

"Sen. Dixon has always been cautious," Myers said.

Myers is awaiting sentencing on a guilty plea to passing along bribes from undercover FBI agents to Dixon and state Sen. Kathryn Bowers, who is also charged.

Also Wednesday, a secretly recorded video showing a meeting between Dixon and Myers and government informant Tim Willis was played for the jury. In the video, Willis hands $4,000 in cash to Myers and then talks to Dixon about needing help winning state certification for dental clinics for children on TennCare, the state's medical program for the poor and uninsured.

Dixon promises to help but does not touch the money.

"After the meeting was over, we split it," Myers testified.

The meeting in Dixon's office in Memphis in 2003 was part of an investigation into TennCare contracts. Parts of that investigation were rolled into Tennessee Waltz, a probe that began in 2004 and focused on a bogus company, E-Cycle Management, that was set up by the FBI.

Dixon is charged with pressing E-Cycle representatives for $9,500 in bribes handled for him by Myers. Dixon was not charged in the dental clinic investigation.

Breaking News: Defense Attorneys Say Dixon Entrapped In Bribery Sting (CHATTFP)

By Andy Sher, Nashville Bureau

Chattanooga Times Free Press, June 1, 2006

MEMPHIS — Attorneys for former state Sen. Roscoe Dixon portrayed the Tennessee Waltz defendant today as a victim of politically motivated entrapment, but prosecutors said Mr. Dixon previously took bribes to help a company seeking TennCare business.

Opening statements and initial testimony painted two very different pictures of Mr. Dixon, 56, who is one of nine persons charged in the FBI's bribery sting unveiled a year ago.

Defense attorney Coleman Garrett told jurors in his opening statement that FBI agents and the FBI-created company E-Cycle Management Inc., which agents used in the cash-for-favors sting, really were the "main conspirator" and not his client.

"E-Cycle was a criminal enterprise created, concocted and conceived by the federal government .. for the specific purpose of entrapping certain political figures," Mr. Garrett said.

But Assistant U.S. Attorney Tim DiScenza told jurors the government entrapped no one. He said then-Sen. Dixon and his "protege," alleged "bagman" Barry Myers, were "pretty sure they would be able to pull this off. They were really certain they could pull it off because they had done it before."

He said then-Sen. Dixon took bribes from FBI informant Timothy Willis to help Forba LLC, which was doing business in Tennessee as Children's Dental Inc. Forba was a real company and Mr. Willis their duly registered lobbyist.

But Forba officials knew nothing about the bribes, Mr. DiScenza said. Uncomfortable with the setup, the FBI then went and created E-Cycle Management, through which undercover agents allegedly offered Mr. Dixon $9,500 in bribes to help with an electronic equipment recycling bill, he said.

Secretly Taped Video Used In Dixon Trial (WMC-TV)

WMC-TV, June 1, 2006

The secretly taped video dates back to July 2003, way before Operation Tennessee Waltz rocked Tennessee politics. Prosecutors say it shows another corruption scheme playing out with Roscoe Dixon front and center.

"This is a fight over money and who gets it," Dixon is heard saying on the tape.

At the time, Dixon was a state senator and chairman of the TennCare Oversight Committee. The tape allegedly shows him accepting cash from FBI informant Tim Willis through confessed bagman Barry Myers. Willis was a lobbyist for a children's dental clinic operated out of this Memphis building. Prosecutors say he paid off Dixon in order to get the clinic into the TennCare program.

"I don't want to take the lead, but I will vote for it," Dixon says on the tape.

"The prosecutor will do his job and I'll do mine to the best of my ability," Dixon's attorney, Coleman Garrett, said during a break on Wednesday.

Garrett was counting on an entrapment defense for Dixon, arguing in opening statements that the government didn't investigate corruption, they created it.

But the government believes the videotape, along with audio recordings, prove Roscoe Dixon's predisposition to criminal behavior.

Operation TN Waltz: Former State Senator's Trial Starts (WPTY-TV)

WPTY-TV, June 1, 2006

Eyewitness News is in the federal courtroom Wednesday as opening statement begin in the trial of former state Senator Roscoe Dixon.

The jury was seated yesterday.

The trial is the first as part of the Operation Tennessee Waltz sting by the FBI last year.

Dixon is accused of taking $9500 in bribes from FBI agents. The agents were working undercover posing as lobbyistis for E-Cycle, a computer recycling company.

Dixon was a senator for a Memphis district for 22 years before he resigned in 2005. Five current or former lawmakers were charged in the case. Ward Crutchfield of Chattanooga and Kathryn Bowers of Memphis are still in the Senate and have pleaded not guilty. Memphis' John Ford resigned from the Senate after he was arrested and has also pleaded not guilty. Chris Newton from East Tennessee pleaded guilty and resigned from the TN House. He is now in prison serving a one-year sentence.

In court today, the prosecution played audio and video tapes. The tapes were recorded by FBI informant Tim Willis. Many of the recordings, had to do with Willis and Barry Myers talking about how much money it would cost, and what lawmakers they needed to support a proposal to a company called Childrens Dental Clinic approved by the state. On one of the tapes, Dixon was in the room when the money changed hands.The Childrens Dental Clinic sitution was the precurser to the Tennessee Waltz Investigation

State Senator Claims FBI Entrapped Him (WTVF-TV)

WTVF-TV, June 1, 2006

A state senator accused of accepting a bribe said Wednesday he was the victim of entrapment.

Wednesday was the first day in the trail against Roscoe Dixon. He claimed the FBI entrapped him into taking $9,500, but prosecutors unveiled a big surprise when they claimed Dixon had taken bribes before.

“I don’t have any comment,” Dixon said after court.

Federal prosecutors said in court that the whole investigation known as Operation Tennessee Waltz started by accident with an investigation into bribes at the criminal court clerk’s office in Memphis.

Prosecutors played a tape Wednesday in which a friend and employee of Roscoe Dixon spoke with lobbyist Tim Willis. Willis was working for the FBI to pay thousands of dollars to Dixon and other lawmakers so a Memphis dental clinic could get credentials through TennCare.

Prosecutors played tapes of Willis giving $4,000 to Barry Myers who gave the money to Dixon and Sen. Kathryn Bowers, who was also charged. Bowers and Dixon were on the TennCare oversight committee at the time.

Dixon’s defense attorney said the FBI entrapped him by getting him to do something he would not normally do. He acknowledged there will be many hours of videotapes for jurors to watch.

“I expect to see all the tapes,” Dixon defense attorney Coleman Garrett said.

Prison For John Daley Kin In Bribe Scandal (CHIT)

By Jeff Coen, Tribune Staff Reporter

Chicago Tribune, June 1, 2006

A brother-in-law of Cook County Commissioner John Daley who has admitted to taking bribes to steer city business to a politically connected trucking firm was sentenced to 18 months in prison Wednesday.

John Briatta, 46, was sentenced by U.S. District Judge Charles Norgle, who said he wanted the punishment to send a message to others in government that such corruption will not be tolerated.

Norgle rejected a bid by Briatta's attorneys to have him sentenced to 5 months in prison and 5 months of home confinement, saying he only breached the public trust after suffering gambling and other financial losses

"To have Mr. Briatta hanging around and watching the Cubs or Sox from his home" is not what the sentence should be about, Norgle said.

Any city official involved in taking bribes "must understand that he is going to prison," the judge said. Norgle could have sentenced Briatta to more than 2 years in prison under federal guidelines, but said he thought 18 months was fair.

Briatta, a former dispatcher in the city's Water Management Department, had pleaded guilty in February to taking at least $5,400 in bribes in 2003. He was the first defendant to plead guilty to a January corruption indictment that also charged Chicago City Clerk James Laski, who has since pleaded guilty.

Briatta accepted the bribes from Michael "Mick" Jones, the owner of the Get Plowed Inc. trucking company and a friend of Laski's. In exchange, Briatta helped the company get city work through Donald Tomczak, then second in command in the Water Management Department. Tomczak and Jones have also pleaded guilty in connection with the federal probe.

The sentence came after Briatta apologized to the court for his actions. He said he never thought his conduct would affect the number of people that it has.

"I'd like to apologize to all the citizens of Chicago and the mayor," Briatta said. Briatta's brother-in-law, John Daley, is the brother of Mayor Richard Daley.

Asked about the sentence Wednesday, Mayor Daley replied, "It's very sad. You take money, you are going to get caught. Simple as that."

A reporter told Daley of Briatta's apology and suggested it came from a member of the mayor's "family circle."

"It's not my family circle," Daley said, but "you accept anybody's apology."

Briatta's lawyer, Theodore Poulos, had painted Briatta as a "kind and decent man" and a devout Catholic whose first priority is his children, a 14-year-old girl and an 11-year-old boy. Briatta often travels with his daughter to volleyball tournaments, Poulos said.

Briatta told the court the hardest part about prison would be his inability to see his children.

"I just pray that my sentence is not that long where I can get back to them and start a future," he said.

Poulos said Briatta slipped into taking the bribes because of mounting gambling losses, and he also began getting loans from family and friends. Prosecutors said one of those loans came from George Prado, another former water department worker who is facing federal charges for allegedly heading a local heroin-trafficking ring.

The judge noted Briatta's gambling woes as he handed down the sentence.

"He had the need for money to spend on gambling," the judge said. "And as all gamblers seem to find out, in the long run, you lose. And certainly Mr. Briatta is the loser here."

Assistant U.S. Atty. Manish Shah acknowledged the defendant's gambling habit and said that Briatta may have agreed to accept bribes in a moment of weakness.

"But that's how corruption succeeds, and that is why it needs to be punished severely," Shah said.

Tribune staff reporter Gary Washburn contributed to this report.

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City Worker With Ties To Mayor Gets 18 Months In Trucking Scandal (AP)

By Mike Robinson

AP, June 1, 2006

CHICAGO - A former city worker with ties to Mayor Richard M. Daley's brother was sentenced Wednesday to 18 months in federal prison for taking $5,000 in payoffs to get a private company hauling jobs in Chicago's scandal-plagued Hired Truck Program.

John Briatta, 46, was more than $87,000 in debt due to out-of-control gambling and one of his creditors was a fellow former city employee now charged with masterminding a heroin ring, defense attorneys said at the sentencing before U.S. District Judge Charles R. Norgle Sr.

"I take responsibility for my actions, I knew better than to take bribes," Briatta said in a letter to Norgle that the judge read in court. "I was weak. Not a day goes by that I don't think back to my terrible decisions and wish that I could turn back the hands of time to undo them."

It was the latest development in a three-year scandal that has rocked City Hall and brought allegations of corruption to the mayor's doorstep. His former patronage director and three other men are on trial, charged with mail fraud involving the city's hiring practices.

Norgle could have sentenced Briatta to as much as 30 months but said 18 was fair.

Briatta, a former water department truck dispatcher, acknowledged that he accepted the money from another city employee, Randy Aderman, who has pleaded guilty and is awaiting sentencing.

Aderman was delivering the cash on behalf of Get Plowed Inc., a company that averaged $100,000 a year in payments from the trucking program before the federal government cracked down on it three years ago at the start of the City Hall corruption investigation.

Get Plowed was owned by a former city official who also has pleaded guilty in the case.

Briatta said he accepted payoffs from Aderman knowing that his boss, the first deputy water commissioner at the time, Donald Tomczak, would put trucks in the program on his say-so.

Tomczak has pleaded guilty to racketeering and other charges for taking Hired Truck Program payoffs. But there is no allegation that Tomczak got any of the money Aderman paid to Briatta.

Tomczak is a former precinct captain in the 11th Ward where the mayor's brother, Cook County Commissioner John Daley, heads the Democratic Party. Briatta's sister is married to John Daley.

"Mr. Briatta is incredibly embarrassed and ashamed that he engaged in conduct that gave the press a chance to mention his brother-in-law's name every time it came up," Briatta defense attorney Theodore T. Poulos told reporters after the sentencing.

Assistant U.S. Attorney Manish Shah told Norgle that among those who had loaned money to Briatta was George Prado, 47, one of Briatta's fellow former water department employees. Prado is now charged with heading a Colombian heroin ring operating in Chicago.

Prado has pleaded not guilty to the charges, which include money laundering.

Poulos said Prado apparently believed that if he loaned money to Briatta he might receive a promotion or a better assignment with the city but that Briatta never saw the loan that way.

City Worker With Ties To Mayor Gets 18 Months In Trucking Scandal (WLS-TV)

By Andy Shaw

WLS-TV, June 1, 2006

A member of the Daley family was sentenced Wednesday for his role in the city's scandal-plagued Hired Truck Program. John Briatta, the brother-in-law of Cook County Commissioner John Daley, is going to prison for 18 months for taking $5,000 in bribes.

John Briatta, 46, is the only member of the Daley family implicated in the hired truck scandal. He apparently resisted the temptation of the hired truck scandal for years, but under the pressure of skyrocketing gambling debts, he finally gave in and took payoffs to help a company get hauling business. As a result, he is going to prison for 18 months.

Briatta's sentence could have been a lot longer if he hadn't apologized profusely to everyone -- including the city, the taxpayers and the Daleys.

"I take responsibility for my actions, I knew better than to take bribes," Briatta said in a letter to Norgle that the judge read in court. "I was weak. Not a day goes by that I don't think back to my terrible decisions and wish that I could turn back the hands of time to undo them."

"His brother had nothing to do with this. Mr. Briatta is really ashamed and embarrassed and quite devastated about the fact that he did anything that tarnished it," said Ted Poulos, John Briatta's Attorney.

"Very sad. You take money you are going to get caught," said Mayor Richard Daley. "It's not my family circle."

Briatta took the payoffs three years ago to help a friend of former City Clerk Jim Laski get business for his trucking company. Briatta needed the money to pay off mounting gambling debts. But, according to his attorney, he resisted offers by his boss in the water department -- Donald Tomczak -- to play a much bigger role in the hired truck payoffs. That, along with a guilty plea, heartfelt apologies and letters of support from friends and associates, persuaded Judge Charles Norgle to impose a sentence of 18 months when it could have been a year longer.

Norgle says a shorter sentence would deprecate the seriousness of the offense and not serve as a deterrent to others. The judge says that despite the relative leniency, "Mr. Briatta is certainly a big loser here."

Briatta still has nearly a $100,000 in gambling debts, so the judge didn't impose a heavy fine or restitution order beyond having to return the $5,000 in payoff money and to stop smoking marijuana, which turned up in a post-indictment drug test.

John Daley had no comment on Wednesday, except to say that Briatta's apology speaks for itself.

John Daley's Brother-in-law Heading To Prison (CHIST)

By Steve Warmbir, Staff Reporter

Chicago Sun-Times, June 1, 2006

The brother-in-law of Cook County Commissioner John Daley was sentenced to 18 months in prison Wednesday for taking about $5,400 in bribes to steer city business to a Hired Truck company.

The brother-in-law, John Briatta, 46, also took loans totaling $20,000 from a man accused of running a heroin ring. George Prado worked in the city's Water Management Department with Briatta and has been accused of threatening to kill a drug courier, according to a federal prosecutor and court records.

Prado told investigators he would have forgiven the loans if Briatta had helped him get a promotion. But there was no indication Prado ever told that to Briatta. Prado is expected to plead guilty in his case, which is separate from Briatta's. Briatta did not know Prado allegedly ran a heroin ring, said Briatta's attorney, Ted Poulos.

Briatta, who pleaded guilty to bribery, had to borrow the money from Prado and others because a gambling addiction plunged him into financial chaos, Poulos said.

"As all gamblers seem to find out, eventually, you lose," U.S. District Judge Charles Norgle said before sentencing Briatta. "And certainly Mr. Briatta is a big loser here."

Norgle, though, gave Briatta a break. Federal guidelines suggest Briatta be sentenced to at least two years in prison.

Briatta was "incredibly embarrassed and ashamed" for his actions, Poulos said.

Mayor: Apology accepted

"I'd like to apologize to all the citizens of Chicago and the mayor," said Briatta, a devout Catholic, who also thanked his family and friends for their support. Among the family members sitting in the courtroom was John Daley's wife, Mary Lou, who is Briatta's sister.

In a letter to the judge, Briatta was particularly sorry for the shame his actions caused John Daley, whom he has been close to since they were teens.

Daley "did nothing to deserve this negative attention, and I have apologized many times to him and my sister," Briatta wrote.

Briatta asked the judge for a shorter prison sentence so he could return to his children.

Briatta took the bribes while he worked for the Water Department from June to December 2003, at the urging of Donald Tomczak, who ran the department day to day. Tomczak decided which trucking companies got Hired Truck work. Tomczak pleaded guilty and admitted taking bribes himself.

Briatta took money from a trucking company tied to friends of former city Clerk James Laski. Briatta then used his influence to get that trucking company city work.

John Daley had no comment Wednesday other than to say Briatta's "statement speaks for itself."

Mayor Daley, John Daley's brother, said: "It's very sad. If you take money, you're gonna get caught. Simple as that."

But the mayor said, "You accept anybody's apology."

Witness Describes City Jobs Scheme (CHIST)

By Natasha Korecki And Steve Warmbir, Staff Reporters

Chicago Sun-Times, June 1, 2006

A key witness in the City Hall hiring trial testified Wednesday he used a political army largely made up of city workers to volunteer in various Democratic campaigns, then asked Mayor Daley's patronage chief to reward them with city jobs and promotions.

Daniel Katalinic, the highest-profile witness to testify yet in the trial that's in its third week, said Robert Sorich, a former top official in the Office of Intergovernmental Affairs, told him to which political races he should deploy his volunteers. He also said Daley's former campaign manager, Greg Goldner, doled out similar orders.

In return, Katalinic would hand Sorich a list of people he'd want hired or promoted in city positions, he testified.

"I just made it clear . . . with the people helping and volunteering, I would need help with hiring and promotions," Katalinic said he told Sorich.

Sorich told him: "He'd do what he could," Katalinic said.

Organization grew to nearly 300

If Katalinic had a tough time getting hold of Sorich, he'd hand lists to Sorich's assistant, Timothy McCarthy.

While in Sorich's office in 2000, Sorich allegedly told Katalinic to rank his troops "in the order of importance as far as political importance in the organization."

Sorich and McCarthy, who used to work in IGA, are on trial with two others -- Patrick Slattery and John Sullivan -- accused of rigging the city's hiring system to reward politically backed candidates with jobs and promotions. Katalinic worked with the city for 33 years, most recently as deputy commissioner of street operations, before retiring in 2003.

Katalinic said his campaign organization started small but eventually grew to nearly 300 people who worked on many campaigns, from that of U.S. Rep. Rahm Emanuel to state Sen. Susan Garrett. Nearly all of the group were Streets and Sanitation workers or people trying to land city jobs, Katalinic said.

$15,000 from 'Quarters' Boyle

Katalinic was charged along with the four men now on trial but pleaded guilty to one count of mail fraud and agreed to cooperate. As part of his deal, he could get a year and a day in prison rather than about 30 months. Katalinic admitted taking $15,000 in bribes from another former city worker, John "Quarters" Boyle, in the Hired Truck Program.

Katalinic's group merged in 2001 with the Coalition for Better Government. Katalinic said Sorich was well-aware of the groups and sought to keep discussions under the radar screen.

Sorich specifically told Katalinic to keep other political coordinators, including operative Dominic Longo of the coalition, out of the discussions, saying Longo brought "too much heat" with him.

Longo, speaking for the coalition, said Wednesday: "We were in existence before all these people were around, and God willing, we'll be here after this is all over."

Earlier Wednesday, Steve Bylina, the former deputy commissioner for the city's Bureau of Forestry, testified that he regularly rigged tests so pre-selected candidates won city jobs. Bylina said he got the lists of names from Streets and Sanitation's director of personnel, Jack Drumgould, and Sullivan. He said Sullivan once handed him a list and told him: "These are my guys."

Bylina told Assistant U.S. Attorney Patrick Collins that the interviews didn't matter for those on the lists; they always got the jobs.

Daley: Skyway Allegations 'Silly, Silly, Silly, Silly' (CHIT)

By Gary Washburn, Tribune Staff Reporter

Chicago Tribune, June 1, 2006

Mayor Richard Daley seemed intent on personally opening up the summer "silly season" of frivolous news stories Wednesday.

Court testimony this week that Chicago Skyway tollbooths were fully staffed to help ensure an unimpeded ride to his Michigan summer home was, well, "silly," the mayor said.

Then he said it again. About 20 times.

"Silliest thing I ever heard in my life," the mayor declared. "It really is silly.... It's silly, silly, silly, silly."

When asked whether he was referring to the allegation or to a fact that underlings would seek to smooth the way for him, Daley provided more of the same.

"It is silly," he said. "It is just silly. Silliness. That is all it is ... completely silly, completely silly."

Asked the same question by another reporter, this one bereft of cranial hair, Daley declared, "It's silly, Baldheaded. He's baldheaded. Is that silly? No. Come on. I mean it's the silliest thing I ever heard. Next question."

Jacquelyn Heard, Daley's press secretary, later said that Daley was referring to the suggestion that a way through congestion could be cleared for him.

"He is caught in traffic more times than I can count," she said. "I have been on the phone with him, going through memos and press interview requests and what have you, while he bides his time in traffic."

Wednesday's comments were just the latest illustration of the mayor's ability, on any given day, to take his listeners on a verbal fun house ride.

After Neil Hartigan was defeated in the race for governor in 1990, Daley was asked if the mayor had done enough to support the candidate.

"What else do you want me to do ... unless I take my pants off?" was the retort.

Daley's remarks on Aug. 28, 2001, may never be carved in granite, but they long will be remembered by those who were present. William Daley had announced that he would not run for governor, and the mayor told reporters that his younger brother "definitely" would have been victorious in a Democratic primary that ultimately was won by Rod Blagojevich.

So far, so good.

But when a reporter suggested that his brother's decision would spare the Daley family an extended period of intense scrutiny, the mayor exploded.

"Scrutiny? What else do you want? Do you want to take my shorts? Give me a break."

Duly warmed up, the mayor continued, "How much scrutiny do you want to have? Go scrutinize yourself. I get scrootened every day, don't worry, from each and every one of you. It doesn't bother me."

Commenting on a national day of prayer a few years back, Daley said, "I pray every day. People pray every day. That is personal. You can pray every day. A moment of silence is prayer. Just thinking about your family. Thinking about making a better world, making a better environment.

"There is nothing wrong with that," Daley continued. "There is nothing wrong with prayer in different ways. It doesn't have [to be] religious."

Then there is the occasional—all right, maybe a little more than occasional—mispronunciation.

Not long after the Sept. 11, 2001, terrorist attacks, Daley appeared amused when he was asked about the report of a suspicious substance on a Northwest Side street that turned out to be guacamole.

"Glacamole!" he declared. "No, I like glacamole. Glacamole is not dangerous. It's very good for you."

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Documents Contradict Ill. Gov. Statements (WP)

By John O'connor

The Washington Post, June 1, 2006

SPRINGFIELD, Ill. -- Gov. Rod Blagojevich's office reviewed and approved the hiring of state employees for hundreds of routine jobs such as highway workers and plumbers, according to documents.

The hiring lists, obtained by The Associated Press, contradict the governor's statements that his office did not decide who would be hired for civil service jobs. Such hirings are to be based solely on merit.

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For years, the Democratic governor has been dogged by allegations _ which he adamantly denies _ that he hands out state jobs to campaign donors and political allies.

His hiring practices are under investigation by federal, state and local prosecutors. Though Blagojevich has not been charged with any crime, he has acknowledged that federal scrutiny includes the work of his personnel director, Joe Cini.

A governor is allowed to fill some high-level state jobs with anyone he wants, but most jobs are covered by civil service or other rules that require hiring decisions to be based on merit.

The hiring lists obtained by the AP suggest nearly 1,800 hires, promotions, transfers and salary increases were OK'd by aides to the governor in the months following Blagojevich's 2003 inauguration. They include positions such as highway maintainer and prison guard, which are classified as civil service jobs.

The jobseeker's name was included in nearly 1,200 cases. Blagojevich and his aides repeatedly have said the administration's hiring practices were "blind" _ meaning his office made the final decision on whether to fill jobs but never knew the names of individuals being hired.

Blagojevich spokeswoman Abby Ottenhoff said the lists were in the format used by the previous governor and were used until the new administration could set up a system that didn't include names. Hiring decisions made from the lists were not made based on names, she said.

Ottenhoff acknowledged that early in the administration, aides to the governor, his budget office, and other agencies met regularly to determine which jobs would be filled. She said the meetings focused on whether a position was absolutely necessary during a budget crisis, not on which individuals were in line for jobs.

But people familiar with the process, who spoke only on condition of anonymity because of the sensitivity of the documents, said personnel director Cini and a representative from the budget office discussed jobseekers' names during the meetings.

Cini referred questions to Ottenhoff.

About 700 of the 1,800 employment actions on the list were begun under Blagojevich's predecessor, Republican Gov. George Ryan, but the Blagojevich administration still provided a final stamp of approval.

Recently, another hiring list surfaced that showed nearly 300 jobseekers and the politically influential people who recommended them for the positions.

Industry, Others Object To Data Retention (CNET)

By Declan McCullagh, Staff Writer, CNET News.com

CNET News, June 1, 2006

Internet providers and telecommunications companies expressed concern on Wednesday about the feasibility of recording Americans' online activities, a proposal that Attorney General Alberto Gonzales has recently endorsed.

In a meeting Friday first reported by CNET News.com, Gonzales and FBI Director Robert Mueller said the war on terror would be aided by two years' worth of data retention, a requirement industry representatives say would be accompanied by technical, security and privacy challenges.

"We have real reservations about data retention requirements because of the security and privacy risks attached to it," said Mark Uncapher, senior vice president of the Information Technology Association of America. ITAA's board members include representatives of AT&T, Sybase, Fujitsu and Unisys.

ISP snooping timeline

In events that were first reported by CNET News.com, Bush administration officials have said Internet providers must keep track of what Americans are doing online. Here's the timeline:

A Justice Department representative said this week that the government is not seeking to require the retention of the content of communications, but did not elaborate. If the European Union's approach were adopted, Internet companies would be required to save logs showing the identities of e-mail and perhaps instant messaging correspondents in addition to data about which customer was assigned which Internet address.

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That suggestion alarms many Internet providers, which worry about the cost and complexity of recording what their customers are doing online. In some cases, especially among libraries, coffee shops and universities, no records may be stored at all.

"In general, libraries only keep records on users to the extent required to provide their services," said Rick Weingarten, director of the American Library Association's Office for Information Technology Policy.

Based on the limited information that has been made public so far--including in a speech by Gonzales last month--Weingarten said the library association would not favor such a requirement. "Absolutely we have concerns about users' privacy," he said.

A second meeting at the Justice Department has been scheduled for Friday.

Snooping on Web-based e-mail

The Justice Department also proposed that Web sites such as e-mail providers be required to store data about their users' activities for future law enforcement and national security investigations, according to one industry representative familiar with last week's meeting.

That could create privacy and security complications for Microsoft's Hotmail, Google's Gmail, Yahoo Mail and numerous other e-mail services, industry representatives said privately.

In response to a query from CNET News.com, Microsoft provided a statement that said it supported working with law enforcement to ensure Internet safety and protect children from online predators.

"But data retention is a complicated issue with implications not only for efforts to combat child pornography but also for security, privacy, safety and availability of low-cost or free Internet services," the statement said. (Click here to read the complete statement.)

Google said it would continue in discussions with Justice Department officials about how to prevent child pornography and related crimes--and, like Microsoft, sounded a note of caution about sweeping data retention rules.

"We are aware of a number of proposals in the U.S. and Europe regarding data retention and data preservation requirements for Internet companies," Google said in a statement. "We believe these proposals deserve careful review and must consider the legitimate interests of individual users, law enforcement agencies and Internet companies."

A Yahoo representative said on Wednesday that the company was going to decline to comment until it had details about what the Justice Department wanted. AT&T spokesman Dave Pacholczyk said, "We will follow the law," and declined further comment.

"Cox remains committed to the privacy of our customers, maintains secured records for an appropriate amount of time--according to the applicable laws--and only provides access to customer information to law enforcement, to the courts or to other authorities when legally required to do so," said David Grabert, Cox Communications' director of media relations.

For his part, Gonzales said in a speech last month at the National Center for Missing and Exploited Children that Internet providers must retain records to aid investigations of criminals "abusing kids and sending images of the abuse around the world through the Internet." More recently, the Justice Department has invoked terrorism as the justification for data retention.

Two proposals to mandate data retention have surfaced in the U.S. Congress. One, backed by Rep. Diana DeGette, a Colorado Democrat, says that any Internet service that "enables users to access content" must permanently retain records that would permit police to identify each user. The records could only be discarded at least one year after the user's account was closed.

The other was drafted by aides to Wisconsin Rep. F. James Sensenbrenner, the chairman of the House Judiciary Committee, a close ally of President Bush. Sensenbrenner said through a representative earlier this month, though, that his proposal is on hold because "our committee's agenda is tremendously overcrowded already."

"Preservation" versus "retention"

At the moment, Internet service providers typically discard any log file that's no longer required for business reasons such as network monitoring, fraud prevention or billing disputes. Companies do, however, alter that general rule when contacted by police performing an investigation--a practice called data preservation.

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A 1996 federal law called the Electronic Communication Transactional Records Act regulates data preservation. It requires Internet providers to retain any "record" in their possession for 90 days "upon the request of a governmental entity."

Because Internet addresses remain a relatively scarce commodity, ISPs tend to allocate them to customers from a pool, based on if a computer is in use at the time. (Two standard techniques used are the Dynamic Host Configuration Protocol and Point-to-Point Protocol over Ethernet.)

In addition, Internet providers are required by another federal law to report child pornography sightings to the National Center for Missing and Exploited Children, which is in turn charged with forwarding such reports to the appropriate police agency.

When adopting its data retention rules, the European Parliament approved U.K.-backed requirements saying that communications providers in its 25 member countries--several of which had enacted their own data retention laws already--must retain customer data for a minimum of six months and a maximum of two years.

The Europe-wide requirement applies to a wide variety of "traffic" and "location" data, including the identities of the customers' correspondents; the date, time and duration of phone calls, voice over Internet Protocol calls or e-mail messages; and the location of the device used for the communications. But the "content" of the communications is not supposed to be retained. The rules are expected to take effect in 2008.

CNET News.com's Anne Broache contributed to this report.

U.S. Asks Internet Firms To Save Data (USAT)

By Jon Swartz And Kevin Johnson, Usa Today

USA Today, June 1, 2006

Top law enforcement officials have asked leading Internet companies to keep histories of the activities of Web users for up to two years to assist in criminal investigations of child pornography and terrorism, the Justice Department said Wednesday.

Attorney General Alberto Gonzales and FBI Director Robert Mueller outlined their request to executives from Google, Microsoft, AOL, Comcast, Verizon and others Friday in a private meeting at the Justice Department. The department has scheduled more discussions as early as Friday. Last week's meeting was first reported by CNET, an online news service.

The meetings reflect a new approach by law enforcement in anti-terrorism efforts. Previously, the Justice Department had invoked the need for data retention only to battle child pornography. Since the Sept. 11 attacks, Internet traffic has become increasingly critical to terrorism investigations, too.

Justice is not asking the companies to keep the content of e-mails, spokesman Brian Roehrkasse said. It wants records such as lists of e-mail traffic and Web searches, he said.

Roehrkasse said the government is required to seek proper legal authority, such as a subpoena, before obtaining the records. He said any change in the retention period would not alter that requirement. Law enforcement officials have seen investigations derailed "time and time again" because of a lack of data, Roehrkasse said.

The government's request forces the companies to strike a balance between satisfying law enforcement demands and honoring the privacy of millions of customers.

"The issue for us is not whether we retain data, but we want to see it done right," says Dave McClure, president of the U.S. Internet Industry Association, which represents 150 companies, primarily Internet service providers. "Our concerns are who pays for it, what data is retained, and if it is retained legally without violating federal laws and subscriber agreements."

Lee Tien, a lawyer for the privacy advocacy group Electronic Frontier Foundation, said he was concerned.

"I think that the request raises some really, really major privacy problems," he said. The Justice Department is "asking ISPs (Internet service providers) to really become an arm of the government."

The request creates a logistical challenge: Most Internet providers store data such as Web searches for 30 to 90 days. Storing such information significantly longer is more expensive, McClure and others say.

"We strongly support Gonzales' interest in assuring that the Internet is safe for everyone," Phil Reitinger, Microsoft's senior security strategist, said in a statement Wednesday that acknowledged the company's participation in the meeting at Justice. "But data retention is a complicated issue."

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"We believe (data retention and preservation) proposals deserve careful review and must consider the legitimate interests of individual users, law enforcement agencies, and Internet companies," Google spokesman Steve Langdon said Wednesday.

Gonzales broached the issue of record retention in April during a speech at the National Center for Missing & Exploited Children in Alexandria, Va.

Gonzales, who has made fighting child exploitation a prominent part of the national law enforcement agenda, said the pursuit of child predators depends on the availability of evidence often in the hands of ISPs.

This isn't the first time Gonzales has gone to Internet companies with a request related to their records. In March, a federal judge ordered Google to hand over Web search records requested by Justice as part of its efforts to shield children from sexually explicit material online. Google balked at an earlier request, saying it would expose trade secrets. AOL, Yahoo and Microsoft cooperated with the government, but they said their assistance was limited and users' privacy was not violated.

Contributing: William M. Welch

Hazlet Ex-mayor Admits To Taking Informant's Bribe (NSL)

By John P. Martin, Star-ledger Staff

Newark Star-Ledger (NJ), June 1, 2006

Coughlin snared in an FBI web

Former Hazlet Mayor Paul Coughlin admitted yesterday accepting a $3,000 payoff from an FBI informant posing as a crooked contractor, joining a growing list of Monmouth County officials convicted of corruption.

On the day his trial was to begin in federal court in Newark, Coughlin, 42, pleaded guilty before U.S. District Judge Joel Pisano to a single count of accepting corrupt payments.

Under federal guidelines, the former mayor and councilman faces between 21 months and 27 months in prison. His attorney said he will argue for a lighter term, calling the crime "aberrant behavior" and citing what he said was Coughlin's serious alcohol problem.

Coughlin, a Republican, had previously served two years as a township councilman when he was elected again in January 2004. As a member of the majority, he was named mayor.

Just four months later, he met with Robert Steffer, who was posing as a demolition contractor willing to pay bribes for emergency, no-bid municipal work.

"We're going to get you in the game," Coughlin told Steffer, according to recordings the informant made for the FBI.

Six days later, at another restaurant, Coughlin took an envelope containing $3,000 in cash from Steffer and promised to consider him for a contract to demolish the township hall.

"It's definitely in a situation that we're very, very close to having an emergency," Coughlin said.

Steffer never got the contract. Another firm was hired to raze the hall.

Coughlin was among 11 former and current public officials in Monmouth County arrested in February 2005, several of whom allegedly took bribes from Steffer. He is the fourth to plead guilty.

Coughlin resigned his seat and was indicted late last year. Prosecutors agreed to drop other charges, including conspiracy, in return for his plea.

"We thought it was important that he acknowledged that he actually took the bribe," Assistant U.S. Attorney Michael Hammer said yesterday.

Coughlin could not be reached for comment. His attorney, Jerome Ballaroto, called the crime "clearly aberrant behavior" and said he will make a case for leniency when Pisano sentences Coughlin on Sept. 7.

Ballaroto said Coughlin had refused a second bribe from Steffer. He also said Coughlin has "a real alcohol problem" and that agents or the informant plied him with beer.

"Did the government try to take advantage of a problem he had? Sure they did," Ballaroto said. "The alcohol very well may have contributed to this."

Prosecutors scoffed at such an argument.

"The defendant knew full well what he was doing," Assistant U.S. Attorney Judith Germano said.

Hammer said Coughlin only refused the second bribe -- at the 2004 League of Municipalities convention in Atlantic City -- because he was worried others might see him take the money.

"He understood that there are other people from Hazlet right outside the room," the prosecutor said. "He said: 'Another time, another place.'"

Coughlin never returned the bribe money. Prosecutors will seek $3,000 in restitution, Hammer said.

Coughlin lost his job in the computer industry after his arrest and has struggled to support his wife and children, according to his attorney.

"Every politician in America takes money," Ballaroto said, explaining but not excusing the crime. "If they're not taking an illegal bribe, they're taking it legally. It's a fine line between taking it legally and getting a quid pro quo."

John P. Martin covers federal courts and law enforcement. He may be reached at jmartin@starledger.com or (973) 622-3405.

Ex-mayor Admits Taking Bribe (APP)

By Karen Sudol, STAFF WRITER

Asbury Park Press, June 1, 2006

NEWARK — Former Hazlet Mayor Paul A. Coughlin told a judge Tuesday he had accepted a $3,000 bribe from a confidential informant who he believed was a corrupt contractor in exchange for securing work for him, specifically the demolition of the old town hall.

Coughlin, 43, said he also promised to use his influence to steer future work to the company supposedly run by Robert "Duke" Steffer, who was really working for the FBI.

In pleading guilty to a count of accepting a corrupt payment, Coughlin kept repeating "Yes, your honor" in response to questions posed by U.S. District Judge Joel A. Pisano. On the day a jury was to be selected for his trial, he told the judge that after reviewing the evidence and papers, he instead wanted to plead guilty. His wife and family attended the hearing.

Pisano told Coughlin he faces up to 10 years in prison and up to $250,000 in fines. But both sides have agreed to recommend Coughlin serve between 21 and 27 months in prison. He also will likely reimburse the government the $3,000.

The other two counts of the indictment will be dismissed at his Sept. 7 sentencing. Coughlin does not have to testify against anyone else as part of the agreement, said Assistant U.S. Attorney Michael Hammer.

Coughlin is the latest public official to plead guilty in a FBI bribery and money-laundering sting dubbed "Operation Bid Rig," in which 13 former and current county and local public officials and three businessmen in Monmouth County were charged last year.

Jerome A. Ballarotto, Coughlin's lawyer, said his client's act was "something that's inconsistent with his life's behavior. This was truly an anomaly. Why he did it, we can't really explain," he said. Coughlin could not be reached for comment after the proceeding.

Regardless of whether Coughlin took the money as a campaign contribution or for personal reasons, Ballarotto said his client was accepting responsibility.

"Now he knows what he did was wrong and he should never have done it," said Ballarotto.

Hammer said, "Had we gone to trial, we would have proven he is guilty beyond a reasonable doubt, and we would have shown that it was never a campaign contribution," adding that Coughlin intended to use the money for himself.

Pisano asked:

"When you received and accepted the money from the CW (cooperating witness) in exchange for using your influence . . . to assist the CW in obtaining emergency work, specifically the demolition of Hazlet Township Hall, and future work, did you know it was wrong and illegal to do so?"

"Yes, your honor," replied Coughlin, who resigned as mayor in March 2005.

Steffer has been at the center of many of the Operation Bid Rig complaints, working with the FBI and posing as a contractor willing to pay off public officials who would award him municipal and county contracts. Undercover agents posed as Steffer's employees.

Details of plot

Authorities had maintained in complaints and the indictment that Coughlin, who is now unemployed, was introduced to the cooperating witness by "Councilman-1," an unnamed official. Other government documents indicate this was Robert L. Hyer, a former Keyport councilman. Hyer, who died in October, also was charged in the corruption sting.

The three met on May 19, 2004, at a Union Beach restaurant where Coughlin received $3,000 from Steffer in exchange for the demolition job. One of the ways to do that would be to declare an emergency, which would relieve Hazlet of the requirement to advertise for bids, according to the court papers.

Coughlin was ultimately unsuccessful in gaining support from other officials to declare the demolition an emergency.

Other tactics discussed included damaging the building, rigging the bid specifications and giving inside information about the competing bids to the contractor, according to the indictment.

The township broke ground on a new town hall in September at the site of the former Office of Emergency Management building in Veterans Park. The exterior is nearing completion, and municipal employees are expected to move into the building by September.

The former town hall, on Middle Road, was torn down in September 2004 after Hazlet solicited competitive bids.

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Judge Dismisses Wecht Motion To Toss Evidence (PPG)

By Paula Reed Ward, Pittsburgh Post-gazette

Pittsburgh Post-Gazette, June 1, 2006

Ex-coroner's lawyers fault search

A federal judge yesterday denied a motion by Dr. Cyril H. Wecht's attorneys to suppress all of the evidence gathered against him.

In the same order, though, U.S. District Judge Arthur J. Schwab said he would hold a hearing on one issue raised by the defense -- whether 29 boxes of autopsy reports seized by the FBI from the former Allegheny County coroner's private office should have been taken.

The hearing will be at 8:15 a.m. next Thursday.

Dr. Wecht is named in an 84-count indictment charging him with misusing his public office for private gain.

In April, Dr. Wecht's defense attorneys filed a 26-page motion asking the judge to throw out all of the evidence against their client. Specifically, they claimed that the boxes of private autopsy records seized in his offices were not enumerated in the search warrant.

Dr. Wecht claimed that the files seized were not found in the area the warrant claimed they would be and were not labeled as the FBI said they'd be.

"Nowhere in [lead FBI Agent Bradley] Orsini's affidavit does he establish, or attempt to establish, probable cause to rummage through the office generally to look for boxes," the defense wrote in the suppression motion. "Nowhere does he identify any specific file he is searching for. Nowhere does he identify any specific files he intended to search or the probable cause for doing so."

The boxes included reports on the deaths of several famous people, including Marilyn Monroe, Mary Jo Kopechne and rock artist Kurt Cobain.

According to the defense, when agents served the search warrant on Dr. Wecht's private office, they discovered 60 boxes of records -- not the "approximately 20" outlined in the warrant -- scattered throughout the office.

Dr. Wecht's wife, Sigrid, who is an attorney and shares the office with her husband, was there at the time. She said in an affidavit accompanying the motion to suppress that the agents were not able to find the 20 boxes, and that they asked her to direct them to the boxes. She told them she didn't know which boxes the warrant specified.

After that conversation, the agents called Mr. Orsini. "Agents thereafter split into teams and went throughout the premises, opened up boxes at will to see what was in them, and decided which ones they would take from different locations on the premises," the defense contends.

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In his 17-page opinion, Judge Schwab said he believed an evidentiary hearing is necessary "to evaluate the validity of the execution of this part of the search warrant."

In its motion to suppress, the defense also claimed the FBI did not establish probable cause for the search warrants to be issued.

Judge Schwab dismissed that claim, despite what he said were "interesting but ultimately irrelevant" arguments raised by Dr. Wecht's attorneys.

Judge Denies Motion To Suppress Evidence Against Former Coroner (AP)

By Michael Cowden, Associated Press Writer

AP, June 1, 2006

FBI agents had grounds to seize computers from the office of former Allegheny County coroner Cyril Wecht, who is facing trial on theft and fraud charges, a federal judge ruled Wednesday.

U.S District Judge Arthur Schwab ruled that there had been probable cause for search warrants to be issued and that investigators had not violated protocol in taking the computers.

The judge said a separate hearing would be held on June 8 to determine whether seized document boxes were handled appropriately.

Attorneys for Wecht, 75, in April asked that evidence seized by the FBI be kept out of his trial. Wecht resigned from county office in January after a federal grand jury returned the 84-count indictment charging him with theft of honest services, mail fraud and wire fraud.

In a suppression motion, the attorneys attacked the credibility of the FBI agent who got search warrants for Wecht's records and also blamed Wecht's indictment on a political feud with Allegheny County District Attorney Stephen Zappala Jr.

Defense attorneys said they hoped the motion eventually leads to the charges being dismissed.

The defense argues that the federal probe of Wecht grew out of feud between the former coroner and Zappala about a man who died after being subdued by police, among other incidents.

The attorneys also allege the FBI agent had previously "urged witnesses to perjure themselves in a case involving his own misconduct."

The district attorney's office declined to comment Wednesday afternoon. The defense said it was reviewing the opinion and preparing for the June hearing.

Wecht is charged with using his county staff to do work for his multimillion-dollar pathology practice. He is also accused of trading unclaimed morgue cadavers for private lab space at a local university. In addition, he faces charges for allegedly overbilling private clients by using faked limousine bills for trips made using county drivers and cars.

Wecht has consulted on numerous high-profile cases, from the death of Elvis Presley to the murder of JonBenet Ramsey.

Briefs: Police Dispatcher Arrested On Multiple Child Porn Charges (PTR)

Pittsburgh Tribune-Review, June 1, 2006

An Edgeworth police dispatcher and former borough councilman in Ambridge, Beaver County, was arrested Wednesday on multiple child pornography and stalking charges, police said.

Robert Panek, 40, was arrested by state troopers at his parents' Ambridge home and faces 50 counts of possessing child porn and two counts of stalking and harassment, Trooper Frank Murphy said. Panek was in the Beaver County Jail yesterday in lieu of $50,000 cash bond.

Police said that a former Edgeworth officer who now is a trooper had accused Panek of sending her unwanted letters and gifts. Police investigating that case said they found child pornography on his computer.

Edgeworth police Chief John English said Panek has been a dispatcher there for seven years. "My first reaction was disappointment. My second reaction is that we're mad," English said.

Allegheny County

Judge to decide whether Wecht search was proper

Evidence contained in dozens of boxes confiscated last year when federal agents raided Dr. Cyril H. Wecht's offices could be dismissed June 8 if a federal judge determines the search warrant was not properly executed.

At issue is whether FBI agents acted improperly when they took 29 unlabeled boxes from Wecht's private pathology office. Attorneys for Wecht argue the warrant was for "approximately 20 boxes and contents containing private autopsy files" in one file room.

U.S. District Judge Arthur J. Schwab denied a request by defense attorneys to suppress evidence collected via two other search warrants that yielded computers used by two Wecht employees. Wecht, the former Allegheny County coroner, was indicted in January on charges stemming from accusations that he used his public office for private gain.

Judge will sentence Skosnik today

Allegheny County Sheriff Pete DeFazio's former No. 2 man will be sentenced today by a federal judge.

Dennis Skosnik, 54, of North Fayette, pleaded guilty in March to five charges of bribery, theft of honest services, money laundering and obstruction of justice while he was the county's chief deputy sheriff.

When he was indicted in November, prosecutors accused Skosnik of fixing criminal cases and parking tickets; accepting bribes; coaching a witness how to lie to a grand jury; sharing improperly obtained motor vehicle registration information; and using county vehicles and employees to ferry his son to law school in Philadelphia.

Skosnik could receive a maximum of 90 years in prison but likely will receive substantially less.

Asset district grant forms available Monday

The Allegheny County Regional Asset District Board will make 2007 funding applications available starting Monday.

This year, the board again will be accepting applications for the discretionary capital grant program. The program was suspended last year because of a lack of funding.

Applications may be obtained by contacting the RAD office at 412-227-1900 or info@radworkshere.org. A technical assistance session for prospective applicants will take place at 3 p.m June 20 at 1 Smithfield Street, Downtown. The application deadline is July 18.

The board makes grants to regional assets, defined as libraries, regional parks, professional sports and cultural facilities and programs. Funding comes from half the proceeds of the county's 1 percent sales tax.

Allegheny Valley

Sharpsburg

Fire strikes business, apartment building

No serious injuries were reported in a fire Wednesday in a building that houses businesses and several apartments in Sharpsburg, county emergency personnel said.

The fire erupted at 6:42 p.m. in the building in the 800 block of Main Street, emergency dispatchers said. One firefighter was being treated for smoke inhalation or heat exhaustion, dispatchers said.

The Allegheny County fire marshal will try to determine what caused the fire.

City

North Shore

Event to underscore women's heart health

The inaugural Women's Heart Health Day will be 9 a.m. to 2 p.m. Friday at the Community College of Allegheny County's Allegheny Campus.

The free event will be in the Foerster Student Services Center, 808 Ridge Ave., North Side.

Sponsored by Carlton Cardio Associates Inc. and the CCAC Women's Council, the event will promote increased awareness of heart disease in women, said to be the No. 1 killer of women.

It will include free health-care screenings, a healthy cooking demonstration, product giveaways by health-care providers and pharmaceutical companies, and a discussion by local cardiologists on coronary care. Pre-registration is not required. For more information or to pre-register, call 412-847-1654 or visit www.carltoncardio.com.

Oakland

Pitt will honor 2 faculty members

DOJ_NMG_0030747

The University of Pittsburgh is honoring faculty members Malcolm R. McNeil and Alan J. Russell.

McNeil, chairman of the department of communication science and disorders, is being named Distinguished Service Professor for his contributions to the university. He is a specialist in motor speech disorders.

Russell, director of Pitt's McGowan Institute for Regenerative Medicine, has been named University Professor for his eminence in several fields of study. He also is executive director of the Pittsburgh Tissue Engineering Initiative and director of the National Tissue Engineering Center.

South

Dormont

2 students report injuries in bus crash

Two teenagers were taken to Allegheny General Hospital, North Side, as a precautionary measure after their school bus was involved in a crash in Dormont on Wednesday morning.

Dormont police said the crash occurred at 7:55 a.m. along West Liberty Avenue when the mini school bus, which was transporting the 17- and 18-year-old students to an alternative school in Emsworth, collided with a car while making a left turn. Police said no traffic citations were issued as a result of the crash, and the students said they had back injuries, which appeared to be minor. Neither the driver of the car nor the passenger in it were injured, police said.

West

South Fayette

Police seek more charges against theft suspects

State police are attempting to find out if three Washington County purse-snatching suspects arrested after a robbery at the Interstate 79 northbound rest stop in South Fayette are connected to additional crimes.

Kayla M. Rush, 19, of Bulger; Heather L. Cain, 22, of Canonsburg; and Joseph J. Markovich, 21, of McDonald, were charged in connection with a robbery Saturday. Their charges include robbery, recklessly endangering another person and aggravated assault.

The victim reported two women grabbed her purse while she was standing inside the rest area. The suspects then fled in a blue sedan. Police arrested the suspects after pulling them over a short time later. State police ask anyone who might be the victim of similar crime to call 412-787-2000.

Moon Area schools

Ex-coach sentenced to probation

A former Moon Area High School girls' basketball coach and physical education teacher was convicted of corrupting a minor for a physical relationship he had with a player when she was 17.

Thomas Szczepankowski, 36, of Moon, was sentenced to three years' probation after entering a plea last week, said his attorney, Jason Nard. Szczepankowski resigned from the school district last June.

The girl, now 18, testified at a preliminary hearing last year that she had a relationship with Szczepankowski from September 2004 through May 2005 and that they kissed and fondled one another but never had sex. Allegheny County prosecutors dropped a charge of endangering the welfare of a child. Szczepankowski repeatedly has declined comment.

Region

Somerset County

Bush views 'United 93'

Tears flowed in the White House theater Tuesday night at the conclusion of "United 93," a movie about the plane that crashed near Shanksville on Sept. 11, 2001, after passengers fought back against their hijackers.

"It was a very emotional night," said White House press secretary Tony Snow, who watched the movie with President Bush and relatives of some of the 40 passengers and crew members portrayed in the film. The relatives were invited to watch the movie with the president in Washington, D.C.

"It has a very powerful ending," Snow said Wednesday. "It's dead silence as the credits roll, and you had sounds of quiet sobbing in the room."

Former Boy Scout leader sentenced

DOJ_NMG_0030748

A former Boy Scout leader was sentenced this week to five to 15 years in prison for showing a 12-year-old boy pornography and then molesting him.

Alan J. Korzi, 52, of Windber, pleaded guilty in March to involuntary deviate sexual intercourse and showing pornography to a minor for an April 2005 incident at a Boy Scout building in Windber.

At a hearing last year, the boy said Korzi showed him a magazine with pictures of nude women and then would not let him leave until Korzi performed a sex act on him. Prosecutors dropped charges of rape, corruption and indecent assault in return for the guilty plea.

The Penns Woods Council of the Boy Scouts of America revoked Korzi's membership last year, after criminal charges were filed.

Indiana County

Landfill expansion gets preliminary approval

A plan to add more than 42 acres to an Indiana County landfill received initial approval from the state Department of Environmental Protection.

Evergreen Landfill Inc. officials want to expand their 64-acre landfill in Center and Brush Valley townships so the facility can receive trash for an additional 14 years, regulators said.

This week, the DEP approved the company's environmental assessment, during which the environmental impact of the landfill is considered alongside the potential social and economic benefits -- such as employment.

The plan still requires a technical and engineering review to ensure the application meets regulations for landfill design and construction.

Erie County

Man sentenced for murder

An Erie man was sentenced to 16 and a half to 33 years and four months in prison for fatally shooting another man during an argument. Matthew Perez-Jefferson, 20, of Erie, pleaded guilty in April to third-degree murder for shooting Paul Martinson, 21, outside the Antigua Blue Bar in Erie on Nov. 3.

"There is not a day goes by that you and your family don't cross my mind," Perez-Jefferson said Tuesday to Martinson's mother, Rose Royer. "I offer my deepest remorse and apologies. I am so sorry. I don't know what happened."

His lawyer, James Pitonyak, said Perez-Jefferson was using cocaine, Ecstasy and alcohol before the shooting.

Widow wins $2.1M for matchmaking flop

An Erie widow won $2.1 million from a high-priced matchmaker whom she said failed to deliver on promises of introductions to cultured, wealthy men.

Anne Majerik, 60, said in a lawsuit that she paid Beverly Hills, Calif., matchmaker Orly Hadida $125,000 to be introduced to men who wanted monogamous relationships, earned more than $1 million and had estates of up to $20 million.

Instead, she said, she only got a few introductions to inappropriate men, such as an "international banker" who turned out to be "an interpreter that worked in a bank."

The matchmaker countersued and said Majerik is a "serial matchmaker suer" who enjoyed herself with the men she met.

A Los Angeles Superior Court jury ruled in Majerik's favor this week. The matchmaker's attorney said she plans to appeal.

Judge Rules Case Against Wecht Will Go On (WPXI-TV)

WPXI-TV, June 1, 2006

Lawyers For Former Coroner Wanted To Suppress Evidence

PITTSBURGH -- A judge denied a motion and ruled that the case against the former Allegheny County coroner will go on.

Lawyers for Cyril Wecht wanted to suppress evidence because they said the FBI's search warrants were illegal.

On Wednesday, a federal judge said the warrants were accurate, and the 84-count indictment charging Wecht with theft of services, mail fraud and wire fraud will stand.

Romero Called To Testify (LAT)

By Dan Morain And Evan Halper, Times Staff Writers

The Los Angeles Times, June 1, 2006

State senator is to appear before a grand jury looking into the business dealings of her colleague Don Perata.

SACRAMENTO—State Sen. Gloria Romero of Los Angeles was summoned Wednesday to appear before a grand jury in the FBI probe of Senate chief Don Perata's business dealings.

Romero, a member of Perata's Democratic leadership team and one of his closest allies, said an FBI agent delivered a subpoena to her Capitol office requiring her to appear in July in Oakland, Perata's hometown.

Romero said in an interview that she is being called to testify as a witness. She said she declined to be interviewed by FBI agents and asked that they issue the subpoena.

"All along, I've thought this has been a fishing expedition," Romero said of the investigation, which became public in 2004. "I asked them to be specific about their questions and to give me a subpoena…. I look forward to answering whatever questions they may have."

Agents have shown interest in legislation that Romero carried three years ago to raise taxes on alcohol by a nickel per drink — a direction that has puzzled Capitol denizens. Romero's bill stalled early in the process.

The subpoena is believed to be the first issued to a sitting legislator in the Capitol since the 1980s, when the FBI launched an undercover anti-corruption operation that put a dozen lawmakers, lobbyists and others in jail. The bribery and extortion case became known as "Shrimpgate" because undercover agents posing as businessmen paid campaign donations in exchange for legislation to permit a new shrimp-processing plant.

The FBI's inquiry into Perata's business affairs became known when agents issued subpoenas to individuals and entities in Perata's East Bay district. That was three months after senators had narrowly elected Perata as president pro tem, the most powerful post in the upper house.

The Romero subpoena is "neither unexpected nor interesting," said Jason Kinney, a consultant serving as Perata's spokesman on the investigation. "This is the legal equivalent of hitting the snooze button."

Kinney said Perata "has acted ethically and appropriately" in public office. The investigation is "having no impact on … the conduct of the business of the state Senate," he said.

Whether Perata took a role in the alcohol tax bill is not apparent from the public record.

The current investigation involves no known undercover operation, and no one has been charged in the Perata case. FBI and Internal Revenue Service agents are looking into the senator's official, private and campaign-related dealings in Oakland and Sacramento.

Agents have interviewed members of the Oakland City Council, and have subpoenaed documents from local agencies, including the Port of Oakland.

Law enforcement authorities have examined payments and communications involving Perata and his political advisors, friends, and son and daughter, and have questioned current and former Perata aides. They also have interviewed some lobbyists involved in legislation that Perata carried.

Last year, they subpoenaed state Senate e-mails. Agents have looked at his involvement in legislation related to billboards, finance, gambling and insurance.

Romero, one of Perata's top lieutenants, is Senate majority leader, a post that requires her to help raise money for Democratic candidates statewide. First elected to the Assembly in 1998 and to the Senate in 2001, Romero has made her name as a lawmaker by focusing on problems at the Department of Corrections and Rehabilitation.

In late 2002, with the state facing a budget deficit in the tens of billions of dollars, Romero introduced legislation to raise a projected $500 million for emergency rooms and trauma centers with a new 5-cents-per-drink tax on alcoholic beverages. The fee would have been paid by liquor vendors when their products were sold wholesale.

"California taxpayers cannot continue to bear the financial burden for an industry's product that is responsible for substantial healthcare costs to the public and the state," Romero said when she unveiled the proposal at White Memorial Medical Center in Los Angeles.

"The alcohol industry must assume greater responsibility for a product that, by its design, debilitates an individual's physical and mental capacities," she said.

The effort had considerable backing from unions, healthcare organizations and police and firefighter groups. But the opposition was also formidable. Among the many groups working to kill the bill was the Wine Institute, a trade and lobby association that includes major California vintners and long has opposed new alcohol-related taxes.

On Wednesday, Mike Falasco, lobbyist for the institute, said the FBI interviewed him and others at the Wine Institute roughly a year ago.

Falasco said FBI officials asked general questions about issues of concern to his group. He said he told them that fighting the alcohol tax proposal was a priority for his organization.

Falasco said he does not believe Perata was instrumental in killing the bill, which died in the Senate in 2003. Another Romero proposal, to allow counties to place on the ballot a local tax on drinks consumed at bars and restaurants, also failed that year.

"I don't believe there is any connection between the legislation and Sen. Perata," Falasco said.

AP NewsBreak: FBI Investigating Firm That Tried To Recruit Reggie Bush, Lawyer Says (AP)

By Bernie Wilson

AP, June 1, 2006

SAN DIEGO - The FBI has opened an investigation into a fledgling San Diego sports marketing firm that tried to recruit Heisman Trophy winner Reggie Bush, the attorney for the football star's family told The Associated Press Wednesday.

Attorney David Cornwell of Atlanta said FBI agents interviewed him about "potential federal crimes" last week by phone. Cornwell said he intends to make Bush and his parents available to the FBI.

"They've asked now to interview Reggie and his parents," Cornwell said. "I intend to cooperate, yes."

April Langwell, an FBI spokeswoman in San Diego, said she could neither confirm nor deny any investigations.

The NCAA and Pac-10 are investigating whether any rules were broken when Bush's family lived in a suburban San Diego home owned by Michael Michaels, a principal in New Era Sports & Entertainment, while Bush was still playing for Southern California last season. The NCAA prohibits student-athletes and their families from receiving extra benefits from agents or their representatives.

Michaels and his partner, Lloyd Lake, a documented gang member serving time in prison, formed New Era late last year in the hopes of signing Bush to handle his marketing, and bring aboard a San Diego agent to handle contract negotiations. Their hopes were dashed when Bush signed with another agent and marketing representative.

San Diego attorney Brian Watkins, who represents New Era, said in April he plans to sue Bush's parents for $3.2 million. Watkins said Bush's parents owed $54,000 in rent for the year they lived in Michaels' house.

"We have been contacted by the FBI to discuss the conduct of the individuals represented by Watkins," Cornwell said.

Reached by phone Wednesday, Watkins said he was unaware of the FBI investigation.

Bush and his family so far have declined to be interviewed by NCAA and Pac-10 investigators. Cornwell said they were unwilling to provide information that could be used by Watkins, but indicated he was willing to cooperate.

"The issue with the FBI is similar to the NCAA. I want to balance the cooperation with the FBI against my needs to protect my client's interest with regard to threatened litigation," Cornwell said.

Bush was expected to be the No. 1 overall pick in the NFL draft, but the Houston Texans bypassed him and took North Carolina State defensive end Mario Williams. Bush went to New Orleans with the second pick.

Before the NFL draft in late April, the league alerted some teams about a potential attempted extortion of Bush's family.

FBI Looks At Firm That Courted Bush (LAT)

By Sam Farmer And Greg Krikorian, Times Staff Writers

The Los Angeles Times, June 1, 2006

The FBI has opened an investigation into a fledgling sports marketing firm that tried to recruit New Orleans Saints rookie Reggie Bush as a client.

A federal law enforcement source said Wednesday that the inquiry was "in its infancy" and that it was "way too early to say where this [case] is headed."

The attorney for Bush's family said that he had a "lengthy" phone call with an FBI agent last week, but he would not identify who he spoke with or which FBI field office was involved.

"They're definitely investigating federal crimes, but they didn't identify which crimes or which federal statutes are involved," attorney David Cornwell said, adding that he planned to help the FBI arrange interviews with Bush and his parents, LaMar and Denise Griffin.

Jan Caldwell, an FBI spokeswoman in San Diego, said she could not comment "on a pending investigation."

Cornwell has claimed representatives of San Diego-based New Era Sports & Entertainment tried to extort money from Bush's family.

Brian Watkins, an attorney representing the sports agency's founders, Michael Michaels and Lloyd Lake, has said his clients plan to sue the Heisman Trophy winner's family for $3.2 million — $300,000 in business-related expenses, plus punitive damages.

While Bush was starring at running back for USC last season, the Griffins lived in a suburban San Diego home owned by Michaels. Watkins said the couple owed $54,000 in back rent that has not been paid. New Era never got off the ground as a sports agency once Bush chose other representation.

On Wednesday, Watkins called the suggestion of an FBI investigation "ludicrous" and "a media ploy."

Watkins said neither he nor his clients had been contacted by the FBI and he suggested that Cornwell was using his own personal contacts to stir up an inquiry.

Watkins previously said that when the sides met for settlement talks earlier this year — at the Santa Monica office of Bush's marketing agent Mike Ornstein — two men asked permission to search him for a recording device. On Wednesday, Watkins said the men had identified themselves as working for a security consulting firm called Long & Danilevicius Associates.

The firm's website lists president Linas Danilevicius as a former FBI agent. A phone message left at the security firm's Laguna Hills-based office was returned by Cornwell, who said Watkins' characterization of the FBI's involvement was "all part of the fallacy and fantasy that Watkins is living."

Cornwell added: "When he does the perp walk, he'll know he was wrong."

The Pacific 10 Conference and NCAA are investigating the case. If it is found that Bush or his family received what the NCAA calls "extra benefits" USC could be sanctioned and, if Bush is found retroactively to have been ineligible, his Heisman Trophy could be taken away.

Times staff writer David Wharton also contributed to this report.

Fargo Man Pleads Guilty To Damaging Government Property (GFH)

The Grand Forks Herald, June 1, 2006

FARGO, N.D. - A man accused of throwing rocks in the federal building here has pleaded guilty to charges of damaging government property and threatening a federal officer, the U.S. attorney's office says.

U.S. District Judge Ralph Erickson ordered a psychological evaluation for Daniel Cvijanovich, 25, of Fargo. The judge did not immediately set a sentencing date after Cvijanovich pleaded guilty Wednesday, U.S. Attorney Drew Wrigley said.

Authorities said Cvijanovich threw rocks three times in the federal building in Fargo during the summer of 2001. The rocks struck a pane of glass that separates the lobby from the secure area of the building, and each rock had a note addressed to the FBI attached, authorities said. The contents of the notes were not disclosed.

One note, attached to a rock thrown on July 11, 2001 was "intended to be perceived as threats against FBI agents in the building," U.S. Attorney Drew Wrigley said in a statement.

Agents thought the threat was in retaliation for the investigation of American Indian activist Leonard Peltier, Wrigley's statement said. Peltier is serving life in prison for the deaths of two FBI agents in South Dakota in 1975.

Cvijanovich faces up to 13 years in prison on the charges.

Former Strip Club Employees Plead Guilty In Vegas Federal Case (AP)

By Ken Ritter, ASSOCIATED PRESS

AP, June 1, 2006

LAS VEGAS (AP) - A federal judge accepted plea deals Wednesday from 16 people to end a decade-long investigation of criminal activity at a Las Vegas strip club, whose owner has agreed to sell the business and plead guilty to tax evasion.

The probe at the Crazy Horse Too club dates at least to 1995 and includes allegations that a tourist from Kansas was left paralyzed when he was beaten by employees in 2001. It ended with admissions of failure to report income from tips given to dancers that are shared among club employees.

Club owner Rick Rizzolo, who has faced allegations of mob ties for more than a decade, was expected Thursday to become the 17th and final person to accept plea deals in the case.

Rizzolo, 47, was scheduled to plead guilty to a single tax charge - conspiracy to defraud the government - and agree not to contest some $17 million in fines, forfeitures and restitution. He would serve no more than 16 months in federal prison, prosecutors said.

Wednesday's pleas stemmed from a January 2005 indictment that charged club manager Robert D'Apice with racketeering and tax evasion. Prosecutors accused D'Apice and current and former club employees with using force to compel customers to pay disputed charges.

D'Apice, 51, pleaded guilty before U.S. District Judge Kent Dawson to a felony racketeering charge that carries a possible sentence of probation to 20 years in federal prison and a $250,000 fine. The plea deal is expected to get him no more than 16 months in prison at his sentencing Oct. 17.

"Overall, we're happy with the resolution," D'Apice's lawyer, Michael Cristalli, said outside court. "The important thing is this case gets resolved."

Fourteen men ranging in age from 37 to 68 each pleaded guilty to a single felony tax charge of conspiracy to defraud the government. One woman, Paula McBride, 28, pleaded guilty to perjury. All live in the Las Vegas area except Ralph Pope, 63, of Chicago.

Six of the defendants, identified as current and former club managers, were expected to face 10 to 16 months in prison at sentencings scheduled in August and September. Nine other defendants face no more than six months in prison.

Rizzolo's lawyer, Tony Sgro, has characterized the club owner's decision to plead guilty as a calculated move to emerge from the shadow of investigations and the suggestion of mob ties. Efforts to reach Sgro on Wednesday were unsuccessful.

The lawyer has noted that Rizzolo's plea agreement does not mention organized crime, although prosecutors expect the corporate owner of Crazy Horse Too, the Power Company Inc., to enter a guilty plea Thursday to a racketeering charge.

The plea deal with Rizzolo depended on guilty pleas from each of the 16 other defendants.

The FBI had been investigating the club and Rizzolo since at least 1995, and used telephone wiretaps to collect information. The FBI and local police raided Crazy Horse Too in February 2003 in what Sgro called a "fishing expedition" for ties to organized crime. The lawyer said authorities also searched the club in late 2001.

The indictment cites injuries to Olathe, Kan., tourist Kirk Henry, who alleges in a civil lawsuit that he was left paralyzed from the neck down in September 2001 when he was beaten and left with a broken neck outside the club.

None of the defendants in the case admits direct responsibility for those injuries.

However, D'Apice agreed not to contest that the government could prove at least one of two acts of extortion to which he pleaded guilty also left at least one patron injured.

Sgro has said Rizzolo would sell the club within a year and not contest the payment of $10 million to Henry, some $4.25 million in forfeitures to the government and $1.7 million to settle a tax liability. The corporation and Rizzolo are expected to face some $750,000 in fines.

Daughter Of Victim In Homeless Hit-and-run Case Asks For Clues (MERCN)

By Andrew Glazer

The San Jose Mercury News, June 1, 2006

LOS ANGELES - The daughter of a man killed in a hit-and-run crash asked the public on Wednesday to help police in their probe that has resulted in the arrests of two elderly women accused of illegally collecting money from his life insurance policies.

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Standing at the alley where the body of 73-year-old Paul Vados was found in 1999, Stella Vados and her lawyer Gloria Allred asked anyone who knew her father or the women held on charges of mail fraud - Olga Rutterschmidt, 73, and Helen Golay, 75 - to call the FBI or police.

"Please help me in my quest for justice," said Stella Vados, an artist who lives in Northern California.

Police are investigating whether Rutterschmidt and Golay were directly involved in the death of Vados and Kenneth McDavid, killed in a similar hit-and-run last year.

Authorities said Golay and Rutterschmidt befriended the two transients, duped the men into signing them as beneficiaries on their life insurance policies and collected more than $2.3 million after they were killed. They are investigating whether as many as six other men, including a blind man, fell prey to the alleged scheme.

Allred said Vados never met Golay and Rutterschmidt until they reached a court settlement on her father's life insurance policy. Vados' longtime boyfriend Randy Hansen said police told him in 2000 that the women claimed Paul Vados' body by telling the coroner they were his only living relatives.

Hansen said he and Stella Vados battled with the women to move Vados from the unmarked grave where they buried him to a family plot. He remains in the unmarked grave.

Investigators recently seized the station wagon they believe struck McDavid. Federal authorities said the 1999 Mercury Sable had been involved in a collision with a pedestrian or bicyclist, and that Golay had called for it to be towed near the alley where McDavid was killed.

The call was made from a gas station about an hour before McDavid's body was found, according to court filings. Over the next month, the car received three tickets and was towed while parked six blocks away from Golay's Hollywood home.

The car was nearly identical to a vehicle described in notes found in Helen Golay's home after her arrest, federal investigators said. It was not registered to either Golay or Rutterschmidt.

Deputy Federal Public Defender Kim Savo, who is representing Rutterschmidt, said her office is conducting an independent investigation and would not comment. Golay's lawyer, Philip Samovar, has not returned messages left at his office.

Lawyer Offers Plea In Drug Case (JCL)

By Jimmie E. Gates

Jackson Clarion-Ledger, June 1, 2006

A lawyer formerly associated with a Jackson law firm pleaded not guilty Tuesday to a 36-count federal indictment accusing him of helping clients submit false settlement claims involving the diet drug Fen-Phen.

Vicksburg lawyer Robert Arledge, 49, made his initial court appearance in U.S. District Court on Tuesday after being indicted on Friday. He is the first lawyer charged in the ongoing FBI/IRS federal investigation of fraudulent Fen-Phen claims.

Arledge made no comments after his court appearance, but his attorney proclaimed Arledge's innocence.

CHARGES AGAINST ARLEDGE

Lawyer Robert Arledge faces 36 counts in U.S. District Court. The charges are:

One count of conspiracy to defraud, four counts of fraud and three counts of wire fraud. Each of the fraud charges carries a maximum penalty of five years in prison.

Twenty-six counts of money laundering. Each of the money laundering charges carries a maximum penalty of 10 years in prison.

Two counts to forfeit property derived through the alleged scheme.

"All the charges are unfounded," defense attorney Bill Kirksey said. "Mr. Arledge has done nothing wrong."

Kirksey said Arledge was one of numerous lawyers who worked on Fen-Phen settlement claims.

"I'm wondering why he is standing here and not others," Kirksey said.

The U.S. attorney's office says Arledge was employed with Richard Schwartz & Associates at the time of the alleged fraud.

The indictment alleges Arledge and several plaintiffs received more than $8 million in settlements and attorney fees to which they were not entitled.

DOJ_NMG_0030754

"You had individuals who never took the drug and received substantial amounts of money," said Assistant U.S. Attorney Don Burkhalter outside the federal courthouse in Jackson.

Kirksey said Arledge depended on what clients told him in submitting the claims.

Arledge was out of the country Friday on a hunting trip when the indictment was announced.

The government confiscated items from Arledge's office last week, including safes that have yet to be opened. Prosecutors agreed Tuesday to open the safes at a mutually agreed upon time with Arledge and his attorneys.

Fen-Phen, which was sold under brand names including Redux and Pondimin, was pulled from the market in 1997 after being linked to a series of heart problems. Its maker, American Products, established a $400 million pool in 1999 to settle legal claims.

The indictment covers from January 1999 to July 2002. Arledge is the third person associated with Schwartz & Associates indicted in the Fen-Phen investigation.

Federal prosecutor Cindy Aldridge said Arledge is the 27th person indicted in the federal investigation. All of the others have pleaded guilty but have not been sentenced.

U.S. Magistrate Judge James Sumner released Arledge on a $50,000 bond. His trial is set for Aug. 8.

Sumner said Arledge will have to surrender his passport, but is allowed to travel within the continental United States.

Arledge Says Innocent; Trial Starts Aug. 8 (VICKPOST)

By Danny Barrett Jr.

Vicksburg Post, June 1, 2006

JACKSON - Attorney Robert Arledge was released from federal custody on $50,000 bond Tuesday following an initial appearance in federal court.

He pleaded innocent to an indictment charging conspiracy, mail and wire fraud and money laundering, which carry maximum sentences of five and 10 years respectively, plus fines of up to $250,000 on each of the three charges.

A trial was set for Aug. 8 before U.S. District Judge David Bramlette.

The arraignment came after a weekend-long search for Arledge, who surrendered to federal authorities Monday. Officials with the U.S. Attorney's Office said the Vicksburg native and resident was on an overseas hunting trip when the indictment was announced Friday. Arledge may travel while on bond, but his passport was revoked.

Exiting the courthouse, Arledge, 49, had no comment on the details of the case, referring questions to his attorneys, William Kirksey and Karl Koch.

“These (charges) are all unfounded. He has done nothing wrong,” Kirksey said, walking beside Arledge.

“A lawyer has to depend on the facts the client tells them,” Kirksey said. “No lawyer has got the time to go behind every client.”

Arledge, a onetime judicial candidate in Warren County, is accused of knowingly filing false claims for payment from a settlement pool set up by American Home Products, now Wyeth Pharmaceutical. The company made and distributed the Fen-Phen diet drugs Pondimin and Redux, which were removed from the market in 1997 by the Food and Drug Administration on suspicion of being harmful to people who took them.

The 35-count indictment charges that among legitimate plaintiffs, there were false claimants who shared in more than $8 million resulting from claims based on false information about having taking the prescription drug or its effect on their health. Attorneys in such cases are normally paid their expenses and a contingency fee of at least a third of a client's share.

Creation of the pool, about $2 billion, followed jury verdicts of $23 million in Texas and a $150 million jury verdict in Jefferson County.

Federal agents seized numerous items Friday from Arledge's home in Turning Leaf subdivision, off Lee Road, including a motorcycle and more than one oil painting. The indictment lists several items obtained with the hundreds of thousands Arledge secured in fees, including home expenses, charter plane expenses, cars, drapes and football tickets.

Arledge, licensed in 1995, was working for Schwartz and Associates in Jackson, the indictment says, when the false claims were filed and paid. He ran for Warren County judge in 2002, losing to Vicksburg attorney John S. "Johnny" Price Jr., who has since been re-elected to the post.

In addition to running against Price for county judge, Arledge asked then-Gov. Ronnie Musgrove to be appointed Warren County prosecuting attorney to replace Price. He had also qualified to run for county prosecutor but withdrew.

Federal authorities now say 27 people have faced indictment for lying to claim shares of the settlement pool. Almost all have pleaded guilty and been ordered to pay restitution of about $250,000 each.

Lawyer Pleads Not Guilty In Diet Drug Case (BSH)

Biloxi Sun Herald, June 1, 2006

JACKSON, Miss. - A Vicksburg attorney pleaded not guilty Tuesday to helping clients submit false settlement claims in a multimillion dollar lawsuit against a pharmaceutical company.

U.S. Magistrate Judge James Sumner released Robert Arledge on a $50,000 bond. Arledge turned himself in to federal authorities Monday after returning from an overseas hunting trip, ending a weekend-long search for the one-time judicial candidate.

More than a dozen federal agents last week swarmed his Vicksburg mansion. Witnesses said the officers seized property including a motorcycle and an oil painting.

The 36-count federal indictment lists several items obtained with the hundreds of thousands of dollars Arledge secured in fees, including drapes, cars, homes and football tickets.

The charges stem from the 48-year-old's involvement in claims from a settlement pool created by American Home Products, a pharmaceutical company that produced and distributed Pondimin and Redux.

The indictment charges that numerous plaintiffs shared in more than $8 million in payments as a result of submitting the false information and that Arledge, as an attorney, knew the claims were false.

Creation of the pool - nearly $2 billion - followed a $23 million jury verdict in 1999 in Texas and a $150 million jury verdict in Jefferson County, claiming the diet drugs endangered the health of those who took it.

In addition to the conspiracy charge, which in this case carries a maximum sentence of five years, Arledge faces additional charges of mail and wire fraud and money laundering in the indictment that carry five- and 10-year sentences, said Assistant U.S. Attorney Cynthia Eldridge. Those terms result from the activity taking place before the maximums sentences were raised in 2002, and thus are lower than current maximums, Eldridge said.

Arledge, a Vicksburg native, ran for Warren County Court judge in 2002. He received his license to practice law in 1995 and formerly worked with the Swartz & Associates law firm in Jackson.

Besides running for county judge, Arledge asked then Gov. Ronnie Musgrove to be appointed Warren County prosecuting attorney. He had also qualified to run for county prosecutor but withdrew from the race.

Medical Supply Company Owner Pleads Guilty In Wheelchair Scam (HC)

Houston Chronicle, June 1, 2006

A medical equipment company owner pleaded guilty Tuesday to paying $200 kickbacks to Houston doctors for writing prescriptions for unneeded motorized wheelchairs in a scam that cost federal health agencies millions.

Harold "Prince Yellowe" Iyalla, 48, also told U.S. District Judge Vanessa Gilmore that Medicare paid his company, 1st Choice Medical Supplies and Equipment, $5.6 million under the scam.

During his plea, Iyalla said he paid recruiters $200 to $300 for each patient they could send to one of the doctors willing to write a phony prescription. Under the scheme, equipment companies would bill the government for wheelchairs that typically cost about $4,200, then give the patients motorized scooters worth about $1,700, according to the indictment.

Iyalla pleaded guilty to conspiracy, health care fraud and money laundering with maximum sentences ranging from five to 10 years and fines of $250,000.

Ex-Money Manager Gets 30 Years (LAT)

DOJ_NMG_0030756

By E. Scott Reckard, Times Staff Writer

The Los Angeles Times, June 1, 2006

James Lewis expresses regret at his sentencing for swindling investors of $156 million.

Orange County money manager James P. Lewis Jr. was sentenced Friday to 30 years in prison for swindling 1,600 investors of $156 million in a Ponzi scheme so calculated and long-running that the judge called it a "crime against humanity."

Lewis slumped back in his seat as U.S. District Judge Cormac Carney pronounced the maximum sentence, rejecting pleas by Lewis' lawyer that it would be "a death sentence for a 60-year-old." Lewis turns 60 next month.

Carney calculated that 19 1/2 years in prison would be the most under nonbinding federal sentencing guidelines. But he said those rules "never contemplated this kind of case."

For nearly 20 years, the judge noted, Lewis solicited retirement funds from investors who now face the prospect of humiliation and poverty in their senior years.

"Obviously, Mr. Lewis has robbed you of security, peace of mind and the pursuit of happiness," Carney said. He added that when Congress set 30 years as the maximum sentence for mail fraud, "I just can't believe they could have conceived of a worse case than this."

The judge's decision was handed down after a four-hour, 20-minute hearing in a packed Santa Ana courtroom filled with weeping testimony from victims and Lewis' family, as well as angry outbursts from some investors.

Asked by the judge to address the court, Lewis delivered a rambling speech that began with apologies to his victims, saying he was "full of sorrow, shame and deep remorse." In a high-pitched voice, he then described at length the hard-core criminals he had come to know in jail — men with names such as Trigger, Hit Man and Cutthroat — and said he hoped to someday reform them through Bible study.

As the sentence was read, one of Lewis' daughters screamed and burst into tears while many of the 60 other spectators applauded. Several victims said they had thought the sentence would be light because Carney had seemed sympathetic to the argument about Lewis' age during the hearing.

"He was sounding like he'd be lenient on him," said Janet Goldblatt, an investor who told the judge she had lost a nest egg from working 25 years as a designer for Mattel Inc.

"To say I'm happy doesn't begin to describe it — it's satisfaction that the justice system works," Goldblatt said. "At least we know where he's going to spend his retirement."

Defense attorney Scott M. Schlegel said he would appeal the sentence, saying it was cruel and unusual punishment for a man of Lewis' age.

The judge praised Lewis for giving up his right to a trial, which he said could have overwhelmed the already devastated investors. Lewis pleaded guilty in October to one count of mail fraud and one count of money laundering.

Among his clients were many fellow Mormons who had learned of Lewis' Financial Advisory Consultants in Lake Forest through church connections, and talked friends and family members into investing as well.

Lewis has been held without bail since January 2004, when he was arrested at a budget motel in Texas after a nationwide manhunt. He had a disguise and a guidebook to Mexico at the time.

Over two decades, he raised $311 million from investors who had heard glowing accounts of people earning returns of as much as 40% a year. Billing his operation as perfect for individual retirement accounts, Lewis lulled investors by paying them dividends and other returns, leaving investors with a net loss of about $156 million.

But as he admitted in October, the payments were made using funds from other investors in a classic Ponzi scheme.

Lewis' fraud succeeded for so long in part because he was taking in money that investors had earmarked for retirement and weren't seeking returns on for years, said Barry Minkow, who spent seven years in prison for defrauding investors when he operated ZZZZ Best carpet-cleaning company in Reseda.

Minkow, now an anti-fraud consultant, tipped authorities to Lewis' scam after worried investors asked his firm to look into what they suspected was a scam.

Lewis told his victims he was turning big profits by buying and selling distressed businesses, leasing equipment to medical offices and financing medical insurance premiums.

In fact, Assistant U.S. Atty. Gregory W. Staples reminded the judge, Lewis made only a few small investments and squandered millions on cars and expensive homes for his ex-wife in Laguna Niguel, a girlfriend in Villa Park and another girlfriend in Greenwich, Conn.

Receiver Robb Evans & Associates of Sun Valley has been liquidating Lewis' assets and suing hundreds of clients who were paid more than the money they invested, hoping to reclaim some for the losing investors.

Evans has recovered nearly $11 million, of which investors will get $9.5 million after expenses, said Evans' chief operating officer, Brick Kane.

Ex-Mansfield Cop Pleads Guilty In Child Porn Case (FWST)

The Fort Worth Star-Telegram, June 1, 2006

David Neal Looney, 41, a former Mansfield police officer, pled guilty in federal court in Fort Worth today to one count of possession of child pornography, according to a press release from the U.S. Department of Justice.

Looney, of Mansfield, admitted in court documents that he paid for access to a Web site that allowed its paying members to view and download images of child pornography.

Looney confessed to FBI agents that he had images of child pornography on his home computer and gave written consent for agents to seize and search his computer. A forensic examination of the computer's hard drive revealed approximately 110 images of child pornography.

He faces a maximum statutory sentence of 10 years in prison and a $250,000 fine. He is scheduled to be sentenced Sept. 11, 2006, officials said.

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Banks Honor Bogus Checks And Scam Victims Pay (WP)

By Caroline E. Mayer

The Washington Post, June 1, 2006

Trying to sell his 1968 Mustang online, John Schaefer received what appeared to be a firm offer from an overseas classic-car dealer. The buyer sent Schaefer a check for $14,000 even though Schaefer was asking only $8,000. The buyer said the extra money was to cover shipping and directed Schaefer to wire him the difference.

"It seemed kind of funny, and I had some hesitation," said Schaefer, who deposited the check in his bank's ATM over the weekend. On Monday, he asked a teller to see if the check was good. She left her perch, went to the backroom and returned assuring him "there was no problem," Schaefer recalled.

On Wednesday, "still not feeling quite right," Schaefer asked the same teller to make sure the check was good. That time, the teller told him the check had been cleared and he was "all set." Schaefer withdrew $5,000 and wired the money to the buyer.

Four days later, as he reviewed his account online, he discovered the check was not good. Even worse, the bank was demanding that he repay the $5,000.

"Had I made the deposit and not tried to make sure it was legitimate, I should have full obligation to make good on it," said Schaefer, 34, a facilities manager in Brattleboro, Vt. "But I checked with the bank twice, and now I find out they have no accountability."

Schaefer is one of thousands of consumers who have been victimized by an increasingly common check scam that relies on the vagaries of the banking system to take advantage of unsuspecting consumers.

Federal rules require banks to release funds from a consumer's deposit quickly, usually within one to five business days, depending on the kind of check. However, it can take weeks before a bank discovers a check is fraudulent.

So when a teller says "the check has cleared," the teller is "usually thinking in terms of bank rules, that the hold time is over, and the consumer now has access to the funds," said Susan Grant, director of the National Fraud Information Center.

But the average consumer thinks that phrase means "the check is not fraudulent," Grant added.

When that happens, it is depositors who are responsible for the money, she said. As the American Bankers Association explains in a "Fraud Alert!" statement insert it distributes to banks to send to customers: The consumer is the one dealing directly with the person who sent the money and therefore is "in the best position to determine how risky the transaction is."

To facilitate the flow of funds behind the 40 billion checks processed each year, banks are required to release funds within a few days, said Nessa Feddis, senior federal counsel for American Bankers Association.

If tellers start asking a lot of questions or start holding checks until they are determined to be good, banks "might be perceived as trying to circumvent the rules entitling people to withdraw funds," Feddis added. And if the banks are wrong, it will only be a matter of time before they are hauled before Congress and "accused of trying to hold on to people's funds," she said.

That provides no comfort to those who have gotten caught in scams. "I want security more than fast check-cashing and money flying all over the place," said Toni Gaston, a New Jersey administrative assistant who was the victim of an Internet work-at-home scam earlier this year.

In February, about a year after Gaston had posted her résumé on a job-search Web site, she received an e-mail about a part-time opportunity: to work as a courier for money for an international charity that builds homes for people in disaster areas. Her assignment was to deposit local donations into her own bank account, wait for the checks to clear and then wire the money to another address. She was told she would be paid 7 percent of every donation check, with a guarantee of $500 the first week on the job.

Gaston received a $4,500 cashier's check on Saturday, Feb. 26, and immediately deposited it in her Bank of America account. The teller told her it would take three days for the check to clear. On Wednesday, Gaston reviewed her account online and saw the funds were in her account. "I assumed, since it was a cashier's check, that Bank of America had actually gotten money from the other bank and put it into my account," she said.

On Thursday, Gaston withdrew $2,000 and wired it to a Ukrainian address. That's not unusual since most of these scams direct money outside the United States, often to Canada or Nigeria. The next day, Gaston followed instructions from another e-mail directing her to wire $1,900 to a different Ukrainian address.

"I couldn't believe I could make this much from this little bit of work," Gaston said. It was only a few days later that Gatson's euphoria wore off, when she caught a snippet of a TV news story about a person who had been scammed by an identical work-at-home scheme.

"My face turned completely green," said Gaston, who called the bank immediately. Bank officials told her there was nothing the bank could do and warned her that she would have to repay the $3,900 when the counterfeit cashier's check was finally returned to the bank.

It took another month before that happened. By that time, Gaston had surfed the Internet and learned there were hundreds of other victims around the country. She was furious. "The banks know this is going on. They know people are compromising the bank system, so why don't they upgrade their security, train their tellers to spot the counterfeit checks?"

According to Gaston: "A bank vice president told me that the bank cashes so many checks a day it doesn't have time to do that. I thought my money was safe. . . . I should have stashed it in a mattress."

Bank of America spokeswoman Diane Wagner said privacy rules prohibit talking about Gaston's case. However, in general terms, she said, "We advise customers to know with whom they're doing business. We also tell them they should never agree to wire back funds to a person they're not familiar with."

Wagner and other bank officials around the country all note that both the deposit receipt and the initial agreement customers sign when setting up an account make it clear that if any deposit item is returned, for any reason, the customer is responsible.

Bank of America's deposit receipt, for example, says: "All items are credited subject to verification, collection, and conditions of the Rules and Regulations of this Bank and as otherwise provided by law."

For most consumers, that language is clearly not enough, said Shawn Mosch, who launched a "Scam Victims United" Web site after she and her husband fell victim to a counterfeit check scam when they tried to sell a 1961 Buick online. Begun in 2003, Scam Victims United now has 2,616 members registered to its message board of 4,000 postings.

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"There ought to be a law that says banks can't release the money until the check is guaranteed to have cleared -- or the customer is willing to sign a release realizing it is his/her responsibility if the check turns out bad," Mosch said. "Had there been something like that for me when I was a victim, I would have said, 'Oh wait, you mean we're not guaranteed here?' . . . We didn't trust the guy we were selling the car to, but we trusted our bank to tell us the truth. . . . I specifically asked the teller, 'I want to make sure if I do anything with this check it won't come back and bite me,' and the same teller assured me three times there was no problem."

Bank officials say it is not possible to warn each and every consumer about potential scams. "Everybody is in a hurry, so if we made such a disclosure with each transaction about every responsibility the depositor has, we'd be there all day," the ABA's Feddis said.

Besides, Feddis added, the proportion of fraudulent checks is very small, fewer than 100,000 out of the 40 billion checks processed annually. But the numbers are growing. According to the suspicious-activity reports banks file with the federal government, the number of fraudulent and counterfeit checks totaled 88,986 in 2005. That's more than triple the 28,670 reported in 2000. Between 2004 and 2005 alone, the number of reports of fraudulent and counterfeit checks grew by 45 percent.

Driving this increase is the Internet, which has made it easy for scammers to reach an ever-widening circle of susceptible consumers. "Because you're on the Internet in the comfort of your home, you may not realize the dark alleys you're dealing with," said John Hambrick, the FBI's unit chief at the Internet Crime Complaint Center.

Banks say they are trying to be more proactive, alerting their customers to those dark fraud-filled alleys through statement inserts and posters.

"Banks could do a better job," added Grant of the National Fraud Information Center. Among other things, she said, they could improve technology to catch fraudulent checks faster and be more upfront with customers about the risks.

"For example, when a customer says, 'Has this check cleared?' it's an opportunity to say the hold period is over and now you can have access to the money, but that doesn't mean the check or money order is good. If it bounces, you will still be responsible."

Even so, Grant added, consumers need to be vigilant, too. "And there's one sure way consumers can avoid a scam: Anytime anyone asks you to wire them money, that's all you need to know."

Schaefer learned that lesson the expensive way with his Mustang. He eventually sold it "to a gentlemen in Massachusetts," he said, adding, "He paid cash."

Plot To Arm Militia Group Nets Prison For Houstonian (HC)

By Harvey Rice

Houston Chronicle, June 1, 2006

A Houston businessman and former member of the Danish Parliament was sentenced to 14 years in federal prison today for his role in a plot to trade cocaine for weapons to arm a right-wing militia listed as a terrorist group.

Uwe Jensen, 70, pleaded guilty more than three years ago to conspiring with his boss, Carlos Ali Romero Varela, 47, to sell shoulder-launched anti-aircraft missiles and small arms to the United Self-Defense Forces of Colombia, or AUC.

"Nothing was intended to hurt the United States," Jensen said today as he apologized in court for his crime.

His attorney, Erik Sunde, said Jensen got involved because he had gone through a divorce was earning a little more than $1,000 per month from Romero.

He entered into "what seemed to be an adventure, what seemed to be exciting and offered financial security for his future," Sunde said.

U.S. District Judge David Hittner said Jensen's age kept him from issuing a sentence of 15 years to life in prison, as permitted under federal sentencing guidelines.

Hittner sentenced Edgar Fernando Blanco Puerta, an AUC commandante known as "Emilio," to life in prison. He sentenced Elkin Alberto Arroyave Ruiz, a Colombian known as "Napo," to 15 years in prison.

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Arroyave Ruiz's attorney, Richard Diaz, said his client was a contractor hired by the AUC to inspect the weapons they planned to purchase for $25 million in cash and cocaine. Prosecutors initially claimed he was an AUC commandante, but acknowledged later that he was not an AUC member.

The AUC, an umbrella group for right-wing militias formed to fight Marxist guerrillas, is on the U.S. State Department's list of terrorist groups and has been accused of widespread human rights abuses.

Romero, Jensen's employer and co-conspirator, also haspleaded guilty and is awaiting sentencing.

They were arrested in an FBI sting operation code-named "White Terror," which began after an East German informant who claimed to have ties with the KGB told the FBI that Jensen and Romero wanted to buy Russian weapons.

The FBI arranged an elaborate sting operation in which Warsaw Pact arms for sale were depicted on a CD-ROM.

Jensen and Romero planned to ship the AUC 53 million rounds of ammunition, 9,000 AK-47 assault rifles, grenade launchers with 300,000 grenades, two SA-7 shoulder-fired anti-aircraft missiles, 300 pistols and two SVD sniper rifles, investigators said.

Romero, who prosecutors said had been involved in drug trafficking, was president of Poseidon Inc., which he formed to make international chemical shipments in special tanks designed for easy transport.

Romero and Blanco agreed to trade weapons for cocaine after a series of meetings in Latin America and Houston, authorities said.

Jensen had a short political career in Denmark before moving to Texas. He was a city councilman in his hometown of Esbjerg in 1975, a member of the Danish Parliament in 1977-79 and a member of the European Parliament in 1977-78 and spent three months in 1978 as a Danish delegate to the United Nations.

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3 Men Sentenced In Drugs-For-Weapons Case (AP)

AP, June 1, 2006

HOUSTON -- Three men, including a former Danish parliament member, were sentenced Wednesday to prison terms ranging from 14 years to life in prison for their roles in a $25 million weapons-for-cocaine plot involving Colombian terrorists, prosecutors said.

Elkin Alberto Arroyave Ruiz, 37, and Edgar Fernando Blanco Puerta, 59, both Colombian nationals, and Uwe Jensen, 70, a naturalized U.S. citizen from Denmark, had pleaded guilty to charges of conspiracy to provide material support and resources to the Autodefensas Unidos de Colombia.

The group was designated a foreign terrorist organization by the U.S. government on Sept. 10, 2001.

Jensen and Blanco also pleaded guilty to conspiracy to possess with intent to distribute cocaine, said U.S. Attorney Don DeGabrielle.

U.S. District Judge David Hittner sentenced Jensen to 14 years in prison for each of the two counts he faced. His sentences will be served concurrently. Jensen sat on Denmark's parliament from 1975 to 1979.

Blanco was given sentences of life in prison and 15 years for the two counts he faced. Both sentences will be served concurrently.

Arroyave was sentenced to 15 years and faces deportation to Colombia after serving his term.

All federal prison terms are without parole.

All three were arrested in 2002 -- Jensen in Houston, Arroyave and Blanco in San Jose, Costa Rica.

Carlos Ali Romero Varela, 46, another participant in the scheme, is awaiting sentencing.

Prosecutors said Jensen and Romero, who both lived in the Houston area, tried to broker a deal with an undercover FBI operative to provide $25 million worth of Russian-made weapons in exchange for cocaine and cash.

A CD-ROM with samples of the weapons was presented to members of the Colombian terrorist group, including Arroyave and Blanco. No weapons reached the group, authorities said.

Judge Questions Role Of Wife In Alleged Cuba Spy Tandem (AP)

By Curt Anderson, AP Legal Affairs Writer

AP, June 1, 2006

A federal judge raised questions Wednesday about the role of a Florida International University employee accused along with her professor husband of working as agents of the Cuban government, suggesting that the charges amounted to "character assassination" against her.

U.S. District Judge K. Michael Moore said it was unfair to Elsa Alvarez to assume that she was involved in all of the activities of her husband, Carlos Alvarez, particularly since there is substantial evidence indicating she was reluctant from the beginning and later opposed continuing their alleged surveillance on behalf of Cuba.

"There's a lot of character assassination as to the wife because of what you have on the husband," Moore said at a hearing. "It strengthens your case if you can just lump her in there."

Moore's comments came during a three-hour hearing on a request by Elsa Alvarez's lawyers that she be released on bail before trial scheduled in early 2007. Moore did not issue an immediate ruling, but did direct attorneys to draw up a tentative order providing for bail of at least $250,000.

The couple is charged with failing to register as agents of a foreign government. Prosecutors contend they spied for Cuban President Fidel Castro's government for decades, mainly reporting on activities of Miami's large Cuban-American exile community and U.S. political developments.

Both have pleaded not guilty and have been held without bail since their arrests in early January. Prosecutors have alleged they used their positions at FIU - she as social program coordinator, he as a psychology professor - as cover.

Testimony revealed Wednesday that during three days of interviews with the FBI last summer, Carlos Alvarez repeatedly told agents that his wife was not directly involved in communications - using coded messages on a short-wave radio - with their Cuban intelligence service handlers.

In fact, according to transcripts of those interviews, Elsa Alvarez grew increasingly worried about the contacts and hoped to end them.

"Elsa has been the person who wanted me to break with all of this for many years," Carlos Alvarez told FBI agents. "I'm not saying it as a husband defending a wife. But there's nothing there."

Brian Frazier, the assistant U.S. attorney handling the case, acknowledged that the evidence is "mixed" about Elsa Alvarez's activities on behalf of Cuba. But he said she did attend a training session with Cuban handlers with her husband in Mexico in the mid-1980s and received a medal for her work while on a trip to Cuba in 1991.

The evidence, Frazier said, "is greater as to Mr. Alvarez than to his wife. But it's important to understand how these husband-and-wife teams work and how they aided and abetted each other."

A key question for Moore is whether Elsa Alvarez is a risk to flee the country if released on bail. FBI agent Albert Alonso, the chief investigator on the case, testified that a Cuban passport in Carlos Alvarez's name was found at their Miami home, but nothing in Elsa Alvarez's name.

There was also no evidence of false travel documents or identities, which are common in espionage and similar cases, Alonso said. But he added that Cuba has frequently recruited married couples as spies because of their loyalty to each other.

"It's a family unit. They trust each other. Nobody else knows about them but themselves," Alonso said.

Testimony also disclosed Wednesday that the FBI planted a listening device in the couple's bedroom in at least 2001 and possibly earlier. But in all of those taped conversations, Alonso said there was no discussion of fleeing to Cuba if the couple was caught, or of such things as foreign bank accounts or fake travel documents.

Stolen VA Data Goes Beyond Initial Reports (AP)

By HOPE YEN, Associated Press Writer

AP, June 1, 2006

WASHINGTON (AP) - Personal information on 26.5 million veterans that was stolen from a Veterans Affairs employee this month not only included Social Security numbers and birthdates but in many cases phone numbers and addresses, internal documents show.

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Meanwhile, VA Secretary Jim Nicholson said Wednesday that he had named a former Arizona prosecutor as a special adviser for information security, a new three-month post that will pinpoint security problems at the VA and develop recommendations for improvements.

The three pages of memos by the VA, written by privacy officer Mark Whitney and distributed to high-level officials shortly after the May 3 burglary, offer new details on the scope of one of the nation's largest security breaches. The memos were obtained Wednesday by The Associated Press.

They show that a file containing 6,744 records pertaining to "mustard gas veterans" - or those who participated in chemical testing programs during World War II - was breached, and that a "short file" with as many as 10 diagnostic codes indicating a veteran's disability also was stolen.

At the same time, however, the memos suggest that the data might be difficult to retrieve by thieves.

"Given the file format used to store the data, the data may not be easily accessible," stated one memo dated May 5 and distributed internally May 8.

On Wednesday, the VA did not say why it didn't immediately reveal that personal information such as addresses and phone numbers had been disclosed. But the agency said it aggressively sought to protect veterans once Nicholson was informed.

"VA's initial and primary efforts have focused on notifying the millions of veterans and some spouses whose most sensitive and identifiable information - their names, Social Security numbers, dates of birth, and some disability ratings - may have been compromised," spokesman Matt Burns said.

Some lawmakers said Wednesday they were troubled by the new revelations, which go further than what the VA initially reported after publicizing the theft on May 22. At the time, Nicholson said the data was limited to names, Social Security numbers and birthdates; he later indicated that diagnostic codes in some cases also may have been breached.

"It is not appropriate for this information to ever enter the public domain," said Rep. Bob Filner, D-Calif., the top Democrat on the House Veterans' Affairs Committee, which is planning to hold several additional hearings on data security and veterans' benefits later this summer.

Veterans groups have criticized the VA for a three-week delay in publicizing the burglary after the theft at a VA data analyst's Maryland home. During hearings last week, Nicholson said he was "mad as hell" that employees did not notify him of the May 3 burglary until May 16.

Joe Davis, a spokesman for Veterans of Foreign Wars, said the VA needs to come clean about who exactly is at risk.

"What's so upsetting and frustrating is the lack of specific details coming from the VA," he said. "We have millions of veterans looking to the VA for answers, including older veterans who may not have Internet access or fully comprehend what this means to them, and younger veterans who will now have to carry this dark cloud with them for the rest of their lives."

Separately, Nicholson said in a statement that he had appointed former Maricopa County Attorney Richard Romley as his new adviser for information security. Nicholson cited a need for dramatic security changes in the wake of the burglary.

"Rick Romley is a well-respected attorney and veteran who will provide a critical outsider's perspective to VA," Nicholson said. "Rick shares my commitment to cutting through bureaucracy to provide results for our nation's veterans."

Romley, a Vietnam War veteran, prosecuted one of the largest public corruption cases in Arizona in the early 1990s and was seen as a potential GOP contender in that state's 2006 governor's race.

On Tuesday, VA deputy assistant secretary Michael McLendon said he was stepping down because of the theft, and the VA announced it would dismiss the data analyst, who had reported to McLendon. The department also placed Dennis Duffy, the acting head of the division in which the data analyst worked, on administrative leave.

Deal Lets City Subpoena 3 Lab Workers (HC)

By Steve Mcvicker

Houston Chronicle, June 1, 2006

Legislator and investigator agree on a plan to force them to testify

Three recalcitrant witnesses believed to hold key information concerning the root of problems at the Houston Police Department crime lab could soon be forced to tell what they know.

Michael Bromwich, the city's independent investigator, and Rep. Kevin Bailey, D-Houston, chairman of the House Committee on General Investigating and Ethics, confirmed Tuesday that an unorthodox agreement has been reached that would let Bromwich use the committee's subpoena power to compel the uncooperative former lab employees to testify under oath.

"We're pleased we've been able to reach an agreement with Chairman Bailey and the members of his committee that will advance our investigation," Bromwich said.

In his latest report on the crime lab released earlier this month, Bromwich, a former U.S. Justice Department inspector general, said DNA and serology analysts may have tailored their findings to support predetermined crime theories.

Bromwich also complained that the probe by his team of forensic investigators has been hindered by an absence of cooperation from three ex-crime lab employees: former lab supervisor Don Krueger, former DNA lab chief James Bolding and former analyst Christy Kim.

Krueger retired in February 2003 after the DNA section's widespread problems were exposed. Former Police Chief C.O. Bradford later recommended that Krueger be fired for his role in the lab's problems. Bolding resigned in 2003 to avoid being fired. Kim was fired, but the Civil Service Commission re-instated her and she later retired.

Work by Bolding and Kim has been repeatedly mentioned in cases found to be suspect by Bromwich's team.

"Was it just incompetence and sloppiness by the analysts, or was there some outside pressure getting them to come up with certain results?" Bailey asked. "They've not been willing to answer questions, and so this appears to be the only way to get them (to)."

Attempts to contact the three former lab employees for comment were unsuccessful Tuesday.

According to Bailey's reading of the Texas Government Code, no one who testifies before his committee can be prosecuted based on that testimony. Therefore, in his opinion, none of the witnesses should fear cooperating.

"But if they still fail to testify, we'll find them in contempt and attempt to have them prosecuted," the committee chairman said.

Subpoena powersThe subpoenas for Krueger, Bolding and Kim will order them to appear before the committee in closed hearings scheduled June 12-14 at Houston City Hall. Bailey said one day has been set aside for the questioning of each witness. The witnesses are expected to appear before the committee, but Bailey said Bromwich would lead the questioning.

The idea of the committee basically lending its subpoena power to Bromwich was first floated by Bailey earlier this year. But the chairman's suggestion ran into opposition from Rep. Harold Dutton D-Houston, who is also on the committee. However, when contacted Tuesday, Dutton said he no longer has reservations about the rarely used committee tactic.

"There is some precedent for, in a closed hearing, allowing questions to come from parties that have been dictated by the committee and committee chair," Dutton said.

Team's qualificationsDutton also said that Bromwich's forensic team is obviously better qualified to question the former lab workers than members of the committee.

Bromwich was hired by the city to investigate the crime lab in 2005. The lab's DNA division was closed in December 2002 because of problems with practices and personnel. Since then, errors also have been exposed in the lab divisions that test firearms, body fluids and controlled substances.

Two men have been released from prison because of faulty lab work.

Thus far, Bromwich's investigators have identified 93 cases involving DNA or serology analysis with "major issues" that raise doubts about the reliability of work and the accuracy of analysts' conclusions.

"(The Legislature) has got to figure out if these labs should be independent and separate from police departments, or can they operate fairly when they are under police department control," Bailey said.

Ohio Justices Reverse Death Penalty Over Killer's Abusive Childhood (FINDLAW/AP)

AP, June 1, 2006

(AP) - COLUMBUS, Ohio-The Ohio Supreme Court on Wednesday threw out the death sentence of a man who strangled and stomped a 76-year-old man during a robbery, saying the killer's chaotic childhood with abusive parents, along with other factors, outweighed the crime's brutality.

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The 4-3 opinion also noted that Troy Tenace, 44, expressed remorse when he confessed to police in 1994, and that if he receives the maximum sentence, he won't be eligible for parole until age 96.

Any one factor alone would not have resulted in reversing the death sentence, but the combination of the three is enough to argue for prison over execution, the majority said.

The three dissenting justices said the brutality of the crime was inexcusable.

The justices were unanimous, however, in upholding Tenace's conviction for robbing and killing Chester Kozlowski on Jan. 28, 1994, in his Toledo home. Tenace robbed Kozlowski because the older man paid him in cash earlier for chimney repairs. The man had been gagged and strangled, and had extensive facial injuries from being stomped with heavy boots.

The ruling sends the case back to Lucas County for resentencing.

Tenace's mother and siblings had testified he was forced to watch the sexual abuse of his sister by his stepfather and was sexually abused himself by baby sitters, and that all three children were taught to steal and use drugs by age 10.

"Tenace was doomed from the start," Justice Judith Lanzinger said in the majority opinion. "Both appellant's mother and father were abusive, neglectful, and pernicious influences on their three children, who were schooled in crime from an early age."

South Carolina Bills Would Allow Death Penalty For Sex Offenders (NYT/AP)

By The Associated Press

The New York Times, June 1, 2006

The House passed a pair of bills that would allow prosecutors to seek the death penalty for some repeat child molesters. One bill was approved earlier by the Senate and now goes to the governor's office, but the second must go back to the Senate for reconsideration.

CIVIL LAW:

FEC Adopts Hands-Off Stance On '527' Spending (WP)

By Thomas B. Edsall

The Washington Post, June 1, 2006

The same rules that allowed independent "527" groups such as America Coming Together and Swift Boat Veterans for Truth to pump more than $400 million into the 2004 election campaigns will remain in place for now, the Federal Election Commission announced yesterday, a decision that invites even larger sums to be spent influencing races this year and in 2008.

The FEC ruling, made on a vote of 4 to 2 in closed session was a response to an order by U.S. District Judge Emmett G. Sullivan. Noting the apparent "complete failure" of the FEC's regulatory efforts in 2004, Sullivan required the agency either to start crafting new rules or to issue a better explanation of how it will be able to regulate the groups effectively under existing rules.

Commission Chairman Michael E. Toner was one of the two dissenting votes. "The stage is set for 527s to once again spend hundreds of millions of dollars in soft money to influence the 2006 midterms and the 2008 presidential election," he said.

Money donated to 527 groups -- the name comes from the section of the federal tax code under which the organizations operate -- must be disclosed under election law. Unlike contributions to candidates or major parties, there are no limits on what an individual can give.

In the 2004 presidential campaign, this allowed donors such as financier George Soros and insurance magnate Peter Lewis to be the major supporters of the liberal groups America Coming Together (ACT) and the Media Fund, which organized field operations and bought television ads against President Bush in swing states such as Ohio. On the other side, Texas developer Bob J. Perry helped fund the Swift Boat Veterans, which attacked Democratic nominee John F. Kerry's Vietnam War record.

Committees aligned with the Democratic Party outspent their GOP competitors $320 million to $109 million, according to the Campaign Finance Institute.

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House Republicans have passed legislation to limit the money individuals donate to 527 groups to $25,000 for voter registration and turnout activities and to $5,000 for TV commercials. Senate Democrats, however, appear determined to block the measure.

Toner said he sought to write a rule severely restricting contributions to 527 groups, but lost the vote yesterday. He was joined by fellow Republican Hans A. von Spakovsky. All three Democrats on the commission -- Robert D. Lenhard, Ellen L. Weintraub and Steven T. Walther -- joined Republican David M. Mason in the majority vote.

The pro-Democratic tilt of 527 spending in 2003-2004 prompted opposition at the Republican National Committee, the Bush-Cheney campaign and among Republican members of the House and Senate. Republicans did not become actively involved in 527 fundraising until May 13, 2004, when the FEC rejected proposals to issue strong regulations governing contributions to the groups.

The 527 activity in 2004 may not recur. Since the 2004 contest, ACT and the Media Fund effectively folded when Soros and some other Democratic heavy hitters withdrew support.

Reps. Christopher Shays (R-Conn.) and Martin T. Meehan (D-Mass.), co-sponsors of the 2002 McCain-Feingold campaign finance law, had sued the FEC demanding tougher regulations and enforcement.

Election Panel Won't Issue Donation Rules (NYT)

By Kate Phillips

The New York Times, June 1, 2006

WASHINGTON, May 31 — The Federal Election Commission has decided not to issue rules to regulate so-called 527 organizations that used millions of dollars in private donations to become powerful voices in the 2004 presidential election.

A federal judge had told the commission that it had two choices: issue uniform rules or issue a fuller explanation of why it was dealing with 527-related cases one by one even as the 2006 elections near. The commission voted 4 to 2 not to appeal the judge's ruling, and chose the second option.

Its chairman, Michael E. Toner, a Republican, dissented, saying, "The failure to issue rules has fostered uncertainty about what is legally permissible and has undermined the McCain-Feingold law" that governs campaign financing.

The vote by the panel set the stage for another round of court battles that could affect the 2006 Congressional elections, as well as the 2008 presidential race.

Advocates of changing campaign financing — and some Republicans — have been prodding the commission and Congress to regulate the 527 groups, named after a section of the tax code. Critics term the groups' operations an end run around the McCain-Feingold ban on the largely unregulated contributions to federal candidates that is known as soft money.

In the 2004 election, the groups spent money in a way that parties were no longer permitted to do, prompting watchdog groups to call them "shadow parties."

The 527 groups largely aided Democratic candidates through benefactors like the billionaire George Soros. But at the end of the campaign, the best-known group was probably the Swift Boat Vets for Truth organization that attacked Senator John Kerry.

Some advocates of changing campaign finance had pinned their hopes on the commission, recognizing that stiff Democratic opposition in the Senate had made the passage of measures to regulate 527 organizations difficult.

The decision this week grew out of a case brought by Representatives Christopher Shays, Republican of Connecticut, and Martin T. Meehan, Democrat of Massachusetts, and the Bush-Cheney '04 campaign.

In March, Judge Emmet G. Sullivan of Federal District Court gave the commission his two options to address the question.

"Case-by-case adjudication appears to be a total failure," Judge Sullivan wrote in March.

He later elaborated, saying, "Cases arising from the 2004 campaign have languished on the commission's enforcement docket for as long as 23 months, with no end in sight, even as the 2006 election campaign has begun."

Although it has acted on some questions related to 527 groups, the commission has not resolved several complaints by Democracy 21 and other campaign finance groups against some of the biggest organizations.

Fred Wertheimer, president and chief executive officer of Democracy 21 and a lawyer involved in the 527 suit, said the decision was not satisfactory.

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"We expect the F.E.C. to act quickly," Mr. Wertheimer said, "and we also expect to be back in federal court to get this matter resolved and to stop the 527's from spending unlimited amounts of money."

Laurence E. Gold, associate general counsel for the A.F.L.-C.I.O., said it would be disastrous for unions and nonprofit organizations if the commission decided to redefine the 527 groups as federal political action committees, because those fall under the umbrella of McCain-Feingold limits.

Mr. Toner said his agency's action raised the stakes on bills in Congress. A lobbying bill approved by the House includes restrictions on 527 groups, but it is unclear whether it will emerge from the conference committee. The Senate's lobbying package has no such component, and many Senate Democrats oppose such a measure.

"Absent Congressional action," Mr. Toner said, "no one should be surprised if 527 soft-money spending in '06 and '08 becomes one of the driving forces in determining which candidates are elected."

NARA Report Calls For Streamlining Of Classified Records Management (GCN)

By Alice Lipowicz, Contributing Writer

Government Computer News, June 1, 2006

The federal government needs to apply a more integrated approach to declassifying records, a new report from the National Archives and Records Administration recommends.

"We need to streamline the multiple, inefficient and, at times, ineffective independent agency reviews of the same material," according to the report, which was published by NARA's Information Security Oversight Office.

The office found that the level of reported classifications in fiscal 2005 decreased by 1.4 million in comparison to fiscal 2004 and is the first decrease observed since fiscal 2001. Even so, there are still increasing numbers of documents being classified, primarily for counterterrorism activities and critical infrastructure protection, at the Homeland Security and Justice departments.

The total number of classifications dropped to 14.2 million in fiscal 2005, a decrease from 15.6 million the year before. That reversed an upward trend that had been occurring since 2001, with 8.7 million classifications that year. In 2002 there were 11.3 million, in 2003 14.2 million, and in 2004 15.6 million.

Declassifications rose slightly to 29.5 million in fiscal 2005, up from 28 million in fiscal 2004. The general recent trend has been downward, however, with 100 million declassifications reported in 2001; 44 million in 2002; and 43 million in 2003.

Bankruptcy Judge, Pilots Approve Concessions Deal (FINDLAW/AP)

By Harry R. Weber And Vinnee Tong, Ap Business Writers

AP, June 1, 2006

(AP) - ATLANTA-A bankruptcy judge Wednesday approved the $280-million-a-year concessions agreement between Delta Air Lines Inc. and its pilots, rejecting claims by the government's pension insurer that it should receive the compensation the pilots were promised if their pension is terminated.

The decision came hours after rank-and-file pilots gave their nod to the deal. The agreement, which runs through 2009, will take effect Thursday.

The deal, which replaces an interim pact agreed to in December, includes an initial 14 percent pay cut for pilots and assurances the pilots union won't fight any company effort to terminate the pilots' pension.

Judge Adlai Hardin signed the agreement during a hearing in White Plains, New York. Earlier in the day, pilots of the Atlanta-based airline, the No. 3 U.S. carrier, approved the deal with a vote of 61 percent in favor.

The judge's approval, the last hurdle in the process, came despite an objection filed by the government's pension insurer, which insisted that a $650 million (â,¬505 million) note and $2.1 billion (â,¬1.6 billion) unsecured claim that Delta has promised the pilots should belong to the agency if the pilots' pension is terminated as expected.

Hardin heard arguments from lawyers for both sides, but determined in the end that the agreement was in the best interest of the airline.

The Pension Benefit Guaranty Corp. said afterward that it was reviewing its options, including the possibility of an appeal.

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"It was probably the most significant negotiation transaction we'll face as part of this bankruptcy process," Chief Financial Officer Edward Bastian said of the concessions deal. "It gives us the ability to put the past behind us and make Delta a success again."

The chairman of the pilots union's executive committee, Lee Moak, said in a telephone interview that he was encouraged by the agreement getting final approval.

"The sacrifices we have made were difficult," Moak said. "It has been difficult and I am confident in the process going forward."

Also Wednesday, Delta said in a filing with the bankruptcy court that it lost $27 million in April. Excluding reorganization items, it would have posted a profit of $22 million in the 30-day period. As of April 30, Delta had $2.5 billion (â,¬1.9 billion) of unrestricted cash. It has posted losses of more than $14.4 billion (â,¬11.2 billion) since January 2001.

In a letter to pilots after the pilot vote was made public, Delta's top three executives said the ratification by the rank-and-file marks a new beginning for the airline.

"If we seize this opportunity rather than squander it, Delta Air Lines once again can proudly become the gold standard of the industry," the executives said.

The chairman of the pilot union's executive committee, Lee Moak, said in a statement that the agreement the pilots ratified "provides a framework for Delta to successfully reorganize and emerge from bankruptcy ready to win in today's competitive marketplace."

The cuts are in addition to $1 billion in annual concessions the pilots agreed to in a five-year deal in 2004.

Hardin rejected the PBGC's main argument, that a deal between Delta and the pilots union was illegal.

He said that although, in some people's minds, there was a link between the $650 million promise and the potential loss of the defined pension plan, that "did not render a private agreement between an employer and union illegal."

"That is not a legal proposition I can endorse," he said. "So I must reject that."

Separately, a retired pilots group had objected to the new deal out of concern the Delta deal would ultimately reduce their benefits based on the pension being terminated. But their objection was resolved at Wednesday's hearing.

As part of the settlement, Delta has agreed to provide retired pilots an administrative claim of $9 million (â,¬7 million) to cover a portion of certain pension benefits that the retired pilots would have gotten since the bankruptcy filing in September had the benefits not been frozen. An administrative claim is a debt incurred by a company that has filed for bankruptcy, with court approval.

First Amendment Sometimes Left At Workplace Door (WP)

By Stephen Barr

The Washington Post, June 1, 2006

The Supreme Court's ruling on freedom-of-speech rights of public employees has created a stir across the government, in part because of the way Justice Anthony M. Kennedy, writing for the 5-to-4 majority, framed the issue:

"When public employees make statements pursuant to their official duties, the employees are not speaking as citizens for First Amendment purposes, and the Constitution does not insulate their communications from employer discipline."

Although the wording seemed stark, the court did not redefine federal whistle-blower protections. The majority, in some respects, seemed interested in ensuring that governments can oversee workplaces and that disputes between employees and supervisors do not automatically fall into the realm of a constitutional right.

The case involved a local-government employee, Los Angeles County prosecutor Richard Ceballos, and for the most part addressed only one aspect of his actions -- claims made in a memo written as part of his job duties.

In Tuesday's ruling, the court found that a district attorney's office did not violate Ceballos's freedom of speech by allegedly demoting him after he wrote supervisors about his concerns that a sheriff's deputy had lied to get a search warrant.

Ceballos contended that supervisors later retaliated against him with a demotion, denial of a promotion and a transfer to an office requiring longer commutes. The district attorney's office has denied taking retribution.

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The Supreme Court majority said Ceballos could not seek First Amendment protection because the memo laying out his allegations was written as part of his job duties and because supervisors have authority "to take proper corrective action" if they think such a memo is "inflammatory or misguided."

Kennedy, however, noted that public employees who make statements outside the course of performing their official duties "retain some possibility of First Amendment protection" because they are acting in the same manner as citizens who do not work for the government.

Government agencies troubled by the notion that employees might make whistle-blowing claims as citizens outside the workplace can take steps to address the issue, Kennedy suggested.

"A public employer that wishes to encourage its employees to voice concerns privately retains the option of instituting internal policies and procedures that are receptive to employee criticism," he wrote. "Giving employees an internal forum for their speech will discourage them from concluding that the safest avenue of expression is to state their views in public."

While that may be sound advice, numerous federal whistle-blowers have complained over the years that agencies fail to handle their complaints in a confidential manner and to protect them from reprisals by their superiors.

The four justices in dissent suggested that public employees should be eligible to claim First Amendment protection in the course of their duties. Justice David H. Souter pointed out that public workers have been given a "patchwork" of protections and noted that federal employees have no protection for disclosures made to immediate supervisors, for statements of publicly known facts or for statements made in connection with normal employment duties.

In a newsletter last year, the Merit Systems Protection Board said employees need to be careful in how they blow the whistle on violations of law and rules, gross mismanagement, gross waste of funds, abuse of authority and specific dangers to public health and safety.

An employee can blow the whistle by calling an inspector general hotline, going outside the chain of command or by talking to the news media, the newsletter suggested. Employees faced with reprisals can appeal to the board or ask for investigations by an independent agency, the Office of Special Counsel.

The Supreme Court ruling may slow momentum in Congress for redefining whistle-blower protections. Sen. Daniel K. Akaka (D-Hawaii), with bipartisan support, is pushing for legislation that would permit a federal whistle-blower to be protected for disclosing information learned on the job or in the course of job duties.

The Justice Department has opposed taking that step, and at least one senator has placed a hold on Akaka's bill, according to congressional aides.

CIVIL RIGHTS:

NYCLU: City Blocks FBI From Obtaining Evidence In Police Arrests (NSDY/AP)

By Larry Neumeister, Associated Press Writer

Long Island Newsday, June 1, 2006

NEW YORK -- A civil rights group told a judge on Wednesday that the city has refused to let it give evidence to the FBI as the bureau explores whether police officers violated the rights of protesters at the 2004 Republican National Convention.

The New York Civil Liberties Union notified U.S. Magistrate Judge James C. Francis in a letter that the city has refused to let it give the FBI videotapes and documents the bureau requested as part of its investigation.

"We find the city's effort to keep the materials from the FBI to be as troubling as it is without justification," NYCLU associate legal director Chris Dunn wrote in the letter.

He said he planned to ask the judge at a conference next week to clear the way for the NYCLU to cooperate with the FBI.

In a Tuesday letter to Dunn, city senior legal counsel Peter G. Ferrell wrote that the NYCLU may make its own materials available to the FBI but not materials the city gave it and marked confidential.

City law office spokeswoman Kimberly Miu said Wednesday the city's only comment was, "Since the case involves pending legal issues, it is difficult to comment."

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More than 1,800 people were arrested at the four-day convention at Madison Square Garden, where President Bush accepted his party's nomination for a second term in office.

As many as 10,000 police officers from the 36,500-member department, the nation's largest, were deployed to protect the city from terrorism threats and to cope with tens of thousands of demonstrators at the convention.

In a May 11 letter, the FBI asked the NYCLU for assistance, saying it was trying to identify and locate people who faced charges that were dismissed based on contradictory videotape evidence.

Dunn said in an interview Wednesday that he was shocked that the city blocked the NYCLU from turning over the materials.

"They've said from the outset they did nothing wrong with the convention, and two weeks ago they said they're cooperating," Dunn said. "It's now clear they have no intention of cooperating, and indeed they're trying to block us from cooperating.

"I can only assume they're worried what some of these videotapes and documents will show."

Florida Eliminates Boot Camps For Kids (AP)

By Andrea Fanta, Associated Press Writer

AP, June 1, 2006

TALLAHASSEE, Fla. — The military-style boot camp system that Florida has used to discipline juveniles was formally dismantled under a bill that Gov. Jeb Bush signed Wednesday, nearly five months after the death of a boy who was punched and kicked by guards at a state-run camp.

Instead of sending juvenile detainees to boot camps where guards can push and threaten them, children will go to residential programs that bar physical discipline. They'll go through a full medical exam when they enter and leave their programs and have a hot line they can call in case of trouble.

The $11 million program, which counties can voluntarily join, will also offer detainees job skills training, community service and counseling.

"No child will have to go through what my child went through," said Robert Anderson, who's 14-year-old son, Martin Lee Anderson, died after spending time at the Bay County boot camp.

Anderson — after whom the bill is named — was sent there on Jan. 5 for trespassing, a violation of his parole set for helping steal his grandmother's Jeep Cherokee from a church parking lot.

Security videotape taken at the camp shows a half-hour encounter between Anderson at up to nine guards, who kicked and kneed him. Anderson died the next day at a Pensacola hospital.

"This won't bring your son back, but I hope you know your involvement in this process has helped make a difference," Bush told Robert Anderson and Gina Jones, Martin's mother.

Anderson's parents expressed their gratitude for Wednesday's change, but said they're still far from seeing justice done for their son.

"I would still like the guards to be arrested for killing my baby," Jones said. "He was only fourteen years old."

While a first autopsy report stated that Anderson died of sickle cell trait, a second autopsy report released in May showed Anderson died of suffocation by guards who covered his mouth while forcing ammonia capsules up his nose.

Guards have stated in reports they tried to revive Anderson with the ammonia. No arrests have been made so far and the investigation into the death is continuing, said Pam Bondi, spokeswoman for special attorney Mark Ober. Ober is handling the investigation into Anderson's death.

"There's just no time line because it's an ongoing investigation," she said.

Anderson's parents have also called for the firing of Dr. Charles Siebert, the Bay County medical examiner who first ruled Anderson died from sickle cell trait, a benign blood condition, and not from physical trauma.

Siebert has consistently stood by his findings, saying they're based on science and not emotion. The state's medical examiners' commission is investigating complaints filed against Siebert, but no action has been taken against him, said commission chair Dr. Stephen Nelson.

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Furor over how the state has handled the investigation into Anderson's death grew to a national climax in April when students from three colleges in Tallahassee staged a two-day protest in Bush's office. The Revs. Jesse Jackson and Al Sharpton joined the students and Anderson's parents for a march on the state's Capitol.

As he did during the protests, Bush urged patience. Ober must have all the time he needs to complete a thorough investigation, Bush said Wednesday.

Jones said she'll wait, but she won't give up.

"It's a long road ahead," Jones said. "I'm aware of that, so I'm just going to sit back and wait."

Meanwhile, the new program starts in July, when the 82 youths already at boot camps will also participate in the system, said Tara Collins, a spokeswoman with the state's juvenile justice department.

Bush Signs Boot Camp Changes (BRAH)

The Bradenton Herald, June 1, 2006

TALLAHASSEE - The military-style boot camp system that Florida has used to discipline juveniles was formally dismantled under a bill that Gov. Jeb Bush signed Wednesday, nearly five months after the death of a boy who was punched and kicked by guards at a state-run camp.

Instead of sending juvenile detainees to boot camps where guards can push and threaten them, children will go to residential programs that bar physical discipline. They'll go through a full medical exam when they enter and leave their programs and have a hot line they can call in case of trouble. In addition to the residency program, the new $11 million plan will offer detainees job skills training, community service and counseling.

"It was expected and anticipated," Manatee County Sheriff Charlie Wells said of the bill signing. Last month Wells recognized 12 recruits graduating from the Manatee County boot camp, likely the last graduates of a military-style camp in Manatee.

Wells said he and his staff must review the new law, and new rules, before deciding how to proceed.

"There's a lot of steps for us to take before we decide what our future is," the sheriff said. "We have to renegotiate our contract with the Department of Juvenile Justice before we move any further."

State Rep. Bill Galvano, R-Bradenton, said the situation is "unfortunate...given the history of our community and the leadership of Charlie Wells. A program that is really, in many respects, a positive program, had to be ultimately ended. But the catalyst was such a tragedy and we can't have that happening."

The legislation is named for Martin Lee Anderson, who was sent to the Bay County boot camp Jan. 5 for trespassing, a violation of his parole set for helping steal his grandmother's Jeep Cherokee from a church parking lot.

Security videotape taken at the camp shows a half-hour encounter between Anderson and up to nine guards, who kicked and kneed him. Anderson died the next day at a Pensacola hospital.

"This won't bring your son back, but I hope you know your involvement in this process has helped make a difference," Bush told Robert Anderson and Gina Jones, Martin's parents.

Anderson's parents expressed their gratitude for Wednesday's change, but said they're still far from seeing justice done for their son.

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Siebert has consistently stood by his findings, saying they're based on science and not emotion. The state's medical examiners' commission is investigating complaints filed against Siebert, but no action has been taken against him, said commission chair Dr. Stephen Nelson.

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Meanwhile, the new program starts in July, when the 82 youths already at boot camps will also participate in the system, said Tara Collins, a spokeswoman with the state's juvenile justice department.

- Herald Staff Writers Rebecca Blue and Stephen Majors and The Associated Press contributed to this report.

Hidden In Brothels, Slavery By Another Name (NYT)

By Bob Herbert

The New York Times, June 1, 2006

The word spread that there was a new girl at the brothel in Queens, and the johns began lining up.

"I was crying all night," said Kika Cerpa in an interview last week. "One by one they came in."

That first night, she said, "I had sex with 19 men."

Afterward, she took a shower, and then the man who had forced her into the sex trade demanded his turn with her. When she refused (saying, "I can't have sex with nobody — I feel like I'm dead"), he beat her up.

Ms. Cerpa came to the U.S. from Venezuela in 1992. A man she thought of as a boyfriend convinced her to follow him to New York. Ms. Cerpa reluctantly agreed, believing that she could get work as a nanny.

When she got here, her "boyfriend" and another woman took her passport and demanded that Ms. Cerpa become a prostitute to work off debts that they said the boyfriend had incurred. Threatened with bodily harm, and completely intimidated, she complied.

"They took me to a house, and I sat in a room with other girls," she said. "Men would come in, and I kept my head down the entire time."

There was nothing unusual about the predicament that confronted Ms. Cerpa — not then, when she was 20, and not now. The demand for prostitutes (here in New York and elsewhere) is much greater than the supply of women who want to be prostitutes. So trafficking, the coercion of women and young girls into the sex trade, is a flourishing industry.

The toll that trafficking takes is often horrific. In addition to the forced prostitution, the women and children who are the victims of trafficking become part of a landscape in which drug addiction, disease, mental health problems, beatings and violent death are commonplace.

The worst moment in Ms. Cerpa's three-year entrapment in the hell of prostitution occurred when a prostitute she had befriended declined to go with a customer. The john became enraged and shot the woman. Ms. Cerpa ran to her friend. "She was dead, lying there with her eyes open," she said.

It may seem peculiar, but there is no law against sex trafficking in the state of New York — or most other states, for that matter. Many thousands of women and children are coerced into the sex trade each year, and the pimps, madams and other lowlifes who trap them are seldom subject to legal sanctions commensurate with the severity of their crimes.

A bill has been introduced in the State Assembly that would create two new crimes in New York: trafficking a person for sexual servitude and trafficking a person for labor servitude. But that bill, which has overwhelming support in the Assembly (including more than 100 co-sponsors), has been stuck for some time in the Codes Committee.

This seems inexplicable, because you will find very few legislators lining up (publicly, at least) with the soft-on-sex-traffickers crowd. I talked yesterday to the Democratic speaker of the Assembly, Sheldon Silver, and asked what was up.

He said that some of the language in the bill needed to be refined, and that his staffers would be working on it later in the day. He said he thought the Assembly would be able to pass the bill "within the next two weeks." It would then go on to the Senate.

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I hope so. The bill is a good one. It emphasizes the coercive aspect of trafficking, which is really about human beings being bought and sold as commodities — not just in the commercial sex trade, but also in exploitive labor situations on farms and in factories and sweatshops.

Trafficking is much more widespread than most people realize. As the advocacy group Sanctuary for Families has pointed out, "In our backyards and communities, a slave trade is flourishing that makes a mockery of our belief in civil and human rights."

The Assembly bill, whose primary sponsor is Jeffrey Dinowitz, a Bronx Democrat, would make trafficking a felony, with penalties ranging from probation for a first-time offender to a maximum of 15 years in prison. It would modestly raise the penalties for patronizing a prostitute, making it easier to jail chronic offenders. And it would provide a defense against arrest for women who were coerced into prostitution.

Jane Manning, an attorney with the international women's rights organization Equality Now, said of the trafficked women, "More often than not they are the ones who are arrested and end up with criminal convictions that follow them for the rest of their lives."

After seeing her friend murdered, Kika Cerpa cooperated with the police and helped put the killer behind bars. After a long struggle, and with help from Sanctuary for Families, she has managed to free herself from the pimps and madams who had controlled her life, and still control so many others.

Gay Marriage Looms As 'Battle Of Our Times' (CSM)

By Jane Lampman

The Christian Science Monitor, June 1, 2006

The battle over same-sex marriage is shaping into something more than deep societal tradition vs. civil rights. It is becoming a conflict of equality vs. religious liberty.

As gays make gains, some religious institutions are coming under pressure. For instance:

• A Christian high school in Wildomar, Calif., is being sued for expelling two students on suspicion of being lesbian. The parents' suit claims that the school is a business under state civil rights law, which prohibits discrimination based on sexual orientation.

• Catholic Charities in Boston, where same-sex marriage is legal, recently shuttered its adoption agency rather than serve gay and lesbian couples in conflict with church teaching. The church's request for a religious waiver from state antidiscrimination rules has made no headway.

• Christian clubs at several universities are fighting to maintain school recognition while restricting their leadership to those who conform to their beliefs on homosexuality.

Meanwhile, the Christian Legal Society and similar groups are mounting a national effort to challenge antidiscrimination policies in court, claiming they end up discriminating against conservative Christians.

"The fight over same-sex marriage - and two very different conceptions of the ordering of society - will be a knock-down, drag-out battle," predicts Marc Stern, a religious liberty attorney at the American Jewish Congress.

Both sides are pursuing their agendas in state legislatures, courts, and public schools. Both sides tend to view the struggle as a zero-sum, society-defining conflict. For supporters of gay marriage, it represents the last stage in America's long road to equality, from racial to gender to sexual equality. For opponents, traditional marriage stands as the God-ordained bedrock of society, essential to the well-being of children and the healthy functioning of the community.

While no one expects the courts to force unwilling clergy to perform weddings for same-sex couples, some see a possibility that religious groups (other than houses of worship) could lose their tax-exempt status for not conforming to public policy, as did fundamentalist Bob Jones University, over racial issues in 1983.

Legal experts of various views met last December, hosted by the Becket Fund, a nonpartisan institute promoting religious free expression, to consider the implications of same-sex marriage for religious liberty. Writing about the conference in The Weekly Standard, Maggie Gallagher quoted participants as seeing the coming litigation as "a train wreck," "a collision course," and "the battle of our times."

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To ameliorate such conflict, some insist that, given the nation's commitment to both equal rights and religious liberty, accommodations must be found.

"This set of issues tests us in new ways, and I don't think either side is going to win the day," says Charles Haynes, of the First Amendment Center in Washington, in an interview. "For the foreseeable future, we are going to be living with two important claims, and we have to find ways to protect the rights of people on all sides."

Douglas Laycock, of the University of Texas Law School, suggests a modification to the current joint administration of marriage by the state and religious groups.

"We can never resolve the debate over same-sex marriage until we separate legal marriage from religious marriage," he says in a conference paper. "The state should administer legal marriage, and its rules ... should be made through the political process. Religious organizations should administer religious marriages," making their own rules. The legal relationship "could be called 'civil union' for gays and straights alike."

Ms. Gallagher, head of the Institute for Marriage and Public Policy, worries about any delegalizing of marriage. "That would be a good solution if there weren't a great public purpose to marriage that needs legal support to sustain.... If you chop it into pieces, that's a powerful statement by the law that there's no important purpose to marriage as a public institution."

The most immediate skirmish in the battle takes place next week, when the US Senate will debate and possibly vote on a federal constitutional amendment defining marriage as only between a man and a woman. While the amendment may not gain the needed two-thirds majority, the debate positions the issue as a hot-button topic for the coming political campaign.

Religious leaders on both sides of the Marriage Protection Amendment have formed coalitions, demonstrating that religious perceptions vary considerably.

Some 50 leaders from Roman Catholic, Mormon, Southern Baptist, Orthodox, Evangelical, and Orthodox Jewish traditions formed the Religious Coalition for Marriage, focused on strengthening its traditional role in society. They see the amendment as essential to protect "marriage from ... activist courts determined to reinterpret this fundamental institution ... against the will of the American people," says Richard Land, a leader of the Southern Baptist Convention.

(A recent Gallup poll found 58 percent of Americans opposing same-sex marriage and 39 percent favoring it. The country is split on a constitutional amendment: 50 percent in favor, 47 percent opposed.)

On the other side, Clergy for Fairness - including leaders from mainline Protestant and Reform Jewish denominations - says that people of faith disagree on same-sex marriage and that religious denominations, not the federal government, should decide whether they'll sanctify marriages. The group also says it opposes the amendment because it would mark the first time the Constitution would be used "to restrict the rights of an entire group of Americans."

Chai Feldblum, a Georgetown University law professor active on gay rights issues, argues that the government should view both heterosexuality and homosexuality as morally neutral - "though how you 'deploy' your sexual activity can be very morally laden," she says.

"It's an incredible stain on the government that it is denying governmental structures for loving relationships and families," she adds. Yet she acknowledges the genuine difficulty that same-sex marriage presents for some religious people.

"I'd like gay people to understand that when religious people have to do something against their belief," Professor Feldblum says, "that impinges on their deep sense of self, just as I would like religious people to understand that when gay people are told they ... can't marry their loved one, that impinges on that person's deep sense of self." She's wary of granting religious waivers on these issues, however.

In Gallagher's view, "We are in a situation where courts are declaring our great historic, cross-cultural understanding of marriage to be a form of bigotry. That's a very destructive message," when research shows that children do much better in households with a mother and a father.

Others worry about the harm litigation battles could do. "People on both sides see this as good vs. evil," says the First Amendment Center's Dr. Haynes, "and those positions are going to tear us apart, deeply hurt the nation and our commitment to civil rights and religious freedom."

Haynes has just worked with groups on both sides to develop sexual-orientation guidelines for public schools.

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"I've been involved in brokering nine different guidelines on issues like the Bible and religious holidays, and this has been the hardest," Haynes says. After eight months, Christian educators and a gay group involved in school issues did agree on a process for local districts to use that each side thought was fair. Whether local districts pick up on the guidelines remains to be seen.

Clamor over textbooks, for example, has erupted in Massachusetts and in Canada, where kindergartners are being introduced to stories about families with same-sex parents. Although schools must reflect the legal status of such relationships in the curriculum, some parents are demanding notice and protections.

"Some will ask why those parents should be given consideration," Haynes says. "The answer is that this is America, and we try to do the best we can to protect the religious liberty of even the smallest minority.... This takes more work than simply saying 'winner takes all.' "

Yet who is going to broker common ground is the question as advocates on both sides seek complete victory. Legal experts expect a patchwork of legislation and court decisions to emerge.

"Then we will have to worry about how to deal with the fact we have different rules in different states," Mr. Stern says. "If two or three big states move to same-sex marriage, however, it's not going to work to have different definitions across the US."

Highest Court In New York Confronts Gay Marriage (NYT)

By Anemona Hartocollis

The New York Times, June 1, 2006

ALBANY, May 31 — As the issue of gay marriage finally reached New York State's highest court on Wednesday, the six judges who heard the passionate arguments from both sides put forth a fundamental question: Has marriage been defined by history, culture and tradition since the dawn of Western civilization, or is it an evolving social institution that should change with the times?

During the two and a half hours of oral argument, the judges on the Court of Appeals grappled with essential questions of social values, asking tough questions without tipping their hands as to their ultimate decision.

They wanted to know whether there were studies showing that children raised by mothers and fathers turned out better than those raised by same-sex couples, and they wanted to know whether opening the door to gay marriage would also open the door to bigamy or polygamy.

They wanted to know whether asking the courts to rewrite New York State's marriage laws was a way of letting the State Legislature escape responsibility for taking a position on a social controversy.

The case before the court was a challenge to New York State's marriage laws, filed by 44 same-sex couples. Their lawyers argued that marriage was a fundamental right, and compared laws assuming marriage to be a union of a man and a woman to the laws prohibiting interracial marriage, which the Supreme Court struck down in 1967.

Lawyers defending the marriage laws argued that even if the institution had evolved, it was the job of the Legislature — not the courts — to change them.

The plaintiffs' lawyers argued that the court merely had to change the gender-based language of the current law, which refers to "husband" and "wife," to something neutral, like "spouse." If the court agreed to legalize same-sex marriages, New York would become only the second state, after Massachusetts, to do so.

The judges' questions pointed to the precedent-setting nature of the debate. "Isn't this the only one where you have literally the whole history of Western civilization against you?" asked Judge Robert S. Smith of the state's domestic relations law. "That does go back right to the dawn of civilization."

After first citing traditional views of marriage, Judge Smith then asked whether the time was ripe for the courts to approve same-sex marriage. Judge Smith also wondered whether the issue of same-sex marriage deserved special attention because of the history of discrimination against gay people.

"Aren't homosexuals about the classic example of people who have been abused and discriminated against," and who therefore need the protection of the courts? he asked.

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Peter H. Schiff, senior counsel to the state attorney general, said there was no urgent need to change the law, and pointed out that same-sex couples accounted for only 1.3 percent of all households in New York State, a "very small" number.

"I don't think anybody 100 years ago was thinking about this issue," Mr. Schiff said. "It wasn't on the radar screen."

The main lawsuit in this case was filed by a gay and lesbian rights group, Lambda Legal Defense and Education Fund, on behalf of five same-sex New York City couples against the city clerk, Victor L. Robles, who issues marriage licenses.

In New York, the legal dispute over same-sex marriage goes back two years. In February 2005, a State Supreme Court judge in Manhattan found that state marriage law violated the State Constitution. That decision was overturned last December by the Appellate Division of State Supreme Court, which said it was up to the Legislature to change the law.

In yesterday's hearing, the New York City plaintiffs were joined by three other groups of plaintiffs from across the state. New York City's lawyer, Leonard Koerner, said yesterday that even in its own case law, the Court of Appeals had affirmed the reason for marriage as "the begetting of offspring," not, as the plaintiffs argued, as the sanctioning of a loving and committed union between two people.

Mayor Michael R. Bloomberg has said that New York City is appealing the case to clarify the issue, and that he supports legislative change.

Roberta A. Kaplan, arguing for same-sex marriage on behalf of 12 of the couples across the state, said there were 46,000 families with children headed by same-sex couples in New York State, and that they could not wait until their children were grown for the law to change.

The seventh judge on the Court of Appeals, Albert M. Rosenblatt, removed himself from the case. His daughter, a lawyer, has argued on behalf of advocates for same-sex marriage in California. Judge Rosenblatt has been perceived as a swing vote in many cases. A spokesman for the court said that in the event of a 3-3 tie, another judge could be brought in. He said a tie had occurred only once in the last 20 years or so.

Judge Victoria A. Graffeo asked whether, under the plaintiffs' argument, the Legislature should afford more rights and benefits to other types of family arrangements, such as two sisters raising children. "Was the Legislature denying them due process or equal protection?" she asked.

Judge George Bundy Smith asked what the consequences of legalizing gay marriage had been in Massachusetts.

"Basically nothing," Ms. Kaplan replied. "There is not a breakdown of civil society in Massachusetts and there certainly isn't a breakdown of marriage."

Judge Bundy Smith also asked why gay couples were not satisfied with civil unions — a remedy that the plaintiffs argued would make them second-class citizens.

Chief Judge Judith S. Kaye said the court would have to decide the constitutional questions, "whether we do it frontally or whether we do it in some more subversive way," like changing language about gender.

To which Terence Kindlon, a lawyer for same-sex couples in Albany, replied, "Subversive is one of the words I've liked all my life, your honor."

Protect Traditional Marriage (USAT)

By Sen. Wayne Allard

USA Today, June 1, 2006

Respect for the democratic process compels this Congress to protect traditional marriage in the face of a coordinated effort to redefine marriage through the courts.

Marriage, the union between a man and a woman, has been the foundation of every civilization in human history. It is incorporated into the fabric of our culture and civic life. It is the platform on which children, families and communities are nurtured.

OUR VIEW: Just say 'I don't'

Unfortunately, the U.S. Constitution is being amended to reflect a new definition of marriage — not by democratically elected members of Congress, but by unaccountable and unelected judges.

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As a result, I introduced an amendment to the Constitution that simply defines marriage as the "union of a man and a woman," while leaving to state legislatures the freedom to address the question of civil unions and domestic partnerships. The amendment would not overturn current state and local laws dealing with these arrangements.

Democracy and representative government are at the core of this debate. In 2004 and 2005, voters in 14 states overwhelmingly passed constitutional amendments protecting marriage. Today, 19 states have constitutional amendments protecting marriage, and 26 have statutes designed to protect traditional marriage. The will of the people is clear on this issue.

Unfortunately, dissatisfied with the outcome of these votes, activists have intensified their campaign to circumvent the democratic process and redefine marriage through the courts. Currently, nine states face lawsuits challenging traditional marriage laws. Among these lawsuits are challenges to state constitutional amendments passed by an overwhelming majority of voters.

Recent decisions by activist judges not only fail to respect the traditional definition of marriage, they also highlight a lack of respect for the democratic process. The courts are driving a redefinition of marriage contrary to democratic principles.

The process to amend the U.S. Constitution is one the American people can trust.

My amendment reflects a belief that the institution of marriage is too precious to surrender to the whims of a handful of unelected, activist judges. The American people should have a say in the matter. If we in Congress fail to define marriage, the courts ultimately will not hesitate to define it for us.

Sen. Wayne Allard, R-Colo., is the author of the Marriage Protection Amendment.

Just Say 'I Don't' (USAT)

USA Today, June 1, 2006

Apparently, issues such as immigration, corruption, gas prices, the budget deficit, the war in Iraq and the prospect of Iran acquiring nuclear weapons aren't substantial enough to occupy members of Congress.

When senators return from their Memorial Day recess next week, their thoughts will turn to June weddings. They plan to spend their time on a bitter, divisive and unnecessary debate over a proposed constitutional amendment to ban gay marriage.

Even supporters of the Marriage Protection Amendment readily concede that the measure to ban same-sex marriage nationwide has virtually no chance of becoming part of the Constitution. (It would need approval from two-thirds of both chambers of Congress, plus ratification by three-fourths of the states.)

So why bother?

Well, Election Day is a few months off. Supporters hope the controversy will energize their base of social and religious conservatives opposed to same-sex marriage.

Their plan could well backfire. Polls show that Americans are evenly divided about the amendment. Religious activist groups are annoyed that President Bush, who supports the amendment, isn't lobbying hard enough for it.

At the same time, the 31 Republican sponsors risk alienating moderate and independent voters who are turned off by the pandering for a futile effort that will further divide the nation.

The gay-marriage issue exploded when Massachusetts' highest court ruled in November 2003 that same-sex couples have a right to marry. Since then, more than 7,300 gay couples there have done so. The commonwealth has survived.

But the public backlash elsewhere has been strong. Nineteen states have amended their constitutions to ban gay marriage. Most other states prohibit it as well.

The state activity makes the proposed constitutional amendment all the more unnecessary. It would take away the traditional authority of states to regulate marriage and impose a one-size-fits-all edict on a nation still grappling with the issue.

Most partisan drives to write social policy into our enduring Constitution have, fortunately, failed. The prohibition of alcohol was such a disaster that it was repealed 14 years later. The Framers purposely made it difficult to amend the Constitution so that intense passions of the day wouldn't lead to laws that might last forever.

Supporters of the amendment trumpet the need to protect the "sanctity" of marriage. But preserving the authority of states to decide how to handle same-sex unions — whether through marriage or some domestic partnership or civil union law that protects the basic financial, health and legal rights that heterosexual couples take for granted — doesn't affect anyone else's

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marriage. And the 1996 federal Defense of Marriage Act already says states may refuse to recognize same-sex marriages performed in other states.

The proposed amendment would squelch the important debate going on at the state level and poison political dialogue. It should be jilted and left at the altar.

On The Low Road To November (NYT)

The New York Times, June 1, 2006

Republicans are trying to rally their far-right base for the fall elections with a mean-spirited sideshow threatening to the Constitution: a ban on same-sex marriage.

The Senate Judiciary Committee has endorsed the amendment, which would write bigotry into the nation's charter, by a 10-to-8 vote along party lines, and the full Senate is expected to take it up soon. Since the measure's language covers not only marriage but the "legal incidents" of marriage, its approval could jeopardize civil unions, domestic partnerships and other legal protections that many state and local governments now provide for same-sex couples and their children.

No one, including the G.O.P. strategists urging its fast-tracking, expects the amendment to get the two-thirds Congressional approval needed to send it to the states for consideration. Two years ago, when Republicans staged a Senate vote on the same dismal amendment just before the Democratic convention, it ran into unexpectedly broad opposition. Some conservatives correctly opposed grabbing power from the states by suddenly federalizing marriage law. Supporters of the amendment could muster only 48 votes, well shy of the 60 required to cut off debate and avoid a filibuster.

Plainly, the real purpose of this rerun is to provide red meat to social conservatives, and fodder for commericals aimed at senators who vote to block the atrocious amendment.

It is sad that Senator Arlen Specter, the Republican chairman of the Judiciary Committee, who personally opposes the measure, chose to lend his gavel and vote to speed it to the floor. He got angry when Senator Russell Feingold, the Wisconsin Democrat, objected in forceful terms to both the amendment and the politically motivated scheduling. Mr. Specter and the other members of his committee who approved the amendment have no reason to be angry — just ashamed.

Black And Hispanic Home Buyers Pay Higher Interest On Mortgages, Study Finds (NYT)

By Erik Eckholm

The New York Times, June 1, 2006

Black and Hispanic home buyers entering the fast-growing market for subprime mortgages tend to pay higher interest rates than whites with similar credit ratings, a statistical study by an advocacy group says.

The subprime industry makes loans at higher interest rates to people who cannot qualify for regular mortgages.

"When we compared borrowers with the same risk characteristics, African-Americans and Latinos were still more likely to get the higher-rate loans," said Debbie Gruenstein Bocian, a researcher at the group, the Center for Responsible Lending.

A spokesman for the mortgage banking industry challenged the conclusion, saying the report did not take into account all the legitimate questions about family wealth and debt, house appraisal and other factors that underwriters must consider when making a loan.

Racial disparities in mortgage lending have been studied and debated for decades, with the focus shifting in recent years from the practice of denying mortgages in certain minority neighborhoods, or redlining, and a lack of loans for minorities to the pitfalls of the subprime industry.

As many as one in five home loans are now subprime, totaling more than $500 billion a year, said Keith S. Ernst, an author of the report who is an analyst at the lending center, in Washington.

Borrowers typically pay two percentage points higher than they would for conventional loans. Some, judged the riskiest cases, are charged higher rates, forcing them to pay hundreds of dollars extra a month.

The study, using federal and industry figures from 2004 to analyze a sample of 50,000 loans, found that among subprime borrowers with similar credit ratings, blacks and Hispanics were 30 percent more likely than whites to be charged the highest interest.

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In response to earlier studies of racial disparities, the mortgage industry has argued that the varied financial backgrounds of borrowers and a tendency for minority buyers to offer lower down payments were mainly responsible.

The authors of the new report said they had, for the first time, taken credit scores and down payments into account, leaving an unexplained racial difference.

Doug Douglas, chief economist of the Mortgage Bankers Association of America, said in a telephone interview that although "the issue of disparities is very important," the new study still failed to capture the complexity of mortgage underwriting, especially in the subprime market, where borrowers do not have top credit ratings under traditional criteria.

The findings were endorsed by representatives of the National Association for the Advancement of Colored People and the National Council for La Raza. The authors said high-cost lenders appeared to focus on minority neighborhoods. They expressed concern about incentives that lending agencies give to mortgage brokers, saying the incentives reward brokers for steering customers to the most expensive loans.

Joe Falk, a board member of the National Association of Mortgage Brokers, said brokers fully disclosed all fees and were unfairly castigated for offering consumers alternatives that fit their needs and preferences.

"We've expanded home ownership by going into neighborhoods not served by others," Mr. Falk said by telephone from Miami.

An Ex-liberal Navigates Right (USAT)

By Mary Beth Marklein

USA Today, June 1, 2006

UNIVERSITY PARK, Pa. — David Horowitz pays no heed to the hecklers. He responds politely to challenges during the question-and-answer period. Only when his talk devolves into a sort of free-for-all does he lose his temper.

“This is a demonstration of what brainwashing will do,” he bellows into the crowd of about 300, most of them students, gathered on a recent spring evening in a cavernous hall at Pennsylvania State University. “You have sat through (the entire) talk and can't even engage the argument.”

Horowitz later says he felt bad about yelling at students. He usually reserves his vitriol for faculty and administrators. But to some, it was quintessential Horowitz.

“Sometimes he gets a little over the top,” says just-graduated Vicky Cangelosi, 20, who sat up front in a section reserved for Penn State's College Republicans, the group that sponsored Horowitz's appearance. “I think that indicates that he's very passionate.”

Other critics of higher education may argue that today's college campuses are being overrun by leftist professors bent on indoctrinating their students. But nobody is quite as in-your-face about it as Horowitz, 67, a '60s-radical-turned-conservative-activist who has spent the past few years crisscrossing the country to warn students: “You can't get a good education if they're only telling you half the story.”

To Horowitz, an overwhelming majority of hard-line liberal professors on campuses have left conservative students complaining that their views aren't welcome. His job, he says, is to see that those students aren't treated as second-class citizens.

He is not a professor; he is a writer, co-founder of the Los Angeles-based Center for the Study of Popular Culture and founder of the 2½-year-old Washington-based Students for Academic Freedom, a national organization that allows conservative students to vent.

All Horowitz wants, he says, is a return to the kind of liberal arts education he got at Columbia University in the 1950s, when he still embraced communism, where professors “taught me what the intellectual life should be like, where you focus on the ideas. It's not a political food fight like so much of our culture has become.”

Trouble is, his critics, including a recently created coalition of student, faculty and civil liberties groups, say he doesn't know what he's talking about. In May, the coalition called Free Exchange on Campus released a report aimed at discrediting claims made in Horowitz's new book, The Professors: The 101 Most Dangerous Academics in America (Regnery).

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The book profiles faculty who Horowitz says represent the kind of disorder going on in college classrooms today. But professor by professor, the report cites errors, fab- rications and misleading statements, and concludes that Horowitz's research is "manipulated to fit his arguments."

Two examples at Penn State:

•Sociology senior lecturer Sam Richards reinforces class lessons "with 'out-of-class' assignments that include the viewing of left-wing propaganda films, such as The Oil Factor, from which students learn that the 'war in Afghanistan has turned into a bloody quagmire,' … and Occupation 101, about the horrors of Israel's 'occupation' of Palestinian territories,' " Horowitz writes. In the report, Richards responds: Horowitz "disingenuously fails to note that students also receive credit for attending 'conser va- tive' events, including a talk by none other than David Horowitz!"

•Literature professor Michael Berube acknowledges "his classes often have little to do with literature," and he believes "religious people were to be regarded as simply irrational," Horowitz says. In addition to noting that Horowitz "knows nothin g about my classroom demeanor or my record as a faculty member," Berube says: "If he were a college student and tried to get away with this garbage, he would indeed be flunked — not for his conservatism, but for his mendacity."

His critics have said the book is akin to a McCarthy-like smear campaign. But Horowitz calls it "a difference of interpretation of what my book is about.

"Long ago, when I came out of the left, I said, 'I need to talk to the left the way the left talks to other people,' " he says during an interview on campus tucked between a book-signing and radio show. "So I have been a very aggressive conservative, and I pull no punches."

Horowitz is having an effect. He has had success in Congress pushing his Academic Bill of Rights, a statement of principles that he says reflects his goal to both remove political agendas from campus life and ensure that no students are discriminated against because of political or ideological leanings.

It basically says professors should stick to their area of scholarly expertise in the classroom and welcome a diversity of approaches "to unsettled questions," and students should be graded on academic merit, not on the basis of their political or religious beliefs. The bill borrows heavily from standards followed by the American Association of University Professo rs, an organization that Horowitz sees as part of the problem. Horowitz says his goal is to force universities, through legislation or voluntarily, to extend the same rights to students that faculty have.

Some of Horowitz's language is included in a House-passed bill to renew the federal Higher Education Act. And a similar proposal is pending in the Senate, which makes it likely some form of the provision will be included in any bill sent to Pres ident Bush.

Meanwhile, the concept also has captured the attention of lawmakers in about 20 states (depends who's counting), including Pennsylvania, where a House committee today wraps up a series of hearings on the topic.

Horowitz insists that what he's asking for is fairly tame. But in Pennsylvania, faculty, who traditionally have been free from government interference, fear a slippery slope. Once a bill becomes a law, "you have no idea where it's going to go," Berube says during a walk across campus. And adopting such a code raises new problems, he and others sugge st. If a biology professor discusses global warming, for example, is that science or political science? Who would decide?

State lawmakers have been slow to jump aboard. But even in those states where legislation has failed or stalled, the question hasn't gone away.

Public university systems in Colorado, Ohio and Tennessee, for example, have said they'll adopt some form of protection for students in lieu of legislation, and Horowitz says that's good enough for him.

At Penn State, situated in the geographic and conservative center of the state, university officials insist Horowitz is attacking a problem that doesn't exist.

"The kinds of broad strokes he's using don't characterize Penn State, and I don't think most of higher education," says spokesman Bill Mahon. In the past five years, he says, Penn State has received just 13 complaints regarding classroom bias. (Many are not from conservatives.)

Among students who see no problem is engineering major Kyle Metzgar, 19. He says he is no liberal and has "not had a real stalwart conservative professor." But "I have also never felt discriminated against or that I was in an atmosphere that was not

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conducive to getting the most out of my education. … My biology teacher made fun of the fact that President Bush says 'nu-cu-lar' instead of 'nu-cle-ar.' Who cares?"

College Republicans, though, say many conservative students won't complain for fear of repercussions. That's where Horowitz comes in.

"He's the voice of a movement that needs to be heard," says political science and business major Seth Bender, 20, who escorted Horowitz during his visit here. "I have to sit through lectures every single week listening to someone bash different ideologies and that sort of thing, and (being) called an idiot for what I believed."

Other incidents last semester suggest he has plenty of company. In February, then-sophomore Alfred "A.J." Fleuhr sued the university, saying he feared he would be punished if he expressed his conservative beliefs because the university might view them as intolerant under campus policies. On May 19, the university updated those policies to the satisfaction of Fleuhr's attorneys at the Alliance Defense Fund, a conservative Christian legal advocacy non-profit in Arizona. And the day before Horowitz arrived on campus, administrators in a statement urged the College Republicans to rethink their approach to an event they planned about illegal immigration, saying many would find it offensive. (At one point, they were going to call it "Catch an Illegal Immigrant Day.")

"So my case is made before I even get here," Horowitz told his audience.

Horowitz says he became involved in the issue after hearing similar stories from students on campuses nationwide. But even before Free Exchange on Campus came along, his foes have delighted in debunking his claims.

In one example, Horowitz claimed a Penn State biology professor had shown the Michael Moore movie Fahrenheit 9/11 before the 2004 presidential elections. When Pennsylvania House committee co-chair Lawrence Curry pressed him during hearings at Temple University in Philadelphia in January, Horowitz acknowledged that his staff could not confirm it had happened, and that he no longer uses that example.

Months later, he's still furious about it. "These underhanded, devious, malicious, dishonest tactics," he says. "I gave 45 minutes of testimony, a half-hour of questions, and I never once mentioned the incident they're referring to. … Curry saved it to the very end of the hearings and rammed it to me."

Horowitz similarly has been accused of making up a story about a University of Northern Colorado student who was asked to write an essay on her criminology exam explaining "why President Bush is a war criminal." When the student wrote instead about why Saddam Hussein is a war criminal, Horowitz says, she got a failing grade. Horowitz insists the incident happened: "I located the student and the exam," he says, but "it's a complicated story. … The student was terrified."

Even so, Horowitz acknowledges his small staff can't confirm every incident it receives, and his fact-checkers can be "very loose with the truth." But he mostly dismisses the criticisms as inconsequential.

"I will stake my life that there are professors all over this country in classrooms who are … venting their prejudices in classes where it has no place."

Group Aims To Unveil Ten Commandments (WP)

By Michelle Boorstein

The Washington Post, June 1, 2006

A D.C.-based evangelical Christian group has a new idea for promoting the Ten Commandments: putting a monument to the stone tablets across the street from the U.S. Supreme Court.

Faith and Action says on its Web site that it plans to unveil the waist-high, 850-pound granite sculpture Saturday on the front lawn of the rowhouse on Second Street NE where the national group's offices are. But the group apparently doesn't have the approval it needs from at least two agencies, city officials and neighborhood activists said.

Faith and Action's president, the Rev. Robert Schenck, declined to return phone calls yesterday, as did his spokesman. On its Web site, the group said it tried unsuccessfully for five years to get the proper permits and decided to go ahead with the unveiling based on "common law that governs garden displays."

The sculpture "will be visible to the nine justices as they arrive and leave each day," the site said in explaining why the group undertook the project.

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The house sits directly across a narrow street from the Supreme Court, and the Web site encourages people coming to Saturday's event to use the free parking in the court's employee parking lot. Yesterday, the sculpture was wrapped in dark plastic and red tape, its two-tablet shape clearly visible.

Schenck, a well-known evangelical activist, also heads the National Clergy Council and last year said he blessed every piece of furniture in the Senate hearing rooms where the Judiciary Committee considered the nomination of now-Chief Justice John Roberts.

Promoting the public display of the Ten Commandments is a central part of Faith and Action's mission. It presents stone tablets of the commandments to elected and appointed officials and asks them to "display and obey" the gift.

"At the heart of the Ten Commandments Project is an effort to restore the moral foundations of American culture," the group says in a brochure at its offices, where two reproductions of the commandments are on display on the first floor.

It wasn't clear yesterday how long Faith and Action has been at the Second Street location, although District property records show that a group called P&R Schenck Associates in Evangelism purchased the rowhouse in March.

Erik Linden, a spokesman for the city's Department of Transportation, said he believes the group needs a public space permit from the department before displaying the monument. And Linden and Bill Sisolak, a local advisory neighborhood commissioner and chairman of the commission's zoning committee, said Faith and Action also would need the approval of the Historic Preservation Review Board because its house sits in a historic district.

"We are notifying [Schenck] that he needs a permit to occupy what is deemed a public space, and we will work with him to ensure that he understands what he needs to complete the process," Linden said. He did not offer details about what a property owner in that area would need for a permit to be approved.

Linden said Faith and Action applied to the city in 2001 for a permit. However, he could not confirm last night which agency received the application or why it wasn't granted. He said no applications had been filed since that initial one.

The group said on its Web site that it tried to get permits from various agencies, including the city's Department of Consumer and Regulatory Affairs. However, the DCRA does not govern public space displays and would not have been the right agency to apply to, said Karyn-Siobhan Robinson, a DCRA spokeswoman. She could not immediately confirm whether the group had applied to the agency.

Sisolak said yesterday that he had not heard about the monument proposal until contacted by the news media. Local Advisory Neighborhood Commission secretary Karen Wirt said she had not either but also said she hadn't had a chance to review all her records back to 2001.

The religious nature of the display should not be the main factor in the decision about the permits, Sisolak said.

"It's a large object not in keeping with the historic nature of the neighborhood," Sisolak said. "This guy may be within his rights. I don't know. But in my opinion it doesn't appear to be in compliance."

ANTITRUST:

Antitrust Officials Said To Be Watching Napster Suit (LAT)

By Joseph Menn, Times Staff Writer

The Los Angeles Times, June 1, 2006

The U.S. is examining claims of collusion by labels to limit legitimate downloads, sources say.

Maybe Napster had it right.

Federal antitrust investigators are reexamining the online music pioneer's long-standing claims that the major record labels improperly conspired to keep authorized downloads off the Internet, said people familiar with the matter.

Justice Department officials are closely tracking a court fight in federal court in San Francisco between the labels and the financial backers of the original Napster, the file-sharing network that debuted in 2001 and became emblematic of online piracy.

Napster filed for bankruptcy protection, and the name was bought and assumed by Roxio Inc. in 2002.

The labels are suing venture capital firm Hummer Winblad Venture Partners and German conglomerate Bertelsmann, which owns label BMG, accusing them of contributing to the piracy by the first Napster users.

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As part of its defense, Hummer Winblad has alleged that the labels violated antitrust laws by colluding to refuse to license their music to Napster for legitimate distribution.

Antitrust investigators have asked both sides to keep them apprised by passing along filings in the case, said music industry sources who asked not to be identified because of the sensitive nature of the government's inquiries.

It is unclear whether the review has led to a full reopening of an inquiry that ended in 2003, when the department announced it hadn't found evidence that the major labels manipulated the digital music market.

Justice Department spokeswoman Gina Talamona declined to comment, but investigators there were previously reported to be examining how present-day prices are set on Apple Computer Inc.'s iTunes Music Store and other authorized services.

The San Francisco suit by Universal Music Group and EMI Group accuses Hummer Winblad and Bertelsmann of having controlled Napster and therefore sharing liability for the massive copyright infringement previously committed by Napster's tens of millions of users.

Hummer Winblad's lawyers countered that the labels broke antitrust and copyright laws by refusing to license music to Napster on reasonable terms while sending heavily restricted tracks to two industry-sponsored joint ventures, MusicNet and Pressplay. Those two services had been investigated by the Justice Department from 2001 to 2003.

The Hummer Winblad lawyers turned up discrepancies between what the labels had told the Justice Department about their practices then and what they told others. And the documents that the labels submitted to the Justice Department had some serious omissions, including a full discussion of clauses that guaranteed some labels the same licensing terms that their rivals received.

Those clauses, known as "most-favored-nation" provisions, suggested collusion, said the judge in the Napster case, Marilyn Hall Patel.

The documents were so suspicious that Patel said last month that they were "deliberately misleading." She ordered additional material turned over under what is known as the "crime-fraud exception" to the privilege that protects communications between lawyers and their clients from disclosure.

Universal and EMI appealed that ruling and this month won a stay until their arguments could be heard by a higher court.

Even before Patel's ruling, the Justice Department was intrigued. Once it got the Hummer Winblad team's legal brief, it asked the Universal and EMI attorneys to send along whatever they filed in their defense, a music industry source said.

New York Atty. Gen. Eliot Spitzer also is investigating the most-favored-nation clauses and has issued subpoenas to the major record labels.

Most of the labels declined to comment on the renewed Justice Department interest.

But Jeanne Meyer, EMI North America's senior vice president, said the company believed that Patel had "misconstrued" the relevant documents.

"EMI was forthright with the Department of Justice in its 2001-03 investigation and cooperated with that inquiry, and we are confident that Judge Patel's ruling will be reversed," Meyer said.

Napster Suit Sparks Controversy (UPI/UPI)

United Press International, June 1, 2006

LOS ANGELES, May 31 (UPI) -- A federal court case in San Francisco over internet music piracy has gained the attention of federal antitrust officials.

Major record labels are suing the original Napster's financial backers for supporting the piracy-linked network.

One of the defendants, Hummer Winbald, has responded by accusing the labels of not allowing license of their music to Napster while providing such to other ventures.

Winbald's lawyers provided evidence of the labels' collusion which prompted the case's judge and the Justice Department to request additional materials from the labels and their attorneys.

The Los Angeles Times reports previous documents given to the Justice Department from the labels had major omissions, specifically regarding licensure.

In 2003, a federal inquiry into possible antitrust allegations against major music labels was dismissed due to lack of evidence.

Many of the major labels declined to comment on these newest allegations.

Google Unlikely To Make Own Web Browser (AP)

By Michael Liedtke, AP Business Writer

AP, June 1, 2006

SAN FRANCISCO (AP) - Google Inc. CEO Eric Schmidt on Wednesday told industry analysts the online search engine leader is unlikely to create its own Web browser, even though the company remains worried about being slighted by the next version of Microsoft Corp.'s Internet Explorer.

Responding to a question during a conference call, Schmidt said Google sees little need to develop its own browser because most people seem satisfied with Explorer and rivals such as Firefox, Apple Computer Inc.'s Safari and Opera.

Mountain View, Calif.-based Google already has a search toolbar installed in Firefox as part of its partnership with the Mozilla open source software project that introduced the browser in 2004.

"We would not build a browser just for the fun of building a browser," Schmidt said.

Later in the call, Schmidt reiterated Google's concerns about Microsoft programming the next version of its Internet Explorer to steer more traffic to its own Internet search engine.

Google informally complained to the U.S. Justice Department about Microsoft's plans, but regulators decided they didn't need to intervene. Schmidt said Google still hopes Microsoft will make it easier for Explorer users to set up other search engines in the browser.

The next version of Explorer will be included in Microsoft's Vista, a long-awaited upgrade of the Windows operating system due out next year.

"We want to make sure the use of the power of Windows is done in a correct and legally appropriate way," Schmidt said.

Google reigns as the dominant Internet search engine with a 43 percent share of the U.S. market through April, well ahead of Yahoo Inc. at 28 percent and Microsoft's MSN at 13 percent, according to comScore Media Metrix.

Schmidt's comments occurred during a question-and-answer session that Google organized in an effort to improve its communication with Wall Street. Analysts and investors have complained about Google's cryptic ways since the company's initial public offering in August 2004 and now management is trying to change that perception without backing down from its policy against sharing its financial projections.

The presentation didn't seem to make much of an impression. Google's shares were up slightly when the conference call began, but then backtracked to close with a 12 cent decrease at $371.82 on the Nasdaq Stock Market. The stock lost another 82 cents in late-session trade.

Google covered familiar territory Wednesday, telling analysts to expect major investments heavily in new computer equipment and offices to accommodate the company's growing audience and work force.

The company spent $345 million on capital expenditures during the first quarter, including $112 million on information technology assets and $41 million on land and buildings.

Chief Financial Officer George Reyes said Google's hiring spree will continue at its recent pace, which has been increasing the company's work force by 14 percent to 20 percent every three months. In the past year, Google nearly doubled its payroll to just under 6,800 employees through March.

Akron Paper, 5 Others Await Word On Auction By McClatchy (AP)

By Thomas J. Sheeran

AP, June 1, 2006

CLEVELAND - Six former Knight Ridder Inc. newspapers awaited word Wednesday on possible suitors as the deadline passed for bidding on the mid- and small-sized papers.

There was no immediate word on how many bids were submitted, when new owner McClatchy Co. might decide on possible buyers or whether the papers would be sold as a group or one by one.

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McClatchy, based in Sacramento, Calif., bought Knight's Ridder 32 newspapers in March and decided to sell 12 largely because they were in slower-growing markets.

With buyers found for six larger newspapers - including The Philadelphia Inquirer - McClatchy turned its attention to the six smallest. Among those, most attention has focused on the Akron Beacon Journal, the largest of the six remaining papers and once the flagship of Knight Ridder.

Advance Publications in New York, parent company of the Beacon Journal's biggest competitor and Ohio's largest newspaper, The (Cleveland) Plain Dealer, was believed to be among the possible bidders for the Akron newspaper. The papers are 40 miles apart and compete in some of the faster growing Cleveland and Akron suburbs, including Medina County and northern Summit County.

Copley Newspapers, the parent of Akron competitor The (Canton) Repository, also reportedly was interested in the Beacon Journal, but Hal Fuson, chief legal officer for San Diego-based Copley, said Wednesday that the chain did not make a bid.

Merging nearby papers might offer advantages through joint advertising sales and combined business side, printing and reporting work. Savings through merged operations would make sense for Advance, according to Larry Grimes, president of the W.B. Grimes newspaper brokerage in Gaithersburg, Md. He said he has heard of strong interest in all six papers but had no direct knowledge.

The remaining five papers to be sold were the American News in Aberdeen, S.D.; the Duluth News Tribune in Minnesota; the Grand Forks Herald in North Dakota; The News-Sentinel in Fort Wayne, Ind.; and the Times Leader in Wilkes-Barre, Pa.

Other possible bidders that have been mentioned include Yucaipa Cos. of Los Angeles, a financial backer for newspaper unions; Black Press Ltd. of Vancouver, British Columbia; and HM Capital Partners of Dallas.

McClatchy and HM Capital had no comment Wednesday. Advance, Black and Yucaipa didn't immediately return messages seeking comment.

McClatchy previously agreed to sell The Philadelphia Inquirer and the Philadelphia Daily News to a Philadelphia investment group and to sell four other newspapers to MediaNews Group Inc., a privately held company based in Denver.

The Beacon Journal has won four Pulitzer Prizes, journalism's highest honors. The newspaper has average weekday circulation of about 128,000 daily, down 7.4 percent over the same period last year. The population of Akron, once the nation's tire-making capital, has been stable in recent years, down about 2 percent since 2000 to about 220,000.

An industry report in early May showed daily circulation fell 2.5 percent at U.S. newspapers in the six-month period ending in March. Newspaper circulation has been in general decline for years as many people, particularly young adults, turn to other media outlets including cable TV and the Internet for news and information.

Charles Knight bought the newspaper in 1903 and became publisher four years later.

His son, John S. Knight, became editor and publisher in 1933. He began a series of buys that made the Beacon the flagship of one of the nation's largest newspaper groups, Knight Newspapers. In 1974, the group merged with Ridder Publications to become Knight Ridder Inc.

ON THE NET

Knight Ridder Inc.: http://www.kri.com

McClatchy Co.: http://www.mcclatchy.com

EU Fines For Four Chemical Groups In Cartel (FT)

By Tobias Buck In Brussels

Financial Times, June 1, 2006

The European Union's top antitrust regulator yesterday imposed fines totalling €344.6m ($441.9m) on four chemical groups for operating a cartel in the market for plexiglas and similar acrylic glass products.

French oil group Total's Arkema unit was worst-affected, with a fine of €219.1m. Britain's ICI was ordered to pay €91.4m. Lucite, another UK group, was fined €25m and Quinn Barlo of Ireland €9m. Both Arkema and ICI saw fines increased by 50 per cent because of convictions in other cartel cases.

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Degussa, a German chemical group and another member of the cartel, escaped punishment because it blew the whistle on its co-conspirators. The Commission said Degussa would otherwise have been made to pay €264.5m - the highest single fine of all the members.

Neelie Kroes, EU competition commissioner, said: "Cartels are a scourge. I am shocked that companies like ICI and Arkema have been fined once again. These fines will serve as a cold shower for the management and shareholders of all these companies, who have to realise that cartels cannot and will not be tolerated."

The Commission said it had obtained handwritten notes of a meeting in a Dublin hotel room in October 1999, at which the companies agreed to raise their prices as of January 2000.

"Records of a meeting at a hotel in Germany in August 2000 reveal that the meeting focused on a co-ordinated price increase for November 2000," it added.

Acrylic glass is used for a wide range of products, including headlamps and tail-lights, for optical media such as DVDs and lenses and household products such as baths and showers. The EU market for acrylic glass products is worth about €665m a year, a Commission spokesman said.

Yesterday's total fine was the fourth-highest imposed by the Commission in a cartel case, and comes less than a month after the regulator slapped fines totalling €388m on another chemicals cartel. Again, Degussa had blown the whistle on the illegal arrangement and so escaped a fine of €130m - meaning the company saved itself nearly €400m in cartel fines in the space of four weeks.

EU Punishes Acrylic Glass Cartel (AP)

By Aoife White, AP Business Writer

AP, June 1, 2006

EU Punishes Acrylic Glass Cartel With $442 Million in Fines

BRUSSELS, Belgium (AP) -- The European Commission on Wednesday imposed fines of about $442 million on four companies for fixing prices over a six-year period on acrylic glass which is widely used in cars, household appliances and DVDs.

European Union regulators said they had uncovered business behavior that was a "very serious infringement" of EU antitrust rules.

Cartels "allow the participants to shield themselves from competition, to charge higher prices and to be protected from the need to innovate," said EU spokesman Jonathan Todd. "Their customers -- both companies and final consumers -- pay the price in terms of higher prices and a narrower choice of products."

French oil company Total SA's chemical unit Arkema was fined 219 million euros ($281 million) -- the fourth largest fine levied by the EU in such a case.

Britain's Imperial Chemical Industries PLC was ordered to pay 91 million euros ($117 million), British chemical company Lucite International was fined 25 million euros ($32 million) and Ireland's Quinn Group Ltd. has to pay 9 million euros ($11.5 million).

The EU said the fines took account of the size of the European market, worth around 665 million euros ($854 million) annually.

A fifth company, Germany's Degussa SA, escaped a 264 million euro ($339 million) fine because it was the first to blow the whistle on the cartel.

The EU said the five companies agreed, fixed and monitored target prices for acrylic glass, and exchanged commercially important and confidential information in Europe between 1997 and 2002.

Acrylic glass -- sold under trade names such as perspex, Plexiglas and Lucite -- is also used in lenses, electronics, baths and showers.

The companies have two months to appeal the fine to an EU court. If the fines are upheld, the money goes into the EU budget, usually funded by EU governments. The Commission said the fines ultimately reduce the burden on individual taxpayers.

Quinn Group bought the offending Barlo business after the cartel ended. ICI said the fine targeted its ICI Acrylics unit which was sold in 1999.

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EU Competition Commissioner Neelie Kroes said she was shocked that ICI and Arkema -- now owned by Total -- had to be fined again. As repeat offenders, both companies saw their fines increased by 50 percent.

"Cartels are a scourge," Kroes said. "These fines will serve as a cold shower for the management and shareholders of all these companies, who have to realize that cartels cannot and will not be tolerated."

Degussa went to EU regulators in December 2002, confessing its role in this cartel and another cartel to fix the price of bleach. The Commission said the rivals met to coordinate price increases in a Dublin hotel room in October 1999 and a German hotel in August 2000.

Both Lucite and Total's group of companies -- Elf Aquitaine, Arkema, Altuglas and Altumax -- had their fines reduced for providing information to regulators.

ICI said it will make a provision for the fine in its second quarter income statement as a special item and will think about filing an appeal.

Todd said two other firms -- BASF AG and Repsol YPF -- had escaped fines even though both received preliminary charge sheets because they had been able to convince regulators that they were not involved to the same extent as the others.

"In the end we could not find them guilty of breaking the competition rules," he said.

ENVIRONMENT/INDIAN AFFAIRS:

Officials Seek More Funds From Exxon Mobil (AP)

By JEANNETTE J. LEE, Associated Press Writer

AP, June 1, 2006

ANCHORAGE, Alaska (AP) - Federal and state authorities will seek more money from Exxon Mobil Corp. on Thursday to rehabilitate wildlife populations and clean up remaining oil from a devastating spill nearly 20 years ago, Alaska officials said.

Exxon has paid $900 million in restitution for the spill - the nation's largest - which emptied 11 million gallons of crude oil into Prince William Sound in 1989.

A "reopener" provision in the settlement created a window from 2002 to 2006 in which the state and federal governments could claim up to an additional $100 million.

That reopener provision expires Sept. 1. State and federal officials must file a claim 90 days before that date, by the end of this week.

The specifics of the claim, including how much will be requested from Exxon, have not been released.

"We are going to make a claim, but all the details are still being worked out between the Department of Law and the Department of Justice," John Manly, spokesman for Gov. Frank Murkowski, said Wednesday.

Exxon Mobil spokesman Mark Boudreaux said Wednesday that the company hadn't been notified that the Justice Department would seek a reopener.

Hundreds of studies by Exxon have shown the environmental impact to be less serious than claimed by other researchers. Boudreaux said Exxon didn't know of any new scientific studies that would merit reopening the settlement.

"We believe Prince William Sound is healthy, it's robust, it's thriving," Boudreaux said.

To claim the money, state and federal officials must prove that a population, habitat or species had suffered loss or decline in the area of the spill, and that loss can be linked to the spill. They also must prove the loss was not known or anticipated when the settlement was signed.

"The claim will include what we believe, based on good science, is attributable to the spill and lay out a plan on how to deal with the existing problems," said Mark Morones, spokesman for the state Department of Law.

A study published in May in the American Chemical Society journal and Environmental Science & Technology found that oil spilled from the Exxon Valdez extends farther into Alaska tidal waters than previously thought and could be causing long-term harm to wildlife.

Alaska Sens. Ted Stevens and Lisa Murkowski sought to cut the process short by asking Irving, Texas-based Exxon Mobil to voluntarily commit $100 million more to restoring the Sound.

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The company, whose $36.1 billion in earnings last year were the highest ever by any U.S. corporation, rejected that proposal.

More than $100 million of the $900 million Exxon has paid has not yet been spent. Officials said they expect that to become an issue in negotiations.

AP Business Writer David Koenig contributed to this story from Dallas.

US Judge Says Sea Lion Research Violates Animal Protection Laws (FINDLAW/AP)

By Jeannette J. Lee, Associated Press Writer

AP, June 1, 2006

(AP) - ANCHORAGE, Alaska-A judge ruled the federal government must halt studies of threatened and endangered Steller sea lions because it did not properly asses how certain research techniques might harm the animals.

The National Marine Fisheries Service approved permits for research activities that include hot branding and tissue sampling of thousands of sea lions each year, said the suit filed last year by the Humane Society of the United States.

"We have concerns about the lack of environmental review, the structure of the research and how it's being done," Jonathan Lovvorn, an attorney for the Humane Society, said Tuesday. "Our main goal is and has always been to have them evaluate the research before authorization. We want to see that happen."

Lovern said they agency needs to better evaluate different research techniques, which range from minimally invasive to lethal.

"We don't oppose research in order to benefit the Steller sea lion," Lovvorn said. "The question is are we doing that here in accordance with the law."

The federal agency failed to comply with the National Environmental Protection Act by not preparing an environmental impact statement, and must give up its research permits, according to the decision on Friday by U.S. District Court Judge Ellen Segal Huvelle in Washington, D.C.

The federal agency had issued permits that allowed researchers to attach tracking devices to more than 700 Steller sea lions, brand more than 2,900 and allowed for the incidental deaths of up to 60 of the animals a year, according to court documents.

The permits do not authorize the intentional killing of any Steller sea lions for scientific study, the documents said.

Fisheries service scientists said their research techniques are not harming the overall Steller sea lion population and are necessary to understanding the animals' unexplained decline and how to help them recover.

The research includes population monitoring and foraging and behavior patterns, said Kaja Brix, protected resources division director at the National Marine Fisheries Service's Alaska region office.

"The lack of ability to do the research certainly will have an impact as far as maintaining continuity in our research program and other entities in the state," she said. "They may have to abandon those studies for the time being and resume them once permits are reinstated."

The agency will have to revoke research permits from federal, state and non-goverment agencies studying Steller sea lions, including the Alaska SeaLife Center, North Pacific Universities Consortium, state Department of Fish and Game and the Aleutians East Borough.

Brix said the agency is already conducting an environmental impact statement, but it could be a year before it's completed.

The Steller sea lion habitat roughly follows the rim of the North Pacific Ocean from northern Japan to the south coast of Alaska. The animals also live on California's Channel Islands.

The number of Steller sea lions in the western stock dropped from about 200,000 originally to 35,000 animals in 2002, federal fisheries scientists estimate. Scientists do not know the original population level of the genetically distinct eastern group, but as of 2002 there were 31,000 animals, with numbers on the rise.

The National Marine Fisheries Service in 1990 listed both populations as threatened. The western population in Alaska was listed as endangered in 1997 after a dramatic decrease was documented.

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On the Net:
Alaska Fisheries Science Center: http://www.afsc.noaa.gov/
National Marine Fisheries Service: http://www.nmfs.noaa.gov/
Humane Society of the United States: http://www.hsus.org

Deep Trouble As Demand For Coal Rises, Risky Mines Play Bigger Role (WSJ)

By Kris Maher

The Wall Street Journal, June 1, 2006

MCDOWELL, Ky. -- Last September, Timothy D. Hall was drilling holes in the deepest part of a low-roofed coal mine when an explosion thrust him from his drill machine and set him on fire.

He crawled 45 feet to a mudhole inside the mine to douse the flames. The fireball melted the bill of his hard hat, charred his oxygen canister and burned his jacket, according to government investigators. After he was carried outside, but before any pain set in, he was shocked to see the flesh of his fingers had melted together.

Mr. Hall, 36 years old, survived and has regained limited use of his hands. His episode is part of an alarming upswing in coal-mining accidents, at a time when the industry is in the midst of a boom. Since May 20, seven miners have died, bringing the number of workers killed in coal-mine accidents in the U.S. this year to 33 -- compared with 22 for all of last year.

Part of the problem, some say, is a rise in the number of small, undercapitalized mines that have become economical since coal prices have surged. Miners refer to them as "dogholes."

In many cases, small operators work as contractors for big coal companies. The mine where Mr. Hall worked, for instance, was owned by J. & R. Coal Inc., and employed 23 miners. It provided coal to Consol Energy Inc., the fourth-largest coal producer in the U.S.

Roger Bentley, J. & R. Coal's owner, declined to comment on the accident. He said the mine has closed and the company is no longer in business. Thomas Hoffman, a spokesman for Consol Energy, says it reviewed the safety records of Mr. Bentley, as it does for all mine operators it contracts with, and "we thought his safety performance in the past was pretty good."

Despite the recent rash of fatalities, coal mining has gotten safer overall, due to improved technology and mining methods. In the early part of the 20th century, when there were roughly seven times as many coal miners as today, the annual death toll from accidents often exceeded 2,000 miners. In 1950, there were 643 fatalities. By 1990, the number had dropped to 66.

But higher fatality rates at small mines, which many mine-safety experts define as those employing fewer than 50 miners, have plagued the industry even in years when the overall number was falling. A report by the National Institute for Occupational Safety and Health, which examined data from 1988 to 1997, found the fatality rate at coal mines with fewer than 50 employees was 4.24 times the rate at mines with 250 or more workers. According to data from the Labor Department's Mine Safety and Health Administration, in each of the past three years, the fatality rate at underground coal mines with fewer than 50 workers was higher than the rate for all underground coal mines.

Small mines tend to open when coal prices rise. The average price of coal from Central Appalachia -- which includes parts of Virginia, Kentucky and West Virginia -- was $58 per ton last year, up from $29 in 2002. Prices are rising in part because of increased demand for coal to generate electricity from utilities seeking an alternative to natural gas as its price has risen. Domestic steelmakers have been using more metallurgical coal, while China's rapid industrialization is also creating demand for huge amounts of coal to make steel.

"As long as prices stay high, you're going to get the marginal producers coming in to capture a share of the market," says R. Larry Grayson, chairman of the department of mining and nuclear engineering at the University of Missouri-Rolla. He says the danger of accidents increases when smaller mines proliferate because they tend to have less-experienced workers, use older equipment and mine harder-to-reach coal seams that are passed over by big companies.

Mines with fewer than 50 employees represent about 25% of all underground coal-mining jobs, according to MSHA.

Fourteen of last year's 22 deaths at underground mines, surface mines and coal-preparation plants occurred at operations with fewer than 50 employees, according to MSHA data. Of the 33 deaths this year, 11 occurred at mines with fewer than 50

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employees. Five miners were killed last month following an explosion at an underground mine operated by Kentucky Darby LLC of Middlesboro, Ky., which employed 34 miners, according to MSHA. Repeated calls to the mine's office went unanswered.

"All of a sudden we're having a horrendous year in both West Virginia and Kentucky, and it's unacceptable," says Bill Caylor, president of the Kentucky Coal Association, which represents mostly big coal operators, many of which hire small contractors. But he says overall, "we've made tremendous strides and we're still pushing for safety."

Most fatalities that occur in mines of any size are the result of "freak accidents," and some are due to human error, says Mr. Caylor. The term "dogholes" is a sensational one, used by mine-safety "zealots," he adds. "But there is some legitimacy to this," he says. "There are some operators that are ruthless that have been the bad apple in the entire barrel."

More operators have opened mines to "try to make a quick profit because the coal market is high right now," says Dennis O'Dell, administrator of occupational health and safety for the United Mine Workers of America. Small mines are almost entirely nonunion, and miner advocates say workers at such operations often don't have the same protections as those at big unionized mines.

Of the 33 coal miners killed this year, three worked at unionized mines that employed at least 100 miners, according to MSHA. The other 30 worked at nonunion mines.

"More miners are at risk because of undercapitalized mines," says Tony Oppegard, a former MSHA official during the Clinton administration who is now a lawyer in Lexington, Ky., representing miners and their families. "I think the deaths are going to mount with the demand for coal."

Workers at small mines tend to be less experienced and more economically desperate than those at big mines, says Mr. Oppegard. "You've got this permanent base of unemployed people in eastern Kentucky," he says. "You'll always have people who are willing to work under whatever conditions that you impose."

Poor conditions in small operations have been linked to deaths. The 13th coal miner killed this year, Cornelius Yates, died Jan. 10 in a Pikeville, Ky., mine that employed nine. The 44-year-old was operating a machine used to drive six-foot-long bolts into the mine roof to secure it when the roof collapsed and killed him.

In that case, federal investigators determined the roof was unstable. "The condition was widespread and obvious and should have been detected by a reasonable prudent mine examiner," investigators wrote. The company was cited for safety violations related to the accident, but fines haven't been set yet, says MSHA.

James H. Blevins, owner of Maverick Mining Co., in Robinson Creek, Ky., which operated the mine, declined to comment.

Mr. Caylor, of the Kentucky Coal Association, believes the best way to improve safety is for state and federal inspectors to observe the working habits of a miner "and teach him how to work safer, rather than sitting there as a policeman, writing a ticket."

Others say enforcement needs to be tightened. In February, MSHA announced plans to toughen penalties for mine operators. One step: raising the maximum penalty for flagrant violations to $220,000 from $60,000. The agency said its penalty structure is 25 years old and needs updating.

Last week, the U.S. Senate passed broad mine-safety legislation that requires coal mines to store more oxygen underground, sets stricter fines and mandates use of wireless communications devices in mines within three years, among other things. The bill is pending in the House.

MSHA has recognized safety woes of small mines. In 2003, it opened the Small Mine Office to help mines with five or fewer employees, by providing safety guides, among other things. Mines of this size "do not have the resources to have sophisticated health-and-safety programs," said David Dye, MSHA's acting administrator, in a speech last fall.

"Technology is one of the factors that has led to improvements in mining safety, and larger mines are better able to take advantage of it," says Carol Raulston, spokeswoman for the National Mining Association, which represents big operators.

Even though coal prices are up, margins can still be tight for small operators. It often costs more per ton to extract coal from lower-quality seams. Many small operators don't own the land they mine; instead they mine on a contract basis, selling the coal at below-market prices to larger operators who own the mineral rights to the property.

Ron D. Bowling, who owns a company that plans to start operations this month at a small surface coal mine in Pike County, Ky., says higher prices for mining equipment and diesel fuel are also squeezing small operators. But he says most mine owners are diligent about safety.

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"All the people I know in the business, their worst nightmare is getting someone hurt on the job," says Mr. Bowling, who plans to employ 12 to 15 people at his mine.

Some experts believe drug use among miners could be contributing to accidents, and small mines often do less drug-screening than large ones. But as another recent accident at a small mine shows, there can be a mix of factors.

In December, David Sherman Morris, Jr., a 29-year-old shuttle-car operator, was killed at a 31-employee coal mine operated by H&D Mining Inc., of Cumberland, Ky. He was struck by a loaded coal hauler, used to transport coal inside the mine. The hauler severed Mr. Morris's left leg above the ankle and crushed his right leg, according to an MSHA report.

A toxicology report of Mr. Morris's blood and urine found opiates as well as cannabinoid metabolites, which are typically generated from marijuana use. Unlike conventional alcohol testing, which measures impairment at the time of the test, drug testing measures usage in recent days or even weeks. A drug test administered on the operator of the coal hauler shortly after the accident also found opiates and cannabinoid metabolites.

MSHA investigators didn't speculate on whether any drug-related impairment contributed to the accident. Instead, they pointed to errors and negligence of mine management. Investigators said a major contributing cause was that side boards -- which allow more coal to be carried -- had been attached to the coal hauler, and coal was loaded 60 inches high, obstructing the view of the person operating it. The height of the mine where the accident occurred was 67 inches.

Struck From Behind

The company's procedures for operating equipment underground placed Mr. Morris in a dangerous position when he was struck from behind, investigators said. They also determined "this injury became a fatality because basic first-aid was not properly performed" by mine personnel. No fine has been issued for the accident yet, according to MSHA.

James H. Hurley, a co-owner of H&D Mining, says the accident wasn't the company's fault. "It was just an accident," he says. "It was no fault of equipment." He also says he doesn't think better first aid would have kept the miner alive.

Mr. Hurley says state and federal inspectors who visited the mine roughly every two weeks didn't complain about the sideboards before the accident, adding that the sideboards were put on by the manufacturer and that other operators are still using them. He has since removed them.

Drugs could have played a role, Mr. Hurley says. Since the accident, he says H&D has started drug testing all new employees and randomly testing current ones.

Mine owners say they are watched closely by federal and state inspectors who cite operators for numerous minor violations, such as not having the proper paperwork on hand, as well as more serious ones.

In many cases, however, fines issued by MSHA are appealed by coal operators, and the agency says 10% to 15% go unpaid. MSHA says it doesn't have authority to shut down mines if fines aren't paid. In February, MSHA filed what it called "precedent-setting" lawsuits against two Kentucky coal operators to force payment of long-overdue fines.

Multiple Risks

Miners say raising safety concerns at small mines can mean risking one's job, as well as future employment at other mines. Mr. Hall, who was burned in the explosion last fall, says he complained several times to management that the drill he used became dangerously hot while he was operating it. He says he was rebuffed by the mine's superintendent.

Sitting in his house in McDowell, Ky., in a room that serves as a living room and a bedroom for himself, his wife and two children, Mr. Hall, a miner his entire adult life, worries he won't be able to work again. To demonstrate the limited use of his hands, he bends his wrists slightly, and the scarred skin goes taut and white. "I don't think I could ever go back underground," he says. "I still have nightmares."

As a drill operator working in a mine that was 35 inches high, on average, Mr. Hall says he earned $18 an hour. He now receives roughly $2,200 in workers' compensation payments each month.

In February, Phil Stalnaker, a lawyer in Coal Run, Ky., who is representing Mr. Hall, filed a suit against J. & R. Coal and Mr. Bentley in Letcher County Circuit Court, alleging that Mr. Hall's application for workers' compensation benefits played a significant role in his termination from the company several weeks after the accident. Darrell Hall, an attorney in Whitesburg, Ky., who is representing J. & R. Coal, declined to comment on the case.

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In March, MSHA fined J. & R. Coal $139,300, saying the accident involving Mr. Hall occurred "as a result of the operator's high negligence." MSHA cited the company for not keeping his drill and methane meters in proper condition, among other things. The fine hasn't been paid.

Mr. Bentley, the former owner of J. & R. Coal, didn't return calls seeking comment on payment of the fine.

Hints Of Oil Bonanzas Beneath Arctic Ocean (NYT)

By Andrew C. Revkin

The New York Times, June 1, 2006

The studies on Arctic sediment that appear today in the journal Nature tell a dramatic story of polar warming and cooling over millions of years. But what they tell petroleum geologists may be just as striking.

Though there is little mention of it in the papers, some scientists involved in the work said the huge amounts of organic material from dead algae and plants embedded in the ancient sedimentary layers suggested that the center of the Arctic Ocean could hold vast oil deposits.

Several of the researchers said they were reluctant to focus on that aspect of the work, saying it would be unfortunate if their climate studies prompted new oil exploration that could liberate more greenhouse gases and further warm the climate.

But one of the authors, Henk Brinkhuis of the University of Utrecht in the Netherlands, was not shy when he first pointed this out to reporters in 2004. This week, he said he remained confident that the prospect was real.

"The entire Arctic rim is already one big exploration machine," Dr. Brinkhuis said. "I was nearly crucified for talking about this by some of the more politically environmentally friendly people out there. But it's a fact."

If the oil exists, it would probably take decades to develop techniques for exploiting such midocean deposits, Dr. Brinkhuis and other scientists said.

Still, a quarter of the world's undiscovered oil and gas resources lie in the Arctic, according to the United States Geological Survey.

Oil companies are clearly interested in what may lie beneath the sea, said Kathryn Moran, a professor of ocean engineering at the University of Rhode Island who was a chief scientist on the drilling project that led to the new studies.

Dr. Moran said she recently gave a talk on the project at the University of Alaska, Fairbanks, and was invited at the last minute by BP, the giant oil company, to stop over in Anchorage to present the talk to 30 petroleum geologists.

"They've definitely taken note," Dr. Moran said.

Studies Portray Tropical Arctic In Distant Past (NYT)

By Andrew C. Revkin

The New York Times, June 1, 2006

The first detailed analysis of an extraordinary climatic and biological record from the seabed near the North Pole shows that 55 million years ago the Arctic Ocean was much warmer than scientists imagined — a Floridian year-round average of 74 degrees.

The findings, published today in three papers in the journal Nature, fill in a blank spot in scientists' understanding of climate history. And while they show that much remains to be learned about climate change, they suggest that scientists have greatly underestimated the power of heat-trapping gases to warm the Arctic.

Previous computer simulations, done without the benefit of seabed sampling, did not suggest an ancient Arctic that was nearly so warm, the authors said. So the simulations must have missed elements that lead to greater warming.

"Something extra happens when you push the world into a warmer world, and we just don't understand what it is," said one lead author, Henk Brinkhuis, an expert on ancient Arctic ecology at the University of Utrecht in the Netherlands.

The studies draw on the work of a pioneering 2004 expedition that defied the Arctic Ocean ice and pulled the first significant samples from the ancient layered seabed 150 miles from the North Pole: 1,400 feet of slender shafts of muck, fossils of ancient organisms and rock representing a climate history that dates back 56 million years.

While there is ample fossil evidence around the edges of the Arctic Ocean showing great past swings in climate, until now the sediment samples from the undersea depths had gone back less than 400,000 years.

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The new analysis confirms that the Arctic Ocean warmed remarkably 55 million years ago, which is when many scientists say the extraordinary planetwide warm-up called the Paleocene Eocene Thermal Maximum must have been caused by an enormous outburst of heat-trapping, or greenhouse, gases like methane and carbon dioxide. But no one has found a clear cause for the gas discharge. Almost all climate experts agree that the present-day gas buildup is predominantly a result of emissions from smokestacks, tailpipes and burning forests.

The samples also chronicle the subsequent cooling, with many ups and downs, that the researchers say began about 45 million years ago and led to the cycles of ice ages and brief warm spells of the last several million years.

Experts not connected with the studies say they support the idea that heat-trapping gases — not slight variations in Earth's orbit — largely determine warming and cooling.

"The new research provides additional important evidence that greenhouse-gas changes controlled much of climate history, which strengthens the argument that greenhouse-gas changes are likely to control much of the climate future," said one such expert, Richard B. Alley, a geoscientist at Pennsylvania State University.

The $12.5 million Arctic Coring Expedition, run by a consortium called the International Ocean Drilling Program, was the first to drill deep into the layers of sediment deposited over millions of years in the Arctic. The samples were gathered late in the summer of 2004 as two icebreakers shattered huge drifting floes so that a third ship could hold its position and bore for core samples.

Estimates of the prevailing temperatures in the different eras represented by the sediments were made in part by tracking the comings and goings of certain algae called dinoflagellates that typically indicate subtropical or tropical conditions.

Because the samples lacked remains of shell-bearing plankton that are usually relied on to provide temperature records, the researchers used a newer method for approximating past temperatures: gauging changes in the chemical composition of the remains of a primitive phylum of microbes called Crenarchaeota.

Some scientists familiar with the research said that while there were still questions about the precision of this method at temperatures like those in the ancient Arctic Ocean, it was clear that the area was warm.

The temperatures recorded in the samples, right through the peak of warming 55 million years ago, were consistently about 18 degrees higher than those projected by computer models trying to "backcast" what the Arctic was like at the time, according to one of the papers.

Another significant discovery came in layers from 49 million years ago, where conditions suddenly fostered the summertime growth of vast mats of an ancient cousin of the Azolla duckweed that now cloaks suburban ponds. The researchers propose that this occurred when straits closed between the Arctic Ocean and the Pacific and Atlantic Oceans.

The flow of water from precipitation and rivers created a great pool of fresh water, but about 800,000 years after the blossoming of duckweed began, it ended with a sudden warming of a few additional degrees. The researchers suggest that this signaled when shifting land formations reconnected the Arctic with the Atlantic, allowing salty, warmer water to flow in, killing off the weed.

The researchers said the sediments held hints that Earth's long slide to colder conditions, and the recent cycle of ice ages and brief thaws, began quite soon after the hothouse conditions 50 million years ago. A centerpiece of their argument is a single pebble, about the size of a chickpea, found in a layer created 45 million years ago.

The stone could have been deposited on the raised undersea ridge only if it had been carried overhead in ice, said Kathryn Moran, a chief scientist on the drilling project, who teaches at the University of Rhode Island.

The stone was probably embedded in an iceberg or perhaps a plate of sea ice that tore free from a gravelly shore. It sank as the ice melted or broke apart, Dr. Moran proposed. Such "dropstones" have long been used to date when an oceanic region has been ice covered or ice free.

The amount of ice-carried debris in the sediment layers began to increase about 14 million years ago, the scientists said. That is also about when the great ice sheet that now weighs down eastern Antarctica originated, Dr. Moran noted. In general, the results from the Arctic drilling project suggest that the cooling and ice buildup at both poles happened in relative lockstep.

This simultaneity tends to support the idea that the cooling was caused by a drop in concentrations of carbon dioxide and other heat-trapping gases, which mix uniformly in the global atmosphere, said Dr. Moran and other members of the team.

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Julie Brigham-Grette of the University of Massachusetts, an expert in past Arctic climates who was not connected with the new studies, cautioned against giving too much significance to the single sample, and particularly the single stone from 45 million years ago.

Dr. Brigham-Grette said it was vital to try to mesh the new core results with data gathered around Arctic coasts, where there is plenty of evidence for warm conditions in at least some places as recently as 2.4 million years ago.

Despite her doubts, she said, the project was a stunning achievement.

"It's all very, very exciting to me, because now we can start to rewrite the history of the Arctic," Dr. Brigham-Grette said. "It's like working a giant landscape puzzle of 500 pieces. For a while we only had 100 pieces. Now we have 100 more, and the picture is getting clearer."

Corporate America Warms To Fight Against Global Warming (USAT)

By David J. Lynch

USA Today, June 1, 2006

WASHINGTON — Corporate leaders don't normally invite the federal government to raise their taxes. But that's exactly what Paul Anderson is doing.

Anderson, the chairman of Charlotte-based Duke Energy, wants the federal government to fight global warming by taxing companies based on the "greenhouse gases" they pump into the atmosphere — just the sort of big-government remedy the Bush administration says would hobble the economy.

For his efforts, Anderson has been excoriated by conservative talk radio host Rush Limbaugh and threatened with an "exorcism" by an industry peer.

But Anderson, 61, is no closet left-winger. He's a registered Republican, Bush backer and member of the president's Council of Advisors on Science and Technology. That such a Big Business stalwart is demanding federal action on climate change illustrates an unmistakable evolution in corporate thinking, motivated both by evidence that global warming already is affecting the economy and by the prospect of fat profits from new environment-friendly products.

"If we approach this rationally, it will not be disruptive to the economy and will not turn the world upside down and will, at the same time, address the problem," says Anderson.

Corporate America, which once regarded cries of "global warming" about as favorably as The Communist Manifesto, increasingly is embracing the need for reducing human contributions to the planet's rising temperatures. Forty companies — including Boeing, IBM, John Hancock and Whirlpool — have publicly endorsed the notion that climate change is real by joining a business council organized by the Pew Center on Global Climate Change.

Electric power companies are the single largest industrial emitter of carbon dioxide, the chief chemical culprit in "global warming." But Duke Energy on the East Coast, California's PG&E on the West Coast, and other utilities see mandatory federal emission caps as preferable to the current patchwork of state regulations they confront. A uniform national standard would eliminate costly uncertainties hanging over investment decisions on new multibillion-dollar power plants, they say.

It's not just power companies that are agitating for action. Institutional investors are demanding that companies disclose their financial exposure to future climate changes. Insurers are abandoning underwriting in coastal areas threatened by costly Hurricane Katrina clones, and companies such as General Electric and DuPont are gearing up to prosper from the transition to a carbon-constrained world. Last year, Goldman Sachs Chairman Henry Paulson, now Treasury secretary-designate, warned that the time needed to address climate change was running out.

"There's a sea change underway in American business," says Al Gore, the former vice president. "What's different in business audiences in the past year or so is a new and widespread receptivity, a keen awareness, an eagerness on the part of large numbers to find out how they can take a leadership position. And a recognition, too, that there are profits to be made."

Insurers may prove to be the canaries in the coal mine of climate change. As global temperatures rise, instances of severe weather — hurricanes, tornadoes, even hailstorms — are expected to become more intense and more damaging. Though no single event can be definitively linked to long-term warming of the atmosphere, Mother Nature is getting more costly for insurers.

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Annual weather-related insured losses rose from $1 billion in the 1970s to an inflation-adjusted average $15 billion in the past decade, according to Ceres, a coalition of institutional investors and environmental groups. The group said soaring weather-related insurance claims, which it linked to the warming climate, are leading to higher premiums and greater coverage restrictions for policyholders. As private insurers flee vulnerable areas, state and local government "insurers of last resort" are being left with the bill, Ceres said.

After being battered by losses from four Florida hurricanes in 2004, Allstate last year refused to renew policies with 95,000 homeowners and 16,000 commercial property owners in the state.

"We are girding for the onslaught of the next hurricane season," Allstate CEO Ed Liddy said last month. "What's new is the intensity of this (storm) cycle could be a lot worse than things that we've seen before."

Well before climate change turns Iowa into oceanfront property, its financial impact on insurers could affect everything from building codes to land-use policy, says Tim Wagner, director of the Nebraska Department of Insurance, who chairs a National Association of Insurance Commissioners (NAIC) climate-change task force.

The panel was scheduled to kick off its deliberations last year at a September conference in New Orleans, which was washed out by Hurricane Katrina.

In Nebraska, several years of unusually severe hailstorms have prompted insurers to raise deductibles and encourage a shift to hail-resistant roofing — which costs about twice as much as a conventional asphalt roof.

The potential financial impact on insurers is so great that it threatens to paralyze policy-writing in the most vulnerable geographic areas. To ensure the industry has the financial resources to weather repeated catastrophic events, a federal reserve fund financed by a new tax on all insurance policies might be needed, Wagner says.

"Climate change is so big, it's very hard for the man-on-the-street to understand what's taking place. The plain truth of the matter is it's here and it's going to be costly," Wagner says.

A clear sign that climate concerns have moved into the financial mainstream is the growing activism of institutional shareholders. Over the past few years, investors have become increasingly worried about insufficient disclosure about the risks companies face from global warming. Under existing regulations, publicly traded companies are required to disclose to investors any information that could have a "material" impact on their financial results. There are no additional requirements governing climate-change issues.

A changing climate threatens companies throughout the economy with costs from future regulations, the physical effects of a changing landscape, even the danger of massive lawsuits, such as the claims filed against tobacco companies. In 2004, eight states and New York City sued five power companies seeking to force them to cut carbon dioxide emissions. (Last year, a federal district judge dismissed the lawsuit, saying Congress, not the courts, should set environmental policy. The plaintiffs are appealing that decision.)

A recent Mercer Investment Consulting survey of 183 institutional investors found that 44% thought climate change was "very" or "somewhat important" in economic terms. An additional 14% said it would become important within five years.

In February, a London-based investor coalition called the Carbon Disclosure Project sent its fourth annual request for information on greenhouse-gas emissions to 1,800 of the largest publicly traded companies in the world. A total of 211 institutional investors with a collective $31 trillion under management signed the letter — up from the 35 investors representing $4.5 trillion worth of capital who signed the first report.

Among the U.S. signatories: Merrill Lynch, Franklin Templeton, Dreyfus, State Street Global Advisors, New York state and city employee pension funds, and the state treasurers of Maine, Vermont and Oregon.

The nation's largest public pension fund, the $182 billion California Public Employees' Retirement System (Calpers), also signed and has backed shareholder resolutions at Ford Motor and General Motors. "Our focus is to get companies to expand and to improve the disclosure and transparency of environmental data," says Dennis Johnson, Calpers' senior portfolio manager for corporate governance.

Johnson says the pension fund doesn't plan to sell any of its holdings to force greater disclosure, preferring instead to work with the companies in which it owns shares.

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Each year, about 30 corporations confront shareholder resolutions seeking greater disclosure of the potential impact of climate change, according to Mindy Lubbers of Ceres. The past two years, climate change has been the leading source of non-financial shareholder resolutions, according to Gary Guzy of Marsh & McClennan.

In April, a Ceres-backed shareholder resolution requiring Dominion Resources, a Richmond, Va.-based utility, to report on its exposure to climate change was defeated with 22.5% of the votes. But that was almost three times the 8% support a similar measure garnered at last year's annual meeting.

Dominion's management opposed the resolutions, arguing that its environmental officer regularly updated its board and that information on its policies was available to shareholders on the company website. The past two years, more than one dozen electric power companies have issued such reports, according to Ceres.

The Bush administration stirred global controversy by refusing in 2001 to sign the 1997 Kyoto treaty, which would have required the U.S. to sharply reduce carbon dioxide emissions by 2010.

President Bush has repeatedly insisted that mandatory emissions curbs like those contained in the treaty would cost the U.S. economy too much. “I walked away from Kyoto because it would have damaged the American economy, it would have destroyed the American economy, it was a lousy deal for the American economy,” he said in a July interview with British TV network ITV.

Government and private estimates of the annual cost to the $13 trillion U.S. economy of implementing the Kyoto restrictions range from $125 billion to $400 billion.

Yet, the leaders of major U.S. corporations such as General Electric and DuPont say addressing climate change offers the technology-rich USA a chance to make — not lose — big money.

One year ago, Jeff Immelt, GE's chief executive, unveiled a plan to cut his company's greenhouse-gas emissions by more than 40% by 2012. At the same time, Immelt said GE would double its annual revenue from a broad portfolio of environmentally sound products to $20 billion by 2010.

GE identified an opportunity to boost profit by concentrating on environmental technologies after customers in many industries and many countries began demanding help meeting tougher regulations, says Lorraine Bolsinger, the executive in charge of GE's Ecomagination initiative. “I don't see the downside. I know folks say there will be some kind of economic tax. … I'm not sure anyone who worries about that has done the full analysis,” adds Bolsinger.

At DuPont, a previous brush with environmental controversy shaped an early embrace of the climate-change issue. In the late 1980s, the company came under pressure to stop producing chemicals called chlorofluorocarbons, which were blamed for depleting the ozone layer. In 1988, DuPont agreed to do so. That experience helped shape DuPont's response to calls for action to combat climate change, says Linda Fisher, the company's vice president of environment, health and safety. DuPont set its first goal for reducing greenhouse gases in 1991. By 2003, it had trimmed its emissions by 72%.

Along the way, it racked up savings of $3 billion through energy conservation. Example: In plants in Alabama, Tennessee and Missouri, DuPont is replacing natural gas with methane from landfills in its industrial boilers. Elsewhere, the company redesigned scores of industrial processes to squeeze efficiencies from every step of chemicals manufacturing.

“What started as an effort to address our carbon footprint has turned out to be financially a very good thing,” says Fisher.

This fall, DuPont expects to start using corn to produce a chemical called PDO, which is used to make clothing. The Loudon, Tenn., plant will use 40% less energy than traditional oil-based processes, the company says. The resulting reduction in greenhouse-gas emissions is equivalent to removing 22,000 cars from the roads.

Executives say such examples are representative of the environmental gains that could be achieved throughout the economy — if there were federal action. With Europe and Japan having embraced Kyoto, many business leaders in the United States say it is inevitable that the U.S. will eventually adopt similar emission limits. The Senate last year approved a non-binding resolution that called for such action.

The choice for business, they say, is between trying to block the inevitable or trying to shape whatever climate-change policy the government ultimately adopts. The financial stakes are enormous: The wrong policy, no matter how well-intentioned, could cripple the economy in a quest for environmental improvement.

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"If we get out and shape it, we can craft a result that works for us and moderates the (economic) impact," says Peter Darbee, CEO of PG&E. "One can always say, 'We won't do it until everybody does it.' But leadership isn't about waiting for everybody to agree. … Leadership is about doing the right thing and doing it early."

The Interior Department's 'Relief Pitcher' (WP)

By Juliet Eilperin

The Washington Post, June 1, 2006

Even in a big bureaucracy, some things can happen fast.

On his first day on the job this week as secretary of the interior, Dirk Kempthorne found out he is already a defendant in thousands of lawsuits, give or take a few.

Interior's deputy solicitor, David L. Bernhardt, tried to break the news gently, noting that Kempthorne's name was simply replacing that of his predecessor, Gale A. Norton. And in some cases he's not formally named, or the Justice Department is taking the lead. "Don't take it personally," Bernhardt said.

Resolving the long list of lawsuits -- including one accusing the government of cheating American Indians out of as much as $137.2 billion over the past 118 years -- is one of many tasks the former Idaho governor and senator faces as the nation's 49th interior secretary. With 30 months before the administration ends, he must confront everything from a huge maintenance backlog at the national parks to a contentious debate over how to best protect endangered species.

"I'm coming in in the seventh inning. I'm the relief pitcher," Kempthorne, 54, said in an interview in the midst of his first official day, which began at 6:30 a.m. Tuesday, when he left his apartment for a Fox News interview, and ended at 9 p.m., after he polished off Costco sandwiches his staff had brought in and did some paperwork. "I'm going to come in there, and I want to make sure it's a winning series."

Kempthorne spent his first day doing what he does best: stroking the egos of interest-group leaders, chatting up tourists standing by historic memorials he now oversees, and bonding with politicians. Gamely hobbling on the left foot he broke more than a week ago while jogging on uneven pavement, he shook hands with every Interior employee he could spot and signed autographs for schoolchildren before heading to the top of the Washington Monument.

Aware that federal prosecutors are investigating several current and former Interior officials for possible improper ties to disgraced GOP lobbyist Jack Abramoff, Kempthorne began his day with an ethics briefing by agency lawyers, working on an agency-wide memo on professional conduct and asking if he could accept a personalized windbreaker from a political group or a piece of Park Service haberdashery. (Both are fine, as long as the outside gift was reported; a couple of hours later, Kempthorne sported the Park Service baseball cap on the Mall.)

During a lunch with officials from the National Congress of American Indians, he raised the possibility of settling the suit tribal members have lodged against Interior, and he told his staff that President Bush has urged him to use the department as a bridge to its often fractious constituents.

"He said, 'I don't want it to be polarized. I want us to be bipartisan,' " Kempthorne said.

Unlike Norton, who did little to cultivate environmental leaders, Kempthorne has occasionally made overtures to liberal groups. On Tuesday he held a conference call with 25 conservation, environmental and sporting organizations, including the Defenders of Wildlife and Environmental Defense. He used the word "respect" at least a dozen times during the day, telling the environmentalists at the close of their conversation: "This was my way of showing respect for all you men and women."

"The fact that he made the call was more noteworthy than the substance of the call itself," said Michael J. Bean, a senior attorney for Environmental Defense, who has worked with Kempthorne on protecting endangered species. "He's an open and accessible guy, willing to listen to points of view with which he might ultimately disagree."

Other environmentalists pointed out that in the end, Kempthorne usually goes against them. As governor, he resisted the reintroduction of grizzly bears into Idaho's Selway-Bitterroot Wilderness area (he called them "flesh-eating") and called for eradicating wolves in his state "by any means necessary." During his one term in the Senate, he earned a 1 percent voting score from the League of Conservation Voters.

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"He might put it in a more charming way, but it's still going to be catering to special interests rather than serving as a steward of our public lands," said Tiernan Sittenfeld, the group's legislative director.

Kempthorne is an optimist, a former University of Idaho student president who revels in the fact that he'd found a sales clerk at the Pentagon City mall to help him pick out ties (he wore a shiny mint-green one on Tuesday) and that his father, who will turn 90 on July 4, will be able to watch fireworks on the Mall from the interior secretary's balcony.

Asked about the environmental impact of mining -- mining, timber and energy firms contributed generously to his gubernatorial and Senate campaigns -- Kempthorne said it's important to remember what mining does for average Americans.

"When we ride on a bicycle, that's brought to us by mining. When you ride in a car, that's brought to you by mining," he said, pausing to display his wedding ring. "This ring was brought to me by mining, but it's also the symbol of my love for my wife."

That's the sort of philosophy that prompted Sen. Larry Craig (R-Idaho) to declare on the Senate floor last week: "I believe in the next 2 1/2 years [that] Dirk Kempthorne presides over the Department of Interior as the second secretary of the interior of this Bush administration, he will, by his presence and the efforts currently underway, actually produce more energy for this nation and our nation's energy consumers than will the secretary of energy."

Kempthorne shies away from such talk. He says he hopes a combination of drilling and alternative energy sources will help wean the United States from its dependence on foreign oil.

People have underestimated Kempthorne in the past, said the Idaho Conservation League's executive director, Rick Johnson: "He's viewed as not a high-powered dude, and there's more going on there."

But Johnson, who has negotiated with Kempthorne over environmental issues, suggested it will be hard for him to leave a mark or to broker meaningful compromises among farmers and American Indians, environmentalists and oil and gas developers, and other warring factions.

"The administration was looking for someone to keep a steady hand on the tiller," Johnson said. "I don't think he'll have that much of an impact."

Upper Sioux Tribe To Banish Drug Offenders (AP)

AP, June 1, 2006

GRANITE FALLS, Minn. - A small American Indian reservation in southwest Minnesota plans to banish drug offenders.

The plan targets anyone who commits a drug crime on the Upper Sioux's reservation land in southwest Minnesota. The individual is automatically prohibited from setting foot on the reservation.

Tribal courts will decide how long the banishment lasts. The banned individual will retain tribal membership.

The policy also includes anyone who commits gang-related or violent crimes. The new law was passed earlier this month as part of the tribe's "zero tolerance" policy.

"Our goal is to ensure the safety of our members, their children, our tribal lands, our guests to our tribal lands," said Kevin Jensvold, chairman of the Upper Sioux's governing Board of Trustees. "Our survival depends on upon our ability to face this enemy."

Too often government refrains from taking strong stands against serious problems, he said. And drugs are a serious problem. Jensvold said no one can say the Upper Sioux were too timid to take a stand.

Banishment has a long history in Indian culture, although the Upper Sioux version is less harsh than tradition banishment, which in ancient times treated offenders as if they were dead.

Jensvold said the Upper Sioux policy is a tough love approach and is designed to encourage rehabilitation. "We are here to assist our members to refrain or recover," he said. "We are here to demonstrate that we are a tribal nation who care."

The push for the new policy came after a tribal examination of the dangers of methamphetamine use. Tribal secretary Elitta Gouge said no one knows how extensive drug use is on the reservation, but they know the tribe has to fight back.

"We're going to warn everyone who is a dealer or a supplier that we're going to prosecute to the fullest extent of the law, if they should bring drugs onto the rez," she said.

The Upper Sioux is among the smallest reservations in Minnesota, at about 2 square miles. Many of the tribe's 430 members live off the reservation but nearby.

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FBI/DEA/ATF/USMS:

San Francisco Chronicle Writers Challenge Bonds Leak Subpoena (FINDLAW/AP)

By David Kravets, Ap Legal Affairs Writer

AP, June 1, 2006

(AP) - SAN FRANCISCO-Two San Francisco Chronicle reporters subpoenaed to testify before a federal grand jury about how they got Barry Bonds' leaked testimony urged a judge on Wednesday to let them off the hook.

The Chronicle's Mark Fainaru-Wada and Lance Williams, the latest reporters to become entangled in the federal government's ramped-up efforts to investigate leaks, argued that the First Amendment protects reporters and their sources.

In an affidavit accompanying their filing, Pulitzer Prize-winning journalist Carl Bernstein wrote to U.S. District Judge Martin Jenkins of San Francisco that anonymous sources were instrumental in breaking the Watergate scandal.

Fainaru-Wada and Williams have been have been subpoenaed to testify before a grand jury investigating who leaked them the secret testimony of San Francisco giants slugger Bonds, the New York Yankees' Jason Giambi and other professional athletes.

About two dozen athletes were called before an earlier San Francisco grand jury in 2004 as part of the government's investigation into the Bay Area Laboratory Co-Operative - the California nutritional supplement lab that was exposed as a steroid ring.

The Chronicle published the testimony in a series of stories beginning in late 2004. Both Fainaru-Wada and Williams say they aren't going to comply with the supoena, which means they could be fined and jailed until they divulge their sources. The reporters also could be jailed for a fixed term for contempt if Jenkins forces them to appear before the grand jury.

Justice Dept. Is Criticized By Ex-Official On Subpoenas (NYT)

By Adam Liptak

The New York Times, June 1, 2006

Subpoenas issued last month to reporters for The San Francisco Chronicle were criticized yesterday by a former chief spokesman for Attorney General John Ashcroft as a "reckless abuse of power."

The former spokesman, Mark Corallo, made similar statements in an affidavit filed in federal court yesterday. He said Mr. Ashcroft's successor, Alberto R. Gonzales, had acted improperly in issuing the subpoenas.

"This is the most reckless abuse of power I have seen in years," Mr. Corallo said in an interview. "They really should be ashamed of themselves."

The subpoenas, part of an effort to identify The Chronicle's sources for its coverage of steroid use in baseball, would not have been authorized by Mr. Ashcroft, Mr. Corallo said. "You just don't ride roughshod over the rights of reporters to gather information from confidential sources," he added.

Mr. Corallo left the Justice Department in 2005. His public relations firm represents, among others, Karl Rove, President Bush's top political adviser. A spokeswoman for Mr. Ashcroft, who also stepped down in 2005, declined to comment on Mr. Corallo's sworn statement, which was submitted with the reporters' motion to quash the subpoena.

Brian Roehrkasse, a Justice Department spokesman, said he could not address the subpoena to the Chronicle reporters. Subpoenas, he said, are "handled consistent with Justice Department guidelines and on a case-by-case basis on facts specific to the case that only those in the Justice Department would be aware of."

Mr. Gonzales has in recent weeks hinted that the Justice Department may move beyond subpoenas for journalists' sources, and pursue the criminal prosecution of reporters under espionage laws for publishing classified information.

Mr. Corallo said the department's attitude toward news organizations "is starting to look like a policy shift, a policy shift for the worse."

Specialists in journalism and First Amendment law said that Mr. Corallo's statement was itself significant evidence of a shift.

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"This illustrates in an unmistakable fashion," said Mark Feldstein, director of the journalism program at George Washington University, "that the Gonzales Justice Department has moved so far away from the mainstream of established legal opinion and case law when it comes to press freedom that even judicial conservatives are disturbed by it."

The Chronicle reporters, Mark Fainaru-Wada and Lance Williams, submitted Mr. Corallo's sworn statement along with their motion to quash the subpoenas, which was filed yesterday in Federal District Court in San Francisco.

The articles in The Chronicle that gave rise to the subpoenas had quoted, apparently verbatim, transcripts of grand jury testimony from prominent athletes, including the baseball stars Barry Bonds and Jason Giambi. Whoever provided those transcripts to the reporters may have violated grand jury secrecy rules or a judge's order.

Under the Justice Department's internal guidelines, subpoenas to the press for confidential sources require authorization by the attorney general. Under Mr. Ashcroft, Mr. Corallo said, he and others also had authority to deny such requests.

Mr. Corallo said that in three years as the department's press secretary and public affairs director, he approved a single subpoena to the press, involving what he called a serious national security matter, and turned down many more. One of those he refused, he said in the court filing, concerned "a public corruption case involving leaks of grand jury information."

Mr. Gonzales has defended his decision to issue the subpoenas. "I think it was information that was necessary, that we needed to have in connection with that investigation," he told the editorial board of The Houston Chronicle last month.

Mr. Corallo said he had used a different standard, one rooted in Justice Department policy.

"It has to be a matter of grave national security or impending physical harm to innocent people," he said, "not just, well, this is the only way we're going to be able to get this information."

N.Y. Judge: 40 Years For One Of Biggest Foreign Drug Catches (AP)

By Larry Neumeister, Associated Press Writer

AP, May 31, 2006

NEW YORK -- A man described as one of the biggest foreign heroin dealers ever extradited to the United States was sentenced Wednesday to 40 years in prison, dodging a life term in a U.S. deal with Colombia that was hotly debated in court.

Ramiro Lopez-Imitola, who prosecutors said headed a heroin trafficking organization in Colombia and Venezuela, was sentenced in U.S. District Court and ordered to forfeit $200 million in assets, though he claimed to be broke.

In a release, U.S. Attorney Michael Garcia said Lopez-Imitola was "not only one of the biggest heroin traffickers ever extradited to the United States, but he maintained his empire through brutality and corruption."

His sentencing in Manhattan lasted all day as lawyers disputed the meaning of an extradition deal in which the United States agreed he would not be sentenced to life in prison for heading a drug group in Cucuta, Colombia, and Caracas, Venezuela.

The argument over what constitutes a life sentence highlighted a concern the United States faces with other countries when it tries to extradite prisoners into a legal system that demands stiff penalties for drug crimes.

The system yielded to an extent as U.S. District Judge Robert P. Patterson said he took into account the defendant's age, 61, when he decided on a sentence that left him a shot at freedom in his 90s _ for good behavior behind bars and credit for time served.

Assistant U.S. Attorney Neil M. Barofsky had demanded a 60-year prison term, saying the Colombian government had agreed that 60 years would be acceptable since that is the maximum prison term allowed in its own courts.

Defense lawyer Salvador Delgado said a prison term that long would be a life sentence, and he noted that judges in Colombia usually take into account a defendant's age at sentencing. He requested a 10-year sentence.

The lawyer said his client was in frail health and was unlikely to survive much longer than that in prison.

Lopez-Imitola said he was not the "animal they are trying to take to the slaughterhouse."

But the prosecutor told the judge that Lopez-Imitola was a brutal drug lord who led an international heroin trafficking organization that sold $200 million worth of the drug in the United States alone.

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He said Lopez-Imitola burned one of his drug couriers with a hot iron because he believed the courier had failed to pay him $100,000 from the sale of heroin and ordered the body of another courier cut open to extract drugs after the man died of an overdose in Miami.

"He has shown absolutely no remorse for his crimes," Barofsky said.

Drug Enforcement Administration special agent John P. Gilbride called the desecration of the drug courier "the extent to which a monster would go in order to make millions from the drug trade."

For more than an hour, Lopez-Imitola denied carrying out the torture and insisted he was unfairly victimized by others before he pleaded guilty March 15, 2005, to drug charges.

"I'm not a man who hates," he said. "I've admitted I'm guilty, but I'm not as guilty as they're making me out to be."

Telford Man Pleads Guilty In Drug Case (GS)

Greeneville Sun, May 31, 2006

A Telford man federal authorities alleged was a key local figure in a decade-long conspiracy to import drugs into Northeast Tennessee pleaded guilty in U.S. District Court here on Monday to two conspiracy charges.

Mark Allen Saults, 34, whose last known address was Old State Route 34 Telford, pleaded guilty before Senior U.S. District Judge Leon Jordan to two counts of a federal indictment.

One indictment count charged Saults with conspiring with others to distribute 15,000 pounds of marijuana.

The second indictment count alleged that Saults conspired to distribute 25 pounds of methamphetamine.

Saults faces the possibility of receiving a mandatory minimum sentence of 10 years in prison when he is sentenced by Judge Jordan on Oct. 11, plus up to a $4 million fine and a term of supervised release of from five years to life.

However, according to a plea agreement filed in his case, Saults has agreed to cooperate with federal prosecutors.

The government, in turn, has agreed to, at the time of sentencing, “bring to the court’s attention the nature, extent, and value” of that cooperation.

Under the plea agreement in his case, Saults also agrees to testify before federal grand juries and during trials if requested to do so by the U.S. Attorney’s office.

Allegedly Part Of Large Ring

During a January press conference in Johnson City, Acting U.S. Attorney James R. Dedrick alleged that Saults and co-defendants that included Greene County resident Richard Glenn Milburn, were members of “one of the largest, if not the largest, drug importation and distribution organizations that Upper East Tennessee has had in a long time.”

Dedrick also said that the illegal drug organization in which the indicted men allegedly took part had generated “millions and millions of dollars” over the years.

On Tuesday, Washington County Sheriff Ed Graybeal said he was glad to hear that Saults had pleaded guilty.

Graybeal said the investigation that led to federal charges against Saults, and others, had taken “a lot of drugs off the street.”

The Washington County sheriff also praised the cooperation among federal, state and local law-enforcement agencies that led to the federal indictments against Saults and his co-defendants.

Case Against Saults

A court document called an “agreed factual basis” filed in Saults’ case states that between January 1995 and December 2005, Saults “did knowingly, intentionally and without authority, conspire with at least one other person to distribute and possess, with the intent to distribute, 15,000 pounds of marijuana and 25 pounds of a mixture of a substance containing methamphetamine ... .”

During the course of the conspiracy, according to court documents, Saults “obtained marijuana and/or methamphetamine from various locations across the country, including Cleveland, Ga., and Albuquerque, N.M., and through co-conspirators and couriers, Saults had the drugs transported to the Eastern District of Tennessee.”

The marijuana and methamphetamine, obtained from New Mexico, were acquired by Saults’ alleged co-conspirator Sidney Charles Terrell, or from alleged co-conspirators Victor Hugo Vargas and Louis Antonio Medina, and allegedly transported by various individuals, including Doug Keith Davis, to Thomas Turner, in Cleveland, Ga., according to court records.

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Saults would then acquire the illegal drugs from Turner for transportation by co-conspirators to the Eastern District of Tennessee, according to court records Subsequently, court records allege, the drugs were distributed in Northeast Tennessee by Saults and others, including: "Richard Glenn Milburn, Travis Brown, Derek Anthony Keys, James Franklin Devotie, Robert Anthony Hampton, Shannon Luttrell and Michael Damon Bawgus."

Saults and Milburn, according to the agreed factual basis, were arrested on Dec. 1, 2005, by agents of the federal Drug Enforcement Administration when the two came to meet with an informant from whom they allegedly had agreed to purchase 50 pounds of marijuana and two pounds of "pure methamphetamine."

At that time, $36,000 in cash was seized from Saults' person, according to the agreed factual basis.

When he was arrested last Dec. 1, according to the agreed factual basis, officers allegedly found a loaded handgun on Milburn and another firearm behind the seat of his vehicle. In addition, about 14 grams of "crystal methamphetamine" was allegedly seized from Milburn's truck, according to the agreed factual basis.

Trial Set July 31

Trial for Milburn and Victor Hugo Vargas is scheduled to begin on July 31 in U.S. District Court here.

A change of plea hearing for co-defendant Eric Phillip Shawback was scheduled for today in U.S. District Court in Knoxville.

Similar change of plea hearings are scheduled for June 13 in Knoxville for co-defendants Doug Keith Davis, Robert Anthony Hampton and Travis Brown, according to court documents.

A hearing for Hampton originally was scheduled for Tuesday in U.S. District Court here, but it was rescheduled at the request of his attorney, David Leonard.

Shannon Luttrell pleaded guilty earlier, as did Thomas Turner. Both are awaiting sentencing.

Federal Indictment Handed Down For Man From Otis And Salem (LCNG)

Lincoln City News Guard, May 31, 2006

On May 24, a federal grand jury indicted a Salem and Otis resident on multiple charges, including the charge of "human trafficking," according to the U.S. Department of Justice.

Ramon Lopez-Montanez, 39, was indicted on charges of forced labor, marijuana manufacturing and use of a false government document.

Lopez-Montanez was investigated by the Federal Bureau of Investigation, U.S. Bureau of Immigration and Customs Enforcement, Oregon State Police, Multnomah County Sheriff's Human Trafficking Task Force, Salem Police Department, Drug Enforcement Administration, Lincoln County Interagency Narcotics Team and the Lincoln County Sheriff's Office.

Lopez was arrested in Salem on May 23. The indictment documents were unsealed on May 24 in preparation for appearance before a magistrate in Portland.

According to the indictment, Lopez-Montanez is charged with growing marijuana in Salem and Otis and using a false Oregon driver's license to open an account at Wells Fargo Bank in Lincoln City.

Lopez-Montanez is a citizen of Mexico, according to the Department of Justice.

The indictment charges that Lopez-Montanez obtained the "labor and services" of a woman in Mexico "by threats of serious harm to and physical restraint against" this woman and her family and friends. According to the Department of Justice, he also forced her to witness acts of violence against others and subjected her to acts of violence.

"The U.S. Attorney's Office will work closely with our law enforcement partners to investigate and prosecute what amounts to modern-day slavery," said U.S. Attorney Karin Immergut for the District of Oregon. "We will not tolerate the exploitation and abuse of men, women and children who are the victims of human trafficking."

No trial date had been set for Lopez-Montanez as of press deadlines.

Alton Man Receives 25-year Sentence (BVND)

The Belleville News Democrat, May 31, 2006

A 39-year-old Alton man was sentenced in federal court in East St. Louis Tuesday to 25 years in prison on crack cocaine charges.

Christopher B. Taylor was convicted of distributing and possessing with intent to distribute crack cocaine.

Taylor also was fined and must serve 5 years supervised release after completing his sentence, according to the U.S. Attorney's office.

The case was investigated by agents from the Drug Enforcement Administration, federal Bureau of Alcohol, Tobacco, Firearms & Explosives and the Alton Police Department. It was prosecuted by Assistant U.S. attorneys Thomas M. Daly and Andrew Simonson.

The case was prosecuted as part of a continuing DEA investigation targeting crack cocaine trafficking in Alton.

Woman Gets Prison In Drug Deal (FLJOURNAL)

Flint Journal (MI), May 31, 2006

FLINT - A woman who delivered an ounce of crack cocaine to undercover investigators last year was sentenced Tuesday to nearly 4 years in prison, even though her attorney argued for probation, saying her involvement in the drug trade was her boyfriend's fault.

U.S. District Judge Paul Gadola sentenced Renee Holmes, 31, to 3 years and 10 months in prison.

"It's a question of role," argued her lawyer, C. Frederick Robinson, before she was sentenced. "Her involvement was minimal in this offense."

He noted that Holmes, a mother of two, had a good employment record, attended church and only "answered her boyfriend's phone" on May 17, 2005 - the date she was charged with delivering crack cocaine to law enforcement authorities.

"She has good standing in the community," said Robinson. "She has no pattern of criminal conduct. She's a victim of her affiliation with her boyfriend."

But the judge noted at Holmes' sentencing Tuesday that she had pleaded guilty for a transaction in which she, not her boyfriend, spoke with a confidential informant who'd been working with law enforcement about the sale of an ounce of crack, and it was Holmes who delivered it and took $850 for it.

"You chose to engage yourself in this business," the judge told her. "It's a very, very serious offense."

Gadola noted that Holmes had a 1994 conviction for carrying a concealed weapon, but that conviction apparently had been suppressed or sealed, and he could not consider it as he sentenced her.

Gadola said Holmes' involvement in the drug trade tended to "melt away" the positive aspects of her life.

"(Crack has) destroyed young people in great numbers, families, neighborhoods, communities," he said.

Holmes and her boyfriend, Damon D. Cooper, were among nine people indicted by a grand jury on federal drug charges last September after an investigation by federal Drug Enforcement Administration agents and Flint police.

Holmes asked for time before she was sentenced to prison so she could make arrangements for the care of her children, but Gadola said she should have dealt with that before she was to be sentenced. Federal rules require a drug offender to be immediately remanded to the Bureau of Prisons, Assistant U.S. Attorney Robert W. Haviland said.

Holmes' relatives cried and hugged one another as she was led from the courtroom to start her prison term.

Former Prosecutor's Spouse Fights Cash Seizure (ALBANYTU)

By Brendan Lyons, Staff Writer

Albany Times Union, May 31, 2006

Federal officials say $352,680 found in SUV is tied to drug dealing

ALBANY -- Federal authorities are moving to seize $352,680 in cash that Illinois state troopers confiscated from a car being driven across the country by the husband of a former Albany County prosecutor.

The Justice Department contends the money, which was sealed in shrink-wrap and lined with scented fabric-softener sheets, is the proceeds of drug dealing and therefore subject to seizure.

But Robert L. Schultz, 45, who is married to former Assistant District Attorney Kimberly A. Mariani, is challenging the government's assertion. He filed court papers in Illinois last week arguing that troopers illegally searched his car and authorities cannot keep the money simply because he gave varying accounts of where it came from.

Mariani was fired from her job in December after she invoked her Fifth Amendment right against self-incrimination. She refused to testify before a federal grand jury in Illinois that was investigating her husband, officials said.

The case broke open on Nov. 20 when a trooper stopped Schultz for speeding along Interstate 80 in Atkinson, Ill. Schultz was driving a Nissan Xterra sport utility vehicle that he had rented two days earlier in Fresno, Calif., after he missed a flight to Albany.

The trooper claimed he smelled a strong odor of marijuana coming from inside the car and from Schultz's body. But after authorities impounded the car, they did not find a trace of illegal drugs and have not offered an explanation for the trooper's actions.

"There was no probable cause to search the vehicle in the first place, (the trooper's) assertation that he smelled cannabis was fabricated and merely a pretext to pursue an otherwise illegal search," said a motion filed recently in U.S. District Court in Illinois by Schultz's attorney, Joseph M. McCoy of Albany.

Still, federal authorities contend Schultz, who worked part-time for his father-in-law, Timothy Coughtry, in Altamont, and also owned a small, self-named construction company in California, gave police several accounts of where the money was from and why he was driving it across the country, according to federal authorities.

Schultz told troopers the money was from his parents, whom he described as millionaires, and that it was a down payment for a $500,000 home in Aruba. He also stated it was from his father, who is a professional gambler; that it was an inheritance; that it was a wedding gift for him and his wife; and that it was to pay his in-laws back for a $200,000 loan, according to a federal complaint.

"When Schultz was questioned about why his father vacuumed sealed the currency in plastic bags, he indicated ... that it was just the way he keeps his money," the complaint states. "Schultz also told law enforcement that maybe his mom puts scented fabric softener sheets between the plastic and the money so that the money would not mold."

Attorneys for Mariani and Schultz did return telephone calls seeking comment.

Mariani was interviewed at least once by DEA agents in Albany, according to federal authorities and her attorney, E. Stewart Jones.

Mariani and Schultz, who were married in January 2005 and have shared a home in Altamont, met in California several years ago. He spends most of his time on the West Coast, Jones said previously.

The couple had recently been exploring options for purchasing a home in Aruba, but Jones said nothing was finalized.

Schultz, who was alone in the car that day, has not been charged with any crime.

Mariani joined the Albany County district attorney's office in January 2000, working under former district attorneys Sol Greenberg and Paul A. Clyne.

Defendant In Drug Case Wants Name Of Informant (GC)

Greenwood Commonwealth, May 31, 2006

Kevin Matthews wants to know the identity of the federal informant who turned on him, but the U.S. attorney's office said the law doesn't require them to identify that person until trial time.

The pleading filed by Matthews' attorney, Kenneth Coghlan of Oxford, is the latest in a flurry of paper thrown back and forth in the Greenwood man's federal case.

During raids conducted by agents of the federal Drug Enforcement Administration and the Mississippi Bureau of Narcotics in October, Matthews and three other Greenwood men were among the 36 total suspects arrested in a Delta drug sweep.

Matthews remains in jail on federal cocaine charges, and no bond has been set in the case.

Leflore County Sheriff Ricky Banks has identified Matthews as a longtime drug dealer and said he has tried unsuccessfully for the last 25 years to arrest Matthews on drug-related charges.

In court pleadings Matthews' attorney has argued that the judge should dismiss the case against his client because the conspiracy count against him doesn't state particular acts.

But prosecutors said the indictment meets all the criteria, charging that Matthews conspired with others to distribute cocaine base, or crack, between January 2000 and November 2005.

And, failing the dismissal, Matthews seeks the identity of the informants who lead DEA and MBN agents to him because they will have a key role as witnesses.

Prosecutors told the court in counter-pleadings that the informant "is fearful for his own safety" should his identity become known.

Coghlan also asked the court to allow him to interview Darrell Christian, who is expected to testify against Matthews.

Christian, whose street name is "D," was arrested by DEA agents in Bolivar County last summer with two others at the residence of Mary Sutton, according to court records.

DEA agents discovered about 22 pounds of cocaine and $200,000 cash at the scene.

In July 2005, Christian was indicted by a federal grand jury. He pleaded guilty in November to possession with intent to distribute.

Federal prosecutors have responded to Coghlan's request to interview Christian by saying that their witness fears for his life and that the defense doesn't really need the pre-trial interview to prepare its defense.

Christian was scheduled to be sentenced last week in federal court, but his sentencing date has been continued indefinitely.

Doping Probe Clears Armstrong (AP)

Associated Press

AP, June 1, 2006

AMSTERDAM -- A Dutch investigator's report cleared Lance Armstrong of doping in the 1999 Tour de France on Wednesday, calling the accusations against him "completely irresponsible" and raising the possibility of misconduct by anti-doping authorities.

The 132-page report recommended convening a tribunal to discuss possible legal and ethical violations by the World Anti-Doping Agency and to consider "appropriate sanctions to remedy the violations."

The French sports daily L'Equipe reported in August that six of Mr. Armstrong's urine samples from 1999, when he won the first of his record seven straight Tour titles, came back positive for the endurance-boosting hormone EPO when they were retested in 2004.

Mr. Armstrong has repeatedly denied using banned substances.

"Today's comprehensive report makes it clear that there is no truth to that accusation," Mr. Armstrong said in a written statement. "I have now retired, but for the sake of all athletes still competing who deserve a level playing field and a fair system of drug testing, the time has come to take action against these kinds of attacks before they destroy the credibility of WADA and, in turn, the international anti-doping system."

The International Cycling Union appointed Dutch lawyer Emile Vrijman last October to investigate the handling of urine tests from the 1999 Tour by the French national anti-doping laboratory, known by its French acronym LNDD. Mr. Vrijman said Wednesday his report "exonerates Lance Armstrong completely with respect to alleged use of doping in the 1999 Tour de France."

The report said tests on the samples were conducted improperly, and fell so short of scientific standards that it was "completely irresponsible" to suggest that the results "constitute evidence of anything." It said no proper records were kept of the samples, there had been no "chain of custody" guaranteeing their integrity, and no way of knowing whether the samples had been "spiked" with banned substances.

The report said WADA and the LNDD may have "behaved in ways that are completely inconsistent with the rules and regulations of international anti-doping control testing," and may also have been against the law. It accused WADA of putting pressure on the LNDD to summarize the results of the tests, and said both agencies violated rules of confidentiality by openly discussing them.

It said neither Mr. Armstrong nor any of the other riders that were tested retroactively could fairly be accused of violating anti-doping regulations based on the LNDD's examination.

WADA chief Dick Pound said he hadn't received the report yet but, based on what he had read in news accounts, was critical of Mr. Vrijman's findings. "There was no interest in determining whether the samples Armstrong provided were positive or not," he told the Associated Press by telephone from Montreal. "We were afraid of that from the very beginning."

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Mr. Pound reiterated his claim that the UCI had leaked the forms to a reporter from L'Equipe and was responsible for the doping samples being linked to Mr. Armstrong.

"Whether the samples were positive or not, I don't know how a Dutch lawyer with no expertise came to a conclusion that one of the leading laboratories in the world messed up on the analysis. To say Armstrong is totally exonerated seems strange," Mr. Pound said.

The UCI said it was upset with Mr. Vrijman for commenting on the report before all parties involved in the case were informed. "Upon reception of the document, the UCI will study in details the content before publishing it in its whole," the UCI said in a statement.

In a separate statement, WADA expressed "grave concern and strong disappointment" over Mr. Vrijman's reported comments. "Elementary courtesy and professionalism would have dictated that WADA should have been provided with a copy of the report before interviews were given to the media," the statement said.

Mario Zorzoli, the doctor who gave copies of Armstrong's doping control forms to L'Equipe, was suspended by the UCI for one month earlier this year. He has since been reinstated.

Mr. Vrijman, who headed the Dutch anti-doping agency for 10 years and later defended athletes accused of doping, worked on the report with Adriaan van der Veen, a scientist with the Dutch Metrology Laboratory.

EPO, or erythropoietin, is a synthetic hormone that boosts the oxygen-carrying capacity of the blood. Testing for EPO only began in 2001.

Doping Agency Challenges Probe That Clears Armstrong (KR)

By Elliott Almond

Knight Ridder, May 31, 2006

An investigator's report clearing Lance Armstrong of taking drugs during the 1999 Tour de France was challenged Wednesday by World Anti-Doping Agency officials, indicating the case against America's greatest cyclist might not be over.

The 132-page report, written by the former chief of the Netherlands' anti-doping agency, called the accusations against Armstrong "completely irresponsible."

The investigator, Emile Vrijman, examined test results taken from the year Armstrong won his first of seven consecutive Tour de France titles. The cyclist won all those races after surviving testicular cancer.

The investigation was initiated after the French sports newspaper L'Equipe reported last August that six of Armstrong's urine samples from 1999 were positive for the blood-boosting drug EPO when retested in 2004.

There was no valid test for EPO until 2001. French testers froze specimens from the 1999 Tour to check when they had developed one. But the re-tests were not meant to be used to punish anyone.

While Armstrong hailed the report's conclusion, officials from the World Anti-Doping Agency said in a statement they were concerned that the investigation had focused on how the retired cyclist's urine tests were leaked to a newspaper and not whether the results were valid.

A WADA spokesman declined further comment Wednesday.

But the group's president, Dick Pound, told The Associated Press: "There was no interest in determining whether the samples Armstrong provided were positive or not.

"I don't know how a Dutch lawyer with no expertise came to a conclusion that one of the leading laboratories in the world messed up on the analysis. To say Armstrong is totally exonerated seems strange."

The investigator's report said the French laboratory did not follow accepted scientific standards. It dismissed the results as lacking credibility.

"Today's comprehensive report makes it clear that there is no truth to that accusation," Armstrong said in a statement.

He blamed Pound, WADA, the laboratory, L'Equipe and Tour de France organizers for trying to discredit him.

"For the sake of all athletes still competing who deserve a level playing field and a fair system of drug testing, the time has come to take action against these kinds of attacks," said Armstrong, who has never publicly failed a drug test.

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Sean Petty, USA Cycling's chief of staff, said Wednesday the sport has continued to grow despite years of rumors about Armstrong.

"I hope that is the last we hear of it," he said. "We just want it to be not a lot of rhetoric and based on facts."

The report, however, surfaced amid a growing drug scandal in Spain that has implicated some elite cyclists and team officials.

With a code name "Operacion Puerto," Spanish police last week raided the homes of a Spanish team manager and physician to collect evidence of blood doping. They arrested five individuals connected to the sport, according to Spanish news accounts. On Wednesday, a newspaper reported that the team Comunidad Valenciana might lose its wild-card place for next month's Tour de France because one of its officials was targeted in the investigation.

The action echoes the BALCO Laboratories scandal involving Barry Bonds, Marion Jones and other American sports stars. Jose Enrique Gutierrez, who finished second last week at the Giro d'Italia, is one of a handful of elite cyclists connected to the investigation.

Jim Ochowicz, USA Cycling president, said he welcomed the inquiry, although it comes at the height of the summer season. He said Spain used to be an "outpost where the doping issue was concerned." The recent action shows the country is redoubling its efforts to stop drug use in the sport, he said.

Although Armstrong's case has no relation to the Spanish investigation, the two events underscore the sport's struggle with drugs.

"Cycling has a long, rich colorful history of doping," said Chuck Yesalis, a Penn State health professor who has written books about steroid use in sports. "It's no surprise cycling is involved."

Report Reopens Doping Debate Over Armstrong (LAT)

By Alan Abrahamson, Times Staff Writer

The Los Angeles Times, June 1, 2006

A Dutch investigator's report that purports to clear Lance Armstrong of using performance-enhancing substances in the 1999 Tour de France ignited a controversy that roared through Europe and across the Atlantic on Wednesday, spotlighting the complexities and schisms that have riven a sport awash in allegations of doping.

The report, commissioned last year by the International Cycling Union after a French news account that six Armstrong urine samples from 1999 had tested positive in 2004 for the blood-booster EPO, asserted those tests were conducted so improperly it would be "completely irresponsible" to suggest they amounted to "evidence of anything."

The 132-page report, made public Wednesday, was not immediately available. But according to news accounts, Dutch lawyer Emile Vrijman said his report "exonerates Lance Armstrong completely" with regard to the 1999 allegations. Armstrong, who has repeatedly denied the use of banned substances, said in a statement that Vrijman's report "confirms my innocence."

But the World Anti-Doping Agency, in Montreal, issued a statement expressing "grave concern and strong disappointment." WADA, the statement also said, "continues to stress its concern that an investigation into the matter must consider all aspects," including "the question of whether anti-doping rules were violated by athletes."

WADA Chairman Dick Pound, who has long asserted the cycling federation, which goes by the acronym UCI, leaked the 1999 doping forms to the French newspaper L'Equipe, questioned how Vrijman had reached the conclusion that one of the top anti-doping labs in the world -- the French national lab, near Paris -- had so thoroughly botched tests. The lab is known by its French acronym, LNDD.

Vrijman's report, for instance, asserts there is no way to know if the samples had been spiked with a banned substance, according to news accounts, which also said the report raises the possibility of misconduct by WADA and LNDD.

In a telephone interview, Pound said of the cycling federation, "They weren't interested in what happened, only in how the information became public and -- surprise, surprise -- cleared the only organization that made it possible for this thing to happen. To say that UCI had no role -- that's nuts."

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Swiss-based UCI also issued a statement. It said its officials had "learned with great surprise" the "declarations conveyed to the Dutch press by Mr. Emile Vrijman," making clear the report's release was "prematurely voiced" and the UCI was still "waiting to receive the definite version."

UCI, the statement went on to say, "firmly deplores the behavior of Mr. Vrijman," a former head of the Dutch anti-doping lab. He has since been active in defending athletes accused of doping.

The release of Vrijman's report comes as cycling grapples with a doping scandal in Spain, which has the potential to rival the scandal that shook the sport amid the 1998 Tour de France, when police nabbed a Festina team employee with drugs. Some Tour riders were ejected; others quit; the Tour almost collapsed.

Police in Madrid, in a raid last Tuesday, reportedly seized steroids, EPO and dozens of bags of frozen blood. Among those questioned was Manolo Saiz, director of the Liberty Seguros cycling team. The Boston-based Liberty Mutual insurance company responded by canceling its sponsorship of the team.

It has long been known in cycling circles -- as in other endurance sports -- that transfusing one's own blood can increase oxygen-carrying red blood cells, thereby boosting endurance. Detecting such transfusions can be problematic, if not impossible.

EPO, or erythropoietin, is a synthetic hormone. It too can boost the oxygen-carrying capacity of the blood.

In 1999, though EPO was on the banned list, there was no effective test to detect it; UCI would not begin using such a test until 2001.

On Aug. 23, L'Equipe reported that six of Armstrong's 1999 samples had come back positive for EPO when re-tested in 2004. The 1999 Tour marked the first of Armstrong's seven straight Tour wins.

The French newspaper's investigation was based on what doping authorities call the "B sample," the second half of urine samples used in doping tests. The A samples were used up in 1999. The B samples at issue were among those hauled out of deep freeze in 2004 to perfect the French lab's EPO testing procedures.

To make a typical doping case, then and now, authorities must prove a positive A and B sample. However, decisions issued in December involving U.S. track and field stars Tim Montgomery and Chryste Gaines, sparked by the BALCO matter, have made plain that a wide range of evidence can be used to build a doping case.

Armstrong's critics maintained the L'Equipe story offered evidence pointing to doping but acknowledged that the B samples alone could not make a formal doping case against him. Armstrong, as he did again in his statement Wednesday, said he was the target of a "witch hunt."

Report Says Lab Mishandled Armstrong's Samples From '99 (NYT)

By Juliet Macur

The New York Times, June 1, 2006

Lance Armstrong received a boost yesterday toward clearing his name of doping allegations connected with his triumph in the 1999 Tour de France, the first of his record seven victories in the race.

Emile Vrijman, a Dutch lawyer hired by the International Cycling Union, issued a report that said drug testers had mishandled Armstrong's urine samples, so any positive results fail to "constitute evidence of anything."

Vrijman, the former head of the Dutch anti-doping organization, said the French national anti-doping laboratory did not follow proper procedures when retroactively testing the samples from the 1999 Tour. He also said the laboratory, the French Ministry of Sport and the World Anti-Doping Agency had refused to cooperate fully with his investigation.

In the 130-page report, Vrijman stated that there was no proof that Armstrong had used EPO, a synthetic version of a naturally occurring hormone that increases oxygen-rich red blood cells, because there was no way to prove that Armstrong's urine samples had not been tampered with or tainted. In turn, Vrijman wrote that the cycling union should "refrain from initiating any disciplinary action whatsoever."

"The report confirms my innocence," Armstrong said in a statement, which also criticized a number of involved parties, including the World Anti-Doping Agency's chairman, Dick Pound.

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Pound told The Associated Press in Canada: "Whether the samples were positive or not, I don't know how a Dutch lawyer with no expertise came to a conclusion that one of the leading laboratories in the world messed up on the analysis. To say Armstrong is totally exonerated seems strange."

Armstrong, a 34-year-old Texan, retired from cycling last July after winning his seventh Tour de France. Even as a spectator, he has continued to dispute accusations that he used performance-enhancing drugs. The murmurs began with his fairy-tale victory in the 1999 Tour de France after he beat testicular cancer.

Recently, Armstrong has attacked those cheating accusations through lawsuits, including a case he filed against SCA Promotions, a Dallas-based insurance company. That case was closed in February, after a state district judge in Dallas awarded him $5 million, and $181,327.87 interest.

In the suit, Armstrong claimed that the insurance company owed him a $5 million bonus for winning his sixth Tour, but withheld payment after the book, "L.A. Confidential, the Secrets of Lance Armstrong," alleged he had used performance-enhancing drugs. The company had asked for Armstrong's medical records to find out if he had cheated.

Armstrong, who was in Los Angeles filming a commercial yesterday, has two other ongoing cases. Both are defamation suits involving the "L.A. Confidential" book: one is against the book's authors and its publisher, the other is against a London newspaper that printed excerpts of the book. Bill Stapleton, Armstrong's agent, said that both cases are in their initial stages and that trial dates have not been set.

"I can't help but think that an independent investigation exonerating him can't do anything but help his case," Stapleton said, regarding the report released yesterday.

The issue of doping has been a cloud over cycling for decades. Most recently, in a case thought to involve cyclists and perhaps other athletes, the police in Madrid raided three apartments and seized large amounts of steroids, hormones, EPO and nearly 100 bags of frozen blood and equipment for treating blood.

Another high-profile case began at the 2004 Olympics, when the American Tyler Hamilton won a gold medal but was barred from the sport for two years for testing positive for a blood transfusion that would increase red blood cells and, in turn, endurance.

Armstrong has repeatedly denied using performance-enhancing drugs. In his statement yesterday, he called the retroactive testing of his 1999 urine samples a "witch hunt," and he placed the blame on Pound, the French lab, the French Ministry of Sport, the Tour de France organizers and L'Équipe, the French sports newspaper that shares its parent company with the Tour. He said they "ignored the rules and broke the law."

L'Équipe reported last August that Armstrong's urine samples from the 1999 Tour tested positive for EPO in tests conducted in 2004. EPO tests were not available in 1999.

Vrijman, the investigator, was hired last October to investigate the handling of those urine samples from 1999. In his report, he wrote that the analyses of those and other urine samples were supposed to be for research purposes only, not to implicate an athlete. He wrote that the World Anti-Doping Agency and the French laboratory were unethical because they had not followed anti-doping testing procedures and, among other things, had violated confidentiality rules.

Vrijman also wrote that the anti-doping agency forced the French laboratory to generate a report using identification numbers on the sample, promising that "it would treat the research data as confidential and that they would not be the basis for any sanction against any athlete." But the agency did not keep its promise, Vrijman noted.

The International Cycling Union was not available for comment about the case, but posted a comment on its Web site. The statement said it "deplores the behaviour" of Vrijman because he "prematurely voiced" the report.

"The UCI underlines its deep displeasure with regards to the regrettable development of this case," the statement said.

Armstrong Cleared Of Doping At 1999 Tour De France (Update4) (BLOOM)

By Sam Sheringham

Bloomberg, May 31, 2006

(Bloomberg) -- Lance Armstrong was cleared of taking banned drugs at the 1999 Tour de France by independent investigators who said the World Anti-Doping Agency may be guilty of misconduct in its handling of the case.

DOJ_NMG_0030809

``There is no basis for disciplinary action against any rider," Dutch lawyer Emile Vrijman said in his 132-page report today. The International Cycling Union ``is recommended to refrain from taking any disciplinary action whatsoever."

Armstrong's maiden seven-minute win at the 1999 Tour led to persistent whispers in the French press that he boosted his performances with drugs because he'd only returned to cycling in the previous year after recovering from cancer. Vrijman's probe began after French newspaper L'Equipe last August said six of Armstrong's urine samples from the race showed traces of the banned hormone erythropoietin, or EPO.

Armstrong denied ever using illegal substances during a career that ended last year with a record-extending seventh Tour de France title. The 34-year-old Texan said he was considering suing L'Equipe after its story appeared.

The rider today accused the French drug-testing laboratory, Tour de France organizers, L'Equipe, the French Sports Ministry and WADA President Dick Pound of a ``witch hunt."

``Pound, along with the French lab and the French ministry, have ignored the rules and broken the law," Armstrong said in an e-mailed statement. ``The time has come to take action against these kinds of attacks before they destroy the credibility of WADA and, in turn, the international anti-doping system."

Tribunal

A tribunal should be convened to examine possible legal and ethical violations by WADA in its treatment of the rider, Vrijman's report said. After the L'Equipe report, Pound said the allegations were ``pretty serious" if they could be proven.

``WADA violated applicable rules on athlete confidentiality by commenting publicly on the alleged positive findings, especially in relation with a particular rider, Lance Armstrong," Vrijman concluded.

Montreal-based WADA said it had ``grave concern" about Vrijman's findings, because his probe was too narrowly focused.

``An investigation into the matter must consider all aspects -- not limited to how the damaging information regarding athletes' urine samples became public -- but also addressing the question of whether anti-doping rules were violated," WADA said in an e-mailed statement.

Criticism

WADA, the UCI and L'Equipe criticized Vrijman for releasing the report before first informing them of his findings. The UCI, cycling's ruling body, in October appointed the lawyer from the Hague-based firm Scholten C.S. to investigate the handling of urine tests from the 1999 race.

``The UCI firmly deplores the behavior of Mr. Vrijman, who has spoken prematurely," the UCI said.

L'Equipe's journalist Damien Ressiot, the author of the Aug. 23 report, declined to comment before Vrijman's findings are fully disclosed. L'Equipe, France's main sports daily, is one of the main organizers of the Tour de France.

Armstrong won two more Tour de France titles than the most prolific former winners -- Jacques Anquetil, Eddy Merckx, Bernard Hinault and Miguel Indurain.

His exoneration comes a week after Spanish police said 200 riders may be guilty of blood doping following the discovery in Madrid and Zaragoza apartments of notes about drug-taking and bags of athletes' blood. Five men were arrested, including Manolo Saiz, manager of the Liberty Seguros team, who was released after two days.

Bans

Spanish cyclist Roberto Heras was banned for two years and stripped of his record fourth Tour of Spain title in February for testing positive for EPO. Two days later, U.S. Olympic cycling champion Tyler Hamilton lost his appeal against a two-year ban for doping.

Armstrong said the current scandal in Spain could be more serious than the so-called Festina affair of 1998, when Richard Virenque's squad was thrown off the Tour de France after drugs were found in a team car. At the 2001 Tour of Italy, 40 riders were charged with drug possession.

Report Clears Lance Armstrong Of Drug Allegations (FOR)

By Parmy Olson

Forbes, May 31, 2006

DOJ_NMG_0030810

London - WADA loada baloney: Remember those swirling assertions back in 1999 about seven-time Tour de France winner Lance Armstrong and his apparent penchant for performance-enhancing drugs? Well according to a new 132-page report from a clutch of independent Dutch investigators, those allegations, made via certain press reports, were unfounded. The finger of blame is now being pointed squarely at anti-doping authorities including France's LNDD and the World Anti-Doping Agency, otherwise known as WADA.

It was in August last year that the French sports newspaper L'Equipe first brought the allegations to the fore after obtaining leaked test results of urine samples taken in 1999. It prompted the Texan cyclist to announce, tongue-in-cheek, that he might do the Tour again, just to "piss [the French] off". Mr. Armstrong, who ranks 15 on the Forbes Celebrity 100 list and counts AMD (nyse: AMD - news - people), Bristol-Myers Squibb (nyse: BMY - news - people) and Sirius Satellite Radio (nasdaq: SIRI - news - people) among his sponsors, can now stay in retirement and let cycling's governing body, the UCI, study the Dutch report before deciding its course of action.

One little hitch though. The UCI is reported to be rather miffed that the investigators and in particular the Dutch lawyer Emile Vrijman, had announced their findings without going through the proper channels--namely, the UCI. The group said in a statement that it "firmly deplores the behavior of Mr. Vrijman." WADA also expressed "grave concern" in a statement posted on its Web site, over Vrijman's criticisms of anti-doping authorities.

It seems hard to condemn the lawyer for his zeal, though. He seems confident that his report "exonerates Lance Armstrong completely with respect to alleged use of doping in the 1999 Tour de France," and told The Associated Press that Wada and the LNDD may have "behaved in ways that are completely inconsistent with the rules and regulations of international anti-doping control testing."

Vrijman is now suggesting that a tribunal be created to "provide a fair hearing" to the people and organizations suspected of misconduct and decide on sanctions, if warranted. The full report was sent to the UCI, the LNDD, the French sports ministry, WADA and Armstrong's lawyer. The International Olympic Committee also had requested a copy.

Innocent Armstrong Quick To Attack (CNN)

CNN, June 1, 2006

AMSTERDAM, Netherlands -- An independent investigation has cleared seven times Tour de France champion Lance Armstrong of doping during the 1999 event and strongly criticised the World Anti-Doping Agency (WADA).

"The report confirms my innocence, but also finds that (WADA president) Mr (Dick) Pound along with the French lab and the French ministry have ignored the rules and broken the law," the American said in a statement.

"They have also refused to cooperate with the investigation in an effort to conceal the full scope of their wrongdoing."

He added: "I have now retired, but for the sake of all athletes still competing who deserve a level playing field and a fair system of drug testing, the time has come to take action against these kinds of attacks before they destroy the credibility of WADA and, in turn, the international anti-doping system."

Dutch lawyer Emile Vrijman, assigned by the International Cycling Union (UCI) to investigate newspaper allegations, said on Wednesday testing procedures were insufficient to label Armstrong's sample positive.

He also referred to "misconduct" by WADA and the French national doping laboratory LNDD.

Armstrong had been accused by the French sports paper L'Equipe of using the endurance-boosting drug EPO on the way to the first of his seven victories.

And in an strongly-worded press release on Wednesday, the UCI said that they 'deplored' the behavior of Vrijman, claiming that he had released the report without their permission to the Dutch press and before all "interested parties" could comment.

"The UCI underlines its deep displeasure with regards to the regrettable development of this case," read a statement.

The 132-page report by Vrijman and his panel comes down firmly in favor of Armstrong, who has strenuously denied using banned substances. Possible violations

It recommended convening a tribunal to discuss possible legal and ethical violations by the World Anti-Doping Agency (WADA) and to consider "appropriate sanctions to remedy the violations."

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L'Equipe reported in August 2005 that six of Armstrong's urine samples from 1999 came back positive for EPO when they were retested in 2004.

It claimed they were able to match the doping control forms attached to his old samples with alleged positive tests.

But Vrijman said on Wednesday that his report "exonerates Lance Armstrong completely with respect to alleged use of doping in the 1999 Tour de France."

The report also said the UCI had not damaged Armstrong by releasing doping control forms to the French.

Armstrong had challenged the validity of testing samples frozen six years ago, and how they were handled.

On his personal Web site he described the reports as part of a "witchhunt."

The aftermath of the report saw a string of accusations and counter-arguments.

WADA chief Dick Pound accused former ICU president Hein Verbruggen of leaking documents about the alleged positive tests to a reporter from L'Equipe.

Pound also questioned the union's willingness to fully investigate the allegations against Armstrong.

The French anti-doping laboratory at Chatenay-Malabry where the tests were carried out has been accused of violating confidentiality regulations.

While Mario Zorzoli, the doctor who gave copies of Armstrong's doping control forms to L'Equipe, was suspended by the UCI for one month earlier this year. He has since been reinstated.

Report Backs Armstrong And Criticises Drug-testing Procedures (GUA)

Guardian, June 1, 2006

Lance Armstrong yesterday repeated his accusation that he was the victim of a "witch-hunt" after the appearance of a report into allegations made last August in the French newspaper L'Equipe that the blood-booster erythropoietin was found in urine samples provided by the seven-times Tour de France winner during his first win in the race in 1999.

The report from the Dutch lawyer Emile Vrijman, who used to head his country's anti-doping agency, is yet to be published by cycling's governing body, the UCI, but was seen yesterday by the Guardian. In it Vrijman and two other investigators were unable to confirm whether proper procedures had been followed when samples from the 1999 Tour were re-tested in France's top anti-doping laboratory for erythropoietin, which was undetectable until 2000

Article continues

The report is also highly critical of the World Anti-Doping Agency and its head Dick Pound for his reaction that the revelations in L'Equipe needed investigating .

Armstrong said: "Although I am not surprised by the report's findings, I am pleased they confirm what I have been saying since this witch-hunt began: Dick Pound, Wada, the French laboratory, the French Ministry of Sport, L'Equipe and the Tour de France organisers (ASO) have been out to discredit and target me without any basis. The report confirms my innocence but also finds Mr Pound along with the French lab and the French ministry have ignored the rules and broken the law."

Pound said: "I don't know how a Dutch lawyer with no expertise came to a conclusion one of the leading laboratories in the world messed up the analysis. To say Armstrong is exonerated seems strange."

Cyclist Lance Armstrong Cleared Of Doping Charges (VOA)

Voice of America, May 31, 2006

Six-time Tour de France champion Lance ArmstrongIndependent Dutch investigators have cleared seven-time Tour de France cycling champion Lance Armstrong of the United States of doping in the 1999 race, and have blamed anti-doping officials for misconduct in the case.

In a 132-page report, the Dutch investigators recommended convening a tribunal to discuss possible legal and ethical violations by the World Anti-Doping Agency in the case.

The International Cycling Union had appointed Dutch lawyer Emile Vrijman to investigate a French laboratory's handling of Armstrong's urine tests from the 1999 Tour.

Vrijman said his report "exonerates Armstrong completely." The cyclist has never tested positive for drugs and has vehemently denied using performance-enhancing substances.

DOJ_NMG_0030812

Last year, the French newspaper L'Equipe had accused Armstrong of using the banned endurance-booster EPO in 1999. L'Equipe based its story on alleged analyses of Armstrong's samples.

The International Cycling Union and the World Anti Doping Agency have criticized Vrijman for making his report public before they had a chance to read it.

Armstrong Cleared In Drug Inquiry (BBC)

BBC, May 31, 2006

Armstrong retired after his record seventh straight win in Le Tour Independent Dutch investigators have cleared Lance Armstrong of doping in the 1999 Tour de France.

French sports newspaper L'Equipe had claimed that Armstrong's samples on the 1999 Tour later tested positive.

But investigators exonerated him in a 132-page report on Wednesday and blamed anti-doping authorities for misconduct in dealing with the American cyclist.

"The report confirms my innocence," said Armstrong, who has repeatedly denied using banned substances.

Armstrong said the case amounted to a "witch-hunt" that was designed to "discredit" him.

"I have now retired, but for the sake of all athletes still competing who deserve a fair system of drug testing, the time has come to take action against these kinds of attacks before they destroy the credibility of WADA and, in turn, the international anti-doping system."

Cycling's governing body, the UCI, said it would make a full statement after studying the report.

If you look at how the result was obtained it was so different from the analysis procedure required by Wada... it doesn't even qualify as a finding

Emile Vrijman

Inquiry chairman L'Equipe reported last August that six of his urine samples from 1999, when he won his first Tour title, came back positive for the endurance-boosting hormone EPO after they were retested in 2004.

The UCI then appointed Dutch lawyer Emile Vrijman last October to investigate the handling of urine tests by the French national anti-doping laboratory, known as LNDD.

But Vrijman, who headed the Dutch anti-doping agency for 10 years and later defended athletes accused of doping, said on Wednesday that his report "exonerates Lance Armstrong completely with respect to alleged use of doping in the 1999 Tour de France".

The report added that the UCI had not damaged Armstrong by releasing doping control forms to L'Equipe.

But it said Wada and the LNDD may have "behaved in ways that are completely inconsistent with the rules and regulations of international anti-doping control testing", and their actions may also have been against the law.

Vrijman said the laboratory had analysed the samples only as part of a research programme for the detection of EPO, so there was no way of confirming the tests.

Wada will respond in due course once it has fully reviewed the report

A World Anti-Doping Agency statement

"If you look at how the result was obtained it was so different from the analysis procedure required by Wada... it doesn't even qualify as a finding," he said.

"It may suffice for research purposes but as a valid doping result - no way."

He said samples may be used in research programmes only on the condition that all information tracing them to an individual is removed, but this was not the case.

Vrijman added: "Sometimes with doping cases you can say it was a technicality.

"These are not technicalities, these are fundamental issues which should have been done completely differently."

Five Live: Have your say However, the UCI (International Cycling Union) and the World Anti-Doping Agency (Wada) both criticised Vrijman for making the report public.

"The World Anti-Doping Agency expresses grave concern and strong disappointment," said an official Wada statement.

DOJ_NMG_0030813

"Wada is not in a position to comment at this time other than to state that elementary courtesy and professionalism would have dictated that Wada should have been provided with a copy of the report before interviews were given to the media."

The UCI added in a statement: "Still waiting to receive the definite version of the said report written by Mr Vrijman, the UCI underlines its deep displeasure with regards to the regrettable development of this case."

Fentanyl Made In Illegal Labs (DN)

By Brad Heath And Joel Kurth

Detroit News, June 1, 2006

Doses of the painkiller fentanyl, thought to be the cause of dozens of drug overdose deaths in Metro Detroit in the past two weeks, appear to have been made illegally in underground laboratories, people familiar with an expanding police investigation said Wednesday.

The findings are based on chemical tests that indicate the fentanyl -- a powerful pain medication -- was not made the same way as the prescription forms of the drug, said Calvin Trent, director of the Detroit Bureau of Substance Abuse. He and others said investigators laid out those findings at a meeting with health officials Wednesday morning, though they offered few details.

"They've confirmed it's being clandestinely manufactured, but not in the Detroit or Wayne County area," Trent said. "It appears that the fentanyl was not made here or mixed here, but it was brought here and sold here."

Authorities suspect the painkiller, mixed with either heroin or cocaine, is to blame for a spike in drug overdose deaths involving 50 people in Wayne County during the past two weeks, including two on Wednesday.

They will not be able to definitively link the deaths to fentanyl until they complete toxicology tests, which can take several weeks. Since January 2005, the county has confirmed 130 fentanyl overdose deaths.

Other cases have been confirmed from Philadelphia to Chicago; a handful have been reported elsewhere in Michigan.

"There's still a lot of questions, but all evidence points to it being a mix that came onto the street from illegal networks," said Dr. Mark Greenwald, a Wayne State University psychiatry professor who is part of a task force of health officials and others assembled to respond to the overdoses.

Police seizures of the lethal cocktail in Detroit indicate it comes in varying strains, Greenwald said. Some drug mixes contained mostly fentanyl and some heroin; in others, the ratio was reversed.. Experts said prescription versions of fentanyl are chemically different from illegally produced versions and that tests can tell the two apart.

Carolyn Gibson, a spokeswoman for the U.S. Drug Enforcement Administration, said investigators won't say conclusively the drugs were illegally manufactured until all their tests are complete.

"We'd be premature in saying it's 100 percent definite, but that's what it's looking like," she said. Police in Philadelphia, where fentanyl has been blamed for about 40 deaths over two months, said they also suspect the drug was made illegally and that it was mixed into packets of heroin before reaching the city. They think all originated from one shipment of tainted heroin that was distributed to cities in the Northeast and Midwest, Philadelphia Police Lt. Pat Quinn said.

Illegal fentanyl labs have been around for at least 20 years, but are exceedingly rare because the process requires advanced knowledge of chemistry, said Tom Abercrombie, an Oakland, Calif., crime laboratory criminalist supervisor, who has investigated two such labs.

152 Nabbed During Blitz On Fugitives (BUFFNEWS)

By Vanessa Thomas, News Staff Reporter

Buffalo News, June 1, 2006

Murder suspect prominent among arrests over 5 days

A 26-year-old man wanted in a Rochester slaying was one of 152 dangerous fugitives and sexual predators arrested in Erie and Niagara counties during a five-day blitz that ended Saturday.

Mario Collier, arrested in Buffalo, is accused of shooting an accused drug dealer to death in January after luring him to the meeting place by dousing his friend with gasoline. He had been a fugitive for the last four months. A team of officers searched for him for three straight days, at the homes of relatives and friends, from Buffalo to Cheektowaga.

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Teams of local, state and federal officers from 20 law enforcement agencies fanned out across the two counties to apprehend fugitives wanted on felony warrants for assault, rape, burglary, narcotics, parole and probation violations and failure to register as a sex offender. During the operation, 213 outstanding warrants were executed.

The sweep was part of Operation Rolling Thunder, a statewide initiative that began in November to capture the state's worst fugitives.

"This was our attempt to hunt down fugitives - the most dangerous fugitives - to take them off the streets in Rochester, Syracuse, Albany and Buffalo," U.S. Marshal Peter A. Lawrence said during a news conference Tuesday in Buffalo Police Headquarters.

"It's been extremely successful," said Lawrence, standing at a lectern and flanked by 12 of the region's top law enforcement officials. "This was great cooperation of every law enforcement agency in the area."

Saturday, police traced Collier to a home on Janet Street. But when officers knocked on the door, a woman spoke through the door, saying, "I'm naked. Come back tomorrow." Police negotiated with the woman, who eventually opened the door, clothed, and officers saw Collier, who surrendered without incident.

Across the state, 619 fugitives have been arrested so far during Operation Rolling Thunder stings in Rochester, Syracuse and Albany, according to Chauncey G. Parker, director of criminal justice for the state Division of Criminal Justice Services.

"Collier, without a doubt, was our No. 1 priority," said Daniel Larish, supervisory deputy for the U.S. marshals. "Any time you take a suspected murderer off the street, you help to make the streets safer." Collier, aka Marlo Allen Jr., was the last of four men arrested in the slaying of Josue Marrero, 23, in Rochester on Jan. 18.

The four men were trying to rob Marrero of his drugs and money, but when they could not find him, they kidnapped his friend, Terry Holmes, 23, and coerced him to set up a meeting with Marrero, and then shot and robbed Marrero when he arrived, according to Rochester police.

During the blitz in Erie and Niagara counties, officers seized three handguns and an assault rifle at a Hewitt Avenue address.

They also arrested Anthony Colon, 17, of Busti Avenue, who was wanted for violating parole from a sex-assault charge for abusing a girl, 8, police said.

Police said Colon is an active member of the 7th Street gang, a violent street gang that is battling the 1015 gang, whose turf warfare led to a double slaying April 17.

Also arrested was Marisa A. Battle, 36, on a Family Court violation, police said, and she faces more charges after officers found an illegal check-printing operation on Emerson Place.

The joint initiative was led by the Western District Office of the U.S. Marshals and the New York/New Jersey Regional Fugitive Task Force, assisted by the federal Bureau of Alcohol, Tobacco, Firearms and Explosives, the FBI, the U.S. Immigration & Customs Enforcement, the State Police, the New York State parole officers, the Erie and Niagara county sheriff's departments, the Erie County Department of Probation, and local police departments - Buffalo, Niagara Falls, Cheektowaga, Amherst, the City of Tonawanda, the Town of Tonawanda, West Seneca, and Lewiston - and the U.S. attorney's office for the Western District of New York, and the Erie and Niagara county district attorney's offices.

Neither Federal Officer Nor Gentleman, Women Say (NYT)

By Vivian S. Toy And Julia C. Mead

The New York Times, June 1, 2006

Richard S. Kudlik enjoyed regaling his girlfriend with tales of his life as a United States marshal: of his dangerous assignments hunting fugitive criminals and of being so close to Hillary Rodham Clinton that she would request that he and his team provide for her security on certain occasions.

He would show up at her Long Island home with his gun and badge, Pam Brown recalled yesterday, wearing his blue raid jacket with "U.S. Marshal" emblazoned across the back. The license plate on his pickup truck read, "OFF2HUNT," and there was a United States marshal sticker on the windshield.

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But after they had been dating for eight months, Ms. Brown said, Mr. Kudlik told one story too many, and what turned out to be his fictional life as a federal law enforcement officer quickly unraveled.

Ms. Brown set up a Web site last month to expose Mr. Kudlik as a 43-year-old heating and ventilation worker from Port Jefferson who is married and has two teenage children. She then reported him to the Marshals Service — as did several others, according to the agency — and he was arrested on Tuesday on charges of having a counterfeit marshal badge, a misdemeanor punishable by up to six months in prison.

Mr. Kudlik, who was freed on $5,000 bail, would not come to the door of his ranch house in Port Jefferson yesterday, but his wife, Denise Kudlik, fiercely defended him. She called Ms. Brown "a vindictive person" who is out to hurt her family "because she had an affair with my husband and she got burned," she said. "I have a 17-year happy marriage, and I'm not letting him go."

But Ms. Brown said her Web site, off2hunt.com, was about more than just Mr. Kudlik, as stated on its home page: "Our mission: Exposing married liars and cheaters! Do you think your man is cheating? Think he is lying to you?" It continues, "We'll expose him for you!" In the background, the pop singer Shaggy sings, "It Wasn't Me."

The site is among the latest in a series of Web sites with the goal of exposing cheating paramours.

"I didn't do any of this to get even with him," said Ms. Brown, a Web designer from Mattituck. "I did it because women need to be made aware that you have to be careful, and that even the best can turn out to be losers."

The Web site includes what it says are e-mailed testimonials from other women who say that Mr. Kudlik duped them with the same story: that he was a divorced father of two and that his work as a marshal meant irregular hours and an inability to meet on weekends and holidays.

Ms. Brown said that she met Mr. Kudlik several years ago through a mutual friend, but that he met most of his other lovers in a chat room for Long Island singles over 40. One wrote: "He told umpteen stories of all the 'missions' he was on in such great detail he could write a book."

Ms. Brown said she started dating Mr. Kudlik in September, but became suspicious in March, when he told her that he would be working at a Mississippi concert to protect Jennifer Nettles, a singer with the country band Sugarland and a childhood friend of his. Ms. Brown and three friends decided to go to the concert, and he promised to get them in.

"I went down there on his word," she said, but once she arrived, he was nowhere to be found. One of her friends was able to talk to Ms. Nettles. "She said, 'I have no clue who he is,' " Ms. Brown said. "That's when it all started to blow up."

Back on Long Island, Ms. Brown said, Mr. Kudlik apologized profusely and said that he had been unreachable in Mississippi because he had been too busy working. Ms. Brown said she believed him. "I wanted to believe him," she said.

A few weeks later, she said, she received an anonymous online instant message saying that Mr. Kudlik was not who he claimed to be and that he was married. That is when Ms. Brown decided to find a home phone number for him and wound up on the phone with his wife.

Ralph Rosado, a spokesman for the United States Marshals Service, said the service first learned of Mr. Kudlik more than a year ago, when marshals confiscated a badge and other marshal paraphernalia from Mr. Kudlik in April 2005 after a tip from the Nassau County police.

Mr. Kudlik told marshals that he had purchased the counterfeit items on the Internet and promised to stop masquerading as a marshal, so the marshals did not press charges.

But when he was arrested on Tuesday, marshals found several marshals' badges and money clips, five rifles, five handguns and two starter pistols. Mr. Rosado said the weapons were legal under a sports permit.

"We don't see this kind of thing too often," Mr. Rosado said. "I'm sure a lot of guys say a lot of things in bars, but to have all the paraphernalia to go with it — that's pretty unusual."

As for the Web site, Ms. Brown said that Mr. Kudlik had pleaded with her to take it down. "But that Web site is staying up," she said, "until a judge tells me to take it down."

Fake Fed Is A Chat Room Phony (NSDY)

By Christine Armario, Newsday Staff Writer

Long Island Newsday, June 1, 2006

Girlfriend finds beau neither an officer nor a gentleman, but rather a married mechanic's helper at Plum Island

The women he met on a "Long Island Over 40" America Online chat room knew him as U.S. Marshal Rick Kudlik. And he had everything to prove it: pewter badges, jackets and caps with the marshal's emblem, and detailed stories about busting fugitives and providing security for Sen. Hillary Rodham Clinton.

"You couldn't even question his stories because you could see emotion in his face as he told them," said Pamela Brown, 39, of Mattituck, who dated Kudlik until recently. "He was real, he was kind, he cared about his work, but he also cared about people, no matter what they had done."

But the marshal's service says Kudlik was a fraud, and that the only federal entity he worked for was the Plum Island Animal Disease Center of the Department of Homeland Security, where, according to officials, he was a mechanic's helper.

The 34-year-old Port Jefferson man was arrested Tuesday by the real U.S. marshals, for allegedly possessing counterfeit marshal gear, after several women, including Brown, discovered they'd been duped and reported him.

"He was using the marshals service as a way to get girls," Deputy U.S. Marshal Ralph Rosado said. "He's really married with kids."

Kudlik did not return several calls to his home for comment.

Rosado said Kudlik had his first brush with the law in April of last year, when a Suffolk police officer spotted a marshal's jacket in Kudlik's car. Federal agents tracked him down and confiscated a fake badge. After he apologized, surrendering two marshal's emblem stickers and a jacket, the service agreed not to press charges and settled on a warning.

"But after information was received that he was continuing in his impersonation of a federal agent, we continued [to investigate]," said Rosado, referring to the complaints filed by Brown and other women.

Officials recovered an assortment of fake marshal paraphernalia in Kudlik's car when they arrested him as he embarked on an Orient Point ferry: patches, duffel bags, memo pads and three laminated "Fraternal Order of the U.S. Marshals" cards listing him as president.

Rosado said they were uncertain how Kudlik obtained the goods, but that he had a receipt from a German company that made him replica badges.

Kudlik was arraigned in federal court in Central Islip, where he pleaded not guilty and was released on a $5,000 unsecured bond on Tuesday, Rosado said.

Brown said that since someone anonymously informed her online that Kudlik wasn't who he claimed to be, she has encountered up to 10 other women with similar stories.

"He let people believe he was a man of integrity," Brown said. And his work as a marshal "was all he spoke about. It was like his being a marshal was his entire existence."

Brown said Kudlik often described his missions to her. Once, he told her he could not spend Christmas with her because he had to apprehend a fugitive in Wisconsin. "The guy was sitting in his kitchen eating dinner and Rick portrayed himself as the telephone repairman to supposedly gain access," she said of the story.

Brown said she ended their relationship in April when she discovered he was married, and confronted his wife, who told her he wasn't a marshal. She then created a Web site, www.off2hunt.com, after one of his chat-room names, to let others know her story and encourage more women to report him.

Christopher Kelly, a spokesman for the Department of Homeland Security, said Kudlik works for a contract agency, Field Support Services, hired by the agency, and was suspended this week from all DHS facilities.

Brown said Kudlik often said "Semper Fi" in passing conversation, meaning "always faithful."

"Always insisted on honesty, loyalty," she said. "All the things that seem to be so important to him was everything he isn't."

Staff writer Bill Mason contributed to this story.

IMMIGRATION:

Immigration Agency Head Slams Senate's Alien Bill (WT)

By Stephen Dinan

The Washington Times, June 1, 2006

The Senate immigration bill makes the same mistake as the 1986 amnesty by restricting the ability of U.S. Citizenship and Immigration Services to share information on illegal alien guest-worker applicants who are criminals and terrorists, the agency's director said yesterday.

Emilio T. Gonzalez, whose agency would have to administer a guest-worker program, said not allowing the U.S. Citizenship and Immigration Services (USCIS) to share information on someone who applies means they cannot begin the process of removing criminals and national security threats, even after they are rejected from the guest-worker program.

"It is important for us to be able to act on what we get when we run a background check on somebody," Mr. Gonzalez said in a briefing with reporters in which he weighed in on the Senate immigration bill, which would offer a chance for citizenship to millions of illegal aliens, expand legal immigration and start a new foreign-worker program.

Mr. Gonzalez said he hasn't seen any deal breakers in the bill, but said moving forward policy-makers will have to answer key questions about eligibility, types of acceptable documents, information-sharing and limits to judicial appeals.

"If we don't ask those hard national security questions, shame on me," he said.

The Senate passed its bill 62-36 last week, and now must work out differences with the House, which in December passed a bill that focuses mainly on securing the borders and cracking down on employers who hire illegal aliens.

Yesterday was the second time Mr. Gonzalez met with reporters since taking over as director on Jan. 4, and he is juggling an ongoing backlog reduction at the same time he is preparing his agency for new instructions from Congress. He said much press attention has been given to the guest-worker program, but the Senate bill also includes a major increase in legal permanent residents, or "green card" holders, which his agency will also have to process.

Mr. Gonzalez, a naturalized citizen himself, has established a new tone that national security should be foremost in employees' minds at the agency. He said his agency will need at least six months and maybe as much as a year to register current illegal aliens for a foreign-worker program -- far longer than the Senate bill envisions.

On the issue of information sharing and confidentiality of applications, Mr. Gonzalez said the law usually allows his agency to share information when its employees come across an application that raises questions. But he said the 1986 amnesty included confidentiality provisions that prohibited sharing information from those applications, and he said the Senate bill makes the same mistake.

"We ought not to be kept from using that information," he said.

The issue has already been fought out in the Senate, when Sen. John Cornyn, Texas Republican, offered an amendment to change the confidentiality requirements. His amendment failed on a tie vote, 49-49.

Sen. Edward M. Kennedy, Massachusetts Democrat and a key backer of the Senate bill, fought Mr. Cornyn's amendment. He said the underlying bill struck a balance that still allows law enforcement to go after cheaters, while at the same time not discouraging illegal aliens from coming forward.

"Our bill removes criminals and those trying to game the system. But it also protects the confidentiality of honest people applying to stay here and work. Otherwise they will remain in the underground economy and never apply, and that hurts American jobs and wages," he said.

His main worry was that sharing information would discourage some aliens from coming forward because they would fear making an innocent mistake that would hurt them later.

But Mr. Cornyn said his amendment only waived confidentiality at the end of all appeals, when the person would have been finally deemed ineligible.

"If you've exhausted all your appeals and you haven't played by the rules your information should be shared so that the same alien can't commit fraud elsewhere," said Don Stewart, a spokesman for Mr. Cornyn.

He said Mr. Gonzalez's statement should be a boost as they head into negotiations on a final bill.

"The director who has to actually implement many of the programs people are proposing is an important voice in this, and his guidance should inform this debate," Mr. Stewart said.

Immigration Bills Curb Court Reviews (USAT)

By Kathy Kiely

USA Today, June 1, 2006

WASHINGTON — Immigration legislation now before Congress is threatening a long-standing safeguard to keep politics out of final decisions about who becomes an American, legal experts and immigrant rights advocates say.

The House and Senate have passed immigration bills that would reduce or eliminate federal courts' ability to intervene when immigration officials decide that applicants for citizenship lack "good moral character," a legal requirement. Critics of the proposed change contend the final say of a subjective standard should not be left to U.S. Citizenship and Immigration Services, whose director is a presidential appointee.

"Should you have a political branch of the government deciding who gets to vote?" Seattle immigration lawyer Robert Gibbs said.

Current law allows immigrants denied citizenship to request a court review of their cases.

The House bill would eliminate that possibility. Under the Senate bill, authority of the courts would be "severely limited," says David Leopold of the American Immigration Lawyers Association. American Bar Association President Michael Greco says it "would take away meaningful judicial review."

Emilio Gonzalez, director of the immigration service, said his agency is already straining to eliminate backlogs and keep up with 7 million applications a year for visas, work permits and other benefits. "You should have some limit on the review process."

Last year, the immigration service approved 594,260 citizenship applications and denied 108,058. Of the denials, 10,151 requested new hearings before a different immigration adjudicator; 6,367 obtained citizenship.

Immigration attorneys insist court review is needed. Gibbs won a class-action case last year over the denial of citizenship to Washington state immigrants. "Our poster-child plaintiff had a misdemeanor ticket for being eight over the limit of oysters permitted to be picked up from the beach," he said.

Many Hondurans, Nicaraguans Failing To Renew TPS Permits (WP)

By Sudarsan Raghavan

The Washington Post, June 1, 2006

Tens of thousands of Honduran and Nicaraguan immigrants nationwide risk losing their legal status in the United States today because they have not renewed their temporary work permits under a program to help victims of natural disasters, some in the mistaken belief that they will soon be on the path to becoming U.S. citizens.

With the deadline approaching by the end of today, about half the eligible applicants have yet to apply for renewal. They could lose their jobs and face deportation, jeopardizing the livelihoods of thousands of relatives here and in their homelands who depend on their salaries.

About 75,000 Hondurans and 4,000 Nicaraguans got the permits, issued under the Temporary Protected Status (TPS) Program, after Hurricane Mitch in 1998. The permits, if renewed, would allow them to live and work legally in the United States for another year.

According to the latest numbers available as of Friday, only 37,870 Hondurans and 1,778 Nicaraguans nationwide have renewed, U.S. Citizenship and Immigration Services said.

Spokesman Shawn Saucier said the agency hopes the other eligible applicants would renew by the end of today. But so far the numbers are far less than at this time in previous renewal years.

"We feel that these numbers are very low," Saucier said. "We're very concerned."

Many Hondurans and Nicaraguans have not yet renewed because they think they will soon benefit from immigration reforms, including a guest worker program and other measures that could pave the way for citizenship, immigrant advocates said. Many are reluctant to spend the $250 TPS renewal fee, preferring to save their money for future citizenship applications.

"We still believe there's a lot of confusion over the immigration reforms," said David Hernandez, counselor for immigration affairs at the Honduran Embassy. "Many appear to be waiting for the new rules.

"They think it's going to cost a lot," he said. "They believe they will pay double if they renew."

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The confusion is being fueled by various factors, ranging from hope raised by the creation of a national immigrant rights movement to a misunderstanding about the way the U.S. political system works. Spanish-language media have also been predicting the passage of immigration legislation now winding through Congress.

Last week, the Senate approved legislation that would establish a guest worker program and allow illegal immigrants who have been here five years or longer to stay and apply for citizenship, as long as they pay back taxes, learn English and have not committed any serious crimes. The bill still faces tough opposition in the House.

"We're hopeful that people will realize that there is no temporary guest worker program at this time and will not take a chance of being deported from the United States," Saucier said.

There are other reasons, too, according to immigration advocates, diplomats and TPS applicants. Some Hondurans and Nicaraguans have run out of money because people with TPS had to pay federal income taxes in April.

Others are concerned that the United States might stop the program or give preference to other immigrant populations. If they renew, they fear that authorities will know their whereabouts and deport them. Others are concerned that if they have the permits, they might not be eligible for a future guest worker plan.

TPS is intended to help immigrants who have difficulty returning to their homelands because of civil conflict or natural disaster. The current permits expire July 5 and must to be renewed by the end of today.

In recent weeks, senior Honduran and Nicaraguan diplomats have traveled to cities with large populations from their countries, giving radio, television and newspaper interviews urging people to renew. In Honduras, the government has called upon citizens, through commercials and posters, to urge their relatives in the United States to renew their permits, Hernandez said.

U.S. immigration officials rejected an official request for an extension of today's deadline, he said. Yesterday, Honduran consulates across the nation were advised to find post offices that closed late today. Consular officials say they are expecting a last minute rush.

But the question on many minds is: How many?

The Rev. Brian Jordan of the Franciscan Immigration Center in New York City has urged Hondurans and Nicaraguans to renew their permits for weeks. Yesterday, four Hondurans and five Nicaraguans turned up at his center to get help.

"It's not a lot, but it's better than a month ago, when there was none," Jordan said.

Today, he's praying for more applicants.

"On this last day, I hope they realize this false optimism needs to be pushed away and be replaced with a reality check," Jordan said. "I just hope they get their facts straight and not get swayed about what TPS is or is not."

Between A Rock And 'Reform' (WP)

By George F. Will

The Washington Post, June 1, 2006

"Why should we bother to reply to Kautsky?" Lenin asked. "He would reply to us, and we would have to reply to his reply. There is no end to that. It will be quite enough for us to announce that Kautsky is a traitor to the working class, and everyone will understand everything." The immigration debate, which is mostly among, and dangerous primarily to, Republicans, is becoming like that.

Rep. James Sensenbrenner of Wisconsin, chairman of the House Judiciary Committee, denounces as "selling American citizenship" the provision in the Senate bill that requires illegal immigrants to pay back taxes and fines, a provision that its supporters, such as John McCain, call "earned citizenship." And last week McCain said that denying illegal immigrants Social Security and other entitlements is akin to forcing them to "ride in the back of the bus." Regardless of what one thinks of his immigration policy and his aggressive rhetoric in its defense, one must admire his willingness to undo, by teaming with Ted Kennedy to pass "earned citizenship" provisions, much of what he has assiduously done to ingratiate himself with conservatives.

As members of the House and Senate head for a conference to try to reconcile the stark and probably irreconcilable differences incorporated in their two immigration bills, Republicans are between a rock and a hard place. And another rock. And another.

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First, if the conferees agree to anything like the Senate bill, the House will reject it -- if it comes to a vote. Speaker Dennis Hastert has a "majority of the majority" rule: Nothing comes to the floor that does not have the support of a majority of Republicans. Probably 75 percent of House Republicans -- including Sensenbrenner, who will probably be the lead House negotiator -- oppose the two pillars of the Senate bill, a guest-worker program and a path to citizenship for illegal immigrants already here. Actually, there are three paths: one for those who have been here five or more years, one for those who have been here between two and five years, and a path away from citizenship and the country for those who have been here less than two years. This plan, which is a huge incentive for the sort of traffic in fraudulent documents that is already pandemic, is to be enforced by a government that will not or cannot enforce existing immigration laws.

Second, if the conference agrees to anything like the House "enforcement first and, for now, only" bill, it will be rejected or filibustered to death in the Senate. All but six Democrats voted for the Senate bill, which a majority of Republicans opposed, so it has no momentum for respect among House Republican conferees.

Third, if any legislation is passed that contains any provision that can be stigmatized as "amnesty," come November some of the Republican base, which is already boiling, will emigrate from the political process by not voting.

Fourth, if no immigration legislation is enacted, voters of various stripes may say, as voters said of congressional Democrats who were in disarray over a crime bill in the summer of 1994, that these people cannot govern and should be given, like unruly 8-year-olds, a timeout. The timeout is now in its 12th year.

But if Congress fails to pass immigration reform, that will not really deserve to be called a failure, for two reasons. First, the moment may not be ripe for reform, because the country is of two minds -- actually, more than two -- about the issue. Second, the system the Framers created, with two legislative bodies having different dynamics because their constituencies have different characteristics, is in this instance performing approximately as the Framers intended.

Senators, only one-third of whom are ever facing imminent elections, are somewhat insulated by six-year terms from the public's fevers. And senators represent larger, less homogenous, more complex constituencies than most House members do.

There is more to democracy than government by adding machine -- merely counting numbers. There also should be institutional ways of measuring, venting and accommodating the intensity of factions. The Senate does that by permitting filibusters. In the House, two-year terms guarantee that intensities are registered. As Rep. Gil Gutknecht (R-Minn.) recently told The Post, "House members' elections are not periods with us, they're just commas. We keep our finger on the public pulse all the time, not just every six years."

The House is supposed to be the barometer that measures the political weather of the moment. It is not failing to do that.

Have Republicans Forgotten? (WT)

By Gary Bauer

The Washington Times, June 1, 2006

Would Republicans regret the day they stood against amnesty for illegal immigrants?

In the New York Times, columnist David Brooks asked of conservatives, "Do they think the GOP can have a future if it insults even the Hispanics who are already here [by opposing amnesty proposals]?"

Mr. Brooks was echoing the sentiment of more than a few normally clear-sighted conservatives who suggest that unless the Republican Party gets behind liberal immigration reform plans it will alienate Hispanics and soon be relegated to minority status.

Former Republican National Committee Chairman Ed Gillespie recently warned: "Anti-immigration rhetoric [read: border-security-first legislation] is a political siren song, and Republicans must resist its lure by lashing ourselves to our party's twin masts of freedom and growth or our majority will crash on the shoals."

But as lawmakers consider various immigration reform measures, they should take a hard look at the reams of polling data that show that standing strong on conservative values, not giving in on amnesty, is the key to winning the hearts, minds and votes of Hispanic Americans.

First off, Hispanics are much more conservative on immigration than is commonly believed. An August 2005 Time poll of Hispanics revealed 61 percent considered illegal immigration either an "extremely serious" or "very serious" problem. In addition, 41 percent thought the U.S. was not doing enough to secure its borders against illegal immigration, while 19 percent felt it was

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doing "too much." Moreover, a 2005 Pew Hispanic Center poll showed a majority of both American-born and foreign-born Hispanics opposed increasing the flow of legal immigrants from Mexico and Latin America.A majority of Hispanics (53 percent) even supported building vast border fences and stiffening penalties for illegal aliens.

As an alternative to amnesty, Indiana Rep. Mike Pence recently presented the Border Integrity and Immigration Reform Act, which would require all illegal citizens to leave the country, obtain a visa and re-enter legally. Essentially, the bill includes all of the important border security measures of the House bill passed last year, and adds a provision — allowing illegals to obtain guest worker visas for a duration of two years. Mr. Pence's plan would also create private worker placement agencies to link specific workers to specific jobs for specified time periods in the United States.

Mr. Pence's "rational middle ground approach" is a breath of fresh air in the immigration debate, because it recognizes the economic need for additional workers while also addressing the security issues at stake. This non-amnesty solution would be acceptable not only to conservatives, but also to American Hispanics who oppose illegal immigration and "reform" proposals that reward delinquency. After all, many Hispanic Americans did things the right way — enduring a long legal process to enter the country and pursue citizenship. For these immigrants, calls for amnesty by their former compatriots mock the laws and values that made America so appealing in the first place.

So, what can Republicans do to win the allegiance of Hispanic voters? Simple: Stand up for conservative values. A recent Time poll found that 72 percent of Hispanics considered "moral values issues" as either "extremely" or "very" important, while 87 percent felt similarly about homeland security.

Hispanics' cultural conservatism is well established. On abortion, a plurality of Hispanics (45 percent in the Time survey) wants to see Roe v. Wade overturned, even as Roe maintains majority support (65 percent) among the population at large. Hispanics also oppose homosexuality and homosexual marriage. A 2002 Pew Hispanic Center and Kaiser Family Foundation poll found 72 percent of Hispanics said they felt homosexual sex between adults is "unacceptable," compared to 59 percent for whites. Polls also routinely show much less support among Hispanics for same-sex "marriage."

Republicans have a distinct advantage with Hispanics on national security, too. A 2004 pre-election survey of Hispanics revealed that 40 percent planned to vote for President Bush mainly because of his solid stance on national security issues.

Republican lawmakers must recognize that Hispanics are conservative in a fundamental way. In fact, it was on the strength of his conservative positions on values issues that George W. Bush doubled the Republican share of the Hispanic vote for president in just eight years. No small feat.

Clearly, reaching out to the burgeoning Hispanic electorate has become a matter of political necessity for Democrats and Republicans alike. Not only are Hispanics the fastest growing ethnic group in America, but they are, politically speaking, a relatively untapped resource — only 47 percent of eligible Hispanics voted in 2004, compared to 64 percent of the population at large.

But if, in attempting to capitalize on these powerful electoral realities, Republicans capitulate on amnesty, not only will they give their conservative base reason to stay home on Election Day, but they may alienate a growing constituency that shares those core conservative values of family, hard work, respect for the rule of law and patriotism.

Gary Bauer is president of American Values.

In Defense Of Familia (USAT)

By Ruben Navarrette

USA Today, June 1, 2006

As a Mexican-American, I'm hearing from a lot of U.S.-born Hispanics who are convinced that the immigration debate is a proxy for an assault on them, their language and their culture. The Senate fed that perception last month when it voted to declare English the "national language," and turned the debate over immigration into a debate over language.

Correction: This was always a debate about language — and culture and ethnicity. The Senate just made it official.

For many Americans, the problem isn't just that people are coming into the country illegally. It's that once they get here, these folks change their surroundings, maintain their Spanish and transform Main Street into Little Mexico. Those changes terrify many Americans, who complain about feeling like visitors in their native land.

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And how do they respond? A recent report by the Southern Poverty Law Center found that tension over illegal immigration has contributed to a spike in hate groups and hate crimes. In fact, says a spokesman for the center, the immigration issue is a recruitment tool for racists and reactionaries.

Heated reactions

I could have told them that. As one of the few Hispanic syndicated columnists, I'm treated like a piata. There was the reader who accused me of supporting "the Mexican invasion because you're Mexican" and the gentleman who suggested that by supporting comprehensive reform, I was probably "protecting some relatives."

There was even a woman who called to complain about a column I had written and ended up screaming into the phone about how "you people never understand" the immigration issue.

I understand this much: As the national mood on immigration reform turns vile and even in some cases violent, there is the very real possibility of a backlash by assimilated, U.S.-born Hispanics.

It makes sense. There is so much bad out there — from death threats received by California Lt. Gov. Cruz Bustamante and Los Angeles Mayor Antonio Villaraigosa, to the deliberate burning of a Mexican restaurant near San Diego, to the beating and sodomizing of a Hispanic youth in Houston by two young thugs who, according to police, yelled racial slurs — that it is bound to repel the good-hearted.

Recently, my cousin called me in a rage after stumbling on to a video game in which players shoot Mexican immigrants crossing the border. The game refers to some Mexicans as "breeders" and splatters blood when players hit their target. Even as an assimilated Mexican-American with limited exposure to Mexico, my cousin said, the ugliness of it made him want to defend Mexican immigrants just as he would a member of his immediate family.

Other Mexican-Americans tell me the same thing. A lot of them use the same word: defend. They want to defend immigrants.

Granted, 40 million Hispanics aren't monolithic. Note the emergence of You Don't Speak for Me, a group of Hispanics who oppose illegal immigration. Also note that in a poll last year by the Pew Hispanic Center, U.S.-born Hispanics were divided. Fifty-five percent said illegal immigrants help the economy by providing low-cost labor, while 34% said they hurt the economy by driving down wages.

Shifting attitudes

Here's the deal. The U.S-born Hispanic community is no different from the American community. There are the extremes, but the majority of folks are in the sensible center. Whenever someone does something dumb or hurtful, they recoil.

When protesters waved the Mexican flag, some folks in the middle moved to the right. But now that they've read about hate crimes and racist video games and English being declared the national language, some are likely to move to the left and toward a greater identification with immigrants.

That's what I saw at a taping in Los Angeles of the 2006 ALMA awards, which honor Hispanics in entertainment. In a 90-minute ceremony to be aired on ABC on Monday, there were at least a dozen references to immigration and many references by presenters to Mexican immigrants as familia (family).

Actor Jimmy Smits noted the irony of playing, on NBC's The West Wing, a Hispanic who gets elected president while, as he put it, "out in the streets, my people were yelling si se puede (yes, we can)."

I got stuck on the "my people." Smits isn't Mexican-American. His father was born in the Dutch Suriname, in South America, and his mother is Puerto Rican. No matter. In this fight, he identifies with Mexican immigrants.

Something significant is happening in the Hispanic community. People say the immigration issue woke the Sleeping Giant. But mark my words: It's not just the giant whom immigrant-bashers should worry about. It's his familia.

Ruben Navarrette is a member of the editorial board of The San Diego Union-Tribune and a nationally syndicated columnist.

TAX:

Death And Taxes (WSJ)

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By Edward C. Prescott

The Wall Street Journal, June 1, 2006

You can't take it with you. Too bad, because it would sure be convenient to set up an eternal rollover account for financial assets. Just think of all the time and resources that would be saved if people didn't have to hire expensive lawyers and clever accountants to get around the government's attempt to grab a share of their earthly bounty. Not to mention the better use of those accountants' and lawyers' time.

And while we're at it, our public employees have better things to do than construct estate tax codes, design Web sites with FAQs and answer phones to explain how those taxes work, and then penalize those who unwittingly or otherwise skirt the law. Those costs are real and must be part of the equation when considering the efficacy of estate taxes.

These and other issues loom large as Congress grapples with how to deal with coming changes in estate tax law. Under the Economic Growth and Tax Relief Reconciliation Act of 2001, the estate tax is slated to expire in 2010 -- for one year -- and return in 2011 with personal exclusion rates that are below current levels. Today, Americans can transfer $2 million to beneficiaries federal tax free, with that rate increasing to $3.5 million in 2009 before the big switch in 2010. The House has already passed a bill to make the repeal of estate taxes permanent and the ball is now in the Senate's court.

Putting aside the inefficiencies of such inconsistent rule making, the point remains that people cannot take their IRAs with them, and the fundamental question is this: Who gets it? It's a simple question that deserves a simple answer, but when a certain little word -- tax -- gets involved, things are never very easy.

Economists like simplicity. It's one of our most endearing traits. As soon as you complicate things by getting between a man and his intentions you create all sorts of distortions that are often suboptimal (and are the devil to model). Taxes excel at these shenanigans. And those distortions don't end when the grim reaper comes calling. Ashes to ashes, dust to trust.

In the end, though, all those opportunity costs -- both private and public -- would be worth absorbing if we were really getting a good return on our estate taxes. From what I can tell, there are two main arguments in favor of an estate tax: the increased revenue that government receives to go about the people's business; and the desire to somehow balance life's unfairness by limiting the amount of capital assets that "the rich" can leave their kids.

On the second point, there is little to say except that what's fair for one is often penalty for another. What is fair, for example, about telling someone that he will be unable to distribute his hard-earned money, which has already been taxed once, to his heirs as he sees fit? Such a person has zero incentive to accept an estate tax for which he sees no justification. He will do his best to try to avoid this tax through every legal means necessary, after which he may be inclined to consume more than he otherwise would, or just quit working sooner than otherwise. And while there's nothing wrong with consuming one's assets, if such consumption comes at the expense of capital that would otherwise be put to better use, such consumption is suboptimal. Recent empirical work on the disincentive effects of estate taxes has proven these phenomena true.

And that gets to our first point about the supposed budgetary benefits of such a tax. Since an estate tax is really just another name for a tax on capital income, then there is certainly no justification for such a tax. I, and others, have written before in these pages about the inefficiency of capital income taxes, and there's no need to revive those arguments here, except to say that we can only grip the neck of our vibrant economic goose so tightly before it eventually dies and quits laying those golden eggs. And many of those golden eggs come in the form of capital that allows descendents to keep family businesses intact, or to begin new businesses that fuel our economy.

Besides, even if estate taxes were not inefficient and could be construed as fair, they would still do little to address the budget deficit. In 2003, net estate taxes accounted for $20.7 billion, a drop in the bucket of an $11 trillion economy. Clearly, we are not going to balance the budget by grave robbing.

Yet what about all the money that is left in bequests to fund university alumni buildings, art museum wings and public broadcasting? If we abolish the death tax, won't charitable organizations be hurt? I admit to a soft spot for this argument, but the fact is that people will still give to charity. In 2003, charitable contributions reported on 1040 income tax forms totaled $ 145 billion, which is roughly 10 times the $14.6 billion charitable contributions reported on the estate tax forms. This indicates that people are motivated to give to their favorite causes for a variety of reasons and will not cease such philanthropy if estate taxes are abolished; also, fundraisers will not lose their incentives.

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The old maxim says that there are only two things in life that we can't avoid, death and taxes, but why pile on by combining the two? The Senate should join the House in permanently repealing the estate tax.

Mr. Prescott, senior monetary adviser to the Federal Reserve Bank of Minneapolis and professor of economics at the W.P. Carey School of Business at Arizona State University, is a co-recipient of the 2004 Nobel Prize in economics.

An Accidental Tax Boon (WP)

By Robert H. Nelson

The Washington Post, June 1, 2006

Sometimes in Washington, good things are more likely to happen by accident than by congressional or executive design. Treasury secretary nominee Henry M. Paulson Jr. is no doubt aware of this fact, but it's one worth keeping in mind in the continuing debate over tax reform, which is sure to command a good deal of the new secretary's attention. I'm thinking of one program in particular: the alternative minimum tax, or AMT.

The AMT is viewed by many as a bad thing. Yet, consider this: There is wide agreement among economists on the benefits of a federal "flat tax" on income that would apply a uniform rate to every taxpayer and eliminate most current deductions and tax credits. A flat tax would get rid of a large number of economic distortions resulting from the many tax "subsidies" that often benefit narrow interest groups. This is tax "pork," and Congress is as addicted to it as to the ordinary spending kind.

In places around the world, including Eastern Europe, governments creating new tax systems have been turning to a flat tax to avoid this sort of thing. What does this have to do with the AMT? Just this: As Post business reporter Albert B. Crenshaw has noted, the AMT "approaches a modern-day flat tax." It imposes a uniform rate of 26 percent up to $175,000 in income, and above that 28 percent.

Tax revolutions are few and far between. Taxes are so important to the economy that major changes in tax law are best achieved incrementally, giving notice well in advance and avoiding potentially large disruptions from big surprises. That's part of the genius of the AMT. If it is left alone, it will move us gradually but steadily toward a flat tax on income as inflation brings more people within its ambit.

Some leading Republican conservatives have long advocated a flat tax. Yet few of them are speaking out vigorously for retention of the AMT. In fact, many are joining the clamor in Congress for its repeal or limitation. It would seem that they were either hypocritical in advocating a flat tax or have somehow failed to recognize that the AMT is in essence a new, evolving form of flat tax.

Many Democrats are joining the calls for drastic cutbacks in the AMT. This shows a certain disregard for the fact that the existing system of tax subsidies is most generous to higher-income groups and does less for the bottom half of the income distribution -- their supposed constituency.

The alternative minimum tax dates to the 1960s -- and in its present form, to the 1980s. It was never intended as a major tax reform but rather was simply a political expedient to provide some cover when a few very rich people were revealed to be paying little in income taxes. But as Americans' incomes have risen, more and more people have been finding that their tax payments are now determined by the AMT.

Congress has already taken steps to reduce the AMT's impact. The recently enacted tax bill raises the special AMT "standard exemption" to $62,550 for a couple filing jointly and to $42,500 for a single filer. At these levels, some 5 million taxpayers will be subject to the AMT for their 2006 taxes. But these changes are for one year, and absent new congressional action, the exemption will fall back to $45,000 for couples and $33,750 for individuals in the 2007 tax year. If that happens, as many as 25 million taxpayers might be affected by the AMT. We would be moving toward a nationwide flat tax.

If we wait long enough, and with some continuing degree of inflation, the AMT flat tax eventually will apply to most taxpayers. The AMT will, in effect, have become the federal income tax system. And unlike most other important policy changes, this is one in which Congress need do nothing, although at some point it would probably be desirable to modify details of the current AMT that limit its effectiveness as a flat tax.

If the present AMT rates were applied as a universal flat tax -- and especially if the AMT exemption were reduced and certain remaining AMT exclusions eliminated -- the resulting federal revenue might even come to exceed current expenditure

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levels. The solution would then be to reduce the flat tax rate (the AMT rate) so that revenue and expenditures were brought back into balance.

In the longer run, the AMT could open the way to more radical reforms that might even change the basic nature of Washington spending habits. One option would be as follows: Each year the president would submit his budget proposal, and Congress, in response, would enact final appropriations. A neutral expert commission would then estimate the resulting federal revenue requirements, and a new flat tax rate, calculated to balance the budget, would be set for the forthcoming tax year. If Congress wanted to go on a spending spree, taxpayers would see the consequences directly and immediately in their pocketbooks.

The Social Security system is another area in which the AMT might facilitate radical change. Social Security taxes could be abolished and the flat tax adjusted upward to compensate for the lost revenue. The Social Security trust fund is largely an accounting fiction, and it is time to integrate the Social Security tax with the income tax system. Alternatively, Social Security tax payments could become a deductible credit from the required AMT payment.

Such major changes in tax law, and some needed refinements to the existing AMT, can be debated and discussed. Right now, the most important step is to keep Congress from ruining a good thing. If it can be persuaded to leave the AMT alone next year and in future years, Congress will continue progress toward a flat tax revolution that has been in the works for many years. Such a gradual process is probably the only way the United States will ever adopt such a major change. The AMT is a tax policy windfall that ought to be protected and preserved.

The writer is an economist and professor in the School of Public Policy of the University of Maryland.

CONGRESS-ADMINISTRATION:

Bush Gives CIA's New Director A Boost (AP-Y2)

By Deb Riechmann

AP2, May 31, 2006

President Bush gave the embattled Central Intelligence Agency his vote of confidence on Wednesday, saying the spy outfit will succeed at its mission and make Americans safer with new director Gen. Michael Hayden at its helm.

Bush made the quick trip from the White House to CIA headquarters in suburban Virginia for a ceremonial swearing-in of Hayden. The former head of the National Security Agency who served as the United States' No. 2 intelligence official for the last year was officially sworn in Tuesday and had already had his first day on the job when Bush arrived.

"He's such a good man we're going to swear him in twice," the president joked.

While the CIA once was pre-eminent among the U.S. intelligence community's 15 other spy agencies, the 2004 intelligence reform law made it equal to other organizations including the NSA and Defense Intelligence Agency.

Bush, seeking to both reassure CIA employees and spur them on to additional changes, said he had tasked Hayden with further developing the agency's old-fashioned spy capabilities and improving its analytical skills.

"America's leaders are going to have the best possible intelligence and Mike Hayden is going to work with you to see that that's the case," the president said. "Mike understands the CIA must transform to confront new dangers and do so without slowing the high tempo at which it already operates."

Bush appeared warmly welcomed by the several hundred employees gathered in the CIA's main lobby despite his White House's tussles with the CIA and the agency's tradition of remaining distant from politics. He said he is confident a Hayden-led CIA can deliver.

"In Mike Hayden, you have a leader who recognizes your talents, who understands your challenges and will ensure that you remain the finest intelligence agency in the world," Bush said.

The president was briefed privately on unknown topics for about 45 minutes before the short public event.

After taking the oath for a second time, Hayden spoke briefly to the CIA's officers in his blue Air Force uniform, four stars on each shoulder. This week marks the first time since 1953 that the agency has been headed by an active duty military officer.

"Let's just go to work," he said.

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Hayden Takes Oath As CIA Director (WT)

By Joseph Curl

The Washington Times, June 1, 2006

New CIA Director Gen. Michael V. Hayden yesterday drew 1,500 rank-and-file agency employees to the halls of the spy agency's Langley headquarters for his second swearing-in this week, telling his co-workers in clipped military parlance, "Let's just go to work."

The Air Force general was officially sworn in Monday at the agency, but returned to the same site yesterday for a ceremonial swearing-in.

"He's such a good man, we're going to swear him in twice," President Bush joked.

The president lavished praise on the general, who wore his blue Air Force uniform, four stars on each shoulder, for the ceremony.

"Mike is a patriot; he's a reformer. He's one of our nation's finest intelligence professionals. I know firsthand how good this guy is," Mr. Bush said. "He brings more than two decades of experience in the intelligence field. He is going to be a superb leader for the dedicated men and women of the CIA."

For his part, Gen. Hayden told the president and the employees now working under him: "I could not be more grateful."

The oath was given to Gen. Hayden by Director of National Intelligence John D. Negroponte, who oversees more than a dozen spy operations, including those at the CIA.

Gen. Hayden, 61, was confirmed last week by the Senate by a vote of 78-15, even though Democrats initially questioned his past leadership at the National Security Agency, which oversaw a controversial domestic wiretap program. He replaces Porter J. Goss, a former congressman who resigned after 18 months as the agency's director amid criticism that he had failed to push the agency into the 21st-century war against terror.

The president sought to reassure the rank-and-file at the CIA that their new boss was the right man for the job.

"America's leaders are going to have the best possible intelligence, and Mike Hayden is going to work with you to see that that's the case," Mr. Bush said. "Mike understands the CIA must transform to confront new dangers and do so without slowing the high tempo at which it already operates. ... In Mike Hayden, you have a leader who recognizes your talents, who understands your challenges and will ensure that you remain the finest intelligence agency in the world."

After taking the oath for the second time, Gen. Hayden, the first active-duty military officer to head the spy agency since 1953, spoke briefly to the CIA staff.

"To my new friends and partners here at the Central Intelligence Agency, thank you for the warmth of your welcome over the last 24 hours. ... Mr. President, thank you for the honor of placing your confidence in me, and for all of us here and around the world, thank you for the faith you have placed in this agency," the general said.

Bush Hails Role Of C.I.A. As New Chief Takes Oath (NYT)

By Mark Mazzetti

The New York Times, June 1, 2006

WASHINGTON, May 31 — President Bush delivered a pep talk to employees of the Central Intelligence Agency on Wednesday, assuring them that the beleaguered agency played a critical role in the nation's security and remained "vital" to the work of the White House.

Addressing the employees after Gen. Michael V. Hayden was sworn in as C.I.A. director, Mr. Bush praised the agency's work, which he called "essential to understanding the plans and intentions of dangerous regimes and terrorist organizations around the world."

"I cannot do my job without the Central Intelligence Agency," Mr. Bush said, addressing employees inside the main lobby of the agency's headquarters at Langley, Va.

The event was the second swearing-in for General Hayden in two days. The general officially became director at a private ceremony on Tuesday, and Wednesday's public event seemed largely intended to lift morale inside an agency that has lost its place as the cornerstone of the American intelligence community.

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In contrast to the private White House ceremony 20 months ago, when Porter J. Goss was sworn in as director, the speeches on Wednesday were also an effort to portray calm after several rocky years at the C.I.A.

Standing alongside General Hayden and John D. Negroponte, director of national intelligence, Mr. Bush praised both men and predicted a more streamlined intelligence community.

Earlier this month, Mr. Goss resigned as C.I.A director after fierce turf battles with Mr. Negroponte over the agency's role in intelligence collection and analysis.

Mr. Bush praised Mr. Goss on Wednesday, saying the former director "leaves behind a C.I.A. that's stronger than the one he found."

General Hayden, who addressed C.I.A. employees on Tuesday and received a standing ovation, refrained from a lengthy public address on Wednesday.

He thanked the president and his family and said, "Let's just go to work."

General Hayden wore his blue Air Force uniform at the ceremony, and has indicated that he has no immediate plans either to retire from the military or to begin dressing in civilian clothes as head of the C.I.A.

At his confirmation hearings, he said that his military career had shaped his worldview, and that deciding to wear civilian clothes would change little.

"The fact that I have to decide what tie to put on in the morning doesn't change who I am," he said.

But the general said that if he believed that being in the military was hindering his ability to bond with the C.I.A. work force, he would consider retiring his military commission.

The choice of a military officer to lead the civilian spy agency initially drew criticism from several lawmakers, who suggested that the C.I.A. might surrender its independence as the Pentagon was expanding its intelligence gathering operations.

But after the confirmation hearings, several senators said he had convinced them that he would act independently of Defense Secretary Donald H. Rumsfeld while in charge at the C.I.A.

Yet the issue remains sensitive on Capitol Hill. Last Thursday, the Senate Intelligence Committee approved language in the 2007 authorization bill that future C.I.A. directors be civilians and that General Hayden was "not subject to the supervision or control of the secretary of defense" so long as he ran the C.I.A. as an active duty officer.

Spies Are Called Essential (WP)

By Walter Pincus

The Washington Post, June 1, 2006

President Bush, at the public ceremony swearing in Gen. Michael V. Hayden as director of the CIA, yesterday urged continued development of human intelligence, calling it essential in determining the intentions of "dangerous regimes and terrorist organizations."

In focusing his brief remarks on the CIA's need to recruit spies "to penetrate closed societies and secretive organizations," the president hit on an agency problem highlighted last week in a Senate Select Committee on Intelligence report. The committee said it was concerned that the CIA had not resolved issues that made it difficult to place new officers abroad under "non-official cover," a status that puts them in covert civilian roles and outside U.S. embassies where they lack diplomatic protection.

At his confirmation hearing last month, Hayden pledged increased use of such covert operations. This emphasis has been underway at the CIA since then-Director George J. Tenet began, after the Sept. 11 attacks, to move more case officers in the agency's clandestine service out of embassies and into undercover roles that would allow them to meet and attempt to recruit individuals who could penetrate terrorist circles. That movement continued, though more slowly, during the past 18 months that former representative Porter J. Goss (R-Fla.) ran the agency.

Placing U.S.-born covert officers abroad is difficult and dangerous, present and former CIA officials said. Recently, an Italian magistrate publicly identified what he said were 13 CIA officers operating in that country. And agency aircraft used to transport suspected terrorists have been spotted by civilian airport watchers.

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All are a sign that the CIA is not doing enough to keep its covert officers' identities secret, especially in the Internet age when so much personal information can be easily searched, said one congressional aide familiar with the Senate report.

"We understand how difficult it is, and they are working to fix it, but the agency doesn't seem yet up to the task," the aide said.

An agency official with clandestine experience said such protections are essential. "Because cover exists to protect our people and assist our operations, its strength and improvement are a constant concern for CIA," the official said. "We have been enhancing our cover tradecraft to meet the challenges of the Internet age, when personal data is more easily accessible than ever before. To be sure, there is more to be done, and no one here underestimates the complexity and difficulty of the task," he added.

But even more important than such security is recruiting the right person, said a former CIA station chief with experience in the Middle East. The right person must be able to live the life of the cover assignment as well as operate as an intelligence gatherer, often in a difficult foreign environment. One classic past cover for such covert officer was with American businesses doing work abroad. But because the officers had to be identified to the top company officials, there was always fear of exposure.

"Not many Americans want to do this, and most Americans, who are terrible with foreign languages, do not do it very well," the former station chief said. He cited examples where Arab-speaking Americans from Detroit's Arab population were sent to the Middle East and were easily identified because of their accents or dialect.

Another official, still working for the agency, recalled that Cuban intelligence quickly identified Spanish-speaking CIA officers who infiltrated that country because of their manner of speaking. "They could even tell where they learned their Spanish," the official said. Even easier to identify were African Americans sent to African countries who could not hide their lack of knowledge of tribal dialects or history.

"The Hollywood version of a 'Mission Impossible' team, where people somehow mystically integrate themselves into a society, has taken hold. In real life, it does not work that way," the former station chief said. The CIA "ought to go back to basics and stop believing there mystically is some new kind of cover for placing officers abroad."

Stolen Data On Vets Include Addresses, Phone Numbers (USAT)

By Tom Vanden Brook

USA Today, June 1, 2006

WASHINGTON — The Veterans Affairs Department lost more personal data on 26.5 million veterans than it first acknowledged last week, according to a memo released Wednesday. In addition to Social Security numbers and birthdates, files stolen from a VA analyst's home last month included addresses and phone numbers in many cases, the memo said.

One file containing more than 6,700 records pertaining to veterans exposed to mustard gas was lost, said the memo, which was written by a VA privacy officer. The VA gave the memo to the House Veterans' Affairs Committee at the request of Rep. Bob Filner of California, the panel's acting ranking Democrat. USA TODAY obtained the memo from the committee.

Privacy experts say the Social Security numbers could be used to open fraudulent credit cards or bank accounts.

“These types of data contain more than limited financial information. The codes contain information about veterans' medical conditions,” Filner said in a statement.

Joe Davis, a spokesman for the Veterans of Foreign Wars, said the VA needs to do a better job of reaching out to affected veterans. He said it's particularly important for the department to contact older veterans and their families to encourage them to monitor their bank and credit card accounts.

“It's maddening that the VA is not more forthcoming,” Davis said.

Matthew Burns, a spokesman for the VA, said the department has taken aggressive steps to secure its data, including personnel changes in the department from which the data were lost.

“VA's initial and primary efforts have focused on notifying veterans and some spouses whose most sensitive and identifiable information … may have been compromised,” Burns said.

The VA said it was dismissing the analyst, and his supervisor has resigned. Dennis Duffy, the acting head of the division in which the analyst worked, has been placed on administrative leave.

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Also Wednesday, VA Secretary Jim Nicholson named former Maricopa County, Ariz., prosecutor Richard Romley as his new special adviser for information security.

A department analyst had taken the data home on computer disks and an external storage device, the memo said. On May 3, burglars stole the disks, memory device and a laptop computer from the analyst's suburban Washington home. Nicholson has said that the crime appeared to be random and that the data were not a target.

The memo noted that the information was written in a code that requires training and software to access. The VA says it has not received reports of stolen data being used for fraudulent purposes.

VA Data In Format Not Widely Used (WP)

By Christopher Lee

The Washington Post, June 1, 2006

The sensitive personal information of 26.5 million veterans that was stolen from a Department of Veterans Affairs data analyst last month was stored in a format that could make it difficult for thieves to use, according to an internal VA memo.

In the May 5 memo, VA privacy officer Mark Whitney wrote that the critical data "may not be easily accessible" because most of it -- including names, birth dates and Social Security numbers -- was stored in a specialized, standard format used for data manipulation and statistical analysis.

The format "requires specialized application software and training" to write computer code "to access and manipulate the data for use," Whitney wrote in the memo, obtained yesterday by The Washington Post.

Ari Schwartz, deputy director of the nonprofit Center for Democracy and Technology, a privacy group, said Whitney is generally right that the information would be hard to extract.

It would be easier, however, if the laptop stolen along with an external hard drive and several data disks has the software needed to view the data, he said. "This is not nearly the type of protection they would have had if they had followed basic security procedures and encrypted this," Schwartz said.

The Whitney memo, dated two days after the burglary at the analyst's Aspen Hill home and distributed to several high-ranking VA officials, provides the first public indication that some addresses and telephone numbers were among the stolen data; it refers to such information being part of electronic files of a national survey of about 20,000 veterans in 2001.

Also stolen was an electronic spreadsheet with 6,744 records about "mustard gas veterans" -- generally, veterans who took part in chemical warfare tests during World War II. Another stolen file contains as many as 10 diagnostic codes from the treatment file of one veteran who visited the VA health-care system on 57 dates.

"These type of data contain more than limited financial information, the codes contain information about veterans' medical conditions," Rep. Bob Filner (D-Calif.) said in a statement. "It is not appropriate for this information to ever enter the public domain."

Matthew Burns, a VA spokesman, said the department has been "focused on getting notification to veterans that some of the most sensitive data was out there."

Also yesterday, VA Secretary Jim Nicholson announced that he had named Richard M. Romley, a former prosecutor from Maricopa County, Ariz., as his new special adviser for information security. Romley, a Marine Corps veteran, will evaluate the department's computer security procedures and recommend improvements.

The move follows the resignation last week of Michael H. McLendon, a VA deputy assistant secretary who learned of the May 3 burglary within hours of the crime but did not immediately tell top-ranked officials.

Nicholson announced Tuesday that the employee will be fired and that Dennis M. Duffy, who has been acting assistant secretary for policy and planning, had been placed on administrative leave. The employee worked in McLendon's office, and Duffy was in charge of the division in which both worked.

Nicholson learned of the information breach on May 16 and told the public on May 22, nearly three weeks after the crime.

Treasury Pick Draws Praise, Policy Doesn't (AP-Y2)

By Martin Crutsinger

AP2, May 31, 2006

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President Bush's selection of a savvy Wall Street veteran to be his third treasury secretary is winning widespread praise, but Democrats say it will take a change in policies — not just personnel — to deal with budget and trade deficits and other economic problems.

With his approval rating at record lows despite strong economic growth and low unemployment, Bush announced Tuesday that he was turning to Henry Paulson, chairman and chief executive of Goldman Sachs, to become the administration's chief economic spokesman.

By choosing a 32-year veteran of one of Wall Street's premier investment houses, Bush is hoping for the same economic credibility that Bill Clinton gained when he picked Robert Rubin, one of Paulson's predecessors at Goldman Sachs, as his treasury secretary.

Paulson, whose Senate confirmation seems assured, would succeed John Snow, the former head of CSX Corp. Snow had followed Alcoa chief executive Paul O'Neill, who was forced to resign in late 2002.

While both Snow and O'Neill came from corporate America, the administration decided it needed someone with high standing on Wall Street to be a more effective salesman for its economic program.

"Mr. Paulson's experience in running Goldman Sachs, a global financial firm involved in all kinds of sophisticated corporate and financial activities, makes him a near-perfect appointment," Allen Sinai of Decision Economics said in a typical Wall Street reaction.

Snow had been rumored to be on his way out for more than a year, but the selection of Paulson, 60, came as a surprise because of recent administration signals that it had failed to lure a big Wall Street name as a replacement.

White House press secretary Tony Snow said Bush met with Paulson on May 20 and Paulson accepted the job the next day. He said White House chief of staff Joshua Bolten, who used to work at Goldman Sachs, was the matchmaker, and the president sealed the deal after Paulson expressed reservations.

"I know that there had been some conversations, and that he expressed reluctance — I'm not sure it was a flat `No,'" Snow said Wednesday. "I do know that the final answer was yes and I do know that Josh Bolten continued to speak with him."

Snow did not elaborate on how the president convinced Paulson to do the job. "It is safe to say that he (Paulson) had some reluctance about doing it, and was insistent on a series of conditions, and apparently his concerns were addressed," Snow said.

While Paulson was chosen to bolster confidence on Wall Street about the administration's policies, investors on Tuesday ignored the initial news to focus instead on worries about higher oil prices and sliding consumer confidence, pushing the Dow Jones industrial average down by 184 points.

Analysts said the sell-off, one of a number of recent steep slides, highlighted the challenges Paulson faces at a time when inflation is threatening to accelerate and economic growth is slowing.

Given this administration's past practice of using its treasury secretary chiefly as a salesman for policies set inside the White House, some analysts questioned how much impact Paulson will have.

"Will the new treasury secretary have any more influence than his two predecessors did, and will this administration be able to get anything through Congress with just 2 1/2 years to go?" said David Wyss, chief economist at Standard & Poor's in New York.

Bush's top second term domestic priority, Social Security overhaul, is currently dead, his drive to overhaul the tax code is in the deep freeze, and Democrats are massing to defeat the president's effort to make permanent his first-term tax cuts, charging they are unaffordable in light of huge budget deficits.

"The Bush administration must use its remaining years in office to right the fiscal wrongs of its first term," said Rep. Charles Rangel (news, bio, voting record), top Democrat on the tax-writing House Ways and Means Committee.

"It is essential that Mr. Paulson provide a realistic viewpoint of the serious issues facing the American economy," said Sen. Jack Reed (news, bio, voting record), D-R.I.

Sen. Charles Schumer (news, bio, voting record), D-N.Y., said Paulson's long experience in dealing with China should help in the administration's campaign to get the Chinese government to allow its currency rise in value against the dollar as a way of dealing with a record $202 billion U.S. trade deficit with China.

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In his writings and speeches, Paulson has been a strong supporter of the administration's tax cuts and its free-trade agenda. He also gave a pivotal speech in 2002 in support of a crackdown on corporate crime in the wake of the Enron Corp. and other business scandals.

A strong environmentalist and devoted bird watcher and fisherman, Paulson has supported the need to attack global warming, a stand that could put him at odds with Bush's environmental views, although treasury does not have responsibility for those issues.

Paulson, a Christian Scientist who does not drink or smoke, has used a fortune estimated at well over $500 million to make generous contributions to Republican candidates, according to the Center for Responsive Politics, a campaign watchdog group.

During a brief White House announcement ceremony on Tuesday, Paulson called the American economy "truly a marvel, but we cannot take it for granted. We must take steps to maintain our competitive edge in the world."

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On the Net:

White House: http://www.whitehouse.gov

2 New Captains Of The Economy Face Volatile Global Markets (NYT)

By Edmund L. Andrews

The New York Times, June 1, 2006

WASHINGTON, May 31 — One reached the pinnacle of wealth and prestige as a dealmaker on Wall Street. The other was an academic superstar, brilliant but somewhat shy and more at ease in Bermuda shorts than suits.

But now they find themselves side by side in confronting a stiff new test: helping to guide the economy from a period of fast growth and cheap money through one of higher interest rates, jittery markets and a falling dollar.

Henry M. Paulson Jr., the chief executive of Goldman Sachs and President Bush's choice to become his new Treasury secretary, is expected to arrive at his post at a time when global financial markets are suddenly more volatile and investors are more risk-averse than they have been in years.

Ben S. Bernanke, the former Princeton economics professor who became chairman of the Federal Reserve on Feb. 1, has already endured a baptism of fire as the Fed has struggled over when to stop raising interest rates.

Just a few weeks ago, bond prices dropped and critics complained that Mr. Bernanke lacked "manhood" or at least "Street cred" as an inflation fighter. In more recent days, investors have been rattled by the opposite fear: Mr. Bernanke might be too tough and push interest rates higher than they had thought, potentially slowing or reversing the liquidity-driven investment boom of recent years.

Mr. Paulson provoked speculation about the dollar even before he left Mr. Bush's side at the announcement of his nomination on Tuesday morning.

Mr. Paulson called for "steps to maintain our competitive edge in the world," a bland remark that some investors nonetheless interpreted as code for using a weaker dollar to make American exports cheaper in other countries.

"These two captains are forced to navigate in some very choppy waters," said Richard Yamarone, chief economist at Argus Research. "The message that the Fed is sending is that they don't have a clear grasp on the goings-on of the economy, and the same could be said of the Bush administration."

At first glance, the pairing of Mr. Bernanke and Mr. Paulson looks like an attempt to recreate the celebrated collaboration between Alan Greenspan and Robert E. Rubin in the 1990's, when the economy and the stock market soared and the federal budget swung from deficits to surpluses.

Mr. Greenspan, who ran the Fed, was not an academic but shared Mr. Bernanke's penchant for poring over economic data and challenging conventional wisdom.

Mr. Rubin, Treasury secretary under President Bill Clinton, had, like Mr. Paulson, been a chairman of Goldman Sachs. He teamed up with Mr. Greenspan to champion tough restraints on government spending, employed his credibility on Wall Street to assure financial markets that Mr. Clinton was serious about dealing with the budget deficit and played an influential role in shaping foreign policy.

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Mr. Paulson, whose nomination has been praised by Democrats as well as Republicans, is almost certain to win easy Senate approval and become a central player on Mr. Bush's team.

But analysts say both he and Mr. Bernanke need to establish their credibility in financial markets at a time when the economy is in a major transition.

For the first time in nearly two decades, inflation is on an upward rather than downward trend. Energy prices remain near historic highs, even though oil prices dropped on Wednesday as immediate fears of a confrontation with Iran eased. Long-term interest rates — the fuel that powers the housing market when they are low — are on the rise.

Meanwhile, the economy faces structural budget deficits that will not disappear without major changes in taxes and spending, and the Fed could find itself in a clash with the Bush administration if budget deficits remain high.

Perhaps most important, however, investors around the world have become more anxious about the United States' huge trade deficits and its ballooning foreign debt. That is pushing down the value of the dollar, a trend that would help reduce trade imbalances but has also elevated worries about a more painful crash for the American currency.

Much of the uncertainty stems from a shift at the Federal Reserve and other central banks. After propping up economic growth by keeping interest rates far below normal levels, the central banks are removing the cushion of cheap money.

"The marketplace over all is being forced to reabsorb risk that formerly had been underwritten by the big three central banks — the Fed, the Bank of Japan and the People's Bank of China," said Paul McCulley, managing director of Pimco Advisers, the giant bond management firm. "When you've got all three taking away the punch bowl, the partyers at the party are not going to be happy."

Mr. Bernanke arrived at the Fed when monetary policy was already at a tipping point. Having raised short-term interest rates under Mr. Greenspan's guidance for nearly two years by the time Mr. Bernanke took over, Fed officials knew they were nearing the point where they could stop. But because there is such a long lag time between changes in monetary policy and their impact, inflationary pressures were on the rise and economic growth was still torrid.

In late April, Mr. Bernanke confounded markets even as he struggled to explain that the Fed needed to keep its options open by basing decisions on incoming economic data rather than maintaining monetary policy on automatic pilot.

Testifying before the Joint Economic Committee of Congress on April 27, Mr. Bernanke set off a rally by announcing that the Fed might pause in its rate increases to assess the impact of its previous increases.

What startled bond investors was Mr. Bernanke's added twist: that the Fed might pause even if "the risks to its objectives are not entirely balanced" meaning that it might take its foot off the monetary brakes, at least temporarily, even if there were signs of slightly higher inflation risks.

Bond investors, suspecting that Mr. Bernanke might be soft on inflation at a time when energy prices were shooting up, began demanding higher yields on long-term Treasury bonds.

Pundits began accusing Mr. Bernanke of vacillating.

"In jest, I've been saying that Mr. Bernanke needs to regain his monetary manhood," Larry Kudlow, an economist and talk show host, recently told viewers on CNBC. "He was people-pleasing Wall Street. Now he has got to go back on message."

Barry Ritholtz, an economic consultant and operator of an economic blog, the Big Picture, went further and called Mr. Bernanke the "Neville Chamberlain of inflation fighters."

"I got the sense that Mr. Bernanke was appeasing the stock market," Mr. Ritholtz said in an interview. "It's not that he has to go out and prove his manhood and his street-fighting cred. It's just that he has to navigate at a particularly perilous moment in the economy, and he has to navigate absolutely flawlessly."

Two days after raising the prospect of a pause, Mr. Bernanke compounded the confusion by venting his frustration about being "misunderstood" during an off-camera conversation with Maria Bartiromo, a correspondent for CNBC.

Word of the comments set off another round of feverish trading on April 29. Last week, Mr. Bernanke told lawmakers at the Senate Banking committee that his remarks to Ms. Bartiromo had been a "lapse in judgment" and that in the future, he would communicate only through formal channels.

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Despite the bumpy path, Mr. Bernanke's first few months have been far smoother than Mr. Greenspan's arrival in August 1987. Bond investors, convinced that Mr. Greenspan could not match the inflation-fighting prowess of his predecessor, Paul A. Volcker, quickly pushed up interest rates on long-term Treasury Bonds.

Yields on 10-year Treasury bonds shot up from 8.8 percent to more than 10 percent during Mr. Greenspan's first two months as Fed chairman. The stock market, plagued by a host of uncertainties, fell 22.6 percent on October 19, 1987.

By contrast, rates on 10-year Treasury bonds have climbed modestly since Mr. Bernanke took office, from about 4.5 percent to about 5 percent today. One crucial indicator of inflation expectations, the difference in price between regular Treasury bonds and special inflation-protected Treasury securities, are not much higher today than when Mr. Bernanke took over in February.

Edward McKelvey, an economist at Goldman Sachs, said Mr. Bernanke's message had in fact been clear even if that left investors unsure about the Fed's next move.

"He is sending a fairly consistent message that says we're going to evaluate the data insofar as they affect the outlook," Mr. McKelvey said. "This is child's play compared to what Greenspan had in the first two or three months of his term."

Mr. Paulson may face his own trial by fire. As Treasury secretary, Mr. Paulson would have authority over the government's policy on exchange rates and the value of the dollar.

Mr. Paulson is likely to continue the policy of his predecessor, John W. Snow, in supporting a "strong dollar" but insisting that its value be determined by market forces. In practice, the administration has been content to let the dollar drift down in value for the last two years, a trend that makes American exports cheaper and imports more expensive.

Mr. Snow did not have to grapple with any major currency disruptions, but Mr. Paulson may not be so lucky.

"There are fewer certainties," said Lou Crandall, chief economist at Wrightson ICAP. "He is walking into an environment where the dollar is widely perceived to be at risk."

Paulson Has The Tools But Needs Bush's Support (FT)

By Stephen Cecchetti

Financial Times, June 1, 2006

The announcement of Hank Paulson's nomination as US Treasury secretary is good news for everyone. In many ways he is the perfect complement to Ben Bernanke, the new Federal Reserve chairman. A giant among monetary policy thinkers is being joined by one of the most important financiers in the world. We now have the essential combination of a theorist working with a practitioner.

The big question is what will President George W. Bush do with his new top-quality team? Will the White House finally promote high-quality economic policy above pure politics? Or will Mr Paulson be frustrated in the way that past Bush economic advisers have been?

We will at least see the benefit of having a highly placed government official who knows how to communicate with Wall Street. Having spent nearly his entire professional life in the financial markets, Mr Paulson is fluent in the language of traders and investment bankers. He knows the concerns of the markets and how to respond to them using an efficiency of language that comes only from experience.

As we have seen recently, it can be very difficult to communicate economic policy. Small missteps can create large movements in stock and bond prices – movements that are potentially damaging. Since the retirement of Alan Greenspan as Fed chairman, no one on the Bush economic team has had the ability to soothe the markets in the face of minor problems of language. It is amazing how important it is to get the adverbs and adjectives exactly right when speaking to financial markets. Now we have someone who knows how to do it, leaving the Fed to concentrate on making interest rate policy. The benefits are likely to be enormous.

But we can expect much more than just words from a person of Mr Paulson's experience and accomplishments. We now have someone who has the tools to face the country's big economic problems head on. Those challenges are huge. A successful Paulson Treasury must put the relationship of capital markets and economic growth on a more solid footing. This

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means facing three separate, but related issues: the relationship of the federal government to the economy, the interactions between the US economy and the rest of the world's economies, and the problems associated with financing retirees.

The job of fiscal policy is to provide the underlying foundation for a growing economy. That is a very complex job involving not only security, but ensuring that capital flows to its most productive uses. The ideal Treasury secretary is a successful advocate for fiscal policies that maximise economic efficiency. This is a matter of implementing the right combination of tax and expenditure policies. In recent years, tax law has become riddled with special provisions that both distort incentives and leave most people feeling it is unfair. The solution is fairly simple: we need to simplify the tax system and, of course, find a way to reduce the fiscal deficit at the same time. This requires a good relationship with the US Congress – something few recent Treasury heads have had.

In an increasingly globalised economy, the Treasury secretary has taken on an ever bigger role as the facilitator of international capital flows. This is more than just running US exchange rate policy, which the secretary does in conjunction with the Federal Reserve. It includes working to ensure that global imbalances are kept under control, reducing the threat of large, sudden movements in exchange rates, or abrupt reversals of the flow of capital. Again, a steady hand (and voice) at the Treasury can help to reassure foreign governments and investors, thereby reducing harmful volatility.

We can be optimistic that there will be an improvement in the relationship between the US and China. Economic policy towards China is about much more than just exchange rates. It is about how to integrate emerging Asia into the modern economic system. Here, Mr Paulson seems likely to excel, assuming that he is given the appropriate independence to make policy.

Finally, Americans are consuming all that they earn, saving nothing. Foreigners are providing all of the 7 per cent of gross domestic product that makes up investment net of depreciation. As a result, it is hard to see how Americans will be able to finance their retirement years. Something has to be done about this. We need someone with the stature to lead a national debate on this subject, culminating in a course of action that is agreed by all parties.

Solving these problems means negotiating the co-operation of groups with disparate interests. Mr Paulson will have to negotiate tax reform and deficit reduction; find a way to convince people that trade creates low-priced goods that benefit everyone and that international capital flows allow us to grow faster. He must persuade younger workers to save while convincing the relatively well-off elderly to give up some of their government-supplied pension benefits.

Among the hardest to convince of any of this will be Congress. Paul O'Neill and John Snow, the previous two Bush Treasury secretaries, surely understood the economics of everything that I am saying. But they lacked the full support of the White House to push for good economic policy in the face of political unpopularity, and the ability to articulate the message using the language that markets understand. Mr Paulson will definitely provide the second of these. Let us hope that President Bush gives us the first.

The writer is the Rosenberg professor of global finance at the International Business School, Brandeis University

Paulson Of The Treasury (WSJ)

By Lawrence Kudlow

The Wall Street Journal, June 1, 2006

In spearing a big-fish successor for departing Treasury Secretary John Snow, our first MBA president finally turned to Wall Street for another MBA: Goldman Sachs CEO Henry Paulson. According to all news accounts, Mr. Paulson was a tough man to recruit -- but it's a bullish sign for the fate of the president's supply-side agenda as well as the U.S. dollar.

In the Rose Garden this week, President Bush said Mr. Paulson "has an intimate knowledge of financial markets and an ability to explain economic issues in clear terms." Wall Street would agree. But more importantly, the president said that "As Treasury secretary, Hank will be my principal adviser on the broad range of domestic and international economic issues that affect the well-being of all Americans."

There's a change going on here, probably a big one. Under the new Josh Bolten-run White House, Mr. Paulson is essentially being appointed deputy president for economic policy -- a mandate not given to his two predecessors. This is a bigger shakeup than meets the eye.

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Up to this point of the Bush presidency, economic policy has emanated from the West Wing. The spokesmen at Treasury and OMB have been designated as communicators to sell that policy. My hunch is that the Henry Paulson appointment marks a power shift in policy making.

As Mr. Bush noted, Treasury has the play on taxes, financial markets, federal spending, trade and currency policy. So if Mr. Paulson -- the astute and highly successful financial man from New York -- has any new ideas, he will have an opportunity to forcefully present them, even if they represent a new policy direction. Mr. Paulson's formidable background will serve him well in D.C. He won't hear the phrase "You don't know what you're talking about" in the Oval Office, the Senate or the House. He has been an engaged, hands-on, sharp-elbowed Wall Street operator; a man who brought Goldman Sachs and its share price to the loftiest levels in the storied firm's history.

Surprisingly for a CEO, Mr. Paulson has a considerable paper trail of economic and political opinions. He is a confirmed free-trader who has cultivated an expanding economic and business relationship between the U.S. and China. He is also a tax-cutter, one who strongly supported Mr. Bush's broad-based tax cuts of 2001 and the economic-growth-igniting tax incentives of 2003. In the Rose Garden, Mr. Paulson echoed the supply-side message of these tax cuts, just as he has in op-ed pieces on this page and elsewhere: "Put capital behind people and ideas."

Yes, he is a capitalist. And yes, there is a "green" environmental component to the man. He was chairman of the Nature Conservancy, and some critics believe he shouldn't have used Goldman money for certain transactions regarding that venture. But this seems a trifle. Former Goldman insiders say he is no Al Gore.

Perhaps more important, Mr. Paulson has been a staunch supporter of Mr. Bush in the upper reaches of the Goldman executive suite, not easy ground to hold according to several sources. But Mr. Paulson is a religious man of strong character who does not change his principles on the basis of polling data. Ah-ha . . . yet another connection between him and Mr. Bush.

On the policy front, Mr. Paulson could resurrect the tax-reform agenda that fell through the White House cracks last year. If broad-based reform doesn't work politically, he could take the advice of Loews CEO James Tisch and push to equalize the 35% tax rate on corporate capital gains with the 15% charge on individuals.

Mr. Paulson might also zero in on reducing the 35% corporate income tax, move toward full cash expensing for the depreciation of plant and equipment, or work in general to strike down the double tax at home and abroad on the increasingly globalized U.S. business sector. The U.S. has fallen behind other major industrial countries in terms of the level of corporate taxation. All of this would make our firms more competitive in world-wide trade and also help offset some of the unnecessary regulatory costs imposed by Sarbanes-Oxley.

At the beginning of his tenure, however, Mr. Paulson will hopefully look at the falling state of the dollar, a trajectory that has caused great angst in the stock markets and threatens higher inflation and interest rates. Statutorily, Treasury has the play on the dollar through its control of the $43 billion Exchange Stabilization Fund, which can be used to buy and sell currencies in order to send important signals to world-wide forex markets. These interventions have no permanent dollar impact. That's left to the Fed's $760 billion in government securities. The Fed uses these holdings to buy and sell in the open market and thus add or drain cash from the financial system. This is the ultimate driver on dollar value and inflation.

But Mr. Paulson can lend a helping hand to Fed chairman Ben Bernanke. Mr. Paulson could signal that the U.S. wants a harder greenback as part of its inflation-fighting arsenal, while over at the Fed the FOMC could take additional steps to drain reserves and raise its target fed funds rate.

It is worth remembering that predecessor Treasury secretaries hailing from Wall Street have opted for a hard dollar in order to promote the price stability that is so necessary for sustained economic expansion. Robert Rubin (also a Goldman alum) during the Clinton 1990s and Donald Regan (the former Merrill Lynch CEO) during the Reagan 1980s chose dollar strength over weakness in order to support durable economic growth. Mr. Regan has passed away, but Mr. Rubin is alive and well at Citibank. It wouldn't surprise me if Mr. Paulson got on the phone a few times with his old confrere to talk about a hardening of the wartime dollar -- a development that would instill economic and financial confidence and thus serve the nation's bipartisan best interest.

The Bush administration may claim otherwise, but it has exercised a policy of benign dollar neglect which now could be reaching a dangerous tipping point. The solution is a Treasury-Fed hard-dollar operation. As the new deputy president for all things financial, Mr. Paulson has a golden opportunity to do Wall Street and Main Street an enormous favor.

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Mr. Kudlow hosts CNBC's "Kudlow & Company."

The Greening Of The Treasury? (WSJ)

By David Wessel

The Wall Street Journal, June 1, 2006

The official flag of the U.S. Treasury has an eagle on a mint-leaf green background. It's an appropriate emblem for Henry Paulson, who is expected to be the greenest Treasury secretary ever.

Mr. Paulson is an environmentalist, not only in his private and charitable life, but as chief executive. Goldman Sachs Group has an eight-page "environmental policy framework" that declares "a healthy environment is necessary for the well being of society, our people and our business, and is the foundation for a sustainable and strong economy," and the firm walks the talk. So will that make a difference at Treasury?

Among those with big titles and ornate Washington offices, there's sometimes a temptation to equate avoiding mistakes with accomplishments. It's easy for a Treasury secretary -- whose utterances can move the dollar or embarrass the president of the United States -- to end a day of briefings, congressional testimony and tête-à-têtes with other impressively titled officials with a sigh that says, "Another good day. I didn't screw up."

Any competent Treasury secretary should be able to devise and communicate the U.S. government's stance on the dollar, swat away politically attractive but economically foolish ideas and prepare for a financial crisis, whatever it may be. That's playing defense. Another test is how well a Treasury secretary plays offense. Why leave a powerful perch on Wall Street for Alexander Hamilton's post if all you do is avoid mistakes and sign dollar bills?

Mr. Paulson is said by colleagues to be less prone to reflection and more prone to action than Robert Rubin, who also went from the top job at Goldman Sachs to Treasury. Mr. Paulson did play on the offensive line on the Dartmouth football team. He seems to think he has wrested from the White House -- and Vice President Dick Cheney -- some of the power to coordinate administration economic policy that was seized from Treasury when President Bush took office.

We probably won't know about Mr. Paulson's offense until after the November congressional elections. But given his record in using Goldman's power and money toward environmental ends, he just might use his clout to push the administration toward dealing with climate change or even -- don't mention it before the elections -- considering an energy tax.

Christie Whitman, administrator of the Environmental Protection Agency early in the Bush years, says just having a sympathetic voice at Treasury can be a big deal. "One of the biggest raps against some environmental proposals is that they're not economically sound," she says. "One of the things that his kind of advocacy can do is put a lie to that."

Fred Krupp, a Paulson fan who heads advocacy group Environmental Defense, says the best-case scenario is that Mr. Paulson "gets the administration to be for a climate and energy policy that uses the power of markets to reduce our emissions of greenhouse gases and improve national security at the same time." Mr. Krupp has in mind expanding the existing "cap and trade" system that limits emissions of sulfur dioxide and allows companies to buy and sell the right to pollute under that limit.

If the Bush administration decides it needs to raise revenue to cut a compromise with Congress that also slows spending growth, Mr. Paulson's role could be key. Paul Portney, former head of think tank Resources for the Future and now dean of the University of Arizona's management school, speculates that Mr. Paulson might be more inclined than former railroad executive John Snow to suggest that Mr. Bush consider taxing the carbon content of fuels or raising the tax on gasoline or auctioning permits for a cap-and-trade system if the alternative were boosting capital-gains or income-tax rates.

Of course, Mr. Bush's first Treasury secretary, Paul O'Neill, also had a greenish tinge. But he accomplished little. "O'Neill taught environmentalists that the Treasury is not the place to push those kind of policies," says Fred Smith, of the Competitive Enterprise Institute, an anti-regulation think tank.

But Mr. Paulson presumably knows of Mr. O'Neill's frustrations, and believes he has negotiated a deal that gives him more say. And times have changed. Mr. Bush recently expressed regret that his position on global warming was defined "early in my presidency when I told the world that I thought Kyoto [the global warming treaty] was a lousy deal for America." He told a questioner in March, "I guess I should have started differently when I first became president and said we will invest in new technologies that will enable us to use fossil fuels in a much wiser way."

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Perhaps some day, the conversation between Mr. Paulson and his new client will turn to global warming. "If you had somebody in the Treasury who says there's a way we can put together a solution in a way that makes sense and isn't going to hamstring our economy, people are going to listen," says Ms. Whitman. Maybe even Mr. Bush.

• Send comments to capital@wsj.com4 and see a Q&A next Thursday at WSJ.com/Capital5.

CAPITAL EXCHANGE: Bernanke's Challenges

Here are some of the reader responses to last week's Capital column6 on challenges facing the new Fed chairman.Some of these comments have been edited. Thanks to all who wrote. You can contact me at capital@wsj.com7. * * *

Victor Kincannon writes: I think Mr. Bernanke is far more like Mr. Burns that Mr. Volcker. The Chairman seems far more inclined to look for excuses for not doing than Mr. Volcker. Mr. Volcker was the exception; the rest of them are just the norm. What's your assessment?

David Wessel responds: I think that judgment is extremely premature. Mr. Bernanke has been chairman since the end of January. He has presided over a single meeting of the Federal Open Market Committee at which rates were raised by one-quarter percentage point.

Russell Van Zandt writes: I think one key point in your column was incorrect, which could change the conclusion. The oil shortage ended before and independently of Mr. Volker's bringing interest rates under control. After nearly a decade of shortages, manufacturers moved us into an oil surplus. Oil stocks crashed in 1980 because of it.

So I don't think we can assume that all Mr. Bernanke has to do is raise rates to solve the problem. (First of all, I doubt if someone so dovish would ever have the will to do what it takes.) The Fed would need to bring the country to recession or near it to temporarily stop the commodity bubble. It would very likely come back once the economy revived because the supply problem is still there.

I think we will see that Mr. Burns is exactly right that the oil and commodity futures market are running the economy, not the Fed. Oil is still over $70 a barrel after this selloff and scare -- and will soon move to $80, $90 and $100 a barrel, stopping only when it slows the economy enough that oil profits would be reduced at the higher price. Inflation will feed through and continue increasing, and the Fed will be able to do nothing about it.

Paul DeRosa writes: You might have been a hair too hard on Mr. Burns. There's little doubt he was a flop as a central banker, but the 1974 fiasco wasn't entirely his fault. He was the victim of a massive data revision. I was a staff economist at FRBNY at the time, and I recall the data on the real economy looking surprisingly strong well into spring of 1974. All measures of the money supply, which mattered a lot more then, were headed to the moon. The data as currently measured say the economy already was in recession. Mr. Burns was trying to engineer a softer real side in hopes of restraining the price effects of the higher crude. Given the information he had, he kept tightening. My own guess is had it not been for FDIC insurance, he'd have produced a replay of 1933. As it is, he didn't miss by much. No wonder he was sour on central banking.

David Wessel responds: I wasn't judging Mr. Burns as much as quoting him judging himself.

Dwight D. Overholt writes: It is an unfortunate time for a change of Fed chairman. Mr. Bernanke will need excellent brinkmanship skills to steer through this storm.

The lure of low interest rates and accelerating housing prices fueled extremely strong consumerism in the U.S. This fed improved financial conditions throughout the world (such as India and China).

How many of those same U.S. consumers are now feeling the pain of mortgage interest rates that have risen (via ARM, options mortgages, etc.) to a point where their buying power has been compromised? Further, how many are nearing default? Several good articles in The Wall Street Journal indicate that this portion of the storm is still on the horizon.

The S&L "crisis" of the 1980s shows how normally well intentioned people can choose to ignore the signs of a problem until it becomes unmanageable. Are we entering a similar period? Are banks truly setting aside enough reserves to cover the bad loans? How accurate are their projections? Other articles advise that banks have eased lending terms in the past year to maintain a level of business. Uncertainty in these areas breeds uneasiness of a type that is not healthful for financial markets.

Perhaps not a perfect storm, but high seas are likely until the low interest rate/refinance "exuberance" aftermath works through the market.

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Andy Marchus writes: On the subject of the government providing money for research in areas such as alternative energy sources, I'd like your comments on how much the government should get involved as opposed to letting private money flow to where the opportunities are. I'm an extremist on the subject of free markets and have wondered if there are any past examples where government money facilitated a new development where private money alone might not have been sufficient. Let me throw out one possibility: the Internet.

David Wessel responds: Although there are those few who would get the government entirely out of financing research, a very wide swatch of the political spectrum sees a need for government investment in research, development and education. The differences have to do with how much money, where it should go and how much the government should direct its use. The case for a significant government role is very strong -- and the Internet is one very good example. Basic research in medicine and in physics also have paid off handsomely for the society, and there is a strong case that business would have underinvested in such basic research.

Don Schwinn writes: I'm a retired engineer and a novice at understanding interest rate economics. Why not use eighth-point rate increments as the growth rate begins to slow? What is the rationale behind the quarter-point increment?

David Wessel responds: I'm aware of no technical reason that the Fed couldn't, if it chose, move the federal funds rate in eighth-point increments. Indeed, the practice of a publicly announced target for the federal funds rate (at which banks lend to each other overnight) began well into the Greenspan years. At some times in the past, the Fed's approach to monetary policy had the effect of moving the federal funds rate in much less pronounced increments. I'm not sure, though, that the difference to the economy of moving up an eighth or quarter percentage point is all that great; a lot seems to depend on what the markets expect the Fed to do with short-term rates in the future.

Bob Wade writes: Why don't you just predict from your publicly accessible and widely read forum the total collapse of the world economy, thereby helping to start the panic and the accomplishment of the worst possible doom and gloom self-fulfilling prophecy. Of course, your investments will suffer, your paycheck will become worthless, your property values will plunge, and your family will suffer, along with everyone else. Maybe you'll even be laid off as the economy plunges. Keep writing those great columns. Maybe they'll prove to be true, and just think, you will have helped make it happen.

David Wessel responds: I always thought the public -- and the readers of The Wall Street Journal -- counted on us to call it as we see it, and not to shelter them from the truth, however painful.

Reid Acknowledges Misstating Ethics Rules On Free Tickets (LAT/AP)

By The Associated Press

The Los Angeles Times, June 1, 2006

WASHINGTON — Senate Democratic leader Harry Reid's spokesman acknowledged Wednesday night that Reid misstated the ethics rules governing his acceptance of free boxing tickets and has decided to refrain from taking such gifts.

The Nevada senator still believes it was "entirely permissible" for him to accept ringside seats for three professional boxing matches in 2004 and 2005 from the Nevada Athletic Commission but has decided to avoid doing so in the future, spokesman Jim Manley said.

"In light of questions that have been raised about the practice, Sen. Reid will not accept these kinds of credentials in the future in order to avoid even the faintest appearance of impropriety," Manley said.

The announcement came after the Associated Press presented Reid's office Wednesday with conclusions from ethics experts that the Senate leader misstated congressional ethics rules in trying to defend his actions.

The AP reported Monday that Reid accepted the free seats from the Nevada commission as it was trying to influence his support for legislation to create a federal boxing commission. The state agency feared the legislation would usurp its authority to regulate fights and wanted to convince Reid that there was no need for a federal body.

Reid voted to set up a federal commission, but Congress never enacted the legislation.

Fear Of Failing (NSWK)

By Michael Hirsh

Newsweek, May 31, 2006

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May 31, 2006 - A good therapist, we know, can sometimes help a person who's lost his confidence or mental balance. But what do you do when an entire party needs therapy?

You'd think the Republicans would be the ones in need of professional help. This is a party burdened with a president so unpopular he barely has a base to stand on—Bush seems to be bypassing the lame-duck stage and heading straight for dead duck: a Vietnam-scale quagmire in Iraq and a post-Katrina rot of incompetence and corruption that is infecting the very foundations of the presidency and the GOP's control of Congress. Not surprisingly, the Republicans are at each others' throats over this loss of prestige and popularity. Neoconservatives and traditionalists are fighting bitterly over foreign policy. Moderates and conservatives are battling over immigration and deficits. And when the maverick John McCain declares his candidacy for 2008 sometime in the next year, the Republicans will be shrieking at each other in public over abortion and other social issues.

But at least the GOP is engaged in a war over real policy choices. It is an emotional debate, often a hysterical and ill-informed one, but it is a fight among adults who know what they believe in and who have the guts to battle for it. By contrast the Democrats, ostensibly the party poised to exploit this GOP civil war, don't seem to remember what it is like to behave as adults. They resemble nothing so much as ill-adjusted adolescents, afraid of their own shadows, much less the presidency. What are they afraid of? Themselves, essentially: their past, their own left, the populist rhetoric of their leaders (Nancy Pelosi, Harry Reid, Howard Dean, Al Gore), the left-wing loony stigma represented by "Fahrenheit 9/11" filmmaker Michael Moore (every Dem's favorite bugaboo). Above all they fear seeming and looking soft. They are all afflicted with varying degrees of megalophobia, a fear of assuming power. Even Dr. Melfi of "The Sopranos" wouldn't take this case.

This psychological disability has been long in the making, of course. When it comes to national security, it has been eating at the heart of the Democratic Party since its biggest debacle, Vietnam, which destroyed the Dems' prideful self-image formed during World War II and the cold-war containment consensus. But never has this Democratic dysfunction been so apparent as now, the moment when the Dems should be striding confidently into the limelight to seize control of the national agenda. And none are more pathetically afflicted than those who purport to be the "new" Democrats, the "strong" ones, the ones who want to "resurrect" the gloried intestinal fortitude and moral fiber of FDR, Harry Truman and JFK.

The "strong" ones are actually the most timid. They are the ones who so fear that a leftie like Nancy Pelosi will become speaker of the House, they actually question whether it would be a good idea for the Dems to take control in 2006. They are the ones who think they can outhawk Bush on Iraq and promotion of democracy around the world, but they are mainly driven by a fear of criticizing the premises of his foreign policy, which is to say, his war on terror. While nitpicking and nattering over Bush's "errors of execution," they still embrace his fundamentals. In other words, they all continue to sound like unreconstructed John Kerrys, frightened of seeming soft. When they get together, this fear is virtually all they talk about. It is a fear that reeks from the party's new draft platform for 2006, causing Leslie Gelb, the former president of the Council on Foreign Relations, to crack to liberal hawk Peter Beinert recently: "If you have to say you're tough, you're not."

The champion of this "new" breed of Dem tough guys, of course, is Hillary Clinton, who every week, it seems, finds some new way of pandering to the right in her long, stealth march to the 2008 nomination. All in an apparent effort to escape her own shadow, her supposed liberal excesses from the early '90s.

One reason for the persistence of these Democratic phobias has been the party's abysmal inability, a year and a half after the fact, to reckon with the real reason for Kerry's loss in the 2004 campaign: once again, fear. Kerry's campaign was driven by a fear of his shadow (his antiwar activism after Vietnam), of seeming too strident by attacking, even when he himself was being attacked (first by Karl Rove's "senator flip-flop" campaign, then by the Swift Boat veterans). How else can one explain the inexplicable—the spectacle of a Silver Star winner made to look wimpy by two men who avoided combat? Simple: He was terrified of speaking out. His campaign even toned down the convention speech of that most mild-mannered of presidents, Jimmy Carter.

I hold no brief in this fight, being neither Democrat nor Republican. But here is a message to those few Democrats who retain their self-confidence and sanity (I'm not sure who you are, but there must be some): Come back from the shadows. If you can look past your fears, America's entire national-security apparatus is out there making your case for you.

Talk to any responsible official or officer in the military, intelligence or diplomatic community. Most will tell you that Bush got most of the war on terror wrong (at least after the Taliban fell), that he invented a war of choice in Iraq and failed to finish the

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war of necessity against Al Qaeda. The toughest hombres in the country—not least some recently retired generals—are saying the "war president" has no clothes, that he has been, in effect, a disastrous war president. This is what I hear every week now as a reporter, from officials who identify themselves as Republican, Democrat or independent. It is what the facts, sadly, bear out: look at where the precipitous war in Iraq has brought us, and the new violence that is arising out of the unfinished business against the Taliban and Al Qaeda in Afghanistan and Pakistan. Yet the vast majority of Democratic leaders cannot bring themselves to say this—Hillary most prominently of all.

Sift through the wreckage of the neoconservative program that Bush adopted. Its central tenets—pre-emptive attacks on rogue regimes, unilateralist disdain for international legitimacy and institutions, the cavalier attitude that war and military solutions should be the primary, or default, approach to foreign problems—are all gone with the wind. What's left? Effectively the foreign policy of pragmatic global leadership invented by such Democrats as FDR, Truman, JFK and Scoop Jackson, and largely endorsed by Republicans such as Dwight Eisenhower, Richard Nixon and, yes, even Ronald Reagan.

To oversimplify, its tenets are: Stand up for democracy and freedom, yes, but keep the international system on your side. Make use of the United Nations whenever you can, though not necessarily bending it to your needs when possible. Create as many allies as you can. Listen. Accommodate. Be magnanimous. Above all, make sure you have more guys on your side than your adversaries have on theirs. It is the policy that Bush, chastened and weakened by Iraq, has followed on Libya and North Korea, and it is the policy he now appears to be pursuing on Iran, having agreed to talk to Tehran. And it is largely Democratic in origins and practice.

But to get to the point where they can hark back to this simple program, and confidently embrace it without protesting too much about how tough they are, Democrats must first have the courage to strip bare the GOP's failures. They must believe they're every bit as good on national security as their rivals. This courage is frankly not in evidence. Five and half years on we see the Republicans, as brazen and full of self-confidence as ever about their national-security credentials, and the Democrats, as timid and full of self-doubt as they ever have been over the same issue. Hence, the need for a good therapist, one with a very large office.

No one looks like a wimp when he or she tells the truth. And the public is crying, pleading for someone to tell the truth. The Democratic hawks seem to think that if they confront Bush over the fundamentals of his foreign policy, they will be forced to admit it was wrong to go into Iraq at the moment and in the way we did. And if they have to admit that, then they must back immediate withdrawal from Iraq. Nonsense. Most Americans now know, without being told, that American prestige is on the line in Iraq. And that any withdrawal will be slow and painful. This is now settled U.S. policy, and it will be followed by whoever the next president is, Democrat or Republican.

The country is desperate for adult leadership, for competence and authority—above all, for an honest reckoning with all that's gone wrong. And the country isn't getting it. Maybe that helps to explain the Al Gore revival under way. Here, at least, was someone who can remember what adulthood was like—what it was like to hold power. Most of his Democratic colleagues appear to have forgotten.

The Seer And The Scandals (WP)

By David S. Broder

The Washington Post, June 1, 2006

In its September 2004 issue, Washington Monthly magazine invited 16 smart political observers -- a mix of Republicans, Democrats and independents -- to write short essays predicting what would happen if George Bush won a second term.

The answers, understandably enough, were all over the lot. But no one suggested that one-third of the way through his second term Bush would have suffered the political and policy reverses that he has actually experienced.

Last week was unfortunately typical for an administration that cannot seem to catch a break. The once-compliant House of Representatives, which in 2005 began its defiance with a refusal to bring Bush's signature Social Security plan to a vote, dug in its heels against the top priority on his 2006 agenda, a comprehensive immigration reform bill.

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And in the latest example of administrative incompetence, following the Hurricane Katrina fiasco, the Department of Veterans Affairs was unable to explain how the confidential files of as many as 26 million veterans were stolen from the home of a department employee -- or why the loss went unreported for weeks.

Even as Bush and his most loyal international partner, British Prime Minister Tony Blair, met to celebrate the (partial) formation of a permanent government in Iraq, a wave of violence swept across Baghdad, taking the lives of two members of a CBS News television crew, among others. And details began leaking out about an alleged massacre last November of Iraqi civilians by U.S. Marines who were said to be retaliating for the death of one of their buddies in one of the countless roadside bombings.

As if to mock further the complications of superpower life, a traffic accident in Kabul, Afghanistan, was all that was needed to trigger an outburst of anti-American violence in a country we had "liberated" but now cannot find a way to leave.

This second-term swamp is a far cry from what most of the Washington Monthly experts predicted -- and from what I would have guessed had I indulged in a crystal-ball exercise. Grover Norquist, the conservative activist, said Bush and the Republicans would send the Democrats into permanent political exile. Paul Begala, a Democratic political consultant, said Bush would exact vengeance on his political enemies. Several people predicted that he would usher in a new era of good feelings, tackling global warming and avoiding divisive social issues. Wrong, wrong, wrong.

The one commentator who got it exactly right was Kevin Drum, who runs the magazine's blog. "What do we have to look forward to if George W. Bush is elected to a second term?" he asked. "One word: scandal."

History backed that forecast. Almost every reelected president in modern times has been victimized by scandal, from Eisenhower's losing his chief of staff, who resigned over the gift of a vicuña coat, to Clinton's facing impeachment.

But Drum found additional reasons that led him to conclude that Bush and the Republicans might be particularly susceptible. For one thing, he said, "both Bush and the current Republican Party leadership have already demonstrated a ruthlessness and disregard for traditional political norms." He cited the lengthy roll calls in the House of Representatives during which arms were twisted to produce favorable votes; the redistricting in Texas to gain five Republican House seats; and the hard-line secrecy imposed by the White House on executive decisions.

Second, he said, the culture of lax supervision of executive agencies by the Republican Congress encouraged misbehavior on Capitol Hill -- and made it likely the malfeasance would reach aromatic heights before it was finally detected. Look at the time it took for the Jack Abramoff-Tom DeLay network to be exposed, the number of times the House ethics committee flinched from fully exposing it -- and you see how right Drum was.

And, finally, he said, the lack of major policy initiatives would leave a vacuum in the news that would make scandal look like the most prominent feature of the political landscape. The near-impasse in Iraq, the painfully long and ultimately unproductive debates about Social Security and immigration, the impasse on energy and health care, and the unwillingness to come to grips with budget deficits -- all this background noise makes the stories of Duke Cunningham's Rolls-Royce and William Jefferson's freezer full of marked bills that much more vivid.

Drum concluded his essay by saying that 2006 would be likely to provide "the perfect breeding ground for a major scandal, and George Bush is exactly the right guy, with exactly the right personality, to step right into it."

So far, the scandal has not involved the president personally, but the stench of corruption is all around the city -- too close for comfort.

VERBATIM (WP)

The Washington Post, June 1, 2006

White House press secretary Tony Snow responded to a question Tuesday by Helen Thomas, a Hearst Newspapers columnist, about published remarks made by new domestic policy adviser Karl Zinsmeister :

THOMAS: Why did the president pick a man who is so contemptible of the public servants in Washington to be his domestic adviser -- saying, "People in Washington are morally repugnant, cheating, shifty human beings"? Why would he pick such a man to be a domestic adviser?

SNOW: You meant contemptuous, as opposed to contemptible, I think.

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THOMAS: Pure contempt.

SNOW: Well, I'm not sure it's pure contempt. I know Karl Zinsmeister pretty well, and he is somebody who expresses himself with a certain amount of piquancy -- you're perhaps familiar with that, aren't you, Helen? And so, as a consequence, from time to time he's going to say -- he'll have some sharp elbows.

THOMAS: If this is his attitude toward public servants --

SNOW: No, I don't think it's his attitude toward public servants -- it may have been toward the press. Just kidding. No, I -- look, if you look at the bulk of what Karl Zinsmeister has done at the American Enterprise [Institute] and elsewhere, I think you're going to find somebody who's done some pretty meaty and interesting research on a variety of topics. The reason he's being brought in is that he's --

THOMAS: Do you agree with his assessment of Washington?

SNOW: I'm not -- there's one sentence the guy wrote, and perhaps you may recall -- yes?

THOMAS: Arrogant, morally repugnant, cheating, shifty -- come on.

SNOW: That's a lot in one sentence, isn't it? He just packed it right in.

Hijacking Harry Truman (WP)

By Peter Beinart

The Washington Post, June 1, 2006

No matter how polarized Washington becomes, there is still one Democrat Republicans love: Harry Truman. Last December, on this page, Secretary of State Condoleezza Rice declared the Bush administration's democracy promotion efforts "consistent with the proud tradition of American foreign policy, especially such recent presidents as Harry Truman." Last weekend President Bush devoted his West Point commencement address to an extended analogy between himself and the 33rd president, invoking Truman no fewer than 17 times. Conservative commentators are fond of the analogy, too. Indeed, it is a virtual article of faith on the contemporary right that today's conservatives -- not today's liberals -- are the true heirs of the anti-totalitarian tradition with which we associate Truman's name.

The truth is rather different. Bush and Rice are correct that Truman saw tyranny as a threat to world peace and believed in resisting it, by means that included force. At West Point, Bush quoted Truman's famous declaration in his March 1947 speech proposing military aid to the besieged governments of Greece and Turkey: "It must be the policy of the United States to support free peoples who are resisting attempted subjugation by armed minorities or by outside pressures."

But there are other Truman classics that Bush conveniently overlooked. For instance: "We all have to recognize, no matter how great our strength, that we must deny ourselves the license to do always as we please." Truman did not believe merely in promoting democracy and peace; he believed that doing so required powerful international institutions, which could invest American power with the credibility that the Soviets lacked.

In the years immediately after World War II, the United States encased itself in a web of such bodies -- from the United Nations and NATO to the World Bank, the International Monetary Fund, and the General Agreement on Tariffs and Trade (now the World Trade Organization). And Truman was frank in recognizing that such institutions gave weaker countries an influence over American actions. As the historian John Lewis Gaddis has written, "It was not that the Americans lacked the capacity to force their allies into line . . . [but] what is surprising is how rarely this happened; how much effort the United States put into persuading -- quite often deferring to -- its NATO partners."

Bush, by contrast, more than any president in recent history, has sought to liberate the United States from international treaties and institutions -- from the Kyoto global warming treaty to the International Criminal Court to the Comprehensive Test Ban Treaty. To be sure, even Bill Clinton sometimes had trouble getting international agreements through Congress. But in the Bush administration, opposing infringements on U.S. sovereignty has become a cardinal foreign policy principle. In Bush's view, American power legitimizes itself -- we don't need to listen to other countries, because sooner or later they will realize that we were right and they were wrong. Had Bush been around in the late 1940s, he might well have accused Truman of seeking a "permission slip" before defending the United States. Indeed, some conservatives said almost exactly that at the time. It is they -- not Truman -- who are Bush's true ideological forefathers.

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Truman also believed that spreading democracy required combating economic despair. He allocated between 2.5 and 5 percent of U.S. national income over four years to the Marshall Plan, in the belief that unless Europe's fragile postwar democracies improved their people's lives, they were likely to fail. Then, in his 1949 State of the Union address, he went further and proposed a Marshall Plan for the Third World. In fact, while Truman increased military spending, he and his advisers repeatedly described economic development as more important to the anti-communist cause. In 1947 his defense secretary, James Forrestal, noted that "at the present time we are keeping our military expenditures below the levels which our military leaders must in good conscience estimate as the minimum which would in themselves ensure national security. By so doing we are able to increase our expenditures to assist in the European recovery." Try to imagine Donald Rumsfeld saying that.

Indeed, while the Bush administration has boosted foreign aid over its appallingly low pre-Sept. 11, 2001, levels, such increases have been trivial compared with the massive new allotments for defense. And one of the primary reasons for mounting anti-American sentiment in Afghanistan is America's failure to fulfill our promises to help rebuild that country after we toppled the Taliban. As The Post's Barton Gellman and Dafna Linzer reported in October 2004, "The president and his most influential advisers, many officials said, do not see those [economic] factors -- or U.S. policy overseas -- as primary contributors to the terrorism threat."

Again, there is a Cold War precedent for this view. But it lies in the arguments of conservatives such as Barry Goldwater, who ridiculed claims that Third World poverty aided communism's appeal. Harry Truman, by contrast, believed in fighting totalitarianism fiercely, but with more than just guns, and through international institutions that made U.S. power legitimate in the world. George W. Bush should remember that the next time he takes Truman's name in vain.

Peter Beinart is editor at large of the New Republic and author of "The Good Fight: Why Liberals -- and Only Liberals -- Can Win the War on Terror and Make America Great Again." He will take questions today at 2 p.m. athttp://www.washingtonpost.com.

A Beautiful Sunset (WSJ)

The Wall Street Journal, June 1, 2006

Ronald Reagan used to quip that the closest thing to immortality in this life is a government program. We'd add one modern caveat, which is that under Beltway budget rules tax cuts automatically expire after five or 10 years, but spending programs and tax increases live forever.

The latter would change, however, if a group of House Republicans led by Texan Jeb Henserling and Mike Pence of Indiana succeed in pushing new rules to sunset out-of-date federal programs. Under their proposal that has been promised a vote this summer, Congress would have to reauthorize agency budgets every five years, or they would die. The legislation would also create a sunset commission to recommend program terminations, and Congress would vote up or down on the package. This procedure is modeled after the successful military base closing commissions.

Their new budget scrutiny would mean some taboo questions would suddenly get asked in Washington. To wit:

• Should the U.S. spend $300 million a year on bilingual education, when research shows that foreign language classes stunt English learning by immigrant children?

• Do we really need 15 different agencies to fund job training?

• Why give Amtrak nearly $1 billion a year in taxpayer handouts, when its financial performance deteriorates every year and as its share of the transportation market declines?

• Should farmers with incomes of more than $1 million a year be eligible for taxpayer subsidies?

In the private sector, worker productivity growth in 2005 hit its highest level in 50 years. What a contrast with government, where agency performance audits by the U.S. Government Accountability Office (GAO) have found enormous waste and financial mismanagement in every operation from the Pentagon to Medicare. (Here's just one outrage GAO uncovered: One in six foodstamp dollars goes to an ineligible recipient.) The private sector operates under Joseph Schumpeter's concept of "creative destruction." Mr. Henserling quips that in Congress "we get a lot of creation, but never destruction."

In Washington, "fiscal discipline" has become a code phrase for raising taxes, never for rolling back the $2.7 trillion annual federal budget. Yet a new analysis by Brian Riedl of the Heritage Foundation indicates that balancing the federal budget is possible within a few years with even modest spending restraint. Thanks to the surge in federal tax revenues in the past 18

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months, if Congress were simply to hold federal spending to the rate of inflation over the next six years, the budget would be balanced without a penny of new taxes. Meanwhile, sunsetting useless agencies would mean that high priority services could be fully funded.

It will be instructive to see how many Democrats and Northeastern Republicans -- who like to pose as deficit hawks -- favor deficit reduction if that means sunsetting programs that have outlived their usefulness. Our guess is the number will be very close to zero -- which is the main reason Congress will spend $300 billion more than it raises in taxes this year.

OTHER NEWS:

Fed Minutes Show Concern About Inflation (USAT)

By Sue Kirchhoff

USA Today, June 1, 2006

WASHINGTON — Facing both higher-than-expected inflation and the possibility of slower growth, Federal Reserve officials at a May 10 meeting were unsure how many more interest-rate increases, if any, will be needed, according to minutes released Wednesday.

Underscoring the uncertainty, the central bank's Federal Open Market Committee debated a series of options at the meeting, from standing pat to raising the target for short-term rates by half a percentage point. The Fed ultimately voted unanimously to boost its target by a quarter-point to 5%. That was the 16th such increase since mid-2004, when rates stood at a low 1%.

"Given the risks to growth and inflation, Committee members were uncertain about how much, if any, further tightening would be needed after today's action," the minutes said.

Fed officials noted several times that core inflation — which excludes food and energy prices — had been stronger than expected. Core inflation has been running slightly higher than 2% in recent months, above the Fed's 1%-2% preferred range.

Adding to inflation concerns were surging energy and commodity prices; a falling dollar, which makes imports more expensive; and rising inflation expectations.

But Fed officials also saw potential for slower growth, including less-robust consumer spending and a cooling housing market. With "modest further policy action," including the May 10 rate increase, the economy should moderate gradually with core inflation remaining near recent levels, the minutes said.

Several economists called the minutes more hawkish than anticipated, especially after Fed Chairman Ben Bernanke in late April suggested the central bank might have to pause its rate campaign at some point to get a better reading on economic conditions.

"I don't know how you go from mentioning a pause and now a couple weeks later mention a (half-percentage point) move and not expect the market to be confused," says Rich Yamarone of Argus Research.

Mickey Levy, chief economist at Bank of America, says he expects the Fed to raise rates by a quarter-point at its June 28-29 meeting, ultimately pushing rates to 5.75% by the end of the year.

The minutes also show Bernanke appointed a panel to examine better ways to communicate policy, led by Fed Governor Donald Kohn. Financial markets have been jumpy recently, partly because of uncertainty as the central bank reaches a turning point in policy.

New York Fed President Timothy Geithner in a Wednesday speech cited a number of reasons, from economic developments to data limitations, for uncertainty in central bank policy, adding that a central bank "cannot provide more assurance about the likely future course of policy than it actually has."

Geithner also said the situation in the past two years, where the Fed was able to easily telegraph policy to the markets, was the exception, not the norm.

Fed Kept Options Open On Rates (WP)

By Nell Henderson

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The Washington Post, June 1, 2006

Federal Reserve officials were so concerned at their last meeting about rising inflation that they considered raising interest rates more aggressively than they had in six years.

The U.S. economy has grown briskly this year, despite signs of cooling in the housing market. Payrolls and wages have risen. Energy and other raw-materials prices have climbed. The dollar has weakened. And consumers say they expect prices to keep rising faster.

"In view of the risk that the outlook for inflation could worsen," Fed policymakers agreed to lift their benchmark short-term interest rate to 5 percent from 4.75 percent at their May 10 meeting, for the 16th consecutive quarter-percentage-point increase in nearly two years, according to minutes of the session released yesterday.

But Fed officials also considered whether to bump the rate up by a half percentage point, to 5.25 percent, or to leave it unchanged, the minutes said in an unusually explicit description of the options considered. A half-percentage-point increase would have been the biggest since the Fed ended its last period of credit tightening with a similar-size increase in May 2000.

Members of the Federal Open Market Committee, the central bank's top policymaking group, "were uncertain about how much, if any, further tightening would be needed" after the May 10 increase, the minutes of the meeting showed . The group issued a statement that day leaving the door open to more increases in the future.

The Fed's uncertainty, compounded by reports of higher inflation, has roiled financial markets in recent weeks. The Dow Jones industrial average hit a six-year high May 10 and has been choppy since. Major international stock indicators have also fallen, reflecting anxiety over how high global interest rates may rise and how much economic growth may slow. Hedge funds and other big investors have pulled back from riskier global investments, fund managers said.

The Dow and other major U.S. stock indicators fell sharply yesterday after the Fed minutes were released at 2 p.m., as their hawkish tone led many traders and analysts to conclude that more Fed increases were likely. Stocks rallied to close the day with small gains, as many investors applauded the Fed's concern about inflation.

"This is good for stocks for them to sound more hawkish," said James W. Paulsen, chief investment strategist for Wells Capital Management, who attributed much of the markets' recent jumpiness to inflation worries.

Global markets will remain volatile and the big traders will probably retreat further from risky investment strategies as long as the outlook remains clouded for inflation, interest rates and economic growth, analysts and fund managers predicted.

"You've got a Fed that's not sure what they're going to do," said Larry Kantor, managing director of Barclays Capital Inc. The minutes, he said, are "not going to calm anyone down or reduce market volatility."

The minutes' implication that interest rates are likely to keep rising contrasted with recent comments by Fed officials, including Chairman Ben S. Bernanke, said Richard Yamarone, director of research at Argus Research Corp. "This is another in a series of confusing messages from the Bernanke Fed."

Bernanke told Congress in late April that he and his colleagues might pause after 15 consecutive interest rate increases. Such a pause would be based on the Fed's forecast that the economy will slow this year as higher interest rates cause the housing market to cool, prompting consumers to ease up on spending and tamping down inflation pressures. Some Fed officials have worried about raising interest rates too high, or "overshooting," and triggering a sharper economic downturn.

The economy grew at a rapid 5.3 percent annual rate in the first three months of the year, and many analysts forecast it to slow to a pace closer to 3 percent for the rest of the year. Several Fed officials believe an annual growth rate of 3 to 3.5 percent would be "sustainable" over the long term without fanning inflation.

Fed policymakers noted at the May meeting that the housing market had lost steam. Sales have fallen from their peaks last year, inventories of unsold homes are rising, and price appreciation is slowing. The Mortgage Bankers Association reported yesterday that mortgage applications fell last week to a level 22.4 percent lower than the corresponding week last year.

But FOMC members also noted that their desired slowdown had not arrived. Instead, exports were rising. Business spending on plants and equipment was robust.

The economy "had been growing quite strongly, and whether economic growth would moderate to a sustainable pace was not yet clear," said the minutes, which summarize the discussion without identifying participants by name.

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Moreover, the officials agreed "inflation pressures appeared to be somewhat greater than the committee had anticipated" at its previous meeting in March. Fed officials "expressed some concern about recent price developments."

And if the Fed officials worried about overshooting at the May meeting, there was no mention of such concerns in the minutes -- in contrast to the previous meeting.

"Not one inflation gauge is trending [down] in a way that would support a pause," said Yamarone, who predicted that the Fed will raise its benchmark rate to at least 5.5 percent this summer. "They're all trending higher, and that has to be addressed by the Fed."

Fed Grows Uncertain Over Rates As Inflation Concerns Multiply (WSJ)

By Greg Ip

The Wall Street Journal, June 1, 2006

WASHINGTON -- Federal Reserve officials discussed leaving interest rates unchanged in May or raising them half a percentage point before settling on a quarter-point boost, evidence of their growing uncertainty over what rate action to take, the minutes from their deliberations show.

The minutes from the May 10 meeting of the policy-making Federal Open Market Committee, released Wednesday after the usual three-week lag, also show officials increasingly concerned about inflation and inflation expectations.

They also disclosed that Chairman Ben Bernanke had appointed a subcommittee on communications to be led by governor Donald Kohn and including Federal Reserve Bank of Minneapolis President Gary Stern, and San Francisco Fed President Janet Yellen.

Officials discussed actions ranging from leaving rates "unchanged at this meeting to increasing the federal-funds rate 50 basis points," but all agreed a 25-basis-point move "was appropriate today to keep inflation from rising and promote sustainable economic expansion," the minutes said. (There are 100 basis points in a percentage point.)

The committee's vote to push the Fed's short-term interest-rate target up a quarter point -- to 5% -- was the 16th consecutive meeting with such an increase and was widely anticipated in markets. Nonetheless, it was the first time since the Fed began to raise rates in June 2004 that, according to minutes, anything other than a quarter-point increase was discussed, other than soon after Hurricane Katrina last summer, when one member preferred no rate increase. Future meetings also are likely to feature divergent opinions and, perhaps, dissenting votes on the rate action. That would reflect the different weights officials put on their concerns about rising inflation and slowing economic growth.

Officials "were uncertain about how much, if any, further tightening would be needed." Excluding food and energy prices, "consumer inflation had lately been a little higher than expected," and fresh increases in energy prices might be "reflected to a greater degree" in other costs "in coming months," the minutes said. In addition, consumer surveys and the behavior of inflation-indexed Treasury bonds suggested the public also was expecting higher inflation.

Indeed, officials debated whether they could continue to call such expectations "contained" in their postmeeting statement. They ultimately did, judging that the "pickup in longer-term expectations, while worrisome, was relatively small."

On the other hand, officials saw "downside risks to economic activity," in particular a bigger-than-expected slowing in housing as long-term rates rose. They predicted "growth in activity would moderate" and "core inflation would stay close" to recent levels.

Data released since the May 10 meeting show inflation has remained worrisome, but housing construction and consumer spending have softened, suggesting the economy is slowing as Fed officials expected. Nonetheless, after release of the minutes Wednesday, futures markets boosted the probability to 72% from 58% that the Fed will raise its short-term rate target to 5.25% on June 29.

The minutes shed little light on what Mr. Kohn's subcommittee on communications will tackle. Mr. Bernanke is known to favor releasing more information on the Fed's goals and decision-making, such as a numerical inflation objective, more frequent forecasts and possibly longer, less-formulaic statements. Similar committees in the past have overhauled the structure of the Fed's statements from time to time, but no formula has yet reconciled the Fed's conflicting goals of transparency and simplicity.

John Engler (CSM)

DOJ_NMG_0030847

By David T. Cook

The Christian Science Monitor, June 1, 2006

Manufacturing is not glamorous.

When I mentioned at a family gathering that the Monitor was hosting a breakfast for the head of the National Association of Manufacturers (NAM), the response was: why?

But while it lacks the sizzle of the software, music, or movie industries, the manufacturing sector remains a major economic force in the US. According to a recent speech by NAM president John Engler, manufacturing generates about $1.4 trillion, or 12 percent of our gross domestic product. Manufacturers fund nearly two-thirds of US research and development, account for three-fourths of our nation's exports, and despite recent employment woes, still provide more than 20 million high-paying jobs.

So it is worth listening to Mr. Engler on the challenges facing a key force in the economy.

Before moving to Washington to head the NAM, Mr. Engler was the governor of Michigan for three terms. He was something of a political child prodigy, elected at age 23 to the Michigan State House of Representatives. Here are excerpts from his remarks at Wednesday's breakfast: On the outlook for the US manufacturing sector:

"We are still the possessors of a substantial manufacturing sector. The demise of the manufacturing economy, the obituaries for that are a bit premature. 2005 was a record [year for] output in US manufacturing history, accomplished with fewer people, reflecting the incredible productivity that has been driving manufacturing.... It is a growth rate that makes us the envy of virtually all of old Europe. [The outlook is for] more modest growth this year than last, but still positive, with threats as a result of external factors [that are] hard for individual manufacturers to control." On Treasury Secretary designate Henry Paulson's opportunities:

"I think one of the things that is interesting about Secretary Paulson, which could be a huge advantage for him, [is that] he probably has been to China ... more than 70 times. He may have been to China more than ... the entire US Senate. So there is going to be an ability on his part hopefully ... to craft a China policy and a China relationship that can be more of a win-win. We obviously share the opinion of groups like the International Monetary Fund that there is an imbalance in terms of the under-valuation of the Chinese currency. We also worry a lot about the fact that there are significant subsidies allowed Chinese enterprises that are not enjoyed by US companies and that makes it hard to compete." On the lack of a US energy policy:

"It is pretty central to economic policy. I think America lacks an energy strategy and from a manufacturing perspective, where we use a third of the electricity generated in America, it is simply unacceptable and represents a threat to a strong manufacturing economy in America." On the outlook for the US automobile industry:

"It is to the point now where they simply, fundamentally, have got to be fixed. And that means they are going to get smaller in order to get better." On Congressional inaction on key national problems:

"I think there has probably never been less connection between the money people donate and the results they get than there is today, regardless of party. I think to the extent there is frustration, it is the seeming inability of Congress to find any time when it is able to do something that is in the interests of the country ... regardless of whether someone benefits more than somebody else or he or she wins.... Today the motivation so often seems to be that, 'I can't do this because if we did it and it worked, X would get credit for it. And I would rather have nothing happen than to have X get credit.' In that environment, how do you ever do anything? We are taking on, in a very tough global environment, countries that are focused on doing everything they can and whatever it takes to sort of capture investment and growth."

Stocks Enter June On Solid Gains (WSJ)

By Karen Talley

The Wall Street Journal, June 1, 2006

As stocks ended the month with a solid gain, shares of NRG Energy, ADC Telecommunications and ATI Technologies moved on deals, both in the works and contemplated.

The Dow Jones Industrial Average rose 73.88 points, or 0.67%, to 11168.31, after losing 184.18 on Tuesday. For May, the Dow industrials lost 1.7%, the biggest monthly decline since June 2005 and first monthly drop so far this year.

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The Nasdaq Composite Index gained 14.14, or 0.65%, to 2178.88. For the month, the Nasdaq fell 6.2%. The Standard & Poor's 500-stock index added 10.25, or 0.81%, to 1270.09. For the month, the S&P 500 declined 3.1%.

Stocks started out well as the price of oil fell and ended up building on those gains in a bit of a delayed reaction to the midafternoon release of minutes from the Federal Reserve's most recent meeting. "The minutes contained something for everyone," said Phil Dow, director of equity strategy at RBC Dain Rauscher. "Looking at them you could make an equally strong case for either a pause or a hike."

NRG Energy leapt $6.74, or 16%, to $49.75, the biggest percentage rise on the Big Board. Mirant said it made an unsolicited offer last month to acquire the fellow power generator for $7.85 billion, but in a rejection letter sent May 23, NRG called the cash-and-stock offer "the wrong deal at the wrong time." Mirant shed 37 cents, or 1.5%, to 24.88.

ADC plunged 4.46, or 20%, to 17.92 and Andrew added 34 cents, or 3.5%, to 10.12, both on Nasdaq. ADC agreed to acquire the Westchester, Ill., concern, merging ADC's wireline business with Andrew's wireless-infrastructure assets into a company with combined revenue of $3.3 billion.

ATI (Nasdaq) jumped 1.36, or 9%, to 16.51. RBC Capital Markets said Advanced Micro Devices could soon announce a strategic "tie-up" between AMD and the graphics chip maker or an outright acquisition of ATI. Advanced Micro rose 41 cents, or 1.4%, to 30.89.

Tiffany & Co. rose 1.69, or 5.2%, to 34.19. The upscale retailer's first-quarter profit rose 7.7% despite sluggish U.S. jewelry sales, as business in Japan and other markets overseas was better than expected.

Rambus lost 1.58, or 6.1%, to 24.26 on the Nasdaq. The memory-technology company said its board is investigating the timing of past stock-option grants.

Royal Caribbean Cruises rose 2.39, or 6.7%, to 38.08. The cruise ship operator expects to buy back 4.1 million shares as part of some financial transactions.

Freddie Mac dropped 1.54, or 2.5%, to 60.04. The mortgage-finance company reported a 27% drop in net income for 2005 to $2.13 billion, reflecting the costs of settling shareholder suits, losses on Hurricane Katrina and accounting changes.

Healthways (Nasdaq) advanced 2.52, or 5%, to 53.14. One of the country's biggest disease-management companies said it agreed to buy one of its largest rivals, closely held LifeMasters Supported SelfCare, for $307.5 million.

L-3 Communications lost 4.91, or 6.3%, to 72.96. CIBC World Markets cut its rating on the shares of the defense contractor to "sector performer" from "sector outperformer," citing uncertainty over option-grant timing, recent acquisitions and lack of visibility with succession planning.

Monsanto rose 1.98, or 2.4%, to 84.16. The biotechnology and agricultural-products company raised its fiscal 2006 earnings forecast, citing strength in its U.S. corn-seed and trait business.

Dell (Nasdaq) gained 36 cents, or 1.4%, to 25.38. The computer maker unveiled a set of personal computers it said would expand its moves into the consumer-entertainment market.E*Trade Financial gained 84 cents, or 3.6%, to 24.27. The online financial-services company plans to acquire Retirement Advisors of America, a Dallas investment adviser that E*Trade said was managing more than $1 billion of assets as of the end of 2005. Terms weren't disclosed.

Marvel Entertainment lost 72 cents, or 3.6%, to 19.10. The entertainment and licensing company announced newappointments in its studios division, with Avi Arad giving up the posts of chairman and chief executive of Marvel Studios but remaining involved with an independent production deal.

Oregon Steel Mills gained 3.22, or 7.4%, to 46.93. UBS upgraded its rating on the shares of the steelmaker to "buy" from "neutral," citing valuation and potential earnings from its energy-infrastructure business.

Applebee's International (Nasdaq) lost 82 cents, or 3.9%, to 20.22. The restaurant chain said May same-store sales, or sales from restaurants open at least a year, fell 1.9% system-wide, declined 2% at domestic franchise locations and dropped 1.9% at company-owned restaurants.

Expedia (Nasdaq) advanced 36 cents, or 2.6%, to 14.21. Credit Suisse said near-term downside is limited for the online travel agency, and so it upgraded its rating on the stock to "neutral" from "underperform."

Nasdaq-traded Altera rose 55 cents, or 2.9%, to 19.56. The maker of chips used in products such as Internet routers and flat-panel televisions said it still sees second-quarter sales growing 7%-10 % sequentially.

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Costco Wholesale (Nasdaq) lost 63 cents, or 1.2%, to 52.93. The warehouse-club retailer said its fiscal third-quarter profit rose 12% on a solid sales increase, but the results fell slightly short of Wall Street's expectations amid a higher tax rate and thin margins on gasoline sales.

Medicare Drug-Cap Savings May Be Offset By Hospital Visits (WSJ)

By John Hechinger

The Wall Street Journal, June 1, 2006

Capping Medicare drug benefits results in more patient visits to emergency rooms and hospitals, offsetting savings from lower spending on prescription medications, researchers say.

The study, published Thursday in the New England Journal of Medicine, gives ammunition to critics of the new Medicare Part D prescription-drug benefit, which includes payment restrictions.

Researchers at health-maintenance organization Kaiser Permanente in Oakland, Calif.; the University of California, San Francisco; and Harvard University examined the cost and clinical outcomes of 199,179 Kaiser beneficiaries in Northern California who were enrolled in a program called Medicare+ Choice in 2003.

Under that program, annual drug benefits were capped at $1,000. The study compared 157,275 Kaiser beneficiaries with caps to 41,904 who had unlimited benefits because of supplemental coverage from their employers.

The study, which received funding from federal agencies and the Alfred P. Sloan Foundation, found that a cap on drug benefits lowered pharmacy costs by 31%. But total medical costs, including drugs, were roughly the same.

Researchers said that was largely because patients with drug caps had a 9% higher rate of emergency-room visits, a 13% higher rate of nonelective hospitalizations and a 22% higher death rate.

The study found subscribers with capped drug costs were less likely to take drugs to lower blood pressure and cholesterol and to control diabetes -- chronic conditions for which medication can offer cost-effective drugs to prevent costly health problems later.

For example, the study found, 14.6% of those enrolled in plans without caps failed to take their blood-pressure medication as prescribed by their doctor, while 18.1% neglected to do so in plans with restrictions.

Researchers noted that the cap in the older Medicare plan differs from the terms of Medicare Part D prescription drug benefit. The benefit took effect Jan. 1, and more than 37 million senior citizens enrolled in the plan by the initial May deadline. Under the standard Part D plan, those who enroll pay a $250 deductible, after which they pay 25% of the next $2,000 in costs, or $500. Then, in what critics have called the "doughnut hole," seniors must pay 100% of drug costs for the next $2,850. After hitting $3,600 out of pocket, they pay 5% of drug costs above that level. Various private plans can offer richer coverage with different terms for monthly premiums that now range from less than $2 to about $40.

Kenneth E. Thorpe, a professor of health policy at Emory University, who wrote an editorial about the study in the journal, said the research shows cost saving through coverage caps is especially wrongheaded for treating chronic diseases. In terms of Medicare Part D, "we may very well be penny-wise and pound-foolish here," he said in an interview.

But Peter Ashkenaz, a Medicare spokesman, said Part D doesn't completely cut off coverage after $1,000 and is a vast improvement for most seniors, who previously had "no coverage whatsoever" for prescription drugs under the standard Medicare plan.

Low Payments By U.S. Raise Medical Bills Billions A Year (NYT)

By Milt Freudenheim

The New York Times, June 1, 2006

Employers and consumers are paying billions of dollars more a year for medical care to compensate for imbalances in the nation's health care system resulting from tight Medicare and Medicaid budgets, according to Blue Cross officials and independent actuaries.

A new study commissioned by Premera Blue Cross, based in Seattle, has found a rapid acceleration in higher costs to private payers in Washington State, for example, as hospitals and doctors grapple with constraints in the federal health insurance programs.

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The study found that in 2004, the most recent year for which full data are available, hospitals in Washington State charged an additional $738 million — or 14.3 percent of their revenue — to private payers to make up for Medicare and Medicaid underpayments. Similarly, doctors shifted $620 million, or 12 percent, said John Pickering, an actuary at Milliman Inc., a consulting and actuarial firm that conducted the study.

A similar Milliman study in California for 2004 said that health plans and consumers paid an additional $4.5 billion for hospital care in that state to compensate for Medicaid and Medicare constraints. Milliman's California study, commissioned by Blue Shield of California, did not include physicians' charges.

Will Fox, a Milliman actuary, said California hospitals had been hit particularly hard by Medicare payment policies in the last few years, "and there is no reason to think this has let up."

Other research has come to similar conclusions across the country. Unpaid hospital bills, largely for the uninsured, are costing about $45 billion nationally a year and adding about 8.5 percent to the cost of health insurance for those who do pay, said Kenneth E. Thorpe, a health care economist at Emory University.

Employers said the rising cost trends were, in turn, adding to the growing numbers of people without insurance. And when those people check into hospitals, they generate even higher costs for those employers and consumers who pay insurance premiums.

"This is a serious national problem, and it is only going to get much worse," said Helen Darling, president of the National Business Group on Health, a research and trade group for large employers. "There are more uninsured, the hospitals are inefficient, and every year, Medicare and Medicaid hold down on increases to cover rising medical costs," she said.

Rich Maturi, a senior vice president of Premera, said the report would show "employers and policy makers that they needed to address an unsustainable trend in the growth of cost-shifting." Business leaders, health plans and groups representing hospitals and doctors plan to meet in July to review the report and make policy recommendations.

Although many state budgets are overwhelmed by rising Medicaid costs, health care reforms intended to reduce the ranks of the uninsured that were recently enacted in Massachusetts and Vermont include more state money for Medicaid. Blue Cross Blue Shield of Massachusetts and Partners Healthcare, the largest hospital group in Boston, jointly supported the Medicaid increases.

"That was a real-world example of hospitals and insurers seeing that the had common interests," said Paul Ginsberg, a health economist who is president of the Center for Studying Health Systems Change, a nonprofit research group in Washington.

Hospitals across the country lost money on Medicare patients in 2003 after at least six years of declining profit margins, according to the latest report by the Medicare Payment Advisory Commission, which advises Congress and federal officials.

Glass Artists Face Off In Court (NYT)

By Timothy Egan

The New York Times, June 1, 2006

SEATTLE, May 31 — As an ever-moving maestro in the world where fine art and commerce converge, Dale Chihuly is perhaps the world's most successful glass artist.

His clients include Bill Gates and Bill Clinton, and his elaborate installations of sea gardens and flower clusters show that mere sand transformed by fire can elevate a casino ceiling to the level of gallery spectacle.

But now Mr. Chihuly is in the midst of a hard-edged legal fight in federal court here over the distinctiveness of his creations and, more fundamentally, who owns artistic expression in the glass art world.

Mr. Chihuly has sued two glass blowers, including a longtime collaborator, for copyright infringement, accusing them of imitating his signature lopsided creations, and other designs inspired by the sea.

"About 99 percent of the ocean would be wide open," Mr. Chihuly said in an interview. "Look, all I'm trying to do is to prevent somebody from copying me directly."

The glass blowers say that Mr. Chihuly is trying to control entire forms, shapes and colors and that his brand does not extend to ancient and evolving techniques derived from the natural world.

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"Just because he was inspired by the sea does not mean that no one else can use the sea to make glass art," said Bryan Rubino, the former acolyte named in the suit who worked for Mr. Chihuly as a contractor or employee for 14 years. "If anything, Mother Nature should be suing Dale Chihuly."

The suit, rare in art circles, offers a sometimes unflattering glimpse at how high-powered commercial artists like Mr. Chihuly work. The two glass blowers say that he has very little to do with much of the art, and that he sometimes buys objects and puts the Chihuly name on them, a contention that Mr. Chihuly strongly denies.

He acknowledges that he has not blown glass for 27 years, dating from a surfing accident that cost him the full range of shoulder motion, an injury that struck three years after he had lost sight in his left eye in a traffic accident.

Still, Mr. Chihuly said, he works with sketches, faxes and through exhortation. Nothing with his name on it ever came from anyone but himself, he said.

Andrew Page, editor of Glass: The Urban Glass Art Quarterly, which is published in New York, said that Mr. Chihuly deserved a high place in the pantheon of glass artists, but that the suit could hurt his reputation by igniting countercharges and opening a window into how a celebrity artist works on a mass scale.

"I think Dale Chihuly is a pure original," Mr. Page said. "He has a tremendous sense of color and composition. And he has done a tremendous amount for the field. But this lawsuit may have been the worst thing he could have done."

A butcher's son from hardscrabble Tacoma, Mr. Chihuly, 64, operates out of a cavernous boathouse on Lake Union with a split-tree table inside that seats 200 and a lap pool with a riotous sprouting of glass objects beneath a clear floor.

The artist has 93 employees, part of a veritable fine art factory called Chihuly Inc. When celebrities like Robin Williams or Colin L. Powell visit Seattle, the boathouse is often the sole stop they want to make.

Mr. Chihuly said he had no choice but to use the courts to try to eliminate "knockoffs" by people trying to profit from his empire.

"This lawsuit is not about money," he said, puttering around the boathouse in paint-splattered shoes with a lawyer and publicity agent in tow. "It's about what is fair. There are a million forms you can make that don't look like mine."

In a 2003 copyright case involving glass art, the United States Court of Appeals for the Ninth Circuit, in San Francisco, ruled against an artist who said another artist had used his design of jellyfish encased in glass. The two designs looked similar, but the court said no one could copyright nature.

"These ideas, first expressed by nature, are the common heritage of humankind, and no artist may use copyright laws to prevent others from depicting them," the court said. But the judges added that any artist might "protect the original expression he or she contributes to these ideas."

Mr. Chihuly said it was his original expression in deliberately off-centered bowls, baskets and vases, as well as sea forms and flowers that made his designs unique. His elaborate installations, often filmed and sold as DVD's, include "Chihuly Over Venice," a 40,000-pound ceiling installed in the lobby of the Bellagio casino hotel in Las Vegas, and a 48-foot-tall design at the Tower of David Museum in Jerusalem.

Karrin Klotz, a copyright lawyer and lecturer at the University of Washington School of Business, said there was precedent for Mr. Chihuly's claim, that Picasso was able to copyright a mere few lines on a pad because they were so distinct.

"I think his works are distinctive enough to be protected," Ms. Klotz said of Mr. Chihuly. "He is depicting things like flowers and sea forms that may be derived from nature, but the way he shapes them can be protected."

In court filings and at preliminary hearings where boxes of Mr. Chihuly's delicate multidimensional glass objects were presented as exhibits next to the work of Mr. Rubino, and the other artist named in the suit, Robert Kaindl, the similarities in the works are striking.

The case may turn on factors like whether a "lip wrap," a colored trim line around the edge of a design, or a certain ripple is the exclusive domain of Chihuly Inc.

Lip wraps and ripples, the glass blowers say in their counterclaim, "have been around for centuries" and are standard design elements.

Lawyers for Mr. Chihuly agreed that glass art was 5,000 years old, but said he created his own look and revolutionized the glass art world.

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"Mr. Chihuly made an abrupt departure from the notion of centered works, making instead glass sculptures that appear to be collapsing, frozen in time," the lawyers wrote in a complaint in the fall.

One question unanswered by the suit is why Mr. Rubino and Mr. Chihuly would turn on each other so bitterly. By all accounts, they worked closely for nearly 20 years on Mr. Chihuly's biggest projects, a relationship not unlike partnerships through the ages between masters and the craftsmen who carry out their work.

In court filings, lawyers for the glass artists wrote that Mr. Chihuly would "often ask Mr. Rubino to come up with something for Dale Chihuly to review and purchase for Chihuly Inc."

"Chihuly is not the source of inspiration for a substantial number of glass artwork carrying the Chihuly mark," they wrote.

In an interview, Mr. Rubino said he did not understand why Mr. Chihuly went after him and said the suit could ruin him. He said it could prevent him from making the most basic of glass objects that are lopsided by gravity when pulled from an oven.

"I'm a technician," Mr. Rubino said. "I can make anything out of glass, and I can spin it any way."

For his part, Mr. Chihuly called Mr. Rubino a "gaffer," a term for a glassblower who labors around a furnace at the instruction of an artist. Asked to assess Mr. Rubino, Mr. Chihuly said, "He was an excellent craftsman" with little vision of his own.

"You think I would ever let Rubino decide what something looks like?" Mr. Chihuly asked.

Mr. Rubino's lawyer, Scott Wakefield, said Mr. Chihuly was in essence seeking a monopoly over a huge field of art.

"If the first guy who painted Madonna and Child had tried to copyright it," Mr. Wakefield said, "half of the Louvre would be empty."

Bush Pitches In To Help Ehrlich (WT)

By Stephen Dinan

The Washington Times, June 1, 2006

BALTIMORE -- President Bush hopped over to Baltimore yesterday to raise money for the Maryland Republican Party, telling a high-paying crowd of several hundred to help re-elect Gov. Robert L. Ehrlich Jr. and also send Lt. Gov. Michael S. Steele to the U.S. Senate, although the latter was conspicuously absent.

"In our line of work there's a lot of big talkers, and sometimes you find a doer -- somebody who knows how to set an agenda and lead people to accomplish that agenda," Mr. Bush said. "Bob Ehrlich is a doer, he's a great leader, and he needs to be re-elected governor of the state of Maryland."

Mr. Bush stood on a stage in a ballroom at the BWI Marriott just feet away from Mr. Ehrlich, but the president also had brief kind words for Mr. Steele, the other major Republican statewide candidate on the ballot in November, even though Mr. Steele was not there.

"By the way, when you're getting him in as governor, make sure you put Michael Steele into the United States Senate," Mr. Bush said, in one of just two references to the Senate candidate in his speech.

Mr. Steele is one of the most senior black Republican officeholders in the nation and is one of the party's high-profile candidates in November. He has not been shy about disagreeing with Mr. Bush publicly in recent weeks, saying in particular that Mr. Bush mishandled the federal response to Hurricane Katrina.

Mr. Steele was in Las Vegas at another engagement yesterday, Republicans at yesterday's Maryland event said. But they dismissed talk of a rift, saying the two have campaigned together before. In December, Mr. Bush drew about 600 guests and netted about $500,000 at a Steele fundraiser at the Baltimore Ravens' M&T Bank Stadium.

The president praised Mr. Ehrlich for being "an education governor" who fought for charter schools and accountability, said he worked to clean up the Chesapeake Bay, and controlled spending and increased jobs. He said Mr. Ehrlich also deserves to be re-elected because he blocked a huge tax increase that would have happened had a Democrat won in 2002.

"I tell you what would have happened -- the legislature would have raised $7.5 billion in tax increases had you not had this man as the governor of the state of Maryland," he said.

Mr. Ehrlich will face one of two strong Democratic challengers -- Montgomery County Executive Douglas M. Duncan or Baltimore Mayor Martin O'Malley -- in his bid for a second term.

"This is about a competitive two-party state," Mr. Ehrlich said before introducing Mr. Bush.

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Mr. Bush is stepping up his campaign schedule in the run-up to November, knowing that control of Congress -- and therefore his ability to pursue his agenda in the last two years of his presidency -- is on the line.

The Maryland Senate race could figure prominently in the battle for control of Congress. Democrats would need to net six seats to gain control of the upper chamber, and a defeat in a Democrat-held seat in Maryland could doom Democrats' chances.

Mr. Steele has distanced himself from Mr. Bush in other ways. According to columnist Robert Novak earlier this week, Mr. Steele "could not find anything favorable to say about the president" during an event at Prince George's Community College. Mr. Novak also said that Mr. Steele "was even tougher on Bush in talking to me: 'In the eyes of blacks, [Hurricane] Katrina was a 9/11 event. You didn't fly over 9/11. You got on the ground in the rubble. You should have been on the ground for Katrina.' "

Some of the Republicans in attendance last night said they were surprised by Mr. Steele's absence, but said there was no rift and he would benefit anyway from the event, which raised funds for Maryland Victory 2006, a get-out-the-vote operation that specifically targets state legislative races and Mr. Ehrlich's campaign, but which will benefit Mr. Steele as well.

Organizers wouldn't say how much tickets were or how much they took in, though they said it was the most successful event ever for the state party. Early reports had the event netting around $1 million. Couples who attended the VIP reception beforehand and had a photo taken with the president paid $10,000 a couple.

Several hundred people attended the main speaking event and heard Mr. Bush refer repeatedly to Mr. Ehrlich's record in specific detail.

The money raised goes to Maryland Victory 2006, a get-out-the-vote operation that specifically targets state legislative races and Mr. Ehrlich's campaign but which will benefit Mr. Steele as well.

Mr. Bush is still a giant draw for Republican candidates, and the White House says he is getting more requests than he can fulfill, but some incumbent lawmakers are choosing not to attend events with him.

Rep. Curt Weldon, Pennsylvania Republican, skipped a similar event last week for U.S. House Republicans from the Philadelphia area. Mr. Weldon told the Wall Street Journal that Mr. Bush is doing poorly in his state and said, "I've got to win this by myself."

For yesterday's event, Mr. Bush showed he had more than a passing familiarity with Mr. Ehrlich's campaign and accomplishments during his first term. The president touted the governor's record on the Chesapeake Bay and charter schools, and spoke in depth about Mr. Ehrlich's performance on tax cuts and the state budget.

He also said Mr. Ehrlich showed he can manage finances by cutting his own executive office by 7 percent.

Mr. Bush continued to sound themes popular with conservatives such as his pledge to veto the emergency spending bill for the war on terror and hurricane relief if Congress spends more than the president's target.

But Mr. Bush didn't mention another hot-button issue -- immigration, which divides his party deeply.

Steele Absent From Bush GOP Fundraiser (WP)

By Matthew Mosk

The Washington Post, June 1, 2006

President Bush shuttled into Maryland last night to help the state Republican Party raise more than $1 million for a number of high-profile 2006 races, but only one of the state's two marquee Republican candidates joined him.

Gov. Robert L. Ehrlich Jr. stood on a riser shoulder to shoulder with the president, but the party's leading candidate for an open U.S. Senate seat in Maryland, Lt. Gov. Michael S. Steele, was absent. Steele had a scheduling conflict, campaign spokesman Doug Heye said.

In a speech to 300 Ehrlich loyalists, Bush focused on what he said were the high points of the governor's first term, including initiatives to promote charter schools and the health of the Chesapeake Bay.

"I like Bob Ehrlich because he's not afraid to take on problems," Bush said. "Bob Ehrlich is a problem solver."

As they waited for the president to speak in a hotel ballroom near Baltimore-Washington International Thurgood Marshall Airport, several Republicans in the crowd said they were not concerned about Bush's poll numbers in Maryland. His approval rating in the state has dipped below 30 percent, according to a recent poll.

Democrats were eager to promote Bush's appearance, figuring it wouldn't help Ehrlich politically.

"We encourage him to come back every day and spend more and more time with Governor Ehrlich," a grinning Baltimore Mayor Martin O'Malley said at a news event yesterday morning. O'Malley and Montgomery County Executive Douglas M. Duncan are the two Democrats seeking to unseat Ehrlich this fall.

Democratic Party officials also were quick to spotlight Steele's decision to miss the event. Steele was in Nevada to attend a fundraiser in his honor, his campaign aides said.

Analysts disagreed over whether Steele was sending a message. The lieutenant governor has not been shy about appearing close to the president, having taken part in numerous events with Bush's close aides and relatives and a fundraiser headlined by Bush.

Jennifer Duffy, managing editor of the nonpartisan Cook Political Report, said it is one thing for a candidate to pass on an event with the president if he has a clear conflict, such as a pending vote on Capitol Hill. "It's a lot harder to explain that you didn't attend an event with the president because you were going to an event hosted by a senator from another state," Duffy said. "I think you have to assume there is some element of him distancing himself not only from the president, but from the party."

In Maryland, any Republican running statewide will have to reach across the aisle for votes. The state's registered Democrats outnumber Republicans by nearly two to one.

Steele's candidacy, in particular, has been designed to draw support from black voters who may be disaffected Democrats but still disapprove of Bush in overwhelming numbers. One internal Democratic Party poll recently put Bush's support from black voters in Maryland at 8 percent.

Ehrlich aides said that for the governor, there was no question about whether he would attend last night's event.

"There was no ambivalence on the governor's part," said Shareese DeLeaver, a campaign spokeswoman. "We're onboard."

Ehrlich's political opponents said they didn't see that the governor had a choice. Senate President Thomas V. Mike Miller (D-Calvert) recalled that in 1998, when then-Gov. Parris N. Glendening (D) canceled a fundraiser with President Bill Clinton, the decisions wound up looking petty and disloyal.

"I personally think Ehrlich's decision as a party leader is the right decision," Miller said. "But he is going to have to acknowledge that he's aligned with the president."

Silver Spring developer and political commentator Blair Lee, who is quick to praise Ehrlich, said not showing up would also be at odds with the governor's personal style. "He's a jock," Lee said. "It's part of the jock code. You don't turn your back on your teammates."

Whether it will hurt Ehrlich to be associated closely with the president is an open question.

When Jerry W. Kilgore (R) was running for governor in Virginia last year, some viewed the president's declining popularity, particularly in Northern Virginia, as a factor in Kilgore's loss.

Kilgore struggled visibly over how to handle appearances with Bush. Just weeks before the election, he declined to accompany Bush to an event in Norfolk, but the two appeared together on the eve on the election to try to turn out the Republican base.

Bush Helps Raise $1M For Md. Republicans (AP-Y2)

AP2, May 31, 2006

President Bush helped raise $1 million Wednesday to boost the effort to give a second term in the Maryland governor's office to a Republican for the first time in half a century.

Maryland's GOP governor, Robert Ehrlich, faces a difficult re-election battle in November. The first Republican elected governor of this traditionally Democratic state in 38 years, he has two potentially strong Democratic challengers: Baltimore Mayor Martin O'Malley and Doug Duncan, county executive of Maryland's most populous county.

"Some people talk a good game," Bush said of Ehrlich before well-heeled supporters at a cocktail reception at an airport hotel. "This man has delivered."

The event raised $1 million for the state GOP.

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Notably absent was Lt. Gov. Michael Steele, the Republican seeking the state's open U.S. Senate seat. With several Democrats vying to run against him, Republicans see the race as a good chance to pick off a Senate seat now held by Democrats. Five-term Democratic Sen. Paul Sarbanes (news, bio, voting record) is retiring.

Steele's campaign said he was in Las Vegas on Wednesday for a fundraiser that had been on his calendar for months.

As donors waited for Bush to speak, Ehrlich said the event and others like it are crucial to Maryland Republicans' hopes to turn the Democratic stronghold into a two-party state.

"It's about realignment," he said.

Clinton Opens State Campaign With Salvos At White House (NYT)

By Anne E. Kornblut

The New York Times, June 1, 2006

BUFFALO, May 31 — Senator Hillary Rodham Clinton formally opened her Senate re-election campaign on Wednesday with a call to "take our country back" from the current Republican leadership, cataloging what she called the Bush administration's failures in a marquee appearance at the state Democratic convention that signaled how she might approach a presidential campaign.

Mrs. Clinton, virtually unchallenged within the party for her seat, accepted the nomination by first showing an 18-minute biographical film contending that as a senator, she has converted former skeptics into supporters. But in remarks that followed, Mrs. Clinton, who aides say is still deciding whether to run for president in 2008, quickly broadened her message into an argument for new leadership at the national level.

"I believe that we need a fundamentally new direction," Mrs. Clinton told several hundred convention delegates, who unanimously chose her as the party's Senate candidate.

"We are better than what is happening in America today," Mrs. Clinton continued.

She added that events like Hurricane Katrina's aftermath "show what happens when our leaders are not paying attention, when they're not making decisions based on the facts on the ground, when they just think they can get away with saying, 'You're doing a heck of a job.' " Her allusion was to President Bush's assessment of Michael D. Brown, who was the director of the Federal Emergency Management Agency at the time of the hurricane..

Mrs. Clinton mentioned the war in Iraq — a contentious undercurrent throughout the Democratic gathering — just once. Rather than defend her decision to vote for authorizing the war, as she sometimes has in the past, Mrs. Clinton emphasized the need to rely on Iraqi security forces so American troops can come home.

Her comments came as the convention passed a resolution urging a troop withdrawal at the earliest practical date and as an antiwar activist, Jonathan Tasini, said he would seek the 15,000 signatures needed to enter a primary against Mrs. Clinton in September.

Heading into this election, Mrs. Clinton faces a divided Republican Party, whose delegates — holding their own convention Wednesday on Long Island — split their support between two candidates to challenge Mrs. Clinton, paving the way for a potentially bruising primary.

Mrs. Clinton's convention appearance, while predictable in political terms, held important symbolic meaning: Her advisers hope that a strong showing in New York, particularly in Republican upstate areas, will convince Democrats nationwide that she holds bipartisan appeal. In many ways her re-election campaign will be about beating expectations, or at least surpassing the 55 percent of the electorate she won in 2000.

That much was reflected in the biographical film that opened the event: Produced by the longtime Clinton media adviser Mandy Grunwald, it wove a narrative of Mrs. Clinton's short political life, starting with President Bush's prediction in July 2000 that her Republican opponent would win.

From there, it told of a larger-than-life senator (her husband, former President Bill Clinton, is among those interviewed) who has nonetheless paid attention to small, human tasks (like comforting an amazed Sept. 11 survivor in her hospital bed) and diligently worked across the aisle to get things done (another testimonial is from Maj. Gen. Thomas P. Maguire, the former adjutant general of New York and an ally of Gov. George E. Pataki, a Republican).

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Still, it was Mrs. Clinton's speech after the film that captured her current political thinking and was sure to be interpreted in the context of speculation that she will run for president in the next campaign.

Iraq has been a vexing issue for Mrs. Clinton and other Democrats who voted for what has become an increasingly unpopular war. In her speech, Mrs. Clinton attacked the Bush administration for its "wrongheaded, short-sighted foreign policies" and made a pointed comment on the president's handling of the war.

"Stand with me as we push the Bush administration to take responsibility for the mistakes and misjudgments that they have made around the world," she said. "And stand with me as we put pressure on both the administration and the new Iraqi government to get behind a real plan for the Iraqis to assume a growing responsibility for their own security and safety, so that we can begin to bring our troops home."

Mr. Tasini, a former union official who acknowledged that his real purpose at the convention was to spur a debate on Iraq rather than to defeat Mrs. Clinton, said he was unsatisfied by her remarks about the war. "I don't think that's dramatically different than the administration's position," he said.

At times, Mrs. Clinton sounded determined to distinguish her views more forcefully. She repeated "I believe" at least a half-dozen times. "I believe in the chance for every person to pursue his or her dreams," she said. "I believe in the dignity of work that is fairly compensated."

At another point, she said: "I believe in a government that makes decisions based on facts — and, sadly, that seems to be an unusual idea in Washington these days."

Later, she repeated "Stand with me," or "Stand against" or "Stand up for" over and over. It was a rhetorical device that seemed destined for the campaign trail and was, her aides said, reminiscent of language she used in 2000.

She drew strong, if not passionate, applause from a crowd that chanted "Hil-la-ry" when she arrived. Her husband sat up front, watching her with a smile. When she pointed him out, praising him as an inspiration and a mentor, a friend and a partner, the audience cheered and rose for a standing ovation. Mr. Clinton joined her onstage for an embrace at the end, before the obligatory balloon drop that signaled a campaign under way. (Their daughter, Chelsea, had hoped to attend but was kept away by work, a Clinton official said.)

Dressed in an electric-blue pants suit, Mrs. Clinton stood out against the backdrop of the other New York Democrats nominated during the convention, some of whom seemed aware they were in the shadow of her celebrity. Comptroller Alan G. Hevesi joked during his uncontested nomination that he was "one of the opening acts"; Attorney General Eliot Spitzer, alongside Mrs. Clinton as she was mobbed by supporters after a breakfast, eventually wandered away from the preoccupied crowd.

Only Mr. Clinton could keep up: Even after Mrs. Clinton had fled the hotel ballroom, he lingered in a throng of reporters to answer questions, mostly about his wife. When aides tried to end the session, he kept talking, until finally, perhaps realizing he was the only politician left in the room, he turned to go.

Clinton Kicks Off Re-election Bid In N.Y. (AP-Y2)

By Marc Humbert

AP2, May 31, 2006

Sen. Hillary Rodham Clinton, unanimously endorsed at her party's convention for a second term, repeatedly bashed the Bush administration Wednesday as she told cheering Democrats that the country needs "a fundamentally new direction."

Republican delegates, meanwhile, split their votes between two challengers poised for a bitter primary fight.

Clinton, kicking off her re-election bid while continuing to avoid talk of a 2008 presidential run, said that for the Bush administration "it is more important to say `mission accomplished' than actually accomplishing the mission."

"With hard work, we will take our country back," Clinton told the more than 400 delegates to the Democratic state convention who made her their official designee for the party's Senate nomination.

Former President Clinton was in the audience but didn't speak. He got a standing ovation when the former first lady singled him out as "an inspiration, a mentor, a partner." They hugged briefly when he joined her on stage following her speech, which was preceded by an 18-minute video praising her work in the Senate.

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Clinton and Attorney General Eliot Spitzer, who is campaigning to replace outgoing GOP Gov. George Pataki, are polling well ahead of their competition.

At the Republican convention on Long Island, delegates chose former Yonkers Mayor John Spencer as their official Senate nominee.

"We have the issues on our side. We are Republicans," Spencer said. "They (Democrats) do not have the issues on their side."

Spencer won 63 percent of the weighted delegate vote, but Kathleen Troia "KT" McFarland, a former Reagan-era Pentagon official, was able to secure 36.5 percent of the vote — enough to guarantee her a spot on the Sept. 12 primary ballot.

Clinton faces a possible Democratic primary in September from anti-Iraq-war activist Jonathan Tasini.

He would have won an automatic spot on the primary ballot with 25 percent of the convention vote, but delegates did not even place his name in nomination. He'll need signatures from at least 15,000 Democrats to force a primary.

Hillary Clinton Kicks Off US Senate Re-election Campaign (AFP-Y2)

AFP, May 31, 2006

Former first lady Hillary Clinton, viewed by many as the Democrats' best prospect for reclaiming the White House in 2008, kicked off her campaign for a second term in the US Senate.

At an event in the economically depressed city of Buffalo in northern New York, the former first lady said she was "honored" to accept the nomination for the November 2006 election.

While she trumpeted her accomplishments as a legislator at the end of her first six-year term, Clinton also took swipes at the Republican administration that she has criticized for undoing much of what her husband, former president Bill Clinton, achieved in eight years in the White House.

"We all need to stand up and demand new leadership that will once again put our country back on the right track," said the former first lady said, who is considered an early front-runner for the 2008 Democratic presidential nomination.

"I believe that we need a fundamentally new direction, and we need to work toward solutions that help us meet our 21st-century challenges of expanding our economy, defending our security and preserving our values," she said.

"Stand with me against the wrong-headed, short-sighted foreign policies of this administration. Let's start building alliances instead of alienation around the world. Let's win back the respect that the people of the world should have for our country," the US lawmaker said.

Clinton has denied that she is seeking to use her Senate re-election bid as a dress rehearsal for the White House race.

Still, she is seen by many political observers as the only credible Democratic candidate with a big enough war chest and sufficient star power to win the US presidential race.

However, Clinton also is seen as a divisive figures who would have to overcome strong Republican opposition to win election to the top US political office.

Hillary Accepts Call To Run Again (WT)

By Christina Bellantoni

The Washington Times, June 1, 2006

Sen. Hillary Rodham Clinton officially started her re-election campaign yesterday, accepting the Democratic nomination for her New York seat with a promise of fighting for energy independence and fair wages while avoiding questions on her front-runner status if she chooses to seek the presidency in 2008.

"I know you took a chance on me back in 2000, and I have worked every day to earn your trust," the former first lady told the crowd at the New York Democratic convention in Buffalo.

Mrs. Clinton, 58, leads other possible Democratic presidential candidates by double digits, and many political insiders think she will capture her party's nomination easily. But she keeps the focus on the fall, talking about local issues to help boost the state Democratic ticket and acting as a national leader helping to win back the party's congressional majority.

Her acceptance speech included hints of her higher ambitions, however, as the senator asked New Yorkers to "stand with me" as she works to create well-paying jobs and to fund research for alternative energy. She also touched on economic and

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foreign policy and said: "We all need to stand up and demand new leadership that will once again put our country back on the right track."

Taking jabs at the "uncompromising" and "wrongheaded" Bush administration and Republicans who control Congress, the senator said the president is fiscally irresponsible, and called the response to Hurricane Katrina a "disgrace." She did not, however, mention some of the hot-button issues before Congress, including the recent immigration bill or an upcoming vote to define marriage as the union of a man and woman.

She touted her recently announced energy plan that, among other things, requires oil companies put a share of their profits toward alternative energy. She touched upon the September 11, 2001, terrorist attacks that struck New York just months after she had been sworn in, and praised the "united" spirit in the aftermath.

Mrs. Clinton asked convention participants to "stand for our troops" by making sure they have the body armor and other equipment needed for combat. The senator, who voted for the Iraq war, said Democrats must pressure the Bush administration and the Iraqi government to assume responsibility for their own safety, "so that we can begin to bring our troops home."

Anti-war candidate Jonathan Tasini plans a petition drive to get on the September ballot to challenge Mrs. Clinton for the nomination.

Mr. Tasini called Mrs. Clinton a "mediocre" lawmaker and sharply criticized her support for the war, saying her comments on bringing the troops home "had no meaning at all."

Still, he knows he is embarking on a very difficult campaign.

"I'm facing someone who has 99 percent name recognition and $25 million in the bank," he said.

Mrs. Clinton most likely will be the candidate to face former Yonkers Mayor John Spencer, a Republican, in November. Despite the competition, she is expected to cruise to re-election without spending much of her $20 million in campaign funding. She can use all of that money, up to date as of March 31, for a presidential bid, should she decide to pursue moving back to the White House in two years.

Pataki Courts Friends, Supporters In Iowa (AP-Y2)

By Mike Glover

AP2, May 31, 2006

New York Gov. George Pataki strolled through a teeming farmers market in Iowa, chewing on a giant radish and pressing the flesh with a few thousand people he'd like to be his closest friends.

"I grew up on a farm, so you learned to eat everything raw," said the Republican, a potential presidential candidate in 2008.

"I know you, I'm a transplanted New Yorker," gushed Isabel Osius. "I guess I don't have to ask why you're here."

Within the hour, Pataki had donned dark robes and was delivering the commencement speech to medical graduates at Des Moines University, the multitasking required for a White House hopeful 19 months before Iowa caucus-goers vote.

Pataki seems like an unlikely sell in Iowa — a Northeast moderate who backs abortion and gay rights and gun control — but the three-term governor has focused on the handshaking-backslapping-local fundraising required to win over voters in a less populated, rural state.

"He's a good retail politician," said former Iowa Republican Chairman Michael Mahaffey. "Part of the reason he connects is he comes from an area that is more like Iowa than you think. There's a lot of New York that is not like New York City."

Pataki has been to Iowa four times since the National Governors Association meeting last summer.

"I love grassroots politics," Pataki said. "I still remember what it was like to run for mayor of Peekskill." That was his first political job.

His recent Memorial Day weekend swing through Iowa was a prime example. On Friday, Pataki stopped in five small towns raising money for local state lawmakers and county political operations, as well as establishing ties to local activists.

"He has definitely been a player," said Tim Albrecht, a GOP legislative staffer working on the midterm elections where Republicans are clinging to a 51-49 margin in the Iowa House. "He has been helpful in that regard and we expect him to continue. He's doing all the right things."

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During his swings, Pataki has paid close attention to the political details. Republican Jeff Lamberti, the president of the state Senate, is trying to oust Democratic Rep. Leonard Boswell (news, bio, voting record) in central Iowa's 3rd District.

Meeting with Pataki recently, Lamberti asked him if he'd mind doing a fundraiser to help his congressional campaign.

"He said sure," chuckled Lamberti. "But he said 'People in Iowa know they can see me for free so my ability to raise money here is limited. Why don't we do a fundraiser for you in New York?'"

The event is scheduled for next month.

Pataki does not have the obvious links to the state's influential social and religious conservatives, then again there's already plenty of competition for that group among other GOP hopefuls.

Many conservatives are quietly watching and waiting to assess Pataki, whom they admit to not knowing very well.

"We'll sit down with him at some point and we'll ask him the questions," said Steve Scheffler, head of the Iowa Christian Alliance. "Then we'll go from there."

Sounding a warning, Scheffler said social and religious conservative are a large enough force that candidates can't expect their vote to be diluted by being spread among several candidates.

"He certainly is going to have to get a chunk out of this constituency if he's going to do well," Scheffler said.

Pataki's aggressive early campaigning could pay off in a wide open primary with no early front-runner, Mahaffey said.

"We have a tendency in the Republican Party to anoint candidates," Mahaffey said. "There is no anointed candidate this time."

Hillary's Challengers (NSWK)

By Howard Fineman

Newsweek, May 31, 2006

May 31, 2006 - Maybe Sen. Chris Dodd of Connecticut has no chance to win the presidency. Or maybe he does. In any case, the mere fact that he called me the other day to remind me that he is running tells me something: that most of the Democratic Party's savviest veterans—elected officials in their Capitol Hill suites, Hollywood machers tooling along the Santa Monica Freeway in their Priuses, the New York soft-money crowd eating their egg-white omelets at the Regency in Manhattan—are convinced that Hillary Can't Win.

We are in the earliest, weirdly neurotic and theoretical phase of the '08 race, when insiders (and would-be candidates) in both political parties try to assess whether the putative, on-paper front runners really can do the job. But the fever is more intense on the Democratic side.

There are plenty of Republican insiders who don't like Sen. John McCain for one reason or another, but I don't hear many say that McCain can't beat whomever the Dems put up against him.

Among Democrats, however, the opposite equation holds true: no one doubts Hillary Clinton can win the nomination; not many think she can beat the GOP's candidate, especially if it is McCain.

Among the ardent Democrats I've talked with in recent days who insist on this are: a megamillionaire entrepreneur from Boston, an academic from Harvard, a show-biz big wig from New York, an industrial-union leader from Washington and—though he doesn't say it in so many words, Dodd.

The Buzz Factor

When he did a count on May 7, Charlie Cook of the Cook Political Report listed 10 Democrats as possible challengers to Clinton—former vice president Al Gore among them. Dodd makes it 11. He told me that he would spend between now and the end of the year doing the first and most indispensable thing that any would-be contender needs to do: seeing if he can raise money.

In presidential politics there are a series of concentric elections until the final one (in the Supreme Court…). Money comes just after—and in conjunction with—the creation of buzz.

Can Dodd create any?

Unless you live in Connecticut, or followed the insider mechanics of the 1996 Clinton re-election race (when Dodd served an unhappy year as party chairman) you probably have no idea who he is. Let me tell you, briefly.

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At 62, with snowy white hair, Dodd is a lifer in politics and government, an insider's insider—very highly regarded within the visible and invisible club of the Senate. He retains a boyish enthusiasm for the old-school arts of bipartisan legislating and serious debate. The guy tends to know what he is talking about.

The Dodd DNA

Politics is a family business. In a way—though he doesn't say so—Dodd's career is about redeeming the Dodd family name in that business. His late father was a senator. A world away—in 1967—Thomas Dodd of Connecticut was censured by the Senate. Three years later, he ran as an independent and lost. His son managed the campaign.

Chris Dodd was elected to the House in 1974—the "post-Watergate" year that swept in dozens of reform-minded Democrats. (Bill Clinton was trying to be one of them down in Arkansas, but didn't make it.) Dodd was elected to the Senate in 1980.

"Legislative accomplishments" don't translate well into a presidential run—one reason why senators rarely move on to the White House—but Dodd has more than most. Perhaps the best known is the Family and Medical Leave Act, landmark social legislation of the Clinton years.

Dodd is a mix of unassuming and worldly, the product of Providence College (a font of prominent Irish Democrats) and the Peace Corps, which took him to the Dominican Republic. He speaks fluent Spanish, is a moderate on defense and pretty much of a social liberal.

There was a time, after a divorce, when Dodd seemed an affable but somewhat lost soul: a man of obvious talent destined for something, but no one was sure quite what. But he remarried a few years ago and is now the proud dad of two little girls, whose ages he still measures in quarter years and months.

He knows the litany of why he can't win: he's a senator, an insider, has no money, is from the Northeast (liberal New England, no less). He's the product of, and thrives in a pre-Internet world where deals are done and votes are won in person, face to face, handshake to handshake, across party lines. Definitely old school.

But Dodd's argument is that, in an uncertain world, and one divided by Red and Blue, voters are ready for someone who can make politics work by bridging gaps, talking turkey and doing deals. "I think I've demonstrated an ability to bring people together," he said. "People are yearning for a sense of confidence in the country's future," he said. "Bringing people together is the way to do it."

And though he doesn't say so, the subtext is clear: I can do something that Hillary can't.

Contract With Pennsylvania (WSJ)

By Mike Folmer

The Wall Street Journal, June 1, 2006

LEBANON, Pa. -- The Republican primary of 2006 in this state has been called a "political massacre," an "earthquake" and "payback." It has been discussed in media outlets across the country and across the political spectrum. Now, more than two weeks have elapsed since May 16, and pundits, editorial writers and political analysts are still trying to figure out what led to the defeat of 16 incumbent state legislators -- including Pennsylvania's top two state Senate Republicans -- at the hands of underfunded, and in several cases -- including mine -- unknown challengers.

Many, including some of those incumbents who lost, are crediting (or blaming) the huge pay raise of July 2005, which approved increases of up to 54% for elected officials and was passed under the cover of darkness by a Republican-controlled Legislature at the behest of a liberal Democratic governor, Ed Rendell. Some take a more philosophical approach, attributing the dramatic political shift to a general disdain for Harrisburg; others think it was due to a need for the people to take back control of the government from ineffective politicians.

My personal experiences working the campaign trail this past spring made it apparent to me that the political upheaval was due to a coalescing of two fundamental perspectives held by the rank-and-file: Government needed to be reformed; and the state Republican Party needed to be reformed, too.

Conservatives had long been chafing at the fact that an ostensibly conservative Legislature had linked arms with Mr. Rendell to raise income taxes, push up state spending to record levels, and expand both corporate- and social-welfare spending

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without any apparent means of accountability -- while a comprehensive property tax reform package continued to stall in the Legislature.

These people at the grassroots no longer viewed the state Legislature as a servant of the people but as an exclusive club for political insiders. They fumed as the legislators voted to increase their own pensions by 50%, in addition to excessive daily allowances just to show up for work, and at the practice of allowing members to take expensive junkets to resort locations.

It was as if the Republican Party leadership in the state capitol had forgotten everything they'd been taught by Ronald Reagan -- that the core values of the Republican Party were lower taxes, less spending and limited government.

Then came the notorious pay raise, and the camel's back was broken.

The pay raise particularly stung Republicans, for it was their political party that was in charge of the Legislature when this blatant violation of the state Constitution (and common sense) was rammed through. These Republicans, I came to understand, felt the time had come to clean their own house.

A critical part of such housecleaning requires viable candidates who are willing and able to challenge incumbent legislators, and who inspire passionate support among the voters. Conservative Republicans are not stupid; if they don't like the choices presented, they will stay home.

Rank-and-file conservatives do not gravitate toward candidates simply because they are not "the other guy." While the pay raise energized voters and gave them a reason to consider other options, it was the duty of the challengers to explain why they were better choices than the incumbents. It is my conviction that Republican voters were just as desirous of a positive vision that they could embrace -- a vision that demanded accountability and reform at the state level -- as they were to remove those incumbents who had failed to uphold the traditional ideals of their party.

And that is why "The Promise to Pennsylvania" was so important. The Promise -- drafted by my campaign and that of three other candidates -- codified the elemental Republican principles of lower taxes and less government and sketched out how these principles should be applied at the state level. For all intents and purposes, it was a Contract With America -- for Pennsylvania.

The Promise gave Republican voters an opportunity to re-evaluate exactly what it was they believed in. Did they want to continue down the path of higher taxes and growing government, or did they want to see real tax reform and constraints on spending?

For the many Republican reformers who won their respective primaries, the Promise holds the key for eventual victory in the fall. It is a standard around which other Republicans can rally, clearly outlining an agenda for the next legislative session and defining the critical, core issues for the party.

It is also my conviction that while the leadership of the Republican Party is still trying to figure out how it will deal with the fallout from May 16, it is imperative that the GOP come together in time for the Nov. 7 election. There are critical races to win -- most notably Rick Santorum's fight to beat back state treasurer Bob Casey Jr. and keep his U.S. Senate seat, and Lynn Swann's campaign to upend Ed Rendell and become Pennsylvania's first black governor.

I was a reluctant candidate. Family and friends urged me to consider public office, but it was only after much thought and consideration and prayer that I agreed. One factor that appealed greatly to me was the vision the Founders had of a citizen-legislature -- of a body consisting of ordinary folks who would fulfill their civic duty for a period of time and then step aside to allow others to do theirs. We've gotten away from that; but public service is not something reserved only for the rich or popular or well-connected. (I was outspent nearly 20 to 1 in my primary campaign against the state Senate majority leader.)

But the most important factor was that ideas matter. I have confidence that the Pennsylvania Republican Party can move forward victoriously not only this coming fall but in future elections. Yet in order to do so, it is imperative that we do not forget the principles that made the Republican Party great.

In many ways, then, the Pennsylvania situation mirrors that of the country as a whole.

Mr. Folmer, a tire salesman, is a Republican candidate for the Pennsylvania Senate.

Texas Governor Signs Property Tax Cuts (NYT)

By Steve Barnes

DOJ_NMG_0030862

The New York Times, June 1, 2006

Gov. Rick Perry, a Republican, signed legislation cutting property taxes by almost $16 billion over the next two years and granting public school teachers a $2,000 raise. The legislation was passed in a special session to bring the Texas public school system into compliance with a State Supreme Court order. The one-third reduction in property tax revenue would be offset by a new, higher levy on business, a $1 per-pack increase in cigarette taxes and a portion of the state's $8 billion treasury surplus. The legislation also provides increased per-pupil aid to school districts and bonuses for teachers whose students demonstrate improvement.

Bush Bows To Pressure And Offers Iran Talks (FT)

By Guy Dinmore And Roula Khalaf

Financial Times, June 1, 2006

The Bush administration bowed to pressure on Wednesday and said it was ready to join European allies in talks with Iran – on condition that Tehran first suspended its nuclear fuel programme.

Condoleezza Rice, secretary of state, revealed the policy change before leaving for Vienna for talks on Thursday with Russia and China – which have resisted proposed sanctions against Iran – as well as France, Germany and the UK. She said: "It's time to know whether Iran is serious about negotiation or not."

Iran offered no immediate official response. Tehran previously signalled its willingness to talk directly to the US while insisting that it would not stop enriching uranium. Iran's government denies that it has a secret nuclear weapons programme.

Diplomats said the Vienna talks would seek to agree a package of incentives to put to Iran, as well as an "understanding" of punitive consequences should it refuse to comply.

She stressed that Iran must first "fully and verifiably suspend its enrichment and reprocessing activities" before the US would join the talks. The threat of military action remained on the table, she said.

The Bush administration has come under intense pressure from Congress, prominent Republicans and European allies to open a dialogue with Iran. The reversal is the latest sign that Washington is ready to adopt a more pragmatic approach to preserve a broad international front.

President George W. Bush said the US would take a "leadership position" in seeking a diplomatic outcome. The price of oil fell by nearly $2 a barrel on the news.

A senior administration official said the US believed it had the support of both China and Russia to seek UN sanctions should Iran choose not to negotiate, or negotiate in poor faith. "We would return to the Security Council and get a resolution, and Condi will finalise the agreements [in Vienna] on a list of sanctions that would be part of that resolution," he said.

The US stressed that Iran must "fully and verifiably suspend its enrichment and reprocessing activities" before the US would join talks. The threat of military action remained, Ms Rice said.

The US offer carried added significance since Washington proposed discussing the whole range of its differences with Iran, including the issue of Iraq and Tehran's support of "terrorist" groups. Ms Rice denied that the US was seeking a "grand bargain" with Tehran that would lead to diplomatic relations.

Javier Solana, European Union foreign policy chief, said: "This important statement by the US administration reinforces our hope that out of the current discussions we will be able to establish a new and co-operative relationship with Iran."

The US broke off direct talks with Iran three years ago, when Washington accused Tehran of allowing al-Qaeda operatives on its territory to plan attacks in Saudi Arabia.

Neoconservatives in the US reacted with dismay, seeing the move as a betrayal of Mr Bush's "freedom agenda".

"It is a terrible idea," commented Danielle Pletka of the American Enterprise Institute. "It incentivises everyone in the world to blackmail the US." The US and UK appear to have backed down under pressure from China, which wanted incentives put to Iran before moving to a United Nations Security Council resolution.

European diplomats urged Iran against a knee-jerk reaction. "Their instinct would be to reject out of hand but that would be a mistake" a senior official said.

Bush's Realization On Iran: No Good Choice Left Except Talks (NYT)

DOJ_NMG_0030863

By David E. Sanger

The New York Times, June 1, 2006

WASHINGTON, May 31 — After 27 years in which the United States has refused substantive talks with Iran, President Bush reversed course on Wednesday because it was made clear to him — by his allies, by the Russians, by the Chinese, and eventually by some of his advisers — that he no longer had a choice.

During the past month, according to European officials and some current and former members of the Bush administration, it became obvious to Mr. Bush that he could not hope to hold together a fractious coalition of nations to enforce sanctions — or consider military strikes on Iranian nuclear sites — unless he first showed a willingness to engage Iran's leadership directly over its nuclear program and exhaust every nonmilitary option.

Few of his aides expect that Iran's leaders will meet Mr. Bush's main condition: that Iran first re-suspend all of its nuclear activities, including shutting down every centrifuge that could add to its small stockpile of enriched uranium. Administration officials characterized their offer as a test of whether the Iranians want engagement with the West more than they want the option to build a nuclear bomb some day.

And while the Europeans and the Japanese said they were elated by Mr. Bush's turnaround, some participants in the drawn-out nuclear drama questioned whether this was an offer intended to fail, devised to show the extent of Iran's intransigence.

Either way, after five years of behind-the-scenes battling within the administration, Mr. Bush finally came to a crossroads at which both sides in the debate over Iran — engagers and isolaters, and some with a foot in each camp — saw an advantage in, as one senior aide said, "seeing if they are serious."

Mr. Bush, according to one participant in those debates, told Secretary of State Condoleezza Rice several months ago that he needed "a third option," a way to get beyond either a nuclear Iran or an American military action.

Ms. Rice spent a long weekend in early May drafting a proposal that included a timetable for diplomatic choreography through the summer.

"Nobody wants to get to that kind of crisis situation — whether it is us or the next administration — where you either accept an Iranian weapon or you are forced to do something drastic," said the participant, who declined to speak on the record about internal White House deliberations.

The idea of engagement is hardly new. When Colin L. Powell was secretary of state, several members of his senior staff argued vociferously that the United States needed to test Iran's willingness to deal with the United States — especially in the aftermath of Sept. 11.

There was strong opposition from the White House, particularly from Vice President Dick Cheney, according to several former officials.

"Cheney was dead set against it," said one former official who sat in many of those meetings. "At its heart, this was an argument about whether you could isolate the Iranians enough to force some kind of regime change." But three officials who were involved in the most recent iteration of that debate said Mr. Cheney and others stepped aside — perhaps because they read Mr. Bush's body language, or perhaps because they believed Iran would scuttle the effort by insisting that the Nuclear Nonproliferation Treaty gives it the right to develop nuclear fuel. The United States insists that Iran gave up that right by deceiving inspectors for 18 years.

In the end, said one former official who has kept close tabs on the debate, "it came down to convincing Cheney and others that if we are going to confront Iran, we first have to check off the box" of trying talks.

Mr. Bush offered a more positive-sounding account: "I thought it was important for the United States to take the lead, along with our partners, and that's what you're seeing. You're seeing robust diplomacy."

As part of the diplomatic timetable, Ms. Rice will be in Vienna on Thursday to endorse an international offer to Iran that includes several plums. Among them will be the dialogue with Washington that Iran has periodically sought, a lifting of many long-standing economic sanctions, and even light water reactors for nuclear power with Russia and the West controlling access to the fuel.

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Yet skepticism abounds. "It's true that the conditions are significantly different than they were four or five years ago, but candidly they are not as favorable now for the United States," said Richard Haass, who as the head of the State Department's policy planning operation during Mr. Bush's first term was a major advocate of engagement with Iran.

First, the new president, Mahmoud Ahmadinijad, "has vowed that the country will never back down on enriching uranium.

"Oil's at $70 a barrel instead of $20, said Mr. Haass, now the president of the Council on Foreign Relations. "And we are bogged down in Iraq," where the United States is vulnerable to Iranian efforts to worsen the violence and arm the insurgents.

But the internal debates in the White House included vigorous discussion of the risks associated with any effort to negotiate with foes suspected of seeking nuclear weapons. And in this, Mr. Bush already has bitter experience.

In its dealings with North Korea, which Mr. Bush branded a member of the "axis of evil" along with Iran and Iraq, the administration also decided a few years ago to try limited engagement, locked arm-in-arm with neighboring nations.

But North Korea has kept making weapons fuel, and the allies have not stayed united: China and South Korea continue to aid the North. The Iranians have doubtless noticed.

The question now is whether there is any middle ground between Mr. Bush's demand that Iran give up everything, and Iran's insistence that it will give up nothing. Without breaking that logjam, the American-Iranian dialogue may never begin.

Shift In U.S. Stance Shows Power Of Seven-Letter Word (WP)

By Glenn Kessler

The Washington Post, June 1, 2006

The Bush administration's decision to consider sitting down with the Iranian government underscores a central truth of diplomacy today: Nuclear weapons buy leverage.

For six years, President Bush and his aides have dismissed the idea of talking with Iran about its nuclear programs, and until last year gave little support to European efforts to restrain Iranian nuclear activity. Attempts by former Iranian president Mohammad Khatami, a moderate, to foster a dialogue were rejected, and even back-channel moves failed to gain traction.

Now, in perhaps the biggest foreign policy shift of his presidency, Bush has approved the idea of sitting down at the table with the Iranian government -- one headed by a former student radical who denies the Holocaust. Attached to the U.S. offer was a stern condition: a verified suspension of Iran's nuclear enrichment operations. But the offer overturned a long-standing taboo, and it came from an administration stocked with officials who have made little secret of their desire to overthrow the government in Tehran.

The administration made this move at a moment of weakness. The president's public opinion ratings are among the lowest ever recorded for a modern president, and oil prices have reached record levels, in part because of the confrontation with Iran. The high price of oil, in turn, has enriched the Iranian treasury.

Iran recently announced it had learned how to achieve a key aspect of enriching uranium -- sooner than expected -- raising the stakes in the confrontation. Even so, the lingering fallout from the administration's decision to attack Iraq has made it increasingly difficult to win the support for sanctions on Iran from critical nations such as Russia and China.

A key factor in Bush's decision yesterday is the influence of Secretary of State Condoleezza Rice, who announced the offer in a televised news conference. Since becoming secretary of state last year, Rice has worked assiduously to make certain that the United States does not maneuver itself into becoming the world's enemy No. 1, as it did on the Iraq war.

When Rice made her first trip overseas as secretary last year, to Europe, she had expected to hear a lot of concern about Iraq. Instead, she later said, she was surprised to learn that the confrontation over Iran's nuclear program was a bigger concern -- and that the United States was considered the problem.

She very quickly won Bush's approval for a public shift in policy: active support of the European negotiating track. The support included withdrawing the U.S. objection to Iran's application to the World Trade Organization and allowing Iran the potential to purchase civilian aviation spare parts.

At the time, Rice insisted that the decision to support the Europeans did not mean the Americans would join the talks. (Lower-level U.S. officials on occasion have talked to Iranian counterparts about Afghanistan and Iraq.)

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"We've made very clear that we have a lot of other problems with the Iranians," Rice said when she announced the decision in March 2005. "We've also made very clear that we don't intend to do anything to legitimize the Iranian regime. And so what we're looking at here is helping the Europeans in their diplomacy, not shifting policy toward Iran."

But the Iranians walked away from those talks, and the administration slowly found itself drawn into a different stance as the diplomacy unfolded. Rice needed to win over the Russians and Chinese -- and keep the Europeans in line -- so she quietly dropped the objections to the Iranian desire for nuclear power. Previously, the administration had insisted Iran had no need for nuclear power because of its vast oil and gas reserves. But to placate other nations, U.S. officials retreated from that insistence.

"The Iranian people believe they have a right to civil nuclear energy," Rice said yesterday. "We acknowledge that right."

Over the past two months Bush and Rice, along with Vice President Cheney and national security adviser Stephen J. Hadley, have considered the question of whether the time was right for the United States to sit at the talks. Once Bush received assurances earlier this week from leaders of China, Russia and other nations that if this offer were rejected they would accept a harder line against Iran, U.S. officials decided to go forward with the plan.

Rice said yesterday that she advocated this decision in part because of echoes of the concerns that she heard on her first trip -- that the United States was not serious about resolving this issue with diplomacy.

Conservatives in the administration have chafed at the shifts, suggesting it shows weakness on the part of the United States because Iran apparently has been able to make significant progress in nuclear energy -- with little apparent consequence.

Rice made this new move just as it appeared the European effort was on the verge of collapsing through division and lack of leadership. The Germans, eager to strike a deal with Iran, have been the most adamant that the United States needed to join the talks.

"If this is what it takes to get Russia and China to join in sanctions, so be it," one administration skeptic said. "But I am most concerned that we will end up renegotiating with ourselves again."

U.S. Agrees To Talks With Iran If It Suspends Uranium Enrichment (KRT)

By Warren P. Strobel And Jonathan S. Landay

Knight Ridder, May 31, 2006

WASHINGTON - The United States will join negotiations with arch-foe Iran if it immediately suspends uranium-enrichment work, which could be used for nuclear weapons, Secretary of State Condoleezza Rice announced Wednesday in a dramatic turn in policy.

The shift is aimed at testing Iran's willingness to embrace a diplomatic resolution to the crisis over its nuclear program and Russian and Chinese readiness to support punitive sanctions if the Islamic regime balks.

The Bush administration previously had refused pleas from Britain, France and Germany to participate in talks with Iran, which President Bush in 2002 included in an "axis of evil," along with Iraq and North Korea.

Rice told a briefing that "as soon as Iran fully and verifiably suspends its enrichment and reprocessing activities," the United States will join the three European countries, known as the EU-3, in direct talks with Iran on the future of its nuclear program.

The offer is part of a package of proposals to Iran that Rice and her European, Russian and Chinese counterparts hope to finalize Thursday in Vienna, Austria.

"The Iranian regime must persuasively demonstrate that it has permanently abandoned its quest for nuclear weapons," Rice said. She also said the United States acknowledged that Iran had a right to civilian nuclear energy.

There was no immediate official response from Tehran, where Rice's message was transmitted by the Swiss, who act as intermediaries between the United States and Iran, which have no diplomatic relations.

John Bolton, the U.S. ambassador to the United Nations, called his Iranian counterpart, Javad Zarif, shortly before Rice spoke to tell him about her announcement. Bolton's spokesman, Richard Grenell, said the two men had never talked before.

Iranian officials have floated conditional offers of talks with Washington in recent weeks.

Some senior members of Bush's national security team, including Vice President Dick Cheney and Defense Secretary Donald H. Rumsfeld, are thought to oppose any talks with Iran and to favor taking steps to undermine or overthrow the Tehran regime.

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But the White House has been under pressure for months from Europe, lawmakers of both parties and former top diplomats from Republican and Democratic administrations to drop its refusal to talk to Iran.

European diplomats argued privately that negotiations with Iran on ending what European and American officials believe is a covert nuclear-weapons program would never succeed without direct U.S. involvement.

"My decision today says that the United States is going to take a leadership position in solving this issue," Bush said after Rice's announcement.

Iran says its enrichment program is strictly to produce low-enriched uranium for civilian power reactors, not highly enriched uranium for weapons.

The American offer appeared to contain a second significant concession: dropping a previous demand that Iran permanently abandon all enrichment work because it concealed its program from U.N. inspectors for 18 years.

A U.S. official who requested anonymity because of the sensitivity of the issue said it could take Iran up to eight years to meet all the conditions set for ensuring that it wasn't pursuing nuclear weapons and to win acceptance of its right to resume producing low-enriched uranium.

"If they can prove to the satisfaction of . . . the international community and the IAEA (the U.N. International Atomic Energy Agency) that they are not developing nuclear weapons, we can imagine Iran resuming pursuit of the (nuclear reactor) fuel cycle," he said.

Rice said the United States, Britain, Germany and France had agreed on the "essential elements" of the package to be discussed in Vienna.

They want a suspension of Iran's uranium-enrichment program and full disclosure of key details of the program, including purchases of weapons-related know-how from an international smuggling ring. Tehran also would have to allow the IAEA to resume snap inspections of its nuclear facilities.

If it agreed, it would be offered economic and political rewards, including sales of advanced light-water power reactors to meet its growing energy needs and access to a five-year supply of low-enriched uranium fuel overseen by the IAEA, U.S. and European officials have said.

If Tehran rejects the demands, sanctions would include restrictions on new foreign investment in Iran and a ban on sales of civilian technology that the country could use in its nuclear and ballistic-missile programs, U.S. and European officials have said.

Rice's announcement was widely welcomed in Europe and Asia. Israel also endorsed it.

A senior administration official, who briefed reporters on condition of anonymity, said Bush had approved the change in tactics Wednesday morning after receiving assurances from world leaders that they'd back sanctions if the outreach failed.

The official said the shift was made because of recent overtures from Iran signaling a willingness to negotiate, a desire to build support for sanctions as a fallback and concerns that delaying action would only make it harder to roll back Iran's nuclear program.

Samuel R. Berger, who was national security adviser in the Clinton administration and who advocated talks with Iran, said they were necessary to test whether a diplomatic solution was possible, they'd help get backing for tough measures if those proved necessary and that they'd show the Iranian people that it was their government that stood between them and the outside world.

Russia is resisting a proposed arms-sale embargo on Iran, the U.S. official said. Russia, Iran's main foreign arms supplier, has agreed to sell 29 sophisticated Tor-M1 antiaircraft missile units in a deal worth $800 million.

In Congress, lawmakers generally supported the administration's decision.

Sen. Norm Coleman, R-Minn., said he cautiously endorsed the new discussion. "All options must be on the table if they fail to respond to the administration's overture," he said.

Sen. Joseph Biden, D-Del., urged Bush to broaden the discussion beyond Iran's nuclear program. "We should be willing to talk about all the issues that divide us: the nuclear program, terrorism, Iraq, Afghanistan, Israeli-Palestinian peace, sanctions and security," he said.

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U.S. Offers To Talk To Iran (WT)

By Nicholas Kralev

The Washington Times, June 1, 2006

The United States offered yesterday to participate in multilateral talks with Iran on its nuclear program if it suspends uranium enrichment, a policy shift that could result in Washington's first direct contact with Tehran in 27 years.

In Tehran, the official Iranian news agency called the U.S. offer "a propaganda move." Iran accepts only proposals and conditions in the nation's interest, the agency said, and "halting enrichment definitely doesn't meet such interests."

The Bush administration ruled out establishing diplomatic relations with Iran at any time soon, saying the proposal was meant only to "enhance" the prospect of peacefully resolving the nuclear dispute.

"We are not talking here about what some have characterized as a grand bargain," Secretary of State Condoleezza Rice told reporters. "We are not in a position to talk about full diplomatic relations with a state with which we have so many fundamental differences."

The United States broke ties with Iran after the 1979 Islamic Revolution and has blacklisted the regime in Tehran as a state sponsor of terrorism.

The U.S. offer comes as the United States and its European Union partners Britain, France and Germany -- also known as the EU-3 --complete work on a package of carrots and sticks intended to entice Iran to give up its nuclear ambitions.

"To underscore our commitment to a diplomatic solution and to enhance the prospects for success, as soon as Iran fully and verifiably suspends its enrichment and reprocessing activities, the United States will come to the table with our EU-3 colleagues and meet with Iran's representatives," Miss Rice said.

The administration dropped its long-standing refusal to talks with Iran --which it repeated as recently as last week --under increasing pressure from Republican members of Congress, former government officials and European allies.

In the end, Miss Rice, who had been saying that talks with Iran are not necessary because it knows what it needs to do, came to the conclusion that negotiations without the United States would not be effective, officials said.

"There have been those who have said, 'Well, if only the negotiations had the potential for the United States to be a part of them, perhaps then Iran would respond.' So now we have a pretty clear path," the secretary said.

The Islamic Republic News Agency (IRNA) said, "Given the insistence by Iranian authorities on continuing uranium enrichment, Rice's comments can be considered a propaganda move."

At the United Nations, Russia and China's U.N. ambassadors praised the U.S. offer of direct talks but Beijing's envoy urged Washington not to put any conditions on its proposal.

Chinese U.N. Ambassador Wang Guangya also urged the Western powers drafting a package of incentives and disincentives to entice Iran into suspending its nuclear program to include security guarantees for Tehran in the package, a "carrot" the United States opposes.

Mr. Wang said Tehran must be allowed to keep pursuing enrichment research, in hopes of eventually producing electric power. So far, the United States as well as Britain, France and Germany have flatly opposed letting Iran pursue enrichment research on its soil.

Both Mr. Wang and Russian U.N. Ambassador Vitaly Churkin said it was too soon to speculate on how the U.S. policy shift would affect deliberations on Iran in the U.N. Security Council.

In Tokyo, Japanese Foreign Minister Taro Aso expressed support for the U.S. offer to conditionally join direct multilateral talks with Iran.

"Since it is essential for the international society as a whole to address the Iranian nuclear issue in a resolute manner, Japan is determined to continue playing a fair role in close consultation with the parties concerned," he said.

President Bush, warning Iran bluntly that it "won't have" a nuclear weapon, described the weeks-long effort of the five permanent members of the U.N. Security Council to agree on a package as "robust diplomacy."

"I thought it was important for the United States to take the lead, along with our partners," he said in reference to yesterday's announcement. "I believe this problem can be solved diplomatically, and I'm going to give it every effort to do so."

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Miss Rice, however, refused to rule out the military option in dealing with Iran even temporarily, as the Europeans have done. U.S. officials said she was aware that some members of the administration still oppose the decision to talk to Tehran.

"We're also prepared if Iran doesn't change course," a senior State Department official said. "This will set us up better for getting strong sanctions and building a broader-based coalition against Iran to take effective action in the future."

He also noted that the administration is working to implement additional "defensive measures" against Iran, such as missile defenses in Europe, anti-arms-proliferation activities and a series of financial actions.

EU foreign policy chief Javier Solana welcomed Miss Rice's statement, saying "Direct U.S. participation would be the strongest and most positive signal of our common wish to reach an agreement with Iran."

U.S. officials also said they were reasonably optimistic that Russia and China finally will drop their objections to including sanctions in the package of benefits and penalties when the foreign ministers of the veto-wielding Security Council members and Germany meet today in Vienna, Austria.

Miss Rice, who flew to Vienna last night, declined to discuss the package before the meeting. But senior U.S. officials said Washington has agreed not to invoke the entire Chapter 7 of the U.N. Charter in a future Security Council resolution on Iran to accommodate Moscow and Beijing.

For weeks, the United States has been calling for a Chapter 7 resolution, which would declare Iran a threat to international peace and stability and automatically trigger the option of using force to deal with that threat.

The compromise to be discussed today refers only to certain articles from Chapter 7 that are not linked with the use of force, the senior officials said.

Iran Calls U.S. Talks Offer "Propaganda" (AP)

By Anne Gearan

AP, May 31, 2006

The United States said Wednesday it would join in face-to-face talks with Iran over its disputed nuclear program if Tehran first agreed to put challenged atomic activities on hold, a shift in tactics meant to offer the Iranians a last chance to avoid punishing sanctions.

Iran dismissed the offer as "a propaganda move."

Before leaving for meetings in Europe on Iran, Secretary of State Condoleezza Rice said that while the U.S. was willing to join talks between European nations and Iran, it was also helping to prepare a package of sanctions that Tehran could face should it decline the new offer.

"We're prepared to go either way," she said

At the White House, President Bush said, "I believe that it's important that we solve this issue diplomatically, and my decision today says that the United States is going to take a leadership position in solving this issue."

The overture to join stalled European talks came after mounting pressure on the U.S. from European allies.

The administration is convinced Russia and China would support sanctions or other harsh measures if new talks fail to persuade Iran to abandon nuclear efforts that the West fears could lead to a bomb, said a senior administration official. The official briefed reporters on condition of anonymity because the secretary was continuing talks with other countries.

Rice will be working to reaffirm such support on Thursday.

The Iranian news agency said Iran accepts only proposals and conditions that are in the nation's interest. "Halting enrichment definitely doesn't meet such interests," IRNA said.

The United States has had no diplomatic ties with Iran and few contacts at all with its government since Islamic radicals took over the U.S. Embassy in 1979 and held diplomats for more than a year.

Rice will meet with foreign ministers from the other permanent U.N. Security Council members on Thursday in Vienna to finalize a package of economic incentives and threats to be presented to Tehran. That package would be on the table in any new talks involving the United States.

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The Bush administration had until now refused to talk directly to the Iranians about their nuclear program, although there have been sporadic contacts among relatively low-level officials on other subjects. The U.S. has long rejected direct contacts because it says Tehran supports terrorism and because it wants to avoid appearing to legitimize the regime.

The offer to talk should strip Iran and some U.S. allies of the argument that the hardline U.S. stance was an obstacle, or that Washington was not willing to try every means to resolve the impasse peacefully, U.S. officials said.

"This is the last excuse, in some sense," Rice said.

She said the United States was not offering full diplomatic relations with Iran and would not swear off ever using military action to stop what the U.S. contends is a rogue program to build a nuclear weapon.

"This is not a grand bargain," Rice said. "What we're talking about here is an effort to enhance the chances for a successful negotiated solution to the Iranian nuclear problem."

The administration has given arms-length support to European efforts to bargain with Iran, but also has been the prime mover for sanctions or other tough United Nations action. Russia and China, Iran's commercial allies on the council, have so far blocked that path.

Rice would not directly answer questions about whether those nations are committed to tough measures if the U.S. overture doesn't work.

She spoke of "tactical differences" and said, "I think you can be sure that our friends and our partners understand the importance of the step and the importance that the Iranians must now see of making a choice and making that choice clearly."

In New York, the U.N. ambassadors from China and Russia said the U.S. announcement showed it is more serious about finding a diplomatic solution to the dispute. Chinese Ambassador Wang Guangya added that Washington's offer to talk to Iran should be unconditional.

In Brussels, Belgium, European Union foreign policy chief Javier Solana welcomed the U.S. words. "Direct U.S. participation would be the strongest and most positive signal of our common wish to reach an agreement with Iran," he said.

British Foreign Secretary Margaret Beckett said, "The European side's goal is to present a serious and substantial offer of cooperation, which demonstrates to Iran the benefits that would flow from compliance ... rather than the further isolation which would result from their failure to do so."

The U.S. offer is conditioned on Iran suspending its enrichment of uranium and related activities and allowing inspections to prove it. European nations and the Security Council have demanded the same thing, but Iran has refused to comply.

Iran did suspend enrichment activities while talks were active with the Europeans last year but resumed and stepped up the program this spring.

Uranium enrichment can led either to a bomb or to nuclear power production, and Iran has so far insisted that it won't take any deal that involves giving up that technology.

If Iran agreed to suspend disputed activities in order to talk with the United States, it could still insist on resuming them later, which U.S. officials say would be a deal-breaker.

At that point, the United States and its allies would be expected to move for tough U.N. action, possibly including economic or other sanctions.

U.S. Reverses Stand On Talks With Iranians (LAT)

By Paul Richter And Alissa J. Rubin

The Los Angeles Times, June 1, 2006

WASHINGTON — The Bush administration reversed course Wednesday and announced a willingness to take part in direct talks with Iran over its nuclear program, but only if Tehran agreed to suspend its uranium enrichment activities.

Iran called the offer "a propaganda move," and many U.S. and allied officials acknowledged that it may reject the central U.S. precondition for talks. But if Tehran spurns the offer, American officials hope that would draw leading world powers together in agreeing to impose painful economic sanctions on the Islamic Republic.

"Iran now faces a clear choice," Secretary of State Condoleezza Rice said in Washington. "This is the last excuse."

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The United States has long resisted pressure to directly negotiate with Iran. Rice said the U.S. initiative would "give new energy" to a European-led effort to develop a package of incentives and possible penalties to induce Iran to halt disputed nuclear activities. The American proposal would also require Iran to allow the resumption of surprise visits to its nuclear facilities by U.N. nuclear inspectors.

It remained unclear going into a meeting of foreign ministers today in Vienna whether Russia and China would agree to the proposal, which offers both sticks and carrots.

Though the countries involved are unlikely to take the drastic step of trying to block Tehran's oil exports, they could still do enough damage to Iran's economy to force a rethinking of the nuclear program by the fundamentalist leadership, U.S. and allied diplomats say. Tehran is under strong pressure to provide more jobs and a better standard of living for its population.

Rice said that although ongoing talks in Vienna among the world powers had made "substantial progress … some outstanding issues remain."

America's allies and many U.S. foreign policy experts have been urging President Bush and his administration to take part in talks, arguing that unless Washington showed a willingness to engage, it could not convince other countries that the time had come to impose penalties on Iran.

The shift in the U.S. position comes less than a month after Iranian President Mahmoud Ahmadinejad sent a surprise letter to Bush, apparently the first direct communication between the two nations' leaders since Iranian militants took Americans hostage at the U.S. Embassy in Tehran more than a quarter of a century ago. The letter included a long series of grievances and demands but was followed by calls from foreign policy experts and even some Republicans on Capitol Hill for direct talks.

The administration has resisted such talks on the grounds they would lend a legitimacy to the Tehran regime, which the United States has condemned for actions dating to the 1979 Islamic Revolution. In reversing that stance, U.S. officials equated their participation in multinational talks on Iran with what the administration has done in the case of North Korea's nuclear program.

Iranian officials contend that their uranium enrichment program is intended only for legal civilian nuclear power facilities that would generate electricity. But the United States and Europeans fear Tehran's goal is to develop a nuclear weapons capability. Britain, France and Germany negotiated with Iran for two years over the disputed program, but talks broke off when Tehran resumed enrichment.

Rice said the proposed talks with Iran would be focused tightly on the nuclear issue, and would not be aimed at reaching a "grand bargain" to resolve all differences between the two countries. Nevertheless, some U.S. officials and foreign diplomats said the new approach had been advanced by Rice to Bush in the face of resistance from more hawkish members of the administration.

Tony Snow, the White House press secretary, said that Bush on Tuesday had called the leaders of France, Germany and Russia to discuss the proposal and that "they all signed off."

He said the United States and its allies were "finalizing both a series of inducements and punishments."

"Everybody is very close," Snow said, pointing to "a climate for action."

Bush personally addressed the policy shift in comments at the White House.

"Our message to the Iranians is that, one, you won't have a weapon, and two, that you must verifiably suspend any programs, at which point we will come to the negotiating table to work on a way forward."

Rice said that if Iran did not budge, the United States would move to "increase the pressure," either through the United Nations Security Council, "or, if necessary, with like-minded states outside of the Security Council."

Ahmadinejad has spoken scornfully of the incentive package being developed in Vienna. But Iranian officials have also intermittently signaled an interest in drawing the United States into negotiations, partly in hopes that Tehran could exact a U.S. commitment to drop efforts to undermine the regime.

The White House has heard calls to negotiate from a wide variety of sources, including European officials. But some administration members, including Vice President Dick Cheney, have resisted, fearing that talks could only give the Iranian leadership more stature and more time to advance a weapons program.

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The United States' overture to Iran offers an opening for negotiations but comes with so many strings attached that little may happen in the short term, diplomats and experts say.

Under the agreement, the U.S. would enter into direct talks only if the Iranians first agreed to suspend entirely their uranium enrichment program, which Tehran restarted in early April.

The U.S. proposal also says that if Iran fails to comply with the demand to suspend enrichment, the permanent Security Council members will move ahead with a resolution that can lead to sanctions. The incentive package would be offered simultaneously with the tabling of the resolution.

These demands would be hard to swallow for Iran and Russia. Iran has said it will not reenter negotiations if there are conditions attached, such as a mandatory suspension. And the Russians have said they oppose any Security Council measure that can lead to sanctions.

Despite the two countries' public statements, the U.S. offer is considered likely to push all parties to reassess their positions. And diplomats and experts around the world applauded the move as the only hope for a negotiated settlement that could result in the Iranians halting their enrichment efforts.

"They've crossed the threshold, they've said they will talk directly to the Iranians…. There are conditions that make it unlikely that it will happen quickly, but it's part of a process," said a senior envoy in Vienna, speaking on condition of anonymity in keeping with diplomatic protocol.

"Two weeks ago, it was way down the road that they might consider talking. Now, it's if certain conditions are met. We'll allow diplomacy to take its course, and if the U.S. is engaged, they are engaged, it will be qualitatively different."

International Atomic Energy Agency director-general Mohamed ElBaradei, who has quietly encouraged face-to-face talks, welcomed the move, saying in a statement that he "strongly encourages Iran to create the conditions necessary for the resumption of these talks, with U.S. participation, with a view to achieving a comprehensive settlement that is acceptable to both the international community and Iran."

European diplomats and experts reacted enthusiastically to the American move, even if it may not lead to a quick resolution.

"The Iranians have been demanding direct discussions with the U.S. so it would give much more credibility to the Europeans if they have the Americans sitting at the same table," said a European diplomat.

Gary Samore, who served as a top nonproliferation advisor to President Clinton, said any talks would probably be preceded by a U.S. initiative to work out the details of the negotiations. For instance, the Iranians would probably offer to suspend a portion of their enrichment effort, tempting other nations to accept those terms as a way to at least slow the Iranian effort, he said.

Patrick Clawson, a longtime Iran watcher at the Washington Institute for Near East Policy, said he was not surprised that the administration would make this offer to join direct talks once it had worked out an agreement with other countries on penalties.

"The U.S. position for some time has been if we can agree on the stick, we'll come with the carrot," he said. "That's what this is."

Clawson and Samore both said they doubted the Iranians would accept the offer. But their refusal, Clawson said, could make it easier for the United States to enlist like-minded countries to impose sanctions.

U.S. Is Now Ready To Meet Iranians On Nuclear Plan (NYT)

By Steven R. Weisman

The New York Times, June 1, 2006

WASHINGTON, May 31 — The Bush administration said Wednesday that the United States would join Europeans in talks with Iran over its nuclear program, but only if Tehran first suspended its uranium activities, which are thought to be a cover for developing nuclear arms.

The declaration, by Secretary of State Condoleezza Rice, was a shift away from decades of refusal to hold broad, direct talks with Iran. But Iran has long said it would not agree to preconditions, and the administration's offer appeared to be aimed as much at placating American allies as at wooing Iran.

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Ms. Rice announced the shift on the eve of talks in Vienna with European, Russian and Chinese envoys aimed at resuscitating a faltering American-led effort to forge a common front against Iran's nuclear program. The American goal is to present Iran with a package of economic and political benefits if it ends its uranium activities, and a threat of sanctions if it does not.

The shift followed a searching, two-month debate and an accelerating campaign by European leaders to get President Bush to make a dramatic gesture to energize the stalled European-led nuclear talks with Iran, American officials said.

Skepticism from Vice President Dick Cheney and others who have opposed concessions to Iran was overcome, the officials said, when it was realized that refusal to move toward the European view would mean that the administration would be blamed for failing to do its utmost to defuse the crisis, making it harder to rally world opinion against Iran. [News analysis, Page A8.]

Still, American and European officials said, Russian and Chinese support for the package was not yet guaranteed.

"The United States is willing to exert strong leadership to give diplomacy its very best chance to succeed," Ms. Rice said before leaving for Vienna. She added that "the United States will come to the table" with its European partners "and meet with Iran's representative" if Iran met the stated conditions.

It was not clear whether the American offer would prompt any change in Iran's longstanding opposition to preconditions. An official Iranian news agency initially labeled it a "propaganda move."

Ms. Rice said the American shift, however qualified, removed "the last excuse" for Iran to refuse to cooperate. President Bush later described the new approach as one that put the United States into "a leadership position in solving this issue."

"Our message to the Iranians is that, one, you won't have a weapon, and two, that you must verifiably suspend any programs, at which point we will come to the negotiating table to work on a way forward," Mr. Bush said at the White House.

The United States conveyed its readiness to meet through the Swiss Embassy in Tehran, and in a call to Iran's United Nations ambassador, Javad Zarif, by the American ambassador, John R. Bolton, offering Mr. Zarif an advance copy of Ms. Rice's announcement.

Outside of Iran, Ms. Rice's announcement brought nearly universal praise, especially in Europe, though Russia and China seemed guarded about the conditions the United States attached to its offer.

A senior State Department official, who was not authorized to speak for attribution, said President Bush had briefed President Vladimir V. Putin of Russia on the details. "We have a little bit more negotiating to do," the official said. "We just have to make sure that everybody's on board. We think the Russians will be."

The administration has not entirely frozen Iran out of contact in recent years, despite Mr. Bush's labeling it, along with Iraq and North Korea, part of an "axis of evil" in his State of the Union Message in early 2002.

The United States had contact with Iranian officials during the war in Afghanistan and the early stages of the war with Iraq. Iraq and Afghanistan are neighbors of Iran, and Iran has long wielded influence over their internal affairs.

American talks with Iran were cut off in mid-2003 after the United States charged Iran with involvement in the bombing of civilians in Saudi Arabia. But there were talks at the end of that year and the beginning of 2004 to speed American relief to Iran after the earthquake in Bam.

In addition, last year Ms. Rice announced that the American ambassador to Iraq, Zalmay Khalilzad, would be authorized to talk with Iranian officials about the situation in Iraq, including infiltration of insurgents and aid to Shiite militias. But these talks have not taken place.

With Washington's new position now public, the European, Russian, Chinese and American negotiators are to focus on details of the incentives and threats of punishment. The United States has quietly made one significant concession to the Russians on this score, by allowing language that would remove any threat of force from the document being discussed.

In addition, the United States has agreed to a Russian and Chinese demand to require that even if the Security Council threatens sanctions, the sanctions would not be imposed without another Council vote.

What all these face-saving arrangements leave unstated, however, is that the United States appears determined to enlist other countries to impose economic penalties, like a crackdown on bank activity in Iran, if the Council fails to act in the face of further Iranian defiance.

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Getting worldwide support for a tough policy toward Iran has been hard because Iran, which moved last summer to resume uranium enrichment, is technically correct in saying that this activity, defined by Iran as peaceful in nature, is allowed under the nuclear nonproliferation treaty that it signed.

The West maintains that because Iran has concealed many of its activities from the International Atomic Energy Agency, it has forfeited its right to enrich uranium.

A package of incentives is to be presented Thursday in Vienna, if American plans are fulfilled.

The threat of sanctions, as envisioned by the United States, Britain and France, is to take the form of a commitment to a resolution to be adopted by the Security Council under Chapter VII of the United Nations Charter, which implies penalties if Iran refuses to suspend its enrichment of uranium. Russia and China are opposed to invoking Chapter VII but may relent if they are persuaded by American assurances that sanctions would not be adopted without another vote of the Council.

North Korea Project Halted

A project to build two nuclear power plants for North Korea in exchange for its agreement to allow United Nations inspections of atomic sites was formally ended yesterday by the United States, Japan, South Korea and European Union. The contractor, the Korean Peninsula Energy Development Organization, was formed in 1995 to build two light-water reactors, from which it is difficult to extract weapons-grade plutonium, but the Bush administration never fully supported it.

U.S. Offer Of Iran Talks Seen As Change Of Course (CHIT)

By Mark Silva

Chicago Tribune, June 1, 2006

WASHINGTON -- The Bush administration, signaling a willingness Wednesday to open direct talks with Iran over its nuclear program, is embracing a sharp change of course that reflects a more pragmatic approach to one of the world's most intractable conflicts and may ease upward pressure on international oil prices.

The administration's overture comes with the same demand of Iran that the U.S. and its European allies have made from the start: the Iranians must first abandon their enrichment of nuclear material, which the West views as evidence of a determination to build an atomic bomb.

But until now, the U.S. has gone out of its way to avoid direct talks with Iran over a program that Iran maintains is designed only for civilian nuclear power. The U.S. has insisted so adamantly that Europeans handle all talks that Greg Schulte, the American ambassador to the International Atomic Energy Agency, once took evasive action as he encountered the Iranian representative in a hallway in Vienna.

"Once I almost found myself in the same elevator with him, but I found another elevator," said Schulte, adding that Iran wants to paint the conflict as a dispute between the U.S. and Iran. "This is not the U.S. against Iran. This is Iran against the world."

But that may have changed with the administration's offer to add the "weight" of the U.S. to European-led negotiations with Iran. President Bush pledged Wednesday to negotiate "a way forward," but only if Tehran would abandon its suspected development of nuclear weaponry.

The administration also held out a promise of greater economic cooperation with Iran, a country with which the U.S. has not had diplomatic relations since 1980, when ties were severed during Iran's detention of 52 American hostages for 444 days.

The official Iranian news agency quickly dismissed the new U.S. initiative as "a propaganda move." Iran also has rejected previous demands that it halt enrichment.

Before Iran's reaction, oil prices declined on the news of the offer. Iran is estimated to have as much as 9 percent of the world's known oil reserves, second only to Saudi Arabia, and about 15 percent of natural gas reserves.

The change in course is a signal that pragmatists within the Bush administration may be gaining sway over hard-liners who have refused direct relations with Iran. Bush's action is also a measure of the increasing alarm with which Israel and other nations view Iran's procurement of the technology needed to develop weapons-grade uranium.

"My decision today says that the United States is going to take a leadership position in solving this issue," Bush said. "And our message to the Iranians is that, one, you won't have a weapon, and two, that you must verifiably suspend any programs, at which point we will come to the negotiating table to work on a way forward."

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Bush, who repeatedly has maintained that the U.S. will not eliminate the option of military action against Iran, also insisted that he is committed to a diplomatic solution.

"You're seeing robust diplomacy," Bush said. "I believe this problem can be solved diplomatically, and I'm going to give it every effort to do so."

Secretary of State Condoleezza Rice said she had informed Iran of the administration's offer, using the Swiss government as an intermediary. The invitation, she added, came with a non-negotiable requirement: "As soon as Iran fully and verifiably suspends its enrichment and reprocessing activities, the United States will come to the table with our [European Union] colleagues and meet with Iran's representative."

Iranian President Mahmoud Ahmadinejad had made an overture of his own, with a rambling letter to Bush earlier this year, the first communication from Tehran to the U.S. in three decades. Bush dismissed that just last week as "like 16 or 17 single-spaced typed pages" that "didn't address the issue of whether or not they're going to continue to press for a nuclear weapon."

George Perkovich, director for non-proliferation at the Carnegie Endowment for International Peace, called the U.S. move a "careful and constructive response."

He added, "Almost everyone in the world recognized that something like this move was necessary because the Iranians were winning the international diplomacy. The only people who didn't seem to recognize that this was necessary were in the White House. Now they seem to have recognized reality. They had no other feasible options."

Saeed Laylaz, an analyst in Tehran, said the Iranians had been awaiting a response to their letter. "I'm not immediately optimistic," Laylaz said of Bush's reply. "It doesn't mean negotiations will start tomorrow morning ... but I believe this is the beginning of a trend."

Noting that "both countries know they should find a diplomatic solution," Laylaz said, "The United States knows that military confrontation is too dangerous and too costly. And Iran knows any continued confrontation will be harmful to its own interests."

Until now, the U.S. had left this diplomacy to a troika of Europeans, the so-called "EU-3" of Great Britain, Germany and France. Four years ago, in his State of the Union address, Bush identified Iran, Iraq and North Korea as "an axis of evil, arming to threaten the peace of the world." But since failed diplomacy with Iraq gave way to a costly U.S.-led invasion, the U.S. has found itself taking part in "six-party" talks with North Korea and is now ready to speak with Iran.

Part of the challenge facing the U.S. has been the reluctance of either China or Russia to support sanctions against Iran since the question of Iran's nuclear program has been referred to the United Nations Security Council.

Rice, asked if the U.S. overture makes it more feasible that Russia and China might support the U.S., said the American reluctance to join negotiations had been "the last excuse, in some sense."

Rice held out hope to Iran of a "beneficial relationship of increased contacts in education and cultural exchange, in sports and travel, in trade and in investment." She warned, though, that "the nuclear issue … is not the only obstacle standing in the way of improved relations." Iran, she said, must also stop sponsoring terrorism in Iraq and other nations.

While many experts have estimated that Iran is five to 10 years away from acquiring the technology needed for bomb-making, Israeli Prime Minister Ehud Olmert publicly has suggested that Iran could be ready within a year. The Iranian program is of particular interest to Israel because Ahmadinejad has called for the destruction of the Jewish state. The Israelis, in meetings at the White House last week, had encouraged the U.S. to engage in negotiations, one expert said.

The IAEA, which in February reported Iran to the Security Council, plans another meeting June 12 to assess "what if any progress has been made," Schulte said. Bush plans to travel to Vienna, headquarters for the IAEA, to meet European Union leaders later this month.

While Ahmadinejad maintains that his country is interested only in civilian nuclear power generation, many U.S. experts express doubt, in part because Iran possesses great reserves of oil that it could use for energy. Iran's pursuit of enrichment "makes no sense at this point … and in our judgment is really a guise, is really a cover for a military program," Schulte said.

In Shift, U.S. Offers To Talk To Iran, Aiming To Bolster Allies' Cohesion (WSJ)

By Jay Solomon And Neil King Jr.

The Wall Street Journal, June 1, 2006

DOJ_NMG_0030875

WASHINGTON -- The Bush administration launched a new, more urgent multilateral strategy to rein in Iran's nuclear program by offering to participate in European-led negotiations currently under way with Tehran, after years of pointedly shunning the regime.

The abrupt shift, announced by Secretary of State Condoleezza Rice yesterday, is a nod to European allies' desire to offer carrots as well as sticks to steer Iran away from its efforts to produce weapons-grade uranium. The offer to join talks was conditioned on Tehran's pledging explicitly to rule out any plans for nuclear-weapons development.

U.S. officials hope the gambit will win more support from allies for sanctions if Tehran spurns the outreach, as early indications suggest it might.

While the move drew a cool response from the Iranians, the reaction in other quarters was highly favorable. The European Union portrayed the announcement as a "most positive signal," and White House aides said even Russia and China -- long resistant to punishing Iran -- now seem willing to go along with sanctions under certain circumstances. And oil markets reacted with a hint of optimism. (See related article.1)

Ms. Rice said the U.S. might ultimately be willing to work outside the United Nations to impose sanctions if the new American approach fails to change other nations' stances. And while U.S. officials are eager to stress that Washington is exhausting every diplomatic option in dealing with Iran, the U.S. experience in Iraq has all but forced the administration to try a more cooperative approach: This time, Mr. Bush and Ms. Rice are working with allies and through diplomatic channels. They have pulled out the diplomatic stops in recent days to nail down agreement on a firm U.N. resolution.

The president on Tuesday telephoned the leaders of three of the top countries involved -- Vladimir Putin of Russia, Angela Merkel of Germany and Jacques Chirac of France -- and is hoping to speak with Chinese President Hu Jintao soon. Ms. Rice late yesterday flew to Vienna for talks with the foreign ministers of Germany, Russia, France, Britain and China -- the last four of which, along with the U.S., are the permanent members of the U.N. Security Council. The administration also has been consulting with friendly nations in the Persian Gulf, and Mr. Bush as recently as Tuesday talked at length about the Iranian problem with Israeli Prime Minister Ehud Olmert.

"We now have an opportunity to either check their movement toward further sophistication of their nuclear program by negotiation, to which we would be a party, or to check it by greater pressure on the Iranians through sanctions and other measures through the Security Council and, if necessary, with like-minded states outside of the Security Council," Ms. Rice told reporters yesterday.

The fight with Iran centers around fears that Tehran is busy working to develop nuclear weapons, while the Iranian government says it is merely enriching uranium to fuel a civilian nuclear program. To ensure that Iran doesn't acquire nuclear weapons, the U.S. and others want to stop the domestic enrichment program and supply Iran with fuel from the outside, a proposal that Iran has rejected.

After hours of official silence in Tehran, the official Iranian news agency dismissed the U.S. offer to participate in European-led talks as a "propaganda move," though some moderate officials within Iran's government have called for direct talks with Washington. Last month, Iranian President Mahmoud Ahmadinejad sent a rambling 18-page letter to Mr. Bush, though it made only a passing reference to Iran's nuclear program.

But the U.S. announcement drew immediate praise in Europe, where top officials have pushed the U.S. for months to join on-and-off talks that until now have been led by Britain, France and Germany. It also drew cheers from financial markets, as crude oil futures fell 74 cents a barrel in New York trading. One factor behind the recent jump in oil prices has been fear of a confrontation between the U.S. and Iran, the world's fourth-largest oil producer.

While it remains unclear if Tehran will take up the offer, the U.S. move does seem to have hardened support for applying more pressure on Iran. Russian and Chinese diplomats praised the move. And at the White House, a senior administration official said that Russia and China had agreed to back a tough U.N. resolution if Iran rebuffs the U.S. offer. The official also said the proposal's timing was meant to gauge the sincerity of Iran's recent overtures to the U.S. -- which continued with back-channel contacts after Mr. Ahmadinejad's letter -- so the world could see Iran's true intentions.

While the U.S. has generally shunned open contact with Iran since Islamic radicals took hostages at the U.S. embassy in 1979, the Bush White House, more than any of the previous four administrations, had firmly rejected any suggestion that it engage

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in high-level talks with Iran. In remarks yesterday after Ms. Rice's announcement, Mr. Bush said he decided to alter his stance to show "that the United States is going to take a leadership position in solving this issue" diplomatically.

In a similar turnaround, the administration at first refused to have any contact with North Korea but later agreed to join in six-party talks to try to end Pyongyang's nuclear program, though those negotiations have made little progress.

In the Vienna meetings today, the ministers hope to complete agreement on a comprehensive set of both potential sanctions and economic incentives for Iran. Ms. Rice said these incentives, coupled with Washington's new willingness to engage Tehran directly, offer Iran a clear alternative in its bid to reintegrate with the international community while still developing a peaceful nuclear-energy program.

"Today, the Iranian regime can decide on one of two paths, one of two fundamentally different futures for its people and for its relationship with the international community," Ms. Rice said. She said the U.S. offer to join the European talks would remove "the last excuse" that Iran and others have cited for the lack of diplomatic progress.

In advance of any formal agreement -- in or outside the U.N. -- on sanctions, the U.S. Treasury Department and other government agencies have already been stepping up efforts to curtail Iranian access to the international banking system if Tehran doesn't suspend its nuclear program. In recent months, UBS AG of Switzerland and ABN Amro Holding NV of the Netherlands both announced they were severing their financial ties. Both financial institutions have been subjects of U.S. Justice Department inquiries into whether they violated sanctions laws regarding Iran.

Diplomats involved in the Iran negotiations said these moves could be part of stepped-up action against Iran that will increase in the coming months, regardless of events at the U.N. "I think you're only seeing the early stages of this sort of financial pressure," a European diplomat said.

Ms. Rice personally called for an interagency plan to pressure Iran's financial system should the country not comply with international demands, say U.S. officials. The plan would include targeting companies and personalities known to be involved in the nuclear program, these officials say. And it has been aided by growing concerns among financial institutions about the costs of doing business with Iran.

U.S. officials have also been seeking to cobble a united front among Middle East countries to pressure Iran. All are Sunni Muslim-majority countries that are skeptical of both Iran's nuclear intentions and its moves to expand its influence in the region.

In recent weeks, State Department and Pentagon officials have met with leaders from nine Arab nations to try to develop greater security cooperation. Some of the discussions have focused on counterproliferation and counterterrorism issues, U.S. officials say. But they have also directly sought to strengthen these countries' military hardware, particularly anti-missile defenses.

"The intent is to show that no one in the Gulf community can find that it can be bullied or pressured by Iran's behavior," said John Hillen, the assistant secretary of state for political-military affairs. He added that the Bush administration is seeking to stress to Middle Eastern states that Washington isn't reducing its commitment to securing the region.

U.S. officials are particularly seeking to build a stronger security presence in the Middle East through the Gulf Cooperation Council, a regional body comprising Saudi Arabia, Bahrain, Kuwait, Oman, Qatar and the United Arab Emirates. All have healthy bilateral relationships with Washington, U.S. diplomats say, but the hope is that they can begin cooperating better among themselves on everything from maritime security to protecting the region's energy supplies.

They see the GCC as a buttress against Iran's influence in countries such as Syria, Lebanon and Iraq.

The U.S. outreach to Iran is already being attacked by conservative analysts in Washington and Iranian exile groups. They say the Iranian president will view Mr. Bush's overture as a sign of weakness and that it is unlikely to generate any concessions from Tehran. They also believe Iran's theocratic government will simply use diplomacy with the U.S. to further its nuclear ambitions.

Talks will "buy more time as Ahmadinejad is rapidly proceeding with Iran's nuclear-weapons program," said Alireza Jafarzadeh, a Washington analyst affiliated with the National Council of Resistance of Iran, one of the large Iranian exile opposition groups.

U.S. Willing To Talk With Iran On Nuclear Program (USAT)

By Barbara Slavin

DOJ_NMG_0030877

USA Today, June 1, 2006

WASHINGTON — In a significant policy shift, the Bush administration offered Wednesday to take part in talks with Iran about its nuclear program if Tehran suspends efforts to make nuclear fuel.

Secretary of State Condoleezza Rice said the offer removes Iran's "last excuse" for not stopping its nuclear program. "It's time to know whether Iran is serious about negotiations," she said.

IRNA, Iran's official news agency, quickly dismissed the offer as "a propaganda move," according to the Associated Press. The statement said Iran had no intention of halting uranium enrichment.

The initial rejection still leaves room for diplomacy, Iran experts said.

"I suspect they'll negotiate over negotiations," said Ray Takeyh of the Council on Foreign Relations.

IRNA is government-controlled, but the Bush administration said it was awaiting official reaction from Iran's leaders.

"I hope this is not a real reaction from Iran," U.S. Ambassador to the United Nations John Bolton said in an interview on Fox News. "I think it's important that they take a very careful look at what Secretary Rice laid out today because it really is their last chance, in many respects."

Tehran also is waiting to examine a package of incentives and possible punishments being assembled by the United States, European countries, Russia and China.

The talks would be the first acknowledged high-level negotiations between the two countries since 1980, when the United States broke diplomatic relations during the Iran hostage crisis at the U.S. Embassy in Tehran.

The Bush administration's offer was the latest in a flurry of diplomatic activity over recent months designed to halt Iran's nuclear program.

The White House suggested recently that it might agree to talks with Iran if Tehran suspended its nuclear program. Rice's statement Wednesday was the first official offer and followed urging from Europeans.

France, Germany and Britain welcomed the U.S. offer.

The overture could help the White House win over Russia and China, which are reluctant to support sanctions and are urging more diplomacy.

The offer also strengthens the U.S. position if Iran refuses to suspend its nuclear program. It allows the United States to argue that it made every diplomatic effort before resorting to sanctions or war.

In contrast to the U.S. stance on Iraq, when the United States acted with limited international support, President Bush said Wednesday that "there must be a united international front … to prevent the Iranians from developing a nuclear weapon."

Bush told reporters that his administration was prepared to take the "leadership position" in efforts to end Iran's nuclear program.

The Bush administration says Iran is trying to build a nuclear weapon. Tehran insists its program is for peaceful purposes.

U.S. To Join Talks With Iran If Uranium Enrichment Stops (WP)

By Michael A. Fletcher And Glenn Kessler

The Washington Post, June 1, 2006

The Bush administration offered for the first time yesterday to join European talks with Iran over its nuclear program, but only if the Iranian government suspends efforts to enrich uranium and reprocess spent nuclear fuel, which the administration calls part of a covert attempt to make bombs.

Secretary of State Condoleezza Rice announced the U.S. policy shift at a State Department news conference, warning that if the Iranian government chooses not to negotiate and to continue pursuing its nuclear ambitions, "it will incur only great costs."

"We urge Iran to make this choice for peace, to abandon its ambition for nuclear weapons," Rice said. Refusing to do so, she added, "will lead to international isolation and progressively stronger political and economic sanctions."

A senior administration official said there is substantial agreement from Russia and China -- two nations that have resisted sanctions against Iran -- on an escalating series of U.N. penalties that would be imposed if Iran does not comply. He said negotiators are expected to finalize a package that includes potential sanctions for noncompliance, as well as benefits if Iran

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accepts a deal being crafted by several nations during a meeting in Vienna today. Rice left for the meeting shortly after her announcement.

The Bush administration previously refused to engage in direct talks with Iran on its nuclear program, preferring to let three European Union nations -- Britain, France and Germany, known as the E.U.-3 -- conduct negotiations. But Germany lately has increasingly urged Washington to deal with Tehran directly, as have a growing roster of foreign policy experts and at least two U.S. senators.

"I thought it was important for the United States to take the lead, along with our partners, and that's what you're seeing," President Bush told reporters. "You're seeing robust diplomacy. I believe this problem can be solved diplomatically, and I'm going to give it every effort to do so."

John R. Bolton, U.S. ambassador to the United Nations, called Javad Zarif, Iran's U.N. ambassador, before Rice's announcement to inform him of the administration's willingness to engage in direct talks. Meanwhile, Rice's remarks also were given to the Swiss ambassador to the United States for transmission to Iran.

Iran's official Islamic Republic News Agency seemed to dismiss the offer, saying that the country accepts only proposals that are in its interest, the Associated Press reported. "Halting enrichment definitely doesn't meet such interests," IRNA said. Iranian officials have long insisted that their nuclear program is limited to peaceful purposes.

In extending the offer to enter the nuclear talks, Rice made it clear that the United States would not contemplate restoring diplomatic relations with Iran, which were severed during the 1979 hostage crisis, until the regime made changes, including renouncing its support of terrorist groups.

Senior Chinese and Russian officials welcomed the U.S. offer of direct talks, saying it showed an increased willingness to pursue diplomatic means to resolve the budding nuclear crisis. Still, Wang Guangya, China's U.N. ambassador, said the United States should provide Iran with security assurances and drop its demand that Iran cease uranium enrichment before such talks could begin.

"I think it in a way proves that the U.S. is more serious about the negotiations than about other options, but I do hope that this offer could be less conditional," Wang told reporters.

Wang said China may be prepared to take a tougher line with Iran if the United States and Europe offer more "attractive carrots" to the Iranians, including security assurances, and a pledge to allow Tehran to pursue a peaceful nuclear energy program, including a small research-and-development project on uranium enrichment.

The United States and key European allies oppose such a project, saying it would provide Tehran with the technical know-how to enrich uranium for a nuclear weapon. Estimates vary, but some experts think Iran could master the expertise needed to produce a nuclear weapon by the end of the year, though U.S. intelligence agencies estimate it would take Tehran a decade to build a bomb.

The shift in U.S. policy came after mounting calls for a dialogue with Iran from senior foreign policy experts and lawmakers, notably former secretaries of state Henry A. Kissinger and Madeleine K. Albright and Sens. Chuck Hagel (R-Neb.) and Richard G. Lugar (R-Ind.).

The pressure increased in early May when Iranian President Mahmoud Ahmadinejad wrote a rambling 18-page letter that was dismissed by Bush but seen in much of the world as an invitation for talks with the United States. The letter was followed by back-channel communications making it clear that the Iranians were seeking direct talks.

Administration officials, meanwhile, said they began seriously discussing a plan to enter negotiations with Iran two months ago. Rice, on her way to New York in early May for what turned out to be a contentious meeting on the Iran issue, sketched an outline of a plan on a piece of paper, a senior State Department official said.

Later, a small group -- including officials from the State Department, the White House and the Defense Department -- was assembled to flesh out her ideas. Bush discussed them with British Prime Minister Tony Blair during his visit to Washington last week, and Bush followed that up with phone calls to the leaders of France, Germany and Russia on Tuesday to ensure that they were on board. Rice, meanwhile, discussed the idea with her Chinese counterpart, Foreign Minister Li Zhaoxing, before Bush gave final approval to the offer.

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Rice and other Bush administration officials said the offer of direct negotiations would eliminate the argument that the U.S. refusal to deal directly with Iran on the nuclear issue was the impediment to resolving the impasse.

"This is the last excuse in some sense," she said. "There have been those who have said, 'Well, if only the negotiations had the potential for the United States to be a part of them, perhaps then Iran would respond.' So now we have a pretty clear path."

Oil Falls Amid U.S. Offer Of Iran Talks (WSJ)

By Masood Farivar

The Wall Street Journal, June 1, 2006

Oil prices ended moderately lower yesterday after a selloff on hopes of a diplomatic solution to the Iran nuclear standoff.

Secretary of State Condoleezza Rice, in a major policy shift, said Washington was ready to join multinational talks with Tehran if Iran suspends all disputed nuclear activities.

The nearby July crude contract on the New York Mercantile Exchange settled 74 cents lower at $71.29 a barrel after falling as low as $70.05.

In the past, Iran has offered to suspend its controversial nuclear-enrichment program to find a way out of the crisis, and the surprise U.S. diplomatic overture triggered a knee-jerk selloff in oil futures.

At a news conference yesterday, Ms. Rice said the U.S. was prepared to join a united international front in an attempt to persuade Iran to abandon any ambitions it may have of building nuclear weapons.

"It is an opportunity for the world to clarify Iran's intentions, and it is an opportunity for Iran to make its intentions clear," she said.

While there was no immediate official reaction from the Iranian government, the Islamic Republic's official news agency dismissed the overture as a U.S. "propaganda initiative."

Asserting that Ms. Rice has broached the subject, the Islamic Republic News Agency wrote: "Of course, the Islamic Republic of Iran will only accept proposals and conditions that take into account the interests of the people and the nation [of Iran]. Suspending enrichment absolutely will not safeguard these interests."

The unofficial dismissal "called the whole thing into question" and led traders to buy back previously sold positions late in the session, said Tom Bentz, an analyst at BNP Paribas Futures in New York. "To be honest, why anyone believed that the Iranians would respond positively is the question."

Bill O'Grady, an analyst at A.G. Edwards in St. Louis, said if Iran formally rejects the U.S. offer of talks, oil prices could climb to new highs.

"Then the odds of something happening start to accelerate," Mr. O'Grady said. On the other hand, Iranian acceptance would mean more losses for oil, with crude prices potentially dropping into the mid- to low-$60s, he added.

In other commodity markets:

CBOT: The Chicago Board of Trade will raise fees for trade-clearing and certain other transactions, moves that will increase the average amount of revenue generated for each contract traded at the exchange. Effective July 1, the fee for clearing all trades will be six cents a contract, up from five cents. CBOT, a unit of CBOT Holdings Inc., will raise fees for so-called off-exchange transactions and for electronic trading of agricultural products.

COPPER: Futures on the Comex division of the Nymex fell on month-end long liquidation and general weakness in commodities. July copper fell five cents to $3.624 a pound.

Oil Prices Cool Off After U.S. Softens Stance On Iran (USAT)

By Barbara Hagenbaugh

USA Today, June 1, 2006

WASHINGTON — Oil prices fell for the first time in a week Wednesday as gasoline prices continued to decline.

Oil prices fell 74 cents, or 1%, to $71.29 a barrel in trading in New York after the Bush administration said it would participate in talks with Iran about its nuclear ambitions if the country halts its effort to produce nuclear fuel.

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Worries about a potential showdown between Iran and other nations about Iran's nuclear program have bolstered oil prices for weeks. Although the USA does not import oil from Iran, OPEC's second-largest producer, there is concern that should sanctions be imposed on that country, there would be less oil on the world market.

The decline in oil prices following the White House's announcement reinforces the idea that the lofty prices, which recently hit a record high, are not supported by basic supply and demand fundamentals, says Rakesh Shankar, senior economist at Moody's Economy.com.

"We see at least $5 to $6 in pure speculative premium," Shankar says. "It's a house of cards that any breath of wind will tumble."

Although the decline Wednesday was the first in a week, prices earlier in the session were down by as much as $2 a barrel.

The fact that investors erased some of those losses suggests they question if Iran will follow through, Alaron Trading analyst Phil Flynn says.

"People are skeptical that these talks are actually going to happen," Flynn says.

He predicts oil prices will continue to rise to a new record of $78 a barrel by midsummer, based on strong global demand and on concerns during hurricane season about the potential impact on U.S. energy supplies.

"Oil prices are going to stay strong and go up," Flynn says.

Oil is a key element in a number of industries and accounts for half of the cost of gasoline at the pump.

The U.S. average price for a gallon of gasoline fell for the second-consecutive week this week, the Energy Department said Wednesday.

The nationwide average price was $2.87 Monday, down 3 cents from a week ago, but still up 77 cents from a year ago. Prices recently peaked at $2.95 a gallon May 15, according to the government's weekly report.

Prices remained above $3 a gallon in several cities, such as Los Angeles, New York, San Francisco and Seattle, this week.

Large drops in prices at the pump are unlikely, says Fred Rozell, retail pricing director at Oil Price Information Service, which tracks gasoline prices. That's because the memory of the reduction in gasoline supplies and the quick run-up in prices to record levels following last year's hurricanes is too fresh. Weather forecasters have predicted another active hurricane season, which begins today.

"There's still that fear," Rozell says. "Any time the wind picks up and threatens to blow anywhere near the refining sector, prices are going to go nuts."

Iranian Hard-liners In Fix As U.S. Offers To Join Talks (WT)

By David R. Sands

The Washington Times, June 1, 2006

Iranian hard-liners, led by President Mahmoud Ahmadinejad, faced a dilemma of their own after yesterday's announcement by the Bush administration that it was ready to join talks over Iran's suspected nuclear programs.

The U.S. policy shift "will be seen as a victory for the tough line of the government," said A. William Samii, an Iranian political analyst for Radio Free Europe/Radio Liberty, "but it's a tricky question of how best to respond."

Ordinary Iranians are increasingly weary of the confrontation with the West over the nuclear programs, Mr. Samii said, but have been told repeatedly by the country's conservative Islamic leaders that developing a nuclear capability is a matter of national honor and security.

If Washington's presence in the talks produces a deal to suspend or terminate Iran's nuclear programs, "there will be a lot of questions for the Iranian government," Mr. Samii said.

Secretary of State Condoleezza Rice, briefing reporters yesterday, said bluntly that one motivation behind the U.S. decision was to test Tehran's sincerity.

"It's time to know whether Iran is serious about negotiations or not," she said.

Iranian nuclear negotiators, backed by supreme leader Ayatollah Ali Khamenei, have rejected in recent months any suggestion that they suspend uranium enrichment while the talks proceed. Mr. Bush and Miss Rice said such a suspension was a precondition for U.S. participation in the talks.

In the first official reaction to the U.S. offer, Iran's state-run news service called the proposal a "propaganda move."

"It's evident that the Islamic Republic of Iran only accepts proposals and conditions that meet the interests of the nation and the country," the Islamic Republic News Agency said last night. "Halting enrichment definitely does not meet such interests."

But Trita Parsi, president of the National Iranian American Council and an Iranian foreign policy scholar at Johns Hopkins University's Paul H. Nitze School of Advanced International Studies, cautioned, "You should never take Iran's first reaction too seriously."

Mr. Parsi praised the U.S. move but said the demand for a halt to uranium enrichment could tempt Tehran to put forward its own preconditions for talks.

However, the prospect of active U.S. participation in the talks could widen the differences within the Iranian regime over negotiating tactics and strategy, he added.

"When there was no credible offer on the table, the international pressure only united the different factions in the government," he said. "That could change now."

The uranium enrichment program remains a sensitive topic in Tehran. The Supreme National Security Council, the top security agency, has forbidden debate on the subject in the national press.

Mr. Ahmadinejad, a little-known figure before his surprise election in mid-2005, has carved out a major role in foreign policy in part by strongly backing the nuclear program. Ayatollah Khamenei, still the final arbiter of policy in Iran's fractured political system, has backed the president's uncompromising stand.

The supreme leader said earlier this week that "any retreat" on the nuclear issue would be a "100 percent loss."

But other prominent figures, including former President Ali Akbar Hashemi Rafsanjani and former top security aide Hassan Rowhani, have publicly expressed doubts about the regime's hard line in talks with France, Britain and Germany.

Iran insists its nuclear programs are for peaceful civilian use and says it has a right to such programs under international treaties.

Mr. Ahmadinejad and his allies have grown bolder in recent days, Iranian analysts say, reflecting what they say are increasing troubles Washington faces on other fronts.

Foreign Minister Manuchehr Mottaki, on a visit to Malaysia this week, said the United States could not afford to "create a new crisis" in the region because of the difficult situations in Iraq and Afghanistan.

Jaw-Jaw Before War-War? (WSJ)

By Robert D. Blackwill

The Wall Street Journal, June 1, 2006

The Bush administration's announcement that it will join the EU-3 negotiations with Iran -- if Tehran suspends, verifiably, its enrichment and reprocessing activities -- will be seen as good news by many. With this new initiative, the American-led attempt to stop diplomatically Iran's nuclear weapons program will likely last for at least several more months. Perhaps Iran will eventually accede, either because of the threat or imposition of sanctions against it, or in the face of the united will of the international community.

We may hope the outcome is peaceful. But how probable is it? Vegas might give 3-1 odds against -- or longer. The Europeans have tried for two years to find a compromise with Tehran, without progress. Despite nearly unanimous condemnation by the international community, the regime appears determined to acquire nuclear weapons capability, and to replace the U.S. as the dominant power in the Persian Gulf area.

The essential problem here is not administration policy, the shape of the table, or who is sitting around it. Iran's nuclear policies are causing this crisis and Tehran has been left in no doubt about how to end it -- stop trying to create a nuclear arsenal. Nevertheless, if negotiations with Tehran fail, the case against using U.S. military force to set back Iran's nuclear weapons program is impressive.

Iran would retaliate strongly in Iraq, in Afghanistan and perhaps against the U.S. homeland. The effect in the Muslim world could be volcanic. Terror against America would increase. Islam could be further radicalized. Oil prices would skyrocket with

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damaging effects on the international economy, even if Iran did not interrupt its supply. The people of Iran would probably fall in behind the mullahs.

Global public opinion would further shift against the U.S. The Bush administration's resulting prolonged fixation on Iran could facilitate the rise of Chinese power and give North Korea more room to maneuver. Moreover, how accurate would U.S. intelligence and targeting information be? For what period would an air campaign have to last to be effective? If Iran subsequently began rebuilding its nuclear infrastructure, how long would it be before the U.S. might have to attack again?

For many, these arguments rule out military force. Former National Security Adviser Zbigniew Brzezinski has argued that, "if undertaken without the sanction of the U.N. Security Council either alone by the U.S. or in complicity with Israel, it would stamp the perpetrator(s) as an international outlaw(s)." Since it is difficult to imagine any circumstance in which the Security Council would endorse U.S. military action against Iran, this would seem to take the military option off the table for the likes of Mr. Brzezinski.

If diplomacy does not succeed, he suggests a policy of deterrence, which, he explains, "has worked in U.S.-Soviet relations, in U.S.-Chinese relations, and in Indo-Pak relations." But deterrence in the situations he mentions was focused on avoiding nuclear use. It did not prevent Pakistan from conducting more than a decade of cross-border terrorism in the course of which 40,000 innocent Indians were murdered. Would nuclear deterrence weaken Iran's ambition to become the hegemonic state in the Persian Gulf region? Would it end Iran's state support for international terrorist organizations? Would it lessen this Iranian regime's oft-repeated objective to eradicate Israel?

In fact, it would likely be the U.S. that would be deterred once Tehran acquired nuclear weapons capability and threatened U.S. national interests. Many argued a decade ago against military action against North Korea's nuclear facilities. Negotiate, they insisted. The PDRK presently produces probably several nuclear weapons a year. Who's sorry now? Henry Kissinger reminds us that bureaucrats and experts instinctively favor delay, equivocation, negotiation and the status quo, "because short of an unambiguous catastrophe the status quo has the advantage of familiarity and it is never possible to prove that another course would yield superior results."

The use of American military force against Iran's nuclear infrastructure would obviously carry great risk. But acquiescing in an Iranian nuclear weapons capability would be deeply dangerous for the U.S. and likeminded democracies for decades to come. It would be regarded by the entire world, friend and foe alike, as a strategic defeat for the U.S., and produce a major shift toward Iran in the balance of power in the Greater Middle East.

Iran would be emboldened to further endanger American vital national interests world-wide. Terrorist organizations everywhere would be given a major lift, some through direct support from Tehran. Israel's very existence would be called into question. And the nonproliferation regime could be dramatically, perhaps fatally, undermined. If Egypt, Saudi Arabia, Turkey and other Muslim states followed the Iranian nuclear example, for how long could a nuclear war in be avoided in this violent part of the world? John McCain sums it up: "In the end, there is only one thing worse than military action, and that is a nuclear-armed Iran."

Given the extraordinary stakes involved, ignoring the military option and hoping that we will somehow be rescued by sanctions, new negotiating mechanisms, or the Iranian mullahs is a serious mistake. We should instead follow Nehru's advice: "Risks and deadlocks when they occur at least have this advantage, that they force us to think." The distinguished French strategist Thérèse Delpech has been doing precisely that and warns, "The Iranian nuclear programme is progressing more rapidly than anticipated . . . and Tehran shows it has learned from Pyongyang that brinksmanship brings rewards." We may not have years to debate these historic policy choices. We should do so now before the gathering storm with Iran arrives with full force.

Mr. Blackwill, president of Barbour Griffith & Rogers International (a Republican lobbying and consulting firm), was U.S. ambassador to India from 2001-2003, deputy national security adviser for strategic planning and presidential envoy to Iraq in 2003-2004.

Rice Makes The Right Move On Iran (LAT)

The Los Angeles Times, June 1, 2006

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PRESIDENT BUSH HAS MADE A U-TURN on Iran — and not a moment too soon. Just as Secretary of State Condoleezza Rice was about to get on a plane to Vienna for talks on Iran, she announced a courageous and historic about-face that offers hope of ending the hostility that has marked U.S. relations with Iran since 1979.

That said, the chances of negotiating a verifiable, permanent end to Iran's suspected nuclear weapons program are slim. Iran's anti-Semitic, nationalistic president, Mahmoud Ahmadinejad, appears determined to produce nuclear weapons. But even if negotiations founder or fail, Bush's overture to Iran is as shrewd as it is welcome. Blame will rightly fall on Tehran if it fails to seize this opportunity.

Tehran's blustery initial response, dismissing the offer for talks as U.S. "propaganda," only shows how completely Bush's gambit caught the Iranians off guard. Several aspects of Wednesday's announcement indicate that the administration has done some serious thinking, and rethinking, on Iran.

First, despite Iran's history of mendacity with its nuclear program, Rice made a point Wednesday to acknowledge — twice — Iran's right to a civilian nuclear energy program. It was a necessary concession to Iran's pride in its program and to the fact that the Nuclear Non-Proliferation Treaty allows for it.

Second, in a concession to both Iran and Europe, Rice said the U.S. would "actively support" greater European economic cooperation with Iran. This reverses decades of U.S. attempts to wreak economic pain on Iran. It also offers hope that China and Russia, which have strong economic ties to Iran and have opposed U.S. efforts to exert pressure on Iran at the U.N., may be more likely to support U.S. efforts.

Third, Rice demanded as a condition for talks that Iran "fully and verifiably suspends its enrichment and reprocessing activities."

That may sound tough, but it's actually a face-saving gesture. Tehran can agree to a temporary suspension — as it has previously done during negotiations with the Europeans — without backing off its position that it will resume enrichment any time it pleases. And the White House can tell the Iran bashers in Congress that its willingness to negotiate has had tangible rewards.

More broadly, Bush's move indicates a late-blooming maturity in foreign relations. A president frequently chided for refusing to admit error has not only changed his mind, he has reexamined one of the core principles of his foreign policy. Even before his inauguration, Bush's most senior advisors were adamant that the way to deal with "rogue regimes" was to freeze them out. And Iran was famously included in the "axis of evil" that Bush identified in 2002.

Iran is no less dangerous today than it was four years ago. And its near-immediate dismissal of this overture is not encouraging. Yet Rice arrives in Vienna not only with a new proposal but a new approach. That change may be the more important one and, in the end, the more consequential.

A Smart Approach To Iran (WP)

The Washington Post, June 1, 2006

THE BUSH administration's offer yesterday to join negotiations with Iran was well tailored. By stating its readiness to join the European governments that have been negotiating with Tehran for several years, the administration may have defused an issue that was impeding its effort to win support for U.N. sanctions against Iran. Its concession was merely to acknowledge the reality that any enduring settlement of the Iranian nuclear threat will require direct U.S. participation. Yet the administration rightly insisted that Iran first suspend its uranium enrichment and reprocessing before any talks including the United States begin, and it linked its offer to a carrot-and-stick package of incentives and sanctions that would be presented to Iran in the coming days with the support of the Europeans and, possibly, China and Russia.

The packaging means that Iran won't achieve the symbolic breakthrough of talks with the United States -- something its regime and public deeply desire -- unless it suspends its nuclear work. If Iran rejects the offer, which will also include economic incentives, the result should be the passage of a Security Council resolution opening the way to sanctions. Crucially, European governments, and possibly Russia and China, will agree on the sanctions to be imposed even before the offer is made.

Secretary of State Condoleezza Rice still needs to firm up this elaborate piece of multilateral diplomacy in a meeting with the permanent Security Council members and Germany in Vienna today. There are some weak points: The Security Council resolution won't be voted on unless Iran rejects the offer, and there is no deadline for Tehran's response. Yet if Ms. Rice

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succeeds, Iran may well be presented with the "clear choice" she described yesterday between improved international relations and a relatively painful isolation.

That doesn't mean the Bush administration is anywhere near ending the threat from Iran. Most likely, the regime will try to dodge the choice it will be presented or reject it altogether. It will look for support to actors such as Mohamed ElBaradei, the director of the International Atomic Energy Agency, who has publicly undercut the decisions of his own board and the Security Council by proposing that Iran be allowed to continue uranium reprocessing. Tehran also will count on the Bush administration's critics in Europe and Washington to decry the offer to negotiate as unworthy and to insist that the United States offer Iran unconditional bilateral negotiations on all issues.

Ms. Rice made it clear yesterday that no such "grand bargain" is on the table. Were the Bush administration to propose such a scheme, Iran would surely pocket the concession of de facto U.S. recognition while continuing to pursue its nuclear program. Fragile European support for sanctions would quickly give way to pressure on Washington to offer Tehran greater and greater concessions. If, on the other hand, Iran accepts the coming offer, it's possible that Iranian-U.S. talks could evolve into a larger discussion of security issues -- Iraq, Lebanon, global terrorism -- that would benefit both countries, though it's hard to imagine that happening under Iran's current government. For now, the administration has rightly put the focus on forcing Tehran -- not Washington -- to make a choice.

Condi's Iran Gambit (WSJ)

The Wall Street Journal, June 1, 2006

When Iranian President Mahmoud Ahmadinejad publicly released a long, insulting letter seeking direct talks with the U.S. last month, President Bush dismissed it as unworthy of reply. But yesterday Secretary of State Condoleezza Rice delivered the real U.S. answer: Yes.

In a surprising policy reversal, Ms. Rice offered to negotiate directly with Iran's mullahs if they first suspend all uranium enrichment and cooperate with United Nations arms inspectors. The Secretary of State seems to have convinced Mr. Bush -- over the doubts of Vice President Cheney and others -- that this was the only way to prevent the U.S. from being isolated as our European allies ran for cover and Russia resisted any U.N. sanctions. How this new U.S. concession will impress the mullahs to give in is now Ms. Rice's burden to demonstrate. Good luck.

Granted, the offer has one big virtue: ending the three-year pretense that the so-called EU-3 -- Britain, France and Germany -- had any chance of ending Iran's nuclear ambitions. Time and again the not-so-big three had threatened "consequences" if Iran continued to enrich uranium, only to back down and force more concessions -- from Washington. The mullahs always wanted to talk directly to the U.S. for the implicit recognition such talks would convey, and now they have their wish.

In theory, Condi's gambit could help to expose Iran's real intentions should it refuse to negotiate seriously. In theory, too, a determined U.S. could use the direct talks to insist that Tehran undertake a Libyan-like dismantling of its nuclear facilities, complete with random and intrusive inspections. But yesterday's proposal demands nothing so comprehensive, and the potential sanctions supposedly on the table are still opposed by Russia and China. The ultimate sanction of military force isn't even hinted at, much less on the table.

Given the concessions he has already won by refusing to cooperate, Mr. Ahmadinejad won't be in any hurry to oblige now. Already yesterday, Iran was pocketing the direct-talks and demanding that any negotiation be "without pre-conditions." This was entirely predictable, and you can bet this new Iranian demand will soon be echoed in Paris, Moscow and all too many precincts in Washington.

It was good to hear Presidential spokesman Tony Snow yesterday describe that enrichment pre-condition as the "foundation stone" of the new U.S. proposal. But will Ms. Rice and her main ally in this windmill tilt -- Undersecretary of State Nicholas Burns -- soon be pressing Mr. Bush to make this concession too?

It's not as if Iran has met anybody even halfway on concerns about its nuclear program. The U.N. Security Council has already asked Iran to suspend uranium enrichment. But Iran's response to April's deadline was to announce it had enriched reactor grade uranium and is developing advanced centrifuges to do more -- perhaps as many as 3,000 by the end of this year.

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Meanwhile, President Ahmadinejad continues to deny that the Holocaust ever happened, threatens to erase Israel from the face of the earth, taunts Mr. Bush about the coming collapse of democracy world-wide, abets the killing of Americans in Iraq, supports terror in Lebanon and elsewhere, and talks more generally about a coming conflict in which much of humanity will perish. We suppose it would serve Mr. Burns right if he has to negotiate with this zealot, except that the entire State Department seems almost as zealous in its pursuit of any kind of deal.

We'd like to think better, but one thing we didn't hear yesterday from Ms. Rice was any timeline for Iran to accept her offer. Tehran will surely attempt to delay as long as possible, giving it time to build more centrifuges and further harden its nuclear facilities. Mr. Burns could soon be talking to an Iranian Le Duc Tho about the shape of the Geneva negotiating table.

Perhaps the most dispiriting part of this new diplomacy is the signal it will send to Iran's internal opposition. The regime is wildly unpopular, but it will use this implicit U.S. recognition to show that it has earned new world respect. It will also demand that the U.S. cease its support for democrats inside the country, and voices in Europe and at State will want to do the same. We hope Mr. Bush has vetoed that kind of appeasement. We hope, too, that he'll continue to put pressure on the mullahs by interdicting Iranian terror financing, and shipping under the Proliferation Security Initiative, where warranted.

Iran's relentless drive for a nuclear weapon is a difficult problem, and perhaps Ms. Rice is right that direct diplomacy is essential to expose Iran's real purposes. But given Iran's track record, we'd say the Secretary has walked her President out on a limb where the pressure will soon build on him to make even more concessions. If this gambit fails, she'll have succeeded mainly in giving the mullahs more time to become a terrorist nuclear power.

Though Late, Offer To Talk To Iran Will Only Benefit U.S. (USAT)

USA Today, June 1, 2006

Can Iran be persuaded to give up its race for nuclear weapons?

On Wednesday, the Bush administration took a big step to try to do just that. After more than five years of steadfastly rejecting negotiations with Iran — which calls the United States the "Great Satan" — the administration announced it would, after all, sit down at the table, along with three European allies.

There's one precondition: Iran first has to suspend its enrichment of uranium.

The administration's policy turnaround is welcome and badly needed. The question is why it took so long. Whatever happens, the offer of talks strengthens any serious U.S. efforts to halt Iran's nuclear program.

Here's why.

Every significant agreement in recent history — from Cold War weapons reductions to Libya's abandonment of its nuclear program — has involved negotiations involving the United States, the world's superpower.

Talks with Iran, if they occur, might just succeed. That's a long shot, of course, but it would be the best outcome.

The more likely outcome is that Iran either spurns talks or that talks fail. Initial reactions from Tehran on Wednesday were indeed negative; the official Iranian news agency called the U.S. offer "a propaganda move."

If the Iranians refuse to negotiate, the Bush administration will be in a stronger position to orchestrate tough punitive measures, beginning with sanctions. It could not be accused, as it was over Iraq, of not exhausting diplomatic options.

The dangers Iran poses to the United States and the world cannot be overstated. It is a fundamentalist Middle Eastern country that sponsors terrorism. Its volatile president says he wants to destroy Israel.

Iran insists that its nuclear program is for generating power, but it has a history of deceit and hiding nuclear activities from United Nations inspectors. It has toyed with other nations that have tried negotiations.

Why would Iran even consider suspending its nuclear program for a vague offer of talks? Secretary of State Condoleezza Rice laid out the considerable reasons: a supervised nuclear energy program, trade and economic benefits, the possible start of a positive U.S.-Iranian relationship.

To date, the Bush administration has spurned traditional diplomacy at great cost. In the Persian Gulf War of 1991, diplomacy persuaded allies to join in and foot most of the bill. In the current Iraq war, the go-it-alone U.S. approach has had a devastating cost in lives, money and reputation.

This apparent return to more patient diplomacy is a wise, and overdue, shift.

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No More Excuses (NYT)

By David Brooks

The New York Times, June 1, 2006

For the past few months, Mahmoud Ahmadinejad has seemed so pleased with himself. He's been popping up here and there spouting off about exterminating Israel with the air of a man who thinks he has the world literally over a barrel — who feels himself fully on the offensive and in control.

But that changed yesterday, when Condoleezza Rice announced her willingness to talk with Iran about nukes so long as Iran suspended its enrichment program first. As Robert Kagan of the Carnegie Endowment notes, in a swoop the U.S. has put itself back in front of events. It's taken the initiative away from Ahmadinejad and Vladimir Putin, and it's created a series of problems for Tehran.

What Rice did was set off a chain of events that could lead to a U.N. resolution on Iranian sanctions as early as July. Diplomats, book your New York hotel rooms today.

Yesterday's policy shift really began in late April, as Rice returned from a visit to Baghdad and decided it was time to bring the dispute with Iran to a head. The European Union negotiations were dissolving into disharmony and confusion. There were some indications that Iran was accelerating its nuclear program. It was clear that Iran was winning.

Rice decided to shake things up. What she had to do, to borrow the metaphor of one senior administration official, was to take the cue ball and smash it into all the other balls on the table, and so open up room for future maneuvering.

This in itself was a gutsy maneuver, for in deciding to get so active she was essentially betting her career on her ability to deal with Iran.

Quickly, President Bush and Rice agreed upon a course of action that was neither passivity nor bombing. They decided to accelerate the diplomatic process. They did this with no expectations that Iran would agree to negotiate away its nuclear program. There are no optimists in this administration about the prospects for diplomacy (though there are varying degrees of pessimism).

Instead, Bush and Rice concluded that it was necessary to exhaust diplomatic alternatives, in order to make international sanctions possible later. The U.S. had to remove everybody else's excuses for inaction.

Bush and Rice told their European and Chinese allies they would be willing to talk with Iran so long as it was in a group, so long as the Iranians suspended their enrichment program, so long as the Europeans agreed to really stick by this precondition, and so long as the Europeans, Russians and Chinese agreed in writing to a menu of sanctions to be imposed if talks never got off the ground.

Reaching agreement on all this was no easy task. And there are some who wonder if the U.S. could have persuaded the Europeans to accept even tougher sanctions. The allies have agreed that if diplomacy fails they will jointly separate Iranian banks from the world banking system, and choke off Tehran's access to reserve currencies. But there is no mention of an oil or gas embargo. Dennis Ross, the former Clinton envoy, who supports the administration's course, suggests that Iran will not fundamentally rethink its policy unless it is convinced that the U.S. is so determined to prevent Iran from getting the bomb that it is willing to impose pain on itself.

Still, the accomplishments over the past few weeks have been impressive. Bush and Rice have created a coherent policy. They have organized the Europeans, Russians and Chinese around that policy. They have put Iran on the defensive, and forced the different factions in the regime to argue about what sort of country they wish to become. (Yesterday's public blast from Tehran was anticipated and discounted.)

Even the rollout was masterful. I called experts around the world yesterday afternoon, and all of them seemed to have just gotten off the phone with a senior administration official (or two), and all were positive about what had been achieved.

It's still hard to believe the international community can really get its act together. (Have the U.S. and the Russians and the Chinese really forged an agreement on sanctions, or just fudged their differences?) But this display of competence causes me to remember that over the past several weeks this administration has done a number of things well (the nominations of Michael Hayden and Henry Paulson, to name just two). Maybe there's life in this presidency yet.

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Palestinians Hit Home In Sederot (NYT)

The New York Times, June 1, 2006

JERUSALEM, May 31 — A Palestinian rocket slammed into a residential area in southern Israel early Wednesday, hitting a house about 100 yards from the home of Israel's defense minister, Amir Peretz.

No one was hurt, but the rocket damaged the house in Sederot, a working-class town that is most often the target of the Palestinian fire from the northern Gaza Strip.

Mr. Peretz said he was awakened by a siren that alerts Sederot residents to incoming rockets. The Israeli military said three rockets had been fired, and the Palestinian faction Islamic Jihad claimed responsibility.

Mr. Peretz visited the damaged house and said the military would "take actions that prevent these organizations from firing toward Sederot and other communities."

Later Wednesday, the Israeli military fired artillery rounds into northern Gaza. No casualties were immediately reported.

US Envoy Urges 'Bold' Egypt Reforms (AFP)

AFP, May 31, 2006

United States ambassador to Egypt Francis J. Ricciardone urged Egypt to pursue "bold" reforms, but insisted that Washington has no interest in drastic changes that could spark chaos.

"Contrary to folklore, we do not, we do not confuse change with chaos. We do support bold but well-managed, wisely-led, purposeful change," Ricciardone told the annual meeting of the American Chamber of Commerce in Egypt.

Washington has spoken out recently against Egypt's strong arm tactics against the opposition, including the jailing of prominent opposition leader Ayman Nur and crackdowns against anti-government demonstrations.

"America supports and encourages not only the Government of Egypt, but also those independent forces and voices of opposition who champion these goals," Ricciardone said.

The US ambassador described as "very harsh" the five-year jail sentence of opposition leader Ayman Nur for fraud in what Egypt insists is a criminal not a political case.

"Even criminal cases that involve politicians, are not entirely criminal. There is a political dimension," he said.

"The man who ran for president and came in second, lost the elections by a great margin, ended up before the courts and got what appears to Americans a very harsh sentence," he said.

"I would have wished that it turned out differently."

Ayman Nur came a distant second in last year's presidential elections which saw Egypt's President Hosni Mubarak win 88 percent of the votes.

Egypt, a leading recipient of US economic and military aid, has received more than 60 billion dollars since 1979, including 34 billion dollars in foreign military financing credits to buy US material and services.

In recent weeks, Egyptian police detained hundreds of pro-reform protesters who had come out to support the judiciary in their call for independence from the executive body.

Bush Offers To Help Catch Rwanda Criminals (AP-Y2)

AP2, May 31, 2006

President Bush called the 1994 genocide of a half-million people in Rwanda "one of the most significant tragedies in modern history" and said the United States would give any help the country wanted to track down those responsible who are still at large.

In an Oval Office meeting Wednesday with President Paul Kagame of Rwanda, Bush also pledged to help repay the country for troops that it has sent to deal with another genocide — a violent conflict raging in Sudan's Darfur region that has left 180,000 people dead and an additional 2 million homeless.

Bush said the money will come from a supplemental spending bill that is being considered by Congress that also includes funding for U.S. troops in Iraq and Afghanistan and to aid Hurricane Katrina victims.

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"I told the president that sometimes the Congress doesn't move as quickly as I'd like on issues, but I'm confident they'll get the supplemental passed when they come back from their Memorial Day break," Bush said.

Bush credited Kagame with trying to bring reconciliation to his country. He said Kagame offered to help with similar efforts in Iraq.

"But the way I look at the situation is that Rwanda can serve as an example for other societies that are troubled," Bush said.

"To the extent that he wants our help in finding certain perpetuators of crime, we'll be glad to do so," Bush said.

Kagame thanked Bush for U.S. support in sending troops to Darfur, combating HIV/AIDS, supporting private investments and building infrastructure.

Darfur Rebels Refuse To Sign Peace Deal (AP)

By Ali H. Zerdin

AP, June 1, 2006

A Darfur rebel group Wednesday again rejected a peace deal aimed at ending three years of fighting that has killed at least180,000 people and forced more than 2 million flee their homes in Sudan's western region.

The African Union-drafted accord was signed May 5 by the government and main Sudan Liberation Movement, but both a splinter group of the Liberation Movement and the Justice and Equality Movement have resisted international calls to accept the deal.

Khalil Ibrahim, who heads the Justice and Equality Movement, rejected the pact saying it does not provide "a fair share of resources and power" for his group.

Ibrahim spoke after meeting Slovene President Janez Drnovsek, who is seeking to mediate the crisis.

"We want a fair peace agreement," Ibrahim said.

The African Union had called on Ibrahim's group and the other faction to sign on to the deal by Wednesday.

There was no indication on what would occur if they didn't meet that deadline.

Drnovsek called on all sides to continue negotiating. Ibrahim called on the United Nations and the European Union "not to close the door for peace in Darfur."

The Justice and Equality Movement is the smallest of the chief Darfur rebel groups and is linked to Sudan's leading fundamentalist Islamic ideologue Hassan Turabi, while the other rebel groups in the predominantly Muslim region are seen as secular.

Darfur has been torn by violence since rebel groups made up of ethnic Africans rose up against the Arab-led Khartoum government in 2003. The government is accused of responding by unleashing Arab militias known as the Janjaweed who have been blamed for some of the war's worst atrocities. Khartoum denies backing the Janjaweed but has said it will try to rein them in since the deal was signed.

Ensuring the Janjaweed respect the cease-fire is key to persuading Darfur rebels to comply with the peace deal, but there have been several Janjaweed attacks since then, U.N. officials said.

The AU's 7,200 peacekeepers in Darfur have largely been ineffective in stopping atrocities and re-establishing security, leaving tens of thousands of people in camps, with little food or water.

The Sudanese government had said the peace deal opened the way to a U.N. force for Darfur, but has moved only with reluctance to help the U.N. prepare to get peacekeepers on the ground.

AU Deadline Passes For Holdout Rebels To Sign Darfur Peace Deal (AFP)

By Lea-Lisa Westerhoff

AFP, May 31, 2006

A midnight African Union deadline for holdout Darfur rebels to agree to a peace deal for the troubled western Sudanese region passed with no new signatories, AU officials said.

Despite intense pressure and threats of sanctions on the two rebel groups that have thus far rejected the pact and signs that dissident factions might sign on at the last minute, AU officials said no such overtures had been made.

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At the same time, they said the pan-African body might be willing to accept signatures to the May 5 agreement on Thursday, considering logistical problems would-be signers may have had in meeting the May 31 deadline.

"No one has called to say they will sign but they know how to reach us," a senior AU official told AFP at the bloc's headquarters in Addis Ababa after the 2100 GMT deadline passed. "We'll see what happens (Thursday) morning and consider it."

Noureddine Mezni, a spokesman for the AU Mission in Sudan (AMIS), told AFP in Khartoum that AU commission chief Alpha Oumar Konare Konare would on Thursday "indicate the next steps to be taken."

The holdout groups have refused to sign the accord aimed at ending three years of conflict in Darfur, which has left some 300,000 people dead and 2.4 million homeless.

While the main wing of the region's Sudan Liberation Movement (SLM) did sign the AU-brokered deal, a splinter faction and the Justice and Equality Movement (JEM) have refused, saying it fails to address their concerns.

Shortly before the deadline expired, Mezni said efforts were still underway by southern Sudan ex-rebel chief, now Sudanese First Vice President, Salva Kiir to "persuade those who did not sign" the pact to do so.

A source close to the negotiations said Kiir had received a delegation led by Konare's Sudan envoy, Baba Gana Kingibe, and that he would himself soon host talks between the AU and holdout rebels in the south of the country.

On Wednesday, AU officials in Addis Ababa said a group claiming to represent a JEM splinter faction had arrived there to meet officials just hours before the deadline.

"We have been approached by a certain number of groups who are favorable to the DPA," AU Peace and Security Council commissioner Said Djinnit told reporters, referring to the Darfur Peace Agreement.

Diplomats in the Ethiopian capital said the alleged JEM dissidents were prepared to sign the deal even after a spokesman for the group said it could not agree unless substantial changes were made.

Mezni said AU officials were drawing up a new document that would allow dissident factions and commanders to escape sanctions.

"We are finalising a different document, a mechanism will be put in place to receive the signatures of groups and individuals who have chosen the path of peace," he said.

A source close to the AU said seven field commanders from Abdel Wahid Mohammed al-Nur's holdout SLM faction had arrived in Addis Ababa to join the peace process "and before that many others did the same."

Nur himself has said he will not sign unless Khartoum agrees to pay compensation and give his SLM wing a greater security role and a say in local and federal government.

Officials involved in the peace effort have warned Nur he risks becoming "irrelevant" if he does not sign, but his group's absence from the accord will likely plunge Darfur into further violence.

The SLM founder represents the Fur tribe, Darfur's largest, and has insisted on more concessions from the Sudanese government, which stands accused by Washington of perpetrating genocide in Darfur.

The SLM's other faction, led by Minni Minnawi, is the only group to have signed up to the deal.

The Abuja accord, signed on May 5, provides for a more equitable distribution of power and wealth, the disarming of the pro-government Janjaweed militias and a referendum on the future of Darfur.

Machete-wielding Youths Fight In E. Timor (AP-Y2)

By Anthony Deutsch

AP2, May 31, 2006

Machete-wielding youths battled in East Timor's capital Wednesday amid burning and looting as more foreign troops bolstered a force struggling to stop the unrest that has destabilized the country.

More than 100,000 residents of Dili have fled their homes to escape the violence, an aid official said.

Australia, which has provided the vast bulk of the more than 2,000 international security forces trying to control the city, suggested that a semi-permanent contingent may be needed to help East Timor restore order.

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After a lull in violence Tuesday, street fights broke out in several parts of the smoldering city Wednesday. Roaming bands of youths fired sling shots, threw rocks and hacked rivals with machetes.

Australian forces spent several tense hours on the main airport road trying unsuccessfully to keep the warring parties apart. Some patrols rolled past scenes of violence and arson without intervening.

Australian army medics treated a man who suffered head and back wounds after being attacked with a machete. At least eight people were hospitalized with machete wounds, and three of them were in critical condition, a hospital official said.

More than 100,000 people have fled their homes, said Kym Smithies, a spokeswoman for about 30 private aid groups operating in the country. More than 70,000 were in camps in the capital and another 30,000 had fled the city altogether, she said.

The violence is the worst in East Timor since its bloody break from Indonesia in 1999, which paved the way for full independence in 2002 after years of U.N. administration. It remains one of the world's poorest countries and is dependent on foreign aid.

The fighting was triggered by the dismissal in March of 600 soldiers from the 1,400-member army. Sporadic clashes last week between the disgruntled soldiers and government troops spiraled into open street violence in Dili, and at least 27 people have died.

Much of the antagonism on the streets is between East Timorese from the "east" — perceived to be pro-independence — and those from the "west," believed to be sympathetic to Indonesia.

Australia has 1,300 front-line troops in East Timor and several hundred military personnel supporting them.

New Zealand's contingent of almost 200 troops began arriving in force Wednesday, deploying from military cargo planes carrying packs and rifles.

More than 330 Malaysian troops are in place, and some 120 Portuguese paramilitaries are due by week's end.

President Xanana Gusmao said late Tuesday he had invoked emergency powers and taken over the government's security role to try to end a political deadlock that has contributed to the rampant lawlessness.

Foreign troops appeared to be flexing newly given powers to detain suspects, not just disarm them, and parts of the city appeared calm Wednesday.

Australian troops arrested 10 suspects in one burnt-out neighborhood. Within eyesight of the troops, houses were broken into and set ablaze.

Defense Minister Brendan Nelson suggested that an international security force might be needed to help ensure "the political, financial, legal and social reconstruction of East Timor over the near and longer term." He said Australia could lead such a force.

In Canberra, Australia's military chief, Air Chief Marshal Angus Houston, said he expected the peacekeeping mission to last at least six months.

East Timor's Prime Minister Mari Alkatiri — whom many blame for the crisis — rejected calls for his resignation.

"I will be prime minister until the next election," he told Australian Broadcasting Corp. radio.

On Wednesday, 15 major aid donors — including Australia, the United States, the EU, the Asian Development Bank, International Monetary Fund and the World Bank — urged the feuding parties to stop.

U.N. Secretary-General Kofi Annan said he hoped residents would heed Gusmao's appeal to turn in weapons to the peacekeepers.

"It's really sad and tragic that we have to relive this situation again in East Timor," he said.

Pope Benedict XVI also appealed for an end to the violence in the country, which is predominantly Roman Catholic.

Rebel leader Maj. Alfredo Reinado said the crisis would not end until Alkatiri — whom the rebels accuse of discrimination — is ousted.

"The prime minister should go," Reinado told The Associated Press by telephone from a rebel redoubt in the hills surrounding Dili. "Why doesn't he just leave? Do more people need to be killed?"

ETimor Violence Returns As Rebels Reject Move (AFP-Y2)

By Neil Sands

DOJ_NMG_0030891

AFP, May 31, 2006

East Timor's rebel leader rejected an agreement designed to end days of violence in the tiny nation that has forced tens of thousands to flee and demanded the sacking of the embattled prime minister.

As gang violence and arson attacks again broke out across the capital Dili, Major Alfredo Reinado said Wednesday President Xanana Gusmao made a "mistake" by assuming emergency powers but not sacking Prime Minister Mari Alkatiri.

"It's not a solution. He is a criminal and should not be allow to stay as prime minister," Reinado told AFP. "That is the mistake that the president has made."

Reinado spoke from his base outside Dili, where he is holed up with nearly half the 1,400-strong military, who were sacked by Alkatiri after going on strike over alleged discrimination against troops from the west of the nation.

Battles between the renegade troops and the remains of the military spiralled last week into mob violence in the streets, with rival eastern and western gangs fighting and torching homes and shops.

The UN refugee agency said it was setting up an airlift to help about 65,000 people who have fled the fighting.

An emergency team from the office of the UN High Commissioner for Refugees (UNHCR) in Dili found that the displaced people were in critical need of food, clean water and shelter, the agency said in a statement.

The initial airlift of tents and other supplies from UNHCR stocks in the Middle East is for 30,000 people.

Another 35,000 are thought to have fled to the countryside for safety, the agency added.

As the president and prime minister squabbled over the emergency powers, some here wondered whether Gusmao -- a former guerrilla leader and national hero for leading the nation to independence -- could deliver peace again.

"The first time yes but not now," Elite Pinto told AFP when asked if the president could bring peace to the nation.

On Wednesday, gangs moved towards the airport in the late afternoon where they set fire to a roadside market.

About 30 youths, many with bandanas hiding their faces and using knives, rocks and slingshots, converged on the market near Dili's airport, urged on by a man standing on the back of a motorbike shouting: "Attack, attack."

They torched eight makeshift kiosks and two buildings -- a shop and a house, both of which appeared unoccupied at the time.

International troops arrived in about 10 armoured personnel carriers to disarm the youths and re-open the airport road.

A block of homes and shops in Becora, one of the capital's most dangerous areas, was torched before dawn. Many houses were unoccupied as frightened locals have been spending the nights in shelters.

"They were surprise attacks. When we woke up and came over here we found that our house had been burned," Carlos Soares told AFP as he picked through the remains of his home.

The commander of the international forces called in by the government to last week to quell the unrest, Australian Brigadier Mick Slater, said the situation had improved.

"Things are starting to stabilise," he told reporters.

The international military presence of 2,250 troops from Australia, Malaysia and New Zealand was boosted with the arrival of another 42 New Zealanders, bringing their contingent to full strength of 120. Some 120 Portuguese paramilitaries are due to leave Friday morning for East Timor, a bit later than scheduled to accommodate the opening hours at Dili's airport.

After two days of crisis talks in the capital, the hugely popular Gusmao on Tuesday announced 30 days of emergency rule and the sacking of the defence and interior ministers.

In a statement he said he was "implementing the necessary measures to prevent the violence and avoid further fatalities" as well as for the "rapid re-establishment of public order".

Reinado would not comment on whether the rebels were ready to surrender their weapons.

Alkatiri denied that Gusmao had full control of the military, insisting he still commanded wide support, but Foreign Minister Jose Ramos Horta appeared to contradict him.

"Any decision on security and defence matters will be made by President Gusmao in cooperation with the Australian force commander," Horta told Australian radio.

He said the government still needed "significant change" to stop the unrest and indicated a cabinet reshuffle could be expected in the next few days.

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U.S., Vietnam Seal Pact, Lift WTO Obstacle (WT)

By Jeffrey Sparshott

The Washington Times, June 1, 2006

The U.S. yesterday signed off on an agreement that will allow Vietnam into the World Trade Organization.

The pact removes one of the last hurdles barring the communist nation from joining the world's capitalist club.

"This truly is an historic step in the relationship between our two countries," Deputy U.S. Trade Representative Karan Bhatia said in Ho Chi Minh City.

The U.S. evacuated the city, then known as Saigon, in 1975 at the end of a war that cost more than 58,000 American lives. The countries have since slowly rebuilt political and economic ties, and are poised to permanently normalize trade relations.

Congress still must vote on WTO membership for Vietnam. The Bush administration hopes that will happen this summer.

Rep. Benjamin L. Cardin, Maryland Democrat and a party leader on trade issues, said both parties are likely to have concerns about Vietnam's human rights record as well as its export of manufactured goods such as textiles.

"But there is broad support among Democrats and Republicans to support Vietnam's admission into the WTO," he said.

U.S. business groups widely favor WTO membership for Vietnam as a way to open the country's market and to ensure it plays by global trade rules. But apparel and textile manufacturers oppose the pact.

The deal lifts barriers to bilateral trade, opening opportunities for U.S. companies but also eliminating quotas that capped Vietnam's fast-growing exports of clothing and fabric to the U.S.

"This deal is a disaster for U.S. manufacturing, and the U.S. textile industry in particular," said Auggie Tantillo, executive director of the American Manufacturing Trade Action Coalition.

Mr. Bhatia dismissed textile and apparel concerns during a May 22 briefing in Washington, saying the pact included safeguards to protect the industry.

Apparel is the top U.S. import from Vietnam, valued at $2.9 billion last year -- 55 times greater than it was in 2000. Furniture, footwear, coffee and seafood -- mostly shrimp and catfish -- are other major imports. Aircraft, worth $346 million, was the major U.S. export to Vietnam. The U.S. ran a $5.4 billion trade deficit with Vietnam last year.

Congress in 2002 voted 338-91 to allow President Bush to temporarily normalize trade relations with Vietnam. Mr. Bush has since renewed that status each year.

The country is denied permanent normal trade relations under a 1974 law that links trade to freedom of emigration.

Vietnam also must settle details of its membership with a WTO committee, likely postponing formal membership to at least until the fall.

Countries aspiring to join the WTO must reach terms with each of the body's 149 members, though the biggest economies -- including the U.S. and the 25-nation European Union -- typically set the most rigorous terms.

The U.S. was the last major economy to sign off on Vietnam's accession, a capstone to normalization of relations between the countries.

Vietnam began to reform its economy in the mid-1980s and steadily repaired ties with the U.S. through the 1990s. Congress approved a bilateral trade agreement in 2001.

Bolivia President Morales Says U.S. Seeks To Kill Him (Update1) (BLOOM)

By Jeb Blount

Bloomberg, June 1, 2006

May 31 (Bloomberg) -- Bolivian President Evo Morales said the U.S. organized teams to track down and kill him, according to a note published on the Bolivian presidential Web site.

Morales, speaking at the opening of a hospital that was built with help from Cuba in the town of Escoma, Bolivia, said he recently found out about the plots against him, the state newswire ABI said in the report on the presidential Web site.

The allegations are unfounded, U.S. Embassy in La Paz said in a statement sent to journalists by E-mail. Calls to the Bolivian presidential palace requesting comment were not returned.

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For Venezuela, A Treasure In Oil Sludge (NYT)

By Juan Forero

The New York Times, June 1, 2006

PUERTO LA CRUZ, Venezuela — The sludge in the glass jar on David Nelson's bookshelf here is thicker than molasses and was once thought worthless. But the Chevron Corporation, whose operations he runs in eastern Venezuela, has spent about $1 billion turning what was once called liquid coal into oil, helping transform a swath of scrub grass into a great frontier for oil production.

The region, the Orinoco Belt, is in fact so promising that President Hugo Chávez of Venezuela says it contains up to 235 billion barrels of recoverable oil; if true, the reserves would rival those of Saudi Arabia.

"We do know that the Orinoco is underdeveloped," said Mr. Nelson, 49, a geologist from California with 27 years' experience developing heavy-grade oil. "And the resources in the Middle East are at their midpoint."

This great, largely untapped treasure is pitting a leftist government aiming to use oil revenue for social programs against multinational corporations like Chevron, which were invited here a decade ago to develop the Orinoco Belt, a 54-square-mile area some 120 miles south of here.

With demand rising, worldwide supplies threatening to decline and oil prices near record levels, the struggle in this country underscores the growing debate between governments and oil companies worldwide over profits from technologically challenging but potentially lucrative oil fields — whether in the Caspian Sea, the Arctic tundra or here in the Orinoco region.

Venezuela will be the host for an OPEC meeting on June 1, where Mr. Chávez can be expected to emphasize his country's vast potential. It clearly has a lot to gain from the Orinoco, where daily oil production has slid to 2.6 million barrels, from 3.3 million barrels five years ago. To underline the region's potential, President Chávez has asked oil companies from as far away as China and Russia to certify the size of the hefty reserves.

Saudi Arabia, still the giant among world oil suppliers and the leading force in OPEC consultations, scoffs at such boasts.

Yet, what is under the ground here in Venezuela, the Western Hemisphere's largest oil-exporting nation, has become so valuable that companies throughout the world want to drill for more, and Mr. Chávez, who regards his government as revolutionary, wants it to have a larger slice of the earnings.

In Venezuela, foreign companies including Exxon Mobil, Chevron, ConocoPhillips, BP and Total of France could lose once-favorable terms and in essence be forced to transfer up to $8 billion in value to the government, just as some opportunities elsewhere are drying up.

The big oil companies are right to be rattled. In April, Mr. Chávez's populist government took control of 32 mostly marginal oil fields across Venezuela that had been managed by foreign concerns. Then on May 16, the National Assembly raised royalties on the four heavy crude oil projects of the Orinoco to 33.3 percent, from 16.6 percent, and is planning to increase taxes to 50 percent, from 34 percent.

The government says it is preparing to capture a bigger stake in the Orinoco — turning control of projects that produce 600,000 barrels a day over to Venezuela's state oil company, Petróleos de Venezuela. Energy officials say the government could take up to 60 percent control of the so-called strategic associations, as the projects are called. No timetable has been laid out, but leaders in the National Assembly, which is controlled by Mr. Chávez's forces, say it is only a matter of time.

"With the high price of petroleum on the market, we are going to share in the excess earnings of the strategic associations," Mario Isea, president of the assembly's hydrocarbons commission, which is allied with Mr. Chávez, said in an interview. "They have gone years without paying royalties and effectively paying commercial taxes instead of petroleum taxes."

In the mid-1990's, President Rafael Caldera's government, eager to develop oil discovered in the 1930's, opened the region to foreign investment because the state oil company had neither the capital nor the technology to develop the Orinoco's semisolid sludge. Oil prices were low, world supplies easily met demand and Venezuela had on its hands a crude oil so heavy, so filled with impurities, that it was not even known as oil, but rather bitumen.

But then, given a virtual tax holiday intended to stimulate investment — the royalty rate was 1 percent — the multinationals embarked on a process of drilling and, more recently, upgrades that permit refining Orinoco crude oil into a lighter, marketable product.

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In the Hamaca field, an area the size of Houston that produces oil for Chevron, ConocoPhillips and the Venezuelan state company, oil now slurps through an octopus-like system of horizontal wells that reach out as far as 8,000 feet.

The drill bits are equipped with sensors that emit seismic signals measuring what they are passing through — whether rock, sandstone, fine shale, sand or clay.

"Obviously, we'd love to find deposits with sweet light crude in shallow fields," said Mr. Nelson, who carefully explains the complex challenges his company faces. "That's not where energy resources are, so we have to adapt."

Back in a control room near his office in this Caribbean port, geologists and engineers monitor wall-size screens and make quick decisions whether the drill needs to bore ahead, or move up or down.

The idea is to have the drill moving fast, at hundreds of feet an hour, into blue-shaded patches, which signal porous material that would contain crude oil.

"Our goal is to first find sand and once we find it, stay in it," said Mike Waite, a senior geophysicist who leads the team monitoring the drilling.

Just west of here, gunk from the Orinoco is turned into oil at the Jose Industrial Complex, a virtual city of pipes, water-treatment lagoons, smokestacks, pits and storage tanks. Since the first shipment of Hamaca oil left aboard the tanker Overseas Sophie two years ago, the project has produced an average of 180,000 barrels a day.

Mr. Nelson said the project, among the most intricate in the world, is worth it, "but you have to put some elbow grease into it."

"These projects are big," he said. "They're complicated. They have a lot of moving parts. You have a lot of complicated negotiations with governments. It's not a business of instant gratification."

All told, according to a recent Deutsche Bank report on the Orinoco projects, $17 billion has been invested, about $3.5 billion in the Hamaca project alone. Big energy companies, including some from Brazil and China, would like nothing more than free rein to ramp up investments and produce more.

Ali Moshiri, Chevron's Latin America exploration and production group chief, said in April that Venezuela needed $200 billion to develop the heavy oil reserves.

"There's a sense of urgency, not a sense of luxury," said Mr. Moshiri, who predicted that 90 percent of Venezuela's production would come from the Orinoco in the years ahead.

The government, to be sure, talks of increasing production to 5.8 million barrels a day by 2012, from 2.6 million barrels now. But Venezuela, which as a leading voice in the Organization of the Petroleum Exporting Countries has advocated a particularly tough form of oil nationalism, wants to achieve this on its own terms.

Its energy minister, Rafael Ramírez, who is also the president of Petróleos de Venezuela, said in an interview that the deals that multinational companies signed with the government in the 1990's were "absurd," giving Venezuela little in return.

"They are beholden to their stockholders, and we are beholden to our country," Mr. Ramírez said.

Venezuelan officials contend that exploration and production in the Orinoco has become easy, even risk-free, with a barrel of oil costing less than $1 to produce, down from $2 in 1995.

Energy officials here assert that the multinationals exaggerated the technical challenges and costs, swindling the state.

They also argue that the companies have made extraordinary profits — and will continue to do so even with higher taxes and royalties.

"They have made a fortune," said Mr. Isea, the president of the hydrocarbons commission. "This remains an excellent business. I do not think anyone will leave."

Venezuelan officials say their measures are enshrined in a 2001 law that says the state oil company must have a 51 percent stake in projects; they sidestep questions about previous contracts being grandfathered in.

Mr. Ramírez and lawmakers also say that a 1945 hydrocarbons law permits the government to raise royalties when the price of oil goes up.

The foreign companies, trying to avoid controversy, do not publicly dispute the Venezuelan government's statements. But Larry Goldstein, president of the Petroleum Industry Research Foundation, an industry-supported analysis group in New York,

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said: "In Venezuela today, I don't believe contracts have meaning. And it affects the production, no matter what the Venezuelans say."

The game of oil brinkmanship continues, with Mr. Ramírez saying that the companies have few options.

"It's no secret for anyone that the big deposits, the giant ones, are finished," he said. "There are no new oil regions that compare to the Orinoco Belt."

The recent Deutsche Bank report agreed, saying that "few are likely to quickly turn their backs on reserves of the order seen in Venezuela."

"They may not like Chávez," the report added. "They may not like his regime. But they also know that he has probably done as much to support high oil prices through his rhetoric and posturing as any individual. This president is no fool. And at the end of the day, you go where the oil is."

Sudan And Angola Wait At Opec's Door (FT)

By Carola Hoyos

Financial Times, June 1, 2006

The Organisation of the Petroleum Exporting Countries is considering enlarging its membership – for the first time in more than 30 years.

Oil ministers arriving in Caracas for a meeting on Thursday were awaiting the report of Nigeria, the group's current president, on invitations of membership to Sudan and Angola. The pair, who are observer members, are two of the world's fastest-growing oil producers. Angola's production is 1.25m barrels a day, having risen almost 80 per cent in the past decade. Sudan produces about 360,000 b/d.

Their membership would boost Opec's share of world oil supply from 41 per cent to 43 per cent. But the move would be likely to anger the US and China as well as almost every big international oil company.

Sudan is China's most important source of foreign oil assets and a rogue nation in US eyes. Angola is the most important new frontier for production and reserves for ExxonMobil and Chevron of the US, and Europe's BP, Total and Eni. Neither the companies, nor the Chinese want to be subject to forced output cuts, which could happen if Angola and Sudan joined Opec.

Khartoum has signalled it would like to join the group, while Luanda has been less enthusiastic. Many within Opec appear keen for the two to join, but cautioned that the process was by no means certain to end with both becoming members.

Abdullah bin Hamad al-Attiyah, Qatar's energy minister, has backed the plan, but said he was awaiting details. "I will support Sudan's membership in Opec. Opec is an organisation for exporting countries, and Sudan is exporting a lot of oil."

Russia and Kazakhstan have in the past decade been the two oil producers thought most likely to join Opec. Neither were invited nor made a formal approach.

Lebanon Seeks Way To Disarm Palestinian Militia Groups (NYT)

By Hassan M. Fattah

The New York Times, June 1, 2006

NAAMEH, Lebanon, May 28 — The radical Palestinian militiamen operating a checkpoint here south of Beirut seemed to be from another era, vestiges of the bloody civil war in the 1970's and 80's.

But two days after missiles flew from southern Lebanon into northern Israel, prompting Israeli warplanes to pound local camps in the worst cross-border fighting in years, they were also something else: a challenge to the Lebanese government.

Lebanese politicians have begun focusing attention on the Palestinian militias as a critical security issue and have vowed to disarm them.

Palestinian refugees have played various crucial roles in the tangled history of Lebanon. For instance, Palestinian raids on Israel from Lebanese bases in the 1970's drew Israeli fire and episodes of occupation. Palestinian militias took sides in Lebanon's civil war, fighting so strongly that Syria was eventually drawn in as a counterweight, for the start of nearly 30 years of occupation.

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The Palestinian militias that persist in Lebanon — and run checkpoints like the one in Naameh — are mostly rogue groups like Fatah Intifada and the Popular Front for the Liberation of Palestine-General Command. Both are based in Syria; neither is part of the Palestine Liberation Organization. They are estimated to have fewer than 500 men between them.

But Lebanese officials note that in recent confrontations with the Lebanese Army, their ranks have swelled. The officials accuse Syria of resupplying them with weaponry.

"These are Syrian groups, not Palestinian groups," said the Druse leader Walid Jumblatt, a main leader of the anti-Syrian majority in Parliament. "As long as you have uncontrolled armed groups with the pretext of liberation, Lebanon will not have stability."

In mid-May one group clashed with Lebanese Army soldiers in the Bekaa region, the third incident of its kind in a year.

"The clashes have challenged the government's ability to build a state," said Ghassan Moukheiber, a member of Parliament with the Free Patriotic Movement of Gen. Michel Aoun, which is allied to Hezbollah. "This has become a call on the Lebanese government to define its defense strategy and its policy."

Last month Lebanon's numerous factions, meeting for a national dialogue to settle political issues like the future of President Émile Lahoud and the future of the militias, unanimously agreed that the Palestinian groups should disarm and return to refugee camps. Officials pointed to Hezbollah's participation as a sign that the talk might produce results.

The government of Prime Minister Fouad Siniora, conscious of the destabilizing potential of the Palestinian groups, has insisted that they be disarmed through negotiations, not force, adding to skepticism that anything will happen. Lebanese groups have yet to agree on a plan for the disarming.

"We don't want to repeat the mistakes of the past," said Khalil Makkawi, a former Lebanese ambassador to the United Nations, who heads the committee negotiating with the groups to disarm.

"We know our history, and we have seen a scenario like this in 1975," he said, referring to the outbreak of the Lebanese civil war. "So we intend to do this peacefully."

Mr. Makkawi's committee began a groundbreaking dialogue with the Palestine Liberation Organization and other Palestinian groups earlier this month to improve conditions in Lebanon's sprawling refugee camps. The refugees there, who now number some 500,000, are not allowed to work in professional fields or own property.

The effort has also included the reopening of the P.L.O.'s office in Beirut after almost 30 years. But so far, Mr. Makkawi said, the effort has been hindered by the inability of the Palestinians to agree on a unified delegation that can negotiate with the government.

Ostensibly, Mr. Makkawi's effort aims to get Palestinians out of militias by opening work opportunities and improving their living conditions.

The most troubling aspect of the violence on Sunday, Mr. Makkawi and other officials say, is that no group took responsibility for the initial rocket barrage into Israel that set off the violence, raising the possibility that the attack was meant more to encourage Israeli reprisal than to strike a blow across the border.

"There are people on our soil undertaking dangerous acts and putting Lebanon in a difficult situation," Mr. Makkawi said. "You've got a really dangerous situation when you have people using Lebanese territory and you don't even know who they are."

Early Sunday morning, a militant group fired several Katyusha rockets into northern Israel, setting off Israeli airstrikes and an afternoon of bombardments by Israeli forces and Hezbollah guerrillas. The incident was the worst bout of fighting since Israel withdrew from southern Lebanon in 2000.

The Palestinian militant group Islamic Jihad, one of whose leaders was assassinated in southern Lebanon on Friday, vigorously denied a role and dismissed as a hoax a statement of responsibility in its name faxed to news agencies. Hezbollah, which controls the southern border sections of Lebanon, insisted that it had no idea who was responsible for the rocket attack.

But Hezbollah is the primary target of the United Nations resolution on disarming militias and so may have the most to lose if that is done. Mr. Jumblatt and others have accused its leaders of dragging their feet on the issue.

"We have agreed to deal with this issue peacefully," said Ahmad Malli, a member of Hezbollah's political leadership. "But Lebanese will not be pulled into a fight for anyone."

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Voters Opt For Change In S. Korea (CSM)

By Donald Kirk

The Christian Science Monitor, June 1, 2006

SEOUL, SOUTH KOREA - At a crowded bus stop, a young man on an election day holiday from his university talks about why he and most people he knew opposed the party of the left-of-center President Roh Moo-hyun in Wednesday's local elections. "He does nothing," says Park Jin Han. "He talks a lot, but he has no program and no ideas."

The perception of a central government unable to deal with economic problems and weak in the face of North Korean demands lies at the crux of a reaction that guaranteed conservative victories in two-thirds of the races for provincial governorships and mayors of major cities.

For Korea, the reversion to conservatism portends the downfall of a decade of liberal leadership in the next presidential election in December 2007. While the ruling party's efforts at reconciliation with North Korea were not the paramount issue, the sense of forever making concessions to the North was a factor in the voting - and could be among the policies that change if the liberals are ousted next year.

"We are sick of their policies," says a retired economist, after voting for all six conservative candidates on the ballot in his district here. "It is not just the economy or North Korea," he adds. "They are all mingled together. It is everything."

At press time, early returns showed candidates from the Grand National Party (GNP) leading in 13 of 16 key regional posts, including races for mayor of this capital city as well as Pusan, Korea's second city and biggest port. The ruling Uri Party appeared to be leading in only one race.

The GNP leader, Park Geun-hye, helped her party score the decisive victory though not herself a candidate in Wednesday's election. She gained sympathy in the middle of the campaign after a deranged attacker who held Uri Party membership stabbed her with a box-cutter, shouting that he wanted to kill her in the name of "democracy."

Ms. Park is the daughter of President Park Chung Hee, assassinated by his intelligence chief in 1979 after 18 years in power.

Recovering from her wound, Park appeared on election day smiling confidently, clearly a leading contender for her party's presidential nomination. The other conservative contender, Lee Myung Bak, outgoing mayor of Seoul, appeared equally confident, riding a wave of popularity reflecting aggressive building and cleanup programs, notably rehabilitation of a stream running through the center of the capital.

On the issue of North Korea, the GNP favors a firmer line than the Roh government's policy of accommodating Pyongyang - a policy that has caused friction with Washington. North Korean media in recent days have blasted the conservatives, charging Washington with wanting to establish a "puppet regime" in South Korea.

"There's no reason for this government always to be at odds with the United States," says Chang Ki Tak, an office worker. "You have all these leftists in the government who want to destroy relations with Washington, and then send their children to the States."

Indeed, the election results confirm a groundswell of discontent in which Mr. Roh and his top aides are seen as weak and ineffective in ways that might escape the notice of foreigners focused either on a steadily rising gross domestic product or periodic anti-American outbursts.

"The biggest companies get rich, but small and medium enterprise is suffering," says a shopkeeper, Kim Myung Chul. "I know a lot of people are unable to make money. Some are closing down or leaving the country."

Factor in the skyrocketing price of real estate, and middle-class Koreans begin to feel almost dispossessed. Two- and three-bedroom apartments in the fashionable and convenient districts south of the Han River cost at least $2 million or $3 million apiece, leaving young professionals to commute long distances from suburbs where apartments may go for more than $1 million each.

Exacerbating the financial crunch, thousands of recent graduates are failing to find jobs for which they have trained, creating an alliance of sorts between a disillusioned middle-class and restive youths who need to get careers on track.

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"Maybe 1 in 5 graduates get work right after graduation," says Kim Hye Suu, who graduated from a leading university several years ago and earns money teaching English and translating. "Many go on to graduate school when they can't find anything or they travel abroad for a while."

India's Economic Growth Ratchets Up To 9.3% (WSJ)

By Peter Wonacott And P.R. Venkat

The Wall Street Journal, June 1, 2006

NEW DELHI -- India's economy grew 9.3% in the quarter ended March 31 from a year earlier, marking a broad display of momentum on par with China's red-hot growth.

Growth in India's fiscal fourth-quarter -- fueled by surprisingly strong farm production and vibrant consumer spending -- beat the forecasts of most analysts as well as the official estimate.

Based on the buoyant quarterly result, the government's Central Statistical Organization lifted its figure of gross-domestic-product growth in the fiscal year that ended in March to 8.4%, up from an 8.1% estimate.

India's solid recent economic performance has raised the prospect of two Asian giants expanding at double-digit rates, spinning off new jobs and buying more of what the world grows and produces.

But while both China and India are emerging as growth engines for the global economy, commodity markets are showing the strain of their newly developed bulk. Both countries have been importing large amounts of crude oil while China is buying base metals, pushing up prices for these products. The nations' fast growth is likely to mean that high commodity prices won't ease soon.

"Supply and demand conditions are already tight," says Shuchita Mehta, an economist at Standard Chartered Bank in Mumbai.

Both India and China are trying to spur galloping growth to help lift hundreds of millions of residents -- mostly in rural areas -- out of poverty. China's economy grew 9.9% last year, and is expected to expand almost as rapidly in 2006. For his nation, Indian Prime Minister Manmohan Singh has set a goal of double-digit growth within three years.

But in trying to achieve accelerated growth, India's economy in particular faces a number of obstacles. Several industries remain relatively closed, shielding them from foreign competition -- but also fresh capital. India's dilapidated roads, seaports and airports have constricted the transport of goods, depriving needy areas of business activity and new investment.

Yesterday, Finance Minister P. Chidambaram said the Indian government would need to speed up market overhauls and the construction of infrastructure to keep up the current economic pace.

"While 8.4% is satisfactory growth, more reforms are necessary to sustain this growth," Mr. Chidambaram said after the latest economic figures were released. He added that he would be talking with the prime minister about ways to spur lagging sectors, such as mining, which grew only 0.9% in the fiscal year, down sharply from 5.8% the previous year.

India's strong economy is also prompting some worries about the country's current-account deficit. It has widened as more crude oil is imported at rising prices, wracking the country's currency, the rupee. On Wednesday, the rupee hit a two-year low against the dollar.

Mr. Chidambaram said India continues to hold huge foreign-exchange reserves and that its current account deficit was within manageable limits. Previously, he has said high oil prices will underpin inflation but won't hurt growth. The annual inflation rate is currently at about 4.3%, but India's central bank doesn't expect it to rise past 5.5% for the fiscal year that began April 1.

That relatively tame picture has prompted some government officials to play down signs the economy might be growing too fast. "I don't think there is any evidence of overheating," said Planning Commission Deputy Chairman Montek Singh Ahluwalia. "Macroeconomic indicators are in OK shape."

African Graft Stings Donors (CSM)

By Rachel Scheier

The Christian Science Monitor, June 1, 2006

KAMPALA, UGANDA - Uganda - a small, poor country still best known for its infamous former dictator, Idi Amin - isn't used to being first in much. But in the 1990s, it became the first African country to substantially bring down its AIDS rate.

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It has since become a darling of international donors, especially in the health sector. So no one was surprised when, in 2003, Uganda became one of the first countries to receive a multimillion-dollar grant from the Global Fund to Fight AIDS, Tuberculosis, and Malaria.

But three years later, the phrase "Global Fund" has become synonymous with graft in Uganda. A government inquiry recently revealed that tens of millions of dollars of the country's Global Fund grants have gone missing, much of it plundered by high-ranking public officials. Through months of hearings, which began in September and concluded just a few weeks ago, a disgusted Ugandan public heard how monies meant for lifesaving AIDS drugs were spent on personal phone bills, lavish "Christmas packages," and fancy four-wheel drive vehicles.

Along with increasing an already high level of cynicism here, the scandal highlights the corrosive nature of corruption in Africa and demonstrates the difficulties donors face in giving recipient governments the autonomy needed to spend aid money efficiently while also making sure the funds are used appropriately.

Problems with Global Fund monies have surfaced recently in other countries as well. Kenya was warned by Fund officials in March to report the whereabouts of $10 million that was unaccounted for or see its grants yanked. Some Fund grants in Nigeria were recently suspended for mismanagement.

Aside from Uganda, graft in connection with Global Fund monies has not been substantiated in any of these countries. Still, the questions raised reflect a growing emphasis in international circles on combating corruption around the world, especially in Africa. A survey quoted by the African Development Bank last month put the cost of graft on the continent at $148 billion per year.

And as the West tries harder than ever before to end poverty in Africa - the Group of Eight industrialized countries (G-8) last year agreed to double aid to the continent to $50 billion annually - the Global Fund scandal in Uganda also calls into question the fashionable idea that all that's needed to promote development in poor countries is more money.

"In hindsight, maybe we were a bit naive," says Victor Bampoe, the Fund's portfolio manager for East Africa. "But I struggle to see how we would have done things differently."

The Global Fund, a Geneva-based public-private partnership set up in 2002, was to be a new transparent, efficient aid model that would avoid the politics and delays that have long hamstrung development efforts. The idea was that the Fund would be strictly a financing mechanism; decisions about how to spend the money would be decided by local players.

"There is increasing recognition that aid has to be more than putting a bunch of white doctors on a plane and telling them to hand out pills," says Bernard Rivers of AIDSPAN, a Global Fund watchdog group. But, he added, "There is a tension between efficiency and accountability."

The Global Fund is the largest single financing agency in the world to combat the three diseases. It has raised more than $5 billion from donor governments and private philanthropies, and funded programs in 131 countries.

By last August, Uganda had already received more than $45 million of the $201 million that was earmarked for the country over the course of two years when a whistle-blower cried foul. After ordering an outside audit, Fund officials suspended Uganda's grants, citing "serious mismanagement." They were restored several months later, after the government commissioned an inquiry. It also agreed to changes in how the money was being disbursed and overseen, starting with the dissolution of the office responsible for doling out the funds, the Project Management Unit, which one Fund official likened to "a piggy bank" for those with the right connections.

Judge James Ogoola, who headed the probe, called it "no less than an audit on our country's moral standing." He found that hundreds of millions of shillings had been spent on "sensitization workshops" and generous "hardship allowances" for everyone from secretaries on up. A number of organizations that received Fund money had no physical addresses, let alone any experience in the health field. Officials in the Ministry of Health also testified that they had "borrowed" Global Fund money to campaign for a referendum to change the constitution to allow President Yoweri Museveni to run for a third term.

Local AIDS groups were particularly outraged when it was revealed in April that some $22,000 had been taken from the Global Fund basket to pay the hospital bills of a former government minister.

"Uganda has received a lot of money for AIDS - probably more than people can imagine in Africa," says Rubaramira Ruranga, a well-known AIDS activist. Mr. Ruranga faulted donors and the Ugandan government for fostering a system that tolerates, if not encourages, corruption. "AIDS in this country has become an industry," he says.

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Global Fund officials say that the Ugandan government has cooperated with Geneva to put in better oversight mechanisms, such as hiring an outside company to serve as a "caretaker management firm." They say that, in general, the Fund had tightened "checks and balances" everywhere. "This is an opportunity to dust ourselves off and move forward," says Mr. Bampoe.

Last week, a newly reelected Museveni announced that the three ministers implicated in the scandal would be dropped from his new cabinet. A spokesman said the President was "responding to the public mood." Charles Mubbale, a director of the Ugandan chapter of Transparency International, says it is unlikely the ministers will face any official censure in the end. The Daily Monitor, a local newspaper, called the entire inquiry an "elegant diversion" to placate donors.

Mr. Mubbale says a deeper problem is the pervasive cynicism among Africans that comes from often seeing graft rewarded rather than punished. "The hard-working person who doesn't steal ... they say he's stupid and lazy," says Mubbale. "It's become an attitude of, well, let's just wait our turn."

Quake Upsets The Cradle Of Indonesian Culture (NYT)

By Peter Gelling

The New York Times, June 1, 2006

KASONGAN, Indonesia, May 31 — Behind a painted sign on a sidewalk reading, "This is not an exhibition, it's a disaster," hundreds of traditional ceramic sculptures lie shattered beneath a collapsed roof.

More than half the houses, shops and galleries lining this small street here were destroyed in the earthquake on Saturday and are littered with the broken remains of their owners' livelihoods. The hundreds of artists who live in Kasongan, a village in Bantul, the district hardest hit by the quake, have survived for generations by selling the pottery they make to tourists.

The region affected by the earthquake is part of the ancient kingdom of Yogyakarta, the cradle of Javanese art and culture, making it one of the most popular tourist destinations in Indonesia.

"I'm worried I will have nothing to give to my children now," said Buang, 50, who uses only one name. He has four adult offspring, all of whom worked in the family's shop.

His youngest son, Eno, who will spend Thursday, his 22nd birthday, looking after his injured mother and grandfather, was the only relative to escape the building that was the family's house and shop before it crashed down. In a panic, he followed the faint sounds of his mother's call for help, throwing aside pieces of brick wall. When he finally reached her, her face was bleeding heavily.

"I was scared and confused," Mr. Eno said. "There was so much happening. But all I could think of was reaching my family. My family is my treasure."

Mr. Eno dug everyone out, including his father, pinned beneath a fallen doorway. His cousin, however, who lived down the street, died instantly, with seven other people from this community of a few hundred people.

The Indonesian Social Welfare Ministry said nearly 6,000 people had died in the quake, which also left more than 130,000 homeless.

Mr. Eno's family, and five others, are sleeping in a tent. His mother, Gimah, 50, lies on the floor, recovering from a blow to her head. His grandfather, whose back is injured, is carried several times a day by neighbors to a nearby health clinic for observation.

Ms. Gimah comes from a long line of ceramic artists. She made most of the family's sculptures, while her children operated the store and her husband of more than 30 years supplied the materials.

In minutes on Saturday morning, the quake reduced all the family had worked for to waste.

"We have to start all over, like so many of the families here, from the beginning," Ms. Gimah said. Mr. Eno worried that the lack of tourists would prolong their despair.

In this region, thousands of shops make and sell handicrafts, traditional batik clothing, musical instruments and ceramic sculptures, many of them exported to the United States and Europe.

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Performances of ancient Javanese shadow puppetry and gamelan orchestras — Indonesian musical ensembles with wind, string and percussion instruments — are frequent in Yogyakarta. Sophisticated galleries, teeming with collectors and contemporary exhibits, line its southern streets.

In the aftermath of the earthquake, many of these contemporary artists are mobilizing relief and offering their studios as temporary shelters. Others are trying to salvage mangled paintings from ruined workshops.

The Indonesian Art Institute in Yogyakarta, where famous artists regularly lecture and foreign students, many from the United States, come to study Indonesian art, had major structural damage. And 20 of its students died in the quake.

Nindityo Adipurnomo, curator of the internationally famous Cemeti Art House in Yogyakarta, has taken into his gallery nearly 20 neighbors whose houses were flattened. During the day, he drives to Bantul to deliver food and other supplies.

He said that many studios and galleries were damaged but that artists in the Yogyakarta area were trying to continue their work.

"It is important to keep busy, for artists to keep working and to continue displaying their art, it helps us to cope with what has happened," Mr. Adipurnomo said. He has decided to go ahead with an exhibition scheduled for next week in Jakarta.

Ki Timbul Hadiprayitno, a 73-year-old master puppeteer who lost his house, most of his puppets and all of his musical instruments, agreed. He is fully booked through August and has not canceled a single show.

Shadow puppetry is one of the oldest art forms in Indonesia. Its stories offer a glimpse into the layered philosophies of Javanese spiritualism, which includes elements of Hinduism and Islam. Many of the stories emphasize a philosophy of acceptance, known locally as pasrah.

"We can only just keep going," he said. "Bad luck, good luck, life, death, it is all God's will."

Mr. Hadiprayitno, who started performing in 1946 and regularly performed privately for Suharto, the former president, lives in Tegal Dowo, a village in Bantul that was almost leveled.

He lost three quarters of his finely detailed wooden puppets, some hundreds of years old, which depict everything from old-world kings and queens to monsters and clowns, and his two gamelan orchestras, which consist of several xylophones, hand drums, gongs and flutes.

"It is very hard for me to have lost my puppets," he said, sitting under a tarp outside his son's partly collapsed house, drawing on a crackling clove cigarette as minor aftershocks rumbled.

But he will find a way, he said, and will not postpone a coming performance in Bantul to celebrate the new harvest. The show is scheduled for Saturday — one week after the earthquake left his community in ruins.

Agency Warns Of Higher Risks Of Bird Flu (FT)

By Andrew Jack

Financial Times, June 1, 2006

Europe's disease control agency will on Thursday warn governments to accelerate their preparations for a flu pandemic in the face of an increased risk the bird flu virus could mutate into a form more dangerous to humans in the near future.

In its latest public health risk report, the European Centre for Disease Prevention and Control (ECDC) will say there are "many good reasons . . . to continue and intensify" preparations, including boosting co-operation among countries and between health, agriculture and other government departments within each nation.

Chief of these reasons is the spread of the virus since January into a broad range of birds, including migratory species that travel widely.

As a result, Europe must adjust to the likelihood of H5N1 becoming endemic in birds, warns the ECDC.

The cautiously worded document from the agency, created last year to monitor the spread of disease in the European Union, concludes: "The likelihood that [the H5N1 virus] might achieve any inherent potential in the near future may have risen."

It stresses there are no current indications that the behaviour of the flu virus in humans has changed significantly. But it says the spread this year of H5N1 into animals in Europe, the Middle East and Africa increases the likelihood of human exposure and mutation or recombination of the virus.

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The report comes after the World Health Organisation said on Wednesday it saw no need to escalate its pandemic alert level, as its investigations intensified into a cluster of infections in Sumatra in Indonesia that killed seven people this month.

The WHO said there were no signs of significant genetic mutation in the virus that it has studied in four of the Sumatra victims.

It said there was no spread of H5N1 from the cluster, although it has given the antiviral drug Tamiflu as a prophylaxis to 54 people.

A further six cases confirmed elsewhere in Indonesia in recent days have brought the worldwide total of infections to 224, and deaths to 127.

"H5N1 has become far more prevalent and, if it stays in its present form, we are going to have to learn to live with it in Europe," said Angus Nicholl from the ECDC.

At a Europe-wide conference in Sweden earlier this month, the agency pledged to complete its assessment of all national preparation plans by July 2007.

It also promised to draw up indicators to assess progress, accelerate the take-up of seasonal flu vaccine, and strengthen international support to combat the virus, especially in Africa.

Avian Flu News Tracker (WSJ)

The Wall Street Journal Online, June 1, 2006

Wednesday, May 31, 2006

12:50 p.m.: Fifty-four uninfected members and contacts of the family hardest-hit by bird flu are under voluntary quarantine in Indonesia, and there are no signs the disease has spread since May 22, the WHO said in an update1. The quarantined people - except pregnant women and infants - are taking the antiviral drug Tamiflu as a preventive medication and they are being visited daily by public health teams who check them for symptoms, the WHO said. Seven members of the family died either of confirmed or probable infection with the H5N1 virus. An eighth infected member survived. 2

8:50 a.m.: Outbreaks of H5N1 may be underreported in Indonesia and China, and the virus could be more widespread in Africa than authorities know, said experts gathered at a Rome conference3 on the disease. Poor monitoring and lack of compensation mechanisms that encourage farmers to report animal deaths meant that authorities were not always aware of all outbreaks of the H5N1 virus, animal health experts told reporters.

6 a.m.: Dutch biotechnology company Crucell NV announced it has started a large study to test a vaccine against avian-flu virus in humans. The trial, performed in collaboration with a team based in Leicester, U.K., will oversee the vaccination of 560 healthy adult individuals, Crucell said.

2 a.m.: Bird flu killed a 15-year-old boy in Indonesia, a health official said citing local tests, as the country struggled to get a grip on a rise in cases. Indonesia averaged one human bird flu death every 2 1/2 days in May, putting it on pace to soon surpass Vietnam as the hardest-hit country. The boy, from the West Java town of Tasikmalaya, had a history of contact with poultry. He is the third recent victim from the province. Last week, a 10-year-old girl and her 18-year-old brother who lived in another village died of the disease.

Iran's Bahai Religious Minority Says It Faces Raids And Arrests (NYT)

By Laurie Goodstein

The New York Times, June 1, 2006

Members of the Bahai religious minority in Iran said this week that the government had recently intensified a campaign of arrests, raids and propaganda that was aimed at eradicating their religion in Iran, the country of its birth.

On May 19, Iranian security officials arrested 54 Bahais in the city of Shiraz who were involved in a community service project, many of them in their teens and early 20's, said diplomatic officials and Bahai officials outside of Iran.

They were not charged and all but three were released within six days, these officials said.

It was the largest mass arrest of Bahais since the 1980's, when thousands of them were imprisoned and more than 200 were executed by the new Islamic government.

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The developments have alarmed human rights monitors at the United Nations, who say that since December, the government newspaper in Tehran has published more than 30 articles denigrating the Bahai faith — even accusing Bahais of sacrificing Muslim children on holy days. The arrests coincided with raids on six Bahai homes, in which notebooks, documents and computers were confiscated. More than 70 other Bahais have been arrested since January 2005 in smaller clusters, and some are still being held, the monitors said.

"We see a pattern emerging that is quite ominous," said Bani Dugal, who represents the Bahai International Community at the United Nations, where religious and some other groups have consultative status. "It's basically trying to create terror in the Bahai community, and also to win over the Iranian population to accept it."

Mohammad Mohammadi, press secretary for Iran's mission to the United Nations, said he had no information about arrests of Bahais and would not be able to respond until Monday because of an Iranian holiday this week.

The Bahais are the largest religious minority in Iran, with about 300,000 members there. There are five million worldwide. They believe that humanity is one race, that men and women are equal and that all religions and prophets are derived from the same source, God.

They have suffered successive waves of persecution in Iran since their faith was founded there in the mid-1800's by a Persian nobleman considered by the Bahais to be a messenger of God. That belief violates the Islamic teaching that God sent many prophets before Muhammad, but none afterward. The Bahai are discriminated against in some other Muslim countries, where they are far less numerous than in Iran.

Unlike Jews and Christians, who have seats in Iran's Parliament set aside for them as religious minorities, Bahais in Iran are considered "unprotected infidels," said Kit Bigelow, director for external affairs of the National Spiritual Assembly of the Bahais of the United States. Bahais are not permitted to attend college, work for the government or practice their faith openly.

She called the recent arrests "the latest step in the implementation of a strategy on the part of the Iranian government to eliminate the Bahai community."

Asma Jahangir, the United Nations special rapporteur who monitors freedom of religion for the Commission on Human Rights, announced in March that she had just learned about a confidential letter from the chairman of the command headquarters of Iran's armed forces instructing government agencies to identify all Bahais and monitor their activities.

Ms. Jahangir said the letter was sent on Oct. 29, 2005, on the orders of Iran's supreme leader, Ayatollah Ali Khamenei. Ms. Jahangir said in a statement in March that she was concerned that "information gained as a result of such monitoring will be used as a basis for the increased persecution of, and discrimination against, members of the Bahai faith, in violation of international standards."

Mr. Mohammadi, the Iranian press secretary, said he could not confirm whether such a document existed.

Azedah Perry, a Bahai in North Carolina, said that among the 54 arrested in May were 3 of her nieces, ages 17, 18 and 21. She spoke by telephone with her nieces after their release, and said they told her they were interrogated during their six days in prison, but tried to keep their morale up by praying and singing. She said when they were arrested, they were volunteering in a community service project at several public schools. She said they were teaching underprivileged children English, science and mathematics — not the Bahai faith — and had permission letters from the local Islamic council in their pockets.

Last year, Mrs. Perry's brother-in-law in Shiraz was taken by armed Iranian guards from his home and held for six weeks in a prison in Tehran with several other Bahai men before being released, Mrs. Perry said.

"It's hard to live in such a situation," she said. "You don't know what will happen each day. The day they attacked my sister's house, she was in her bedroom and she saw guards with guns in her backyard."

The United States Congress is considering a resolution that would condemn the Iranian government for repressing Bahais and call on President Bush to make the abuse of Bahais a significant factor in United States foreign policy.

Representative Mark Steven Kirk, an Illinois Republican who co-sponsored the resolution with Representative Tom Lantos of California, said, "My fear is that if the regime leads the country into a confrontation with the West, it will be the cover for a great human rights crime, as happened before."

Saudi Women Rise In Defense Of The Veil (WP)

DOJ_NMG_0030904

By Faiza Saleh Ambah

The Washington Post, June 1, 2006

RIYADH, Saudi Arabia -- More than 500 women packed the Saudi capital's Maimouna Center on a recent evening to attend a lecture. The women, some still in their full black wraps, filled the rows of plum-colored plastic chairs, while late arrivals sat in small clusters on the carpet and against the wall.

"Whom do we love?" asked the lecturer, a woman, seated behind a desk on a raised platform.

"God," the women answered in unison.

"Then we must obey Him."

She went on to urge the audience members to dress modestly and raise their daughters to do the same. She explained that, despite what some Saudis are now saying, it is a sin for men and women to mix. "Even if people don't see you sin, God is watching," she warned. "On Judgment Day, your own skin will testify against you."

As she took copious notes, Mashael al-Eissa dabbed at tears, overcome by the extent of her religious responsibilities.

Eissa, a fiery young Internet writer, and the lecturer, Afrah al-Humaydi, are among a group of conservative Saudi women trying to redress what they view as an erosion of traditional values in the kingdom and a dangerous shift in the status of women.

"Saudi women are the luckiest in the world and Saudi Arabia is the closest thing to an ideal and pure Islamic nation," Eissa said. "We don't want imported Western values to destroy that."

The changes that have so riled Eissa and other conservative women followed the intense scrutiny that Saudi Arabia received after the discovery that 15 of the 19 hijackers who carried out the Sept. 11, 2001, attacks in the United States were Saudis. The lack of personal liberties in the kingdom -- an absolute monarchy that imposes a strict form of Islam -- was widely held to be an underlying part of the extremist ideology the attackers shared.

Shortly afterward, strict censorship of the media was loosened and subjects that the religious establishment had placed off-limits for decades, such as the ban on women driving or working alongside men, were openly debated. Women, previously hidden, started appearing as television newscasters, and their photos became daily staples in the press.

King Abdullah, crowned in August, called for increased work opportunities for women and started including female journalists, professors and business leaders on his trips overseas.

And during regional tours last year, both Secretary of State Condoleezza Rice and Undersecretary of State Karen Hughes said Saudi women needed broader political rights to make changes in their lives.

But the new atmosphere has alarmed conservative women who are suspicious of U.S. interference and warn that changes in their status could destroy the country's Islamic framework. Though no figures are available, conservative, religious women seem to constitute a sizable portion of the country's female population, belying notions that most Saudi women are unhappy with their lot and waiting to be liberated.

On the contrary, the black veil and the prohibition against women driving are embraced by many women here as a form of protection and an integral part of their religion.

Faiza al-Obaidi, a biology professor, says she thinks the attempts at Western-style female emancipation are part of a religious war being waged by the United States, "an intellectual rather than physical colonization." Sitting at the food court at the Basateen Mall in the coastal city of Jiddah one weekend, lifting her veil to take bites from a tuna sandwich, she said the West was targeting women, the core of society, as a means of eventually controlling the whole country. "They fear Islam, and we are the world's foremost Islamic nation," she said.

Obaidi shows pride in her religion and resists foreign interference, she said, by maintaining her veil, or niqab . "Just because this is closed," she said, tugging at the black material that covered her face, "doesn't mean this is," pointing to her head.

Samia Adham, a statistics professor seated beside her, also in a veil, added: "This is a choice. We choose to be ruled by Islam. We will make changes, but within our religion and in our own way."

Two young men with long hair and wearing bright T-shirts and frayed jeans entered the food court and sat at a table with a young woman. Obaidi shook her head. "You wouldn't have seen that several years ago," she said.

Many Salafi women here, who follow the school of thought that calls for a return to Islam as practiced by the prophet Muhammad and the following two generations, shatter the stereotype of women in black niqab as meek and submissive. Often

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well educated, articulate and sometimes downright aggressive, they include award-winning scientists, writers and college professors.

Khadija Badahdah, a university administrator who holds a doctorate in chemistry from the University of London and wears a veil, said she recently started to grant television interviews because women calling for change were dominating coverage on the airwaves and in newspapers and giving the wrong impression of Saudi women. "They are a minority but they appear to speak for all of us," she said, sitting in her comfortable home in Jiddah on a recent weekend. "This is the beginning of a cultural erosion, and if we don't fight it now, it will continue."

The Salafi women have also used lectures and Internet and newspaper campaigns to combat what they view as negative developments. Though they appear to be fighting against women's rights, they say they are actually fighting for the rights granted to women in Islam.

Humaydi, the lecturer, says she counsels women to educate themselves for at least half an hour a day about their rights under Islamic law. The problems faced by Saudi women, she said, are not because of Islam, which she calls a perfect religion that honors and values women. The fault lies in its improper implementation.

"We were given rights by Islam 1,400 years ago that women in the West only got at the beginning of the 20th century," said Humaydi, a middle-aged college professor. "Muslim women can work, and inherit, and be financially independent."

But working alongside men, taking leadership positions or removing the veil are choices that the religious women say are not open to them. This year a Gallup poll in eight predominantly Muslim countries found that only in Saudi Arabia did the majority of women not agree that women should be allowed to hold political office. Last summer, 500 women addressed a letter to Abdullah asking him to save the country from the onslaught of Westernized ideas regarding women and to maintain the ban on women driving and working with men.

Men and women should not share work spaces, Humaydi contends, because Islam says not to place oneself in an environment where adultery can occur. "People are wonderful, but the devil doesn't sit still," she said, adding that even Bill Clinton, while president, "couldn't resist him."

At Jiddah's King Fahd Medical Research Center, a small Casio recorder played Koranic verses in the background as Faten Khorshid peered through a microscope, her niqab falling past her shoulders over her long white lab coat. Khorshid, who received a government grant for cancer research, says that her conservative views have not held her back and that the niqab makes it easier for doctors to concentrate on work instead of one another. "I don't want to be the equal of a man," she added. "In many ways, I am better than him."

Clashes In Paris Suburbs Recall Riots Of Fall (WP)

By Molly Moore

The Washington Post, June 1, 2006

PARIS, May 31 -- Small gangs of youths pelted riot police with rocks and set cars and garbage bins ablaze late Tuesday in a second night of unrest in the Paris suburbs, raising fears of a return of the disturbances that inflamed 300 French towns and suburbs last fall.

The violence of the last two nights -- in which youths attacked police cars, government buildings and riot police -- was sparked in part by mounting resentment toward the mayor of the northeastern Paris suburb of Montfermeil, who in recent weeks imposed a law prohibiting 15- to 18-year-olds from gathering in groups of more than three and requiring anyone under 16 to be accompanied by an adult on city streets after 8 p.m.

The French government last fall promised to improve living conditions and job opportunities in suburbs heavily populated by immigrant families and where unemployment is rampant, but little has been done and the government's main initiative -- a youth jobs bill -- ended with this spring's politically disastrous student demonstrations.

At the same time, police have said crime has increased in poor suburban neighborhoods, and frustration with the government has continued to fester.

"We have the painful sense that nothing has been fixed," Francois Hollande, leader of the opposition Socialist Party, said in an interview on France-2 Television.

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At 9:30 Tuesday night, an estimated 15 young people threw rocks and projectiles at police patrolling an apartment complex area. At 11 p.m., youths tossed a makeshift explosive into a police car. The officers inside barely had time to escape before the vehicle exploded in flames.

Marauding youths set afire about a dozen private cars and torched numerous garbage bins in Montfermeil and the adjacent town of Clichy-sous-Bois, where last fall's three weeks of violence began when two teenagers were electrocuted as they tried to hide in a power substation. They believed police were chasing them.

Muhittin Altun, a third youth who survived with severe burns in that incident, was arrested Tuesday night on charges of throwing rocks at a police car. He was later released, according to French news media.

Six police officers were reported slightly injured and 13 youths were detained in Tuesday night's incidents.

In Montfermeil, a suburb of high youth unemployment and government-subsidized housing projects, young people have been growing increasingly angry at Mayor Xavier Lemoine's attempts to crack down on gang violence. Although a local court earlier this month overturned his effort to limit youth gatherings, he vowed to seek other measures.

On Monday, residents said, police roughed up a woman who protested police efforts to arrest her son, a suspect in the beating several weeks ago of a bus driver. Police ended up arresting both the mother and son, according to police.

Monday night, hooded youths hurled stones and other projectiles at Mayor Lemoine's house and at City Hall, and the police who responded were attacked with baseball bats. The clashes lasted three hours and seven police officers reportedly were injured.

French Interior Minister Nicolas Sarkozy, whose characterizations of rioters as "scum" inflamed last fall's violence, visited police officers who had responded to Monday night's incidents. "More than 100 hooligans set upon you -- masked and carrying weapons," he said. "We are confronting not a spontaneous revolt, but hooligans who have only a single purpose -- to create the most damage and injure as many people as possible."

Transportation Minister Dominique Perben, of the ruling Union for a Popular Movement party, described the incidents as a "reminder" of last year's violence.

"The question of the suburbs is a question for the entire political class," Perben told I-tele television. "We must have the courage to look things in the face."

A Flagging Commitment On AIDS (NYT)

The New York Times, June 1, 2006

The AIDS epidemic turns 25 this week, and while new infections are declining in a few countries, the number of infected is still growing, especially among young women. Globally, the epidemic seems to have more energy than efforts to fight it.

This week, United Nations members are meeting in a follow-up to the successful U.N. special session in 2001, which pushed the world to take AIDS more seriously. At that time, the countries created a detailed plan for attacking the disease, with specific targets. Spending soared, from $1.6 billion in 2001 to $8.3 billion last year.

The nations now are supposed to be reporting on whether their targets are being met, and devising a plan of action for the next few years. Instead, they are watering down the original plan. Ideologues, led by Washington, are taking out commitments to key programs, and wealthy nations worried about cost are replacing concrete goals with vague statements. AIDS groups fear the world is moving backward.

The most recent draft written by the nations does maintain the 2001 target of universal access to treatment, prevention and care, and sets a spending goal of $23 billion per year by 2010. But Europe and the United States have successfully opposed including specific targets that would have provided clear, periodic measurements of whether countries were meeting goals. In terms of money, the world will fall $6 billion short of what is needed this year, and we are falling further behind each year.

The drafts also show that on issues of interest to religious conservatives, the United States and Syria are holding down one side, joined at times by the Vatican and Saudi Arabia. Washington, for example, has removed references that were in the 2001 declaration about providing clean syringes to drug users. These efforts are desperately needed in many countries, like Russia, where the epidemic is largely spread by drug injectors.

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The word "condom" has also gone missing. Depressingly, nations have been debating whether they can make any reference at all to "empowering girls" or "vulnerable populations," itself a euphemism for sex workers, drug injectors and gay men.

Tellingly, the United States has insisted on taking out all references to "evidence-based prevention strategies" — strategies scientifically proven to work. Instead, Washington wants to use the phrase "evidence-informed prevention strategies." Apparently the Bush administration feels the need to make room for strategies that are not proven to work.

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DEPARTMENT OF JUSTICE *NEWS CLIPS*

PREPARED FOR THE OFFICE OF PUBLIC AFFAIRS, US DEPARTMENT OF JUSTICE

TO: THE ATTORNEY GENERAL AND SENIOR STAFF

DATE: THURSDAY, JUNE 1, 2006 7:45 AM EDT

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TERRORISM NEWS:

Calif. Man Pleads Guilty In Terror Case (AP-Y2)

By Don Thompson, Associated Press Writer
AP2, June 1, 2006

A man pleaded guilty Wednesday to a lesser charge rather than be retried on allegations that he lied to the FBI about his son's attendance at a terrorist training camp, according to court papers.

Under a deal, Umer Hayat, 48, an ice cream vendor, pleaded guilty to lying to customs agents about more than $28,000 he and family members were carrying on a trip to Pakistan three years ago. In exchange, prosecutors agreed to drop charges that he lied to the FBI and to recommend he serve no more jail time after spending nearly a year behind bars.

"This outcome was not, of course, the one most desired by the government," said U.S. Attorney McGregor Scott. "However ... our region is safer today than it was one year ago."

Hayat smiled as he left the federal courthouse, but he would not comment. He will be under house arrest until his Aug. 18 sentencing.

"He's happy. It's over. Obviously he wants to move on with his life at this point," said defense lawyer Johnny Griffin III. "From Day One we've maintained that Umer Hayat is not a terrorist; he had no involvement with terrorist-related conduct or activities."

His first trial ended last month in a mistrial after the jury deadlocked on two counts alleging that he lied to the FBI. The retrial had been scheduled to begin Monday.

He admitted in court Wednesday that he lied in April 2003 when he denied his family was carrying more than $10,000 in cash when he was detained on a jetway at Washington-Dulles International Airport.

Federal agents found two envelopes containing $5,000 each in his pants, two similar envelopes in his son's pockets and $8,053 being carried by his wife. He gave several explanations, including the cash was from several relatives to be used as wedding gifts for his son and daughter.

It was on that trip that his son, Hamid Hayat, attended a terrorist training camp, prosecutors said. But Scott said there is no indication the money was to be used for any terrorist activity.

Hamid Hayat, 23, was convicted of supporting terrorism by attending an al-Qaida training camp in Pakistan in 2003 and lying to the FBI. He faces at least 30 years in prison.

Umer Hayat's plea closes another chapter in the case of terrorist-related activities in the small city of Lodi — about 35 miles south of the state capital — which is better known for growing wine grapes.

The government's investigation into Lodi's 2,500-member Pakistani community began after agents received a tip in 2001 that local businesses were sending money to terrorist groups abroad.

That probe produced no results, but it led agents to an informant, Naseem Khan, 32, a Pakistani native who moved to the U.S. as a teenager. He targeted a pair of local imams and then befriended Hamid Hayat.

Khan recorded phone calls from the younger Hayat after he left for Pakistan. Some of the calls showed Khan urging Hayat to attend a jihadi camp, but defense lawyers claimed there was no evidence Hamid Hayat went to such a camp.

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While the government presented no evidence of a terrorism network during the nine-week trial, the case centered on videotaped confessions the two Hayats gave to FBI agents.

Their lawyers claimed that the confessions came after hours of leading questioning, and that their clients merely told the FBI what they thought the agents wanted to hear.

The investigation became public a year ago when authorities arrested the Hayats and detained two local imams. The clerics and one of their sons were later deported for immigration violations. The Hayats were the only people criminally charged in the probe.

Umer Hayat Agrees To Plea Deal (LODINS)

By Layla Bohm, News-Sentinel Staff Writer

Lodi News-Sentinel, June 1, 2006

Lodian pleads guilty to lying to customs agents about money, charges unrelated to terrorism

Umer Hayat, who had been charged with two counts of lying about terrorism, pleaded guilty Wednesday — but not to terror-related charges. Instead, the Lodi man acknowledged lying to customs agents by denying he was carrying $28,000 when he took a trip to Pakistan several years ago.

And, instead of facing up to 16 years in prison on the previous charges, the U.S. Attorney's Office is recommending a sentence of 11 months, the time Hayat already served in jail, and be placed on three years of felony supervised release.

Umer Hayat, left, and his attorney, Johnny Griffin III, smile as they talk to reporters after agreeing to a plea agreement with federal prosecutors in Sacramento on Wednesday. (AP Photo/Rich Pedroncelli)

Hayat, 48, remains on home detention and is scheduled to be sentenced Aug. 18. The actual sentence will be up to U.S. District Judge Garland E. Burrell Jr., who could sentence Hayat to as much as five years in prison and a $250,000 fine. Federal sentencing guidelines, however, call for a sentence of zero to six months behind bars.

Defense attorney Johnny L. Griffin III was happy with the deal, saying his client had always been willing to admit that he lied to customs agents. The government dismissed the terror-related charges with prejudice, meaning they can never again bring those charges against Hayat.

"I consider this a victory because I said from day one that Umer Hayat was not a terrorist, nor was he ever involved in terrorism," Griffin said.

U.S. Attorney McGregor Scott disagreed that the deal was a victory for the defense.

"(Hayat) is now a convicted felon, and he wasn't yesterday," Scott told the News-Sentinel. "(He) will remain on very strict supervised release by the probation department for the next three years and if he violates any of the terms, he's going back into custody."

Hayat and his 23-year-old son, Hamid Hayat, went on trial in mid-February with separate juries. Umer Hayat's jurors spent nine days deliberating before they told Burrell that they were "decisively deadlocked" on April 25. They split 7-5 and 6-6 on the two counts. Prosecutors had said they would retry the Lodi man, but have since decided to settle the case.

"This outcome was not, of course, the one most desired by the government," Scott said earlier Wednesday in a written statement, adding that prosecutors still believe Umer Hayat lied about terrorism, but had to consider the evenly divided jury.

"I have been a prosecutor for many years and am well acquainted with the challenges of retrying a case with those sorts of juror splits, given our duty to prove a case beyond a reasonable doubt to all 12 members of the jury," Scott said.

The plea deal came just days before Umer Hayat was scheduled to face his second trial on two counts of lying to the FBI. He was accused of denying that he had personal knowledge of terror training camps in Pakistan, and of knowing that his son attended the camps.

Umer Hayat

Because prosecutors dismissed those charges Wednesday, the ice cream vendor only stands convicted of declaring the wrong amount of money when he and his family went to Pakistan on April 19, 2003.

When customs officers stopped the Hayat family at Washington-Dulles International Airport, Umer Hayat said he was not carrying any money. Inspector David Martinez told him amounts totaling more than $10,000 must be declared, and Umer Hayat then showed two envelopes containing $5,000 each.

Twice more, he said the family was not carrying any other money, but agents then found $10,000 on Hamid Hayat and $8,053 on Umer Hayat's wife.

After assessing a fine of about $2,000, agents ultimately returned the rest of the money. During pre-trial proceedings, community members signed affidavits declaring they had sent the money with the Hayats to deliver to family members in Pakistan.

News of the plea was welcome for Woodbridge resident Debra Kiriu, who served as forewoman of Umer Hayat's jury. The jury was never told of the $28,000, though the customs agent traveled from Washington, D.C., for the trial. He testified for eight minutes.

"I'm glad to see that he came forward and said, 'Yes, I did lie,'" Kiriu said Wednesday evening. "I don't know if he just didn't know the laws at the time. It's hard to say. That's what's hard about the case: He's been here for 30 years and by then he should know the laws."

Umer Hayat is a naturalized U.S. citizen, and his son was born in California, meaning that neither is eligible for deportation to another country.

The deal will not likely affect the case against his son, said Hamid Hayat's attorney, Wazhma Mojaddidi, because Umer Hayat did not plead guilty to anything related to terrorism.

A second jury spent eight days in deliberations before convicting Hamid Hayat of all four charges against him, which include three counts of lying to the FBI and one count of providing material support, in the form of himself, to terrorists.

Hamid Hayat's sentencing has been postponed until at least November because his attorney has asked for a new trial amidst allegations of jury misconduct.

Wednesday's plea deal came five days shy of June 5, the one-year mark since the Hayats were arrested during a high-profile investigation involving dozens of FBI agents swarming through Lodi.

Trial testimony ultimately revealed that the case had been underway for years and that a paid FBI informant, Naseem Khan, had infiltrated Lodi's Pakistani community and secretly recorded conversations. He was initially assigned in late 2001 to get close to two imams, or Muslim religious leaders, but the following summer he met Hamid Hayat, who was 10 years his junior.

The two became friends, and recordings played in court revealed an informant who repeatedly mentioned getting "training" in Pakistan and talked about violent jihad, or war against enemies of Islam.

What secured prosecutors a conviction was Hamid Hayat's videotaped interview with FBI agents. They questioned him for hours and then, when he began to change his story, turned on the video recorder. Hamid Hayat described various camps and often repeated what agents told him, but jurors decided he gave enough information to convict him.

Despite the fact that Umer Hayat has not been convicted of any terror charges, Scott, the U.S. Attorney, said the community is safer now that the Hayats have felony convictions and the two imams have been deported.

Kiriu said she thinks Lodi residents will probably be glad to hear that the case is resolved, rather than having the national media continue focusing on Lodi as a possible terrorist center.

Whether the investigation is truly over, though, remains undisclosed.

"There continue to be people of interest to us and I really can't say anything beyond that," Scott said.

Deal And Guilty Plea In Terrorism (NYT)

By Jesse McKinley

The New York Times, June 1, 2006

SAN FRANCISCO, May 31 — Federal prosecutors in Sacramento announced Wednesday that they had obtained a guilty plea from a Pakistani-American ice cream truck driver who was accused of lying to the authorities during a terrorism investigation.

The driver, Umer Hayat, agreed to plead guilty to lying to the Federal Bureau of Investigation and customs officials about how much money he was carrying on a trip from California to Pakistan in 2003, said McGregor W. Scott, a United States attorney for the Eastern District of California. Mr. Hayat had told officials during a stopover in Washington that he and his family were carrying less than $10,000, while prosecutors said the amount was more than $28,000.

Mr. Hayat, 48, had been expected to face trial next week on more serious charges of lying to federal investigators in relation to his son, Hamid, who was convicted on April 25 of lying to federal agents and providing material support to terrorists by attending a training camp of Al Qaeda in 2003. A separate jury had deadlocked on charges against the elder Mr. Hayat on the same day, but prosecutors had sought to retry him.

The plea puts at least a temporary end to an inquiry that disrupted the rural town of Lodi, where the Hayats live in a close-knit Muslim community. It also brings to a close a federal prosecution that raised questions about government interrogation techniques. Both Hayats had submitted confessions to investigators despite limited English, an element that some legal experts say could open their convictions to appeal.

In a statement on Wednesday, Mr. Scott, the prosecutor, seemed to strike a victorious note. "After 9/11, the U.S. Justice Department's top priority is to detect, disrupt, and deter future acts of terrorism," he said. "This mission was accomplished."

In exchange for his plea, federal officials said they would dismiss all previous charges and recommend that Umer Hayat receive a sentence of three years supervised release. Since his arrest in 2005, Mr. Hayat has served 330 days in jail and 30 days of home confinement, prosecutors said. Sentencing is Aug. 18.

Lodi Man Is Released In Plea Bargain (LAT)

By Rone Tempest And Eric Bailey

The Los Angeles Times, June 1, 2006

SACRAMENTO — Federal prosecutors Wednesday agreed to drop terrorism-related charges against Lodi ice cream truck driver Umer Hayat in exchange for a guilty plea in a 2003 customs case.

Hayat, 48, who spent nearly a year in jail and under house arrest on the charges, was released for time served. Six weeks ago, a hopelessly split jury failed to reach a verdict in his case.

"This outcome, of course, was not the one most desired by the government," said U.S. Atty. McGregor Scott. The government still believes the original charges that Umer Hayat lied to FBI agents about his 23-year-old son, Hamid Hayat's, 2003-04 attendance at a terrorist training camp in Pakistan, he added.

But Scott said retrying a case that had resulted in a mistrial was too daunting. "It was my decision that the felony plea we announce here today was the best resolution of this matter for the government," he said.

In April, another jury found the younger Hayat guilty of all four counts against him. Hamid Hayat, scheduled for sentencing in July, faces up to 39 years in federal prison.

But the jury in the father's case deadlocked 7 to 5 and 6 to 6 on the two charges against him. As a result, the government Wednesday allowed Umer Hayat to plead guilty to charges that he lied to customs agents at Dulles International Airport in Virginia on April 19, 2003, about the amount of money he and his family were carrying on their way to Pakistan.

Federal law requires individuals to declare amounts exceeding $10,000. Customs officials found that the Hayat family had more than $28,000 they said they were planning to use for Hamid Hayat's upcoming wedding.

Defense attorney Johnny L. Griffin described the plea bargain as a victory for Umer Hayat, who he said had been unfairly branded as a terrorist.

"There is no way we were ever going to agree to any plea involving terrorism," Griffin said outside the Sacramento Federal Courthouse, "because it was not true."

Umer Hayat, smiling broadly at Griffin's side, declined to comment.

Although Scott said the plea deal was a setback for the government, he added that the customs conviction of Umer Hayat, terrorism conviction of his son and deportation of Lodi's two Muslim religious leaders on visa violations amounted to success for the government.

"Our region is much safer today than it was one year ago," Scott said.

The four-year investigation of Lodi's large Muslim community began in late 2001 after a Bend, Ore., convenience store clerk and former Lodi resident told FBI agents that he had seen known Al Qaeda terrorists worshiping in the Lodi mosque in 1999 and 2000.

The FBI quickly determined that the sightings were false but hired the store clerk, Pakistani Naseem Khan, as an undercover paid informant and sent him into the Lodi community, where he secretly recorded hundreds of hours of conversations with fellow Muslims. No evidence surfaced of any Al Qaeda connections.

Hayat Pleads Guilty To Lesser Charge In Lodi Terror Case (SACBEE)

By Denny Walsh, Bee Staff Writer

The Sacramento Bee, June 1, 2006

A Lodi man charged with lying to the FBI about terrorist ties pleaded guilty Wednesday in Sacramento federal court to making a false statement to customs officials in 2003 about how much money he and his family were carrying on their way out of the United States.

Prosecutors agreed that, at the time of Umer Hayat's sentencing on Aug. 18, they will seek dismissal of charges that Hayat lied about his son's terrorist training in Pakistan and his own firsthand knowledge of such training when he was initially questioned by FBI agents in June.

The prosecutors also agreed to recommend that the nearly 11 months Hayat served in jail awaiting trial be his sentence for lying at Dulles International Airport about the amount of money he and his family were carrying to Pakistan.

The plea deal came four days before a second trial of Hayat on the terrorist-related charges was scheduled to start. The first trial ended April 25 with a deadlocked jury and a mistrial.

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U.S. Attourney for the Eastern District of California McGregor Scott announces Umar Hayat's guilty plea to one felony count of making false statements to U.S. Customs agents in 2003 on Wednesday at the Federal Courthouse in downtown Sacramento. Sacramento Bee / Carl Costas

Privacy Fiasco That Needlessly Undermines Security (FT)

By Richard Falkenrath

Financial Times, June 1, 2006

Suppose a terrorist, a Dutch national, arrives at Amsterdam's Schiphol Airport and buys a one-way ticket on the daily KLM flight to New York. Like the September 11 2001 hijackers, he travels under his real name. US authorities have uncovered his identity and placed him on the terrorist watch list. The question is: will he be caught and, if so, when?

Currently, even if the US authorities had provided this terrorist's name to Dutch or European authorities, there is no watch-listing system in either jurisdiction that would have identified him as he purchased his international ticket or transited through Dutch immigration control. Moreover, because he is a Dutch national he would not have been required to apply for a visa to enter the US. So he would pass out of Europe undetected.

In all likelihood, however, he would be identified once his flight had left European soil. Under a May 2004 agreement between the US and the European Commission, European airlines were allowed to transmit their passenger manifests to US authorities 15 minutes after take-off. Two days ago, the European Court of Justice annulled this agreement.

The ECJ based its decision on technical legal grounds. It said that the Commission officials with whom the US had been negotiating lacked the legal authority to conclude the agreement. This is a significant, though perhaps temporary, setback for the European Union officials who have been trying to impose some coherence and rigour on Europe's various post-9/11 counter-terrorism and law-enforcement activities. It is also, in Washington, an unpleasant reminder of Henry Kissinger's famous line from three decades ago: "You say Europe, but can you tell me which number I should call?"

But the court avoided the real issue raised by the accord – the proper balance between the individual's right to privacy and the collective's interest in security in the era of infiltrative, transnational terrorist threats and unbounded computer power.

Huge private-sector databases, such as the airlines' passenger records, can be extremely useful to a government's effort to locate and eliminate terrorist threats. National governments have a responsibility to protect their people and therefore must take seriously new counterterrorism techniques presented by the advance of technology.

Yet a government's access to these private-sector databases raises troubling issues of personal privacy. Privacy advocates, pundits and politicians have raised alarm about a wide variety of such activities initiated in the aftermath of 9/11 – and not without reason. Potentially valuable counterterrorist initiatives such as the US-EU passenger data accord are at risk of foundering for loss of public trust and political support. In the US, the long-standing plan of the Transportation Security Administration to check the passenger manifests of domestic flights against the terrorist watch list is essentially dead in the water for this reason.

Both the US and Europe need to update their laws governing official access to private-sector databases for security purposes. The European privacy directive dates from 1995 and the US Privacy Act from 1974, so the legal framework on both sides of the Atlantic lags at least a decade behind the technological art of the possible.

But, more important than legal reform, government security services need to update their practices to incorporate that art of the possible. It is no longer necessary for government agencies to acquire and retain an entire private-sector database in order to accomplish a legitimate public purpose. It is now possible for a government to check a watch list anonymously – that is, to check one list of names in a private-sector database against another list of names in a government database in a manner that reveals to the government only those names that match. This is but one of several important new privacy-enhancing technologies that could, if adopted by governments, improve security as well as liberty.

US and European officials are trying to figure out what to do now that the ECJ has scuttled their passenger-data agreement. The first thing they should do is study the ways in which new technologies and procedures can be used to achieve their basic security aims while minimising the impact on personal privacy. In so doing, they may earn back some of the public trust they have lost and become more effective in the long run.

The writer is the Stephen and Barbara Friedman Fellow at the Brookings Institution. He was deputy homeland security adviser to President George W. Bush until May 2004

Flying Across The Pond (WSJ)

The Wall Street Journal, June 1, 2006

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In case you were wondering, it's still safe to board a plane in Europe and fly to the U.S. That's so despite a ruling from the European Court of Justice this week striking down a post-9/11 accord on sharing air-passenger data. Despite some media hyperventilating, there's next-to-no chance Europe's airlines will stop transferring important passenger information to the U.S.

Europe's highest court ruled Tuesday against the 2004 deal between the U.S. and the European Commission on data sharing. The European Parliament had sued, taking umbrage at giving U.S. officials the same information routinely handled by travel agents. Passengers' names, addresses and the number of bags they checked were all deemed more sacrosanct than preventing another terrorist attack.

However, in its ruling the court did not address the issue of privacy rights. Rather, it said the European Commission was wrong to have based the passenger-data deal on EU law regulating commercial activities. This was not a trade matter but one of public security, it said. The court gave the EU 90 days to find a solution, and until then the agreement with the U.S. remains in place.

Since security issues remain in the national domain, the 25 member states will each have to ratify the revised accord. Given that those governments unanimously approved the current deal, this should be no problem. The September 11 attacks were planned and carried out by al Qaeda members based in Germany who freely flew into the U.S., so it is surely reasonable for Washington to seek passenger data prior to arrival across the pond. Europe remains a major recruiting ground for terrorists, and it's good to know most European governments recognize the problem.

War On Terror Breeds Legal Challenges (VOA)

By Jim Malone

Voice of America, June 1, 2006

Al-Qaida conspirator Zacarias Moussaoui remains the only person convicted in connection with the September 11, 2001 terrorist attacks. Others who allegedly planned the 9/11 attacks are being held by the U.S. abroad. But as of now, there are no plans to put them on trial.

Moussaoui was sentenced to life in prison after he pled guilty to conspiring with al-Qaida to fly planes into buildings.

But what about some of the alleged planners of the 9/11 attacks now in custody, like Khalid Sheikh Mohammed or Ramzi Binalshibh, who allegedly financed the 19 hijackers on September 11.

U.S. officials say that despite the lengthy and challenging prosecution of Zacarias Moussaoui, criminal prosecution remains an option.

Paul McNulty "The Moussaoui case, I think, demonstrates that we can be successful," said Paul McNulty, the deputy U.S. attorney general. "In our investigations, we will continue to use every tool and authority available to us to identify risks at the earliest stage possible. And in deciding whether to prosecute, we will not wait to see what becomes of risks."

During the court proceedings Moussaoui was known for his disruptive outbursts in court and taunting relatives of victims who had testified.

Legal experts and others wonder if the difficulties on display in the Moussaoui case are making it less likely that the government will want to try the alleged masterminds of the 9/11 attacks in open court.

Benjamin Wittes has written editorials about the issue in the Washington Post newspaper. He spoke at a forum on the issue sponsored by the American Enterprise Institute in Washington.

"I mean, these are the people we have identified and are in our custody and there seems to be no plans whatsoever to bring them to trial," said Wittes.

Trying terrorist suspects in open court could be risky because the government might be forced to reveal some of its intelligence sources as it presents evidence. Prosecutors would also have to address whether torture was used to obtain confessions.

Neal Katyal, a law professor at Georgetown University Law Center in Washington, believes the Bush administration would prefer to simply detain some of the terror suspects indefinitely.

"I think the federal courts have given the president a fairly robust power to detain enemy combatants and I think they are likely to continue to do that," said Neal Katyal. "And so, folks like Khalid Sheik Mohammed, I think, are going to be detained indefinitely. And given that backdrop, it seems unwise to bring a prosecution in which the results may be acquittal," he said.

The Bush administration could also decide to try some of the al-Qaida suspects in military commissions, also known as military tribunals.

Professor Katyal represents Salim Ahmed Hamdan, now awaiting trial as an enemy combatant at the U.S. naval base at Guantanamo Bay, Cuba.

Hamdan is challenging the Bush administration's right to try terror suspects through military tribunals before the U.S. Supreme Court.

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"And he can sue the President of the United States, the most powerful man on earth, in the highest court of the land," Katyal said. "That is something that in any other country, I think I would have to fear for my life and I think Hamdan would have to fear for his. It is something remarkably American about our system."

The Supreme Court is expected to issue a decision before the end of June on the legality of the military commissions.

While it remains unclear what the United States will do with the alleged high profile al-Qaida members in custody, prosecutions of lower-level suspects continue.

Deputy Attorney General Paul McNulty says since the 9/11 attacks, the Justice Department has secured 253 convictions against 435 defendants in terrorism-related cases. Many of those convictions, however, involved minor crimes and immigration violations not directly related to terrorist acts or plots. E-mail This Article

HOMELAND RESPONSE:

Anti-Terror Funding Cut In D.C. And New York (WP)

By Dan Eggen And Mary Beth Sheridan

The Washington Post, June 1, 2006

The Department of Homeland Security yesterday slashed anti-terrorism money for Washington and New York, part of an immediately controversial decision to reduce grant funds for major urban areas in the Northeast while providing more to mid-size cities from Jacksonville to Sacramento.

The announcement that the two cities targeted on Sept. 11, 2001, would suffer 40 percent reductions in urban security funds prompted outrage from lawmakers and local officials in both areas, who questioned the wisdom of cutting funds so deeply for cities widely recognized as prime terrorist targets. The decision came less than five months after Homeland Security Secretary Michael Chertoff unveiled changes in the grants plan intended to focus funding on areas facing the gravest risk of attack.

Potential targets outside the Northeast also took painful hits, including New Orleans, San Diego and Phoenix. New Orleans's grants for security and disaster preparedness were cut in half even as it struggles to rebuild after Hurricane Katrina.

In Washington, where the funding dropped from about $77 million to about $46 million, Mayor Anthony A. Williams called the decision "shortsighted."

New York's grant plummeted from about $207 million to $124 million. A DHS risk scorecard for the city asserted that the home of the Empire State Building and the Brooklyn Bridge has "zero" national monuments or icons.

"As far as I'm concerned, the Department of Homeland Security and the administration have declared war on New York," Rep. Peter T. King (R-N.Y.), chairman of the House Homeland Security Committee, told the Associated Press. "It's a knife in the back to New York, and I'm going to do everything I can to make them very sorry they made this decision."

Homeland Security's grant programs have drawn criticism from cities both large and small; many have felt slighted by what they maintained was a haphazard and unfair distribution plan. This year's round of grants was supposed to ensure that enough money goes to areas at highest risk of terrorist attack by employing risk scores, effectiveness tests and 17 "peer review" panels consisting of homeland security professionals from 47 states.

But department officials struggled yesterday to defend the latest outcome even as lawmakers in both parties denounced them. Most experts and many government officials had expected that the new review process would lead to more money, rather than less, for major terrorist targets such as Washington and New York.

Tracy A. Henke, assistant secretary for grants and training, told reporters that the new funding distribution was the result of a better review process and does not indicate lesser risk for cities such as Washington or New York. Officials noted that Congress had cut the program by about $125 million in 2006, to $711 million, and that New York, Washington and other major cities still would receive the largest shares.

"We have to understand that there is risk throughout the nation," Henke said. "We worked very hard to make sure that there was fairness in the process."

The department refused to release the names of panel members or other details about the review boards.

I. Michael Greenberger, director of the Center for Homeland Safety and Security at the University of Maryland, said the plan doesn't pass the common-sense test.

"It's completely inconsistent," Greenberger said. "Where are our priorities? . . . There can be no doubt that Washington and New York are the biggest potential ground zeroes for any future attack."

The Urban Areas Security Initiative provides money to 46 metropolitan areas. It is part of a broader $1.7 billion grant program at DHS, most of which attracted little controversy because it is divided evenly among states and territories.

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In addition to Washington and New York, the grant decisions included a 46 percent drop for San Diego, where several of the Sept. 11 hijackers lived; a 61 percent decrease for Phoenix, where an FBI agent suspected that terrorists were taking flight training; and a 30 percent reduction for Boston, the point of origin of the two jetliners that crashed into the World Trade Center.

Phoenix Mayor Phillip Gordon called the grant reduction from $10 million to $3.9 million "outrageous." He said that Phoenix, the nation's fifth-largest city, includes a network of dams, a nuclear power plant and numerous other potential targets.

"Shame on them," Gordon said. "They are literally stripping the ability to protect this area by actions that are incomprehensible."

Winners included Atlanta, Chicago and Los Angeles, as well as smaller cities such as Louisville (up 70 percent), Charlotte (64 percent) and St. Louis (31 percent). The only notable gain in the Northeast was in the Jersey City-Newark area, where the grant rose from $19 million to $34 million.

Louisville's funding increased from $5 million to $8.5 million, and Mayor Jerry Abramson said the money will be used primarily on a project to improve communications between emergency responders. "A lot of this is about logistical issues that are very important if something were to happen," he said.

Undersecretary for Preparedness George Foresman told reporters that although the program was formed with anti-terrorism objectives in mind, the money is meant to improve readiness for "an act of terrorism or an act of Mother Nature."

Yet one of the big losers was hurricane-ravaged New Orleans, whose grant award dropped from $9.3 million to $4.6 million.

The national capital region, which includes Washington and its suburbs in Maryland and Northern Virginia, had requested $190 million in urban security funds for 2006 -- an optimistic figure that would have represented an enormous increase over the $77 million the region received last year.

Washington's deputy mayor for public safety, Edward D. Reiskin, said possible cutbacks will include $25 million planned for communications infrastructure and $10 million for "mass care shelters" to house people displaced from their homes.

"I think it's shortsighted for the federal government to cut funds this way," Williams said at his weekly news briefing. "We remain a target area."

Montgomery County's homeland security director, Gordon Aoyagi, said he was stunned by the news, and predicted "a substantive reduction in a number of regional efforts." Robert Crouch, homeland security adviser to Virginia Gov. Tim Kaine (D), said that "there will be some shakeout" because of the cuts.

New York Mayor Michael R. Bloomberg (R) scoffed at the grant decision. "When you stop a terrorist, they have a map of New York City in their pocket," he said. "They don't have a map of any of the other 45 places."

Security Cuts For New York And Washington (NYT)

By Eric Lipton

The New York Times, June 1, 2006

WASHINGTON, May 31 — After vowing to steer a greater share of antiterrorism money to the highest-risk communities, Department of Homeland Security officials on Wednesday announced 2006 grants that slashed money for New York and Washington 40 percent, while other cities including Omaha and Louisville, Ky., got a surge of new dollars.

The release of the 2006 urban area grants, which total $711 million, was immediately condemned by leaders in Washington and New York.

"When you stop a terrorist, they have a map of New York City in their pocket," Mayor Michael R. Bloomberg of New York said. "They don't have a map of any of the other 46 or 45 places."

In Washington, Mayor Anthony Williams said: "It was very shortsighted for the federal government to gut our homeland security funding program, even more so because so many dollars continue to be spent in rural areas that are far less likely to emerge as targets."

Homeland security officials said the grants were a result of a more sophisticated evaluation process, combined with a smaller overall allocation of money from Congress.

For the first time, they said, teams of law enforcement officials from around the nation evaluated the effectiveness of the spending proposals submitted by the 46 eligible urban areas, cutting grants for cities that had shoddy or poorly articulated plans.

"We want to make sure we are not simply pushing dollars out of Washington," said Tracy Henke, assistant secretary for grants and training. "The reality is you have to understand that there is risk throughout the nation."

The net effect was that the grant to New York City, which was $207.6 million last year, will drop to $124.5 million this year. Washington will see its grant dollars drop to $46.5 million this year from $77.5 million.

While some cities lost money, other gained. Money for Louisville, Omaha and Charlotte, N.C., jumped by about 40 percent, with grants to each of about $8.5 million. Money for Newark and Jersey City, which received a combined grant, rose 44 percent,

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to $34 million. Chicago, Atlanta and the Los Angeles area each received smaller, but still sizable increases, an action that drew praise.

"Finally, risk-based funding is kicking in," Representative Jane Harman, Democrat of California, said in a statement. "Los Angeles, the top terrorist target on the West Coast, is beginning to get the necessary funding to protect its people and critical infrastructure."

Gail Braun, grant administrator in Omaha, said she was pleased that the department also recognized the needs of smaller cities. In Omaha, Ms. Braun said, the $8.3 million will be invested primarily in emergency communications equipment and training.

"Any kind of an attack can happen here in the Midwest as well," she said. "We want to make sure we can respond or prevent it in the first place."

Representative Peter T. King, Republican of New York, who is chairman of the House Committee on Homeland Security, said the allocation formula was flawed.

"This is indefensible," Mr. King said. "It's a knife in the back to New York, and I'm going to do everything I can to make them very sorry they made this decision."

He said senior department officials who had briefed him about the grants made clear that they were unimpressed with the city's plan.

For example, New York spends a large share of its grant money to cover overtime costs for police officers who are guarding high-risk targets, like bridges or the subways, a recurring expense.

New York, in the coming year, also intended to spend about $80 million in grants to install a security camera system in the Wall Street area, allowing the police to monitor details as small as license plates, an approach similar to the so-called Ring of Steel in London, said Paul J. Browne, the deputy police commissioner.

But the emphasis on spending on recurring costs — like overtime — was cited as a factor in the relatively low rating the city's application received, one federal official said.

New York officials were given a one-page tally that explained, in part, how the region's risk-based standing was calculated. The document said the region had no "national monuments or icons," four banking or financial firms with assets of over $8 billion, 28 chemical or hazardous material sites, as well as nearly 7,000 other possible important, high-risk targets, like hospitals or major office buildings, a tally that some city officials said had major omissions or errors.

"It's outrageous that these bean counters don't think the Statue of Liberty, Empire State Building and Brooklyn Bridge are national monuments or icons," said Jordon Barowitz, a spokesman for Mayor Bloomberg.

The $711 million in so-called Urban Area Security Initiative grants was one piece of a larger $1.7 billion pool awarded to states on Wednesday, which is hundreds of millions less than was available last year.

Over all, New York State will get $183.7 million, a 20 percent drop from last year. That means that the state's per capita share of grant money, which totals $2.78 a person, will drop to an even lower level compared with some rural states, like Wyoming, which will get $14.83 a person this year, according to a calculation by Representative Carolyn B. Maloney, Democrat of New York.

In the first three years that grants were made, New York and Washington received more than any other urban areas. To date, New York has collected $404 million, while Washington has $167 million, compared with $71 million for Houston, $120 million for Chicago, $12.8 million for Charlotte, which all received increases this year.

Ms. Henke, while not explicitly making this point on Wednesday, did say that the department had taken into account regions that had the most work to do to raise their level of preparedness to a national standard.

"It does not mean in any way that the risk in New York is any different or changed or any lower," she said.

Security Funds Shifted From New York, D.C. Area (WT)

By Audrey Hudson And Amy Doolittle

The Washington Times, June 1, 2006

The two cities targeted in the 2001 terrorist attacks -- Washington and New York -- will receive dramatically less money in homeland security grants this year, while some Southern and Midwestern states will get more, officials said yesterday.

All but 12 states will receive grants from a $757 million Urban Areas Security Initiative budget to help local officials prepare for terrorist attacks or natural disasters. The allocation is a $500 million cut over last year.

The National Capital Region, which encompasses the District and parts of Maryland and Virginia, will receive $46.4 million, which is $32 million less than last year. New York City is still the top municipal grant recipient with $124 million, down from $207 million last year.

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"I think it was very shortsighted for the federal government to gut our homeland security funding program," said D.C. Mayor Anthony A. Williams. "We learned the hard way on September 11 that terrorists want to kill innocent Americans and that Washington, D.C., and New York City are among their top targets. I firmly believe that this area could be attacked again at any time, and now is not the time to back off on our efforts."

Funding was increased to California, Florida, Georgia, Kentucky, Michigan, Missouri, North Carolina, Nebraska and Wisconsin. Cities added to the list include Fort Lauderdale, Fla., $9.9 million; Orlando, Fla., $9.4 million; Memphis, Tenn., $4.3 million; and Milwaukee, $8.5 million.

In a conference call with reporters, Tracy Henke, spokeswoman for the Homeland Security Department's grants and training office, said a panel of 100 homeland security "peers" in 47 states decided how to allocate the money, but she declined to say what cities the "peers" represented.

Funding was based on risk to geographic areas and "anticipated effectiveness of state proposals" on how the money will be spent, she said.

"Risk is ever-changing," Ms. Henke said. "Understand, the department is much better today than last year or the year before, or three years before, on its risk analysis capabilities. We have a much broader insight into information pertaining to those threats than ever before."

Asked whether the risk is still higher in the Washington and New York areas she replied, "There is risk throughout the nation."

Funding was cut from $9.3 million to $4.6 million for New Orleans, which is recovering from Hurricanes Katrina and Rita while preparing for this year's Atlantic hurricane season, which begins today.

Kansas City and St. Louis received more than $9 million, Louisville, Ky., was given nearly $9 million, and Detroit got $18.6 million.

Rep. Peter T. King, New York Republican and chairman of the House Homeland Security Committee, called the allocation "disgraceful" and "indefensible."

"New York City has been attacked twice and is doing more than any other city in the country to defend itself and our nation," Mr. King said. "As far as I'm concerned, [the Department of Homeland Security] and the administration have declared war on New York City, and I am going to fight this as hard as I possibly can. This raises very serious questions about the quality and sincerity of management at every level of the department."

Rep. Carolyn B. Maloney, New York Democrat, agreed. "This administration's approach to homeland security can be summed up in one word: incompetence," said the chairman of the House Democrats' homeland security task force. "What competent person would possibly think that slashing security funding for the nation's top terrorist target is a smart idea?"

Ed Reiskin, D.C. deputy mayor for public safety and justice, said the city requested $190 million and officials were surprised to receive a funding cut.

Terror Fears Hamper U.S. Muslims' Travel (NYT)

By Neil MacFarquhar

The New York Times, June 1, 2006

SAN FRANCISCO, May 31 — Azhar Usman, a burly American-born Muslim with a heavy black beard, says he elicits an almost universal reaction when he boards an airplane at any United States airport: conversations stop in midsentence and the look in the eyes of his fellow passengers says, "We're all going to die!"

For Ahmed Ahmed, a comedian, it is even worse. His double-barreled name matches an occasional alias used by a henchman of Osama bin Laden. "It's a bad time to be named Ahmed right now," he riffs in his stand-up routine, before describing being hauled through the Las Vegas airport in handcuffs.

Taleb Salhab and his wife say they too were dragged away in handcuffs at the border crossing in Port Huron, Mich., as their two preschool daughters wailed in the back seat of their car. The Salhabs were discharged after four hours of questioning, with no explanation from customs officers.

Getting through United States airports and border crossings has grown more difficult for everyone since the terrorist attacks of Sept. 11. But Muslim Americans say they are having a harder time than most, sometimes facing an intimidating maze of barriers, if not outright discrimination. Advocacy groups have taken to labeling their predicament "traveling while Muslim," and accuse the government of ignoring a serious erosion of civil rights. Next month, the American Civil Liberties Union will go back to court to broaden a suit on behalf of Muslims and Arab-Americans who are demanding the United States government come up with a better system for screening travelers.

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The delays, humiliation and periodic roughing up have prompted some American Muslims to avoid traveling as much as possible. Some even skip meeting anyone at the airport for fear of a nasty encounter with a law-enforcement officer. Those who do venture forth say they are always nervous.

"I find myself enunciating English like never before, totally over-enunciating just because I want the guy to know that I am an American," says Maz Jobrani, an Iranian-born, Berkeley-educated actor. "Middle Easterners are just as scared of Al Qaeda as everybody else, but we also have to be worried about being profiled as Al Qaeda. It's a double whammy."

Many Muslim Americans fault the Department of Homeland Security and its various agencies, chiefly the Transportation Security Administration, as failing to develop an efficient system to screen travelers. In particular, they deplore the lack of a workable means for those on the federal watch list by mistake — or those whose names match that of someone on the list — to get themselves off.

Mr. Salhab, 36, says his family remains shaken by their treatment at the border. Officers, their hands on their guns, swarmed around his vehicle, barking at him to get out as alarm bells clanged, he said.

"If I had sneezed or looked the wrong way, who knows what would have happened," Mr. Salhab said in a telephone interview. "I feared for my life."

Now, he said, every time his daughter, 4, sees uniformed officers, she asks if they are going to take him away.

"What happened to me at the border is inexcusable," Mr. Salhab said.

A complaint filed with the Department of Homeland Security in January got Mr. Salhab a form letter saying the government was looking into the situation. There has been no further response.

A number of American Muslims similarly upset by how federal agents treated them and their families are seeking relief through the courts. About eight men with Muslim or Arab roots are joining a suit already filed last year by the American Civil Liberties Union branch in Illinois demanding that the government improve its treatment of returning American citizens.

But similar suits have made little headway. In general, the Constitution protects all Americans against unreasonable search and seizure. But much more aggressive searches have been deemed reasonable at airports and at the border than elsewhere. Just how elastic that standard can be is what the lawsuits are addressing.

The Department of Homeland Security denies engaging in racial profiling. Agents should not base their decisions on a face or a name, said Dan Sutherland, head of the Office for Civil Rights and Civil Liberties. "They should look at behavior, concrete action, observable activities," he said.

Mr. Sutherland said the department was aware of some problems with the watch list, but he argued that many Muslim Americans traveled without encountering difficulties.

Still, traveling makes many Muslim Americans feel like second-class citizens. Mr. Ahmed, the comedian, often travels wearing a T-shirt that says "Got rights?"

"That's the whole question of my existence right now," he said. "Do we have rights? I'm a taxpayer and I'm an American, and I want to be treated like one."

The problem has become such a part of being a Muslim American that some comedians have built routines around it. Mr. Ahmed and Mr. Jobrani both perform on The Axis of Evil Comedy Tour. Mr. Jobrani jokes about his heightened state of anxiety as he passes through security.

He says, "If anything beeps in the metal detector, I think, 'Dammit, I'm a terrorist! I knew it!"

But underneath the one-liners, the treatment grates. Mr. Ahmed, 35, now avoids flying on the day of a show lest he be barred from his flight. The stress reached a level that the whiskers in his beard started to fall out, he says. ("Your body is trying to de-Muslimize," Mr. Jobrani said jokingly, sitting next to him in a Los Angeles coffee shop. "Next, your skin will get lighter.")

Mr. Ahmed was handcuffed in the Las Vegas airport in November 2004, and, he said, a young black police officer leaned over and said, "Yo man, now you know what it was like to be a black man in the 60's."

It is an apt comparison, Mr. Ahmed feels, noting that after the 1995 Oklahoma City terrorist bombing by a white former soldier, Timothy J. McVeigh, not every blond with a buzz cut was pulled over.

"I know I have to be demure and humble when I approach a ticket agent," Mr. Ahmed said. "If you show any ounce of negativity or righteousness, they'll deny you, they'll say, 'You're not getting on this flight, I don't like your attitude.'"

When he called a phone line for those with travel problems like his, he said, he got no response. "I understand the need for security, but they go overboard, they always have to put on this public display," he said. Mr. Usman, 30, and part of a different comedy act called Allah Made Me Funny, draws big laughs when joking about his obviously Muslim appearance. "If I was a crazy Muslim fundamentalist, this is not the disguise I would go with," he cracks.

He refuses to shave his beard. "I have a problem that people associate a certain look with Muslim terrorists," he said by telephone from his native Chicago. "The look of someone trying to live a religious life, having a long beard, has been around a lot longer than Osama bin Laden and will be around a lot longer than Osama bin Laden."

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Most of those wrongly placed on the watch list seethe with frustration and anger, finding it unbelievable that a technologically advanced country like the United States has been unable to develop a list that can distinguish between a lurking terrorist and a harmless citizen with a Muslim name.

Khurrum Wahid, a lawyer, said that the Transportation Security Administration had made empty promises for years about making improvements. "If the name John Smith was on the designated list," Mr. Wahid said, "I guarantee they would have come up with some way to check that list."

Dr. Sam Hamade, 33, was born in Lebanon and carries a Canadian passport but is a permanent United States resident and is seeking citizenship. A senior resident at Upstate Medical University in Syracuse, Dr. Hamade legally changed his name from Osama to Sam to make his patients more comfortable.

In the last two years, driving back from Canada after visiting relatives or his fiancée, Dr. Hamade said, he has been detained at least six times. He has found himself weeping with frustration, he said, because the same thing happens every time — he is photographed, fingerprinted and his body groped — and every time the border police say that they are just following procedures.

Dr. Hamade was handed a "Fact Sheet" instructing him to write to the Border Patrol's "Customer Satisfaction Unit" in Washington. He wrote, but has received no answer. A complaint filed with the Department of Homeland Security in April has also elicited no response.

"It's a nightmare," Dr. Hamade said.

Cover Blown, But Air Marshal Still Flies (USAT)

By Thomas Frank

USA Today, June 1, 2006

WASHINGTON—The Federal Air Marshal Service continued to put a marshal on commercial flights after he intentionally blew his cover to try to show that agency rules make the undercover officers easy to spot.

Spencer Pickard, who was featured on ABC's 20/20 program May 19, said Wednesday that he flew, armed, three times last week.

Marshals are supposed to fly incognito so terrorists can't overpower them and seize their pistols to hijack a plane.

Marshal service spokesman Dave Adams said Pickard “is still an active air marshal, he's still on our books, and he's going to still be flying missions.”

Adams said air marshals “are supposed to blend in with the passengers.” But he and another spokesman for the service, Conan Bruce, declined to address why Pickard could still fly.

Pickard was featured for about 2½ minutes on an eight- minute, 40-second segment. The May 19 edition of 20/20 was watched by 8.2 million viewers, according to the Nielsen ratings service. The video was still available on ABC's website Wednesday.

Billie Vincent, who oversaw air marshals from 1982 to 1986 as Federal Aviation Administration security chief, said Pickard should no longer work as an air marshal. “After you go public, how can you blend in?” Vincent asked. “If a terrorist can identify a marshal and they have a knife, they can walk by, slit their throat and take their gun.”

Rep. John Mica, R-Fla., chairman of the House aviation subcommittee, said it would be “very hard for anyone to pick him out” and noted that “there's quite a bit of information out about marshals.”

Air marshals fly undercover on planes in teams of at least two. The service, started in 1961, expanded dramatically after the 9/11 attacks.

Pickard, 34, said he expected to be fired or grounded after the TV show, which charged that the Air Marshal Service's rules and procedures make marshals conspicuous in airports and aboard planes.

“I was willing to take this risk to get these issues out there,” Pickard said. He has been an air marshal for four years. In 2004-05, he was a vice president of the Federal Law Enforcement Officers Association, a group that has clashed with air marshal management.

Pickard said he was “ordered to fly” on May 22, 23 and 24 but did not fly on May 26 or on Wednesday. Marshals assigned to fly with him on those two days sought different partners because they felt their security was jeopardized by Pickard's exposure, he said.

Pickard's TV appearance coincided with a congressional report criticizing the service for failing to protect marshals' anonymity. The House Judiciary Committee report cites the boarding procedures for marshals and says the service has “shared tactics, methods and procedures, many of which should be considered sensitive, with local and national media.”

Bruce, the spokesman, said policies cited in the report “have either been changed or are going through changes” under Dana Brown, who took over the service in March.

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The Right Kind Of Security (WP)

The Washington Post, June 1, 2006

IT WAS THE Dubai port uproar that didn't roar: When a House committee voted this spring against an amendment that would have required all cargo containers bound for this country to be individually inspected in their ports of origin, Congress temporarily put to rest what could have been yet another hyped-up wave of politically motivated anxiety about American port security. Although the House later passed a bill that provides extra funding for nuclear screening and other measures, Democrats vowed to bring up the inspection issue again -- and ran advertisements around the country attacking Republicans who oppose it. Before the "inspect every container" mantra becomes a national war cry, it's important to point out that this is a terrible idea.

Someday, perhaps, advanced X-ray technology may be developed to the point where it's possible to beam a scanner at each one of the 11 million U.S.-bound containers at every port in the world and obtain an instant assessment of what's inside. But while some promising technologies are available, none is perfect, and all of them require a human being to analyze the scans. This not only takes time but also presumes the existence of thousands of trained scan readers around the world. In the absence of such workers, U.S. port and customs authorities examine information about each container -- where it's coming from, which shipping company is carrying it -- and determine whether it is risky enough to merit inspection, either here or abroad. In practice, this results in inspections of about 5 percent of all containers. Even now, U.S. customs officers must rely on the cooperation of foreign authorities to carry out this many inspections.

Homeland security officials could do more. Only about half of incoming containers are subjected to a radiation scan, a number that should rapidly be brought up to 100 percent, as the new House bill requires. Ports are also vulnerable because drivers and dockworkers are not thoroughly screened. Raising the number of U.S. inspectors in foreign ports could also make the inspection system safer. But "inspect 100 percent of containers" is a slogan, not a solution, and we hope lawmakers resist the temptation to use it in the election season to come.

Remaking The Memorial Foundation (NYT)

The New York Times, June 1, 2006

Gretchen Dykstra's resignation last Friday as head of the World Trade Center Memorial Foundation took almost no one by surprise. Some of the blame for the foundation's problems will surely fall to Ms. Dykstra's account. But the real difficulty is structural. The foundation, which is private, was given a job it should never have had: to build the memorial. That made its real job — raising money for the memorial — harder than it should have been.

Now is the time to fix this mess. The vague relation between the Lower Manhattan Development Corporation and the Memorial Foundation should be clarified. The development agency, in partnership with the Port Authority, should take over the task of building the memorial.

That will put the emphasis back where it belongs. All along, the Memorial Foundation has seemed far more interested in building a 9/11 museum than the memorial itself. In part, this was simply the attraction of creating something the foundation could take credit for, as opposed to a memorial whose design was stipulated in advance. But the foundation's emphasis on the museum also stems from its belief that without a museum the memorial is incomplete. That may be. But there will be time to design and build a museum after the memorial has been set back on the right track.

The foundation lost sight of a simple fact: the memorial designed by Michael Arad was the result of a careful public process. The museum is an afterthought that has never been vetted publicly. But while there were many advocates for the museum at the foundation, it was hard to find any for the memorial, thanks in part to some very confused allegiances on the board of directors.

The time to end that confusion is now. If the Memorial Foundation can raise money for the memorial — and, down the road, a museum — then it should do so. If it can't, then it's hard to say why it should exist at all.

Is Everyone Ready? (USAT)

By Patrick O'Driscoll

USA Today, June 1, 2006

Hurricane season begins today.

Max Mayfield, director of the National Hurricane Center in Miami, says people have to wake up.

“People who get hit by a couple of hurricanes still tend to chalk it up to bad luck or a fluke and don't think it can happen again,” he says.

State and local governments along the Atlantic and Gulf coasts are heeding the alarm of last year's record onslaught and forecasts of another worse-than-normal hurricane season this year. Mock disaster drills from the Northeast to Texas have tested

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local and regional response. States and cities have revamped evacuation plans and set up websites to encourage residents to prepare and store extra provisions. The Federal Emergency Management Agency, roundly criticized for its slow response to Katrina, has tripled its stock of relief supplies.

Flood barriers in New Orleans are mostly back to pre-Katrina strength after more than $700 million in repairs. But that doesn't mean they could withstand another big hurricane. Other major metro areas along the coasts — Houston, Miami, Tampa-St. Petersburg, even New York City — are taking fresh steps to try to avoid having a hurricane nail them the way Katrina crippled New Orleans.

Despite gales of pre-season publicity, Mayfield says many people along the USA's hurricane coasts are not poised for the next tropical storm, let alone for a monster like 2005's Katrina. The Census Bureau says more than 34.6 million people live in the most at-risk coastal zones, from the Carolinas to Texas. That's more than triple the population there in 1950.

Mayfield, who has barnstormed hurricane country for weeks to preach the gospel of readiness, sees trouble in a recent poll of coastal residents in 12 Atlantic and Gulf states. The survey of 1,100 people by Mason-Dixon Polling & Research found that more than half don't feel vulnerable to hurricanes, and three in five have no family disaster plan.

The poll, released in mid-May by the National Hurricane Survival Initiative, a public-private partnership that includes the hurricane center, also found that more than two-thirds of the respondents have no hurricane survival kit. And half erroneously believe that masking tape makes windows shatterproof in a storm. Thirteen percent say they wouldn't evacuate, even if ordered to leave.

“The folks there in Mississippi and Louisiana who made a conscious decision not to evacuate (in Katrina) were not just tempting fate, they were playing Russian roulette,” Mayfield says.

He says he was heartened by the unprecedented turnout of media for the center's five-stop “hurricane awareness” tour this spring along the Gulf Coast. But news coverage “is all for nothing if we can't translate that into individuals taking personal responsibility and developing their own hurricane plan.”

One reason for apathy may be timing. Although hurricane season starts today, June and July rarely record a tropical storm more than once every other year, according to records dating to 1886. The heart of hurricane season normally is mid-August through October. The official end is Nov. 30. Last year's record assault brought two named storms in June and five in July. There also have been tropical storms in the last two Decembers.

This year's forecast is for up to 16 tropical storms, eight to 10 of them hurricanes and as many as six of them major, meaning a Category 3 or higher with winds of at least 111 mph. But when and where will the storms occur, and will any of them strike the USA?

“Right now no one knows exactly what areas of the coast, or which states or locations,” Mayfield told a Senate panel last week. “Could it be Florida again? Maybe. How about New England or New York City? That's possible. … The bottom line is that all coastal states from Texas to Maine are vulnerable.”

Most vulnerable this year is the battered Gulf Coast. An estimated 110,000 people who lost their homes to Katrina, Rita and Wilma now live in 39,000 government trailers. The temporary quarters are no match for a strong storm, let alone any hurricane, Mayfield says. These people must be ready to leave — quickly.

“I can identify very well with those folks,” Mayfield says. His home in a Miami suburb was damaged by Hurricane Andrew in 1992, forcing him to live in a trailer for more than six months.

Whenever the first storm of 2006 arrives, it will be named Alberto, from one of several alphabetical lists that rotate each year. Last year's list of names ran out, so the hurricane center had to use Greek letters to complete the record tally of 28 named storms, 15 of which were hurricanes.

Preparedness exercises this spring added more names of fake hurricanes: “Alicia” in New Orleans' evacuation test; “Zoey” in Florida's statewide drill; “Eunice” in Texas; and “Xena” in a two-week exercise at the U.S. Northern Command, the military branch of the nation's homeland defense. Even the White House joined in last week with “Boudreaux,” an imaginary Category 5 storm blasting New Orleans again in a tabletop test for the president's Cabinet.

Besides holding disaster drills, states and agencies such as the Red Cross continue to stress self-preparedness. They say residents should be ready to subsist on their own for 72 hours after a storm.

Florida, the most hurricane-prone state, last week unveiled its “Get a Plan!” campaign of broadcast ads and billboards and a new website to help families and businesses prepare for storms. One broadcast spot plays 911 calls from people who didn't evacuate before Hurricane Ivan in 2004. They were unreachable by rescuers because the danger was too great.

Florida also is holding a 12-day holiday from paying state sales tax on purchases of hurricane supplies, ending today.

North Carolina, second to Florida in hurricane strikes, also launched a website in May to help residents prepare for natural disasters. “Our main concern is that there are so many people moving into North Carolina from other places that maybe have not been through a hurricane,” says Renee Hoffman of the Department of Crime Control and Public Safety.

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Texas has overhauled evacuation plans after dozens of people died in the gridlocked exodus of more than 2 million people from Houston and Galveston last September as Hurricane Rita approached.

The plans include quicker re-supplying of gas stations along evacuation routes. Rest stops will have more water, ice and medical stations, says Rachael Novier of the governor's office. A contractor has guaranteed to provide 1,100 buses for evacuation. A pre-storm registry using the state's "211" phone information line aims to identify ahead of time any elderly, sick or other people who need a ride out.

Another key change in Texas: It will be OK to evacuate with pets. Past bans on animals in shelters deterred some residents from fleeing dangerous storms. "One way that we are sure people move to safety is to say, come on and bring your dog," Novier says.

Emergency managers in New York City, which would have to evacuate up to 2.5 million people in a major hurricane, say Katrina caught people's attention. "New Yorkers who normally are complacent are starting to take hurricanes seriously," says Jarrod Bernstein of the Office of Emergency Management. It now features hurricane advice prominently on its website.

"Take Rockaway peninsula," Bernstein says, referring to the city neighborhood most exposed to an Atlantic hurricane. "We go out there every year to talk about hurricanes, and they're like, 'No way we're leaving.' This year it's, 'You know what? If the man says it's time to go, we're going to go.' "

He says emergency planners debriefed 1,000 New York fire, rescue and police employees who went to the Gulf Coast in Katrina's aftermath to revise the city's hurricane plan. Next week, they'll stage a tabletop exercise, then a live field drill in mid-July with buses and several hundred people at one of the city's 65 evacuation centers.

"Katrina only brought it into sharper focus," Bernstein says. "We need to make that decision to evacuate early. We know that is going to be an unpopular decision if it's 70 degrees and balmy. … While the probability of a Category 4 storm for New York City is low, it only has to happen once."

Forecasters are beefing up with more staff and better tools. The hurricane center has hired four more tropical storm specialists — to predict storm movement and behavior — for a total of 10.

Among the data they draw on are a dozen computer forecast models. An upgrade this year to one of them will zero in on the "loop current," an extra-warm ribbon of water in the Gulf of Mexico. That current was responsible in part for the rapid strengthening of both Katrina and Rita as they approached the coast.

The hurricane center also will post new color-coded contour maps on its website that predict the range of wind speeds at landfall for a tropical storm days before it hits. The maps can help coastal communities in the wide zone of a possible strike to better gauge how strong the storm will be.

In the Florida Keys, the National Weather Service has completed a $5.1 million office built to withstand a Category 5 storm.

"I feel so strongly that the battle against the hurricane is won now, outside the hurricane season," says Mayfield, 57, who has traveled so much this spring to conferences, interviews, hearings and meetings that he caught bronchitis. "You just can't afford to wait for the hurricane to come knocking on your door before you get prepared."

Last week was a typical blur. On May 22 in Miami, Mayfield announced the hurricane season forecast. Then he flew to Texas to meet with emergency managers prepping for the season. The next day, he did news interviews, spoke at a Texas hurricane conference and then flew to Washington to testify on Capitol Hill. Last Thursday brought more meetings, a lunch speech, a huddle with Florida's congressional delegation and a briefing on new weather satellites. He flew home to Miami that night.

He's at it again this week. Wednesday, he went to the Florida Keys for two hurricane workshops and a TV show. Today, Mayfield is scheduled for TV interviews.

"I've worked my whole career to prevent a large loss of life like what happened in Katrina. If there's anything good that can come out of the last hurricane season, I hope it's the motivation to create that culture of preparedness."

Category 5 Foolishness (LAT)

By David Helvarg

The Los Angeles Times, June 1, 2006

TODAY MARKS the beginning of the 2006 hurricane season, one that the National Oceanic and Atmospheric Administration predicts will be "above normal," with four to six major hurricanes expected to form in the Atlantic — storms that could make landfall anywhere from Boston to Galveston.

Everyone agrees that we're into a decades-long cycle of intensified Atlantic hurricanes linked to a periodic 1-degree warming in the North Atlantic. Add an additional degree of ocean warming since 1970 from anthropogenic — human-caused — carbon-dioxide emissions, and you have the makings of a hurricane cycle that may never return to a more tranquil phase. Yet when it comes to the way we live in hurricane territory, we're stuck in the 1970s and 1980s, when a lull in storm activity aided and

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abetted unprecedented development along the Atlantic seaboard, helping assure that 17 of the 20 fastest-growing counties in the U.S. were coastal.

Florida, which was lucky last year in comparison with Louisiana and Mississippi, is still a poster child for hurricane devastation. Flying into Fort Lauderdale, it looks like someone scattered blue Chiclets across the landscape. That's how many blue tarps cover roofs blown away by Hurricane Wilma. At the Broward County courthouse, windows are still covered in plywood eight months after the storm.

What might be called "early greenhouse century" hubris abounds. A woman I met in Key West told me about her retired parents who had to flee their home four times in the last two years. Instead of moving, they're investing in an "evacuation RV" so they can flee the next storm in comfort. And in Miami, the skyline is swarming with construction cranes as developers build high-rise condos as close to the ocean as possible.

Congress has approved funding that will allow the Federal Emergency Management Agency to pay off $23 billion in property claims from last year's storms without making any commitment to reforming the flood insurance program. The levees in New Orleans are being rebuilt to something like pre-Katrina levels of safety, again paid for with federal money. The Bush administration and the Department of Homeland Security have been bragging about the pre-positioning of emergency relief supplies. Yet federal policymakers continue to ignore the causal factors that transform major storms into human catastrophes, such as the loss of protective wetlands and coastal sprawl.

So far, none of the tens of billions of dollars of hurricane relief funding that have gone into the Gulf region has been earmarked for wetlands restoration. Wetlands in Mississippi and Louisiana have historically acted as effective hurricane buffers. One often-cited Army Corps of Engineers study found that every 2 1/2 miles of marshes and trees reduce storm surge by a foot. But in the 1990s, Biloxi wetlands were replaced by floating casinos and waterfront development. And in Louisiana, Hurricane Katrina destroyed 118 square miles of wetlands and barrier islands on top of the average 30 square miles of wetlands lost every year in recent decades because of dredging and subsidence from Army Corps of Engineers and oil industry operations. "Even though I'm fairly jaded, I thought we'd have found the courage and the vision to at least begin the process of restoration, but so far nothing has changed," said Mark Davis, executive director of the Coalition to Restore Coastal Louisiana, a private group that has spent a decade pushing a $14-billion plan to bring back the wetlands.

Congress also has failed to show the courage to stand up to the coastal real estate developers lobby, and some coastal homeowners, and implement needed change. Proposals have included limiting federal flood insurance to owner-occupants rather than second-home owners and owners of rental properties, moving to a real market insurance rate (rather than a subsidized one) for high-risk properties and extending areas that require flood insurance to cover a wider zone of potential destruction. With a FEMA study suggesting one in four homes built within 500 feet of the ocean will be destroyed in the next 45 years, a new approach is needed to discourage shoreline and barrier island construction and encourage a planned retreat from along our coasts.

The facts are simple. The best available science tells us that we're faced with a projected sea-level rise and an increase in Category 4 and 5 hurricanes. We need a pragmatic approach to a changed reality. Those who think they can rebuild in harm's way using the same assumptions that worked in the last century, or who believe they can manage nature by stockpiling generators and water bottles, are living a dangerous fantasy. Unfortunately, theirs is a fantasy we're all having to pay for.

David Helvarg is president of the Blue Frontier Campaign (bluefront.org) and author of "50 Ways to Save the Ocean" and "Blue Frontier: Dispatches From America's Ocean Wilderness."

Hurricane History Isn't Worth Repeating (USAT)

By Orrin H. Pilkey

USA Today (editorial), June 1, 2006

In the mid-1960s, my engineer father was assigned to the Saturn space rocket test site near Waveland, Miss. My parents loved the weather, the beaches and the people.

But the tranquility of small town life came to a crashing end in 1969 when Hurricane Camille paid a visit. My parents' house was flooded, and falling trees punctured the roof. Their plight, however, was nothing compared with those in the first two blocks next to the beach, where essentially every building was destroyed.

Waveland was eventually rebuilt, my parents have both since passed on and the impact of Camille has become a faded memory — until the morning of Aug. 29, 2005, when Hurricane Katrina's eye passed right over Waveland. This time, the total destruction extended five or six blocks back from the beach.

I recently visited a cousin whose house is not far from the concrete pad that marks the former site of my parents' house. I was impressed by the large number of volunteers still helping in the recovery effort — eight months later. Many were from church groups, as evidenced bybuses emblazoned with various Baptist or Catholic church names.

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Also in the mix were Mennonites — a row of ladies with long dresses and bonnets raking up debris — and college students who bypassed Cancun or Panama City to spend spring break in Waveland.

Still, I couldn't help but notice a number of distressing scenes, such as the proliferation of "For Sale" signs posted along the beach road. Some listed the price — one lot was selling for $685,000 and another for $700,000. Each lot featured nothing but a stark, white concrete pad, surrounded by nothing but empty concrete pads for as far as the eye could see.

At the west end of Waveland was a new billboard, nestled among twisted I-beams and fragments of a destroyed pier, advertising a soon-to-be-built four-tower, 36-story beachfront condominium. It will be the first high-rise in Waveland and will dramatically increase the town's population.

One problem with the condo is that everyone must escape the next hurricane down a two-lane beachfront road. The incongruity between volunteers helping the people of Waveland and developers seeking to profit from reconstruction in an obviously dangerous zone couldn't be greater.

An illustration of the town's vulnerability came about a month ago, when a small storm from the south flooded parts of Waveland and portions of the beachfront road.

There's no question that whatever gets rebuilt will again be destroyed. The only question is when. Waveland is adjacent to a broad flat continental shelf responsible for past storm surges in excess of 20 feet. The sorrowful end point is that Katrina likely will become nothing more than an urban renewal project, just as Camille was 36 years earlier.

If the complete destruction of six blocks next to the shore doesn't precipitate changes in coastal development, I'm afraid nothing will. Improving building codes or nourishing the beach won't work because rebuilding a community to withstand a future Category 4 or 5 hurricane with a 20-plus foot surge is an economic impossibility.

Today, the new hurricane season begins, in a time of rising sea levels and increasing intensity of storms. It makes no sense to simply rebuild and even increase building density after Katrina. It might be difficult to accept, but reconstruction near the beach should be prohibited. Strong consideration should also be given to halting future federal storm bailouts, including taxpayer-supported flood insurance and the handout of post-storm cleanup and reconstruction funds — all of which only encourages rebuilding in the most dangerous locations. Government purchase of vulnerable beach properties, as costly as it might be, would pay off in the long term.

Will we ever learn? Near the remains of City Hall is a still-standing historic sign thanking the volunteers who helped Waveland recover from Camille in 1969.

Perhaps Waveland should construct a new sign thanking the volunteer workers who came down after Camille and Katrina, but leave additional space to thank those who come after the next "big one."

Once More Into The Breach (LAT)

The Los Angeles Times, June 1, 2006

THE FEDERAL GOVERNMENT has spent more than $700 million in recent months to shore up Louisiana's levees in time for the 2006 hurricane season, which begins today. In California's Central Valley, however, some levees are at risk almost every day; much of the Sacramento-San Joaquin Delta lies below sea level and, as in New Orleans, the ground is slowly sinking.

Nevertheless, local officials in parts of the Central Valley are doling out permits to develop what were once farms and open spaces. The urge to convert is driven not just by profit-seeking landowners but by cities and counties eager for property tax receipts. And it's abetted by flood-insurance rules that assume the levees offer more protection than they really do.

Researchers have found numerous problems in the levee system, prompting California lawmakers to provide $500 million this year for levee improvements and to propose a $4-billion bond issue for additional upgrades. Assuming the federal government covers its share of costs, that money will improve the situation facing cities, suburbs and other developed areas.

But those upgrades aren't likely to reach the segments of the 1,600-mile levee system that stand between the floodwaters and farms, wetlands and other undeveloped land. Flooding farms is bad enough, but as homes, industrial parks and Costcos sprout on those lands, the risks from a catastrophic breach grow. And under a 2004 ruling by a state appeals court, state taxpayers can be held liable for the damage caused when a levee breaks.

That's why Assemblyman Dave Jones (D-Sacramento) wants to make local officials pause before letting developers turn an orchard into an Orchard Supply Hardware. His bill, AB 3050, would hold cities and counties jointly liable with the state to the extent that, by approving a project on undeveloped land, they increase the property damage caused by a flood.

Naturally, developers and local governments are opposed to the measure. The latter argue it's not fair to hold them liable when it's not their job to maintain levees. True enough. But they shouldn't be allowed to remain willfully blind to the risks. And that is exactly what is happening in parts of the Central Valley, where land that was flooded a decade ago is being readied for development.

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Ever since Hurricane Katrina hammered New Orleans, no one in local government should be relying on levees to safeguard property — particularly not when the state's taxpayers are on the hook to cover the losses. The Assembly rejected Jones' bill last month, but it should reverse course and approve the bill when it comes up for reconsideration today.

Support Your Local Banker (NYT)

By Otis White

The New York Times, June 1, 2006

Atlanta

AFTER winning re-election as New Orleans's mayor, C. Ray Nagin promised a new beginning and an economic boom for his city fueled by federal financing for reconstruction. But in fulfilling that pledge, Mr. Nagin and his fellow Gulf Coast political leaders lack a vital resource that their predecessors of even a decade ago had: strong and engaged local bankers.

One example, from Amarillo, Tex., would be Donald E. Powell, President Bush's coordinator for Gulf Coast rebuilding. Mr. Powell built a career the old-fashioned way: starting out as loan officer at a savings and loan in his hometown, jumping to the biggest bank in town and working his way to the top. By 1987, he was the chief executive of First National Bank of Amarillo and, in time, he wore every civic badge worth wearing: chairman of the chamber of commerce, member of the city housing authority, patron of the local boys' ranch, trustee of High Plains Baptist Hospital. Had disaster struck Amarillo in the mid-1990's, Mr. Powell could have stood at the front of the room and told federal officials every project worth supporting and every politician to avoid.

Bankers rarely lead cities that way anymore, and their exit from the stage speaks to how communities have changed — and why it may be harder to mend them when disasters strike.

From the 1950's to the 1980's, bank chiefs were the capi di tutti capi of civic leaders in most cities, the bosses of all bosses. They ran important companies, but that wasn't why they were powerful. Their power came from continual involvement in civic work, an intimate knowledge of their communities and their occasional boldness.

Ivan Allen Jr., the former mayor of Atlanta, provided a snapshot of one banker as leader when he wrote about a meeting with the president of Citizens and Southern National Bank, Mills B. Lane Jr., in the mid-1960's. Mr. Allen wanted to bring a Major League Baseball franchise to Atlanta but lacked a credible plan for building a stadium.

"How bad do you want this stadium, Ivan?" Mr. Lane asked.

"Bad."

"You've got it," said Mr. Lane, who added that he would pledge the full credit of his bank to build the stadium and that he and other local executives would oversee construction. "And if that's not enough to get it done, you and I can't get it done."

Mr. Allen was stunned that Mr. Lane was willing to venture the bank's money on such a speculative civic project (as it turned out, the stadium was built and the investment returned), but such things were possible in the 1960's because banks were joined at the hip to their communities. The law prohibited bank companies from owning banks outside their home states and sometimes even outside their home counties. So Citizens and Southern could grow only if Atlanta grew too.

And today? In most cities, the chief executives of the largest banks are no more involved in civic work than the branch managers of I.B.M. That's because, since the 1980's, bank-holding restrictions have eased, local banks have been bought by out-of-state companies and the people who run the banks have become branch managers.

The numbers tell part of the story: there are now about 7,600 commercial banks in the United States, down from 13,000 in 1980. But this decline, as big as it is, underestimates the impact on civic leadership, since the consolidations have been greatest among the larger banks that once led their communities. Today, the top three banks in Chicago, Dallas, Denver, Houston, Los Angeles, Washington and scores of other cities are owned by companies headquartered elsewhere. (In New Orleans, only one of the top three is owned locally.) Even Mr. Powell's old bank, First National of Amarillo, was bought in the 1990's, first by Boatsmen's Bancshares, then by NationsBank (now Bank of America).

Bank presidents have become corporate nomads. A few years ago, I calculated how long bank executives from First Union Bank (now part of Wachovia Bank) stayed in Atlanta. From June 1994 to September 2000, there were three regional chief executives. With gaps, as one left and the next arrived, the average tenure was 20 months, barely time to attend a few chamber of commerce meetings, much less to lead the organization.

The decline of bankers as leaders has made cities more dependent on political leadership. Thankfully, there have been some gifted mayors in recent years, but where there haven't been, cities have suffered. There are few Mills Lanes around to instruct mayors on how to get things done.

Nor are there many bankers left with the knowledge or authority to invest their banks' resources in bold rebuilding efforts. As the main federal contact for congressional, state, local and private leaders in supporting the recovery of the Gulf Coast, Mr. Powell must already be painfully aware of their passing.

Otis White, a public policy consultant, is a columnist for Governing magazine.

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For Many, Education Is Another Storm Victim (NYT)

By Shaila Dewan

The New York Times, June 1, 2006

BAKER, La. — For hundreds of children at Renaissance Village, this is their lost year. After fleeing Hurricane Katrina, they have landed in a vast gravel moonscape of government trailers, lacking even a playground.

All day they play video games, ride bikes or sit at a picnic table, watching men play horseshoes. They are not in school.

Of the 560 children who are evacuees and were enrolled in the Baker school district in mid-September, only 190 were still attending when the school year ended on May 19.

Part of the decline occurred because some families moved, but as of April there were still more than 800 children under 18 at Renaissance Village and the other trailer parks run by the Federal Emergency Management Agency.

Child health experts and advocates for evacuees say that Baker, on the outskirts of Baton Rouge, is not unique. Throughout the areas where hurricane evacuees ended up, they say, are pockets where education has fallen by the wayside, raising the possibility that thousands of children could become permanent dropouts.

More alarming, said Sister Judith Brun, who works with children at Renaissance Village through the Baton Rouge Area Foundation, is that the problem is not limited to high school students. "I think the big reason is that school has not engaged them, not comforted and motivated them," she said. "They all had terrible stories racing around in their heads."

Since many of the parents did not graduate from high school, the children's relationship to school was already tenuous, Sister Judith said. "Any breeze is adequate to keep them out of school, any vicissitude."

On a recent Thursday at the park, children were plentiful. "I don't go to Baker Middle no more," said David Williams, an eighth grader who was hanging out under one of the two white tents that provide virtually the park's only shade. "I stopped going."

Lisa Casborn, 15, agreed. "Everybody stopped going to school," she said.

"Sometimes I get up and I look out the window for the bus," Lisa said, "and if the bus ain't out there, I go back to bed."

Parents, children and educators give a variety of reasons for the children's truancy. Most families have moved several times since the hurricane, and children grew frustrated when they could not catch up.

Some parents never enrolled their children because they thought they would be able to return home much sooner. Parents and children also cited separation anxiety and the perception that they were not welcome by their host students or teachers.

Linda W. Lewis, the principal of the Capitol Pre-College Academy for Girls, where many evacuees enrolled while they were living at the large shelter at the Baton Rouge River Center, had another explanation. "I think it's just apathy," she said.

Ms. Lewis said that some of the students from New Orleans, whose school system was notoriously poor, had trouble with the strict routine at Capitol.

In Baton Rouge and Houston, fights have occurred between New Orleans teenagers and their hosts. Dozens of New Orleans children were expelled or suspended and never went back. In Baker, children who were expelled had no alternative but private school, which their families could not afford.

"They were thrown into a big classroom without close monitoring, without the necessary mental health help that they needed, and the only thing they had left that they owned was their ego," said Tommy Cowsar, a volunteer who has been teaching children on site at Renaissance Village. "When they were pushed slightly, they pushed back."

Michael Lewis, an eighth grader who was expelled from Baker Middle School for fighting, said he had not gotten into similar trouble back in New Orleans. "You can't really hardly communicate with other people" in Baton Rouge, he said. "I don't know why they have such a grudge on us. They just do."

If it were not for the hurricane, Michael said, he would be enrolled. "I love school," he said. "There's no place I would rather be, during school hours, than school."

Mr. Cowsar said Michael had asked to join his group, whose efforts to become an official charter school have faltered. The group lost financing for the two teachers it had in the fall, and it had only a couple of volunteers to handle about 15 children ages 4 to 14. There was no room for Michael.

Michael said he had wanted to go to summer school, for which parents must pay in some districts. At any rate, he said, his mother did not have time to sign him up. "I want to stay in a child place," he said, "but life keep putting me in a man's place."

One parent, Trinest Sylve, said that two of her children liked their East Baton Rouge school but that one, her son Holden, stopped going after repeatedly getting into trouble. The school called frequently while she was at work, asking her to pick him up, she said.

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Like many children, Holden did not view his absence from school as permanent. Some thought, however optimistically, that in the coming fall they would be back at the schools they left last August. Others, like Lisa and Michael, said they wanted to take summer school to make up for what they missed.

But Dr. Irwin Redlener, a professor at the Mailman School of Public Health at Columbia University and the president of the Children's Health Fund, said children who disconnected from school would suffer more than just an academic setback, especially if they had untreated mental health issues. "It's almost like we're creating conditions for them that are virtually impossible to overcome," he said.

One problem, Dr. Redlener said, was that so many major questions about the future of New Orleans remained unanswered. "The kids really cannot afford to wait until all those big things are resolved before they stabilize the basics," he said.

While some children seem to have simply lost interest, others have found their enthusiasm thwarted. Chris Waller, a junior, said he was turned away by several area high schools that told him they were full. "I said, 'How can you deny a kid an education?' " he recalled. "And they said, 'Sorry.' I was stunned."

Chris's father, James Waller, a manager at a fast food restaurant and a leader of the Renaissance Village residents' council, said he waited until his son turned 17 in December and then enrolled him in GED classes for adults. He spoke from the front steps of his trailer, painted in the purple and gold of Louisiana State University, where Chris had planned to attend.

"Now my chances of going," Chris said, "are slim to none."

WAR NEWS:

In First Comments On Case, Bush Promises Justice In Military Investigation Of Civilian Deaths (NYT)

By Sheryl Gay Stolberg

The New York Times, June 1, 2006

WASHINGTON, May 31 — President Bush said Wednesday that he was troubled by the allegations that American marines killed 24 Iraqi civilians in an unprovoked attack, and he vowed that "those who violated the law, if they did, will be punished."

"I am troubled by the initial news stories," Mr. Bush said in his first public comments about the accusations. "I am mindful that there is a thorough investigation going on. If, in fact, the laws were broken, there will be punishment."

Mr. Bush also said he had spoken with Gen. Peter Pace, the chairman of the Joint Chiefs of Staff, about the killings last November in the Iraqi town of Haditha, 150 miles northwest of Baghdad. As many as 24 civilians there died in gunfire after a Marine patrol was attacked, and survivors say many of the victims were offering no resistance. "I know this," Mr. Bush said. "I've talked to General Pete Pace about the subject, who is a proud marine, and nobody is more concerned about these allegations than the Marine Corps." Mr. Bush spoke in response to a question from a reporter during an appearance with President Paul Kagame of Rwanda.

The killings, first reported in March by Time magazine, represent the most serious allegations of military misconduct in Iraq since reports in 2004 that soldiers had abused prisoners at the American-run military prison at Abu Ghraib. Secretary of Defense Donald H. Rumsfeld was taken to task by the president at that time for failing to inform him promptly.

On Wednesday, mindful of that history, White House officials were trying to put together a timeline of who knew what and when.

Tony Snow, the White House press secretary, said officials had put together "a tick-tock on Haditha," beginning about Nov. 19, 2005, the day the 24 Iraqis were killed in the aftermath of a roadside bombing that killed one of the marines assigned to the Third Battalion, First Marine Regiment. But Mr. Snow said the "concern about subsequent reports of people being massacred or people being killed was really stimulated" in January, after Time reporters made inquiries.

The military began an investigation on Feb. 14, and Mr. Bush was informed of it sometime after that by his national security adviser, Stephen J. Hadley, according to Frederick Jones, the National Security Council spokesman. Mr. Jones said Mr. Hadley could not recall a precise date.

At the Pentagon, the press secretary, Eric Ruff, said Mr. Rumsfeld was first told about the Haditha accusations in mid-March. He said senior military officers described to Mr. Rumsfeld what had been learned in an initial investigation and plans for opening a criminal inquiry. At that time, Mr. Ruff said, the secretary "was trying to determine how comprehensive the investigation was and whether it was being handled at a senior enough level."

But it is not clear whether Mr. Rumsfeld personally briefed the president on the episode.

With polls showing the American public deeply uneasy over the course of the war, and the Congressional midterm elections just months away, the Haditha investigation could quickly turn into a political problem for the White House and

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Republicans. On Capitol Hill, Senator John W. Warner of Virginia, the Republican chairman of the Senate Armed Services Committee, has said he will hold hearings after Congress returns from recess.

The Pentagon has said military investigators are wrapping up work on two separate inquiries, including a criminal investigation that American officials say they expect to result in murder charges. One senior Republican Congressional aide said the members of his party on Capitol Hill were nervous about the political impact of the episode and wanted to get information out quickly to avoid a "drip, drip" of news stories leading up to November.

"You've got an election that the White House is doing everything possible to prevent from being a forum on the president and Iraq," said the aide, speaking on condition of anonymity to avoid appearing to criticize Republicans. "And here you have the biggest P.R. problem since Abu Ghraib running right smack into the summertime before a major campaign."

Bush 'troubled' By Haditha Allegations (USAT/AP)

By The Associated Press

USA Today, June 1, 2006

President Bush promised on Wednesday that if any Marines are found to have been involved in murders of Iraqi civilians, they will be punished.

"I am troubled by the initial news stories," Bush said in his first public comments about the deaths of about two dozen civilians at Haditha in November. "I'm mindful that there's a thorough investigation going on. If in fact, laws were broken, there will be punishment."

The shootings came after a bomb rocked a military convoy on Nov. 19, killing a Marine. Residents of Haditha said Marines then went into nearby houses and shot members of two families, including a 3-year-old girl.

In Iraq, meanwhile, Prime Minister Nouri al-Maliki declared a state of emergency Wednesday in oil-rich Basra — a response to violence spreading from Baghdad to the country's southern economic heartland.

In an address to about 700 tribal sheiks, religious leaders, officials, army officers and residents, al-Maliki vowed to restore security. It was his first major policy speech since his government was sworn in May 20.

"We shall use an iron fist against the leaders of the gangs or those who threaten security," he said. "And we shall ask all security departments to draw up an effective and quick plan to achieve security."

Al-Maliki declared a month-long state of emergency, which broadens arrest powers for Iraqi security services and establishes a curfew. It was the only state of emergency in effect in Iraq, Maj. Gen. Ahmed al-Khafaji, Interior Ministry undersecretary, said from Basra, 340 miles southeast of Baghdad.

Other cities where violence is rampant, such as Baghdad and Ramadi, just have curfews.

Tensions have been worsening in the Shiite-dominated Basra area. Mostly Shiite militias have been attacking Sunni Arabs and battling each other and Iraqi and British members of the U.S.-led coalition.

The Shiite prime minister traveled to Basra with the Sunni Arab vice president, Tariq al-Hashimi. Both leaders said security must be restored before prosperity can return to the port city.

"Basra is no exception from what is taking place in Baghdad, Anbar, Nineveh and Diyala," al-Hashimi said, referring to other volatile provinces. "There are malignant agendas to deepen divisions among Iraqis."

Police Capt. Mushtaq Kadhim said nearly 140 people — mostly Sunnis, but also Shiites and policemen — were killed this month in Basra, which until the past few months had been a fairly calm area.

In the latest violence:

·U.S. forces killed two Iraqi women — one of them about to give birth — Tuesday when the troops shot at a car that failed to stop at a prohibited area in Samarra, north of Baghdad, police Capt. Laith Mohammed and the U.S. military said Wednesday.

·Ali Jaafar, 25, a sportscaster for state-run al-Iraqiya TV, was gunned down in a drive-by shooting near his home in southwestern Baghdad, police Lt. Col. Falah al-Mohammedawi said. His death came two days after CBS News correspondent Kimberly Dozier was seriously wounded and two of her crewmembers were killed by a car bomb in Baghdad.

·A mortar attack killed nine people and wounded 20 on Wednesday in Baghdad's southern Dora district, Police 1st Lt. Mohammed Kheyoun said.

·A car packed with explosives hit a police patrol in Mosul, 225 miles northwest of Baghdad. At least five policemen died and 14 were injured, police Col. Abdulkarim Ahmed said.

Bush Upset With Iraq Killings Reports (AP)

By Nedra Pickler

AP, May 31, 2006

DOJ_NMG_0030932

President Bush promised on Wednesday that any Marines involved in the alleged murders of Iraqi civilians will be punished. A senior officer said the case could undermine Iraqis' support for the presence of American troops.

"I am troubled by the initial news stories," Bush said in his first public comments about the deaths of about two dozen civilians at Haditha last January. "I'm mindful that there's a thorough investigation going on. If in fact, laws were broken, there will be punishment."

Military investigators have evidence that points toward unprovoked murders by Marines, a senior defense official said last week.

The shootings came after a bomb rocked a military convoy on Nov. 19, killing a Marine. Residents of Haditha said Marines then went into nearby houses and shot members of two families, including a 3-year-old girl.

At first, the American military described what happened as an ambush on a joint U.S.-Iraqi patrol, with a roadside bombing and subsequent firefight killing 15 civilians, eight insurgents and a Marine. The statement said the 15 civilians were killed by the blast, a claim the residents strongly denied.

With some in Congress alleging a cover-up, the Bush administration offered assurances the facts will be made public.

Bush's spokesman, Tony Snow, urged patience as the Marines conduct what he called a vigorous investigation. He said a report will come out in "a matter of weeks, not a matter of months" and include public release of photographic evidence. "We're going to see everything," Snow said.

Once that investigation is completed, a senior Marine commander in Iraq will decide whether to press charges of murder or other violations of the Uniform Code of Military Justice.

At the Pentagon, Army Brig. Gen. Carter Ham would not discuss any aspect of the probe, but he stressed the potential harm caused by allegations alone.

"Allegations such as this, regardless of how they are borne out by the facts, can have an effect on the ability of U.S. forces to continue to operate," said Ham, a deputy operations director for the Joint Staff and a former commander of U.S. forces in northern Iraq.

"We do rely very heavily — and more importantly, the Iraqi security forces rely heavily — on the support from the Iraqi people," Ham said. "And anything that tends to diminish that, obviously, is not helpful to what we're trying to do."

The toll of Iraqi civilians climbed on Wednesday when two women, including one being taken to a maternity hospital, died when coalition troops shot at a car that failed to stop at an observation post in a city north of Baghdad. The U.S. military said the vehicle entered a clearly marked prohibited area but failed to obey repeated warnings.

The president was asked about the Haditha allegations during a photo opportunity with the president of Rwanda, Paul Kagame.

Bush said he had discussed Haditha with Gen. Peter Pace, chairman of the Joint Chiefs of Staff. "He's a proud Marine. And nobody is more concerned about these allegations than the Marine Corps. The Marine Corps is full of honorable people who understand the rules of war."

"If in fact these allegations are true," Bush said, "the Marine Corps will work hard to make sure that that culture — that proud culture — will be reinforced. And that those who violated the law, if they did, will be punished."

Until now the most infamous violation of military law in Iraq was the Abu Ghraib prisoner abuse involving Army soldiers, which came to light in April 2004. Bush said last week he considered Abu Ghraib to be the most costly U.S. mistake of the war.

Probe Into Iraq Deaths Finds False Reports (WP)

By Thomas E. Ricks

The Washington Post, June 1, 2006

The U.S. military investigation of how Marine commanders handled the reporting of events last November in the Iraqi town of Haditha, where troops allegedly killed 24 Iraqi civilians, will conclude that some officers gave false information to their superiors, who then failed to adequately scrutinize reports that should have caught their attention, an Army official said yesterday.

The three-month probe, led by Army Maj. Gen. Eldon Bargewell, is also expected to call for changes in how U.S. troops are trained for duty in Iraq, the official said.

Even before the final report is delivered, Army Gen. George W. Casey, the top U.S. commander in Iraq, is expected to order today that all U.S. and allied troops in Iraq undergo new "core values" training in how to operate professionally and humanely. Not only will leaders discuss how to treat civilians under the rules of engagement, but small units also will be ordered to go through training scenarios to gauge their understanding of those rules. "It's going to include everyone in the coalition," the official said.

The promotion of a top Marine general also has been put on hold.

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Bargewell has pursued two lines of investigation: not only whether falsehoods were passed up the chain of command, but also whether senior Marine commanders were derelict in their duty to monitor the actions of subordinates. The inquiry is expected to conclude by the end of this week, the official added. He said there were multiple failures but declined to say whether he would characterize it as a "coverup," as alleged recently by Rep. John P. Murtha (D-Pa.), a former Marine.

The Bargewell report, which is expected to be delivered to top commanders by the end of the week, is one of two major military investigations into what happened at Haditha on Nov. 19, 2005, and how commanders reacted to the incident. The other is a criminal inquiry by the Naval Criminal Investigative Service. That sprawling investigation involves more than 45 agents and is expected to conclude this summer, Pentagon officials and defense lawyers said yesterday. No charges have been filed, but people familiar with the case say they expect charges of homicide, making a false statement and dereliction of duty, among others.

President Bush, in his first public comment on the Haditha incident, said yesterday that if an investigation finds evidence of wrongdoing, those involved will be punished. "I am troubled by the initial news stories," Bush said after a meeting with Rwandan President Paul Kagame. "I am mindful there is a thorough investigation going on. If in fact laws were broken, there will be punishment."

The Bargewell investigation is likely to be explosive on Capitol Hill, because it focuses on questions that have haunted the Bush administration and the U.S. military since the scandal over abuse at Abu Ghraib prison emerged two years ago: How do U.S. military leaders in Iraq react to allegations of wrongdoing by their troops? And is the military prepared to carry out the long and arduous process of putting down an insurgency as part of the first U.S. occupation of an Arab nation?

One of Bargewell's conclusions is that the training of troops for Iraq has been flawed, the official said, with too much emphasis on traditional war-fighting skills and insufficient focus on how to wage a counterinsurgency campaign. Currently the director of operations for a top headquarters in Iraq, Bargewell is a career Special Operations officer and therefore more familiar than most regular Army officers with the precepts of counterinsurgency, such as using the minimum amount of force necessary to succeed. Also, as an Army staff sergeant in Vietnam in 1971, Bargewell received the Distinguished Service Cross, the Army's second-highest honor, for actions in combat while a member of long-range reconnaissance team operating deep behind enemy lines.

In anticipation of the Bargewell report, the Marine Corps has placed on hold its plan to nominate Maj. Gen. Stephen T. Johnson, who was the top Marine in Iraq when the Haditha incident occurred, for promotion to lieutenant general, a senior Pentagon official said. That decision reflects concern that the report may conclude that leadership failures occurred at senior levels in Iraq. It also stands in sharp contrast to the Army's handling of the Abu Ghraib scandal, when the Pentagon forged ahead with plans to nominate Army Lt. Gen. Ricardo S. Sanchez, who had been the top commander on the ground in Iraq, for a fourth star. Sanchez's promotion has been in limbo for more than a year.

"I don't think the decision's been made" to scuttle the nomination, a Marine officer said. "I think we're going to wait and see."

In another reflection of top-level concern, Gen. Michael W. Hagee, the Marine commandant, has been traveling around Iraq this week and has visited nearly every Marine post in the country, an officer in Iraq said. Also, the Marine Corps issued a directive to its generals telling them not to discuss details of the Haditha case because such comments could compromise "the integrity of the investigative and legal processes" and because "it is not in the interests of the Marine Corps to 'further this story' by providing details or confirming information gathered from other -- mostly unnamed -- sources."

One of Bargewell's findings is that two failures occurred in reporting the Haditha incident up the Marine chain of command. The first is that Staff Sgt. Frank D. Wuterich, a squad leader alleged to have been centrally involved in the shootings, made a false statement to his superiors when he reported that 15 Iraqi civilians had been killed in the roadside bombing that killed a Marine and touched off the incident. (The other nine dead initially were reported by the Marines to have been insurgent fighters but are now believed to have been civilians.) That report was entered into an official database of "significant acts" maintained by the U.S. military in Iraq, the Pentagon official said.

A civilian attorney for Wuterich said he only recently had been retained by the Marine and has yet to interview his client, so could not comment on the case.

A second and more troubling failure occurred later in the day, this official said, when a Marine human exploitation team, which helped collect the dead, should have observed that the Iraqis were killed by gunshot, not by a bomb. The team's reporting chain lay outside that of the other Marines -- who were members of the 3rd Battalion of the 1st Marines -- and went up through military intelligence channels directly to the 1st Marine Division's intelligence director, he said. Had this second unit reported accurately what it witnessed, he indicated, that would have set off alarms and prodded commanders to investigate, he explained.

Bargewell's report also is expected to address why the Marine Corps let stand statements issued by official spokesmen that were known to be false at least two months ago. On Nov. 20, the day after the shootings, Marine Capt. Jeffrey S. Pool told

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reporters that the Iraqis died in a crossfire, stating that, "Iraqi army soldiers and Marines returned fire, killing eight insurgents." Time magazine, which first began making inquiries about the incident in January, reported that when one of its staff members asked Pool about the allegations, he accused the journalist of being duped by terrorists. "I cannot believe you're buying any of this," the magazine said the officer wrote in an e-mail. "This falls into the same category of any aqi [al-Qaeda in Iraq] propaganda." Another military representative, Lt. Col. Michelle Martin-Hing, told the magazine that insurgents caused the civilian deaths by placing the Iraqis in the line of Marine fire.

In March the magazine broke the news that Marines had killed Iraqi civilians at Haditha.

The Bargewell investigation evolved from a preliminary inquiry conducted in January by Army Col. Gregory Watt, the New York Times reported yesterday. Watt was asked by senior commanders to look into why there had been no formal Marine Corps review of the Haditha incident. After reviewing death certificates that showed the 24 Iraqis had been killed by gunshot rather than a bomb, as the Marine report had stated, Watt recommended a broader inquiry.

When the Marine leadership in Washington reviewed his report, a senior Marine said yesterday, it asked that an Army general step in to conduct the investigation, another indication that the actions of Johnson and other top officers have been a subject of Bargewell's review.

Bargewell did not respond to e-mails seeking comment.

Bush Seeks Truth In Iraq Probe (WT)

By Joseph Curl

The Washington Times, June 1, 2006

President Bush yesterday said if an investigation into charges that U.S. Marines killed unarmed civilians in the Iraqi town of Haditha turns up evidence of wrongdoing, those involved will punished.

"I am troubled by the initial news stories. I am mindful that there is a thorough investigation going on. If, in fact, the laws were broken, there will be punishment," the president said in his first public comments about the accusations.

A preliminary military inquiry found evidence that Marines killed two dozen Iraqi civilians in an unprovoked attack in November, contradicting the troops' account.

In addition, forensic evidence from those killed showed the victims had bullet wounds, despite the initial statements by Marines that the civilians were killed by a roadside bomb that also took the life of a soldier, a defense official said.

"The forensics painted a different story than what the Marines had said," the official told the Associated Press.

"I know this: I've talked to Gen. Pete Pace about the subject, who is a proud Marine, and nobody is more concerned about these allegations than the Marine Corps," Mr. Bush said. "The Marine Corps is full of men and women who are honorable people who understand rules of war."

The killings in Haditha, 125 miles northwest of Baghdad in an area that has seen terrorist activity by Sunni insurgents, came after an improvised explosive device blew up a military convoy Nov. 19, killing a Marine. Rep. John P. Murtha, Pennsylvania Democrat, who has advocated withdrawal of all U.S. troops from Iraq, charged that Marines killed unarmed civilians in a taxi at the scene and went into two homes and shot others.

Two investigations continue in the matter: A criminal probe that might result in murder charges against Marines; and another investigation into whether Marines tried to cover up the true nature of the incident, officials said.

When the military investigation is complete, which is expected this month, a senior Marine commander in Iraq will decide whether to press charges of murder or other violations of the Uniform Code of Military Justice.

White House press secretary Tony Snow said yesterday there is no firm date for release of the investigative report.

The new Iraqi ambassador to the United States, Samir al-Sumaidaie, who was received by Mr. Bush at the White House Tuesday, said there appeared to have been other killings of civilians by Marines in Haditha, where some of his family lives.

The ambassador told CNN that Marines fatally shot his cousin during a house-to-house search several months before the November incident.

"I believe he was killed intentionally," said Mr. al-Sumaidaie, adding that three other unarmed youths were fatally shot by Marines in a later incident in the area.

Can The Military Effectively Investigate Itself? (CSM)

By Mark Sappenfield

The Christian Science Monitor, June 1, 2006

WASHINGTON - For the second time since the war in Iraq began, the United States is awaiting a military investigation into sensational allegations of its troops' misconduct.

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Two years ago it was Abu Ghraib. American alarm at the pictures of depravity was accompanied by questions about whether the military would be able to honestly investigate itself. Now, as the military looks into allegations that marines murdered as many as two dozen innocent civilians in Haditha last year, its justice system is again under the public microscope.

For Americans weaned on the openness of the O.J. Simpson trial, military justice can seem remote and impenetrable. For their part, experts dismiss the notion that the military system is any more corrupt or ineffective than its civilian counterpart.

But they acknowledge that it faces its own unique challenges - from the culture of silence that can pervade the most tight-knit military units to the lack of any department "district attorney" to follow up on leads. The concerns are longstanding, but with citizens getting a fuller picture of the mechanics of warfare - both on the battlefield and off - there is pressure to ensure that Americans have confidence in their military's means of justice.

"The system is a very good one once it is up and running," says William Banks, director of the Institute for National Security and Counterterrorism at Syracuse University College of Law in New York. "It is getting things launched that is the issue."

In the Haditha case, it has been a primary issue. Though the military is currently conducting two investigations into the incident, both followed independent investigations by an Iraqi journalism student and Time magazine. Conflicting accounts

Initially, the marines insisted that 15 civilians and eight insurgents had been killed by a bomb blast and subsequent firefight. But video footage of the bodies taken by the journalism student showed that the Iraqis had been killed by shots to the head and chest - wounds inconsistent with a bomb blast or crossfire. A Time investigation suggested that the civilians - including women and children - might have been killed as a reprisal for the original bomb attack, which killed a marine.

It was only after these accounts that the military took public action, fostering a perception of a military loath to police itself. But experts draw a different conclusion.

"Once [allegations are] revealed, American citizens should have absolute confidence in the military-justice system to investigate and prosecute," says Walter Huffman, judge advocate general of the Army from 1997 to 2001. "But there is a camaraderie among small military units that conceivably can lead to atrocities being committed by that unit and never revealed."

"Do we know every one of the incidents that ever occurred?" he asks. "Probably not, and we don't know what we don't know."

He says this not to suggest that the Haditha allegations point to rampant lawlessness. To the contrary, he and others believe that instances of murder are rare. But just as American police forces have their so-called "wall of silence," military units can be insular and fiercely loyal.

Moreover, with America engaged in a war that has no fixed battle lines, civilians are at greater risk. "To go and kill civilians is damnably unusual," says William Eckhardt, a prosecutor in the My Lai case, where a soldier was convicted of murdering civilians during the Vietnam War. "But this is in a changing environment.... You can almost expect this to happen periodically."

As of yet, they are rare enough that the only obvious parallel to the current allegations in the history of military law is My Lai itself. There, Mr. Eckhardt says the military-justice system proved its worth - pressing forward against the wishes of Congress, the president, and some elements of the military. In others, however, experts see the pressures of the day impacting the proceedings. Prosecuting soldiers

After the Korean War, an American soldier freed from a Korean prisoner of war camp was prosecuted for being a communist sympathizer. "During the cold war, we didn't want soldiers to look like communists," says Elizabeth Hillman, a military-justice expert at Rutgers School of Law in Camden, N.J. "Today, we don't want our soldiers to look like terrorists."

The danger, she says, is in proceedings that become less about justice and more about the broader culture wars: "It's very hard for a justice system - civilian or military - to work when it is under so much pressure."

Though neither military investigation has been released yet, there are indications that they will take a hard line. Two weeks ago, Rep. John Murtha (D) of Pennsylvania, a critic of the war in Iraq, said one report would claim that marines had killed the civilians "in cold blood." Since then, several media reports have indicated that the probe will include at least one murder charge.

To some, the whole process has been an example of the system working correctly. Though the media accounts provided a catalyst for the investigations, "these things are helpful," says former judge advocate general Mr. Huffman. "We can't be everywhere."

"The onus is on the military to act quickly" once the allegations surface, he says.

Others, however, see the need for reform. There is no position in the Department of Defense akin to an attorney general - someone whose job it is solely to follow up on credible allegations. Under the current system, investigations are convened by local commanders, who have many other duties - and perhaps conflicts of interest.

Says Eugene Fidell, president of the National Institute for Military Justice: "The bar has been raised for the public's expectation of transparency."

Haditha Recounts A Deadly Day (LAT)

DOJ_NMG_0030936

By Megan K. Stack And Raheem Salman

The Los Angeles Times, June 1, 2006

BAGHDAD, Iraq — The killing began shortly after sunrise on a November day in Haditha. As a U.S. patrol rolled through the sleepy riverside city, a homemade bomb exploded beneath the belly of a Humvee, rocking the town.

"The Americans who were in the first vehicle came back to the damaged car. They started to scream and shout," said a graying shopkeeper who would only give his name as Abu Mukarram. He said he watched the scene unfold from his bedroom window. "After some minutes, everything was quiet. During this quiet, no bullets were shot. They were moments of expectation."

Ten minutes passed in silence. Then Abu Mukarram heard the crack of the first bullets.

Planted by insurgents at the edge of the road, the bomb had killed Lance Cpl. Miguel Terrazas, a 20-year-old Marine from El Paso, Texas. According to survivors and witnesses, Terrazas' death drove some of the soldiers into a murderous rage.

Survivors say that furious Marines rampaged through a quiet street, bursting into homes and gunning down Iraqi civilians -- including children, women and an old man in a wheelchair. Their account appears to match details emerging from a military investigation into the deaths of 24 Iraqi civilians on the morning of Nov 19.

In the United States, the killings are joining the Abu Ghraib torture case as an emblem of how American soldiers in Iraq can come unhinged amid mistrust, fear and bloody violence. President Bush said Wednesday he was "troubled" by news reports of the killings.

"I am mindful that there is a thorough investigation going on. If, in fact, the laws were broken, there will be punishment," Bush said in his first public comments on the incident, remarks during a photo session with President Paul Kagame of Rwanda.

In Iraq, by contrast, word of the deaths has spread slowly out of Haditha these last months, blurring into the steady background noise of daily horrors. To a public that's endured more than three years of combat, rampant bombings and executions, news of two dozen more lost lives grabbed few headlines.

Sliced in half by the waters of the Tigris and nestled in fruit groves, Haditha is a quiet farming community of 90,000 people in the midst of barren western desert. Farmers tend date orchards, and raise oranges and apples in the shadow of the palms.

This account of the Nov. 19 killings comes from witness and survivor interviews conducted by Iraqi reporters for the Los Angeles Times in Baghdad and Haditha. The Iraqi reporter who traveled to Haditha cannot be named for security reasons.

After the roadside bombing, the U.S. soldiers arrived first at the door of Abdul Hamid Hassan Ali, an 89-year-old retiree who had been using a wheelchair after his left leg was amputated. They shot him dead, then turned their guns on his three sons and their families, survivors said.

Waleed Abdul Hameed, a 48-year-old worker in Al Anbar religious affairs office, was among the first of the family members to be gunned down. His 9-year-old daughter, Eman, who survived, said she was still wearing her pajamas when the soldiers arrived. Her brother, Abdul Rahman, 7, also survived, and said he hid his face with a blanket when his father was shot.

A few minutes later, the boy saw his mother fall to the ground, dying.

"I saw her while she was crying," he said. "She fell down on the floor bleeding." Speaking days ago in Haditha, months after the attacks, the boy broke down crying, covered his eyes with his hands, and began to mutter to himself. At his side, his older sister began to speak again. She described how the two siblings waited for help, the bodies of their dead family members sprawled on the floor.

"We were scared," she said. "I tried to hide under the bed." With shrapnel injuries to her legs, she lay still for two hours. Around her, seven family members died in the shootout: Ali and his wife; their three sons and one daughter-in-law; and their 5-year-old grandson. Only one of the household's adults lived through that morning.

In the first moments of shooting, Hibba Abdullah snatched her 5-month-old niece off the floor. The baby's mother had dropped her in shock after seeing her husband gunned down. Clutching the child, Abdullah scampered out of the house. She and the baby girl, Asia, both survived.

The baby's mother "completely collapsed when they killed her husband in front of her," she said. "I ran away carrying Asia (the baby) outside the house, but when the Americans returned they killed Asma, the mother of the child." Abdullah's 39-year-old husband also slipped out of the house and ran to warn his nearby cousins about the killings. But he crossed paths with the American soldiers on his way back home; he died of gunshot wounds to the shoulder and head, his wife said.

The soldiers stopped next at the home of 45-year-old customs official Younis Salim Nusaif and his wife, Aida Yassin. The mother of six children, 42-year-old Yassin was lying in bed that morning, recovering from a recent operation. While she recuperated, her sister had come to stay with the family and help with the housework.

Everybody was at home when the gunmen arrived. And except for one 12-year-old daughter, the entire family was wiped out. Four girls and one boy, their ages ranging from 4 to 15, were shot dead by the Marines, neighbors and the surviving child said.

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Safa Younis Salim, a schoolgirl, said she lay on the ground, covered with her sister's blood, and pretended to be dead while her family died around her. Her sister's blood spurted fast; it was like a water tap, she said.

During a meeting with a reporter, Salim was withdrawn and reluctant to talk about the attack. Only after her relatives coaxed her to speak did she describe how she played dead to stay alive that morning. The American soldiers yelled in the faces of her family members before they shot them, she said. After they were shot, they kicked them and hit the bodies with their guns.

"I feel sorry. I was wishing to be alive," said Salim. "Now I wish I had died with them."

The soldiers moved along the street. Next, they shotdead four brothers, whose ages ranged from 20 to 38 years old, their mother said. At that home, the soldiers herded the women outside, pointed guns at their heads and ordered them to stay still, according to the woman, who did not want her own name published.

The men were grouped inside. Then gunfire rang out.

"After some minutes the soldiers ran out and left the house," she said. The women went inside, and found the men dead.

"They were shot in different parts of their bodies," she said. "Spots of blood covered the place. Blood was coming out."

The last five men to die came upon the scene by chance. Four university students, two of them brothers, and their taxi driver drove too close to the spot where the families had been killed. Witnesses said U.S. soldiers stopped their car, ordered them to get out and shot them dead.

When the killing was over, the Americans continued to guard the street, keeping relatives away, townspeople said. Eventually, the soldiers took the bodies to the hospital, a medical source in Haditha said.

Since that November day, the people of Haditha have been haunted. The survivors described sinking into depression.

Much of the talk in town has centered on the U.S. offer of $2,500 in compensation for each death. Some of the families say they turned down the money. In March, the townspeople said, American investigators arrived. They brought cameras to record the witnesses, and toys for the surviving children.

U.S. Troops Kill 2 Women, And Iraqi Death Toll Grows (NYT)

By John F. Burns

The New York Times, June 1, 2006

BAGHDAD, Iraq, May 31 — The American military command said Wednesday that United States troops had fatally shot two Iraqi women whose vehicle failed to stop after entering a "prohibited area" near the restive city of Samarra, about 65 miles north of Baghdad. The Iraqi police said one of the women may have been pregnant and on her way to a hospital.

After the police in Samarra reported the deaths of the two women in the morning, the United States command in Baghdad issued a statement to The Associated Press. It said the vehicle carrying the women entered "a clearly marked prohibited area" near an American observation post outside Samarra, a major center for insurgent activity, and failed to stop despite "repeated visual and auditory warnings."

"Shots were fired to disable the vehicle," it said. "Coalition forces later received reports from Iraqi police that two women had died from gunshot wounds." It added, "One of the females may have been pregnant."

The women were among 54 new victims of the war reported by the Iraqi police and the American military command on Wednesday. They came on top of a toll in the previous 48 hours — at least 58 people reported killed across the country on Monday, and more than 40 on Tuesday, for a three-day total of more than 150 — that pointed to the relentless violence across Iraq that has followed the swearing-in of the new government 12 days ago.

American and Iraqi officials had hoped that the accession of Prime Minister Nuri Kamal al-Maliki at the head of the cabinet of Shiites, Sunnis and Kurds, five months after 12.1 million Iraqis went to the polls to elect the first full-term government since the toppling of Saddam Hussein, might be a watershed that would bring a cresting of the violence.

If anything, the opposite appears to have occurred, with the new government facing intensified challenges on a broad front. They have included a new surge in sectarian and insurgent violence in Baghdad, deadly feuds between rival Shiite militias in Basra and elsewhere in the south and a newly aggressive thrust by Sunni insurgents in the western province of Anbar, especially in the provincial capital of Ramadi.

Sunni insurgents in Ramadi have posed such serious challenges in recent weeks that the top American military commander in Iraq, Gen. George W. Casey Jr., has ordered the deployment to Anbar of additional troops from a 3,500-member brigade of the First Armored Division that had been held in reserve in Kuwait. At least some of those troops will reinforce Marine units at Ramadi, military spokesmen say.

Only six months ago, top United States commanders had said they hoped to begin the process of ordering staged troop reductions by mid-2006, with a target of reducing American troop levels to about 100,000 by the end of the year, down more than 30,000 from current levels. Some senior officers now say significant reductions may have to wait until mid-2007, at the earliest.

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The violence reported Wednesday also included the discovery of 42 bodies dumped around Baghdad, most of them shot in the head and showing signs of torture. The police said many of the bodies were found blindfolded and handcuffed, in the pattern of hundreds of others who have died in recent months in a wave of strife between Sunni and Shiite groups.

In the latest in a series of killings of people involved with sports, Ali Jaafar, a sports broadcaster for the state-owned television channel, Al Iraqiya, was slain by machine-gun fire as he left his home for work. Last week, three members of the national tennis team were gunned down on a Baghdad street.

The mayor of Miqdadiyah, a mixed Sunni-Shiite city about 70 miles northeast of the capital, was killed when a bomb hidden in an air-conditioner exploded, causing the governor of Diyala Province to declare the city under curfew.

In Mosul, the northern oil center that is Iraq's second-largest city, at least five police officers were killed by a bomb left in a parked car that exploded as their patrol passed by.

There were two new deaths among American troops, one of them a soldier killed by a roadside bomb in Baghdad on Tuesday night, another of a soldier who was said by the American command to have died Wednesday morning of a "non-combat-related cause."

In Baghdad, a former governor of Diwaniya Province in southern Iraq was assassinated by gunmen as he left a restaurant on Tuesday evening, and a Shiite muezzin, the prayer-caller at a neighborhood mosque, was killed as left his home in a southern district of the city on Wednesday.

A member of the local council in Adhamiya, a predominantly Sunni neighborhood in central Baghdad, said in a telephone interview that 18 Sunni men from the area had disappeared Monday after leaving in two vehicles to give blood at the capital's largest medical complex in response to a bomb attack outside a local Sunni mosque that killed 12 people and wounded at least 25.

The American command reported Wednesday what it described as a major breakthrough in its hunt for insurgent leaders, the arrest Monday in Baghdad of a man it described as a principal organizer of the March 2004 attacks on Shiite pilgrims visiting mosques in Baghdad and Karbala that killed more than 180 people.

The command's statement said the suspect, identified as Sheik Ahmed Hussein Dabash, was "a major financier and facilitator of terrorism in Iraq," and said he had been captured Monday in a raid by American and Iraqi forces in the Amiriya district of western Baghdad. "Coalition forces consider his capture significant as they believe he will provide critical information on other terrorist groups," it said.

At the trial of Saddam Hussein and seven others for their suspected role in the persecution of the townspeople of Dujail, north of Baghdad, after an assassination attempt against Mr. Hussein in 1982, days of angry confrontations with defense lawyers led the chief judge, Raouf Abdel-Rahman, to order four defense witnesses detained Wednesday.

Court officials said the four were being held under a law that provides for "investigative detention" while the judge looked into suspicions that the witnesses had been coached by defense lawyers and had given false testimony intended to exonerate Mr. Hussein and his associates.

Monthlong State Of Emergency Declared In Basra (WT/AP)

By Qassim Abdul-zahra, Associated Press

The Washington Times, June 1, 2006

BASRA, Iraq -- Iraq's prime minister declared a state of emergency yesterday in once peaceful and oil-rich Basra, as the sectarian and militia violence engulfing the country's capital spread to its southern economic heartland.

In his first major policy speech since his government was sworn in May 20, Prime Minister Nouri al-Maliki vowed to restore security in Iraq as attacks across the country took more than 20 lives and wounded dozens.

"We shall use an iron fist against the leaders of the gangs or those who threaten security," he said, apparently referring to the militias as well as rival tribal groups. "And we shall ask all security departments to draw up an effective and quick plan to achieve security."

Meanwhile, with investigations pending into charges that U.S. Marines killed unarmed civilians, then covered up the incident, President Bush yesterday said that if the probe turns up evidence of wrongdoing, those involved will be punished.

"I am troubled by the initial news stories. I am mindful that there is a thorough investigation going on. If, in fact, the laws were broken, there will be punishment," the president said in his first public comments about the accusations.

In an unrelated incident the fatal shooting Tuesday of a pregnant Iraqi, apparently by U.S. troops, as she was rushing to a hospital, threw an additional spotlight on the issue of Iraqi civilian deaths.

Iraqi police and witnesses said the troops gunned down the woman and her cousin in their car. The U.S. military said the car entered a clearly marked prohibited area but failed to stop despite repeated signals; shots were fired to disable the vehicle, the military said.

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Nabiha Nisaif Jassim, a 35-year-old who was pregnant, and her cousin Saliha Mohammed Hassan, 57, became the latest victims of what many Iraqis think is the American troops' disregard for life.

Mr. Al-Maliki promised to crack down on sectarian gangs in Basra and declared a monthlong state of emergency, which broadens arrest powers for Iraqi security services and establishes an evening curfew.

It was the only state of emergency in effect across Iraq, officials said. Other cities where violence is rampant, such as Baghdad and Ramadi, only have curfews.

"The state of emergency imposed in Basra for one month is made up of a group of exceptional measures imposed for a specific time by the prime minister for dealing with some events," Interior Ministry Undersecretary Maj. Gen. Ahmed Al-Khafaji said from Basra.

Mr. Al-Maliki, who traveled with his Sunni Arab vice president, Tariq al-Hashimi, addressed about 700 tribal sheiks, religious leaders, officials, army officers and other residents in Basra, Iraq's second-largest city, 340 miles southeast of Baghdad.

Tensions have been worsening in the Shi'ite-dominated area, where Britain has about 8,000 soldiers, and mostly Shi'ite militias have been attacking Sunni Arabs and battling each other.

Iran's hand also is rumored to be behind Shi'ite militias in Basra, although little evidence of a direct link has been made public.

Iraq's Premier Seeks To Control A City In Chaos (NYT)

By Sabrina Tavernise And Qais Mizher

The New York Times, June 1, 2006

BASRA, Iraq, May 31 — Iraq's new prime minister made an urgent visit to this increasingly lawless city on Wednesday, imposing a state of emergency and ordering leaders to cease their violent struggle for power and allow order to return to this oil-rich region.

Once seemingly immune to the violence that has plagued the rest of the country, Basra Province, the heart of Iraq's Shiite south, has sunk into chaos. Shiite political parties and their militias are fighting to control the provincial government and the region's oil wealth, contributing to some of the worst rates of killing since the invasion, with 174 killings in the past two months — double the amount from the previous two months, according to the Basra police.

Trying to stamp his authority on the region, Prime Minister Nuri Kamal al-Maliki arrived here in an American helicopter with Iraq's Sunni Arab vice president and three other senior Iraqi officials, and he berated local leaders for the chaos. He ordered the Iraqi Army to take over Basra's streets — a demand that apparently came as a surprise to the British Army, which patrols the region, and that could prove difficult, as units would have to be brought from outside the city.

"I declare strongly and frankly that we will strike with an iron fist on all gangs that are manipulating security," Mr. Maliki said, addressing an auditorium crowded with political and tribal leaders and other Basra locals. "Security comes first, second and third."

It is the first serious test of Mr. Maliki's authority since he became prime minister last month and pledged to deal decisively with political militias and criminal gangs whose growing power is now threatening the existence of the Iraqi state.

The surge in violence has posed new difficulties for the British military, which has adopted more strenuous policing measures to contain it. In two operations on Sunday, the British detained a total of 10 people and reported a large find of bomb materials.

"In our view, we need to do more, and that's what we're doing," Brig. James Everard, the commander of forces in Iraq's four southeastern provinces, said in an interview.

In May, nine British soldiers were killed, the second-deadliest month for the British since the invasion, exceeded only in January 2005 when the crash of a British military plane killed 10 soldiers.

Mr. Maliki spoke directly to the increased violence, using blunt language and a firm and measured tone.

"What are these assassinations?" he asked. "What is this killing? What are the gangs that kill and kidnap? What is going on in this city, which sacrificed so much through history?"

To a large degree, the violence has resulted from a power grab by Shiite factions left practically on their own to run the region and impose their own version of democracy while American and Iraqi officials in Baghdad have fought insurgents elsewhere.

"Freedom of speech, freedom of expression: it just hasn't quite worked out the way it was planned," Brigadier Everard said. "They're not prepared to debate. They tend to do things at the end of a gun."

In a city that welcomed the American invasion, threats against Iraqis working for the American Embassy are now so widespread that they have not picked up its trash or pumped its sewers for three weeks.

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One large prize is control of Basra's oil exports. The city is near the country's only seaport, and nearly all of Iraq's current exports flow through it. Political parties accuse one another of skimming from the flow and trying to control it.

"As long as we have parties, it's impossible to ensure security," said one of Basra's senior security officials. "If you print this," the official added nervously, explaining why he wanted his name withheld, "I'll be killed."

One of the ways the parties have wielded influence is through control of portions of this city's 15,000-man police force, which is about double it's the authorized size. Rival parties and gangs fight one another through their own police units. The police chief, Maj. Gen. Hassan Swadi al-Saad, has said he trusts only a small fraction of his forces.

Mr. Maliki used the trip, his first as prime minister, as a warning to local leaders who have used the months that Baghdad was busy assembling a government to build their own fiefs and profit from their positions. He specifically referred to the impotence of the police force, and directly rebuked political leaders for manipulating it.

"What worries us and hurts the heart of Iraq is that these apparatuses are practically helpless," he said. "It is impermissible to have a scared or disturbed military or police officer because of political interferences."

A plain model of Toyota, known by the people of Basra as Batta, Arabic for duck, has been used in so many assassinations that it has become synonymous with killing.

"Why can't we control this Batta?" said Wathib al-Amood, a member of the provincial council. "We are walking in the dark on a spiked floor."

At the heart of the struggle in Basra are political parties and a web of allegiances that is baffling to outsiders. The governor, Muhammad al-Waeli, belongs to the Fadhila Party, a religious Shiite party, which controls the most seats in the provincial council. A bloc led by the Supreme Council for the Islamic Revolution in Iraq, or Sciri, detests Mr. Waeli and wants to remove him, but has failed to garner the two-thirds majority needed to do so.

The struggle has raised questions about the balance of power between Baghdad and the provinces. A law drawn up under the former American administrator, L. Paul Bremer III, and that is still in effect gives the provinces full control over their police forces and their local governments, virtually cutting Baghdad out of the process — a fact that Mr. Waeli's supporters are quick to point out.

Aqil Taleb, a council member from the Fadhila Party, said that because of the law, removing Mr. Waeli would be difficult. "They can't get the votes they need," he said, adding, "Even Maliki can't change the governor without them."

The meeting with Mr. Maliki on Wednesday was attended by about 400 Basra citizens, including the governor, who arrived late, and the police chief, whom he has tried to fire.

The officials from Baghdad included Vice President Tariq al-Hashemi, a Sunni Arab; Khalid al-Atiya, the deputy speaker of Parliament; Bahaa al-Aaraji, a Parliament member close to the anti-American cleric Moktada al-Sadr, whose influence and militia in Basra are strong; and Safa al-Safi, the minister of state for Parliament affairs.

Mr. Maliki's political acumen was tested immediately. An hour after the meeting began, the discussion descended into a shouting match, with tribal sheiks hurling insults at the chairman of the provincial council, Muhammed Sadoon al-Abadi.

Mr. Abadi, of Fadhila, said local leaders had done the best they could with few resources and blamed the news media for painting too ghoulish a security picture. "Don't put all the blame or all the mistakes or all the collapse on the local government here," he said.

Shortly after that, tribal sheiks began to shout from a few rows back.

"Liar!" one yelled. "None of this is true. You are a liar."

When organizers proposed that participants break for lunch, there was more shouting. "We don't want to eat, we want to talk!" someone said. "All the tribes are here and if we don't have a solution we will make a revolution."

Then, Mr. Maliki, dressed in a dark suit and tie, silenced them.

"My brothers, peace," he said, and led them in a quick prayer.

"The loudest voice is not usually the winner," he added.

While Mr. Maliki focused on security, Mr. Hashemi, the Sunni Arab vice president, took leaders to task on the oil industry and sectarian cleansing.

"I hoped to receive news from Basra that the Southern Oil Company exceeded its planned output," he said in a speech to the gathering. "I hoped that Basra ports would have attracted ships from the gulf."

"But unfortunately we have come to deal with a serious problem that has exhausted the poor people of Basra."

Iraq's Prime Minister Orders Army To Take Control Of Basra (KRT)

By Nancy A. Youssef

Knight Ridder, May 31, 2006

DOJ_NMG_0030941

BAGHDAD, Iraq - Prime Minister Nouri al-Maliki on Wednesday ordered thousands of Iraqi troops to Basra, Iraq's second-largest city, to disarm the Shiite Muslim militias that have taken control there, a move that underscores how little of the country the central government in Baghdad has secured.

Al-Maliki said Iraq's 10th Army Division would set up checkpoints and round up illegal weapons from the assortment of militias, gangs and tribes that had seized control in Basra. He said the state of emergency would last a month.

His declaration, issued in a nationally televised speech from Basra, came the same week that U.S. officials announced that they'd send another 1,500 troops from Kuwait to Anbar province in western Iraq in a renewed effort to wrest much of the province from the control of Sunni Muslim insurgents.

"This month is the month of security in Basra," al-Maliki said in his address, flanked by a high-ranking government delegation. "We will beat with an iron fist on the heads of gangs who are manipulating security."

Iraq's violence has intensified in recent weeks, despite the country's swelling security forces. A new Pentagon report released this week said 263,400 security force members had been trained so far.

But that's done little to cut violence or hasten the withdrawal of U.S. troops, whose number will grow to more than 135,000 with the arrival of the reinforcements from Kuwait. The report noted that the average number of weekly enemy attacks rose 13 percent from February to April, compared with the previous few months.

The Pentagon report, titled "Measuring Stability and Security in Iraq," called Iraq's enemy elements resilient and complex and suggested little likelihood that they'll be quelled soon. The report noted that the enemy includes the Sunni insurgency and Shiite militias.

"To categorize the violence in Iraq as a single insurgency or a unified `opposition' is both inaccurate and misleading," the report said. "It is unlikely that the Coaltion and Iraq Security Forces will make progress against each of these violent factions at the same pace."

Al-Maliki's announcement was official recognition that violence in the Shiite south is far worse than previously acknowledged. At least 200 people have died in shootouts, kidnappings and executions in Basra in the last month, and British and local Iraqi officials told Knight Ridder recently that militias had largely taken control of police forces and other government institutions.

On Tuesday, the chairman of Basra's provincial council, Nussaif Jassim al-Abaidi, said the mostly Shiite police forces themselves were undisciplined and corrupt.

Many officers "are more loyal to their parties than their jobs," al-Abaidi said.

Whether sending in the army will help is unclear. The same Shiite militias that are competing for influence in Basra have infiltrated the security forces.

Basra's most active militias, the Mahdi Army, loyal to fiery cleric Muqtada al-Sadr, and the Badr Organization, the armed wing of the Supreme Council for Islamic Revolution in Iraq, are closely allied with key members of the political coalition that put al-maliki in office.

Al-Maliki didn't mention what steps would be taken to reduce Iranian assistance to the militias. While it's not clear how involved Iran's government is in aiding the groups, British and Iraqi officials in the south told Knight Ridder that money and weapons were reaching the militias from Iran and some militia members were training in Iran.

British officials said they thought that the Iranian assistance was an attempt to drive coalition forces from the area and pave the way for Iran-friendly clerical rule in southern Iraq.

Iran has close ties to many in al-Maliki's Shiite-dominated government. Al-Maliki lived in Iran for several years after he went into exile in 1980 during the rule of Saddam Hussein. He also lived in Syria and Lebanon.

While some Sunni politicians expressed skepticism that al-Maliki is politically able to challenge the militias, initial Sunni response was muted.

Tareq al-Hashemi, a Sunni and one of Iraq's two vice presidents, said al-Maliki's initiative didn't go far enough, and that more action was needed.

"There is a host of reforms that should go side by side," al-Hashemi said. "If we all - the governor, the governorate's council, political forces, tribes and religious figures - cooperate together, we will find, within a month's time, that things are much better."

During Saddam's reign, Basra was one of Iraq's most dynamic cities, known for its nightlife and bustling economy. After the U.S.-led invasion, when much of the country fell to violence, Basra was considered relatively stable, and U.S. officials often suggested that it would be one of the first areas to return to Iraqi control.

But militias were seeping into the populace, driving out minority Sunnis and calling for a more conservative province. The change became most notable when attacks on British forces spiked. In the last month, nine British service members have been

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killed, including five in a helicopter crash. British officials told Knight Ridder they suspect that an Iranian-supplied missile shot down the chopper.

Al-Maliki announced his plan as leaders were still debating who will lead the Defense and Interior ministries, which oversee the army and police, respectively.

He said a special committee would be appointed to oversee the Basra operation.

Time Is Short For Iraq To Stabilize, U.S. Envoy Warns (USAT)

By Barbara Slavin

USA Today, June 1, 2006

Iraq's new government has three to six months to bring more stability to the country, or it could collapse, the U.S. ambassador to Iraq said Wednesday.

"Unless there is increased security … a lessening of and containing of sectarian violence, this government will face huge challenges that might pose a problem for the viability and success of the political process," Zalmay Khalilzad said from Baghdad.

Khalilzad said the new, U.S.-backed government led by Prime Minister Nouri al-Maliki understands the challenge presented by increased fighting among Iraq's factions and militias.

The ambassador spoke in a telephone interview shortly after al-Maliki declared a state of emergency in the southern city of Basra, where Shiite militias and tribal gangs have been battling in the streets.

"The next three to six months will be critical in terms of this government's image and impact on the Iraqi people," he said.

Under a compromise reached last year to try to win Sunni Arab support for Iraq's new constitution, the government now has four months to consider changes to the constitution and two more months to hold a referendum on any amendments.

Khalilzad said that Iraq's long-term "strategic problem" is getting Sunnis to participate and remain in the government, and that its more immediate "tactical problems" involve controlling Shiite militias.

On other issues, the U.S. ambassador said:

·Al-Maliki will name Interior and Defense ministers in "the next three to four days." The government took office May 20, but disagreement over who to place in charge of the security ministries delayed those appointments. Sunnis, including the Muslim Scholars Association, had accused the previous Interior minister, Bayan Jabr, of allowing Shiite death squads to operate under cover of police and other forces.

·The United States remains ready to talk to Iranian diplomats about Iraq, but "the Iranians have been sending conflicting messages on that. In the morning, they say 'no.' In the afternoon, they say 'maybe.' "

Khalilzad said that the Iranians were providing money and training to militias and extremist groups in Iraq but that an investigation was not complete into whether Iran provided missiles used to shoot down a British helicopter in Basra on May 6.

·U.S. officials "have not seen any political or military" fallout from allegations that U.S. Marines intentionally killed civilians in the western Iraqi town of Haditha last November. An investigation into the allegations is not complete.

The military initially attributed 15 civilian deaths to a car bomb and firefight with insurgents in the town.

Tearing Iraq Apart (NYT)

By Thomas X. Hammes

The New York Times, June 1, 2006

Oxford, England

THE White House is right to insist that our postwar goal is a unified Iraq, as opposed to one divided along ethno-religious lines. So why is the administration taking so many actions that make holding the country together virtually impossible?

In January, President Bush diverted nearly half the money allocated to reconstruction in Iraq to other needs, including security. Given that our current strategy is nicknamed "Clear-Hold-Build," where does that leave us? Clear-Hold-Hope? Mr. Bush's decision sent a terrible signal to the Iraqis about our resolve. It is even less understandable since the expense of the critical reconstruction program is a small fraction of our annual cost in Iraq.

Next, the administration deeply cut financing for democratization efforts, many of them undertaken by nongovernmental groups. The proposed budget for fiscal 2007 asks for a paltry $63 million. This token sum — in a war that costs some $200 million a day — may simply reflect a belief that the security situation prevents such efforts from being effective. But democratization has always been one of the administration's cherished goals, and cutting spending there sends the wrong message.

The latest administration budget also recommends cutting overall Army and Marine troop strength. If Mr. Bush and his advisers are really committed to sustained support for the "long war" in Iraq, how do they reconcile that with cutting the budgets for the most engaged forces?

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President Bush and his aides have also repeatedly hinted at significant troop reductions in Iraq this year — perhaps to as low as 100,000 from the current 130,000. This is despite the growing violence in Baghdad and the fact that our military leaders in Iraq have consistently said that we can withdraw troops safely only if conditions improve. The administration may simply be talking fewer troops to reassure the electorate before midterms. Unfortunately, American voters are not the only audience. What do the Iraqis think?

The administration has long stated that the so-called Provincial Reconstruction Teams — groups of 100 or so political, economic, legal and civil-military relations specialists who help distribute aid and advise regional Iraqi officials, which have had success in Afghanistan — are critical to our strategy in Iraq. Yet The Washington Post reported in mid-April that only 4 of the proposed 16 teams had even been inaugurated.

In addition, the Army staffs and units in Iraq, even those training Iraqi security forces, continue to be undermanned. Meanwhile, former colleagues outside the war zone — in the Joint Forces Command, the European Command and the Pacific Command — tell me their commands remain at full strength. It seems the Pentagon does not consider the Iraq war important enough to shift from its peacetime manning models.

Last, the administration has repeatedly said efficient and law-abiding Iraqi security forces are central to our strategy, yet has failed to provide them with more than minimal equipment. Three years after the fall of Saddam Hussein, most Iraq troops are still using open-backed trucks and unarmored S.U.V.'s.

Let's face it: this laundry list of inaction on the part of the Bush administration leaves a prudent Iraqi with no practical choice but to prepare for a United States withdrawal long before the Iraqi central government and security forces are capable of running the nation. For most Iraqis — Arab or Kurd, Sunni or Shiite — this will mean looking to religious and ethnic militias, criminal gangs and Islamist insurgents for protection. This, in turn, greatly increases the chance of civil war.

The militias are already looking ahead: some are carving out safe areas they will use as bases in the coming war by driving Iraqis of other ethnic and religious groups out of mixed neighborhoods and villages. Iraqi government officials estimated that more than 100,000 families have already fled their homes. This falling back on militias and preparing for internecine conflict is not a new phenomenon. It is exactly what we saw in Afghanistan nearly two decades ago. Once the Afghans believed the Soviet troops were finally pulling out, the various insurgent groups stopped fighting the invaders and began positioning for a multisided civil war. That conflict, of course, lasted until the United States invaded Afghanistan in 2001.

The Bush administration, despite all its missteps since the fall of the Baathists, has clung to one correct idea: that an intact Iraq is a better outcome than a splintered one. To keep it unified, however, the White House must commit to long timelines and to providing the money necessary for both the military and reconstruction efforts. The alternative is for Mr. Bush to change his mind and tell the American and Iraqi people that we must start planning for a peaceful division.

In any case, the uncertainty resulting from trying to have it both ways will result in the worst possible outcome: open civil war.

Thomas X. Hammes, a retired Marine colonel, is the author of "The Sling and the Stone: On Warfare in the 21st Century."

Iraqi Students Are Tested By Battle Outside (WP)

By Ellen Knickmeyer And Saad Al-izzi

The Washington Post, June 1, 2006

BAGHDAD, May 31 -- For many of the 12-year-olds bent over their final exams in classrooms where the stifling heat already edged toward 100 degrees by 9 a.m., Wednesday's tests would signal the end of their families' days in Iraq.

With the school year reaching its close, and life in Baghdad unbearable for many, some of the mothers at al-Mahaj school in north Baghdad's Adhamiyah neighborhood began collecting the school records that their sons and daughters would need in new homes in other countries. They would soon join a three-year exodus of the middle class from Iraq, where outbound flights are booked near-solid through June, travel agents say.

School guards with AK-47 assault rifles stood watch around al-Mahaj. Fathers chatted outside, their own pistols discreetly hidden under shirts or tucked away close by in their cars: Kidnapping is rampant in wartime Baghdad.

Sometime after 9 a.m., bullets started flying. The 12-year-olds, well into their math tests, "were terrified," screaming and sobbing, said Um Bakir, a mother who recounted the battle. The parent of a sixth-grader, she would identify herself over the telephone only by her family name, which means mother of Bakir. She refused to identify her son, citing fears for the family's safety.

The shooting sprawled over three neighborhoods -- one Sunni Arab, one mostly Sunni, one Shiite -- where busy streets form the otherwise unremarkable dividing lines. Insurgents, Shiite militias, Iraq's overwhelmingly Shiite police, the slightly more trusted army forces -- all were said to be in the fight. Residents could not be sure, or tell how it started. In the fights that roil many

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of Baghdad's neighborhoods, with automatic-weapons fire heavy and explosions sounding, no one without a gun sticks his neck out to investigate.

Motorists on one main street turned around and sped back out, flashing their headlights to signal oncoming drivers to do likewise. Iraqi forces blocked another street as a vehicle carrying Iraqi soldiers rushed through.

In the official account, provided by Col. Sami Hassan at the Interior Ministry's operations center, insurgents had attacked an army checkpoint. The insurgents then withdrew, seeking cover "inside residential structures," Hassan said. Soldiers chased them through the area, past shops and schools.

Hassan said three policemen and eight insurgents were killed in the fighting.

Rumors flew among residents. Noor Taha, a newlywed awakened on her first morning in her husband's home by explosions and gunfire in her new neighborhood, said she was told that the clashes began after militiamen loyal to radical Shiite cleric Moqtada al-Sadr held a funeral for three of their fighters.

Ahmed al-Omari, a worker at an Education Ministry office, heard heavy shooting near a Sunni mosque at an intersection bordering the three neighborhoods. He had been told that police were firing on insurgents inside the mosque. He stood in the courtyard of the education office trying to discreetly scope out the firing.

As he spoke on his cellphone to a friend, Omari suddenly interrupted himself. "A bullet just hit near my foot," he said, gunfire rattling clearly in the background.

"Get inside," his friend said.

"That's what I'm trying to do," Omari said, and ran.

Back at the school, the barrage caught some of the parents outside, away from their children.

"Bullets were falling on us like rain," Um Bakir said. Events went by in a blur, with parents and teachers rushing toward screaming children.

Iraqi soldiers and police burst in. "Get away from the windows!" they screamed at the children. "Get down!"

The soldiers and police made the children curl up on their sides on the floor, as if asleep, Um Bakir said. Some of the 12-year-olds already had fainted, she said.

As gunfire continued, the police and soldiers started rushing the children out of the school in groups.

Um Bakir hurried home with her boy and three other children, hustling them inside for safety.

Once home, she washed their faces, cleaning away the dirty tear marks. She made them something to eat. She called the other children's parents. "Your kids are okay," she told each. "But don't come yet. It's not safe."

To the south, Omari left work at noon, stepping over spent bullet cartridges as he walked to a main street for a taxi.

A bullet-riddled car sped by.

There were no bodies in sight. Shops were starting to reopen. For this part of Baghdad, street battles were nothing new.

Parents collected their children from Um Bakir's house. She sat through the heat of the afternoon, as generators that serve in lieu of city electricity in wartime Baghdad kicked on and off.

She said that for her, there would be no flight to safety overseas at the end of the school year. Her husband no longer had a job; they had no money to start a new life.

There was the summer to get through, and then the next school year. But first, there were the next three days.

"My son has at least three more exams," Um Bakir said.

"We are going to go tomorrow, and see how things turn out," she said. "We are terrified."

U.S., In Reversal, Says Troops Fired At Crowd In Kabul (WP)

By Pamela Constable

The Washington Post, June 1, 2006

KABUL, Afghanistan, May 31 -- U.S. military officials acknowledged Wednesday that American troops had fired at an angry mob that surrounded the scene of a traffic accident in the Afghan capital Monday morning. Officials previously had said the troops fired only into the air.

In the fatal accident, the driver of a U.S. military cargo truck lost control and struck 12 vehicles in rush-hour traffic, killing one person and injuring six, the military said. The incident sparked violent, day-long riots that ended with 20 dead, 160 injured and dozens of buildings badly damaged.

The incident has exposed deep public resentment against the presence of foreign troops here and shaken investor confidence in the fledgling postwar economy at a time when Afghanistan faces a mounting threat from armed Taliban fighters and other insurgents in the countryside.

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"Initial indications from our investigation are that coalition soldiers did in fact use their weapons in self-defense," Col. Thomas Collins, a U.S. military spokesman, said at a news conference here. He said it appeared that gunfire had come from the crowd and that the troops had "used their weapons to defend themselves."

Collins said he had no further details but that an investigation was underway.

Several people taken to hospitals in Kabul on Monday were suffering from gunshot wounds, but it was not clear who had shot them. During the day, rioters clashed repeatedly with Afghan police and burned down their checkpoints. Some rioters were armed with AK-47 assault rifles, witnesses said.

Collins repeatedly expressed regret for the accident and the deaths. But he also said the truck driver had done everything possible to avoid hitting pedestrians and occupied vehicles after his brakes failed on a steep hill leading down to a busy intersection.

After the accident, he said, U.S. troops in the convoy began to aid injured civilians but were quickly surrounded by an angry crowd of 300 to 500 men who started to throw stones at them. He said that city police soon arrived and formed a barricade around the halted convoy, but that the crowd became increasingly hostile. The U.S. troops decided to leave, firing some shots in the process, he said.

Collins said no U.S. soldier had been injured, but he added, "That doesn't mean they were not in serious, immediate danger of injury or death." He said victims of the accident and their families would be compensated.

News videos of the scene showed a large group of men shouting and throwing stones, then ducking and running as Humvees and other military vehicles sped past, amid sounds of gunfire.

As word of the accident and possible civilian shootings spread through the city, enraged mobs swarmed into downtown Kabul, attacking banks, hotels and foreign aid offices and burning dozens of cars. Many shouted anti-American slogans. It was the worst violence in the Afghan capital since the overthrow of the Taliban in 2001.

A curfew was announced Monday night and calm had returned to the city Tuesday, but Afghan army troops have been heavily patrolling the area since. Many Afghans have condemned the street violence, but they have also blamed U.S. troops for causing the accident and expressed broader anger at their aggressive driving and treatment of civilians.

Collins said that he was aware of such criticisms and that coalition officials "take that feedback very, very seriously." He said the U.S.-led forces were here "at the request of the Afghan people and we must always act responsibly." Afghans "have a right to know" exactly what happened Monday, he said, "and we want to know, too."

Americans Fired Into Crowd, Afghan Says (NYT)

By Carlotta Gall And Abdul Waheed Wafa

The New York Times, June 1, 2006

KABUL, Afghanistan, May 31 — American soldiers involved in a vehicle crash here on Monday that set off rioting then fired into the crowd of protesters and killed four people, according to the chief of the highway police in Kabul, Gen. Amanullah Gozar, who saw the accident.

Three people died in the crash caused by a runaway United States Army truck, and four people died of gunfire from the last vehicle in the convoy as the American forces extricated themselves from an increasingly hostile crowd, General Gozar said in an interview on Wednesday.

He dismissed rumors that had spread through the city that the American soldiers deliberately rammed vehicles, even including his own car. "I can say clearly it was an accident," he said.

The United States military initially said in a statement that the truck had a mechanical failure and called the incident "a tragic accident." It said there were "indications" that "warning shots over the crowd" had been fired from at least one military vehicle. General Gozar's account is the first declaration from a senior Afghan official that American soldiers directed lethal fire on the crowd.

An American military spokesman, Col. Tom Collins, said he had not heard that the last vehicle had fired into the crowd or that four people had been killed by Americans. "Our soldiers believed fire was coming from the crowd, and they fired their weapons in self-defense," he said.

He said soldiers in one vehicle had fired their weapons over the heads of the crowd, adding that a thorough investigation was under way and that all the soldiers would make statements to the investigators. "We are examining all information; it will all be part of the investigation," he said.

The deaths of civilians, in the initial car crash and in the protests that followed, prompted the worst anti-American riots in Kabul since the fall of the Taliban four years ago. Protesters fought the police and ransacked the offices of foreign organizations across the city. Twelve people were killed, including one policeman, and 138 were wounded as the police and Afghan Army soldiers struggled to contain the violence, police officials said.

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General Gozar, who is a powerful commander of the Northern Alliance, which fought the Taliban, dismissed suggestions that politics, or factions opposed to President Hamid Karzai, had driven the protests, and blamed the violence on criminal elements who took advantage of the situation. He also criticized the Kabul police for not being prepared to contain the violence and said the president had asked him at midafternoon on Monday to move to the center of the city with his highway police officers to help put down the riots.

Colonel Collins said the soldiers stayed at the crash scene for 45 minutes until a relief vehicle arrived to tow the broken truck away, and reported that one civilian man had been killed in the car crash and six had been injured, two of them seriously. The soldiers provided first aid to the injured until ambulances arrived to take them away, he said.

General Gozar, whose house overlooks the main road into Kabul from the north, said he heard a truck horn on Monday morning and looked out his window to see the driver of a heavy military truck waving frantically to people to get out of the way. The truck hit a station wagon, then two military vehicles in the convoy, and then was swallowed by a dust cloud at the foot of the hill, he said.

When he arrived at the crash scene a few minutes later, the American soldiers had stopped their convoy and were treating the civilians injured in the other cars, while others stood guard, he said. A crowd of shopkeepers and pushcart operators gathered and began pelting the soldiers with stones. The police could not contain the crowd, and finally the American soldiers escaped, he said.

"The first American vehicles were firing in the air, but the last one fired at the people," he said. As the American soldiers escaped, leaving four people dead, the crowd turned on the Afghan police, burning one of their cars and stabbing a policeman, he said. The riot quickly spread. "People were really angry," he said.

General Gozar briefed President Karzai on the episode, and said he told the president that while it was clearly an accident, the behavior of the Americans had contributed to the people's anger. Arrogant driving — driving fast or not allowing cars to overtake their convoy — irritated people, he said. People were also angered when the soldiers prevented them from approaching the crashed cars to help the injured, he said.

In more violence in southern Afghanistan, Taliban insurgents overran and burned down the administration and police offices of a district in Oruzgan Province on Tuesday night, in one of the most blatant challenges to the government and foreign forces stationed in the province.

About 40 police and administration officials fled the district center to another location under siege by Taliban militants, said Ruzi Khan, the former police chief of the province. A Taliban spokesman, Qari Muhammad Yousuf, confirmed that the attack had occurred.

In a separate insurgent attack, the deputy police chief of neighboring Zabul Province was killed Wednesday in an ambush.

U.S. Troops May Have Fired At Kabul Crowd (LAT)

By Paul Watson

The Los Angeles Times, June 1, 2006

KABUL, Afghanistan — The U.S. military is investigating the possibility that soldiers fired into a crowd of Afghans at the scene of a fatal traffic accident that sparked a day of rioting here this week.

"There are indications, as part of our initial investigation, that coalition soldiers did in fact use their weapons in self-defense," Col. Tom Collins, a spokesman for U.S. forces here, said Wednesday at a news conference.

In a statement released Monday, Collins had said there were "indications that at least one coalition military vehicle fired warning shots over the crowd." On Wednesday, he said that the initial assessment had been based on news footage, and added that the investigation was continuing.

The U.S. military reported that one person was killed in the road accident, whereas President Hamid Karzai's office said five people died. Afghan health authorities have informed the U.S. military that about 20 people died and more than 160 were injured in the accident and the unrest that followed, Collins said.

No U.S. soldiers were injured.

"Just because coalition soldiers weren't hurt or injured doesn't mean that there wasn't an imminent danger of serious bodily injury or death to them," Collins said. "Our people are very well trained. They know how to react to situations."

About half an hour after a heavy U.S. military cargo truck rammed into Afghan vehicles at an intersection Monday morning, a crowd of 300 to 500 angry people began throwing rocks and firing small arms at U.S. soldiers and Afghan police officers, Collins said.

Witnesses say the crowd was trying to prevent the troops from leaving the scene to ensure that victims were compensated and that police had time to investigate the accident and arrest anyone responsible. They also say some military vehicles drove over people and crashed into shops in their hurry to leave.

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Emphasizing that the investigation was in its early stages, Collins said U.S. troops had stayed at the scene to help the injured and recover the damaged truck, whose brakes had apparently failed.

"From our post-event analysis, it is strongly believed that there were agitators in the crowd who wanted to use these events for their own criminal purposes, totally counter-productive to the police and government's efforts to provide aid and assistance to the accident victims," Collins said.

A special session Tuesday of Afghanistan's parliament called on the government to prosecute U.S. soldiers responsible for the accident. The truck's driver is at the Bagram air base but is not under arrest, Collins said.

"We have no indications at this time that he acted inappropriately," he said.

A preliminary investigation has determined that the accident, which caused the worst unrest since the Taliban regime's fall in 2001, occurred when a 12-vehicle U.S. military convoy heading from the Bagram base entered Kabul at 8:12 a.m. Monday.

Two minutes later, the driver of a large cargo truck carrying bridging equipment, weighing more than 60,000 pounds, lost control of the vehicle as it came down a long hill, Collins said.

The truck was inspected before it left Bagram, but its brakes apparently overheated and failed as the driver tapped them to slow the vehicle, preliminary results of the investigation showed.

"The driver, very experienced in the operation of this type of vehicle, applied the primary emergency brake," Collins said. "He took evasive action to avoid hitting pedestrians, to avoid hitting several unoccupied vehicles that were parked along the side of the road, in an effort to slow, or stop, the vehicle's movement."

But he couldn't avoid hitting as many as a dozen vehicles with people in them as the truck passed through an intersection, Collins said. "Coalition soldiers in the convoy immediately stopped to provide medical assistance to those who were injured."

About six minutes after the accident, Kabul city police officers arrived to form a barrier to control the growing crowd, Collins said. A second U.S. convoy arrived shortly after and provided additional security while removing the damaged truck.

In southern Afghanistan, Taliban fighters Wednesday killed at least 12 Afghan policemen in two separate attacks and kidnapped several, Afghan officials said.

Afghanistan, Unraveling (NYT)

The New York Times, June 1, 2006

Something has gone alarmingly wrong in Afghanistan, previously touted as the Bush administration's one quasi-successful venture in nation-building. Afghanistan's rising carnage still has not reached Iraq-like levels. But the trend is running in decidedly the wrong direction. Poorly thought-out American policies are at least partly to blame.

Unless Washington starts correcting its mistakes, parts of Afghanistan could start tumbling back toward the kind of anarchic chaos that once made such areas an attractive sanctuary for international terrorists like Osama bin Laden.

The warning signs go well beyond this week's deadly outbreak of anti-American rioting in Kabul — the worst violence there since the Taliban were evicted from Afghanistan's capital in 2001. And Kabul is widely acknowledged to be the most secure place in Afghanistan.

The past few months have also seen a stronger than expected Taliban military revival (with open help from supporters in Pakistan), a lengthening list of Afghan civilians accidentally killed in American military operations, a badly flawed United States-backed opium eradication program, and rising public disenchantment with Washington and its leading Afghan ally, President Hamid Karzai.

Afghans have long been renowned for their hostility toward foreign troops on their territory, as the 20th-century Russians and the 19th-century British learned the hard way. Until now they have made a conspicuous exception for the 21st-century Americans, who helped them shake off Taliban misrule and then promised their poor and war-shattered country an international rebuilding effort on the model of the post-World War II Marshall Plan.

More than four years later, Afghanistan's patience is running out. America's military presence is seen as narrowly focused on Washington's own agenda of hunting down Al Qaeda fighters and indifferent to Afghan civilian casualties and Afghanistan's own security needs.

Armed militia commanders still rule many areas. Some provincial cities and villages are back under the control of the same corrupt officials the Taliban won cheers for chasing out a decade ago. Farmers have fallen victim to a poppy eradication program unaccompanied by realistic plans for alternative economic development.

The answer is not for Washington to scale back legitimate American objectives. Pressing the fight against Al Qaeda is essential to America's own national security. Combating Afghan's growing narcotics trade is a vital precondition for any healthy economic development there.

What Washington needs to do is fight a lot smarter. It should begin talks at once with Afghanistan's government to arrive at a mutually satisfactory agreement on basic ground rules governing American military personnel in their interactions with Afghan

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civilians. It should reinforce its anti-narcotics drive with development programs that allow farmers to find adequate replacement livelihoods in more constructive lines of work.

Most Afghans do not want to go back to the horrors of the recent past. Washington needs to re-enlist their support by demonstrating that it cares not just about Afghanistan's strategic geography, but also about a decent future for its people.

CORPORATE SCANDALS:

One Guilty And One Acquitted In Enron Broadband Trial (NYT)

By Kate Murphy

The New York Times, June 1, 2006

HOUSTON, May 31 — In the sixth day of deliberation, a federal jury convicted one of two former executives of Enron's Broadband unit yesterday in connection with a $111 million accounting fraud.

The executive, Kevin A. Howard, 43, the former chief financial officer, was found guilty of five counts of fraud, conspiracy and falsifying records.

A second executive, Michael W. Krautz, 37, a former accountant at Enron Broadband Services, was acquitted of the same charges.

The verdict brought to an end a trial that had been going on next door to that of the two former Enron chief executives, Kenneth L. Lay and Jeffrey K. Skilling, who were found guilty last week of fraud and conspiracy.

Prosecutors accused Mr. Howard and Mr. Krautz of setting up sham deals to manufacture millions in earnings from a failed video-on-demand deal. The broadband unit dissolved when Enron declared bankruptcy in 2001.

"We're very surprised at the result," said Jack B. Zimmerman, one of Mr. Howard's lawyers. Although he has not talked with jurors, Mr. Zimmerman said, "It may be that they made a distinction between the relative positions these men held at the company."

A spokesman for the Department of Justice, Bryan Sierra, said, "Juries obviously sometimes make the decision to acquit but we're obviously very pleased that they agreed with us on the guilt of Mr. Howard."

Mr. Howard's sentencing is scheduled for Sept 11. He faces up to 30 years in prison, prosecutors said.

The trial was the second for the two executives. A three-month trial of the two men and other former Enron Broadband executives ended in July with no convictions and 24 acquittals on 202 charges.

The government reindicted all five defendants but on fewer counts, and Judge Vanessa Gilmore of Federal District Court separated them into three different trials.

Mr. Howard held a more senior position at the broadband unit, and prosecutors argued that he organized the team that put together a questionable finance vehicle in which an outside investor was given a no-risk guarantee.

The prosecution contended that executives set up a bogus sale of an interest in a failing joint venture with Blockbuster to provide video-on-demand. That deal, known as Braveheart, resulted in $111 million in revenue being generated in 2001, allowing the division to meet its projected earnings.

The defense's argument was similar to those used by lawyers for Mr. Skilling and Mr. Lay: that no crimes were committed and all deals were vetted by outside lawyers and accountants. Another similarity in the trials was the argument by defense lawyers that prosecution witnesses were lying to get favorable plea agreements.

Mr. Zimmerman said, "We are absolutely reviewing our options for an appeal."

After the convictions of Mr. Lay and Mr. Skilling last week, lawyers for the two men in the broadband trial asked Judge Gilmore to halt proceedings to ask jurors if they were influenced by the verdicts. She refused since she had already instructed jurors to ignore media reports.

The other three Enron Broadband executives facing trials are Joseph Hirko, 49, the former chief executive; Rex Shelby, 54, former senior vice president for engineering and operations; and Scott Yeager, 54, former senior vice president for business development.

Mr. Yeager's trial has been postponed while he appeals the government's effort to retry him. The others are scheduled to be tried in September.

Jury Splits In Enron Case Retrial (WP)

By Kristen Hays

The Washington Post, June 1, 2006

DOJ_NMG_0030949

HOUSTON, May 31 -- Jurors on Wednesday rendered a split verdict in the retrial of two former executives from Enron Corp.'s defunct broadband unit, convicting one while acquitting the other of all charges.

Former broadband unit finance chief Kevin Howard was found guilty on five counts of fraud, conspiracy and falsifying records. Former in-house accountant Michael Krautz was acquitted of the same charges, concluding a month-long retrial after their original case ended with a hung jury last year.

The verdict came six days after another local jury convicted Enron founder Kenneth L. Lay and former Enron chief executive Jeffrey K. Skilling of fraud, conspiracy and other charges.

Lay and Skilling were convicted of conspiring in a fraud by repeatedly lying to investors and employees about Enron's financial condition. The company entered bankruptcy protection in December 2001.

Howard and Krautz were accused of participating in a small piece of that fraud in a scheme to manufacture earnings for Enron's struggling broadband unit in late 2000. The deal involved selling an interest in future revenue of a video-on-demand venture that disintegrated a few months later.

Howard, 43, closed his eyes as U.S. District Judge Vanessa Gilmore announced the jury's decision.

Krautz, 37, said: "I feel very sorry for Kevin and his family. I do not feel like they got the justice they deserved."

Howard declined to comment. Jim Lavine, one of Howard's lawyers, said he would appeal.

Gilmore scheduled Howard's sentencing for Sept. 11, the same day Lay and Skilling are to be sentenced.

Howard and Krautz were the first of five broadband executives to be retried in separate cases after the original trial of the entire group ended in a hung jury. Although Enron was primarily an energy trader, the broadband unit was created in 1998 during the dot-com boom.

The first trial began in April 2005 and focused mostly on three other executives accused of overhyping the capabilities of Enron's broadband network and operating software. After that case ended with a hung jury, the five defendants were split into three separate cases and re-indicted on fewer counts.

Howard and Krautz were charged with one count each of conspiracy, another of falsifying records and three counts of wire fraud. Howard faces a maximum of 25 years in prison -- five years for each count.

Of the other three defendants, former vice president Scott Yeager's retrial on charges of insider trading and money laundering has been postponed indefinitely pending an appeal. Joseph Hirko, former broadband unit chief executive, and Rex T. Shelby, former senior vice president, are scheduled to be retried Sept. 5 on conspiracy, fraud and insider-trading charges.

Enron Broadband Jury Convicts Former Executive Of Fraud, Conspiracy; Other Acquitted (FINDLAW/AP)

By Kristen Hays, Ap Business Writer

AP, June 1, 2006

(AP) - HOUSTON-Jurors on Wednesday convicted one of the former executives from Enron Corp.'s defunct broadband unit to be retried after his original case ended in a hung jury last year.

Former broadband unit finance chief Kevin Howard was convicted of five counts of fraud, conspiracy and falsifying records while former in-house accountant Michael Krautz was acquitted of the same charges after a monthlong trial.

The verdict came six days after another jury convicted Enron founder Kenneth Lay and former Enron Chief Executive Jeffrey Skilling of fraud, conspiracy and other charges in one of the biggest business scandals in U.S. history.

Lay and Skilling were convicted of conspiring to run a massive fraud through repeated lies to investors and employees about Enron's financial strength. The company careened into bankruptcy proceedings in December 2001.

Howard and Krautz were the first of five broadband executives to be retried in separate cases after the original trial of the entire group ended in a hung jury last year. Although Enron was primarily an energy trader, the broadband unit was created to sell movies over the Internet in a diversification move.

The government contended that Howard and Krautz conspired to manufacture earnings for the failing broadband unit in late 2000 by selling an interest in future revenue of a video-on-demand venture that disintegrated a few months later.

The two men each testified - as they did in their first trial - that the deal was legitimate. The investors were not bought out and lost their money along with other creditors when Enron collapsed in late 2001.

The first broadband trial began in April 2005 and focused mostly on three other executives accused of overhyping capabilities of Enron's broadband network and operating software. After that case ended with a hung jury, the five defendants were split into three separate cases and re-indicted on fewer counts.

Howard and Krautz were charged with one count each of conspiracy, another of falsifying records and three counts of wire fraud.

Howard faces a maximum of 25 years in prison; five years for each count.

Unlike most of their former Enron colleagues, Howard and Krautz remained on the energy company's payroll after it crashed. They were fired in March 2003, the day their indictment became public.

Of the other three defendants, two are slated to be retried in September and the second trial of the third is postponed indefinitely pending an appeal to drop the case.

Jurors in the original trial gave up efforts to reach verdicts on all counts after four days of deliberations. The panel acquitted the technology defendants on a handful of charges, but were hung on the rest. Jurors were hung on all 15 counts of fraud and conspiracy that were pending against Howard and Krautz.

Of the other three defendants, former vice president Scott Yeager's May 30 retrial on charges of insider trading and money laundering has been postponed indefinitely pending an appeal. Joseph Hirko, former broadband unit CEO, and Rex Shelby, former senior vice president, face retrial Sept. 5 for conspiracy, fraud and insider trading.

Lay and Skilling are to be sentenced Sept. 11.

Judge Throws Out Charges Against Ex-Gateway CEO (WSJ)

By Kara Scannell

The Wall Street Journal, June 1, 2006

A federal judge threw out civil-fraud charges against the former chief executive officer of Gateway Inc., dealing federal regulators an unusual loss.

In a decision dated May 23 but made public Tuesday, Judge Roger Benitez of the U.S. District Court for the Southern District of California ruled that the Securities and Exchange Commission didn't offer sufficient evidence to support charges that former Gateway CEO Jeffrey Weitzen made material misstatements in a regulatory filing and subsequent news release for third-quarter 2000 earnings.

In granting Mr. Weitzen's motion for summary judgment, the judge rejected the SEC's theory that Mr. Weitzen's "substantial participation" and "intricate involvement" in the formulation of the regulatory filing was enough to hold him liable for false statements even though Mr. Weitzen didn't sign the quarterly filing.

"The court's decision was clear and unequivocal: There was no evidence to connect Jeff Weitzen to any of the alleged accounting or disclosure improprieties at Gateway. Mr. Weitzen should not have been charged in the first place," said his lawyer, Richard Marmaro of Skadden, Arps, Slate, Meagher & Flom LLP. An SEC spokesman declined to comment pending review of the decision.

In the opinion, the judge said the SEC relied solely upon Mr. Weitzen's signature on the management representation letter submitted to the company's auditor to prove his knowledge of a material false filing. "A reasonable fact-finder could not find this to be substantial in relation to the preparation of the entire quarterly filing. The SEC therefore may not impute any alleged misstatements in the Q3 2000 10-Q to Weitzen," the judge said.

The SEC in November 2003 sued Mr. Weitzen, former Chief Financial Officer John Todd and former Controller Robert Manza, charging them with fraud, lying to auditors and other securities-law violations in connection with a series of transactions that took place in the third quarter of 2000. According to the SEC complaint, the executives were involved in a series of revenue-recognition and accounting gimmicks to "close the gap" between analysts' expectations and the actual earnings, which were reported in the public filings. All three defendants left the company in 2001.

Gateway was also sued in 2003 and settled the allegations without a fine by agreeing to not violate securities laws in the future. The case against the two other defendants is pending.

It is a rare loss for the SEC, which has lately won a string of complex financial fraud cases against individuals and corporations. While the case raises questions about the theory pursued by the SEC, the decision may not be far-reaching on CEO accountability. CEOs and chief financial officers weren't required to certify quarterly and annual reports until the 2002 Sarbanes-Oxley law, which in addition to increasing the accountability of senior executives also made filing false certifications a criminal offense with sentences of as much as 20 years. Mr. Weitzen didn't sign the company's quarterly report and his case preceded the change in law.

A spokesman for the Irvine, Calif., personal-computer maker said: "Gateway wasn't a party to this case. While we're pleased with the recent developments, we put this matter behind us years ago and are focused on continuing to grow our business world-wide."

SEC, 15 Banks Settle Auction-Rate Bond Claims (WP)

By Otis Bilodeau

The Washington Post, June 1, 2006

DOJ_NMG_0030951

Citigroup Inc., Goldman Sachs Group Inc. and 13 other banks agreed to pay a total of $13 million to settle claims that they favored some customers in the $200 billion market for auction-rate bonds.

The firms violated securities laws from January 2003 to June 2004 by allowing customers to change their orders in the supposedly blind auctions and by giving select clients an advantage when deciding how much to bid, the Securities and Exchange Commission said yesterday.

A two-year investigation of the securities, whose rates are reset periodically by auctions, found industry-wide violations, Linda Chatman Thomsen, the SEC's enforcement chief, said in a written statement.

The SEC asked the brokerages two years ago to provide reports "detailing any potentially deceptive, dishonest or unfair practices," according to a memo sent to members in May by the Bond Market Association, the Securities Industry Association and the American Bar Association.

Firms in the settlement today also include Bear Stearns Cos., Lehman Brothers Holdings Inc., Merrill Lynch & Co., J.P. Morgan Chase & Co. and Morgan Stanley & Co.

The settlement also requires the firms to more fully disclose how they conduct the auctions and gives each firm's chief executive or general counsel six months to certify that they have implemented procedures to "prevent and detect" abuses, the SEC said. None of the firms admitted or denied wrongdoing.

Also yesterday, the Bond Market Association, the New York-based industry trade group, issued a draft of "best practices" for broker-dealers of auction-rate securities.

The draft sets the firms' obligations to issuers and investors, bidding by broker-dealers, and resales of auction securities by broker-dealers, Marjorie Gross, senior vice president and regulatory counsel at the Bond Market Association, said in a written statement.

"We're pleased to resolve the matter and are committed to ensuring our auction practices meet the highest industry standards," Citigroup spokesman Joseph Christinat said.

J.P. Morgan spokeswoman Kristin Lemkau could not be reached for comment. Morgan Stanley spokesman Mark Lake declined to comment.

Milberg Weiss Case Highlights Waiver Controversy (LAW)

By Leigh Jones, The National Law Journal

National Law Journal, June 1, 2006

As the government's demands for waiver of privilege in white-collar prosecutions have sparked the ire of attorneys worried about the sanctity of client communications, the waiver issue in the Milberg Weiss Bershad & Schulman case is presenting an especially prickly problem.

The recent announcement that a grand jury had indicted the securities class action giant and two of its partners was a triumph for prosecutors in the ongoing investigation. The government alleges that the firm paid clients more than $11 million in kickbacks to serve as plaintiffs in as many as 150 class action and derivative lawsuits.

But Milberg Weiss' case, while in some ways typical of recent corporate corruption prosecutions, also involves a key distinction -- because it is a law firm -- which some experts say makes the potential infringement on attorney-client communications all the more grave.

"The privilege issues are much more complicated, much more expansive," said Jonathan Polkes, a former federal prosecutor who practices white-collar defense at New York's Weil, Gotshal & Manges. "You're talking about a defendant that lives and dies by privilege."

The issue of waiver in what have become run-of-the-mill prosecutions against corporations has raised the hackles of both defense and plaintiffs attorneys. In April, American Bar Association President Michael Greco issued a statement saying that the attorney-client privilege was "under attack" by prosecutors coercing corporations to waive their protections to qualify for leniency by the government.

In addition, a bipartisan group of lawmakers is considering asking the U.S. Department of Justice to change its policy of demanding waivers as evidence of defendants' cooperation.

After U.S. Attorney Debra Wong Yang in the Central District of California announced an indictment on May 18 against Milberg Weiss, the law firm in its own statement asserted that prosecutors had demanded access to communications with its counsel, Zuckerman Spaeder of Washington, in exchange for deferred prosecution. Milberg Weiss' refusal to grant access to that communication led to its indictment, the firm said.

Also indicted were name partners David Bershad and Steven Schulman. In addition, some clients serving as plaintiffs in class actions have pleaded guilty to receiving kickbacks.

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Last week, sources involved in the case said that a reason Milberg Weiss did not waive its privilege was because its communication with Zuckerman Spaeder involved communication and work product related to Milberg Weiss' own clients and other attorneys. Milberg Weiss was not entitled to waive privilege with Zuckerman Spaeder because of its duty of confidentiality to Milberg's clients, the sources said.

In a written statement last week, a spokesman for Yang's office said that the U.S. Attorney would not comment on settlement discussions. The statement also said that "waivers of attorney-client privilege are requested in rare circumstances and only when justified by a need to obtain factual information that is not readily available through other means."

DIFFICULT ENTANGLEMENT

While it remains unclear exactly what caused deferred prosecution negotiations to collapse in the case, any request by prosecutors for Milberg Weiss' waiver of privilege likely was plagued by problems.

Professor Stephen Gillers of New York University School of Law said that two sets of communications -- those between Milberg Weiss and Zuckerman Spaeder and those between Milberg Weiss and its class action clients -- likely are entangled, which would make it difficult for Milberg Weiss to fulfill its duty of confidentiality to a client and simultaneously waive privileged communications with Zuckerman Spaeder. "It's asking Milberg to do what it cannot do," he said.

While Milberg Weiss is free to waive its own privileged and confidential protections, Gillers said, it is not free to waive the privileged and confidential protections of its clients.

Ironically, Milberg Weiss' situation regarding deferred prosecution, as it describes it, is one that some of the companies targeted by securities class actions have confronted. Like those corporations, it is facing the powerful leverage that the government has gained in white-collar corruption cases by dangling the threat of indicting the corporation, as opposed to the individuals working for it.

Practitioners and scholars point to the demise of one-time accounting giant Arthur Andersen as a seminal case. Charged, among other things, with shredding documents related to the Enron accounting fraud scandal, a criminal prosecution eventually felled the accounting firm, putting thousands of employees out of work. Since then, dozens of companies, including KPMG LLP, Computer Associates and Monsanto Co., have yielded to waiver requests and paid hefty settlements ostensibly to avoid the same fate as Arthur Andersen.

But the action against Milberg Weiss in some ways is "worse" than the Arthur Andersen case, said Greenberg Traurig attorney Leslie Corwin, whose practice focuses on ethical issues and business law. In Milberg Weiss' case, a waiver could give prosecutors access to the law firm's strategy in pursuing its class action litigation and other details about clients' representation, a situation that would violate "the most sacred right we have in the legal profession," he said.

"It involves the mental impressions, conclusions and legal theories of an attorney," Corwin said. He added that the federal rules preclude prosecutors from going after such information.

"Shame on them," he said.

But the option to defer prosecution is a choice, Polkes said. He acknowledged, however, the argument made by defendants that their choices are limited to waiving attorney-client privilege or risking the company's destruction if the government pursues criminal charges.

Particularly troublesome in the Milberg Weiss case, noted Polkes and others, is the difficulty the government has in parsing out a waiver request narrow enough to block out protected client communication, which theoretically could involve "every communication" between a firm's lawyers and its hired counsel, he said.

"The privilege waiver is potentially far less circumscribed," he said, comparing Milberg Weiss' situation to a typical white-collar investigation.

DO EXCEPTIONS APPLY?

Exceptions to an attorney's duty of confidentiality to its clients do exist, noted Gillers, with New York University. But he questions whether they would apply in Milberg Weiss' case.

A 1975 decision from the U.S. District Court for the Southern District of New York, In re Friend, 411 F. Supp. 776, held that an attorney who faced an indictment and sought a court order enabling him to reveal to a grand jury confidential documents related to the representation of a client could do so to avoid the stigma of an indictment. But that case involved disclosure of limited information about a single client, not the wholesale waiver apparently sought here, Gillers said.

In addition, the government could assert the so-called crime-fraud exception to the privilege, which would enable it to defeat a privilege claim on a case-by-case basis, if it could show probable cause to conclude that a client used the firm to commit a crime or fraud, he said.

The legal troubles that Jenkens & Gilchrist of Dallas and Sidley Austin have experienced with their involvement in the sale of allegedly illegal tax shelters may shed some light on Milberg Weiss' situation.

In those cases, clients of the firms sought to block their law firms from turning over to prosecutors what they argued was privileged information. But decisions in those cases have been mixed.

Washington Wire (WSJ)

Wall Street Journal, June 1, 2006

May 31, 2006, 5:27 pm

A Fight Over Homeland Security Funds

The Department of Homeland Security said intelligence about terrorism threats and risks was a key component to its decision-making process that awarded $1.7 billion of grants to states and cities to prevent and respond to attacks, and, to a lesser extent, disasters like hurricanes.

But many politicians and officials, especially from cities and states that saw cuts in funding this year, say they saw little intelligence in the department's grant program. "The Department of Homeland Security's decision to cut funding to New York by more than 40% is absolutely indefensible and disgraceful," said an outraged House Homeland Security Committee Chairman Peter King (R., N.Y.). "As far as I'm concerned, DHS and the administration have declared war on New York City, and I am going to fight this as hard as I possibly can."

King said the move raised "serious" questions about "the quality and sincerity of management at every level of the department."

Funding for all states except Florida and Nebraska was reduced. Read more. –Robert Block

May 31, 2006, 4:11 pm

Preparing to Process Illegal Immigrants

The immigration service says it's up to the job of processing the residency applications of millions of illegal immigrants who might be allowed to stay as part of the Senate immigration bill. But it worries that Congress will repeat a "confidentiality" provision that was in the last big immigration bill, 20 years ago, and preclude it from turning over to the police any criminal evidence it uncovers while processing illegal immigrants.

Emilio Gonzalez, director of the Citizenship and Immigration Services office, says Congress hasn't asked him how much money he'll need or what kind of documentation he'll ask of immigrants if a Senate bill that aims to grant permanent residency to perhaps eight million illegal immigrants also passes in the House. He said he would expect those issues, and other major details, to arise when Senate and House negotiators meet to reconcile differences in their immigration bills.

The office already is notorious for its huge paperwork backlogs and the long waits legal immigrants face for permanent residency. Gonzalez says the agency is studying "models" for the additional job of processing millions of illegal immigrants, including outsourcing some of the work.

He also defends the idea of charging immigrants hefty processing fees, contending that "American citizenship is worth the cost."

He frets, though, about congressional moves that would prevent his agency from turning over evidence of lawbreaking that it might uncover during processing of that huge group of illegal immigrants. That confidentiality provision was in a 1986 amnesty law for illegal immigrants, but doesn't apply to legal immigrants in their dealings with the agency.

Immigrant groups say people with criminal backgrounds aren't eligible for the program anyway — and certainly wouldn't come forward to face certain deportation. But neither may otherwise law-abiding immigrants, who could fear that the new law is a trap, says Cecilia Munoz of the National Council of La Raza, an advocacy group. But because some of the 9/11 hijackers were in the U.S. legally, the agency is wary of sitting on criminal evidence. "That's clearly inappropriate," says Gonzalez. –June Kronholz

May 31, 2006, 4:04 pm

Minding the Map and Money

"Managing Expectations." That's the subject line for a private memo House Democrats' campaign committee chairman, Chicago's Rep. Rahm Emanuel, circulated to his colleagues as they headed home for the Memorial Day recess week. With President Bush and the Republican-led Congress dragging in the polls, and Democrats growing cautiously optimistic about their chances of recapturing the House majority after 12 years, Emanuel noted that the Democrats "are headed into structural impediments (e.g. map and money)."

On the national map, he noted that Republicans' gerrymandering of House districts after the 2000 census has so limited the number of competitive seats that the nonpartisan Cook Political Report lists 35 such seats this year compared to 100 in 1994 — the year Republicans ousted the Democrats' majority. Democrats need a net gain of 15 to have a majority of the 435-member House. As for money, Emanuel said the Republican National Committee has a 4-to-1 cash advantage over the Democratic National Committee; Emanuel and his Senate campaigns counterpart, New York Sen. Charles Schumer, have sparred with DNC Chairman Howard Dean for funds since the RNC has promised millions for Republican House candidates.

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But Emanuel had good news on the money front, as well. The Democratic Congressional Campaign Committee "has the resources necessary to compete and Democratic candidates are in a better position financially than ever before," he wrote. The DCCC was nearly equal to House Republicans' committee in the most recent campaign-finance reports, with about $23 million. Candidates' most recent reports show that 40 Democrats challenging Republican incumbents have at least $250,000 on hand — 10 times the number of two years ago.

Citing several of the Democratic challengers by name, he claimed, "Democrats are succeeding in framing and nationalizing the debate this election cycle as a campaign for change." And citing last week's primary results in Indiana and Pennsylvania, Emanuel concluded, "it is clear that Democrats are energized and Republicans are demoralized." –Jackie Calmes

May 31, 2006, 3:51 pm

Higher Phone Bills?

Monthly bills of Internet and wireless-phone customers could be going up soon, under a plan proposed by Federal Communications Commission Chairman Kevin Martin.

The plan would require Internet phone companies to pay into a $7.3 billion federal fund that subsidizes phone services for low-income and rural consumers. Internet phone companies have never been required to directly pay into the fund before, which is one reason why they've been able to charge slightly less than some competitors.

The FCC is trying to shore up the federal Universal Service Fund, which subsidizes phone services. In August, the USF fee charged on high-speed Internet customers expires because of a decision last summer by the FCC to deregulate Internet lines. To make up for the expected revenue shortfall, which could run into hundreds of millions of dollars, Martin has proposed increasing the amount of revenue wireless and Internet phone companies would contribute into the fund, FCC officials say. Contributions by wireless companies would increase 9% under the proposal. Internet phone companies would also be required to directly fund the program for the first time, and at a much higher rate than wireless companies.

Phone companies pay into the fund but usually pass along those charges to consumers. The charge is usually listed as the Universal Service Fund line item on their bills. It's not clear how much more consumers would have to pay under the new plan. The increase could actually slightly lower bills for consumers who use traditional long-distance phone services, since it would increase the number of consumers actually paying into the fund.

Phone companies aren't happy about the change. They prefer a proposal floated by Martin to charge a per-phone number fee on all customers instead of tweaking the current system. That plan has stalled, however, under criticism by several special interest groups, including the NAACP and American Association of People with Disabilities, which say it would unfairly place more of a burden on low or fixed-income consumers.

The proposal to increase fees on wireless and Internet phones has begun circulating at the FCC, but it's not clear if work on it will be done in time for the agency's regularly scheduled meeting in two weeks. One reason for a potential delay: newly confirmed Republican Commissioner Robert McDowell, who would vote on the item, hasn't been sworn in yet. –Amy Schatz

May 31, 2006, 11:04 am

Senate Panel to Grill Fannie Executives

The Senate Banking Committee is calling Fannie Mae's current chief executive officer, Daniel Mudd, and former chief Franklin Raines to testify as early as next week on federal regulators' allegations that the giant mortgage company engaged in fraudulent accounting.

Also being asked to discuss their investigations are James Lockhart, acting director of Office of Federal Housing Enterprise Oversight, Fannie's main regulator, and Christopher Cox, chairman of the Securities and Exchange Commission. After Ofheo's report was released last week, Lockhart said he has directed Fannie's board to grab back any unjustified compensation paid to senior executives as a result of accounting misdeeds.

Committee Chairman Richard Shelby (R., Ala.) is planning a wide-ranging hearing, including probing whether Mudd is the right person to lead the mortgage giant. While not accused of wrongdoing, he was a senior Fannie executive for a few years during which the books were cooked. –Michael Schroeder

Big Bonuses Still Flow, Even If Bosses Miss Goals (NYT)

By Gretchen Morgenson

The New York Times, June 1, 2006

It was the kind of mistake that wage slaves can only dream of. Because of what the company called an "improper interpretation" of his employment contract, Sheldon G. Adelson, chairman, chief executive and treasurer of the Las Vegas Sands Corporation, received $3.6 million in salary and bonus last year, almost $1 million more than prescribed under the company's performance plan.

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Four more top executives of the Las Vegas Sands, which owns the Venetian Resort Hotel and Casino, received more than they should have. The total in excess bonus payments for the five men was $2.8 million.

The compensation committee of the board conceded that it had made an error. But it said that "the outstanding performance of the company in 2005" justified the extra money, and it allowed the executives to keep it.

Shareholders of Las Vegas Sands did not fare as well. The value of their holdings fell 18 percent last year.

As executive pay packages have rocketed in recent years, their defenders have contended that because most are tied to company performance, they are both earned and deserved. But as the Las Vegas Sands example shows, investors who plow through company filings often find that executive compensation exceeds the amounts allowed under the performance targets set by the directors.

Executives of companies as varied as Halliburton, the military contractor and oil services concern; Assurant, an insurance company; and Big Lots, a discount retailer, all received bonuses and other pay outside the performance parameters set by the boards of those companies.

It is the equivalent of moving the goalposts to shorten the field, compensation experts say.

"Lowering the hurdles is especially disconcerting because very often the goals are not set all that high to begin with," said Lucian Bebchuk, professor at Harvard Law School and author with Jesse Fried of "Pay Without Performance." Mr. Bebchuk said shareholders should be especially alert to increases in bonuses because more companies were shifting away from stock options and into cash incentives.

Some employment agreements actually stipulate that they will provide bonuses even if company performance declines. The agreement struck in 2004 by Peter Chernin, president and chief operating officer of the News Corporation, entitles him to a bonus even if earnings per share fall at the company. If earnings rise by 15 percent in any given year, Mr. Chernin's bonus is $12.5 million. But if they fall 6.25 percent, Mr. Chernin's bonus is $4.5 million, and an earnings decline of 14 percent translates to a $3.52 million bonus.

Last year, Mr. Chernin received $8.3 million in salary and $18.9 million in bonus pay. A company spokesman declined to comment on the bonus structure. He confirmed that the company's chief executive, Rupert Murdoch, has a similar bonus arrangement. Company filings show that Mr. Murdoch received a bonus of $18.9 million last year.

While bonus and other incentive pay figures are included in company filings, shareholders hoping to calculate precisely what performance objectives executives must meet to receive such pay can be confounded.

Descriptions of bonus targets are typically vague and often include a laundry list of measures that the board may or may not consider. The board may factor in sales, earnings, stock price, capital expenditures, cash flow, even inventory levels. Company officials often explain the practice by saying that too-specific information on performance hurdles can give away corporate secrets or invite rival organizations to lure executives away by offering them contract terms that are easier to achieve.

Compensation experts counter that lists of vague hurdles may allow carefully chosen measurements to be met in both fair weather and foul.

Indeed, shareholders often find that the performance measures used by the company to determine pay can be very flexible. For example, Assurant, which is based in New York, says its compensation committee can adjust incentive payments for extraordinary events, "including, but not limited to, acquisitions or dispositions of businesses, litigation costs, tax or insurance recoveries or settlements, changes to accounting principles, asset impairment and restructuring."

For bonuses paid in 2004, Assurant adjusted the earnings performance measure to exclude losses related to hurricanes along the Atlantic coastline. This adjustment helped to increase the company's net operating income and therefore raised bonuses to the company's executives in 2004.

It is impossible to pinpoint precisely how much the hurricane exclusion bolstered the Assurant executives' bonuses in 2004. Company filings stated that without two exclusions, one of which was the hurricane impact, bonuses would have been equal to half of their target. Thanks to the adjustments, bonuses were paid at 1.72 times their target.

As James F. Reda, an independent compensation consultant in New York, pointed out, shareholders cannot adjust their results for things like hurricane losses, or losses on divestitures or discontinued operations, all of which deplete shareholder equity.

"What a lot of these plans are trying to look at is core business, and it is a decent argument," Mr. Reda said. "But sometimes people get lazy and put all sorts of stuff in the restructuring bucket that don't belong there — like operating expenses. Once you give management a little wiggle room, being smart people, they can figure out ways to take advantage of it."

Often, company officials include everyday expenses — like those relating to sales and administration — in restructuring costs, making the company appear to be far more profitable.

In some cases, performance measures appear to reflect basic operational tasks expected of an executive, not something worthy of extra pay. Last year, Assurant's compensation committee chose four elements to determine whether its executives

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deserved a bonus. Three were fairly typical financial measures: net operating income, revenue growth and return on equity at the company.

The fourth measure, though, was how well Assurant's executives complied with Sarbanes-Oxley, the law enacted in 2002 after Enron and WorldCom collapsed. According to company filings, one-quarter of an executive's bonus calculation related to his or her "compliance with Section 404 of the Sarbanes-Oxley Act," a part of the law that relates to a company's internal financial controls.

Last year, J. Kerry Clayton, Assurant's chief executive; Robert B. Pollock, its president, and Lesley Silvester, an executive vice president, all received bonuses that were 1.62 times their targets.

The compensation committee of Assurant's board is headed by Beth L. Bronner, chief marketing officer of Jim Beam Brands, a division of Fortune Brands. She is joined on the committee by Charles John Koch, vice chairman of the board of the Citizens Financial Group; Michele Coleman Mayes, general counsel for Pitney Bowes, and John M. Palms, president emeritus of the University of South Carolina.

Melissa Kivett, head of investor relations at Assurant, said that the hurricane exclusions in 2004 were appropriate. Because of a substantial increase in Assurant's stock price, she said, "the compensation committee of our board felt that on this one occasion they needed to make an adjustment to net operating income to recognize and compensate management for this record performance."

As for the bonuses relating to Sarbanes-Oxley, Ms. Kivett said they were designed "to ensure that we had all the processes in place to meet compliance goals. The result was we did have a clean SOX opinion." She added that this year, the portion of the bonus related to Sarbanes-Oxley was smaller than it was in 2005.

But Paul Hodgson, senior research associate at the Corporate Library, an institutional research firm in Portland, Me., said paying a bonus for compliance with a law was unusual. "I can see making compliance a requirement," he said. "Because they were not a public company until 2004 they didn't have to comply with Sarbanes-Oxley before. But actually giving them a bonus for it is taking it a step further than my logic can let me go. Compliance with the law is part of your day-to-day work, not something you have to be incentivized for."

Another company that gave extra pay to executives for regular business activities was Halliburton. Its top executives received special bonuses last year for settling asbestos litigation in which the company was a defendant.

Halliburton's filings described the asbestos settlement as a "historical achievement" requiring a "tremendous amount of effort and sacrifices on the part of the employees who worked diligently over the last three years orchestrating and implementing this uniquely creative and complicated strategy."

In recognition of their performance, the company paid cash bonuses totaling $5.5 million to 36 employees. Among them were C. Christopher Gaut, Halliburton's chief financial officer; Albert O. Cornelison Jr., the company's general counsel, and Mark A. McCollum, the chief accounting officer. Mr. Gaut received $750,000, Mr. Cornelison received $1 million and Mr. McCollum received $50,000.

David J. Lesar, the company's chief executive, did not receive cash for his contribution to the asbestos settlement. He decided to take an option grant of 100,000 shares, worth $2.04 million at the time, as his extra pay for his settlement work.

Halliburton's compensation committee is made up of Robert L. Crandall, former chief executive of AMR, the parent of American Airlines; Kenneth T. Derr, the committee's chairman and a former chief executive of Chevron; W. R. Howell, a former chief executive of J. C. Penney; and Debra L. Reed, president of the San Diego Gas and Electric Company.

None of the directors returned phone calls seeking comment about the asbestos awards. Cathy Mann, a Halliburton spokeswoman, said: "This additional compensation was for the extraordinary amount of time and effort these individuals exerted, which was above and beyond what is normally expected of them in relation to their job responsibilities."

At least Halliburton and Assurant produced strong returns to shareholders last year before handing over more to executives.

Perhaps most exasperating to shareholders are bonuses to executives who fail to meet their basic performance targets. Consider what was paid to Dan W. Matthias, chief executive of Mothers Work, a maternity retailer, and his wife, Rebecca C. Matthias, the company's president.

According to the company's filings, Mr. and Mrs. Matthias were not entitled to either a cash bonus or an option grant during the year because the company failed to achieve the expected growth in earnings before interest, taxes, depreciation and amortization.

Each of the Matthiases, though, received a grant of 40,000 stock options in fiscal 2005, on top of half-million-dollar salaries. The company's compensation committee wanted to "recognize the progress made in the past year in both the development and launch of the company's strategic business initiatives, which included its Destination Maternity superstores and expansion of the company's relationship with Sears and a new tie with Kohl's, another retailer," its filing said.

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"The compensation committee believes that the stock options grant is consistent with aligning the interests of these senior executives with the stockholders and will serve to reinforce the importance of improving stockholder value over the long term," the filing said.

Those stock options, if they have not been cashed in, are now worth $2.8 million.

The compensation committee of Mothers Work is overseen by Joseph A. Goldblum, a private investor; David Schlessinger, founder of Five Below, a discount retailer; and William A. Schwartz Jr., chief executive of U.S. Vision, an optical products retailer.

A spokeswoman for Mothers Work said neither the company nor its directors would comment on the option grant.

"What is often missing in these after-the-fact changings of the bonus rules of engagement is a sufficient — or any — quid pro quo," said Brian Foley, an independent compensation consultant in White Plains. Mr. Foley suggests that companies instead delay paying part of the bonus or stretch out the performance period to link the payout to an improvement in performance.

Like Mothers Work, Big Lots paid bonuses to executives last year even though performance was lagging. Big Lots, a discount retailer based in Columbus, Ohio, is going through a restructuring and last year hired a new chief executive, Steven S. Fishman. Performance criteria set by the compensation committee were not met, its proxy filing pointed out.

Still, four executives received one-time bonuses in 2005, on top of other pay. Brad A. Waite, executive vice president of Big Lots, received a bonus of $375,000; John C. Martin, also executive vice president, received $279,000; Lisa M. Bachmann, senior vice president, received $187,500, and Joe R. Cooper, chief financial officer, received $175,000.

As the Big Lots filing explained, without those one-time bonuses, the executives' cash compensation would have been below the market average. The committee determined that the pay additions would not be excessive.

Big Lots' shares started 2005 at $12.13 and ended the year at $12.01. Charles W. Haubiel, general counsel at Big Lots, said the bonuses were given to keep the company's talent intact during a time of uncertainty. "The compensation committee identified a core group of executives," he said, "and devised a retention program that said if you stay on during the year during the C.E.O. search process, you will receive a retention bonus equal to the target bonus you are typically eligible for."

The compensation committee of Big Lots is headed by David T. Kollat, president of 22 Inc., a research consulting firm, who is also on the board of Wolverine World Wide, a shoe manufacturer, and Select Comfort, a maker of air-bed mattresses. The committee's other members are Brenda J. Lauderback, a former president of the wholesale division of the Nine West Group, a shoe maker, who is also on the board of Wolverine Worldwide and Select Comfort; and Dennis P. Tishkoff, chief executive of the Drew Shoe Corporation.

These examples indicate that companies do not always practice what they preach about pay for performance. As a result, investors must read company proxies closely.

Back at the Las Vegas Sands, for example, the company's regulatory filings say that executive bonuses will be paid only when they are earned. Bonuses are generated, the company said, "only upon the attainment of the applicable performance goals during the applicable performance period." The compensation committee of the Las Vegas Sands' board establishes both the goals and the period during which they are measured, the filings state.

Last year's $2.8 million mistake proves otherwise, however. The mistaken payout was equal to almost 1 percent of the company's earnings.

The unearned bonuses are notable not only because they followed $62 million in bonuses paid to the five men in 2004 (to reflect the "significant value" they created for shareholders when they helped secure financing for a mall at the Palazzo Hotel and Casino, adjacent to the Venetian). They are also striking because they cannot be justified as performance-based under the tax code. The extra bonuses therefore were not deductible as a business expense, making them more costly for shareholders.

The error did prompt a meeting on March 1 of the four-man compensation committee of Las Vegas Sands' board, its filings stated. The committee considered what to do about the overpayments, and a majority concluded that the company's performance supported them. One member of the committee dissented, the filing said: James L. Purcell, who retired as a partner at Paul, Weiss, Rifkind, Wharton & Garrison in 1999.

The members who voted to allow the executives to keep the unearned bonuses were Irwin Chafetz, a former executive at the Interface Group, a vacation tour operator that is owned by Mr. Adelson, Las Vegas Sands' chief executive; Charles Forman, a former executive at the Interface Group who is chief executive officer of the Centric Events Group, a trade show and conference business; and Michael A. Leven, founder of U.S. Franchise Systems, franchisor of Microtel Inns and Suites. Even though Mr. Chafetz and Mr. Forman have extensive affiliations, either present or past, with Mr. Adelson's Interface Group, they are considered independent directors according to New York Stock Exchange standards.

A company spokesman said that neither Mr. Purcell nor the other members of the compensation committee of Las Vegas Sands' board would comment on the bonus overpayments. Las Vegas Sands officials who might be able to discuss the bonuses were traveling and unreachable, he said.

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Mr. Foley, the independent compensation consultant, said he had never seen anything like the multimillion-dollar mistakes last year at Las Vegas Sands. "There's nothing like playing by the house rules," he said, "when you own the house, the chips, the rules and the croupiers."

CRIMINAL LAW:

Black Caucus Backs Jefferson's Staying Put (WT)

By Brian Debose

The Washington Times, June 1, 2006

Rep. William J. Jefferson has been asked by the House Democratic leader to step down from the Ways and Means Committee owing to the lingering FBI bribery investigation, but the Louisiana Democrat has refused and won the support of the Congressional Black Caucus (CBC).

"Mr. Jefferson has not been charged with anything, so to forcibly remove him from a seat on the Ways and Means Committee would be unprecedented," the CBC said in a statement.

The 42 House members and one senator in the black caucus have not publicly discussed the scandal surrounding one of their own, but several staffers of CBC members have told The Washington Times that some lawmakers see a double standard in the resignation demand by House Minority Leader Nancy Pelosi, California Democrat.

The staffers said that she has made no similar demand for Rep. Allan B. Mollohan, West Virginia Democrat, who also is involved in an ethics scandal, to step aside from the House Appropriations Committee.

Mr. Jefferson has been upset with Mrs. Pelosi since she rejected his 2002 request to become chairman of the Democratic Congressional Campaign Committee in favor of her fellow California Democrat, the now-deceased Rep. Robert T. Matsui, who seconded her candidacy to become the party leader.

Mr. Jefferson has proclaimed that he is not guilty in the bribery case and has not been charged, but a former staffer and two associates have pleaded guilty to bribing him and helping his family members' business interests in Africa in exchange for favors. The FBI raided his office last month, touching off a tense battle between Congress and the Justice Department.

Mrs. Pelosi said she asked Mr. Jefferson to step down "in the interest of upholding the high ethical standard of the House Democratic Caucus." But she has not moved to remove him forcibly and likely will not, said a Democrat staffer, because that would take a full vote of the House.

"She could also ask for a vote of no confidence by the entire Democratic Caucus," the staffer said, but added that this also is unlikely.

The Jefferson bribery investigation comes while Democrats have tried to tag the Republican majority as one engaged in a "culture of corruption" and "unethical behavior." But the issue has also caused problems internally because of the perceived disparity in the way Mr. Jefferson and Mr. Mollohan are being disciplined, said some staffers of CBC members.

A conservative group in West Virginia called for an investigation into Mr. Mollohan's dealings with a distant cousin, who used his connection to the congressman to win work with a nonprofit that Mr. Mollohan established and a federal contract in his district that was pulled for noncompliance in the late 1990s.

The cousin, Joseph L. Jarvis Jr., owes the nonprofit $67,681 in unpaid rent, but he jointly owns 27 condominiums in the Remington, a building in Washington, worth $8 million. In addition, the inquiries delve into other foundations that Mr. Mollohan has established that collectively have received millions in federal tax dollars through the appropriations process.

Despite the apparent smell of pork-spending for personal gain, Mr. Mollohan has not been asked to step down from his seat on the House Appropriations Committee.

A Democratic House staffer said the cases are different, noting that Mr. Mollohan "cooperated" with the House leadership and voluntarily gave up his spot as ranking Democrat on the House Standards of Official Conduct Committee. The staffer also noted that the FBI has refused to confirm that Mr. Mollohan is being investigated, that no associates or staffers have pleaded guilty to anything and that there are no reports that he had been caught on tape taking bribes or making deals.

The black caucus, however, is not so sure that that removes the perception of a double standard, because Mr. Mollohan's position as an appropriator is a key part of the investigation.

"They basically asked him to step down from ethics, and he said, 'Thank you,' " one staffer said.

Op-Ed: Lawmakers' Offices Not Immune From Searches (BSUN)

By Steven P. Grossman

The Baltimore Sun, June 1, 2006

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In a rare demonstration of bipartisan cooperation, House Speaker Dennis Hastert and House Minority Leader Nancy Pelosi together criticized the FBI's search of the office of Rep. William J. Jefferson, the Louisiana Democrat who is under investigation in connection with the alleged acceptance of bribes.

How heartwarming it is that two people who seem to agree on little that can benefit the country have come together to defend the right of their colleagues to have some sort of special immunity from search warrants issued to uncover crimes committed by legislators. They said the investigators, like the investigated, are not above the law. A noble thought, but one that needs to be examined.

The Justice Department did obtain a search warrant to authorize the search of Mr. Jefferson's office. In other words, investigators prepared a sworn statement that demonstrated to a judge that there was probable cause, meaning it was more likely than not that there was evidence of a crime to be found in the congressman's office.

According to an FBI affidavit, agents videotaped Mr. Jefferson meeting about receiving money in exchange for favorable treatment of a business venture in Nigeria. It said he was shown being handed a briefcase containing $100,000 in cash and later was found to have secreted $90,000 in his refrigerator. The New Orleans congressman has not been charged with a crime.

The role of the courts in the warrant process cannot be overstated. The framers of our Constitution wrote the Fourth Amendment to protect us from illegal searches and seizures.

There are two separate and independent requirements the government must meet before it searches a private home or business. The first is that there must be probable cause for the search. The second is that the government must obtain a warrant from a magistrate authorizing and properly limiting the search.

The reason the framers included the warrant requirement was that they saw the courts as the intermediary between the forces of law and order and the citizenry.

They did not want the government intruding on people's privacy rights and freedoms based on a law enforcement officer's determination of whether probable cause existed. It is for this reason that President Bush's arguments in favor of wiretapping and telephone interceptions (considered to be searches under the Fourth Amendment) without seeking proper authorization from a judge have been so widely and correctly criticized.

Despite laws specifically designed to facilitate and speed up the process by which the government can obtain warrants from magistrates always at their disposal for these purposes, the Bush administration has invaded people's privacy rights without obtaining judicial permission. If you want to worry about government overreaching, worry about this.

Some critics of the search have legitimate concerns about the separation of powers between government branches and particularly express concern that such searches can be too political and too broad and can uncover documents not connected with the investigation and which the proper workings of government require to be kept private.

That is why we have courts and why the framers imposed requirements not just to authorize a search but also to ensure that the search is limited in scope and duration. The courts for years have limited searches in this way.

For example, in authorizing searches of newspaper offices for evidence that could assist a criminal investigation, the Supreme Court has made it clear that such searches must be limited in ways designed to minimize the likelihood that material protected by the First Amendment's freedom of the press requirement will be disturbed.

The same type of minimization requirements should be imposed when the courts authorize the search of a legislative office. There is nothing in the Fourth Amendment or case law, however, that immunizes congressional offices from legitimate government searches.

Despite Fourth Amendment protections, abuses can occur in obtaining and executing a search warrant for a legislator's office. But such abuses can and do occur every day when search warrants are used in criminal investigations. Such abuses tell us that we must be more vigilant than we have been in avoiding these abuses. They do not, however, tell us we should stop searching.

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Office Raid Looking A Lot Like Overkill (NOTP)

By James Gill

New Orleans Times-Picayune, June 1, 2006

The question is on everyone's lips, but New Orleans criminal defense lawyer Pat Fanning asks it with rare eloquence.

Quoting from his e-mail here, "If they really do have video and audio tapes of the cash transaction, 90 large in the freezer, two rat flips dying to throw up all over poor Billy Boy, a good-looking, kajillionaire do-gooder for a victim, numerous other tapes and documents etc., etc. then what in the hell could be so damned important in Dollar Bill's office that they couldn't live without it?"

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The feds aren't saying. Although they released the affidavit that secured the warrant to search the Capitol Hill office of Rep. William Jefferson, D-New Orleans, the section listing the evidence they sought was blacked out. Putting the affidavit in the public record before Jefferson has even been charged with a crime was an unusual move, but then this was a historic moment, the first time the G-men ever barged into the Rayburn Building.

It's not every day that Republicans take up the cause of an allegedly crooked Democrat either, but that is what the federal raid wrought. Such was the bipartisan squawk in Congress that President Bush, though brushing aside demands that the seized evidence be returned, did order the Justice Department not to take another gander at it for 45 days.

In what was decidedly not a first, the protesting members of Congress spouted a great deal of pishtosh, denouncing the raid as contrary to the separation of powers principle and a violation of the Constitution's speech and debate clause.

That clause stipulates that "for any Speech or Debate in either House, they (members of Congress) shall not be questioned in any other Place." Neither that, nor any other provision of the Constitution, seems to have been written in order to thwart the investigation of public bribery.

It is unlikely in any case that many voters bought the line that the brouhaha was over constitutional principle. This Congress has meekly acquiesced in too many executive power grabs to be taken seriously on that issue. Many citizens will assume the worm turned because dark secrets lurk in the recesses of other congressional offices.

If the raid generated sympathy for Jefferson in Congress, it does not seem to have had the same effect anywhere else. Still, the Justice Department will need to have uncovered some pretty juicy evidence if the raid is to be worth the resentment it stirred up in Congress and the consequent distraction and delay.

The affidavit filed with the warrant application gives the strong impression that the feds have enough on Jefferson to send him away for many years -- maybe, he being 59 years old, the rest of his life. Whatever else they found in their latest raid could hardly have made his plight any worse. So far as Jefferson is concerned the feds are just running up the score, although it may be that his files contained evidence against accomplices unknown to the public.

Legal experts speculated that the raid may have been staged to pressure Jefferson into a deal. But it is hard to imagine that, even with a guilty plea, Jefferson would be offered a sentence to jump at. Two accomplices have reached plea deals of their own and agreed to testify against Jefferson . The first of them to be sentenced, his former congressional aide Brett Pfeffer, just got eight years.

Although Pfeffer's sentence will probably be reduced if his testimony pleases prosecutors at trial, it does provide a benchmark that Jefferson might contemplate with a shudder. As the alleged criminal mastermind, Jefferson would have to get significantly more for his guilty plea than Pfeffer got for his, especially as judges like to tack on extra time for betrayal of the public trust. Jefferson is in such deep trouble that he might have little to lose by rolling the dice at trial.

Federal investigations are always reminiscent of molasses in February, but we are all wondering now what else is required for an indictment. The feds got Pfeffer, they got Vernon Jackson, who has confessed to paying serious sweeteners and they got Lori Mody a "good-looking kajillionaire" to Fanning but a "cooperating witness" in official parlance. Mody wore a wire when handing over $100,000 in cash that investigators say had been requested to bribe a Nigerian official but most of which was later discovered in a freezer when the FBI raided Jefferson's Washington residence.

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James Gill is a staff writer. He can be reached at (504) 826-3318 or at jgill@timespicayune.com.

Noe Pleads Guilty To Federal Campaign Fund-raising Charges (COLDIS)

By Mark Niquette, The Columbus Dispatch

Columbus Dispatch, June 1, 2006

Coin dealer faces likely 2-year prison sentence

TOLEDO -- Indicted coin dealer Thomas W. Noe pleaded guilty today to illegally using friends and associates to funnel $45,400 to President Bush's re-election campaign.

Noe changed his previous not-guilty pleas to three federal charges to "guilty" during a hearing before U.S. District Judge David A. Katz.

Katz delayed sentencing Noe until after a presentence report is completed, but authorities said that advisory guideline call for two to two-and-a-half years in prison plus possible fines.

Noe had faced up to 15 years in prison and fines up to $950,000 if convicted on all counts but can receive a reduced sentence for admitting responsibility. Federal prosecutors said they also plan to seek additional penalties for the loss of public confidence in the presidential election process.

Noe, 51, read a brief statement before pleading guilty, saying he came to court to voluntarily accept responsibility and to spare his family and friends the embarrassment of further court proceedings.

The former Maumee coin dealer pleaded not guilty after being indicted last October and was set to stand trial July 24. But he notified the court last month he wanted to change that plea.

Prosecutors said Noe circumvented the $2,000 federal limit on individual contributions by giving his own money to 24 people as "conduits" to donate illegally to Bush in their names.

Noe carried out the scheme to fulfill a pledge to raise $50,000 for the Bush-Cheney campaign at a 2003 fundraiser in Columbus, according to the indictment.

The former Maumee coin dealer was listed by the Bush-Cheney campaign as one of 19 Ohio "Pioneers" -- someone who raised at least $100,000 for the campaign.

Noe faced one count of conspiracy to violate the Federal Election Campaign Act, one count of violating the act and one count of causing the Bush-Cheney campaign to file a false campaign finance report.

Federal officials have said it is the largest conduit scheme ever prosecuted under new campaign-finance restrictions passed in 2002 and "one of the first and most important examples" of federal efforts to crack down on such activity.

"(It is) one of the most blatant and excessive campaign-finance criminal schemes we have encountered," Noel Hillman, head of the Justice Department's public-integrity section, said last fall after Noe's indictment.

Federal authorities have said that conduits -- or the "super conduits," who recruited other conduits in the scheme -- typically aren't prosecuted in such cases if they cooperate against the main target.

Even so, four current or former Toledo-area public officials who have been identified as conduits could face state ethics charges related to not reporting the money received from Noe. A special prosecutor has been appointed in that matter.

Separate from the federal case, Noe also faces 53 state felony counts related to his handling of an ill-fated $50 million investment in rare coins and other items for the Ohio Bureau of Workers' Compensation.

The charges against Noe include theft, forgery and engaging in a pattern of corrupt activity. Auditors determined more than $13.5 million was misspent.

Noe has pleaded not guilty to those charges and is free on bond. His trial is scheduled for Aug. 29 in Lucas County Common Pleas Court in Toledo, although Noe has asked to have the trial moved to another county because of pre-trial publicity.

Noe Pleads Guilty To Illegally Funneling Donations To Bush (TOLB)

By MIKE WILKINSON And STEVE EDER, BLADE STAFF WRITERS

Toledo Blade (OH), June 1, 2006

Former GOP fund-raiser Tom Noe admitted today that he used politicians, former aides to Gov. Bob Taft, coworkers, and friends to illegally pour thousands of dollars into the effort to reelect President Bush.

Noe entered a guilty plea before U.S. District Court Judge David Katz in Toledo to all three felony charges he faced for violating federal campaign finance law. Appearing with his sister and brother-in-law and three attorneys, Noe was calm and responsive to Judge Katz' questions during the 47-minute hearing.

Then, in a brief, 10-second statement, Noe said he voluntarily agreed to change his plea "to accept responsibility to spare my family and friends the further embarassment of any additional court proceeding. Therefore, I plead guilty."

No date was set for sentencing pending a pre-sentencing report to the judge. Noe, who lives in Florida, remains free on $350,000 bond.

With the admission, Noe faces a maximum of five years in prison on each count, but likely faces 24-30 months in prison. He also faces a potential fine of nearly $1 million, and possibly probation.

John Pearson, an assistant U.S. Attorney in the public integrity section of the Justice Department, said he would seek an even harsher penalty for Noe because of the "potential loss of public faith in the presidential race."

Noe, 51, was indicted in October on three charges related to the funneling of more then $45,000 into the Bush campaign at a $2,000-a-seat fund-raiser in Columbus in October, 2003. The Bush campaign later named Noe a “Pioneer” for raising at least $100,000 overall.

At the time of his indictment, a senior Justice Department official said the Noe case represented the largest campaign money-laundering scheme prosecuted by the U.S. Justice Department since new campaign finance laws were enacted by Congress in 2002.

The Noe probe identified several current and former politicians as “conduits,” including Toledo City Councilman Betty Shultz, Lucas County Commissioner Maggie Thurber, former Toledo mayor Donna Owens, and former state representative Sally Perz.

All face potential state ethics charges for failing to disclose the money from Noe. He still faces more than four dozen other charges in Lucas County Common Pleas Court on allegations that he stole millions of dollars from two rare-coin funds he managed for the Ohio Bureau of Workers' Compensation.

Coin Dealer Awaits Federal Sentence With State Case Pending (AP)

By ANDREW WELSH-HUGGINS, Associated Press Writer

AP, June 1, 2006

TOLEDO, Ohio — A prominent GOP fundraiser no sooner pleaded guilty to breaking federal campaign finance law than he began fighting to stay out of prison with his trial over the state's ill-fated $50 million coin investment looming.

Tom Noe, also at the center of a state political scandal, pleaded guilty Wednesday to charges that he illegally funneled about $45,000 to President Bush's re-election campaign.

The investment scandal has been a major embarrassment for Ohio's ruling Republicans and has given Democrats a better shot this year at winning state offices, including the governor's office that the GOP has held since 1991.

Once a powerful political figure who raised hefty sums for a slew of Republicans, Noe admitted arranging a contribution scheme to fulfill his promise to generate $50,000 for a Bush fundraiser.

Noe said Wednesday that he decided to plead guilty to "spare my family and many dear friends" the ordeal of a trial. The former Toledo-area coin dealer who now lives in the Florida Keys remained free on bond.

Noe, 51, is charged in state court with stealing up to $1 million of the coin investment he managed for the state insurance fund for injured workers. He has pleaded not guilty and is scheduled for trial Aug. 29.

Noe's attorney argued his client's access to lawyers before that trial is crucial. Prosecutors told U.S. District Judge David Katz the upcoming trial was no reason to delay Noe's sentencing on the federal conviction.

"The fact he has other state charges does not mean he should receive special treatment for better or for worse," said John Pearson, an attorney with the U.S. Justice Department's public integrity unit.

Katz said he'll decide after reviewing court officials' sentencing report.

Prosecutors told Katz they would recommend a total sentence of two years to 2 1/2 years for all three convictions. The maximum sentence is five years in prison on each of the three counts and a combined $950,000 in fines.

Noe took the conviction in stride, chatting with family members on a bench outside the courtroom before the hearing began and making occasional calls on his cell phone.

Investigators have not said whether Noe used money from the state coin fund for campaign contributions. Pearson said Wednesday that wouldn't be a factor in determining Noe's federal sentence, but he added prosecutors would ask for a lengthier sentence because the case may have caused a loss of confidence in the presidential election.

Noe was charged with exceeding federal campaign contribution limits, using others to make the contributions and causing the Bush campaign to submit a false campaign-finance statement. Prosecutors said Noe gave $45,400 to 24 friends and associates who made the campaign donations in their own names, allowing him to skirt the $2,000 limit on individual contributions.

Assistant U.S. Attorney Seth Uram said Noe told his friends to tell investigators that the money was a loan. At least four told investigators they knew what they were doing was illegal, he said.

Noe wrote several checks just under the cap to avoid suspicion because he knew the scheme violated campaign finance laws since he had received literature from the Bush campaign outlining the federal rules, Uram said. Noe wrote the checks in the eight days leading up to a fundraiser in October 2003 at a downtown Columbus hotel.

Among those who donated money that came from Noe were several Toledo area officeholders and a former mayor. A lawyer for three said they were not in danger of being charged because they cooperated with investigators.

Investigations into Noe's coin investment, first reported in April 2005 by The Blade newspaper, led to Gov. Bob Taft's no contest plea and conviction in August to charges he accepted golf outings and other gifts that he didn't report.

Noe personally contributed more than $105,000 to Republicans including Bush and Taft during the 2004 campaign. The Bush-Cheney campaign donated $6,000 it received from Noe and his wife, Bernadette, to charity. The rest of the money donated at the Bush fundraiser in October 2003 remains with the Republican Party.

Democrats criticized Bush for keeping the contributions, with Ohio Democratic chairman Chris Redfern calling for the money to be donated to the state workers' comp bureau.

Aaron McLear, spokesman for the Republican National Committee, which represents the inactive Bush campaign, said the group is waiting for a directive it expects from the court about what to do with the money.

Associated Press writer John Seewer in Toledo contributed to this report.

FBI Arrests 2 Pa. Legislative Aides (WP)

By Maryclaire Dale

The Washington Post, June 1, 2006

DOJ_NMG_0030963

PHILADELPHIA -- The FBI arrested two men who did computer work for a powerful state senator Wednesday on charges that they permanently deleted e-mails to thwart a federal investigation.

Leonard P. Luchko and Mark Eister performed electronic "wipes" of computers at Sen. Vincent J. Fumo's Senate offices, his home at the New Jersey shore and at a nonprofit with deep ties to Fumo, the FBI alleged in an affidavit.

"This was a deliberate, systematic and ultimately successful effort to interfere with a federal investigation," U.S. Attorney Patrick Meehan said. "We have to assume that valuable information is lost forever."

The document does not name Fumo and he has not been charged, but Meehan said the probe is not over. The affidavit refers to an unidentified senator who clearly is Fumo.

Luchko and Eister, employees of a state Senate entity that provides computer services to its Democratic members, are charged with obstruction of justice.

The aides' lawyers say they were just doing their jobs, securing the privacy of communications. Prosecutors, however, say e-mails were deleted as the FBI demanded files as part of their grand jury investigation into Fumo's links to the nonprofit.

"Boss is driving us ALL nuts with this FBI madness," Luchko wrote in a June 2004 e-mail, according to court documents. Prosecutors allege that Luchko wrote to Eister to same day, saying Fumo wanted all e-mail between him and his Harrisburg staff deleted weekly.

The investigation centers on whether Fumo used his office to extort corporate donations for the Citizens' Alliance for Better Neighborhoods, which benefits Fumo's South Philadelphia district. Investigators are trying to find out if the senator "benefited both politically and personally from expenditures made" by the nonprofit, according to court documents.

The nonprofit, which has helped finance charter schools and refurbished run-down properties in South Philadelphia, has obtained millions of dollars in donations from powerful entities that lobby the Legislature.

Prosecutors say they have numerous e-mails from third-party sources that show Fumo used the nonprofit to funnel money to projects and causes important to him.

Fumo, the ranking Democrat on the Senate appropriations committee, is one of the most influential politicians in Harrisburg. He has said requests for donations to Citizens Alliance were efforts to help his district and did not influence his policy positions.

"The government has made it clear that it will go to any length to get Senator Fumo," Fumo's lawyer, Richard Sprague, said in a statement. "These two individuals arrested today are unfortunately victims of the process of attempting to get the senator. Their trials will prove that."

Luchko, 49, of Collingdale, and Eister, 36, of Camp Hill, were arrested at their homes before daybreak, the FBI said. They were released on bail, ordered not to talk to Fumo staff members and told to return to court next week.

Luchko's lawyer, James C. Schwartzman, said he was surprised to learn of the arrests because he had repeatedly offered to have his client surrender. He promised to fight the charges and said Luchko was not under any pressure to please Fumo.

Eister's lawyer, Brian McMonagle, said his client routinely deleted e-mails for security reasons long before the FBI probe.

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On the Net:

http://www.citizensalliance.us/

2 Fumo Aides Charged With Cover-up (PHI)

By Craig R. Mccoy, Emilie Lounsberry And Mario F. Cattabiani

The Philadelphia Inquirer, June 1, 2006

Stepping up the pressure in their investigation of State Sen. Vincent J. Fumo, federal agents yesterday arrested two low-level aides and charged them with a scheme to obstruct justice by hiding the senator's e-mails from the FBI.

The arrests, the first in the three-year investigation, were seen as a hardball move by federal prosecutors: an attempt to squeeze the computer technicians into striking deals and testifying against Fumo.

At 6 a.m., FBI and IRS agents rousted Leonard Luchko, 49, and Mark Eister, 36, taking them in handcuffs to the federal courthouse in Center City.

The two men were accused of wiping e-mail and other evidence from computers used by Fumo, his staff, and a wealthy nonprofit with ties to Fumo, Citizens' Alliance for Better Neighborhoods.

There was more: Prosecutors released a richly detailed, 65-page FBI affidavit that quoted e-mails from the two technicians, saying they were following Fumo's orders.

"The FBI probe into the Senator has really set him off," Luchko wrote in one message found by the FBI. "... He wants all the Blackberries wiped."

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U.S. Attorney Patrick L. Meehan said that the deletions amounted to a "pervasive, deliberate and continual effort to stifle the investigation."

Meehan would not discuss Fumo's future, but he did say the inquiry was still under way. "I would suggest we're not finished with this yet," he said.

The affidavit also provides the government's first public disclosure of the scope of its investigation: whether Fumo was "engaged in extortion" in trying to get corporate contributions for Citizens' Alliance, and whether any of those contributions were used to benefit Fumo politically or personally.

Possible crimes in the case could include extortion, conspiracy, mail and wire fraud, honest-services fraud and tax crimes, the affidavit said.

Fumo's attorney said the two technicians were "unfortunate victims" of a campaign to bring down the powerful Philadelphia Democrat. "The government has made it clear that it will go to any length to get Senator Fumo," attorney Richard A. Sprague said.

Sprague said prosecutors stitched together "inaccurate and disputed facts" to draw a falsely sinister conclusion. He suggested the two men were merely following routine data-destruction procedures put in place years earlier.

Fumo, 63, who has served in the state Senate for 27 years, was not available for comment yesterday. Fumo "stands by his employees," Sprague said.

Fumo, who has not been charged with wrongdoing, is not named in the affidavit; he is referred to only as "the Senator." Details in the document make it clear that the senator is Fumo.

Defense lawyers for the two men said their clients have nothing to say to prosecutors. "They better come up with a better plan, if that's the plan," said Brian McMonagle, Eister's attorney.

Luchko, of Collingdale, and Eister, of Camp Hill, near Harrisburg, each face a maximum sentence of five years in prison if convicted. Luchko showed little emotion during a brief hearing yesterday. Eister appeared stunned. They were released on their own recognizance.

Luchko is paid $64,438 by the state. Eister makes $62,125. Both joined Fumo's large technical staff in the late 1990s.

As The Inquirer has reported, prosecutors in the investigation have sent a target letter to Ruth Arnao, a former top aide to Fumo who is executive director of Citizens' Alliance. In the parlance of federal prosecutors, a "target" refers to someone who is likely to be indicted.

In previous court hearings, prosecutors have alleged she, too, participated in the destruction of documents.

Assistant U.S. Attorneys Robert A. Zauzmer and John Pease are leading the prosecution. Zauzmer said yesterday that the lost documents had taken a toll on the inquiry. "They haven't destroyed it, but we have to assume that valuable information was lost forever," he said.

The investigation began focusing on the corporate donations after The Inquirer reported in 2003 that Peco Energy Co. - engaged in negotiations with Fumo about deregulating electricity rates - had secretly given $17 million to Citizens' Alliance.

Fumo sought money from Verizon Communications at a time when he was backing away from a plan to break up the company. Verizon refused to contribute.

While federal authorities said they ultimately seized 84,000 e-mails during the probe, they said fewer than 125 pertained to Citizens' Alliance.

They said that this showed how pervasive were the deletions and computer wipes, using products with names like SecureClean and PGP Free Space.

How, then, did the prosecutors learn about the deletions?

According to prosecutors, the software experts failed to follow their own instructions and delete their own e-mails.

Prosecutors said they also recovered e-mails from "third-party" recipients, such as outside political consultants.

The affidavit was written by FBI agent Vicki Humphreys; she and agent Kathleen McAfee are the lead agents in the probe.

In the document, Humphreys repeatedly cites the publication dates of Inquirer articles - and then tracks deletions and system wipes that followed.

In November 2003, The Inquirer published its first investigative articles on the nonprofit.

The following month, the affidavit said, Luchko wrote in an e-mail that Fumo had "called me into his office today and told me to start going around and checking everyone's computer and make sure they were not saving his mail."

On Jan. 25, 2004, after The Inquirer reported the federal probe was under way, Luchko sent a mass e-mail to Fumo and staff saying Fumo had ordered tighter computer security.

"The FBI probe into the senator has really set him off," he wrote in another e-mail that night. "He wants us to start doing a number of security checks starting tomorrow... . He wants all of the Blackberries wiped... . S- has [definitely] hit the fan."

At one point, Luchko wrote: "He REALLY wants that mail gone." He added that if Fumo "goes [down], we all go down."

He also justified the deletions, saying the FBI was out to get Fumo. "I don't blame the senator. The FBI is really coming at him hard and he is innocent. I truly believe that or I wouldn't do this."

In 2004, the nonprofit turned over 10 boxes of records to the FBI in response to a subpoena - but "conspicuously" few e-mails, the affidavit says.

While arresting the two technicians, federal authorities have granted immunity to a third technician, Don Wilson, who is cooperating with the probe.

Wilson, identified in the affidavit only as Person No. 1, has told a grand jury that Fumo "knew that we were deleting" and was aware that evidence was being wiped from hard drives, the document says.

He said he would not have engaged in deletions without Fumo's "knowledge and blessing," the document says, though it provides no details.

White-collar defense lawyers called the arrests a textbook effort to pressure Eister and Luchko to cooperate in the probe.

Dan Richman, a former prosecutor who teaches at Fordham University Law School, called the level of detail in the affidavit "extraordinary."

"This seems to be a clear and very public demand for cooperation from the defendants, sooner rather than later," he said.

James C. Schwartzman, who represents Luchko, said his client did nothing wrong and would fight the charges. He questioned why prosecutors had opted to arrest Luchko at a home he shares with his elderly mother at 6 a.m. - when Schwartzman had offered to have him surrender if charges were filed.

Fumo has praised Citizens' Alliance for its work improving a business district in South Philadelphia and supporting a charter school. But Fumo allies have in the past sought to distance him from the nonprofit, pointing out that he holds no official position with it.

In fact, the affidavit states, Fumo was "directly involved in managing and controlling" the affairs of Citizens' Alliance. The document says authorities are investigating whether the charity illegally spent money on politics.

Among other actions, the affidavit said, Fumo directed that $25,000 of the charity's money be used for a Pittsburgh program that would "help garner political support for a politician there whom the senator supported."

The nonprofit also paid $250,000 for political polling, and, sources said, it spent $17,000 to secretly finance a lawsuit against a Fumo foe in the legislature.

Fumo has long been a dominant force in Harrisburg, renowned for his ability to build alliances - and his just-as-legendary feuds. During his years in politics, Fumo has been criminally charged twice. In 1973, he was charged with voter fraud, but the charges were later withdrawn.

In 1980, he was convicted on charges of placing "ghost employees" on the state legislative payroll, but a judge later tossed out the verdict.

As Pressure Mounted, A Scramble To 'Wipe' (PHI)

By Mario F. Cattabiani

The Philadelphia Inquirer, June 1, 2006

As FBI agents dug deeper into Vince Fumo's world, the powerful state senator appeared to be feeling the pressure.

In June 2004, according to an FBI affidavit, Fumo e-mailed a top political consultant with a task: Find out what an attorney representing a utility was telling federal authorities.

The lawyer probably wouldn't talk because of attorney-client privilege, the consultant said. Fumo - long known for tight alliances and his tough temper - didn't like the answer.

"FRIENDS are supposed to help FRIENDS!!! Not give them that kind of bulls-!!!" Fumo e-mailed the consultant. "... Ask anyway, so that we will know if we have a future friend or an enemy in your current friend!!! There is no middle ground on this one!! You know how serious and almost life threatening this is... . We will never forget. One way or the other. And right now they owe us big time!!!"

Chock full of anxious e-mails and gritty politics, the FBI affidavit detailing the federal investigation into Fumo gives a previously unseen glimpse into the inner workings of the senator's office, staffed by a loyal and tight-lipped community that lived in fear of the lawmaker, as he lived in fear of prosecutors.

The document portrays Fumo as a politician who tracked the ongoing news coverage of the probe "minute by minute," and implemented changing security measures over two years.

BlackBerrys and servers were wiped clean with the latest software. So, too, were Fumo's computers, even those he kept at his two Shore homes, prosecutors said.

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In March 2004, Leonard Luchko - one of the aides charged yesterday - corresponded with an executive at the company that makes Pretty Good Privacy software. He wanted to know if someone could detect that the software had been used to delete files.

"[If] I wiped a computer and the next day someone confiscated would they be able to tell it was wiped at all?" he asked. Given the lack of data, it probably would be detected, the executive said.

"I can't help you... Lets hope they are not sophisticated enough to notice," the executive wrote back.

FBI forensic analysis showed, the affidavit said, that the program was run on the senator's office computer in Philadelphia two months later.

Don Wilson, one computer aide who was granted immunity, has told the grand jury that Fumo was concerned that the FBI might utilize "Carnivore," a surveillance program that could track all computer keystrokes.

He had his aides install software to neutralize that threat, the affidavit said.

The demands took their toll on his top computer aides, whom the affidavit depicts as feverishly trying to meet Fumo's increasing demands for security.

On Jan. 25, 2004, the day The Inquirer ran a front-page story on the federal probe, Luchko sent an e-mail to other Fumo staffers. It read "The FBI probe in the Senator has really set him off..."

Fumo had just requested all staff BlackBerrys be wiped clean. What's more, aides were to do a deep cleaning of all laptop computers, known as a "DOD" wipe, so-called because it uses the standards of the Department of Defense to ensure destruction of all files.

By June of that year, Luchko wrote his supervisor complaining "Boss is driving us ALL nuts with this FBI madness."

Earlier, Luchko complained to another Fumo staffer who had not been deleting e-mails: "You really have to clean your mailbox up this is the kind of s- that can get us in trouble."

In an e-mail headed "venting," Luchko wrote to an unnamed staffer that Fumo "has us doing stuff that I know is going to come back and bite us in the a-... . I don't blame the Senator the FBI is really coming at him hard and he is innocent I truly believe that or I wouldn't do this..."

By February 2005, Luchko and Mark Eister - the other aide charged - had gotten cocky about their efforts. Luchko e-mailed Eister, saying he believed the FBI would try to lift e-mails from the computer of Ruth Arnao, a former Fumo aide and the director of the nonprofit Citizens' Alliance for Better Neighborhoods.

"Good Luck to them because they are going to need it," he wrote, adding in a subsequent e-mail: "They aren't getting s- off that PC..."

Feds: E-mail Deletions Were Obstruction (PHI)

By Michael Hinkelman

The Philadelphia Inquirer, June 1, 2006

As the FBI ratcheted up the pressure on state Sen. Vince Fumo, his aides destroyed years worth of e-mails from his office computers, federal prosecutors charged yesterday.

Two state Senate computer-service employees were arrested at their homes early yesterday and charged with obstruction of justice in the ongoing federal probe of Fumo and a Fumo-backed community organization.

Leonard Luchko, 49, of Collingdale, who was assigned to Fumo's Tasker Street district office, and Mark Eister, 36, of Camp Hill, who worked in Harrisburg, allegedly destroyed e-mails and other electronic evidence in an attempt to thwart federal investigators.

Luchko and Eister deleted e-mails from computers in Fumo's Senate offices, from his Jersey shore house and from the Citizens Alliance for Better Neighborhoods, the FBI alleged in a 65-page affidavit.

Attorneys for Luchko and Eister said their clients had not committed any crimes and were simply doing their jobs.

The two men, wearing T-shirts and jeans, appeared before U.S. Magistrate Judge Charles P. Smith yesterday and were later released on bail and ordered not to talk with Fumo staffers or witnesses in the probe. Both men are due back in court next week.

James Schwartzman, an attorney for Luchko, said Luchko intends to fight the charges. Asked if he thought the feds were trying to get his client to cooperate with their investigation of Fumo, Schwartzman said: "I would say that's probably a good guess."

Eister's attorney, Brian McMonagle, said his client would be "going to trial and hopes he can meet a fair-minded jury that can tell the difference between a guy doing his job and a criminal conspirator."

Senate rules require staffers charged with crimes related to their jobs to be suspended without pay. It wasn't clear last night if either Luchko or Eister had been suspended. The charging papers for Luchko and Eister detail the lengths to which the two allegedly conspired to thwart the federal probe.

Luchko wrote an e-mail on Dec. 1, 2003, to 24 members of Fumo's staff, including Ruth Arnao, the executive director of Citizens Alliance, and sent a copy to Fumo. The e-mail told staffers they were not to save any e-mails to and from the senator under "ANY circumstance."

Arnao has received a letter from prosecutors identifying her as a target of the investigation.

Luchko also instructed staffers using BlackBerry devices to set up a time with him or a staffer identified as "Person No. 1" in the affidavit "so we can wipe them."

"Person No. 1" is Donald J. Wilson, a computer technician who works in Fumo's Tasker Street office, sources familiar with the probe said.

Wilson has been granted immunity from prosecution. He testified before the grand jury that Fumo "knew that we were deleting the mail out of people's accounts" and that the senator approved it.

Federal authorities declined to comment on Wilson.

Luchko also suggested that Fumo was preoccupied with keeping the FBI away from his e-mails, according to the charges.

In an e-mail to his supervisor in June 2004, Luchko wrote: "Boss is driving us ALL nuts with this FBI madness. My life just got so complicated it isn't even funny and the killer is I can't tell anyone about it."

Fumo clearly felt the heat from FBI investigators.

In a June 8, 2004, e-mail, the affidavit states, Fumo asked a politcal consultant to try to find out from a utility-company attorney what the FBI was investigating. The consultant told him the lawyer probably would decline on attorney-client privilege grounds.

"Ask anyway so that we will know if we have a future friend or an enemy," Fumo wrote in one note. "There is no middle ground on this one!! You know how serious and almost life threatening this is."

Meanwhile, in Harrisburg, Eister allegedly was taking steps similar to Luchko's in Philadelphia.

In June 2004, he instructed all Fumo staff members in Harrisburg to delete e-mail to and from the senator.

U.S. Attorney Patrick Meehan said the campaign to erase the e-mails had created a "roadblock" for federal investigators.

Federal prosecutors, the FBI and the IRS have been investigating Fumo for more than three years to determine if he extorted payments from corporations on behalf of Citizens Alliance, and whether he benefited politically and personally from Citizens Alliance's spending practices.

Fumo has said that he did nothing wrong and that the donations were simply to help his district.

FUMO UNDER FIRE (PHI)

By Dave Davies

The Philadelphia Inquirer, June 1, 2006

RICHARD NIXON was forced to resign the presidency in 1974 not because of the Watergate burglary, but because he participated in its coverup.

Martha Stewart went to jail in 2004 not for insider trading, but for misleading the FBI.

Could state Sen. Vince Fumo face a similar fate?

For three years, a sprawling grand jury investigation of Fumo has delved into yacht trips, property transactions and secret payments to a nonprofit community organization.

But the first charges in the case - against two Fumo aides yesterday - presented information that Fumo participated in a yearlong effort to hide and destroy information sought by the FBI.

Fumo was not charged, and his attorney, Richard Sprague, said in a prepared statement that the feds had presented "inaccurate and disputed facts" in their obstruction-of-justice case against the two low-level employees.

But the 65-page affidavit prosecutors made public yesterday could not have been comforting to Fumo, who predicted at a Harrisburg press lunch in March that the probe would "go nowhere."

There are numerous references to Fumo in the charges against Leonard Luchko and Mark Eister, accused of waging a campaign to destroy e-mails and other electronic evidence after the FBI began looking at Fumo and Citizens Alliance for Better Neighborhoods, a non-profit organization associated with Fumo.

"The FBI probe into the Senator has really set him off, he wants us to do a number of security checks..." Luchko wrote in a January 2004 e-mail.

"Boss is driving us ALL nuts with this FBI madness," he wrote at another point.

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If authorities hope to build an obstruction-of-justice case against Fumo, it would be far stronger if they had the testimony of Eister and Luchko, whose e-mails suggest they received instructions directly from Fumo.

The procedure used to charge the two may be specifically designed to put pressure on them and other Fumo associates to cooperate with investigators.

Eister and Luchko were charged not in an indictment, but in a criminal complaint, with an accompanying affidavit.

Two former prosecutors said that typically provides more information about an investigation than an indictment, since the affidavit must convince a magistrate to issue an arrest warrant.

"To a certain extent, that's a press release," said former federal prosecutor Dan Lyons.

"It may be a way of sending a message to other low-level people out there that it's time to start cooperating. It could put out the word that 'We're not going away, and we may be coming after you next,' " he said.

The affidavit mentions more than a dozen other people, without identifying them by name, who had contact with Fumo or the two aides on issues related to the charges.

In addition to presenting the obstruction-of-justice case, the affidavit makes it clear authorities have substantive information about Fumo and his relationship with Citizens Alliance.

Fumo secured a $17 million payment to Citizens Alliance from Peco Energy in connection with the settlement of a rate case.

The federal affidavit says the investigation focuses in part on "whether the Senator engaged in extortion" in extracting the contribution, and whether Citizens Alliance "spent money for the Senator's personal benefit and for political activities," violating its tax-exempt status.

Fumo has always denied any wrongdoing, and Sprague's statement yesterday said, "The government has made it clear it will go to any length to get Senator Fumo."

Citizens Alliance has long argued that it is not controlled by Fumo, but the affidavit cites 10 e-mails that "demonstrate that the Senator controls and directs" Citizens Alliance's "payments to persons and entities that are important to the Senator."

The affidavit says that in a series of e-mails in 2000 and 2001, Fumo directs Citizens Alliance to purchase properties in South Philadelphia and that "he instructs an aide that he alone would decide which properties are to be purchased..."

U.S. Attorney Patrick Meehan yesterday said, "We are going to diligently pursue this from this point forward, and I would suggest that we're not finished yet."

Among other areas of the FBI investigation:

· Why Citizens Alliance paid $17,000 to finance a lawsuit against state Sen. Robert Jubelirer, a Fumo foe, challenging Jubelirer's acting as lieutenant governor while holding his Senate seat. The suit was unsuccessful.

· Fumo's negotiations in 2002 with the Swedish furniture retailer Ikea over its effort to open in South Philadelphia.

· Why a subsidiary of Citizens Alliance paid $215,000 for political polling, then got reimbursement from a political-action committee after feds began looking into the organization's activities.

· Fumo's securing of state grants for the Independence Seaport Museum and his use of a luxury yacht owned by the musuem. Fumo eventually repaid the museum for use of the vessel.

FBI Arrests Fumo Aides (PTR)

By Richard Gazarik, TRIBUNE-REVIEW

Pittsburgh Tribune-Review, June 1, 2006

A federal investigation appears to be targeting Democratic state Sen. Vincent Fumo, after a grand jury indicted two legislative aides for allegedly destroying evidence in an investigation of the 63-year-old politician.

A powerful Senate leader, Fumo has been a major political player in Harrisburg and Philadelphia for 28 years. He is the ranking Democrat on the Senate Appropriations Committee.

FBI agents on Wednesday arrested Mark Eister, 36, of Camp Hill, Dauphin County, and Leonard P. Luchko, 49, of Collingdale, Delaware County, charging them with obstructing justice in the systematic destruction of e-mails sent to and by Fumo.

They also are accused of electronically cleansing the hard drives of 17 computers and hand-held communication devices used by Fumo, his staff and employees of Citizens Alliance for Better Neighborhoods, a Philadelphia nonprofit linked to Fumo that is at the center of the investigation.

Fumo's attorney, Richard A. Sprague, released a statement saying that an affidavit released by federal authorities took statements out of context and included inaccurate and disputed facts.

"The fat lady has not yet sung, and the arrests are not the end of the ball game," Sprague said. "These two individuals arrested today are unfortunately victims of the process of attempting to get the senator. Their trials will prove that."

The arrests follow the notification of former Fumo aide Ruth Arnao that she is a grand jury target for allegedly destroying e-mails. The FBI seized financial records of Citizens Alliance, where Arnao serves as executive director.

The government is investigating whether Fumo used Citizens Alliance for political and personal gain.

An unidentified grand jury witness, testifying under grant of immunity, said Fumo's aides discussed destroying communications in case the FBI seized computer hard drives. According to the indictment, Fumo feared "the FBI was going to show up" one day. Agents seized computers from Fumo's Philadelphia and Harrisburg offices in 2004.

Testimony indicated Fumo ordered Eister and Luchko to increase computer security, and personally ordered a computer system cleansing to erase incriminating e-mails. One e-mail shed light on Fumo's frame of mind.

"BOSS is driving us ALL nuts with this FBI madness," Luchko wrote.

In another e-mail, Luchko admitted deleting the e-mail to protect Fumo.

"I don't blame the Senator the FBI is really coming at him hard and he is innocent I truly believe that or I wouldn't do this...."

Luchko also accused the FBI of trying "to manufacture stuff so they can justify the many hours and money spent on a fruitless investigation."

Luchko then added: "Delete it after you read it."

The destruction of the e-mails spanned a 23-month period from 2003-05 and was undertaken, according to the indictment, to prevent incriminating material from falling into FBI hands.

Investigators also are looking into whether Fumo used his position as senator to extort payments from Philadelphia-area corporations on behalf of Citizens Alliance, long a recipient of Fumo's financial largesse.

The nonprofit received $17 million from Peco Energy Co. and $10 million from the Delaware River Authority in 2004 after Fumo brokered secret deals with the two organizations. Investigators are trying to determine whether the money was linked to Fumo's decision to drop a challenge to Peco's deregulation plan and merger with a Chicago-based utility. Fumo is a board member of the Delaware River Authority.

Citizens Alliance also received millions of taxpayers' dollars through Fumo's intercession from a legislative slush fund. Using public money, Citizens Alliance purchased a street sweeper to clean the streets in Fumo's neighborhood. The group also started a charter school and formed a corporation that has bought property worth millions in a section of South Philadelphia.

The FBI grew suspicious that someone in Fumo's employ was destroying evidence because agents examined 84,000 e-mails and recovered an "extremely limited amount" pertaining to the investigation of Fumo and Citizens Alliance.

"That confirms that the effort to destroy such communications was successful," said an FBI affidavit.

But by obtaining e-mails from third parties, the FBI recovered the deleted messages, "which demonstrates that the senator was directly involved in managing and controlling the affairs of (Citizens Alliance)."

Investigators believe Fumo also used the organization's money to help other politicians.

Citizens Alliance gave $25,000 to a "program in Pittsburgh that will help garner political support for a politician there, whom the senator has supported," the affidavit states. It does not name the politician.

Richard Gazarik can be reached at rgazarik@tribweb.com or (724) 830-6292.

Ex-Aide Left Out Details Of Ties To Lobbyist (NYT/AP)

By The Associated Press

The New York Times, June 1, 2006

Three officials of the General Services Administration testified that a Bush administration executive left out important details about his relationship with the lobbyist Jack Abramoff, including information about a weeklong golf excursion to Scotland and England. Based on representations by the executive, David Safavian, the officials told a jury in Federal District Court in Washington that they approved the proposed trip for him and closed an investigation of the trip the year after it took place. Mr. Safavian, who was the chief of staff to the administrator of the G.S.A. at the time of the trip, is facing five counts of lying to investigators. Each of the three prosecution witnesses said they would have wanted to know from Mr. Safavian that at the time of the trip Mr. Abramoff was interested in two pieces of property controlled by the services administration.

Prosecution Nears End Of Case Against Safavian (GOVEXEC)

By Jenny Mandel

Government Executive, June 1, 2006

A General Services Administration ethics official and the agency's former general counsel testified Wednesday in the trial of David Safavian, former Office of Management and Budget procurement policy chief, as the government neared the end of presenting its case on his involvement with disgraced lobbyist Jack Abramoff.

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Eugenia Ellison, a lawyer who administers GSA's ethics program, testified that she handled then-chief of staff Safavian's request for an ethics opinion in order to join Abramoff and others on a golfing trip to Scotland in 2002. Safavian is charged with lying in the information submitted for that clearance, and with obstructing two later investigations into the matter.

Ellison described how she had reached the decision to clear Safavian's participation based on his description of the outing hosted by Abramoff, a friend and former colleague, as a four-day golfing expedition in which Safavian would pay all costs associated with meals, hotels and greens fees. Airfare, Safavian indicated, was being provided by Abramoff on a private jet, and none of the eight people on the trip would be contributing to cover that cost.

Safavian also indicated that Abramoff had no business before GSA.

Ellison said she approved the gift of airfare for the trip because Abramoff was an old friend of Safavian's and because of Safavian's attestation that the lobbyist worked only on Capitol Hill, which together meant that Abramoff was not a "prohibited source" according to federal regulations.

In a barrage of questions from Justice Department lawyer Nathaniel Edmonds, Ellison indicated she had been unaware that Abramoff was at the time seeking to lease GSA-controlled land in White Oak, Md., for a school he had founded, that he had expressed interest in the GSA-controlled Old Post Office Pavilion in downtown Washington, D.C., and that he had sought to influence GSA policy regarding the consideration of Indian tribes under a classification of disadvantaged businesses.

Ellison said had she known those things at the time, they could have influenced the outcome of the ethics decision.

An official ethics decision, if based on a full and accurate disclosure of relevant facts by the requesting individual, provides a "safe harbor" protection for that person if a subsequent investigation shows that government regulations were not properly followed. Ellison indicated that agency ethics opinions cannot grant such immunity if a criminal infraction is found, but the Justice Department can take into consideration that professional ethical advice had been sought.

Raymond McKenna, GSA's general counsel and the person who formally issued the opinion researched and drafted by Ellison, testified that after the opinion had been issued, Safavian indicated in private conversation that he had decided to pay the cost of the airfare. Safavian eventually paid $3,100 for the trip, far short of his share of a trip estimated to total $140,000.

Questioned as to whether Abramoff's activities with respect to the Old Post Office would have been relevant to whether he was a "prohibited source" for gifts, McKenna said, "The legal advice would have been incomplete, at the very least," without that information.

Neither McKenna nor Ellison recalled a conversation with Safavian to probe for further details on the trip beyond what Safavian had initially provided in his written request for an opinion, but both said such a conversation would have been required based on questions that arose from his initial communication, and it was clear from the opinion ultimately issued that some such communication had taken place.

In questioning, Safavian's lawyer suggested that Ellison may have inadvertently added a short clause -- that Abramoff was not "seeking to do business" with GSA -- to Safavian's statements in the course of writing the ethics opinion. Some have interpreted this more expansive language as lending support to the prosecution's argument that Safavian misled federal and Senate investigators.

Wednesday's witnesses came on the heels of a Tuesday appearance by Neil Volz, former chief of staff to Rep. Bob Ney, R-Ohio. Volz is a key Justice Department witness, having pleaded guilty to charges that he deprived the public of his honest services. He is cooperating in government investigations in hopes of reducing a possible five-year jail term.

Prosecutors intended to call two additional witnesses, investigators with the Senate and the GSA inspector general's office, to round out their case before Safavian's lawyer, Barbara Van Gelder, begins her defense.

At Safavian Trial, You Can't Tell The Players Without A Scorecard (WP)

By Dana Milbank

The Washington Post, June 1, 2006

Fore!

The way things are going at the David Safavian trial this week, don't be surprised if, in the coming days, a golf cart bursts into Courtroom 29A of the federal courthouse and a pair of Scotsmen ask if they can play through.

"A lot of discussion in this case is about golf," defense lawyer Barbara Van Gelder observed as she cross-examined an FBI agent in the case, the first trial in the sprawling Jack Abramoff bribery scandal.

"That is correct," replied the agent, Jeffrey Reising.

That is also a whopping understatement. Officially, Safavian, a former senior Bush administration official, is on trial for accepting favors from Abramoff while helping the lobbyist penetrate the General Services Administration -- and then lying about it to investigators. But the case is as much about well-tended greens as ill-gotten green: the twosome's obsessive golfing friendship, particularly a lavish golfing trip to Scotland's St. Andrews in 2002 on Abramoff's tab.

Stephen Perry, a former GSA administrator, was called to the stand. "Do you play golf?" queried prosecutor Peter Zeidenberg.

"I don't know if you could really call it golfing," Perry replied, admitting that he played with Safavian at Andrews Air Force Base.

"You played golf with Mr. Abramoff?" the prosecutor wanted to know.

"Yes," the witness admitted, though he said he thought they were only put in the same foursome by "coincidence."

"Nine holes or 18?" Zeidenberg pressed.

"Eighteen," Perry confessed.

The FBI's Reising had to answer a similar line of questioning. "Do you recall what Mr. Safavian's handicap was?" Zeidenberg queried.

"Twenty-three."

Zeidenberg mentioned that Abramoff listed Safavian's handicap and that of fellow golfer Rep. Bob Ney (R-Ohio) as only 18.

"I don't recall what Jack Abramoff reported to the Old Course about what Congressman Ney's handicap was," the earnest agent replied.

When Neil Volz, the felonious former Ney chief of staff, took the stand, the trial turned into a slide show from the Scotland trip. Ney narrated: "That's myself and David. . . . This is on kind of a famous bridge before the 18th hole. . . . We are in front of the clubhouse. People watch you play golf and it ruins your game."

Prosecutor Nathaniel Edmonds flashed a picture of the legendary St. Andrews rough. "This is more a picture of the grass," Volz testified.

"Why did you take that photo?" Edmonds inquired.

"Because I probably lost 17 or 18 balls in the grass."

Edmonds established that each round of golf was about $400 per person. "Did you ever see [Safavian] pay greens fees or tip the caddy?"

"I did not," the witness said.

A thick stack of e-mails between Abramoff and Safavian -- which prosecutors have used to demonstrate Safavian's aid to Abramoff as he tried to acquire GSA properties -- also describes a golfing partnership in which regular rounds during the workday were par for the course.

"Can't pull weekday golf until I'm a bit more ensconced as chief of staff," Safavian writes.

"Loser!" Abramoff replies. "I told you to come with me and not the gov!! You'd be playing golf non-stop."

"I can't seem to find the golf cart I lent you," Abramoff says in one e-mail.

"Jack," writes Safavian. "My handicap is a 23. My home course is Springfield Golf and Country Club in Springfield, Virginia. Do you want to try to play Sunday morning or late afternoon?"

"Want to see the new clubhouse at Woodmore?" Abramoff offers.

"Do you want me to see if Steve Perry wants to join you?" Safavian wants to know.

In July, 2002, Abramoff sends Safavian a blank e-mail with the subject line "Golf Friday? Golf Monday? Golf Sunday? Golf golf golf!!!"

"CAN YOU THINK OF A FOURTH?" Safavian asks Abramoff hours before a round in August.

Finally, the men were ready for a change. "Want to go to the Redskins game on Sunday?" Abramoff offered. Safavian countered with a racquetball- and-lunch proposal.

The winter came and Abramoff made Safavian another offer. "I'll be in Florida for the Nickles tournament. (Join me?)"

"I am a hard working civil servant," Safavian replied, "and I have the people's business to do."

Fortunately, the people did not ask him to play golf. For all his practice, his 23 handicap ranks him as a confirmed duffer. This complicated the case for defense lawyer Van Gelder, who is trying to argue that "David was just a golfing guy," not a crooked official.

The endless talk about faraway fairways seems to have teed off the jurors. Yesterday, the judge dismissed juror No. 13, who was a no-show. Juror No. 3 was losing a battle with sleep. But the lawyers pressed on, quizzing GSA official Eugenia Ellison for hours about the ethics of the Scotland golf trip.

She read from Safavian's e-mails seeking permission to take the trip. "I . . . have been invited by a friend and former colleague on a trip to Scotland to play golf for four days," Ellison read. "I will be paying for all my hotels, meals and greens fees."

But Safavian didn't, and now he's in big trouble. Or, as they might say on the Old Course, he's lying triple bogey in the bunker with a large water hazard before the green.

Prosecutors: Dixon Had Extorted Before Waltz (TENN)

By BONNA De La CRUZ, Staff Writer

The Tennessean, June 1, 2006

His defense attorneys say he was entrapped, but prosecutors said Tennessee Waltz defendant Roscoe Dixon had previously extorted money from a business wanting to take part in TennCare.

A Memphis Democrat, the former state senator is the first of the original defendants from the Operation Tennessee Waltz bribery sting to go to trial. His case is being heard in federal court in Memphis.

In his opening statement, Dixon's attorney Coleman Garrett said the proof will show Dixon was entrapped by the government.

"At the end of this case, the question will be whether the government induced the defendant to commit criminal acts he was not predisposed to commit," Garrett said.

In creating the fake company E-Cycle, which was run by undercover FBI agents, the government in turn created the conspiracy, Garrett said.

Conversely, prosecutors outlined their case that Dixon willingly took bribes.

Dixon and alleged "bagman" Barry Myers, who has already pleaded guilty, figured they could pull off extorting money from E-Cycle in part because of its wealth, "but they were really certain they could pull it off because they had done it before," Assistant U.S. Attorney Tim DiScenza said.

The two men had previously demanded and received payment from government informant Tim Willis for a legitimate company he worked for, called Children's Dental Clinic, to be credentialed into TennCare, DiScenza said.

Willis had been motivated to help the FBI in part because he had been found to have fabricated invoices while working for the Shelby County Juvenile Court clerk's office, the prosecutor said.

For more on this story, check Tennessean.com later today or pick up tomorrow's Tennessean.

Prosecution: Dixon Feared Getting Caught; Defense: E-Cycle Is True Criminal (MCA)

By Lawrence Buser

Memphis Commercial Appeal, June 1, 2006

Federal prosecutors today told a federal court jury that former state senator Roscoe Dixon is "a pretty wily character" who used a middle man to help distance himself from illegal payoffs to avoid getting caught.

Dixon, 56, is charged with conspiracy, extortion and bribery in an undercover FBI operation known as the Tennessee Waltz. His defense attorney told jurors the case was built on entrapment and that Dixon had served his constitutuents honorably for 22 years.

The two-year investigation resulted in the indictments of 10 people, including five present or former state lawmakers.

Federal prosecutor Tim DiScenza told jurors Dixon and his associate, Barry Myers, thought a fictitious company named E-Cycle Management Inc. was a well-heeled business that needed "political juice" to be successful in Tennessee. He said Dixon and Myers made up a criminal partnership intent on using Dixon's position to make money without getting caught.

"What they didn't know was that E-Cycle management was an FBI operation," the prosecutor said. "Mr. Dixon was a pretty wily character. As Barry Myers described him, he was paranoid about getting caught."

Dixon is accused of accepting $9,500 in payoffs in exchange for promoting legislation favorable to the bogus computer recycling company.

Myers has pleaded guilty and is expected to testify in the trial.

Defense attorney Coleman Garrett said it was E-Cycle that was a "criminal element." He said the government set up a business to entrap certain people, including Dixon, and that the proof will be that E-Cycle ought to be the defendant in the case.

Garrett called the FBI informants, including political broker Tim Willis, "a pack of con men."

He said the government didn't investigate corruption, they created it, and at the end of the trial, the jury will be thinking that Dixon should be suing the government for malicious prosecution.

Prosecutors played audio and video recordings made in 2003 involving Dixon, Myers and Willis discussing payments Dixon would need to help get a children's dental clinic into the TennCare program. Willis was hired as a lobbyist for the clinic.

In one secretly made videotape on July 8, 2003, in Dixon's Memphis office on Pillow Street, Willis hands Myers a stack of cash with Dixon behind his desk in the near background. FBI agent Brian Burns said he had given Willis $4,000 before the meeting to be used in gaining Dixon's support as chairman of the TennCare Oversight Committee.

In an effort to deflate the defense claims of entrapment, prosecutors said the tapes show Dixon was predisposed to criminal behavior before he was investigated and charged in the Tennessee Waltz public corruption investigation.

Trial Begins For Tenn. Lawmaker (NYT/AP)

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By The Associated Press
The New York Times, June 1, 2006
Filed at 12:33 a.m. ET

MEMPHIS, Tenn. (AP) -- A former state senator thought he could get away with taking bribes because he had done it before, a prosecutor told jurors Wednesday.

The defense countered during opening statements that former Roscoe Dixon was snagged by overzealous government agents and set up by "a pack of con men ... trying to save their own hides from going to jail."

Dixon is one of five current or former state lawmakers charged in a bribery and extortion sting called Tennessee Waltz. He is the first of the five to go to trial, although a former House member pleaded guilty and is in prison.

Barry Myers, whom prosecutors called a "bag man" for Dixon, testified Wednesday that Dixon took bribes for legislative favors but insisted on someone else handling the money.

"Sen. Dixon has always been cautious," Myers said.

Myers is awaiting sentencing on a guilty plea to passing along bribes from undercover FBI agents to Dixon and state Sen. Kathryn Bowers, who is also charged.

Also Wednesday, a secretly recorded video showing a meeting between Dixon and Myers and government informant Tim Willis was played for the jury. In the video, Willis hands $4,000 in cash to Myers and then talks to Dixon about needing help winning state certification for dental clinics for children on TennCare, the state's medical program for the poor and uninsured.

Dixon promises to help but does not touch the money.

"After the meeting was over, we split it," Myers testified.

The meeting in Dixon's office in Memphis in 2003 was part of an investigation into TennCare contracts. Parts of that investigation were rolled into Tennessee Waltz, a probe that began in 2004 and focused on a bogus company, E-Cycle Management, that was set up by the FBI.

Dixon is charged with pressing E-Cycle representatives for $9,500 in bribes handled for him by Myers. Dixon was not charged in the dental clinic investigation.

Breaking News: Defense Attorneys Say Dixon Entrapped In Bribery Sting (CHATTFP)

By Andy Sher, Nashville Bureau
Chattanooga Times Free Press, June 1, 2006

MEMPHIS — Attorneys for former state Sen. Roscoe Dixon portrayed the Tennessee Waltz defendant today as a victim of politically motivated entrapment, but prosecutors said Mr. Dixon previously took bribes to help a company seeking TennCare business.

Opening statements and initial testimony painted two very different pictures of Mr. Dixon, 56, who is one of nine persons charged in the FBI's bribery sting unveiled a year ago.

Defense attorney Coleman Garrett told jurors in his opening statement that FBI agents and the FBI-created company E-Cycle Management Inc., which agents used in the cash-for-favors sting, really were the "main conspirator" and not his client.

"E-Cycle was a criminal enterprise created, concocted and conceived by the federal government .. for the specific purpose of entrapping certain political figures," Mr. Garrett said.

But Assistant U.S. Attorney Tim DiScenza told jurors the government entrapped no one. He said then-Sen. Dixon and his "protege," alleged "bagman" Barry Myers, were "pretty sure they would be able to pull this off. They were really certain they could pull it off because they had done it before."

He said then-Sen. Dixon took bribes from FBI informant Timothy Willis to help Forba LLC, which was doing business in Tennessee as Children's Dental Inc. Forba was a real company and Mr. Willis their duly registered lobbyist.

But Forba officials knew nothing about the bribes, Mr. DiScenza said. Uncomfortable with the setup, the FBI then went and created E-Cycle Management, through which undercover agents allegedly offered Mr. Dixon $9,500 in bribes to help with an electronic equipment recycling bill, he said.

Secretly Taped Video Used In Dixon Trial (WMC-TV)

WMC-TV, June 1, 2006

The secretly taped video dates back to July 2003, way before Operation Tennessee Waltz rocked Tennessee politics. Prosecutors say it shows another corruption scheme playing out with Roscoe Dixon front and center.

"This is a fight over money and who gets it," Dixon is heard saying on the tape.

At the time, Dixon was a state senator and chairman of the TennCare Oversight Committee. The tape allegedly shows him accepting cash from FBI informant Tim Willis through confessed bagman Barry Myers. Willis was a lobbyist for a children's dental

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clinic operated out of this Memphis building. Prosecutors say he paid off Dixon in order to get the clinic into the TennCare program.

"I don't want to take the lead, but I will vote for it," Dixon says on the tape.

"The prosecutor will do his job and I'll do mine to the best of my ability," Dixon's attorney, Coleman Garrett, said during a break on Wednesday.

Garrett was counting on an entrapment defense for Dixon, arguing in opening statements that the government didn't investigate corruption, they created it.

But the government believes the videotape, along with audio recordings, prove Roscoe Dixon's predisposition to criminal behavior.

Operation TN Waltz: Former State Senator's Trial Starts (WPTY-TV)

WPTY-TV, June 1, 2006

Eyewitness News is in the federal courtroom Wednesday as opening statement begin in the trial of former state Senator Roscoe Dixon.

The jury was seated yesterday.

The trial is the first as part of the Operation Tennessee Waltz sting by the FBI last year.

Dixon is accused of taking $9500 in bribes from FBI agents. The agents were working undercover posing as lobbyistis for E-Cycle, a computer recycling company.

Dixon was a senator for a Memphis district for 22 years before he resigned in 2005. Five current or former lawmakers were charged in the case. Ward Crutchfield of Chattanooga and Kathryn Bowers of Memphis are still in the Senate and have pleaded not guilty. Memphis' John Ford resigned from the Senate after he was arrested and has also pleaded not guilty. Chris Newton from East Tennessee pleaded guilty and resigned from the TN House. He is now in prison serving a one-year sentence.

In court today, the prosecution played audio and video tapes. The tapes were recorded by FBI informant Tim Willis. Many of the recordings, had to do with Willis and Barry Myers talking about how much money it would cost, and what lawmakers they needed to support a proposal to a company called Childrens Dental Clinic approved by the state. On one of the tapes, Dixon was in the room when the money changed hands.The Childrens Dental Clinic sitution was the precurser to the Tennessee Waltz Investigation

State Senator Claims FBI Entrapped Him (WTVF-TV)

WTVF-TV, June 1, 2006

A state senator accused of accepting a bribe said Wednesday he was the victim of entrapment.

Wednesday was the first day in the trail against Roscoe Dixon. He claimed the FBI entrapped him into taking $9,500, but prosecutors unveiled a big surprise when they claimed Dixon had taken bribes before.

“I don’t have any comment,” Dixon said after court.

Federal prosecutors said in court that the whole investigation known as Operation Tennessee Waltz started by accident with an investigation into bribes at the criminal court clerk’s office in Memphis.

Prosecutors played a tape Wednesday in which a friend and employee of Roscoe Dixon spoke with lobbyist Tim Willis. Willis was working for the FBI to pay thousands of dollars to Dixon and other lawmakers so a Memphis dental clinic could get credentials through TennCare.

Prosecutors played tapes of Willis giving $4,000 to Barry Myers who gave the money to Dixon and Sen. Kathryn Bowers, who was also charged. Bowers and Dixon were on the TennCare oversight committee at the time.

Dixon’s defense attorney said the FBI entrapped him by getting him to do something he would not normally do. He acknowledged there will be many hours of videotapes for jurors to watch.

“I expect to see all the tapes,” Dixon defense attorney Coleman Garrett said.

Prison For John Daley Kin In Bribe Scandal (CHIT)

By Jeff Coen, Tribune Staff Reporter

Chicago Tribune, June 1, 2006

A brother-in-law of Cook County Commissioner John Daley who has admitted to taking bribes to steer city business to a politically connected trucking firm was sentenced to 18 months in prison Wednesday.

John Briatta, 46, was sentenced by U.S. District Judge Charles Norgle, who said he wanted the punishment to send a message to others in government that such corruption will not be tolerated.

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Norgle rejected a bid by Briatta's attorneys to have him sentenced to 5 months in prison and 5 months of home confinement, saying he only breached the public trust after suffering gambling and other financial losses

"To have Mr. Briatta hanging around and watching the Cubs or Sox from his home" is not what the sentence should be about, Norgle said.

Any city official involved in taking bribes "must understand that he is going to prison," the judge said. Norgle could have sentenced Briatta to more than 2 years in prison under federal guidelines, but said he thought 18 months was fair.

Briatta, a former dispatcher in the city's Water Management Department, had pleaded guilty in February to taking at least $5,400 in bribes in 2003. He was the first defendant to plead guilty to a January corruption indictment that also charged Chicago City Clerk James Laski, who has since pleaded guilty.

Briatta accepted the bribes from Michael "Mick" Jones, the owner of the Get Plowed Inc. trucking company and a friend of Laski's. In exchange, Briatta helped the company get city work through Donald Tomczak, then second in command in the Water Management Department. Tomczak and Jones have also pleaded guilty in connection with the federal probe.

The sentence came after Briatta apologized to the court for his actions. He said he never thought his conduct would affect the number of people that it has.

"I'd like to apologize to all the citizens of Chicago and the mayor," Briatta said. Briatta's brother-in-law, John Daley, is the brother of Mayor Richard Daley.

Asked about the sentence Wednesday, Mayor Daley replied, "It's very sad. You take money, you are going to get caught. Simple as that."

A reporter told Daley of Briatta's apology and suggested it came from a member of the mayor's "family circle."

"It's not my family circle," Daley said, but "you accept anybody's apology."

Briatta's lawyer, Theodore Poulos, had painted Briatta as a "kind and decent man" and a devout Catholic whose first priority is his children, a 14-year-old girl and an 11-year-old boy. Briatta often travels with his daughter to volleyball tournaments, Poulos said.

Briatta told the court the hardest part about prison would be his inability to see his children.

"I just pray that my sentence is not that long where I can get back to them and start a future," he said.

Poulos said Briatta slipped into taking the bribes because of mounting gambling losses, and he also began getting loans from family and friends. Prosecutors said one of those loans came from George Prado, another former water department worker who is facing federal charges for allegedly heading a local heroin-trafficking ring.

The judge noted Briatta's gambling woes as he handed down the sentence.

"He had the need for money to spend on gambling," the judge said. "And as all gamblers seem to find out, in the long run, you lose. And certainly Mr. Briatta is the loser here."

Assistant U.S. Atty. Manish Shah acknowledged the defendant's gambling habit and said that Briatta may have agreed to accept bribes in a moment of weakness.

"But that's how corruption succeeds, and that is why it needs to be punished severely," Shah said.

Tribune staff reporter Gary Washburn contributed to this report.

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City Worker With Ties To Mayor Gets 18 Months In Trucking Scandal (AP)

By Mike Robinson

AP, June 1, 2006

CHICAGO - A former city worker with ties to Mayor Richard M. Daley's brother was sentenced Wednesday to 18 months in federal prison for taking $5,000 in payoffs to get a private company hauling jobs in Chicago's scandal-plagued Hired Truck Program.

John Briatta, 46, was more than $87,000 in debt due to out-of-control gambling and one of his creditors was a fellow former city employee now charged with masterminding a heroin ring, defense attorneys said at the sentencing before U.S. District Judge Charles R. Norgle Sr.

"I take responsibility for my actions, I knew better than to take bribes," Briatta said in a letter to Norgle that the judge read in court. "I was weak. Not a day goes by that I don't think back to my terrible decisions and wish that I could turn back the hands of time to undo them."

It was the latest development in a three-year scandal that has rocked City Hall and brought allegations of corruption to the mayor's doorstep. His former patronage director and three other men are on trial, charged with mail fraud involving the city's hiring practices.

Norgle could have sentenced Briatta to as much as 30 months but said 18 was fair.

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Briatta, a former water department truck dispatcher, acknowledged that he accepted the money from another city employee, Randy Aderman, who has pleaded guilty and is awaiting sentencing.

Aderman was delivering the cash on behalf of Get Plowed Inc., a company that averaged $100,000 a year in payments from the trucking program before the federal government cracked down on it three years ago at the start of the City Hall corruption investigation.

Get Plowed was owned by a former city official who also has pleaded guilty in the case.

Briatta said he accepted payoffs from Aderman knowing that his boss, the first deputy water commissioner at the time, Donald Tomczak, would put trucks in the program on his say-so.

Tomczak has pleaded guilty to racketeering and other charges for taking Hired Truck Program payoffs. But there is no allegation that Tomczak got any of the money Aderman paid to Briatta.

Tomczak is a former precinct captain in the 11th Ward where the mayor's brother, Cook County Commissioner John Daley, heads the Democratic Party. Briatta's sister is married to John Daley.

"Mr. Briatta is incredibly embarrassed and ashamed that he engaged in conduct that gave the press a chance to mention his brother-in-law's name every time it came up," Briatta defense attorney Theodore T. Poulos told reporters after the sentencing.

Assistant U.S. Attorney Manish Shah told Norgle that among those who had loaned money to Briatta was George Prado, 47, one of Briatta's fellow former water department employees. Prado is now charged with heading a Colombian heroin ring operating in Chicago.

Prado has pleaded not guilty to the charges, which include money laundering.

Poulos said Prado apparently believed that if he loaned money to Briatta he might receive a promotion or a better assignment with the city but that Briatta never saw the loan that way.

City Worker With Ties To Mayor Gets 18 Months In Trucking Scandal (WLS-TV)

By Andy Shaw

WLS-TV, June 1, 2006

A member of the Daley family was sentenced Wednesday for his role in the city's scandal-plagued Hired Truck Program. John Briatta, the brother-in-law of Cook County Commissioner John Daley, is going to prison for 18 months for taking $5,000 in bribes.

John Briatta, 46, is the only member of the Daley family implicated in the hired truck scandal. He apparently resisted the temptation of the hired truck scandal for years, but under the pressure of skyrocketing gambling debts, he finally gave in and took payoffs to help a company get hauling business. As a result, he is going to prison for 18 months.

Briatta's sentence could have been a lot longer if he hadn't apologized profusely to everyone -- including the city, the taxpayers and the Daleys.

"I take responsibility for my actions, I knew better than to take bribes," Briatta said in a letter to Norgle that the judge read in court. "I was weak. Not a day goes by that I don't think back to my terrible decisions and wish that I could turn back the hands of time to undo them."

"His brother had nothing to do with this. Mr. Briatta is really ashamed and embarrassed and quite devastated about the fact that he did anything that tarnished it," said Ted Poulos, John Briatta's Attorney.

"Very sad. You take money you are going to get caught," said Mayor Richard Daley. "It's not my family circle."

Briatta took the payoffs three years ago to help a friend of former City Clerk Jim Laski get business for his trucking company. Briatta needed the money to pay off mounting gambling debts. But, according to his attorney, he resisted offers by his boss in the water department -- Donald Tomczak -- to play a much bigger role in the hired truck payoffs. That, along with a guilty plea, heartfelt apologies and letters of support from friends and associates, persuaded Judge Charles Norgle to impose a sentence of 18 months when it could have been a year longer.

Norgle says a shorter sentence would deprecate the seriousness of the offense and not serve as a deterrent to others. The judge says that despite the relative leniency, "Mr. Briatta is certainly a big loser here."

Briatta still has nearly a $100,000 in gambling debts, so the judge didn't impose a heavy fine or restitution order beyond having to return the $5,000 in payoff money and to stop smoking marijuana, which turned up in a post-indictment drug test.

John Daley had no comment on Wednesday, except to say that Briatta's apology speaks for itself.

John Daley's Brother-in-law Heading To Prison (CHIST)

By Steve Warmbir, Staff Reporter

Chicago Sun-Times, June 1, 2006

DOJ_NMG_0030977

The brother-in-law of Cook County Commissioner John Daley was sentenced to 18 months in prison Wednesday for taking about $5,400 in bribes to steer city business to a Hired Truck company.

The brother-in-law, John Briatta, 46, also took loans totaling $20,000 from a man accused of running a heroin ring. George Prado worked in the city's Water Management Department with Briatta and has been accused of threatening to kill a drug courier, according to a federal prosecutor and court records.

Prado told investigators he would have forgiven the loans if Briatta had helped him get a promotion. But there was no indication Prado ever told that to Briatta. Prado is expected to plead guilty in his case, which is separate from Briatta's. Briatta did not know Prado allegedly ran a heroin ring, said Briatta's attorney, Ted Poulos.

Briatta, who pleaded guilty to bribery, had to borrow the money from Prado and others because a gambling addiction plunged him into financial chaos, Poulos said.

"As all gamblers seem to find out, eventually, you lose," U.S. District Judge Charles Norgle said before sentencing Briatta. "And certainly Mr. Briatta is a big loser here."

Norgle, though, gave Briatta a break. Federal guidelines suggest Briatta be sentenced to at least two years in prison.

Briatta was "incredibly embarrassed and ashamed" for his actions, Poulos said.

Mayor: Apology accepted

"I'd like to apologize to all the citizens of Chicago and the mayor," said Briatta, a devout Catholic, who also thanked his family and friends for their support. Among the family members sitting in the courtroom was John Daley's wife, Mary Lou, who is Briatta's sister.

In a letter to the judge, Briatta was particularly sorry for the shame his actions caused John Daley, whom he has been close to since they were teens.

Daley "did nothing to deserve this negative attention, and I have apologized many times to him and my sister," Briatta wrote.

Briatta asked the judge for a shorter prison sentence so he could return to his children.

Briatta took the bribes while he worked for the Water Department from June to December 2003, at the urging of Donald Tomczak, who ran the department day to day. Tomczak decided which trucking companies got Hired Truck work. Tomczak pleaded guilty and admitted taking bribes himself.

Briatta took money from a trucking company tied to friends of former city Clerk James Laski. Briatta then used his influence to get that trucking company city work.

John Daley had no comment Wednesday other than to say Briatta's "statement speaks for itself."

Mayor Daley, John Daley's brother, said: "It's very sad. If you take money, you're gonna get caught. Simple as that."

But the mayor said, "You accept anybody's apology."

Witness Describes City Jobs Scheme (CHIST)

By Natasha Korecki And Steve Warmbir, Staff Reporters

Chicago Sun-Times, June 1, 2006

A key witness in the City Hall hiring trial testified Wednesday he used a political army largely made up of city workers to volunteer in various Democratic campaigns, then asked Mayor Daley's patronage chief to reward them with city jobs and promotions.

Daniel Katalinic, the highest-profile witness to testify yet in the trial that's in its third week, said Robert Sorich, a former top official in the Office of Intergovernmental Affairs, told him to which political races he should deploy his volunteers. He also said Daley's former campaign manager, Greg Goldner, doled out similar orders.

In return, Katalinic would hand Sorich a list of people he'd want hired or promoted in city positions, he testified.

"I just made it clear . . . with the people helping and volunteering, I would need help with hiring and promotions," Katalinic said he told Sorich.

Sorich told him: "He'd do what he could," Katalinic said.

Organization grew to nearly 300

If Katalinic had a tough time getting hold of Sorich, he'd hand lists to Sorich's assistant, Timothy McCarthy.

While in Sorich's office in 2000, Sorich allegedly told Katalinic to rank his troops "in the order of importance as far as political importance in the organization."

Sorich and McCarthy, who used to work in IGA, are on trial with two others -- Patrick Slattery and John Sullivan -- accused of rigging the city's hiring system to reward politically backed candidates with jobs and promotions. Katalinic worked with the city for 33 years, most recently as deputy commissioner of street operations, before retiring in 2003.

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Katalinic said his campaign organization started small but eventually grew to nearly 300 people who worked on many campaigns, from that of U.S. Rep. Rahm Emanuel to state Sen. Susan Garrett. Nearly all of the group were Streets and Sanitation workers or people trying to land city jobs, Katalinic said.

$15,000 from 'Quarters' Boyle

Katalinic was charged along with the four men now on trial but pleaded guilty to one count of mail fraud and agreed to cooperate. As part of his deal, he could get a year and a day in prison rather than about 30 months. Katalinic admitted taking $15,000 in bribes from another former city worker, John "Quarters" Boyle, in the Hired Truck Program.

Katalinic's group merged in 2001 with the Coalition for Better Government. Katalinic said Sorich was well-aware of the groups and sought to keep discussions under the radar screen.

Sorich specifically told Katalinic to keep other political coordinators, including operative Dominic Longo of the coalition, out of the discussions, saying Longo brought "too much heat" with him.

Longo, speaking for the coalition, said Wednesday: "We were in existence before all these people were around, and God willing, we'll be here after this is all over."

Earlier Wednesday, Steve Bylina, the former deputy commissioner for the city's Bureau of Forestry, testified that he regularly rigged tests so pre-selected candidates won city jobs. Bylina said he got the lists of names from Streets and Sanitation's director of personnel, Jack Drumgould, and Sullivan. He said Sullivan once handed him a list and told him: "These are my guys."

Bylina told Assistant U.S. Attorney Patrick Collins that the interviews didn't matter for those on the lists; they always got the jobs.

Daley: Skyway Allegations 'Silly, Silly, Silly, Silly' (CHIT)

By Gary Washburn, Tribune Staff Reporter

Chicago Tribune, June 1, 2006

Mayor Richard Daley seemed intent on personally opening up the summer "silly season" of frivolous news stories Wednesday.

Court testimony this week that Chicago Skyway tollbooths were fully staffed to help ensure an unimpeded ride to his Michigan summer home was, well, "silly," the mayor said.

Then he said it again. About 20 times.

"Silliest thing I ever heard in my life," the mayor declared. "It really is silly.... It's silly, silly, silly, silly."

When asked whether he was referring to the allegation or to a fact that underlings would seek to smooth the way for him, Daley provided more of the same.

"It is silly," he said. "It is just silly. Silliness. That is all it is ... completely silly, completely silly."

Asked the same question by another reporter, this one bereft of cranial hair, Daley declared, "It's silly, Baldheaded. He's baldheaded. Is that silly? No. Come on. I mean it's the silliest thing I ever heard. Next question."

Jacquelyn Heard, Daley's press secretary, later said that Daley was referring to the suggestion that a way through congestion could be cleared for him.

"He is caught in traffic more times than I can count," she said. "I have been on the phone with him, going through memos and press interview requests and what have you, while he bides his time in traffic."

Wednesday's comments were just the latest illustration of the mayor's ability, on any given day, to take his listeners on a verbal fun house ride.

After Neil Hartigan was defeated in the race for governor in 1990, Daley was asked if the mayor had done enough to support the candidate.

"What else do you want me to do ... unless I take my pants off?" was the retort.

Daley's remarks on Aug. 28, 2001, may never be carved in granite, but they long will be remembered by those who were present. William Daley had announced that he would not run for governor, and the mayor told reporters that his younger brother "definitely" would have been victorious in a Democratic primary that ultimately was won by Rod Blagojevich.

So far, so good.

But when a reporter suggested that his brother's decision would spare the Daley family an extended period of intense scrutiny, the mayor exploded.

"Scrutiny? What else do you want? Do you want to take my shorts? Give me a break."

Duly warmed up, the mayor continued, "How much scrutiny do you want to have? Go scrutinize yourself. I get scrootened every day, don't worry, from each and every one of you. It doesn't bother me."

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Commenting on a national day of prayer a few years back, Daley said, "I pray every day. People pray every day. That is personal. You can pray every day. A moment of silence is prayer. Just thinking about your family. Thinking about making a better world, making a better environment.

"There is nothing wrong with that," Daley continued. "There is nothing wrong with prayer in different ways. It doesn't have [to be] religious."

Then there is the occasional—all right, maybe a little more than occasional—mispronunciation.

Not long after the Sept. 11, 2001, terrorist attacks, Daley appeared amused when he was asked about the report of a suspicious substance on a Northwest Side street that turned out to be guacamole.

"Glacamole!" he declared. "No, I like glacamole. Glacamole is not dangerous. It's very good for you."

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Documents Contradict Ill. Gov. Statements (WP)

By John O'connor

The Washington Post, June 1, 2006

SPRINGFIELD, Ill. -- Gov. Rod Blagojevich's office reviewed and approved the hiring of state employees for hundreds of routine jobs such as highway workers and plumbers, according to documents.

The hiring lists, obtained by The Associated Press, contradict the governor's statements that his office did not decide who would be hired for civil service jobs. Such hirings are to be based solely on merit.

For years, the Democratic governor has been dogged by allegations _ which he adamantly denies _ that he hands out state jobs to campaign donors and political allies.

His hiring practices are under investigation by federal, state and local prosecutors. Though Blagojevich has not been charged with any crime, he has acknowledged that federal scrutiny includes the work of his personnel director, Joe Cini.

A governor is allowed to fill some high-level state jobs with anyone he wants, but most jobs are covered by civil service or other rules that require hiring decisions to be based on merit.

The hiring lists obtained by the AP suggest nearly 1,800 hires, promotions, transfers and salary increases were OK'd by aides to the governor in the months following Blagojevich's 2003 inauguration. They include positions such as highway maintainer and prison guard, which are classified as civil service jobs.

The jobseeker's name was included in nearly 1,200 cases. Blagojevich and his aides repeatedly have said the administration's hiring practices were "blind" _ meaning his office made the final decision on whether to fill jobs but never knew the names of individuals being hired.

Blagojevich spokeswoman Abby Ottenhoff said the lists were in the format used by the previous governor and were used until the new administration could set up a system that didn't include names. Hiring decisions made from the lists were not made based on names, she said.

Ottenhoff acknowledged that early in the administration, aides to the governor, his budget office, and other agencies met regularly to determine which jobs would be filled. She said the meetings focused on whether a position was absolutely necessary during a budget crisis, not on which individuals were in line for jobs.

But people familiar with the process, who spoke only on condition of anonymity because of the sensitivity of the documents, said personnel director Cini and a representative from the budget office discussed jobseekers' names during the meetings.

Cini referred questions to Ottenhoff.

About 700 of the 1,800 employment actions on the list were begun under Blagojevich's predecessor, Republican Gov. George Ryan, but the Blagojevich administration still provided a final stamp of approval.

Recently, another hiring list surfaced that showed nearly 300 jobseekers and the politically influential people who recommended them for the positions.

Industry, Others Object To Data Retention (CNET)

By Declan McCullagh, Staff Writer, CNET News.com

CNET News, June 1, 2006

Internet providers and telecommunications companies expressed concern on Wednesday about the feasibility of recording Americans' online activities, a proposal that Attorney General Alberto Gonzales has recently endorsed.

In a meeting Friday first reported by CNET News.com, Gonzales and FBI Director Robert Mueller said the war on terror would be aided by two years' worth of data retention, a requirement industry representatives say would be accompanied by technical, security and privacy challenges.

"We have real reservations about data retention requirements because of the security and privacy risks attached to it," said Mark Uncapher, senior vice president of the Information Technology Association of America. ITAA's board members include representatives of AT&T, Sybase, Fujitsu and Unisys.

ISP snooping timeline

In events that were first reported by CNET News.com, Bush administration officials have said Internet providers must keep track of what Americans are doing online. Here's the timeline:

A Justice Department representative said this week that the government is not seeking to require the retention of the content of communications, but did not elaborate. If the European Union's approach were adopted, Internet companies would be required to save logs showing the identities of e-mail and perhaps instant messaging correspondents in addition to data about which customer was assigned which Internet address.

That suggestion alarms many Internet providers, which worry about the cost and complexity of recording what their customers are doing online. In some cases, especially among libraries, coffee shops and universities, no records may be stored at all.

"In general, libraries only keep records on users to the extent required to provide their services," said Rick Weingarten, director of the American Library Association's Office for Information Technology Policy.

Based on the limited information that has been made public so far--including in a speech by Gonzales last month--Weingarten said the library association would not favor such a requirement. "Absolutely we have concerns about users' privacy," he said.

A second meeting at the Justice Department has been scheduled for Friday.

Snooping on Web-based e-mail

The Justice Department also proposed that Web sites such as e-mail providers be required to store data about their users' activities for future law enforcement and national security investigations, according to one industry representative familiar with last week's meeting.

That could create privacy and security complications for Microsoft's Hotmail, Google's Gmail, Yahoo Mail and numerous other e-mail services, industry representatives said privately.

In response to a query from CNET News.com, Microsoft provided a statement that said it supported working with law enforcement to ensure Internet safety and protect children from online predators.

"But data retention is a complicated issue with implications not only for efforts to combat child pornography but also for security, privacy, safety and availability of low-cost or free Internet services," the statement said. (Click here to read the complete statement.)

Google said it would continue in discussions with Justice Department officials about how to prevent child pornography and related crimes--and, like Microsoft, sounded a note of caution about sweeping data retention rules.

"We are aware of a number of proposals in the U.S. and Europe regarding data retention and data preservation requirements for Internet companies," Google said in a statement. "We believe these proposals deserve careful review and must consider the legitimate interests of individual users, law enforcement agencies and Internet companies."

A Yahoo representative said on Wednesday that the company was going to decline to comment until it had details about what the Justice Department wanted. AT&T spokesman Dave Pacholczyk said, "We will follow the law," and declined further comment.

"Cox remains committed to the privacy of our customers, maintains secured records for an appropriate amount of time--according to the applicable laws--and only provides access to customer information to law enforcement, to the courts or to other authorities when legally required to do so," said David Grabert, Cox Communications' director of media relations.

For his part, Gonzales said in a speech last month at the National Center for Missing and Exploited Children that Internet providers must retain records to aid investigations of criminals "abusing kids and sending images of the abuse around the world through the Internet." More recently, the Justice Department has invoked terrorism as the justification for data retention.

Two proposals to mandate data retention have surfaced in the U.S. Congress. One, backed by Rep. Diana DeGette, a Colorado Democrat, says that any Internet service that "enables users to access content" must permanently retain records that would permit police to identify each user. The records could only be discarded at least one year after the user's account was closed.

The other was drafted by aides to Wisconsin Rep. F. James Sensenbrenner, the chairman of the House Judiciary Committee, a close ally of President Bush. Sensenbrenner said through a representative earlier this month, though, that his proposal is on hold because "our committee's agenda is tremendously overcrowded already."

"Preservation" versus "retention"

At the moment, Internet service providers typically discard any log file that's no longer required for business reasons such as network monitoring, fraud prevention or billing disputes. Companies do, however, alter that general rule when contacted by police performing an investigation--a practice called data preservation.

A 1996 federal law called the Electronic Communication Transactional Records Act regulates data preservation. It requires Internet providers to retain any "record" in their possession for 90 days "upon the request of a governmental entity."

Because Internet addresses remain a relatively scarce commodity, ISPs tend to allocate them to customers from a pool, based on if a computer is in use at the time. (Two standard techniques used are the Dynamic Host Configuration Protocol and Point-to-Point Protocol over Ethernet.)

In addition, Internet providers are required by another federal law to report child pornography sightings to the National Center for Missing and Exploited Children, which is in turn charged with forwarding such reports to the appropriate police agency.

When adopting its data retention rules, the European Parliament approved U.K.-backed requirements saying that communications providers in its 25 member countries--several of which had enacted their own data retention laws already--must retain customer data for a minimum of six months and a maximum of two years.

The Europe-wide requirement applies to a wide variety of "traffic" and "location" data, including the identities of the customers' correspondents; the date, time and duration of phone calls, voice over Internet Protocol calls or e-mail messages; and the location of the device used for the communications. But the "content" of the communications is not supposed to be retained. The rules are expected to take effect in 2008.

CNET News.com's Anne Broache contributed to this report.

U.S. Asks Internet Firms To Save Data (USAT)

By Jon Swartz And Kevin Johnson, Usa Today

USA Today, June 1, 2006

Top law enforcement officials have asked leading Internet companies to keep histories of the activities of Web users for up to two years to assist in criminal investigations of child pornography and terrorism, the Justice Department said Wednesday.

Attorney General Alberto Gonzales and FBI Director Robert Mueller outlined their request to executives from Google, Microsoft, AOL, Comcast, Verizon and others Friday in a private meeting at the Justice Department. The department has scheduled more discussions as early as Friday. Last week's meeting was first reported by CNET, an online news service.

The meetings reflect a new approach by law enforcement in anti-terrorism efforts. Previously, the Justice Department had invoked the need for data retention only to battle child pornography. Since the Sept. 11 attacks, Internet traffic has become increasingly critical to terrorism investigations, too.

Justice is not asking the companies to keep the content of e-mails, spokesman Brian Roehrkasse said. It wants records such as lists of e-mail traffic and Web searches, he said.

Roehrkasse said the government is required to seek proper legal authority, such as a subpoena, before obtaining the records. He said any change in the retention period would not alter that requirement. Law enforcement officials have seen investigations derailed "time and time again" because of a lack of data, Roehrkasse said.

The government's request forces the companies to strike a balance between satisfying law enforcement demands and honoring the privacy of millions of customers.

"The issue for us is not whether we retain data, but we want to see it done right," says Dave McClure, president of the U.S. Internet Industry Association, which represents 150 companies, primarily Internet service providers. "Our concerns are who pays for it, what data is retained, and if it is retained legally without violating federal laws and subscriber agreements."

Lee Tien, a lawyer for the privacy advocacy group Electronic Frontier Foundation, said he was concerned.

"I think that the request raises some really, really major privacy problems," he said. The Justice Department is "asking ISPs (Internet service providers) to really become an arm of the government."

The request creates a logistical challenge: Most Internet providers store data such as Web searches for 30 to 90 days. Storing such information significantly longer is more expensive, McClure and others say.

"We strongly support Gonzales' interest in assuring that the Internet is safe for everyone," Phil Reitinger, Microsoft's senior security strategist, said in a statement Wednesday that acknowledged the company's participation in the meeting at Justice. "But data retention is a complicated issue."

"We believe (data retention and preservation) proposals deserve careful review and must consider the legitimate interests of individual users, law enforcement agencies, and Internet companies," Google spokesman Steve Langdon said Wednesday.

Gonzales broached the issue of record retention in April during a speech at the National Center for Missing & Exploited Children in Alexandria, Va.

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Gonzales, who has made fighting child exploitation a prominent part of the national law enforcement agenda, said the pursuit of child predators depends on the availability of evidence often in the hands of ISPs.

This isn't the first time Gonzales has gone to Internet companies with a request related to their records. In March, a federal judge ordered Google to hand over Web search records requested by Justice as part of its efforts to shield children from sexually explicit material online. Google balked at an earlier request, saying it would expose trade secrets. AOL, Yahoo and Microsoft cooperated with the government, but they said their assistance was limited and users' privacy was not violated.

Contributing: William M. Welch

Hazlet Ex-mayor Admits To Taking Informant's Bribe (NSL)

By John P. Martin, Star-ledger Staff

Newark Star-Ledger (NJ), June 1, 2006

Coughlin snared in an FBI web

Former Hazlet Mayor Paul Coughlin admitted yesterday accepting a $3,000 payoff from an FBI informant posing as a crooked contractor, joining a growing list of Monmouth County officials convicted of corruption.

On the day his trial was to begin in federal court in Newark, Coughlin, 42, pleaded guilty before U.S. District Judge Joel Pisano to a single count of accepting corrupt payments.

Under federal guidelines, the former mayor and councilman faces between 21 months and 27 months in prison. His attorney said he will argue for a lighter term, calling the crime "aberrant behavior" and citing what he said was Coughlin's serious alcohol problem.

Coughlin, a Republican, had previously served two years as a township councilman when he was elected again in January 2004. As a member of the majority, he was named mayor.

Just four months later, he met with Robert Steffer, who was posing as a demolition contractor willing to pay bribes for emergency, no-bid municipal work.

"We're going to get you in the game," Coughlin told Steffer, according to recordings the informant made for the FBI.

Six days later, at another restaurant, Coughlin took an envelope containing $3,000 in cash from Steffer and promised to consider him for a contract to demolish the township hall.

"It's definitely in a situation that we're very, very close to having an emergency," Coughlin said.

Steffer never got the contract. Another firm was hired to raze the hall.

Coughlin was among 11 former and current public officials in Monmouth County arrested in February 2005, several of whom allegedly took bribes from Steffer. He is the fourth to plead guilty.

Coughlin resigned his seat and was indicted late last year. Prosecutors agreed to drop other charges, including conspiracy, in return for his plea.

"We thought it was important that he acknowledged that he actually took the bribe," Assistant U.S. Attorney Michael Hammer said yesterday.

Coughlin could not be reached for comment. His attorney, Jerome Ballaroto, called the crime "clearly aberrant behavior" and said he will make a case for leniency when Pisano sentences Coughlin on Sept. 7.

Ballaroto said Coughlin had refused a second bribe from Steffer. He also said Coughlin has "a real alcohol problem" and that agents or the informant plied him with beer.

"Did the government try to take advantage of a problem he had? Sure they did," Ballaroto said. "The alcohol very well may have contributed to this."

Prosecutors scoffed at such an argument.

"The defendant knew full well what he was doing," Assistant U.S. Attorney Judith Germano said.

Hammer said Coughlin only refused the second bribe -- at the 2004 League of Municipalities convention in Atlantic City -- because he was worried others might see him take the money.

"He understood that there are other people from Hazlet right outside the room," the prosecutor said. "He said: 'Another time, another place.'"

Coughlin never returned the bribe money. Prosecutors will seek $3,000 in restitution, Hammer said.

Coughlin lost his job in the computer industry after his arrest and has struggled to support his wife and children, according to his attorney.

"Every politician in America takes money," Ballaroto said, explaining but not excusing the crime. "If they're not taking an illegal bribe, they're taking it legally. It's a fine line between taking it legally and getting a quid pro quo."

John P. Martin covers federal courts and law enforcement. He may be reached at jmartin@starledger.com or (973) 622-3405.

Ex-mayor Admits Taking Bribe (APP)

By Karen Sudol, STAFF WRITER

Asbury Park Press, June 1, 2006

NEWARK — Former Hazlet Mayor Paul A. Coughlin told a judge Tuesday he had accepted a $3,000 bribe from a confidential informant who he believed was a corrupt contractor in exchange for securing work for him, specifically the demolition of the old town hall.

Coughlin, 43, said he also promised to use his influence to steer future work to the company supposedly run by Robert "Duke" Steffer, who was really working for the FBI.

In pleading guilty to a count of accepting a corrupt payment, Coughlin kept repeating "Yes, your honor" in response to questions posed by U.S. District Judge Joel A. Pisano. On the day a jury was to be selected for his trial, he told the judge that after reviewing the evidence and papers, he instead wanted to plead guilty. His wife and family attended the hearing.

Pisano told Coughlin he faces up to 10 years in prison and up to $250,000 in fines. But both sides have agreed to recommend Coughlin serve between 21 and 27 months in prison. He also will likely reimburse the government the $3,000.

The other two counts of the indictment will be dismissed at his Sept. 7 sentencing. Coughlin does not have to testify against anyone else as part of the agreement, said Assistant U.S. Attorney Michael Hammer.

Coughlin is the latest public official to plead guilty in a FBI bribery and money-laundering sting dubbed "Operation Bid Rig," in which 13 former and current county and local public officials and three businessmen in Monmouth County were charged last year.

Jerome A. Ballarotto, Coughlin's lawyer, said his client's act was "something that's inconsistent with his life's behavior. This was truly an anomaly. Why he did it, we can't really explain," he said. Coughlin could not be reached for comment after the proceeding.

Regardless of whether Coughlin took the money as a campaign contribution or for personal reasons, Ballarotto said his client was accepting responsibility.

"Now he knows what he did was wrong and he should never have done it," said Ballarotto.

Hammer said, "Had we gone to trial, we would have proven he is guilty beyond a reasonable doubt, and we would have shown that it was never a campaign contribution," adding that Coughlin intended to use the money for himself.

Pisano asked:

"When you received and accepted the money from the CW (cooperating witness) in exchange for using your influence . . . to assist the CW in obtaining emergency work, specifically the demolition of Hazlet Township Hall, and future work, did you know it was wrong and illegal to do so?"

"Yes, your honor," replied Coughlin, who resigned as mayor in March 2005.

Steffer has been at the center of many of the Operation Bid Rig complaints, working with the FBI and posing as a contractor willing to pay off public officials who would award him municipal and county contracts. Undercover agents posed as Steffer's employees.

Details of plot

Authorities had maintained in complaints and the indictment that Coughlin, who is now unemployed, was introduced to the cooperating witness by "Councilman-1," an unnamed official. Other government documents indicate this was Robert L. Hyer, a former Keyport councilman. Hyer, who died in October, also was charged in the corruption sting.

The three met on May 19, 2004, at a Union Beach restaurant where Coughlin received $3,000 from Steffer in exchange for the demolition job. One of the ways to do that would be to declare an emergency, which would relieve Hazlet of the requirement to advertise for bids, according to the court papers.

Coughlin was ultimately unsuccessful in gaining support from other officials to declare the demolition an emergency.

Other tactics discussed included damaging the building, rigging the bid specifications and giving inside information about the competing bids to the contractor, according to the indictment.

The township broke ground on a new town hall in September at the site of the former Office of Emergency Management building in Veterans Park. The exterior is nearing completion, and municipal employees are expected to move into the building by September.

The former town hall, on Middle Road, was torn down in September 2004 after Hazlet solicited competitive bids.

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Judge Dismisses Wecht Motion To Toss Evidence (PPG)

By Paula Reed Ward, Pittsburgh Post-gazette

Pittsburgh Post-Gazette, June 1, 2006

Ex-coroner's lawyers fault search

A federal judge yesterday denied a motion by Dr. Cyril H. Wecht's attorneys to suppress all of the evidence gathered against him.

In the same order, though, U.S. District Judge Arthur J. Schwab said he would hold a hearing on one issue raised by the defense -- whether 29 boxes of autopsy reports seized by the FBI from the former Allegheny County coroner's private office should have been taken.

The hearing will be at 8:15 a.m. next Thursday.

Dr. Wecht is named in an 84-count indictment charging him with misusing his public office for private gain.

In April, Dr. Wecht's defense attorneys filed a 26-page motion asking the judge to throw out all of the evidence against their client. Specifically, they claimed that the boxes of private autopsy records seized in his offices were not enumerated in the search warrant.

Dr. Wecht claimed that the files seized were not found in the area the warrant claimed they would be and were not labeled as the FBI said they'd be.

"Nowhere in [lead FBI Agent Bradley] Orsini's affidavit does he establish, or attempt to establish, probable cause to rummage through the office generally to look for boxes," the defense wrote in the suppression motion. "Nowhere does he identify any specific file he is searching for. Nowhere does he identify any specific files he intended to search or the probable cause for doing so."

The boxes included reports on the deaths of several famous people, including Marilyn Monroe, Mary Jo Kopechne and rock artist Kurt Cobain.

According to the defense, when agents served the search warrant on Dr. Wecht's private office, they discovered 60 boxes of records -- not the "approximately 20" outlined in the warrant -- scattered throughout the office.

Dr. Wecht's wife, Sigrid, who is an attorney and shares the office with her husband, was there at the time. She said in an affidavit accompanying the motion to suppress that the agents were not able to find the 20 boxes, and that they asked her to direct them to the boxes. She told them she didn't know which boxes the warrant specified.

After that conversation, the agents called Mr. Orsini. "Agents thereafter split into teams and went throughout the premises, opened up boxes at will to see what was in them, and decided which ones they would take from different locations on the premises," the defense contends.

In his 17-page opinion, Judge Schwab said he believed an evidentiary hearing is necessary "to evaluate the validity of the execution of this part of the search warrant."

In its motion to suppress, the defense also claimed the FBI did not establish probable cause for the search warrants to be issued.

Judge Schwab dismissed that claim, despite what he said were "interesting but ultimately irrelevant" arguments raised by Dr. Wecht's attorneys.

Judge Denies Motion To Suppress Evidence Against Former Coroner (AP)

By Michael Cowden, Associated Press Writer

AP, June 1, 2006

FBI agents had grounds to seize computers from the office of former Allegheny County coroner Cyril Wecht, who is facing trial on theft and fraud charges, a federal judge ruled Wednesday.

U.S District Judge Arthur Schwab ruled that there had been probable cause for search warrants to be issued and that investigators had not violated protocol in taking the computers.

The judge said a separate hearing would be held on June 8 to determine whether seized document boxes were handled appropriately.

Attorneys for Wecht, 75, in April asked that evidence seized by the FBI be kept out of his trial. Wecht resigned from county office in January after a federal grand jury returned the 84-count indictment charging him with theft of honest services, mail fraud and wire fraud.

In a suppression motion, the attorneys attacked the credibility of the FBI agent who got search warrants for Wecht's records and also blamed Wecht's indictment on a political feud with Allegheny County District Attorney Stephen Zappala Jr.

Defense attorneys said they hoped the motion eventually leads to the charges being dismissed.

The defense argues that the federal probe of Wecht grew out of feud between the former coroner and Zappala about a man who died after being subdued by police, among other incidents.

The attorneys also allege the FBI agent had previously "urged witnesses to perjure themselves in a case involving his own misconduct."

The district attorney's office declined to comment Wednesday afternoon. The defense said it was reviewing the opinion and preparing for the June hearing.

Wecht is charged with using his county staff to do work for his multimillion-dollar pathology practice. He is also accused of trading unclaimed morgue cadavers for private lab space at a local university. In addition, he faces charges for allegedly overbilling private clients by using faked limousine bills for trips made using county drivers and cars.

Wecht has consulted on numerous high-profile cases, from the death of Elvis Presley to the murder of JonBenet Ramsey.

Briefs: Police Dispatcher Arrested On Multiple Child Porn Charges (PTR)

Pittsburgh Tribune-Review, June 1, 2006

An Edgeworth police dispatcher and former borough councilman in Ambridge, Beaver County, was arrested Wednesday on multiple child pornography and stalking charges, police said.

Robert Panek, 40, was arrested by state troopers at his parents' Ambridge home and faces 50 counts of possessing child porn and two counts of stalking and harassment, Trooper Frank Murphy said. Panek was in the Beaver County Jail yesterday in lieu of $50,000 cash bond.

Police said that a former Edgeworth officer who now is a trooper had accused Panek of sending her unwanted letters and gifts. Police investigating that case said they found child pornography on his computer.

Edgeworth police Chief John English said Panek has been a dispatcher there for seven years. "My first reaction was disappointment. My second reaction is that we're mad," English said.

Allegheny County

Judge to decide whether Wecht search was proper

Evidence contained in dozens of boxes confiscated last year when federal agents raided Dr. Cyril H. Wecht's offices could be dismissed June 8 if a federal judge determines the search warrant was not properly executed.

At issue is whether FBI agents acted improperly when they took 29 unlabeled boxes from Wecht's private pathology office. Attorneys for Wecht argue the warrant was for "approximately 20 boxes and contents containing private autopsy files" in one file room.

U.S. District Judge Arthur J. Schwab denied a request by defense attorneys to suppress evidence collected via two other search warrants that yielded computers used by two Wecht employees. Wecht, the former Allegheny County coroner, was indicted in January on charges stemming from accusations that he used his public office for private gain.

Judge will sentence Skosnik today

Allegheny County Sheriff Pete DeFazio's former No. 2 man will be sentenced today by a federal judge.

Dennis Skosnik, 54, of North Fayette, pleaded guilty in March to five charges of bribery, theft of honest services, money laundering and obstruction of justice while he was the county's chief deputy sheriff.

When he was indicted in November, prosecutors accused Skosnik of fixing criminal cases and parking tickets; accepting bribes; coaching a witness how to lie to a grand jury; sharing improperly obtained motor vehicle registration information; and using county vehicles and employees to ferry his son to law school in Philadelphia.

Skosnik could receive a maximum of 90 years in prison but likely will receive substantially less.

Asset district grant forms available Monday

The Allegheny County Regional Asset District Board will make 2007 funding applications available starting Monday.

This year, the board again will be accepting applications for the discretionary capital grant program. The program was suspended last year because of a lack of funding.

Applications may be obtained by contacting the RAD office at 412-227-1900 or info@radworkshere.org. A technical assistance session for prospective applicants will take place at 3 p.m June 20 at 1 Smithfield Street, Downtown. The application deadline is July 18.

The board makes grants to regional assets, defined as libraries, regional parks, professional sports and cultural facilities and programs. Funding comes from half the proceeds of the county's 1 percent sales tax.

Allegheny Valley

Sharpsburg

Fire strikes business, apartment building

No serious injuries were reported in a fire Wednesday in a building that houses businesses and several apartments in Sharpsburg, county emergency personnel said.

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The fire erupted at 6:42 p.m. in the building in the 800 block of Main Street, emergency dispatchers said. One firefighter was being treated for smoke inhalation or heat exhaustion, dispatchers said.

The Allegheny County fire marshal will try to determine what caused the fire.

City

North Shore

Event to underscore women's heart health

The inaugural Women's Heart Health Day will be 9 a.m. to 2 p.m. Friday at the Community College of Allegheny County's Allegheny Campus.

The free event will be in the Foerster Student Services Center, 808 Ridge Ave., North Side.

Sponsored by Carlton Cardio Associates Inc. and the CCAC Women's Council, the event will promote increased awareness of heart disease in women, said to be the No. 1 killer of women.

It will include free health-care screenings, a healthy cooking demonstration, product giveaways by health-care providers and pharmaceutical companies, and a discussion by local cardiologists on coronary care. Pre-registration is not required. For more information or to pre-register, call 412-847-1654 or visit www.carltoncardio.com.

Oakland

Pitt will honor 2 faculty members

The University of Pittsburgh is honoring faculty members Malcolm R. McNeil and Alan J. Russell.

McNeil, chairman of the department of communication science and disorders, is being named Distinguished Service Professor for his contributions to the university. He is a specialist in motor speech disorders.

Russell, director of Pitt's McGowan Institute for Regenerative Medicine, has been named University Professor for his eminence in several fields of study. He also is executive director of the Pittsburgh Tissue Engineering Initiative and director of the National Tissue Engineering Center.

South

Dormont

2 students report injuries in bus crash

Two teenagers were taken to Allegheny General Hospital, North Side, as a precautionary measure after their school bus was involved in a crash in Dormont on Wednesday morning.

Dormont police said the crash occurred at 7:55 a.m. along West Liberty Avenue when the mini school bus, which was transporting the 17- and 18-year-old students to an alternative school in Emsworth, collided with a car while making a left turn. Police said no traffic citations were issued as a result of the crash, and the students said they had back injuries, which appeared to be minor. Neither the driver of the car nor the passenger in it were injured, police said.

West

South Fayette

Police seek more charges against theft suspects

State police are attempting to find out if three Washington County purse-snatching suspects arrested after a robbery at the Interstate 79 northbound rest stop in South Fayette are connected to additional crimes.

Kayla M. Rush, 19, of Bulger; Heather L. Cain, 22, of Canonsburg; and Joseph J. Markovich, 21, of McDonald, were charged in connection with a robbery Saturday. Their charges include robbery, recklessly endangering another person and aggravated assault.

The victim reported two women grabbed her purse while she was standing inside the rest area. The suspects then fled in a blue sedan. Police arrested the suspects after pulling them over a short time later. State police ask anyone who might be the victim of similar crime to call 412-787-2000.

Moon Area schools

Ex-coach sentenced to probation

A former Moon Area High School girls' basketball coach and physical education teacher was convicted of corrupting a minor for a physical relationship he had with a player when she was 17.

Thomas Szczepankowski, 36, of Moon, was sentenced to three years' probation after entering a plea last week, said his attorney, Jason Nard. Szczepankowski resigned from the school district last June.

The girl, now 18, testified at a preliminary hearing last year that she had a relationship with Szczepankowski from September 2004 through May 2005 and that they kissed and fondled one another but never had sex. Allegheny County prosecutors dropped a charge of endangering the welfare of a child. Szczepankowski repeatedly has declined comment.

Region

Somerset County

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Bush views 'United 93'

Tears flowed in the White House theater Tuesday night at the conclusion of "United 93," a movie about the plane that crashed near Shanksville on Sept. 11, 2001, after passengers fought back against their hijackers.

"It was a very emotional night," said White House press secretary Tony Snow, who watched the movie with President Bush and relatives of some of the 40 passengers and crew members portrayed in the film. The relatives were invited to watch the movie with the president in Washington, D.C.

"It has a very powerful ending," Snow said Wednesday. "It's dead silence as the credits roll, and you had sounds of quiet sobbing in the room."

Former Boy Scout leader sentenced

A former Boy Scout leader was sentenced this week to five to 15 years in prison for showing a 12-year-old boy pornography and then molesting him.

Alan J. Korzi, 52, of Windber, pleaded guilty in March to involuntary deviate sexual intercourse and showing pornography to a minor for an April 2005 incident at a Boy Scout building in Windber.

At a hearing last year, the boy said Korzi showed him a magazine with pictures of nude women and then would not let him leave until Korzi performed a sex act on him. Prosecutors dropped charges of rape, corruption and indecent assault in return for the guilty plea.

The Penns Woods Council of the Boy Scouts of America revoked Korzi's membership last year, after criminal charges were filed.

Indiana County

Landfill expansion gets preliminary approval

A plan to add more than 42 acres to an Indiana County landfill received initial approval from the state Department of Environmental Protection.

Evergreen Landfill Inc. officials want to expand their 64-acre landfill in Center and Brush Valley townships so the facility can receive trash for an additional 14 years, regulators said.

This week, the DEP approved the company's environmental assessment, during which the environmental impact of the landfill is considered alongside the potential social and economic benefits -- such as employment.

The plan still requires a technical and engineering review to ensure the application meets regulations for landfill design and construction.

Erie County

Man sentenced for murder

An Erie man was sentenced to 16 and a half to 33 years and four months in prison for fatally shooting another man during an argument. Matthew Perez-Jefferson, 20, of Erie, pleaded guilty in April to third-degree murder for shooting Paul Martinson, 21, outside the Antigua Blue Bar in Erie on Nov. 3.

"There is not a day goes by that you and your family don't cross my mind," Perez-Jefferson said Tuesday to Martinson's mother, Rose Royer. "I offer my deepest remorse and apologies. I am so sorry. I don't know what happened."

His lawyer, James Pitonyak, said Perez-Jefferson was using cocaine, Ecstasy and alcohol before the shooting.

Widow wins $2.1M for matchmaking flop

An Erie widow won $2.1 million from a high-priced matchmaker whom she said failed to deliver on promises of introductions to cultured, wealthy men.

Anne Majerik, 60, said in a lawsuit that she paid Beverly Hills, Calif., matchmaker Orly Hadida $125,000 to be introduced to men who wanted monogamous relationships, earned more than $1 million and had estates of up to $20 million.

Instead, she said, she only got a few introductions to inappropriate men, such as an "international banker" who turned out to be "an interpreter that worked in a bank."

The matchmaker countersued and said Majerik is a "serial matchmaker suer" who enjoyed herself with the men she met.

A Los Angeles Superior Court jury ruled in Majerik's favor this week. The matchmaker's attorney said she plans to appeal.

Judge Rules Case Against Wecht Will Go On (WPXI-TV)

WPXI-TV, June 1, 2006

Lawyers For Former Coroner Wanted To Suppress Evidence

PITTSBURGH -- A judge denied a motion and ruled that the case against the former Allegheny County coroner will go on.

Lawyers for Cyril Wecht wanted to suppress evidence because they said the FBI's search warrants were illegal.

On Wednesday, a federal judge said the warrants were accurate, and the 84-count indictment charging Wecht with theft of services, mail fraud and wire fraud will stand.

Romero Called To Testify (LAT)

By Dan Morain And Evan Halper, Times Staff Writers

The Los Angeles Times, June 1, 2006

State senator is to appear before a grand jury looking into the business dealings of her colleague Don Perata.

SACRAMENTO—State Sen. Gloria Romero of Los Angeles was summoned Wednesday to appear before a grand jury in the FBI probe of Senate chief Don Perata's business dealings.

Romero, a member of Perata's Democratic leadership team and one of his closest allies, said an FBI agent delivered a subpoena to her Capitol office requiring her to appear in July in Oakland, Perata's hometown.

Romero said in an interview that she is being called to testify as a witness. She said she declined to be interviewed by FBI agents and asked that they issue the subpoena.

"All along, I've thought this has been a fishing expedition," Romero said of the investigation, which became public in 2004. "I asked them to be specific about their questions and to give me a subpoena…. I look forward to answering whatever questions they may have."

Agents have shown interest in legislation that Romero carried three years ago to raise taxes on alcohol by a nickel per drink — a direction that has puzzled Capitol denizens. Romero's bill stalled early in the process.

The subpoena is believed to be the first issued to a sitting legislator in the Capitol since the 1980s, when the FBI launched an undercover anti-corruption operation that put a dozen lawmakers, lobbyists and others in jail. The bribery and extortion case became known as "Shrimpgate" because undercover agents posing as businessmen paid campaign donations in exchange for legislation to permit a new shrimp-processing plant.

The FBI's inquiry into Perata's business affairs became known when agents issued subpoenas to individuals and entities in Perata's East Bay district. That was three months after senators had narrowly elected Perata as president pro tem, the most powerful post in the upper house.

The Romero subpoena is "neither unexpected nor interesting," said Jason Kinney, a consultant serving as Perata's spokesman on the investigation. "This is the legal equivalent of hitting the snooze button."

Kinney said Perata "has acted ethically and appropriately" in public office. The investigation is "having no impact on … the conduct of the business of the state Senate," he said.

Whether Perata took a role in the alcohol tax bill is not apparent from the public record.

The current investigation involves no known undercover operation, and no one has been charged in the Perata case. FBI and Internal Revenue Service agents are looking into the senator's official, private and campaign-related dealings in Oakland and Sacramento.

Agents have interviewed members of the Oakland City Council, and have subpoenaed documents from local agencies, including the Port of Oakland.

Law enforcement authorities have examined payments and communications involving Perata and his political advisors, friends, and son and daughter, and have questioned current and former Perata aides. They also have interviewed some lobbyists involved in legislation that Perata carried.

Last year, they subpoenaed state Senate e-mails. Agents have looked at his involvement in legislation related to billboards, finance, gambling and insurance.

Romero, one of Perata's top lieutenants, is Senate majority leader, a post that requires her to help raise money for Democratic candidates statewide. First elected to the Assembly in 1998 and to the Senate in 2001, Romero has made her name as a lawmaker by focusing on problems at the Department of Corrections and Rehabilitation.

In late 2002, with the state facing a budget deficit in the tens of billions of dollars, Romero introduced legislation to raise a projected $500 million for emergency rooms and trauma centers with a new 5-cents-per-drink tax on alcoholic beverages. The fee would have been paid by liquor vendors when their products were sold wholesale.

"California taxpayers cannot continue to bear the financial burden for an industry's product that is responsible for substantial healthcare costs to the public and the state," Romero said when she unveiled the proposal at White Memorial Medical Center in Los Angeles.

"The alcohol industry must assume greater responsibility for a product that, by its design, debilitates an individual's physical and mental capacities," she said.

The effort had considerable backing from unions, healthcare organizations and police and firefighter groups. But the opposition was also formidable. Among the many groups working to kill the bill was the Wine Institute, a trade and lobby association that includes major California vintners and long has opposed new alcohol-related taxes.

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On Wednesday, Mike Falasco, lobbyist for the institute, said the FBI interviewed him and others at the Wine Institute roughly a year ago.

Falasco said FBI officials asked general questions about issues of concern to his group. He said he told them that fighting the alcohol tax proposal was a priority for his organization.

Falasco said he does not believe Perata was instrumental in killing the bill, which died in the Senate in 2003. Another Romero proposal, to allow counties to place on the ballot a local tax on drinks consumed at bars and restaurants, also failed that year.

"I don't believe there is any connection between the legislation and Sen. Perata," Falasco said.

AP NewsBreak: FBI Investigating Firm That Tried To Recruit Reggie Bush, Lawyer Says (AP)

By Bernie Wilson

AP, June 1, 2006

SAN DIEGO - The FBI has opened an investigation into a fledgling San Diego sports marketing firm that tried to recruit Heisman Trophy winner Reggie Bush, the attorney for the football star's family told The Associated Press Wednesday.

Attorney David Cornwell of Atlanta said FBI agents interviewed him about "potential federal crimes" last week by phone. Cornwell said he intends to make Bush and his parents available to the FBI.

"They've asked now to interview Reggie and his parents," Cornwell said. "I intend to cooperate, yes."

April Langwell, an FBI spokeswoman in San Diego, said she could neither confirm nor deny any investigations.

The NCAA and Pac-10 are investigating whether any rules were broken when Bush's family lived in a suburban San Diego home owned by Michael Michaels, a principal in New Era Sports & Entertainment, while Bush was still playing for Southern California last season. The NCAA prohibits student-athletes and their families from receiving extra benefits from agents or their representatives.

Michaels and his partner, Lloyd Lake, a documented gang member serving time in prison, formed New Era late last year in the hopes of signing Bush to handle his marketing, and bring aboard a San Diego agent to handle contract negotiations. Their hopes were dashed when Bush signed with another agent and marketing representative.

San Diego attorney Brian Watkins, who represents New Era, said in April he plans to sue Bush's parents for $3.2 million. Watkins said Bush's parents owed $54,000 in rent for the year they lived in Michaels' house.

"We have been contacted by the FBI to discuss the conduct of the individuals represented by Watkins," Cornwell said.

Reached by phone Wednesday, Watkins said he was unaware of the FBI investigation.

Bush and his family so far have declined to be interviewed by NCAA and Pac-10 investigators. Cornwell said they were unwilling to provide information that could be used by Watkins, but indicated he was willing to cooperate.

"The issue with the FBI is similar to the NCAA. I want to balance the cooperation with the FBI against my needs to protect my client's interest with regard to threatened litigation," Cornwell said.

Bush was expected to be the No. 1 overall pick in the NFL draft, but the Houston Texans bypassed him and took North Carolina State defensive end Mario Williams. Bush went to New Orleans with the second pick.

Before the NFL draft in late April, the league alerted some teams about a potential attempted extortion of Bush's family.

FBI Looks At Firm That Courted Bush (LAT)

By Sam Farmer And Greg Krikorian, Times Staff Writers

The Los Angeles Times, June 1, 2006

The FBI has opened an investigation into a fledgling sports marketing firm that tried to recruit New Orleans Saints rookie Reggie Bush as a client.

A federal law enforcement source said Wednesday that the inquiry was "in its infancy" and that it was "way too early to say where this [case] is headed."

The attorney for Bush's family said that he had a "lengthy" phone call with an FBI agent last week, but he would not identify who he spoke with or which FBI field office was involved.

"They're definitely investigating federal crimes, but they didn't identify which crimes or which federal statutes are involved," attorney David Cornwell said, adding that he planned to help the FBI arrange interviews with Bush and his parents, LaMar and Denise Griffin.

Jan Caldwell, an FBI spokeswoman in San Diego, said she could not comment "on a pending investigation."

Cornwell has claimed representatives of San Diego-based New Era Sports & Entertainment tried to extort money from Bush's family.

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Brian Watkins, an attorney representing the sports agency's founders, Michael Michaels and Lloyd Lake, has said his clients plan to sue the Heisman Trophy winner's family for $3.2 million — $300,000 in business-related expenses, plus punitive damages.

While Bush was starring at running back for USC last season, the Griffins lived in a suburban San Diego home owned by Michaels. Watkins said the couple owed $54,000 in back rent that has not been paid. New Era never got off the ground as a sports agency once Bush chose other representation.

On Wednesday, Watkins called the suggestion of an FBI investigation "ludicrous" and "a media ploy."

Watkins said neither he nor his clients had been contacted by the FBI and he suggested that Cornwell was using his own personal contacts to stir up an inquiry.

Watkins previously said that when the sides met for settlement talks earlier this year — at the Santa Monica office of Bush's marketing agent Mike Ornstein — two men asked permission to search him for a recording device. On Wednesday, Watkins said the men had identified themselves as working for a security consulting firm called Long & Danilevicius Associates.

The firm's website lists president Linas Danilevicius as a former FBI agent. A phone message left at the security firm's Laguna Hills-based office was returned by Cornwell, who said Watkins' characterization of the FBI's involvement was "all part of the fallacy and fantasy that Watkins is living."

Cornwell added: "When he does the perp walk, he'll know he was wrong."

The Pacific 10 Conference and NCAA are investigating the case. If it is found that Bush or his family received what the NCAA calls "extra benefits" USC could be sanctioned and, if Bush is found retroactively to have been ineligible, his Heisman Trophy could be taken away.

Times staff writer David Wharton also contributed to this report.

Fargo Man Pleads Guilty To Damaging Government Property (GFH)

The Grand Forks Herald, June 1, 2006

FARGO, N.D. - A man accused of throwing rocks in the federal building here has pleaded guilty to charges of damaging government property and threatening a federal officer, the U.S. attorney's office says.

U.S. District Judge Ralph Erickson ordered a psychological evaluation for Daniel Cvijanovich, 25, of Fargo. The judge did not immediately set a sentencing date after Cvijanovich pleaded guilty Wednesday, U.S. Attorney Drew Wrigley said.

Authorities said Cvijanovich threw rocks three times in the federal building in Fargo during the summer of 2001. The rocks struck a pane of glass that separates the lobby from the secure area of the building, and each rock had a note addressed to the FBI attached, authorities said. The contents of the notes were not disclosed.

One note, attached to a rock thrown on July 11, 2001 was "intended to be perceived as threats against FBI agents in the building," U.S. Attorney Drew Wrigley said in a statement.

Agents thought the threat was in retaliation for the investigation of American Indian activist Leonard Peltier, Wrigley's statement said. Peltier is serving life in prison for the deaths of two FBI agents in South Dakota in 1975.

Cvijanovich faces up to 13 years in prison on the charges.

Former Strip Club Employees Plead Guilty In Vegas Federal Case (AP)

By Ken Ritter, ASSOCIATED PRESS

AP, June 1, 2006

LAS VEGAS (AP) - A federal judge accepted plea deals Wednesday from 16 people to end a decade-long investigation of criminal activity at a Las Vegas strip club, whose owner has agreed to sell the business and plead guilty to tax evasion.

The probe at the Crazy Horse Too club dates at least to 1995 and includes allegations that a tourist from Kansas was left paralyzed when he was beaten by employees in 2001. It ended with admissions of failure to report income from tips given to dancers that are shared among club employees.

Club owner Rick Rizzolo, who has faced allegations of mob ties for more than a decade, was expected Thursday to become the 17th and final person to accept plea deals in the case.

Rizzolo, 47, was scheduled to plead guilty to a single tax charge - conspiracy to defraud the government - and agree not to contest some $17 million in fines, forfeitures and restitution. He would serve no more than 16 months in federal prison, prosecutors said.

Wednesday's pleas stemmed from a January 2005 indictment that charged club manager Robert D'Apice with racketeering and tax evasion. Prosecutors accused D'Apice and current and former club employees with using force to compel customers to pay disputed charges.

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D'Apice, 51, pleaded guilty before U.S. District Judge Kent Dawson to a felony racketeering charge that carries a possible sentence of probation to 20 years in federal prison and a $250,000 fine. The plea deal is expected to get him no more than 16 months in prison at his sentencing Oct. 17.

"Overall, we're happy with the resolution," D'Apice's lawyer, Michael Cristalli, said outside court. "The important thing is this case gets resolved."

Fourteen men ranging in age from 37 to 68 each pleaded guilty to a single felony tax charge of conspiracy to defraud the government. One woman, Paula McBride, 28, pleaded guilty to perjury. All live in the Las Vegas area except Ralph Pope, 63, of Chicago.

Six of the defendants, identified as current and former club managers, were expected to face 10 to 16 months in prison at sentencings scheduled in August and September. Nine other defendants face no more than six months in prison.

Rizzolo's lawyer, Tony Sgro, has characterized the club owner's decision to plead guilty as a calculated move to emerge from the shadow of investigations and the suggestion of mob ties. Efforts to reach Sgro on Wednesday were unsuccessful.

The lawyer has noted that Rizzolo's plea agreement does not mention organized crime, although prosecutors expect the corporate owner of Crazy Horse Too, the Power Company Inc., to enter a guilty plea Thursday to a racketeering charge.

The plea deal with Rizzolo depended on guilty pleas from each of the 16 other defendants.

The FBI had been investigating the club and Rizzolo since at least 1995, and used telephone wiretaps to collect information. The FBI and local police raided Crazy Horse Too in February 2003 in what Sgro called a "fishing expedition" for ties to organized crime. The lawyer said authorities also searched the club in late 2001.

The indictment cites injuries to Olathe, Kan., tourist Kirk Henry, who alleges in a civil lawsuit that he was left paralyzed from the neck down in September 2001 when he was beaten and left with a broken neck outside the club.

None of the defendants in the case admits direct responsibility for those injuries.

However, D'Apice agreed not to contest that the government could prove at least one of two acts of extortion to which he pleaded guilty also left at least one patron injured.

Sgro has said Rizzolo would sell the club within a year and not contest the payment of $10 million to Henry, some $4.25 million in forfeitures to the government and $1.7 million to settle a tax liability. The corporation and Rizzolo are expected to face some $750,000 in fines.

Daughter Of Victim In Homeless Hit-and-run Case Asks For Clues (MERCN)

By Andrew Glazer

The San Jose Mercury News, June 1, 2006

LOS ANGELES - The daughter of a man killed in a hit-and-run crash asked the public on Wednesday to help police in their probe that has resulted in the arrests of two elderly women accused of illegally collecting money from his life insurance policies.

Standing at the alley where the body of 73-year-old Paul Vados was found in 1999, Stella Vados and her lawyer Gloria Allred asked anyone who knew her father or the women held on charges of mail fraud - Olga Rutterschmidt, 73, and Helen Golay, 75 - to call the FBI or police.

"Please help me in my quest for justice," said Stella Vados, an artist who lives in Northern California.

Police are investigating whether Rutterschmidt and Golay were directly involved in the death of Vados and Kenneth McDavid, killed in a similar hit-and-run last year.

Authorities said Golay and Rutterschmidt befriended the two transients, duped the men into signing them as beneficiaries on their life insurance policies and collected more than $2.3 million after they were killed. They are investigating whether as many as six other men, including a blind man, fell prey to the alleged scheme.

Allred said Vados never met Golay and Rutterschmidt until they reached a court settlement on her father's life insurance policy. Vados' longtime boyfriend Randy Hansen said police told him in 2000 that the women claimed Paul Vados' body by telling the coroner they were his only living relatives.

Hansen said he and Stella Vados battled with the women to move Vados from the unmarked grave where they buried him to a family plot. He remains in the unmarked grave.

Investigators recently seized the station wagon they believe struck McDavid. Federal authorities said the 1999 Mercury Sable had been involved in a collision with a pedestrian or bicyclist, and that Golay had called for it to be towed near the alley where McDavid was killed.

The call was made from a gas station about an hour before McDavid's body was found, according to court filings. Over the next month, the car received three tickets and was towed while parked six blocks away from Golay's Hollywood home.

The car was nearly identical to a vehicle described in notes found in Helen Golay's home after her arrest, federal investigators said. It was not registered to either Golay or Rutterschmidt.

Deputy Federal Public Defender Kim Savo, who is representing Rutterschmidt, said her office is conducting an independent investigation and would not comment. Golay's lawyer, Philip Samovar, has not returned messages left at his office.

Lawyer Offers Plea In Drug Case (JCL)

By Jimmie E. Gates

Jackson Clarion-Ledger, June 1, 2006

A lawyer formerly associated with a Jackson law firm pleaded not guilty Tuesday to a 36-count federal indictment accusing him of helping clients submit false settlement claims involving the diet drug Fen-Phen.

Vicksburg lawyer Robert Arledge, 49, made his initial court appearance in U.S. District Court on Tuesday after being indicted on Friday. He is the first lawyer charged in the ongoing FBI/IRS federal investigation of fraudulent Fen-Phen claims.

Arledge made no comments after his court appearance, but his attorney proclaimed Arledge's innocence.

CHARGES AGAINST ARLEDGE

Lawyer Robert Arledge faces 36 counts in U.S. District Court. The charges are:

One count of conspiracy to defraud, four counts of fraud and three counts of wire fraud. Each of the fraud charges carries a maximum penalty of five years in prison.

Twenty-six counts of money laundering. Each of the money laundering charges carries a maximum penalty of 10 years in prison.

Two counts to forfeit property derived through the alleged scheme.

"All the charges are unfounded," defense attorney Bill Kirksey said. "Mr. Arledge has done nothing wrong."

Kirksey said Arledge was one of numerous lawyers who worked on Fen-Phen settlement claims.

"I'm wondering why he is standing here and not others," Kirksey said.

The U.S. attorney's office says Arledge was employed with Richard Schwartz & Associates at the time of the alleged fraud.

The indictment alleges Arledge and several plaintiffs received more than $8 million in settlements and attorney fees to which they were not entitled.

"You had individuals who never took the drug and received substantial amounts of money," said Assistant U.S. Attorney Don Burkhalter outside the federal courthouse in Jackson.

Kirksey said Arledge depended on what clients told him in submitting the claims.

Arledge was out of the country Friday on a hunting trip when the indictment was announced.

The government confiscated items from Arledge's office last week, including safes that have yet to be opened. Prosecutors agreed Tuesday to open the safes at a mutually agreed upon time with Arledge and his attorneys.

Fen-Phen, which was sold under brand names including Redux and Pondimin, was pulled from the market in 1997 after being linked to a series of heart problems. Its maker, American Products, established a $400 million pool in 1999 to settle legal claims.

The indictment covers from January 1999 to July 2002. Arledge is the third person associated with Schwartz & Associates indicted in the Fen-Phen investigation.

Federal prosecutor Cindy Aldridge said Arledge is the 27th person indicted in the federal investigation. All of the others have pleaded guilty but have not been sentenced.

U.S. Magistrate Judge James Sumner released Arledge on a $50,000 bond. His trial is set for Aug. 8.

Sumner said Arledge will have to surrender his passport, but is allowed to travel within the continental United States.

Arledge Says Innocent; Trial Starts Aug. 8 (VICKPOST)

By Danny Barrett Jr.

Vicksburg Post, June 1, 2006

JACKSON - Attorney Robert Arledge was released from federal custody on $50,000 bond Tuesday following an initial appearance in federal court.

He pleaded innocent to an indictment charging conspiracy, mail and wire fraud and money laundering, which carry maximum sentences of five and 10 years respectively, plus fines of up to $250,000 on each of the three charges.

A trial was set for Aug. 8 before U.S. District Judge David Bramlette.

The arraignment came after a weekend-long search for Arledge, who surrendered to federal authorities Monday. Officials with the U.S. Attorney's Office said the Vicksburg native and resident was on an overseas hunting trip when the indictment was announced Friday. Arledge may travel while on bond, but his passport was revoked.

Exiting the courthouse, Arledge, 49, had no comment on the details of the case, referring questions to his attorneys, William Kirksey and Karl Koch.

"These (charges) are all unfounded. He has done nothing wrong," Kirksey said, walking beside Arledge.

"A lawyer has to depend on the facts the client tells them," Kirksey said. "No lawyer has got the time to go behind every client."

Arledge, a onetime judicial candidate in Warren County, is accused of knowingly filing false claims for payment from a settlement pool set up by American Home Products, now Wyeth Pharmaceutical. The company made and distributed the Fen-Phen diet drugs Pondimin and Redux, which were removed from the market in 1997 by the Food and Drug Administration on suspicion of being harmful to people who took them.

The 35-count indictment charges that among legitimate plaintiffs, there were false claimants who shared in more than $8 million resulting from claims based on false information about having taking the prescription drug or its effect on their health. Attorneys in such cases are normally paid their expenses and a contingency fee of at least a third of a client's share.

Creation of the pool, about $2 billion, followed jury verdicts of $23 million in Texas and a $150 million jury verdict in Jefferson County.

Federal agents seized numerous items Friday from Arledge's home in Turning Leaf subdivision, off Lee Road, including a motorcycle and more than one oil painting. The indictment lists several items obtained with the hundreds of thousands Arledge secured in fees, including home expenses, charter plane expenses, cars, drapes and football tickets.

Arledge, licensed in 1995, was working for Schwartz and Associates in Jackson, the indictment says, when the false claims were filed and paid. He ran for Warren County judge in 2002, losing to Vicksburg attorney John S. "Johnny" Price Jr., who has since been re-elected to the post.

In addition to running against Price for county judge, Arledge asked then-Gov. Ronnie Musgrove to be appointed Warren County prosecuting attorney to replace Price. He had also qualified to run for county prosecutor but withdrew.

Federal authorities now say 27 people have faced indictment for lying to claim shares of the settlement pool. Almost all have pleaded guilty and been ordered to pay restitution of about $250,000 each.

Lawyer Pleads Not Guilty In Diet Drug Case (BSH)

Biloxi Sun Herald, June 1, 2006

JACKSON, Miss. - A Vicksburg attorney pleaded not guilty Tuesday to helping clients submit false settlement claims in a multimillion dollar lawsuit against a pharmaceutical company.

U.S. Magistrate Judge James Sumner released Robert Arledge on a $50,000 bond. Arledge turned himself in to federal authorities Monday after returning from an overseas hunting trip, ending a weekend-long search for the one-time judicial candidate.

More than a dozen federal agents last week swarmed his Vicksburg mansion. Witnesses said the officers seized property including a motorcycle and an oil painting.

The 36-count federal indictment lists several items obtained with the hundreds of thousands of dollars Arledge secured in fees, including drapes, cars, homes and football tickets.

The charges stem from the 48-year-old's involvement in claims from a settlement pool created by American Home Products, a pharmaceutical company that produced and distributed Pondimin and Redux.

The indictment charges that numerous plaintiffs shared in more than $8 million in payments as a result of submitting the false information and that Arledge, as an attorney, knew the claims were false.

Creation of the pool - nearly $2 billion - followed a $23 million jury verdict in 1999 in Texas and a $150 million jury verdict in Jefferson County, claiming the diet drugs endangered the health of those who took it.

In addition to the conspiracy charge, which in this case carries a maximum sentence of five years, Arledge faces additional charges of mail and wire fraud and money laundering in the indictment that carry five- and 10-year sentences, said Assistant U.S. Attorney Cynthia Eldridge. Those terms result from the activity taking place before the maximums sentences were raised in 2002, and thus are lower than current maximums, Eldridge said.

Arledge, a Vicksburg native, ran for Warren County Court judge in 2002. He received his license to practice law in 1995 and formerly worked with the Swartz & Associates law firm in Jackson.

Besides running for county judge, Arledge asked then Gov. Ronnie Musgrove to be appointed Warren County prosecuting attorney. He had also qualified to run for county prosecutor but withdrew from the race.

Medical Supply Company Owner Pleads Guilty In Wheelchair Scam (HC)

Houston Chronicle, June 1, 2006

A medical equipment company owner pleaded guilty Tuesday to paying $200 kickbacks to Houston doctors for writing prescriptions for unneeded motorized wheelchairs in a scam that cost federal health agencies millions.

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Harold "Prince Yellowe" Iyalla, 48, also told U.S. District Judge Vanessa Gilmore that Medicare paid his company, 1st Choice Medical Supplies and Equipment, $5.6 million under the scam.

During his plea, Iyalla said he paid recruiters $200 to $300 for each patient they could send to one of the doctors willing to write a phony prescription. Under the scheme, equipment companies would bill the government for wheelchairs that typically cost about $4,200, then give the patients motorized scooters worth about $1,700, according to the indictment.

Iyalla pleaded guilty to conspiracy, health care fraud and money laundering with maximum sentences ranging from five to 10 years and fines of $250,000.

Ex-Money Manager Gets 30 Years (LAT)

By E. Scott Reckard, Times Staff Writer

The Los Angeles Times, June 1, 2006

James Lewis expresses regret at his sentencing for swindling investors of $156 million.

Orange County money manager James P. Lewis Jr. was sentenced Friday to 30 years in prison for swindling 1,600 investors of $156 million in a Ponzi scheme so calculated and long-running that the judge called it a "crime against humanity."

Lewis slumped back in his seat as U.S. District Judge Cormac Carney pronounced the maximum sentence, rejecting pleas by Lewis' lawyer that it would be "a death sentence for a 60-year-old." Lewis turns 60 next month.

Carney calculated that 19 1/2 years in prison would be the most under nonbinding federal sentencing guidelines. But he said those rules "never contemplated this kind of case."

For nearly 20 years, the judge noted, Lewis solicited retirement funds from investors who now face the prospect of humiliation and poverty in their senior years.

"Obviously, Mr. Lewis has robbed you of security, peace of mind and the pursuit of happiness," Carney said. He added that when Congress set 30 years as the maximum sentence for mail fraud, "I just can't believe they could have conceived of a worse case than this."

The judge's decision was handed down after a four-hour, 20-minute hearing in a packed Santa Ana courtroom filled with weeping testimony from victims and Lewis' family, as well as angry outbursts from some investors.

Asked by the judge to address the court, Lewis delivered a rambling speech that began with apologies to his victims, saying he was "full of sorrow, shame and deep remorse." In a high-pitched voice, he then described at length the hard-core criminals he had come to know in jail — men with names such as Trigger, Hit Man and Cutthroat — and said he hoped to someday reform them through Bible study.

As the sentence was read, one of Lewis' daughters screamed and burst into tears while many of the 60 other spectators applauded. Several victims said they had thought the sentence would be light because Carney had seemed sympathetic to the argument about Lewis' age during the hearing.

"He was sounding like he'd be lenient on him," said Janet Goldblatt, an investor who told the judge she had lost a nest egg from working 25 years as a designer for Mattel Inc.

"To say I'm happy doesn't begin to describe it — it's satisfaction that the justice system works," Goldblatt said. "At least we know where he's going to spend his retirement."

Defense attorney Scott M. Schlegel said he would appeal the sentence, saying it was cruel and unusual punishment for a man of Lewis' age.

The judge praised Lewis for giving up his right to a trial, which he said could have overwhelmed the already devastated investors. Lewis pleaded guilty in October to one count of mail fraud and one count of money laundering.

Among his clients were many fellow Mormons who had learned of Lewis' Financial Advisory Consultants in Lake Forest through church connections, and talked friends and family members into investing as well.

Lewis has been held without bail since January 2004, when he was arrested at a budget motel in Texas after a nationwide manhunt. He had a disguise and a guidebook to Mexico at the time.

Over two decades, he raised $311 million from investors who had heard glowing accounts of people earning returns of as much as 40% a year. Billing his operation as perfect for individual retirement accounts, Lewis lulled investors by paying them dividends and other returns, leaving investors with a net loss of about $156 million.

But as he admitted in October, the payments were made using funds from other investors in a classic Ponzi scheme.

Lewis' fraud succeeded for so long in part because he was taking in money that investors had earmarked for retirement and weren't seeking returns on for years, said Barry Minkow, who spent seven years in prison for defrauding investors when he operated ZZZZ Best carpet-cleaning company in Reseda.

Minkow, now an anti-fraud consultant, tipped authorities to Lewis' scam after worried investors asked his firm to look into what they suspected was a scam.

Lewis told his victims he was turning big profits by buying and selling distressed businesses, leasing equipment to medical offices and financing medical insurance premiums.

In fact, Assistant U.S. Atty. Gregory W. Staples reminded the judge, Lewis made only a few small investments and squandered millions on cars and expensive homes for his ex-wife in Laguna Niguel, a girlfriend in Villa Park and another girlfriend in Greenwich, Conn.

Receiver Robb Evans & Associates of Sun Valley has been liquidating Lewis' assets and suing hundreds of clients who were paid more than the money they invested, hoping to reclaim some for the losing investors.

Evans has recovered nearly $11 million, of which investors will get $9.5 million after expenses, said Evans' chief operating officer, Brick Kane.

Ex-Mansfield Cop Pleads Guilty In Child Porn Case (FWST)

The Fort Worth Star-Telegram, June 1, 2006

David Neal Looney, 41, a former Mansfield police officer, pled guilty in federal court in Fort Worth today to one count of possession of child pornography, according to a press release from the U.S. Department of Justice.

Looney, of Mansfield, admitted in court documents that he paid for access to a Web site that allowed its paying members to view and download images of child pornography.

Looney confessed to FBI agents that he had images of child pornography on his home computer and gave written consent for agents to seize and search his computer. A forensic examination of the computer's hard drive revealed approximately 110 images of child pornography.

He faces a maximum statutory sentence of 10 years in prison and a $250,000 fine. He is scheduled to be sentenced Sept. 11, 2006, officials said.

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Banks Honor Bogus Checks And Scam Victims Pay (WP)

By Caroline E. Mayer

The Washington Post, June 1, 2006

Trying to sell his 1968 Mustang online, John Schaefer received what appeared to be a firm offer from an overseas classic-car dealer. The buyer sent Schaefer a check for $14,000 even though Schaefer was asking only $8,000. The buyer said the extra money was to cover shipping and directed Schaefer to wire him the difference.

"It seemed kind of funny, and I had some hesitation," said Schaefer, who deposited the check in his bank's ATM over the weekend. On Monday, he asked a teller to see if the check was good. She left her perch, went to the backroom and returned assuring him "there was no problem," Schaefer recalled.

On Wednesday, "still not feeling quite right," Schaefer asked the same teller to make sure the check was good. That time, the teller told him the check had been cleared and he was "all set." Schaefer withdrew $5,000 and wired the money to the buyer.

Four days later, as he reviewed his account online, he discovered the check was not good. Even worse, the bank was demanding that he repay the $5,000.

"Had I made the deposit and not tried to make sure it was legitimate, I should have full obligation to make good on it," said Schaefer, 34, a facilities manager in Brattleboro, Vt. "But I checked with the bank twice, and now I find out they have no accountability."

Schaefer is one of thousands of consumers who have been victimized by an increasingly common check scam that relies on the vagaries of the banking system to take advantage of unsuspecting consumers.

Federal rules require banks to release funds from a consumer's deposit quickly, usually within one to five business days, depending on the kind of check. However, it can take weeks before a bank discovers a check is fraudulent.

So when a teller says "the check has cleared," the teller is "usually thinking in terms of bank rules, that the hold time is over, and the consumer now has access to the funds," said Susan Grant, director of the National Fraud Information Center.

But the average consumer thinks that phrase means "the check is not fraudulent," Grant added.

When that happens, it is depositors who are responsible for the money, she said. As the American Bankers Association explains in a "Fraud Alert!" statement insert it distributes to banks to send to customers: The consumer is the one dealing directly with the person who sent the money and therefore is "in the best position to determine how risky the transaction is."

To facilitate the flow of funds behind the 40 billion checks processed each year, banks are required to release funds within a few days, said Nessa Feddis, senior federal counsel for American Bankers Association.

If tellers start asking a lot of questions or start holding checks until they are determined to be good, banks "might be perceived as trying to circumvent the rules entitling people to withdraw funds," Feddis added. And if the banks are wrong, it will only be a matter of time before they are hauled before Congress and "accused of trying to hold on to people's funds," she said.

That provides no comfort to those who have gotten caught in scams. "I want security more than fast check-cashing and money flying all over the place," said Toni Gaston, a New Jersey administrative assistant who was the victim of an Internet work-at-home scam earlier this year.

In February, about a year after Gaston had posted her résumé on a job-search Web site, she received an e-mail about a part-time opportunity: to work as a courier for money for an international charity that builds homes for people in disaster areas. Her assignment was to deposit local donations into her own bank account, wait for the checks to clear and then wire the money to another address. She was told she would be paid 7 percent of every donation check, with a guarantee of $500 the first week on the job.

Gaston received a $4,500 cashier's check on Saturday, Feb. 26, and immediately deposited it in her Bank of America account. The teller told her it would take three days for the check to clear. On Wednesday, Gaston reviewed her account online and saw the funds were in her account. "I assumed, since it was a cashier's check, that Bank of America had actually gotten money from the other bank and put it into my account," she said.

On Thursday, Gaston withdrew $2,000 and wired it to a Ukrainian address. That's not unusual since most of these scams direct money outside the United States, often to Canada or Nigeria. The next day, Gaston followed instructions from another e-mail directing her to wire $1,900 to a different Ukrainian address.

"I couldn't believe I could make this much from this little bit of work," Gaston said. It was only a few days later that Gatson's euphoria wore off, when she caught a snippet of a TV news story about a person who had been scammed by an identical work-at-home scheme.

"My face turned completely green," said Gaston, who called the bank immediately. Bank officials told her there was nothing the bank could do and warned her that she would have to repay the $3,900 when the counterfeit cashier's check was finally returned to the bank.

It took another month before that happened. By that time, Gaston had surfed the Internet and learned there were hundreds of other victims around the country. She was furious. "The banks know this is going on. They know people are compromising the bank system, so why don't they upgrade their security, train their tellers to spot the counterfeit checks?"

According to Gaston: "A bank vice president told me that the bank cashes so many checks a day it doesn't have time to do that. I thought my money was safe. . . . I should have stashed it in a mattress."

Bank of America spokeswoman Diane Wagner said privacy rules prohibit talking about Gaston's case. However, in general terms, she said, "We advise customers to know with whom they're doing business. We also tell them they should never agree to wire back funds to a person they're not familiar with."

Wagner and other bank officials around the country all note that both the deposit receipt and the initial agreement customers sign when setting up an account make it clear that if any deposit item is returned, for any reason, the customer is responsible.

Bank of America's deposit receipt, for example, says: "All items are credited subject to verification, collection, and conditions of the Rules and Regulations of this Bank and as otherwise provided by law."

For most consumers, that language is clearly not enough, said Shawn Mosch, who launched a "Scam Victims United" Web site after she and her husband fell victim to a counterfeit check scam when they tried to sell a 1961 Buick online. Begun in 2003, Scam Victims United now has 2,616 members registered to its message board of 4,000 postings.

"There ought to be a law that says banks can't release the money until the check is guaranteed to have cleared -- or the customer is willing to sign a release realizing it is his/her responsibility if the check turns out bad," Mosch said. "Had there been something like that for me when I was a victim, I would have said, 'Oh wait, you mean we're not guaranteed here?' . . . We didn't trust the guy we were selling the car to, but we trusted our bank to tell us the truth. . . . I specifically asked the teller, 'I want to make sure if I do anything with this check it won't come back and bite me,' and the same teller assured me three times there was no problem."

Bank officials say it is not possible to warn each and every consumer about potential scams. "Everybody is in a hurry, so if we made such a disclosure with each transaction about every responsibility the depositor has, we'd be there all day," the ABA's Feddis said.

Besides, Feddis added, the proportion of fraudulent checks is very small, fewer than 100,000 out of the 40 billion checks processed annually. But the numbers are growing. According to the suspicious-activity reports banks file with the federal government, the number of fraudulent and counterfeit checks totaled 88,986 in 2005. That's more than triple the 28,670 reported in 2000. Between 2004 and 2005 alone, the number of reports of fraudulent and counterfeit checks grew by 45 percent.

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Driving this increase is the Internet, which has made it easy for scammers to reach an ever-widening circle of susceptible consumers. "Because you're on the Internet in the comfort of your home, you may not realize the dark alleys you're dealing with," said John Hambrick, the FBI's unit chief at the Internet Crime Complaint Center.

Banks say they are trying to be more proactive, alerting their customers to those dark fraud-filled alleys through statement inserts and posters.

"Banks could do a better job," added Grant of the National Fraud Information Center. Among other things, she said, they could improve technology to catch fraudulent checks faster and be more upfront with customers about the risks.

"For example, when a customer says, 'Has this check cleared?' it's an opportunity to say the hold period is over and now you can have access to the money, but that doesn't mean the check or money order is good. If it bounces, you will still be responsible."

Even so, Grant added, consumers need to be vigilant, too. "And there's one sure way consumers can avoid a scam: Anytime anyone asks you to wire them money, that's all you need to know."

Schaefer learned that lesson the expensive way with his Mustang. He eventually sold it "to a gentlemen in Massachusetts," he said, adding, "He paid cash."

Plot To Arm Militia Group Nets Prison For Houstonian (HC)

By Harvey Rice

Houston Chronicle, June 1, 2006

A Houston businessman and former member of the Danish Parliament was sentenced to 14 years in federal prison today for his role in a plot to trade cocaine for weapons to arm a right-wing militia listed as a terrorist group.

Uwe Jensen, 70, pleaded guilty more than three years ago to conspiring with his boss, Carlos Ali Romero Varela, 47, to sell shoulder-launched anti-aircraft missiles and small arms to the United Self-Defense Forces of Colombia, or AUC.

"Nothing was intended to hurt the United States," Jensen said today as he apologized in court for his crime.

His attorney, Erik Sunde, said Jensen got involved because he had gone through a divorce was earning a little more than $1,000 per month from Romero.

He entered into "what seemed to be an adventure, what seemed to be exciting and offered financial security for his future," Sunde said.

U.S. District Judge David Hittner said Jensen's age kept him from issuing a sentence of 15 years to life in prison, as permitted under federal sentencing guidelines.

Hittner sentenced Edgar Fernando Blanco Puerta, an AUC commandante known as "Emilio," to life in prison. He sentenced Elkin Alberto Arroyave Ruiz, a Colombian known as "Napo," to 15 years in prison.

Arroyave Ruiz's attorney, Richard Diaz, said his client was a contractor hired by the AUC to inspect the weapons they planned to purchase for $25 million in cash and cocaine. Prosecutors initially claimed he was an AUC commandante, but acknowledged later that he was not an AUC member.

The AUC, an umbrella group for right-wing militias formed to fight Marxist guerrillas, is on the U.S. State Department's list of terrorist groups and has been accused of widespread human rights abuses.

Romero, Jensen's employer and co-conspirator, also haspleaded guilty and is awaiting sentencing.

They were arrested in an FBI sting operation code-named "White Terror," which began after an East German informant who claimed to have ties with the KGB told the FBI that Jensen and Romero wanted to buy Russian weapons.

The FBI arranged an elaborate sting operation in which Warsaw Pact arms for sale were depicted on a CD-ROM.

Jensen and Romero planned to ship the AUC 53 million rounds of ammunition, 9,000 AK-47 assault rifles, grenade launchers with 300,000 grenades, two SA-7 shoulder-fired anti-aircraft missiles, 300 pistols and two SVD sniper rifles, investigators said.

Romero, who prosecutors said had been involved in drug trafficking, was president of Poseidon Inc., which he formed to make international chemical shipments in special tanks designed for easy transport.

Romero and Blanco agreed to trade weapons for cocaine after a series of meetings in Latin America and Houston, authorities said.

Jensen had a short political career in Denmark before moving to Texas. He was a city councilman in his hometown of Esbjerg in 1975, a member of the Danish Parliament in 1977-79 and a member of the European Parliament in 1977-78 and spent three months in 1978 as a Danish delegate to the United Nations.

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3 Men Sentenced In Drugs-For-Weapons Case (AP)

AP, June 1, 2006

HOUSTON -- Three men, including a former Danish parliament member, were sentenced Wednesday to prison terms ranging from 14 years to life in prison for their roles in a $25 million weapons-for-cocaine plot involving Colombian terrorists, prosecutors said.

Elkin Alberto Arroyave Ruiz, 37, and Edgar Fernando Blanco Puerta, 59, both Colombian nationals, and Uwe Jensen, 70, a naturalized U.S. citizen from Denmark, had pleaded guilty to charges of conspiracy to provide material support and resources to the Autodefensas Unidos de Colombia.

The group was designated a foreign terrorist organization by the U.S. government on Sept. 10, 2001.

Jensen and Blanco also pleaded guilty to conspiracy to possess with intent to distribute cocaine, said U.S. Attorney Don DeGabrielle.

U.S. District Judge David Hittner sentenced Jensen to 14 years in prison for each of the two counts he faced. His sentences will be served concurrently. Jensen sat on Denmark's parliament from 1975 to 1979.

Blanco was given sentences of life in prison and 15 years for the two counts he faced. Both sentences will be served concurrently.

Arroyave was sentenced to 15 years and faces deportation to Colombia after serving his term.

All federal prison terms are without parole.

All three were arrested in 2002 -- Jensen in Houston, Arroyave and Blanco in San Jose, Costa Rica.

Carlos Ali Romero Varela, 46, another participant in the scheme, is awaiting sentencing.

Prosecutors said Jensen and Romero, who both lived in the Houston area, tried to broker a deal with an undercover FBI operative to provide $25 million worth of Russian-made weapons in exchange for cocaine and cash.

A CD-ROM with samples of the weapons was presented to members of the Colombian terrorist group, including Arroyave and Blanco. No weapons reached the group, authorities said.

Judge Questions Role Of Wife In Alleged Cuba Spy Tandem (AP)

By Curt Anderson, AP Legal Affairs Writer

AP, June 1, 2006

A federal judge raised questions Wednesday about the role of a Florida International University employee accused along with her professor husband of working as agents of the Cuban government, suggesting that the charges amounted to "character assassination" against her.

U.S. District Judge K. Michael Moore said it was unfair to Elsa Alvarez to assume that she was involved in all of the activities of her husband, Carlos Alvarez, particularly since there is substantial evidence indicating she was reluctant from the beginning and later opposed continuing their alleged surveillance on behalf of Cuba.

"There's a lot of character assassination as to the wife because of what you have on the husband," Moore said at a hearing. "It strengthens your case if you can just lump her in there."

Moore's comments came during a three-hour hearing on a request by Elsa Alvarez's lawyers that she be released on bail before trial scheduled in early 2007. Moore did not issue an immediate ruling, but did direct attorneys to draw up a tentative order providing for bail of at least $250,000.

The couple is charged with failing to register as agents of a foreign government. Prosecutors contend they spied for Cuban President Fidel Castro's government for decades, mainly reporting on activities of Miami's large Cuban-American exile community and U.S. political developments.

Both have pleaded not guilty and have been held without bail since their arrests in early January. Prosecutors have alleged they used their positions at FIU - she as social program coordinator, he as a psychology professor - as cover.

Testimony revealed Wednesday that during three days of interviews with the FBI last summer, Carlos Alvarez repeatedly told agents that his wife was not directly involved in communications - using coded messages on a short-wave radio - with their Cuban intelligence service handlers.

In fact, according to transcripts of those interviews, Elsa Alvarez grew increasingly worried about the contacts and hoped to end them.

"Elsa has been the person who wanted me to break with all of this for many years," Carlos Alvarez told FBI agents. "I'm not saying it as a husband defending a wife. But there's nothing there."

Brian Frazier, the assistant U.S. attorney handling the case, acknowledged that the evidence is "mixed" about Elsa Alvarez's activities on behalf of Cuba. But he said she did attend a training session with Cuban handlers with her husband in Mexico in the mid-1980s and received a medal for her work while on a trip to Cuba in 1991.

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The evidence, Frazier said, "is greater as to Mr. Alvarez than to his wife. But it's important to understand how these husband-and-wife teams work and how they aided and abetted each other."

A key question for Moore is whether Elsa Alvarez is a risk to flee the country if released on bail. FBI agent Albert Alonso, the chief investigator on the case, testified that a Cuban passport in Carlos Alvarez's name was found at their Miami home, but nothing in Elsa Alvarez's name.

There was also no evidence of false travel documents or identities, which are common in espionage and similar cases, Alonso said. But he added that Cuba has frequently recruited married couples as spies because of their loyalty to each other.

"It's a family unit. They trust each other. Nobody else knows about them but themselves," Alonso said.

Testimony also disclosed Wednesday that the FBI planted a listening device in the couple's bedroom in at least 2001 and possibly earlier. But in all of those taped conversations, Alonso said there was no discussion of fleeing to Cuba if the couple was caught, or of such things as foreign bank accounts or fake travel documents.

Stolen VA Data Goes Beyond Initial Reports (AP)

By HOPE YEN, Associated Press Writer

AP, June 1, 2006

WASHINGTON (AP) - Personal information on 26.5 million veterans that was stolen from a Veterans Affairs employee this month not only included Social Security numbers and birthdates but in many cases phone numbers and addresses, internal documents show.

Meanwhile, VA Secretary Jim Nicholson said Wednesday that he had named a former Arizona prosecutor as a special adviser for information security, a new three-month post that will pinpoint security problems at the VA and develop recommendations for improvements.

The three pages of memos by the VA, written by privacy officer Mark Whitney and distributed to high-level officials shortly after the May 3 burglary, offer new details on the scope of one of the nation's largest security breaches. The memos were obtained Wednesday by The Associated Press.

They show that a file containing 6,744 records pertaining to "mustard gas veterans" - or those who participated in chemical testing programs during World War II - was breached, and that a "short file" with as many as 10 diagnostic codes indicating a veteran's disability also was stolen.

At the same time, however, the memos suggest that the data might be difficult to retrieve by thieves.

"Given the file format used to store the data, the data may not be easily accessible," stated one memo dated May 5 and distributed internally May 8.

On Wednesday, the VA did not say why it didn't immediately reveal that personal information such as addresses and phone numbers had been disclosed. But the agency said it aggressively sought to protect veterans once Nicholson was informed.

"VA's initial and primary efforts have focused on notifying the millions of veterans and some spouses whose most sensitive and identifiable information - their names, Social Security numbers, dates of birth, and some disability ratings - may have been compromised," spokesman Matt Burns said.

Some lawmakers said Wednesday they were troubled by the new revelations, which go further than what the VA initially reported after publicizing the theft on May 22. At the time, Nicholson said the data was limited to names, Social Security numbers and birthdates; he later indicated that diagnostic codes in some cases also may have been breached.

"It is not appropriate for this information to ever enter the public domain," said Rep. Bob Filner, D-Calif., the top Democrat on the House Veterans' Affairs Committee, which is planning to hold several additional hearings on data security and veterans' benefits later this summer.

Veterans groups have criticized the VA for a three-week delay in publicizing the burglary after the theft at a VA data analyst's Maryland home. During hearings last week, Nicholson said he was "mad as hell" that employees did not notify him of the May 3 burglary until May 16.

Joe Davis, a spokesman for Veterans of Foreign Wars, said the VA needs to come clean about who exactly is at risk.

"What's so upsetting and frustrating is the lack of specific details coming from the VA," he said. "We have millions of veterans looking to the VA for answers, including older veterans who may not have Internet access or fully comprehend what this means to them, and younger veterans who will now have to carry this dark cloud with them for the rest of their lives."

Separately, Nicholson said in a statement that he had appointed former Maricopa County Attorney Richard Romley as his new adviser for information security. Nicholson cited a need for dramatic security changes in the wake of the burglary.

"Rick Romley is a well-respected attorney and veteran who will provide a critical outsider's perspective to VA," Nicholson said. "Rick shares my commitment to cutting through bureaucracy to provide results for our nation's veterans."

Romley, a Vietnam War veteran, prosecuted one of the largest public corruption cases in Arizona in the early 1990s and was seen as a potential GOP contender in that state's 2006 governor's race.

On Tuesday, VA deputy assistant secretary Michael McLendon said he was stepping down because of the theft, and the VA announced it would dismiss the data analyst, who had reported to McLendon. The department also placed Dennis Duffy, the acting head of the division in which the data analyst worked, on administrative leave.

Deal Lets City Subpoena 3 Lab Workers (HC)

By Steve Mcvicker

Houston Chronicle, June 1, 2006

Legislator and investigator agree on a plan to force them to testify

Three recalcitrant witnesses believed to hold key information concerning the root of problems at the Houston Police Department crime lab could soon be forced to tell what they know.

Michael Bromwich, the city's independent investigator, and Rep. Kevin Bailey, D-Houston, chairman of the House Committee on General Investigating and Ethics, confirmed Tuesday that an unorthodox agreement has been reached that would let Bromwich use the committee's subpoena power to compel the uncooperative former lab employees to testify under oath.

"We're pleased we've been able to reach an agreement with Chairman Bailey and the members of his committee that will advance our investigation," Bromwich said.

In his latest report on the crime lab released earlier this month, Bromwich, a former U.S. Justice Department inspector general, said DNA and serology analysts may have tailored their findings to support predetermined crime theories.

Bromwich also complained that the probe by his team of forensic investigators has been hindered by an absence of cooperation from three ex-crime lab employees: former lab supervisor Don Krueger, former DNA lab chief James Bolding and former analyst Christy Kim.

Krueger retired in February 2003 after the DNA section's widespread problems were exposed. Former Police Chief C.O. Bradford later recommended that Krueger be fired for his role in the lab's problems. Bolding resigned in 2003 to avoid being fired. Kim was fired, but the Civil Service Commission re-instated her and she later retired.

Work by Bolding and Kim has been repeatedly mentioned in cases found to be suspect by Bromwich's team.

"Was it just incompetence and sloppiness by the analysts, or was there some outside pressure getting them to come up with certain results?" Bailey asked. "They've not been willing to answer questions, and so this appears to be the only way to get them (to)."

Attempts to contact the three former lab employees for comment were unsuccessful Tuesday.

According to Bailey's reading of the Texas Government Code, no one who testifies before his committee can be prosecuted based on that testimony. Therefore, in his opinion, none of the witnesses should fear cooperating.

"But if they still fail to testify, we'll find them in contempt and attempt to have them prosecuted," the committee chairman said.

Subpoena powersThe subpoenas for Krueger, Bolding and Kim will order them to appear before the committee in closed hearings scheduled June 12-14 at Houston City Hall. Bailey said one day has been set aside for the questioning of each witness. The witnesses are expected to appear before the committee, but Bailey said Bromwich would lead the questioning.

The idea of the committee basically lending its subpoena power to Bromwich was first floated by Bailey earlier this year. But the chairman's suggestion ran into opposition from Rep. Harold Dutton D-Houston, who is also on the committee. However, when contacted Tuesday, Dutton said he no longer has reservations about the rarely used committee tactic.

"There is some precedent for, in a closed hearing, allowing questions to come from parties that have been dictated by the committee and committee chair," Dutton said.

Team's qualificationsDutton also said that Bromwich's forensic team is obviously better qualified to question the former lab workers than members of the committee.

Bromwich was hired by the city to investigate the crime lab in 2005. The lab's DNA division was closed in December 2002 because of problems with practices and personnel. Since then, errors also have been exposed in the lab divisions that test firearms, body fluids and controlled substances.

Two men have been released from prison because of faulty lab work.

Thus far, Bromwich's investigators have identified 93 cases involving DNA or serology analysis with "major issues" that raise doubts about the reliability of work and the accuracy of analysts' conclusions.

"(The Legislature) has got to figure out if these labs should be independent and separate from police departments, or can they operate fairly when they are under police department control," Bailey said.

Ohio Justices Reverse Death Penalty Over Killer's Abusive Childhood (FINDLAW/AP)

AP, June 1, 2006

(AP) - COLUMBUS, Ohio-The Ohio Supreme Court on Wednesday threw out the death sentence of a man who strangled and stomped a 76-year-old man during a robbery, saying the killer's chaotic childhood with abusive parents, along with other factors, outweighed the crime's brutality.

The 4-3 opinion also noted that Troy Tenace, 44, expressed remorse when he confessed to police in 1994, and that if he receives the maximum sentence, he won't be eligible for parole until age 96.

Any one factor alone would not have resulted in reversing the death sentence, but the combination of the three is enough to argue for prison over execution, the majority said.

The three dissenting justices said the brutality of the crime was inexcusable.

The justices were unanimous, however, in upholding Tenace's conviction for robbing and killing Chester Kozlowski on Jan. 28, 1994, in his Toledo home. Tenace robbed Kozlowski because the older man paid him in cash earlier for chimney repairs. The man had been gagged and strangled, and had extensive facial injuries from being stomped with heavy boots.

The ruling sends the case back to Lucas County for resentencing.

Tenace's mother and siblings had testified he was forced to watch the sexual abuse of his sister by his stepfather and was sexually abused himself by baby sitters, and that all three children were taught to steal and use drugs by age 10.

"Tenace was doomed from the start," Justice Judith Lanzinger said in the majority opinion. "Both appellant's mother and father were abusive, neglectful, and pernicious influences on their three children, who were schooled in crime from an early age."

South Carolina Bills Would Allow Death Penalty For Sex Offenders (NYT/AP)

By The Associated Press

The New York Times, June 1, 2006

The House passed a pair of bills that would allow prosecutors to seek the death penalty for some repeat child molesters. One bill was approved earlier by the Senate and now goes to the governor's office, but the second must go back to the Senate for reconsideration.

CIVIL LAW:

FEC Adopts Hands-Off Stance On '527' Spending (WP)

By Thomas B. Edsall

The Washington Post, June 1, 2006

The same rules that allowed independent "527" groups such as America Coming Together and Swift Boat Veterans for Truth to pump more than $400 million into the 2004 election campaigns will remain in place for now, the Federal Election Commission announced yesterday, a decision that invites even larger sums to be spent influencing races this year and in 2008.

The FEC ruling, made on a vote of 4 to 2 in closed session was a response to an order by U.S. District Judge Emmett G. Sullivan. Noting the apparent "complete failure" of the FEC's regulatory efforts in 2004, Sullivan required the agency either to start crafting new rules or to issue a better explanation of how it will be able to regulate the groups effectively under existing rules.

Commission Chairman Michael E. Toner was one of the two dissenting votes. "The stage is set for 527s to once again spend hundreds of millions of dollars in soft money to influence the 2006 midterms and the 2008 presidential election," he said.

Money donated to 527 groups -- the name comes from the section of the federal tax code under which the organizations operate -- must be disclosed under election law. Unlike contributions to candidates or major parties, there are no limits on what an individual can give.

In the 2004 presidential campaign, this allowed donors such as financier George Soros and insurance magnate Peter Lewis to be the major supporters of the liberal groups America Coming Together (ACT) and the Media Fund, which organized field operations and bought television ads against President Bush in swing states such as Ohio. On the other side, Texas developer Bob J. Perry helped fund the Swift Boat Veterans, which attacked Democratic nominee John F. Kerry's Vietnam War record.

Committees aligned with the Democratic Party outspent their GOP competitors $320 million to $109 million, according to the Campaign Finance Institute.

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House Republicans have passed legislation to limit the money individuals donate to 527 groups to $25,000 for voter registration and turnout activities and to $5,000 for TV commercials. Senate Democrats, however, appear determined to block the measure.

Toner said he sought to write a rule severely restricting contributions to 527 groups, but lost the vote yesterday. He was joined by fellow Republican Hans A. von Spakovsky. All three Democrats on the commission -- Robert D. Lenhard, Ellen L. Weintraub and Steven T. Walther -- joined Republican David M. Mason in the majority vote.

The pro-Democratic tilt of 527 spending in 2003-2004 prompted opposition at the Republican National Committee, the Bush-Cheney campaign and among Republican members of the House and Senate. Republicans did not become actively involved in 527 fundraising until May 13, 2004, when the FEC rejected proposals to issue strong regulations governing contributions to the groups.

The 527 activity in 2004 may not recur. Since the 2004 contest, ACT and the Media Fund effectively folded when Soros and some other Democratic heavy hitters withdrew support.

Reps. Christopher Shays (R-Conn.) and Martin T. Meehan (D-Mass.), co-sponsors of the 2002 McCain-Feingold campaign finance law, had sued the FEC demanding tougher regulations and enforcement.

Election Panel Won't Issue Donation Rules (NYT)

By Kate Phillips

The New York Times, June 1, 2006

WASHINGTON, May 31 — The Federal Election Commission has decided not to issue rules to regulate so-called 527 organizations that used millions of dollars in private donations to become powerful voices in the 2004 presidential election.

A federal judge had told the commission that it had two choices: issue uniform rules or issue a fuller explanation of why it was dealing with 527-related cases one by one even as the 2006 elections near. The commission voted 4 to 2 not to appeal the judge's ruling, and chose the second option.

Its chairman, Michael E. Toner, a Republican, dissented, saying, "The failure to issue rules has fostered uncertainty about what is legally permissible and has undermined the McCain-Feingold law" that governs campaign financing.

The vote by the panel set the stage for another round of court battles that could affect the 2006 Congressional elections, as well as the 2008 presidential race.

Advocates of changing campaign financing — and some Republicans — have been prodding the commission and Congress to regulate the 527 groups, named after a section of the tax code. Critics term the groups' operations an end run around the McCain-Feingold ban on the largely unregulated contributions to federal candidates that is known as soft money.

In the 2004 election, the groups spent money in a way that parties were no longer permitted to do, prompting watchdog groups to call them "shadow parties."

The 527 groups largely aided Democratic candidates through benefactors like the billionaire George Soros. But at the end of the campaign, the best-known group was probably the Swift Boat Vets for Truth organization that attacked Senator John Kerry.

Some advocates of changing campaign finance had pinned their hopes on the commission, recognizing that stiff Democratic opposition in the Senate had made the passage of measures to regulate 527 organizations difficult.

The decision this week grew out of a case brought by Representatives Christopher Shays, Republican of Connecticut, and Martin T. Meehan, Democrat of Massachusetts, and the Bush-Cheney '04 campaign.

In March, Judge Emmet G. Sullivan of Federal District Court gave the commission his two options to address the question.

"Case-by-case adjudication appears to be a total failure," Judge Sullivan wrote in March.

He later elaborated, saying, "Cases arising from the 2004 campaign have languished on the commission's enforcement docket for as long as 23 months, with no end in sight, even as the 2006 election campaign has begun."

Although it has acted on some questions related to 527 groups, the commission has not resolved several complaints by Democracy 21 and other campaign finance groups against some of the biggest organizations.

Fred Wertheimer, president and chief executive officer of Democracy 21 and a lawyer involved in the 527 suit, said the decision was not satisfactory.

"We expect the F.E.C. to act quickly," Mr. Wertheimer said, "and we also expect to be back in federal court to get this matter resolved and to stop the 527's from spending unlimited amounts of money."

Laurence E. Gold, associate general counsel for the A.F.L.-C.I.O., said it would be disastrous for unions and nonprofit organizations if the commission decided to redefine the 527 groups as federal political action committees, because those fall under the umbrella of McCain-Feingold limits.

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Mr. Toner said his agency's action raised the stakes on bills in Congress. A lobbying bill approved by the House includes restrictions on 527 groups, but it is unclear whether it will emerge from the conference committee. The Senate's lobbying package has no such component, and many Senate Democrats oppose such a measure.

"Absent Congressional action," Mr. Toner said, "no one should be surprised if 527 soft-money spending in '06 and '08 becomes one of the driving forces in determining which candidates are elected."

NARA Report Calls For Streamlining Of Classified Records Management (GCN)

By Alice Lipowicz, Contributing Writer

Government Computer News, June 1, 2006

The federal government needs to apply a more integrated approach to declassifying records, a new report from the National Archives and Records Administration recommends.

"We need to streamline the multiple, inefficient and, at times, ineffective independent agency reviews of the same material," according to the report, which was published by NARA's Information Security Oversight Office.

The office found that the level of reported classifications in fiscal 2005 decreased by 1.4 million in comparison to fiscal 2004 and is the first decrease observed since fiscal 2001. Even so, there are still increasing numbers of documents being classified, primarily for counterterrorism activities and critical infrastructure protection, at the Homeland Security and Justice departments.

The total number of classifications dropped to 14.2 million in fiscal 2005, a decrease from 15.6 million the year before. That reversed an upward trend that had been occurring since 2001, with 8.7 million classifications that year. In 2002 there were 11.3 million, in 2003 14.2 million, and in 2004 15.6 million.

Declassifications rose slightly to 29.5 million in fiscal 2005, up from 28 million in fiscal 2004. The general recent trend has been downward, however, with 100 million declassifications reported in 2001; 44 million in 2002; and 43 million in 2003.

Bankruptcy Judge, Pilots Approve Concessions Deal (FINDLAW/AP)

By Harry R. Weber And Vinnee Tong, Ap Business Writers

AP, June 1, 2006

(AP) - ATLANTA-A bankruptcy judge Wednesday approved the $280-million-a-year concessions agreement between Delta Air Lines Inc. and its pilots, rejecting claims by the government's pension insurer that it should receive the compensation the pilots were promised if their pension is terminated.

The decision came hours after rank-and-file pilots gave their nod to the deal. The agreement, which runs through 2009, will take effect Thursday.

The deal, which replaces an interim pact agreed to in December, includes an initial 14 percent pay cut for pilots and assurances the pilots union won't fight any company effort to terminate the pilots' pension.

Judge Adlai Hardin signed the agreement during a hearing in White Plains, New York. Earlier in the day, pilots of the Atlanta-based airline, the No. 3 U.S. carrier, approved the deal with a vote of 61 percent in favor.

The judge's approval, the last hurdle in the process, came despite an objection filed by the government's pension insurer, which insisted that a $650 million (â,¬505 million) note and $2.1 billion (â,¬1.6 billion) unsecured claim that Delta has promised the pilots should belong to the agency if the pilots' pension is terminated as expected.

Hardin heard arguments from lawyers for both sides, but determined in the end that the agreement was in the best interest of the airline.

The Pension Benefit Guaranty Corp. said afterward that it was reviewing its options, including the possibility of an appeal.

"It was probably the most significant negotiation transaction we'll face as part of this bankruptcy process," Chief Financial Officer Edward Bastian said of the concessions deal. "It gives us the ability to put the past behind us and make Delta a success again."

The chairman of the pilots union's executive committee, Lee Moak, said in a telephone interview that he was encouraged by the agreement getting final approval.

"The sacrifices we have made were difficult," Moak said. "It has been difficult and I am confident in the process going forward."

Also Wednesday, Delta said in a filing with the bankruptcy court that it lost $27 million in April. Excluding reorganization items, it would have posted a profit of $22 million in the 30-day period. As of April 30, Delta had $2.5 billion (â,¬1.9 billion) of unrestricted cash. It has posted losses of more than $14.4 billion (â,¬11.2 billion) since January 2001.

In a letter to pilots after the pilot vote was made public, Delta's top three executives said the ratification by the rank-and-file marks a new beginning for the airline.

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"If we seize this opportunity rather than squander it, Delta Air Lines once again can proudly become the gold standard of the industry," the executives said.

The chairman of the pilot union's executive committee, Lee Moak, said in a statement that the agreement the pilots ratified "provides a framework for Delta to successfully reorganize and emerge from bankruptcy ready to win in today's competitive marketplace."

The cuts are in addition to $1 billion in annual concessions the pilots agreed to in a five-year deal in 2004.

Hardin rejected the PBGC's main argument, that a deal between Delta and the pilots union was illegal.

He said that although, in some people's minds, there was a link between the $650 million promise and the potential loss of the defined pension plan, that "did not render a private agreement between an employer and union illegal."

"That is not a legal proposition I can endorse," he said. "So I must reject that."

Separately, a retired pilots group had objected to the new deal out of concern the Delta deal would ultimately reduce their benefits based on the pension being terminated. But their objection was resolved at Wednesday's hearing.

As part of the settlement, Delta has agreed to provide retired pilots an administrative claim of $9 million (â,¬7 million) to cover a portion of certain pension benefits that the retired pilots would have gotten since the bankruptcy filing in September had the benefits not been frozen. An administrative claim is a debt incurred by a company that has filed for bankruptcy, with court approval.

First Amendment Sometimes Left At Workplace Door (WP)

By Stephen Barr

The Washington Post, June 1, 2006

The Supreme Court's ruling on freedom-of-speech rights of public employees has created a stir across the government, in part because of the way Justice Anthony M. Kennedy , writing for the 5-to-4 majority, framed the issue:

"When public employees make statements pursuant to their official duties, the employees are not speaking as citizens for First Amendment purposes, and the Constitution does not insulate their communications from employer discipline."

Although the wording seemed stark, the court did not redefine federal whistle-blower protections. The majority, in some respects, seemed interested in ensuring that governments can oversee workplaces and that disputes between employees and supervisors do not automatically fall into the realm of a constitutional right.

The case involved a local-government employee, Los Angeles County prosecutor Richard Ceballos , and for the most part addressed only one aspect of his actions -- claims made in a memo written as part of his job duties.

In Tuesday's ruling, the court found that a district attorney's office did not violate Ceballos's freedom of speech by allegedly demoting him after he wrote supervisors about his concerns that a sheriff's deputy had lied to get a search warrant.

Ceballos contended that supervisors later retaliated against him with a demotion, denial of a promotion and a transfer to an office requiring longer commutes. The district attorney's office has denied taking retribution.

The Supreme Court majority said Ceballos could not seek First Amendment protection because the memo laying out his allegations was written as part of his job duties and because supervisors have authority "to take proper corrective action" if they think such a memo is "inflammatory or misguided."

Kennedy, however, noted that public employees who make statements outside the course of performing their official duties "retain some possibility of First Amendment protection" because they are acting in the same manner as citizens who do not work for the government.

Government agencies troubled by the notion that employees might make whistle-blowing claims as citizens outside the workplace can take steps to address the issue, Kennedy suggested.

"A public employer that wishes to encourage its employees to voice concerns privately retains the option of instituting internal policies and procedures that are receptive to employee criticism," he wrote. "Giving employees an internal forum for their speech will discourage them from concluding that the safest avenue of expression is to state their views in public."

While that may be sound advice, numerous federal whistle-blowers have complained over the years that agencies fail to handle their complaints in a confidential manner and to protect them from reprisals by their superiors.

The four justices in dissent suggested that public employees should be eligible to claim First Amendment protection in the course of their duties. Justice David H. Souter pointed out that public workers have been given a "patchwork" of protections and noted that federal employees have no protection for disclosures made to immediate supervisors, for statements of publicly known facts or for statements made in connection with normal employment duties.

In a newsletter last year, the Merit Systems Protection Board said employees need to be careful in how they blow the whistle on violations of law and rules, gross mismanagement, gross waste of funds, abuse of authority and specific dangers to public health and safety.

An employee can blow the whistle by calling an inspector general hotline, going outside the chain of command or by talking to the news media, the newsletter suggested. Employees faced with reprisals can appeal to the board or ask for investigations by an independent agency, the Office of Special Counsel.

The Supreme Court ruling may slow momentum in Congress for redefining whistle-blower protections. Sen. Daniel K. Akaka (D-Hawaii), with bipartisan support, is pushing for legislation that would permit a federal whistle-blower to be protected for disclosing information learned on the job or in the course of job duties.

The Justice Department has opposed taking that step, and at least one senator has placed a hold on Akaka's bill, according to congressional aides.

CIVIL RIGHTS:

NYCLU: City Blocks FBI From Obtaining Evidence In Police Arrests (NSDY/AP)

By Larry Neumeister, Associated Press Writer

Long Island Newsday, June 1, 2006

NEW YORK -- A civil rights group told a judge on Wednesday that the city has refused to let it give evidence to the FBI as the bureau explores whether police officers violated the rights of protesters at the 2004 Republican National Convention.

The New York Civil Liberties Union notified U.S. Magistrate Judge James C. Francis in a letter that the city has refused to let it give the FBI videotapes and documents the bureau requested as part of its investigation.

"We find the city's effort to keep the materials from the FBI to be as troubling as it is without justification," NYCLU associate legal director Chris Dunn wrote in the letter.

He said he planned to ask the judge at a conference next week to clear the way for the NYCLU to cooperate with the FBI.

In a Tuesday letter to Dunn, city senior legal counsel Peter G. Ferrell wrote that the NYCLU may make its own materials available to the FBI but not materials the city gave it and marked confidential.

City law office spokeswoman Kimberly Miu said Wednesday the city's only comment was, "Since the case involves pending legal issues, it is difficult to comment."

More than 1,800 people were arrested at the four-day convention at Madison Square Garden, where President Bush accepted his party's nomination for a second term in office.

As many as 10,000 police officers from the 36,500-member department, the nation's largest, were deployed to protect the city from terrorism threats and to cope with tens of thousands of demonstrators at the convention.

In a May 11 letter, the FBI asked the NYCLU for assistance, saying it was trying to identify and locate people who faced charges that were dismissed based on contradictory videotape evidence.

Dunn said in an interview Wednesday that he was shocked that the city blocked the NYCLU from turning over the materials.

"They've said from the outset they did nothing wrong with the convention, and two weeks ago they said they're cooperating," Dunn said. "It's now clear they have no intention of cooperating, and indeed they're trying to block us from cooperating.

"I can only assume they're worried what some of these videotapes and documents will show."

Florida Eliminates Boot Camps For Kids (AP)

By Andrea Fanta, Associated Press Writer

AP, June 1, 2006

TALLAHASSEE, Fla. — The military-style boot camp system that Florida has used to discipline juveniles was formally dismantled under a bill that Gov. Jeb Bush signed Wednesday, nearly five months after the death of a boy who was punched and kicked by guards at a state-run camp.

Instead of sending juvenile detainees to boot camps where guards can push and threaten them, children will go to residential programs that bar physical discipline. They'll go through a full medical exam when they enter and leave their programs and have a hot line they can call in case of trouble.

The $11 million program, which counties can voluntarily join, will also offer detainees job skills training, community service and counseling.

"No child will have to go through what my child went through," said Robert Anderson, who's 14-year-old son, Martin Lee Anderson, died after spending time at the Bay County boot camp.

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Anderson — after whom the bill is named — was sent there on Jan. 5 for trespassing, a violation of his parole set for helping steal his grandmother's Jeep Cherokee from a church parking lot.

Security videotape taken at the camp shows a half-hour encounter between Anderson at up to nine guards, who kicked and kneed him. Anderson died the next day at a Pensacola hospital.

"This won't bring your son back, but I hope you know your involvement in this process has helped make a difference," Bush told Robert Anderson and Gina Jones, Martin's mother.

Anderson's parents expressed their gratitude for Wednesday's change, but said they're still far from seeing justice done for their son.

"I would still like the guards to be arrested for killing my baby," Jones said. "He was only fourteen years old."

While a first autopsy report stated that Anderson died of sickle cell trait, a second autopsy report released in May showed Anderson died of suffocation by guards who covered his mouth while forcing ammonia capsules up his nose.

Guards have stated in reports they tried to revive Anderson with the ammonia. No arrests have been made so far and the investigation into the death is continuing, said Pam Bondi, spokeswoman for special attorney Mark Ober. Ober is handling the investigation into Anderson's death.

"There's just no time line because it's an ongoing investigation," she said.

Anderson's parents have also called for the firing of Dr. Charles Siebert, the Bay County medical examiner who first ruled Anderson died from sickle cell trait, a benign blood condition, and not from physical trauma.

Siebert has consistently stood by his findings, saying they're based on science and not emotion. The state's medical examiners' commission is investigating complaints filed against Siebert, but no action has been taken against him, said commission chair Dr. Stephen Nelson.

Furor over how the state has handled the investigation into Anderson's death grew to a national climax in April when students from three colleges in Tallahassee staged a two-day protest in Bush's office. The Revs. Jesse Jackson and Al Sharpton joined the students and Anderson's parents for a march on the state's Capitol.

As he did during the protests, Bush urged patience. Ober must have all the time he needs to complete a thorough investigation, Bush said Wednesday.

Jones said she'll wait, but she won't give up.

"It's a long road ahead," Jones said. "I'm aware of that, so I'm just going to sit back and wait."

Meanwhile, the new program starts in July, when the 82 youths already at boot camps will also participate in the system, said Tara Collins, a spokeswoman with the state's juvenile justice department.

Bush Signs Boot Camp Changes (BRAH)

The Bradenton Herald, June 1, 2006

TALLAHASSEE - The military-style boot camp system that Florida has used to discipline juveniles was formally dismantled under a bill that Gov. Jeb Bush signed Wednesday, nearly five months after the death of a boy who was punched and kicked by guards at a state-run camp.

Instead of sending juvenile detainees to boot camps where guards can push and threaten them, children will go to residential programs that bar physical discipline. They'll go through a full medical exam when they enter and leave their programs and have a hot line they can call in case of trouble. In addition to the residency program, the new $11 million plan will offer detainees job skills training, community service and counseling.

"It was expected and anticipated," Manatee County Sheriff Charlie Wells said of the bill signing. Last month Wells recognized 12 recruits graduating from the Manatee County boot camp, likely the last graduates of a military-style camp in Manatee.

Wells said he and his staff must review the new law, and new rules, before deciding how to proceed.

"There's a lot of steps for us to take before we decide what our future is," the sheriff said. "We have to renegotiate our contract with the Department of Juvenile Justice before we move any further."

State Rep. Bill Galvano, R-Bradenton, said the situation is "unfortunate...given the history of our community and the leadership of Charlie Wells. A program that is really, in many respects, a positive program, had to be ultimately ended. But the catalyst was such a tragedy and we can't have that happening."

The legislation is named for Martin Lee Anderson, who was sent to the Bay County boot camp Jan. 5 for trespassing, a violation of his parole set for helping steal his grandmother's Jeep Cherokee from a church parking lot.

Security videotape taken at the camp shows a half-hour encounter between Anderson and up to nine guards, who kicked and kneed him. Anderson died the next day at a Pensacola hospital.

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"This won't bring your son back, but I hope you know your involvement in this process has helped make a difference," Bush told Robert Anderson and Gina Jones, Martin's parents.

Anderson's parents expressed their gratitude for Wednesday's change, but said they're still far from seeing justice done for their son.

"I would still like the guards to be arrested for killing my baby," Jones said. "He was only 14 years old."

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Meanwhile, the new program starts in July, when the 82 youths already at boot camps will also participate in the system, said Tara Collins, a spokeswoman with the state's juvenile justice department.

- Herald Staff Writers Rebecca Blue and Stephen Majors and The Associated Press contributed to this report.

Hidden In Brothels, Slavery By Another Name (NYT)

By Bob Herbert

The New York Times, June 1, 2006

The word spread that there was a new girl at the brothel in Queens, and the johns began lining up.

"I was crying all night," said Kika Cerpa in an interview last week. "One by one they came in."

That first night, she said, "I had sex with 19 men."

Afterward, she took a shower, and then the man who had forced her into the sex trade demanded his turn with her. When she refused (saying, "I can't have sex with nobody — I feel like I'm dead"), he beat her up.

Ms. Cerpa came to the U.S. from Venezuela in 1992. A man she thought of as a boyfriend convinced her to follow him to New York. Ms. Cerpa reluctantly agreed, believing that she could get work as a nanny.

When she got here, her "boyfriend" and another woman took her passport and demanded that Ms. Cerpa become a prostitute to work off debts that they said the boyfriend had incurred. Threatened with bodily harm, and completely intimidated, she complied.

"They took me to a house, and I sat in a room with other girls," she said. "Men would come in, and I kept my head down the entire time."

There was nothing unusual about the predicament that confronted Ms. Cerpa — not then, when she was 20, and not now. The demand for prostitutes (here in New York and elsewhere) is much greater than the supply of women who want to be prostitutes. So trafficking, the coercion of women and young girls into the sex trade, is a flourishing industry.

The toll that trafficking takes is often horrific. In addition to the forced prostitution, the women and children who are the victims of trafficking become part of a landscape in which drug addiction, disease, mental health problems, beatings and violent death are commonplace.

The worst moment in Ms. Cerpa's three-year entrapment in the hell of prostitution occurred when a prostitute she had befriended declined to go with a customer. The john became enraged and shot the woman. Ms. Cerpa ran to her friend. "She was dead, lying there with her eyes open," she said.

It may seem peculiar, but there is no law against sex trafficking in the state of New York — or most other states, for that matter. Many thousands of women and children are coerced into the sex trade each year, and the pimps, madams and other lowlifes who trap them are seldom subject to legal sanctions commensurate with the severity of their crimes.

A bill has been introduced in the State Assembly that would create two new crimes in New York: trafficking a person for sexual servitude and trafficking a person for labor servitude. But that bill, which has overwhelming support in the Assembly (including more than 100 co-sponsors), has been stuck for some time in the Codes Committee.

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This seems inexplicable, because you will find very few legislators lining up (publicly, at least) with the soft-on-sex-traffickers crowd. I talked yesterday to the Democratic speaker of the Assembly, Sheldon Silver, and asked what was up.

He said that some of the language in the bill needed to be refined, and that his staffers would be working on it later in the day. He said he thought the Assembly would be able to pass the bill "within the next two weeks." It would then go on to the Senate.

I hope so. The bill is a good one. It emphasizes the coercive aspect of trafficking, which is really about human beings being bought and sold as commodities — not just in the commercial sex trade, but also in exploitive labor situations on farms and in factories and sweatshops.

Trafficking is much more widespread than most people realize. As the advocacy group Sanctuary for Families has pointed out, "In our backyards and communities, a slave trade is flourishing that makes a mockery of our belief in civil and human rights."

The Assembly bill, whose primary sponsor is Jeffrey Dinowitz, a Bronx Democrat, would make trafficking a felony, with penalties ranging from probation for a first-time offender to a maximum of 15 years in prison. It would modestly raise the penalties for patronizing a prostitute, making it easier to jail chronic offenders. And it would provide a defense against arrest for women who were coerced into prostitution.

Jane Manning, an attorney with the international women's rights organization Equality Now, said of the trafficked women, "More often than not they are the ones who are arrested and end up with criminal convictions that follow them for the rest of their lives."

After seeing her friend murdered, Kika Cerpa cooperated with the police and helped put the killer behind bars. After a long struggle, and with help from Sanctuary for Families, she has managed to free herself from the pimps and madams who had controlled her life, and still control so many others.

Gay Marriage Looms As 'Battle Of Our Times' (CSM)

By Jane Lampman

The Christian Science Monitor, June 1, 2006

The battle over same-sex marriage is shaping into something more than deep societal tradition vs. civil rights. It is becoming a conflict of equality vs. religious liberty.

As gays make gains, some religious institutions are coming under pressure. For instance:

· A Christian high school in Wildomar, Calif., is being sued for expelling two students on suspicion of being lesbian. The parents' suit claims that the school is a business under state civil rights law, which prohibits discrimination based on sexual orientation.

· Catholic Charities in Boston, where same-sex marriage is legal, recently shuttered its adoption agency rather than serve gay and lesbian couples in conflict with church teaching. The church's request for a religious waiver from state antidiscrimination rules has made no headway.

· Christian clubs at several universities are fighting to maintain school recognition while restricting their leadership to those who conform to their beliefs on homosexuality.

Meanwhile, the Christian Legal Society and similar groups are mounting a national effort to challenge antidiscrimination policies in court, claiming they end up discriminating against conservative Christians.

"The fight over same-sex marriage - and two very different conceptions of the ordering of society - will be a knock-down, drag-out battle," predicts Marc Stern, a religious liberty attorney at the American Jewish Congress.

Both sides are pursuing their agendas in state legislatures, courts, and public schools. Both sides tend to view the struggle as a zero-sum, society-defining conflict. For supporters of gay marriage, it represents the last stage in America's long road to equality, from racial to gender to sexual equality. For opponents, traditional marriage stands as the God-ordained bedrock of society, essential to the well-being of children and the healthy functioning of the community.

While no one expects the courts to force unwilling clergy to perform weddings for same-sex couples, some see a possibility that religious groups (other than houses of worship) could lose their tax-exempt status for not conforming to public policy, as did fundamentalist Bob Jones University, over racial issues in 1983.

Legal experts of various views met last December, hosted by the Becket Fund, a nonpartisan institute promoting religious free expression, to consider the implications of same-sex marriage for religious liberty. Writing about the conference in The Weekly Standard, Maggie Gallagher quoted participants as seeing the coming litigation as "a train wreck," "a collision course," and "the battle of our times."

To ameliorate such conflict, some insist that, given the nation's commitment to both equal rights and religious liberty, accommodations must be found.

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"This set of issues tests us in new ways, and I don't think either side is going to win the day," says Charles Haynes, of the First Amendment Center in Washington, in an interview. "For the foreseeable future, we are going to be living with two important claims, and we have to find ways to protect the rights of people on all sides."

Douglas Laycock, of the University of Texas Law School, suggests a modification to the current joint administration of marriage by the state and religious groups.

"We can never resolve the debate over same-sex marriage until we separate legal marriage from religious marriage," he says in a conference paper. "The state should administer legal marriage, and its rules ... should be made through the political process. Religious organizations should administer religious marriages," making their own rules. The legal relationship "could be called 'civil union' for gays and straights alike."

Ms. Gallagher, head of the Institute for Marriage and Public Policy, worries about any delegalizing of marriage. "That would be a good solution if there weren't a great public purpose to marriage that needs legal support to sustain.... If you chop it into pieces, that's a powerful statement by the law that there's no important purpose to marriage as a public institution."

The most immediate skirmish in the battle takes place next week, when the US Senate will debate and possibly vote on a federal constitutional amendment defining marriage as only between a man and a woman. While the amendment may not gain the needed two-thirds majority, the debate positions the issue as a hot-button topic for the coming political campaign.

Religious leaders on both sides of the Marriage Protection Amendment have formed coalitions, demonstrating that religious perceptions vary considerably.

Some 50 leaders from Roman Catholic, Mormon, Southern Baptist, Orthodox, Evangelical, and Orthodox Jewish traditions formed the Religious Coalition for Marriage, focused on strengthening its traditional role in society. They see the amendment as essential to protect "marriage from ... activist courts determined to reinterpret this fundamental institution ... against the will of the American people," says Richard Land, a leader of the Southern Baptist Convention.

(A recent Gallup poll found 58 percent of Americans opposing same-sex marriage and 39 percent favoring it. The country is split on a constitutional amendment: 50 percent in favor, 47 percent opposed.)

On the other side, Clergy for Fairness - including leaders from mainline Protestant and Reform Jewish denominations - says that people of faith disagree on same-sex marriage and that religious denominations, not the federal government, should decide whether they'll sanctify marriages. The group also says it opposes the amendment because it would mark the first time the Constitution would be used "to restrict the rights of an entire group of Americans."

Chai Feldblum, a Georgetown University law professor active on gay rights issues, argues that the government should view both heterosexuality and homosexuality as morally neutral - "though how you 'deploy' your sexual activity can be very morally laden," she says.

"It's an incredible stain on the government that it is denying governmental structures for loving relationships and families," she adds. Yet she acknowledges the genuine difficulty that same-sex marriage presents for some religious people.

"I'd like gay people to understand that when religious people have to do something against their belief," Professor Feldblum says, "that impinges on their deep sense of self, just as I would like religious people to understand that when gay people are told they ... can't marry their loved one, that impinges on that person's deep sense of self." She's wary of granting religious waivers on these issues, however.

In Gallagher's view, "We are in a situation where courts are declaring our great historic, cross-cultural understanding of marriage to be a form of bigotry. That's a very destructive message," when research shows that children do much better in households with a mother and a father.

Others worry about the harm litigation battles could do. "People on both sides see this as good vs. evil," says the First Amendment Center's Dr. Haynes, "and those positions are going to tear us apart, deeply hurt the nation and our commitment to civil rights and religious freedom."

Haynes has just worked with groups on both sides to develop sexual-orientation guidelines for public schools.

"I've been involved in brokering nine different guidelines on issues like the Bible and religious holidays, and this has been the hardest," Haynes says. After eight months, Christian educators and a gay group involved in school issues did agree on a process for local districts to use that each side thought was fair. Whether local districts pick up on the guidelines remains to be seen.

Clamor over textbooks, for example, has erupted in Massachusetts and in Canada, where kindergartners are being introduced to stories about families with same-sex parents. Although schools must reflect the legal status of such relationships in the curriculum, some parents are demanding notice and protections.

"Some will ask why those parents should be given consideration," Haynes says. "The answer is that this is America, and we try to do the best we can to protect the religious liberty of even the smallest minority.... This takes more work than simply saying 'winner takes all.' "

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Yet who is going to broker common ground is the question as advocates on both sides seek complete victory. Legal experts expect a patchwork of legislation and court decisions to emerge.

"Then we will have to worry about how to deal with the fact we have different rules in different states," Mr. Stern says. "If two or three big states move to same-sex marriage, however, it's not going to work to have different definitions across the US."

Highest Court In New York Confronts Gay Marriage (NYT)

By Anemona Hartocollis

The New York Times, June 1, 2006

ALBANY, May 31 — As the issue of gay marriage finally reached New York State's highest court on Wednesday, the six judges who heard the passionate arguments from both sides put forth a fundamental question: Has marriage been defined by history, culture and tradition since the dawn of Western civilization, or is it an evolving social institution that should change with the times?

During the two and a half hours of oral argument, the judges on the Court of Appeals grappled with essential questions of social values, asking tough questions without tipping their hands as to their ultimate decision.

They wanted to know whether there were studies showing that children raised by mothers and fathers turned out better than those raised by same-sex couples, and they wanted to know whether opening the door to gay marriage would also open the door to bigamy or polygamy.

They wanted to know whether asking the courts to rewrite New York State's marriage laws was a way of letting the State Legislature escape responsibility for taking a position on a social controversy.

The case before the court was a challenge to New York State's marriage laws, filed by 44 same-sex couples. Their lawyers argued that marriage was a fundamental right, and compared laws assuming marriage to be a union of a man and a woman to the laws prohibiting interracial marriage, which the Supreme Court struck down in 1967.

Lawyers defending the marriage laws argued that even if the institution had evolved, it was the job of the Legislature — not the courts — to change them.

The plaintiffs' lawyers argued that the court merely had to change the gender-based language of the current law, which refers to "husband" and "wife," to something neutral, like "spouse." If the court agreed to legalize same-sex marriages, New York would become only the second state, after Massachusetts, to do so.

The judges' questions pointed to the precedent-setting nature of the debate. "Isn't this the only one where you have literally the whole history of Western civilization against you?" asked Judge Robert S. Smith of the state's domestic relations law. "That does go back right to the dawn of civilization."

After first citing traditional views of marriage, Judge Smith then asked whether the time was ripe for the courts to approve same-sex marriage. Judge Smith also wondered whether the issue of same-sex marriage deserved special attention because of the history of discrimination against gay people.

"Aren't homosexuals about the classic example of people who have been abused and discriminated against," and who therefore need the protection of the courts? he asked.

Peter H. Schiff, senior counsel to the state attorney general, said there was no urgent need to change the law, and pointed out that same-sex couples accounted for only 1.3 percent of all households in New York State, a "very small" number.

"I don't think anybody 100 years ago was thinking about this issue," Mr. Schiff said. "It wasn't on the radar screen."

The main lawsuit in this case was filed by a gay and lesbian rights group, Lambda Legal Defense and Education Fund, on behalf of five same-sex New York City couples against the city clerk, Victor L. Robles, who issues marriage licenses.

In New York, the legal dispute over same-sex marriage goes back two years. In February 2005, a State Supreme Court judge in Manhattan found that state marriage law violated the State Constitution. That decision was overturned last December by the Appellate Division of State Supreme Court, which said it was up to the Legislature to change the law.

In yesterday's hearing, the New York City plaintiffs were joined by three other groups of plaintiffs from across the state. New York City's lawyer, Leonard Koerner, said yesterday that even in its own case law, the Court of Appeals had affirmed the reason for marriage as "the begetting of offspring," not, as the plaintiffs argued, as the sanctioning of a loving and committed union between two people.

Mayor Michael R. Bloomberg has said that New York City is appealing the case to clarify the issue, and that he supports legislative change.

Roberta A. Kaplan, arguing for same-sex marriage on behalf of 12 of the couples across the state, said there were 46,000 families with children headed by same-sex couples in New York State, and that they could not wait until their children were grown for the law to change.

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The seventh judge on the Court of Appeals, Albert M. Rosenblatt, removed himself from the case. His daughter, a lawyer, has argued on behalf of advocates for same-sex marriage in California. Judge Rosenblatt has been perceived as a swing vote in many cases. A spokesman for the court said that in the event of a 3-3 tie, another judge could be brought in. He said a tie had occurred only once in the last 20 years or so.

Judge Victoria A. Graffeo asked whether, under the plaintiffs' argument, the Legislature should afford more rights and benefits to other types of family arrangements, such as two sisters raising children. "Was the Legislature denying them due process or equal protection?" she asked.

Judge George Bundy Smith asked what the consequences of legalizing gay marriage had been in Massachusetts.

"Basically nothing," Ms. Kaplan replied. "There is not a breakdown of civil society in Massachusetts and there certainly isn't a breakdown of marriage."

Judge Bundy Smith also asked why gay couples were not satisfied with civil unions — a remedy that the plaintiffs argued would make them second-class citizens.

Chief Judge Judith S. Kaye said the court would have to decide the constitutional questions, "whether we do it frontally or whether we do it in some more subversive way," like changing language about gender.

To which Terence Kindlon, a lawyer for same-sex couples in Albany, replied, "Subversive is one of the words I've liked all my life, your honor."

Protect Traditional Marriage (USAT)

By Sen. Wayne Allard

USA Today, June 1, 2006

Respect for the democratic process compels this Congress to protect traditional marriage in the face of a coordinated effort to redefine marriage through the courts.

Marriage, the union between a man and a woman, has been the foundation of every civilization in human history. It is incorporated into the fabric of our culture and civic life. It is the platform on which children, families and communities are nurtured.

OUR VIEW: Just say 'I don't'

Unfortunately, the U.S. Constitution is being amended to reflect a new definition of marriage — not by democratically elected members of Congress, but by unaccountable and unelected judges.

As a result, I introduced an amendment to the Constitution that simply defines marriage as the "union of a man and a woman," while leaving to state legislatures the freedom to address the question of civil unions and domestic partnerships. The amendment would not overturn current state and local laws dealing with these arrangements.

Democracy and representative government are at the core of this debate. In 2004 and 2005, voters in 14 states overwhelmingly passed constitutional amendments protecting marriage. Today, 19 states have constitutional amendments protecting marriage, and 26 have statutes designed to protect traditional marriage. The will of the people is clear on this issue.

Unfortunately, dissatisfied with the outcome of these votes, activists have intensified their campaign to circumvent the democratic process and redefine marriage through the courts. Currently, nine states face lawsuits challenging traditional marriage laws. Among these lawsuits are challenges to state constitutional amendments passed by an overwhelming majority of voters.

Recent decisions by activist judges not only fail to respect the traditional definition of marriage, they also highlight a lack of respect for the democratic process. The courts are driving a redefinition of marriage contrary to democratic principles.

The process to amend the U.S. Constitution is one the American people can trust.

My amendment reflects a belief that the institution of marriage is too precious to surrender to the whims of a handful of unelected, activist judges. The American people should have a say in the matter. If we in Congress fail to define marriage, the courts ultimately will not hesitate to define it for us.

Sen. Wayne Allard, R-Colo., is the author of the Marriage Protection Amendment.

Just Say 'I Don't' (USAT)

USA Today, June 1, 2006

Apparently, issues such as immigration, corruption, gas prices, the budget deficit, the war in Iraq and the prospect of Iran acquiring nuclear weapons aren't substantial enough to occupy members of Congress.

When senators return from their Memorial Day recess next week, their thoughts will turn to June weddings. They plan to spend their time on a bitter, divisive and unnecessary debate over a proposed constitutional amendment to ban gay marriage.

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Even supporters of the Marriage Protection Amendment readily concede that the measure to ban same-sex marriage nationwide has virtually no chance of becoming part of the Constitution. (It would need approval from two-thirds of both chambers of Congress, plus ratification by three-fourths of the states.)

So why bother?

Well, Election Day is a few months off. Supporters hope the controversy will energize their base of social and religious conservatives opposed to same-sex marriage.

Their plan could well backfire. Polls show that Americans are evenly divided about the amendment. Religious activist groups are annoyed that President Bush, who supports the amendment, isn't lobbying hard enough for it.

At the same time, the 31 Republican sponsors risk alienating moderate and independent voters who are turned off by the pandering for a futile effort that will further divide the nation.

The gay-marriage issue exploded when Massachusetts' highest court ruled in November 2003 that same-sex couples have a right to marry. Since then, more than 7,300 gay couples there have done so. The commonwealth has survived.

But the public backlash elsewhere has been strong. Nineteen states have amended their constitutions to ban gay marriage. Most other states prohibit it as well.

The state activity makes the proposed constitutional amendment all the more unnecessary. It would take away the traditional authority of states to regulate marriage and impose a one-size-fits-all edict on a nation still grappling with the issue.

Most partisan drives to write social policy into our enduring Constitution have, fortunately, failed. The prohibition of alcohol was such a disaster that it was repealed 14 years later. The Framers purposely made it difficult to amend the Constitution so that intense passions of the day wouldn't lead to laws that might last forever.

Supporters of the amendment trumpet the need to protect the "sanctity" of marriage. But preserving the authority of states to decide how to handle same-sex unions — whether through marriage or some domestic partnership or civil union law that protects the basic financial, health and legal rights that heterosexual couples take for granted — doesn't affect anyone else's marriage. And the 1996 federal Defense of Marriage Act already says states may refuse to recognize same-sex marriages performed in other states.

The proposed amendment would squelch the important debate going on at the state level and poison political dialogue. It should be jilted and left at the altar.

On The Low Road To November (NYT)

The New York Times, June 1, 2006

Republicans are trying to rally their far-right base for the fall elections with a mean-spirited sideshow threatening to the Constitution: a ban on same-sex marriage.

The Senate Judiciary Committee has endorsed the amendment, which would write bigotry into the nation's charter, by a 10-to-8 vote along party lines, and the full Senate is expected to take it up soon. Since the measure's language covers not only marriage but the "legal incidents" of marriage, its approval could jeopardize civil unions, domestic partnerships and other legal protections that many state and local governments now provide for same-sex couples and their children.

No one, including the G.O.P. strategists urging its fast-tracking, expects the amendment to get the two-thirds Congressional approval needed to send it to the states for consideration. Two years ago, when Republicans staged a Senate vote on the same dismal amendment just before the Democratic convention, it ran into unexpectedly broad opposition. Some conservatives correctly opposed grabbing power from the states by suddenly federalizing marriage law. Supporters of the amendment could muster only 48 votes, well shy of the 60 required to cut off debate and avoid a filibuster.

Plainly, the real purpose of this rerun is to provide red meat to social conservatives, and fodder for commericals aimed at senators who vote to block the atrocious amendment.

It is sad that Senator Arlen Specter, the Republican chairman of the Judiciary Committee, who personally opposes the measure, chose to lend his gavel and vote to speed it to the floor. He got angry when Senator Russell Feingold, the Wisconsin Democrat, objected in forceful terms to both the amendment and the politically motivated scheduling. Mr. Specter and the other members of his committee who approved the amendment have no reason to be angry — just ashamed.

Black And Hispanic Home Buyers Pay Higher Interest On Mortgages, Study Finds (NYT)

By Erik Eckholm

The New York Times, June 1, 2006

Black and Hispanic home buyers entering the fast-growing market for subprime mortgages tend to pay higher interest rates than whites with similar credit ratings, a statistical study by an advocacy group says.

The subprime industry makes loans at higher interest rates to people who cannot qualify for regular mortgages.

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"When we compared borrowers with the same risk characteristics, African-Americans and Latinos were still more likely to get the higher-rate loans," said Debbie Gruenstein Bocian, a researcher at the group, the Center for Responsible Lending.

A spokesman for the mortgage banking industry challenged the conclusion, saying the report did not take into account all the legitimate questions about family wealth and debt, house appraisal and other factors that underwriters must consider when making a loan.

Racial disparities in mortgage lending have been studied and debated for decades, with the focus shifting in recent years from the practice of denying mortgages in certain minority neighborhoods, or redlining, and a lack of loans for minorities to the pitfalls of the subprime industry.

As many as one in five home loans are now subprime, totaling more than $500 billion a year, said Keith S. Ernst, an author of the report who is an analyst at the lending center, in Washington.

Borrowers typically pay two percentage points higher than they would for conventional loans. Some, judged the riskiest cases, are charged higher rates, forcing them to pay hundreds of dollars extra a month.

The study, using federal and industry figures from 2004 to analyze a sample of 50,000 loans, found that among subprime borrowers with similar credit ratings, blacks and Hispanics were 30 percent more likely than whites to be charged the highest interest.

In response to earlier studies of racial disparities, the mortgage industry has argued that the varied financial backgrounds of borrowers and a tendency for minority buyers to offer lower down payments were mainly responsible.

The authors of the new report said they had, for the first time, taken credit scores and down payments into account, leaving an unexplained racial difference.

Doug Douglas, chief economist of the Mortgage Bankers Association of America, said in a telephone interview that although "the issue of disparities is very important," the new study still failed to capture the complexity of mortgage underwriting, especially in the subprime market, where borrowers do not have top credit ratings under traditional criteria.

The findings were endorsed by representatives of the National Association for the Advancement of Colored People and the National Council for La Raza. The authors said high-cost lenders appeared to focus on minority neighborhoods. They expressed concern about incentives that lending agencies give to mortgage brokers, saying the incentives reward brokers for steering customers to the most expensive loans.

Joe Falk, a board member of the National Association of Mortgage Brokers, said brokers fully disclosed all fees and were unfairly castigated for offering consumers alternatives that fit their needs and preferences.

"We've expanded home ownership by going into neighborhoods not served by others," Mr. Falk said by telephone from Miami.

An Ex-liberal Navigates Right (USAT)

By Mary Beth Marklein

USA Today, June 1, 2006

UNIVERSITY PARK, Pa. — David Horowitz pays no heed to the hecklers. He responds politely to challenges during the question-and-answer period. Only when his talk devolves into a sort of free-for-all does he lose his temper.

“This is a demonstration of what brainwashing will do,” he bellows into the crowd of about 300, most of them students, gathered on a recent spring evening in a cavernous hall at Pennsylvania State University. “You have sat through (the entire) talk and can't even engage the argument.”

Horowitz later says he felt bad about yelling at students. He usually reserves his vitriol for faculty and administrators. But to some, it was quintessential Horowitz.

“Sometimes he gets a little over the top,” says just-graduated Vicky Cangelosi, 20, who sat up front in a section reserved for Penn State's College Republicans, the group that sponsored Horowitz's appearance. “I think that indicates that he's very passionate.”

Other critics of higher education may argue that today's college campuses are being overrun by leftist professors bent on indoctrinating their students. But nobody is quite as in-your-face about it as Horowitz, 67, a '60s-radical-turned-conservative-activist who has spent the past few years crisscrossing the country to warn students: “You can't get a good education if they're only telling you half the story.”

To Horowitz, an overwhelming majority of hard-line liberal professors on campuses have left conservative students complaining that their views aren't welcome. His job, he says, is to see that those students aren't treated as second-class citizens.

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He is not a professor; he is a writer, co-founder of the Los Angeles-based Center for the Study of Popular Culture and founder of the 2½-year-old Washington-based Students for Academic Freedom, a national organization that allows conservative students to vent.

All Horowitz wants, he says, is a return to the kind of liberal arts education he got at Columbia University in the 1950s, when he still embraced communism, where professors "taught me what the intellectual life should be like, where you focus on the ideas. It's not a political food fight like so much of our culture has become."

Trouble is, his critics, including a recently created coalition of student, faculty and civil liberties groups, say he doesn't know what he's talking about. In May, the coalition called Free Exchange on Campus released a report aimed at discrediting claims made in Horowitz's new book, The Professors: The 101 Most Dangerous Academics in America (Regnery).

The book profiles faculty who Horowitz says represent the kind of disorder going on in college classrooms today. But professor by professor, the report cites errors, fab- rications and misleading statements, and concludes that Horowitz's research is "manipulated to fit his arguments."

Two examples at Penn State:

·Sociology senior lecturer Sam Richards reinforces class lessons "with 'out-of-class' assignments that include the viewing of left-wing propaganda films, such as The Oil Factor, from which students learn that the 'war in Afghanistan has turned into a bloody quagmire,' … and Occupation 101, about the horrors of Israel's 'occupation' of Palestinian territories,' " Horowitz writes. In the report, Richards responds: Horowitz "disingenuously fails to note that students also receive credit for attending 'conserva- tive' events, including a talk by none other than David Horowitz!"

·Literature professor Michael Berube acknowledges "his classes often have little to do with literature," and he believes "religious people were to be regarded as simply irrational," Horowitz says. In addition to noting that Horowitz "knows nothing about my classroom demeanor or my record as a faculty member," Berube says: "If he were a college student and tried to get away with this garbage, he would indeed be flunked — not for his conservatism, but for his mendacity."

His critics have said the book is akin to a McCarthy-like smear campaign. But Horowitz calls it "a difference of interpretation of what my book is about.

"Long ago, when I came out of the left, I said, 'I need to talk to the left the way the left talks to other people,' " he says during an interview on campus tucked between a book-signing and radio show. "So I have been a very aggressive conservative, and I pull no punches."

Horowitz is having an effect. He has had success in Congress pushing his Academic Bill of Rights, a statement of principles that he says reflects his goal to both remove political agendas from campus life and ensure that no students are discriminated against because of political or ideological leanings.

It basically says professors should stick to their area of scholarly expertise in the classroom and welcome a diversity of approaches "to unsettled questions," and students should be graded on academic merit, not on the basis of their political or religious beliefs. The bill borrows heavily from standards followed by the American Association of University Professors, an organization that Horowitz sees as part of the problem. Horowitz says his goal is to force universities, through legislation or voluntarily, to extend the same rights to students that faculty have.

Some of Horowitz's language is included in a House-passed bill to renew the federal Higher Education Act. And a similar proposal is pending in the Senate, which makes it likely some form of the provision will be included in any bill sent to President Bush.

Meanwhile, the concept also has captured the attention of lawmakers in about 20 states (depends who's counting), including Pennsylvania, where a House committee today wraps up a series of hearings on the topic.

Horowitz insists that what he's asking for is fairly tame. But in Pennsylvania, faculty, who traditionally have been free from government interference, fear a slippery slope. Once a bill becomes a law, "you have no idea where it's going to go," Berube says during a walk across campus. And adopting such a code raises new problems, he and others suggest. If a biology professor discusses global warming, for example, is that science or political science? Who would decide?

State lawmakers have been slow to jump aboard. But even in those states where legislation has failed or stalled, the question hasn't gone away.

Public university systems in Colorado, Ohio and Tennessee, for example, have said they'll adopt some form of protection for students in lieu of legislation, and Horowitz says that's good enough for him.

At Penn State, situated in the geographic and conservative center of the state, university officials insist Horowitz is attacking a problem that doesn't exist.

"The kinds of broad strokes he's using don't characterize Penn State, and I don't think most of higher education," says spokesman Bill Mahon. In the past five years, he says, Penn State has received just 13 complaints regarding classroom bias. (Many are not from conservatives.)

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Among students who see no problem is engineering major Kyle Metzgar, 19. He says he is no liberal and has "not had a real stalwart conservative professor." But "I have also never felt discriminated against or that I was in an atmosphere that was not conducive to getting the most out of my education. … My biology teacher made fun of the fact that President Bush says 'nu-cu-lar' instead of 'nu-cle-ar.' Who cares?"

College Republicans, though, say many conservative students won't complain for fear of repercussions. That's where Horowitz comes in.

"He's the voice of a movement that needs to be heard," says political science and business major Seth Bender, 20, who escorted Horowitz during his visit here. "I have to sit through lectures every single week listening to someone bash different ideologies and that sort of thing, and (being) called an idiot for what I believed."

Other incidents last semester suggest he has plenty of company. In February, then-sophomore Alfred "A.J." Fleuhr sued the university, saying he feared he would be punished if he expressed his conservative beliefs because the university might view them as intolerant under campus policies. On May 19, the university updated those policies to the satisfaction of Fleuhr's attorneys at the Alliance Defense Fund, a conservative Christian legal advocacy non-profit in Arizona. And the day before Horowitz arrived on campus, administrators in a statement urged the College Republicans to rethink their approach to an event they planned about illegal immigration, saying many would find it offensive. (At one point, they were going to call it "Catch an Illegal Immigrant Day.")

"So my case is made before I even get here," Horowitz told his audience.

Horowitz says he became involved in the issue after hearing similar stories from students on campuses nationwide. But even before Free Exchange on Campus came along, his foes have delighted in debunking his claims.

In one example, Horowitz claimed a Penn State biology professor had shown the Michael Moore movie Fahrenheit 9/11 before the 2004 presidential elections. When Pennsylvania House committee co-chair Lawrence Curry pressed him during hearings at Temple University in Philadelphia in January, Horowitz acknowledged that his staff could not confirm it had happened, and that he no longer uses that example.

Months later, he's still furious about it. "These underhanded, devious, malicious, dishonest tactics," he says. "I gave 45 minutes of testimony, a half-hour of questions, and I never once mentioned the incident they're referring to. … Curry saved it to the very end of the hearings and rammed it to me."

Horowitz similarly has been accused of making up a story about a University of Northern Colorado student who was asked to write an essay on her criminology exam explaining "why President Bush is a war criminal." When the student wrote instead about why Saddam Hussein is a war criminal, Horowitz says, she got a failing grade. Horowitz insists the incident happened: "I located the student and the exam," he says, but "it's a complicated story. … The student was terrified."

Even so, Horowitz acknowledges his small staff can't confirm every incident it receives, and his fact-checkers can be "very loose with the truth." But he mostly dismisses the criticisms as inconsequential.

"I will stake my life that there are professors all over this country in classrooms who are … venting their prejudices in classes where it has no place."

Group Aims To Unveil Ten Commandments (WP)

By Michelle Boorstein

The Washington Post, June 1, 2006

A D.C.-based evangelical Christian group has a new idea for promoting the Ten Commandments: putting a monument to the stone tablets across the street from the U.S. Supreme Court.

Faith and Action says on its Web site that it plans to unveil the waist-high, 850-pound granite sculpture Saturday on the front lawn of the rowhouse on Second Street NE where the national group's offices are. But the group apparently doesn't have the approval it needs from at least two agencies, city officials and neighborhood activists said.

Faith and Action's president, the Rev. Robert Schenck, declined to return phone calls yesterday, as did his spokesman. On its Web site, the group said it tried unsuccessfully for five years to get the proper permits and decided to go ahead with the unveiling based on "common law that governs garden displays."

The sculpture "will be visible to the nine justices as they arrive and leave each day," the site said in explaining why the group undertook the project.

The house sits directly across a narrow street from the Supreme Court, and the Web site encourages people coming to Saturday's event to use the free parking in the court's employee parking lot. Yesterday, the sculpture was wrapped in dark plastic and red tape, its two-tablet shape clearly visible.

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Schenck, a well-known evangelical activist, also heads the National Clergy Council and last year said he blessed every piece of furniture in the Senate hearing rooms where the Judiciary Committee considered the nomination of now-Chief Justice John Roberts.

Promoting the public display of the Ten Commandments is a central part of Faith and Action's mission. It presents stone tablets of the commandments to elected and appointed officials and asks them to "display and obey" the gift.

"At the heart of the Ten Commandments Project is an effort to restore the moral foundations of American culture," the group says in a brochure at its offices, where two reproductions of the commandments are on display on the first floor.

It wasn't clear yesterday how long Faith and Action has been at the Second Street location, although District property records show that a group called P&R Schenck Associates in Evangelism purchased the rowhouse in March.

Erik Linden, a spokesman for the city's Department of Transportation, said he believes the group needs a public space permit from the department before displaying the monument. And Linden and Bill Sisolak, a local advisory neighborhood commissioner and chairman of the commission's zoning committee, said Faith and Action also would need the approval of the Historic Preservation Review Board because its house sits in a historic district.

"We are notifying [Schenck] that he needs a permit to occupy what is deemed a public space, and we will work with him to ensure that he understands what he needs to complete the process," Linden said. He did not offer details about what a property owner in that area would need for a permit to be approved.

Linden said Faith and Action applied to the city in 2001 for a permit. However, he could not confirm last night which agency received the application or why it wasn't granted. He said no applications had been filed since that initial one.

The group said on its Web site that it tried to get permits from various agencies, including the city's Department of Consumer and Regulatory Affairs. However, the DCRA does not govern public space displays and would not have been the right agency to apply to, said Karyn-Siobhan Robinson, a DCRA spokeswoman. She could not immediately confirm whether the group had applied to the agency.

Sisolak said yesterday that he had not heard about the monument proposal until contacted by the news media. Local Advisory Neighborhood Commission secretary Karen Wirt said she had not either but also said she hadn't had a chance to review all her records back to 2001.

The religious nature of the display should not be the main factor in the decision about the permits, Sisolak said.

"It's a large object not in keeping with the historic nature of the neighborhood," Sisolak said. "This guy may be within his rights. I don't know. But in my opinion it doesn't appear to be in compliance."

ANTITRUST:

Antitrust Officials Said To Be Watching Napster Suit (LAT)

By Joseph Menn, Times Staff Writer

The Los Angeles Times, June 1, 2006

The U.S. is examining claims of collusion by labels to limit legitimate downloads, sources say.

Maybe Napster had it right.

Federal antitrust investigators are reexamining the online music pioneer's long-standing claims that the major record labels improperly conspired to keep authorized downloads off the Internet, said people familiar with the matter.

Justice Department officials are closely tracking a court fight in federal court in San Francisco between the labels and the financial backers of the original Napster, the file-sharing network that debuted in 2001 and became emblematic of online piracy.

Napster filed for bankruptcy protection, and the name was bought and assumed by Roxio Inc. in 2002.

The labels are suing venture capital firm Hummer Winblad Venture Partners and German conglomerate Bertelsmann, which owns label BMG, accusing them of contributing to the piracy by the first Napster users.

As part of its defense, Hummer Winblad has alleged that the labels violated antitrust laws by colluding to refuse to license their music to Napster for legitimate distribution.

Antitrust investigators have asked both sides to keep them apprised by passing along filings in the case, said music industry sources who asked not to be identified because of the sensitive nature of the government's inquiries.

It is unclear whether the review has led to a full reopening of an inquiry that ended in 2003, when the department announced it hadn't found evidence that the major labels manipulated the digital music market.

Justice Department spokeswoman Gina Talamona declined to comment, but investigators there were previously reported to be examining how present-day prices are set on Apple Computer Inc.'s iTunes Music Store and other authorized services.

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The San Francisco suit by Universal Music Group and EMI Group accuses Hummer Winblad and Bertelsmann of having controlled Napster and therefore sharing liability for the massive copyright infringement previously committed by Napster's tens of millions of users.

Hummer Winblad's lawyers countered that the labels broke antitrust and copyright laws by refusing to license music to Napster on reasonable terms while sending heavily restricted tracks to two industry-sponsored joint ventures, MusicNet and Pressplay. Those two services had been investigated by the Justice Department from 2001 to 2003.

The Hummer Winblad lawyers turned up discrepancies between what the labels had told the Justice Department about their practices then and what they told others. And the documents that the labels submitted to the Justice Department had some serious omissions, including a full discussion of clauses that guaranteed some labels the same licensing terms that their rivals received.

Those clauses, known as "most-favored-nation" provisions, suggested collusion, said the judge in the Napster case, Marilyn Hall Patel.

The documents were so suspicious that Patel said last month that they were "deliberately misleading." She ordered additional material turned over under what is known as the "crime-fraud exception" to the privilege that protects communications between lawyers and their clients from disclosure.

Universal and EMI appealed that ruling and this month won a stay until their arguments could be heard by a higher court.

Even before Patel's ruling, the Justice Department was intrigued. Once it got the Hummer Winblad team's legal brief, it asked the Universal and EMI attorneys to send along whatever they filed in their defense, a music industry source said.

New York Atty. Gen. Eliot Spitzer also is investigating the most-favored-nation clauses and has issued subpoenas to the major record labels.

Most of the labels declined to comment on the renewed Justice Department interest.

But Jeanne Meyer, EMI North America's senior vice president, said the company believed that Patel had "misconstrued" the relevant documents.

"EMI was forthright with the Department of Justice in its 2001-03 investigation and cooperated with that inquiry, and we are confident that Judge Patel's ruling will be reversed," Meyer said.

Napster Suit Sparks Controversy (UPI/UPI)

United Press International, June 1, 2006

LOS ANGELES, May 31 (UPI) -- A federal court case in San Francisco over internet music piracy has gained the attention of federal antitrust officials.

Major record labels are suing the original Napster's financial backers for supporting the piracy-linked network.

One of the defendants, Hummer Winbald, has responded by accusing the labels of not allowing license of their music to Napster while providing such to other ventures.

Winbald's lawyers provided evidence of the labels' collusion which prompted the case's judge and the Justice Department to request additional materials from the labels and their attorneys.

The Los Angeles Times reports previous documents given to the Justice Department from the labels had major omissions, specifically regarding licensure.

In 2003, a federal inquiry into possible antitrust allegations against major music labels was dismissed due to lack of evidence.

Many of the major labels declined to comment on these newest allegations.

Google Unlikely To Make Own Web Browser (AP)

By Michael Liedtke, AP Business Writer

AP, June 1, 2006

SAN FRANCISCO (AP) - Google Inc. CEO Eric Schmidt on Wednesday told industry analysts the online search engine leader is unlikely to create its own Web browser, even though the company remains worried about being slighted by the next version of Microsoft Corp.'s Internet Explorer.

Responding to a question during a conference call, Schmidt said Google sees little need to develop its own browser because most people seem satisfied with Explorer and rivals such as Firefox, Apple Computer Inc.'s Safari and Opera.

Mountain View, Calif.-based Google already has a search toolbar installed in Firefox as part of its partnership with the Mozilla open source software project that introduced the browser in 2004.

"We would not build a browser just for the fun of building a browser," Schmidt said.

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Later in the call, Schmidt reiterated Google's concerns about Microsoft programming the next version of its Internet Explorer to steer more traffic to its own Internet search engine.

Google informally complained to the U.S. Justice Department about Microsoft's plans, but regulators decided they didn't need to intervene. Schmidt said Google still hopes Microsoft will make it easier for Explorer users to set up other search engines in the browser.

The next version of Explorer will be included in Microsoft's Vista, a long-awaited upgrade of the Windows operating system due out next year.

"We want to make sure the use of the power of Windows is done in a correct and legally appropriate way," Schmidt said.

Google reigns as the dominant Internet search engine with a 43 percent share of the U.S. market through April, well ahead of Yahoo Inc. at 28 percent and Microsoft's MSN at 13 percent, according to comScore Media Metrix.

Schmidt's comments occurred during a question-and-answer session that Google organized in an effort to improve its communication with Wall Street. Analysts and investors have complained about Google's cryptic ways since the company's initial public offering in August 2004 and now management is trying to change that perception without backing down from its policy against sharing its financial projections.

The presentation didn't seem to make much of an impression. Google's shares were up slightly when the conference call began, but then backtracked to close with a 12 cent decrease at $371.82 on the Nasdaq Stock Market. The stock lost another 82 cents in late-session trade.

Google covered familiar territory Wednesday, telling analysts to expect major investments heavily in new computer equipment and offices to accommodate the company's growing audience and work force.

The company spent $345 million on capital expenditures during the first quarter, including $112 million on information technology assets and $41 million on land and buildings.

Chief Financial Officer George Reyes said Google's hiring spree will continue at its recent pace, which has been increasing the company's work force by 14 percent to 20 percent every three months. In the past year, Google nearly doubled its payroll to just under 6,800 employees through March.

Akron Paper, 5 Others Await Word On Auction By McClatchy (AP)

By Thomas J. Sheeran

AP, June 1, 2006

CLEVELAND - Six former Knight Ridder Inc. newspapers awaited word Wednesday on possible suitors as the deadline passed for bidding on the mid- and small-sized papers.

There was no immediate word on how many bids were submitted, when new owner McClatchy Co. might decide on possible buyers or whether the papers would be sold as a group or one by one.

McClatchy, based in Sacramento, Calif., bought Knight's Ridder 32 newspapers in March and decided to sell 12 largely because they were in slower-growing markets.

With buyers found for six larger newspapers - including The Philadelphia Inquirer - McClatchy turned its attention to the six smallest. Among those, most attention has focused on the Akron Beacon Journal, the largest of the six remaining papers and once the flagship of Knight Ridder.

Advance Publications in New York, parent company of the Beacon Journal's biggest competitor and Ohio's largest newspaper, The (Cleveland) Plain Dealer, was believed to be among the possible bidders for the Akron newspaper. The papers are 40 miles apart and compete in some of the faster growing Cleveland and Akron suburbs, including Medina County and northern Summit County.

Copley Newspapers, the parent of Akron competitor The (Canton) Repository, also reportedly was interested in the Beacon Journal, but Hal Fuson, chief legal officer for San Diego-based Copley, said Wednesday that the chain did not make a bid.

Merging nearby papers might offer advantages through joint advertising sales and combined business side, printing and reporting work. Savings through merged operations would make sense for Advance, according to Larry Grimes, president of the W.B. Grimes newspaper brokerage in Gaithersburg, Md. He said he has heard of strong interest in all six papers but had no direct knowledge.

The remaining five papers to be sold were the American News in Aberdeen, S.D.; the Duluth News Tribune in Minnesota; the Grand Forks Herald in North Dakota; The News-Sentinel in Fort Wayne, Ind.; and the Times Leader in Wilkes-Barre, Pa.

Other possible bidders that have been mentioned include Yucaipa Cos. of Los Angeles, a financial backer for newspaper unions; Black Press Ltd. of Vancouver, British Columbia; and HM Capital Partners of Dallas.

McClatchy and HM Capital had no comment Wednesday. Advance, Black and Yucaipa didn't immediately return messages seeking comment.

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McClatchy previously agreed to sell The Philadelphia Inquirer and the Philadelphia Daily News to a Philadelphia investment group and to sell four other newspapers to MediaNews Group Inc., a privately held company based in Denver.

The Beacon Journal has won four Pulitzer Prizes, journalism's highest honors. The newspaper has average weekday circulation of about 128,000 daily, down 7.4 percent over the same period last year. The population of Akron, once the nation's tire-making capital, has been stable in recent years, down about 2 percent since 2000 to about 220,000.

An industry report in early May showed daily circulation fell 2.5 percent at U.S. newspapers in the six-month period ending in March. Newspaper circulation has been in general decline for years as many people, particularly young adults, turn to other media outlets including cable TV and the Internet for news and information.

Charles Knight bought the newspaper in 1903 and became publisher four years later.

His son, John S. Knight, became editor and publisher in 1933. He began a series of buys that made the Beacon the flagship of one of the nation's largest newspaper groups, Knight Newspapers. In 1974, the group merged with Ridder Publications to become Knight Ridder Inc.

ON THE NET

Knight Ridder Inc.: http://www.kri.com

McClatchy Co.: http://www.mcclatchy.com

EU Fines For Four Chemical Groups In Cartel (FT)

By Tobias Buck In Brussels

Financial Times, June 1, 2006

The European Union's top antitrust regulator yesterday imposed fines totalling €344.6m ($441.9m) on four chemical groups for operating a cartel in the market for plexiglas and similar acrylic glass products.

French oil group Total's Arkema unit was worst-affected, with a fine of €219.1m. Britain's ICI was ordered to pay €91.4m. Lucite, another UK group, was fined €25m and Quinn Barlo of Ireland €9m. Both Arkema and ICI saw fines increased by 50 per cent because of convictions in other cartel cases.

Degussa, a German chemical group and another member of the cartel, escaped punishment because it blew the whistle on its co-conspirators. The Commission said Degussa would otherwise have been made to pay €264.5m - the highest single fine of all the members.

Neelie Kroes, EU competition commissioner, said: "Cartels are a scourge. I am shocked that companies like ICI and Arkema have been fined once again. These fines will serve as a cold shower for the management and shareholders of all these companies, who have to realise that cartels cannot and will not be tolerated."

The Commission said it had obtained handwritten notes of a meeting in a Dublin hotel room in October 1999, at which the companies agreed to raise their prices as of January 2000.

"Records of a meeting at a hotel in Germany in August 2000 reveal that the meeting focused on a co-ordinated price increase for November 2000," it added.

Acrylic glass is used for a wide range of products, including headlamps and tail-lights, for optical media such as DVDs and lenses and household products such as baths and showers. The EU market for acrylic glass products is worth about €665m a year, a Commission spokesman said.

Yesterday's total fine was the fourth-highest imposed by the Commission in a cartel case, and comes less than a month after the regulator slapped fines totalling €388m on another chemicals cartel. Again, Degussa had blown the whistle on the illegal arrangement and so escaped a fine of €130m - meaning the company saved itself nearly €400m in cartel fines in the space of four weeks.

EU Punishes Acrylic Glass Cartel (AP)

By Aoife White, AP Business Writer

AP, June 1, 2006

EU Punishes Acrylic Glass Cartel With $442 Million in Fines

BRUSSELS, Belgium (AP) -- The European Commission on Wednesday imposed fines of about $442 million on four companies for fixing prices over a six-year period on acrylic glass which is widely used in cars, household appliances and DVDs.

European Union regulators said they had uncovered business behavior that was a "very serious infringement" of EU antitrust rules.

Cartels "allow the participants to shield themselves from competition, to charge higher prices and to be protected from the need to innovate," said EU spokesman Jonathan Todd. "Their customers -- both companies and final consumers -- pay the price in terms of higher prices and a narrower choice of products."

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French oil company Total SA's chemical unit Arkema was fined 219 million euros ($281 million) -- the fourth largest fine levied by the EU in such a case.

Britain's Imperial Chemical Industries PLC was ordered to pay 91 million euros ($117 million), British chemical company Lucite International was fined 25 million euros ($32 million) and Ireland's Quinn Group Ltd. has to pay 9 million euros ($11.5 million).

The EU said the fines took account of the size of the European market, worth around 665 million euros ($854 million) annually.

A fifth company, Germany's Degussa SA, escaped a 264 million euro ($339 million) fine because it was the first to blow the whistle on the cartel.

The EU said the five companies agreed, fixed and monitored target prices for acrylic glass, and exchanged commercially important and confidential information in Europe between 1997 and 2002.

Acrylic glass -- sold under trade names such as perspex, Plexiglas and Lucite -- is also used in lenses, electronics, baths and showers.

The companies have two months to appeal the fine to an EU court. If the fines are upheld, the money goes into the EU budget, usually funded by EU governments. The Commission said the fines ultimately reduce the burden on individual taxpayers.

Quinn Group bought the offending Barlo business after the cartel ended. ICI said the fine targeted its ICI Acrylics unit which was sold in 1999.

EU Competition Commissioner Neelie Kroes said she was shocked that ICI and Arkema -- now owned by Total -- had to be fined again. As repeat offenders, both companies saw their fines increased by 50 percent.

"Cartels are a scourge," Kroes said. "These fines will serve as a cold shower for the management and shareholders of all these companies, who have to realize that cartels cannot and will not be tolerated."

Degussa went to EU regulators in December 2002, confessing its role in this cartel and another cartel to fix the price of bleach. The Commission said the rivals met to coordinate price increases in a Dublin hotel room in October 1999 and a German hotel in August 2000.

Both Lucite and Total's group of companies -- Elf Aquitaine, Arkema, Altuglas and Altumax -- had their fines reduced for providing information to regulators.

ICI said it will make a provision for the fine in its second quarter income statement as a special item and will think about filing an appeal.

Todd said two other firms -- BASF AG and Repsol YPF -- had escaped fines even though both received preliminary charge sheets because they had been able to convince regulators that they were not involved to the same extent as the others.

"In the end we could not find them guilty of breaking the competition rules," he said.

ENVIRONMENT/INDIAN AFFAIRS:

Officials Seek More Funds From Exxon Mobil (AP)

By JEANNETTE J. LEE, Associated Press Writer

AP, June 1, 2006

ANCHORAGE, Alaska (AP) - Federal and state authorities will seek more money from Exxon Mobil Corp. on Thursday to rehabilitate wildlife populations and clean up remaining oil from a devastating spill nearly 20 years ago, Alaska officials said.

Exxon has paid $900 million in restitution for the spill - the nation's largest - which emptied 11 million gallons of crude oil into Prince William Sound in 1989.

A "reopener" provision in the settlement created a window from 2002 to 2006 in which the state and federal governments could claim up to an additional $100 million.

That reopener provision expires Sept. 1. State and federal officials must file a claim 90 days before that date, by the end of this week.

The specifics of the claim, including how much will be requested from Exxon, have not been released.

"We are going to make a claim, but all the details are still being worked out between the Department of Law and the Department of Justice," John Manly, spokesman for Gov. Frank Murkowski, said Wednesday.

Exxon Mobil spokesman Mark Boudreaux said Wednesday that the company hadn't been notified that the Justice Department would seek a reopener.

Hundreds of studies by Exxon have shown the environmental impact to be less serious than claimed by other researchers. Boudreaux said Exxon didn't know of any new scientific studies that would merit reopening the settlement.

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"We believe Prince William Sound is healthy, it's robust, it's thriving," Boudreaux said.

To claim the money, state and federal officials must prove that a population, habitat or species had suffered loss or decline in the area of the spill, and that loss can be linked to the spill. They also must prove the loss was not known or anticipated when the settlement was signed.

"The claim will include what we believe, based on good science, is attributable to the spill and lay out a plan on how to deal with the existing problems," said Mark Morones, spokesman for the state Department of Law.

A study published in May in the American Chemical Society journal and Environmental Science & Technology found that oil spilled from the Exxon Valdez extends farther into Alaska tidal waters than previously thought and could be causing long-term harm to wildlife.

Alaska Sens. Ted Stevens and Lisa Murkowski sought to cut the process short by asking Irving, Texas-based Exxon Mobil to voluntarily commit $100 million more to restoring the Sound.

The company, whose $36.1 billion in earnings last year were the highest ever by any U.S. corporation, rejected that proposal.

More than $100 million of the $900 million Exxon has paid has not yet been spent. Officials said they expect that to become an issue in negotiations.

AP Business Writer David Koenig contributed to this story from Dallas.

US Judge Says Sea Lion Research Violates Animal Protection Laws (FINDLAW/AP)

By Jeannette J. Lee, Associated Press Writer

AP, June 1, 2006

(AP) - ANCHORAGE, Alaska-A judge ruled the federal government must halt studies of threatened and endangered Steller sea lions because it did not properly asses how certain research techniques might harm the animals.

The National Marine Fisheries Service approved permits for research activities that include hot branding and tissue sampling of thousands of sea lions each year, said the suit filed last year by the Humane Society of the United States.

"We have concerns about the lack of environmental review, the structure of the research and how it's being done," Jonathan Lovvorn, an attorney for the Humane Society, said Tuesday. "Our main goal is and has always been to have them evaluate the research before authorization. We want to see that happen."

Lovern said they agency needs to better evaluate different research techniques, which range from minimally invasive to lethal.

"We don't oppose research in order to benefit the Steller sea lion," Lovvorn said. "The question is are we doing that here in accordance with the law."

The federal agency failed to comply with the National Environmental Protection Act by not preparing an environmental impact statement, and must give up its research permits, according to the decision on Friday by U.S. District Court Judge Ellen Segal Huvelle in Washington, D.C.

The federal agency had issued permits that allowed researchers to attach tracking devices to more than 700 Steller sea lions, brand more than 2,900 and allowed for the incidental deaths of up to 60 of the animals a year, according to court documents.

The permits do not authorize the intentional killing of any Steller sea lions for scientific study, the documents said.

Fisheries service scientists said their research techniques are not harming the overall Steller sea lion population and are necessary to understanding the animals' unexplained decline and how to help them recover.

The research includes population monitoring and foraging and behavior patterns, said Kaja Brix, protected resources division director at the National Marine Fisheries Service's Alaska region office.

"The lack of ability to do the research certainly will have an impact as far as maintaining continuity in our research program and other entities in the state," she said. "They may have to abandon those studies for the time being and resume them once permits are reinstated."

The agency will have to revoke research permits from federal, state and non-goverment agencies studying Steller sea lions, including the Alaska SeaLife Center, North Pacific Universities Consortium, state Department of Fish and Game and the Aleutians East Borough.

Brix said the agency is already conducting an environmental impact statement, but it could be a year before it's completed.

The Steller sea lion habitat roughly follows the rim of the North Pacific Ocean from northern Japan to the south coast of Alaska. The animals also live on California's Channel Islands.

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The number of Steller sea lions in the western stock dropped from about 200,000 originally to 35,000 animals in 2002, federal fisheries scientists estimate. Scientists do not know the original population level of the genetically distinct eastern group, but as of 2002 there were 31,000 animals, with numbers on the rise.

The National Marine Fisheries Service in 1990 listed both populations as threatened. The western population in Alaska was listed as endangered in 1997 after a dramatic decrease was documented.

On the Net:

Alaska Fisheries Science Center: http://www.afsc.noaa.gov/

National Marine Fisheries Service: http://www.nmfs.noaa.gov/

Humane Society of the United States: http://www.hsus.org

Deep Trouble As Demand For Coal Rises, Risky Mines Play Bigger Role (WSJ)

By Kris Maher

The Wall Street Journal, June 1, 2006

MCDOWELL, Ky. -- Last September, Timothy D. Hall was drilling holes in the deepest part of a low-roofed coal mine when an explosion thrust him from his drill machine and set him on fire.

He crawled 45 feet to a mudhole inside the mine to douse the flames. The fireball melted the bill of his hard hat, charred his oxygen canister and burned his jacket, according to government investigators. After he was carried outside, but before any pain set in, he was shocked to see the flesh of his fingers had melted together.

Mr. Hall, 36 years old, survived and has regained limited use of his hands. His episode is part of an alarming upswing in coal-mining accidents, at a time when the industry is in the midst of a boom. Since May 20, seven miners have died, bringing the number of workers killed in coal-mine accidents in the U.S. this year to 33 -- compared with 22 for all of last year.

Part of the problem, some say, is a rise in the number of small, undercapitalized mines that have become economical since coal prices have surged. Miners refer to them as "dogholes."

In many cases, small operators work as contractors for big coal companies. The mine where Mr. Hall worked, for instance, was owned by J. & R. Coal Inc., and employed 23 miners. It provided coal to Consol Energy Inc., the fourth-largest coal producer in the U.S.

Roger Bentley, J. & R. Coal's owner, declined to comment on the accident. He said the mine has closed and the company is no longer in business. Thomas Hoffman, a spokesman for Consol Energy, says it reviewed the safety records of Mr. Bentley, as it does for all mine operators it contracts with, and "we thought his safety performance in the past was pretty good."

Despite the recent rash of fatalities, coal mining has gotten safer overall, due to improved technology and mining methods. In the early part of the 20th century, when there were roughly seven times as many coal miners as today, the annual death toll from accidents often exceeded 2,000 miners. In 1950, there were 643 fatalities. By 1990, the number had dropped to 66.

But higher fatality rates at small mines, which many mine-safety experts define as those employing fewer than 50 miners, have plagued the industry even in years when the overall number was falling. A report by the National Institute for Occupational Safety and Health, which examined data from 1988 to 1997, found the fatality rate at coal mines with fewer than 50 employees was 4.24 times the rate at mines with 250 or more workers. According to data from the Labor Department's Mine Safety and Health Administration, in each of the past three years, the fatality rate at underground coal mines with fewer than 50 workers was higher than the rate for all underground coal mines.

Small mines tend to open when coal prices rise. The average price of coal from Central Appalachia -- which includes parts of Virginia, Kentucky and West Virginia -- was $58 per ton last year, up from $29 in 2002. Prices are rising in part because of increased demand for coal to generate electricity from utilities seeking an alternative to natural gas as its price has risen. Domestic steelmakers have been using more metallurgical coal, while China's rapid industrialization is also creating demand for huge amounts of coal to make steel.

"As long as prices stay high, you're going to get the marginal producers coming in to capture a share of the market," says R. Larry Grayson, chairman of the department of mining and nuclear engineering at the University of Missouri-Rolla. He says the danger of accidents increases when smaller mines proliferate because they tend to have less-experienced workers, use older equipment and mine harder-to-reach coal seams that are passed over by big companies.

Mines with fewer than 50 employees represent about 25% of all underground coal-mining jobs, according to MSHA.

Fourteen of last year's 22 deaths at underground mines, surface mines and coal-preparation plants occurred at operations with fewer than 50 employees, according to MSHA data. Of the 33 deaths this year, 11 occurred at mines with fewer than 50 employees. Five miners were killed last month following an explosion at an underground mine operated by Kentucky Darby LLC of Middlesboro, Ky., which employed 34 miners, according to MSHA. Repeated calls to the mine's office went unanswered.

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"All of a sudden we're having a horrendous year in both West Virginia and Kentucky, and it's unacceptable," says Bill Caylor, president of the Kentucky Coal Association, which represents mostly big coal operators, many of which hire small contractors. But he says overall, "we've made tremendous strides and we're still pushing for safety."

Most fatalities that occur in mines of any size are the result of "freak accidents," and some are due to human error, says Mr. Caylor. The term "dogholes" is a sensational one, used by mine-safety "zealots," he adds. "But there is some legitimacy to this," he says. "There are some operators that are ruthless that have been the bad apple in the entire barrel."

More operators have opened mines to "try to make a quick profit because the coal market is high right now," says Dennis O'Dell, administrator of occupational health and safety for the United Mine Workers of America. Small mines are almost entirely nonunion, and miner advocates say workers at such operations often don't have the same protections as those at big unionized mines.

Of the 33 coal miners killed this year, three worked at unionized mines that employed at least 100 miners, according to MSHA. The other 30 worked at nonunion mines.

"More miners are at risk because of undercapitalized mines," says Tony Oppegard, a former MSHA official during the Clinton administration who is now a lawyer in Lexington, Ky., representing miners and their families. "I think the deaths are going to mount with the demand for coal."

Workers at small mines tend to be less experienced and more economically desperate than those at big mines, says Mr. Oppegard. "You've got this permanent base of unemployed people in eastern Kentucky," he says. "You'll always have people who are willing to work under whatever conditions that you impose."

Poor conditions in small operations have been linked to deaths. The 13th coal miner killed this year, Cornelius Yates, died Jan. 10 in a Pikeville, Ky., mine that employed nine. The 44-year-old was operating a machine used to drive six-foot-long bolts into the mine roof to secure it when the roof collapsed and killed him.

In that case, federal investigators determined the roof was unstable. "The condition was widespread and obvious and should have been detected by a reasonable prudent mine examiner," investigators wrote. The company was cited for safety violations related to the accident, but fines haven't been set yet, says MSHA.

James H. Blevins, owner of Maverick Mining Co., in Robinson Creek, Ky., which operated the mine, declined to comment.

Mr. Caylor, of the Kentucky Coal Association, believes the best way to improve safety is for state and federal inspectors to observe the working habits of a miner "and teach him how to work safer, rather than sitting there as a policeman, writing a ticket."

Others say enforcement needs to be tightened. In February, MSHA announced plans to toughen penalties for mine operators. One step: raising the maximum penalty for flagrant violations to $220,000 from $60,000. The agency said its penalty structure is 25 years old and needs updating.

Last week, the U.S. Senate passed broad mine-safety legislation that requires coal mines to store more oxygen underground, sets stricter fines and mandates use of wireless communications devices in mines within three years, among other things. The bill is pending in the House.

MSHA has recognized safety woes of small mines. In 2003, it opened the Small Mine Office to help mines with five or fewer employees, by providing safety guides, among other things. Mines of this size "do not have the resources to have sophisticated health-and-safety programs," said David Dye, MSHA's acting administrator, in a speech last fall.

"Technology is one of the factors that has led to improvements in mining safety, and larger mines are better able to take advantage of it," says Carol Raulston, spokeswoman for the National Mining Association, which represents big operators.

Even though coal prices are up, margins can still be tight for small operators. It often costs more per ton to extract coal from lower-quality seams. Many small operators don't own the land they mine; instead they mine on a contract basis, selling the coal at below-market prices to larger operators who own the mineral rights to the property.

Ron D. Bowling, who owns a company that plans to start operations this month at a small surface coal mine in Pike County, Ky., says higher prices for mining equipment and diesel fuel are also squeezing small operators. But he says most mine owners are diligent about safety.

"All the people I know in the business, their worst nightmare is getting someone hurt on the job," says Mr. Bowling, who plans to employ 12 to 15 people at his mine.

Some experts believe drug use among miners could be contributing to accidents, and small mines often do less drug-screening than large ones. But as another recent accident at a small mine shows, there can be a mix of factors.

In December, David Sherman Morris, Jr., a 29-year-old shuttle-car operator, was killed at a 31-employee coal mine operated by H&D Mining Inc., of Cumberland, Ky. He was struck by a loaded coal hauler, used to transport coal inside the mine. The hauler severed Mr. Morris's left leg above the ankle and crushed his right leg, according to an MSHA report.

A toxicology report of Mr. Morris's blood and urine found opiates as well as cannabinoid metabolites, which are typically generated from marijuana use. Unlike conventional alcohol testing, which measures impairment at the time of the test, drug

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testing measures usage in recent days or even weeks. A drug test administered on the operator of the coal hauler shortly after the accident also found opiates and cannabinoid metabolites.

MSHA investigators didn't speculate on whether any drug-related impairment contributed to the accident. Instead, they pointed to errors and negligence of mine management. Investigators said a major contributing cause was that side boards -- which allow more coal to be carried -- had been attached to the coal hauler, and coal was loaded 60 inches high, obstructing the view of the person operating it. The height of the mine where the accident occurred was 67 inches.

Struck From Behind

The company's procedures for operating equipment underground placed Mr. Morris in a dangerous position when he was struck from behind, investigators said. They also determined "this injury became a fatality because basic first-aid was not properly performed" by mine personnel. No fine has been issued for the accident yet, according to MSHA.

James H. Hurley, a co-owner of H&D Mining, says the accident wasn't the company's fault. "It was just an accident," he says. "It was no fault of equipment." He also says he doesn't think better first aid would have kept the miner alive.

Mr. Hurley says state and federal inspectors who visited the mine roughly every two weeks didn't complain about the sideboards before the accident, adding that the sideboards were put on by the manufacturer and that other operators are still using them. He has since removed them.

Drugs could have played a role, Mr. Hurley says. Since the accident, he says H&D has started drug testing all new employees and randomly testing current ones.

Mine owners say they are watched closely by federal and state inspectors who cite operators for numerous minor violations, such as not having the proper paperwork on hand, as well as more serious ones.

In many cases, however, fines issued by MSHA are appealed by coal operators, and the agency says 10% to 15% go unpaid. MSHA says it doesn't have authority to shut down mines if fines aren't paid. In February, MSHA filed what it called "precedent-setting" lawsuits against two Kentucky coal operators to force payment of long-overdue fines.

Multiple Risks

Miners say raising safety concerns at small mines can mean risking one's job, as well as future employment at other mines. Mr. Hall, who was burned in the explosion last fall, says he complained several times to management that the drill he used became dangerously hot while he was operating it. He says he was rebuffed by the mine's superintendent.

Sitting in his house in McDowell, Ky., in a room that serves as a living room and a bedroom for himself, his wife and two children, Mr. Hall, a miner his entire adult life, worries he won't be able to work again. To demonstrate the limited use of his hands, he bends his wrists slightly, and the scarred skin goes taut and white. "I don't think I could ever go back underground," he says. "I still have nightmares."

As a drill operator working in a mine that was 35 inches high, on average, Mr. Hall says he earned $18 an hour. He now receives roughly $2,200 in workers' compensation payments each month.

In February, Phil Stalnaker, a lawyer in Coal Run, Ky., who is representing Mr. Hall, filed a suit against J. & R. Coal and Mr. Bentley in Letcher County Circuit Court, alleging that Mr. Hall's application for workers' compensation benefits played a significant role in his termination from the company several weeks after the accident. Darrell Hall, an attorney in Whitesburg, Ky., who is representing J. & R. Coal, declined to comment on the case.

In March, MSHA fined J. & R. Coal $139,300, saying the accident involving Mr. Hall occurred "as a result of the operator's high negligence." MSHA cited the company for not keeping his drill and methane meters in proper condition, among other things. The fine hasn't been paid.

Mr. Bentley, the former owner of J. & R. Coal, didn't return calls seeking comment on payment of the fine.

Hints Of Oil Bonanzas Beneath Arctic Ocean (NYT)

By Andrew C. Revkin

The New York Times, June 1, 2006

The studies on Arctic sediment that appear today in the journal Nature tell a dramatic story of polar warming and cooling over millions of years. But what they tell petroleum geologists may be just as striking.

Though there is little mention of it in the papers, some scientists involved in the work said the huge amounts of organic material from dead algae and plants embedded in the ancient sedimentary layers suggested that the center of the Arctic Ocean could hold vast oil deposits.

Several of the researchers said they were reluctant to focus on that aspect of the work, saying it would be unfortunate if their climate studies prompted new oil exploration that could liberate more greenhouse gases and further warm the climate.

But one of the authors, Henk Brinkhuis of the University of Utrecht in the Netherlands, was not shy when he first pointed this out to reporters in 2004. This week, he said he remained confident that the prospect was real.

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"The entire Arctic rim is already one big exploration machine," Dr. Brinkhuis said. "I was nearly crucified for talking about this by some of the more politically environmentally friendly people out there. But it's a fact."

If the oil exists, it would probably take decades to develop techniques for exploiting such midocean deposits, Dr. Brinkhuis and other scientists said.

Still, a quarter of the world's undiscovered oil and gas resources lie in the Arctic, according to the United States Geological Survey.

Oil companies are clearly interested in what may lie beneath the sea, said Kathryn Moran, a professor of ocean engineering at the University of Rhode Island who was a chief scientist on the drilling project that led to the new studies.

Dr. Moran said she recently gave a talk on the project at the University of Alaska, Fairbanks, and was invited at the last minute by BP, the giant oil company, to stop over in Anchorage to present the talk to 30 petroleum geologists.

"They've definitely taken note," Dr. Moran said.

Studies Portray Tropical Arctic In Distant Past (NYT)

By Andrew C. Revkin

The New York Times, June 1, 2006

The first detailed analysis of an extraordinary climatic and biological record from the seabed near the North Pole shows that 55 million years ago the Arctic Ocean was much warmer than scientists imagined — a Floridian year-round average of 74 degrees.

The findings, published today in three papers in the journal Nature, fill in a blank spot in scientists' understanding of climate history. And while they show that much remains to be learned about climate change, they suggest that scientists have greatly underestimated the power of heat-trapping gases to warm the Arctic.

Previous computer simulations, done without the benefit of seabed sampling, did not suggest an ancient Arctic that was nearly so warm, the authors said. So the simulations must have missed elements that lead to greater warming.

"Something extra happens when you push the world into a warmer world, and we just don't understand what it is," said one lead author, Henk Brinkhuis, an expert on ancient Arctic ecology at the University of Utrecht in the Netherlands.

The studies draw on the work of a pioneering 2004 expedition that defied the Arctic Ocean ice and pulled the first significant samples from the ancient layered seabed 150 miles from the North Pole: 1,400 feet of slender shafts of muck, fossils of ancient organisms and rock representing a climate history that dates back 56 million years.

While there is ample fossil evidence around the edges of the Arctic Ocean showing great past swings in climate, until now the sediment samples from the undersea depths had gone back less than 400,000 years.

The new analysis confirms that the Arctic Ocean warmed remarkably 55 million years ago, which is when many scientists say the extraordinary planetwide warm-up called the Paleocene Eocene Thermal Maximum must have been caused by an enormous outburst of heat-trapping, or greenhouse, gases like methane and carbon dioxide. But no one has found a clear cause for the gas discharge. Almost all climate experts agree that the present-day gas buildup is predominantly a result of emissions from smokestacks, tailpipes and burning forests.

The samples also chronicle the subsequent cooling, with many ups and downs, that the researchers say began about 45 million years ago and led to the cycles of ice ages and brief warm spells of the last several million years.

Experts not connected with the studies say they support the idea that heat-trapping gases — not slight variations in Earth's orbit — largely determine warming and cooling.

"The new research provides additional important evidence that greenhouse-gas changes controlled much of climate history, which strengthens the argument that greenhouse-gas changes are likely to control much of the climate future," said one such expert, Richard B. Alley, a geoscientist at Pennsylvania State University.

The $12.5 million Arctic Coring Expedition, run by a consortium called the International Ocean Drilling Program, was the first to drill deep into the layers of sediment deposited over millions of years in the Arctic. The samples were gathered late in the summer of 2004 as two icebreakers shattered huge drifting floes so that a third ship could hold its position and bore for core samples.

Estimates of the prevailing temperatures in the different eras represented by the sediments were made in part by tracking the comings and goings of certain algae called dinoflagellates that typically indicate subtropical or tropical conditions.

Because the samples lacked remains of shell-bearing plankton that are usually relied on to provide temperature records, the researchers used a newer method for approximating past temperatures: gauging changes in the chemical composition of the remains of a primitive phylum of microbes called Crenarchaeota.

Some scientists familiar with the research said that while there were still questions about the precision of this method at temperatures like those in the ancient Arctic Ocean, it was clear that the area was warm.

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The temperatures recorded in the samples, right through the peak of warming 55 million years ago, were consistently about 18 degrees higher than those projected by computer models trying to "backcast" what the Arctic was like at the time, according to one of the papers.

Another significant discovery came in layers from 49 million years ago, where conditions suddenly fostered the summertime growth of vast mats of an ancient cousin of the Azolla duckweed that now cloaks suburban ponds. The researchers propose that this occurred when straits closed between the Arctic Ocean and the Pacific and Atlantic Oceans.

The flow of water from precipitation and rivers created a great pool of fresh water, but about 800,000 years after the blossoming of duckweed began, it ended with a sudden warming of a few additional degrees. The researchers suggest that this signaled when shifting land formations reconnected the Arctic with the Atlantic, allowing salty, warmer water to flow in, killing off the weed.

The researchers said the sediments held hints that Earth's long slide to colder conditions, and the recent cycle of ice ages and brief thaws, began quite soon after the hothouse conditions 50 million years ago. A centerpiece of their argument is a single pebble, about the size of a chickpea, found in a layer created 45 million years ago.

The stone could have been deposited on the raised undersea ridge only if it had been carried overhead in ice, said Kathryn Moran, a chief scientist on the drilling project, who teaches at the University of Rhode Island.

The stone was probably embedded in an iceberg or perhaps a plate of sea ice that tore free from a gravelly shore. It sank as the ice melted or broke apart, Dr. Moran proposed. Such "dropstones" have long been used to date when an oceanic region has been ice covered or ice free.

The amount of ice-carried debris in the sediment layers began to increase about 14 million years ago, the scientists said. That is also about when the great ice sheet that now weighs down eastern Antarctica originated, Dr. Moran noted. In general, the results from the Arctic drilling project suggest that the cooling and ice buildup at both poles happened in relative lockstep.

This simultaneity tends to support the idea that the cooling was caused by a drop in concentrations of carbon dioxide and other heat-trapping gases, which mix uniformly in the global atmosphere, said Dr. Moran and other members of the team.

Julie Brigham-Grette of the University of Massachusetts, an expert in past Arctic climates who was not connected with the new studies, cautioned against giving too much significance to the single sample, and particularly the single stone from 45 million years ago.

Dr. Brigham-Grette said it was vital to try to mesh the new core results with data gathered around Arctic coasts, where there is plenty of evidence for warm conditions in at least some places as recently as 2.4 million years ago.

Despite her doubts, she said, the project was a stunning achievement.

"It's all very, very exciting to me, because now we can start to rewrite the history of the Arctic," Dr. Brigham-Grette said. "It's like working a giant landscape puzzle of 500 pieces. For a while we only had 100 pieces. Now we have 100 more, and the picture is getting clearer."

Corporate America Warms To Fight Against Global Warming (USAT)

By David J. Lynch

USA Today, June 1, 2006

WASHINGTON — Corporate leaders don't normally invite the federal government to raise their taxes. But that's exactly what Paul Anderson is doing.

Anderson, the chairman of Charlotte-based Duke Energy, wants the federal government to fight global warming by taxing companies based on the “greenhouse gases” they pump into the atmosphere — just the sort of big-government remedy the Bush administration says would hobble the economy.

For his efforts, Anderson has been excoriated by conservative talk radio host Rush Limbaugh and threatened with an “exorcism” by an industry peer.

But Anderson, 61, is no closet left-winger. He's a registered Republican, Bush backer and member of the president's Council of Advisors on Science and Technology. That such a Big Business stalwart is demanding federal action on climate change illustrates an unmistakable evolution in corporate thinking, motivated both by evidence that global warming already is affecting the economy and by the prospect of fat profits from new environment-friendly products.

“If we approach this rationally, it will not be disruptive to the economy and will not turn the world upside down and will, at the same time, address the problem,” says Anderson.

Corporate America, which once regarded cries of “global warming” about as favorably as The Communist Manifesto, increasingly is embracing the need for reducing human contributions to the planet's rising temperatures. Forty companies — including Boeing, IBM, John Hancock and Whirlpool — have publicly endorsed the notion that climate change is real by joining a business council organized by the Pew Center on Global Climate Change.

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Electric power companies are the single largest industrial emitter of carbon dioxide, the chief chemical culprit in "global warming." But Duke Energy on the East Coast, California's PG&E on the West Coast, and other utilities see mandatory federal emission caps as preferable to the current patchwork of state regulations they confront. A uniform national standard would eliminate costly uncertainties hanging over investment decisions on new multibillion-dollar power plants, they say.

It's not just power companies that are agitating for action. Institutional investors are demanding that companies disclose their financial exposure to future climate changes. Insurers are abandoning underwriting in coastal areas threatened by costly Hurricane Katrina clones, and companies such as General Electric and DuPont are gearing up to prosper from the transition to a carbon-constrained world. Last year, Goldman Sachs Chairman Henry Paulson, now Treasury secretary-designate, warned that the time needed to address climate change was running out.

"There's a sea change underway in American business," says Al Gore, the former vice president. "What's different in business audiences in the past year or so is a new and widespread receptivity, a keen awareness, an eagerness on the part of large numbers to find out how they can take a leadership position. And a recognition, too, that there are profits to be made."

Insurers may prove to be the canaries in the coal mine of climate change. As global temperatures rise, instances of severe weather — hurricanes, tornadoes, even hailstorms — are expected to become more intense and more damaging. Though no single event can be definitively linked to long-term warming of the atmosphere, Mother Nature is getting more costly for insurers.

Annual weather-related insured losses rose from $1 billion in the 1970s to an inflation-adjusted average $15 billion in the past decade, according to Ceres, a coalition of institutional investors and environmental groups. The group said soaring weather-related insurance claims, which it linked to the warming climate, are leading to higher premiums and greater coverage restrictions for policyholders. As private insurers flee vulnerable areas, state and local government "insurers of last resort" are being left with the bill, Ceres said.

After being battered by losses from four Florida hurricanes in 2004, Allstate last year refused to renew policies with 95,000 homeowners and 16,000 commercial property owners in the state.

"We are girding for the onslaught of the next hurricane season," Allstate CEO Ed Liddy said last month. "What's new is the intensity of this (storm) cycle could be a lot worse than things that we've seen before."

Well before climate change turns Iowa into oceanfront property, its financial impact on insurers could affect everything from building codes to land-use policy, says Tim Wagner, director of the Nebraska Department of Insurance, who chairs a National Association of Insurance Commissioners (NAIC) climate-change task force.

The panel was scheduled to kick off its deliberations last year at a September conference in New Orleans, which was washed out by Hurricane Katrina.

In Nebraska, several years of unusually severe hailstorms have prompted insurers to raise deductibles and encourage a shift to hail-resistant roofing — which costs about twice as much as a conventional asphalt roof.

The potential financial impact on insurers is so great that it threatens to paralyze policy-writing in the most vulnerable geographic areas. To ensure the industry has the financial resources to weather repeated catastrophic events, a federal reserve fund financed by a new tax on all insurance policies might be needed, Wagner says.

"Climate change is so big, it's very hard for the man-on-the-street to understand what's taking place. The plain truth of the matter is it's here and it's going to be costly," Wagner says.

A clear sign that climate concerns have moved into the financial mainstream is the growing activism of institutional shareholders. Over the past few years, investors have become increasingly worried about insufficient disclosure about the risks companies face from global warming. Under existing regulations, publicly traded companies are required to disclose to investors any information that could have a "material" impact on their financial results. There are no additional requirements governing climate-change issues.

A changing climate threatens companies throughout the economy with costs from future regulations, the physical effects of a changing landscape, even the danger of massive lawsuits, such as the claims filed against tobacco companies. In 2004, eight states and New York City sued five power companies seeking to force them to cut carbon dioxide emissions. (Last year, a federal district judge dismissed the lawsuit, saying Congress, not the courts, should set environmental policy. The plaintiffs are appealing that decision.)

A recent Mercer Investment Consulting survey of 183 institutional investors found that 44% thought climate change was "very" or "somewhat important" in economic terms. An additional 14% said it would become important within five years.

In February, a London-based investor coalition called the Carbon Disclosure Project sent its fourth annual request for information on greenhouse-gas emissions to 1,800 of the largest publicly traded companies in the world. A total of 211 institutional investors with a collective $31 trillion under management signed the letter — up from the 35 investors representing $4.5 trillion worth of capital who signed the first report.

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Among the U.S. signatories: Merrill Lynch, Franklin Templeton, Dreyfus, State Street Global Advisors, New York state and city employee pension funds, and the state treasurers of Maine, Vermont and Oregon.

The nation's largest public pension fund, the $182 billion California Public Employees' Retirement System (Calpers), also signed and has backed shareholder resolutions at Ford Motor and General Motors. “Our focus is to get companies to expand and to improve the disclosure and transparency of environmental data,” says Dennis Johnson, Calpers' senior portfolio manager for corporate governance.

Johnson says the pension fund doesn't plan to sell any of its holdings to force greater disclosure, preferring instead to work with the companies in which it owns shares.

Each year, about 30 corporations confront shareholder resolutions seeking greater disclosure of the potential impact of climate change, according to Mindy Lubbers of Ceres. The past two years, climate change has been the leading source of non-financial shareholder resolutions, according to Gary Guzy of Marsh & McClennan.

In April, a Ceres-backed shareholder resolution requiring Dominion Resources, a Richmond, Va.-based utility, to report on its exposure to climate change was defeated with 22.5% of the votes. But that was almost three times the 8% support a similar measure garnered at last year's annual meeting.

Dominion's management opposed the resolutions, arguing that its environmental officer regularly updated its board and that information on its policies was available to shareholders on the company website. The past two years, more than one dozen electric power companies have issued such reports, according to Ceres.

The Bush administration stirred global controversy by refusing in 2001 to sign the 1997 Kyoto treaty, which would have required the U.S. to sharply reduce carbon dioxide emissions by 2010.

President Bush has repeatedly insisted that mandatory emissions curbs like those contained in the treaty would cost the U.S. economy too much. “I walked away from Kyoto because it would have damaged the American economy, it would have destroyed the American economy, it was a lousy deal for the American economy,” he said in a July interview with British TV network ITV.

Government and private estimates of the annual cost to the $13 trillion U.S. economy of implementing the Kyoto restrictions range from $125 billion to $400 billion.

Yet, the leaders of major U.S. corporations such as General Electric and DuPont say addressing climate change offers the technology-rich USA a chance to make — not lose — big money.

One year ago, Jeff Immelt, GE's chief executive, unveiled a plan to cut his company's greenhouse-gas emissions by more than 40% by 2012. At the same time, Immelt said GE would double its annual revenue from a broad portfolio of environmentally sound products to $20 billion by 2010.

GE identified an opportunity to boost profit by concentrating on environmental technologies after customers in many industries and many countries began demanding help meeting tougher regulations, says Lorraine Bolsinger, the executive in charge of GE's Ecomagination initiative. “I don't see the downside. I know folks say there will be some kind of economic tax. … I'm not sure anyone who worries about that has done the full analysis,” adds Bolsinger.

At DuPont, a previous brush with environmental controversy shaped an early embrace of the climate-change issue. In the late 1980s, the company came under pressure to stop producing chemicals called chlorofluorocarbons, which were blamed for depleting the ozone layer. In 1988, DuPont agreed to do so. That experience helped shape DuPont's response to calls for action to combat climate change, says Linda Fisher, the company's vice president of environment, health and safety. DuPont set its first goal for reducing greenhouse gases in 1991. By 2003, it had trimmed its emissions by 72%.

Along the way, it racked up savings of $3 billion through energy conservation. Example: In plants in Alabama, Tennessee and Missouri, DuPont is replacing natural gas with methane from landfills in its industrial boilers. Elsewhere, the company redesigned scores of industrial processes to squeeze efficiencies from every step of chemicals manufacturing.

“What started as an effort to address our carbon footprint has turned out to be financially a very good thing,” says Fisher.

This fall, DuPont expects to start using corn to produce a chemical called PDO, which is used to make clothing. The Loudon, Tenn., plant will use 40% less energy than traditional oil-based processes, the company says. The resulting reduction in greenhouse-gas emissions is equivalent to removing 22,000 cars from the roads.

Executives say such examples are representative of the environmental gains that could be achieved throughout the economy — if there were federal action. With Europe and Japan having embraced Kyoto, many business leaders in the United States say it is inevitable that the U.S. will eventually adopt similar emission limits. The Senate last year approved a non-binding resolution that called for such action.

The choice for business, they say, is between trying to block the inevitable or trying to shape whatever climate-change policy the government ultimately adopts. The financial stakes are enormous: The wrong policy, no matter how well-intentioned, could cripple the economy in a quest for environmental improvement.

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"If we get out and shape it, we can craft a result that works for us and moderates the (economic) impact," says Peter Darbee, CEO of PG&E. "One can always say, 'We won't do it until everybody does it.' But leadership isn't about waiting for everybody to agree. … Leadership is about doing the right thing and doing it early."

The Interior Department's 'Relief Pitcher' (WP)

By Juliet Eilperin

The Washington Post, June 1, 2006

Even in a big bureaucracy, some things can happen fast.

On his first day on the job this week as secretary of the interior, Dirk Kempthorne found out he is already a defendant in thousands of lawsuits, give or take a few.

Interior's deputy solicitor, David L. Bernhardt, tried to break the news gently, noting that Kempthorne's name was simply replacing that of his predecessor, Gale A. Norton. And in some cases he's not formally named, or the Justice Department is taking the lead. "Don't take it personally," Bernhardt said.

Resolving the long list of lawsuits -- including one accusing the government of cheating American Indians out of as much as $137.2 billion over the past 118 years -- is one of many tasks the former Idaho governor and senator faces as the nation's 49th interior secretary. With 30 months before the administration ends, he must confront everything from a huge maintenance backlog at the national parks to a contentious debate over how to best protect endangered species.

"I'm coming in in the seventh inning. I'm the relief pitcher," Kempthorne, 54, said in an interview in the midst of his first official day, which began at 6:30 a.m. Tuesday, when he left his apartment for a Fox News interview, and ended at 9 p.m., after he polished off Costco sandwiches his staff had brought in and did some paperwork. "I'm going to come in there, and I want to make sure it's a winning series."

Kempthorne spent his first day doing what he does best: stroking the egos of interest-group leaders, chatting up tourists standing by historic memorials he now oversees, and bonding with politicians. Gamely hobbling on the left foot he broke more than a week ago while jogging on uneven pavement, he shook hands with every Interior employee he could spot and signed autographs for schoolchildren before heading to the top of the Washington Monument.

Aware that federal prosecutors are investigating several current and former Interior officials for possible improper ties to disgraced GOP lobbyist Jack Abramoff, Kempthorne began his day with an ethics briefing by agency lawyers, working on an agency-wide memo on professional conduct and asking if he could accept a personalized windbreaker from a political group or a piece of Park Service haberdashery. (Both are fine, as long as the outside gift was reported; a couple of hours later, Kempthorne sported the Park Service baseball cap on the Mall.)

During a lunch with officials from the National Congress of American Indians, he raised the possibility of settling the suit tribal members have lodged against Interior, and he told his staff that President Bush has urged him to use the department as a bridge to its often fractious constituents.

"He said, 'I don't want it to be polarized. I want us to be bipartisan,' " Kempthorne said.

Unlike Norton, who did little to cultivate environmental leaders, Kempthorne has occasionally made overtures to liberal groups. On Tuesday he held a conference call with 25 conservation, environmental and sporting organizations, including the Defenders of Wildlife and Environmental Defense. He used the word "respect" at least a dozen times during the day, telling the environmentalists at the close of their conversation: "This was my way of showing respect for all you men and women."

"The fact that he made the call was more noteworthy than the substance of the call itself," said Michael J. Bean, a senior attorney for Environmental Defense, who has worked with Kempthorne on protecting endangered species. "He's an open and accessible guy, willing to listen to points of view with which he might ultimately disagree."

Other environmentalists pointed out that in the end, Kempthorne usually goes against them. As governor, he resisted the reintroduction of grizzly bears into Idaho's Selway-Bitterroot Wilderness area (he called them "flesh-eating") and called for eradicating wolves in his state "by any means necessary." During his one term in the Senate, he earned a 1 percent voting score from the League of Conservation Voters.

"He might put it in a more charming way, but it's still going to be catering to special interests rather than serving as a steward of our public lands," said Tiernan Sittenfeld, the group's legislative director.

Kempthorne is an optimist, a former University of Idaho student president who revels in the fact that he'd found a sales clerk at the Pentagon City mall to help him pick out ties (he wore a shiny mint-green one on Tuesday) and that his father, who will turn 90 on July 4, will be able to watch fireworks on the Mall from the interior secretary's balcony.

Asked about the environmental impact of mining -- mining, timber and energy firms contributed generously to his gubernatorial and Senate campaigns -- Kempthorne said it's important to remember what mining does for average Americans.

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"When we ride on a bicycle, that's brought to us by mining. When you ride in a car, that's brought to you by mining," he said, pausing to display his wedding ring. "This ring was brought to me by mining, but it's also the symbol of my love for my wife."

That's the sort of philosophy that prompted Sen. Larry Craig (R-Idaho) to declare on the Senate floor last week: "I believe in the next 2 1/2 years [that] Dirk Kempthorne presides over the Department of Interior as the second secretary of the interior of this Bush administration, he will, by his presence and the efforts currently underway, actually produce more energy for this nation and our nation's energy consumers than will the secretary of energy."

Kempthorne shies away from such talk. He says he hopes a combination of drilling and alternative energy sources will help wean the United States from its dependence on foreign oil.

People have underestimated Kempthorne in the past, said the Idaho Conservation League's executive director, Rick Johnson: "He's viewed as not a high-powered dude, and there's more going on there."

But Johnson, who has negotiated with Kempthorne over environmental issues, suggested it will be hard for him to leave a mark or to broker meaningful compromises among farmers and American Indians, environmentalists and oil and gas developers, and other warring factions.

"The administration was looking for someone to keep a steady hand on the tiller," Johnson said. "I don't think he'll have that much of an impact."

Upper Sioux Tribe To Banish Drug Offenders (AP)

AP, June 1, 2006

GRANITE FALLS, Minn. - A small American Indian reservation in southwest Minnesota plans to banish drug offenders.

The plan targets anyone who commits a drug crime on the Upper Sioux's reservation land in southwest Minnesota. The individual is automatically prohibited from setting foot on the reservation.

Tribal courts will decide how long the banishment lasts. The banned individual will retain tribal membership.

The policy also includes anyone who commits gang-related or violent crimes. The new law was passed earlier this month as part of the tribe's "zero tolerance" policy.

"Our goal is to ensure the safety of our members, their children, our tribal lands, our guests to our tribal lands," said Kevin Jensvold, chairman of the Upper Sioux's governing Board of Trustees. "Our survival depends on upon our ability to face this enemy."

Too often government refrains from taking strong stands against serious problems, he said. And drugs are a serious problem. Jensvold said no one can say the Upper Sioux were too timid to take a stand.

Banishment has a long history in Indian culture, although the Upper Sioux version is less harsh than tradition banishment, which in ancient times treated offenders as if they were dead.

Jensvold said the Upper Sioux policy is a tough love approach and is designed to encourage rehabilitation. "We are here to assist our members to refrain or recover," he said. "We are here to demonstrate that we are a tribal nation who care."

The push for the new policy came after a tribal examination of the dangers of methamphetamine use. Tribal secretary Elitta Gouge said no one knows how extensive drug use is on the reservation, but they know the tribe has to fight back.

"We're going to warn everyone who is a dealer or a supplier that we're going to prosecute to the fullest extent of the law, if they should bring drugs onto the rez," she said.

The Upper Sioux is among the smallest reservations in Minnesota, at about 2 square miles. Many of the tribe's 430 members live off the reservation but nearby.

FBI/DEA/ATF/USMS:

San Francisco Chronicle Writers Challenge Bonds Leak Subpoena (FINDLAW/AP)

By David Kravets, Ap Legal Affairs Writer

AP, June 1, 2006

(AP) - SAN FRANCISCO-Two San Francisco Chronicle reporters subpoenaed to testify before a federal grand jury about how they got Barry Bonds' leaked testimony urged a judge on Wednesday to let them off the hook.

The Chronicle's Mark Fainaru-Wada and Lance Williams, the latest reporters to become entangled in the federal government's ramped-up efforts to investigate leaks, argued that the First Amendment protects reporters and their sources.

In an affidavit accompanying their filing, Pulitzer Prize-winning journalist Carl Bernstein wrote to U.S. District Judge Martin Jenkins of San Francisco that anonymous sources were instrumental in breaking the Watergate scandal.

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Fainaru-Wada and Williams have been have been subpoenaed to testify before a grand jury investigating who leaked them the secret testimony of San Francisco giants slugger Bonds, the New York Yankees' Jason Giambi and other professional athletes.

About two dozen athletes were called before an earlier San Francisco grand jury in 2004 as part of the government's investigation into the Bay Area Laboratory Co-Operative - the California nutritional supplement lab that was exposed as a steroid ring.

The Chronicle published the testimony in a series of stories beginning in late 2004. Both Fainaru-Wada and Williams say they aren't going to comply with the supoena, which means they could be fined and jailed until they divulge their sources. The reporters also could be jailed for a fixed term for contempt if Jenkins forces them to appear before the grand jury.

Justice Dept. Is Criticized By Ex-Official On Subpoenas (NYT)

By Adam Liptak

The New York Times, June 1, 2006

Subpoenas issued last month to reporters for The San Francisco Chronicle were criticized yesterday by a former chief spokesman for Attorney General John Ashcroft as a "reckless abuse of power."

The former spokesman, Mark Corallo, made similar statements in an affidavit filed in federal court yesterday. He said Mr. Ashcroft's successor, Alberto R. Gonzales, had acted improperly in issuing the subpoenas.

"This is the most reckless abuse of power I have seen in years," Mr. Corallo said in an interview. "They really should be ashamed of themselves."

The subpoenas, part of an effort to identify The Chronicle's sources for its coverage of steroid use in baseball, would not have been authorized by Mr. Ashcroft, Mr. Corallo said. "You just don't ride roughshod over the rights of reporters to gather information from confidential sources," he added.

Mr. Corallo left the Justice Department in 2005. His public relations firm represents, among others, Karl Rove, President Bush's top political adviser. A spokeswoman for Mr. Ashcroft, who also stepped down in 2005, declined to comment on Mr. Corallo's sworn statement, which was submitted with the reporters' motion to quash the subpoena.

Brian Roehrkasse, a Justice Department spokesman, said he could not address the subpoena to the Chronicle reporters. Subpoenas, he said, are "handled consistent with Justice Department guidelines and on a case-by-case basis on facts specific to the case that only those in the Justice Department would be aware of."

Mr. Gonzales has in recent weeks hinted that the Justice Department may move beyond subpoenas for journalists' sources, and pursue the criminal prosecution of reporters under espionage laws for publishing classified information.

Mr. Corallo said the department's attitude toward news organizations "is starting to look like a policy shift, a policy shift for the worse."

Specialists in journalism and First Amendment law said that Mr. Corallo's statement was itself significant evidence of a shift.

"This illustrates in an unmistakable fashion," said Mark Feldstein, director of the journalism program at George Washington University, "that the Gonzales Justice Department has moved so far away from the mainstream of established legal opinion and case law when it comes to press freedom that even judicial conservatives are disturbed by it."

The Chronicle reporters, Mark Fainaru-Wada and Lance Williams, submitted Mr. Corallo's sworn statement along with their motion to quash the subpoenas, which was filed yesterday in Federal District Court in San Francisco.

The articles in The Chronicle that gave rise to the subpoenas had quoted, apparently verbatim, transcripts of grand jury testimony from prominent athletes, including the baseball stars Barry Bonds and Jason Giambi. Whoever provided those transcripts to the reporters may have violated grand jury secrecy rules or a judge's order.

Under the Justice Department's internal guidelines, subpoenas to the press for confidential sources require authorization by the attorney general. Under Mr. Ashcroft, Mr. Corallo said, he and others also had authority to deny such requests.

Mr. Corallo said that in three years as the department's press secretary and public affairs director, he approved a single subpoena to the press, involving what he called a serious national security matter, and turned down many more. One of those he refused, he said in the court filing, concerned "a public corruption case involving leaks of grand jury information."

Mr. Gonzales has defended his decision to issue the subpoenas. "I think it was information that was necessary, that we needed to have in connection with that investigation," he told the editorial board of The Houston Chronicle last month.

Mr. Corallo said he had used a different standard, one rooted in Justice Department policy.

"It has to be a matter of grave national security or impending physical harm to innocent people," he said, "not just, well, this is the only way we're going to be able to get this information."

DOJ_NMG_0031032

N.Y. Judge: 40 Years For One Of Biggest Foreign Drug Catches (AP)

By Larry Neumeister, Associated Press Writer

AP, May 31, 2006

NEW YORK -- A man described as one of the biggest foreign heroin dealers ever extradited to the United States was sentenced Wednesday to 40 years in prison, dodging a life term in a U.S. deal with Colombia that was hotly debated in court.

Ramiro Lopez-Imitola, who prosecutors said headed a heroin trafficking organization in Colombia and Venezuela, was sentenced in U.S. District Court and ordered to forfeit $200 million in assets, though he claimed to be broke.

In a release, U.S. Attorney Michael Garcia said Lopez-Imitola was "not only one of the biggest heroin traffickers ever extradited to the United States, but he maintained his empire through brutality and corruption."

His sentencing in Manhattan lasted all day as lawyers disputed the meaning of an extradition deal in which the United States agreed he would not be sentenced to life in prison for heading a drug group in Cucuta, Colombia, and Caracas, Venezuela.

The argument over what constitutes a life sentence highlighted a concern the United States faces with other countries when it tries to extradite prisoners into a legal system that demands stiff penalties for drug crimes.

The system yielded to an extent as U.S. District Judge Robert P. Patterson said he took into account the defendant's age, 61, when he decided on a sentence that left him a shot at freedom in his 90s _ for good behavior behind bars and credit for time served.

Assistant U.S. Attorney Neil M. Barofsky had demanded a 60-year prison term, saying the Colombian government had agreed that 60 years would be acceptable since that is the maximum prison term allowed in its own courts.

Defense lawyer Salvador Delgado said a prison term that long would be a life sentence, and he noted that judges in Colombia usually take into account a defendant's age at sentencing. He requested a 10-year sentence.

The lawyer said his client was in frail health and was unlikely to survive much longer than that in prison.

Lopez-Imitola said he was not the "animal they are trying to take to the slaughterhouse."

But the prosecutor told the judge that Lopez-Imitola was a brutal drug lord who led an international heroin trafficking organization that sold $200 million worth of the drug in the United States alone.

He said Lopez-Imitola burned one of his drug couriers with a hot iron because he believed the courier had failed to pay him $100,000 from the sale of heroin and ordered the body of another courier cut open to extract drugs after the man died of an overdose in Miami.

"He has shown absolutely no remorse for his crimes," Barofsky said.

Drug Enforcement Administration special agent John P. Gilbride called the desecration of the drug courier "the extent to which a monster would go in order to make millions from the drug trade."

For more than an hour, Lopez-Imitola denied carrying out the torture and insisted he was unfairly victimized by others before he pleaded guilty March 15, 2005, to drug charges.

"I'm not a man who hates," he said. "I've admitted I'm guilty, but I'm not as guilty as they're making me out to be."

Telford Man Pleads Guilty In Drug Case (GS)

Greeneville Sun, May 31, 2006

A Telford man federal authorities alleged was a key local figure in a decade-long conspiracy to import drugs into Northeast Tennessee pleaded guilty in U.S. District Court here on Monday to two conspiracy charges.

Mark Allen Saults, 34, whose last known address was Old State Route 34 Telford, pleaded guilty before Senior U.S. District Judge Leon Jordan to two counts of a federal indictment.

One indictment count charged Saults with conspiring with others to distribute 15,000 pounds of marijuana.

The second indictment count alleged that Saults conspired to distribute 25 pounds of methamphetamine.

Saults faces the possibility of receiving a mandatory minimum sentence of 10 years in prison when he is sentenced by Judge Jordan on Oct. 11, plus up to a $4 million fine and a term of supervised release of from five years to life.

However, according to a plea agreement filed in his case, Saults has agreed to cooperate with federal prosecutors.

The government, in turn, has agreed to, at the time of sentencing, “bring to the court’s attention the nature, extent, and value” of that cooperation.

Under the plea agreement in his case, Saults also agrees to testify before federal grand juries and during trials if requested to do so by the U.S. Attorney’s office.

Allegedly Part Of Large Ring

During a January press conference in Johnson City, Acting U.S. Attorney James R. Dedrick alleged that Saults and co-defendants that included Greene County resident Richard Glenn Milburn, were members of "one of the largest, if not the largest, drug importation and distribution organizations that Upper East Tennessee has had in a long time."

Dedrick also said that the illegal drug organization in which the indicted men allegedly took part had generated "millions and millions of dollars" over the years.

On Tuesday, Washington County Sheriff Ed Graybeal said he was glad to hear that Saults had pleaded guilty.

Graybeal said the investigation that led to federal charges against Saults, and others, had taken "a lot of drugs off the street."

The Washington County sheriff also praised the cooperation among federal, state and local law-enforcement agencies that led to the federal indictments against Saults and his co-defendants.

Case Against Saults

A court document called an "agreed factual basis" filed in Saults' case states that between January 1995 and December 2005, Saults "did knowingly, intentionally and without authority, conspire with at least one other person to distribute and possess, with the intent to distribute, 15,000 pounds of marijuana and 25 pounds of a mixture of a substance containing methamphetamine ... ."

During the course of the conspiracy, according to court documents, Saults "obtained marijuana and/or methamphetamine from various locations across the country, including Cleveland, Ga., and Albuquerque, N.M., and through co-conspirators and couriers, Saults had the drugs transported to the Eastern District of Tennessee."

The marijuana and methamphetamine, obtained from New Mexico, were acquired by Saults' alleged co-conspirator Sidney Charles Terrell, or from alleged co-conspirators Victor Hugo Vargas and Louis Antonio Medina, and allegedly transported by various individuals, including Doug Keith Davis, to Thomas Turner, in Cleveland, Ga., according to court records.

Saults would then acquire the illegal drugs from Turner for transportation by co-conspirators to the Eastern District of Tennessee, according to court records Subsequently, court records allege, the drugs were distributed in Northeast Tennessee by Saults and others, including: "Richard Glenn Milburn, Travis Brown, Derek Anthony Keys, James Franklin Devotie, Robert Anthony Hampton, Shannon Luttrell and Michael Damon Bawgus."

Saults and Milburn, according to the agreed factual basis, were arrested on Dec. 1, 2005, by agents of the federal Drug Enforcement Administration when the two came to meet with an informant from whom they allegedly had agreed to purchase 50 pounds of marijuana and two pounds of "pure methamphetamine."

At that time, $36,000 in cash was seized from Saults' person, according to the agreed factual basis.

When he was arrested last Dec. 1, according to the agreed factual basis, officers allegedly found a loaded handgun on Milburn and another firearm behind the seat of his vehicle. In addition, about 14 grams of "crystal methamphetamine" was allegedly seized from Milburn's truck, according to the agreed factual basis.

Trial Set July 31

Trial for Milburn and Victor Hugo Vargas is scheduled to begin on July 31 in U.S. District Court here.

A change of plea hearing for co-defendant Eric Phillip Shawback was scheduled for today in U.S. District Court in Knoxville.

Similar change of plea hearings are scheduled for June 13 in Knoxville for co-defendants Doug Keith Davis, Robert Anthony Hampton and Travis Brown, according to court documents.

A hearing for Hampton originally was scheduled for Tuesday in U.S. District Court here, but it was rescheduled at the request of his attorney, David Leonard.

Shannon Luttrell pleaded guilty earlier, as did Thomas Turner. Both are awaiting sentencing.

Federal Indictment Handed Down For Man From Otis And Salem (LCNG)

Lincoln City News Guard, May 31, 2006

On May 24, a federal grand jury indicted a Salem and Otis resident on multiple charges, including the charge of "human trafficking," according to the U.S. Department of Justice.

Ramon Lopez-Montanez, 39, was indicted on charges of forced labor, marijuana manufacturing and use of a false government document.

Lopez-Montanez was investigated by the Federal Bureau of Investigation, U.S. Bureau of Immigration and Customs Enforcement, Oregon State Police, Multnomah County Sheriff's Human Trafficking Task Force, Salem Police Department, Drug Enforcement Administration, Lincoln County Interagency Narcotics Team and the Lincoln County Sheriff's Office.

Lopez was arrested in Salem on May 23. The indictment documents were unsealed on May 24 in preparation for appearance before a magistrate in Portland.

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According to the indictment, Lopez-Montanez is charged with growing marijuana in Salem and Otis and using a false Oregon driver's license to open an account at Wells Fargo Bank in Lincoln City.

Lopez-Montanez is a citizen of Mexico, according to the Department of Justice.

The indictment charges that Lopez-Montanez obtained the "labor and services" of a woman in Mexico "by threats of serious harm to and physical restraint against" this woman and her family and friends. According to the Department of Justice, he also forced her to witness acts of violence against others and subjected her to acts of violence.

"The U.S. Attorney's Office will work closely with our law enforcement partners to investigate and prosecute what amounts to modern-day slavery," said U.S. Attorney Karin Immergut for the District of Oregon. "We will not tolerate the exploitation and abuse of men, women and children who are the victims of human trafficking."

No trial date had been set for Lopez-Montanez as of press deadlines.

Alton Man Receives 25-year Sentence (BVND)

The Belleville News Democrat, May 31, 2006

A 39-year-old Alton man was sentenced in federal court in East St. Louis Tuesday to 25 years in prison on crack cocaine charges.

Christopher B. Taylor was convicted of distributing and possessing with intent to distribute crack cocaine.

Taylor also was fined and must serve 5 years supervised release after completing his sentence, according to the U.S. Attorney's office.

The case was investigated by agents from the Drug Enforcement Administration, federal Bureau of Alcohol, Tobacco, Firearms & Explosives and the Alton Police Department. It was prosecuted by Assistant U.S. attorneys Thomas M. Daly and Andrew Simonson.

The case was prosecuted as part of a continuing DEA investigation targeting crack cocaine trafficking in Alton.

Woman Gets Prison In Drug Deal (FLJOURNAL)

Flint Journal (MI), May 31, 2006

FLINT - A woman who delivered an ounce of crack cocaine to undercover investigators last year was sentenced Tuesday to nearly 4 years in prison, even though her attorney argued for probation, saying her involvement in the drug trade was her boyfriend's fault.

U.S. District Judge Paul Gadola sentenced Renee Holmes, 31, to 3 years and 10 months in prison.

"It's a question of role," argued her lawyer, C. Frederick Robinson, before she was sentenced. "Her involvement was minimal in this offense."

He noted that Holmes, a mother of two, had a good employment record, attended church and only "answered her boyfriend's phone" on May 17, 2005 - the date she was charged with delivering crack cocaine to law enforcement authorities.

"She has good standing in the community," said Robinson. "She has no pattern of criminal conduct. She's a victim of her affiliation with her boyfriend."

But the judge noted at Holmes' sentencing Tuesday that she had pleaded guilty for a transaction in which she, not her boyfriend, spoke with a confidential informant who'd been working with law enforcement about the sale of an ounce of crack, and it was Holmes who delivered it and took $850 for it.

"You chose to engage yourself in this business," the judge told her. "It's a very, very serious offense."

Gadola noted that Holmes had a 1994 conviction for carrying a concealed weapon, but that conviction apparently had been suppressed or sealed, and he could not consider it as he sentenced her.

Gadola said Holmes' involvement in the drug trade tended to "melt away" the positive aspects of her life.

"(Crack has) destroyed young people in great numbers, families, neighborhoods, communities," he said.

Holmes and her boyfriend, Damon D. Cooper, were among nine people indicted by a grand jury on federal drug charges last September after an investigation by federal Drug Enforcement Administration agents and Flint police.

Holmes asked for time before she was sentenced to prison so she could make arrangements for the care of her children, but Gadola said she should have dealt with that before she was to be sentenced. Federal rules require a drug offender to be immediately remanded to the Bureau of Prisons, Assistant U.S. Attorney Robert W. Haviland said.

Holmes' relatives cried and hugged one another as she was led from the courtroom to start her prison term.

Former Prosecutor's Spouse Fights Cash Seizure (ALBANYTU)

By Brendan Lyons, Staff Writer

Albany Times Union, May 31, 2006

DOJ_NMG_0031035

Federal officials say $352,680 found in SUV is tied to drug dealing

ALBANY -- Federal authorities are moving to seize $352,680 in cash that Illinois state troopers confiscated from a car being driven across the country by the husband of a former Albany County prosecutor.

The Justice Department contends the money, which was sealed in shrink-wrap and lined with scented fabric-softener sheets, is the proceeds of drug dealing and therefore subject to seizure.

But Robert L. Schultz, 45, who is married to former Assistant District Attorney Kimberly A. Mariani, is challenging the government's assertion. He filed court papers in Illinois last week arguing that troopers illegally searched his car and authorities cannot keep the money simply because he gave varying accounts of where it came from.

Mariani was fired from her job in December after she invoked her Fifth Amendment right against self-incrimination. She refused to testify before a federal grand jury in Illinois that was investigating her husband, officials said.

The case broke open on Nov. 20 when a trooper stopped Schultz for speeding along Interstate 80 in Atkinson, Ill. Schultz was driving a Nissan Xterra sport utility vehicle that he had rented two days earlier in Fresno, Calif., after he missed a flight to Albany.

The trooper claimed he smelled a strong odor of marijuana coming from inside the car and from Schultz's body. But after authorities impounded the car, they did not find a trace of illegal drugs and have not offered an explanation for the trooper's actions.

"There was no probable cause to search the vehicle in the first place, (the trooper's) assertation that he smelled cannabis was fabricated and merely a pretext to pursue an otherwise illegal search," said a motion filed recently in U.S. District Court in Illinois by Schultz's attorney, Joseph M. McCoy of Albany.

Still, federal authorities contend Schultz, who worked part-time for his father-in-law, Timothy Coughtry, in Altamont, and also owned a small, self-named construction company in California, gave police several accounts of where the money was from and why he was driving it across the country, according to federal authorities.

Schultz told troopers the money was from his parents, whom he described as millionaires, and that it was a down payment for a $500,000 home in Aruba. He also stated it was from his father, who is a professional gambler; that it was an inheritance; that it was a wedding gift for him and his wife; and that it was to pay his in-laws back for a $200,000 loan, according to a federal complaint.

"When Schultz was questioned about why his father vacuumed sealed the currency in plastic bags, he indicated ... that it was just the way he keeps his money," the complaint states. "Schultz also told law enforcement that maybe his mom puts scented fabric softener sheets between the plastic and the money so that the money would not mold."

Attorneys for Mariani and Schultz did return telephone calls seeking comment.

Mariani was interviewed at least once by DEA agents in Albany, according to federal authorities and her attorney, E. Stewart Jones.

Mariani and Schultz, who were married in January 2005 and have shared a home in Altamont, met in California several years ago. He spends most of his time on the West Coast, Jones said previously.

The couple had recently been exploring options for purchasing a home in Aruba, but Jones said nothing was finalized.

Schultz, who was alone in the car that day, has not been charged with any crime.

Mariani joined the Albany County district attorney's office in January 2000, working under former district attorneys Sol Greenberg and Paul A. Clyne.

Defendant In Drug Case Wants Name Of Informant (GC)

Greenwood Commonwealth, May 31, 2006

Kevin Matthews wants to know the identity of the federal informant who turned on him, but the U.S. attorney's office said the law doesn't require them to identify that person until trial time.

The pleading filed by Matthews' attorney, Kenneth Coghlan of Oxford, is the latest in a flurry of paper thrown back and forth in the Greenwood man's federal case.

During raids conducted by agents of the federal Drug Enforcement Administration and the Mississippi Bureau of Narcotics in October, Matthews and three other Greenwood men were among the 36 total suspects arrested in a Delta drug sweep.

Matthews remains in jail on federal cocaine charges, and no bond has been set in the case.

Leflore County Sheriff Ricky Banks has identified Matthews as a longtime drug dealer and said he has tried unsuccessfully for the last 25 years to arrest Matthews on drug-related charges.

In court pleadings Matthews' attorney has argued that the judge should dismiss the case against his client because the conspiracy count against him doesn't state particular acts.

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But prosecutors said the indictment meets all the criteria, charging that Matthews conspired with others to distribute cocaine base, or crack, between January 2000 and November 2005.

And, failing the dismissal, Matthews seeks the identity of the informants who lead DEA and MBN agents to him because they will have a key role as witnesses.

Prosecutors told the court in counter-pleadings that the informant "is fearful for his own safety" should his identity become known.

Coghlan also asked the court to allow him to interview Darrell Christian, who is expected to testify against Matthews.

Christian, whose street name is "D," was arrested by DEA agents in Bolivar County last summer with two others at the residence of Mary Sutton, according to court records.

DEA agents discovered about 22 pounds of cocaine and $200,000 cash at the scene.

In July 2005, Christian was indicted by a federal grand jury. He pleaded guilty in November to possession with intent to distribute.

Federal prosecutors have responded to Coghlan's request to interview Christian by saying that their witness fears for his life and that the defense doesn't really need the pre-trial interview to prepare its defense.

Christian was scheduled to be sentenced last week in federal court, but his sentencing date has been continued indefinitely.

Doping Probe Clears Armstrong (AP)

Associated Press

AP, June 1, 2006

AMSTERDAM -- A Dutch investigator's report cleared Lance Armstrong of doping in the 1999 Tour de France on Wednesday, calling the accusations against him "completely irresponsible" and raising the possibility of misconduct by anti-doping authorities.

The 132-page report recommended convening a tribunal to discuss possible legal and ethical violations by the World Anti-Doping Agency and to consider "appropriate sanctions to remedy the violations."

The French sports daily L'Equipe reported in August that six of Mr. Armstrong's urine samples from 1999, when he won the first of his record seven straight Tour titles, came back positive for the endurance-boosting hormone EPO when they were retested in 2004.

Mr. Armstrong has repeatedly denied using banned substances.

"Today's comprehensive report makes it clear that there is no truth to that accusation," Mr. Armstrong said in a written statement. "I have now retired, but for the sake of all athletes still competing who deserve a level playing field and a fair system of drug testing, the time has come to take action against these kinds of attacks before they destroy the credibility of WADA and, in turn, the international anti-doping system."

The International Cycling Union appointed Dutch lawyer Emile Vrijman last October to investigate the handling of urine tests from the 1999 Tour by the French national anti-doping laboratory, known by its French acronym LNDD. Mr. Vrijman said Wednesday his report "exonerates Lance Armstrong completely with respect to alleged use of doping in the 1999 Tour de France."

The report said tests on the samples were conducted improperly, and fell so short of scientific standards that it was "completely irresponsible" to suggest that the results "constitute evidence of anything." It said no proper records were kept of the samples, there had been no "chain of custody" guaranteeing their integrity, and no way of knowing whether the samples had been "spiked" with banned substances.

The report said WADA and the LNDD may have "behaved in ways that are completely inconsistent with the rules and regulations of international anti-doping control testing," and may also have been against the law. It accused WADA of putting pressure on the LNDD to summarize the results of the tests, and said both agencies violated rules of confidentiality by openly discussing them.

It said neither Mr. Armstrong nor any of the other riders that were tested retroactively could fairly be accused of violating anti-doping regulations based on the LNDD's examination.

WADA chief Dick Pound said he hadn't received the report yet but, based on what he had read in news accounts, was critical of Mr. Vrijman's findings. "There was no interest in determining whether the samples Armstrong provided were positive or not," he told the Associated Press by telephone from Montreal. "We were afraid of that from the very beginning."

Mr. Pound reiterated his claim that the UCI had leaked the forms to a reporter from L'Equipe and was responsible for the doping samples being linked to Mr. Armstrong.

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"Whether the samples were positive or not, I don't know how a Dutch lawyer with no expertise came to a conclusion that one of the leading laboratories in the world messed up on the analysis. To say Armstrong is totally exonerated seems strange," Mr. Pound said.

The UCI said it was upset with Mr. Vrijman for commenting on the report before all parties involved in the case were informed. "Upon reception of the document, the UCI will study in details the content before publishing it in its whole," the UCI said in a statement.

In a separate statement, WADA expressed "grave concern and strong disappointment" over Mr. Vrijman's reported comments. "Elementary courtesy and professionalism would have dictated that WADA should have been provided with a copy of the report before interviews were given to the media," the statement said.

Mario Zorzoli, the doctor who gave copies of Armstrong's doping control forms to L'Equipe, was suspended by the UCI for one month earlier this year. He has since been reinstated.

Mr. Vrijman, who headed the Dutch anti-doping agency for 10 years and later defended athletes accused of doping, worked on the report with Adriaan van der Veen, a scientist with the Dutch Metrology Laboratory.

EPO, or erythropoietin, is a synthetic hormone that boosts the oxygen-carrying capacity of the blood. Testing for EPO only began in 2001.

Doping Agency Challenges Probe That Clears Armstrong (KR)

By Elliott Almond

Knight Ridder, May 31, 2006

An investigator's report clearing Lance Armstrong of taking drugs during the 1999 Tour de France was challenged Wednesday by World Anti-Doping Agency officials, indicating the case against America's greatest cyclist might not be over.

The 132-page report, written by the former chief of the Netherlands' anti-doping agency, called the accusations against Armstrong "completely irresponsible."

The investigator, Emile Vrijman, examined test results taken from the year Armstrong won his first of seven consecutive Tour de France titles. The cyclist won all those races after surviving testicular cancer.

The investigation was initiated after the French sports newspaper L'Equipe reported last August that six of Armstrong's urine samples from 1999 were positive for the blood-boosting drug EPO when retested in 2004.

There was no valid test for EPO until 2001. French testers froze specimens from the 1999 Tour to check when they had developed one. But the re-tests were not meant to be used to punish anyone.

While Armstrong hailed the report's conclusion, officials from the World Anti-Doping Agency said in a statement they were concerned that the investigation had focused on how the retired cyclist's urine tests were leaked to a newspaper and not whether the results were valid.

A WADA spokesman declined further comment Wednesday.

But the group's president, Dick Pound, told The Associated Press: "There was no interest in determining whether the samples Armstrong provided were positive or not.

"I don't know how a Dutch lawyer with no expertise came to a conclusion that one of the leading laboratories in the world messed up on the analysis. To say Armstrong is totally exonerated seems strange."

The investigator's report said the French laboratory did not follow accepted scientific standards. It dismissed the results as lacking credibility.

"Today's comprehensive report makes it clear that there is no truth to that accusation," Armstrong said in a statement.

He blamed Pound, WADA, the laboratory, L'Equipe and Tour de France organizers for trying to discredit him.

"For the sake of all athletes still competing who deserve a level playing field and a fair system of drug testing, the time has come to take action against these kinds of attacks," said Armstrong, who has never publicly failed a drug test.

Sean Petty, USA Cycling's chief of staff, said Wednesday the sport has continued to grow despite years of rumors about Armstrong.

"I hope that is the last we hear of it," he said. "We just want it to be not a lot of rhetoric and based on facts."

The report, however, surfaced amid a growing drug scandal in Spain that has implicated some elite cyclists and team officials.

With a code name "Operacion Puerto," Spanish police last week raided the homes of a Spanish team manager and physician to collect evidence of blood doping. They arrested five individuals connected to the sport, according to Spanish news accounts. On Wednesday, a newspaper reported that the team Comunidad Valenciana might lose its wild-card place for next month's Tour de France because one of its officials was targeted in the investigation.

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The action echoes the BALCO Laboratories scandal involving Barry Bonds, Marion Jones and other American sports stars. Jose Enrique Gutierrez, who finished second last week at the Giro d'Italia, is one of a handful of elite cyclists connected to the investigation.

Jim Ochowicz, USA Cycling president, said he welcomed the inquiry, although it comes at the height of the summer season. He said Spain used to be an "outpost where the doping issue was concerned." The recent action shows the country is redoubling its efforts to stop drug use in the sport, he said.

Although Armstrong's case has no relation to the Spanish investigation, the two events underscore the sport's struggle with drugs.

"Cycling has a long, rich colorful history of doping," said Chuck Yesalis, a Penn State health professor who has written books about steroid use in sports. "It's no surprise cycling is involved."

Report Reopens Doping Debate Over Armstrong (LAT)

By Alan Abrahamson, Times Staff Writer

The Los Angeles Times, June 1, 2006

A Dutch investigator's report that purports to clear Lance Armstrong of using performance-enhancing substances in the 1999 Tour de France ignited a controversy that roared through Europe and across the Atlantic on Wednesday, spotlighting the complexities and schisms that have riven a sport awash in allegations of doping.

The report, commissioned last year by the International Cycling Union after a French news account that six Armstrong urine samples from 1999 had tested positive in 2004 for the blood-booster EPO, asserted those tests were conducted so improperly it would be "completely irresponsible" to suggest they amounted to "evidence of anything."

The 132-page report, made public Wednesday, was not immediately available. But according to news accounts, Dutch lawyer Emile Vrijman said his report "exonerates Lance Armstrong completely" with regard to the 1999 allegations. Armstrong, who has repeatedly denied the use of banned substances, said in a statement that Vrijman's report "confirms my innocence."

But the World Anti-Doping Agency, in Montreal, issued a statement expressing "grave concern and strong disappointment." WADA, the statement also said, "continues to stress its concern that an investigation into the matter must consider all aspects," including "the question of whether anti-doping rules were violated by athletes."

WADA Chairman Dick Pound, who has long asserted the cycling federation, which goes by the acronym UCI, leaked the 1999 doping forms to the French newspaper L'Equipe, questioned how Vrijman had reached the conclusion that one of the top anti-doping labs in the world -- the French national lab, near Paris -- had so thoroughly botched tests. The lab is known by its French acronym, LNDD.

Vrijman's report, for instance, asserts there is no way to know if the samples had been spiked with a banned substance, according to news accounts, which also said the report raises the possibility of misconduct by WADA and LNDD.

In a telephone interview, Pound said of the cycling federation, "They weren't interested in what happened, only in how the information became public and -- surprise, surprise -- cleared the only organization that made it possible for this thing to happen. To say that UCI had no role -- that's nuts."

Swiss-based UCI also issued a statement. It said its officials had "learned with great surprise" the "declarations conveyed to the Dutch press by Mr. Emile Vrijman," making clear the report's release was "prematurely voiced" and the UCI was still "waiting to receive the definite version."

UCI, the statement went on to say, "firmly deplores the behavior of Mr. Vrijman," a former head of the Dutch anti-doping lab. He has since been active in defending athletes accused of doping.

The release of Vrijman's report comes as cycling grapples with a doping scandal in Spain, which has the potential to rival the scandal that shook the sport amid the 1998 Tour de France, when police nabbed a Festina team employee with drugs. Some Tour riders were ejected; others quit; the Tour almost collapsed.

Police in Madrid, in a raid last Tuesday, reportedly seized steroids, EPO and dozens of bags of frozen blood. Among those questioned was Manolo Saiz, director of the Liberty Seguros cycling team. The Boston-based Liberty Mutual insurance company responded by canceling its sponsorship of the team.

It has long been known in cycling circles -- as in other endurance sports -- that transfusing one's own blood can increase oxygen-carrying red blood cells, thereby boosting endurance. Detecting such transfusions can be problematic, if not impossible.

EPO, or erythropoietin, is a synthetic hormone. It too can boost the oxygen-carrying capacity of the blood.

In 1999, though EPO was on the banned list, there was no effective test to detect it; UCI would not begin using such a test until 2001.

On Aug. 23, L'Equipe reported that six of Armstrong's 1999 samples had come back positive for EPO when re-tested in 2004. The 1999 Tour marked the first of Armstrong's seven straight Tour wins.

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The French newspaper's investigation was based on what doping authorities call the "B sample," the second half of urine samples used in doping tests. The A samples were used up in 1999. The B samples at issue were among those hauled out of deep freeze in 2004 to perfect the French lab's EPO testing procedures.

To make a typical doping case, then and now, authorities must prove a positive A and B sample. However, decisions issued in December involving U.S. track and field stars Tim Montgomery and Chryste Gaines, sparked by the BALCO matter, have made plain that a wide range of evidence can be used to build a doping case.

Armstrong's critics maintained the L'Equipe story offered evidence pointing to doping but acknowledged that the B samples alone could not make a formal doping case against him. Armstrong, as he did again in his statement Wednesday, said he was the target of a "witch hunt."

Report Says Lab Mishandled Armstrong's Samples From '99 (NYT)

By Juliet Macur

The New York Times, June 1, 2006

Lance Armstrong received a boost yesterday toward clearing his name of doping allegations connected with his triumph in the 1999 Tour de France, the first of his record seven victories in the race.

Emile Vrijman, a Dutch lawyer hired by the International Cycling Union, issued a report that said drug testers had mishandled Armstrong's urine samples, so any positive results fail to "constitute evidence of anything."

Vrijman, the former head of the Dutch anti-doping organization, said the French national anti-doping laboratory did not follow proper procedures when retroactively testing the samples from the 1999 Tour. He also said the laboratory, the French Ministry of Sport and the World Anti-Doping Agency had refused to cooperate fully with his investigation.

In the 130-page report, Vrijman stated that there was no proof that Armstrong had used EPO, a synthetic version of a naturally occurring hormone that increases oxygen-rich red blood cells, because there was no way to prove that Armstrong's urine samples had not been tampered with or tainted. In turn, Vrijman wrote that the cycling union should "refrain from initiating any disciplinary action whatsoever."

"The report confirms my innocence," Armstrong said in a statement, which also criticized a number of involved parties, including the World Anti-Doping Agency's chairman, Dick Pound.

Pound told The Associated Press in Canada: "Whether the samples were positive or not, I don't know how a Dutch lawyer with no expertise came to a conclusion that one of the leading laboratories in the world messed up on the analysis. To say Armstrong is totally exonerated seems strange."

Armstrong, a 34-year-old Texan, retired from cycling last July after winning his seventh Tour de France. Even as a spectator, he has continued to dispute accusations that he used performance-enhancing drugs. The murmurs began with his fairy-tale victory in the 1999 Tour de France after he beat testicular cancer.

Recently, Armstrong has attacked those cheating accusations through lawsuits, including a case he filed against SCA Promotions, a Dallas-based insurance company. That case was closed in February, after a state district judge in Dallas awarded him $5 million, and $181,327.87 interest.

In the suit, Armstrong claimed that the insurance company owed him a $5 million bonus for winning his sixth Tour, but withheld payment after the book, "L.A. Confidential, the Secrets of Lance Armstrong," alleged he had used performance-enhancing drugs. The company had asked for Armstrong's medical records to find out if he had cheated.

Armstrong, who was in Los Angeles filming a commercial yesterday, has two other ongoing cases. Both are defamation suits involving the "L.A. Confidential" book: one is against the book's authors and its publisher, the other is against a London newspaper that printed excerpts of the book. Bill Stapleton, Armstrong's agent, said that both cases are in their initial stages and that trial dates have not been set.

"I can't help but think that an independent investigation exonerating him can't do anything but help his case," Stapleton said, regarding the report released yesterday.

The issue of doping has been a cloud over cycling for decades. Most recently, in a case thought to involve cyclists and perhaps other athletes, the police in Madrid raided three apartments and seized large amounts of steroids, hormones, EPO and nearly 100 bags of frozen blood and equipment for treating blood.

Another high-profile case began at the 2004 Olympics, when the American Tyler Hamilton won a gold medal but was barred from the sport for two years for testing positive for a blood transfusion that would increase red blood cells and, in turn, endurance.

Armstrong has repeatedly denied using performance-enhancing drugs. In his statement yesterday, he called the retroactive testing of his 1999 urine samples a "witch hunt," and he placed the blame on Pound, the French lab, the French Ministry of

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Sport, the Tour de France organizers and L'Équipe, the French sports newspaper that shares its parent company with the Tour. He said they "ignored the rules and broke the law."

L'Équipe reported last August that Armstrong's urine samples from the 1999 Tour tested positive for EPO in tests conducted in 2004. EPO tests were not available in 1999.

Vrijman, the investigator, was hired last October to investigate the handling of those urine samples from 1999. In his report, he wrote that the analyses of those and other urine samples were supposed to be for research purposes only, not to implicate an athlete. He wrote that the World Anti-Doping Agency and the French laboratory were unethical because they had not followed anti-doping testing procedures and, among other things, had violated confidentiality rules.

Vrijman also wrote that the anti-doping agency forced the French laboratory to generate a report using identification numbers on the sample, promising that "it would treat the research data as confidential and that they would not be the basis for any sanction against any athlete." But the agency did not keep its promise, Vrijman noted.

The International Cycling Union was not available for comment about the case, but posted a comment on its Web site. The statement said it "deplores the behaviour" of Vrijman because he "prematurely voiced" the report.

"The UCI underlines its deep displeasure with regards to the regrettable development of this case," the statement said.

Armstrong Cleared Of Doping At 1999 Tour De France (Update4) (BLOOM)

By Sam Sheringham

Bloomberg, May 31, 2006

(Bloomberg) -- Lance Armstrong was cleared of taking banned drugs at the 1999 Tour de France by independent investigators who said the World Anti-Doping Agency may be guilty of misconduct in its handling of the case.

``There is no basis for disciplinary action against any rider," Dutch lawyer Emile Vrijman said in his 132-page report today. The International Cycling Union ``is recommended to refrain from taking any disciplinary action whatsoever."

Armstrong's maiden seven-minute win at the 1999 Tour led to persistent whispers in the French press that he boosted his performances with drugs because he'd only returned to cycling in the previous year after recovering from cancer. Vrijman's probe began after French newspaper L'Equipe last August said six of Armstrong's urine samples from the race showed traces of the banned hormone erythropoietin, or EPO.

Armstrong denied ever using illegal substances during a career that ended last year with a record-extending seventh Tour de France title. The 34-year-old Texan said he was considering suing L'Equipe after its story appeared.

The rider today accused the French drug-testing laboratory, Tour de France organizers, L'Equipe, the French Sports Ministry and WADA President Dick Pound of a ``witch hunt."

``Pound, along with the French lab and the French ministry, have ignored the rules and broken the law," Armstrong said in an e-mailed statement. ``The time has come to take action against these kinds of attacks before they destroy the credibility of WADA and, in turn, the international anti-doping system."

Tribunal

A tribunal should be convened to examine possible legal and ethical violations by WADA in its treatment of the rider, Vrijman's report said. After the L'Equipe report, Pound said the allegations were ``pretty serious" if they could be proven.

``WADA violated applicable rules on athlete confidentiality by commenting publicly on the alleged positive findings, especially in relation with a particular rider, Lance Armstrong," Vrijman concluded.

Montreal-based WADA said it had ``grave concern" about Vrijman's findings, because his probe was too narrowly focused.

``An investigation into the matter must consider all aspects -- not limited to how the damaging information regarding athletes' urine samples became public -- but also addressing the question of whether anti-doping rules were violated," WADA said in an e-mailed statement.

Criticism

WADA, the UCI and L'Equipe criticized Vrijman for releasing the report before first informing them of his findings. The UCI, cycling's ruling body, in October appointed the lawyer from the Hague-based firm Scholten C.S. to investigate the handling of urine tests from the 1999 race.

``The UCI firmly deplores the behavior of Mr. Vrijman, who has spoken prematurely," the UCI said.

L'Equipe's journalist Damien Ressiot, the author of the Aug. 23 report, declined to comment before Vrijman's findings are fully disclosed. L'Equipe, France's main sports daily, is one of the main organizers of the Tour de France.

Armstrong won two more Tour de France titles than the most prolific former winners -- Jacques Anquetil, Eddy Merckx, Bernard Hinault and Miguel Indurain.

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His exoneration comes a week after Spanish police said 200 riders may be guilty of blood doping following the discovery in Madrid and Zaragoza apartments of notes about drug-taking and bags of athletes' blood. Five men were arrested, including Manolo Saiz, manager of the Liberty Seguros team, who was released after two days.

Bans

Spanish cyclist Roberto Heras was banned for two years and stripped of his record fourth Tour of Spain title in February for testing positive for EPO. Two days later, U.S. Olympic cycling champion Tyler Hamilton lost his appeal against a two- year ban for doping.

Armstrong said the current scandal in Spain could be more serious than the so-called Festina affair of 1998, when Richard Virenque's squad was thrown off the Tour de France after drugs were found in a team car. At the 2001 Tour of Italy, 40 riders were charged with drug possession.

Report Clears Lance Armstrong Of Drug Allegations (FOR)

By Parmy Olson

Forbes, May 31, 2006

London - WADA loada baloney: Remember those swirling assertions back in 1999 about seven-time Tour de France winner Lance Armstrong and his apparent penchant for performance-enhancing drugs? Well according to a new 132-page report from a clutch of independent Dutch investigators, those allegations, made via certain press reports, were unfounded. The finger of blame is now being pointed squarely at anti-doping authorities including France's LNDD and the World Anti-Doping Agency, otherwise known as WADA.

It was in August last year that the French sports newspaper L'Equipe first brought the allegations to the fore after obtaining leaked test results of urine samples taken in 1999. It prompted the Texan cyclist to announce, tongue-in-cheek, that he might do the Tour again, just to "piss [the French] off". Mr. Armstrong, who ranks 15 on the Forbes Celebrity 100 list and counts AMD (nyse: AMD - news - people), Bristol-Myers Squibb (nyse: BMY - news - people) and Sirius Satellite Radio (nasdaq: SIRI - news - people) among his sponsors, can now stay in retirement and let cycling's governing body, the UCI, study the Dutch report before deciding its course of action.

One little hitch though. The UCI is reported to be rather miffed that the investigators and in particular the Dutch lawyer Emile Vrijman, had announced their findings without going through the proper channels--namely, the UCI. The group said in a statement that it "firmly deplores the behavior of Mr. Vrijman." WADA also expressed "grave concern" in a statement posted on its Web site, over Vrijman's criticisms of anti-doping authorities.

It seems hard to condemn the lawyer for his zeal, though. He seems confident that his report "exonerates Lance Armstrong completely with respect to alleged use of doping in the 1999 Tour de France," and told The Associated Press that Wada and the LNDD may have "behaved in ways that are completely inconsistent with the rules and regulations of international anti-doping control testing."

Vrijman is now suggesting that a tribunal be created to "provide a fair hearing" to the people and organizations suspected of misconduct and decide on sanctions, if warranted. The full report was sent to the UCI, the LNDD, the French sports ministry, WADA and Armstrong's lawyer. The International Olympic Committee also had requested a copy.

Innocent Armstrong Quick To Attack (CNN)

CNN, June 1, 2006

AMSTERDAM, Netherlands -- An independent investigation has cleared seven times Tour de France champion Lance Armstrong of doping during the 1999 event and strongly criticised the World Anti-Doping Agency (WADA).

"The report confirms my innocence, but also finds that (WADA president) Mr (Dick) Pound along with the French lab and the French ministry have ignored the rules and broken the law," the American said in a statement.

"They have also refused to cooperate with the investigation in an effort to conceal the full scope of their wrongdoing."

He added: "I have now retired, but for the sake of all athletes still competing who deserve a level playing field and a fair system of drug testing, the time has come to take action against these kinds of attacks before they destroy the credibility of WADA and, in turn, the international anti-doping system."

Dutch lawyer Emile Vrijman, assigned by the International Cycling Union (UCI) to investigate newspaper allegations, said on Wednesday testing procedures were insufficient to label Armstrong's sample positive.

He also referred to "misconduct" by WADA and the French national doping laboratory LNDD.

Armstrong had been accused by the French sports paper L'Equipe of using the endurance-boosting drug EPO on the way to the first of his seven victories.

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And in an strongly-worded press release on Wednesday, the UCI said that they 'deplored' the behavior of Vrijman, claiming that he had released the report without their permission to the Dutch press and before all "interested parties" could comment.

"The UCI underlines its deep displeasure with regards to the regrettable development of this case," read a statement.

The 132-page report by Vrijman and his panel comes down firmly in favor of Armstrong, who has strenuously denied using banned substances. Possible violations

It recommended convening a tribunal to discuss possible legal and ethical violations by the World Anti-Doping Agency (WADA) and to consider "appropriate sanctions to remedy the violations."

L'Equipe reported in August 2005 that six of Armstrong's urine samples from 1999 came back positive for EPO when they were retested in 2004.

It claimed they were able to match the doping control forms attached to his old samples with alleged positive tests.

But Vrijman said on Wednesday that his report "exonerates Lance Armstrong completely with respect to alleged use of doping in the 1999 Tour de France."

The report also said the UCI had not damaged Armstrong by releasing doping control forms to the French.

Armstrong had challenged the validity of testing samples frozen six years ago, and how they were handled.

On his personal Web site he described the reports as part of a "witchhunt."

The aftermath of the report saw a string of accusations and counter-arguments.

WADA chief Dick Pound accused former ICU president Hein Verbruggen of leaking documents about the alleged positive tests to a reporter from L'Equipe.

Pound also questioned the union's willingness to fully investigate the allegations against Armstrong.

The French anti-doping laboratory at Chatenay-Malabry where the tests were carried out has been accused of violating confidentiality regulations.

While Mario Zorzoli, the doctor who gave copies of Armstrong's doping control forms to L'Equipe, was suspended by the UCI for one month earlier this year. He has since been reinstated.

Report Backs Armstrong And Criticises Drug-testing Procedures (GUA)

Guardian, June 1, 2006

Lance Armstrong yesterday repeated his accusation that he was the victim of a "witch-hunt" after the appearance of a report into allegations made last August in the French newspaper L'Equipe that the blood-booster erythropoietin was found in urine samples provided by the seven-times Tour de France winner during his first win in the race in 1999.

The report from the Dutch lawyer Emile Vrijman, who used to head his country's anti-doping agency, is yet to be published by cycling's governing body, the UCI, but was seen yesterday by the Guardian. In it Vrijman and two other investigators were unable to confirm whether proper procedures had been followed when samples from the 1999 Tour were re-tested in France's top anti-doping laboratory for erythropoietin, which was undetectable until 2000

Article continues

The report is also highly critical of the World Anti-Doping Agency and its head Dick Pound for his reaction that the revelations in L'Equipe needed investigating .

Armstrong said: "Although I am not surprised by the report's findings, I am pleased they confirm what I have been saying since this witch-hunt began: Dick Pound, Wada, the French laboratory, the French Ministry of Sport, L'Equipe and the Tour de France organisers (ASO) have been out to discredit and target me without any basis. The report confirms my innocence but also finds Mr Pound along with the French lab and the French ministry have ignored the rules and broken the law."

Pound said: "I don't know how a Dutch lawyer with no expertise came to a conclusion one of the leading laboratories in the world messed up the analysis. To say Armstrong is exonerated seems strange."

Cyclist Lance Armstrong Cleared Of Doping Charges (VOA)

Voice of America, May 31, 2006

Six-time Tour de France champion Lance ArmstrongIndependent Dutch investigators have cleared seven-time Tour de France cycling champion Lance Armstrong of the United States of doping in the 1999 race, and have blamed anti-doping officials for misconduct in the case.

In a 132-page report, the Dutch investigators recommended convening a tribunal to discuss possible legal and ethical violations by the World Anti-Doping Agency in the case.

The International Cycling Union had appointed Dutch lawyer Emile Vrijman to investigate a French laboratory's handling of Armstrong's urine tests from the 1999 Tour.

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Vrijman said his report "exonerates Armstrong completely." The cyclist has never tested positive for drugs and has vehemently denied using performance-enhancing substances.

Last year, the French newspaper L'Equipe had accused Armstrong of using the banned endurance-booster EPO in 1999. L'Equipe based its story on alleged analyses of Armstrong's samples.

The International Cycling Union and the World Anti Doping Agency have criticized Vrijman for making his report public before they had a chance to read it.

Armstrong Cleared In Drug Inquiry (BBC)

BBC, May 31, 2006

Armstrong retired after his record seventh straight win in Le Tour Independent Dutch investigators have cleared Lance Armstrong of doping in the 1999 Tour de France.

French sports newspaper L'Equipe had claimed that Armstrong's samples on the 1999 Tour later tested positive.

But investigators exonerated him in a 132-page report on Wednesday and blamed anti-doping authorities for misconduct in dealing with the American cyclist.

"The report confirms my innocence," said Armstrong, who has repeatedly denied using banned substances.

Armstrong said the case amounted to a "witch-hunt" that was designed to "discredit" him.

"I have now retired, but for the sake of all athletes still competing who deserve a fair system of drug testing, the time has come to take action against these kinds of attacks before they destroy the credibility of WADA and, in turn, the international anti-doping system."

Cycling's governing body, the UCI, said it would make a full statement after studying the report.

If you look at how the result was obtained it was so different from the analysis procedure required by Wada... it doesn't even qualify as a finding

Emile Vrijman

Inquiry chairman L'Equipe reported last August that six of his urine samples from 1999, when he won his first Tour title, came back positive for the endurance-boosting hormone EPO after they were retested in 2004.

The UCI then appointed Dutch lawyer Emile Vrijman last October to investigate the handling of urine tests by the French national anti-doping laboratory, known as LNDD.

But Vrijman, who headed the Dutch anti-doping agency for 10 years and later defended athletes accused of doping, said on Wednesday that his report "exonerates Lance Armstrong completely with respect to alleged use of doping in the 1999 Tour de France".

The report added that the UCI had not damaged Armstrong by releasing doping control forms to L'Equipe.

But it said Wada and the LNDD may have "behaved in ways that are completely inconsistent with the rules and regulations of international anti-doping control testing", and their actions may also have been against the law.

Vrijman said the laboratory had analysed the samples only as part of a research programme for the detection of EPO, so there was no way of confirming the tests.

Wada will respond in due course once it has fully reviewed the report

A World Anti-Doping Agency statement

"If you look at how the result was obtained it was so different from the analysis procedure required by Wada... it doesn't even qualify as a finding," he said.

"It may suffice for research purposes but as a valid doping result - no way."

He said samples may be used in research programmes only on the condition that all information tracing them to an individual is removed, but this was not the case.

Vrijman added: "Sometimes with doping cases you can say it was a technicality.

"These are not technicalities, these are fundamental issues which should have been done completely differently."

Five Live: Have your say However, the UCI (International Cycling Union) and the World Anti-Doping Agency (Wada) both criticised Vrijman for making the report public.

"The World Anti-Doping Agency expresses grave concern and strong disappointment," said an official Wada statement.

"Wada is not in a position to comment at this time other than to state that elementary courtesy and professionalism would have dictated that Wada should have been provided with a copy of the report before interviews were given to the media."

The UCI added in a statement: "Still waiting to receive the definite version of the said report written by Mr Vrijman, the UCI underlines its deep displeasure with regards to the regrettable development of this case."

Fentanyl Made In Illegal Labs (DN)

DOJ_NMG_0031044

By Brad Heath And Joel Kurth

Detroit News, June 1, 2006

Doses of the painkiller fentanyl, thought to be the cause of dozens of drug overdose deaths in Metro Detroit in the past two weeks, appear to have been made illegally in underground laboratories, people familiar with an expanding police investigation said Wednesday.

The findings are based on chemical tests that indicate the fentanyl -- a powerful pain medication -- was not made the same way as the prescription forms of the drug, said Calvin Trent, director of the Detroit Bureau of Substance Abuse. He and others said investigators laid out those findings at a meeting with health officials Wednesday morning, though they offered few details.

"They've confirmed it's being clandestinely manufactured, but not in the Detroit or Wayne County area," Trent said. "It appears that the fentanyl was not made here or mixed here, but it was brought here and sold here."

Authorities suspect the painkiller, mixed with either heroin or cocaine, is to blame for a spike in drug overdose deaths involving 50 people in Wayne County during the past two weeks, including two on Wednesday.

They will not be able to definitively link the deaths to fentanyl until they complete toxicology tests, which can take several weeks. Since January 2005, the county has confirmed 130 fentanyl overdose deaths.

Other cases have been confirmed from Philadelphia to Chicago; a handful have been reported elsewhere in Michigan.

"There's still a lot of questions, but all evidence points to it being a mix that came onto the street from illegal networks," said Dr. Mark Greenwald, a Wayne State University psychiatry professor who is part of a task force of health officials and others assembled to respond to the overdoses.

Police seizures of the lethal cocktail in Detroit indicate it comes in varying strains, Greenwald said. Some drug mixes contained mostly fentanyl and some heroin; in others, the ratio was reversed.. Experts said prescription versions of fentanyl are chemically different from illegally produced versions and that tests can tell the two apart.

Carolyn Gibson, a spokeswoman for the U.S. Drug Enforcement Administration, said investigators won't say conclusively the drugs were illegally manufactured until all their tests are complete.

"We'd be premature in saying it's 100 percent definite, but that's what it's looking like," she said. Police in Philadelphia, where fentanyl has been blamed for about 40 deaths over two months, said they also suspect the drug was made illegally and that it was mixed into packets of heroin before reaching the city. They think all originated from one shipment of tainted heroin that was distributed to cities in the Northeast and Midwest, Philadelphia Police Lt. Pat Quinn said.

Illegal fentanyl labs have been around for at least 20 years, but are exceedingly rare because the process requires advanced knowledge of chemistry, said Tom Abercrombie, an Oakland, Calif., crime laboratory criminalist supervisor, who has investigated two such labs.

152 Nabbed During Blitz On Fugitives (BUFFNEWS)

By Vanessa Thomas, News Staff Reporter

Buffalo News, June 1, 2006

Murder suspect prominent among arrests over 5 days

A 26-year-old man wanted in a Rochester slaying was one of 152 dangerous fugitives and sexual predators arrested in Erie and Niagara counties during a five-day blitz that ended Saturday.

Mario Collier, arrested in Buffalo, is accused of shooting an accused drug dealer to death in January after luring him to the meeting place by dousing his friend with gasoline. He had been a fugitive for the last four months. A team of officers searched for him for three straight days, at the homes of relatives and friends, from Buffalo to Cheektowaga.

Teams of local, state and federal officers from 20 law enforcement agencies fanned out across the two counties to apprehend fugitives wanted on felony warrants for assault, rape, burglary, narcotics, parole and probation violations and failure to register as a sex offender. During the operation, 213 outstanding warrants were executed.

The sweep was part of Operation Rolling Thunder, a statewide initiative that began in November to capture the state's worst fugitives.

"This was our attempt to hunt down fugitives - the most dangerous fugitives - to take them off the streets in Rochester, Syracuse, Albany and Buffalo," U.S. Marshal Peter A. Lawrence said during a news conference Tuesday in Buffalo Police Headquarters.

"It's been extremely successful," said Lawrence, standing at a lectern and flanked by 12 of the region's top law enforcement officials. "This was great cooperation of every law enforcement agency in the area."

Saturday, police traced Collier to a home on Janet Street. But when officers knocked on the door, a woman spoke through the door, saying, "I'm naked. Come back tomorrow." Police negotiated with the woman, who eventually opened the door, clothed, and officers saw Collier, who surrendered without incident.

Across the state, 619 fugitives have been arrested so far during Operation Rolling Thunder stings in Rochester, Syracuse and Albany, according to Chauncey G. Parker, director of criminal justice for the state Division of Criminal Justice Services.

"Collier, without a doubt, was our No. 1 priority," said Daniel Larish, supervisory deputy for the U.S. marshals. "Any time you take a suspected murderer off the street, you help to make the streets safer." Collier, aka Marlo Allen Jr., was the last of four men arrested in the slaying of Josue Marrero, 23, in Rochester on Jan. 18.

The four men were trying to rob Marrero of his drugs and money, but when they could not find him, they kidnapped his friend, Terry Holmes, 23, and coerced him to set up a meeting with Marrero, and then shot and robbed Marrero when he arrived, according to Rochester police.

During the blitz in Erie and Niagara counties, officers seized three handguns and an assault rifle at a Hewitt Avenue address.

They also arrested Anthony Colon, 17, of Busti Avenue, who was wanted for violating parole from a sex-assault charge for abusing a girl, 8, police said.

Police said Colon is an active member of the 7th Street gang, a violent street gang that is battling the 1015 gang, whose turf warfare led to a double slaying April 17.

Also arrested was Marisa A. Battle, 36, on a Family Court violation, police said, and she faces more charges after officers found an illegal check-printing operation on Emerson Place.

The joint initiative was led by the Western District Office of the U.S. Marshals and the New York/New Jersey Regional Fugitive Task Force, assisted by the federal Bureau of Alcohol, Tobacco, Firearms and Explosives, the FBI, the U.S. Immigration & Customs Enforcement, the State Police, the New York State parole officers, the Erie and Niagara county sheriff's departments, the Erie County Department of Probation, and local police departments - Buffalo, Niagara Falls, Cheektowaga, Amherst, the City of Tonawanda, the Town of Tonawanda, West Seneca, and Lewiston - and the U.S. attorney's office for the Western District of New York, and the Erie and Niagara county district attorney's offices.

Neither Federal Officer Nor Gentleman, Women Say (NYT)

By Vivian S. Toy And Julia C. Mead

The New York Times, June 1, 2006

Richard S. Kudlik enjoyed regaling his girlfriend with tales of his life as a United States marshal: of his dangerous assignments hunting fugitive criminals and of being so close to Hillary Rodham Clinton that she would request that he and his team provide for her security on certain occasions.

He would show up at her Long Island home with his gun and badge, Pam Brown recalled yesterday, wearing his blue raid jacket with "U.S. Marshal" emblazoned across the back. The license plate on his pickup truck read, "OFF2HUNT," and there was a United States marshal sticker on the windshield.

But after they had been dating for eight months, Ms. Brown said, Mr. Kudlik told one story too many, and what turned out to be his fictional life as a federal law enforcement officer quickly unraveled.

Ms. Brown set up a Web site last month to expose Mr. Kudlik as a 43-year-old heating and ventilation worker from Port Jefferson who is married and has two teenage children. She then reported him to the Marshals Service — as did several others, according to the agency — and he was arrested on Tuesday on charges of having a counterfeit marshal badge, a misdemeanor punishable by up to six months in prison.

Mr. Kudlik, who was freed on $5,000 bail, would not come to the door of his ranch house in Port Jefferson yesterday, but his wife, Denise Kudlik, fiercely defended him. She called Ms. Brown "a vindictive person" who is out to hurt her family "because she had an affair with my husband and she got burned," she said. "I have a 17-year happy marriage, and I'm not letting him go."

But Ms. Brown said her Web site, off2hunt.com, was about more than just Mr. Kudlik, as stated on its home page: "Our mission: Exposing married liars and cheaters! Do you think your man is cheating? Think he is lying to you?" It continues, "We'll expose him for you!" In the background, the pop singer Shaggy sings, "It Wasn't Me."

The site is among the latest in a series of Web sites with the goal of exposing cheating paramours.

"I didn't do any of this to get even with him," said Ms. Brown, a Web designer from Mattituck. "I did it because women need to be made aware that you have to be careful, and that even the best can turn out to be losers."

The Web site includes what it says are e-mailed testimonials from other women who say that Mr. Kudlik duped them with the same story: that he was a divorced father of two and that his work as a marshal meant irregular hours and an inability to meet on weekends and holidays.

Ms. Brown said that she met Mr. Kudlik several years ago through a mutual friend, but that he met most of his other lovers in a chat room for Long Island singles over 40. One wrote: "He told umpteen stories of all the 'missions' he was on in such great detail he could write a book."

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Ms. Brown said she started dating Mr. Kudlik in September, but became suspicious in March, when he told her that he would be working at a Mississippi concert to protect Jennifer Nettles, a singer with the country band Sugarland and a childhood friend of his. Ms. Brown and three friends decided to go to the concert, and he promised to get them in.

"I went down there on his word," she said, but once she arrived, he was nowhere to be found. One of her friends was able to talk to Ms. Nettles. "She said, 'I have no clue who he is,' " Ms. Brown said. "That's when it all started to blow up."

Back on Long Island, Ms. Brown said, Mr. Kudlik apologized profusely and said that he had been unreachable in Mississippi because he had been too busy working. Ms. Brown said she believed him. "I wanted to believe him," she said.

A few weeks later, she said, she received an anonymous online instant message saying that Mr. Kudlik was not who he claimed to be and that he was married. That is when Ms. Brown decided to find a home phone number for him and wound up on the phone with his wife.

Ralph Rosado, a spokesman for the United States Marshals Service, said the service first learned of Mr. Kudlik more than a year ago, when marshals confiscated a badge and other marshal paraphernalia from Mr. Kudlik in April 2005 after a tip from the Nassau County police.

Mr. Kudlik told marshals that he had purchased the counterfeit items on the Internet and promised to stop masquerading as a marshal, so the marshals did not press charges.

But when he was arrested on Tuesday, marshals found several marshals' badges and money clips, five rifles, five handguns and two starter pistols. Mr. Rosado said the weapons were legal under a sports permit.

"We don't see this kind of thing too often," Mr. Rosado said. "I'm sure a lot of guys say a lot of things in bars, but to have all the paraphernalia to go with it — that's pretty unusual."

As for the Web site, Ms. Brown said that Mr. Kudlik had pleaded with her to take it down. "But that Web site is staying up," she said, "until a judge tells me to take it down."

Fake Fed Is A Chat Room Phony (NSDY)

By Christine Armario, Newsday Staff Writer

Long Island Newsday, June 1, 2006

Girlfriend finds beau neither an officer nor a gentleman, but rather a married mechanic's helper at Plum Island

The women he met on a "Long Island Over 40" America Online chat room knew him as U.S. Marshal Rick Kudlik. And he had everything to prove it: pewter badges, jackets and caps with the marshal's emblem, and detailed stories about busting fugitives and providing security for Sen. Hillary Rodham Clinton.

"You couldn't even question his stories because you could see emotion in his face as he told them," said Pamela Brown, 39, of Mattituck, who dated Kudlik until recently. "He was real, he was kind, he cared about his work, but he also cared about people, no matter what they had done."

But the marshal's service says Kudlik was a fraud, and that the only federal entity he worked for was the Plum Island Animal Disease Center of the Department of Homeland Security, where, according to officials, he was a mechanic's helper.

The 34-year-old Port Jefferson man was arrested Tuesday by the real U.S. marshals, for allegedly possessing counterfeit marshal gear, after several women, including Brown, discovered they'd been duped and reported him.

"He was using the marshals service as a way to get girls," Deputy U.S. Marshal Ralph Rosado said. "He's really married with kids."

Kudlik did not return several calls to his home for comment.

Rosado said Kudlik had his first brush with the law in April of last year, when a Suffolk police officer spotted a marshal's jacket in Kudlik's car. Federal agents tracked him down and confiscated a fake badge. After he apologized, surrendering two marshal's emblem stickers and a jacket, the service agreed not to press charges and settled on a warning.

"But after information was received that he was continuing in his impersonation of a federal agent, we continued [to investigate]," said Rosado, referring to the complaints filed by Brown and other women.

Officials recovered an assortment of fake marshal paraphernalia in Kudlik's car when they arrested him as he embarked on an Orient Point ferry: patches, duffel bags, memo pads and three laminated "Fraternal Order of the U.S. Marshals" cards listing him as president.

Rosado said they were uncertain how Kudlik obtained the goods, but that he had a receipt from a German company that made him replica badges.

Kudlik was arraigned in federal court in Central Islip, where he pleaded not guilty and was released on a $5,000 unsecured bond on Tuesday, Rosado said.

Brown said that since someone anonymously informed her online that Kudlik wasn't who he claimed to be, she has encountered up to 10 other women with similar stories.

"He let people believe he was a man of integrity," Brown said. And his work as a marshal "was all he spoke about. It was like his being a marshal was his entire existence."

Brown said Kudlik often described his missions to her. Once, he told her he could not spend Christmas with her because he had to apprehend a fugitive in Wisconsin. "The guy was sitting in his kitchen eating dinner and Rick portrayed himself as the telephone repairman to supposedly gain access," she said of the story.

Brown said she ended their relationship in April when she discovered he was married, and confronted his wife, who told her he wasn't a marshal. She then created a Web site, www.off2hunt.com, after one of his chat-room names, to let others know her story and encourage more women to report him.

Christopher Kelly, a spokesman for the Department of Homeland Security, said Kudlik works for a contract agency, Field Support Services, hired by the agency, and was suspended this week from all DHS facilities.

Brown said Kudlik often said "Semper Fi" in passing conversation, meaning "always faithful."

"Always insisted on honesty, loyalty," she said. "All the things that seem to be so important to him was everything he isn't."

Staff writer Bill Mason contributed to this story.

IMMIGRATION:

Immigration Agency Head Slams Senate's Alien Bill (WT)

By Stephen Dinan

The Washington Times, June 1, 2006

The Senate immigration bill makes the same mistake as the 1986 amnesty by restricting the ability of U.S. Citizenship and Immigration Services to share information on illegal alien guest-worker applicants who are criminals and terrorists, the agency's director said yesterday.

Emilio T. Gonzalez, whose agency would have to administer a guest-worker program, said not allowing the U.S. Citizenship and Immigration Services (USCIS) to share information on someone who applies means they cannot begin the process of removing criminals and national security threats, even after they are rejected from the guest-worker program.

"It is important for us to be able to act on what we get when we run a background check on somebody," Mr. Gonzalez said in a briefing with reporters in which he weighed in on the Senate immigration bill, which would offer a chance for citizenship to millions of illegal aliens, expand legal immigration and start a new foreign-worker program.

Mr. Gonzalez said he hasn't seen any deal breakers in the bill, but said moving forward policy-makers will have to answer key questions about eligibility, types of acceptable documents, information-sharing and limits to judicial appeals.

"If we don't ask those hard national security questions, shame on me," he said.

The Senate passed its bill 62-36 last week, and now must work out differences with the House, which in December passed a bill that focuses mainly on securing the borders and cracking down on employers who hire illegal aliens.

Yesterday was the second time Mr. Gonzalez met with reporters since taking over as director on Jan. 4, and he is juggling an ongoing backlog reduction at the same time he is preparing his agency for new instructions from Congress. He said much press attention has been given to the guest-worker program, but the Senate bill also includes a major increase in legal permanent residents, or "green card" holders, which his agency will also have to process.

Mr. Gonzalez, a naturalized citizen himself, has established a new tone that national security should be foremost in employees' minds at the agency. He said his agency will need at least six months and maybe as much as a year to register current illegal aliens for a foreign-worker program -- far longer than the Senate bill envisions.

On the issue of information sharing and confidentiality of applications, Mr. Gonzalez said the law usually allows his agency to share information when its employees come across an application that raises questions. But he said the 1986 amnesty included confidentiality provisions that prohibited sharing information from those applications, and he said the Senate bill makes the same mistake.

"We ought not to be kept from using that information," he said.

The issue has already been fought out in the Senate, when Sen. John Cornyn, Texas Republican, offered an amendment to change the confidentiality requirements. His amendment failed on a tie vote, 49-49.

Sen. Edward M. Kennedy, Massachusetts Democrat and a key backer of the Senate bill, fought Mr. Cornyn's amendment. He said the underlying bill struck a balance that still allows law enforcement to go after cheaters, while at the same time not discouraging illegal aliens from coming forward.

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"Our bill removes criminals and those trying to game the system. But it also protects the confidentiality of honest people applying to stay here and work. Otherwise they will remain in the underground economy and never apply, and that hurts American jobs and wages," he said.

His main worry was that sharing information would discourage some aliens from coming forward because they would fear making an innocent mistake that would hurt them later.

But Mr. Cornyn said his amendment only waived confidentiality at the end of all appeals, when the person would have been finally deemed ineligible.

"If you've exhausted all your appeals and you haven't played by the rules your information should be shared so that the same alien can't commit fraud elsewhere," said Don Stewart, a spokesman for Mr. Cornyn.

He said Mr. Gonzalez's statement should be a boost as they head into negotiations on a final bill.

"The director who has to actually implement many of the programs people are proposing is an important voice in this, and his guidance should inform this debate," Mr. Stewart said.

Immigration Bills Curb Court Reviews (USAT)

By Kathy Kiely

USA Today, June 1, 2006

WASHINGTON — Immigration legislation now before Congress is threatening a long-standing safeguard to keep politics out of final decisions about who becomes an American, legal experts and immigrant rights advocates say.

The House and Senate have passed immigration bills that would reduce or eliminate federal courts' ability to intervene when immigration officials decide that applicants for citizenship lack "good moral character," a legal requirement. Critics of the proposed change contend the final say of a subjective standard should not be left to U.S. Citizenship and Immigration Services, whose director is a presidential appointee.

"Should you have a political branch of the government deciding who gets to vote?" Seattle immigration lawyer Robert Gibbs said.

Current law allows immigrants denied citizenship to request a court review of their cases.

The House bill would eliminate that possibility. Under the Senate bill, authority of the courts would be "severely limited," says David Leopold of the American Immigration Lawyers Association. American Bar Association President Michael Greco says it "would take away meaningful judicial review."

Emilio Gonzalez, director of the immigration service, said his agency is already straining to eliminate backlogs and keep up with 7 million applications a year for visas, work permits and other benefits. "You should have some limit on the review process."

Last year, the immigration service approved 594,260 citizenship applications and denied 108,058. Of the denials, 10,151 requested new hearings before a different immigration adjudicator; 6,367 obtained citizenship.

Immigration attorneys insist court review is needed. Gibbs won a class-action case last year over the denial of citizenship to Washington state immigrants. "Our poster-child plaintiff had a misdemeanor ticket for being eight over the limit of oysters permitted to be picked up from the beach," he said.

Many Hondurans, Nicaraguans Failing To Renew TPS Permits (WP)

By Sudarsan Raghavan

The Washington Post, June 1, 2006

Tens of thousands of Honduran and Nicaraguan immigrants nationwide risk losing their legal status in the United States today because they have not renewed their temporary work permits under a program to help victims of natural disasters, some in the mistaken belief that they will soon be on the path to becoming U.S. citizens.

With the deadline approaching by the end of today, about half the eligible applicants have yet to apply for renewal. They could lose their jobs and face deportation, jeopardizing the livelihoods of thousands of relatives here and in their homelands who depend on their salaries.

About 75,000 Hondurans and 4,000 Nicaraguans got the permits, issued under the Temporary Protected Status (TPS) Program, after Hurricane Mitch in 1998. The permits, if renewed, would allow them to live and work legally in the United States for another year.

According to the latest numbers available as of Friday, only 37,870 Hondurans and 1,778 Nicaraguans nationwide have renewed, U.S. Citizenship and Immigration Services said.

Spokesman Shawn Saucier said the agency hopes the other eligible applicants would renew by the end of today. But so far the numbers are far less than at this time in previous renewal years.

"We feel that these numbers are very low," Saucier said. "We're very concerned."

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Many Hondurans and Nicaraguans have not yet renewed because they think they will soon benefit from immigration reforms, including a guest worker program and other measures that could pave the way for citizenship, immigrant advocates said. Many are reluctant to spend the $250 TPS renewal fee, preferring to save their money for future citizenship applications.

"We still believe there's a lot of confusion over the immigration reforms," said David Hernandez, counselor for immigration affairs at the Honduran Embassy. "Many appear to be waiting for the new rules.

"They think it's going to cost a lot," he said. "They believe they will pay double if they renew."

The confusion is being fueled by various factors, ranging from hope raised by the creation of a national immigrant rights movement to a misunderstanding about the way the U.S. political system works. Spanish-language media have also been predicting the passage of immigration legislation now winding through Congress.

Last week, the Senate approved legislation that would establish a guest worker program and allow illegal immigrants who have been here five years or longer to stay and apply for citizenship, as long as they pay back taxes, learn English and have not committed any serious crimes. The bill still faces tough opposition in the House.

"We're hopeful that people will realize that there is no temporary guest worker program at this time and will not take a chance of being deported from the United States," Saucier said.

There are other reasons, too, according to immigration advocates, diplomats and TPS applicants. Some Hondurans and Nicaraguans have run out of money because people with TPS had to pay federal income taxes in April.

Others are concerned that the United States might stop the program or give preference to other immigrant populations. If they renew, they fear that authorities will know their whereabouts and deport them. Others are concerned that if they have the permits, they might not be eligible for a future guest worker plan.

TPS is intended to help immigrants who have difficulty returning to their homelands because of civil conflict or natural disaster. The current permits expire July 5 and must to be renewed by the end of today.

In recent weeks, senior Honduran and Nicaraguan diplomats have traveled to cities with large populations from their countries, giving radio, television and newspaper interviews urging people to renew. In Honduras, the government has called upon citizens, through commercials and posters, to urge their relatives in the United States to renew their permits, Hernandez said.

U.S. immigration officials rejected an official request for an extension of today's deadline, he said. Yesterday, Honduran consulates across the nation were advised to find post offices that closed late today. Consular officials say they are expecting a last minute rush.

But the question on many minds is: How many?

The Rev. Brian Jordan of the Franciscan Immigration Center in New York City has urged Hondurans and Nicaraguans to renew their permits for weeks. Yesterday, four Hondurans and five Nicaraguans turned up at his center to get help.

"It's not a lot, but it's better than a month ago, when there was none," Jordan said.

Today, he's praying for more applicants.

"On this last day, I hope they realize this false optimism needs to be pushed away and be replaced with a reality check," Jordan said. "I just hope they get their facts straight and not get swayed about what TPS is or is not."

Between A Rock And 'Reform' (WP)

By George F. Will

The Washington Post, June 1, 2006

"Why should we bother to reply to Kautsky?" Lenin asked. "He would reply to us, and we would have to reply to his reply. There is no end to that. It will be quite enough for us to announce that Kautsky is a traitor to the working class, and everyone will understand everything." The immigration debate, which is mostly among, and dangerous primarily to, Republicans, is becoming like that.

Rep. James Sensenbrenner of Wisconsin, chairman of the House Judiciary Committee, denounces as "selling American citizenship" the provision in the Senate bill that requires illegal immigrants to pay back taxes and fines, a provision that its supporters, such as John McCain, call "earned citizenship." And last week McCain said that denying illegal immigrants Social Security and other entitlements is akin to forcing them to "ride in the back of the bus." Regardless of what one thinks of his immigration policy and his aggressive rhetoric in its defense, one must admire his willingness to undo, by teaming with Ted Kennedy to pass "earned citizenship" provisions, much of what he has assiduously done to ingratiate himself with conservatives.

As members of the House and Senate head for a conference to try to reconcile the stark and probably irreconcilable differences incorporated in their two immigration bills, Republicans are between a rock and a hard place. And another rock. And another.

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First, if the conferees agree to anything like the Senate bill, the House will reject it -- if it comes to a vote. Speaker Dennis Hastert has a "majority of the majority" rule: Nothing comes to the floor that does not have the support of a majority of Republicans. Probably 75 percent of House Republicans -- including Sensenbrenner, who will probably be the lead House negotiator -- oppose the two pillars of the Senate bill, a guest-worker program and a path to citizenship for illegal immigrants already here. Actually, there are three paths: one for those who have been here five or more years, one for those who have been here between two and five years, and a path away from citizenship and the country for those who have been here less than two years. This plan, which is a huge incentive for the sort of traffic in fraudulent documents that is already pandemic, is to be enforced by a government that will not or cannot enforce existing immigration laws.

Second, if the conference agrees to anything like the House "enforcement first and, for now, only" bill, it will be rejected or filibustered to death in the Senate. All but six Democrats voted for the Senate bill, which a majority of Republicans opposed, so it has no momentum for respect among House Republican conferees.

Third, if any legislation is passed that contains any provision that can be stigmatized as "amnesty," come November some of the Republican base, which is already boiling, will emigrate from the political process by not voting.

Fourth, if no immigration legislation is enacted, voters of various stripes may say, as voters said of congressional Democrats who were in disarray over a crime bill in the summer of 1994, that these people cannot govern and should be given, like unruly 8-year-olds, a timeout. The timeout is now in its 12th year.

But if Congress fails to pass immigration reform, that will not really deserve to be called a failure, for two reasons. First, the moment may not be ripe for reform, because the country is of two minds -- actually, more than two -- about the issue. Second, the system the Framers created, with two legislative bodies having different dynamics because their constituencies have different characteristics, is in this instance performing approximately as the Framers intended.

Senators, only one-third of whom are ever facing imminent elections, are somewhat insulated by six-year terms from the public's fevers. And senators represent larger, less homogenous, more complex constituencies than most House members do.

There is more to democracy than government by adding machine -- merely counting numbers. There also should be institutional ways of measuring, venting and accommodating the intensity of factions. The Senate does that by permitting filibusters. In the House, two-year terms guarantee that intensities are registered. As Rep. Gil Gutknecht (R-Minn.) recently told The Post, "House members' elections are not periods with us, they're just commas. We keep our finger on the public pulse all the time, not just every six years."

The House is supposed to be the barometer that measures the political weather of the moment. It is not failing to do that.

Have Republicans Forgotten? (WT)

By Gary Bauer

The Washington Times, June 1, 2006

Would Republicans regret the day they stood against amnesty for illegal immigrants?

In the New York Times, columnist David Brooks asked of conservatives, "Do they think the GOP can have a future if it insults even the Hispanics who are already here [by opposing amnesty proposals]?"

Mr. Brooks was echoing the sentiment of more than a few normally clear-sighted conservatives who suggest that unless the Republican Party gets behind liberal immigration reform plans it will alienate Hispanics and soon be relegated to minority status.

Former Republican National Committee Chairman Ed Gillespie recently warned: "Anti-immigration rhetoric [read: border-security-first legislation] is a political siren song, and Republicans must resist its lure by lashing ourselves to our party's twin masts of freedom and growth or our majority will crash on the shoals."

But as lawmakers consider various immigration reform measures, they should take a hard look at the reams of polling data that show that standing strong on conservative values, not giving in on amnesty, is the key to winning the hearts, minds and votes of Hispanic Americans.

First off, Hispanics are much more conservative on immigration than is commonly believed. An August 2005 Time poll of Hispanics revealed 61 percent considered illegal immigration either an "extremely serious" or "very serious" problem. In addition, 41 percent thought the U.S. was not doing enough to secure its borders against illegal immigration, while 19 percent felt it was doing "too much." Moreover, a 2005 Pew Hispanic Center poll showed a majority of both American-born and foreign-born Hispanics opposed increasing the flow of legal immigrants from Mexico and Latin America.A majority of Hispanics (53 percent) even supported building vast border fences and stiffening penalties for illegal aliens.

As an alternative to amnesty, Indiana Rep. Mike Pence recently presented the Border Integrity and Immigration Reform Act, which would require all illegal citizens to leave the country, obtain a visa and re-enter legally. Essentially, the bill includes all of the important border security measures of the House bill passed last year, and adds a provision — allowing illegals to obtain

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guest worker visas for a duration of two years. Mr. Pence's plan would also create private worker placement agencies to link specific workers to specific jobs for specified time periods in the United States.

Mr. Pence's "rational middle ground approach" is a breath of fresh air in the immigration debate, because it recognizes the economic need for additional workers while also addressing the security issues at stake. This non-amnesty solution would be acceptable not only to conservatives, but also to American Hispanics who oppose illegal immigration and "reform" proposals that reward delinquency. After all, many Hispanic Americans did things the right way — enduring a long legal process to enter the country and pursue citizenship. For these immigrants, calls for amnesty by their former compatriots mock the laws and values that made America so appealing in the first place.

So, what can Republicans do to win the allegiance of Hispanic voters? Simple: Stand up for conservative values. A recent Time poll found that 72 percent of Hispanics considered "moral values issues" as either "extremely" or "very" important, while 87 percent felt similarly about homeland security.

Hispanics' cultural conservatism is well established. On abortion, a plurality of Hispanics (45 percent in the Time survey) wants to see Roe v. Wade overturned, even as Roe maintains majority support (65 percent) among the population at large. Hispanics also oppose homosexuality and homosexual marriage. A 2002 Pew Hispanic Center and Kaiser Family Foundation poll found 72 percent of Hispanics said they felt homosexual sex between adults is "unacceptable," compared to 59 percent for whites. Polls also routinely show much less support among Hispanics for same-sex "marriage."

Republicans have a distinct advantage with Hispanics on national security, too. A 2004 pre-election survey of Hispanics revealed that 40 percent planned to vote for President Bush mainly because of his solid stance on national security issues.

Republican lawmakers must recognize that Hispanics are conservative in a fundamental way. In fact, it was on the strength of his conservative positions on values issues that George W. Bush doubled the Republican share of the Hispanic vote for president in just eight years. No small feat.

Clearly, reaching out to the burgeoning Hispanic electorate has become a matter of political necessity for Democrats and Republicans alike. Not only are Hispanics the fastest growing ethnic group in America, but they are, politically speaking, a relatively untapped resource — only 47 percent of eligible Hispanics voted in 2004, compared to 64 percent of the population at large.

But if, in attempting to capitalize on these powerful electoral realities, Republicans capitulate on amnesty, not only will they give their conservative base reason to stay home on Election Day, but they may alienate a growing constituency that shares those core conservative values of family, hard work, respect for the rule of law and patriotism.

Gary Bauer is president of American Values.

In Defense Of Familia (USAT)

By Ruben Navarrette

USA Today, June 1, 2006

As a Mexican-American, I'm hearing from a lot of U.S.-born Hispanics who are convinced that the immigration debate is a proxy for an assault on them, their language and their culture. The Senate fed that perception last month when it voted to declare English the "national language," and turned the debate over immigration into a debate over language.

Correction: This was always a debate about language — and culture and ethnicity. The Senate just made it official.

For many Americans, the problem isn't just that people are coming into the country illegally. It's that once they get here, these folks change their surroundings, maintain their Spanish and transform Main Street into Little Mexico. Those changes terrify many Americans, who complain about feeling like visitors in their native land.

And how do they respond? A recent report by the Southern Poverty Law Center found that tension over illegal immigration has contributed to a spike in hate groups and hate crimes. In fact, says a spokesman for the center, the immigration issue is a recruitment tool for racists and reactionaries.

Heated reactions

I could have told them that. As one of the few Hispanic syndicated columnists, I'm treated like a piata. There was the reader who accused me of supporting "the Mexican invasion because you're Mexican" and the gentleman who suggested that by supporting comprehensive reform, I was probably "protecting some relatives."

There was even a woman who called to complain about a column I had written and ended up screaming into the phone about how "you people never understand" the immigration issue.

I understand this much: As the national mood on immigration reform turns vile and even in some cases violent, there is the very real possibility of a backlash by assimilated, U.S.-born Hispanics.

It makes sense. There is so much bad out there — from death threats received by California Lt. Gov. Cruz Bustamante and Los Angeles Mayor Antonio Villaraigosa, to the deliberate burning of a Mexican restaurant near San Diego, to the beating and

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sodomizing of a Hispanic youth in Houston by two young thugs who, according to police, yelled racial slurs — that it is bound to repel the good-hearted.

Recently, my cousin called me in a rage after stumbling on to a video game in which players shoot Mexican immigrants crossing the border. The game refers to some Mexicans as "breeders" and splatters blood when players hit their target. Even as an assimilated Mexican-American with limited exposure to Mexico, my cousin said, the ugliness of it made him want to defend Mexican immigrants just as he would a member of his immediate family.

Other Mexican-Americans tell me the same thing. A lot of them use the same word: defend. They want to defend immigrants.

Granted, 40 million Hispanics aren't monolithic. Note the emergence of You Don't Speak for Me, a group of Hispanics who oppose illegal immigration. Also note that in a poll last year by the Pew Hispanic Center, U.S.-born Hispanics were divided. Fifty-five percent said illegal immigrants help the economy by providing low-cost labor, while 34% said they hurt the economy by driving down wages.

Shifting attitudes

Here's the deal. The U.S-born Hispanic community is no different from the American community. There are the extremes, but the majority of folks are in the sensible center. Whenever someone does something dumb or hurtful, they recoil.

When protesters waved the Mexican flag, some folks in the middle moved to the right. But now that they've read about hate crimes and racist video games and English being declared the national language, some are likely to move to the left and toward a greater identification with immigrants.

That's what I saw at a taping in Los Angeles of the 2006 ALMA awards, which honor Hispanics in entertainment. In a 90-minute ceremony to be aired on ABC on Monday, there were at least a dozen references to immigration and many references by presenters to Mexican immigrants as familia (family).

Actor Jimmy Smits noted the irony of playing, on NBC's The West Wing, a Hispanic who gets elected president while, as he put it, "out in the streets, my people were yelling si se puede (yes, we can)."

I got stuck on the "my people." Smits isn't Mexican-American. His father was born in the Dutch Suriname, in South America, and his mother is Puerto Rican. No matter. In this fight, he identifies with Mexican immigrants.

Something significant is happening in the Hispanic community. People say the immigration issue woke the Sleeping Giant. But mark my words: It's not just the giant whom immigrant-bashers should worry about. It's his familia.

Ruben Navarrette is a member of the editorial board of The San Diego Union-Tribune and a nationally syndicated columnist.

TAX:

Death And Taxes (WSJ)

By Edward C. Prescott

The Wall Street Journal, June 1, 2006

You can't take it with you. Too bad, because it would sure be convenient to set up an eternal rollover account for financial assets. Just think of all the time and resources that would be saved if people didn't have to hire expensive lawyers and clever accountants to get around the government's attempt to grab a share of their earthly bounty. Not to mention the better use of those accountants' and lawyers' time.

And while we're at it, our public employees have better things to do than construct estate tax codes, design Web sites with FAQs and answer phones to explain how those taxes work, and then penalize those who unwittingly or otherwise skirt the law. Those costs are real and must be part of the equation when considering the efficacy of estate taxes.

These and other issues loom large as Congress grapples with how to deal with coming changes in estate tax law. Under the Economic Growth and Tax Relief Reconciliation Act of 2001, the estate tax is slated to expire in 2010 -- for one year -- and return in 2011 with personal exclusion rates that are below current levels. Today, Americans can transfer $2 million to beneficiaries federal tax free, with that rate increasing to $3.5 million in 2009 before the big switch in 2010. The House has already passed a bill to make the repeal of estate taxes permanent and the ball is now in the Senate's court.

Putting aside the inefficiencies of such inconsistent rule making, the point remains that people cannot take their IRAs with them, and the fundamental question is this: Who gets it? It's a simple question that deserves a simple answer, but when a certain little word -- tax -- gets involved, things are never very easy.

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Economists like simplicity. It's one of our most endearing traits. As soon as you complicate things by getting between a man and his intentions you create all sorts of distortions that are often suboptimal (and are the devil to model). Taxes excel at these shenanigans. And those distortions don't end when the grim reaper comes calling. Ashes to ashes, dust to trust.

In the end, though, all those opportunity costs -- both private and public -- would be worth absorbing if we were really getting a good return on our estate taxes. From what I can tell, there are two main arguments in favor of an estate tax: the increased revenue that government receives to go about the people's business; and the desire to somehow balance life's unfairness by limiting the amount of capital assets that "the rich" can leave their kids.

On the second point, there is little to say except that what's fair for one is often penalty for another. What is fair, for example, about telling someone that he will be unable to distribute his hard-earned money, which has already been taxed once, to his heirs as he sees fit? Such a person has zero incentive to accept an estate tax for which he sees no justification. He will do his best to try to avoid this tax through every legal means necessary, after which he may be inclined to consume more than he otherwise would, or just quit working sooner than otherwise. And while there's nothing wrong with consuming one's assets, if such consumption comes at the expense of capital that would otherwise be put to better use, such consumption is suboptimal. Recent empirical work on the disincentive effects of estate taxes has proven these phenomena true.

And that gets to our first point about the supposed budgetary benefits of such a tax. Since an estate tax is really just another name for a tax on capital income, then there is certainly no justification for such a tax. I, and others, have written before in these pages about the inefficiency of capital income taxes, and there's no need to revive those arguments here, except to say that we can only grip the neck of our vibrant economic goose so tightly before it eventually dies and quits laying those golden eggs. And many of those golden eggs come in the form of capital that allows descendents to keep family businesses intact, or to begin new businesses that fuel our economy.

Besides, even if estate taxes were not inefficient and could be construed as fair, they would still do little to address the budget deficit. In 2003, net estate taxes accounted for $20.7 billion, a drop in the bucket of an $11 trillion economy. Clearly, we are not going to balance the budget by grave robbing.

Yet what about all the money that is left in bequests to fund university alumni buildings, art museum wings and public broadcasting? If we abolish the death tax, won't charitable organizations be hurt? I admit to a soft spot for this argument, but the fact is that people will still give to charity. In 2003, charitable contributions reported on 1040 income tax forms totaled $145 billion, which is roughly 10 times the $14.6 billion charitable contributions reported on the estate tax forms. This indicates that people are motivated to give to their favorite causes for a variety of reasons and will not cease such philanthropy if estate taxes are abolished; also, fundraisers will not lose their incentives.

The old maxim says that there are only two things in life that we can't avoid, death and taxes, but why pile on by combining the two? The Senate should join the House in permanently repealing the estate tax.

Mr. Prescott, senior monetary adviser to the Federal Reserve Bank of Minneapolis and professor of economics at the W.P. Carey School of Business at Arizona State University, is a co-recipient of the 2004 Nobel Prize in economics.

An Accidental Tax Boon (WP)

By Robert H. Nelson

The Washington Post, June 1, 2006

Sometimes in Washington, good things are more likely to happen by accident than by congressional or executive design. Treasury secretary nominee Henry M. Paulson Jr. is no doubt aware of this fact, but it's one worth keeping in mind in the continuing debate over tax reform, which is sure to command a good deal of the new secretary's attention. I'm thinking of one program in particular: the alternative minimum tax, or AMT.

The AMT is viewed by many as a bad thing. Yet, consider this: There is wide agreement among economists on the benefits of a federal "flat tax" on income that would apply a uniform rate to every taxpayer and eliminate most current deductions and tax credits. A flat tax would get rid of a large number of economic distortions resulting from the many tax "subsidies" that often benefit narrow interest groups. This is tax "pork," and Congress is as addicted to it as to the ordinary spending kind.

In places around the world, including Eastern Europe, governments creating new tax systems have been turning to a flat tax to avoid this sort of thing. What does this have to do with the AMT? Just this: As Post business reporter Albert B. Crenshaw has noted, the AMT "approaches a modern-day flat tax." It imposes a uniform rate of 26 percent up to $175,000 in income, and above that 28 percent.

Tax revolutions are few and far between. Taxes are so important to the economy that major changes in tax law are best achieved incrementally, giving notice well in advance and avoiding potentially large disruptions from big surprises. That's part of the genius of the AMT. If it is left alone, it will move us gradually but steadily toward a flat tax on income as inflation brings more people within its ambit.

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Some leading Republican conservatives have long advocated a flat tax. Yet few of them are speaking out vigorously for retention of the AMT. In fact, many are joining the clamor in Congress for its repeal or limitation. It would seem that they were either hypocritical in advocating a flat tax or have somehow failed to recognize that the AMT is in essence a new, evolving form of flat tax.

Many Democrats are joining the calls for drastic cutbacks in the AMT. This shows a certain disregard for the fact that the existing system of tax subsidies is most generous to higher-income groups and does less for the bottom half of the income distribution -- their supposed constituency.

The alternative minimum tax dates to the 1960s -- and in its present form, to the 1980s. It was never intended as a major tax reform but rather was simply a political expedient to provide some cover when a few very rich people were revealed to be paying little in income taxes. But as Americans' incomes have risen, more and more people have been finding that their tax payments are now determined by the AMT.

Congress has already taken steps to reduce the AMT's impact. The recently enacted tax bill raises the special AMT "standard exemption" to $62,550 for a couple filing jointly and to $42,500 for a single filer. At these levels, some 5 million taxpayers will be subject to the AMT for their 2006 taxes. But these changes are for one year, and absent new congressional action, the exemption will fall back to $45,000 for couples and $33,750 for individuals in the 2007 tax year. If that happens, as many as 25 million taxpayers might be affected by the AMT. We would be moving toward a nationwide flat tax.

If we wait long enough, and with some continuing degree of inflation, the AMT flat tax eventually will apply to most taxpayers. The AMT will, in effect, have become the federal income tax system. And unlike most other important policy changes, this is one in which Congress need do nothing, although at some point it would probably be desirable to modify details of the current AMT that limit its effectiveness as a flat tax.

If the present AMT rates were applied as a universal flat tax -- and especially if the AMT exemption were reduced and certain remaining AMT exclusions eliminated -- the resulting federal revenue might even come to exceed current expenditure levels. The solution would then be to reduce the flat tax rate (the AMT rate) so that revenue and expenditures were brought back into balance.

In the longer run, the AMT could open the way to more radical reforms that might even change the basic nature of Washington spending habits. One option would be as follows: Each year the president would submit his budget proposal, and Congress, in response, would enact final appropriations. A neutral expert commission would then estimate the resulting federal revenue requirements, and a new flat tax rate, calculated to balance the budget, would be set for the forthcoming tax year. If Congress wanted to go on a spending spree, taxpayers would see the consequences directly and immediately in their pocketbooks.

The Social Security system is another area in which the AMT might facilitate radical change. Social Security taxes could be abolished and the flat tax adjusted upward to compensate for the lost revenue. The Social Security trust fund is largely an accounting fiction, and it is time to integrate the Social Security tax with the income tax system. Alternatively, Social Security tax payments could become a deductible credit from the required AMT payment.

Such major changes in tax law, and some needed refinements to the existing AMT, can be debated and discussed. Right now, the most important step is to keep Congress from ruining a good thing. If it can be persuaded to leave the AMT alone next year and in future years, Congress will continue progress toward a flat tax revolution that has been in the works for many years. Such a gradual process is probably the only way the United States will ever adopt such a major change. The AMT is a tax policy windfall that ought to be protected and preserved.

The writer is an economist and professor in the School of Public Policy of the University of Maryland.

CONGRESS-ADMINISTRATION:

Bush Gives CIA's New Director A Boost (AP-Y2)

By Deb Riechmann

AP2, May 31, 2006

President Bush gave the embattled Central Intelligence Agency his vote of confidence on Wednesday, saying the spy outfit will succeed at its mission and make Americans safer with new director Gen. Michael Hayden at its helm.

Bush made the quick trip from the White House to CIA headquarters in suburban Virginia for a ceremonial swearing-in of Hayden. The former head of the National Security Agency who served as the United States' No. 2 intelligence official for the last year was officially sworn in Tuesday and had already had his first day on the job when Bush arrived.

"He's such a good man we're going to swear him in twice," the president joked.

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While the CIA once was pre-eminent among the U.S. intelligence community's 15 other spy agencies, the 2004 intelligence reform law made it equal to other organizations including the NSA and Defense Intelligence Agency.

Bush, seeking to both reassure CIA employees and spur them on to additional changes, said he had tasked Hayden with further developing the agency's old-fashioned spy capabilities and improving its analytical skills.

"America's leaders are going to have the best possible intelligence and Mike Hayden is going to work with you to see that that's the case," the president said. "Mike understands the CIA must transform to confront new dangers and do so without slowing the high tempo at which it already operates."

Bush appeared warmly welcomed by the several hundred employees gathered in the CIA's main lobby despite his White House's tussles with the CIA and the agency's tradition of remaining distant from politics. He said he is confident a Hayden-led CIA can deliver.

"In Mike Hayden, you have a leader who recognizes your talents, who understands your challenges and will ensure that you remain the finest intelligence agency in the world," Bush said.

The president was briefed privately on unknown topics for about 45 minutes before the short public event.

After taking the oath for a second time, Hayden spoke briefly to the CIA's officers in his blue Air Force uniform, four stars on each shoulder. This week marks the first time since 1953 that the agency has been headed by an active duty military officer.

"Let's just go to work," he said.

Hayden Takes Oath As CIA Director (WT)

By Joseph Curl

The Washington Times, June 1, 2006

New CIA Director Gen. Michael V. Hayden yesterday drew 1,500 rank-and-file agency employees to the halls of the spy agency's Langley headquarters for his second swearing-in this week, telling his co-workers in clipped military parlance, "Let's just go to work."

The Air Force general was officially sworn in Monday at the agency, but returned to the same site yesterday for a ceremonial swearing-in.

"He's such a good man, we're going to swear him in twice," President Bush joked.

The president lavished praise on the general, who wore his blue Air Force uniform, four stars on each shoulder, for the ceremony.

"Mike is a patriot; he's a reformer. He's one of our nation's finest intelligence professionals. I know firsthand how good this guy is," Mr. Bush said. "He brings more than two decades of experience in the intelligence field. He is going to be a superb leader for the dedicated men and women of the CIA."

For his part, Gen. Hayden told the president and the employees now working under him: "I could not be more grateful."

The oath was given to Gen. Hayden by Director of National Intelligence John D. Negroponte, who oversees more than a dozen spy operations, including those at the CIA.

Gen. Hayden, 61, was confirmed last week by the Senate by a vote of 78-15, even though Democrats initially questioned his past leadership at the National Security Agency, which oversaw a controversial domestic wiretap program. He replaces Porter J. Goss, a former congressman who resigned after 18 months as the agency's director amid criticism that he had failed to push the agency into the 21st-century war against terror.

The president sought to reassure the rank-and-file at the CIA that their new boss was the right man for the job.

"America's leaders are going to have the best possible intelligence, and Mike Hayden is going to work with you to see that that's the case," Mr. Bush said. "Mike understands the CIA must transform to confront new dangers and do so without slowing the high tempo at which it already operates. ... In Mike Hayden, you have a leader who recognizes your talents, who understands your challenges and will ensure that you remain the finest intelligence agency in the world."

After taking the oath for the second time, Gen. Hayden, the first active-duty military officer to head the spy agency since 1953, spoke briefly to the CIA staff.

"To my new friends and partners here at the Central Intelligence Agency, thank you for the warmth of your welcome over the last 24 hours. ... Mr. President, thank you for the honor of placing your confidence in me, and for all of us here and around the world, thank you for the faith you have placed in this agency," the general said.

Bush Hails Role Of C.I.A. As New Chief Takes Oath (NYT)

By Mark Mazzetti

The New York Times, June 1, 2006

DOJ_NMG_0031056

WASHINGTON, May 31 — President Bush delivered a pep talk to employees of the Central Intelligence Agency on Wednesday, assuring them that the beleaguered agency played a critical role in the nation's security and remained "vital" to the work of the White House.

Addressing the employees after Gen. Michael V. Hayden was sworn in as C.I.A. director, Mr. Bush praised the agency's work, which he called "essential to understanding the plans and intentions of dangerous regimes and terrorist organizations around the world."

"I cannot do my job without the Central Intelligence Agency," Mr. Bush said, addressing employees inside the main lobby of the agency's headquarters at Langley, Va.

The event was the second swearing-in for General Hayden in two days. The general officially became director at a private ceremony on Tuesday, and Wednesday's public event seemed largely intended to lift morale inside an agency that has lost its place as the cornerstone of the American intelligence community.

In contrast to the private White House ceremony 20 months ago, when Porter J. Goss was sworn in as director, the speeches on Wednesday were also an effort to portray calm after several rocky years at the C.I.A.

Standing alongside General Hayden and John D. Negroponte, director of national intelligence, Mr. Bush praised both men and predicted a more streamlined intelligence community.

Earlier this month, Mr. Goss resigned as C.I.A director after fierce turf battles with Mr. Negroponte over the agency's role in intelligence collection and analysis.

Mr. Bush praised Mr. Goss on Wednesday, saying the former director "leaves behind a C.I.A. that's stronger than the one he found."

General Hayden, who addressed C.I.A. employees on Tuesday and received a standing ovation, refrained from a lengthy public address on Wednesday.

He thanked the president and his family and said, "Let's just go to work."

General Hayden wore his blue Air Force uniform at the ceremony, and has indicated that he has no immediate plans either to retire from the military or to begin dressing in civilian clothes as head of the C.I.A.

At his confirmation hearings, he said that his military career had shaped his worldview, and that deciding to wear civilian clothes would change little.

"The fact that I have to decide what tie to put on in the morning doesn't change who I am," he said.

But the general said that if he believed that being in the military was hindering his ability to bond with the C.I.A. work force, he would consider retiring his military commission.

The choice of a military officer to lead the civilian spy agency initially drew criticism from several lawmakers, who suggested that the C.I.A. might surrender its independence as the Pentagon was expanding its intelligence gathering operations.

But after the confirmation hearings, several senators said he had convinced them that he would act independently of Defense Secretary Donald H. Rumsfeld while in charge at the C.I.A.

Yet the issue remains sensitive on Capitol Hill. Last Thursday, the Senate Intelligence Committee approved language in the 2007 authorization bill that future C.I.A. directors be civilians and that General Hayden was "not subject to the supervision or control of the secretary of defense" so long as he ran the C.I.A. as an active duty officer.

Spies Are Called Essential (WP)

By Walter Pincus

The Washington Post, June 1, 2006

President Bush, at the public ceremony swearing in Gen. Michael V. Hayden as director of the CIA, yesterday urged continued development of human intelligence, calling it essential in determining the intentions of "dangerous regimes and terrorist organizations."

In focusing his brief remarks on the CIA's need to recruit spies "to penetrate closed societies and secretive organizations," the president hit on an agency problem highlighted last week in a Senate Select Committee on Intelligence report. The committee said it was concerned that the CIA had not resolved issues that made it difficult to place new officers abroad under "non-official cover," a status that puts them in covert civilian roles and outside U.S. embassies where they lack diplomatic protection.

At his confirmation hearing last month, Hayden pledged increased use of such covert operations. This emphasis has been underway at the CIA since then-Director George J. Tenet began, after the Sept. 11 attacks, to move more case officers in the agency's clandestine service out of embassies and into undercover roles that would allow them to meet and attempt to recruit individuals who could penetrate terrorist circles. That movement continued, though more slowly, during the past 18 months that former representative Porter J. Goss (R-Fla.) ran the agency.

Placing U.S.-born covert officers abroad is difficult and dangerous, present and former CIA officials said. Recently, an Italian magistrate publicly identified what he said were 13 CIA officers operating in that country. And agency aircraft used to transport suspected terrorists have been spotted by civilian airport watchers.

All are a sign that the CIA is not doing enough to keep its covert officers' identities secret, especially in the Internet age when so much personal information can be easily searched, said one congressional aide familiar with the Senate report.

"We understand how difficult it is, and they are working to fix it, but the agency doesn't seem yet up to the task," the aide said.

An agency official with clandestine experience said such protections are essential. "Because cover exists to protect our people and assist our operations, its strength and improvement are a constant concern for CIA," the official said. "We have been enhancing our cover tradecraft to meet the challenges of the Internet age, when personal data is more easily accessible than ever before. To be sure, there is more to be done, and no one here underestimates the complexity and difficulty of the task," he added.

But even more important than such security is recruiting the right person, said a former CIA station chief with experience in the Middle East. The right person must be able to live the life of the cover assignment as well as operate as an intelligence gatherer, often in a difficult foreign environment. One classic past cover for such covert officer was with American businesses doing work abroad. But because the officers had to be identified to the top company officials, there was always fear of exposure.

"Not many Americans want to do this, and most Americans, who are terrible with foreign languages, do not do it very well," the former station chief said. He cited examples where Arab-speaking Americans from Detroit's Arab population were sent to the Middle East and were easily identified because of their accents or dialect.

Another official, still working for the agency, recalled that Cuban intelligence quickly identified Spanish-speaking CIA officers who infiltrated that country because of their manner of speaking. "They could even tell where they learned their Spanish," the official said. Even easier to identify were African Americans sent to African countries who could not hide their lack of knowledge of tribal dialects or history.

"The Hollywood version of a 'Mission Impossible' team, where people somehow mystically integrate themselves into a society, has taken hold. In real life, it does not work that way," the former station chief said. The CIA "ought to go back to basics and stop believing there mystically is some new kind of cover for placing officers abroad."

Stolen Data On Vets Include Addresses, Phone Numbers (USAT)

By Tom Vanden Brook

USA Today, June 1, 2006

WASHINGTON — The Veterans Affairs Department lost more personal data on 26.5 million veterans than it first acknowledged last week, according to a memo released Wednesday. In addition to Social Security numbers and birthdates, files stolen from a VA analyst's home last month included addresses and phone numbers in many cases, the memo said.

One file containing more than 6,700 records pertaining to veterans exposed to mustard gas was lost, said the memo, which was written by a VA privacy officer. The VA gave the memo to the House Veterans' Affairs Committee at the request of Rep. Bob Filner of California, the panel's acting ranking Democrat. USA TODAY obtained the memo from the committee.

Privacy experts say the Social Security numbers could be used to open fraudulent credit cards or bank accounts.

“These types of data contain more than limited financial information. The codes contain information about veterans' medical conditions,” Filner said in a statement.

Joe Davis, a spokesman for the Veterans of Foreign Wars, said the VA needs to do a better job of reaching out to affected veterans. He said it's particularly important for the department to contact older veterans and their families to encourage them to monitor their bank and credit card accounts.

“It's maddening that the VA is not more forthcoming,” Davis said.

Matthew Burns, a spokesman for the VA, said the department has taken aggressive steps to secure its data, including personnel changes in the department from which the data were lost.

“VA's initial and primary efforts have focused on notifying veterans and some spouses whose most sensitive and identifiable information … may have been compromised,” Burns said.

The VA said it was dismissing the analyst, and his supervisor has resigned. Dennis Duffy, the acting head of the division in which the analyst worked, has been placed on administrative leave.

Also Wednesday, VA Secretary Jim Nicholson named former Maricopa County, Ariz., prosecutor Richard Romley as his new special adviser for information security.

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A department analyst had taken the data home on computer disks and an external storage device, the memo said. On May 3, burglars stole the disks, memory device and a laptop computer from the analyst's suburban Washington home. Nicholson has said that the crime appeared to be random and that the data were not a target.

The memo noted that the information was written in a code that requires training and software to access. The VA says it has not received reports of stolen data being used for fraudulent purposes.

VA Data In Format Not Widely Used (WP)

By Christopher Lee

The Washington Post, June 1, 2006

The sensitive personal information of 26.5 million veterans that was stolen from a Department of Veterans Affairs data analyst last month was stored in a format that could make it difficult for thieves to use, according to an internal VA memo.

In the May 5 memo, VA privacy officer Mark Whitney wrote that the critical data "may not be easily accessible" because most of it -- including names, birth dates and Social Security numbers -- was stored in a specialized, standard format used for data manipulation and statistical analysis.

The format "requires specialized application software and training" to write computer code "to access and manipulate the data for use," Whitney wrote in the memo, obtained yesterday by The Washington Post.

Ari Schwartz, deputy director of the nonprofit Center for Democracy and Technology, a privacy group, said Whitney is generally right that the information would be hard to extract.

It would be easier, however, if the laptop stolen along with an external hard drive and several data disks has the software needed to view the data, he said. "This is not nearly the type of protection they would have had if they had followed basic security procedures and encrypted this," Schwartz said.

The Whitney memo, dated two days after the burglary at the analyst's Aspen Hill home and distributed to several high-ranking VA officials, provides the first public indication that some addresses and telephone numbers were among the stolen data; it refers to such information being part of electronic files of a national survey of about 20,000 veterans in 2001.

Also stolen was an electronic spreadsheet with 6,744 records about "mustard gas veterans" -- generally, veterans who took part in chemical warfare tests during World War II. Another stolen file contains as many as 10 diagnostic codes from the treatment file of one veteran who visited the VA health-care system on 57 dates.

"These type of data contain more than limited financial information, the codes contain information about veterans' medical conditions," Rep. Bob Filner (D-Calif.) said in a statement. "It is not appropriate for this information to ever enter the public domain."

Matthew Burns, a VA spokesman, said the department has been "focused on getting notification to veterans that some of the most sensitive data was out there."

Also yesterday, VA Secretary Jim Nicholson announced that he had named Richard M. Romley, a former prosecutor from Maricopa County, Ariz., as his new special adviser for information security. Romley, a Marine Corps veteran, will evaluate the department's computer security procedures and recommend improvements.

The move follows the resignation last week of Michael H. McLendon, a VA deputy assistant secretary who learned of the May 3 burglary within hours of the crime but did not immediately tell top-ranked officials.

Nicholson announced Tuesday that the employee will be fired and that Dennis M. Duffy, who has been acting assistant secretary for policy and planning, had been placed on administrative leave. The employee worked in McLendon's office, and Duffy was in charge of the division in which both worked.

Nicholson learned of the information breach on May 16 and told the public on May 22, nearly three weeks after the crime.

Treasury Pick Draws Praise, Policy Doesn't (AP-Y2)

By Martin Crutsinger

AP2, May 31, 2006

President Bush's selection of a savvy Wall Street veteran to be his third treasury secretary is winning widespread praise, but Democrats say it will take a change in policies — not just personnel — to deal with budget and trade deficits and other economic problems.

With his approval rating at record lows despite strong economic growth and low unemployment, Bush announced Tuesday that he was turning to Henry Paulson, chairman and chief executive of Goldman Sachs, to become the administration's chief economic spokesman.

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By choosing a 32-year veteran of one of Wall Street's premier investment houses, Bush is hoping for the same economic credibility that Bill Clinton gained when he picked Robert Rubin, one of Paulson's predecessors at Goldman Sachs, as his treasury secretary.

Paulson, whose Senate confirmation seems assured, would succeed John Snow, the former head of CSX Corp. Snow had followed Alcoa chief executive Paul O'Neill, who was forced to resign in late 2002.

While both Snow and O'Neill came from corporate America, the administration decided it needed someone with high standing on Wall Street to be a more effective salesman for its economic program.

"Mr. Paulson's experience in running Goldman Sachs, a global financial firm involved in all kinds of sophisticated corporate and financial activities, makes him a near-perfect appointment," Allen Sinai of Decision Economics said in a typical Wall Street reaction.

Snow had been rumored to be on his way out for more than a year, but the selection of Paulson, 60, came as a surprise because of recent administration signals that it had failed to lure a big Wall Street name as a replacement.

White House press secretary Tony Snow said Bush met with Paulson on May 20 and Paulson accepted the job the next day. He said White House chief of staff Joshua Bolten, who used to work at Goldman Sachs, was the matchmaker, and the president sealed the deal after Paulson expressed reservations.

"I know that there had been some conversations, and that he expressed reluctance — I'm not sure it was a flat `No,'" Snow said Wednesday. "I do know that the final answer was yes and I do know that Josh Bolten continued to speak with him."

Snow did not elaborate on how the president convinced Paulson to do the job. "It is safe to say that he (Paulson) had some reluctance about doing it, and was insistent on a series of conditions, and apparently his concerns were addressed," Snow said.

While Paulson was chosen to bolster confidence on Wall Street about the administration's policies, investors on Tuesday ignored the initial news to focus instead on worries about higher oil prices and sliding consumer confidence, pushing the Dow Jones industrial average down by 184 points.

Analysts said the sell-off, one of a number of recent steep slides, highlighted the challenges Paulson faces at a time when inflation is threatening to accelerate and economic growth is slowing.

Given this administration's past practice of using its treasury secretary chiefly as a salesman for policies set inside the White House, some analysts questioned how much impact Paulson will have.

"Will the new treasury secretary have any more influence than his two predecessors did, and will this administration be able to get anything through Congress with just 2 1/2 years to go?" said David Wyss, chief economist at Standard & Poor's in New York.

Bush's top second term domestic priority, Social Security overhaul, is currently dead, his drive to overhaul the tax code is in the deep freeze, and Democrats are massing to defeat the president's effort to make permanent his first-term tax cuts, charging they are unaffordable in light of huge budget deficits.

"The Bush administration must use its remaining years in office to right the fiscal wrongs of its first term," said Rep. Charles Rangel (news, bio, voting record), top Democrat on the tax-writing House Ways and Means Committee.

"It is essential that Mr. Paulson provide a realistic viewpoint of the serious issues facing the American economy," said Sen. Jack Reed (news, bio, voting record), D-R.I.

Sen. Charles Schumer (news, bio, voting record), D-N.Y., said Paulson's long experience in dealing with China should help in the administration's campaign to get the Chinese government to allow its currency rise in value against the dollar as a way of dealing with a record $202 billion U.S. trade deficit with China.

In his writings and speeches, Paulson has been a strong supporter of the administration's tax cuts and its free-trade agenda. He also gave a pivotal speech in 2002 in support of a crackdown on corporate crime in the wake of the Enron Corp. and other business scandals.

A strong environmentalist and devoted bird watcher and fisherman, Paulson has supported the need to attack global warming, a stand that could put him at odds with Bush's environmental views, although treasury does not have responsibility for those issues.

Paulson, a Christian Scientist who does not drink or smoke, has used a fortune estimated at well over $500 million to make generous contributions to Republican candidates, according to the Center for Responsive Politics, a campaign watchdog group.

During a brief White House announcement ceremony on Tuesday, Paulson called the American economy "truly a marvel, but we cannot take it for granted. We must take steps to maintain our competitive edge in the world."

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On the Net:

White House: http://www.whitehouse.gov

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2 New Captains Of The Economy Face Volatile Global Markets (NYT)

By Edmund L. Andrews

The New York Times, June 1, 2006

WASHINGTON, May 31 — One reached the pinnacle of wealth and prestige as a dealmaker on Wall Street. The other was an academic superstar, brilliant but somewhat shy and more at ease in Bermuda shorts than suits.

But now they find themselves side by side in confronting a stiff new test: helping to guide the economy from a period of fast growth and cheap money through one of higher interest rates, jittery markets and a falling dollar.

Henry M. Paulson Jr., the chief executive of Goldman Sachs and President Bush's choice to become his new Treasury secretary, is expected to arrive at his post at a time when global financial markets are suddenly more volatile and investors are more risk-averse than they have been in years.

Ben S. Bernanke, the former Princeton economics professor who became chairman of the Federal Reserve on Feb. 1, has already endured a baptism of fire as the Fed has struggled over when to stop raising interest rates.

Just a few weeks ago, bond prices dropped and critics complained that Mr. Bernanke lacked "manhood" or at least "Street cred" as an inflation fighter. In more recent days, investors have been rattled by the opposite fear: Mr. Bernanke might be too tough and push interest rates higher than they had thought, potentially slowing or reversing the liquidity-driven investment boom of recent years.

Mr. Paulson provoked speculation about the dollar even before he left Mr. Bush's side at the announcement of his nomination on Tuesday morning.

Mr. Paulson called for "steps to maintain our competitive edge in the world," a bland remark that some investors nonetheless interpreted as code for using a weaker dollar to make American exports cheaper in other countries.

"These two captains are forced to navigate in some very choppy waters," said Richard Yamarone, chief economist at Argus Research. "The message that the Fed is sending is that they don't have a clear grasp on the goings-on of the economy, and the same could be said of the Bush administration."

At first glance, the pairing of Mr. Bernanke and Mr. Paulson looks like an attempt to recreate the celebrated collaboration between Alan Greenspan and Robert E. Rubin in the 1990's, when the economy and the stock market soared and the federal budget swung from deficits to surpluses.

Mr. Greenspan, who ran the Fed, was not an academic but shared Mr. Bernanke's penchant for poring over economic data and challenging conventional wisdom.

Mr. Rubin, Treasury secretary under President Bill Clinton, had, like Mr. Paulson, been a chairman of Goldman Sachs. He teamed up with Mr. Greenspan to champion tough restraints on government spending, employed his credibility on Wall Street to assure financial markets that Mr. Clinton was serious about dealing with the budget deficit and played an influential role in shaping foreign policy.

Mr. Paulson, whose nomination has been praised by Democrats as well as Republicans, is almost certain to win easy Senate approval and become a central player on Mr. Bush's team.

But analysts say both he and Mr. Bernanke need to establish their credibility in financial markets at a time when the economy is in a major transition.

For the first time in nearly two decades, inflation is on an upward rather than downward trend. Energy prices remain near historic highs, even though oil prices dropped on Wednesday as immediate fears of a confrontation with Iran eased. Long-term interest rates — the fuel that powers the housing market when they are low — are on the rise.

Meanwhile, the economy faces structural budget deficits that will not disappear without major changes in taxes and spending, and the Fed could find itself in a clash with the Bush administration if budget deficits remain high.

Perhaps most important, however, investors around the world have become more anxious about the United States' huge trade deficits and its ballooning foreign debt. That is pushing down the value of the dollar, a trend that would help reduce trade imbalances but has also elevated worries about a more painful crash for the American currency.

Much of the uncertainty stems from a shift at the Federal Reserve and other central banks. After propping up economic growth by keeping interest rates far below normal levels, the central banks are removing the cushion of cheap money.

"The marketplace over all is being forced to reabsorb risk that formerly had been underwritten by the big three central banks — the Fed, the Bank of Japan and the People's Bank of China," said Paul McCulley, managing director of Pimco Advisers, the giant bond management firm. "When you've got all three taking away the punch bowl, the partyers at the party are not going to be happy."

Mr. Bernanke arrived at the Fed when monetary policy was already at a tipping point. Having raised short-term interest rates under Mr. Greenspan's guidance for nearly two years by the time Mr. Bernanke took over, Fed officials knew they were

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nearing the point where they could stop. But because there is such a long lag time between changes in monetary policy and their impact, inflationary pressures were on the rise and economic growth was still torrid.

In late April, Mr. Bernanke confounded markets even as he struggled to explain that the Fed needed to keep its options open by basing decisions on incoming economic data rather than maintaining monetary policy on automatic pilot.

Testifying before the Joint Economic Committee of Congress on April 27, Mr. Bernanke set off a rally by announcing that the Fed might pause in its rate increases to assess the impact of its previous increases.

What startled bond investors was Mr. Bernanke's added twist: that the Fed might pause even if "the risks to its objectives are not entirely balanced" meaning that it might take its foot off the monetary brakes, at least temporarily, even if there were signs of slightly higher inflation risks.

Bond investors, suspecting that Mr. Bernanke might be soft on inflation at a time when energy prices were shooting up, began demanding higher yields on long-term Treasury bonds.

Pundits began accusing Mr. Bernanke of vacillating.

"In jest, I've been saying that Mr. Bernanke needs to regain his monetary manhood," Larry Kudlow, an economist and talk show host, recently told viewers on CNBC. "He was people-pleasing Wall Street. Now he has got to go back on message."

Barry Ritholtz, an economic consultant and operator of an economic blog, the Big Picture, went further and called Mr. Bernanke the "Neville Chamberlain of inflation fighters."

"I got the sense that Mr. Bernanke was appeasing the stock market," Mr. Ritholtz said in an interview. "It's not that he has to go out and prove his manhood and his street-fighting cred. It's just that he has to navigate at a particularly perilous moment in the economy, and he has to navigate absolutely flawlessly."

Two days after raising the prospect of a pause, Mr. Bernanke compounded the confusion by venting his frustration about being "misunderstood" during an off-camera conversation with Maria Bartiromo, a correspondent for CNBC.

Word of the comments set off another round of feverish trading on April 29. Last week, Mr. Bernanke told lawmakers at the Senate Banking committee that his remarks to Ms. Bartiromo had been a "lapse in judgment" and that in the future, he would communicate only through formal channels.

Despite the bumpy path, Mr. Bernanke's first few months have been far smoother than Mr. Greenspan's arrival in August 1987. Bond investors, convinced that Mr. Greenspan could not match the inflation-fighting prowess of his predecessor, Paul A. Volcker, quickly pushed up interest rates on long-term Treasury Bonds.

Yields on 10-year Treasury bonds shot up from 8.8 percent to more than 10 percent during Mr. Greenspan's first two months as Fed chairman. The stock market, plagued by a host of uncertainties, fell 22.6 percent on October 19, 1987.

By contrast, rates on 10-year Treasury bonds have climbed modestly since Mr. Bernanke took office, from about 4.5 percent to about 5 percent today. One crucial indicator of inflation expectations, the difference in price between regular Treasury bonds and special inflation-protected Treasury securities, are not much higher today than when Mr. Bernanke took over in February.

Edward McKelvey, an economist at Goldman Sachs, said Mr. Bernanke's message had in fact been clear even if that left investors unsure about the Fed's next move.

"He is sending a fairly consistent message that says we're going to evaluate the data insofar as they affect the outlook," Mr. McKelvey said. "This is child's play compared to what Greenspan had in the first two or three months of his term."

Mr. Paulson may face his own trial by fire. As Treasury secretary, Mr. Paulson would have authority over the government's policy on exchange rates and the value of the dollar.

Mr. Paulson is likely to continue the policy of his predecessor, John W. Snow, in supporting a "strong dollar" but insisting that its value be determined by market forces. In practice, the administration has been content to let the dollar drift down in value for the last two years, a trend that makes American exports cheaper and imports more expensive.

Mr. Snow did not have to grapple with any major currency disruptions, but Mr. Paulson may not be so lucky.

"There are fewer certainties," said Lou Crandall, chief economist at Wrightson ICAP. "He is walking into an environment where the dollar is widely perceived to be at risk."

Paulson Has The Tools But Needs Bush's Support (FT)

By Stephen Cecchetti

Financial Times, June 1, 2006

The announcement of Hank Paulson's nomination as US Treasury secretary is good news for everyone. In many ways he is the perfect complement to Ben Bernanke, the new Federal Reserve chairman. A giant among monetary policy thinkers is being joined by one of the most important financiers in the world. We now have the essential combination of a theorist working with a practitioner.

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The big question is what will President George W. Bush do with his new top-quality team? Will the White House finally promote high-quality economic policy above pure politics? Or will Mr Paulson be frustrated in the way that past Bush economic advisers have been?

We will at least see the benefit of having a highly placed government official who knows how to communicate with Wall Street. Having spent nearly his entire professional life in the financial markets, Mr Paulson is fluent in the language of traders and investment bankers. He knows the concerns of the markets and how to respond to them using an efficiency of language that comes only from experience.

As we have seen recently, it can be very difficult to communicate economic policy. Small missteps can create large movements in stock and bond prices – movements that are potentially damaging. Since the retirement of Alan Greenspan as Fed chairman, no one on the Bush economic team has had the ability to soothe the markets in the face of minor problems of language. It is amazing how important it is to get the adverbs and adjectives exactly right when speaking to financial markets. Now we have someone who knows how to do it, leaving the Fed to concentrate on making interest rate policy. The benefits are likely to be enormous.

But we can expect much more than just words from a person of Mr Paulson's experience and accomplishments. We now have someone who has the tools to face the country's big economic problems head on. Those challenges are huge. A successful Paulson Treasury must put the relationship of capital markets and economic growth on a more solid footing. This means facing three separate, but related issues: the relationship of the federal government to the economy, the interactions between the US economy and the rest of the world's economies, and the problems associated with financing retirees.

The job of fiscal policy is to provide the underlying foundation for a growing economy. That is a very complex job involving not only security, but ensuring that capital flows to its most productive uses. The ideal Treasury secretary is a successful advocate for fiscal policies that maximise economic efficiency. This is a matter of implementing the right combination of tax and expenditure policies. In recent years, tax law has become riddled with special provisions that both distort incentives and leave most people feeling it is unfair. The solution is fairly simple: we need to simplify the tax system and, of course, find a way to reduce the fiscal deficit at the same time. This requires a good relationship with the US Congress – something few recent Treasury heads have had.

In an increasingly globalised economy, the Treasury secretary has taken on an ever bigger role as the facilitator of international capital flows. This is more than just running US exchange rate policy, which the secretary does in conjunction with the Federal Reserve. It includes working to ensure that global imbalances are kept under control, reducing the threat of large, sudden movements in exchange rates, or abrupt reversals of the flow of capital. Again, a steady hand (and voice) at the Treasury can help to reassure foreign governments and investors, thereby reducing harmful volatility.

We can be optimistic that there will be an improvement in the relationship between the US and China. Economic policy towards China is about much more than just exchange rates. It is about how to integrate emerging Asia into the modern economic system. Here, Mr Paulson seems likely to excel, assuming that he is given the appropriate independence to make policy.

Finally, Americans are consuming all that they earn, saving nothing. Foreigners are providing all of the 7 per cent of gross domestic product that makes up investment net of depreciation. As a result, it is hard to see how Americans will be able to finance their retirement years. Something has to be done about this. We need someone with the stature to lead a national debate on this subject, culminating in a course of action that is agreed by all parties.

Solving these problems means negotiating the co-operation of groups with disparate interests. Mr Paulson will have to negotiate tax reform and deficit reduction; find a way to convince people that trade creates low-priced goods that benefit everyone and that international capital flows allow us to grow faster. He must persuade younger workers to save while convincing the relatively well-off elderly to give up some of their government-supplied pension benefits.

Among the hardest to convince of any of this will be Congress. Paul O'Neill and John Snow, the previous two Bush Treasury secretaries, surely understood the economics of everything that I am saying. But they lacked the full support of the White House to push for good economic policy in the face of political unpopularity, and the ability to articulate the message using the language that markets understand. Mr Paulson will definitely provide the second of these. Let us hope that President Bush gives us the first.

The writer is the Rosenberg professor of global finance at the International Business School, Brandeis University

Paulson Of The Treasury (WSJ)

By Lawrence Kudlow

The Wall Street Journal, June 1, 2006

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In spearing a big-fish successor for departing Treasury Secretary John Snow, our first MBA president finally turned to Wall Street for another MBA: Goldman Sachs CEO Henry Paulson. According to all news accounts, Mr. Paulson was a tough man to recruit -- but it's a bullish sign for the fate of the president's supply-side agenda as well as the U.S. dollar.

In the Rose Garden this week, President Bush said Mr. Paulson "has an intimate knowledge of financial markets and an ability to explain economic issues in clear terms." Wall Street would agree. But more importantly, the president said that "As Treasury secretary, Hank will be my principal adviser on the broad range of domestic and international economic issues that affect the well-being of all Americans."

There's a change going on here, probably a big one. Under the new Josh Bolten-run White House, Mr. Paulson is essentially being appointed deputy president for economic policy -- a mandate not given to his two predecessors. This is a bigger shakeup than meets the eye.

Up to this point of the Bush presidency, economic policy has emanated from the West Wing. The spokesmen at Treasury and OMB have been designated as communicators to sell that policy. My hunch is that the Henry Paulson appointment marks a power shift in policy making.

As Mr. Bush noted, Treasury has the play on taxes, financial markets, federal spending, trade and currency policy. So if Mr. Paulson -- the astute and highly successful financial man from New York -- has any new ideas, he will have an opportunity to forcefully present them, even if they represent a new policy direction. Mr. Paulson's formidable background will serve him well in D.C. He won't hear the phrase "You don't know what you're talking about" in the Oval Office, the Senate or the House. He has been an engaged, hands-on, sharp-elbowed Wall Street operator; a man who brought Goldman Sachs and its share price to the loftiest levels in the storied firm's history.

Surprisingly for a CEO, Mr. Paulson has a considerable paper trail of economic and political opinions. He is a confirmed free-trader who has cultivated an expanding economic and business relationship between the U.S. and China. He is also a tax-cutter, one who strongly supported Mr. Bush's broad-based tax cuts of 2001 and the economic-growth-igniting tax incentives of 2003. In the Rose Garden, Mr. Paulson echoed the supply-side message of these tax cuts, just as he has in op-ed pieces on this page and elsewhere: "Put capital behind people and ideas."

Yes, he is a capitalist. And yes, there is a "green" environmental component to the man. He was chairman of the Nature Conservancy, and some critics believe he shouldn't have used Goldman money for certain transactions regarding that venture. But this seems a trifle. Former Goldman insiders say he is no Al Gore.

Perhaps more important, Mr. Paulson has been a staunch supporter of Mr. Bush in the upper reaches of the Goldman executive suite, not easy ground to hold according to several sources. But Mr. Paulson is a religious man of strong character who does not change his principles on the basis of polling data. Ah-ha . . . yet another connection between him and Mr. Bush.

On the policy front, Mr. Paulson could resurrect the tax-reform agenda that fell through the White House cracks last year. If broad-based reform doesn't work politically, he could take the advice of Loews CEO James Tisch and push to equalize the 35% tax rate on corporate capital gains with the 15% charge on individuals.

Mr. Paulson might also zero in on reducing the 35% corporate income tax, move toward full cash expensing for the depreciation of plant and equipment, or work in general to strike down the double tax at home and abroad on the increasingly globalized U.S. business sector. The U.S. has fallen behind other major industrial countries in terms of the level of corporate taxation. All of this would make our firms more competitive in world-wide trade and also help offset some of the unnecessary regulatory costs imposed by Sarbanes-Oxley.

At the beginning of his tenure, however, Mr. Paulson will hopefully look at the falling state of the dollar, a trajectory that has caused great angst in the stock markets and threatens higher inflation and interest rates. Statutorily, Treasury has the play on the dollar through its control of the $43 billion Exchange Stabilization Fund, which can be used to buy and sell currencies in order to send important signals to world-wide forex markets. These interventions have no permanent dollar impact. That's left to the Fed's $760 billion in government securities. The Fed uses these holdings to buy and sell in the open market and thus add or drain cash from the financial system. This is the ultimate driver on dollar value and inflation.

But Mr. Paulson can lend a helping hand to Fed chairman Ben Bernanke. Mr. Paulson could signal that the U.S. wants a harder greenback as part of its inflation-fighting arsenal, while over at the Fed the FOMC could take additional steps to drain reserves and raise its target fed funds rate.

It is worth remembering that predecessor Treasury secretaries hailing from Wall Street have opted for a hard dollar in order to promote the price stability that is so necessary for sustained economic expansion. Robert Rubin (also a Goldman alum) during the Clinton 1990s and Donald Regan (the former Merrill Lynch CEO) during the Reagan 1980s chose dollar strength over weakness in order to support durable economic growth. Mr. Regan has passed away, but Mr. Rubin is alive and well at Citibank. It wouldn't surprise me if Mr. Paulson got on the phone a few times with his old confrere to talk about a hardening of the wartime dollar -- a development that would instill economic and financial confidence and thus serve the nation's bipartisan best interest.

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The Bush administration may claim otherwise, but it has exercised a policy of benign dollar neglect which now could be reaching a dangerous tipping point. The solution is a Treasury-Fed hard-dollar operation. As the new deputy president for all things financial, Mr. Paulson has a golden opportunity to do Wall Street and Main Street an enormous favor.

Mr. Kudlow hosts CNBC's "Kudlow & Company."

The Greening Of The Treasury? (WSJ)

By David Wessel

The Wall Street Journal, June 1, 2006

The official flag of the U.S. Treasury has an eagle on a mint-leaf green background. It's an appropriate emblem for Henry Paulson, who is expected to be the greenest Treasury secretary ever.

Mr. Paulson is an environmentalist, not only in his private and charitable life, but as chief executive. Goldman Sachs Group has an eight-page "environmental policy framework" that declares "a healthy environment is necessary for the well being of society, our people and our business, and is the foundation for a sustainable and strong economy," and the firm walks the talk. So will that make a difference at Treasury?

Among those with big titles and ornate Washington offices, there's sometimes a temptation to equate avoiding mistakes with accomplishments. It's easy for a Treasury secretary -- whose utterances can move the dollar or embarrass the president of the United States -- to end a day of briefings, congressional testimony and tête-à-têtes with other impressively titled officials with a sigh that says, "Another good day. I didn't screw up."

Any competent Treasury secretary should be able to devise and communicate the U.S. government's stance on the dollar, swat away politically attractive but economically foolish ideas and prepare for a financial crisis, whatever it may be. That's playing defense. Another test is how well a Treasury secretary plays offense. Why leave a powerful perch on Wall Street for Alexander Hamilton's post if all you do is avoid mistakes and sign dollar bills?

Mr. Paulson is said by colleagues to be less prone to reflection and more prone to action than Robert Rubin, who also went from the top job at Goldman Sachs to Treasury. Mr. Paulson did play on the offensive line on the Dartmouth football team. He seems to think he has wrested from the White House -- and Vice President Dick Cheney -- some of the power to coordinate administration economic policy that was seized from Treasury when President Bush took office.

We probably won't know about Mr. Paulson's offense until after the November congressional elections. But given his record in using Goldman's power and money toward environmental ends, he just might use his clout to push the administration toward dealing with climate change or even -- don't mention it before the elections -- considering an energy tax.

Christie Whitman, administrator of the Environmental Protection Agency early in the Bush years, says just having a sympathetic voice at Treasury can be a big deal. "One of the biggest raps against some environmental proposals is that they're not economically sound," she says. "One of the things that his kind of advocacy can do is put a lie to that."

Fred Krupp, a Paulson fan who heads advocacy group Environmental Defense, says the best-case scenario is that Mr. Paulson "gets the administration to be for a climate and energy policy that uses the power of markets to reduce our emissions of greenhouse gases and improve national security at the same time." Mr. Krupp has in mind expanding the existing "cap and trade" system that limits emissions of sulfur dioxide and allows companies to buy and sell the right to pollute under that limit.

If the Bush administration decides it needs to raise revenue to cut a compromise with Congress that also slows spending growth, Mr. Paulson's role could be key. Paul Portney, former head of think tank Resources for the Future and now dean of the University of Arizona's management school, speculates that Mr. Paulson might be more inclined than former railroad executive John Snow to suggest that Mr. Bush consider taxing the carbon content of fuels or raising the tax on gasoline or auctioning permits for a cap-and-trade system if the alternative were boosting capital-gains or income-tax rates.

Of course, Mr. Bush's first Treasury secretary, Paul O'Neill, also had a greenish tinge. But he accomplished little. "O'Neill taught environmentalists that the Treasury is not the place to push those kind of policies," says Fred Smith, of the Competitive Enterprise Institute, an anti-regulation think tank.

But Mr. Paulson presumably knows of Mr. O'Neill's frustrations, and believes he has negotiated a deal that gives him more say. And times have changed. Mr. Bush recently expressed regret that his position on global warming was defined "early in my presidency when I told the world that I thought Kyoto [the global warming treaty] was a lousy deal for America." He told a questioner in March, "I guess I should have started differently when I first became president and said we will invest in new technologies that will enable us to use fossil fuels in a much wiser way."

Perhaps some day, the conversation between Mr. Paulson and his new client will turn to global warming. "If you had somebody in the Treasury who says there's a way we can put together a solution in a way that makes sense and isn't going to hamstring our economy, people are going to listen," says Ms. Whitman. Maybe even Mr. Bush.

· Send comments to capital@wsj.com4 and see a Q&A next Thursday at WSJ.com/Capital5.

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CAPITAL EXCHANGE: Bernanke's Challenges

Here are some of the reader responses to last week's Capital column6 on challenges facing the new Fed chairman.Some of these comments have been edited. Thanks to all who wrote. You can contact me at capital@wsj.com7. * * *

Victor Kincannon writes: I think Mr. Bernanke is far more like Mr. Burns that Mr. Volcker. The Chairman seems far more inclined to look for excuses for not doing than Mr. Volcker. Mr. Volcker was the exception; the rest of them are just the norm. What's your assessment?

David Wessel responds: I think that judgment is extremely premature. Mr. Bernanke has been chairman since the end of January. He has presided over a single meeting of the Federal Open Market Committee at which rates were raised by one-quarter percentage point.

Russell Van Zandt writes: I think one key point in your column was incorrect, which could change the conclusion. The oil shortage ended before and independently of Mr. Volker's bringing interest rates under control. After nearly a decade of shortages, manufacturers moved us into an oil surplus. Oil stocks crashed in 1980 because of it.

So I don't think we can assume that all Mr. Bernanke has to do is raise rates to solve the problem. (First of all, I doubt if someone so dovish would ever have the will to do what it takes.) The Fed would need to bring the country to recession or near it to temporarily stop the commodity bubble. It would very likely come back once the economy revived because the supply problem is still there.

I think we will see that Mr. Burns is exactly right that the oil and commodity futures market are running the economy, not the Fed. Oil is still over $70 a barrel after this selloff and scare -- and will soon move to $80, $90 and $100 a barrel, stopping only when it slows the economy enough that oil profits would be reduced at the higher price. Inflation will feed through and continue increasing, and the Fed will be able to do nothing about it.

Paul DeRosa writes: You might have been a hair too hard on Mr. Burns. There's little doubt he was a flop as a central banker, but the 1974 fiasco wasn't entirely his fault. He was the victim of a massive data revision. I was a staff economist at FRBNY at the time, and I recall the data on the real economy looking surprisingly strong well into spring of 1974. All measures of the money supply, which mattered a lot more then, were headed to the moon. The data as currently measured say the economy already was in recession. Mr. Burns was trying to engineer a softer real side in hopes of restraining the price effects of the higher crude. Given the information he had, he kept tightening. My own guess is had it not been for FDIC insurance, he'd have produced a replay of 1933. As it is, he didn't miss by much. No wonder he was sour on central banking.

David Wessel responds: I wasn't judging Mr. Burns as much as quoting him judging himself.

Dwight D. Overholt writes: It is an unfortunate time for a change of Fed chairman. Mr. Bernanke will need excellent brinkmanship skills to steer through this storm.

The lure of low interest rates and accelerating housing prices fueled extremely strong consumerism in the U.S. This fed improved financial conditions throughout the world (such as India and China).

How many of those same U.S. consumers are now feeling the pain of mortgage interest rates that have risen (via ARM, options mortgages, etc.) to a point where their buying power has been compromised? Further, how many are nearing default? Several good articles in The Wall Street Journal indicate that this portion of the storm is still on the horizon.

The S&L "crisis" of the 1980s shows how normally well intentioned people can choose to ignore the signs of a problem until it becomes unmanageable. Are we entering a similar period? Are banks truly setting aside enough reserves to cover the bad loans? How accurate are their projections? Other articles advise that banks have eased lending terms in the past year to maintain a level of business. Uncertainty in these areas breeds uneasiness of a type that is not healthful for financial markets.

Perhaps not a perfect storm, but high seas are likely until the low interest rate/refinance "exuberance" aftermath works through the market.

Andy Marchus writes: On the subject of the government providing money for research in areas such as alternative energy sources, I'd like your comments on how much the government should get involved as opposed to letting private money flow to where the opportunities are. I'm an extremist on the subject of free markets and have wondered if there are any past examples where government money facilitated a new development where private money alone might not have been sufficient. Let me throw out one possibility: the Internet.

David Wessel responds: Although there are those few who would get the government entirely out of financing research, a very wide swatch of the political spectrum sees a need for government investment in research, development and education. The differences have to do with how much money, where it should go and how much the government should direct its use. The case for a significant government role is very strong -- and the Internet is one very good example. Basic research in medicine and in physics also have paid off handsomely for the society, and there is a strong case that business would have underinvested in such basic research.

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Don Schwinn writes: I'm a retired engineer and a novice at understanding interest rate economics. Why not use eighth-point rate increments as the growth rate begins to slow? What is the rationale behind the quarter-point increment?

David Wessel responds: I'm aware of no technical reason that the Fed couldn't, if it chose, move the federal funds rate in eighth-point increments. Indeed, the practice of a publicly announced target for the federal funds rate (at which banks lend to each other overnight) began well into the Greenspan years. At some times in the past, the Fed's approach to monetary policy had the effect of moving the federal funds rate in much less pronounced increments. I'm not sure, though, that the difference to the economy of moving up an eighth or quarter percentage point is all that great; a lot seems to depend on what the markets expect the Fed to do with short-term rates in the future.

Bob Wade writes: Why don't you just predict from your publicly accessible and widely read forum the total collapse of the world economy, thereby helping to start the panic and the accomplishment of the worst possible doom and gloom self-fulfilling prophecy. Of course, your investments will suffer, your paycheck will become worthless, your property values will plunge, and your family will suffer, along with everyone else. Maybe you'll even be laid off as the economy plunges. Keep writing those great columns. Maybe they'll prove to be true, and just think, you will have helped make it happen.

David Wessel responds: I always thought the public -- and the readers of The Wall Street Journal -- counted on us to call it as we see it, and not to shelter them from the truth, however painful.

Reid Acknowledges Misstating Ethics Rules On Free Tickets (LAT/AP)

By The Associated Press

The Los Angeles Times, June 1, 2006

WASHINGTON — Senate Democratic leader Harry Reid's spokesman acknowledged Wednesday night that Reid misstated the ethics rules governing his acceptance of free boxing tickets and has decided to refrain from taking such gifts.

The Nevada senator still believes it was "entirely permissible" for him to accept ringside seats for three professional boxing matches in 2004 and 2005 from the Nevada Athletic Commission but has decided to avoid doing so in the future, spokesman Jim Manley said.

"In light of questions that have been raised about the practice, Sen. Reid will not accept these kinds of credentials in the future in order to avoid even the faintest appearance of impropriety," Manley said.

The announcement came after the Associated Press presented Reid's office Wednesday with conclusions from ethics experts that the Senate leader misstated congressional ethics rules in trying to defend his actions.

The AP reported Monday that Reid accepted the free seats from the Nevada commission as it was trying to influence his support for legislation to create a federal boxing commission. The state agency feared the legislation would usurp its authority to regulate fights and wanted to convince Reid that there was no need for a federal body.

Reid voted to set up a federal commission, but Congress never enacted the legislation.

Fear Of Failing (NSWK)

By Michael Hirsh

Newsweek, May 31, 2006

May 31, 2006 - A good therapist, we know, can sometimes help a person who's lost his confidence or mental balance. But what do you do when an entire party needs therapy?

You'd think the Republicans would be the ones in need of professional help. This is a party burdened with a president so unpopular he barely has a base to stand on—Bush seems to be bypassing the lame-duck stage and heading straight for dead duck: a Vietnam-scale quagmire in Iraq and a post-Katrina rot of incompetence and corruption that is infecting the very foundations of the presidency and the GOP's control of Congress. Not surprisingly, the Republicans are at each others' throats over this loss of prestige and popularity. Neoconservatives and traditionalists are fighting bitterly over foreign policy. Moderates and conservatives are battling over immigration and deficits. And when the maverick John McCain declares his candidacy for 2008 sometime in the next year, the Republicans will be shrieking at each other in public over abortion and other social issues.

But at least the GOP is engaged in a war over real policy choices. It is an emotional debate, often a hysterical and ill-informed one, but it is a fight among adults who know what they believe in and who have the guts to battle for it. By contrast the Democrats, ostensibly the party poised to exploit this GOP civil war, don't seem to remember what it is like to behave as adults. They resemble nothing so much as ill-adjusted adolescents, afraid of their own shadows, much less the presidency. What are they afraid of? Themselves, essentially: their past, their own left, the populist rhetoric of their leaders (Nancy Pelosi, Harry Reid, Howard Dean, Al Gore), the left-wing loony stigma represented by "Fahrenheit 9/11" filmmaker Michael Moore (every Dem's favorite bugaboo). Above all they fear seeming and looking soft. They are all afflicted with varying degrees of megalophobia, a fear of assuming power. Even Dr. Melfi of "The Sopranos" wouldn't take this case.

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This psychological disability has been long in the making, of course. When it comes to national security, it has been eating at the heart of the Democratic Party since its biggest debacle, Vietnam, which destroyed the Dems' prideful self-image formed during World War II and the cold-war containment consensus. But never has this Democratic dysfunction been so apparent as now, the moment when the Dems should be striding confidently into the limelight to seize control of the national agenda. And none are more pathetically afflicted than those who purport to be the "new" Democrats, the "strong" ones, the ones who want to "resurrect" the gloried intestinal fortitude and moral fiber of FDR, Harry Truman and JFK.

The "strong" ones are actually the most timid. They are the ones who so fear that a leftie like Nancy Pelosi will become speaker of the House, they actually question whether it would be a good idea for the Dems to take control in 2006. They are the ones who think they can outhawk Bush on Iraq and promotion of democracy around the world, but they are mainly driven by a fear of criticizing the premises of his foreign policy, which is to say, his war on terror. While nitpicking and nattering over Bush's "errors of execution," they still embrace his fundamentals. In other words, they all continue to sound like unreconstructed John Kerrys, frightened of seeming soft. When they get together, this fear is virtually all they talk about. It is a fear that reeks from the party's new draft platform for 2006, causing Leslie Gelb, the former president of the Council on Foreign Relations, to crack to liberal hawk Peter Beinert recently: "If you have to say you're tough, you're not."

The champion of this "new" breed of Dem tough guys, of course, is Hillary Clinton, who every week, it seems, finds some new way of pandering to the right in her long, stealth march to the 2008 nomination. All in an apparent effort to escape her own shadow, her supposed liberal excesses from the early '90s.

One reason for the persistence of these Democratic phobias has been the party's abysmal inability, a year and a half after the fact, to reckon with the real reason for Kerry's loss in the 2004 campaign: once again, fear. Kerry's campaign was driven by a fear of his shadow (his antiwar activism after Vietnam), of seeming too strident by attacking, even when he himself was being attacked (first by Karl Rove's "senator flip-flop" campaign, then by the Swift Boat veterans). How else can one explain the inexplicable—the spectacle of a Silver Star winner made to look wimpy by two men who avoided combat? Simple: He was terrified of speaking out. His campaign even toned down the convention speech of that most mild-mannered of presidents, Jimmy Carter.

I hold no brief in this fight, being neither Democrat nor Republican. But here is a message to those few Democrats who retain their self-confidence and sanity (I'm not sure who you are, but there must be some): Come back from the shadows. If you can look past your fears, America's entire national-security apparatus is out there making your case for you.

Talk to any responsible official or officer in the military, intelligence or diplomatic community. Most will tell you that Bush got most of the war on terror wrong (at least after the Taliban fell), that he invented a war of choice in Iraq and failed to finish the war of necessity against Al Qaeda. The toughest hombres in the country—not least some recently retired generals—are saying the "war president" has no clothes, that he has been, in effect, a disastrous war president. This is what I hear every week now as a reporter, from officials who identify themselves as Republican, Democrat or independent. It is what the facts, sadly, bear out: look at where the precipitous war in Iraq has brought us, and the new violence that is arising out of the unfinished business against the Taliban and Al Qaeda in Afghanistan and Pakistan. Yet the vast majority of Democratic leaders cannot bring themselves to say this—Hillary most prominently of all.

Sift through the wreckage of the neoconservative program that Bush adopted. Its central tenets—pre-emptive attacks on rogue regimes, unilateralist disdain for international legitimacy and institutions, the cavalier attitude that war and military solutions should be the primary, or default, approach to foreign problems—are all gone with the wind. What's left? Effectively the foreign policy of pragmatic global leadership invented by such Democrats as FDR, Truman, JFK and Scoop Jackson, and largely endorsed by Republicans such as Dwight Eisenhower, Richard Nixon and, yes, even Ronald Reagan.

To oversimplify, its tenets are: Stand up for democracy and freedom, yes, but keep the international system on your side. Make use of the United Nations whenever you can, though not necessarily bending it to your needs when possible. Create as many allies as you can. Listen. Accommodate. Be magnanimous. Above all, make sure you have more guys on your side than your adversaries have on theirs. It is the policy that Bush, chastened and weakened by Iraq, has followed on Libya and North Korea, and it is the policy he now appears to be pursuing on Iran, having agreed to talk to Tehran. And it is largely Democratic in origins and practice.

But to get to the point where they can hark back to this simple program, and confidently embrace it without protesting too much about how tough they are, Democrats must first have the courage to strip bare the GOP's failures. They must believe they're every bit as good on national security as their rivals. This courage is frankly not in evidence. Five and half years on we see the Republicans, as brazen and full of self-confidence as ever about their national-security credentials, and the Democrats, as timid and full of self-doubt as they ever have been over the same issue. Hence, the need for a good therapist, one with a very large office.

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No one looks like a wimp when he or she tells the truth. And the public is crying, pleading for someone to tell the truth. The Democratic hawks seem to think that if they confront Bush over the fundamentals of his foreign policy, they will be forced to admit it was wrong to go into Iraq at the moment and in the way we did. And if they have to admit that, then they must back immediate withdrawal from Iraq. Nonsense. Most Americans now know, without being told, that American prestige is on the line in Iraq. And that any withdrawal will be slow and painful. This is now settled U.S. policy, and it will be followed by whoever the next president is, Democrat or Republican.

The country is desperate for adult leadership, for competence and authority—above all, for an honest reckoning with all that's gone wrong. And the country isn't getting it. Maybe that helps to explain the Al Gore revival under way. Here, at least, was someone who can remember what adulthood was like—what it was like to hold power. Most of his Democratic colleagues appear to have forgotten.

The Seer And The Scandals (WP)

By David S. Broder

The Washington Post, June 1, 2006

In its September 2004 issue, Washington Monthly magazine invited 16 smart political observers -- a mix of Republicans, Democrats and independents -- to write short essays predicting what would happen if George Bush won a second term.

The answers, understandably enough, were all over the lot. But no one suggested that one-third of the way through his second term Bush would have suffered the political and policy reverses that he has actually experienced.

Last week was unfortunately typical for an administration that cannot seem to catch a break. The once-compliant House of Representatives, which in 2005 began its defiance with a refusal to bring Bush's signature Social Security plan to a vote, dug in its heels against the top priority on his 2006 agenda, a comprehensive immigration reform bill.

And in the latest example of administrative incompetence, following the Hurricane Katrina fiasco, the Department of Veterans Affairs was unable to explain how the confidential files of as many as 26 million veterans were stolen from the home of a department employee -- or why the loss went unreported for weeks.

Even as Bush and his most loyal international partner, British Prime Minister Tony Blair, met to celebrate the (partial) formation of a permanent government in Iraq, a wave of violence swept across Baghdad, taking the lives of two members of a CBS News television crew, among others. And details began leaking out about an alleged massacre last November of Iraqi civilians by U.S. Marines who were said to be retaliating for the death of one of their buddies in one of the countless roadside bombings.

As if to mock further the complications of superpower life, a traffic accident in Kabul, Afghanistan, was all that was needed to trigger an outburst of anti-American violence in a country we had "liberated" but now cannot find a way to leave.

This second-term swamp is a far cry from what most of the Washington Monthly experts predicted -- and from what I would have guessed had I indulged in a crystal-ball exercise. Grover Norquist, the conservative activist, said Bush and the Republicans would send the Democrats into permanent political exile. Paul Begala, a Democratic political consultant, said Bush would exact vengeance on his political enemies. Several people predicted that he would usher in a new era of good feelings, tackling global warming and avoiding divisive social issues. Wrong, wrong, wrong.

The one commentator who got it exactly right was Kevin Drum, who runs the magazine's blog. "What do we have to look forward to if George W. Bush is elected to a second term?" he asked. "One word: scandal."

History backed that forecast. Almost every reelected president in modern times has been victimized by scandal, from Eisenhower's losing his chief of staff, who resigned over the gift of a vicuña coat, to Clinton's facing impeachment.

But Drum found additional reasons that led him to conclude that Bush and the Republicans might be particularly susceptible. For one thing, he said, "both Bush and the current Republican Party leadership have already demonstrated a ruthlessness and disregard for traditional political norms." He cited the lengthy roll calls in the House of Representatives during which arms were twisted to produce favorable votes; the redistricting in Texas to gain five Republican House seats; and the hard-line secrecy imposed by the White House on executive decisions.

Second, he said, the culture of lax supervision of executive agencies by the Republican Congress encouraged misbehavior on Capitol Hill -- and made it likely the malfeasance would reach aromatic heights before it was finally detected. Look at the time it took for the Jack Abramoff-Tom DeLay network to be exposed, the number of times the House ethics committee flinched from fully exposing it -- and you see how right Drum was.

And, finally, he said, the lack of major policy initiatives would leave a vacuum in the news that would make scandal look like the most prominent feature of the political landscape. The near-impasse in Iraq, the painfully long and ultimately unproductive debates about Social Security and immigration, the impasse on energy and health care, and the unwillingness to come to grips

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with budget deficits -- all this background noise makes the stories of Duke Cunningham's Rolls-Royce and William Jefferson's freezer full of marked bills that much more vivid.

Drum concluded his essay by saying that 2006 would be likely to provide "the perfect breeding ground for a major scandal, and George Bush is exactly the right guy, with exactly the right personality, to step right into it."

So far, the scandal has not involved the president personally, but the stench of corruption is all around the city -- too close for comfort.

VERBATIM (WP)

The Washington Post, June 1, 2006

White House press secretary Tony Snow responded to a question Tuesday by Helen Thomas, a Hearst Newspapers columnist, about published remarks made by new domestic policy adviser Karl Zinsmeister :

THOMAS: Why did the president pick a man who is so contemptible of the public servants in Washington to be his domestic adviser -- saying, "People in Washington are morally repugnant, cheating, shifty human beings"? Why would he pick such a man to be a domestic adviser?

SNOW: You meant contemptuous, as opposed to contemptible, I think.

THOMAS: Pure contempt.

SNOW: Well, I'm not sure it's pure contempt. I know Karl Zinsmeister pretty well, and he is somebody who expresses himself with a certain amount of piquancy -- you're perhaps familiar with that, aren't you, Helen? And so, as a consequence, from time to time he's going to say -- he'll have some sharp elbows.

THOMAS: If this is his attitude toward public servants --

SNOW: No, I don't think it's his attitude toward public servants -- it may have been toward the press. Just kidding. No, I -- look, if you look at the bulk of what Karl Zinsmeister has done at the American Enterprise [Institute] and elsewhere, I think you're going to find somebody who's done some pretty meaty and interesting research on a variety of topics. The reason he's being brought in is that he's --

THOMAS: Do you agree with his assessment of Washington?

SNOW: I'm not -- there's one sentence the guy wrote, and perhaps you may recall -- yes?

THOMAS: Arrogant, morally repugnant, cheating, shifty -- come on.

SNOW: That's a lot in one sentence, isn't it? He just packed it right in.

Hijacking Harry Truman (WP)

By Peter Beinart

The Washington Post, June 1, 2006

No matter how polarized Washington becomes, there is still one Democrat Republicans love: Harry Truman. Last December, on this page, Secretary of State Condoleezza Rice declared the Bush administration's democracy promotion efforts "consistent with the proud tradition of American foreign policy, especially such recent presidents as Harry Truman." Last weekend President Bush devoted his West Point commencement address to an extended analogy between himself and the 33rd president, invoking Truman no fewer than 17 times. Conservative commentators are fond of the analogy, too. Indeed, it is a virtual article of faith on the contemporary right that today's conservatives -- not today's liberals -- are the true heirs of the anti-totalitarian tradition with which we associate Truman's name.

The truth is rather different. Bush and Rice are correct that Truman saw tyranny as a threat to world peace and believed in resisting it, by means that included force. At West Point, Bush quoted Truman's famous declaration in his March 1947 speech proposing military aid to the besieged governments of Greece and Turkey: "It must be the policy of the United States to support free peoples who are resisting attempted subjugation by armed minorities or by outside pressures."

But there are other Truman classics that Bush conveniently overlooked. For instance: "We all have to recognize, no matter how great our strength, that we must deny ourselves the license to do always as we please." Truman did not believe merely in promoting democracy and peace; he believed that doing so required powerful international institutions, which could invest American power with the credibility that the Soviets lacked.

In the years immediately after World War II, the United States encased itself in a web of such bodies -- from the United Nations and NATO to the World Bank, the International Monetary Fund, and the General Agreement on Tariffs and Trade (now the World Trade Organization). And Truman was frank in recognizing that such institutions gave weaker countries an influence over American actions. As the historian John Lewis Gaddis has written, "It was not that the Americans lacked the capacity to force their allies into line . . . [but] what is surprising is how rarely this happened; how much effort the United States put into persuading -- quite often deferring to -- its NATO partners."

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Bush, by contrast, more than any president in recent history, has sought to liberate the United States from international treaties and institutions -- from the Kyoto global warming treaty to the International Criminal Court to the Comprehensive Test Ban Treaty. To be sure, even Bill Clinton sometimes had trouble getting international agreements through Congress. But in the Bush administration, opposing infringements on U.S. sovereignty has become a cardinal foreign policy principle. In Bush's view, American power legitimizes itself -- we don't need to listen to other countries, because sooner or later they will realize that we were right and they were wrong. Had Bush been around in the late 1940s, he might well have accused Truman of seeking a "permission slip" before defending the United States. Indeed, some conservatives said almost exactly that at the time. It is they -- not Truman -- who are Bush's true ideological forefathers.

Truman also believed that spreading democracy required combating economic despair. He allocated between 2.5 and 5 percent of U.S. national income over four years to the Marshall Plan, in the belief that unless Europe's fragile postwar democracies improved their people's lives, they were likely to fail. Then, in his 1949 State of the Union address, he went further and proposed a Marshall Plan for the Third World. In fact, while Truman increased military spending, he and his advisers repeatedly described economic development as more important to the anti-communist cause. In 1947 his defense secretary, James Forrestal, noted that "at the present time we are keeping our military expenditures below the levels which our military leaders must in good conscience estimate as the minimum which would in themselves ensure national security. By so doing we are able to increase our expenditures to assist in the European recovery." Try to imagine Donald Rumsfeld saying that.

Indeed, while the Bush administration has boosted foreign aid over its appallingly low pre-Sept. 11, 2001, levels, such increases have been trivial compared with the massive new allotments for defense. And one of the primary reasons for mounting anti-American sentiment in Afghanistan is America's failure to fulfill our promises to help rebuild that country after we toppled the Taliban. As The Post's Barton Gellman and Dafna Linzer reported in October 2004, "The president and his most influential advisers, many officials said, do not see those [economic] factors -- or U.S. policy overseas -- as primary contributors to the terrorism threat."

Again, there is a Cold War precedent for this view. But it lies in the arguments of conservatives such as Barry Goldwater, who ridiculed claims that Third World poverty aided communism's appeal. Harry Truman, by contrast, believed in fighting totalitarianism fiercely, but with more than just guns, and through international institutions that made U.S. power legitimate in the world. George W. Bush should remember that the next time he takes Truman's name in vain.

Peter Beinart is editor at large of the New Republic and author of "The Good Fight: Why Liberals -- and Only Liberals -- Can Win the War on Terror and Make America Great Again." He will take questions today at 2 p.m. athttp://www.washingtonpost.com.

A Beautiful Sunset (WSJ)

The Wall Street Journal, June 1, 2006

Ronald Reagan used to quip that the closest thing to immortality in this life is a government program. We'd add one modern caveat, which is that under Beltway budget rules tax cuts automatically expire after five or 10 years, but spending programs and tax increases live forever.

The latter would change, however, if a group of House Republicans led by Texan Jeb Henserling and Mike Pence of Indiana succeed in pushing new rules to sunset out-of-date federal programs. Under their proposal that has been promised a vote this summer, Congress would have to reauthorize agency budgets every five years, or they would die. The legislation would also create a sunset commission to recommend program terminations, and Congress would vote up or down on the package. This procedure is modeled after the successful military base closing commissions.

Their new budget scrutiny would mean some taboo questions would suddenly get asked in Washington. To wit:

· Should the U.S. spend $300 million a year on bilingual education, when research shows that foreign language classes stunt English learning by immigrant children?

· Do we really need 15 different agencies to fund job training?

· Why give Amtrak nearly $1 billion a year in taxpayer handouts, when its financial performance deteriorates every year and as its share of the transportation market declines?

· Should farmers with incomes of more than $1 million a year be eligible for taxpayer subsidies?

In the private sector, worker productivity growth in 2005 hit its highest level in 50 years. What a contrast with government, where agency performance audits by the U.S. Government Accountability Office (GAO) have found enormous waste and financial mismanagement in every operation from the Pentagon to Medicare. (Here's just one outrage GAO uncovered: One in six foodstamp dollars goes to an ineligible recipient.) The private sector operates under Joseph Schumpeter's concept of "creative destruction." Mr. Henserling quips that in Congress "we get a lot of creation, but never destruction."

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In Washington, "fiscal discipline" has become a code phrase for raising taxes, never for rolling back the $2.7 trillion annual federal budget. Yet a new analysis by Brian Riedl of the Heritage Foundation indicates that balancing the federal budget is possible within a few years with even modest spending restraint. Thanks to the surge in federal tax revenues in the past 18 months, if Congress were simply to hold federal spending to the rate of inflation over the next six years, the budget would be balanced without a penny of new taxes. Meanwhile, sunsetting useless agencies would mean that high priority services could be fully funded.

It will be instructive to see how many Democrats and Northeastern Republicans -- who like to pose as deficit hawks -- favor deficit reduction if that means sunsetting programs that have outlived their usefulness. Our guess is the number will be very close to zero -- which is the main reason Congress will spend $300 billion more than it raises in taxes this year.

OTHER NEWS:

Fed Minutes Show Concern About Inflation (USAT)

By Sue Kirchhoff

USA Today, June 1, 2006

WASHINGTON — Facing both higher-than-expected inflation and the possibility of slower growth, Federal Reserve officials at a May 10 meeting were unsure how many more interest-rate increases, if any, will be needed, according to minutes released Wednesday.

Underscoring the uncertainty, the central bank's Federal Open Market Committee debated a series of options at the meeting, from standing pat to raising the target for short-term rates by half a percentage point. The Fed ultimately voted unanimously to boost its target by a quarter-point to 5%. That was the 16th such increase since mid-2004, when rates stood at a low 1%.

“Given the risks to growth and inflation, Committee members were uncertain about how much, if any, further tightening would be needed after today's action,” the minutes said.

Fed officials noted several times that core inflation — which excludes food and energy prices — had been stronger than expected. Core inflation has been running slightly higher than 2% in recent months, above the Fed's 1%-2% preferred range.

Adding to inflation concerns were surging energy and commodity prices; a falling dollar, which makes imports more expensive; and rising inflation expectations.

But Fed officials also saw potential for slower growth, including less-robust consumer spending and a cooling housing market. With “modest further policy action,” including the May 10 rate increase, the economy should moderate gradually with core inflation remaining near recent levels, the minutes said.

Several economists called the minutes more hawkish than anticipated, especially after Fed Chairman Ben Bernanke in late April suggested the central bank might have to pause its rate campaign at some point to get a better reading on economic conditions.

“I don't know how you go from mentioning a pause and now a couple weeks later mention a (half-percentage point) move and not expect the market to be confused,” says Rich Yamarone of Argus Research.

Mickey Levy, chief economist at Bank of America, says he expects the Fed to raise rates by a quarter-point at its June 28-29 meeting, ultimately pushing rates to 5.75% by the end of the year.

The minutes also show Bernanke appointed a panel to examine better ways to communicate policy, led by Fed Governor Donald Kohn. Financial markets have been jumpy recently, partly because of uncertainty as the central bank reaches a turning point in policy.

New York Fed President Timothy Geithner in a Wednesday speech cited a number of reasons, from economic developments to data limitations, for uncertainty in central bank policy, adding that a central bank “cannot provide more assurance about the likely future course of policy than it actually has.”

Geithner also said the situation in the past two years, where the Fed was able to easily telegraph policy to the markets, was the exception, not the norm.

Fed Kept Options Open On Rates (WP)

By Nell Henderson

The Washington Post, June 1, 2006

Federal Reserve officials were so concerned at their last meeting about rising inflation that they considered raising interest rates more aggressively than they had in six years.

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The U.S. economy has grown briskly this year, despite signs of cooling in the housing market. Payrolls and wages have risen. Energy and other raw-materials prices have climbed. The dollar has weakened. And consumers say they expect prices to keep rising faster.

"In view of the risk that the outlook for inflation could worsen," Fed policymakers agreed to lift their benchmark short-term interest rate to 5 percent from 4.75 percent at their May 10 meeting, for the 16th consecutive quarter-percentage-point increase in nearly two years, according to minutes of the session released yesterday.

But Fed officials also considered whether to bump the rate up by a half percentage point, to 5.25 percent, or to leave it unchanged, the minutes said in an unusually explicit description of the options considered. A half-percentage-point increase would have been the biggest since the Fed ended its last period of credit tightening with a similar-size increase in May 2000.

Members of the Federal Open Market Committee, the central bank's top policymaking group, "were uncertain about how much, if any, further tightening would be needed" after the May 10 increase, the minutes of the meeting showed . The group issued a statement that day leaving the door open to more increases in the future.

The Fed's uncertainty, compounded by reports of higher inflation, has roiled financial markets in recent weeks. The Dow Jones industrial average hit a six-year high May 10 and has been choppy since. Major international stock indicators have also fallen, reflecting anxiety over how high global interest rates may rise and how much economic growth may slow. Hedge funds and other big investors have pulled back from riskier global investments, fund managers said.

The Dow and other major U.S. stock indicators fell sharply yesterday after the Fed minutes were released at 2 p.m., as their hawkish tone led many traders and analysts to conclude that more Fed increases were likely. Stocks rallied to close the day with small gains, as many investors applauded the Fed's concern about inflation.

"This is good for stocks for them to sound more hawkish," said James W. Paulsen, chief investment strategist for Wells Capital Management, who attributed much of the markets' recent jumpiness to inflation worries.

Global markets will remain volatile and the big traders will probably retreat further from risky investment strategies as long as the outlook remains clouded for inflation, interest rates and economic growth, analysts and fund managers predicted.

"You've got a Fed that's not sure what they're going to do," said Larry Kantor, managing director of Barclays Capital Inc. The minutes, he said, are "not going to calm anyone down or reduce market volatility."

The minutes' implication that interest rates are likely to keep rising contrasted with recent comments by Fed officials, including Chairman Ben S. Bernanke, said Richard Yamarone, director of research at Argus Research Corp. "This is another in a series of confusing messages from the Bernanke Fed."

Bernanke told Congress in late April that he and his colleagues might pause after 15 consecutive interest rate increases. Such a pause would be based on the Fed's forecast that the economy will slow this year as higher interest rates cause the housing market to cool, prompting consumers to ease up on spending and tamping down inflation pressures. Some Fed officials have worried about raising interest rates too high, or "overshooting," and triggering a sharper economic downturn.

The economy grew at a rapid 5.3 percent annual rate in the first three months of the year, and many analysts forecast it to slow to a pace closer to 3 percent for the rest of the year. Several Fed officials believe an annual growth rate of 3 to 3.5 percent would be "sustainable" over the long term without fanning inflation.

Fed policymakers noted at the May meeting that the housing market had lost steam. Sales have fallen from their peaks last year, inventories of unsold homes are rising, and price appreciation is slowing. The Mortgage Bankers Association reported yesterday that mortgage applications fell last week to a level 22.4 percent lower than the corresponding week last year.

But FOMC members also noted that their desired slowdown had not arrived. Instead, exports were rising. Business spending on plants and equipment was robust.

The economy "had been growing quite strongly, and whether economic growth would moderate to a sustainable pace was not yet clear," said the minutes, which summarize the discussion without identifying participants by name.

Moreover, the officials agreed "inflation pressures appeared to be somewhat greater than the committee had anticipated" at its previous meeting in March. Fed officials "expressed some concern about recent price developments."

And if the Fed officials worried about overshooting at the May meeting, there was no mention of such concerns in the minutes -- in contrast to the previous meeting.

"Not one inflation gauge is trending [down] in a way that would support a pause," said Yamarone, who predicted that the Fed will raise its benchmark rate to at least 5.5 percent this summer. "They're all trending higher, and that has to be addressed by the Fed."

Fed Grows Uncertain Over Rates As Inflation Concerns Multiply (WSJ)

By Greg Ip

The Wall Street Journal, June 1, 2006

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WASHINGTON -- Federal Reserve officials discussed leaving interest rates unchanged in May or raising them half a percentage point before settling on a quarter-point boost, evidence of their growing uncertainty over what rate action to take, the minutes from their deliberations show.

The minutes from the May 10 meeting of the policy-making Federal Open Market Committee, released Wednesday after the usual three-week lag, also show officials increasingly concerned about inflation and inflation expectations.

They also disclosed that Chairman Ben Bernanke had appointed a subcommittee on communications to be led by governor Donald Kohn and including Federal Reserve Bank of Minneapolis President Gary Stern, and San Francisco Fed President Janet Yellen.

Officials discussed actions ranging from leaving rates "unchanged at this meeting to increasing the federal-funds rate 50 basis points," but all agreed a 25-basis-point move "was appropriate today to keep inflation from rising and promote sustainable economic expansion," the minutes said. (There are 100 basis points in a percentage point.)

The committee's vote to push the Fed's short-term interest-rate target up a quarter point -- to 5% -- was the 16th consecutive meeting with such an increase and was widely anticipated in markets. Nonetheless, it was the first time since the Fed began to raise rates in June 2004 that, according to minutes, anything other than a quarter-point increase was discussed, other than soon after Hurricane Katrina last summer, when one member preferred no rate increase. Future meetings also are likely to feature divergent opinions and, perhaps, dissenting votes on the rate action. That would reflect the different weights officials put on their concerns about rising inflation and slowing economic growth.

Officials "were uncertain about how much, if any, further tightening would be needed." Excluding food and energy prices, "consumer inflation had lately been a little higher than expected," and fresh increases in energy prices might be "reflected to a greater degree" in other costs "in coming months," the minutes said. In addition, consumer surveys and the behavior of inflation-indexed Treasury bonds suggested the public also was expecting higher inflation.

Indeed, officials debated whether they could continue to call such expectations "contained" in their postmeeting statement. They ultimately did, judging that the "pickup in longer-term expectations, while worrisome, was relatively small."

On the other hand, officials saw "downside risks to economic activity," in particular a bigger-than-expected slowing in housing as long-term rates rose. They predicted "growth in activity would moderate" and "core inflation would stay close" to recent levels.

Data released since the May 10 meeting show inflation has remained worrisome, but housing construction and consumer spending have softened, suggesting the economy is slowing as Fed officials expected. Nonetheless, after release of the minutes Wednesday, futures markets boosted the probability to 72% from 58% that the Fed will raise its short-term rate target to 5.25% on June 29.

The minutes shed little light on what Mr. Kohn's subcommittee on communications will tackle. Mr. Bernanke is known to favor releasing more information on the Fed's goals and decision-making, such as a numerical inflation objective, more frequent forecasts and possibly longer, less-formulaic statements. Similar committees in the past have overhauled the structure of the Fed's statements from time to time, but no formula has yet reconciled the Fed's conflicting goals of transparency and simplicity.

John Engler (CSM)

By David T. Cook

The Christian Science Monitor, June 1, 2006

Manufacturing is not glamorous.

When I mentioned at a family gathering that the Monitor was hosting a breakfast for the head of the National Association of Manufacturers (NAM), the response was: why?

But while it lacks the sizzle of the software, music, or movie industries, the manufacturing sector remains a major economic force in the US. According to a recent speech by NAM president John Engler, manufacturing generates about $1.4 trillion, or 12 percent of our gross domestic product. Manufacturers fund nearly two-thirds of US research and development, account for three-fourths of our nation's exports, and despite recent employment woes, still provide more than 20 million high-paying jobs.

So it is worth listening to Mr. Engler on the challenges facing a key force in the economy.

Before moving to Washington to head the NAM, Mr. Engler was the governor of Michigan for three terms. He was something of a political child prodigy, elected at age 23 to the Michigan State House of Representatives. Here are excerpts from his remarks at Wednesday's breakfast: On the outlook for the US manufacturing sector:

"We are still the possessors of a substantial manufacturing sector. The demise of the manufacturing economy, the obituaries for that are a bit premature. 2005 was a record [year for] output in US manufacturing history, accomplished with fewer people, reflecting the incredible productivity that has been driving manufacturing.... It is a growth rate that makes us the envy of virtually all of old Europe. [The outlook is for] more modest growth this year than last, but still positive, with threats as a result of

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external factors [that are] hard for individual manufacturers to control." On Treasury Secretary designate Henry Paulson's opportunities:

"I think one of the things that is interesting about Secretary Paulson, which could be a huge advantage for him, [is that] he probably has been to China ... more than 70 times. He may have been to China more than ... the entire US Senate. So there is going to be an ability on his part hopefully ... to craft a China policy and a China relationship that can be more of a win-win. We obviously share the opinion of groups like the International Monetary Fund that there is an imbalance in terms of the under-valuation of the Chinese currency. We also worry a lot about the fact that there are significant subsidies allowed Chinese enterprises that are not enjoyed by US companies and that makes it hard to compete." On the lack of a US energy policy:

"It is pretty central to economic policy. I think America lacks an energy strategy and from a manufacturing perspective, where we use a third of the electricity generated in America, it is simply unacceptable and represents a threat to a strong manufacturing economy in America." On the outlook for the US automobile industry:

"It is to the point now where they simply, fundamentally, have got to be fixed. And that means they are going to get smaller in order to get better." On Congressional inaction on key national problems:

"I think there has probably never been less connection between the money people donate and the results they get than there is today, regardless of party. I think to the extent there is frustration, it is the seeming inability of Congress to find any time when it is able to do something that is in the interests of the country ... regardless of whether someone benefits more than somebody else or he or she wins.... Today the motivation so often seems to be that, 'I can't do this because if we did it and it worked, X would get credit for it. And I would rather have nothing happen than to have X get credit.' In that environment, how do you ever do anything? We are taking on, in a very tough global environment, countries that are focused on doing everything they can and whatever it takes to sort of capture investment and growth."

Stocks Enter June On Solid Gains (WSJ)

By Karen Talley

The Wall Street Journal, June 1, 2006

As stocks ended the month with a solid gain, shares of NRG Energy, ADC Telecommunications and ATI Technologies moved on deals, both in the works and contemplated.

The Dow Jones Industrial Average rose 73.88 points, or 0.67%, to 11168.31, after losing 184.18 on Tuesday. For May, the Dow industrials lost 1.7%, the biggest monthly decline since June 2005 and first monthly drop so far this year.

The Nasdaq Composite Index gained 14.14, or 0.65%, to 2178.88. For the month, the Nasdaq fell 6.2%. The Standard & Poor's 500-stock index added 10.25, or 0.81%, to 1270.09. For the month, the S&P 500 declined 3.1%.

Stocks started out well as the price of oil fell and ended up building on those gains in a bit of a delayed reaction to the midafternoon release of minutes from the Federal Reserve's most recent meeting. "The minutes contained something for everyone," said Phil Dow, director of equity strategy at RBC Dain Rauscher. "Looking at them you could make an equally strong case for either a pause or a hike."

NRG Energy leapt $6.74, or 16%, to $49.75, the biggest percentage rise on the Big Board. Mirant said it made an unsolicited offer last month to acquire the fellow power generator for $7.85 billion, but in a rejection letter sent May 23, NRG called the cash-and-stock offer "the wrong deal at the wrong time." Mirant shed 37 cents, or 1.5%, to 24.88.

ADC plunged 4.46, or 20%, to 17.92 and Andrew added 34 cents, or 3.5%, to 10.12, both on Nasdaq. ADC agreed to acquire the Westchester, Ill., concern, merging ADC's wireline business with Andrew's wireless-infrastructure assets into a company with combined revenue of $3.3 billion.

ATI (Nasdaq) jumped 1.36, or 9%, to 16.51. RBC Capital Markets said Advanced Micro Devices could soon announce a strategic "tie-up" between AMD and the graphics chip maker or an outright acquisition of ATI. Advanced Micro rose 41 cents, or 1.4%, to 30.89.

Tiffany & Co. rose 1.69, or 5.2%, to 34.19. The upscale retailer's first-quarter profit rose 7.7% despite sluggish U.S. jewelry sales, as business in Japan and other markets overseas was better than expected.

Rambus lost 1.58, or 6.1%, to 24.26 on the Nasdaq. The memory-technology company said its board is investigating the timing of past stock-option grants.

Royal Caribbean Cruises rose 2.39, or 6.7%, to 38.08. The cruise ship operator expects to buy back 4.1 million shares as part of some financial transactions.

Freddie Mac dropped 1.54, or 2.5%, to 60.04. The mortgage-finance company reported a 27% drop in net income for 2005 to $2.13 billion, reflecting the costs of settling shareholder suits, losses on Hurricane Katrina and accounting changes.

Healthways (Nasdaq) advanced 2.52, or 5%, to 53.14. One of the country's biggest disease-management companies said it agreed to buy one of its largest rivals, closely held LifeMasters Supported SelfCare, for $307.5 million.

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L-3 Communications lost 4.91, or 6.3%, to 72.96. CIBC World Markets cut its rating on the shares of the defense contractor to "sector performer" from "sector outperformer," citing uncertainty over option-grant timing, recent acquisitions and lack of visibility with succession planning.

Monsanto rose 1.98, or 2.4%, to 84.16. The biotechnology and agricultural-products company raised its fiscal 2006 earnings forecast, citing strength in its U.S. corn-seed and trait business.

Dell (Nasdaq) gained 36 cents, or 1.4%, to 25.38. The computer maker unveiled a set of personal computers it said would expand its moves into the consumer-entertainment market.E*Trade Financial gained 84 cents, or 3.6%, to 24.27. The online financial-services company plans to acquire Retirement Advisors of America, a Dallas investment adviser that E*Trade said was managing more than $1 billion of assets as of the end of 2005. Terms weren't disclosed.

Marvel Entertainment lost 72 cents, or 3.6%, to 19.10. The entertainment and licensing company announced newappointments in its studios division, with Avi Arad giving up the posts of chairman and chief executive of Marvel Studios but remaining involved with an independent production deal.

Oregon Steel Mills gained 3.22, or 7.4%, to 46.93. UBS upgraded its rating on the shares of the steelmaker to "buy" from "neutral," citing valuation and potential earnings from its energy-infrastructure business.

Applebee's International (Nasdaq) lost 82 cents, or 3.9%, to 20.22. The restaurant chain said May same-store sales, or sales from restaurants open at least a year, fell 1.9% system-wide, declined 2% at domestic franchise locations and dropped 1.9% at company-owned restaurants.

Expedia (Nasdaq) advanced 36 cents, or 2.6%, to 14.21. Credit Suisse said near-term downside is limited for the online travel agency, and so it upgraded its rating on the stock to "neutral" from "underperform."

Nasdaq-traded Altera rose 55 cents, or 2.9%, to 19.56. The maker of chips used in products such as Internet routers and flat-panel televisions said it still sees second-quarter sales growing 7%-10 % sequentially.

Costco Wholesale (Nasdaq) lost 63 cents, or 1.2%, to 52.93. The warehouse-club retailer said its fiscal third-quarter profit rose 12% on a solid sales increase, but the results fell slightly short of Wall Street's expectations amid a higher tax rate and thin margins on gasoline sales.

Medicare Drug-Cap Savings May Be Offset By Hospital Visits (WSJ)

By John Hechinger

The Wall Street Journal, June 1, 2006

Capping Medicare drug benefits results in more patient visits to emergency rooms and hospitals, offsetting savings from lower spending on prescription medications, researchers say.

The study, published Thursday in the New England Journal of Medicine, gives ammunition to critics of the new Medicare Part D prescription-drug benefit, which includes payment restrictions.

Researchers at health-maintenance organization Kaiser Permanente in Oakland, Calif.; the University of California, San Francisco; and Harvard University examined the cost and clinical outcomes of 199,179 Kaiser beneficiaries in Northern California who were enrolled in a program called Medicare+ Choice in 2003.

Under that program, annual drug benefits were capped at $1,000. The study compared 157,275 Kaiser beneficiaries with caps to 41,904 who had unlimited benefits because of supplemental coverage from their employers.

The study, which received funding from federal agencies and the Alfred P. Sloan Foundation, found that a cap on drug benefits lowered pharmacy costs by 31%. But total medical costs, including drugs, were roughly the same.

Researchers said that was largely because patients with drug caps had a 9% higher rate of emergency-room visits, a 13% higher rate of nonelective hospitalizations and a 22% higher death rate.

The study found subscribers with capped drug costs were less likely to take drugs to lower blood pressure and cholesterol and to control diabetes -- chronic conditions for which medication can offer cost-effective drugs to prevent costly health problems later.

For example, the study found, 14.6% of those enrolled in plans without caps failed to take their blood-pressure medication as prescribed by their doctor, while 18.1% neglected to do so in plans with restrictions.

Researchers noted that the cap in the older Medicare plan differs from the terms of Medicare Part D prescription drug benefit. The benefit took effect Jan. 1, and more than 37 million senior citizens enrolled in the plan by the initial May deadline. Under the standard Part D plan, those who enroll pay a $250 deductible, after which they pay 25% of the next $2,000 in costs, or $500. Then, in what critics have called the "doughnut hole," seniors must pay 100% of drug costs for the next $2,850. After hitting $3,600 out of pocket, they pay 5% of drug costs above that level. Various private plans can offer richer coverage with different terms for monthly premiums that now range from less than $2 to about $40.

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Kenneth E. Thorpe, a professor of health policy at Emory University, who wrote an editorial about the study in the journal, said the research shows cost saving through coverage caps is especially wrongheaded for treating chronic diseases. In terms of Medicare Part D, "we may very well be penny-wise and pound-foolish here," he said in an interview.

But Peter Ashkenaz, a Medicare spokesman, said Part D doesn't completely cut off coverage after $1,000 and is a vast improvement for most seniors, who previously had "no coverage whatsoever" for prescription drugs under the standard Medicare plan.

Low Payments By U.S. Raise Medical Bills Billions A Year (NYT)

By Milt Freudenheim

The New York Times, June 1, 2006

Employers and consumers are paying billions of dollars more a year for medical care to compensate for imbalances in the nation's health care system resulting from tight Medicare and Medicaid budgets, according to Blue Cross officials and independent actuaries.

A new study commissioned by Premera Blue Cross, based in Seattle, has found a rapid acceleration in higher costs to private payers in Washington State, for example, as hospitals and doctors grapple with constraints in the federal health insurance programs.

The study found that in 2004, the most recent year for which full data are available, hospitals in Washington State charged an additional $738 million — or 14.3 percent of their revenue — to private payers to make up for Medicare and Medicaid underpayments. Similarly, doctors shifted $620 million, or 12 percent, said John Pickering, an actuary at Milliman Inc., a consulting and actuarial firm that conducted the study.

A similar Milliman study in California for 2004 said that health plans and consumers paid an additional $4.5 billion for hospital care in that state to compensate for Medicaid and Medicare constraints. Milliman's California study, commissioned by Blue Shield of California, did not include physicians' charges.

Will Fox, a Milliman actuary, said California hospitals had been hit particularly hard by Medicare payment policies in the last few years, "and there is no reason to think this has let up."

Other research has come to similar conclusions across the country. Unpaid hospital bills, largely for the uninsured, are costing about $45 billion nationally a year and adding about 8.5 percent to the cost of health insurance for those who do pay, said Kenneth E. Thorpe, a health care economist at Emory University.

Employers said the rising cost trends were, in turn, adding to the growing numbers of people without insurance. And when those people check into hospitals, they generate even higher costs for those employers and consumers who pay insurance premiums.

"This is a serious national problem, and it is only going to get much worse," said Helen Darling, president of the National Business Group on Health, a research and trade group for large employers. "There are more uninsured, the hospitals are inefficient, and every year, Medicare and Medicaid hold down on increases to cover rising medical costs," she said.

Rich Maturi, a senior vice president of Premera, said the report would show "employers and policy makers that they needed to address an unsustainable trend in the growth of cost-shifting." Business leaders, health plans and groups representing hospitals and doctors plan to meet in July to review the report and make policy recommendations.

Although many state budgets are overwhelmed by rising Medicaid costs, health care reforms intended to reduce the ranks of the uninsured that were recently enacted in Massachusetts and Vermont include more state money for Medicaid. Blue Cross Blue Shield of Massachusetts and Partners Healthcare, the largest hospital group in Boston, jointly supported the Medicaid increases.

"That was a real-world example of hospitals and insurers seeing that the had common interests," said Paul Ginsberg, a health economist who is president of the Center for Studying Health Systems Change, a nonprofit research group in Washington.

Hospitals across the country lost money on Medicare patients in 2003 after at least six years of declining profit margins, according to the latest report by the Medicare Payment Advisory Commission, which advises Congress and federal officials.

Glass Artists Face Off In Court (NYT)

By Timothy Egan

The New York Times, June 1, 2006

SEATTLE, May 31 — As an ever-moving maestro in the world where fine art and commerce converge, Dale Chihuly is perhaps the world's most successful glass artist.

His clients include Bill Gates and Bill Clinton, and his elaborate installations of sea gardens and flower clusters show that mere sand transformed by fire can elevate a casino ceiling to the level of gallery spectacle.

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But now Mr. Chihuly is in the midst of a hard-edged legal fight in federal court here over the distinctiveness of his creations and, more fundamentally, who owns artistic expression in the glass art world.

Mr. Chihuly has sued two glass blowers, including a longtime collaborator, for copyright infringement, accusing them of imitating his signature lopsided creations, and other designs inspired by the sea.

"About 99 percent of the ocean would be wide open," Mr. Chihuly said in an interview. "Look, all I'm trying to do is to prevent somebody from copying me directly."

The glass blowers say that Mr. Chihuly is trying to control entire forms, shapes and colors and that his brand does not extend to ancient and evolving techniques derived from the natural world.

"Just because he was inspired by the sea does not mean that no one else can use the sea to make glass art," said Bryan Rubino, the former acolyte named in the suit who worked for Mr. Chihuly as a contractor or employee for 14 years. "If anything, Mother Nature should be suing Dale Chihuly."

The suit, rare in art circles, offers a sometimes unflattering glimpse at how high-powered commercial artists like Mr. Chihuly work. The two glass blowers say that he has very little to do with much of the art, and that he sometimes buys objects and puts the Chihuly name on them, a contention that Mr. Chihuly strongly denies.

He acknowledges that he has not blown glass for 27 years, dating from a surfing accident that cost him the full range of shoulder motion, an injury that struck three years after he had lost sight in his left eye in a traffic accident.

Still, Mr. Chihuly said, he works with sketches, faxes and through exhortation. Nothing with his name on it ever came from anyone but himself, he said.

Andrew Page, editor of Glass: The Urban Glass Art Quarterly, which is published in New York, said that Mr. Chihuly deserved a high place in the pantheon of glass artists, but that the suit could hurt his reputation by igniting countercharges and opening a window into how a celebrity artist works on a mass scale.

"I think Dale Chihuly is a pure original," Mr. Page said. "He has a tremendous sense of color and composition. And he has done a tremendous amount for the field. But this lawsuit may have been the worst thing he could have done."

A butcher's son from hardscrabble Tacoma, Mr. Chihuly, 64, operates out of a cavernous boathouse on Lake Union with a split-tree table inside that seats 200 and a lap pool with a riotous sprouting of glass objects beneath a clear floor.

The artist has 93 employees, part of a veritable fine art factory called Chihuly Inc. When celebrities like Robin Williams or Colin L. Powell visit Seattle, the boathouse is often the sole stop they want to make.

Mr. Chihuly said he had no choice but to use the courts to try to eliminate "knockoffs" by people trying to profit from his empire.

"This lawsuit is not about money," he said, puttering around the boathouse in paint-splattered shoes with a lawyer and publicity agent in tow. "It's about what is fair. There are a million forms you can make that don't look like mine."

In a 2003 copyright case involving glass art, the United States Court of Appeals for the Ninth Circuit, in San Francisco, ruled against an artist who said another artist had used his design of jellyfish encased in glass. The two designs looked similar, but the court said no one could copyright nature.

"These ideas, first expressed by nature, are the common heritage of humankind, and no artist may use copyright laws to prevent others from depicting them," the court said. But the judges added that any artist might "protect the original expression he or she contributes to these ideas."

Mr. Chihuly said it was his original expression in deliberately off-centered bowls, baskets and vases, as well as sea forms and flowers that made his designs unique. His elaborate installations, often filmed and sold as DVD's, include "Chihuly Over Venice," a 40,000-pound ceiling installed in the lobby of the Bellagio casino hotel in Las Vegas, and a 48-foot-tall design at the Tower of David Museum in Jerusalem.

Karrin Klotz, a copyright lawyer and lecturer at the University of Washington School of Business, said there was precedent for Mr. Chihuly's claim, that Picasso was able to copyright a mere few lines on a pad because they were so distinct.

"I think his works are distinctive enough to be protected," Ms. Klotz said of Mr. Chihuly. "He is depicting things like flowers and sea forms that may be derived from nature, but the way he shapes them can be protected."

In court filings and at preliminary hearings where boxes of Mr. Chihuly's delicate multidimensional glass objects were presented as exhibits next to the work of Mr. Rubino, and the other artist named in the suit, Robert Kaindl, the similarities in the works are striking.

The case may turn on factors like whether a "lip wrap," a colored trim line around the edge of a design, or a certain ripple is the exclusive domain of Chihuly Inc.

Lip wraps and ripples, the glass blowers say in their counterclaim, "have been around for centuries" and are standard design elements.

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Lawyers for Mr. Chihuly agreed that glass art was 5,000 years old, but said he created his own look and revolutionized the glass art world.

"Mr. Chihuly made an abrupt departure from the notion of centered works, making instead glass sculptures that appear to be collapsing, frozen in time," the lawyers wrote in a complaint in the fall.

One question unanswered by the suit is why Mr. Rubino and Mr. Chihuly would turn on each other so bitterly. By all accounts, they worked closely for nearly 20 years on Mr. Chihuly's biggest projects, a relationship not unlike partnerships through the ages between masters and the craftsmen who carry out their work.

In court filings, lawyers for the glass artists wrote that Mr. Chihuly would "often ask Mr. Rubino to come up with something for Dale Chihuly to review and purchase for Chihuly Inc."

"Chihuly is not the source of inspiration for a substantial number of glass artwork carrying the Chihuly mark," they wrote.

In an interview, Mr. Rubino said he did not understand why Mr. Chihuly went after him and said the suit could ruin him. He said it could prevent him from making the most basic of glass objects that are lopsided by gravity when pulled from an oven.

"I'm a technician," Mr. Rubino said. "I can make anything out of glass, and I can spin it any way."

For his part, Mr. Chihuly called Mr. Rubino a "gaffer," a term for a glassblower who labors around a furnace at the instruction of an artist. Asked to assess Mr. Rubino, Mr. Chihuly said, "He was an excellent craftsman" with little vision of his own.

"You think I would ever let Rubino decide what something looks like?" Mr. Chihuly asked.

Mr. Rubino's lawyer, Scott Wakefield, said Mr. Chihuly was in essence seeking a monopoly over a huge field of art.

"If the first guy who painted Madonna and Child had tried to copyright it," Mr. Wakefield said, "half of the Louvre would be empty."

Bush Pitches In To Help Ehrlich (WT)

By Stephen Dinan

The Washington Times, June 1, 2006

BALTIMORE -- President Bush hopped over to Baltimore yesterday to raise money for the Maryland Republican Party, telling a high-paying crowd of several hundred to help re-elect Gov. Robert L. Ehrlich Jr. and also send Lt. Gov. Michael S. Steele to the U.S. Senate, although the latter was conspicuously absent.

"In our line of work there's a lot of big talkers, and sometimes you find a doer -- somebody who knows how to set an agenda and lead people to accomplish that agenda," Mr. Bush said. "Bob Ehrlich is a doer, he's a great leader, and he needs to be re-elected governor of the state of Maryland."

Mr. Bush stood on a stage in a ballroom at the BWI Marriott just feet away from Mr. Ehrlich, but the president also had brief kind words for Mr. Steele, the other major Republican statewide candidate on the ballot in November, even though Mr. Steele was not there.

"By the way, when you're getting him in as governor, make sure you put Michael Steele into the United States Senate," Mr. Bush said, in one of just two references to the Senate candidate in his speech.

Mr. Steele is one of the most senior black Republican officeholders in the nation and is one of the party's high-profile candidates in November. He has not been shy about disagreeing with Mr. Bush publicly in recent weeks, saying in particular that Mr. Bush mishandled the federal response to Hurricane Katrina.

Mr. Steele was in Las Vegas at another engagement yesterday, Republicans at yesterday's Maryland event said. But they dismissed talk of a rift, saying the two have campaigned together before. In December, Mr. Bush drew about 600 guests and netted about $500,000 at a Steele fundraiser at the Baltimore Ravens' M&T Bank Stadium.

The president praised Mr. Ehrlich for being "an education governor" who fought for charter schools and accountability, said he worked to clean up the Chesapeake Bay, and controlled spending and increased jobs. He said Mr. Ehrlich also deserves to be re-elected because he blocked a huge tax increase that would have happened had a Democrat won in 2002.

"I tell you what would have happened -- the legislature would have raised $7.5 billion in tax increases had you not had this man as the governor of the state of Maryland," he said.

Mr. Ehrlich will face one of two strong Democratic challengers -- Montgomery County Executive Douglas M. Duncan or Baltimore Mayor Martin O'Malley -- in his bid for a second term.

"This is about a competitive two-party state," Mr. Ehrlich said before introducing Mr. Bush.

Mr. Bush is stepping up his campaign schedule in the run-up to November, knowing that control of Congress -- and therefore his ability to pursue his agenda in the last two years of his presidency -- is on the line.

The Maryland Senate race could figure prominently in the battle for control of Congress. Democrats would need to net six seats to gain control of the upper chamber, and a defeat in a Democrat-held seat in Maryland could doom Democrats' chances.

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Mr. Steele has distanced himself from Mr. Bush in other ways. According to columnist Robert Novak earlier this week, Mr. Steele "could not find anything favorable to say about the president" during an event at Prince George's Community College. Mr. Novak also said that Mr. Steele "was even tougher on Bush in talking to me: 'In the eyes of blacks, [Hurricane] Katrina was a 9/11 event. You didn't fly over 9/11. You got on the ground in the rubble. You should have been on the ground for Katrina.' "

Some of the Republicans in attendance last night said they were surprised by Mr. Steele's absence, but said there was no rift and he would benefit anyway from the event, which raised funds for Maryland Victory 2006, a get-out-the-vote operation that specifically targets state legislative races and Mr. Ehrlich's campaign, but which will benefit Mr. Steele as well.

Organizers wouldn't say how much tickets were or how much they took in, though they said it was the most successful event ever for the state party. Early reports had the event netting around $1 million. Couples who attended the VIP reception beforehand and had a photo taken with the president paid $10,000 a couple.

Several hundred people attended the main speaking event and heard Mr. Bush refer repeatedly to Mr. Ehrlich's record in specific detail.

The money raised goes to Maryland Victory 2006, a get-out-the-vote operation that specifically targets state legislative races and Mr. Ehrlich's campaign but which will benefit Mr. Steele as well.

Mr. Bush is still a giant draw for Republican candidates, and the White House says he is getting more requests than he can fulfill, but some incumbent lawmakers are choosing not to attend events with him.

Rep. Curt Weldon, Pennsylvania Republican, skipped a similar event last week for U.S. House Republicans from the Philadelphia area. Mr. Weldon told the Wall Street Journal that Mr. Bush is doing poorly in his state and said, "I've got to win this by myself."

For yesterday's event, Mr. Bush showed he had more than a passing familiarity with Mr. Ehrlich's campaign and accomplishments during his first term. The president touted the governor's record on the Chesapeake Bay and charter schools, and spoke in depth about Mr. Ehrlich's performance on tax cuts and the state budget.

He also said Mr. Ehrlich showed he can manage finances by cutting his own executive office by 7 percent.

Mr. Bush continued to sound themes popular with conservatives such as his pledge to veto the emergency spending bill for the war on terror and hurricane relief if Congress spends more than the president's target.

But Mr. Bush didn't mention another hot-button issue -- immigration, which divides his party deeply.

Steele Absent From Bush GOP Fundraiser (WP)

By Matthew Mosk

The Washington Post, June 1, 2006

President Bush shuttled into Maryland last night to help the state Republican Party raise more than $1 million for a number of high-profile 2006 races, but only one of the state's two marquee Republican candidates joined him.

Gov. Robert L. Ehrlich Jr. stood on a riser shoulder to shoulder with the president, but the party's leading candidate for an open U.S. Senate seat in Maryland, Lt. Gov. Michael S. Steele, was absent. Steele had a scheduling conflict, campaign spokesman Doug Heye said.

In a speech to 300 Ehrlich loyalists, Bush focused on what he said were the high points of the governor's first term, including initiatives to promote charter schools and the health of the Chesapeake Bay.

"I like Bob Ehrlich because he's not afraid to take on problems," Bush said. "Bob Ehrlich is a problem solver."

As they waited for the president to speak in a hotel ballroom near Baltimore-Washington International Thurgood Marshall Airport, several Republicans in the crowd said they were not concerned about Bush's poll numbers in Maryland. His approval rating in the state has dipped below 30 percent, according to a recent poll.

Democrats were eager to promote Bush's appearance, figuring it wouldn't help Ehrlich politically.

"We encourage him to come back every day and spend more and more time with Governor Ehrlich," a grinning Baltimore Mayor Martin O'Malley said at a news event yesterday morning. O'Malley and Montgomery County Executive Douglas M. Duncan are the two Democrats seeking to unseat Ehrlich this fall.

Democratic Party officials also were quick to spotlight Steele's decision to miss the event. Steele was in Nevada to attend a fundraiser in his honor, his campaign aides said.

Analysts disagreed over whether Steele was sending a message. The lieutenant governor has not been shy about appearing close to the president, having taken part in numerous events with Bush's close aides and relatives and a fundraiser headlined by Bush.

Jennifer Duffy, managing editor of the nonpartisan Cook Political Report, said it is one thing for a candidate to pass on an event with the president if he has a clear conflict, such as a pending vote on Capitol Hill. "It's a lot harder to explain that you didn't

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attend an event with the president because you were going to an event hosted by a senator from another state," Duffy said. "I think you have to assume there is some element of him distancing himself not only from the president, but from the party."

In Maryland, any Republican running statewide will have to reach across the aisle for votes. The state's registered Democrats outnumber Republicans by nearly two to one.

Steele's candidacy, in particular, has been designed to draw support from black voters who may be disaffected Democrats but still disapprove of Bush in overwhelming numbers. One internal Democratic Party poll recently put Bush's support from black voters in Maryland at 8 percent.

Ehrlich aides said that for the governor, there was no question about whether he would attend last night's event.

"There was no ambivalence on the governor's part," said Shareese DeLeaver, a campaign spokeswoman. "We're onboard."

Ehrlich's political opponents said they didn't see that the governor had a choice. Senate President Thomas V. Mike Miller (D-Calvert) recalled that in 1998, when then-Gov. Parris N. Glendening (D) canceled a fundraiser with President Bill Clinton, the decisions wound up looking petty and disloyal.

"I personally think Ehrlich's decision as a party leader is the right decision," Miller said. "But he is going to have to acknowledge that he's aligned with the president."

Silver Spring developer and political commentator Blair Lee, who is quick to praise Ehrlich, said not showing up would also be at odds with the governor's personal style. "He's a jock," Lee said. "It's part of the jock code. You don't turn your back on your teammates."

Whether it will hurt Ehrlich to be associated closely with the president is an open question.

When Jerry W. Kilgore (R) was running for governor in Virginia last year, some viewed the president's declining popularity, particularly in Northern Virginia, as a factor in Kilgore's loss.

Kilgore struggled visibly over how to handle appearances with Bush. Just weeks before the election, he declined to accompany Bush to an event in Norfolk, but the two appeared together on the eve on the election to try to turn out the Republican base.

Bush Helps Raise $1M For Md. Republicans (AP-Y2)

AP2, May 31, 2006

President Bush helped raise $1 million Wednesday to boost the effort to give a second term in the Maryland governor's office to a Republican for the first time in half a century.

Maryland's GOP governor, Robert Ehrlich, faces a difficult re-election battle in November. The first Republican elected governor of this traditionally Democratic state in 38 years, he has two potentially strong Democratic challengers: Baltimore Mayor Martin O'Malley and Doug Duncan, county executive of Maryland's most populous county.

"Some people talk a good game," Bush said of Ehrlich before well-heeled supporters at a cocktail reception at an airport hotel. "This man has delivered."

The event raised $1 million for the state GOP.

Notably absent was Lt. Gov. Michael Steele, the Republican seeking the state's open U.S. Senate seat. With several Democrats vying to run against him, Republicans see the race as a good chance to pick off a Senate seat now held by Democrats. Five-term Democratic Sen. Paul Sarbanes (news, bio, voting record) is retiring.

Steele's campaign said he was in Las Vegas on Wednesday for a fundraiser that had been on his calendar for months.

As donors waited for Bush to speak, Ehrlich said the event and others like it are crucial to Maryland Republicans' hopes to turn the Democratic stronghold into a two-party state.

"It's about realignment," he said.

Clinton Opens State Campaign With Salvos At White House (NYT)

By Anne E. Kornblut

The New York Times, June 1, 2006

BUFFALO, May 31 — Senator Hillary Rodham Clinton formally opened her Senate re-election campaign on Wednesday with a call to "take our country back" from the current Republican leadership, cataloging what she called the Bush administration's failures in a marquee appearance at the state Democratic convention that signaled how she might approach a presidential campaign.

Mrs. Clinton, virtually unchallenged within the party for her seat, accepted the nomination by first showing an 18-minute biographical film contending that as a senator, she has converted former skeptics into supporters. But in remarks that followed,

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Mrs. Clinton, who aides say is still deciding whether to run for president in 2008, quickly broadened her message into an argument for new leadership at the national level.

"I believe that we need a fundamentally new direction," Mrs. Clinton told several hundred convention delegates, who unanimously chose her as the party's Senate candidate.

"We are better than what is happening in America today," Mrs. Clinton continued.

She added that events like Hurricane Katrina's aftermath "show what happens when our leaders are not paying attention, when they're not making decisions based on the facts on the ground, when they just think they can get away with saying, 'You're doing a heck of a job.' " Her allusion was to President Bush's assessment of Michael D. Brown, who was the director of the Federal Emergency Management Agency at the time of the hurricane..

Mrs. Clinton mentioned the war in Iraq — a contentious undercurrent throughout the Democratic gathering — just once. Rather than defend her decision to vote for authorizing the war, as she sometimes has in the past, Mrs. Clinton emphasized the need to rely on Iraqi security forces so American troops can come home.

Her comments came as the convention passed a resolution urging a troop withdrawal at the earliest practical date and as an antiwar activist, Jonathan Tasini, said he would seek the 15,000 signatures needed to enter a primary against Mrs. Clinton in September.

Heading into this election, Mrs. Clinton faces a divided Republican Party, whose delegates — holding their own convention Wednesday on Long Island — split their support between two candidates to challenge Mrs. Clinton, paving the way for a potentially bruising primary.

Mrs. Clinton's convention appearance, while predictable in political terms, held important symbolic meaning: Her advisers hope that a strong showing in New York, particularly in Republican upstate areas, will convince Democrats nationwide that she holds bipartisan appeal. In many ways her re-election campaign will be about beating expectations, or at least surpassing the 55 percent of the electorate she won in 2000.

That much was reflected in the biographical film that opened the event: Produced by the longtime Clinton media adviser Mandy Grunwald, it wove a narrative of Mrs. Clinton's short political life, starting with President Bush's prediction in July 2000 that her Republican opponent would win.

From there, it told of a larger-than-life senator (her husband, former President Bill Clinton, is among those interviewed) who has nonetheless paid attention to small, human tasks (like comforting an amazed Sept. 11 survivor in her hospital bed) and diligently worked across the aisle to get things done (another testimonial is from Maj. Gen. Thomas P. Maguire, the former adjutant general of New York and an ally of Gov. George E. Pataki, a Republican).

Still, it was Mrs. Clinton's speech after the film that captured her current political thinking and was sure to be interpreted in the context of speculation that she will run for president in the next campaign.

Iraq has been a vexing issue for Mrs. Clinton and other Democrats who voted for what has become an increasingly unpopular war. In her speech, Mrs. Clinton attacked the Bush administration for its "wrongheaded, short-sighted foreign policies" and made a pointed comment on the president's handling of the war.

"Stand with me as we push the Bush administration to take responsibility for the mistakes and misjudgments that they have made around the world," she said. "And stand with me as we put pressure on both the administration and the new Iraqi government to get behind a real plan for the Iraqis to assume a growing responsibility for their own security and safety, so that we can begin to bring our troops home."

Mr. Tasini, a former union official who acknowledged that his real purpose at the convention was to spur a debate on Iraq rather than to defeat Mrs. Clinton, said he was unsatisfied by her remarks about the war. "I don't think that's dramatically different than the administration's position," he said.

At times, Mrs. Clinton sounded determined to distinguish her views more forcefully. She repeated "I believe" at least a half-dozen times. "I believe in the chance for every person to pursue his or her dreams," she said. "I believe in the dignity of work that is fairly compensated."

At another point, she said: "I believe in a government that makes decisions based on facts — and, sadly, that seems to be an unusual idea in Washington these days."

Later, she repeated "Stand with me," or "Stand against" or "Stand up for" over and over. It was a rhetorical device that seemed destined for the campaign trail and was, her aides said, reminiscent of language she used in 2000.

She drew strong, if not passionate, applause from a crowd that chanted "Hil-la-ry" when she arrived. Her husband sat up front, watching her with a smile. When she pointed him out, praising him as an inspiration and a mentor, a friend and a partner, the audience cheered and rose for a standing ovation. Mr. Clinton joined her onstage for an embrace at the end, before the obligatory balloon drop that signaled a campaign under way. (Their daughter, Chelsea, had hoped to attend but was kept away by work, a Clinton official said.)

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Dressed in an electric-blue pants suit, Mrs. Clinton stood out against the backdrop of the other New York Democrats nominated during the convention, some of whom seemed aware they were in the shadow of her celebrity. Comptroller Alan G. Hevesi joked during his uncontested nomination that he was "one of the opening acts"; Attorney General Eliot Spitzer, alongside Mrs. Clinton as she was mobbed by supporters after a breakfast, eventually wandered away from the preoccupied crowd.

Only Mr. Clinton could keep up: Even after Mrs. Clinton had fled the hotel ballroom, he lingered in a throng of reporters to answer questions, mostly about his wife. When aides tried to end the session, he kept talking, until finally, perhaps realizing he was the only politician left in the room, he turned to go.

Clinton Kicks Off Re-election Bid In N.Y. (AP-Y2)

By Marc Humbert

AP2, May 31, 2006

Sen. Hillary Rodham Clinton, unanimously endorsed at her party's convention for a second term, repeatedly bashed the Bush administration Wednesday as she told cheering Democrats that the country needs "a fundamentally new direction."

Republican delegates, meanwhile, split their votes between two challengers poised for a bitter primary fight.

Clinton, kicking off her re-election bid while continuing to avoid talk of a 2008 presidential run, said that for the Bush administration "it is more important to say `mission accomplished' than actually accomplishing the mission."

"With hard work, we will take our country back," Clinton told the more than 400 delegates to the Democratic state convention who made her their official designee for the party's Senate nomination.

Former President Clinton was in the audience but didn't speak. He got a standing ovation when the former first lady singled him out as "an inspiration, a mentor, a partner." They hugged briefly when he joined her on stage following her speech, which was preceded by an 18-minute video praising her work in the Senate.

Clinton and Attorney General Eliot Spitzer, who is campaigning to replace outgoing GOP Gov. George Pataki, are polling well ahead of their competition.

At the Republican convention on Long Island, delegates chose former Yonkers Mayor John Spencer as their official Senate nominee.

"We have the issues on our side. We are Republicans," Spencer said. "They (Democrats) do not have the issues on their side."

Spencer won 63 percent of the weighted delegate vote, but Kathleen Troia "KT" McFarland, a former Reagan-era Pentagon official, was able to secure 36.5 percent of the vote — enough to guarantee her a spot on the Sept. 12 primary ballot.

Clinton faces a possible Democratic primary in September from anti-Iraq-war activist Jonathan Tasini.

He would have won an automatic spot on the primary ballot with 25 percent of the convention vote, but delegates did not even place his name in nomination. He'll need signatures from at least 15,000 Democrats to force a primary.

Hillary Clinton Kicks Off US Senate Re-election Campaign (AFP-Y2)

AFP, May 31, 2006

Former first lady Hillary Clinton, viewed by many as the Democrats' best prospect for reclaiming the White House in 2008, kicked off her campaign for a second term in the US Senate.

At an event in the economically depressed city of Buffalo in northern New York, the former first lady said she was "honored" to accept the nomination for the November 2006 election.

While she trumpeted her accomplishments as a legislator at the end of her first six-year term, Clinton also took swipes at the Republican administration that she has criticized for undoing much of what her husband, former president Bill Clinton, achieved in eight years in the White House.

"We all need to stand up and demand new leadership that will once again put our country back on the right track," said the former first lady said, who is considered an early front-runner for the 2008 Democratic presidential nomination.

"I believe that we need a fundamentally new direction, and we need to work toward solutions that help us meet our 21st-century challenges of expanding our economy, defending our security and preserving our values," she said.

"Stand with me against the wrong-headed, short-sighted foreign policies of this administration. Let's start building alliances instead of alienation around the world. Let's win back the respect that the people of the world should have for our country," the US lawmaker said.

Clinton has denied that she is seeking to use her Senate re-election bid as a dress rehearsal for the White House race.

Still, she is seen by many political observers as the only credible Democratic candidate with a big enough war chest and sufficient star power to win the US presidential race.

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However, Clinton also is seen as a divisive figures who would have to overcome strong Republican opposition to win election to the top US political office.

Hillary Accepts Call To Run Again (WT)

By Christina Bellantoni

The Washington Times, June 1, 2006

Sen. Hillary Rodham Clinton officially started her re-election campaign yesterday, accepting the Democratic nomination for her New York seat with a promise of fighting for energy independence and fair wages while avoiding questions on her front-runner status if she chooses to seek the presidency in 2008.

"I know you took a chance on me back in 2000, and I have worked every day to earn your trust," the former first lady told the crowd at the New York Democratic convention in Buffalo.

Mrs. Clinton, 58, leads other possible Democratic presidential candidates by double digits, and many political insiders think she will capture her party's nomination easily. But she keeps the focus on the fall, talking about local issues to help boost the state Democratic ticket and acting as a national leader helping to win back the party's congressional majority.

Her acceptance speech included hints of her higher ambitions, however, as the senator asked New Yorkers to "stand with me" as she works to create well-paying jobs and to fund research for alternative energy. She also touched on economic and foreign policy and said: "We all need to stand up and demand new leadership that will once again put our country back on the right track."

Taking jabs at the "uncompromising" and "wrongheaded" Bush administration and Republicans who control Congress, the senator said the president is fiscally irresponsible, and called the response to Hurricane Katrina a "disgrace." She did not, however, mention some of the hot-button issues before Congress, including the recent immigration bill or an upcoming vote to define marriage as the union of a man and woman.

She touted her recently announced energy plan that, among other things, requires oil companies put a share of their profits toward alternative energy. She touched upon the September 11, 2001, terrorist attacks that struck New York just months after she had been sworn in, and praised the "united" spirit in the aftermath.

Mrs. Clinton asked convention participants to "stand for our troops" by making sure they have the body armor and other equipment needed for combat. The senator, who voted for the Iraq war, said Democrats must pressure the Bush administration and the Iraqi government to assume responsibility for their own safety, "so that we can begin to bring our troops home."

Anti-war candidate Jonathan Tasini plans a petition drive to get on the September ballot to challenge Mrs. Clinton for the nomination.

Mr. Tasini called Mrs. Clinton a "mediocre" lawmaker and sharply criticized her support for the war, saying her comments on bringing the troops home "had no meaning at all."

Still, he knows he is embarking on a very difficult campaign.

"I'm facing someone who has 99 percent name recognition and $25 million in the bank," he said.

Mrs. Clinton most likely will be the candidate to face former Yonkers Mayor John Spencer, a Republican, in November. Despite the competition, she is expected to cruise to re-election without spending much of her $20 million in campaign funding. She can use all of that money, up to date as of March 31, for a presidential bid, should she decide to pursue moving back to the White House in two years.

Pataki Courts Friends, Supporters In Iowa (AP-Y2)

By Mike Glover

AP2, May 31, 2006

New York Gov. George Pataki strolled through a teeming farmers market in Iowa, chewing on a giant radish and pressing the flesh with a few thousand people he'd like to be his closest friends.

"I grew up on a farm, so you learned to eat everything raw," said the Republican, a potential presidential candidate in 2008.

"I know you, I'm a transplanted New Yorker," gushed Isabel Osius. "I guess I don't have to ask why you're here."

Within the hour, Pataki had donned dark robes and was delivering the commencement speech to medical graduates at Des Moines University, the multitasking required for a White House hopeful 19 months before Iowa caucus-goers vote.

Pataki seems like an unlikely sell in Iowa — a Northeast moderate who backs abortion and gay rights and gun control — but the three-term governor has focused on the handshaking-backslapping-local fundraising required to win over voters in a less populated, rural state.

"He's a good retail politician," said former Iowa Republican Chairman Michael Mahaffey. "Part of the reason he connects is he comes from an area that is more like Iowa than you think. There's a lot of New York that is not like New York City."

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Pataki has been to Iowa four times since the National Governors Association meeting last summer.

"I love grassroots politics," Pataki said. "I still remember what it was like to run for mayor of Peekskill." That was his first political job.

His recent Memorial Day weekend swing through Iowa was a prime example. On Friday, Pataki stopped in five small towns raising money for local state lawmakers and county political operations, as well as establishing ties to local activists.

"He has definitely been a player," said Tim Albrecht, a GOP legislative staffer working on the midterm elections where Republicans are clinging to a 51-49 margin in the Iowa House. "He has been helpful in that regard and we expect him to continue. He's doing all the right things."

During his swings, Pataki has paid close attention to the political details. Republican Jeff Lamberti, the president of the state Senate, is trying to oust Democratic Rep. Leonard Boswell (news, bio, voting record) in central Iowa's 3rd District.

Meeting with Pataki recently, Lamberti asked him if he'd mind doing a fundraiser to help his congressional campaign.

"He said sure," chuckled Lamberti. "But he said 'People in Iowa know they can see me for free so my ability to raise money here is limited. Why don't we do a fundraiser for you in New York?'"

The event is scheduled for next month.

Pataki does not have the obvious links to the state's influential social and religious conservatives, then again there's already plenty of competition for that group among other GOP hopefuls.

Many conservatives are quietly watching and waiting to assess Pataki, whom they admit to not knowing very well.

"We'll sit down with him at some point and we'll ask him the questions," said Steve Scheffler, head of the Iowa Christian Alliance. "Then we'll go from there."

Sounding a warning, Scheffler said social and religious conservative are a large enough force that candidates can't expect their vote to be diluted by being spread among several candidates.

"He certainly is going to have to get a chunk out of this constituency if he's going to do well," Scheffler said.

Pataki's aggressive early campaigning could pay off in a wide open primary with no early front-runner, Mahaffey said.

"We have a tendency in the Republican Party to anoint candidates," Mahaffey said. "There is no anointed candidate this time."

Hillary's Challengers (NSWK)

By Howard Fineman

Newsweek, May 31, 2006

May 31, 2006 - Maybe Sen. Chris Dodd of Connecticut has no chance to win the presidency. Or maybe he does. In any case, the mere fact that he called me the other day to remind me that he is running tells me something: that most of the Democratic Party's savviest veterans—elected officials in their Capitol Hill suites, Hollywood machers tooling along the Santa Monica Freeway in their Priuses, the New York soft-money crowd eating their egg-white omelets at the Regency in Manhattan—are convinced that Hillary Can't Win.

We are in the earliest, weirdly neurotic and theoretical phase of the '08 race, when insiders (and would-be candidates) in both political parties try to assess whether the putative, on-paper front runners really can do the job. But the fever is more intense on the Democratic side.

There are plenty of Republican insiders who don't like Sen. John McCain for one reason or another, but I don't hear many say that McCain can't beat whomever the Dems put up against him.

Among Democrats, however, the opposite equation holds true: no one doubts Hillary Clinton can win the nomination; not many think she can beat the GOP's candidate, especially if it is McCain.

Among the ardent Democrats I've talked with in recent days who insist on this are: a megamillionaire entrepreneur from Boston, an academic from Harvard, a show-biz big wig from New York, an industrial-union leader from Washington and—though he doesn't say it in so many words, Dodd.

The Buzz Factor

When he did a count on May 7, Charlie Cook of the Cook Political Report listed 10 Democrats as possible challengers to Clinton—former vice president Al Gore among them. Dodd makes it 11. He told me that he would spend between now and the end of the year doing the first and most indispensable thing that any would-be contender needs to do: seeing if he can raise money.

In presidential politics there are a series of concentric elections until the final one (in the Supreme Court.…). Money comes just after—and in conjunction with—the creation of buzz.

Can Dodd create any?

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Unless you live in Connecticut, or followed the insider mechanics of the 1996 Clinton re-election race (when Dodd served an unhappy year as party chairman) you probably have no idea who he is. Let me tell you, briefly.

At 62, with snowy white hair, Dodd is a lifer in politics and government, an insider's insider—very highly regarded within the visible and invisible club of the Senate. He retains a boyish enthusiasm for the old-school arts of bipartisan legislating and serious debate. The guy tends to know what he is talking about.

The Dodd DNA

Politics is a family business. In a way—though he doesn't say so—Dodd's career is about redeeming the Dodd family name in that business. His late father was a senator. A world away—in 1967—Thomas Dodd of Connecticut was censured by the Senate. Three years later, he ran as an independent and lost. His son managed the campaign.

Chris Dodd was elected to the House in 1974—the "post-Watergate" year that swept in dozens of reform-minded Democrats. (Bill Clinton was trying to be one of them down in Arkansas, but didn't make it.) Dodd was elected to the Senate in 1980.

"Legislative accomplishments" don't translate well into a presidential run—one reason why senators rarely move on to the White House—but Dodd has more than most. Perhaps the best known is the Family and Medical Leave Act, landmark social legislation of the Clinton years.

Dodd is a mix of unassuming and worldly, the product of Providence College (a font of prominent Irish Democrats) and the Peace Corps, which took him to the Dominican Republic. He speaks fluent Spanish, is a moderate on defense and pretty much of a social liberal.

There was a time, after a divorce, when Dodd seemed an affable but somewhat lost soul: a man of obvious talent destined for something, but no one was sure quite what. But he remarried a few years ago and is now the proud dad of two little girls, whose ages he still measures in quarter years and months.

He knows the litany of why he can't win: he's a senator, an insider, has no money, is from the Northeast (liberal New England, no less). He's the product of, and thrives in a pre-Internet world where deals are done and votes are won in person, face to face, handshake to handshake, across party lines. Definitely old school.

But Dodd's argument is that, in an uncertain world, and one divided by Red and Blue, voters are ready for someone who can make politics work by bridging gaps, talking turkey and doing deals. "I think I've demonstrated an ability to bring people together," he said. "People are yearning for a sense of confidence in the country's future," he said. "Bringing people together is the way to do it."

And though he doesn't say so, the subtext is clear: I can do something that Hillary can't.

Contract With Pennsylvania (WSJ)

By Mike Folmer

The Wall Street Journal, June 1, 2006

LEBANON, Pa. -- The Republican primary of 2006 in this state has been called a "political massacre," an "earthquake" and "payback." It has been discussed in media outlets across the country and across the political spectrum. Now, more than two weeks have elapsed since May 16, and pundits, editorial writers and political analysts are still trying to figure out what led to the defeat of 16 incumbent state legislators -- including Pennsylvania's top two state Senate Republicans -- at the hands of underfunded, and in several cases -- including mine -- unknown challengers.

Many, including some of those incumbents who lost, are crediting (or blaming) the huge pay raise of July 2005, which approved increases of up to 54% for elected officials and was passed under the cover of darkness by a Republican-controlled Legislature at the behest of a liberal Democratic governor, Ed Rendell. Some take a more philosophical approach, attributing the dramatic political shift to a general disdain for Harrisburg; others think it was due to a need for the people to take back control of the government from ineffective politicians.

My personal experiences working the campaign trail this past spring made it apparent to me that the political upheaval was due to a coalescing of two fundamental perspectives held by the rank-and-file: Government needed to be reformed; and the state Republican Party needed to be reformed, too.

Conservatives had long been chafing at the fact that an ostensibly conservative Legislature had linked arms with Mr. Rendell to raise income taxes, push up state spending to record levels, and expand both corporate- and social-welfare spending without any apparent means of accountability -- while a comprehensive property tax reform package continued to stall in the Legislature.

These people at the grassroots no longer viewed the state Legislature as a servant of the people but as an exclusive club for political insiders. They fumed as the legislators voted to increase their own pensions by 50%, in addition to excessive daily allowances just to show up for work, and at the practice of allowing members to take expensive junkets to resort locations.

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It was as if the Republican Party leadership in the state capitol had forgotten everything they'd been taught by Ronald Reagan -- that the core values of the Republican Party were lower taxes, less spending and limited government.

Then came the notorious pay raise, and the camel's back was broken.

The pay raise particularly stung Republicans, for it was their political party that was in charge of the Legislature when this blatant violation of the state Constitution (and common sense) was rammed through. These Republicans, I came to understand, felt the time had come to clean their own house.

A critical part of such housecleaning requires viable candidates who are willing and able to challenge incumbent legislators, and who inspire passionate support among the voters. Conservative Republicans are not stupid; if they don't like the choices presented, they will stay home.

Rank-and-file conservatives do not gravitate toward candidates simply because they are not "the other guy." While the pay raise energized voters and gave them a reason to consider other options, it was the duty of the challengers to explain why they were better choices than the incumbents. It is my conviction that Republican voters were just as desirous of a positive vision that they could embrace -- a vision that demanded accountability and reform at the state level -- as they were to remove those incumbents who had failed to uphold the traditional ideals of their party.

And that is why "The Promise to Pennsylvania" was so important. The Promise -- drafted by my campaign and that of three other candidates -- codified the elemental Republican principles of lower taxes and less government and sketched out how these principles should be applied at the state level. For all intents and purposes, it was a Contract With America -- for Pennsylvania.

The Promise gave Republican voters an opportunity to re-evaluate exactly what it was they believed in. Did they want to continue down the path of higher taxes and growing government, or did they want to see real tax reform and constraints on spending?

For the many Republican reformers who won their respective primaries, the Promise holds the key for eventual victory in the fall. It is a standard around which other Republicans can rally, clearly outlining an agenda for the next legislative session and defining the critical, core issues for the party.

It is also my conviction that while the leadership of the Republican Party is still trying to figure out how it will deal with the fallout from May 16, it is imperative that the GOP come together in time for the Nov. 7 election. There are critical races to win -- most notably Rick Santorum's fight to beat back state treasurer Bob Casey Jr. and keep his U.S. Senate seat, and Lynn Swann's campaign to upend Ed Rendell and become Pennsylvania's first black governor.

I was a reluctant candidate. Family and friends urged me to consider public office, but it was only after much thought and consideration and prayer that I agreed. One factor that appealed greatly to me was the vision the Founders had of a citizen-legislature -- of a body consisting of ordinary folks who would fulfill their civic duty for a period of time and then step aside to allow others to do theirs. We've gotten away from that; but public service is not something reserved only for the rich or popular or well-connected. (I was outspent nearly 20 to 1 in my primary campaign against the state Senate majority leader.)

But the most important factor was that ideas matter. I have confidence that the Pennsylvania Republican Party can move forward victoriously not only this coming fall but in future elections. Yet in order to do so, it is imperative that we do not forget the principles that made the Republican Party great.

In many ways, then, the Pennsylvania situation mirrors that of the country as a whole.

Mr. Folmer, a tire salesman, is a Republican candidate for the Pennsylvania Senate.

Texas Governor Signs Property Tax Cuts (NYT)

By Steve Barnes

The New York Times, June 1, 2006

Gov. Rick Perry, a Republican, signed legislation cutting property taxes by almost $16 billion over the next two years and granting public school teachers a $2,000 raise. The legislation was passed in a special session to bring the Texas public school system into compliance with a State Supreme Court order. The one-third reduction in property tax revenue would be offset by a new, higher levy on business, a $1 per-pack increase in cigarette taxes and a portion of the state's $8 billion treasury surplus. The legislation also provides increased per-pupil aid to school districts and bonuses for teachers whose students demonstrate improvement.

Bush Bows To Pressure And Offers Iran Talks (FT)

By Guy Dinmore And Roula Khalaf

Financial Times, June 1, 2006

The Bush administration bowed to pressure on Wednesday and said it was ready to join European allies in talks with Iran – on condition that Tehran first suspended its nuclear fuel programme.

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Condoleezza Rice, secretary of state, revealed the policy change before leaving for Vienna for talks on Thursday with Russia and China – which have resisted proposed sanctions against Iran – as well as France, Germany and the UK. She said: "It's time to know whether Iran is serious about negotiation or not."

Iran offered no immediate official response. Tehran previously signalled its willingness to talk directly to the US while insisting that it would not stop enriching uranium. Iran's government denies that it has a secret nuclear weapons programme.

Diplomats said the Vienna talks would seek to agree a package of incentives to put to Iran, as well as an "understanding" of punitive consequences should it refuse to comply.

She stressed that Iran must first "fully and verifiably suspend its enrichment and reprocessing activities" before the US would join the talks. The threat of military action remained on the table, she said.

The Bush administration has come under intense pressure from Congress, prominent Republicans and European allies to open a dialogue with Iran. The reversal is the latest sign that Washington is ready to adopt a more pragmatic approach to preserve a broad international front.

President George W. Bush said the US would take a "leadership position" in seeking a diplomatic outcome. The price of oil fell by nearly $2 a barrel on the news.

A senior administration official said the US believed it had the support of both China and Russia to seek UN sanctions should Iran choose not to negotiate, or negotiate in poor faith. "We would return to the Security Council and get a resolution, and Condi will finalise the agreements [in Vienna] on a list of sanctions that would be part of that resolution," he said.

The US stressed that Iran must "fully and verifiably suspend its enrichment and reprocessing activities" before the US would join talks. The threat of military action remained, Ms Rice said.

The US offer carried added significance since Washington proposed discussing the whole range of its differences with Iran, including the issue of Iraq and Tehran's support of "terrorist" groups. Ms Rice denied that the US was seeking a "grand bargain" with Tehran that would lead to diplomatic relations.

Javier Solana, European Union foreign policy chief, said: "This important statement by the US administration reinforces our hope that out of the current discussions we will be able to establish a new and co-operative relationship with Iran."

The US broke off direct talks with Iran three years ago, when Washington accused Tehran of allowing al-Qaeda operatives on its territory to plan attacks in Saudi Arabia.

Neoconservatives in the US reacted with dismay, seeing the move as a betrayal of Mr Bush's "freedom agenda".

"It is a terrible idea," commented Danielle Pletka of the American Enterprise Institute. "It incentivises everyone in the world to blackmail the US." The US and UK appear to have backed down under pressure from China, which wanted incentives put to Iran before moving to a United Nations Security Council resolution.

European diplomats urged Iran against a knee-jerk reaction. "Their instinct would be to reject out of hand but that would be a mistake" a senior official said.

Bush's Realization On Iran: No Good Choice Left Except Talks (NYT)

By David E. Sanger

The New York Times, June 1, 2006

WASHINGTON, May 31 — After 27 years in which the United States has refused substantive talks with Iran, President Bush reversed course on Wednesday because it was made clear to him — by his allies, by the Russians, by the Chinese, and eventually by some of his advisers — that he no longer had a choice.

During the past month, according to European officials and some current and former members of the Bush administration, it became obvious to Mr. Bush that he could not hope to hold together a fractious coalition of nations to enforce sanctions — or consider military strikes on Iranian nuclear sites — unless he first showed a willingness to engage Iran's leadership directly over its nuclear program and exhaust every nonmilitary option.

Few of his aides expect that Iran's leaders will meet Mr. Bush's main condition: that Iran first re-suspend all of its nuclear activities, including shutting down every centrifuge that could add to its small stockpile of enriched uranium. Administration officials characterized their offer as a test of whether the Iranians want engagement with the West more than they want the option to build a nuclear bomb some day.

And while the Europeans and the Japanese said they were elated by Mr. Bush's turnaround, some participants in the drawn-out nuclear drama questioned whether this was an offer intended to fail, devised to show the extent of Iran's intransigence.

Either way, after five years of behind-the-scenes battling within the administration, Mr. Bush finally came to a crossroads at which both sides in the debate over Iran — engagers and isolaters, and some with a foot in each camp — saw an advantage in, as one senior aide said, "seeing if they are serious."

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Mr. Bush, according to one participant in those debates, told Secretary of State Condoleezza Rice several months ago that he needed "a third option," a way to get beyond either a nuclear Iran or an American military action.

Ms. Rice spent a long weekend in early May drafting a proposal that included a timetable for diplomatic choreography through the summer.

"Nobody wants to get to that kind of crisis situation — whether it is us or the next administration — where you either accept an Iranian weapon or you are forced to do something drastic," said the participant, who declined to speak on the record about internal White House deliberations.

The idea of engagement is hardly new. When Colin L. Powell was secretary of state, several members of his senior staff argued vociferously that the United States needed to test Iran's willingness to deal with the United States — especially in the aftermath of Sept. 11.

There was strong opposition from the White House, particularly from Vice President Dick Cheney, according to several former officials.

"Cheney was dead set against it," said one former official who sat in many of those meetings. "At its heart, this was an argument about whether you could isolate the Iranians enough to force some kind of regime change." But three officials who were involved in the most recent iteration of that debate said Mr. Cheney and others stepped aside — perhaps because they read Mr. Bush's body language, or perhaps because they believed Iran would scuttle the effort by insisting that the Nuclear Nonproliferation Treaty gives it the right to develop nuclear fuel. The United States insists that Iran gave up that right by deceiving inspectors for 18 years.

In the end, said one former official who has kept close tabs on the debate, "it came down to convincing Cheney and others that if we are going to confront Iran, we first have to check off the box" of trying talks.

Mr. Bush offered a more positive-sounding account: "I thought it was important for the United States to take the lead, along with our partners, and that's what you're seeing. You're seeing robust diplomacy."

As part of the diplomatic timetable, Ms. Rice will be in Vienna on Thursday to endorse an international offer to Iran that includes several plums. Among them will be the dialogue with Washington that Iran has periodically sought, a lifting of many long-standing economic sanctions, and even light water reactors for nuclear power with Russia and the West controlling access to the fuel.

Yet skepticism abounds. "It's true that the conditions are significantly different than they were four or five years ago, but candidly they are not as favorable now for the United States," said Richard Haass, who as the head of the State Department's policy planning operation during Mr. Bush's first term was a major advocate of engagement with Iran.

First, the new president, Mahmoud Ahmadinijad, "has vowed that the country will never back down on enriching uranium.

"Oil's at $70 a barrel instead of $20, said Mr. Haass, now the president of the Council on Foreign Relations. "And we are bogged down in Iraq," where the United States is vulnerable to Iranian efforts to worsen the violence and arm the insurgents.

But the internal debates in the White House included vigorous discussion of the risks associated with any effort to negotiate with foes suspected of seeking nuclear weapons. And in this, Mr. Bush already has bitter experience.

In its dealings with North Korea, which Mr. Bush branded a member of the "axis of evil" along with Iran and Iraq, the administration also decided a few years ago to try limited engagement, locked arm-in-arm with neighboring nations.

But North Korea has kept making weapons fuel, and the allies have not stayed united: China and South Korea continue to aid the North. The Iranians have doubtless noticed.

The question now is whether there is any middle ground between Mr. Bush's demand that Iran give up everything, and Iran's insistence that it will give up nothing. Without breaking that logjam, the American-Iranian dialogue may never begin.

Shift In U.S. Stance Shows Power Of Seven-Letter Word (WP)

By Glenn Kessler

The Washington Post, June 1, 2006

The Bush administration's decision to consider sitting down with the Iranian government underscores a central truth of diplomacy today: Nuclear weapons buy leverage.

For six years, President Bush and his aides have dismissed the idea of talking with Iran about its nuclear programs, and until last year gave little support to European efforts to restrain Iranian nuclear activity. Attempts by former Iranian president Mohammad Khatami, a moderate, to foster a dialogue were rejected, and even back-channel moves failed to gain traction.

Now, in perhaps the biggest foreign policy shift of his presidency, Bush has approved the idea of sitting down at the table with the Iranian government -- one headed by a former student radical who denies the Holocaust. Attached to the U.S. offer was a stern condition: a verified suspension of Iran's nuclear enrichment operations. But the offer overturned a long-standing taboo,

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and it came from an administration stocked with officials who have made little secret of their desire to overthrow the government in Tehran.

The administration made this move at a moment of weakness. The president's public opinion ratings are among the lowest ever recorded for a modern president, and oil prices have reached record levels, in part because of the confrontation with Iran. The high price of oil, in turn, has enriched the Iranian treasury.

Iran recently announced it had learned how to achieve a key aspect of enriching uranium -- sooner than expected -- raising the stakes in the confrontation. Even so, the lingering fallout from the administration's decision to attack Iraq has made it increasingly difficult to win the support for sanctions on Iran from critical nations such as Russia and China.

A key factor in Bush's decision yesterday is the influence of Secretary of State Condoleezza Rice, who announced the offer in a televised news conference. Since becoming secretary of state last year, Rice has worked assiduously to make certain that the United States does not maneuver itself into becoming the world's enemy No. 1, as it did on the Iraq war.

When Rice made her first trip overseas as secretary last year, to Europe, she had expected to hear a lot of concern about Iraq. Instead, she later said, she was surprised to learn that the confrontation over Iran's nuclear program was a bigger concern -- and that the United States was considered the problem.

She very quickly won Bush's approval for a public shift in policy: active support of the European negotiating track. The support included withdrawing the U.S. objection to Iran's application to the World Trade Organization and allowing Iran the potential to purchase civilian aviation spare parts.

At the time, Rice insisted that the decision to support the Europeans did not mean the Americans would join the talks. (Lower-level U.S. officials on occasion have talked to Iranian counterparts about Afghanistan and Iraq.)

"We've made very clear that we have a lot of other problems with the Iranians," Rice said when she announced the decision in March 2005. "We've also made very clear that we don't intend to do anything to legitimize the Iranian regime. And so what we're looking at here is helping the Europeans in their diplomacy, not shifting policy toward Iran."

But the Iranians walked away from those talks, and the administration slowly found itself drawn into a different stance as the diplomacy unfolded. Rice needed to win over the Russians and Chinese -- and keep the Europeans in line -- so she quietly dropped the objections to the Iranian desire for nuclear power. Previously, the administration had insisted Iran had no need for nuclear power because of its vast oil and gas reserves. But to placate other nations, U.S. officials retreated from that insistence.

"The Iranian people believe they have a right to civil nuclear energy," Rice said yesterday. "We acknowledge that right."

Over the past two months Bush and Rice, along with Vice President Cheney and national security adviser Stephen J. Hadley, have considered the question of whether the time was right for the United States to sit at the talks. Once Bush received assurances earlier this week from leaders of China, Russia and other nations that if this offer were rejected they would accept a harder line against Iran, U.S. officials decided to go forward with the plan.

Rice said yesterday that she advocated this decision in part because of echoes of the concerns that she heard on her first trip -- that the United States was not serious about resolving this issue with diplomacy.

Conservatives in the administration have chafed at the shifts, suggesting it shows weakness on the part of the United States because Iran apparently has been able to make significant progress in nuclear energy -- with little apparent consequence.

Rice made this new move just as it appeared the European effort was on the verge of collapsing through division and lack of leadership. The Germans, eager to strike a deal with Iran, have been the most adamant that the United States needed to join the talks.

"If this is what it takes to get Russia and China to join in sanctions, so be it," one administration skeptic said. "But I am most concerned that we will end up renegotiating with ourselves again."

U.S. Agrees To Talks With Iran If It Suspends Uranium Enrichment (KRT)

By Warren P. Strobel And Jonathan S. Landay

Knight Ridder, May 31, 2006

WASHINGTON - The United States will join negotiations with arch-foe Iran if it immediately suspends uranium-enrichment work, which could be used for nuclear weapons, Secretary of State Condoleezza Rice announced Wednesday in a dramatic turn in policy.

The shift is aimed at testing Iran's willingness to embrace a diplomatic resolution to the crisis over its nuclear program and Russian and Chinese readiness to support punitive sanctions if the Islamic regime balks.

The Bush administration previously had refused pleas from Britain, France and Germany to participate in talks with Iran, which President Bush in 2002 included in an "axis of evil," along with Iraq and North Korea.

Rice told a briefing that "as soon as Iran fully and verifiably suspends its enrichment and reprocessing activities," the United States will join the three European countries, known as the EU-3, in direct talks with Iran on the future of its nuclear program.

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The offer is part of a package of proposals to Iran that Rice and her European, Russian and Chinese counterparts hope to finalize Thursday in Vienna, Austria.

"The Iranian regime must persuasively demonstrate that it has permanently abandoned its quest for nuclear weapons," Rice said. She also said the United States acknowledged that Iran had a right to civilian nuclear energy.

There was no immediate official response from Tehran, where Rice's message was transmitted by the Swiss, who act as intermediaries between the United States and Iran, which have no diplomatic relations.

John Bolton, the U.S. ambassador to the United Nations, called his Iranian counterpart, Javad Zarif, shortly before Rice spoke to tell him about her announcement. Bolton's spokesman, Richard Grenell, said the two men had never talked before.

Iranian officials have floated conditional offers of talks with Washington in recent weeks.

Some senior members of Bush's national security team, including Vice President Dick Cheney and Defense Secretary Donald H. Rumsfeld, are thought to oppose any talks with Iran and to favor taking steps to undermine or overthrow the Tehran regime.

But the White House has been under pressure for months from Europe, lawmakers of both parties and former top diplomats from Republican and Democratic administrations to drop its refusal to talk to Iran.

European diplomats argued privately that negotiations with Iran on ending what European and American officials believe is a covert nuclear-weapons program would never succeed without direct U.S. involvement.

"My decision today says that the United States is going to take a leadership position in solving this issue," Bush said after Rice's announcement.

Iran says its enrichment program is strictly to produce low-enriched uranium for civilian power reactors, not highly enriched uranium for weapons.

The American offer appeared to contain a second significant concession: dropping a previous demand that Iran permanently abandon all enrichment work because it concealed its program from U.N. inspectors for 18 years.

A U.S. official who requested anonymity because of the sensitivity of the issue said it could take Iran up to eight years to meet all the conditions set for ensuring that it wasn't pursuing nuclear weapons and to win acceptance of its right to resume producing low-enriched uranium.

"If they can prove to the satisfaction of . . . the international community and the IAEA (the U.N. International Atomic Energy Agency) that they are not developing nuclear weapons, we can imagine Iran resuming pursuit of the (nuclear reactor) fuel cycle," he said.

Rice said the United States, Britain, Germany and France had agreed on the "essential elements" of the package to be discussed in Vienna.

They want a suspension of Iran's uranium-enrichment program and full disclosure of key details of the program, including purchases of weapons-related know-how from an international smuggling ring. Tehran also would have to allow the IAEA to resume snap inspections of its nuclear facilities.

If it agreed, it would be offered economic and political rewards, including sales of advanced light-water power reactors to meet its growing energy needs and access to a five-year supply of low-enriched uranium fuel overseen by the IAEA, U.S. and European officials have said.

If Tehran rejects the demands, sanctions would include restrictions on new foreign investment in Iran and a ban on sales of civilian technology that the country could use in its nuclear and ballistic-missile programs, U.S. and European officials have said.

Rice's announcement was widely welcomed in Europe and Asia. Israel also endorsed it.

A senior administration official, who briefed reporters on condition of anonymity, said Bush had approved the change in tactics Wednesday morning after receiving assurances from world leaders that they'd back sanctions if the outreach failed.

The official said the shift was made because of recent overtures from Iran signaling a willingness to negotiate, a desire to build support for sanctions as a fallback and concerns that delaying action would only make it harder to roll back Iran's nuclear program.

Samuel R. Berger, who was national security adviser in the Clinton administration and who advocated talks with Iran, said they were necessary to test whether a diplomatic solution was possible, they'd help get backing for tough measures if those proved necessary and that they'd show the Iranian people that it was their government that stood between them and the outside world.

Russia is resisting a proposed arms-sale embargo on Iran, the U.S. official said. Russia, Iran's main foreign arms supplier, has agreed to sell 29 sophisticated Tor-M1 antiaircraft missile units in a deal worth $800 million.

In Congress, lawmakers generally supported the administration's decision.

Sen. Norm Coleman, R-Minn., said he cautiously endorsed the new discussion. "All options must be on the table if they fail to respond to the administration's overture," he said.

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Sen. Joseph Biden, D-Del., urged Bush to broaden the discussion beyond Iran's nuclear program. "We should be willing to talk about all the issues that divide us: the nuclear program, terrorism, Iraq, Afghanistan, Israeli-Palestinian peace, sanctions and security," he said.

U.S. Offers To Talk To Iran (WT)

By Nicholas Kralev

The Washington Times, June 1, 2006

The United States offered yesterday to participate in multilateral talks with Iran on its nuclear program if it suspends uranium enrichment, a policy shift that could result in Washington's first direct contact with Tehran in 27 years.

In Tehran, the official Iranian news agency called the U.S. offer "a propaganda move." Iran accepts only proposals and conditions in the nation's interest, the agency said, and "halting enrichment definitely doesn't meet such interests."

The Bush administration ruled out establishing diplomatic relations with Iran at any time soon, saying the proposal was meant only to "enhance" the prospect of peacefully resolving the nuclear dispute.

"We are not talking here about what some have characterized as a grand bargain," Secretary of State Condoleezza Rice told reporters. "We are not in a position to talk about full diplomatic relations with a state with which we have so many fundamental differences."

The United States broke ties with Iran after the 1979 Islamic Revolution and has blacklisted the regime in Tehran as a state sponsor of terrorism.

The U.S. offer comes as the United States and its European Union partners Britain, France and Germany -- also known as the EU-3 --complete work on a package of carrots and sticks intended to entice Iran to give up its nuclear ambitions.

"To underscore our commitment to a diplomatic solution and to enhance the prospects for success, as soon as Iran fully and verifiably suspends its enrichment and reprocessing activities, the United States will come to the table with our EU-3 colleagues and meet with Iran's representatives," Miss Rice said.

The administration dropped its long-standing refusal to talks with Iran --which it repeated as recently as last week --under increasing pressure from Republican members of Congress, former government officials and European allies.

In the end, Miss Rice, who had been saying that talks with Iran are not necessary because it knows what it needs to do, came to the conclusion that negotiations without the United States would not be effective, officials said.

"There have been those who have said, 'Well, if only the negotiations had the potential for the United States to be a part of them, perhaps then Iran would respond.' So now we have a pretty clear path," the secretary said.

The Islamic Republic News Agency (IRNA) said, "Given the insistence by Iranian authorities on continuing uranium enrichment, Rice's comments can be considered a propaganda move."

At the United Nations, Russia and China's U.N. ambassadors praised the U.S. offer of direct talks but Beijing's envoy urged Washington not to put any conditions on its proposal.

Chinese U.N. Ambassador Wang Guangya also urged the Western powers drafting a package of incentives and disincentives to entice Iran into suspending its nuclear program to include security guarantees for Tehran in the package, a "carrot" the United States opposes.

Mr. Wang said Tehran must be allowed to keep pursuing enrichment research, in hopes of eventually producing electric power. So far, the United States as well as Britain, France and Germany have flatly opposed letting Iran pursue enrichment research on its soil.

Both Mr. Wang and Russian U.N. Ambassador Vitaly Churkin said it was too soon to speculate on how the U.S. policy shift would affect deliberations on Iran in the U.N. Security Council.

In Tokyo, Japanese Foreign Minister Taro Aso expressed support for the U.S. offer to conditionally join direct multilateral talks with Iran.

"Since it is essential for the international society as a whole to address the Iranian nuclear issue in a resolute manner, Japan is determined to continue playing a fair role in close consultation with the parties concerned," he said.

President Bush, warning Iran bluntly that it "won't have" a nuclear weapon, described the weeks-long effort of the five permanent members of the U.N. Security Council to agree on a package as "robust diplomacy."

"I thought it was important for the United States to take the lead, along with our partners," he said in reference to yesterday's announcement. "I believe this problem can be solved diplomatically, and I'm going to give it every effort to do so."

Miss Rice, however, refused to rule out the military option in dealing with Iran even temporarily, as the Europeans have done. U.S. officials said she was aware that some members of the administration still oppose the decision to talk to Tehran.

"We're also prepared if Iran doesn't change course," a senior State Department official said. "This will set us up better for getting strong sanctions and building a broader-based coalition against Iran to take effective action in the future."

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He also noted that the administration is working to implement additional "defensive measures" against Iran, such as missile defenses in Europe, anti-arms-proliferation activities and a series of financial actions.

EU foreign policy chief Javier Solana welcomed Miss Rice's statement, saying "Direct U.S. participation would be the strongest and most positive signal of our common wish to reach an agreement with Iran."

U.S. officials also said they were reasonably optimistic that Russia and China finally will drop their objections to including sanctions in the package of benefits and penalties when the foreign ministers of the veto-wielding Security Council members and Germany meet today in Vienna, Austria.

Miss Rice, who flew to Vienna last night, declined to discuss the package before the meeting. But senior U.S. officials said Washington has agreed not to invoke the entire Chapter 7 of the U.N. Charter in a future Security Council resolution on Iran to accommodate Moscow and Beijing.

For weeks, the United States has been calling for a Chapter 7 resolution, which would declare Iran a threat to international peace and stability and automatically trigger the option of using force to deal with that threat.

The compromise to be discussed today refers only to certain articles from Chapter 7 that are not linked with the use of force, the senior officials said.

Iran Calls U.S. Talks Offer "Propaganda" (AP)

By Anne Gearan

AP, May 31, 2006

The United States said Wednesday it would join in face-to-face talks with Iran over its disputed nuclear program if Tehran first agreed to put challenged atomic activities on hold, a shift in tactics meant to offer the Iranians a last chance to avoid punishing sanctions.

Iran dismissed the offer as "a propaganda move."

Before leaving for meetings in Europe on Iran, Secretary of State Condoleezza Rice said that while the U.S. was willing to join talks between European nations and Iran, it was also helping to prepare a package of sanctions that Tehran could face should it decline the new offer.

"We're prepared to go either way," she said

At the White House, President Bush said, "I believe that it's important that we solve this issue diplomatically, and my decision today says that the United States is going to take a leadership position in solving this issue."

The overture to join stalled European talks came after mounting pressure on the U.S. from European allies.

The administration is convinced Russia and China would support sanctions or other harsh measures if new talks fail to persuade Iran to abandon nuclear efforts that the West fears could lead to a bomb, said a senior administration official. The official briefed reporters on condition of anonymity because the secretary was continuing talks with other countries.

Rice will be working to reaffirm such support on Thursday.

The Iranian news agency said Iran accepts only proposals and conditions that are in the nation's interest. "Halting enrichment definitely doesn't meet such interests," IRNA said.

The United States has had no diplomatic ties with Iran and few contacts at all with its government since Islamic radicals took over the U.S. Embassy in 1979 and held diplomats for more than a year.

Rice will meet with foreign ministers from the other permanent U.N. Security Council members on Thursday in Vienna to finalize a package of economic incentives and threats to be presented to Tehran. That package would be on the table in any new talks involving the United States.

The Bush administration had until now refused to talk directly to the Iranians about their nuclear program, although there have been sporadic contacts among relatively low-level officials on other subjects. The U.S. has long rejected direct contacts because it says Tehran supports terrorism and because it wants to avoid appearing to legitimize the regime.

The offer to talk should strip Iran and some U.S. allies of the argument that the hardline U.S. stance was an obstacle, or that Washington was not willing to try every means to resolve the impasse peacefully, U.S. officials said.

"This is the last excuse, in some sense," Rice said.

She said the United States was not offering full diplomatic relations with Iran and would not swear off ever using military action to stop what the U.S. contends is a rogue program to build a nuclear weapon.

"This is not a grand bargain," Rice said. "What we're talking about here is an effort to enhance the chances for a successful negotiated solution to the Iranian nuclear problem."

The administration has given arms-length support to European efforts to bargain with Iran, but also has been the prime mover for sanctions or other tough United Nations action. Russia and China, Iran's commercial allies on the council, have so far blocked that path.

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Rice would not directly answer questions about whether those nations are committed to tough measures if the U.S. overture doesn't work.

She spoke of "tactical differences" and said, "I think you can be sure that our friends and our partners understand the importance of the step and the importance that the Iranians must now see of making a choice and making that choice clearly."

In New York, the U.N. ambassadors from China and Russia said the U.S. announcement showed it is more serious about finding a diplomatic solution to the dispute. Chinese Ambassador Wang Guangya added that Washington's offer to talk to Iran should be unconditional.

In Brussels, Belgium, European Union foreign policy chief Javier Solana welcomed the U.S. words. "Direct U.S. participation would be the strongest and most positive signal of our common wish to reach an agreement with Iran," he said.

British Foreign Secretary Margaret Beckett said, "The European side's goal is to present a serious and substantial offer of cooperation, which demonstrates to Iran the benefits that would flow from compliance ... rather than the further isolation which would result from their failure to do so."

The U.S. offer is conditioned on Iran suspending its enrichment of uranium and related activities and allowing inspections to prove it. European nations and the Security Council have demanded the same thing, but Iran has refused to comply.

Iran did suspend enrichment activities while talks were active with the Europeans last year but resumed and stepped up the program this spring.

Uranium enrichment can led either to a bomb or to nuclear power production, and Iran has so far insisted that it won't take any deal that involves giving up that technology.

If Iran agreed to suspend disputed activities in order to talk with the United States, it could still insist on resuming them later, which U.S. officials say would be a deal-breaker.

At that point, the United States and its allies would be expected to move for tough U.N. action, possibly including economic or other sanctions.

U.S. Reverses Stand On Talks With Iranians (LAT)

By Paul Richter And Alissa J. Rubin

The Los Angeles Times, June 1, 2006

WASHINGTON — The Bush administration reversed course Wednesday and announced a willingness to take part in direct talks with Iran over its nuclear program, but only if Tehran agreed to suspend its uranium enrichment activities.

Iran called the offer "a propaganda move," and many U.S. and allied officials acknowledged that it may reject the central U.S. precondition for talks. But if Tehran spurns the offer, American officials hope that would draw leading world powers together in agreeing to impose painful economic sanctions on the Islamic Republic.

"Iran now faces a clear choice," Secretary of State Condoleezza Rice said in Washington. "This is the last excuse."

The United States has long resisted pressure to directly negotiate with Iran. Rice said the U.S. initiative would "give new energy" to a European-led effort to develop a package of incentives and possible penalties to induce Iran to halt disputed nuclear activities. The American proposal would also require Iran to allow the resumption of surprise visits to its nuclear facilities by U.N. nuclear inspectors.

It remained unclear going into a meeting of foreign ministers today in Vienna whether Russia and China would agree to the proposal, which offers both sticks and carrots.

Though the countries involved are unlikely to take the drastic step of trying to block Tehran's oil exports, they could still do enough damage to Iran's economy to force a rethinking of the nuclear program by the fundamentalist leadership, U.S. and allied diplomats say. Tehran is under strong pressure to provide more jobs and a better standard of living for its population.

Rice said that although ongoing talks in Vienna among the world powers had made "substantial progress … some outstanding issues remain."

America's allies and many U.S. foreign policy experts have been urging President Bush and his administration to take part in talks, arguing that unless Washington showed a willingness to engage, it could not convince other countries that the time had come to impose penalties on Iran.

The shift in the U.S. position comes less than a month after Iranian President Mahmoud Ahmadinejad sent a surprise letter to Bush, apparently the first direct communication between the two nations' leaders since Iranian militants took Americans hostage at the U.S. Embassy in Tehran more than a quarter of a century ago. The letter included a long series of grievances and demands but was followed by calls from foreign policy experts and even some Republicans on Capitol Hill for direct talks.

The administration has resisted such talks on the grounds they would lend a legitimacy to the Tehran regime, which the United States has condemned for actions dating to the 1979 Islamic Revolution. In reversing that stance, U.S. officials equated

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their participation in multinational talks on Iran with what the administration has done in the case of North Korea's nuclear program.

Iranian officials contend that their uranium enrichment program is intended only for legal civilian nuclear power facilities that would generate electricity. But the United States and Europeans fear Tehran's goal is to develop a nuclear weapons capability. Britain, France and Germany negotiated with Iran for two years over the disputed program, but talks broke off when Tehran resumed enrichment.

Rice said the proposed talks with Iran would be focused tightly on the nuclear issue, and would not be aimed at reaching a "grand bargain" to resolve all differences between the two countries. Nevertheless, some U.S. officials and foreign diplomats said the new approach had been advanced by Rice to Bush in the face of resistance from more hawkish members of the administration.

Tony Snow, the White House press secretary, said that Bush on Tuesday had called the leaders of France, Germany and Russia to discuss the proposal and that "they all signed off."

He said the United States and its allies were "finalizing both a series of inducements and punishments."

"Everybody is very close," Snow said, pointing to "a climate for action."

Bush personally addressed the policy shift in comments at the White House.

"Our message to the Iranians is that, one, you won't have a weapon, and two, that you must verifiably suspend any programs, at which point we will come to the negotiating table to work on a way forward."

Rice said that if Iran did not budge, the United States would move to "increase the pressure," either through the United Nations Security Council, "or, if necessary, with like-minded states outside of the Security Council."

Ahmadinejad has spoken scornfully of the incentive package being developed in Vienna. But Iranian officials have also intermittently signaled an interest in drawing the United States into negotiations, partly in hopes that Tehran could exact a U.S. commitment to drop efforts to undermine the regime.

The White House has heard calls to negotiate from a wide variety of sources, including European officials. But some administration members, including Vice President Dick Cheney, have resisted, fearing that talks could only give the Iranian leadership more stature and more time to advance a weapons program.

The United States' overture to Iran offers an opening for negotiations but comes with so many strings attached that little may happen in the short term, diplomats and experts say.

Under the agreement, the U.S. would enter into direct talks only if the Iranians first agreed to suspend entirely their uranium enrichment program, which Tehran restarted in early April.

The U.S. proposal also says that if Iran fails to comply with the demand to suspend enrichment, the permanent Security Council members will move ahead with a resolution that can lead to sanctions. The incentive package would be offered simultaneously with the tabling of the resolution.

These demands would be hard to swallow for Iran and Russia. Iran has said it will not reenter negotiations if there are conditions attached, such as a mandatory suspension. And the Russians have said they oppose any Security Council measure that can lead to sanctions.

Despite the two countries' public statements, the U.S. offer is considered likely to push all parties to reassess their positions. And diplomats and experts around the world applauded the move as the only hope for a negotiated settlement that could result in the Iranians halting their enrichment efforts.

"They've crossed the threshold, they've said they will talk directly to the Iranians…. There are conditions that make it unlikely that it will happen quickly, but it's part of a process," said a senior envoy in Vienna, speaking on condition of anonymity in keeping with diplomatic protocol.

"Two weeks ago, it was way down the road that they might consider talking. Now, it's if certain conditions are met. We'll allow diplomacy to take its course, and if the U.S. is engaged, they are engaged, it will be qualitatively different."

International Atomic Energy Agency director-general Mohamed ElBaradei, who has quietly encouraged face-to-face talks, welcomed the move, saying in a statement that he "strongly encourages Iran to create the conditions necessary for the resumption of these talks, with U.S. participation, with a view to achieving a comprehensive settlement that is acceptable to both the international community and Iran."

European diplomats and experts reacted enthusiastically to the American move, even if it may not lead to a quick resolution.

"The Iranians have been demanding direct discussions with the U.S. so it would give much more credibility to the Europeans if they have the Americans sitting at the same table," said a European diplomat.

Gary Samore, who served as a top nonproliferation advisor to President Clinton, said any talks would probably be preceded by a U.S. initiative to work out the details of the negotiations. For instance, the Iranians would probably offer to

suspend a portion of their enrichment effort, tempting other nations to accept those terms as a way to at least slow the Iranian effort, he said.

Patrick Clawson, a longtime Iran watcher at the Washington Institute for Near East Policy, said he was not surprised that the administration would make this offer to join direct talks once it had worked out an agreement with other countries on penalties.

"The U.S. position for some time has been if we can agree on the stick, we'll come with the carrot," he said. "That's what this is."

Clawson and Samore both said they doubted the Iranians would accept the offer. But their refusal, Clawson said, could make it easier for the United States to enlist like-minded countries to impose sanctions.

U.S. Is Now Ready To Meet Iranians On Nuclear Plan (NYT)

By Steven R. Weisman

The New York Times, June 1, 2006

WASHINGTON, May 31 — The Bush administration said Wednesday that the United States would join Europeans in talks with Iran over its nuclear program, but only if Tehran first suspended its uranium activities, which are thought to be a cover for developing nuclear arms.

The declaration, by Secretary of State Condoleezza Rice, was a shift away from decades of refusal to hold broad, direct talks with Iran. But Iran has long said it would not agree to preconditions, and the administration's offer appeared to be aimed as much at placating American allies as at wooing Iran.

Ms. Rice announced the shift on the eve of talks in Vienna with European, Russian and Chinese envoys aimed at resuscitating a faltering American-led effort to forge a common front against Iran's nuclear program. The American goal is to present Iran with a package of economic and political benefits if it ends its uranium activities, and a threat of sanctions if it does not.

The shift followed a searching, two-month debate and an accelerating campaign by European leaders to get President Bush to make a dramatic gesture to energize the stalled European-led nuclear talks with Iran, American officials said.

Skepticism from Vice President Dick Cheney and others who have opposed concessions to Iran was overcome, the officials said, when it was realized that refusal to move toward the European view would mean that the administration would be blamed for failing to do its utmost to defuse the crisis, making it harder to rally world opinion against Iran. [News analysis, Page A8.]

Still, American and European officials said, Russian and Chinese support for the package was not yet guaranteed.

"The United States is willing to exert strong leadership to give diplomacy its very best chance to succeed," Ms. Rice said before leaving for Vienna. She added that "the United States will come to the table" with its European partners "and meet with Iran's representative" if Iran met the stated conditions.

It was not clear whether the American offer would prompt any change in Iran's longstanding opposition to preconditions. An official Iranian news agency initially labeled it a "propaganda move."

Ms. Rice said the American shift, however qualified, removed "the last excuse" for Iran to refuse to cooperate. President Bush later described the new approach as one that put the United States into "a leadership position in solving this issue."

"Our message to the Iranians is that, one, you won't have a weapon, and two, that you must verifiably suspend any programs, at which point we will come to the negotiating table to work on a way forward," Mr. Bush said at the White House.

The United States conveyed its readiness to meet through the Swiss Embassy in Tehran, and in a call to Iran's United Nations ambassador, Javad Zarif, by the American ambassador, John R. Bolton, offering Mr. Zarif an advance copy of Ms. Rice's announcement.

Outside of Iran, Ms. Rice's announcement brought nearly universal praise, especially in Europe, though Russia and China seemed guarded about the conditions the United States attached to its offer.

A senior State Department official, who was not authorized to speak for attribution, said President Bush had briefed President Vladimir V. Putin of Russia on the details. "We have a little bit more negotiating to do," the official said. "We just have to make sure that everybody's on board. We think the Russians will be."

The administration has not entirely frozen Iran out of contact in recent years, despite Mr. Bush's labeling it, along with Iraq and North Korea, part of an "axis of evil" in his State of the Union Message in early 2002.

The United States had contact with Iranian officials during the war in Afghanistan and the early stages of the war with Iraq. Iraq and Afghanistan are neighbors of Iran, and Iran has long wielded influence over their internal affairs.

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American talks with Iran were cut off in mid-2003 after the United States charged Iran with involvement in the bombing of civilians in Saudi Arabia. But there were talks at the end of that year and the beginning of 2004 to speed American relief to Iran after the earthquake in Bam.

In addition, last year Ms. Rice announced that the American ambassador to Iraq, Zalmay Khalilzad, would be authorized to talk with Iranian officials about the situation in Iraq, including infiltration of insurgents and aid to Shiite militias. But these talks have not taken place.

With Washington's new position now public, the European, Russian, Chinese and American negotiators are to focus on details of the incentives and threats of punishment. The United States has quietly made one significant concession to the Russians on this score, by allowing language that would remove any threat of force from the document being discussed.

In addition, the United States has agreed to a Russian and Chinese demand to require that even if the Security Council threatens sanctions, the sanctions would not be imposed without another Council vote.

What all these face-saving arrangements leave unstated, however, is that the United States appears determined to enlist other countries to impose economic penalties, like a crackdown on bank activity in Iran, if the Council fails to act in the face of further Iranian defiance.

Getting worldwide support for a tough policy toward Iran has been hard because Iran, which moved last summer to resume uranium enrichment, is technically correct in saying that this activity, defined by Iran as peaceful in nature, is allowed under the nuclear nonproliferation treaty that it signed.

The West maintains that because Iran has concealed many of its activities from the International Atomic Energy Agency, it has forfeited its right to enrich uranium.

A package of incentives is to be presented Thursday in Vienna, if American plans are fulfilled.

The threat of sanctions, as envisioned by the United States, Britain and France, is to take the form of a commitment to a resolution to be adopted by the Security Council under Chapter VII of the United Nations Charter, which implies penalties if Iran refuses to suspend its enrichment of uranium. Russia and China are opposed to invoking Chapter VII but may relent if they are persuaded by American assurances that sanctions would not be adopted without another vote of the Council.

North Korea Project Halted

A project to build two nuclear power plants for North Korea in exchange for its agreement to allow United Nations inspections of atomic sites was formally ended yesterday by the United States, Japan, South Korea and European Union. The contractor, the Korean Peninsula Energy Development Organization, was formed in 1995 to build two light-water reactors, from which it is difficult to extract weapons-grade plutonium, but the Bush administration never fully supported it.

U.S. Offer Of Iran Talks Seen As Change Of Course (CHIT)

By Mark Silva

Chicago Tribune, June 1, 2006

WASHINGTON -- The Bush administration, signaling a willingness Wednesday to open direct talks with Iran over its nuclear program, is embracing a sharp change of course that reflects a more pragmatic approach to one of the world's most intractable conflicts and may ease upward pressure on international oil prices.

The administration's overture comes with the same demand of Iran that the U.S. and its European allies have made from the start: the Iranians must first abandon their enrichment of nuclear material, which the West views as evidence of a determination to build an atomic bomb.

But until now, the U.S. has gone out of its way to avoid direct talks with Iran over a program that Iran maintains is designed only for civilian nuclear power. The U.S. has insisted so adamantly that Europeans handle all talks that Greg Schulte, the American ambassador to the International Atomic Energy Agency, once took evasive action as he encountered the Iranian representative in a hallway in Vienna.

"Once I almost found myself in the same elevator with him, but I found another elevator," said Schulte, adding that Iran wants to paint the conflict as a dispute between the U.S. and Iran. "This is not the U.S. against Iran. This is Iran against the world."

But that may have changed with the administration's offer to add the "weight" of the U.S. to European-led negotiations with Iran. President Bush pledged Wednesday to negotiate "a way forward," but only if Tehran would abandon its suspected development of nuclear weaponry.

The administration also held out a promise of greater economic cooperation with Iran, a country with which the U.S. has not had diplomatic relations since 1980, when ties were severed during Iran's detention of 52 American hostages for 444 days.

The official Iranian news agency quickly dismissed the new U.S. initiative as "a propaganda move." Iran also has rejected previous demands that it halt enrichment.

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Before Iran's reaction, oil prices declined on the news of the offer. Iran is estimated to have as much as 9 percent of the world's known oil reserves, second only to Saudi Arabia, and about 15 percent of natural gas reserves.

The change in course is a signal that pragmatists within the Bush administration may be gaining sway over hard-liners who have refused direct relations with Iran. Bush's action is also a measure of the increasing alarm with which Israel and other nations view Iran's procurement of the technology needed to develop weapons-grade uranium.

"My decision today says that the United States is going to take a leadership position in solving this issue," Bush said. "And our message to the Iranians is that, one, you won't have a weapon, and two, that you must verifiably suspend any programs, at which point we will come to the negotiating table to work on a way forward."

Bush, who repeatedly has maintained that the U.S. will not eliminate the option of military action against Iran, also insisted that he is committed to a diplomatic solution.

"You're seeing robust diplomacy," Bush said. "I believe this problem can be solved diplomatically, and I'm going to give it every effort to do so."

Secretary of State Condoleezza Rice said she had informed Iran of the administration's offer, using the Swiss government as an intermediary. The invitation, she added, came with a non-negotiable requirement: "As soon as Iran fully and verifiably suspends its enrichment and reprocessing activities, the United States will come to the table with our [European Union] colleagues and meet with Iran's representative."

Iranian President Mahmoud Ahmadinejad had made an overture of his own, with a rambling letter to Bush earlier this year, the first communication from Tehran to the U.S. in three decades. Bush dismissed that just last week as "like 16 or 17 single-spaced typed pages" that "didn't address the issue of whether or not they're going to continue to press for a nuclear weapon."

George Perkovich, director for non-proliferation at the Carnegie Endowment for International Peace, called the U.S. move a "careful and constructive response."

He added, "Almost everyone in the world recognized that something like this move was necessary because the Iranians were winning the international diplomacy. The only people who didn't seem to recognize that this was necessary were in the White House. Now they seem to have recognized reality. They had no other feasible options."

Saeed Laylaz, an analyst in Tehran, said the Iranians had been awaiting a response to their letter. "I'm not immediately optimistic," Laylaz said of Bush's reply. "It doesn't mean negotiations will start tomorrow morning ... but I believe this is the beginning of a trend."

Noting that "both countries know they should find a diplomatic solution," Laylaz said, "The United States knows that military confrontation is too dangerous and too costly. And Iran knows any continued confrontation will be harmful to its own interests."

Until now, the U.S. had left this diplomacy to a troika of Europeans, the so-called "EU-3" of Great Britain, Germany and France. Four years ago, in his State of the Union address, Bush identified Iran, Iraq and North Korea as "an axis of evil, arming to threaten the peace of the world." But since failed diplomacy with Iraq gave way to a costly U.S.-led invasion, the U.S. has found itself taking part in "six-party" talks with North Korea and is now ready to speak with Iran.

Part of the challenge facing the U.S. has been the reluctance of either China or Russia to support sanctions against Iran since the question of Iran's nuclear program has been referred to the United Nations Security Council.

Rice, asked if the U.S. overture makes it more feasible that Russia and China might support the U.S., said the American reluctance to join negotiations had been "the last excuse, in some sense."

Rice held out hope to Iran of a "beneficial relationship of increased contacts in education and cultural exchange, in sports and travel, in trade and in investment." She warned, though, that "the nuclear issue … is not the only obstacle standing in the way of improved relations." Iran, she said, must also stop sponsoring terrorism in Iraq and other nations.

While many experts have estimated that Iran is five to 10 years away from acquiring the technology needed for bomb-making, Israeli Prime Minister Ehud Olmert publicly has suggested that Iran could be ready within a year. The Iranian program is of particular interest to Israel because Ahmadinejad has called for the destruction of the Jewish state. The Israelis, in meetings at the White House last week, had encouraged the U.S. to engage in negotiations, one expert said.

The IAEA, which in February reported Iran to the Security Council, plans another meeting June 12 to assess "what if any progress has been made," Schulte said. Bush plans to travel to Vienna, headquarters for the IAEA, to meet European Union leaders later this month.

While Ahmadinejad maintains that his country is interested only in civilian nuclear power generation, many U.S. experts express doubt, in part because Iran possesses great reserves of oil that it could use for energy. Iran's pursuit of enrichment "makes no sense at this point ... and in our judgment is really a guise, is really a cover for a military program," Schulte said.

In Shift, U.S. Offers To Talk To Iran, Aiming To Bolster Allies' Cohesion (WSJ)

By Jay Solomon And Neil King Jr.

DOJ_NMG_0031098

The Wall Street Journal, June 1, 2006

WASHINGTON -- The Bush administration launched a new, more urgent multilateral strategy to rein in Iran's nuclear program by offering to participate in European-led negotiations currently under way with Tehran, after years of pointedly shunning the regime.

The abrupt shift, announced by Secretary of State Condoleezza Rice yesterday, is a nod to European allies' desire to offer carrots as well as sticks to steer Iran away from its efforts to produce weapons-grade uranium. The offer to join talks was conditioned on Tehran's pledging explicitly to rule out any plans for nuclear-weapons development.

U.S. officials hope the gambit will win more support from allies for sanctions if Tehran spurns the outreach, as early indications suggest it might.

While the move drew a cool response from the Iranians, the reaction in other quarters was highly favorable. The European Union portrayed the announcement as a "most positive signal," and White House aides said even Russia and China -- long resistant to punishing Iran -- now seem willing to go along with sanctions under certain circumstances. And oil markets reacted with a hint of optimism. (See related article.1)

Ms. Rice said the U.S. might ultimately be willing to work outside the United Nations to impose sanctions if the new American approach fails to change other nations' stances. And while U.S. officials are eager to stress that Washington is exhausting every diplomatic option in dealing with Iran, the U.S. experience in Iraq has all but forced the administration to try a more cooperative approach: This time, Mr. Bush and Ms. Rice are working with allies and through diplomatic channels. They have pulled out the diplomatic stops in recent days to nail down agreement on a firm U.N. resolution.

The president on Tuesday telephoned the leaders of three of the top countries involved -- Vladimir Putin of Russia, Angela Merkel of Germany and Jacques Chirac of France -- and is hoping to speak with Chinese President Hu Jintao soon. Ms. Rice late yesterday flew to Vienna for talks with the foreign ministers of Germany, Russia, France, Britain and China -- the last four of which, along with the U.S., are the permanent members of the U.N. Security Council. The administration also has been consulting with friendly nations in the Persian Gulf, and Mr. Bush as recently as Tuesday talked at length about the Iranian problem with Israeli Prime Minister Ehud Olmert.

"We now have an opportunity to either check their movement toward further sophistication of their nuclear program by negotiation, to which we would be a party, or to check it by greater pressure on the Iranians through sanctions and other measures through the Security Council and, if necessary, with like-minded states outside of the Security Council," Ms. Rice told reporters yesterday.

The fight with Iran centers around fears that Tehran is busy working to develop nuclear weapons, while the Iranian government says it is merely enriching uranium to fuel a civilian nuclear program. To ensure that Iran doesn't acquire nuclear weapons, the U.S. and others want to stop the domestic enrichment program and supply Iran with fuel from the outside, a proposal that Iran has rejected.

After hours of official silence in Tehran, the official Iranian news agency dismissed the U.S. offer to participate in European-led talks as a "propaganda move," though some moderate officials within Iran's government have called for direct talks with Washington. Last month, Iranian President Mahmoud Ahmadinejad sent a rambling 18-page letter to Mr. Bush, though it made only a passing reference to Iran's nuclear program.

But the U.S. announcement drew immediate praise in Europe, where top officials have pushed the U.S. for months to join on-and-off talks that until now have been led by Britain, France and Germany. It also drew cheers from financial markets, as crude oil futures fell 74 cents a barrel in New York trading. One factor behind the recent jump in oil prices has been fear of a confrontation between the U.S. and Iran, the world's fourth-largest oil producer.

While it remains unclear if Tehran will take up the offer, the U.S. move does seem to have hardened support for applying more pressure on Iran. Russian and Chinese diplomats praised the move. And at the White House, a senior administration official said that Russia and China had agreed to back a tough U.N. resolution if Iran rebuffs the U.S. offer. The official also said the proposal's timing was meant to gauge the sincerity of Iran's recent overtures to the U.S. -- which continued with back-channel contacts after Mr. Ahmadinejad's letter -- so the world could see Iran's true intentions.

While the U.S. has generally shunned open contact with Iran since Islamic radicals took hostages at the U.S. embassy in 1979, the Bush White House, more than any of the previous four administrations, had firmly rejected any suggestion that it engage in high-level talks with Iran. In remarks yesterday after Ms. Rice's announcement, Mr. Bush said he decided to alter his stance to show "that the United States is going to take a leadership position in solving this issue" diplomatically.

In a similar turnaround, the administration at first refused to have any contact with North Korea but later agreed to join in six-party talks to try to end Pyongyang's nuclear program, though those negotiations have made little progress.

In the Vienna meetings today, the ministers hope to complete agreement on a comprehensive set of both potential sanctions and economic incentives for Iran. Ms. Rice said these incentives, coupled with Washington's new willingness to

engage Tehran directly, offer Iran a clear alternative in its bid to reintegrate with the international community while still developing a peaceful nuclear-energy program.

"Today, the Iranian regime can decide on one of two paths, one of two fundamentally different futures for its people and for its relationship with the international community," Ms. Rice said. She said the U.S. offer to join the European talks would remove "the last excuse" that Iran and others have cited for the lack of diplomatic progress.

In advance of any formal agreement -- in or outside the U.N. -- on sanctions, the U.S. Treasury Department and other government agencies have already been stepping up efforts to curtail Iranian access to the international banking system if Tehran doesn't suspend its nuclear program. In recent months, UBS AG of Switzerland and ABN Amro Holding NV of the Netherlands both announced they were severing their financial ties. Both financial institutions have been subjects of U.S. Justice Department inquiries into whether they violated sanctions laws regarding Iran.

Diplomats involved in the Iran negotiations said these moves could be part of stepped-up action against Iran that will increase in the coming months, regardless of events at the U.N. "I think you're only seeing the early stages of this sort of financial pressure," a European diplomat said.

Ms. Rice personally called for an interagency plan to pressure Iran's financial system should the country not comply with international demands, say U.S. officials. The plan would include targeting companies and personalities known to be involved in the nuclear program, these officials say. And it has been aided by growing concerns among financial institutions about the costs of doing business with Iran.

U.S. officials have also been seeking to cobble a united front among Middle East countries to pressure Iran. All are Sunni Muslim-majority countries that are skeptical of both Iran's nuclear intentions and its moves to expand its influence in the region.

In recent weeks, State Department and Pentagon officials have met with leaders from nine Arab nations to try to develop greater security cooperation. Some of the discussions have focused on counterproliferation and counterterrorism issues, U.S. officials say. But they have also directly sought to strengthen these countries' military hardware, particularly anti-missile defenses.

"The intent is to show that no one in the Gulf community can find that it can be bullied or pressured by Iran's behavior," said John Hillen, the assistant secretary of state for political-military affairs. He added that the Bush administration is seeking to stress to Middle Eastern states that Washington isn't reducing its commitment to securing the region.

U.S. officials are particularly seeking to build a stronger security presence in the Middle East through the Gulf Cooperation Council, a regional body comprising Saudi Arabia, Bahrain, Kuwait, Oman, Qatar and the United Arab Emirates. All have healthy bilateral relationships with Washington, U.S. diplomats say, but the hope is that they can begin cooperating better among themselves on everything from maritime security to protecting the region's energy supplies.

They see the GCC as a buttress against Iran's influence in countries such as Syria, Lebanon and Iraq.

The U.S. outreach to Iran is already being attacked by conservative analysts in Washington and Iranian exile groups. They say the Iranian president will view Mr. Bush's overture as a sign of weakness and that it is unlikely to generate any concessions from Tehran. They also believe Iran's theocratic government will simply use diplomacy with the U.S. to further its nuclear ambitions.

Talks will "buy more time as Ahmadinejad is rapidly proceeding with Iran's nuclear-weapons program," said Alireza Jafarzadeh, a Washington analyst affiliated with the National Council of Resistance of Iran, one of the large Iranian exile opposition groups.

U.S. Willing To Talk With Iran On Nuclear Program (USAT)

By Barbara Slavin

USA Today, June 1, 2006

WASHINGTON — In a significant policy shift, the Bush administration offered Wednesday to take part in talks with Iran about its nuclear program if Tehran suspends efforts to make nuclear fuel.

Secretary of State Condoleezza Rice said the offer removes Iran's “last excuse” for not stopping its nuclear program. “It's time to know whether Iran is serious about negotiations,” she said.

IRNA, Iran's official news agency, quickly dismissed the offer as “a propaganda move,” according to the Associated Press. The statement said Iran had no intention of halting uranium enrichment.

The initial rejection still leaves room for diplomacy, Iran experts said.

“I suspect they'll negotiate over negotiations,” said Ray Takeyh of the Council on Foreign Relations.

IRNA is government-controlled, but the Bush administration said it was awaiting official reaction from Iran's leaders.

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"I hope this is not a real reaction from Iran," U.S. Ambassador to the United Nations John Bolton said in an interview on Fox News. "I think it's important that they take a very careful look at what Secretary Rice laid out today because it really is their last chance, in many respects."

Tehran also is waiting to examine a package of incentives and possible punishments being assembled by the United States, European countries, Russia and China.

The talks would be the first acknowledged high-level negotiations between the two countries since 1980, when the United States broke diplomatic relations during the Iran hostage crisis at the U.S. Embassy in Tehran.

The Bush administration's offer was the latest in a flurry of diplomatic activity over recent months designed to halt Iran's nuclear program.

The White House suggested recently that it might agree to talks with Iran if Tehran suspended its nuclear program. Rice's statement Wednesday was the first official offer and followed urging from Europeans.

France, Germany and Britain welcomed the U.S. offer.

The overture could help the White House win over Russia and China, which are reluctant to support sanctions and are urging more diplomacy.

The offer also strengthens the U.S. position if Iran refuses to suspend its nuclear program. It allows the United States to argue that it made every diplomatic effort before resorting to sanctions or war.

In contrast to the U.S. stance on Iraq, when the United States acted with limited international support, President Bush said Wednesday that "there must be a united international front … to prevent the Iranians from developing a nuclear weapon."

Bush told reporters that his administration was prepared to take the "leadership position" in efforts to end Iran's nuclear program.

The Bush administration says Iran is trying to build a nuclear weapon. Tehran insists its program is for peaceful purposes.

U.S. To Join Talks With Iran If Uranium Enrichment Stops (WP)

By Michael A. Fletcher And Glenn Kessler

The Washington Post, June 1, 2006

The Bush administration offered for the first time yesterday to join European talks with Iran over its nuclear program, but only if the Iranian government suspends efforts to enrich uranium and reprocess spent nuclear fuel, which the administration calls part of a covert attempt to make bombs.

Secretary of State Condoleezza Rice announced the U.S. policy shift at a State Department news conference, warning that if the Iranian government chooses not to negotiate and to continue pursuing its nuclear ambitions, "it will incur only great costs."

"We urge Iran to make this choice for peace, to abandon its ambition for nuclear weapons," Rice said. Refusing to do so, she added, "will lead to international isolation and progressively stronger political and economic sanctions."

A senior administration official said there is substantial agreement from Russia and China -- two nations that have resisted sanctions against Iran -- on an escalating series of U.N. penalties that would be imposed if Iran does not comply. He said negotiators are expected to finalize a package that includes potential sanctions for noncompliance, as well as benefits if Iran accepts a deal being crafted by several nations during a meeting in Vienna today. Rice left for the meeting shortly after her announcement.

The Bush administration previously refused to engage in direct talks with Iran on its nuclear program, preferring to let three European Union nations -- Britain, France and Germany, known as the E.U.-3 -- conduct negotiations. But Germany lately has increasingly urged Washington to deal with Tehran directly, as have a growing roster of foreign policy experts and at least two U.S. senators.

"I thought it was important for the United States to take the lead, along with our partners, and that's what you're seeing," President Bush told reporters. "You're seeing robust diplomacy. I believe this problem can be solved diplomatically, and I'm going to give it every effort to do so."

John R. Bolton, U.S. ambassador to the United Nations, called Javad Zarif, Iran's U.N. ambassador, before Rice's announcement to inform him of the administration's willingness to engage in direct talks. Meanwhile, Rice's remarks also were given to the Swiss ambassador to the United States for transmission to Iran.

Iran's official Islamic Republic News Agency seemed to dismiss the offer, saying that the country accepts only proposals that are in its interest, the Associated Press reported. "Halting enrichment definitely doesn't meet such interests," IRNA said. Iranian officials have long insisted that their nuclear program is limited to peaceful purposes.

In extending the offer to enter the nuclear talks, Rice made it clear that the United States would not contemplate restoring diplomatic relations with Iran, which were severed during the 1979 hostage crisis, until the regime made changes, including renouncing its support of terrorist groups.

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Senior Chinese and Russian officials welcomed the U.S. offer of direct talks, saying it showed an increased willingness to pursue diplomatic means to resolve the budding nuclear crisis. Still, Wang Guangya, China's U.N. ambassador, said the United States should provide Iran with security assurances and drop its demand that Iran cease uranium enrichment before such talks could begin.

"I think it in a way proves that the U.S. is more serious about the negotiations than about other options, but I do hope that this offer could be less conditional," Wang told reporters.

Wang said China may be prepared to take a tougher line with Iran if the United States and Europe offer more "attractive carrots" to the Iranians, including security assurances, and a pledge to allow Tehran to pursue a peaceful nuclear energy program, including a small research-and-development project on uranium enrichment.

The United States and key European allies oppose such a project, saying it would provide Tehran with the technical know-how to enrich uranium for a nuclear weapon. Estimates vary, but some experts think Iran could master the expertise needed to produce a nuclear weapon by the end of the year, though U.S. intelligence agencies estimate it would take Tehran a decade to build a bomb.

The shift in U.S. policy came after mounting calls for a dialogue with Iran from senior foreign policy experts and lawmakers, notably former secretaries of state Henry A. Kissinger and Madeleine K. Albright and Sens. Chuck Hagel (R-Neb.) and Richard G. Lugar (R-Ind.).

The pressure increased in early May when Iranian President Mahmoud Ahmadinejad wrote a rambling 18-page letter that was dismissed by Bush but seen in much of the world as an invitation for talks with the United States. The letter was followed by back-channel communications making it clear that the Iranians were seeking direct talks.

Administration officials, meanwhile, said they began seriously discussing a plan to enter negotiations with Iran two months ago. Rice, on her way to New York in early May for what turned out to be a contentious meeting on the Iran issue, sketched an outline of a plan on a piece of paper, a senior State Department official said.

Later, a small group -- including officials from the State Department, the White House and the Defense Department -- was assembled to flesh out her ideas. Bush discussed them with British Prime Minister Tony Blair during his visit to Washington last week, and Bush followed that up with phone calls to the leaders of France, Germany and Russia on Tuesday to ensure that they were on board. Rice, meanwhile, discussed the idea with her Chinese counterpart, Foreign Minister Li Zhaoxing, before Bush gave final approval to the offer.

Rice and other Bush administration officials said the offer of direct negotiations would eliminate the argument that the U.S. refusal to deal directly with Iran on the nuclear issue was the impediment to resolving the impasse.

"This is the last excuse in some sense," she said. "There have been those who have said, 'Well, if only the negotiations had the potential for the United States to be a part of them, perhaps then Iran would respond.' So now we have a pretty clear path."

Oil Falls Amid U.S. Offer Of Iran Talks (WSJ)

By Masood Farivar

The Wall Street Journal, June 1, 2006

Oil prices ended moderately lower yesterday after a selloff on hopes of a diplomatic solution to the Iran nuclear standoff.

Secretary of State Condoleezza Rice, in a major policy shift, said Washington was ready to join multinational talks with Tehran if Iran suspends all disputed nuclear activities.

The nearby July crude contract on the New York Mercantile Exchange settled 74 cents lower at $71.29 a barrel after falling as low as $70.05.

In the past, Iran has offered to suspend its controversial nuclear-enrichment program to find a way out of the crisis, and the surprise U.S. diplomatic overture triggered a knee-jerk selloff in oil futures.

At a news conference yesterday, Ms. Rice said the U.S. was prepared to join a united international front in an attempt to persuade Iran to abandon any ambitions it may have of building nuclear weapons.

"It is an opportunity for the world to clarify Iran's intentions, and it is an opportunity for Iran to make its intentions clear," she said.

While there was no immediate official reaction from the Iranian government, the Islamic Republic's official news agency dismissed the overture as a U.S. "propaganda initiative."

Asserting that Ms. Rice has broached the subject, the Islamic Republic News Agency wrote: "Of course, the Islamic Republic of Iran will only accept proposals and conditions that take into account the interests of the people and the nation [of Iran]. Suspending enrichment absolutely will not safeguard these interests."

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The unofficial dismissal "called the whole thing into question" and led traders to buy back previously sold positions late in the session, said Tom Bentz, an analyst at BNP Paribas Futures in New York. "To be honest, why anyone believed that the Iranians would respond positively is the question."

Bill O'Grady, an analyst at A.G. Edwards in St. Louis, said if Iran formally rejects the U.S. offer of talks, oil prices could climb to new highs.

"Then the odds of something happening start to accelerate," Mr. O'Grady said. On the other hand, Iranian acceptance would mean more losses for oil, with crude prices potentially dropping into the mid- to low-$60s, he added.

In other commodity markets:

CBOT: The Chicago Board of Trade will raise fees for trade-clearing and certain other transactions, moves that will increase the average amount of revenue generated for each contract traded at the exchange. Effective July 1, the fee for clearing all trades will be six cents a contract, up from five cents. CBOT, a unit of CBOT Holdings Inc., will raise fees for so-called off-exchange transactions and for electronic trading of agricultural products.

COPPER: Futures on the Comex division of the Nymex fell on month-end long liquidation and general weakness in commodities. July copper fell five cents to $3.624 a pound.

Oil Prices Cool Off After U.S. Softens Stance On Iran (USAT)

By Barbara Hagenbaugh

USA Today, June 1, 2006

WASHINGTON — Oil prices fell for the first time in a week Wednesday as gasoline prices continued to decline.

Oil prices fell 74 cents, or 1%, to $71.29 a barrel in trading in New York after the Bush administration said it would participate in talks with Iran about its nuclear ambitions if the country halts its effort to produce nuclear fuel.

Worries about a potential showdown between Iran and other nations about Iran's nuclear program have bolstered oil prices for weeks. Although the USA does not import oil from Iran, OPEC's second-largest producer, there is concern that should sanctions be imposed on that country, there would be less oil on the world market.

The decline in oil prices following the White House's announcement reinforces the idea that the lofty prices, which recently hit a record high, are not supported by basic supply and demand fundamentals, says Rakesh Shankar, senior economist at Moody's Economy.com.

“We see at least $5 to $6 in pure speculative premium,” Shankar says. “It's a house of cards that any breath of wind will tumble.”

Although the decline Wednesday was the first in a week, prices earlier in the session were down by as much as $2 a barrel.

The fact that investors erased some of those losses suggests they question if Iran will follow through, Alaron Trading analyst Phil Flynn says.

“People are skeptical that these talks are actually going to happen,” Flynn says.

He predicts oil prices will continue to rise to a new record of $78 a barrel by midsummer, based on strong global demand and on concerns during hurricane season about the potential impact on U.S. energy supplies.

“Oil prices are going to stay strong and go up,” Flynn says.

Oil is a key element in a number of industries and accounts for half of the cost of gasoline at the pump.

The U.S. average price for a gallon of gasoline fell for the second-consecutive week this week, the Energy Department said Wednesday.

The nationwide average price was $2.87 Monday, down 3 cents from a week ago, but still up 77 cents from a year ago. Prices recently peaked at $2.95 a gallon May 15, according to the government's weekly report.

Prices remained above $3 a gallon in several cities, such as Los Angeles, New York, San Francisco and Seattle, this week.

Large drops in prices at the pump are unlikely, says Fred Rozell, retail pricing director at Oil Price Information Service, which tracks gasoline prices. That's because the memory of the reduction in gasoline supplies and the quick run-up in prices to record levels following last year's hurricanes is too fresh. Weather forecasters have predicted another active hurricane season, which begins today.

“There's still that fear,” Rozell says. “Any time the wind picks up and threatens to blow anywhere near the refining sector, prices are going to go nuts.”

Iranian Hard-liners In Fix As U.S. Offers To Join Talks (WT)

By David R. Sands

DOJ_NMG_0031103

The Washington Times, June 1, 2006

Iranian hard-liners, led by President Mahmoud Ahmadinejad, faced a dilemma of their own after yesterday's announcement by the Bush administration that it was ready to join talks over Iran's suspected nuclear programs.

The U.S. policy shift "will be seen as a victory for the tough line of the government," said A. William Samii, an Iranian political analyst for Radio Free Europe/Radio Liberty, "but it's a tricky question of how best to respond."

Ordinary Iranians are increasingly weary of the confrontation with the West over the nuclear programs, Mr. Samii said, but have been told repeatedly by the country's conservative Islamic leaders that developing a nuclear capability is a matter of national honor and security.

If Washington's presence in the talks produces a deal to suspend or terminate Iran's nuclear programs, "there will be a lot of questions for the Iranian government," Mr. Samii said.

Secretary of State Condoleezza Rice, briefing reporters yesterday, said bluntly that one motivation behind the U.S. decision was to test Tehran's sincerity.

"It's time to know whether Iran is serious about negotiations or not," she said.

Iranian nuclear negotiators, backed by supreme leader Ayatollah Ali Khamenei, have rejected in recent months any suggestion that they suspend uranium enrichment while the talks proceed. Mr. Bush and Miss Rice said such a suspension was a precondition for U.S. participation in the talks.

In the first official reaction to the U.S. offer, Iran's state-run news service called the proposal a "propaganda move."

"It's evident that the Islamic Republic of Iran only accepts proposals and conditions that meet the interests of the nation and the country," the Islamic Republic News Agency said last night. "Halting enrichment definitely does not meet such interests."

But Trita Parsi, president of the National Iranian American Council and an Iranian foreign policy scholar at Johns Hopkins University's Paul H. Nitze School of Advanced International Studies, cautioned, "You should never take Iran's first reaction too seriously."

Mr. Parsi praised the U.S. move but said the demand for a halt to uranium enrichment could tempt Tehran to put forward its own preconditions for talks.

However, the prospect of active U.S. participation in the talks could widen the differences within the Iranian regime over negotiating tactics and strategy, he added.

"When there was no credible offer on the table, the international pressure only united the different factions in the government," he said. "That could change now."

The uranium enrichment program remains a sensitive topic in Tehran. The Supreme National Security Council, the top security agency, has forbidden debate on the subject in the national press.

Mr. Ahmadinejad, a little-known figure before his surprise election in mid-2005, has carved out a major role in foreign policy in part by strongly backing the nuclear program. Ayatollah Khamenei, still the final arbiter of policy in Iran's fractured political system, has backed the president's uncompromising stand.

The supreme leader said earlier this week that "any retreat" on the nuclear issue would be a "100 percent loss."

But other prominent figures, including former President Ali Akbar Hashemi Rafsanjani and former top security aide Hassan Rowhani, have publicly expressed doubts about the regime's hard line in talks with France, Britain and Germany.

Iran insists its nuclear programs are for peaceful civilian use and says it has a right to such programs under international treaties.

Mr. Ahmadinejad and his allies have grown bolder in recent days, Iranian analysts say, reflecting what they say are increasing troubles Washington faces on other fronts.

Foreign Minister Manuchehr Mottaki, on a visit to Malaysia this week, said the United States could not afford to "create a new crisis" in the region because of the difficult situations in Iraq and Afghanistan.

Jaw-Jaw Before War-War? (WSJ)

By Robert D. Blackwill

The Wall Street Journal, June 1, 2006

The Bush administration's announcement that it will join the EU-3 negotiations with Iran -- if Tehran suspends, verifiably, its enrichment and reprocessing activities -- will be seen as good news by many. With this new initiative, the American-led attempt to stop diplomatically Iran's nuclear weapons program will likely last for at least several more months. Perhaps Iran will eventually accede, either because of the threat or imposition of sanctions against it, or in the face of the united will of the international community.

We may hope the outcome is peaceful. But how probable is it? Vegas might give 3-1 odds against -- or longer. The Europeans have tried for two years to find a compromise with Tehran, without progress. Despite nearly unanimous

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condemnation by the international community, the regime appears determined to acquire nuclear weapons capability, and to replace the U.S. as the dominant power in the Persian Gulf area.

The essential problem here is not administration policy, the shape of the table, or who is sitting around it. Iran's nuclear policies are causing this crisis and Tehran has been left in no doubt about how to end it -- stop trying to create a nuclear arsenal. Nevertheless, if negotiations with Tehran fail, the case against using U.S. military force to set back Iran's nuclear weapons program is impressive.

Iran would retaliate strongly in Iraq, in Afghanistan and perhaps against the U.S. homeland. The effect in the Muslim world could be volcanic. Terror against America would increase. Islam could be further radicalized. Oil prices would skyrocket with damaging effects on the international economy, even if Iran did not interrupt its supply. The people of Iran would probably fall in behind the mullahs.

Global public opinion would further shift against the U.S. The Bush administration's resulting prolonged fixation on Iran could facilitate the rise of Chinese power and give North Korea more room to maneuver. Moreover, how accurate would U.S. intelligence and targeting information be? For what period would an air campaign have to last to be effective? If Iran subsequently began rebuilding its nuclear infrastructure, how long would it be before the U.S. might have to attack again?

For many, these arguments rule out military force. Former National Security Adviser Zbigniew Brzezinski has argued that, "if undertaken without the sanction of the U.N. Security Council either alone by the U.S. or in complicity with Israel, it would stamp the perpetrator(s) as an international outlaw(s)." Since it is difficult to imagine any circumstance in which the Security Council would endorse U.S. military action against Iran, this would seem to take the military option off the table for the likes of Mr. Brzezinski.

If diplomacy does not succeed, he suggests a policy of deterrence, which, he explains, "has worked in U.S.-Soviet relations, in U.S.-Chinese relations, and in Indo-Pak relations." But deterrence in the situations he mentions was focused on avoiding nuclear use. It did not prevent Pakistan from conducting more than a decade of cross-border terrorism in the course of which 40,000 innocent Indians were murdered. Would nuclear deterrence weaken Iran's ambition to become the hegemonic state in the Persian Gulf region? Would it end Iran's state support for international terrorist organizations? Would it lessen this Iranian regime's oft-repeated objective to eradicate Israel?

In fact, it would likely be the U.S. that would be deterred once Tehran acquired nuclear weapons capability and threatened U.S. national interests. Many argued a decade ago against military action against North Korea's nuclear facilities. Negotiate, they insisted. The PDRK presently produces probably several nuclear weapons a year. Who's sorry now? Henry Kissinger reminds us that bureaucrats and experts instinctively favor delay, equivocation, negotiation and the status quo, "because short of an unambiguous catastrophe the status quo has the advantage of familiarity and it is never possible to prove that another course would yield superior results."

The use of American military force against Iran's nuclear infrastructure would obviously carry great risk. But acquiescing in an Iranian nuclear weapons capability would be deeply dangerous for the U.S. and likeminded democracies for decades to come. It would be regarded by the entire world, friend and foe alike, as a strategic defeat for the U.S., and produce a major shift toward Iran in the balance of power in the Greater Middle East.

Iran would be emboldened to further endanger American vital national interests world-wide. Terrorist organizations everywhere would be given a major lift, some through direct support from Tehran. Israel's very existence would be called into question. And the nonproliferation regime could be dramatically, perhaps fatally, undermined. If Egypt, Saudi Arabia, Turkey and other Muslim states followed the Iranian nuclear example, for how long could a nuclear war in be avoided in this violent part of the world? John McCain sums it up: "In the end, there is only one thing worse than military action, and that is a nuclear-armed Iran."

Given the extraordinary stakes involved, ignoring the military option and hoping that we will somehow be rescued by sanctions, new negotiating mechanisms, or the Iranian mullahs is a serious mistake. We should instead follow Nehru's advice: "Risks and deadlocks when they occur at least have this advantage, that they force us to think." The distinguished French strategist Thérèse Delpech has been doing precisely that and warns, "The Iranian nuclear programme is progressing more rapidly than anticipated . . . and Tehran shows it has learned from Pyongyang that brinksmanship brings rewards." We may not have years to debate these historic policy choices. We should do so now before the gathering storm with Iran arrives with full force.

Mr. Blackwill, president of Barbour Griffith & Rogers International (a Republican lobbying and consulting firm), was U.S. ambassador to India from 2001-2003, deputy national security adviser for strategic planning and presidential envoy to Iraq in 2003-2004.

Rice Makes The Right Move On Iran (LAT)

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The Los Angeles Times, June 1, 2006

PRESIDENT BUSH HAS MADE A U-TURN on Iran — and not a moment too soon. Just as Secretary of State Condoleezza Rice was about to get on a plane to Vienna for talks on Iran, she announced a courageous and historic about-face that offers hope of ending the hostility that has marked U.S. relations with Iran since 1979.

That said, the chances of negotiating a verifiable, permanent end to Iran's suspected nuclear weapons program are slim. Iran's anti-Semitic, nationalistic president, Mahmoud Ahmadinejad, appears determined to produce nuclear weapons. But even if negotiations founder or fail, Bush's overture to Iran is as shrewd as it is welcome. Blame will rightly fall on Tehran if it fails to seize this opportunity.

Tehran's blustery initial response, dismissing the offer for talks as U.S. "propaganda," only shows how completely Bush's gambit caught the Iranians off guard. Several aspects of Wednesday's announcement indicate that the administration has done some serious thinking, and rethinking, on Iran.

First, despite Iran's history of mendacity with its nuclear program, Rice made a point Wednesday to acknowledge — twice — Iran's right to a civilian nuclear energy program. It was a necessary concession to Iran's pride in its program and to the fact that the Nuclear Non-Proliferation Treaty allows for it.

Second, in a concession to both Iran and Europe, Rice said the U.S. would "actively support" greater European economic cooperation with Iran. This reverses decades of U.S. attempts to wreak economic pain on Iran. It also offers hope that China and Russia, which have strong economic ties to Iran and have opposed U.S. efforts to exert pressure on Iran at the U.N., may be more likely to support U.S. efforts.

Third, Rice demanded as a condition for talks that Iran "fully and verifiably suspends its enrichment and reprocessing activities."

That may sound tough, but it's actually a face-saving gesture. Tehran can agree to a temporary suspension — as it has previously done during negotiations with the Europeans — without backing off its position that it will resume enrichment any time it pleases. And the White House can tell the Iran bashers in Congress that its willingness to negotiate has had tangible rewards.

More broadly, Bush's move indicates a late-blooming maturity in foreign relations. A president frequently chided for refusing to admit error has not only changed his mind, he has reexamined one of the core principles of his foreign policy. Even before his inauguration, Bush's most senior advisors were adamant that the way to deal with "rogue regimes" was to freeze them out. And Iran was famously included in the "axis of evil" that Bush identified in 2002.

Iran is no less dangerous today than it was four years ago. And its near-immediate dismissal of this overture is not encouraging. Yet Rice arrives in Vienna not only with a new proposal but a new approach. That change may be the more important one and, in the end, the more consequential.

A Smart Approach To Iran (WP)

The Washington Post, June 1, 2006

THE BUSH administration's offer yesterday to join negotiations with Iran was well tailored. By stating its readiness to join the European governments that have been negotiating with Tehran for several years, the administration may have defused an issue that was impeding its effort to win support for U.N. sanctions against Iran. Its concession was merely to acknowledge the reality that any enduring settlement of the Iranian nuclear threat will require direct U.S. participation. Yet the administration rightly insisted that Iran first suspend its uranium enrichment and reprocessing before any talks including the United States begin, and it linked its offer to a carrot-and-stick package of incentives and sanctions that would be presented to Iran in the coming days with the support of the Europeans and, possibly, China and Russia.

The packaging means that Iran won't achieve the symbolic breakthrough of talks with the United States -- something its regime and public deeply desire -- unless it suspends its nuclear work. If Iran rejects the offer, which will also include economic incentives, the result should be the passage of a Security Council resolution opening the way to sanctions. Crucially, European governments, and possibly Russia and China, will agree on the sanctions to be imposed even before the offer is made.

Secretary of State Condoleezza Rice still needs to firm up this elaborate piece of multilateral diplomacy in a meeting with the permanent Security Council members and Germany in Vienna today. There are some weak points: The Security Council resolution won't be voted on unless Iran rejects the offer, and there is no deadline for Tehran's response. Yet if Ms. Rice succeeds, Iran may well be presented with the "clear choice" she described yesterday between improved international relations and a relatively painful isolation.

That doesn't mean the Bush administration is anywhere near ending the threat from Iran. Most likely, the regime will try to dodge the choice it will be presented or reject it altogether. It will look for support to actors such as Mohamed ElBaradei, the director of the International Atomic Energy Agency, who has publicly undercut the decisions of his own board and the Security Council by proposing that Iran be allowed to continue uranium reprocessing. Tehran also will count on the Bush administration's

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critics in Europe and Washington to decry the offer to negotiate as unworthy and to insist that the United States offer Iran unconditional bilateral negotiations on all issues.

Ms. Rice made it clear yesterday that no such "grand bargain" is on the table. Were the Bush administration to propose such a scheme, Iran would surely pocket the concession of de facto U.S. recognition while continuing to pursue its nuclear program. Fragile European support for sanctions would quickly give way to pressure on Washington to offer Tehran greater and greater concessions. If, on the other hand, Iran accepts the coming offer, it's possible that Iranian-U.S. talks could evolve into a larger discussion of security issues -- Iraq, Lebanon, global terrorism -- that would benefit both countries, though it's hard to imagine that happening under Iran's current government. For now, the administration has rightly put the focus on forcing Tehran -- not Washington -- to make a choice.

Condi's Iran Gambit (WSJ)

The Wall Street Journal, June 1, 2006

When Iranian President Mahmoud Ahmadinejad publicly released a long, insulting letter seeking direct talks with the U.S. last month, President Bush dismissed it as unworthy of reply. But yesterday Secretary of State Condoleezza Rice delivered the real U.S. answer: Yes.

In a surprising policy reversal, Ms. Rice offered to negotiate directly with Iran's mullahs if they first suspend all uranium enrichment and cooperate with United Nations arms inspectors. The Secretary of State seems to have convinced Mr. Bush -- over the doubts of Vice President Cheney and others -- that this was the only way to prevent the U.S. from being isolated as our European allies ran for cover and Russia resisted any U.N. sanctions. How this new U.S. concession will impress the mullahs to give in is now Ms. Rice's burden to demonstrate. Good luck.

Granted, the offer has one big virtue: ending the three-year pretense that the so-called EU-3 -- Britain, France and Germany -- had any chance of ending Iran's nuclear ambitions. Time and again the not-so-big three had threatened "consequences" if Iran continued to enrich uranium, only to back down and force more concessions -- from Washington. The mullahs always wanted to talk directly to the U.S. for the implicit recognition such talks would convey, and now they have their wish.

In theory, Condi's gambit could help to expose Iran's real intentions should it refuse to negotiate seriously. In theory, too, a determined U.S. could use the direct talks to insist that Tehran undertake a Libyan-like dismantling of its nuclear facilities, complete with random and intrusive inspections. But yesterday's proposal demands nothing so comprehensive, and the potential sanctions supposedly on the table are still opposed by Russia and China. The ultimate sanction of military force isn't even hinted at, much less on the table.

Given the concessions he has already won by refusing to cooperate, Mr. Ahmadinejad won't be in any hurry to oblige now. Already yesterday, Iran was pocketing the direct-talks and demanding that any negotiation be "without pre-conditions." This was entirely predictable, and you can bet this new Iranian demand will soon be echoed in Paris, Moscow and all too many precincts in Washington.

It was good to hear Presidential spokesman Tony Snow yesterday describe that enrichment pre-condition as the "foundation stone" of the new U.S. proposal. But will Ms. Rice and her main ally in this windmill tilt -- Undersecretary of State Nicholas Burns -- soon be pressing Mr. Bush to make this concession too?

It's not as if Iran has met anybody even halfway on concerns about its nuclear program. The U.N. Security Council has already asked Iran to suspend uranium enrichment. But Iran's response to April's deadline was to announce it had enriched reactor grade uranium and is developing advanced centrifuges to do more -- perhaps as many as 3,000 by the end of this year.

Meanwhile, President Ahmadinejad continues to deny that the Holocaust ever happened, threatens to erase Israel from the face of the earth, taunts Mr. Bush about the coming collapse of democracy world-wide, abets the killing of Americans in Iraq, supports terror in Lebanon and elsewhere, and talks more generally about a coming conflict in which much of humanity will perish. We suppose it would serve Mr. Burns right if he has to negotiate with this zealot, except that the entire State Department seems almost as zealous in its pursuit of any kind of deal.

We'd like to think better, but one thing we didn't hear yesterday from Ms. Rice was any timeline for Iran to accept her offer. Tehran will surely attempt to delay as long as possible, giving it time to build more centrifuges and further harden its nuclear facilities. Mr. Burns could soon be talking to an Iranian Le Duc Tho about the shape of the Geneva negotiating table.

Perhaps the most dispiriting part of this new diplomacy is the signal it will send to Iran's internal opposition. The regime is wildly unpopular, but it will use this implicit U.S. recognition to show that it has earned new world respect. It will also demand that the U.S. cease its support for democrats inside the country, and voices in Europe and at State will want to do the same. We hope Mr. Bush has vetoed that kind of appeasement. We hope, too, that he'll continue to put pressure on the mullahs by interdicting Iranian terror financing, and shipping under the Proliferation Security Initiative, where warranted.

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Iran's relentless drive for a nuclear weapon is a difficult problem, and perhaps Ms. Rice is right that direct diplomacy is essential to expose Iran's real purposes. But given Iran's track record, we'd say the Secretary has walked her President out on a limb where the pressure will soon build on him to make even more concessions. If this gambit fails, she'll have succeeded mainly in giving the mullahs more time to become a terrorist nuclear power.

Though Late, Offer To Talk To Iran Will Only Benefit U.S. (USAT)

USA Today, June 1, 2006

Can Iran be persuaded to give up its race for nuclear weapons?

On Wednesday, the Bush administration took a big step to try to do just that. After more than five years of steadfastly rejecting negotiations with Iran — which calls the United States the "Great Satan" — the administration announced it would, after all, sit down at the table, along with three European allies.

There's one precondition: Iran first has to suspend its enrichment of uranium.

The administration's policy turnaround is welcome and badly needed. The question is why it took so long. Whatever happens, the offer of talks strengthens any serious U.S. efforts to halt Iran's nuclear program.

Here's why.

Every significant agreement in recent history — from Cold War weapons reductions to Libya's abandonment of its nuclear program — has involved negotiations involving the United States, the world's superpower.

Talks with Iran, if they occur, might just succeed. That's a long shot, of course, but it would be the best outcome.

The more likely outcome is that Iran either spurns talks or that talks fail. Initial reactions from Tehran on Wednesday were indeed negative; the official Iranian news agency called the U.S. offer "a propaganda move."

If the Iranians refuse to negotiate, the Bush administration will be in a stronger position to orchestrate tough punitive measures, beginning with sanctions. It could not be accused, as it was over Iraq, of not exhausting diplomatic options.

The dangers Iran poses to the United States and the world cannot be overstated. It is a fundamentalist Middle Eastern country that sponsors terrorism. Its volatile president says he wants to destroy Israel.

Iran insists that its nuclear program is for generating power, but it has a history of deceit and hiding nuclear activities from United Nations inspectors. It has toyed with other nations that have tried negotiations.

Why would Iran even consider suspending its nuclear program for a vague offer of talks? Secretary of State Condoleezza Rice laid out the considerable reasons: a supervised nuclear energy program, trade and economic benefits, the possible start of a positive U.S.-Iranian relationship.

To date, the Bush administration has spurned traditional diplomacy at great cost. In the Persian Gulf War of 1991, diplomacy persuaded allies to join in and foot most of the bill. In the current Iraq war, the go-it-alone U.S. approach has had a devastating cost in lives, money and reputation.

This apparent return to more patient diplomacy is a wise, and overdue, shift.

No More Excuses (NYT)

By David Brooks

The New York Times, June 1, 2006

For the past few months, Mahmoud Ahmadinejad has seemed so pleased with himself. He's been popping up here and there spouting off about exterminating Israel with the air of a man who thinks he has the world literally over a barrel — who feels himself fully on the offensive and in control.

But that changed yesterday, when Condoleezza Rice announced her willingness to talk with Iran about nukes so long as Iran suspended its enrichment program first. As Robert Kagan of the Carnegie Endowment notes, in a swoop the U.S. has put itself back in front of events. It's taken the initiative away from Ahmadinejad and Vladimir Putin, and it's created a series of problems for Tehran.

What Rice did was set off a chain of events that could lead to a U.N. resolution on Iranian sanctions as early as July. Diplomats, book your New York hotel rooms today.

Yesterday's policy shift really began in late April, as Rice returned from a visit to Baghdad and decided it was time to bring the dispute with Iran to a head. The European Union negotiations were dissolving into disharmony and confusion. There were some indications that Iran was accelerating its nuclear program. It was clear that Iran was winning.

Rice decided to shake things up. What she had to do, to borrow the metaphor of one senior administration official, was to take the cue ball and smash it into all the other balls on the table, and so open up room for future maneuvering.

This in itself was a gutsy maneuver, for in deciding to get so active she was essentially betting her career on her ability to deal with Iran.

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Quickly, President Bush and Rice agreed upon a course of action that was neither passivity nor bombing. They decided to accelerate the diplomatic process. They did this with no expectations that Iran would agree to negotiate away its nuclear program. There are no optimists in this administration about the prospects for diplomacy (though there are varying degrees of pessimism).

Instead, Bush and Rice concluded that it was necessary to exhaust diplomatic alternatives, in order to make international sanctions possible later. The U.S. had to remove everybody else's excuses for inaction.

Bush and Rice told their European and Chinese allies they would be willing to talk with Iran so long as it was in a group, so long as the Iranians suspended their enrichment program, so long as the Europeans agreed to really stick by this precondition, and so long as the Europeans, Russians and Chinese agreed in writing to a menu of sanctions to be imposed if talks never got off the ground.

Reaching agreement on all this was no easy task. And there are some who wonder if the U.S. could have persuaded the Europeans to accept even tougher sanctions. The allies have agreed that if diplomacy fails they will jointly separate Iranian banks from the world banking system, and choke off Tehran's access to reserve currencies. But there is no mention of an oil or gas embargo. Dennis Ross, the former Clinton envoy, who supports the administration's course, suggests that Iran will not fundamentally rethink its policy unless it is convinced that the U.S. is so determined to prevent Iran from getting the bomb that it is willing to impose pain on itself.

Still, the accomplishments over the past few weeks have been impressive. Bush and Rice have created a coherent policy. They have organized the Europeans, Russians and Chinese around that policy. They have put Iran on the defensive, and forced the different factions in the regime to argue about what sort of country they wish to become. (Yesterday's public blast from Tehran was anticipated and discounted.)

Even the rollout was masterful. I called experts around the world yesterday afternoon, and all of them seemed to have just gotten off the phone with a senior administration official (or two), and all were positive about what had been achieved.

It's still hard to believe the international community can really get its act together. (Have the U.S. and the Russians and the Chinese really forged an agreement on sanctions, or just fudged their differences?) But this display of competence causes me to remember that over the past several weeks this administration has done a number of things well (the nominations of Michael Hayden and Henry Paulson, to name just two). Maybe there's life in this presidency yet.

Palestinians Hit Home In Sederot (NYT)

The New York Times, June 1, 2006

JERUSALEM, May 31 — A Palestinian rocket slammed into a residential area in southern Israel early Wednesday, hitting a house about 100 yards from the home of Israel's defense minister, Amir Peretz.

No one was hurt, but the rocket damaged the house in Sederot, a working-class town that is most often the target of the Palestinian fire from the northern Gaza Strip.

Mr. Peretz said he was awakened by a siren that alerts Sederot residents to incoming rockets. The Israeli military said three rockets had been fired, and the Palestinian faction Islamic Jihad claimed responsibility.

Mr. Peretz visited the damaged house and said the military would "take actions that prevent these organizations from firing toward Sederot and other communities."

Later Wednesday, the Israeli military fired artillery rounds into northern Gaza. No casualties were immediately reported.

US Envoy Urges 'Bold' Egypt Reforms (AFP)

AFP, May 31, 2006

United States ambassador to Egypt Francis J. Ricciardone urged Egypt to pursue "bold" reforms, but insisted that Washington has no interest in drastic changes that could spark chaos.

"Contrary to folklore, we do not, we do not confuse change with chaos. We do support bold but well-managed, wisely-led, purposeful change," Ricciardone told the annual meeting of the American Chamber of Commerce in Egypt.

Washington has spoken out recently against Egypt's strong arm tactics against the opposition, including the jailing of prominent opposition leader Ayman Nur and crackdowns against anti-government demonstrations.

"America supports and encourages not only the Government of Egypt, but also those independent forces and voices of opposition who champion these goals," Ricciardone said.

The US ambassador described as "very harsh" the five-year jail sentence of opposition leader Ayman Nur for fraud in what Egypt insists is a criminal not a political case.

"Even criminal cases that involve politicians, are not entirely criminal. There is a political dimension," he said.

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"The man who ran for president and came in second, lost the elections by a great margin, ended up before the courts and got what appears to Americans a very harsh sentence," he said.

"I would have wished that it turned out differently."

Ayman Nur came a distant second in last year's presidential elections which saw Egypt's President Hosni Mubarak win 88 percent of the votes.

Egypt, a leading recipient of US economic and military aid, has received more than 60 billion dollars since 1979, including 34 billion dollars in foreign military financing credits to buy US material and services.

In recent weeks, Egyptian police detained hundreds of pro-reform protesters who had come out to support the judiciary in their call for independence from the executive body.

Bush Offers To Help Catch Rwanda Criminals (AP-Y2)

AP2, May 31, 2006

President Bush called the 1994 genocide of a half-million people in Rwanda "one of the most significant tragedies in modern history" and said the United States would give any help the country wanted to track down those responsible who are still at large.

In an Oval Office meeting Wednesday with President Paul Kagame of Rwanda, Bush also pledged to help repay the country for troops that it has sent to deal with another genocide — a violent conflict raging in Sudan's Darfur region that has left 180,000 people dead and an additional 2 million homeless.

Bush said the money will come from a supplemental spending bill that is being considered by Congress that also includes funding for U.S. troops in Iraq and Afghanistan and to aid Hurricane Katrina victims.

"I told the president that sometimes the Congress doesn't move as quickly as I'd like on issues, but I'm confident they'll get the supplemental passed when they come back from their Memorial Day break," Bush said.

Bush credited Kagame with trying to bring reconciliation to his country. He said Kagame offered to help with similar efforts in Iraq.

"But the way I look at the situation is that Rwanda can serve as an example for other societies that are troubled," Bush said.

"To the extent that he wants our help in finding certain perpetuators of crime, we'll be glad to do so," Bush said.

Kagame thanked Bush for U.S. support in sending troops to Darfur, combating HIV/AIDS, supporting private investments and building infrastructure.

Darfur Rebels Refuse To Sign Peace Deal (AP)

By Ali H. Zerdin

AP, June 1, 2006

A Darfur rebel group Wednesday again rejected a peace deal aimed at ending three years of fighting that has killed at least180,000 people and forced more than 2 million flee their homes in Sudan's western region.

The African Union-drafted accord was signed May 5 by the government and main Sudan Liberation Movement, but both a splinter group of the Liberation Movement and the Justice and Equality Movement have resisted international calls to accept the deal.

Khalil Ibrahim, who heads the Justice and Equality Movement, rejected the pact saying it does not provide "a fair share of resources and power" for his group.

Ibrahim spoke after meeting Slovene President Janez Drnovsek, who is seeking to mediate the crisis.

"We want a fair peace agreement," Ibrahim said.

The African Union had called on Ibrahim's group and the other faction to sign on to the deal by Wednesday.

There was no indication on what would occur if they didn't meet that deadline.

Drnovsek called on all sides to continue negotiating. Ibrahim called on the United Nations and the European Union "not to close the door for peace in Darfur."

The Justice and Equality Movement is the smallest of the chief Darfur rebel groups and is linked to Sudan's leading fundamentalist Islamic ideologue Hassan Turabi, while the other rebel groups in the predominantly Muslim region are seen as secular.

Darfur has been torn by violence since rebel groups made up of ethnic Africans rose up against the Arab-led Khartoum government in 2003. The government is accused of responding by unleashing Arab militias known as the Janjaweed who have been blamed for some of the war's worst atrocities. Khartoum denies backing the Janjaweed but has said it will try to rein them in since the deal was signed.

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Ensuring the Janjaweed respect the cease-fire is key to persuading Darfur rebels to comply with the peace deal, but there have been several Janjaweed attacks since then, U.N. officials said.

The AU's 7,200 peacekeepers in Darfur have largely been ineffective in stopping atrocities and re-establishing security, leaving tens of thousands of people in camps, with little food or water.

The Sudanese government had said the peace deal opened the way to a U.N. force for Darfur, but has moved only with reluctance to help the U.N. prepare to get peacekeepeers on the ground.

AU Deadline Passes For Holdout Rebels To Sign Darfur Peace Deal (AFP)

By Lea-Lisa Westerhoff

AFP, May 31, 2006

A midnight African Union deadline for holdout Darfur rebels to agree to a peace deal for the troubled western Sudanese region passed with no new signatories, AU officials said.

Despite intense pressure and threats of sanctions on the two rebel groups that have thus far rejected the pact and signs that dissident factions might sign on at the last minute, AU officials said no such overtures had been made.

At the same time, they said the pan-African body might be willing to accept signatures to the May 5 agreement on Thursday, considering logistical problems would-be signers may have had in meeting the May 31 deadline.

"No one has called to say they will sign but they know how to reach us," a senior AU official told AFP at the bloc's headquarters in Addis Ababa after the 2100 GMT deadline passed. "We'll see what happens (Thursday) morning and consider it."

Noureddine Mezni, a spokesman for the AU Mission in Sudan (AMIS), told AFP in Khartoum that AU commission chief Alpha Oumar Konare Konare would on Thursday "indicate the next steps to be taken."

The holdout groups have refused to sign the accord aimed at ending three years of conflict in Darfur, which has left some 300,000 people dead and 2.4 million homeless.

While the main wing of the region's Sudan Liberation Movement (SLM) did sign the AU-brokered deal, a splinter faction and the Justice and Equality Movement (JEM) have refused, saying it fails to address their concerns.

Shortly before the deadline expired, Mezni said efforts were still underway by southern Sudan ex-rebel chief, now Sudanese First Vice President, Salva Kiir to "persuade those who did not sign" the pact to do so.

A source close to the negotiations said Kiir had received a delegation led by Konare's Sudan envoy, Baba Gana Kingibe, and that he would himself soon host talks between the AU and holdout rebels in the south of the country.

On Wednesday, AU officials in Addis Ababa said a group claiming to represent a JEM splinter faction had arrived there to meet officials just hours before the deadline.

"We have been approached by a certain number of groups who are favorable to the DPA," AU Peace and Security Council commissioner Said Djinnit told reporters, referring to the Darfur Peace Agreement.

Diplomats in the Ethiopian capital said the alleged JEM dissidents were prepared to sign the deal even after a spokesman for the group said it could not agree unless substantial changes were made.

Mezni said AU officials were drawing up a new document that would allow dissident factions and commanders to escape sanctions.

"We are finalising a different document, a mechanism will be put in place to receive the signatures of groups and individuals who have chosen the path of peace," he said.

A source close to the AU said seven field commanders from Abdel Wahid Mohammed al-Nur's holdout SLM faction had arrived in Addis Ababa to join the peace process "and before that many others did the same."

Nur himself has said he will not sign unless Khartoum agrees to pay compensation and give his SLM wing a greater security role and a say in local and federal government.

Officials involved in the peace effort have warned Nur he risks becoming "irrelevant" if he does not sign, but his group's absence from the accord will likely plunge Darfur into further violence.

The SLM founder represents the Fur tribe, Darfur's largest, and has insisted on more concessions from the Sudanese government, which stands accused by Washington of perpetrating genocide in Darfur.

The SLM's other faction, led by Minni Minnawi, is the only group to have signed up to the deal.

The Abuja accord, signed on May 5, provides for a more equitable distribution of power and wealth, the disarming of the pro-government Janjaweed militias and a referendum on the future of Darfur.

Machete-wielding Youths Fight In E. Timor (AP-Y2)

By Anthony Deutsch

DOJ_NMG_0031111

AP2, May 31, 2006

Machete-wielding youths battled in East Timor's capital Wednesday amid burning and looting as more foreign troops bolstered a force struggling to stop the unrest that has destabilized the country.

More than 100,000 residents of Dili have fled their homes to escape the violence, an aid official said.

Australia, which has provided the vast bulk of the more than 2,000 international security forces trying to control the city, suggested that a semi-permanent contingent may be needed to help East Timor restore order.

After a lull in violence Tuesday, street fights broke out in several parts of the smoldering city Wednesday. Roaming bands of youths fired sling shots, threw rocks and hacked rivals with machetes.

Australian forces spent several tense hours on the main airport road trying unsuccessfully to keep the warring parties apart. Some patrols rolled past scenes of violence and arson without intervening.

Australian army medics treated a man who suffered head and back wounds after being attacked with a machete. At least eight people were hospitalized with machete wounds, and three of them were in critical condition, a hospital official said.

More than 100,000 people have fled their homes, said Kym Smithies, a spokeswoman for about 30 private aid groups operating in the country. More than 70,000 were in camps in the capital and another 30,000 had fled the city altogether, she said.

The violence is the worst in East Timor since its bloody break from Indonesia in 1999, which paved the way for full independence in 2002 after years of U.N. administration. It remains one of the world's poorest countries and is dependent on foreign aid.

The fighting was triggered by the dismissal in March of 600 soldiers from the 1,400-member army. Sporadic clashes last week between the disgruntled soldiers and government troops spiraled into open street violence in Dili, and at least 27 people have died.

Much of the antagonism on the streets is between East Timorese from the "east" — perceived to be pro-independence — and those from the "west," believed to be sympathetic to Indonesia.

Australia has 1,300 front-line troops in East Timor and several hundred military personnel supporting them.

New Zealand's contingent of almost 200 troops began arriving in force Wednesday, deploying from military cargo planes carrying packs and rifles.

More than 330 Malaysian troops are in place, and some 120 Portuguese paramilitaries are due by week's end.

President Xanana Gusmao said late Tuesday he had invoked emergency powers and taken over the government's security role to try to end a political deadlock that has contributed to the rampant lawlessness.

Foreign troops appeared to be flexing newly given powers to detain suspects, not just disarm them, and parts of the city appeared calm Wednesday.

Australian troops arrested 10 suspects in one burnt-out neighborhood. Within eyesight of the troops, houses were broken into and set ablaze.

Defense Minister Brendan Nelson suggested that an international security force might be needed to help ensure "the political, financial, legal and social reconstruction of East Timor over the near and longer term." He said Australia could lead such a force.

In Canberra, Australia's military chief, Air Chief Marshal Angus Houston, said he expected the peacekeeping mission to last at least six months.

East Timor's Prime Minister Mari Alkatiri — whom many blame for the crisis — rejected calls for his resignation.

"I will be prime minister until the next election," he told Australian Broadcasting Corp. radio.

On Wednesday, 15 major aid donors — including Australia, the United States, the EU, the Asian Development Bank, International Monetary Fund and the World Bank — urged the feuding parties to stop.

U.N. Secretary-General Kofi Annan said he hoped residents would heed Gusmao's appeal to turn in weapons to the peacekeepers.

"It's really sad and tragic that we have to relive this situation again in East Timor," he said.

Pope Benedict XVI also appealed for an end to the violence in the country, which is predominantly Roman Catholic.

Rebel leader Maj. Alfredo Reinado said the crisis would not end until Alkatiri — whom the rebels accuse of discrimination — is ousted.

"The prime minister should go," Reinado told The Associated Press by telephone from a rebel redoubt in the hills surrounding Dili. "Why doesn't he just leave? Do more people need to be killed?"

ETimor Violence Returns As Rebels Reject Move (AFP-Y2)

By Neil Sands

AFP, May 31, 2006

East Timor's rebel leader rejected an agreement designed to end days of violence in the tiny nation that has forced tens of thousands to flee and demanded the sacking of the embattled prime minister.

As gang violence and arson attacks again broke out across the capital Dili, Major Alfredo Reinado said Wednesday President Xanana Gusmao made a "mistake" by assuming emergency powers but not sacking Prime Minister Mari Alkatiri.

"It's not a solution. He is a criminal and should not be allow to stay as prime minister," Reinado told AFP. "That is the mistake that the president has made."

Reinado spoke from his base outside Dili, where he is holed up with nearly half the 1,400-strong military, who were sacked by Alkatiri after going on strike over alleged discrimination against troops from the west of the nation.

Battles between the renegade troops and the remains of the military spiralled last week into mob violence in the streets, with rival eastern and western gangs fighting and torching homes and shops.

The UN refugee agency said it was setting up an airlift to help about 65,000 people who have fled the fighting.

An emergency team from the office of the UN High Commissioner for Refugees (UNHCR) in Dili found that the displaced people were in critical need of food, clean water and shelter, the agency said in a statement.

The initial airlift of tents and other supplies from UNHCR stocks in the Middle East is for 30,000 people.

Another 35,000 are thought to have fled to the countryside for safety, the agency added.

As the president and prime minister squabbled over the emergency powers, some here wondered whether Gusmao -- a former guerrilla leader and national hero for leading the nation to independence -- could deliver peace again.

"The first time yes but not now," Elite Pinto told AFP when asked if the president could bring peace to the nation.

On Wednesday, gangs moved towards the airport in the late afternoon where they set fire to a roadside market.

About 30 youths, many with bandanas hiding their faces and using knives, rocks and slingshots, converged on the market near Dili's airport, urged on by a man standing on the back of a motorbike shouting: "Attack, attack."

They torched eight makeshift kiosks and two buildings -- a shop and a house, both of which appeared unoccupied at the time.

International troops arrived in about 10 armoured personnel carriers to disarm the youths and re-open the airport road.

A block of homes and shops in Becora, one of the capital's most dangerous areas, was torched before dawn. Many houses were unoccupied as frightened locals have been spending the nights in shelters.

"They were surprise attacks. When we woke up and came over here we found that our house had been burned," Carlos Soares told AFP as he picked through the remains of his home.

The commander of the international forces called in by the government to last week to quell the unrest, Australian Brigadier Mick Slater, said the situation had improved.

"Things are starting to stabilise," he told reporters.

The international military presence of 2,250 troops from Australia, Malaysia and New Zealand was boosted with the arrival of another 42 New Zealanders, bringing their contingent to full strength of 120. Some 120 Portuguese paramilitaries are due to leave Friday morning for East Timor, a bit later than scheduled to accommodate the opening hours at Dili's airport.

After two days of crisis talks in the capital, the hugely popular Gusmao on Tuesday announced 30 days of emergency rule and the sacking of the defence and interior ministers.

In a statement he said he was "implementing the necessary measures to prevent the violence and avoid further fatalities" as well as for the "rapid re-establishment of public order".

Reinado would not comment on whether the rebels were ready to surrender their weapons.

Alkatiri denied that Gusmao had full control of the military, insisting he still commanded wide support, but Foreign Minister Jose Ramos Horta appeared to contradict him.

"Any decision on security and defence matters will be made by President Gusmao in cooperation with the Australian force commander," Horta told Australian radio.

He said the government still needed "significant change" to stop the unrest and indicated a cabinet reshuffle could be expected in the next few days.

U.S., Vietnam Seal Pact, Lift WTO Obstacle (WT)

By Jeffrey Sparshott

The Washington Times, June 1, 2006

The U.S. yesterday signed off on an agreement that will allow Vietnam into the World Trade Organization.

The pact removes one of the last hurdles barring the communist nation from joining the world's capitalist club.

"This truly is an historic step in the relationship between our two countries," Deputy U.S. Trade Representative Karan Bhatia said in Ho Chi Minh City.

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The U.S. evacuated the city, then known as Saigon, in 1975 at the end of a war that cost more than 58,000 American lives. The countries have since slowly rebuilt political and economic ties, and are poised to permanently normalize trade relations.

Congress still must vote on WTO membership for Vietnam. The Bush administration hopes that will happen this summer.

Rep. Benjamin L. Cardin, Maryland Democrat and a party leader on trade issues, said both parties are likely to have concerns about Vietnam's human rights record as well as its export of manufactured goods such as textiles.

"But there is broad support among Democrats and Republicans to support Vietnam's admission into the WTO," he said.

U.S. business groups widely favor WTO membership for Vietnam as a way to open the country's market and to ensure it plays by global trade rules. But apparel and textile manufacturers oppose the pact.

The deal lifts barriers to bilateral trade, opening opportunities for U.S. companies but also eliminating quotas that capped Vietnam's fast-growing exports of clothing and fabric to the U.S.

"This deal is a disaster for U.S. manufacturing, and the U.S. textile industry in particular," said Auggie Tantillo, executive director of the American Manufacturing Trade Action Coalition.

Mr. Bhatia dismissed textile and apparel concerns during a May 22 briefing in Washington, saying the pact included safeguards to protect the industry.

Apparel is the top U.S. import from Vietnam, valued at $2.9 billion last year -- 55 times greater than it was in 2000. Furniture, footwear, coffee and seafood -- mostly shrimp and catfish -- are other major imports. Aircraft, worth $346 million, was the major U.S. export to Vietnam. The U.S. ran a $5.4 billion trade deficit with Vietnam last year.

Congress in 2002 voted 338-91 to allow President Bush to temporarily normalize trade relations with Vietnam. Mr. Bush has since renewed that status each year.

The country is denied permanent normal trade relations under a 1974 law that links trade to freedom of emigration.

Vietnam also must settle details of its membership with a WTO committee, likely postponing formal membership to at least until the fall.

Countries aspiring to join the WTO must reach terms with each of the body's 149 members, though the biggest economies -- including the U.S. and the 25-nation European Union -- typically set the most rigorous terms.

The U.S. was the last major economy to sign off on Vietnam's accession, a capstone to normalization of relations between the countries.

Vietnam began to reform its economy in the mid-1980s and steadily repaired ties with the U.S. through the 1990s. Congress approved a bilateral trade agreement in 2001.

Bolivia President Morales Says U.S. Seeks To Kill Him (Update1) (BLOOM)

By Jeb Blount

Bloomberg, June 1, 2006

May 31 (Bloomberg) -- Bolivian President Evo Morales said the U.S. organized teams to track down and kill him, according to a note published on the Bolivian presidential Web site.

Morales, speaking at the opening of a hospital that was built with help from Cuba in the town of Escoma, Bolivia, said he recently found out about the plots against him, the state newswire ABI said in the report on the presidential Web site.

The allegations are unfounded, U.S. Embassy in La Paz said in a statement sent to journalists by E-mail. Calls to the Bolivian presidential palace requesting comment were not returned.

For Venezuela, A Treasure In Oil Sludge (NYT)

By Juan Forero

The New York Times, June 1, 2006

PUERTO LA CRUZ, Venezuela — The sludge in the glass jar on David Nelson's bookshelf here is thicker than molasses and was once thought worthless. But the Chevron Corporation, whose operations he runs in eastern Venezuela, has spent about $1 billion turning what was once called liquid coal into oil, helping transform a swath of scrub grass into a great frontier for oil production.

The region, the Orinoco Belt, is in fact so promising that President Hugo Chávez of Venezuela says it contains up to 235 billion barrels of recoverable oil; if true, the reserves would rival those of Saudi Arabia.

"We do know that the Orinoco is underdeveloped," said Mr. Nelson, 49, a geologist from California with 27 years' experience developing heavy-grade oil. "And the resources in the Middle East are at their midpoint."

This great, largely untapped treasure is pitting a leftist government aiming to use oil revenue for social programs against multinational corporations like Chevron, which were invited here a decade ago to develop the Orinoco Belt, a 54-square-mile area some 120 miles south of here.

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With demand rising, worldwide supplies threatening to decline and oil prices near record levels, the struggle in this country underscores the growing debate between governments and oil companies worldwide over profits from technologically challenging but potentially lucrative oil fields — whether in the Caspian Sea, the Arctic tundra or here in the Orinoco region.

Venezuela will be the host for an OPEC meeting on June 1, where Mr. Chávez can be expected to emphasize his country's vast potential. It clearly has a lot to gain from the Orinoco, where daily oil production has slid to 2.6 million barrels, from 3.3 million barrels five years ago. To underline the region's potential, President Chávez has asked oil companies from as far away as China and Russia to certify the size of the hefty reserves.

Saudi Arabia, still the giant among world oil suppliers and the leading force in OPEC consultations, scoffs at such boasts.

Yet, what is under the ground here in Venezuela, the Western Hemisphere's largest oil-exporting nation, has become so valuable that companies throughout the world want to drill for more, and Mr. Chávez, who regards his government as revolutionary, wants it to have a larger slice of the earnings.

In Venezuela, foreign companies including Exxon Mobil, Chevron, ConocoPhillips, BP and Total of France could lose once-favorable terms and in essence be forced to transfer up to $8 billion in value to the government, just as some opportunities elsewhere are drying up.

The big oil companies are right to be rattled. In April, Mr. Chávez's populist government took control of 32 mostly marginal oil fields across Venezuela that had been managed by foreign concerns. Then on May 16, the National Assembly raised royalties on the four heavy crude oil projects of the Orinoco to 33.3 percent, from 16.6 percent, and is planning to increase taxes to 50 percent, from 34 percent.

The government says it is preparing to capture a bigger stake in the Orinoco — turning control of projects that produce 600,000 barrels a day over to Venezuela's state oil company, Petróleos de Venezuela. Energy officials say the government could take up to 60 percent control of the so-called strategic associations, as the projects are called. No timetable has been laid out, but leaders in the National Assembly, which is controlled by Mr. Chávez's forces, say it is only a matter of time.

"With the high price of petroleum on the market, we are going to share in the excess earnings of the strategic associations," Mario Isea, president of the assembly's hydrocarbons commission, which is allied with Mr. Chávez, said in an interview. "They have gone years without paying royalties and effectively paying commercial taxes instead of petroleum taxes."

In the mid-1990's, President Rafael Caldera's government, eager to develop oil discovered in the 1930's, opened the region to foreign investment because the state oil company had neither the capital nor the technology to develop the Orinoco's semisolid sludge. Oil prices were low, world supplies easily met demand and Venezuela had on its hands a crude oil so heavy, so filled with impurities, that it was not even known as oil, but rather bitumen.

But then, given a virtual tax holiday intended to stimulate investment — the royalty rate was 1 percent — the multinationals embarked on a process of drilling and, more recently, upgrades that permit refining Orinoco crude oil into a lighter, marketable product.

In the Hamaca field, an area the size of Houston that produces oil for Chevron, ConocoPhillips and the Venezuelan state company, oil now slurps through an octopus-like system of horizontal wells that reach out as far as 8,000 feet.

The drill bits are equipped with sensors that emit seismic signals measuring what they are passing through — whether rock, sandstone, fine shale, sand or clay.

"Obviously, we'd love to find deposits with sweet light crude in shallow fields," said Mr. Nelson, who carefully explains the complex challenges his company faces. "That's not where energy resources are, so we have to adapt."

Back in a control room near his office in this Caribbean port, geologists and engineers monitor wall-size screens and make quick decisions whether the drill needs to bore ahead, or move up or down.

The idea is to have the drill moving fast, at hundreds of feet an hour, into blue-shaded patches, which signal porous material that would contain crude oil.

"Our goal is to first find sand and once we find it, stay in it," said Mike Waite, a senior geophysicist who leads the team monitoring the drilling.

Just west of here, gunk from the Orinoco is turned into oil at the Jose Industrial Complex, a virtual city of pipes, water-treatment lagoons, smokestacks, pits and storage tanks. Since the first shipment of Hamaca oil left aboard the tanker Overseas Sophie two years ago, the project has produced an average of 180,000 barrels a day.

Mr. Nelson said the project, among the most intricate in the world, is worth it, "but you have to put some elbow grease into it."

"These projects are big," he said. "They're complicated. They have a lot of moving parts. You have a lot of complicated negotiations with governments. It's not a business of instant gratification."

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All told, according to a recent Deutsche Bank report on the Orinoco projects, $17 billion has been invested, about $3.5 billion in the Hamaca project alone. Big energy companies, including some from Brazil and China, would like nothing more than free rein to ramp up investments and produce more.

Ali Moshiri, Chevron's Latin America exploration and production group chief, said in April that Venezuela needed $200 billion to develop the heavy oil reserves.

"There's a sense of urgency, not a sense of luxury," said Mr. Moshiri, who predicted that 90 percent of Venezuela's production would come from the Orinoco in the years ahead.

The government, to be sure, talks of increasing production to 5.8 million barrels a day by 2012, from 2.6 million barrels now. But Venezuela, which as a leading voice in the Organization of the Petroleum Exporting Countries has advocated a particularly tough form of oil nationalism, wants to achieve this on its own terms.

Its energy minister, Rafael Ramírez, who is also the president of Petróleos de Venezuela, said in an interview that the deals that multinational companies signed with the government in the 1990's were "absurd," giving Venezuela little in return.

"They are beholden to their stockholders, and we are beholden to our country," Mr. Ramírez said.

Venezuelan officials contend that exploration and production in the Orinoco has become easy, even risk-free, with a barrel of oil costing less than $1 to produce, down from $2 in 1995.

Energy officials here assert that the multinationals exaggerated the technical challenges and costs, swindling the state.

They also argue that the companies have made extraordinary profits — and will continue to do so even with higher taxes and royalties.

"They have made a fortune," said Mr. Isea, the president of the hydrocarbons commission. "This remains an excellent business. I do not think anyone will leave."

Venezuelan officials say their measures are enshrined in a 2001 law that says the state oil company must have a 51 percent stake in projects; they sidestep questions about previous contracts being grandfathered in.

Mr. Ramírez and lawmakers also say that a 1945 hydrocarbons law permits the government to raise royalties when the price of oil goes up.

The foreign companies, trying to avoid controversy, do not publicly dispute the Venezuelan government's statements. But Larry Goldstein, president of the Petroleum Industry Research Foundation, an industry-supported analysis group in New York, said: "In Venezuela today, I don't believe contracts have meaning. And it affects the production, no matter what the Venezuelans say."

The game of oil brinkmanship continues, with Mr. Ramírez saying that the companies have few options.

"It's no secret for anyone that the big deposits, the giant ones, are finished," he said. "There are no new oil regions that compare to the Orinoco Belt."

The recent Deutsche Bank report agreed, saying that "few are likely to quickly turn their backs on reserves of the order seen in Venezuela."

"They may not like Chávez," the report added. "They may not like his regime. But they also know that he has probably done as much to support high oil prices through his rhetoric and posturing as any individual. This president is no fool. And at the end of the day, you go where the oil is."

Sudan And Angola Wait At Opec's Door (FT)

By Carola Hoyos

Financial Times, June 1, 2006

The Organisation of the Petroleum Exporting Countries is considering enlarging its membership – for the first time in more than 30 years.

Oil ministers arriving in Caracas for a meeting on Thursday were awaiting the report of Nigeria, the group's current president, on invitations of membership to Sudan and Angola. The pair, who are observer members, are two of the world's fastest-growing oil producers. Angola's production is 1.25m barrels a day, having risen almost 80 per cent in the past decade. Sudan produces about 360,000 b/d.

Their membership would boost Opec's share of world oil supply from 41 per cent to 43 per cent. But the move would be likely to anger the US and China as well as almost every big international oil company.

Sudan is China's most important source of foreign oil assets and a rogue nation in US eyes. Angola is the most important new frontier for production and reserves for ExxonMobil and Chevron of the US, and Europe's BP, Total and Eni. Neither the companies, nor the Chinese want to be subject to forced output cuts, which could happen if Angola and Sudan joined Opec.

Khartoum has signalled it would like to join the group, while Luanda has been less enthusiastic. Many within Opec appear keen for the two to join, but cautioned that the process was by no means certain to end with both becoming members.

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Abdullah bin Hamad al-Attiyah, Qatar's energy minister, has backed the plan, but said he was awaiting details. "I will support Sudan's membership in Opec. Opec is an organisation for exporting countries, and Sudan is exporting a lot of oil."

Russia and Kazakhstan have in the past decade been the two oil producers thought most likely to join Opec. Neither were invited nor made a formal approach.

Lebanon Seeks Way To Disarm Palestinian Militia Groups (NYT)

By Hassan M. Fattah

The New York Times, June 1, 2006

NAAMEH, Lebanon, May 28 — The radical Palestinian militiamen operating a checkpoint here south of Beirut seemed to be from another era, vestiges of the bloody civil war in the 1970's and 80's.

But two days after missiles flew from southern Lebanon into northern Israel, prompting Israeli warplanes to pound local camps in the worst cross-border fighting in years, they were also something else: a challenge to the Lebanese government.

Lebanese politicians have begun focusing attention on the Palestinian militias as a critical security issue and have vowed to disarm them.

Palestinian refugees have played various crucial roles in the tangled history of Lebanon. For instance, Palestinian raids on Israel from Lebanese bases in the 1970's drew Israeli fire and episodes of occupation. Palestinian militias took sides in Lebanon's civil war, fighting so strongly that Syria was eventually drawn in as a counterweight, for the start of nearly 30 years of occupation.

The Palestinian militias that persist in Lebanon — and run checkpoints like the one in Naameh — are mostly rogue groups like Fatah Intifada and the Popular Front for the Liberation of Palestine-General Command. Both are based in Syria; neither is part of the Palestine Liberation Organization. They are estimated to have fewer than 500 men between them.

But Lebanese officials note that in recent confrontations with the Lebanese Army, their ranks have swelled. The officials accuse Syria of resupplying them with weaponry.

"These are Syrian groups, not Palestinian groups," said the Druse leader Walid Jumblatt, a main leader of the anti-Syrian majority in Parliament. "As long as you have uncontrolled armed groups with the pretext of liberation, Lebanon will not have stability."

In mid-May one group clashed with Lebanese Army soldiers in the Bekaa region, the third incident of its kind in a year.

"The clashes have challenged the government's ability to build a state," said Ghassan Moukheiber, a member of Parliament with the Free Patriotic Movement of Gen. Michel Aoun, which is allied to Hezbollah. "This has become a call on the Lebanese government to define its defense strategy and its policy."

Last month Lebanon's numerous factions, meeting for a national dialogue to settle political issues like the future of President Émile Lahoud and the future of the militias, unanimously agreed that the Palestinian groups should disarm and return to refugee camps. Officials pointed to Hezbollah's participation as a sign that the talk might produce results.

The government of Prime Minister Fouad Siniora, conscious of the destabilizing potential of the Palestinian groups, has insisted that they be disarmed through negotiations, not force, adding to skepticism that anything will happen. Lebanese groups have yet to agree on a plan for the disarming.

"We don't want to repeat the mistakes of the past," said Khalil Makkawi, a former Lebanese ambassador to the United Nations, who heads the committee negotiating with the groups to disarm.

"We know our history, and we have seen a scenario like this in 1975," he said, referring to the outbreak of the Lebanese civil war. "So we intend to do this peacefully."

Mr. Makkawi's committee began a groundbreaking dialogue with the Palestine Liberation Organization and other Palestinian groups earlier this month to improve conditions in Lebanon's sprawling refugee camps. The refugees there, who now number some 500,000, are not allowed to work in professional fields or own property.

The effort has also included the reopening of the P.L.O.'s office in Beirut after almost 30 years. But so far, Mr. Makkawi said, the effort has been hindered by the inability of the Palestinians to agree on a unified delegation that can negotiate with the government.

Ostensibly, Mr. Makkawi's effort aims to get Palestinians out of militias by opening work opportunities and improving their living conditions.

The most troubling aspect of the violence on Sunday, Mr. Makkawi and other officials say, is that no group took responsibility for the initial rocket barrage into Israel that set off the violence, raising the possibility that the attack was meant more to encourage Israeli reprisal than to strike a blow across the border.

"There are people on our soil undertaking dangerous acts and putting Lebanon in a difficult situation," Mr. Makkawi said. "You've got a really dangerous situation when you have people using Lebanese territory and you don't even know who they are."

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Early Sunday morning, a militant group fired several Katyusha rockets into northern Israel, setting off Israeli airstrikes and an afternoon of bombardments by Israeli forces and Hezbollah guerrillas. The incident was the worst bout of fighting since Israel withdrew from southern Lebanon in 2000.

The Palestinian militant group Islamic Jihad, one of whose leaders was assassinated in southern Lebanon on Friday, vigorously denied a role and dismissed as a hoax a statement of responsibility in its name faxed to news agencies. Hezbollah, which controls the southern border sections of Lebanon, insisted that it had no idea who was responsible for the rocket attack.

But Hezbollah is the primary target of the United Nations resolution on disarming militias and so may have the most to lose if that is done. Mr. Jumblatt and others have accused its leaders of dragging their feet on the issue.

"We have agreed to deal with this issue peacefully," said Ahmad Malli, a member of Hezbollah's political leadership. "But Lebanese will not be pulled into a fight for anyone."

Voters Opt For Change In S. Korea (CSM)

By Donald Kirk

The Christian Science Monitor, June 1, 2006

SEOUL, SOUTH KOREA - At a crowded bus stop, a young man on an election day holiday from his university talks about why he and most people he knew opposed the party of the left-of-center President Roh Moo-hyun in Wednesday's local elections. "He does nothing," says Park Jin Han. "He talks a lot, but he has no program and no ideas."

The perception of a central government unable to deal with economic problems and weak in the face of North Korean demands lies at the crux of a reaction that guaranteed conservative victories in two-thirds of the races for provincial governorships and mayors of major cities.

For Korea, the reversion to conservatism portends the downfall of a decade of liberal leadership in the next presidential election in December 2007. While the ruling party's efforts at reconciliation with North Korea were not the paramount issue, the sense of forever making concessions to the North was a factor in the voting - and could be among the policies that change if the liberals are ousted next year.

"We are sick of their policies," says a retired economist, after voting for all six conservative candidates on the ballot in his district here. "It is not just the economy or North Korea," he adds. "They are all mingled together. It is everything."

At press time, early returns showed candidates from the Grand National Party (GNP) leading in 13 of 16 key regional posts, including races for mayor of this capital city as well as Pusan, Korea's second city and biggest port. The ruling Uri Party appeared to be leading in only one race.

The GNP leader, Park Geun-hye, helped her party score the decisive victory though not herself a candidate in Wednesday's election. She gained sympathy in the middle of the campaign after a deranged attacker who held Uri Party membership stabbed her with a box-cutter, shouting that he wanted to kill her in the name of "democracy."

Ms. Park is the daughter of President Park Chung Hee, assassinated by his intelligence chief in 1979 after 18 years in power.

Recovering from her wound, Park appeared on election day smiling confidently, clearly a leading contender for her party's presidential nomination. The other conservative contender, Lee Myung Bak, outgoing mayor of Seoul, appeared equally confident, riding a wave of popularity reflecting aggressive building and cleanup programs, notably rehabilitation of a stream running through the center of the capital.

On the issue of North Korea, the GNP favors a firmer line than the Roh government's policy of accommodating Pyongyang - a policy that has caused friction with Washington. North Korean media in recent days have blasted the conservatives, charging Washington with wanting to establish a "puppet regime" in South Korea.

"There's no reason for this government always to be at odds with the United States," says Chang Ki Tak, an office worker. "You have all these leftists in the government who want to destroy relations with Washington, and then send their children to the States."

Indeed, the election results confirm a groundswell of discontent in which Mr. Roh and his top aides are seen as weak and ineffective in ways that might escape the notice of foreigners focused either on a steadily rising gross domestic product or periodic anti-American outbursts.

"The biggest companies get rich, but small and medium enterprise is suffering," says a shopkeeper, Kim Myung Chul. "I know a lot of people are unable to make money. Some are closing down or leaving the country."

Factor in the skyrocketing price of real estate, and middle-class Koreans begin to feel almost dispossessed. Two- and three-bedroom apartments in the fashionable and convenient districts south of the Han River cost at least $2 million or $3 million apiece, leaving young professionals to commute long distances from suburbs where apartments may go for more than $1 million each.

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Exacerbating the financial crunch, thousands of recent graduates are failing to find jobs for which they have trained, creating an alliance of sorts between a disillusioned middle-class and restive youths who need to get careers on track.

"Maybe 1 in 5 graduates get work right after graduation," says Kim Hye Suu, who graduated from a leading university several years ago and earns money teaching English and translating. "Many go on to graduate school when they can't find anything or they travel abroad for a while."

India's Economic Growth Ratchets Up To 9.3% (WSJ)

By Peter Wonacott And P.R. Venkat

The Wall Street Journal, June 1, 2006

NEW DELHI -- India's economy grew 9.3% in the quarter ended March 31 from a year earlier, marking a broad display of momentum on par with China's red-hot growth.

Growth in India's fiscal fourth-quarter -- fueled by surprisingly strong farm production and vibrant consumer spending -- beat the forecasts of most analysts as well as the official estimate.

Based on the buoyant quarterly result, the government's Central Statistical Organization lifted its figure of gross-domestic-product growth in the fiscal year that ended in March to 8.4%, up from an 8.1% estimate.

India's solid recent economic performance has raised the prospect of two Asian giants expanding at double-digit rates, spinning off new jobs and buying more of what the world grows and produces.

But while both China and India are emerging as growth engines for the global economy, commodity markets are showing the strain of their newly developed bulk. Both countries have been importing large amounts of crude oil while China is buying base metals, pushing up prices for these products. The nations' fast growth is likely to mean that high commodity prices won't ease soon.

"Supply and demand conditions are already tight," says Shuchita Mehta, an economist at Standard Chartered Bank in Mumbai.

Both India and China are trying to spur galloping growth to help lift hundreds of millions of residents -- mostly in rural areas -- out of poverty. China's economy grew 9.9% last year, and is expected to expand almost as rapidly in 2006. For his nation, Indian Prime Minister Manmohan Singh has set a goal of double-digit growth within three years.

But in trying to achieve accelerated growth, India's economy in particular faces a number of obstacles. Several industries remain relatively closed, shielding them from foreign competition -- but also fresh capital. India's dilapidated roads, seaports and airports have constricted the transport of goods, depriving needy areas of business activity and new investment.

Yesterday, Finance Minister P. Chidambaram said the Indian government would need to speed up market overhauls and the construction of infrastructure to keep up the current economic pace.

"While 8.4% is satisfactory growth, more reforms are necessary to sustain this growth," Mr. Chidambaram said after the latest economic figures were released. He added that he would be talking with the prime minister about ways to spur lagging sectors, such as mining, which grew only 0.9% in the fiscal year, down sharply from 5.8% the previous year.

India's strong economy is also prompting some worries about the country's current-account deficit. It has widened as more crude oil is imported at rising prices, wracking the country's currency, the rupee. On Wednesday, the rupee hit a two-year low against the dollar.

Mr. Chidambaram said India continues to hold huge foreign-exchange reserves and that its current account deficit was within manageable limits. Previously, he has said high oil prices will underpin inflation but won't hurt growth. The annual inflation rate is currently at about 4.3%, but India's central bank doesn't expect it to rise past 5.5% for the fiscal year that began April 1.

That relatively tame picture has prompted some government officials to play down signs the economy might be growing too fast. "I don't think there is any evidence of overheating," said Planning Commission Deputy Chairman Montek Singh Ahluwalia. "Macroeconomic indicators are in OK shape."

African Graft Stings Donors (CSM)

By Rachel Scheier

The Christian Science Monitor, June 1, 2006

KAMPALA, UGANDA - Uganda - a small, poor country still best known for its infamous former dictator, Idi Amin - isn't used to being first in much. But in the 1990s, it became the first African country to substantially bring down its AIDS rate.

It has since become a darling of international donors, especially in the health sector. So no one was surprised when, in 2003, Uganda became one of the first countries to receive a multimillion-dollar grant from the Global Fund to Fight AIDS, Tuberculosis, and Malaria.

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But three years later, the phrase "Global Fund" has become synonymous with graft in Uganda. A government inquiry recently revealed that tens of millions of dollars of the country's Global Fund grants have gone missing, much of it plundered by high-ranking public officials. Through months of hearings, which began in September and concluded just a few weeks ago, a disgusted Ugandan public heard how monies meant for lifesaving AIDS drugs were spent on personal phone bills, lavish "Christmas packages," and fancy four-wheel drive vehicles.

Along with increasing an already high level of cynicism here, the scandal highlights the corrosive nature of corruption in Africa and demonstrates the difficulties donors face in giving recipient governments the autonomy needed to spend aid money efficiently while also making sure the funds are used appropriately.

Problems with Global Fund monies have surfaced recently in other countries as well. Kenya was warned by Fund officials in March to report the whereabouts of $10 million that was unaccounted for or see its grants yanked. Some Fund grants in Nigeria were recently suspended for mismanagement.

Aside from Uganda, graft in connection with Global Fund monies has not been substantiated in any of these countries. Still, the questions raised reflect a growing emphasis in international circles on combating corruption around the world, especially in Africa. A survey quoted by the African Development Bank last month put the cost of graft on the continent at $148 billion per year.

And as the West tries harder than ever before to end poverty in Africa - the Group of Eight industrialized countries (G-8) last year agreed to double aid to the continent to $50 billion annually - the Global Fund scandal in Uganda also calls into question the fashionable idea that all that's needed to promote development in poor countries is more money.

"In hindsight, maybe we were a bit naive," says Victor Bampoe, the Fund's portfolio manager for East Africa. "But I struggle to see how we would have done things differently."

The Global Fund, a Geneva-based public-private partnership set up in 2002, was to be a new transparent, efficient aid model that would avoid the politics and delays that have long hamstrung development efforts. The idea was that the Fund would be strictly a financing mechanism; decisions about how to spend the money would be decided by local players.

"There is increasing recognition that aid has to be more than putting a bunch of white doctors on a plane and telling them to hand out pills," says Bernard Rivers of AIDSPAN, a Global Fund watchdog group. But, he added, "There is a tension between efficiency and accountability."

The Global Fund is the largest single financing agency in the world to combat the three diseases. It has raised more than $5 billion from donor governments and private philanthropies, and funded programs in 131 countries.

By last August, Uganda had already received more than $45 million of the $201 million that was earmarked for the country over the course of two years when a whistle-blower cried foul. After ordering an outside audit, Fund officials suspended Uganda's grants, citing "serious mismanagement." They were restored several months later, after the government commissioned an inquiry. It also agreed to changes in how the money was being disbursed and overseen, starting with the dissolution of the office responsible for doling out the funds, the Project Management Unit, which one Fund official likened to "a piggy bank" for those with the right connections.

Judge James Ogoola, who headed the probe, called it "no less than an audit on our country's moral standing." He found that hundreds of millions of shillings had been spent on "sensitization workshops" and generous "hardship allowances" for everyone from secretaries on up. A number of organizations that received Fund money had no physical addresses, let alone any experience in the health field. Officials in the Ministry of Health also testified that they had "borrowed" Global Fund money to campaign for a referendum to change the constitution to allow President Yoweri Museveni to run for a third term.

Local AIDS groups were particularly outraged when it was revealed in April that some $22,000 had been taken from the Global Fund basket to pay the hospital bills of a former government minister.

"Uganda has received a lot of money for AIDS - probably more than people can imagine in Africa," says Rubaramira Ruranga, a well-known AIDS activist. Mr. Ruranga faulted donors and the Ugandan government for fostering a system that tolerates, if not encourages, corruption. "AIDS in this country has become an industry," he says.

Global Fund officials say that the Ugandan government has cooperated with Geneva to put in better oversight mechanisms, such as hiring an outside company to serve as a "caretaker management firm." They say that, in general, the Fund had tightened "checks and balances" everywhere. "This is an opportunity to dust ourselves off and move forward," says Mr. Bampoe.

Last week, a newly reelected Museveni announced that the three ministers implicated in the scandal would be dropped from his new cabinet. A spokesman said the President was "responding to the public mood." Charles Mubbale, a director of the Ugandan chapter of Transparency International, says it is unlikely the ministers will face any official censure in the end. The Daily Monitor, a local newspaper, called the entire inquiry an "elegant diversion" to placate donors.

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Mr. Mubbale says a deeper problem is the pervasive cynicism among Africans that comes from often seeing graft rewarded rather than punished. "The hard-working person who doesn't steal ... they say he's stupid and lazy," says Mubbale. "It's become an attitude of, well, let's just wait our turn."

Quake Upsets The Cradle Of Indonesian Culture (NYT)

By Peter Gelling

The New York Times, June 1, 2006

KASONGAN, Indonesia, May 31 — Behind a painted sign on a sidewalk reading, "This is not an exhibition, it's a disaster," hundreds of traditional ceramic sculptures lie shattered beneath a collapsed roof.

More than half the houses, shops and galleries lining this small street here were destroyed in the earthquake on Saturday and are littered with the broken remains of their owners' livelihoods. The hundreds of artists who live in Kasongan, a village in Bantul, the district hardest hit by the quake, have survived for generations by selling the pottery they make to tourists.

The region affected by the earthquake is part of the ancient kingdom of Yogyakarta, the cradle of Javanese art and culture, making it one of the most popular tourist destinations in Indonesia.

"I'm worried I will have nothing to give to my children now," said Buang, 50, who uses only one name. He has four adult offspring, all of whom worked in the family's shop.

His youngest son, Eno, who will spend Thursday, his 22nd birthday, looking after his injured mother and grandfather, was the only relative to escape the building that was the family's house and shop before it crashed down. In a panic, he followed the faint sounds of his mother's call for help, throwing aside pieces of brick wall. When he finally reached her, her face was bleeding heavily.

"I was scared and confused," Mr. Eno said. "There was so much happening. But all I could think of was reaching my family. My family is my treasure."

Mr. Eno dug everyone out, including his father, pinned beneath a fallen doorway. His cousin, however, who lived down the street, died instantly, with seven other people from this community of a few hundred people.

The Indonesian Social Welfare Ministry said nearly 6,000 people had died in the quake, which also left more than 130,000 homeless.

Mr. Eno's family, and five others, are sleeping in a tent. His mother, Gimah, 50, lies on the floor, recovering from a blow to her head. His grandfather, whose back is injured, is carried several times a day by neighbors to a nearby health clinic for observation.

Ms. Gimah comes from a long line of ceramic artists. She made most of the family's sculptures, while her children operated the store and her husband of more than 30 years supplied the materials.

In minutes on Saturday morning, the quake reduced all the family had worked for to waste.

"We have to start all over, like so many of the families here, from the beginning," Ms. Gimah said. Mr. Eno worried that the lack of tourists would prolong their despair.

In this region, thousands of shops make and sell handicrafts, traditional batik clothing, musical instruments and ceramic sculptures, many of them exported to the United States and Europe.

Performances of ancient Javanese shadow puppetry and gamelan orchestras — Indonesian musical ensembles with wind, string and percussion instruments — are frequent in Yogyakarta. Sophisticated galleries, teeming with collectors and contemporary exhibits, line its southern streets.

In the aftermath of the earthquake, many of these contemporary artists are mobilizing relief and offering their studios as temporary shelters. Others are trying to salvage mangled paintings from ruined workshops.

The Indonesian Art Institute in Yogyakarta, where famous artists regularly lecture and foreign students, many from the United States, come to study Indonesian art, had major structural damage. And 20 of its students died in the quake.

Nindityo Adipurnomo, curator of the internationally famous Cemeti Art House in Yogyakarta, has taken into his gallery nearly 20 neighbors whose houses were flattened. During the day, he drives to Bantul to deliver food and other supplies.

He said that many studios and galleries were damaged but that artists in the Yogyakarta area were trying to continue their work.

"It is important to keep busy, for artists to keep working and to continue displaying their art, it helps us to cope with what has happened," Mr. Adipurnomo said. He has decided to go ahead with an exhibition scheduled for next week in Jakarta.

Ki Timbul Hadiprayitno, a 73-year-old master puppeteer who lost his house, most of his puppets and all of his musical instruments, agreed. He is fully booked through August and has not canceled a single show.

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Shadow puppetry is one of the oldest art forms in Indonesia. Its stories offer a glimpse into the layered philosophies of Javanese spiritualism, which includes elements of Hinduism and Islam. Many of the stories emphasize a philosophy of acceptance, known locally as pasrah.

"We can only just keep going," he said. "Bad luck, good luck, life, death, it is all God's will."

Mr. Hadiprayitno, who started performing in 1946 and regularly performed privately for Suharto, the former president, lives in Tegal Dowo, a village in Bantul that was almost leveled.

He lost three quarters of his finely detailed wooden puppets, some hundreds of years old, which depict everything from old-world kings and queens to monsters and clowns, and his two gamelan orchestras, which consist of several xylophones, hand drums, gongs and flutes.

"It is very hard for me to have lost my puppets," he said, sitting under a tarp outside his son's partly collapsed house, drawing on a crackling clove cigarette as minor aftershocks rumbled.

But he will find a way, he said, and will not postpone a coming performance in Bantul to celebrate the new harvest. The show is scheduled for Saturday — one week after the earthquake left his community in ruins.

Agency Warns Of Higher Risks Of Bird Flu (FT)

By Andrew Jack

Financial Times, June 1, 2006

Europe's disease control agency will on Thursday warn governments to accelerate their preparations for a flu pandemic in the face of an increased risk the bird flu virus could mutate into a form more dangerous to humans in the near future.

In its latest public health risk report, the European Centre for Disease Prevention and Control (ECDC) will say there are "many good reasons . . . to continue and intensify" preparations, including boosting co- operation among countries and between health, agriculture and other government departments within each nation.

Chief of these reasons is the spread of the virus since January into a broad range of birds, including migratory species that travel widely.

As a result, Europe must adjust to the likelihood of H5N1 becoming endemic in birds, warns the ECDC.

The cautiously worded document from the agency, created last year to monitor the spread of disease in the European Union, concludes: "The likelihood that [the H5N1 virus] might achieve any inherent potential in the near future may have risen."

It stresses there are no current indications that the behaviour of the flu virus in humans has changed significantly. But it says the spread this year of H5N1 into animals in Europe, the Middle East and Africa increases the likelihood of human exposure and mutation or recombination of the virus.

The report comes after the World Health Organisation said on Wednesday it saw no need to escalate its pandemic alert level, as its investigations intensified into a cluster of infections in Sumatra in Indonesia that killed seven people this month.

The WHO said there were no signs of significant genetic mutation in the virus that it has studied in four of the Sumatra victims.

It said there was no spread of H5N1 from the cluster, although it has given the antiviral drug Tamiflu as a prophylaxis to 54 people.

A further six cases confirmed elsewhere in Indonesia in recent days have brought the worldwide total of infections to 224, and deaths to 127.

"H5N1 has become far more prevalent and, if it stays in its present form, we are going to have to learn to live with it in Europe," said Angus Nicholl from the ECDC.

At a Europe-wide conference in Sweden earlier this month, the agency pledged to complete its assessment of all national preparation plans by July 2007.

It also promised to draw up indicators to assess progress, accelerate the take-up of seasonal flu vaccine, and strengthen international support to combat the virus, especially in Africa.

Avian Flu News Tracker (WSJ)

The Wall Street Journal Online, June 1, 2006

Wednesday, May 31, 2006

12:50 p.m.: Fifty-four uninfected members and contacts of the family hardest-hit by bird flu are under voluntary quarantine in Indonesia, and there are no signs the disease has spread since May 22, the WHO said in an update1. The quarantined people - except pregnant women and infants - are taking the antiviral drug Tamiflu as a preventive medication and they are being visited daily by public health teams who check them for symptoms, the WHO said. Seven members of the family died either of confirmed or probable infection with the H5N1 virus. An eighth infected member survived. 2

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8:50 a.m.: Outbreaks of H5N1 may be underreported in Indonesia and China, and the virus could be more widespread in Africa than authorities know, said experts gathered at a Rome conference3 on the disease. Poor monitoring and lack of compensation mechanisms that encourage farmers to report animal deaths meant that authorities were not always aware of all outbreaks of the H5N1 virus, animal health experts told reporters.

6 a.m.: Dutch biotechnology company Crucell NV announced it has started a large study to test a vaccine against avian-flu virus in humans. The trial, performed in collaboration with a team based in Leicester, U.K., will oversee the vaccination of 560 healthy adult individuals, Crucell said.

2 a.m.: Bird flu killed a 15-year-old boy in Indonesia, a health official said citing local tests, as the country struggled to get a grip on a rise in cases. Indonesia averaged one human bird flu death every 2 1/2 days in May, putting it on pace to soon surpass Vietnam as the hardest-hit country. The boy, from the West Java town of Tasikmalaya, had a history of contact with poultry. He is the third recent victim from the province. Last week, a 10-year-old girl and her 18-year-old brother who lived in another village died of the disease.

Iran's Bahai Religious Minority Says It Faces Raids And Arrests (NYT)

By Laurie Goodstein

The New York Times, June 1, 2006

Members of the Bahai religious minority in Iran said this week that the government had recently intensified a campaign of arrests, raids and propaganda that was aimed at eradicating their religion in Iran, the country of its birth.

On May 19, Iranian security officials arrested 54 Bahais in the city of Shiraz who were involved in a community service project, many of them in their teens and early 20's, said diplomatic officials and Bahai officials outside of Iran.

They were not charged and all but three were released within six days, these officials said.

It was the largest mass arrest of Bahais since the 1980's, when thousands of them were imprisoned and more than 200 were executed by the new Islamic government.

The developments have alarmed human rights monitors at the United Nations, who say that since December, the government newspaper in Tehran has published more than 30 articles denigrating the Bahai faith — even accusing Bahais of sacrificing Muslim children on holy days. The arrests coincided with raids on six Bahai homes, in which notebooks, documents and computers were confiscated. More than 70 other Bahais have been arrested since January 2005 in smaller clusters, and some are still being held, the monitors said.

"We see a pattern emerging that is quite ominous," said Bani Dugal, who represents the Bahai International Community at the United Nations, where religious and some other groups have consultative status. "It's basically trying to create terror in the Bahai community, and also to win over the Iranian population to accept it."

Mohammad Mohammadi, press secretary for Iran's mission to the United Nations, said he had no information about arrests of Bahais and would not be able to respond until Monday because of an Iranian holiday this week.

The Bahais are the largest religious minority in Iran, with about 300,000 members there. There are five million worldwide. They believe that humanity is one race, that men and women are equal and that all religions and prophets are derived from the same source, God.

They have suffered successive waves of persecution in Iran since their faith was founded there in the mid-1800's by a Persian nobleman considered by the Bahais to be a messenger of God. That belief violates the Islamic teaching that God sent many prophets before Muhammad, but none afterward. The Bahai are discriminated against in some other Muslim countries, where they are far less numerous than in Iran.

Unlike Jews and Christians, who have seats in Iran's Parliament set aside for them as religious minorities, Bahais in Iran are considered "unprotected infidels," said Kit Bigelow, director for external affairs of the National Spiritual Assembly of the Bahais of the United States. Bahais are not permitted to attend college, work for the government or practice their faith openly.

She called the recent arrests "the latest step in the implementation of a strategy on the part of the Iranian government to eliminate the Bahai community."

Asma Jahangir, the United Nations special rapporteur who monitors freedom of religion for the Commission on Human Rights, announced in March that she had just learned about a confidential letter from the chairman of the command headquarters of Iran's armed forces instructing government agencies to identify all Bahais and monitor their activities.

Ms. Jahangir said the letter was sent on Oct. 29, 2005, on the orders of Iran's supreme leader, Ayatollah Ali Khamenei. Ms. Jahangir said in a statement in March that she was concerned that "information gained as a result of such monitoring will be used as a basis for the increased persecution of, and discrimination against, members of the Bahai faith, in violation of international standards."

Mr. Mohammadi, the Iranian press secretary, said he could not confirm whether such a document existed.

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Azedah Perry, a Bahai in North Carolina, said that among the 54 arrested in May were 3 of her nieces, ages 17, 18 and 21. She spoke by telephone with her nieces after their release, and said they told her they were interrogated during their six days in prison, but tried to keep their morale up by praying and singing. She said when they were arrested, they were volunteering in a community service project at several public schools. She said they were teaching underprivileged children English, science and mathematics — not the Bahai faith — and had permission letters from the local Islamic council in their pockets.

Last year, Mrs. Perry's brother-in-law in Shiraz was taken by armed Iranian guards from his home and held for six weeks in a prison in Tehran with several other Bahai men before being released, Mrs. Perry said.

"It's hard to live in such a situation," she said. "You don't know what will happen each day. The day they attacked my sister's house, she was in her bedroom and she saw guards with guns in her backyard."

The United States Congress is considering a resolution that would condemn the Iranian government for repressing Bahais and call on President Bush to make the abuse of Bahais a significant factor in United States foreign policy.

Representative Mark Steven Kirk, an Illinois Republican who co-sponsored the resolution with Representative Tom Lantos of California, said, "My fear is that if the regime leads the country into a confrontation with the West, it will be the cover for a great human rights crime, as happened before."

Saudi Women Rise In Defense Of The Veil (WP)

By Faiza Saleh Ambah

The Washington Post, June 1, 2006

RIYADH, Saudi Arabia -- More than 500 women packed the Saudi capital's Maimouna Center on a recent evening to attend a lecture. The women, some still in their full black wraps, filled the rows of plum-colored plastic chairs, while late arrivals sat in small clusters on the carpet and against the wall.

"Whom do we love?" asked the lecturer, a woman, seated behind a desk on a raised platform.

"God," the women answered in unison.

"Then we must obey Him."

She went on to urge the audience members to dress modestly and raise their daughters to do the same. She explained that, despite what some Saudis are now saying, it is a sin for men and women to mix. "Even if people don't see you sin, God is watching," she warned. "On Judgment Day, your own skin will testify against you."

As she took copious notes, Mashael al-Eissa dabbed at tears, overcome by the extent of her religious responsibilities.

Eissa, a fiery young Internet writer, and the lecturer, Afrah al-Humaydi, are among a group of conservative Saudi women trying to redress what they view as an erosion of traditional values in the kingdom and a dangerous shift in the status of women.

"Saudi women are the luckiest in the world and Saudi Arabia is the closest thing to an ideal and pure Islamic nation," Eissa said. "We don't want imported Western values to destroy that."

The changes that have so riled Eissa and other conservative women followed the intense scrutiny that Saudi Arabia received after the discovery that 15 of the 19 hijackers who carried out the Sept. 11, 2001, attacks in the United States were Saudis. The lack of personal liberties in the kingdom -- an absolute monarchy that imposes a strict form of Islam -- was widely held to be an underlying part of the extremist ideology the attackers shared.

Shortly afterward, strict censorship of the media was loosened and subjects that the religious establishment had placed off-limits for decades, such as the ban on women driving or working alongside men, were openly debated. Women, previously hidden, started appearing as television newscasters, and their photos became daily staples in the press.

King Abdullah, crowned in August, called for increased work opportunities for women and started including female journalists, professors and business leaders on his trips overseas.

And during regional tours last year, both Secretary of State Condoleezza Rice and Undersecretary of State Karen Hughes said Saudi women needed broader political rights to make changes in their lives.

But the new atmosphere has alarmed conservative women who are suspicious of U.S. interference and warn that changes in their status could destroy the country's Islamic framework. Though no figures are available, conservative, religious women seem to constitute a sizable portion of the country's female population, belying notions that most Saudi women are unhappy with their lot and waiting to be liberated.

On the contrary, the black veil and the prohibition against women driving are embraced by many women here as a form of protection and an integral part of their religion.

Faiza al-Obaidi, a biology professor, says she thinks the attempts at Western-style female emancipation are part of a religious war being waged by the United States, "an intellectual rather than physical colonization." Sitting at the food court at the Basateen Mall in the coastal city of Jiddah one weekend, lifting her veil to take bites from a tuna sandwich, she said the West

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was targeting women, the core of society, as a means of eventually controlling the whole country. "They fear Islam, and we are the world's foremost Islamic nation," she said.

Obaidi shows pride in her religion and resists foreign interference, she said, by maintaining her veil, or niqab . "Just because this is closed," she said, tugging at the black material that covered her face, "doesn't mean this is," pointing to her head.

Samia Adham, a statistics professor seated beside her, also in a veil, added: "This is a choice. We choose to be ruled by Islam. We will make changes, but within our religion and in our own way."

Two young men with long hair and wearing bright T-shirts and frayed jeans entered the food court and sat at a table with a young woman. Obaidi shook her head. "You wouldn't have seen that several years ago," she said.

Many Salafi women here, who follow the school of thought that calls for a return to Islam as practiced by the prophet Muhammad and the following two generations, shatter the stereotype of women in black niqab as meek and submissive. Often well educated, articulate and sometimes downright aggressive, they include award-winning scientists, writers and college professors.

Khadija Badahdah, a university administrator who holds a doctorate in chemistry from the University of London and wears a veil, said she recently started to grant television interviews because women calling for change were dominating coverage on the airwaves and in newspapers and giving the wrong impression of Saudi women. "They are a minority but they appear to speak for all of us," she said, sitting in her comfortable home in Jiddah on a recent weekend. "This is the beginning of a cultural erosion, and if we don't fight it now, it will continue."

The Salafi women have also used lectures and Internet and newspaper campaigns to combat what they view as negative developments. Though they appear to be fighting against women's rights, they say they are actually fighting for the rights granted to women in Islam.

Humaydi, the lecturer, says she counsels women to educate themselves for at least half an hour a day about their rights under Islamic law. The problems faced by Saudi women, she said, are not because of Islam, which she calls a perfect religion that honors and values women. The fault lies in its improper implementation.

"We were given rights by Islam 1,400 years ago that women in the West only got at the beginning of the 20th century," said Humaydi, a middle-aged college professor. "Muslim women can work, and inherit, and be financially independent."

But working alongside men, taking leadership positions or removing the veil are choices that the religious women say are not open to them. This year a Gallup poll in eight predominantly Muslim countries found that only in Saudi Arabia did the majority of women not agree that women should be allowed to hold political office. Last summer, 500 women addressed a letter to Abdullah asking him to save the country from the onslaught of Westernized ideas regarding women and to maintain the ban on women driving and working with men.

Men and women should not share work spaces, Humaydi contends, because Islam says not to place oneself in an environment where adultery can occur. "People are wonderful, but the devil doesn't sit still," she said, adding that even Bill Clinton, while president, "couldn't resist him."

At Jiddah's King Fahd Medical Research Center, a small Casio recorder played Koranic verses in the background as Faten Khorshid peered through a microscope, her niqab falling past her shoulders over her long white lab coat. Khorshid, who received a government grant for cancer research, says that her conservative views have not held her back and that the niqab makes it easier for doctors to concentrate on work instead of one another. "I don't want to be the equal of a man," she added. "In many ways, I am better than him."

Clashes In Paris Suburbs Recall Riots Of Fall (WP)

By Molly Moore

The Washington Post, June 1, 2006

PARIS, May 31 -- Small gangs of youths pelted riot police with rocks and set cars and garbage bins ablaze late Tuesday in a second night of unrest in the Paris suburbs, raising fears of a return of the disturbances that inflamed 300 French towns and suburbs last fall.

The violence of the last two nights -- in which youths attacked police cars, government buildings and riot police -- was sparked in part by mounting resentment toward the mayor of the northeastern Paris suburb of Montfermeil, who in recent weeks imposed a law prohibiting 15- to 18-year-olds from gathering in groups of more than three and requiring anyone under 16 to be accompanied by an adult on city streets after 8 p.m.

The French government last fall promised to improve living conditions and job opportunities in suburbs heavily populated by immigrant families and where unemployment is rampant, but little has been done and the government's main initiative -- a youth jobs bill -- ended with this spring's politically disastrous student demonstrations.

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At the same time, police have said crime has increased in poor suburban neighborhoods, and frustration with the government has continued to fester.

"We have the painful sense that nothing has been fixed," Francois Hollande, leader of the opposition Socialist Party, said in an interview on France-2 Television.

At 9:30 Tuesday night, an estimated 15 young people threw rocks and projectiles at police patrolling an apartment complex area. At 11 p.m., youths tossed a makeshift explosive into a police car. The officers inside barely had time to escape before the vehicle exploded in flames.

Marauding youths set afire about a dozen private cars and torched numerous garbage bins in Montfermeil and the adjacent town of Clichy-sous-Bois, where last fall's three weeks of violence began when two teenagers were electrocuted as they tried to hide in a power substation. They believed police were chasing them.

Muhittin Altun, a third youth who survived with severe burns in that incident, was arrested Tuesday night on charges of throwing rocks at a police car. He was later released, according to French news media.

Six police officers were reported slightly injured and 13 youths were detained in Tuesday night's incidents.

In Montfermeil, a suburb of high youth unemployment and government-subsidized housing projects, young people have been growing increasingly angry at Mayor Xavier Lemoine's attempts to crack down on gang violence. Although a local court earlier this month overturned his effort to limit youth gatherings, he vowed to seek other measures.

On Monday, residents said, police roughed up a woman who protested police efforts to arrest her son, a suspect in the beating several weeks ago of a bus driver. Police ended up arresting both the mother and son, according to police.

Monday night, hooded youths hurled stones and other projectiles at Mayor Lemoine's house and at City Hall, and the police who responded were attacked with baseball bats. The clashes lasted three hours and seven police officers reportedly were injured.

French Interior Minister Nicolas Sarkozy, whose characterizations of rioters as "scum" inflamed last fall's violence, visited police officers who had responded to Monday night's incidents. "More than 100 hooligans set upon you -- masked and carrying weapons," he said. "We are confronting not a spontaneous revolt, but hooligans who have only a single purpose -- to create the most damage and injure as many people as possible."

Transportation Minister Dominique Perben, of the ruling Union for a Popular Movement party, described the incidents as a "reminder" of last year's violence.

"The question of the suburbs is a question for the entire political class," Perben told I-tele television. "We must have the courage to look things in the face."

A Flagging Commitment On AIDS (NYT)

The New York Times, June 1, 2006

The AIDS epidemic turns 25 this week, and while new infections are declining in a few countries, the number of infected is still growing, especially among young women. Globally, the epidemic seems to have more energy than efforts to fight it.

This week, United Nations members are meeting in a follow-up to the successful U.N. special session in 2001, which pushed the world to take AIDS more seriously. At that time, the countries created a detailed plan for attacking the disease, with specific targets. Spending soared, from $1.6 billion in 2001 to $8.3 billion last year.

The nations now are supposed to be reporting on whether their targets are being met, and devising a plan of action for the next few years. Instead, they are watering down the original plan. Ideologues, led by Washington, are taking out commitments to key programs, and wealthy nations worried about cost are replacing concrete goals with vague statements. AIDS groups fear the world is moving backward.

The most recent draft written by the nations does maintain the 2001 target of universal access to treatment, prevention and care, and sets a spending goal of $23 billion per year by 2010. But Europe and the United States have successfully opposed including specific targets that would have provided clear, periodic measurements of whether countries were meeting goals. In terms of money, the world will fall $6 billion short of what is needed this year, and we are falling further behind each year.

The drafts also show that on issues of interest to religious conservatives, the United States and Syria are holding down one side, joined at times by the Vatican and Saudi Arabia. Washington, for example, has removed references that were in the 2001 declaration about providing clean syringes to drug users. These efforts are desperately needed in many countries, like Russia, where the epidemic is largely spread by drug injectors.

The word "condom" has also gone missing. Depressingly, nations have been debating whether they can make any reference at all to "empowering girls" or "vulnerable populations," itself a euphemism for sex workers, drug injectors and gay men.

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Tellingly, the United States has insisted on taking out all references to "evidence-based prevention strategies" — strategies scientifically proven to work. Instead, Washington wants to use the phrase "evidence-informed prevention strategies." Apparently the Bush administration feels the need to make room for strategies that are not proven to work.

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USDOJ- Office of Public Affairs

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Subject:	Attorney General's News Briefing for Friday, June 02, 2006
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THE ATTORNEY GENERAL'S NEWS BRIEFING

PREPARED FOR THE OFFICE OF PUBLIC AFFAIRS, U.S. DEPARTMENT OF JUSTICE

TO: THE ATTORNEY GENERAL AND SENIOR STAFF

DATE: FRIDAY, JUNE 2, 2006 7:45 AM EDT

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TERRORISM NEWS:

Fate Of Freed Detainees Complicates US Handling Of Guantanamo. The Wall Street Journal (6/2, A1, Higgins, 2.11M) reports in a front page story that after "four years in Guantanamo Bay, Abu Bakker Qassim, a former terror suspect cleared last year of having ties to al Qaeda, got word last month that he finally would be set free." He and "four fellow Muslims from China were loaded onto a U.S. military transport plane in the middle of the night, shackled to the floor and flown for 12 hours to their new home: a converted military barracks in Tirana, the capital of Albania." The case of the five Uighurs from China shows the US is "in a predicament it never expected: What should it do with Guantanamo inmates who have been found deserving of release but who face jail or execution if returned to their homelands?" Washington's "hesitation to repatriate some detainees reflects its growing unease with authoritarian states it initially enlisted as partners in the post-9/11 war on terror."

89 Detainees Now On Hunger Strikes. The AP (6/2, Selsky) reports more Guantanamo Bay detainees "have joined a hunger strike, raising the total to 89, and six of them were being force-fed, the U.S. military said Thursday." The strike, "which last weekend jumped from three participants to 75 — is now the biggest of the year at the U.S. prison on Cuba, where about 460 men are being held on suspicion of links to al-Qaida or the Taliban." Military officials "said the hunger strikers are an attempt to gain public sympathy to pressure the United States to release them."

German Intelligence Service Admits Knowledge Of El-Masri Rendition. The New York Times (6/2, Mekhennet, Smith, 1.19M) reports Germany's external intelligence service, the BND, "said yesterday that it knew about the American seizure and detention of a German citizen 16 months before the country was officially informed of his mistaken arrest. It was unclear whether that information had been passed on to senior officials." Germany had "previously maintained that it did not learn of the abduction of its citizen, Khaled el-Masri, until he returned to Germany in May 2004." The disclosure, "made as a parliamentary inquiry into the case reconvened in Berlin, adds to suspicions that European governments, or at least their intelligence services, have abetted the American practice of 'extraordinary rendition.'"

HOMELAND RESPONSE:

Chertoff Says New York Terror Funding Reflects Average Of Previous Years. Criticism of DHS' distribution of Urban Area Security Initiative grants continued yesterday, as Homeland Security Secretary Michael Chertoff defended reduced funding for New York City and Washington, DC. Asked on PBS' Newshour with Jim Lehrer (6/1) why anti-terror funds for the cities are being cut, Chertoff said, "First of all…I don't think it's fair to describe them as cuts. Take New York, for example. Last year, New York got $200 million. This year, we're going to give them $124 million under this particular program. But last year was an artificially elevated number to make up from the very low grant the year before. If you average out the prior three-year grants, you're going to see this year is directly in line with what we've done over the last four years."

ABC World News Tonight (6/1, story 5, 2:20, Gibson, 8.78M) reported, "Money for the city of Washington and New York, both attacked on 9/11, is being slashed 40%. Why? Well, Homeland Security says there aren't enough national monuments or national icons in those cities to protect. Really? New York and Washington officials are furious." ABC (Thomas) added, "In New York, the loss of funding means fewer resources for protecting its massive transit system. In Washington today, officials said they'd have to curtail some programs already on the table." Homeland Security Secretary Michael Chertoff "defended the funding formula as fair." Secretary Chertoff: "What is critical here is we have put over four years, over half a billion, in this one, single program into New York." Thomas: "Not everyone is unhappy. Mid-size cities like Omaha, Nebraska, are getting a boost in funding."

NBC Nightly News (6/1, story 10, 1:55, P. Williams, 9.87M) reported, "New York City officials are furious that they took a 40% cut this year in Homeland Security money intended to make big cities safer." New Yorkers were "especially galled by Homeland's finding that the city had zero national monuments or icons, even though it's home to the UN headquarters, the Statue of Liberty, and landmark bridges. Washington DC also took a 40% cut. The police chief said today the formula should be different for getting money to the

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two cities already attacked." And though "the Homeland Security Secretary was roughed up in the New York papers, he says today New York has received over half a billion dollars since the grants began, twice the total of any other city. And he says it's getting about the same share this year as it has on average during the past three."

An aggressive response from city and state lawmakers, as well as New York City papers, has turned much of the national media's attention towards New York's funding. Appearing on MSNBC's Hardball (6/1, Matthews), Rep. Peter King said, "I'm not begrudging other cities. Los Angeles certainly has threat (sic), Chicago, others, I'm not getting into that. But to cut New York City 40 % when every intelligence threat estimate shows that New York is at the very top, to me is absolutely indefensible. And Mike Chertoff and others at the department are changing their story by the hour. Today apparently said this was an averaging out of the first year and the second year and now the third year is an average of the first two, which makes no sense at all, especially when they were coming out with all these complicated formulas yesterday, which also added up to nothing." King added later, "There is a bureaucracy at the Department of Homeland Security which undercuts New York any number of times. I don't even know how familiar Mike Chertoff was with these final numbers. I heard people in the department saying yesterday they were running around once the storm hit trying to find ways to justify it."

On MSNBC's The Situation (6/1, Carlson), King said, "We're calling hearings on this. They have a peer-review panel which is shrouded in secrecy. We're not certain who was on that. We're not certain who came up with the formula they claim they used, and by the way, the department changed their story about five times over the last 36 hours as to why this was done. And you have then it went to an assistant secretary, perhaps an undersecretary. I don't even know if it made it to Secretary Chertoff for the final sign-off. I don't know how they came up with these numbers."

In an article appearing on at least 77 news websites, the AP (6/2, McShane) reports, "New Yorkers are seething over" the funding cuts, "and some are demanding the firing of Homeland Security chief Michael Chertoff. … Sen. Charles Schumer, D-N.Y., on Thursday said President Bush 'should not come back to New York and stand with us' until his administration comes up with more money to keep New York safe." Meanwhile, "In Washington, Homeland Security Undersecretary George Foresman said his agency would review its finding that New York City has no national monuments or icons that would be at risk of terrorist attack."

NYC Funding Said To Have Been Cut Due To "Numerous Flaws" In Application. Under the headline "City Has Itself To Blame For Terror Cuts, US Says," the New York Times (6/2, Baker, Cardwell, 1.19M) reports DHS cut New York City's funding due to "numerous flaws" in its application. Though "federal officials said yesterday that the city…did a poor job of articulating its needs in its application" and "mishandled the application itself, failing to file it electronically as required and instead faxing its request to Washington," New York City and state "officials insisted that they had made no mistakes." Meanwhile, "Mayor Michael R. Bloomberg questioned yesterday whether old-fashioned pork barrel politics was at play in doling out the money in an election year."

Reports throughout the day on Fox News noted an editorial in the New York Daily News yesterday calling for the firing of Secretary Chertoff. Fox News' Special Report (6/1, Herridge) reported that Chertoff told the network he "would not be cowed by the criticism." Chertoff was shown saying, "People may not always agree with the decisions that the department makes. They may no always agree with my decisions. But they can be sure on one thing: Threatening me, insulting me and attacking me is not going to cause me to say, "Oh wow, I'm going to reconsider now and I'm going to pay more money now." Fox News (Herridge) added that DHS' funding was based on a "sophisticated risk assessment, which took into account the threat information, as well as the city's ability to prevent and respond to a terrorist attack."

NYTimes Says Peer Review Panel Was "Too Focused On Politics." Under the headline "Pork 1, Antiterrorism 0," the New York Times (6/2, 1.19M) editorializes, "If Al Qaeda is planning on following up its 2001 attacks on New York and Washington with an assault on Nebraska, the Department of Homeland Security's new urban areas security grants are brilliant. But, of course, the White House, Wall Street and densely populated urban areas are the most likely terrorist targets, and these are precisely the places the department dangerously shortchanged this week." The Times adds that DHS' anonymous peer review panels "appear to have been too focused on politics, and not enough on safety. … Mr. Bush and Mr. Chertoff owe the American people a system that recognizes the vulnerability of places like New York and Washington not just when the television

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cameras are rolling, but when the money is being handed out."

More Commentary. Dana Milbank, in his Washington Sketch column for the Washington Post (6/2, A2, 744K) writes that following the announcement of cuts for New York and Washington, Tracy Henke, "who is in charge of Homeland Security's grant-making, has become a target of ridicule." Milbank continues that while the cities New York and Washington lost funding, "those terrorism magnets of Kansas City and St. Louis -- both by happenstance in Henke's home state of Missouri -- received boosts in funds. Other winners: the horses of Louisville, the cattle of Omaha and five cities in Jeb Bush's Florida. Sounds dubious? Sorry, you can't see the data Henke used. Classified."

Code Red Declaration Could Contribute To DC Gridlock In Terror Attack Evacuation. The Washington Times (6/2, Seper, 90K) reports two traffic accidents in DC's Northeast yesterday that "shut down two major highways" served as "an ominous warning: What if it had been a terrorist attack?" The Times continues that "the prospect of being able to get either in or out of the city without being caught in a massive traffic jam remains in doubt," and a Code Red declaration by DHS "could contribute to the problem," possibly resulting in "an immediate lockdown of public and government facilities and restrictions on public travel." Meanwhile, Randall J. Larsen, director of the Virginia-based Institute for Homeland Security, said yesterday that in the event of a terrorist attack, "finding 'shelter in place' -- a small, interior room with no or few windows -- could be a better option" than evacuation.

Chertoff Says FEMA "Much More Prepared" For Hurricane Season. Under the headline "Chertoff: FEMA Is Hurricane-Ready," USA Today (6/2, Hall, Martin, 2.31M) reports that while Secretary Chertoff says FEMA is "much more prepared" this hurricane season than it was last year, "some disaster-response experts, members of Congress and FEMA employees are skeptical." Emergency-response officials in hurricane-prone states "say they're cautiously optimistic," and Rep. Bennie Thompson says, "There's still suspicion in the Gulf Coast region."

Paulison Says Government Is Ready For Hurricane Season. FEMA Director David Paulison was asked on CNN's The Situation Room (6/1) about a statement by Rep. Chris Shays that the federal government is not ready for hurricane season. Paulson said, "I don't agree with that. We are going to be ready. Are we as ready as we want to be? Do we have FEMA where we actually want it to be? The answer is probably not. This is a long-term thing that you can't fix in just a few months. We have taken all those lessons learned in Katrina, that we saw, that the Congress saw, that the IG's office saw, the GAO saw. We're taking all the reports. We've put things into several buckets. And the four primary ones is one, logistics, two, communications, situation awareness and victim registration. Those are the four big ones."

Gulf Coast Officials Warn Residents To Prepare. ABC World News Tonight (6/1, story 7, 2:45, von Fremd, 8.78M) reported, "Much of the Gulf of Mexico still looks like a hurricane hit just yesterday. More than 200 people died here in Gulfport. And this year, officials are demanding that everyone in vulnerable areas take some responsibility for saving themselves." While cities "all along the Gulf Coast clean up and rebuild from last year's storms, officials worry that residents have short memories and won't heed the warning this year to stock up and get out." David Nichols, city manager: "People have got to take care of themselves. Government can only take care of them to a certain degree." Von Fremd: "Public service announcements, intended to scare people into leaving, are flooding the airways." In New Orleans, "officials say unlike last year, fleets of buses are ready to go. Today, the Army Corps of Engineers says it spent more than $800 million, to repair the levees. The Corps says they're back to pre-Katrina strength. The problem, say some engineers, is that pre-Katrina strength isn't good enough."

NBC Nightly News (6/1, story 6, 1:35, Shamlian, 9.87M) reported from Sabine Pass, Texas, where they "call themselves victims of the forgotten storm, and there are several thousand people tonight that are still displaced. Here in Sabine Pass, out of 300 homes, a small community, fewer than a dozen right now are livable." As the state "tonight prepares for a new season, there are arrangements with private companies to provide gas reserves along the interstates, even a formal plan for the evacuation of pets. All this amidst a region that is still cleaning up and hoping that they won't have to do it all over again."

NBC Nightly News (6/1, story 7, 1:00, Williams, 9.87M) reported in Mississippi that "an estimated 38,000 families start this hurricane season in a lightweight trailer or mobile home like the one you see behind me. Obviously, these structures were not built to withstand hurricane-force winds. The concern is how well they will protect in even a summer

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storm, where wind guts can hit 50 miles or better. Evacuating people here in Biloxi will be far more of a challenge this year than last because the Biloxi Bay Bridge is still chopped into pieces from Hurricane Katrina."

NBC Nightly News (6/1, story 8, 1:20, Potter, 9.87M) reported, "Florida officials insist that they will be ready but with damage like this still around two years after Hurricane Charlie hit here in Punta Gorda, the officials this year are also insisting that the residents themselves do more to get ready by putting together their supplies, by putting together their own hurricane plans, their individual plans. They're also running TV commercials urging everyone to obey the evacuation orders. Now, Florida officials have also cut a deal with grocery stores, hardware stores, gas stations to use generators to open up right after the next hurricane, so perhaps they can end those long relief lines that we saw so painfully last year."

NBC Nightly News (6/1, story 9, 1:10, Savidge, 9.87M) reported that in New Orleans, "a city that's below sea level, getting rid of water is equally important. They rely on canals, they rely on pumping stations. There too that system has been compromised. The Army Corps says it won't be fully functional 'til some time next year. Now, that means just a heavy rain could cause flooding in some of the lowest-lying neighborhoods, even damaging flooding."

Many Coastal Homeowners Building Hurricane-Resistant Homes. The CBS Evening News (6/1, story 8, 2:20, Mitchell, 7.66M) reported, "Many coastal homeowners are determined not let the hurricane season get the better of them. Instead of retreating inland, they're putting up stronger homes, anticipating this new hurricane season's powerful storms."

Army Corps Investigation Finds New Orleans Levees Were Flawed. The New York Times (6/2, Schwartz, 1.19M) reports a "sweeping new study" by the Army Corps of Engineers has found that the levees it built for New Orleans "were an incomplete patchwork of protection, containing flaws in design and construction and not built to handle a storm anywhere near the strength of Hurricane Katrina." Though "outside engineering panels…have come to similar conclusions," the Times continues that the new "report is remarkable for being a product of the corps' own official investigation." Thought they "found no evidence of negligence or malfeasance by the corps or its contractors," investigators "said the corps had failed to take into account the tendency of the local soil to sink over time, leaving some sections of levee lower than they should have been."

ABC World News Tonight (6/1, story 6, :10, Gibson, 8.78M) reported, "Today, the US Army Corps of Engineers made a stunning admission of responsibility for the flooding of New Orleans. The Corps's chief said the levees failed because their construction was flawed."

The CBS Evening News (6/1, story 7, 0:30, Mitchell, 7.66M) reported that in the report, the corps "blamed itself for 'catastrophic failure.' Here are some more findings: The protection system of levees and floodwalls was '…a system in name only,' largely built using outdated elevation data; the storm exceeded design criteria and some protective sections were overwhelmed; and many areas of New Orleans remain vulnerable to another Katrina."

NBC Nightly News (6/1, lead story, 2:45, Williams, 9.87M) reported, "Tonight, the Army Corp of Engineers has taken responsibility for the failure of the levee system, while saying now this city is much better off now and ready for a significant storm." NBC (Savidge) added, "This turnabout on the part of the Army Corps of Engineers, this report, is a huge about-face. What the Corps is saying is that the flood protection system for the city of New Orleans in Southeast Louisiana was a system in name only. The 6,000-plus page report went on to say the flood defense the Army Corps of Engineers built over decades '…was compromised by the incompleteness of the system, the inconsistency in levels of protection, and the lack of redundancy.'" To "independent investigators, the report is an epiphany of sorts for Corps leaders that they finally get it that the Corps was part of the problem." But "for New Orleans residents at the start of a hurricane season, the study only adds to concern."

USA Today (6/2, Levin, 2.31M) reports the report "offers the most complete account yet of why the levees failed. Some engineers said the report did not go far enough in identifying failures within the corps. A report last month by engineers at the University of California-Berkeley urged that the corps be made more efficient and less vulnerable to political pressure."

The Los Angeles Times (6/2, Vartabedian, 958K) reports the investigation said the city's levees were "'a system in name only,' a recognition that a wide range of errors, weak links and incomplete construction was at the heart of the massive damage that occurred on Aug. 29." Lt. Gen. Carl Strock, commander and chief engineer of the corps, said they

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are "deeply saddened and enormously troubled" by the reports findings.

NBC Nightly News (6/1, story 2, 3:00, Williams, 9.87M) interviewed Col. Lewis Setliff of the US Army Corps of Engineers. Asked about the Corps reports that says "the damage from Katrina is the work of people and not God.," Setfliff said, "Well, no city is safe. There is always a level of risk in each and every city, and I think the Corps' responsibility, you know, working with elected officials is to minimize that risk as much as we can. But we'll never eliminate it, and what we need to do is keep people, keep businesses informed so they are making these very important decisions."

WAR NEWS:

Charges Expected For Senior Commanders In Haditha Killings. President Bush yesterday again discussed the alleged killing of 24 Iraqi civilians by US Marines in Haditha, again saying he found the allegations "troubling." Meanwhile, military sources are indicating that charges may be filed against senior officials who knew about the killings but did not report them. In addition, the military is requiring that all troops in Iraq receive "core values" training. The story was reported as the lead story on ABC and CBS, while NBC ran it third in its lineup.

ABC World News Tonight (6/1, lead story, 2:50, Karl, 8.78M) reported, "Senior military officials tell ABC News that there will likely be charges against senior officials up the chain of command who were not on the scene at the time of the killing, but should have known that something wrong had happened and done something about it." President Bush: "This is just a reminder, for troops either in Iraq or throughout our military, that there are high standards expected of them. And there are strong rules of engagement. The Haditha incident is under investigation. Obviously, the allegations are very troubling for me and deeply troubling for our military." Karl: "Shortly after the killings, the military made $38,000 in payments to the families of the victims. Investigators believe that the officers who authorized those payments did so because they knew those civilians were killed by Marines, and not by a roadside bomb."

In a separate segment, the ABC World News Tonight (6/1, story 2, 1:20, Gibson, 8.78M) reported, "All 130,000 troops in Iraq, every single one, will be given what's called 'core values training.'" Soldiers "will be instructed, 'The law of war provides that soldiers fight only enemy combatants.' It also requires soldiers to destroy no more than the mission requires."

The CBS Evening News (6/1, lead story, 2:35, Palmer, 7.66M) reported, "Already the US military is on the offensive, ordering extra moral, legal, and ethical training for all troops on the battlefield." The "trouble is many Iraqis don't believe it. They've witnessed too many raids on their homes and too many security operations gone wrong, like the death earlier this week of a pregnant woman shot when the car rushing her to a maternity hospital accidentally drove up a road closed by US forces. Today, Iraq's cabinet announced its own investigations into the killings in Haditha, and the new prime minister had harsh words for Coalition troops."

NBC Nightly News (6/1, story 3, 2:00, Miklaszewski, 9.87M) reported, "The top US ground commander in Iraq, Lt. Gen. Peter Chiarelli, was the first to call for an investigation into the alleged atrocity in Haditha. Today he ordered training for all Coalition forces in moral and ethical conduct on the battlefield." President Bush "today called the reports troubling and promised a thorough investigation." President Bush: "And I'll get to the bottom of this, and if there is a wrongdoing, people will be held to account." Miklaszewski: "But Iraqi Prime Minister Maliki said today this appears to be a horrible crime, and the government in Baghdad announced it would launch its own separate investigation."

The AP (6/1) reports, "The White House said Thursday that it took nearly a month for President Bush to learn that the military was investigating reports that Marines murdered unarmed civilians in Iraq." The AP also reports, "Bush pledged Thursday that the results of the inquiry will be made public." The "U.S. military appears to be conducting four investigations into different aspects of the incident, including into why the American military's initial statement about the incident described it as an ambush on a joint U.S.-Iraqi patrol, with a roadside bombing and subsequent firefight killing 15 civilians, eight insurgents and a Marine. The statement, which said the 15 civilians were killed by the blast, has led some to allege a coverup."

Unit Responsible For Haditha Deaths Now At Camp Pendleton. The CBS Evening News (6/1, story 2, 2:00, Hughes, 7.66M) reported, "Known as the Marine's Thundering Third, the unit responsible for the deaths in Haditha, Iraq, is back at Camp Pendleton, home base and mostly friendly territory for the troops now under investigation." Some are "comparing the Haditha killings to the Vietnam

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massacre at Mai Lai," but "in this company town, almost everyone is withholding judgment, waiting to hear the Marines' side of the story." All three commanding officers "have been reassigned to non-leadership duties here. One of them says it makes his blood boil to be blamed for what he calls a massacre when he wasn't even in Haditha that day."

Naval Investigators Plan To Exhume Bodies In Haditha Probe. The Washington Post (6/2, A16, White, Ricks, 744K) reports, "Criminal investigators are hoping to exhume the bodies of several Iraqi civilians allegedly gunned down by a group of U.S. Marines last year in the city of Haditha, aiming to recover potentially important forensic evidence." The Post reports, "Naval Criminal Investigative Service officials have interviewed families of the dead several times and have visited the homes where the shootings allegedly occurred to collect" evidence. The failure of the Marine Corps to report the Nov. 19 Haditha incident to the NCIS "until nearly four months" after it happened "has presented many hurdles for investigators…according to Defense Department officials, defense attorneys and sources close to the criminal probe."

Haditha Timeline Appears To Exonerate Marine Commandant. The Washington Times (6/2, Scarborough, 90K) reports, "US Marine Corps headquarters in Washington did not learn of the killing of Iraqi civilians by Marines in Haditha until early March, a timeline that appears to exonerate the highest ranks of the Marine Corps from any cover-up or failure to act." The Times reports that the "U.S. military command in Baghdad learned of the civilian killings in February and began two investigations: one criminal and one administrative. The administrative probe "is focusing on whether any information was covered up along the Marine Corps chain of command.

UN Mission In Iraq Failed To Pass Along Haditha Reports. The Wall Street Journal (6/2, Harwood, 2.11M) reports in its "Washington Wire" column that the UN "failed in January to pass on initial reports of Haditha massacre. An international official blames 'disorganization' for lapse by U.N.'s Iraq mission, which should have informed U.S. ambassador of sketchy allegations."

Troops In Iraq To Get "Core Warrior Values" Training. USA Today (6/2, Brook, 2.31M) reports, "All 150,000 coalition troops in Iraq will undergo refresher training in "core warrior values" over the next month as top military commanders deal with the fallout from allegations of a Marine massacre last November." Lt. Gen. Peter Chiarelli Thursday ordered commanders to show troops in Iraq "slides that depict professional military values and the importance of disciplined conduct in combat."

The Chicago Tribune (6/2, Sly, 643K) reports, "The training effort marks the first attempt by the U.S. military to limit the fallout of the brewing scandal and the first implicit acknowledgement that the current training effort may fall short of what is required for American soldiers operating in the Iraqi environment." The statement announcing the training "did not mention the Haditha incident and said that the overwhelming majority of the 150,000 or so coalition forces currently based in Iraq 'perform their jobs magnificently every day.' However, it added, 'Unfortunately, there are a few individuals who sometimes choose the wrong path.'"

Henninger Sees Rising "Iraq Syndrome." Wall Street Journal (6/2, 2.11M) columnist Daniel Henninger writes, "The Iraq Syndrome has finally arrived." Henninger writes that the narrative of the Haditha "story has pretty much set in already: It's another My Lai, we all know they did it, the brass covered it up, and prison sentences for homicide are merely a formality." Henninger writes, "The Vietnam Syndrome…was mainly a failure of U.S. elites. But it's different this time. This presidency has been steadfast in war. No matter. … This time the despondency looks to be penetrating the general population." Henninger cites Lt. Gen. Chiarelli's statement that 99.9% of the troops "perform their jobs magnificently," but writes, "Gen. Chiarelli's magnificent "99.9%" notwithstanding, it's the phenomenon of the so-very-public 0.01% -- at Abu Ghraib, on an Afghan street, at Haditha -- that is breaking America's will this time."

Maliki Denounces "Daily" US Attacks On Civilians. The New York Times (6/2, Oppel, 1.19M) reports Iraqi Prime Minister Nuri Kamal al-Maliki "lashed out at the American military on Thursday, denouncing what he characterized as habitual attacks by troops against Iraqi civilians. As outrage over reports" of atrocities in Haditha "continued to shake the new government, the country's senior leaders said that they would demand that American officials turn over their investigative files on the killings and that the Iraqi government would conduct its own inquiry." Maliki is quoted calling violence against Iraqi civilians by US and coalition soldiers "a daily phenomenon," and said those troops "do not respect the Iraqi people." The Times says Maliki implied that "attacks on civilians will play a role in future decisions on how long to ask American forces to

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remain in Iraq," and calls his remarks "an unusual declaration for a government that remains desperately dependent on American forces to keep some form of order in the country" and "a sign of the growing pressure on Mr. Maliki," who is "being pushed by the Americans to resolve the quarreling within his fragile coalition that has left him unable to fill cabinet posts for the Ministries of Defense and the Interior, the two top security jobs in the country."

Iraq Launches Separate Probe Of Haditha Killings. The Financial Times (6/2, Biedermann) reports, "Iraq's new government on Thursday launched an investigation into the alleged killing of up to 24 civilians in the town of Haditha by US marines last year," saying its separate inquiry will "look into other allegations of misconduct by the US-led forces in Iraq and at the way troops behave toward the civilian population after they have come under attack."

Maliki Will Announce Key Cabinet Nominees This Weekend. The Washington Times/AP (6/2, Quinn) reports Prime Minister Nouri al-Maliki "announced Thursday he would fill vacancies at the crucial defense and interior ministries over the weekend, despite failing to reach an agreement on candidates with Iraq's fractious ethnic and sectarian parties. The appointments, which must be approved by parliament, are the keystone of al-Maliki's plan to take complete control of security around Iraq from U.S.-led forces" before 2008.

Video Challenges US Military Account Of Civilian Deaths In March Incident. BBC News (6/2) reports that it has "uncovered new video evidence that US forces may have been responsible for the deliberate killing of 11 innocent Iraqi civilians" in March in the town of Ishaqi. BBC News says the "video appears to challenge the US military's account of events. The US said at the time four people died during a military operation, but Iraqi police claimed that US troops had deliberately shot the 11 people." The video "shows a number of dead adults and children at the site with" gunshot wounds. The tape "came from a hardline Sunni group opposed to coalition forces."

Marines To Face Murder Charges In April Shooting Of Civilian. The AP (6/2, Hettena) reports, "Military prosecutors plan to file murder, kidnapping and conspiracy charges against seven Marines and a Navy corpsman in the shooting death of an Iraqi civilian in April." The men served "with the 3rd Battalion, 5th Marine Regiment, and are members of the battalion's Kilo Company. The highest-ranking serviceman is a staff sergeant."

The Los Angeles Times reports the troops "may also have attempted a cover-up by planting evidence near the body to suggest that the man was an armed insurgent digging a hole to plant a roadside bomb." Rep. John Murtha (D-PA) said this week on ABC television that "some Marines pulled somebody out of a house, put them next to an [improvised explosive device], fired some [AK-47s] so they'd have cartridges there. And then tried to cover that up."

Army Dog Handler Convicted Of Abu Ghraib Abuse. The CBS Evening News (6/1, story 3, 0:25, Mitchell, 7.66M) reported, "The last soldier charged with abusing Iraqi detainees at Abu Ghraib prison was convicted. Sergeant Santos Cardona, a dog handler from Fullerton, California, was found guilty of dereliction of duty and aggravated assault. He faces up to three and a half years in prison."

NBC Nightly News (6/1, story 4, 0:20, Williams, 9.87M) reported Cardona "was convicted of using the dog to torment a prisoner. He now becomes the 11th soldier convicted in the Abu Ghraib affair." The Washington Times/AP (6/2, Dishneau) also reports the story.

Armitage Says US Didn't Have Enough Troops On Ground To Win Peace. The Washington Times (6/2, Gertz, Scarborough, 90K) reports in its "Inside The Ring" column, "Former Deputy Secretary of State Richard Armitage is adding his voice to critics of Pentagon civilian and military war planners who said there were not enough troops to produce a successful outcome in Operation Iraqi Freedom." Armitage told the Georgetown Journal of International Affairs, "I think there were some clear misjudgments, including the number of troops that would be required to secure the peace after combat."

Friedman Says Decision On Iraq Pullout Can't Wait For Bush's Successor. Thomas Friedman writes in the New York Times (6/2, 1.19M), "President Bush has told us that the question of whether to withdraw from Iraq is one that his successor will have to deal with -- not him. I don't think so. Mr. Bush is not going to have that luxury of passing Iraq along. You see, the insurgency in Iraq is in its 'last throes' -- just like Dick Cheney said. Unfortunately, it's being replaced by anarchy in many neighborhoods -- not democracy. And I don't believe the American people will put up with two and

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half more years of babysitting anarchy instead of midwifing democracy." The Haditha story "is a tragic reminder that a foreign occupation by US forces can't go on for years. Most US soldiers in Iraq have done heroic work, but occupations that drag on inevitably lead to Hadithas."

After Visit To Iraq, Lawmakers Divided On Progress. The Washington Times (6/2, Bellantoni, 90K) reports, "Members of a congressional delegation to Iraq will return home from the Middle East this weekend with differing opinions about progress in the region." Sen. George Allen, "Virginia Republican and one of several lawmakers touring the region, predicted yesterday that within a year, the United States and its partners will transition to providing more logistical support and medical assistance, allowing some troops to return home. … By contrast, Rep. James E. Clyburn, South Carolina Democrat, said he was 'highly disappointed and quite frankly shocked' at the lack of success of reconstruction efforts and domestic peacekeeping." The Times adds, "Also on the trip were House Majority Whip Roy Blunt, Missouri Republican, Minority Whip Steny H. Hoyer, Maryland Democrat, and Republican Reps. Rodney Frelinghuysen of New Jersey and Sam Graves of Missouri."

Marine Corps Says Three KIA Escorts Were Mistreated By TSA. The Washington Times (6/2, Gertz, Scarborough, 90K) reports in its "Inside The Ring" column, "The Marine Corps is livid over the mistreatment of three Marines at the hands of the Transportation Security Administration (TSA) in Philadelphia last month. According to a Marine Corps memo we obtained, three Marines were 'humiliated' by TSA security guards while escorting the body of Marine Sgt. Lea R. Mills, 21, who was killed April 28 along with two others in Al Anbar province, Iraq, by an improvised explosive device." The three Marines "who were accompanying the casket, Sgt. John C. Stock, Cpl. Aaron J. Bigalk and Cpl. Jason A. Schadeburg, were forced to remove their dress blue uniforms, belts and shoes, which were then scanned. They were then 'patted down' by TSA inspectors."

Disabled Iraq War Veteran Sues Moore Over Fahrenheit 9/11. The Washington Post (6/2, 12:52 PM, Lavoie, 744K) reports, "A veteran who lost both arms in the war in Iraq is suing filmmaker Michael Moore for $85 million, alleging that Moore used snippets of a television interview without his permission to falsely portray him as anti-war in 'Fahrenheit 9/11.'" Sgt. Peter Damon "claims in his lawsuit that the way Moore used" a film clip of Damon in the movie "makes him appear to 'voice a complaint about the war effort' when he was actually complaining about 'the excruciating type of pain' that comes with the injury he suffered."

Protesters Fail To Delay Navy Cargo Ship. The New York Times (6/2, Egan, 1.19M) reports, "After nearly a week of protests" in Olympia, WA, "intended to delay a large Navy cargo ship from sailing to the war in Iraq, the vessel sailed out…on time Wednesday." However, "the protests, which were raucous at times, could portend a summer of escalating tensions in the port. The police said 20 protesters…were arrested earlier in the week on misdemeanor charges of attempted trespass and were then released. Two others were charged with a separate offense stemming from a clash with the police."

Karzai Denounces US Gunfire Against Kabul Mob. USA Today (6/2, Wiseman, 2.31M) reports, "Afghan President Hamid Karzai denounced U.S. soldiers on Thursday for having fired their weapons to escape a mob in Kabul. A member of his Cabinet, meanwhile, said the Afghan government has launched its own investigation into how a traffic crash Monday spiraled into the worst violence in the capital since the fall of the Taliban in 2001." Karzai "spoke a day after Afghanistan's parliament passed a non-binding resolution that called for local prosecution of U.S. troops responsible for the crash." The AP (6/2, Harris) reports Karzai said in a radio address, "The coalition opened fire, and we strongly condemn that. … I have to say, all the time we tell them to be careful because we have one joint aim, which is the struggle against terrorism."

Under the headline "Where Does Karzai Go From Here?," the Christian Science Monitor (6/2, Morarjee, 61K) reports "confidence in President Hamid Karzai's government is at an all-time low. Residents and observers say that the government needs to restore credibility by reforming the Afghan police and insisting on better conduct for foreign troops."

Afghan Ambassador To US Forecasts Increase In Taliban Attacks. The Washington Times (6/2, Motlagh, 90K) reports, "The Taliban will wage its fiercest campaign of attacks in the coming months in an attempt to hamper the transfer of security duties in Afghanistan from the US military to NATO, Kabul's ambassador in Washington says." Said

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Jawad told the Times, "During the upcoming months, the Taliban will resort to the utmost violence to prevent reconstruction and discourage NATO countries from further deployment." Jawad "said it was critical that the international community help reinforce the capacity of the cash-strapped Afghan government to deliver services 'so the presence of the state will be felt in areas experiencing attacks.'"

AEI Fellow Warns Against Cutting Support For Afghan Army. In a Washington Post (6/2, 744K) op-ed, American Enterprise Institute research fellow Vance Serchuk writes that the US's accomplishment in creating a "multiethnic, battle-hardened and increasingly professional" Afghan National Army "is under threat" from the Bush administration's proposal to reduce US contributions. Serchuck writes, "Asked about the guidance they receive from Defense Secretary Donald Rumsfeld on building the Afghan army, officers here often cite the same three questions: Why is it taking so long, why do you need so many people, and when can we leave?" Serchuk writes that, for now, "the emphasis shouldn't be on the army Afghanistan can afford but on the one it needs: a force that can defeat the Taliban and become a long-term partner in the war on terrorism."

LATimes Says US Must Crush Taliban, Protect Afghan Lives. In an editorial responding to Monday's riots in Kabul, the Los Angeles Times writes, "The international community must immediately focus on building roads and providing electricity to blacked-out Kabul." The Times writes, "Arab and Persian Gulf states…should give the $90 million that will be needed for diesel fuel to keep Kabul electrified for the next two years while transmission lines are being built to bring power from Central Asia. The U.S. and NATO also will have to invest the military resources to crush the Taliban decisively — and insist that Pakistan do the same." Lastly, the Times writes, "the United States must begin to treat Afghanistan as a sovereign state whose citizens' lives have to be protected. A start would be for Washington to sign a 'status of forces agreement' to govern the behavior of U.S. military forces there. Lessons in driving and crowd control wouldn't hurt, either."

DOJ:

DOJ Awards $42 Million Litigation Case Management Contract To CSC. Federal Computer Week (6/2, Hubler) reports, "The Justice Department has awarded Computer Sciences Corp., a contract worth $42 million to build the department's new Litigation Case Management System (LCMS), which will give the various litigating divisions greater data sharing capabilities." FCW continues, "The system will include a centralized application and database with unique interfaces for various divisions of the agency. The interfaces will allow employees in the Antitrust, Civil Rights, Criminal, Environmental and Natural Resources and Tax divisions, as well as the 94 U.S. Attorney offices, to access data unique to the respective agencies. … At the same time, LCMS will be a single repository where Justice executives can access all litigation case management information and reporting. It will also improve the quality of data used for reporting to Congress, the Office of Management and Budget and other agencies, according to a department announcement."

Government Computer News (6/2, Dizard) reports, "Justice now has dozens of litigation case management systems because each of the department's U.S. Attorney's offices nationwide has had the autonomy to tailor systems to its own needs. In addition, the department's six divisions that send platoons of trial attorneys into courtrooms have developed separate case management systems. … The Justice system forms an important part of the Office of Management and Budget's Case Management System Line of Business. … That line of business also includes the FBI's failed Virtual Case File and its successor, the fledgling Sentinel project. OMB also has directed Justice, leader of the case management line of business project, eventually to develop an administrative case management system." GCN adds, "LCMS is intended to serve as a template for other litigation case management systems used by attorneys across the federal government. … 'The Department's Antitrust, Criminal, Civil Rights, Civil, Environment and Natural Resources, and Tax divisions, as well as the U.S. Attorney's offices, will use the LCMS to facilitate the transfer of information through the use of common solutions and data standards,' Justice said in a statement."

CORPORATE SCANDALS:

NASD Drops Civil Case Against Quattrone. The Wall Street Journal (6/2, Smith) reports, "Wall Street regulators dropped civil charges against Frank Quattrone, giving the former investment-banking star his third win in three months in cases that arose from the Internet-stock bubble of 1999-2000. … He still faces a possible retrial on criminal

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obstruction-of-justice charges." The Journal continues, "The National Association of Securities Dealers this week withdrew "spinning" charges first brought in March 2003 that Mr. Quattrone improperly used the lure of sought-after initial public offerings to win financing business as head of technology banking at the then-named Credit Suisse First Boston securities unit of Credit Suisse Group, now simply Credit Suisse. The NASD also dropped stock-research bias charges. … In a statement, Mr. Quattrone said he had 'complied with the rules and regulations' throughout his 23-year career in banking and was 'pleased that justice has been done.' The NASD asked to withdraw the charges because many potential witnesses weren't any longer under its jurisdiction as registered securities-industry employees, and thus couldn't be compelled to testify. Quattrone lawyer Kenneth Hausman also argued witnesses' memories might be impaired because the case was based on events that occurred between 1998 and 2001, five to eight years ago."

The New York Times (6/2, Sorkin) reports, "The decision comes just two months after a federal appeals court overturned his conviction on charges of obstruction of justice and the Securities and Exchange Commission reversed a decision to ban him for life from the securities industry. … If prosecutors decide against retrying Mr. Quattrone, speculation is already rife that he could return to deal making in the Valley, where he helped companies like Cisco Systems and Amazon.com go public." The Times adds, "Yesterday's decision by NASD, which polices the brokerage industry, to dismiss its own case is notable because it was the accusations in the case — that he illegally doled out hot initial public offerings to corporate clients in exchange for business — that prosecutors later cited in his criminal trial to suggest that he was trying to cover up that activity and obstruct justice. … The dismissal is also notable because Mr. Quattrone's former firm, Credit Suisse First Boston, now Credit Suisse, paid $100 million to settle similar charges against the firm with the NASD in 2002. … Still, Mr. Quattrone faces the possibility that prosecutors could bring the obstruction of justice case against him again. But some legal experts suggested that with the dismissal of the NASD's 2003 case, momentum might be building for the criminal case to be extinguished, too."

The AP (6/2) reports, "Quattrone was the king dealmaker of the Internet stock boom who made a fortune helping bring some of the hottest new Internet companies to the market at his Wall Street investment bank, Credit Suisse First Boston, which has since changed its name to Credit Suisse (USA) Inc. He was convicted in May 2004 on federal charges of obstruction of justice, after his first trial ended in a hung jury. The 2nd U.S. Circuit Court of Appeals overturned the conviction in March, granting Quattrone a third trial. … The NASD in March 2003 had charged Quattrone with 'spinning' - giving corporate executive clients the chance to buy into coveted initial public offerings as a way to win their companies' investment-banking business - from July 1998 to December 2001. The hearing officer on Wednesday granted a motion by the organization's enforcement department to withdraw the charges. … Quattrone had asserted that he was not responsible for making or supervising IPO allocations at CSFB and that NASD rules did not prohibit the conduct in question."

Uncharged Enron Directors Lie Low After Guilty Verdicts. The Washington Post (6/2, D01, Masters) reports, "A week after a Houston jury convicted former Enron Corp. chairman Kenneth L. Lay of fraud, one of the Houston oil company's onetime directors says he still can't believe Lay knew about accounting schemes that caused the firm's 2001 implosion. … 'I'm convinced he didn't know what was going on. . . . I just can't bear the picture of him going off to jail,' said Charls E. Walker, a Potomac-based economist and lobbyist who joined the Houston energy company's board before it was known as Enron." The Post continues, "As for his own role as a member of the board of directors from 1985 to 1999, Walker, 82, is regretful. 'I was duped. Part of the problem was putting so much confidence in Ken's integrity and ability. . . . We were taken for a ride.' … Walker is unusual among the 18 former Enron directors in that he is still willing to talk about the company and the role he played in it. All of the others either declined to comment or failed to return messages left at their homes and workplaces." The Post adds, "After enduring widespread public criticism and congressional scrutiny in 2001 and 2002 for failing to spot or stop Enron's mounting financial troubles, most of the board members have largely gone underground. Many of them resigned from -- or did not run again for seats on -- a number of corporate boards, and those who are still in the public eye have largely removed references to Enron from their biographies. … Compared with Lay and other top Enron executives who face lengthy prison terms, the former Enron directors got off lightly. They have faced no government sanctions, and their personal financial costs have been

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relatively small. Yet outside directors are almost never held responsible for corporate malfeasance, and the fact the Enron's former directors paid any price at all is testament to the depth of public anger over the collapse of what was once ranked the nation's seventh-largest company. … The Securities and Exchange Commission has not taken any formal action against the former Enron directors, but Enron investors sued them, alleging that all 18 had engaged in insider trading by selling shares while they knew more than the public about Enron's complicated financial structures."

Pitt Says Options Backdating Scandal Highlights Need For Improved Internal Controls. In a Financial Times op-ed (6/2), former SEC Chairman Harvey Pitt says, "We now have an unfolding scandal over alleged backdating of option grants to senior executives. Even though it is unlikely we will find much of this misconduct occurring after Sarbanes-Oxley was enacted, this is more than of historical interest. There are important lessons to be learnt from this scandal." Options backdating "calls a company's internal controls into question. Many discussions of backdating options start with the observation that backdating is not, per se, illegal. That is wrong." Backdating is "not only illegal and unethical, it points to a lack of integrity in a company's internal controls. With more and more companies being identified as having a backdating problem, the issue for regulators, prosecutors and plaintiffs' attorneys is who was at fault. Already, executives have resigned or been fired, with more casualties sure to follow. But from the company/shareholder perspective, the question is more properly one of how to move forward. For that, solutions must start with the board of directors and its compensation committee."

CRIMINAL LAW:

ABC Poll Finds 86% Support FBI Search Of Congressional Offices. ABC News (6/1, Langer) reports on its Web site, "In the rift between Congress and the Justice Department, Americans side overwhelmingly with law enforcement: Regardless of precedent and the separation of powers, 86 percent say the FBI should be allowed to search a Congress member's office if it has a warrant. That view is broadly bipartisan, this ABC News poll finds, ranging from 78 percent among Democrats to 94 percent of Republicans," and "support for FBI searches is about equally high whether people see Congress as honest or not." ABC notes that the poll "was conducted by telephone May 26-30, 2006, among a random national sample of 1,044 adults. The results have a three-point error margin."

Fox News' Special Report with Brit Hume (6/1) briefly reported the poll results in its "Political Grapevine" segment, noting, "Despite the constitutional howls from Capitol Hill, Americans seem to have no problem with FBI raids on congressional offices."

Meanwhile, in a USA Today (6/2, 2.31M) column, Chuck Raasch writes that the Jefferson case "would make the writers of the Constitution cringe. … There are serious constitutional issues at stake. But the way that leaders in the House of Representatives reacted looked on Main Street like yet another example of Washington politicians putting themselves above the law." Raasch adds, "Had the average American been suspected of doing what Jefferson is alleged to have done, no one in Congress would have protested when the FBI came knocking."

FBI-Hastert Rift Appears To Be Cooling. The White House Bulletin (6/1) reported, "Anger in FBI ranks over House Speaker Dennis Hastert's charge that they went too far when seizing papers" from Jefferson's office "appears to be cooling, according to both sides. 'I think it's over and they know what we meant. It wasn't a slam on them,' said a House leadership official regarding, and FBI officials "said that their anger at Hastert's claim that the FBI had crossed constitutional boundaries has waned after the affair erupted last week." Still, "some leadership officials remain worried that hearings into the document raid could again enflame relations and are hoping that they end without any acrimonious charges from the Judiciary Committee. … Meanwhile, leadership officials said they hope the whole episode sent a message to the White House that the GOP expects better communication from the West Wing and federal agencies than they've seen in recent months, a problem dating back at least to the Dubai ports scandal."

Both DOJ, Congress Said To Have Overreached In Jefferson Search. The New York Times (6/2, Liptak, 1.19M) reports, "The Justice Department is probably correct in saying that it was legally entitled to search" Rep. William Jefferson's office. "But in ignoring history and established conventions in that case, some legal scholars say, the Bush administration has again unsettled widely shared understandings of constitutional relationships and freedoms that have existed for generations." The Times adds that "having the legal power to

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conduct a search of another branch of government does not mean it is a wise or prudent thing to do. … At the same time, Congressional leaders may have overreached in describing the search as a flagrant violation of the Constitution."

Dionne Says House Hearing Was Attempt To Pressure DOJ Over Probes. In his Washington Post (6/2, 744K) column, E.J. Dionne compares the House Judiciary hearing on the Jefferson search to a brushback pitch in baseball, writing that "Rep. James Sensenbrenner's committee was really sending a message as the House confronts a far-reaching corruption investigation: Nice little Justice Department you have there, Mr. Attorney General. Too bad if anything were to happen to it. Stop messing with us before we mess with you." Dionne adds, "So keep an eye on the leadership of the Justice Department. Here's hoping that it resists political pressure -- whether from Congress or the White House -- and allows its prosecutors to proceed with legitimate investigations of corruption."

Jefferson Said To Have Been Undone By Love Of Money. The Los Angeles Times (6/2, Simmons, Fiore, 958K) reports Rep. Jefferson was "once famous in Louisiana circles as the sharecropper's son who made his way to Harvard, steered by parents who preached the value of education. Today, Jefferson is infamous nationally as the Louisiana Democrat who stashed $90,000 of alleged bribe money in his kitchen freezer." Those who "have watched his career's spectacular rise and potential fall believe the terrible poverty he escaped was ultimately his undoing. He rose to become his state's first African American congressman since Reconstruction, but people who know him say he still had a thirst for wealth." New Orleans political consultant Allan Katz said, "His perceived flaw among his peers has always been that, shaped by his humble beginnings, Bill loved money and desperately wanted to be a rich man."

Roots Of Controversy Said To Lie In Constitution. Voice of America (6/2, Malone) reports, "A controversy over federal agents raiding the office of a congressman has its roots in the formation of the U.S. Constitution more than 200 years ago." VOA continues, "In the early days of the American Republic, the revolutionaries who won independence from Britain were determined not to replace a powerful English monarch with an equally potent American president. … So the founders devised a system of separate powers whereby the Congress made the laws, the executive branch, led by the president, enforced the laws, and the judicial branch, led by the Supreme Court, interpreted the laws to make sure they conformed with powers set forth in the U.S. Constitution." VOA adds, "Lawmakers upset with the FBI raid on Congressman Jefferson's office are concerned with what they view as an attempt by the executive branch, in the form of the Justice Department, to intimidate a member of the legislative branch. … Charles Tiefer is a law professor at the University of Baltimore in Maryland. He testified at a recent hearing called by members of Congress angry about the search of Congressman Jefferson's office. … 'Now this raid had all the elements of unconstitutional executive intimidation,' he said. … Another witness, George Washington University law Professor Jonathan Turley, said the office search represented a break in tradition that goes back 219 years to the formation of the Constitution in 1787." VOA notes, "Attorney General Alberto Gonzales says his department has the right to investigate allegations of corruption in Congress and is respectful of the separation of powers. … 'Personally, in the department collectively, we have a great deal of respect for the Congress as a co-equal branch of government, as a separate and independent branch of government,' said Mr. Gonzales."

Tampa Tribune Calls Constitutional Criticism Of FBI Search "Wildly Overblown." The Tampa Tribune (6/2) editorializes, "Many members of Congress are outraged that the FBI raided the offices of Louisiana Rep. William Jefferson and took legislative files along with the evidence they sought for a bribery investigation. But accusations that the FBI trampled the doctrine of separation of powers are wildly overblown. … The Constitution anticipated attempts to harass Congress," but "the writers of the Constitution never envisioned an office hideout for elected felons." The Tribune adds, "If rumors are true about the breadth of the improper generosity of certain lobbyists, those assigned to write the guidelines have no time to dally."

More Commentary. In a column distributed by Scripps Howard (6/2), Dan K. Thomasson writes, "Congress' relationship with the FBI always has been Frankenstein-like with the father of the monster regarding his creation with cautious affection rooted in fear. The result has been fawning accommodation and unlimited tolerance for whatever the bureau demands, no matter how outrageous or unwarranted, a willingness to excuse what clearly was the inexcusable from Waco to Ruby Ridge to 9/11. … Now the bureau's woes have been exacerbated by the Jefferson affair resulting in outrage from the leaders of both parties in Congress and embarrassment to a president who badly needs a better

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relationship with the legislative branch. … While this encroachment can be expected to pass, it clearly is another blow to the FBI's reputation. A number of constitutional scholars believe the action leaps the barrier separating the branches of government. … Whatever the reason, the Prometheus that remained unchained so long faces a new challenge to stay that way and to prevent the growing number of lawmakers who would relieve it of its responsibilities from succeeding."

Data Retention Talks Continue Between DOJ, Internet Providers. The AP (6/2) reports, "Top U.S. law enforcement officials have told Internet companies they must retain customer records longer to help in child pornography and terrorism investigations, and they are considering asking Congress to require preservation of records. … Industry representatives are expected to meet Friday with Justice Department officials, a week after Attorney General Alberto Gonzales and FBI Director Robert Mueller first raised the issue with executives from several Internet service providers, including AOL, Comcast Corp., Google Inc., Microsoft Corp. and Verizon Communications Inc." The AP continues, "The subject has prompted alarm from some executives and privacy advocates, especially after Gonzales' Justice Department took Google to court earlier this year to force it to turn over information on customer searches. Civil liberties groups also have sued Verizon and other telephone companies, alleging they are working with the government to provide information without search warrants on subscriber calling records. … Assistant Attorney General Rachel Brand, who attended the first meeting, said Thursday that some executives raised privacy concerns at the meeting. But she said Gonzales has not made any decisions about how to proceed and that the department would be mindful of the privacy issue. … 'We are looking at whether requiring longer data retention or asking ISPs to do it informally is something we want to pursue,' Brand said. … Mueller suggested a period of two years and said terrorism investigations also would be helped by such a rule, several people who attended the meeting said. Gonzales was focused on child pornography cases, they said."

The New York Times (6/2, Hansell, Lichtblau) reports, "The attorney general has appointed a task force of department officials to explore the issue, and that group is holding another meeting with a broader group of Internet executives today," DOJ spokesman Brian Roehrkasse said. "The department also met yesterday with a group of privacy experts. … The Justice Department is not asking the Internet companies to give it data about users, but rather to retain information that could be subpoenaed through existing laws and procedures, Mr. Roehrkasse said." The Times adds, "While initial proposals were vague, executives from companies that attended the meeting said they gathered that the department was interested in records that would allow them to identify which individuals visited certain Web sites and possibly conducted searches using certain terms. … It also wants the Internet companies to retain records about whom their users exchange e-mail with, but not the contents of e-mail messages, the executives said. The executives spoke on the condition that they not be identified because they did not want to offend the Justice Department. … The proposal and the initial meeting were first reported by USA Today and CNet News.com."

In a front-page story, The Los Angeles Times (6/2, Menn, 958K) reports, "Big Internet and telephone companies are girding to fight" the "unprecedented" request by Gonzales and Mueller, which "would dramatically expand the government's ability to track what people do online and with whom they communicate." The Times notes, "Law enforcement officials would still need some legal instrument, such as a subpoena or search warrant, to look at the data. But FBI agents also have the power to request information secretly, without a court order, through so-called National Security Letters."

The San Jose Mercury News (6/2, Ackerman) reports, "Current regulations require companies to preserve data that is the subject of specific criminal investigations while law enforcement collects evidence that could support a warrant. … 'This is a radical departure from current practices,' said Marc Rotenberg, executive director of the Electronic Privacy Information Center, who meet with justice department officials Thursday. 'We've opposed it because we think it creates an unnecessary risk to privacy and security of Internet users.' … Brian Roehrkasse, a department spokesman, said the purpose of the meetings with the Internet companies and others is 'to solicit their input and seek their assistance in formulating proposals and recommendations on the issue of data retention.'"

Bloomberg (6/2, Schmidt) reports, "The Justice Department has no legal authority to require companies to keep data on their customers and would need to ask Congress for that ability, Roehrkasse said. He said there has

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been no decision on how long companies would need to store the records." Bloomberg adds, "New York-based Verizon Communications Inc., the No. 2 U.S. telephone company, and Philadelphia-based Comcast Corp., the largest U.S. cable provider, were among the companies at last week's meeting, Roehrkasse said. AOL is the Internet unit of New York-based Time Warner Inc., the world's largest media company. … Gonzales said in April that Internet service providers had hurt child pornography probes by not keeping data long enough. He said he would personally reach out to chief executive officers of leading providers to resolve the problem. … Earlier this year, the Justice Department sparred with Google over a request for information on its customer searches. In March, a federal judge ordered the Mountain View, California-based company to turn over some of the records demanded by the government."

Maryland Judge Sentences Sniper Muhammad To Six Life Terms. The Washington Times (6/2, Ward) reports, "A Montgomery County judge yesterday sentenced sniper John Allen Muhammad to six consecutive life sentences for his role in the 2002 shootings that terrorized the D.C. metropolitan area. … 'You came into this county and randomly murdered innocent and defenseless people. You would have murdered more people, but you got caught,' Circuit Judge James L. Ryan said to Muhammad, the mastermind of the shootings. … 'The citizens have, to the best of their ability, recovered and will continue to recover,' he said. 'But you, Mr. Muhammad, have no hope, no future.' Muhammad, 45, said nothing but looked at the judge with his arms crossed. … As Muhammad was handcuffed and led out of the Rockville courtroom, family members of the sniper victims and onlookers broke into applause."

The AP (6/2, Manning) reports, "After representing himself throughout the monthlong trial, Muhammad chose not to speak at his sentencing. J. Wyndal Gordon, an attorney helping him, said Muhammad told him, 'I said everything I wanted to say.' … Muhammad was convicted Tuesday of six counts of murder for six of the 10 deadly sniper attacks that terrorized the Washington area in October 2002. He was already under a death sentence in Virginia for a killing there. … This time, Muhammad's young accomplice, Lee Boyd Malvo, took the stand for the first time to testify against him. Malvo told jurors how the older man, his one-time mentor, trained him to shoot and drew him into a sinister plan to kill people, including children, indiscriminately. … Jurors deliberated less than five hours before finding Muhammad guilty."

The Baltimore Sun (6/2, Siegel) reports, "More than three years after a sniper's bullet felled Conrad Johnson as he stood in the doorway of a Montgomery County bus, Sonia Wills had the opportunity Thursday to confront her son's convicted killer. … Calling John Allen Muhammad the 'devil's advocate,' Wills bore into the 45-year-old Gulf War veteran as he looked downward, toward papers at the defense table. … 'It is a shame you will not look at us to see the lives you have devastated, the lives that you have ruined,' Wills told Muhammad. … Wills was one of four relatives of Muhammad's victims who spoke at a hearing at which he was sentenced to six consecutive life terms with no possibility of parole for sniper shootings in Montgomery County in the fall of 2002."

The Washington Post (6/2, B1, Londoño, Rich) reports, "As his last act in a Maryland courtroom, John Allen Muhammad chose silence. … The man convicted twice of terrorizing the Washington area with a powerful rifle and an impressionable accomplice betrayed no emotion yesterday as relatives of the people he killed spoke of their loss. He remained impassive as a judge sentenced him to six consecutive terms of life in prison without the possibility of parole. … 'You chose the wrong community, sir, to stain with your acts of violence,' Montgomery County Circuit Court Judge James L. Ryan told Muhammad." The Post notes, "J. Wyndal Gordon, one of Muhammad's stand-by lawyers, maintained that Muhammad -- who doggedly defended himself during the month-long trial -- is an innocent man who was not allowed to tell his side of the story. … 'We came here in search for justice,' Wyndal said. 'We came here in the search for the truth, to find out what really happened during those 23 days in October. My humble opinion is that we fell short.'" The Post adds, "Outside, State's Attorney Douglas F. Gansler, flanked by relatives of sniper victims, faced a wall of cameras to hail the sentence. … 'Anyone who suggested that this trial shouldn't be brought to Montgomery County should be ashamed,' he said of people who questioned the need for another trial after Muhammad had been convicted of murder in Virginia. … His deputy, Katherine Winfree, who prosecuted the case, said that although the county is no stranger to violent crimes, Muhammad is in a league of his own. … 'No one has ever stood before a judge in this county with more on

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his conscience and more crimes to his discredit than John Allen Muhammad,' Winfree said."

Longtime Aide Testifies About Managing Dixon Bribe Money. The Memphis Commercial Appeal (6/2, Buser) reports, "A longtime aide to Roscoe Dixon testified Thursday the former state senator had him handle bribe money and that Dixon also sometimes directed him to give portions to Kathryn Bowers and other legislators. In his second day on the witness stand in Dixon's federal extortion and bribery trial, Barry Myers watched himself on surveillance tapes telling an informant that Dixon trusted him 'like a son' and that his boss was paranoid and 'scared of his own (expletive) shadow' about getting caught taking payoffs." In a second story, The Memphis Commercial Appeal (6/2, Perrusquia) reports, "Reputations went on trial Thursday…when prosecutors played secret tapes that included allegations of payoffs to uncharged politicians. On those tapes…confessed 'bag man' Barry Myers brags to an undercover FBI agent about delivering money to several local public officials. … The taped statements triggered sharp denials from the uncharged parties." The Commercial Appeal adds, "Defense attorney Coleman Garrett, who has portrayed Myers as a crook and a liar, got him to admit he had lied when he was first questioned by the FBI about his Waltz involvement, yet Myers said he did it to protect Dixon."

The AP (6/2, Baird) reports jurors watched surveillance video of Dixon "picking up a stack of $100 bills put before him by an aide and an FBI informant." Myers "said the money was to pay for the senator's help in getting a favorable state law passed for a company called E-Cycle Management," which "Myers and Dixon found out later, was a fake company set up by the FBI to snag state lawmakers and other Tennessee officials looking for bribes." The AP adds, "Agents working on the two-year investigation made hundreds of audio and video recordings, most of them with the help of informant" Tim Willis, "a convicted felon and former business consultant." WPTY-TV Memphis (6/1) noted, "The bribe was not connected to E-Cycle, the dummy company set up by the FBI to target crooked law makers in the Tennessee waltz sting, but it goes back to a scandal involving the Children's Dental Clinic and TennCare certification. Lawyers for the government say tapes like this led to Dixon's investigation."

Under the headline "Tape Shows Dixon Pocket Cash," The Tennessean (6/2, de la Cruz) adds, "Thursday afternoon, Dixon's attorney quizzed Myers on his motives for involving Dixon, suggesting that Myers had no other real source of income. Attorney Coleman Garrett also suggested that the $1,000 Dixon took could have been a campaign contribution and that there were no witnesses who saw Myers turn over more money to Dixon. A Dixon supporter who attended the trial as a spectator said he did not believe the recordings were incriminating." Del Gill said, "You hear them saying to Roscoe, 'I need your support.' Of course, Roscoe will tell a friend, 'You've got my support.'" He also "noted that $1,000 is the same amount other legislators, such as Sen. Jeff Miller, who have not been charged in Tennessee Waltz, got from E-Cycle." WTVF-TV Nashville (6/1) also reported on the tapes and Myers' testimony.

Sorich Lawyer Tries To Undermine Credibility Of Key Prosecution Witness. The Chicago Tribune (6/2, Bush, Mihalopoulos, 643K) reports, "The lawyer for Mayor Richard Daley's former patronage chief aggressively attacked the credibility of a key prosecution witness in the City Hall corruption trial Thursday, suggesting the witness agreed to wear a hidden recording device to shorten his prison stay. Defense attorney Thomas Anthony Durkin portrayed retired city official Daniel Katalinic…as a crook with little choice but to help the federal investigation of alleged corruption in the Daley administration. Katalinic pleaded guilty last year to one mail fraud count, admitting he got $15,000 in bribes from city trucking contractors. He said he hoped his cooperation would earn a lesser sentence." However, The Tribune notes, Katalinic's "testimony provided damning accounts of the roles that Durkin's client, Robert Sorich, and three other city officials allegedly played in city hiring." WLS-TV Chicago (6/1, Schulte) also reported on the cross-examination and noted, "Meantime, prosecutors never played a tape of a conversation Katalinic had with Robert Sorich when the FBI had Katalanic wear a wire. The defense says the tape actually helps exonerate Sorich."

The Chicago Sun-Times (6/2, Korecki, Warmbir, Spielman) reports Katalinic testified yesterday that "political groups competed over the number of city jobs they could give their troops as post-election rewards, and they even complained that the powerful Hispanic Democratic Organization got a larger share." But defense attorneys "attacked…Katalinic's testimony, getting him to grow misty-eyed about his decision to flip for government prosecutors -- and to admit that while political groups did slip lists of names to the Office of Intergovernmental Affairs, there were 'no

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guarantees' they'd be hired." The Sun-Times adds, "Meanwhile, City Hall disclosed that Mayor Daley's corporation counsel, Mara Georges, has been subpoenaed by the defense and will testify if she is called."

Ryan Lawyers File Motion Seeking New Trial. The AP (6/2, Robinson) reports, "George Ryan's lawyers set the stage Thursday for the former governor's appeal of his racketeering and fraud conviction by filing 70 pages of court papers asking for a new trial on the grounds that juror misconduct 'taints the verdict in this case.' … Much of the document was a painstaking rehashing of the agony that followed the April 18 guilty verdict…when goings-on in the jury room began to come to light," but "it also said that prosecutors had failed to provide adequate proof of the charges and that the judge should have allowed the defense to tell jurors more about what Ryan did when he was in power in Springfield."

Arrest Of Fumo Aides Raises Questions About Charges Against Senator. The AP (6/2, Dale) reports, "The FBI spent three years investigating powerful state Sen. Vincent Fumo…before charging two underlings Wednesday with obstructing justice. A day later, the obvious question remained: What about Fumo?" Defense lawyer William DeStefano said, "It tells me that they're trying to either scare the devil out of these two guys who got arrested to obtain their cooperation, or to put the fear of God into other people. And that sort of tells me that they're not comfortable with their case against the senator." But "others suggested that federal prosecutors – humbled perhaps by the acquittal of some bankers in the Philadelphia pay-to-play scandal – want to build an ironclad case."

In an editorial, The Philadelphia Daily News (6/2) also says that "questions surrounding…Fumo are beginning to pile up. … There's the obvious ones such as, is Fumo guilty of anything? So far, the answer is no, though an investigation is continuing. … Then there's the less obvious question: At what point does a politician mau-mauing a company into doing what could be argued is a public good become criminal activity? … It could be if the feds can prove the other part of their inquiry: whether Fumo benefited politically or personally from expenditures made by Citizens' Alliance. Here the feds may have a convincing case." The Daily News concludes, all of "which prompts this final question: Isn't it time for stricter restrictions on whether politicians should operate foundations at all?"

FBI Affidavit Provides Details Of Fumo Probe. The Philadelphia Daily News (6/2, Davies) reports, "Information contained in a federal affidavit released Wednesday casts some doubt on state Sen. Vince Fumo's claim earlier this year that he had no role in a $310,000 real-estate deal involving electrical contractor Donald 'Gus' Dougherty, whose office was raided by the FBI in January. And Fumo may have directed a nonprofit organization's purchase of as many as two dozen properties in South Philadelphia, the affidavit suggests. … The affidavit said Fumo instructed an unnamed aide 'that he alone would decide which properties are to be purchased' by Citizens Alliance," the nonprofit group. The Philadelphia Inquirer (6/2, McCoy, Cattabiani, 423K) provides "a probe primer" detailing what's known about the investigation thus far and notes that in yesterday's affidavit, "the FBI disclosed it was investigating whether Fumo 'engaged in extortion' in seeking money for a nonprofit from two corporations, Peco Energy and Verizon Communications. Verizon balked, but Peco gave $17 million to Citizens' Alliance for Better Neighborhoods under secret deals in which Fumo dropped his opposition to the electric giant's business plans."

Analysts Predict Fumo Will Remain In Office, Evade Prosecution. The Pittsburgh Post-Gazette (6/2, Mauriello, 261K) reports, "Dubbed by some 'Prince Vince,' Mr. Fumo is unlikely to be shaken off his throne anytime soon, insiders say, despite an FBI investigation into whether he extorted contributions to a Philadelphia charity that were later used to benefit him personally and politically. … The U.S. Department of Justice says more charges and more arrests are possible, but insiders and pundits predict Mr. Fumo will emerge unscathed." The Post-Gazette notes, "The trick now for Mr. Fumo will be avoiding the legal traps being laid out by federal investigators who arrested the two Fumo staffers Wednesday. Attorneys for the men say the arrests were an FBI tactic to get the staffers to cooperate in the investigation," but they "plan to fight the charges and remain loyal to Mr. Fumo, their lawyers told reporters."

FBI Raids Office Of DC Charter School Office Director. The Washington Post (6/1, B3, Haynes, Strauss, 744K) reported, "The FBI raided the office and home of the D.C. school board's executive director of charter schools" Wednesday "as part of an investigation into the possible misuse of hundreds of thousands of dollars in federal and city funds, school board officials and law enforcement sources said. Investigators are focusing on the charter school office,"

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and executive director Brenda L. Belton. "School sources…said authorities also are looking into whether some firms hired by the charter school office were connected to Belton. The sources said that the FBI search of the office began about 7 a.m. and continued for six hours and that numerous boxes of documents were confiscated."

Judge Upholds Admission Of Evidence From FBI Pellicano Search. The AP (6/2) reports, "A federal judge presiding over the trial of a private investigator accused of wiretapping Hollywood celebrities said prosecutors can use evidence gathered in a search of his offices. FBI agents raided Anthony Pellicano's offices in 2002 and found illegal explosives," and Pellicano lawyer Steven Gruel "challenged the legality of the search, saying the raids amounted to a fishing expedition." In a decision made public yesterday, US District Judge Dale S. Fischer "on May 22 concurred with an earlier ruling by the 9th U.S. Circuit Court of Appeals that found the search was valid," but "the judge said her decision doesn't preclude Pellicano from requesting a hearing at which Gruel could call FBI agents to determine if there were any misrepresentations made with the search warrants."

Officials Seek United Response To Maryland Gang Crime. The Washington Times (6/2, Wagner) reports, "Federal, state and local officials who participated in the Maryland Gang Summit yesterday agreed that cooperation is key for fighting the increasing number of criminal gangs in the state." The Times continues, "Gaithersburg Police Detective Patrick Word said yesterday that there are currently about 10,000 gang members in Maryland. The gangs that exist in Maryland include the Bloods/United Blood Nation, Black Guerilla Family, Mara Salvatrucha or MS-13, Tiny Rascal Gangsters, Street Thug Criminals, Hells Angels, Vatos Loco, Pagans and South Side Locos, he said. … More than 300 people attended the day-long summit at the Sheraton Hotel. Participants included Gov. Robert L. Ehrlich Jr., Attorney General J. Joseph Curran Jr., Lt. Gov. Michael S. Steele, sheriffs, federal and state prosecutors, police, mayors, community officials and non-profit organizations."

The Washington Post (6/2, B05, Vogel) reports, "Criminal gangs are operating across Maryland at a level many in the state do not recognize or are unwilling to admit, participants in what was billed as the first Maryland gang summit warned yesterday." The Post continues, "At the Columbia summit, speakers -- who included police detectives, state and federal prosecutors, politicians and representatives of community groups -- described an insidious problem and said law enforcement is often not the solution. The battle to keep young people out of gangs is being fought inside schools and homes, they said, with teachers, parents and social workers on the front line. … Maryland, with its broad socioeconomic and ethnic mix, has become a 'microcosm of gang activity,' according to Assistant U.S. Attorney James Trusty. 'We really have every type of gang activity,' added Trusty, gang coordinator for the U.S. attorney's office for Maryland. 'Our schools and businesses are increasingly in the line of fire.' … The problem drew broad attention in Montgomery County last summer when, on a single day in August, gang fights led to the stabbing of two summer school students at a Silver Spring high school and to a melee at a Wheaton shopping center that left four teenagers wounded. Later that month, 19 Mara Salvatrucha members were indicted on federal racketeering charges."

The Baltimore Sun (6/2, Dolan) reports, "MS-13, the target of a major federal indictment in Maryland last summer, isn't the state's biggest gang problem. The Bloods are. … That is the conclusion reached by the state's leading gang investigators, who presented their latest findings Thursday at a summit in Columbia of 300 law enforcement officers, political leaders and educators." The Sun continues, "MS-13, also known as Mara Salvatrucha, originated in Los Angeles among refugees from El Salvador and received national attention in recent years for its rapid spread and violence. … Federal prosecutors charged 19 alleged MS-13 members from Southern Maryland in August." The Sun adds, "Experts said Thursday that it is still the Bloods, who crop up on street corners in Baltimore, in schools in Harford County and in prisons throughout the state, who have the greatest reach. … The daylong conference, funded by a $2 million federal grant to the Maryland U.S. attorney's office, sought to promote local and federal efforts to prevent young people from joining gangs, to encourage current members to quit, and to lock up their leaders."

Alleged Chicago Mob Murderer Seeks Release On Bail. The Chicago Sun-Times (6/2, Warmbir) reports, "Frank Calabrese Sr. has been accused of killing 13 people in mob hits, but his attorney swears he's not

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a danger to society. So attorney Joseph Lopez is asking a federal judge to release Calabrese…from the Metropolitan Correctional Center while he awaits trial as one of the top mobsters charged in the most important recent criminal case filed against the Chicago mob, called Family Secrets." The Sun-Times notes, "Calabrese Sr.'s chances to get out appear slim. When a fellow defendant, alleged Chicago mob leader James Marcello, charged with three murders in the case asked for bond, the judge denied the request. And the evidence appears extensive against Calabrese."

Texas Death Row Inmate Sparks Debate Over Execution Of Insane. The New York Times (6/2, Blumenthal, Liptak) reports, "Scott Panetti, a death row inmate in Texas, understands that the state says it intends to execute him for the murder of his wife's parents. … But Mr. Panetti, 48, who represented himself in court despite a long and colorful history of mental illness, says he believes that the state's real reason is a different one. He says the state, in league with Satan, wants to kill him to keep him from preaching the Gospel." The Times continues, "That delusion has been documented by doctors and acknowledged by judges and prosecutors. It poses what experts call the next big question in death penalty law now that the Supreme Court has barred the execution of juvenile offenders and the mentally retarded: what makes someone too mentally ill to be executed?" The Times adds, "A three-judge panel of the United States Court of Appeals for the Fifth Circuit, in New Orleans, recently said Mr. Panetti was sane enough to die. The full court will soon decide whether to hear the case. … Mr. Panetti, in prison now almost 14 years for the killings in 1992 in the quaint Hill Country city of Fredericksburg, has long seemed to exemplify madness, addressing himself to the jury in his trial in 1995 as 'the born-again April Fool,' a schizophrenic healed by God. … In and out of mental institutions 14 times and addicted to drugs and alcohol since he almost drowned as a child and was nearly electrocuted by a power line, Mr. Panetti wore cowboy costumes to court, delivered rambling monologues, put himself on the witness stand and sought to subpoena the pope, Jesus and John F. Kennedy. … Jurors were clearly alienated and took little more than an hour to reject his insanity defense. … They found that Mr. Panetti knew right from wrong and so deserved the death penalty. That is a separate question from whether his mental illness should bar his execution."

Two New York Sex Offenders Arrested For Child Porn Possession. The AP (6/2) reports two North Tonawanda, N.Y., "registered sex offenders have been arrested for allegedly possessing child pornography, federal authorities said Thursday." Jeffrey Frazier, "who was sentenced to 60 days in prison after being convicted in 2003 of sexual abuse and endangering the welfare of a child, was charged following a visit to his home by probation officers." Timothy Brenon "was charged with possessing child pornography four years after his conviction on a charge of possessing a sexual performance by a child, for which he received five years probation."

Connecticut Man Pleads Guilty To Child Porn Possession. Under the headline "FBI Discovers 117 Images Of Minors On Two Computers," The Middletown (CT) Press (6/1, Engelhardt) reported, "Following a federal investigation, a local man plead guilty on Wednesday to possession of child pornography." Richard Wertheim "waived indictment in U.S. District in Hartford. According to Thomas Carson, spokesman for U.S. Attorney Kevin J. O'Connor, Wertheim could face 10 years in prison and a maximum fine of $250,000." According to documents, "Wertheim participated in 'peer-to-peer' file sharing with other Internet users. … Forensic evidence revealed a large amount of child pornography on both of Wertheim's personal computers. According to Carson, the analysis revealed 117 images and videos."

Copyright Piracy Losses Difficult To Calculate. The Wall Street Journal (6/2, Fowler) reports, "The plastic in a blank CD or DVD costs less than a quarter. Putting a price on a disc loaded with content is more difficult. … When the music industry finds a CD that has been ripped off by copyright pirates, it says it is worth between $1 and $5. Hollywood says a pirate disc can be worth between nothing and the full retail price of around $25. The software industry sometimes weighs in at more than $200 per counterfeit disc." The Journal continues, "Why is there such a wide range in the estimates? Counting the losses from piracy isn't a science -- it's an art. Police in developing countries like China may count pirated goods at their street value, but companies and industry associations have different, often political, goals behind their counting systems. Now the growing problem of Internet piracy is making gauging losses even harder, and more controversial." The Journal adds, "Police data and

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surveys can provide estimates of the number of DVDs sold in street pirate markets, and the numbers of songs and programs downloaded off the Internet. But the music, movie and software industries -- which have been hammered by piracy in many developing countries -- face a more vexing problem of reckoning their losses. … Somebody who buys a pirated disc at a steep discount isn't necessarily a lost customer for a full-priced product. In many poor countries, a customer who buys a CD for $1 could never afford to pay $16.95 for a legitimate copy. In countries such as China and Vietnam, many legitimate film titles aren't even allowed on store shelves because of government quotas and censorship standards. Moreover, music industry surveys have found that in some developed markets, 10% to 15% of consumers actually spend more money on legitimate music when they're also downloading songs illegally."

Former Federal Prosecutor Convertino Reportedly Under Probe In Drug Case. The Detroit News (6/2) reports, "Former federal prosecutor Richard Convertino is under criminal investigation for his handling of at least one other case in addition to the terrorism case for which he was indicted, one of Convertino's lawyers has alleged in a court filing." The News continues, "Lawyer Jeffrey Del Fuoco said in a motion recently filed in U.S. District Court in Detroit that Convertino is under investigation for possible criminal conduct in his handling of a 1998 drug case involving Joseph Stines." The News adds, "Stines, who was convicted of running a cocaine ring around Ypsilanti, has alleged misconduct by Convertino. Stines' lawyer, Carole Stanyar, has filed a motion seeking his release from prison. … 'It has been learned that Mr. Stines' baseless allegations are now the subject of an ongoing criminal investigation into Mr. Convertino's conduct,' Del Fuoco says in a motion filed May 26. … In the motion, Del Fuoco argues that Convertino should be allowed to intervene in the Stines case to protect his interests. If his request is granted, Convertino will be able to introduce evidence and cross-examine witnesses. .. Both parties involved, Stines and the U.S. government, allege misconduct by Convertino, Del Fuoco says in the motion."

CIVIL LAW:

Judge Allows McCallum Questioning Over Tobacco Case. The AP (6/2) reports, "A judge ruled Thursday that Associate Attorney General Robert McCallum must undergo questioning in a lawsuit, a decision that is helpful to a private group seeking records about the Justice Department's conduct in a landmark case against the tobacco industry." The AP continues, "The action by U.S. District Judge Emmet Sullivan is the latest problem related to McCallum's nomination as the Bush administration's choice to become ambassador to Australia. … Democratic Sen. Dick Durbin of Illinois is blocking McCallum's nomination over allegations the No. 3 official at the Justice Department improperly influenced the government's lawsuit against cigarette manufacturers." The AP adds, "Citizens for Responsibility and Ethics in Washington sued last year after the department ignored the testimony of one of its own witnesses in the tobacco trial and reduced the amount the Bush administration is seeking from the tobacco industry from $130 billion to $10 billion. … CREW says the department has failed to produce a single responsive document to demands for information under the Freedom of Information Act."

The Financial Times (6/2, Washington) reports, "The judgment does not give Crew the latitude to interview Mr McCallum, the associate attorney-general nominated by President George W. Bush to be ambassador to Australia, on the underlying facts of the case. … But Crew says the deposition will shed light on whether the department sought to cover up its decision-making process by wilfully ignoring requests under the Freedom of Information Act." The Times adds, "The judge's ruling is the latest chapter in a long-running saga about whether a decision by the government last year to reduce the amount of penalties it was seeking from tobacco companies – from $130bn initially to $5.2bn – was politically motivated. … Reports in the Washington Post and other newspapers last June suggested that the government's decision to change its position on the five-year civil racketeering case against the tobacco industry was made over the objection of career lawyers at the Justice Department."

DOJ Requests Documents From Career Education. Crain's Chicago Business (6/2, Ryan) reports, "The U.S. Department of Justice has outlined the nature of its inquiry into Career Education Corp., almost two years after an investigation was first reported." Crain's continues, "On Tuesday the department asked the Hoffman Estates-based operator of for-profit schools to supply documentation of the way job placement rates and tuition costs were presented to current and prospective students at particular schools. The

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company was also asked to provide details about the way it compensates admissions officers, the way federal Pell Grants are used at one school, and the calculation of student refunds at another school, according to a Thursday filing with the Securities and Exchange Commission. … 'We received a letter from the Civil Division of the U.S. Department of Justice advising us that it is reviewing allegations that certain of our schools may have submitted false claims to the U.S. Department of Education,' the Career Ed said in its SEC filing. A Justice Department probe was first reported in August 2004. Tuesday's SEC filing referred to the review as 'informational.'"

The Motley Fool (6/2, Duprey) reports, "Only last week, Career Education, the country's second-largest for-profit chain of colleges, announced that the Education Department had satisfactorily concluded its financial review of the company and might allow it to graduate to making acquisitions once again. … But (on Thursday), the company announced that the Justice Department was giving it detention again, investigating allegations that some of Career Education's schools had submitted false claims or statements to the Education Department. The DOJ also wants information related to compensation for admissions personnel, the use of Pell Grant funds at one school, and student refund calculations at another." Motley Fool adds, "The company, and indeed much of the industry, has been dogged by allegations of misrepresenting graduation and job-placement rates, lowering admission standards, and paying recruiters to get warm bodies in their classrooms. Last year, Apollo was fined $9.8 million for admitting unqualified students to boost enrollment at its University of Phoenix online campus. … Yet while these types of charges have been raised many times over the years, most of the complaints have turned out to be unproven. ITT Educational Services was investigated by the Securities and Exchange Commission and the Department of Justice and subsequently exonerated of wrongdoing. And Corinthian College was also given a passing grade by the SEC last year."

DOJ Appeals Ruling In Teen Firefighter Case. The Philadelphia Inquirer (6/2) reports, "The U.S. Justice Department has appealed a judge's decision that a 14-year-old Delaware County junior firefighter killed while answering an alarm was entitled to death benefits and a place on the National Fallen Firefighters Memorial." The Inquirer continues, "Christopher Kangas' mother hoped to see his name added to that memorial in October, but unless the Justice Department drops its appeal, 'the dream is deferred again,' lawyer Frank W. Daly said yesterday." The Inquirer adds, "Kangas was struck and killed by a car four years ago while racing on his bicycle to Brookhaven Fire Co. No. 52. Local and state officials awarded death benefits to Kangas' mother, Julie Amber-Messick, but the Justice Department said Kangas did not qualify as a public safety officer. … A U.S. Court of Federal Claims judge ruled in Amber-Messick's favor on March 27. Daly said the government had 60 days to appeal and did so at the last minute Tuesday."

Frist's 2000 Senate Campaign Fined $11,000 By FEC. The AP (6/2, Zuckerbrod) reports that the FEC "has determined that Senate Majority Leader Bill Frist's 2000 Senate campaign violated federal campaign finance laws. The federal agency fined Frist 2000, Inc., $11,000, according to a lawyer representing Frist's campaign and a watchdog group. Citizens for Responsibility and Ethics in Washington had filed a complaint last year against Frist's 2000 campaign committee and received the FEC's findings Thursday. The FEC found that Frist 2000, Inc., failed to disclose a $1.44 million loan taken out jointly by the campaign and Frist's 1994 campaign committee." The AP notes, "Federal law requires full disclosure of any loans taken out by campaign committees. Frist's 1994 campaign committee did disclose the loan to the FEC in January 2001, but the 2000 campaign did not, according to the FEC." Jason Torchinsky, "a lawyer representing Frist 2000, Inc., said the campaign settled the FEC complaint. 'What the FEC suggested, we believe would have resulted in double reporting of the loan,' Torchinsky said."

WSJournal Says Federal Prosecutors Should Examine West Virginia CSX Case. The Wall Street Journal (6/2, 2.11M) says in an editorial, "If the Milberg Weiss indictments are anything to go by, federal prosecutors are finally getting serious about tort lawyer corruption. So let's hope they've also noticed a federal lawsuit in West Virginia that describes some of the most sordid asbestos fraud to date." CSX last year "turned the legal tables on its nemesis -- Pittsburgh-based plaintiffs firm Peirce, Raimond & Coulter -- filing a lawsuit against it and an employee alleging fraud, misrepresentation and negligence." As the CSX case "shows, many of the corrupt practices rampant in silicosis suits got their start in asbestos. If the

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Justice Department really wants to clean up the trial bar, asbestos-lawsuit fraud is the mother lode."

LATimes Says Supreme Court Whistleblower Ruling Was Correct. The Los Angeles Times (6/2, 958K) says in an editorial that some civil libertarians are "denouncing a U.S. Supreme Court ruling Tuesday against a former Los Angeles prosecutor who says he was disciplined for speaking out against police misconduct. They may want to consider how they would feel if the same decision went against, say, a Bush administration official who was fired for saying that proponents of the president's immigration policy suppressed evidence that illegal immigrants increase crime and disease." The high court "was divided along ideological lines on the case. It held that the Los Angeles County district attorney's office did not violate the free-speech rights of Deputy Dist. Atty. Richard Ceballos by denying him a promotion because of his memo alleging that police officers lied to obtain a search warrant." Whatever "one thinks of Ceballos' actions, the court was right not to blur the distinction between citizen speech and employee speech."

CIVIL RIGHTS:

DOJ Asked To Probe Ohio School District's Handling Of Disabled, Minority Students. The Ironton (OH) Tribune (6/2, Caldwell) reports, "Nearly 70 citizens — and one U.S. Congressman — are asking for some federal help to investigate the Rock Hill School District's handling of disabled and minority students, an issue that is already being addressed in three pending legal cases." The Tribune continues, "Though Rep. Ted Strickland has joined in on the request, the effort has been led by Richard Diamond, a vocal opponent to longtime Superintendent Lloyd Evans and parent of a child with disabilities in the school district." The Tribune adds, "Sixty-nine signatures were turned in on a petition asking the U.S. Department of Justice and the U.S. Department of Education to step in, citing a host of allegations, most of which have not been substantiated or are part of three pending legal cases. … 'We know that over the years, parents have asked the Ohio Department of Education and the Justice Department for help but, until now, nothing has happened,' Diamond said in a written release distributed by Columbus attorney Mike Moore, who also represents the three families in the pending legal cases. … Three years ago, Brent and Amanda Unroe filed a lawsuit against the board, claiming Brent Unroe was unlawfully fired from his job as a special education teacher and that their adopted African-American special needs children were discriminated against. … School officials have always denied the allegations and have said in the past that Brent Unroe was terminated for insubordination and inappropriately handling students. … The Unroe case is scheduled for trial next week in U.S. District Court in Cincinnati."

Bush To Promote Gay Marriage Amendment. The AP (6/2, Pickler) reports, "President Bush will promote a constitutional amendment banning gay marriage on Monday, the eve of a scheduled Senate vote on the cause that is dear to his conservative backers." The AP adds, "Bush aides said he would be making his remarks on the subject Monday. … 'The president firmly believes that marriage is an enduring and sacred institution between men and women and has supported measures to protect the sanctity of marriage,' White House spokesman Ken Lisaius said."

US Threatens Suit Over Care At Wisconsin Prison. The Milwaukee Journal Sentinel (5/31, Zahn) reports, "Female prisoners with mental illness - some as young as 15 - are regularly placed in isolation cells at Taycheedah Correctional Institution, receive little treatment and are given psychotropic drugs for months without monitoring by a physician, a U.S. Justice Department report has concluded." The Sentinel continues, "In a May 2 letter to Gov. Jim Doyle, the assistant attorney general in charge of the Civil Rights Division, Wan J. Kim, called Taycheedah's treatment of inmates with mental illness 'unacceptable' and a violation of their constitutional rights. The letter states that Wisconsin can either voluntarily correct the problems or face possible legal action by the federal government this year." The Sentinel adds, "The Justice Department report was based on a yearlong federal investigation. It does not indicate what prompted the review, and federal officials declined to comment further. … John Dipko, Department of Corrections spokesman, said Tuesday the concerns raised in the report are being taken 'very seriously' and that the state will work with U.S. officials to address them."

New York Gay Couples Seek Right To Marry. The AP (6/2, Hill) reports, "Lawyers for same-sex couples seeking the right to marry in New York told the state's highest court Wednesday they are being treated as 'unequal citizens'

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and denied a constitutional right." The AP continues, "The 44 couples want the Court of Appeals to follow the lead of high court judges in neighboring Massachusetts and rule that New York's constitution gives same-sex couples the same right to wed that straight couples have always had. … 'We are evolving as a society,' said Terence Kindlon, one of the lawyers representing the couples in four lawsuits before the court, 'and just because we did something 200 years ago, or 100 years ago or 50 years ago, it's not necessarily a good justification to do it now.'" The AP adds, "The couples have lost in lower appeals courts and are at odds with Gov. George Pataki's health department and state Attorney General Eliot Spitzer's office, which claim New York law prohibits issuing licenses to same-sex couples."

WPost Examines Current State Of Black Men. The Washington Post (6/2, A1, Fletcher, 744K) reports in a front page story that it will run a series of stories in African American men, saying, "More than 50 years after the publication of Ralph Ellison's 'Invisible Man,' black men appear more visible than ever -- a freshman senator from Illinois, Barack Obama, is the American Idol of national politics, and Will Smith is perhaps the most bankable star in Hollywood. Yet black men who put their kids through college by mopping floors, who sit at home reading Tennyson at night, who wear dreadlocks but design spacecraft, say it sometimes seems as if the world doesn't believe they exist. The dueling realities of their history -- steady progress and devastating setbacks -- continue to burden many black men in ways that are sometimes difficult to explain."

WSJournal Criticizes Hawaii Reorganization Act. The Wall Street Journal (6/2, 2.11M) says in an editorial that the Native Hawaiian Government Reorganization Act is "secessionist, unconstitutional and un-American. And that was being kind. Our view of the bill -- which, like Freddy Krueger, refuses to die -- hasn't changed. But now that Senate Majority Leader Bill Frist has promised to bring it to a cloture vote in the coming days, it's worth reminding readers what this ugly drama from the beautiful state is all about." The Reorganization Act – "better known as the Akaka Bill, after its U.S. Senate sponsor, Democrat Daniel Akaka," could "also lead to discriminatory treatment of non-Native Hawaiians, who already are excluded from private schools run for the exclusive benefit of the Natives. Vast tracts of land (entire islands, perhaps) might also be set aside exclusively for Native use. The Office of Hawaiian Affairs, a state agency, acknowledges that the Akaka Bill allows for the 'complete legal and territorial independence from the United States and the re-establishment of a Hawaiian nation-state.' Years, if not decades, of litigation would follow its passage."

ANTITRUST:

Michigan Minimum-Service Real Estate Legislation Moves Forward. Inman News (6/2, Roberts) reports, "A proposal to require real estate agents and brokers to provide a specific set of services for their clients is moving forward in the Michigan Legislature, despite opposition from the U.S. Department of Justice, the U.S. Federal Trade Commission and a state regulatory agency." Inman continues, "House Bill 4849 and House Bill 4850, companion bills that passed a state Senate committee in a 4-0 vote Wednesday, provide that real estate licensees who enter into service agreements with clients must provide certain services for that client, including acceptance and delivery of offers and counteroffers; assistance in developing, communicating, negotiating and presenting offers, counter-offers and related documents or notices; and furnishing or causing to be furnished a complete and detailed closing statement." Inman adds, "In October 2005, after the Michigan state House of Representatives voted 105-3 to pass the bills, the Federal Trade Commission and Justice Department sent a letter to a state Senate committee chairman and the director of the Michigan Department of Labor and Economic Growth to express opposition, citing concerns about the possible anti-competitive and anti-consumer effects of the legislation. … The language in the bills is similar to other state legislation, sometimes referred to as minimum-service legislation, that has passed in other states despite similar federal objections. The Michigan Association of Realtors is supporting the bills, which could reach the state Senate floor as soon as next week. In other states, too, Realtor trade groups have endorsed the legislation as pro-consumer. … Opponents of minimum-services legislation have said that such efforts could serve to limit consumer choice for real estate services, while supporters have said the legislation ensures that real estate consumers will receive adequate service in real estate transactions."

eBay Launches E-Mail Campaign In Net Neutrality Battle. CNET News (6/2, McCullagh)

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reports, "eBay this week unleashed a political machine that should make politicians envious: a national e-mail blast over Net neutrality." CNET continues, "Meg Whitman, chief executive of the Internet auctioneer, called on more than a million eBay members to get involved in the debate over telecommunications laws and 'send a message to your representatives in Congress before it is too late.' … 'The telephone and cable companies in control of Internet access are trying to use their enormous political muscle to dramatically change the Internet,' Whitman wrote. 'It might be hard to believe, but lawmakers in Washington are seriously debating whether consumers should be free to use the Internet as they want in the future.'" CNET adds, "This is the first time that eBay has used e-mail to urge its members to weigh in on a national issue, and also the first time Whitman sent it out under her own name, the company said Thursday. … eBay--which has been active in a pro-Net neutrality coalition for years--confirmed that more than a million e-mails have been sent out so far, but declined to offer a more specific number. The campaign is ongoing."

Inco Will Not Sell More Assets To Win Antitrust Nod For Falconbridge Buy. Bloomberg (6/2, Alexander) reports, "Inco Ltd. said it doesn't expect to have to sell more than a Norwegian metals refinery to win U.S. and European regulatory approval for its C$19.5 billion ($17.7 billion) takeover of Canadian mining company Falconbridge Ltd." Bloomberg continues, "The deal, which would create the world's largest nickel producer, is being reviewed by regulators and Toronto-based Inco has offered to sell Falconbridge's Nikkelverk refinery in Kristiansand, Norway, and 'related marketing organizations' as a remedy to get approvals. … 'My view is that the remedy we propose should be adequate,' Inco Chief Executive Officer Scott Hand said today in an interview. 'I'm confident we'll get the clearance that we need.' … The European Commission, the EU's antitrust regulator in Brussels, held a closed-door hearing May 29 to discuss Inco's proposals and antitrust concerns. The EC on Feb. 24 opened a four-month probe of the deal. A ruling is due by July 12. … The transaction, which has already been cleared by Canadian authorities, is also under review by the U.S. Department of Justice."

Rambus Releases E-Mails From Micron, Hynix In Chip Antitrust Case. The Wall Street Journal (6/1, A8, Clark) reports, "Newly released emails from Micron Technology Inc. and Hynix Semiconductor Inc. provide some of the first details of a global conspiracy to raise prices on memory chips and could support allegations by Rambus Inc. in a closely watched antitrust case." The Journal continues, "The messages were gathered by Hynix and Micron and provided to Rambus, which disclosed them to The Wall Street Journal. The Silicon Valley technology company has filed private antitrust claims in San Francisco County Superior Court against Micron, Hynix and Samsung Electronics Co., makers of memory chips that have been implicated along with Infineon Technologies AG in a long-running Justice Department price-fixing investigation. … The emails, mainly among sales personnel at Micron and Hynix, refer to other messages, phone calls, lunches and meetings among direct competitors in the memory-chip business. In some cases, the messages suggest competitors traded information in an effort to keep chip prices up." The Journal notes, "The conspiracy allegations have been a black eye to makers of memory chips, long considered one of the most competitive segments of high technology. The products at issue -- known as DRAMs, for dynamic random-access memory chips -- have become essential for many kinds of products, including computers and consumer-electronics devices. … The Justice Department investigation, launched in 2002, has so far resulted in more than $731 million in fines and guilty pleas negotiated with four companies -- Samsung, Hynix, Infineon and Elpida Memory Inc. -- and jail terms and fines for 12 individuals. … The Justice Department says the conspiracy hurt computer makers that included Dell Inc., Hewlett-Packard Co., International Business Machines Corp., Apple Computer Inc. and Gateway Inc. In plea agreements, the defendants admitted discussing memory-chip prices to be charged to particular customers, agreeing on price levels and exchanging information to monitor adherence to those agreements. … But the Justice Department documents provide few details about how the conspiracy operated, and little about the involvement of Micron, the only U.S.-based company implicated in the probe."

The Financial Times (6/2, Nuttall) reports, "Shares in Rambus, a US memory chip designer, rose nearly 20 per cent on Thursday after it released emails in support of its antitrust litigation against chip manufacturers Samsung and Hynix of Korea and Micron of the US. … But Micron responded that the emails collected during a Department of Justice price-fixing investigation were unrelated to the San Francisco lawsuit where Rambus accuses the three of trying

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to exclude it from the memory market. The emails made available by Rambus were the result of its successful court action to get evidence unsealed to help its case." The Times continues, "One email sent in June 2001 by Linda Turner, an international sales vice president for Micron at the time, comments on Hynix lowering its prices for DDR (Double Data Rate) memory. … 'No problem!' she writes. 'We want DDR to explode in the marketplace so have actually been requesting Infineon, Samsung and Hynix to lower their DDR pricing to help it become a standard and drive Rambus away completely.' … Other Micron emails suggest the company's salesforce is concerned at pricing of DDR, with major PC manufacturers Dell and Compaq seeming to prefer RDRAM (Rambus Dynamic Random Access Memory) chips designed by Rambus." The Times notes, "Daniel Francisco, spokesman for Micron, said yesterday: 'Rambus has attempted to bootstrap the DoJ price-fixing investigation into a supposed boycott of Rambus Dram.' … 'Rambus Dram was a failure in the marketplace because it was too costly and any performance differentials were not sufficient to justify the inherent cost differences.'"

NYTimes Praises NYSE Deal To Buy Euronext. The New York Times (6/2, 1.19M) supports the NYSE Group's plans to expand by reaching "a deal for the cross-border European exchange company Euronext. If approved by regulators and shareholders, it would be the first trans-Atlantic market, though the rival Nasdaq has already bought up a 25 percent stake in the London Stock Exchange. Rather than leading the way, the exchanges are catching up to the reality of internationalized investing." If "a combined company can pass the fruits of those savings on to the average investor — not to mention added ease in buying shares of foreign companies — we're all for it."

ENVIRONMENT:

US, Alaska Seek $92 Million More For Exxon Valdez Cleanup. The New York Times (6/2, Barringer) reports, "When the Justice Department and the State of Alaska reached their $900 million court settlement with the Exxon Corporation over the environmental damages caused by the Exxon Valdez oil spill, they agreed that, if unforeseeable damages occurred later, the two governments had 15 years to ask for $100 million more. … On Thursday, with the deadline approaching, the governments exercised this clause. They announced in a statement that they would seek $92 million from Exxon Mobil to clean up stubborn patches of oil, whose most toxic components, they say, have not dissipated since the spill in 1989." The Times continues, "Federal and state lawyers said in statements that they believed the lingering oil was still interfering with the recovery of animals in the area. The worries, environmentalists say, are focused on species that frequent the intertidal areas of Prince William Sound, like clams, mussels and harlequin ducks. … With this action, 'we are aggressively seeking to restore natural resource damages unforeseen at the time of the 1991 settlement,' said Sue Ellen Wooldridge, assistant attorney general for the Environment and Natural Resources Division of the Justice Department, in a statement. 'Our goal throughout this process has been to pursue all scientifically and legally appropriate means of restoration.'"

The Washington Post (6/2, A4, Mufson, Eilperin) reports, "Exxon has already paid $900 million for damage caused by the spill, the worst in the nation's history, but the 1991 agreement settling claims allowed the state and federal governments to ask for as much as $100 million more for damage that could not be foreseen at that time. The deadline for reopening the agreement is today. … 'After extensive review it is clear that populations and habitat within the oil spill area have suffered substantial and unanticipated injuries that are attributable to the Exxon Valdez oil spill,' said Alaska Attorney General David W. Márquez. In a background briefing yesterday, officials from the Agriculture, Interior and Commerce departments said the additional money was needed because substantial amounts of oil remained in the sound's tidal basin, affecting clams, mussels, sea otters, sea ducks -- especially harlequin ducks -- and other birds." The Post adds, "Exxon disputed the governments' move. 'Exxon will study this request carefully and respond as appropriate,' the company said in an e-mailed statement. 'Nothing we have seen so far, however, indicates that this request for further funding from Exxon is justified.'"

CNN.com (6/2) reports, "The Valdez ran aground in 1989 and leaked 11 million gallons of crude oil, polluting more than 1,000 miles of Alaska's shore and killing tens of thousands of birds and marine animals. … The company said it agrees that 'small pockets of sequestered and degraded oil residues' remain in spots on less than two-tenths of 1 percent of the affected shoreline. But it said 'there is no scientific evidence that this oil ... could cause damage to any population or species. Speculation and hypothesis do

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not amount to proof.'" CNN notes, "ExxonMobil also said the existence of small pockets of residue was expected at the time of the 1991 agreement and noted that about $145 million of the $900 million paid by Exxon to the oil spill trustees is still available. … 'If there were any matter in Prince William Sound that needed restoration or repair, it was the trustees' duty to use this money to remedy the problem, and we are confident that they would have done so,' the statement said."

The Financial Times (6/2, Mcnulty) reports, "Yet the federal and state governments said there was 'substantial loss of habitat' from the oil. … They said predators that feed in the inter-tidal - primarily harlequin ducks and sea otters - showed reduced survival rates in oiled areas and seemed to avoid locations with extensive lingering oil. … In addition, they said, subsistence users avoid harvesting in oiled areas because of concerns over contamination."

The AP (6/2, Lee) reports, "The state has until Sept. 1 to make financial demands of Exxon Mobil under the reopener provision. State and federal officials were required to provide the company with detailed plans and costs for any rehabilitation project at least 90 days before that date. … Alaska Sens. Ted Stevens and Lisa Murkowski sought to cut the process short by asking Exxon Mobil to voluntarily commit $100 million more to restoring the sound. The company, whose $36.1 billion in earnings last year were the highest ever by any U.S. corporation, rejected that proposal."

Bloomberg (6/2, Schmidt) reports, "The company is appealing to the 9th U.S. Circuit Court of Appeals a $4.5 billion punitive damage award to fisheries, native Alaskans, cannery workers and landowners over the Valdez spill."

Gold Prospector Hopes To Hit Jackpot In Toxic-Waste Dump. The Wall Street Journal (6/2, Carlton) reports, "Dave Pruett has prospected for gold for 46 years in mines from Arizona to the Amazon. He thinks he has finally found his big fortune in a pile of toxic waste in (Buckskin, NV). … Mr. Pruett's hope lies in nearly 200,000 tons of rubble sitting in man-made containment ponds outside a defunct mine. The rubble is laced with cyanide that Nevada regulators say threatens water supplies. But Mr. Pruett believes the pile, which is the waste, or tailings, left over from a previous mine, contains as much as 30,000 ounces of gold. Woven in with crushed rock and other material in a sort of rubble stew, that gold was considered not worth extracting. … But with gold prices having soared, the precious metal in the pile is suddenly worth around $20 million, Mr. Pruett figures. He has begun hauling truckloads of the waste to a larger mine that has facilities to extract the gold. 'Maybe, just maybe, this will be the big one,' Mr. Pruett says." The Journal adds, "The run-up in gold prices over the past few years -- the futures price stood at $627.60 a troy ounce yesterday -- has ignited a mining frenzy in Nevada, the biggest gold-producing state. It has led some mining companies to reopen mines with low-grade reserves that previously weren't profitable to extract. A 26-year high for the U.S. gold price was reached last month, well over $700. … In Nevada, most of the remaining gold lies deep underground, and the state's $3.7 billion-a-year gold-mining industry is dominated by big corporations with the technology and machinery to dig it out. But here and there are a few small-stake prospectors -- independent fortune seekers like Mr. Pruett who are a throwback to the gold rushes of yore. 'He's a dying breed,' says Royce Hackworth, owner of a drilling company in Elko, Nev. … The 68-year-old Mr. Pruett is racing against the chance gold prices may crash again. He rarely takes a day off as he shuttles between his pile, about 80 miles southeast of Reno, and a larger mine 350 miles away that extracts the gold. On a recent day, Wayne Monyihan and Wayne Monyihan Jr. -- a father-and-son team who call themselves the Sagebrush Express -- were each set to haul 20 tons of his ground-up waste rock on their 18-wheel tractor-trailers."

Greenpeace Memo About Bush Policies, Armageddon Was "A Joke." The Washington Post (6/2, A17, 744K) reports the environmental activist group Greenpeace "wanted to be prepared to counter President Bush's visit last week to Pennsylvania to promote his nuclear energy policy. 'This volatile and dangerous source of energy' is no answer to the country's energy needs, shouted a Greenpeace fact sheet, decrying the 'threat' posed by the reactors Bush visited in Limerick." But "after that assertion, the Greenpeace authors were apparently stumped while searching for the ideal menacing metaphor. 'In the twenty years since the Chernobyl tragedy, the world's worst nuclear accident, there have been nearly [FILL IN ALARMIST AND ARMAGEDDONIST FACTOID HERE],' the sheet said." Greenpeace spokesman Steve Smith "told the Web site that a colleague was making a joke in a draft that was then mistakenly released."

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FBI/DEA/ATF/USMS:

Bush Administration Seeks To Reduce Meth Use. The AP (6/2) reports the Bush administration "wants to cut methamphetamine use in the United States by 15 percent by 2009, relying on cooperation with Mexico and steps at home that include expanded random drug testing in schools. … Fewer than 600,000 Americans use meth, just two-tenths of 1 percent of the nation's population, according to administration estimates. But more than the half the nation's counties count meth as their top problem, said John Walters." There are more than 50 media references to this story. The AP story was published in newspapers and/or posted on the Web sites of CBS News, the New York Times, Washington Post, Los Angeles Times, San Francisco Chronicle, Arizona Republic, Kansas City Star, and Fort Worth Star Telegram.

Scripps Howard News Service (6/1) writes, "The U.S. government announced a new synthetic drug control strategy Thursday that calls for a 15 percent reduction in methamphetamine and prescription drug abuse in three years. 'Although teen drug use in the United States has dropped by nearly 20 percent over the last three years,' said John Walters…'we will not let up on the pressure being applied to the methamphetamine market. The aggressive measures called for in the synthetics strategy build upon significant progress already made as a result of law enforcement efforts.'"

From its Washington, D.C. bureau, the Des Moines (IA) Register (6/1) reports the national meth strategy "included recommendations to increase random testing of school students and use of special courts to handle drug addicts. The administration said that much of the production of U.S.-consumed meth has shifted to larger labs in Mexico and other countries. U.S. and Mexican officials said they are working to cut the flow of precursor chemicals to Mexico and to shut down labs in that country."

On its Web site, ABC News (6/1) reports the strategy is a global approach to curb the production and use of meth. ABC adds that John Walters said, "This represents a commitment of the administration to work toward a meaningful and a sustained reduction in meth use as well as the number of meth labs that have been poisoning too many communities." ABC notes the goal "is to cut methamphetamine abuse 15 percent by 2008 and reduce the production from illegal meth labs in the United States by 25 percent."

Cable TV Coverage. CNN (6/1, 1:00 p.m.) reported, "The White House drug policy director is unveiling the administration's master plan for combating the methamphetamine epidemic. John Walters, along with law enforcement and homeland security officials, is announcing a 'synthetic drug control strategy' at this hour. A top diplomat from Mexico is also taking part in the announcement."

CNN (6/1) also reported, "A synthetic drug control strategy is being announced. The strategy aimed at reducing both the supply of and demand for methamphetamine in the US.

Local TV Coverage. KTVU-TV, San Francisco-Oakland-San Jose (6/1, 6:00 p.m.) reported, "A new crackdown on the production and sale of methamphetamine. Officials at the Department Of Justice said while the [production] of meth is down, the international trade is up. They say the federal government is working to stop global trade of the chemicals used to make meth."

KING-TV, Seattle-Tacoma (6/1, 5:00 p.m.) reported, "Methamphetamine is a grave problem in our state, and today in Washington, DC, the Bush administration unveiled a plan to help reduce meth abuse. The goal is to cut meth production by 15% over the next three years."

Individuals, Groups Added To List Of Foreign Drug Kingpins. The AP (6/2) reports, "President Bush added three accused drug traffickers and two reputed crime organizations to the US list of foreign drug kingpins on Thursday, denying them access to the American financial system and barring them from trade with US companies and individuals." The three individuals added to the list were "Dawood Ibrahim of India, Fahd Jamil Georges of Brazil and Ali Naway of Iran. The organizations are the Dawood Ibrahim Organization in India, Pakistan and United Arab Emirates and the Amezcua Contreras Organization in Mexico."

Connecticut Man Sentenced To 15 Years In Drug Conspiracy. The Hartford Courant (6/2, Tasker) reports, "A 32-year-old Hartford (CT) man was sentenced Tuesday to more than 15 years in federal prison for conspiracy to possess crack cocaine with intent to distribute." The Courant continues, "Kaniel 'Beevis' Forrester pleaded guilty on Aug. 23, 2005, to charges that he conspired to possess and distribute between 150 and 500 grams of crack, according to a statement released by the U.S. Justice

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Department. … Forrester, who his lawyer said has been on the streets since he was about 15, was on probation for a previous narcotics charge at the time of his arrest, federal law enforcement officials said. … Forrester was sentenced to 182 months in prison, and Hussey said he expects Forrester to serve about 10 years of the sentence. He also will have to complete a 500-hour drug program, Hussey said. … Forrester, a father of two, could be deported back to Jamaica after he finishes his sentence and five years of supervised release." The Courant notes, "Operation Big Boy, an investigation run by the FBI and the Hartford police, led to Forrester and his brother, Negus Forrester, after months of surveillance, wiretapping, crack seizures and purchases. … U.S. Attorney Kevin J. O'Connor said in a sentencing memorandum that the calls were considered evidence by the FBI that Negus Forrester bought crack from an accomplice, and that Kaniel Forrester was involved in the transaction."

California Marijuana Dispensary's Safe Deposit Box Is Searched. The Desert Sun (6/1) reports federal agents "searched a safe deposit box belonging to a Palm Desert medical marijuana dispensary earlier this week, prompting accusations of harassment from the dispensary's owner. 'I don't have anything to hide,' said Stacy Hochanadel, owner and operator of CannaHelp in Palm Desert, on Thursday. A spokeswoman for the U.S. Drug Enforcement Administration's Los Angeles office declined to comment, citing an ongoing investigation."

Brothers Sentenced In Georgia Crack Cocaine Case. The Athens (GA) Banner-Herald (6/2) reports, "Two Athens brothers will serve long sentences in federal prison after they pleaded guilty to being part of a local cocaine distribution ring. A U.S. District Court judge in Macon…sentenced Antron Ricardo Bishop, 24, and Antonio Ramon Bishop, 22, after they pleaded guilty in January to conspiring to possess with intent to distribute more than 50 grams of crack cocaine. … Since the Bishops and several other conspirators have been arrested, violent crime in the county has decreased, according to Athens-Clarke police Lt. Mike Hunsinger. … A countywide sweep of street-level crack cocaine dealers last July netted more than 80 arrests, and local police have been working with the U.S. Drug Enforcement Administration to collar mid-level suppliers." The Banner-Herald says Antron Bishop received a 14-year prison sentence, and his brother was sentenced to just under six years.

Confessed Colorado Drug Runner Sentenced, Agrees To Testify Against Alleged Conspirators. The Brighton (CO) Standard-Blade (6/1) reports, "A confessed drug runner who agreed to testify against his alleged fellow drug conspirators was sentenced May 18 to 7 1/2 years in federal prison. The sentence was slightly higher for 26-year-old Kenneth F. Fuqua of Brighton than prosecutors sought in exchange for Fuqua's continued cooperation with investigators. … Fuqua told investigators with the Drug Enforcement Administration and Boulder County Drug Task Force that he ran drugs between Santiago Mena-Flores, 26, of Henderson, and runners of the drug trafficking ring allegedly run by Donald Jason Skinner, 31, of Longmont. … Children allegedly were used to move the drugs locally."

Man Killed In Texas Blast Faced Federal Firearm, Drug Charges. The Longview (TX) News-Journal (5/31, Ramirez) reports, "A Longview (TX) man died Monday night while making a bomb he intended to use in retaliation against federal agents, local fire officials said." The News-Journal continues, "James Charles Torrence, 38, who faced possible jail time for multiple federal indictments from the Bureau of Alcohol, Tobacco and Firearms and the Drug Enforcement Administration, died in his North Longview home while putting together one of two homemade bombs. … Torrence made the bombs to retaliate against authorities with both federal law enforcement agencies, whom Torrence believed had built a case against him, according to Brian Howell, Longview Fire Department assistant fire marshal. Documents inside the home listed names of several bureau and administration agents, Howell said." The News-Journal notes, "U.S. Attorney Matt Orwig told The Associated Press that Torrence had agreed to plead guilty to being a felon in possession of a firearm and conspiracy to possess with intent to distribute methamphetamine. He said Torrence was set to enter the plea June 7, and the drug charge carried a minimum sentence of 10 years in prison up to life."

The Tyler (TX) Morning Telegraph (5/31, Middleton) reports, "Howell said it is believed Torrence was making pipe bombs to retaliate against individuals he believed 'snitched' on him in connection with a federal case against him. Howell said the individuals Torrence allegedly planned to use the

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bombs against actually were not related to the case. He told the Tyler Morning Telegraph he does not believe Torrence was targeting law enforcement agents. … Tom Crowley, a public information officer for the Dallas division of the Bureau of Alcohol, Tobacco, Firearms and Explosives (ATF), said via phone that authorities discovered bomb-making literature, firearms and additional bomb-making material inside Torrence's residence."

ATF Probes Suspicious New York Church Fire. The Glens Falls (NY) Post-Star (6/2, Lehman) reports, "Christ Church Episcopal on Route 9 was destroyed by a suspicious fire late Tuesday, a blaze that came two weeks after two burglaries at the church in which religious phrases were scrawled inside the building, officials said. … 'We believe, at this point, the fire was deliberately set,' Warren County Sheriff Larry Cleveland said." The Post-Star continues, "Investigators from the U.S. Bureau of Alcohol, Tobacco and Firearms, the state Office of Fire Prevention and Control, the Warren County Office of Fire Prevention and the Warren County Sheriff's Department were on the scene, sifting through the charred remnants throughout much of the day Wednesday." The Post-Star adds, "ATF was brought in because federal law requires the agency be notified when a church fire occurs where the cause is not clearly identifiable, said Warren County Fire Coordinator Marvin Lemery. That statute was put in place after a spate of arson fires at southern churches in the late 1990s. … 'Anything where there is something that looks like it could be the least bit suspicious (at a church), you need to notify ATF,' he said. 'That (burglary history) was enough to say we should get these guys in to look whether this was done to cover a burglary or there was something else going on.'"

IMMIGRATION:

Bush Urges Congress To Pass Immigration Reform Bill. The AP (6/2, Loven) reports that in an address to the US Chamber of Commerce, President Bush "pressed a passionately divided Congress on Thursday to reach election-year compromise on immigration legislation that provides a chance at citizenship for millions of illegal immigrants already in the country." Bush "will travel to several cities next week -- Artesia, N.M., Laredo, Texas, and Omaha, Neb. -- to pitch his immigration approach, the White House announced Thursday." The AP adds, "There is skepticism that a compromise can be reached in a year when most of Congress is up for re-election, and many believe Republicans could be at risk of losing their control over one or both chambers."

Much of the reporting on Bush's remarks, which wasn't covered by the network newscasts, analyzes the House-Senate split on immigration, and Bush's attempt to promote the Senate bill without alienating the "GOP base," which is being identified with the House-passed legislation. Analysts, however, don't agree on whether Bush's emphasis yesterday was on challenging House Republicans or on touting his proposals as tough enough on the enforcement side.

The Washington Post (6/2, A4, Baker, 744K), for example, emphasizes the President's statement yesterday that "unscrupulous" employers "have contributed to the illegal immigration crisis in the United States by knowingly hiring undocumented workers, and called for steep new penalties on those exploiting the shadow economy." The President was trying "to emphasize his focus on enforcement and to combat the conservative complaint that his immigration proposals add up to amnesty for millions of foreigners violating US immigration law." Said Bush, "Businesses that knowingly employ illegal workers undermine this law and undermine the spirit of America. … And we're not going to tolerate it in this country."

Also, under the headline "Bush Tries To Regain His Footing On Once-Rock-Solid Conservative Base," USA Today (6/2, Jackson, Benedetto, 2.31M) reports that "whether...Bush is talking about a get-tough border policy or the importance of judicial restraint -- he discussed both Thursday -- he is sure to throw in an appeal these days to wavering conservative supporters." Bush and his aides "are playing up items such as tighter borders and judges who 'administer the law' rather than make it, seeking to reconnect with conservative Republicans whose support has shrunk in recent polls -- and whose votes will be critical in this fall's congressional elections."

On the other hand, The New York Times (6/2, Stolberg, 1.19M) headlines its story "Bush Chides Party Members On Immigration," and says the President "rebuked conservative opponents of his plan on Thursday and warned that there is 'no excuse' for delay." Said Bush, "It's a difficult task. Yet the difficulty of this task is no excuse for avoiding it." The Post also reports, "Whether Mr. Bush can bring his party's warring factions together remains to be seen." In his speech, Bush "took aim at House members who brand the Senate bill

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amnesty, though he did not mention any by name. 'Some members of Congress argue that no one who came to this illegally should be allowed to continue living and working in our country,' he said. The lawmakers are 'are acting on deeply felt principles,' he said, but added, 'I also believe that the approach they suggest is wrong and unrealistic.'"

And the Washington Times (6/2, Dinan, 90K) titles its report "Bush Shuns Republicans' Stand To Return Illegals," and says Bush yesterday "rejected House Republicans' stance that illegal aliens must return home, calling it 'wrong and unrealistic' and saying many will have to be allowed to stay." Bush "drew praise yesterday from Sen. Edward M. Kennedy of Massachusetts, a key Democrat on the issue." But Howard Dean, chairman of the Democratic National Committee, "demanded the president do more to distance himself from the House bill."

CNN's The Situation Room (6/1, Quijano) noted the US Chamber of Commerce "stands firmly behind…Bush's proposal for a temporary guest worker program." CNN added that "what was interesting to note is that today we heard the President, despite being in the friendly environment, have some tough talk, really trying to show that he is serious about enforcing US immigration laws."

On its website, the Wall Street Journal (6/1, Pulizzi, 2.11M) noted Bush also "touted the economy, called for 'fiscal sanity,' and repeated his threat to veto a pending emergency spending bill if it exceeds his spending limit."

Tax Provision Of Senate Bill Called Unconstitutional, Could Derail Bill. The Washington Times (6/2, Hurt, 90K) reports, "The long-fought Senate immigration bill that opponents say grants amnesty to 10 million illegal aliens is unconstitutional and appears headed for certain demise, Senate Republicans now say. A key feature of the Senate bill is that it would make illegals pay back taxes before applying for citizenship, a requirement that supporters say will raise billions of dollars in the next decade." The Times adds, "There's just one problem: The U.S. Constitution specifically prohibits revenue-raising legislation from originating in the Senate." The Times adds, "Republicans -- including the bill's supporters -- say this will kill the bill, and Senate Majority Leader Bill Frist says he's offered a simple solution." He "wants to attach the immigration bill to a tax bill that has already passed the House. It would then proceed as planned to a 'conference committee,' where negotiators from the House and Senate hammer out differences between the two chambers' immigration bills." But Minority Leader Harry Reid "won't go along with that fix. His office said yesterday that the concerns raised by Mr. Frist and House Republicans are 'technical in nature' and can be ignored."

The Los Angeles Times (6/2, Gaouette, Gerstenzang, 958K) also reports the story, and says the problem "is stalling efforts to appoint a House-Senate conference committee that would try to reach a compromise on the final form of immigration legislation. Those negotiations were expected to difficult at best." But "unless the procedural stumbling block is resolved, the talks won't even start."

CBO Report Finds Senate Bill Would Add 20 Million Legal Immigrants Over 10 Years. The Washington Post (6/2, A4, Fears, 744K) reports, "The nation's population of legal immigrants would increase by nearly 20 million over the next decade if the recently passed Senate immigration bill becomes law, and taxpayers would spend more than $50 billion to operate a new guest-worker program and pay for extra welfare, Social Security and public health-care costs, according to a Congressional Budget Office report." But "the cost of absorbing the newcomers would be offset by a boost of $66 billion in federal revenue from income taxes and payroll taxes generated by the temporary guest-worker program, along with fees that immigrants must pay to participate, the report said."

Immigration Services May Be Unable To Implement Senate Bill. The Wall Street Journal (6/2, Harwood, 2.11M) reports the executive branch "might be unable to implement Senate immigration bill even if Congress enacts it. Bill would require immigration service to handle 12 million illegals according to length of U.S. residence, processing some within 90 days. Current capacity 'is not there,' says agency director Emilio Gonzalez, noting the government's 4,000 'adjudicators' already have 'day jobs' processing seven million legal immigrants yearly."

Schwarzenegger To Send Guard Troops To Mexican Border. The AP (6/2, Davis) reports, "Gov. Arnold Schwarzenegger agreed Thursday to send the California National Guard to the Mexican border, ending a 17-day standoff with the Bush administration." The two sides "had been at odds over whether California Guardsmen would join the effort to bolster the Border Patrol and who would pay for it." They "reached an agreement under which California will contribute about 1,000 Guardsmen for border duty and the federal government will pick up the full cost, Schwarzenegger

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said." The Los Angeles Times (6/2, Nicholas, 958K) also reports the story.

Immigration Is Key Issue In Fight For Cunningham's Seat. The Wall Street Journal (6/2, Lueck, 2.11M) reports, "To Brian Bilbray, the 'greatest ethics scandal in America' isn't about Washington lobbyists or the bribery conviction of Randy 'Duke' Cunningham, formerly this area's unbeatable congressman." Bilbray, a former Republican House member seeking Cunningham's vacant seat, "is fighting what he calls the scandal of illegal immigration." He "hopes that tough talk on the campaign trail about securing borders and cracking down on employers who hire illegal workers will bring enough supporters to the polls on June 6 to help him defeat a challenge from Democrat Francine Busby." Busby "takes a softer line on the issue, supporting proposals to allow illegal immigrants to become citizens and create new guest-worker programs." The race, if Busby wins, "shift could portend a wave of Democratic wins this fall." It is also "shaping up as an early test for how immigration and scandal could play out this year in the polls, and which issue may get greater traction with voters." SurveyUSA, a nonpartisan market-research firm, "reported a dead heat -- 45% for Mr. Bilbray and 45% for Ms. Busby -- in May."

118 Illegal Aliens Arrested In Arizona. The Washington Times (6/2, Seper, 90K) reports, "The US Border Patrol arrested 118 illegal aliens at a 'safe house' in Rio Rico, Ariz., just north of the U.S.-Mexico border, in a raid this week by a unit of undercover agents that has targeted alien smugglers and those who help them." The team, known as the "Disrupt unit, raided the house near Interstate 19 after receiving a tip about 'suspicious activity.'"

Colorado Billboards Criticize "Illegal Sanctuary" For Undocumented Aliens. The Washington Times (6/2, Richardson, 90K) reports from Denver, "Two prominent billboards criticizing sanctuary policies for illegal aliens were uncovered here yesterday in the latest salvo in Colorado's simmering immigration debate." The first billboard "shows three military helmets atop rifles and has the message, 'Mr. President, Mr. Governor, Mr. Mayor; they did not die for ILLEGAL SANCTUARY.'" The second "purports to welcome illegal aliens to Denver, which has policies forbidding authorities from asking about immigration status. 'Welcome to SANCTUARY CITY ... Relax, you made it! Brought to you by Executive Order 116,' the black-and-white billboard says."

Washington State Imam Agrees To Accept Deportation Order. The AP (6/2) reports, "A Seattle-area mosque leader who was investigated for possible ties to terrorist groups agreed Thursday to accept an order of removal from the United States, federal officials said." In a hearing yesterday, Immigration Judge Victoria Young ruled Abrahim Sheikh Mohamed "had no legal basis to remain in the United States." ICE lawyers "presented evidence that Mohamed has Kenyan citizenship. Young ordered him deported to Kenya or, if that cannot be done, to Somalia, the agency said." The AP notes, "Among other things, federal agents believed he came to the country to help raise money for the Ogaden National Liberation Front, which wants an independent state for ethnic Somalis in Ethiopia, FBI Special Agent David Rubincam said during a February hearing in the case."

The Seattle Post-Intelligencer (6/2, Johnson) notes that the terrorism allegations had "angered his many supporters in the local East African community," and the "nearly six months of confinement -- much of it in isolation -- weighed heavily on his decision to accept deportation, according to his lawyer, Hilary Han." She "said Mohamed's decision to agree to be deported had nothing to do with the terrorism allegations. An FBI spokeswoman said she could not discuss whether there was an ongoing criminal investigation of Mohamed. Aziz Junejo, who hosts a local cable TV show on Islam, said it was 'a very sad day' for the Muslim community."

Embattled Philadelphia Immigration Judge Replaced. The AP (6/2) reports, "Another judge has been assigned to fill in for an immigration judge recently criticized by an appeals court for his handling of asylum cases, the court administrator said." The AP continues, "The Executive Office for Immigration Review, which manages the nation's immigration courts, has assigned a judge from Arlington, Va., to fill in for Judge Donald V. Verlise following an unexplained two-week absence. … Elliott Edwards, the administrator for the immigration court of the Philadelphia region, said Ferlise's absence was not due to illness, and the arrangement would continue for an indefinite period." The AP adds, "The 3rd U.S. Circuit Court of Appeals ruled in April that Ferlise, 62, a former prosecutor, prejudged cases and bullied asylum-seekers, denying them their right to fair hearings. The Philadelphia City Council last month called for his removal. … Washington attorney Ralph Conte, who said he was defending Ferlise but declined to say why he had been

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retained, referred questions to the Justice Department, which declined comment on what a spokesman called a 'personnel action.' … A 2000 study published by the San Jose Mercury News ranked Ferlise as among the 10 toughest asylum judges in the country, saying he had granted 74 of 715 asylum requests between 1995 and 1999."

TAX:

IRS Ruling Could End Charitable "Conduit" For Mortgage Industry. The Washington Post (6/2, A1, Salmon, Downey, 744K) reports a ruling by the Internal Revenue Service "threatens to extinguish a fast-growing -- but controversial -- charitable industry that has funneled hundreds of millions of dollars in cash to first-time home buyers for their down payments." The "unexpected IRS edict throws into question a practice that has helped boost national home ownership rates to a near-record 69 percent in the past six years." Almost "200 charities, such as AmeriDream, based in Gaithersburg, and Nehemiah Corp. in California, have acted as cash conduits between home sellers and buyers." Sellers "provide cash to the charities, which then give it to home buyers for their down payments. The sellers, who pay the charities a service fee, often recoup their money by charging a higher price for the homes -- usually 2 or 3 percent more, or an amount equal to the down payment, says a Government Accountability Office study."

Former Norristown, PA, Councilman Pleads Guilty To Tax Evasion. The Philadelphia Inquirer (6/2, Shields) reports, "A former Norristown councilman whose criminal activity inspired a four-year corruption investigation pleaded guilty yesterday to tax evasion charges." The Inquirer continues, "Ernest W. Scott Jr., 56, admitted in U.S. District Court in Philadelphia that he hid more than $142,000 in income from his auto tags business between 1999 and 2001. He is scheduled for sentencing Sept. 8; federal guidelines call for a sentence of 12 to 18 months in prison. … He is the third Norristown official to be convicted or plead guilty in the last six weeks in a series of indictments resulting from the U.S. Attorney's investigation. Ex-Mayor Ted LeBlanc was convicted on bribery and tax evasion charges April 18, and former municipal administrator Anthony Biondi pleaded guilty to corruption charges May 12. Scott is currently serving a 6 1/2- to 20-year state sentence. In 2003, Scott, then a member of the Norristown municipal council, admitted to running a corrupt organization that included issuing fake insurance cards and dealing marijuana." The Inquirer adds, "The Montgomery County District Attorney's wiretap evidence from Scott's case was handed over to federal investigators in late 2002. The U.S. Attorney's Office used it to launch a wide-ranging probe that produced indictments against Scott and the man who prepared his taxes, as well as LeBlanc, Biondi, and four businessmen who were awarded contracts with Norristown."

Nevada Strip Club Owner Pleads Guilty To Tax Evasion. The AP (6/2, Ritter) reports Las Vegas strip club owner Rick Rizzolo "pleaded guilty Thursday to a felony tax evasion charge but avoided any mention of organized crime as the government ended a decade-long federal probe of whether the club was linked to the mob." Rizzolo "pledged to sell the club," Crazy Horse Too, "and agreed not to contest some $17 million in fines, forfeitures and restitution. The financial settlement includes a $10 million payment to Kirk Henry, a tourist from Olathe, Kan., whose separate civil lawsuit alleges he was paralyzed when he was beaten by club employees in 2001." US Attorney Daniel Bogden "called Thursday's deals an efficient way to achieve what he called a primary goal of the investigation -- to strip Rizzolo of club ownership and bring closure to Henry and his family 'for the brutal and tragic extortionate attack at the club.'"

CONGRESS-ADMINISTRATION:

White House Credited With Attracting "A-List Names" As It Retools Under Bolten. Under the headline "Bush's New Team Scores A-list Names," the Christian Science Monitor (6/2, Feldmann, 61K) reports, "These are hardly the waning days of the Bush White House, but in some ways, time is running short for major new policy initiatives. And in the inevitable changing of the guard, as top appointees move on, it might seem a tough sell to lure A-listers onto the team. The pay isn't much to write home about, especially for those used to a healthy private-sector paycheck, and the administration remains deeply unpopular with much of the public." But "something has happened on the way to the makeover of Team Bush: The president has managed to bring in some first-string players, at a time when two-term White Houses are typically moving to the bench, analysts say." The Monitor adds, "Exhibits A and B are Goldman Sachs chairman Henry Paulson, tapped to take

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over Treasury, and FOX TV commentator Tony Snow, the new press secretary." Joshua Bolten, the new chief of staff, is also "getting high marks for his energetic retooling work -- including helping snag his former colleague, Mr. Paulson -- and setting his sights on upgrading the White House's communications and domestic policy shops."

Paulson's Environmentalist Beliefs Noted. The A2 (6/2, Heilprin) reports, "Paulson may find the tightrope he'll be walking as…Bush's Treasury secretary will span a wider gulf than in his current twin jobs as chairman of Goldman Sachs and The Nature Conservancy." Both Paulson "and the world's richest environmental group look at global warming as a dire threat requiring government-mandated reductions in carbon dioxide and other gases that trap heat in the atmosphere like a greenhouse. Bush doesn't." Steve McCormick, president of The Nature Conservancy, "said Paulson won't shy from sharing his views on global warming in Bush's Cabinet."

Paulson's Experience With China Could Prove "Crucial." The Wall Street Journal (6/2, Solomon, Browne, 2.11M) reports, "Few US business leaders have courted China as assiduously" as Paulson, and "those ties could prove crucial as the administration deals with China's emergence as an economic powerhouse." Paulson 'says he has traveled to China more than 70 times in the past 15 years, rubbing shoulders with the country's political, financial and academic elite, both as chief executive of Goldman Sachs Group Inc. and as a director of the Nature Conservancy, an environmental group." Paulson's "ties could be pivotal as the US tries to navigate its delicate relationship with China -- a country that puts a premium on loyalty among its foreign friends and where personal credibility counts for more than a corporate title."

Bush Said To Have Lied About Snow's Resignation. The Washington Post (6/2, Froomkin, 744K) reports in its online "White House Briefing" that when "asked about Treasury Secretary John Snow's future last week, President Bush could easily have ducked the question, or told the truth -- but instead, he chose to lie about it." There's "really no other way to describe what Bush said Thursday. Press secretary Tony Snow's widely-quoted explanation that Bush's statement was in some way 'artfully worded' is just plain wrong." When asked at his joint press conference with British Prime Minister Tony Blair if Treasury Secretary Snow had given him "any indication that he intends to leave his job any time soon," Bush said, "No, he has not talked to me about resignation. I think he's doing a fine job."

More Commentary On Paulson. In the New York Times (6/2, 1.19M), , Paul Krugman writes a memo to Paulson, "So you decided to take the job, after all. It's no surprise that they wanted you. As the joke that's making the rounds puts it, they're so desperate they're scraping the top of the barrel. But most of us are surprised that you accepted." He adds, "Before we get to the specifics, you need to disabuse yourself of any illusion that this administration rewards loyalty. … Right now, you're being flattered. You have a natural urge to be a team player. But if you play the game your new bosses want you to play, your credibility with the public will evaporate in no time at all. And when you're no longer useful to your new friends, you'll be tossed aside."

Kavanaugh Sworn In As US Appeals Court Judge. CNN's The Situation Room (6/1, Blitzer) reported, "President Bush today sealed a victory in his drive to put a more conservative stamp on the nation's courts. He hosted the swearing in ceremony for new U.S. Appeals Court Judge Brett Kavanaugh. Kavanaugh is a former White House aide who once worked for the independent counsel Ken Starr in his investigation of President Clinton." Kavanaugh "won confirmation despite critics who complained he was too political and inexperienced for the bench." Bush "urged the Senate to give more of his stalled judicial nominees the green light."

The AP (6/2, Riechmann) says presidents "usually are not present when new judges take their oaths. But Kavanaugh, whose nomination was opposed by Democrats, has worked at the White House for the past five years -- in the White House counsel's office and as staff secretary."

34% Rate Bush As Worst President In 60 Years. CNN's The Situation Room (6/1, Blitzer) reported that a new poll finds that "registered voters rate President Bush as…the worst president in the last six decades. The Quinnipiac University poll shows 34 percent of voters put Mr. Bush at the top of the list of worst presidents. Richard Nixon comes in second with 17 percent. Who was the best president? Twenty-eight percent of the voters surveyed say it was Ronald Reagan. Twenty-five percent say it was Bill Clinton, but another 16 percent of voters rated Clinton as the worst president, whatever that means."

Reid's Office Admits Misstating Ethics Rules For Boxing Tickets. The New York Times (6/2,

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1.19M) runs a version of the AP story that was first distributed yesterday, noting that Senate Minority Leader Harry Reid's office "acknowledged Wednesday night that he had misstated the ethics rules governing his acceptance of free boxing tickets and had decided to avoid taking such gifts in the future." Several "ethics experts criticized Mr. Reid's rationale that he felt obligated to take the tickets to ensure that boxing was being properly conducted in his home state."

Hastert Becomes Longest-Serving GOP Speaker. The AP (6/2, Abrams) reports Rep. Dennis Hastert, "who vaulted out of political obscurity when Newt Gingrich resigned as speaker of the House more than seven years ago, on Thursday became the longest-serving Republican speaker in history." Hastert, 64, "surpasses fellow Illinoisan Joseph 'Uncle Joe' Cannon, a pugnacious politician who ruled the House from November 1903 until the Democrats regained the majority in March, 1911."

Air Force Fuel Bill Rises With Oil Prices. The CBS Evening News (6/1, story 6, 2:20, Mitchell, 7.66M) reported "gasoline prices in this country are likely to remain high, at least through the summer. And Americans will also be footing the bill for the US military's soaring fuel bill." CBS (Martin) added, "The Air Force burns more than three billion gallons of fuel a year, and every time the cost of oil goes up $10 a barrel, the fuel bill goes up $600 million."

Medicare Posts Prices On 30 Surgical Procedures Online. USA Today (6/2, Appleby, 2.31M) reports the prices Medicare "pays for hip replacements, cardiac surgery and 28 other procedures in each of the nation's counties went online Thursday, in the government's first effort to post hospital price information for consumers." The "move comes as employers and others who pay the nation's $1.9 trillion health care tab encourage patients to be more like savvy shoppers when it comes to medical care, currently a difficult prospect because so little comparative information on cost and quality is available." Employers groups say that "the federal government, the nation's largest purchaser of health care, is posting such information on its Centers for Medicare and Medicaid Services website is important."

USA Today Says Ethics Reform Legislation For Show Purposes Only. USA Today (6/2, 2.31M) says in an editorial that Congress' response to scandal of Jack Abramoff's 2002 Scotland golfing trip has been "well, not much. In separate 'lobbying reform' bills crawling through the legislative process, the House of Representatives and Senate leave many of the loopholes allowing members and their staff to accept gifts from lobbyists well above the stated $50 limit. These include sham trips, bargain rates on jets, and premium seats for major sporting events and concerts." The legislation "has one objective: to make it appear as if a scandal-racked Congress is doing something in an election year. But the fact is that many members of Congress feel cruelly cheated by the $165,200 annual salary they have voted for themselves and harbor a sense of entitlement to supplement their incomes with freebies."

OTHER NEWS:

Data Suggest Economy Is Slowing. USA Today (6/2, Kirchhoff, 2.31M) reports, "The economy is cooling from the torrid pace of earlier this year, with home construction, housing price gains and manufacturing activity starting to slow, according to government and private data released Thursday. Factories are paying more for materials. Labor costs are rising more slowly than previously estimated -- bad news for workers who have seen wages lag but a signal that inflation pressures aren't mounting." Economists said "the reports add credence to the Federal Reserve's prediction that the economy will slow in the second half of the year but added it's not yet clear where inflation is headed."

The Wall Street Journal (6/2, Conkey, 2.11M) runs a similar report titled "Data Indicate Economy Is Cooling," and the Washington Post (6/2, D1, Fleishman, 744K) notes "US home prices continued to rise in the first quarter of the year, but in another sign of a cooling market the pace slowed from the last quarter of 2005, according to a report released yesterday." Home prices "nationally were 12.5 percent higher in the first quarter than a year earlier, according to the survey released by the Office of Federal Housing Enterprise Oversight. In 2005, the average home price jumped about 13.3 percent."

Meanwhile, the Christian Science Monitor (6/2, Trumbull, 61K) reports on "a common quandary in today's economy. On average, American paychecks are rising, as employers offer higher salaries to attract and retain staff. At the same time, inflation has been heating up, burning a bigger hole in consumers' pockets. The result is a dynamic

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that's challenging for workers and potentially risky for the economy."

Reports Suggest Inflationary Pressure Easing, Boosting Stocks. The Wall Street Journal (6/2, Browning, 2.11M) reports, "A fresh batch of economic reports spurred hopes that inflationary pressure might be easing, and the Dow Jones Industrial Average, which has been under pressure for almost a month, rose 91.97 points, or 0.82%, to 11260.28. It is up 5.1% this year." Investors "shifted money to stocks they had fled. The Nasdaq Composite Index, whose beleaguered technology stocks had pushed it into the red for 2006, surged 1.88%, or 40.98 points, to 2219.86. It is up for the year again, by 0.7%." The Standard & Poor's 500-stock index, "whose 3.1% May decline was its worst monthly drop in two years, rose 1.23%, or 15.62 points, to 1285.71, up 3% for 2006." USA Today (6/2, Shell, 2.31M) also reports the stock numbers.

US Automaker Sales Continue To Slump. ABC World News Tonight (6/1, story 10, :20, Gibson, 8.78M) reported, "There was more bad news for the American auto industry today. General Motors and Chrysler posted double-digit declines in sales for May. Sales at Ford also fell, all as a result of high fuel prices and increasing demand for fuel-efficient vehicles. Toyota and Honda reported large sales increases."

More Commentary On Economy. In a column titled "Economy Holds Good News -- For The Rich," Julianne Malveaux writes in USA Today (6/2, 2.31M), "The average American has not experienced much good economic news lately. The wealth gap is growing. Median family income has been dropping. Meanwhile, gasoline prices are up 36% from a year ago. With interest rates rising, those with adjustable rate mortgages face higher payments, and residential rents also are nudging up. Incomes are not keeping pace with inflation, and the job market is weak."

Author Charles R. Morris writes in the New York Times (6/2, Morris, 1.19M) notes that May "saw one of the sharpest drops in consumer confidence since the recessions of 1979-1982. But those were truly dreadful times. Oil prices tripled, rates on home mortgages shot into the mid-teens, the stock market was a disaster area and unemployment rates reached double digits. Over the past three years, by contrast, American economic performance has been almost glittering." There are "parallels with another historical period, however, that suggest the deeper currents of uneasiness. Pan the camera back to Pittsburgh, July 1877. … But why did people feel so miserable? Partly they were confused by prices, which were dropping sharply. Farmers thought falling grain prices meant they were getting poorer, without noticing that the price of everything else was falling too. Farmers' terms of trade -- the price differences between what they sold and what they bought -- actually racked up solid gains in the 1870's."

US Foster Care System Examined. ABC World News Tonight (6/1, story 9, 2:45, Gibson) reported, "500,000 children are in foster care right now a number that has doubled in 20 years. And one of the most troubling aspects of the system -- how so many children are moved from family-to-family, never finding a real home." ABC (Sawyer) added, "They are witness to a searing truth, how the most fragile, abused and neglected children in the country, are bounced from home-to-home, with devastating results, in the American foster care system." And the "more placements, say the experts, the worse the outcome. One study shows there's twice as much posttraumatic stress disorder in foster kids as there is in veterans of US wars." There is now a "pioneering approach that respects the attachment a child has to a biological parent. A team of counselors surrounds and guides both parent and child. And it costs no more than the foster care which can have such disastrous results."

New York Comptroller Apologizes For Remark About Shooting Bush. The AP (6/2, Goldman) reports New York State Comptroller Alan Hevesi "publicly apologized Thursday for a 'beyond dumb' remark about a fellow Democrat 'putting a bullet between the president's eyes.'" Hevesi "hastily called a mea culpa press conference hours after putting his foot in his mouth at the Queens College commencement." In the videotaped speech, Hevesi "describes Sen. Charles Schumer, D-N.Y., as, 'the man who, how do I phrase this diplomatically, who will put a bullet between the president's eyes if he could get away with it.'" At the news conference, "a contrite Hevesi said he was trying to convey that Schumer has the strength and courage to stand up to the president." Hevesi "apologized to Bush and Schumer and said he is 'not a person of violence.'"

New York Republicans Fear Political Clout May Be Slipping Away. The New York Times (6/2, Cooper, 1.19M) reports, "Twelve years ago, when they gathered at their state convention, Republicans were so hungry to retake the governorship that party bosses led by

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Senator Alfonse M. D'Amato brokered a deal to spare George E. Pataki a primary against his fiercest opponent." But when Hew York Republicans met "Thursday to choose a new candidate for governor, the party found itself dispirited and deeply divided. Last-minute efforts by Governor Pataki, a lame duck, and other party leaders to avoid a potentially damaging primary fell apart. And the leadership's favored candidate for governor, William F. Weld, finished a distant second, earning a spot on the primary ballot but failing in his bid to be the party's designee." The Times adds that "many Republicans here said privately that they feared their 12-year run of good fortune was coming to an end. … Many Republicans, from state senators to consultants to county chairmen to a former Pataki administration official, said privately that some of the blame lay with Governor Pataki. They used phrases like 'train wreck' to describe the party and 'lack of leadership' to describe the governor's stewardship of it."

Faso, Weld Win Spots On GOP Gubernatorial Ballot. The AP (6/2, Gormley) reports that New York Republicans "on Thursday designated former Assembly minority leader John Faso as their candidate for governor but gave enough support to former Massachusetts Gov. Bill Weld for a spot on the primary ballot. Faso became the party designee by receiving more than 50 percent of the weighted vote after negotiations that went into the early morning and included Gov. George Pataki, said state Republican Chairman Stephen Minarik. Faso, who had lost a December straw poll, came away Thursday with 59.5 percent of the weighted vote to Weld's 40.5 percent. 'Today we begin a battle for the hearts and minds of our fellow New Yorkers,' Faso said. 'Our message is clear: We need to cut taxes, we need to create jobs and we need to restore opportunity, and we need to reform New York state's government.'"

Bloomberg (6/2, Bensinger) notes that Faso "also has the endorsement of the state Conservative Party, which has backed every successful statewide Republican candidate for the past 30 years. Weld has been dogged by questions about his presidency of Decker College a Kentucky trade school, which fell into bankruptcy a month after he resigned. The Federal Bureau of Investigation is investigating the school for fraud." State Senate Majority Leader Joseph Bruno (R) "said Faso's win 'was a very decisive vote.' Without saying whether he would ask Weld to withdraw, Bruno described Faso as 'the nominee.' Weld said he would stay in the race. 'This is the first day of the rest of the campaign,' he told reporters. 'I will predict with some assurance that I will win the primary.' Faso said, 'I would certainly like to avoid a primary, but if we have one, so be it.'"

Supreme Court Decisions Could Become 2006 Issue. The Wall Street Journal (6/2, Harwood, 2.11M) reports that the Supreme Court under Chief Justice John Roberts "looms as factor in 2006 elections. Justices prepare to rule on series of controversial issues at close of first session under Bush's new chief justice. Each side hopes that decisions, to be issued at 10 a.m. each Monday this month, will fire up ideological base as Republican and Democratic candidates square off for control of Congress." Rulings are "expected on military trials for Guantanamo detainees, Texas redistricting driven by DeLay, Vermont's campaign-finance laws, and application of Clean Air Act. With O'Connor gone, close cases may turn on maverick Justice Kennedy, who has infuriated conservatives by citing international law and opposing a voter initiative challenging gay rights."

Iraq Vote Seen As Putting Senators Eyeing '08 Bids At Disadvantage Over Governors. The New York Times (6/2, Nagourney, 1.19M) reports, "With Iraq looming yet again over an American presidential campaign, senators considering a White House race are at a disadvantage over governors who might run, forced to explain their votes -- and in some cases, alter their views -- on an increasingly unpopular war." The Times notes that Arizona Sen. John McCain (R) and New York Sen. Hillary Clinton (D) "have encountered hecklers protesting their support for the Iraq war." Massachusetts Sen. John Kerry (D) and ex-North Carolina Sen. John Edwards (D) now "say they regret voting for the war. Both have called for setting a deadline to withdraw American troops." Meanwhile, "governors are finding considerable maneuvering room when it comes to Iraq. And they are taking advantage of it for now." For example, Iowa Gov. Tom Vilsack (D) "declined to say in an interview how he would have voted on the war." Vilsack said, "If we're looking at the elections of 2006 and 2008, I think it's important to look to the future and learn from whatever mistakes we made in the past." And ex-Virginia Gov. Mark Warner (D) said of the war in Iraq, "My sense is going out without a plan is just as bad as going in without a plan. So I have not been one of those people who say that come heck or high water, we are going to leave by a fixed date."

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Kerry Lambastes Bush Administration Over Iraq Policies. The Los Angeles Times (6/2, Khalil, 958K) reports that Massachusetts Sen. John Kerry (D), in a speech Thursday in Los Angeles, "harshly criticized the Bush administration for 'disdaining diplomacy' in favor of a confrontational and unilateral foreign policy that has hurt the United States' standing around the world and made it less safe." Kerry "warned that the mistakes of Iraq must not be repeated in the current standoff with Iran. 'War is the ultimate failure of diplomacy,' Kerry told a gathering of the Pacific Council on International Policy. 'Yet our current leadership has arrogantly discarded this basic principle." Kerry said the result "was an ill-advised rush to war in Iraq that alienated other governments and diminished sympathy for the U.S. generated by the terrorist attacks of Sept. 11, 2001. America's current isolation, and the presence of thousands of U.S. troops in Iraq, is 'playing right into Iranian hands,'" said Kerry. The senator "said he would attach an amendment to this summer's defense appropriations bill calling for a total withdrawal of U.S. combat troops by the end of this year. But he acknowledged that the idea would be unpopular. 'I know I'm not going to get the majority of my own caucus.'"

First Plame Book Deal Falls Through. The New York Times (6/2, Rich, 1.19M) reports the "$2.5 million book deal that Valerie Plame Wilson, the former Central Intelligence Agency officer whose identity was publicly disclosed three years ago, negotiated with Crown Publishing Group last month has fallen through." Wilson, who "could not agree on terms with Crown, is now in exclusive negotiations with Simon & Schuster, which originally had lost an auction for the book to Crown."

NYTimes Backs Courts For Striking Down AIDS Funding Rule. The New York Times (6/2, 1.19M) says in an editorial that "Federal judges in New York and the District of Columbia have declared unconstitutional a 2003 rule that limits the way U.S. health groups spend their privately raised money if they want to get federal money for international AIDS work." The rule required "nonprofits that want government support" to "sign a pledge saying they oppose prostitution and will not spend any money — public or private — on programs the government does not approve of." By "declaring that government may not use its spending clout to compel or coerce private speech, the new decisions have vindicated an important constitutional principle, while removing at least one impediment for health groups trying to reach a high-risk community, and save lives."

WPost Says More Money Needed To Combat AIDS. The Washington Post (6/2, A18, 744K) says in an editorial that the UN target "of mobilizing $7 billion to $10 billion per year has been met: Last year low- and middle-income countries spent $2.5 billion of their own money and an additional $5.8 billion from donors on AIDS treatment and prevention and the care of orphans. But that money has bought less than expected. Rather than hitting the 'three by five' target of getting medicines to 3 million people by 2005, the world has put only about 1.4 million people on treatment -- a big improvement on the 240,000 who were receiving drugs in 2001 but still well less than half of the number who need medicines immediately. Equally, better-financed prevention efforts have succeeded in driving down infection rates among young adults, notably in Kenya, Uganda, Zimbabwe and Haiti. But last year there were 4.1 million new infections worldwide. The plague is still advancing."

Russia, China Back Package Of Incentives, Penalties For Iran. CNN's The Situation Room (6/1, Blitzer) reported that "the United States and five other world powers appear ready to formally make an offer to Iran." Secretary of State Condoleezza Rice "and other officials reportedly have reached what is being described as a substantial agreement on a package of incentives and penalties to formally be presented to Iran. If Iran is to accept those penalties and those incentives, the whole package, the U.S. presumably would start direct talks with Iran, the first time in more than two decades." CNN (Ensor) added that the announcement is "something of a success for American diplomacy."

NBC Nightly News (6/1, story 5, 1:20, Mitchell, 9.87M) reported, "Russia has now said they will join these talks in trying to pressure Iran; China not so sure yet after a conversation between President Bush and the Chinese leader today. What does Iran get? Iran gets a possible trade deal, airplane parts, a lifting of sanctions, and a suspension of all action at the United Nations if it gives up its nuclear research and sits down to talk."

ABC World News Tonight (6/1, story 4, :25, Gibson, 8.78M) reported, "In Vienna, Austria, and the US and five other world powers, including Russia and China, have agreed upon

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a package of incentives to convince Iran to suspend its uranium enrichment program."

The Los Angeles Times (6/2, Rubin, 958K) says "few details of the agreement were forthcoming, and British Foreign Minister Margaret Beckett, who announced the deal in muted language, cautioned that negotiators wanted to present the package to the Iranians before making it public." But "diplomats close to the issue said incentives were similar to past proposals, including helping Iran obtain a civilian nuclear reactor." Fox News' Special Report (6/1, Cameron) reported, "Officials said the package will be revealed publicly after their presentation to Iran. Some incentives include allowing Iran to have a water reactor and a supply of fuel so it would not need to enrich uranium itself. Sanctions include a ban on Iranian visas."

The Financial Times (6/2, Khalaf) reports the "rare show of international unity will substantially raise the diplomatic pressure on the Islamic Republic," while the New York Times (6/2, Shanker, Sciolino, 1.19M) notes "the word 'sanctions' was not uttered in the public dialogue on Thursday, perhaps in an effort to avoid giving Iran an obvious target for early objections." The "emphasis of the agreement on Thursday was less on how to punish Iran, than on how to reward it for agreeing to freeze its enrichment-related activities." Undersecretary Burns, when "pressed on whether the six nations had reached full consensus on Thursday, …expressed broad satisfaction. 'We are very satisfied by the results of today's meetings here in Vienna,' he said. 'We consider them a step forward in our quest to deny Iran a nuclear weapons capability.'"

The Wall Street Journal (6/2, Solomon, Spindle, Iran, 2.11M) says the deal "sought to buttress a pledge by the Bush administration to engage directly with Iran should it agree to give up uranium enrichment work," and it "provides Tehran with a clear path to reintegrating with the global community should it agree to talk." Undersecretary Burns is quoted calling the agreement "a step forward in our quest to deny Iran a nuclear-weapons capability," and said discussions had been "by far the most substantive and…concrete" to date.

Meanwhile, Iranian officials yesterday welcomed the US offer to negotiate over its nuclear program but declined to stop enriching uranium. The CBS Evening News (6/1, story 4, 1:40, Axelrod, 7.66M) reported, "The Iranians had a mixed answer about the US offer for direct talks about their nuclear program. Yes, they'd love to talk. But, no, not if they have to stop enriching uranium to do it." President Bush: "My reaction is the choice is theirs, and we'll see whether or not that is the firm position of their government." Axelrod: "The President's position was strengthened in Vienna tonight. The US reached an agreement with Great Britain, France, Germany, Russia, and China on a unified approach to Iran: Stop enriching, negotiate, or, says the British foreign secretary, face further UN Security Council measures." Margaret Beckett, British Foreign Secretary: "We urge Iran to take the positive path." Axelrod: "Iran's response to the US was really no big surprise, but getting Russia and China to say that they're willing to join the US to tighten the pressure on Iran, that really was in doubt."

On its front page today, the Washington Post (6/2, A1, Kessler, 744K) says the deal "brings general unity to the countries' approach to Iran after months of discord, diplomats said. It is intended to sharpen the choice facing Iran, giving it a clear reason to opt for cooperation over confrontation on its nuclear program." The Post adds, "Aides to Rice said the deal also commits China and Russia to a long list of specific steps to punish Iran if it refuses to halt its enrichment program. … Analysts and diplomats described [Iranian] responses as preliminary. The most powerful elements of Iran's theocratic government remained silent on the US proposal and were said to be intensely engaged in the private consultations that precede major policy announcements in Tehran. The measured tenor of the Iranian diplomats' initial replies appeared to signal that their country was at least not dismissing the start of a process it had actively solicited in recent weeks, through back-channel messages seeking direct engagement with Washington."

CNN's The Situation Room (6/1, Roberts) reported, "This is a very high-stakes game of chess. The prize, the support of Europe, Russia and China. And with Iran's insistence that it will not agree to talks with preconditions, the U.S., for the moment, appears to be winning. Iran's rejection of the White House offer was not just expected, it was part of the plan. According to administration officials, the entire goal of this new overture was meant to heighten awareness of the world to Iran's intransigence. … What looks on the surface like a softening of the U.S. position, the offer of face-to-face talks, is actually just another play in their game of diplomat hardball to force Iran to give up its nuclear program."

The Washington Times/AP (6/2, Gearan, Jahn) reports that at the White House, President Bush "warned that the confrontation would end up at the U.N. Security Council if Iran continues to enrich uranium. 'If they continue their

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obstinance, if they continue to say to the world, "'We really don't care what your opinion is," then the world is going to act in concert,' Mr. Bush said after meeting with his Cabinet."

More Commentary On Iran. William P. Kucewicz, editor of GeoInvestor.com, writes in the Wall Street Journal (6/2, 2.11M) that Rice, "in signaling a new US willingness to negotiate with Iran, also warned that 'international isolation and progressively stronger political and economic sanctions' would follow if Tehran defies its international obligations by continuing to develop nuclear weapons. … There's simply no getting around the fact that you can't eat petroleum. Iran's 132.5 trillion barrels in proved oil reserves -- 10.2% of the world total -- are of little benefit unless they're earning money. A trade embargo would hit Iran especially hard, because its economy and government budget are inordinately dependent on petrodollars. Oil shipments account for about 25% of GDP, represent 90% of total export earnings and provide as much as 50% of fiscal receipts." Iran "doesn't have the world over a barrel. It's the other way around. The economic and fiscal squeeze of new trade sanctions could indeed become so painful as to prompt regime change."

White House Turns Down North Korean Offer Of Bilateral Talks. The New York Times (6/2, Onishi, 1.19M) reports Pyongyang "on Thursday invited the top American nuclear envoy to visit its capital, Pyongyang, for bilateral talks, but the White House insisted that the North return to long-deadlocked six-nation talks instead. North Korea invited" Assistant Secretary Chris Hill "to Pyongyang, indicating that it wanted to discuss an agreement that was reached last September but never carried out." Press Secretary Tony Snow is quoted saying, "The United States is not going to engage in bilateral negotiations with the government of North Korea. The United States sticks by its position, which is, North Korea has to return to the six-party talks."

The Financial Times (6/2, Fifield) adds, "With the move, North Korea again demonstrated its capacity for wily negotiating as the invitation is unlikely to be accepted, enabling Kim Jong-il's regime to blame further the stand-off on the Bush administration."

Backers Of India Nuclear Deal Worry Opponents May Insert "Poison Pill." The Wall Street Journal (6/2, Harwood, 2.11M) reports, "Proponents fret about prospects for civilian nuclear deal with India. Pact opening up sale of U.S. technology is top Bush priority, and backers say it has majority support in Congress. But opponents could add 'poison pill' amendments that might force New Delhi to scotch agreement to separate civilian and military nuclear programs. Administration still hopes to win approval before the August recess, despite tight legislative calendar."

Bush May Criticize Putin's Human Rights Record. The Wall Street Journal (6/2, Harwood, 2.11M) reports President Bush "weighs human-rights digs of his own at Russia's Putin, who has turned increasingly autocratic. The president plans one-day stopover in Ukraine, Russia's adversary. Before July G-8 summit in St. Petersburg, U.S. officials may attend a gathering of democracy advocates organized by chess champion Garry Kasparov."

Bush Will Host Congolese President Monday. The AFP (6/2) reports President Bush "will welcome Congo's President Denis Sassou-Nguesso June 5 for talks on efforts to keep peace in Sudan's Darfur region, the White House said." Press Secretary Tony Snow is quoted saying, "The two leaders will discuss implementation of the May 5, 2006 Darfur Peace Agreement, NATO assistance to strengthen the African Union Mission in Sudan and the follow-on UN mission, United Nations authorization to promptly transition to a UN peacekeeping force." Sassou-Nguesso currently chairs the African Union.

Nuclear China, Assertive Japan Likely To Dominate Rumsfeld Trip. Under the headline "Washington And Beijing Stoke Nuclear Fears," the Financial Times (6/2, Dickie, Sevastopulo) reports Secretary Rumsfeld is due in Singapore today for a three-day security conference that is "likely to include much discussion about China." The FT says the Pentagon "drew plenty of attention" in its report last week that suggested US analysts "had been surprised by changes in the capacity of China's nuclear deterrent. … It is not entirely clear what surprises the Pentagon was referring to since the unclassified version of the report provided few details about new developments." But the report "was a reminder of the possibility for mutual miscalculation between the world's most powerful country and its most populous."

The Wall Street Journal (6/2, Wain, 2.11M) focuses its coverage on the "deteriorating political relations between Japan and China," saying that while the US "has recently

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stepped up its criticism of Chinese military spending, some Asian countries have become alarmed about an increasingly nationalistic Japan." Former ASEAN leader Rodolfo Severino said that while the US "has a major presence in the region, 'the defining relationship in East Asia will be between China and Japan. … Unfortunately, they just don't like each other, and they sense a certain rivalry.'"

Some Lawmakers Object To Lobbying From Chinese Embassy. The Washington Times (6/2, Gertz, Scarborough, 90K) reports in its "Inside The Ring" column, "The Chinese Embassy continues to lobby Congress with impunity on the issue of Taiwan. The latest effort was a recent letter to members of the House Armed Services Committee aimed at China-related provisions of the fiscal 2007 defense authorization bill." Chinese Ambassador Zhou Wenzhong "warned that provisions increasing military ties between the Pentagon and Taiwan and improving Taiwan's defenses against a Chinese attack 'will do serious harm to China-U.S. relations' if enacted into law. Mr. Zhou said the new provisions would create a military alliance between the United States and Taiwan and violate diplomatic communiques governing U.S.-China ties." The letter "has angered several lawmakers who view it as foreign government interference in the congressional legislative process."

Chinese Officials Seek Sympathy For Country's Problems. The Los Angeles Times (6/2, Magnier, 958K) reports, "Chinese officials have settled on a new mantra in meetings with visiting foreign dignitaries: You've seen Beijing and Shanghai. Now it's time to go out to the countryside and see our tired, our poor, our huddled masses yearning to be fed." The Times adds, "Behind the polite invitation is a more substantive message. Namely, you may view us as a strategic threat poised to steal your jobs, drive up your gas prices and take over the world. But take a peek beyond the tall buildings and bright lights and you'll have more sympathy for our problems. And then maybe, just maybe, you won't be so hard on us. … Even on trips abroad, officials are making the pitch for a visit to the Chinese sticks. … Encouraging influential foreigners to have a 'Green Acres' moment not only helps outsiders better understand China in all its complexity, it also makes tactical sense."

OPEC Rejects Venezuelan Proposal To Reduce Production. The CBS Evening News (6/1, story 5, 1:50, Mitchell, 7.66M) reported, "Oil ministries of the OPEC cartel meeting in Venezuela today agreed to keep pumping crude at nearly full capacity, rejecting their host's call to cut production. That did not stop Venezuelan President Hugo Chavez from again blasting his favorite target, the United States." CBS (Regan) added, "All eyes were on Venezuela's leftist wildcard President Hugo Chavez today. In typical fashion, he ranted against the US, calling Americans imperialists who have been taking advantage of Latin America's resources for decades."

The Financial Times (6/2, Hoyos, Webb-Vidal) reports Chávez "angered OPEC ministers with anti-US rhetoric as they united against him in rejecting his call to cut the oil cartel's production." And the Washington Post (6/2, D5, Mufson, 744K) says "oil traders and analysts took little comfort from OPEC's commitment, noting that the cushion between world supply and demand remained uncomfortably thin." Moreover, they said, "the oil producers were unlikely to reduce output when they could cash in on record high prices that many consumers think are already out of control." The Wall Street Journal (6/2, Bahree, Luhnow, 2.11M), among other sources, runs a similar story this morning.

Uribe Win Seen As Backlash Against Chavez Model. Mary Anastasia O'Grady writes in the Wall Street Journal (6/2, 2.11M), "Liberty lovers across the Western Hemisphere are cheering Colombian President Alvaro Uribe's second-term victory on Sunday. Colombians gave their president more than 62% of the vote. His closest competitor, the hard-left Carlos Gaviria, whose platform mirrored the ideology of Venezuelan President Hugo Chávez, earned only 22%. Pro-Uribe parties also won a majority in Congress." The Uribe win "is not only an endorsement of a worldview favoring security, the rule of law and global engagement for Colombia. It is also evidence of a backlash against the economic isolation and hostility toward private property preached by Mr. Gaviria and Mr. Chávez next door."

WHO Puzzled By Indonesian Bird Flu Cluster. AFP (6/2, Kearney) reports the World Health Organization (WHO) "has admitted it was having difficulty identifying the source of bird flu infection in a case where seven people in the same family died of the virus." The case raised fears of human-to-human transmission of the virus and a deadly global flu pandemic. "There are three possible sources of infection, but there is no conclusion," WHO epidemiologist Steve Bjorge told reporters at a joint press conference with Indonesian health ministry officials in Jakarta

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Thursday. "It's difficult to get good information from that village, and that family," he said. However, Bjorge said the first family member to contract avian flu was most likely infected by her sick chickens.

Local Tests Show Indonesian Girl Died From Bird Flu. The AP (6/2) reports, "An eight-year-old girl in Indonesia has died of bird flu, a health official said Friday, citing local tests." The World Health Organization has yet to confirm the girl's death, which comes three days after her brother died "with similar flu-like symptoms, but no samples were taken." The children's' family "reported that chickens died near their house, and we have been told they had contact with birds," said Dr. Hariadi Wibisono, a senior official at the national Health Department.

Bird Flu Outbreak Could Paralyze African Health System. The Wall Street Journal Online (6/2) reports, "African health systems, already crumbling under the strain of AIDS, malaria and other diseases, could collapse if a bird-flu pandemic takes hold on the continent," health experts said at the World Economic Forum on Africa. Idrissa Sow, a senior WHO official, "said it was vital to increase the number of laboratories capable of testing for the H5N1 virus in Africa." Currently South Africa has the only advanced laboratory facilities, while other countries have had to send samples to Europe for testing.

UN Agency Proposes Plan To Track Birds. The AP (6/2) reports the UN food agency said Thursday it is "considering a plan to fit wild birds with tiny backpacks and monitor their annual migrations to help combat the spread of the deadly H5N1 bird flu." The project would "rely on communications satellites and a network of computers to track the birds' movements" at an estimated cost of $6.8 million, the UN Food and Agricultural Organization said in a statement. A system of radio beacons and satellites would "feed data into the computers of ornithologists, ecologists, virologists and epidemiologists" around the world. "Early warning would give governments and producers more time to respond to potential threat -- with great benefits for the poultry industry and society at large," the FAO said.

Arab League's Reaction To Darfur Violence Decried. Mohammed Buisier, a Libyan-American political activist, writes in the Wall Street Journal (6/2, 2.11M), "Once again, the international community, and the UN in particular, is being shamed into acting to stop the massacres in Darfur, and once again the Arab League and Arab leaders are unwilling and unable to face facts, or to deal with them in a civilized and humane manner. Indeed, the most recent Arab League summit, which took place in the Sudanese capital, Khartoum…ended with a resolution denying that any massacres had taken place in Darfur and expressing resistance to any outside intervention in the 'interna'" affairs of an Arab country. (Not surprisingly, this stance is identical to that taken by Osama Bin Laden.)" Buisier adds, "By adopting this argument, the Arab League was not just covering up for the atrocities perpetrated by the Sudanese government, but also for the direct or indirect involvement in this part of the Sudan of some of the Arab governments attending the summit." It is "but one more shameful manifestation of Arab governments turning a blind eye to the continuing inhumane atrocities committed against their own citizens."

THE BIG PICTURE:

Headlines From Today's Front Pages.

Los Angeles Times:

"Online Privacy Again At Issue."
"Bass Has A Lure Of Its Own."
"Army Corps Admits Design Flaws In New Orleans Levees."
"A Bit Of Royal Intrigue Comes To The Desert."
"Murder Charges Likely For Marines In Iraq Death."
"China Invites The West To Look Behind The Curtain."
"China, Russia Join Deal On Iran."

USA Today:

"Troops Will Get 'Values' Training."
"Anguish Follows Tragic Case Of Mistaken Identity."
"Chertoff: FEMA Is Hurricane-Ready."

New York Times:

"Iraqi Accuses U.S. Of 'Daily' Attacks Against Civilians."
"Army Builders Accept Blame Over Flooding."
"Judging Whether A Killer Is Sane Enough To Die."
"Drug For Bones Is Newly Linked To Jaw Disease."
"Harlem, A Test Lab, Splits Over Charter Schools."
"Sports, Songs And Salvation On Faith Night At The Stadium."

Washington Post:

"Six Powers Reach Accord On Iran Plan."
"At The Corner Of Progress And Peril."
"D.C. At Low Risk Of Attack, Says Federal Agency."
"From Way Out In Right Field."
"IRS Ruling Imperils 'Gift Fund' Charities For Home Buyers."

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Washington Times:
"What A Mess!"
"Illegals' Tax Deal Could Kill Bill."
"Is D.C. Ready For Terrorist Attack?"
"Businesses Take Hit With Drivers Delayed."

Detroit Free Press:
"Pump Prices Deal Blow To GM, Chrysler."
"Chance Was Missed To Prevent Women's Mix-Up."

Atlanta Journal-Constitution:
"AGL Customers To Get $600,000 Repayment."
"Shareholders' Heat Melts Home Depot."
"Deadly Incidents Bruise Relations."
"As Cold Water Rises, Teens Keep Cool To Rescue Woman."
"End Of Year Tests 'A Victory In War' For Iraqi Family In Neighborhood Plagued By Bombs, Kidnappings."

Houston Chronicle:
"Needy Texans' Applications Faxed Into A 'Black Hole.'"
"This Bee Is Must-See TV."
"Eyes Of Texas To Be On Border."
"Vinson & Elkins Settles With Enron For $30 Million."
"Iraqi Prime Minister Rips U.S. Military."

Story Lineup From Last Night's Network News:
ABC: Bush-Haditha Killings; Core Values Training; Iraq-US KIA; Iranian Nuclear Program; Homeland Security Funds; New Orleans Levees; Hurricane Season; Nagin Sworn In; Foster Care System; Car Sales; Gas Giveaways; National Spelling Bee.
CBS: Bush-Haditha Killings; Haditha Killings-Camp Pendleton; Abu Ghraib Conviction; Iranian Nuclear Program; OPEC-Venezuela; Gas Prices-Military; New Orleans Levees; Coastal Homeowners; Injured CBS Journalist; Deceased CBS Journalists.
NBC: New Orleans Levees; New Orleans Levees-Setliff; Bush-Haditha Killings; Abu Ghraib Conviction; Iranian Nuclear Program; Hurricane Season-Texas; Hurricane Season-Mississippi; Hurricane Season-Florida; Hurricane Season-New Orleans; Homeland Security Funds; Nagin Sworn In; New Orleans-Harry Shearer; New Orleans-Musicians' Village.

Story Lineup From This Morning's Radio News Broadcasts:
ABC: Iraq-Haditha Investigation; Iran-Nuclear Program; Schwarzenegger-National Guard On Border; National Spelling Bee;
CBS: Indianapolis-Mass Murder; Iraq-Haditha Investigation; New Orleans-Levee Failures; Exxon-Alaska Oil Spill Cleanup.
NPR: Schwarzenegger-National Guard On Border; DHS-Anti-Terror Grants; Iran-Nuclear Program; Iraq-Haditha Investigation; CA-Rock Slide; GA-Army Helicopter Crash; Foreign Stock Markets.

WASHINGTON'S SCHEDULE:

Today's Events In Washington.

White House:

PRESIDENT BUSH — Meets with the Senior Minister of Singapore, Oval Office; participates in swearing in ceremony for the Director of the Office of Management and Budget, Room 450, Eisenhower Executive Office Building; holds photo opportunity with the Pittsburgh Steelers, South Lawn.

VICE PRESIDENT CHENEY — No public schedule.

LAURA BUSH — Delivers remarks at the United Nations General Assembly meeting on HIV/AIDS. United Nations, New York, NY. Open press.

US Senate: No Scheduled Events.

US House: No Scheduled Events

Other: CORPORATE INCOME TAXES _ 8:55 a.m. - 3 p.m. The American Enterprise Institute holds a conference on corporate income taxation and the economy. Highlights: 9 a.m. Deputy Assistant Treasury Secretary Robert Carroll. 12:20 p.m. Luncheon address: Chairman Edward Lazear of the President's Council of Economic Advisers. Location: 12th floor, AEI, 1150 17th St. NW.

PENTAGON-IRAQ BRIEFING _ 9 a.m. Army Col. Michael Shields, commander of 172nd Stryker Brigade Combat Team, will brief live from Iraq to provide an update on ongoing security operations in Iraq. Location: DOD Briefing Studio, 2E579, Pentagon.

TRADE-2007 FARM BILL _ 9 a.m. Washington International Trade Association discussion on the WTO Doha Round and the 2007 Farm Bill, with Jim Grueff, former US agriculture negotiator for the WTO Round. Location: Horizon Ballroom, Reagan Bldg.

CORPORATE DIVERSITY _ 9:30 a.m. Assistant Labor Secretary Charles Ciccolella speaks about the Jobs for Veterans Act at a meeting of the Corporate Diversity Compliance Council. Location: Science Application International Corp. offices, 1919 Pennsylvania Ave. NW.

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GOVERNMENT HEALTH INSURANCE _ 12 p.m. One in a series of Cato Institute luncheon seminars on health care. Today's topic: ``Reforming Government Health Insurance Programs." Location: B338 Rayburn House Office Bldg.

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THE ATTORNEY GENERAL'S NEWS BRIEFING

PREPARED FOR THE OFFICE OF PUBLIC AFFAIRS, U.S. DEPARTMENT OF JUSTICE

TO: THE ATTORNEY GENERAL AND SENIOR STAFF

DATE: FRIDAY, JUNE 2, 2006 7:45 AM EDT

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TERRORISM NEWS:

Fate Of Freed Detainees Complicates US Handling Of Guantanamo. The Wall Street Journal (6/2, A1, Higgins, 2.11M) reports in a front page story that after "four years in Guantanamo Bay, Abu Bakker Qassim, a former terror suspect cleared last year of having ties to al Qaeda, got word last month that he finally would be set free." He and "four fellow Muslims from China were loaded onto a U.S. military transport plane in the middle of the night, shackled to the floor and flown for 12 hours to their new home: a converted military barracks in Tirana, the capital of Albania." The case of the five Uighurs from China shows the US is "in a predicament it never expected: What should it do with Guantanamo inmates who have been found deserving of release but who face jail or execution if returned to their homelands?" Washington's "hesitation to repatriate some detainees reflects its growing unease with authoritarian states it initially enlisted as partners in the post-9/11 war on terror."

89 Detainees Now On Hunger Strikes. The AP (6/2, Selsky) reports more Guantanamo Bay detainees "have joined a hunger strike, raising the total to 89, and six of them were being force-fed, the U.S. military said Thursday." The strike, "which last weekend jumped from three participants to 75 — is now the biggest of the year at the U.S. prison on Cuba, where about 460 men are being held on suspicion of links to al-Qaida or the Taliban." Military officials "said the hunger strikers are an attempt to gain public sympathy to pressure the United States to release them."

German Intelligence Service Admits Knowledge Of El-Masri Rendition. The New York Times (6/2, Mekhennet, Smith, 1.19M) reports Germany's external intelligence service, the BND, "said yesterday that it knew about the American seizure and detention of a German citizen 16 months before the country was officially informed of his mistaken arrest. It was unclear whether that information had been passed on to senior officials." Germany had "previously maintained that it did not learn of the abduction of its citizen, Khaled el-Masri, until he returned to Germany in May 2004." The disclosure, "made as a parliamentary inquiry into the case reconvened in Berlin, adds to suspicions that European governments, or at least their intelligence services, have abetted the American practice of 'extraordinary rendition.'"

HOMELAND RESPONSE:

Chertoff Says New York Terror Funding Reflects Average Of Previous Years. Criticism of DHS' distribution of Urban Area Security Initiative grants continued yesterday, as Homeland Security Secretary Michael Chertoff defended reduced funding for New York City and Washington, DC. Asked on PBS' Newshour with Jim Lehrer (6/1) why anti-terror funds for the cities are being cut, Chertoff said, "First of all…I don't think it's fair to describe them as cuts. Take New York, for example. Last year, New York got $200 million. This year, we're going to give them $124 million under this particular program. But last year was an artificially elevated number to make up from the very low grant the year before. If you average out the prior three-year grants, you're going to see this year is directly in line with what we've done over the last four years."

ABC World News Tonight (6/1, story 5, 2:20, Gibson, 8.78M) reported, "Money for the city of Washington and New York, both attacked on 9/11, is being slashed 40%. Why? Well, Homeland Security says there aren't enough national monuments or national icons in those cities to protect. Really? New York and Washington officials are furious." ABC (Thomas) added, "In New York, the loss of funding means fewer resources for protecting its massive transit system. In Washington today, officials said they'd have to curtail some programs already on the table." Homeland Security Secretary Michael Chertoff "defended the funding formula as fair." Secretary Chertoff: "What is critical here is we have put over four years, over half a billion, in this one, single program into New York." Thomas: "Not everyone is unhappy. Mid-size cities like Omaha, Nebraska, are getting a boost in funding."

NBC Nightly News (6/1, story 10, 1:55, P. Williams, 9.87M) reported, "New York City officials are furious that they took a 40% cut this year in Homeland Security money intended to make big cities safer." New Yorkers were "especially galled by Homeland's finding that the city had zero national monuments or icons, even though it's home to the UN headquarters, the Statue of Liberty, and landmark bridges. Washington DC also took a 40% cut. The police chief said today the formula should be different for getting money to the two cities already attacked." And though "the Homeland Security Secretary was roughed up in the New York papers, he says today New York has received over half a billion dollars since the grants began, twice the total of any other city. And he says it's getting about the same share this year as it has on average during the past three."

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An aggressive response from city and state lawmakers, as well as New York City papers, has turned much of the national media's attention towards New York's funding. Appearing on MSNBC's Hardball (6/1, Matthews), Rep. Peter King said, "I'm not begrudging other cities. Los Angeles certainly has threat (sic), Chicago, others, I'm not getting into that. But to cut New York City 40 % when every intelligence threat estimate shows that New York is at the very top, to me is absolutely indefensible. And Mike Chertoff and others at the department are changing their story by the hour. Today apparently said this was an averaging out of the first year and the second year and now the third year is an average of the first two, which makes no sense at all, especially when they were coming out with all these complicated formulas yesterday, which also added up to nothing." King added later, "There is a bureaucracy at the Department of Homeland Security which undercuts New York any number of times. I don't even know how familiar Mike Chertoff was with these final numbers. I heard people in the department saying yesterday they were running around once the storm hit trying to find ways to justify it."

On MSNBC's The Situation (6/1, Carlson), King said, "We're calling hearings on this. They have a peer-review panel which is shrouded in secrecy. We're not certain who was on that. We're not certain who came up with the formula they claim they used, and by the way, the department changed their story about five times over the last 36 hours as to why this was done. And you have then it went to an assistant secretary, perhaps an undersecretary. I don't even know if it made it to Secretary Chertoff for the final sign-off. I don't know how they came up with these numbers."

In an article appearing on at least 77 news websites, the AP (6/2, McShane) reports, "New Yorkers are seething over" the funding cuts, "and some are demanding the firing of Homeland Security chief Michael Chertoff. … Sen. Charles Schumer, D-N.Y., on Thursday said President Bush 'should not come back to New York and stand with us' until his administration comes up with more money to keep New York safe." Meanwhile, "In Washington, Homeland Security Undersecretary George Foresman said his agency would review its finding that New York City has no national monuments or icons that would be at risk of terrorist attack."

NYC Funding Said To Have Been Cut Due To "Numerous Flaws" In Application. Under the headline "City Has Itself To Blame For Terror Cuts, US Says," the New York Times (6/2, Baker, Cardwell, 1.19M) reports DHS cut New York City's funding due to "numerous flaws" in its application. Though "federal officials said yesterday that the city…did a poor job of articulating its needs in its application" and "mishandled the application itself, failing to file it electronically as required and instead faxing its request to Washington," New York City and state "officials insisted that they had made no mistakes." Meanwhile, "Mayor Michael R. Bloomberg questioned yesterday whether old-fashioned pork barrel politics was at play in doling out the money in an election year."

Reports throughout the day on Fox News noted an editorial in the New York Daily News yesterday calling for the firing of Secretary Chertoff. Fox News' Special Report (6/1, Herridge) reported that Chertoff told the network he "would not be cowed by the criticism." Chertoff was shown saying, "People may not always agree with the decisions that the department makes. They may no always agree with my decisions. But they can be sure on one thing: Threatening me, insulting me and attacking me is not going to cause me to say, "Oh wow, I'm going to reconsider now and I'm going to pay more money now." Fox News (Herridge) added that DHS' funding was based on a "sophisticated risk assessment, which took into account the threat information, as well as the city's ability to prevent and respond to a terrorist attack."

NYTimes Says Peer Review Panel Was "Too Focused On Politics." Under the headline "Pork 1, Antiterrorism 0," the New York Times (6/2, 1.19M) editorializes, "If Al Qaeda is planning on following up its 2001 attacks on New York and Washington with an assault on Nebraska, the Department of Homeland Security's new urban areas security grants are brilliant. But, of course, the White House, Wall Street and densely populated urban areas are the most likely terrorist targets, and these are precisely the places the department dangerously shortchanged this week." The Times adds that DHS' anonymous peer review panels "appear to have been too focused on politics, and not enough on safety. … Mr. Bush and Mr. Chertoff owe the American people a system that recognizes the vulnerability of places like New York and Washington not just when the television cameras are rolling, but when the money is being handed out."

More Commentary. Dana Milbank, in his Washington Sketch column for the Washington Post (6/2, A2, 744K) writes that following the announcement of cuts for New York and Washington, Tracy Henke, "who is in charge of Homeland Security's grant-making, has become a target of ridicule." Milbank continues that while the cities New York and Washington lost funding, "those terrorism magnets of Kansas City and St. Louis -- both by happenstance in Henke's home state of Missouri -- received boosts in funds. Other winners: the horses of Louisville, the cattle of Omaha and five cities in Jeb Bush's Florida. Sounds dubious? Sorry, you can't see the data Henke used. Classified."

Code Red Declaration Could Contribute To DC Gridlock In Terror Attack Evacuation. The Washington Times (6/2, Seper, 90K) reports two traffic accidents in DC's Northeast yesterday that "shut down two

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major highways" served as "an ominous warning: What if it had been a terrorist attack?" The Times continues that "the prospect of being able to get either in or out of the city without being caught in a massive traffic jam remains in doubt," and a Code Red declaration by DHS "could contribute to the problem," possibly resulting in "an immediate lockdown of public and government facilities and restrictions on public travel." Meanwhile, Randall J. Larsen, director of the Virginia-based Institute for Homeland Security, said yesterday that in the event of a terrorist attack, "finding 'shelter in place' -- a small, interior room with no or few windows -- could be a better option" than evacuation.

Chertoff Says FEMA "Much More Prepared" For Hurricane Season. Under the headline "Chertoff: FEMA Is Hurricane-Ready," USA Today (6/2, Hall, Martin, 2.31M) reports that while Secretary Chertoff says FEMA is "much more prepared" this hurricane season than it was last year, "some disaster-response experts, members of Congress and FEMA employees are skeptical." Emergency-response officials in hurricane-prone states "say they're cautiously optimistic," and Rep. Bennie Thompson says, "There's still suspicion in the Gulf Coast region."

Paulison Says Government Is Ready For Hurricane Season. FEMA Director David Paulison was asked on CNN's The Situation Room (6/1) about a statement by Rep. Chris Shays that the federal government is not ready for hurricane season. Paulson said, "I don't agree with that. We are going to be ready. Are we as ready as we want to be? Do we have FEMA where we actually want it to be? The answer is probably not. This is a long-term thing that you can't fix in just a few months. We have taken all those lessons learned in Katrina, that we saw, that the Congress saw, that the IG's office saw, the GAO saw. We're taking all the reports. We've put things into several buckets. And the four primary ones is one, logistics, two, communications, situation awareness and victim registration. Those are the four big ones."

Gulf Coast Officials Warn Residents To Prepare. ABC World News Tonight (6/1, story 7, 2:45, von Fremd, 8.78M) reported, "Much of the Gulf of Mexico still looks like a hurricane hit just yesterday. More than 200 people died here in Gulfport. And this year, officials are demanding that everyone in vulnerable areas take some responsibility for saving themselves." While cities "all along the Gulf Coast clean up and rebuild from last year's storms, officials worry that residents have short memories and won't heed the warning this year to stock up and get out." David Nichols, city manager: "People have got to take care of themselves. Government can only take care of them to a certain degree." Von Fremd: "Public service announcements, intended to scare people into leaving, are flooding the airways." In New Orleans, "officials say unlike last year, fleets of buses are ready to go. Today, the Army Corps of Engineers says it spent more than $800 million, to repair the levees. The Corps says they're back to pre-Katrina strength. The problem, say some engineers, is that pre-Katrina strength isn't good enough."

NBC Nightly News (6/1, story 6, 1:35, Shamlian, 9.87M) reported from Sabine Pass, Texas, where they "call themselves victims of the forgotten storm, and there are several thousand people tonight that are still displaced. Here in Sabine Pass, out of 300 homes, a small community, fewer than a dozen right now are livable." As the state "tonight prepares for a new season, there are arrangements with private companies to provide gas reserves along the interstates, even a formal plan for the evacuation of pets. All this amidst a region that is still cleaning up and hoping that they won't have to do it all over again."

NBC Nightly News (6/1, story 7, 1:00, Williams, 9.87M) reported in Mississippi that "an estimated 38,000 families start this hurricane season in a lightweight trailer or mobile home like the one you see behind me. Obviously, these structures were not built to withstand hurricane-force winds. The concern is how well they will protect in even a summer storm, where wind guts can hit 50 miles or better. Evacuating people here in Biloxi will be far more of a challenge this year than last because the Biloxi Bay Bridge is still chopped into pieces from Hurricane Katrina."

NBC Nightly News (6/1, story 8, 1:20, Potter, 9.87M) reported, "Florida officials insist that they will be ready but with damage like this still around two years after Hurricane Charlie hit here in Punta Gorda, the officials this year are also insisting that the residents themselves do more to get ready by putting together their supplies, by putting together their own hurricane plans, their individual plans. They're also running TV commercials urging everyone to obey the evacuation orders. Now, Florida officials have also cut a deal with grocery stores, hardware stores, gas stations to use generators to open up right after the next hurricane, so perhaps they can end those long relief lines that we saw so painfully last year."

NBC Nightly News (6/1, story 9, 1:10, Savidge, 9.87M) reported that in New Orleans, "a city that's below sea level, getting rid of water is equally important. They rely on canals, they rely on pumping stations. There too that system has been compromised. The Army Corps says it won't be fully functional 'til some time next year. Now, that means just a heavy rain could cause flooding in some of the lowest-lying neighborhoods, even damaging flooding."

Many Coastal Homeowners Building Hurricane-Resistant Homes. The CBS Evening News (6/1, story 8, 2:20, Mitchell, 7.66M) reported, "Many coastal homeowners are determined not let the hurricane season get the better of them. Instead of retreating inland, they're putting up stronger homes, anticipating this new hurricane season's powerful storms."

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Army Corps Investigation Finds New Orleans Levees Were Flawed. The New York Times (6/2, Schwartz, 1.19M) reports a "sweeping new study" by the Army Corps of Engineers has found that the levees it built for New Orleans "were an incomplete patchwork of protection, containing flaws in design and construction and not built to handle a storm anywhere near the strength of Hurricane Katrina." Though "outside engineering panels…have come to similar conclusions," the Times continues that the new "report is remarkable for being a product of the corps' own official investigation." Thought they "found no evidence of negligence or malfeasance by the corps or its contractors," investigators "said the corps had failed to take into account the tendency of the local soil to sink over time, leaving some sections of levee lower than they should have been."

ABC World News Tonight (6/1, story 6, :10, Gibson, 8.78M) reported, "Today, the US Army Corps of Engineers made a stunning admission of responsibility for the flooding of New Orleans. The Corps's chief said the levees failed because their construction was flawed."

The CBS Evening News (6/1, story 7, 0:30, Mitchell, 7.66M) reported that in the report, the corps "blamed itself for 'catastrophic failure.' Here are some more findings: The protection system of levees and floodwalls was '…a system in name only,' largely built using outdated elevation data; the storm exceeded design criteria and some protective sections were overwhelmed; and many areas of New Orleans remain vulnerable to another Katrina."

NBC Nightly News (6/1, lead story, 2:45, Williams, 9.87M) reported, "Tonight, the Army Corp of Engineers has taken responsibility for the failure of the levee system, while saying now this city is much better off now and ready for a significant storm." NBC (Savidge) added, "This turnabout on the part of the Army Corps of Engineers, this report, is a huge about-face. What the Corps is saying is that the flood protection system for the city of New Orleans in Southeast Louisiana was a system in name only. The 6,000-plus page report went on to say the flood defense the Army Corps of Engineers built over decades '…was compromised by the incompleteness of the system, the inconsistency in levels of protection, and the lack of redundancy.'" To "independent investigators, the report is an epiphany of sorts for Corps leaders that they finally get it that the Corps was part of the problem." But "for New Orleans residents at the start of a hurricane season, the study only adds to concern."

USA Today (6/2, Levin, 2.31M) reports the report "offers the most complete account yet of why the levees failed. Some engineers said the report did not go far enough in identifying failures within the corps. A report last month by engineers at the University of California-Berkeley urged that the corps be made more efficient and less vulnerable to political pressure."

The Los Angeles Times (6/2, Vartabedian, 958K) reports the investigation said the city's levees were "'a system in name only,' a recognition that a wide range of errors, weak links and incomplete construction was at the heart of the massive damage that occurred on Aug. 29." Lt. Gen. Carl Strock, commander and chief engineer of the corps, said they are "deeply saddened and enormously troubled" by the reports findings.

NBC Nightly News (6/1, story 2, 3:00, Williams, 9.87M) interviewed Col. Lewis Setliff of the US Army Corps of Engineers. Asked about the Corps reports that says "the damage from Katrina is the work of people and not God.," Setfliff said, "Well, no city is safe. There is always a level of risk in each and every city, and I think the Corps' responsibility, you know, working with elected officials is to minimize that risk as much as we can. But we'll never eliminate it, and what we need to do is keep people, keep businesses informed so they are making these very important decisions."

WAR NEWS:

Charges Expected For Senior Commanders In Haditha Killings. President Bush yesterday again discussed the alleged killing of 24 Iraqi civilians by US Marines in Haditha, again saying he found the allegations "troubling." Meanwhile, military sources are indicating that charges may be filed against senior officials who knew about the killings but did not report them. In addition, the military is requiring that all troops in Iraq receive "core values" training. The story was reported as the lead story on ABC and CBS, while NBC ran it third in its lineup.

ABC World News Tonight (6/1, lead story, 2:50, Karl, 8.78M) reported, "Senior military officials tell ABC News that there will likely be charges against senior officials up the chain of command who were not on the scene at the time of the killing, but should have known that something wrong had happened and done something about it." President Bush: "This is just a reminder, for troops either in Iraq or throughout our military, that there are high standards expected of them. And there are strong rules of engagement. The Haditha incident is under investigation. Obviously, the allegations are very troubling for me and deeply troubling for our military." Karl: "Shortly after the killings, the military made $38,000 in payments to the families of the victims. Investigators believe that the officers who authorized those payments did so because they knew those civilians were killed by Marines, and not by a roadside bomb."

In a separate segment, the ABC World News Tonight (6/1, story 2, 1:20, Gibson, 8.78M) reported, "All 130,000 troops in Iraq, every single one, will be given what's called 'core values training.'" Soldiers "will be instructed, 'The law of

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war provides that soldiers fight only enemy combatants.' It also requires soldiers to destroy no more than the mission requires."

The CBS Evening News (6/1, lead story, 2:35, Palmer, 7.66M) reported, "Already the US military is on the offensive, ordering extra moral, legal, and ethical training for all troops on the battlefield." The "trouble is many Iraqis don't believe it. They've witnessed too many raids on their homes and too many security operations gone wrong, like the death earlier this week of a pregnant woman shot when the car rushing her to a maternity hospital accidentally drove up a road closed by US forces. Today, Iraq's cabinet announced its own investigations into the killings in Haditha, and the new prime minister had harsh words for Coalition troops."

NBC Nightly News (6/1, story 3, 2:00, Miklaszewski, 9.87M) reported, "The top US ground commander in Iraq, Lt. Gen. Peter Chiarelli, was the first to call for an investigation into the alleged atrocity in Haditha. Today he ordered training for all Coalition forces in moral and ethical conduct on the battlefield." President Bush "today called the reports troubling and promised a thorough investigation." President Bush: "And I'll get to the bottom of this, and if there is a wrongdoing, people will be held to account." Miklaszewski: "But Iraqi Prime Minister Maliki said today this appears to be a horrible crime, and the government in Baghdad announced it would launch its own separate investigation."

The AP (6/1) reports, "The White House said Thursday that it took nearly a month for President Bush to learn that the military was investigating reports that Marines murdered unarmed civilians in Iraq." The AP also reports, "Bush pledged Thursday that the results of the inquiry will be made public." The "U.S. military appears to be conducting four investigations into different aspects of the incident, including into why the American military's initial statement about the incident described it as an ambush on a joint U.S.-Iraqi patrol, with a roadside bombing and subsequent firefight killing 15 civilians, eight insurgents and a Marine. The statement, which said the 15 civilians were killed by the blast, has led some to allege a coverup."

Unit Responsible For Haditha Deaths Now At Camp Pendleton. The CBS Evening News (6/1, story 2, 2:00, Hughes, 7.66M) reported, "Known as the Marine's Thundering Third, the unit responsible for the deaths in Haditha, Iraq, is back at Camp Pendleton, home base and mostly friendly territory for the troops now under investigation." Some are "comparing the Haditha killings to the Vietnam massacre at Mai Lai," but "in this company town, almost everyone is withholding judgment, waiting to hear the Marines' side of the story." All three commanding officers "have been reassigned to non-leadership duties here. One of them says it makes his blood boil to be blamed for what he calls a massacre when he wasn't even in Haditha that day."

Naval Investigators Plan To Exhume Bodies In Haditha Probe. The Washington Post (6/2, A16, White, Ricks, 744K) reports, "Criminal investigators are hoping to exhume the bodies of several Iraqi civilians allegedly gunned down by a group of U.S. Marines last year in the city of Haditha, aiming to recover potentially important forensic evidence." The Post reports, "Naval Criminal Investigative Service officials have interviewed families of the dead several times and have visited the homes where the shootings allegedly occurred to collect" evidence. The failure of the Marine Corps to report the Nov. 19 Haditha incident to the NCIS "until nearly four months" after it happened "has presented many hurdles for investigators…according to Defense Department officials, defense attorneys and sources close to the criminal probe."

Haditha Timeline Appears To Exonerate Marine Commandant. The Washington Times (6/2, Scarborough, 90K) reports, "US Marine Corps headquarters in Washington did not learn of the killing of Iraqi civilians by Marines in Haditha until early March, a timeline that appears to exonerate the highest ranks of the Marine Corps from any cover-up or failure to act." The Times reports that the "U.S. military command in Baghdad learned of the civilian killings in February and began two investigations: one criminal and one administrative. The administrative probe "is focusing on whether any information was covered up along the Marine Corps chain of command.

UN Mission In Iraq Failed To Pass Along Haditha Reports. The Wall Street Journal (6/2, Harwood, 2.11M) reports in its "Washington Wire" column that the UN "failed in January to pass on initial reports of Haditha massacre. An international official blames 'disorganization' for lapse by U.N.'s Iraq mission, which should have informed U.S. ambassador of sketchy allegations."

Troops In Iraq To Get "Core Warrior Values" Training. USA Today (6/2, Brook, 2.31M) reports, "All 150,000 coalition troops in Iraq will undergo refresher training in "core warrior values" over the next month as top military commanders deal with the fallout from allegations of a Marine massacre last November." Lt. Gen. Peter Chiarelli Thursday ordered commanders to show troops in Iraq "slides that depict professional military values and the importance of disciplined conduct in combat."

The Chicago Tribune (6/2, Sly, 643K) reports, "The training effort marks the first attempt by the U.S. military to limit the fallout of the brewing scandal and the first implicit acknowledgement that the current training effort may fall short of what is required for American soldiers operating in the Iraqi environment." The statement announcing the training "did not mention the Haditha incident and said that the overwhelming majority of the 150,000 or so coalition forces currently based in Iraq 'perform their jobs magnificently

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every day.' However, it added, 'Unfortunately, there are a few individuals who sometimes choose the wrong path.'"

Henninger Sees Rising "Iraq Syndrome." Wall Street Journal (6/2, 2.11M) columnist Daniel Henninger writes, "The Iraq Syndrome has finally arrived." Henninger writes that the narrative of the Haditha "story has pretty much set in already: It's another My Lai, we all know they did it, the brass covered it up, and prison sentences for homicide are merely a formality." Henninger writes, "The Vietnam Syndrome…was mainly a failure of U.S. elites. But it's different this time. This presidency has been steadfast in war. No matter. … This time the despondency looks to be penetrating the general population." Henninger cites Lt. Gen. Chiarelli's statement that 99.9% of the troops "perform their jobs magnificently," but writes, "Gen. Chiarelli's magnificent "99.9%" notwithstanding, it's the phenomenon of the so-very-public 0.01% -- at Abu Ghraib, on an Afghan street, at Haditha -- that is breaking America's will this time."

Maliki Denounces "Daily" US Attacks On Civilians. The New York Times (6/2, Oppel, 1.19M) reports Iraqi Prime Minister Nuri Kamal al-Maliki "lashed out at the American military on Thursday, denouncing what he characterized as habitual attacks by troops against Iraqi civilians. As outrage over reports" of atrocities in Haditha "continued to shake the new government, the country's senior leaders said that they would demand that American officials turn over their investigative files on the killings and that the Iraqi government would conduct its own inquiry." Maliki is quoted calling violence against Iraqi civilians by US and coalition soldiers "a daily phenomenon," and said those troops "do not respect the Iraqi people." The Times says Maliki implied that "attacks on civilians will play a role in future decisions on how long to ask American forces to remain in Iraq," and calls his remarks "an unusual declaration for a government that remains desperately dependent on American forces to keep some form of order in the country" and "a sign of the growing pressure on Mr. Maliki," who is "being pushed by the Americans to resolve the quarreling within his fragile coalition that has left him unable to fill cabinet posts for the Ministries of Defense and the Interior, the two top security jobs in the country."

Iraq Launches Separate Probe Of Haditha Killings. The Financial Times (6/2, Biedermann) reports, "Iraq's new government on Thursday launched an investigation into the alleged killing of up to 24 civilians in the town of Haditha by US marines last year," saying its separate inquiry will "look into other allegations of misconduct by the US-led forces in Iraq and at the way troops behave toward the civilian population after they have come under attack."

Maliki Will Announce Key Cabinet Nominees This Weekend. The Washington Times/AP (6/2, Quinn) reports Prime Minister Nouri al-Maliki "announced Thursday he would fill vacancies at the crucial defense and interior ministries over the weekend, despite failing to reach an agreement on candidates with Iraq's fractious ethnic and sectarian parties. The appointments, which must be approved by parliament, are the keystone of al-Maliki's plan to take complete control of security around Iraq from U.S.-led forces" before 2008.

Video Challenges US Military Account Of Civilian Deaths In March Incident. BBC News (6/2) reports that it has "uncovered new video evidence that US forces may have been responsible for the deliberate killing of 11 innocent Iraqi civilians" in March in the town of Ishaqi. BBC News says the "video appears to challenge the US military's account of events. The US said at the time four people died during a military operation, but Iraqi police claimed that US troops had deliberately shot the 11 people." The video "shows a number of dead adults and children at the site with" gunshot wounds. The tape "came from a hardline Sunni group opposed to coalition forces."

Marines To Face Murder Charges In April Shooting Of Civilian. The AP (6/2, Hettena) reports, "Military prosecutors plan to file murder, kidnapping and conspiracy charges against seven Marines and a Navy corpsman in the shooting death of an Iraqi civilian in April." The men served "with the 3rd Battalion, 5th Marine Regiment, and are members of the battalion's Kilo Company. The highest-ranking serviceman is a staff sergeant."

The Los Angeles Times reports the troops "may also have attempted a cover-up by planting evidence near the body to suggest that the man was an armed insurgent digging a hole to plant a roadside bomb." Rep. John Murtha (D-PA) said this week on ABC television that "some Marines pulled somebody out of a house, put them next to an [improvised explosive device], fired some [AK-47s] so they'd have cartridges there. And then tried to cover that up."

Army Dog Handler Convicted Of Abu Ghraib Abuse. The CBS Evening News (6/1, story 3, 0:25, Mitchell, 7.66M) reported, "The last soldier charged with abusing Iraqi detainees at Abu Ghraib prison was convicted. Sergeant Santos Cardona, a dog handler from Fullerton, California, was found guilty of dereliction of duty and aggravated assault. He faces up to three and a half years in prison."

NBC Nightly News (6/1, story 4, 0:20, Williams, 9.87M) reported Cardona "was convicted of using the dog to torment a prisoner. He now becomes the 11th soldier convicted in the Abu Ghraib affair." The Washington Times/AP (6/2, Dishneau) also reports the story.

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Armitage Says US Didn't Have Enough Troops On Ground To Win Peace. The Washington Times (6/2, Gertz, Scarborough, 90K) reports in its "Inside The Ring" column, "Former Deputy Secretary of State Richard Armitage is adding his voice to critics of Pentagon civilian and military war planners who said there were not enough troops to produce a successful outcome in Operation Iraqi Freedom." Armitage told the Georgetown Journal of International Affairs, "I think there were some clear misjudgments, including the number of troops that would be required to secure the peace after combat."

Friedman Says Decision On Iraq Pullout Can't Wait For Bush's Successor. Thomas Friedman writes in the New York Times (6/2, 1.19M), "President Bush has told us that the question of whether to withdraw from Iraq is one that his successor will have to deal with -- not him. I don't think so. Mr. Bush is not going to have that luxury of passing Iraq along. You see, the insurgency in Iraq is in its 'last throes' -- just like Dick Cheney said. Unfortunately, it's being replaced by anarchy in many neighborhoods -- not democracy. And I don't believe the American people will put up with two and half more years of babysitting anarchy instead of midwifing democracy." The Haditha story "is a tragic reminder that a foreign occupation by US forces can't go on for years. Most US soldiers in Iraq have done heroic work, but occupations that drag on inevitably lead to Hadithas."

After Visit To Iraq, Lawmakers Divided On Progress. The Washington Times (6/2, Bellantoni, 90K) reports, "Members of a congressional delegation to Iraq will return home from the Middle East this weekend with differing opinions about progress in the region." Sen. George Allen, "Virginia Republican and one of several lawmakers touring the region, predicted yesterday that within a year, the United States and its partners will transition to providing more logistical support and medical assistance, allowing some troops to return home. … By contrast, Rep. James E. Clyburn, South Carolina Democrat, said he was 'highly disappointed and quite frankly shocked' at the lack of success of reconstruction efforts and domestic peacekeeping." The Times adds, "Also on the trip were House Majority Whip Roy Blunt, Missouri Republican, Minority Whip Steny H. Hoyer, Maryland Democrat, and Republican Reps. Rodney Frelinghuysen of New Jersey and Sam Graves of Missouri."

Marine Corps Says Three KIA Escorts Were Mistreated By TSA. The Washington Times (6/2, Gertz, Scarborough, 90K) reports in its "Inside The Ring" column, "The Marine Corps is livid over the mistreatment of three Marines at the hands of the Transportation Security Administration (TSA) in Philadelphia last month. According to a Marine Corps memo we obtained, three Marines were 'humiliated' by TSA security guards while escorting the body of Marine Sgt. Lea R. Mills, 21, who was killed April 28 along with two others in Al Anbar province, Iraq, by an improvised explosive device." The three Marines "who were accompanying the casket, Sgt. John C. Stock, Cpl. Aaron J. Bigalk and Cpl. Jason A. Schadeburg, were forced to remove their dress blue uniforms, belts and shoes, which were then scanned. They were then 'patted down' by TSA inspectors."

Disabled Iraq War Veteran Sues Moore Over Fahrenheit 9/11. The Washington Post (6/2, 12:52 PM, Lavoie, 744K) reports, "A veteran who lost both arms in the war in Iraq is suing filmmaker Michael Moore for $85 million, alleging that Moore used snippets of a television interview without his permission to falsely portray him as anti-war in 'Fahrenheit 9/11.'" Sgt. Peter Damon "claims in his lawsuit that the way Moore used" a film clip of Damon in the movie "makes him appear to 'voice a complaint about the war effort' when he was actually complaining about 'the excruciating type of pain' that comes with the injury he suffered."

Protesters Fail To Delay Navy Cargo Ship. The New York Times (6/2, Egan, 1.19M) reports, "After nearly a week of protests" in Olympia, WA, "intended to delay a large Navy cargo ship from sailing to the war in Iraq, the vessel sailed out…on time Wednesday." However, "the protests, which were raucous at times, could portend a summer of escalating tensions in the port. The police said 20 protesters…were arrested earlier in the week on misdemeanor charges of attempted trespass and were then released. Two others were charged with a separate offense stemming from a clash with the police."

Karzai Denounces US Gunfire Against Kabul Mob. USA Today (6/2, Wiseman, 2.31M) reports, "Afghan President Hamid Karzai denounced U.S. soldiers on Thursday for having fired their weapons to escape a mob in Kabul. A member of his Cabinet, meanwhile, said the Afghan government has launched its own investigation into how a traffic crash Monday spiraled into the worst violence in the capital since the fall of the Taliban in 2001." Karzai "spoke a day after Afghanistan's parliament passed a non-binding resolution that called for local prosecution of U.S. troops responsible for the crash." The AP (6/2, Harris) reports Karzai said in a radio address, "The coalition opened fire, and we strongly condemn that. … I have to say, all the time we tell them to be careful because we have one joint aim, which is the struggle against terrorism."

Under the headline "Where Does Karzai Go From Here?," the Christian Science Monitor (6/2, Morarjee, 61K) reports "confidence in President Hamid Karzai's government is at an all-time low. Residents and observers say that the

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government needs to restore credibility by reforming the Afghan police and insisting on better conduct for foreign troops."

Afghan Ambassador To US Forecasts Increase In Taliban Attacks. The Washington Times (6/2, Motlagh, 90K) reports, "The Taliban will wage its fiercest campaign of attacks in the coming months in an attempt to hamper the transfer of security duties in Afghanistan from the US military to NATO, Kabul's ambassador in Washington says." Said Jawad told the Times, "During the upcoming months, the Taliban will resort to the utmost violence to prevent reconstruction and discourage NATO countries from further deployment." Jawad "said it was critical that the international community help reinforce the capacity of the cash-strapped Afghan government to deliver services 'so the presence of the state will be felt in areas experiencing attacks.'"

AEI Fellow Warns Against Cutting Support For Afghan Army. In a Washington Post (6/2, 744K) op-ed, American Enterprise Institute research fellow Vance Serchuk writes that the US's accomplishment in creating a "multiethnic, battle-hardened and increasingly professional" Afghan National Army "is under threat" from the Bush administration's proposal to reduce US contributions. Serchuck writes, "Asked about the guidance they receive from Defense Secretary Donald Rumsfeld on building the Afghan army, officers here often cite the same three questions: Why is it taking so long, why do you need so many people, and when can we leave?" Serchuk writes that, for now, "the emphasis shouldn't be on the army Afghanistan can afford but on the one it needs: a force that can defeat the Taliban and become a long-term partner in the war on terrorism."

LATimes Says US Must Crush Taliban, Protect Afghan Lives. In an editorial responding to Monday's riots in Kabul, the Los Angeles Times writes, "The international community must immediately focus on building roads and providing electricity to blacked-out Kabul." The Times writes, "Arab and Persian Gulf states…should give the $90 million that will be needed for diesel fuel to keep Kabul electrified for the next two years while transmission lines are being built to bring power from Central Asia. The U.S. and NATO also will have to invest the military resources to crush the Taliban decisively — and insist that Pakistan do the same." Lastly, the Times writes, "the United States must begin to treat Afghanistan as a sovereign state whose citizens' lives have to be protected. A start would be for Washington to sign a 'status of forces agreement' to govern the behavior of U.S. military forces there. Lessons in driving and crowd control wouldn't hurt, either."

DOJ:

DOJ Awards $42 Million Litigation Case Management Contract To CSC. Federal Computer Week (6/2, Hubler) reports, "The Justice Department has awarded Computer Sciences Corp., a contract worth $42 million to build the department's new Litigation Case Management System (LCMS), which will give the various litigating divisions greater data sharing capabilities." FCW continues, "The system will include a centralized application and database with unique interfaces for various divisions of the agency. The interfaces will allow employees in the Antitrust, Civil Rights, Criminal, Environmental and Natural Resources and Tax divisions, as well as the 94 U.S. Attorney offices, to access data unique to the respective agencies. … At the same time, LCMS will be a single repository where Justice executives can access all litigation case management information and reporting. It will also improve the quality of data used for reporting to Congress, the Office of Management and Budget and other agencies, according to a department announcement."

Government Computer News (6/2, Dizard) reports, "Justice now has dozens of litigation case management systems because each of the department's U.S. Attorney's offices nationwide has had the autonomy to tailor systems to its own needs. In addition, the department's six divisions that send platoons of trial attorneys into courtrooms have developed separate case management systems. … The Justice system forms an important part of the Office of Management and Budget's Case Management System Line of Business. … That line of business also includes the FBI's failed Virtual Case File and its successor, the fledgling Sentinel project. OMB also has directed Justice, leader of the case management line of business project, eventually to develop an administrative case management system." GCN adds, "LCMS is intended to serve as a template for other litigation case management systems used by attorneys across the federal government. … 'The Department's Antitrust, Criminal, Civil Rights, Civil, Environment and Natural Resources, and Tax divisions, as well as the U.S. Attorney's offices, will use the LCMS to facilitate the transfer of information through the use of common solutions and data standards,' Justice said in a statement."

CORPORATE SCANDALS:

NASD Drops Civil Case Against Quattrone. The Wall Street Journal (6/2, Smith) reports, "Wall Street regulators dropped civil charges against Frank Quattrone, giving the former investment-banking star his third win in three months in cases that arose from the Internet-stock

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bubble of 1999-2000. … He still faces a possible retrial on criminal obstruction-of-justice charges." The Journal continues, "The National Association of Securities Dealers this week withdrew "spinning" charges first brought in March 2003 that Mr. Quattrone improperly used the lure of sought-after initial public offerings to win financing business as head of technology banking at the then-named Credit Suisse First Boston securities unit of Credit Suisse Group, now simply Credit Suisse. The NASD also dropped stock-research bias charges. … In a statement, Mr. Quattrone said he had 'complied with the rules and regulations' throughout his 23-year career in banking and was 'pleased that justice has been done.' The NASD asked to withdraw the charges because many potential witnesses weren't any longer under its jurisdiction as registered securities-industry employees, and thus couldn't be compelled to testify. Quattrone lawyer Kenneth Hausman also argued witnesses' memories might be impaired because the case was based on events that occurred between 1998 and 2001, five to eight years ago."

The New York Times (6/2, Sorkin) reports, "The decision comes just two months after a federal appeals court overturned his conviction on charges of obstruction of justice and the Securities and Exchange Commission reversed a decision to ban him for life from the securities industry. … If prosecutors decide against retrying Mr. Quattrone, speculation is already rife that he could return to deal making in the Valley, where he helped companies like Cisco Systems and Amazon.com go public." The Times adds, "Yesterday's decision by NASD, which polices the brokerage industry, to dismiss its own case is notable because it was the accusations in the case — that he illegally doled out hot initial public offerings to corporate clients in exchange for business — that prosecutors later cited in his criminal trial to suggest that he was trying to cover up that activity and obstruct justice. … The dismissal is also notable because Mr. Quattrone's former firm, Credit Suisse First Boston, now Credit Suisse, paid $100 million to settle similar charges against the firm with the NASD in 2002. … Still, Mr. Quattrone faces the possibility that prosecutors could bring the obstruction of justice case against him again. But some legal experts suggested that with the dismissal of the NASD's 2003 case, momentum might be building for the criminal case to be extinguished, too."

The AP (6/2) reports, "Quattrone was the king dealmaker of the Internet stock boom who made a fortune helping bring some of the hottest new Internet companies to the market at his Wall Street investment bank, Credit Suisse First Boston, which has since changed its name to Credit Suisse (USA) Inc. He was convicted in May 2004 on federal charges of obstruction of justice, after his first trial ended in a hung jury. The 2nd U.S. Circuit Court of Appeals overturned the conviction in March, granting Quattrone a third trial. … The NASD in March 2003 had charged Quattrone with 'spinning' - giving corporate executive clients the chance to buy into coveted initial public offerings as a way to win their companies' investment-banking business - from July 1998 to December 2001. The hearing officer on Wednesday granted a motion by the organization's enforcement department to withdraw the charges. … Quattrone had asserted that he was not responsible for making or supervising IPO allocations at CSFB and that NASD rules did not prohibit the conduct in question."

Uncharged Enron Directors Lie Low After Guilty Verdicts. The Washington Post (6/2, D01, Masters) reports, "A week after a Houston jury convicted former Enron Corp. chairman Kenneth L. Lay of fraud, one of the Houston oil company's onetime directors says he still can't believe Lay knew about accounting schemes that caused the firm's 2001 implosion. … 'I'm convinced he didn't know what was going on. . . . I just can't bear the picture of him going off to jail,' said Charls E. Walker, a Potomac-based economist and lobbyist who joined the Houston energy company's board before it was known as Enron." The Post continues, "As for his own role as a member of the board of directors from 1985 to 1999, Walker, 82, is regretful. 'I was duped. Part of the problem was putting so much confidence in Ken's integrity and ability. . . . We were taken for a ride.' … Walker is unusual among the 18 former Enron directors in that he is still willing to talk about the company and the role he played in it. All of the others either declined to comment or failed to return messages left at their homes and workplaces." The Post adds, "After enduring widespread public criticism and congressional scrutiny in 2001 and 2002 for failing to spot or stop Enron's mounting financial troubles, most of the board members have largely gone underground. Many of them resigned from -- or did not run again for seats on -- a number of corporate boards, and those who are still in the public eye have largely removed references to Enron from their biographies. … Compared with Lay and other top Enron executives who face lengthy prison terms, the former Enron directors got off lightly. They have faced no government sanctions, and their personal financial costs have been relatively small. Yet outside directors are almost never held responsible for corporate malfeasance, and the fact the Enron's former directors paid any price at all is testament to the depth of public anger over the collapse of what was once ranked the nation's seventh-largest company. … The Securities and Exchange Commission has not taken any formal action against the former Enron directors, but Enron investors sued them, alleging that all 18 had engaged in insider trading by selling shares while they knew more than the public about Enron's complicated financial structures."

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Pitt Says Options Backdating Scandal Highlights Need For Improved Internal Controls. In a Financial Times op-ed (6/2), former SEC Chairman Harvey Pitt says, "We now have an unfolding scandal over alleged backdating of option grants to senior executives. Even though it is unlikely we will find much of this misconduct occurring after Sarbanes-Oxley was enacted, this is more than of historical interest. There are important lessons to be learnt from this scandal." Options backdating "calls a company's internal controls into question. Many discussions of backdating options start with the observation that backdating is not, per se, illegal. That is wrong." Backdating is "not only illegal and unethical, it points to a lack of integrity in a company's internal controls. With more and more companies being identified as having a backdating problem, the issue for regulators, prosecutors and plaintiffs' attorneys is who was at fault. Already, executives have resigned or been fired, with more casualties sure to follow. But from the company/shareholder perspective, the question is more properly one of how to move forward. For that, solutions must start with the board of directors and its compensation committee."

CRIMINAL LAW:

ABC Poll Finds 86% Support FBI Search Of Congressional Offices. ABC News (6/1, Langer) reports on its Web site, "In the rift between Congress and the Justice Department, Americans side overwhelmingly with law enforcement: Regardless of precedent and the separation of powers, 86 percent say the FBI should be allowed to search a Congress member's office if it has a warrant. That view is broadly bipartisan, this ABC News poll finds, ranging from 78 percent among Democrats to 94 percent of Republicans," and "support for FBI searches is about equally high whether people see Congress as honest or not." ABC notes that the poll "was conducted by telephone May 26-30, 2006, among a random national sample of 1,044 adults. The results have a three-point error margin."

Fox News' Special Report with Brit Hume (6/1) briefly reported the poll results in its "Political Grapevine" segment, noting, "Despite the constitutional howls from Capitol Hill, Americans seem to have no problem with FBI raids on congressional offices."

Meanwhile, in a USA Today (6/2, 2.31M) column, Chuck Raasch writes that the Jefferson case "would make the writers of the Constitution cringe. … There are serious constitutional issues at stake. But the way that leaders in the House of Representatives reacted looked on Main Street like yet another example of Washington politicians putting themselves above the law." Raasch adds, "Had the average American been suspected of doing what Jefferson is alleged to have done, no one in Congress would have protested when the FBI came knocking."

FBI-Hastert Rift Appears To Be Cooling. The White House Bulletin (6/1) reported, "Anger in FBI ranks over House Speaker Dennis Hastert's charge that they went too far when seizing papers" from Jefferson's office "appears to be cooling, according to both sides. 'I think it's over and they know what we meant. It wasn't a slam on them,' said a House leadership official regarding, and FBI officials "said that their anger at Hastert's claim that the FBI had crossed constitutional boundaries has waned after the affair erupted last week." Still, "some leadership officials remain worried that hearings into the document raid could again enflame relations and are hoping that they end without any acrimonious charges from the Judiciary Committee. … Meanwhile, leadership officials said they hope the whole episode sent a message to the White House that the GOP expects better communication from the West Wing and federal agencies than they've seen in recent months, a problem dating back at least to the Dubai ports scandal."

Both DOJ, Congress Said To Have Overreached In Jefferson Search. The New York Times (6/2, Liptak, 1.19M) reports, "The Justice Department is probably correct in saying that it was legally entitled to search" Rep. William Jefferson's office. "But in ignoring history and established conventions in that case, some legal scholars say, the Bush administration has again unsettled widely shared understandings of constitutional relationships and freedoms that have existed for generations." The Times adds that "having the legal power to conduct a search of another branch of government does not mean it is a wise or prudent thing to do. … At the same time, Congressional leaders may have overreached in describing the search as a flagrant violation of the Constitution."

Dionne Says House Hearing Was Attempt To Pressure DOJ Over Probes. In his Washington Post (6/2, 744K) column, E.J. Dionne compares the House Judiciary hearing on the Jefferson search to a brushback pitch in baseball, writing that "Rep. James Sensenbrenner's committee was really sending a message as the House confronts a far-reaching corruption investigation: Nice little Justice Department you have there, Mr. Attorney General. Too bad if anything were to happen to it. Stop messing with us before we mess with you." Dionne adds, "So keep an eye on the leadership of the Justice Department. Here's hoping that it resists political pressure -- whether from Congress or the White House -- and allows its prosecutors to proceed with legitimate investigations of corruption."

Jefferson Said To Have Been Undone By Love Of Money. The Los Angeles Times (6/2, Simmons, Fiore, 958K) reports Rep. Jefferson was "once famous in Louisiana circles as the sharecropper's son who made his way to Harvard,

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steered by parents who preached the value of education. Today, Jefferson is infamous nationally as the Louisiana Democrat who stashed $90,000 of alleged bribe money in his kitchen freezer." Those who "have watched his career's spectacular rise and potential fall believe the terrible poverty he escaped was ultimately his undoing. He rose to become his state's first African American congressman since Reconstruction, but people who know him say he still had a thirst for wealth." New Orleans political consultant Allan Katz said, "His perceived flaw among his peers has always been that, shaped by his humble beginnings, Bill loved money and desperately wanted to be a rich man."

Roots Of Controversy Said To Lie In Constitution. Voice of America (6/2, Malone) reports, "A controversy over federal agents raiding the office of a congressman has its roots in the formation of the U.S. Constitution more than 200 years ago." VOA continues, "In the early days of the American Republic, the revolutionaries who won independence from Britain were determined not to replace a powerful English monarch with an equally potent American president. … So the founders devised a system of separate powers whereby the Congress made the laws, the executive branch, led by the president, enforced the laws, and the judicial branch, led by the Supreme Court, interpreted the laws to make sure they conformed with powers set forth in the U.S. Constitution." VOA adds, "Lawmakers upset with the FBI raid on Congressman Jefferson's office are concerned with what they view as an attempt by the executive branch, in the form of the Justice Department, to intimidate a member of the legislative branch. … Charles Tiefer is a law professor at the University of Baltimore in Maryland. He testified at a recent hearing called by members of Congress angry about the search of Congressman Jefferson's office. … 'Now this raid had all the elements of unconstitutional executive intimidation,' he said. … Another witness, George Washington University law Professor Jonathan Turley, said the office search represented a break in tradition that goes back 219 years to the formation of the Constitution in 1787." VOA notes, "Attorney General Alberto Gonzales says his department has the right to investigate allegations of corruption in Congress and is respectful of the separation of powers. … 'Personally, in the department collectively, we have a great deal of respect for the Congress as a co-equal branch of government, as a separate and independent branch of government,' said Mr. Gonzales."

Tampa Tribune Calls Constitutional Criticism Of FBI Search "Wildly Overblown." The Tampa Tribune (6/2) editorializes, "Many members of Congress are outraged that the FBI raided the offices of Louisiana Rep. William Jefferson and took legislative files along with the evidence they sought for a bribery investigation. But accusations that the FBI trampled the doctrine of separation of powers are wildly overblown. … The Constitution anticipated attempts to harass Congress," but "the writers of the Constitution never envisioned an office hideout for elected felons." The Tribune adds, "If rumors are true about the breadth of the improper generosity of certain lobbyists, those assigned to write the guidelines have no time to dally."

More Commentary. In a column distributed by Scripps Howard (6/2), Dan K. Thomasson writes, "Congress' relationship with the FBI always has been Frankenstein-like with the father of the monster regarding his creation with cautious affection rooted in fear. The result has been fawning accommodation and unlimited tolerance for whatever the bureau demands, no matter how outrageous or unwarranted, a willingness to excuse what clearly was the inexcusable from Waco to Ruby Ridge to 9/11. … Now the bureau's woes have been exacerbated by the Jefferson affair resulting in outrage from the leaders of both parties in Congress and embarrassment to a president who badly needs a better relationship with the legislative branch. … While this encroachment can be expected to pass, it clearly is another blow to the FBI's reputation. A number of constitutional scholars believe the action leaps the barrier separating the branches of government. … Whatever the reason, the Prometheus that remained unchained so long faces a new challenge to stay that way and to prevent the growing number of lawmakers who would relieve it of its responsibilities from succeeding."

Data Retention Talks Continue Between DOJ, Internet Providers. The AP (6/2) reports, "Top U.S. law enforcement officials have told Internet companies they must retain customer records longer to help in child pornography and terrorism investigations, and they are considering asking Congress to require preservation of records. … Industry representatives are expected to meet Friday with Justice Department officials, a week after Attorney General Alberto Gonzales and FBI Director Robert Mueller first raised the issue with executives from several Internet service providers, including AOL, Comcast Corp., Google Inc., Microsoft Corp. and Verizon Communications Inc." The AP continues, "The subject has prompted alarm from some executives and privacy advocates, especially after Gonzales' Justice Department took Google to court earlier this year to force it to turn over information on customer searches. Civil liberties groups also have sued Verizon and other telephone companies, alleging they are working with the government to provide information without search warrants on subscriber calling records. … Assistant Attorney General Rachel Brand, who attended the first meeting, said Thursday that some executives raised privacy concerns at the meeting. But she said Gonzales has not made any decisions about how to proceed and that the department would be mindful of the privacy issue. … 'We are looking at whether requiring longer

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data retention or asking ISPs to do it informally is something we want to pursue,' Brand said. … Mueller suggested a period of two years and said terrorism investigations also would be helped by such a rule, several people who attended the meeting said. Gonzales was focused on child pornography cases, they said."

The New York Times (6/2, Hansell, Lichtblau) reports, "The attorney general has appointed a task force of department officials to explore the issue, and that group is holding another meeting with a broader group of Internet executives today," DOJ spokesman Brian Roehrkasse said. "The department also met yesterday with a group of privacy experts. … The Justice Department is not asking the Internet companies to give it data about users, but rather to retain information that could be subpoenaed through existing laws and procedures, Mr. Roehrkasse said." The Times adds, "While initial proposals were vague, executives from companies that attended the meeting said they gathered that the department was interested in records that would allow them to identify which individuals visited certain Web sites and possibly conducted searches using certain terms. … It also wants the Internet companies to retain records about whom their users exchange e-mail with, but not the contents of e-mail messages, the executives said. The executives spoke on the condition that they not be identified because they did not want to offend the Justice Department. … The proposal and the initial meeting were first reported by USA Today and CNet News.com."

In a front-page story, The Los Angeles Times (6/2, Menn, 958K) reports, "Big Internet and telephone companies are girding to fight" the "unprecedented" request by Gonzales and Mueller, which "would dramatically expand the government's ability to track what people do online and with whom they communicate." The Times notes, "Law enforcement officials would still need some legal instrument, such as a subpoena or search warrant, to look at the data. But FBI agents also have the power to request information secretly, without a court order, through so-called National Security Letters."

The San Jose Mercury News (6/2, Ackerman) reports, "Current regulations require companies to preserve data that is the subject of specific criminal investigations while law enforcement collects evidence that could support a warrant. … 'This is a radical departure from current practices,' said Marc Rotenberg, executive director of the Electronic Privacy Information Center, who meet with justice department officials Thursday. 'We've opposed it because we think it creates an unnecessary risk to privacy and security of Internet users.' … Brian Roehrkasse, a department spokesman, said the purpose of the meetings with the Internet companies and others is 'to solicit their input and seek their assistance in formulating proposals and recommendations on the issue of data retention.'"

Bloomberg (6/2, Schmidt) reports, "The Justice Department has no legal authority to require companies to keep data on their customers and would need to ask Congress for that ability, Roehrkasse said. He said there has been no decision on how long companies would need to store the records." Bloomberg adds, "New York-based Verizon Communications Inc., the No. 2 U.S. telephone company, and Philadelphia-based Comcast Corp., the largest U.S. cable provider, were among the companies at last week's meeting, Roehrkasse said. AOL is the Internet unit of New York-based Time Warner Inc., the world's largest media company. … Gonzales said in April that Internet service providers had hurt child pornography probes by not keeping data long enough. He said he would personally reach out to chief executive officers of leading providers to resolve the problem. … Earlier this year, the Justice Department sparred with Google over a request for information on its customer searches. In March, a federal judge ordered the Mountain View, California-based company to turn over some of the records demanded by the government."

Maryland Judge Sentences Sniper Muhammad To Six Life Terms. The Washington Times (6/2, Ward) reports, "A Montgomery County judge yesterday sentenced sniper John Allen Muhammad to six consecutive life sentences for his role in the 2002 shootings that terrorized the D.C. metropolitan area. … 'You came into this county and randomly murdered innocent and defenseless people. You would have murdered more people, but you got caught,' Circuit Judge James L. Ryan said to Muhammad, the mastermind of the shootings. … 'The citizens have, to the best of their ability, recovered and will continue to recover,' he said. 'But you, Mr. Muhammad, have no hope, no future.' Muhammad, 45, said nothing but looked at the judge with his arms crossed. … As Muhammad was handcuffed and led out of the Rockville courtroom, family members of the sniper victims and onlookers broke into applause."

The AP (6/2, Manning) reports, "After representing himself throughout the monthlong trial, Muhammad chose not to speak at his sentencing. J. Wyndal Gordon, an attorney helping him, said Muhammad told him, 'I said everything I wanted to say.' … Muhammad was convicted Tuesday of six counts of murder for six of the 10 deadly sniper attacks that terrorized the Washington area in October 2002. He was already under a death sentence in Virginia for a killing there. … This time, Muhammad's young accomplice, Lee Boyd Malvo, took the stand for the first time to testify against him. Malvo told jurors how the older man, his one-time mentor, trained him to shoot and drew him into a sinister plan to kill people, including children, indiscriminately. … Jurors deliberated less than five hours before finding Muhammad guilty."

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The Baltimore Sun (6/2, Siegel) reports, "More than three years after a sniper's bullet felled Conrad Johnson as he stood in the doorway of a Montgomery County bus, Sonia Wills had the opportunity Thursday to confront her son's convicted killer. … Calling John Allen Muhammad the 'devil's advocate,' Wills bore into the 45-year-old Gulf War veteran as he looked downward, toward papers at the defense table. … 'It is a shame you will not look at us to see the lives you have devastated, the lives that you have ruined,' Wills told Muhammad. … Wills was one of four relatives of Muhammad's victims who spoke at a hearing at which he was sentenced to six consecutive life terms with no possibility of parole for sniper shootings in Montgomery County in the fall of 2002."

The Washington Post (6/2, B1, Londoño, Rich) reports, "As his last act in a Maryland courtroom, John Allen Muhammad chose silence. … The man convicted twice of terrorizing the Washington area with a powerful rifle and an impressionable accomplice betrayed no emotion yesterday as relatives of the people he killed spoke of their loss. He remained impassive as a judge sentenced him to six consecutive terms of life in prison without the possibility of parole. … 'You chose the wrong community, sir, to stain with your acts of violence,' Montgomery County Circuit Court Judge James L. Ryan told Muhammad." The Post notes, "J. Wyndal Gordon, one of Muhammad's stand-by lawyers, maintained that Muhammad -- who doggedly defended himself during the month-long trial -- is an innocent man who was not allowed to tell his side of the story. … 'We came here in search for justice,' Wyndal said. 'We came here in the search for the truth, to find out what really happened during those 23 days in October. My humble opinion is that we fell short.'" The Post adds, "Outside, State's Attorney Douglas F. Gansler, flanked by relatives of sniper victims, faced a wall of cameras to hail the sentence. … 'Anyone who suggested that this trial shouldn't be brought to Montgomery County should be ashamed,' he said of people who questioned the need for another trial after Muhammad had been convicted of murder in Virginia. … His deputy, Katherine Winfree, who prosecuted the case, said that although the county is no stranger to violent crimes, Muhammad is in a league of his own. … 'No one has ever stood before a judge in this county with more on his conscience and more crimes to his discredit than John Allen Muhammad,' Winfree said."

Longtime Aide Testifies About Managing Dixon Bribe Money. The Memphis Commercial Appeal (6/2, Buser) reports, "A longtime aide to Roscoe Dixon testified Thursday the former state senator had him handle bribe money and that Dixon also sometimes directed him to give portions to Kathryn Bowers and other legislators. In his second day on the witness stand in Dixon's federal extortion and bribery trial, Barry Myers watched himself on surveillance tapes telling an informant that Dixon trusted him 'like a son' and that his boss was paranoid and 'scared of his own (expletive) shadow' about getting caught taking payoffs." In a second story, The Memphis Commercial Appeal (6/2, Perrusquia) reports, "Reputations went on trial Thursday…when prosecutors played secret tapes that included allegations of payoffs to uncharged politicians. On those tapes…confessed 'bag man' Barry Myers brags to an undercover FBI agent about delivering money to several local public officials. … The taped statements triggered sharp denials from the uncharged parties." The Commercial Appeal adds, "Defense attorney Coleman Garrett, who has portrayed Myers as a crook and a liar, got him to admit he had lied when he was first questioned by the FBI about his Waltz involvement, yet Myers said he did it to protect Dixon."

The AP (6/2, Baird) reports jurors watched surveillance video of Dixon "picking up a stack of $100 bills put before him by an aide and an FBI informant." Myers "said the money was to pay for the senator's help in getting a favorable state law passed for a company called E-Cycle Management," which "Myers and Dixon found out later, was a fake company set up by the FBI to snag state lawmakers and other Tennessee officials looking for bribes." The AP adds, "Agents working on the two-year investigation made hundreds of audio and video recordings, most of them with the help of informant" Tim Willis, "a convicted felon and former business consultant." WPTY-TV Memphis (6/1) noted, "The bribe was not connected to E-Cycle, the dummy company set up by the FBI to target crooked law makers in the Tennessee waltz sting, but it goes back to a scandal involving the Children's Dental Clinic and TennCare certification. Lawyers for the government say tapes like this led to Dixon's investigation."

Under the headline "Tape Shows Dixon Pocket Cash," The Tennessean (6/2, de la Cruz) adds, "Thursday afternoon, Dixon's attorney quizzed Myers on his motives for involving Dixon, suggesting that Myers had no other real source of income. Attorney Coleman Garrett also suggested that the $1,000 Dixon took could have been a campaign contribution and that there were no witnesses who saw Myers turn over more money to Dixon. A Dixon supporter who attended the trial as a spectator said he did not believe the recordings were incriminating." Del Gill said, "You hear them saying to Roscoe, 'I need your support.' Of course, Roscoe will tell a friend, 'You've got my support.'" He also "noted that $1,000 is the same amount other legislators, such as Sen. Jeff Miller, who have not been charged in Tennessee Waltz, got from E-Cycle." WTVF-TV Nashville (6/1) also reported on the tapes and Myers' testimony.

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Sorich Lawyer Tries To Undermine Credibility Of Key Prosecution Witness. The Chicago Tribune (6/2, Bush, Mihalopoulos, 643K) reports, "The lawyer for Mayor Richard Daley's former patronage chief aggressively attacked the credibility of a key prosecution witness in the City Hall corruption trial Thursday, suggesting the witness agreed to wear a hidden recording device to shorten his prison stay. Defense attorney Thomas Anthony Durkin portrayed retired city official Daniel Katalinic…as a crook with little choice but to help the federal investigation of alleged corruption in the Daley administration. Katalinic pleaded guilty last year to one mail fraud count, admitting he got $15,000 in bribes from city trucking contractors. He said he hoped his cooperation would earn a lesser sentence." However, The Tribune notes, Katalinic's "testimony provided damning accounts of the roles that Durkin's client, Robert Sorich, and three other city officials allegedly played in city hiring." WLS-TV Chicago (6/1, Schulte) also reported on the cross-examination and noted, "Meantime, prosecutors never played a tape of a conversation Katalinic had with Robert Sorich when the FBI had Katalanic wear a wire. The defense says the tape actually helps exonerate Sorich."

The Chicago Sun-Times (6/2, Korecki, Warmbir, Spielman) reports Katalinic testified yesterday that "political groups competed over the number of city jobs they could give their troops as post-election rewards, and they even complained that the powerful Hispanic Democratic Organization got a larger share." But defense attorneys "attacked…Katalinic's testimony, getting him to grow misty-eyed about his decision to flip for government prosecutors -- and to admit that while political groups did slip lists of names to the Office of Intergovernmental Affairs, there were 'no guarantees' they'd be hired." The Sun-Times adds, "Meanwhile, City Hall disclosed that Mayor Daley's corporation counsel, Mara Georges, has been subpoenaed by the defense and will testify if she is called."

Ryan Lawyers File Motion Seeking New Trial. The AP (6/2, Robinson) reports, "George Ryan's lawyers set the stage Thursday for the former governor's appeal of his racketeering and fraud conviction by filing 70 pages of court papers asking for a new trial on the grounds that juror misconduct 'taints the verdict in this case.' … Much of the document was a painstaking rehashing of the agony that followed the April 18 guilty verdict…when goings-on in the jury room began to come to light," but "it also said that prosecutors had failed to provide adequate proof of the charges and that the judge should have allowed the defense to tell jurors more about what Ryan did when he was in power in Springfield."

Arrest Of Fumo Aides Raises Questions About Charges Against Senator. The AP (6/2, Dale) reports, "The FBI spent three years investigating powerful state Sen. Vincent Fumo…before charging two underlings Wednesday with obstructing justice. A day later, the obvious question remained: What about Fumo?" Defense lawyer William DeStefano said, "It tells me that they're trying to either scare the devil out of these two guys who got arrested to obtain their cooperation, or to put the fear of God into other people. And that sort of tells me that they're not comfortable with their case against the senator." But "others suggested that federal prosecutors – humbled perhaps by the acquittal of some bankers in the Philadelphia pay-to-play scandal – want to build an ironclad case."

In an editorial, The Philadelphia Daily News (6/2) also says that "questions surrounding…Fumo are beginning to pile up. … There's the obvious ones such as, is Fumo guilty of anything? So far, the answer is no, though an investigation is continuing. … Then there's the less obvious question: At what point does a politician mau-mauing a company into doing what could be argued is a public good become criminal activity? … It could be if the feds can prove the other part of their inquiry: whether Fumo benefited politically or personally from expenditures made by Citizens' Alliance. Here the feds may have a convincing case." The Daily News concludes, all of "which prompts this final question: Isn't it time for stricter restrictions on whether politicians should operate foundations at all?"

FBI Affidavit Provides Details Of Fumo Probe. The Philadelphia Daily News (6/2, Davies) reports, "Information contained in a federal affidavit released Wednesday casts some doubt on state Sen. Vince Fumo's claim earlier this year that he had no role in a $310,000 real-estate deal involving electrical contractor Donald 'Gus' Dougherty, whose office was raided by the FBI in January. And Fumo may have directed a nonprofit organization's purchase of as many as two dozen properties in South Philadelphia, the affidavit suggests. … The affidavit said Fumo instructed an unnamed aide 'that he alone would decide which properties are to be purchased' by Citizens Alliance," the nonprofit group. The Philadelphia Inquirer (6/2, McCoy, Cattabiani, 423K) provides "a probe primer" detailing what's known about the investigation thus far and notes that in yesterday's affidavit, "the FBI disclosed it was investigating whether Fumo 'engaged in extortion' in seeking money for a nonprofit from two corporations, Peco Energy and Verizon Communications. Verizon balked, but Peco gave $17 million to Citizens' Alliance for Better Neighborhoods under secret deals in which Fumo dropped his opposition to the electric giant's business plans."

Analysts Predict Fumo Will Remain In Office, Evade Prosecution. The Pittsburgh Post-Gazette (6/2, Mauriello, 261K) reports, "Dubbed by some 'Prince Vince,' Mr. Fumo is unlikely to be shaken off his throne anytime soon, insiders say, despite an FBI investigation into whether he extorted

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contributions to a Philadelphia charity that were later used to benefit him personally and politically. … The U.S. Department of Justice says more charges and more arrests are possible, but insiders and pundits predict Mr. Fumo will emerge unscathed." The Post-Gazette notes, "The trick now for Mr. Fumo will be avoiding the legal traps being laid out by federal investigators who arrested the two Fumo staffers Wednesday. Attorneys for the men say the arrests were an FBI tactic to get the staffers to cooperate in the investigation," but they "plan to fight the charges and remain loyal to Mr. Fumo, their lawyers told reporters."

FBI Raids Office Of DC Charter School Office Director. The Washington Post (6/1, B3, Haynes, Strauss, 744K) reported, "The FBI raided the office and home of the D.C. school board's executive director of charter schools" Wednesday "as part of an investigation into the possible misuse of hundreds of thousands of dollars in federal and city funds, school board officials and law enforcement sources said. Investigators are focusing on the charter school office," and executive director Brenda L. Belton. "School sources…said authorities also are looking into whether some firms hired by the charter school office were connected to Belton. The sources said that the FBI search of the office began about 7 a.m. and continued for six hours and that numerous boxes of documents were confiscated."

Judge Upholds Admission Of Evidence From FBI Pellicano Search. The AP (6/2) reports, "A federal judge presiding over the trial of a private investigator accused of wiretapping Hollywood celebrities said prosecutors can use evidence gathered in a search of his offices. FBI agents raided Anthony Pellicano's offices in 2002 and found illegal explosives," and Pellicano lawyer Steven Gruel "challenged the legality of the search, saying the raids amounted to a fishing expedition." In a decision made public yesterday, US District Judge Dale S. Fischer "on May 22 concurred with an earlier ruling by the 9th U.S. Circuit Court of Appeals that found the search was valid," but "the judge said her decision doesn't preclude Pellicano from requesting a hearing at which Gruel could call FBI agents to determine if there were any misrepresentations made with the search warrants."

Officials Seek United Response To Maryland Gang Crime. The Washington Times (6/2, Wagner) reports, "Federal, state and local officials who participated in the Maryland Gang Summit yesterday agreed that cooperation is key for fighting the increasing number of criminal gangs in the state." The Times continues, "Gaithersburg Police Detective Patrick Word said yesterday that there are currently about 10,000 gang members in Maryland. The gangs that exist in Maryland include the Bloods/United Blood Nation, Black Guerilla Family, Mara Salvatrucha or MS-13, Tiny Rascal Gangsters, Street Thug Criminals, Hells Angels, Vatos Loco, Pagans and South Side Locos, he said. … More than 300 people attended the day-long summit at the Sheraton Hotel. Participants included Gov. Robert L. Ehrlich Jr., Attorney General J. Joseph Curran Jr., Lt. Gov. Michael S. Steele, sheriffs, federal and state prosecutors, police, mayors, community officials and non-profit organizations."

The Washington Post (6/2, B05, Vogel) reports, "Criminal gangs are operating across Maryland at a level many in the state do not recognize or are unwilling to admit, participants in what was billed as the first Maryland gang summit warned yesterday." The Post continues, "At the Columbia summit, speakers -- who included police detectives, state and federal prosecutors, politicians and representatives of community groups -- described an insidious problem and said law enforcement is often not the solution. The battle to keep young people out of gangs is being fought inside schools and homes, they said, with teachers, parents and social workers on the front line. … Maryland, with its broad socioeconomic and ethnic mix, has become a 'microcosm of gang activity,' according to Assistant U.S. Attorney James Trusty. 'We really have every type of gang activity,' added Trusty, gang coordinator for the U.S. attorney's office for Maryland. 'Our schools and businesses are increasingly in the line of fire.' … The problem drew broad attention in Montgomery County last summer when, on a single day in August, gang fights led to the stabbing of two summer school students at a Silver Spring high school and to a melee at a Wheaton shopping center that left four teenagers wounded. Later that month, 19 Mara Salvatrucha members were indicted on federal racketeering charges."

The Baltimore Sun (6/2, Dolan) reports, "MS-13, the target of a major federal indictment in Maryland last summer, isn't the state's biggest gang problem. The Bloods are. … That is the conclusion reached by the state's leading gang investigators, who presented their latest findings Thursday at a summit in Columbia of 300 law enforcement officers, political leaders and educators." The Sun continues, "MS-13, also known as Mara Salvatrucha, originated in Los Angeles among refugees from El Salvador and received national attention in recent years for its rapid spread and violence. … Federal prosecutors charged 19 alleged MS-13 members from Southern Maryland in August." The Sun adds, "Experts said Thursday that it is still the Bloods, who crop up on street corners in Baltimore, in schools in Harford County and in prisons throughout the state, who have the greatest reach. … The daylong conference, funded by a $2 million federal grant to the Maryland U.S. attorney's office, sought to promote local and federal efforts to prevent young people from joining gangs, to encourage current members to quit, and to lock up their leaders."

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Alleged Chicago Mob Murderer Seeks Release On Bail. The Chicago Sun-Times (6/2, Warmbir) reports, "Frank Calabrese Sr. has been accused of killing 13 people in mob hits, but his attorney swears he's not a danger to society. So attorney Joseph Lopez is asking a federal judge to release Calabrese…from the Metropolitan Correctional Center while he awaits trial as one of the top mobsters charged in the most important recent criminal case filed against the Chicago mob, called Family Secrets." The Sun-Times notes, "Calabrese Sr.'s chances to get out appear slim. When a fellow defendant, alleged Chicago mob leader James Marcello, charged with three murders in the case asked for bond, the judge denied the request. And the evidence appears extensive against Calabrese."

Texas Death Row Inmate Sparks Debate Over Execution Of Insane. The New York Times (6/2, Blumenthal, Liptak) reports, "Scott Panetti, a death row inmate in Texas, understands that the state says it intends to execute him for the murder of his wife's parents. … But Mr. Panetti, 48, who represented himself in court despite a long and colorful history of mental illness, says he believes that the state's real reason is a different one. He says the state, in league with Satan, wants to kill him to keep him from preaching the Gospel." The Times continues, "That delusion has been documented by doctors and acknowledged by judges and prosecutors. It poses what experts call the next big question in death penalty law now that the Supreme Court has barred the execution of juvenile offenders and the mentally retarded: what makes someone too mentally ill to be executed?" The Times adds, "A three-judge panel of the United States Court of Appeals for the Fifth Circuit, in New Orleans, recently said Mr. Panetti was sane enough to die. The full court will soon decide whether to hear the case. … Mr. Panetti, in prison now almost 14 years for the killings in 1992 in the quaint Hill Country city of Fredericksburg, has long seemed to exemplify madness, addressing himself to the jury in his trial in 1995 as 'the born-again April Fool,' a schizophrenic healed by God. … In and out of mental institutions 14 times and addicted to drugs and alcohol since he almost drowned as a child and was nearly electrocuted by a power line, Mr. Panetti wore cowboy costumes to court, delivered rambling monologues, put himself on the witness stand and sought to subpoena the pope, Jesus and John F. Kennedy. … Jurors were clearly alienated and took little more than an hour to reject his insanity defense. … They found that Mr. Panetti knew right from wrong and so deserved the death penalty. That is a separate question from whether his mental illness should bar his execution."

Two New York Sex Offenders Arrested For Child Porn Possession. The AP (6/2) reports two North Tonawanda, N.Y., "registered sex offenders have been arrested for allegedly possessing child pornography, federal authorities said Thursday." Jeffrey Frazier, "who was sentenced to 60 days in prison after being convicted in 2003 of sexual abuse and endangering the welfare of a child, was charged following a visit to his home by probation officers." Timothy Brenon "was charged with possessing child pornography four years after his conviction on a charge of possessing a sexual performance by a child, for which he received five years probation."

Connecticut Man Pleads Guilty To Child Porn Possession. Under the headline "FBI Discovers 117 Images Of Minors On Two Computers," The Middletown (CT) Press (6/1, Engelhardt) reported, "Following a federal investigation, a local man plead guilty on Wednesday to possession of child pornography." Richard Wertheim "waived indictment in U.S. District in Hartford. According to Thomas Carson, spokesman for U.S. Attorney Kevin J. O'Connor, Wertheim could face 10 years in prison and a maximum fine of $250,000." According to documents, "Wertheim participated in 'peer-to-peer' file sharing with other Internet users. … Forensic evidence revealed a large amount of child pornography on both of Wertheim's personal computers. According to Carson, the analysis revealed 117 images and videos."

Copyright Piracy Losses Difficult To Calculate. The Wall Street Journal (6/2, Fowler) reports, "The plastic in a blank CD or DVD costs less than a quarter. Putting a price on a disc loaded with content is more difficult. … When the music industry finds a CD that has been ripped off by copyright pirates, it says it is worth between $1 and $5. Hollywood says a pirate disc can be worth between nothing and the full retail price of around $25. The software industry sometimes weighs in at more than $200 per counterfeit disc." The Journal continues, "Why is there such a wide range in the estimates? Counting the losses from piracy isn't a science -- it's an art. Police in developing countries like China may count pirated goods at their street value, but companies and industry associations have different, often political, goals behind their counting systems. Now the growing problem of Internet piracy is making gauging losses even harder, and more controversial." The Journal adds, "Police data and surveys can provide estimates of the number of DVDs sold in street pirate markets, and the numbers of songs and programs downloaded off the Internet. But the music, movie and software industries -- which have been hammered by piracy in many developing countries -- face a more vexing problem of reckoning their losses. … Somebody who buys a pirated disc at a steep discount isn't necessarily a lost customer for a full-priced product. In many poor countries, a customer who buys a CD for $1 could never afford to pay

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$16.95 for a legitimate copy. In countries such as China and Vietnam, many legitimate film titles aren't even allowed on store shelves because of government quotas and censorship standards. Moreover, music industry surveys have found that in some developed markets, 10% to 15% of consumers actually spend more money on legitimate music when they're also downloading songs illegally."

Former Federal Prosecutor Convertino Reportedly Under Probe In Drug Case. The Detroit News (6/2) reports, "Former federal prosecutor Richard Convertino is under criminal investigation for his handling of at least one other case in addition to the terrorism case for which he was indicted, one of Convertino's lawyers has alleged in a court filing." The News continues, "Lawyer Jeffrey Del Fuoco said in a motion recently filed in U.S. District Court in Detroit that Convertino is under investigation for possible criminal conduct in his handling of a 1998 drug case involving Joseph Stines." The News adds, "Stines, who was convicted of running a cocaine ring around Ypsilanti, has alleged misconduct by Convertino. Stines' lawyer, Carole Stanyar, has filed a motion seeking his release from prison. … 'It has been learned that Mr. Stines' baseless allegations are now the subject of an ongoing criminal investigation into Mr. Convertino's conduct,' Del Fuoco says in a motion filed May 26. … In the motion, Del Fuoco argues that Convertino should be allowed to intervene in the Stines case to protect his interests. If his request is granted, Convertino will be able to introduce evidence and cross-examine witnesses. .. Both parties involved, Stines and the U.S. government, allege misconduct by Convertino, Del Fuoco says in the motion."

CIVIL LAW:

Judge Allows McCallum Questioning Over Tobacco Case. The AP (6/2) reports, "A judge ruled Thursday that Associate Attorney General Robert McCallum must undergo questioning in a lawsuit, a decision that is helpful to a private group seeking records about the Justice Department's conduct in a landmark case against the tobacco industry." The AP continues, "The action by U.S. District Judge Emmet Sullivan is the latest problem related to McCallum's nomination as the Bush administration's choice to become ambassador to Australia. … Democratic Sen. Dick Durbin of Illinois is blocking McCallum's nomination over allegations the No. 3 official at the Justice Department improperly influenced the government's lawsuit against cigarette manufacturers." The AP adds, "Citizens for Responsibility and Ethics in Washington sued last year after the department ignored the testimony of one of its own witnesses in the tobacco trial and reduced the amount the Bush administration is seeking from the tobacco industry from $130 billion to $10 billion. … CREW says the department has failed to produce a single responsive document to demands for information under the Freedom of Information Act."

The Financial Times (6/2, Washington) reports, "The judgment does not give Crew the latitude to interview Mr McCallum, the associate attorney-general nominated by President George W. Bush to be ambassador to Australia, on the underlying facts of the case. … But Crew says the deposition will shed light on whether the department sought to cover up its decision-making process by wilfully ignoring requests under the Freedom of Information Act." The Times adds, "The judge's ruling is the latest chapter in a long-running saga about whether a decision by the government last year to reduce the amount of penalties it was seeking from tobacco companies – from $130bn initially to $5.2bn – was politically motivated. … Reports in the Washington Post and other newspapers last June suggested that the government's decision to change its position on the five-year civil racketeering case against the tobacco industry was made over the objection of career lawyers at the Justice Department."

DOJ Requests Documents From Career Education. Crain's Chicago Business (6/2, Ryan) reports, "The U.S. Department of Justice has outlined the nature of its inquiry into Career Education Corp., almost two years after an investigation was first reported." Crain's continues, "On Tuesday the department asked the Hoffman Estates-based operator of for-profit schools to supply documentation of the way job placement rates and tuition costs were presented to current and prospective students at particular schools. The company was also asked to provide details about the way it compensates admissions officers, the way federal Pell Grants are used at one school, and the calculation of student refunds at another school, according to a Thursday filing with the Securities and Exchange Commission. … 'We received a letter from the Civil Division of the U.S. Department of Justice advising us that it is reviewing allegations that certain of our schools may have submitted false claims to the U.S. Department of Education,' the Career Ed said in its SEC filing. A Justice Department probe was first reported in August 2004. Tuesday's SEC filing referred to the review as 'informational.'"

The Motley Fool (6/2, Duprey) reports, "Only last week, Career Education, the country's second-largest for-profit chain of colleges, announced that the Education Department had satisfactorily concluded its financial review of the company and might allow it to graduate to making acquisitions once again. … But (on Thursday), the company announced that the Justice Department was giving it detention again, investigating allegations that some of Career

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Education's schools had submitted false claims or statements to the Education Department. The DOJ also wants information related to compensation for admissions personnel, the use of Pell Grant funds at one school, and student refund calculations at another." Motley Fool adds, "The company, and indeed much of the industry, has been dogged by allegations of misrepresenting graduation and job-placement rates, lowering admission standards, and paying recruiters to get warm bodies in their classrooms. Last year, Apollo was fined $9.8 million for admitting unqualified students to boost enrollment at its University of Phoenix online campus. … Yet while these types of charges have been raised many times over the years, most of the complaints have turned out to be unproven. ITT Educational Services was investigated by the Securities and Exchange Commission and the Department of Justice and subsequently exonerated of wrongdoing. And Corinthian College was also given a passing grade by the SEC last year."

DOJ Appeals Ruling In Teen Firefighter Case. The Philadelphia Inquirer (6/2) reports, "The U.S. Justice Department has appealed a judge's decision that a 14-year-old Delaware County junior firefighter killed while answering an alarm was entitled to death benefits and a place on the National Fallen Firefighters Memorial." The Inquirer continues, "Christopher Kangas' mother hoped to see his name added to that memorial in October, but unless the Justice Department drops its appeal, 'the dream is deferred again,' lawyer Frank W. Daly said yesterday." The Inquirer adds, "Kangas was struck and killed by a car four years ago while racing on his bicycle to Brookhaven Fire Co. No. 52. Local and state officials awarded death benefits to Kangas' mother, Julie Amber-Messick, but the Justice Department said Kangas did not qualify as a public safety officer. … A U.S. Court of Federal Claims judge ruled in Amber-Messick's favor on March 27. Daly said the government had 60 days to appeal and did so at the last minute Tuesday."

Frist's 2000 Senate Campaign Fined $11,000 By FEC. The AP (6/2, Zuckerbrod) reports that the FEC "has determined that Senate Majority Leader Bill Frist's 2000 Senate campaign violated federal campaign finance laws. The federal agency fined Frist 2000, Inc., $11,000, according to a lawyer representing Frist's campaign and a watchdog group. Citizens for Responsibility and Ethics in Washington had filed a complaint last year against Frist's 2000 campaign committee and received the FEC's findings Thursday. The FEC found that Frist 2000, Inc., failed to disclose a $1.44 million loan taken out jointly by the campaign and Frist's 1994 campaign committee." The AP notes, "Federal law requires full disclosure of any loans taken out by campaign committees. Frist's 1994 campaign committee did disclose the loan to the FEC in January 2001, but the 2000 campaign did not, according to the FEC." Jason Torchinsky, "a lawyer representing Frist 2000, Inc., said the campaign settled the FEC complaint. 'What the FEC suggested, we believe would have resulted in double reporting of the loan,' Torchinsky said."

WSJournal Says Federal Prosecutors Should Examine West Virginia CSX Case. The Wall Street Journal (6/2, 2.11M) says in an editorial, "If the Milberg Weiss indictments are anything to go by, federal prosecutors are finally getting serious about tort lawyer corruption. So let's hope they've also noticed a federal lawsuit in West Virginia that describes some of the most sordid asbestos fraud to date." CSX last year "turned the legal tables on its nemesis -- Pittsburgh-based plaintiffs firm Peirce, Raimond & Coulter -- filing a lawsuit against it and an employee alleging fraud, misrepresentation and negligence." As the CSX case "shows, many of the corrupt practices rampant in silicosis suits got their start in asbestos. If the Justice Department really wants to clean up the trial bar, asbestos-lawsuit fraud is the mother lode."

LATimes Says Supreme Court Whistleblower Ruling Was Correct. The Los Angeles Times (6/2, 958K) says in an editorial that some civil libertarians are "denouncing a U.S. Supreme Court ruling Tuesday against a former Los Angeles prosecutor who says he was disciplined for speaking out against police misconduct. They may want to consider how they would feel if the same decision went against, say, a Bush administration official who was fired for saying that proponents of the president's immigration policy suppressed evidence that illegal immigrants increase crime and disease." The high court "was divided along ideological lines on the case. It held that the Los Angeles County district attorney's office did not violate the free-speech rights of Deputy Dist. Atty. Richard Ceballos by denying him a promotion because of his memo alleging that police officers lied to obtain a search warrant." Whatever "one thinks of Ceballos' actions, the court was right not to blur the distinction between citizen speech and employee speech."

CIVIL RIGHTS:

DOJ Asked To Probe Ohio School District's Handling Of Disabled, Minority Students. The Ironton (OH) Tribune (6/2, Caldwell) reports, "Nearly 70 citizens — and one U.S. Congressman — are asking for some federal help to investigate the Rock Hill School District's handling of disabled and minority students, an issue that is already being addressed in three pending legal cases." The Tribune continues, "Though Rep. Ted Strickland has

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joined in on the request, the effort has been led by Richard Diamond, a vocal opponent to longtime Superintendent Lloyd Evans and parent of a child with disabilities in the school district." The Tribune adds, "Sixty-nine signatures were turned in on a petition asking the U.S. Department of Justice and the U.S. Department of Education to step in, citing a host of allegations, most of which have not been substantiated or are part of three pending legal cases. … 'We know that over the years, parents have asked the Ohio Department of Education and the Justice Department for help but, until now, nothing has happened,' Diamond said in a written release distributed by Columbus attorney Mike Moore, who also represents the three families in the pending legal cases. … Three years ago, Brent and Amanda Unroe filed a lawsuit against the board, claiming Brent Unroe was unlawfully fired from his job as a special education teacher and that their adopted African-American special needs children were discriminated against. … School officials have always denied the allegations and have said in the past that Brent Unroe was terminated for insubordination and inappropriately handling students. … The Unroe case is scheduled for trial next week in U.S. District Court in Cincinnati."

Bush To Promote Gay Marriage Amendment. The AP (6/2, Pickler) reports, "President Bush will promote a constitutional amendment banning gay marriage on Monday, the eve of a scheduled Senate vote on the cause that is dear to his conservative backers." The AP adds, "Bush aides said he would be making his remarks on the subject Monday. … 'The president firmly believes that marriage is an enduring and sacred institution between men and women and has supported measures to protect the sanctity of marriage,' White House spokesman Ken Lisaius said."

US Threatens Suit Over Care At Wisconsin Prison. The Milwaukee Journal Sentinel (5/31, Zahn) reports, "Female prisoners with mental illness - some as young as 15 - are regularly placed in isolation cells at Taycheedah Correctional Institution, receive little treatment and are given psychotropic drugs for months without monitoring by a physician, a U.S. Justice Department report has concluded." The Sentinel continues, "In a May 2 letter to Gov. Jim Doyle, the assistant attorney general in charge of the Civil Rights Division, Wan J. Kim, called Taycheedah's treatment of inmates with mental illness 'unacceptable' and a violation of their constitutional rights. The letter states that Wisconsin can either voluntarily correct the problems or face possible legal action by the federal government this year." The Sentinel adds, "The Justice Department report was based on a yearlong federal investigation. It does not indicate what prompted the review, and federal officials declined to comment further. … John Dipko, Department of Corrections spokesman, said Tuesday the concerns raised in the report are being taken 'very seriously' and that the state will work with U.S. officials to address them."

New York Gay Couples Seek Right To Marry. The AP (6/2, Hill) reports, "Lawyers for same-sex couples seeking the right to marry in New York told the state's highest court Wednesday they are being treated as 'unequal citizens' and denied a constitutional right." The AP continues, "The 44 couples want the Court of Appeals to follow the lead of high court judges in neighboring Massachusetts and rule that New York's constitution gives same-sex couples the same right to wed that straight couples have always had. … 'We are evolving as a society,' said Terence Kindlon, one of the lawyers representing the couples in four lawsuits before the court, 'and just because we did something 200 years ago, or 100 years ago or 50 years ago, it's not necessarily a good justification to do it now.'" The AP adds, "The couples have lost in lower appeals courts and are at odds with Gov. George Pataki's health department and state Attorney General Eliot Spitzer's office, which claim New York law prohibits issuing licenses to same-sex couples."

WPost Examines Current State Of Black Men. The Washington Post (6/2, A1, Fletcher, 744K) reports in a front page story that it will run a series of stories in African American men, saying, "More than 50 years after the publication of Ralph Ellison's 'Invisible Man,' black men appear more visible than ever -- a freshman senator from Illinois, Barack Obama, is the American Idol of national politics, and Will Smith is perhaps the most bankable star in Hollywood. Yet black men who put their kids through college by mopping floors, who sit at home reading Tennyson at night, who wear dreadlocks but design spacecraft, say it sometimes seems as if the world doesn't believe they exist. The dueling realities of their history -- steady progress and devastating setbacks -- continue to burden many black men in ways that are sometimes difficult to explain."

WSJournal Criticizes Hawaii Reorganization Act. The Wall Street Journal (6/2, 2.11M) says in an editorial that the Native Hawaiian Government Reorganization Act is "secessionist, unconstitutional and un-American. And that was being kind. Our view of the bill -- which, like Freddy Krueger, refuses to die -- hasn't changed. But now that Senate Majority Leader Bill Frist has promised to bring it to a cloture vote in the coming days, it's worth reminding readers what this ugly drama from the beautiful state is all about." The Reorganization Act – "better known as the Akaka Bill, after its U.S. Senate sponsor, Democrat Daniel Akaka," could "also lead to discriminatory treatment of non-Native Hawaiians, who already are excluded from private schools run for the exclusive benefit of the Natives. Vast tracts of land (entire islands, perhaps) might also be set aside

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exclusively for Native use. The Office of Hawaiian Affairs, a state agency, acknowledges that the Akaka Bill allows for the 'complete legal and territorial independence from the United States and the re-establishment of a Hawaiian nation-state.' Years, if not decades, of litigation would follow its passage."

ANTITRUST:

Michigan Minimum-Service Real Estate Legislation Moves Forward. Inman News (6/2, Roberts) reports, "A proposal to require real estate agents and brokers to provide a specific set of services for their clients is moving forward in the Michigan Legislature, despite opposition from the U.S. Department of Justice, the U.S. Federal Trade Commission and a state regulatory agency." Inman continues, "House Bill 4849 and House Bill 4850, companion bills that passed a state Senate committee in a 4-0 vote Wednesday, provide that real estate licensees who enter into service agreements with clients must provide certain services for that client, including acceptance and delivery of offers and counteroffers; assistance in developing, communicating, negotiating and presenting offers, counter-offers and related documents or notices; and furnishing or causing to be furnished a complete and detailed closing statement." Inman adds, "In October 2005, after the Michigan state House of Representatives voted 105-3 to pass the bills, the Federal Trade Commission and Justice Department sent a letter to a state Senate committee chairman and the director of the Michigan Department of Labor and Economic Growth to express opposition, citing concerns about the possible anti-competitive and anti-consumer effects of the legislation. … The language in the bills is similar to other state legislation, sometimes referred to as minimum-service legislation, that has passed in other states despite similar federal objections. The Michigan Association of Realtors is supporting the bills, which could reach the state Senate floor as soon as next week. In other states, too, Realtor trade groups have endorsed the legislation as pro-consumer. … Opponents of minimum-services legislation have said that such efforts could serve to limit consumer choice for real estate services, while supporters have said the legislation ensures that real estate consumers will receive adequate service in real estate transactions."

eBay Launches E-Mail Campaign In Net Neutrality Battle. CNET News (6/2, McCullagh) reports, "eBay this week unleashed a political machine that should make politicians envious: a national e-mail blast over Net neutrality." CNET continues, "Meg Whitman, chief executive of the Internet auctioneer, called on more than a million eBay members to get involved in the debate over telecommunications laws and 'send a message to your representatives in Congress before it is too late.' … 'The telephone and cable companies in control of Internet access are trying to use their enormous political muscle to dramatically change the Internet,' Whitman wrote. 'It might be hard to believe, but lawmakers in Washington are seriously debating whether consumers should be free to use the Internet as they want in the future.'" CNET adds, "This is the first time that eBay has used e-mail to urge its members to weigh in on a national issue, and also the first time Whitman sent it out under her own name, the company said Thursday. … eBay--which has been active in a pro-Net neutrality coalition for years--confirmed that more than a million e-mails have been sent out so far, but declined to offer a more specific number. The campaign is ongoing."

Inco Will Not Sell More Assets To Win Antitrust Nod For Falconbridge Buy. Bloomberg (6/2, Alexander) reports, "Inco Ltd. said it doesn't expect to have to sell more than a Norwegian metals refinery to win U.S. and European regulatory approval for its C$19.5 billion ($17.7 billion) takeover of Canadian mining company Falconbridge Ltd." Bloomberg continues, "The deal, which would create the world's largest nickel producer, is being reviewed by regulators and Toronto-based Inco has offered to sell Falconbridge's Nikkelverk refinery in Kristiansand, Norway, and 'related marketing organizations' as a remedy to get approvals. … 'My view is that the remedy we propose should be adequate,' Inco Chief Executive Officer Scott Hand said today in an interview. 'I'm confident we'll get the clearance that we need.' … The European Commission, the EU's antitrust regulator in Brussels, held a closed-door hearing May 29 to discuss Inco's proposals and antitrust concerns. The EC on Feb. 24 opened a four-month probe of the deal. A ruling is due by July 12. … The transaction, which has already been cleared by Canadian authorities, is also under review by the U.S. Department of Justice."

Rambus Releases E-Mails From Micron, Hynix In Chip Antitrust Case. The Wall Street Journal (6/1, A8, Clark) reports, "Newly released emails from Micron Technology Inc. and Hynix Semiconductor Inc. provide some of the first details of a global conspiracy to raise prices on memory chips and could support allegations by Rambus Inc. in a closely watched antitrust case." The Journal continues, "The messages were gathered by Hynix and Micron and provided to Rambus, which disclosed them to The Wall Street Journal. The Silicon Valley technology company has filed private antitrust claims in San Francisco County Superior Court against Micron, Hynix and Samsung Electronics Co., makers of memory chips that have been implicated along with Infineon Technologies AG in a long-running Justice Department price-fixing investigation. … The emails, mainly

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among sales personnel at Micron and Hynix, refer to other messages, phone calls, lunches and meetings among direct competitors in the memory-chip business. In some cases, the messages suggest competitors traded information in an effort to keep chip prices up." The Journal notes, "The conspiracy allegations have been a black eye to makers of memory chips, long considered one of the most competitive segments of high technology. The products at issue -- known as DRAMs, for dynamic random-access memory chips -- have become essential for many kinds of products, including computers and consumer-electronics devices. … The Justice Department investigation, launched in 2002, has so far resulted in more than $731 million in fines and guilty pleas negotiated with four companies -- Samsung, Hynix, Infineon and Elpida Memory Inc. -- and jail terms and fines for 12 individuals. … The Justice Department says the conspiracy hurt computer makers that included Dell Inc., Hewlett-Packard Co., International Business Machines Corp., Apple Computer Inc. and Gateway Inc. In plea agreements, the defendants admitted discussing memory-chip prices to be charged to particular customers, agreeing on price levels and exchanging information to monitor adherence to those agreements. … But the Justice Department documents provide few details about how the conspiracy operated, and little about the involvement of Micron, the only U.S.-based company implicated in the probe."

The Financial Times (6/2, Nuttall) reports, "Shares in Rambus, a US memory chip designer, rose nearly 20 per cent on Thursday after it released emails in support of its antitrust litigation against chip manufacturers Samsung and Hynix of Korea and Micron of the US. … But Micron responded that the emails collected during a Department of Justice price-fixing investigation were unrelated to the San Francisco lawsuit where Rambus accuses the three of trying to exclude it from the memory market. The emails made available by Rambus were the result of its successful court action to get evidence unsealed to help its case." The Times continues, "One email sent in June 2001 by Linda Turner, an international sales vice president for Micron at the time, comments on Hynix lowering its prices for DDR (Double Data Rate) memory. … 'No problem!' she writes. 'We want DDR to explode in the marketplace so have actually been requesting Infineon, Samsung and Hynix to lower their DDR pricing to help it become a standard and drive Rambus away completely.' … Other Micron emails suggest the company's salesforce is concerned at pricing of DDR, with major PC manufacturers Dell and Compaq seeming to prefer RDRAM (Rambus Dynamic Random Access Memory) chips designed by Rambus." The Times notes, "Daniel Francisco, spokesman for Micron, said yesterday: 'Rambus has attempted to bootstrap the DoJ price-fixing investigation into a supposed boycott of Rambus Dram.' … 'Rambus Dram was a failure in the marketplace because it was too costly and any performance differentials were not sufficient to justify the inherent cost differences.'"

NYTimes Praises NYSE Deal To Buy Euronext. The New York Times (6/2, 1.19M) supports the NYSE Group's plans to expand by reaching "a deal for the cross-border European exchange company Euronext. If approved by regulators and shareholders, it would be the first trans-Atlantic market, though the rival Nasdaq has already bought up a 25 percent stake in the London Stock Exchange. Rather than leading the way, the exchanges are catching up to the reality of internationalized investing." If "a combined company can pass the fruits of those savings on to the average investor — not to mention added ease in buying shares of foreign companies — we're all for it."

ENVIRONMENT:

US, Alaska Seek $92 Million More For Exxon Valdez Cleanup. The New York Times (6/2, Barringer) reports, "When the Justice Department and the State of Alaska reached their $900 million court settlement with the Exxon Corporation over the environmental damages caused by the Exxon Valdez oil spill, they agreed that, if unforeseeable damages occurred later, the two governments had 15 years to ask for $100 million more. … On Thursday, with the deadline approaching, the governments exercised this clause. They announced in a statement that they would seek $92 million from Exxon Mobil to clean up stubborn patches of oil, whose most toxic components, they say, have not dissipated since the spill in 1989." The Times continues, "Federal and state lawyers said in statements that they believed the lingering oil was still interfering with the recovery of animals in the area. The worries, environmentalists say, are focused on species that frequent the intertidal areas of Prince William Sound, like clams, mussels and harlequin ducks. … With this action, 'we are aggressively seeking to restore natural resource damages unforeseen at the time of the 1991 settlement,' said Sue Ellen Wooldridge, assistant attorney general for the Environment and Natural Resources Division of the Justice Department, in a statement. 'Our goal throughout this process has been to pursue all scientifically and legally appropriate means of restoration.'"

The Washington Post (6/2, A4, Mufson, Eilperin) reports, "Exxon has already paid $900 million for damage caused by the spill, the worst in the nation's history, but the 1991 agreement settling claims allowed the state and federal governments to ask for as much as $100 million more for damage that could not be foreseen at that time. The deadline for reopening the agreement is today. … 'After extensive review it is clear that populations and habitat within the oil spill area have suffered substantial and unanticipated injuries

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that are attributable to the Exxon Valdez oil spill,' said Alaska Attorney General David W. Márquez. In a background briefing yesterday, officials from the Agriculture, Interior and Commerce departments said the additional money was needed because substantial amounts of oil remained in the sound's tidal basin, affecting clams, mussels, sea otters, sea ducks -- especially harlequin ducks -- and other birds." The Post adds, "Exxon disputed the governments' move. 'Exxon will study this request carefully and respond as appropriate,' the company said in an e-mailed statement. 'Nothing we have seen so far, however, indicates that this request for further funding from Exxon is justified.'"

CNN.com (6/2) reports, "The Valdez ran aground in 1989 and leaked 11 million gallons of crude oil, polluting more than 1,000 miles of Alaska's shore and killing tens of thousands of birds and marine animals. … The company said it agrees that 'small pockets of sequestered and degraded oil residues' remain in spots on less than two-tenths of 1 percent of the affected shoreline. But it said 'there is no scientific evidence that this oil ... could cause damage to any population or species. Speculation and hypothesis do not amount to proof.'" CNN notes, "ExxonMobil also said the existence of small pockets of residue was expected at the time of the 1991 agreement and noted that about $145 million of the $900 million paid by Exxon to the oil spill trustees is still available. … 'If there were any matter in Prince William Sound that needed restoration or repair, it was the trustees' duty to use this money to remedy the problem, and we are confident that they would have done so,' the statement said."

The Financial Times (6/2, Mcnulty) reports, "Yet the federal and state governments said there was 'substantial loss of habitat' from the oil. … They said predators that feed in the inter-tidal - primarily harlequin ducks and sea otters - showed reduced survival rates in oiled areas and seemed to avoid locations with extensive lingering oil. … In addition, they said, subsistence users avoid harvesting in oiled areas because of concerns over contamination."

The AP (6/2, Lee) reports, "The state has until Sept. 1 to make financial demands of Exxon Mobil under the reopener provision. State and federal officials were required to provide the company with detailed plans and costs for any rehabilitation project at least 90 days before that date. … Alaska Sens. Ted Stevens and Lisa Murkowski sought to cut the process short by asking Exxon Mobil to voluntarily commit $100 million more to restoring the sound. The company, whose $36.1 billion in earnings last year were the highest ever by any U.S. corporation, rejected that proposal."

Bloomberg (6/2, Schmidt) reports, "The company is appealing to the 9th U.S. Circuit Court of Appeals a $4.5 billion punitive damage award to fisheries, native Alaskans, cannery workers and landowners over the Valdez spill."

Gold Prospector Hopes To Hit Jackpot In Toxic-Waste Dump. The Wall Street Journal (6/2, Carlton) reports, "Dave Pruett has prospected for gold for 46 years in mines from Arizona to the Amazon. He thinks he has finally found his big fortune in a pile of toxic waste in (Buckskin, NV). … Mr. Pruett's hope lies in nearly 200,000 tons of rubble sitting in man-made containment ponds outside a defunct mine. The rubble is laced with cyanide that Nevada regulators say threatens water supplies. But Mr. Pruett believes the pile, which is the waste, or tailings, left over from a previous mine, contains as much as 30,000 ounces of gold. Woven in with crushed rock and other material in a sort of rubble stew, that gold was considered not worth extracting. … But with gold prices having soared, the precious metal in the pile is suddenly worth around $20 million, Mr. Pruett figures. He has begun hauling truckloads of the waste to a larger mine that has facilities to extract the gold. 'Maybe, just maybe, this will be the big one,' Mr. Pruett says." The Journal adds, "The run-up in gold prices over the past few years -- the futures price stood at $627.60 a troy ounce yesterday -- has ignited a mining frenzy in Nevada, the biggest gold-producing state. It has led some mining companies to reopen mines with low-grade reserves that previously weren't profitable to extract. A 26-year high for the U.S. gold price was reached last month, well over $700. … In Nevada, most of the remaining gold lies deep underground, and the state's $3.7 billion-a-year gold-mining industry is dominated by big corporations with the technology and machinery to dig it out. But here and there are a few small-stake prospectors -- independent fortune seekers like Mr. Pruett who are a throwback to the gold rushes of yore. 'He's a dying breed,' says Royce Hackworth, owner of a drilling company in Elko, Nev. … The 68-year-old Mr. Pruett is racing against the chance gold prices may crash again. He rarely takes a day off as he shuttles between his pile, about 80 miles southeast of Reno, and a larger mine 350 miles away that extracts the gold. On a recent day, Wayne Monyihan and Wayne Monyihan Jr. -- a father-and-son team who call themselves the Sagebrush Express -- were each set to haul 20 tons of his ground-up waste rock on their 18-wheel tractor-trailers."

Greenpeace Memo About Bush Policies, Armageddon Was "A Joke." The Washington Post (6/2, A17, 744K) reports the environmental activist group Greenpeace "wanted to be prepared to counter President Bush's visit last week to Pennsylvania to promote his nuclear energy policy. 'This volatile and dangerous source of energy' is no answer to the country's energy needs, shouted a Greenpeace fact sheet, decrying the 'threat' posed by the reactors Bush visited in Limerick." But "after that assertion, the Greenpeace authors were apparently stumped while searching for the ideal menacing metaphor. 'In the twenty

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years since the Chernobyl tragedy, the world's worst nuclear accident, there have been nearly [FILL IN ALARMIST AND ARMAGEDDONIST FACTOID HERE],' the sheet said." Greenpeace spokesman Steve Smith "told the Web site that a colleague was making a joke in a draft that was then mistakenly released."

FBI/DEA/ATF/USMS:

Bush Administration Seeks To Reduce Meth Use. The AP (6/2) reports the Bush administration "wants to cut methamphetamine use in the United States by 15 percent by 2009, relying on cooperation with Mexico and steps at home that include expanded random drug testing in schools. … Fewer than 600,000 Americans use meth, just two-tenths of 1 percent of the nation's population, according to administration estimates. But more than the half the nation's counties count meth as their top problem, said John Walters." There are more than 50 media references to this story. The AP story was published in newspapers and/or posted on the Web sites of CBS News, the New York Times, Washington Post, Los Angeles Times, San Francisco Chronicle, Arizona Republic, Kansas City Star, and Fort Worth Star Telegram.

Scripps Howard News Service (6/1) writes, "The U.S. government announced a new synthetic drug control strategy Thursday that calls for a 15 percent reduction in methamphetamine and prescription drug abuse in three years. 'Although teen drug use in the United States has dropped by nearly 20 percent over the last three years,' said John Walters…'we will not let up on the pressure being applied to the methamphetamine market. The aggressive measures called for in the synthetics strategy build upon significant progress already made as a result of law enforcement efforts.'"

From its Washington, D.C. bureau, the Des Moines (IA) Register (6/1) reports the national meth strategy "included recommendations to increase random testing of school students and use of special courts to handle drug addicts. The administration said that much of the production of U.S.-consumed meth has shifted to larger labs in Mexico and other countries. U.S. and Mexican officials said they are working to cut the flow of precursor chemicals to Mexico and to shut down labs in that country."

On its Web site, ABC News (6/1) reports the strategy is a global approach to curb the production and use of meth. ABC adds that John Walters said, "This represents a commitment of the administration to work toward a meaningful and a sustained reduction in meth use as well as the number of meth labs that have been poisoning too many communities." ABC notes the goal "is to cut methamphetamine abuse 15 percent by 2008 and reduce the production from illegal meth labs in the United States by 25 percent."

Cable TV Coverage. CNN (6/1, 1:00 p.m.) reported, "The White House drug policy director is unveiling the administration's master plan for combating the methamphetamine epidemic. John Walters, along with law enforcement and homeland security officials, is announcing a 'synthetic drug control strategy' at this hour. A top diplomat from Mexico is also taking part in the announcement."

CNN (6/1) also reported, "A synthetic drug control strategy is being announced. The strategy aimed at reducing both the supply of and demand for methamphetamine in the US.

Local TV Coverage. KTVU-TV, San Francisco-Oakland-San Jose (6/1, 6:00 p.m.) reported, "A new crackdown on the production and sale of methamphetamine. Officials at the Department Of Justice said while the [production] of meth is down, the international trade is up. They say the federal government is working to stop global trade of the chemicals used to make meth."

KING-TV, Seattle-Tacoma (6/1, 5:00 p.m.) reported, "Methamphetamine is a grave problem in our state, and today in Washington, DC, the Bush administration unveiled a plan to help reduce meth abuse. The goal is to cut meth production by 15% over the next three years."

Individuals, Groups Added To List Of Foreign Drug Kingpins. The AP (6/2) reports, "President Bush added three accused drug traffickers and two reputed crime organizations to the US list of foreign drug kingpins on Thursday, denying them access to the American financial system and barring them from trade with US companies and individuals." The three individuals added to the list were "Dawood Ibrahim of India, Fahd Jamil Georges of Brazil and Ali Naway of Iran. The organizations are the Dawood Ibrahim Organization in India, Pakistan and United Arab Emirates and the Amezcua Contreras Organization in Mexico."

Connecticut Man Sentenced To 15 Years In Drug Conspiracy. The Hartford Courant (6/2, Tasker) reports, "A 32-year-old Hartford (CT) man was sentenced Tuesday to more than 15 years in federal prison for conspiracy to possess crack cocaine with intent to distribute." The Courant continues, "Kaniel 'Beevis' Forrester pleaded guilty on Aug. 23, 2005, to charges that he conspired to possess and distribute between 150 and 500 grams of crack, according to a statement released by the U.S. Justice Department. … Forrester, who his lawyer said has been on the streets since he was about 15, was on probation for a previous narcotics charge at the time of his arrest, federal law enforcement officials said. … Forrester was sentenced to 182 months in prison, and Hussey said he expects Forrester

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to serve about 10 years of the sentence. He also will have to complete a 500-hour drug program, Hussey said. … Forrester, a father of two, could be deported back to Jamaica after he finishes his sentence and five years of supervised release." The Courant notes, "Operation Big Boy, an investigation run by the FBI and the Hartford police, led to Forrester and his brother, Negus Forrester, after months of surveillance, wiretapping, crack seizures and purchases. … U.S. Attorney Kevin J. O'Connor said in a sentencing memorandum that the calls were considered evidence by the FBI that Negus Forrester bought crack from an accomplice, and that Kaniel Forrester was involved in the transaction."

California Marijuana Dispensary's Safe Deposit Box Is Searched. The Desert Sun (6/1) reports federal agents "searched a safe deposit box belonging to a Palm Desert medical marijuana dispensary earlier this week, prompting accusations of harassment from the dispensary's owner. 'I don't have anything to hide,' said Stacy Hochanadel, owner and operator of CannaHelp in Palm Desert, on Thursday. A spokeswoman for the U.S. Drug Enforcement Administration's Los Angeles office declined to comment, citing an ongoing investigation."

Brothers Sentenced In Georgia Crack Cocaine Case. The Athens (GA) Banner-Herald (6/2) reports, "Two Athens brothers will serve long sentences in federal prison after they pleaded guilty to being part of a local cocaine distribution ring. A U.S. District Court judge in Macon…sentenced Antron Ricardo Bishop, 24, and Antonio Ramon Bishop, 22, after they pleaded guilty in January to conspiring to possess with intent to distribute more than 50 grams of crack cocaine. … Since the Bishops and several other conspirators have been arrested, violent crime in the county has decreased, according to Athens-Clarke police Lt. Mike Hunsinger. … A countywide sweep of street-level crack cocaine dealers last July netted more than 80 arrests, and local police have been working with the U.S. Drug Enforcement Administration to collar mid-level suppliers." The Banner-Herald says Antron Bishop received a 14-year prison sentence, and his brother was sentenced to just under six years.

Confessed Colorado Drug Runner Sentenced, Agrees To Testify Against Alleged Conspirators. The Brighton (CO) Standard-Blade (6/1) reports, "A confessed drug runner who agreed to testify against his alleged fellow drug conspirators was sentenced May 18 to 7 1/2 years in federal prison. The sentence was slightly higher for 26-year-old Kenneth F. Fuqua of Brighton than prosecutors sought in exchange for Fuqua's continued cooperation with investigators. … Fuqua told investigators with the Drug Enforcement Administration and Boulder County Drug Task Force that he ran drugs between Santiago Mena-Flores, 26, of Henderson, and runners of the drug trafficking ring allegedly run by Donald Jason Skinner, 31, of Longmont. … Children allegedly were used to move the drugs locally."

Man Killed In Texas Blast Faced Federal Firearm, Drug Charges. The Longview (TX) News-Journal (5/31, Ramirez) reports, "A Longview (TX) man died Monday night while making a bomb he intended to use in retaliation against federal agents, local fire officials said." The News-Journal continues, "James Charles Torrence, 38, who faced possible jail time for multiple federal indictments from the Bureau of Alcohol, Tobacco and Firearms and the Drug Enforcement Administration, died in his North Longview home while putting together one of two homemade bombs. … Torrence made the bombs to retaliate against authorities with both federal law enforcement agencies, whom Torrence believed had built a case against him, according to Brian Howell, Longview Fire Department assistant fire marshal. Documents inside the home listed names of several bureau and administration agents, Howell said." The News-Journal notes, "U.S. Attorney Matt Orwig told The Associated Press that Torrence had agreed to plead guilty to being a felon in possession of a firearm and conspiracy to possess with intent to distribute methamphetamine. He said Torrence was set to enter the plea June 7, and the drug charge carried a minimum sentence of 10 years in prison up to life."

The Tyler (TX) Morning Telegraph (5/31, Middleton) reports, "Howell said it is believed Torrence was making pipe bombs to retaliate against individuals he believed 'snitched' on him in connection with a federal case against him. Howell said the individuals Torrence allegedly planned to use the bombs against actually were not related to the case. He told the Tyler Morning Telegraph he does not believe Torrence was targeting law enforcement agents. … Tom Crowley, a public information officer for the Dallas division of the Bureau of Alcohol, Tobacco, Firearms and Explosives (ATF), said via phone that authorities discovered bomb-making literature, firearms and additional bomb-making material inside Torrence's residence."

ATF Probes Suspicious New York Church Fire. The Glens Falls (NY) Post-Star (6/2, Lehman) reports, "Christ Church Episcopal on Route 9 was destroyed by a suspicious fire late Tuesday, a blaze that came two weeks after two burglaries at the church in which religious phrases were scrawled inside the building, officials said. … 'We believe, at this point, the fire was deliberately set,' Warren County Sheriff Larry Cleveland said." The Post-Star continues, "Investigators from the U.S. Bureau of Alcohol, Tobacco and Firearms, the state Office of Fire Prevention and Control, the Warren

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County Office of Fire Prevention and the Warren County Sheriff's Department were on the scene, sifting through the charred remnants throughout much of the day Wednesday." The Post-Star adds, "ATF was brought in because federal law requires the agency be notified when a church fire occurs where the cause is not clearly identifiable, said Warren County Fire Coordinator Marvin Lemery. That statute was put in place after a spate of arson fires at southern churches in the late 1990s. … 'Anything where there is something that looks like it could be the least bit suspicious (at a church), you need to notify ATF,' he said. 'That (burglary history) was enough to say we should get these guys in to look whether this was done to cover a burglary or there was something else going on.'"

IMMIGRATION:

Bush Urges Congress To Pass Immigration Reform Bill. The AP (6/2, Loven) reports that in an address to the US Chamber of Commerce, President Bush "pressed a passionately divided Congress on Thursday to reach election-year compromise on immigration legislation that provides a chance at citizenship for millions of illegal immigrants already in the country." Bush "will travel to several cities next week -- Artesia, N.M., Laredo, Texas, and Omaha, Neb. -- to pitch his immigration approach, the White House announced Thursday." The AP adds, "There is skepticism that a compromise can be reached in a year when most of Congress is up for re-election, and many believe Republicans could be at risk of losing their control over one or both chambers."

Much of the reporting on Bush's remarks, which wasn't covered by the network newscasts, analyzes the House-Senate split on immigration, and Bush's attempt to promote the Senate bill without alienating the "GOP base," which is being identified with the House-passed legislation. Analysts, however, don't agree on whether Bush's emphasis yesterday was on challenging House Republicans or on touting his proposals as tough enough on the enforcement side.

The Washington Post (6/2, A4, Baker, 744K), for example, emphasizes the President's statement yesterday that "unscrupulous" employers "have contributed to the illegal immigration crisis in the United States by knowingly hiring undocumented workers, and called for steep new penalties on those exploiting the shadow economy." The President was trying "to emphasize his focus on enforcement and to combat the conservative complaint that his immigration proposals add up to amnesty for millions of foreigners violating US immigration law." Said Bush, "Businesses that knowingly employ illegal workers undermine this law and undermine the spirit of America. … And we're not going to tolerate it in this country."

Also, under the headline "Bush Tries To Regain His Footing On Once-Rock-Solid Conservative Base," USA Today (6/2, Jackson, Benedetto, 2.31M) reports that "whether...Bush is talking about a get-tough border policy or the importance of judicial restraint -- he discussed both Thursday -- he is sure to throw in an appeal these days to wavering conservative supporters." Bush and his aides "are playing up items such as tighter borders and judges who 'administer the law' rather than make it, seeking to reconnect with conservative Republicans whose support has shrunk in recent polls -- and whose votes will be critical in this fall's congressional elections."

On the other hand, The New York Times (6/2, Stolberg, 1.19M) headlines its story "Bush Chides Party Members On Immigration," and says the President "rebuked conservative opponents of his plan on Thursday and warned that there is 'no excuse' for delay." Said Bush, "It's a difficult task. Yet the difficulty of this task is no excuse for avoiding it." The Post also reports, "Whether Mr. Bush can bring his party's warring factions together remains to be seen." In his speech, Bush "took aim at House members who brand the Senate bill amnesty, though he did not mention any by name. 'Some members of Congress argue that no one who came to this illegally should be allowed to continue living and working in our country,' he said. The lawmakers are 'are acting on deeply felt principles,' he said, but added, 'I also believe that the approach they suggest is wrong and unrealistic.'"

And the Washington Times (6/2, Dinan, 90K) titles its report "Bush Shuns Republicans' Stand To Return Illegals," and says Bush yesterday "rejected House Republicans' stance that illegal aliens must return home, calling it 'wrong and unrealistic' and saying many will have to be allowed to stay." Bush "drew praise yesterday from Sen. Edward M. Kennedy of Massachusetts, a key Democrat on the issue." But Howard Dean, chairman of the Democratic National Committee, "demanded the president do more to distance himself from the House bill."

CNN's The Situation Room (6/1, Quijano) noted the US Chamber of Commerce "stands firmly behind…Bush's proposal for a temporary guest worker program." CNN added that "what was interesting to note is that today we heard the President, despite being in the friendly environment, have some tough talk, really trying to show that he is serious about enforcing US immigration laws."

On its website, the Wall Street Journal (6/1, Pulizzi, 2.11M) noted Bush also "touted the economy, called for 'fiscal sanity,' and repeated his threat to veto a pending emergency spending bill if it exceeds his spending limit."

Tax Provision Of Senate Bill Called Unconstitutional, Could Derail Bill. The Washington Times (6/2, Hurt, 90K) reports, "The long-fought Senate immigration bill that opponents say grants amnesty to 10 million illegal aliens is unconstitutional and appears headed for certain

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demise, Senate Republicans now say. A key feature of the Senate bill is that it would make illegals pay back taxes before applying for citizenship, a requirement that supporters say will raise billions of dollars in the next decade." The Times adds, "There's just one problem: The U.S. Constitution specifically prohibits revenue-raising legislation from originating in the Senate." The Times adds, "Republicans -- including the bill's supporters -- say this will kill the bill, and Senate Majority Leader Bill Frist says he's offered a simple solution." He "wants to attach the immigration bill to a tax bill that has already passed the House. It would then proceed as planned to a 'conference committee,' where negotiators from the House and Senate hammer out differences between the two chambers' immigration bills." But Minority Leader Harry Reid "won't go along with that fix. His office said yesterday that the concerns raised by Mr. Frist and House Republicans are 'technical in nature' and can be ignored."

The Los Angeles Times (6/2, Gaouette, Gerstenzang, 958K) also reports the story, and says the problem "is stalling efforts to appoint a House-Senate conference committee that would try to reach a compromise on the final form of immigration legislation. Those negotiations were expected to difficult at best." But "unless the procedural stumbling block is resolved, the talks won't even start."

CBO Report Finds Senate Bill Would Add 20 Million Legal Immigrants Over 10 Years. The Washington Post (6/2, A4, Fears, 744K) reports, "The nation's population of legal immigrants would increase by nearly 20 million over the next decade if the recently passed Senate immigration bill becomes law, and taxpayers would spend more than $50 billion to operate a new guest-worker program and pay for extra welfare, Social Security and public health-care costs, according to a Congressional Budget Office report." But "the cost of absorbing the newcomers would be offset by a boost of $66 billion in federal revenue from income taxes and payroll taxes generated by the temporary guest-worker program, along with fees that immigrants must pay to participate, the report said."

Immigration Services May Be Unable To Implement Senate Bill. The Wall Street Journal (6/2, Harwood, 2.11M) reports the executive branch "might be unable to implement Senate immigration bill even if Congress enacts it. Bill would require immigration service to handle 12 million illegals according to length of U.S. residence, processing some within 90 days. Current capacity 'is not there,' says agency director Emilio Gonzalez, noting the government's 4,000 'adjudicators' already have 'day jobs' processing seven million legal immigrants yearly."

Schwarzenegger To Send Guard Troops To Mexican Border. The AP (6/2, Davis) reports, "Gov. Arnold Schwarzenegger agreed Thursday to send the California National Guard to the Mexican border, ending a 17-day standoff with the Bush administration." The two sides "had been at odds over whether California Guardsmen would join the effort to bolster the Border Patrol and who would pay for it." They "reached an agreement under which California will contribute about 1,000 Guardsmen for border duty and the federal government will pick up the full cost, Schwarzenegger said." The Los Angeles Times (6/2, Nicholas, 958K) also reports the story.

Immigration Is Key Issue In Fight For Cunningham's Seat. The Wall Street Journal (6/2, Lueck, 2.11M) reports, "To Brian Bilbray, the 'greatest ethics scandal in America' isn't about Washington lobbyists or the bribery conviction of Randy 'Duke' Cunningham, formerly this area's unbeatable congressman." Bilbray, a former Republican House member seeking Cunningham's vacant seat, "is fighting what he calls the scandal of illegal immigration." He "hopes that tough talk on the campaign trail about securing borders and cracking down on employers who hire illegal workers will bring enough supporters to the polls on June 6 to help him defeat a challenge from Democrat Francine Busby." Busby "takes a softer line on the issue, supporting proposals to allow illegal immigrants to become citizens and create new guest-worker programs." The race, if Busby wins, "shift could portend a wave of Democratic wins this fall." It is also "shaping up as an early test for how immigration and scandal could play out this year in the polls, and which issue may get greater traction with voters." SurveyUSA, a nonpartisan market-research firm, "reported a dead heat -- 45% for Mr. Bilbray and 45% for Ms. Busby -- in May."

118 Illegal Aliens Arrested In Arizona. The Washington Times (6/2, Seper, 90K) reports, "The US Border Patrol arrested 118 illegal aliens at a 'safe house' in Rio Rico, Ariz., just north of the U.S.-Mexico border, in a raid this week by a unit of undercover agents that has targeted alien smugglers and those who help them." The team, known as the "Disrupt unit, raided the house near Interstate 19 after receiving a tip about 'suspicious activity.'"

Colorado Billboards Criticize "Illegal Sanctuary" For Undocumented Aliens. The Washington Times (6/2, Richardson, 90K) reports from Denver, "Two prominent billboards criticizing sanctuary policies for illegal aliens were uncovered here yesterday in the latest salvo in Colorado's simmering immigration debate." The first billboard "shows three military helmets atop rifles and has the message, 'Mr. President, Mr. Governor, Mr. Mayor; they did not die for ILLEGAL SANCTUARY.'" The second "purports to welcome illegal aliens to Denver, which has policies forbidding authorities from asking about immigration status. 'Welcome to SANCTUARY CITY ... Relax, you made it! Brought to you by Executive Order 116,' the black-and-white billboard says."

Washington State Imam Agrees To Accept Deportation Order. The AP (6/2) reports, "A Seattle-area mosque leader who was investigated for possible ties to

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terrorist groups agreed Thursday to accept an order of removal from the United States, federal officials said." In a hearing yesterday, Immigration Judge Victoria Young ruled Abrahim Sheikh Mohamed "had no legal basis to remain in the United States." ICE lawyers "presented evidence that Mohamed has Kenyan citizenship. Young ordered him deported to Kenya or, if that cannot be done, to Somalia, the agency said." The AP notes, "Among other things, federal agents believed he came to the country to help raise money for the Ogaden National Liberation Front, which wants an independent state for ethnic Somalis in Ethiopia, FBI Special Agent David Rubincam said during a February hearing in the case."

The Seattle Post-Intelligencer (6/2, Johnson) notes that the terrorism allegations had "angered his many supporters in the local East African community," and the "nearly six months of confinement -- much of it in isolation -- weighed heavily on his decision to accept deportation, according to his lawyer, Hilary Han." She "said Mohamed's decision to agree to be deported had nothing to do with the terrorism allegations. An FBI spokeswoman said she could not discuss whether there was an ongoing criminal investigation of Mohamed. Aziz Junejo, who hosts a local cable TV show on Islam, said it was 'a very sad day' for the Muslim community."

Embattled Philadelphia Immigration Judge Replaced. The AP (6/2) reports, "Another judge has been assigned to fill in for an immigration judge recently criticized by an appeals court for his handling of asylum cases, the court administrator said." The AP continues, "The Executive Office for Immigration Review, which manages the nation's immigration courts, has assigned a judge from Arlington, Va., to fill in for Judge Donald V. Verlise following an unexplained two-week absence. … Elliott Edwards, the administrator for the immigration court of the Philadelphia region, said Ferlise's absence was not due to illness, and the arrangement would continue for an indefinite period." The AP adds, "The 3rd U.S. Circuit Court of Appeals ruled in April that Ferlise, 62, a former prosecutor, prejudged cases and bullied asylum-seekers, denying them their right to fair hearings. The Philadelphia City Council last month called for his removal. … Washington attorney Ralph Conte, who said he was defending Ferlise but declined to say why he had been retained, referred questions to the Justice Department, which declined comment on what a spokesman called a 'personnel action.' … A 2000 study published by the San Jose Mercury News ranked Ferlise as among the 10 toughest asylum judges in the country, saying he had granted 74 of 715 asylum requests between 1995 and 1999."

TAX:

IRS Ruling Could End Charitable "Conduit" For Mortgage Industry. The Washington Post (6/2, A1, Salmon, Downey, 744K) reports a ruling by the Internal Revenue Service "threatens to extinguish a fast-growing -- but controversial -- charitable industry that has funneled hundreds of millions of dollars in cash to first-time home buyers for their down payments." The "unexpected IRS edict throws into question a practice that has helped boost national home ownership rates to a near-record 69 percent in the past six years." Almost "200 charities, such as AmeriDream, based in Gaithersburg, and Nehemiah Corp. in California, have acted as cash conduits between home sellers and buyers." Sellers "provide cash to the charities, which then give it to home buyers for their down payments. The sellers, who pay the charities a service fee, often recoup their money by charging a higher price for the homes -- usually 2 or 3 percent more, or an amount equal to the down payment, says a Government Accountability Office study."

Former Norristown, PA, Councilman Pleads Guilty To Tax Evasion. The Philadelphia Inquirer (6/2, Shields) reports, "A former Norristown councilman whose criminal activity inspired a four-year corruption investigation pleaded guilty yesterday to tax evasion charges." The Inquirer continues, "Ernest W. Scott Jr., 56, admitted in U.S. District Court in Philadelphia that he hid more than $142,000 in income from his auto tags business between 1999 and 2001. He is scheduled for sentencing Sept. 8; federal guidelines call for a sentence of 12 to 18 months in prison. … He is the third Norristown official to be convicted or plead guilty in the last six weeks in a series of indictments resulting from the U.S. Attorney's investigation. Ex-Mayor Ted LeBlanc was convicted on bribery and tax evasion charges April 18, and former municipal administrator Anthony Biondi pleaded guilty to corruption charges May 12. Scott is currently serving a 6 1/2- to 20-year state sentence. In 2003, Scott, then a member of the Norristown municipal council, admitted to running a corrupt organization that included issuing fake insurance cards and dealing marijuana." The Inquirer adds, "The Montgomery County District Attorney's wiretap evidence from Scott's case was handed over to federal investigators in late 2002. The U.S. Attorney's Office used it to launch a wide-ranging probe that produced indictments against Scott and the man who prepared his taxes, as well as LeBlanc, Biondi, and four businessmen who were awarded contracts with Norristown."

Nevada Strip Club Owner Pleads Guilty To Tax Evasion. The AP (6/2, Ritter) reports Las Vegas strip club

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owner Rick Rizzolo "pleaded guilty Thursday to a felony tax evasion charge but avoided any mention of organized crime as the government ended a decade-long federal probe of whether the club was linked to the mob." Rizzolo "pledged to sell the club," Crazy Horse Too, "and agreed not to contest some $17 million in fines, forfeitures and restitution. The financial settlement includes a $10 million payment to Kirk Henry, a tourist from Olathe, Kan., whose separate civil lawsuit alleges he was paralyzed when he was beaten by club employees in 2001." US Attorney Daniel Bogden "called Thursday's deals an efficient way to achieve what he called a primary goal of the investigation -- to strip Rizzolo of club ownership and bring closure to Henry and his family 'for the brutal and tragic extortionate attack at the club.'"

CONGRESS-ADMINISTRATION:

White House Credited With Attracting "A-List Names" As It Retools Under Bolten. Under the headline "Bush's New Team Scores A-list Names," the Christian Science Monitor (6/2, Feldmann, 61K) reports, "These are hardly the waning days of the Bush White House, but in some ways, time is running short for major new policy initiatives. And in the inevitable changing of the guard, as top appointees move on, it might seem a tough sell to lure A-listers onto the team. The pay isn't much to write home about, especially for those used to a healthy private-sector paycheck, and the administration remains deeply unpopular with much of the public." But "something has happened on the way to the makeover of Team Bush: The president has managed to bring in some first-string players, at a time when two-term White Houses are typically moving to the bench, analysts say." The Monitor adds, "Exhibits A and B are Goldman Sachs chairman Henry Paulson, tapped to take over Treasury, and FOX TV commentator Tony Snow, the new press secretary." Joshua Bolten, the new chief of staff, is also "getting high marks for his energetic retooling work -- including helping snag his former colleague, Mr. Paulson -- and setting his sights on upgrading the White House's communications and domestic policy shops."

Paulson's Environmentalist Beliefs Noted. The A2 (6/2, Heilprin) reports, "Paulson may find the tightrope he'll be walking as…Bush's Treasury secretary will span a wider gulf than in his current twin jobs as chairman of Goldman Sachs and The Nature Conservancy." Both Paulson "and the world's richest environmental group look at global warming as a dire threat requiring government-mandated reductions in carbon dioxide and other gases that trap heat in the atmosphere like a greenhouse. Bush doesn't." Steve McCormick, president of The Nature Conservancy, "said Paulson won't shy from sharing his views on global warming in Bush's Cabinet."

Paulson's Experience With China Could Prove "Crucial." The Wall Street Journal (6/2, Solomon, Browne, 2.11M) reports, "Few US business leaders have courted China as assiduously" as Paulson, and "those ties could prove crucial as the administration deals with China's emergence as an economic powerhouse." Paulson 'says he has traveled to China more than 70 times in the past 15 years, rubbing shoulders with the country's political, financial and academic elite, both as chief executive of Goldman Sachs Group Inc. and as a director of the Nature Conservancy, an environmental group." Paulson's "ties could be pivotal as the US tries to navigate its delicate relationship with China -- a country that puts a premium on loyalty among its foreign friends and where personal credibility counts for more than a corporate title."

Bush Said To Have Lied About Snow's Resignation. The Washington Post (6/2, Froomkin, 744K) reports in its online "White House Briefing" that when "asked about Treasury Secretary John Snow's future last week, President Bush could easily have ducked the question, or told the truth -- but instead, he chose to lie about it." There's "really no other way to describe what Bush said Thursday. Press secretary Tony Snow's widely-quoted explanation that Bush's statement was in some way 'artfully worded' is just plain wrong." When asked at his joint press conference with British Prime Minister Tony Blair if Treasury Secretary Snow had given him "any indication that he intends to leave his job any time soon," Bush said, "No, he has not talked to me about resignation. I think he's doing a fine job."

More Commentary On Paulson. In the New York Times (6/2, 1.19M), , Paul Krugman writes a memo to Paulson, "So you decided to take the job, after all. It's no surprise that they wanted you. As the joke that's making the rounds puts it, they're so desperate they're scraping the top of the barrel. But most of us are surprised that you accepted." He adds, "Before we get to the specifics, you need to disabuse yourself of any illusion that this administration rewards loyalty. … Right now, you're being flattered. You have a natural urge to be a team player. But if you play the game your new bosses want you to play, your credibility with the public will evaporate in no time at all. And when you're no longer useful to your new friends, you'll be tossed aside."

Kavanaugh Sworn In As US Appeals Court Judge. CNN's The Situation Room (6/1, Blitzer) reported, "President Bush today sealed a victory in his drive to put a more conservative stamp on the nation's courts. He hosted the swearing in ceremony for new U.S. Appeals Court Judge Brett Kavanaugh. Kavanaugh is a former White House aide who once worked for the independent counsel Ken Starr in his investigation of President Clinton." Kavanaugh "won confirmation despite critics who complained he was too political and inexperienced for the bench." Bush "urged the

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Senate to give more of his stalled judicial nominees the green light."

The AP (6/2, Riechmann) says presidents "usually are not present when new judges take their oaths. But Kavanaugh, whose nomination was opposed by Democrats, has worked at the White House for the past five years -- in the White House counsel's office and as staff secretary."

34% Rate Bush As Worst President In 60 Years. CNN's The Situation Room (6/1, Blitzer) reported that a new poll finds that "registered voters rate President Bush as…the worst president in the last six decades. The Quinnipiac University poll shows 34 percent of voters put Mr. Bush at the top of the list of worst presidents. Richard Nixon comes in second with 17 percent. Who was the best president? Twenty-eight percent of the voters surveyed say it was Ronald Reagan. Twenty-five percent say it was Bill Clinton, but another 16 percent of voters rated Clinton as the worst president, whatever that means."

Reid's Office Admits Misstating Ethics Rules For Boxing Tickets. The New York Times (6/2, 1.19M) runs a version of the AP story that was first distributed yesterday, noting that Senate Minority Leader Harry Reid's office "acknowledged Wednesday night that he had misstated the ethics rules governing his acceptance of free boxing tickets and had decided to avoid taking such gifts in the future." Several "ethics experts criticized Mr. Reid's rationale that he felt obligated to take the tickets to ensure that boxing was being properly conducted in his home state."

Hastert Becomes Longest-Serving GOP Speaker. The AP (6/2, Abrams) reports Rep. Dennis Hastert, "who vaulted out of political obscurity when Newt Gingrich resigned as speaker of the House more than seven years ago, on Thursday became the longest-serving Republican speaker in history." Hastert, 64, "surpasses fellow Illinoisan Joseph 'Uncle Joe' Cannon, a pugnacious politician who ruled the House from November 1903 until the Democrats regained the majority in March, 1911."

Air Force Fuel Bill Rises With Oil Prices. The CBS Evening News (6/1, story 6, 2:20, Mitchell, 7.66M) reported "gasoline prices in this country are likely to remain high, at least through the summer. And Americans will also be footing the bill for the US military's soaring fuel bill." CBS (Martin) added, "The Air Force burns more than three billion gallons of fuel a year, and every time the cost of oil goes up $10 a barrel, the fuel bill goes up $600 million."

Medicare Posts Prices On 30 Surgical Procedures Online. USA Today (6/2, Appleby, 2.31M) reports the prices Medicare "pays for hip replacements, cardiac surgery and 28 other procedures in each of the nation's counties went online Thursday, in the government's first effort to post hospital price information for consumers." The "move comes as employers and others who pay the nation's $1.9 trillion health care tab encourage patients to be more like savvy shoppers when it comes to medical care, currently a difficult prospect because so little comparative information on cost and quality is available." Employers groups say that "the federal government, the nation's largest purchaser of health care, is posting such information on its Centers for Medicare and Medicaid Services website is important."

USA Today Says Ethics Reform Legislation For Show Purposes Only. USA Today (6/2, 2.31M) says in an editorial that Congress' response to scandal of Jack Abramoff's 2002 Scotland golfing trip has been "well, not much. In separate 'lobbying reform' bills crawling through the legislative process, the House of Representatives and Senate leave many of the loopholes allowing members and their staff to accept gifts from lobbyists well above the stated $50 limit. These include sham trips, bargain rates on jets, and premium seats for major sporting events and concerts." The legislation "has one objective: to make it appear as if a scandal-racked Congress is doing something in an election year. But the fact is that many members of Congress feel cruelly cheated by the $165,200 annual salary they have voted for themselves and harbor a sense of entitlement to supplement their incomes with freebies."

OTHER NEWS:

Data Suggest Economy Is Slowing. USA Today (6/2, Kirchhoff, 2.31M) reports, "The economy is cooling from the torrid pace of earlier this year, with home construction, housing price gains and manufacturing activity starting to slow, according to government and private data released Thursday. Factories are paying more for materials. Labor costs are rising more slowly than previously estimated -- bad news for workers who have seen wages lag but a signal that inflation pressures aren't mounting." Economists said "the reports add credence to the Federal Reserve's prediction that the economy will slow in the second half of the year but added it's not yet clear where inflation is headed."

The Wall Street Journal (6/2, Conkey, 2.11M) runs a similar report titled "Data Indicate Economy Is Cooling," and the Washington Post (6/2, D1, Fleishman, 744K) notes "US home prices continued to rise in the first quarter of the year, but in another sign of a cooling market the pace slowed from the last quarter of 2005, according to a report released yesterday." Home prices "nationally were 12.5 percent higher in the first quarter than a year earlier, according to the survey

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released by the Office of Federal Housing Enterprise Oversight. In 2005, the average home price jumped about 13.3 percent."

Meanwhile, the Christian Science Monitor (6/2, Trumbull, 61K) reports on "a common quandary in today's economy. On average, American paychecks are rising, as employers offer higher salaries to attract and retain staff. At the same time, inflation has been heating up, burning a bigger hole in consumers' pockets. The result is a dynamic that's challenging for workers and potentially risky for the economy."

Reports Suggest Inflationary Pressure Easing, Boosting Stocks. The Wall Street Journal (6/2, Browning, 2.11M) reports, "A fresh batch of economic reports spurred hopes that inflationary pressure might be easing, and the Dow Jones Industrial Average, which has been under pressure for almost a month, rose 91.97 points, or 0.82%, to 11260.28. It is up 5.1% this year." Investors "shifted money to stocks they had fled. The Nasdaq Composite Index, whose beleaguered technology stocks had pushed it into the red for 2006, surged 1.88%, or 40.98 points, to 2219.86. It is up for the year again, by 0.7%." The Standard & Poor's 500-stock index, "whose 3.1% May decline was its worst monthly drop in two years, rose 1.23%, or 15.62 points, to 1285.71, up 3% for 2006." USA Today (6/2, Shell, 2.31M) also reports the stock numbers.

US Automaker Sales Continue To Slump. ABC World News Tonight (6/1, story 10, :20, Gibson, 8.78M) reported, "There was more bad news for the American auto industry today. General Motors and Chrysler posted double-digit declines in sales for May. Sales at Ford also fell, all as a result of high fuel prices and increasing demand for fuel-efficient vehicles. Toyota and Honda reported large sales increases."

More Commentary On Economy. In a column titled "Economy Holds Good News -- For The Rich," Julianne Malveaux writes in USA Today (6/2, 2.31M), "The average American has not experienced much good economic news lately. The wealth gap is growing. Median family income has been dropping. Meanwhile, gasoline prices are up 36% from a year ago. With interest rates rising, those with adjustable rate mortgages face higher payments, and residential rents also are nudging up. Incomes are not keeping pace with inflation, and the job market is weak."

Author Charles R. Morris writes in the New York Times (6/2, Morris, 1.19M) notes that May "saw one of the sharpest drops in consumer confidence since the recessions of 1979-1982. But those were truly dreadful times. Oil prices tripled, rates on home mortgages shot into the mid-teens, the stock market was a disaster area and unemployment rates reached double digits. Over the past three years, by contrast, American economic performance has been almost glittering." There are "parallels with another historical period, however, that suggest the deeper currents of uneasiness. Pan the camera back to Pittsburgh, July 1877. … But why did people feel so miserable? Partly they were confused by prices, which were dropping sharply. Farmers thought falling grain prices meant they were getting poorer, without noticing that the price of everything else was falling too. Farmers' terms of trade -- the price differences between what they sold and what they bought -- actually racked up solid gains in the 1870's."

US Foster Care System Examined. ABC World News Tonight (6/1, story 9, 2:45, Gibson) reported, "500,000 children are in foster care right now a number that has doubled in 20 years. And one of the most troubling aspects of the system -- how so many children are moved from family-to-family, never finding a real home." ABC (Sawyer) added, "They are witness to a searing truth, how the most fragile, abused and neglected children in the country, are bounced from home-to-home, with devastating results, in the American foster care system." And the "more placements, say the experts, the worse the outcome. One study shows there's twice as much posttraumatic stress disorder in foster kids as there is in veterans of US wars." There is now a "pioneering approach that respects the attachment a child has to a biological parent. A team of counselors surrounds and guides both parent and child. And it costs no more than the foster care which can have such disastrous results."

New York Comptroller Apologizes For Remark About Shooting Bush. The AP (6/2, Goldman) reports New York State Comptroller Alan Hevesi "publicly apologized Thursday for a 'beyond dumb' remark about a fellow Democrat 'putting a bullet between the president's eyes.'" Hevesi "hastily called a mea culpa press conference hours after putting his foot in his mouth at the Queens College commencement." In the videotaped speech, Hevesi "describes Sen. Charles Schumer, D-N.Y., as, 'the man who, how do I phrase this diplomatically, who will put a bullet between the president's eyes if he could get away with it.'" At the news conference, "a contrite Hevesi said he was trying to convey that Schumer has the strength and courage to stand up to the president." Hevesi "apologized to Bush and Schumer and said he is 'not a person of violence.'"

New York Republicans Fear Political Clout May Be Slipping Away. The New York Times (6/2, Cooper, 1.19M) reports, "Twelve years ago, when they gathered at their state convention, Republicans were so hungry to retake the governorship that party bosses led by Senator Alfonse M. D'Amato brokered a deal to spare George E. Pataki a primary against his fiercest opponent." But when Hew York Republicans met "Thursday to choose a new candidate for governor, the party found itself dispirited and deeply divided. Last-minute efforts by Governor Pataki, a lame duck, and

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other party leaders to avoid a potentially damaging primary fell apart. And the leadership's favored candidate for governor, William F. Weld, finished a distant second, earning a spot on the primary ballot but failing in his bid to be the party's designee." The Times adds that "many Republicans here said privately that they feared their 12-year run of good fortune was coming to an end. … Many Republicans, from state senators to consultants to county chairmen to a former Pataki administration official, said privately that some of the blame lay with Governor Pataki. They used phrases like 'train wreck' to describe the party and 'lack of leadership' to describe the governor's stewardship of it."

Faso, Weld Win Spots On GOP Gubernatorial Ballot. The AP (6/2, Gormley) reports that New York Republicans "on Thursday designated former Assembly minority leader John Faso as their candidate for governor but gave enough support to former Massachusetts Gov. Bill Weld for a spot on the primary ballot. Faso became the party designee by receiving more than 50 percent of the weighted vote after negotiations that went into the early morning and included Gov. George Pataki, said state Republican Chairman Stephen Minarik. Faso, who had lost a December straw poll, came away Thursday with 59.5 percent of the weighted vote to Weld's 40.5 percent. 'Today we begin a battle for the hearts and minds of our fellow New Yorkers,' Faso said. 'Our message is clear: We need to cut taxes, we need to create jobs and we need to restore opportunity, and we need to reform New York state's government.'"

Bloomberg (6/2, Bensinger) notes that Faso "also has the endorsement of the state Conservative Party, which has backed every successful statewide Republican candidate for the past 30 years. Weld has been dogged by questions about his presidency of Decker College a Kentucky trade school, which fell into bankruptcy a month after he resigned. The Federal Bureau of Investigation is investigating the school for fraud." State Senate Majority Leader Joseph Bruno (R) "said Faso's win 'was a very decisive vote.' Without saying whether he would ask Weld to withdraw, Bruno described Faso as 'the nominee.' Weld said he would stay in the race. 'This is the first day of the rest of the campaign,' he told reporters. 'I will predict with some assurance that I will win the primary.' Faso said, 'I would certainly like to avoid a primary, but if we have one, so be it.'"

Supreme Court Decisions Could Become 2006 Issue. The Wall Street Journal (6/2, Harwood, 2.11M) reports that the Supreme Court under Chief Justice John Roberts "looms as factor in 2006 elections. Justices prepare to rule on series of controversial issues at close of first session under Bush's new chief justice. Each side hopes that decisions, to be issued at 10 a.m. each Monday this month, will fire up ideological base as Republican and Democratic candidates square off for control of Congress." Rulings are "expected on military trials for Guantanamo detainees, Texas redistricting driven by DeLay, Vermont's campaign-finance laws, and application of Clean Air Act. With O'Connor gone, close cases may turn on maverick Justice Kennedy, who has infuriated conservatives by citing international law and opposing a voter initiative challenging gay rights."

Iraq Vote Seen As Putting Senators Eyeing '08 Bids At Disadvantage Over Governors. The New York Times (6/2, Nagourney, 1.19M) reports, "With Iraq looming yet again over an American presidential campaign, senators considering a White House race are at a disadvantage over governors who might run, forced to explain their votes -- and in some cases, alter their views -- on an increasingly unpopular war." The Times notes that Arizona Sen. John McCain (R) and New York Sen. Hillary Clinton (D) "have encountered hecklers protesting their support for the Iraq war." Massachusetts Sen. John Kerry (D) and ex-North Carolina Sen. John Edwards (D) now "say they regret voting for the war. Both have called for setting a deadline to withdraw American troops." Meanwhile, "governors are finding considerable maneuvering room when it comes to Iraq. And they are taking advantage of it for now." For example, Iowa Gov. Tom Vilsack (D) "declined to say in an interview how he would have voted on the war." Vilsack said, "If we're looking at the elections of 2006 and 2008, I think it's important to look to the future and learn from whatever mistakes we made in the past." And ex-Virginia Gov. Mark Warner (D) said of the war in Iraq, "My sense is going out without a plan is just as bad as going in without a plan. So I have not been one of those people who say that come heck or high water, we are going to leave by a fixed date."

Kerry Lambastes Bush Administration Over Iraq Policies. The Los Angeles Times (6/2, Khalil, 958K) reports that Massachusetts Sen. John Kerry (D), in a speech Thursday in Los Angeles, "harshly criticized the Bush administration for 'disdaining diplomacy' in favor of a confrontational and unilateral foreign policy that has hurt the United States' standing around the world and made it less safe." Kerry "warned that the mistakes of Iraq must not be repeated in the current standoff with Iran. 'War is the ultimate failure of diplomacy,' Kerry told a gathering of the Pacific Council on International Policy. 'Yet our current leadership has arrogantly discarded this basic principle." Kerry said the result "was an ill-advised rush to war in Iraq that alienated other governments and diminished sympathy for the U.S. generated by the terrorist attacks of Sept. 11, 2001. America's current isolation, and the presence of thousands of U.S. troops in Iraq, is 'playing right into Iranian hands,'" said Kerry. The senator "said he would attach an amendment to

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this summer's defense appropriations bill calling for a total withdrawal of U.S. combat troops by the end of this year. But he acknowledged that the idea would be unpopular. 'I know I'm not going to get the majority of my own caucus.'"

First Plame Book Deal Falls Through. The New York Times (6/2, Rich, 1.19M) reports the "$2.5 million book deal that Valerie Plame Wilson, the former Central Intelligence Agency officer whose identity was publicly disclosed three years ago, negotiated with Crown Publishing Group last month has fallen through." Wilson, who "could not agree on terms with Crown, is now in exclusive negotiations with Simon & Schuster, which originally had lost an auction for the book to Crown."

NYTimes Backs Courts For Striking Down AIDS Funding Rule. The New York Times (6/2, 1.19M) says in an editorial that "Federal judges in New York and the District of Columbia have declared unconstitutional a 2003 rule that limits the way U.S. health groups spend their privately raised money if they want to get federal money for international AIDS work." The rule required "nonprofits that want government support" to "sign a pledge saying they oppose prostitution and will not spend any money — public or private — on programs the government does not approve of." By "declaring that government may not use its spending clout to compel or coerce private speech, the new decisions have vindicated an important constitutional principle, while removing at least one impediment for health groups trying to reach a high-risk community, and save lives."

WPost Says More Money Needed To Combat AIDS. The Washington Post (6/2, A18, 744K) says in an editorial that the UN target "of mobilizing $7 billion to $10 billion per year has been met: Last year low- and middle-income countries spent $2.5 billion of their own money and an additional $5.8 billion from donors on AIDS treatment and prevention and the care of orphans. But that money has bought less than expected. Rather than hitting the 'three by five' target of getting medicines to 3 million people by 2005, the world has put only about 1.4 million people on treatment -- a big improvement on the 240,000 who were receiving drugs in 2001 but still well less than half of the number who need medicines immediately. Equally, better-financed prevention efforts have succeeded in driving down infection rates among young adults, notably in Kenya, Uganda, Zimbabwe and Haiti. But last year there were 4.1 million new infections worldwide. The plague is still advancing."

Russia, China Back Package Of Incentives, Penalties For Iran. CNN's The Situation Room (6/1, Blitzer) reported that "the United States and five other world powers appear ready to formally make an offer to Iran." Secretary of State Condoleezza Rice "and other officials reportedly have reached what is being described as a substantial agreement on a package of incentives and penalties to formally be presented to Iran. If Iran is to accept those penalties and those incentives, the whole package, the U.S. presumably would start direct talks with Iran, the first time in more than two decades." CNN (Ensor) added that the announcement is "something of a success for American diplomacy."

NBC Nightly News (6/1, story 5, 1:20, Mitchell, 9.87M) reported, "Russia has now said they will join these talks in trying to pressure Iran; China not so sure yet after a conversation between President Bush and the Chinese leader today. What does Iran get? Iran gets a possible trade deal, airplane parts, a lifting of sanctions, and a suspension of all action at the United Nations if it gives up its nuclear research and sits down to talk."

ABC World News Tonight (6/1, story 4, :25, Gibson, 8.78M) reported, "In Vienna, Austria, and the US and five other world powers, including Russia and China, have agreed upon a package of incentives to convince Iran to suspend its uranium enrichment program."

The Los Angeles Times (6/2, Rubin, 958K) says "few details of the agreement were forthcoming, and British Foreign Minister Margaret Beckett, who announced the deal in muted language, cautioned that negotiators wanted to present the package to the Iranians before making it public." But "diplomats close to the issue said incentives were similar to past proposals, including helping Iran obtain a civilian nuclear reactor." Fox News' Special Report (6/1, Cameron) reported, "Officials said the package will be revealed publicly after their presentation to Iran. Some incentives include allowing Iran to have a water reactor and a supply of fuel so it would not need to enrich uranium itself. Sanctions include a ban on Iranian visas."

The Financial Times (6/2, Khalaf) reports the "rare show of international unity will substantially raise the diplomatic pressure on the Islamic Republic," while the New York Times (6/2, Shanker, Sciolino, 1.19M) notes "the word 'sanctions' was not uttered in the public dialogue on Thursday, perhaps in an effort to avoid giving Iran an obvious target for early objections." The "emphasis of the agreement on Thursday was less on how to punish Iran, than on how to reward it for agreeing to freeze its enrichment-related activities." Undersecretary Burns, when "pressed on whether the six nations had reached full consensus on Thursday, …expressed broad satisfaction. 'We are very satisfied by the results of today's meetings here in Vienna,' he said. 'We consider them a step forward in our quest to deny Iran a nuclear weapons capability.'"

The Wall Street Journal (6/2, Solomon, Spindle, Iran, 2.11M) says the deal "sought to buttress a pledge by the Bush administration to engage directly with Iran should it

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agree to give up uranium enrichment work," and it "provides Tehran with a clear path to reintegrating with the global community should it agree to talk." Undersecretary Burns is quoted calling the agreement "a step forward in our quest to deny Iran a nuclear-weapons capability," and said discussions had been "by far the most substantive and…concrete" to date.

Meanwhile, Iranian officials yesterday welcomed the US offer to negotiate over its nuclear program but declined to stop enriching uranium. The CBS Evening News (6/1, story 4, 1:40, Axelrod, 7.66M) reported, "The Iranians had a mixed answer about the US offer for direct talks about their nuclear program. Yes, they'd love to talk. But, no, not if they have to stop enriching uranium to do it." President Bush: "My reaction is the choice is theirs, and we'll see whether or not that is the firm position of their government." Axelrod: "The President's position was strengthened in Vienna tonight. The US reached an agreement with Great Britain, France, Germany, Russia, and China on a unified approach to Iran: Stop enriching, negotiate, or, says the British foreign secretary, face further UN Security Council measures." Margaret Beckett, British Foreign Secretary: "We urge Iran to take the positive path." Axelrod: "Iran's response to the US was really no big surprise, but getting Russia and China to say that they're willing to join the US to tighten the pressure on Iran, that really was in doubt."

On its front page today, the Washington Post (6/2, A1, Kessler, 744K) says the deal "brings general unity to the countries' approach to Iran after months of discord, diplomats said. It is intended to sharpen the choice facing Iran, giving it a clear reason to opt for cooperation over confrontation on its nuclear program." The Post adds, "Aides to Rice said the deal also commits China and Russia to a long list of specific steps to punish Iran if it refuses to halt its enrichment program. … Analysts and diplomats described [Iranian] responses as preliminary. The most powerful elements of Iran's theocratic government remained silent on the US proposal and were said to be intensely engaged in the private consultations that precede major policy announcements in Tehran. The measured tenor of the Iranian diplomats' initial replies appeared to signal that their country was at least not dismissing the start of a process it had actively solicited in recent weeks, through back-channel messages seeking direct engagement with Washington."

CNN's The Situation Room (6/1, Roberts) reported, "This is a very high-stakes game of chess. The prize, the support of Europe, Russia and China. And with Iran's insistence that it will not agree to talks with preconditions, the U.S., for the moment, appears to be winning. Iran's rejection of the White House offer was not just expected, it was part of the plan. According to administration officials, the entire goal of this new overture was meant to heighten awareness of the world to Iran's intransigence. … What looks on the surface like a softening of the U.S. position, the offer of face-to-face talks, is actually just another play in their game of diplomat hardball to force Iran to give up its nuclear program."

The Washington Times/AP (6/2, Gearan, Jahn) reports that at the White House, President Bush "warned that the confrontation would end up at the U.N. Security Council if Iran continues to enrich uranium. 'If they continue their obstinance, if they continue to say to the world, "'We really don't care what your opinion is," then the world is going to act in concert,' Mr. Bush said after meeting with his Cabinet."

More Commentary On Iran. William P. Kucewicz, editor of GeoInvestor.com, writes in the Wall Street Journal (6/2, 2.11M) that Rice, "in signaling a new US willingness to negotiate with Iran, also warned that 'international isolation and progressively stronger political and economic sanctions' would follow if Tehran defies its international obligations by continuing to develop nuclear weapons. … There's simply no getting around the fact that you can't eat petroleum. Iran's 132.5 trillion barrels in proved oil reserves -- 10.2% of the world total -- are of little benefit unless they're earning money. A trade embargo would hit Iran especially hard, because its economy and government budget are inordinately dependent on petrodollars. Oil shipments account for about 25% of GDP, represent 90% of total export earnings and provide as much as 50% of fiscal receipts." Iran "doesn't have the world over a barrel. It's the other way around. The economic and fiscal squeeze of new trade sanctions could indeed become so painful as to prompt regime change."

White House Turns Down North Korean Offer Of Bilateral Talks. The New York Times (6/2, Onishi, 1.19M) reports Pyongyang "on Thursday invited the top American nuclear envoy to visit its capital, Pyongyang, for bilateral talks, but the White House insisted that the North return to long-deadlocked six-nation talks instead. North Korea invited" Assistant Secretary Chris Hill "to Pyongyang, indicating that it wanted to discuss an agreement that was reached last September but never carried out." Press Secretary Tony Snow is quoted saying, "The United States is not going to engage in bilateral negotiations with the government of North Korea. The United States sticks by its position, which is, North Korea has to return to the six-party talks."

The Financial Times (6/2, Fifield) adds, "With the move, North Korea again demonstrated its capacity for wily negotiating as the invitation is unlikely to be accepted, enabling Kim Jong-il's regime to blame further the stand-off on the Bush administration."

Backers Of India Nuclear Deal Worry Opponents May Insert "Poison Pill." The Wall Street Journal (6/2, Harwood, 2.11M) reports, "Proponents

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fret about prospects for civilian nuclear deal with India. Pact opening up sale of U.S. technology is top Bush priority, and backers say it has majority support in Congress. But opponents could add 'poison pill' amendments that might force New Delhi to scotch agreement to separate civilian and military nuclear programs. Administration still hopes to win approval before the August recess, despite tight legislative calendar."

Bush May Criticize Putin's Human Rights Record. The Wall Street Journal (6/2, Harwood, 2.11M) reports President Bush "weighs human-rights digs of his own at Russia's Putin, who has turned increasingly autocratic. The president plans one-day stopover in Ukraine, Russia's adversary. Before July G-8 summit in St. Petersburg, U.S. officials may attend a gathering of democracy advocates organized by chess champion Garry Kasparov."

Bush Will Host Congolese President Monday. The AFP (6/2) reports President Bush "will welcome Congo's President Denis Sassou-Nguesso June 5 for talks on efforts to keep peace in Sudan's Darfur region, the White House said." Press Secretary Tony Snow is quoted saying, "The two leaders will discuss implementation of the May 5, 2006 Darfur Peace Agreement, NATO assistance to strengthen the African Union Mission in Sudan and the follow-on UN mission, United Nations authorization to promptly transition to a UN peacekeeping force." Sassou-Nguesso currently chairs the African Union.

Nuclear China, Assertive Japan Likely To Dominate Rumsfeld Trip. Under the headline "Washington And Beijing Stoke Nuclear Fears," the Financial Times (6/2, Dickie, Sevastopulo) reports Secretary Rumsfeld is due in Singapore today for a three-day security conference that is "likely to include much discussion about China." The FT says the Pentagon "drew plenty of attention" in its report last week that suggested US analysts "had been surprised by changes in the capacity of China's nuclear deterrent. … It is not entirely clear what surprises the Pentagon was referring to since the unclassified version of the report provided few details about new developments." But the report "was a reminder of the possibility for mutual miscalculation between the world's most powerful country and its most populous."

The Wall Street Journal (6/2, Wain, 2.11M) focuses its coverage on the "deteriorating political relations between Japan and China," saying that while the US "has recently stepped up its criticism of Chinese military spending, some Asian countries have become alarmed about an increasingly nationalistic Japan." Former ASEAN leader Rodolfo Severino said that while the US "has a major presence in the region, 'the defining relationship in East Asia will be between China and Japan. … Unfortunately, they just don't like each other, and they sense a certain rivalry.'"

Some Lawmakers Object To Lobbying From Chinese Embassy. The Washington Times (6/2, Gertz, Scarborough, 90K) reports in its "Inside The Ring" column, "The Chinese Embassy continues to lobby Congress with impunity on the issue of Taiwan. The latest effort was a recent letter to members of the House Armed Services Committee aimed at China-related provisions of the fiscal 2007 defense authorization bill." Chinese Ambassador Zhou Wenzhong "warned that provisions increasing military ties between the Pentagon and Taiwan and improving Taiwan's defenses against a Chinese attack 'will do serious harm to China-U.S. relations' if enacted into law. Mr. Zhou said the new provisions would create a military alliance between the United States and Taiwan and violate diplomatic communiques governing U.S.-China ties." The letter "has angered several lawmakers who view it as foreign government interference in the congressional legislative process."

Chinese Officials Seek Sympathy For Country's Problems. The Los Angeles Times (6/2, Magnier, 958K) reports, "Chinese officials have settled on a new mantra in meetings with visiting foreign dignitaries: You've seen Beijing and Shanghai. Now it's time to go out to the countryside and see our tired, our poor, our huddled masses yearning to be fed." The Times adds, "Behind the polite invitation is a more substantive message. Namely, you may view us as a strategic threat poised to steal your jobs, drive up your gas prices and take over the world. But take a peek beyond the tall buildings and bright lights and you'll have more sympathy for our problems. And then maybe, just maybe, you won't be so hard on us. … Even on trips abroad, officials are making the pitch for a visit to the Chinese sticks. … Encouraging influential foreigners to have a 'Green Acres' moment not only helps outsiders better understand China in all its complexity, it also makes tactical sense."

OPEC Rejects Venezuelan Proposal To Reduce Production. The CBS Evening News (6/1, story 5, 1:50, Mitchell, 7.66M) reported, "Oil ministries of the OPEC cartel meeting in Venezuela today agreed to keep pumping crude at nearly full capacity, rejecting their host's call to cut production. That did not stop Venezuelan President Hugo Chavez from again blasting his favorite target, the United States." CBS (Regan) added, "All eyes were on Venezuela's leftist wildcard President Hugo Chavez today. In typical fashion, he ranted against the US, calling Americans imperialists who have been taking advantage of Latin America's resources for decades."

The Financial Times (6/2, Hoyos, Webb-Vidal) reports Chávez "angered OPEC ministers with anti-US rhetoric as they united against him in rejecting his call to cut the oil cartel's production." And the Washington Post (6/2, D5,

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Mufson, 744K) says "oil traders and analysts took little comfort from OPEC's commitment, noting that the cushion between world supply and demand remained uncomfortably thin." Moreover, they said, "the oil producers were unlikely to reduce output when they could cash in on record high prices that many consumers think are already out of control." The Wall Street Journal (6/2, Bahree, Luhnow, 2.11M), among other sources, runs a similar story this morning.

Uribe Win Seen As Backlash Against Chavez Model. Mary Anastasia O'Grady writes in the Wall Street Journal (6/2, 2.11M), "Liberty lovers across the Western Hemisphere are cheering Colombian President Alvaro Uribe's second-term victory on Sunday. Colombians gave their president more than 62% of the vote. His closest competitor, the hard-left Carlos Gaviria, whose platform mirrored the ideology of Venezuelan President Hugo Chávez, earned only 22%. Pro-Uribe parties also won a majority in Congress." The Uribe win "is not only an endorsement of a worldview favoring security, the rule of law and global engagement for Colombia. It is also evidence of a backlash against the economic isolation and hostility toward private property preached by Mr. Gaviria and Mr. Chávez next door."

WHO Puzzled By Indonesian Bird Flu Cluster. AFP (6/2, Kearney) reports the World Health Organization (WHO) "has admitted it was having difficulty identifying the source of bird flu infection in a case where seven people in the same family died of the virus." The case raised fears of human-to-human transmission of the virus and a deadly global flu pandemic. "There are three possible sources of infection, but there is no conclusion," WHO epidemiologist Steve Bjorge told reporters at a joint press conference with Indonesian health ministry officials in Jakarta Thursday. "It's difficult to get good information from that village, and that family," he said. However, Bjorge said the first family member to contract avian flu was most likely infected by her sick chickens.

Local Tests Show Indonesian Girl Died From Bird Flu. The AP (6/2) reports, "An eight-year-old girl in Indonesia has died of bird flu, a health official said Friday, citing local tests." The World Health Organization has yet to confirm the girl's death, which comes three days after her brother died "with similar flu-like symptoms, but no samples were taken." The children's' family "reported that chickens died near their house, and we have been told they had contact with birds," said Dr. Hariadi Wibisono, a senior official at the national Health Department.

Bird Flu Outbreak Could Paralyze African Health System. The Wall Street Journal Online (6/2) reports, "African health systems, already crumbling under the strain of AIDS, malaria and other diseases, could collapse if a bird-flu pandemic takes hold on the continent," health experts said at the World Economic Forum on Africa. Idrissa Sow, a senior WHO official, "said it was vital to increase the number of laboratories capable of testing for the H5N1 virus in Africa." Currently South Africa has the only advanced laboratory facilities, while other countries have had to send samples to Europe for testing.

UN Agency Proposes Plan To Track Birds. The AP (6/2) reports the UN food agency said Thursday it is "considering a plan to fit wild birds with tiny backpacks and monitor their annual migrations to help combat the spread of the deadly H5N1 bird flu." The project would "rely on communications satellites and a network of computers to track the birds' movements" at an estimated cost of $6.8 million, the UN Food and Agricultural Organization said in a statement. A system of radio beacons and satellites would "feed data into the computers of ornithologists, ecologists, virologists and epidemiologists" around the world. "Early warning would give governments and producers more time to respond to potential threat -- with great benefits for the poultry industry and society at large," the FAO said.

Arab League's Reaction To Darfur Violence Decried. Mohammed Buisier, a Libyan-American political activist, writes in the Wall Street Journal (6/2, 2.11M), "Once again, the international community, and the UN in particular, is being shamed into acting to stop the massacres in Darfur, and once again the Arab League and Arab leaders are unwilling and unable to face facts, or to deal with them in a civilized and humane manner. Indeed, the most recent Arab League summit, which took place in the Sudanese capital, Khartoum…ended with a resolution denying that any massacres had taken place in Darfur and expressing resistance to any outside intervention in the 'interna'" affairs of an Arab country. (Not surprisingly, this stance is identical to that taken by Osama Bin Laden.)" Buisier adds, "By adopting this argument, the Arab League was not just covering up for the atrocities perpetrated by the Sudanese government, but also for the direct or indirect involvement in this part of the Sudan of some of the Arab governments attending the summit." It is "but one more shameful manifestation of Arab governments turning a blind eye to the continuing inhumane atrocities committed against their own citizens."

THE BIG PICTURE:

Headlines From Today's Front Pages.

Los Angeles Times:
"Online Privacy Again At Issue."
"Bass Has A Lure Of Its Own."
"Army Corps Admits Design Flaws In New Orleans Levees."
"A Bit Of Royal Intrigue Comes To The Desert."

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"Murder Charges Likely For Marines In Iraq Death."
"China Invites The West To Look Behind The Curtain."
"China, Russia Join Deal On Iran."

USA Today:
"Troops Will Get 'Values' Training."
"Anguish Follows Tragic Case Of Mistaken Identity."
"Chertoff: FEMA Is Hurricane-Ready."

New York Times:
"Iraqi Accuses U.S. Of 'Daily' Attacks Against Civilians."
"Army Builders Accept Blame Over Flooding."
"Judging Whether A Killer Is Sane Enough To Die."
"Drug For Bones Is Newly Linked To Jaw Disease."
"Harlem, A Test Lab, Splits Over Charter Schools."
"Sports, Songs And Salvation On Faith Night At The Stadium."

Washington Post:
"Six Powers Reach Accord On Iran Plan."
"At The Corner Of Progress And Peril."
"D.C. At Low Risk Of Attack, Says Federal Agency."
"From Way Out In Right Field."
"IRS Ruling Imperils 'Gift Fund' Charities For Home Buyers."

Washington Times:
"What A Mess!"
"Illegals' Tax Deal Could Kill Bill."
"Is D.C. Ready For Terrorist Attack?"
"Businesses Take Hit With Drivers Delayed."

Detroit Free Press:
"Pump Prices Deal Blow To GM, Chrysler."
"Chance Was Missed To Prevent Women's Mix-Up."

Atlanta Journal-Constitution:
"AGL Customers To Get $600,000 Repayment."
"Shareholders' Heat Melts Home Depot."
"Deadly Incidents Bruise Relations."
"As Cold Water Rises, Teens Keep Cool To Rescue Woman."
"End Of Year Tests 'A Victory In War' For Iraqi Family In Neighborhood Plagued By Bombs, Kidnappings."

Houston Chronicle:
"Needy Texans' Applications Faxed Into A 'Black Hole.'"
"This Bee Is Must-See TV."
"Eyes Of Texas To Be On Border."
"Vinson & Elkins Settles With Enron For $30 Million."
"Iraqi Prime Minister Rips U.S. Military."

Story Lineup From Last Night's Network News:
ABC: Bush-Haditha Killings; Core Values Training; Iraq-US KIA; Iranian Nuclear Program; Homeland Security Funds; New Orleans Levees; Hurricane Season; Nagin Sworn In; Foster Care System; Car Sales; Gas Giveaways; National Spelling Bee.
CBS: Bush-Haditha Killings; Haditha Killings-Camp Pendleton; Abu Ghraib Conviction; Iranian Nuclear Program; OPEC-Venezuela; Gas Prices-Military; New Orleans Levees; Coastal Homeowners; Injured CBS Journalist; Deceased CBS Journalists.
NBC: New Orleans Levees; New Orleans Levees-Setliff; Bush-Haditha Killings; Abu Ghraib Conviction; Iranian Nuclear Program; Hurricane Season-Texas; Hurricane Season-Mississippi; Hurricane Season-Florida; Hurricane Season-New Orleans; Homeland Security Funds; Nagin Sworn In; New Orleans-Harry Shearer; New Orleans-Musicians' Village.

Story Lineup From This Morning's Radio News Broadcasts:
ABC: Iraq-Haditha Investigation; Iran-Nuclear Program; Schwarzenegger-National Guard On Border; National Spelling Bee;
CBS: Indianapolis-Mass Murder; Iraq-Haditha Investigation; New Orleans-Levee Failures; Exxon-Alaska Oil Spill Cleanup.
NPR: Schwarzenegger-National Guard On Border; DHS-Anti-Terror Grants; Iran-Nuclear Program; Iraq-Haditha Investigation; CA-Rock Slide; GA-Army Helicopter Crash; Foreign Stock Markets.

WASHINGTON'S SCHEDULE:

Today's Events In Washington.
White House:

PRESIDENT BUSH — Meets with the Senior Minister of Singapore, Oval Office; participates in swearing in ceremony for the Director of the Office of Management and Budget, Room 450, Eisenhower Executive Office Building; holds photo opportunity with the Pittsburgh Steelers, South Lawn.

VICE PRESIDENT CHENEY — No public schedule.

LAURA BUSH — Delivers remarks at the United Nations General Assembly meeting on HIV/AIDS. United Nations, New York, NY. Open press.

US Senate: No Scheduled Events.

US House: No Scheduled Events

Other: CORPORATE INCOME TAXES _ 8:55 a.m. - 3 p.m. The American Enterprise Institute holds a conference on corporate income taxation and the economy. Highlights: 9 a.m. Deputy Assistant Treasury Secretary Robert Carroll. 12:20 p.m. Luncheon address: Chairman Edward Lazear of the President's Council of Economic Advisers. Location: 12th floor, AEI, 1150 17th St. NW.

PENTAGON-IRAQ BRIEFING _ 9 a.m. Army Col. Michael Shields, commander of 172nd Stryker Brigade Combat Team, will brief live from Iraq to provide an update on

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ongoing security operations in Iraq. Location: DOD Briefing Studio, 2E579, Pentagon.

TRADE-2007 FARM BILL _ 9 a.m. Washington International Trade Association discussion on the WTO Doha Round and the 2007 Farm Bill, with Jim Grueff, former US agriculture negotiator for the WTO Round. Location: Horizon Ballroom, Reagan Bldg.

CORPORATE DIVERSITY _ 9:30 a.m. Assistant Labor Secretary Charles Ciccolella speaks about the Jobs for Veterans Act at a meeting of the Corporate Diversity Compliance Council. Location: Science Application International Corp. offices, 1919 Pennsylvania Ave. NW.

GOVERNMENT HEALTH INSURANCE _ 12 p.m. One in a series of Cato Institute luncheon seminars on health care. Today's topic: ``Reforming Government Health Insurance Programs." Location: B338 Rayburn House Office Bldg.

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DEPARTMENT OF JUSTICE *NEWS CLIPS*

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TO: THE ATTORNEY GENERAL AND SENIOR STAFF

DATE: FRIDAY, JUNE 2, 2006 7:45 AM EDT

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TERRORISM NEWS:

Free And Uneasy (WSJ)

By Andrew Higgins

The Wall Street Journal, June 2, 2006

TIRANA, Albania -- After four years in Guantanamo Bay, Abu Bakker Qassim, a former terror suspect cleared last year of having ties to al Qaeda, got word last month that he finally would be set free.

He and four fellow Muslims from China were loaded onto a U.S. military transport plane in the middle of the night, shackled to the floor and flown for 12 hours to their new home: a converted military barracks in Tirana, the capital of Albania.

The compound is located on a potholed road strewn with garbage. It has high walls, bars on the windows and a guard at the gate. The five men occasionally leave but don't venture far. They've found no one in this small Balkan country who knows their native language, a Turkic tongue spoken by the Uighur (pronounced WEE-gur) people of China.

"I think Allah must be testing our patience," says Mr. Qassim, a 37-year-old father of three from Xinjiang, a historically Muslim region of deserts and mountains in western China. Pointing to strands of rusty barbed wire outside his window, he rolls his eyes. Freedom, he says, "is not what we expected."

The U.S. is also in a predicament it never expected: What should it do with Guantanamo inmates who have been found deserving of release but who face jail or execution if returned to their homelands?

It's a question that has grown urgent in recent weeks as the United Nations and even stalwart ally Britain have turned up the heat on Washington over Guantanamo prison. Critics say the camp stains America's reputation, upends the Geneva Convention governing treatment of prisoners and fuels Muslim anger. Eighty-nine inmates are now staging a hunger strike, drawing further attention to their plight.

Washington's hesitation to repatriate some detainees reflects its growing unease with authoritarian states it initially enlisted as partners in the post-9/11 war on terror. U.S. forces used an air base in Uzbekistan during the war in Afghanistan, but Washington strongly criticized the former Soviet republic last year when Uzbek security forces killed scores of unarmed protesters. Uzbekistan then evicted the U.S. military.

Fear of being sent home is so strong that an exonerated Egyptian detainee, Ala Abdel Maqsud Muhammad Salim, had his U.S. lawyers ask a federal court in January to block his release to avoid his being sent to Egypt, where he expected harm. The U.S. dropped a plan to return the sickly and nearly blind prisoner. He's still in Guantanamo.

U.S. officials say they scouted for two years for a country ready to take Mr. Qassim and his companions, beginning the search even before their exoneration. The U.S. was wary of sending them to China. Beijing severely punishes Muslims from the far west who criticize the Communist government or advocate independence. Unwilling to let the men live in the U.S., American officials say they approached more than 100 countries. All said no or waffled, fearful of upsetting China and reluctant to take on America's problem. Then Albania, an impoverished land with a large Muslim populace and a brutal communist past, said yes in April.

Messy Struggle

The decision pushed the country of some 3.5 million into a messy big-power struggle. Soon after the five Uighurs reached Tirana, China accused Washington of hypocrisy for letting them go. Beijing demanded that Albania hand over the men, whom it calls terror suspects. Prime Minister Sali Berisha says he was harangued by China's ambassador. Mr. Berisha says he's glad he gave the five Uighurs a haven, but regrets that it "has become very noisy around here." The Chinese Embassy in Tirana declined to comment.

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Guantanamo Bay now holds around 460 detainees. These include four who have been declared "no longer enemy combatants" -- bureaucratic jargon for innocent. About 116 others, though not exonerated, are no longer considered a serious threat or valuable to U.S. intelligence.

Among those who have been cleared but remain at Guantanamo is Zakirjan Hassam, an Uzbek dissident desperate to avoid going back to Uzbekistan. Like China, Uzbekistan rallied early to the "war on terror," viewing it as a vindication of its own harsh measures against restive Muslims.

Before sending detainees home, U.S. officials seek guarantees they will be treated humanely and prevented from causing trouble for America in the future. Those issues have slowed U.S. negotiations with Saudi Arabia over the repatriation of Saudi nationals at Guantanamo, although 15 Saudis there were sent home last month.

Secretary of State Condoleezza Rice has cited such complications in explaining why the Guantanamo prison can't simply be closed. The U.S. is working "almost daily" with foreign governments to reduce the number of prisoners, she has said. On a visit to Britain in April, Ms. Rice said: "We don't want to be the world's jailer."

Guantanamo critics blame the dilemma on the Bush administration's refusal to adopt swift and transparent procedures for judging guilt or innocence. They say lengthy incarceration leaves people with the stigma of terrorism even if they eventually get cleared. Lawyers for Mr. Qassim and other absolved detainees say those who are found innocent should be allowed to settle in America.

"The U.S. made this mistake," says Sabin Willett, a Boston corporate lawyer who early last year volunteered to defend Mr. Qassim and another Uighur detainee. "After four years at the Guantanamo prison, America owes them better than to be swept under an Albanian rug."

Unlike many of the world's Muslims, China's Uighurs often like America. Chafing at rule by Beijing and a flood of ethnic Chinese into their region, many Uighurs look to the U.S. for help. Calls for outright independence from China have faded but anger at police heavy-handedness and restrictions on religious worship have triggered sporadic bouts of unrest.

Mr. Qassim says that before leaving China in 2000 he used to listen to U.S.-funded Radio Free Asia, which broadcasts news in Uighur and other Asian languages. "It was very sad and disappointing to have a country we respect treat us in the way we've been treated," he says.

A native of Yining, a town near China's border with Kazakhstan, he used to work in a state leather factory and as a small-time trader. He ran into trouble after anti-Chinese riots in his hometown in 1997. Mr. Qassim says he didn't take part in the turmoil, which left at least nine dead, but he began to speak out against Chinese rule. Mr. Qassim says he also grew more interested in Islam, and was jailed for seven months on suspicion of anti-Chinese activities.

In 2000 he moved to neighboring Kyrgyzstan, hustling for work in a big bazaar. There he met a fellow Uighur from Yining, Adel Abdu Al-Hakim, now with him in Albania. The two later decided to move to Turkey, hoping to work at a leather-jacket factory run by a ethnic Uighur living there.

With no money for air tickets, they headed overland for Pakistan, where they say they intended to get visas for Iran. Discovering this would take months -- and fearful of staying on in Chinese ally Pakistan -- they opted to wait in Afghanistan.

The two men say they left Pakistan in the summer of 2001 to join some 30 anti-Chinese Uighurs living near the Afghan city of Jalalabad. The U.S. would subsequently describe their settlement as a "training camp."

The Uighurs in Guantanamo strongly denied that description in their tribunals. According to transcripts, each insisted the place was just a cluster of ramshackle buildings. Mr. Qassim says he studied the Quran and occasionally took pot shots with a Kalashnikov rifle, but received no "terrorist" training. Both he and Mr. Abdu Al-Hakim say they had never heard of the Afghan-based Osama bin Laden and had no intention of joining him.

After the attacks of Sept. 11, 2001, Mr. Abdu Al-Hakim heard reports of a likely U.S. attack on Afghanistan from a Uighur who listened to Radio Free Asia. He says he didn't expect any trouble, as the Uighurs had no quarrel with America.

Late at night a few days later, U.S. planes bombed their settlement. Ayup Hajimemet, now 23 and the youngest of the five Uighurs in Albania, says he arrived at the village just as the bombing started. He joined a group of fleeing residents, including Mr. Qassim, and headed for the mountains. They later discovered their destination was called Tora Bora, the focus of a failed U.S. hunt for Mr. bin Laden.

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Hungry and frightened, they say they sought shelter in a cave, only to be driven out by wild monkeys throwing stones. "We don't fit in anywhere in the world. Even monkeys don't want us," says Mr. Qassim.

Betrayed by Locals

After some two months of foraging and begging for food, Mr. Qassim and other Uighurs decided to get out of Afghanistan. They made a three-day trek across snow-covered peaks into Pakistan. Upon arriving, they say, local tribesmen gave them a warm welcome -- and then betrayed them.

After a lamb feast, the 18 Uighurs were taken to a mosque, herded into vehicles, driven to a jail and handed over to U.S. forces, who flew them to an American prison in Afghanistan. Mr. Abdu Al-Hakim says the 18 were captured by Pakistani bounty hunters. He overheard people saying the hunters received $5,000 each for the captives from the U.S. A Pentagon spokesman said he couldn't discuss "tactics, techniques and procedures" used to combat terrorism.

After some six months of interrogation in Afghanistan, the 18 Uighurs captured in Pakistan were put on a plane to Guantanamo, their heads hooded, their arms and legs tethered. Upon arrival in Cuba, they say they were each given an orange jumpsuit, a copy of the Quran and an "internment serial number." Mr. Qassim became ISN #283.

China cheered the U.S. invasion of Afghanistan, linking it to its own crackdown in Xinjiang. Beijing soon issued a report claiming the Uighur activists were "supported and directed by Osama bin Laden." It named as an al Qaeda affiliate a small Uighur group called the East Turkistan Islamic Movement.

At Guantanamo, much of the interrogation of the Uighurs focused on the movement, which the U.S. in late 2002 declared a terrorist organization. The Uighurs in Guantanamo denied any involvement with the group.

The U.S. let Chinese interrogators interview Mr. Qassim and other Chinese nationals at Guantanamo, according to the men and court documents. Most refused to talk, but they were rattled: Mr. Qassim says the Chinese made veiled threats against their families back in Xinjiang and appeared to have had access to information the Uighurs had given U.S. interrogators. A Pentagon spokesman said the U.S. "works with a variety of nations to try and determine the status of detainees."

Out of 22 Uighurs with Chinese nationality sent to Guantanamo, U.S. officials concluded early on that Mr. Qassim and the four now with him in Albania weren't terrorists. But for reasons that remain unclear, U.S. authorities failed to inform the five Uighurs of that. In early 2004, the Pentagon asked the State Department to start looking for a possible home for them abroad.

Later that year, the Uighurs and hundreds of others got their first chance to formally contest their status as "enemy combatants." This followed a 2004 Supreme Court decision that prompted the Pentagon to set up so-called Combatant Status Review Tribunals. Detainees appeared before the secret panels shackled and without lawyers, but were allowed to defend themselves. Remarks in declassified transcripts suggest the Uighurs' hearings took place in late 2004.

"Treating a person like me this way is not fair," Mr. Qassim told the tribunal, claiming that he opposed China, not America. The U.S., he complained, "was to help young Uighur people, and now they are saying we are the enemy.... We Uighurs have more than one billion enemies and that is enough for us."

Mr. Hajimemet, the young man who reached Afghanistan just as bombs were falling, was the only one of the five Uighurs to learn much English. While in prison, he says, he sometimes lashed out in response to taunts from American guards and to the daily humiliations of "being treated like an animal." He spat at a guard. "Even a donkey kicks back," he says. He wasn't tortured, he says, but on one occasion was thrown against a metal bed, leaving him with a lingering back injury.

The review tribunals set up in 2004 examined 558 cases in all and ruled that 38 detainees should be reclassified as "no longer enemy combatants." Among them were the five Uighurs now in Albania. The 13 other Uighurs who had been seized with them in Pakistan are all still "enemy combatants" and remain in Guantanamo.

In March 2005, Mr. Willett, the Boston lawyer, filed a petition in the U.S. to force the government to bring Mr. Qassim and Mr. Abdu Al-Hakim to court. U.S. officials declined to inform him that his clients already had been cleared. "The whole approach has been to keep Guantanamo a great big secret," says Mr. Willett, a partner at Bingham McCutchen LLP. "In the fog of war, mistakes are made," he adds. "The dishonor comes of hiding them."

Four months later, in July, Mr. Willett got permission to visit Mr. Qassim and Mr. Abdu Al-Hakim in Cuba. The two men were chained to the floor in a tiny plywood hut, the lawyer says. Only at this meeting was he finally told they had been exonerated. Mr. Willett returned to the U.S. and filed an emergency motion demanding their immediate release.

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About a month later, Mr. Qassim and the other exonerated Uighurs were moved to less-severe quarters in nearby Camp Iguana. They could walk around without chains and were allowed to watch nature videos. News broadcasts were banned. Mr. Willett requested permission to send a Uighur-English dictionary and other language materials but was told this was forbidden. Defense Department rules bar inmates from developing any skill, even English, that might be used against the U.S.

At a U.S. court hearing last August on Mr. Willett's call for the prisoners' release, a federal judge denounced the term "no longer enemy combatant" as "Kafkaesque." When assured by a government lawyer that the case would be resolved "soon," the judge snapped, "Define soon." In a December ruling, he declared the continued detention of Mr. Qassim and Mr. Abdu Al-Hakim was "unlawful" but said he couldn't order the release of the innocent men because this would involve immigration issues outside of his purview.

Mr. Willett appealed, and a hearing was set for May 8. With the legal pressure mounting, the government stepped up previously fruitless efforts to find the Uighurs a home. U.S. officials at one time considered letting the Uighurs into America, but that option was rejected "at a senior policy level" out of concerns over possible litigation and security, says a senior State Department official.

Sending the Uighurs back to China was never an option, say U.S. officials. The State Department's annual report on global human rights, released in March, concluded that China had "used counter-terrorism as an excuse for religious repression of Uighur Muslims." It also reported that a Uighur sent back to China from Nepal against his will had been executed. The State Department's latest report on global terrorism, issued in April, now lists the East Turkistan Islamic Movement as a group of "concern."

Albania was first approached about taking the Uighurs late last year, and initially balked. In April, the U.S. ambassador to Tirana went to see Prime Minister Berisha. Mr. Berisha had assisted the U.S. in the 1990s, helping the Central Intelligence Agency hunt down alleged Islamic militants in Albania. The militants were later expelled to Egypt and, in two cases, hanged. Albania was also seeking U.S. backing to join the North Atlantic Treaty Organization.

Mr. Berisha says he told the ambassador that Albania would take the Uighurs as a "favor to a friend," so long as America was sure they weren't terrorists. The U.S. agreed to cover the costs of their resettlement. Albania, he says, owes a lot to America, most recently for its 1999 military intervention in Kosovo, populated largely by ethnic Albanians.

China, which under Mao Zedong was a close ally of Albania, heard of the plan and was livid. A scheduled visit in May to Beijing by Albania's foreign minister was called off.

Three days before the May 8 U.S. court hearing on the Uighurs, Mr. Qassim and the four others were bundled onto the transport plane. Though told they were going to Albania, they were terrified the flight might end in China. Mr. Qassim says he calmed down only when the door of the plane opened and he saw European faces.

'Pay Any Price'

Local newspapers splashed their arrival across the front pages. The opposition blasted the government for upsetting China. Two days after the Uighurs landed, Prime Minister Berisha met with Vice President Dick Cheney in Croatia at a gathering of three countries hoping to join NATO. The prime minister said Albania was ready to "pay any price" to join the alliance. Mr. Cheney said he endorsed the entry of Albania, Croatia and Macedonia.

In Tirana last week, Mr. Berisha said he was baffled that so many major nations declined to take the Uighurs, including the U.S. itself and the European countries that call for Guantanamo's closure. "Big countries don't like to deal with small problems," he said.

Mr. Qassim and his companions, meanwhile, have shaved off the long beards they had grown in jail to fit in with zealously devout Arab inmates. They now have a driver to take them around Tirana, and have found a Turkish restaurant where Turkish-speaking waiters can just about make out their orders. China's official news agency, Xinhua, says the five men are "faring poorer than rats crossing the street."

On a visit last week to an Internet cafe, the five men searched for news about their case in their native tongue. Then they watched footage from the 9/11 attacks in New York. They'd never seen the images of hijacked planes flying into the World Trade Center before, and they wanted to know what got America so angry.

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Mr. Qassim groaned as he saw the jets slam into the towers. "This is awful, really awful," he said. "If this hadn't happened, we would never have gone to Guantanamo."

89 Gitmo Detainees On Hunger Strike (AP)

By Andrew Selsky

AP, June 1, 2006

More Guantanamo Bay detainees have joined a hunger strike, raising the total to 89, and six of them were being force-fed, the U.S. military said Thursday.

The strike — which last weekend jumped from three participants to 75 — is now the biggest of the year at the U.S. prison on Cuba, where about 460 men are being held on suspicion of links to al-Qaida or the Taliban.

The U.S. military said the detainees were trying to pressure the United States to release them, but a human rights attorney described the strike as a desperate appeal for justice.

Six hunger strikers were being force-fed, said Navy Cmdr. Robert Durand — two more than last weekend.

"All are being closely monitored by the ... medical staff and being counseled on the health effects of long-term hunger striking," Durand said in a statement from Guantanamo Bay.

Military officials said the hunger strikers are an attempt to gain public sympathy to pressure the United States to release them.

Ben Wizner, an American Civil Liberties Union attorney who has been to Guantanamo Bay, said the growing hunger strike appears more like a call for help by detainees.

"The vast majority have never been charged with any crime, and have been prevented from communicating directly with the outside world," Wizner said in a telephone interview from New York. "So it may well be their attempt to ensure that the world is reminded of their unlawful detention."

A U.N. panel said May 19 that holding detainees indefinitely at Guantanamo Bay violates the world's ban on torture. The panel said the United States should close the detention center.

German Chancellor Angela Merkel, Danish Prime Minister Anders Fogh Rasmussen and British Attorney General Lord Goldsmith are among those who also recently have called on the United States to close Guantanamo.

But Secretary of State Condoleezza Rice said Washington cannot turn loose "people who have vowed to kill more Americans if they're released."

Only 10 Guantanamo detainees have been charged with crimes. The Supreme Court is expected to rule in June whether President Bush overstepped his authority in ordering the detainees to be tried by U.S. military tribunals.

The hunger strike comes amid increasing displays of defiance from the prisoners, who have been held for up to 4 1/2 years, with many claiming their innocence.

On May 18, a detainee staged a suicide attempt to lure guards into a cellblock where they were attacked by prisoners armed with makeshift weapons, the military said. Earlier that day, two detainees overdosed on antidepressants they collected from other detainees and hoarded in their cells. The men have since regained consciousness.

The hunger strike began in August and peaked at 131 last fall, according to the military's count, before declining to three earlier this year as the military used more aggressive force-feeding methods, including a restraint chair. Force-feeding is done through tubes inserted into the nose.

Physicians for Human Rights has called on the United States to halt the "brutal and inhumane force-feeding tactics."

"The commanders of Guantanamo are not tolerating people on hunger strike," said Leonard Rubenstein, executive director of the doctors' group, adding that detainees were apparently being force fed before their lives are at risk.

"These are policy decisions made by commanders, not by physicians," Rubenstein said from Washington in a telephone interview.

U.S. officials said the measures are "safe and humane" and have been used in American civilian prisons.

German Spy Agency Admits Mishandling Abduction Case (NYT)

By Souad Mekhennet, Craig S. Smith

DOJ_NMG_0031222

The New York Times, June 2, 2006

Germany's external intelligence service, the BND, said yesterday that it knew about the American seizure and detention of a German citizen 16 months before the country was officially informed of his mistaken arrest. It was unclear whether that information had been passed on to senior officials.

Germany had previously maintained that it did not learn of the abduction of its citizen, Khaled el-Masri, until he returned to Germany in May 2004.

The disclosure on Thursday, made as a parliamentary inquiry into the case reconvened in Berlin, adds to suspicions that European governments, or at least their intelligence services, have abetted the American practice of "extraordinary rendition." The phrase refers to the kidnapping of terrorism suspects by American agents who then secretly transport the suspects to third countries for interrogation, beyond the jurisdiction of American laws.

Any European participation in the extrajudicial seizures and detentions, not to mention the torture that is said to be involved, would constitute a breach of the European Convention on Human Rights. The Council of Europe, which enforces the convention, is investigating the allegations of European participation in the American rendition program.

Mr. Masri's ordeal, first reported by The New York Times in January 2005, is one of the best-documented cases of extraordinary rendition. The case ignited outrage in Germany, and the government has publicly criticized the Bush administration.

Mr. Masri said he was detained in Macedonia in December 2003. His name is similar to that of a man wanted in connection with the Sept. 11 attacks.

He said the Macedonian authorities held him for 23 days before turning him over the Central Intelligence Agency, which flew him to Afghanistan, where he was held for five months. He said he was flown to Albania and released after his captors determined that he was not the man they were seeking.

The American ambassador to Germany, Daniel R. Coats, officially informed Berlin of Mr. Masri's mistaken arrest shortly after his release.

Although the United States has acknowledged that Mr. Masri was detained as part of the rendition program, neither American nor Macedonian authorities have officially confirmed that he was seized in Macedonia. But a Macedonian official who was directly involved in the case acknowledged Macedonia's role in the abduction after being promised anonymity.

"This declaration from the BND makes it clear that everything started in Macedonia and that he was handed over to the Americans there," said Manfred Gnjidic, Mr. Masri's lawyer in Ulm, Germany. Mr. Gnjidic maintains that the German government knew about Mr. Masri's abduction and did nothing.

In a statement on Thursday, the BND said it had interviewed all of the employees of the Germany Embassy in Macedonia this year after a Times article reported that Macedonia had informed Germany of Mr. Masri's case within days of his transfer to American custody.

The intelligence service said no one reported knowing anything. But now, with a parliamentary commission preparing to call witnesses in its investigation, one midlevel BND official at the embassy has come forward to say that he was told of Mr. Masri's arrest in early January 2004.

According to the statement, the unidentified BND employee said that while eating in a Macedonian government canteen, someone he did not know told him that a German citizen named el-Masri had been arrested in Skopje, Macedonia's capital, and handed over to the Americans.

Because the matter was unrelated to the BND employee's job, the statement said, he did not do anything. It also said there was a "high possibility" that the employee did not tell anyone else. The BND said the information should have been forwarded to its headquarters in Berlin.

"I asked during my time in Macedonia to talk to someone from the German Embassy, and one of the Macedonians told me, 'But the Germans don't want to talk to you,' " Mr. Masri said on Thursday.

HOMELAND RESPONSE:

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N.Y. Steamed Over Terror Fund Cutbacks (AP)

By LARRY McSHANE

The AP, June 2, 2006

NEW YORK (AP) -- From Times Square and the Empire State Building to the Brooklyn Bridge and the Statue of Liberty, New York is a city of spectacular landmarks. Ask any of the 41 million tourists who visited last year.

But according to the Homeland Security Department, New York has no national monuments or icons - a determination that led to a 40 percent cut in anti-terrorism funding.

New Yorkers are seething over the news, and some are demanding the firing of Homeland Security chief Michael Chertoff.

Rep. Peter King, R-N.Y., charged that the Bush administration had "declared war on New York" with its decision to reduce anti-terrorism funding by $83 million while increases went to cities like Jacksonville, Fla., Louisville, Ky., and Omaha, Neb.

"I'm not begrudging any other city, but why would you cut the No. 1 target in the country by 40 percent?" said King, who demanded an investigation. "How can you possibly justify that?"

Sen. Charles Schumer, D-N.Y., on Thursday said President Bush "should not come back to New York and stand with us" until his administration comes up with more money to keep New York safe.

"This is wrong and unfair, but also outrageous," Schumer said. "The bottom line is this is abandoning New York."

The cutback comes nearly five years after the terrorist attack that killed 2,749 people at the World Trade Center, and a week after a Pakistani immigrant was convicted of conspiring to blow up the subway station at Herald Square, the site of Macy's flagship store, one of the world's most popular shopping destinations.

In Washington, Homeland Security Undersecretary George Foresman said his agency would review its finding that New York City has no national monuments or icons that would be at risk of terrorist attack.

"We're going to go back and look at it," said Foresman, who said that the decision was made partly on attendance figures. A federal worksheet based on a variety of data was used to determine the "icon" status and the funding.

Chertoff defended the cut on Thursday, while acknowledging that New York City was still at the top of the U.S. threat list. He said the nearly $125 million in grants for New York were in line with the average amounts the city has gotten in the years since Sept. 11. He added that New York has gotten more than $500 million in all, and that is more than twice the total received by the next-highest-risk city, Los Angeles.

"When actual decisions get made it tends to rub people who came out on the short end the wrong way. We are always willing to listen to criticism," he said in a speech at the Brookings Institution, a Washington think tank.

The local tabloids have savaged Chertoff, with an editorial cartoon in the Daily News comparing him to Benedict Arnold. "Terror? What Terror?" asked a mocking front-page headline in the New York Post. "Shove off, Chertoff!" read page one of the Daily News.

Rep. John Sweeney, R-N.Y., called for Chertoff's resignation. Mayor Michael Bloomberg was less militant, although he questioned what was happening in Washington.

"I don't have to list the Brooklyn Bridge, the United Nations and Rockefeller Center and the Statue of Liberty and Empire State Building and the Stock Exchange," Bloomberg said. "So you really wonder what was going through somebody's mind."

Assorted terror plots targeting the subways and other city landmarks have come to light since the 1993 bombing of the World Trade Center. Schemes have mentioned the United Nations, the Holland and Lincoln Tunnels, and the federal building housing local FBI offices.

NYPD officials said the drastic cut in funding ignored the city's uncomfortable position as the top target for terrorists to strike. The department was depending on the federal money to:

- Finance an $81.5 million proposal to safeguard Lower Manhattan and parts of midtown with a surveillance "ring of steel" modeled after security measures in London's financial district.

- Pay half of the $200 million annual cost of heavily armored patrols - called Operation Atlas - and other current security measures, including protection for the nation's largest mass transit system.

- Provide $38 million for counterterrorism training and equipment, such as biological and radioactive detection devices.

One out-of-towner visiting the Empire State Building on Thursday had no problem with the federal cutbacks.

"At some point, you have to stop pouring in money," said George Kent, 77, of Reno, Nev. "I think the national treasury needs the money."

City Has Itself To Blame For Terror Cuts, U.S. Says (NYT)

By Al Baker And Diane Cardwell

The New York Times, June 2, 2006

The federal agency distributing $711 million in antiterrorism money to cities around the nation found numerous flaws in New York City's application and gave poor grades to many of its proposals.

Its criticism extended to some of the city's most highly publicized counterterrorism measures.

In a report that outlines why it cut back New York City's share of antiterrorism funds by roughly 40 percent, the Department of Homeland Security was so critical of some highly viewed local measures — like Operation Atlas, in which hundreds of extra police officers carry out counterterrorism duties around the city each day — that the Police Department and other city agencies must now seek further federal approval before drawing on the money they were given to pay for those programs.

In a flurry of charges and countercharges, federal officials said yesterday that the city not only did a poor job of articulating its needs in its application, but it also mishandled the application itself, failing to file it electronically as required and instead faxing its request to Washington.

City and state officials insisted that they had made no mistakes. And a state official provided a written acknowledgement from the federal government saying that the city's application for grant money has been "successfully submitted" and said that the city could "log in" any time to view the application.

New York City received $124.5 million from the Department of Homeland Security, about 40 percent less than the $207.5 million it received the year before. Many smaller cities around the country, like Charlotte, N.C., saw their shares increase sharply.

Mayor Michael R. Bloomberg questioned yesterday whether old-fashioned pork barrel politics was at play in doling out the money in an election year. He was one of several elected officials who moved on different tracks to uncover how the decisions were made, with an eye toward revising that process.

"We tried to do an analysis of some of the moneys and whether or not they were given out for political reasons, and in fact in many of the places where they got money — but arguably there's no threat — there are close elections either at the Senate level or the House level," the mayor said. "Now, whether that was their motive I have no idea."

The White House tried to minimize the effect on New York. The grants will be reconsidered each year and could change if "some grand and unforeseen need arises," said Tony Snow, the White House press secretary. "The point of homeland security, as I said before, is to provide security for the entire homeland," he said. "And certainly no disrespect meant to New York with $124 million for this coming year."

The report, obtained yesterday, pointed out opposing views held by cities and the federal government over how antiterrorism money should be spent and, as an extension of those views, how terrorism should be fought.

City officials have used federal money to subsidize continuing costs, like paying overtime to officers. The federal government, on the other hand, wants the grants to pay for semipermanent safeguards that can increase security over the long term, like improvements in communications systems, better gas masks and increased training.

The report faulted the city for not adequately explaining why the money being requested could reduce risks.

Though the report said the city was in the top 25 percent of urban areas at risk, it rated the city in the bottom 25 percent in the quality of its application. It rated the Police Department's counterterrorism program and Operation Atlas as below average in sustainability, a criticism of the continuing overtime costs.

Eight of the city's programs including the counterterrorism division and Operation Atlas, as well as some health and training programs — fell in the bottom 15 percent, meaning any federal money used toward them will need to be specifically approved.

Elected city officials were especially stunned that the report said New York had no national monuments or icons. The city's application was evaluated by so-called peer-review panels of five to seven people with varying backgrounds from 47 states and affirmed by government analysts at the Department of Homeland Security.

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Angry officials in New York zeroed in on the peer review process yesterday, trying to determine who evaluated the programs and whether their judgments were clouded by a desire to steer security money to their own areas. City officials questioned whether the reviewers had expertise in antiterrorism efforts.

Members of New York's Congressional delegation presented a united front in pledging action to change the allocations. Representative Peter T. King, a Republican and chairman of the House Committee on Homeland Security, said he would hold hearings to investigate the process, while Senators Charles E. Schumer and Hillary Rodham Clinton, both Democrats, wrote letters to Michael Chertoff, the secretary of the Department of Homeland Security, demanding a full explanation.

In Washington, Mayor Anthony A. Williams described the decision to cut his city's allocation by 40 percent as shortsighted.

A spokeswoman, Sharon Gang, said the Homeland Security Department did not give much of a rationale for the cuts and that their proposals rated average or above average on almost all counts.

"It sounds like they made a unilateral, gut decision not based on our application," Ms. Gang said. "And they scored other locations higher."

Officials in New York said the impact of the cash drain would be felt.

"We have a counterterrorism center that would deal with all of the potential scenarios that we have been studying that we have to be prepared for that could be dramatically affected by any cut in funding," said Fire Commissioner Nicholas A. Scoppetta. "It's as though Washington is not going to be convinced of the need until they have another terrible incident in a place like New York or Washington."

Paul J. Browne, a senior aide to Police Commissioner Raymond W. Kelly and the department's chief spokesman, said: "The N.Y.P.D. will continue to do what it needs to do to keep the city safe," he said. "We'll just be doing it without D.H.S. stepping up to the level expected of it."

He said the department's counterterrorism work had been essential in defending the city since 9/11 "What more evidence do they need?" he said.

Stephen C. King, a lawyer who specializes in emergency-response and domestic security issues at Hunton & Williams in New York, said he could not understand the 40 percent cut to the city. "I'll have to look at it closer," he said, "but I can't wrap my arms around that one."

Though the federal officials said the city did not file properly, the city said state officials filed its package, and a state official said its package of applications was filed electronically on March 2, the deadline.

In an interview, George W. Foresman, under secretary for preparedness as the Department of Homeland Security, applauded some of the security work being done by New York, while raising the question of just what is the proper use of the federal funds.

"Do you pay for what are viewed as basic capabilities; law enforcement, fire, E.M.S., public health, emergency management?" he asked. "Whose role is it to pay for that, versus whose role is it to pay for specialized training and equipment for fire, E.M.S. and law enforcement?"

Mr. Chertoff said yesterday: "There was no suggestion about anything we did that New York is not the No. 1 terror target. But I do think it's fair to ask this question: After a city gets $500 million, more than twice as much as the next-largest city, is it correct to assume they should continue to get the same amount of money year after year after year after year with everybody else dividing up what remains?"

Still, Mr. Schumer called the episode an "absurdity," saying the grading system did not make sense.

"It would be as if you got 800's on your boards and Stanford Law School rejected you because you put the stamp on upside down," he said.

Pork 1, Antiterrorism 0 (NYT)

The New York Times, June 2, 2006

If Al Qaeda is planning on following up its 2001 attacks on New York and Washington with an assault on Nebraska, the Department of Homeland Security's new urban areas security grants are brilliant. But, of course, the White House, Wall Street and densely populated urban areas are the most likely terrorist targets, and these are precisely the places the department

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dangerously shortchanged this week. The new grants, which slash spending for New York and Washington by 40 percent — and shower money on Omaha and Louisville — are more about pork barrel politics than security. Given how important the stakes are in protecting the nation against terrorism, they are also a disgrace.

Scarce antiterrorism money should be rigorously aimed at the places most at risk of attack, but the Bush administration and Congress have consistently refused to do so. While efforts to protect subway riders in New York City and federal workers in downtown Washington are badly underfinanced, places that would be bizarre targets have been swimming in federal funds. The Northwest Arctic Borough, an Alaskan area of 7,300 people, spent $233,000 a while back to buy decontamination tents, night vision goggles and other equipment.

This week, the Department of Homeland Security has skewed things even further against Americans who live in the places that are most likely to be attacked. New York's share of the urban areas security program falls to $124 million from $207 million last year, and Washington's falls to $46 million from $77 million.

There appear to be serious problems with the department's evaluation process. Rather than having impartial antiterrorism experts make recommendations, it relied on anonymous "peer reviewers" recommended by governors, mayors and local homeland security departments. The panels appear to have been too focused on politics, and not enough on safety. The resistance to financing operating costs, like police overtime, ignores the fact that day-to-day groundwork does the most to combat terrorism.

Some of the specifics of the decision process are downright bizarre. New York City's evaluation found that it had no "national monuments or icons." The department concedes that omitting the Statute of Liberty was an "oversight," but it still seems unaware that to many would-be terrorists, the biggest American icon of all is simply — New York.

The responsibility for the bad allocations lies with President Bush and Homeland Security Secretary Michael Chertoff. But Congress also has a poor record in this area. Representatives of high-population states like New York, California and Texas have continually lost out in their efforts to enact a more risk-based formula. Congressmen from the areas that have been shortchanged this week are vowing to fight. Representative Peter King, a New York Republican who is chairman of the House Homeland Security Committee, says he wants New York to be "made whole," either by adjusting the most recent grants or finding money from other budgetary sources.

When President Bush and the Republican Party were looking for a backdrop for their 2004 national convention that symbolized America's war on terror, they came to New York City, not Omaha. Mr. Bush and Mr. Chertoff owe the American people a system that recognizes the vulnerability of places like New York and Washington not just when the television cameras are rolling, but when the money is being handed out.

Flash: DHS Disputes Al-Qaeda's 5-Star Rating Of Two U.S. Cities (WP)

By Dana Milbank

The Washington Post, June 2, 2006

Homeland Security Undersecretary George Foresman was leaving the Chamber of Commerce on H Street yesterday morning when he met one of his subordinates, Tracy Henke, arriving to deliver a speech.

"It's gonna get better," Foresman told Henke, consolingly.

Henke shrugged. "You just roll with it," she said.

Or, more likely, get rolled. Henke, who is in charge of Homeland Security's grant-making, has become a target of ridicule since she announced plans Wednesday to cut counterterrorism money for New York City and the Washington area -- which together have been the targets of 100 percent of al-Qaeda's terrorist attacks on American soil -- by 40 percent each.

Adding insult to this injury, Henke's department judged that the nation's capital is a "low-risk" city and that the Statue of Liberty, Brooklyn Bridge and Empire State Building are not worthy of "national icon" status. By contrast, those terrorism magnets of Kansas City and St. Louis -- both by happenstance in Henke's home state of Missouri -- received boosts in funds. Other winners: the horses of Louisville, the cattle of Omaha and five cities in Jeb Bush's Florida.

Sounds dubious? Sorry, you can't see the data Henke used. Classified.

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To nobody's surprise, the actions at DHS have brought furious condemnations, most notably from Rep. Peter King (R-N.Y.), chairman of the House Homeland Security Committee, who wrote in Thursday's New York Post: "As far as I'm concerned, the Department of Homeland Security has declared war on New York City."

Henke seems rattled. Arriving for her speech yesterday to a DHS-backed group called the Citizen Corps, she was a bit out of breath and hurried to the stage, saying "I'm up again." She immediately brought up the controversial grant announcement and appealed to her audience for some love.

"Needless to say, not everybody has nice things to say about me," she said, so "anybody who wants to say something nice, please feel free to do so. You know, it's one of those things where it's occasionally important to have a little bit of that positive affirmation. If nothing else, then I'll have to call my parents, and the reality is they don't give it to me either."

In this time of torment over big-city terrorism funding, Henke opted to recall her small-town upbringing. "People come to Washington and they forget where they came from and they think all knowledge, all information, all good ideas generate in the marble buildings of Washington, D.C.," she argued. "Guess what? Not true. Not true at all. I'm very fortunate, I come from a very small town in Missouri." She said she keeps a sign in her desk that says "Remember where you came from."

Henke has. St. Louis, not far from her hometown of Moscow Mills, gets a 31 percent boost in counterterrorism money under the new formula.

The new DHS plan is advertised as a "risk-based" model, but it came up with almost the opposite conclusions to a Rand Corp. study last year that calculated terrorism risk to 47 cities. Seven of the 10 highest-risk cities in the Rand study will lose funding under the DHS plan; six of the 10 lowest-risk cities in the Rand study will see increases in funds, including such hot spots as Milwaukee and Tampa.

Homeland Security Secretary Michael Chertoff tried to tamp down the controversy in a speech later at the Brookings Institution, arguing that "it's only a reduction if you choose to look at the highest year of funding" -- which happens to be last year. This explanation didn't satisfy, and Chertoff, barraged by questions on the subject, became petulant, saying that "threatening the secretary is not a way to drive funding decisions," and "there's a little bit of the quality of what-have-you-done-for-me-yesterday about some of the criticism."

Foresman, the undersecretary for preparedness and Henke's boss, avoided the controversy as he spoke to the Citizen Corps yesterday. "We have a moment in time where we've got sustained federal funding to states and communities," he told the group.

Sustained? The urban terrorism funds are to be cut 14 percent overall.

Approached by reporters after his speech, Foresman allowed that the new formula isn't just about a city's risk; he said there's also an "effectiveness" score, rating each city on "how well are they able to articulate the application of resources." Washington and New York were, evidently, not as "articulate" as DHS desired. Never mind that the urban grants were supposed to balance out other counterterrorism programs that, under a formula imposed by Congress, give disproportionate money to such strategic hubs as Vermont, North Dakota and Wyoming.

A reporter asked Foresman how he can be sure the new criteria are valid. "Good question," he allowed.

The lady from Missouri entertained no such uncertainty. "I'm happy to defend it," Henke said before her speech, in which she boasted that "we have accomplished a tremendous amount."

Asked later if she expected the uproar, she replied: "There's no getting around the outburst coming. Risk exists elsewhere in the nation and we have done a much better job at identifying, calculating and analyzing that risk."

And besides, she added, "you have sites in Wyoming that have risks associated with them."

It's true: The bison of Grand Teton have lived in fear of al-Qaeda long enough.

Is D.C. Ready For Terrorist Attack? (WT)

By Jerry Seper

The Washington Times, June 2, 2006

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Two unrelated traffic accidents within an hour of each other yesterday in Northeast shut down two major highways during the busy morning commute, causing massive gridlock and seemingly endless delays -- but also providing an ominous warning: What if it had been a terrorist attack?

The Bush administration has spent $2 billion to protect the city since the September 11 attacks -- assigning law-enforcement personnel, rerouting traffic and erecting barriers -- and countless millions have been disbursed by state and local governments to avoid a gridlock catastrophe in the event of another attack.

But the prospect of being able to get either in or out of the city without being caught in a massive traffic jam remains in doubt in the event of an incident or the evacuation of government buildings.

Even the agencies assigned the task of responding to a terrorist attack could contribute to the problem: A Code Red declaration by the Department of Homeland Security -- meaning that an attack was imminent or had taken place -- could result in an immediate lockdown of public and government facilities and restrictions on public travel.

Under the direction of Homeland Security, emergency personnel and equipment would need to be directed to the area, transportation systems would be "redirected or constrained," and public and government facilities could be closed.

Although the department's definition of Code Red and what protective measures would be required if it were instituted are vague, redirected or constrained means roads, bridges and tunnels could be closed, and airports and train stations could be shut down or limited.

"No plan is perfect and responding to these kinds of situations is a work in progress," said Natalie Jones Best, emergency preparedness and risk manager for the D.C. Department of Transportation. "But we have developed multiple response plans, identified emergency routes and come up with contingency plans to manage traffic in the event of an emergency.

"An incident like the one that occurred this morning, although unfortunate, gives us the opportunity to take a look at those plans and go back and make changes if necessary," Ms. Jones Best said. "It puts us in a position of being able to better manage our resources and strengthen our response."

Homeland Security officials did not return calls yesterday for comment.

Lon Anderson, spokesman for AAA Mid-Atlantic, said the main commuter routes in the Washington area operate at maximum capacity, leaving almost no alternative if one becomes blocked because of an accident.

"Add a major incident that takes away a major commuter route and it doesn't mean that everything slows down. It means that everything stops," Mr. Anderson said.

Gridlock is not uncommon in the D.C. area because of incidents involving national security or other law-enforcement concerns, dating to at least 1998, when an Alexandria man threatened to jump off the Woodrow Wilson Bridge and stopped traffic for more than five hours. D.C. police shot him in the leg with a beanbag bullet and he jumped into the water. The man survived, but the incident backed up Beltway traffic for more than 20 miles.

In March 2003, Dwight Ware Watson, dubbed the "Tractor Man," brought much of Washington to a standstill when he decided to protest tobacco-subsidy cuts by driving a tractor into a Constitution Gardens pond on the Mall. U.S. Park Police cordoned off the area from the Washington Monument to the Lincoln Memorial. The federal government emptied several nearby offices and closed off major traffic arteries. Over the two days of the siege, four consecutive D.C. rush hours saw massive traffic jams.

Major evacuations of federal buildings in the District also have been prompted by suspicious events, forcing an exodus out of the city. In 2005, a pilot's errant flight into restricted D.C. airspace May 11 prompted evacuation of the White House, the U.S. Capitol and the Senate and House office buildings, but also exposed a breakdown in communications between federal agencies and city officials, who did not know about the evacuation because they had disconnected a communications line between the Federal Aviation Administration and the Metropolitan Police Department.

After 24,000 military personnel and civilians who work at the Pentagon were evacuated on September 11, along with much of official Washington, highway gridlock took over in the nation's capital. Police also cleared the Capitol and all House and Senate office buildings, and the drive out of the city took hours.

Ms. Jones Best said she was "caught" in yesterday's traffic jam but managed to find a detour by listening to the radio -- saying the ability of government to get timely information to the public was "key" in being able to manage any crisis situation. She

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said that safety is "always our top concern" and that law-enforcement personnel and other first responders can determine "hot spots" and divert traffic to other areas.

Randall J. Larsen, director of the Virginia-based Institute for Homeland Security, a nonpartisan, not-for-profit research organization, yesterday questioned the rush by federal, state and local governments to evacuate the city in a terrorist attack. He said that there may not be any reason to leave and that finding "shelter in place" -- a small, interior room with no or few windows -- could be a better option.

"Other than a hurricane, why would you need an evacuation plan?" asked Mr. Larsen, a retired Air Force colonel and originator of the first graduate course on homeland security at the National War College. "If it's a nuclear attack, forget it. A chemical attack, you don't have to go that far. I see no need to have all these evacuation plans."

Mr. Larsen also said federal, state and local governments have to first decide when an evacuation is actually necessary and then be able to coordinate that effort with each other and with hundreds of responding law-enforcement officers. He called it a difficult task, noting that 20 local governments make up the Metropolitan Washington Council of Governments alone, along with "a lot" of federal, state and local law-enforcement agencies.

"One of the major problems for the D.C. region and the Department of Homeland Security in general has always been, 'Who's in charge?' " he said. "Just who orders an evacuation, when and why? They are all difficult questions."

Ms. Jones Best said the question of who's in charge depends on where an incident occurs.

"Locals are always the first responders and are in charge until the situation dictates otherwise," she said. "We've held a number of exercises and met the people we need to talk with. A process is in place, and it establishes a clear liaison to FEMA."

Can the Federal Emergency Management Agency do the job in the wake of criticism for its handling of Hurricane Katrina?

"I think FEMA recognizes that it has gaps and is working to improve," she said.

Chertoff: FEMA Is Hurricane-ready (USAT)

By Mimi Hall And Nick Martin

USA Today, June 2, 2006

WASHINGTON — The federal disaster agency criticized for bungling last year's response to Hurricane Katrina stands ready for this year's hurricane season with a more experienced leader, a bigger cache of supplies and new high-tech systems to figure out how bad a disaster is and get help there faster, Homeland Security Secretary Michael Chertoff says.

At the start of the 2006 hurricane season, which began Thursday, the Federal Emergency Management Agency is “much more prepared than we were last year or any previous year,” says Chertoff, whose department includes FEMA.

But some disaster-response experts, members of Congress and FEMA employees are skeptical. “The proof will be in the pudding,” says James Lee Witt, FEMA chief from 1993 to 2001. “I just hope and pray it won't be such a bad season.”

Leo Bosner, head of the FEMA headquarters employees' union, says many experienced employees have quit since Katrina hit last August. “I'll cross my fingers” that newly hired staff have enough training to respond, Bosner says. “But I really don't know what kind of shape we're in.”

FEMA officials insist the agency is ready for the new season with:

•New Director R. David Paulison. Acting director since Michael Brown resigned Sept. 12, Paulison is a former Miami-Dade fire chief.

•Up to five times as much supplies as last year, from truckloads of water and ice to laptop computers.

•New high-tech systems, such as satellites that can send real-time video to FEMA headquarters to show officials what's happening and GPS tracking for equipment.

In the states that tend to be hit hardest, emergency-response officials say they're cautiously optimistic about FEMA's ability to respond. They're also reminding people that it may be up to 72 hours after a storm before help arrives.

In Charleston County, S.C., emergency preparedness director Cathy Haynes is holding community meetings. One slide in her show puts it bluntly: “Why do you need to be prepared? … Emergency agencies will be OVERWHELMED!”

And Rep. Bennie Thompson of Mississippi, the top Democrat on the Homeland Security Committee, isn't convinced that FEMA's ready. “We still have people who are living in tents,” he says. “There's still suspicion in the Gulf Coast region.”

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Army Builders Accept Blame Over Flooding (NYT)

By John Schwartz

The New York Times, June 2, 2006

In a sweeping new study of the causes of the disaster in New Orleans last year, the Army Corps of Engineers concludes that the levees it built in the city were an incomplete patchwork of protection, containing flaws in design and construction and not built to handle a storm anywhere near the strength of Hurricane Katrina.

"The hurricane protection system in New Orleans and southeast Louisiana was a system in name only," said the draft of the nine-volume report, released yesterday in New Orleans.

Several outside engineering panels that have been critical of the corps have come to similar conclusions, and have found a more extensive chain of flaws in the design, construction and maintenance of the 350-mile levee system.

But the 6,113-page report is remarkable for being a product of the corps' own official investigation, which brought together 150 experts from government, academia and business to study what went wrong and how to build better systems for the future.

The region's network of levees, floodwalls, pumps and gates lacked any built-in resilience that would have allowed the system to remain standing and provide protection even if water flowed over the tops of levees and floodwalls, the report's investigators found. Flaws in the levee design that allowed breaches in the city's drainage canals were not foreseen, and those floodwalls failed even though the storm waters did not rise above the level that the walls were designed to hold.

But the system was also overwhelmed in significant ways by Hurricane Katrina, and some degree of flooding would have happened even if the floodwalls had not been breached by the surging waters, the report stated.

"Regardless of breaching or no breaching, there would have been massive flooding and losses" from the hurricane, Lewis E. Link, the director of the study and a senior research engineer at the University of Maryland, said in an interview. "The losses were increased because of the breaching that occurred."

The investigators found no evidence of negligence or malfeasance by the corps or its contractors, but said the corps had failed to take into account the tendency of the local soil to sink over time, leaving some sections of levee lower than they should have been. The corps did not re-examine the heights of levees even after it had been warned about the degree of subsidence, the report said.

Similarly, the corps designed the system to protect New Orleans against a relatively low-strength hurricane, the report found, and did not respond to warnings over the years from the National Oceanographic and Atmospheric Administration that a stronger hurricane should have been the standard.

The report suggested the corps has had trouble keeping up with the fast-changing world of geotechnical engineering, and does not share critical information among its many parts. Although the corps had indications that the floodwalls might fail under intense storm conditions, "the pieces were not put together to solve the puzzle," the report said. More must be done, it concluded, to share information among those who do research and those who design and build systems.

The report, which is already being used in the repair and improvement of New Orleans's flood protection, warned that the area "remains vulnerable" to any storm with surge and wave conditions like Hurricane Katrina's.

The chief engineer of the corps, Lt. Gen. Carl A. Strock, said in an interview that the report showed that "we missed something in the design," particularly in the construction of the drainage canal floodwalls that caused so much of the flooding.

According to the report, the corps designers did not anticipate the way the floodwalls would fail as water climbed high against them: in several breaches, including the one at the 17th Street Canal, the force of the water pushed the floodwall back slightly, opening a gap deep into the earthen levee below that allowed water to course down under high pressure and push the wall aside.

General Strock did not go so far, however, as to apologize on behalf of the corps for the decades of decisions that went into the system.

"It is what it is," he said. "Call it a mea culpa, or call it a dry recognition, or admission, or whatever — but we're not ducking our accountability and responsibility in this."

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Nonetheless, he made it clear that he believed outside influences had played a role in the problems of the flood protection system, though he said that did not absolve the corps. As one example, he cited plans by the corps in the 1970's to put large barriers at the narrow openings between Lake Pontchartrain and the Gulf of Mexico.

The corps backed off from that plan after a court challenge from environmental groups and then proposed floodgates at the city's drainage canals. But local officials of the levee boards and sewerage and water boards blocked that plan, as well. So the corps went with the next fallback plan of building floodwalls in the canals.

"Each time, we backed off," General Strock said. "Each time we did that, we assumed an increment of risk. I don't think anybody looked back and said, 'Risk, risk and risk adds up to unacceptable levels.' "

He said this was not an effort to lay blame at the feet of others, because ultimately the corps had responsibility for what it built.

"At the end of the day, we have to stand by the decisions," he said. If the corps builds floodwalls, he said, those floodwalls have to stand up to the test and the system has offer the intended level of protection. "And we didn't get there," he said.

The corps announced this week that it had substantially met its goal of repairing the city's hurricane protection system by June 1, the beginning of hurricane season, though there was significant work still to be done, including on two of the three enormous gates at the mouths of the city's major drainage canals.

If an unseasonably early hurricane approaches with threats of a storm surge, corps officials say, they will drive sheets of steel across the mouths of the canals and remove the rainwater with portable pumps. That could lead to street flooding, but should prevent the catastrophic breaches that allowed Lake Pontchartrain to pour billions of gallons into the center of the city.

A setback was announced this week as a 400-foot section of levee in Plaquemines Parish, south of New Orleans, shifted as it neared completion. The marshy soil of the area could not support the weight of the earthen levee structure, which slumped and bulged. It is being repaired.

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Robert G. Bea, an engineering expert at the University of California, Berkeley, who has been critical of the corps, said he was impressed by the level of criticism in the report.

"This report has got a tone in it that is not like anything we have seen before," Dr. Bea said. "They're coming forward now."

But he said he wished that the corps had admitted other failures and gone further in delving into the internal reasons for those failures. A report by Dr. Bea and colleagues, released last month, said organizational dysfunctions within the corps had created an environment with little responsibility or accountability, and within which safety concerns could be easily played down.

Yesterday's report did not address that question in depth, but General Strock said it would be dealt with in a subsequent study.

Corps: Levees' Design Caused Deadly Failure (USAT)

By Alan Levin

USA Today, June 2, 2006

New Orleans' levees failed during Hurricane Katrina because federal engineers for decades did not anticipate the potential height of storm waters and underestimated the strength required to hold them back, the Army Corps of Engineers concluded Thursday.

“That is a very sobering thing for us,” said Lt. Gen. Carl Strock, the corps chief. “This is the first instance of a failure of a corps design of any significance.”

A well-designed levee system might not have held back the high waves and storm surge that swamped nearly 80% of New Orleans and vast areas nearby, but it would have minimized damage and allowed a swifter recovery, the corps said in a 6,000-page report.

The design of critical levee walls that failed near Lake Pontchartrain on New Orleans' north side was “marginal,” the report said. Tests conducted by the corps in the 1980s showed that the levees could crumble under pressure from high water — as they did after the storm hit on Aug. 29 — but those findings were not used in the design.

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The corps oversees construction of flood controls in the nation's waterways. Katrina damaged 169 miles of the 350-mile levee system that protects the New Orleans area and caused more than 1,570 deaths in Louisiana alone. The corps, Strock said, is “deeply saddened and enormously troubled by the suffering of so many.”

The report, prepared with the help of outside engineers and scientists, offers the most complete account yet of why the levees failed. Some engineers said the report did not go far enough in identifying failures within the corps. A report last month by engineers at the University of California-Berkeley urged that the corps be made more efficient and less vulnerable to political pressure.

“If you cannot fix the organizational problems, the flood control problems will never be fixed,” said Robert Bea, a Berkeley professor who helped prepare last month's analysis.

The corps' report estimated what would have happened if the levees had held. Katrina's storm surge still would have flooded large areas, but the central neighborhoods of New Orleans and nearby St. Bernard Parish would have been flooded only one-third as badly.

This finding underlies the importance of building levees that will not crumble even if water flows over them, said Ed Link, a University of Maryland engineering professor who oversaw the task force that prepared the report.

“You could dramatically reduce the catastrophic losses and flooding,” Link said.

Army Corps Of Engineers Admits Levee Defects Caused Flooding (LAT)

By Ralph Vartabedian

The Los Angeles Times, June 2, 2006

NEW ORLEANS — The Army Corps of Engineers acknowledged today that design defects in the levees protecting New Orleans caused the majority of flooding during Hurricane Katrina and that the disaster will almost certainly trigger reforms in how the federal government protects the American public.

The corps said that its 40-year effort to construct a hurricane protection system for the region of southern Louisiana had resulted in a set of piecemeal projects that "was a system in name only," a recognition that a wide range of errors, weak links and incomplete construction was at the heart of the massive damage that occurred on Aug. 29.

The corps released a 7,000-page investigation that is carefully worded and written in the language of government engineers, but delivers a stunning set of findings about errors made in the design of storm walls and earthen levees that failed during Katrina.

The report found that four major breaches of I-walls, a type of concrete storm wall that sits on top of an earthen levee, caused 65% of the flooding in the greater New Orleans area.

Although the report's executive summary never uses the words "design defect," corps officials said they now accept that their work had shortcomings and errors were largely responsible for the disaster.

"We do take accountability," Lt. Gen. Carl Strock, commander and chief engineer of the corps, said at a news conference in a downtown hotel, attended by five Army generals, the federal coordinator for Gulf Coast reconstruction and an assistant Army secretary.

The corps, Strock said, "is deeply saddened and enormously troubled" by the finding.

Strock said every section of I-walls will eventually have to be replaced because they proved ineffective during Katrina. The four breaches occurred when storm waters were several feet below the tops of the walls, meaning they had failed well below the maximum forces they had been designed to withstand.

The report also puts in the historical record a formal acknowledgment of the scope of the disaster, which killed 1,293 people.

"The flooding caused a breakdown in New Orleans' social structure, a loss of cultural heritage and dramatically altered the physical, economic, political, social and psychological character of the area," it said. "These impacts are unprecedented in their social consequence and unparalleled in the modern era of the United States."

Although many of the detailed technical findings had been released earlier in preliminary reports by the corps, the report contained a large amount of new information:

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• Southern Louisiana is sinking much faster than generally recognized and levees were at substantially lower elevations relative to sea level than they were designed to be. In some cases, levees were 2 feet below their designed elevations. Moreover, the corps deliberately decided not to reexamine the problem, even as other federal agencies were recognizing the problem.

• The city's pumping system, which provides the only way to remove water from a city below sea level, wasn't designed to operate during a major storm and that the impact of the flooding could have been reduced if the city had not lost its ability to pump water after Katrina. Because most of the region's pumps were inundated by the flood, it took 53 days to pump out the city, allowing the floodwaters to saturate and destroy structures.

• 25% of all the housing units in southern Louisiana were destroyed by Katrina. In New Orleans, the proportion is believed to be higher.

Strock said the repaired sections of levees are now the strongest parts of the system. The repairs were supposed to be completed by today, but are behind schedule by about two months. The enormous undertaking required heavy construction work on 169 miles of damaged or destroyed levees.

Although the breaches caused most of the flooding, a significant part of the Katrina damage occurred because the storm was larger than the system was designed to resist.

While wind speeds had dropped sharply by the time the hurricane hit New Orleans, its power over the Gulf of Mexico had created the largest ocean surge to ever hit the North American continent, the report said.

WAR NEWS:

Bush Promises To Disclose Haditha Findings (AP)

AP, June 1, 2006

The White House said Thursday that it took nearly a month for President Bush to learn that the military was investigating reports that Marines murdered unarmed civilians in Iraq.

On Tuesday, the White House said Bush was briefed "soon after" the opening of the probe, which was prompted by inquiries about the Nov. 19 incident from Time magazine.

A reporter from the magazine asked U.S. military officials on Feb. 10 about the circumstances surrounding the alleged massacre, in which 24 people in Haditha, an insurgent stronghold in western Iraq, were killed following a bomb attack on a military convoy in which a Marine died. Four days later, on Feb. 14, Lt. Gen. Peter Chiarelli, commander of Multinational Corps Iraq, ordered an investigation into the incident, White House press secretary Tony Snow said Thursday.

But, Snow said, Bush was not informed about the existence of the investigation until March 11, when he was briefed by national security adviser Stephen Hadley.

A preliminary report on March 3 recommended additional inquiry. Chiarelli received initial findings from that on March 9 and asked for the further review, which still is ongoing, Snow said. Defense Secretary Donald H. Rumsfeld and Gen. Peter Pace, chairman of the Joint Chiefs of Staff, were informed the next day and Bush the day after, on a Saturday.

Time reported the investigation on March 19.

Bush pledged Thursday that the results of the inquiry will be made public.

"The world will see the full and complete investigation," he said after meeting with his Cabinet at the White House. "If there is wrongdoing, people will be held to account."

A senior defense official said last week that military investigators have evidence that points toward unprovoked murders by Marines.

The Iraqi government is conducting its own investigation.

Based on the timeline given by Snow, the U.S. military appears to be conducting four investigations into different aspects of the incident, including into why the American military's initial statement about the incident described it as an ambush on a joint U.S.-Iraqi patrol, with a roadside bombing and subsequent firefight killing 15 civilians, eight insurgents and a Marine. The statement, which said the 15 civilians were killed by the blast, has led some to allege a coverup.

The president said the ethical training ordered for U.S. troops in Iraq came as a result of the Haditha investigation.

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"This is just a reminder — for troops in Iraq or throughout our military — that there are high standards expected of them and that there are strong rules of engagement," said Bush, who said he has spoken to Pace about the matter several times.

"At the same time what you're seeing is the Marine Corps reminding our troops about what it means to be a Marine — what it means to uphold the honor of that corps, and what it means to adhere to the rules of engagement that we expect our soldiers to adhere to."

Investigators Of Haditha Shootings Look To Exhume Bodies (WP)

By Josh White And Thomas E. Ricks

The Washington Post, June 2, 2006

Criminal investigators are hoping to exhume the bodies of several Iraqi civilians allegedly gunned down by a group of U.S. Marines last year in the city of Haditha, aiming to recover potentially important forensic evidence, according to defense officials familiar with the investigation.

A source close to the inquiry said Naval Criminal Investigative Service officials have interviewed families of the dead several times and have visited the homes where the shootings allegedly occurred to collect as much evidence as possible. Exhuming the bodies could help investigators determine the distance at which shots were fired, the caliber of the bullets and the angles of the shots, possibly crucial details in determining how events unfolded and who might have been involved.

The possible evidence was disregarded at first because the slayings originally were not treated as crimes.

NCIS officials said the Nov. 19 incident was not reported to them as a criminal case until nearly four months later -- on March 12 -- and the failure of the Marine Corps to request assistance from investigators sooner could create legal complexities.

The delay already has presented many hurdles for investigators, who have had to rely on dated information, witnesses and suspects who had months to tailor their stories, and a lack of fairly routine forensic evidence that should have been collected at the time the civilians were killed, according to Defense Department officials, defense attorneys and sources close to the criminal probe.

"We are definitely starting with a full count," said one official close to the investigation, who spoke anonymously because he was not authorized to discuss the case. "There's plenty of shoulda, woulda, coulda to go around in this case. We have lots of disadvantages going in, but we will re-create the incident as best we can."

The NCIS is an independent criminal investigative agency that is not in the military chain of command. Its probe has included as many as 50 special agents, forensics investigators and support personnel operating in Iraq and in the United States, the largest homicide investigation of its type since the war in Iraq began in 2003, according to Navy officials.

Ed Buice, a spokesman for the NCIS at the Washington Navy Yard, said yesterday that criminal investigators learned of the Haditha incident on March 12 -- nearly 16 weeks after it occurred -- when the Marine Corps officially requested an investigation. The probe began immediately, and three NCIS agents based in Iraq went to Haditha within 24 hours, Buice said.

"The investigation is labor-intensive, complex and time-consuming," Buice said. "NCIS is committed to following up on any and all tangible leads and evidence."

Buice said the investigation is ongoing and "will remain open until after the findings are adjudicated." While Defense Department officials anticipate potential charges of murder, dereliction of duty and obstruction of justice, the NCIS has not yet reported its findings, and military commanders ultimately will decide what, if any, judicial procedures to initiate.

The NCIS will be looking at the days leading up to the roadside bombing that killed a member of the Kilo Company Marines and allegedly set off an emotion-laced spree of shootings in a series of homes near the explosion. The gruesome death of Lance Cpl. Miguel Terrazas, 20, of El Paso, Tex., occurred shortly before Marines allegedly shot and killed a number of civilians, including women and children.

Now, officials close to the case said, investigators are starting with the men who allegedly were in the houses when shots were fired and working their way out from there.

Sources close to the case said the military is assembling a team of experienced prosecutors for the Haditha shootings case. Defense officials said the Pentagon and the Marine Corps are taking the investigation very seriously.

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"I think it's going to be a very difficult case for them to prove," said Vaughan Taylor, a former military prosecutor and instructor in criminal law at the Army's Judge Advocate General's Legal Center and School. On balance, he said, he would rather be a defense counsel in the case than prosecute for the government.

"I think there's plenty of avenues for defense in this case -- the fact that it wasn't initially investigated, the fact that there's been plenty of time for witnesses to play with stories. There's a lot of wiggle room in there."

The gap between the incident and the beginning of the NCIS investigation is going to cause major problems in prosecuting any charges, a Marine officer familiar with the case agreed. "They have huge proof problems," he said, citing the lack of identified bodies.

"The long and the short of it is, until they prove the cause of death," they don't have anything, said one civilian defense lawyer representing a Kilo Company Marine. "Photographs won't be enough to do it. Good luck with that."

Marine spokesmen at the Pentagon and at Marine Corps Forces Central Command have declined to comment, citing the investigation.

A separate investigation has found several failures in the aftermath of the shootings, according to top officials familiar with the probe. These include Marines giving false statements and officers in the chain of command not providing proper oversight in the weeks and months that followed. That probe, by Army Maj. Gen. Eldon A. Bargewell, is expected to be finished this week.

Yesterday, the military announced that Marines and soldiers stationed in Iraq will undergo core values training to reinforce how troops should act on the battlefield. The move is a sign that commanders and leaders in Washington are concerned about the ramifications of the Haditha shootings in Iraq and at home.

Aine Donovan, director of the Ethics Institute at Dartmouth College and a former Naval Academy professor, said Marines have more ethics training than most troops and that there is no excuse for what happened.

"If you look at what happened in Haditha, you had soldiers stressed to the point of no return, and they snapped," Donovan said. "This will be remembered as the worst episode of this war. This will damage the entire profession. You're never going to restore peace by killing civilians."

President Bush said yesterday that the training "is just a reminder for troops either in Iraq or throughout our military that there are high standards expected of them, and that there are strong rules of engagement."

Bush added that "if there is wrongdoing, people will be held to account," and said the nation has "a willingness to deal with issues like this in an upfront way and an open way and correct problems."

Marine Brass Seem Exonerated (WT)

By Rowan Scarborough

The Washington Times, June 2, 2006

U.S. Marine Corps headquarters in Washington did not learn of the killing of Iraqi civilians by Marines in Haditha until early March, a timeline that appears to exonerate the highest ranks of the Marine Corps from any cover-up or failure to act.

The U.S. military command in Baghdad learned of the civilian killings in February and began two investigations: one criminal and one administrative.

The administrative probe by Army Brig. Gen. Eldon Bargewell is focusing on whether any information was covered up along the Marine Corps chain of command. This is because the 2nd Marine Division issued a press release Nov. 20 saying Iraqi civilians had been killed in Haditha the previous day by an improvised explosive device (IED) and in a firefight with insurgents.

Officials now acknowledge that the statement was inaccurate. Evidence shows the civilians were killed deliberately by Marines' gunfire during sweeps after an IED killed one of their battlemates.

One key question is: Did senior Marine Corps officers hear of the accusations and fail to act between the time of the Nov. 19 incident and February, when a Time magazine reporter brought the charges to the attention of the Baghdad command?

A timeline that the Marines provided yesterday to The Washington Times would appear to exonerate Gen. Michael W. Hagee, the Marine Corps commandant, and his staff.

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Col. David Lapan, a Marine Corps headquarters spokesman, said the commandant and his staff were apprised in early March by Marine commanders in Iraq. He said Gen. Hagee subsequently received briefings on the criminal probe and then dedicated a tour of Iraq to telling Marines the importance of ethical conduct and the rules of war.

Gen. Hagee yesterday returned from that tour, which began Friday. Col. Lapan said Gen. Bargewell has not interviewed Gen. Hagee.

Col. Lapan, who was in Iraq at the time of the incident as spokesman for the 2nd Marine Expeditionary Force, said the press release was issued by the division in Ramadi, not by MEF headquarters at Camp Fallujah, where he worked. He said such press statements typically are based on combat reports filed by those who conducted and led the missions.

Col. Lapan said he did not hear of the Haditha accusations until after he left Iraq and returned to the United States.

Gen. Bargewell's administrative report is expected to reveal who filed, or knew about, the false report that led to the press release.

The U.S. military in Baghdad yesterday offered its condolences to the families of civilians purportedly killed by Marines, the closest the command has come to admitting that the deaths were unwarranted.

Army Maj. Gen. William Caldwell, spokesman for the coalition force in Iraq, issued the "heartfelt condolences" as the new Iraqi government said it would conduct its own investigation. Some local politicians want the Marines charged and tried in Iraq.

Gen. Caldwell announced that Lt. Gen. Peter Chiarelli, the top tactical commander, has ordered troops to undergo renewed values training over the next 30 days to make sure that all forces understand the rules of war.

"It's to reinforce and sustain training that all the troops of the coalition forces received before they go here," Gen. Caldwell told reporters in Baghdad. "It's values-based. And, obviously, his intent is to make sure that it adheres to legal, moral and ethical standards that every military member should be adhering to on the battlefield."

Marine sources said yesterday that it is not clear when Gen. Bargewell will file his report. It is also not clear when the Naval Criminal Investigative Service will conclude its probe into whether the Marines should be charged with crimes, including murder.

The House and Senate Armed Services committees plan to hold hearings into Haditha once Gen. Bargewell completes his investigation. Plans call for decisions on charging the Marines, who belong to the 3rd Battalion, 1st Regiment, at Camp Pendleton, Calif., to fall to Lt. Gen. John F. Sattler. He is the top Marine in U.S. Central Command, which oversees operations in Iraq.

U.N. Fails To Pass On Haditha Reports (WSJ)

By John Harwood

The Wall Street Journal, June 2, 2006

See updates to Washington Wire each weekday at www.washwire.com1.

U.N. FAILED in January to pass on initial reports of Haditha massacre.

An international official blames "disorganization" for lapse by U.N.'s Iraq mission, which should have informed U.S. ambassador of sketchy allegations. White House says Bush didn't hear about November killings until March, a month after press inquiries prompted commanders' investigation.

Iraqi government will also investigate, while U.S. forces get refresher training on battlefield conduct. Fallout may crimp soldiers' ability to act in Ramadi, an insurgent stronghold.

Shaky Iraqi regime couldn't easily stomach a major new U.S. crackdown, an observer notes.

ROBERTS COURT LOOMS as factor in 2006 elections.

Justices prepare to rule on series of controversial issues at close of first session under Bush's new chief justice. Each side hopes that decisions, to be issued at 10 a.m. each Monday this month, will fire up ideological base as Republican and Democratic candidates square off for control of Congress.

Rulings are expected on military trials for Guantanamo detainees, Texas redistricting driven by DeLay, Vermont's campaign-finance laws, and application of Clean Air Act. With O'Connor gone, close cases may turn on maverick Justice Kennedy, who has infuriated conservatives by citing international law and opposing a voter initiative challenging gay rights.

WHITE HOUSE WOOS Europe but tensions remain over human rights.

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After turnabout on direct talks with Iran, Bush will seek trans-Atlantic agreement on reining in Tehran's nuclear program at European Union summit in Vienna. But push is strained by divide over Guantanamo; while European nations want detention camp shuttered and Bush has signaled support, U.S. officials say there are no plans to do so.

Bush weighs human-rights digs of his own at Russia's Putin, who has turned increasingly autocratic. The president plans one-day stopover in Ukraine, Russia's adversary. Before July G-8 summit in St. Petersburg, U.S. officials may attend a gathering of democracy advocates organized by chess champion Garry Kasparov.

One wild card: maintaining Western access to Russia's oil and gas fields, which Putin is making more difficult.

PROPONENTS FRET about prospects for civilian nuclear deal with India.

Pact opening up sale of U.S. technology is top Bush priority, and backers say it has majority support in Congress. But opponents could add "poison pill" amendments that might force New Delhi to scotch agreement to separate civilian and military nuclear programs.

Administration still hopes to win approval before the August recess, despite tight legislative calendar. One new asset: next Treasury chief Henry Paulson, who worked India market as Goldman Sachs CEO.

"I wouldn't throw up the white flag," says Stephen Biegun of Ford Motor, a big corporate backer.

DEFECTION: Some neoconservatives who backed Iraq war slam Bush's outreach to Iran, arguing U.S. policy could be held hostage by Chinese and Russians. "Rice has perfected the primacy of short-term solutions regardless of long-term ill," says former Pentagon official Michael Rubin, now at American Enterprise Institute.

DEFLATION: Greenspan's retirement disappoints A-list journalists and politicians in a way unrelated to economic performance. It ends the Fourth of July fireworks party that the erstwhile Federal Reserve chairman and wife Andrea Mitchell threw annually atop Fed building, overlooking Washington Monument.

DECIDED: Bush's statement that new Treasury chief will advise on "broad" range of issues reflected outcome of Paulson's negotiations over his role. Blogger Robert Waldmann cracks that selection of Goldman Sachs executive means White House was "scraping the top of the barrel."

DOUBTS: Executive branch might be unable to implement Senate immigration bill even if Congress enacts it. Bill would require immigration service to handle 12 million illegals according to length of U.S. residence, processing some within 90 days. Current capacity "is not there," says agency director Emilio Gonzalez, noting the government's 4,000 "adjudicators" already have "day jobs" processing seven million legal immigrants yearly.

MINOR MEMOS: Census predicts senior citizens will cast 41% of votes in 2040 presidential election. ... Population of centenarians is expected to increase sevenfold, to 580,605, by then. ... National Archives hosts a June 19 tribute to ex-President Ford, 92.

Troops Will Get "values" Training (USAT)

By Tom Vanden Brook

USA Today, June 2, 2006

WASHINGTON — All 150,000 coalition troops in Iraq will undergo refresher training in “core warrior values” over the next month as top military commanders deal with the fallout from allegations of a Marine massacre last November.

Army Lt. Gen. Peter Chiarelli ordered commanders Thursday to show troops in Iraq — more than 130,000 of them Americans — slides that depict professional military values and the importance of disciplined conduct in combat.

As many as 24 Iraqi civilians died in Haditha after a bomb killed a Marine on Nov. 19. The incident has spawned two investigations: one to determine whether the Marines committed crimes and another to see whether there was an attempted coverup. Lt. Col. Carl Ey, an Army spokesman, said the allegations against the Marines prompted the training.

It's important that troops “take time to reflect on the values that separate us from our enemies,” said Chiarelli, the No. 2 U.S. general in Iraq.

Also Thursday, President Bush promised to disclose the results of the Haditha investigations. Iraq, meanwhile, launched its own investigations of the deaths, the Associated Press reported. Prime Minister Nouri al-Maliki called the killings “a horrible crime.”

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The incident at Haditha and the investigations may lead to a wider examination of how U.S. troops are fighting the war in Iraq, said Michael O'Hanlon, a military analyst at the Brookings Institution.

"Some people in the U.S. military have not been discriminating enough in the use of firepower," O'Hanlon said. "This may be the spark for that debate."

David Segal, a military sociologist at the University of Maryland, said the incident in Haditha will change the way troops are trained. "We're going to spend more time talking about how Iraq is different from the kind of wars we fought in the past," Segal said. "We're dealing with an insurgency, not a conventional war."

In Iraq, Lance Cpl. Justin White, 20, of Lexington Ky., said Marines already receive adequate training. He said they have pre-deployment briefings and read policies every 15 days. Squad leaders also go over rules on escalation of force before every patrol.

"It's put in our heads over and over," White said.

After a Cabinet meeting Thursday, Bush said the allegations against the Marines show "that there are high standards expected of (troops) and that there are strong rules of engagement."

Ey said rules require troops to fight only enemy combatants and to treat civilians humanely.

U.S. Rep. John Murtha, D-Pa., who has called for the withdrawal of U.S. forces, said no training can prepare troops for the stress created by the constant threat of a roadside bomb or attack.

"It's the kind of war that's almost impossible to train for," said Murtha, a 38-year veteran of the Marines who served in combat in Vietnam.

U.S. Troops To Review Ethics While Iraq Investigates Haditha (CHIT)

By Liz Sly

Chicago Tribune, June 2, 2006

BAGHDAD -- A top U.S. commander in Iraq on Thursday instructed all coalition forces to undergo a special training course in "moral and ethical" values following allegations that U.S. Marines shot dead 24 Iraqi civilians in the western town of Haditha last fall.

The move came as Iraq's new government called for U.S. forces operating in Iraq to be subjected to greater accountability and ordered its own investigation into the events of last Nov. 19, when a group of Marines allegedly went on a shooting rampage after one of their members was killed by a roadside bomb and then purportedly sought to cover up the deaths

Prime Minister Nouri al-Maliki condemned what he called a "terrible crime in which women and children were eliminated" and vowed to establish procedures to monitor and restrain the behavior of coalition forces in Iraq.

"These forces do not respect the citizens, some of whom are crushed by tanks, others shot," he said at a news conference after heading a meeting of his still incomplete Cabinet. "We must speak with them and fix a definition of the obligations of foreign forces."

Al-Maliki said he would establish a special committee to investigate the Haditha incident and would demand an apology from the United States for the killings, something the U.S. military has consistently refused to do when confronted with instances in which civilians are killed.

The disclosures, first reported by Time magazine in March, have been slow to register with a cynical Iraqi public inured to such allegations by repeated reports of U.S. abuses, some but not all of them founded.

But at a time when al-Maliki's 11-day-old government is struggling to assert his authority over an increasingly lawless country, another scandal involving U.S. forces risks damaging the credibility of his efforts in the eyes of many Iraqis, in the way that the Abu Ghraib disclosures tainted the U.S. image.

In Washington, President Bush reiterated promises that investigation results into the deaths of the civilians would be made public.

"The world will see the full and complete investigation," he said after meeting with his Cabinet at the White House. "If there is wrongdoing, people will be held to account."

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The training effort marks the first attempt by the U.S. military to limit the fallout of the brewing scandal and the first implicit acknowledgement that the current training effort may fall short of what is required for American soldiers operating in the Iraqi environment.

In a statement, the military said that multinational force commander, Lt. Gen Peter W. Chiarelli, had instructed all his subordinate commanders to conduct training for their troops in "core warrior values … highlighting the importance of adhering to legal, moral and ethical standards on the battlefield."

The training will include a slide show and training "vignettes" and will focus on three main areas: "professional military values," Iraqi cultural expectations and the impact of actions that are "contrary to professional military values," the statement said. All soldiers will be required to undergo the training in the next 30 days, at sessions to be held in the locations where they are based, U.S. military officials said.

The statement did not mention the Haditha incident and said that the overwhelming majority of the 150,000 or so coalition forces currently based in Iraq "perform their jobs magnificently every day."

However, it added, "Unfortunately, there are a few individuals who sometimes choose the wrong path."

The U.S. military has launched two investigations into the incident, one by the multinational force in Iraq, which will address questions of policy, procedures and training arising out of the incident, U.S. military spokesman Maj. Gen. William Caldwell said at a briefing in Baghdad.

The second is being conducted by the Naval Criminal Investigative Service, which is focusing on allegations of criminal misconduct. The findings of that investigation will be reported to the commanding general of the Marines for appropriate action, he said.

"This tragic incident is in no way representative of how coalition forces treat Iraqi civilians," he said.

The allegations, if substantiated, are likely to reinforce Iraqi perceptions that U.S. forces regularly and randomly shoot civilians. Though the U.S. military says it routinely investigates all allegations involving American forces, it has consistently refused to release figures concerning the number of civilians killed or injured by U.S. forces, saying that such figures are not kept.

"About three or four, at least" investigations into shooting incidents involving U.S. forces are currently under way, Caldwell said, without giving details.

Most allegations surround incidents at checkpoints in which U.S. forces open fire on civilians who fail to respond to signals to stop or who approach too fast, such as the one earlier this week in which two women, one of them pregnant, were shot dead as they approached a hospital in the northern town of Samarra.

In the United States, military prosecutors plan to file murder, kidnapping and conspiracy charges against seven Marines and a Navy corpsman in the shooting death of an Iraqi man in April near Baghdad, a defense lawyer told The Associated Press on Thursday. The eight men are being held at Camp Pendleton Marine Corps base north of San Diego, said Jeremiah Sullivan III, who represents one of the men.

Caldwell said the military is also re-examining the U.S. rules of engagement in Iraq to find ways to restrict what the U.S. military calls "escalation of force."

"Gen. Chiarelli in the last several months has made a very concerted effort to reduce the possibility of having to move to escalation of force and he's taken some real, deliberate steps and guidance in that respect," he said.

The Haditha incident is different, however, in that the Marines involved appear to have gone into homes and deliberately shot civilians in an act of revenge for the death of a Marine in a roadside bombing. Witness accounts given to reporters have described how the Marines barged into four houses near the site of the explosion, shooting wildly at the families inside.

According to The Washington Post, investigators have subsequently discovered an attempt to cover up the killings by explaining them away as the result of the roadside bomb. Death certificates show that victims the Marines claimed were killed in the explosion were in fact shot, the newspaper said.

A brief statement by the Marines on Nov. 20 said that a "U.S. Marine and 15 civilians were killed yesterday from the blast of a roadside bomb in Haditha."

An additional eight "gunmen" were killed after they opened fire on the Marines, who returned fire, the statement said.

But according to Time, witnesses say the Marines acted that day as if they were intent on taking revenge.

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"You could tell they were enraged," Taher Thabet, a local trainee journalist who first informed Time about the killings, told the magazine. "They did not only kill people, they smashed furniture, tore down wall hangings and when they took prisoners, they treated them very roughly. This was not a precise military operation."

The Indictment Of U.S. Troops Was Inevitable (WSJ)

By Daniel Henninger

The Wall Street Journal, June 2, 2006

You knew it had to happen. Haditha, an "incident" involving American troops in Iraq, is now part of the erosion of support for the war in Iraq. The Iraq Syndrome has finally arrived. * * *

This past Monday, Memorial Day, a driver down Manhattan's fast West Side Highway would have slowed at 46th Street to allow the crossing of a constant stream of visitors heading to the USS Intrepid, the aircraft-carrier museum on the Hudson River. It was a beautiful day but a hot day to stand on long lines in the open sun. A small squadron of planes flew up the Hudson in the solemn missing-man formation, with one plane trailing. Amid the sunshine, the chairman of the Intrepid museum, Arnold Fisher, said something to the gathered crowd no one could have expected to hear.

Mr. Fisher, whose family runs the Fisher House Foundation for the military, suggested that the men and women at arms were being forgotten. And he apologized to them. "I apologize to you for carrying the burden of this nation's commitment to freedom and liberty alone." Mr. Fisher's bitterness over the troops is a Cassandra cry, a portent. But why now?

Opinion polls put support for the war below 40%. Still, it has become obligatory now as a nod across the political spectrum to the corrosive Vietnam Syndrome, to reassure that one's opposition is only to the war, not to the men fighting it.

Really? How does that work?

Arnold Fisher said the troops were forgotten, but they are very much on the minds of the news cycle just now. This Memorial Day week the news is preoccupied with stories of the Marine squad that allegedly killed civilians at Haditha, a town in Iraq. The narrative of this story has pretty much set in already: It's another My Lai, we all know they did it, the brass covered it up, and prison sentences for homicide are merely a formality.

Haditha is indeed the new Abu Ghraib. What this most importantly means is that any U.S. military action overseas now, no matter its level of justification, can be taken down by the significance assigned to events by the modern machinery of publicity. This explains why the U.S. commanders in Iraq announced yesterday that all soldiers in the next 30 days would take what the headlines are calling "ethics training." Of the some 150,000 U.S.-led troops there, Lt. Gen. Peter W. Chiarelli, the U.S. combat commander in Iraq, said "99.9% of them perform their jobs magnificently." Yes, and 99.9% of them, after all they've been through, will deeply resent the clear inference they lack "core values." Is that different than standard "Corps values"?

Stories of apparently malfeasant U.S. troop behavior are arriving daily now. A military truck whose brakes failed from overheating crashed and killed Afghan civilians. Press reports are now fly-specking whether the troops shot over or at the rock-throwing mob of more than 300 that surrounded them. Every one of these troops surely knows the story of Mogadishu. Been there, never again. But there will be investigations of their behavior.

Finally came the even more lurid pregnant-woman shooting. As transmitted around the world by the BBC: "A pregnant Iraqi woman in labor and her cousin were shot dead by U.S. forces as they rushed to a hospital along a closed road, police and relatives say." The BBC's next four sentences neatly sum up the common story line now in play around U.S. troops: The soldiers said the car failed to heed a stop warning in a prohibited area; the driver said he heard no warning; U.S. troops will be "trained in moral and ethical conduct" and this "comes in the wake" of the Haditha allegations.

In El Paso, Texas, the father of Marine Lance Cpl. Miguel Terrazas, whose death from a roadside bomb is the event said to have precipitated the Marine shootings at Haditha, said simply: "I don't even listen to the news." This may be the widespread reaction as the Haditha story overwhelms all else -- enough, I don't want to hear about it.

And there begins the Iraq Syndrome.

Some elements of the newly ascendant Democratic left may welcome it, but no serious person in American politics should.

The Vietnam Syndrome, a loss of confidence in the efficacy of American military engagement, was mainly a failure of U.S. elites. But it's different this time. This presidency has been steadfast in war. No matter. In a piece this week on the White House's

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efforts to rally the nation to the idea of defeating terrorism abroad to thwart another attack on the U.S., the AP's Nedra Pickler wrote: "But that hasn't kept the violence and unrest out of the headlines every day." This time the despondency looks to be penetrating the general population. And the issue isn't just body counts; it's more than that.

The missions in Iraq and Afghanistan grew from the moral outrage of September 11. U.S. troops, the best this country has yet produced, went overseas to defend us against repeating that day. Now it isn't just that the war on terror has proven hard; the men and women fighting for us, the magnificent 99%, are being soiled in a repetitive, public way that is unbearable.

The greatest danger at this moment is that the American public will decide it wants to pull back because it has concluded that when the U.S. goes in, it always gets hung out to dry.

Two major military reports will come out soon on the Haditha incident, and no one will gainsay justice if that is required. But the atmosphere around this event is going to get uncontrollably manic, and that will feed the dark, inward-turning sentiments already poisoning the country's mood over issues like the immigration debate.

Good for Democrats? Don't count on it. After this, the public appetite for a Democratic president's "humanitarian" military intervention in a Darfur or East Timor will be close to zero.

One suspects that U.S. troops were party to some awful events in the Pacific and European theaters of World War II, all gone in the mists of history and the enemy's defeat. Not now. Gen. Chiarelli's magnificent "99.9%" notwithstanding, it's the phenomenon of the so-very-public 0.01% -- at Abu Ghraib, on an Afghan street, at Haditha -- that is breaking America's will this time.

Iraqi Accuses U.S. Of 'Daily' Attacks Against Civilians (NYT)

By Richard A. Oppel Jr.

The New York Times, June 2, 2006

BAGHDAD, Iraq, June 1 — Prime Minister Nuri Kamal al-Maliki lashed out at the American military on Thursday, denouncing what he characterized as habitual attacks by troops against Iraqi civilians.

As outrage over reports that American marines killed 24 Iraqis in the town of Haditha last year continued to shake the new government, the country's senior leaders said that they would demand that American officials turn over their investigative files on the killings and that the Iraqi government would conduct its own inquiry.

In his comments, Mr. Maliki said violence against civilians had become a "daily phenomenon" by many troops in the American-led coalition who "do not respect the Iraqi people."

"They crush them with their vehicles and kill them just on suspicion," he said. "This is completely unacceptable." Attacks on civilians will play a role in future decisions on how long to ask American forces to remain in Iraq, the prime minister added.

The denunciation was an unusual declaration for a government that remains desperately dependent on American forces to keep some form of order in the country amid a resilient Sunni Arab insurgency in the west, widespread sectarian violence in Baghdad, and deadly feuding among Shiite militias that increasingly control the south.

It was also a sign of the growing pressure on Mr. Maliki, whose governing coalition includes Sunni Arabs who were enraged by news of the killings in Haditha, a city deep in Sunni-dominated Anbar Province. At the same time, he is being pushed by the Americans to resolve the quarreling within his fragile coalition that has left him unable to fill cabinet posts for the Ministries of Defense and the Interior, the two top security jobs in the country.

Military and Congressional officials have said they believe that an investigation into the deaths of two dozen Iraqis in Haditha on Nov. 19 will show that a group of marines shot and killed civilians without justification or provocation. Survivors in Haditha say the troops shot men, women and children in the head and chest at close range.

For the second day in a row, President Bush spoke directly about the furor surrounding the case. "Obviously, the allegations are very troubling for me and equally troubling for our military, especially the Marine Corps," President Bush said Thursday, in response to a question from a reporter after a meeting of his cabinet. Referring to the chairman of the Joint Chiefs of Staff, Gen. Peter Pace, he added, "I've spoken to General Pace about this issue quite a few times."

Investigators are examining the role of senior commanders in the aftermath of the Haditha killings, and trying to determine how high up the chain of command culpability may rest.

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Marine officials said Thursday that Maj. Gen. Stephen T. Johnson, who was the top Marine Corps commander in Iraq during the Haditha killings, had been set to be promoted to become the service's senior officer in charge of personnel, a three-star position.

General Johnson is widely respected by the Marine Corps' senior leadership, yet officials said it was unlikely that the Pentagon would put him up for promotion until the Haditha investigations were concluded.

The Washington Post reported Thursday that a parallel investigation into whether the killings were covered up has concluded that some officers reported false information and that superiors failed to adequately scrutinize the reports about the two dozen deaths.

The newspaper said that the inquiry had determined that Staff Sgt. Frank Wuterich, a squad leader present at Haditha, made a false statement when he reported that a roadside bombing had killed 15 civilians. The inquiry also said that an intelligence unit that later visited the site failed to highlight that civilians had gunshot wounds.

In Baghdad, senior Iraqi officials demanded an apology and explanation about Haditha from the United States and vowed their own inquiry.

"We in the ministers' cabinet condemned this crime and demanded that coalition forces show the reasons behind this massacre," Deputy Prime Minister Salam al-Zubaie, one of the most powerful Sunni Arabs in the new government, said in an interview.

"As you know, this is not the only massacre, and there are a lot," he said. "The coalition forces must change their behavior. Human blood should be sacred regardless of religion, party and nationality."

Mr. Zubaie, also the acting defense minister, acknowledged that Iraqi officials would probably not be able to force the extradition of any troops suspected of culpability in the Haditha killings. But he said a committee of five ministers, including defense, interior and finance, would investigate the killings with the expectation that American officials would turn over their files. "We do not have the security file because it is in the hands of the coalition forces," he said. "We hope there will not be obstacles ahead."

The crisis over Haditha and other disputed killings in Sunni areas comes just as it appears that military operations may be needed to retake some Sunni areas at risk of falling to the insurgency.

This week American forces ordered 1,500 troops from Kuwait into Anbar Province, a stronghold of the Sunni insurgency, in the latest sign that insurgents and terrorist groups including those led by Abu Musab al-Zarqawi control much of the sprawling desert region.

In interviews on Thursday, two senior Republicans — Senator John W. Warner of Virginia, the chairman of the Armed Services Committee, and Senator John McCain of Arizona, who is next in line to be committee chairman — both said it was too soon to tell whether the episode would undermine support for the war. Still, both expressed concern.

Senator Warner, who has promised to hold hearings as soon as the military completes its investigation, said he had been urging Defense Secretary Donald H. Rumsfeld to wrap up the inquiry as swiftly as possible.

"In the interim, frankly, the public opinion on this matter is being influenced by misinformation, leaks and undocumented and uncorroborated facts," he said.

Mr. McCain, who was a prisoner of war in Vietnam for more than five years, said the incident harked back to the My Lai massacre during the war in Vietnam. He added, "It certainly is harmful, but I can't assess the extent of the damage."

Neither he nor Mr. McCain would say whether Mr. Rumsfeld should be called as a witness.

"I think it depends on what we find out," Mr. McCain said. "I can't say until we really know what happened. There are allegations, and I emphasize allegations, that there was a cover-up. If so, then obviously more senior people would have to be the subject of hearings."

On Wednesday, American troops near the restive city of Samarra shot and killed two Iraqi women, including one who might have been pregnant and on her way to a hospital, after their car did not heed what the American military command said were repeated warnings to stop.

At a news conference in Baghdad, a senior American military spokesman, Maj. Gen. William Caldwell, said that "about three or four, at least," allegations of wrongdoing by American troops were being investigated and that anyone found guilty of

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offenses in those incidents or in the Haditha case would be punished. "This tragic incident is in no way representative of how coalition forces treat Iraqi civilians," he said.

In Baghdad, the top American ground commander in Iraq ordered that all 150,000 American and allied troops in the country receive mandatory refresher training on "legal, moral and ethical standards on the battlefield."

In a statement, the officer, Lt. Gen. Peter W. Chiarelli, did not specifically cite the civilian deaths in Haditha as the reason for the unusual order.

But he said commanders would be provided with training materials and sample vignettes to use to instruct on professional military values and conduct in combat, as well as Iraqi cultural sensitivities.

Baghdad To Investigate Haditha Killings (FT)

By Ferry Biedermann In Baghdad

Financial Times, June 2, 2006

Iraq's new government on Thursday launched an investigation into the alleged killing of up to 24 civilians in the town of Haditha by US marines last year.

The Pentagon has already launched its own inquiry, but the government probe will also look into other allegations of misconduct by the US-led forces in Iraq and at the way troops behave toward the civilian population after they have come under attack.

The inquiry comes as prime minister Nuri al-Maliki attempts to assert his government's authority over security issues in the country. On Wednesday he announced a state of emergency in the southern city of Basra.

On Friday he signalled his concern over the events in Haditha, a town in a predominantly Sunni Muslim area north-west of Baghdad, saying: "We cannot forgive violations of the dignity of the Iraqi people."

In the wake of the Haditha incident, the US generals in charge of the multinational forces in Iraq (MNFI) yesterday ordered all troops to review their training on core ethical and moral values for the battlefield. The spokesman for the MNFI, Maj Gen Bill Caldwell, said in Baghdad that all personnel would look again at training that they had already received before coming to Iraq.

The Iraqi government investigation will be carried out jointly by the ministries of justice and human rights along with security officials, said one of the prime minister's advisers.

He said a mechanism should be devised for American and Iraqi troops' response in case they come under attack.

The Haditha incident happened in November last year after an American convoy was ambushed near the town in the Anbar region and one marine was killed. After the attack, marines allegedly went on a rampage, going into houses and killing unarmed civilians, including women and babies. There are also allegations that the events were subsequently covered up.

The MNFI spokesman defended the record of the US-led troops in Iraq, saying that "99.9 per cent of all men and women" in the forces adhere to the highest standards and any violations will be punished. He said that apart from Haditha, there were several investigations taking place into alleged misconduct, but did not specify them.

Maj Gen Caldwell praised the new government's firm stance and said that he had noticed a "shift" in the last two weeks, with the Iraqi army and security forces taking "greater control".

Al-Maliki Vows To Fill Defense, Interior Posts (WT/AP)

By Patrick Quinn, Associated Press

The Washington Times, June 1, 2006

BAGHDAD -- Prime Minister Nouri al-Maliki announced yesterday he would fill vacancies at the crucial defense and interior ministries over the weekend, despite failing to reach an agreement on candidates with Iraq's fractious ethnic and sectarian parties.

The appointments, which must be approved by parliament, are the keystone of Mr. al-Maliki's plan to take complete control of security around Iraq from U.S.-led forces within the next 18 months.

In violence yesterday, a mortar barrage struck a number of houses in Baghdad's southern Dora district. A first barrage of seven mortar rounds killed nine and wounded 40, while another five rounds killed four and wounded 29. Mortar attacks are usually carried out by insurgent groups.

Earlier, a bomb struck a group of construction workers seeking jobs in central Baghdad, killing at least two and wounding 18, police said.

Mr. al-Maliki apparently decided to go ahead with the appointment of ministers for defense, interior and national security -- a lesser post -- to end two weeks of uncertainty. The two key posts were temporarily being held by Mr. al-Maliki and one of his deputy prime ministers since the Cabinet was sworn in on May 20.

Mr. al-Maliki said disagreements among the political blocs proved insurmountable so he decided to "present the names that we believe in to parliament to let it ... decide the issue, because total agreement by all the blocs is almost impossible."

Leaving a Cabinet meeting, the Shi'ite prime minister said "the names of the interior and defense ministers will be announced at parliament's next session" on Sunday, ending protracted negotiations with Sunni Arabs and Kurds.

He did not divulge the names of the candidates, who must be approved by an overwhelming majority in the 275-member parliament.

Mr. al-Maliki reportedly has three candidates for each of the posts, just in case parliament rejects his first choice. The candidates come from a pool that has been discussed at length by negotiators in recent weeks.

The posts, especially defense and interior, are considered an integral part of Mr. al-Maliki's plan to take control of security over Iraq's 18 provinces from U.S.-led forces. The transfer is key to an overall American exit strategy that would allow the eventual withdrawal of its 130,000 troops.

It has been agreed that the defense ministry post will go to a Sunni Arab. But some candidates were rejected by Shi'ites who claimed they had ties to the former regime of Saddam Hussein, or by Kurds who said they were connected to a campaign against their community.

The interior ministry post will go to a Shi'ite. But Sunni Arabs complained that many Shi'ite candidates had ties to militias.

A U.S. military spokesman, meanwhile, said American forces are "very concerned" about the situation in Ramadi in the volatile Anbar province because al Qaeda in Iraq is taking advantage of sectarian differences to make inroads in the city.

Maj. Gen. William Caldwell confirmed that about 1,500 combat troops have been moved from a reserve force in Kuwait into Anbar province, which surrounds Ramadi, to help authorities establish order.

New 'Iraq Massacre' Tape Emerges (BBC)

BBC News, June 2, 2006

New footage The BBC has uncovered new video evidence that US forces may have been responsible for the deliberate killing of 11 innocent Iraqi civilians.

The video appears to challenge the US military's account of events that took place in the town of Ishaqi in March.

The US said at the time four people died during a military operation, but Iraqi police claimed that US troops had deliberately shot the 11 people.

A spokesman for US forces in Iraq told the BBC an inquiry was under way.

The new evidence comes in the wake of the alleged massacre in Haditha, where US marines are suspected of killing up to 24 Iraqi civilians in November 2005 and covering up the deaths.

The incident is being investigated by the Pentagon.

The US military has announced that coalition troops in Iraq are to have ethical training following the furore surrounding the alleged killings.

For the next 30 days, they would receive lessons in "core warrior values", a military statement said.

The news of ethical training for US-led troops is likely to be greeted with cynicism by many Iraqis, the BBC's Ian Pannell in Baghdad says, as the troops have long been accused of deliberately targeting civilians.

Cross-checked

The video pictures obtained by the BBC appear to contradict the US account of the events in Ishaqi, about 100km (60 miles) north of Baghdad, on 15 March 2006.

The US authorities said they were involved in a firefight after a tip-off that an al-Qaeda supporter was visiting the house.

According to the Americans, the building collapsed under heavy fire killing four people - a suspect, two women and a child.

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But a report filed by Iraqi police accused US troops of rounding up and deliberately shooting 11 people in the house, including five children and four women, before blowing up the building.

The video tape obtained by the BBC shows a number of dead adults and children at the site with what our world affairs editor John Simpson says were clearly gunshot wounds.

The pictures came from a hardline Sunni group opposed to coalition forces.

It has been cross-checked with other images taken at the time of events and is believed to be genuine, the BBC's Ian Pannell in Baghdad says.

Marines To Face Charges In Iraqi's Death (AP)

By Seth Hettena

AP, June 1, 2006

Military prosecutors plan to file murder, kidnapping and conspiracy charges against seven Marines and a Navy corpsman in the shooting death of an Iraqi civilian in April, a defense lawyer said Thursday.

The eight men are being held in the brig at Camp Pendleton Marine Corps base north of San Diego, said Jeremiah Sullivan III, who represents one of the men.

The men served in Iraq with the 3rd Battalion, 5th Marine Regiment, and are members of the battalion's Kilo Company. The highest-ranking serviceman is a staff sergeant.

Sullivan said he learned from Marine Corps attorneys that the charges have been drafted and official charging documents could be given to the men as early as Friday.

The Iraqi man was killed west of Baghdad on April 26. His death was unrelated to the shootings of as many as two dozen civilians in the western Iraqi city of Haditha. The Pentagon is investigating troops from the 3rd Battalion, 1st Marine Regiment in that case.

The Marine Corps and Pentagon spokesmen have refused to comment on any aspect of the Iraqi man's death since an investigation was announced May 24.

However, a Pentagon official said Thursday that charges are expected to be brought "very soon." The official, who spoke only on condition of anonymity because he is not authorized to discuss charges before they are filed, could not confirm the specific counts.

Sullivan said the eight men are being held in solitary confinement.

"There's concern about the publicity of Haditha having a detrimental impact on the case," he said. "My concern is that the whole politics of this. There's an assumption that these guys are guilty before there's been an opportunity for a thorough, impartial investigation."

Murder Charges Likely For Marines In Iraq Death (LAT)

By Tony Perry

The Los Angeles Times, June 2, 2006

SAN DIEGO — The Marine Corps will file criminal charges, including some murder counts, against several enlisted Marines and a Navy corpsman in the fatal shooting of an Iraqi civilian in April, officials close to the investigation said Thursday.

The Marines and the corpsman were brought back to Camp Pendleton in recent weeks as the Naval Criminal Investigative Service looked into the April 26 shooting of a man in Hamandiya.

The troops, with the 3rd Battalion, 5th Marine Regiment, 1st Marine Division, may also have attempted a cover-up by planting evidence near the body to suggest that the man was an armed insurgent digging a hole to plant a roadside bomb.

The decision to file charges comes amid two investigations of allegations in a separate case that Marines killed at least 24 Iraqi civilians, including women and children, Nov. 19 in Haditha, west of Baghdad.

An administrative investigation headed by a two-star Army general has concluded in the Haditha case that the Marines killed the civilians without provocation, some execution- style, and then lied to cover up their conduct. A separate investigation of the incident could lead to criminal charges, including murder and dereliction of duty counts.

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Murder charges in the Hamandiya case would be the first brought against Marines based at Camp Pendleton in the death of an Iraqi.

Commenting on the case this week on ABC television, Rep. John P. Murtha (D-Pa.), a retired Marine colonel and decorated Vietnam veteran, said that "some Marines pulled somebody out of a house, put them next to an [improvised explosive device], fired some [AK-47s] so they'd have cartridges there. And then tried to cover that up."

Besides the murder counts, the charges are expected to include conspiracy. Under the military system, the charges will go to a proceeding called an Article 32, akin to a preliminary hearing.

A hearing officer will then recommend to the commanding general whether the case should go to a court-martial. The commanding general can reject the recommendation.

When the Hamandiya charges will be filed is unclear. A spokesman at Camp Pendleton would say only that "the investigation is still ongoing and no charges have been preferred."

The officials who spoke about the case asked for anonymity because they had not been authorized to speak publicly.

More than a dozen Marines are in the brig or restricted to the base as part of the Hamandiya investigation, although only eight are expected to be charged.

Keeping Marines who are under investigation in the brig is unusual, suggesting that the Corps is concerned the suspects may try to flee. Marines involved in the Haditha case are at Camp Pendleton but are not in the brig.

Marine brass have been briefing key members of Congress on the investigations in the Haditha and Hamandiya incidents.

Both involve Camp Pendleton Marines, but those in Haditha were with the 3rd Battalion, 1st Regiment, 1st Marine Division. The battalion was on its third deployment to Iraq when the killings occurred.

Although no Marines have been charged with murdering an Iraqi, a major and a sergeant were convicted in 2004 of lesser charges stemming from the June 2003 death of an Iraqi prisoner at a detention camp near Nasiriya. The prisoner was reputed to have ties to Saddam Hussein's Baath Party and was suspected of complicity in the ambush of a U.S. convoy.

The major was convicted of maltreatment of prisoners and dereliction of duty; the sergeant was convicted of assault and dereliction. Neither was sentenced to the brig.

Army personnel in Iraq have been embroiled in similar investigations, some involving murder charges, but none of the cases has received as much notoriety as Haditha. One reason may be the presence of incriminating photos and videos of the Haditha victims, taken by Iraqis and Marines. Also, that case appears to involve at least a low-level cover-up.

One of the main objects of the administrative Army investigation is to determine whether the cover-up extends beyond the Marines on the scene to high-ranking officers who knew, or should have known, that the troops' original report that the Iraqis were killed in crossfire or by an insurgent bomb was false.

Marine Commandant Gen. Michael Hagee went to Iraq last week to lecture troops on the need to follow the Geneva Convention and other rules of warfare concerning noncombatants.

Hagee praised the "99.9%" of Marines who follow their training not to fire on civilians. He plans similar visits to Camp Pendleton and other stateside bases.

The Haditha investigation focused on a dozen Marines.

Three or four are considered to have fired the fatal shots and may be charged with murder. A similar number may have failed to stop the shootings or helped file a false report to superiors. The others may have been too far away to be involved, officials familiar with the inquiry said.

Three officers with the Haditha battalion were relieved of duty in April by Maj. Gen. Richard Natonski, commanding general of the 1st Marine Division. Natonski said only that he had "lost confidence" in their leadership.

Lt. Col. Jeffrey Chessani, the battalion commander of the three-five, and Capt. Luke McConnell, commander of Kilo Company, are being scrutinized under the military doctrine of "command responsibility," in which a commander can be held accountable for the actions of subordinates even if he knew nothing about those actions.

Capt. James Kimber, commander of India Company, was relieved because of disputes unrelated to Haditha, according to his attorney and officials close to the investigation. Kimber and his family are reacting angrily to his name being mentioned in connection with the killings.

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"He was caught up in this, and he was thrown in [by the commanding general] because they needed another head," said Kimber's father, Richard, of Gaithersburg, Md. "This has ruined his Marine career, and it's very unfair."

Although the Haditha and Hamandiya incidents appear to involve similar accusations, the cases have been treated differently.

Only after Time magazine began investigating the Haditha case in January and February did the Marine Corps back off from its assertion that the Iraqis had been killed in crossfire or by an insurgent bomb.

But in the Hamandiya case, an investigation was begun more promptly. Maj. Gen. Richard Zilmer, the top Marine in Iraq, took the unusual step last month of issuing a statement that "sufficient information existed to recommend a criminal investigation."

Marine brass are worried that the incidents could harm the Corps' reputation and further erode public support for the U.S. mission in Iraq. With that in mind, the Marine Corps has promised to make the Army's administrative investigation of the Haditha killings public as soon as possible.

"This is bad," said one senior officer. "We've got to keep it from being worse."

In another allegation of misconduct by U.S. forces, the BBC on Thursday aired videotape that it said supported the Iraqi version of disputed killings near the city of Balad in March.

The U.S. account says troops seeking a suspected insurgent attacked a house, killing the man as well as two women and a child who were inside.

But Iraqi witnesses, including police officers, told The Times the day of the incident that troops had entered the house, hog-tied 11 residents and shot them through the head.

The BBC did not air most of the videotape, saying the images were too grisly to be shown.

U.S. officials told the BBC that the incident was under investigation.

Army Dog Handler Convicted Of Abuse (WT/AP)

By David Dishneau, Associated Press

The Washington Times, June 2, 2006

FORT MEADE, Md. -- A military jury yesterday convicted an Army dog handler of abusing an Abu Ghraib detainee in a trial that produced evidence of high-level pressure and ground-level confusion regarding interrogations at the prison in Iraq.

Sgt. Santos A. Cardona is the 11th soldier convicted of crimes stemming from the abuse of detainees at the prison in late 2003 and early 2004.

Sgt. Cardona, 32, of Fullerton, Calif., was convicted of dereliction of duty and aggravated assault for unlawfully threatening a detainee with his dog.

But the panel of four officers and three enlisted soldiers acquitted Sgt. Cardona of some of the most serious charges he faced, including unlawfully having his dog bite a detainee and conspiring with another dog handler to frighten detainees into soiling themselves.

He faces maximum imprisonment of 31/2 years.

Sgt. Cardona, a 121/2-year veteran, stood at attention in his green dress uniform as the verdict was read in court.

He was convicted of allowing his dog to bark within inches of the face of detainee Kamel Miza'l Nayil in December 2003.

Prosecutors had portrayed Sgt. Cardona as part of a small group of corrupt soldiers who enjoyed tormenting prisoners -- even competing with another dog handler to frighten detainees into soiling themselves.

"This is all for their amusement," Maj. Christopher Graveline said Tuesday in his closing argument.

Sgt. Cardona's civilian defense attorney, Harvey J. Volzer, said the military policeman had done what his training and senior officers demanded: Protect fellow soldiers and scare detainees.

Sgt. Cardona released his dog to bite detainee Mohammed Bollendia after Mr. Bollendia ran at and struck another military policeman, Cpl. Charles A. Graner Jr., witnesses for both sides testified.

The prosecution said the MPs provoked the attack and could easily have restrained Mr. Bollendia.

Mr. Volzer said Sgt. Cardona's dog, Duco, barked at prisoners because he was supposed to.

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None of the offenses was said to have occurred during interrogations.

However, Sgt. Cardona's defense team focused on interrogation policies -- in particular, the changes in rules and command that followed Maj. Gen. Geoffrey D. Miller's visit to Abu Ghraib in late August and early September 2003, when Gen. Miller was commander of the U.S. detention facility at Guantanamo Bay, Cuba.

Gen. Miller wrote in a subsequent report that the military police who guarded detainees at Abu Ghraib should become "actively engaged in setting the conditions" for interrogations.

Inside The Ring (WT)

By Bill Gertz And Rowan Scarborough

The Washington Times, June 2, 2006

Marines humiliated

The Marine Corps is livid over the mistreatment of three Marines at the hands of the Transportation Security Administration (TSA) in Philadelphia last month.

According to a Marine Corps memo we obtained, three Marines were "humiliated" by TSA security guards while escorting the body of Marine Sgt. Lea R. Mills, 21, who was killed April 28 along with two others in Al Anbar province, Iraq, by an improvised explosive device.

Sgt. Mills' body was being moved from Dover Air Force Base through Philadelphia International Airport en route to her final resting place in Gulfport, Miss., on May 3. The three Marines who were accompanying the casket, Sgt. John C. Stock, Cpl. Aaron J. Bigalk and Cpl. Jason A. Schadeburg, were forced to remove their dress blue uniforms, belts and shoes, which were then scanned. They were then "patted down" by TSA inspectors.

One of the Marines had his shoes taken away for scanning, but they were never returned and he was forced to retrieve them.

"All the Marines said they felt humiliated by this treatment," the report said. "The Marines had orders in hand that tasked them to serve as official casualty escorts. Sgt. Stock was carrying Sgt. Mills' personal effects and Cpl. Schadeburg was carrying the flag from Sgt. Mills' casket. These items were in hand in plain view."

One Marine called the TSA "morons" for mistreating the casualty escorts, and said, "This is enough to make one's blood boil."

A TSA spokesman said the three Marines did not know the right procedures for escorting a fallen soldier, and could have avoided the search by passing through an official screening area. The TSA officers did not know the Marines were escorting a fallen comrade, and the agency "regrets" the miscommunication, the spokesman said.

Armitage on Iraq

Former Deputy Secretary of State Richard Armitage is adding his voice to critics of Pentagon civilian and military war planners who said there were not enough troops to produce a successful outcome in Operation Iraqi Freedom.

"I think there were some clear misjudgments, including the number of troops that would be required to secure the peace after combat," Mr. Armitage told the Georgetown Journal of International Affairs.

Asked what was most surprising about the Iraq war, Mr. Armitage stated: "The most surprising thing is that we failed yet again to realize a basic historical lesson: Only a soldier with a bayonet can take and hold ground. Only a soldier with a bayonet can bend an enemy to our will."

The failure to understand that was the United States' "biggest mistake," and the biggest lesson to be learned, he said.

"Clearly we had enough troops to win a great victory, a speedy victory and a very humane victory," Mr. Armitage said. "We didn't have enough troops to secure the peace. That is self-evident."

Beijing lobbying

The Chinese Embassy continues to lobby Congress with impunity on the issue of Taiwan. The latest effort was a recent letter to members of the House Armed Services Committee aimed at China-related provisions of the fiscal 2007 defense authorization bill.

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Chinese Ambassador Zhou Wenzhong warned that provisions increasing military ties between the Pentagon and Taiwan and improving Taiwan's defenses against a Chinese attack "will do serious harm to China-U.S. relations" if enacted into law. Mr. Zhou said the new provisions would create a military alliance between the United States and Taiwan and violate diplomatic communiques governing U.S.-China ties.

He also warned that the bill's provisions on selling submarines to Taiwan are boosting Taiwan's forces for independence and are going in a "dangerous direction."

The letter asked the congressmen to "use your important influence" to block the pro-Taiwan provisions.

The letter has angered several lawmakers who view it as foreign government interference in the congressional legislative process.

The main lobbying firm representing the embassy is Jones Day, which is registered with the Justice Department as a foreign agent for China.

The Chinese government has stepped up its lobbying of Congress in the past several years, yet similar activities by Taiwan have been viewed in the past as illegal influence activities and have prompted FBI investigations.

Militia madness

Iraq's hodgepodge of Shi'ite militias is becoming just as troublesome as the Sunni insurgents who regularly attack American forces and assassinate Iraqi government leaders.

A Pentagon report sent to Congress this week blames Shi'ite militias, especially the one controlled by firebrand cleric Muqtada al-Sadr, for kidnappings, death squads and kangaroo courts. In the south, they also are infiltrating local police forces to exercise control.

More troubling, Iran is supporting the private armies by, among other favors, providing weapons, says the Pentagon's "Measuring Stability and Security in Iraq" report, "reinforcing Sunni fears of Iranian domination and further elevating ethno-sectarian violence."

The Shi'ite militias not only attack rival Sunni Muslims, they also attack coalition troops. "Because of Iranian-sponsored training and technological support, these operations are among the most lethal and effective conducted against coalition forces."

Meanwhile, violence is going up, not down, as American troops enter their fourth year in Iraq. The number of weekly attacks averaged more than 600 between February and May, compared with 450 during roughly the same period last year.

"Reasons for the high level of attacks may include terrorist and insurgent attempts to exploit a perceived inability of the Iraqi government to constitute itself effectively, the rise of ethno-sectarian attacks follow the Golden Mosque bombing and enemy efforts to derail the political process leading to a new government," the Pentagon report said.

Pacific defense

The Air Force sent a message to troops this week explaining the redeployment of forces in the Pacific. The message left no gray area on what the mission is of U.S. Forces, Japan, as 8,000 Marines move from Okinawa to Guam. The shift puts more emphasis on air power to deter aggression.

"Should deterrence fail," the message states, "USFJ conducts and supports combat operations in the region to defend Japan."

Insurgency Out, Anarchy In (NYT)

By Thomas L. Friedman

The New York Times, June 2, 2006

President Bush has told us that the question of whether to withdraw from Iraq is one that his successor will have to deal with — not him. I don't think so. Mr. Bush is not going to have that luxury of passing Iraq along. You see, the insurgency in Iraq is in its "last throes" — just like Dick Cheney said. Unfortunately, it's being replaced by anarchy in many neighborhoods — not democracy. And I don't believe the American people will put up with two and half more years of babysitting anarchy instead of midwifing democracy.

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The report that U.S. marines were involved in a massacre of Iraqis in Haditha — which the Pentagon needs to clarify fast — is a tragic reminder that a foreign occupation by U.S. forces can't go on for years. Most U.S. soldiers in Iraq have done heroic work, but occupations that drag on inevitably lead to Hadithas.

Right now we are paying for all the Bush team's missteps in Iraq: allowing looting after the fall of Baghdad, disbanding the Iraqi Army without an alternative security force or enough U.S. troops in place, fostering a culture of torture at Abu Ghraib and then letting the politics in Iraq drift for months without any outcome.

All of this created a security vacuum that has allowed a rogue's gallery of sectarian militias, death squads, gangs and Al Qaeda operatives to mushroom in Basra, Baghdad and the Sunni Triangle. The end result: while the mainstream Iraqi Sunnis have now joined the government, in a major way, this has not brought more stability. Because between the sectarian militias now murdering each other's civilians, tit for tat, and Al Qaeda just blowing up Iraqi civilians randomly, the new government can't get going. Too many Iraqis are paralyzed by fear.

Indeed, there has been a subtle but important change in the violence in Iraq. The main enemy in many places is no longer the Sunni insurgency. It is anarchy. Mini-wars of all against all. As the BBC reported Wednesday from Basra: Prime Minister Nuri Maliki "has declared a monthlong state of emergency in Basra, which has been plagued by sectarian clashes, anarchy and factional rivalry." That's what happens in a security vacuum.

Once this kind of militia madness takes root, it's very hard to uproot. U.S. troops can't do it, because it would require searching homes, neighborhood by neighborhood. Only a cohesive Iraqi national army could do that. And that can only be the product of a real national unity government, in which all parties feel they have a fair share of the pie and are committed to investing in an Iraqi army — not their own militia.

And such a national unity government can only be the product of Iraq's leaders deciding whether they love their kids more than they hate each other. That is the most important question Iraqis must answer. It can't be avoided any longer. That being the case, it is time for America to starting talking "deadlines." Too many Iraqi factions think they can just keep wrestling each other for small advantage while the country burns, but the U.S. Army provides a floor of security that prevents total chaos. The Iraqi parties need to know that we are not going to be played this way forever. Only an Iraq that can come together and make a fist can crush this militia culture.

Salvaging Iraq is still hugely important — for itself and for the region, which is facing two big trends. One is a population explosion, producing millions of young people looking for work. And the other is a huge explosion of windfall oil profits. Today, many autocratic Arab regimes are using these oil profits just to buy off their population explosions — in the form of government jobs and subsidized food and fuel — not to educate and empower their youth for the 21st century. But when the price of oil falls, and it will eventually, and these populations continue to rise, we will see destabilizing social explosions throughout the Arab world. It would be very helpful to have a different model in place in Iraq before that happens.

But the hour is late and the enemy is unique. We are not losing Iraq to the Iraqi Vietcong — traditional nationalists. Iraq has a freely elected nationalist government. No, we are losing in Iraq to sectarian theocrats, Islamo-fascists and local and regional tyrants, who have only one thing in common: the belief that America and its Iraqi allies must fail, that neither modernity nor democracy must be allowed to take root in Iraq.

It will be a global tragedy if they succeed, but it is hard to fight an enemy whose only concern is that you lose, not what happens after. It is impossible, though, without Iraqi leaders who can make a fist. We can't keep asking Americans to sacrifice their children for people who hate each other more than they love their own children.

Delegation Divided On Progress In Iraq (WT)

By Christina Bellantoni

The Washington Times, June 2, 2006

Members of a congressional delegation to Iraq will return home from the Middle East this weekend with differing opinions about progress in the region.

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Sen. George Allen, Virginia Republican and one of several lawmakers touring the region, predicted yesterday that within a year, the United States and its partners will transition to providing more logistical support and medical assistance, allowing some troops to return home.

"As Iraqis lead, the U.S. role will be reduced. Iraqis are going to have to use their hands rather than rely on the hands of Americans to do things," Mr. Allen said on a call from Kuwait City.

If trends continue, the troop presence in Iraq will be "purely minimal" within five years, he said.

By contrast, Rep. James E. Clyburn, South Carolina Democrat, said he was "highly disappointed and quite frankly shocked" at the lack of success of reconstruction efforts and domestic peacekeeping.

"You don't have good success in community building unless you involve the indigenous people in the effort," he said. "They have to feel ownership, and with that comes a certain amount of pride and propriety -- important ingredients if you are going to try to do something that is sustaining."

He noted corruption within the Iraqi police force and the lack of electricity for many citizens but said he was impressed by the effectiveness and efficiency of the military effort.

"Next year this time, I don't think we can get the military out of there," Mr. Clyburn said.

The troubled areas, he said, "are having success now, but we're talking about 14 provinces ... [most] not anywhere near where they need to be."

The lawmakers agreed that Kurdistan is enjoying prosperity. Mr. Allen described the region as a "boomtown," with new hotels and homes under construction.

Also on the trip were House Majority Whip Roy Blunt, Missouri Republican, Minority Whip Steny H. Hoyer, Maryland Democrat, and Republican Reps. Rodney Frelinghuysen of New Jersey and Sam Graves of Missouri.

Mr. Hoyer said it was crucial for lawmakers to see the events on the ground in Iraq to help Congress determine "the right policies moving forward."

Mr. Allen, who has been mentioned as a presidential candidate in 2008, first faces a re-election challenge this fall.

Democrats Harris Miller and Jim Webb will meet in a primary match June 13. Statewide polls favor Mr. Allen by double digits but show he is more vulnerable than he was last year because of sinking Republican ratings and an aggressive campaign from both Democrats hoping to topple him.

When asked whether his hawkish stance would affect his race when support for the war is slipping in Virginia, Mr. Allen praised the troops and replied: "The troops don't care about political sniping or grandstanding. Those who take the big picture rather than the partisan political picture realize this is history being made."

Iraq Veteran Sues Moore Over 9/11 Film (WP/AP)

By Denise Lavoie, Associated Press

The Washington Post, June 1, 2006

BOSTON -- A veteran who lost both arms in the war in Iraq is suing filmmaker Michael Moore for $85 million, alleging that Moore used snippets of a television interview without his permission to falsely portray him as anti-war in "Fahrenheit 9/11."

Sgt. Peter Damon, a National Guardsman from Middleborough, is asking for damages because of "loss of reputation, emotional distress, embarrassment, and personal humiliation," according to the lawsuit filed in Suffolk Superior Court last week.

Damon, 33, claims that Moore never asked for his consent to use a clip from an interview Damon did with NBC's "Nightly News."

He lost his arms when a tire on a Black Hawk helicopter exploded while he and another reservist were servicing the aircraft on the ground. Another reservist was killed in the explosion.

In his interview with NBC, Damon was asked about a new painkiller the military was using on wounded veterans. He claims in his lawsuit that the way Moore used the film clip in "Fahrenheit 9/11" _ Moore's scathing 2004 documentary criticizing the Bush administration and the war in Iraq _ makes him appear to "voice a complaint about the war effort" when he was actually complaining about "the excruciating type of pain" that comes with the injury he suffered.

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In the movie, Damon is shown lying on a gurney, with his wounds bandaged. He says he feels likes he's "being crushed in a vise."

"But they (the painkillers) do a lot to help it," he says. "And they take a lot of the edge off of it."

Damon is shown shortly after U.S. Rep. Jim McDermott, D-Wash., is speaking about the Bush administration and says, "You know, they say they're not leaving any veterans behind, but they're leaving all kinds of veterans behind."

Damon contends that Moore's positioning of the clip just after the congressman's comments makes him appear as if he feels like he was "left behind" by the Bush administration and the military.

In his lawsuit, Damon says he "agrees with and supports the President and the United States' war effort, and he was not left behind."

He said that, while at the Walter Reed Army Medical Center recovering from his wounds, he had surgery and physical therapy, learned to use prosthetics and live independently. He also said that Homes For Our Troops, a not-for-profit group, built him a house with handicapped accessibility.

"The work creates a substantially fictionalized and falsified implication as a wounded serviceman who was left behind when Plaintiff was not left behind but supported, financially and emotionally, by the active assistance of the President, the United States and his family, friends, acquaintances and community," Damon says in his lawsuit.

Moore did not immediately return calls seeking comment Wednesday. A message was left for Moore at a personal number in New York and with HarperCollins, publisher of Moore's 2002 book, "Stupid White Men...And Other Sorry Excuses for the State of the Nation!"

A spokesman for Miramax Film Corp., also named as a defendant, did not immediately return a call.

Damon did not immediately respond to a request for an interview.

"It's upsetting to him because he's lived his life supportive of his government, he's been a patriot, he's been a soldier, and he's now being portrayed in a movie that is the antithesis of all of that," Damon's lawyer, Dennis Lynch, said.

Damon is seeking $75 million in damages for emotional distress and loss of reputation. His wife is suing for an additional $10 million in damages because of the mental distress caused to her husband, Lynch said.

War Protest Intensifies, But Navy Ship Sails On Time (NYT)

By Timothy Egan

The New York Times, June 2, 2006

SEATTLE, June 1 — After nearly a week of protests intended to delay a large Navy cargo ship from sailing to the war in Iraq, the vessel sailed out of Olympia on time Wednesday, port officials said. But the protests, which were raucous at times, could portend a summer of escalating tensions in the port.

The police said 20 protesters, most from Evergreen State College here, were arrested earlier in the week on misdemeanor charges of attempted trespass and were then released. Two others were charged with a separate offense stemming from a clash with the police.

About 70 police officers in riot gear were deployed at the port, where the Pomeroy, a 950-foot cargo ship, was being loaded with material from nearby Army units bound for Iraq.

In the past week, the ship was greeted by 150 to 200 protesters who shouted at crew members and soldiers, and staged a so-called die-in to protest the war.

At one point, the police used pepper spray to move back a group that had breached a gate, sheriff's deputies said. The deputies also said a stone and two plastic bottles were thrown at officers.

The protests, based at the college, have been going on for about two years, organizers said. But this week signaled a change in tactics.

Dan Kimball, chief criminal deputy for the Thurston County Sheriff's Department, said Thursday, "The people who've been protesting have been mostly peaceful and quiet, but it definitely changed this week into some more aggressive civil disobedience."

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A protest leader, Larry Mosqueda, said the demonstrations were intended to call attention to the "illegal and immoral" war in Iraq and the role of the port, which is publicly owned.

"If you raise the stakes, the costs of the war go higher," said Mr. Mosqueda, a professor of political economy at Evergreen State.

Port officials said they had "overwhelming support" from the public in allowing the Navy to use the harbor. The protests had no effect on port operations, they said.

Afghan Leader Condemns U.S. Gunfire After Crash (USAT)

By Paul Wiseman

USA Today, June 2, 2006

KABUL, Afghanistan — Afghan President Hamid Karzai denounced U.S. soldiers on Thursday for having fired their weapons to escape a mob in Kabul. A member of his Cabinet, meanwhile, said the Afghan government has launched its own investigation into how a traffic crash Monday spiraled into the worst violence in the capital since the fall of the Taliban in 2001.

“The coalition opened fire, and we strongly condemn that,” Karzai said in a radio address to the nation in Pashto, his native language. However, he left unclear whether he was accusing the American soldiers of firing into the crowd.

Karzai spoke a day after Afghanistan's parliament passed a non-binding resolution that called for local prosecution of U.S. troops responsible for the crash.

U.S. Ambassador Ronald Neumann said in an interview broadcast Thursday by National Public Radio that U.S. troops here couldn't be punished under local law. “But should the investigation reveal some wrongdoing, I'm sure the military would follow up on its own,” he said.

Karzai's government, backed by a 23,000-strong U.S.-led coalition and 9,000 NATO troops, already is fighting an intensifying Taliban insurgency in southern and eastern Afghanistan.

Kabul, however, has been relatively free of violence.

Monday's violence appears to have been unrelated to the Taliban rebellion. It started when a U.S. military truck careened downhill into a crowded intersection on the outskirts of downtown Kabul. The truck hit as many as 12 vehicles and killed five people.

The U.S. military said the truck's brakes had gone out. But bystanders reacted with fury to what many here saw as a deliberate act of aggression by U.S. soldiers.

“It's an accident if it involves one car, but not when it involves several cars,” Kabul bookseller Mohammed Daoud, 36, said Thursday.

As hundreds of Afghans rushed at the stalled American convoy, U.S. troops opened fire — but only over the heads of the crowd, according to the U.S. military.

After the convoy fled, rioters trashed the offices of the U.S. aid group CARE and looted shops for hours. U.S. military spokesman Col. Tom Collins said Wednesday he had been informed by the Afghan Ministry of Health that the toll from the unrest had risen to 20 dead and more than 160 wounded

By Thursday, Kabul's streets had mostly returned to their typical chaos: moneychangers shuffling thick decks of afghanis, the local currency; teenage boys peddling cellphone cards; merchants pushing carts filled with mangos.

One thing had changed: Hundreds of Afghan soldiers, police and plainclothes security personnel patrolled the streets and bazaars, overseeing the activity in an obvious show of force.

Karzai's government is trying to figure out what prompted the violent outburst after the crash.

“An investigation is going on to find out why a traffic accident became the cause of a violent demonstration,” Masauda Jalal, a women's rights official and member of Karzai's Cabinet, said Thursday. She said the government knows the “U.S. military would not deliberately hurt Afghan civilians,” but “the public's awareness is lower.”

“There was some anti-American element,” Neumann told NPR. “But actually, from my own observation, it was less focused anti-American than I think is being portrayed.”

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A common theory is that the crowd's spontaneous protest "was hijacked by criminals and armed men," said Nader Naderi, spokesman for the Afghan Independent Human Rights Commission.

Many here worry that the speed with which anarchy engulfed Kabul on Monday exposed the government's weakness. "Karzai has no power," said driver Malik Jan, 46. "His police couldn't stop the demonstrations."

Karzai Condemns Gunfire By U.S. Troops (AP)

By Edward Harris

AP, June 1, 2006

President Hamid Karzai on Thursday condemned the use of gunfire by U.S. troops to suppress Afghans angered by a traffic accident involving a military truck that sparked the worst riots in the capital since the fall of the Taliban.

Speaking in his native Pashto language, Karzai used phrases that left open whether the U.S. troops had fired into a crowd that had gathered at the scene of Monday's accident, or only over their heads. But he was strongly critical.

"The coalition opened fire, and we strongly condemn that," Karzai said in a national radio address. "I have to say, all the time we tell them to be careful because we have one joint aim, which is the struggle against terrorism."

A U.S. military spokeswoman had no immediate comment on Karzai's brief address, which is likely to cause some friction between his U.S.-backed government and Washington amid growing disenchantment among Afghans over America's powerful presence in the country.

Afghan authorities and the U.S. military are investigating the crash in which a U.S. truck that the military says suffered brake failure rammed into cars at an intersection, killing up to five people.

Investigators are also looking at whether U.S. troops fired on Afghans angered by the accident, which sparked citywide rioting, the worst since the 2001 ouster of the Taliban. Hundreds rampaged through Kabul, shouting "Death to America!" In all, about 20 people died, mostly from gunshot wounds, Afghan authorities said.

AP Television News video from Monday shows the mounted machine gun of a U.S. Humvee firing over the heads of Afghans shortly after the accident. Many Afghans at the scene and some officials say the U.S. troops also fired into the crowd. The U.S. military has only confirmed that its soldiers used their weapons in self-defense.

On Thursday, a top judge said foreigners could be tried for crimes committed in Afghanistan, after lawmakers passed a nonbinding resolution calling for local prosecution of U.S. troops responsible for the crash.

U.S. Ambassador Ronald Neumann, however, said that American troops in Afghanistan couldn't be punished under local law.

"But should the investigation reveal some wrongdoing, I'm sure the military would follow up on its own," he told National Public Radio in an interview broadcast Thursday.

He said the U.S. military hadn't signed any pact with Afghanistan that would allow local prosecutors to try U.S. forces in an Afghan court.

"I don't want to turn lawyer without being absolutely sure of my grounds, but you really can't fight a war that way," he said.

The deputy chief justice of Afghanistan's Supreme Court, Abdul Malik Kamawi, said his interpretation of the law is that foreigners who commit a crime in the country are subject to trial there.

The lawmakers' motion can't compel the judiciary to pursue any charges against U.S. troops, and no senior Afghan executive official has indicated they want to.

There also is outrage in Afghanistan over civilian deaths caused by coalition military action against Taliban guerrillas. The latest incident occurred last week, when a U.S. airstrike killed at least 16 civilians in a southern village. A rights group said as many as 34 civilians died.

Neumann said it didn't add up to rising hatred against Americans — or a push to get U.S troops to leave Afghanistan.

"I do not see any groundswell of anti-Americanism or any desire that we leave," he told NPR.

Where Does Karzai Go From Here? (CSM)

By Rachel Morarjee

The Christian Science Monitor, June 2, 2006

DOJ_NMG_0031255

KABUL, AFGHANISTAN - Mustafa surveys the broken shelves and shattered glass of his jewelry shop in Kabul, and breathes a sigh of relief when he sees soldiers from the Afghan National Army on the streets.

"Bringing the Army out is the only decent thing [President] Karzai has done in four years. Now the soldiers are here, the police can't steal and hassle people and we feel safe," he says, as a crowd of shopkeepers nod in agreement.

Their shops were at the heart of the worst street violence to hit the Afghan capital since 2001, after a US military traffic accident triggered a riot that engulfed the city leaving 14 dead and over 100 injured.

Haji Mohammed Akram, a shop owner who watched police flee their posts as guards from the Kabul bank opposite his shop fired on armed looters, says he can feel his hopes of peace ebbing. "If this is what happens when we have a traffic accident, can you imagine how quickly the city would fall if the enemy attacked?" he asks.

Four days later the streets are quiet, but confidence in President Hamid Karzai's government is at an all-time low. Residents and observers say that the government needs to restore credibility by reforming the Afghan police and insisting on better conduct for foreign troops.

"Clearly the government was totally unable to respond to the crisis. If this is the state of our police force then we are in serious trouble," says a Western diplomat, noting the violence unmasked weaknesses within the government. As the riots raged on Monday, Interior Ministry officials in charge of the police took their phones off the hook, while Karzai failed to make a public statement on TV until the riots - lasting some eight hours - had run their course.

"It was a wake-up call.... It underlined how badly things have gone and how we are nowhere near where we need to be," the diplomat adds.

After electing a Parliament and a president, Afghanistan has been hailed as a success story and frequently compared favorably with Iraq, where security is much worse. However, some of the initial accomplishments here are being overshadowed. Militias run riot, the police force barely functions, and most Afghans have seen little change in their lives, making it easier for a resurgent Taliban to recruit.

To halt the downward slide Karzai must look squarely at the reasons which fueled the riots, diplomats and businessmen say.

"The situation is not of his own making, but Karzai is locked in a palace and surrounded by people who tell him everything is hunky-dory. He needs to reach out," says Daud Sultanzoi, an MP for Ghazni Province where the Taliban insurgency has worsened. Palace officials could not be reached.

At the root of the problem is a corrupt, badly paid, and poorly organized police force with low morale. The force is chronically undersupplied, in some places lacking the basics of vehicles and weapons to do more than limited foot patrols. The Taliban often overrun poorly defended police stations in the south, sapping morale. Some police terrorize the general populace - and they are the only face of the government most Afghans see on a daily basis.

Monday's rioting in the capital demonstrated that for many police, concerns for personal safety and sympathy for those in the streets weighed more heavily than their duty to protect property and life. "The police took off their uniforms and joined the looters, so I am worried about the future," says Qasim, a security guard from Badakhshan who works in Kabul.

Lack of nonlethal weapons made crowd-control difficult.

"Why were the police so weak, why didn't they respond? We need special guns, water cannon, rubber bullets. There was no way to deal with unrest in the city," says Shukria Barekzai a legislator in Kabul.

Lack of jobs and a growing despair about the future further fueled the riot. Five years after the fall of the Taliban many parts of Kabul still have no sanitation, intermittent electricity, and open sewers running beside streets clogged with Land cruisers packed with foreigners and the new narco-elite. Reconstruction has come to Afghanistan - including schools, roads, and plans for pipelines - but many residents say it's too little and too slow.

Lastly, resentment against the foreign military presence is growing. US and NATO convoys drive around aggressively, frequently pushing Afghans off the road in their haste to reach destinations safely.

A week before the Kabul crash some 30 civilians had been killed by a US airstrike near Kandahar. Karzai paid a rare visit to the injured survivors and summoned the commander of coalition forces to a meeting over the incident. Such moves can deflect some of the anger - temporarily.

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"This wasn't the first accident the Americans had and it won't be the last. They came to bring peace, but if they keep killing Afghans we will riot again," says a shopkeeper at the crash site in northern Kabul who asked not to be identified.

Ambassador Predicts Taliban Ferocity (WT)

By Jason Motlagh

The Washington Times, June 2, 2006

The Taliban will wage its fiercest campaign of attacks in the coming months in an attempt to hamper the transfer of security duties in Afghanistan from the U.S. military to NATO, Kabul's ambassador in Washington says.

"During the upcoming months, the Taliban will resort to the utmost violence to prevent reconstruction and discourage NATO countries from further deployment," Said Jawad told The Washington Times.

More than 300 people have been killed and thousands displaced in the past two weeks as Taliban insurgents, with the help of al Qaeda allies, stepped up the frequency and sophistication of attacks for a summer fighting season.

Mr. Jawad estimates that 20 to 25 heavily armed militias are operating in five southern provinces with 3,000 to 5,000 men bent on testing the resolve of Western forces.

A continued "spike in terrorist activity" is likely, "especially where NATO troops are scheduled to be deployed," he said.

The swell of Taliban activity coincides with a phased withdrawal of U.S. troops from militant strongholds in the south, where NATO forces have begun assuming security operations.

The multinational force, led by Britain and Canada, will boost troop strength to about 21,000 from 9,000 by July, while the United States plans to draw down its 23,000-strong presence by 6,500.

Afghans living in distant provinces where infrastructure and economic opportunities have been slow to improve have "some concerns at the local level about the commitment and capability of NATO," Mr. Jawad said. "They will have to see that NATO is as committed as the United States."

The Bush administration and military commanders are confident the situation will improve.

Half of the 141 American servicemen killed in action in Afghanistan since the 2001 invasion died last year.

"We are winning, but the war is not yet won," Lt. Gen. Karl Eikenberry, head of U.S. forces in Afghanistan, said at a Pentagon press briefing last month.

He said the Taliban resurgence in the southern provinces is primarily a result of the fledgling Afghan government's inability to combat them, not a testament to the movement's strength.

The Taliban also has been emboldened by more advanced weaponry and greater mobility within the country and across the porous border to terrorist safe havens in Pakistan, Mr. Jawad said. "This is something even the government of Pakistan does not dispute."

Pakistan-based foreign militants with links to al Qaeda and experience in Iraq have been offering large bounties to Afghans to kill U.S. soldiers and have encouraged the wider use of suicide bombings and kidnappings, the British Broadcasting Corp. reported recently.

Mr. Jawad said the Taliban relies on "intimidation tactics" such as hiding in villages, burning down schools and medical clinics, and killing moderate tribal leaders and clergy to create a climate of fear.

He said it was critical that the international community help reinforce the capacity of the cash-strapped Afghan government to deliver services "so the presence of the state will be felt in areas experiencing attacks."

Don't Undercut The Afghan Army (WP)

By Vance Serchuk

The Washington Post, June 2, 2006

KABUL, Afghanistan -- Four years ago this spring the United States began building an Afghan National Army, which has since emerged as arguably the least ambiguous success story of the postwar reconstruction here. While military power in Afghanistan was once synonymous with partisan, warlord-run militias, the new army is a multiethnic, battle-hardened and increasingly professional force -- tangible proof of how nation-building can work in even the unlikeliest of places.

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Unfortunately, this accomplishment is under threat, not just from a resurgent Taliban but from the Bush administration itself, which is keen to trim its contributions to the Afghan army. Against Kabul's objections, the U.S. military hopes to cut the planned end-strength of the Afghan defense sector by more than 25 percent; rather than building the 70,000-man force previously agreed upon, the goal is now 50,000.

The Pentagon defends this downsizing with rhetoric about "sustainability." As one of the world's poorest countries, Afghanistan needs an army it can afford, commanders here argue, and a 70,000-man force is simply too expensive.

The problem with this is that Afghanistan has struggled throughout its history to generate the resources needed for its security, and the Pentagon's proposed cuts do little to resolve this. In fact, the U.S. military's own number crunchers predict the Afghans won't be able to pay for even a 50,000-man force until 2063. And that's under a best-case scenario -- assuming robust, unbroken economic growth for the next 50 years, and that the equipment we are buying the Afghans today doesn't wear out in the interim. (The World Bank's less rosy estimates put affordability somewhere in the early 26th century!)

But if talk about affordability is rooted in futuristic fantasy, the U.S. military's emphasis on it has a host of pernicious, real-world consequences in the here and now. For starters, it infuriates our allies in Kabul, who argue, rightly, that 70,000 is already a minuscule force given the size of their country and the manpower-intensive nature of counterinsurgency.

U.S. military commanders here acknowledge that a smaller army will mean that Kabul must accept a higher degree of "risk," but they defend their approach, citing current intelligence about the size of the Taliban and other potential threats.

But this intelligence assumes that Afghanistan's security situation is relatively static; it fails to take into account the probability of strategic surprise. With Pakistan to the south, Iran to the west, and Russia and China in Central Asia, who can say with any confidence what Afghanistan's neighborhood will look like in four or five years? Even inside the country, U.S. predictions about the insurgency have boomeranged over the past 18 months, from confident predictions of an imminent Taliban collapse to confident predictions of a long, hard slog.

What makes the Pentagon's approach all the more shortsighted is the genuine desire of many Afghans -- this week's rioting notwithstanding -- for a strong, long-term alliance with Washington. To the extent the Pentagon goes cheap on the Afghan army now, it will not only alienate our friends but also constrain their ability to stand with us in the future. Kabul's solidarity in a confrontation with Tehran, for example, will be affected by whether it has enough troops to defend its western border with Iran and at the same time hold the line against the Taliban in the south. A smaller army will make this much harder.

Given how little sense it makes, what is driving the Pentagon's new fixation on affordability? Part of the explanation lies with a shift in authority over the United States' Afghan policy. A year ago, the power was squarely in Kabul, in the hands of U.S. Ambassador Zalmay Khalilzad and Army Lt. Gen. David Barno, who were both committed to a strategic partnership.

With their departure, authority has now shifted to the U.S. Central Command and the Pentagon, which have decidedly different priorities. Asked about the guidance they receive from Defense Secretary Donald Rumsfeld on building the Afghan army, officers here often cite the same three questions: Why is it taking so long, why do you need so many people, and when can we leave?

It's hard to imagine a worse trifecta. Rather than viewing the Afghan army as a short-term, stopgap expenditure that should go away over time, the Bush administration needs to start treating military assistance to Kabul as a guaranteed, stable commitment -- much like U.S. aid to front-line states during the Cold War.

At some point, one hopes, Afghanistan will be able to shoulder more of its own defense costs. For now, though, the emphasis shouldn't be on the army Afghanistan can afford but on the one it needs: a force that can defeat the Taliban and become a long-term partner in the war on terrorism.

The writer is a research fellow at the American Enterprise Institute.

SUV Imperialism (LAT)

The Los Angeles Times, June 2, 2006

WHEN A U.S. MILITARY TRUCK plowed into a dozen civilian vehicles near Kabul on Monday, killing at least five people, the response was in-theroad rage: fierce rioting in Afghanistan's capital that left up to 20 dead and scores wounded. On

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Thursday, Afghan President Hamid Karzai condemned the U.S. military for using gunfire to quell the rioters. An investigation is underway to determine whether U.S. troops fired into or over the crowd.

Most Afghans want foreign help, but they do not want to become "collateral damage" of foreign occupiers — whether from the United States, the United Nations or even relief agencies. As Washington struggles with how best to support Karzai, the U.S. and NATO need to redouble their efforts to defeat the resurgent Taliban while also protecting the civilian population. And to do that, they must improve living standards — ultimately the only way to end 25 years of bloodshed, violence and chaos in Afghanistan.

Anti-Americanism was by no means the only cause of the Kabul rioting. It may have been instigated or encouraged by Karzai's political opponents from the Northern Alliance, whose remaining militias were told three weeks ago that they had to disband by Tuesday, or by Taliban sympathizers. There also is an inevitable gap between Afghans' expectations of help from the international community and the lagging relief effort. Angry, poor and unemployed Afghans need someone to blame.

But the deeper problem is that Afghanistan, like Iraq, cannot be rebuilt cheaply or quickly while an insurgency rages. The Taliban appears to be targeting aid and reconstruction workers; on Tuesday, terrorists on motorcycles attacked and killed four humanitarian workers driving in northern Afghanistan, which has generally been calmer than the Taliban strongholds along the Afghanistan-Pakistan border.

Crushing the insurgency won't be easy. The international community must immediately focus on building roads and providing electricity to blacked-out Kabul, whose economy cannot grow without transportation and power. Arab and Persian Gulf states, flush with oil wealth, have made meager pledges to Afghanistan. They should give the $90 million that will be needed for diesel fuel to keep Kabul electrified for the next two years while transmission lines are being built to bring power from Central Asia.

The U.S. and NATO also will have to invest the military resources to crush the Taliban decisively — and insist that Pakistan do the same. Without security, aid and reconstruction cannot proceed in rural areas. President Pervez Musharraf's pleadings notwithstanding, Pakistan isn't doing all it can to stop Taliban infiltration across the Afghanistan border.

Finally, the United States must begin to treat Afghanistan as a sovereign state whose citizens' lives have to be protected. A start would be for Washington to sign a "status of forces agreement" to govern the behavior of U.S. military forces there. Lessons in driving and crowd control wouldn't hurt, either.

DOJ:

Justice Awards CSC $42 Million Litigation Case Management Contract (FCW)

By David Hubler

Federal Computer Week, June 2, 2006

The Justice Department has awarded Computer Sciences Corp., a contract worth $42 million to build the department's new Litigation Case Management System (LCMS), which will give the various litigating divisions greater data sharing capabilities.

The system will include a centralized application and database with unique interfaces for various divisions of the agency. The interfaces will allow employees in the Antitrust, Civil Rights, Criminal, Environmental and Natural Resources and Tax divisions, as well as the 94 U.S. Attorney offices, to access data unique to the respective agencies.

At the same time, LCMS will be a single repository where Justice executives can access all litigation case management information and reporting. It will also improve the quality of data used for reporting to Congress, the Office of Management and Budget and other agencies, according to a department announcement.

Justice said the award utilized the National Institutes of Health, Chief Information Officers Solutions and Partners 2 contract, a governmentwide procurement vehicle that provides federal agencies with a streamlined method to acquire information technology services and solutions.

Justice plans to phase in the LCMS program by 2010. The first phase will assess the needs of attorney supervisors and Justice executives to manage caseloads and performances. This phase, to be completed during fiscal 2007 and 2008, will

create a common access solution for the U.S. Attorneys' Offices, and includes data exchanges with external systems such as Sentinel, the Victim Notification System and the Consolidated Debt Collection System,

The remaining six litigating divisions will complete LCMS between fiscal 2008 and 2010.

Justice said the LCMS program is an important investment under the OMB Case Management Line of Business program. In support of the line of business program objectives, the LCMS program developed a target architecture and infrastructure for sharing case-related information within and among Justice components and partner agencies. The goal is to capture information once and make it available to all authorized users, according to the statement.

Justice Taps CSC For Bellwether Case Management System (GCN)

By Wilson P. Dizard III, GCN Staff

Government Computer News, June 2, 2006

The Justice Department this morning unveiled a new $42 million contract with Computer Sciences Corp. for the Litigation Case Management System, a standardized environment intended to improve management of legal resources and allow attorneys to share and manage trial information.

Justice now has dozens of litigation case management systems because each of the department's U.S. Attorney's offices nationwide has had the autonomy to tailor systems to its own needs. In addition, the department's six divisions that send platoons of trial attorneys into courtrooms have developed separate case management systems.

The Justice system forms an important part of the Office of Management and Budget's Case Management System Line of Business.

That line of business also includes the FBI's failed Virtual Case File and its successor, the fledgling Sentinel project. OMB also has directed Justice, leader of the case management line of business project, eventually to develop an administrative case management system.

LCMS is intended to serve as a template for other litigation case management systems used by attorneys across the federal government.

"The Department's Antitrust, Criminal, Civil Rights, Civil, Environment and Natural Resources, and Tax divisions, as well as the U.S. Attorney's offices, will use the LCMS to facilitate the transfer of information through the use of common solutions and data standards," Justice said in a statement.

Justice used the National Institutes of Health, Chief Information Officers Solutions and Partners 2 contract, a governmentwide procurement vehicle that provides federal agencies with a streamlined method for buying IT goods and services. The department valued the award at $42 million.

"I expect LCMS to provide a valuable service to the department's seven litigating divisions," said Justice CIO Vance Hitch in a statement. "LCMS will allow the department to reduce operational costs and act more like a unified law firm by effectively and appropriately sharing information between the litigating divisions and with the department's executive leadership."

LCMS will use a centralized but flexible application and database, with unique user interfaces for each of the litigating divisions to accommodate their respective needs, Justice said.

LCMS' architecture is designed allow Justice officials to have a single repository for all litigation case management information and reporting, the department said.

LCMS also is intended to improve the quality of the data the department reports to Congress, OMB and other partner agencies, Justice said.

The department said it plans a phased and incremental approach for reaching its long-term litigation case management goals.

The project's first phase will mainly serve the needs of attorney managers and senior leaders to manage attorneys' caseloads and performance, Justice said.

Under this phase, Justice expects to adopt a common LCMS for the 94 U.S. Attorney's Offices during the 2007 and 2008 fiscal years. The first phase includes data exchanges with external systems such as Sentinel as well as Justice's own Victim Notification and Consolidated Debt Collection systems.

Justice plans to roll out LCMS to its six other litigating divisions between 2008 and 2010.

LCMS is contributing to the development of the National Information Exchange Model to assist in the development of a true standard for information sharing across federal agencies, Justice said.

Justice and the Homeland Security Department established NIEM to develop the data and exchange standards for information sharing across federal, state and local law enforcement and homeland security agencies.

The LCMS target architecture and infrastructure is intended to help capture case-related information once and then promote effective data sharing within and between Justice's divisions as well with as partner agencies and other authorized users, the department said.

An Executive Steering Committee jointly led by Hitch and the acting deputy director of the Executive Office of the U.S. Attorneys, Steve Parent, is overseeing LCMS. The committee also includes members from each of the department's litigating divisions, Justice said.

CORPORATE SCANDALS:

Regulators Drop Civil Case Against Frank Quattrone (WSJ)

By Randall Smith

The Wall Street Journal, June 2, 2006

Wall Street regulators dropped civil charges against Frank Quattrone, giving the former investment-banking star his third win in three months in cases that arose from the Internet-stock bubble of 1999-2000.

He still faces a possible retrial on criminal obstruction-of-justice charges.

The National Association of Securities Dealers this week withdrew "spinning" charges first brought in March 2003 that Mr. Quattrone improperly used the lure of sought-after initial public offerings to win financing business as head of technology banking at the then-named Credit Suisse First Boston securities unit of Credit Suisse Group, now simply Credit Suisse. The NASD also dropped stock-research bias charges.

In a statement, Mr. Quattrone said he had "complied with the rules and regulations" throughout his 23-year career in banking and was "pleased that justice has been done." The NASD asked to withdraw the charges because many potential witnesses weren't any longer under its jurisdiction as registered securities-industry employees, and thus couldn't be compelled to testify. Quattrone lawyer Kenneth Hausman also argued witnesses' memories might be impaired because the case was based on events that occurred between 1998 and 2001, five to eight years ago.

The NASD's case had been deferred pending the outcome of criminal obstruction charges against Mr. Quattrone in 2003. Those charges were based on his endorsing a colleague's email in 2000 urging his group members to "clean up" files in accordance with company policy during investigations of how the firm allocated hot IPOs. Mr. Quattrone denied any intent to obstruct the probes.

But the regulatory actions began toppling March 20, when a federal appeals court overturned the banker's May 2004 obstruction conviction, citing faulty jury instructions and other errors at his second trial, returning the case to prosecutors for a possible third trial. Although prosecutors and defense lawyers have since conferred, no retrial decision has been announced.

Four days later, Mr. Quattrone won his second victory when the Securities and Exchange Commission overturned an NASD order barring him for life from the securities industry for failing to provide some requested testimony in the civil "spinning" case. The SEC said the NASD should have considered his argument that he had the right to avoid self-incrimination in the criminal obstruction case.

The NASD's appetite for aggressive enforcement action may have been tempered by another high-profile defeat the agency suffered in March, some regulatory experts said. An NASD spokeswoman declined to comment. On March 3, a hearing panel rejected NASD charges that Invemed Associates Ltd., run by Wall Street power broker Ken Langone, improperly shared customer profits by receiving oversize commissions from clients who got hot IPOs. Invemed denied any agreement to share profits.

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Mr. Quattrone's former employer, Credit Suisse First Boston, paid $200 million in 2003 to settle civil charges of "spinning" and fraudulent research based partly on actions by Mr. Quattrone's group. But Quattrone lawyers argued that the rules in effect at the time, since bolstered, didn't bar his actions.

NASD Ends Case Against Quattrone (NYT)

By Andrew Ross Sorkin

The New York Times, June 2, 2006

Frank P. Quattrone, the most prominent banker in Silicon Valley during the 1990's technology boom, won a third major legal battle yesterday as securities industry regulators dropped all charges against him.

The decision comes just two months after a federal appeals court overturned his conviction on charges of obstruction of justice and the Securities and Exchange Commission reversed a decision to ban him for life from the securities industry.

If prosecutors decide against retrying Mr. Quattrone, speculation is already rife that he could return to deal making in the Valley, where he helped companies like Cisco Systems and Amazon.com go public.

Yesterday's decision by NASD, which polices the brokerage industry, to dismiss its own case is notable because it was the accusations in the case — that he illegally doled out hot initial public offerings to corporate clients in exchange for business — that prosecutors later cited in his criminal trial to suggest that he was trying to cover up that activity and obstruct justice.

The dismissal is also notable because Mr. Quattrone's former firm, Credit Suisse First Boston, now Credit Suisse, paid $100 million to settle similar charges against the firm with the NASD in 2002.

Still, Mr. Quattrone faces the possibility that prosecutors could bring the obstruction of justice case against him again. But some legal experts suggested that with the dismissal of the NASD's 2003 case, momentum might be building for the criminal case to be extinguished, too.

"It's very unusual for regulators to dismiss charges they brought themselves — I think it's telling," said John J. Fahy, a former federal prosecutor now at the law firm of Fahy Choi in Rutherford, N.J. "This was an iffy case from the beginning. Now you're left with a house of cards that has completely fallen apart."

Not all legal experts, however, are in agreement that prosecutors will not try to bring the case again.

"It cuts both ways," said Robert A. Mintz, a former prosecutor and now a partner at the law firm of McCarter & English. "On one hand, the underlying charges have been eroded. On the other, if the government doesn't pursue it, it represents a full-scale retreat on a case the government brought with considerable fanfare. It's safe to say that there will be some serious plea discussions."

Whether Mr. Quattrone will return to the finance world is a hot topic around Palo Alto and Menlo Park. In large part, he remains a beloved figure among many of the companies and colleagues that thrived with his help. And if prosecutors drop the charges against him, Mr. Mintz said, "in some quarters, he'd be viewed as a hero."

While he may never return to a major Wall Street firm, some in the Valley suggest he could start his own firm or try his hand at investing.

Still, Mr. Fahy said that even if Mr. Quattrone was not tried again, "There's the stigma."

"It's what Ray Donovan, the former secretary of labor said when he was acquitted: 'Where do I go to get my reputation back?' "

The obstruction of justice case centered on a single e-mail that Mr. Quattrone forwarded to his colleagues endorsing a colleague's message that urged his staff to "clean up those files" in December 2000.

The government contended that Mr. Quattrone was trying to destroy evidence that was part of an investigation into whether the firm was allocating stock offerings to clients in return for business.

Mr. Quattrone was tried twice. In the first case, in 2003, a mistrial was declared after the jury deadlocked; the next year, another jury convicted him, but an appeals court overturned that verdict, saying that the judge gave erroneous instructions to the jury.

Mr. Quattrone's lawyers argued that NASD did not adopt rules governing the practices in question until 2002.

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"Frank Quattrone played by the rules, and the practices at issue were legal, common in the industry, and approved by C.S.F.B.'s senior management and legal counsel at the time," said one of Mr. Quattrone's lawyers, Kenneth G. Hausman, a partner at Howard Rice Nemerovski Canady Falk & Rabkin in San Francisco, in a statement yesterday.

In the statement, Mr. Quattrone said, "I am pleased that justice has been done, and truly grateful for the support of my family, friends, and clients who stood by me during these challenges, as well as for the expert work of my legal team."

Regulators Drop All Charges Vs. Quattrone (FINDLAW/AP)

AP, June 2, 2006

(AP) - WASHINGTON-Securities industry regulators have dropped all charges against former star technology banker Frank Quattrone over how his investment bank allocated shares of hot stocks during the late-1990s Internet boom.

The ruling Wednesday by a hearing officer of the National Association of Securities Dealers, the brokerage industry's self-policing organization, was the third in a trio of legal victories for Quattrone. In March, the Securities and Exchange Commission overturned a lifetime ban from the industry against Quattrone, and his conviction on charges of obstructing justice was thrown out by a federal appeals court.

Quattrone was the king dealmaker of the Internet stock boom who made a fortune helping bring some of the hottest new Internet companies to the market at his Wall Street investment bank, Credit Suisse First Boston, which has since changed its name to Credit Suisse (USA) Inc. He was convicted in May 2004 on federal charges of obstruction of justice, after his first trial ended in a hung jury. The 2nd U.S. Circuit Court of Appeals overturned the conviction in March, granting Quattrone a third trial.

The NASD in March 2003 had charged Quattrone with "spinning" - giving corporate executive clients the chance to buy into coveted initial public offerings as a way to win their companies' investment-banking business - from July 1998 to December 2001. The hearing officer on Wednesday granted a motion by the organization's enforcement department to withdraw the charges.

Quattrone had asserted that he was not responsible for making or supervising IPO allocations at CSFB and that NASD rules did not prohibit the conduct in question.

"Throughout my 23-year career, I have upheld high standards of integrity and professional conduct in my work and complied with the rules and regulations," Quattrone said in a statement issued Thursday. "I am pleased that justice has been done, and truly grateful for the support of my family, friends and clients who stood by me during these challenges, as well as for the expert work of my legal team."

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On the Net:

NASD: http://www.nasd.com

Enron's Quiet Outages (WP)

By Brooke A. Masters

The Washington Post, June 2, 2006

Uncharged in the Fraud, Directors Settled, Resigned, Lay Low

A week after a Houston jury convicted former Enron Corp. chairman Kenneth L. Lay of fraud, one of the Houston oil company's onetime directors says he still can't believe Lay knew about accounting schemes that caused the firm's 2001 implosion.

"I'm convinced he didn't know what was going on. . . . I just can't bear the picture of him going off to jail," said Charls E. Walker, a Potomac-based economist and lobbyist who joined the Houston energy company's board before it was known as Enron.

As for his own role as a member of the board of directors from 1985 to 1999, Walker, 82, is regretful. "I was duped. Part of the problem was putting so much confidence in Ken's integrity and ability. . . . We were taken for a ride."

Walker is unusual among the 18 former Enron directors in that he is still willing to talk about the company and the role he played in it. All of the others either declined to comment or failed to return messages left at their homes and workplaces.

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After enduring widespread public criticism and congressional scrutiny in 2001 and 2002 for failing to spot or stop Enron's mounting financial troubles, most of the board members have largely gone underground. Many of them resigned from -- or did not run again for seats on -- a number of corporate boards, and those who are still in the public eye have largely removed references to Enron from their biographies.

"They have experienced an extraordinarily difficult couple of years," said Charles Elson, director of the University of Delaware's Center for Corporate Governance. "They've become the poster children of failed directors."

Compared with Lay and other top Enron executives who face lengthy prison terms, the former Enron directors got off lightly. They have faced no government sanctions, and their personal financial costs have been relatively small. Yet outside directors are almost never held responsible for corporate malfeasance, and the fact the Enron's former directors paid any price at all is testament to the depth of public anger over the collapse of what was once ranked the nation's seventh-largest company.

The Securities and Exchange Commission has not taken any formal action against the former Enron directors, but Enron investors sued them, alleging that all 18 had engaged in insider trading by selling shares while they knew more than the public about Enron's complicated financial structures.

Last year, 10 directors agreed to pay a total of $13 million out of their own pockets to settle the shareholder lawsuit. Each director's contribution was based on 10 percent of the profit he or she realized from selling Enron stock. The largest share by far -- more than $5 million -- came from Rebecca Mark-Jusbasche, the former chairman and chief executive of Enron International.

The overall settlement, shared by investors and Enron's creditors' committee, also included a payment of $155 million from Enron's officers and directors insurance policy and covered the other eight directors -- including Walker -- who did not profit from personal stock sales during Enron's collapse and against whom claims were dismissed.

Personal payments by directors are extremely rare. The only other settlement of this size and type in recent history involved the WorldCom Inc. directors. William Lerach, the class-action attorney who represented investors, said the plaintiffs were trying to send a message to other boards. "For those directors who sit on the boards of big companies where there is an egregious failure, they better be prepared to have their own pocketbooks hit," Lerach said.

Many Enron board members were prominent people, including academics, former government officials and top corporate executives. Some of the best known were Wendy Gramm, a former Commodity Futures Trading Commission chairman and senior scholar at George Mason's Mercatus Center; Robert Jaedicke, former dean of the Stanford University business school; and the current and former M.D. Anderson Cancer Center presidents John Mendelsohn and Charles A. LeMaistre.

Enron directors were serving on the boards of nearly two dozen other public companies or mutual fund families at the time of Enron's collapse. Gramm resigned almost immediately from the Invesco Funds board, and Jaedicke stepped down from the California Water Service Board.

But efforts in 2002 by organized labor to get former Enron director Frank Savage, a professional money manager, booted off the boards of Lockheed Martin Corp. and Qualcomm Inc. did not immediately bear fruit. Only 28 percent of Lockheed Martin shareholders withheld their votes, and he remains on the board.

"He's a valuable board member and has a long and distinguished association with our company," said Lockheed spokesman Jeff Adams. Savage resigned from the board of Qualcomm in 2004.

Similarly, Enron board member Norman P. Blake Jr., the former chairman of Comdisco Inc., remains on the board of Owens Corning, where he has served as a director since 1992. Company spokesman Jason Saragian said: "Our board reviews our director's independence and effectiveness as a part of good governance practices. Mr. Blake has capably met the requirements."

The union campaigns fell short in part because Enron was the first spectacular corporate collapse and shareholder activists were still feeling their way, said Richard Ferlauto, director of pension and benefit policy for the American Federation of State, County and Municipal Employees. "This was before the use of the withhold vote as a tactic had really been refined. Enron gave the boost to all the reforms that followed," he said.

Over time, many of the former Enron directors have dropped off other boards. Right now, though, six of them sit on the boards of at least eight companies or mutual funds.

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Analysts and even one of the Enron board members agreed that the public scrutiny and vilification they endured had positive results. "What the whole episode has done is to bring out corporate policies for a badly needed ventilation for the American people," Walker said.

Columbia University law professor John C. Coffee went further. "Directors are doing better. . . . The audit committee is coming to learn a great deal more," he said. "There is now the fear waking up and finding yourself on the bridge of the Titanic and you've just hit the iceberg. The embarrassment cost has definitely gone up."

Staff researcher Richard Drezen contributed to this report.

Lessons Of The Stock Options Scandal (FT)

By Harvey Pitt

Financial Times, June 2, 2006

Executive compensation is handled badly by far too many publicly held companies. Contrary to some views, it is not the amount of compensation that is the problem. Rather, it is the methodology by which companies award compensation and then monitor whether they have received performance, or merely a pulse, for the pay they provide.

Issues of amount and methodology tend to be conflated and then confused as compensation continues to rise, often faster than many companies' profits. As if this were not bad enough, we now have an unfolding scandal over alleged backdating of option grants to senior executives. Even though it is unlikely we will find much of this misconduct occurring after Sarbanes-Oxley was enacted, this is more than of historical interest. There are important lessons to be learnt from this scandal.

For one thing, options backdating may be used by those who fear current efforts to repair what is wrong with SOX. Hastily and badly drafted, SOX suffers from multiple deficiencies. But, in the context of options backdating, one note-worthy provision is section 403, requiring options grants to be reported in two business days. This has diminished the apparently widespread practice of backdating options to take advantage of a low in the company's share price or an expected rise in price.

While there is a need to refine SOX – at a minimum, its one-size-fits-all philosophy should be changed – this scandal will be used by opponents of change to argue that any tinkering with the statute could undermine important benefits the statute provides.

Options backdating calls a company's internal controls into question. Many discussions of backdating options start with the observation that backdating is not, per se, illegal. That is wrong. Options backdating frequently involves falsification of records used to gain access to corporate assets. That conduct violates the Foreign Corrupt Practices Act and its internal controls requirements. If corporate directors were complicit in these efforts, state law fiduciary obligations are violated. Backdating is not only illegal and unethical, it points to a lack of integrity in a company's internal controls.

With more and more companies being identified as having a backdating problem, the issue for regulators, prosecutors and plaintiffs' attorneys is who was at fault. Already, executives have resigned or been fired, with more casualties sure to follow. But from the company/shareholder perspective, the question is more properly one of how to move forward. For that, solutions must start with the board of directors and its compensation committee.

Compensation decisions should not be treated as if they were trivial. Boards and compensation committees must develop a sensible methodology for determining what they expect from senior managers and how to measure performance. The huge amount of unrealised gains amassed by some senior executives shows that we are talking about large amounts of money.

Among other things, compensation committees need to develop objective standards for each senior manager to achieve. They need to avoid reliance on subjective or easily manipulated criteria such as share price or earnings per share and decide what each standard is worth as a portion of total compensation. Measurements must be developed that are well understood by managers and those who monitor actual performance. A discussion of compensation should provide transparency into compensation standards and decisions, setting out what standards are applied, how well they are fulfilled and what consequences flow. Committees need to monitor the reporting of options and compare them with the dates on which grants were supposed to take place.

Larger public companies should also consider appointing an internal compensation officer. He or she could ensure that compensation decisions are handled appropriately, recorded and then carried out. Similarly, compensation consultants should

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be paid for meaningful analysis and advice, not for the rote ways in which so many of these consultants operate. Often, these consultants are hired for compensation committees by senior management. If this ever made sense, it no longer does. Consultants should be selected by compensation committees and be wholly independent of management.

The standard drill many compensation consultants follow is to identify five comparable companies, calculate the spread of compensation for each major management position, and tell compensation committees to pay their officers at least 75 per cent of the average. The fact that companies actually have paid, and sometimes extravagantly, for this kind of advice is a testament to the fact that you can sell almost anything. Nor should compensation lawyers be overlooked. They need to do a better job of explaining, and then monitoring, compensation requirements, processes and decisions.

In the light of the backdating scandal, it seems that more and more members of compensation committees, not to mention others, were unaware of the negative tax significance of getting options grant practices wrong. When the totals are tallied, we may well be talking more than $1bn (£532m) in lost tax deductions for those companies involved. This means that, at many companies, getting options grants wrong may result in significant restatements of financial results.

Finally, the accounting profession needs to reconsider its standards. At present, if companies are manipulating their documentation, it is unlikely that accountants will find it, no matter how bright or diligent. But the considerable breadth of this problem to date suggests that auditors need to spend more time with their audit clients identifying critical controls, and then evaluating how well those controls are applied and how easily they can be avoided.

When I was at the US Securities and Exchange Commission, we often remarked on the driverless car syndrome: when corporate fraud occurred, very often those who served in positions of responsibility would deny that they were driving at the time of the wreck. The only way to avoid a recurrence of this scandal is to make sure many different hands are at the wheel.

The writer is the chief executive of Kalorama Partners, the strategic consulting firm. From 2001 to 2003, he was chairman of the SEC

CRIMINAL LAW:

Poll: Americans Support Searches (ABC)

By Gary Langer

ABC News, June 2, 2006

June 1, 2006 -- In the rift between Congress and the Justice Department, Americans side overwhelmingly with law enforcement: Regardless of precedent and the separation of powers, 86 percent say the FBI should be allowed to search a Congress member's office if it has a warrant.

That view is broadly bipartisan, this ABC News poll finds, ranging from 78 percent among Democrats to 94 percent of Republicans.

The issue erupted last week, after the FBI searched the offices of Rep. William Jefferson, D-La., in a corruption investigation. Congress leaders objected, and George W. Bush put a 45-day hold on the seized documents to allow for negotiations.

The issue arises at a time of various investigations of alleged wrongdoing in Congress, including those focused on the activities of lobbyist Jack Abramoff.

Indeed this poll finds broad public skepticism about congressional ethics: Sixty-five percent of Americans give a negative rating to the ethics and honesty of members of Congress. More, 54 percent, rate their own member's ethics positively, but that's down from 69 percent in a 1989 poll.

Allow FBI to Search a Congress Member's Office?

Yes

No

86%

10%

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Nonetheless, support for FBI searches is about equally high whether people see Congress as honest or not. That suggests that the interests of law enforcement to investigate wrongdoing simply prevails in the public's mind over concerns about separation of powers, precedent, and the possibility prosecutors could use such searches to try to intimidate lawmakers. The question in this poll described both sides of the argument.

Politically, the Democrats have a small edge in perceived honesty, but there's not much advantage for either party on this issue. Sixteen percent of Americans think Democrats are generally more ethical and honest than Republicans; nine percent think the opposite. But most by far — 72 percent — say there isn't much difference between them.

However slight, that seven-point Democratic edge is their best in occasional polls over the last 17 years.

This Is Not Your Forefathers' Jefferson (USAT)

By Chuck Raasch

USA Today, June 2, 2006

WASHINGTON — The case of William Jefferson would make the writers of the Constitution cringe.

Some 219 years after they met in Philadelphia to prescribe the duties of three branches of government, a big test of their separation-of-powers principle has arisen. But rather than being staked on issues or war or civil liberties, it is about alleged corruption of a member of Congress.

The FBI, part of the executive branch, raided the congressional office of Jefferson, a Louisiana Democrat under investigation for allegations he accepted hundreds of thousands of dollars in bribes.

There are serious constitutional issues at stake. But the way that leaders in the House of Representatives reacted looked on Main Street like yet another example of Washington politicians putting themselves above the law.

Leaders in both parties decried the FBI's May 20 raid as a violation of their separate power under the Constitution.

The key words are in Article 1, Section 6 of the Constitution. It prevents any member of Congress from being arrested while Congress is in session, except if they commit "Treason, Felony and Breach of the Peace..." Section 6 later states that "for any Speech or Debate in the House, they shall not be questioned in any other place."

The FBI may have violated the latter clause by removing documents from Jefferson's office, some congressional leaders and constitutional scholars argue.

The problem for congressional leaders is that there are two separate spheres in this debate. One involves a constitutional test, the other a smell test. House members' knee-jerk defenses — calling hearings and news conferences to express outrage about the violation of their turf — overlooked the reality that most Americans are probably in the smell-test, corruption-is-bad sphere.

Two people have pleaded guilty for bribing Jefferson in exchange for his alleged help getting business for American companies in Africa. Jefferson maintains his innocence and has pledged to stay in office.

The FBI says it has Jefferson on tape accepting a $100,000 payment from a government informant, and $90,000 of it ended up wrapped in tin foil in a freezer in his Washington home. That bundle of cold cash is around $15,000 more than the average American family's yearly income.

Had the average American been suspected of doing what Jefferson is alleged to have done, no one in Congress would have protested when the FBI came knocking.

Critics depicted the raid as more power-grabbing by the Bush administration, which has sought to greatly expand its investigative powers in the wake of the Sept. 11, 2001, terrorist attacks. Bush declared a 45-day cooling off period while the lawyers and politicians sort it out.

Bush was already under assault from political foes and constitutional scholars for establishing secret terrorist prisons overseas and authorizing wiretaps without a warrant. But when his FBI sent a few agents to search the papers of a politician being investigated for corruption, Congress bared teeth that it hadn't displayed over the other controversies.

This House has already seen former Republican Majority Leader Tom DeLay step down because of ties to convicted felon and former lobbyist Jack Abramoff. Former Rep. Randy "Duke" Cunningham, a California Republican, has been sentenced to prison for accepting bribes for steering defense contracts to constituents.

Until recently, this House mothballed its ethics committee amid political disputes and allegations that an ex-member, Rep. Alan Mollohan, D-W. Va., steered federal contracts to non-profits run by ex-aides and business associates.

The Constitution's Article I, Section 2 says that "the House of Representatives shall be composed of Members chosen every second Year by the People of the several States..."

Your next chance to exercise that constitutional right comes Nov. 7 at a polling station near you.

Congress And Justice Dept. May Both Be Overreaching (NYT)

By Adam Liptak

The New York Times, June 2, 2006

The Justice Department is probably correct in saying that it was legally entitled to search a congressman's office last month. But in ignoring history and established conventions in that case, some legal scholars say, the Bush administration has again unsettled widely shared understandings of constitutional relationships and freedoms that have existed for generations.

As with the administration's assertions that it may ignore a law on domestic eavesdropping, reinterpret other laws through presidential signing statements and prosecute journalists under espionage laws, specialists in constitutional law and history said, the Justice Department's justification for the search is an aggressive use of executive power.

In the search case, there is broad academic consensus that the constitutional protection for Congressional speech and debate does not extend to evidence of criminal conduct, even if it is in a Congressional office.

That means the Justice Department was probably entitled to seek — and a federal judge probably correct in authorizing — a warrant to search the offices of Representative William J. Jefferson, Democrat of Louisiana, notwithstanding objections by leaders of Congress.

But having the legal power to conduct a search of another branch of government does not mean it is a wise or prudent thing to do. No other administration has ever done it. In ordering a 45-day cooling-off period, during which the solicitor general will hold the seized materials, President Bush seemed to allow time for reflection on the difference between what the executive branch may do and what it should do.

At the same time, Congressional leaders may have overreached in describing the search as a flagrant violation of the Constitution.

Indeed, the argument that Congressional offices are immune from law enforcement searches has something in common with the argument that the president has the authority to reinterpret the bills he signs into law, said Douglas W. Kmiec, a law professor at Pepperdine University.

"They have no taproot in the constitutional document," Professor Kmiec said of arguments. "They're all sound and fury."

Several legal scholars went further, saying they found it hard to take at face value the objections of many legislators about the search of Mr. Jefferson's office.

"Like a lot of these issues where separation-of-powers rhetoric is deployed and where you see cross-party lines of agreement, there's often a competing story," said Daryl J. Levinson, a law professor at Harvard. "Here the story that leaps out at you is that the Republicans are worried that they're next."

The judge who authorized the warrant in Mr. Jefferson's case, Thomas F. Hogan of Federal District Court in Washington, will hear arguments on June 16 about whether to order the materials returned. Judge Hogan has in other contexts been unsympathetic to claims of privilege, having last year ordered the jailing of Judith Miller, then a reporter for The New York Times, for refusing to testify about a confidential source.

Mr. Jefferson and many of his colleagues on both sides of the aisle have said that the speech-and-debate clause in the Constitution should have barred the search. The clause says that members of Congress "shall not be questioned in any other place" about "any speech or debate in either house." The courts have interpreted the clause broadly. Information concerning almost all legislative activity, including stolen documents received from a tobacco whistle-blower, for instance, have been held to be protected. But materials concerning activities unrelated to the official legislative process are not subject to the privilege (bribery being an obvious example).

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Mr. Jefferson's lawyers used sweeping language in their motion seeking the return of the seized materials, invoking, for instance, "the delicate balance of our democratic system." Justice Department lawyers countered that Mr. Jefferson's real goal was to frustrate the very possibility of the search of a Congressional office.

"Representative Jefferson's view of the privilege, taken to its logical conclusion," the Justice Department argued in a filing on Tuesday, "would allow a member of Congress to prevent law enforcement officers from ever obtaining evidence of a crime simply by putting the evidence in a filing cabinet in his office that might contain privileged documents."

At a hearing of the House Judiciary Committee on Tuesday, its chairman, Representative F. James Sensenbrenner Jr., Republican of Wisconsin, said the committee intended to summon Attorney General Alberto R. Gonzales and the director of the Federal Bureau of Investigation, Robert S. Mueller III, to justify the search. He added that the committee was drafting legislation to prohibit such searches, modeled on a 1980 law that limits searches of newsrooms.

The clash between the two branches on this relatively minor point, at least as compared with the legal issues surrounding efforts to combat terrorism, raises questions about whether the Constitution's intricately constructed sets of institutional counterweights have fallen out of balance.

In other contexts, too, some scholars say, prudence and discretion have taken a back seat lately to uncompromising legal arguments. Phillip J. Cooper, a professor of public administration at Portland State University, for instance, faulted Mr. Bush for his enthusiastic use of signing statements.

"What we're seeing here," Professor Cooper said, "is a very consistent, systemic use of this little-known device to expand the authority of the president, constrain the authority of Congress and, in some cases, simply to supplant the authority of the judiciary."

What is missing nowadays, legal experts say, is the restraint and cooperation presupposed in the Constitution and noted by Justice Robert H. Jackson in his famous concurrence in the 1952 Supreme Court decision that turned back the Truman administration's attempt to seize the steel industry during the Korean War.

"While the Constitution diffuses power the better to secure liberty, it also contemplates that practice will integrate the dispersed powers into a workable government," Justice Jackson wrote. "It enjoins upon its branches separateness but interdependence, autonomy but reciprocity."

Brushback Hearing (WP)

By E. J. Dionne Jr.

The Washington Post, June 2, 2006

In baseball, the hurler intimidates the batter with a brushback pitch. In soccer, the official warns an unruly player by pulling out a yellow card.

Politicians in legal jeopardy thunder and moan, threatening prosecutors while cloaking their pressure tactics in the grand language of constitutional rights and democracy.

So don't be fooled by the hearing before the House Judiciary Committee on the Justice Department's supposed violation of congressional rights in an FBI search of Rep. William Jefferson's office in a bribery investigation.

The hearing was dominated by talk of abuses of power by long-dead monarchs and the need of the people's representatives for untrammeled communication with their constituents.

But Rep. James Sensenbrenner's committee was really sending a message as the House confronts a far-reaching corruption investigation: Nice little Justice Department you have there, Mr. Attorney General. Too bad if anything were to happen to it. Stop messing with us before we mess with you.

How else to explain this from Rep. Darrell Issa (R-Calif.): "We have the power to impeach the attorney general. Now, I'm not sure that articles of impeachment are going to come out today. I think we're a couple shakes short of a quorum for that purpose. Although I suspect members would quickly be here if it was brought by the chair."

Why would House Republicans be so concerned with Jefferson, a Democrat from Louisiana who, according to prosecutors, kept $90,000 in cash in his freezer?

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One answer is high principle. The more plausible answer is that Republicans are worried that the next shoes to drop in the congressional probes will belong to Republican members. Using a Democrat's case now to protect Republican members in the future is not so much clever as transparent.

If Wisconsin's Sensenbrenner and his fellow Republicans had shown an exquisite concern with civil liberties and accountability in the past, their challenge to Attorney General Alberto Gonzales might be seen as part of a consistent libertarian sensibility.

One of the witnesses called to justify the Republicans' assault, maverick conservative legal theorist Bruce Fein, had the intellectual honesty to put the issue in a larger context. He charged that "the Bush administration has been bent on a scheme for years of reducing Congress . . . to an extra in a Cecil B. DeMille political extravaganza."

But Rep. Chris Van Hollen (D-Md.) called the committee's bluff when he noted the "number of examples of overreaching by the executive branch where there's been a total lack of oversight by this Congress." He cited such issues as torture, the treatment of detainees and enemy combatants, and data-mining operations by the National Security Agency.

"Now you've got a stampede by some members of Congress to make Capitol Hill a safe haven for hiding evidence of criminal wrongdoing," Van Hollen said in an interview yesterday. "Issues important to the American people have been totally ignored. But as soon as they come knocking on the doors of Congress, [House members] scramble to protect themselves."

According to 2005 Census Bureau estimates, there are 296,410,404 people in the United States. The Judiciary Committee is clearly concerned with the rights of 435 House members and -- give them the benefit of the doubt -- 100 senators. Someday, the committee will get around to thinking about the rights of the remaining 296,409,869 of us.

Of course it's true that the Justice Department could have shown more regard for congressional prerogatives, perhaps by informing the speaker and the minority leader in advance of the search. And blanket sweeps of congressional offices by the executive would indeed be a clear violation of the Constitution's "speech and debate" clause protecting senators and representatives from executive intimidation.

But this was no politically motivated search. The evidence indicates it was a response to Jefferson's attempts to withhold evidence. Rep. Barney Frank (D-Mass.) has rebuked leaders of both parties for their self-protective zeal. The speech-and-debate clause, he said, "should not be in any way interpreted as meaning that we as members of Congress have legal protections superior to those of the average citizen." Amen.

Here's the implication of the hearings: The current House leadership will permit the executive to claim broad privileges as long as Congress can also claim broad privileges. Such an interpretation of the "separation of powers" would bring an end to "checks and balances."

So keep an eye on the leadership of the Justice Department. Here's hoping that it resists political pressure -- whether from Congress or the White House -- and allows its prosecutors to proceed with legitimate investigations of corruption.

Poverty Marked 'Dollar Bill' (LAT)

By Ann M. Simmons And Faye Fiore

The Los Angeles Times, June 2, 2006

NEW ORLEANS — Rep. William J. Jefferson was once famous in Louisiana circles as the sharecropper's son who made his way to Harvard, steered by parents who preached the value of education.

Today, Jefferson is infamous nationally as the Louisiana Democrat who stashed $90,000 of alleged bribe money in his kitchen freezer.

Those who have watched his career's spectacular rise and potential fall believe the terrible poverty he escaped was ultimately his undoing. He rose to become his state's first African American congressman since Reconstruction, but people who know him say he still had a thirst for wealth.

"His perceived flaw among his peers has always been that, shaped by his humble beginnings, Bill loved money and desperately wanted to be a rich man," said Allan Katz, a New Orleans-based political consultant who has known Jefferson for more than 30 years. "It was the Deep South kind of hardship that shaped African American backgrounds."

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One of 10 children, Jefferson, now 59, grew up in one of the poorest parts of Louisiana. He was good with a hunting rifle and told a story that showcased his dead aim: If his father needed three rabbits, he would give his son three bullets. But according to Katz, the family told the story another way.

"They had a gun and could only afford one bullet at a time…. If he missed, the family didn't eat," Katz said.

The lessons of poverty were apparently lasting. An accomplished attorney and aspiring politician, Jefferson became known early on for a pursuit of money that earned him the nickname "Dollar Bill."

As local legend goes, the name came from Jefferson's mentor — legendary New Orleans Mayor Ernest N. "Dutch" Morial. Morial had asked his protege for some legal work and was given it — along with a staggering bill. Outraged, Morial coined the moniker.

It followed Jefferson harmlessly enough until last month, when the FBI reported capturing the eight-term congressman on videotape accepting a leather briefcase with $100,000 in alleged bribe money from an undercover informant in front of a northern Virginia hotel. Of those marked bills, $90,000 wound up in Jefferson's freezer, the FBI said after a search of Jefferson's Washington home.

No charges have been filed against the congressman, and Jefferson has been forceful in his denial of wrongdoing. "There are two sides to every story," he recently said, adding that he could not answer specific questions on the advice of his lawyers.

But the clumsy bravado outlined in government documents has held Washington rapt. According to a 95-page affidavit filed by the FBI, Jefferson demanded bribes in exchange for helping iGate Inc., a Kentucky-based technology company, win Internet and telephone service contracts in Africa. The company's chief executive, Vernon L. Jackson, pleaded guilty last month to bribing Jefferson with more than $400,000 in cash and millions of shares of company stock.

In a related allegation, the FBI said Jefferson offered to help a Virginia businesswoman win similar contracts in exchange for a kickback, proposing she deliver a substantial amount of money to move the deal along. "Cash," he allegedly instructed in a note to her. She reportedly cooperated with investigators and taped the conversation.

Despite his reputation for wanting wealth, many who know Jefferson were shocked by the allegations because, by most measures, he has achieved success. Like many lawmakers, he keeps two homes, one in Washington and one in his district — a wood two-story house on Marengo Street in the racially diverse Uptown neighborhood. He drives a Lincoln Town Car.

The only clue to a motive came from the evidence against him: "I make a deal for my children," he allegedly said on tape, while demanding that his stake in a Nigerian venture be raised from 7% to 30%.

Already, the case has had a far-reaching impact in Washington. An FBI search of Jefferson's congressional office May 20 sparked a blustery showdown between the executive and legislative branches over separation of powers, causing President Bush to call a 45-day cooling-off period.

And it has upset the dynamic of the approaching November elections, when Democrats had hoped to make GOP corruption a cause for reclaiming control of Congress. Democrats have been highlighting the misdeeds of former Rep. Randy "Duke" Cunningham (R-Rancho Santa Fe), now in prison on bribery and tax evasion charges, and of GOP lobbyist Jack Abramoff, now cooperating in one of the largest corruption probes in recent memory. But the Jefferson case has made it harder for Democrats to grab the high moral ground.

Jefferson has resisted calls for his resignation, while his staff offers up an emotional defense.

"He puts his district's interest before anything, and more specifically before party interests," said his communications director, Melanie Roussell.

Gangly and impeccably dressed, Jefferson has a reputation for impressive lawmaking skills and a thirst for education that continued into adulthood.

Raised on a farm in rural Lake Providence to sharecropper parents who did not graduate from high school, he flourished at the East Carroll Training School for the Colored.

He went on to Southern University A&M College — considered a flagship of Louisiana's African American university system — and then to Harvard Law School.

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He began as a lawyer, but his passion was politics. He made history with his 1991 election to Congress. Along the way, he married Andrea Green, a former vice chancellor of Southern University in New Orleans. They raised five daughters, three of whom followed their father to Harvard Law.

A member of the influential Ways and Means Committee and an advocate of trade to alleviate poverty in Africa, Jefferson continued his education even while in Congress. He earned a master's degree in tax law from Georgetown University in 1996, and after Hurricane Katrina he helped pass tax-related legislation to benefit New Orleans.

Frustrated that he could not speak the local language on trade trips, he took up French and Spanish, according to Nicole Venable, a former senior policy advisor to Jefferson and until last November his chief of staff.

Until the scandal broke, Jefferson's seat was considered one of the safest in Congress. There was even talk of a budding Jefferson dynasty, with some political observers anticipating that one of his daughters would eventually take his seat.

"He could have stayed there until he retired, or died," said political consultant Katz.

Already, at least five still officially undeclared challengers are vying for his seat. But many constituents say they remain enamored of his rags-to-riches rise and his work on their behalf.

Still, there is a sense of damage in a place that, with another hurricane season just started, doesn't need one more burden.

"We are so traumatized," said Stephen Sabludowsky, a New Orleans-based attorney and publisher of BayouBuzz.com, a website about everything Louisianan. "We're going through so many things, we don't want the world's attention on us again."

Sabludowsky has urged Jefferson to resign rather than saddle the beleaguered city with a distracted congressman. He did so reluctantly, though, describing Jefferson this way: "Incredible … just in terms of his intelligence, his political acumen, the influence that he has….

"That's what makes this such a shame," Sabludowsky said.

Raid Controversy Has Roots In US Constitution (VOA)

By Jim Malone

Voice of America, June 2, 2006

A controversy over federal agents raiding the office of a congressman has its roots in the formation of the U.S. Constitution more than 200 years ago.

The controversy involves Congressman William Jefferson, a Democrat from Louisiana.

Jefferson is the subject of a federal bribery investigation that involves the promotion of business interests in West Africa. He denies any wrongdoing.

What has upset members of Congress from both parties is an FBI raid on Congressman Jefferson's Washington office on May 20.

William JeffersonRepublican James Sensenbrenner chairs the House Judiciary Committee. He says the FBI raid on a congressman's office violates a central tenet of the U.S. Constitution known as the separation of powers.

"The separation of powers and the checks and balances were put into our Constitution by the framers to make sure that no person or no branch of government got too powerful," said Mr. Sensenbrenner.

In the early days of the American Republic, the revolutionaries who won independence from Britain were determined not to replace a powerful English monarch with an equally potent American president.

So the founders devised a system of separate powers whereby the Congress made the laws, the executive branch, led by the president, enforced the laws, and the judicial branch, led by the Supreme Court, interpreted the laws to make sure they conformed with powers set forth in the U.S. Constitution.

Lawmakers upset with the FBI raid on Congressman Jefferson's office are concerned with what they view as an attempt by the executive branch, in the form of the Justice Department, to intimidate a member of the legislative branch.

Charles Tiefer is a law professor at the University of Baltimore in Maryland. He testified at a recent hearing called by members of Congress angry about the search of Congressman Jefferson's office.

"Now this raid had all the elements of unconstitutional executive intimidation," he said.

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Another witness, George Washington University law Professor Jonathan Turley, said the office search represented a break in tradition that goes back 219 years to the formation of the Constitution in 1787.

"But there has been a tradition of mutual respect and mutual restraint between the branches. What occurred on that Saturday night shattered that tradition," he noted.

But not everyone sees the Jefferson raid as a violation of the Constitution.

The Senate Republican leader, Bill Frist of Tennessee, spoke on Fox television.

"If there are accusations of bribery, of having lost the trust, abused the trust of the American people, criminal activity, no House member, no senator, nobody in government should be above the law of the land, period," said Mr. Frist.

Some members of Congress have urged President Bush to order the Justice Department to return the documents seized from Congressman Jefferson's office.

The Washington Post reported that some high level Justice Department officials signaled they might resign if the White House forced the return of documents.

Attorney General Alberto Gonzales says his department has the right to investigate allegations of corruption in Congress and is respectful of the separation of powers.

Attorney General Alberto Gonzales"Personally, in the department collectively, we have a great deal of respect for the Congress as a co-equal branch of government, as a separate and independent branch of government," said Mr. Gonzales.

Congressman Sensenbrenner says he intends to call Attorney General Gonzales and FBI Director Robert Mueller to testify about the Jefferson case before his committee.

In the meantime, President Bush has ordered the materials seized in the raid sealed for 45 days in hopes that the Justice Department and House leaders can work out their differences over the case.

Constitution Gives No Felon A Hidey-Hole (TAMPTRIB)

Tampa Tribune, June 2, 2006

Many members of Congress are outraged that the FBI raided the offices of Louisiana Rep. William Jefferson and took legislative files along with the evidence they sought for a bribery investigation. But accusations that the FBI trampled the doctrine of separation of powers are wildly overblown.

Still, President Bush was smart to seal for 45 days the papers and computer hard drive taken from Jefferson's office May 21. That gives time for all legal angles to be reviewed and for guidelines to be written on how the president's agents should handle suspected lawbreakers who serve in Congress.

The Constitution anticipated attempts to harass Congress. It says that senators and representatives "shall in all cases, except treason, felony and breach of the peace, be privileged from arrest during their attendance at the session of their respective Houses, and in going to and returning from the same." But the writers of the Constitution never envisioned an office hideout for elected felons.

The blustering about separation of powers on Capitol Hill suggests reasonable guidelines are overdue. Is a raid in the dead of night, as done to Jefferson, advisable? What safeguards should apply when agents seize lawmaking documents?

If rumors are true about the breadth of the improper generosity of certain lobbyists, those assigned to write the guidelines have no time to dally.

Dan K. Thomasson column: Congress Finally Losing Patience With FBI (SCRIPPS)

By DAN K. THOMASSON, Scripps Howard News Service

Scripps Howard, June 2, 2006

WASHINGTON -- Congress' relationship with the FBI always has been Frankenstein-like with the father of the monster regarding his creation with cautious affection rooted in fear. The result has been fawning accommodation and unlimited tolerance for whatever the bureau demands, no matter how outrageous or unwarranted, a willingness to excuse what clearly was the inexcusable from Waco to Ruby Ridge to 9/11.

Long before agents stormed into the Capitol Hill office of Louisiana Democratic Rep. William Jefferson, setting off a minor constitutional crisis in their pursuit of evidence of criminal activity, there were allegations of the bureau's insensitivity to the

separation of powers. But while some members of Congress complained about abuse of their rights _ Hale Boggs, Democratic majority leader, railed long and loud on the House floor about bureau encroachment _ most seemed unwilling to challenge the increasingly powerful national police force whose then-leader J. Edgar Hoover was said to have secret dossiers on nearly every official in Washington.

Whether Hoover's secret files ever really existed _ they have never surfaced _ didn't really matter. What was important was that everyone in Congress thought they did and acted accordingly. That included giving top priority to the bureau's often outlandish budget and increased manpower requests at the expense of other under funded, under staffed federal law enforcement agencies; treating every bureau mistake with kid gloves, looking the other way as the bureau gobbled up more and more turf from sister institutions, and generally ignoring their mandated congressional oversight responsibilities

Time and again, through one Hoover successor after another, the Congress not only tolerated bureau incompetence but also accepted the FBI's oft repeated excuse that whatever the failing, it had been the direct result of insufficient manpower. The message was clear: More troops would correct the problem.

That approach worked wonders, boosting the bureau to 12,000 agents, a huge budget, an army of support employees and a reach that went well beyond the nation's boundaries. The bureau led a charmed life on Capitol Hill. That is until Sept. 11, 2001, when forces led by Osama bin Laden revealed just how ineffective this bureaucratic giant was when it came to carrying out its responsibility for protecting the nation from just such incidents. The number one domestic defender against the kind of terrorism the rest of the world had long suffered was so incompetent that it had missed a series of opportunities to thwart the entire affair, at times ignoring the obvious signs and stifling the warnings of its own dismayed agents.

The bureau was for the first time since the days of John Dillinger under severe criticism from its former allies in the House and Senate as one commission after another found it wanting. There was even serious discussion about relieving it of its counter intelligence mission. The new director, Robert Mueller, met every challenge with the promise of reform, pledging to change the thrust from chasing bank robbers to stopping terrorists. But more than 80 years of culture built on after-the-fact investigating is difficult to change.

Now the bureau's woes have been exacerbated by the Jefferson affair resulting in outrage from the leaders of both parties in Congress and embarrassment to a president who badly needs a better relationship with the legislative branch. In an effort to cool down the rhetoric and avoid the growing constitutional brouhaha, President Bush ordered that whatever the bureau took from Jefferson's office be sealed for 45 days. It hasn't deterred a House committee from conducting hearings on possible constitutional violations. The committee's chairman, James Sensenbrenner, is contemplating legislation to prevent a recurrence.

While this encroachment can be expected to pass, it clearly is another blow to the FBI's reputation. A number of constitutional scholars believe the action leaps the barrier separating the branches of government. Clearly evidence gathered prior to the raid points to Jefferson's involvement in a bribery scandal. Why the bureau and its Justice Department bosses felt it necessary to step over a line it has come close to in the past but avoided crossing until now is anyone's guess. Perhaps it is best to chalk it up to continuing bad judgment.

Whatever the reason, the Prometheus that remained unchained so long faces a new challenge to stay that way and to prevent the growing number of lawmakers who would relieve it of its responsibilities from succeeding. Maybe more agents are needed.

(Dan K. Thomasson is former editor of the Scripps Howard News Service.)

Firms Wary About Holding Customer Records (NYT/AP)

By The Associated Press

The New York Times, June 2, 2006

WASHINGTON (AP) -- Top U.S. law enforcement officials have told Internet companies they must retain customer records longer to help in child pornography and terrorism investigations, and they are considering asking Congress to require preservation of records.

Industry representatives are expected to meet Friday with Justice Department officials, a week after Attorney General Alberto Gonzales and FBI Director Robert Mueller first raised the issue with executives from several Internet service providers, including AOL, Comcast Corp., Google Inc., Microsoft Corp. and Verizon Communications Inc.

The subject has prompted alarm from some executives and privacy advocates, especially after Gonzales' Justice Department took Google to court earlier this year to force it to turn over information on customer searches. Civil liberties groups also have sued Verizon and other telephone companies, alleging they are working with the government to provide information without search warrants on subscriber calling records.

Assistant Attorney General Rachel Brand, who attended the first meeting, said Thursday that some executives raised privacy concerns at the meeting. But she said Gonzales has not made any decisions about how to proceed and that the department would be mindful of the privacy issue.

"We are looking at whether requiring longer data retention or asking ISPs to do it informally is something we want to pursue," Brand said.

Mueller suggested a period of two years and said terrorism investigations also would be helped by such a rule, several people who attended the meeting said. Gonzales was focused on child pornography cases, they said.

Any proposal would not call for the content of communications to be preserved, would keep the information in the companies' hands and could be obtained by the government through a subpoena or other lawful process, Brand said.

Still, one Internet executive familiar with the meeting said one worry is that once retained, the records could be made available for any criminal investigation or civil case, "down to a bad divorce, up to a music company asking for people who visited a file trading site."

The executive, who requested anonymity because it was private meeting and the talks were still continuing, said the industry was likely to oppose any legislation for financial, privacy and technical reasons. The department's recent clash with Google probably will make the companies more resolute in their opposition, the executive said.

Several companies said they work hard to protect children online and often work with law enforcement.

"But data retention is a complicated issue with implications not only for efforts to combat child pornography but also for security, privacy, safety, and availability of low-cost or free Internet services," Microsoft said in a statement.

In a statement, Google said, "Any proposals related to data require careful review and must balance the legitimate interests of individual users, law enforcement agencies and Internet companies."

The meetings are an outgrowth of Gonzales' interest in beefing up child porn investigations, some of which he said have been hampered by Internet companies' failure to retain records long enough.

Gonzales, who first raised the issue in an April speech, did not name any companies or cases. But a Justice Department official said some of the information provided by Justin Berry, a child pornography victim who testified to Congress in April, did not lead to arrests because authorities who sought help from ISPs were told the records no longer existed.

Berry criticized the department for acting too slowly on information he provided on 1,500 pedophiles. The official spoke on condition of anonymity because investigators still are looking into Berry's case.

At the moment, there are no broad requirements for preservation of data, although federal authorities can request records be maintained for up to six months when they suspect a crime has been committed.

Associated Press Technology Editor Matthew Fordahl contributed to this report.

On the Net:

Justice Department: http://www.usdoj.gov

U.S. Wants Companies To Keep Web Usage Records (NYT)

By Saul Hansell And Eric Lichtblau

The New York Times, June 2, 2006

The Justice Department is asking Internet companies to keep records on the Web-surfing activities of their customers to aid law enforcement, and may propose legislation to force them to do so.

The director of the Federal Bureau of Investigation, Robert S. Mueller III, and Attorney General Alberto R. Gonzales held a meeting in Washington last Friday where they offered a general proposal on record-keeping to a group of senior executives from Internet companies, said Brian Roehrkasse, a spokesman for the department. The meeting included representatives from America Online, Microsoft, Google, Verizon and Comcast.

The attorney general has appointed a task force of department officials to explore the issue, and that group is holding another meeting with a broader group of Internet executives today, Mr. Roehrkasse said. The department also met yesterday with a group of privacy experts.

The Justice Department is not asking the Internet companies to give it data about users, but rather to retain information that could be subpoenaed through existing laws and procedures, Mr. Roehrkasse said.

While initial proposals were vague, executives from companies that attended the meeting said they gathered that the department was interested in records that would allow them to identify which individuals visited certain Web sites and possibly conducted searches using certain terms.

It also wants the Internet companies to retain records about whom their users exchange e-mail with, but not the contents of e-mail messages, the executives said. The executives spoke on the condition that they not be identified because they did not want to offend the Justice Department.

The proposal and the initial meeting were first reported by USA Today and CNet News.com.

The department proposed that the records be retained for as long as two years. Most Internet companies discard such records after a few weeks or months.In its current proposal, the department appears to be trying to determine whether Internet companies will voluntarily agree to keep certain information or if it will need to seek legislation to require them to do so.

The request comes as the government has been trying to extend its power to review electronic communications in several ways. The New York Times reported in December that the National Security Agency had gained access to phone and e-mail traffic with the cooperation of telecommunications companies, and USA Today reported last month that the agency had collected telephone calling records. The Justice Department has subpoenaed information on Internet search patterns — but not the searches of individuals — as it tries to defend a law meant to protect children from pornography.

In a speech in April, Mr. Gonzales said that investigations into child pornography had been hampered because Internet companies had not always kept records that would help prosecutors identify people who traded in illegal images.

"The investigation and prosecution of child predators depends critically on the availability of evidence that is often in the hands of Internet service providers," Mr. Gonzales said in remarks at the National Center for Missing and Exploited Children in Alexandria, Va. "This evidence will be available for us to use only if the providers retain the records for a reasonable amount of time," he said.

An executive of one Internet provider that was represented at the first meeting said Mr. Gonzales began the discussion by showing slides of child pornography from the Internet. But later, one participant asked Mr. Mueller why he was interested in the Internet records. The executive said Mr. Mueller's reply was, "We want this for terrorism."

At the meeting with privacy experts yesterday, Justice Department officials focused on wanting to retain the records for use in child pornography and terrorism investigations. But they also talked of their value in investigating other crimes like intellectual property theft and fraud, said Marc Rotenberg, executive director of the Electronic Privacy Information Center in Washington, who attended the session.

"It was clear that they would go beyond kiddie porn and terrorism and use it for general law enforcement," Mr. Rotenberg said.

Kate Dean, the executive director of the United States Internet Service Provider Association, a trade group, said: "When they said they were talking about child pornography, we spent a lot of time developing proposals for what could be done. Now they are talking about a whole different ball of wax."

At the meeting with privacy groups, officials sought to assuage concerns that the retention of the records could compromise the privacy of Americans. But Mr. Rotenberg said he left with lingering concerns.

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"This is a sharp departure from current practice," he said. "Data retention is an open-ended obligation to retain all information on all customers for all purposes, and from a traditional Fourth Amendment perspective, that really turns things upside down."

Executives of several Internet companies that participated in the first meeting said the department's initial proposals seemed expensive and unwieldy.

At the meeting scheduled for today with executives of Internet access companies, Justice Department officials plan to go into more detail about what types of records they would like to see retained and for how long, said a Justice Department official who spoke on condition of anonymity. "It will be much more nuts-and-bolts discussions," he said, adding that the department would stop short of offering formal proposals.

Online Privacy Again At Issue (LAT)

By Joseph Menn

The Los Angeles Times, June 2, 2006

SAN FRANCISCO — Big Internet and telephone companies are girding to fight an unprecedented call by the Bush administration for them to keep detailed records of customers' online activities for two years.

The request by Atty. Gen. Alberto R. Gonzales and FBI Director Robert S. Mueller III would dramatically expand the government's ability to track what people do online and with whom they communicate.

It follows disclosure this year that the Justice Department had solicited potentially billions of online search queries from some of the same companies and that the National Security Agency had requested calling records of virtually all U.S. customers.

Gonzales and Mueller asked Google Inc., Time Warner Inc.'s AOL and other companies to preserve the data at a May 26 meeting, citing their value to investigations into child-pornography distribution and terrorism. Internet companies typically keep customer histories for only a few days or weeks.

The Justice Department said Thursday that it was not seeking to have e-mail content archived, just information about the websites people visit and those with whom they correspond.

Beyond law enforcement, though, the trove also could be available to lawyers arguing civil lawsuits — including divorce cases and suits against people suspected of swapping copyrighted movie and music files online. Privacy advocates fear the user histories could be exploited by criminal investigators conducting inappropriate exploration or pursuing minor cases.

"This is not simply limited to kiddie porn or terrorism. It's a real break with precedent," said Marc Rotenberg, executive director of the nonprofit Electronic Privacy Information Center. "Data retention is open-ended. The government is saying, 'Keep everything about everyone and we'll sort it out later.' "

Individual legal battles increasingly include court-approved requests for records from Internet access providers who might have online evidence of criminal activity or an affair. Often those requests yield little because the target can no longer be linked to a specific computer's Internet address or because the e-mails and records of website visits have been deleted.

None of the Internet companies has publicly opposed the request. But they noted concerns over privacy in statements Thursday. People familiar with the company executives' reaction to the Justice Department's request described alarm — tempered mainly by assurances from Gonzales and Mueller that the discussions were preliminary.

Many of the companies appeared to be emboldened by recent precedents set by Google and Qwest Communications International Inc., both of which resisted broad requests for data from the Justice Department and the NSA, respectively.

Without addressing the substance of the meeting with Gonzales and Mueller, Verizon Communications Inc. spokesman David Fish said the company "has a strong history of protecting customer communications and related records." He noted that the Internet access provider battled requests for customer data from the Recording Industry Assn. of America.

Google said a solution "must balance the legitimate interests of individual users, law enforcement agencies and Internet companies."

If companies refuse to cooperate, the Justice Department said it might propose legislation to force the companies to keep records longer. Specifically, the Justice Department wants information linking those online to the Internet addresses assigned to

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personal computers. In addition, it wants data tying those Internet addresses to destinations on the Web and to e-mail sent and received.

Currently, court orders can force e-mail providers, Internet access providers and others to turn over records — when they have them. The speed with which online footprints fade has frustrated law enforcement. Police, for instance, have testified before Congress they often run into dead ends in child-sex cases.

In an April speech at the National Center for Missing and Exploited Children in Alexandria, Va., Gonzales said the reluctance of service providers to keep records longer "has hampered our ability to conduct investigations in this area."

The Justice Department said Thursday that it was not interested in reading the e-mails of ordinary Americans.

"The attorney general made perfectly clear that if the Department of Justice decides to ask Congress for a data-retention requirement, the department would not propose that content be included in such a requirement," spokesman Brian Roehrkasse said.

Law enforcement officials would still need some legal instrument, such as a subpoena or search warrant, to look at the data. But FBI agents have the additional power to request information secretly, without a court order, through so-called national security letters.

Five companies and one trade group attended last week's meeting with Gonzales and Mueller, first reported by the online technology news website CNet. Besides Google, AOL and Verizon, executives were sent from Microsoft Corp. and Comcast Corp., according to several people briefed on the session.

Acknowledging the sensitivity of the project, the Justice Department on Thursday took the unusual step of discussing the plan with such likely critics as the Cato Institute, a public-policy research organization, and the Electronic Privacy Information Center. Further meetings with telephone and Internet companies are set for today.

"What's special here is the scale," said Ohio State University law professor Peter Swire, a privacy expert who attended Thursday's meeting at the Justice Department. "The Justice Department is discussing requiring records for chat, e-mail, and Web surfing — that's billions of encounters per day."

As things stand, a few industries are required to keep information on customers. A growing number of financial firms must know enough about their clients to be able to report activity that could involve hiding illicit profits. Phone companies must keep records on who called whom for 18 months, and Justice Department and Homeland Security officials in April told the Federal Communications Commission that period should be extended.

With Internet records, "you're in a different ballgame," said Jim Harper, an information policy specialist at the Cato Institute. "You're talking about a massive transfer of power."

Justice Department Asking Internet Companies To Save Data (MERCN)

By Elise Ackerman

The San Jose Mercury News, June 2, 2006

U.S. Attorney General Alberto Gonzales is considering asking Congress to rewrite the rules that govern how Internet companies cooperate with law enforcement agencies, despite objections raised by the tech industry and privacy experts.

During the last week, Gonzales has met with privacy experts and with major Internet companies to discuss a proposal that would require Internet companies like Google, Yahoo, AOL & Microsoft and Internet service providers like Verizon, AT&T and Comcast to retain records relating to their customers' online behavior for up to two years.

Current regulations require companies to preserve data that is the subject of specific criminal investigations while law enforcement collects evidence that could support a warrant.

``This is a radical departure from current practices," said Marc Rotenberg, executive director of the Electronic Privacy Information Center, who meet with justice department officials Thursday. ``We've opposed it because we think it creates an unnecessary risk to privacy and security of Internet users."

Brian Roehrkasse, a department spokesman, said the purpose of the meetings with the Internet companies and others is ``to solicit their input and seek their assistance in formulating proposals and recommendations on the issue of data retention."

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Internet companies retain vast databases containing the personal information of their customers for a variety of commercial reasons, but the information can also be useful to law enforcement pursuing criminal investigations.

At a speech on April 20 before the National Center for Missing and Exploited Children, Gonzales said ``the failure of some Internet service provides to keep records" has hampered the government's ability to conduct investigations into alleged child exploitation.

Roehrkasse said Gonzales had made clear that government employees would only have access to the information through ``appropriate legal processes," such as a subpoena, which is subject to judicial review, or in the course of investigations that were authorized by the department's criminal division, or undertaken in conjunction with investigations by any of the 94 U.S. Attorney's offices around the country.

Microsoft, AOL, Google Asked By U.S. To Keep Internet Records (BLOOM)

By Robert Schmidt

Bloomberg, June 2, 2006

June 1 (Bloomberg) -- The U.S. is asking Internet companies including Microsoft Corp., Google Inc. and AOL to preserve records of customers' Web activity to aid terrorism and child pornography investigations.

Attorney General Alberto Gonzales and FBI Director Robert Mueller made the request last week at a meeting with industry executives, said Brian Roehrkasse, a Justice Department spokesman. More talks are scheduled for today and tomorrow. Also included in the discussions are representatives from victims' rights groups, privacy advocates and law enforcement officials, he said.

``We have begun initial discussions with Internet service providers and others on this issue of data retention to help the department with bolstering its investigative efforts," said Roehrkasse.

Gonzales is pressing Internet companies for more cooperation as the Justice Department focuses on terrorism and child pornography cases. The move has prompted complaints from privacy advocates and led to a clash earlier this year with Google, the word's largest search engine.

The agency has asked Internet companies to retain records such as lists of e-mails sent and received or information on Web searches. Authorities wouldn't ask the companies to keep the content of e-mails and would use standard legal channels, such as seeking a subpoena, before obtaining information, Roehrkasse said.

The Justice Department has no legal authority to require companies to keep data on their customers and would need to ask Congress for that ability, Roehrkasse said. He said there has been no decision on how long companies would need to store the records.

Retaining Records

New York-based Verizon Communications Inc., the No. 2 U.S. telephone company, and Philadelphia-based Comcast Corp., the largest U.S. cable provider, were among the companies at last week's meeting, Roehrkasse said. AOL is the Internet unit of New York-based Time Warner Inc., the world's largest media company.

Gonzales said in April that Internet service providers had hurt child pornography probes by not keeping data long enough. He said he would personally reach out to chief executive officers of leading providers to resolve the problem.

``The investigation and prosecution of child predators depends critically on the availability of evidence that is often in the hands of Internet service providers," Gonzales said in a April 20 speech at the National Center for Missing and Exploited Children in Alexandria, Virginia. ``This evidence will be available for us to use only if the providers retain the records for a reasonable amount of time."

Privacy Concerns

Earlier this year, the Justice Department sparred with Google over a request for information on its customer searches. In March, a federal judge ordered the Mountain View, California-based company to turn over some of the records demanded by the government.

Google initially had refused to give the government the information citing privacy concerns. Redmond, Washington-based Microsoft, AOL and Sunnyvale, California-based Yahoo! Inc. cooperated with the Justice Department. Yahoo is the most-visited U.S. Web site. Microsoft, the world's biggest software company, owns the MSN Internet service.

``We strongly support Attorney General Gonzales' interest in assuring that the Internet is safe for everyone, especially children and families," Phil Reitinger, senior security strategist for Microsoft, said in an e-mailed statement. ``But data retention is a complicated issue with implications not only for efforts to combat child pornography but also for security, privacy, safety, and availability of low-cost or free Internet services."

Muhammad Sentenced To Six Life Terms (WT)

By Jon Ward

The Washington Times, June 2, 2006

A Montgomery County judge yesterday sentenced sniper John Allen Muhammad to six consecutive life sentences for his role in the 2002 shootings that terrorized the D.C. metropolitan area.

"You came into this county and randomly murdered innocent and defenseless people. You would have murdered more people, but you got caught," Circuit Judge James L. Ryan said to Muhammad, the mastermind of the shootings.

"The citizens have, to the best of their ability, recovered and will continue to recover," he said. "But you, Mr. Muhammad, have no hope, no future." Muhammad, 45, said nothing but looked at the judge with his arms crossed.

As Muhammad was handcuffed and led out of the Rockville courtroom, family members of the sniper victims and onlookers broke into applause.

Muhammad and his accomplice, Lee Boyd Malvo, shot 13 persons in three weeks, killing 10 and wounding three. A jury Tuesday convicted Muhammad of the six murders that occurred in Montgomery County.

In 2003, a Virginia Beach jury sentenced Muhammad to death for the slaying of Dean Harold Meyers.

State's Attorney Douglas F. Gansler said Muhammad will be shipped back to Virginia "within 48 hours." Mr. Gansler chose not to seek the death penalty for the killings, instead gaining multiple life sentences with no possibility of parole as insurance in case the Virginia death sentence is ever overturned.

Muhammad now heads back to Sussex State Prison's death row, where, according to a spokesman for the Virginia Attorney General's Office, he could be executed as soon as three years from now. Muhammad has exhausted his direct state and federal appeals in that case, but habeas corpus appeals still remain.

A federal law-enforcement official, however, said Muhammad will be "moved to the front of the line."

Before the judge imposed his sentence, family members of victims spoke in court about their loss.

Nelson Rivera, whose wife, Lori-Ann Lewis Rivera, was gunned down at a Kensington gas station, said his daughter says she wants to die so that she can be reunited with her mother.

"He not only killed my wife, he killed me, he killed my daughter and all the rest of the family," an emotional Mr. Rivera said.

"The day Conrad died, a piece of me went with him," said Sonia Wills, the mother of Conrad E. Johnson, who was fatally shot on Oct. 22, 2002. "I'll never get over Conrad," Mrs. Wills said, addressing Muhammad directly.

"I refuse to call your name, sir. You took my son, sir, in the hopes that you would snatch your children," she said. "You are the devil's advocate. You will never see or hear of your children again." Muhammad looked down as the family members spoke.

"It's a shame you cannot look at us to see the lives you have devastated, the lives you have ruined," Mrs. Wills said.

Ola Martin, whose brother James D. Martin was the first Montgomery County sniper victim, emphasized her brother's belief in "respect and courtesy" for all people.

"Jim spent his life fighting for the rights of others, and yet this coward, this bully, this cold-blooded killer, robbed him of all his rights," Mrs. Martin said.

During the trial, Malvo, 21, called the man who was once a father figure for him a "coward" who pulled the trigger in 10 of the 13 shootings.

Malvo also testified that Muhammad hates the United States and believes that "the white man is the devil."

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Malvo has signed a plea agreement and will be transferred back to Red Onion State Prison in Southwestern Virginia once he has been sentenced.

A Chesapeake, Va., jury in 2003 found Malvo guilty of his role in the Meyers murder and sentenced him to life in prison with no parole possibility.

"I am not proud of myself, and I'm just trying to make amends, if possible," Malvo said when asked why he testified against Muhammad.

The six victims killed in Montgomery County were:

• James D. Martin, 55, government analyst, fatally shot on Oct. 2, at 6:02 p.m., outside a Shoppers Food Warehouse in Wheaton.

• James L. "Sonny" Buchanan, 39, landscaper, fatally shot on Oct. 3, at 7:41 a.m., while mowing grass in White Flint.

• Premkumar A. Walekar, 54, cab driver, fatally shot on Oct. 3, at 8:12 a.m., while pumping gas in Aspen Hill.

• Sarah Ramos, 34, housekeeper, fatally shot on Oct. 3, at 8:37 a.m., while sitting on a bench in Silver Spring.

• Lori-Ann Lewis Rivera, 25, mother and homemaker, fatally shot on Oct. 3, at 9:58 a.m., while vacuuming a minivan in Kensington.

• Conrad E. Johnson, 35, bus driver, fatally shot on Oct. 22, at 5:55 a.m., on his Ride-On bus in Aspen Hill.

Muhammad Gets 6 Life Terms In Md. Trial (FINDLAW/AP)

By Stephen Manning, Associated Press Writer

AP, June 2, 2006

(AP) - ROCKVILLE, Md.-Twice-convicted sniper John Allen Muhammad was sentenced Thursday to six consecutive life terms in prison with no possibility of parole, a sentence prosecutors consider insurance in case his Virginia death sentence is ever overturned.

"You, Mr. Muhammad, have no hope. You have no future. You will spend every day for the rest of your life locked in a cage," Montgomery County Circuit Judge James Ryan said.

Muhammad, 45, showed no emotion as the sentenced was announced. He stood with his arms crossed, looking directly at Ryan. Some in the audience applauded.

After representing himself throughout the monthlong trial, Muhammad chose not to speak at his sentencing. J. Wyndal Gordon, an attorney helping him, said Muhammad told him, "I said everything I wanted to say."

Several relatives of victims spoke before the sentencing, including Nelson Rivera, who described how his young daughter wanted to die so she could be reunited with her mother, Lori Lewis-Rivera.

"He not only killed my wife, he killed me, he killed my daughter and all the rest of the family," Rivera told Ryan.

Muhammad was convicted Tuesday of six counts of murder for six of the 10 deadly sniper attacks that terrorized the Washington area in October 2002. He was already under a death sentence in Virginia for a killing there.

This time, Muhammad's young accomplice, Lee Boyd Malvo, took the stand for the first time to testify against him. Malvo told jurors how the older man, his one-time mentor, trained him to shoot and drew him into a sinister plan to kill people, including children, indiscriminately.

Jurors deliberated less than five hours before finding Muhammad guilty.

Malvo, sentenced to life in prison in Virginia, had agreed to plead guilty in the Maryland killings. He was not promised leniency but told jurors he wanted to face the man who he said trained him to be a killer.

He called Muhammad a "coward" and, at one point, glared at him, saying: "You took me into your house and you made me a monster."

Muhammad called him "son" and questioned Malvo's credibility, saying the 21-year-old had problems with exaggeration and memory.

He also claimed he was framed by investigators who planted and fabricated evidence and said he was the victim of a broad law enforcement conspiracy.

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Muhammad's legal adviser argued to the judge Thursday that Muhammad did not get a fair trial, saying evidence and witnesses that could have proven his innocence were not allowed into the courtroom.

"We came here to search for justice, we came here to seek the truth, to find out what happened in those 23 days in October," he said. "We fell short. I don't think anyone can celebrate the convictions in this matter."

Muhammad could be returned to Virginia's death row as early as Thursday afternoon, according to Darren Popkin, Montgomery County chief deputy sheriff. Malvo likely will remain in Maryland until he formally enters a plea in October.

Other states still have outstanding charges against Muhammad from earlier shootings, including Louisiana and Alabama. It will be up to Virginia whether to send him away again for further prosecution.

Muhammad Gets Six Life Terms (BSUN)

By Andrea F. Siegel

The Baltimore Sun, June 2, 2006

ROCKVILLE -- More than three years after a sniper's bullet felled Conrad Johnson as he stood in the doorway of a Montgomery County bus, Sonia Wills had the opportunity Thursday to confront her son's convicted killer.

Calling John Allen Muhammad the "devil's advocate," Wills bore into the 45-year-old Gulf War veteran as he looked downward, toward papers at the defense table.

"It is a shame you will not look at us to see the lives you have devastated, the lives that you have ruined," Wills told Muhammad.

Wills was one of four relatives of Muhammad's victims who spoke at a hearing at which he was sentenced to six consecutive life terms with no possibility of parole for sniper shootings in Montgomery County in the fall of 2002.

Though the relatives of victims expected no apology from Muhammad, several expressed revulsion at his refusal to acknowledge the grieving speakers.

Circuit Court Judge James L. Ryan pointedly noted that Muhammad would live out his days "locked in a cage" while grieving families and a terrorized community would forge ahead with their lives.

"You chose the wrong community, sir, to stain with your acts of violence," Ryan told a grimacing Muhammad, who stood with his arms folded across his chest as he awaited sentencing.

"You, Mr. Muhammad, have no hope. You have no future," Ryan said before imposing the maximum sentence.

Shortly afterward, deputy sheriffs returned Muhammad to a prison in Waverly, Va., where he is on death row for a seventh sniper slaying, said Montgomery County Sheriff's Department Deputy Chief Darren Popkin.

Outside the courtroom, Montgomery County State's Attorney Douglas F. Gansler, a candidate for Maryland attorney general, said that anyone who questioned whether the county that suffered the most should try this case "should be ashamed of themselves."

Some had criticized the expense of the trial, with the cost of housing and providing security for Muhammad and Malvo exceeding $600,000. Gansler and others argued that the trial was needed as "insurance" in case Muhammad's sniper conviction and death sentence in Virginia were overturned on appeal, and to help the victims' families and the community put the case behind them.

Thursday, the hostility in the full courtroom toward the man believed to have masterminded a violent cross-country rampage with a teenager as his puppet, was palpable. Observers applauded Ryan's sentence as the tearful relatives of victims hugged.

Wills told Muhammad that he would never see his children again -- a reminder of Muhammad's opening remarks from the trial's start nearly a month ago. Maintaining innocence, he had told jurors that losing his children in a custody war was "my 9/11" and that he came east to reclaim them.

The words of Nelson Rivera, whose wife Lori Ann Lewis-Rivera was gunned down as she vacuumed her van, moved people in the courtroom to tears. The couple's 7-year-old daughter, Jocelin, talks of dying so that she can join her mother.

"She knows her mom is dead, but she is just hoping when she is going to die. That is what I am living now because of Mr. Muhammad," Rivera said.

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"That worries me," he said outside the courtroom.

Every year, with Mother's Day and her mother's birthday near each other, Jocelin selects a plant in memory of her. Last month, Jocelin chose morning glories for the front of their home outside Sacramento, Calif., Rivera said.

Now, after three trials -- two for Muhammad and one for admitted accomplice Lee Boyd Malvo -- Rivera said he has no answer when she asks why her mother was killed.

"She wants these bad guys to say 'sorry' to her for her mom," Rivera said. "He's cold. No feeling at all."

Though permitted to address the court, Muhammad, who acted as his own lawyer through Tuesday's guilty verdicts, chose to stand in silence Thursday, letting one of his stand-by lawyers take over. Attorney J. Wyndal Gordon said Muhammad told him, "I said all I have to say."

Last Friday, in a nearly 3 1/2-hour rambling closing argument, Muhammad said he had no remorse because he was not guilty.

Victims' relatives said that after Muhammad's closing argument, they were glad that he didn't speak.

Muhammad had contended that he and the state's star witness, Malvo, were framed in a vast law enforcement conspiracy. He continued to call Malvo "my son" throughout the trial, though Malvo blamed Muhammad for indoctrinating him and said the senior member of the sniper team was the triggerman for most of the shootings. Defense lawyer Gordon referred to Malvo as Muhammad's son in brief remarks Thursday.

But Muhammad had produced little to dent prosecutors' overwhelming forensic case, which Malvo capped with a gripping account of the shootings. Malvo has agreed to plead guilty to the same six slayings for which Muhammad was tried.

Through DNA, fingerprints and the bullet analysis, prosecutors linked the duo to the high-velocity rifle stowed behind the back seat of Muhammad's car and to the crimes. A juror said Muhammad's voice in court sounded just like that on a voice recorder found in Muhammad's car.

Three jurors returned to court for the sentencing. One, who asked to be identified only as Debbie, said she was pleased with the sentence but wished that the death penalty had been an option. She said Muhammad's closing argument did not help him.

"You could see the anger behind him, especially during the closing," she said. "He raised his voice, his eyes were wide."

Juror Claudia Lopez-Cuevas, 21, an employee with the Montgomery County Department of Correction and Rehabilitation, disagreed that Muhammad should have received another death sentence.

"Life in prison sounds like he got what he deserved," she said.

"When he defended himself, he showed no remorse. In his mind, he really thinks he didn't do this," she said. "Even though he says he's innocent, the evidence is clear."

Muhammad is unlikely to serve the Maryland sentence, which is to begin after the Virginia death sentence.

The sniper slayings terrorized the Washington region for three weeks in October 2002. Thirteen people were shot, 10 fatally, as people from Baltimore to Richmond lived in fear that they might be next in the cross hairs. On Tuesday, the jury convicted Muhammad in the murders of James D. Martin, 55; James L. "Sonny" Buchanan Jr., 39; Premkumar A. Walekar, 54; Sarah Ramos, 34, and Lewis-Rivera, 25; and Johnson, 35.

In court, Gordon started to complain that Muhammad did not receive a fair trial, but Ryan cut him off, saying such statements belonged in an appeals court.

Gordon extended condolences to the victims' families. But, he told the judge, "I'm not convinced Mr. Muhammad is the man."

Despite some contentious moments -- Ryan once threatened to hold Gordon in contempt -- Ryan praised the stand-by legal team for its dedication and long, unpaid hours. Muhammad had fired his public defenders after they said he was mentally ill. The judge promised to search for funds to reimburse the stand-by lawyers from Baltimore -- Gordon, A. Jai Bonner and Russell Neverdon Sr. -- for their expenses.

Asked what Muhammad was writing before he was removed from the courtroom, Gordon replied that Muhammad was signing his appeals notices.

DOJ_NMG_0031283

Muhammad Gets 6 Life Terms In Md. (WP)

By Ernesto Londoño And Eric Rich

The Washington Post, June 2, 2006

As his last act in a Maryland courtroom, John Allen Muhammad chose silence.

The man convicted twice of terrorizing the Washington area with a powerful rifle and an impressionable accomplice betrayed no emotion yesterday as relatives of the people he killed spoke of their loss. He remained impassive as a judge sentenced him to six consecutive terms of life in prison without the possibility of parole.

"You chose the wrong community, sir, to stain with your acts of violence," Montgomery County Circuit Court Judge James L. Ryan told Muhammad. "You, Mr. Muhammad, have no hope. You have no future. You'll spend the rest of your life locked in a cage."

J. Wyndal Gordon, one of Muhammad's stand-by lawyers, maintained that Muhammad -- who doggedly defended himself during the month-long trial -- is an innocent man who was not allowed to tell his side of the story.

"We came here in search for justice," Wyndal said. "We came here in the search for the truth, to find out what really happened during those 23 days in October. My humble opinion is that we fell short."

What took place in the snipers' blue 1990 Chevrolet Caprice in October 2002 has never been clearer to the relatives of sniper victims, however, because the Maryland trial included the testimony of Muhammad's accomplice, Lee Boyd Malvo.

Yesterday, four of those relatives stood just a few feet from Muhammad and told him of their anger and their heartache.

"You took my son from me in the hopes that you would snatch your children," said Sonia Wills, the mother of sniper victim Conrad Johnson, referring to Muhammad's apparent plot to reclaim the children he had lost in a custody dispute. "I know we will never see Conrad again. And you are the devil's advocate. You will never see or hug your children again. It's only a shame you cannot look at us to see the people you have devastated, the lives that you have ruined."

Muhammad didn't flinch, and his eyes remained cast down.

Nelson Rivera, the husband of Lori Ann Lewis-Rivera, described how much he struggled to explain to his young daughter what had happened to her mother.

"What I want to say is he not only killed my wife," Rivera said. "He killed me. He killed my daughter and all the rest of the family. You have no idea how hard it is to tell a 3 ½-year-old her mom got killed."

Ola Martin-Border, James Martin's sister, said she wishes she could have protected her "little brother" one last time.

"I was his big sister, but I wasn't there to protect him," Martin-Border said. "I would have taken that bullet myself. Gladly. But I wasn't there. I couldn't be there for him. And I couldn't even be there to comfort him."

Their voices, at intervals soft and thunderous, brought tears to the eyes of spectators in the courtroom, some intimately affected by the case.

Outside, State's Attorney Douglas F. Gansler, flanked by relatives of sniper victims, faced a wall of cameras to hail the sentence.

"Anyone who suggested that this trial shouldn't be brought to Montgomery County should be ashamed," he said of people who questioned the need for another trial after Muhammad had been convicted of murder in Virginia.

His deputy, Katherine Winfree, who prosecuted the case, said that although the county is no stranger to violent crimes, Muhammad is in a league of his own.

"No one has ever stood before a judge in this county with more on his conscience and more crimes to his discredit than John Allen Muhammad," Winfree said.

The trial prosecutors and a small group of sniper task force members left the courtroom sporting weary smiles. Some hugged victims' relatives, revealing bonds forged during the investigation and three trials.

"Yes, it brought them some closure," said Sgt. Roger Thomson, a Montgomery homicide investigator who played a key role in the investigation. "And, yes, it brought some closure to Montgomery County. Justice was done, and I can't wait to get them out of the state. This man -- he can't even look at these people in the face. The only thing you see in his eyes is hate."

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Muhammad, 45, has been convicted in seven of the 10 October 2002 sniper slayings and is on death row in Virginia. Malvo, 21, who has been convicted of one killing in Virginia, has agreed to plead guilty to the six Maryland slayings. He is expected to return to Virginia to serve a sentence of life in prison without the possibility of parole.

Muhammad and Malvo could be prosecuted in other states, including Louisiana and Alabama, where they allegedly shot people.

As Ryan announced the sentence, Muhammad began scribbling on a notepad. Gordon later said he was drafting an appeal to the sentence.

"Mr. Muhammad, on behalf of all the people in this community, I order the sheriffs to take you into their custody, remove you from this courtroom, from this county and from this state," Ryan said. "Sheriff, take this man into your custody."

As he was escorted out in handcuffs, a short but hearty round of applause spread through the room.

Before suppertime, Muhammad had been transferred to the Sussex 1 State Prison in Waverly, Va., home to all death row inmates in that state.

Reputations Bruised As 'bagman' Opens Up (MCA)

By Lawrence Buser

Memphis Commercial Appeal, June 2, 2006

A longtime aide to Roscoe Dixon testified Thursday the former state senator had him handle bribe money and that Dixon also sometimes directed him to give portions to Kathryn Bowers and other legislators.

In his second day on the witness stand in Dixon's federal extortion and bribery trial, Barry Myers watched himself on surveillance tapes telling an informant that Dixon trusted him "like a son" and that his boss was paranoid and "scared of his own (expletive) shadow" about getting caught taking payoffs.

Advertisement

In a tape made Feb. 12, 2004, by informant Tim Willis, Myers counts out $100 bills, six stacks of 10 each, that Willis has placed on a coffee table on behalf of a fictitious FBI company called E-Cycle Management, Inc.

Dixon says "Throw me one of them stacks, man," but quickly declines when Myers reaches for one that has red markings on the top bill. Myers then gives Dixon a second stack, which he conceals inside a booklet before leaving.

"It's just that he gets so (expletive) paranoid and shaky, man," Myers tells Willis on the tape after Dixon leaves.

Myers said he kept $2,000 for himself and gave the rest to Dixon later that evening. Myers said Dixon then told him to take $2,000 and deliver part of it to Bowers and part to Dixon's sister, who needed to pay her light bill.

The testimony came on the second day of Dixon's trial in which he is accused of taking $9,500 in illegal payoffs to support legislation favorable to the fake E-Cycle company that was part of the FBI's sting.

Operation Tennessee Waltz, as the agents called it, resulted in 10 indictments, including Dixon, Bowers, John Ford and two other past or present state legislators.

Dixon contends he was entrapped by Willis and undercover FBI agents posing as corrupt businessmen, and that Myers sought payments without Dixon's approval or knowledge.

Myers also was indicted and last year pleaded guilty to bribery and extortion charges and began cooperating with federal prosecutors. He is awaiting sentencing.

"And when did you get this morality attack?" defense attorney Coleman Garrett asked Myers.

"It's not a morality attack," Myers insisted. "I wanted to correct a wrong."

He said he has not been promised anything for his testimony, but that he hopes that by telling the truth "I would get a reduction in my prison sentence."

In afternoon testimony, Myers is heard on tape telling an undercover FBI operative posing as an E-Cycle executive that the "heavy hitters" in the Tennessee legislature were on board with pushing legislation favorable to the company.

He names legislators Dixon, Bowers, Ford and Lois DeBerry, who has not been charged with any crime.

On the tape, Myers tells undercover FBI agent "L.C. McNeil" that he's the man who handles the money for the legislators, who he refers to as "the big juice."

At one point, he says of Dixon, "I'm his boy. I'm his bagman."

On that tape and others played for the jury, Myers talks of concerns of FBI or TBI investigations into bribery schemes and tells McNeil that City Councilman Rickey Peete "went to prison for that, you know, takin' money and stuff."

When McNeil wants to know how he'll be sure the money is getting to Dixon and he's getting something in return, Myers says they could set up a kind of code, where Dixon might call him and thank him for "taking care of Barry." He also said they might refer to the money as "tickets."

One secret video, shot from a hidden camera in the back seat of Willis's car, shows Willis in the driver's seat and Myers in the passenger seat on Aug. 26, 2003. The two had discussed the Children's Dental Clinic, which was trying to get a contract with TennCare, the state's healthcare program for the poor. They can be seen counting out $100 bills into two envelopes, $2,000 in each.

Myers said Dixon told him to take the money to Bowers.

"One was going to Kathryn Bowers and one was going to Roscoe Dixon," Myers testified.

After video of Myers getting out of the car and then returning, he testified: "I just gave Kathryn Bowers the envelope with the money in it. She put it in her car, the trunk."

Myers said that when he later mentioned to Dixon that Willis had the E-Cycle company as a client, the senator "told me to see if I could get anything from Tim." Myers said that meant money.

Defense attorney Garrett noted there was no recording of that exchange.

During a lengthy tape-recorded discussion about E-Cycle, Dixon asks Willis what kind of legislation E-Cycle wants. Willis says once E-Cycle gets a contract, the company could go public and "they'll all be damn near millionaires."

The trial before U.S. Dist. Court Judge Jon McCalla resumes this morning.

Reputations Bruised As 'bagman' Opens Up (MCA)

By Marc Perrusquia

Memphis Commercial Appeal, June 2, 2006

Reputations went on trial Thursday in federal court when prosecutors played secret tapes that included allegations of payoffs to uncharged politicians.

On those tapes, played during the second day of testimony in former state senator Roscoe Dixon's bribery trial, confessed "bag man" Barry Myers brags to an undercover FBI agent about delivering money to several local public officials.

Myers' credibility also came under heavy attack when he acknowledged embellishing some of his claims involving Dixon.

Among his most explosive claims, Myers said he had delivered money over the years from unnamed businessmen to Lois DeBerry, D-Memphis, speaker pro tem of the Tennessee House.

Myers also named U.S. Rep. Harold Ford Jr. and his father and predecessor in the seat, Harold Ford, saying, "... they send me to pick up bags of money."

The taped statements triggered sharp denials from the uncharged parties. Some expressed frustration that they had no standing to defend themselves from the claims played out in a public court.

"They are totally -- totally -- untrue, with absolutely no basis in fact," DeBerry said. "I'm so disappointed."

Ford Jr., D-Memphis, said he hardly even knows Myers.

"I've never asked anyone to break the law," he said. "It's so crazy, it's hard to even respond."

A law professor cautioned that observers shouldn't put too much stock in claims that arise about uncharged individuals during criminal proceedings.

"This bag man is trying to build up his own credentials in the underworld context," said Ron Rychlak, a former criminal defense lawyer and now a law professor at the University of Mississippi.

"He has every reason in the world to embellish his credentials by tarnishing these other individuals. You can't put too much credence in this kind of stuff."

Indeed, Myers admitted Thursday under cross-examination he had embellished some of his taped claims about Dixon, 56, who's charged with taking $9,500 in bribes in the FBI's Tennessee Waltz undercover corruption sting.

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Myers had claimed on one tape that he once covered for Dixon when the senator had an extramarital affair, yet Myers admitted in testimony that there was no affair.

Defense attorney Coleman Garrett, who has portrayed Myers as a crook and a liar, got him to admit he had lied when he was first questioned by the FBI about his Waltz involvement, yet Myers said he did it to protect Dixon.

Myers, 39, pleaded guilty last fall to acting as a bag man for Dixon and a second Waltz defendant, state Sen. Kathryn Bowers. He is now a government witness and is awaiting sentencing.

Myers has given often scintillating testimony over the past two days as prosecutors played undercover tapes made during the Waltz probe when Myers had no idea he was being recorded.

In a taped conversation with an undercover agent on May 14, 2004, Myers bragged he had delivered "suitcases of money" over the years to Dixon, and said he delivered money to other African-American politicians, too.

"To be honest with you, most of the money I used to pick up come from white folks ... white males, established businessmen that would send money to Kathryn, Lois, Roscoe and John," Myers says on the tape.

It's a reference to Waltz defendants Kathryn Bowers, Roscoe Dixon and John Ford, as well as Lois DeBerry.

DeBerry has admitted taking $200 from an undercover Waltz agent to gamble in Tunica but hasn't been charged.

On another point in the tape, Myers claims he works for the Ford family, too.

"I don't know if you knew our first congressman, his name Harold Ford Sr. ... His son Harold Jr. I mean they send me to pick up bags of money. ... I mean and trust me (to) bring every penny back."

On a June 2004 tape, Myers said state Rep. Larry Miller, D-Memphis, "got a $5 million contract" with the Tennessee Lottery for a friend, businessman J.W. Gibson, now a Democratic nominee for County Commission.

Gibson's company, Tec-Print holds a subcontract to print lottery tickets, but he and Miller both said there was nothing untoward in the deal.

"What Mr. Myers is referring to, I have no idea," Miller said.

While it may appear to some that names of uncharged parties are being unfairly tossed out at the trial, a former prosecutor said it's unavoidable that some innocent parties become entwined in criminal evidence.

It's up to the jury to decide if Myers is lying about some things, but in the end, Dixon's guilt or innocence will hinge on whether he's seen taking bribes on tape, said former U.S. attorney Hickman Ewing.

"Whether (Myers) is a liar or not, there it is."

Waltz Jurors Watch Senator Take Cash (KNOXNS/AP)

By Woody Baird, Associated Press

Knoxville News Sentinel (TN), June 2, 2006

MEMPHIS — Federal court jurors watched a video Wednesday showing a state senator picking up a stack of $100 bills put before him by an aide and an FBI informant.

The video clip was played at the trial of former state Sen. Roscoe Dixon's trial on bribery and extortion charges stemming from the Tennessee Waltz corruption investigation.

On the video secretly recorded in February 2004, Dixon aide Barry Myers lays out $6,000 from informant Tim Willis in stacks of $1,000 each on a coffee table. Dixon, sitting on a sofa beside the table, makes small talk with Myers and Willis about politics, business and professional wrestling before getting up to leave for another appointment.

"Throw me one of those stacks," Dixon tells Myers, then pockets the money and leaves.

Testifying as a witness against Dixon, Myers said the money was to pay for the senator's help in getting a favorable state law passed for a company called E-Cycle Management, which was supposedly interested in buying and selling used government computers.

E-Cycle, Myers and Dixon found out later, was a fake company set up by the FBI to snag state lawmakers and other Tennessee officials looking for bribes.

Myers has pleaded guilty to passing along bribes to Dixon and Sen. Kathryn Bowers, D-Memphis, and is awaiting sentencing.

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Myers said he met with Dixon after the videotaped meeting and gave him another $1,000. Myers said he kept $2,000 for himself and set the rest aside to pass along to Bowers and a Dixon relative having financial troubles.

Dixon, a Memphis Democrat, and Bowers are among five current or former state lawmakers charged in the extortion and bribery investigation. Dixon was in the state Legislature for 22 years until his resignation from the Senate a few months before he was indicted last year.

Bowers remains in the Senate and is awaiting trial.

Agents working on the two-year investigation made hundreds of audio and video recordings, most of them with the help of informant Willis, a convicted felon and former business consultant.

In an audio recording played for the jury, Dixon, Myers and Willis talk about changes E-Cycle executives supposedly want to make in the proposed law they have gotten before the state Legislature.

A voice identified as Dixon tells Willis to get more information from E-Cycle executives. "They need to clarify in writing what they want ... they're all over the map," Dixon says.

Willis then asks how much Dixon and Myers need to be paid, suggesting "about six," which Myers said meant $6,000.

Dixon doesn't respond directly to the money question. "Work through Barry ... keep Barry happy," the lawmaker says.

When prosecutor Tim DiScenza asked Myers what that meant, he testified, "Give me the money so it won't pass through his hands."

Myers said Dixon was "paranoid" about handling bribe money himself.

Dixon, accused of seeking a total of $9,500 in bribes, is the first lawmaker charged in the scandal to go to trial.

Former Rep. Chris Newton, R-Cleveland, has pleaded guilty and is serving a one-year prison sentence. Former Chattanooga lobbyist Charles Love, a second "bag man" charged with handling bribes for lawmakers, also has pleaded guilty and is awaiting sentencing.

Also awaiting trial are Sen. Ward Crutchfield of Chattanooga, D-Chattanooga, and former Sen. John Ford, D-Memphis.

Two Shelby County officials charged in the investigation have pleaded not guilty, and a Hamilton County commissioner was found guilty at trial and sentenced to three years in prison.

Tennessee Waltz: The "Bag Man" Testifies (WPTY-TV)

WPTY-TV, June 2, 2006

The so-called "bag man" took the stand Wednesday in the trial of former Tennessee state senator Roscoe Dixon. Barry Myers said he accepted bribe money for Dixon. The FBI videotape shown as evidence during his testimony seems to back up his story!

Prosecutors are just getting started with Myers. It was almost 5pm when he was sworn in, but in that short time jurors got the chance to hear Myers' story behind the video shown earlier in the day. Barry Myers says the video played in court Tuesday shows him accepting $4000 from FBI informant Tim Willis in what was at the time state senator Roscoe Dixon's office. He says he split the money with Dixon.

The bribe was not connected to E-Cycle, the dummy company set up by the FBI to target crooked law makers in the Tennessee waltz sting, but it goes back to a scandal involving the Children's Dental Clinic and TennCare certification.

Lawyers for the government say tapes like this lead to Dixon's investigation. In the tapes Dixon says, "What I want to say is support Kathryn Bowers. She's been fighting for this thing big time." Myers said from the witness stand that Dixon was talking about a pay off.

The tapes also said: Dixon: let's just use Barry. I don't want to touch it, but I'm going to help you because of Barry and that way I can honestly say (unintelligible). . .

Myers: Yeah he didn't (unintelligible). . .

Dixon: and I'll show Barry what to do and Barry knows how to stay in the background.

Tape Shows Dixon Pocket Cash (TENN)

By BONNA De La CRUZ, Staff Writer

The Tennessean, June 2, 2006

Jurors see recordings FBI made during Tennessee Waltz probe

MEMPHIS — With $1,000 in hundred-dollar bills wrapped inside a magazine, former state Sen. Roscoe Dixon left the home of a friend who was seeking his help passing legislation.

Prosecutors say it was the Memphis Democrat's first payoff for helping an upstart computer-recycling company get a leg up in securing business from state government.

Earlier in the evening, after Dixon's friend and "bagman" Barry Myers, counted out six piles of $1,000 each onto a coffee table, Dixon had said, "Throw me one of them stacks, man."

This was revealed in a video recording that jurors watched Thursday during the second day of Dixon's federal trial on bribery and extortion charges.

Later that evening in February 2004, Dixon would get even more money from the rest of the $6,000 he had left behind at lobbyist Tim Willis' house for Myers to deliver to him, star witness Myers testified during his second day on the stand.

Dixon would get another $1,000; Myers kept $2,000; and Dixon would direct Myers to divide the remaining $2,000 between then-Rep. Kathryn Bowers, D-Memphis, and Dixon's sister, who needed help paying her electricity bill, Myers told jurors.

After Dixon left, Myers told Willis — a government informant who was secretly recording their activities — that Dixon took $1,000 immediately so "he could run out to the casinos," the video showed.

The government's case so far has largely relied on audio and video recordings of the former senator and others discussing E-Cycle Management Inc., which wanted the help of lawmakers to pass favorable legislation and was willing to pay them for it.

Some of the recordings have mentioned Bowers, former Sen. John Ford, D-Memphis, and House Speaker Pro Tem Lois DeBerry, D-Memphis, throwing their support to E-Cycle. Bowers and Ford also have been charged and, like Dixon, pleaded not guilty and are going to trial.

Myers pleaded guilty last August. Dixon is the first to go to trial among the current or former legislators who were charged.

E-Cycle, it turned out, was a fake company the FBI set up as part of a sting named Operation Tennessee Waltz. The sting became public a year ago.

Thursday afternoon, Dixon's attorney quizzed Myers on his motives for involving Dixon, suggesting that Myers had no other real source of income.

Attorney Coleman Garrett also suggested that the $1,000 Dixon took could have been a campaign contribution and that there were no witnesses who saw Myers turn over more money to Dixon.

A Dixon supporter who attended the trial as a spectator said he did not believe the recordings were incriminating.

"You hear them saying to Roscoe, 'I need your support.' Of course, Roscoe will tell a friend, 'You've got my support,' " said Del Gill, 56, an active Democrat in Memphis and retired industrial engineer.

Gill noted that $1,000 is the same amount other legislators, such as Sen. Jeff Miller, who have not been charged in Tennessee Waltz, got from E-Cycle.

Friends such as Gill, along with Dixon's wife, neighbors and pastors, attended the trial Thursday.

In his testimony, Myers said that he told Dixon about Willis' work with E-Cycle and was seeking Dixon's help to help Willis.

Dixon "told me to see if I could get anything from Tim," Myers said.

Federal prosecutors contend that Myers and Dixon had formed a criminal partnership, not just to extort money by using Dixon's public office, but to protect Dixon from prosecution if they got caught.

In the video recording, Willis told Dixon, "I'll have a little something for you." Dixon responded, "Work through Barry. … Keep Barry happy."

Myers told Willis that Dixon was paranoid about getting caught taking bribes, saying Dixon almost got caught in the 1980s Rocky Top scandal. At no time would Dixon take the money directly, Myers said.

That way, if they were ever caught, Myers could take the heat and say the money was being paid to him as a consultant.

Myers described other moments that he served as a loyal bagman for Dixon, telling one undercover agent that when he took a "suitcase of money" to Dixon, the senator got every penny.

Myers did not seem suspicious during the sting.

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In the video recording, Myers told Willis that Dixon was nervous about hidden cameras, not knowing one was trained on him at that very moment.

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Prosecutor: Video Shows Bribery Not First For Senator (WTVF-TV)

WTVF-TV, June 2, 2006

There were more damaging tapes played Thursday in the bribery trial against former state Sen. Roscoe Dixon.

The tapes showed Dixon in the room as large amounts of money were changing hands. Prosecutors said it has happened more than once.

One tape showed Dixon at his desk. He leaned back and watched as money changed hands in front of him.

Prosecutors said an FBI informant handed $4,000 to Dixon's trusted aid Barry Myers. They said that money was so the senator would help a Memphis dental clinic get credentials in TennCare. It was after that transaction the FBI set up a fake company called eCycle and tried to bribe other lawmakers.

Thursday, prosecutors showed another video in which Dixon watched again as an FBI informant put $6,000 on the table. Dixon walked away with $1,000.

Myers, who already plead guilty, testified he took the rest and gave some to Dixon's sister, Sen. Kathryn Bowers, who has also been charged.

Dixon's defense attorney said he wants people to keep an open mind.

"We realize that that was basis for the government's case, and that's what we were confronted with. And that's the hurdles we're going to have to overcome," Coleman Garrett said.

The defense said the FBI entrapped Dixon.

The trial is scheduled to last for three weeks.

Sorich Defense Blasts Prosecution Witness (CHIT)

By Rudolph Bush And Dan Mihalopoulos, Tribune Staff Reporters

Chicago Tribune, June 2, 2006

The lawyer for Mayor Richard Daley's former patronage chief aggressively attacked the credibility of a key prosecution witness in the City Hall corruption trial Thursday, suggesting the witness agreed to wear a hidden recording device to shorten his prison stay.

Defense attorney Thomas Anthony Durkin portrayed retired city official Daniel Katalinic, 54, as a crook with little choice but to help the federal investigation of alleged corruption in the Daley administration.

Katalinic pleaded guilty last year to one mail fraud count, admitting he got $15,000 in bribes from city trucking contractors. He said he hoped his cooperation would earn a lesser sentence—as little as half of the 2-year minimum prison term.

"A year and a day is a real good deal for what you got caught doing, isn't it?" Durkin asked Katalinic during cross-examination.

"I guess so," Katalinic replied, shrugging.

But Katalinic's two-day testimony provided damning accounts of the roles that Durkin's client, Robert Sorich, and three other city officials allegedly played in city hiring. Sorich, Daley's former patronage chief, is on trial with Timothy McCarthy, his assistant in the mayor's office, and ex-Streets and Sanitation officials Patrick Slattery and John Sullivan.

Prosecutors say they schemed to fix jobs and promotions in favor of applicants with clout, including pro-Daley political workers. The fraud allegedly was perpetrated to get around legal restrictions that ostensibly had curtailed the city's long tradition of patronage hiring and machine politics.

Katalinic said he was part of the patronage scheme, leading a "white ethnic" political group of about 300 city workers for Daley, U.S. Rep. Rahm Emanuel (D-Ill.) and other candidates on commands from the mayor's office. Sorich and McCarthy helped secure jobs and promotions for the most dedicated of his political group, Katalinic said.

He alleged that Sullivan directed him to recruit city workers to make phone calls to potential voters. And he said Slattery complained to him that he could not get jobs and promotions for his own group of 11th Ward political workers, because the pro-

Daley Hispanic Democratic Organization got many coveted spots.Katalinic acknowledged that he agreed to cooperate with investigators after learning that they had caught him on tape discussing bribes he took. Katalinic secretly recorded a conversation with Sorich.

"I bet that was a tough pill to swallow?" Durkin asked Katalinic.

"Yes, it was," Katalinic replied.

"That's not how you were brought up on the East Side," Durkin said.

Katalinic, a broad-shouldered product of former Ald. Edward Vrdolyak's 10th Ward Democrats, looked down and shook his head. But prosecutors objected to Durkin's question before Katalinic could reply.

Prosecutors did not play the recording Katalinic made of his conversation with Sorich. The defense has said the conversation helps exonerate Sorich, in part because he advises Katalinic to tell the truth to federal agents.

Durkin asked Katalinic whether he had complained that former Sen. Peter Fitzgerald (R-Ill.) selected an aggressive prosecutor, Patrick Fitzgerald, as U.S. attorney in Chicago.

Prosecutors objected before Katalinic could answer about either of the Fitzgeralds, who are unrelated. But Durkin entered into evidence a transcript of a conversation that authorities secretly recorded between Katalinic and a Streets and Sanitation worker.

"Nobody could be worse than [Peter] Fitzgerald was," Katalinic said on the tape. "That's why you've got these U.S. attorneys running all over the place, starting all kinds of [stuff]."

Katalinic acknowledged he used to be a heavy gambler. After retiring from Streets and Sanitation in 2003 as a deputy commissioner, he lobbied the city for Allied Waste, the Daley administration's blue bag recycling contractor.

Katalinic also pointed the finger at his former boss, retired Streets and Sanitation Commissioner Al Sanchez. Sanchez, a leader of the Hispanic Democratic Organization, has not been charged.

To underscore his assertions that Katalinic turned on friends to spare himself, Durkin showed jurors Katalinic's resignation letter to Sanchez.

"It has been a learning experience made only easier by following the lead of a commissioner who is fair and honest in every part of our daily working relationship," Katalinic wrote.

Defense attorneys questioned whether it was Sorich or Sanchez who arranged for jobs as city truck drivers for Katalinic's political workers in 2004. Katalinic testified that the city hired nine of 10 truck driver hopefuls that he sponsored.

Katalinic said he could not remember whether Sorich or Sanchez helped in that case. It did not matter, he said, because Daley's Office of Intergovernmental Affairs had the final say.

"Al would always tell me, 'I've got to get the OK from IGA,'" Katalinic said.

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Witness In Sorich Trial Says Politics Got Workers City Jobs (WLS-TV)

WLS-TV, June 2, 2006

Politics, not experience, got people job with the City of Chicago. That's the prosecution's claim in the trial of Mayor Daley's former patronage chief Robert Sorich. Thursday, a different take from witnesses.

Retired deputy commissioner of the Streets and Sanitation Department, Daniel Katalinic was on the witness stand for a second day. Defense attorneys had their turn with the man who cut a deal with the government to avoid a lengthy prison sentence. Katalinic was originally charged with Sorich and three others but pleaded guilty.

Daniel Katalinic knew he could no longer fight a federal investigation once the feds told the former streets and sanitation official that they had him on tape. Defense attorney Tom Durkin asked him, "You knew you were toast?" Katalinic said, "Yes." Katalinic testified that he hired the best plea bargain lawyer in town and cut a deal with the government. The attorney asked if he was at the US attorney's mercy. Katalinic said, "Yes."

The deal Katalinic cut with the government included Thursday's testimony against Robert Sorich and three other former City Hall employees. Katalinic told the jury, with Sorich's recommendation, he organized a political organization that worked on

Mayor Daley's campaigns as well as the campaigns of pro-Daley candidates. In exchange for their hard work, Katalinic promised his political workers that he would help them get city jobs and promotions.

Katalinic sent lists of candidates to Robert Sorich and Sorich's aide Timothy McCarthy, who is also on trial. Katalinic prioritized the names based on how much political work they did. But under cross-examination Katalinic admitted that the first name on the list wasn't only his best political worker, but one of his best friends. Katalinic's nephew was also the list.

Katalinic also told the jury that he knew there would be no guarantees that any of the people on his list would get jobs or promotions. In the end, the majority did. Even though Katalinic testified that Sorich had the final say, Durkin said, "You're not saying that Sorich ran City Hall hiring?" Katalinic responded "No."

Also under cross-examination, Daniel Katalinic admitted he used to be a heavy gambler. Durkin shot back by saying that's when you used to have a lot of money, now your lawyer has all your money.

Meantime, prosecutors never played a tape of a conversation Katalinic had with Robert Sorich when the FBI had Katalanic wear a wire. The defense says the tape actually helps exonerate Sorich.

News Clash Of The Clout Armies (CHIST)

By NATASHA KORECKI, STEVE WARMBIR AND FRAN SPIELMAN, Staff Reporters

Chicago Sun-Times, June 2, 2006

Political groups competed over the number of city jobs they could give their troops as post-election rewards, and they even complained that the powerful Hispanic Democratic Organization got a larger share, a key witness testified Thursday.

But defense lawyers in the City Hall hiring trial quickly attacked Daniel Katalinic's testimony, getting him to grow misty-eyed about his decision to flip for government prosecutors -- and to admit that while political groups did slip lists of names to the Office of Intergovernmental Affairs, there were "no guarantees" they'd be hired.

Katalinic said the requested hires were qualified people and most already worked for the city but sought promotions or different jobs.

Clout on Wheels

The scandal of the city's Hired Truck Program - a Chicago Sun-Times investigation.

The testimony comes in a trial that accuses Robert Sorich, a top IGA official, and three others of manipulating the city hiring system to hand out jobs as political rewards. Katalinic, deputy commissioner of street operations who cultivated a political army out of city workers, said he'd hand a list of names with corresponding job requests to Sorich and co-defendant Timothy McCarthy.

At one point, Katalinic said, Patrick Slattery, another co-defendant, complained to him that his 11th Ward group wasn't getting rewarded.

"He said he and his workers were getting sent all over doing political work and getting nothing in return," Katalinic told Assistant U.S. Attorney Philip Guentert. "He blamed Al Sanchez and HDO. He said they were getting all the positions."

He later told Slattery lawyer Patrick Blegen, though, that Slattery wasn't behind any City Hall hiring.

'You were toast'

Sorich lawyer Tom Durkin ripped into Katalinic's motivation for testifying. Durkin said that last year, federal investigators played Katalinic a secretly recorded conversation he had with John "Quarters" Boyle. The conversation was caught in the Hired Truck investigation.

"You knew from that moment on you were toast, correct?" Durkin asked.

"Yes," Katalinic said.

Katalinic quickly went from "tough guy to rollover guy," Durkin said, and Katalinic blinked back tears when asked if it was the hardest thing he ever had to do in his life.

"Yes," Katalinic said.

Katalinic agreed with Durkin that it was "preposterous" to say that Sorich controlled City Hall hiring, since he reported to higher-ups at the IGA.

"They are the heads of the Mayor's Office of Intergovernmental Affairs?" Durkin asked.

"Yes," Katalinic said.

Durkin suggested that power went even higher, asking if the mayor didn't run his own office.

"I would think so," Katalinic said. "It's called the mayor's office."

Earlier Thursday, lawyers revealed that federal investigators secretly tapped Katalinic's office and cell phones, recording hundreds of conversations. None of the conversations was played at trial. In one, Katalinic reportedly complains to a city worker that former U.S. Sen. Peter Fitzgerald brought in the aggressive U.S. Attorney Patrick Fitzgerald.

"Nobody could be worse than Fitzgerald was," Katalinic said. "That's why you've got these U.S. attorneys running all over the place, starting all kinds of s---."

Leaving the federal courthouse Thursday, Katalinic lamented: "I need some aspirin."

'Scope of testimony' unknown

Meanwhile, City Hall disclosed that Mayor Daley's corporation counsel, Mara Georges, has been subpoenaed by the defense and will testify if she is called.

Law Department spokeswoman Jennifer Hoyle said it's impossible to know if Georges would refuse to answer on grounds that it might be a violation of attorney-client privilege.

"We'd have to know more about what information is being sought. It's not like every conversation is privileged," Hoyle said. "We don't have any information about what their expectations would be about the scope of testimony."

Hoyle denied that Georges' testimony would set a dangerous legal precedent or "constitute a waiver" for all Law Department attorneys on similar issues, including the long-running Shakman case.

Last year, the Daley administration suffered a black eye when the list of cooperating witnesses ended up in the hands of Georges and several influential aldermen. The corporation counsel subsequently acknowledged that she got the list from an attorney representing Sorich.

Ryan Lawyers Set The Stage For Appeal With Fresh Attack On The Jury (AP)

By Mike Robinson

AP, June 2, 2006

CHICAGO - George Ryan's lawyers set the stage Thursday for the former governor's appeal of his racketeering and fraud conviction by filing 70 pages of court papers asking for a new trial on the grounds that juror misconduct "taints the verdict in this case."

"Justice requires the District Court to set aside a tainted verdict such as this without regard to the length of the trial, the high profile nature of the prosecution, the resources expended or any other issues unrelated to the legal errors that deprived the defendant of a fair trial before an impartial jury," the defense attorneys said.

Much of the document was a painstaking rehashing of the agony that followed the April 18 guilty verdict at the close of a seven-month trial when goings-on in the jury room began to come to light and both sides spent two weeks haggling over whether they showed unfairness to Ryan.

Two jurors ended up hiring lawyers of their own with one attorney coming to court to plead with U.S. District Judge Rebecca R. Pallmeyer to put an end to the investigation of the jury.

Pallmeyer eventually ruled that the verdict would stand. Sentencing is set for Aug. 4.

Ryan, 73, and businessman Larry Warner, 67, were convicted of racketeering, mail fraud and other offenses as part of a scheme hatched when he was secretary of state and later governor.

Prosecutors say the evidence shows that Ryan steered state leases and contracts to Warner and other lobbyists and in return received gifts ranging from free vacations to a golf bag.

Randall Samborn, a spokesman for the U.S. attorney's office, declined to comment.

"This is an extraordinary case," the defense attorneys said. "False statements, misrepresentations, improper ex parte communications, disclosure of confidential information and a decision-making process influenced by external considerations - a litany not simply of the charges against George Ryan but of the juror misconduct that taints the verdict in this case."

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Juror misconduct was not the sole focus of the document. It also said that prosecutors had failed to provide adequate proof of the charges and that the judge should have allowed the defense to tell jurors more about what Ryan did when he was in power in Springfield.

In specific, defense attorneys pointed to Ryan's opposition to the death penalty, his promotion of a state organ-donor program and his campaign for tougher drunken driving laws.

Asking to have the verdict set aside and a new trial granted is standard procedure following a guilty verdict. But such post-trial motions are very rarely granted by the courts.

They do, however, preview the case that the defense takes to the U.S. 7th Circuit Court of Appeals as it seeks to have the verdict overturned. Defense attorneys also can use other errors that they believe the judge made before and during the trial as the basis for their appeal.

Arrests In Fumo Probe Spur Debate Over Prosecution Strategy (AP)

By Maryclaire Dale, Associated Press Writer

AP, June 2, 2006

The FBI spent three years investigating powerful state Sen. Vincent Fumo and his ties to a charity run by aides before charging two underlings Wednesday with obstructing justice.

A day later, the obvious question remained: What about Fumo?

Are federal authorities proceeding cautiously? Or do they lack the evidence to make a case against him?

"It tells me that they're trying to either scare the devil out of these two guys who got arrested to obtain their cooperation, or to put the fear of God into other people," said defense lawyer William A. DeStefano, a former federal prosecutor.

"And that sort of tells me that they're not comfortable with their case against the senator."

Others suggested that federal prosecutors _ humbled perhaps by the acquittal of some bankers in the Philadelphia pay-to-play scandal _ want to build an ironclad case.

"It may be that this is a reaction to some of the failures to get convictions without insiders in the last couple of years," said Temple University law professor David Hoffman. "Maybe they're trying to shake the trees.

"But you never know. It could be that they have a case ready to go," he said.

Fumo, the ranking Democrat on the Appropriations Committee, cuts a wide swath in Harrisburg and Philadelphia. As of March, he directly or indirectly supervised 73 people, including 32 in Philadelphia, Statehouse records showed.

The staff members arrested Wednesday morning _ for allegedly deleting years worth of Fumo e-mail sought by the FBI _ were roused from their beds at dawn by federal agents. They appeared stunned to be the center of a media throng at the federal courthouse in Philadelphia.

Hours later, U.S. Attorney Patrick Meehan released a juicy FBI affidavit that focuses as much on Fumo as it does on the defendants, computer technicians Leonard Luchko and Mark Eister.

The 65-page affidavit _ atypically _ tips Meehan's hand as to the focus and breadth of the probe.

Federal authorities want to know if Fumo extorted corporate donations for a South Philadelphia nonprofit, Citizens' Alliance for Better Neighborhoods _ including a $17 million gift from Peco Energy Co. They also wonder if he used the nonprofit for his political purposes.

"Normally with political corruption, they'll do all their homework, they'll have a grand jury investigation and then out will come the indictment," DeStefano said.

Luchko, 49, of Collingdale, and Eister, 36, of Camp Hill, both resigned from their longtime jobs, which paid more than $60,000 each, the Senate Clerk's Office said Thursday. But neither plans to cooperate with the Fumo probe, their lawyers said.

Their lawyers said the men had done nothing wrong, and were being used as pawns in an all-out effort to get the senator.

"I'm convinced now more than ever that the reason the government proceeded the way they did, which was highly unusual ... is so they could get their big splash with their affidavit ... and make the point they obviously want to make," lawyer James Schwartzman, who represents Luchko, said Thursday.

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The affidavit also discloses some of the evidence that investigators have gathered, such as e-mail that shows Fumo growing frenzied about leaving an electronic trail.

"The FBI probe into the Sen. has really set him off he wants us to start doing a number of security checks starting tomorrow. ... He wants all of the Blackberries wiped (clean of e-mail)" Luchko wrote to Fumo staffers in January 2004.

The FBI also says it has e-mail that shows Fumo directing aides to spend funds from the charity for political polling and other political ends, which could violate its nonprofit tax status.

"I would suggest that we're not finished yet," Meehan said Wednesday.

A CRUMBLING FOUNDATION? DID FUMO USE A NONPROFIT TO CEMENT HIS POLITICAL POWER? (PHI)

The Philadelphia Inquirer, June 2, 2006

WITH TWO of his aides facing federal jail time for allegedly obstructing justice and a highly detailed criminal complaint now in the public record, questions surrounding state Sen. Vince Fumo are beginning to pile up.

Don't expect answers soon, especially from the senator. Other than a slightly overwrought response from his attorney, Dick Sprague, that essentially denies wrongdoing, Fumo is staying mum.

Yet questions persist.

There's the obvious ones such as, is Fumo guilty of anything?

So far, the answer is no, though an investigation is continuing. According to the criminal complaint filed in connection with the arrests of the two Fumo aides, the FBI launched the investigation to determine if Fumo strong-armed Peco to make contributions to Citizens' Alliance, a nonprofit neighborhood organization that's done some good deeds in South Philadelphia, Fumo's political base.

Then there's the less obvious question: At what point does a politician mau-mauing a company into doing what could be argued is a public good become criminal activity?

Aren't politicians supposed to cajole private companies to do more for the communities they're in? Is that now a crime?

It could be if the feds can prove the other part of their inquiry: whether Fumo benefited politically or personally from expenditures made by Citizens' Alliance.

Here the feds may have a convincing case. Foundations, which don't pay taxes, are generally prohibited from making political contributions. Yet the FBI claims to have e-mails from Fumo that indicate he was directing Citizens' Alliance to make grants of a political nature.

Investigators say e-mails sent by Fumo in 2001 directed aides to use Alliance money to pay for programs and memorials that would help the political fortunes of allies and candidates in Pittsburgh and in Bucks County. Other e-mails indicate that Alliance money also was used to fund a lawsuit against a rival state senator and may have been used for political polling, the feds allege.

But other e-mails described by government investigators seem much less suspicious: Fumo ordering that Citizens Alliance pay for repairing a police surveillance van; another directing that money go to paying a bill for the Christopher Columbus Charter School. Isn't this what neighborhood foundations are supposed to do?

Fumo is not the first politician to face tough questions regarding foundations or nonprofits. Sen. Rick Santorum earlier this year was the target of media criticism over his Operation Good Neighbor foundation.

Which prompts this final question: Isn't it time for stricter restrictions on whether politicians should operate foundations at all?

Affidavit: Fumo Involved In Real Estate Deals (PHI)

By Dave Davies

The Philadelphia Inquirer, June 2, 2006

Information contained in a federal affidavit released Wednesday casts some doubt on state Sen. Vince Fumo's claim earlier this year that he had no role in a $310,000 real-estate deal involving electrical contractor Donald "Gus" Dougherty, whose office was raided by the FBI in January.

And Fumo may have directed a nonprofit organization's purchase of as many as two dozen properties in South Philadelphia, the affidavit suggests.

Six years ago Donald Dougherty, dubbed by some as "Electrician of the Stars" because of his work for high-powered politicians, sold a Tasker Street warehouse to Citizens Alliance for Better Neighborhoods, a nonprofit organization whose officers have ties to Fumo.

Spokesmen for Fumo and Citizens Alliance told the Daily News earlier this year that Fumo had nothing to do with the transaction and that Citizens Alliance made its own decisions about such matters.

But the affidavit associated with the arrest of two low-level state Senate employees Wednesday said federal prosecutors have acquired "a series of e-mail communications" in 2000 and 2001 in which Fumo directs Citizens Alliance "to purchase various properties in South Philadelphia."

The affidavit said Fumo instructed an unnamed aide "that he alone would decide which properties are to be purchased" by Citizens Alliance.

"Take all of their calls as suggestions and I will give final approval," Fumo wrote in an e-mail, according to the affidavit.

Citizens Alliance paid Donald Dougherty $310,000 for the Tasker Street property in December 1999. The transaction was recorded in January 2000, property records show.

Labor leader John Dougherty - a friend of but no relation to Donald Dougherty - told the Daily News in April that Fumo had failed to pay Donald Dougherty for extensive work on Fumo's Fairmount mansion but that Fumo had been involved personally in Citizens Alliance's purchase of Dougherty's Tasker Street property.

John Dougherty said he had attended a meeting with Fumo and Donald Dougherty at which the sale was discussed.

Fumo said that he had not recalled meeting Donald Dougherty and that records showed Dougherty had done only a "small amount of work" on his house.

The exact nature of the federal investigation into Donald Dougherty isn't clear. The raid on his business was conducted by the FBI and agents from the IRS and the Labor Department.

Citizens Alliance's purchase of Donald Dougherty's warehouse was far from its only property transaction. A Daily News analysis in November showed Citizens Alliance and its seven subsidiaries bought at least 26 properties in South Philadelphia between 1998 and 2003.

Spokesman Ken Snyder said the Citizens Alliance purchases had been part of an effort to spark neighborhood revitalization.

The two state Senate aides charged with obstruction of justice, Leonard Luchko and Mark Eister, resigned their posts Tuesday, the day before their arrests, Senate officials said yesterday.

According to Senate rules, employees charged with crimes related to their jobs or the allocation of public funds are immediately suspended without pay.

They're fired if they are found guilty, and reinstated with back pay if the charges are dropped or they are acquitted.

Affidavit Offers Details On Fumo Investigation (PHI)

By Craig R. Mccoy And Mario F. Cattabiani

The Philadelphia Inquirer, June 2, 2006

On Wednesday, the long-running investigation into State Sen. Vincent J. Fumo finally went public.

With the arrests of two low-level computer techs and the release of a 65-page arrest affidavit filled with e-mails and other evidence, federal authorities demystified much of their probe.

In page after page of e-mails from his employees and a few from Fumo himself, they laid out a case that Fumo had ordered a campaign to wipe e-mails from office and home computers - an attempt, the government alleges, to thwart the FBI.

Fumo, 63, the powerful South Philadelphia Democrat, has not been charged with wrongdoing. Three years into the investigation, it's clear authorities aren't finished yet.

The affidavit contained many new details about what the FBI and prosecutors have been pursuing for so long. Here's a probe primer:

What happened on Wednesday?

The aides, Leonard Luchko, 49, and Mark Eister, 36, were charged with obstructing justice by, in the FBI's words, "systematically" wiping clean BlackBerrys, servers and computers used by Fumo and his staff.

Who are these guys?

Until Wednesday, they were obscure computer experts - two of 29 employees supervised by Fumo to run the information network for Senate Democrats. Their lawyers say they did nothing wrong.

Luchko lives with his elderly mother in Collingdale, Delaware County. When arrested, Eister, of suburban Harrisburg, refused to submit to a urine test, telling federal investigators he had smoked pot the night before. His own attorney called him "a computer nerd."

If the techies wiped computer evidence, how did authorities recover anything?

According to prosecutors, the two didn't follow their own policies: they failed to destroy e-mails from their own computers. Their e-mails, quoted at length in the affidavit, refer repeatedly to the FBI investigation and to Fumo's demands for deletions.

"The FBI probe into the Senator has really set him off... He wants all of the BlackBerries wiped," Luchko wrote in 2004.

Isn't Fumo the focus of the probe?

Yes, and he remains so. Experienced criminal defense lawyers say prosecutors are playing hardball in hopes of turning the two aides against their boss, Fumo. The 6 a.m. arrests at their homes, the handcuffs, the possible maximum five-year prison sentences, the affidavit larded with evidence - all are said to be part of the strategy to apply pressure to the pair, to try to build a stronger case.

Have other techies talked?

Yes. If prosecutors succeed in "flipping" the pair, they will join a third computer technician, Donald Wilson, who has already been given immunity.

Wilson told a grand jury that Fumo gave his blessing to the deletions, the affidavit claims. However, the document provides few details on Wilson's testimony.

Wilson worked with Luchko in Fumo's Philadelphia legislative office. Eister worked in Harrisburg.

What has Fumo said about the arrests?

He's not talking, but his attorney, Richard A. Sprague, the well-known Philadelphia lawyer, said the feds have a vendetta against Fumo. Sprague's statement also hinted at a possible defense: The deletions were part of a preexisting document-destruction policy.

When did the probe start?

The FBI, IRS and federal prosecutors began by looking into Fumo's ties to a series of nonprofits about three years ago. After concluding they were being stonewalled, they launched a parallel obstruction-of-justice investigation.

Why did they suspect a cover-up?

Authorities said they found it suspicious that very few e-mails were given them in response to their initial subpoenas, even though boxes of evidence were turned over.

What were they investigating in the first place?

In Wednesday's affidavit, the FBI disclosed it was investigating whether Fumo "engaged in extortion" in seeking money for a nonprofit from two corporations, Peco Energy and Verizon Communications.

Verizon balked, but Peco gave $17 million to Citizens' Alliance for Better Neighborhoods under secret deals in which Fumo dropped his opposition to the electric giant's business plans.

The company struck the deals with Fumo in 1998 and 2000, but they remained secret until The Inquirer made them public in 2003. The FBI then began investigating those donations.

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The newspaper also disclosed that Citizens' Alliance got another $10 million from a special fund created at Fumo's urging by the Delaware River Port Authority.

Are the donations the only issue?

No. The FBI also is looking at whether Fumo got any personal or political help from Citizens' Alliance, a nonprofit organization formed in 1991 by Fumo allies.

Nonprofits are barred by law from providing benefits to individual citizens and from engaging in partisan politics.

As has been previously reported, the nonprofit spent $215,000 on political polling - and later was reimbursed by a Fumo political action committee after the FBI began poking around.

Citizens' Alliance also spent $17,000 to secretly finance a lawsuit seeking to unseat a political foe of Fumo's from the state Senate.

In one e-mail quoted in the affidavit, Fumo balked at a proposal to hire a new manager for Citizens' Alliance.

That could be trouble, Fumo said, in an e-mail marked: "CONFIDENTIALLY (only because I trust you)... "

If a manager was hired, "and we tried to do some of the things that are political that we do, we would now have someone else 'in our tent' and we would be subject to his blackmail," he wrote.

What's Fumo's role in the nonprofit?

He holds no official position, but authorities cited numerous e-mails to contend he is the one calling the shots.

Among other decisions, he ordered Citizens' Alliance to pay for an unspecified program in Pittsburgh and a memorial in Bucks County, steps that boosted unidentified political allies, authorities have said.

In other e-mails, the government said, Fumo instructed the nonprofit to buy various properties, informing an aide that he alone will decide such purchases.

What has Fumo said about Citizens' Alliance?

He has pointed out it has done a lot of good things - among them, shoveling snow, cleaning streets, supporting a charter school, and gentrifying the Passyunk Avenue business district in South Philadelphia.

Have any other nonprofits been scrutinized?

Yes. Investigators have subpoenaed records from a series of nonprofits backed by Fumo. Notably, agents have explored Fumo's cruises on luxury yachts owned by the Independence Seaport Museum.

Fumo is a board member and has arranged for state funding for the museum at Penn's Landing. He belatedly reimbursed the museum for one yacht trip.

What's next?

Ruth Arnao, the director of Citizens' Alliance and a former Fumo aide, received a "target" letter from the government several months ago. Such letters are normally a precursor to criminal charges. In court, prosecutors have already said they believe Arnao, too, helped destroy computer documents.

What's the connection between Arnao and Fumo?

They're very close. Until late 2004, she was one of Fumo's top legislative aides. She and her husband, Turnpike Commissioner Mitchell Rubin, vacationed with Fumo on the Seaport's yacht.

How's Fumo bearing up?

He's publicly confident. In March, he told a luncheon crowd in Harrisburg that he had "no fears" and that the probe would "go nowhere."

Privately, he's been anxious. In 2004, Fumo sent an e-mail to a political consultant railing at his inability to get inside dope on the FBI's activities. "You know how serious and almost life threatening this is," the senator wrote.

ONLINE EXTRA

To read the FBI document on the charges against the two Fumo aides, go to http://go.philly.com/affidavit

Fumo Will Keep Power, Experts Say (PPG)

By Tracie Mauriello, Post-gazette Harrisburg Bureau

Pittsburgh Post-Gazette, June 2, 2006

ANALYSIS

HARRISBURG -- Officially, Vince Fumo is the third-ranking leader of the state Senate's virtually powerless minority party.

Unofficially, the Philadelphia Democrat is one of Harrisburg's most influential politicians.

Dubbed by some "Prince Vince," Mr. Fumo is unlikely to be shaken off his throne anytime soon, insiders say, despite an FBI investigation into whether he extorted contributions to a Philadelphia charity that were later used to benefit him personally and politically.

Two computer technicians in the senator's office were charged Wednesday with obstructing justice by purging government computers of all traces of e-mail messages thought to be pertinent to the investigation.

The U.S. Department of Justice says more charges and more arrests are possible, but insiders and pundits predict Mr. Fumo will emerge unscathed.

"I'd be the last person to write him off," said Christopher Borick, associate professor of political science at Muhlenberg College in Allentown. "He's a true political survivor."

He will do more than survive, Dr. Borick predicted. He will continue to shape public policy through upfront demands, back-door deals and top-down pressure.

"There's formal power and then there's informal power. Formal power comes with your title, but informal power is based on the power to persuade. Some people just have that innately," Dr. Borick said.

Count Mr. Fumo among them.

He's a member of the minority party, yet he's a power broker.

He has been able to make a career out of leveraging that informal power, Dr. Borick said.

That is obvious to Marc Stier, too. Dr. Stier, a political scientist and director of the Intellectual Heritage Program at Temple University, also is an activist who frequently calls upon lawmakers.

"I call some senators and say, 'Would you sponsor this bill?' and they say, 'Have you talked to Vince yet? I'm not going to support it unless Fumo supports it. Run it by Vince and if it's OK with him then that would be fine,'" Dr. Stier said.

Fellow senators might dispute the notion that they take orders from him, but they are certainly swayed by his arguments, said Thomas Baldino, professor of social science and communications at Wilkes College in Wilkes-Barre.

The rank-and-file defer to Mr. Fumo because, they say, he is smart, bold, outspoken and thoughtful.

It doesn't hurt that he controls a big pot of money, either. As minority appropriations chairman he has a big say in where state dollars go.

"They divvy up the money and they have to keep people satisfied, but they don't have to keep everyone satisfied. They can cut people out, and senators know that," Dr. Stier said.

Mr. Fumo's intelligence, personality, persistence and tenacity allow him to get things done, supporters say.

Mr. Fumo was the driving force behind legislation that legalized slots casinos in Pennsylvania. Passage required a decade of talks aimed at securing support from the Republican majority, which had religious and philosophical qualms about gambling.

Even political adversaries acknowledge his ability to attract loyal followers and to lead them wherever he wants.

"What Fumo wants, Fumo gets. He has a total network of folks who are loyal to him because he is loyal to them," said Philadelphian Anne Dicker, who last month ran for state House against Fumo ally Terry Graboyes. Both lost to Michael O'Brien.

In some circles, Mr. Fumo is better known for quashing candidacies and projects he doesn't like than for rounding up support for new initiatives. In the late 1990s, for example, he helped thwart the Phillies' plans to build a new ballpark eight blocks from his house.

An anti-gun-control Democrat, Mr. Fumo also supported legislation that prevented Philadelphia from enacting local gun-control laws.

"He's actually more of an obstructionist than a constructionist and he's done very well at it," said Larry Ceisler, a Philadelphia public relations executive who has worked on campaigns with Mr. Fumo, but now is aligned with a rival Democratic faction in Philadelphia.

"The time I've worked with him has been the most fun I've ever had in politics. He knows how to get things done and he's a really smart guy who can see around the curves," Mr. Ceisler said.

The FBI investigation is focused on the Citizens' Alliance for Better Neighborhoods and whether the charity spent donated funds to benefit Mr. Fumo personally and politically.

Despite the computer purges, the FBI was able to retrieve several key messages that, an affidavit says, show charity money was spent on political polls and on programs that would help garner support for politicians Mr. Fumo backed. In one case, according to court documents, the senator directed an aide to use the charity's funds to buy Philadelphia a new police surveillance van and then make it look as if the vehicle had been donated by a public official who needed good publicity.

The trick now for Mr. Fumo will be avoiding the legal traps being laid out by federal investigators who arrested the two Fumo staffers Wednesday. Attorneys for the men say the arrests were an FBI tactic to get the staffers to cooperate in the investigation. Instead, the men plan to fight the charges and remain loyal to Mr. Fumo, their lawyers told reporters.

With that kind of loyalty, "Vince the Prince" could well keep his place in the castle that is the state Capitol.

FBI Raids Official's Home, Office (WP)

By V. Dion Haynes And Valerie Strauss

The Washington Post, June 2, 2006

Investigation Targets Use of Funds for Charter Programs

The FBI raided the office and home of the D.C. school board's executive director of charter schools yesterday as part of an investigation into the possible misuse of hundreds of thousands of dollars in federal and city funds, school board officials and law enforcement sources said.

Investigators are focusing on the charter school office, which is responsible for overseeing 17 of the city's 51 charter schools. Brenda L. Belton, a school board employee, is the office's executive director.

The other charter schools are overseen by the D.C. Public Charter School Board, which was not involved in the investigation.

School sources, who asked not to be identified because the investigation is continuing, said authorities also are looking into whether some firms hired by the charter school office were connected to Belton. The sources said that the FBI search of the office began about 7 a.m. and continued for six hours and that numerous boxes of documents were confiscated.

Last night, Belton's attorney, Danny Onorato, said that Belton had done nothing wrong.

"She adamantly denies any wrongdoing," he said, adding that Belton would have no further comment.

Belton, reached earlier yesterday on her cellphone, said she was unaware that search warrants had been executed at her office and home.

"I wasn't there. I was in a training all day," she said.

The investigation of the city's charter school office dates to January, said Peggy Cooper Cafritz, president of the D.C. Board of Education. She said that members of the board agreed then to have an audit conducted of hundreds of thousands of dollars that had been designated for the charter schools.

The audit was not prompted by any particular concerns, said Carolyn N. Graham, vice president of the school board.

"This office has never been audited," Graham said last night. "We decided all our operations have to be audited annually."

Cafritz said the board stopped its audit when the D.C. inspector general's office began to investigate the charter schools office in March.

Investigators from the inspector general's office seized Belton's computer that month, sources said yesterday. Deputy Inspector General Austin A. Andersen confirmed the investigation Tuesday.

Belton said yesterday that she was unaware of the inspector general's investigation, but Cafritz said Belton "definitely knew" of it.

"Everyone involved -- employees and board members -- knew about the investigation being conducted by the IG's office," Cafritz said.

D.C. Council member Kathy Patterson (D-Ward 3), who chairs the education committee, has raised concerns in recent months about how funds for the board's charter schools are managed.

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In an April report, Patterson questioned a budget proposal submitted by the charter school office. She said the proposal lacked detail and a plan on how services would be provided. "The committee remains seriously concerned about the current management and operations of that office," she wrote.

In early May, Patterson wrote Cafritz a letter detailing her concerns with several contractors hired by the office. In particular, she questioned whether the school board had awarded contracts totaling about $32,000 to a company called Equal Access in Education without competitive bidding. The company was hired to monitor charter schools.

Patterson also questioned why Belton was reimbursed $1,100 for refreshments at meetings and why charter school leaders in August were paid $513 for an "executive program for strategic management."

Staff writer Allan Lengel contributed to this report.

Judge Allows Evidence In Pellicano Trial (NSDY/AP)

By Associated Press, June 1, 2006, 10:53 Pm Edt

Long Island Newsday, June 2, 2006

FBI agents raided Anthony Pellicano's offices in 2002 and found illegal explosives. Authorities were investigating whether Pellicano hired a man to threaten a Los Angeles Times reporter working on a story about actor Steven Seagal and his possible links to the Mafia.

Pellicano's attorney Steven Gruel challenged the legality of the search, saying the raids amounted to a fishing expedition. FBI agents seized computers and numerous digital audio tapes that led to a 112-count indictment unsealed in February against Pellicano.

Fourteen people have been charged in the government's wiretapping case. Six have pleaded guilty. Federal prosecutors say Pellicano used wiretaps, threats and blackmail to help lawyers and their clients win high-stakes legal disputes.

Judge Dale S. Fischer on May 22 concurred with an earlier ruling by the 9th U.S. Circuit Court of Appeals that found the search was valid. The judge's decision was made public Thursday.

"There is no authority to suggest that officers seeking a search warrant must describe all of the crimes they believe the subject of the warrant may have committed or all of the things they hope to find," Fischer wrote. "So long as the warrant is valid and properly executed, the search is lawful."

However, the judge said her decision doesn't preclude Pellicano from requesting a hearing at which Gruel could call FBI agents to determine if there were any misrepresentations made with the search warrants.

"I'm encouraged and enthused by her decision," Gruel said. "She has clearly indicated in written form that if we can show there are falsehoods. She is going to look at this seriously."

Fischer found no grounds to support Gruel's assertion that agents had violated Pellicano's attorney-client privilege by enlisting his ex-girlfriend to extract information.

Pellicano claimed the government used Sandra Carradine, former wife of actor Keith Carradine, to gather a "fountain of information" about his legal strategy during jail visits last year.

Sandra Wil Carradine pleaded guilty to two counts of perjury and is scheduled to be sentenced Sept. 25. She admitted in January that she lied to a grand jury about her knowledge that Pellicano had wiretapped the home of Keith Carradine during a child support dispute.

Pellicano, 62, has pleaded not guilty and is awaiting trial on charges of wiretapping such stars as Sylvester Stallone and paying two police officers to run names, including comedians Garry Shandling and Kevin Nealon, through a government database.

Pellicano served a 2 1/2-year sentence on charges related to the explosives.

United Response To Gangs Sought (WT)

By Arlo Wagner

The Washington Times, June 2, 2006

COLUMBIA, Md. -- Federal, state and local officials who participated in the Maryland Gang Summit yesterday agreed that cooperation is key for fighting the increasing number of criminal gangs in the state.

Gaithersburg Police Detective Patrick Word said yesterday that there are currently about 10,000 gang members in Maryland. The gangs that exist in Maryland include the Bloods/United Blood Nation, Black Guerilla Family, Mara Salvatrucha or MS-13, Tiny Rascal Gangsters, Street Thug Criminals, Hells Angels, Vatos Loco, Pagans and South Side Locos, he said.

"We knew the gang problem was in every single county of Maryland," U.S. Sen. Barbara A. Mikulski told participants.

"They're violent. They're predatory. ... A rise in massive, almost ghoulish behavior of gangs," said Miss Mikulski, Maryland Democrat who secured $2 million in federal funds for the creation of a statewide anti-gang initiative. "That's what today is all about. This is the beginning conversation. We have to protect our people."

More than 300 people attended the day-long summit at the Sheraton Hotel. Participants included Gov. Robert L. Ehrlich Jr., Attorney General J. Joseph Curran Jr., Lt. Gov. Michael S. Steele, sheriffs, federal and state prosecutors, police, mayors, community officials and non-profit organizations.

Mr. Ehrlich, a Republican, announced the creation of a gang coordination committee that will establish a statewide database of gang activity.

While gang violence is a growing problem, there is a window of opportunity to act before it becomes a major problem, Mr. Ehrlich said, outlining four major goals for dealing with the problem.

He said he wanted to avoid turf battles between law-enforcement agencies, identify active gangs in the state, ensure enforcement tools are available and provide early intervention to disrupt recruiting of young members.

"The first goal is no turf battles [among law-enforcement units and communities]," Mr. Ehrlich said. "In some cases, the lack of team effort results in failed goals."

Mr. Ehrlich said that Maryland State Police has a lead role in fighting gang membership increases. There are 400 officers trained to deal with gangs and 400 more are being trained. About $4.6 million are allotted to juvenile services to deter youths from joining gangs, $500,000 in other grants, and $500,000 to the Safe Neighborhood Program.

Officials also called for the ability of police and prosecutors to enter areas where gangs are known to exist and work with residents and encourage them to call authorities with tips.

"Enforcement is a key," said Rod J. Rosenstein, U.S. Attorney for the District of Maryland, explaining that investigations should focus on where gangs are organized, mostly in schools.

"Education and parents are the best guides for [keeping] children away from gang temptations," he said.

Detective Word said that residents should notify and cooperate with authorities investigating crimes by youths, even if the crimes don't appear to be gang-related. The information often will be linked to a gang member, he said.

Frank Clark, with the Maryland Department of Juvenile Services, said parents must be educated about gangs. "Kids are at risk because gangs are glamorized," he said. "We have to educate parents."

Prosecution of gangs has increased, said Assistant U.S. Attorney James M. Trusty. "In a perverse way, it almost has the effect of glamorizing gangs," he said.

Kate Garvey, chief of Montgomery County's Department of Children, Youth, and Family Services, and Officer Rob Musser said the county has 28 street gangs, 922 members, 50 percent are of mixed races, 28 percent are black and 22 percent are Hispanic.

Montgomery and Prince George's counties offer tattoo removal to encourage youths to get out of gangs.

"We're behind the eight-ball," Prince George's County Police Sgt. George Norris said. "We probably should have been looking at gangs 10 years ago. ... A lot of kids join gangs because they have no family. Somehow or other, we've got to get parents more involved with their kids."

Broad Gang Presence Requires Parents' Vigilance, Officials Say (WP)

By Steve Vogel

The Washington Post, June 2, 2006

Criminal gangs are operating across Maryland at a level many in the state do not recognize or are unwilling to admit, participants in what was billed as the first Maryland gang summit warned yesterday.

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At the Columbia summit, speakers -- who included police detectives, state and federal prosecutors, politicians and representatives of community groups -- described an insidious problem and said law enforcement is often not the solution. The battle to keep young people out of gangs is being fought inside schools and homes, they said, with teachers, parents and social workers on the front line.

"We've lost the battle if we wait until the kids have already joined the gangs," said Maryland Attorney General J. Joseph Curran Jr. (D), who called for more after-school and mentoring programs for youths.

Maryland, with its broad socioeconomic and ethnic mix, has become a "microcosm of gang activity," according to Assistant U.S. Attorney James Trusty. "We really have every type of gang activity," added Trusty, gang coordinator for the U.S. attorney's office for Maryland. "Our schools and businesses are increasingly in the line of fire."

The problem drew broad attention in Montgomery County last summer when, on a single day in August, gang fights led to the stabbing of two summer school students at a Silver Spring high school and to a melee at a Wheaton shopping center that left four teenagers wounded. Later that month, 19 Mara Salvatrucha members were indicted on federal racketeering charges.

Gov. Robert L. Ehrlich Jr. (R), calling for an end to "turf battles" among law enforcement agencies, announced the formation of a coordinating committee that will create a statewide database on gangs.

Those who specialize in gangs acknowledged that they are struggling to keep up with the proliferation of gang crime, and they said many parents are not willing to recognize that their children are involved.

At one panel discussion, Sgt. George Norris, supervisor of the gang unit for Prince George's County police, warned colleagues not to wait to address the problem. "We probably should have started looking at gangs 10 years ago, because right now we are severely behind the eight ball," he said.

Trusty said, "Our best efforts are not going to eradicate gangs in Maryland."

Gaithersburg Detective Patrick Word, president of the Mid-Atlantic Regional Gang Investigators Network, put the number of gang members in Maryland at 10,000, but he and other speakers said there inevitably are many others of whom police are unaware.

More gangs in the area are identifying themselves as Bloods or Crips, which are violent Los Angeles-based gangs, law enforcement officials said.

Word described the Bloods as "the biggest threat" in the state. Other major gangs in Maryland include the Black Guerrilla Family; MS-13, or Mara Salvatrucha, a Latino gang; and Tiny Rascal Gangsters, a Southeast Asian gang. Among motorcycle gangs, Hells Angels has established itself in Southern Maryland, which was previously considered the territory of the Pagan motorcycle gang. Police also said that the Vatos Locos, South Side Locos and Street Thug Criminals are serious gang threats.

"It's no longer like West Side Story, where people run around singing . . . 'Maria,' " said Sen. Barbara A. Mikulski (D-Md.), one of the organizers of the summit.

Mikulski recently obtained $2 million in federal funds for a statewide anti-gang initiative, and Ehrlich said the state had $300,000 in grants to combat gangs.

Capt. Lennard Johnson of the Maryland Division of Corrections said 1,900 confirmed gang members are in the prison system. "For every one we've validated, there are probably two or three we don't know about," he said.

Summit Elevates Anti-gang Initiatives (BSUN)

By Matthew Dolan

The Baltimore Sun, June 2, 2006

MS-13, the target of a major federal indictment in Maryland last summer, isn't the state's biggest gang problem. The Bloods are.

That is the conclusion reached by the state's leading gang investigators, who presented their latest findings Thursday at a summit in Columbia of 300 law enforcement officers, political leaders and educators.

MS-13, also known as Mara Salvatrucha, originated in Los Angeles among refugees from El Salvador and received national attention in recent years for its rapid spread and violence.

Federal prosecutors charged 19 alleged MS-13 members from Southern Maryland in August.

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Experts said Thursday that it is still the Bloods, who crop up on street corners in Baltimore, in schools in Harford County and in prisons throughout the state, who have the greatest reach.

"They're the outside influence here," said Maj. David Engel, the chief of the Baltimore Police Department's criminal intelligence unit.

The daylong conference, funded by a $2 million federal grant to the Maryland U.S. attorney's office, sought to promote local and federal efforts to prevent young people from joining gangs, to encourage current members to quit, and to lock up their leaders.

Gang violence in the region has grown, but officials acknowledge that some police chiefs and political figures were, until recently, loath to say there was a crisis ahead.

"We know that we have a gang problem in every county of Maryland," Democratic U.S. Sen. Barbara A. Mikulski said.

Her comments were echoed by U.S. Rep. Elijah E. Cummings, a Baltimore Democrat, U.S. Attorney Rod J. Rosenstein and Gov. Robert L. Ehrlich Jr., who called for greater cooperation.

"The first goal is no turf battles," the governor told participants, adding that the effort to combat gangs should transcend partisan differences and bureaucratic wrangling.

Ehrlich announced $300,000 in state funding for new anti-gang efforts in Maryland. The federal government, through Project Safe Neighborhoods, will kick in $500,000 for Baltimore City and Montgomery, Prince George's, Wicomico and Baltimore counties, Rosenstein said.

Detective Patrick Word, a Gaithersburg police officer and vice chairman of the Mid-Atlantic Regional Gang Investigators Network, said authorities have identified at least 100 gangs in the state.

The sizes range, Word said, from gangs of just three people to those that claim more than 100 members.

In Baltimore, gangs were once known somewhat benignly as "street crews" who limited their activity to drug dealing on a particular cross street. In state prisons, they are still known clinically as "security threat groups."

Word said they should all be known as gangs. And every law broken by their members -- from running a red light to beating their wives to committing murder -- should be duly recorded by law enforcement as gang activity.

Experts stressed that intelligence show an ever-changing picture of gang activity in Maryland. National gangs have arrived in large numbers in Baltimore only in the past 10 months, Engel said.

Between 1999 and 2005, the city had a single Bloods and Crips set. Today, Engel said, there are 14 Bloods and five Crips sets.

Detective Scott Yosua of the Harford County Sheriff's Office explained that he had to eat his words after he told a local newspaper that the gang problem in his county was so limited that most residents would never notice.

"I was proved to be wrong," he said.

His mind changed, he said, after the 2004 shooting death of a 37-year-old father of nine. Wayne Lavon Bond Jr., who prosecutors

said was a Bloods recruit, was found guilty of first-degree murder and received 45 years in prison.

Yosua said authorities have now documented 140 Bloods members in the county, though some may no longer be active.

Not to say that gang experts will ignore MS-13 members in Maryland, officials said.

Mara refers to a gang, while Salva is an abbreviation for Salvadoran. Trucha is slang for "fear us," according to federal authorities. An estimated 10,000 MS-13 members are in the United States, many in the Washington suburbs, which has a large population of Central American immigrants.

Authorities are also tracking other trends, like a new outpost of the Hell's Angels motorcycle gang in Baltimore. Until recently, Word said, it was their rivals the Pagans who were thought to hold the greatest sway in Maryland.

Many Thursday called for the increased coordination among anti-gang law enforcement agents in the state and better links to the work on the national level.

Word added that Maryland should pass a state racketeering law to mirror the one in the federal system known as RICO.

The RICO statutes have enabled prosecutors to hold gang members responsible for their crimes and seek hefty prison sentences, as well as seize their assets, according to Word.

Judging Whether A Killer Is Sane Enough To Die (NYT)

By Ralph Blumenthal And Adam Liptak

The New York Times, June 2, 2006

HOUSTON, June 1 — Scott Panetti, a death row inmate in Texas, understands that the state says it intends to execute him for the murder of his wife's parents.

But Mr. Panetti, 48, who represented himself in court despite a long and colorful history of mental illness, says he believes that the state's real reason is a different one. He says the state, in league with Satan, wants to kill him to keep him from preaching the Gospel.

That delusion has been documented by doctors and acknowledged by judges and prosecutors. It poses what experts call the next big question in death penalty law now that the Supreme Court has barred the execution of juvenile offenders and the mentally retarded: what makes someone too mentally ill to be executed?

A three-judge panel of the United States Court of Appeals for the Fifth Circuit, in New Orleans, recently said Mr. Panetti was sane enough to die. The full court will soon decide whether to hear the case.

Mr. Panetti, in prison now almost 14 years for the killings in 1992 in the quaint Hill Country city of Fredericksburg, has long seemed to exemplify madness, addressing himself to the jury in his trial in 1995 as "the born-again April Fool," a schizophrenic healed by God.

In and out of mental institutions 14 times and addicted to drugs and alcohol since he almost drowned as a child and was nearly electrocuted by a power line, Mr. Panetti wore cowboy costumes to court, delivered rambling monologues, put himself on the witness stand and sought to subpoena the pope, Jesus and John F. Kennedy.

Jurors were clearly alienated and took little more than an hour to reject his insanity defense.

They found that Mr. Panetti knew right from wrong and so deserved the death penalty. That is a separate question from whether his mental illness should bar his execution.

Two decades ago, the United States Supreme Court in Ford v. Wainwright ruled that the Eighth Amendment prohibited the execution of the insane. Since then, lower courts have struggled to find a way to apply that principle in practice.

The state and federal courts that have heard Mr. Panetti's case have said that a bare awareness of the fact of impending execution and the stated reason for it is enough.

"In Texas," said Greg Wiercioch, a lawyer with the Texas Defender Service who has consulted with Mr. Panetti's defense, "if you cast a shadow on a sunny day, you're competent to be executed."

Other courts require more. Relying on a concurring opinion in the Supreme Court decision, they say the inmate actually has to perceive the connection between the crime and the punishment.

The three-judge panel in Mr. Panetti's case acknowledged that he was mentally ill with what has been diagnosed as schizoaffective disorder and that he thus might lack a rational understanding of his fate. But the panel nonetheless ruled that he was competent to be executed because he was able to understand the stated basis for his execution.

His new lawyers dispute that.

"He completely scoffs at the notion that it's the State of Texas trying to execute him," said Keith Hampton, a lawyer from Austin who filed the latest appeal with a co-counsel, Michael C. Gross of San Antonio. "He thinks it's the demons and evil ones."

Legal and medical experts estimate that hundreds of people with schizophrenia and other severe mental illnesses are on death rows around the nation.

Courts have spared the lives of seven inmates based on the 1986 decision, the Texas Defender Service said.

David R. Dow, a law professor at the University of Houston who has met more than 75 death row inmates, visited Mr. Panetti at his lawyers' request. "Of all the people I have met on death row, he's the gold-medal-crazy winner," Professor Dow said.

On Sept. 8, 1992, Mr. Panetti broke into the home of his in-laws, Joe and Amanda Alvarado, and shot them to death in front of his estranged second wife, Sonja, and his 3-year-old daughter, Amanda, known as Birdie.

Taking on his defense, and calling himself as a witness, he argued that he had been taken over by an alter ego he called Sarge Ironhorse.

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"Sarge boom boom," Mr. Panetti testified. "Sarge is gone. No more Sarge. Sonja and Birdie. Joe, Amanda lying kitchen, here, there blood. No, leave. Scott, remember exactly what Sarge did. Shot the lock. Walked in the kitchen. Sonja, where's Birdie? Sonja here."

Prosecutors, their medical experts and the courts agreed that Mr. Panetti suffers from mental illness. Judge Sam Sparks of Federal District Court in Austin found in 2004 that Mr. Panetti's illness was characterized by "grandiosity and a delusional belief system in which he believes himself to be persecuted for his religious activities and beliefs."

Judge Sparks said that was not enough to spare Mr. Panetti.

Others agree.

Robert Blecker, a law professor at the New York Law School and a cautious supporter of the death penalty, said Mr. Panetti's execution could serve the goal of retribution.

"He knows what he did," Professor Blecker said. "He knows what the state is about to do to him, and why. For the retributivist, the past counts. It counts for us, and for us to be retributively satisfied, it must also count for him."

Prosecutors made the same point in a brief to the Fifth Circuit last year.

"All that is required to avoid the Eighth Amendment prohibition against cruel and unusual punishment is that the petitioner factually understand the reason for this punishment," the prosecutors wrote.

Executions of inmates who exhibited signs of madness are not unusual. In 1992, Arkansas executed Ricky Ray Rector not long after he put aside the dessert of his last meal to eat later.

In March, the United States Court of Appeals for the Fourth Circuit, in Richmond, Va., split, 7 to 6, over whether Percy L. Walton could be executed, notwithstanding his delusional belief that after his death he would "come back as a better person" and "get a Burger King." A majority said this was proof that Mr. Walton understood he would be executed.

"That a person believes that he will have an 'afterlife,' however strange his views of that 'afterlife' may be," Judge Dennis W. Shedd wrote, "necessarily suggests he believes his existing life will end."

The laws of most states, based on English common law, have long banned the execution of the insane.

"The reasons for the rule are less sure and less uniform than the rule itself," Justice Thurgood Marshall wrote in the 1986 case.

Some judges say the "miserable spectacle" of such executions simply offends humanity. Others say retribution is not served by executing someone who cannot understand why he is being put to death. Still others point to the inability of the in sane to assist their lawyers in last-minute litigation. In the Middle Ages, it was thought that madness was its own punishment.

Mr. Hampton, who filed the latest appeals brief, said that from the trial on he was revolted by the Panetti case.

"I thought there was no way, no way, no matter how bad things in the state of Texas got, that it would allow someone in the full flower of schizophrenia to represent himself," he said.

But in repeatedly calling himself insane — "I went nuts," Mr. Panetti told the police officers after the killings, "well, I am nuts" — Mr. Panetti seemed to have run into his own Catch-22, leaving jurors skeptical of anyone so eager to establish his insanity.

Now the courts, taking one last look at Mr. Panetti, must decide whether he is sane enough to die.

Two Sex Offenders Charged With Possessing Child Porn (NSDY/AP)

Long Island Newsday, June 2, 2006

BUFFALO, N.Y. (AP) _ Two registered sex offenders have been arrested for allegedly possessing child pornography, federal authorities said Thursday.

Jeffrey Frazier, 40 of North Tonawanda, who was sentenced to 60 days in prison after being convicted in 2003 of sexual abuse and endangering the welfare of a child, was charged following a visit to his home by probation officers.

Frazier admitted that he sent, received and possessed child pornography using five e-mail addresses on his home computer, according to Assistant U.S. Attorney Allison Gioia.

He would face between 10 and 40 years in prison if convicted.

Timothy Brenon, 56, of North Tonawanda, was charged with possessing child pornography four years after his conviction on a charge of possessing a sexual performance by a child, for which he received five years probation.

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He admitted to North Tonawanda police that he possessed porn, including images of young children, Gioia said. He could be sentenced to at least 10 years if convicted.

FBI Discovers 117 Images Of Minors On Two Computers (MIDPRESS)

By Matthew Engelhardt, Press Staff

Middletown (CT) Press, June 2, 2006

DURHAM - Following a federal investigation, a local man plead guilty on Wednesday to possession of child pornography.

Richard Wertheim, 60, of 41 Lexington Place South in Durham waived indictment in U.S. District in Hartford. According to Thomas Carson, spokesman for U.S. Attorney Kevin J. O'Connor, Wertheim could face 10 years in prison and a maximum fine of $250,000.

According to documents filed with the court and statements made at the hearing, Wertheim participated in "peer-to-peer" file sharing with other Internet users. The applications allowed the users to share access to electronic data files, which contained visual images, music, text and videos.

Wertheim has an Old Saybrook residence in addition to his home in Durham. On May 6, federal agents searched both of his homes and seized two different personal computers.

According to Carson, Wertheim had been under investigation by the Department of Homeland Security, Bureau of Immigration and Customs Enforcement. Forensic evidence revealed a large amount of child pornography on both of Wertheim's personal computers.

According to Carson, the analysis revealed 117 images and videos. The images included several that involved prepubescent minors.

The case is being prosecuted by Assistant U.S. Attorney John Marrella. He was unavailable to comment on the proceedings.

Estimates Of Copyright Piracy Losses Vary Widely (WSJ)

By Geoffrey A. Fowler

The Wall Street Journal, June 2, 2006

The plastic in a blank CD or DVD costs less than a quarter. Putting a price on a disc loaded with content is more difficult.

When the music industry finds a CD that has been ripped off by copyright pirates, it says it is worth between $1 and $5. Hollywood says a pirate disc can be worth between nothing and the full retail price of around $25. The software industry sometimes weighs in at more than $200 per counterfeit disc.

Why is there such a wide range in the estimates? Counting the losses from piracy isn't a science -- it's an art. Police in developing countries like China may count pirated goods at their street value, but companies and industry associations have different, often political, goals behind their counting systems. Now the growing problem of Internet piracy is making gauging losses even harder, and more controversial.

"We can confidently say we will never know 100% the exact loss. There are several sciences, and none of them work entirely satisfactorily," says Keith Jopling, the director of strategic analysis and research for the International Federation of the Phonographic Industry, the main music industry trade group.

Police data and surveys can provide estimates of the number of DVDs sold in street pirate markets, and the numbers of songs and programs downloaded off the Internet. But the music, movie and software industries -- which have been hammered by piracy in many developing countries -- face a more vexing problem of reckoning their losses.

Somebody who buys a pirated disc at a steep discount isn't necessarily a lost customer for a full-priced product. In many poor countries, a customer who buys a CD for $1 could never afford to pay $16.95 for a legitimate copy. In countries such as China and Vietnam, many legitimate film titles aren't even allowed on store shelves because of government quotas and censorship standards. Moreover, music industry surveys have found that in some developed markets, 10% to 15% of consumers actually spend more money on legitimate music when they're also downloading songs illegally.

So is a pirated disc really a loss?

Over the past two years, the Motion Picture Association of America has spent $3 million to figure that out. The answer it arrived at -- that Hollywood studios alone lose $6.1 billion world-wide -- was so high that some Tinseltown executives didn't want the figures made public.

Behind the movie studios' backstage catfight about the figures was a dramatically new system for counting the value of a pirated disc. The new method involved asking consumers about their piracy habits directly.

In telephone, Internet and focus group polls developed by consultant L.E.K. Group, the MPAA asked consumers how often they buy pirated discs and download pirated movies, as well as whether they would have bought the film legitimately had the pirated version not been available. By that approach, not every pirated disc equates to lost revenue.

But the new method has a big problem. People lie in surveys, especially folks who like to pirate movies. The MPAA spent months revising their figures down.

To be sure, legitimate companies want and need to know how much they're losing, as the piracy problem grows. But accurate assessments may be influenced by competing demands. Hefty piracy loss figures can serve the interests of movie, music and software industry organizations, all of which lobby governments for tougher intellectual property laws and enforcement. On the other hand, member companies of these organizations often don't want investors to be spooked by figures that suggest their piracy problems are scaling out of control.

The computer software industry, represented by the Business Software Alliance, has taken a simpler approach than the movie industry, and come up with a much bigger number. According to a study it released in May, there were $34 billion in global PC software piracy losses in 2005. The alliance hired analysts at the International Data Group's IDC to calculate losses based on the total value of software installed on computers around the world minus the total legitimate sales of software. That way, the industry doesn't have to track pirated discs or files swapped online. The big loss figure it comes up with helps push governments to sign treaties to ensure that businesses aren't using pirated software on computers.

The software industry's figures assume that pirated software is worth the same as full-price commercial software. Many software users in the developing world say they can't afford to substitute in a full-priced copy of Microsoft Office, even if Microsoft already discounts the product for developing markets.

However, the BSA's Asia regional director, Jeff Hardee, says the group's studies show nearly a one-to-one ratio between decreases in piracy and increases in legitimate sales, suggesting that, on average, people are willing to "replace" pirate software with the real thing.

The music industry has long taken a more limited approach to its piracy assessments. Instead, the IFPI estimates that the world-wide commercial disc market is worth $4.6 billion to the pirates themselves, at pirate prices, which range from $1 to $5 per CD. The IFPI uses police data, surveys and legitimate disc sales to estimate the number of pirate discs in the market.

That approach avoids counting customers of cheap pirate products the same as legitimate customers, but assigns a very low value to the music on CDs. It also leaves a hole in accounting for losses from songs swapped for free over the Internet. The IFPI says it knows there are 885 million "infringing" songs available for download at any one time, but doesn't know how much they're worth.

In recent months the IFPI has been sorting through surveys in a handful of markets that try to count Internet losses, many involving direct consumer interviews about substitution habits like the MPAA survey. Record companies are currently reviewing the findings from those surveys, and the results could be released with the group's annual piracy report later this month.

Lawyer: Convertino Is Under Investigation Over Drug Case (DEN)

Detroit News, June 2, 2006

Second inquiry cited against ex-prosecutor, awaiting trial over his terror case prosecution.

Former federal prosecutor Richard Convertino is under criminal investigation for his handling of at least one other case in addition to the terrorism case for which he was indicted, one of Convertino's lawyers has alleged in a court filing.

Lawyer Jeffrey Del Fuoco said in a motion recently filed in U.S. District Court in Detroit that Convertino is under investigation for possible criminal conduct in his handling of a 1998 drug case involving Joseph Stines.

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Stines, who was convicted of running a cocaine ring around Ypsilanti, has alleged misconduct by Convertino. Stines' lawyer, Carole Stanyar, has filed a motion seeking his release from prison.

"It has been learned that Mr. Stines' baseless allegations are now the subject of an ongoing criminal investigation into Mr. Convertino's conduct," Del Fuoco says in a motion filed May 26.

In the motion, Del Fuoco argues that Convertino should be allowed to intervene in the Stines case to protect his interests. If his request is granted, Convertino will be able to introduce evidence and cross-examine witnesses.

Both parties involved, Stines and the U.S. government, allege misconduct by Convertino, Del Fuoco says in the motion. They are "strange bedfellows" and "teammates," he argues.

Drew Wade, a Justice Department spokesman in Washington, D.C., would neither confirm nor deny whether Convertino is under investigation for any cases other than the terrorism case.

The government indicted Convertino on March 29, accusing him of lying to a jury and a federal judge in prosecuting four men accused in a 2001 terrorism-related case in which convictions were ultimately thrown out. Convertino has pleaded not guilty and is awaiting trial.

Del Fuoco would not say Wednesday what makes him believe Convertino is under criminal investigation for his handling of the Stines case.

Allegations in the Stines case involve early releases given to felons who testified against Stines, who was sentenced to 33 years and four months in prison following a 1999 trial.

You can reach Paul Egan at (313) 222-2069 or pegan@detnews.com.

CIVIL LAW:

Judge OKs Questioning Of Justice Department Official (AP)

AP, June 2, 2006

WASHINGTON - A judge ruled Thursday that Associate Attorney General Robert McCallum must undergo questioning in a lawsuit, a decision that is helpful to a private group seeking records about the Justice Department's conduct in a landmark case against the tobacco industry.

The action by U.S. District Judge Emmet Sullivan is the latest problem related to McCallum's nomination as the Bush administration's choice to become ambassador to Australia.

Democratic Sen. Dick Durbin of Illinois is blocking McCallum's nomination over allegations the No. 3 official at the Justice Department improperly influenced the government's lawsuit against cigarette manufacturers.

Citizens for Responsibility and Ethics in Washington sued last year after the department ignored the testimony of one of its own witnesses in the tobacco trial and reduced the amount the Bush administration is seeking from the tobacco industry from $130 billion to $10 billion.

CREW says the department has failed to produce a single responsive document to demands for information under the Freedom of Information Act.

Sullivan said the private organization is entitled to delve into the department's handling of the document requests by questioning McCallum, who is at the center of the controversy over whether the administration caved into the tobacco industry in reducing the amount of money it is seeking.

The judge said statistical data the department sends to Congress every year belies the government's argument that there is nothing unusual or out of the ordinary in the amount of time it has taken to respond to CREW's lawsuit.

In its lawsuit filed last October, CREW asked for records of all contacts between Justice Department officials and the White House concerning the tobacco litigation and records of all contacts between McCallum and his old law firm in Atlanta which has done work in the past for the tobacco industry.

Legal Blow Over Tobacco Case Information (FT)

By Stephanie Kirchgaessnerin Washington

Financial Times, June 2, 2006

The US Justice Department was dealt a legal blow on Thursday when a judge ruled that a watchdog group could interview a top official in connection with the government's controversial handling of its landmark case against tobacco companies.

Judge Emmet Sullivan said Citizens for Responsibility and Ethics in Washington (Crew) could depose Robert McCallum and other Justice Department officials about how the department handled Crew's requests for information about the case.

The judgment does not give Crew the latitude to interview Mr McCallum, the associate attorney-general nominated by President George W. Bush to be ambassador to Australia, on the underlying facts of the case.

But Crew says the deposition will shed light on whether the department sought to cover up its decision-making process by wilfully ignoring requests under the Freedom of Information Act.

The judge's ruling is the latest chapter in a long-running saga about whether a decision by the government last year to reduce the amount of penalties it was seeking from tobacco companies – from $130bn initially to $5.2bn – was politically motivated.

Reports in the Washington Post and other newspapers last June suggested that the government's decision to change its position on the five-year civil racketeering case against the tobacco industry was made over the objection of career lawyers at the Justice Department.

A government witness, Harvard professor Max Bazerman, who said he believed the industry should be subject to a court appointed monitor, was told by a trial attorney at the department to change his testimony to be more favourable to the industry, according to a 2005 article in the Washington Post. Mr Bazerman was ultimately allowed to testify.

The controversy put a spotlight on Mr McCallum, who had oversight of the case and was a former attorney for Alston & Bird, a law firm that represents tobacco companies.

The Justice Department has previously denied that its legal deliberations were politically motivated. Its decision, nevertheless, prompted a group of Democrat senators to demand an investigation and for Crew to take up the cause.

Anne Weismann, Crew's chief council, said the government had, in effect, argued that the documents Crew was requesting were not for public consumption because they involved legal work product, which is protected, and that it would cost Crew, a non-profit organisation, $90,000 to process the request.

"Hopefully, the American people will begin to learn the truth about why the DoJ so drastically reduced the penalty in the tobacco case." said Melanie Sloan, Crew's executive director.

Justice Dept. Requests Documents From Career Education (CRAINS)

By Kate Ryan

Crain's Chicago Business, June 2, 2006

Company asked to provide various details, officials said

(Crain's) — The U.S. Department of Justice has outlined the nature of its inquiry into Career Education Corp., almost two years after an investigation was first reported.

On Tuesday the department asked the Hoffman Estates-based operator of for-profit schools to supply documentation of the way job placement rates and tuition costs were presented to current and prospective students at particular schools. The company was also asked to provide details about the way it compensates admissions officers, the way federal Pell Grants are used at one school, and the calculation of student refunds at another school, according to a Thursday filing with the Securities and Exchange Commission.

"We received a letter from the Civil Division of the U.S. Department of Justice advising us that it is reviewing allegations that certain of our schools may have submitted false claims to the U.S. Department of Education," the Career Ed said in its SEC filing. A Justice Department probe was first reported in August 2004. Tuesday's SEC filing referred to the review as "informational."

A Career Ed spokeswoman said the company is cooperating with the investigation.

"It's not good news, but the things that they've requested aren't very different from what everybody else has been investigating for the last two years," says Alexander Paris Jr., an analyst at Barrington Research in Chicago. "It's not uncommon in this industry for the Department of Justice to review allegations by former students."

Career Education operates for-profit colleges and trade schools around the United States, enrolling about 104,000 students. The company has been plagued by legal and regulatory problems for more than two years, and several of its schools are on probation or under review with their accreditation agencies. In December, the company's American InterContinental University (AIU), which accounts for half of the company's revenue, was placed on probation by its accrediting agency, which cited concerns about the integrity of student academic records and accuracy in recruiting and admission practices.

A spokesman for the Justice Department declined to comment on investigations or inquiries. The Department of Justice will confirm an investigation only when unsealed charges are filed against a company, a spokesman said.

Career Education Gets Detention, Again! (MOTLEYF)

By Rich Duprey

Motley Fool, June 2, 2006

Well, that didn't take long. Only last week, Career Education (Nasdaq: CECO), the country's second-largest for-profit chain of colleges, announced that the Education Department had satisfactorily concluded its financial review of the company and might allow it to graduate to making acquisitions once again.

But just this morning, the company announced that the Justice Department was giving it detention again, investigating allegations that some of Career Education's schools had submitted false claims or statements to the Education Department. The DOJ also wants information related to compensation for admissions personnel, the use of Pell Grant funds at one school, and student refund calculations at another.

Career Education has more than 80 campuses, more than 100,000 students enrolled, and a $3.2 billion market cap, putting it in second place among for-profit higher education. The much larger Apollo Group (Nasdaq: APOL) leads the industry with 95 campuses and 159 "learning centers," enrolling more than 300,000 students. Apollo also sports a market cap nearly three times larger than Career Education's, at $9 billion.

The company, and indeed much of the industry, has been dogged by allegations of misrepresenting graduation and job-placement rates, lowering admission standards, and paying recruiters to get warm bodies in their classrooms. Last year, Apollo was fined $9.8 million for admitting unqualified students to boost enrollment at its University of Phoenix online campus.

Yet while these types of charges have been raised many times over the years, most of the complaints have turned out to be unproven. ITT Educational Services (NYSE: ESI) was investigated by the Securities and Exchange Commission and the Department of Justice and subsequently exonerated of wrongdoing. And Corinthian College (Nasdaq: COCO) was also given a passing grade by the SEC last year.

Still, the industry's continuing legal woes have taken their toll on share prices of some of the industry's main players. But like the academic trajectory of advanced-placement students, some key players continue to excel despite the ennui gripping the rest. ITT, Strayer (Nasdaq: STRA), and DeVry (NYSE: DV) have continued to graduate to higher market caps.

Career Education has been able to grow over the years by making a sizeable number of acquisitions, which the Education Department investigation had held back. The company hoped that being cleared of any wrongdoing would let it resume adding schools and students and gaining market share from its competitors. But the Justice Department inquiry, which the company assures us is only "informational in nature," may just put another mark on its permanent file. Further delays can only be bad news for Career Education, and even worse tidings for investors seeking satisfactory returns.

Justice Department Appeals In Teen Firefighter Case (PHI)

The Philadelphia Inquirer, June 2, 2006

The U.S. Justice Department has appealed a judge's decision that a 14-year-old Delaware County junior firefighter killed while answering an alarm was entitled to death benefits and a place on the National Fallen Firefighters Memorial.

Christopher Kangas' mother hoped to see his name added to that memorial in October, but unless the Justice Department drops its appeal, "the dream is deferred again," lawyer Frank W. Daly said yesterday.

Kangas was struck and killed by a car four years ago while racing on his bicycle to Brookhaven Fire Co. No. 52. Local and state officials awarded death benefits to Kangas' mother, Julie Amber-Messick, but the Justice Department said Kangas did not qualify as a public safety officer.

A U.S. Court of Federal Claims judge ruled in Amber-Messick's favor on March 27. Daly said the government had 60 days to appeal and did so at the last minute Tuesday.

FEC Fines Frist's 2000 Senate Campaign (AP-Y2)

By Nancy Zuckerbrod

AP2, June 1, 2006

The Federal Election Commission has determined that Senate Majority Leader Bill Frist's 2000 Senate campaign violated federal campaign finance laws.

The federal agency fined Frist 2000, Inc., $11,000, according to a lawyer representing Frist's campaign and a watchdog group. Citizens for Responsibility and Ethics in Washington had filed a complaint last year against Frist's 2000 campaign committee and received the FEC's findings Thursday.

The FEC found that Frist 2000, Inc., failed to disclose a $1.44 million loan taken out jointly by the campaign and Frist's 1994 campaign committee.

The Tennessee Republican, who was elected to the Senate in 1994, is not seeking another term and is weighing a possible bid for the presidency in 2008.

Federal law requires full disclosure of any loans taken out by campaign committees. Frist's 1994 campaign committee did disclose the loan to the FEC in January 2001, but the 2000 campaign did not, according to the FEC.

In an agreement reached with the Frist campaign committee, the agency said Frist 2000, Inc., violated the law by failing to report the loan in its January 2001 campaign finance report and did not properly report the repayment of the loan in a July 2001 report.

Jason Torchinsky, a lawyer representing Frist 2000, Inc., said the campaign settled the FEC complaint. "What the FEC suggested, we believe would have resulted in double reporting of the loan," Torchinsky said.

Melanie Sloan, executive director of the watchdog group, praised the FEC action.

"We have campaign finance laws, and everyone's supposed to abide by them," she said. "It's such a clear area of the law."

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On the Net:

Citizens for Responsibility and Ethics in Washington:

http://www.citizensforethics.org/

FEC: http://www.fec.gov/

Frist: http://frist.senate.gov/

The Asbestos-Fraud Express (WSJ)

The Wall Street Journal, June 2, 2006

If the Milberg Weiss indictments are anything to go by, federal prosecutors are finally getting serious about tort lawyer corruption. So let's hope they've also noticed a federal lawsuit in West Virginia that describes some of the most sordid asbestos fraud to date.

The suit comes courtesy of CSX, one of the nation's largest rail companies and long a target of frivolous asbestos claims. CSX last year turned the legal tables on its nemesis -- Pittsburgh-based plaintiffs firm Peirce, Raimond & Coulter -- filing a lawsuit against it and an employee alleging fraud, misrepresentation and negligence. The tale is a modern tort classic.

It begins in early 2000, when CSX employee Ricky May learned that the Peirce firm was going to conduct an asbestos "screening" in June. Peirce is a big player in railway asbestos suits and has brought thousands against CSX. Mr. May had already attended such a mass screening prior to 2000, and had tested negative for asbestosis.

Enter Robert Gilkison, a former CSX employee. According to the lawsuit, the Peirce firm occasionally hires retired rail employees as "runners," or people who round up former colleagues for lawsuits. The suit alleges that, faced with Mr. May's unfortunate good health, Mr. Gilkison suggested that Mr. May get someone who had previously tested positive for asbestosis to impersonate him at the June exam.

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Mr. May then recruited Danny Jayne -- a CSX employee who'd been "diagnosed" with asbestosis in 1999 -- to sit for his June X-ray. Mr. Gilkison is alleged to have facilitated all this, allowing Mr. May to complete the necessary forms but then walking Mr. Jayne through the exam. Mr. Jayne later received a settlement of $7,000 from CSX, while Mr. May received $8,000.

Turncoat employees, mass screenings, medical impersonations -- this is already the stuff of bad thrillers, but it gets worse. The Peirce law firm was an avid user of the medical services of Dr. Ray Harron, a physician singled out in a federal court opinion last year for having "manufactured" silicosis diagnoses. The good doctor learned this skill in the asbestos field, producing tens of thousands of asbestosis "diagnoses" for eager law firms. That included a "positive" diagnosis for Mr. Jayne -- casting doubt on whether even he was really sick.

Suspecting foul play, CSX did some investigating and had a doctor verify that the May and Jayne X-rays were in fact of the same man. CSX last year filed suit against both claimants, and they later confessed to the scheme. Mr. May agreed to pay back his settlement; Mr. Jayne agreed to offer testimony. Mr. Gilkison has denied any wrongdoing.

Which brings us to the current lawsuit focusing on the extent to which the Peirce law firm knew about this fraud. CSX claims that, after the screening, Mr. May got cold feet and asked Mr. Gilkison about dismissing the case. The railway also claims Mr. Gilkison talked to the Peirce firm about the fraud, but that Peirce lawyers proceeded with the lawsuit anyway.

CSX is further claiming that Peirce keeps records of both its positive and negative screening applications and so would have known that Mr. May had already been screened and that the X-ray was not his own. At the very least, the railway has a good case that Peirce, as administrator of the screenings, failed in its obligations to quality control.

While Peirce has conceded in court documents that the scam took place, it insists it had no knowledge of the deception or what role Mr. Gilkison played, and says it did not start keeping records of "negative" screenings until 2000. It has further argued that since Mr. Gilkison was an "independent contractor" (rather than a salaried employee), the firm has no legal liability for his conduct. This is a convenient and not very persuasive distinction, to say the least. * * *

Tawdry details aside, the case offers some broader lessons for the judiciary. West Virginia long ago became a favorite dumping ground for asbestos suits because of its reputation for jackpot justice. The state's court system responded by consolidating suits into mass litigation, thus denying defendants the ability to contest individual cases. This in turn became an invitation for tort lawyers to generate as many claims as possible, and the May-Jayne fraud is one result. Anyone who thinks this is the only such fraud hasn't been paying attention to asbestos litigation.

Which is where the prosecutors can and should come in. As more cases of silicosis and asbestosis fraud come to light, courts have slowly changed course and allowed defense teams more leeway to investigate individual claims. This is a great first step toward getting the tens of thousands of bogus suits dismissed, while getting legitimate claims heard more quickly.

But this still leaves the question of who will be held responsible for filing fraudulent claims. Both a New York federal grand jury and Congress are looking at silicosis fraud. Yet as the CSX case shows, many of the corrupt practices rampant in silicosis suits got their start in asbestos. If the Justice Department really wants to clean up the trial bar, asbestos-lawsuit fraud is the mother lode.

Not All Speech Is Free (LAT)

The Los Angeles Times, June 2, 2006

SOME CIVIL LIBERTARIANS ARE denouncing a U.S. Supreme Court ruling Tuesday against a former Los Angeles prosecutor who says he was disciplined for speaking out against police misconduct. They may want to consider how they would feel if the same decision went against, say, a Bush administration official who was fired for saying that proponents of the president's immigration policy suppressed evidence that illegal immigrants increase crime and disease.

The high court was divided along ideological lines on the case. It held that the Los Angeles County district attorney's office did not violate the free-speech rights of Deputy Dist. Atty. Richard Ceballos by denying him a promotion because of his memo alleging that police officers lied to obtain a search warrant.

The majority opinion was written by Justice Anthony Kennedy, a moderate conservative who has been a defender of the 1st Amendment. Kennedy conceded that the 1st Amendment protects public employees when they speak as citizens, but he said no

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such protection attaches to speech "pursuant to their official duties." He noted: "When a citizen enters government service, the citizen by necessity must accept certain limitations on his or her freedom."

This was a close case for the court — it was a 5-4 decision. But the dissenters couldn't agree on a single rationale for protecting on-the-job communications like the Ceballos memo — a sign that the majority was right in not announcing a new 1st Amendment protection for such speech.

Justice David H. Souter, in an opinion joined by justices John Paul Stevens and Ruth Bader Ginsburg, suggested a case-by-case approach to deciding whether "addressing official wrongdoing and threats to health and safety can outweigh the government's stake in the efficient implementation of policy." Justice Stephen Breyer declined to sign the Souter opinion because he said it "fails to give sufficient weight to the serious managerial and administrative concerns that the majority describes." Stevens, though he signed the Souter opinion, wrote a separate dissent objecting to the notion "that there is a categorical difference between speaking as a citizen and speaking in the course of one's employment."

But is there? Any American has the right to spout off against the legalization of illegal immigrants. A member of an administration that takes a pro-legalization stance does not have the same right to second-guess that administration's views in the name of "whistle-blowing." Whatever one thinks of Ceballos' actions, the court was right not to blur the distinction between citizen speech and employee speech.

CIVIL RIGHTS:

Citizens Seek Investigation (IRONTT)

By Michael Caldwell, The Ironton Tribune

Ironton (OH) Tribune, June 2, 2006

Nearly 70 citizens — and one U.S. Congressman — are asking for some federal help to investigate theRock Hill School District's handling of disabled and minority students, an issue that is already being addressed in three pending legal cases.

Though Rep. Ted Strickland has joined in on the request, the effort has been led by Richard Diamond, a vocal opponent to longtime Superintendent Lloyd Evans and parent of a child with disabilities in the school district.

Sixty-nine signatures were turned in on a petition asking the U.S. Department of Justice and the U.S. Department of Education to step in, citing a host of allegations, most of which have not been substantiated or are part of three pending legal cases.

"We know that over the years, parents have asked the Ohio Department of Education and the Justice Department for help but, until now, nothing has happened," Diamond said in a written release distributed by Columbus attorney Mike Moore, who also represents the three families in the pending legal cases.

Three years ago, Brent and Amanda Unroe filed a lawsuit against the board, claiming Brent Unroe was unlawfully fired from his job as a special education teacher and that their adopted African-American special needs children were discriminated against.

School officials have always denied the allegations and have said in the past that Brent Unroe was terminated for insubordination and inappropriately handling students.

The Unroe case is scheduled for trial next week in U.S. District Court in Cincinnati.

Through Moore, two other families have also filed lawsuits against the board. Brenda Mulkey and Shara Jenkins claim their diabetic children were discriminated against.

Trial dates have not yet been scheduled in those cases.

School officials have also denied any wrongdoing in all these cases. Evans said he is not aware of any basis for these claims and thinks the real motivation is far less altruistic.

"I think this is a political action group just out to get someone," he said.

In fact, Evans said he thinks the district had done the exact opposite of the discrimination allegations.

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"We have erected additional special education units to take care of handicapped kids," Evans said. When the district was building new schools a few years ago, the district funded more classrooms for special education than the state had allocated funds for.

The petition and Strickland's letter ask for an immediate and thorough investigation of the administration and the allegations.

"More than 50 of my constituents signed a letter that raises disturbing questions about the RHLSD administration's treatment of minority students with disabilities," Strickland said in his letter. "The letter cites instances of physical abuse, intimidation and failure to cooperate with basic administrative requests.

Evans said he welcomes any agency to take a closer look at the district.

"I have no problem with anyone investigating," he said. "I think we are doing things in a proper manner and certainly not discriminating against kids."

Bush To Back Gay Marriage Ban Amendment (AP-Y2)

By Nedra Pickler

AP2, June 1, 2006

President Bush will promote a constitutional amendment banning gay marriage on Monday, the eve of a scheduled Senate vote on the cause that is dear to his conservative backers.

The amendment would prohibit states from recognizing same-sex marriages. To become law, the proposal would need two-thirds support in the Senate and House, and then be ratified by at least 38 state legislatures.

It stands little chance of passing the 100-member Senate, where proponents are struggling to get even 50 votes. Several Republicans oppose the measure, and so far only one Democrat — Sen. Ben Nelson (news, bio, voting record) of Nebraska — says he will vote for it.

The Senate Judiciary Committee approved the amendment on May 18 along party lines after a shouting match between a Democrat and the chairman, Sen. Arlen Specter (news, bio, voting record), R-Pa. He bid Sen. Russ Feingold (news, bio, voting record), D-Wis., "good riddance" after Feingold declared his opposition to the amendment and his intention to leave the meeting.

Bush aides said he would be making his remarks on the subject Monday.

A slim majority of Americans oppose gay marriage, according to a poll by the Pew Research Center for the People and the Press from March. But the poll also showed attitudes are changing: 63 percent opposed gay marriage in February 2004.

Those poll results don't reflect how people might feel about amending the Constitution to ban gay marriage.

The Massachusetts Supreme Court decided to legalize such marriages in 2003. A year later, San Francisco issued thousands of marriage licenses to gay couples.

This November, initiatives banning same-sex marriages are expected to be on the ballot in Idaho, South Carolina, South Dakota, Tennessee, Virginia and Wisconsin. In 2004, 13 states approved initiatives prohibiting gay marriage or civil unions, with 11 states casting votes on Election Day.

Bush benefited as religious conservatives turned out to vote and helped him defeat Democratic Sen. John Kerry in 2004. In Ohio, an initiative rejecting the legality of civil unions won handily. The same state tipped the election to Bush.

"The president firmly believes that marriage is an enduring and sacred institution between men and women and has supported measures to protect the sanctity of marriage," White House spokesman Ken Lisaius said.

Bush has lost support among conservatives who blame the White House and Congress for runaway government spending, illegal immigration and lack of action on social issues such as the gay marriage amendment.

Opponents of the amendment objected to Bush promoting a measure they said amounts to discrimination.

"This is fundamentally both a civil rights and religious freedom issue and the president's position of supporting amending the constitution is just dead wrong," said Barry W. Lynn, executive director of Americans United for Separation of Church and State. "This is simply to give ammunition to the so-called religious right just to show that the president is still with them."

U.S. Threatens To Sue Over Care At Prison (MJS)

By Mary Zahn Mzahn@journalsentinel.com

DOJ_NMG_0031315

Milwaukee Journal Sentinel, May 31, 2006

Taycheedah treatment 'unacceptable'

Female prisoners with mental illness - some as young as 15 - are regularly placed in isolation cells at Taycheedah Correctional Institution, receive little treatment and are given psychotropic drugs for months without monitoring by a physician, a U.S. Justice Department report has concluded.

In a May 2 letter to Gov. Jim Doyle, the assistant attorney general in charge of the Civil Rights Division, Wan J. Kim, called Taycheedah's treatment of inmates with mental illness "unacceptable" and a violation of their constitutional rights. The letter states that Wisconsin can either voluntarily correct the problems or face possible legal action by the federal government this year.

The Justice Department report was based on a yearlong federal investigation. It does not indicate what prompted the review, and federal officials declined to comment further.

"It is an embarrassment for our state," said state Rep. Sheldon Wasserman (D-Milwaukee), who is also a physician. "This is an absolute horror. What we are doing is something from the dark ages. Why does it take the threat of a federal lawsuit to get Wisconsin to do something about it? This is going to cost millions of dollars to fix."

Doyle's office referred a call for comment to state Department of Corrections officials.

John Dipko, Department of Corrections spokesman, said Tuesday the concerns raised in the report are being taken "very seriously" and that the state will work with U.S. officials to address them.

"It is important to note that the Department of Corrections is taking a comprehensive, systemwide approach to health care - including mental health," Dipko said, adding that the system is working toward becoming accredited by the National Commission on Correctional Health Care in the next six years. Taycheedah, he said, will be the first prison in the process.

The prison, in Fond du Lac County, houses about 700 maximum- and medium-security female inmates.

Federal investigators found that 44 out of 59 women in segregation last July had "serious mental illnesses and were observed to be in significant distress." One of the women was clearly psychotic and had a history of eating her feces and drinking her urine. Investigators said she had been placed in segregation because of "lots of tickets" for disciplinary problems and for "disrespect."

Other cases and issues cited in the report include these:

• An inmate with severe mental illness who fatally asphyxiated herself while in segregation. In episodes before her death, she had swallowed pen inserts and had gone on periodic hunger strikes.

• The prison operates a unit to provide specialized treatment for inmates with mental illness, though federal investigators found almost no programming and that most of the inmates had nothing to do during the day.

• Untrained correctional guards distribute and monitor medication to inmates with mental illness because there are too few nurses. In addition, it sometimes takes weeks to fill prescriptions for medications used to treat mental illness.

• Some inmates with mental illness who attempted to harm themselves with writing instruments or parts of mattresses have been charged with "misuse of state property" and placed in segregation units. In other cases, inmates have been charged with self-abuse and then punished by being placed in segregation.

"Punishing inmates for mental health symptoms that are beyond their control is unacceptable and ineffectual . . . " the federal investigators wrote.

The report notes that the prison's annual report for fiscal year 2005 described "an elaborate array of programming" but that investigators found "that very little actually exists."

Dipko, the prison spokesman, said the system has "made significant strides" in the area of mental health throughout the system, including Taycheedah. Those include an increase in psychiatry hours and additional nurse hours, he said.

The federal findings come as the state is facing a $1.5 billion deficit in 2007. Health care expenditures for the adult prison system have increased by more than 86% from 2001 to 2005, when the average daily population grew by 38.5%, state records show.

Among the report's list of needed changes were increased psychiatric and nursing staff, better medication monitoring and improved programming and treatment to ensure that inmates with mental illness are not kept in segregation cells.

Psychiatrist staffing at the prison was called "grossly inadequate." The prison employs two part-time psychiatrists who carry a caseload of more than 400 patients at time, the report states. Inmates with serious mental health needs sometimes wait for months untreated, investigators wrote.

Gay Couples Seek Right To Wed In New York (FINDLAW/AP)

By Michael Hill, Associated Press Writer

AP, June 2, 2006

(AP) - ALBANY, N.Y.-Lawyers for same-sex couples seeking the right to marry in New York told the state's highest court Wednesday they are being treated as "unequal citizens" and denied a constitutional right.

The 44 couples want the Court of Appeals to follow the lead of high court judges in neighboring Massachusetts and rule that New York's constitution gives same-sex couples the same right to wed that straight couples have always had.

"We are evolving as a society," said Terence Kindlon, one of the lawyers representing the couples in four lawsuits before the court, "and just because we did something 200 years ago, or 100 years ago or 50 years ago, it's not necessarily a good justification to do it now."

The couples have lost in lower appeals courts and are at odds with Gov. George Pataki's health department and state Attorney General Eliot Spitzer's office, which claim New York law prohibits issuing licenses to same-sex couples.

The cases argued Wednesday were filed two years ago, when gay marriage controversies flared up from Boston to San Francisco.

A decision from the court could come in a month or two.

At The Corner Of Progress And Peril (WP)

By Michael A. Fletcher

The Washington Post, June 2, 2006

What does it mean to be a black man? Imagine three African American boys, kindergartners who are largely alike in intelligence, talent and character, whose potential seems limitless. According to a wealth of statistics and academic studies, in just over a decade one of the boys is likely to be locked up or headed to prison. The second boy -- if he hasn't already dropped out -- will seriously weigh leaving high school and be pointed toward an uncertain future. The third boy will be speeding toward success by most measures.

Being a black man in America can mean inhabiting a border area between possibility and peril, to feel connected to, defined by, even responsible for each of those boys -- and for other black men. In dozens of interviews, black men described their shared existence, of sometimes wondering whether their accomplishments will be treated as anomalies, their individuality obscured by the narrow images that linger in the minds of others.

This unique bond, which National Urban League President Marc Morial calls "the kinship of the species," is driving many black men to focus renewed attention on the portrait of achievement and failure that hangs over the next generation. A recent spate of scholarly studies have brought urgency to the introspection, as the studies show the condition of poor, young black men has worsened in the past decade despite the generally strong economic conditions of the 1990s.

Black men now number 18 million, and many are pondering their roles in a country that is undergoing significant social and demographic changes.

In the coming weeks and months, The Washington Post will explore the lives of black men through their experiences -- how they raise their sons, cope with wrongful imprisonment, navigate the perceived terrain between smart and cool, defy convention against the backdrop of racial expectations. On Sunday, The Post will publish the findings of a major poll conducted jointly with the Henry J. Kaiser Family Foundation and Harvard University. The nationwide survey measured the attitudes of black men on a variety of issues and asked others for their views of black men.

More than 50 years after the publication of Ralph Ellison's "Invisible Man," black men appear more visible than ever -- a freshman senator from Illinois, Barack Obama, is the American Idol of national politics, and Will Smith is perhaps the most bankable star in Hollywood. Yet black men who put their kids through college by mopping floors, who sit at home reading Tennyson at night, who wear dreadlocks but design spacecraft, say it sometimes seems as if the world doesn't believe they exist.

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The dueling realities of their history -- steady progress and devastating setbacks -- continue to burden many black men in ways that are sometimes difficult to explain.

"As a black man, you often think that things can go either way," says Todd Boyd, an African American who has carved out a niche exploring race and popular culture as a professor at the University of Southern California. "You could be that guy in the penitentiary, or you could be that guy on everybody's television screen."

You could be Gilbert Arenas, an NBA all-star who makes millions of dollars a year but still feels he relates to the "young brother" who catches the bus every day to fry burgers for a living. "We have an unspoken bond about life," he says.

The statistics that spell out the status of black men are often conflicting, sometimes perplexing.

The percentage of black men graduating from college has nearly quadrupled since the passage of the 1964 Civil Rights Act, and yet more black men earn their high school equivalency diplomas in prison each year than graduate from college. Black families where men are in the home earn median incomes that approach those of white families. Yet more than half of the nation's 5.6 million black boys live in fatherless households, 40 percent of which are impoverished. The ranks of professional black men have exploded over four decades -- there were 78,000 black male engineers in 2004, a 33 percent increase in 10 years. And yet 840,000 black men are incarcerated, and the chances of a black boy serving time has nearly tripled in three decades, Justice Department projections show.

So where does that leave 17-year-old Jonathan McMaster as he ponders his future? The statistics show that fewer than half of black boys graduate from high school four years after entering the ninth grade. And yet here he is, a junior at Baltimore's exclusive Gilman School, running track, playing the viola in the school orchestra, approaching fluency in French. He has visited nearly 30 countries and is spending a month studying in London. It used to be "a hindrance" to be a black man, McMaster says he's been told by his elders. "But with everybody trying to diversify now, I think it has become almost an advantage."

Where the nation was once largely segregated along a black-white divide, the country has become more racially and ethnically mixed, creating opportunities -- and new sensibilities.

Erin Smith, 23, who recently graduated with a business degree from Howard University, once considered himself a militant. "You kind of get groomed, in a way, in that totally pro-black environment at Howard." But as he began to pursue his business dreams -- a fledgling multimedia company he created his freshman year and a real estate venture with his father -- Smith started to expand his thinking.

"I saw myself as potentially being kind of racist," he says "of closing myself off to people. I'm still pro-black, but we don't need to totally focus on race. We're all part of the human race. I kind of grew a little bit. I look at life as a puzzle -- day by day, you get a new piece. Some young men think success is 20-inch rims, flat-screen TV. They only think of success as what they see -- and that's what they see."

What does it mean to be a black man?

Marc Morial was leaving the downtown Madison Hotel when he got into an impromptu conversation with a doorman. The doorman, also black, wore a uniform and a whistle around his neck; Morial was dressed in an immaculate gray suit with a crisp white pocket scarf. When the chat concluded, the two locked arms and pulled each other close in a signature embrace that is common to black men across the country.

"Black men relate to each other in a special way," Morial says.

On the streets, strangers frequently give each other an uptick of the head when their eyes meet, a nod of black male acknowledgment. Black men have invented so many special handshakes that a recent McDonald's commercial turns on this fact. Their commonality is often defined by their style, their walk, their slang and even how they refer to each other ("Slim," "Shorty," "Dawg," "Mo," "Brother"). Wherever black men congregate, there is often a comfort level that crosses class and generational lines. There is even a universally acknowledged black men's club, the barbershop, where no subject is off limits.

"It's the cohesion that comes from knowing whatever your situation in life is you're carrying a special burden," says Morial, a former mayor of New Orleans. "But also that you're strong enough to do it. Whatever they put on you, you can handle it. You can knock me down, but I'm getting up. You can't knock me down with no love tap."

* * *

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Over the past 100 years, perhaps no slice of the U.S. population has been more studied, analyzed and dissected than black males. Dozens of governmental boards and commissions have investigated their plight, scholars have researched and written papers on them, and black men have been the subject of at least 400 books.

In the early 20th century, researchers pioneered a still-evolving movement to pinpoint a biological link between black men and crime. After the social turmoil of the 1960s, experts spotlighted the rampant deprivation and lack of opportunity among black men that lent urgency to President Lyndon B. Johnson's War on Poverty.

Later, the focus became the diminishing opportunities in cities, where well-paying manufacturing work was vanishing, locking many unskilled black men out of the job market. That gave way to concerns about drugs and crime and the fraying of the family structure, as 70 percent of black babies were being born to unmarried mothers and incarceration rates soared.

The NAACP Legal Defense and Educational Fund hosted a 1985 panel discussion that called young black men "an endangered species," a label that stuck even as some black men were making strides toward the middle class and a new level of social acceptance.

In 1995, the Million Man March, spearheaded by Nation of Islam leader Louis Farrakhan, drew hundreds of thousands of black men to the Mall in an unrivaled show of unity and concern for one another. The gathering seemed to signal a watershed moment of self-reflection.

Since the march, black men have met in thousands of groups to address their problems, reinforce their progress and understand their lives with greater clarity. Perhaps the latest, most dramatic evidence of this involvement is "The Covenant," a book charting a plan for black self-improvement that was an outgrowth of commentator Tavis Smiley's State of the Black Union forums. The book has been a No. 1 seller on the New York Times nonfiction paperback list.

"What we have seen in the last 10 years is increasing concern among successful black men in terms of trying to help other African American men succeed," observed Courtland Lee, a University of Maryland professor and former editor of the Journal of African American Men. "Even successful black men are victims of this crisis. They know they walk around with a target on their backs."

* * *

For black men, being poor has grown more perilous with time -- especially for the young. The 1960s sociological classic "Tally's Corner" charted the lives of what it called "Negro streetcorner men" in the Shaw neighborhood of Northwest Washington, painting a portrait of a group hobbled by weak education, dead-end jobs and fracturing families. Over four decades, wages and opportunities for uneducated workers have diminished, while the ranks of men disconnected from much of society have grown.

The path to the corner is set early for some black men. While school achievement has been a growing concern for boys of most every ethnicity, the problem is most acute among black boys, who are far more likely to be left back, be assigned to special education, score poorly on standardized tests, be suspended from school or eventually drop out than any other demographic group, numerous studies show.

Once they leave school, nearly three-quarters of black men in their twenties are jobless or incarcerated, an unemployment rate much higher than that of similarly situated white and Hispanic youth, according to a report from the Urban Institute.

"There has been a big change in what is thought of as normal in poor black communities," says John H. McWhorter, a senior fellow at the conservative Manhattan Institute, which is hosting a conference on black men this month. "Back in the old days, there were always black men who were not interested in working. They were called corner men. But years ago, if you were a black man and you didn't work, it was a shame. Now, the shame is gone."

A black man is more than six times as likely as a white man to be slain. The trend is most stark among black men 14 to 24 years old: They were implicated in a quarter of the nation's homicides and accounted for 15 percent of the homicide victims in 2002, although they were just 1.2 percent of the population, according to the Bureau of Justice Statistics.

Also, black men are nine times as likely as white men to die from AIDS, and life expectancy for black men is 69.2 years -- more than six years shorter than that of white men.

Trying to reverse these trends through a broad public policy strategy is at the heart of the Dellums Commission, named after former congressman Ronald Dellums (D-Calif.). The commission will issue its report later this year. "This is beyond a

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crisis," says Gail Christopher, a vice president at the Joint Center for Political and Economic Studies, who is overseeing the commission's study of the problems affecting young men of color. "It is a catastrophe."

It doesn't always start as a catastrophe.

Growing up in New York City and San Jose, Rahsaan Ferguson, 27, remembers his father's mantra: "You are a black boy. That's two things you will always have against you."

Now, Ferguson understands that his father, an employee of the Santa Clara County transit system, was merely trying to prepare him for a harsh world. But in his young mind, his father's message was confusing -- and a little disabling. "It kind of brings you down," he says. "I know it is supposed to make you strive harder. But when you hear that over and over, it makes you believe you are not supposed to succeed."

After being left back in third grade, Ferguson says, he lost confidence. As he continued to struggle in school, he worried about failing, as he had been taught so many black men do. Ultimately, he stopped trying, dropped out of school, fathered a son, now 7, and fell into crime. First, it was a few stolen cars. After a while, he sold crack cocaine, eventually serving a four-month jail term after authorities confiscated more than three grams of the drug from an apartment he shared with his girlfriend. Now, Ferguson is struggling to find stability, earning $10 an hour working for a sign company in one of the nation's most expensive areas.

"I can't help but think about the white kids I know. They were raised to think they are going to succeed and be better than everyone," Ferguson says.

The Rev. Elwood Gray, chaplain at the Patuxent Institute in Jessup and president of the National Coalition of Prison Ministries, has been working with inmates and ex-offenders for nearly 30 years. Many of those black men feel left behind and stigmatized by their behavior, he says, and as a result are sometimes difficult to reach when they leave prison. It's almost like they are in "an intensive-care unit," Gray says. "The approach must be holistic because they need employment, food, shelter and mental health care."

The plight of poor, young black men has fueled some attitudes and practices that affect all black men. In a 2001 article defending racial profiling as a rational police tactic, journalist John Derbyshire wrote in the National Review Online: "A policeman who concentrates a disproportionate amount of his limited time and resources on young black men is going to uncover far more crimes -- and therefore be far more successful in his career than one who biases his attention to, say, middle-aged Asian women."

These images not only shape how others see black men but also can affect how black men see themselves. Warren Simmons, 55, executive director of Brown University's Annenberg Institute for School Reform, recalls waiting in his car at a stoplight in downtown Washington and locking his doors when he spotted a black man approaching. Incredulous, the man began yelling at Simmons.

"For a moment, I found myself caught in a cultural quandary," Simmons says. "I'm a black man, and I know what it is like to have people respond to me with fear. Yet I did this. He assumed my response was to him as an individual, but it was directed to him as part of a larger group."

If these images distort the rich complexity of the lives of black men, they also have been embraced by some of the nation's most prominent icons of popular culture. A long, lucrative stream of music videos and movies extol the "thug life" fantasy of fast money, fast women and fast living.

Rapper 50 Cent has built his chart-busting, multimedia career on his being shot nine times and left for dead during his days as a drug dealer in Queens. Similarly, rapper, actor and pitchman Snoop Dogg has ridden music referring to his gang-life past, and his playful public persona as a would-be pimp, to fame.

In some ways, black men have always stood on the leading of edge of popular culture, often through the very imagery that offstage or off-screen inspires fear and contempt. Minstrel shows, widely regarded as the nation's first form of mass entertainment, burst on the scene in the decades after the American Revolution. The shows most often featured white performers in blackface mocking aspects of black life.

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While the wide-eyed parodies are widely condemned as racist, in their heyday they helped shape society's perception of African Americans. Similarly, some scholars say, popular music -- including hip-hop -- and sports play an outsized role in forming contemporary notions of black men.

"When you look at American popular culture, it is really driven by hip-hop, and young, African American men are the face of hip-hop," says S. Craig Watkins, a University of Texas researcher. "It speaks to the fear-fascination relationship the nation has with black men."

* * *

The nation's most accomplished black men usually have a story to tell about what they overcame, who influenced them, how they survived.

Edward T. Welburn, chief of global design at General Motors Corp., says his interest in cars was stoked by observing his father operate a West Philadelphia auto repair service.

Guidance counselors at John B. Slaughter's high school in Topeka, Kan., laughed aloud, Slaughter said, when he told them he wanted to be an engineer. They had never heard of a black engineer, and they told Slaughter he should pursue a trade. Slaughter ignored them and graduated from Kansas State University in 1956 with a degree in electrical engineering, launching a career that took him to the helms of the National Science Foundation, the University of Maryland and Occidental College in Los Angeles.

Colin L. Powell recalls that he had only a 78 average at Morris High School in the Bronx and was considered a late bloomer at City College of New York, but the Army's robust affirmative-action program accelerated his rise through the ranks.

"It doesn't bother me if people say I made it with affirmative action," says Powell, who joined the Army ROTC in 1954, just six years after President Harry S. Truman ended segregation in the armed forces, and eventually became chairman of the Joint Chiefs of Staff. "All that matters is what you do afterwards. When I heard complaints, I'd say: 'It doesn't matter if it was affirmative action or not. I got it, you didn't.' "

Powell, who is now active in an array of mentoring programs, offers his own history to young black men who worry about the limitations others may place on them. Your achievements, he tells them, need not be accompanied by apology.

"Of course you're offended," he says. But "you can choke with something in your craw. I've seen too many people grind themselves to death worrying about what other people say about them. Frankly, we don't have time for that."

And yet even among the highest achievers, doubts sometimes intrude.

Curtis Symonds, 50, was one of the youngest African Americans to run a cable TV business in the nation in the early 1980s. He eventually wound up at Black Entertainment Television, where he helped expand the reach of the cable network from 18 million to 70 million homes over 14 years.

He left BET a multimillionaire and became chief operating officer of the Women's National Basketball Association's Washington Mystics. He also dreamed of opening Hoop Magic, a $7 million, 65,000-square-foot gym in Chantilly.

Despite his wealth and business experience, the first five or six banks he talked to did not want to touch his idea -- a reluctance that, rightly or wrongly, Symonds laid to the fact that he is a black man. "A lot of those bankers could not see my dream," he says. "All they could see is this black guy who wanted to borrow X millions of dollars."

Symonds got his financing and opened his gym.

Several years ago, Franklin D. Gilliam Jr., a political scientist at UCLA, set out to understand more deeply the perceptions people have of black men. He chose a provocative topic for his experiment: crime. In his test, he showed groups of viewers a mock newscast, which included a short account of a robbery at an automated teller machine during which the victim was killed.

Gilliam manipulated the image of the "suspect" in the newscast, sometimes depicting him as black, sometimes as white and other times not at all. Afterward, the participants were asked to identify the suspect's race. Most of the viewers accurately recalled whether a black or white face was shown. But 60 percent of those shown no image remembered seeing one, and an overwhelming majority of those said they saw a black face. In fact, they had not seen a face at all. To Gilliam, that meant that when people saw crime, they often expected a black man to be linked to it -- not necessarily because of blind racism but because of the images they had consumed their entire lives.

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He sees evidence of that in his own life. As a vice chancellor, he is the highest-ranking black man on UCLA's campus. "Within 200 yards of my office, people genuflect when they see me," he says with a laugh. But a few blocks away on the street in Westwood, his colleagues often walk right by him, particularly when he is dressed casually.

"All they see," he says, "is a black male."

The Akaka State? (WSJ)

The Wall Street Journal, June 2, 2006

The last time we wrote about the Native Hawaiian Government Reorganization Act, in July 2005, we called it secessionist, unconstitutional and un-American. And that was being kind.

Our view of the bill -- which, like Freddy Krueger, refuses to die -- hasn't changed. But now that Senate Majority Leader Bill Frist has promised to bring it to a cloture vote in the coming days, it's worth reminding readers what this ugly drama from the beautiful state is all about.

The Reorganization Act -- better known as the Akaka Bill, after its U.S. Senate sponsor, Democrat Daniel Akaka -- would create a sovereign government, similar to existing Indian tribes, for the roughly 400,000 people who identify themselves as "Native Hawaiians." At a minimum, such recognition would protect dozens of federally funded programs for native Hawaiians that in recent years have come under increasingly successful Constitutional challenges as violations of the 14th and 15th Amendments.

But it would probably do much worse. The Akaka Bill could also lead to discriminatory treatment of non-Native Hawaiians, who already are excluded from private schools run for the exclusive benefit of the Natives. Vast tracts of land (entire islands, perhaps) might also be set aside exclusively for Native use. The Office of Hawaiian Affairs, a state agency, acknowledges that the Akaka Bill allows for the "complete legal and territorial independence from the United States and the re-establishment of a Hawaiian nation-state." Years, if not decades, of litigation would follow its passage.

No wonder that, while the bill is popular among Hawaii's political class, including Republican Governor Linda Lingle, it has generated remarkable resistance among Hawaiians. More than 80% of Hawaiians are not "Natives," and, believe it or not, the great majority actually think they are entitled to equal protection under the law and do not want to create a privileged class among them.

As one Kaleihanamau Johnson told the U.S. Commission on Civil Rights, "I am of Hawaiian, Caucasian and Chinese descent . . . and do not support the Akaka Bill." She added that if the bill "comes to pass, I will be forced to choose on which side of the fence to stand. I will choose the Anglo-American tradition of the right to life, liberty, property and the pursuit of happiness. This will prevent me from recognizing all that is Hawaiian in me. I consider the Akaka bill to be a proposal to violate my rights."

Ms. Johnson is not alone. In its January report, the Civil Rights Commission found that the Akaka Bill would "establish an impermissible racial preference in the establishment and operation of a governing entity." The report noted that, unlike the Native Americans to which Governor Lingle tries to liken Native Hawaiians, "membership would be defined solely on the basis of ancestry, not on the basis of geographic, cultural, and political cohesiveness and the presence of an established community as is done for other Indian tribes."

The Commission also found that "nothing in the [Akaka Bill] guarantees that the race-based entity to be created would be democratic in nature," and that the Akaka Bill "could prompt other native or indigenous entities or other ethnic groups to seek similar rights through self-governance programs."

The Commission went on to recommend against the bill. Extraordinarily, however, its findings were removed last month from the January report, apparently under pressure from Commissioners Michael Yaki and Arlan Melendez, both Democrats. Now it looks as if the bill will pass the Senate if brought to a floor vote. It has the backing of most, if not all, 45 Democrats, as well as Republicans such as Lisa Murkowski and Ted Stevens of Alaska, Norm Coleman of Minnesota, and Lindsey Graham of South Carolina.

Maybe this all seems like a quaint and distant debate. But Hawaii is no less a state than New York or Texas, and the legal precedents established there matter to the mainland. The Akaka Bill should frighten everyone who cares for the American ideal of e pluribus unum, and fears the ethnic Balkanization of the country. Republicans this week have a chance to get one right by keeping an unconstitutional bill from reaching the floor of the Senate.

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ANTITRUST:

Michigan Minimum-service Real Estate Bills Moving Forward (INMAN)

By Glenn Roberts Jr., Inman News

Inman News, June 2, 2006

State Senate committee passes DOJ-opposed bills 4-0

A proposal to require real estate agents and brokers to provide a specific set of services for their clients is moving forward in the Michigan Legislature, despite opposition from the U.S. Department of Justice, the U.S. Federal Trade Commission and a state regulatory agency.

House Bill 4849 and House Bill 4850, companion bills that passed a state Senate committee in a 4-0 vote Wednesday, provide that real estate licensees who enter into service agreements with clients must provide certain services for that client, including acceptance and delivery of offers and counteroffers; assistance in developing, communicating, negotiating and presenting offers, counter-offers and related documents or notices; and furnishing or causing to be furnished a complete and detailed closing statement.

In October 2005, after the Michigan state House of Representatives voted 105-3 to pass the bills, the Federal Trade Commission and Justice Department sent a letter to a state Senate committee chairman and the director of the Michigan Department of Labor and Economic Growth to express opposition, citing concerns about the possible anti-competitive and anti-consumer effects of the legislation.

The language in the bills is similar to other state legislation, sometimes referred to as minimum-service legislation, that has passed in other states despite similar federal objections. The Michigan Association of Realtors is supporting the bills, which could reach the state Senate floor as soon as next week. In other states, too, Realtor trade groups have endorsed the legislation as pro-consumer.

Opponents of minimum-services legislation have said that such efforts could serve to limit consumer choice for real estate services, while supporters have said the legislation ensures that real estate consumers will receive adequate service in real estate transactions.

The federal agencies charged that House Bill 4849 "is likely to increase the price that some consumers who prefer full-service brokerage pay for real estate services," and "would deprive consumers of the opportunity to purchase their preferred choice (of services)." Also, the letter states, "We recognize that some laws limiting forms of competition may be beneficial when they address specific market failures shown to harm consumers. However, we have seen no evidence that consumers currently are harmed by fee-for-service real estate brokerage."

Likewise, Tom Martin, of the Michigan state Department of Labor and Economic Growth, said in a May 31 statement to the Senate Economic Development, Small Business and Regulatory Reform Committee that the legislation "unnecessarily limits consumer choice and diminishes the attractiveness of some new business models that show promise of reducing the price of houses for consumers who wish to use these new models."

He also stated, "If there is a regulatory need to mandate the provision of certain minimum services, the (state) Bureau of Commercial Services has not experienced an increase in complaints that would demonstrate it. (I)t is very important to empower consumer choice. These bills do the opposite. It is equally important in our economy to embrace new technologies and the innovative business models that use them. These bills move Michigan in the opposite direction."

Martin said today that the department has had "a long history of dialog on these bills" with the Michigan Association of Realtors and the federal agencies. "Basically our feeling is there's no need for regulation here. The bills reduce customer choice, and though the proponents say that the bills are neutral with respect to alternative business models we do believe that they make some alternative business models less attractive."

Bill Martin, CEO for the Michigan Association of Realtors, said the association has attempted to work with Justice Department officials to resolve differences over the legislation. "Frankly, it was very frustrating -- the exercise that we went through with them. We're doing this to protect the consumer."

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He noted that Justice Department and Federal Trade Commission officials stated in their letter that many multiple listing services in Michigan bar property listings in which there is no formal exclusive agency relationship between a real estate professional and a client, though he said the proposed legislation "has absolutely zero to do with MLSs."

Also, he said, the proposed laws allow real estate professionals to avoid the service requirements when they work with clients outside of a formal service agreement. "If (consumers) don't want those that is fine -- go do a different relationship." The text in HB 4849 provides that "a licensee providing real estate services pursuant to an agreement allowed under law that is not a service provision agreement creating an exclusive agency relationship is not considered in violation" of the minimum-service requirements.

Peter Langley, chief of state for state Sen. Alan Sanborn, R-Richmond Township, who is chairman of the Senate committee that approved the legislation this week, said that representatives for the Michigan Association of Realtors spoke in favor of the legislation during the hearing, and there was also a statement in opposition to the bills from two real estate professionals.

Cheryl Lynch, co-owner of Lake Michigan Realty Center in New Buffalo, Mich., who has opposed the legislation along with her husband and brokerage co-owner Mike, said she did not attend the committee meeting and she was upset to learn that the legislation is moving to the full Senate.

In a written statement to the committee, the Lynches said, "We adamantly remain opposed to any restrictions on the freedom of choice that consumers now enjoy when buying or selling real estate. Consumers are growing angry about the continual destruction of their individual sovereignty by their elected officials."

She also said she expects the Senate will approve the legislation. "I guess the people are powerless at this point."

EBay Tries E-mail In Net Neutrality Fight (CNET)

By Declan McCullagh, CNET News.com

CNET News, June 2, 2006

SAN JOSE, Calif.--eBay this week unleashed a political machine that should make politicians envious: a national e-mail blast over Net neutrality.

Meg Whitman, chief executive of the Internet auctioneer, called on more than a million eBay members to get involved in the debate over telecommunications laws and "send a message to your representatives in Congress before it is too late."

"The telephone and cable companies in control of Internet access are trying to use their enormous political muscle to dramatically change the Internet," Whitman wrote. "It might be hard to believe, but lawmakers in Washington are seriously debating whether consumers should be free to use the Internet as they want in the future."

This is the first time that eBay has used e-mail to urge its members to weigh in on a national issue, and also the first time Whitman sent it out under her own name, the company said Thursday.

eBay--which has been active in a pro-Net neutrality coalition for years--confirmed that more than a million e-mails have been sent out so far, but declined to offer a more specific number. The campaign is ongoing.

The concept of Net neutrality, which generally means that all Internet sites must be treated equally, has drawn a list of high-profile backers, from pop music star Moby and actress Alyssa Milano to Vint Cerf, one of the technical pioneers of the Internet. It's also led to a political rift between big Internet companies such as Google and Yahoo that back it--and telecommunications companies that argue federal legislation will curb their ability to manage their own networks.

"Meg has been following the issue, and with legislation moving through the House and the Senate, felt that this was an appropriate time to reach out to the community to make sure Congress heard what the community thought about the telecommunications reform bill," said Tod Cohen, eBay's associate general counsel for global policy.

Other tech companies have tried e-mail outreach efforts before, though this week's campaign ranks among the largest. Microsoft, for instance, distributed a "Freedom to Innovate" newsletter during its antitrust trial that ended with the exhortation: "Now is the time to let your elected officials know how you feel about the case."

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eBay's e-mail campaign comes as the political debate over Net neutrality is growing more pointed in Washington, D.C. On May 25, one House of Representatives panel voted for formal Net neutrality regulations bitterly opposed by AT&T, Verizon and other broadband providers--while another House panel rejected them on April 5.

For their part, network operators from the telephone and cable industries, now allied with some of the nation's largest hardware makers, have said repeatedly that they have no intention of blocking, degrading or impairing content. They say they're protecting their right to manage their networks as they see fit, which could mean charging extra to heavy bandwidth users, such as video providers, that expect to have their content shuttled at priority speeds.

Also on Thursday, the American Electronics Association, or AeA, cautiously embraced Net neutrality.

In a statement, the trade association said its board of directors' executive committee endorsed a set of principles asking Congress to protect consumers and Internet companies "from anticompetitive and unreasonably discriminatory conduct by broadband network providers."

That's a careful statement that falls short of endorsing some of the more aggressive Net neutrality proposals--such as the one approved by the House Judiciary Committee on May 25--that would go further and block what's being called a "high speed" lane for certain services such as video.

AeA's board includes representatives of dozens of companies including Microsoft, Sun Microsystems, Nanoventions, Intel, Adobe Systems, Qualcomm and eDiets.com.

A Cisco representative responded to AeA's announcement with a statement that said: "Some of the groups who are most public in this debate focus on one part of the network stack or another. We actually care about the entire network--from core to end-user. No new regulations are needed in order to support the FCC's connectivity principles."

Inco Won't Sell More Assets To Win Antitrust Approval (Update2) (BLOOM)

By Matthew Newman Doug Alexander

Bloomberg, June 2, 2006

June 1 (Bloomberg) -- Inco Ltd. said it doesn't expect to have to sell more than a Norwegian metals refinery to win U.S. and European regulatory approval for its C$19.5 billion ($17.7 billion) takeover of Canadian mining company Falconbridge Ltd.

The deal, which would create the world's largest nickel producer, is being reviewed by regulators and Toronto-based Inco has offered to sell Falconbridge's Nikkelverk refinery in Kristiansand, Norway, and ``related marketing organizations" as a remedy to get approvals.

``My view is that the remedy we propose should be adequate," Inco Chief Executive Officer Scott Hand said today in an interview. ``I'm confident we'll get the clearance that we need."

The European Commission, the EU's antitrust regulator in Brussels, held a closed-door hearing May 29 to discuss Inco's proposals and antitrust concerns. The EC on Feb. 24 opened a four-month probe of the deal. A ruling is due by July 12.

``What we're doing is proposing a remedy that we think makes sense, and one that conceptually I think the regulatory agencies will agree with, because it will replicate the competition that exists today," Hand said. ``I think at the end of the day we will work it out."

Inco shares rose 61 cents to C$73.11 at 4:17 p.m. on the Toronto Stock Exchange. Falconbridge rose 40 cents to C$55.15.

Divestment Proposal

Inco said in an Oct. 11 statement that Falconbridge's Nikkelverk refinery and ``related marketing organizations" may have to be sold to complete the deal ``expeditiously."

The refinery would be sold, listed in an initial public offering or disposed of by distributing securities in a separate company that would operate independently, Inco said in the statement.

``If required, Inco would provide the refinery with intermediate product to meet its forecast needs, consistent with what Falconbridge would have done," the company said.

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Inco and Falconbridge said in October their combined 2005 nickel production would be 735 million pounds, or about 333,000 metric tons. That's equal to 26 percent of global output, based on data compiled by Credit Suisse. Russia's OAO GMK Norilsk Nickel is currently the world's top producer of the metal.

Cobalt Suppliers

Nickel is used in batteries and to prevent corrosion in stainless steel. The commission said in February that Inco and Falconbridge are the two leading suppliers of nickel used as a coating. The companies are also the two biggest suppliers of high-purity cobalt found in so-called super alloys, the commission said. Inco and Falconbridge have about 90 percent of the market for nickel used in super alloys, a key component in turbine blades for jet engines.

The transaction, which has already been cleared by Canadian authorities, is also under review by the U.S. Department of Justice.

Inco spokesman Steve Mitchell said in an interview today that the company is ``having productive discussions" with U.S. and European antitrust agencies on the disposal of Nikkelverk.

Emails Send A Strong Message For Rambus (FT)

By Chris Nuttall In San Francisco

Financial Times, June 2, 2006

Shares in Rambus, a US memory chip designer, rose nearly 20 per cent on Thursday after it released emails in support of its antitrust litigation against chip manufacturers Samsung and Hynix of Korea and Micron of the US.

But Micron responded that the emails collected during a Department of Justice price-fixing investigation were unrelated to the San Francisco lawsuit where Rambus accuses the three of trying to exclude it from the memory market. The emails made available by Rambus were the result of its successful court action to get evidence unsealed to help its case.

One email sent in June 2001 by Linda Turner, an international sales vice president for Micron at the time, comments on Hynix lowering its prices for DDR (Double Data Rate) memory.

“No problem!” she writes. “We want DDR to explode in the marketplace so have actually been requesting Infineon, Samsung and Hynix to lower their DDR pricing to help it become a standard and drive Rambus away completely.”

Other Micron emails suggest the company’s salesforce is concerned at pricing of DDR, with major PC manufacturers Dell and Compaq seeming to prefer RDRAM (Rambus Dynamic Random Access Memory) chips designed by Rambus.

Daniel Francisco, spokesman for Micron, said yesterday: “Rambus has attempted to bootstrap the DoJ price-fixing investigation into a supposed boycott of Rambus Dram.”

“Rambus Dram was a failure in the marketplace because it was too costly and any performance differentials were not sufficient to justify the inherent cost differences.”

Rambus shares closed 18.5 per cent higher at $28.75 on the news.

Meanwhile, the Semiconductor Industry Association reported on Thursday that worldwide sales of semiconductors grew 8.1 per cent year-on-year to total $19.6bn in April. Sales of D-Ram chips grew by 3.7 per cent from March’s total and were up 7.7 per cent on a year earlier.

Global Stock Trading (NYT)

The New York Times, June 2, 2006

It has been over two centuries since securities traders began meeting informally under a buttonwood tree on Wall Street. The New York Stock Exchange's columned neo-Classical building is as instantly recognizable as the ceremonial ringing of the opening and closing bells, its floor brokers the embodiment of the frenzied pace of the market. The exchange remains a potent symbol of this city's and this country's financial pre-eminence.

Despite the tradition, things have changed. Investment is no longer contained by national boundaries, and operations are regularly executed electronically. Into the crowded fray come new and more complicated financial instruments.

If the exchange's corporate parent, the NYSE Group, is going to keep up, it will have to embrace change. Last year the company announced its acquisition of the electronic trading network Archipelago. Now it has reached a deal for the cross-border European exchange company Euronext.

If approved by regulators and shareholders, it would be the first trans-Atlantic market, though the rival Nasdaq has already bought up a 25 percent stake in the London Stock Exchange. Rather than leading the way, the exchanges are catching up to the reality of internationalized investing.

The combination would create "the world's most liquid and truly global financial marketplace," according to John Thain, chief executive of the NYSE Group. It would certainly be a goliath, with a combined market capitalization at the time of the offer of roughly $21 billion and listed companies worth a total of $27 trillion. Most important to investors in the exchange companies themselves is the $375 million in potential savings that NYSE Group predicts for a combined entity.

If a combined company can pass the fruits of those savings on to the average investor — not to mention added ease in buying shares of foreign companies — we're all for it. An era of global trading could benefit from international exchanges. Regulators on both sides of the Atlantic should take a cue and speed up the process of bringing their respective rules into harmony. There's no time to lose. The financial markets never sleep.

ENVIRONMENT:

$92 Million More Is Sought For Exxon Valdez Cleanup (NYT)

By Felicity Barringer

The New York Times, June 2, 2006

WASHINGTON, June 1 — When the Justice Department and the State of Alaska reached their $900 million court settlement with the Exxon Corporation over the environmental damages caused by the Exxon Valdez oil spill, they agreed that, if unforeseeable damages occurred later, the two governments had 15 years to ask for $100 million more.

On Thursday, with the deadline approaching, the governments exercised this clause. They announced in a statement that they would seek $92 million from Exxon Mobil to clean up stubborn patches of oil, whose most toxic components, they say, have not dissipated since the spill in 1989.

Federal and state lawyers said in statements that they believed the lingering oil was still interfering with the recovery of animals in the area. The worries, environmentalists say, are focused on species that frequent the intertidal areas of Prince William Sound, like clams, mussels and harlequin ducks.

With this action, "we are aggressively seeking to restore natural resource damages unforeseen at the time of the 1991 settlement," said Sue Ellen Wooldridge, assistant attorney general for the Environment and Natural Resources Division of the Justice Department, in a statement. "Our goal throughout this process has been to pursue all scientifically and legally appropriate means of restoration."

While the oil can be found along several miles of beach, tying its effects to the slow recovery of some species may not be easy, one environmentalist said.

"No one doubts there is ongoing damage," said Eleanor Huffines, of the Alaska office of the Wilderness Society. "The challenge is that the ocean is so dynamic that it will be a hard thing to do to make the connection. But since this has been the most well-studied area since the spill, they have been able to document the lack of recovery."

Mark Boudreaux, the media relations manager for Exxon Mobil, focused on this uncertainty in a statement responding to the action. A link between the remaining oil and effects on wildlife, Mr. Boudreaux said, "is no more than a hypothesis." He added, "Nothing we have seen so far, however, indicates that this request for further funding from Exxon is justified."

Of the $900 million paid by Exxon, $145 million remains in a trust fund administered by a council representing the federal and state agencies and local groups. "If there were any matter in Prince William Sound that needed restoration or repair," Mr. Boudreaux said, "it was the trustees' duty to use this money to remedy the problem."

Along with the request for the $92 million, which may be decreased or increased to the maximum $100 million after negotiations, the state and federal agencies gave Exxon a blueprint for how the restoration should proceed.

The request for additional money had the support of Alaska's two senators, Ted Stevens and Lisa Murkowski, Republicans who had encouraged Exxon to provide the extra $100 million without the formal "reopener" process set by the 1991 settlement.

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In March 1989, the Exxon Valdez supertanker, with an inebriated captain, ran aground on Bligh Reef, ruptured and spilled 11 million gallons of crude oil into the sound, contaminating about 900 miles of shoreline.

The damage to the fishing industry and to native subsistence hunting lasted for years. The herring population, a crucial link between the tiny plankton at the bottom of the food chain and the larger predators at the top, crashed four years after the spill. Of the $145 million remaining from Exxon's original payment, a significant part has been set aside to compensate herring fishermen.

Exxon Mobil continues to appeal a separate punitive damage award of $4.5 billion resulting from the spill.

The move to push for the extra money comes at a significant moment in the political life of Alaska, a state whose economy has been oil-dependent for three decades, but which is also encountering a steady decline in its share of oil revenues because of declining production of North Slope oil.

A new natural gas pipeline promises to be a source of income. But how ConocoPhillips, Exxon Mobil and BP, the energy industry's three major players here, will be taxed on overall levels of energy production is the subject of intense debate in a special session of the Legislature.

The open question is whether the industry, if it sees those tax discussions in the Legislature going too far against its interests, will abandon the pipeline, leaving the state without these potential new revenues.

So even though the legal deadline set the timetable for the state and federal governments' actions Thursday, it is an awkward moment to push for more money from Exxon Mobil. The company, in the statement of Mr. Boudreaux, made no allusion to its other major political and legal struggle in Alaska.

U.S., Alaska Want $92 Million More From Exxon (WP)

By Steven Mufson And Juliet Eilperin

The Washington Post, June 2, 2006

The Justice Department and the state of Alaska have asked Exxon Mobil Corp. to pay an additional $92 million to help repair damage caused by lingering quantities of oil that continues to sully the waters in Alaska's Prince William Sound where the Exxon Valdez tanker crashed in 1989.

Exxon has already paid $900 million for damage caused by the spill, the worst in the nation's history, but the 1991 agreement settling claims allowed the state and federal governments to ask for as much as $100 million more for damage that could not be foreseen at that time. The deadline for reopening the agreement is today.

"After extensive review it is clear that populations and habitat within the oil spill area have suffered substantial and unanticipated injuries that are attributable to the Exxon Valdez oil spill," said Alaska Attorney General David W. Márquez. In a background briefing yesterday, officials from the Agriculture, Interior and Commerce departments said the additional money was needed because substantial amounts of oil remained in the sound's tidal basin, affecting clams, mussels, sea otters, sea ducks -- especially harlequin ducks -- and other birds.

Exxon disputed the governments' move. "Exxon will study this request carefully and respond as appropriate," the company said in an e-mailed statement. "Nothing we have seen so far, however, indicates that this request for further funding from Exxon is justified."

The company said the problem of lingering pockets of oil was anticipated in 1991. "Nothing surprising has occurred since 1991," the company said.

Exxon also noted that $145 million of the money it has already paid hasn't been spent yet.

Márquez said yesterday that the remaining money has been earmarked, and the Justice Department said that in 1991 officials did not anticipate that any oil would remain toxic so long.

"I'm disappointed," Márquez said upon hearing Exxon's reaction. "I'm hopeful that they'll take long and serious look at our proposal." The federal agencies and the state of Alaska can file a claim against Exxon Mobil on Sept. 1 if the company does not agree with the governments' assessment.

Environmentalists, who noted that the vast majority of species injured by the oil spill have yet to recover, welcomed yesterday's announcement.

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"The decision to seek the reopener is very important for the economy and ecosystem of the region," said Katherine Fuselier, a Sierra Club conservation organizer based in Alaska. "Concerned citizens from across the spill zone and throughout Alaska have come together to hold Exxon accountable for one of the worst environmental disasters of our time."

Environmental groups, citing government reports, have said that there are still 100 to 200 tons of oil in Prince William Sound, covering six discontinuous miles of shoreline.

According to the Exxon Valdez Oil Spill Trustee Council, a joint federal-state group that has monitored the area, clam productivity on oil-covered beaches that have been cleaned up is still down by two-thirds. Several sea-bird populations in oil-covered areas have declined, including pigeon guillemots and marbled murrelets.

The environmental devastation has also hurt local fishing operations. The herring fishery remains closed because of too-low numbers.

An official from the National Oceanic and Atmospheric Administration said in yesterday's background briefing that there had been a precipitous drop in the herring population, but that a link to the Exxon Valdez spill couldn't be proven beyond a doubt.

Exxon Asked To Pay More To Clean Spill (CNN)

CNN.com, June 2, 2006

Government wants $92 million more for Valdez cleanup

WASHINGTON (CNN) -- ExxonMobil on Thursday was asked to pay another $92 million to further clean up shorelines in Prince William Sound and the Gulf of Alaska, which still contain oil from the 1989 Exxon Valdez oil spill.

The company said it will study the request by the Justice Department and the state of Alaska while calling the department's basis for making it "speculation and hypothesis."

The action was taken under a provision in a $900 million damage settlement in 1991 allowing the government to reopen the agreement in 2006 to consider issues unforeseen at the time.

The Justice Department said the need for an additional project was shown by a series of 2001 studies that document the presence of residual oil from the spill along beaches in the area. The government said in a written statement it had not anticipated the oil would remain toxic and continue to affect the area.

"By sending our plan ... we are aggressively seeking to restore natural resource damages unforeseen at the time of the 1991 settlement," Assistant Attorney General Sue Ellen Wooldridge said.

The Valdez ran aground in 1989 and leaked 11 million gallons of crude oil, polluting more than 1,000 miles of Alaska's shore and killing tens of thousands of birds and marine animals.

In a written statement, ExxonMobil said: "The current request for funding appears to be focused primarily if not exclusively on the hypothesis that remaining weathered oil could be capable of causing biological impacts. That is no more than a hypothesis."

The company said it agrees that "small pockets of sequestered and degraded oil residues" remain in spots on less than two-tenths of 1 percent of the affected shoreline. But it said "there is no scientific evidence that this oil ... could cause damage to any population or species. Speculation and hypothesis do not amount to proof."

ExxonMobil also said the existence of small pockets of residue was expected at the time of the 1991 agreement and noted that about $145 million of the $900 million paid by Exxon to the oil spill trustees is still available.

"If there were any matter in Prince William Sound that needed restoration or repair, it was the trustees' duty to use this money to remedy the problem, and we are confident that they would have done so," the statement said.

Government officials said the leftover money has been earmarked for other restoration projects.

The company added, "Exxon will study this request carefully and respond as appropriate. Nothing we have seen so far, however, indicates that this request for further funding from Exxon is justified."

ExxonMobil recorded a profit of $36.1 billion in 2005, the largest-ever annual amount for a U.S. firm, and former Exxon boss Lee Raymond walked away with a retirement package worth roughly $400 million.

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In a conference call, federal and state officials expressed disappointment at ExxonMobil's response, and said they hope to come to an agreement with the company over the next 90 days. If no agreement is reached in that time, a "formal claim" would be filed.

The officials said much of the $750 million that has been spent so far went toward acquiring land, and little was used on "restoration on the land and species."

"We have created an environment where Mother Nature can restore itself," one official said, adding that rather than being "weathered," some of the remaining oil is "as fresh as the day it was spilled."

That was not expected, based on experience with other oil spills, the official said.

"It wasn't until the late '90s we realized that oil was persisting, much more than we would have predicted, because the science just wasn't there," the official said.

Exxon Resists Claim For More Oil Spill Cash (FT)

By Sheila Mcnulty In Houston

Financial Times, June 2, 2006

ExxonMobil on Thursday refuted the US government's claim that it should pay $92m more to clean up Alaska 17 years after the Exxon Valdez tanker accident resulted in the US's largest oil spill.

The US Justice department and the Alaska Department of Law said studies showed residual oil from the 1989 spill in the inter-tidal zone of beaches, which they had not anticipated "would remain toxic and continue to impact natural resources".

Exxon already paid $900m in a civil settlement, yet that settlement had a "re-opener clause'' stating Exxon could be required to pay up to an additional $100m for unforeseen natural resource damages.

The company said it would study the request before responding, but added, "Nothing we have seen so far, however, indicates that this request for further funding from Exxon is justified."

Exxon argues that the request appears focused primarily, if not exclusively, on the hypothesis that remaining oil could be capable of causing biological harm.

"That is no more than a hypothesis," Exxon said.

While Exxon agrees small pockets of oil remain on less than two-tenths of 1 per cent of the shoreline, it says there is no scientific evidence the oil could damage any population or species.

Yet the federal and state governments said there was "substantial loss of habitat" from the oil.

They said predators that feed in the inter-tidal - primarily harlequin ducks and sea otters - showed reduced survival rates in oiled areas and seemed to avoid locations with extensive lingering oil.

In addition, they said, subsistence users avoid harvesting in oiled areas because of concerns over contamination.

"Removal of lingering subsurface oil, which remains bio-available and toxic 17 years after the spill, is a necessary step in the effort to restore this environment," said Mark Rey, undersecretary of the Department of Agriculture.

The federal and state governments assert that current science supports their position that the continuing bio-availability and toxicity of the lingering oil could not reasonably have been anticipated.

Exxon said remaining pockets of oil were anticipated in 1991, when the federal and state governments pointed to evidence from prior spills and acknowledged oil would remain for 20 years or more.

The issue could add fuel to recent debates in Congress about whether the big oil companies are profiting on the backs of consumers in this record oil-price environment, with Exxon's unwillingness to hand over the money possibly seen as further proof of greediness.

Government Wants $92 Million More From Exxon Mobil Over Oil Spill (AP)

By JEANNETTE J. LEE, ASSOCIATED PRESS WRITER

AP, June 2, 2006

ANCHORAGE, Alaska -- Federal and state authorities asked the Exxon Mobil Corp. on Thursday for an additional $92 million to clean up residual oil from 1989's devastating Exxon Valdez spill.

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They said studies in the last five years have shown oil from the tanker's grounding still lingers in the tidal zones of Prince William Sound. The oil is reducing survival rates of some marine species and is disrupting fishing in the region, according to a joint statement released Thursday by the U.S. Justice Department and the state's Department of Law.

"It is clear that populations and habitat within the oil spill area have suffered substantial and unanticipated injuries that are attributable to the Exxon Valdez oil spill," Alaska Attorney General David Marquez said Thursday.

The nation's largest oil spill emptied 11 million gallons of crude oil into Prince William Sound in 1989, killing hundreds of thousands of birds and marine animals and fouling more than 1,200 miles of rocky beach.

Irving, Texas-based Exxon has paid $900 million in restitution for the spill required in a 1991 civil settlement.

A "reopener" provision in the settlement created a window from 2002 to 2006 in which the state and federal governments could claim up to an additional $100 million.

To claim the money, state and federal officials must prove that a population, habitat or species had suffered loss or decline in the area of the spill, and link that loss to the spill. They also must prove the loss was not known or anticipated when the settlement was signed.

Hundreds of studies by Exxon have shown the environmental impact to be less serious than claimed by other researchers. Company spokesman Mark Boudreaux said Thursday the request is based on "hypothesis."

"Nothing we have seen so far indicates that this request for further funding from Exxon is justified," Boudreaux said in a statement.

More than $100 million of the $900 million Exxon has paid has not yet been spent. Officials said they expect that to become an issue in negotiations.

"It was (their) duty to use this money to remedy the problem," Boudreaux said.

Most of that remaining money has already been set aside to help the flagging herring fishery, which has dwindled since 1993, said Craig Tillery, an Alaska deputy attorney general.

The state has until Sept. 1 to make financial demands of Exxon Mobil under the reopener provision. State and federal officials were required to provide the company with detailed plans and costs for any rehabilitation project at least 90 days before that date.

Alaska Sens. Ted Stevens and Lisa Murkowski sought to cut the process short by asking Exxon Mobil to voluntarily commit $100 million more to restoring the sound. The company, whose $36.1 billion in earnings last year were the highest ever by any U.S. corporation, rejected that proposal.

The claim is separate from an unresolved punitive damage judgment of $4.5 billion against the company, which it is appealing.

Exxon Asked To Pay $92 Mln More In Valdez Oil Spill (Update2) (BLOOM)

By Robert Schmidt

Bloomberg, June 2, 2006

June 1 (Bloomberg) -- The U.S. government and Alaska will seek an additional $92 million from Exxon Mobil Corp., the world's largest oil company, for the 1989 spill caused by the crash of the Exxon Valdez tanker. The company has already paid $900 million in the case.

The decision to pursue extra damages for environmental clean-up was announced by the Justice Department today in Washington. Irving, Texas-based Exxon Mobil said there are no grounds for reopening the settlement.

``Exxon will study this request carefully and respond as appropriate," the company said in an e-mailed statement. ``Nothing we have seen so far, however, indicates that this request for further funding from Exxon is justified."

The accident poured 11 million gallons of crude oil into Prince William Sound in Alaska, the worst oil spill in U.S. history. A 1991 settlement included a so-called re-opener provision permitting the state and federal governments to seek up to $100 million in additional damages for problems unforeseen at the time.

In making today's request, the federal and state governments contend that the presence of lingering oil in the sound's shoreline has caused a ``substantial loss" of habitat, particularly for harlequin ducks and sea otters.

Sue Ellen Wooldridge, chief of the Justice Department's Environment and Natural Resources Division, said in a statement that the state and federal governments ``are aggressively seeking to restore natural resource damages unforeseen at the time'' of the settlement.

90 Days

Exxon has 90 days to consider the request for the extra payments. The company said it probably will reject the claim, forcing the governments to pursue the matter in federal court.

``Prince William Sound is healthy, robust and it's thriving,'' Mark Boudreaux, an Exxon Mobil spokesman, said in an interview.

The company's stock fell 33 cents to $60.58 in New York Stock Exchange composite trading at 3:08 p.m.

Exxon Mobil reaped $36.1 billion in 2005, the biggest annual profit for any company in U.S. history. The company, which traces its roots to the 1880s and John D. Rockefeller's Standard Oil Trust, amassed cash holdings of $36.5 billion as of March 31.

The company is appealing to the 9th U.S. Circuit Court of Appeals a $4.5 billion punitive damage award to fisheries, native Alaskans, cannery workers and landowners over the Valdez spill.

Gold Prospector Sees Chance For Big Strike In Toxic-Waste Dump (WSJ)

By Jim Carlton

The Wall Street Journal, June 2, 2006

BUCKSKIN, Nev. -- Dave Pruett has prospected for gold for 46 years in mines from Arizona to the Amazon. He thinks he has finally found his big fortune in a pile of toxic waste in this desert ghost town.

Mr. Pruett's hope lies in nearly 200,000 tons of rubble sitting in man-made containment ponds outside a defunct mine. The rubble is laced with cyanide that Nevada regulators say threatens water supplies. But Mr. Pruett believes the pile, which is the waste, or tailings, left over from a previous mine, contains as much as 30,000 ounces of gold. Woven in with crushed rock and other material in a sort of rubble stew, that gold was considered not worth extracting.

But with gold prices having soared, the precious metal in the pile is suddenly worth around $20 million, Mr. Pruett figures. He has begun hauling truckloads of the waste to a larger mine that has facilities to extract the gold. "Maybe, just maybe, this will be the big one," Mr. Pruett says.

The run-up in gold prices over the past few years -- the futures price stood at $627.60 a troy ounce yesterday -- has ignited a mining frenzy in Nevada, the biggest gold-producing state. It has led some mining companies to reopen mines with low-grade reserves that previously weren't profitable to extract. A 26-year high for the U.S. gold price was reached last month, well over $700.

In Nevada, most of the remaining gold lies deep underground, and the state's $3.7 billion-a-year gold-mining industry is dominated by big corporations with the technology and machinery to dig it out. But here and there are a few small-stake prospectors -- independent fortune seekers like Mr. Pruett who are a throwback to the gold rushes of yore. "He's a dying breed," says Royce Hackworth, owner of a drilling company in Elko, Nev.

The 68-year-old Mr. Pruett is racing against the chance gold prices may crash again. He rarely takes a day off as he shuttles between his pile, about 80 miles southeast of Reno, and a larger mine 350 miles away that extracts the gold. On a recent day, Wayne Monyihan and Wayne Monyihan Jr. -- a father-and-son team who call themselves the Sagebrush Express -- were each set to haul 20 tons of his ground-up waste rock on their 18-wheel tractor-trailers.

Digging in his toxic pit, Mr. Pruett uses a Caterpillar 966 bulldozer to push the black, clay-like waste into a heap. Mr. Pruett uses a Mitsubishi Excavator to scoop giant buckets of the material onto a dump truck, which then loads the waste onto the big-rig trucks. He then either hauls loads himself or pays the Monyihans to drive it to the bigger mine operator, where the waste rock goes into a mill. The gold is extracted after the rubble that contains it is burned for fuel to help run the mine.

The bigger mine pays Mr. Pruett a percentage of the value of the gold that is extracted from the waste. Minus costs and payments to a financial backer, Mountain West Resources Inc., of Vancouver, British Columbia, Mr. Pruett hopes to net about $5

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million from his pile of waste. So far, he and Mountain West -- they split the proceeds equally -- have netted a check for $7,939.33 and are expecting another for about $35,000.

A descendant of Mormon settlers, Mr. Pruett grew up on a Nevada sheep and cattle ranch. "Mining is a big adventure compared to herding sheep," he says. "It's like being on a treasure hunt."

As a young man, he bought a small gold mine for $10,000 and sold it for $40,000, he says. He later bought stakes in mines across Nevada, Arizona and California, most containing gold but others containing lead, zinc, silver and copper.

By the mid-1990s, according to a Chapter 11 bankruptcy filing in 1995, he had about $15 million in assets, including ranchland and equipment like rock crushers and Peterbilt trucks. Hoping to make more, he wandered the world, including the Amazon jungles of Brazil and Peru, looking for gold and other metals. He says he came away empty-handed.

He took his biggest gamble in 1994, he says, when he bought the toxic-waste pile he now hopes to make a fortune on. The waste pile, from a mine in California, was trucked to this spot -- next to the remains of a mine and boom town that opened in 1906 -- by a Canadian company in the 1980s. Nevada regulators say the company found California laws inhospitable to its plans to extract the gold. The cyanide in the waste came from a gold-leaching process considered more controversial in populous California than in remote Nevada. Cyanide leaches gold out of rock after the substance is poured over a pile of rubble.

With gold prices stagnant in the 1990s, the company turned the mine over to Mr. Pruett, who agreed, as his part of the deal, to assume its cleanup liabilities. In 1995, Mr. Pruett says, he began shipping the ore to a mine near Elko. But gold prices soon crashed, making it uneconomical to move the waste. Nevada regulators threatened to fine Mr. Pruett unless he kept cleaning up the mine and paying for water monitoring. To pay bills, he sold most of his land, including his grandfather's 1906 ranch home. On Dec. 31, 1995, he filed for Chapter 11 bankruptcy protection. "I was stuck," says Mr. Pruett, who is unmarried and lives with a longtime girlfriend.

A glimmer of hope came when gold prices began ticking up four years ago. He found a mine near Elko that could process his rubble, and he began hauling it himself in late 2004, racing up and down Interstate 80 in a Peterbilt truck. "I spent 60 days on the truck straight," he recalls. But Nevada regulators soon stopped him, saying he was unloading the waste improperly on the ground without any padding underneath to prevent contamination of ground water. The mine went on to use more of its own fuel source, mainly natural gas, as Mr. Pruett was left to scramble to find a new contract.

He made ends meet selling salvaged equipment he collects, such as truck trailers, office shelving and rusted steel stairwells. When his Peterbilt got stuck in a snowdrift for two months just before Christmas in 2004, he was left without much income. "He's always got good intentions," says Doug Driesner, mining services director of the Nevada Commission on Mineral Resources, "but he hasn't always had good luck."

Mr. Pruett's luck may have turned this time. The surge in gold prices made his toxic pile here more valuable than ever. Last month, he started trucking it out again, to a mine owned by Canada's Queenstake Resources Ltd.

Between hauling trips Mr. Pruett drives a battered 1996 Ford F-150 pickup he bought for $300 at a mine auction. He bought two more pickups like it for $300 apiece and leaves them scattered around Nevada -- keys in the ignition -- in case he needs one to haul a piece of junk equipment he stumbles across.

As two big-rig loads of rubble were about to head out on a recent run, Mr. Pruett went on ahead in his pickup to spend the night at the Val U Motel in Winnemucca, Nev. The next morning, he headed up to Queenstake's Jarrett Canyon mine in the sage-covered foothills north of Elko to renew his hauling contract with local mine managers.

Even if he finally gets his gold fortune, it probably won't entice him into retirement. "It's kind of like a disease, this prospecting thing," Mr. Pruett says. "I don't know if I can quit."

Greenpeace Just Kidding About Armageddon (WP)

By Philly.com

The Washington Post, June 2, 2006

The environmental activist group Greenpeace wanted to be prepared to counter President Bush's visit last week to Pennsylvania to promote his nuclear energy policy.

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"This volatile and dangerous source of energy" is no answer to the country's energy needs, shouted a Greenpeace fact sheet, decrying the "threat" posed by the reactors Bush visited in Limerick.

But after that assertion, the Greenpeace authors were apparently stumped while searching for the ideal menacing metaphor.

"In the twenty years since the Chernobyl tragedy, the world's worst nuclear accident, there have been nearly [FILL IN ALARMIST AND ARMAGEDDONIST FACTOID HERE]," the sheet said.

The Greenpeace spokesman who issued the memo, Steve Smith, told the Web site that a colleague was making a joke in a draft that was then mistakenly released.

The final version did not mention Armageddon; instead it warned of plane crashes and reactor meltdowns.

FBI/DEA/ATF/USMS:

Bush Admin. Wants To Cut Meth Use 15 Pct. (AP)

By The Associated Press

AP, June 2, 2006

WASHINGTON (AP) -- The Bush administration wants to cut methamphetamine use in the United States by 15 percent by 2009, relying on cooperation with Mexico and steps at home that include expanded random drug testing in schools.

Administration officials said Thursday they have reduced the number of U.S. labs that make meth but have not been able to stem the flow of the cheap and highly addictive drug from Mexico, estimated to be the source of 80 percent of the U.S. supply.

Most of the details of the administration's synthetic drug control strategy have been previously announced, including new specialized enforcement teams on both sides of the border.

Fewer than 600,000 Americans use meth, just two-tenths of 1 percent of the nation's population, according to administration estimates. But more than the half the nation's counties count meth as their top problem, said John Walters, director of the White House Office of National Drug Control Policy.

He said the administration supports increased drug testing in schools as a sort of early warning program.

"It is a way to cut down student failure, truancy, gang membership," Walters said. The decision to test students will remain with individual districts, he said.

Many states and the federal Combat Meth Act, signed into law in March, have made meth ingredients like pseudoephedrine harder to obtain. Federal drug agents and local police shut down 11,189 meth labs in the first 10 months of 2005, 26 percent fewer closures than over the same period a year earlier.

On the Net:

White House Office of National Drug Control Policy: http://www.whitehousedrugpolicy.gov/

New Policy Aims To Reduce Meth, Prescription Drug Abuse (SH)

By George L. Richards III

Scripps Howard, June 1, 2006

(AXcess News) Washington - The U.S. government announced a new synthetic drug control strategy Thursday that calls for a 15 percent reduction in methamphetamine and prescription drug abuse in three years.

"Although teen drug use in the United States has dropped by nearly 20 percent over the last three years," said John Walters, director of national drug control policy, "we will not let up on the pressure being applied to the methamphetamine market. The aggressive measures called for in the synthetics strategy build upon significant progress already made as a result of law enforcement efforts."

Methamphetamine is also known by many more street names such as ice, speed and crystal meth. It is highly addictive and can be injected, snorted, smoked or swallowed. It can be produced in small, hard-to-detect labs and is made with materials that have been easy to find.

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Walter said drug use "is a behavior that starts with our youth in the United States. If you don't try by age 20, you're unlikely to go on and try."

Walters said the strategy has three goals over the next three years:

* To reduce methamphetamine use by15 percent.

* To reduce the number of meth labs by 25 percent.

* To reduce prescription drug abuse by 15 percent.

The policy also lays out ways to prevent the distribution and use of methamphetamine.

This starts with extensive communication and what Walters called a "unique expression of cooperation" with Mexico and other international partners, including India, Germany and China.

That will include tightening control over shipments of so-called precursor chemicals, or raw materials needed to make meth.

"If you can cut off the precursor, you can see the number of small, toxic labs go down dramatically," Walters said.

Methamphetamine is cheap and easy to produce. Legislation approved last year required that products – mainly cold medications – that contained pseudoephedrine, one of meth's main ingredients, be kept behind store counters. It also limited how much can be sold to an individual.

The use of methamphetamine was originally a problem in only select parts of the country. However it has now spread worldwide. Mike Braun, chief of operations for the Drug Enforcement Administration, referred use of methamphetamine as a "global epidemic."

"The synthetic strategy is a comprehensive plan that focuses on reducing the supply of methamphetamine and controlled substance prescription drugs through aggressive enforcement efforts," said Rachel Brand, assistant attorney general for the Office of Legal Policy.

Walters said controlling illegal immigration will help control illegal drug imports.

"This is not an either or," he said.

Source: Scripps Howard Foundation

Feds Set Goal To Cut U.S. Meth Use By 15 Percent (DMR)

Des Moines Register, June 2, 2006

Washington, D.C. – The Bush administration called today for cutting methamphetamine use by 15 percent over the next three years and continuing a sharp decline in the domestic labs that have plagued rural states like Iowa.

A national methamphetamine strategy released by the administration included recommendations to increase random testing of school students and use of special courts to handle drug addicts.

The administration said that much of the production of U.S.-consumed meth has shifted to larger labs in Mexico and other countries. U.S. and Mexican officials said they are working to cut the flow of precursor chemicals to Mexico and to shut down labs in that country.

"We will not let up on the pressure being applied to the methamphetamine market," said John Walters, the White House director of national drug control policy.

The administration's plan is a "balanced effort on supply and demand," he said.

The administration strategy document said there had been a sharp decline in meth use in the country and attributed much of the decline to measures taken by states, including restrictions on the sale of pseudoephedrine, a key chemical used in making meth.

The document cited Iowa's annual drug control strategy as an example of the way states had laid out plans to combat meth use in collaboration with law enforcement, prevention specialists and others.

The administration's plan did not set any goals for reducing international production, in part because officials doesn't know how much is currently going on, according to Walters.

There are a "variety of sources of meth" in Mexico, he said, referring to the country's meth-manufacturing rings. "Some of this is dynamic, it's moving."

He said the first priority was to cut off shipments to Mexico of precursor chemicals such as pseudoephedrine.

The 15-percent decline in meth use targeted by administration's plan would amount to 5 percent a year for 2006, 2007 and 2008. Recent trends indicate that the goal is achievable, the plan said.

Feds Take Global Approach To Meth Abuse (ABC)

By JOHN YANG And JASON RYAN

ABC News, June 1, 2006

WASHINGTON — The Bush administration unveiled today a new global approach to curbing the production and abuse of methamphetamine, a highly addictive party drug produced in clandestine labs.

"It is a specific focus on methamphetamine and prescription drugs that have become, as you all know, a growing part of the drug problem in this country over the last decade," John Walters, the White House director of national control policy, told a news conference. "This represents a commitment of the administration to work toward a meaningful and a sustained reduction in meth use as well as the number of meth labs that have been poisoning too many communities."

In the past year, federal, state and local law enforcement authorities have seized about 11,000 small labs that produced an estimated 20 percent of methamphetamine sold in the United States.

The goal is to cut methamphetamine abuse 15 percent by 2008 and reduce the production from illegal meth labs in the United States by 25 percent.

To do that, the departments of Justice, State and Homeland Security will work to improve intelligence on the global market of the chemicals used to make methamphetamine, which are produced in China, India and Germany. The United States will also work with Mexico to step up law enforcement activities along the U.S.-Mexican border, the site of much of the trafficking in both methamphetamine and its component chemicals.

"Mexico and the United States' joint battle against drugs has reached an unprecedented level," Eduardo Ibarrola, the deputy chief of mission at the Mexican Embassy in Washington, told reporters. "Under no circumstance can our common border be an excuse for impunity."

In addition, the strategy calls for strict enforcement of laws — part of the Patriot Act extension that President Bush signed in March — that restrict the sales of many common cold and allergy remedies that can be used to make methamphetamine.

Many states had already acted to restrict sales of those over-the-counter drugs.

Bush Adds To Drug Kingpin List (AP)

AP, June 1, 2006

President Bush added three accused drug traffickers and two reputed crime organizations to the U.S. list of foreign drug kingpins on Thursday, denying them access to the American financial system and barring them from trade with U.S. companies and individuals.

The additions bring to 62 the number of individuals and entities designated under the 1999 Kingpin Act to target significant foreign narcotic dealers, their organizations and operatives worldwide.

The three individuals added to the list were Dawood Ibrahim of India, Fahd Jamil Georges of Brazil and Ali Naway of Iran. The organizations are the Dawood Ibrahim Organization in India, Pakistan and United Arab Emirates and the Amezcua Contreras Organization in Mexico.

Man Receives 15 Years (HARTC)

By Annie Tasker, Courant Staff Writer

The Hartford Courant, June 2, 2006

A 32-year-old Hartford man was sentenced Tuesday to more than 15 years in federal prison for conspiracy to possess crack cocaine with intent to distribute.

Kaniel "Beevis" Forrester pleaded guilty on Aug. 23, 2005, to charges that he conspired to possess and distribute between 150 and 500 grams of crack, according to a statement released by the U.S. Justice Department.

DOJ_NMG_0031336

Forrester, who his lawyer said has been on the streets since he was about 15, was on probation for a previous narcotics charge at the time of his arrest, federal law enforcement officials said.

"Unfortunately, he turned to the wrong way to make money," said his attorney, Walter Hussey.

Forrester was sentenced to 182 months in prison, and Hussey said he expects Forrester to serve about 10 years of the sentence. He also will have to complete a 500-hour drug program, Hussey said.

Forrester, a father of two, could be deported back to Jamaica after he finishes his sentence and five years of supervised release.

"It's going to be rough for him," said Hussey, adding that upon his release his client will have been away from Jamaica for more than 20 years. Forrester has hired an attorney to determine his status upon release.

Operation Big Boy, an investigation run by the FBI and the Hartford police, led to Forrester and his brother, Negus Forrester, after months of surveillance, wiretapping, crack seizures and purchases.

It led to the arrests of about 60 cocaine dealers and buyers in the Hartford area. Investigators found that Kaniel Forrester bought crack in the form of "half cookies," or 63-gram units, from his brother on several occasions, documents say.

In two phone conversations recorded Sept. 26, 2004, shortly after a crack delivery, Negus Forrester told his brother he "has it." Minutes later, Negus Forrester called again and told Kaniel that he would need to bring a knife or razor, purportedly to help cut and bag the new supply of crack, court records say.

U.S. Attorney Kevin J. O'Connor said in a sentencing memorandum that the calls were considered evidence by the FBI that Negus Forrester bought crack from an accomplice, and that Kaniel Forrester was involved in the transaction.

Negus Forrester is awaiting sentencing after pleading guilty on Aug. 8, 2005, to involvement in narcotics conspiracy, federal officials said.

DEA Searches Dispensary's Deposit Box (DS)

Desert Sun, June 1, 2006

Federal agents, armed with a warrant, searched a safe deposit box belonging to a Palm Desert medical marijuana dispensary earlier this week, prompting accusations of harassment from the dispensary's owner.

"I don't have anything to hide," said Stacy Hochanadel, owner and operator of CannaHelp in Palm Desert, on Thursday.

A spokeswoman for the U.S. Drug Enforcement Administration's Los Angeles office declined to comment, citing an ongoing investigation.

Hochanadel said the box, located at a Coachella Valley Canyon National Bank branch, contained nothing, which investigators soon discovered.

According to the warrant, the search took place at 2:40 p.m. on Monday, as part of an investigation into suspected violations of federal drug trafficking laws.

"This is harassment. ... I guess they thought I had money stashed away," Hochanadel said.

Brothers Receive Jail Time As Part Of Area Drug Ring (ABH)

Ahtens Banner Herald, June 2, 2006

Two Athens brothers will serve long sentences in federal prison after they pleaded guilty to being part of a local cocaine distribution ring.

A U.S. District Court judge in Macon on Tuesday sentenced Antron Ricardo Bishop, 24, and Antonio Ramon Bishop, 22, after they pleaded guilty in January to conspiring to possess with intent to distribute more than 50 grams of crack cocaine, acting Middle District U.S. Attorney G.F. Peterman III announced Thursday.

"Beginning in 2000 and continuing until November 2005, both Bishop brothers and other co-conspirators were part of a group of individuals distributing crack cocaine throughout the Athens-Clarke County area," Peterman said in a prepared statement.

Antron Bishop was sentenced to 14 years in prison, and his younger brother was sentenced to just under six years behind bars.

DOJ_NMG_0031337

Antonio Bishop, who dodged a murder conviction when a Clarke County jury acquitted him in the 2002 shooting death of 21-year-old Athens resident La Cedric "Ced" Shields, still faces allegations he tried to murder another Athens man two years later in a drive-by shooting on North Avenue.

In April 2005, a Clarke County jury deadlocked on aggravated assault charges for the July 2004 shooting and a mistrial was declared. A new trial date has not been set.

Since the Bishops and several other conspirators have been arrested, violent crime in the county has decreased, according to Athens-Clarke police Lt. Mike Hunsinger.

"I would say it's had an impact on crime, which is down overall," said Hunsinger, who supervises the Athens-Clarke Police Department's Drug and Vice Unit. "A lot of the programs the police department has in effect have decreased crime, and one of those programs has been targeting crack cocaine activity."

A countywide sweep of street-level crack cocaine dealers last July netted more than 80 arrests, and local police have been working with the U.S. Drug Enforcement Administration to collar mid-level suppliers.

The DEA has provided some support, such as occasionally supplying "buy money" that Athens undercover police use to purchase illegal drugs during their investigations, police said.

By and large, however, the numerous cocaine-related arrests made in recent years were the result of local law enforcement efforts.

"We're pretty fortunate that we've got skilled investigators who can make cases that can be prosecuted on the federal level," Hunsinger said.

Drug Runner Sentenced To 90 Months (BSB)

Brighton Standard-Blade, June 1, 2006

A confessed drug runner who agreed to testify against his alleged fellow drug conspirators was sentenced May 18 to 7 1/2 years in federal prison, said U.S. Attorney Office spokesman Jeffrey Dorschner.

The sentence was slightly higher for 26-year-old Kenneth F. Fuqua of Brighton than prosecutors sought in exchange for Fuqua's continued cooperation with investigators. Prosecutors were asking for a lighter sentence in hopes of winning convictions against six others arrested in connection with a metrowide drug ring. As part of Fuqua's plea agreement, he agreed to testify against the others who are accused of moving large quantities of methamphetamine, cocaine and other drugs.

Once Fuqua finishes his 90-month sentence, he will serve five years supervised release and pay $100 to a victim's fund.

Fuqua told investigators with the Drug Enforcement Administration and Boulder County Drug Task Force that he ran drugs between Santiago Mena-Flores, 26, of Henderson, and runners of the drug trafficking ring allegedly run by Donald Jason Skinner, 31, of Longmont. He said he did so between January and June 2005. Children allegedly were used to move the drugs locally.

Mena-Flores was arrested at his Henderson home in December, and Skinner and four other men from Longmont were arrested at the end of the year or beginning of this year. Dorschner said those cases are in the motions phase and it could be several months before a trial date is set.

Reader Comments

No comments.

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Man Killed In Blast Targeted Authorities (LONGNJ)

By Barbara Ramirez

Longview (TX) News-Journal, May 31, 2006

Longview fire official says victim faced federal firearm, drug charges

DOJ_NMG_0031338

A Longview man died Monday night while making a bomb he intended to use in retaliation against federal agents, local fire officials said.

James Charles Torrence, 38, who faced possible jail time for multiple federal indictments from the Bureau of Alcohol, Tobacco and Firearms and the Drug Enforcement Administration, died in his North Longview home while putting together one of two homemade bombs.

Torrence made the bombs to retaliate against authorities with both federal law enforcement agencies, whom Torrence believed had built a case against him, according to Brian Howell, Longview Fire Department assistant fire marshal. Documents inside the home listed names of several bureau and administration agents, Howell said.

The Longview Fire Department responded to Torrence's home in the 200 block of Rowe Avenue shortly before 8:30 p.m. The home is about one mile south of Judson Middle School.

Fire officials determined a bomb had exploded inside the home, and agents with the ATF were called, Howell said.

He added that, inside the home, they found a substance that could be methamphetamine. They also found illegal weapons, including a machine gun and a pistol with a silencer. A second pipe bomb also was found.

Howell said Torrence had turned one of the home's three bedrooms into an office and used the office to build the bombs.

While putting the second pipe bomb together, the bomb exploded, instantly killing Torrence, Howell said.

Fire officials took the second bomb to a field behind the home to detonate it. Neighbors within a 300 foot radius of Torrence's home were ordered to evacuate, Howell said.

Some of Torrence's neighbors said Monday that loud noises often came from his home, and they believed the noises might have also been explosions.

Howell urged Longview residents to report all suspicious noises and activities to police and other authorities.

"We don't really have pockets (of people making homemade bombs)," Howell said. "But, we never really know who's going to be doing it. This could've been a lot worse."

U.S. Attorney Matt Orwig told The Associated Press that Torrence had agreed to plead guilty to being a felon in possession of a firearm and conspiracy to possess with intent to distribute methamphetamine. He said Torrence was set to enter the plea June 7, and the drug charge carried a minimum sentence of 10 years in prison up to life.

"He would've gotten out of prison as an old man, if he got out at all," Orwig said.

Torrence's girlfriend, whose name has not been released, told authorities she wasn't aware of her boyfriend's activities. She was inside the home at the time of the explosions but was not injured. A more extensive interview with her is planned, Howell said.

The ATF and the Longview Fire Department spent nearly eight hours ridding the house of dangerous materials, Howell said.

MAN DIES BUILDING BOMB (TYLERT)

By Megan Middleton, Staff Writer

Tyler (TX) Morning Telegraph, May 31, 2006

LONGVIEW - Authorities believe a man who died in an explosion Monday night in a north Longview home was in the process of making a pipe bomb he may have planned to use against people he thought "snitched" on him in a federal court case.

Longview Assistant Fire Marshal Brian Howell said by phone that the man who died was James Charles Torrence, 38, of Longview.

The explosion occurred in Torrence's home at 220 Rowe Avenue in Longview, Howell said. Authorities got the call about the explosion around 8:20 p.m. Monday.

"When you're putting a pipe bomb together like that, a lot of things that you do could cause it to go off," Howell said. "We really won't know if it was friction on the gun powder, static electricity or premature ignition of an ignition source. It's one of those things that during assembly, for whatever reason, it went off."

Although Torrence's girlfriend was also in the home at the time, no one else was injured in the explosion, Howell said. She was the one who called 911.

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The room in which the explosion occurred suffered some damage, Howell said. There was no damage to any other homes.

Torrence suffered injuries to his head, chest, abdomen and multiple extremities, Howell said. It will not be clear what specifically caused his death until the autopsy is complete.

Howell said it is believed Torrence was making pipe bombs to retaliate against individuals he believed "snitched" on him in connection with a federal case against him. Howell said the individuals Torrence allegedly planned to use the bombs against actually were not related to the case. He told the Tyler Morning Telegraph he does not believe Torrence was targeting law enforcement agents.

Tom Crowley, a public information officer for the Dallas division of the Bureau of Alcohol, Tobacco, Firearms and Explosives (ATF), said via phone that authorities discovered bomb-making literature, firearms and additional bomb-making material inside Torrence's residence.

Suspected methamphetamine and a second pipe bomb were also found, Howell said.

The Bossier City Bomb Squad was called in after the second device was discovered, Howell said. Eventually, that device was moved outside, placed in a hole and set off remotely. Before it was detonated, though, about 15 to 20 residents in the neighborhood were evacuated from their homes around 3:30 a.m.

"When you're dealing with a homemade explosive, you really don't know," he said. "First of all, we didn't know what was in there and secondly, you don't know how well it's built and the actual explosion that you'll get resulting from it."

He said Torrence's home was searched and anything dangerous or illegal was removed.

Torrence was likely acting alone in making these bombs, Howell said, noting Torrence seems to have been a "paranoid" man. He had installed cameras in the front of his house as well as a sensor, which would alert him if someone was in the driveway. He also had guns placed throughout the house.

"He was very paranoid," Howell said. "He had even been doing target practice down his hallway in the house with a (pistol). He could have caused a lot of damage and hurt a lot of people. We were very fortunate."

Howell said neighbors said that they had heard explosions coming from the home before. He urged people to report suspicious activity ahead of time.

"Somebody should have called 911 when they first heard the other explosions, and maybe this all could have been avoided," he said. "Obviously it's illegal to do this ... The first responders going in there to check on him and render aid could have been killed by the second device, had it gone off while they were there."

He said that device was on a shelf right beside Torrence. It was in a plastic case with arming and initiating devices.

"It was intact, ready to go," Howell said. "Depending on what the triggering mechanism was and how it worked, it could have been set off by the possibility of radio signals, somebody bumping the shelf next to it, knocking it over, reaching over moving it or pulling it."

Crowley said officials with the ATF have taken evidence from the residence that will eventually be sent to a lab in San Francisco. He said officials are looking to see what type of devices Torrence was putting together.

Howell said the investigation is wrapping up, aside from receiving test results.

"We're glad nobody else is going to be hurt because of this," he said. "Fortunately, the only one who did get hurt was the one making the bomb."

FEDERAL INDICTMENT

Torrence was facing an indictment on several federal drug- and gun-related charges, Matt Orwig, U.S. Attorney for the Eastern District of Texas, confirmed.

Torrence had entered into a plea agreement on charges of felon in possession of a firearm, which carries with it a penalty not to exceed 10 years in prison, and conspiracy to possess with intent to distribute methamphetamine, which carries with it a penalty of not less than 10 years and up to life in prison, Orwig said.

A plea hearing was scheduled for June 7 for him to formally enter his guilty plea in court.

Orwig said by phone Torrence was "facing a lot of time" in prison.

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In reference to the explosion and Torrence's death, Orwig said, "Every life is precious, and we're all sad that it happened. At the same time, I think it's very fortunate that no one else was injured and that a plan to use that bomb never materialized."

Megan Middleton covers Gregg and Anderson counties. She can be reached at 903.596.6287. e-mail: news@tylerpaper.com

Pottersville Church Fire Called Suspicious (GLENSFPS)

By Don Lehman

Glens Falls (NY) Post-Star, June 2, 2006

Federal officials called in as part of investigation

POTTERSVILLE -- Christ Church Episcopal on Route 9 was destroyed by a suspicious fire late Tuesday, a blaze that came two weeks after two burglaries at the church in which religious phrases were scrawled inside the building, officials said.

"We believe, at this point, the fire was deliberately set," Warren County Sheriff Larry Cleveland said.

Investigators from the U.S. Bureau of Alcohol, Tobacco and Firearms, the state Office of Fire Prevention and Control, the Warren County Office of Fire Prevention and the Warren County Sheriff's Department were on the scene, sifting through the charred remnants throughout much of the day Wednesday.

The church's walls remained standing in places, but part of the roof had collapsed.

Pottersville Fire Chief Guy Swartwout said a cause had not been determined, but the area of origin appeared to be in the southeast corner of the building, which church officials on their Web site called the "sacristy."

A sacristy is a room in a church where sacred items are kept.

Cleveland said the fire started inside the building.

ATF was brought in because federal law requires the agency be notified when a church fire occurs where the cause is not clearly identifiable, said Warren County Fire Coordinator Marvin Lemery. That statute was put in place after a spate of arson fires at southern churches in the late 1990s.

"Anything where there is something that looks like it could be the least bit suspicious (at a church), you need to notify ATF," he said. "That (burglary history) was enough to say we should get these guys in to look whether this was done to cover a burglary or there was something else going on."

During the May 11 and 13 burglaries, the person or persons who went in the church scrawled religious phrases and stole religious items, officials said.

Church leaders had put digital surveillance cameras in the building to try to catch whoever was responsible for the break-ins. Investigators located the cameras in the rubble Wednesday and were working to recover images from them, officials said.

A witness reported seeing a person in front of the church about 10:30 p.m., authorities said.

The fire was called in by a passer-by around 11 p.m. Tuesday, Swartwout said. When firefighters arrived, the blaze had engulfed much of the building, he said.

"There was a lot of fire, and it had gotten way ahead of us," Swartwout said. "Church buildings are notorious (for fast spread of fire) because of their big, open spaces."

The building dates back to the 1920s. An addition was added to the back of the building last year, Swartwout said.

Much of Pottersville is dominated by Word of Life Bible Institute, a religious school and retreat that is not affiliated with Christ Church Episcopal.

Christ Church Episcopal's pastor, the Rev. Robert Limpert, did not return a phone call for comment and would not discuss the fire with Post-Star news partner WNYT-TV NewsChannel 13 at the fire scene Wednesday.

He was interviewed by sheriff's investigators at the fire scene for nearly 90 minutes Wednesday.

It could not be determined Wednesday where the church planned to hold its Sunday services.

Pottersville firefighters were assisted by their counterparts from Horicon, Chestertown and Riverside.

Anyone with information in the case is asked to call 743-2500.

IMMIGRATION:

DOJ_NMG_0031341

Bush Urges Compromise On Immigration Bill (AP)

By Jennifer Loven

The AP, June 1, 2006

President Bush pressed a passionately divided Congress on Thursday to reach election-year compromise on immigration legislation that provides a chance at citizenship for millions of illegal immigrants already in the country.

With his speech before business leaders and members of a government-sponsored civilian volunteer group, Bush hoped to build momentum for Senate and House negotiators to resolve difficult disputes. The two houses have passed sharply different versions of the legislation. To achieve one of his top domestic priorities of the year, Bush will have to bring around conservatives in his own party.

"It's a difficult task," Bush pointedly told Congress in remarks at the U.S. Chamber of Commerce. "Yet the difficulty of this task is no excuse for avoiding it."

The House bill generally is limited to border enforcement, making all illegal immigrants subject to felony charges and cracking down on employers who hire illegals. The Senate version includes more money for border security, creates a guest worker program to bring in new foreign workers, and provides a shot at citizenship for many of the estimated 11 million illegal immigrants already in the country.

"The American people expect us to meet our responsibility and deliver immigration reform that fixes the problems in the current system," Bush said. "All of the elements of this problem must be addressed together, or none of them will be solved at all."

Bush also will travel to several cities next week — Artesia, N.M., Laredo, Texas, and Omaha, Neb. — to pitch his immigration approach, the White House announced Thursday.

There is skepticism that a compromise can be reached in a year when most of Congress is up for re-election, and many believe Republicans could be at risk of losing their control over one or both chambers.

The president sought in his speech to provide a roadmap to lawmakers on the negotiating teams. He spoke more specifically about legislative provisions that he supports than he has previously.

He said any measure must include a temporary worker program and the opportunity for eventual citizenship. The Chamber has supported Bush's approach, which would provide cheap labor for many jobs.

Though Bush acknowledged that illegal immigration has put pressure on U.S. schools and hospitals, spawned more crime and caused other problems, he also stress immigrants' importance to American society and the practical benefits of establishing a guest worker program.

"They are part of American life and they're vital to our economy," he said. "And yet they're beyond the reach and protection of American law."

He took on — albeit gently — those in the Republican Party who advocate a get-tough-only approach and staunchly oppose either a guest worker program or a path to citizenship.

"Some members of Congress argue that no one who came to this country illegally should be allowed to continue living and working in our country, and that any plan to allow them to stay equals amnesty, no matter how many conditions we impose," Bush said. "Listen, I appreciate the members that are acting on deeply felt principles. I understand that. Yet I also believe that the approach they suggest is wrong and unrealistic."

The president ticked through other provisions he considers crucial for a bill to be effective.

He asked Congress to provided additional funding and the legal authority to end "once and for all" the country's much criticized "catch and release" policy, in which illegal immigrants from countries other than Mexico are ticketed and freed. He said the practice has been ended for key Central American countries, but additional detention space and legal changes are needed to expand that.

Bush also embraced several changes that would make it easier for employers to verify that their workers are legal, including:

_Allow immigration officials to be notified when an employer is notified by the Social Security Administration that the name of one of their workers does not match the worker's Social Security number.

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_Require that all employers use a now-optional government program called Basic Pilot to verify employees' Social Security numbers and check them against other federal databases. Both the House and Senate bills include such a requirement

And he endorsed stiffer penalties for companies that fail to check an employee's identification and knowingly hire an illegal immigrant. "We're not going to tolerate it in this country," the president said.

'Unscrupulous' Firms Are Faulted (WP)

By Peter Baker

The Washington Post, June 2, 2006

President Bush told the nation's most prominent business group yesterday that "unscrupulous" employers have contributed to the illegal immigration crisis in the United States by knowingly hiring undocumented workers, and called for steep new penalties on those exploiting the shadow economy.

As part of his emerging public campaign for the immigration legislation pending in Congress, Bush visited the U.S. Chamber of Commerce to emphasize his focus on enforcement and to combat the conservative complaint that his immigration proposals add up to amnesty for millions of foreigners violating U.S. immigration law.

"Businesses that knowingly employ illegal workers undermine this law and undermine the spirit of America," the president said during a speech against a backdrop of U.S. flags, images of the Statue of Liberty and the slogan "Comprehensive Immigration Reform." "And we're not going to tolerate it in this country." Although most businesses abide by the law, he said, "there are some unscrupulous folks who want to take advantage of low-cost labor."

Bush's speech came hours before his administration reached an agreement with California Gov. Arnold Schwarzenegger to send the California National Guard to the Mexican border. Schwarzenegger, a Republican, has criticized Bush's plan to dispatch 6,000 National Guard troops to the Mexican line to bolster overwhelmed Border Patrol agents, but he agreed yesterday to contribute 1,000 troops as long as the federal government picks up the full cost.

The president has tried to straddle a difficult political divide in the fight over immigration. For years, he has been promoting a guest-worker program that would allow millions of illegal immigrants already in the country to stay temporarily under certain conditions. He has also embraced a Senate plan that would offer a path to citizenship for many illegal immigrants if they have been here for years, pay back taxes, pay a penalty, learn English and maintain a crime-free record.

At the same time, under withering criticism from within his own party, Bush has lately offered tough rhetoric and the National Guard plan to demonstrate his commitment to enforcing the law and to stop new waves of illegal immigrants from crossing the border. The Guard troops would stay until the government can hire an additional 6,000 Border Patrol agents. The House has passed legislation that focuses almost exclusively on enforcement and has resisted the Senate bill.

Bush used the occasion yesterday to press both sides in Congress to come up with a deal. He suggested that he is willing to concede some of what he wants. "The House and Senate bills will require effort and compromise on both sides," he said. "It's a difficult task. Yet the difficulty of this task is no excuse for avoiding it."

The chamber was an important setting for that message because corporate America has been among the leading forces backing Bush's guest-worker plan and the Senate approach, seeing the estimated 11 million to 12 million illegal immigrants as a vital part of the U.S. economy.

Bush noted that the government is working to make it easier for businesses to check the status of would-be workers. He said both House and Senate bills would require employers to use a new online verification system called Basic Pilot. But he said the penalties for violating the law are too light, noting that a business that fails to check an employee's identification faces a fine as low as $100, and that one that knowingly hires an illegal immigrant faces a fine as low as $250.

"You might as well pay a speeding ticket," Bush said. He added: "We got to increase the penalties. If we want to be smart about work site enforcement, we got to say to somebody who's breaking the law, there's going to be a cost, and it's more than $250."

Bush Tries To Regain His Footing On Once-rock-solid Conservative Base (USAT)

By David Jackson And Richard Benedetto

USA Today, June 2, 2006

DOJ_NMG_0031343

WASHINGTON — Whether President Bush is talking about a get-tough border policy or the importance of judicial restraint — he discussed both Thursday — he is sure to throw in an appeal these days to wavering conservative supporters.

Bush and his aides are playing up items such as tighter borders and judges who "administer the law" rather than make it, seeking to reconnect with conservative Republicans whose support has shrunk in recent polls — and whose votes will be critical in this fall's congressional elections.

Bush used to be able to count on overwhelming support from Republicans and conservatives, but the Iraq war and a variety of other issues have eroded that backing.

A May 5-7 USA TODAY/Gallup Poll found Bush's approval among Republicans at 68%, down from 85% in early January. Among conservatives — who also include some Democrats and independents — Bush's support fell to 52%, from 73% in January.

Now the White House is on a campaign to get that support back. Some examples:

On Thursday, the White House staged a special Rose Garden swearing-in for Brett Kavanaugh, recently confirmed by the Senate for a seat on the U.S. Court of Appeals for the District of Columbia Circuit. The White House fought a three-year battle to confirm Kavanaugh. He has been a priority for conservatives but anathema to some Democrats, who noted his role as an aide to independent counsel Ken Starr during the impeachment of President Clinton and said he was too partisan to be a judge.

Sen. Patrick Leahy, D-Vt., described him as a "political pick being pushed for political reasons."

Another White House event will occur next week when Bush will talk about the importance of a constitutional amendment that would bar gay marriage by defining marriage as being between a man and a woman, a major issue for social and religious conservatives.

The president is scheduled to renew his call for a line-item veto, arguing it will help him rein in the runaway federal spending that has been another nagging source of conservative discontent. Bush has also challenged the GOP-controlled Senate over extra money in a special spending bill for the costs of wars and hurricanes. The House passed a $92.2 billion measure, but the Senate added about $14 billion. "If they bust the $92.2 billion, I'm going to veto it," Bush said Thursday.

Bush's backing for a "comprehensive" overhaul of immigration laws infuriates some conservatives because it includes proposals to allow illegal immigrants to work here temporarily and would permit some to seek citizenship. Recently, though, Bush has emphasized tougher border enforcement and a crackdown on companies that hire illegal immigrants, both strongly supported by conservatives. In a speech Thursday to the U.S. Chamber of Commerce here, Bush said, "We don't have full control of this border. And I'm determined to change that."

Says Republican strategist Rich Galen: "What (the Bush administration is) doing is reaching back out to the people who elected them in the first place."

GOP consultants say renewing conservative support could help Bush raise his approval rating, which hit the lowest point of his presidency — 31% — in early May. It could also make a difference this fall, when conservative turnout will be crucial to Republican hopes of retaining Congress.

Republican pollster Bill McInturff says his polling shows that rank-and-file conservative Republicans still support Bush by about 80%. He acknowledges that vocal "radio talk show conservatives" — those who listen to Rush Limbaugh, Sean Hannity and others — are angry with the president over immigration and other issues.

McInturff says Bush needs to reach out to conservatives on border security. "The public needs to be more assured that more is being done to stop illegals from entering the country, and penalizing employers who hire them," McInturff says.

Democratic strategist Jenny Backus says she has noticed Bush's new "dance moves" with conservatives. She adds that worries about White House leadership on issues such as the Iraq war cross ideological lines, and Bush may not be able to win back his core supporters if he can't fix that.

"The (conservative) base cares about Iraq, too," Backus says.

A key test for Bush is whether conservative Republicans show up at the polls this fall. GOP strategist Tom Edmonds says that while most disillusioned GOP conservatives won't vote for Democrats, they could "sit on their hands" and rob GOP candidates of the votes they need to win.

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"Time is on our side," Edmonds says. "We don't need to make wholesale changes. We just need to kind of get our act together."

GOP consultant Charles Black says that despite all Bush's political problems, the president remains a potent fundraiser.

"In some places, we will have to outspend our opponents," he says. "We just have to make sure everyone has enough money to do that."

Bush Chides Party Members On Immigration (NYT)

By Sheryl Gay Stolberg

The New York Times, June 2, 2006

WASHINGTON, June 1 — Beginning a public relations offensive intended to prod divided Congressional Republicans into overhauling the nation's immigration laws, President Bush rebuked conservative opponents of his plan on Thursday and warned that there is "no excuse" for delay.

With Congress set to return to Washington on Monday after a one-week recess, some Republicans have suggested they may fare better at the polls in November if the House and Senate wait until after Election Day to reconcile their vastly different immigration bills.

But Mr. Bush made clear in a speech at the United States Chamber of Commerce that he did not want Congress to wait. Next week, the president will take his case for what he calls "comprehensive immigration reform" on the road, with appearances in New Mexico and Nebraska.

"The House and Senate bill will require effort and compromise on both sides," Mr. Bush told a friendly audience gathered at the chamber's headquarters, across the street from the White House. "It's a difficult task. Yet the difficulty of this task is no excuse for avoiding it."

Whether Mr. Bush can bring his party's warring factions together remains to be seen. On one side are conservatives who support the House bill, which declares illegal immigrants felons and would have them deported. On the other are those, like the president, who prefer the Senate version, which would open the way for many of the estimated 11 million people living in the United States illegally to become citizens.

In his speech, Mr. Bush took aim at House members who brand the Senate bill amnesty, though he did not mention any by name. "Some members of Congress argue that no one who came to this illegally should be allowed to continue living and working in our country," he said. The lawmakers are "are acting on deeply felt principles," he said, but added, "I also believe that the approach they suggest is wrong and unrealistic."

Bush Shuns Republicans' Stand To Return Illegals (WT)

By Stephen Dinan

The Washington Times, June 2, 2006

President Bush yesterday rejected House Republicans' stance that illegal aliens must return home, calling it "wrong and unrealistic" and saying many will have to be allowed to stay.

Speaking to the U.S. Chamber of Commerce, a block from the White House, Mr. Bush also directly challenged businesses to hire only legal workers, and said those that don't should be prepared to face increased fines. In addition, he said both the House and Senate will have to compromise, but said voters expect a bill and he said that bill should tackle both enforcement and a pathway to citizenship for illegal aliens.

"The difficulty of this task is no excuse for avoiding it," he said.

Mr. Bush was making his first in-depth comments since the Senate passed its broad immigration bill last week, setting up a showdown over immigration policy with the House, which passed an enforcement bill in December.

Last Friday, and again on Sunday, Rep. F. James Sensenbrenner Jr., Wisconsin Republican and chairman of the House Judiciary Committee, said he cannot accept any approach that allows illegal aliens to stay in the country with the government's approval.

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"The words 'path to citizenship' is a buzzword for amnesty. We ought to be honest -- it is amnesty," Mr. Sensenbrenner, a key House negotiator, said on NBC's "Meet the Press" program. He contends that more enforcement against employers would make it hard for illegal aliens to get jobs, encouraging them to go home.

But Mr. Bush dismissed that argument.

"Listen, I appreciate the members are acting on deeply felt principles. I understand that. Yet I also believe that the approach they suggest is wrong and unrealistic," he said.

He said his own plan to allow illegal aliens with "a home, a family and a clean record" to stay is the "rational middle ground" between amnesty and the House Republicans' approach.

The president plans to travel to New Mexico, Texas and Nebraska next week to stress his plans for border security and push lawmakers to pass a bill.

Mr. Bush drew praise yesterday from Sen. Edward M. Kennedy of Massachusetts, a key Democrat on the issue. He said Mr. Bush was "right on the mark" in telling Congress to get a broad bill done.

But Howard Dean, chairman of the Democratic National Committee, demanded the president do more to distance himself from the House bill.

Mr. Bush does differ with the Senate on one key provision -- the Senate bill creates a pre-immigrant visa, under which some illegal aliens and future foreign workers would be on a path to citizenship. While Mr. Bush supports that for illegal aliens, he has consistently opposed that for future workers.

"Temporary workers must return to their homes at the conclusion of their stay," he said yesterday.

Sen. John Cornyn, Texas Republican, praised that stance, saying a "future temporary-worker plan must be just that: temporary."

Bush Presses Lawmakers To Pass Immigration Bill (WSJ)

By Henry J. Pulizzi

The Wall Street Journal, June 2, 2006

WASHINGTON -- President Bush urged House and Senate lawmakers to come together and merge competing immigration bills.

"It's a difficult task, but the difficulty of the task is no excuse for avoiding it," Bush said in a speech at the U.S. Chamber of Commerce Thursday. "The United States Congress needs to pass a comprehensive bill."

The Senate passed immigration legislation last week, a measure that would establish a temporary guest-worker program and allow millions of illegal immigrants to eventually gain citizenship. It faces a difficult future, however, as House and Senate lawmakers must overcome numerous differences in conference. Many House Republicans are strictly opposed to giving illegal immigrants any path to citizenship, an idea many view as amnesty.

In recent days, however, immigration has taken a backseat with Congress on a week-long recess and other issues, like Iran and the resignation of Treasury Secretary John Snow, garnering attention.

Focusing further on the issue, the president will travel to the border area next week, making stops at law enforcement facilities on Tuesday in Artesia, N.M., and Laredo, Texas. The following day, he'll discuss immigration at a Catholic charities center in Omaha, Neb.

Mr. Bush's plan for an overhaul of the nation's immigration laws would give undocumented workers a path to citizenship, create a guest worker program, make employers accountable for hiring illegal workers, and heighten security along the 2,000-mile border with Mexico by boosting the size of the Border Patrol and using high-tech surveillance methods.

"The need to secure this border is urgent," Mr. Bush said, outlining his plan to send National Guardsmen to the Southwest to assist the Border Patrol while 6,000 new agents are trained. "They're going to be a complement to the Border Patrol," which will remain in charge of law enforcement, Bush said.

Addressing some critics, Bush said his immigration proposal doesn't create an "automatic" path to citizenship. Instead, he said there's a "rational middle ground" between amnesty and trying to deport the 12 million illegal immigrants now in the U.S.

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Mr. Bush also touted the economy, called for "fiscal sanity," and repeated his threat to veto a pending emergency spending bill if it exceeds his spending limit.

"This economy of the United States is strong and we intend to keep it that way," he said. "The best way to balance the budget is to keep pro-growth economic policies in place and be wise about how we spend your money."

Illegals' Tax Deal Could Kill Bill (WT)

By Charles Hurt

The Washington Times, June 2, 2006

The long-fought Senate immigration bill that opponents say grants amnesty to 10 million illegal aliens is unconstitutional and appears headed for certain demise, Senate Republicans now say.

A key feature of the Senate bill is that it would make illegals pay back taxes before applying for citizenship, a requirement that supporters say will raise billions of dollars in the next decade.

There's just one problem: The U.S. Constitution specifically prohibits revenue-raising legislation from originating in the Senate.

"All bills for raising revenue shall originate in the House of Representatives," according to the "origination clause" in Article I, Section 7.

Republicans -- including the bill's supporters -- say this will kill the bill, and Senate Majority Leader Bill Frist says he's offered a simple solution. He wants to attach the immigration bill to a tax bill that has already passed the House. It would then proceed as planned to a "conference committee," where negotiators from the House and Senate hammer out differences between the two chambers' immigration bills.

"This is a procedural issue that we could overcome," said Carolyn Weyforth, spokeswoman for Mr. Frist.

But Minority Leader Harry Reid won't go along with that fix. His office said yesterday that the concerns raised by Mr. Frist and House Republicans are "technical in nature" and can be ignored.

"If Republicans are serious about enacting comprehensive immigration reform, I've got a deal for them," spokesman Jim Manley said. "All they have to do is nothing. Just let the House and Senate bills go to conference and let the conferees work their will."

The bill as written, however, will never make it to conference, Republicans say. Under House rules, any member can introduce a "blue-slip resolution" to return the legislation to the Senate. And although there are plenty of House conservatives eager to kill the Senate bill any way they can, Hill staffers say it would likely be done based on "policy-blind constitutional issues."

"If there is a blue-slip issue, it is not about policy," said one House aide familiar with the matter. "It's about procedure and the House's prerogative to uphold the United States Constitution."

There is some debate about whether the constitutional ban on Senate revenue bills pertains only to bills whose primary purpose is to raise money or whether it also applies to bills that do so incidentally.

Republicans say that because the concerns already have been raised, they expect the bill to be returned to the Senate.

They point to a 2002 report written by the nonpartisan Congressional Research Service that reveals how broadly the House interprets the origination clause.

"In 1992, the House returned to the Senate a bill (S.884, 102nd Congress) to require the President to impose economic sanctions, including a ban on certain imports, against countries which fail to eliminate large-scale driftnet fishing," according to the report. "In 1999, the House returned to the Senate a bill (S.254, 105th Congress) effectively banning the import of certain assault weapon attachments."

The policy of the House, according to the report, has been to interpret "any meaningful revenue proposal" as subject to the origination clause.

To skirt the ban, Republicans say, the Senate easily could agree to attach the immigration bill to the House-approved tax legislation. They see Mr. Reid's refusal to fix the problem as an attempt to scuttle the bill, and thus deny the Republican Congress a "victory" for passing immigration reform before this fall's elections.

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"We can solve this constitutional issue if Harry Reid would drop his obstructionism and allow the comprehensive immigration legislation to move past the Senate," Ms. Weyforth said.

Senate Border Bill Steps On House Turf (LAT)

By Nicole Gaouette And James Gerstenzang

The Los Angeles Times, June 2, 2006

WASHINGTON — A procedural glitch is adding new, and possibly significant, hurdles to the drive in Congress to approve sweeping changes to immigration policy.

The problem stems from the Senate bill that would create a guest worker program and a path to citizenship for many of the illegal immigrants in the U.S. Participants in the guest worker program would pay income taxes; illegal immigrants would, as part of the legalization process, be required to pay back taxes and new fees.

The Constitution, however, gives the House sole authority to originate bills that include revenue measures — and it allows any House member to object if a Senate bill does so.

Late last week, Senate aides said they received word from the House committee with jurisdiction over revenue issues that it would use that constitutional power to block further consideration of the Senate bill.

This problem is stalling efforts to appoint a House-Senate conference committee that would try to reach a compromise on the final form of immigration legislation.

Those negotiations were expected to difficult at best. But unless the procedural stumbling block is resolved, the talks won't even start.

Although the impasse may prove to be a minor problem, it could provide a way for House members who staunchly oppose the Senate's legalization measures to block any compromise efforts. That could mean no overhaul of immigration policy would emerge from Congress this year.

Senate leaders are trying to determine how to move forward.

"We went into the [Memorial Day] recess at a stalemate," said Jim Manley, a spokesman for Senate Minority Leader Harry Reid (D-Nev.).

Word of the problem was spreading on Capitol Hill as President Bush on Thursday renewed his push for an immigration bill. In a speech in Washington, he stressed that although he recognized the difficulty in crafting a measure, compromise was necessary — particularly in determining how to treat longtime residents who entered the United States illegally.

The president's remarks came a week after the Senate passed its wide-ranging bill. The House measure, approved in December, contains no provisions for a guest worker program or a path to citizenship for illegal immigrants. It would make illegal presence in the country a felony, and would intensify border security.

As the Senate edged toward passing its bill, Senate aides received word that House Ways and Means Committee Chairman Bill Thomas (R-Bakersfield) would block it because of its revenue-producing sections.

This practice is known as blue-slipping because Thomas would officially notify the Senate of his intentions on a slip of blue paper.

Thomas did not respond to requests for comment, and committee aides declined to elaborate on the dispute.

The Joint Committee on Taxation and the Congressional Budget Office estimate that the Senate bill provisions would increase federal revenue by about $66 billion from 2007 to 2016.

The potential for a House objection stemming from these provisions did not come up during senators' lengthy negotiations over their bill earlier this year, a Senate Judiciary Committee aide said.

Last week, Senate Majority Leader Bill Frist (R-Tenn.) proposed a technical way of skirting the problem: attaching the Senate's immigration bill to an existing House tax bill, Frist aides said.

After various legislative maneuvers, the two chambers could separate the tax and immigration measures and try, behind closed doors, to negotiate on a final immigration bill.

The Frist plan faces two hurdles. It requires a House vote to take effect, which would give the House members opposed to the Senate bill a chance to vote it down.

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More immediately, Senate Democrats disagree with Republican assertions that Frist's plan is the only way to go forward. Minority Leader Reid has refused to approve the plan, blocking Frist from proceeding.

"We can solve this challenge if Harry Reid would agree to this solution," said Frist spokeswoman Carolyn Weyforth.

In a sign of the mistrust among leaders in both parties that has characterized much of the immigration debate, Weyforth attributed Reid's stance to a desire to thwart any resolution of the issue until after the November elections.

Many Republicans suspect Democrats would prefer such a delay so that they can keep criticizing the House's enforcement-only approach.

"With the president talking about immigration reform today, it amazes me that Reid is stalemating the entire bill," Weyforth said.

Manley, Reid's spokesman, dismissed Weyforth's assertion. And he said that if Frist was seriously committed to overhauling immigration policy, he would persuade House GOP leaders to allow the immigration bill to proceed to a conference committee.

Manley said Reid questioned the need to add the Senate's immigration bill to the tax measure, especially in light of the complications that might cause.

"We can get this done without resorting to extraordinary measures if all the parties were committed to getting it to conference as quickly as possible," he said.

Bush has said he wants an immigration bill sent to him quickly, a point he reiterated Thursday.

"The American people expect us to meet our responsibility and deliver immigration reform that fixes the problems in the current system, that upholds our ideals and provides a fair and practical way forward," he said.

He also repeated his disagreement with those lawmakers — mostly Republicans — who had said they would oppose any compromise bill that included legalization provisions.

"Some members of Congress argue that no one who came to this country illegally should be allowed to continue living and working in our country, and that any plan that allows them to stay equals amnesty, no matter how many conditions we impose," Bush said. "Listen, I appreciate the members are acting on deeply felt principles. I understand that."

But he called their approach "wrong and unrealistic."

"There's a rational middle ground between granting an automatic path to citizenship for every illegal immigrant and a program that requires every illegal immigrant to leave" the country, he said.

"The middle ground recognizes there are differences between an illegal immigrant who crossed the border recently, and someone who has worked here for many years, who's got a home, a family and a clean record," Bush said.

The Senate bill would allow illegal immigrants who have been in the country five years or more to remain, continue working and eventually become legal permanent residents and citizens after paying back taxes, paying at least $3,250 in fines and fees and learning English.

Those who have been in the United States more than two years but less than five would be required to go to a point of entry at the border and file an application to return; those who have been in the country less than two years would be required to leave.

Senate Bill Would Add 20 Million Legal Immigrants, Report Says (WP)

By Darryl Fears

The Washington Post, June 2, 2006

The nation's population of legal immigrants would increase by nearly 20 million over the next decade if the recently passed Senate immigration bill becomes law, and taxpayers would spend more than $50 billion to operate a new guest-worker program and pay for extra welfare, Social Security and public health-care costs, according to a Congressional Budget Office report.

But the cost of absorbing the newcomers would be offset by a boost of $66 billion in federal revenue from income taxes and payroll taxes generated by the temporary guest-worker program, along with fees that immigrants must pay to participate, the report said.

By 2016, about 8 million immigrants would enter the United States as temporary guest workers, and 11 million immigrants who now live in the country illegally would become permanent legal residents under provisions of the bill.

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The report, the first definitive look at the impact of the Senate bill, was commissioned by the Senate Finance Committee and was submitted on May 16, nine days before the measure was passed. The study has been embraced by the Bush administration and the bill's supporters, but opponents said crucial omissions greatly lowered its population and cost estimates.

Critics said the report does not take into account the 950,000 newcomers who enter the country legally under current immigration law, bringing the 10-year total of new immigrants to about 30 million. Some say that number will double by 2026.

The report also does not consider the possibility of future mass illegal border crossings that might occur in spite of technological enhancement and increased personnel along the Southern border, according to critics.

An explosion of immigrants is one reason that House Republicans say they are strongly opposed to the Senate bill, and have vowed to fight it when members of the two chambers meet for negotiations in a congressional conference. Supporters of the Senate's approach, which is backed by President Bush, say they will stand firm.

"We can build miles of fences, but the fact remains that immigrants will still come because employers need workers and immigrants want jobs," said Sen. Edward M. Kennedy (D-Mass.), who fought for a guest-worker program. "It's far better for American jobs and wages to have a practical, common-sense policy of legal immigration, than to continue leaving millions of immigrants underground and underpaid."

Will Adams, a spokesman for Rep. Tom Tancredo (R-Colo.), who opposes granting residency to illegal immigrants, called legal immigration "the soft underbelly of the Senate bill." It is overlooked in the debate, he said, "but when it's exposed, the public is outraged."

Robert E. Rector, a senior research fellow in domestic policy studies at the conservative Heritage Foundation, said the bill "is horrendous." Assisting tens of millions of low-income workers with less than a high school education would lead to costs in welfare, health care, housing and other areas that far exceed the half-billion dollars the government already pays each year, he said.

"Once [illegal immigrants] become legal, they are going to receive welfare that's vastly disproportionate to the taxes that they're going to pay," Rector said. High school dropouts, immigrants or not, earn about $22,000 yearly and pay far fewer taxes than middle-class Americans. "There's no way they can contribute to the cost of educating their children. The cost they impose on government . . . far exceeds anything they bring in in terms of tax revenue."

The budget office report, compiled with help from the Joint Committee on Taxation, disputed that account, as did others who took issue with Rector's belief that the Senate bill would increase the immigrant population by 60 million.

Earlier, Rector predicted an even higher number: 100 million. He updated the figure after an amendment to the bill capped the yearly number of guest workers at 200,000 per year.

Alan Reynolds, a senior fellow for the libertarian Cato Institute, said Rector's estimates "are preposterous." He accused Rector of compounding numbers to reach an alarming total and not taking into account that most immigrants who would become legal citizens already live in the country.

"They're basically saying, 'Gee, if we keep illegals illegal, then we would have fewer legal residents,' " Reynolds said.

A report released yesterday by the National Foundation for American Policy also said Rector "overstated the numbers." Stuart Anderson, executive director of the foundation, said most "new entrants" who would become legal residents currently live in the United States. In 20 years, the net total of new entrants would be about 47 million.

Rector is supported by other groups, including the Center for Immigration Studies and NumbersUSA, two opponents of increased immigration. He said his concern about the number of immigrants is outweighed by the cost.

According to the Congressional Budget Office, 750,000 immigrants would be eligible to receive food stamps, and 1.3 million would be eligible for some form of Medicaid, in addition to other benefits.

The cost of providing food stamps, Medicare, Medicaid and visa fees for guest workers would total $5 billion between 2009 and 2016. An additional $6.5 billion would be needed for new residents who unite with families. Providing services to illegal immigrants who become permanent legal residents would cost $10 billion more.

Schwarzenegger To Order Troops To Border (AP-Y2)

By Aaron C. Davis

DOJ_NMG_0031350

The AP, June 1, 2006

Gov. Arnold Schwarzenegger agreed Thursday to send the California National Guard to the Mexican border, ending a 17-day standoff with the Bush administration.

The two sides had been at odds over whether California Guardsmen would join the effort to bolster the Border Patrol and who would pay for it.

They reached an agreement under which California will contribute about 1,000 Guardsmen for border duty and the federal government will pick up the full cost, Schwarzenegger said.

"It is not my preference to send the National Guard, but there's an important need to protect the border," he said.

However, in a separate act that was not part of the agreement with the federal government, Schwarzenegger will sign an executive order that ends the California National Guard's participation on Dec. 31, 2008, state officials said.

Schwarzenegger intends for the mission to be carried out mostly by troops who volunteer for six- to 12-month assignments. The Bush plan called for sending Guardsmen on border duty instead of their annual two-and-three week training exercises.

The state would have to pay for normal training sessions, while long-term assignments are funded by the federal government.

Altogether, President Bush has proposed sending 6,000 National Guardsmen to the U.S. border with Mexico. The overall cost of the multiyear deployment has been put at more than $1 billion.

In California, National Guard officials have said the mobilization could begin immediately.

A planning force could reach the border within days and the full deployment could be in place by July 15, but California Guard officials said they would not send anyone until Congress approves funding for the operation.

Schwarzenegger said he would sign a memorandum of understanding between the federal government and the governors of the four southern border states. It serves as a federal promise to repay the cost of the deployment.

It also establishes rules of engagement prohibiting Guardsmen from handling detainees, but allowing them to carry guns. The rules are similar to those the California Guard follows when deploying to a riot, officials said.

The document also contains a provision allowing the border governors to decline to participate in any part of the mission they deem inappropriate.

Schwarzenegger's decision ended an awkward period for the Republican governor. He held out longer than Democratic governors in Arizona and New Mexico before saying he would send troops.

He also had risked alienating voters in a state that has repeatedly backed a tough approach on immigration — although his reluctance to send troops had been seen as popular among Hispanics.

Arizona Gov. Janet Napolitano signed an agreement Thursday for her state to participate in Bush's plan, with 300 Arizona National Guard soldiers set to take part beginning in mid-June.

National Guard troops will be used for engineering, road and fence building, transportation, logistics and surveillance, reconnaissance and port-of-entry duties but not direct law enforcement.

Gov. To Send 1,000 National Guard Troops To The Border (LAT)

By Peter Nicholas

The Los Angeles Times, June 2, 2006

SACRAMENTO — Despite some misgivings, Gov. Arnold Schwarzenegger said Thursday he would send 1,000 National Guard troops to the Mexican border as part of President Bush's plan to curb illegal immigration.

Schwarzenegger said the mission would begin July 15 and end no later than Dec. 31, 2008 — a deadline, he said, that ensures the Guard won't be locked into an open-ended commitment.

Schwarzenegger, speaking at a news conference in the Capitol, also said the Guard would rely on volunteers for the assignment and that troops would be spared the riskiest duty, involving arrest and detention of people crossing the border illegally. About 700 Guard troops have expressed interest thus far, he said.

They will fix trucks, repair roads, operate cameras and perform other logistical duties, freeing U.S. Border Patrol agents for potentially more hazardous work.

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Stints at the border would last from six months to a year — reflecting Schwarzenegger's conviction that Bush's plan to rotate troops in and out every two weeks made little sense.

Amid a bitter debate over illegal immigration, Schwarzenegger seems to be staking out a middle ground.

He is striving to deflect accusations that he is "militarizing" the border, emphasizing that most Guard troops will be unarmed and a step removed from the front lines. At the same time, the governor does not want to be seen as ignoring Bush's call to shore up a border that Schwarzenegger has derided as dangerously porous.

The governor is expected to sign an agreement with the federal government spelling out the terms of the operation. Dubbed "Operation Jump Start," the agreement specifies that the federal government would cover costs that may run to $96 million a year, state officials said.

As of Thursday night, Schwarzenegger, the Pentagon and governors in other southern border states were working out details of the agreement. Arizona Gov. Janet Napolitano agreed to deploy 300 National Guard soldiers from her state to the border beginning in mid-June, the Associated Press reported.

Maj. Gen. David Rataczak, the Arizona National Guard adjutant general, said some of the Arizona troops will go to the border with their units for weeks-long annual training, while others will go as volunteers for longer stints.

As of now, the president's $1.9-billion request to finance his plan for increased border security is pending in Congress.

Bush laid out his plan to shore up the border in a nationally televised speech May 15. He said he wanted 6,000 National Guard troops to aid in border security.

Schwarzenegger quickly voiced doubts about the plan. He questioned whether it would make a real difference and worried that the state might not be repaid.

At his news conference Thursday, the governor said that over the last two weeks he had struck a satisfactory compromise with the Bush administration.

"The mission that I will assign to our California National Guard will be significantly different from the plan laid out by President Bush," Schwarzenegger said. "We will assist in a manner that protects our troops and uses our men and women in the most effective and appropriate way possible."

One key was setting a date by which the operation would end, he said.

As Bush structured the plan, the governor was free to cooperate or opt out, according to state Guard officials. Should the president try to extend the deployment, Schwarzenegger said, he would use his authority as commander of the California guard to resist.

"Well, I'm the commander in chief, so I can take back the National Guard at any time that I want," the governor said. "That is the most important thing, that there is control over that. And like I said, we are doing this, may I remind you, reluctantly. I mean, it's not my preference to send the National Guard to do this mission."

But it was necessary, he said, "to help the federal government to secure our borders … "

State Democratic leaders said that committing Guard troops is a mistake.

Assembly Speaker Fabian Nuñez (D-Los Angeles), who was briefed on the plan by the governor, predicted that Latin America would find the move offensive.

Nuñez said he also feared the commitment would stretch thin a National Guard that is crucial to California's recovery in the event of an earthquake or other natural disaster.

"When you deploy the National Guard to the southern border — but you don't do the same to the northern border — then you send a message that the problem is Latin America," he said. "This doesn't send a message of friendship. It sends a message of antagonism to our friends in the south. I don't think it will be well-received."

Most Guard troops won't be armed, though local commanders will be free to authorize firearms if they determine soldiers are in jeopardy, Guard officials said.

They also said there should be enough Guard troops to respond to natural disasters — despite the commitment of troops overseas and, now, at the border.

Of the 20,000 California National Guard troops, about 2,200 are overseas. Assuming 1,000 go to the border, that still leaves plenty of troops to respond to disasters, Guard officials said.

Nuñez said he was not convinced. The Assembly speaker said the governor and Guard officials "seem to feel confident we have enough manpower in the National Guard to respond to a natural disaster. I'm not totally convinced that's the case."

Immigration Figures At Polls (WSJ)

By Sarah Lueck

The Wall Street Journal, June 2, 2006

SAN DIEGO -- To Brian Bilbray, the "greatest ethics scandal in America" isn't about Washington lobbyists or the bribery conviction of Randy "Duke" Cunningham, formerly this area's unbeatable congressman.

Mr. Bilbray, a former Republican House member seeking Mr. Cunningham's vacant seat, is fighting what he calls the scandal of illegal immigration. He hopes that tough talk on the campaign trail about securing borders and cracking down on employers who hire illegal workers will bring enough supporters to the polls on June 6 to help him defeat a challenge from Democrat Francine Busby. A local school-board member, she takes a softer line on the issue, supporting proposals to allow illegal immigrants to become citizens and create new guest-worker programs.

Voters in this district near the Mexican border are "furious at everyone in Washington for ignoring this problem," Mr. Bilbray says.

Ms. Busby emphasizes the need for changes in ethics rules that would unravel Washington's "pay to play" system. Immigration "is not the only issue, nor is it the most important issue affecting people's lives," she says.

More is at stake in the Bilbray-Busby showdown than one congressional seat. If Ms. Busby wins Tuesday, she would take over what has long been a Republican district. Such a shift could portend a wave of Democratic wins this fall, just as Republicans are fighting to hang on to control of the House and Senate amid dismal approval ratings for President Bush.

The race also is shaping up as an early test for how immigration and scandal could play out this year in the polls, and which issue may get greater traction with voters.

With the San Diego runoff just days away, polls show a close race. SurveyUSA, a nonpartisan market-research firm, reported a dead heat -- 45% for Mr. Bilbray and 45% for Ms. Busby -- in May. Ms. Busby acknowledges an uphill battle in a district where 44% of voters are registered Republicans, and less than 30% are Democrats. Victory, Ms. Busby says, "would take just a tectonic shift."

Mindful of the broader implications, national party organizations are pouring money into the race, largely for negative television ads. One ad sponsored by the National Republican Congressional Committee calls Ms. Busby a "liberal" and says she supports "amnesty" for illegal immigrants. The Democratic Congressional Campaign Committee has launched a campaign to highlight Mr. Bilbray's work as a lobbyist in recent years, and votes he missed as a lawmaker while he went on trips to "hang out with special interests."

In a tacit admission that Mr. Bilbray's immigration position may be more popular in the district, Ms. Busby and her backers are trying to blur the candidates' differences on the issue. He opposes allowing illegal immigrants to become citizens, which he calls "amnesty." Ms. Busby says because the citizenship comes with hurdles, it doesn't amount to amnesty.

Ms. Busby says the barrage of commercials, even negative ones, have boosted her name recognition. On a recent walk outside her campaign headquarters in Encinitas, a coastal, Democratic-leaning enclave north of downtown, she was stopped by several people who asked if she was Francine. "We're pulling for you," said one wetsuit-clad surfer climbing the stairs from the beach.

While Mr. Bilbray enjoys the advantage of running in a strongly Republican district, he faces the danger of his party fracturing along different fault lines. Because he favors abortion rights and has supported gun control, he's fighting an impression among some Republicans that he's too moderate.

His main draw for the conservative base is his credibility as a hard-liner on immigration. He has supported legislation eliminating automatic citizenship for U.S.-born children of illegal immigrants. One of his lobbying clients was the Federation for American Immigration Reform, a group that wants to limit both illegal and legal immigration.

But he still faces a challenge to his right from William Griffith, an independent candidate on Tuesday's ballot, who is running as a "conservative alternative" to Mr. Bilbray. While Mr. Griffith has little chance of winning -- he got just 1% of the vote in

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the April special election, compared with 15% for Mr. Bilbray -- he may peel off some conservative Republican voters. Mr. Griffith has picked up endorsements from the local Minutemen activist group and the American Independent Party, both of which are pushing for a crackdown on illegal immigration.

And yet, if Mr. Bilbray steers too hard against immigration, he may risk losing moderate Republicans. Earlier this week, Sen. John McCain (R., Ariz.) canceled a visit to San Diego for a Bilbray fund-raiser. Mr. McCain supports a Senate immigration bill that would allow millions of illegal immigrants in the U.S. to eventually become citizens. Mr. Bilbray opposes that measure, and Mr. McCain didn't want to distract from the candidate's campaign message, according to a statement sent to the Bilbray campaign by Mr. McCain's political action committee. Mr. McCain still endorses Mr. Bilbray, the statement said.

On Tuesday night, Mr. Bilbray met with a handful of members of the local chapter of the Republican National Hispanic Assembly and faced some probing questions. Todd Garcia VanBoxtel, vice chairman of the group, said he was concerned that mass deportations of illegal immigrants would create an "uproar" by separating families and disrupting neighborhoods.

In response, Mr. Bilbray sounded a softer tone than he often does on the campaign trail. "You're going to have displacement," he said. But he also predicted the House and Senate dealmakers would find a "moderate, middle ground" in their negotiations, including removing a provision in the House bill that would make illegal immigrants felons. "We're not going to be punitive to immigrants, and we're not going to reward illegal immigrants," he said. An avid surfer, Mr. Bilbray tempered his remarks with tales of traveling to Mexico's beaches and growing up near the "frontera."

Mr. Bilbray seemed to have walked the tightrope just right. Mr. Bilbray "probably didn't have enough votes to get an endorsement when he walked in" to the meeting, Mr. Garcia VanBoxtel later said. But the group ended up supporting the Republican candidate and plans a mailing to 1,000 Hispanic households urging them to vote.

"What impressed us was his affection for travel in Mexico ... and his love of the people... Obviously he didn't tell me necessarily what I wanted to hear, but he had firsthand knowledge of the situation and that won us over," Mr. Garcia VanBoxtel said.

118 Aliens Arrested In Raid Of 'Safe House' In Arizona (WT)

By Jerry Seper

The Washington Times, June 2, 2006

The U.S. Border Patrol arrested 118 illegal aliens at a "safe house" in Rio Rico, Ariz., just north of the U.S.-Mexico border, in a raid this week by a unit of undercover agents that has targeted alien smugglers and those who help them.

The team, known as the Disrupt unit, raided the house near Interstate 19 after receiving a tip about "suspicious activity." The agents took the illegals into custody and seized four vehicles. Twenty-three houses used by smugglers to stash illegal aliens awaiting transportation to cities throughout the U.S. have been uncovered by the team since October.

Created by former U.S. Customs and Border Protection (CBP) Commissioner Robert C. Bonner as part of the Arizona Border Control Initiative, the team has focused on southern Arizona, where more than half of the 1.15 million illegal aliens apprehended last year were caught -- about 1,700 arrests a day in that state.

Mr. Bonner, who retired in November, described the Disrupt team as part of a "full-court press to reduce the number of illegal aliens crossing our borders, and to detect and arrest those engaged in illegal cross-border activity."

Working with investigators from U.S. Immigration and Customs Enforcement (ICE), the team targets and seeks to disrupt the criminal organizations that smuggle foreigners into the United States.

"The community is the second set of eyes and ears for not only the United States Border Patrol, but for all law enforcement," said Jose L. Maheda, a Border Patrol spokesman in Nogales, Ariz.

Border Patrol Chief David V. Aguilar told a Senate subcommittee last month that the detection and disruption of alien and drug smugglers on the U.S.-Mexico border was a top priority and that efforts to identify and dismantle these criminal organizations have resulted in an increase in violence aimed at his agents.

Chief Aguilar said that nearly 200 agents had been assaulted since Oct. 1, the start of the fiscal year, and that the number of agents assaulted during fiscal 2005 was more than double that in fiscal 2004.

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"This line of defense does come at a price, and our dedicated agents face significant risks," Chief Aguilar told the Senate Judiciary subcommittee on terrorism, technology and homeland security. "As we continue to bring larger areas of the border under operational control, we can expect spikes in border violence as border criminals discover they can no longer operate with impunity and are prevented from using the border for their criminal activities."

The owner of the Rio Rico house, Diva Boreale, told reporters that she and her husband were "surprised" by the raid because she had no idea the residence -- which was rented out -- was being used to house illegal aliens.

Mrs. Boreale said "trash, covers, pillows and clothes" were just some of the items left by the illegals and their smugglers. "The house looks damaged."

Two Billboards Join Colorado Debate On Illegal Aliens (WT)

By Valerie Richardson

The Washington Times, June 2, 2006

DENVER -- Two prominent billboards criticizing sanctuary policies for illegal aliens were uncovered here yesterday in the latest salvo in Colorado's simmering immigration debate.

The first billboard shows three military helmets atop rifles and has the message, "Mr. President, Mr. Governor, Mr. Mayor; they did not die for ILLEGAL SANCTUARY."

The second purports to welcome illegal aliens to Denver, which has policies forbidding authorities from asking about immigration status.

"Welcome to SANCTUARY CITY ... Relax, you made it! Brought to you by Executive Order 116," the black-and-white billboard says.

The 48-by-14-foot billboards are the brainchild of Denver radio talk-show host Peter Boyles, who frequently criticizes national immigration policies on his popular KHOW-AM morning show.

He broadcast yesterday's show at a rally featuring Rep. Tom Tancredo, Colorado Republican, and Jim Gilchrist, founder of the national Minuteman Project. As work crews uncovered the first billboard, the crowd of about 150 people cheered, while a lone protester held a sign that said, "No Billboards for Bigots."

The anti-sanctuary messages come as the immigration issue rises to the forefront of this year's state election. Activists are gathering signatures for a ballot measure that would deny state services to illegal aliens, and the Republican gubernatorial candidates are sparring over who is tougher on protecting the border.

The military-themed sign is a replica of a New Mexico billboard erected by Bob Park, a former Border Patrol agent who became frustrated with government policies that he said provided better medical care to illegal aliens than to military veterans.

Mr. Boyles' organization, Billboard Colorado, plans to erect at least one more billboard with a similar anti-illegal-entry theme. The signs, which cost $18,500 per month, are funded mainly by contributions from radio listeners and other Coloradans, Billboard Colorado spokesman Mike McGarry said.

"We've been deluged with contributions coming from all over the state," Mr. McGarry said. "We're getting $2 and $5 contributions from self-described little old ladies in their 80s where the return address is from a nursing home. This was truly a grass-roots effort."

Polly Baca, president of the Latin American Research and Service Agency in Denver, said she was "amused" by the billboard campaign, adding that most people would find the messages sarcastic and obscure.

"I find it rather interesting that they would put up billboards that most people can't understand," said Ms. Baca, who opposes the proposed ballot initiative. "When they say 'sanctuary,' does that mean a wildlife sanctuary? There are probably a handful of people who understand these messages, and they've probably already made up their minds on the issue."

Imam Agrees To Be Deported (AP)

AP, June 2, 2006

TACOMA, Wash. – A Seattle-area mosque leader who was investigated for possible ties to terrorist groups agreed Thursday to accept an order of removal from the United States, federal officials said.

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Abrahim Sheikh Mohamed appeared in immigration court here, and Immigration Judge Victoria Young ruled that he had no legal basis to remain in the United States, according to a news release from U.S. Immigration and Customs Enforcement.

During the hearing, Immigration and Customs lawyers presented evidence that Mohamed has Kenyan citizenship. Young ordered him deported to Kenya or, if that cannot be done, to Somalia, the agency said.

Mohamed was an imam of the Abu-Bakr Mosque in Seattle's Rainier Valley area.

He was arrested Nov. 14 at Seattle-Tacoma International Airport as he returned from a trip to Dallas. Federal officers said he lied to obtain legal asylum status after coming to the U.S. in 2000.

He has been detained by ICE without bond since his arrest, as agency attorneys argued that his ties to terrorist organizations in the horn of Africa made him a national security risk.

Among other things, federal agents believed he came to the country to help raise money for the Ogaden National Liberation Front, which wants an independent state for ethnic Somalis in Ethiopia, FBI Special Agent David Rubincam said during a February hearing in the case.

The outcome of the case "underscores ICE's commitment to protecting the integrity of our nation's legal immigration system," said Dorothy Stefan, the agency's chief counsel in Seattle.

Mohamed's defense attorney could not immediately be reached for comment after business hours Thursday.

Seattle Imam Ends His Effort To Stay In U.S. (SEAPI)

By Tracy Johnson, P-I REPORTER

Seattle Post-Intelligencer, June 2, 2006

Mosque leader, held for 6 months, ordered deported to Kenya

A Seattle mosque leader who has been accused of funneling money to terrorist groups -- allegations that angered his many supporters in the local East African community -- gave up his fight Thursday to stay in the United States.

An immigration judge ordered that Abrahim Sheikh Mohamed, who isn't charged with any terrorism-related crimes, be deported to Kenya.

Mohamed has been locked up since his arrest Nov. 14 on immigration violations, and nearly six months of confinement -- much of it in isolation -- weighed heavily on his decision to accept deportation, according to his lawyer, Hilary Han.

"He's lived in the United States for almost six years. He has many ties here, and this is a place where he has been able to be safe," Han said. "This was not an easy decision for him."

Mohamed was accused of lying about being a member of a minority clan and his country of origin, among other things, in order to gain asylum. Federal immigration prosecutors say he is a citizen of Kenya and not war-torn Somalia.

With his fingerprints, authorities obtained several identity and passport-application documents that show he is from Kenya, according to Dorothy Stefan, regional chief counsel for Immigration and Customs Enforcement.

"We are gratified by the outcome of this case. It underscores ICE's commitment to protecting the integrity of our nation's legal immigration system."

Han said that while Mohamed applied for such documents in Kenya, he is a native of Somalia and likely would have been able to prove it -- though he has now waived that chance. His deportation hearing had been scheduled for later this month.

Mohamed told Immigration Judge Victoria Young through a Somali interpreter Thursday that it was "a very difficult time" for him but said he was willingly giving up his efforts to stay.

Young ordered him deported to Kenya but left Somalia as an alternative if the Kenyan government won't take him.

Six members of the Abu-Bakr Mosque attended the hearing but declined to comment about their friend's situation.

Mohamed had led prayers as imam of the Rainier Valley mosque for five years before federal agents arrested him last fall at Sea-Tac Airport, where he'd just arrived on a domestic flight.

In February, more than 200 people rallied in front of the mosque while Mohamed sought to be freed on bond.

But during his bond hearing, FBI agents and other witnesses testified that he had ties to terrorism and was raising money for a radical Islamic holy war.

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A man who ran an African restaurant near the mosque said $50,000 to $100,000 was raised each week for al-Itihaad a-Islamiya, a Somali terrorist organization to which he said Mohamed belongs.

The man also claimed that "jihad training" took place regularly in a nearby parking lot, where young people with BB guns were taught how to shoot people and blow up buildings.

Mohamed's supporters called such allegations ludicrous. They painted a picture of a peaceful leader who worked to keep Somali children on productive paths, and Han argued that some of the government's witnesses had grudges or other reasons to lie.

In March, Young concluded Mohamed was a threat to national security and denied his request to be freed on bond.

Han said Mohamed's decision to agree to be deported had nothing to do with the terrorism allegations.

An FBI spokeswoman said she could not discuss whether there was an ongoing criminal investigation of Mohamed.

Aziz Junejo, who hosts a local cable TV show on Islam, said it was "a very sad day" for the Muslim community. He said he has known Mohamed for several years and believes the man gave up his fight "to keep his dignity and respect."

"If one of our leaders was involved in terrorism, we wouldn't want him as a leader," Junejo said. "There's just no evidence of that."

P-I reporter Tracy Johnson can be reached at 206-467-5942 or tracyjohnson@seattlepi.com.

Fill-in Assigned For Immigration Judge Blasted By Appeals Court (AP)

AP, June 2, 2006

PHILADELPHIA (AP) Another judge has been assigned to fill in for an immigration judge recently criticized by an appeals court for his handling of asylum cases, the court administrator said.

The Executive Office for Immigration Review, which manages the nation's immigration courts, has assigned a judge from Arlington, Va., to fill in for Judge Donald V. Verlise following an unexplained two-week absence.

Elliott Edwards, the administrator for the immigration court of the Philadelphia region, said Ferlise's absence was not due to illness, and the arrangement would continue for an indefinite period.

The 3rd U.S. Circuit Court of Appeals ruled in April that Ferlise, 62, a former prosecutor, prejudged cases and bullied asylum-seekers, denying them their right to fair hearings. The Philadelphia City Council last month called for his removal.

Calls to Ferlise at home and at his office were not returned.

Washington attorney Ralph Conte, who said he was defending Ferlise but declined to say why he had been retained, referred questions to the Justice Department, which declined comment on what a spokesman called a ``personnel action."

A 2000 study published by the San Jose Mercury News ranked Ferlise as among the 10 toughest asylum judges in the country, saying he had granted 74 of 715 asylum requests between 1995 and 1999.

TAX:

IRS Ruling Imperils 'Gift Fund' Charities For Home Buyers (WP)

By Jacqueline L. Salmon And Kirstin Downey

The Washington Post, June 2, 2006

A ruling by the Internal Revenue Service threatens to extinguish a fast-growing -- but controversial -- charitable industry that has funneled hundreds of millions of dollars in cash to first-time home buyers for their down payments.

The unexpected IRS edict throws into question a practice that has helped boost national home ownership rates to a near-record 69 percent in the past six years.

Almost 200 charities, such as AmeriDream, based in Gaithersburg, and Nehemiah Corp. in California, have acted as cash conduits between home sellers and buyers.

Under the system, sellers provide cash to the charities, which then give it to home buyers for their down payments. The sellers, who pay the charities a service fee, often recoup their money by charging a higher price for the homes -- usually 2 or 3 percent more, or an amount equal to the down payment, says a Government Accountability Office study.

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Federal authorities have raised concerns, because the mortgages are insured by the Federal Housing Administration. When a home buyer defaults, the FHA loan fund suffers. Home buyers receiving assistance from the charities were more than twice as likely to default or become delinquent in their payments as those who used FHA loans without the charities' assistance, according to a GAO study last year.

Although the system has helped hundreds of thousands of low-income households buy their first homes, it is riddled with abuse, according to the IRS and a variety of government studies. The IRS called the programs "scams" in its ruling last month and said that by providing down payments, the charities actually inflated home prices, making it more likely that homeowners would default on their loans.

Sen. Charles E. Grassley (R-Iowa), chairman of the Senate Finance Committee, who is pushing for charitable reform measures, blasted the down-payment assistance charities and praised the IRS ruling.

"Unfortunately, this sector of charities is riddled with individuals who believe their role is to help themselves, not to lend a helping hand," he said. "Some so-called charities need a wake-up call that their business is charitable work."

The IRS's "revenue ruling," issued May 4, states that charities that dole out cash to home buyers that comes from sellers do not qualify as tax-exempt organizations because they benefit private interests, such as builders and other home sellers. The IRS expects to begin revoking some charities' tax-exempt status as it finishes audits, said Marvin Friedlander, chief of the IRS's exempt-organizations technical branch. The IRS also could assess the organizations millions of dollars in income taxes if it decides they are for-profit organizations, not charities.

Executives at the charities say they have helped renters who would not otherwise have been able to buy homes because they were unable to afford the down payment. They dispute the GAO study and disagree with the IRS findings.

Last week, a coalition of the charities asked the Treasury Department to suspend the IRS ruling and solicit public comment before issuing a final decision.

"This could have a sweeping impact on the whole housing industry," said Ann Ashburn, chief executive officer of AmeriDream, the nation's second-largest down-payment assistance charity, and the coalition chair.

The IRS action has also roiled the real estate industry, which depends on the charities as a way to move cash-poor home buyers into the housing market. The charities say they move $500 million a year from sellers to buyers -- money that would disappear if many down-payment assistance charities were put out of business.

"Almost anybody building for the first-time home buyer is using these programs," said David Ledford, staff vice president for housing finance and housing policy with the National Association of Home Builders. "Builders are concerned about what would happen not just in the future but for buyers who have already qualified and are going through a sale but who have not closed yet."

Among those who have benefited are Beverly and Kevin Queen, who used $2,500 they received through the AmeriDream down-payment program to move their five children out of an Anacostia apartment to a four-bedroom single family home they bought in Fort Washington in 2000. The only cash the couple had at the time, Beverly Queen said only half-jokingly, "was the $5 holding our bank account open."

Their brick-front home sits on a half-acre backing up to farmland. "This is what I wanted," said Beverly Queen, 44.

The Queens said they have faced no problems keeping up with their mortgage payments.

But consumer advocate Allen Fishbein, director of housing and credit policy with the Consumer Federation of America, said some borrowers have been financially damaged when they fell behind on their mortgages but could not sell the houses because they paid inflated prices.

"Our concern is that people who became homeowners will have trouble making payments," which he said could cause them to lose their homes and wreck their credit.

The IRS has discovered other irregularities in the down-payment charities. Although the organizations are meant for home buyers of modest means, the IRS has found that affluent home buyers have improperly taken advantage of them -- even using the "gift funds" to buy vacation residences, Friedlander said.

The charities have also lavished perks on themselves, according to the IRS. Recent audits of 15 of the largest down-payment organizations have raised questions about extravagant pay to executives, problematic ties to for-profit companies and inflated prices to low-income buyers that the charities were purporting to help, Friedlander said.

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As a result, the IRS has widened its investigation to include an additional 170 charities -- virtually all of the down-payment assistance charities that use seller funds.

The "gift fund" mechanism was devised by Don Harris, a Sacramento lawyer and minister who in the late 1990s found a loophole in the rules governing FHA mortgages that generally forbade home sellers from helping customers directly with down payments. He devised the idea of establishing a charity as a go-between for buyers and sellers.

The group Harris started, then called Nehemiah Home Ownership, gave buyers cash for the down payment on an FHA mortgage, generally 3 percent of the purchase price. The sellers then paid the charity an equal amount toward the down payment plus a service fee, typically 0.75 percent of the down payment.

Harris got a ruling from HUD approving the arrangement, and others copied Nehemiah's concept. Within a few years, a multibillion-dollar charitable industry was born, with about 200 nonprofits offering the service. In all, the industry says, it has given down payments to 625,000 households.

These loans make up an increasing amount of the FHA's volume. In 2006, about 28 percent of households receiving FHA loans got their down payments from the charities, up from 1.7 percent in 2000.

Ex-Norristown Councilman Pleads Guilty (PHI)

By Jeff Shields

The Philadelphia Inquirer, June 2, 2006

A former Norristown councilman whose criminal activity inspired a four-year corruption investigation pleaded guilty yesterday to tax evasion charges.

Ernest W. Scott Jr., 56, admitted in U.S. District Court in Philadelphia that he hid more than $142,000 in income from his auto tags business between 1999 and 2001. He is scheduled for sentencing Sept. 8; federal guidelines call for a sentence of 12 to 18 months in prison.

He is the third Norristown official to be convicted or plead guilty in the last six weeks in a series of indictments resulting from the U.S. Attorney's investigation. Ex-Mayor Ted LeBlanc was convicted on bribery and tax evasion charges April 18, and former municipal administrator Anthony Biondi pleaded guilty to corruption charges May 12. Scott is currently serving a 6 1/2- to 20-year state sentence. In 2003, Scott, then a member of the Norristown municipal council, admitted to running a corrupt organization that included issuing fake insurance cards and dealing marijuana.

The Montgomery County District Attorney's wiretap evidence from Scott's case was handed over to federal investigators in late 2002. The U.S. Attorney's Office used it to launch a wide-ranging probe that produced indictments against Scott and the man who prepared his taxes, as well as LeBlanc, Biondi, and four businessmen who were awarded contracts with Norristown.

Arthur Farquharson, who prepared Scott's taxes, is serving a 42-month sentence on conspiracy, tax evasion and other charges. Scott and Farquharson "often laughed" about the false tax returns they were filing, prosecutors said in court documents.

Strip Club Owner In Las Vegas Pleads Guilty To Tax Evasion (AP)

By Ken Ritter, ASSOCIATED PRESS

AP, June 2, 2006

LAS VEGAS (AP) - A strip club owner pleaded guilty Thursday to a felony tax evasion charge but avoided any mention of organized crime as the government ended a decade-long federal probe of whether the club was linked to the mob.

Rick Rizzolo, owner of the Crazy Horse Too, pleaded guilty in U.S. District Court to conspiracy to defraud the government, pledged to sell the club, and agreed not to contest some $17 million in fines, forfeitures and restitution.

The financial settlement includes a $10 million payment to Kirk Henry, a tourist from Olathe, Kan., whose separate civil lawsuit alleges he was paralyzed when he was beaten by club employees in 2001.

The club, using the corporate name The Power Company Inc. and represented by Rizzolo's lawyer, Tony Sgro, pleaded guilty to racketeering and will bear the brunt of the financial penalties.

Under the terms of the deal, the company acknowledged that employees had padded customers' bills and used threats and force to compel customers to pay disputed charges.

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Daniel Bogden, U.S. attorney for Nevada, called Thursday's deals an efficient way to achieve what he called a primary goal of the investigation - to strip Rizzolo of club ownership and bring closure to Henry and his family "for the brutal and tragic extortionate attack at the club."

The plea deal allows the government to veto a sale if the buyer is a close relative or business partner with Rizzolo, a felon or has proven ties with organized crime.

"The corporate plea to racketeering charges acknowledges the serious threat that the Crazy Horse Too has presented to the community," Bogden said.

The plea agreement requires Rizzolo to divest his interest in the white-pillared, Roman-themed club just off the Las Vegas Strip. It prohibits him from owning any other adult entertainment business in the U.S.

Rizzolo, 47, is expected to be sentenced to no more than 16 months in federal prison, prosecutors said. U.S. District Judge Philip Pro set sentencing for Sept. 15.

Rizzolo declined comment as he and Sgro left the courtroom.

"It's a relief to have it behind us," Sgro said.

Rizzolo remained free without bail following his conviction.

The pleas came a day after 16 current and former club employees pleaded guilty to federal charges. Fourteen pleaded guilty to felony tax evasion for failure to report income from tips given to dancers and shared among club employees.

One club manager, Robert D'Apice, 51, pleaded guilty Wednesday to a racketeering charge. A former waitress, Paula McBride, 28, pleaded guilty to perjury. All remain free pending sentencing. None is expected to get more than 16 months in prison. None of those who pleaded guilty this week case admits direct responsibility for the September 2001 beating that left Henry paralyzed from the chest down.

Henry's lawyer, Donald Campbell, did not immediately respond Thursday to requests for comment.

Club executives long denied allegations of ties to organized crime, kickbacks to cab drivers for delivering tourists to the door, and roughing up patrons who protested allegedly inflated credit card bills.

The federal probe of the Crazy Horse Too dates at least to 1995, when Sgro said the FBI submitted documents to obtain authorizations for wiretaps. Las Vegas police raided the club in late 2001, following Henry's injury, and the FBI and local police raided it again in February 2003.

"Buffalo" Jim Barrier, the flamboyant owner of a neighboring car repair shop who has often clashed with Rizzolo and club employees, called the pleas the end of a "reign of terror" dating to the 1980s.

"It's better than nothing," said Barrier, who said he summoned police after watching one patron beaten to death outside the club in 1995. "It was hard to stop him, but he's a convicted felon."

CONGRESS-ADMINISTRATION:

Bush's New Team Scores A-list Names (CSM)

By Linda Feldmann

The Christian Science Monitor, June 2, 2006

WASHINGTON - These are hardly the waning days of the Bush White House, but in some ways, time is running short for major new policy initiatives. And in the inevitable changing of the guard, as top appointees move on, it might seem a tough sell to lure A-listers onto the team. The pay isn't much to write home about, especially for those used to a healthy private-sector paycheck, and the administration remains deeply unpopular with much of the public.

But something has happened on the way to the makeover of Team Bush: The president has managed to bring in some first-string players, at a time when two-term White Houses are typically moving to the bench, analysts say. Exhibits A and B are Goldman Sachs chairman Henry Paulson, tapped to take over Treasury, and FOX TV commentator Tony Snow, the new press secretary. Joshua Bolten, the new chief of staff, is also getting high marks for his energetic retooling work - including helping snag his former colleague, Mr. Paulson - and setting his sights on upgrading the White House's communications and domestic policy shops.

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"The conventional wisdom - which is sometimes right - is that it gets more and more difficult to hire from the outside," says Stephen Hess, a veteran of the Eisenhower White House and a Brookings Institution scholar. "Time is short, it's not as much fun, policy has already been made. People give up big things to do government service, not just money, but going through confirmation. So you usually just get people from within, and you wind up with the Peter Principle - people rising to their level of mediocrity."

Mr. Bolten's promotion-from-within belies that principle. But in that case, analysts say, it was probably wise for President Bush to bring a familiar face into the chief of staff hot seat - someone with whom he is already personally comfortable and who knows the president.

The Treasury slot is one that Mr. Bush has struggled to fill to his liking from Day 1. His first pick, Paul O'Neill, had a propensity for straying from the company line, and the current secretary, John Snow, failed to convince the public that the economy is strong. As Treasury secretary, Paulson would fill one of the four principal Cabinet slots - the others being State, Defense, and Justice - but under Bush, the Treasury job has not been viewed as a power center. Paulson signed on only after much wooing, and reportedly only after receiving assurances that he would have access to Bush and serve as more than just a cheerleader for the economy. Still, why would someone at the top of the financial world worth a reported $700 million take that leap?

"Paulson's an older guy, probably close to retirement anyway," says Bruce Bartlett, an economist who served under Presidents Reagan and George H.W. Bush. "And there's a certain prestige and cachet - not literally, but figuratively - to sitting in Alexander Hamilton's chair."

The Treasury job also entails lots of global travel and no shortage of serious policy issues, including budget and trade deficits and the rise of China. Party loyalty is another likely factor; Paulson has donated and raised hundreds of thousands of dollars for Bush and other Republicans.

For all the new Bush appointees, too, entering the fray while the president is at a low point means there's no place to go but up. For an outsider like Tony Snow, jumping in now means he is free of the uncomfortable questions his predecessor, Scott McClellan, faced over various controversies, including the Valerie Plame scandal - the case of the CIA employee whose exposed identity has entangled top White house officials. Early on, Mr. McClellan said things that later proved to be untrue.

The early reviews on Mr. Snow have been positive - at least as an articulate, telegenic public persona for an administration under fire.

"Snow had a presence right away," says Paul Light, a public-policy professor at New York University.

How much Snow can prove to be the "full-service press secretary" he says he intends to be remains an open question. For now, that involves fiddling with reporters' malfunctioning tape recorders on the podium during briefings. But will he improve the press corps' access to officials and information? Bush's communications strategy has already been evolving for some time: He has been more open to taking potentially hostile questions in public forums, and more willing to admit mistakes. When USA Today broke the story about data mining of phone calls, Bush was out responding within hours.

"They're all good appointments," Professor Light says, referring to Paulson, Snow, and Bolten. But "I don't think they reshuffle the deck in terms of public approval so late in the term."

Among other recent personnel changes, many have involved old faces taking new assignments: US Trade Representative Rob Portman is now budget director, replacing Bolten. Mr. Portman's deputy, Susan Schwab, has been tapped for the top trade job. Political guru Karl Rove lost his policy portfolio, which was taken over by Joel Kaplan, former deputy budget director. Michael Hayden was easily confirmed to replace Porter Goss at the CIA, after an initial burst of controversy over General Hayden's role in secret surveillance programs from his days running the National Security Agency.

But another recent appointee who would never have gained much notice outside the Beltway did cause a flap. Two days after Karl Zinsmeister was announced May 24 as Bush's domestic policy director, it was revealed that he had doctored some quotes in a profile of himself posted on the website of the magazine he edited, The American Enterprise. Mr. Zinsmeister later told The Washington Post that what he did was "foolish."

Talk continues that Bolten might retool the White House's congressional liaison office and bring more change to the communications team. But discussion that Bush might bring a "graybeard," perhaps a former senator, into the White House as a

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senior adviser to help improve relations with Congress and project an image of stability has died down. Still, some analysts suggest the retooling so far may not be enough for Republicans eager for major change - especially heading into a tough campaign season.

"I don't think it's the shake-up the Republicans were longing for," says Light. "But it may be enough to stop further conversation for more shake-up."

A Global Warming Believer In Bush Cabinet (AP-Y2)

By John Heilprin

AP2, June 1, 2006

Henry Paulson may find the tightrope he'll be walking as President Bush's Treasury secretary will span a wider gulf than in his current twin jobs as chairman of Goldman Sachs and The Nature Conservancy.

Both the Wall Street powerhouse and the world's richest environmental group look at global warming as a dire threat requiring government-mandated reductions in carbon dioxide and other gases that trap heat in the atmosphere like a greenhouse.

Bush doesn't.

In fact, the president has rejected the Kyoto international global warming treaty that was negotiated during the Clinton administration. And that's the rub for staunch supporters of Bush's environmental policies.

"You do not want someone serving as a Cabinet officer who has a habit of indulging his environmental hobby at the expense of his financial responsibilities," said Tom Borelli of the Free Enterprise Action Fund, a mutual fund set up partly to debunk climate science that accepts the idea of global warming.

Steve McCormick, president of The Nature Conservancy, said Paulson won't shy from sharing his views on global warming in Bush's Cabinet.

"He is unhesitant in expressing his opinion when he thinks it's the right thing to do," McCormick said. "I'm sure that if there's an opportunity for Hank to provide his point of view on this issue, he will take advantage of it."

Paulson, nominated Tuesday by Bush to succeed John Snow at Treasury, took an early interest in nature. He was raised as a Christian Scientist on an Illinois farm, where he still keeps five acres and has let raccoons have the run of the house. Before college he wanted to become a forest or park ranger. Instead he opted for a business career, getting an MBA from Harvard.

He and his wife, Wendy, are both skilled birders. At their house in Illinois, they've raised birds, dogs, cats, raccoons, flying squirrels, lizards, snakes, mice, turtles, frogs and a tarantula.

"Environment is my passion," Paulson told Charlie Rose in a PBS interview in 2004.

At Goldman Sachs, he arranged for a handler with a leather glove to bring in captive-bred birds of prey to show off each year. The handler would come from The Peregrine Fund, another conservation group on which he serves on the board.

In New York, he often stops in Central Park, close to where the couple lives, to go bird-watching while on his way to work. Wendy Paulson volunteers as an environmental education teacher at public schools in Harlem. She also is board chairman of Rare, an international environmental nonprofit group.

Environmentalists normally critical of Bush believe they may have an advocate with access to the president's ear.

"It isn't every day that the Sierra Club finds itself welcoming a nomination to George W. Bush's Cabinet while ultraconservatives decry the move," said Carl Pope, the Sierra Club's executive director.

"But on issues like global warming, Hank Paulson appears to favor managing risk rather than cooking the books," Pope said. "It is heartening that someone of Mr. Paulson's stature in the financial world is willing to say that immediate action must be taken to combat global warming."

Last year under Paulson's direction, Goldman Sachs issued an eight-page position paper on environmental policy, saying it accepts a scientific consensus, led by United Nations climate experts, that global warming poses one of the greatest threats this century.

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Like Bush, the Goldman Sachs statement endorsed a market for businesses to buy and sell rights to emit greenhouse gases, saying it will spur technology advances by companies "that lead to a less carbon-intensive economy." But, it added, "Voluntary action alone cannot solve the climate change problem," a position contrary to the Bush administration's view.

The Nature Conservancy, under Paulson's direction, likewise supports a mandatory approach. It supports legislation by Sens. John McCain, R-Ariz., and Joe Lieberman, D-Conn., to cap U.S. greenhouse gases at 2000 levels, within five years. The Senate defeated the measure last year.

William Reilly, who headed the Environmental Protection Agency in President George H.W. Bush's administration and now chairs the World Wildlife Fund, said Paulson is "very much at home in the outdoors."

Paulson became chairman of The Nature Conservancy in 2004 after The Washington Post a year earlier raised questions about tax breaks claimed by the group's benefactors and private side deals on conservation easements.

He quickly assuaged lawmakers' concerns while also promoting conservation to Asia's business leaders and working with Chinese government officials to set land aside for parks.

"He has a reputation of being a very hands-on and supportive chairman," Reilly said of Paulson's work on behalf of environmentalists. "He was personally very generous and helpful in congressional relations the past year or so."

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On the Net:

Goldman Sachs: http://www.gs.com

The Nature Conservancy: http://www.nature.org

Paulson's Résumé With China Could Become An Asset For Bush (WSJ)

By Deborah Solomon And Andrew Browne

The Wall Street Journal, June 2, 2006

Few U.S. business leaders have courted China as assiduously as Henry M. Paulson Jr., President Bush's nominee for Treasury secretary, and those ties could prove crucial as the administration deals with China's emergence as an economic powerhouse.

Mr. Paulson says he has traveled to China more than 70 times in the past 15 years, rubbing shoulders with the country's political, financial and academic elite, both as chief executive of Goldman Sachs Group Inc. and as a director of the Nature Conservancy, an environmental group.

Mr. Paulson's ties could be pivotal as the U.S. tries to navigate its delicate relationship with China -- a country that puts a premium on loyalty among its foreign friends and where personal credibility counts for more than a corporate title.

"The biggest impediment to a healthy U.S.-China economic relationship has been misgivings about motives, a sense of insecurity about what the other side intends," says Daniel Rosen, principal at China Strategic Advisory and an adviser for international economic policy under President Clinton. Mr. Paulson, he says, "is going to make a big difference in U.S.-China economic relations."

As founding chairman of the advisory board of the School of Economics and Management at Tsinghua University, one of China's top colleges, Mr. Paulson, 60 years old, has established a personal rapport with former Chinese Premier Zhu Rongji, the first dean of the school. The two men sat together at the first two board meetings that Mr. Paulson attended and watched the 2004 U.S. presidential-election returns together on TV in Beijing.

Mr. Paulson's work with the Nature Conservancy brought him together with former Chinese President Jiang Zemin, who spent more than an hour talking about global finance and environmental issues with Mr. Paulson in 2001.

Mr. Paulson's efforts have paid off both for his business and his interest in conservation.

In 2004, Goldman Sachs became the first Wall Street firm to gain Chinese approval to set up a joint-venture investment bank. The bank also has won underwriting business on some of China's largest initial public offerings of stock in the past decade.

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Goldman helped underwrite the 2000 IPO of PetroChina Co., in what was then the country's largest stock-market listing, and it was a co-manager of yesterday's Bank of China IPO. In 1998, Chinese leaders invited the Nature Conservancy to work on conservation efforts in Yunnan Province, a region the size of Taiwan that is a favorite project of Mr. Paulson's.

The U.S. has a widening trade deficit with China, which has been a source of friction as the two countries become increasingly interdependent. China is one of the biggest holders of U.S. debt and produces low-cost goods on which the U.S. has come to rely. At the same time, China is transitioning to a market-oriented economy from a socialist one, has a poor human-rights record and maintains relations with nations hostile to the U.S., including Iran and North Korea.

If confirmed, Mr. Paulson would have to deal with China's currency and its value relative to the dollar. Critics complain China manipulates the yuan, keeping the value artificially weak so that it can produce goods more inexpensively and give Chinese companies an advantage in the world market. So far, the Bush administration has resisted efforts to brand China a manipulator, preferring to encourage the country to let its currency strengthen.

Some economists and analysts say Mr. Paulson's appreciation of the immense problems Beijing faces in holding together an economy so powerful yet so vulnerable might temper his approach to the currency issue. At the same time, Mr. Paulson has said publicly that China's leaders recognize the need for a "mutually beneficial" economic and trade relationship, saying in a 2004 television interview PBS's Charlie Rose in 2004 that its leaders are "smart enough to recognize if it's not mutually beneficial it's not going anywhere."

Chinese analysts say that while personal knowledge of China will be a plus, they aren't counting on Mr. Paulson to give Beijing an easy ride. "It is unwise to rely on some personal ties," says Mei Xinyu, a researcher with a think tank under the Ministry of Commerce. "If there is some friction between China and the U.S., I believe he will put the U.S. national interests as a priority," he says.

Mr. Mei says Mr. Paulson's experience in China "would help him to become a better coordinator between the two countries." But he worries that his engagement with China might end up as a liability. "Maybe we should not even bring up his China ties," says Mr. Mei. "If he feels too much pressure from Congress, he might have to adopt unfavorable measures just to show his position."

Bush's Lie (WP)

By Dan Froomkin

The Washington Post, June 2, 2006

It's not necessarily a huge deal in itself, but with credibility a paramount issue for the White House these days, it's worth noting that when asked about Treasury Secretary John Snow's future last week, President Bush could easily have ducked the question, or told the truth -- but instead, he chose to lie about it.

Lying is probably the one word mainstream journalists are the most averse to using when recounting what the president said -- even when they know he's not telling the truth. The act of lying requires not just the presentation of false information, but an intention to deceive. Reporters -- and, particularly editors -- are notoriously resistant to ascribe such volition without ironclad evidence.

But there's really no other way to describe what Bush said Thursday. Press secretary Tony Snow's widely-quoted explanation that Bush's statement was in some way "artfully worded" is just plain wrong.

It may not have been an important lie. And there are some mitigating factors: It was, after all, a personnel matter and there was some possibly legitimate concern about the financial markets. But it couldn't be more clear that Bush was being intentionally deceptive.

Here's the transcript of last Thursday's joint press conference with British Prime Minister Tony Blair. Bloomberg White House correspondent Richard Keil, who Bush calls "Stretch," asked the president the following question:

"Has Treasury Secretary Snow given you any indication that he intends to leave his job any time soon?"

Keil also tacked on a question about the economy. But Bush responded to his first question first: "No, he has not talked to me about resignation. I think he's doing a fine job."

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At Tuesday's press briefing , spokesman Tony Snow (no relation) confirmed that Bush had offered John Snow's job to Goldman Sachs chairman Henry Paulson several days before the press conference, and the spokesman didn't deny that Bush and his treasury secretary had talked about it.

So was Bush being intentionally deceptive?

Tony Snow's response: "No, he said, 'He's not talked to me about resignation.' That does not mean that there were not other discussions. I mean, it was artfully worded. . . . [T]he one thing you do not want to do in a situation like this is to start speculating about changes before the changes are ready to be made. Those do have impacts on markets, and you have to be responsible and cautious in the way you deal with them."

Several White House correspondents dutifully reported Snow's explanation -- but neglected to note that it doesn't wash.

First of all, Bush's direct answer to the question of whether John Snow had given him any indication that he intended to leave his job was, "No." Hard to get around that.

And what was supposedly so artful about Bush saying "he has not talked to me about resignation"? The spokesman acknowledged that Bush and Snow had some discussions, and that over some period of time Snow "had made it clear that he wanted to move on."

So is the White House claiming that Bush was on solid ground because, in the direct Bush-Snow discussions, the word "resignation" literally didn't come up? That they talked about Snow's desire to leave and his succession, but not his "resignation"?

In the best-case scenario -- and if you ignore the "No" at the beginning of Bush's statement -- Tony Snow's description of what the president said as "artful" rests on hair-splitting wordplay at least as preposterous as any Clintonian parsing. Worst-case scenario, the spokesman was just spinning like a top -- and the press corps, by and large, bought it.

A History of (Not) Lying

How hard is it for reporters to call what Bush says a lie? Consider Dana Milbank's near-legendary front-page Washington Post story from October 2002, headlined: "For Bush, Facts Are Malleable."

Milbank wrote that some of Bush's statements "were dubious, if not wrong"; that Bush's "rhetoric has taken some flights of fancy"; that he was guilty of "distortions and exaggerations"; that he had "taken some liberties," "omitted qualifiers," and made assertions that "simply outpace the facts."

But you won't find the word lie in there anywhere. It just won't get by the editors.

Mitigating Factors

One potentially mitigating factor to Bush's lie is that pretty much everyone in the room knew he was lying.

That very morning, Edmund L. Andrews had reported in the New York Times: "John W. Snow has signaled his readiness to step down as Treasury secretary, possibly by the end of June, or as soon as the White House has a candidate to succeed him, say Republicans with ties to the administration."

So here's how Peter Baker and Paul Blustein chose to report on the Bush statement in The Washington Post: "Bush, when asked about the Treasury secretary at his news conference last night, indicated only that he had not spoken directly with Snow and quickly changed the subject to positive economic indicators."

Justified?

One could also argue that it was just an innocent lie, intended simply to temporarily cloak an ongoing personnel matter -- or a justified lie, intended to avoid market disruption.

But the fact remains that Bush and his aides inevitably anticipated a question about Snow would come up. So his response was not an accident.

In other words, here is proof that when Bush feels it is justified, for one reason or another, he is more than capable of lying in response to a direct question, rather than just ducking it.

The obvious follow up question for the White House: When else is lying justified? In times of war, for instance, the commander in chief actually has a responsibility not to divulge secrets that would aid the enemy. But how widely does Bush

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envision that responsibility? Does it extend to lying, rather than just being discreet? What assurance can Bush give that he's not lying about all sorts of other things?

This is not an incident in a vacuum.

Internet Reaction

Blogger Steve Benen writes: "In the grand scheme of things, examples of Bush's mendacity are so common and disturbing, lying about replacing his Treasury Secretary probably doesn't rank very high. It is, however, an interesting example of the White House spinning a fairly obvious falsehood."

The liberal Think Progress blog has a video clip of the exchange. You can see Bush rubbing his mouth as Keil asks his question. Is that a tell? It's also at 26:44 in the official White House video .

Philadelphia Inquirer reporter Dick Polman headlines his blog post on the subject: "Maybe it all depends on what the definitions of 'no' and 'leaving' and 'resignation' are."

John Dickerson writes in Slate that Bush "could have simply said yes," but instead "answered in a way that was not--to use a White House term--reality-based. . . .

"We allow presidents a measure of obfuscation because in public they must give nuanced answers in some sensitive areas like national security. On personnel matters like this one, the public's right to know is not done grave harm when a president is less than candid. . . .

"In this case, though, the president jumped over the menu of bland dodges available to him and picked the least truthful statement short of 'Secretary Snow is staying.'"

Dickerson writes: "When a person hears a question, dissects it, and fashions an answer on the spot that deceives, it suggests a lot of practice and comfort with fibbing. This is a problem area for Bush: Fifty-six percent of the country does not find him trustworthy, according to recent polls .

But Dickerson, formerly a White House correspondent for Time, can't quite bring himself to call it a lie: "A hat is artful. A toupee is a lie. Bush's answer was toupee-like. Even if it was technically true that Bush had not talked to Snow about 'resignation,' the president knew his confected statement was deceptive. I'm reluctant to call it a lie, but the president abused our trust."

About That Hire

Richard Wolffe and Holly Bailey write for Newsweek that "there is one area where Bush has regained some momentum in his troubled second term: his hiring practices."

Mike Allen writes for Time: "Tuesday's announcement that Goldman Sachs chairman Henry Paulson, who holds the world's most prestigious investment banking job, had agreed to be nominated for Treasury Secretary was a thrilling coup for a White House that has had little cause for rejoicing lately. . . .

"Aides said Bush convinced his quarry that he would have a seat and voice at the table, and the President seemed to underscore that during his Rose Garden announcement by saying that Paulson 'will be my principal advisor on the broad range of domestic and international economic issues that affect the well-being of all Americans.'"

But Daniel Kadlec writes for Time that "there is no guarantee that Paulson can live up to his reputation as a get-it-done boss. 'We'll have to see if he signed a pre-nup,' says Ethan Harris, chief economist at Lehman Brothers. That's a pointed reference to the limited role that Snow was allowed to play in shaping economic policy under Bush, who has preferred to keep his own counsel and that of Vice President Cheney and top adviser Karl Rove. Snow was widely seen as a pitchman for policies that others wrote."

Iranian Turnaround

Michael A. Fletcher and Glenn Kessler write in The Washington Post: "The Bush administration offered for the first time yesterday to join European talks with Iran over its nuclear program, but only if the Iranian government suspends efforts to enrich uranium and reprocess spent nuclear fuel, which the administration calls part of a covert attempt to make bombs. . . .

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"The Bush administration previously refused to engage in direct talks with Iran on its nuclear program, preferring to let three European Union nations -- Britain, France and Germany, known as the E.U.-3 -- conduct negotiations. But Germany lately has increasingly urged Washington to deal with Tehran directly, as have a growing roster of foreign policy experts and at least two U.S. senators."

In a news analysis for The Post, Kessler calls it "perhaps the biggest foreign policy shift" of the Bush presidency, coming from "an administration stocked with officials who have made little secret of their desire to overthrow the government in Tehran."

David E. Sanger writes in the New York Times: "During the past month, according to European officials and some current and former members of the Bush administration, it became obvious to Mr. Bush that he could not hope to hold together a fractious coalition of nations to enforce sanctions -- or consider military strikes on Iranian nuclear sites -- unless he first showed a willingness to engage Iran's leadership directly over its nuclear program and exhaust every nonmilitary option."

But wait. Here's what I suspect is the real story, deeper in Sanger's article: " '[Vice President Dick] Cheney was dead set against it,' said one former official who sat in many of those meetings. 'At its heart, this was an argument about whether you could isolate the Iranians enough to force some kind of regime change.' But three officials who were involved in the most recent iteration of that debate said Mr. Cheney and others stepped aside -- perhaps because they read Mr. Bush's body language, or perhaps because they believed Iran would scuttle the effort by insisting that the Nuclear Nonproliferation Treaty gives it the right to develop nuclear fuel. . . .

"In the end, said one former official who has kept close tabs on the debate, 'it came down to convincing Cheney and others that if we are going to confront Iran, we first have to check off the box' of trying talks."

You know what this reminds me of a bit? That Blair-Bush summit in the weeks before the invasion of Iraq. Bush came out of the meeting ostensibly seeking a second United Nations resolution. But in fact, as Don Van Natta Jr. wrote for the New York Times in March, Bush was so dead-set on war that he was secretly talking about "ways to provoke a confrontation, including a proposal to paint a United States surveillance plane in the colors of the United Nations in hopes of drawing fire, or assassinating Mr. Hussein."

Haditha Watch

Thomas E. Ricks writes for The Washington Post: "The U.S. military investigation of how Marine commanders handled the reporting of events last November in the Iraqi town of Haditha, where troops allegedly killed 24 Iraqi civilians, will conclude that some officers gave false information to their superiors, who then failed to adequately scrutinize reports that should have caught their attention, an Army official said yesterday. . . .

"President Bush, in his first public comment on the Haditha incident, said yesterday that if an investigation finds evidence of wrongdoing, those involved will be punished. 'I am troubled by the initial news stories,' Bush said after a meeting with Rwandan President Paul Kagame."

The investigation "is likely to be explosive on Capitol Hill, because it focuses on questions that have haunted the Bush administration and the U.S. military since the scandal over abuse at Abu Ghraib prison emerged two years ago."

Here's the text of Bush's remarks.

Zinsmeistered

Zachary A. Goldfarb wrote in The Washington Post on Tuesday: "Karl Zinsmeister, President Bush's new domestic policy adviser, acknowledged he did something wrong when he took a newspaper profile of himself, altered quotes and text, and then posted it on a Web site without noting the changes."

For links, see the very end of my Friday column . One of the quotes Zinsmeister altered was his assertion that "People in Washington are morally repugnant, cheating, shifty human beings."

The Washington Post editorial board yesterday coined a new term for doctored: "Zinsmeistered."

"White House press secretary Tony Snow said Mr. Zinsmeister wanted 'to set the record straight' but did so in an 'unartful' way. Other terms -- perhaps even some of Mr. Zinsmeister's own adjectives -- come to our mind."

Taheri Watch

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Paul Kiel writes for TPM Muckracker: "Two weeks ago, Amir Taheri published an op-ed in Canada's National Post about an Iranian law that forced Jews to wear a yellow stripe. The story, reminiscent of Nazi Germany, quickly provoked outrage, but was just as quickly revealed to be a total fabrication . It also ran in the New York Post .

"Apparently this is just the sort of reliable advice that President Bush needs. Yesterday, Taheri had a face-to-face with the President as one of a small group of 'experts' on Iraq that visited the White House.

"According to Press Secretary Tony Snow, the experts were invited to the White House for their 'honest opinions' on Iraq."

New Staff Secretary

Bush swears in White House Staff Secretary Brett Kavanaugh to the U.S. Court of Appeals this afternoon in the Rose Garden. Yesterday, he announced Kavanaugh's replacement: Raul F. Yanes, currently the general counsel for the White House budget office, formerly senior counselor to Attorney General Alberto Gonzales, and before that an associate counsel at the White House, also under Gonzales.

So not exactly new blood.

Yanes, in fact, was one of two White House lawyers coordinating the initial White House response to the investigation into the leak of CIA operative Valerie Plame's identity.

Marriage Amendment Watch

Fred Barnes writes in the Weekly Standard about how a Senate vote on the proposed amendment to the Constitution to restrict marriage to a man and woman is coming up next week.

"And President Bush, despite his wife Laura's admonition that the marriage issue ought to be kept out of politics, plans to host a pro-amendment event at the White House and speak out in favor of the amendment."

Barnes writes that Bush "will appear on June 5 in the Rose Garden before a gathering of amendment supporters and, a White House official says, 'strongly support' the amendment. The president has rarely mentioned the amendment in the past. The choice of the Rose Garden as a venue means he is raising the marriage amendment to a higher level on his agenda, his wife's advice notwithstanding."

Missing Man

Matthew Mosk writes in The Washington Post: "President Bush shuttled into Maryland last night to help the state Republican Party raise more than $1 million for a number of high-profile 2006 races, but only one of the state's two marquee Republican candidates joined him.

"Gov. Robert L. Ehrlich Jr. stood on a riser shoulder to shoulder with the president, but the party's leading candidate for an open U.S. Senate seat in Maryland, Lt. Gov. Michael S. Steele, was absent. Steele had a scheduling conflict, campaign spokesman Doug Heye said."

Here's the text of Bush's remarks.

No New Contrition

My Friday column was largely about how the regrets Bush expressed in his press conference didn't really reflect any new contrition -- in spite of the continuing insistence by the press corps that it was some sort of watershed moment.

Several readers e-mailed me to call my attention to one thing I missed. Here's Richard Wolffe of Newsweek with Keith Olbermann on MSNBC later that night: "But of course, it is very rehearsed, everything from the mannerisms you saw, the upwards glance up at the ceiling for inspiration. And for me, the big giveaway was at the end of that answer--I don't know if you could see it on camera, but the president flashed a big grin to those of us sitting in the front rows. It didn't seem that he was quite as contrite as his performance."

And yes, you can actually see that grin at the 51:40 mark of the White House video .

Predictions Redux

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David S. Broder writes in his Washington Post opinion column: "In its September 2004 issue , Washington Monthly magazine invited 16 smart political observers -- a mix of Republicans, Democrats and independents -- to write short essays predicting what would happen if George Bush won a second term.

"The answers, understandably enough, were all over the lot. But no one suggested that one-third of the way through his second term Bush would have suffered the political and policy reverses that he has actually experienced. . . .

"The one commentator who got it exactly right was Kevin Drum , who runs the magazine's blog. 'What do we have to look forward to if George W. Bush is elected to a second term?' he asked. 'One word: scandal.' "

Worst Ever?

David Lightman writes for the Hartford Courant: "A Quinnipiac Poll released today gives President Bush one more reason to be concerned about his approval numbers: Lots of voters not only think he's doing a lousy job, but they rate him as the worst president since World War II.

"And to add to the sting: They say Bill Clinton was one of the best."

Here are the complete results .

Secretary, Protect Yourself (NYT)

By Paul Krugman

The New York Times, June 2, 2006

To: Henry Paulson, Treasury secretary-designate

So you decided to take the job, after all. It's no surprise that they wanted you. As the joke that's making the rounds puts it, they're so desperate they're scraping the top of the barrel. But most of us are surprised that you accepted.

No doubt you received assurances that like Robert Rubin, but unlike your predecessors in this administration, you'll get to be a real Treasury secretary. And you probably believe that those assurances can be trusted, if only because the Bush people currently need you a lot more than you need them.

But Paul O'Neill, who received tremendous acclaim from the news media when he was appointed Treasury secretary, must have believed the same thing. The fact is that you'll be treated well as long as you are perceived as someone who adds credibility with people outside the administration, and not a moment longer. Yet I'm sure you're already under pressure to say things that will fatally undermine your credibility.

Before we get to the specifics, you need to disabuse yourself of any illusion that this administration rewards loyalty. Nobody was more loyal than Larry Lindsey, President Bush's first top economist. Yet when Mr. Lindsey blurted out an inconvenient truth — that the Iraq war was likely to cost a fair amount of money (although we now know that his estimate was only a small fraction of the true cost) — he was fired.

And not just fired; he was fired in as insulting a fashion as possible, including snide remarks about his personal appearance. (White House aides made a point of telling reporters that Mr. Bush complained about Mr. Lindsey's failure to exercise.)

So what are you being asked to do that will undermine your credibility? Right now, I'd guess, you're being pressed to support the administration's illusions about how the economy is doing.

Americans are very unhappy with the state of the economy. According to Gallup, only 4 percent of the public considers the economy "excellent," and only 25 percent considers it "good." And there's good reason for this unhappiness. Although profits and C.E.O. compensation have soared, most workers are significantly worse off than they were a year ago.

The official line, however, is that it's a great economy, but that Americans for some reason aren't hearing the good news (just like they aren't hearing the good news from Iraq). Mr. Bush — who, by the way, isn't the affable guy you may have thought you met — doesn't seem as if he realizes that the economy isn't all that good; in his public appearances he seems peeved that he isn't getting credit for a great economy. And he expects you to explain to working Americans that the trouble they're having paying their bills is just a figment of their imagination.

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Moreover, if past experience is any guide, you won't be pressured just to spin on the administration's behalf, you'll be pressured to lie.

Look at what happened to Edward Lazear, the chairman of the president's Council of Economic Advisers. Last month Mr. Lazear and another member of the council published an op-ed article in The Wall Street Journal containing this astonishing assertion: "The president's tax cuts have made the tax code more progressive, which also narrows the difference in take-home earnings."

Now, you can play games with the meaning of the word "progressive," but by any measure the Bush tax cuts have made differences in after-tax earnings wider, not narrower. And just like that, any credibility that Mr. Lazear, a well-regarded academic without a prior reputation as a political hack, may have brought to the job was gone.

What will they ask you to lie about? Maybe you'll be asked to declare that we're on track toward a balanced budget. Or maybe you'll be asked to lie about environmental policy. Some of the administration's right-wing supporters opposed your selection because you are known as a supporter of action against global warming, so the political types might want you to throw them a bone by endorsing the administration's failure to do anything about the threat.

Right now, you're being flattered. You have a natural urge to be a team player. But if you play the game your new bosses want you to play, your credibility with the public will evaporate in no time at all. And when you're no longer useful to your new friends, you'll be tossed aside.

President Celebrates Judge's Swearing-in (AP)

By Deb Riechmann

The Associated Press, June 1, 2006

President Bush hosted a Rose Garden swearing-in ceremony Thursday for long-stalled judicial nominee Brett Kavanaugh, a White House lawyer who once worked for independent counsel Kenneth Starr's investigations of President Clinton.

Kavanaugh won Senate confirmation to the U.S. Court of Appeals for the District of Columbia Circuit late last month on a 57-36 vote after a three-year wait. It was a victory for Bush's drive to place a more conservative stamp on the nation's courts.

Presidents usually are not present when new judges take their oaths. But Kavanaugh, whose nomination was opposed by Democrats, has worked at the White House for the past five years — in the White House counsel's office and as staff secretary.

"I call upon the United States Senate to meet its responsibility to give every nominee a fair hearing and a timely up or down vote," Bush told the 120 guests, including Vice President Dick Cheney, Attorney General Alberto Gonzales and former Attorney General John Ashcroft.

Bush highlighted Kavanaugh's background, saying he had clerked for judges Walter Stapleton and Alex Kozinski on the appeals court and for Justice Anthony Kennedy at the Supreme Court, who gave him the oath.

"Thirty-one years ago today, a young Anthony Kennedy took the oath to be a court of appeals judge," Kavanaugh said. "Since then he has taught all of his law clerks that the Constitution of the United States is a compact between generations that must be preserved and revered and cherished and passed on. I feel that lesson very powerfully today."

In addition to clerking for judges, Kavanaugh was a partner in a national law firm, worked in the solicitor general's office and was an associate independent counsel under Starr. Kavanaugh worked on both the long-running Whitewater case and the 1998 Clinton impeachment case.

Sen. Edward Kennedy (news, bio, voting record), D-Mass., a member of the Senate Judiciary Committee, has called Kavanaugh a political operative who is the least experienced and most partisan appointee to the court in decades.

Democrats also highlighted the American Bar Association's recent downgrading of its rating of Kavanaugh from "highly qualified" to "qualified." Bush countered, saying that in three separate evaluations, all 42 ABA reviewers rated Kavanaugh as "well-qualified" or "qualified" to serve on the federal bench.

Senator Reid Admits Erring On Ethics Rule (NYT/AP)

By The Associated Press

The New York Times, June 2, 2006

DOJ_NMG_0031370

WASHINGTON, June 1 — Senator Harry Reid's office acknowledged Wednesday night that he had misstated the ethics rules governing his acceptance of free boxing tickets and had decided to avoid taking such gifts in the future.

Mr. Reid, a Nevada Democrat, is the Senate minority leader. His office said that Mr. Reid still believed it was "entirely permissible" for him to accept ringside seats for three professional boxing matches in 2004 and 2005 from the Nevada Athletic Commission but that he had decided to avoid doing so again.

The Associated Press reported Monday that Mr. Reid had accepted the free seats from the Nevada commission as it was trying to convince him that there was no need for a federal boxing commission. Mr. Reid voted to set up a federal commission, but the measure was never enacted.

Senator John McCain, Republican of Arizona, joined Mr. Reid for one of the fights and decided to reimburse $1,400 for his seat.

Senate ethics rules warn against taking gifts if the giver may be trying to influence official action.

Mr. Reid's spokesman, Jim Manley, said Wednesday night that Mr. Reid "misspoke when he said the rule applies only to senators who represent the state agency."

Several ethics experts criticized Mr. Reid's rationale that he felt obligated to take the tickets to ensure that boxing was being properly conducted in his home state.

"He is no more obligated to go to boxing matches than he is to a Celine Dion concert in Vegas," said Melanie Sloan, a former Justice Department prosecutor and head of Citizens for Responsibility and Ethics in Washington.

Hastert Is Longest-serving GOP Speaker (AP-Y2)

By Jim Abrams

AP2, June 1, 2006

Rep. Dennis Hastert, who vaulted out of political obscurity when Newt Gingrich resigned as speaker of the House more than seven years ago, on Thursday became the longest-serving Republican speaker in history.

Hastert, 64, surpasses fellow Illinoisan Joseph "Uncle Joe" Cannon, a pugnacious politician who ruled the House from November 1903 until the Democrats regained the majority in March, 1911.

"The House has achieved unprecedented success under his leadership," said Senate Majority Leader Bill Frist, R-Tenn., noting GOP successes in Medicare, education and tax cut legislation. "It's no wonder Denny has become the longest-serving Republican speaker in history."

A former high school history teacher and wrestling coach, Hastert was elected to Congress from a heavily Republican district west of Chicago in 1986. A low-key conservative with ties to former GOP leader Bob Michel, also from Illinois, Hastert was appointed chief deputy whip in 1995 after the Republicans, under new House Speaker Gingrich, gained the majority in the House for the first time in four decades.

Gingrich abruptly resigned as speaker in 1998 after Republicans fared poorly in the midterm elections. The heir apparent, Rep. Bob Livingston, R-La., shortly thereafter admitted to an extramarital affair and resigned his seat.

The Republican rank-and-file, looking for a change from the high-profile Gingrich, bypassed better-known but more controversial people, including then-Majority Leader Dick Armey, R-Texas, and Whip Tom DeLay, R-Texas. They chose Hastert as their next leader, in January 1999.

The longest-serving speaker is Democrat Sam Rayburn of Texas, who served more than 17 years, with two breaks when Republicans were in power, from 1940 through the early 1960s. Like Cannon, Rayburn has a House office building named after him. The longest-serving speaker without a break was Thomas "Tip" O'Neill, D-Mass., House leader from 1977 through 1987.

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On the Net:

Speaker of the House: http://speaker.house.gov/

Medicare Posts 30 Procedures' Prices (USAT)

By Julie Appleby

USA Today, June 2, 2006

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How much Medicare pays for hip replacements, cardiac surgery and 28 other procedures in each of the nation's counties went online Thursday, in the government's first effort to post hospital price information for consumers.

The move comes as employers and others who pay the nation's $1.9 trillion health care tab encourage patients to be more like savvy shoppers when it comes to medical care, currently a difficult prospect because so little comparative information on cost and quality is available.

That the federal government, the nation's largest purchaser of health care, is posting such information on its Centers for Medicare and Medicaid Services website is important, employer groups say.

"The days of medical costs and the difference in health care quality being invisible to consumers are over," says Peter Lee of the San Francisco-based Pacific Business Group on Health, although he says it may still take time to get truly useful consumer information.

Officials at Medicare, which serves about 43 million elderly and disabled people, say releasing the data is a first step in what they hope will be a broad effort by both the government and the private sector to publish price and quality information. The cost data join some hospital quality data on Medicare's website. In the private sector, a few insurers have made limited cost and quality information available to their members.

"Our ultimate vision is that patients will be able to compare hospitals and physicians on cost, quality and consumer satisfaction," said Health and Human Services Secretary Michael Leavitt.

Even so, the cost data posted by Medicare won't be useful to most consumers, because:

•The data show the range of what Medicare pays for procedures in each county, not what those with private insurance or the uninsured might pay.

•They do not show hospital-specific price data.

•They do not show what an individual Medicare member pays, although savvy beneficiaries could estimate based on the program's typical co-payments and deductibles.

The newly released data, however, do give consumers hospital-specific information on how many of each of the 30 procedures or treatments each hospital did in 2005. That's important because studies have shown that, in general, the more experience a facility has with a procedure, the better the outcome for the patient.

Data expected to be released later this year will include countywide cost ranges for various procedures paid for by Medicare in outpatient surgery clinics and doctors' offices.

Even though the information is Medicare-specific, Leavitt said it may prove useful for the uninsured, who could use it as a baseline for negotiating with hospitals on the cost of their care.

Tee Times And Ringside Seats: Congress Likes Its Freebies (USAT)

USA Today, June 2, 2006

At a trial unfolding this week, jurors have been treated to some enlightening testimony about the way Washington works. A former aide to Rep. Bob Ney, R-Ohio, recounted how he, Ney, lobbyist Jack Abramoff and others went on a golfing trip to Scotland in 2002 aboard a Gulfstream jet arranged by Abramoff.

The trip, documented in photos of the group in front of a jet and on the famed St. Andrews golf course, is now a major liability for the congressman from Ohio, who's under investigation and faces a tough re-election bid. It also provides a window on the sorry state of congressional ethics.

If the golf junket was legal at all, it would have been because it employed two commonly used ruses for skirting ethics rules: the special interest-funded vacation dressed up as a fact-finding mission, and the use of a private jet at a fraction of its true cost.

Here's how Ney's aide, Neil Volz, described the system when he worked on Capitol Hill: "I was given tickets to sporting events, concerts, free food, free meals. In return I gave special treatment to my lobbying buddies."

The testimony and the photos do not make for a pretty picture.

So what is the response from Congress? Well, not much. In separate "lobbying reform" bills crawling through the legislative process, the House of Representatives and Senate leave many of the loopholes allowing members and their staff to accept gifts

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from lobbyists well above the stated $50 limit. These include sham trips, bargain rates on jets, and premium seats for major sporting events and concerts.

Neither bill would create an office capable of enforcing the few ethics restrictions that do exist.

Perhaps the most comical element of the legislation is the single limit the House version would place on members flying on private jets. The lobbyist whose employer provided the jet would not be allowed to be on board. That would allow the House member to enjoy his indulgence in peace. But don't think for a moment that the lobbyist would have any trouble getting face time.

The legislation has one objective: to make it appear as if a scandal-racked Congress is doing something in an election year. But the fact is that many members of Congress feel cruelly cheated by the $165,200 annual salary they have voted for themselves and harbor a sense of entitlement to supplement their incomes with freebies.

How else to explain behavior like that of Senate Minority Leader Harry Reid, D-Nev., After it was revealed that he had accepted ringside boxing tickets from the Nevada Athletic Commission over a two-year period in which the commission was trying to influence pending legislation, Reid first said he saw no problem. Then, on Wednesday, he said he did nothing wrong but wouldn't do it again.

In fact, there is a problem in his behavior, and in that of many of his colleagues. Perhaps the biggest, however, is that so few seem to see that there is a problem.

OTHER NEWS:

Economy Appears To Be Decelerating (USAT)

By Sue Kirchhoff

USA Today, June 2, 2006

WASHINGTON — The economy is cooling from the torrid pace of earlier this year, with home construction, housing price gains and manufacturing activity starting to slow, according to government and private data released Thursday.

Factories are paying more for materials. Labor costs are rising more slowly than previously estimated — bad news for workers who have seen wages lag but a signal that inflation pressures aren't mounting.

Economists said the reports add credence to the Federal Reserve's prediction that the economy will slow in the second half of the year but added it's not yet clear where inflation is headed.

“It creates a real dilemma for the Fed, because it can see growth slowing, and it can believe at some point in the future slowing growth is going to bring inflation down again, but how long can it wait?” said Nigel Gault of Global Insight.

“The markets have gotten much more nervous … the way ahead is much less clear,” Gault said.

The Fed is debating whether to keep raising rates to combat inflation or take a breather to assess the impact of 16 rate increases since mid-2004. The Fed has raised its target for short-term rates to 5% from a historic low of 1%.

Core inflation, which excludes food and energy, is slightly above the Fed's 1%-2% comfort zone.

In a sign of the slowdown, construction spending dipped 0.1% in April, as residential construction dropped by 1.1%, the largest decline in more than two years, the Commerce Department said. Commercial real estate is booming as housing slows.

So far, the housing slowdown is moderate. The Office of Federal Housing Enterprise Oversight says average home prices rose 12.5% from the first quarter of 2005 to the same period in 2006.

Price appreciation in the first three months of 2006 was 2%, or an annualized rate of about 8.1%. While that's still robust, it shows the heady price gains of the past several years could be tapering off as interest rates rise.

“Housing prices (are) still growing stronger than some might have expected,” said OFHEO acting Director James Lockhart. “Price growth is moderating in some parts of the country, particularly in areas where prices have been rising the most.”

In a separate report, the Labor Department said productivity, or output per worker, rose at a healthy annual rate of 3.7% January through March. Salaries and benefits inched up 1.6%, after falling 0.6% in the fourth quarter of 2005. Wage gains had been estimated at a 2.5% clip.

The private Institute of Supply Management said manufacturing activity expanded less quickly in May than in April, while prices paid surged to the highest level since Hurricane Katrina hit last year.

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Data Indicate Economy Is Cooling (WSJ)

By Christopher Conkey

The Wall Street Journal, June 2, 2006

Readings on home prices and manufacturing activity offered fresh evidence that the economy is cooling after a blazing start to the year.

Home prices rose 2.0% in the first quarter, the slowest such pace in two years, according to the Office of Federal Housing Enterprise Oversight. As with other data suggesting a moderate slowdown in the housing market, the Ofheo report shows that the rate of appreciation has gradually declined since peaking last year. Still, the rate of growth in house-price appreciation has retreated only from extraordinary highs, and in the first quarter prices were 12.5% more than a year ago.

A second report showed that the manufacturing sector experienced slower growth. The Institute for Supply Management, a purchasing managers' trade group, said its index of manufacturing activity fell to 54.4 in May from 57.3 in April.

Lower readings on new orders, production and employment contributed to the decline, which left the index at its lowest point in nearly a year.

Together, the figures point to an economy shifting into a slower period of expansion after a robust first quarter.

"The rate of growth is slowing a little bit but we have to realize that we're coming from a first quarter when growth was very strong," said Norbert Ore, who oversees the ISM index and also serves as Georgia-Pacific Corp.'s procurement director. "At the end of the day, business spending is staying quite strong and the consumer is the wild card."

Because consumer purchases drive most economic growth, one of the major concerns among economists has been that the softening housing market and high gas prices will cause consumers to curtail their spending. Yesterday's Ofheo report alleviated some concerns on the housing side.

"These data show average housing prices still growing stronger than some might have expected," said James Lockhart, the office's acting director. If prices keep rising, consumers can continue tapping the equity built up in their houses to fuel other forms of spending.

Ofheo is considered the best authority on house prices because it best tracks the changing value of individual homes over time. Its index incorporates data from refinancings as well as purchase transactions. When refinancing data are removed, the index showed purchase prices up 10% in the first quarter compared with a year earlier.

Other measures have shown even less appreciation, and economists at UBS Securities LLC noted that the Ofheo index doesn't include condo and co-op prices, which have experienced some of the sharpest pullbacks.

Regardless of the measure used, however, a consistent theme of gradual cooling in the housing market emerges. "Increasing sales inventories are apparently giving buyers greater bargaining power, while increasing interest rates are dampening demand," said Patrick Lawler, chief economist at Ofheo.

In other signs of the housing slowdown, the Commerce Department said construction spending dropped 0.1% in April as residential home building fell 1.1%. Separately, the National Association of Realtors said its pending-home-sales index, a measure of future activity in the sector, was at 111.8 in April, down 3.7% from March and 11.7% from a year ago.

The ISM reading of 54.4 in May still points to growth for manufacturers, but several components provided reasons for concern. The new-orders index, a barometer of future production, fell to its lowest point in a year.

The employment index fell to 52.9 in May from 55.8 in April, raising more concerns about future growth. The index for prices, an indicator of potential inflationary pressures, jumped to 77.0 last month, its highest mark since the aftermath of Hurricane Katrina late last summer.

Other data released yesterday offered a more comforting signal on inflation. The Labor Department revised upward to 3.7% its measure of nonfarm business productivity in the first quarter, as output jumped 6.5% and hours worked rose 2.7%. Unit labor costs rose 1.6% during the first quarter.

1st-Quarter Home Prices Rise, But At Slower Pace (WP)

By Sandra Fleishman

The Washington Post, June 2, 2006

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U.S. home prices continued to rise in the first quarter of the year, but in another sign of a cooling market the pace slowed from the last quarter of 2005, according to a report released yesterday.

Home prices nationally were 12.5 percent higher in the first quarter than a year earlier, according to the survey released by the Office of Federal Housing Enterprise Oversight. In 2005, the average home price jumped about 13.3 percent.

The typical home's value, though, rose only 2 percent in the first three months of 2006, an annual rate of 8.1 percent. That is about a percentage point below the rate from the fourth quarter of 2005 and the lowest quarterly rate of increase since the first quarter of 2004.

Also, for the first time since late 2002, average home prices fell for the quarter in two states, Iowa and South Dakota.

"These data show average housing prices still growing stronger than some might have expected," said James B. Lockhart III, acting director of OFHEO, which regulates mortgage giants Fannie Mae and Freddie Mac. "They do indicate, however, that price growth is moderating in some parts of the country, particularly in areas where prices have been rising the most."

In the Washington area, price growth slowed but still far exceeded the national rate. The District, which is counted as a state in the report, came in fifth in the nation, with 20.8 percent growth for the 12 months and 1.5 percent for the quarter. That compares with about 23.4 percent growth in 2005.

In the market that includes the District, Northern Virginia, and Prince George's, Charles and Calvert counties in Maryland, and Jefferson County in West Virginia, the average home price increased 21.8 percent for the 12 months and 2.4 percent for the quarter. In the Montgomery County-Frederick County market defined by the Census Bureau, it was up 18.4 percent for the 12 months and 2.5 percent for the quarter.

For the fourth quarter of 2005, prices in those two markets had increased at annual rates of 24 percent and 20 percent respectively.

Economists said the data were consistent with previous reports of slowing sales of new and existing homes and rising inventories. Many blame rising mortgage rates and a five-year run-up in prices for hurting affordability and sales.

"We've seen substantial home price appreciation in the last five years, particularly on both coasts, that has begun to pinch affordability, especially for first-time home buyers," said Frank E. Nothaft, chief economist for Freddie Mac. As mortgage rates have moved up for the past six months, housing starts, single-family home sales and prices have moderated, he said. "It's clear that it peaked somewhere during the fall of 2005."

Freddie Mac reported yesterday that rates on 30-year, fixed-rate mortgages averaged 6.67 percent, up from 6.62 percent last week. Rates have not been that high since June 2002.

The OFHEO survey is considered the best gauge of prices because it compares prices of the same houses sold or refinanced over time.

Part of the reason prices have held up is that even though homes are taking longer to move, sellers are holding out for their asking prices, said Patrick Lawler, OFHEO chief economist, and "largely they are getting them."

Prices continued to rise the most in vacation areas, such as Arizona, Florida and the Pacific Northwest, although the growth is also slowing there, Lawler said.

The slowing in prices doesn't surprise Donna Evers, head of Evers & Co. Real Estate Inc. in Northwest Washington. She said "prices have more or less leveled off" as the inventory of homes for sale has grown.

Inventory, Evers said, has reached numbers not seen since 1999. But she said sellers should not worry: "1999 was a boom year."

Why Those Pay Hikes Are Not Going Very Far (CSM)

By Mark Trumbull

The Christian Science Monitor, June 2, 2006

BAINBRIDGE TOWNSHIP, OHIO - As a restaurant manager at Zeppe's Pizzeria, Kym Costello says she's earning good money selling pizzas, subs, and some of the best French fries on the east side of Cleveland.

As a college student who drives 35 miles to class each day, she's also spending a lot - and she reckons her income is not keeping pace with the rising costs of living.

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It's a common quandary in today's economy.

On average, American paychecks are rising, as employers offer higher salaries to attract and retain staff. At the same time, inflation has been heating up, burning a bigger hole in consumers' pockets.

The result is a dynamic that's challenging for workers and potentially risky for the economy.

Some analysts say now is the time for workers to enjoy an overdue improvement in their living standards. But others fear a wage-price spiral, in which pay raises ripple into the costs of goods and services, making no one better off.

"Wages are accelerating. I think that's a good thing," says Ken Mayland, president of ClearView Economics in Pepper Pike, Ohio. "But what the [Federal Reserve] will worry about is that these wage increases will just get caught up in more price increases."

That hasn't happened yet. But once a spiral starts, it can be hard to stop, experts say. Concern has risen in recent weeks. Two gauges of inflation have edged up beyond the Federal Reserve's comfort zone - with higher than 2 percent annual growth in "core" prices, which exclude food and energy.

Meanwhile, wages seem to be picking up, although a report Thursday suggested some softening of the trend. The Department of Labor said hourly compensation - which includes benefits as well as wages - rose at a 5.3 percent pace in the first three months of the year, but fell at a 0.9 percent annual pace in the final quarter of 2005.

The Labor Department's April jobs report, released a month ago, showed the sharpest rise in average hourly earnings during the current economic expansion: a 3.8 percent jump from the same month a year earlier.

Fed policymakers will be watching the May jobs report, due out Friday, for further signals on whether they need to boost short-term interest rates for the 17th time when they meet June 28 and 29. A weaker-than-expected number on job creation, for example, could temper worries that a tight labor market is fueling inflation.

"The Fed has a lot of credibility as an inflation fighter now," says Dr. Mayland. "But if it does anything to reduce that credibility, then the economy would pay the price of that for a long time."

Long-term interest rates, for example, could rise as investors demand a premium to cover expectations of higher future inflation.

Still, it isn't necessarily inflationary when wages rise faster than prices. Rising "real" (inflation-adjusted) wages are the norm in a healthy economy.

Employers typically cover the cost of pay raises by improving productivity. A reduction in corporate profits, now at record levels, is another way to pay for wage hikes. It's when pay raises lead to price hikes, and then to expectations of further gains in wages and prices, that a spiral gets going. Some current straws in the wind suggest that the risk is real enough:

• An April survey of small businesses found that more are raising prices - and about the same number say they are hiking wages.

• Companies are working harder to fill positions. With the unemployment rate down to 4.7 percent nationwide, a survey of 100 human-resource executives in April found that one-fourth of them reported a "severe" shortage of workers, according to Challenger, Gray & Christmas, an outplacement firm based in Chicago.

• Expectations of inflation have risen, according to consumer surveys and signals embedded in bond prices on Wall Street. This is important because such expectation can, by itself, help fuel inflation.

Still, not all signs point toward higher inflation.

By some measures, the labor market does not appear to be overly tight. The number of new jobs added each month hasn't been far in excess of the number of new workers entering the labor force, for example. A nationwide index of help-wanted ads has fallen in all nine regions tracked by the Conference Board in New York.

Meanwhile, consumers remain very sensitive to prices, as interest-rate hikes and flatter home prices dampen their spending power.

"Everything is in the hand of the consumer," says Rajeev Dhawan, director of the economic forecasting center at Georgia State University's J. Mack Robinson College of Business in Atlanta.

Consumer spending is much needed here in Ohio, where the pace of job creation is among the slowest in the nation. Ohio has just 0.5 percent more jobs now than it did a year ago, compared with job growth of 1.5 percent nationwide.

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But at Zeppe's Pizzeria, with a "drivers wanted" sign in the window, business is brisk enough to support some raises.

"My pay here has gone up a lot since I started," says Ms. Costello, who is majoring in chemistry at Lake Erie College in Painesville, Ohio.

If the economy runs smoothly and the Fed does its job just right, she and other workers stand to benefit from more raises as the job market strengthens. Living standards should rise.

That would be a welcome reward for workers. Average hourly earnings, at $16.68 last month, are below the peak they reached in 2003, after adjusting for inflation. "It's been remarkable how little the wages have moved" as the current expansion has gained traction, says John Challenger, president of Challenger, Gray & Christmas.

Statistics for compensation, which is a broader measure of pay, appear to be brighter because benefits are included. But today's workers are reaping smaller rewards from rising productivity than they did in the past. In the 1960s and 1970s, hourly compensation grew 1.9 percent a year, adjusted for inflation.

From 1985-2004, real hourly compensation grew just 1.3 percent a year, even though per-hour output was rising at a similar pace of more than 2 percent.

One reason for the gap, economists say, is globalization, which has put downward pressure on American wages. Several billion workers are now part of a global labor market.

As labor has lost clout, investors have gained. More of the gains from productivity go to shareholders, in the form of higher profits, rather than to workers.

Now an important question is how much worker clout will bounce back.

Salaries at small businesses have risen for eight consecutive months, according to SurePayroll, a Chicago-area firm that processes paychecks nationwide. The April rise alone showed a salary gain of 0.93 percent over March.

Worker output has been improving, up to a 3.7 percent annual pace, according to the first-quarter number released by the Labor Department Thursday. That could bode well for noninflationary wage growth, as long as there's no recession. "I'm optimistic," Mayland says.

Stocks Surge As Inflation Fears Ease On Factory Data, Falling Oil Prices (WSJ)

By E.S. Browning

The Wall Street Journal, June 2, 2006

As June replaced May, hope replaced fear, and stocks moved strongly higher.

A fresh batch of economic reports spurred hopes that inflationary pressure might be easing, and the Dow Jones Industrial Average, which has been under pressure for almost a month, rose 91.97 points, or 0.82%, to 11260.28. It is up 5.1% this year.

Investors shifted money to stocks they had fled. The Nasdaq Composite Index, whose beleaguered technology stocks had pushed it into the red for 2006, surged 1.88%, or 40.98 points, to 2219.86. It is up for the year again, by 0.7%.

Chain stores reported strong May sales, belying an earlier lukewarm report from Wal-Mart. The reports softened fears that high gasoline costs were stifling consumer spending.

A wide variety of commodity prices fell, including oil and gold, easing inflation fears. Crude-oil futures fell 95 cents to $70.34 a barrel, while gold fell $14.90 to $627.60 a troy ounce.

A report on May manufacturing activity was lighter than expected, easing fears that a hot economy would force the Federal Reserve to push short-term interest rates higher at its meeting June 28 and 29. New jobless claims for last week came in stronger than expected, also helping calm inflation fears.

"The inflation scare has settled down a little bit," said Tim Smalls, head of U.S. stock trading at Greenwich, Conn., brokerage firm Execution LLC. "As long as there are no negative surprises on some of the economic numbers, I think the market is still in decent shape."

The reduced inflation fears pushed bond prices higher, sending yields lower. Falling yields help hold down a variety of market interest rates, which also was good news for stocks.

Investors now will be examining this morning's much-awaited May hiring report, looking for signs of inflationary pressure in this indicator, which is said to be much-watched by the Fed.

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The Standard & Poor's 500-stock index, whose 3.1% May decline was its worst monthly drop in two years, rose 1.23%, or 15.62 points, to 1285.71, up 3% for 2006.

Outside the U.S., stocks advanced in dollar terms. The Dow Jones World Stock Index, excluding U.S. stocks, rose 0.20%, or 0.43 point, to 214.74.

In major U.S. market action:

Stocks advanced. Total trading volume for stocks listed on the New York Stock Exchange was 2.42 billion shares, as 2,566 stocks rose and 720 fell.

Bond prices gained. The 10-year Treasury note rose 6/32, or $1.88 for each $1,000 invested, pushing the yield down to 5.108%. The 30-year bond was up 12/32 to yield 5.201%.

The dollar strengthened. Late in New York, it traded at 112.70 yen, up from 112.54, while the euro fell against the dollar to $1.2799 from $1.2816.

Economic Reports Push Stocks Higher (USAT)

By Adam Shell

USA Today, June 2, 2006

NEW YORK — After a dismal May, stocks rose sharply in the first day of June trading.

The spark: a batch of economic reports that flashed benign inflation readings, which data-watching investors interpreted as a sign the Federal Reserve will have some more wiggle room in deciding whether to raise its target for short-term interest rates when it meets in late June. A strong retail sales report for May, bucking the cautious comments from Wal-Mart earlier in the week, also gave stocks a boost Thursday.

The Dow Jones industrials climbed 91.97 points, or 0.8%, to 11,260.28. Broader stock indicators surged. The Standard & Poor's 500 index gained 15.62 points, or 1.2%, to 1285.71; the Nasdaq composite surged 40.98 points, or 1.9%, to 2219.86, returning to positive territory for 2006.

“People are finally starting to realize that there is some value in the market (after the May swoon),” says Chris Orndorff, head of equities at Payden & Rygel.

Ever since the Fed noted in the minutes of its last meeting that it would make its decision on rates based on incoming economic data, investors have closely monitored economic reports for any hints as to what the Fed might do.

Signs of a slowing economy in the form of an increase in the number of first-time jobless claims last week and a dip in a closely watched manufacturing index was viewed positively, as it indicates the Fed's 16 rate increases since June 2004 are causing the economy to moderate. An upward revision in first-quarter productivity was also viewed as non-inflationary.

“The market is re-examining its decision to sell off last week,” says Timothy Vick, senior portfolio manager at Sanibel Captiva Trust.

Textron climbed $3.24 to $94.17 after the maker of products ranging from Bell helicopters to E-Z-GO golf carts said it would sell its fastening systems operation for $630 million in cash to a private equity firm as part of a plan to exit slow-growing businesses.

•Movado jumped $4.42, or 24%, to $23.11. The luxury watchmaker said its first-quarter earnings more than doubled on solid sales growth.

•Chicago Bridge & Iron added $1.78 to $24.26. Although the construction and engineering firm posted a lower quarterly profit, its sales came in sharply ahead of targets.

Economy Holds Good News — For The Rich (USAT)

By Julianne Malveaux

USA Today, June 2, 2006

The American economy grew by 5.3% in the first quarter of 2006, and the unemployment rate, at 4.7% in April, is the lowest it has been in years, prompting Secretary of Commerce Carlos Gutierrez to say that this year, "the American economy hit the ground running."

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But if the news is so good, why is the stock market skittish, and why did consumer confidence dip 6% last month? Why isn't the economic good news trickling down? The White House may be concerned that the news isn't trickling up, either.

Goldman Sachs' chairman, Henry Paulson, has been nominated to replace Treasury Secretary John Snow, some say because Snow couldn't sell the Bush administration's economic policies on Wall Street.

As well respected as Paulson is, can the deficit hawk flip-flop enough to sell our growing deficit to Wall Street? Perhaps he'll spin it by saying the deficit will mandate spending cuts, but that's not good news to those folks who still need a safety net and government help with education, housing, retirement and health care.

The average American has not experienced much good economic news lately. The wealth gap is growing. Median family income has been dropping. Meanwhile, gasoline prices are up 36% from a year ago. With interest rates rising, those with adjustable rate mortgages face higher payments, and residential rents also are nudging up. Incomes are not keeping pace with inflation, and the job market is weak.

New York Times writer Louis Uchitelle describes workers as "disposable Americans," and daily headlines about layoffs — recently reports surfaced that Walt Disney Studios will lay off up to 10% of its workers — reinforce the sense of job insecurity.

There don't seem to be many breaks out there for those at the bottom.

The $5.15 hourly minimum wage has not been raised in a decade. The most recent tax cut legislation that extends breaks on capital gains and dividends will provide the bottom 40% of taxpayers with less than $20 in tax cuts over a three-year period. In contrast, more than two-thirds of the benefits of the tax cut will go to the top 5% of our nation's earners.

Snow is passing the Treasury secretary baton to Paulson because he couldn't "snow" America with economic happy talk. Paulson might be able to make a more convincing case to Wall Street, but who will make the case for a shared economic growth that trickles down far enough to benefit working people and the poor?

Julianne Malveaux is an economist and syndicated columnist.

Freakoutonomics (NYT)

By Charles R. Morris

The New York Times, June 2, 2006

LAST month saw one of the sharpest drops in consumer confidence since the recessions of 1979-1982. But those were truly dreadful times. Oil prices tripled, rates on home mortgages shot into the mid-teens, the stock market was a disaster area and unemployment rates reached double digits.

Over the past three years, by contrast, American economic performance has been almost glittering. Inflation is still low, while employment and productivity have all been rising strongly. True, stock markets are clearly nervous, and the sharp upsurge in gas prices is adding to consumer skittishness. But the reaction still seems inconsistent with the economy's underlying strengths.

There are parallels with another historical period, however, that suggest the deeper currents of uneasiness.

Pan the camera back to Pittsburgh, July 1877. The Pennsylvania Railroad yard, stretching along the city's riverfront, is a raging inferno, set afire by angry mobs of railroad workers. A contingent of state militiamen, trapped in a burning railroad roundhouse, fight their way through the flames with a Gatling gun.

Over the next few weeks riots rage throughout the country. In Chicago, newspaper headlines declare that "howling mobs" control the city. In New York, The Sun demands a "diet of lead" for rioters. Unrest in San Francisco explodes into a vicious anti-Chinese pogrom. The same period marks the glory years of the rural Granger movement and the Roman-candle growth of the Knights of Labor. American Populism puts down permanent roots.

Historians long attributed the turmoil to a "great depression of the 1870's." But recent detailed reconstructions of 19th-century data by economic historians show that there was no 1870's depression: aside from a short recession in 1873, in fact, the decade saw possibly the fastest sustained growth in American history.

Employment grew strongly, faster than the rate of immigration; consumption of food and other goods rose across the board. On a per capita basis, almost all output measures were up spectacularly. By the end of the decade, people were better housed,

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better clothed and lived on bigger farms. Department stores were popping up even in medium-sized cities. America was transforming into the world's first mass consumer society.

But why did people feel so miserable? Partly they were confused by prices, which were dropping sharply. Farmers thought falling grain prices meant they were getting poorer, without noticing that the price of everything else was falling too. Farmers' terms of trade — the price differences between what they sold and what they bought — actually racked up solid gains in the 1870's.

But ordinary people still had good reason to be terrified, just as ordinary people do today. Midwestern 1870's factory farms — thousand-acre spreads with 70-horse plowing teams — quickly dominated world markets but also wiped out the much smaller grain farmers of New York. Globalized grain markets were more volatile: good weather on the Russian steppes could ruin an American grower's year. Farmers found themselves caught in the coils of grain futures markets.

After the Civil War, artisanal local manufacturers usually enjoyed comfortable mini-monopolies. But with the rapid spread of the railroads and the telegraph, new department stores and mail-order catalogs pressured local producers and middlemen with mass-produced goods, a precursor to the Wal-Mart era. In the mid-1880's, the Bloomingdale's catalog promised that orders would arrive within two weeks in virtually the whole of the United States, including large swathes of territory reachable only by wagon-train a decade before. The productivity shock was comparable to that from the Internet in our own day.

Before the Civil War, America was perhaps the most egalitarian society in the world. But the unbridled entrepreneurialism of the 1870's gave rise to the robber barons. Even if ordinary people were doing better in the 1870's, the yawning gap between the very rich and everybody else fanned resentments. Interestingly, wealth inequality in today's America is roughly the same as in the Gilded Age.

The sharply increased social and geographic mobility of the 1870's set people adrift from traditional sources of security in families and villages. In our own day, the destruction of employer-employee relationships, the erosion of pension protection and employee health insurance may be creating a similar loss of moorings.

If one counts only the size of houses and cars, and the numbers of electronic gadgets stuffed into rec rooms, Americans are probably better off than ever before. But as the 1870's suggest, economic well-being doesn't come just from piling up toys. An economy has psychological or, if you will, spiritual, dimensions. A conviction of fairness, a feeling of not being totally on one's own, a sense of reasonable stability and predictability are all essential components of good economic performance. When they were missing in the 1870's, in the midst of a boom, the populace was brought to the brink of revolt.

Charles R. Morris is the author, most recently, of "The Tycoons."

N.Y.'s Hevesi Apologizes For Bush Remark (AP-Y2)

By Adam Goldman

AP2, June 1, 2006

State Comptroller Alan Hevesi publicly apologized Thursday for a "beyond dumb" remark about a fellow Democrat "putting a bullet between the president's eyes."

Hevesi hastily called a mea culpa press conference hours after putting his foot in his mouth at the Queens College commencement.

In the videotaped speech, Hevesi describes Sen. Charles Schumer (news, bio, voting record), D-N.Y., as, "the man who, how do I phrase this diplomatically, who will put a bullet between the president's eyes if he could get away with it."

At the news conference, a contrite Hevesi said he was trying to convey that Schumer has the strength and courage to stand up to the president.

"I do speak extemporaneously," he said. "And I've never said anything like this."

Hevesi apologized to Bush and Schumer and said he is "not a person of violence."

"I am apologizing as abjectly as I can. There is no excuse for it. It was beyond dumb."

Hevesi, a longtime professor of government and politics at Queens College before becoming comptroller, said he hadn't been in touch with the White House but hoped his apology reached President Bush.

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A White House spokesman did not immediately return a telephone message seeking comment Thursday. But one Republican seized on Hevesi's words.

"Threats against the president are no joke and this incident raises real concerns about Alan Hevesi's fitness to hold public office," GOP comptroller nominee J. Christopher Callaghan said during his acceptance speech at the Republican state convention on Long Island.

Schumer spokeswoman Risa Heller said the senator was satisfied with Hevesi's apology.

"Comptroller Hevesi was trying to make a point. He went way too far and it was inappropriate and wrong," Heller said. "He has apologized to both the senator and the president and we believe that ends the matter."

Republicans Fear Waning Political Fortunes (NYT)

By Michael Cooper

The New York Times, June 2, 2006

HEMPSTEAD, N.Y., June 1 — Twelve years ago, when they gathered at their state convention, Republicans were so hungry to retake the governorship that party bosses led by Senator Alfonse M. D'Amato brokered a deal to spare George E. Pataki a primary against his fiercest opponent.

But when the Republicans met here on Thursday to choose a new candidate for governor, the party found itself dispirited and deeply divided. Last-minute efforts by Governor Pataki, a lame duck, and other party leaders to avoid a potentially damaging primary fell apart. And the leadership's favored candidate for governor, William F. Weld, finished a distant second, earning a spot on the primary ballot but failing in his bid to be the party's designee.

It was a largely gloomy gathering, except for the rambunctious partisans of John Faso, a former assemblyman who pulled off an upset when he became the party's designee with 61 percent of the vote. If the Democrats seemed to taste victory at their gathering in Buffalo earlier this week and let their excitement spill over at their many breakfasts and receptions and parties, many Republicans here said privately that they feared their 12-year run of good fortune was coming to an end. Empty chairs pocked many of their events.

Many Republicans, from state senators to consultants to county chairmen to a former Pataki administration official, said privately that some of the blame lay with Governor Pataki. They used phrases like "train wreck" to describe the party and "lack of leadership" to describe the governor's stewardship of it.

Anthony Scannapieco Jr., the Republican chairman of Putnam County, where the governor lives, lamented: "The governor lay back for a long time. I don't know where his thoughts were, maybe they were in Washington, but he lay back for a long time."

Robert Smith, the chairman of the Onondaga Republican Party, complained that the state party chairman, Stephen J. Minarik III, had tried to foist the Weld candidacy on the rank and file. "I feel abandoned by the hierarchy of our party," said Mr. Smith, a Faso supporter. "I think this is a complete testament to the leadership of Mr. Minarik."

Governor Pataki, for his part, tried to rally the troops Tuesday afternoon. He showed the convention a glitzy, campaign-style video about himself (complete with images of the twin towers burning) and tried to make the case that the Republicans could run on his record and win.

"We are in the process of putting together a great ticket," he said in a speech, as some delegates drifted out of the Hofstra Arena. "We have a record that people can run on, because this is a better state than it was 12 years ago."

But the candidates running to succeed Governor Pataki painted a bleak view of the state of the state after 12 years under him. While Mr. Faso praised the governor's leadership, both he and Mr. Weld complained in speeches that New Yorkers were leaving the state in record numbers, that taxes were too high and that the state spent too much.

And Mr. Weld, stressing his independence and outsider status, said, "I haven't cut secret deals with Dennis Rivera, or Randi Weingarten or the trial lawyers lobby," referring to two union leaders who endorsed Governor Pataki in 2002 and an organization that recently contributed $50,000 to his national committee.

It got so bad that J. Christopher Callaghan, the party's nominee for comptroller, found himself insisting "I detect a pulse" from the stage and delivering a mild rebuke. "We've gone from blaming Democrats to blaming each other," he said. "I've got a hunch this is not a winning strategy."

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Even the setting of the convention, Long Island, was a reminder of how bad things have gotten for Republicans in New York. The Democrats took over Nassau and Suffolk County governments this year for what party officials say is the first time. Since Mr. Pataki took office in 1994, he has been the only Republican elected to a statewide post. And statewide, Democrats have seen their edge in voter registration grow by 600,000 votes over the past decade, according to Board of Elections figures.

"It's like Dutch elm disease," said Nelson Warfield, a Republican strategist who was Bob Dole's press secretary in 1996. "The great Republican trees are dying."

He continued: "In the last dozen years, the Republican Party has largely become all about Pataki. The governor never focused on trying to establish a farm team within the party, and now, as his era ends, it is apparent that the party has not prospered under him."

This week party leaders made a last-ditch attempt to avoid a primary by trying to broker a Weld-Faso ticket. Mr. Faso rejected their bid to have him step aside and run for lieutenant governor instead.

After all, Mr. Faso had stepped aside once before. In 1994, he was persuaded to pull out of the comptroller's race so Herbert London, who was popular with Conservatives, could campaign for that post instead of challenging Mr. Pataki in a bid for governor. There was no such deal this year.

Some tried to adopt a philosophical tone. "Ebb and flow, ebb and flow," said James Ortenzio, the Manhattan chairman, who supports Mr. Weld. "Twelve years, and the other party has some energy, has some vigor. But I think we need this. I think this is required revamping. Catharsis can occur. Don't know."

N.Y. Republicans Set Up Faso-Weld Primary (AP-Y2)

By Michael Gormley

AP2, June 1, 2006

State Republicans on Thursday designated former Assembly minority leader John Faso as their candidate for governor but gave enough support to former Massachusetts Gov. Bill Weld for a spot on the primary ballot.

Faso became the party designee by receiving more than 50 percent of the weighted vote after negotiations that went into the early morning and included Gov. George Pataki, said state Republican Chairman Stephen Minarik.

Faso, who had lost a December straw poll, came away Thursday with 59.5 percent of the weighted vote to Weld's 40.5 percent.

"Today we begin a battle for the hearts and minds of our fellow New Yorkers," Faso said. "Our message is clear: We need to cut taxes, we need to create jobs and we need to restore opportunity, and we need to reform New York state's government."

Weld questioned the value of the party designation in a primary campaign. "I suppose it would be nice, but my campaign would be unaffected," he said Thursday.

Republican leaders, meeting this week in their state convention on Long Island, had been hoping to avoid a primary campaign, which could hamper and divide fundraising at a time Democrat Eliot Spitzer has large leads in early polls.

Democrats on Tuesday gave their overwhelming support to Spitzer, a two-term attorney general with a national reputation for his Wall Street investigations.

Faso and Weld have both declined to seek the lieutenant governor spot, a possibility some Republicans thought would create political balance. Weld, the former two-term Massachusetts governor and Reagan administration prosecutor, is considered more socially moderate than Faso, who opposes abortion and gay marriage.

"Pragmatically, the state is moderate to left statewide on social issues," Senate Majority Leader Joseph Bruno said. "If you put them together, you have one viable ticket."

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On the Net:

http://www/johnfaso2006.com

http://www.weldfornewyork.org

http://www.nygop.org

N.Y. Republicans Send Faso, Weld To Governor Primary (Update4) (BLOOM)

By Greg Bensinger

Bloomberg, June 1, 2006

June 1 (Bloomberg) -- Former New York Assembly Minority Leader John Faso won backing from a majority of Republican convention delegates for the party's nomination for governor today, defeating former Massachusetts Governor William Weld.

Weld still qualified for the Sept. 12 Republican primary ballot, with 38.8 percent of the delegates' vote at Hofstra University in Hempstead to 61.2 percent for Faso, and said he would stay in the race. Weld needed 25 percent to avoid having to get on the ballot through petition signatures. Faso's majority support makes him the party's designated choice.

Either Republican would face an uphill battle in the November general election against the Democratic front-runner, New York Attorney General Eliot Spitzer, according to recent polls. Republican Governor George Pataki is stepping down after serving three terms.

``Spitzer's ahead in the polls and ahead in the money and that does present some big challenges for Faso or Weld," said John Spencer, designated the Republicans' preferred candidate in the U.S. Senate race yesterday. ``We do have a problem with voters downstate in facing Spitzer and we're going to have to motivate our base if we're going to win."

Spitzer, 46, who built a national reputation with investigations of Wall Street, won the Democratic Party's designation by acclamation two days ago at a convention in Buffalo.

Divergence

Both Republican candidates have called for more fiscal restraint to keep taxes lower and encourage business investment. They diverge on social issues, with Weld supporting legalized abortion and gay rights and Faso opposing them.

``Eliot Spitzer's problem is that he has allied with the big government special interests who have already placed their bets with millions and millions of dollars in his campaign," Faso said in a speech to the convention. ``You can be sure they want something for their money, and it's not tax cuts."

In response, Spitzer campaign spokeswoman Christine Anderson said, ``The sort of shrill, partisan accusations that we heard today have nothing to do what Eliot Spitzer has said, how he has governed, or where he plans on taking the state."

Weld, 60, the Massachusetts governor from 1991 to 1997 and current head of a New York City investment firm, had been endorsed by state Republican Chairman Stephen Minarik. Faso, 53, drew support from county leaders around the state.

Conservative Backing

Faso, a lawyer from New York's Hudson Valley, also has the endorsement of the state Conservative Party, which has backed every successful statewide Republican candidate for the past 30 years.

Weld has been dogged by questions about his presidency of Decker College a Kentucky trade school, which fell into bankruptcy a month after he resigned. The Federal Bureau of Investigation is investigating the school for fraud.

Republican State Senate Majority Leader Joseph Bruno said Faso's win ``was a very decisive vote." Without saying whether he would ask Weld to withdraw, Bruno described Faso as ``the nominee."

Weld said he would stay in the race. ``This is the first day of the rest of the campaign," he told reporters. ``I will predict with some assurance that I will win the primary." Faso said, ``I would certainly like to avoid a primary, but if we have one, so be it."

Polls

Among New York Republican voters, Faso led Weld 30 percent to 21 percent in a May 10 Marist poll, with 49 percent undecided.

A May 17 Quinnipiac University survey showed Spitzer leading both Faso and Weld by at least 49 percentage points. The poll also ranked Spitzer as the most popular statewide officeholder, with a job approval rating of 66 percent.

Spitzer led his Democratic opponent, Nassau County Executive Thomas Suozzi, by 73 percent to 13 percent in the Quinnipiac poll. Suozzi, 43, needs to collect 15,000 petition signatures to qualify for the primary ballot.

In a Jan. 15 filing, the most recent date available, Spitzer reported he had $19 million in the bank compared with Weld's $2 million and Faso's $1 million. Suozzi reported raising more than $5 million. The next filings are due July 15.

Faso said he faced a big challenge in catching up on fundraising So Spitzer. ``We have to fundraise this evening when I leave here, and will raise from ever person I can see."

Other Races

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Republican delegates also put two candidates for lieutenant governor on the primary ballot. A majority made Faso's choice, C. Scott Vanderhoef, 57, the designee. His opponent is Weld's running mate, New York Secretary of State Chris Jacobs, 39. The lone Democratic candidate is State Senate Minority Leader David Paterson, 52.

The unopposed Republican choice for comptroller is Saratoga County Treasurer Christopher Callaghan, 59. He will face Democrat Alan Hevesi, 66, who is seeking re-election to a second term, in November.

War Handicaps Senators In '08 White House Race (NYT)

By Adam Nagourney

The New York Times, June 2, 2006

With Iraq looming yet again over an American presidential campaign, senators considering a White House race are at a disadvantage over governors who might run, forced to explain their votes — and in some cases, alter their views — on an increasingly unpopular war.

Senator John McCain, Republican of Arizona, and Senator Hillary Rodham Clinton, Democrat of New York, both prospective 2008 candidates, have encountered hecklers protesting their support for the Iraq war. Both responded with hints of recalibrations in the way they discussed the issue, with Mrs. Clinton telling Democrats who nominated her on Wednesday for a second term to "stand with me" in pressing the White House and Iraqis to develop a plan that would permit American troops to come home.

Two other prospective Democratic presidential candidates, Senator John Kerry of Massachusetts and former Senator John Edwards of North Carolina, say they regret voting for the war. Both have called for setting a deadline to withdraw American troops, a position that analysts say enjoys strong support among Democrats who are active in primaries and who were wary of both men for their pro-war votes in 2004.

"I think I was wrong to vote for the war," Mr. Edwards said in an interview. "Bush made this mess that we are in now. My view is what America needs to do now is make it clear that we are going to get out."

By contrast, governors are finding considerable maneuvering room when it comes to Iraq. And they are taking advantage of it for now, while realizing that their lack of foreign policy experience is a disadvantage in an election that could focus on international affairs.

Gov. Tom Vilsack of Iowa, a Democrat, declined to say in an interview how he would have voted on the war.

"I'm not going to get into that; this isn't about what happened in the past," Mr. Vilsack said. "If we're looking at the elections of 2006 and 2008, I think it's important to look to the future and learn from whatever mistakes we made in the past."

Mark Warner, a former Virginia governor and another likely Democratic presidential contender, said he did not support setting a deadline for troop withdrawal.

"We have been put in this extraordinarily difficult situation," Mr. Warner said. "My sense is going out without a plan is just as bad as going in without a plan. So I have not been one of those people who say that come heck or high water, we are going to leave by a fixed date."

Mr. Warner spoke empathetically of his potential rivals who as senators voted for the war.

"I don't think any U.S. senator, regardless of party, if they had known there weren't W.M.D., that we were going to get selected leaks, I don't think anybody would have voted for it," he said. "Second-guessing people who made a valiant attempt at judgment is not where I am at."

On the Republican side, Gov. Mitt Romney of Massachusetts applauded the invasion and said the United States should stay until the situation was settled. But he was critical of Bush administration management of Iraq, including the lack of sufficient troops to help secure the country to and the Abu Ghraib torture scandal.

"As the president and Tony Blair said, knowing what we know today, would we have managed the postconflict effort differently?" Mr. Romney said, referring to the British prime minister. "Of course."

Asked if he had voiced those concerns before public opinion turned against the war, and Mr. Bush himself acknowledged the shortcomings, Mr. Romney responded: "I haven't spoken out on this topic until relatively recently. I can't pull you quotes back from that time."

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The prospective candidates are planning now as if the war will be as big an issue in 2008 as it was in 2004. If anything, the politics surrounding the war are likely to become more volatile with disclosures about alleged killings of Iraqi civilians by marines in Haditha, a case that has prompted comparisons with the My Lai massacre in the Vietnam War.

"I think it's going to get worse before it gets better," Mr. Kerry said in an interview.

As Mr. McCain saw when he was hooted down at a speech at the New School in New York, this issue could be a problem for candidates from both parties. Opposition to the war is no longer confined to Democrats; it is also on the rise among independents, who are the heart of Mr. McCain's appeal in a general election.

Both Mr. McCain and Mrs. Clinton have, to varying degrees, shifted their tone in talking about the war as they find themselves on the frontier of public opinion. Mr. McCain has given three speeches over two weeks affirming his support for the war, but he used conciliatory language as he noted its high costs and declared that "Americans should argue about this war."

When Mrs. Clinton was heckled by war protesters last week, she said that she stood by her support for the war, but added that she was beginning to see circumstances where the United States would be able to withdraw.

An adviser said this could prove to be the start of an evolution that would lead to Mrs. Clinton's increasingly distancing herself from the conflict.

Governors have historically had an advantage over members of Congress in presidential elections; no sitting member of Congress has been elected to the White House since John F. Kennedy in 1960. Some officials in both parties suggest that the 2008 contest could break that pattern if the debate focuses largely on the candidates' credentials to manage difficult foreign policy issues.

Some of the highest-profile governors and former governors who are thinking of running for president, including Mr. Romney and Mr. Vilsack, have in recent months made trips to Iraq.

Mr. Vilsack said in an interview that he thought it was a mistake to set a deadline for troop withdrawal, but that the United States had to make clear to Iraqis "how they should not rely on the United States."

Democratic analysts said Mr. Warner and Mr. Vilsack had more flexibility in resisting party members' pressure for withdrawal because they lacked the baggage of having supported the war in the first place.

On this issue, Mr. Warner and Mr. Vilsack are closer to some of the probable Republican candidates than to Mr. Kerry and Mr. Edwards. "We should stay in Iraq until the Iraqis are able to maintain their own security," Mr. Romney said, rejecting the idea for a deadline.

In calling for a deadline, Mr. Kerry said that having one would give Iraq the impetus to take responsibility for dealing with a war that had devolved into an unmanageable civil strife.

"There's nothing that our troops can do — nothing — to resolve the fundamental differences between the factions," he said.

Mr. Kerry derided Mr. McCain for his continued support for the war, saying: "He's dead wrong. I think it's the wrong war in the wrong place. We've paid a huge price for this in the Middle East."

Kerry Attacks Bush Over Iraq Policies (LAT)

By Ashraf Khalil

The Los Angeles Times, June 2, 2006

Sen. John Kerry (D-Mass.) harshly criticized the Bush administration for "disdaining diplomacy" in favor of a confrontational and unilateral foreign policy that has hurt the United States' standing around the world and made it less safe.

In a speech Thursday in Los Angeles, the former (and perhaps future) Democratic Party presidential candidate warned that the mistakes of Iraq must not be repeated in the current standoff with Iran.

"War is the ultimate failure of diplomacy," Kerry told a gathering of the Pacific Council on International Policy. "Yet our current leadership has arrogantly discarded this basic principle…. All too often they disdained diplomacy as little more than an inconvenient detour on the chosen path to armed conflict."

The result, he said, was an ill-advised rush to war in Iraq that alienated other governments and diminished sympathy for the U.S. generated by the terrorist attacks of Sept. 11, 2001. America's current isolation, and the presence of thousands of U.S. troops in Iraq, is "playing right into Iranian hands…. The Iranians are delighted," Kerry said.

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Emphasizing that a nuclear-armed Iran would be "a very serious threat to the U.S. and our allies," Kerry contended that the most conservative estimates are that Tehran is at least five years away from developing atomic weapons.

"There is time for diplomacy to work here," he said, but added that negotiating with Iran is "an uncertain proposition at best."

Kerry spoke before news broke of the agreement between six major powers, including the U.S., to offer an incentive package for Iran to abandon its nuclear ambitions. He hailed Secretary of State Condoleezza Rice's recent offer of direct negotiations with Iran, but said any talks "must be more than an effort to check the box on diplomacy as they move toward a confrontation."

The 21-year veteran of the Senate Foreign Relations Committee also had harsh words for the Iraqi government. The sight of politicians haggling over Cabinet seats in the midst of an undiminished insurgency is "a disgrace, and this administration ought to get tough," he said.

He proposed intense U.S. pressure to force consensus, either by withholding reconstruction funds or threatening a unilateral withdrawal of troops.

Kerry, who voted to give President Bush authorization to use force against Saddam Hussein in 2002, said he would attach an amendment to this summer's defense appropriations bill calling for a total withdrawal of U.S. combat troops by the end of this year. But he acknowledged that the idea would be unpopular. "I know I'm not going to get the majority of my own caucus."

On domestic issues, Kerry predicted that rising public dissatisfaction with the Bush administration could translate into huge gains for Democratic candidates in November's midterm congressional elections.

"There is something bubbling up in America that I believe is going to be reflected in the polls," he said.

As for his own political ambitions, Kerry would say only that he is "thinking very hard" about another presidential run in 2008.

"And I'm thinking about it a lot earlier than I'd like to because it's clear there are several other people also thinking about it," he said

Ex-C.I.A. Officer In New Book Talks (NYT)

By Motoko Rich

The New York Times, June 1, 2006

The $2.5 million book deal that Valerie Plame Wilson, the former Central Intelligence Agency officer whose identity was publicly disclosed three years ago, negotiated with Crown Publishing Group last month has fallen through.

Ms. Wilson, who could not agree on terms with Crown, is now in exclusive negotiations with Simon & Schuster, which originally had lost an auction for the book to Crown.

Although no contract has yet been signed with Simon & Schuster, David Rosenthal, the publisher, said, "We are optimistic about these talks."

When Crown announced the deal last month, Steve Ross, senior vice president and publisher, said the book had a working title of "Fair Game" and would be published in the fall of 2007. He said at the time that the book would be the "first airing of her actual role in the American intelligence community, as well as the prominence of her role in the lead-up to the war."

Yesterday, Tina Constable, a spokeswoman at Crown, said, "We had a difference of opinion on some of the contract terms, and we agreed to release each other from any publishing obligations."

Elyse Cheney, Ms. Wilson's agent, declined to comment on the nature of the disagreement.

This is not the first time that Crown has lost a deal with a former member of the C.I.A. It originally agreed to publish a book by George J. Tenet, a former director of central intelligence. That deal too fell apart, and now Mr. Tenet's book will be published by HarperCollins in February 2007 as "At the Center of the Storm."

Two Important Rulings On AIDS (NYT)

The New York Times, June 2, 2006

Federal judges in New York and the District of Columbia have declared unconstitutional a 2003 rule that limits the way U.S. health groups spend their privately raised money if they want to get federal money for international AIDS work.

Under this sweeping edict, nonprofits that want government support must sign a pledge saying they oppose prostitution and will not spend any money — public or private — on programs the government does not approve of. Many groups are wary of

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signing, not because they favor prostitution, but because it is an offense to free speech, and because they are worried about harming vital programs aimed at teaching prostitutes about condom use.

In the New York case, one of the plaintiffs challenging the prostitution pledge, Alliance for Open Society International, told the court it was constrained from fully participating in an AIDS conference that included a discussion of the proper legal regime for prostitution. Another group, Pathfinder International, said it feared it would lose public money for other projects if it used private money to collaborate with overseas groups that have a track record of engaging prostitutes in AIDS prevention.

The plaintiff in the second case, DKT International, a nonprofit family planning and AIDS prevention group that works in 11 countries, saw one of its federal grants canceled after it declined to sign the pledge. It said it refused to sign because it was concerned about stigmatizing and alienating sex workers whom the program was trying to reach.

The judges in both cases found that extending the requirement to privately raised money went too far, violating the First Amendment.

It remains to be seen whether the government will now stop trying to impose the pledge on other groups. We also don't know how many groups will now feel emboldened to rescind pledges they have already signed. And, lamentably, the restriction still stands when it comes to spending federal dollars. Still, by declaring that government may not use its spending clout to compel or coerce private speech, the new decisions have vindicated an important constitutional principle, while removing at least one impediment for health groups trying to reach a high-risk community, and save lives.

Another $10 Billion (WP)

The Washington Post, June 2, 2006

THE GENERALS in the global battle against HIV-AIDS are meeting at the United Nations this week, five years after another U.N. summit promised an intensified push against the crisis. The target of mobilizing $7 billion to $10 billion per year has been met: Last year low- and middle-income countries spent $2.5 billion of their own money and an additional $5.8 billion from donors on AIDS treatment and prevention and the care of orphans. But that money has bought less than expected. Rather than hitting the "three by five" target of getting medicines to 3 million people by 2005, the world has put only about 1.4 million people on treatment -- a big improvement on the 240,000 who were receiving drugs in 2001 but still well less than half of the number who need medicines immediately. Equally, better-financed prevention efforts have succeeded in driving down infection rates among young adults, notably in Kenya, Uganda, Zimbabwe and Haiti. But last year there were 4.1 million new infections worldwide. The plague is still advancing.

The summiteers in New York therefore confront a daunting problem. The latest U.N. estimate, which may prove as optimistic as the last one, is that fighting the disease will soon require $20 billion to $23 billion a year, more than twice the current spending. What's more, this is not a temporary commitment: Once people go on antiretroviral treatment, they need medicines for years; caring for orphans is also a long-term proposition. Assuming that some of the extra resources will be provided by middle-income countries, the rich world may need to reach into its taxpayers' pockets for an extra $10 billion a year. Official development assistance, which has already jumped by more than two-thirds in real terms between 2000 and 2005, would have to grow by a tenth or so.

Moreover, the effect of that money will be limited unless the world expands its commitment to other development efforts. Donor-financed AIDS programs can suck nurses and doctors out of the rest of the health system, so an increase in AIDS spending requires a parallel increase in general health investment. AIDS flourishes in poor societies because illiteracy and penury make people vulnerable; success against the virus depends partly on broader progress. As President Paul Kagame of Rwanda told The Post on Wednesday, there's no use in giving someone antiretroviral drugs if he has no food.

The imperative to raise extra money for AIDS and other development objectives raises an institutional issue. To carry out its commitments of five years ago, the world created the Global Fund to Fight AIDS, Tuberculosis and Malaria, which has raised and spent an impressive $5 billion; the question is whether this venture should be the vehicle for the next step-up in AIDS funding. The fund's critics, notably the Bush administration, rightly say that it has suffered from poor management, that it has occasionally given money on the basis of poor grant proposals and that it has indulged grantees whose performance should have led to a suspension of disbursements. But rather than snipe at the fund, the critics should work to improve it. The fund's structure provides

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a way of sharing the financial burden globally. The quality of its grants has recently gone up. And centralizing AIDS finance simplifies the administrative burden on stressed officials from poor countries. The fund's entrepreneurial leader, Richard Feachem, has announced that he will leave when his term expires this year. The priority should be to find a replacement who is pushy enough to raise extra money and savvy enough to solidify the institution's management.

Russia, China Endorse Package To Push Iran (LAT)

By Alissa J. Rubin

The Los Angeles Times, June 2, 2006

VIENNA, Austria -- Russia and China endorsed a package of incentives and penalties Thursday designed by Western nations to push Iran to suspend its nuclear program.

Few details of the agreement were forthcoming, and British Foreign Minister Margaret Beckett, who announced the deal in muted language, cautioned that negotiators wanted to present the package to the Iranians before making it public.

But diplomats close to the issue said incentives were similar to past proposals, including helping Iran obtain a civilian nuclear reactor. The term "sanctions" was noticeably absent from discussion, but diplomats strongly signaled that Iran would be subject to the full array of Security Council punitive measures should it refuse the offer.

"We have agreed to a set of far-reaching proposals as a basis for discussion with Iran," said Beckett, flanked by top officials of the five permanent United Nations Security Council members and European Union foreign minister Javier Solana in the ivy-lined garden of the British Ambassador's Vienna residence.

"We are prepared to resume negotiations should Iran resume suspension of all enrichment-related and reprocessing activities as required" by the International Atomic Energy Agency. "And we would also suspend action in the Security Council. We also agreed that if Iran decides not to engage in negotiations further steps would have to be taken in the Security Council."

Western powers believe that Iran is pursuing the capability to produce a nuclear bomb, but Tehran insists that it seeks only the technology to enrich uranium for civilian purposes.

Iran was circumspect in its first public comments on the offer. "Iran welcomes dialogue under just conditions, but (we) won't give up our (nuclear) rights," said Foreign Minister Manouchehr Mottaki in a statement read on state television. "We are prepared, within a defined, just framework and without any discrimination, to hold a dialogue about common concerns."

Iran will have "weeks not months" to decide whether it is willing to negotiate and suspend its enrichment-related activities, Western diplomats said. They added that the demand will be a tough one for the Muslim nation, and will include a categorical requirement for Iran to stop all research and development activity, including even "dry run" operation of centrifuges used to enrich gaseous uranium, a senior state department diplomat said.

In addition, Iran would have to answer outstanding questions from the U.N. nuclear watchdog agency, the IAEA, which has been seeking to learn the full extent of Tehran's nuclear activities. Tehran also would have to abide by additional IAEA regulations, including more extensive inspections of nuclear-related facilities.

Whether Iran agrees to resume negotiations or refuses, there is sure to be months, if not years of diplomacy ahead, diplomats said.

The absence of specifics in Thursday's announcement appeared aimed at minimizing the likelihood that the proposal would be the subject of public debate before the Iranians had a chance to hear it explained by the Europeans, who will likely present the package to Tehran in the next few days. Diplomats hope that if the package is laid out privately, its seriousness will be clear and the Iranians will be hard put to dismiss it.

Russian Foreign Minister Sergei V. Lavrov, speaking to Russian press after the meeting, said, "Nobody will be going into details now. In the first place, this (proposal) should be given to Iran. Then we will look at the reaction of the Iranian side."

Lavrov urged Iran to take the offer seriously.

"We count on Tehran meeting these proposals in a constructive manner," Lavrov said.

U.S. diplomats were clearly pleased by the Russian endorsement. "These are conditions (set by) six countries. ... We are very satisfied," said a senior state department official, speaking on condition of anonymity because of the delicacy of the discussions.

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Russia and China are key to any future sanctions on Iran because they hold veto power on the Security Council. Both countries also are major trading partners with Iran.

Secretary of State Condoleezza Rice, who on Wednesday announced the U.S. was willing to join Europeans in direct talks with Iran if it suspends its nuclear activity, arrived in Vienna Thursday. She spent more than eight hours meeting with leaders on the proposal, which is a five- to six-page document.

Diplomats close to the negotiations said all parties had agreed to the incentives side of the proposal, but that penalties would be drawn from a list. Also undetermined was the timing of the penalties, which diplomats said would depend on how the Iranians respond.

The incentives under discussion are not new; they include help with construction of a light-water reactor, guaranteed access to nuclear fuel for civilian power plants, and imports of many goods for which the United States holds licenses, such as parts for airplanes. Under U.S. law it is illegal to trade with Iran and Washington has no diplomatic relations with Tehran.

Although diplomats avoided the term "sanctions," punitive measures would include action by the Security Council, a panel that has the power to ban travel, freeze assets, restrict visas and impose economic embargos on exports of nuclear technology and a wide array of other goods to Iran -- all penalties that are under discussion in the Iranian case.

Diplomats said the package offers a clear choice to Iran: suspend uranium enrichment and be treated as a full partner in the world community, or face painful consequences from a united international community with the power to undermine Iran's economy and stability.

"So there are two paths ahead," said Beckett. "We urge Iran to take the positive path and to consider seriously our substantive proposals which would bring significant benefits to Iran."

The agreement Thursday finalized discussions begun in London on May 8 in which diplomats decided that they would present Iran with a choice, diplomats said. "But the details all came together tonight," said a senior state department official.

Russia and China both expressed interest Thursday in joining the so-called E.U. 3 and U.S. if negotiations go forward. That approach would mirror six-party talks with North Korea over its nuclear program.

The United States and Europe have been struggling to keep world powers united against Iran, but Russia and China had been reluctant go along with any deal that mentioned sanctions. The first signal that they were wiling to consider stronger measures to contain Iran came in January when they agreed to report Iran to the security council. Previously, Iran's violations of the nuclear nonproliferation regime had been dealt with at the IAEA in Vienna.

But soon after, Russia seemed to have second thoughts about its support for Iranian censure and prolonged the discussions at the security council. Meanwhile, Iran appeared defiant. In early April it announced it had successfully enriched uranium using its own centrifuges at the Natanz nuclear plant, flouting international demands that it stop all enrichment related activity.

A round of intensive diplomacy in the past week, including a call by President Bush to Russian President Vladimir Putin on Tuesday and the U.S. decision to open the door to direct talks for the first time since the Iranian hostage crisis in 1979, helped win the full backing again of the Russians.

Many experts suspect that if Moscow is again faced with the demand that it back sanctions, it will refuse, but for the moment it is holding firm.

"It is very important that the proposal for negotiations came from all six [powers], including the USA, for which this was not an easy step," said Lavrov, referring to the U.S. decision to open the door to relations with Iran.

World Powers Reach Agreement On Iran (FT)

By Roula Khalaf

Financial Times, June 2, 2006

World powers agreed on Thursday night on a package of “far reaching proposals” to encourage Iran to suspend uranium enrichment but warned of “further steps” if Tehran refused to co-operate.

After talks in Vienna between foreign ministers from the five permanent members of the United Nations Security Council, plus Germany and European foreign policy chief Javier Solana, the UK’s Margaret Becket said European governments would

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resume negotiations with Tehran and stop action at the Security Council if it suspends all uranium enrichment and reprocessing activities.

She added, however, that if Iran refuses to engage, steps would be taken at the UN.

"We urge Iran to take the positive path and to consider seriously our substantive proposals which would bring significant benefits," she said.

European officials refused to divulge the details of the incentives agreed and it was unclear whether Russia and China, until now opposed to sanctions, had signed up to specific penalties if Iran spurns the offer of engagement.

But the rare show of international unity will substantially raise the diplomatic pressure on the Islamic Republic. It comes a day after the US announced a major shift in policy, dramatically bolstering the package of incentives.

Condoleezza Rice, US secretary of state, said on Wednesday the US would be ready to join other nations in multilateral talks with Iran if Tehran suspended uranium enrichment and reprocessing.

A senior European diplomat, speaking before the meeting, said the UK, France and Germany – the three European governments that have led policy on Iran – were expected to hold talks with Iranian officials, perhaps as early as next week, to present and explain the proposals.

The package agreed is believed to include a guarantee of fuel supply to Iranian nuclear reactors, and the construction of a light water reactor. Crucially, the proposals are said to call on Tehran to cease all uranium enrichment activities but do not rule out a potential reconsideration of this at a future date, if and when Iran reassures the international community of the peaceful intentions of its nuclear programme.

Diplomats are hoping that the US offer, combined with the package of incentives, will persuade senior members of the Iranian regime to opt for a less confrontational approach and agree at least to a temporary freeze of enrichment activities, which could allow negotiations to begin.

Iran, however, has already warned it would reject proposals that did not allow it to retain a small-scale enrichment capability, the process that produces nuclear fuel for reactors or atomic weapons.

The first official reactions from Tehran on Thursday on the US policy shift were also not encouraging but nor did they represent an outright rejection of the American overture.

Manouchehr Mottaki, the foreign minister, played down the significance of the Bush administration's policy reversal and shrugged off American demands for a halt in all uranium enrichment and reprocessing as a pre-condition for dialogue. But he also said Tehran was ready to hold talks "over mutual concerns".

Iranian commentators, however, were deeply sceptical of the US readiness to join Europeans in multilateral talks with Iran, insisting the offer was not serious because it included a conditionality that was unacceptable to Tehran.

Hossein Shariatmadari, influential fundamentalist commentator and managing director of the Keyhan newspaper, condemned the US offer as a "trick" and argued that giving in to US demands would amount to "blackmail".

But Iran's friends and foes around the world urged the regime to take its time and carefully consider its response.

The foreign ministry in Russia, which has long pressed for a softer international approach towards Tehran, described the American policy shift as "a real chance" to achieve a settlement over Iran. "We call on Iran to constructively respond to it [the chance]," the ministry said.

Package Of Terms (No Sanctions Included) For Iran (NYT)

By Thom Shanker And Elaine Sciolino

The New York Times, June 2, 2006

VIENNA, June 1 — The United States, Russia, China and three leading nations of Europe announced an agreement Thursday on a package of incentives intended to resolve the nuclear crisis with Iran, shelving any punitive action by the Security Council until Iran has time to respond to the proposals.

The initiative is aimed at encouraging Iran to return to a freeze of its nuclear activities, including turning off the fast-spinning centrifuge machines that produce enriched uranium.

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The specifics of the proposals were not revealed on Thursday. But they are expected to be presented to Iran in coming days by a delegation headed by Javier Solana, the European Union's foreign policy chief. The government in Tehran would then be given weeks — but not months — to respond, American and European officials said.

Britain's new foreign secretary, Margaret Beckett, read a statement on behalf of the six countries, saying: "We have agreed on a set of far-reaching proposals as a basis for discussions with Iran. We believe they offer Iran the chance to reach a negotiated agreement based on cooperation."

She said the nations represented at the talks "are prepared to resume negotiations should Iran resume suspension of all enrichment related and reprocessing activities" as required by the International Atomic Energy Agency. "And we would also suspend action in the Security Council," she added.

Ms. Beckett warned that "further steps would have to be taken in the Security Council" if Iran did not comply. But the statement carefully avoided any mention of sanctions or other specific, punitive measures, and Ms. Beckett took no questions.

The word "sanctions" was not uttered in the public dialogue on Thursday, perhaps in an effort to avoid giving Iran an obvious target for early objections. But should Iran reject the incentives, differences are likely to re-emerge among the six nations as they consider specific punishments in the Security Council.

Two officials who attended the talks on Thursday described the lengthy and, at times, tense negotiations.

The Russian foreign minister, Sergey V. Lavrov, insisted that any consideration of punitive action in the Security Council be frozen until Iran had a chance to respond to the current offer, said one senior European official who, like some others, spoke on the condition of anonymity under normal diplomatic rules.

"The Security Council has stopped," this official said. "If we fail, we will come back to the Security Council, but the process is now stalled until we see the reaction of Iran. They asked for it to be frozen, and they got it."

A resolution is currently before the United Nations Security Council under Chapter VII of the United Nations Charter, which invokes the Council's power to demand compliance of member countries and threaten punishment if they refuse.

Another senior European official expressed fears that the process could allow Iran time to "string this along for a very long time."

Pressed on whether the six nations had reached full consensus on Thursday, R. Nicholas Burns, the under secretary of state for political affairs, expressed broad satisfaction. "We are very satisfied by the results of today's meetings here in Vienna," he said. "We consider them a step forward in our quest to deny Iran a nuclear weapons capability."

The emphasis of the agreement on Thursday was less on how to punish Iran, than on how to reward it for agreeing to freeze its enrichment-related activities. There had been optimistic predictions in recent days, particularly by the Bush administration, that the foreign ministers of the countries meeting Thursday — the five permanent Security Council powers, plus Germany — could agree on a complicated formula that would persuade Iran to stop making enriched uranium.

On Wednesday, before her departure from Washington, Secretary of State Condoleezza Rice said, "We are agreed with our European partners on the essential elements of a package containing both benefits, if Iran makes the right choice — and costs if it does not."

The afternoon talks extended into dinner, only a day after the Bush administration reversed course and offered to sit down at the same negotiating table with Iran — if Iran fully suspended its uranium enrichment and reprocessing activities.

Iran has said it has no intention of stopping these activities. On Thursday, Iranian officials embraced the idea of talking to the United States, but rejected preconditions for talks.

"We will not negotiate over our nation's natural nuclear rights but we are ready to hold fair and unbiased dialogue and negotiation over mutual concerns within the context of a defined framework," said Iran's foreign minister, Manouchehr Mottaki, the official Iranian news agency reported.

His spokesman, Hamid Reza Asefi, said later, "There is no obstacle to negotiating with the United States on an equal footing, with respect and without preconditions, since what is important for us is to secure our nuclear rights."

In Washington on Thursday, President Bush seemed to describe the American offer of direct talks with Iran as much as a threat as opportunity. "The choice is up to the Iranians whether or not they're going to listen to the world demand, and if they do, we've got something to talk to them about," Mr. Bush told reporters after a cabinet meeting.

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Mr. Bush, who spoke by phone with President Vladimir V. Putin of Russia on Wednesday and President Hu Jintao of China on Thursday, also sidestepped a question on whether Russia and China had come on board with the disputed package.

Asked about Mr. Mottaki's remarks suggesting that the suspension of Iran's nuclear activities was nonnegotiable, Mr. Bush said: "We'll see whether or not that is the firm position of their government. If that's what they decide to do, then the next step, of course, will be to — for our coalition partners to go to the United Nations Security Council."

Neither Mr. Mottaki nor Mr. Asefi has the authority to make policy. Still, their statements are important because they reflect efforts by Iran, like the United States, to inch away from old fixed positions that the other side is not worth dealing with.

Ayatollah Ali Khamenei, Iran's supreme leader, long rejected contacts with the United States, branding those who seek reconciliation "simpletons and traitors." But recently he has approved the idea of talking to Washington about Iraq, if there was respect for mutual interests.

Behind the scenes, Mohamed ElBaradei, director general of the International Atomic Energy Agency, urged Iran to embrace the American offer. In a telephone conversation Wednesday evening with Ali Larijani, Iran's top nuclear negotiator, Dr. ElBaradei described the overture as "very significant" and told Iran "to seize the opportunity of talking to Washington," an agency spokeswoman, Melissa Fleming, said.

Although all countries agreed to the initiative, the major gap was one that has been there since the beginning: the insistence by the United States and the Europeans that Iran must be punished by the Security Council if it does not change its behavior, and the counterargument by Russia and China that the best way to win concessions — at least at this point — is through engagement.

Although the Europeans had argued against holding such a high-level, high-profile meeting without closing the gaps in lower-level negotiating and guaranteeing success, the United States insisted that the meeting was important to underscore the gravity of the issue and to keep up the negotiating momentum.

The Americans are still resisting formulas giving Iran security guarantees that it would not be the target of a military attack. The Europeans say that without such assurances, Iran will proceed with the pursuit of a nuclear weapons program despite its longstanding denials that it has that intention.

However, the Americans are willing to consider the waiving of some longstanding sanctions on Iran to allow it eventually to buy new civilian airplanes and to gain access to modern light-water reactors for civilian nuclear power, with Russia and the West controlling access to the fuel.

U.S., Major Powers Agree On Incentives For Iran (WSJ)

By Jay Solomon And Bill Spindle

The Wall Street Journal, June 2, 2006

The U.S. and five major powers agreed to a "far reaching" package of incentives to induce Iran to suspend its pursuit of nuclear technologies, and pledged coercive measures through the United Nations if Tehran doesn't comply.

The announcement by the U.N. Security Council's five permanent members, plus Germany, sought to buttress a pledge by the Bush administration to engage directly with Iran should it agree to give up uranium enrichment work. European leaders said the agreement reached yesterday provides Tehran with a clear path to reintegrating with the global community should it agree to talk.

Diplomats also said the dialogue format with Iran could be broadened down the road to include not only the U.S., but also China and Russia, which are viewed as crucial to pressuring Iran. To date, only Britain, France, Germany -- the so-called EU-3 -- have engaged Tehran over its nuclear program.

"We have agreed a set of far-reaching proposals as a basis for discussions with Iran," British Foreign Secretary Margaret Beckett said after a meeting in Vienna among Germany and the members of the Permanent Five: France, Britain, the U.S., Russia and China. "We believe that they offer Iran the chance to reach a negotiated agreement based on cooperation."

American diplomats declined to specify the incentives or penalties that Iran might face in coming months, saying it could undermine efforts to engage Tehran. These officials said a European delegation was set to outline the package to Tehran in coming weeks and expected a response no later than mid-July, when leaders of the G-8 nations meet in Russia.

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This is "a step forward in our quest to deny Iran a nuclear-weapons capability," said Nicholas Burns, U.S. undersecretary of state for political affairs. The talks were "by far the most substantive and the most concrete" held so far on Iran.

The announcement was tempered by continued statements from Tehran that the Iranian government was unwilling to give up its development of nuclear technologies and would talk with Washington only if there were no preconditions. "Iran welcomes dialogue under just conditions but won't give up our rights," state-run Iranian television quoted Foreign Minister Manouchehr Mottaki saying yesterday.

U.S. diplomats said they were waiting for Iran to receive the formal proposal from European leaders before assessing Tehran's future course of action. They were unwilling to state that Iran would automatically face economic sanctions should it fail to comply with the international community's demand.

Both China and Russia have expressed concern in recent months about enforcing economic sanctions against Iran. And concerns remain that Beijing or Moscow might balk at such stringent measures down the road.

President Bush, however, told reporters yesterday that he held talks with the leaders of China and Russia in recent days and now believes the international community is united to take coercive measures against Iran. "The next step of acting in concert is to go to the United Nations Security Council," Mr. Bush said.

The current fight with Iran centers on fears that Tehran is working to develop nuclear weapons, while the Iranian government says it is merely enriching uranium to fuel a civilian nuclear program. To ensure that Iran doesn't acquire nuclear weapons, the U.S. and others want to stop the domestic enrichment program and supply Iran with fuel from the outside, a proposal that Iran has rejected.

Iran and the U.S. seemed at loggerheads, as the two nations have been so often over 28 years of diplomatic silence since the Iranian revolution. Yet the leaders of the U.S. and the Islamic Republic are also eyeing each other from closer than ever before as they try to decide whether to talk directly about Iran's nuclear program.

But this doesn't mean the two countries will eventually talk, and their roller-coaster history of overtures made and spurned is evidence of that. The Iranian government almost immediately dismissed the initial U.S. offer to join talks, calling it a public-relations ploy.

Six Powers Reach Accord On Iran Plan (WP)

By Glenn Kessler

The Washington Post, June 2, 2006

VIENNA, June 1 -- The United States and five other major world powers agreed Thursday to offer Iran a broad new collection of rewards if it halts its drive to master nuclear technology, but they threatened "further steps in the Security Council" if Iran refuses.

The agreement, announced here by British Foreign Secretary Margaret Beckett following extended talks, brings general unity to the countries' approach to Iran after months of discord, diplomats said. It is intended to sharpen the choice facing Iran, giving it a clear reason to opt for cooperation over confrontation on its nuclear program.

"There are two paths ahead," Beckett told reporters, as Secretary of State Condoleezza Rice and counterparts from Russia, China, France, Germany and the European Union stood at her side. "We urge Iran to take the positive path and to consider seriously our substantive proposals, which would bring significant benefits."

Beckett made the announcement near midnight Tehran time. There was no immediate response from the Iranian government.

Rice, who spent more than eight hours in sometimes freewheeling talks with her counterparts Thursday, flew here after announcing a major shift in U.S. policy on Wednesday -- a willingness to join the negotiations with Iran that have been led, unsuccessfully, by Britain, France and Germany, provided Iran suspends its uranium-enrichment activities first.

Iranian diplomats on Thursday did not reject outright the U.S. proposal for talks, but they criticized the demand that their country end enrichment first.

Although details of the five- to six-page document agreed to in Vienna were not announced, incentives discussed before the meeting included an international effort to assist Iran's nuclear industry, including construction of a light-water reactor and

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guarantees of a long-term supply of fuel. That would represent a significant shift from the Bush administration's past insistence that Iran has no need for nuclear power. Increased trade and investment have also been discussed.

Aides to Rice said the deal also commits China and Russia to a long list of specific steps to punish Iran if it refuses to halt its enrichment program. Both countries have resisted sanctions for months, arguing that they could backfire.

Addressing reporters here, Russian Foreign Minister Sergei Lavrov emphasized the incentives in the package and did not mention possible negative measures. He said it was important that all six powers be united in making the offer, including the United States, which he said found it difficult to offer inducements to Iran.

The possible sanctions in the agreement are listed as a menu, ranging from minor to major, diplomats said. It was unclear whether there was agreement on which options to choose if Iran fails to act.

Diplomats have said that measures under discussion include an embargo on export of goods and technologies relevant to nuclear programs, the freezing of assets of organizations and people involved in the programs, and a suspension of technical cooperation with the International Atomic Energy Agency. Broader measures include a freeze on bilateral contacts, a visa and travel ban for senior Iranian officials, an arms embargo, an embargo on certain exports and an end to support for Iran's bid to join the World Trade Organization.

The Bush administration has repeatedly declared it "unacceptable" to have Iran armed with nuclear weapons. While publicly declaring that no option was "off the table," an allusion to military action, it had been struggling to organize unified diplomatic pressure against the country by all five permanent members of the U.N. Security Council.

Beckett read the brief statement after the diplomats huddled over it for two hours, fiddling with the wording. It emphasized the positive, while using vague code words for tough action, which U.S. officials said stemmed from a desire to persuade Iran to return to negotiations. Even speaking anonymously, U.S. officials repeatedly refused to characterize the possible punishments for Iran as "sanctions," using words such as "steps," "measures," "actions" and "negative disincentives."

"We are prepared to resume negotiations should Iran resume suspension of all enrichment-related and reprocessing activities, as required by the IAEA, and we would also suspend action in the Security Council," Beckett said.

Representatives of some of the countries involved -- but not the United States -- will present the package to Iran in the "coming days," and an answer is expected before the Group of Eight industrialized countries meet in St. Petersburg in mid-July, a U.S. official told reporters. He said the countries had agreed not to disclose details until after Iran had received a full presentation and been allowed time to "digest it."

Germany's foreign minister, Frank-Walter Steinmeier, said Russia and China were considering joining the United States and the Europeans in the talks with Iran.

Iran offered a mixed initial reply earlier Thursday to the Bush administration's offer to join talks on the country's nuclear program: It welcomed the opportunity to deflect confrontation while resisting demands that it suspend work on the program first.

"We believe that under the current circumstances, negotiations without any precondition would be the best solution to put an end to the Tehran-Washington logjam," said Hamid Reza Asefi, spokesman for Iran's Foreign Ministry, in an interview with the official press agency IRNA.

Iran's foreign minister, Manouchehr Mottaki, reiterated the proviso, telling reporters, "We won't negotiate about the Iranian nation's natural nuclear rights but are prepared, within a defined, just framework and without any discrimination, to hold dialogue about common concerns."

Analysts and diplomats described the responses as preliminary. The most powerful elements of Iran's theocratic government remained silent on the U.S. proposal and were said to be intensely engaged in the private consultations that precede major policy announcements in Tehran.

The measured tenor of the Iranian diplomats' initial replies appeared to signal that their country was at least not dismissing the start of a process it had actively solicited in recent weeks, through back-channel messages seeking direct engagement with Washington. But one analyst in regular contact with the Tehran government said the full response would reflect skepticism about Bush's sincerity.

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"The perception here is basically that the U.S. did what it did in response to domestic pressure inside the U.S., and also to convince the Russians and Chinese" to back stronger pressure on Iran, said Nasser Hadian-Jazy, a political scientist at Tehran University.

He predicted Iran's final response would stop short of obliging the Americans but go far enough to convince Moscow or Beijing of its good intentions. It might include steps such as suspending the installation of the next two enrichment systems and letting U.N. inspectors conduct snap inspections for the duration of the negotiations.

Six Nations Agree On Incentives For Nuke Cooperation (WT/AP)

By Anne Gearan And George Jahn, Associated Press

The Washington Times, June 2, 2006

VIENNA, Austria -- Six world powers agreed yesterday to offer Iran a new choice of rewards if it gives up its suspected nuclear activities or punishment if it refuses, a gambit that could either defuse a global confrontation with the Islamic regime or hasten one.

"There are two paths ahead," British Foreign Secretary Margaret Beckett said in announcing agreement among the United States, Britain, France, Germany, Russia and China on a package for Iran that carries the threat of United Nations' sanctions.

The package would be on the table for a proposed new round of bargaining with Tehran over what the United States and its allies call a rogue nuclear program that could produce a bomb.

After a meeting of officials from the six powers, Mrs. Beckett said, "We urge Iran to take the positive path" and promised to suspend Security Council action against Tehran if it agrees to halt enrichment.

At the White House, President Bush warned that the confrontation would end up at the U.N. Security Council if Iran continues to enrich uranium.

"If they continue their obstinance, if they continue to say to the world, 'We really don't care what your opinion is,' then the world is going to act in concert," Mr. Bush said after meeting with his Cabinet.

In a major policy shift, the U.S. agreed this week to join those talks if Iran suspends its uranium-enrichment program. It would be the first major public negotiations between the adversaries in more than a quarter century.

Secretary of State Condoleezza Rice met with the foreign ministers from Britain, France and Germany, the three European nations that led talks with Iran. Those talks stalled last year. Also present were representatives of Russia and China, which have been Tehran's trading partners and could join in any future talks with Iran.

Because Russia and China hold vetoes in the U.N. Security Council, the U.S. needs their cooperation to seek sanctions or other harsh measures by that body.

"We are very satisfied by the results of today's meetings here in Vienna," U.S. Undersecretary of State R. Nicholas Burns told reporters. "We consider them a step forward in our quest to deny Iran nuclear-weapons capability."

A short statement issued by foreign ministers from the six powers and the European Union did not mention economic sanctions -- the punishment or deterrent favored by the United States and that Iran has sought to avoid.

The powers agreed privately, however, that Iran could face tough U.N. Security Council sanctions if it fails to give up the enrichment of uranium and other disputed nuclear activities, U.S. officials said.

Diplomats feared Iran would immediately reject any invitation to bargain if the threat of sanctions was explicit, officials involved in the discussions said on the condition of anonymity because the negotiations of the major powers were private.

The foreign ministers' statement threatens unspecified "further steps" in the Security Council.

If Iran returned to the talks stalled since last year, "we would also suspend action in the Security Council," Mrs. Beckett said.

The Security Council, which can levy mandatory global sanctions and back its mandates with military force, has been reviewing Iran's case for two months. Its permanent, veto-holding members -- U.S., Britain, France, Russia and China -- have been at odds over the possibility of sanctions.

On Wednesday, Iran's foreign minister welcomed the idea of direct talks with the United States but rebuffed the U.S. condition that Tehran first must suspend uranium enrichment.

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"Iran welcomes dialogue under just conditions but won't give up our rights," the state-run Iranian television quoted Foreign Minister Manouchehr Mottaki as saying yesterday.

Mr. Mottaki's statement, issued as Miss Rice was arriving in Austria, was the country's first direct reaction to the U.S. offer.

"We won't negotiate about the Iranian nation's natural nuclear rights, but we are prepared, within a defined, just framework and without any discrimination, to hold dialogue about common concerns," he said.

Over A Barrel (WSJ)

By William P. Kucewicz

The Wall Street Journal, June 2, 2006

Condoleezza Rice, in signaling a new U.S. willingness to negotiate with Iran, also warned that "international isolation and progressively stronger political and economic sanctions" would follow if Tehran defies its international obligations by continuing to develop nuclear weapons. Although the likelihood of those sanctions increased yesterday after the Iranian regime rejected the U.S. offer, it has been the threat of such sanctions, and the crippling effect an international embargo would have on Iran's economy and exchequer, that have always been the likely catalysts for any possible negotiation.

There's simply no getting around the fact that you can't eat petroleum. Iran's 132.5 trillion barrels in proved oil reserves -- 10.2% of the world total -- are of little benefit unless they're earning money. A trade embargo would hit Iran especially hard, because its economy and government budget are inordinately dependent on petrodollars. Oil shipments account for about 25% of GDP, represent 90% of total export earnings and provide as much as 50% of fiscal receipts.

Further, the country imports about one-third of its gasoline. Additional gasoline supplies and other oil products are refined in Tehran from 60,000 barrels a day (bbl/d) in imported crude that arrives via pipeline from the Caspian Sea in a swap arrangement. In Iran, gasoline, like foodstuffs, is heavily subsidized -- to the tune of $3 billion this year -- as part as the regime's strategy to buy off public opinion. With gasoline retailing at just 40 cents a gallon, consumption, not surprisingly, has been growing by 8% to 10% a year.

The regime already feels the pinch of unilateral sanctions, first imposed by Bill Clinton and extended by President Bush, that forbid U.S. companies and their subsidiaries from doing business with Iran. Additionally, the Iran-Libya Sanctions Act of 1996 authorizes mandatory and discretionary sanctions against non-U.S. companies investing more than $20 million a year in Iran's oil and natural gas industries. The effectiveness of the restrictions can be measured by the volume of Iranian crude oil output. In the six months ended March, Iranian production was down 1.3% from a year earlier versus a comparable gain of 1.5% for OPEC, excluding Iran and Iraq. Compared with the six months ended March 2002, Iran's output in the latest six-month period was up 13.4% against a 21.7% increase for the eight members of OPEC sans Iran and Iraq.

Iran's below-average oil production is explained by a shortage of investment capital. Its 40 producing oilfields need modernizing. Recovery rates are a meager 24% to 27% compared with a 35% world average. But Iran doesn't have the capital to pay for upgrades. In fact, it has been counting on foreign investment to help it boost production from last year's 4.2 million bbl/d (of which 3.9 million bbl/d was crude oil) to a targeted five million bbl/d in 2010 and eight million bbl/d by 2015. Tehran further hopes, with foreign help, to expand its oil refining capacity by 50% to 2.2 million bbl/d by 2008. Sanctions would put the kibosh on these ambitious plans.

U.S. bans on technology transfers also have frustrated Iran's efforts to develop its massive natural gas reserves, the world's second largest. U.S. companies dominate natural gas liquefaction, and most liquefied natural gas (LNG) plants in the world use U.S.-licensed processes. Iran is limited to non-U.S. technology and so far hasn't built a single LNG facility. The cost: $11 billion in foregone annual earnings from one natural gas field alone.

What Tehran knows, and what the outside world has yet to grasp, is that an international trade embargo would hurt Iran infinitely more than it would hurt the U.S.

For oil-importing countries, even though Iran exports roughly 2.7 million bbl/d in petroleum, a complete cutoff of these shipments could be offset in large measure by increased OPEC and non-OPEC output, greatly diminishing the dreaded prospect of $100-a-barrel oil. Saudi Arabia has the most untapped capacity, in the order of 1.3 million to 1.4 million bbl/d. Other OPEC members, according to the International Energy Agency, have spare capacity of 1.1 million bbl/d, not including Iraq's estimated

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700,000 bbl/d. With a total of 2.4 million to 3.1 million bbl/d in idle capacity, OPEC alone could offset a loss of Iranian exports. Furthermore, global oil consumption is anticipated to grow in the range of 1.4 million to 1.6 million bbl/d this year, while new supply is expected to increase by 1.2 million to 1.3 million bbl/d. Much of the imbalance is expected to be covered by OPEC exports of LNG.

Oil's fungibility notwithstanding, Asia in general and Japan in particular would be hardest hit by a cutoff of Iranian crude. (The U.S., Canada, Britain and Germany, among others, no longer import Iranian oil.) China has already taken steps in response to high oil prices that could lessen the effects of an Iranian trade embargo. It has eliminated tax rebates on gasoline exports, raised gasoline, diesel and jet fuel prices by 3% to 5% and levied higher taxes on larger vehicles. Chinese electric power generators, too, are scaling back on oil use.

Besides, it's not like we haven't been through this before. Following the 1991 Gulf War, Iraqi oil exports fell by some 2.3 million bbl/d to a mere 61,750 bbl/d between 1991 and 1996. Even now, Iranian exports are way below their pre-revolution high of 5.5 million bbl/d, which was equal to 19.2% of OPEC's 1974 crude and products shipments. Thirty years later, Iran shipped three million bbl/d, or 11.7% of OPEC exports. * * *

To be sure, there are other risks to global oil supply -- notably in Nigeria, Venezuela, Ecuador, Chad, Russia and Iraq. But should it be necessary, the U.S. could always play its trump card -- namely, the Strategic Petroleum Reserve. Established after the 1973 OPEC oil embargo, the reserve has a current inventory of 688.6 million barrels of oil, sufficient to provide about two months of U.S. import protection. Were, say, 500,000 bbl/d to be siphoned off to partially offset a loss of Iranian crude, the stockpile would last more than three-and-a-half years.

Iran doesn't have the world over a barrel. It's the other way around. The economic and fiscal squeeze of new trade sanctions could indeed become so painful as to prompt regime change.

Mr. Kucewicz edits GeoInvestor.com.

U.S. Rejects An Invitation For Talks In North Korea (NYT)

By Norimitsu Onishi

The New York Times, June 2, 2006

TOKYO, June 1 — North Korea on Thursday invited the top American nuclear envoy to visit its capital, Pyongyang, for bilateral talks, but the White House insisted that the North return to long-deadlocked six-nation talks instead.

North Korea invited Christopher R. Hill, an assistant secretary of state and chief negotiator in the nuclear talks, to Pyongyang, indicating that it wanted to discuss an agreement that was reached last September but never carried out.

"If the U.S. has a true political intention to implement the joint statement, we kindly invite once again the head of the U.S. side's delegation to the talks to visit Pyongyang and directly explain it to us," the Foreign Ministry said in a statement released through the official Korean Central News Agency.

North Korea agreed last September in the six-nation talks to abandon its nuclear program in return for energy assistance and security guarantees. But the agreement left unclear the issue of the sequence of events, and disputes arose immediately over whether disarmament or the award of benefits would come first.

Also, North Korea has said it will not return to the multination talks unless the United States lifts a crackdown on financial institutions dealing with the government and North Korean companies suspected of counterfeiting American dollars and laundering money. The other nations involved in the talks are China, South Korea, Japan and Russia.

North Korea, which has long pushed for direct talks with the United States, issued the invitation a day after the United States offered to hold direct talks with Iran over its nuclear program. Washington has shifted away from decades of refusing to hold direct talks with Tehran, though the United States included the precondition that Iran suspend its uranium activities.

"The United States is not going to engage in bilateral negotiations with the government of North Korea," said Tony Snow, the White House spokesman. "The United States sticks by its position, which is, North Korea has to return to the six-party talks."

The United States and the North, which engaged in direct talks in the past, reached an accord in 1994 that called for the installation of two civilian nuclear reactors in North Korea and other assistance after the North abandoned its nuclear program.

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The accord broke down after American officials accused the North in the fall of 2002 of engaging in a secret uranium enrichment program.

The six-nation talks began in the summer of 2003. The United States has consistently rejected North Korea's request for bilateral talks, though informal talks between American and North Korean officials have taken place on the sidelines of the six-nation negotiations.

In its statement on Thursday, North Korea reiterated that it would not return to the talks unless economic sanctions were lifted. The sanctions, which are opposed by China and South Korea, are said to have squeezed the North financially. Banks around the world have limited their dealings with North Korea, concerned that they would be blacklisted by the United States.

N Korea Invites US Nuclear Negotiator For Talks (FT)

By Anna Fifield In Seoul

Financial Times, June 2, 2006

Pyongyang on Thursday invited Christopher Hill, Washington's top negotiator in the six-party talks on the North Korean nuclear crisis, to visit for bilateral discussions, saying the US must prove its commitment to resolving the prolonged impasse.

It again called for the US to drop the financial sanctions that have crippled cash-strapped North Korea's ability to trade with the outside world.

"If the US has made a political decision to truly carry out the joint declaration, we again invite the chief delegate to the six-party talks to visit Pyongyang and personally explain [the US position] to us," the state-run Korean Central News Agency quoted an unnamed foreign ministry spokesman as saying.

With the move, North Korea again demonstrated its capacity for wily negotiating as the invitation is unlikely to be accepted, enabling Kim Jong-il's regime to blame further the stand-off on the Bush administration.

Although Mr Hill held talks with his North Korean counterpart on the sidelines of the September round of negotiations and has previously signalled willingness to travel to Pyongyang, he was restricted from meeting Kim Kye-gwan at a security forum in Tokyo earlier this year as Washington takes an increasingly harder line.

The September talks led to an agreement for all six parties to work towards the North's nuclear disarmament, but this was soon overshadowed by an increasingly acrimonious dispute over Pyongyang's financial activities.

Washington has cracked down on eight North Korean companies and a Macao bank it accuses distributing counterfeit dollars and laundering money earned illicitly.

The North Korean spokesman said the US had violated the spirit of the September agreement because the parties had agreed to hold increased bilateral and multilateral contacts to create a favourable atmosphere for the talks.

"The US will never find a solution to the problem if it continues to shun sitting with its dialogue partner while calling for the resolution of important issues such as the nuclear issue through discussions," he said.

The US has repeatedly said the sanctions are merely a way to protect its financial system and are unrelated to the nuclear issue.

"There's an awful lot in the September agreement that benefits North Korea, and frankly I don't understand why [North Korea] isn't coming back," Mr Hill said last week after talks in Beijing with Wu Dawei, the Chinese negotiator.

Despite efforts by Mr Hill, Mr Wu and South Korea's Chun Yong-woo to restart the talks, analysts say the negotiations are again on the brink of collapse as Pyongyang and Washington each wait for the other to give in first.

Bush To Welcome Congo's Sassou-Nguesso (AFP)

AFP, June 1, 2006

US President George W. Bush will welcome Congo's President Denis Sassou-Nguesso June 5 for talks on efforts to keep peace in Sudan's Darfur region, the White House said.

"The two leaders will discuss implementation of the May 5, 2006 Darfur Peace Agreement, NATO assistance to strengthen the African Union Mission in Sudan and the follow-on UN mission, United Nations authorization to promptly transition to a UN peacekeeping force," said Bush spokesman Tony Snow.

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Bush and Sassou-Nguesso, who currently chairs the African Union (AU), will also discuss "ways to strengthen democracy and improve the lives of the Congolese people," said Snow.

Earlier, the African Union expressed "deep regret" that holdout Darfur rebel groups had failed to meet a midnight Wednesday deadline to sign a peace deal for the troubled western Sudanese region.

The peace deal aims to end three years of conflict in Darfur, which has left some 300,000 people dead and 2.4 million homeless.

It calls for a more equitable distribution of power and wealth, the disarming of the pro-government Janjaweed militias and a referendum on the future of Darfur.

But the holdouts say the accord fails to address their concerns and have refused to sign on unless substantial changes are made.

Washington And Beijing Stoke Nuclear Fears (FT)

By Mure Dickie, Demetri Sevastopulo

Financial Times, June 2, 2006

Donald Rumsfeld, the US defence secretary, arrives in Singapore today for a three-day conference on Asia security issues that is likely to include much discussion about China following the release last month of his department's annual report on the Chinese military.

The Pentagon drew plenty of attention last week when it suggested that US defence analysts had been surprised by changes in the capacity of China's nuclear deterrent, including the "pace and scope of its [nuclear] strategic forces modernisation".

It is not entirely clear what surprises the Pentagon was referring to since the unclassified version of the report provided few details about new developments. However, the highlighting of concerns about Chinese nuclear intentions was a reminder of the possibility for mutual miscalculation between the world's most powerful country and its most populous.

While there has been a surprising lack of nuclear competition between the US and China since Beijing exploded its first atomic device in 1964, recent signals from both sides have increased fears that they might succumb to the temptations of a new arms race.

Peter Brookes, a defence analyst at the Heritage Foundation and former Pentagon official on Asia issues, says the US and China are not "at that point right now".

But he says the increased mobility of China's nuclear forces and their desire to arm submarines is causing concern in the Pentagon.

Many Chinese observers bristle at what they see as the hypocrisy of expressions of concern from the US - which has about 10,000 strategic and tactical nuclear warheads - at a Chinese arsenal generally estimated to total less than 400.

"I do not know why they should feel surprised. Why do they assume that China should have weaker nuclear forces?" says Shen Dingli, an expert on international relations at Shanghai's Fudan University.

The Pentagon report cited China's long-standing plans to add mobile DF-31 intercontinental ballistic missiles to its current old and small arsenal of about 20 silo-based intercontinental ballistic missiles able to hit the US.

The Pentagon's focus on long-range, precision conventional weapons concerns Chinese strategic thinkers, since they could be used to launch a pre-emptive strike.

US enthusiasm for anti-missile defences means that China is likely to need more missiles or warheads to have any confidence that at least some could get through such a shield. But Larry Wortzel, a former military attaché in Beijing and now chairman of the US-China Commission, says China has been increasing its nuclear forces long before the US started looking seriously at missile defence.

"We must hold America effectively hostage, because we are being effectively held hostage by America, and we need to strike a balance - even if it is asymmetrical," says Mr Shen.

Mr Shen was mentioned in the Pentagon report as offering evidence of a possible rethinking of China's long-standing stated policy of "No First Use" of nuclear weapons. The Fudan University academic does indeed think the No First Use policy

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should be adjusted to take into account the possibility of a conventional attack intended to eliminate China's nuclear forces - but he insists this is a personal view not part of any wider debate.

The Pentagon has stronger evidence of a policy discussion in the comments of Chinese General Zhu Chenghu, who last year said Beijing might have to use nuclear weapons against the US if attacked during a confrontation over Taiwan.

The Chinese government assured Mr Rumsfeld in October that Gen Zhu was speaking in a private capacity. But the fact that he has been allowed to keep his job, following an administrative punishment, has fed US concerns that the No First Use policy is more rhetorical than doctrinal.

Li Bin, director of the Arms Control Programme at Beijing's Tsinghua University, argues that China's nuclear strategy has always been based on an assumption that the "nuclear taboo" ensures the US will not actually use its atomic weapons.

The greater risk is that possession of nuclear force might make policymakers rash about the use ofconventional force, Prof Li says. "Some kind of nuclear escalation could still develop," he says. "It is a danger, but it's not the number one danger."

Rift Clouds Asian Defense Talks (WSJ)

By Barry Wain

The Wall Street Journal, June 2, 2006

SINGAPORE -- Asian-Pacific defense ministers meet here this weekend at a time of deteriorating political relations between Japan and China.

While the U.S. has recently stepped up its criticism of Chinese military spending, some Asian countries have become alarmed about an increasingly nationalistic Japan. Government-to-government ties between a rapidly rising China and Japan, the established regional power, are at their lowest point in decades, despite strong economic links.

Although the U.S. has a major presence in the region, "the defining relationship in East Asia will be between China and Japan," said Rodolfo Severino, former secretary-general of the Association of Southeast Asian Nations. "Unfortunately, they just don't like each other, and they sense a certain rivalry."

Defense ministers, military chiefs and senior officials from 22 countries, including the U.S., China, Japan, Russia and the 10 Asean members, will attend the two-day talks. The event has taken place every year since 2002. Nongovernmental security specialists from Europe, the U.S. and Asia also take part.

The forum, organized by the London-based International Institute for Strategic Studies, allows participants to conduct informal defense consultations and bilateral exchanges, as well as roundtable discussions. A Malaysian proposal to improve maritime security in the Malacca Strait by deploying multinational air patrols -- so-called eyes-in-the-sky -- was taken up at last year's meeting and has since been introduced by Indonesia, Singapore and Malaysia.

Tim Huxley, an IISS official, said one item arising from last year's debates is on the agenda this year: the role of major powers in Asia, and the part Asian powers might play in global security arrangements. Attention is expected to focus on China, India and Japan, he said.

The U.S. delegation will be led by Defense Secretary Donald Rumsfeld, who used last year's gathering to question China's increased defense spending. Since then, U.S. officials have repeatedly criticized Beijing for annual double-digit growth in defense expenditure and for not being "more transparent" about it.

Although a U.S. Defense Department report in May again warned that China is rapidly extending its military reach with more long-range aircraft and weapons that could pose a threat to neighbors, few Asian governments seem worried -- except Japan, which has echoed Washington's concerns. Some security experts say a number of Asian governments are disturbed by China's expanding military capability but don't want to speak up for fear of offending Beijing.

"There are Southeast Asian countries that are unsure about China's long-term intentions," said Amitav Archarya, deputy director of the Institute of Defense and Strategic Studies in Singapore. "They don't mind the U.S. raising the issue."

Similarly, while most countries in the region haven't publicly taken sides in the China-Japan rift, Southeast Asia tends to be critical of Japanese Prime Minister Junichiro Koizumi for visiting a World War II shrine containing the name of war criminals. Southeast Asia has a negative view of Japan's conduct during the war and thinks Tokyo "should be wiser," said Sheng Lijun, a scholar from China who works on international relations at the Institute of Southeast Asian Studies in Singapore.

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China Urges Foreigners To Look Beyond Its Big Cities (LAT)

By Mark Magnier

The Los Angeles Times, June 2, 2006

BEIJING -- Chinese officials have settled on a new mantra in meetings with visiting foreign dignitaries: You've seen Beijing and Shanghai. Now it's time to go out to the countryside and see our tired, our poor, our huddled masses yearning to be fed.

Behind the polite invitation is a more substantive message. Namely, you may view us as a strategic threat poised to steal your jobs, drive up your gas prices and take over the world. But take a peek beyond the tall buildings and bright lights and you'll have more sympathy for our problems. And then maybe, just maybe, you won't be so hard on us.

"You should visit outside Shanghai and Beijing," Cai Wu, director of the information office of the State Council, China's Cabinet, told a group of newspaper editors in Beijing recently. "It's like visiting the house of a friend. The first time you stay in the living room. But next time, after you become better friends, you go into the kitchen and the basement."

Tang Jiaxuan, state councilor and a member of the Communist Party's Central Committee, also waxed metaphoric.

"When you go to the countryside, you will understand why Chinese say they are firmly walking on the road to peaceful development," Tang said in an interview last week at Zhongnanhai, the national seat of power. "China is not a country that hides its skeletons in the drawer."

Even on trips abroad, officials are making the pitch for a visit to the Chinese sticks. In Los Angeles this week, Beijing Mayor Wang Qishan reminded business leaders who may have been to Shanghai and Beijing that the masses of rural poor in China make less than half of the $4,557 of an urban Beijing dweller.

Encouraging influential foreigners to have a "Green Acres" moment not only helps outsiders better understand China in all its complexity, it also makes tactical sense.

Beijing hopes to send a couple of messages. One is that its record $202-billion trade surplus with the United States last year may look huge but doesn't amount to all that much when divided by 1.3 billion people. A second is that China has too many domestic problems and is too focused on political stability to menace its neighbors.

"The government's old way of thinking was related to traditional culture, a concern with 'face' and presenting the best side to outsiders," said Xiao Gongqin, a history professor at Shanghai Normal University. "Now we'd like Western countries to see that China is lagging far behind. It's far, far from becoming a threat."

The perception gap was on display last week after the release of a Pentagon report saying that China is rapidly extending its military reach, allowing it to compete with the U.S. and pose a potential threat to other countries.

Beijing strongly rejected those conclusions, arguing that its buildup is merely defensive. It accused Washington of Cold War-era thinking.

Beijing's call on foreigners to get a look at Chinese farmers living in squalor is also a sign of China's growing self-assurance. After all, it wasn't so long ago that officials rushed to hide even the smallest of blemishes, wary of leaving the impression that Chinese socialism was anything but perfect.

"China is much more confident," said Wang Yiwei, an American specialist at Fudan University. "It's rising, but it's eager to say it's not rising so much. And it has a point. While Shanghai is China's New York, the countryside is China's Africa."

Howard Snyder, a U.S. businessman who first came to China in 1981 to learn the language, recalls how tightly controlled the country was in those days. Foreigners were required to register before traveling even short distances, with trips to the countryside limited to Potemkin-style model villages.

In 1982, while studying at Beijing Normal University, Snyder slipped away to nearby Hebei province during the Chinese New Year break to experience a bit of rural life. The sort of visit officials now welcome was viewed at the time with great suspicion, prompting police to excoriate the university minder charged with watching over Snyder and other foreigners.

"There was both a fear of being seen as backward and a desire to avoid any foreign contact you might be accused of," Snyder said. "There's a Chinese expression, 'Once bitten by a snake, you're afraid of a rope for the next 10 years.' " After the 1966-76 Cultural Revolution, a reign of terror when outside influence and Chinese tradition were demonized, "there was a real lingering fear of foreign contact," he said.

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Years of rapid economic growth, an increasing number of foreign leaders knocking on its door and China's growing role as a global player have made China far more open and less reflexive about criticism.

"It's a complete shift," said David Ben Kay, an American lawyer working for a U.S. software company who first came to China in the late 1980s.

All politics are local, in China as elsewhere, and the recent invitations to experience China's countryside also dovetail with a major initiative by the administration of President Hu Jintao and Premier Wen Jiabao.

The message to get beyond Shanghai subtly distinguishes the new leadership team from former President Jiang Zemin, a Shanghai booster whose policies benefited the moneyed, high-tech and glitzy. It also falls in line with Hu and Wen's focus on rural problems, migrant workers, the rich-poor gap and those left behind.

"It's entirely consistent with the line from the top," said Patrick Horgan, Beijing-based managing director with a consulting company and a longtime China resident. "And it's for the good. If people form their view of China from the China World and St. Regis hotels and from being whisked around in motorcades, they miss the bigger story."

China is increasingly welcoming not only potential friends but some of its harshest critics to poke around for themselves.

Early this year, it invited Sens. Charles E. Schumer, D-N.Y., and Lindsey Graham, R-S.C., for a visit after the two drafted a bill to impose a 27.5 percent tariff on all Chinese goods imported to the U.S. unless Beijing agreed to revalue its currency. Critics say China's yuan is undervalued, giving its companies an unfair trade advantage.

Back in Washington the following week, the senators agreed to postpone a vote on the bill until September on the grounds that Beijing had assured them it was serious about currency reform.

That prompted a familiar refrain.

"I think with Senators Schumer and Graham's visit to China, both sides have a better understanding of each other's views," a senior Chinese official told a small group of U.S. reporters in advance of Hu's trip to Washington in April.

"It's just a pity that, given the brief visit by the senators, there was no time to visit the impoverished Western areas."

Opec Unites Against Venezuelan Rhetoric (FT)

By Carola Hoyos And Andy Webb-Vidal

Financial Times, June 2, 2006

Hugo Chávez, Venezuela's populist president, on Thursday angered Opec ministers with anti-US rhetoric as they united against him in rejecting his call to cut the oil cartel's production.

Overcoming Venezuelan objections, the Organisation of the Petroleum Exporting Countries, at a meeting in Caracas hosted by Mr Chávez, decided to keep pumping at nearly maximum capacity. Opec produces 30m barrels a day of oil, about 40 per cent of the world's total output. Earlier this week Venezuela called for a cut in Opec production of 500,000 to 1m b/d.

"We are third world countries, nations that have suffered colonialism for years, we are countries that are condemned by much more powerful states," Mr Chávez told the meeting. "The US president is a danger for the world," he said, echoing his regular criticism of US foreign policy.

Opec ministers did not criticise their host openly. Shokri Ghanem, Libya's energy minister, said: "The most important thing in life is to listen, not necessarily to agree."

Saudi Arabia, the world's biggest oil producer, has led the cartel's efforts to counter attempts by Venezuela and Iran to use Opec as a tool against the US, Opec's biggest customer. Venezuela backed the idea of selling oil in euros instead of in dollars, a proposal which was supported by Iran but rejected by other members.

Oil prices are at near-record highs and a reduction in Opec's output would have led to a further rally, analysts said. They warned this could have undermined world economic growth and pushed up inflation.

Using Opec to further his cause of oil nationalism, Mr Chávez backed Bolivia to join the group as an observer member, and Ecuador, a member from 1973-1992, to rejoin as a full member. Both South American countries have moved to wrest more control of energy from international companies.

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Joseph Stanislaw, president of J A Stanislaw group, the consulting firm, said: “The enlargement of Opec is a natural extension of the energy nationalism we see in the world today. The high prices are encouraging every oil-rich country to find ways to maximise their resources revenue.”

Pushed by Nigeria, Opec’s biggest African member, Angola and Sudan are also considering joining the group. The two sub-Saharan countries together produce more than 1.5m barrels of oil a day. International oil companies have invested billions in Angola and oppose its membership.

If oil prices fell and Opec decided to reduce its quota level, Angola would have to ask oil companies to forgo revenues. Sudan would have to do the same to the Chinese groups that dominate its industry.

OPEC Decides Not To Cut Production Quotas (WP)

By Steven Mufson

The Washington Post, June 2, 2006

Ministers from the Organization of Petroleum Exporting Countries said at their meeting in Venezuela yesterday that the oil group that produces 40 percent of the world's oil would keep its production quotas unchanged at 28 million barrels a day.

"At this level of prices, the market is very sensitive," Qatar's Abdullah bin Hamad al-Attiyah told reporters in Caracas yesterday, Bloomberg News reported. "We have to be very careful. We don't want the price to get out of control."

But oil traders and analysts took little comfort from OPEC's commitment, noting that the cushion between world supply and demand remained uncomfortably thin. Moreover, they said, the oil producers were unlikely to reduce output when they could cash in on record high prices that many consumers think are already out of control.

"Nobody expected that at these prices they'd cut back," said Edward Morse, executive adviser of Hess Energy Trading Co. in New York.

The only OPEC member pushing for cuts in output quotas was the meeting's host, Venezuela, but oil traders noted that Venezuela probably favored a cut in quotas because it has been unable to produce enough oil to meet its share of the organization's quota allotments. Morse estimated that Venezuela, OPEC's third-largest producer, was falling at least 300,000 barrels a day short of its quota because of technical problems it has had since an oil workers strike three years ago and more recent disputes with foreign operators.

Crude oil for July delivery fell 95 cents, but still remained high at $70.34 a barrel.

Sensitive to charges that they have helped drive up oil prices, some OPEC ministers pointed to speculators and traders who are too worried about tension between the United States and Iran over Tehran's nuclear program. Saudi Arabia's oil minister, Ali al-Naimi, said yesterday that the crude oil market was "oversupplied and overpriced," Bloomberg reported. Al-Naimi said world supply exceeds demand by about 1 million barrels a day.

Some investors agree. The manager of one European hedge fund said in a recent interview that he thought the world was "awash in oil."

Others don't see it that way. "There comes a point every year in the second quarter where supply is ahead of demand," said Jacques Rousseau, an oil analyst with Friedman, Billings, Ramsey Group Inc. "It's a seasonal thing. We're out of the winter heating season and not yet in the summer driving season."

"It's in OPEC countries' interest to say that supply is not the problem and that OPEC is living up to its responsibility," said Morse, who noted that May is the month when demand is weakest. "Therefore, they say, it must be something else: speculators, a risk premium or a lack of refining capacity. But clearly the lack of production capacity is a factor in keeping prices as high as they've been."

Most OPEC countries can do little to bring prices down, however. The organization has limited excess production capacity and most of it is in Saudi Arabia, which says it could produce 1.8 million barrels more a day. But even there, about 800,000 barrels a day of that extra supply cannot be used at most of the world's refineries because of its low quality.

Meanwhile, demand continues to run strong. The Energy Department yesterday released figures showing that U.S. demand for gasoline has been running 0.9 percent above last year, despite high prices. U.S. gasoline consumption accounts for roughly 9 million barrels a day, of total world demand of about 85 million barrels a day.

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Although the International Energy Agency this year trimmed its estimate for the growth in world oil demand, it still expects an increase of 1.2 million barrels a day.

Rousseau said he expects the oil-market balance to remain tight for years, regardless of what OPEC does.

"Prices will drift down to mid-60s this year and stay at that level next year because world economic conditions are softening somewhat. But it won't be until the next decade that we really drive down the price," he said.

OPEC Keeps Its Formal Output Aims (WSJ)

By Bhushan Bahree And David Luhnow

The Wall Street Journal, June 2, 2006

CARACAS -- With oil prices still above $70 a barrel, the Organization of Petroleum Exporting Countries left its oil-output targets unchanged as expected. But behind the scenes, some major exporters already have begun making moves to effectively trim oil supply, said delegates attending the meeting.

The cartel didn't take up the hawkish call by Venezuelan President Hugo Chávez to formally cut output, set a price ceiling of "infinity" or shift the pricing of petroleum to euros instead of dollars. Qatari oil minister Abdullah bin Hamad Al-Attiyah said yesterday OPEC ministers had decided to leave output unchanged.

U.S. benchmark crude settled at $70.34 a barrel, down 95 cents, or 1.3%, on the New York Mercantile Exchange.

But some analysts estimate that oil supply from OPEC nations is already well below the formal output quota of 28 million barrels a day, excluding Iraq, and is running as much as one million barrels a day less than a year ago. Led by Saudi Arabia, the cartel last year opted to pump full-throttle to fatten up oil inventories globally to meet growing demand, which is at about 84 million barrels a day.

The Saudis are producing less oil, say cartel officials. Saudi and Iranian producers, through a pricing mechanism that either encourages or discourages buyers, also have taken steps to reduce the amount of oil that reaches the market, the officials said. The declines -- which are also in part due to supply disruptions like political strife -- haven't been announced and haven't shown up in official figures.

The reason for the cutbacks: While oil use is rising, global inventories are flush. This is causing concern in OPEC that if investors cut back on heavy purchases of oil futures, prices could fall precipitously.

Underscoring those concerns, Saudi Oil Minister Ali Naimi said yesterday the oil market is both oversupplied and overpriced, adding that the OPEC heavyweight is seeing no extra demand from its customers for oil, especially for heavy crude that's more difficult to refine into fuels like gasoline. "Nobody wants heavy oil," he said.

Oil ministers are saying oil prices are being driven up by financial investors, not by fundamentals of supply and demand. "Oil could drop to $40 a barrel" if hedge and pension funds decide the price has peaked and redirect money into other markets, said one senior delegate from a major Middle Eastern country.

Such worries may seem misplaced at a time when the world economy is using up more oil. OPEC's leaders reply that they have seen oil markets turn quickly in the past. In the late 1990s, prices plunged below $11 a barrel as Asian economies tanked when inventories were high. While markets can turn on a dime, curtailing production and reducing inventory can take months.

As a result, key OPEC members are adjusting their production and deliveries downward to preclude further, price-threatening increases in consumer stockpiles of oil, thus preparing for the day when markets turn against them. But they are doing so quietly, because of consumer anger over high prices at the pump. As a whole, OPEC's output has fallen by about 600,000 compared with less than a year ago, at about 27.3 million barrels a day excluding Iraq, according to PFC Energy, a Washington oil-consulting company. That doesn't include oil pumped but put in storage instead of sold. Saudi Arabia, Iran, Venezuela and Nigeria are all producing less than they did a year ago.

"They're starting to draw down hefty crude stocks" world-wide, said Roger Diwan, a PFC analyst, on the sidelines of the OPEC meeting. "This will position them better for any downturn in price or demand."

Some of the decline, say OPEC officials, results from an attempt by Saudi Arabia and Iran to keep world oil supplies in check. They are doing this by opting not to discount heavy, high-sulfur grades of crude oil. These fuels are hard to sell during the summer, when refiners seek lighter grades that yield more gasoline when refined.

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The Saudi decline -- estimated by PFC at some 200,000 barrels a day -- is recent. And because some of the oil is being stored, including on tankers, the reduced supply isn't showing up in output data compiled by various organizations, including the Paris-based International Energy Agency.

Acknowledging that Iran is building up stores of oil, a senior Iranian delegate said his country isn't alone in having trouble finding buyers for heavy, high-sulfur grades of crude oil. "Anybody who has oil of less than 30 API can't find buyers," the official said, referring to the American Petroleum Institute's gravity scale for oil, in which a number below 30 signifies heavier grades.

Colombia's Window Of Opportunity (WSJ)

By Mary Anastasia O'Grady

The Wall Street Journal, June 2, 2006

Liberty lovers across the Western Hemisphere are cheering Colombian President Alvaro Uribe's second-term victory on Sunday. Colombians gave their president more than 62% of the vote. His closest competitor, the hard-left Carlos Gaviria, whose platform mirrored the ideology of Venezuelan President Hugo Chávez, earned only 22%. Pro-Uribe parties also won a majority in Congress.

The Uribe win is not only an endorsement of a worldview favoring security, the rule of law and global engagement for Colombia. It is also evidence of a backlash against the economic isolation and hostility toward private property preached by Mr. Gaviria and Mr. Chávez next door. As such it casts a ray of hope on the Andean region, which has been trending toward left-wing, authoritarian populism of late.

Now comes the hard part. To secure Colombian democracy, Mr. Uribe's second term will have to go beyond the success he managed in beating back guerrilla forces around the country and stabilizing the economy in his first term. Second-term success will require equal boldness in economic reform so that Colombia might attract more capital, bring underground economic activity into the legal sector, begin to grow at its potential and provide economic mobility.

The Colombian corporate tax regime may be the country's single most pernicious policy error. It is also easily correctable by introducing a single, low corporate rate, an idea that is spreading rapidly in Eastern Europe and has proven to stimulate growth and reduce corruption. Were Mr. Uribe to embrace it, he would score an early reform victory that would have a huge payoff. Failure to seize the moment will mean a missed opportunity that is not likely to present itself again. Just ask Mexican President Vicente Fox what happens when political capital is not spent.

A low corporate rate goes against the tired old saw that high taxes on entrepreneurs make society fair, even though this model has left Latin America in poverty. But bucking conventional wisdom is Mr. Uribe's trademark. When he was first a candidate for the 2002 elections, Colombia was overrun with guerrilla terror while the terrorists enjoyed a jungle safe-haven the size of Switzerland, courtesy of the government as an olive branch toward peace. The status quo favored this concession even though the rebels warred on, using the area to store weapons, hold hostages and organize assaults against the civilian population. Washington and Colombian "experts" counseled this perpetual "peace process," while the human carnage wrought by guerrillas was mounting weekly.

Mr. Uribe saw things differently and said so: Appeasement of terrorists was making things worse. That observation got him elected and when he took office he ended the safe-haven policy, beefed up the military and sent a message to the rebels that the Colombian people would defend themselves. Four years later, Colombia has not only regained lost territory but it has also recovered national confidence.

Now Mr. Uribe has the chance to do the same thing with the economy that he did with security: break with conventional wisdom and forge a new path. His economic team has already accomplished some microeconomic reform and Colombia was named one of the world's most-improved business environments by the World Bank two years ago. Improved security has paid off in increasing investment. Yet the massive underground economy remains, holding back the productivity gains essential for development. With GDP growth still averaging below 5% annually, much more has to be done to lower the cost of complying with the law so that entrepreneurs can afford to come out of the informal shadows.

The economic eyesore is tax policy, according to the bank's annual "Doing Business" report, which ranks Colombia at the bottom of the pile (148 out of 155 countries) in the category of "paying taxes." According to the report, full compliance for a

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medium-sized business involves an administrative burden of 432 hours and 54 payments annually. The survey further finds that "total tax payable" amounts to more than 75% of gross profit.

That's not nearly as bad as Brazilian or Bolivian tax policy but it's a world away from Estonia -- where compliance means 11 payments a year taking 104 hours and costing less than 40% of gross profit -- or Ireland where there are eight payments annually that take 76 hours at a cost of just over 45% of gross profit.

How can the lower costs in Ireland and Estonia be explained? Easy: Both have low, flat corporate rates. Ireland's is 12.5%; Estonia's is zero on retained profits. Compare this to Colombia's 35% rate and its mishmash of loopholes. Simplification means fewer filing headaches and less corruption. Tax revenues have soared in flat tax countries as businesses invest more and comply more readily. The economic effect is more employment and more funding for infrastructure and social programs serving the truly needy.

Ireland, which for more than a century lived one of the world's most tragic emigration stories, is now experiencing net immigration and is a richer country than the United Kingdom. Estonia has one of the most competitive business environments in Europe and from 2001-2004 its average per capita growth rate was 6.7%.

Of course, any attempt at such a free-market tax policy will meet with a lot of reasons about why it can't work. Mr. Uribe could prepare for this by listening to former Estonian Prime Minister Mart Laar who won the Cato Institute's Milton Friedman Prize in April for his role in breaking the regulatory and tax shackles on his country and making it one of the world's superstar economies.

The humble Estonian has plenty of horror stories about living under Soviet rule. But he also notes that once the reformers came to power, economic freedom faced a different enemy. "The Western experts," he says, often advised his economic team against deep and rapid liberalization.

It is likely that Mr. Uribe is also encountering naysayers. The State Department is famous for its arm-twisting bureaucrats who push steeply progressive tax schedules. But Mr. Laar has the moral authority and his counsel is clear: Do it and do it fast and don't let "experts" talk you out of it.

The battle for security will continue but as Colombian economist Mauricio Cardenas said recently, "It's a mistake to think that the conflict must first be resolved for the economy to grow. We need economic growth in order to resolve the conflict." To meet that goal there may be no single policy as powerful as the corporate flat tax.

WHO Stumped By Indonesian Bird Flu Cluster (AFP)

By Marianne Kearney

AFP, June 2, 2006

The World Health Organisation (WHO) has admitted it was having difficulty identifying the source of bird flu infection in a case where seven people in the same family died of the virus.

The case in North Sumatra, Indonesia's largest cluster to date, has raised fears of human-to-human transmission of the virus, which has raised the spectre of a deadly global flu pandemic.

"There are three possible sources of infection, but there is no conclusion," WHO epidemiologist Steve Bjorge told reporters at a joint press conference with Indonesian health ministry officials in Jakarta Thursday.

"It's difficult to get good information from that village, and that family," he said. "Previously it had been good."

Indonesia has the world's second highest number of fatal human bird flu cases after Vietnam with 36 -- and the highest number of deaths this year globally.

The WHO has said that it could not rule out the possibility of human-to-human transmission in the North Sumatra case, where 54 people who came into close contact with the family are currently under voluntary quarantine.

Bjorge said the first family member to contract avian flu, a 37-year-old woman, could have been infected by her sick chickens, by chicken faeces used as fertiliser, or at the wet market where chickens are sold.

However, as two of the woman's chickens had fallen sick prior to her death, there was a strong possibility that the sick fowl were to blame, he said.

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But as with two other clusters, Bjorge said WHO experts also suspected that perhaps members of the family could have been particularly susceptible to avian influenza.

"Some scientists are talking about something genetic. What we observed in all these clusters is that infections occur in closely related family members, and it is always the same bloodline," he said.

Indonesian Health Minister Siti Fadilah Supari said it was unlikely that even limited human-to-human transmission had occurred in this village.

"It's just a possibility, but based on the two criteria for possible transmission, virological evidence shows it's still being transmitted from animal to human," she told journalists.

However, as a precaution, Indonesian health authorities were to monitor the village for three more weeks -- one more than recommended by the WHO.

The people in quarantine, who include family members and other close contacts, are receiving the anti-influenza drug Tamiflu as a precaution and are being checked daily for flu symptoms, said Bjorge.

The WHO expert criticized Indonesia's efforts to fight bird flu, warning more people could die if outbreaks among poultry are not contained.

"The situation is that there is a leak in the roof, and the ministry of health is just mopping up the floor every day. Until they fix that leak in the roof, it's not going to stop," Bjorge told AFP.

"And the leak in the roof is this continuing transmission of the virus from bird to bird," he said.

Bjorge said Indonesia had to start mass culls of infected birds and more intensive testing of fowl suspected of carrying the H5N1 virus if it wanted to stem the spread of the virus, which he said was a "pandemic in poultry".

However, the sprawling country's hugely decentralised government -- spread over 17,000 islands -- meant preventing the spread of the virus amongst birds was a very complicated task, said Bjorge.

Indonesian health officials were also fighting lack of public awareness about the disease and its dangers, he added.

More than 120 people have died of bird flu around the world since late 2003, the vast majority of them in Asia.

Local Tests Show Indonesian Girl Died From Bird Flu (AP)

The Associated Press, June 2, 2006

JAKARTA, Indonesia -- An eight-year-old girl in Indonesia has died of bird flu, a health official said Friday, citing local tests, as a rise in human cases has put Indonesia on pace to soon become the world's hardest-hit country.

The World Health Organization has yet to confirm the death. The girl, from a city on the outskirts of Jakarta, died late Thursday after apparently coming into contact with sick poultry, said Nyoman Kandun, a senior Health Ministry official.

The girl's 10-year-old brother died three days earlier with similar flu-like symptoms, but no samples were taken, said Dr. Hariadi Wibisono, a senior official at the national Health Department. The boy died in an emergency room before being treated, and the family immediately took him home for burial, he said. "The family reported that chickens died near their house, and we have been told they had contact with birds," Dr. Wibisono said.

Meanwhile, Bayu Khrisnamurti, secretary general of the National Committee of Avian Flu Control, said a mass poultry slaughter would begin soon in the North Sumatra village of Kubu Simbelang. The village attracted international attention last month after six members of a family died of bird flu and a seventh was sickened. An eighth family member was buried before samples were collected, but WHO considers her part of the cluster of cases -- the largest ever reported.

Experts haven't found any link between the relatives and infected birds, which has led them to suspect human-to-human transmission. But no one outside the group of blood relatives has fallen ill and experts say the virus hasn't mutated.

Mr. Khrisnamurti said the decision to begin a mass cull came after a meeting Thursday with provincial officials. He said the government will compensate villagers whose birds are slaughtered, but did not provide additional details. Compensation is typically about 10,000 rupiah ($1.07) for every bird killed.

Bird flu has killed at least 127 people world-wide since it started ravaging Asian poultry farms in late 2003. It is difficult for humans to catch, but experts fear the virus could mutate into a form more easily transmissible between humans, potentially

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sparking a pandemic. So far, most human cases have been linked to contact with infected birds. Indonesia trails only Vietnam, where 42 people have died, in number of bird flu deaths.

Avian Flu News Tracker (WSJ)

The Wall Street Journal Online, June 2, 2006

Thursday, June 1

7:15 a.m.: African health systems, already crumbling under the strain of AIDS, malaria and other diseases, could collapse if a bird-flu pandemic takes hold on the continent, health experts said at the World Economic Forum on Africa. Idrissa Sow, a senior WHO official, said it was vital to increase the number of laboratories capable of testing for the H5N1 virus in Africa. South Africa has advanced laboratory facilities, but other countries have had to send samples to Europe for testing.

2:40 a.m.: Indonesian officials began slaughtering poultry in a village where preliminary tests showed a 15-year-old boy had died from bird flu. All chickens will be killed within one kilometer (half a mile) of the boy's house in the Tasikmalaya district of West Java province, said Budi Utama, head of the local animal and fisheries agency.

U.N. Agency Proposes Plan To Track Birds (AP)

AP, June 2, 2006

The U.N. food agency said Thursday it is considering a plan to fit wild birds with tiny backpacks and monitor their annual migrations to help combat the spread of the deadly H5N1 bird flu.

The project would rely on communications satellites and a network of computers to track the birds' movements, and would cost $6.8 million, the U.N. Food and Agricultural Organization said in a statement.

"All we have now is a snapshot. We need to see the whole film," said Joseph Domenech, the organization's chief veterinary officer.

Evidence on the role of wild birds is not always conclusive in the areas where H5N1 has appeared. Migratory birds introduced the disease in Russia and eastern Europe, but in the case of recent outbreaks in Africa there is scarce evidence pointing to wild birds.

Bird flu has killed at least 127 people worldwide since it began sweeping through Asian poultry stocks in late 2003. Most human victims were infected through direct contact with sick birds, but experts fear the virus could mutate into a form that spreads easily between humans, and spark a pandemic.

The virus has ravaged poultry flocks in Asia, Europe and Africa since 2003 and experts have pointed to the poultry trade as the area where the disease is easiest to manage.

The U.N. agency's plan would entail capturing thousands of wild birds before they migrate, testing sample birds for the virus, and fitting some with backpacks weighing less than 1.8 ounces. After the birds are released, the telemetry equipment inside the packs would track their every movement, FAO said.

When the birds stop for rest, ground teams would grab them and retest them and, in case of a positive result, have a good idea where the infection originated and where it might head next, the agency said.

A system of radio beacons and satellites would feed data into the computers of ornithologists, ecologists, virologists and epidemiologists around the world.

"Early warning would give governments and producers more time to respond to potential threats — with great benefits for the poultry industry and society at large," the FAO said.

The agency said it needs to raise most of the money for the project.

The U.N. agency released details of its plan a day after scientists at an international conference on bird flu in Rome urged countries to refrain from mass killings of wild birds, saying that only further research can reveal whether the H5N1 bird flu strain will become endemic in wild birds, causing periodic outbreaks across the globe for years to come.

The conference was organized by the Food and Agriculture Organization and the World Organization for Animal Health.

Death In Darfur (WSJ)

By Mohamed Buisier

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The Wall Street Journal, June 2, 2006

Once again, the international community, and the U.N. in particular, is being shamed into acting to stop the massacres in Darfur, and once again the Arab League and Arab leaders are unwilling and unable to face facts, or to deal with them in a civilized and humane manner.

Indeed, the most recent Arab League summit, which took place in the Sudanese capital, Khartoum -- presumably as a show of support to the host government -- ended with a resolution denying that any massacres had taken place in Darfur and expressing resistance to any outside intervention in the "internal" affairs of an Arab country. (Not surprisingly, this stance is identical to that taken by Osama Bin Laden.)

By adopting this argument, the Arab League was not just covering up for the atrocities perpetrated by the Sudanese government, but also for the direct or indirect involvement in this part of the Sudan of some of the Arab governments attending the summit. It is but one more shameful manifestation of Arab governments turning a blind eye to the continuing inhumane atrocities committed against their own citizens.

The fact that the Arab League is ineffectual is no longer news. Indeed, it may even work to the advantage of those present at the summit that many of the delegates were asleep, as Al-Arabiya TV cameras showed: In the future, if justice were to prevail in Darfur, the conferees could claim that they were sleeping when the resolution was passed and blame the whole ugly episode there on a Western/Zionist conspiracy to destroy the image of Arabs and Muslims.

While not dwelling on the cause of the problem, other Muslim leaders, such as Prime Minister Recep Tayyip Erdogan of Turkey, have tried to raise awareness of the humanitarian tragedy that is taking place in Darfur. But such pleas should be directed at the Arab and Sudanese governments and not just at the international community, particularly as Sudan continues to oscillate between denying and allowing international access to Darfur. Sudan's track record does not inspire confidence.

But why should anyone be surprised that the Arab League is denying yet one more massacre in its midst? In fact, some Arab leaders and so-called Arab intellectuals continue to assert that Saddam Hussein is still the legitimate president of Iraq even after his massacres of Iraqis have been unearthed. After all, for many decades now, legitimacy in this part of the world has been gained at the point of a gun (or for those diehard romantics in Western foreign ministries, by the sword).

The contrast between the Arab League's denial of any massacres in Darfur and the handover of Charles Taylor by the Nigerian government to the U.N.-backed special court in Sierra Leone is telling, to say the least. Taylor, who had received support from some members of the Arab League, will be the first African leader to face war-crimes charges.

It remains a serious concern that while many regions of the world are moving forward and finding, with the support of the international community, mechanisms to bring the likes of Chile's Pinochet, Yugoslavia's Milosevic and Liberia's Taylor to justice, the Arab League's denial of the atrocities in Darfur demonstrates not only disrespect for human life, but proof that the Arab world may be falling into a darkness of which we had only a glimpse in New York, Madrid and London.

Can the Arab world hope for, and expect, a miracle from its warlord leaders and their heirs? Or is it condemned to a downward spiral in which cruel and autocratic leaders are replaced with even more barbarity?

The Arab world is in a race against time. Its leaders, for once, should stop and think if it is in their interest to continue governing by force, and instilling fear, hatred and a dangerous sense of impotence in their populations. It is time to break out of this culture of fear, wherein the rulers fear those they govern, and the people fear their rulers. Opening up the political space for democratic participation, and encouraging a more civilized dialogue between state and society based on respect for the rights of the individual, would be a step toward breaking this cycle of fear.

If the Arab League and Arab leaders cannot constrain or punish those in their midst who commit heinous atrocities against their own populations, they should not complain when the rest of the world acts to make this world a less welcoming place for those who are committing atrocities.

Mr. Buisier is a Libyan-American political activist.

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DEPARTMENT OF JUSTICE *NEWS CLIPS*

PREPARED FOR THE OFFICE OF PUBLIC AFFAIRS, US DEPARTMENT OF JUSTICE

TO: THE ATTORNEY GENERAL AND SENIOR STAFF

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TERRORISM NEWS:

Free And Uneasy (WSJ)

By Andrew Higgins

The Wall Street Journal, June 2, 2006

TIRANA, Albania -- After four years in Guantanamo Bay, Abu Bakker Qassim, a former terror suspect cleared last year of having ties to al Qaeda, got word last month that he finally would be set free.

He and four fellow Muslims from China were loaded onto a U.S. military transport plane in the middle of the night, shackled to the floor and flown for 12 hours to their new home: a converted military barracks in Tirana, the capital of Albania.

The compound is located on a potholed road strewn with garbage. It has high walls, bars on the windows and a guard at the gate. The five men occasionally leave but don't venture far. They've found no one in this small Balkan country who knows their native language, a Turkic tongue spoken by the Uighur (pronounced WEE-gur) people of China.

"I think Allah must be testing our patience," says Mr. Qassim, a 37-year-old father of three from Xinjiang, a historically Muslim region of deserts and mountains in western China. Pointing to strands of rusty barbed wire outside his window, he rolls his eyes. Freedom, he says, "is not what we expected."

The U.S. is also in a predicament it never expected: What should it do with Guantanamo inmates who have been found deserving of release but who face jail or execution if returned to their homelands?

It's a question that has grown urgent in recent weeks as the United Nations and even stalwart ally Britain have turned up the heat on Washington over Guantanamo prison. Critics say the camp stains America's reputation, upends the Geneva Convention governing treatment of prisoners and fuels Muslim anger. Eighty-nine inmates are now staging a hunger strike, drawing further attention to their plight.

Washington's hesitation to repatriate some detainees reflects its growing unease with authoritarian states it initially enlisted as partners in the post-9/11 war on terror. U.S. forces used an air base in Uzbekistan during the war in Afghanistan, but Washington strongly criticized the former Soviet republic last year when Uzbek security forces killed scores of unarmed protesters. Uzbekistan then evicted the U.S. military.

Fear of being sent home is so strong that an exonerated Egyptian detainee, Ala Abdel Maqsud Muhammad Salim, had his U.S. lawyers ask a federal court in January to block his release to avoid his being sent to Egypt, where he expected harm. The U.S. dropped a plan to return the sickly and nearly blind prisoner. He's still in Guantanamo.

U.S. officials say they scouted for two years for a country ready to take Mr. Qassim and his companions, beginning the search even before their exoneration. The U.S. was wary of sending them to China. Beijing severely punishes Muslims from the far west who criticize the Communist government or advocate independence. Unwilling to let the men live in the U.S., American officials say they approached more than 100 countries. All said no or waffled, fearful of upsetting China and reluctant to take on America's problem. Then Albania, an impoverished land with a large Muslim populace and a brutal communist past, said yes in April.

Messy Struggle

The decision pushed the country of some 3.5 million into a messy big-power struggle. Soon after the five Uighurs reached Tirana, China accused Washington of hypocrisy for letting them go. Beijing demanded that Albania hand over the men, whom it calls terror suspects. Prime Minister Sali Berisha says he was harangued by China's ambassador. Mr. Berisha says he's glad he gave the five Uighurs a haven, but regrets that it "has become very noisy around here." The Chinese Embassy in Tirana declined to comment.

Guantanamo Bay now holds around 460 detainees. These include four who have been declared "no longer enemy combatants" -- bureaucratic jargon for innocent. About 116 others, though not exonerated, are no longer considered a serious threat or valuable to U.S. intelligence.

Among those who have been cleared but remain at Guantanamo is Zakirjan Hassam, an Uzbek dissident desperate to avoid going back to Uzbekistan. Like China, Uzbekistan rallied early to the "war on terror," viewing it as a vindication of its own harsh measures against restive Muslims.

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Before sending detainees home, U.S. officials seek guarantees they will be treated humanely and prevented from causing trouble for America in the future. Those issues have slowed U.S. negotiations with Saudi Arabia over the repatriation of Saudi nationals at Guantanamo, although 15 Saudis there were sent home last month.

Secretary of State Condoleezza Rice has cited such complications in explaining why the Guantanamo prison can't simply be closed. The U.S. is working "almost daily" with foreign governments to reduce the number of prisoners, she has said. On a visit to Britain in April, Ms. Rice said: "We don't want to be the world's jailer."

Guantanamo critics blame the dilemma on the Bush administration's refusal to adopt swift and transparent procedures for judging guilt or innocence. They say lengthy incarceration leaves people with the stigma of terrorism even if they eventually get cleared. Lawyers for Mr. Qassim and other absolved detainees say those who are found innocent should be allowed to settle in America.

"The U.S. made this mistake," says Sabin Willett, a Boston corporate lawyer who early last year volunteered to defend Mr. Qassim and another Uighur detainee. "After four years at the Guantanamo prison, America owes them better than to be swept under an Albanian rug."

Unlike many of the world's Muslims, China's Uighurs often like America. Chafing at rule by Beijing and a flood of ethnic Chinese into their region, many Uighurs look to the U.S. for help. Calls for outright independence from China have faded but anger at police heavy-handedness and restrictions on religious worship have triggered sporadic bouts of unrest.

Mr. Qassim says that before leaving China in 2000 he used to listen to U.S.-funded Radio Free Asia, which broadcasts news in Uighur and other Asian languages. "It was very sad and disappointing to have a country we respect treat us in the way we've been treated," he says.

A native of Yining, a town near China's border with Kazakhstan, he used to work in a state leather factory and as a small-time trader. He ran into trouble after anti-Chinese riots in his hometown in 1997. Mr. Qassim says he didn't take part in the turmoil, which left at least nine dead, but he began to speak out against Chinese rule. Mr. Qassim says he also grew more interested in Islam, and was jailed for seven months on suspicion of anti-Chinese activities.

In 2000 he moved to neighboring Kyrgyzstan, hustling for work in a big bazaar. There he met a fellow Uighur from Yining, Adel Abdu Al-Hakim, now with him in Albania. The two later decided to move to Turkey, hoping to work at a leather-jacket factory run by a ethnic Uighur living there.

With no money for air tickets, they headed overland for Pakistan, where they say they intended to get visas for Iran. Discovering this would take months -- and fearful of staying on in Chinese ally Pakistan -- they opted to wait in Afghanistan.

The two men say they left Pakistan in the summer of 2001 to join some 30 anti-Chinese Uighurs living near the Afghan city of Jalalabad. The U.S. would subsequently describe their settlement as a "training camp."

The Uighurs in Guantanamo strongly denied that description in their tribunals. According to transcripts, each insisted the place was just a cluster of ramshackle buildings. Mr. Qassim says he studied the Quran and occasionally took pot shots with a Kalashnikov rifle, but received no "terrorist" training. Both he and Mr. Abdu Al-Hakim say they had never heard of the Afghan-based Osama bin Laden and had no intention of joining him.

After the attacks of Sept. 11, 2001, Mr. Abdu Al-Hakim heard reports of a likely U.S. attack on Afghanistan from a Uighur who listened to Radio Free Asia. He says he didn't expect any trouble, as the Uighurs had no quarrel with America.

Late at night a few days later, U.S. planes bombed their settlement. Ayup Hajimemet, now 23 and the youngest of the five Uighurs in Albania, says he arrived at the village just as the bombing started. He joined a group of fleeing residents, including Mr. Qassim, and headed for the mountains. They later discovered their destination was called Tora Bora, the focus of a failed U.S. hunt for Mr. bin Laden.

Hungry and frightened, they say they sought shelter in a cave, only to be driven out by wild monkeys throwing stones. "We don't fit in anywhere in the world. Even monkeys don't want us," says Mr. Qassim.

Betrayed by Locals

After some two months of foraging and begging for food, Mr. Qassim and other Uighurs decided to get out of Afghanistan. They made a three-day trek across snow-covered peaks into Pakistan. Upon arriving, they say, local tribesmen gave them a warm welcome -- and then betrayed them.

After a lamb feast, the 18 Uighurs were taken to a mosque, herded into vehicles, driven to a jail and handed over to U.S. forces, who flew them to an American prison in Afghanistan. Mr. Abdu Al-Hakim says the 18 were captured by Pakistani bounty hunters. He overheard people saying the hunters received $5,000 each for the captives from the U.S. A Pentagon spokesman said he couldn't discuss "tactics, techniques and procedures" used to combat terrorism.

After some six months of interrogation in Afghanistan, the 18 Uighurs captured in Pakistan were put on a plane to Guantanamo, their heads hooded, their arms and legs tethered. Upon arrival in Cuba, they say they were each given an orange jumpsuit, a copy of the Quran and an "internment serial number." Mr. Qassim became ISN #283.

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China cheered the U.S. invasion of Afghanistan, linking it to its own crackdown in Xinjiang. Beijing soon issued a report claiming the Uighur activists were "supported and directed by Osama bin Laden." It named as an al Qaeda affiliate a small Uighur group called the East Turkistan Islamic Movement.

At Guantanamo, much of the interrogation of the Uighurs focused on the movement, which the U.S. in late 2002 declared a terrorist organization. The Uighurs in Guantanamo denied any involvement with the group.

The U.S. let Chinese interrogators interview Mr. Qassim and other Chinese nationals at Guantanamo, according to the men and court documents. Most refused to talk, but they were rattled: Mr. Qassim says the Chinese made veiled threats against their families back in Xinjiang and appeared to have had access to information the Uighurs had given U.S. interrogators. A Pentagon spokesman said the U.S. "works with a variety of nations to try and determine the status of detainees."

Out of 22 Uighurs with Chinese nationality sent to Guantanamo, U.S. officials concluded early on that Mr. Qassim and the four now with him in Albania weren't terrorists. But for reasons that remain unclear, U.S. authorities failed to inform the five Uighurs of that. In early 2004, the Pentagon asked the State Department to start looking for a possible home for them abroad.

Later that year, the Uighurs and hundreds of others got their first chance to formally contest their status as "enemy combatants." This followed a 2004 Supreme Court decision that prompted the Pentagon to set up so-called Combatant Status Review Tribunals. Detainees appeared before the secret panels shackled and without lawyers, but were allowed to defend themselves. Remarks in declassified transcripts suggest the Uighurs' hearings took place in late 2004.

"Treating a person like me this way is not fair," Mr. Qassim told the tribunal, claiming that he opposed China, not America. The U.S., he complained, "was to help young Uighur people, and now they are saying we are the enemy.... We Uighurs have more than one billion enemies and that is enough for us."

Mr. Hajimemet, the young man who reached Afghanistan just as bombs were falling, was the only one of the five Uighurs to learn much English. While in prison, he says, he sometimes lashed out in response to taunts from American guards and to the daily humiliations of "being treated like an animal." He spat at a guard. "Even a donkey kicks back," he says. He wasn't tortured, he says, but on one occasion was thrown against a metal bed, leaving him with a lingering back injury.

The review tribunals set up in 2004 examined 558 cases in all and ruled that 38 detainees should be reclassified as "no longer enemy combatants." Among them were the five Uighurs now in Albania. The 13 other Uighurs who had been seized with them in Pakistan are all still "enemy combatants" and remain in Guantanamo.

In March 2005, Mr. Willett, the Boston lawyer, filed a petition in the U.S. to force the government to bring Mr. Qassim and Mr. Abdu Al-Hakim to court. U.S. officials declined to inform him that his clients already had been cleared. "The whole approach has been to keep Guantanamo a great big secret," says Mr. Willett, a partner at Bingham McCutchen LLP. "In the fog of war, mistakes are made," he adds. "The dishonor comes of hiding them."

Four months later, in July, Mr. Willett got permission to visit Mr. Qassim and Mr. Abdu Al-Hakim in Cuba. The two men were chained to the floor in a tiny plywood hut, the lawyer says. Only at this meeting was he finally told they had been exonerated. Mr. Willett returned to the U.S. and filed an emergency motion demanding their immediate release.

About a month later, Mr. Qassim and the other exonerated Uighurs were moved to less-severe quarters in nearby Camp Iguana. They could walk around without chains and were allowed to watch nature videos. News broadcasts were banned. Mr. Willett requested permission to send a Uighur-English dictionary and other language materials but was told this was forbidden. Defense Department rules bar inmates from developing any skill, even English, that might be used against the U.S.

At a U.S. court hearing last August on Mr. Willett's call for the prisoners' release, a federal judge denounced the term "no longer enemy combatant" as "Kafkaesque." When assured by a government lawyer that the case would be resolved "soon," the judge snapped, "Define soon." In a December ruling, he declared the continued detention of Mr. Qassim and Mr. Abdu Al-Hakim was "unlawful" but said he couldn't order the release of the innocent men because this would involve immigration issues outside of his purview.

Mr. Willett appealed, and a hearing was set for May 8. With the legal pressure mounting, the government stepped up previously fruitless efforts to find the Uighurs a home. U.S. officials at one time considered letting the Uighurs into America, but that option was rejected "at a senior policy level" out of concerns over possible litigation and security, says a senior State Department official.

Sending the Uighurs back to China was never an option, say U.S. officials. The State Department's annual report on global human rights, released in March, concluded that China had "used counter-terrorism as an excuse for religious repression of Uighur Muslims." It also reported that a Uighur sent back to China from Nepal against his will had been executed. The State Department's latest report on global terrorism, issued in April, now lists the East Turkistan Islamic Movement as a group of "concern."

Albania was first approached about taking the Uighurs late last year, and initially balked. In April, the U.S. ambassador to Tirana went to see Prime Minister Berisha. Mr. Berisha had assisted the U.S. in the 1990s, helping the Central Intelligence

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Agency hunt down alleged Islamic militants in Albania. The militants were later expelled to Egypt and, in two cases, hanged. Albania was also seeking U.S. backing to join the North Atlantic Treaty Organization.

Mr. Berisha says he told the ambassador that Albania would take the Uighurs as a "favor to a friend," so long as America was sure they weren't terrorists. The U.S. agreed to cover the costs of their resettlement. Albania, he says, owes a lot to America, most recently for its 1999 military intervention in Kosovo, populated largely by ethnic Albanians.

China, which under Mao Zedong was a close ally of Albania, heard of the plan and was livid. A scheduled visit in May to Beijing by Albania's foreign minister was called off.

Three days before the May 8 U.S. court hearing on the Uighurs, Mr. Qassim and the four others were bundled onto the transport plane. Though told they were going to Albania, they were terrified the flight might end in China. Mr. Qassim says he calmed down only when the door of the plane opened and he saw European faces.

'Pay Any Price'

Local newspapers splashed their arrival across the front pages. The opposition blasted the government for upsetting China. Two days after the Uighurs landed, Prime Minister Berisha met with Vice President Dick Cheney in Croatia at a gathering of three countries hoping to join NATO. The prime minister said Albania was ready to "pay any price" to join the alliance. Mr. Cheney said he endorsed the entry of Albania, Croatia and Macedonia.

In Tirana last week, Mr. Berisha said he was baffled that so many major nations declined to take the Uighurs, including the U.S. itself and the European countries that call for Guantanamo's closure. "Big countries don't like to deal with small problems," he said.

Mr. Qassim and his companions, meanwhile, have shaved off the long beards they had grown in jail to fit in with zealously devout Arab inmates. They now have a driver to take them around Tirana, and have found a Turkish restaurant where Turkish-speaking waiters can just about make out their orders. China's official news agency, Xinhua, says the five men are "faring poorer than rats crossing the street."

On a visit last week to an Internet cafe, the five men searched for news about their case in their native tongue. Then they watched footage from the 9/11 attacks in New York. They'd never seen the images of hijacked planes flying into the World Trade Center before, and they wanted to know what got America so angry.

Mr. Qassim groaned as he saw the jets slam into the towers. "This is awful, really awful," he said. "If this hadn't happened, we would never have gone to Guantanamo."

89 Gitmo Detainees On Hunger Strike (AP)

By Andrew Selsky

AP, June 1, 2006

More Guantanamo Bay detainees have joined a hunger strike, raising the total to 89, and six of them were being force-fed, the U.S. military said Thursday.

The strike — which last weekend jumped from three participants to 75 — is now the biggest of the year at the U.S. prison on Cuba, where about 460 men are being held on suspicion of links to al-Qaida or the Taliban.

The U.S. military said the detainees were trying to pressure the United States to release them, but a human rights attorney described the strike as a desperate appeal for justice.

Six hunger strikers were being force-fed, said Navy Cmdr. Robert Durand — two more than last weekend.

"All are being closely monitored by the ... medical staff and being counseled on the health effects of long-term hunger striking," Durand said in a statement from Guantanamo Bay.

Military officials said the hunger strikers are an attempt to gain public sympathy to pressure the United States to release them.

Ben Wizner, an American Civil Liberties Union attorney who has been to Guantanamo Bay, said the growing hunger strike appears more like a call for help by detainees.

"The vast majority have never been charged with any crime, and have been prevented from communicating directly with the outside world," Wizner said in a telephone interview from New York. "So it may well be their attempt to ensure that the world is reminded of their unlawful detention."

A U.N. panel said May 19 that holding detainees indefinitely at Guantanamo Bay violates the world's ban on torture. The panel said the United States should close the detention center.

German Chancellor Angela Merkel, Danish Prime Minister Anders Fogh Rasmussen and British Attorney General Lord Goldsmith are among those who also recently have called on the United States to close Guantanamo.

But Secretary of State Condoleezza Rice said Washington cannot turn loose "people who have vowed to kill more Americans if they're released."

Only 10 Guantanamo detainees have been charged with crimes. The Supreme Court is expected to rule in June whether President Bush overstepped his authority in ordering the detainees to be tried by U.S. military tribunals.

The hunger strike comes amid increasing displays of defiance from the prisoners, who have been held for up to 4 1/2 years, with many claiming their innocence.

On May 18, a detainee staged a suicide attempt to lure guards into a cellblock where they were attacked by prisoners armed with makeshift weapons, the military said. Earlier that day, two detainees overdosed on antidepressants they collected from other detainees and hoarded in their cells. The men have since regained consciousness.

The hunger strike began in August and peaked at 131 last fall, according to the military's count, before declining to three earlier this year as the military used more aggressive force-feeding methods, including a restraint chair. Force-feeding is done through tubes inserted into the nose.

Physicians for Human Rights has called on the United States to halt the "brutal and inhumane force-feeding tactics."

"The commanders of Guantanamo are not tolerating people on hunger strike," said Leonard Rubenstein, executive director of the doctors' group, adding that detainees were apparently being force fed before their lives are at risk.

"These are policy decisions made by commanders, not by physicians," Rubenstein said from Washington in a telephone interview.

U.S. officials said the measures are "safe and humane" and have been used in American civilian prisons.

German Spy Agency Admits Mishandling Abduction Case (NYT)

By Souad Mekhennet, Craig S. Smith

The New York Times, June 2, 2006

Germany's external intelligence service, the BND, said yesterday that it knew about the American seizure and detention of a German citizen 16 months before the country was officially informed of his mistaken arrest. It was unclear whether that information had been passed on to senior officials.

Germany had previously maintained that it did not learn of the abduction of its citizen, Khaled el-Masri, until he returned to Germany in May 2004.

The disclosure on Thursday, made as a parliamentary inquiry into the case reconvened in Berlin, adds to suspicions that European governments, or at least their intelligence services, have abetted the American practice of "extraordinary rendition." The phrase refers to the kidnapping of terrorism suspects by American agents who then secretly transport the suspects to third countries for interrogation, beyond the jurisdiction of American laws.

Any European participation in the extrajudicial seizures and detentions, not to mention the torture that is said to be involved, would constitute a breach of the European Convention on Human Rights. The Council of Europe, which enforces the convention, is investigating the allegations of European participation in the American rendition program.

Mr. Masri's ordeal, first reported by The New York Times in January 2005, is one of the best-documented cases of extraordinary rendition. The case ignited outrage in Germany, and the government has publicly criticized the Bush administration.

Mr. Masri said he was detained in Macedonia in December 2003. His name is similar to that of a man wanted in connection with the Sept. 11 attacks.

He said the Macedonian authorities held him for 23 days before turning him over the Central Intelligence Agency, which flew him to Afghanistan, where he was held for five months. He said he was flown to Albania and released after his captors determined that he was not the man they were seeking.

The American ambassador to Germany, Daniel R. Coats, officially informed Berlin of Mr. Masri's mistaken arrest shortly after his release.

Although the United States has acknowledged that Mr. Masri was detained as part of the rendition program, neither American nor Macedonian authorities have officially confirmed that he was seized in Macedonia. But a Macedonian official who was directly involved in the case acknowledged Macedonia's role in the abduction after being promised anonymity.

"This declaration from the BND makes it clear that everything started in Macedonia and that he was handed over to the Americans there," said Manfred Gnjidic, Mr. Masri's lawyer in Ulm, Germany. Mr. Gnjidic maintains that the German government knew about Mr. Masri's abduction and did nothing.

In a statement on Thursday, the BND said it had interviewed all of the employees of the Germany Embassy in Macedonia this year after a Times article reported that Macedonia had informed Germany of Mr. Masri's case within days of his transfer to American custody.

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The intelligence service said no one reported knowing anything. But now, with a parliamentary commission preparing to call witnesses in its investigation, one midlevel BND official at the embassy has come forward to say that he was told of Mr. Masri's arrest in early January 2004.

According to the statement, the unidentified BND employee said that while eating in a Macedonian government canteen, someone he did not know told him that a German citizen named el-Masri had been arrested in Skopje, Macedonia's capital, and handed over to the Americans.

Because the matter was unrelated to the BND employee's job, the statement said, he did not do anything. It also said there was a "high possibility" that the employee did not tell anyone else. The BND said the information should have been forwarded to its headquarters in Berlin.

"I asked during my time in Macedonia to talk to someone from the German Embassy, and one of the Macedonians told me, 'But the Germans don't want to talk to you,' " Mr. Masri said on Thursday.

HOMELAND RESPONSE:

N.Y. Steamed Over Terror Fund Cutbacks (AP)

By LARRY McSHANE

The AP, June 2, 2006

NEW YORK (AP) -- From Times Square and the Empire State Building to the Brooklyn Bridge and the Statue of Liberty, New York is a city of spectacular landmarks. Ask any of the 41 million tourists who visited last year.

But according to the Homeland Security Department, New York has no national monuments or icons - a determination that led to a 40 percent cut in anti-terrorism funding.

New Yorkers are seething over the news, and some are demanding the firing of Homeland Security chief Michael Chertoff.

Rep. Peter King, R-N.Y., charged that the Bush administration had "declared war on New York" with its decision to reduce anti-terrorism funding by $83 million while increases went to cities like Jacksonville, Fla., Louisville, Ky., and Omaha, Neb.

"I'm not begrudging any other city, but why would you cut the No. 1 target in the country by 40 percent?" said King, who demanded an investigation. "How can you possibly justify that?"

Sen. Charles Schumer, D-N.Y., on Thursday said President Bush "should not come back to New York and stand with us" until his administration comes up with more money to keep New York safe.

"This is wrong and unfair, but also outrageous," Schumer said. "The bottom line is this is abandoning New York."

The cutback comes nearly five years after the terrorist attack that killed 2,749 people at the World Trade Center, and a week after a Pakistani immigrant was convicted of conspiring to blow up the subway station at Herald Square, the site of Macy's flagship store, one of the world's most popular shopping destinations.

In Washington, Homeland Security Undersecretary George Foresman said his agency would review its finding that New York City has no national monuments or icons that would be at risk of terrorist attack.

"We're going to go back and look at it," said Foresman, who said that the decision was made partly on attendance figures. A federal worksheet based on a variety of data was used to determine the "icon" status and the funding.

Chertoff defended the cut on Thursday, while acknowledging that New York City was still at the top of the U.S. threat list. He said the nearly $125 million in grants for New York were in line with the average amounts the city has gotten in the years since Sept. 11. He added that New York has gotten more than $500 million in all, and that is more than twice the total received by the next-highest-risk city, Los Angeles.

"When actual decisions get made it tends to rub people who came out on the short end the wrong way. We are always willing to listen to criticism," he said in a speech at the Brookings Institution, a Washington think tank.

The local tabloids have savaged Chertoff, with an editorial cartoon in the Daily News comparing him to Benedict Arnold. "Terror? What Terror?" asked a mocking front-page headline in the New York Post. "Shove off, Chertoff!" read page one of the Daily News.

Rep. John Sweeney, R-N.Y., called for Chertoff's resignation. Mayor Michael Bloomberg was less militant, although he questioned what was happening in Washington.

"I don't have to list the Brooklyn Bridge, the United Nations and Rockefeller Center and the Statue of Liberty and Empire State Building and the Stock Exchange," Bloomberg said. "So you really wonder what was going through somebody's mind."

Assorted terror plots targeting the subways and other city landmarks have come to light since the 1993 bombing of the World Trade Center. Schemes have mentioned the United Nations, the Holland and Lincoln Tunnels, and the federal building housing local FBI offices.

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NYPD officials said the drastic cut in funding ignored the city's uncomfortable position as the top target for terrorists to strike. The department was depending on the federal money to:

- Finance an $81.5 million proposal to safeguard Lower Manhattan and parts of midtown with a surveillance "ring of steel" modeled after security measures in London's financial district.

- Pay half of the $200 million annual cost of heavily armored patrols - called Operation Atlas - and other current security measures, including protection for the nation's largest mass transit system.

- Provide $38 million for counterterrorism training and equipment, such as biological and radioactive detection devices.

One out-of-towner visiting the Empire State Building on Thursday had no problem with the federal cutbacks.

"At some point, you have to stop pouring in money," said George Kent, 77, of Reno, Nev. "I think the national treasury needs the money."

City Has Itself To Blame For Terror Cuts, U.S. Says (NYT)

By Al Baker And Diane Cardwell

The New York Times, June 2, 2006

The federal agency distributing $711 million in antiterrorism money to cities around the nation found numerous flaws in New York City's application and gave poor grades to many of its proposals.

Its criticism extended to some of the city's most highly publicized counterterrorism measures.

In a report that outlines why it cut back New York City's share of antiterrorism funds by roughly 40 percent, the Department of Homeland Security was so critical of some highly viewed local measures — like Operation Atlas, in which hundreds of extra police officers carry out counterterrorism duties around the city each day — that the Police Department and other city agencies must now seek further federal approval before drawing on the money they were given to pay for those programs.

In a flurry of charges and countercharges, federal officials said yesterday that the city not only did a poor job of articulating its needs in its application, but it also mishandled the application itself, failing to file it electronically as required and instead faxing its request to Washington.

City and state officials insisted that they had made no mistakes. And a state official provided a written acknowledgement from the federal government saying that the city's application for grant money has been "successfully submitted" and said that the city could "log in" any time to view the application.

New York City received $124.5 million from the Department of Homeland Security, about 40 percent less than the $207.5 million it received the year before. Many smaller cities around the country, like Charlotte, N.C., saw their shares increase sharply.

Mayor Michael R. Bloomberg questioned yesterday whether old-fashioned pork barrel politics was at play in doling out the money in an election year. He was one of several elected officials who moved on different tracks to uncover how the decisions were made, with an eye toward revising that process.

"We tried to do an analysis of some of the moneys and whether or not they were given out for political reasons, and in fact in many of the places where they got money — but arguably there's no threat — there are close elections either at the Senate level or the House level," the mayor said. "Now, whether that was their motive I have no idea."

The White House tried to minimize the effect on New York. The grants will be reconsidered each year and could change if "some grand and unforeseen need arises," said Tony Snow, the White House press secretary. "The point of homeland security, as I said before, is to provide security for the entire homeland," he said. "And certainly no disrespect meant to New York with $124 million for this coming year."

The report, obtained yesterday, pointed out opposing views held by cities and the federal government over how antiterrorism money should be spent and, as an extension of those views, how terrorism should be fought.

City officials have used federal money to subsidize continuing costs, like paying overtime to officers. The federal government, on the other hand, wants the grants to pay for semipermanent safeguards that can increase security over the long term, like improvements in communications systems, better gas masks and increased training.

The report faulted the city for not adequately explaining why the money being requested could reduce risks.

Though the report said the city was in the top 25 percent of urban areas at risk, it rated the city in the bottom 25 percent in the quality of its application. It rated the Police Department's counterterrorism program and Operation Atlas as below average in sustainability, a criticism of the continuing overtime costs.

Eight of the city's programs including the counterterrorism division and Operation Atlas, as well as some health and training programs — fell in the bottom 15 percent, meaning any federal money used toward them will need to be specifically approved.

Elected city officials were especially stunned that the report said New York had no national monuments or icons. The city's application was evaluated by so-called peer-review panels of five to seven people with varying backgrounds from 47 states and affirmed by government analysts at the Department of Homeland Security.

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Angry officials in New York zeroed in on the peer review process yesterday, trying to determine who evaluated the programs and whether their judgments were clouded by a desire to steer security money to their own areas. City officials questioned whether the reviewers had expertise in antiterrorism efforts.

Members of New York's Congressional delegation presented a united front in pledging action to change the allocations. Representative Peter T. King, a Republican and chairman of the House Committee on Homeland Security, said he would hold hearings to investigate the process, while Senators Charles E. Schumer and Hillary Rodham Clinton, both Democrats, wrote letters to Michael Chertoff, the secretary of the Department of Homeland Security, demanding a full explanation.

In Washington, Mayor Anthony A. Williams described the decision to cut his city's allocation by 40 percent as shortsighted.

A spokeswoman, Sharon Gang, said the Homeland Security Department did not give much of a rationale for the cuts and that their proposals rated average or above average on almost all counts.

"It sounds like they made a unilateral, gut decision not based on our application," Ms. Gang said. "And they scored other locations higher."

Officials in New York said the impact of the cash drain would be felt.

"We have a counterterrorism center that would deal with all of the potential scenarios that we have been studying that we have to be prepared for that could be dramatically affected by any cut in funding," said Fire Commissioner Nicholas A. Scoppetta. "It's as though Washington is not going to be convinced of the need until they have another terrible incident in a place like New York or Washington."

Paul J. Browne, a senior aide to Police Commissioner Raymond W. Kelly and the department's chief spokesman, said: "The N.Y.P.D. will continue to do what it needs to do to keep the city safe," he said. "We'll just be doing it without D.H.S. stepping up to the level expected of it."

He said the department's counterterrorism work had been essential in defending the city since 9/11 "What more evidence do they need?" he said.

Stephen C. King, a lawyer who specializes in emergency-response and domestic security issues at Hunton & Williams in New York, said he could not understand the 40 percent cut to the city. "I'll have to look at it closer," he said, "but I can't wrap my arms around that one."

Though the federal officials said the city did not file properly, the city said state officials filed its package, and a state official said its package of applications was filed electronically on March 2, the deadline.

In an interview, George W. Foresman, under secretary for preparedness as the Department of Homeland Security, applauded some of the security work being done by New York, while raising the question of just what is the proper use of the federal funds.

"Do you pay for what are viewed as basic capabilities; law enforcement, fire, E.M.S., public health, emergency management?" he asked. "Whose role is it to pay for that, versus whose role is it to pay for specialized training and equipment for fire, E.M.S. and law enforcement?"

Mr. Chertoff said yesterday: "There was no suggestion about anything we did that New York is not the No. 1 terror target. But I do think it's fair to ask this question: After a city gets $500 million, more than twice as much as the next-largest city, is it correct to assume they should continue to get the same amount of money year after year after year after year with everybody else dividing up what remains?"

Still, Mr. Schumer called the episode an "absurdity," saying the grading system did not make sense.

"It would be as if you got 800's on your boards and Stanford Law School rejected you because you put the stamp on upside down," he said.

Pork 1, Antiterrorism 0 (NYT)

The New York Times, June 2, 2006

If Al Qaeda is planning on following up its 2001 attacks on New York and Washington with an assault on Nebraska, the Department of Homeland Security's new urban areas security grants are brilliant. But, of course, the White House, Wall Street and densely populated urban areas are the most likely terrorist targets, and these are precisely the places the department dangerously shortchanged this week. The new grants, which slash spending for New York and Washington by 40 percent — and shower money on Omaha and Louisville — are more about pork barrel politics than security. Given how important the stakes are in protecting the nation against terrorism, they are also a disgrace.

Scarce antiterrorism money should be rigorously aimed at the places most at risk of attack, but the Bush administration and Congress have consistently refused to do so. While efforts to protect subway riders in New York City and federal workers in downtown Washington are badly underfinanced, places that would be bizarre targets have been swimming in federal funds. The

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Northwest Arctic Borough, an Alaskan area of 7,300 people, spent $233,000 a while back to buy decontamination tents, night vision goggles and other equipment.

This week, the Department of Homeland Security has skewed things even further against Americans who live in the places that are most likely to be attacked. New York's share of the urban areas security program falls to $124 million from $207 million last year, and Washington's falls to $46 million from $77 million.

There appear to be serious problems with the department's evaluation process. Rather than having impartial antiterrorism experts make recommendations, it relied on anonymous "peer reviewers" recommended by governors, mayors and local homeland security departments. The panels appear to have been too focused on politics, and not enough on safety. The resistance to financing operating costs, like police overtime, ignores the fact that day-to-day groundwork does the most to combat terrorism.

Some of the specifics of the decision process are downright bizarre. New York City's evaluation found that it had no "national monuments or icons." The department concedes that omitting the Statute of Liberty was an "oversight," but it still seems unaware that to many would-be terrorists, the biggest American icon of all is simply — New York.

The responsibility for the bad allocations lies with President Bush and Homeland Security Secretary Michael Chertoff. But Congress also has a poor record in this area. Representatives of high-population states like New York, California and Texas have continually lost out in their efforts to enact a more risk-based formula. Congressmen from the areas that have been shortchanged this week are vowing to fight. Representative Peter King, a New York Republican who is chairman of the House Homeland Security Committee, says he wants New York to be "made whole," either by adjusting the most recent grants or finding money from other budgetary sources.

When President Bush and the Republican Party were looking for a backdrop for their 2004 national convention that symbolized America's war on terror, they came to New York City, not Omaha. Mr. Bush and Mr. Chertoff owe the American people a system that recognizes the vulnerability of places like New York and Washington not just when the television cameras are rolling, but when the money is being handed out.

Flash: DHS Disputes Al-Qaeda's 5-Star Rating Of Two U.S. Cities (WP)

By Dana Milbank

The Washington Post, June 2, 2006

Homeland Security Undersecretary George Foresman was leaving the Chamber of Commerce on H Street yesterday morning when he met one of his subordinates, Tracy Henke, arriving to deliver a speech.

"It's gonna get better," Foresman told Henke, consolingly.

Henke shrugged. "You just roll with it," she said.

Or, more likely, get rolled. Henke, who is in charge of Homeland Security's grant-making, has become a target of ridicule since she announced plans Wednesday to cut counterterrorism money for New York City and the Washington area -- which together have been the targets of 100 percent of al-Qaeda's terrorist attacks on American soil -- by 40 percent each.

Adding insult to this injury, Henke's department judged that the nation's capital is a "low-risk" city and that the Statue of Liberty, Brooklyn Bridge and Empire State Building are not worthy of "national icon" status. By contrast, those terrorism magnets of Kansas City and St. Louis -- both by happenstance in Henke's home state of Missouri -- received boosts in funds. Other winners: the horses of Louisville, the cattle of Omaha and five cities in Jeb Bush's Florida.

Sounds dubious? Sorry, you can't see the data Henke used. Classified.

To nobody's surprise, the actions at DHS have brought furious condemnations, most notably from Rep. Peter King (R-N.Y.), chairman of the House Homeland Security Committee, who wrote in Thursday's New York Post: "As far as I'm concerned, the Department of Homeland Security has declared war on New York City."

Henke seems rattled. Arriving for her speech yesterday to a DHS-backed group called the Citizen Corps, she was a bit out of breath and hurried to the stage, saying "I'm up again." She immediately brought up the controversial grant announcement and appealed to her audience for some love.

"Needless to say, not everybody has nice things to say about me," she said, so "anybody who wants to say something nice, please feel free to do so. You know, it's one of those things where it's occasionally important to have a little bit of that positive affirmation. If nothing else, then I'll have to call my parents, and the reality is they don't give it to me either."

In this time of torment over big-city terrorism funding, Henke opted to recall her small-town upbringing. "People come to Washington and they forget where they came from and they think all knowledge, all information, all good ideas generate in the marble buildings of Washington, D.C.," she argued. "Guess what? Not true. Not true at all. I'm very fortunate, I come from a very small town in Missouri." She said she keeps a sign in her desk that says "Remember where you came from."

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Henke has. St. Louis, not far from her hometown of Moscow Mills, gets a 31 percent boost in counterterrorism money under the new formula.

The new DHS plan is advertised as a "risk-based" model, but it came up with almost the opposite conclusions to a Rand Corp. study last year that calculated terrorism risk to 47 cities. Seven of the 10 highest-risk cities in the Rand study will lose funding under the DHS plan; six of the 10 lowest-risk cities in the Rand study will see increases in funds, including such hot spots as Milwaukee and Tampa.

Homeland Security Secretary Michael Chertoff tried to tamp down the controversy in a speech later at the Brookings Institution, arguing that "it's only a reduction if you choose to look at the highest year of funding" -- which happens to be last year. This explanation didn't satisfy, and Chertoff, barraged by questions on the subject, became petulant, saying that "threatening the secretary is not a way to drive funding decisions," and "there's a little bit of the quality of what-have-you-done-for-me-yesterday about some of the criticism."

Foresman, the undersecretary for preparedness and Henke's boss, avoided the controversy as he spoke to the Citizen Corps yesterday. "We have a moment in time where we've got sustained federal funding to states and communities," he told the group.

Sustained? The urban terrorism funds are to be cut 14 percent overall.

Approached by reporters after his speech, Foresman allowed that the new formula isn't just about a city's risk; he said there's also an "effectiveness" score, rating each city on "how well are they able to articulate the application of resources." Washington and New York were, evidently, not as "articulate" as DHS desired. Never mind that the urban grants were supposed to balance out other counterterrorism programs that, under a formula imposed by Congress, give disproportionate money to such strategic hubs as Vermont, North Dakota and Wyoming.

A reporter asked Foresman how he can be sure the new criteria are valid. "Good question," he allowed.

The lady from Missouri entertained no such uncertainty. "I'm happy to defend it," Henke said before her speech, in which she boasted that "we have accomplished a tremendous amount."

Asked later if she expected the uproar, she replied: "There's no getting around the outburst coming. Risk exists elsewhere in the nation and we have done a much better job at identifying, calculating and analyzing that risk."

And besides, she added, "you have sites in Wyoming that have risks associated with them."

It's true: The bison of Grand Teton have lived in fear of al-Qaeda long enough.

Is D.C. Ready For Terrorist Attack? (WT)

By Jerry Seper

The Washington Times, June 2, 2006

Two unrelated traffic accidents within an hour of each other yesterday in Northeast shut down two major highways during the busy morning commute, causing massive gridlock and seemingly endless delays -- but also providing an ominous warning: What if it had been a terrorist attack?

The Bush administration has spent $2 billion to protect the city since the September 11 attacks -- assigning law-enforcement personnel, rerouting traffic and erecting barriers -- and countless millions have been disbursed by state and local governments to avoid a gridlock catastrophe in the event of another attack.

But the prospect of being able to get either in or out of the city without being caught in a massive traffic jam remains in doubt in the event of an incident or the evacuation of government buildings.

Even the agencies assigned the task of responding to a terrorist attack could contribute to the problem: A Code Red declaration by the Department of Homeland Security -- meaning that an attack was imminent or had taken place -- could result in an immediate lockdown of public and government facilities and restrictions on public travel.

Under the direction of Homeland Security, emergency personnel and equipment would need to be directed to the area, transportation systems would be "redirected or constrained," and public and government facilities could be closed.

Although the department's definition of Code Red and what protective measures would be required if it were instituted are vague, redirected or constrained means roads, bridges and tunnels could be closed, and airports and train stations could be shut down or limited.

"No plan is perfect and responding to these kinds of situations is a work in progress," said Natalie Jones Best, emergency preparedness and risk manager for the D.C. Department of Transportation. "But we have developed multiple response plans, identified emergency routes and come up with contingency plans to manage traffic in the event of an emergency.

"An incident like the one that occurred this morning, although unfortunate, gives us the opportunity to take a look at those plans and go back and make changes if necessary," Ms. Jones Best said. "It puts us in a position of being able to better manage our resources and strengthen our response."

Homeland Security officials did not return calls yesterday for comment.

Lon Anderson, spokesman for AAA Mid-Atlantic, said the main commuter routes in the Washington area operate at maximum capacity, leaving almost no alternative if one becomes blocked because of an accident.

"Add a major incident that takes away a major commuter route and it doesn't mean that everything slows down. It means that everything stops," Mr. Anderson said.

Gridlock is not uncommon in the D.C. area because of incidents involving national security or other law-enforcement concerns, dating to at least 1998, when an Alexandria man threatened to jump off the Woodrow Wilson Bridge and stopped traffic for more than five hours. D.C. police shot him in the leg with a beanbag bullet and he jumped into the water. The man survived, but the incident backed up Beltway traffic for more than 20 miles.

In March 2003, Dwight Ware Watson, dubbed the "Tractor Man," brought much of Washington to a standstill when he decided to protest tobacco-subsidy cuts by driving a tractor into a Constitution Gardens pond on the Mall. U.S. Park Police cordoned off the area from the Washington Monument to the Lincoln Memorial. The federal government emptied several nearby offices and closed off major traffic arteries. Over the two days of the siege, four consecutive D.C. rush hours saw massive traffic jams.

Major evacuations of federal buildings in the District also have been prompted by suspicious events, forcing an exodus out of the city. In 2005, a pilot's errant flight into restricted D.C. airspace May 11 prompted evacuation of the White House, the U.S. Capitol and the Senate and House office buildings, but also exposed a breakdown in communications between federal agencies and city officials, who did not know about the evacuation because they had disconnected a communications line between the Federal Aviation Administration and the Metropolitan Police Department.

After 24,000 military personnel and civilians who work at the Pentagon were evacuated on September 11, along with much of official Washington, highway gridlock took over in the nation's capital. Police also cleared the Capitol and all House and Senate office buildings, and the drive out of the city took hours.

Ms. Jones Best said she was "caught" in yesterday's traffic jam but managed to find a detour by listening to the radio -- saying the ability of government to get timely information to the public was "key" in being able to manage any crisis situation. She said that safety is "always our top concern" and that law-enforcement personnel and other first responders can determine "hot spots" and divert traffic to other areas.

Randall J. Larsen, director of the Virginia-based Institute for Homeland Security, a nonpartisan, not-for-profit research organization, yesterday questioned the rush by federal, state and local governments to evacuate the city in a terrorist attack. He said that there may not be any reason to leave and that finding "shelter in place" -- a small, interior room with no or few windows -- could be a better option.

"Other than a hurricane, why would you need an evacuation plan?" asked Mr. Larsen, a retired Air Force colonel and originator of the first graduate course on homeland security at the National War College. "If it's a nuclear attack, forget it. A chemical attack, you don't have to go that far. I see no need to have all these evacuation plans."

Mr. Larsen also said federal, state and local governments have to first decide when an evacuation is actually necessary and then be able to coordinate that effort with each other and with hundreds of responding law-enforcement officers. He called it a difficult task, noting that 20 local governments make up the Metropolitan Washington Council of Governments alone, along with "a lot" of federal, state and local law-enforcement agencies.

"One of the major problems for the D.C. region and the Department of Homeland Security in general has always been, 'Who's in charge?' " he said. "Just who orders an evacuation, when and why? They are all difficult questions."

Ms. Jones Best said the question of who's in charge depends on where an incident occurs.

"Locals are always the first responders and are in charge until the situation dictates otherwise," she said. "We've held a number of exercises and met the people we need to talk with. A process is in place, and it establishes a clear liaison to FEMA."

Can the Federal Emergency Management Agency do the job in the wake of criticism for its handling of Hurricane Katrina?

"I think FEMA recognizes that it has gaps and is working to improve," she said.

Chertoff: FEMA Is Hurricane-ready (USAT)

By Mimi Hall And Nick Martin

USA Today, June 2, 2006

WASHINGTON — The federal disaster agency criticized for bungling last year's response to Hurricane Katrina stands ready for this year's hurricane season with a more experienced leader, a bigger cache of supplies and new high-tech systems to figure out how bad a disaster is and get help there faster, Homeland Security Secretary Michael Chertoff says.

At the start of the 2006 hurricane season, which began Thursday, the Federal Emergency Management Agency is “much more prepared than we were last year or any previous year,” says Chertoff, whose department includes FEMA.

But some disaster-response experts, members of Congress and FEMA employees are skeptical. “The proof will be in the pudding,” says James Lee Witt, FEMA chief from 1993 to 2001. “I just hope and pray it won't be such a bad season.”

Leo Bosner, head of the FEMA headquarters employees' union, says many experienced employees have quit since Katrina hit last August. “I'll cross my fingers” that newly hired staff have enough training to respond, Bosner says. “But I really don't know what kind of shape we're in.”

FEMA officials insist the agency is ready for the new season with:

·New Director R. David Paulison. Acting director since Michael Brown resigned Sept. 12, Paulison is a former Miami-Dade fire chief.

·Up to five times as much supplies as last year, from truckloads of water and ice to laptop computers.

·New high-tech systems, such as satellites that can send real-time video to FEMA headquarters to show officials what's happening and GPS tracking for equipment.

In the states that tend to be hit hardest, emergency-response officials say they're cautiously optimistic about FEMA's ability to respond. They're also reminding people that it may be up to 72 hours after a storm before help arrives.

In Charleston County, S.C., emergency preparedness director Cathy Haynes is holding community meetings. One slide in her show puts it bluntly: “Why do you need to be prepared? … Emergency agencies will be OVERWHELMED!”

And Rep. Bennie Thompson of Mississippi, the top Democrat on the Homeland Security Committee, isn't convinced that FEMA's ready. “We still have people who are living in tents,” he says. “There's still suspicion in the Gulf Coast region.”

Army Builders Accept Blame Over Flooding (NYT)

By John Schwartz

The New York Times, June 2, 2006

In a sweeping new study of the causes of the disaster in New Orleans last year, the Army Corps of Engineers concludes that the levees it built in the city were an incomplete patchwork of protection, containing flaws in design and construction and not built to handle a storm anywhere near the strength of Hurricane Katrina.

"The hurricane protection system in New Orleans and southeast Louisiana was a system in name only," said the draft of the nine-volume report, released yesterday in New Orleans.

Several outside engineering panels that have been critical of the corps have come to similar conclusions, and have found a more extensive chain of flaws in the design, construction and maintenance of the 350-mile levee system.

But the 6,113-page report is remarkable for being a product of the corps' own official investigation, which brought together 150 experts from government, academia and business to study what went wrong and how to build better systems for the future.

The region's network of levees, floodwalls, pumps and gates lacked any built-in resilience that would have allowed the system to remain standing and provide protection even if water flowed over the tops of levees and floodwalls, the report's investigators found. Flaws in the levee design that allowed breaches in the city's drainage canals were not foreseen, and those floodwalls failed even though the storm waters did not rise above the level that the walls were designed to hold.

But the system was also overwhelmed in significant ways by Hurricane Katrina, and some degree of flooding would have happened even if the floodwalls had not been breached by the surging waters, the report stated.

"Regardless of breaching or no breaching, there would have been massive flooding and losses" from the hurricane, Lewis E. Link, the director of the study and a senior research engineer at the University of Maryland, said in an interview. "The losses were increased because of the breaching that occurred."

The investigators found no evidence of negligence or malfeasance by the corps or its contractors, but said the corps had failed to take into account the tendency of the local soil to sink over time, leaving some sections of levee lower than they should have been. The corps did not re-examine the heights of levees even after it had been warned about the degree of subsidence, the report said.

Similarly, the corps designed the system to protect New Orleans against a relatively low-strength hurricane, the report found, and did not respond to warnings over the years from the National Oceanographic and Atmospheric Administration that a stronger hurricane should have been the standard.

The report suggested the corps has had trouble keeping up with the fast-changing world of geotechnical engineering, and does not share critical information among its many parts. Although the corps had indications that the floodwalls might fail under intense storm conditions, "the pieces were not put together to solve the puzzle," the report said. More must be done, it concluded, to share information among those who do research and those who design and build systems.

The report, which is already being used in the repair and improvement of New Orleans's flood protection, warned that the area "remains vulnerable" to any storm with surge and wave conditions like Hurricane Katrina's.

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The chief engineer of the corps, Lt. Gen. Carl A. Strock, said in an interview that the report showed that "we missed something in the design," particularly in the construction of the drainage canal floodwalls that caused so much of the flooding.

According to the report, the corps designers did not anticipate the way the floodwalls would fail as water climbed high against them: in several breaches, including the one at the 17th Street Canal, the force of the water pushed the floodwall back slightly, opening a gap deep into the earthen levee below that allowed water to course down under high pressure and push the wall aside.

General Strock did not go so far, however, as to apologize on behalf of the corps for the decades of decisions that went into the system.

"It is what it is," he said. "Call it a mea culpa, or call it a dry recognition, or admission, or whatever — but we're not ducking our accountability and responsibility in this."

Nonetheless, he made it clear that he believed outside influences had played a role in the problems of the flood protection system, though he said that did not absolve the corps. As one example, he cited plans by the corps in the 1970's to put large barriers at the narrow openings between Lake Pontchartrain and the Gulf of Mexico.

The corps backed off from that plan after a court challenge from environmental groups and then proposed floodgates at the city's drainage canals. But local officials of the levee boards and sewerage and water boards blocked that plan, as well. So the corps went with the next fallback plan of building floodwalls in the canals.

"Each time, we backed off," General Strock said. "Each time we did that, we assumed an increment of risk. I don't think anybody looked back and said, 'Risk, risk and risk adds up to unacceptable levels.' "

He said this was not an effort to lay blame at the feet of others, because ultimately the corps had responsibility for what it built.

"At the end of the day, we have to stand by the decisions," he said. If the corps builds floodwalls, he said, those floodwalls have to stand up to the test and the system has offer the intended level of protection. "And we didn't get there," he said.

The corps announced this week that it had substantially met its goal of repairing the city's hurricane protection system by June 1, the beginning of hurricane season, though there was significant work still to be done, including on two of the three enormous gates at the mouths of the city's major drainage canals.

If an unseasonably early hurricane approaches with threats of a storm surge, corps officials say, they will drive sheets of steel across the mouths of the canals and remove the rainwater with portable pumps. That could lead to street flooding, but should prevent the catastrophic breaches that allowed Lake Pontchartrain to pour billions of gallons into the center of the city.

A setback was announced this week as a 400-foot section of levee in Plaquemines Parish, south of New Orleans, shifted as it neared completion. The marshy soil of the area could not support the weight of the earthen levee structure, which slumped and bulged. It is being repaired.

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Robert G. Bea, an engineering expert at the University of California, Berkeley, who has been critical of the corps, said he was impressed by the level of criticism in the report.

"This report has got a tone in it that is not like anything we have seen before," Dr. Bea said. "They're coming forward now."

But he said he wished that the corps had admitted other failures and gone further in delving into the internal reasons for those failures. A report by Dr. Bea and colleagues, released last month, said organizational dysfunctions within the corps had created an environment with little responsibility or accountability, and within which safety concerns could be easily played down.

Yesterday's report did not address that question in depth, but General Strock said it would be dealt with in a subsequent study.

Corps: Levees' Design Caused Deadly Failure (USAT)

By Alan Levin

USA Today, June 2, 2006

New Orleans' levees failed during Hurricane Katrina because federal engineers for decades did not anticipate the potential height of storm waters and underestimated the strength required to hold them back, the Army Corps of Engineers concluded Thursday.

“That is a very sobering thing for us,” said Lt. Gen. Carl Strock, the corps chief. “This is the first instance of a failure of a corps design of any significance.”

A well-designed levee system might not have held back the high waves and storm surge that swamped nearly 80% of New Orleans and vast areas nearby, but it would have minimized damage and allowed a swifter recovery, the corps said in a 6,000-page report.

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The design of critical levee walls that failed near Lake Pontchartrain on New Orleans' north side was “marginal,” the report said. Tests conducted by the corps in the 1980s showed that the levees could crumble under pressure from high water — as they did after the storm hit on Aug. 29 — but those findings were not used in the design.

The corps oversees construction of flood controls in the nation's waterways. Katrina damaged 169 miles of the 350-mile levee system that protects the New Orleans area and caused more than 1,570 deaths in Louisiana alone. The corps, Strock said, is “deeply saddened and enormously troubled by the suffering of so many.”

The report, prepared with the help of outside engineers and scientists, offers the most complete account yet of why the levees failed. Some engineers said the report did not go far enough in identifying failures within the corps. A report last month by engineers at the University of California-Berkeley urged that the corps be made more efficient and less vulnerable to political pressure.

“If you cannot fix the organizational problems, the flood control problems will never be fixed,” said Robert Bea, a Berkeley professor who helped prepare last month's analysis.

The corps' report estimated what would have happened if the levees had held. Katrina's storm surge still would have flooded large areas, but the central neighborhoods of New Orleans and nearby St. Bernard Parish would have been flooded only one-third as badly.

This finding underlies the importance of building levees that will not crumble even if water flows over them, said Ed Link, a University of Maryland engineering professor who oversaw the task force that prepared the report.

“You could dramatically reduce the catastrophic losses and flooding,” Link said.

Army Corps Of Engineers Admits Levee Defects Caused Flooding (LAT)

By Ralph Vartabedian

The Los Angeles Times, June 2, 2006

NEW ORLEANS — The Army Corps of Engineers acknowledged today that design defects in the levees protecting New Orleans caused the majority of flooding during Hurricane Katrina and that the disaster will almost certainly trigger reforms in how the federal government protects the American public.

The corps said that its 40-year effort to construct a hurricane protection system for the region of southern Louisiana had resulted in a set of piecemeal projects that "was a system in name only," a recognition that a wide range of errors, weak links and incomplete construction was at the heart of the massive damage that occurred on Aug. 29.

The corps released a 7,000-page investigation that is carefully worded and written in the language of government engineers, but delivers a stunning set of findings about errors made in the design of storm walls and earthen levees that failed during Katrina.

The report found that four major breaches of I-walls, a type of concrete storm wall that sits on top of an earthen levee, caused 65% of the flooding in the greater New Orleans area.

Although the report's executive summary never uses the words "design defect," corps officials said they now accept that their work had shortcomings and errors were largely responsible for the disaster.

"We do take accountability," Lt. Gen. Carl Strock, commander and chief engineer of the corps, said at a news conference in a downtown hotel, attended by five Army generals, the federal coordinator for Gulf Coast reconstruction and an assistant Army secretary.

The corps, Strock said, "is deeply saddened and enormously troubled" by the finding.

Strock said every section of I-walls will eventually have to be replaced because they proved ineffective during Katrina. The four breaches occurred when storm waters were several feet below the tops of the walls, meaning they had failed well below the maximum forces they had been designed to withstand.

The report also puts in the historical record a formal acknowledgment of the scope of the disaster, which killed 1,293 people.

"The flooding caused a breakdown in New Orleans' social structure, a loss of cultural heritage and dramatically altered the physical, economic, political, social and psychological character of the area," it said. "These impacts are unprecedented in their social consequence and unparalleled in the modern era of the United States."

Although many of the detailed technical findings had been released earlier in preliminary reports by the corps, the report contained a large amount of new information:

· Southern Louisiana is sinking much faster than generally recognized and levees were at substantially lower elevations relative to sea level than they were designed to be. In some cases, levees were 2 feet below their designed elevations. Moreover, the corps deliberately decided not to reexamine the problem, even as other federal agencies were recognizing the problem.

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· The city's pumping system, which provides the only way to remove water from a city below sea level, wasn't designed to operate during a major storm and that the impact of the flooding could have been reduced if the city had not lost its ability to pump water after Katrina. Because most of the region's pumps were inundated by the flood, it took 53 days to pump out the city, allowing the floodwaters to saturate and destroy structures.

· 25% of all the housing units in southern Louisiana were destroyed by Katrina. In New Orleans, the proportion is believed to be higher.

Strock said the repaired sections of levees are now the strongest parts of the system. The repairs were supposed to be completed by today, but are behind schedule by about two months. The enormous undertaking required heavy construction work on 169 miles of damaged or destroyed levees.

Although the breaches caused most of the flooding, a significant part of the Katrina damage occurred because the storm was larger than the system was designed to resist.

While wind speeds had dropped sharply by the time the hurricane hit New Orleans, its power over the Gulf of Mexico had created the largest ocean surge to ever hit the North American continent, the report said.

WAR NEWS:

Bush Promises To Disclose Haditha Findings (AP)

AP, June 1, 2006

The White House said Thursday that it took nearly a month for President Bush to learn that the military was investigating reports that Marines murdered unarmed civilians in Iraq.

On Tuesday, the White House said Bush was briefed "soon after" the opening of the probe, which was prompted by inquiries about the Nov. 19 incident from Time magazine.

A reporter from the magazine asked U.S. military officials on Feb. 10 about the circumstances surrounding the alleged massacre, in which 24 people in Haditha, an insurgent stronghold in western Iraq, were killed following a bomb attack on a military convoy in which a Marine died. Four days later, on Feb. 14, Lt. Gen. Peter Chiarelli, commander of Multinational Corps Iraq, ordered an investigation into the incident, White House press secretary Tony Snow said Thursday.

But, Snow said, Bush was not informed about the existence of the investigation until March 11, when he was briefed by national security adviser Stephen Hadley.

A preliminary report on March 3 recommended additional inquiry. Chiarelli received initial findings from that on March 9 and asked for the further review, which still is ongoing, Snow said. Defense Secretary Donald H. Rumsfeld and Gen. Peter Pace, chairman of the Joint Chiefs of Staff, were informed the next day and Bush the day after, on a Saturday.

Time reported the investigation on March 19.

Bush pledged Thursday that the results of the inquiry will be made public.

"The world will see the full and complete investigation," he said after meeting with his Cabinet at the White House. "If there is wrongdoing, people will be held to account."

A senior defense official said last week that military investigators have evidence that points toward unprovoked murders by Marines.

The Iraqi government is conducting its own investigation.

Based on the timeline given by Snow, the U.S. military appears to be conducting four investigations into different aspects of the incident, including into why the American military's initial statement about the incident described it as an ambush on a joint U.S.-Iraqi patrol, with a roadside bombing and subsequent firefight killing 15 civilians, eight insurgents and a Marine. The statement, which said the 15 civilians were killed by the blast, has led some to allege a coverup.

The president said the ethical training ordered for U.S. troops in Iraq came as a result of the Haditha investigation.

"This is just a reminder — for troops in Iraq or throughout our military — that there are high standards expected of them and that there are strong rules of engagement," said Bush, who said he has spoken to Pace about the matter several times.

"At the same time what you're seeing is the Marine Corps reminding our troops about what it means to be a Marine — what it means to uphold the honor of that corps, and what it means to adhere to the rules of engagement that we expect our soldiers to adhere to."

Investigators Of Haditha Shootings Look To Exhume Bodies (WP)

By Josh White And Thomas E. Ricks

The Washington Post, June 2, 2006

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Criminal investigators are hoping to exhume the bodies of several Iraqi civilians allegedly gunned down by a group of U.S. Marines last year in the city of Haditha, aiming to recover potentially important forensic evidence, according to defense officials familiar with the investigation.

A source close to the inquiry said Naval Criminal Investigative Service officials have interviewed families of the dead several times and have visited the homes where the shootings allegedly occurred to collect as much evidence as possible. Exhuming the bodies could help investigators determine the distance at which shots were fired, the caliber of the bullets and the angles of the shots, possibly crucial details in determining how events unfolded and who might have been involved.

The possible evidence was disregarded at first because the slayings originally were not treated as crimes.

NCIS officials said the Nov. 19 incident was not reported to them as a criminal case until nearly four months later -- on March 12 -- and the failure of the Marine Corps to request assistance from investigators sooner could create legal complexities.

The delay already has presented many hurdles for investigators, who have had to rely on dated information, witnesses and suspects who had months to tailor their stories, and a lack of fairly routine forensic evidence that should have been collected at the time the civilians were killed, according to Defense Department officials, defense attorneys and sources close to the criminal probe.

"We are definitely starting with a full count," said one official close to the investigation, who spoke anonymously because he was not authorized to discuss the case. "There's plenty of shoulda, woulda, coulda to go around in this case. We have lots of disadvantages going in, but we will re-create the incident as best we can."

The NCIS is an independent criminal investigative agency that is not in the military chain of command. Its probe has included as many as 50 special agents, forensics investigators and support personnel operating in Iraq and in the United States, the largest homicide investigation of its type since the war in Iraq began in 2003, according to Navy officials.

Ed Buice, a spokesman for the NCIS at the Washington Navy Yard, said yesterday that criminal investigators learned of the Haditha incident on March 12 -- nearly 16 weeks after it occurred -- when the Marine Corps officially requested an investigation. The probe began immediately, and three NCIS agents based in Iraq went to Haditha within 24 hours, Buice said.

"The investigation is labor-intensive, complex and time-consuming," Buice said. "NCIS is committed to following up on any and all tangible leads and evidence."

Buice said the investigation is ongoing and "will remain open until after the findings are adjudicated." While Defense Department officials anticipate potential charges of murder, dereliction of duty and obstruction of justice, the NCIS has not yet reported its findings, and military commanders ultimately will decide what, if any, judicial procedures to initiate.

The NCIS will be looking at the days leading up to the roadside bombing that killed a member of the Kilo Company Marines and allegedly set off an emotion-laced spree of shootings in a series of homes near the explosion. The gruesome death of Lance Cpl. Miguel Terrazas, 20, of El Paso, Tex., occurred shortly before Marines allegedly shot and killed a number of civilians, including women and children.

Now, officials close to the case said, investigators are starting with the men who allegedly were in the houses when shots were fired and working their way out from there.

Sources close to the case said the military is assembling a team of experienced prosecutors for the Haditha shootings case. Defense officials said the Pentagon and the Marine Corps are taking the investigation very seriously.

"I think it's going to be a very difficult case for them to prove," said Vaughan Taylor, a former military prosecutor and instructor in criminal law at the Army's Judge Advocate General's Legal Center and School. On balance, he said, he would rather be a defense counsel in the case than prosecute for the government.

"I think there's plenty of avenues for defense in this case -- the fact that it wasn't initially investigated, the fact that there's been plenty of time for witnesses to play with stories. There's a lot of wiggle room in there."

The gap between the incident and the beginning of the NCIS investigation is going to cause major problems in prosecuting any charges, a Marine officer familiar with the case agreed. "They have huge proof problems," he said, citing the lack of identified bodies.

"The long and the short of it is, until they prove the cause of death," they don't have anything, said one civilian defense lawyer representing a Kilo Company Marine. "Photographs won't be enough to do it. Good luck with that."

Marine spokesmen at the Pentagon and at Marine Corps Forces Central Command have declined to comment, citing the investigation.

A separate investigation has found several failures in the aftermath of the shootings, according to top officials familiar with the probe. These include Marines giving false statements and officers in the chain of command not providing proper oversight in the weeks and months that followed. That probe, by Army Maj. Gen. Eldon A. Bargewell, is expected to be finished this week.

DOJ_NMG_0031429

Yesterday, the military announced that Marines and soldiers stationed in Iraq will undergo core values training to reinforce how troops should act on the battlefield. The move is a sign that commanders and leaders in Washington are concerned about the ramifications of the Haditha shootings in Iraq and at home.

Aine Donovan, director of the Ethics Institute at Dartmouth College and a former Naval Academy professor, said Marines have more ethics training than most troops and that there is no excuse for what happened.

"If you look at what happened in Haditha, you had soldiers stressed to the point of no return, and they snapped," Donovan said. "This will be remembered as the worst episode of this war. This will damage the entire profession. You're never going to restore peace by killing civilians."

President Bush said yesterday that the training "is just a reminder for troops either in Iraq or throughout our military that there are high standards expected of them, and that there are strong rules of engagement."

Bush added that "if there is wrongdoing, people will be held to account," and said the nation has "a willingness to deal with issues like this in an upfront way and an open way and correct problems."

Marine Brass Seem Exonerated (WT)

By Rowan Scarborough

The Washington Times, June 2, 2006

U.S. Marine Corps headquarters in Washington did not learn of the killing of Iraqi civilians by Marines in Haditha until early March, a timeline that appears to exonerate the highest ranks of the Marine Corps from any cover-up or failure to act.

The U.S. military command in Baghdad learned of the civilian killings in February and began two investigations: one criminal and one administrative.

The administrative probe by Army Brig. Gen. Eldon Bargewell is focusing on whether any information was covered up along the Marine Corps chain of command. This is because the 2nd Marine Division issued a press release Nov. 20 saying Iraqi civilians had been killed in Haditha the previous day by an improvised explosive device (IED) and in a firefight with insurgents.

Officials now acknowledge that the statement was inaccurate. Evidence shows the civilians were killed deliberately by Marines' gunfire during sweeps after an IED killed one of their battlemates.

One key question is: Did senior Marine Corps officers hear of the accusations and fail to act between the time of the Nov. 19 incident and February, when a Time magazine reporter brought the charges to the attention of the Baghdad command?

A timeline that the Marines provided yesterday to The Washington Times would appear to exonerate Gen. Michael W. Hagee, the Marine Corps commandant, and his staff.

Col. David Lapan, a Marine Corps headquarters spokesman, said the commandant and his staff were apprised in early March by Marine commanders in Iraq. He said Gen. Hagee subsequently received briefings on the criminal probe and then dedicated a tour of Iraq to telling Marines the importance of ethical conduct and the rules of war.

Gen. Hagee yesterday returned from that tour, which began Friday. Col. Lapan said Gen. Bargewell has not interviewed Gen. Hagee.

Col. Lapan, who was in Iraq at the time of the incident as spokesman for the 2nd Marine Expeditionary Force, said the press release was issued by the division in Ramadi, not by MEF headquarters at Camp Fallujah, where he worked. He said such press statements typically are based on combat reports filed by those who conducted and led the missions.

Col. Lapan said he did not hear of the Haditha accusations until after he left Iraq and returned to the United States.

Gen. Bargewell's administrative report is expected to reveal who filed, or knew about, the false report that led to the press release.

The U.S. military in Baghdad yesterday offered its condolences to the families of civilians purportedly killed by Marines, the closest the command has come to admitting that the deaths were unwarranted.

Army Maj. Gen. William Caldwell, spokesman for the coalition force in Iraq, issued the "heartfelt condolences" as the new Iraqi government said it would conduct its own investigation. Some local politicians want the Marines charged and tried in Iraq.

Gen. Caldwell announced that Lt. Gen. Peter Chiarelli, the top tactical commander, has ordered troops to undergo renewed values training over the next 30 days to make sure that all forces understand the rules of war.

"It's to reinforce and sustain training that all the troops of the coalition forces received before they go here," Gen. Caldwell told reporters in Baghdad. "It's values-based. And, obviously, his intent is to make sure that it adheres to legal, moral and ethical standards that every military member should be adhering to on the battlefield."

Marine sources said yesterday that it is not clear when Gen. Bargewell will file his report. It is also not clear when the Naval Criminal Investigative Service will conclude its probe into whether the Marines should be charged with crimes, including murder.

The House and Senate Armed Services committees plan to hold hearings into Haditha once Gen. Bargewell completes his investigation. Plans call for decisions on charging the Marines, who belong to the 3rd Battalion, 1st Regiment, at Camp

Pendleton, Calif., to fall to Lt. Gen. John F. Sattler. He is the top Marine in U.S. Central Command, which oversees operations in Iraq.

U.N. Fails To Pass On Haditha Reports (WSJ)

By John Harwood

The Wall Street Journal, June 2, 2006

See updates to Washington Wire each weekday at www.washwire.com1.

U.N. FAILED in January to pass on initial reports of Haditha massacre.

An international official blames "disorganization" for lapse by U.N.'s Iraq mission, which should have informed U.S. ambassador of sketchy allegations. White House says Bush didn't hear about November killings until March, a month after press inquiries prompted commanders' investigation.

Iraqi government will also investigate, while U.S. forces get refresher training on battlefield conduct. Fallout may crimp soldiers' ability to act in Ramadi, an insurgent stronghold.

Shaky Iraqi regime couldn't easily stomach a major new U.S. crackdown, an observer notes.

ROBERTS COURT LOOMS as factor in 2006 elections.

Justices prepare to rule on series of controversial issues at close of first session under Bush's new chief justice. Each side hopes that decisions, to be issued at 10 a.m. each Monday this month, will fire up ideological base as Republican and Democratic candidates square off for control of Congress.

Rulings are expected on military trials for Guantanamo detainees, Texas redistricting driven by DeLay, Vermont's campaign-finance laws, and application of Clean Air Act. With O'Connor gone, close cases may turn on maverick Justice Kennedy, who has infuriated conservatives by citing international law and opposing a voter initiative challenging gay rights.

WHITE HOUSE WOOS Europe but tensions remain over human rights.

After turnabout on direct talks with Iran, Bush will seek trans-Atlantic agreement on reining in Tehran's nuclear program at European Union summit in Vienna. But push is strained by divide over Guantanamo; while European nations want detention camp shuttered and Bush has signaled support, U.S. officials say there are no plans to do so.

Bush weighs human-rights digs of his own at Russia's Putin, who has turned increasingly autocratic. The president plans one-day stopover in Ukraine, Russia's adversary. Before July G-8 summit in St. Petersburg, U.S. officials may attend a gathering of democracy advocates organized by chess champion Garry Kasparov.

One wild card: maintaining Western access to Russia's oil and gas fields, which Putin is making more difficult.

PROPONENTS FRET about prospects for civilian nuclear deal with India.

Pact opening up sale of U.S. technology is top Bush priority, and backers say it has majority support in Congress. But opponents could add "poison pill" amendments that might force New Delhi to scotch agreement to separate civilian and military nuclear programs.

Administration still hopes to win approval before the August recess, despite tight legislative calendar. One new asset: next Treasury chief Henry Paulson, who worked India market as Goldman Sachs CEO.

"I wouldn't throw up the white flag," says Stephen Biegun of Ford Motor, a big corporate backer.

DEFECTION: Some neoconservatives who backed Iraq war slam Bush's outreach to Iran, arguing U.S. policy could be held hostage by Chinese and Russians. "Rice has perfected the primacy of short-term solutions regardless of long-term ill," says former Pentagon official Michael Rubin, now at American Enterprise Institute.

DEFLATION: Greenspan's retirement disappoints A-list journalists and politicians in a way unrelated to economic performance. It ends the Fourth of July fireworks party that the erstwhile Federal Reserve chairman and wife Andrea Mitchell threw annually atop Fed building, overlooking Washington Monument.

DECIDED: Bush's statement that new Treasury chief will advise on "broad" range of issues reflected outcome of Paulson's negotiations over his role. Blogger Robert Waldmann cracks that selection of Goldman Sachs executive means White House was "scraping the top of the barrel."

DOUBTS: Executive branch might be unable to implement Senate immigration bill even if Congress enacts it. Bill would require immigration service to handle 12 million illegals according to length of U.S. residence, processing some within 90 days. Current capacity "is not there," says agency director Emilio Gonzalez, noting the government's 4,000 "adjudicators" already have "day jobs" processing seven million legal immigrants yearly.

MINOR MEMOS: Census predicts senior citizens will cast 41% of votes in 2040 presidential election. ... Population of centenarians is expected to increase sevenfold, to 580,605, by then. ... National Archives hosts a June 19 tribute to ex-President Ford, 92.

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Troops Will Get "values" Training (USAT)

By Tom Vanden Brook

USA Today, June 2, 2006

WASHINGTON — All 150,000 coalition troops in Iraq will undergo refresher training in "core warrior values" over the next month as top military commanders deal with the fallout from allegations of a Marine massacre last November.

Army Lt. Gen. Peter Chiarelli ordered commanders Thursday to show troops in Iraq — more than 130,000 of them Americans — slides that depict professional military values and the importance of disciplined conduct in combat.

As many as 24 Iraqi civilians died in Haditha after a bomb killed a Marine on Nov. 19. The incident has spawned two investigations: one to determine whether the Marines committed crimes and another to see whether there was an attempted coverup. Lt. Col. Carl Ey, an Army spokesman, said the allegations against the Marines prompted the training.

It's important that troops "take time to reflect on the values that separate us from our enemies," said Chiarelli, the No. 2 U.S. general in Iraq.

Also Thursday, President Bush promised to disclose the results of the Haditha investigations. Iraq, meanwhile, launched its own investigations of the deaths, the Associated Press reported. Prime Minister Nouri al-Maliki called the killings "a horrible crime."

The incident at Haditha and the investigations may lead to a wider examination of how U.S. troops are fighting the war in Iraq, said Michael O'Hanlon, a military analyst at the Brookings Institution.

"Some people in the U.S. military have not been discriminating enough in the use of firepower," O'Hanlon said. "This may be the spark for that debate."

David Segal, a military sociologist at the University of Maryland, said the incident in Haditha will change the way troops are trained. "We're going to spend more time talking about how Iraq is different from the kind of wars we fought in the past," Segal said. "We're dealing with an insurgency, not a conventional war."

In Iraq, Lance Cpl. Justin White, 20, of Lexington Ky., said Marines already receive adequate training. He said they have pre-deployment briefings and read policies every 15 days. Squad leaders also go over rules on escalation of force before every patrol.

"It's put in our heads over and over," White said.

After a Cabinet meeting Thursday, Bush said the allegations against the Marines show "that there are high standards expected of (troops) and that there are strong rules of engagement."

Ey said rules require troops to fight only enemy combatants and to treat civilians humanely.

U.S. Rep. John Murtha, D-Pa., who has called for the withdrawal of U.S. forces, said no training can prepare troops for the stress created by the constant threat of a roadside bomb or attack.

"It's the kind of war that's almost impossible to train for," said Murtha, a 38-year veteran of the Marines who served in combat in Vietnam.

U.S. Troops To Review Ethics While Iraq Investigates Haditha (CHIT)

By Liz Sly

Chicago Tribune, June 2, 2006

BAGHDAD -- A top U.S. commander in Iraq on Thursday instructed all coalition forces to undergo a special training course in "moral and ethical" values following allegations that U.S. Marines shot dead 24 Iraqi civilians in the western town of Haditha last fall.

The move came as Iraq's new government called for U.S. forces operating in Iraq to be subjected to greater accountability and ordered its own investigation into the events of last Nov. 19, when a group of Marines allegedly went on a shooting rampage after one of their members was killed by a roadside bomb and then purportedly sought to cover up the deaths

Prime Minister Nouri al-Maliki condemned what he called a "terrible crime in which women and children were eliminated" and vowed to establish procedures to monitor and restrain the behavior of coalition forces in Iraq.

"These forces do not respect the citizens, some of whom are crushed by tanks, others shot," he said at a news conference after heading a meeting of his still incomplete Cabinet. "We must speak with them and fix a definition of the obligations of foreign forces."

Al-Maliki said he would establish a special committee to investigate the Haditha incident and would demand an apology from the United States for the killings, something the U.S. military has consistently refused to do when confronted with instances in which civilians are killed.

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The disclosures, first reported by Time magazine in March, have been slow to register with a cynical Iraqi public inured to such allegations by repeated reports of U.S. abuses, some but not all of them founded.

But at a time when al-Maliki's 11-day-old government is struggling to assert his authority over an increasingly lawless country, another scandal involving U.S. forces risks damaging the credibility of his efforts in the eyes of many Iraqis, in the way that the Abu Ghraib disclosures tainted the U.S. image.

In Washington, President Bush reiterated promises that investigation results into the deaths of the civilians would be made public.

"The world will see the full and complete investigation," he said after meeting with his Cabinet at the White House. "If there is wrongdoing, people will be held to account."

The training effort marks the first attempt by the U.S. military to limit the fallout of the brewing scandal and the first implicit acknowledgement that the current training effort may fall short of what is required for American soldiers operating in the Iraqi environment.

In a statement, the military said that multinational force commander, Lt. Gen Peter W. Chiarelli, had instructed all his subordinate commanders to conduct training for their troops in "core warrior values … highlighting the importance of adhering to legal, moral and ethical standards on the battlefield."

The training will include a slide show and training "vignettes" and will focus on three main areas: "professional military values," Iraqi cultural expectations and the impact of actions that are "contrary to professional military values," the statement said. All soldiers will be required to undergo the training in the next 30 days, at sessions to be held in the locations where they are based, U.S. military officials said.

The statement did not mention the Haditha incident and said that the overwhelming majority of the 150,000 or so coalition forces currently based in Iraq "perform their jobs magnificently every day."

However, it added, "Unfortunately, there are a few individuals who sometimes choose the wrong path."

The U.S. military has launched two investigations into the incident, one by the multinational force in Iraq, which will address questions of policy, procedures and training arising out of the incident, U.S. military spokesman Maj. Gen. William Caldwell said at a briefing in Baghdad.

The second is being conducted by the Naval Criminal Investigative Service, which is focusing on allegations of criminal misconduct. The findings of that investigation will be reported to the commanding general of the Marines for appropriate action, he said.

"This tragic incident is in no way representative of how coalition forces treat Iraqi civilians," he said.

The allegations, if substantiated, are likely to reinforce Iraqi perceptions that U.S. forces regularly and randomly shoot civilians. Though the U.S. military says it routinely investigates all allegations involving American forces, it has consistently refused to release figures concerning the number of civilians killed or injured by U.S. forces, saying that such figures are not kept.

"About three or four, at least" investigations into shooting incidents involving U.S. forces are currently under way, Caldwell said, without giving details.

Most allegations surround incidents at checkpoints in which U.S. forces open fire on civilians who fail to respond to signals to stop or who approach too fast, such as the one earlier this week in which two women, one of them pregnant, were shot dead as they approached a hospital in the northern town of Samarra.

In the United States, military prosecutors plan to file murder, kidnapping and conspiracy charges against seven Marines and a Navy corpsman in the shooting death of an Iraqi man in April near Baghdad, a defense lawyer told The Associated Press on Thursday. The eight men are being held at Camp Pendleton Marine Corps base north of San Diego, said Jeremiah Sullivan III, who represents one of the men.

Caldwell said the military is also re-examining the U.S. rules of engagement in Iraq to find ways to restrict what the U.S. military calls "escalation of force."

"Gen. Chiarelli in the last several months has made a very concerted effort to reduce the possibility of having to move to escalation of force and he's taken some real, deliberate steps and guidance in that respect," he said.

The Haditha incident is different, however, in that the Marines involved appear to have gone into homes and deliberately shot civilians in an act of revenge for the death of a Marine in a roadside bombing. Witness accounts given to reporters have described how the Marines barged into four houses near the site of the explosion, shooting wildly at the families inside.

According to The Washington Post, investigators have subsequently discovered an attempt to cover up the killings by explaining them away as the result of the roadside bomb. Death certificates show that victims the Marines claimed were killed in the explosion were in fact shot, the newspaper said.

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A brief statement by the Marines on Nov. 20 said that a "U.S. Marine and 15 civilians were killed yesterday from the blast of a roadside bomb in Haditha."

An additional eight "gunmen" were killed after they opened fire on the Marines, who returned fire, the statement said.

But according to Time, witnesses say the Marines acted that day as if they were intent on taking revenge.

"You could tell they were enraged," Taher Thabet, a local trainee journalist who first informed Time about the killings, told the magazine. "They did not only kill people, they smashed furniture, tore down wall hangings and when they took prisoners, they treated them very roughly. This was not a precise military operation."

The Indictment Of U.S. Troops Was Inevitable (WSJ)

By Daniel Henninger

The Wall Street Journal, June 2, 2006

You knew it had to happen. Haditha, an "incident" involving American troops in Iraq, is now part of the erosion of support for the war in Iraq. The Iraq Syndrome has finally arrived. * * *

This past Monday, Memorial Day, a driver down Manhattan's fast West Side Highway would have slowed at 46th Street to allow the crossing of a constant stream of visitors heading to the USS Intrepid, the aircraft-carrier museum on the Hudson River. It was a beautiful day but a hot day to stand on long lines in the open sun. A small squadron of planes flew up the Hudson in the solemn missing-man formation, with one plane trailing. Amid the sunshine, the chairman of the Intrepid museum, Arnold Fisher, said something to the gathered crowd no one could have expected to hear.

Mr. Fisher, whose family runs the Fisher House Foundation for the military, suggested that the men and women at arms were being forgotten. And he apologized to them. "I apologize to you for carrying the burden of this nation's commitment to freedom and liberty alone." Mr. Fisher's bitterness over the troops is a Cassandra cry, a portent. But why now?

Opinion polls put support for the war below 40%. Still, it has become obligatory now as a nod across the political spectrum to the corrosive Vietnam Syndrome, to reassure that one's opposition is only to the war, not to the men fighting it.

Really? How does that work?

Arnold Fisher said the troops were forgotten, but they are very much on the minds of the news cycle just now. This Memorial Day week the news is preoccupied with stories of the Marine squad that allegedly killed civilians at Haditha, a town in Iraq. The narrative of this story has pretty much set in already: It's another My Lai, we all know they did it, the brass covered it up, and prison sentences for homicide are merely a formality.

Haditha is indeed the new Abu Ghraib. What this most importantly means is that any U.S. military action overseas now, no matter its level of justification, can be taken down by the significance assigned to events by the modern machinery of publicity. This explains why the U.S. commanders in Iraq announced yesterday that all soldiers in the next 30 days would take what the headlines are calling "ethics training." Of the some 150,000 U.S.-led troops there, Lt. Gen. Peter W. Chiarelli, the U.S. combat commander in Iraq, said "99.9% of them perform their jobs magnificently." Yes, and 99.9% of them, after all they've been through, will deeply resent the clear inference they lack "core values." Is that different than standard "Corps values"?

Stories of apparently malfeasant U.S. troop behavior are arriving daily now. A military truck whose brakes failed from overheating crashed and killed Afghan civilians. Press reports are now fly-specking whether the troops shot over or at the rock-throwing mob of more than 300 that surrounded them. Every one of these troops surely knows the story of Mogadishu. Been there, never again. But there will be investigations of their behavior.

Finally came the even more lurid pregnant-woman shooting. As transmitted around the world by the BBC: "A pregnant Iraqi woman in labor and her cousin were shot dead by U.S. forces as they rushed to a hospital along a closed road, police and relatives say." The BBC's next four sentences neatly sum up the common story line now in play around U.S. troops: The soldiers said the car failed to heed a stop warning in a prohibited area; the driver said he heard no warning; U.S. troops will be "trained in moral and ethical conduct" and this "comes in the wake" of the Haditha allegations.

In El Paso, Texas, the father of Marine Lance Cpl. Miguel Terrazas, whose death from a roadside bomb is the event said to have precipitated the Marine shootings at Haditha, said simply: "I don't even listen to the news." This may be the widespread reaction as the Haditha story overwhelms all else -- enough, I don't want to hear about it.

And there begins the Iraq Syndrome.

Some elements of the newly ascendant Democratic left may welcome it, but no serious person in American politics should.

The Vietnam Syndrome, a loss of confidence in the efficacy of American military engagement, was mainly a failure of U.S. elites. But it's different this time. This presidency has been steadfast in war. No matter. In a piece this week on the White House's efforts to rally the nation to the idea of defeating terrorism abroad to thwart another attack on the U.S., the AP's Nedra Pickler wrote: "But that hasn't kept the violence and unrest out of the headlines every day." This time the despondency looks to be penetrating the general population. And the issue isn't just body counts; it's more than that.

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The missions in Iraq and Afghanistan grew from the moral outrage of September 11. U.S. troops, the best this country has yet produced, went overseas to defend us against repeating that day. Now it isn't just that the war on terror has proven hard; the men and women fighting for us, the magnificent 99%, are being soiled in a repetitive, public way that is unbearable.

The greatest danger at this moment is that the American public will decide it wants to pull back because it has concluded that when the U.S. goes in, it always gets hung out to dry.

Two major military reports will come out soon on the Haditha incident, and no one will gainsay justice if that is required. But the atmosphere around this event is going to get uncontrollably manic, and that will feed the dark, inward-turning sentiments already poisoning the country's mood over issues like the immigration debate.

Good for Democrats? Don't count on it. After this, the public appetite for a Democratic president's "humanitarian" military intervention in a Darfur or East Timor will be close to zero.

One suspects that U.S. troops were party to some awful events in the Pacific and European theaters of World War II, all gone in the mists of history and the enemy's defeat. Not now. Gen. Chiarelli's magnificent "99.9%" notwithstanding, it's the phenomenon of the so-very-public 0.01% -- at Abu Ghraib, on an Afghan street, at Haditha -- that is breaking America's will this time.

Iraqi Accuses U.S. Of 'Daily' Attacks Against Civilians (NYT)

By Richard A. Oppel Jr.

The New York Times, June 2, 2006

BAGHDAD, Iraq, June 1 — Prime Minister Nuri Kamal al-Maliki lashed out at the American military on Thursday, denouncing what he characterized as habitual attacks by troops against Iraqi civilians.

As outrage over reports that American marines killed 24 Iraqis in the town of Haditha last year continued to shake the new government, the country's senior leaders said that they would demand that American officials turn over their investigative files on the killings and that the Iraqi government would conduct its own inquiry.

In his comments, Mr. Maliki said violence against civilians had become a "daily phenomenon" by many troops in the American-led coalition who "do not respect the Iraqi people."

"They crush them with their vehicles and kill them just on suspicion," he said. "This is completely unacceptable." Attacks on civilians will play a role in future decisions on how long to ask American forces to remain in Iraq, the prime minister added.

The denunciation was an unusual declaration for a government that remains desperately dependent on American forces to keep some form of order in the country amid a resilient Sunni Arab insurgency in the west, widespread sectarian violence in Baghdad, and deadly feuding among Shiite militias that increasingly control the south.

It was also a sign of the growing pressure on Mr. Maliki, whose governing coalition includes Sunni Arabs who were enraged by news of the killings in Haditha, a city deep in Sunni-dominated Anbar Province. At the same time, he is being pushed by the Americans to resolve the quarreling within his fragile coalition that has left him unable to fill cabinet posts for the Ministries of Defense and the Interior, the two top security jobs in the country.

Military and Congressional officials have said they believe that an investigation into the deaths of two dozen Iraqis in Haditha on Nov. 19 will show that a group of marines shot and killed civilians without justification or provocation. Survivors in Haditha say the troops shot men, women and children in the head and chest at close range.

For the second day in a row, President Bush spoke directly about the furor surrounding the case. "Obviously, the allegations are very troubling for me and equally troubling for our military, especially the Marine Corps," President Bush said Thursday, in response to a question from a reporter after a meeting of his cabinet. Referring to the chairman of the Joint Chiefs of Staff, Gen. Peter Pace, he added, "I've spoken to General Pace about this issue quite a few times."

Investigators are examining the role of senior commanders in the aftermath of the Haditha killings, and trying to determine how high up the chain of command culpability may rest.

Marine officials said Thursday that Maj. Gen. Stephen T. Johnson, who was the top Marine Corps commander in Iraq during the Haditha killings, had been set to be promoted to become the service's senior officer in charge of personnel, a three-star position.

General Johnson is widely respected by the Marine Corps' senior leadership, yet officials said it was unlikely that the Pentagon would put him up for promotion until the Haditha investigations were concluded.

The Washington Post reported Thursday that a parallel investigation into whether the killings were covered up has concluded that some officers reported false information and that superiors failed to adequately scrutinize the reports about the two dozen deaths.

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The newspaper said that the inquiry had determined that Staff Sgt. Frank Wuterich, a squad leader present at Haditha, made a false statement when he reported that a roadside bombing had killed 15 civilians. The inquiry also said that an intelligence unit that later visited the site failed to highlight that civilians had gunshot wounds.

In Baghdad, senior Iraqi officials demanded an apology and explanation about Haditha from the United States and vowed their own inquiry.

"We in the ministers' cabinet condemned this crime and demanded that coalition forces show the reasons behind this massacre," Deputy Prime Minister Salam al-Zubaie, one of the most powerful Sunni Arabs in the new government, said in an interview.

"As you know, this is not the only massacre, and there are a lot," he said. "The coalition forces must change their behavior. Human blood should be sacred regardless of religion, party and nationality."

Mr. Zubaie, also the acting defense minister, acknowledged that Iraqi officials would probably not be able to force the extradition of any troops suspected of culpability in the Haditha killings. But he said a committee of five ministers, including defense, interior and finance, would investigate the killings with the expectation that American officials would turn over their files. "We do not have the security file because it is in the hands of the coalition forces," he said. "We hope there will not be obstacles ahead."

The crisis over Haditha and other disputed killings in Sunni areas comes just as it appears that military operations may be needed to retake some Sunni areas at risk of falling to the insurgency.

This week American forces ordered 1,500 troops from Kuwait into Anbar Province, a stronghold of the Sunni insurgency, in the latest sign that insurgents and terrorist groups including those led by Abu Musab al-Zarqawi control much of the sprawling desert region.

In interviews on Thursday, two senior Republicans — Senator John W. Warner of Virginia, the chairman of the Armed Services Committee, and Senator John McCain of Arizona, who is next in line to be committee chairman — both said it was too soon to tell whether the episode would undermine support for the war. Still, both expressed concern.

Senator Warner, who has promised to hold hearings as soon as the military completes its investigation, said he had been urging Defense Secretary Donald H. Rumsfeld to wrap up the inquiry as swiftly as possible.

"In the interim, frankly, the public opinion on this matter is being influenced by misinformation, leaks and undocumented and uncorroborated facts," he said.

Mr. McCain, who was a prisoner of war in Vietnam for more than five years, said the incident harked back to the My Lai massacre during the war in Vietnam. He added, "It certainly is harmful, but I can't assess the extent of the damage."

Neither he nor Mr. McCain would say whether Mr. Rumsfeld should be called as a witness.

"I think it depends on what we find out," Mr. McCain said. "I can't say until we really know what happened. There are allegations, and I emphasize allegations, that there was a cover-up. If so, then obviously more senior people would have to be the subject of hearings."

On Wednesday, American troops near the restive city of Samarra shot and killed two Iraqi women, including one who might have been pregnant and on her way to a hospital, after their car did not heed what the American military command said were repeated warnings to stop.

At a news conference in Baghdad, a senior American military spokesman, Maj. Gen. William Caldwell, said that "about three or four, at least," allegations of wrongdoing by American troops were being investigated and that anyone found guilty of offenses in those incidents or in the Haditha case would be punished. "This tragic incident is in no way representative of how coalition forces treat Iraqi civilians," he said.

In Baghdad, the top American ground commander in Iraq ordered that all 150,000 American and allied troops in the country receive mandatory refresher training on "legal, moral and ethical standards on the battlefield."

In a statement, the officer, Lt. Gen. Peter W. Chiarelli, did not specifically cite the civilian deaths in Haditha as the reason for the unusual order.

But he said commanders would be provided with training materials and sample vignettes to use to instruct on professional military values and conduct in combat, as well as Iraqi cultural sensitivities.

Baghdad To Investigate Haditha Killings (FT)

By Ferry Biedermann In Baghdad

Financial Times, June 2, 2006

Iraq's new government on Thursday launched an investigation into the alleged killing of up to 24 civilians in the town of Haditha by US marines last year.

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The Pentagon has already launched its own inquiry, but the government probe will also look into other allegations of misconduct by the US-led forces in Iraq and at the way troops behave toward the civilian population after they have come under attack.

The inquiry comes as prime minister Nuri al-Maliki attempts to assert his government's authority over security issues in the country. On Wednesday he announced a state of emergency in the southern city of Basra.

On Friday he signalled his concern over the events in Haditha, a town in a predominantly Sunni Muslim area north-west of Baghdad, saying: "We cannot forgive violations of the dignity of the Iraqi people."

In the wake of the Haditha incident, the US generals in charge of the multinational forces in Iraq (MNFI) yesterday ordered all troops to review their training on core ethical and moral values for the battlefield. The spokesman for the MNFI, Maj Gen Bill Caldwell, said in Baghdad that all personnel would look again at training that they had already received before coming to Iraq.

The Iraqi government investigation will be carried out jointly by the ministries of justice and human rights along with security officials, said one of the prime minister's advisers.

He said a mechanism should be devised for American and Iraqi troops' response in case they come under attack.

The Haditha incident happened in November last year after an American convoy was ambushed near the town in the Anbar region and one marine was killed. After the attack, marines allegedly went on a rampage, going into houses and killing unarmed civilians, including women and babies. There are also allegations that the events were subsequently covered up.

The MNFI spokesman defended the record of the US-led troops in Iraq, saying that "99.9 per cent of all men and women" in the forces adhere to the highest standards and any violations will be punished. He said that apart from Haditha, there were several investigations taking place into alleged misconduct, but did not specify them.

Maj Gen Caldwell praised the new government's firm stance and said that he had noticed a "shift" in the last two weeks, with the Iraqi army and security forces taking "greater control".

Al-Maliki Vows To Fill Defense, Interior Posts (WT/AP)

By Patrick Quinn, Associated Press

The Washington Times, June 1, 2006

BAGHDAD -- Prime Minister Nouri al-Maliki announced yesterday he would fill vacancies at the crucial defense and interior ministries over the weekend, despite failing to reach an agreement on candidates with Iraq's fractious ethnic and sectarian parties.

The appointments, which must be approved by parliament, are the keystone of Mr. al-Maliki's plan to take complete control of security around Iraq from U.S.-led forces within the next 18 months.

In violence yesterday, a mortar barrage struck a number of houses in Baghdad's southern Dora district. A first barrage of seven mortar rounds killed nine and wounded 40, while another five rounds killed four and wounded 29. Mortar attacks are usually carried out by insurgent groups.

Earlier, a bomb struck a group of construction workers seeking jobs in central Baghdad, killing at least two and wounding 18, police said.

Mr. al-Maliki apparently decided to go ahead with the appointment of ministers for defense, interior and national security -- a lesser post -- to end two weeks of uncertainty. The two key posts were temporarily being held by Mr. al-Maliki and one of his deputy prime ministers since the Cabinet was sworn in on May 20.

Mr. al-Maliki said disagreements among the political blocs proved insurmountable so he decided to "present the names that we believe in to parliament to let it ... decide the issue, because total agreement by all the blocs is almost impossible."

Leaving a Cabinet meeting, the Shi'ite prime minister said "the names of the interior and defense ministers will be announced at parliament's next session" on Sunday, ending protracted negotiations with Sunni Arabs and Kurds.

He did not divulge the names of the candidates, who must be approved by an overwhelming majority in the 275-member parliament.

Mr. al-Maliki reportedly has three candidates for each of the posts, just in case parliament rejects his first choice. The candidates come from a pool that has been discussed at length by negotiators in recent weeks.

The posts, especially defense and interior, are considered an integral part of Mr. al-Maliki's plan to take control of security over Iraq's 18 provinces from U.S.-led forces. The transfer is key to an overall American exit strategy that would allow the eventual withdrawal of its 130,000 troops.

It has been agreed that the defense ministry post will go to a Sunni Arab. But some candidates were rejected by Shi'ites who claimed they had ties to the former regime of Saddam Hussein, or by Kurds who said they were connected to a campaign against their community.

The interior ministry post will go to a Shi'ite. But Sunni Arabs complained that many Shi'ite candidates had ties to militias.

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A U.S. military spokesman, meanwhile, said American forces are "very concerned" about the situation in Ramadi in the volatile Anbar province because al Qaeda in Iraq is taking advantage of sectarian differences to make inroads in the city.

Maj. Gen. William Caldwell confirmed that about 1,500 combat troops have been moved from a reserve force in Kuwait into Anbar province, which surrounds Ramadi, to help authorities establish order.

New 'Iraq Massacre' Tape Emerges (BBC)

BBC News, June 2, 2006

New footage The BBC has uncovered new video evidence that US forces may have been responsible for the deliberate killing of 11 innocent Iraqi civilians.

The video appears to challenge the US military's account of events that took place in the town of Ishaqi in March.

The US said at the time four people died during a military operation, but Iraqi police claimed that US troops had deliberately shot the 11 people.

A spokesman for US forces in Iraq told the BBC an inquiry was under way.

The new evidence comes in the wake of the alleged massacre in Haditha, where US marines are suspected of killing up to 24 Iraqi civilians in November 2005 and covering up the deaths.

The incident is being investigated by the Pentagon.

The US military has announced that coalition troops in Iraq are to have ethical training following the furore surrounding the alleged killings.

For the next 30 days, they would receive lessons in "core warrior values", a military statement said.

The news of ethical training for US-led troops is likely to be greeted with cynicism by many Iraqis, the BBC's Ian Pannell in Baghdad says, as the troops have long been accused of deliberately targeting civilians.

Cross-checked

The video pictures obtained by the BBC appear to contradict the US account of the events in Ishaqi, about 100km (60 miles) north of Baghdad, on 15 March 2006.

The US authorities said they were involved in a firefight after a tip-off that an al-Qaeda supporter was visiting the house.

According to the Americans, the building collapsed under heavy fire killing four people - a suspect, two women and a child.

But a report filed by Iraqi police accused US troops of rounding up and deliberately shooting 11 people in the house, including five children and four women, before blowing up the building.

The video tape obtained by the BBC shows a number of dead adults and children at the site with what our world affairs editor John Simpson says were clearly gunshot wounds.

The pictures came from a hardline Sunni group opposed to coalition forces.

It has been cross-checked with other images taken at the time of events and is believed to be genuine, the BBC's Ian Pannell in Baghdad says.

Marines To Face Charges In Iraqi's Death (AP)

By Seth Hettena

AP, June 1, 2006

Military prosecutors plan to file murder, kidnapping and conspiracy charges against seven Marines and a Navy corpsman in the shooting death of an Iraqi civilian in April, a defense lawyer said Thursday.

The eight men are being held in the brig at Camp Pendleton Marine Corps base north of San Diego, said Jeremiah Sullivan III, who represents one of the men.

The men served in Iraq with the 3rd Battalion, 5th Marine Regiment, and are members of the battalion's Kilo Company. The highest-ranking serviceman is a staff sergeant.

Sullivan said he learned from Marine Corps attorneys that the charges have been drafted and official charging documents could be given to the men as early as Friday.

The Iraqi man was killed west of Baghdad on April 26. His death was unrelated to the shootings of as many as two dozen civilians in the western Iraqi city of Haditha. The Pentagon is investigating troops from the 3rd Battalion, 1st Marine Regiment in that case.

The Marine Corps and Pentagon spokesmen have refused to comment on any aspect of the Iraqi man's death since an investigation was announced May 24.

However, a Pentagon official said Thursday that charges are expected to be brought "very soon." The official, who spoke only on condition of anonymity because he is not authorized to discuss charges before they are filed, could not confirm the specific counts.

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Sullivan said the eight men are being held in solitary confinement.

"There's concern about the publicity of Haditha having a detrimental impact on the case," he said. "My concern is that the whole politics of this. There's an assumption that these guys are guilty before there's been an opportunity for a thorough, impartial investigation."

Murder Charges Likely For Marines In Iraq Death (LAT)

By Tony Perry

The Los Angeles Times, June 2, 2006

SAN DIEGO — The Marine Corps will file criminal charges, including some murder counts, against several enlisted Marines and a Navy corpsman in the fatal shooting of an Iraqi civilian in April, officials close to the investigation said Thursday.

The Marines and the corpsman were brought back to Camp Pendleton in recent weeks as the Naval Criminal Investigative Service looked into the April 26 shooting of a man in Hamandiya.

The troops, with the 3rd Battalion, 5th Marine Regiment, 1st Marine Division, may also have attempted a cover-up by planting evidence near the body to suggest that the man was an armed insurgent digging a hole to plant a roadside bomb.

The decision to file charges comes amid two investigations of allegations in a separate case that Marines killed at least 24 Iraqi civilians, including women and children, Nov. 19 in Haditha, west of Baghdad.

An administrative investigation headed by a two-star Army general has concluded in the Haditha case that the Marines killed the civilians without provocation, some execution- style, and then lied to cover up their conduct. A separate investigation of the incident could lead to criminal charges, including murder and dereliction of duty counts.

Murder charges in the Hamandiya case would be the first brought against Marines based at Camp Pendleton in the death of an Iraqi.

Commenting on the case this week on ABC television, Rep. John P. Murtha (D-Pa.), a retired Marine colonel and decorated Vietnam veteran, said that "some Marines pulled somebody out of a house, put them next to an [improvised explosive device], fired some [AK-47s] so they'd have cartridges there. And then tried to cover that up."

Besides the murder counts, the charges are expected to include conspiracy. Under the military system, the charges will go to a proceeding called an Article 32, akin to a preliminary hearing.

A hearing officer will then recommend to the commanding general whether the case should go to a court-martial. The commanding general can reject the recommendation.

When the Hamandiya charges will be filed is unclear. A spokesman at Camp Pendleton would say only that "the investigation is still ongoing and no charges have been preferred."

The officials who spoke about the case asked for anonymity because they had not been authorized to speak publicly.

More than a dozen Marines are in the brig or restricted to the base as part of the Hamandiya investigation, although only eight are expected to be charged.

Keeping Marines who are under investigation in the brig is unusual, suggesting that the Corps is concerned the suspects may try to flee. Marines involved in the Haditha case are at Camp Pendleton but are not in the brig.

Marine brass have been briefing key members of Congress on the investigations in the Haditha and Hamandiya incidents.

Both involve Camp Pendleton Marines, but those in Haditha were with the 3rd Battalion, 1st Regiment, 1st Marine Division. The battalion was on its third deployment to Iraq when the killings occurred.

Although no Marines have been charged with murdering an Iraqi, a major and a sergeant were convicted in 2004 of lesser charges stemming from the June 2003 death of an Iraqi prisoner at a detention camp near Nasiriya. The prisoner was reputed to have ties to Saddam Hussein's Baath Party and was suspected of complicity in the ambush of a U.S. convoy.

The major was convicted of maltreatment of prisoners and dereliction of duty; the sergeant was convicted of assault and dereliction. Neither was sentenced to the brig.

Army personnel in Iraq have been embroiled in similar investigations, some involving murder charges, but none of the cases has received as much notoriety as Haditha. One reason may be the presence of incriminating photos and videos of the Haditha victims, taken by Iraqis and Marines. Also, that case appears to involve at least a low-level cover-up.

One of the main objects of the administrative Army investigation is to determine whether the cover-up extends beyond the Marines on the scene to high-ranking officers who knew, or should have known, that the troops' original report that the Iraqis were killed in crossfire or by an insurgent bomb was false.

Marine Commandant Gen. Michael Hagee went to Iraq last week to lecture troops on the need to follow the Geneva Convention and other rules of warfare concerning noncombatants.

Hagee praised the "99.9%" of Marines who follow their training not to fire on civilians. He plans similar visits to Camp Pendleton and other stateside bases.

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The Haditha investigation focused on a dozen Marines.

Three or four are considered to have fired the fatal shots and may be charged with murder. A similar number may have failed to stop the shootings or helped file a false report to superiors. The others may have been too far away to be involved, officials familiar with the inquiry said.

Three officers with the Haditha battalion were relieved of duty in April by Maj. Gen. Richard Natonski, commanding general of the 1st Marine Division. Natonski said only that he had "lost confidence" in their leadership.

Lt. Col. Jeffrey Chessani, the battalion commander of the three-five, and Capt. Luke McConnell, commander of Kilo Company, are being scrutinized under the military doctrine of "command responsibility," in which a commander can be held accountable for the actions of subordinates even if he knew nothing about those actions.

Capt. James Kimber, commander of India Company, was relieved because of disputes unrelated to Haditha, according to his attorney and officials close to the investigation. Kimber and his family are reacting angrily to his name being mentioned in connection with the killings.

"He was caught up in this, and he was thrown in [by the commanding general] because they needed another head," said Kimber's father, Richard, of Gaithersburg, Md. "This has ruined his Marine career, and it's very unfair."

Although the Haditha and Hamandiya incidents appear to involve similar accusations, the cases have been treated differently.

Only after Time magazine began investigating the Haditha case in January and February did the Marine Corps back off from its assertion that the Iraqis had been killed in crossfire or by an insurgent bomb.

But in the Hamandiya case, an investigation was begun more promptly. Maj. Gen. Richard Zilmer, the top Marine in Iraq, took the unusual step last month of issuing a statement that "sufficient information existed to recommend a criminal investigation."

Marine brass are worried that the incidents could harm the Corps' reputation and further erode public support for the U.S. mission in Iraq. With that in mind, the Marine Corps has promised to make the Army's administrative investigation of the Haditha killings public as soon as possible.

"This is bad," said one senior officer. "We've got to keep it from being worse."

In another allegation of misconduct by U.S. forces, the BBC on Thursday aired videotape that it said supported the Iraqi version of disputed killings near the city of Balad in March.

The U.S. account says troops seeking a suspected insurgent attacked a house, killing the man as well as two women and a child who were inside.

But Iraqi witnesses, including police officers, told The Times the day of the incident that troops had entered the house, hog-tied 11 residents and shot them through the head.

The BBC did not air most of the videotape, saying the images were too grisly to be shown.

U.S. officials told the BBC that the incident was under investigation.

Army Dog Handler Convicted Of Abuse (WT/AP)

By David Dishneau, Associated Press

The Washington Times, June 2, 2006

FORT MEADE, Md. -- A military jury yesterday convicted an Army dog handler of abusing an Abu Ghraib detainee in a trial that produced evidence of high-level pressure and ground-level confusion regarding interrogations at the prison in Iraq.

Sgt. Santos A. Cardona is the 11th soldier convicted of crimes stemming from the abuse of detainees at the prison in late 2003 and early 2004.

Sgt. Cardona, 32, of Fullerton, Calif., was convicted of dereliction of duty and aggravated assault for unlawfully threatening a detainee with his dog.

But the panel of four officers and three enlisted soldiers acquitted Sgt. Cardona of some of the most serious charges he faced, including unlawfully having his dog bite a detainee and conspiring with another dog handler to frighten detainees into soiling themselves.

He faces maximum imprisonment of 31/2 years.

Sgt. Cardona, a 121/2-year veteran, stood at attention in his green dress uniform as the verdict was read in court.

He was convicted of allowing his dog to bark within inches of the face of detainee Kamel Miza'l Nayil in December 2003.

Prosecutors had portrayed Sgt. Cardona as part of a small group of corrupt soldiers who enjoyed tormenting prisoners -- even competing with another dog handler to frighten detainees into soiling themselves.

"This is all for their amusement," Maj. Christopher Graveline said Tuesday in his closing argument.

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Sgt. Cardona's civilian defense attorney, Harvey J. Volzer, said the military policeman had done what his training and senior officers demanded: Protect fellow soldiers and scare detainees.

Sgt. Cardona released his dog to bite detainee Mohammed Bollendia after Mr. Bollendia ran at and struck another military policeman, Cpl. Charles A. Graner Jr., witnesses for both sides testified.

The prosecution said the MPs provoked the attack and could easily have restrained Mr. Bollendia.

Mr. Volzer said Sgt. Cardona's dog, Duco, barked at prisoners because he was supposed to.

None of the offenses was said to have occurred during interrogations.

However, Sgt. Cardona's defense team focused on interrogation policies -- in particular, the changes in rules and command that followed Maj. Gen. Geoffrey D. Miller's visit to Abu Ghraib in late August and early September 2003, when Gen. Miller was commander of the U.S. detention facility at Guantanamo Bay, Cuba.

Gen. Miller wrote in a subsequent report that the military police who guarded detainees at Abu Ghraib should become "actively engaged in setting the conditions" for interrogations.

Inside The Ring (WT)

By Bill Gertz And Rowan Scarborough

The Washington Times, June 2, 2006

Marines humiliated

The Marine Corps is livid over the mistreatment of three Marines at the hands of the Transportation Security Administration (TSA) in Philadelphia last month.

According to a Marine Corps memo we obtained, three Marines were "humiliated" by TSA security guards while escorting the body of Marine Sgt. Lea R. Mills, 21, who was killed April 28 along with two others in Al Anbar province, Iraq, by an improvised explosive device.

Sgt. Mills' body was being moved from Dover Air Force Base through Philadelphia International Airport en route to her final resting place in Gulfport, Miss., on May 3. The three Marines who were accompanying the casket, Sgt. John C. Stock, Cpl. Aaron J. Bigalk and Cpl. Jason A. Schadeburg, were forced to remove their dress blue uniforms, belts and shoes, which were then scanned. They were then "patted down" by TSA inspectors.

One of the Marines had his shoes taken away for scanning, but they were never returned and he was forced to retrieve them.

"All the Marines said they felt humiliated by this treatment," the report said. "The Marines had orders in hand that tasked them to serve as official casualty escorts. Sgt. Stock was carrying Sgt. Mills' personal effects and Cpl. Schadeburg was carrying the flag from Sgt. Mills' casket. These items were in hand in plain view."

One Marine called the TSA "morons" for mistreating the casualty escorts, and said, "This is enough to make one's blood boil."

A TSA spokesman said the three Marines did not know the right procedures for escorting a fallen soldier, and could have avoided the search by passing through an official screening area. The TSA officers did not know the Marines were escorting a fallen comrade, and the agency "regrets" the miscommunication, the spokesman said.

Armitage on Iraq

Former Deputy Secretary of State Richard Armitage is adding his voice to critics of Pentagon civilian and military war planners who said there were not enough troops to produce a successful outcome in Operation Iraqi Freedom.

"I think there were some clear misjudgments, including the number of troops that would be required to secure the peace after combat," Mr. Armitage told the Georgetown Journal of International Affairs.

Asked what was most surprising about the Iraq war, Mr. Armitage stated: "The most surprising thing is that we failed yet again to realize a basic historical lesson: Only a soldier with a bayonet can take and hold ground. Only a soldier with a bayonet can bend an enemy to our will."

The failure to understand that was the United States' "biggest mistake," and the biggest lesson to be learned, he said.

"Clearly we had enough troops to win a great victory, a speedy victory and a very humane victory," Mr. Armitage said. "We didn't have enough troops to secure the peace. That is self-evident."

Beijing lobbying

The Chinese Embassy continues to lobby Congress with impunity on the issue of Taiwan. The latest effort was a recent letter to members of the House Armed Services Committee aimed at China-related provisions of the fiscal 2007 defense authorization bill.

Chinese Ambassador Zhou Wenzhong warned that provisions increasing military ties between the Pentagon and Taiwan and improving Taiwan's defenses against a Chinese attack "will do serious harm to China-U.S. relations" if enacted into law. Mr.

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Zhou said the new provisions would create a military alliance between the United States and Taiwan and violate diplomatic communiques governing U.S.-China ties.

He also warned that the bill's provisions on selling submarines to Taiwan are boosting Taiwan's forces for independence and are going in a "dangerous direction."

The letter asked the congressmen to "use your important influence" to block the pro-Taiwan provisions.

The letter has angered several lawmakers who view it as foreign government interference in the congressional legislative process.

The main lobbying firm representing the embassy is Jones Day, which is registered with the Justice Department as a foreign agent for China.

The Chinese government has stepped up its lobbying of Congress in the past several years, yet similar activities by Taiwan have been viewed in the past as illegal influence activities and have prompted FBI investigations.

Militia madness

Iraq's hodgepodge of Shi'ite militias is becoming just as troublesome as the Sunni insurgents who regularly attack American forces and assassinate Iraqi government leaders.

A Pentagon report sent to Congress this week blames Shi'ite militias, especially the one controlled by firebrand cleric Muqtada al-Sadr, for kidnappings, death squads and kangaroo courts. In the south, they also are infiltrating local police forces to exercise control.

More troubling, Iran is supporting the private armies by, among other favors, providing weapons, says the Pentagon's "Measuring Stability and Security in Iraq" report, "reinforcing Sunni fears of Iranian domination and further elevating ethno-sectarian violence."

The Shi'ite militias not only attack rival Sunni Muslims, they also attack coalition troops. "Because of Iranian-sponsored training and technological support, these operations are among the most lethal and effective conducted against coalition forces."

Meanwhile, violence is going up, not down, as American troops enter their fourth year in Iraq. The number of weekly attacks averaged more than 600 between February and May, compared with 450 during roughly the same period last year.

"Reasons for the high level of attacks may include terrorist and insurgent attempts to exploit a perceived inability of the Iraqi government to constitute itself effectively, the rise of ethno-sectarian attacks follow the Golden Mosque bombing and enemy efforts to derail the political process leading to a new government," the Pentagon report said.

Pacific defense

The Air Force sent a message to troops this week explaining the redeployment of forces in the Pacific. The message left no gray area on what the mission is of U.S. Forces, Japan, as 8,000 Marines move from Okinawa to Guam. The shift puts more emphasis on air power to deter aggression.

"Should deterrence fail," the message states, "USFJ conducts and supports combat operations in the region to defend Japan."

Insurgency Out, Anarchy In (NYT)

By Thomas L. Friedman

The New York Times, June 2, 2006

President Bush has told us that the question of whether to withdraw from Iraq is one that his successor will have to deal with — not him. I don't think so. Mr. Bush is not going to have that luxury of passing Iraq along. You see, the insurgency in Iraq is in its "last throes" — just like Dick Cheney said. Unfortunately, it's being replaced by anarchy in many neighborhoods — not democracy. And I don't believe the American people will put up with two and half more years of babysitting anarchy instead of midwifing democracy.

The report that U.S. marines were involved in a massacre of Iraqis in Haditha — which the Pentagon needs to clarify fast — is a tragic reminder that a foreign occupation by U.S. forces can't go on for years. Most U.S. soldiers in Iraq have done heroic work, but occupations that drag on inevitably lead to Hadithas.

Right now we are paying for all the Bush team's missteps in Iraq: allowing looting after the fall of Baghdad, disbanding the Iraqi Army without an alternative security force or enough U.S. troops in place, fostering a culture of torture at Abu Ghraib and then letting the politics in Iraq drift for months without any outcome.

All of this created a security vacuum that has allowed a rogue's gallery of sectarian militias, death squads, gangs and Al Qaeda operatives to mushroom in Basra, Baghdad and the Sunni Triangle. The end result: while the mainstream Iraqi Sunnis have now joined the government, in a major way, this has not brought more stability. Because between the sectarian militias now murdering each other's civilians, tit for tat, and Al Qaeda just blowing up Iraqi civilians randomly, the new government can't get going. Too many Iraqis are paralyzed by fear.

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Indeed, there has been a subtle but important change in the violence in Iraq. The main enemy in many places is no longer the Sunni insurgency. It is anarchy. Mini-wars of all against all. As the BBC reported Wednesday from Basra: Prime Minister Nuri Maliki "has declared a monthlong state of emergency in Basra, which has been plagued by sectarian clashes, anarchy and factional rivalry." That's what happens in a security vacuum.

Once this kind of militia madness takes root, it's very hard to uproot. U.S. troops can't do it, because it would require searching homes, neighborhood by neighborhood. Only a cohesive Iraqi national army could do that. And that can only be the product of a real national unity government, in which all parties feel they have a fair share of the pie and are committed to investing in an Iraqi army — not their own militia.

And such a national unity government can only be the product of Iraq's leaders deciding whether they love their kids more than they hate each other. That is the most important question Iraqis must answer. It can't be avoided any longer. That being the case, it is time for America to starting talking "deadlines." Too many Iraqi factions think they can just keep wrestling each other for small advantage while the country burns, but the U.S. Army provides a floor of security that prevents total chaos. The Iraqi parties need to know that we are not going to be played this way forever. Only an Iraq that can come together and make a fist can crush this militia culture.

Salvaging Iraq is still hugely important — for itself and for the region, which is facing two big trends. One is a population explosion, producing millions of young people looking for work. And the other is a huge explosion of windfall oil profits. Today, many autocratic Arab regimes are using these oil profits just to buy off their population explosions — in the form of government jobs and subsidized food and fuel — not to educate and empower their youth for the 21st century. But when the price of oil falls, and it will eventually, and these populations continue to rise, we will see destabilizing social explosions throughout the Arab world. It would be very helpful to have a different model in place in Iraq before that happens.

But the hour is late and the enemy is unique. We are not losing Iraq to the Iraqi Vietcong — traditional nationalists. Iraq has a freely elected nationalist government. No, we are losing in Iraq to sectarian theocrats, Islamo-fascists and local and regional tyrants, who have only one thing in common: the belief that America and its Iraqi allies must fail, that neither modernity nor democracy must be allowed to take root in Iraq.

It will be a global tragedy if they succeed, but it is hard to fight an enemy whose only concern is that you lose, not what happens after. It is impossible, though, without Iraqi leaders who can make a fist. We can't keep asking Americans to sacrifice their children for people who hate each other more than they love their own children.

Delegation Divided On Progress In Iraq (WT)

By Christina Bellantoni

The Washington Times, June 2, 2006

Members of a congressional delegation to Iraq will return home from the Middle East this weekend with differing opinions about progress in the region.

Sen. George Allen, Virginia Republican and one of several lawmakers touring the region, predicted yesterday that within a year, the United States and its partners will transition to providing more logistical support and medical assistance, allowing some troops to return home.

"As Iraqis lead, the U.S. role will be reduced. Iraqis are going to have to use their hands rather than rely on the hands of Americans to do things," Mr. Allen said on a call from Kuwait City.

If trends continue, the troop presence in Iraq will be "purely minimal" within five years, he said.

By contrast, Rep. James E. Clyburn, South Carolina Democrat, said he was "highly disappointed and quite frankly shocked" at the lack of success of reconstruction efforts and domestic peacekeeping.

"You don't have good success in community building unless you involve the indigenous people in the effort," he said. "They have to feel ownership, and with that comes a certain amount of pride and propriety -- important ingredients if you are going to try to do something that is sustaining."

He noted corruption within the Iraqi police force and the lack of electricity for many citizens but said he was impressed by the effectiveness and efficiency of the military effort.

"Next year this time, I don't think we can get the military out of there," Mr. Clyburn said.

The troubled areas, he said, "are having success now, but we're talking about 14 provinces ... [most] not anywhere near where they need to be."

The lawmakers agreed that Kurdistan is enjoying prosperity. Mr. Allen described the region as a "boomtown," with new hotels and homes under construction.

Also on the trip were House Majority Whip Roy Blunt, Missouri Republican, Minority Whip Steny H. Hoyer, Maryland Democrat, and Republican Reps. Rodney Frelinghuysen of New Jersey and Sam Graves of Missouri.

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Mr. Hoyer said it was crucial for lawmakers to see the events on the ground in Iraq to help Congress determine "the right policies moving forward."

Mr. Allen, who has been mentioned as a presidential candidate in 2008, first faces a re-election challenge this fall.

Democrats Harris Miller and Jim Webb will meet in a primary match June 13. Statewide polls favor Mr. Allen by double digits but show he is more vulnerable than he was last year because of sinking Republican ratings and an aggressive campaign from both Democrats hoping to topple him.

When asked whether his hawkish stance would affect his race when support for the war is slipping in Virginia, Mr. Allen praised the troops and replied: "The troops don't care about political sniping or grandstanding. Those who take the big picture rather than the partisan political picture realize this is history being made."

Iraq Veteran Sues Moore Over 9/11 Film (WP/AP)

By Denise Lavoie, Associated Press

The Washington Post, June 1, 2006

BOSTON -- A veteran who lost both arms in the war in Iraq is suing filmmaker Michael Moore for $85 million, alleging that Moore used snippets of a television interview without his permission to falsely portray him as anti-war in "Fahrenheit 9/11."

Sgt. Peter Damon, a National Guardsman from Middleborough, is asking for damages because of "loss of reputation, emotional distress, embarrassment, and personal humiliation," according to the lawsuit filed in Suffolk Superior Court last week.

Damon, 33, claims that Moore never asked for his consent to use a clip from an interview Damon did with NBC's "Nightly News."

He lost his arms when a tire on a Black Hawk helicopter exploded while he and another reservist were servicing the aircraft on the ground. Another reservist was killed in the explosion.

In his interview with NBC, Damon was asked about a new painkiller the military was using on wounded veterans. He claims in his lawsuit that the way Moore used the film clip in "Fahrenheit 9/11" _ Moore's scathing 2004 documentary criticizing the Bush administration and the war in Iraq _ makes him appear to "voice a complaint about the war effort" when he was actually complaining about "the excruciating type of pain" that comes with the injury he suffered.

In the movie, Damon is shown lying on a gurney, with his wounds bandaged. He says he feels likes he's "being crushed in a vise."

"But they (the painkillers) do a lot to help it," he says. "And they take a lot of the edge off of it."

Damon is shown shortly after U.S. Rep. Jim McDermott, D-Wash., is speaking about the Bush administration and says, "You know, they say they're not leaving any veterans behind, but they're leaving all kinds of veterans behind."

Damon contends that Moore's positioning of the clip just after the congressman's comments makes him appear as if he feels like he was "left behind" by the Bush administration and the military.

In his lawsuit, Damon says he "agrees with and supports the President and the United States' war effort, and he was not left behind."

He said that, while at the Walter Reed Army Medical Center recovering from his wounds, he had surgery and physical therapy, learned to use prosthetics and live independently. He also said that Homes For Our Troops, a not-for-profit group, built him a house with handicapped accessibility.

"The work creates a substantially fictionalized and falsified implication as a wounded serviceman who was left behind when Plaintiff was not left behind but supported, financially and emotionally, by the active assistance of the President, the United States and his family, friends, acquaintances and community," Damon says in his lawsuit.

Moore did not immediately return calls seeking comment Wednesday. A message was left for Moore at a personal number in New York and with HarperCollins, publisher of Moore's 2002 book, "Stupid White Men...And Other Sorry Excuses for the State of the Nation!"

A spokesman for Miramax Film Corp., also named as a defendant, did not immediately return a call.

Damon did not immediately respond to a request for an interview.

"It's upsetting to him because he's lived his life supportive of his government, he's been a patriot, he's been a soldier, and he's now being portrayed in a movie that is the antithesis of all of that," Damon's lawyer, Dennis Lynch, said.

Damon is seeking $75 million in damages for emotional distress and loss of reputation. His wife is suing for an additional $10 million in damages because of the mental distress caused to her husband, Lynch said.

War Protest Intensifies, But Navy Ship Sails On Time (NYT)

By Timothy Egan

The New York Times, June 2, 2006

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SEATTLE, June 1 — After nearly a week of protests intended to delay a large Navy cargo ship from sailing to the war in Iraq, the vessel sailed out of Olympia on time Wednesday, port officials said. But the protests, which were raucous at times, could portend a summer of escalating tensions in the port.

The police said 20 protesters, most from Evergreen State College here, were arrested earlier in the week on misdemeanor charges of attempted trespass and were then released. Two others were charged with a separate offense stemming from a clash with the police.

About 70 police officers in riot gear were deployed at the port, where the Pomeroy, a 950-foot cargo ship, was being loaded with material from nearby Army units bound for Iraq.

In the past week, the ship was greeted by 150 to 200 protesters who shouted at crew members and soldiers, and staged a so-called die-in to protest the war.

At one point, the police used pepper spray to move back a group that had breached a gate, sheriff's deputies said. The deputies also said a stone and two plastic bottles were thrown at officers.

The protests, based at the college, have been going on for about two years, organizers said. But this week signaled a change in tactics.

Dan Kimball, chief criminal deputy for the Thurston County Sheriff's Department, said Thursday, "The people who've been protesting have been mostly peaceful and quiet, but it definitely changed this week into some more aggressive civil disobedience."

A protest leader, Larry Mosqueda, said the demonstrations were intended to call attention to the "illegal and immoral" war in Iraq and the role of the port, which is publicly owned.

"If you raise the stakes, the costs of the war go higher," said Mr. Mosqueda, a professor of political economy at Evergreen State.

Port officials said they had "overwhelming support" from the public in allowing the Navy to use the harbor. The protests had no effect on port operations, they said.

Afghan Leader Condemns U.S. Gunfire After Crash (USAT)

By Paul Wiseman

USA Today, June 2, 2006

KABUL, Afghanistan — Afghan President Hamid Karzai denounced U.S. soldiers on Thursday for having fired their weapons to escape a mob in Kabul. A member of his Cabinet, meanwhile, said the Afghan government has launched its own investigation into how a traffic crash Monday spiraled into the worst violence in the capital since the fall of the Taliban in 2001.

“The coalition opened fire, and we strongly condemn that,” Karzai said in a radio address to the nation in Pashto, his native language. However, he left unclear whether he was accusing the American soldiers of firing into the crowd.

Karzai spoke a day after Afghanistan's parliament passed a non-binding resolution that called for local prosecution of U.S. troops responsible for the crash.

U.S. Ambassador Ronald Neumann said in an interview broadcast Thursday by National Public Radio that U.S. troops here couldn't be punished under local law. “But should the investigation reveal some wrongdoing, I'm sure the military would follow up on its own,” he said.

Karzai's government, backed by a 23,000-strong U.S.-led coalition and 9,000 NATO troops, already is fighting an intensifying Taliban insurgency in southern and eastern Afghanistan.

Kabul, however, has been relatively free of violence.

Monday's violence appears to have been unrelated to the Taliban rebellion. It started when a U.S. military truck careened downhill into a crowded intersection on the outskirts of downtown Kabul. The truck hit as many as 12 vehicles and killed five people.

The U.S. military said the truck's brakes had gone out. But bystanders reacted with fury to what many here saw as a deliberate act of aggression by U.S. soldiers.

“It's an accident if it involves one car, but not when it involves several cars,” Kabul bookseller Mohammed Daoud, 36, said Thursday.

As hundreds of Afghans rushed at the stalled American convoy, U.S. troops opened fire — but only over the heads of the crowd, according to the U.S. military.

After the convoy fled, rioters trashed the offices of the U.S. aid group CARE and looted shops for hours. U.S. military spokesman Col. Tom Collins said Wednesday he had been informed by the Afghan Ministry of Health that the toll from the unrest had risen to 20 dead and more than 160 wounded

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By Thursday, Kabul's streets had mostly returned to their typical chaos: moneychangers shuffling thick decks of afghanis, the local currency; teenage boys peddling cellphone cards; merchants pushing carts filled with mangos.

One thing had changed: Hundreds of Afghan soldiers, police and plainclothes security personnel patrolled the streets and bazaars, overseeing the activity in an obvious show of force.

Karzai's government is trying to figure out what prompted the violent outburst after the crash.

“An investigation is going on to find out why a traffic accident became the cause of a violent demonstration,” Masauda Jalal, a women's rights official and member of Karzai's Cabinet, said Thursday. She said the government knows the “U.S. military would not deliberately hurt Afghan civilians,” but “the public's awareness is lower.”

“There was some anti-American element,” Neumann told NPR. “But actually, from my own observation, it was less focused anti-American than I think is being portrayed. ”

A common theory is that the crowd's spontaneous protest “was hijacked by criminals and armed men,” said Nader Naderi, spokesman for the Afghan Independent Human Rights Commission.

Many here worry that the speed with which anarchy engulfed Kabul on Monday exposed the government's weakness. “Karzai has no power,” said driver Malik Jan, 46. “His police couldn't stop the demonstrations.”

Karzai Condemns Gunfire By U.S. Troops (AP)

By Edward Harris

AP, June 1, 2006

President Hamid Karzai on Thursday condemned the use of gunfire by U.S. troops to suppress Afghans angered by a traffic accident involving a military truck that sparked the worst riots in the capital since the fall of the Taliban.

Speaking in his native Pashto language, Karzai used phrases that left open whether the U.S. troops had fired into a crowd that had gathered at the scene of Monday's accident, or only over their heads. But he was strongly critical.

"The coalition opened fire, and we strongly condemn that," Karzai said in a national radio address. "I have to say, all the time we tell them to be careful because we have one joint aim, which is the struggle against terrorism."

A U.S. military spokeswoman had no immediate comment on Karzai's brief address, which is likely to cause some friction between his U.S.-backed government and Washington amid growing disenchantment among Afghans over America's powerful presence in the country.

Afghan authorities and the U.S. military are investigating the crash in which a U.S. truck that the military says suffered brake failure rammed into cars at an intersection, killing up to five people.

Investigators are also looking at whether U.S. troops fired on Afghans angered by the accident, which sparked citywide rioting, the worst since the 2001 ouster of the Taliban. Hundreds rampaged through Kabul, shouting "Death to America!" In all, about 20 people died, mostly from gunshot wounds, Afghan authorities said.

AP Television News video from Monday shows the mounted machine gun of a U.S. Humvee firing over the heads of Afghans shortly after the accident. Many Afghans at the scene and some officials say the U.S. troops also fired into the crowd. The U.S. military has only confirmed that its soldiers used their weapons in self-defense.

On Thursday, a top judge said foreigners could be tried for crimes committed in Afghanistan, after lawmakers passed a nonbinding resolution calling for local prosecution of U.S. troops responsible for the crash.

U.S. Ambassador Ronald Neumann, however, said that American troops in Afghanistan couldn't be punished under local law.

"But should the investigation reveal some wrongdoing, I'm sure the military would follow up on its own," he told National Public Radio in an interview broadcast Thursday.

He said the U.S. military hadn't signed any pact with Afghanistan that would allow local prosecutors to try U.S. forces in an Afghan court.

"I don't want to turn lawyer without being absolutely sure of my grounds, but you really can't fight a war that way," he said.

The deputy chief justice of Afghanistan's Supreme Court, Abdul Malik Kamawi, said his interpretation of the law is that foreigners who commit a crime in the country are subject to trial there.

The lawmakers' motion can't compel the judiciary to pursue any charges against U.S. troops, and no senior Afghan executive official has indicated they want to.

There also is outrage in Afghanistan over civilian deaths caused by coalition military action against Taliban guerrillas. The latest incident occurred last week, when a U.S. airstrike killed at least 16 civilians in a southern village. A rights group said as many as 34 civilians died.

Neumann said it didn't add up to rising hatred against Americans — or a push to get U.S troops to leave Afghanistan.

"I do not see any groundswell of anti-Americanism or any desire that we leave," he told NPR.

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Where Does Karzai Go From Here? (CSM)

By Rachel Morarjee

The Christian Science Monitor, June 2, 2006

KABUL, AFGHANISTAN - Mustafa surveys the broken shelves and shattered glass of his jewelry shop in Kabul, and breathes a sigh of relief when he sees soldiers from the Afghan National Army on the streets.

"Bringing the Army out is the only decent thing [President] Karzai has done in four years. Now the soldiers are here, the police can't steal and hassle people and we feel safe," he says, as a crowd of shopkeepers nod in agreement.

Their shops were at the heart of the worst street violence to hit the Afghan capital since 2001, after a US military traffic accident triggered a riot that engulfed the city leaving 14 dead and over 100 injured.

Haji Mohammed Akram, a shop owner who watched police flee their posts as guards from the Kabul bank opposite his shop fired on armed looters, says he can feel his hopes of peace ebbing. "If this is what happens when we have a traffic accident, can you imagine how quickly the city would fall if the enemy attacked?" he asks.

Four days later the streets are quiet, but confidence in President Hamid Karzai's government is at an all-time low. Residents and observers say that the government needs to restore credibility by reforming the Afghan police and insisting on better conduct for foreign troops.

"Clearly the government was totally unable to respond to the crisis. If this is the state of our police force then we are in serious trouble," says a Western diplomat, noting the violence unmasked weaknesses within the government. As the riots raged on Monday, Interior Ministry officials in charge of the police took their phones off the hook, while Karzai failed to make a public statement on TV until the riots - lasting some eight hours - had run their course.

"It was a wake-up call.... It underlined how badly things have gone and how we are nowhere near where we need to be," the diplomat adds.

After electing a Parliament and a president, Afghanistan has been hailed as a success story and frequently compared favorably with Iraq, where security is much worse. However, some of the initial accomplishments here are being overshadowed. Militias run riot, the police force barely functions, and most Afghans have seen little change in their lives, making it easier for a resurgent Taliban to recruit.

To halt the downward slide Karzai must look squarely at the reasons which fueled the riots, diplomats and businessmen say.

"The situation is not of his own making, but Karzai is locked in a palace and surrounded by people who tell him everything is hunky-dory. He needs to reach out," says Daud Sultanzoi, an MP for Ghazni Province where the Taliban insurgency has worsened. Palace officials could not be reached.

At the root of the problem is a corrupt, badly paid, and poorly organized police force with low morale. The force is chronically undersupplied, in some places lacking the basics of vehicles and weapons to do more than limited foot patrols. The Taliban often overrun poorly defended police stations in the south, sapping morale. Some police terrorize the general populace - and they are the only face of the government most Afghans see on a daily basis.

Monday's rioting in the capital demonstrated that for many police, concerns for personal safety and sympathy for those in the streets weighed more heavily than their duty to protect property and life. "The police took off their uniforms and joined the looters, so I am worried about the future," says Qasim, a security guard from Badakhshan who works in Kabul.

Lack of nonlethal weapons made crowd-control difficult.

"Why were the police so weak, why didn't they respond? We need special guns, water cannon, rubber bullets. There was no way to deal with unrest in the city," says Shukria Barekzai a legislator in Kabul.

Lack of jobs and a growing despair about the future further fueled the riot. Five years after the fall of the Taliban many parts of Kabul still have no sanitation, intermittent electricity, and open sewers running beside streets clogged with Land cruisers packed with foreigners and the new narco-elite. Reconstruction has come to Afghanistan - including schools, roads, and plans for pipelines - but many residents say it's too little and too slow.

Lastly, resentment against the foreign military presence is growing. US and NATO convoys drive around aggressively, frequently pushing Afghans off the road in their haste to reach destinations safely.

A week before the Kabul crash some 30 civilians had been killed by a US airstrike near Kandahar. Karzai paid a rare visit to the injured survivors and summoned the commander of coalition forces to a meeting over the incident. Such moves can deflect some of the anger - temporarily.

"This wasn't the first accident the Americans had and it won't be the last. They came to bring peace, but if they keep killing Afghans we will riot again," says a shopkeeper at the crash site in northern Kabul who asked not to be identified.

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Ambassador Predicts Taliban Ferocity (WT)

By Jason Motlagh

The Washington Times, June 2, 2006

The Taliban will wage its fiercest campaign of attacks in the coming months in an attempt to hamper the transfer of security duties in Afghanistan from the U.S. military to NATO, Kabul's ambassador in Washington says.

"During the upcoming months, the Taliban will resort to the utmost violence to prevent reconstruction and discourage NATO countries from further deployment," Said Jawad told The Washington Times.

More than 300 people have been killed and thousands displaced in the past two weeks as Taliban insurgents, with the help of al Qaeda allies, stepped up the frequency and sophistication of attacks for a summer fighting season.

Mr. Jawad estimates that 20 to 25 heavily armed militias are operating in five southern provinces with 3,000 to 5,000 men bent on testing the resolve of Western forces.

A continued "spike in terrorist activity" is likely, "especially where NATO troops are scheduled to be deployed," he said.

The swell of Taliban activity coincides with a phased withdrawal of U.S. troops from militant strongholds in the south, where NATO forces have begun assuming security operations.

The multinational force, led by Britain and Canada, will boost troop strength to about 21,000 from 9,000 by July, while the United States plans to draw down its 23,000-strong presence by 6,500.

Afghans living in distant provinces where infrastructure and economic opportunities have been slow to improve have "some concerns at the local level about the commitment and capability of NATO," Mr. Jawad said. "They will have to see that NATO is as committed as the United States."

The Bush administration and military commanders are confident the situation will improve.

Half of the 141 American servicemen killed in action in Afghanistan since the 2001 invasion died last year.

"We are winning, but the war is not yet won," Lt. Gen. Karl Eikenberry, head of U.S. forces in Afghanistan, said at a Pentagon press briefing last month.

He said the Taliban resurgence in the southern provinces is primarily a result of the fledgling Afghan government's inability to combat them, not a testament to the movement's strength.

The Taliban also has been emboldened by more advanced weaponry and greater mobility within the country and across the porous border to terrorist safe havens in Pakistan, Mr. Jawad said. "This is something even the government of Pakistan does not dispute."

Pakistan-based foreign militants with links to al Qaeda and experience in Iraq have been offering large bounties to Afghans to kill U.S. soldiers and have encouraged the wider use of suicide bombings and kidnappings, the British Broadcasting Corp. reported recently.

Mr. Jawad said the Taliban relies on "intimidation tactics" such as hiding in villages, burning down schools and medical clinics, and killing moderate tribal leaders and clergy to create a climate of fear.

He said it was critical that the international community help reinforce the capacity of the cash-strapped Afghan government to deliver services "so the presence of the state will be felt in areas experiencing attacks."

Don't Undercut The Afghan Army (WP)

By Vance Serchuk

The Washington Post, June 2, 2006

KABUL, Afghanistan -- Four years ago this spring the United States began building an Afghan National Army, which has since emerged as arguably the least ambiguous success story of the postwar reconstruction here. While military power in Afghanistan was once synonymous with partisan, warlord-run militias, the new army is a multiethnic, battle-hardened and increasingly professional force -- tangible proof of how nation-building can work in even the unlikeliest of places.

Unfortunately, this accomplishment is under threat, not just from a resurgent Taliban but from the Bush administration itself, which is keen to trim its contributions to the Afghan army. Against Kabul's objections, the U.S. military hopes to cut the planned end-strength of the Afghan defense sector by more than 25 percent; rather than building the 70,000-man force previously agreed upon, the goal is now 50,000.

The Pentagon defends this downsizing with rhetoric about "sustainability." As one of the world's poorest countries, Afghanistan needs an army it can afford, commanders here argue, and a 70,000-man force is simply too expensive.

The problem with this is that Afghanistan has struggled throughout its history to generate the resources needed for its security, and the Pentagon's proposed cuts do little to resolve this. In fact, the U.S. military's own number crunchers predict the Afghans won't be able to pay for even a 50,000-man force until 2063. And that's under a best-case scenario -- assuming robust,

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unbroken economic growth for the next 50 years, and that the equipment we are buying the Afghans today doesn't wear out in the interim. (The World Bank's less rosy estimates put affordability somewhere in the early 26th century!)

But if talk about affordability is rooted in futuristic fantasy, the U.S. military's emphasis on it has a host of pernicious, real-world consequences in the here and now. For starters, it infuriates our allies in Kabul, who argue, rightly, that 70,000 is already a minuscule force given the size of their country and the manpower-intensive nature of counterinsurgency.

U.S. military commanders here acknowledge that a smaller army will mean that Kabul must accept a higher degree of "risk," but they defend their approach, citing current intelligence about the size of the Taliban and other potential threats.

But this intelligence assumes that Afghanistan's security situation is relatively static; it fails to take into account the probability of strategic surprise. With Pakistan to the south, Iran to the west, and Russia and China in Central Asia, who can say with any confidence what Afghanistan's neighborhood will look like in four or five years? Even inside the country, U.S. predictions about the insurgency have boomeranged over the past 18 months, from confident predictions of an imminent Taliban collapse to confident predictions of a long, hard slog.

What makes the Pentagon's approach all the more shortsighted is the genuine desire of many Afghans -- this week's rioting notwithstanding -- for a strong, long-term alliance with Washington. To the extent the Pentagon goes cheap on the Afghan army now, it will not only alienate our friends but also constrain their ability to stand with us in the future. Kabul's solidarity in a confrontation with Tehran, for example, will be affected by whether it has enough troops to defend its western border with Iran and at the same time hold the line against the Taliban in the south. A smaller army will make this much harder.

Given how little sense it makes, what is driving the Pentagon's new fixation on affordability? Part of the explanation lies with a shift in authority over the United States' Afghan policy. A year ago, the power was squarely in Kabul, in the hands of U.S. Ambassador Zalmay Khalilzad and Army Lt. Gen. David Barno, who were both committed to a strategic partnership.

With their departure, authority has now shifted to the U.S. Central Command and the Pentagon, which have decidedly different priorities. Asked about the guidance they receive from Defense Secretary Donald Rumsfeld on building the Afghan army, officers here often cite the same three questions: Why is it taking so long, why do you need so many people, and when can we leave?

It's hard to imagine a worse trifecta. Rather than viewing the Afghan army as a short-term, stopgap expenditure that should go away over time, the Bush administration needs to start treating military assistance to Kabul as a guaranteed, stable commitment -- much like U.S. aid to front-line states during the Cold War.

At some point, one hopes, Afghanistan will be able to shoulder more of its own defense costs. For now, though, the emphasis shouldn't be on the army Afghanistan can afford but on the one it needs: a force that can defeat the Taliban and become a long-term partner in the war on terrorism.

The writer is a research fellow at the American Enterprise Institute.

SUV Imperialism (LAT)

The Los Angeles Times, June 2, 2006

WHEN A U.S. MILITARY TRUCK plowed into a dozen civilian vehicles near Kabul on Monday, killing at least five people, the response was in-theroad rage: fierce rioting in Afghanistan's capital that left up to 20 dead and scores wounded. On Thursday, Afghan President Hamid Karzai condemned the U.S. military for using gunfire to quell the rioters. An investigation is underway to determine whether U.S. troops fired into or over the crowd.

Most Afghans want foreign help, but they do not want to become "collateral damage" of foreign occupiers — whether from the United States, the United Nations or even relief agencies. As Washington struggles with how best to support Karzai, the U.S. and NATO need to redouble their efforts to defeat the resurgent Taliban while also protecting the civilian population. And to do that, they must improve living standards — ultimately the only way to end 25 years of bloodshed, violence and chaos in Afghanistan.

Anti-Americanism was by no means the only cause of the Kabul rioting. It may have been instigated or encouraged by Karzai's political opponents from the Northern Alliance, whose remaining militias were told three weeks ago that they had to disband by Tuesday, or by Taliban sympathizers. There also is an inevitable gap between Afghans' expectations of help from the international community and the lagging relief effort. Angry, poor and unemployed Afghans need someone to blame.

But the deeper problem is that Afghanistan, like Iraq, cannot be rebuilt cheaply or quickly while an insurgency rages. The Taliban appears to be targeting aid and reconstruction workers; on Tuesday, terrorists on motorcycles attacked and killed four humanitarian workers driving in northern Afghanistan, which has generally been calmer than the Taliban strongholds along the Afghanistan-Pakistan border.

Crushing the insurgency won't be easy. The international community must immediately focus on building roads and providing electricity to blacked-out Kabul, whose economy cannot grow without transportation and power. Arab and Persian Gulf

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states, flush with oil wealth, have made meager pledges to Afghanistan. They should give the $90 million that will be needed for diesel fuel to keep Kabul electrified for the next two years while transmission lines are being built to bring power from Central Asia.

The U.S. and NATO also will have to invest the military resources to crush the Taliban decisively — and insist that Pakistan do the same. Without security, aid and reconstruction cannot proceed in rural areas. President Pervez Musharraf's pleadings notwithstanding, Pakistan isn't doing all it can to stop Taliban infiltration across the Afghanistan border.

Finally, the United States must begin to treat Afghanistan as a sovereign state whose citizens' lives have to be protected. A start would be for Washington to sign a "status of forces agreement" to govern the behavior of U.S. military forces there. Lessons in driving and crowd control wouldn't hurt, either.

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Justice Awards CSC $42 Million Litigation Case Management Contract (FCW)

By David Hubler

Federal Computer Week, June 2, 2006

The Justice Department has awarded Computer Sciences Corp., a contract worth $42 million to build the department's new Litigation Case Management System (LCMS), which will give the various litigating divisions greater data sharing capabilities.

The system will include a centralized application and database with unique interfaces for various divisions of the agency. The interfaces will allow employees in the Antitrust, Civil Rights, Criminal, Environmental and Natural Resources and Tax divisions, as well as the 94 U.S. Attorney offices, to access data unique to the respective agencies.

At the same time, LCMS will be a single repository where Justice executives can access all litigation case management information and reporting. It will also improve the quality of data used for reporting to Congress, the Office of Management and Budget and other agencies, according to a department announcement.

Justice said the award utilized the National Institutes of Health, Chief Information Officers Solutions and Partners 2 contract, a governmentwide procurement vehicle that provides federal agencies with a streamlined method to acquire information technology services and solutions.

Justice plans to phase in the LCMS program by 2010. The first phase will assess the needs of attorney supervisors and Justice executives to manage caseloads and performances. This phase, to be completed during fiscal 2007 and 2008, will create a common access solution for the U.S. Attorneys' Offices, and includes data exchanges with external systems such as Sentinel, the Victim Notification System and the Consolidated Debt Collection System,

The remaining six litigating divisions will complete LCMS between fiscal 2008 and 2010.

Justice said the LCMS program is an important investment under the OMB Case Management Line of Business program. In support of the line of business program objectives, the LCMS program developed a target architecture and infrastructure for sharing case-related information within and among Justice components and partner agencies. The goal is to capture information once and make it available to all authorized users, according to the statement.

Justice Taps CSC For Bellwether Case Management System (GCN)

By Wilson P. Dizard III, GCN Staff

Government Computer News, June 2, 2006

The Justice Department this morning unveiled a new $42 million contract with Computer Sciences Corp. for the Litigation Case Management System, a standardized environment intended to improve management of legal resources and allow attorneys to share and manage trial information.

Justice now has dozens of litigation case management systems because each of the department's U.S. Attorney's offices nationwide has had the autonomy to tailor systems to its own needs. In addition, the department's six divisions that send platoons of trial attorneys into courtrooms have developed separate case management systems.

The Justice system forms an important part of the Office of Management and Budget's Case Management System Line of Business.

That line of business also includes the FBI's failed Virtual Case File and its successor, the fledgling Sentinel project. OMB also has directed Justice, leader of the case management line of business project, eventually to develop an administrative case management system.

LCMS is intended to serve as a template for other litigation case management systems used by attorneys across the federal government.

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"The Department's Antitrust, Criminal, Civil Rights, Civil, Environment and Natural Resources, and Tax divisions, as well as the U.S. Attorney's offices, will use the LCMS to facilitate the transfer of information through the use of common solutions and data standards," Justice said in a statement.

Justice used the National Institutes of Health, Chief Information Officers Solutions and Partners 2 contract, a governmentwide procurement vehicle that provides federal agencies with a streamlined method for buying IT goods and services. The department valued the award at $42 million.

"I expect LCMS to provide a valuable service to the department's seven litigating divisions," said Justice CIO Vance Hitch in a statement. "LCMS will allow the department to reduce operational costs and act more like a unified law firm by effectively and appropriately sharing information between the litigating divisions and with the department's executive leadership."

LCMS will use a centralized but flexible application and database, with unique user interfaces for each of the litigating divisions to accommodate their respective needs, Justice said.

LCMS' architecture is designed allow Justice officials to have a single repository for all litigation case management information and reporting, the department said.

LCMS also is intended to improve the quality of the data the department reports to Congress, OMB and other partner agencies, Justice said.

The department said it plans a phased and incremental approach for reaching its long-term litigation case management goals.

The project's first phase will mainly serve the needs of attorney managers and senior leaders to manage attorneys' caseloads and performance, Justice said.

Under this phase, Justice expects to adopt a common LCMS for the 94 U.S. Attorney's Offices during the 2007 and 2008 fiscal years. The first phase includes data exchanges with external systems such as Sentinel as well as Justice's own Victim Notification and Consolidated Debt Collection systems.

Justice plans to roll out LCMS to its six other litigating divisions between 2008 and 2010.

LCMS is contributing to the development of the National Information Exchange Model to assist in the development of a true standard for information sharing across federal agencies, Justice said.

Justice and the Homeland Security Department established NIEM to develop the data and exchange standards for information sharing across federal, state and local law enforcement and homeland security agencies.

The LCMS target architecture and infrastructure is intended to help capture case-related information once and then promote effective data sharing within and between Justice's divisions as well with as partner agencies and other authorized users, the department said.

An Executive Steering Committee jointly led by Hitch and the acting deputy director of the Executive Office of the U.S. Attorneys, Steve Parent, is overseeing LCMS. The committee also includes members from each of the department's litigating divisions, Justice said.

CORPORATE SCANDALS:

Regulators Drop Civil Case Against Frank Quattrone (WSJ)

By Randall Smith

The Wall Street Journal, June 2, 2006

Wall Street regulators dropped civil charges against Frank Quattrone, giving the former investment-banking star his third win in three months in cases that arose from the Internet-stock bubble of 1999-2000.

He still faces a possible retrial on criminal obstruction-of-justice charges.

The National Association of Securities Dealers this week withdrew "spinning" charges first brought in March 2003 that Mr. Quattrone improperly used the lure of sought-after initial public offerings to win financing business as head of technology banking at the then-named Credit Suisse First Boston securities unit of Credit Suisse Group, now simply Credit Suisse. The NASD also dropped stock-research bias charges.

In a statement, Mr. Quattrone said he had "complied with the rules and regulations" throughout his 23-year career in banking and was "pleased that justice has been done." The NASD asked to withdraw the charges because many potential witnesses weren't any longer under its jurisdiction as registered securities-industry employees, and thus couldn't be compelled to testify. Quattrone lawyer Kenneth Hausman also argued witnesses' memories might be impaired because the case was based on events that occurred between 1998 and 2001, five to eight years ago.

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The NASD's case had been deferred pending the outcome of criminal obstruction charges against Mr. Quattrone in 2003. Those charges were based on his endorsing a colleague's email in 2000 urging his group members to "clean up" files in accordance with company policy during investigations of how the firm allocated hot IPOs. Mr. Quattrone denied any intent to obstruct the probes.

But the regulatory actions began toppling March 20, when a federal appeals court overturned the banker's May 2004 obstruction conviction, citing faulty jury instructions and other errors at his second trial, returning the case to prosecutors for a possible third trial. Although prosecutors and defense lawyers have since conferred, no retrial decision has been announced.

Four days later, Mr. Quattrone won his second victory when the Securities and Exchange Commission overturned an NASD order barring him for life from the securities industry for failing to provide some requested testimony in the civil "spinning" case. The SEC said the NASD should have considered his argument that he had the right to avoid self-incrimination in the criminal obstruction case.

The NASD's appetite for aggressive enforcement action may have been tempered by another high-profile defeat the agency suffered in March, some regulatory experts said. An NASD spokeswoman declined to comment. On March 3, a hearing panel rejected NASD charges that Invemed Associates Ltd., run by Wall Street power broker Ken Langone, improperly shared customer profits by receiving oversize commissions from clients who got hot IPOs. Invemed denied any agreement to share profits.

Mr. Quattrone's former employer, Credit Suisse First Boston, paid $200 million in 2003 to settle civil charges of "spinning" and fraudulent research based partly on actions by Mr. Quattrone's group. But Quattrone lawyers argued that the rules in effect at the time, since bolstered, didn't bar his actions.

NASD Ends Case Against Quattrone (NYT)

By Andrew Ross Sorkin

The New York Times, June 2, 2006

Frank P. Quattrone, the most prominent banker in Silicon Valley during the 1990's technology boom, won a third major legal battle yesterday as securities industry regulators dropped all charges against him.

The decision comes just two months after a federal appeals court overturned his conviction on charges of obstruction of justice and the Securities and Exchange Commission reversed a decision to ban him for life from the securities industry.

If prosecutors decide against retrying Mr. Quattrone, speculation is already rife that he could return to deal making in the Valley, where he helped companies like Cisco Systems and Amazon.com go public.

Yesterday's decision by NASD, which polices the brokerage industry, to dismiss its own case is notable because it was the accusations in the case — that he illegally doled out hot initial public offerings to corporate clients in exchange for business — that prosecutors later cited in his criminal trial to suggest that he was trying to cover up that activity and obstruct justice.

The dismissal is also notable because Mr. Quattrone's former firm, Credit Suisse First Boston, now Credit Suisse, paid $100 million to settle similar charges against the firm with the NASD in 2002.

Still, Mr. Quattrone faces the possibility that prosecutors could bring the obstruction of justice case against him again. But some legal experts suggested that with the dismissal of the NASD's 2003 case, momentum might be building for the criminal case to be extinguished, too.

"It's very unusual for regulators to dismiss charges they brought themselves — I think it's telling," said John J. Fahy, a former federal prosecutor now at the law firm of Fahy Choi in Rutherford, N.J. "This was an iffy case from the beginning. Now you're left with a house of cards that has completely fallen apart."

Not all legal experts, however, are in agreement that prosecutors will not try to bring the case again.

"It cuts both ways," said Robert A. Mintz, a former prosecutor and now a partner at the law firm of McCarter & English. "On one hand, the underlying charges have been eroded. On the other, if the government doesn't pursue it, it represents a full-scale retreat on a case the government brought with considerable fanfare. It's safe to say that there will be some serious plea discussions."

Whether Mr. Quattrone will return to the finance world is a hot topic around Palo Alto and Menlo Park. In large part, he remains a beloved figure among many of the companies and colleagues that thrived with his help. And if prosecutors drop the charges against him, Mr. Mintz said, "in some quarters, he'd be viewed as a hero."

While he may never return to a major Wall Street firm, some in the Valley suggest he could start his own firm or try his hand at investing.

Still, Mr. Fahy said that even if Mr. Quattrone was not tried again, "There's the stigma."

"It's what Ray Donovan, the former secretary of labor said when he was acquitted: 'Where do I go to get my reputation back?' "

The obstruction of justice case centered on a single e-mail that Mr. Quattrone forwarded to his colleagues endorsing a colleague's message that urged his staff to "clean up those files" in December 2000.

The government contended that Mr. Quattrone was trying to destroy evidence that was part of an investigation into whether the firm was allocating stock offerings to clients in return for business.

Mr. Quattrone was tried twice. In the first case, in 2003, a mistrial was declared after the jury deadlocked; the next year, another jury convicted him, but an appeals court overturned that verdict, saying that the judge gave erroneous instructions to the jury.

Mr. Quattrone's lawyers argued that NASD did not adopt rules governing the practices in question until 2002.

"Frank Quattrone played by the rules, and the practices at issue were legal, common in the industry, and approved by C.S.F.B.'s senior management and legal counsel at the time," said one of Mr. Quattrone's lawyers, Kenneth G. Hausman, a partner at Howard Rice Nemerovski Canady Falk & Rabkin in San Francisco, in a statement yesterday.

In the statement, Mr. Quattrone said, "I am pleased that justice has been done, and truly grateful for the support of my family, friends, and clients who stood by me during these challenges, as well as for the expert work of my legal team."

Regulators Drop All Charges Vs. Quattrone (FINDLAW/AP)

AP, June 2, 2006

(AP) - WASHINGTON-Securities industry regulators have dropped all charges against former star technology banker Frank Quattrone over how his investment bank allocated shares of hot stocks during the late-1990s Internet boom.

The ruling Wednesday by a hearing officer of the National Association of Securities Dealers, the brokerage industry's self-policing organization, was the third in a trio of legal victories for Quattrone. In March, the Securities and Exchange Commission overturned a lifetime ban from the industry against Quattrone, and his conviction on charges of obstructing justice was thrown out by a federal appeals court.

Quattrone was the king dealmaker of the Internet stock boom who made a fortune helping bring some of the hottest new Internet companies to the market at his Wall Street investment bank, Credit Suisse First Boston, which has since changed its name to Credit Suisse (USA) Inc. He was convicted in May 2004 on federal charges of obstruction of justice, after his first trial ended in a hung jury. The 2nd U.S. Circuit Court of Appeals overturned the conviction in March, granting Quattrone a third trial.

The NASD in March 2003 had charged Quattrone with "spinning" - giving corporate executive clients the chance to buy into coveted initial public offerings as a way to win their companies' investment-banking business - from July 1998 to December 2001. The hearing officer on Wednesday granted a motion by the organization's enforcement department to withdraw the charges.

Quattrone had asserted that he was not responsible for making or supervising IPO allocations at CSFB and that NASD rules did not prohibit the conduct in question.

"Throughout my 23-year career, I have upheld high standards of integrity and professional conduct in my work and complied with the rules and regulations," Quattrone said in a statement issued Thursday. "I am pleased that justice has been done, and truly grateful for the support of my family, friends and clients who stood by me during these challenges, as well as for the expert work of my legal team."

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On the Net:

NASD: http://www.nasd.com

Enron's Quiet Outages (WP)

By Brooke A. Masters

The Washington Post, June 2, 2006

Uncharged in the Fraud, Directors Settled, Resigned, Lay Low

A week after a Houston jury convicted former Enron Corp. chairman Kenneth L. Lay of fraud, one of the Houston oil company's onetime directors says he still can't believe Lay knew about accounting schemes that caused the firm's 2001 implosion.

"I'm convinced he didn't know what was going on. . . . I just can't bear the picture of him going off to jail," said Charls E. Walker, a Potomac-based economist and lobbyist who joined the Houston energy company's board before it was known as Enron.

As for his own role as a member of the board of directors from 1985 to 1999, Walker, 82, is regretful. "I was duped. Part of the problem was putting so much confidence in Ken's integrity and ability. . . . We were taken for a ride."

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Walker is unusual among the 18 former Enron directors in that he is still willing to talk about the company and the role he played in it. All of the others either declined to comment or failed to return messages left at their homes and workplaces.

After enduring widespread public criticism and congressional scrutiny in 2001 and 2002 for failing to spot or stop Enron's mounting financial troubles, most of the board members have largely gone underground. Many of them resigned from -- or did not run again for seats on -- a number of corporate boards, and those who are still in the public eye have largely removed references to Enron from their biographies.

"They have experienced an extraordinarily difficult couple of years," said Charles Elson, director of the University of Delaware's Center for Corporate Governance. "They've become the poster children of failed directors."

Compared with Lay and other top Enron executives who face lengthy prison terms, the former Enron directors got off lightly. They have faced no government sanctions, and their personal financial costs have been relatively small. Yet outside directors are almost never held responsible for corporate malfeasance, and the fact the Enron's former directors paid any price at all is testament to the depth of public anger over the collapse of what was once ranked the nation's seventh-largest company.

The Securities and Exchange Commission has not taken any formal action against the former Enron directors, but Enron investors sued them, alleging that all 18 had engaged in insider trading by selling shares while they knew more than the public about Enron's complicated financial structures.

Last year, 10 directors agreed to pay a total of $13 million out of their own pockets to settle the shareholder lawsuit. Each director's contribution was based on 10 percent of the profit he or she realized from selling Enron stock. The largest share by far -- more than $5 million -- came from Rebecca Mark-Jusbasche, the former chairman and chief executive of Enron International.

The overall settlement, shared by investors and Enron's creditors' committee, also included a payment of $155 million from Enron's officers and directors insurance policy and covered the other eight directors -- including Walker -- who did not profit from personal stock sales during Enron's collapse and against whom claims were dismissed.

Personal payments by directors are extremely rare. The only other settlement of this size and type in recent history involved the WorldCom Inc. directors. William Lerach, the class-action attorney who represented investors, said the plaintiffs were trying to send a message to other boards. "For those directors who sit on the boards of big companies where there is an egregious failure, they better be prepared to have their own pocketbooks hit," Lerach said.

Many Enron board members were prominent people, including academics, former government officials and top corporate executives. Some of the best known were Wendy Gramm, a former Commodity Futures Trading Commission chairman and senior scholar at George Mason's Mercatus Center; Robert Jaedicke, former dean of the Stanford University business school; and the current and former M.D. Anderson Cancer Center presidents John Mendelsohn and Charles A. LeMaistre.

Enron directors were serving on the boards of nearly two dozen other public companies or mutual fund families at the time of Enron's collapse. Gramm resigned almost immediately from the Invesco Funds board, and Jaedicke stepped down from the California Water Service Board.

But efforts in 2002 by organized labor to get former Enron director Frank Savage, a professional money manager, booted off the boards of Lockheed Martin Corp. and Qualcomm Inc. did not immediately bear fruit. Only 28 percent of Lockheed Martin shareholders withheld their votes, and he remains on the board.

"He's a valuable board member and has a long and distinguished association with our company," said Lockheed spokesman Jeff Adams. Savage resigned from the board of Qualcomm in 2004.

Similarly, Enron board member Norman P. Blake Jr., the former chairman of Comdisco Inc., remains on the board of Owens Corning, where he has served as a director since 1992. Company spokesman Jason Saragian said: "Our board reviews our director's independence and effectiveness as a part of good governance practices. Mr. Blake has capably met the requirements."

The union campaigns fell short in part because Enron was the first spectacular corporate collapse and shareholder activists were still feeling their way, said Richard Ferlauto, director of pension and benefit policy for the American Federation of State, County and Municipal Employees. "This was before the use of the withhold vote as a tactic had really been refined. Enron gave the boost to all the reforms that followed," he said.

Over time, many of the former Enron directors have dropped off other boards. Right now, though, six of them sit on the boards of at least eight companies or mutual funds.

Analysts and even one of the Enron board members agreed that the public scrutiny and vilification they endured had positive results. "What the whole episode has done is to bring out corporate policies for a badly needed ventilation for the American people," Walker said.

Columbia University law professor John C. Coffee went further. "Directors are doing better. . . . The audit committee is coming to learn a great deal more," he said. "There is now the fear waking up and finding yourself on the bridge of the Titanic and you've just hit the iceberg. The embarrassment cost has definitely gone up."

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Staff researcher Richard Drezen contributed to this report.

Lessons Of The Stock Options Scandal (FT)

By Harvey Pitt

Financial Times, June 2, 2006

Executive compensation is handled badly by far too many publicly held companies. Contrary to some views, it is not the amount of compensation that is the problem. Rather, it is the methodology by which companies award compensation and then monitor whether they have received performance, or merely a pulse, for the pay they provide.

Issues of amount and methodology tend to be conflated and then confused as compensation continues to rise, often faster than many companies' profits. As if this were not bad enough, we now have an unfolding scandal over alleged backdating of option grants to senior executives. Even though it is unlikely we will find much of this misconduct occurring after Sarbanes-Oxley was enacted, this is more than of historical interest. There are important lessons to be learnt from this scandal.

For one thing, options backdating may be used by those who fear current efforts to repair what is wrong with SOX. Hastily and badly drafted, SOX suffers from multiple deficiencies. But, in the context of options backdating, one note-worthy provision is section 403, requiring options grants to be reported in two business days. This has diminished the apparently widespread practice of backdating options to take advantage of a low in the company's share price or an expected rise in price.

While there is a need to refine SOX – at a minimum, its one-size-fits-all philosophy should be changed – this scandal will be used by opponents of change to argue that any tinkering with the statute could undermine important benefits the statute provides.

Options backdating calls a company's internal controls into question. Many discussions of backdating options start with the observation that backdating is not, per se, illegal. That is wrong. Options backdating frequently involves falsification of records used to gain access to corporate assets. That conduct violates the Foreign Corrupt Practices Act and its internal controls requirements. If corporate directors were complicit in these efforts, state law fiduciary obligations are violated. Backdating is not only illegal and unethical, it points to a lack of integrity in a company's internal controls.

With more and more companies being identified as having a backdating problem, the issue for regulators, prosecutors and plaintiffs' attorneys is who was at fault. Already, executives have resigned or been fired, with more casualties sure to follow. But from the company/shareholder perspective, the question is more properly one of how to move forward. For that, solutions must start with the board of directors and its compensation committee.

Compensation decisions should not be treated as if they were trivial. Boards and compensation committees must develop a sensible methodology for determining what they expect from senior managers and how to measure performance. The huge amount of unrealised gains amassed by some senior executives shows that we are talking about large amounts of money.

Among other things, compensation committees need to develop objective standards for each senior manager to achieve. They need to avoid reliance on subjective or easily manipulated criteria such as share price or earnings per share and decide what each standard is worth as a portion of total compensation. Measurements must be developed that are well understood by managers and those who monitor actual performance. A discussion of compensation should provide transparency into compensation standards and decisions, setting out what standards are applied, how well they are fulfilled and what consequences flow. Committees need to monitor the reporting of options and compare them with the dates on which grants were supposed to take place.

Larger public companies should also consider appointing an internal compensation officer. He or she could ensure that compensation decisions are handled appropriately, recorded and then carried out. Similarly, compensation consultants should be paid for meaningful analysis and advice, not for the rote ways in which so many of these consultants operate. Often, these consultants are hired for compensation committees by senior management. If this ever made sense, it no longer does. Consultants should be selected by compensation committees and be wholly independent of management.

The standard drill many compensation consultants follow is to identify five comparable companies, calculate the spread of compensation for each major management position, and tell compensation committees to pay their officers at least 75 per cent of the average. The fact that companies actually have paid, and sometimes extravagantly, for this kind of advice is a testament to the fact that you can sell almost anything. Nor should compensation lawyers be overlooked. They need to do a better job of explaining, and then monitoring, compensation requirements, processes and decisions.

In the light of the backdating scandal, it seems that more and more members of compensation committees, not to mention others, were unaware of the negative tax significance of getting options grant practices wrong. When the totals are tallied, we may well be talking more than $1bn (£532m) in lost tax deductions for those companies involved. This means that, at many companies, getting options grants wrong may result in significant restatements of financial results.

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Finally, the accounting profession needs to reconsider its standards. At present, if companies are manipulating their documentation, it is unlikely that accountants will find it, no matter how bright or diligent. But the considerable breadth of this problem to date suggests that auditors need to spend more time with their audit clients identifying critical controls, and then evaluating how well those controls are applied and how easily they can be avoided.

When I was at the US Securities and Exchange Commission, we often remarked on the driverless car syndrome: when corporate fraud occurred, very often those who served in positions of responsibility would deny that they were driving at the time of the wreck. The only way to avoid a recurrence of this scandal is to make sure many different hands are at the wheel.

The writer is the chief executive of Kalorama Partners, the strategic consulting firm. From 2001 to 2003, he was chairman of the SEC

CRIMINAL LAW:

Poll: Americans Support Searches (ABC)

By Gary Langer

ABC News, June 2, 2006

June 1, 2006 -- In the rift between Congress and the Justice Department, Americans side overwhelmingly with law enforcement: Regardless of precedent and the separation of powers, 86 percent say the FBI should be allowed to search a Congress member's office if it has a warrant.

That view is broadly bipartisan, this ABC News poll finds, ranging from 78 percent among Democrats to 94 percent of Republicans.

The issue erupted last week, after the FBI searched the offices of Rep. William Jefferson, D-La., in a corruption investigation. Congress leaders objected, and George W. Bush put a 45-day hold on the seized documents to allow for negotiations.

The issue arises at a time of various investigations of alleged wrongdoing in Congress, including those focused on the activities of lobbyist Jack Abramoff.

Indeed this poll finds broad public skepticism about congressional ethics: Sixty-five percent of Americans give a negative rating to the ethics and honesty of members of Congress. More, 54 percent, rate their own member's ethics positively, but that's down from 69 percent in a 1989 poll.

Allow FBI to Search a Congress Member's Office?

Yes

No

86%

10%

Nonetheless, support for FBI searches is about equally high whether people see Congress as honest or not. That suggests that the interests of law enforcement to investigate wrongdoing simply prevails in the public's mind over concerns about separation of powers, precedent, and the possibility prosecutors could use such searches to try to intimidate lawmakers. The question in this poll described both sides of the argument.

Politically, the Democrats have a small edge in perceived honesty, but there's not much advantage for either party on this issue. Sixteen percent of Americans think Democrats are generally more ethical and honest than Republicans; nine percent think the opposite. But most by far — 72 percent — say there isn't much difference between them.

However slight, that seven-point Democratic edge is their best in occasional polls over the last 17 years.

This Is Not Your Forefathers' Jefferson (USAT)

By Chuck Raasch

USA Today, June 2, 2006

WASHINGTON — The case of William Jefferson would make the writers of the Constitution cringe.

Some 219 years after they met in Philadelphia to prescribe the duties of three branches of government, a big test of their separation-of-powers principle has arisen. But rather than being staked on issues or war or civil liberties, it is about alleged corruption of a member of Congress.

The FBI, part of the executive branch, raided the congressional office of Jefferson, a Louisiana Democrat under investigation for allegations he accepted hundreds of thousands of dollars in bribes.

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There are serious constitutional issues at stake. But the way that leaders in the House of Representatives reacted looked on Main Street like yet another example of Washington politicians putting themselves above the law.

Leaders in both parties decried the FBI's May 20 raid as a violation of their separate power under the Constitution.

The key words are in Article 1, Section 6 of the Constitution. It prevents any member of Congress from being arrested while Congress is in session, except if they commit "Treason, Felony and Breach of the Peace..." Section 6 later states that "for any Speech or Debate in the House, they shall not be questioned in any other place."

The FBI may have violated the latter clause by removing documents from Jefferson's office, some congressional leaders and constitutional scholars argue.

The problem for congressional leaders is that there are two separate spheres in this debate. One involves a constitutional test, the other a smell test. House members' knee-jerk defenses — calling hearings and news conferences to express outrage about the violation of their turf — overlooked the reality that most Americans are probably in the smell-test, corruption-is-bad sphere.

Two people have pleaded guilty for bribing Jefferson in exchange for his alleged help getting business for American companies in Africa. Jefferson maintains his innocence and has pledged to stay in office.

The FBI says it has Jefferson on tape accepting a $100,000 payment from a government informant, and $90,000 of it ended up wrapped in tin foil in a freezer in his Washington home. That bundle of cold cash is around $15,000 more than the average American family's yearly income.

Had the average American been suspected of doing what Jefferson is alleged to have done, no one in Congress would have protested when the FBI came knocking.

Critics depicted the raid as more power-grabbing by the Bush administration, which has sought to greatly expand its investigative powers in the wake of the Sept. 11, 2001, terrorist attacks. Bush declared a 45-day cooling off period while the lawyers and politicians sort it out.

Bush was already under assault from political foes and constitutional scholars for establishing secret terrorist prisons overseas and authorizing wiretaps without a warrant. But when his FBI sent a few agents to search the papers of a politician being investigated for corruption, Congress bared teeth that it hadn't displayed over the other controversies.

This House has already seen former Republican Majority Leader Tom DeLay step down because of ties to convicted felon and former lobbyist Jack Abramoff. Former Rep. Randy "Duke" Cunningham, a California Republican, has been sentenced to prison for accepting bribes for steering defense contracts to constituents.

Until recently, this House mothballed its ethics committee amid political disputes and allegations that an ex-member, Rep. Alan Mollohan, D-W. Va., steered federal contracts to non-profits run by ex-aides and business associates.

The Constitution's Article I, Section 2 says that "the House of Representatives shall be composed of Members chosen every second Year by the People of the several States..."

Your next chance to exercise that constitutional right comes Nov. 7 at a polling station near you.

Congress And Justice Dept. May Both Be Overreaching (NYT)

By Adam Liptak

The New York Times, June 2, 2006

The Justice Department is probably correct in saying that it was legally entitled to search a congressman's office last month. But in ignoring history and established conventions in that case, some legal scholars say, the Bush administration has again unsettled widely shared understandings of constitutional relationships and freedoms that have existed for generations.

As with the administration's assertions that it may ignore a law on domestic eavesdropping, reinterpret other laws through presidential signing statements and prosecute journalists under espionage laws, specialists in constitutional law and history said, the Justice Department's justification for the search is an aggressive use of executive power.

In the search case, there is broad academic consensus that the constitutional protection for Congressional speech and debate does not extend to evidence of criminal conduct, even if it is in a Congressional office.

That means the Justice Department was probably entitled to seek — and a federal judge probably correct in authorizing — a warrant to search the offices of Representative William J. Jefferson, Democrat of Louisiana, notwithstanding objections by leaders of Congress.

But having the legal power to conduct a search of another branch of government does not mean it is a wise or prudent thing to do. No other administration has ever done it. In ordering a 45-day cooling-off period, during which the solicitor general will hold the seized materials, President Bush seemed to allow time for reflection on the difference between what the executive branch may do and what it should do.

At the same time, Congressional leaders may have overreached in describing the search as a flagrant violation of the Constitution.

Indeed, the argument that Congressional offices are immune from law enforcement searches has something in common with the argument that the president has the authority to reinterpret the bills he signs into law, said Douglas W. Kmiec, a law professor at Pepperdine University.

"They have no taproot in the constitutional document," Professor Kmiec said of arguments. "They're all sound and fury."

Several legal scholars went further, saying they found it hard to take at face value the objections of many legislators about the search of Mr. Jefferson's office.

"Like a lot of these issues where separation-of-powers rhetoric is deployed and where you see cross-party lines of agreement, there's often a competing story," said Daryl J. Levinson, a law professor at Harvard. "Here the story that leaps out at you is that the Republicans are worried that they're next."

The judge who authorized the warrant in Mr. Jefferson's case, Thomas F. Hogan of Federal District Court in Washington, will hear arguments on June 16 about whether to order the materials returned. Judge Hogan has in other contexts been unsympathetic to claims of privilege, having last year ordered the jailing of Judith Miller, then a reporter for The New York Times, for refusing to testify about a confidential source.

Mr. Jefferson and many of his colleagues on both sides of the aisle have said that the speech-and-debate clause in the Constitution should have barred the search. The clause says that members of Congress "shall not be questioned in any other place" about "any speech or debate in either house." The courts have interpreted the clause broadly. Information concerning almost all legislative activity, including stolen documents received from a tobacco whistle-blower, for instance, have been held to be protected. But materials concerning activities unrelated to the official legislative process are not subject to the privilege (bribery being an obvious example).

Mr. Jefferson's lawyers used sweeping language in their motion seeking the return of the seized materials, invoking, for instance, "the delicate balance of our democratic system." Justice Department lawyers countered that Mr. Jefferson's real goal was to frustrate the very possibility of the search of a Congressional office.

"Representative Jefferson's view of the privilege, taken to its logical conclusion," the Justice Department argued in a filing on Tuesday, "would allow a member of Congress to prevent law enforcement officers from ever obtaining evidence of a crime simply by putting the evidence in a filing cabinet in his office that might contain privileged documents."

At a hearing of the House Judiciary Committee on Tuesday, its chairman, Representative F. James Sensenbrenner Jr., Republican of Wisconsin, said the committee intended to summon Attorney General Alberto R. Gonzales and the director of the Federal Bureau of Investigation, Robert S. Mueller III, to justify the search. He added that the committee was drafting legislation to prohibit such searches, modeled on a 1980 law that limits searches of newsrooms.

The clash between the two branches on this relatively minor point, at least as compared with the legal issues surrounding efforts to combat terrorism, raises questions about whether the Constitution's intricately constructed sets of institutional counterweights have fallen out of balance.

In other contexts, too, some scholars say, prudence and discretion have taken a back seat lately to uncompromising legal arguments. Phillip J. Cooper, a professor of public administration at Portland State University, for instance, faulted Mr. Bush for his enthusiastic use of signing statements.

"What we're seeing here," Professor Cooper said, "is a very consistent, systemic use of this little-known device to expand the authority of the president, constrain the authority of Congress and, in some cases, simply to supplant the authority of the judiciary."

What is missing nowadays, legal experts say, is the restraint and cooperation presupposed in the Constitution and noted by Justice Robert H. Jackson in his famous concurrence in the 1952 Supreme Court decision that turned back the Truman administration's attempt to seize the steel industry during the Korean War.

"While the Constitution diffuses power the better to secure liberty, it also contemplates that practice will integrate the dispersed powers into a workable government," Justice Jackson wrote. "It enjoins upon its branches separateness but interdependence, autonomy but reciprocity."

Brushback Hearing (WP)

By E. J. Dionne Jr.

The Washington Post, June 2, 2006

In baseball, the hurler intimidates the batter with a brushback pitch. In soccer, the official warns an unruly player by pulling out a yellow card.

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Politicians in legal jeopardy thunder and moan, threatening prosecutors while cloaking their pressure tactics in the grand language of constitutional rights and democracy.

So don't be fooled by the hearing before the House Judiciary Committee on the Justice Department's supposed violation of congressional rights in an FBI search of Rep. William Jefferson's office in a bribery investigation.

The hearing was dominated by talk of abuses of power by long-dead monarchs and the need of the people's representatives for untrammeled communication with their constituents.

But Rep. James Sensenbrenner's committee was really sending a message as the House confronts a far-reaching corruption investigation: Nice little Justice Department you have there, Mr. Attorney General. Too bad if anything were to happen to it. Stop messing with us before we mess with you.

How else to explain this from Rep. Darrell Issa (R-Calif.): "We have the power to impeach the attorney general. Now, I'm not sure that articles of impeachment are going to come out today. I think we're a couple shakes short of a quorum for that purpose. Although I suspect members would quickly be here if it was brought by the chair."

Why would House Republicans be so concerned with Jefferson, a Democrat from Louisiana who, according to prosecutors, kept $90,000 in cash in his freezer?

One answer is high principle. The more plausible answer is that Republicans are worried that the next shoes to drop in the congressional probes will belong to Republican members. Using a Democrat's case now to protect Republican members in the future is not so much clever as transparent.

If Wisconsin's Sensenbrenner and his fellow Republicans had shown an exquisite concern with civil liberties and accountability in the past, their challenge to Attorney General Alberto Gonzales might be seen as part of a consistent libertarian sensibility.

One of the witnesses called to justify the Republicans' assault, maverick conservative legal theorist Bruce Fein, had the intellectual honesty to put the issue in a larger context. He charged that "the Bush administration has been bent on a scheme for years of reducing Congress . . . to an extra in a Cecil B. DeMille political extravaganza."

But Rep. Chris Van Hollen (D-Md.) called the committee's bluff when he noted the "number of examples of overreaching by the executive branch where there's been a total lack of oversight by this Congress." He cited such issues as torture, the treatment of detainees and enemy combatants, and data-mining operations by the National Security Agency.

"Now you've got a stampede by some members of Congress to make Capitol Hill a safe haven for hiding evidence of criminal wrongdoing," Van Hollen said in an interview yesterday. "Issues important to the American people have been totally ignored. But as soon as they come knocking on the doors of Congress, [House members] scramble to protect themselves."

According to 2005 Census Bureau estimates, there are 296,410,404 people in the United States. The Judiciary Committee is clearly concerned with the rights of 435 House members and -- give them the benefit of the doubt -- 100 senators. Someday, the committee will get around to thinking about the rights of the remaining 296,409,869 of us.

Of course it's true that the Justice Department could have shown more regard for congressional prerogatives, perhaps by informing the speaker and the minority leader in advance of the search. And blanket sweeps of congressional offices by the executive would indeed be a clear violation of the Constitution's "speech and debate" clause protecting senators and representatives from executive intimidation.

But this was no politically motivated search. The evidence indicates it was a response to Jefferson's attempts to withhold evidence. Rep. Barney Frank (D-Mass.) has rebuked leaders of both parties for their self-protective zeal. The speech-and-debate clause, he said, "should not be in any way interpreted as meaning that we as members of Congress have legal protections superior to those of the average citizen." Amen.

Here's the implication of the hearings: The current House leadership will permit the executive to claim broad privileges as long as Congress can also claim broad privileges. Such an interpretation of the "separation of powers" would bring an end to "checks and balances."

So keep an eye on the leadership of the Justice Department. Here's hoping that it resists political pressure -- whether from Congress or the White House -- and allows its prosecutors to proceed with legitimate investigations of corruption.

Poverty Marked 'Dollar Bill' (LAT)

By Ann M. Simmons And Faye Fiore

The Los Angeles Times, June 2, 2006

NEW ORLEANS — Rep. William J. Jefferson was once famous in Louisiana circles as the sharecropper's son who made his way to Harvard, steered by parents who preached the value of education.

Today, Jefferson is infamous nationally as the Louisiana Democrat who stashed $90,000 of alleged bribe money in his kitchen freezer.

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Those who have watched his career's spectacular rise and potential fall believe the terrible poverty he escaped was ultimately his undoing. He rose to become his state's first African American congressman since Reconstruction, but people who know him say he still had a thirst for wealth.

"His perceived flaw among his peers has always been that, shaped by his humble beginnings, Bill loved money and desperately wanted to be a rich man," said Allan Katz, a New Orleans-based political consultant who has known Jefferson for more than 30 years. "It was the Deep South kind of hardship that shaped African American backgrounds."

One of 10 children, Jefferson, now 59, grew up in one of the poorest parts of Louisiana. He was good with a hunting rifle and told a story that showcased his dead aim: If his father needed three rabbits, he would give his son three bullets. But according to Katz, the family told the story another way.

"They had a gun and could only afford one bullet at a time…. If he missed, the family didn't eat," Katz said.

The lessons of poverty were apparently lasting. An accomplished attorney and aspiring politician, Jefferson became known early on for a pursuit of money that earned him the nickname "Dollar Bill."

As local legend goes, the name came from Jefferson's mentor — legendary New Orleans Mayor Ernest N. "Dutch" Morial. Morial had asked his protege for some legal work and was given it — along with a staggering bill. Outraged, Morial coined the moniker.

It followed Jefferson harmlessly enough until last month, when the FBI reported capturing the eight-term congressman on videotape accepting a leather briefcase with $100,000 in alleged bribe money from an undercover informant in front of a northern Virginia hotel. Of those marked bills, $90,000 wound up in Jefferson's freezer, the FBI said after a search of Jefferson's Washington home.

No charges have been filed against the congressman, and Jefferson has been forceful in his denial of wrongdoing. "There are two sides to every story," he recently said, adding that he could not answer specific questions on the advice of his lawyers.

But the clumsy bravado outlined in government documents has held Washington rapt. According to a 95-page affidavit filed by the FBI, Jefferson demanded bribes in exchange for helping iGate Inc., a Kentucky-based technology company, win Internet and telephone service contracts in Africa. The company's chief executive, Vernon L. Jackson, pleaded guilty last month to bribing Jefferson with more than $400,000 in cash and millions of shares of company stock.

In a related allegation, the FBI said Jefferson offered to help a Virginia businesswoman win similar contracts in exchange for a kickback, proposing she deliver a substantial amount of money to move the deal along. "Cash," he allegedly instructed in a note to her. She reportedly cooperated with investigators and taped the conversation.

Despite his reputation for wanting wealth, many who know Jefferson were shocked by the allegations because, by most measures, he has achieved success. Like many lawmakers, he keeps two homes, one in Washington and one in his district — a wood two-story house on Marengo Street in the racially diverse Uptown neighborhood. He drives a Lincoln Town Car.

The only clue to a motive came from the evidence against him: "I make a deal for my children," he allegedly said on tape, while demanding that his stake in a Nigerian venture be raised from 7% to 30%.

Already, the case has had a far-reaching impact in Washington. An FBI search of Jefferson's congressional office May 20 sparked a blustery showdown between the executive and legislative branches over separation of powers, causing President Bush to call a 45-day cooling-off period.

And it has upset the dynamic of the approaching November elections, when Democrats had hoped to make GOP corruption a cause for reclaiming control of Congress. Democrats have been highlighting the misdeeds of former Rep. Randy "Duke" Cunningham (R-Rancho Santa Fe), now in prison on bribery and tax evasion charges, and of GOP lobbyist Jack Abramoff, now cooperating in one of the largest corruption probes in recent memory. But the Jefferson case has made it harder for Democrats to grab the high moral ground.

Jefferson has resisted calls for his resignation, while his staff offers up an emotional defense.

"He puts his district's interest before anything, and more specifically before party interests," said his communications director, Melanie Roussell.

Gangly and impeccably dressed, Jefferson has a reputation for impressive lawmaking skills and a thirst for education that continued into adulthood.

Raised on a farm in rural Lake Providence to sharecropper parents who did not graduate from high school, he flourished at the East Carroll Training School for the Colored.

He went on to Southern University A&M College — considered a flagship of Louisiana's African American university system — and then to Harvard Law School.

He began as a lawyer, but his passion was politics. He made history with his 1991 election to Congress. Along the way, he married Andrea Green, a former vice chancellor of Southern University in New Orleans. They raised five daughters, three of whom followed their father to Harvard Law.

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A member of the influential Ways and Means Committee and an advocate of trade to alleviate poverty in Africa, Jefferson continued his education even while in Congress. He earned a master's degree in tax law from Georgetown University in 1996, and after Hurricane Katrina he helped pass tax-related legislation to benefit New Orleans.

Frustrated that he could not speak the local language on trade trips, he took up French and Spanish, according to Nicole Venable, a former senior policy advisor to Jefferson and until last November his chief of staff.

Until the scandal broke, Jefferson's seat was considered one of the safest in Congress. There was even talk of a budding Jefferson dynasty, with some political observers anticipating that one of his daughters would eventually take his seat.

"He could have stayed there until he retired, or died," said political consultant Katz.

Already, at least five still officially undeclared challengers are vying for his seat. But many constituents say they remain enamored of his rags-to-riches rise and his work on their behalf.

Still, there is a sense of damage in a place that, with another hurricane season just started, doesn't need one more burden.

"We are so traumatized," said Stephen Sabludowsky, a New Orleans-based attorney and publisher of BayouBuzz.com, a website about everything Louisianan. "We're going through so many things, we don't want the world's attention on us again."

Sabludowsky has urged Jefferson to resign rather than saddle the beleaguered city with a distracted congressman. He did so reluctantly, though, describing Jefferson this way: "Incredible … just in terms of his intelligence, his political acumen, the influence that he has….

"That's what makes this such a shame," Sabludowsky said.

Raid Controversy Has Roots In US Constitution (VOA)

By Jim Malone

Voice of America, June 2, 2006

A controversy over federal agents raiding the office of a congressman has its roots in the formation of the U.S. Constitution more than 200 years ago.

The controversy involves Congressman William Jefferson, a Democrat from Louisiana.

Jefferson is the subject of a federal bribery investigation that involves the promotion of business interests in West Africa. He denies any wrongdoing.

What has upset members of Congress from both parties is an FBI raid on Congressman Jefferson's Washington office on May 20.

William JeffersonRepublican James Sensenbrenner chairs the House Judiciary Committee. He says the FBI raid on a congressman's office violates a central tenet of the U.S. Constitution known as the separation of powers.

"The separation of powers and the checks and balances were put into our Constitution by the framers to make sure that no person or no branch of government got too powerful," said Mr. Sensenbrenner.

In the early days of the American Republic, the revolutionaries who won independence from Britain were determined not to replace a powerful English monarch with an equally potent American president.

So the founders devised a system of separate powers whereby the Congress made the laws, the executive branch, led by the president, enforced the laws, and the judicial branch, led by the Supreme Court, interpreted the laws to make sure they conformed with powers set forth in the U.S. Constitution.

Lawmakers upset with the FBI raid on Congressman Jefferson's office are concerned with what they view as an attempt by the executive branch, in the form of the Justice Department, to intimidate a member of the legislative branch.

Charles Tiefer is a law professor at the University of Baltimore in Maryland. He testified at a recent hearing called by members of Congress angry about the search of Congressman Jefferson's office.

"Now this raid had all the elements of unconstitutional executive intimidation," he said.

Another witness, George Washington University law Professor Jonathan Turley, said the office search represented a break in tradition that goes back 219 years to the formation of the Constitution in 1787.

"But there has been a tradition of mutual respect and mutual restraint between the branches. What occurred on that Saturday night shattered that tradition," he noted.

But not everyone sees the Jefferson raid as a violation of the Constitution.

The Senate Republican leader, Bill Frist of Tennessee, spoke on Fox television.

"If there are accusations of bribery, of having lost the trust, abused the trust of the American people, criminal activity, no House member, no senator, nobody in government should be above the law of the land, period," said Mr. Frist.

Some members of Congress have urged President Bush to order the Justice Department to return the documents seized from Congressman Jefferson's office.

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The Washington Post reported that some high level Justice Department officials signaled they might resign if the White House forced the return of documents.

Attorney General Alberto Gonzales says his department has the right to investigate allegations of corruption in Congress and is respectful of the separation of powers.

Attorney General Alberto Gonzales"Personally, in the department collectively, we have a great deal of respect for the Congress as a co-equal branch of government, as a separate and independent branch of government," said Mr. Gonzales.

Congressman Sensenbrenner says he intends to call Attorney General Gonzales and FBI Director Robert Mueller to testify about the Jefferson case before his committee.

In the meantime, President Bush has ordered the materials seized in the raid sealed for 45 days in hopes that the Justice Department and House leaders can work out their differences over the case.

Constitution Gives No Felon A Hidey-Hole (TAMPTRIB)

Tampa Tribune, June 2, 2006

Many members of Congress are outraged that the FBI raided the offices of Louisiana Rep. William Jefferson and took legislative files along with the evidence they sought for a bribery investigation. But accusations that the FBI trampled the doctrine of separation of powers are wildly overblown.

Still, President Bush was smart to seal for 45 days the papers and computer hard drive taken from Jefferson's office May 21. That gives time for all legal angles to be reviewed and for guidelines to be written on how the president's agents should handle suspected lawbreakers who serve in Congress.

The Constitution anticipated attempts to harass Congress. It says that senators and representatives "shall in all cases, except treason, felony and breach of the peace, be privileged from arrest during their attendance at the session of their respective Houses, and in going to and returning from the same." But the writers of the Constitution never envisioned an office hideout for elected felons.

The blustering about separation of powers on Capitol Hill suggests reasonable guidelines are overdue. Is a raid in the dead of night, as done to Jefferson, advisable? What safeguards should apply when agents seize lawmaking documents?

If rumors are true about the breadth of the improper generosity of certain lobbyists, those assigned to write the guidelines have no time to dally.

Dan K. Thomasson column: Congress Finally Losing Patience With FBI (SCRIPPS)

By DAN K. THOMASSON, Scripps Howard News Service

Scripps Howard, June 2, 2006

WASHINGTON -- Congress' relationship with the FBI always has been Frankenstein-like with the father of the monster regarding his creation with cautious affection rooted in fear. The result has been fawning accommodation and unlimited tolerance for whatever the bureau demands, no matter how outrageous or unwarranted, a willingness to excuse what clearly was the inexcusable from Waco to Ruby Ridge to 9/11.

Long before agents stormed into the Capitol Hill office of Louisiana Democratic Rep. William Jefferson, setting off a minor constitutional crisis in their pursuit of evidence of criminal activity, there were allegations of the bureau's insensitivity to the separation of powers. But while some members of Congress complained about abuse of their rights _ Hale Boggs, Democratic majority leader, railed long and loud on the House floor about bureau encroachment _ most seemed unwilling to challenge the increasingly powerful national police force whose then-leader J. Edgar Hoover was said to have secret dossiers on nearly every official in Washington.

Whether Hoover's secret files ever really existed _ they have never surfaced _ didn't really matter. What was important was that everyone in Congress thought they did and acted accordingly. That included giving top priority to the bureau's often outlandish budget and increased manpower requests at the expense of other under funded, under staffed federal law enforcement agencies; treating every bureau mistake with kid gloves, looking the other way as the bureau gobbled up more and more turf from sister institutions, and generally ignoring their mandated congressional oversight responsibilities

Time and again, through one Hoover successor after another, the Congress not only tolerated bureau incompetence but also accepted the FBI's oft repeated excuse that whatever the failing, it had been the direct result of insufficient manpower. The message was clear: More troops would correct the problem.

That approach worked wonders, boosting the bureau to 12,000 agents, a huge budget, an army of support employees and a reach that went well beyond the nation's boundaries. The bureau led a charmed life on Capitol Hill. That is until Sept. 11, 2001, when forces led by Osama bin Laden revealed just how ineffective this bureaucratic giant was when it came to carrying out its responsibility for protecting the nation from just such incidents. The number one domestic defender against the kind of terrorism

the rest of the world had long suffered was so incompetent that it had missed a series of opportunities to thwart the entire affair, at times ignoring the obvious signs and stifling the warnings of its own dismayed agents.

The bureau was for the first time since the days of John Dillinger under severe criticism from its former allies in the House and Senate as one commission after another found it wanting. There was even serious discussion about relieving it of its counter intelligence mission. The new director, Robert Mueller, met every challenge with the promise of reform, pledging to change the thrust from chasing bank robbers to stopping terrorists. But more than 80 years of culture built on after-the-fact investigating is difficult to change.

Now the bureau's woes have been exacerbated by the Jefferson affair resulting in outrage from the leaders of both parties in Congress and embarrassment to a president who badly needs a better relationship with the legislative branch. In an effort to cool down the rhetoric and avoid the growing constitutional brouhaha, President Bush ordered that whatever the bureau took from Jefferson's office be sealed for 45 days. It hasn't deterred a House committee from conducting hearings on possible constitutional violations. The committee's chairman, James Sensenbrenner, is contemplating legislation to prevent a recurrence.

While this encroachment can be expected to pass, it clearly is another blow to the FBI's reputation. A number of constitutional scholars believe the action leaps the barrier separating the branches of government. Clearly evidence gathered prior to the raid points to Jefferson's involvement in a bribery scandal. Why the bureau and its Justice Department bosses felt it necessary to step over a line it has come close to in the past but avoided crossing until now is anyone's guess. Perhaps it is best to chalk it up to continuing bad judgment.

Whatever the reason, the Prometheus that remained unchained so long faces a new challenge to stay that way and to prevent the growing number of lawmakers who would relieve it of its responsibilities from succeeding. Maybe more agents are needed.

(Dan K. Thomasson is former editor of the Scripps Howard News Service.)

Firms Wary About Holding Customer Records (NYT/AP)

By The Associated Press

The New York Times, June 2, 2006

WASHINGTON (AP) -- Top U.S. law enforcement officials have told Internet companies they must retain customer records longer to help in child pornography and terrorism investigations, and they are considering asking Congress to require preservation of records.

Industry representatives are expected to meet Friday with Justice Department officials, a week after Attorney General Alberto Gonzales and FBI Director Robert Mueller first raised the issue with executives from several Internet service providers, including AOL, Comcast Corp., Google Inc., Microsoft Corp. and Verizon Communications Inc.

The subject has prompted alarm from some executives and privacy advocates, especially after Gonzales' Justice Department took Google to court earlier this year to force it to turn over information on customer searches. Civil liberties groups also have sued Verizon and other telephone companies, alleging they are working with the government to provide information without search warrants on subscriber calling records.

Assistant Attorney General Rachel Brand, who attended the first meeting, said Thursday that some executives raised privacy concerns at the meeting. But she said Gonzales has not made any decisions about how to proceed and that the department would be mindful of the privacy issue.

"We are looking at whether requiring longer data retention or asking ISPs to do it informally is something we want to pursue," Brand said.

Mueller suggested a period of two years and said terrorism investigations also would be helped by such a rule, several people who attended the meeting said. Gonzales was focused on child pornography cases, they said.

Any proposal would not call for the content of communications to be preserved, would keep the information in the companies' hands and could be obtained by the government through a subpoena or other lawful process, Brand said.

Still, one Internet executive familiar with the meeting said one worry is that once retained, the records could be made available for any criminal investigation or civil case, "down to a bad divorce, up to a music company asking for people who visited a file trading site."

The executive, who requested anonymity because it was private meeting and the talks were still continuing, said the industry was likely to oppose any legislation for financial, privacy and technical reasons. The department's recent clash with Google probably will make the companies more resolute in their opposition, the executive said.

Several companies said they work hard to protect children online and often work with law enforcement.

"But data retention is a complicated issue with implications not only for efforts to combat child pornography but also for security, privacy, safety, and availability of low-cost or free Internet services," Microsoft said in a statement.

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In a statement, Google said, "Any proposals related to data require careful review and must balance the legitimate interests of individual users, law enforcement agencies and Internet companies."

The meetings are an outgrowth of Gonzales' interest in beefing up child porn investigations, some of which he said have been hampered by Internet companies' failure to retain records long enough.

Gonzales, who first raised the issue in an April speech, did not name any companies or cases. But a Justice Department official said some of the information provided by Justin Berry, a child pornography victim who testified to Congress in April, did not lead to arrests because authorities who sought help from ISPs were told the records no longer existed.

Berry criticized the department for acting too slowly on information he provided on 1,500 pedophiles. The official spoke on condition of anonymity because investigators still are looking into Berry's case.

At the moment, there are no broad requirements for preservation of data, although federal authorities can request records be maintained for up to six months when they suspect a crime has been committed.

Associated Press Technology Editor Matthew Fordahl contributed to this report.

On the Net:

Justice Department: http://www.usdoj.gov

U.S. Wants Companies To Keep Web Usage Records (NYT)

By Saul Hansell And Eric Lichtblau

The New York Times, June 2, 2006

The Justice Department is asking Internet companies to keep records on the Web-surfing activities of their customers to aid law enforcement, and may propose legislation to force them to do so.

The director of the Federal Bureau of Investigation, Robert S. Mueller III, and Attorney General Alberto R. Gonzales held a meeting in Washington last Friday where they offered a general proposal on record-keeping to a group of senior executives from Internet companies, said Brian Roehrkasse, a spokesman for the department. The meeting included representatives from America Online, Microsoft, Google, Verizon and Comcast.

The attorney general has appointed a task force of department officials to explore the issue, and that group is holding another meeting with a broader group of Internet executives today, Mr. Roehrkasse said. The department also met yesterday with a group of privacy experts.

The Justice Department is not asking the Internet companies to give it data about users, but rather to retain information that could be subpoenaed through existing laws and procedures, Mr. Roehrkasse said.

While initial proposals were vague, executives from companies that attended the meeting said they gathered that the department was interested in records that would allow them to identify which individuals visited certain Web sites and possibly conducted searches using certain terms.

It also wants the Internet companies to retain records about whom their users exchange e-mail with, but not the contents of e-mail messages, the executives said. The executives spoke on the condition that they not be identified because they did not want to offend the Justice Department.

The proposal and the initial meeting were first reported by USA Today and CNet News.com.

The department proposed that the records be retained for as long as two years. Most Internet companies discard such records after a few weeks or months.In its current proposal, the department appears to be trying to determine whether Internet companies will voluntarily agree to keep certain information or if it will need to seek legislation to require them to do so.

The request comes as the government has been trying to extend its power to review electronic communications in several ways. The New York Times reported in December that the National Security Agency had gained access to phone and e-mail traffic with the cooperation of telecommunications companies, and USA Today reported last month that the agency had collected telephone calling records. The Justice Department has subpoenaed information on Internet search patterns — but not the searches of individuals — as it tries to defend a law meant to protect children from pornography.

In a speech in April, Mr. Gonzales said that investigations into child pornography had been hampered because Internet companies had not always kept records that would help prosecutors identify people who traded in illegal images.

"The investigation and prosecution of child predators depends critically on the availability of evidence that is often in the hands of Internet service providers," Mr. Gonzales said in remarks at the National Center for Missing and Exploited Children in Alexandria, Va. "This evidence will be available for us to use only if the providers retain the records for a reasonable amount of time," he said.

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An executive of one Internet provider that was represented at the first meeting said Mr. Gonzales began the discussion by showing slides of child pornography from the Internet. But later, one participant asked Mr. Mueller why he was interested in the Internet records. The executive said Mr. Mueller's reply was, "We want this for terrorism."

At the meeting with privacy experts yesterday, Justice Department officials focused on wanting to retain the records for use in child pornography and terrorism investigations. But they also talked of their value in investigating other crimes like intellectual property theft and fraud, said Marc Rotenberg, executive director of the Electronic Privacy Information Center in Washington, who attended the session.

"It was clear that they would go beyond kiddie porn and terrorism and use it for general law enforcement," Mr. Rotenberg said.

Kate Dean, the executive director of the United States Internet Service Provider Association, a trade group, said: "When they said they were talking about child pornography, we spent a lot of time developing proposals for what could be done. Now they are talking about a whole different ball of wax."

At the meeting with privacy groups, officials sought to assuage concerns that the retention of the records could compromise the privacy of Americans. But Mr. Rotenberg said he left with lingering concerns.

"This is a sharp departure from current practice," he said. "Data retention is an open-ended obligation to retain all information on all customers for all purposes, and from a traditional Fourth Amendment perspective, that really turns things upside down."

Executives of several Internet companies that participated in the first meeting said the department's initial proposals seemed expensive and unwieldy.

At the meeting scheduled for today with executives of Internet access companies, Justice Department officials plan to go into more detail about what types of records they would like to see retained and for how long, said a Justice Department official who spoke on condition of anonymity. "It will be much more nuts-and-bolts discussions," he said, adding that the department would stop short of offering formal proposals.

Online Privacy Again At Issue (LAT)

By Joseph Menn

The Los Angeles Times, June 2, 2006

SAN FRANCISCO — Big Internet and telephone companies are girding to fight an unprecedented call by the Bush administration for them to keep detailed records of customers' online activities for two years.

The request by Atty. Gen. Alberto R. Gonzales and FBI Director Robert S. Mueller III would dramatically expand the government's ability to track what people do online and with whom they communicate.

It follows disclosure this year that the Justice Department had solicited potentially billions of online search queries from some of the same companies and that the National Security Agency had requested calling records of virtually all U.S. customers.

Gonzales and Mueller asked Google Inc., Time Warner Inc.'s AOL and other companies to preserve the data at a May 26 meeting, citing their value to investigations into child-pornography distribution and terrorism. Internet companies typically keep customer histories for only a few days or weeks.

The Justice Department said Thursday that it was not seeking to have e-mail content archived, just information about the websites people visit and those with whom they correspond.

Beyond law enforcement, though, the trove also could be available to lawyers arguing civil lawsuits — including divorce cases and suits against people suspected of swapping copyrighted movie and music files online. Privacy advocates fear the user histories could be exploited by criminal investigators conducting inappropriate exploration or pursuing minor cases.

"This is not simply limited to kiddie porn or terrorism. It's a real break with precedent," said Marc Rotenberg, executive director of the nonprofit Electronic Privacy Information Center. "Data retention is open-ended. The government is saying, 'Keep everything about everyone and we'll sort it out later.' "

Individual legal battles increasingly include court-approved requests for records from Internet access providers who might have online evidence of criminal activity or an affair. Often those requests yield little because the target can no longer be linked to a specific computer's Internet address or because the e-mails and records of website visits have been deleted.

None of the Internet companies has publicly opposed the request. But they noted concerns over privacy in statements Thursday. People familiar with the company executives' reaction to the Justice Department's request described alarm — tempered mainly by assurances from Gonzales and Mueller that the discussions were preliminary.

Many of the companies appeared to be emboldened by recent precedents set by Google and Qwest Communications International Inc., both of which resisted broad requests for data from the Justice Department and the NSA, respectively.

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Without addressing the substance of the meeting with Gonzales and Mueller, Verizon Communications Inc. spokesman David Fish said the company "has a strong history of protecting customer communications and related records." He noted that the Internet access provider battled requests for customer data from the Recording Industry Assn. of America.

Google said a solution "must balance the legitimate interests of individual users, law enforcement agencies and Internet companies."

If companies refuse to cooperate, the Justice Department said it might propose legislation to force the companies to keep records longer. Specifically, the Justice Department wants information linking those online to the Internet addresses assigned to personal computers. In addition, it wants data tying those Internet addresses to destinations on the Web and to e-mail sent and received.

Currently, court orders can force e-mail providers, Internet access providers and others to turn over records — when they have them. The speed with which online footprints fade has frustrated law enforcement. Police, for instance, have testified before Congress they often run into dead ends in child-sex cases.

In an April speech at the National Center for Missing and Exploited Children in Alexandria, Va., Gonzales said the reluctance of service providers to keep records longer "has hampered our ability to conduct investigations in this area."

The Justice Department said Thursday that it was not interested in reading the e-mails of ordinary Americans.

"The attorney general made perfectly clear that if the Department of Justice decides to ask Congress for a data-retention requirement, the department would not propose that content be included in such a requirement," spokesman Brian Roehrkasse said.

Law enforcement officials would still need some legal instrument, such as a subpoena or search warrant, to look at the data. But FBI agents have the additional power to request information secretly, without a court order, through so-called national security letters.

Five companies and one trade group attended last week's meeting with Gonzales and Mueller, first reported by the online technology news website CNet. Besides Google, AOL and Verizon, executives were sent from Microsoft Corp. and Comcast Corp., according to several people briefed on the session.

Acknowledging the sensitivity of the project, the Justice Department on Thursday took the unusual step of discussing the plan with such likely critics as the Cato Institute, a public-policy research organization, and the Electronic Privacy Information Center. Further meetings with telephone and Internet companies are set for today.

"What's special here is the scale," said Ohio State University law professor Peter Swire, a privacy expert who attended Thursday's meeting at the Justice Department. "The Justice Department is discussing requiring records for chat, e-mail, and Web surfing — that's billions of encounters per day."

As things stand, a few industries are required to keep information on customers. A growing number of financial firms must know enough about their clients to be able to report activity that could involve hiding illicit profits. Phone companies must keep records on who called whom for 18 months, and Justice Department and Homeland Security officials in April told the Federal Communications Commission that period should be extended.

With Internet records, "you're in a different ballgame," said Jim Harper, an information policy specialist at the Cato Institute. "You're talking about a massive transfer of power."

Justice Department Asking Internet Companies To Save Data (MERCN)

By Elise Ackerman

The San Jose Mercury News, June 2, 2006

U.S. Attorney General Alberto Gonzales is considering asking Congress to rewrite the rules that govern how Internet companies cooperate with law enforcement agencies, despite objections raised by the tech industry and privacy experts.

During the last week, Gonzales has met with privacy experts and with major Internet companies to discuss a proposal that would require Internet companies like Google, Yahoo, AOL & Microsoft and Internet service providers like Verizon, AT&T and Comcast to retain records relating to their customers' online behavior for up to two years.

Current regulations require companies to preserve data that is the subject of specific criminal investigations while law enforcement collects evidence that could support a warrant.

``This is a radical departure from current practices," said Marc Rotenberg, executive director of the Electronic Privacy Information Center, who meet with justice department officials Thursday. ``We've opposed it because we think it creates an unnecessary risk to privacy and security of Internet users."

Brian Roehrkasse, a department spokesman, said the purpose of the meetings with the Internet companies and others is ``to solicit their input and seek their assistance in formulating proposals and recommendations on the issue of data retention."

Internet companies retain vast databases containing the personal information of their customers for a variety of commercial reasons, but the information can also be useful to law enforcement pursuing criminal investigations.

At a speech on April 20 before the National Center for Missing and Exploited Children, Gonzales said ``the failure of some Internet service provides to keep records" has hampered the government's ability to conduct investigations into alleged child exploitation.

Roehrkasse said Gonzales had made clear that government employees would only have access to the information through ``appropriate legal processes," such as a subpoena, which is subject to judicial review, or in the course of investigations that were authorized by the department's criminal division, or undertaken in conjunction with investigations by any of the 94 U.S. Attorney's offices around the country.

Microsoft, AOL, Google Asked By U.S. To Keep Internet Records (BLOOM)

By Robert Schmidt

Bloomberg, June 2, 2006

June 1 (Bloomberg) -- The U.S. is asking Internet companies including Microsoft Corp., Google Inc. and AOL to preserve records of customers' Web activity to aid terrorism and child pornography investigations.

Attorney General Alberto Gonzales and FBI Director Robert Mueller made the request last week at a meeting with industry executives, said Brian Roehrkasse, a Justice Department spokesman. More talks are scheduled for today and tomorrow. Also included in the discussions are representatives from victims' rights groups, privacy advocates and law enforcement officials, he said.

``We have begun initial discussions with Internet service providers and others on this issue of data retention to help the department with bolstering its investigative efforts," said Roehrkasse.

Gonzales is pressing Internet companies for more cooperation as the Justice Department focuses on terrorism and child pornography cases. The move has prompted complaints from privacy advocates and led to a clash earlier this year with Google, the word's largest search engine.

The agency has asked Internet companies to retain records such as lists of e-mails sent and received or information on Web searches. Authorities wouldn't ask the companies to keep the content of e-mails and would use standard legal channels, such as seeking a subpoena, before obtaining information, Roehrkasse said.

The Justice Department has no legal authority to require companies to keep data on their customers and would need to ask Congress for that ability, Roehrkasse said. He said there has been no decision on how long companies would need to store the records.

Retaining Records

New York-based Verizon Communications Inc., the No. 2 U.S. telephone company, and Philadelphia-based Comcast Corp., the largest U.S. cable provider, were among the companies at last week's meeting, Roehrkasse said. AOL is the Internet unit of New York-based Time Warner Inc., the world's largest media company.

Gonzales said in April that Internet service providers had hurt child pornography probes by not keeping data long enough. He said he would personally reach out to chief executive officers of leading providers to resolve the problem.

``The investigation and prosecution of child predators depends critically on the availability of evidence that is often in the hands of Internet service providers," Gonzales said in a April 20 speech at the National Center for Missing and Exploited Children in Alexandria, Virginia. ``This evidence will be available for us to use only if the providers retain the records for a reasonable amount of time."

Privacy Concerns

Earlier this year, the Justice Department sparred with Google over a request for information on its customer searches. In March, a federal judge ordered the Mountain View, California-based company to turn over some of the records demanded by the government.

Google initially had refused to give the government the information citing privacy concerns. Redmond, Washington-based Microsoft, AOL and Sunnyvale, California-based Yahoo! Inc. cooperated with the Justice Department. Yahoo is the most-visited U.S. Web site. Microsoft, the world's biggest software company, owns the MSN Internet service.

``We strongly support Attorney General Gonzales' interest in assuring that the Internet is safe for everyone, especially children and families," Phil Reitinger, senior security strategist for Microsoft, said in an e-mailed statement. ``But data retention is a complicated issue with implications not only for efforts to combat child pornography but also for security, privacy, safety, and availability of low-cost or free Internet services."

Muhammad Sentenced To Six Life Terms (WT)

DOJ_NMG_0031467

By Jon Ward

The Washington Times, June 2, 2006

A Montgomery County judge yesterday sentenced sniper John Allen Muhammad to six consecutive life sentences for his role in the 2002 shootings that terrorized the D.C. metropolitan area.

"You came into this county and randomly murdered innocent and defenseless people. You would have murdered more people, but you got caught," Circuit Judge James L. Ryan said to Muhammad, the mastermind of the shootings.

"The citizens have, to the best of their ability, recovered and will continue to recover," he said. "But you, Mr. Muhammad, have no hope, no future." Muhammad, 45, said nothing but looked at the judge with his arms crossed.

As Muhammad was handcuffed and led out of the Rockville courtroom, family members of the sniper victims and onlookers broke into applause.

Muhammad and his accomplice, Lee Boyd Malvo, shot 13 persons in three weeks, killing 10 and wounding three. A jury Tuesday convicted Muhammad of the six murders that occurred in Montgomery County.

In 2003, a Virginia Beach jury sentenced Muhammad to death for the slaying of Dean Harold Meyers.

State's Attorney Douglas F. Gansler said Muhammad will be shipped back to Virginia "within 48 hours." Mr. Gansler chose not to seek the death penalty for the killings, instead gaining multiple life sentences with no possibility of parole as insurance in case the Virginia death sentence is ever overturned.

Muhammad now heads back to Sussex State Prison's death row, where, according to a spokesman for the Virginia Attorney General's Office, he could be executed as soon as three years from now. Muhammad has exhausted his direct state and federal appeals in that case, but habeas corpus appeals still remain.

A federal law-enforcement official, however, said Muhammad will be "moved to the front of the line."

Before the judge imposed his sentence, family members of victims spoke in court about their loss.

Nelson Rivera, whose wife, Lori-Ann Lewis Rivera, was gunned down at a Kensington gas station, said his daughter says she wants to die so that she can be reunited with her mother.

"He not only killed my wife, he killed me, he killed my daughter and all the rest of the family," an emotional Mr. Rivera said.

"The day Conrad died, a piece of me went with him," said Sonia Wills, the mother of Conrad E. Johnson, who was fatally shot on Oct. 22, 2002. "I'll never get over Conrad," Mrs. Wills said, addressing Muhammad directly.

"I refuse to call your name, sir. You took my son, sir, in the hopes that you would snatch your children," she said. "You are the devil's advocate. You will never see or hear of your children again." Muhammad looked down as the family members spoke.

"It's a shame you cannot look at us to see the lives you have devastated, the lives you have ruined," Mrs. Wills said.

Ola Martin, whose brother James D. Martin was the first Montgomery County sniper victim, emphasized her brother's belief in "respect and courtesy" for all people.

"Jim spent his life fighting for the rights of others, and yet this coward, this bully, this cold-blooded killer, robbed him of all his rights," Mrs. Martin said.

During the trial, Malvo, 21, called the man who was once a father figure for him a "coward" who pulled the trigger in 10 of the 13 shootings.

Malvo also testified that Muhammad hates the United States and believes that "the white man is the devil."

Malvo has signed a plea agreement and will be transferred back to Red Onion State Prison in Southwestern Virginia once he has been sentenced.

A Chesapeake, Va., jury in 2003 found Malvo guilty of his role in the Meyers murder and sentenced him to life in prison with no parole possibility.

"I am not proud of myself, and I'm just trying to make amends, if possible," Malvo said when asked why he testified against Muhammad.

The six victims killed in Montgomery County were:

· James D. Martin, 55, government analyst, fatally shot on Oct. 2, at 6:02 p.m., outside a Shoppers Food Warehouse in Wheaton.

· James L. "Sonny" Buchanan, 39, landscaper, fatally shot on Oct. 3, at 7:41 a.m., while mowing grass in White Flint.

· Premkumar A. Walekar, 54, cab driver, fatally shot on Oct. 3, at 8:12 a.m., while pumping gas in Aspen Hill.

· Sarah Ramos, 34, housekeeper, fatally shot on Oct. 3, at 8:37 a.m., while sitting on a bench in Silver Spring.

· Lori-Ann Lewis Rivera, 25, mother and homemaker, fatally shot on Oct. 3, at 9:58 a.m., while vacuuming a minivan in Kensington.

· Conrad E. Johnson, 35, bus driver, fatally shot on Oct. 22, at 5:55 a.m., on his Ride-On bus in Aspen Hill.

Muhammad Gets 6 Life Terms In Md. Trial (FINDLAW/AP)

By Stephen Manning, Associated Press Writer

AP, June 2, 2006

(AP) - ROCKVILLE, Md.-Twice-convicted sniper John Allen Muhammad was sentenced Thursday to six consecutive life terms in prison with no possibility of parole, a sentence prosecutors consider insurance in case his Virginia death sentence is ever overturned.

"You, Mr. Muhammad, have no hope. You have no future. You will spend every day for the rest of your life locked in a cage," Montgomery County Circuit Judge James Ryan said.

Muhammad, 45, showed no emotion as the sentenced was announced. He stood with his arms crossed, looking directly at Ryan. Some in the audience applauded.

After representing himself throughout the monthlong trial, Muhammad chose not to speak at his sentencing. J. Wyndal Gordon, an attorney helping him, said Muhammad told him, "I said everything I wanted to say."

Several relatives of victims spoke before the sentencing, including Nelson Rivera, who described how his young daughter wanted to die so she could be reunited with her mother, Lori Lewis-Rivera.

"He not only killed my wife, he killed me, he killed my daughter and all the rest of the family," Rivera told Ryan.

Muhammad was convicted Tuesday of six counts of murder for six of the 10 deadly sniper attacks that terrorized the Washington area in October 2002. He was already under a death sentence in Virginia for a killing there.

This time, Muhammad's young accomplice, Lee Boyd Malvo, took the stand for the first time to testify against him. Malvo told jurors how the older man, his one-time mentor, trained him to shoot and drew him into a sinister plan to kill people, including children, indiscriminately.

Jurors deliberated less than five hours before finding Muhammad guilty.

Malvo, sentenced to life in prison in Virginia, had agreed to plead guilty in the Maryland killings. He was not promised leniency but told jurors he wanted to face the man who he said trained him to be a killer.

He called Muhammad a "coward" and, at one point, glared at him, saying: "You took me into your house and you made me a monster."

Muhammad called him "son" and questioned Malvo's credibility, saying the 21-year-old had problems with exaggeration and memory.

He also claimed he was framed by investigators who planted and fabricated evidence and said he was the victim of a broad law enforcement conspiracy.

Muhammad's legal adviser argued to the judge Thursday that Muhammad did not get a fair trial, saying evidence and witnesses that could have proven his innocence were not allowed into the courtroom.

"We came here to search for justice, we came here to seek the truth, to find out what happened in those 23 days in October," he said. "We fell short. I don't think anyone can celebrate the convictions in this matter."

Muhammad could be returned to Virginia's death row as early as Thursday afternoon, according to Darren Popkin, Montgomery County chief deputy sheriff. Malvo likely will remain in Maryland until he formally enters a plea in October.

Other states still have outstanding charges against Muhammad from earlier shootings, including Louisiana and Alabama. It will be up to Virginia whether to send him away again for further prosecution.

Muhammad Gets Six Life Terms (BSUN)

By Andrea F. Siegel

The Baltimore Sun, June 2, 2006

ROCKVILLE -- More than three years after a sniper's bullet felled Conrad Johnson as he stood in the doorway of a Montgomery County bus, Sonia Wills had the opportunity Thursday to confront her son's convicted killer.

Calling John Allen Muhammad the "devil's advocate," Wills bore into the 45-year-old Gulf War veteran as he looked downward, toward papers at the defense table.

"It is a shame you will not look at us to see the lives you have devastated, the lives that you have ruined," Wills told Muhammad.

Wills was one of four relatives of Muhammad's victims who spoke at a hearing at which he was sentenced to six consecutive life terms with no possibility of parole for sniper shootings in Montgomery County in the fall of 2002.

Though the relatives of victims expected no apology from Muhammad, several expressed revulsion at his refusal to acknowledge the grieving speakers.

Circuit Court Judge James L. Ryan pointedly noted that Muhammad would live out his days "locked in a cage" while grieving families and a terrorized community would forge ahead with their lives.

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"You chose the wrong community, sir, to stain with your acts of violence," Ryan told a grimacing Muhammad, who stood with his arms folded across his chest as he awaited sentencing.

"You, Mr. Muhammad, have no hope. You have no future," Ryan said before imposing the maximum sentence.

Shortly afterward, deputy sheriffs returned Muhammad to a prison in Waverly, Va., where he is on death row for a seventh sniper slaying, said Montgomery County Sheriff's Department Deputy Chief Darren Popkin.

Outside the courtroom, Montgomery County State's Attorney Douglas F. Gansler, a candidate for Maryland attorney general, said that anyone who questioned whether the county that suffered the most should try this case "should be ashamed of themselves."

Some had criticized the expense of the trial, with the cost of housing and providing security for Muhammad and Malvo exceeding $600,000. Gansler and others argued that the trial was needed as "insurance" in case Muhammad's sniper conviction and death sentence in Virginia were overturned on appeal, and to help the victims' families and the community put the case behind them.

Thursday, the hostility in the full courtroom toward the man believed to have masterminded a violent cross-country rampage with a teenager as his puppet, was palpable. Observers applauded Ryan's sentence as the tearful relatives of victims hugged.

Wills told Muhammad that he would never see his children again -- a reminder of Muhammad's opening remarks from the trial's start nearly a month ago. Maintaining innocence, he had told jurors that losing his children in a custody war was "my 9/11" and that he came east to reclaim them.

The words of Nelson Rivera, whose wife Lori Ann Lewis-Rivera was gunned down as she vacuumed her van, moved people in the courtroom to tears. The couple's 7-year-old daughter, Jocelin, talks of dying so that she can join her mother.

"She knows her mom is dead, but she is just hoping when she is going to die. That is what I am living now because of Mr. Muhammad," Rivera said.

"That worries me," he said outside the courtroom.

Every year, with Mother's Day and her mother's birthday near each other, Jocelin selects a plant in memory of her. Last month, Jocelin chose morning glories for the front of their home outside Sacramento, Calif., Rivera said.

Now, after three trials -- two for Muhammad and one for admitted accomplice Lee Boyd Malvo -- Rivera said he has no answer when she asks why her mother was killed.

"She wants these bad guys to say 'sorry' to her for her mom," Rivera said. "He's cold. No feeling at all."

Though permitted to address the court, Muhammad, who acted as his own lawyer through Tuesday's guilty verdicts, chose to stand in silence Thursday, letting one of his stand-by lawyers take over. Attorney J. Wyndal Gordon said Muhammad told him, "I said all I have to say."

Last Friday, in a nearly 3 1/2-hour rambling closing argument, Muhammad said he had no remorse because he was not guilty.

Victims' relatives said that after Muhammad's closing argument, they were glad that he didn't speak.

Muhammad had contended that he and the state's star witness, Malvo, were framed in a vast law enforcement conspiracy. He continued to call Malvo "my son" throughout the trial, though Malvo blamed Muhammad for indoctrinating him and said the senior member of the sniper team was the triggerman for most of the shootings. Defense lawyer Gordon referred to Malvo as Muhammad's son in brief remarks Thursday.

But Muhammad had produced little to dent prosecutors' overwhelming forensic case, which Malvo capped with a gripping account of the shootings. Malvo has agreed to plead guilty to the same six slayings for which Muhammad was tried.

Through DNA, fingerprints and the bullet analysis, prosecutors linked the duo to the high-velocity rifle stowed behind the back seat of Muhammad's car and to the crimes. A juror said Muhammad's voice in court sounded just like that on a voice recorder found in Muhammad's car.

Three jurors returned to court for the sentencing. One, who asked to be identified only as Debbie, said she was pleased with the sentence but wished that the death penalty had been an option. She said Muhammad's closing argument did not help him.

"You could see the anger behind him, especially during the closing," she said. "He raised his voice, his eyes were wide."

Juror Claudia Lopez-Cuevas, 21, an employee with the Montgomery County Department of Correction and Rehabilitation, disagreed that Muhammad should have received another death sentence.

"Life in prison sounds like he got what he deserved," she said.

"When he defended himself, he showed no remorse. In his mind, he really thinks he didn't do this," she said. "Even though he says he's innocent, the evidence is clear."

Muhammad is unlikely to serve the Maryland sentence, which is to begin after the Virginia death sentence.

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The sniper slayings terrorized the Washington region for three weeks in October 2002. Thirteen people were shot, 10 fatally, as people from Baltimore to Richmond lived in fear that they might be next in the cross hairs. On Tuesday, the jury convicted Muhammad in the murders of James D. Martin, 55; James L. "Sonny" Buchanan Jr., 39; Premkumar A. Walekar, 54; Sarah Ramos, 34, and Lewis-Rivera, 25; and Johnson, 35.

In court, Gordon started to complain that Muhammad did not receive a fair trial, but Ryan cut him off, saying such statements belonged in an appeals court.

Gordon extended condolences to the victims' families. But, he told the judge, "I'm not convinced Mr. Muhammad is the man."

Despite some contentious moments -- Ryan once threatened to hold Gordon in contempt -- Ryan praised the stand-by legal team for its dedication and long, unpaid hours. Muhammad had fired his public defenders after they said he was mentally ill. The judge promised to search for funds to reimburse the stand-by lawyers from Baltimore -- Gordon, A. Jai Bonner and Russell Neverdon Sr. -- for their expenses.

Asked what Muhammad was writing before he was removed from the courtroom, Gordon replied that Muhammad was signing his appeals notices.

Muhammad Gets 6 Life Terms In Md. (WP)

By Ernesto Londoño And Eric Rich

The Washington Post, June 2, 2006

As his last act in a Maryland courtroom, John Allen Muhammad chose silence.

The man convicted twice of terrorizing the Washington area with a powerful rifle and an impressionable accomplice betrayed no emotion yesterday as relatives of the people he killed spoke of their loss. He remained impassive as a judge sentenced him to six consecutive terms of life in prison without the possibility of parole.

"You chose the wrong community, sir, to stain with your acts of violence," Montgomery County Circuit Court Judge James L. Ryan told Muhammad. "You, Mr. Muhammad, have no hope. You have no future. You'll spend the rest of your life locked in a cage."

J. Wyndal Gordon, one of Muhammad's stand-by lawyers, maintained that Muhammad -- who doggedly defended himself during the month-long trial -- is an innocent man who was not allowed to tell his side of the story.

"We came here in search for justice," Wyndal said. "We came here in the search for the truth, to find out what really happened during those 23 days in October. My humble opinion is that we fell short."

What took place in the snipers' blue 1990 Chevrolet Caprice in October 2002 has never been clearer to the relatives of sniper victims, however, because the Maryland trial included the testimony of Muhammad's accomplice, Lee Boyd Malvo.

Yesterday, four of those relatives stood just a few feet from Muhammad and told him of their anger and their heartache.

"You took my son from me in the hopes that you would snatch your children," said Sonia Wills, the mother of sniper victim Conrad Johnson, referring to Muhammad's apparent plot to reclaim the children he had lost in a custody dispute. "I know we will never see Conrad again. And you are the devil's advocate. You will never see or hug your children again. It's only a shame you cannot look at us to see the people you have devastated, the lives that you have ruined."

Muhammad didn't flinch, and his eyes remained cast down.

Nelson Rivera, the husband of Lori Ann Lewis-Rivera, described how much he struggled to explain to his young daughter what had happened to her mother.

"What I want to say is he not only killed my wife," Rivera said. "He killed me. He killed my daughter and all the rest of the family. You have no idea how hard it is to tell a 3 ½-year-old her mom got killed."

Ola Martin-Border, James Martin's sister, said she wishes she could have protected her "little brother" one last time.

"I was his big sister, but I wasn't there to protect him," Martin-Border said. "I would have taken that bullet myself. Gladly. But I wasn't there. I couldn't be there for him. And I couldn't even be there to comfort him."

Their voices, at intervals soft and thunderous, brought tears to the eyes of spectators in the courtroom, some intimately affected by the case.

Outside, State's Attorney Douglas F. Gansler, flanked by relatives of sniper victims, faced a wall of cameras to hail the sentence.

"Anyone who suggested that this trial shouldn't be brought to Montgomery County should be ashamed," he said of people who questioned the need for another trial after Muhammad had been convicted of murder in Virginia.

His deputy, Katherine Winfree, who prosecuted the case, said that although the county is no stranger to violent crimes, Muhammad is in a league of his own.

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"No one has ever stood before a judge in this county with more on his conscience and more crimes to his discredit than John Allen Muhammad," Winfree said.

The trial prosecutors and a small group of sniper task force members left the courtroom sporting weary smiles. Some hugged victims' relatives, revealing bonds forged during the investigation and three trials.

"Yes, it brought them some closure," said Sgt. Roger Thomson, a Montgomery homicide investigator who played a key role in the investigation. "And, yes, it brought some closure to Montgomery County. Justice was done, and I can't wait to get them out of the state. This man -- he can't even look at these people in the face. The only thing you see in his eyes is hate."

Muhammad, 45, has been convicted in seven of the 10 October 2002 sniper slayings and is on death row in Virginia. Malvo, 21, who has been convicted of one killing in Virginia, has agreed to plead guilty to the six Maryland slayings. He is expected to return to Virginia to serve a sentence of life in prison without the possibility of parole.

Muhammad and Malvo could be prosecuted in other states, including Louisiana and Alabama, where they allegedly shot people.

As Ryan announced the sentence, Muhammad began scribbling on a notepad. Gordon later said he was drafting an appeal to the sentence.

"Mr. Muhammad, on behalf of all the people in this community, I order the sheriffs to take you into their custody, remove you from this courtroom, from this county and from this state," Ryan said. "Sheriff, take this man into your custody."

As he was escorted out in handcuffs, a short but hearty round of applause spread through the room.

Before suppertime, Muhammad had been transferred to the Sussex 1 State Prison in Waverly, Va., home to all death row inmates in that state.

Reputations Bruised As 'bagman' Opens Up (MCA)

By Lawrence Buser

Memphis Commercial Appeal, June 2, 2006

A longtime aide to Roscoe Dixon testified Thursday the former state senator had him handle bribe money and that Dixon also sometimes directed him to give portions to Kathryn Bowers and other legislators.

In his second day on the witness stand in Dixon's federal extortion and bribery trial, Barry Myers watched himself on surveillance tapes telling an informant that Dixon trusted him "like a son" and that his boss was paranoid and "scared of his own (expletive) shadow" about getting caught taking payoffs.

Advertisement

In a tape made Feb. 12, 2004, by informant Tim Willis, Myers counts out $100 bills, six stacks of 10 each, that Willis has placed on a coffee table on behalf of a fictitious FBI company called E-Cycle Management, Inc.

Dixon says "Throw me one of them stacks, man," but quickly declines when Myers reaches for one that has red markings on the top bill. Myers then gives Dixon a second stack, which he conceals inside a booklet before leaving.

"It's just that he gets so (expletive) paranoid and shaky, man," Myers tells Willis on the tape after Dixon leaves.

Myers said he kept $2,000 for himself and gave the rest to Dixon later that evening. Myers said Dixon then told him to take $2,000 and deliver part of it to Bowers and part to Dixon's sister, who needed to pay her light bill.

The testimony came on the second day of Dixon's trial in which he is accused of taking $9,500 in illegal payoffs to support legislation favorable to the fake E-Cycle company that was part of the FBI's sting.

Operation Tennessee Waltz, as the agents called it, resulted in 10 indictments, including Dixon, Bowers, John Ford and two other past or present state legislators.

Dixon contends he was entrapped by Willis and undercover FBI agents posing as corrupt businessmen, and that Myers sought payments without Dixon's approval or knowledge.

Myers also was indicted and last year pleaded guilty to bribery and extortion charges and began cooperating with federal prosecutors. He is awaiting sentencing.

"And when did you get this morality attack?" defense attorney Coleman Garrett asked Myers.

"It's not a morality attack," Myers insisted. "I wanted to correct a wrong."

He said he has not been promised anything for his testimony, but that he hopes that by telling the truth "I would get a reduction in my prison sentence."

In afternoon testimony, Myers is heard on tape telling an undercover FBI operative posing as an E-Cycle executive that the "heavy hitters" in the Tennessee legislature were on board with pushing legislation favorable to the company.

He names legislators Dixon, Bowers, Ford and Lois DeBerry, who has not been charged with any crime.

On the tape, Myers tells undercover FBI agent "L.C. McNeil" that he's the man who handles the money for the legislators, who he refers to as "the big juice."

At one point, he says of Dixon, "I'm his boy. I'm his bagman."

On that tape and others played for the jury, Myers talks of concerns of FBI or TBI investigations into bribery schemes and tells McNeil that City Councilman Rickey Peete "went to prison for that, you know, takin' money and stuff."

When McNeil wants to know how he'll be sure the money is getting to Dixon and he's getting something in return, Myers says they could set up a kind of code, where Dixon might call him and thank him for "taking care of Barry." He also said they might refer to the money as "tickets."

One secret video, shot from a hidden camera in the back seat of Willis's car, shows Willis in the driver's seat and Myers in the passenger seat on Aug. 26, 2003. The two had discussed the Children's Dental Clinic, which was trying to get a contract with TennCare, the state's healthcare program for the poor. They can be seen counting out $100 bills into two envelopes, $2,000 in each.

Myers said Dixon told him to take the money to Bowers.

"One was going to Kathryn Bowers and one was going to Roscoe Dixon," Myers testified.

After video of Myers getting out of the car and then returning, he testified: "I just gave Kathryn Bowers the envelope with the money in it. She put it in her car, the trunk."

Myers said that when he later mentioned to Dixon that Willis had the E-Cycle company as a client, the senator "told me to see if I could get anything from Tim." Myers said that meant money.

Defense attorney Garrett noted there was no recording of that exchange.

During a lengthy tape-recorded discussion about E-Cycle, Dixon asks Willis what kind of legislation E-Cycle wants. Willis says once E-Cycle gets a contract, the company could go public and "they'll all be damn near millionaires."

The trial before U.S. Dist. Court Judge Jon McCalla resumes this morning.

Reputations Bruised As 'bagman' Opens Up (MCA)

By Marc Perrusquia

Memphis Commercial Appeal, June 2, 2006

Reputations went on trial Thursday in federal court when prosecutors played secret tapes that included allegations of payoffs to uncharged politicians.

On those tapes, played during the second day of testimony in former state senator Roscoe Dixon's bribery trial, confessed "bag man" Barry Myers brags to an undercover FBI agent about delivering money to several local public officials.

Myers' credibility also came under heavy attack when he acknowledged embellishing some of his claims involving Dixon.

Among his most explosive claims, Myers said he had delivered money over the years from unnamed businessmen to Lois DeBerry, D-Memphis, speaker pro tem of the Tennessee House.

Myers also named U.S. Rep. Harold Ford Jr. and his father and predecessor in the seat, Harold Ford, saying, "... they send me to pick up bags of money."

The taped statements triggered sharp denials from the uncharged parties. Some expressed frustration that they had no standing to defend themselves from the claims played out in a public court.

"They are totally -- totally -- untrue, with absolutely no basis in fact," DeBerry said. "I'm so disappointed."

Ford Jr., D-Memphis, said he hardly even knows Myers.

"I've never asked anyone to break the law," he said. "It's so crazy, it's hard to even respond."

A law professor cautioned that observers shouldn't put too much stock in claims that arise about uncharged individuals during criminal proceedings.

"This bag man is trying to build up his own credentials in the underworld context," said Ron Rychlak, a former criminal defense lawyer and now a law professor at the University of Mississippi.

"He has every reason in the world to embellish his credentials by tarnishing these other individuals. You can't put too much credence in this kind of stuff."

Indeed, Myers admitted Thursday under cross-examination he had embellished some of his taped claims about Dixon, 56, who's charged with taking $9,500 in bribes in the FBI's Tennessee Waltz undercover corruption sting.

Myers had claimed on one tape that he once covered for Dixon when the senator had an extramarital affair, yet Myers admitted in testimony that there was no affair.

Defense attorney Coleman Garrett, who has portrayed Myers as a crook and a liar, got him to admit he had lied when he was first questioned by the FBI about his Waltz involvement, yet Myers said he did it to protect Dixon.

Myers, 39, pleaded guilty last fall to acting as a bag man for Dixon and a second Waltz defendant, state Sen. Kathryn Bowers. He is now a government witness and is awaiting sentencing.

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Myers has given often scintillating testimony over the past two days as prosecutors played undercover tapes made during the Waltz probe when Myers had no idea he was being recorded.

In a taped conversation with an undercover agent on May 14, 2004, Myers bragged he had delivered "suitcases of money" over the years to Dixon, and said he delivered money to other African-American politicians, too.

"To be honest with you, most of the money I used to pick up come from white folks ... white males, established businessmen that would send money to Kathryn, Lois, Roscoe and John," Myers says on the tape.

It's a reference to Waltz defendants Kathryn Bowers, Roscoe Dixon and John Ford, as well as Lois DeBerry.

DeBerry has admitted taking $200 from an undercover Waltz agent to gamble in Tunica but hasn't been charged.

On another point in the tape, Myers claims he works for the Ford family, too.

"I don't know if you knew our first congressman, his name Harold Ford Sr. ... His son Harold Jr. I mean they send me to pick up bags of money. ... I mean and trust me (to) bring every penny back."

On a June 2004 tape, Myers said state Rep. Larry Miller, D-Memphis, "got a $5 million contract" with the Tennessee Lottery for a friend, businessman J.W. Gibson, now a Democratic nominee for County Commission.

Gibson's company, Tec-Print holds a subcontract to print lottery tickets, but he and Miller both said there was nothing untoward in the deal.

"What Mr. Myers is referring to, I have no idea," Miller said.

While it may appear to some that names of uncharged parties are being unfairly tossed out at the trial, a former prosecutor said it's unavoidable that some innocent parties become entwined in criminal evidence.

It's up to the jury to decide if Myers is lying about some things, but in the end, Dixon's guilt or innocence will hinge on whether he's seen taking bribes on tape, said former U.S. attorney Hickman Ewing.

"Whether (Myers) is a liar or not, there it is."

Waltz Jurors Watch Senator Take Cash (KNOXNS/AP)

By Woody Baird, Associated Press

Knoxville News Sentinel (TN), June 2, 2006

MEMPHIS — Federal court jurors watched a video Wednesday showing a state senator picking up a stack of $100 bills put before him by an aide and an FBI informant.

The video clip was played at the trial of former state Sen. Roscoe Dixon's trial on bribery and extortion charges stemming from the Tennessee Waltz corruption investigation.

On the video secretly recorded in February 2004, Dixon aide Barry Myers lays out $6,000 from informant Tim Willis in stacks of $1,000 each on a coffee table. Dixon, sitting on a sofa beside the table, makes small talk with Myers and Willis about politics, business and professional wrestling before getting up to leave for another appointment.

"Throw me one of those stacks," Dixon tells Myers, then pockets the money and leaves.

Testifying as a witness against Dixon, Myers said the money was to pay for the senator's help in getting a favorable state law passed for a company called E-Cycle Management, which was supposedly interested in buying and selling used government computers.

E-Cycle, Myers and Dixon found out later, was a fake company set up by the FBI to snag state lawmakers and other Tennessee officials looking for bribes.

Myers has pleaded guilty to passing along bribes to Dixon and Sen. Kathryn Bowers, D-Memphis, and is awaiting sentencing.

Myers said he met with Dixon after the videotaped meeting and gave him another $1,000. Myers said he kept $2,000 for himself and set the rest aside to pass along to Bowers and a Dixon relative having financial troubles.

Dixon, a Memphis Democrat, and Bowers are among five current or former state lawmakers charged in the extortion and bribery investigation. Dixon was in the state Legislature for 22 years until his resignation from the Senate a few months before he was indicted last year.

Bowers remains in the Senate and is awaiting trial.

Agents working on the two-year investigation made hundreds of audio and video recordings, most of them with the help of informant Willis, a convicted felon and former business consultant.

In an audio recording played for the jury, Dixon, Myers and Willis talk about changes E-Cycle executives supposedly want to make in the proposed law they have gotten before the state Legislature.

A voice identified as Dixon tells Willis to get more information from E-Cycle executives. "They need to clarify in writing what they want ... they're all over the map," Dixon says.

Willis then asks how much Dixon and Myers need to be paid, suggesting "about six," which Myers said meant $6,000.

Dixon doesn't respond directly to the money question. "Work through Barry ... keep Barry happy," the lawmaker says.

When prosecutor Tim DiScenza asked Myers what that meant, he testified, "Give me the money so it won't pass through his hands."

Myers said Dixon was "paranoid" about handling bribe money himself.

Dixon, accused of seeking a total of $9,500 in bribes, is the first lawmaker charged in the scandal to go to trial.

Former Rep. Chris Newton, R-Cleveland, has pleaded guilty and is serving a one-year prison sentence. Former Chattanooga lobbyist Charles Love, a second "bag man" charged with handling bribes for lawmakers, also has pleaded guilty and is awaiting sentencing.

Also awaiting trial are Sen. Ward Crutchfield of Chattanooga, D-Chattanooga, and former Sen. John Ford, D-Memphis.

Two Shelby County officials charged in the investigation have pleaded not guilty, and a Hamilton County commissioner was found guilty at trial and sentenced to three years in prison.

Tennessee Waltz: The "Bag Man" Testifies (WPTY-TV)

WPTY-TV, June 2, 2006

The so-called "bag man" took the stand Wednesday in the trial of former Tennessee state senator Roscoe Dixon. Barry Myers said he accepted bribe money for Dixon. The FBI videotape shown as evidence during his testimony seems to back up his story!

Prosecutors are just getting started with Myers. It was almost 5pm when he was sworn in, but in that short time jurors got the chance to hear Myers' story behind the video shown earlier in the day. Barry Myers says the video played in court Tuesday shows him accepting $4000 from FBI informant Tim Willis in what was at the time state senator Roscoe Dixon's office. He says he split the money with Dixon.

The bribe was not connected to E-Cycle, the dummy company set up by the FBI to target crooked law makers in the Tennessee waltz sting, but it goes back to a scandal involving the Children's Dental Clinic and TennCare certification.

Lawyers for the government say tapes like this lead to Dixon's investigation. In the tapes Dixon says, "What I want to say is support Kathryn Bowers. She's been fighting for this thing big time." Myers said from the witness stand that Dixon was talking about a pay off.

The tapes also said: Dixon: let's just use Barry. I don't want to touch it, but I'm going to help you because of Barry and that way I can honestly say (unintelligible). . .

Myers: Yeah he didn't (unintelligible). . .

Dixon: and I'll show Barry what to do and Barry knows how to stay in the background.

Tape Shows Dixon Pocket Cash (TENN)

By BONNA De La CRUZ, Staff Writer

The Tennessean, June 2, 2006

Jurors see recordings FBI made during Tennessee Waltz probe

MEMPHIS — With $1,000 in hundred-dollar bills wrapped inside a magazine, former state Sen. Roscoe Dixon left the home of a friend who was seeking his help passing legislation.

Prosecutors say it was the Memphis Democrat's first payoff for helping an upstart computer-recycling company get a leg up in securing business from state government.

Earlier in the evening, after Dixon's friend and "bagman" Barry Myers, counted out six piles of $1,000 each onto a coffee table, Dixon had said, "Throw me one of them stacks, man."

This was revealed in a video recording that jurors watched Thursday during the second day of Dixon's federal trial on bribery and extortion charges.

Later that evening in February 2004, Dixon would get even more money from the rest of the $6,000 he had left behind at lobbyist Tim Willis' house for Myers to deliver to him, star witness Myers testified during his second day on the stand.

Dixon would get another $1,000; Myers kept $2,000; and Dixon would direct Myers to divide the remaining $2,000 between then-Rep. Kathryn Bowers, D-Memphis, and Dixon's sister, who needed help paying her electricity bill, Myers told jurors.

After Dixon left, Myers told Willis — a government informant who was secretly recording their activities — that Dixon took $1,000 immediately so "he could run out to the casinos," the video showed.

The government's case so far has largely relied on audio and video recordings of the former senator and others discussing E-Cycle Management Inc., which wanted the help of lawmakers to pass favorable legislation and was willing to pay them for it.

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Some of the recordings have mentioned Bowers, former Sen. John Ford, D-Memphis, and House Speaker Pro Tem Lois DeBerry, D-Memphis, throwing their support to E-Cycle. Bowers and Ford also have been charged and, like Dixon, pleaded not guilty and are going to trial.

Myers pleaded guilty last August. Dixon is the first to go to trial among the current or former legislators who were charged.

E-Cycle, it turned out, was a fake company the FBI set up as part of a sting named Operation Tennessee Waltz. The sting became public a year ago.

Thursday afternoon, Dixon's attorney quizzed Myers on his motives for involving Dixon, suggesting that Myers had no other real source of income.

Attorney Coleman Garrett also suggested that the $1,000 Dixon took could have been a campaign contribution and that there were no witnesses who saw Myers turn over more money to Dixon.

A Dixon supporter who attended the trial as a spectator said he did not believe the recordings were incriminating.

"You hear them saying to Roscoe, 'I need your support.' Of course, Roscoe will tell a friend, 'You've got my support,' " said Del Gill, 56, an active Democrat in Memphis and retired industrial engineer.

Gill noted that $1,000 is the same amount other legislators, such as Sen. Jeff Miller, who have not been charged in Tennessee Waltz, got from E-Cycle.

Friends such as Gill, along with Dixon's wife, neighbors and pastors, attended the trial Thursday.

In his testimony, Myers said that he told Dixon about Willis' work with E-Cycle and was seeking Dixon's help to help Willis.

Dixon "told me to see if I could get anything from Tim," Myers said.

Federal prosecutors contend that Myers and Dixon had formed a criminal partnership, not just to extort money by using Dixon's public office, but to protect Dixon from prosecution if they got caught.

In the video recording, Willis told Dixon, "I'll have a little something for you." Dixon responded, "Work through Barry. … Keep Barry happy."

Myers told Willis that Dixon was paranoid about getting caught taking bribes, saying Dixon almost got caught in the 1980s Rocky Top scandal. At no time would Dixon take the money directly, Myers said.

That way, if they were ever caught, Myers could take the heat and say the money was being paid to him as a consultant.

Myers described other moments that he served as a loyal bagman for Dixon, telling one undercover agent that when he took a "suitcase of money" to Dixon, the senator got every penny.

Myers did not seem suspicious during the sting.

In the video recording, Myers told Willis that Dixon was nervous about hidden cameras, not knowing one was trained on him at that very moment.

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Prosecutor: Video Shows Bribery Not First For Senator (WTVF-TV)

WTVF-TV, June 2, 2006

There were more damaging tapes played Thursday in the bribery trial against former state Sen. Roscoe Dixon.

The tapes showed Dixon in the room as large amounts of money were changing hands. Prosecutors said it has happened more than once.

One tape showed Dixon at his desk. He leaned back and watched as money changed hands in front of him.

Prosecutors said an FBI informant handed $4,000 to Dixon's trusted aid Barry Myers. They said that money was so the senator would help a Memphis dental clinic get credentials in TennCare. It was after that transaction the FBI set up a fake company called eCycle and tried to bribe other lawmakers.

Thursday, prosecutors showed another video in which Dixon watched again as an FBI informant put $6,000 on the table. Dixon walked away with $1,000.

Myers, who already plead guilty, testified he took the rest and gave some to Dixon's sister, Sen. Kathryn Bowers, who has also been charged.

Dixon's defense attorney said he wants people to keep an open mind.

"We realize that that was basis for the government's case, and that's what we were confronted with. And that's the hurdles we're going to have to overcome," Coleman Garrett said.

The defense said the FBI entrapped Dixon.

The trial is scheduled to last for three weeks.

Sorich Defense Blasts Prosecution Witness (CHIT)

By Rudolph Bush And Dan Mihalopoulos, Tribune Staff Reporters

DOJ_NMG_0031476

Chicago Tribune, June 2, 2006

The lawyer for Mayor Richard Daley's former patronage chief aggressively attacked the credibility of a key prosecution witness in the City Hall corruption trial Thursday, suggesting the witness agreed to wear a hidden recording device to shorten his prison stay.

Defense attorney Thomas Anthony Durkin portrayed retired city official Daniel Katalinic, 54, as a crook with little choice but to help the federal investigation of alleged corruption in the Daley administration.

Katalinic pleaded guilty last year to one mail fraud count, admitting he got $15,000 in bribes from city trucking contractors. He said he hoped his cooperation would earn a lesser sentence—as little as half of the 2-year minimum prison term.

"A year and a day is a real good deal for what you got caught doing, isn't it?" Durkin asked Katalinic during cross-examination.

"I guess so," Katalinic replied, shrugging.

But Katalinic's two-day testimony provided damning accounts of the roles that Durkin's client, Robert Sorich, and three other city officials allegedly played in city hiring. Sorich, Daley's former patronage chief, is on trial with Timothy McCarthy, his assistant in the mayor's office, and ex-Streets and Sanitation officials Patrick Slattery and John Sullivan.

Prosecutors say they schemed to fix jobs and promotions in favor of applicants with clout, including pro-Daley political workers. The fraud allegedly was perpetrated to get around legal restrictions that ostensibly had curtailed the city's long tradition of patronage hiring and machine politics.

Katalinic said he was part of the patronage scheme, leading a "white ethnic" political group of about 300 city workers for Daley, U.S. Rep. Rahm Emanuel (D-Ill.) and other candidates on commands from the mayor's office. Sorich and McCarthy helped secure jobs and promotions for the most dedicated of his political group, Katalinic said.

He alleged that Sullivan directed him to recruit city workers to make phone calls to potential voters. And he said Slattery complained to him that he could not get jobs and promotions for his own group of 11th Ward political workers, because the pro-Daley Hispanic Democratic Organization got many coveted spots.Katalinic acknowledged that he agreed to cooperate with investigators after learning that they had caught him on tape discussing bribes he took. Katalinic secretly recorded a conversation with Sorich.

"I bet that was a tough pill to swallow?" Durkin asked Katalinic.

"Yes, it was," Katalinic replied.

"That's not how you were brought up on the East Side," Durkin said.

Katalinic, a broad-shouldered product of former Ald. Edward Vrdolyak's 10th Ward Democrats, looked down and shook his head. But prosecutors objected to Durkin's question before Katalinic could reply.

Prosecutors did not play the recording Katalinic made of his conversation with Sorich. The defense has said the conversation helps exonerate Sorich, in part because he advises Katalinic to tell the truth to federal agents.

Durkin asked Katalinic whether he had complained that former Sen. Peter Fitzgerald (R-Ill.) selected an aggressive prosecutor, Patrick Fitzgerald, as U.S. attorney in Chicago.

Prosecutors objected before Katalinic could answer about either of the Fitzgeralds, who are unrelated. But Durkin entered into evidence a transcript of a conversation that authorities secretly recorded between Katalinic and a Streets and Sanitation worker.

"Nobody could be worse than [Peter] Fitzgerald was," Katalinic said on the tape. "That's why you've got these U.S. attorneys running all over the place, starting all kinds of [stuff]."

Katalinic acknowledged he used to be a heavy gambler. After retiring from Streets and Sanitation in 2003 as a deputy commissioner, he lobbied the city for Allied Waste, the Daley administration's blue bag recycling contractor.

Katalinic also pointed the finger at his former boss, retired Streets and Sanitation Commissioner Al Sanchez. Sanchez, a leader of the Hispanic Democratic Organization, has not been charged.

To underscore his assertions that Katalinic turned on friends to spare himself, Durkin showed jurors Katalinic's resignation letter to Sanchez.

"It has been a learning experience made only easier by following the lead of a commissioner who is fair and honest in every part of our daily working relationship," Katalinic wrote.

Defense attorneys questioned whether it was Sorich or Sanchez who arranged for jobs as city truck drivers for Katalinic's political workers in 2004. Katalinic testified that the city hired nine of 10 truck driver hopefuls that he sponsored.

Katalinic said he could not remember whether Sorich or Sanchez helped in that case. It did not matter, he said, because Daley's Office of Intergovernmental Affairs had the final say.

"Al would always tell me, 'I've got to get the OK from IGA,'" Katalinic said.

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Witness In Sorich Trial Says Politics Got Workers City Jobs (WLS-TV)

WLS-TV, June 2, 2006

Politics, not experience, got people job with the City of Chicago. That's the prosecution's claim in the trial of Mayor Daley's former patronage chief Robert Sorich. Thursday, a different take from witnesses.

Retired deputy commissioner of the Streets and Sanitation Department, Daniel Katalinic was on the witness stand for a second day. Defense attorneys had their turn with the man who cut a deal with the government to avoid a lengthy prison sentence. Katalinic was originally charged with Sorich and three others but pleaded guilty.

Daniel Katalinic knew he could no longer fight a federal investigation once the feds told the former streets and sanitation official that they had him on tape. Defense attorney Tom Durkin asked him, "You knew you were toast?" Katalinic said, "Yes." Katalinic testified that he hired the best plea bargain lawyer in town and cut a deal with the government. The attorney asked if he was at the US attorney's mercy. Katalinic said, "Yes."

The deal Katalinic cut with the government included Thursday's testimony against Robert Sorich and three other former City Hall employees. Katalinic told the jury, with Sorich's recommendation, he organized a political organization that worked on Mayor Daley's campaigns as well as the campaigns of pro-Daley candidates. In exchange for their hard work, Katalinic promised his political workers that he would help them get city jobs and promotions.

Katalinic sent lists of candidates to Robert Sorich and Sorich's aide Timothy McCarthy, who is also on trial. Katalinic prioritized the names based on how much political work they did. But under cross-examination Katalinic admitted that the first name on the list wasn't only his best political worker, but one of his best friends. Katalinic's nephew was also the list.

Katalinic also told the jury that he knew there would be no guarantees that any of the people on his list would get jobs or promotions. In the end, the majority did. Even though Katalinic testified that Sorich had the final say, Durkin said, "You're not saying that Sorich ran City Hall hiring?" Katalinic responded "No."

Also under cross-examination, Daniel Katalinic admitted he used to be a heavy gambler. Durkin shot back by saying that's when you used to have a lot of money, now your lawyer has all your money.

Meantime, prosecutors never played a tape of a conversation Katalinic had with Robert Sorich when the FBI had Katalanic wear a wire. The defense says the tape actually helps exonerate Sorich.

News Clash Of The Clout Armies (CHIST)

By NATASHA KORECKI, STEVE WARMBIR AND FRAN SPIELMAN, Staff Reporters

Chicago Sun-Times, June 2, 2006

Political groups competed over the number of city jobs they could give their troops as post-election rewards, and they even complained that the powerful Hispanic Democratic Organization got a larger share, a key witness testified Thursday.

But defense lawyers in the City Hall hiring trial quickly attacked Daniel Katalinic's testimony, getting him to grow misty-eyed about his decision to flip for government prosecutors -- and to admit that while political groups did slip lists of names to the Office of Intergovernmental Affairs, there were "no guarantees" they'd be hired.

Katalinic said the requested hires were qualified people and most already worked for the city but sought promotions or different jobs.

Clout on Wheels

The scandal of the city's Hired Truck Program - a Chicago Sun-Times investigation.

The testimony comes in a trial that accuses Robert Sorich, a top IGA official, and three others of manipulating the city hiring system to hand out jobs as political rewards. Katalinic, deputy commissioner of street operations who cultivated a political army out of city workers, said he'd hand a list of names with corresponding job requests to Sorich and co-defendant Timothy McCarthy.

At one point, Katalinic said, Patrick Slattery, another co-defendant, complained to him that his 11th Ward group wasn't getting rewarded.

"He said he and his workers were getting sent all over doing political work and getting nothing in return," Katalinic told Assistant U.S. Attorney Philip Guentert. "He blamed Al Sanchez and HDO. He said they were getting all the positions."

He later told Slattery lawyer Patrick Blegen, though, that Slattery wasn't behind any City Hall hiring.

'You were toast'

Sorich lawyer Tom Durkin ripped into Katalinic's motivation for testifying. Durkin said that last year, federal investigators played Katalinic a secretly recorded conversation he had with John "Quarters" Boyle. The conversation was caught in the Hired Truck investigation.

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"You knew from that moment on you were toast, correct?" Durkin asked.

"Yes," Katalinic said.

Katalinic quickly went from "tough guy to rollover guy," Durkin said, and Katalinic blinked back tears when asked if it was the hardest thing he ever had to do in his life.

"Yes," Katalinic said.

Katalinic agreed with Durkin that it was "preposterous" to say that Sorich controlled City Hall hiring, since he reported to higher-ups at the IGA.

"They are the heads of the Mayor's Office of Intergovernmental Affairs?" Durkin asked.

"Yes," Katalinic said.

Durkin suggested that power went even higher, asking if the mayor didn't run his own office.

"I would think so," Katalinic said. "It's called the mayor's office."

Earlier Thursday, lawyers revealed that federal investigators secretly tapped Katalinic's office and cell phones, recording hundreds of conversations. None of the conversations was played at trial. In one, Katalinic reportedly complains to a city worker that former U.S. Sen. Peter Fitzgerald brought in the aggressive U.S. Attorney Patrick Fitzgerald.

"Nobody could be worse than Fitzgerald was," Katalinic said. "That's why you've got these U.S. attorneys running all over the place, starting all kinds of s---."

Leaving the federal courthouse Thursday, Katalinic lamented: "I need some aspirin."

'Scope of testimony' unknown

Meanwhile, City Hall disclosed that Mayor Daley's corporation counsel, Mara Georges, has been subpoenaed by the defense and will testify if she is called.

Law Department spokeswoman Jennifer Hoyle said it's impossible to know if Georges would refuse to answer on grounds that it might be a violation of attorney-client privilege.

"We'd have to know more about what information is being sought. It's not like every conversation is privileged," Hoyle said. "We don't have any information about what their expectations would be about the scope of testimony."

Hoyle denied that Georges' testimony would set a dangerous legal precedent or "constitute a waiver" for all Law Department attorneys on similar issues, including the long-running Shakman case.

Last year, the Daley administration suffered a black eye when the list of cooperating witnesses ended up in the hands of Georges and several influential aldermen. The corporation counsel subsequently acknowledged that she got the list from an attorney representing Sorich.

Ryan Lawyers Set The Stage For Appeal With Fresh Attack On The Jury (AP)

By Mike Robinson

AP, June 2, 2006

CHICAGO - George Ryan's lawyers set the stage Thursday for the former governor's appeal of his racketeering and fraud conviction by filing 70 pages of court papers asking for a new trial on the grounds that juror misconduct "taints the verdict in this case."

"Justice requires the District Court to set aside a tainted verdict such as this without regard to the length of the trial, the high profile nature of the prosecution, the resources expended or any other issues unrelated to the legal errors that deprived the defendant of a fair trial before an impartial jury," the defense attorneys said.

Much of the document was a painstaking rehashing of the agony that followed the April 18 guilty verdict at the close of a seven-month trial when goings-on in the jury room began to come to light and both sides spent two weeks haggling over whether they showed unfairness to Ryan.

Two jurors ended up hiring lawyers of their own with one attorney coming to court to plead with U.S. District Judge Rebecca R. Pallmeyer to put an end to the investigation of the jury.

Pallmeyer eventually ruled that the verdict would stand. Sentencing is set for Aug. 4.

Ryan, 73, and businessman Larry Warner, 67, were convicted of racketeering, mail fraud and other offenses as part of a scheme hatched when he was secretary of state and later governor.

Prosecutors say the evidence shows that Ryan steered state leases and contracts to Warner and other lobbyists and in return received gifts ranging from free vacations to a golf bag.

Randall Samborn, a spokesman for the U.S. attorney's office, declined to comment.

"This is an extraordinary case," the defense attorneys said. "False statements, misrepresentations, improper ex parte communications, disclosure of confidential information and a decision-making process influenced by external considerations - a litany not simply of the charges against George Ryan but of the juror misconduct that taints the verdict in this case."

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Juror misconduct was not the sole focus of the document. It also said that prosecutors had failed to provide adequate proof of the charges and that the judge should have allowed the defense to tell jurors more about what Ryan did when he was in power in Springfield.

In specific, defense attorneys pointed to Ryan's opposition to the death penalty, his promotion of a state organ-donor program and his campaign for tougher drunken driving laws.

Asking to have the verdict set aside and a new trial granted is standard procedure following a guilty verdict. But such post-trial motions are very rarely granted by the courts.

They do, however, preview the case that the defense takes to the U.S. 7th Circuit Court of Appeals as it seeks to have the verdict overturned. Defense attorneys also can use other errors that they believe the judge made before and during the trial as the basis for their appeal.

Arrests In Fumo Probe Spur Debate Over Prosecution Strategy (AP)

By Maryclaire Dale, Associated Press Writer

AP, June 2, 2006

The FBI spent three years investigating powerful state Sen. Vincent Fumo and his ties to a charity run by aides before charging two underlings Wednesday with obstructing justice.

A day later, the obvious question remained: What about Fumo?

Are federal authorities proceeding cautiously? Or do they lack the evidence to make a case against him?

"It tells me that they're trying to either scare the devil out of these two guys who got arrested to obtain their cooperation, or to put the fear of God into other people," said defense lawyer William A. DeStefano, a former federal prosecutor.

"And that sort of tells me that they're not comfortable with their case against the senator."

Others suggested that federal prosecutors _ humbled perhaps by the acquittal of some bankers in the Philadelphia pay-to-play scandal _ want to build an ironclad case.

"It may be that this is a reaction to some of the failures to get convictions without insiders in the last couple of years," said Temple University law professor David Hoffman. "Maybe they're trying to shake the trees.

"But you never know. It could be that they have a case ready to go," he said.

Fumo, the ranking Democrat on the Appropriations Committee, cuts a wide swath in Harrisburg and Philadelphia. As of March, he directly or indirectly supervised 73 people, including 32 in Philadelphia, Statehouse records showed.

The staff members arrested Wednesday morning _ for allegedly deleting years worth of Fumo e-mail sought by the FBI _ were roused from their beds at dawn by federal agents. They appeared stunned to be the center of a media throng at the federal courthouse in Philadelphia.

Hours later, U.S. Attorney Patrick Meehan released a juicy FBI affidavit that focuses as much on Fumo as it does on the defendants, computer technicians Leonard Luchko and Mark Eister.

The 65-page affidavit _ atypically _ tips Meehan's hand as to the focus and breadth of the probe.

Federal authorities want to know if Fumo extorted corporate donations for a South Philadelphia nonprofit, Citizens' Alliance for Better Neighborhoods _ including a $17 million gift from Peco Energy Co. They also wonder if he used the nonprofit for his political purposes.

"Normally with political corruption, they'll do all their homework, they'll have a grand jury investigation and then out will come the indictment," DeStefano said.

Luchko, 49, of Collingdale, and Eister, 36, of Camp Hill, both resigned from their longtime jobs, which paid more than $60,000 each, the Senate Clerk's Office said Thursday. But neither plans to cooperate with the Fumo probe, their lawyers said.

Their lawyers said the men had done nothing wrong, and were being used as pawns in an all-out effort to get the senator.

"I'm convinced now more than ever that the reason the government proceeded the way they did, which was highly unusual ... is so they could get their big splash with their affidavit ... and make the point they obviously want to make," lawyer James Schwartzman, who represents Luchko, said Thursday.

The affidavit also discloses some of the evidence that investigators have gathered, such as e-mail that shows Fumo growing frenzied about leaving an electronic trail.

"The FBI probe into the Sen. has really set him off he wants us to start doing a number of security checks starting tomorrow. ... He wants all of the Blackberries wiped (clean of e-mail)" Luchko wrote to Fumo staffers in January 2004.

The FBI also says it has e-mail that shows Fumo directing aides to spend funds from the charity for political polling and other political ends, which could violate its nonprofit tax status.

"I would suggest that we're not finished yet," Meehan said Wednesday.

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A CRUMBLING FOUNDATION? DID FUMO USE A NONPROFIT TO CEMENT HIS POLITICAL POWER? (PHI)

The Philadelphia Inquirer, June 2, 2006

WITH TWO of his aides facing federal jail time for allegedly obstructing justice and a highly detailed criminal complaint now in the public record, questions surrounding state Sen. Vince Fumo are beginning to pile up.

Don't expect answers soon, especially from the senator. Other than a slightly overwrought response from his attorney, Dick Sprague, that essentially denies wrongdoing, Fumo is staying mum.

Yet questions persist.

There's the obvious ones such as, is Fumo guilty of anything?

So far, the answer is no, though an investigation is continuing. According to the criminal complaint filed in connection with the arrests of the two Fumo aides, the FBI launched the investigation to determine if Fumo strong-armed Peco to make contributions to Citizens' Alliance, a nonprofit neighborhood organization that's done some good deeds in South Philadelphia, Fumo's political base.

Then there's the less obvious question: At what point does a politician mau-mauing a company into doing what could be argued is a public good become criminal activity?

Aren't politicians supposed to cajole private companies to do more for the communities they're in? Is that now a crime?

It could be if the feds can prove the other part of their inquiry: whether Fumo benefited politically or personally from expenditures made by Citizens' Alliance.

Here the feds may have a convincing case. Foundations, which don't pay taxes, are generally prohibited from making political contributions. Yet the FBI claims to have e-mails from Fumo that indicate he was directing Citizens' Alliance to make grants of a political nature.

Investigators say e-mails sent by Fumo in 2001 directed aides to use Alliance money to pay for programs and memorials that would help the political fortunes of allies and candidates in Pittsburgh and in Bucks County. Other e-mails indicate that Alliance money also was used to fund a lawsuit against a rival state senator and may have been used for political polling, the feds allege.

But other e-mails described by government investigators seem much less suspicious: Fumo ordering that Citizens Alliance pay for repairing a police surveillance van; another directing that money go to paying a bill for the Christopher Columbus Charter School. Isn't this what neighborhood foundations are supposed to do?

Fumo is not the first politician to face tough questions regarding foundations or nonprofits. Sen. Rick Santorum earlier this year was the target of media criticism over his Operation Good Neighbor foundation.

Which prompts this final question: Isn't it time for stricter restrictions on whether politicians should operate foundations at all?

Affidavit: Fumo Involved In Real Estate Deals (PHI)

By Dave Davies

The Philadelphia Inquirer, June 2, 2006

Information contained in a federal affidavit released Wednesday casts some doubt on state Sen. Vince Fumo's claim earlier this year that he had no role in a $310,000 real-estate deal involving electrical contractor Donald "Gus" Dougherty, whose office was raided by the FBI in January.

And Fumo may have directed a nonprofit organization's purchase of as many as two dozen properties in South Philadelphia, the affidavit suggests.

Six years ago Donald Dougherty, dubbed by some as "Electrician of the Stars" because of his work for high-powered politicians, sold a Tasker Street warehouse to Citizens Alliance for Better Neighborhoods, a nonprofit organization whose officers have ties to Fumo.

Spokesmen for Fumo and Citizens Alliance told the Daily News earlier this year that Fumo had nothing to do with the transaction and that Citizens Alliance made its own decisions about such matters.

But the affidavit associated with the arrest of two low-level state Senate employees Wednesday said federal prosecutors have acquired "a series of e-mail communications" in 2000 and 2001 in which Fumo directs Citizens Alliance "to purchase various properties in South Philadelphia."

The affidavit said Fumo instructed an unnamed aide "that he alone would decide which properties are to be purchased" by Citizens Alliance.

"Take all of their calls as suggestions and I will give final approval," Fumo wrote in an e-mail, according to the affidavit.

Citizens Alliance paid Donald Dougherty $310,000 for the Tasker Street property in December 1999. The transaction was recorded in January 2000, property records show.

Labor leader John Dougherty - a friend of but no relation to Donald Dougherty - told the Daily News in April that Fumo had failed to pay Donald Dougherty for extensive work on Fumo's Fairmount mansion but that Fumo had been involved personally in Citizens Alliance's purchase of Dougherty's Tasker Street property.

John Dougherty said he had attended a meeting with Fumo and Donald Dougherty at which the sale was discussed.

Fumo said that he had not recalled meeting Donald Dougherty and that records showed Dougherty had done only a "small amount of work" on his house.

The exact nature of the federal investigation into Donald Dougherty isn't clear. The raid on his business was conducted by the FBI and agents from the IRS and the Labor Department.

Citizens Alliance's purchase of Donald Dougherty's warehouse was far from its only property transaction. A Daily News analysis in November showed Citizens Alliance and its seven subsidiaries bought at least 26 properties in South Philadelphia between 1998 and 2003.

Spokesman Ken Snyder said the Citizens Alliance purchases had been part of an effort to spark neighborhood revitalization.

The two state Senate aides charged with obstruction of justice, Leonard Luchko and Mark Eister, resigned their posts Tuesday, the day before their arrests, Senate officials said yesterday.

According to Senate rules, employees charged with crimes related to their jobs or the allocation of public funds are immediately suspended without pay.

They're fired if they are found guilty, and reinstated with back pay if the charges are dropped or they are acquitted.

Affidavit Offers Details On Fumo Investigation (PHI)

By Craig R. Mccoy And Mario F. Cattabiani

The Philadelphia Inquirer, June 2, 2006

On Wednesday, the long-running investigation into State Sen. Vincent J. Fumo finally went public.

With the arrests of two low-level computer techs and the release of a 65-page arrest affidavit filled with e-mails and other evidence, federal authorities demystified much of their probe.

In page after page of e-mails from his employees and a few from Fumo himself, they laid out a case that Fumo had ordered a campaign to wipe e-mails from office and home computers - an attempt, the government alleges, to thwart the FBI.

Fumo, 63, the powerful South Philadelphia Democrat, has not been charged with wrongdoing. Three years into the investigation, it's clear authorities aren't finished yet.

The affidavit contained many new details about what the FBI and prosecutors have been pursuing for so long. Here's a probe primer:

What happened on Wednesday?

The aides, Leonard Luchko, 49, and Mark Eister, 36, were charged with obstructing justice by, in the FBI's words, "systematically" wiping clean BlackBerrys, servers and computers used by Fumo and his staff.

Who are these guys?

Until Wednesday, they were obscure computer experts - two of 29 employees supervised by Fumo to run the information network for Senate Democrats. Their lawyers say they did nothing wrong.

Luchko lives with his elderly mother in Collingdale, Delaware County. When arrested, Eister, of suburban Harrisburg, refused to submit to a urine test, telling federal investigators he had smoked pot the night before. His own attorney called him "a computer nerd."

If the techies wiped computer evidence, how did authorities recover anything?

According to prosecutors, the two didn't follow their own policies: they failed to destroy e-mails from their own computers. Their e-mails, quoted at length in the affidavit, refer repeatedly to the FBI investigation and to Fumo's demands for deletions.

"The FBI probe into the Senator has really set him off... He wants all of the BlackBerries wiped," Luchko wrote in 2004.

Isn't Fumo the focus of the probe?

Yes, and he remains so. Experienced criminal defense lawyers say prosecutors are playing hardball in hopes of turning the two aides against their boss, Fumo. The 6 a.m. arrests at their homes, the handcuffs, the possible maximum five-year prison sentences, the affidavit larded with evidence - all are said to be part of the strategy to apply pressure to the pair, to try to build a stronger case.

Have other techies talked?

Yes. If prosecutors succeed in "flipping" the pair, they will join a third computer technician, Donald Wilson, who has already been given immunity.

Wilson told a grand jury that Fumo gave his blessing to the deletions, the affidavit claims. However, the document provides few details on Wilson's testimony.

Wilson worked with Luchko in Fumo's Philadelphia legislative office. Eister worked in Harrisburg.

What has Fumo said about the arrests?

He's not talking, but his attorney, Richard A. Sprague, the well-known Philadelphia lawyer, said the feds have a vendetta against Fumo. Sprague's statement also hinted at a possible defense: The deletions were part of a preexisting document-destruction policy.

When did the probe start?

The FBI, IRS and federal prosecutors began by looking into Fumo's ties to a series of nonprofits about three years ago. After concluding they were being stonewalled, they launched a parallel obstruction-of-justice investigation.

Why did they suspect a cover-up?

Authorities said they found it suspicious that very few e-mails were given them in response to their initial subpoenas, even though boxes of evidence were turned over.

What were they investigating in the first place?

In Wednesday's affidavit, the FBI disclosed it was investigating whether Fumo "engaged in extortion" in seeking money for a nonprofit from two corporations, Peco Energy and Verizon Communications.

Verizon balked, but Peco gave $17 million to Citizens' Alliance for Better Neighborhoods under secret deals in which Fumo dropped his opposition to the electric giant's business plans.

The company struck the deals with Fumo in 1998 and 2000, but they remained secret until The Inquirer made them public in 2003. The FBI then began investigating those donations.

The newspaper also disclosed that Citizens' Alliance got another $10 million from a special fund created at Fumo's urging by the Delaware River Port Authority.

Are the donations the only issue?

No. The FBI also is looking at whether Fumo got any personal or political help from Citizens' Alliance, a nonprofit organization formed in 1991 by Fumo allies.

Nonprofits are barred by law from providing benefits to individual citizens and from engaging in partisan politics.

As has been previously reported, the nonprofit spent $215,000 on political polling - and later was reimbursed by a Fumo political action committee after the FBI began poking around.

Citizens' Alliance also spent $17,000 to secretly finance a lawsuit seeking to unseat a political foe of Fumo's from the state Senate.

In one e-mail quoted in the affidavit, Fumo balked at a proposal to hire a new manager for Citizens' Alliance.

That could be trouble, Fumo said, in an e-mail marked: "CONFIDENTIALLY (only because I trust you)... "

If a manager was hired, "and we tried to do some of the things that are political that we do, we would now have someone else 'in our tent' and we would be subject to his blackmail," he wrote.

What's Fumo's role in the nonprofit?

He holds no official position, but authorities cited numerous e-mails to contend he is the one calling the shots.

Among other decisions, he ordered Citizens' Alliance to pay for an unspecified program in Pittsburgh and a memorial in Bucks County, steps that boosted unidentified political allies, authorities have said.

In other e-mails, the government said, Fumo instructed the nonprofit to buy various properties, informing an aide that he alone will decide such purchases.

What has Fumo said about Citizens' Alliance?

He has pointed out it has done a lot of good things - among them, shoveling snow, cleaning streets, supporting a charter school, and gentrifying the Passyunk Avenue business district in South Philadelphia.

Have any other nonprofits been scrutinized?

Yes. Investigators have subpoenaed records from a series of nonprofits backed by Fumo. Notably, agents have explored Fumo's cruises on luxury yachts owned by the Independence Seaport Museum.

Fumo is a board member and has arranged for state funding for the museum at Penn's Landing. He belatedly reimbursed the museum for one yacht trip.

What's next?

Ruth Arnao, the director of Citizens' Alliance and a former Fumo aide, received a "target" letter from the government several months ago. Such letters are normally a precursor to criminal charges. In court, prosecutors have already said they believe Arnao, too, helped destroy computer documents.

What's the connection between Arnao and Fumo?

They're very close. Until late 2004, she was one of Fumo's top legislative aides. She and her husband, Turnpike Commissioner Mitchell Rubin, vacationed with Fumo on the Seaport's yacht.

How's Fumo bearing up?

He's publicly confident. In March, he told a luncheon crowd in Harrisburg that he had "no fears" and that the probe would "go nowhere."

Privately, he's been anxious. In 2004, Fumo sent an e-mail to a political consultant railing at his inability to get inside dope on the FBI's activities. "You know how serious and almost life threatening this is," the senator wrote.

ONLINE EXTRA

To read the FBI document on the charges against the two Fumo aides, go to http://go.philly.com/affidavit

Fumo Will Keep Power, Experts Say (PPG)

By Tracie Mauriello, Post-gazette Harrisburg Bureau

Pittsburgh Post-Gazette, June 2, 2006

ANALYSIS

HARRISBURG -- Officially, Vince Fumo is the third-ranking leader of the state Senate's virtually powerless minority party.

Unofficially, the Philadelphia Democrat is one of Harrisburg's most influential politicians.

Dubbed by some "Prince Vince," Mr. Fumo is unlikely to be shaken off his throne anytime soon, insiders say, despite an FBI investigation into whether he extorted contributions to a Philadelphia charity that were later used to benefit him personally and politically.

Two computer technicians in the senator's office were charged Wednesday with obstructing justice by purging government computers of all traces of e-mail messages thought to be pertinent to the investigation.

The U.S. Department of Justice says more charges and more arrests are possible, but insiders and pundits predict Mr. Fumo will emerge unscathed.

"I'd be the last person to write him off," said Christopher Borick, associate professor of political science at Muhlenberg College in Allentown. "He's a true political survivor."

He will do more than survive, Dr. Borick predicted. He will continue to shape public policy through upfront demands, back-door deals and top-down pressure.

"There's formal power and then there's informal power. Formal power comes with your title, but informal power is based on the power to persuade. Some people just have that innately," Dr. Borick said.

Count Mr. Fumo among them.

He's a member of the minority party, yet he's a power broker.

He has been able to make a career out of leveraging that informal power, Dr. Borick said.

That is obvious to Marc Stier, too. Dr. Stier, a political scientist and director of the Intellectual Heritage Program at Temple University, also is an activist who frequently calls upon lawmakers.

"I call some senators and say, 'Would you sponsor this bill?' and they say, 'Have you talked to Vince yet? I'm not going to support it unless Fumo supports it. Run it by Vince and if it's OK with him then that would be fine,'" Dr. Stier said.

Fellow senators might dispute the notion that they take orders from him, but they are certainly swayed by his arguments, said Thomas Baldino, professor of social science and communications at Wilkes College in Wilkes-Barre.

The rank-and-file defer to Mr. Fumo because, they say, he is smart, bold, outspoken and thoughtful.

It doesn't hurt that he controls a big pot of money, either. As minority appropriations chairman he has a big say in where state dollars go.

"They divvy up the money and they have to keep people satisfied, but they don't have to keep everyone satisfied. They can cut people out, and senators know that," Dr. Stier said.

Mr. Fumo's intelligence, personality, persistence and tenacity allow him to get things done, supporters say.

Mr. Fumo was the driving force behind legislation that legalized slots casinos in Pennsylvania. Passage required a decade of talks aimed at securing support from the Republican majority, which had religious and philosophical qualms about gambling.

Even political adversaries acknowledge his ability to attract loyal followers and to lead them wherever he wants.

"What Fumo wants, Fumo gets. He has a total network of folks who are loyal to him because he is loyal to them," said Philadelphian Anne Dicker, who last month ran for state House against Fumo ally Terry Graboyes. Both lost to Michael O'Brien.

In some circles, Mr. Fumo is better known for quashing candidacies and projects he doesn't like than for rounding up support for new initiatives. In the late 1990s, for example, he helped thwart the Phillies' plans to build a new ballpark eight blocks from his house.

An anti-gun-control Democrat, Mr. Fumo also supported legislation that prevented Philadelphia from enacting local gun-control laws.

"He's actually more of an obstructionist than a constructionist and he's done very well at it," said Larry Ceisler, a Philadelphia public relations executive who has worked on campaigns with Mr. Fumo, but now is aligned with a rival Democratic faction in Philadelphia.

"The time I've worked with him has been the most fun I've ever had in politics. He knows how to get things done and he's a really smart guy who can see around the curves," Mr. Ceisler said.

The FBI investigation is focused on the Citizens' Alliance for Better Neighborhoods and whether the charity spent donated funds to benefit Mr. Fumo personally and politically.

Despite the computer purges, the FBI was able to retrieve several key messages that, an affidavit says, show charity money was spent on political polls and on programs that would help garner support for politicians Mr. Fumo backed. In one case, according to court documents, the senator directed an aide to use the charity's funds to buy Philadelphia a new police surveillance van and then make it look as if the vehicle had been donated by a public official who needed good publicity.

The trick now for Mr. Fumo will be avoiding the legal traps being laid out by federal investigators who arrested the two Fumo staffers Wednesday. Attorneys for the men say the arrests were an FBI tactic to get the staffers to cooperate in the investigation. Instead, the men plan to fight the charges and remain loyal to Mr. Fumo, their lawyers told reporters.

With that kind of loyalty, "Vince the Prince" could well keep his place in the castle that is the state Capitol.

FBI Raids Official's Home, Office (WP)

By V. Dion Haynes And Valerie Strauss

The Washington Post, June 2, 2006

Investigation Targets Use of Funds for Charter Programs

The FBI raided the office and home of the D.C. school board's executive director of charter schools yesterday as part of an investigation into the possible misuse of hundreds of thousands of dollars in federal and city funds, school board officials and law enforcement sources said.

Investigators are focusing on the charter school office, which is responsible for overseeing 17 of the city's 51 charter schools. Brenda L. Belton, a school board employee, is the office's executive director.

The other charter schools are overseen by the D.C. Public Charter School Board, which was not involved in the investigation.

School sources, who asked not to be identified because the investigation is continuing, said authorities also are looking into whether some firms hired by the charter school office were connected to Belton. The sources said that the FBI search of the office began about 7 a.m. and continued for six hours and that numerous boxes of documents were confiscated.

Last night, Belton's attorney, Danny Onorato, said that Belton had done nothing wrong.

"She adamantly denies any wrongdoing," he said, adding that Belton would have no further comment.

Belton, reached earlier yesterday on her cellphone, said she was unaware that search warrants had been executed at her office and home.

"I wasn't there. I was in a training all day," she said.

The investigation of the city's charter school office dates to January, said Peggy Cooper Cafritz, president of the D.C. Board of Education. She said that members of the board agreed then to have an audit conducted of hundreds of thousands of dollars that had been designated for the charter schools.

The audit was not prompted by any particular concerns, said Carolyn N. Graham, vice president of the school board.

"This office has never been audited," Graham said last night. "We decided all our operations have to be audited annually."

Cafritz said the board stopped its audit when the D.C. inspector general's office began to investigate the charter schools office in March.

Investigators from the inspector general's office seized Belton's computer that month, sources said yesterday. Deputy Inspector General Austin A. Andersen confirmed the investigation Tuesday.

Belton said yesterday that she was unaware of the inspector general's investigation, but Cafritz said Belton "definitely knew" of it.

"Everyone involved -- employees and board members -- knew about the investigation being conducted by the IG's office," Cafritz said.

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D.C. Council member Kathy Patterson (D-Ward 3), who chairs the education committee, has raised concerns in recent months about how funds for the board's charter schools are managed.

In an April report, Patterson questioned a budget proposal submitted by the charter school office. She said the proposal lacked detail and a plan on how services would be provided. "The committee remains seriously concerned about the current management and operations of that office," she wrote.

In early May, Patterson wrote Cafritz a letter detailing her concerns with several contractors hired by the office. In particular, she questioned whether the school board had awarded contracts totaling about $32,000 to a company called Equal Access in Education without competitive bidding. The company was hired to monitor charter schools.

Patterson also questioned why Belton was reimbursed $1,100 for refreshments at meetings and why charter school leaders in August were paid $513 for an "executive program for strategic management."

Staff writer Allan Lengel contributed to this report.

Judge Allows Evidence In Pellicano Trial (NSDY/AP)

By Associated Press, June 1, 2006, 10:53 Pm Edt

Long Island Newsday, June 2, 2006

FBI agents raided Anthony Pellicano's offices in 2002 and found illegal explosives. Authorities were investigating whether Pellicano hired a man to threaten a Los Angeles Times reporter working on a story about actor Steven Seagal and his possible links to the Mafia.

Pellicano's attorney Steven Gruel challenged the legality of the search, saying the raids amounted to a fishing expedition. FBI agents seized computers and numerous digital audio tapes that led to a 112-count indictment unsealed in February against Pellicano.

Fourteen people have been charged in the government's wiretapping case. Six have pleaded guilty. Federal prosecutors say Pellicano used wiretaps, threats and blackmail to help lawyers and their clients win high-stakes legal disputes.

Judge Dale S. Fischer on May 22 concurred with an earlier ruling by the 9th U.S. Circuit Court of Appeals that found the search was valid. The judge's decision was made public Thursday.

"There is no authority to suggest that officers seeking a search warrant must describe all of the crimes they believe the subject of the warrant may have committed or all of the things they hope to find," Fischer wrote. "So long as the warrant is valid and properly executed, the search is lawful."

However, the judge said her decision doesn't preclude Pellicano from requesting a hearing at which Gruel could call FBI agents to determine if there were any misrepresentations made with the search warrants.

"I'm encouraged and enthused by her decision," Gruel said. "She has clearly indicated in written form that if we can show there are falsehoods. She is going to look at this seriously."

Fischer found no grounds to support Gruel's assertion that agents had violated Pellicano's attorney-client privilege by enlisting his ex-girlfriend to extract information.

Pellicano claimed the government used Sandra Carradine, former wife of actor Keith Carradine, to gather a "fountain of information" about his legal strategy during jail visits last year.

Sandra Wil Carradine pleaded guilty to two counts of perjury and is scheduled to be sentenced Sept. 25. She admitted in January that she lied to a grand jury about her knowledge that Pellicano had wiretapped the home of Keith Carradine during a child support dispute.

Pellicano, 62, has pleaded not guilty and is awaiting trial on charges of wiretapping such stars as Sylvester Stallone and paying two police officers to run names, including comedians Garry Shandling and Kevin Nealon, through a government database.

Pellicano served a 2 1/2-year sentence on charges related to the explosives.

United Response To Gangs Sought (WT)

By Arlo Wagner

The Washington Times, June 2, 2006

COLUMBIA, Md. -- Federal, state and local officials who participated in the Maryland Gang Summit yesterday agreed that cooperation is key for fighting the increasing number of criminal gangs in the state.

Gaithersburg Police Detective Patrick Word said yesterday that there are currently about 10,000 gang members in Maryland. The gangs that exist in Maryland include the Bloods/United Blood Nation, Black Guerilla Family, Mara Salvatrucha or MS-13, Tiny Rascal Gangsters, Street Thug Criminals, Hells Angels, Vatos Loco, Pagans and South Side Locos, he said.

"We knew the gang problem was in every single county of Maryland," U.S. Sen. Barbara A. Mikulski told participants.

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"They're violent. They're predatory. ... A rise in massive, almost ghoulish behavior of gangs," said Miss Mikulski, Maryland Democrat who secured $2 million in federal funds for the creation of a statewide anti-gang initiative. "That's what today is all about. This is the beginning conversation. We have to protect our people."

More than 300 people attended the day-long summit at the Sheraton Hotel. Participants included Gov. Robert L. Ehrlich Jr., Attorney General J. Joseph Curran Jr., Lt. Gov. Michael S. Steele, sheriffs, federal and state prosecutors, police, mayors, community officials and non-profit organizations.

Mr. Ehrlich, a Republican, announced the creation of a gang coordination committee that will establish a statewide database of gang activity.

While gang violence is a growing problem, there is a window of opportunity to act before it becomes a major problem, Mr. Ehrlich said, outlining four major goals for dealing with the problem.

He said he wanted to avoid turf battles between law-enforcement agencies, identify active gangs in the state, ensure enforcement tools are available and provide early intervention to disrupt recruiting of young members.

"The first goal is no turf battles [among law-enforcement units and communities]," Mr. Ehrlich said. "In some cases, the lack of team effort results in failed goals."

Mr. Ehrlich said that Maryland State Police has a lead role in fighting gang membership increases. There are 400 officers trained to deal with gangs and 400 more are being trained. About $4.6 million are allotted to juvenile services to deter youths from joining gangs, $500,000 in other grants, and $500,000 to the Safe Neighborhood Program.

Officials also called for the ability of police and prosecutors to enter areas where gangs are known to exist and work with residents and encourage them to call authorities with tips.

"Enforcement is a key," said Rod J. Rosenstein, U.S. Attorney for the District of Maryland, explaining that investigations should focus on where gangs are organized, mostly in schools.

"Education and parents are the best guides for [keeping] children away from gang temptations," he said.

Detective Word said that residents should notify and cooperate with authorities investigating crimes by youths, even if the crimes don't appear to be gang-related. The information often will be linked to a gang member, he said.

Frank Clark, with the Maryland Department of Juvenile Services, said parents must be educated about gangs. "Kids are at risk because gangs are glamorized," he said. "We have to educate parents."

Prosecution of gangs has increased, said Assistant U.S. Attorney James M. Trusty. "In a perverse way, it almost has the effect of glamorizing gangs," he said.

Kate Garvey, chief of Montgomery County's Department of Children, Youth, and Family Services, and Officer Rob Musser said the county has 28 street gangs, 922 members, 50 percent are of mixed races, 28 percent are black and 22 percent are Hispanic.

Montgomery and Prince George's counties offer tattoo removal to encourage youths to get out of gangs.

"We're behind the eight-ball," Prince George's County Police Sgt. George Norris said. "We probably should have been looking at gangs 10 years ago. ... A lot of kids join gangs because they have no family. Somehow or other, we've got to get parents more involved with their kids."

Broad Gang Presence Requires Parents' Vigilance, Officials Say (WP)

By Steve Vogel

The Washington Post, June 2, 2006

Criminal gangs are operating across Maryland at a level many in the state do not recognize or are unwilling to admit, participants in what was billed as the first Maryland gang summit warned yesterday.

At the Columbia summit, speakers -- who included police detectives, state and federal prosecutors, politicians and representatives of community groups -- described an insidious problem and said law enforcement is often not the solution. The battle to keep young people out of gangs is being fought inside schools and homes, they said, with teachers, parents and social workers on the front line.

"We've lost the battle if we wait until the kids have already joined the gangs," said Maryland Attorney General J. Joseph Curran Jr. (D), who called for more after-school and mentoring programs for youths.

Maryland, with its broad socioeconomic and ethnic mix, has become a "microcosm of gang activity," according to Assistant U.S. Attorney James Trusty. "We really have every type of gang activity," added Trusty, gang coordinator for the U.S. attorney's office for Maryland. "Our schools and businesses are increasingly in the line of fire."

The problem drew broad attention in Montgomery County last summer when, on a single day in August, gang fights led to the stabbing of two summer school students at a Silver Spring high school and to a melee at a Wheaton shopping center that left four teenagers wounded. Later that month, 19 Mara Salvatrucha members were indicted on federal racketeering charges.

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Gov. Robert L. Ehrlich Jr. (R), calling for an end to "turf battles" among law enforcement agencies, announced the formation of a coordinating committee that will create a statewide database on gangs.

Those who specialize in gangs acknowledged that they are struggling to keep up with the proliferation of gang crime, and they said many parents are not willing to recognize that their children are involved.

At one panel discussion, Sgt. George Norris, supervisor of the gang unit for Prince George's County police, warned colleagues not to wait to address the problem. "We probably should have started looking at gangs 10 years ago, because right now we are severely behind the eight ball," he said.

Trusty said, "Our best efforts are not going to eradicate gangs in Maryland."

Gaithersburg Detective Patrick Word, president of the Mid-Atlantic Regional Gang Investigators Network, put the number of gang members in Maryland at 10,000, but he and other speakers said there inevitably are many others of whom police are unaware.

More gangs in the area are identifying themselves as Bloods or Crips, which are violent Los Angeles-based gangs, law enforcement officials said.

Word described the Bloods as "the biggest threat" in the state. Other major gangs in Maryland include the Black Guerrilla Family; MS-13, or Mara Salvatrucha, a Latino gang; and Tiny Rascal Gangsters, a Southeast Asian gang. Among motorcycle gangs, Hells Angels has established itself in Southern Maryland, which was previously considered the territory of the Pagan motorcycle gang. Police also said that the Vatos Locos, South Side Locos and Street Thug Criminals are serious gang threats.

"It's no longer like West Side Story, where people run around singing . . . 'Maria,' " said Sen. Barbara A. Mikulski (D-Md.), one of the organizers of the summit.

Mikulski recently obtained $2 million in federal funds for a statewide anti-gang initiative, and Ehrlich said the state had $300,000 in grants to combat gangs.

Capt. Lennard Johnson of the Maryland Division of Corrections said 1,900 confirmed gang members are in the prison system. "For every one we've validated, there are probably two or three we don't know about," he said.

Summit Elevates Anti-gang Initiatives (BSUN)

By Matthew Dolan

The Baltimore Sun, June 2, 2006

MS-13, the target of a major federal indictment in Maryland last summer, isn't the state's biggest gang problem. The Bloods are.

That is the conclusion reached by the state's leading gang investigators, who presented their latest findings Thursday at a summit in Columbia of 300 law enforcement officers, political leaders and educators.

MS-13, also known as Mara Salvatrucha, originated in Los Angeles among refugees from El Salvador and received national attention in recent years for its rapid spread and violence.

Federal prosecutors charged 19 alleged MS-13 members from Southern Maryland in August.

Experts said Thursday that it is still the Bloods, who crop up on street corners in Baltimore, in schools in Harford County and in prisons throughout the state, who have the greatest reach.

"They're the outside influence here," said Maj. David Engel, the chief of the Baltimore Police Department's criminal intelligence unit.

The daylong conference, funded by a $2 million federal grant to the Maryland U.S. attorney's office, sought to promote local and federal efforts to prevent young people from joining gangs, to encourage current members to quit, and to lock up their leaders.

Gang violence in the region has grown, but officials acknowledge that some police chiefs and political figures were, until recently, loath to say there was a crisis ahead.

"We know that we have a gang problem in every county of Maryland," Democratic U.S. Sen. Barbara A. Mikulski said.

Her comments were echoed by U.S. Rep. Elijah E. Cummings, a Baltimore Democrat, U.S. Attorney Rod J. Rosenstein and Gov. Robert L. Ehrlich Jr., who called for greater cooperation.

"The first goal is no turf battles," the governor told participants, adding that the effort to combat gangs should transcend partisan differences and bureaucratic wrangling.

Ehrlich announced $300,000 in state funding for new anti-gang efforts in Maryland. The federal government, through Project Safe Neighborhoods, will kick in $500,000 for Baltimore City and Montgomery, Prince George's, Wicomico and Baltimore counties, Rosenstein said.

Detective Patrick Word, a Gaithersburg police officer and vice chairman of the Mid-Atlantic Regional Gang Investigators Network, said authorities have identified at least 100 gangs in the state.

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The sizes range, Word said, from gangs of just three people to those that claim more than 100 members.

In Baltimore, gangs were once known somewhat benignly as "street crews" who limited their activity to drug dealing on a particular cross street. In state prisons, they are still known clinically as "security threat groups."

Word said they should all be known as gangs. And every law broken by their members -- from running a red light to beating their wives to committing murder -- should be duly recorded by law enforcement as gang activity.

Experts stressed that intelligence show an ever-changing picture of gang activity in Maryland. National gangs have arrived in large numbers in Baltimore only in the past 10 months, Engel said.

Between 1999 and 2005, the city had a single Bloods and Crips set. Today, Engel said, there are 14 Bloods and five Crips sets.

Detective Scott Yosua of the Harford County Sheriff's Office explained that he had to eat his words after he told a local newspaper that the gang problem in his county was so limited that most residents would never notice.

"I was proved to be wrong," he said.

His mind changed, he said, after the 2004 shooting death of a 37-year-old father of nine. Wayne Lavon Bond Jr., who prosecutors

said was a Bloods recruit, was found guilty of first-degree murder and received 45 years in prison.

Yosua said authorities have now documented 140 Bloods members in the county, though some may no longer be active.

Not to say that gang experts will ignore MS-13 members in Maryland, officials said.

Mara refers to a gang, while Salva is an abbreviation for Salvadoran. Trucha is slang for "fear us," according to federal authorities. An estimated 10,000 MS-13 members are in the United States, many in the Washington suburbs, which has a large population of Central American immigrants.

Authorities are also tracking other trends, like a new outpost of the Hell's Angels motorcycle gang in Baltimore. Until recently, Word said, it was their rivals the Pagans who were thought to hold the greatest sway in Maryland.

Many Thursday called for the increased coordination among anti-gang law enforcement agents in the state and better links to the work on the national level.

Word added that Maryland should pass a state racketeering law to mirror the one in the federal system known as RICO.

The RICO statutes have enabled prosecutors to hold gang members responsible for their crimes and seek hefty prison sentences, as well as seize their assets, according to Word.

Judging Whether A Killer Is Sane Enough To Die (NYT)

By Ralph Blumenthal And Adam Liptak

The New York Times, June 2, 2006

HOUSTON, June 1 — Scott Panetti, a death row inmate in Texas, understands that the state says it intends to execute him for the murder of his wife's parents.

But Mr. Panetti, 48, who represented himself in court despite a long and colorful history of mental illness, says he believes that the state's real reason is a different one. He says the state, in league with Satan, wants to kill him to keep him from preaching the Gospel.

That delusion has been documented by doctors and acknowledged by judges and prosecutors. It poses what experts call the next big question in death penalty law now that the Supreme Court has barred the execution of juvenile offenders and the mentally retarded: what makes someone too mentally ill to be executed?

A three-judge panel of the United States Court of Appeals for the Fifth Circuit, in New Orleans, recently said Mr. Panetti was sane enough to die. The full court will soon decide whether to hear the case.

Mr. Panetti, in prison now almost 14 years for the killings in 1992 in the quaint Hill Country city of Fredericksburg, has long seemed to exemplify madness, addressing himself to the jury in his trial in 1995 as "the born-again April Fool," a schizophrenic healed by God.

In and out of mental institutions 14 times and addicted to drugs and alcohol since he almost drowned as a child and was nearly electrocuted by a power line, Mr. Panetti wore cowboy costumes to court, delivered rambling monologues, put himself on the witness stand and sought to subpoena the pope, Jesus and John F. Kennedy.

Jurors were clearly alienated and took little more than an hour to reject his insanity defense.

They found that Mr. Panetti knew right from wrong and so deserved the death penalty. That is a separate question from whether his mental illness should bar his execution.

Two decades ago, the United States Supreme Court in Ford v. Wainwright ruled that the Eighth Amendment prohibited the execution of the insane. Since then, lower courts have struggled to find a way to apply that principle in practice.

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The state and federal courts that have heard Mr. Panetti's case have said that a bare awareness of the fact of impending execution and the stated reason for it is enough.

"In Texas," said Greg Wiercioch, a lawyer with the Texas Defender Service who has consulted with Mr. Panetti's defense, "if you cast a shadow on a sunny day, you're competent to be executed."

Other courts require more. Relying on a concurring opinion in the Supreme Court decision, they say the inmate actually has to perceive the connection between the crime and the punishment.

The three-judge panel in Mr. Panetti's case acknowledged that he was mentally ill with what has been diagnosed as schizoaffective disorder and that he thus might lack a rational understanding of his fate. But the panel nonetheless ruled that he was competent to be executed because he was able to understand the stated basis for his execution.

His new lawyers dispute that.

"He completely scoffs at the notion that it's the State of Texas trying to execute him," said Keith Hampton, a lawyer from Austin who filed the latest appeal with a co-counsel, Michael C. Gross of San Antonio. "He thinks it's the demons and evil ones."

Legal and medical experts estimate that hundreds of people with schizophrenia and other severe mental illnesses are on death rows around the nation.

Courts have spared the lives of seven inmates based on the 1986 decision, the Texas Defender Service said.

David R. Dow, a law professor at the University of Houston who has met more than 75 death row inmates, visited Mr. Panetti at his lawyers' request. "Of all the people I have met on death row, he's the gold-medal-crazy winner," Professor Dow said.

On Sept. 8, 1992, Mr. Panetti broke into the home of his in-laws, Joe and Amanda Alvarado, and shot them to death in front of his estranged second wife, Sonja, and his 3-year-old daughter, Amanda, known as Birdie.

Taking on his defense, and calling himself as a witness, he argued that he had been taken over by an alter ego he called Sarge Ironhorse.

"Sarge boom boom," Mr. Panetti testified. "Sarge is gone. No more Sarge. Sonja and Birdie. Joe, Amanda lying kitchen, here, there blood. No, leave. Scott, remember exactly what Sarge did. Shot the lock. Walked in the kitchen. Sonja, where's Birdie? Sonja here."

Prosecutors, their medical experts and the courts agreed that Mr. Panetti suffers from mental illness. Judge Sam Sparks of Federal District Court in Austin found in 2004 that Mr. Panetti's illness was characterized by "grandiosity and a delusional belief system in which he believes himself to be persecuted for his religious activities and beliefs."

Judge Sparks said that was not enough to spare Mr. Panetti.

Others agree.

Robert Blecker, a law professor at the New York Law School and a cautious supporter of the death penalty, said Mr. Panetti's execution could serve the goal of retribution.

"He knows what he did," Professor Blecker said. "He knows what the state is about to do to him, and why. For the retributivist, the past counts. It counts for us, and for us to be retributively satisfied, it must also count for him."

Prosecutors made the same point in a brief to the Fifth Circuit last year.

"All that is required to avoid the Eighth Amendment prohibition against cruel and unusual punishment is that the petitioner factually understand the reason for this punishment," the prosecutors wrote.

Executions of inmates who exhibited signs of madness are not unusual. In 1992, Arkansas executed Ricky Ray Rector not long after he put aside the dessert of his last meal to eat later.

In March, the United States Court of Appeals for the Fourth Circuit, in Richmond, Va., split, 7 to 6, over whether Percy L. Walton could be executed, notwithstanding his delusional belief that after his death he would "come back as a better person" and "get a Burger King." A majority said this was proof that Mr. Walton understood he would be executed.

"That a person believes that he will have an 'afterlife,' however strange his views of that 'afterlife' may be," Judge Dennis W. Shedd wrote, "necessarily suggests he believes his existing life will end."

The laws of most states, based on English common law, have long banned the execution of the insane.

"The reasons for the rule are less sure and less uniform than the rule itself," Justice Thurgood Marshall wrote in the 1986 case.

Some judges say the "miserable spectacle" of such executions simply offends humanity. Others say retribution is not served by executing someone who cannot understand why he is being put to death. Still others point to the inability of the insane to assist their lawyers in last-minute litigation. In the Middle Ages, it was thought that madness was its own punishment.

Mr. Hampton, who filed the latest appeals brief, said that from the trial on he was revolted by the Panetti case.

"I thought there was no way, no way, no matter how bad things in the state of Texas got, that it would allow someone in the full flower of schizophrenia to represent himself," he said.

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But in repeatedly calling himself insane — "I went nuts," Mr. Panetti told the police officers after the killings, "well, I am nuts" — Mr. Panetti seemed to have run into his own Catch-22, leaving jurors skeptical of anyone so eager to establish his insanity.

Now the courts, taking one last look at Mr. Panetti, must decide whether he is sane enough to die.

Two Sex Offenders Charged With Possessing Child Porn (NSDY/AP)

Long Island Newsday, June 2, 2006

BUFFALO, N.Y. (AP) _ Two registered sex offenders have been arrested for allegedly possessing child pornography, federal authorities said Thursday.

Jeffrey Frazier, 40 of North Tonawanda, who was sentenced to 60 days in prison after being convicted in 2003 of sexual abuse and endangering the welfare of a child, was charged following a visit to his home by probation officers.

Frazier admitted that he sent, received and possessed child pornography using five e-mail addresses on his home computer, according to Assistant U.S. Attorney Allison Gioia.

He would face between 10 and 40 years in prison if convicted.

Timothy Brenon, 56, of North Tonawanda, was charged with possessing child pornography four years after his conviction on a charge of possessing a sexual performance by a child, for which he received five years probation.

He admitted to North Tonawanda police that he possessed porn, including images of young children, Gioia said. He could be sentenced to at least 10 years if convicted.

FBI Discovers 117 Images Of Minors On Two Computers (MIDPRESS)

By Matthew Engelhardt, Press Staff

Middletown (CT) Press, June 2, 2006

DURHAM - Following a federal investigation, a local man plead guilty on Wednesday to possession of child pornography.

Richard Wertheim, 60, of 41 Lexington Place South in Durham waived indictment in U.S. District in Hartford. According to Thomas Carson, spokesman for U.S. Attorney Kevin J. O'Connor, Wertheim could face 10 years in prison and a maximum fine of $250,000.

According to documents filed with the court and statements made at the hearing, Wertheim participated in "peer-to-peer" file sharing with other Internet users. The applications allowed the users to share access to electronic data files, which contained visual images, music, text and videos.

Wertheim has an Old Saybrook residence in addition to his home in Durham. On May 6, federal agents searched both of his homes and seized two different personal computers.

According to Carson, Wertheim had been under investigation by the Department of Homeland Security, Bureau of Immigration and Customs Enforcement. Forensic evidence revealed a large amount of child pornography on both of Wertheim's personal computers.

According to Carson, the analysis revealed 117 images and videos. The images included several that involved prepubescent minors.

The case is being prosecuted by Assistant U.S. Attorney John Marrella. He was unavailable to comment on the proceedings.

Estimates Of Copyright Piracy Losses Vary Widely (WSJ)

By Geoffrey A. Fowler

The Wall Street Journal, June 2, 2006

The plastic in a blank CD or DVD costs less than a quarter. Putting a price on a disc loaded with content is more difficult.

When the music industry finds a CD that has been ripped off by copyright pirates, it says it is worth between $1 and $5. Hollywood says a pirate disc can be worth between nothing and the full retail price of around $25. The software industry sometimes weighs in at more than $200 per counterfeit disc.

Why is there such a wide range in the estimates? Counting the losses from piracy isn't a science -- it's an art. Police in developing countries like China may count pirated goods at their street value, but companies and industry associations have different, often political, goals behind their counting systems. Now the growing problem of Internet piracy is making gauging losses even harder, and more controversial.

"We can confidently say we will never know 100% the exact loss. There are several sciences, and none of them work entirely satisfactorily," says Keith Jopling, the director of strategic analysis and research for the International Federation of the Phonographic Industry, the main music industry trade group.

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Police data and surveys can provide estimates of the number of DVDs sold in street pirate markets, and the numbers of songs and programs downloaded off the Internet. But the music, movie and software industries -- which have been hammered by piracy in many developing countries -- face a more vexing problem of reckoning their losses.

Somebody who buys a pirated disc at a steep discount isn't necessarily a lost customer for a full-priced product. In many poor countries, a customer who buys a CD for $1 could never afford to pay $16.95 for a legitimate copy. In countries such as China and Vietnam, many legitimate film titles aren't even allowed on store shelves because of government quotas and censorship standards. Moreover, music industry surveys have found that in some developed markets, 10% to 15% of consumers actually spend more money on legitimate music when they're also downloading songs illegally.

So is a pirated disc really a loss?

Over the past two years, the Motion Picture Association of America has spent $3 million to figure that out. The answer it arrived at -- that Hollywood studios alone lose $6.1 billion world-wide -- was so high that some Tinseltown executives didn't want the figures made public.

Behind the movie studios' backstage catfight about the figures was a dramatically new system for counting the value of a pirated disc. The new method involved asking consumers about their piracy habits directly.

In telephone, Internet and focus group polls developed by consultant L.E.K. Group, the MPAA asked consumers how often they buy pirated discs and download pirated movies, as well as whether they would have bought the film legitimately had the pirated version not been available. By that approach, not every pirated disc equates to lost revenue.

But the new method has a big problem. People lie in surveys, especially folks who like to pirate movies. The MPAA spent months revising their figures down.

To be sure, legitimate companies want and need to know how much they're losing, as the piracy problem grows. But accurate assessments may be influenced by competing demands. Hefty piracy loss figures can serve the interests of movie, music and software industry organizations, all of which lobby governments for tougher intellectual property laws and enforcement. On the other hand, member companies of these organizations often don't want investors to be spooked by figures that suggest their piracy problems are scaling out of control.

The computer software industry, represented by the Business Software Alliance, has taken a simpler approach than the movie industry, and come up with a much bigger number. According to a study it released in May, there were $34 billion in global PC software piracy losses in 2005. The alliance hired analysts at the International Data Group's IDC to calculate losses based on the total value of software installed on computers around the world minus the total legitimate sales of software. That way, the industry doesn't have to track pirated discs or files swapped online. The big loss figure it comes up with helps push governments to sign treaties to ensure that businesses aren't using pirated software on computers.

The software industry's figures assume that pirated software is worth the same as full-price commercial software. Many software users in the developing world say they can't afford to substitute in a full-priced copy of Microsoft Office, even if Microsoft already discounts the product for developing markets.

However, the BSA's Asia regional director, Jeff Hardee, says the group's studies show nearly a one-to-one ratio between decreases in piracy and increases in legitimate sales, suggesting that, on average, people are willing to "replace" pirate software with the real thing.

The music industry has long taken a more limited approach to its piracy assessments. Instead, the IFPI estimates that the world-wide commercial disc market is worth $4.6 billion to the pirates themselves, at pirate prices, which range from $1 to $5 per CD. The IFPI uses police data, surveys and legitimate disc sales to estimate the number of pirate discs in the market.

That approach avoids counting customers of cheap pirate products the same as legitimate customers, but assigns a very low value to the music on CDs. It also leaves a hole in accounting for losses from songs swapped for free over the Internet. The IFPI says it knows there are 885 million "infringing" songs available for download at any one time, but doesn't know how much they're worth.

In recent months the IFPI has been sorting through surveys in a handful of markets that try to count Internet losses, many involving direct consumer interviews about substitution habits like the MPAA survey. Record companies are currently reviewing the findings from those surveys, and the results could be released with the group's annual piracy report later this month.

Lawyer: Convertino Is Under Investigation Over Drug Case (DEN)

Detroit News, June 2, 2006

Second inquiry cited against ex-prosecutor, awaiting trial over his terror case prosecution.

Former federal prosecutor Richard Convertino is under criminal investigation for his handling of at least one other case in addition to the terrorism case for which he was indicted, one of Convertino's lawyers has alleged in a court filing.

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Lawyer Jeffrey Del Fuoco said in a motion recently filed in U.S. District Court in Detroit that Convertino is under investigation for possible criminal conduct in his handling of a 1998 drug case involving Joseph Stines.

Stines, who was convicted of running a cocaine ring around Ypsilanti, has alleged misconduct by Convertino. Stines' lawyer, Carole Stanyar, has filed a motion seeking his release from prison.

"It has been learned that Mr. Stines' baseless allegations are now the subject of an ongoing criminal investigation into Mr. Convertino's conduct," Del Fuoco says in a motion filed May 26.

In the motion, Del Fuoco argues that Convertino should be allowed to intervene in the Stines case to protect his interests. If his request is granted, Convertino will be able to introduce evidence and cross-examine witnesses.

Both parties involved, Stines and the U.S. government, allege misconduct by Convertino, Del Fuoco says in the motion. They are "strange bedfellows" and "teammates," he argues.

Drew Wade, a Justice Department spokesman in Washington, D.C., would neither confirm nor deny whether Convertino is under investigation for any cases other than the terrorism case.

The government indicted Convertino on March 29, accusing him of lying to a jury and a federal judge in prosecuting four men accused in a 2001 terrorism-related case in which convictions were ultimately thrown out. Convertino has pleaded not guilty and is awaiting trial.

Del Fuoco would not say Wednesday what makes him believe Convertino is under criminal investigation for his handling of the Stines case.

Allegations in the Stines case involve early releases given to felons who testified against Stines, who was sentenced to 33 years and four months in prison following a 1999 trial.

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CIVIL LAW:

Judge OKs Questioning Of Justice Department Official (AP)

AP, June 2, 2006

WASHINGTON - A judge ruled Thursday that Associate Attorney General Robert McCallum must undergo questioning in a lawsuit, a decision that is helpful to a private group seeking records about the Justice Department's conduct in a landmark case against the tobacco industry.

The action by U.S. District Judge Emmet Sullivan is the latest problem related to McCallum's nomination as the Bush administration's choice to become ambassador to Australia.

Democratic Sen. Dick Durbin of Illinois is blocking McCallum's nomination over allegations the No. 3 official at the Justice Department improperly influenced the government's lawsuit against cigarette manufacturers.

Citizens for Responsibility and Ethics in Washington sued last year after the department ignored the testimony of one of its own witnesses in the tobacco trial and reduced the amount the Bush administration is seeking from the tobacco industry from $130 billion to $10 billion.

CREW says the department has failed to produce a single responsive document to demands for information under the Freedom of Information Act.

Sullivan said the private organization is entitled to delve into the department's handling of the document requests by questioning McCallum, who is at the center of the controversy over whether the administration caved into the tobacco industry in reducing the amount of money it is seeking.

The judge said statistical data the department sends to Congress every year belies the government's argument that there is nothing unusual or out of the ordinary in the amount of time it has taken to respond to CREW's lawsuit.

In its lawsuit filed last October, CREW asked for records of all contacts between Justice Department officials and the White House concerning the tobacco litigation and records of all contacts between McCallum and his old law firm in Atlanta which has done work in the past for the tobacco industry.

Legal Blow Over Tobacco Case Information (FT)

By Stephanie Kirchgaessnerin Washington

Financial Times, June 2, 2006

The US Justice Department was dealt a legal blow on Thursday when a judge ruled that a watchdog group could interview a top official in connection with the government's controversial handling of its landmark case against tobacco companies.

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Judge Emmet Sullivan said Citizens for Responsibility and Ethics in Washington (Crew) could depose Robert McCallum and other Justice Department officials about how the department handled Crew's requests for information about the case.

The judgment does not give Crew the latitude to interview Mr McCallum, the associate attorney-general nominated by President George W. Bush to be ambassador to Australia, on the underlying facts of the case.

But Crew says the deposition will shed light on whether the department sought to cover up its decision-making process by wilfully ignoring requests under the Freedom of Information Act.

The judge's ruling is the latest chapter in a long-running saga about whether a decision by the government last year to reduce the amount of penalties it was seeking from tobacco companies – from $130bn initially to $5.2bn – was politically motivated.

Reports in the Washington Post and other newspapers last June suggested that the government's decision to change its position on the five-year civil racketeering case against the tobacco industry was made over the objection of career lawyers at the Justice Department.

A government witness, Harvard professor Max Bazerman, who said he believed the industry should be subject to a court appointed monitor, was told by a trial attorney at the department to change his testimony to be more favourable to the industry, according to a 2005 article in the Washington Post. Mr Bazerman was ultimately allowed to testify.

The controversy put a spotlight on Mr McCallum, who had oversight of the case and was a former attorney for Alston & Bird, a law firm that represents tobacco companies.

The Justice Department has previously denied that its legal deliberations were politically motivated. Its decision, nevertheless, prompted a group of Democrat senators to demand an investigation and for Crew to take up the cause.

Anne Weismann, Crew's chief council, said the government had, in effect, argued that the documents Crew was requesting were not for public consumption because they involved legal work product, which is protected, and that it would cost Crew, a non-profit organisation, $90,000 to process the request.

"Hopefully, the American people will begin to learn the truth about why the DoJ so drastically reduced the penalty in the tobacco case." said Melanie Sloan, Crew's executive director.

Justice Dept. Requests Documents From Career Education (CRAINS)

By Kate Ryan

Crain's Chicago Business, June 2, 2006

Company asked to provide various details, officials said

(Crain's) — The U.S. Department of Justice has outlined the nature of its inquiry into Career Education Corp., almost two years after an investigation was first reported.

On Tuesday the department asked the Hoffman Estates-based operator of for-profit schools to supply documentation of the way job placement rates and tuition costs were presented to current and prospective students at particular schools. The company was also asked to provide details about the way it compensates admissions officers, the way federal Pell Grants are used at one school, and the calculation of student refunds at another school, according to a Thursday filing with the Securities and Exchange Commission.

"We received a letter from the Civil Division of the U.S. Department of Justice advising us that it is reviewing allegations that certain of our schools may have submitted false claims to the U.S. Department of Education," the Career Ed said in its SEC filing. A Justice Department probe was first reported in August 2004. Tuesday's SEC filing referred to the review as "informational."

A Career Ed spokeswoman said the company is cooperating with the investigation.

"It's not good news, but the things that they've requested aren't very different from what everybody else has been investigating for the last two years," says Alexander Paris Jr., an analyst at Barrington Research in Chicago. "It's not uncommon in this industry for the Department of Justice to review allegations by former students."

Career Education operates for-profit colleges and trade schools around the United States, enrolling about 104,000 students. The company has been plagued by legal and regulatory problems for more than two years, and several of its schools are on probation or under review with their accreditation agencies. In December, the company's American InterContinental University (AIU), which accounts for half of the company's revenue, was placed on probation by its accrediting agency, which cited concerns about the integrity of student academic records and accuracy in recruiting and admission practices.

A spokesman for the Justice Department declined to comment on investigations or inquiries. The Department of Justice will confirm an investigation only when unsealed charges are filed against a company, a spokesman said.

Career Education Gets Detention, Again! (MOTLEYF)

By Rich Duprey
Motley Fool, June 2, 2006

Well, that didn't take long. Only last week, Career Education (Nasdaq: CECO), the country's second-largest for-profit chain of colleges, announced that the Education Department had satisfactorily concluded its financial review of the company and might allow it to graduate to making acquisitions once again.

But just this morning, the company announced that the Justice Department was giving it detention again, investigating allegations that some of Career Education's schools had submitted false claims or statements to the Education Department. The DOJ also wants information related to compensation for admissions personnel, the use of Pell Grant funds at one school, and student refund calculations at another.

Career Education has more than 80 campuses, more than 100,000 students enrolled, and a $3.2 billion market cap, putting it in second place among for-profit higher education. The much larger Apollo Group (Nasdaq: APOL) leads the industry with 95 campuses and 159 "learning centers," enrolling more than 300,000 students. Apollo also sports a market cap nearly three times larger than Career Education's, at $9 billion.

The company, and indeed much of the industry, has been dogged by allegations of misrepresenting graduation and job-placement rates, lowering admission standards, and paying recruiters to get warm bodies in their classrooms. Last year, Apollo was fined $9.8 million for admitting unqualified students to boost enrollment at its University of Phoenix online campus.

Yet while these types of charges have been raised many times over the years, most of the complaints have turned out to be unproven. ITT Educational Services (NYSE: ESI) was investigated by the Securities and Exchange Commission and the Department of Justice and subsequently exonerated of wrongdoing. And Corinthian College (Nasdaq: COCO) was also given a passing grade by the SEC last year.

Still, the industry's continuing legal woes have taken their toll on share prices of some of the industry's main players. But like the academic trajectory of advanced-placement students, some key players continue to excel despite the ennui gripping the rest. ITT, Strayer (Nasdaq: STRA), and DeVry (NYSE: DV) have continued to graduate to higher market caps.

Career Education has been able to grow over the years by making a sizeable number of acquisitions, which the Education Department investigation had held back. The company hoped that being cleared of any wrongdoing would let it resume adding schools and students and gaining market share from its competitors. But the Justice Department inquiry, which the company assures us is only "informational in nature," may just put another mark on its permanent file. Further delays can only be bad news for Career Education, and even worse tidings for investors seeking satisfactory returns.

Justice Department Appeals In Teen Firefighter Case (PHI)

The Philadelphia Inquirer, June 2, 2006

The U.S. Justice Department has appealed a judge's decision that a 14-year-old Delaware County junior firefighter killed while answering an alarm was entitled to death benefits and a place on the National Fallen Firefighters Memorial.

Christopher Kangas' mother hoped to see his name added to that memorial in October, but unless the Justice Department drops its appeal, "the dream is deferred again," lawyer Frank W. Daly said yesterday.

Kangas was struck and killed by a car four years ago while racing on his bicycle to Brookhaven Fire Co. No. 52. Local and state officials awarded death benefits to Kangas' mother, Julie Amber-Messick, but the Justice Department said Kangas did not qualify as a public safety officer.

A U.S. Court of Federal Claims judge ruled in Amber-Messick's favor on March 27. Daly said the government had 60 days to appeal and did so at the last minute Tuesday.

FEC Fines Frist's 2000 Senate Campaign (AP-Y2)

By Nancy Zuckerbrod
AP2, June 1, 2006

The Federal Election Commission has determined that Senate Majority Leader Bill Frist's 2000 Senate campaign violated federal campaign finance laws.

The federal agency fined Frist 2000, Inc., $11,000, according to a lawyer representing Frist's campaign and a watchdog group. Citizens for Responsibility and Ethics in Washington had filed a complaint last year against Frist's 2000 campaign committee and received the FEC's findings Thursday.

The FEC found that Frist 2000, Inc., failed to disclose a $1.44 million loan taken out jointly by the campaign and Frist's 1994 campaign committee.

The Tennessee Republican, who was elected to the Senate in 1994, is not seeking another term and is weighing a possible bid for the presidency in 2008.

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Federal law requires full disclosure of any loans taken out by campaign committees. Frist's 1994 campaign committee did disclose the loan to the FEC in January 2001, but the 2000 campaign did not, according to the FEC.

In an agreement reached with the Frist campaign committee, the agency said Frist 2000, Inc., violated the law by failing to report the loan in its January 2001 campaign finance report and did not properly report the repayment of the loan in a July 2001 report.

Jason Torchinsky, a lawyer representing Frist 2000, Inc., said the campaign settled the FEC complaint. "What the FEC suggested, we believe would have resulted in double reporting of the loan," Torchinsky said.

Melanie Sloan, executive director of the watchdog group, praised the FEC action.

"We have campaign finance laws, and everyone's supposed to abide by them," she said. "It's such a clear area of the law."

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On the Net:

Citizens for Responsibility and Ethics in Washington:

http://www.citizensforethics.org/

FEC: http://www.fec.gov/

Frist: http://frist.senate.gov/

The Asbestos-Fraud Express (WSJ)

The Wall Street Journal, June 2, 2006

If the Milberg Weiss indictments are anything to go by, federal prosecutors are finally getting serious about tort lawyer corruption. So let's hope they've also noticed a federal lawsuit in West Virginia that describes some of the most sordid asbestos fraud to date.

The suit comes courtesy of CSX, one of the nation's largest rail companies and long a target of frivolous asbestos claims. CSX last year turned the legal tables on its nemesis -- Pittsburgh-based plaintiffs firm Peirce, Raimond & Coulter -- filing a lawsuit against it and an employee alleging fraud, misrepresentation and negligence. The tale is a modern tort classic.

It begins in early 2000, when CSX employee Ricky May learned that the Peirce firm was going to conduct an asbestos "screening" in June. Peirce is a big player in railway asbestos suits and has brought thousands against CSX. Mr. May had already attended such a mass screening prior to 2000, and had tested negative for asbestosis.

Enter Robert Gilkison, a former CSX employee. According to the lawsuit, the Peirce firm occasionally hires retired rail employees as "runners," or people who round up former colleagues for lawsuits. The suit alleges that, faced with Mr. May's unfortunate good health, Mr. Gilkison suggested that Mr. May get someone who had previously tested positive for asbestosis to impersonate him at the June exam.

Mr. May then recruited Danny Jayne -- a CSX employee who'd been "diagnosed" with asbestosis in 1999 -- to sit for his June X-ray. Mr. Gilkison is alleged to have facilitated all this, allowing Mr. May to complete the necessary forms but then walking Mr. Jayne through the exam. Mr. Jayne later received a settlement of $7,000 from CSX, while Mr. May received $8,000.

Turncoat employees, mass screenings, medical impersonations -- this is already the stuff of bad thrillers, but it gets worse. The Peirce law firm was an avid user of the medical services of Dr. Ray Harron, a physician singled out in a federal court opinion last year for having "manufactured" silicosis diagnoses. The good doctor learned this skill in the asbestos field, producing tens of thousands of asbestosis "diagnoses" for eager law firms. That included a "positive" diagnosis for Mr. Jayne -- casting doubt on whether even he was really sick.

Suspecting foul play, CSX did some investigating and had a doctor verify that the May and Jayne X-rays were in fact of the same man. CSX last year filed suit against both claimants, and they later confessed to the scheme. Mr. May agreed to pay back his settlement; Mr. Jayne agreed to offer testimony. Mr. Gilkison has denied any wrongdoing.

Which brings us to the current lawsuit focusing on the extent to which the Peirce law firm knew about this fraud. CSX claims that, after the screening, Mr. May got cold feet and asked Mr. Gilkison about dismissing the case. The railway also claims Mr. Gilkison talked to the Peirce firm about the fraud, but that Peirce lawyers proceeded with the lawsuit anyway.

CSX is further claiming that Peirce keeps records of both its positive and negative screening applications and so would have known that Mr. May had already been screened and that the X-ray was not his own. At the very least, the railway has a good case that Peirce, as administrator of the screenings, failed in its obligations to quality control.

While Peirce has conceded in court documents that the scam took place, it insists it had no knowledge of the deception or what role Mr. Gilkison played, and says it did not start keeping records of "negative" screenings until 2000. It has further argued that since Mr. Gilkison was an "independent contractor" (rather than a salaried employee), the firm has no legal liability for his conduct. This is a convenient and not very persuasive distinction, to say the least. * * *

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Tawdry details aside, the case offers some broader lessons for the judiciary. West Virginia long ago became a favorite dumping ground for asbestos suits because of its reputation for jackpot justice. The state's court system responded by consolidating suits into mass litigation, thus denying defendants the ability to contest individual cases. This in turn became an invitation for tort lawyers to generate as many claims as possible, and the May-Jayne fraud is one result. Anyone who thinks this is the only such fraud hasn't been paying attention to asbestos litigation.

Which is where the prosecutors can and should come in. As more cases of silicosis and asbestosis fraud come to light, courts have slowly changed course and allowed defense teams more leeway to investigate individual claims. This is a great first step toward getting the tens of thousands of bogus suits dismissed, while getting legitimate claims heard more quickly.

But this still leaves the question of who will be held responsible for filing fraudulent claims. Both a New York federal grand jury and Congress are looking at silicosis fraud. Yet as the CSX case shows, many of the corrupt practices rampant in silicosis suits got their start in asbestos. If the Justice Department really wants to clean up the trial bar, asbestos-lawsuit fraud is the mother lode.

Not All Speech Is Free (LAT)

The Los Angeles Times, June 2, 2006

SOME CIVIL LIBERTARIANS ARE denouncing a U.S. Supreme Court ruling Tuesday against a former Los Angeles prosecutor who says he was disciplined for speaking out against police misconduct. They may want to consider how they would feel if the same decision went against, say, a Bush administration official who was fired for saying that proponents of the president's immigration policy suppressed evidence that illegal immigrants increase crime and disease.

The high court was divided along ideological lines on the case. It held that the Los Angeles County district attorney's office did not violate the free-speech rights of Deputy Dist. Atty. Richard Ceballos by denying him a promotion because of his memo alleging that police officers lied to obtain a search warrant.

The majority opinion was written by Justice Anthony Kennedy, a moderate conservative who has been a defender of the 1st Amendment. Kennedy conceded that the 1st Amendment protects public employees when they speak as citizens, but he said no such protection attaches to speech "pursuant to their official duties." He noted: "When a citizen enters government service, the citizen by necessity must accept certain limitations on his or her freedom."

This was a close case for the court — it was a 5-4 decision. But the dissenters couldn't agree on a single rationale for protecting on-the-job communications like the Ceballos memo — a sign that the majority was right in not announcing a new 1st Amendment protection for such speech.

Justice David H. Souter, in an opinion joined by justices John Paul Stevens and Ruth Bader Ginsburg, suggested a case-by-case approach to deciding whether "addressing official wrongdoing and threats to health and safety can outweigh the government's stake in the efficient implementation of policy." Justice Stephen Breyer declined to sign the Souter opinion because he said it "fails to give sufficient weight to the serious managerial and administrative concerns that the majority describes." Stevens, though he signed the Souter opinion, wrote a separate dissent objecting to the notion "that there is a categorical difference between speaking as a citizen and speaking in the course of one's employment."

But is there? Any American has the right to spout off against the legalization of illegal immigrants. A member of an administration that takes a pro-legalization stance does not have the same right to second-guess that administration's views in the name of "whistle-blowing." Whatever one thinks of Ceballos' actions, the court was right not to blur the distinction between citizen speech and employee speech.

CIVIL RIGHTS:

Citizens Seek Investigation (IRONTT)

By Michael Caldwell, The Ironton Tribune

Ironton (OH) Tribune, June 2, 2006

Nearly 70 citizens — and one U.S. Congressman — are asking for some federal help to investigate theRock Hill School District's handling of disabled and minority students, an issue that is already being addressed in three pending legal cases.

Though Rep. Ted Strickland has joined in on the request, the effort has been led by Richard Diamond, a vocal opponent to longtime Superintendent Lloyd Evans and parent of a child with disabilities in the school district.

Sixty-nine signatures were turned in on a petition asking the U.S. Department of Justice and the U.S. Department of Education to step in, citing a host of allegations, most of which have not been substantiated or are part of three pending legal cases.

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"We know that over the years, parents have asked the Ohio Department of Education and the Justice Department for help but, until now, nothing has happened," Diamond said in a written release distributed by Columbus attorney Mike Moore, who also represents the three families in the pending legal cases.

Three years ago, Brent and Amanda Unroe filed a lawsuit against the board, claiming Brent Unroe was unlawfully fired from his job as a special education teacher and that their adopted African-American special needs children were discriminated against.

School officials have always denied the allegations and have said in the past that Brent Unroe was terminated for insubordination and inappropriately handling students.

The Unroe case is scheduled for trial next week in U.S. District Court in Cincinnati.

Through Moore, two other families have also filed lawsuits against the board. Brenda Mulkey and Shara Jenkins claim their diabetic children were discriminated against.

Trial dates have not yet been scheduled in those cases.

School officials have also denied any wrongdoing in all these cases. Evans said he is not aware of any basis for these claims and thinks the real motivation is far less altruistic.

"I think this is a political action group just out to get someone," he said.

In fact, Evans said he thinks the district had done the exact opposite of the discrimination allegations.

"We have erected additional special education units to take care of handicapped kids," Evans said. When the district was building new schools a few years ago, the district funded more classrooms for special education than the state had allocated funds for.

The petition and Strickland's letter ask for an immediate and thorough investigation of the administration and the allegations.

"More than 50 of my constituents signed a letter that raises disturbing questions about the RHLSD administration's treatment of minority students with disabilities," Strickland said in his letter. "The letter cites instances of physical abuse, intimidation and failure to cooperate with basic administrative requests.

Evans said he welcomes any agency to take a closer look at the district.

"I have no problem with anyone investigating," he said. "I think we are doing things in a proper manner and certainly not discriminating against kids."

Bush To Back Gay Marriage Ban Amendment (AP-Y2)

By Nedra Pickler

AP2, June 1, 2006

President Bush will promote a constitutional amendment banning gay marriage on Monday, the eve of a scheduled Senate vote on the cause that is dear to his conservative backers.

The amendment would prohibit states from recognizing same-sex marriages. To become law, the proposal would need two-thirds support in the Senate and House, and then be ratified by at least 38 state legislatures.

It stands little chance of passing the 100-member Senate, where proponents are struggling to get even 50 votes. Several Republicans oppose the measure, and so far only one Democrat — Sen. Ben Nelson (news, bio, voting record) of Nebraska — says he will vote for it.

The Senate Judiciary Committee approved the amendment on May 18 along party lines after a shouting match between a Democrat and the chairman, Sen. Arlen Specter (news, bio, voting record), R-Pa. He bid Sen. Russ Feingold (news, bio, voting record), D-Wis., "good riddance" after Feingold declared his opposition to the amendment and his intention to leave the meeting.

Bush aides said he would be making his remarks on the subject Monday.

A slim majority of Americans oppose gay marriage, according to a poll by the Pew Research Center for the People and the Press from March. But the poll also showed attitudes are changing: 63 percent opposed gay marriage in February 2004.

Those poll results don't reflect how people might feel about amending the Constitution to ban gay marriage.

The Massachusetts Supreme Court decided to legalize such marriages in 2003. A year later, San Francisco issued thousands of marriage licenses to gay couples.

This November, initiatives banning same-sex marriages are expected to be on the ballot in Idaho, South Carolina, South Dakota, Tennessee, Virginia and Wisconsin. In 2004, 13 states approved initiatives prohibiting gay marriage or civil unions, with 11 states casting votes on Election Day.

Bush benefited as religious conservatives turned out to vote and helped him defeat Democratic Sen. John Kerry in 2004. In Ohio, an initiative rejecting the legality of civil unions won handily. The same state tipped the election to Bush.

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"The president firmly believes that marriage is an enduring and sacred institution between men and women and has supported measures to protect the sanctity of marriage," White House spokesman Ken Lisaius said.

Bush has lost support among conservatives who blame the White House and Congress for runaway government spending, illegal immigration and lack of action on social issues such as the gay marriage amendment.

Opponents of the amendment objected to Bush promoting a measure they said amounts to discrimination.

"This is fundamentally both a civil rights and religious freedom issue and the president's position of supporting amending the constitution is just dead wrong," said Barry W. Lynn, executive director of Americans United for Separation of Church and State. "This is simply to give ammunition to the so-called religious right just to show that the president is still with them."

U.S. Threatens To Sue Over Care At Prison (MJS)

By Mary Zahn Mzahn@journalsentinel.com

Milwaukee Journal Sentinel, May 31, 2006

Taycheedah treatment 'unacceptable'

Female prisoners with mental illness - some as young as 15 - are regularly placed in isolation cells at Taycheedah Correctional Institution, receive little treatment and are given psychotropic drugs for months without monitoring by a physician, a U.S. Justice Department report has concluded.

In a May 2 letter to Gov. Jim Doyle, the assistant attorney general in charge of the Civil Rights Division, Wan J. Kim, called Taycheedah's treatment of inmates with mental illness "unacceptable" and a violation of their constitutional rights. The letter states that Wisconsin can either voluntarily correct the problems or face possible legal action by the federal government this year.

The Justice Department report was based on a yearlong federal investigation. It does not indicate what prompted the review, and federal officials declined to comment further.

"It is an embarrassment for our state," said state Rep. Sheldon Wasserman (D-Milwaukee), who is also a physician. "This is an absolute horror. What we are doing is something from the dark ages. Why does it take the threat of a federal lawsuit to get Wisconsin to do something about it? This is going to cost millions of dollars to fix."

Doyle's office referred a call for comment to state Department of Corrections officials.

John Dipko, Department of Corrections spokesman, said Tuesday the concerns raised in the report are being taken "very seriously" and that the state will work with U.S. officials to address them.

"It is important to note that the Department of Corrections is taking a comprehensive, systemwide approach to health care - including mental health," Dipko said, adding that the system is working toward becoming accredited by the National Commission on Correctional Health Care in the next six years. Taycheedah, he said, will be the first prison in the process.

The prison, in Fond du Lac County, houses about 700 maximum- and medium-security female inmates.

Federal investigators found that 44 out of 59 women in segregation last July had "serious mental illnesses and were observed to be in significant distress." One of the women was clearly psychotic and had a history of eating her feces and drinking her urine. Investigators said she had been placed in segregation because of "lots of tickets" for disciplinary problems and for "disrespect."

Other cases and issues cited in the report include these:

· An inmate with severe mental illness who fatally asphyxiated herself while in segregation. In episodes before her death, she had swallowed pen inserts and had gone on periodic hunger strikes.

· The prison operates a unit to provide specialized treatment for inmates with mental illness, though federal investigators found almost no programming and that most of the inmates had nothing to do during the day.

· Untrained correctional guards distribute and monitor medication to inmates with mental illness because there are too few nurses. In addition, it sometimes takes weeks to fill prescriptions for medications used to treat mental illness.

· Some inmates with mental illness who attempted to harm themselves with writing instruments or parts of mattresses have been charged with "misuse of state property" and placed in segregation units. In other cases, inmates have been charged with self-abuse and then punished by being placed in segregation.

"Punishing inmates for mental health symptoms that are beyond their control is unacceptable and ineffectual . . . " the federal investigators wrote.

The report notes that the prison's annual report for fiscal year 2005 described "an elaborate array of programming" but that investigators found "that very little actually exists."

Dipko, the prison spokesman, said the system has "made significant strides" in the area of mental health throughout the system, including Taycheedah. Those include an increase in psychiatry hours and additional nurse hours, he said.

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The federal findings come as the state is facing a $1.5 billion deficit in 2007. Health care expenditures for the adult prison system have increased by more than 86% from 2001 to 2005, when the average daily population grew by 38.5%, state records show.

Among the report's list of needed changes were increased psychiatric and nursing staff, better medication monitoring and improved programming and treatment to ensure that inmates with mental illness are not kept in segregation cells.

Psychiatrist staffing at the prison was called "grossly inadequate." The prison employs two part-time psychiatrists who carry a caseload of more than 400 patients at time, the report states. Inmates with serious mental health needs sometimes wait for months untreated, investigators wrote.

Gay Couples Seek Right To Wed In New York (FINDLAW/AP)

By Michael Hill, Associated Press Writer

AP, June 2, 2006

(AP) - ALBANY, N.Y.-Lawyers for same-sex couples seeking the right to marry in New York told the state's highest court Wednesday they are being treated as "unequal citizens" and denied a constitutional right.

The 44 couples want the Court of Appeals to follow the lead of high court judges in neighboring Massachusetts and rule that New York's constitution gives same-sex couples the same right to wed that straight couples have always had.

"We are evolving as a society," said Terence Kindlon, one of the lawyers representing the couples in four lawsuits before the court, "and just because we did something 200 years ago, or 100 years ago or 50 years ago, it's not necessarily a good justification to do it now."

The couples have lost in lower appeals courts and are at odds with Gov. George Pataki's health department and state Attorney General Eliot Spitzer's office, which claim New York law prohibits issuing licenses to same-sex couples.

The cases argued Wednesday were filed two years ago, when gay marriage controversies flared up from Boston to San Francisco.

A decision from the court could come in a month or two.

At The Corner Of Progress And Peril (WP)

By Michael A. Fletcher

The Washington Post, June 2, 2006

What does it mean to be a black man? Imagine three African American boys, kindergartners who are largely alike in intelligence, talent and character, whose potential seems limitless. According to a wealth of statistics and academic studies, in just over a decade one of the boys is likely to be locked up or headed to prison. The second boy -- if he hasn't already dropped out -- will seriously weigh leaving high school and be pointed toward an uncertain future. The third boy will be speeding toward success by most measures.

Being a black man in America can mean inhabiting a border area between possibility and peril, to feel connected to, defined by, even responsible for each of those boys -- and for other black men. In dozens of interviews, black men described their shared existence, of sometimes wondering whether their accomplishments will be treated as anomalies, their individuality obscured by the narrow images that linger in the minds of others.

This unique bond, which National Urban League President Marc Morial calls "the kinship of the species," is driving many black men to focus renewed attention on the portrait of achievement and failure that hangs over the next generation. A recent spate of scholarly studies have brought urgency to the introspection, as the studies show the condition of poor, young black men has worsened in the past decade despite the generally strong economic conditions of the 1990s.

Black men now number 18 million, and many are pondering their roles in a country that is undergoing significant social and demographic changes.

In the coming weeks and months, The Washington Post will explore the lives of black men through their experiences -- how they raise their sons, cope with wrongful imprisonment, navigate the perceived terrain between smart and cool, defy convention against the backdrop of racial expectations. On Sunday, The Post will publish the findings of a major poll conducted jointly with the Henry J. Kaiser Family Foundation and Harvard University. The nationwide survey measured the attitudes of black men on a variety of issues and asked others for their views of black men.

More than 50 years after the publication of Ralph Ellison's "Invisible Man," black men appear more visible than ever -- a freshman senator from Illinois, Barack Obama, is the American Idol of national politics, and Will Smith is perhaps the most bankable star in Hollywood. Yet black men who put their kids through college by mopping floors, who sit at home reading Tennyson at night, who wear dreadlocks but design spacecraft, say it sometimes seems as if the world doesn't believe they exist.

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The dueling realities of their history -- steady progress and devastating setbacks -- continue to burden many black men in ways that are sometimes difficult to explain.

"As a black man, you often think that things can go either way," says Todd Boyd, an African American who has carved out a niche exploring race and popular culture as a professor at the University of Southern California. "You could be that guy in the penitentiary, or you could be that guy on everybody's television screen."

You could be Gilbert Arenas, an NBA all-star who makes millions of dollars a year but still feels he relates to the "young brother" who catches the bus every day to fry burgers for a living. "We have an unspoken bond about life," he says.

The statistics that spell out the status of black men are often conflicting, sometimes perplexing.

The percentage of black men graduating from college has nearly quadrupled since the passage of the 1964 Civil Rights Act, and yet more black men earn their high school equivalency diplomas in prison each year than graduate from college. Black families where men are in the home earn median incomes that approach those of white families. Yet more than half of the nation's 5.6 million black boys live in fatherless households, 40 percent of which are impoverished. The ranks of professional black men have exploded over four decades -- there were 78,000 black male engineers in 2004, a 33 percent increase in 10 years. And yet 840,000 black men are incarcerated, and the chances of a black boy serving time has nearly tripled in three decades, Justice Department projections show.

So where does that leave 17-year-old Jonathan McMaster as he ponders his future? The statistics show that fewer than half of black boys graduate from high school four years after entering the ninth grade. And yet here he is, a junior at Baltimore's exclusive Gilman School, running track, playing the viola in the school orchestra, approaching fluency in French. He has visited nearly 30 countries and is spending a month studying in London. It used to be "a hindrance" to be a black man, McMaster says he's been told by his elders. "But with everybody trying to diversify now, I think it has become almost an advantage."

Where the nation was once largely segregated along a black-white divide, the country has become more racially and ethnically mixed, creating opportunities -- and new sensibilities.

Erin Smith, 23, who recently graduated with a business degree from Howard University, once considered himself a militant. "You kind of get groomed, in a way, in that totally pro-black environment at Howard." But as he began to pursue his business dreams -- a fledgling multimedia company he created his freshman year and a real estate venture with his father -- Smith started to expand his thinking.

"I saw myself as potentially being kind of racist," he says "of closing myself off to people. I'm still pro-black, but we don't need to totally focus on race. We're all part of the human race. I kind of grew a little bit. I look at life as a puzzle -- day by day, you get a new piece. Some young men think success is 20-inch rims, flat-screen TV. They only think of success as what they see -- and that's what they see."

What does it mean to be a black man?

Marc Morial was leaving the downtown Madison Hotel when he got into an impromptu conversation with a doorman. The doorman, also black, wore a uniform and a whistle around his neck; Morial was dressed in an immaculate gray suit with a crisp white pocket scarf. When the chat concluded, the two locked arms and pulled each other close in a signature embrace that is common to black men across the country.

"Black men relate to each other in a special way," Morial says.

On the streets, strangers frequently give each other an uptick of the head when their eyes meet, a nod of black male acknowledgment. Black men have invented so many special handshakes that a recent McDonald's commercial turns on this fact. Their commonality is often defined by their style, their walk, their slang and even how they refer to each other ("Slim," "Shorty," "Dawg," "Mo," "Brother"). Wherever black men congregate, there is often a comfort level that crosses class and generational lines. There is even a universally acknowledged black men's club, the barbershop, where no subject is off limits.

"It's the cohesion that comes from knowing whatever your situation in life is you're carrying a special burden," says Morial, a former mayor of New Orleans. "But also that you're strong enough to do it. Whatever they put on you, you can handle it. You can knock me down, but I'm getting up. You can't knock me down with no love tap."

* * *

Over the past 100 years, perhaps no slice of the U.S. population has been more studied, analyzed and dissected than black males. Dozens of governmental boards and commissions have investigated their plight, scholars have researched and written papers on them, and black men have been the subject of at least 400 books.

In the early 20th century, researchers pioneered a still-evolving movement to pinpoint a biological link between black men and crime. After the social turmoil of the 1960s, experts spotlighted the rampant deprivation and lack of opportunity among black men that lent urgency to President Lyndon B. Johnson's War on Poverty.

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Later, the focus became the diminishing opportunities in cities, where well-paying manufacturing work was vanishing, locking many unskilled black men out of the job market. That gave way to concerns about drugs and crime and the fraying of the family structure, as 70 percent of black babies were being born to unmarried mothers and incarceration rates soared.

The NAACP Legal Defense and Educational Fund hosted a 1985 panel discussion that called young black men "an endangered species," a label that stuck even as some black men were making strides toward the middle class and a new level of social acceptance.

In 1995, the Million Man March, spearheaded by Nation of Islam leader Louis Farrakhan, drew hundreds of thousands of black men to the Mall in an unrivaled show of unity and concern for one another. The gathering seemed to signal a watershed moment of self-reflection.

Since the march, black men have met in thousands of groups to address their problems, reinforce their progress and understand their lives with greater clarity. Perhaps the latest, most dramatic evidence of this involvement is "The Covenant," a book charting a plan for black self-improvement that was an outgrowth of commentator Tavis Smiley's State of the Black Union forums. The book has been a No. 1 seller on the New York Times nonfiction paperback list.

"What we have seen in the last 10 years is increasing concern among successful black men in terms of trying to help other African American men succeed," observed Courtland Lee, a University of Maryland professor and former editor of the Journal of African American Men. "Even successful black men are victims of this crisis. They know they walk around with a target on their backs."

* * *

For black men, being poor has grown more perilous with time -- especially for the young. The 1960s sociological classic "Tally's Corner" charted the lives of what it called "Negro streetcorner men" in the Shaw neighborhood of Northwest Washington, painting a portrait of a group hobbled by weak education, dead-end jobs and fracturing families. Over four decades, wages and opportunities for uneducated workers have diminished, while the ranks of men disconnected from much of society have grown.

The path to the corner is set early for some black men. While school achievement has been a growing concern for boys of most every ethnicity, the problem is most acute among black boys, who are far more likely to be left back, be assigned to special education, score poorly on standardized tests, be suspended from school or eventually drop out than any other demographic group, numerous studies show.

Once they leave school, nearly three-quarters of black men in their twenties are jobless or incarcerated, an unemployment rate much higher than that of similarly situated white and Hispanic youth, according to a report from the Urban Institute.

"There has been a big change in what is thought of as normal in poor black communities," says John H. McWhorter, a senior fellow at the conservative Manhattan Institute, which is hosting a conference on black men this month. "Back in the old days, there were always black men who were not interested in working. They were called corner men. But years ago, if you were a black man and you didn't work, it was a shame. Now, the shame is gone."

A black man is more than six times as likely as a white man to be slain. The trend is most stark among black men 14 to 24 years old: They were implicated in a quarter of the nation's homicides and accounted for 15 percent of the homicide victims in 2002, although they were just 1.2 percent of the population, according to the Bureau of Justice Statistics.

Also, black men are nine times as likely as white men to die from AIDS, and life expectancy for black men is 69.2 years -- more than six years shorter than that of white men.

Trying to reverse these trends through a broad public policy strategy is at the heart of the Dellums Commission, named after former congressman Ronald Dellums (D-Calif.). The commission will issue its report later this year. "This is beyond a crisis," says Gail Christopher, a vice president at the Joint Center for Political and Economic Studies, who is overseeing the commission's study of the problems affecting young men of color. "It is a catastrophe."

It doesn't always start as a catastrophe.

Growing up in New York City and San Jose, Rahsaan Ferguson, 27, remembers his father's mantra: "You are a black boy. That's two things you will always have against you."

Now, Ferguson understands that his father, an employee of the Santa Clara County transit system, was merely trying to prepare him for a harsh world. But in his young mind, his father's message was confusing -- and a little disabling. "It kind of brings you down," he says. "I know it is supposed to make you strive harder. But when you hear that over and over, it makes you believe you are not supposed to succeed."

After being left back in third grade, Ferguson says, he lost confidence. As he continued to struggle in school, he worried about failing, as he had been taught so many black men do. Ultimately, he stopped trying, dropped out of school, fathered a son, now 7, and fell into crime. First, it was a few stolen cars. After a while, he sold crack cocaine, eventually serving a four-month jail term after authorities confiscated more than three grams of the drug from an apartment he shared with his girlfriend. Now,

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Ferguson is struggling to find stability, earning $10 an hour working for a sign company in one of the nation's most expensive areas.

"I can't help but think about the white kids I know. They were raised to think they are going to succeed and be better than everyone," Ferguson says.

The Rev. Elwood Gray, chaplain at the Patuxent Institute in Jessup and president of the National Coalition of Prison Ministries, has been working with inmates and ex-offenders for nearly 30 years. Many of those black men feel left behind and stigmatized by their behavior, he says, and as a result are sometimes difficult to reach when they leave prison. It's almost like they are in "an intensive-care unit," Gray says. "The approach must be holistic because they need employment, food, shelter and mental health care."

The plight of poor, young black men has fueled some attitudes and practices that affect all black men. In a 2001 article defending racial profiling as a rational police tactic, journalist John Derbyshire wrote in the National Review Online: "A policeman who concentrates a disproportionate amount of his limited time and resources on young black men is going to uncover far more crimes -- and therefore be far more successful in his career than one who biases his attention to, say, middle-aged Asian women."

These images not only shape how others see black men but also can affect how black men see themselves. Warren Simmons, 55, executive director of Brown University's Annenberg Institute for School Reform, recalls waiting in his car at a stoplight in downtown Washington and locking his doors when he spotted a black man approaching. Incredulous, the man began yelling at Simmons.

"For a moment, I found myself caught in a cultural quandary," Simmons says. "I'm a black man, and I know what it is like to have people respond to me with fear. Yet I did this. He assumed my response was to him as an individual, but it was directed to him as part of a larger group."

If these images distort the rich complexity of the lives of black men, they also have been embraced by some of the nation's most prominent icons of popular culture. A long, lucrative stream of music videos and movies extol the "thug life" fantasy of fast money, fast women and fast living.

Rapper 50 Cent has built his chart-busting, multimedia career on his being shot nine times and left for dead during his days as a drug dealer in Queens. Similarly, rapper, actor and pitchman Snoop Dogg has ridden music referring to his gang-life past, and his playful public persona as a would-be pimp, to fame.

In some ways, black men have always stood on the leading of edge of popular culture, often through the very imagery that offstage or off-screen inspires fear and contempt. Minstrel shows, widely regarded as the nation's first form of mass entertainment, burst on the scene in the decades after the American Revolution. The shows most often featured white performers in blackface mocking aspects of black life.

While the wide-eyed parodies are widely condemned as racist, in their heyday they helped shape society's perception of African Americans. Similarly, some scholars say, popular music -- including hip-hop -- and sports play an outsized role in forming contemporary notions of black men.

"When you look at American popular culture, it is really driven by hip-hop, and young, African American men are the face of hip-hop," says S. Craig Watkins, a University of Texas researcher. "It speaks to the fear-fascination relationship the nation has with black men."

* * *

The nation's most accomplished black men usually have a story to tell about what they overcame, who influenced them, how they survived.

Edward T. Welburn, chief of global design at General Motors Corp., says his interest in cars was stoked by observing his father operate a West Philadelphia auto repair service.

Guidance counselors at John B. Slaughter's high school in Topeka, Kan., laughed aloud, Slaughter said, when he told them he wanted to be an engineer. They had never heard of a black engineer, and they told Slaughter he should pursue a trade. Slaughter ignored them and graduated from Kansas State University in 1956 with a degree in electrical engineering, launching a career that took him to the helms of the National Science Foundation, the University of Maryland and Occidental College in Los Angeles.

Colin L. Powell recalls that he had only a 78 average at Morris High School in the Bronx and was considered a late bloomer at City College of New York, but the Army's robust affirmative-action program accelerated his rise through the ranks.

"It doesn't bother me if people say I made it with affirmative action," says Powell, who joined the Army ROTC in 1954, just six years after President Harry S. Truman ended segregation in the armed forces, and eventually became chairman of the Joint Chiefs of Staff. "All that matters is what you do afterwards. When I heard complaints, I'd say: 'It doesn't matter if it was affirmative action or not. I got it, you didn't.' "

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Powell, who is now active in an array of mentoring programs, offers his own history to young black men who worry about the limitations others may place on them. Your achievements, he tells them, need not be accompanied by apology.

"Of course you're offended," he says. But "you can choke with something in your craw. I've seen too many people grind themselves to death worrying about what other people say about them. Frankly, we don't have time for that."

And yet even among the highest achievers, doubts sometimes intrude.

Curtis Symonds, 50, was one of the youngest African Americans to run a cable TV business in the nation in the early 1980s. He eventually wound up at Black Entertainment Television, where he helped expand the reach of the cable network from 18 million to 70 million homes over 14 years.

He left BET a multimillionaire and became chief operating officer of the Women's National Basketball Association's Washington Mystics. He also dreamed of opening Hoop Magic, a $7 million, 65,000-square-foot gym in Chantilly.

Despite his wealth and business experience, the first five or six banks he talked to did not want to touch his idea -- a reluctance that, rightly or wrongly, Symonds laid to the fact that he is a black man. "A lot of those bankers could not see my dream," he says. "All they could see is this black guy who wanted to borrow X millions of dollars."

Symonds got his financing and opened his gym.

Several years ago, Franklin D. Gilliam Jr., a political scientist at UCLA, set out to understand more deeply the perceptions people have of black men. He chose a provocative topic for his experiment: crime. In his test, he showed groups of viewers a mock newscast, which included a short account of a robbery at an automated teller machine during which the victim was killed.

Gilliam manipulated the image of the "suspect" in the newscast, sometimes depicting him as black, sometimes as white and other times not at all. Afterward, the participants were asked to identify the suspect's race. Most of the viewers accurately recalled whether a black or white face was shown. But 60 percent of those shown no image remembered seeing one, and an overwhelming majority of those said they saw a black face. In fact, they had not seen a face at all. To Gilliam, that meant that when people saw crime, they often expected a black man to be linked to it -- not necessarily because of blind racism but because of the images they had consumed their entire lives.

He sees evidence of that in his own life. As a vice chancellor, he is the highest-ranking black man on UCLA's campus. "Within 200 yards of my office, people genuflect when they see me," he says with a laugh. But a few blocks away on the street in Westwood, his colleagues often walk right by him, particularly when he is dressed casually.

"All they see," he says, "is a black male."

The Akaka State? (WSJ)

The Wall Street Journal, June 2, 2006

The last time we wrote about the Native Hawaiian Government Reorganization Act, in July 2005, we called it secessionist, unconstitutional and un-American. And that was being kind.

Our view of the bill -- which, like Freddy Krueger, refuses to die -- hasn't changed. But now that Senate Majority Leader Bill Frist has promised to bring it to a cloture vote in the coming days, it's worth reminding readers what this ugly drama from the beautiful state is all about.

The Reorganization Act -- better known as the Akaka Bill, after its U.S. Senate sponsor, Democrat Daniel Akaka -- would create a sovereign government, similar to existing Indian tribes, for the roughly 400,000 people who identify themselves as "Native Hawaiians." At a minimum, such recognition would protect dozens of federally funded programs for native Hawaiians that in recent years have come under increasingly successful Constitutional challenges as violations of the 14th and 15th Amendments.

But it would probably do much worse. The Akaka Bill could also lead to discriminatory treatment of non-Native Hawaiians, who already are excluded from private schools run for the exclusive benefit of the Natives. Vast tracts of land (entire islands, perhaps) might also be set aside exclusively for Native use. The Office of Hawaiian Affairs, a state agency, acknowledges that the Akaka Bill allows for the "complete legal and territorial independence from the United States and the re-establishment of a Hawaiian nation-state." Years, if not decades, of litigation would follow its passage.

No wonder that, while the bill is popular among Hawaii's political class, including Republican Governor Linda Lingle, it has generated remarkable resistance among Hawaiians. More than 80% of Hawaiians are not "Natives," and, believe it or not, the great majority actually think they are entitled to equal protection under the law and do not want to create a privileged class among them.

As one Kaleihanamau Johnson told the U.S. Commission on Civil Rights, "I am of Hawaiian, Caucasian and Chinese descent . . . and do not support the Akaka Bill." She added that if the bill "comes to pass, I will be forced to choose on which side of the fence to stand. I will choose the Anglo-American tradition of the right to life, liberty, property and the pursuit of happiness. This will prevent me from recognizing all that is Hawaiian in me. I consider the Akaka bill to be a proposal to violate my rights."

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Ms. Johnson is not alone. In its January report, the Civil Rights Commission found that the Akaka Bill would "establish an impermissible racial preference in the establishment and operation of a governing entity." The report noted that, unlike the Native Americans to which Governor Lingle tries to liken Native Hawaiians, "membership would be defined solely on the basis of ancestry, not on the basis of geographic, cultural, and political cohesiveness and the presence of an established community as is done for other Indian tribes."

The Commission also found that "nothing in the [Akaka Bill] guarantees that the race-based entity to be created would be democratic in nature," and that the Akaka Bill "could prompt other native or indigenous entities or other ethnic groups to seek similar rights through self-governance programs."

The Commission went on to recommend against the bill. Extraordinarily, however, its findings were removed last month from the January report, apparently under pressure from Commissioners Michael Yaki and Arlan Melendez, both Democrats. Now it looks as if the bill will pass the Senate if brought to a floor vote. It has the backing of most, if not all, 45 Democrats, as well as Republicans such as Lisa Murkowski and Ted Stevens of Alaska, Norm Coleman of Minnesota, and Lindsey Graham of South Carolina.

Maybe this all seems like a quaint and distant debate. But Hawaii is no less a state than New York or Texas, and the legal precedents established there matter to the mainland. The Akaka Bill should frighten everyone who cares for the American ideal of e pluribus unum, and fears the ethnic Balkanization of the country. Republicans this week have a chance to get one right by keeping an unconstitutional bill from reaching the floor of the Senate.

ANTITRUST:

Michigan Minimum-service Real Estate Bills Moving Forward (INMAN)

By Glenn Roberts Jr., Inman News

Inman News, June 2, 2006

State Senate committee passes DOJ-opposed bills 4-0

A proposal to require real estate agents and brokers to provide a specific set of services for their clients is moving forward in the Michigan Legislature, despite opposition from the U.S. Department of Justice, the U.S. Federal Trade Commission and a state regulatory agency.

House Bill 4849 and House Bill 4850, companion bills that passed a state Senate committee in a 4-0 vote Wednesday, provide that real estate licensees who enter into service agreements with clients must provide certain services for that client, including acceptance and delivery of offers and counteroffers; assistance in developing, communicating, negotiating and presenting offers, counter-offers and related documents or notices; and furnishing or causing to be furnished a complete and detailed closing statement.

In October 2005, after the Michigan state House of Representatives voted 105-3 to pass the bills, the Federal Trade Commission and Justice Department sent a letter to a state Senate committee chairman and the director of the Michigan Department of Labor and Economic Growth to express opposition, citing concerns about the possible anti-competitive and anti-consumer effects of the legislation.

The language in the bills is similar to other state legislation, sometimes referred to as minimum-service legislation, that has passed in other states despite similar federal objections. The Michigan Association of Realtors is supporting the bills, which could reach the state Senate floor as soon as next week. In other states, too, Realtor trade groups have endorsed the legislation as pro-consumer.

Opponents of minimum-services legislation have said that such efforts could serve to limit consumer choice for real estate services, while supporters have said the legislation ensures that real estate consumers will receive adequate service in real estate transactions.

The federal agencies charged that House Bill 4849 "is likely to increase the price that some consumers who prefer full-service brokerage pay for real estate services," and "would deprive consumers of the opportunity to purchase their preferred choice (of services)." Also, the letter states, "We recognize that some laws limiting forms of competition may be beneficial when they address specific market failures shown to harm consumers. However, we have seen no evidence that consumers currently are harmed by fee-for-service real estate brokerage."

Likewise, Tom Martin, of the Michigan state Department of Labor and Economic Growth, said in a May 31 statement to the Senate Economic Development, Small Business and Regulatory Reform Committee that the legislation "unnecessarily limits consumer choice and diminishes the attractiveness of some new business models that show promise of reducing the price of houses for consumers who wish to use these new models."

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He also stated, "If there is a regulatory need to mandate the provision of certain minimum services, the (state) Bureau of Commercial Services has not experienced an increase in complaints that would demonstrate it. (I)t is very important to empower consumer choice. These bills do the opposite. It is equally important in our economy to embrace new technologies and the innovative business models that use them. These bills move Michigan in the opposite direction."

Martin said today that the department has had "a long history of dialog on these bills" with the Michigan Association of Realtors and the federal agencies. "Basically our feeling is there's no need for regulation here. The bills reduce customer choice, and though the proponents say that the bills are neutral with respect to alternative business models we do believe that they make some alternative business models less attractive."

Bill Martin, CEO for the Michigan Association of Realtors, said the association has attempted to work with Justice Department officials to resolve differences over the legislation. "Frankly, it was very frustrating -- the exercise that we went through with them. We're doing this to protect the consumer."

He noted that Justice Department and Federal Trade Commission officials stated in their letter that many multiple listing services in Michigan bar property listings in which there is no formal exclusive agency relationship between a real estate professional and a client, though he said the proposed legislation "has absolutely zero to do with MLSs."

Also, he said, the proposed laws allow real estate professionals to avoid the service requirements when they work with clients outside of a formal service agreement. "If (consumers) don't want those that is fine -- go do a different relationship." The text in HB 4849 provides that "a licensee providing real estate services pursuant to an agreement allowed under law that is not a service provision agreement creating an exclusive agency relationship is not considered in violation" of the minimum-service requirements.

Peter Langley, chief of state for state Sen. Alan Sanborn, R-Richmond Township, who is chairman of the Senate committee that approved the legislation this week, said that representatives for the Michigan Association of Realtors spoke in favor of the legislation during the hearing, and there was also a statement in opposition to the bills from two real estate professionals.

Cheryl Lynch, co-owner of Lake Michigan Realty Center in New Buffalo, Mich., who has opposed the legislation along with her husband and brokerage co-owner Mike, said she did not attend the committee meeting and she was upset to learn that the legislation is moving to the full Senate.

In a written statement to the committee, the Lynches said, "We adamantly remain opposed to any restrictions on the freedom of choice that consumers now enjoy when buying or selling real estate. Consumers are growing angry about the continual destruction of their individual sovereignty by their elected officials."

She also said she expects the Senate will approve the legislation. "I guess the people are powerless at this point."

EBay Tries E-mail In Net Neutrality Fight (CNET)

By Declan McCullagh, CNET News.com

CNET News, June 2, 2006

SAN JOSE, Calif.--eBay this week unleashed a political machine that should make politicians envious: a national e-mail blast over Net neutrality.

Meg Whitman, chief executive of the Internet auctioneer, called on more than a million eBay members to get involved in the debate over telecommunications laws and "send a message to your representatives in Congress before it is too late."

"The telephone and cable companies in control of Internet access are trying to use their enormous political muscle to dramatically change the Internet," Whitman wrote. "It might be hard to believe, but lawmakers in Washington are seriously debating whether consumers should be free to use the Internet as they want in the future."

This is the first time that eBay has used e-mail to urge its members to weigh in on a national issue, and also the first time Whitman sent it out under her own name, the company said Thursday.

eBay--which has been active in a pro-Net neutrality coalition for years--confirmed that more than a million e-mails have been sent out so far, but declined to offer a more specific number. The campaign is ongoing.

The concept of Net neutrality, which generally means that all Internet sites must be treated equally, has drawn a list of high-profile backers, from pop music star Moby and actress Alyssa Milano to Vint Cerf, one of the technical pioneers of the Internet. It's also led to a political rift between big Internet companies such as Google and Yahoo that back it--and telecommunications companies that argue federal legislation will curb their ability to manage their own networks.

"Meg has been following the issue, and with legislation moving through the House and the Senate, felt that this was an appropriate time to reach out to the community to make sure Congress heard what the community thought about the telecommunications reform bill," said Tod Cohen, eBay's associate general counsel for global policy.

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Other tech companies have tried e-mail outreach efforts before, though this week's campaign ranks among the largest. Microsoft, for instance, distributed a "Freedom to Innovate" newsletter during its antitrust trial that ended with the exhortation: "Now is the time to let your elected officials know how you feel about the case."

eBay's e-mail campaign comes as the political debate over Net neutrality is growing more pointed in Washington, D.C. On May 25, one House of Representatives panel voted for formal Net neutrality regulations bitterly opposed by AT&T, Verizon and other broadband providers--while another House panel rejected them on April 5.

For their part, network operators from the telephone and cable industries, now allied with some of the nation's largest hardware makers, have said repeatedly that they have no intention of blocking, degrading or impairing content. They say they're protecting their right to manage their networks as they see fit, which could mean charging extra to heavy bandwidth users, such as video providers, that expect to have their content shuttled at priority speeds.

Also on Thursday, the American Electronics Association, or AeA, cautiously embraced Net neutrality.

In a statement, the trade association said its board of directors' executive committee endorsed a set of principles asking Congress to protect consumers and Internet companies "from anticompetitive and unreasonably discriminatory conduct by broadband network providers."

That's a careful statement that falls short of endorsing some of the more aggressive Net neutrality proposals--such as the one approved by the House Judiciary Committee on May 25--that would go further and block what's being called a "high speed" lane for certain services such as video.

AeA's board includes representatives of dozens of companies including Microsoft, Sun Microsystems, Nanoventions, Intel, Adobe Systems, Qualcomm and eDiets.com.

A Cisco representative responded to AeA's announcement with a statement that said: "Some of the groups who are most public in this debate focus on one part of the network stack or another. We actually care about the entire network--from core to end-user. No new regulations are needed in order to support the FCC's connectivity principles."

Inco Won't Sell More Assets To Win Antitrust Approval (Update2) (BLOOM)

By Matthew Newman Doug Alexander

Bloomberg, June 2, 2006

June 1 (Bloomberg) -- Inco Ltd. said it doesn't expect to have to sell more than a Norwegian metals refinery to win U.S. and European regulatory approval for its C$19.5 billion ($17.7 billion) takeover of Canadian mining company Falconbridge Ltd.

The deal, which would create the world's largest nickel producer, is being reviewed by regulators and Toronto-based Inco has offered to sell Falconbridge's Nikkelverk refinery in Kristiansand, Norway, and ``related marketing organizations'' as a remedy to get approvals.

``My view is that the remedy we propose should be adequate,'' Inco Chief Executive Officer Scott Hand said today in an interview. ``I'm confident we'll get the clearance that we need.''

The European Commission, the EU's antitrust regulator in Brussels, held a closed-door hearing May 29 to discuss Inco's proposals and antitrust concerns. The EC on Feb. 24 opened a four-month probe of the deal. A ruling is due by July 12.

``What we're doing is proposing a remedy that we think makes sense, and one that conceptually I think the regulatory agencies will agree with, because it will replicate the competition that exists today,'' Hand said. ``I think at the end of the day we will work it out.''

Inco shares rose 61 cents to C$73.11 at 4:17 p.m. on the Toronto Stock Exchange. Falconbridge rose 40 cents to C$55.15.

Divestment Proposal

Inco said in an Oct. 11 statement that Falconbridge's Nikkelverk refinery and ``related marketing organizations'' may have to be sold to complete the deal ``expeditiously.''

The refinery would be sold, listed in an initial public offering or disposed of by distributing securities in a separate company that would operate independently, Inco said in the statement.

``If required, Inco would provide the refinery with intermediate product to meet its forecast needs, consistent with what Falconbridge would have done,'' the company said.

Inco and Falconbridge said in October their combined 2005 nickel production would be 735 million pounds, or about 333,000 metric tons. That's equal to 26 percent of global output, based on data compiled by Credit Suisse. Russia's OAO GMK Norilsk Nickel is currently the world's top producer of the metal.

Cobalt Suppliers

Nickel is used in batteries and to prevent corrosion in stainless steel. The commission said in February that Inco and Falconbridge are the two leading suppliers of nickel used as a coating. The companies are also the two biggest suppliers of high-

purity cobalt found in so-called super alloys, the commission said. Inco and Falconbridge have about 90 percent of the market for nickel used in super alloys, a key component in turbine blades for jet engines.

The transaction, which has already been cleared by Canadian authorities, is also under review by the U.S. Department of Justice.

Inco spokesman Steve Mitchell said in an interview today that the company is ``having productive discussions'' with U.S. and European antitrust agencies on the disposal of Nikkelverk.

Emails Send A Strong Message For Rambus (FT)

By Chris Nuttall In San Francisco

Financial Times, June 2, 2006

Shares in Rambus, a US memory chip designer, rose nearly 20 per cent on Thursday after it released emails in support of its antitrust litigation against chip manufacturers Samsung and Hynix of Korea and Micron of the US.

But Micron responded that the emails collected during a Department of Justice price-fixing investigation were unrelated to the San Francisco lawsuit where Rambus accuses the three of trying to exclude it from the memory market. The emails made available by Rambus were the result of its successful court action to get evidence unsealed to help its case.

One email sent in June 2001 by Linda Turner, an international sales vice president for Micron at the time, comments on Hynix lowering its prices for DDR (Double Data Rate) memory.

“No problem!” she writes. “We want DDR to explode in the marketplace so have actually been requesting Infineon, Samsung and Hynix to lower their DDR pricing to help it become a standard and drive Rambus away completely.”

Other Micron emails suggest the company’s salesforce is concerned at pricing of DDR, with major PC manufacturers Dell and Compaq seeming to prefer RDRAM (Rambus Dynamic Random Access Memory) chips designed by Rambus.

Daniel Francisco, spokesman for Micron, said yesterday: “Rambus has attempted to bootstrap the DoJ price-fixing investigation into a supposed boycott of Rambus Dram.”

“Rambus Dram was a failure in the marketplace because it was too costly and any performance differentials were not sufficient to justify the inherent cost differences.”

Rambus shares closed 18.5 per cent higher at $28.75 on the news.

Meanwhile, the Semiconductor Industry Association reported on Thursday that worldwide sales of semiconductors grew 8.1 per cent year-on-year to total $19.6bn in April. Sales of D-Ram chips grew by 3.7 per cent from March’s total and were up 7.7 per cent on a year earlier.

Global Stock Trading (NYT)

The New York Times, June 2, 2006

It has been over two centuries since securities traders began meeting informally under a buttonwood tree on Wall Street. The New York Stock Exchange's columned neo-Classical building is as instantly recognizable as the ceremonial ringing of the opening and closing bells, its floor brokers the embodiment of the frenzied pace of the market. The exchange remains a potent symbol of this city's and this country's financial pre-eminence.

Despite the tradition, things have changed. Investment is no longer contained by national boundaries, and operations are regularly executed electronically. Into the crowded fray come new and more complicated financial instruments.

If the exchange's corporate parent, the NYSE Group, is going to keep up, it will have to embrace change. Last year the company announced its acquisition of the electronic trading network Archipelago. Now it has reached a deal for the cross-border European exchange company Euronext.

If approved by regulators and shareholders, it would be the first trans-Atlantic market, though the rival Nasdaq has already bought up a 25 percent stake in the London Stock Exchange. Rather than leading the way, the exchanges are catching up to the reality of internationalized investing.

The combination would create "the world's most liquid and truly global financial marketplace," according to John Thain, chief executive of the NYSE Group. It would certainly be a goliath, with a combined market capitalization at the time of the offer of roughly $21 billion and listed companies worth a total of $27 trillion. Most important to investors in the exchange companies themselves is the $375 million in potential savings that NYSE Group predicts for a combined entity.

If a combined company can pass the fruits of those savings on to the average investor — not to mention added ease in buying shares of foreign companies — we're all for it. An era of global trading could benefit from international exchanges. Regulators on both sides of the Atlantic should take a cue and speed up the process of bringing their respective rules into harmony. There's no time to lose. The financial markets never sleep.

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ENVIRONMENT:

$92 Million More Is Sought For Exxon Valdez Cleanup (NYT)

By Felicity Barringer

The New York Times, June 2, 2006

WASHINGTON, June 1 — When the Justice Department and the State of Alaska reached their $900 million court settlement with the Exxon Corporation over the environmental damages caused by the Exxon Valdez oil spill, they agreed that, if unforeseeable damages occurred later, the two governments had 15 years to ask for $100 million more.

On Thursday, with the deadline approaching, the governments exercised this clause. They announced in a statement that they would seek $92 million from Exxon Mobil to clean up stubborn patches of oil, whose most toxic components, they say, have not dissipated since the spill in 1989.

Federal and state lawyers said in statements that they believed the lingering oil was still interfering with the recovery of animals in the area. The worries, environmentalists say, are focused on species that frequent the intertidal areas of Prince William Sound, like clams, mussels and harlequin ducks.

With this action, "we are aggressively seeking to restore natural resource damages unforeseen at the time of the 1991 settlement," said Sue Ellen Wooldridge, assistant attorney general for the Environment and Natural Resources Division of the Justice Department, in a statement. "Our goal throughout this process has been to pursue all scientifically and legally appropriate means of restoration."

While the oil can be found along several miles of beach, tying its effects to the slow recovery of some species may not be easy, one environmentalist said.

"No one doubts there is ongoing damage," said Eleanor Huffines, of the Alaska office of the Wilderness Society. "The challenge is that the ocean is so dynamic that it will be a hard thing to do to make the connection. But since this has been the most well-studied area since the spill, they have been able to document the lack of recovery."

Mark Boudreaux, the media relations manager for Exxon Mobil, focused on this uncertainty in a statement responding to the action. A link between the remaining oil and effects on wildlife, Mr. Boudreaux said, "is no more than a hypothesis." He added, "Nothing we have seen so far, however, indicates that this request for further funding from Exxon is justified."

Of the $900 million paid by Exxon, $145 million remains in a trust fund administered by a council representing the federal and state agencies and local groups. "If there were any matter in Prince William Sound that needed restoration or repair," Mr. Boudreaux said, "it was the trustees' duty to use this money to remedy the problem."

Along with the request for the $92 million, which may be decreased or increased to the maximum $100 million after negotiations, the state and federal agencies gave Exxon a blueprint for how the restoration should proceed.

The request for additional money had the support of Alaska's two senators, Ted Stevens and Lisa Murkowski, Republicans who had encouraged Exxon to provide the extra $100 million without the formal "reopener" process set by the 1991 settlement.

In March 1989, the Exxon Valdez supertanker, with an inebriated captain, ran aground on Bligh Reef, ruptured and spilled 11 million gallons of crude oil into the sound, contaminating about 900 miles of shoreline.

The damage to the fishing industry and to native subsistence hunting lasted for years. The herring population, a crucial link between the tiny plankton at the bottom of the food chain and the larger predators at the top, crashed four years after the spill. Of the $145 million remaining from Exxon's original payment, a significant part has been set aside to compensate herring fishermen.

Exxon Mobil continues to appeal a separate punitive damage award of $4.5 billion resulting from the spill.

The move to push for the extra money comes at a significant moment in the political life of Alaska, a state whose economy has been oil-dependent for three decades, but which is also encountering a steady decline in its share of oil revenues because of declining production of North Slope oil.

A new natural gas pipeline promises to be a source of income. But how ConocoPhillips, Exxon Mobil and BP, the energy industry's three major players here, will be taxed on overall levels of energy production is the subject of intense debate in a special session of the Legislature.

The open question is whether the industry, if it sees those tax discussions in the Legislature going too far against its interests, will abandon the pipeline, leaving the state without these potential new revenues.

So even though the legal deadline set the timetable for the state and federal governments' actions Thursday, it is an awkward moment to push for more money from Exxon Mobil. The company, in the statement of Mr. Boudreaux, made no allusion to its other major political and legal struggle in Alaska.

U.S., Alaska Want $92 Million More From Exxon (WP)

DOJ_NMG_0031509

By Steven Mufson And Juliet Eilperin

The Washington Post, June 2, 2006

The Justice Department and the state of Alaska have asked Exxon Mobil Corp. to pay an additional $92 million to help repair damage caused by lingering quantities of oil that continues to sully the waters in Alaska's Prince William Sound where the Exxon Valdez tanker crashed in 1989.

Exxon has already paid $900 million for damage caused by the spill, the worst in the nation's history, but the 1991 agreement settling claims allowed the state and federal governments to ask for as much as $100 million more for damage that could not be foreseen at that time. The deadline for reopening the agreement is today.

"After extensive review it is clear that populations and habitat within the oil spill area have suffered substantial and unanticipated injuries that are attributable to the Exxon Valdez oil spill," said Alaska Attorney General David W. Márquez. In a background briefing yesterday, officials from the Agriculture, Interior and Commerce departments said the additional money was needed because substantial amounts of oil remained in the sound's tidal basin, affecting clams, mussels, sea otters, sea ducks -- especially harlequin ducks -- and other birds.

Exxon disputed the governments' move. "Exxon will study this request carefully and respond as appropriate," the company said in an e-mailed statement. "Nothing we have seen so far, however, indicates that this request for further funding from Exxon is justified."

The company said the problem of lingering pockets of oil was anticipated in 1991. "Nothing surprising has occurred since 1991," the company said.

Exxon also noted that $145 million of the money it has already paid hasn't been spent yet.

Márquez said yesterday that the remaining money has been earmarked, and the Justice Department said that in 1991 officials did not anticipate that any oil would remain toxic so long.

"I'm disappointed," Márquez said upon hearing Exxon's reaction. "I'm hopeful that they'll take long and serious look at our proposal." The federal agencies and the state of Alaska can file a claim against Exxon Mobil on Sept. 1 if the company does not agree with the governments' assessment.

Environmentalists, who noted that the vast majority of species injured by the oil spill have yet to recover, welcomed yesterday's announcement.

"The decision to seek the reopener is very important for the economy and ecosystem of the region," said Katherine Fuselier, a Sierra Club conservation organizer based in Alaska. "Concerned citizens from across the spill zone and throughout Alaska have come together to hold Exxon accountable for one of the worst environmental disasters of our time."

Environmental groups, citing government reports, have said that there are still 100 to 200 tons of oil in Prince William Sound, covering six discontinuous miles of shoreline.

According to the Exxon Valdez Oil Spill Trustee Council, a joint federal-state group that has monitored the area, clam productivity on oil-covered beaches that have been cleaned up is still down by two-thirds. Several sea-bird populations in oil-covered areas have declined, including pigeon guillemots and marbled murrelets.

The environmental devastation has also hurt local fishing operations. The herring fishery remains closed because of too-low numbers.

An official from the National Oceanic and Atmospheric Administration said in yesterday's background briefing that there had been a precipitous drop in the herring population, but that a link to the Exxon Valdez spill couldn't be proven beyond a doubt.

Exxon Asked To Pay More To Clean Spill (CNN)

CNN.com, June 2, 2006

Government wants $92 million more for Valdez cleanup

WASHINGTON (CNN) -- ExxonMobil on Thursday was asked to pay another $92 million to further clean up shorelines in Prince William Sound and the Gulf of Alaska, which still contain oil from the 1989 Exxon Valdez oil spill.

The company said it will study the request by the Justice Department and the state of Alaska while calling the department's basis for making it "speculation and hypothesis."

The action was taken under a provision in a $900 million damage settlement in 1991 allowing the government to reopen the agreement in 2006 to consider issues unforeseen at the time.

The Justice Department said the need for an additional project was shown by a series of 2001 studies that document the presence of residual oil from the spill along beaches in the area. The government said in a written statement it had not anticipated the oil would remain toxic and continue to affect the area.

"By sending our plan ... we are aggressively seeking to restore natural resource damages unforeseen at the time of the 1991 settlement," Assistant Attorney General Sue Ellen Wooldridge said.

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The Valdez ran aground in 1989 and leaked 11 million gallons of crude oil, polluting more than 1,000 miles of Alaska's shore and killing tens of thousands of birds and marine animals.

In a written statement, ExxonMobil said: "The current request for funding appears to be focused primarily if not exclusively on the hypothesis that remaining weathered oil could be capable of causing biological impacts. That is no more than a hypothesis."

The company said it agrees that "small pockets of sequestered and degraded oil residues" remain in spots on less than two-tenths of 1 percent of the affected shoreline. But it said "there is no scientific evidence that this oil ... could cause damage to any population or species. Speculation and hypothesis do not amount to proof."

ExxonMobil also said the existence of small pockets of residue was expected at the time of the 1991 agreement and noted that about $145 million of the $900 million paid by Exxon to the oil spill trustees is still available.

"If there were any matter in Prince William Sound that needed restoration or repair, it was the trustees' duty to use this money to remedy the problem, and we are confident that they would have done so," the statement said.

Government officials said the leftover money has been earmarked for other restoration projects.

The company added, "Exxon will study this request carefully and respond as appropriate. Nothing we have seen so far, however, indicates that this request for further funding from Exxon is justified."

ExxonMobil recorded a profit of $36.1 billion in 2005, the largest-ever annual amount for a U.S. firm, and former Exxon boss Lee Raymond walked away with a retirement package worth roughly $400 million.

In a conference call, federal and state officials expressed disappointment at ExxonMobil's response, and said they hope to come to an agreement with the company over the next 90 days. If no agreement is reached in that time, a "formal claim" would be filed.

The officials said much of the $750 million that has been spent so far went toward acquiring land, and little was used on "restoration on the land and species."

"We have created an environment where Mother Nature can restore itself," one official said, adding that rather than being "weathered," some of the remaining oil is "as fresh as the day it was spilled."

That was not expected, based on experience with other oil spills, the official said.

"It wasn't until the late '90s we realized that oil was persisting, much more than we would have predicted, because the science just wasn't there," the official said.

Exxon Resists Claim For More Oil Spill Cash (FT)

By Sheila Mcnulty In Houston

Financial Times, June 2, 2006

ExxonMobil on Thursday refuted the US government's claim that it should pay $92m more to clean up Alaska 17 years after the Exxon Valdez tanker accident resulted in the US's largest oil spill.

The US Justice department and the Alaska Department of Law said studies showed residual oil from the 1989 spill in the inter-tidal zone of beaches, which they had not anticipated "would remain toxic and continue to impact natural resources".

Exxon already paid $900m in a civil settlement, yet that settlement had a "re-opener clause'' stating Exxon could be required to pay up to an additional $100m for unforeseen natural resource damages.

The company said it would study the request before responding, but added, "Nothing we have seen so far, however, indicates that this request for further funding from Exxon is justified."

Exxon argues that the request appears focused primarily, if not exclusively, on the hypothesis that remaining oil could be capable of causing biological harm.

"That is no more than a hypothesis," Exxon said.

While Exxon agrees small pockets of oil remain on less than two-tenths of 1 per cent of the shoreline, it says there is no scientific evidence the oil could damage any population or species.

Yet the federal and state governments said there was "substantial loss of habitat" from the oil.

They said predators that feed in the inter-tidal - primarily harlequin ducks and sea otters - showed reduced survival rates in oiled areas and seemed to avoid locations with extensive lingering oil.

In addition, they said, subsistence users avoid harvesting in oiled areas because of concerns over contamination.

"Removal of lingering subsurface oil, which remains bio-available and toxic 17 years after the spill, is a necessary step in the effort to restore this environment," said Mark Rey, undersecretary of the Department of Agriculture.

The federal and state governments assert that current science supports their position that the continuing bio-availability and toxicity of the lingering oil could not reasonably have been anticipated.

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Exxon said remaining pockets of oil were anticipated in 1991, when the federal and state governments pointed to evidence from prior spills and acknowledged oil would remain for 20 years or more.

The issue could add fuel to recent debates in Congress about whether the big oil companies are profiting on the backs of consumers in this record oil-price environment, with Exxon's unwillingness to hand over the money possibly seen as further proof of greediness.

Government Wants $92 Million More From Exxon Mobil Over Oil Spill (AP)

By JEANNETTE J. LEE, ASSOCIATED PRESS WRITER

AP, June 2, 2006

ANCHORAGE, Alaska -- Federal and state authorities asked the Exxon Mobil Corp. on Thursday for an additional $92 million to clean up residual oil from 1989's devastating Exxon Valdez spill.

They said studies in the last five years have shown oil from the tanker's grounding still lingers in the tidal zones of Prince William Sound. The oil is reducing survival rates of some marine species and is disrupting fishing in the region, according to a joint statement released Thursday by the U.S. Justice Department and the state's Department of Law.

"It is clear that populations and habitat within the oil spill area have suffered substantial and unanticipated injuries that are attributable to the Exxon Valdez oil spill," Alaska Attorney General David Marquez said Thursday.

The nation's largest oil spill emptied 11 million gallons of crude oil into Prince William Sound in 1989, killing hundreds of thousands of birds and marine animals and fouling more than 1,200 miles of rocky beach.

Irving, Texas-based Exxon has paid $900 million in restitution for the spill required in a 1991 civil settlement.

A "reopener" provision in the settlement created a window from 2002 to 2006 in which the state and federal governments could claim up to an additional $100 million.

To claim the money, state and federal officials must prove that a population, habitat or species had suffered loss or decline in the area of the spill, and link that loss to the spill. They also must prove the loss was not known or anticipated when the settlement was signed.

Hundreds of studies by Exxon have shown the environmental impact to be less serious than claimed by other researchers. Company spokesman Mark Boudreaux said Thursday the request is based on "hypothesis."

"Nothing we have seen so far indicates that this request for further funding from Exxon is justified," Boudreaux said in a statement.

More than $100 million of the $900 million Exxon has paid has not yet been spent. Officials said they expect that to become an issue in negotiations.

"It was (their) duty to use this money to remedy the problem," Boudreaux said.

Most of that remaining money has already been set aside to help the flagging herring fishery, which has dwindled since 1993, said Craig Tillery, an Alaska deputy attorney general.

The state has until Sept. 1 to make financial demands of Exxon Mobil under the reopener provision. State and federal officials were required to provide the company with detailed plans and costs for any rehabilitation project at least 90 days before that date.

Alaska Sens. Ted Stevens and Lisa Murkowski sought to cut the process short by asking Exxon Mobil to voluntarily commit $100 million more to restoring the sound. The company, whose $36.1 billion in earnings last year were the highest ever by any U.S. corporation, rejected that proposal.

The claim is separate from an unresolved punitive damage judgment of $4.5 billion against the company, which it is appealing.

Exxon Asked To Pay $92 Mln More In Valdez Oil Spill (Update2) (BLOOM)

By Robert Schmidt

Bloomberg, June 2, 2006

June 1 (Bloomberg) -- The U.S. government and Alaska will seek an additional $92 million from Exxon Mobil Corp., the world's largest oil company, for the 1989 spill caused by the crash of the Exxon Valdez tanker. The company has already paid $900 million in the case.

The decision to pursue extra damages for environmental clean-up was announced by the Justice Department today in Washington. Irving, Texas-based Exxon Mobil said there are no grounds for reopening the settlement.

``Exxon will study this request carefully and respond as appropriate," the company said in an e-mailed statement. ``Nothing we have seen so far, however, indicates that this request for further funding from Exxon is justified."

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The accident poured 11 million gallons of crude oil into Prince William Sound in Alaska, the worst oil spill in U.S. history. A 1991 settlement included a so-called re-opener provision permitting the state and federal governments to seek up to $100 million in additional damages for problems unforeseen at the time.

In making today's request, the federal and state governments contend that the presence of lingering oil in the sound's shoreline has caused a ``substantial loss'' of habitat, particularly for harlequin ducks and sea otters.

Sue Ellen Wooldridge, chief of the Justice Department's Environment and Natural Resources Division, said in a statement that the state and federal governments ``are aggressively seeking to restore natural resource damages unforeseen at the time'' of the settlement.

90 Days

Exxon has 90 days to consider the request for the extra payments. The company said it probably will reject the claim, forcing the governments to pursue the matter in federal court.

``Prince William Sound is healthy, robust and it's thriving,'' Mark Boudreaux, an Exxon Mobil spokesman, said in an interview.

The company's stock fell 33 cents to $60.58 in New York Stock Exchange composite trading at 3:08 p.m.

Exxon Mobil reaped $36.1 billion in 2005, the biggest annual profit for any company in U.S. history. The company, which traces its roots to the 1880s and John D. Rockefeller's Standard Oil Trust, amassed cash holdings of $36.5 billion as of March 31.

The company is appealing to the 9th U.S. Circuit Court of Appeals a $4.5 billion punitive damage award to fisheries, native Alaskans, cannery workers and landowners over the Valdez spill.

Gold Prospector Sees Chance For Big Strike In Toxic-Waste Dump (WSJ)

By Jim Carlton

The Wall Street Journal, June 2, 2006

BUCKSKIN, Nev. -- Dave Pruett has prospected for gold for 46 years in mines from Arizona to the Amazon. He thinks he has finally found his big fortune in a pile of toxic waste in this desert ghost town.

Mr. Pruett's hope lies in nearly 200,000 tons of rubble sitting in man-made containment ponds outside a defunct mine. The rubble is laced with cyanide that Nevada regulators say threatens water supplies. But Mr. Pruett believes the pile, which is the waste, or tailings, left over from a previous mine, contains as much as 30,000 ounces of gold. Woven in with crushed rock and other material in a sort of rubble stew, that gold was considered not worth extracting.

But with gold prices having soared, the precious metal in the pile is suddenly worth around $20 million, Mr. Pruett figures. He has begun hauling truckloads of the waste to a larger mine that has facilities to extract the gold. "Maybe, just maybe, this will be the big one," Mr. Pruett says.

The run-up in gold prices over the past few years -- the futures price stood at $627.60 a troy ounce yesterday -- has ignited a mining frenzy in Nevada, the biggest gold-producing state. It has led some mining companies to reopen mines with low-grade reserves that previously weren't profitable to extract. A 26-year high for the U.S. gold price was reached last month, well over $700.

In Nevada, most of the remaining gold lies deep underground, and the state's $3.7 billion-a-year gold-mining industry is dominated by big corporations with the technology and machinery to dig it out. But here and there are a few small-stake prospectors -- independent fortune seekers like Mr. Pruett who are a throwback to the gold rushes of yore. "He's a dying breed," says Royce Hackworth, owner of a drilling company in Elko, Nev.

The 68-year-old Mr. Pruett is racing against the chance gold prices may crash again. He rarely takes a day off as he shuttles between his pile, about 80 miles southeast of Reno, and a larger mine 350 miles away that extracts the gold. On a recent day, Wayne Monyihan and Wayne Monyihan Jr. -- a father-and-son team who call themselves the Sagebrush Express -- were each set to haul 20 tons of his ground-up waste rock on their 18-wheel tractor-trailers.

Digging in his toxic pit, Mr. Pruett uses a Caterpillar 966 bulldozer to push the black, clay-like waste into a heap. Mr. Pruett uses a Mitsubishi Excavator to scoop giant buckets of the material onto a dump truck, which then loads the waste onto the big-rig trucks. He then either hauls loads himself or pays the Monyihans to drive it to the bigger mine operator, where the waste rock goes into a mill. The gold is extracted after the rubble that contains it is burned for fuel to help run the mine.

The bigger mine pays Mr. Pruett a percentage of the value of the gold that is extracted from the waste. Minus costs and payments to a financial backer, Mountain West Resources Inc., of Vancouver, British Columbia, Mr. Pruett hopes to net about $5 million from his pile of waste. So far, he and Mountain West -- they split the proceeds equally -- have netted a check for $7,939.33 and are expecting another for about $35,000.

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A descendant of Mormon settlers, Mr. Pruett grew up on a Nevada sheep and cattle ranch. "Mining is a big adventure compared to herding sheep," he says. "It's like being on a treasure hunt."

As a young man, he bought a small gold mine for $10,000 and sold it for $40,000, he says. He later bought stakes in mines across Nevada, Arizona and California, most containing gold but others containing lead, zinc, silver and copper.

By the mid-1990s, according to a Chapter 11 bankruptcy filing in 1995, he had about $15 million in assets, including ranchland and equipment like rock crushers and Peterbilt trucks. Hoping to make more, he wandered the world, including the Amazon jungles of Brazil and Peru, looking for gold and other metals. He says he came away empty-handed.

He took his biggest gamble in 1994, he says, when he bought the toxic-waste pile he now hopes to make a fortune on. The waste pile, from a mine in California, was trucked to this spot -- next to the remains of a mine and boom town that opened in 1906 -- by a Canadian company in the 1980s. Nevada regulators say the company found California laws inhospitable to its plans to extract the gold. The cyanide in the waste came from a gold-leaching process considered more controversial in populous California than in remote Nevada. Cyanide leaches gold out of rock after the substance is poured over a pile of rubble.

With gold prices stagnant in the 1990s, the company turned the mine over to Mr. Pruett, who agreed, as his part of the deal, to assume its cleanup liabilities. In 1995, Mr. Pruett says, he began shipping the ore to a mine near Elko. But gold prices soon crashed, making it uneconomical to move the waste. Nevada regulators threatened to fine Mr. Pruett unless he kept cleaning up the mine and paying for water monitoring. To pay bills, he sold most of his land, including his grandfather's 1906 ranch home. On Dec. 31, 1995, he filed for Chapter 11 bankruptcy protection. "I was stuck," says Mr. Pruett, who is unmarried and lives with a longtime girlfriend.

A glimmer of hope came when gold prices began ticking up four years ago. He found a mine near Elko that could process his rubble, and he began hauling it himself in late 2004, racing up and down Interstate 80 in a Peterbilt truck. "I spent 60 days on the truck straight," he recalls. But Nevada regulators soon stopped him, saying he was unloading the waste improperly on the ground without any padding underneath to prevent contamination of ground water. The mine went on to use more of its own fuel source, mainly natural gas, as Mr. Pruett was left to scramble to find a new contract.

He made ends meet selling salvaged equipment he collects, such as truck trailers, office shelving and rusted steel stairwells. When his Peterbilt got stuck in a snowdrift for two months just before Christmas in 2004, he was left without much income. "He's always got good intentions," says Doug Driesner, mining services director of the Nevada Commission on Mineral Resources, "but he hasn't always had good luck."

Mr. Pruett's luck may have turned this time. The surge in gold prices made his toxic pile here more valuable than ever. Last month, he started trucking it out again, to a mine owned by Canada's Queenstake Resources Ltd.

Between hauling trips Mr. Pruett drives a battered 1996 Ford F-150 pickup he bought for $300 at a mine auction. He bought two more pickups like it for $300 apiece and leaves them scattered around Nevada -- keys in the ignition -- in case he needs one to haul a piece of junk equipment he stumbles across.

As two big-rig loads of rubble were about to head out on a recent run, Mr. Pruett went on ahead in his pickup to spend the night at the Val U Motel in Winnemucca, Nev. The next morning, he headed up to Queenstake's Jarrett Canyon mine in the sage-covered foothills north of Elko to renew his hauling contract with local mine managers.

Even if he finally gets his gold fortune, it probably won't entice him into retirement. "It's kind of like a disease, this prospecting thing," Mr. Pruett says. "I don't know if I can quit."

Greenpeace Just Kidding About Armageddon (WP)

By Philly.com

The Washington Post, June 2, 2006

The environmental activist group Greenpeace wanted to be prepared to counter President Bush's visit last week to Pennsylvania to promote his nuclear energy policy.

"This volatile and dangerous source of energy" is no answer to the country's energy needs, shouted a Greenpeace fact sheet, decrying the "threat" posed by the reactors Bush visited in Limerick.

But after that assertion, the Greenpeace authors were apparently stumped while searching for the ideal menacing metaphor.

"In the twenty years since the Chernobyl tragedy, the world's worst nuclear accident, there have been nearly [FILL IN ALARMIST AND ARMAGEDDONIST FACTOID HERE]," the sheet said.

The Greenpeace spokesman who issued the memo, Steve Smith, told the Web site that a colleague was making a joke in a draft that was then mistakenly released.

The final version did not mention Armageddon; instead it warned of plane crashes and reactor meltdowns.

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FBI/DEA/ATF/USMS:

Bush Admin. Wants To Cut Meth Use 15 Pct. (AP)

By The Associated Press

AP, June 2, 2006

WASHINGTON (AP) -- The Bush administration wants to cut methamphetamine use in the United States by 15 percent by 2009, relying on cooperation with Mexico and steps at home that include expanded random drug testing in schools.

Administration officials said Thursday they have reduced the number of U.S. labs that make meth but have not been able to stem the flow of the cheap and highly addictive drug from Mexico, estimated to be the source of 80 percent of the U.S. supply.

Most of the details of the administration's synthetic drug control strategy have been previously announced, including new specialized enforcement teams on both sides of the border.

Fewer than 600,000 Americans use meth, just two-tenths of 1 percent of the nation's population, according to administration estimates. But more than the half the nation's counties count meth as their top problem, said John Walters, director of the White House Office of National Drug Control Policy.

He said the administration supports increased drug testing in schools as a sort of early warning program.

"It is a way to cut down student failure, truancy, gang membership," Walters said. The decision to test students will remain with individual districts, he said.

Many states and the federal Combat Meth Act, signed into law in March, have made meth ingredients like pseudoephedrine harder to obtain. Federal drug agents and local police shut down 11,189 meth labs in the first 10 months of 2005, 26 percent fewer closures than over the same period a year earlier.

On the Net:

White House Office of National Drug Control Policy: http://www.whitehousedrugpolicy.gov/

New Policy Aims To Reduce Meth, Prescription Drug Abuse (SH)

By George L. Richards III

Scripps Howard, June 1, 2006

(AXcess News) Washington - The U.S. government announced a new synthetic drug control strategy Thursday that calls for a 15 percent reduction in methamphetamine and prescription drug abuse in three years.

"Although teen drug use in the United States has dropped by nearly 20 percent over the last three years," said John Walters, director of national drug control policy, "we will not let up on the pressure being applied to the methamphetamine market. The aggressive measures called for in the synthetics strategy build upon significant progress already made as a result of law enforcement efforts."

Methamphetamine is also known by many more street names such as ice, speed and crystal meth. It is highly addictive and can be injected, snorted, smoked or swallowed. It can be produced in small, hard-to-detect labs and is made with materials that have been easy to find.

Walter said drug use "is a behavior that starts with our youth in the United States. If you don't try by age 20, you're unlikely to go on and try."

Walters said the strategy has three goals over the next three years:

* To reduce methamphetamine use by15 percent.
* To reduce the number of meth labs by 25 percent.
* To reduce prescription drug abuse by 15 percent.

The policy also lays out ways to prevent the distribution and use of methamphetamine.

This starts with extensive communication and what Walters called a "unique expression of cooperation" with Mexico and other international partners, including India, Germany and China.

That will include tightening control over shipments of so-called precursor chemicals, or raw materials needed to make meth.

"If you can cut off the precursor, you can see the number of small, toxic labs go down dramatically," Walters said.

Methamphetamine is cheap and easy to produce. Legislation approved last year required that products – mainly cold medications – that contained pseudoephedrine, one of meth's main ingredients, be kept behind store counters. It also limited how much can be sold to an individual.

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The use of methamphetamine was originally a problem in only select parts of the country. However it has now spread worldwide. Mike Braun, chief of operations for the Drug Enforcement Administration, referred use of methamphetamine as a "global epidemic."

"The synthetic strategy is a comprehensive plan that focuses on reducing the supply of methamphetamine and controlled substance prescription drugs through aggressive enforcement efforts," said Rachel Brand, assistant attorney general for the Office of Legal Policy.

Walters said controlling illegal immigration will help control illegal drug imports.

"This is not an either or," he said.

Source: Scripps Howard Foundation

Feds Set Goal To Cut U.S. Meth Use By 15 Percent (DMR)

Des Moines Register, June 2, 2006

Washington, D.C. – The Bush administration called today for cutting methamphetamine use by 15 percent over the next three years and continuing a sharp decline in the domestic labs that have plagued rural states like Iowa.

A national methamphetamine strategy released by the administration included recommendations to increase random testing of school students and use of special courts to handle drug addicts.

The administration said that much of the production of U.S.-consumed meth has shifted to larger labs in Mexico and other countries. U.S. and Mexican officials said they are working to cut the flow of precursor chemicals to Mexico and to shut down labs in that country.

"We will not let up on the pressure being applied to the methamphetamine market," said John Walters, the White House director of national drug control policy.

The administration's plan is a "balanced effort on supply and demand," he said.

The administration strategy document said there had been a sharp decline in meth use in the country and attributed much of the decline to measures taken by states, including restrictions on the sale of pseudoephedrine, a key chemical used in making meth.

The document cited Iowa's annual drug control strategy as an example of the way states had laid out plans to combat meth use in collaboration with law enforcement, prevention specialists and others.

The administration's plan did not set any goals for reducing international production, in part because officials doesn't know how much is currently going on, according to Walters.

There are a "variety of sources of meth" in Mexico, he said, referring to the country's meth-manufacturing rings. "Some of this is dynamic, it's moving."

He said the first priority was to cut off shipments to Mexico of precursor chemicals such as pseudoephedrine.

The 15-percent decline in meth use targeted by administration's plan would amount to 5 percent a year for 2006, 2007 and 2008. Recent trends indicate that the goal is achievable, the plan said.

Feds Take Global Approach To Meth Abuse (ABC)

By JOHN YANG And JASON RYAN

ABC News, June 1, 2006

WASHINGTON — The Bush administration unveiled today a new global approach to curbing the production and abuse of methamphetamine, a highly addictive party drug produced in clandestine labs.

"It is a specific focus on methamphetamine and prescription drugs that have become, as you all know, a growing part of the drug problem in this country over the last decade," John Walters, the White House director of national control policy, told a news conference. "This represents a commitment of the administration to work toward a meaningful and a sustained reduction in meth use as well as the number of meth labs that have been poisoning too many communities."

In the past year, federal, state and local law enforcement authorities have seized about 11,000 small labs that produced an estimated 20 percent of methamphetamine sold in the United States.

The goal is to cut methamphetamine abuse 15 percent by 2008 and reduce the production from illegal meth labs in the United States by 25 percent.

To do that, the departments of Justice, State and Homeland Security will work to improve intelligence on the global market of the chemicals used to make methamphetamine, which are produced in China, India and Germany. The United States will also work with Mexico to step up law enforcement activities along the U.S.-Mexican border, the site of much of the trafficking in both methamphetamine and its component chemicals.

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"Mexico and the United States' joint battle against drugs has reached an unprecedented level," Eduardo Ibarrola, the deputy chief of mission at the Mexican Embassy in Washington, told reporters. "Under no circumstance can our common border be an excuse for impunity."

In addition, the strategy calls for strict enforcement of laws — part of the Patriot Act extension that President Bush signed in March — that restrict the sales of many common cold and allergy remedies that can be used to make methamphetamine.

Many states had already acted to restrict sales of those over-the-counter drugs.

Bush Adds To Drug Kingpin List (AP)

AP, June 1, 2006

President Bush added three accused drug traffickers and two reputed crime organizations to the U.S. list of foreign drug kingpins on Thursday, denying them access to the American financial system and barring them from trade with U.S. companies and individuals.

The additions bring to 62 the number of individuals and entities designated under the 1999 Kingpin Act to target significant foreign narcotic dealers, their organizations and operatives worldwide.

The three individuals added to the list were Dawood Ibrahim of India, Fahd Jamil Georges of Brazil and Ali Naway of Iran. The organizations are the Dawood Ibrahim Organization in India, Pakistan and United Arab Emirates and the Amezcua Contreras Organization in Mexico.

Man Receives 15 Years (HARTC)

By Annie Tasker, Courant Staff Writer

The Hartford Courant, June 2, 2006

A 32-year-old Hartford man was sentenced Tuesday to more than 15 years in federal prison for conspiracy to possess crack cocaine with intent to distribute.

Kaniel "Beevis" Forrester pleaded guilty on Aug. 23, 2005, to charges that he conspired to possess and distribute between 150 and 500 grams of crack, according to a statement released by the U.S. Justice Department.

Forrester, who his lawyer said has been on the streets since he was about 15, was on probation for a previous narcotics charge at the time of his arrest, federal law enforcement officials said.

"Unfortunately, he turned to the wrong way to make money," said his attorney, Walter Hussey.

Forrester was sentenced to 182 months in prison, and Hussey said he expects Forrester to serve about 10 years of the sentence. He also will have to complete a 500-hour drug program, Hussey said.

Forrester, a father of two, could be deported back to Jamaica after he finishes his sentence and five years of supervised release.

"It's going to be rough for him," said Hussey, adding that upon his release his client will have been away from Jamaica for more than 20 years. Forrester has hired an attorney to determine his status upon release.

Operation Big Boy, an investigation run by the FBI and the Hartford police, led to Forrester and his brother, Negus Forrester, after months of surveillance, wiretapping, crack seizures and purchases.

It led to the arrests of about 60 cocaine dealers and buyers in the Hartford area. Investigators found that Kaniel Forrester bought crack in the form of "half cookies," or 63-gram units, from his brother on several occasions, documents say.

In two phone conversations recorded Sept. 26, 2004, shortly after a crack delivery, Negus Forrester told his brother he "has it." Minutes later, Negus Forrester called again and told Kaniel that he would need to bring a knife or razor, purportedly to help cut and bag the new supply of crack, court records say.

U.S. Attorney Kevin J. O'Connor said in a sentencing memorandum that the calls were considered evidence by the FBI that Negus Forrester bought crack from an accomplice, and that Kaniel Forrester was involved in the transaction.

Negus Forrester is awaiting sentencing after pleading guilty on Aug. 8, 2005, to involvement in narcotics conspiracy, federal officials said.

DEA Searches Dispensary's Deposit Box (DS)

Desert Sun, June 1, 2006

Federal agents, armed with a warrant, searched a safe deposit box belonging to a Palm Desert medical marijuana dispensary earlier this week, prompting accusations of harassment from the dispensary's owner.

"I don't have anything to hide," said Stacy Hochanadel, owner and operator of CannaHelp in Palm Desert, on Thursday.

A spokeswoman for the U.S. Drug Enforcement Administration's Los Angeles office declined to comment, citing an ongoing investigation.

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Hochanadel said the box, located at a Coachella Valley Canyon National Bank branch, contained nothing, which investigators soon discovered.

According to the warrant, the search took place at 2:40 p.m. on Monday, as part of an investigation into suspected violations of federal drug trafficking laws.

"This is harassment. ... I guess they thought I had money stashed away," Hochanadel said.

Brothers Receive Jail Time As Part Of Area Drug Ring (ABH)

Ahtens Banner Herald, June 2, 2006

Two Athens brothers will serve long sentences in federal prison after they pleaded guilty to being part of a local cocaine distribution ring.

A U.S. District Court judge in Macon on Tuesday sentenced Antron Ricardo Bishop, 24, and Antonio Ramon Bishop, 22, after they pleaded guilty in January to conspiring to possess with intent to distribute more than 50 grams of crack cocaine, acting Middle District U.S. Attorney G.F. Peterman III announced Thursday.

"Beginning in 2000 and continuing until November 2005, both Bishop brothers and other co-conspirators were part of a group of individuals distributing crack cocaine throughout the Athens-Clarke County area," Peterman said in a prepared statement.

Antron Bishop was sentenced to 14 years in prison, and his younger brother was sentenced to just under six years behind bars.

Antonio Bishop, who dodged a murder conviction when a Clarke County jury acquitted him in the 2002 shooting death of 21-year-old Athens resident La Cedric "Ced" Shields, still faces allegations he tried to murder another Athens man two years later in a drive-by shooting on North Avenue.

In April 2005, a Clarke County jury deadlocked on aggravated assault charges for the July 2004 shooting and a mistrial was declared. A new trial date has not been set.

Since the Bishops and several other conspirators have been arrested, violent crime in the county has decreased, according to Athens-Clarke police Lt. Mike Hunsinger.

"I would say it's had an impact on crime, which is down overall," said Hunsinger, who supervises the Athens-Clarke Police Department's Drug and Vice Unit. "A lot of the programs the police department has in effect have decreased crime, and one of those programs has been targeting crack cocaine activity."

A countywide sweep of street-level crack cocaine dealers last July netted more than 80 arrests, and local police have been working with the U.S. Drug Enforcement Administration to collar mid-level suppliers.

The DEA has provided some support, such as occasionally supplying "buy money" that Athens undercover police use to purchase illegal drugs during their investigations, police said.

By and large, however, the numerous cocaine-related arrests made in recent years were the result of local law enforcement efforts.

"We're pretty fortunate that we've got skilled investigators who can make cases that can be prosecuted on the federal level," Hunsinger said.

Drug Runner Sentenced To 90 Months (BSB)

Brighton Standard-Blade, June 1, 2006

A confessed drug runner who agreed to testify against his alleged fellow drug conspirators was sentenced May 18 to 7 1/2 years in federal prison, said U.S. Attorney Office spokesman Jeffrey Dorschner.

The sentence was slightly higher for 26-year-old Kenneth F. Fuqua of Brighton than prosecutors sought in exchange for Fuqua's continued cooperation with investigators. Prosecutors were asking for a lighter sentence in hopes of winning convictions against six others arrested in connection with a metrowide drug ring. As part of Fuqua's plea agreement, he agreed to testify against the others who are accused of moving large quantities of methamphetamine, cocaine and other drugs.

Once Fuqua finishes his 90-month sentence, he will serve five years supervised release and pay $100 to a victim's fund.

Fuqua told investigators with the Drug Enforcement Administration and Boulder County Drug Task Force that he ran drugs between Santiago Mena-Flores, 26, of Henderson, and runners of the drug trafficking ring allegedly run by Donald Jason Skinner, 31, of Longmont. He said he did so between January and June 2005. Children allegedly were used to move the drugs locally.

Mena-Flores was arrested at his Henderson home in December, and Skinner and four other men from Longmont were arrested at the end of the year or beginning of this year. Dorschner said those cases are in the motions phase and it could be several months before a trial date is set.

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Reader Comments

No comments.

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Man Killed In Blast Targeted Authorities (LONGNJ)

By Barbara Ramirez

Longview (TX) News-Journal, May 31, 2006

Longview fire official says victim faced federal firearm, drug charges

A Longview man died Monday night while making a bomb he intended to use in retaliation against federal agents, local fire officials said.

James Charles Torrence, 38, who faced possible jail time for multiple federal indictments from the Bureau of Alcohol, Tobacco and Firearms and the Drug Enforcement Administration, died in his North Longview home while putting together one of two homemade bombs.

Torrence made the bombs to retaliate against authorities with both federal law enforcement agencies, whom Torrence believed had built a case against him, according to Brian Howell, Longview Fire Department assistant fire marshal. Documents inside the home listed names of several bureau and administration agents, Howell said.

The Longview Fire Department responded to Torrence's home in the 200 block of Rowe Avenue shortly before 8:30 p.m. The home is about one mile south of Judson Middle School.

Fire officials determined a bomb had exploded inside the home, and agents with the ATF were called, Howell said.

He added that, inside the home, they found a substance that could be methamphetamine. They also found illegal weapons, including a machine gun and a pistol with a silencer. A second pipe bomb also was found.

Howell said Torrence had turned one of the home's three bedrooms into an office and used the office to build the bombs.

While putting the second pipe bomb together, the bomb exploded, instantly killing Torrence, Howell said.

Fire officials took the second bomb to a field behind the home to detonate it. Neighbors within a 300 foot radius of Torrence's home were ordered to evacuate, Howell said.

Some of Torrence's neighbors said Monday that loud noises often came from his home, and they believed the noises might have also been explosions.

Howell urged Longview residents to report all suspicious noises and activities to police and other authorities.

"We don't really have pockets (of people making homemade bombs)," Howell said. "But, we never really know who's going to be doing it. This could've been a lot worse."

U.S. Attorney Matt Orwig told The Associated Press that Torrence had agreed to plead guilty to being a felon in possession of a firearm and conspiracy to possess with intent to distribute methamphetamine. He said Torrence was set to enter the plea June 7, and the drug charge carried a minimum sentence of 10 years in prison up to life.

"He would've gotten out of prison as an old man, if he got out at all," Orwig said.

Torrence's girlfriend, whose name has not been released, told authorities she wasn't aware of her boyfriend's activities. She was inside the home at the time of the explosions but was not injured. A more extensive interview with her is planned, Howell said.

The ATF and the Longview Fire Department spent nearly eight hours ridding the house of dangerous materials, Howell said.

MAN DIES BUILDING BOMB (TYLERT)

By Megan Middleton, Staff Writer

Tyler (TX) Morning Telegraph, May 31, 2006

LONGVIEW - Authorities believe a man who died in an explosion Monday night in a north Longview home was in the process of making a pipe bomb he may have planned to use against people he thought "snitched" on him in a federal court case.

Longview Assistant Fire Marshal Brian Howell said by phone that the man who died was James Charles Torrence, 38, of Longview.

The explosion occurred in Torrence's home at 220 Rowe Avenue in Longview, Howell said. Authorities got the call about the explosion around 8:20 p.m. Monday.

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"When you're putting a pipe bomb together like that, a lot of things that you do could cause it to go off," Howell said. "We really won't know if it was friction on the gun powder, static electricity or premature ignition of an ignition source. It's one of those things that during assembly, for whatever reason, it went off."

Although Torrence's girlfriend was also in the home at the time, no one else was injured in the explosion, Howell said. She was the one who called 911.

The room in which the explosion occurred suffered some damage, Howell said. There was no damage to any other homes.

Torrence suffered injuries to his head, chest, abdomen and multiple extremities, Howell said. It will not be clear what specifically caused his death until the autopsy is complete.

Howell said it is believed Torrence was making pipe bombs to retaliate against individuals he believed "snitched" on him in connection with a federal case against him. Howell said the individuals Torrence allegedly planned to use the bombs against actually were not related to the case. He told the Tyler Morning Telegraph he does not believe Torrence was targeting law enforcement agents.

Tom Crowley, a public information officer for the Dallas division of the Bureau of Alcohol, Tobacco, Firearms and Explosives (ATF), said via phone that authorities discovered bomb-making literature, firearms and additional bomb-making material inside Torrence's residence.

Suspected methamphetamine and a second pipe bomb were also found, Howell said.

The Bossier City Bomb Squad was called in after the second device was discovered, Howell said. Eventually, that device was moved outside, placed in a hole and set off remotely. Before it was detonated, though, about 15 to 20 residents in the neighborhood were evacuated from their homes around 3:30 a.m.

"When you're dealing with a homemade explosive, you really don't know," he said. "First of all, we didn't know what was in there and secondly, you don't know how well it's built and the actual explosion that you'll get resulting from it."

He said Torrence's home was searched and anything dangerous or illegal was removed.

Torrence was likely acting alone in making these bombs, Howell said, noting Torrence seems to have been a "paranoid" man. He had installed cameras in the front of his house as well as a sensor, which would alert him if someone was in the driveway. He also had guns placed throughout the house.

"He was very paranoid," Howell said. "He had even been doing target practice down his hallway in the house with a (pistol). He could have caused a lot of damage and hurt a lot of people. We were very fortunate."

Howell said neighbors said that they had heard explosions coming from the home before. He urged people to report suspicious activity ahead of time.

"Somebody should have called 911 when they first heard the other explosions, and maybe this all could have been avoided," he said. "Obviously it's illegal to do this ... The first responders going in there to check on him and render aid could have been killed by the second device, had it gone off while they were there."

He said that device was on a shelf right beside Torrence. It was in a plastic case with arming and initiating devices.

"It was intact, ready to go," Howell said. "Depending on what the triggering mechanism was and how it worked, it could have been set off by the possibility of radio signals, somebody bumping the shelf next to it, knocking it over, reaching over moving it or pulling it."

Crowley said officials with the ATF have taken evidence from the residence that will eventually be sent to a lab in San Francisco. He said officials are looking to see what type of devices Torrence was putting together.

Howell said the investigation is wrapping up, aside from receiving test results.

"We're glad nobody else is going to be hurt because of this," he said. "Fortunately, the only one who did get hurt was the one making the bomb."

FEDERAL INDICTMENT

Torrence was facing an indictment on several federal drug- and gun-related charges, Matt Orwig, U.S. Attorney for the Eastern District of Texas, confirmed.

Torrence had entered into a plea agreement on charges of felon in possession of a firearm, which carries with it a penalty not to exceed 10 years in prison, and conspiracy to possess with intent to distribute methamphetamine, which carries with it a penalty of not less than 10 years and up to life in prison, Orwig said.

A plea hearing was scheduled for June 7 for him to formally enter his guilty plea in court.

Orwig said by phone Torrence was "facing a lot of time" in prison.

In reference to the explosion and Torrence's death, Orwig said, "Every life is precious, and we're all sad that it happened. At the same time, I think it's very fortunate that no one else was injured and that a plan to use that bomb never materialized."

Megan Middleton covers Gregg and Anderson counties. She can be reached at 903.596.6287. e-mail: news@tylerpaper.com

Pottersville Church Fire Called Suspicious (GLENSFPS)

By Don Lehman

Glens Falls (NY) Post-Star, June 2, 2006

Federal officials called in as part of investigation

POTTERSVILLE -- Christ Church Episcopal on Route 9 was destroyed by a suspicious fire late Tuesday, a blaze that came two weeks after two burglaries at the church in which religious phrases were scrawled inside the building, officials said.

"We believe, at this point, the fire was deliberately set," Warren County Sheriff Larry Cleveland said.

Investigators from the U.S. Bureau of Alcohol, Tobacco and Firearms, the state Office of Fire Prevention and Control, the Warren County Office of Fire Prevention and the Warren County Sheriff's Department were on the scene, sifting through the charred remnants throughout much of the day Wednesday.

The church's walls remained standing in places, but part of the roof had collapsed.

Pottersville Fire Chief Guy Swartwout said a cause had not been determined, but the area of origin appeared to be in the southeast corner of the building, which church officials on their Web site called the "sacristy."

A sacristy is a room in a church where sacred items are kept.

Cleveland said the fire started inside the building.

ATF was brought in because federal law requires the agency be notified when a church fire occurs where the cause is not clearly identifiable, said Warren County Fire Coordinator Marvin Lemery. That statute was put in place after a spate of arson fires at southern churches in the late 1990s.

"Anything where there is something that looks like it could be the least bit suspicious (at a church), you need to notify ATF," he said. "That (burglary history) was enough to say we should get these guys in to look whether this was done to cover a burglary or there was something else going on."

During the May 11 and 13 burglaries, the person or persons who went in the church scrawled religious phrases and stole religious items, officials said.

Church leaders had put digital surveillance cameras in the building to try to catch whoever was responsible for the break-ins. Investigators located the cameras in the rubble Wednesday and were working to recover images from them, officials said.

A witness reported seeing a person in front of the church about 10:30 p.m., authorities said.

The fire was called in by a passer-by around 11 p.m. Tuesday, Swartwout said. When firefighters arrived, the blaze had engulfed much of the building, he said.

"There was a lot of fire, and it had gotten way ahead of us," Swartwout said. "Church buildings are notorious (for fast spread of fire) because of their big, open spaces."

The building dates back to the 1920s. An addition was added to the back of the building last year, Swartwout said.

Much of Pottersville is dominated by Word of Life Bible Institute, a religious school and retreat that is not affiliated with Christ Church Episcopal.

Christ Church Episcopal's pastor, the Rev. Robert Limpert, did not return a phone call for comment and would not discuss the fire with Post-Star news partner WNYT-TV NewsChannel 13 at the fire scene Wednesday.

He was interviewed by sheriff's investigators at the fire scene for nearly 90 minutes Wednesday.

It could not be determined Wednesday where the church planned to hold its Sunday services.

Pottersville firefighters were assisted by their counterparts from Horicon, Chestertown and Riverside.

Anyone with information in the case is asked to call 743-2500.

IMMIGRATION:

Bush Urges Compromise On Immigration Bill (AP)

By Jennifer Loven

The AP, June 1, 2006

President Bush pressed a passionately divided Congress on Thursday to reach election-year compromise on immigration legislation that provides a chance at citizenship for millions of illegal immigrants already in the country.

With his speech before business leaders and members of a government-sponsored civilian volunteer group, Bush hoped to build momentum for Senate and House negotiators to resolve difficult disputes. The two houses have passed sharply different versions of the legislation. To achieve one of his top domestic priorities of the year, Bush will have to bring around conservatives in his own party.

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"It's a difficult task," Bush pointedly told Congress in remarks at the U.S. Chamber of Commerce. "Yet the difficulty of this task is no excuse for avoiding it."

The House bill generally is limited to border enforcement, making all illegal immigrants subject to felony charges and cracking down on employers who hire illegals. The Senate version includes more money for border security, creates a guest worker program to bring in new foreign workers, and provides a shot at citizenship for many of the estimated 11 million illegal immigrants already in the country.

"The American people expect us to meet our responsibility and deliver immigration reform that fixes the problems in the current system," Bush said. "All of the elements of this problem must be addressed together, or none of them will be solved at all."

Bush also will travel to several cities next week — Artesia, N.M., Laredo, Texas, and Omaha, Neb. — to pitch his immigration approach, the White House announced Thursday.

There is skepticism that a compromise can be reached in a year when most of Congress is up for re-election, and many believe Republicans could be at risk of losing their control over one or both chambers.

The president sought in his speech to provide a roadmap to lawmakers on the negotiating teams. He spoke more specifically about legislative provisions that he supports than he has previously.

He said any measure must include a temporary worker program and the opportunity for eventual citizenship. The Chamber has supported Bush's approach, which would provide cheap labor for many jobs.

Though Bush acknowledged that illegal immigration has put pressure on U.S. schools and hospitals, spawned more crime and caused other problems, he also stress immigrants' importance to American society and the practical benefits of establishing a guest worker program.

"They are part of American life and they're vital to our economy," he said. "And yet they're beyond the reach and protection of American law."

He took on — albeit gently — those in the Republican Party who advocate a get-tough-only approach and staunchly oppose either a guest worker program or a path to citizenship.

"Some members of Congress argue that no one who came to this country illegally should be allowed to continue living and working in our country, and that any plan to allow them to stay equals amnesty, no matter how many conditions we impose," Bush said. "Listen, I appreciate the members that are acting on deeply felt principles. I understand that. Yet I also believe that the approach they suggest is wrong and unrealistic."

The president ticked through other provisions he considers crucial for a bill to be effective.

He asked Congress to provided additional funding and the legal authority to end "once and for all" the country's much criticized "catch and release" policy, in which illegal immigrants from countries other than Mexico are ticketed and freed. He said the practice has been ended for key Central American countries, but additional detention space and legal changes are needed to expand that.

Bush also embraced several changes that would make it easier for employers to verify that their workers are legal, including:

_Allow immigration officials to be notified when an employer is notified by the Social Security Administration that the name of one of their workers does not match the worker's Social Security number.

_Require that all employers use a now-optional government program called Basic Pilot to verify employees' Social Security numbers and check them against other federal databases. Both the House and Senate bills include such a requirement

And he endorsed stiffer penalties for companies that fail to check an employee's identification and knowingly hire an illegal immigrant. "We're not going to tolerate it in this country," the president said.

'Unscrupulous' Firms Are Faulted (WP)

By Peter Baker

The Washington Post, June 2, 2006

President Bush told the nation's most prominent business group yesterday that "unscrupulous" employers have contributed to the illegal immigration crisis in the United States by knowingly hiring undocumented workers, and called for steep new penalties on those exploiting the shadow economy.

As part of his emerging public campaign for the immigration legislation pending in Congress, Bush visited the U.S. Chamber of Commerce to emphasize his focus on enforcement and to combat the conservative complaint that his immigration proposals add up to amnesty for millions of foreigners violating U.S. immigration law.

"Businesses that knowingly employ illegal workers undermine this law and undermine the spirit of America," the president said during a speech against a backdrop of U.S. flags, images of the Statue of Liberty and the slogan "Comprehensive

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Immigration Reform." "And we're not going to tolerate it in this country." Although most businesses abide by the law, he said, "there are some unscrupulous folks who want to take advantage of low-cost labor."

Bush's speech came hours before his administration reached an agreement with California Gov. Arnold Schwarzenegger to send the California National Guard to the Mexican border. Schwarzenegger, a Republican, has criticized Bush's plan to dispatch 6,000 National Guard troops to the Mexican line to bolster overwhelmed Border Patrol agents, but he agreed yesterday to contribute 1,000 troops as long as the federal government picks up the full cost.

The president has tried to straddle a difficult political divide in the fight over immigration. For years, he has been promoting a guest-worker program that would allow millions of illegal immigrants already in the country to stay temporarily under certain conditions. He has also embraced a Senate plan that would offer a path to citizenship for many illegal immigrants if they have been here for years, pay back taxes, pay a penalty, learn English and maintain a crime-free record.

At the same time, under withering criticism from within his own party, Bush has lately offered tough rhetoric and the National Guard plan to demonstrate his commitment to enforcing the law and to stop new waves of illegal immigrants from crossing the border. The Guard troops would stay until the government can hire an additional 6,000 Border Patrol agents. The House has passed legislation that focuses almost exclusively on enforcement and has resisted the Senate bill.

Bush used the occasion yesterday to press both sides in Congress to come up with a deal. He suggested that he is willing to concede some of what he wants. "The House and Senate bills will require effort and compromise on both sides," he said. "It's a difficult task. Yet the difficulty of this task is no excuse for avoiding it."

The chamber was an important setting for that message because corporate America has been among the leading forces backing Bush's guest-worker plan and the Senate approach, seeing the estimated 11 million to 12 million illegal immigrants as a vital part of the U.S. economy.

Bush noted that the government is working to make it easier for businesses to check the status of would-be workers. He said both House and Senate bills would require employers to use a new online verification system called Basic Pilot. But he said the penalties for violating the law are too light, noting that a business that fails to check an employee's identification faces a fine as low as $100, and that one that knowingly hires an illegal immigrant faces a fine as low as $250.

"You might as well pay a speeding ticket," Bush said. He added: "We got to increase the penalties. If we want to be smart about work site enforcement, we got to say to somebody who's breaking the law, there's going to be a cost, and it's more than $250."

Bush Tries To Regain His Footing On Once-rock-solid Conservative Base (USAT)

By David Jackson And Richard Benedetto

USA Today, June 2, 2006

WASHINGTON — Whether President Bush is talking about a get-tough border policy or the importance of judicial restraint — he discussed both Thursday — he is sure to throw in an appeal these days to wavering conservative supporters.

Bush and his aides are playing up items such as tighter borders and judges who “administer the law” rather than make it, seeking to reconnect with conservative Republicans whose support has shrunk in recent polls — and whose votes will be critical in this fall's congressional elections.

Bush used to be able to count on overwhelming support from Republicans and conservatives, but the Iraq war and a variety of other issues have eroded that backing.

A May 5-7 USA TODAY/Gallup Poll found Bush's approval among Republicans at 68%, down from 85% in early January. Among conservatives — who also include some Democrats and independents — Bush's support fell to 52%, from 73% in January.

Now the White House is on a campaign to get that support back. Some examples:

On Thursday, the White House staged a special Rose Garden swearing-in for Brett Kavanaugh, recently confirmed by the Senate for a seat on the U.S. Court of Appeals for the District of Columbia Circuit. The White House fought a three-year battle to confirm Kavanaugh. He has been a priority for conservatives but anathema to some Democrats, who noted his role as an aide to independent counsel Ken Starr during the impeachment of President Clinton and said he was too partisan to be a judge.

Sen. Patrick Leahy, D-Vt., described him as a “political pick being pushed for political reasons.”

Another White House event will occur next week when Bush will talk about the importance of a constitutional amendment that would bar gay marriage by defining marriage as being between a man and a woman, a major issue for social and religious conservatives.

The president is scheduled to renew his call for a line-item veto, arguing it will help him rein in the runaway federal spending that has been another nagging source of conservative discontent. Bush has also challenged the GOP-controlled

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Senate over extra money in a special spending bill for the costs of wars and hurricanes. The House passed a $92.2 billion measure, but the Senate added about $14 billion. “If they bust the $92.2 billion, I'm going to veto it,” Bush said Thursday.

Bush's backing for a “comprehensive” overhaul of immigration laws infuriates some conservatives because it includes proposals to allow illegal immigrants to work here temporarily and would permit some to seek citizenship. Recently, though, Bush has emphasized tougher border enforcement and a crackdown on companies that hire illegal immigrants, both strongly supported by conservatives. In a speech Thursday to the U.S. Chamber of Commerce here, Bush said, “We don't have full control of this border. And I'm determined to change that.”

Says Republican strategist Rich Galen: “What (the Bush administration is) doing is reaching back out to the people who elected them in the first place.”

GOP consultants say renewing conservative support could help Bush raise his approval rating, which hit the lowest point of his presidency — 31% — in early May. It could also make a difference this fall, when conservative turnout will be crucial to Republican hopes of retaining Congress.

Republican pollster Bill McInturff says his polling shows that rank-and-file conservative Republicans still support Bush by about 80%. He acknowledges that vocal “radio talk show conservatives” — those who listen to Rush Limbaugh, Sean Hannity and others — are angry with the president over immigration and other issues.

McInturff says Bush needs to reach out to conservatives on border security. “The public needs to be more assured that more is being done to stop illegals from entering the country, and penalizing employers who hire them,” McInturff says.

Democratic strategist Jenny Backus says she has noticed Bush's new “dance moves” with conservatives. She adds that worries about White House leadership on issues such as the Iraq war cross ideological lines, and Bush may not be able to win back his core supporters if he can't fix that.

“The (conservative) base cares about Iraq, too,” Backus says.

A key test for Bush is whether conservative Republicans show up at the polls this fall. GOP strategist Tom Edmonds says that while most disillusioned GOP conservatives won't vote for Democrats, they could “sit on their hands” and rob GOP candidates of the votes they need to win.

“Time is on our side,” Edmonds says. “We don't need to make wholesale changes. We just need to kind of get our act together.”

GOP consultant Charles Black says that despite all Bush's political problems, the president remains a potent fundraiser.

“In some places, we will have to outspend our opponents,” he says. “We just have to make sure everyone has enough money to do that.”

Bush Chides Party Members On Immigration (NYT)

By Sheryl Gay Stolberg

The New York Times, June 2, 2006

WASHINGTON, June 1 — Beginning a public relations offensive intended to prod divided Congressional Republicans into overhauling the nation's immigration laws, President Bush rebuked conservative opponents of his plan on Thursday and warned that there is "no excuse" for delay.

With Congress set to return to Washington on Monday after a one-week recess, some Republicans have suggested they may fare better at the polls in November if the House and Senate wait until after Election Day to reconcile their vastly different immigration bills.

But Mr. Bush made clear in a speech at the United States Chamber of Commerce that he did not want Congress to wait. Next week, the president will take his case for what he calls "comprehensive immigration reform" on the road, with appearances in New Mexico and Nebraska.

"The House and Senate bill will require effort and compromise on both sides," Mr. Bush told a friendly audience gathered at the chamber's headquarters, across the street from the White House. "It's a difficult task. Yet the difficulty of this task is no excuse for avoiding it."

Whether Mr. Bush can bring his party's warring factions together remains to be seen. On one side are conservatives who support the House bill, which declares illegal immigrants felons and would have them deported. On the other are those, like the president, who prefer the Senate version, which would open the way for many of the estimated 11 million people living in the United States illegally to become citizens.

In his speech, Mr. Bush took aim at House members who brand the Senate bill amnesty, though he did not mention any by name. "Some members of Congress argue that no one who came to this illegally should be allowed to continue living and working in our country," he said. The lawmakers are "are acting on deeply felt principles," he said, but added, "I also believe that the approach they suggest is wrong and unrealistic."

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Bush Shuns Republicans' Stand To Return Illegals (WT)

By Stephen Dinan

The Washington Times, June 2, 2006

President Bush yesterday rejected House Republicans' stance that illegal aliens must return home, calling it "wrong and unrealistic" and saying many will have to be allowed to stay.

Speaking to the U.S. Chamber of Commerce, a block from the White House, Mr. Bush also directly challenged businesses to hire only legal workers, and said those that don't should be prepared to face increased fines. In addition, he said both the House and Senate will have to compromise, but said voters expect a bill and he said that bill should tackle both enforcement and a pathway to citizenship for illegal aliens.

"The difficulty of this task is no excuse for avoiding it," he said.

Mr. Bush was making his first in-depth comments since the Senate passed its broad immigration bill last week, setting up a showdown over immigration policy with the House, which passed an enforcement bill in December.

Last Friday, and again on Sunday, Rep. F. James Sensenbrenner Jr., Wisconsin Republican and chairman of the House Judiciary Committee, said he cannot accept any approach that allows illegal aliens to stay in the country with the government's approval.

"The words 'path to citizenship' is a buzzword for amnesty. We ought to be honest -- it is amnesty," Mr. Sensenbrenner, a key House negotiator, said on NBC's "Meet the Press" program. He contends that more enforcement against employers would make it hard for illegal aliens to get jobs, encouraging them to go home.

But Mr. Bush dismissed that argument.

"Listen, I appreciate the members are acting on deeply felt principles. I understand that. Yet I also believe that the approach they suggest is wrong and unrealistic," he said.

He said his own plan to allow illegal aliens with "a home, a family and a clean record" to stay is the "rational middle ground" between amnesty and the House Republicans' approach.

The president plans to travel to New Mexico, Texas and Nebraska next week to stress his plans for border security and push lawmakers to pass a bill.

Mr. Bush drew praise yesterday from Sen. Edward M. Kennedy of Massachusetts, a key Democrat on the issue. He said Mr. Bush was "right on the mark" in telling Congress to get a broad bill done.

But Howard Dean, chairman of the Democratic National Committee, demanded the president do more to distance himself from the House bill.

Mr. Bush does differ with the Senate on one key provision -- the Senate bill creates a pre-immigrant visa, under which some illegal aliens and future foreign workers would be on a path to citizenship. While Mr. Bush supports that for illegal aliens, he has consistently opposed that for future workers.

"Temporary workers must return to their homes at the conclusion of their stay," he said yesterday.

Sen. John Cornyn, Texas Republican, praised that stance, saying a "future temporary-worker plan must be just that: temporary."

Bush Presses Lawmakers To Pass Immigration Bill (WSJ)

By Henry J. Pulizzi

The Wall Street Journal, June 2, 2006

WASHINGTON -- President Bush urged House and Senate lawmakers to come together and merge competing immigration bills.

"It's a difficult task, but the difficulty of the task is no excuse for avoiding it," Bush said in a speech at the U.S. Chamber of Commerce Thursday. "The United States Congress needs to pass a comprehensive bill."

The Senate passed immigration legislation last week, a measure that would establish a temporary guest-worker program and allow millions of illegal immigrants to eventually gain citizenship. It faces a difficult future, however, as House and Senate lawmakers must overcome numerous differences in conference. Many House Republicans are strictly opposed to giving illegal immigrants any path to citizenship, an idea many view as amnesty.

In recent days, however, immigration has taken a backseat with Congress on a week-long recess and other issues, like Iran and the resignation of Treasury Secretary John Snow, garnering attention.

Focusing further on the issue, the president will travel to the border area next week, making stops at law enforcement facilities on Tuesday in Artesia, N.M., and Laredo, Texas. The following day, he'll discuss immigration at a Catholic charities center in Omaha, Neb.

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Mr. Bush's plan for an overhaul of the nation's immigration laws would give undocumented workers a path to citizenship, create a guest worker program, make employers accountable for hiring illegal workers, and heighten security along the 2,000-mile border with Mexico by boosting the size of the Border Patrol and using high-tech surveillance methods.

"The need to secure this border is urgent," Mr. Bush said, outlining his plan to send National Guardsmen to the Southwest to assist the Border Patrol while 6,000 new agents are trained. "They're going to be a complement to the Border Patrol," which will remain in charge of law enforcement, Bush said.

Addressing some critics, Bush said his immigration proposal doesn't create an "automatic" path to citizenship. Instead, he said there's a "rational middle ground" between amnesty and trying to deport the 12 million illegal immigrants now in the U.S.

Mr. Bush also touted the economy, called for "fiscal sanity," and repeated his threat to veto a pending emergency spending bill if it exceeds his spending limit.

"This economy of the United States is strong and we intend to keep it that way," he said. "The best way to balance the budget is to keep pro-growth economic policies in place and be wise about how we spend your money."

Illegals' Tax Deal Could Kill Bill (WT)

By Charles Hurt

The Washington Times, June 2, 2006

The long-fought Senate immigration bill that opponents say grants amnesty to 10 million illegal aliens is unconstitutional and appears headed for certain demise, Senate Republicans now say.

A key feature of the Senate bill is that it would make illegals pay back taxes before applying for citizenship, a requirement that supporters say will raise billions of dollars in the next decade.

There's just one problem: The U.S. Constitution specifically prohibits revenue-raising legislation from originating in the Senate.

"All bills for raising revenue shall originate in the House of Representatives," according to the "origination clause" in Article I, Section 7.

Republicans -- including the bill's supporters -- say this will kill the bill, and Senate Majority Leader Bill Frist says he's offered a simple solution. He wants to attach the immigration bill to a tax bill that has already passed the House. It would then proceed as planned to a "conference committee," where negotiators from the House and Senate hammer out differences between the two chambers' immigration bills.

"This is a procedural issue that we could overcome," said Carolyn Weyforth, spokeswoman for Mr. Frist.

But Minority Leader Harry Reid won't go along with that fix. His office said yesterday that the concerns raised by Mr. Frist and House Republicans are "technical in nature" and can be ignored.

"If Republicans are serious about enacting comprehensive immigration reform, I've got a deal for them," spokesman Jim Manley said. "All they have to do is nothing. Just let the House and Senate bills go to conference and let the conferees work their will."

The bill as written, however, will never make it to conference, Republicans say. Under House rules, any member can introduce a "blue-slip resolution" to return the legislation to the Senate. And although there are plenty of House conservatives eager to kill the Senate bill any way they can, Hill staffers say it would likely be done based on "policy-blind constitutional issues."

"If there is a blue-slip issue, it is not about policy," said one House aide familiar with the matter. "It's about procedure and the House's prerogative to uphold the United States Constitution."

There is some debate about whether the constitutional ban on Senate revenue bills pertains only to bills whose primary purpose is to raise money or whether it also applies to bills that do so incidentally.

Republicans say that because the concerns already have been raised, they expect the bill to be returned to the Senate.

They point to a 2002 report written by the nonpartisan Congressional Research Service that reveals how broadly the House interprets the origination clause.

"In 1992, the House returned to the Senate a bill (S.884, 102nd Congress) to require the President to impose economic sanctions, including a ban on certain imports, against countries which fail to eliminate large-scale driftnet fishing," according to the report. "In 1999, the House returned to the Senate a bill (S.254, 105th Congress) effectively banning the import of certain assault weapon attachments."

The policy of the House, according to the report, has been to interpret "any meaningful revenue proposal" as subject to the origination clause.

To skirt the ban, Republicans say, the Senate easily could agree to attach the immigration bill to the House-approved tax legislation. They see Mr. Reid's refusal to fix the problem as an attempt to scuttle the bill, and thus deny the Republican Congress a "victory" for passing immigration reform before this fall's elections.

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"We can solve this constitutional issue if Harry Reid would drop his obstructionism and allow the comprehensive immigration legislation to move past the Senate," Ms. Weyforth said.

Senate Border Bill Steps On House Turf (LAT)

By Nicole Gaouette And James Gerstenzang

The Los Angeles Times, June 2, 2006

WASHINGTON — A procedural glitch is adding new, and possibly significant, hurdles to the drive in Congress to approve sweeping changes to immigration policy.

The problem stems from the Senate bill that would create a guest worker program and a path to citizenship for many of the illegal immigrants in the U.S. Participants in the guest worker program would pay income taxes; illegal immigrants would, as part of the legalization process, be required to pay back taxes and new fees.

The Constitution, however, gives the House sole authority to originate bills that include revenue measures — and it allows any House member to object if a Senate bill does so.

Late last week, Senate aides said they received word from the House committee with jurisdiction over revenue issues that it would use that constitutional power to block further consideration of the Senate bill.

This problem is stalling efforts to appoint a House-Senate conference committee that would try to reach a compromise on the final form of immigration legislation.

Those negotiations were expected to difficult at best. But unless the procedural stumbling block is resolved, the talks won't even start.

Although the impasse may prove to be a minor problem, it could provide a way for House members who staunchly oppose the Senate's legalization measures to block any compromise efforts. That could mean no overhaul of immigration policy would emerge from Congress this year.

Senate leaders are trying to determine how to move forward.

"We went into the [Memorial Day] recess at a stalemate," said Jim Manley, a spokesman for Senate Minority Leader Harry Reid (D-Nev.).

Word of the problem was spreading on Capitol Hill as President Bush on Thursday renewed his push for an immigration bill. In a speech in Washington, he stressed that although he recognized the difficulty in crafting a measure, compromise was necessary — particularly in determining how to treat longtime residents who entered the United States illegally.

The president's remarks came a week after the Senate passed its wide-ranging bill. The House measure, approved in December, contains no provisions for a guest worker program or a path to citizenship for illegal immigrants. It would make illegal presence in the country a felony, and would intensify border security.

As the Senate edged toward passing its bill, Senate aides received word that House Ways and Means Committee Chairman Bill Thomas (R-Bakersfield) would block it because of its revenue-producing sections.

This practice is known as blue-slipping because Thomas would officially notify the Senate of his intentions on a slip of blue paper.

Thomas did not respond to requests for comment, and committee aides declined to elaborate on the dispute.

The Joint Committee on Taxation and the Congressional Budget Office estimate that the Senate bill provisions would increase federal revenue by about $66 billion from 2007 to 2016.

The potential for a House objection stemming from these provisions did not come up during senators' lengthy negotiations over their bill earlier this year, a Senate Judiciary Committee aide said.

Last week, Senate Majority Leader Bill Frist (R-Tenn.) proposed a technical way of skirting the problem: attaching the Senate's immigration bill to an existing House tax bill, Frist aides said.

After various legislative maneuvers, the two chambers could separate the tax and immigration measures and try, behind closed doors, to negotiate on a final immigration bill.

The Frist plan faces two hurdles. It requires a House vote to take effect, which would give the House members opposed to the Senate bill a chance to vote it down.

More immediately, Senate Democrats disagree with Republican assertions that Frist's plan is the only way to go forward. Minority Leader Reid has refused to approve the plan, blocking Frist from proceeding.

"We can solve this challenge if Harry Reid would agree to this solution," said Frist spokeswoman Carolyn Weyforth.

In a sign of the mistrust among leaders in both parties that has characterized much of the immigration debate, Weyforth attributed Reid's stance to a desire to thwart any resolution of the issue until after the November elections.

Many Republicans suspect Democrats would prefer such a delay so that they can keep criticizing the House's enforcement-only approach.

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"With the president talking about immigration reform today, it amazes me that Reid is stalemating the entire bill," Weyforth said.

Manley, Reid's spokesman, dismissed Weyforth's assertion. And he said that if Frist was seriously committed to overhauling immigration policy, he would persuade House GOP leaders to allow the immigration bill to proceed to a conference committee.

Manley said Reid questioned the need to add the Senate's immigration bill to the tax measure, especially in light of the complications that might cause.

"We can get this done without resorting to extraordinary measures if all the parties were committed to getting it to conference as quickly as possible," he said.

Bush has said he wants an immigration bill sent to him quickly, a point he reiterated Thursday.

"The American people expect us to meet our responsibility and deliver immigration reform that fixes the problems in the current system, that upholds our ideals and provides a fair and practical way forward," he said.

He also repeated his disagreement with those lawmakers — mostly Republicans — who had said they would oppose any compromise bill that included legalization provisions.

"Some members of Congress argue that no one who came to this country illegally should be allowed to continue living and working in our country, and that any plan that allows them to stay equals amnesty, no matter how many conditions we impose," Bush said. "Listen, I appreciate the members are acting on deeply felt principles. I understand that."

But he called their approach "wrong and unrealistic."

"There's a rational middle ground between granting an automatic path to citizenship for every illegal immigrant and a program that requires every illegal immigrant to leave" the country, he said.

"The middle ground recognizes there are differences between an illegal immigrant who crossed the border recently, and someone who has worked here for many years, who's got a home, a family and a clean record," Bush said.

The Senate bill would allow illegal immigrants who have been in the country five years or more to remain, continue working and eventually become legal permanent residents and citizens after paying back taxes, paying at least $3,250 in fines and fees and learning English.

Those who have been in the United States more than two years but less than five would be required to go to a point of entry at the border and file an application to return; those who have been in the country less than two years would be required to leave.

Senate Bill Would Add 20 Million Legal Immigrants, Report Says (WP)

By Darryl Fears

The Washington Post, June 2, 2006

The nation's population of legal immigrants would increase by nearly 20 million over the next decade if the recently passed Senate immigration bill becomes law, and taxpayers would spend more than $50 billion to operate a new guest-worker program and pay for extra welfare, Social Security and public health-care costs, according to a Congressional Budget Office report.

But the cost of absorbing the newcomers would be offset by a boost of $66 billion in federal revenue from income taxes and payroll taxes generated by the temporary guest-worker program, along with fees that immigrants must pay to participate, the report said.

By 2016, about 8 million immigrants would enter the United States as temporary guest workers, and 11 million immigrants who now live in the country illegally would become permanent legal residents under provisions of the bill.

The report, the first definitive look at the impact of the Senate bill, was commissioned by the Senate Finance Committee and was submitted on May 16, nine days before the measure was passed. The study has been embraced by the Bush administration and the bill's supporters, but opponents said crucial omissions greatly lowered its population and cost estimates.

Critics said the report does not take into account the 950,000 newcomers who enter the country legally under current immigration law, bringing the 10-year total of new immigrants to about 30 million. Some say that number will double by 2026.

The report also does not consider the possibility of future mass illegal border crossings that might occur in spite of technological enhancement and increased personnel along the Southern border, according to critics.

An explosion of immigrants is one reason that House Republicans say they are strongly opposed to the Senate bill, and have vowed to fight it when members of the two chambers meet for negotiations in a congressional conference. Supporters of the Senate's approach, which is backed by President Bush, say they will stand firm.

"We can build miles of fences, but the fact remains that immigrants will still come because employers need workers and immigrants want jobs," said Sen. Edward M. Kennedy (D-Mass.), who fought for a guest-worker program. "It's far better for

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American jobs and wages to have a practical, common-sense policy of legal immigration, than to continue leaving millions of immigrants underground and underpaid."

Will Adams, a spokesman for Rep. Tom Tancredo (R-Colo.), who opposes granting residency to illegal immigrants, called legal immigration "the soft underbelly of the Senate bill." It is overlooked in the debate, he said, "but when it's exposed, the public is outraged."

Robert E. Rector, a senior research fellow in domestic policy studies at the conservative Heritage Foundation, said the bill "is horrendous." Assisting tens of millions of low-income workers with less than a high school education would lead to costs in welfare, health care, housing and other areas that far exceed the half-billion dollars the government already pays each year, he said.

"Once [illegal immigrants] become legal, they are going to receive welfare that's vastly disproportionate to the taxes that they're going to pay," Rector said. High school dropouts, immigrants or not, earn about $22,000 yearly and pay far fewer taxes than middle-class Americans. "There's no way they can contribute to the cost of educating their children. The cost they impose on government . . . far exceeds anything they bring in in terms of tax revenue."

The budget office report, compiled with help from the Joint Committee on Taxation, disputed that account, as did others who took issue with Rector's belief that the Senate bill would increase the immigrant population by 60 million.

Earlier, Rector predicted an even higher number: 100 million. He updated the figure after an amendment to the bill capped the yearly number of guest workers at 200,000 per year.

Alan Reynolds, a senior fellow for the libertarian Cato Institute, said Rector's estimates "are preposterous." He accused Rector of compounding numbers to reach an alarming total and not taking into account that most immigrants who would become legal citizens already live in the country.

"They're basically saying, 'Gee, if we keep illegals illegal, then we would have fewer legal residents,' " Reynolds said.

A report released yesterday by the National Foundation for American Policy also said Rector "overstated the numbers." Stuart Anderson, executive director of the foundation, said most "new entrants" who would become legal residents currently live in the United States. In 20 years, the net total of new entrants would be about 47 million.

Rector is supported by other groups, including the Center for Immigration Studies and NumbersUSA, two opponents of increased immigration. He said his concern about the number of immigrants is outweighed by the cost.

According to the Congressional Budget Office, 750,000 immigrants would be eligible to receive food stamps, and 1.3 million would be eligible for some form of Medicaid, in addition to other benefits.

The cost of providing food stamps, Medicare, Medicaid and visa fees for guest workers would total $5 billion between 2009 and 2016. An additional $6.5 billion would be needed for new residents who unite with families. Providing services to illegal immigrants who become permanent legal residents would cost $10 billion more.

Schwarzenegger To Order Troops To Border (AP-Y2)

By Aaron C. Davis

The AP, June 1, 2006

Gov. Arnold Schwarzenegger agreed Thursday to send the California National Guard to the Mexican border, ending a 17-day standoff with the Bush administration.

The two sides had been at odds over whether California Guardsmen would join the effort to bolster the Border Patrol and who would pay for it.

They reached an agreement under which California will contribute about 1,000 Guardsmen for border duty and the federal government will pick up the full cost, Schwarzenegger said.

"It is not my preference to send the National Guard, but there's an important need to protect the border," he said.

However, in a separate act that was not part of the agreement with the federal government, Schwarzenegger will sign an executive order that ends the California National Guard's participation on Dec. 31, 2008, state officials said.

Schwarzenegger intends for the mission to be carried out mostly by troops who volunteer for six- to 12-month assignments. The Bush plan called for sending Guardsmen on border duty instead of their annual two-and-three week training exercises.

The state would have to pay for normal training sessions, while long-term assignments are funded by the federal government.

Altogether, President Bush has proposed sending 6,000 National Guardsmen to the U.S. border with Mexico. The overall cost of the multiyear deployment has been put at more than $1 billion.

In California, National Guard officials have said the mobilization could begin immediately.

A planning force could reach the border within days and the full deployment could be in place by July 15, but California Guard officials said they would not send anyone until Congress approves funding for the operation.

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Schwarzenegger said he would sign a memorandum of understanding between the federal government and the governors of the four southern border states. It serves as a federal promise to repay the cost of the deployment.

It also establishes rules of engagement prohibiting Guardsmen from handling detainees, but allowing them to carry guns. The rules are similar to those the California Guard follows when deploying to a riot, officials said.

The document also contains a provision allowing the border governors to decline to participate in any part of the mission they deem inappropriate.

Schwarzenegger's decision ended an awkward period for the Republican governor. He held out longer than Democratic governors in Arizona and New Mexico before saying he would send troops.

He also had risked alienating voters in a state that has repeatedly backed a tough approach on immigration — although his reluctance to send troops had been seen as popular among Hispanics.

Arizona Gov. Janet Napolitano signed an agreement Thursday for her state to participate in Bush's plan, with 300 Arizona National Guard soldiers set to take part beginning in mid-June.

National Guard troops will be used for engineering, road and fence building, transportation, logistics and surveillance, reconnaissance and port-of-entry duties but not direct law enforcement.

Gov. To Send 1,000 National Guard Troops To The Border (LAT)

By Peter Nicholas

The Los Angeles Times, June 2, 2006

SACRAMENTO — Despite some misgivings, Gov. Arnold Schwarzenegger said Thursday he would send 1,000 National Guard troops to the Mexican border as part of President Bush's plan to curb illegal immigration.

Schwarzenegger said the mission would begin July 15 and end no later than Dec. 31, 2008 — a deadline, he said, that ensures the Guard won't be locked into an open-ended commitment.

Schwarzenegger, speaking at a news conference in the Capitol, also said the Guard would rely on volunteers for the assignment and that troops would be spared the riskiest duty, involving arrest and detention of people crossing the border illegally. About 700 Guard troops have expressed interest thus far, he said.

They will fix trucks, repair roads, operate cameras and perform other logistical duties, freeing U.S. Border Patrol agents for potentially more hazardous work.

Stints at the border would last from six months to a year — reflecting Schwarzenegger's conviction that Bush's plan to rotate troops in and out every two weeks made little sense.

Amid a bitter debate over illegal immigration, Schwarzenegger seems to be staking out a middle ground.

He is striving to deflect accusations that he is "militarizing" the border, emphasizing that most Guard troops will be unarmed and a step removed from the front lines. At the same time, the governor does not want to be seen as ignoring Bush's call to shore up a border that Schwarzenegger has derided as dangerously porous.

The governor is expected to sign an agreement with the federal government spelling out the terms of the operation. Dubbed "Operation Jump Start," the agreement specifies that the federal government would cover costs that may run to $96 million a year, state officials said.

As of Thursday night, Schwarzenegger, the Pentagon and governors in other southern border states were working out details of the agreement. Arizona Gov. Janet Napolitano agreed to deploy 300 National Guard soldiers from her state to the border beginning in mid-June, the Associated Press reported.

Maj. Gen. David Rataczak, the Arizona National Guard adjutant general, said some of the Arizona troops will go to the border with their units for weeks-long annual training, while others will go as volunteers for longer stints.

As of now, the president's $1.9-billion request to finance his plan for increased border security is pending in Congress.

Bush laid out his plan to shore up the border in a nationally televised speech May 15. He said he wanted 6,000 National Guard troops to aid in border security.

Schwarzenegger quickly voiced doubts about the plan. He questioned whether it would make a real difference and worried that the state might not be repaid.

At his news conference Thursday, the governor said that over the last two weeks he had struck a satisfactory compromise with the Bush administration.

"The mission that I will assign to our California National Guard will be significantly different from the plan laid out by President Bush," Schwarzenegger said. "We will assist in a manner that protects our troops and uses our men and women in the most effective and appropriate way possible."

One key was setting a date by which the operation would end, he said.

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As Bush structured the plan, the governor was free to cooperate or opt out, according to state Guard officials. Should the president try to extend the deployment, Schwarzenegger said, he would use his authority as commander of the California guard to resist.

"Well, I'm the commander in chief, so I can take back the National Guard at any time that I want," the governor said. "That is the most important thing, that there is control over that. And like I said, we are doing this, may I remind you, reluctantly. I mean, it's not my preference to send the National Guard to do this mission."

But it was necessary, he said, "to help the federal government to secure our borders … "

State Democratic leaders said that committing Guard troops is a mistake.

Assembly Speaker Fabian Nuñez (D-Los Angeles), who was briefed on the plan by the governor, predicted that Latin America would find the move offensive.

Nuñez said he also feared the commitment would stretch thin a National Guard that is crucial to California's recovery in the event of an earthquake or other natural disaster.

"When you deploy the National Guard to the southern border — but you don't do the same to the northern border — then you send a message that the problem is Latin America," he said. "This doesn't send a message of friendship. It sends a message of antagonism to our friends in the south. I don't think it will be well-received."

Most Guard troops won't be armed, though local commanders will be free to authorize firearms if they determine soldiers are in jeopardy, Guard officials said.

They also said there should be enough Guard troops to respond to natural disasters — despite the commitment of troops overseas and, now, at the border.

Of the 20,000 California National Guard troops, about 2,200 are overseas. Assuming 1,000 go to the border, that still leaves plenty of troops to respond to disasters, Guard officials said.

Nuñez said he was not convinced. The Assembly speaker said the governor and Guard officials "seem to feel confident we have enough manpower in the National Guard to respond to a natural disaster. I'm not totally convinced that's the case."

Immigration Figures At Polls (WSJ)

By Sarah Lueck

The Wall Street Journal, June 2, 2006

SAN DIEGO -- To Brian Bilbray, the "greatest ethics scandal in America" isn't about Washington lobbyists or the bribery conviction of Randy "Duke" Cunningham, formerly this area's unbeatable congressman.

Mr. Bilbray, a former Republican House member seeking Mr. Cunningham's vacant seat, is fighting what he calls the scandal of illegal immigration. He hopes that tough talk on the campaign trail about securing borders and cracking down on employers who hire illegal workers will bring enough supporters to the polls on June 6 to help him defeat a challenge from Democrat Francine Busby. A local school-board member, she takes a softer line on the issue, supporting proposals to allow illegal immigrants to become citizens and create new guest-worker programs.

Voters in this district near the Mexican border are "furious at everyone in Washington for ignoring this problem," Mr. Bilbray says.

Ms. Busby emphasizes the need for changes in ethics rules that would unravel Washington's "pay to play" system. Immigration "is not the only issue, nor is it the most important issue affecting people's lives," she says.

More is at stake in the Bilbray-Busby showdown than one congressional seat. If Ms. Busby wins Tuesday, she would take over what has long been a Republican district. Such a shift could portend a wave of Democratic wins this fall, just as Republicans are fighting to hang on to control of the House and Senate amid dismal approval ratings for President Bush.

The race also is shaping up as an early test for how immigration and scandal could play out this year in the polls, and which issue may get greater traction with voters.

With the San Diego runoff just days away, polls show a close race. SurveyUSA, a nonpartisan market-research firm, reported a dead heat -- 45% for Mr. Bilbray and 45% for Ms. Busby -- in May. Ms. Busby acknowledges an uphill battle in a district where 44% of voters are registered Republicans, and less than 30% are Democrats. Victory, Ms. Busby says, "would take just a tectonic shift."

Mindful of the broader implications, national party organizations are pouring money into the race, largely for negative television ads. One ad sponsored by the National Republican Congressional Committee calls Ms. Busby a "liberal" and says she supports "amnesty" for illegal immigrants. The Democratic Congressional Campaign Committee has launched a campaign to highlight Mr. Bilbray's work as a lobbyist in recent years, and votes he missed as a lawmaker while he went on trips to "hang out with special interests."

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In a tacit admission that Mr. Bilbray's immigration position may be more popular in the district, Ms. Busby and her backers are trying to blur the candidates' differences on the issue. He opposes allowing illegal immigrants to become citizens, which he calls "amnesty." Ms. Busby says because the citizenship comes with hurdles, it doesn't amount to amnesty.

Ms. Busby says the barrage of commercials, even negative ones, have boosted her name recognition. On a recent walk outside her campaign headquarters in Encinitas, a coastal, Democratic-leaning enclave north of downtown, she was stopped by several people who asked if she was Francine. "We're pulling for you," said one wetsuit-clad surfer climbing the stairs from the beach.

While Mr. Bilbray enjoys the advantage of running in a strongly Republican district, he faces the danger of his party fracturing along different fault lines. Because he favors abortion rights and has supported gun control, he's fighting an impression among some Republicans that he's too moderate.

His main draw for the conservative base is his credibility as a hard-liner on immigration. He has supported legislation eliminating automatic citizenship for U.S.-born children of illegal immigrants. One of his lobbying clients was the Federation for American Immigration Reform, a group that wants to limit both illegal and legal immigration.

But he still faces a challenge to his right from William Griffith, an independent candidate on Tuesday's ballot, who is running as a "conservative alternative" to Mr. Bilbray. While Mr. Griffith has little chance of winning -- he got just 1% of the vote in the April special election, compared with 15% for Mr. Bilbray -- he may peel off some conservative Republican voters. Mr. Griffith has picked up endorsements from the local Minutemen activist group and the American Independent Party, both of which are pushing for a crackdown on illegal immigration.

And yet, if Mr. Bilbray steers too hard against immigration, he may risk losing moderate Republicans. Earlier this week, Sen. John McCain (R., Ariz.) canceled a visit to San Diego for a Bilbray fund-raiser. Mr. McCain supports a Senate immigration bill that would allow millions of illegal immigrants in the U.S. to eventually become citizens. Mr. Bilbray opposes that measure, and Mr. McCain didn't want to distract from the candidate's campaign message, according to a statement sent to the Bilbray campaign by Mr. McCain's political action committee. Mr. McCain still endorses Mr. Bilbray, the statement said.

On Tuesday night, Mr. Bilbray met with a handful of members of the local chapter of the Republican National Hispanic Assembly and faced some probing questions. Todd Garcia VanBoxtel, vice chairman of the group, said he was concerned that mass deportations of illegal immigrants would create an "uproar" by separating families and disrupting neighborhoods.

In response, Mr. Bilbray sounded a softer tone than he often does on the campaign trail. "You're going to have displacement," he said. But he also predicted the House and Senate dealmakers would find a "moderate, middle ground" in their negotiations, including removing a provision in the House bill that would make illegal immigrants felons. "We're not going to be punitive to immigrants, and we're not going to reward illegal immigrants," he said. An avid surfer, Mr. Bilbray tempered his remarks with tales of traveling to Mexico's beaches and growing up near the "frontera."

Mr. Bilbray seemed to have walked the tightrope just right. Mr. Bilbray "probably didn't have enough votes to get an endorsement when he walked in" to the meeting, Mr. Garcia VanBoxtel later said. But the group ended up supporting the Republican candidate and plans a mailing to 1,000 Hispanic households urging them to vote.

"What impressed us was his affection for travel in Mexico ... and his love of the people... Obviously he didn't tell me necessarily what I wanted to hear, but he had firsthand knowledge of the situation and that won us over," Mr. Garcia VanBoxtel said.

118 Aliens Arrested In Raid Of 'Safe House' In Arizona (WT)

By Jerry Seper

The Washington Times, June 2, 2006

The U.S. Border Patrol arrested 118 illegal aliens at a "safe house" in Rio Rico, Ariz., just north of the U.S.-Mexico border, in a raid this week by a unit of undercover agents that has targeted alien smugglers and those who help them.

The team, known as the Disrupt unit, raided the house near Interstate 19 after receiving a tip about "suspicious activity." The agents took the illegals into custody and seized four vehicles. Twenty-three houses used by smugglers to stash illegal aliens awaiting transportation to cities throughout the U.S. have been uncovered by the team since October.

Created by former U.S. Customs and Border Protection (CBP) Commissioner Robert C. Bonner as part of the Arizona Border Control Initiative, the team has focused on southern Arizona, where more than half of the 1.15 million illegal aliens apprehended last year were caught -- about 1,700 arrests a day in that state.

Mr. Bonner, who retired in November, described the Disrupt team as part of a "full-court press to reduce the number of illegal aliens crossing our borders, and to detect and arrest those engaged in illegal cross-border activity."

Working with investigators from U.S. Immigration and Customs Enforcement (ICE), the team targets and seeks to disrupt the criminal organizations that smuggle foreigners into the United States.

"The community is the second set of eyes and ears for not only the United States Border Patrol, but for all law enforcement," said Jose L. Maheda, a Border Patrol spokesman in Nogales, Ariz.

Border Patrol Chief David V. Aguilar told a Senate subcommittee last month that the detection and disruption of alien and drug smugglers on the U.S.-Mexico border was a top priority and that efforts to identify and dismantle these criminal organizations have resulted in an increase in violence aimed at his agents.

Chief Aguilar said that nearly 200 agents had been assaulted since Oct. 1, the start of the fiscal year, and that the number of agents assaulted during fiscal 2005 was more than double that in fiscal 2004.

"This line of defense does come at a price, and our dedicated agents face significant risks," Chief Aguilar told the Senate Judiciary subcommittee on terrorism, technology and homeland security. "As we continue to bring larger areas of the border under operational control, we can expect spikes in border violence as border criminals discover they can no longer operate with impunity and are prevented from using the border for their criminal activities."

The owner of the Rio Rico house, Diva Boreale, told reporters that she and her husband were "surprised" by the raid because she had no idea the residence -- which was rented out -- was being used to house illegal aliens.

Mrs. Boreale said "trash, covers, pillows and clothes" were just some of the items left by the illegals and their smugglers. "The house looks damaged."

Two Billboards Join Colorado Debate On Illegal Aliens (WT)

By Valerie Richardson

The Washington Times, June 2, 2006

DENVER -- Two prominent billboards criticizing sanctuary policies for illegal aliens were uncovered here yesterday in the latest salvo in Colorado's simmering immigration debate.

The first billboard shows three military helmets atop rifles and has the message, "Mr. President, Mr. Governor, Mr. Mayor; they did not die for ILLEGAL SANCTUARY."

The second purports to welcome illegal aliens to Denver, which has policies forbidding authorities from asking about immigration status.

"Welcome to SANCTUARY CITY ... Relax, you made it! Brought to you by Executive Order 116," the black-and-white billboard says.

The 48-by-14-foot billboards are the brainchild of Denver radio talk-show host Peter Boyles, who frequently criticizes national immigration policies on his popular KHOW-AM morning show.

He broadcast yesterday's show at a rally featuring Rep. Tom Tancredo, Colorado Republican, and Jim Gilchrist, founder of the national Minuteman Project. As work crews uncovered the first billboard, the crowd of about 150 people cheered, while a lone protester held a sign that said, "No Billboards for Bigots."

The anti-sanctuary messages come as the immigration issue rises to the forefront of this year's state election. Activists are gathering signatures for a ballot measure that would deny state services to illegal aliens, and the Republican gubernatorial candidates are sparring over who is tougher on protecting the border.

The military-themed sign is a replica of a New Mexico billboard erected by Bob Park, a former Border Patrol agent who became frustrated with government policies that he said provided better medical care to illegal aliens than to military veterans.

Mr. Boyles' organization, Billboard Colorado, plans to erect at least one more billboard with a similar anti-illegal-entry theme. The signs, which cost $18,500 per month, are funded mainly by contributions from radio listeners and other Coloradans, Billboard Colorado spokesman Mike McGarry said.

"We've been deluged with contributions coming from all over the state," Mr. McGarry said. "We're getting $2 and $5 contributions from self-described little old ladies in their 80s where the return address is from a nursing home. This was truly a grass-roots effort."

Polly Baca, president of the Latin American Research and Service Agency in Denver, said she was "amused" by the billboard campaign, adding that most people would find the messages sarcastic and obscure.

"I find it rather interesting that they would put up billboards that most people can't understand," said Ms. Baca, who opposes the proposed ballot initiative. "When they say 'sanctuary,' does that mean a wildlife sanctuary? There are probably a handful of people who understand these messages, and they've probably already made up their minds on the issue."

Imam Agrees To Be Deported (AP)

AP, June 2, 2006

TACOMA, Wash. – A Seattle-area mosque leader who was investigated for possible ties to terrorist groups agreed Thursday to accept an order of removal from the United States, federal officials said.

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Abrahim Sheikh Mohamed appeared in immigration court here, and Immigration Judge Victoria Young ruled that he had no legal basis to remain in the United States, according to a news release from U.S. Immigration and Customs Enforcement.

During the hearing, Immigration and Customs lawyers presented evidence that Mohamed has Kenyan citizenship. Young ordered him deported to Kenya or, if that cannot be done, to Somalia, the agency said.

Mohamed was an imam of the Abu-Bakr Mosque in Seattle's Rainier Valley area.

He was arrested Nov. 14 at Seattle-Tacoma International Airport as he returned from a trip to Dallas. Federal officers said he lied to obtain legal asylum status after coming to the U.S. in 2000.

He has been detained by ICE without bond since his arrest, as agency attorneys argued that his ties to terrorist organizations in the horn of Africa made him a national security risk.

Among other things, federal agents believed he came to the country to help raise money for the Ogaden National Liberation Front, which wants an independent state for ethnic Somalis in Ethiopia, FBI Special Agent David Rubincam said during a February hearing in the case.

The outcome of the case "underscores ICE's commitment to protecting the integrity of our nation's legal immigration system," said Dorothy Stefan, the agency's chief counsel in Seattle.

Mohamed's defense attorney could not immediately be reached for comment after business hours Thursday.

Seattle Imam Ends His Effort To Stay In U.S. (SEAPI)

By Tracy Johnson, P-I REPORTER

Seattle Post-Intelligencer, June 2, 2006

Mosque leader, held for 6 months, ordered deported to Kenya

A Seattle mosque leader who has been accused of funneling money to terrorist groups -- allegations that angered his many supporters in the local East African community -- gave up his fight Thursday to stay in the United States.

An immigration judge ordered that Abrahim Sheikh Mohamed, who isn't charged with any terrorism-related crimes, be deported to Kenya.

Mohamed has been locked up since his arrest Nov. 14 on immigration violations, and nearly six months of confinement -- much of it in isolation -- weighed heavily on his decision to accept deportation, according to his lawyer, Hilary Han.

"He's lived in the United States for almost six years. He has many ties here, and this is a place where he has been able to be safe," Han said. "This was not an easy decision for him."

Mohamed was accused of lying about being a member of a minority clan and his country of origin, among other things, in order to gain asylum. Federal immigration prosecutors say he is a citizen of Kenya and not war-torn Somalia.

With his fingerprints, authorities obtained several identity and passport-application documents that show he is from Kenya, according to Dorothy Stefan, regional chief counsel for Immigration and Customs Enforcement.

"We are gratified by the outcome of this case. It underscores ICE's commitment to protecting the integrity of our nation's legal immigration system."

Han said that while Mohamed applied for such documents in Kenya, he is a native of Somalia and likely would have been able to prove it -- though he has now waived that chance. His deportation hearing had been scheduled for later this month.

Mohamed told Immigration Judge Victoria Young through a Somali interpreter Thursday that it was "a very difficult time" for him but said he was willingly giving up his efforts to stay.

Young ordered him deported to Kenya but left Somalia as an alternative if the Kenyan government won't take him.

Six members of the Abu-Bakr Mosque attended the hearing but declined to comment about their friend's situation.

Mohamed had led prayers as imam of the Rainier Valley mosque for five years before federal agents arrested him last fall at Sea-Tac Airport, where he'd just arrived on a domestic flight.

In February, more than 200 people rallied in front of the mosque while Mohamed sought to be freed on bond.

But during his bond hearing, FBI agents and other witnesses testified that he had ties to terrorism and was raising money for a radical Islamic holy war.

A man who ran an African restaurant near the mosque said $50,000 to $100,000 was raised each week for al-Itihaad a-Islamiya, a Somali terrorist organization to which he said Mohamed belongs.

The man also claimed that "jihad training" took place regularly in a nearby parking lot, where young people with BB guns were taught how to shoot people and blow up buildings.

Mohamed's supporters called such allegations ludicrous. They painted a picture of a peaceful leader who worked to keep Somali children on productive paths, and Han argued that some of the government's witnesses had grudges or other reasons to lie.

In March, Young concluded Mohamed was a threat to national security and denied his request to be freed on bond.

Han said Mohamed's decision to agree to be deported had nothing to do with the terrorism allegations.

An FBI spokeswoman said she could not discuss whether there was an ongoing criminal investigation of Mohamed.

Aziz Junejo, who hosts a local cable TV show on Islam, said it was "a very sad day" for the Muslim community. He said he has known Mohamed for several years and believes the man gave up his fight "to keep his dignity and respect."

"If one of our leaders was involved in terrorism, we wouldn't want him as a leader," Junejo said. "There's just no evidence of that."

P-I reporter Tracy Johnson can be reached at 206-467-5942 or tracyjohnson@seattlepi.com.

Fill-in Assigned For Immigration Judge Blasted By Appeals Court (AP)

AP, June 2, 2006

PHILADELPHIA (AP) Another judge has been assigned to fill in for an immigration judge recently criticized by an appeals court for his handling of asylum cases, the court administrator said.

The Executive Office for Immigration Review, which manages the nation's immigration courts, has assigned a judge from Arlington, Va., to fill in for Judge Donald V. Verlise following an unexplained two-week absence.

Elliott Edwards, the administrator for the immigration court of the Philadelphia region, said Ferlise's absence was not due to illness, and the arrangement would continue for an indefinite period.

The 3rd U.S. Circuit Court of Appeals ruled in April that Ferlise, 62, a former prosecutor, prejudged cases and bullied asylum-seekers, denying them their right to fair hearings. The Philadelphia City Council last month called for his removal.

Calls to Ferlise at home and at his office were not returned.

Washington attorney Ralph Conte, who said he was defending Ferlise but declined to say why he had been retained, referred questions to the Justice Department, which declined comment on what a spokesman called a ``personnel action."

A 2000 study published by the San Jose Mercury News ranked Ferlise as among the 10 toughest asylum judges in the country, saying he had granted 74 of 715 asylum requests between 1995 and 1999.

TAX:

IRS Ruling Imperils 'Gift Fund' Charities For Home Buyers (WP)

By Jacqueline L. Salmon And Kirstin Downey

The Washington Post, June 2, 2006

A ruling by the Internal Revenue Service threatens to extinguish a fast-growing -- but controversial -- charitable industry that has funneled hundreds of millions of dollars in cash to first-time home buyers for their down payments.

The unexpected IRS edict throws into question a practice that has helped boost national home ownership rates to a near-record 69 percent in the past six years.

Almost 200 charities, such as AmeriDream, based in Gaithersburg, and Nehemiah Corp. in California, have acted as cash conduits between home sellers and buyers.

Under the system, sellers provide cash to the charities, which then give it to home buyers for their down payments. The sellers, who pay the charities a service fee, often recoup their money by charging a higher price for the homes -- usually 2 or 3 percent more, or an amount equal to the down payment, says a Government Accountability Office study.

Federal authorities have raised concerns, because the mortgages are insured by the Federal Housing Administration. When a home buyer defaults, the FHA loan fund suffers. Home buyers receiving assistance from the charities were more than twice as likely to default or become delinquent in their payments as those who used FHA loans without the charities' assistance, according to a GAO study last year.

Although the system has helped hundreds of thousands of low-income households buy their first homes, it is riddled with abuse, according to the IRS and a variety of government studies. The IRS called the programs "scams" in its ruling last month and said that by providing down payments, the charities actually inflated home prices, making it more likely that homeowners would default on their loans.

Sen. Charles E. Grassley (R-Iowa), chairman of the Senate Finance Committee, who is pushing for charitable reform measures, blasted the down-payment assistance charities and praised the IRS ruling.

"Unfortunately, this sector of charities is riddled with individuals who believe their role is to help themselves, not to lend a helping hand," he said. "Some so-called charities need a wake-up call that their business is charitable work."

The IRS's "revenue ruling," issued May 4, states that charities that dole out cash to home buyers that comes from sellers do not qualify as tax-exempt organizations because they benefit private interests, such as builders and other home sellers. The

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IRS expects to begin revoking some charities' tax-exempt status as it finishes audits, said Marvin Friedlander, chief of the IRS's exempt-organizations technical branch. The IRS also could assess the organizations millions of dollars in income taxes if it decides they are for-profit organizations, not charities.

Executives at the charities say they have helped renters who would not otherwise have been able to buy homes because they were unable to afford the down payment. They dispute the GAO study and disagree with the IRS findings.

Last week, a coalition of the charities asked the Treasury Department to suspend the IRS ruling and solicit public comment before issuing a final decision.

"This could have a sweeping impact on the whole housing industry," said Ann Ashburn, chief executive officer of AmeriDream, the nation's second-largest down-payment assistance charity, and the coalition chair.

The IRS action has also roiled the real estate industry, which depends on the charities as a way to move cash-poor home buyers into the housing market. The charities say they move $500 million a year from sellers to buyers -- money that would disappear if many down-payment assistance charities were put out of business.

"Almost anybody building for the first-time home buyer is using these programs," said David Ledford, staff vice president for housing finance and housing policy with the National Association of Home Builders. "Builders are concerned about what would happen not just in the future but for buyers who have already qualified and are going through a sale but who have not closed yet."

Among those who have benefited are Beverly and Kevin Queen, who used $2,500 they received through the AmeriDream down-payment program to move their five children out of an Anacostia apartment to a four-bedroom single family home they bought in Fort Washington in 2000. The only cash the couple had at the time, Beverly Queen said only half-jokingly, "was the $5 holding our bank account open."

Their brick-front home sits on a half-acre backing up to farmland. "This is what I wanted," said Beverly Queen, 44.

The Queens said they have faced no problems keeping up with their mortgage payments.

But consumer advocate Allen Fishbein, director of housing and credit policy with the Consumer Federation of America, said some borrowers have been financially damaged when they fell behind on their mortgages but could not sell the houses because they paid inflated prices.

"Our concern is that people who became homeowners will have trouble making payments," which he said could cause them to lose their homes and wreck their credit.

The IRS has discovered other irregularities in the down-payment charities. Although the organizations are meant for home buyers of modest means, the IRS has found that affluent home buyers have improperly taken advantage of them -- even using the "gift funds" to buy vacation residences, Friedlander said.

The charities have also lavished perks on themselves, according to the IRS. Recent audits of 15 of the largest down-payment organizations have raised questions about extravagant pay to executives, problematic ties to for-profit companies and inflated prices to low-income buyers that the charities were purporting to help, Friedlander said.

As a result, the IRS has widened its investigation to include an additional 170 charities -- virtually all of the down-payment assistance charities that use seller funds.

The "gift fund" mechanism was devised by Don Harris, a Sacramento lawyer and minister who in the late 1990s found a loophole in the rules governing FHA mortgages that generally forbade home sellers from helping customers directly with down payments. He devised the idea of establishing a charity as a go-between for buyers and sellers.

The group Harris started, then called Nehemiah Home Ownership, gave buyers cash for the down payment on an FHA mortgage, generally 3 percent of the purchase price. The sellers then paid the charity an equal amount toward the down payment plus a service fee, typically 0.75 percent of the down payment.

Harris got a ruling from HUD approving the arrangement, and others copied Nehemiah's concept. Within a few years, a multibillion-dollar charitable industry was born, with about 200 nonprofits offering the service. In all, the industry says, it has given down payments to 625,000 households.

These loans make up an increasing amount of the FHA's volume. In 2006, about 28 percent of households receiving FHA loans got their down payments from the charities, up from 1.7 percent in 2000.

Ex-Norristown Councilman Pleads Guilty (PHI)

By Jeff Shields

The Philadelphia Inquirer, June 2, 2006

A former Norristown councilman whose criminal activity inspired a four-year corruption investigation pleaded guilty yesterday to tax evasion charges.

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Ernest W. Scott Jr., 56, admitted in U.S. District Court in Philadelphia that he hid more than $142,000 in income from his auto tags business between 1999 and 2001. He is scheduled for sentencing Sept. 8; federal guidelines call for a sentence of 12 to 18 months in prison.

He is the third Norristown official to be convicted or plead guilty in the last six weeks in a series of indictments resulting from the U.S. Attorney's investigation. Ex-Mayor Ted LeBlanc was convicted on bribery and tax evasion charges April 18, and former municipal administrator Anthony Biondi pleaded guilty to corruption charges May 12. Scott is currently serving a 6 1/2- to 20-year state sentence. In 2003, Scott, then a member of the Norristown municipal council, admitted to running a corrupt organization that included issuing fake insurance cards and dealing marijuana.

The Montgomery County District Attorney's wiretap evidence from Scott's case was handed over to federal investigators in late 2002. The U.S. Attorney's Office used it to launch a wide-ranging probe that produced indictments against Scott and the man who prepared his taxes, as well as LeBlanc, Biondi, and four businessmen who were awarded contracts with Norristown.

Arthur Farquharson, who prepared Scott's taxes, is serving a 42-month sentence on conspiracy, tax evasion and other charges. Scott and Farquharson "often laughed" about the false tax returns they were filing, prosecutors said in court documents.

Strip Club Owner In Las Vegas Pleads Guilty To Tax Evasion (AP)

By Ken Ritter, ASSOCIATED PRESS

AP, June 2, 2006

LAS VEGAS (AP) - A strip club owner pleaded guilty Thursday to a felony tax evasion charge but avoided any mention of organized crime as the government ended a decade-long federal probe of whether the club was linked to the mob.

Rick Rizzolo, owner of the Crazy Horse Too, pleaded guilty in U.S. District Court to conspiracy to defraud the government, pledged to sell the club, and agreed not to contest some $17 million in fines, forfeitures and restitution.

The financial settlement includes a $10 million payment to Kirk Henry, a tourist from Olathe, Kan., whose separate civil lawsuit alleges he was paralyzed when he was beaten by club employees in 2001.

The club, using the corporate name The Power Company Inc. and represented by Rizzolo's lawyer, Tony Sgro, pleaded guilty to racketeering and will bear the brunt of the financial penalties.

Under the terms of the deal, the company acknowledged that employees had padded customers' bills and used threats and force to compel customers to pay disputed charges.

Daniel Bogden, U.S. attorney for Nevada, called Thursday's deals an efficient way to achieve what he called a primary goal of the investigation - to strip Rizzolo of club ownership and bring closure to Henry and his family "for the brutal and tragic extortionate attack at the club."

The plea deal allows the government to veto a sale if the buyer is a close relative or business partner with Rizzolo, a felon or has proven ties with organized crime.

"The corporate plea to racketeering charges acknowledges the serious threat that the Crazy Horse Too has presented to the community," Bogden said.

The plea agreement requires Rizzolo to divest his interest in the white-pillared, Roman-themed club just off the Las Vegas Strip. It prohibits him from owning any other adult entertainment business in the U.S.

Rizzolo, 47, is expected to be sentenced to no more than 16 months in federal prison, prosecutors said. U.S. District Judge Philip Pro set sentencing for Sept. 15.

Rizzolo declined comment as he and Sgro left the courtroom.

"It's a relief to have it behind us," Sgro said.

Rizzolo remained free without bail following his conviction.

The pleas came a day after 16 current and former club employees pleaded guilty to federal charges. Fourteen pleaded guilty to felony tax evasion for failure to report income from tips given to dancers and shared among club employees.

One club manager, Robert D'Apice, 51, pleaded guilty Wednesday to a racketeering charge. A former waitress, Paula McBride, 28, pleaded guilty to perjury. All remain free pending sentencing. None is expected to get more than 16 months in prison. None of those who pleaded guilty this week case admits direct responsibility for the September 2001 beating that left Henry paralyzed from the chest down.

Henry's lawyer, Donald Campbell, did not immediately respond Thursday to requests for comment.

Club executives long denied allegations of ties to organized crime, kickbacks to cab drivers for delivering tourists to the door, and roughing up patrons who protested allegedly inflated credit card bills.

The federal probe of the Crazy Horse Too dates at least to 1995, when Sgro said the FBI submitted documents to obtain authorizations for wiretaps. Las Vegas police raided the club in late 2001, following Henry's injury, and the FBI and local police raided it again in February 2003.

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"Buffalo" Jim Barrier, the flamboyant owner of a neighboring car repair shop who has often clashed with Rizzolo and club employees, called the pleas the end of a "reign of terror" dating to the 1980s.

"It's better than nothing," said Barrier, who said he summoned police after watching one patron beaten to death outside the club in 1995. "It was hard to stop him, but he's a convicted felon."

CONGRESS-ADMINISTRATION:

Bush's New Team Scores A-list Names (CSM)

By Linda Feldmann

The Christian Science Monitor, June 2, 2006

WASHINGTON - These are hardly the waning days of the Bush White House, but in some ways, time is running short for major new policy initiatives. And in the inevitable changing of the guard, as top appointees move on, it might seem a tough sell to lure A-listers onto the team. The pay isn't much to write home about, especially for those used to a healthy private-sector paycheck, and the administration remains deeply unpopular with much of the public.

But something has happened on the way to the makeover of Team Bush: The president has managed to bring in some first-string players, at a time when two-term White Houses are typically moving to the bench, analysts say. Exhibits A and B are Goldman Sachs chairman Henry Paulson, tapped to take over Treasury, and FOX TV commentator Tony Snow, the new press secretary. Joshua Bolten, the new chief of staff, is also getting high marks for his energetic retooling work - including helping snag his former colleague, Mr. Paulson - and setting his sights on upgrading the White House's communications and domestic policy shops.

"The conventional wisdom - which is sometimes right - is that it gets more and more difficult to hire from the outside," says Stephen Hess, a veteran of the Eisenhower White House and a Brookings Institution scholar. "Time is short, it's not as much fun, policy has already been made. People give up big things to do government service, not just money, but going through confirmation. So you usually just get people from within, and you wind up with the Peter Principle - people rising to their level of mediocrity."

Mr. Bolten's promotion-from-within belies that principle. But in that case, analysts say, it was probably wise for President Bush to bring a familiar face into the chief of staff hot seat - someone with whom he is already personally comfortable and who knows the president.

The Treasury slot is one that Mr. Bush has struggled to fill to his liking from Day 1. His first pick, Paul O'Neill, had a propensity for straying from the company line, and the current secretary, John Snow, failed to convince the public that the economy is strong. As Treasury secretary, Paulson would fill one of the four principal Cabinet slots - the others being State, Defense, and Justice - but under Bush, the Treasury job has not been viewed as a power center. Paulson signed on only after much wooing, and reportedly only after receiving assurances that he would have access to Bush and serve as more than just a cheerleader for the economy. Still, why would someone at the top of the financial world worth a reported $700 million take that leap?

"Paulson's an older guy, probably close to retirement anyway," says Bruce Bartlett, an economist who served under Presidents Reagan and George H.W. Bush. "And there's a certain prestige and cachet - not literally, but figuratively - to sitting in Alexander Hamilton's chair."

The Treasury job also entails lots of global travel and no shortage of serious policy issues, including budget and trade deficits and the rise of China. Party loyalty is another likely factor; Paulson has donated and raised hundreds of thousands of dollars for Bush and other Republicans.

For all the new Bush appointees, too, entering the fray while the president is at a low point means there's no place to go but up. For an outsider like Tony Snow, jumping in now means he is free of the uncomfortable questions his predecessor, Scott McClellan, faced over various controversies, including the Valerie Plame scandal - the case of the CIA employee whose exposed identity has entangled top White house officials. Early on, Mr. McClellan said things that later proved to be untrue.

The early reviews on Mr. Snow have been positive - at least as an articulate, telegenic public persona for an administration under fire.

"Snow had a presence right away," says Paul Light, a public-policy professor at New York University.

How much Snow can prove to be the "full-service press secretary" he says he intends to be remains an open question. For now, that involves fiddling with reporters' malfunctioning tape recorders on the podium during briefings. But will he improve the press corps' access to officials and information? Bush's communications strategy has already been evolving for some time: He

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has been more open to taking potentially hostile questions in public forums, and more willing to admit mistakes. When USA Today broke the story about data mining of phone calls, Bush was out responding within hours.

"They're all good appointments," Professor Light says, referring to Paulson, Snow, and Bolten. But "I don't think they reshuffle the deck in terms of public approval so late in the term."

Among other recent personnel changes, many have involved old faces taking new assignments: US Trade Representative Rob Portman is now budget director, replacing Bolten. Mr. Portman's deputy, Susan Schwab, has been tapped for the top trade job. Political guru Karl Rove lost his policy portfolio, which was taken over by Joel Kaplan, former deputy budget director. Michael Hayden was easily confirmed to replace Porter Goss at the CIA, after an initial burst of controversy over General Hayden's role in secret surveillance programs from his days running the National Security Agency.

But another recent appointee who would never have gained much notice outside the Beltway did cause a flap. Two days after Karl Zinsmeister was announced May 24 as Bush's domestic policy director, it was revealed that he had doctored some quotes in a profile of himself posted on the website of the magazine he edited, The American Enterprise. Mr. Zinsmeister later told The Washington Post that what he did was "foolish."

Talk continues that Bolten might retool the White House's congressional liaison office and bring more change to the communications team. But discussion that Bush might bring a "graybeard," perhaps a former senator, into the White House as a senior adviser to help improve relations with Congress and project an image of stability has died down. Still, some analysts suggest the retooling so far may not be enough for Republicans eager for major change - especially heading into a tough campaign season.

"I don't think it's the shake-up the Republicans were longing for," says Light. "But it may be enough to stop further conversation for more shake-up."

A Global Warming Believer In Bush Cabinet (AP-Y2)

By John Heilprin

AP2, June 1, 2006

Henry Paulson may find the tightrope he'll be walking as President Bush's Treasury secretary will span a wider gulf than in his current twin jobs as chairman of Goldman Sachs and The Nature Conservancy.

Both the Wall Street powerhouse and the world's richest environmental group look at global warming as a dire threat requiring government-mandated reductions in carbon dioxide and other gases that trap heat in the atmosphere like a greenhouse.

Bush doesn't.

In fact, the president has rejected the Kyoto international global warming treaty that was negotiated during the Clinton administration. And that's the rub for staunch supporters of Bush's environmental policies.

"You do not want someone serving as a Cabinet officer who has a habit of indulging his environmental hobby at the expense of his financial responsibilities," said Tom Borelli of the Free Enterprise Action Fund, a mutual fund set up partly to debunk climate science that accepts the idea of global warming.

Steve McCormick, president of The Nature Conservancy, said Paulson won't shy from sharing his views on global warming in Bush's Cabinet.

"He is unhesitant in expressing his opinion when he thinks it's the right thing to do," McCormick said. "I'm sure that if there's an opportunity for Hank to provide his point of view on this issue, he will take advantage of it."

Paulson, nominated Tuesday by Bush to succeed John Snow at Treasury, took an early interest in nature. He was raised as a Christian Scientist on an Illinois farm, where he still keeps five acres and has let raccoons have the run of the house. Before college he wanted to become a forest or park ranger. Instead he opted for a business career, getting an MBA from Harvard.

He and his wife, Wendy, are both skilled birders. At their house in Illinois, they've raised birds, dogs, cats, raccoons, flying squirrels, lizards, snakes, mice, turtles, frogs and a tarantula.

"Environment is my passion," Paulson told Charlie Rose in a PBS interview in 2004.

At Goldman Sachs, he arranged for a handler with a leather glove to bring in captive-bred birds of prey to show off each year. The handler would come from The Peregrine Fund, another conservation group on which he serves on the board.

In New York, he often stops in Central Park, close to where the couple lives, to go bird-watching while on his way to work. Wendy Paulson volunteers as an environmental education teacher at public schools in Harlem. She also is board chairman of Rare, an international environmental nonprofit group.

Environmentalists normally critical of Bush believe they may have an advocate with access to the president's ear.

"It isn't every day that the Sierra Club finds itself welcoming a nomination to George W. Bush's Cabinet while ultraconservatives decry the move," said Carl Pope, the Sierra Club's executive director.

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"But on issues like global warming, Hank Paulson appears to favor managing risk rather than cooking the books," Pope said. "It is heartening that someone of Mr. Paulson's stature in the financial world is willing to say that immediate action must be taken to combat global warming."

Last year under Paulson's direction, Goldman Sachs issued an eight-page position paper on environmental policy, saying it accepts a scientific consensus, led by United Nations climate experts, that global warming poses one of the greatest threats this century.

Like Bush, the Goldman Sachs statement endorsed a market for businesses to buy and sell rights to emit greenhouse gases, saying it will spur technology advances by companies "that lead to a less carbon-intensive economy." But, it added, "Voluntary action alone cannot solve the climate change problem," a position contrary to the Bush administration's view.

The Nature Conservancy, under Paulson's direction, likewise supports a mandatory approach. It supports legislation by Sens. John McCain, R-Ariz., and Joe Lieberman, D-Conn., to cap U.S. greenhouse gases at 2000 levels, within five years. The Senate defeated the measure last year.

William Reilly, who headed the Environmental Protection Agency in President George H.W. Bush's administration and now chairs the World Wildlife Fund, said Paulson is "very much at home in the outdoors."

Paulson became chairman of The Nature Conservancy in 2004 after The Washington Post a year earlier raised questions about tax breaks claimed by the group's benefactors and private side deals on conservation easements.

He quickly assuaged lawmakers' concerns while also promoting conservation to Asia's business leaders and working with Chinese government officials to set land aside for parks.

"He has a reputation of being a very hands-on and supportive chairman," Reilly said of Paulson's work on behalf of environmentalists. "He was personally very generous and helpful in congressional relations the past year or so."

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On the Net:

Goldman Sachs: http://www.gs.com

The Nature Conservancy: http://www.nature.org

Paulson's Résumé With China Could Become An Asset For Bush (WSJ)

By Deborah Solomon And Andrew Browne

The Wall Street Journal, June 2, 2006

Few U.S. business leaders have courted China as assiduously as Henry M. Paulson Jr., President Bush's nominee for Treasury secretary, and those ties could prove crucial as the administration deals with China's emergence as an economic powerhouse.

Mr. Paulson says he has traveled to China more than 70 times in the past 15 years, rubbing shoulders with the country's political, financial and academic elite, both as chief executive of Goldman Sachs Group Inc. and as a director of the Nature Conservancy, an environmental group.

Mr. Paulson's ties could be pivotal as the U.S. tries to navigate its delicate relationship with China -- a country that puts a premium on loyalty among its foreign friends and where personal credibility counts for more than a corporate title.

"The biggest impediment to a healthy U.S.-China economic relationship has been misgivings about motives, a sense of insecurity about what the other side intends," says Daniel Rosen, principal at China Strategic Advisory and an adviser for international economic policy under President Clinton. Mr. Paulson, he says, "is going to make a big difference in U.S.-China economic relations."

As founding chairman of the advisory board of the School of Economics and Management at Tsinghua University, one of China's top colleges, Mr. Paulson, 60 years old, has established a personal rapport with former Chinese Premier Zhu Rongji, the first dean of the school. The two men sat together at the first two board meetings that Mr. Paulson attended and watched the 2004 U.S. presidential-election returns together on TV in Beijing.

Mr. Paulson's work with the Nature Conservancy brought him together with former Chinese President Jiang Zemin, who spent more than an hour talking about global finance and environmental issues with Mr. Paulson in 2001.

Mr. Paulson's efforts have paid off both for his business and his interest in conservation.

In 2004, Goldman Sachs became the first Wall Street firm to gain Chinese approval to set up a joint-venture investment bank. The bank also has won underwriting business on some of China's largest initial public offerings of stock in the past decade.

Goldman helped underwrite the 2000 IPO of PetroChina Co., in what was then the country's largest stock-market listing, and it was a co-manager of yesterday's Bank of China IPO. In 1998, Chinese leaders invited the Nature Conservancy to work on conservation efforts in Yunnan Province, a region the size of Taiwan that is a favorite project of Mr. Paulson's.

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The U.S. has a widening trade deficit with China, which has been a source of friction as the two countries become increasingly interdependent. China is one of the biggest holders of U.S. debt and produces low-cost goods on which the U.S. has come to rely. At the same time, China is transitioning to a market-oriented economy from a socialist one, has a poor human-rights record and maintains relations with nations hostile to the U.S., including Iran and North Korea.

If confirmed, Mr. Paulson would have to deal with China's currency and its value relative to the dollar. Critics complain China manipulates the yuan, keeping the value artificially weak so that it can produce goods more inexpensively and give Chinese companies an advantage in the world market. So far, the Bush administration has resisted efforts to brand China a manipulator, preferring to encourage the country to let its currency strengthen.

Some economists and analysts say Mr. Paulson's appreciation of the immense problems Beijing faces in holding together an economy so powerful yet so vulnerable might temper his approach to the currency issue. At the same time, Mr. Paulson has said publicly that China's leaders recognize the need for a "mutually beneficial" economic and trade relationship, saying in a 2004 television interview PBS's Charlie Rose in 2004 that its leaders are "smart enough to recognize if it's not mutually beneficial it's not going anywhere."

Chinese analysts say that while personal knowledge of China will be a plus, they aren't counting on Mr. Paulson to give Beijing an easy ride. "It is unwise to rely on some personal ties," says Mei Xinyu, a researcher with a think tank under the Ministry of Commerce. "If there is some friction between China and the U.S., I believe he will put the U.S. national interests as a priority," he says.

Mr. Mei says Mr. Paulson's experience in China "would help him to become a better coordinator between the two countries." But he worries that his engagement with China might end up as a liability. "Maybe we should not even bring up his China ties," says Mr. Mei. "If he feels too much pressure from Congress, he might have to adopt unfavorable measures just to show his position."

Bush's Lie (WP)

By Dan Froomkin

The Washington Post, June 2, 2006

It's not necessarily a huge deal in itself, but with credibility a paramount issue for the White House these days, it's worth noting that when asked about Treasury Secretary John Snow's future last week, President Bush could easily have ducked the question, or told the truth -- but instead, he chose to lie about it.

Lying is probably the one word mainstream journalists are the most averse to using when recounting what the president said -- even when they know he's not telling the truth. The act of lying requires not just the presentation of false information, but an intention to deceive. Reporters -- and, particularly editors -- are notoriously resistant to ascribe such volition without ironclad evidence.

But there's really no other way to describe what Bush said Thursday. Press secretary Tony Snow's widely-quoted explanation that Bush's statement was in some way "artfully worded" is just plain wrong.

It may not have been an important lie. And there are some mitigating factors: It was, after all, a personnel matter and there was some possibly legitimate concern about the financial markets. But it couldn't be more clear that Bush was being intentionally deceptive.

Here's the transcript of last Thursday's joint press conference with British Prime Minister Tony Blair. Bloomberg White House correspondent Richard Keil, who Bush calls "Stretch," asked the president the following question:

"Has Treasury Secretary Snow given you any indication that he intends to leave his job any time soon?"

Keil also tacked on a question about the economy. But Bush responded to his first question first: "No, he has not talked to me about resignation. I think he's doing a fine job."

At Tuesday's press briefing , spokesman Tony Snow (no relation) confirmed that Bush had offered John Snow's job to Goldman Sachs chairman Henry Paulson several days before the press conference, and the spokesman didn't deny that Bush and his treasury secretary had talked about it.

So was Bush being intentionally deceptive?

Tony Snow's response: "No, he said, 'He's not talked to me about resignation.' That does not mean that there were not other discussions. I mean, it was artfully worded. . . . [T]he one thing you do not want to do in a situation like this is to start speculating about changes before the changes are ready to be made. Those do have impacts on markets, and you have to be responsible and cautious in the way you deal with them."

Several White House correspondents dutifully reported Snow's explanation -- but neglected to note that it doesn't wash.

First of all, Bush's direct answer to the question of whether John Snow had given him any indication that he intended to leave his job was, "No." Hard to get around that.

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And what was supposedly so artful about Bush saying "he has not talked to me about resignation"? The spokesman acknowledged that Bush and Snow had some discussions, and that over some period of time Snow "had made it clear that he wanted to move on."

So is the White House claiming that Bush was on solid ground because, in the direct Bush-Snow discussions, the word "resignation" literally didn't come up? That they talked about Snow's desire to leave and his succession, but not his "resignation"?

In the best-case scenario -- and if you ignore the "No" at the beginning of Bush's statement -- Tony Snow's description of what the president said as "artful" rests on hair-splitting wordplay at least as preposterous as any Clintonian parsing. Worst-case scenario, the spokesman was just spinning like a top -- and the press corps, by and large, bought it.

A History of (Not) Lying

How hard is it for reporters to call what Bush says a lie? Consider Dana Milbank 's near-legendary front-page Washington Post story from October 2002, headlined: "For Bush, Facts Are Malleable."

Milbank wrote that some of Bush's statements "were dubious, if not wrong"; that Bush's "rhetoric has taken some flights of fancy"; that he was guilty of "distortions and exaggerations"; that he had "taken some liberties," "omitted qualifiers," and made assertions that "simply outpace the facts."

But you won't find the word lie in there anywhere. It just won't get by the editors.

Mitigating Factors

One potentially mitigating factor to Bush's lie is that pretty much everyone in the room knew he was lying.

That very morning, Edmund L. Andrews had reported in the New York Times: "John W. Snow has signaled his readiness to step down as Treasury secretary, possibly by the end of June, or as soon as the White House has a candidate to succeed him, say Republicans with ties to the administration."

So here's how Peter Baker and Paul Blustein chose to report on the Bush statement in The Washington Post: "Bush, when asked about the Treasury secretary at his news conference last night, indicated only that he had not spoken directly with Snow and quickly changed the subject to positive economic indicators."

Justified?

One could also argue that it was just an innocent lie, intended simply to temporarily cloak an ongoing personnel matter -- or a justified lie, intended to avoid market disruption.

But the fact remains that Bush and his aides inevitably anticipated a question about Snow would come up. So his response was not an accident.

In other words, here is proof that when Bush feels it is justified, for one reason or another, he is more than capable of lying in response to a direct question, rather than just ducking it.

The obvious follow up question for the White House: When else is lying justified? In times of war, for instance, the commander in chief actually has a responsibility not to divulge secrets that would aid the enemy. But how widely does Bush envision that responsibility? Does it extend to lying, rather than just being discreet? What assurance can Bush give that he's not lying about all sorts of other things?

This is not an incident in a vacuum.

Internet Reaction

Blogger Steve Benen writes: "In the grand scheme of things, examples of Bush's mendacity are so common and disturbing, lying about replacing his Treasury Secretary probably doesn't rank very high. It is, however, an interesting example of the White House spinning a fairly obvious falsehood."

The liberal Think Progress blog has a video clip of the exchange. You can see Bush rubbing his mouth as Keil asks his question. Is that a tell? It's also at 26:44 in the official White House video .

Philadelphia Inquirer reporter Dick Polman headlines his blog post on the subject: "Maybe it all depends on what the definitions of 'no' and 'leaving' and 'resignation' are."

John Dickerson writes in Slate that Bush "could have simply said yes," but instead "answered in a way that was not--to use a White House term--reality-based. . . .

"We allow presidents a measure of obfuscation because in public they must give nuanced answers in some sensitive areas like national security. On personnel matters like this one, the public's right to know is not done grave harm when a president is less than candid. . . .

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"In this case, though, the president jumped over the menu of bland dodges available to him and picked the least truthful statement short of 'Secretary Snow is staying.'"

Dickerson writes: "When a person hears a question, dissects it, and fashions an answer on the spot that deceives, it suggests a lot of practice and comfort with fibbing. This is a problem area for Bush: Fifty-six percent of the country does not find him trustworthy, according to recent polls .

But Dickerson, formerly a White House correspondent for Time, can't quite bring himself to call it a lie: "A hat is artful. A toupee is a lie. Bush's answer was toupee-like. Even if it was technically true that Bush had not talked to Snow about 'resignation,' the president knew his confected statement was deceptive. I'm reluctant to call it a lie, but the president abused our trust."

About That Hire

Richard Wolffe and Holly Bailey write for Newsweek that "there is one area where Bush has regained some momentum in his troubled second term: his hiring practices."

Mike Allen writes for Time: "Tuesday's announcement that Goldman Sachs chairman Henry Paulson, who holds the world's most prestigious investment banking job, had agreed to be nominated for Treasury Secretary was a thrilling coup for a White House that has had little cause for rejoicing lately. . . .

"Aides said Bush convinced his quarry that he would have a seat and voice at the table, and the President seemed to underscore that during his Rose Garden announcement by saying that Paulson 'will be my principal advisor on the broad range of domestic and international economic issues that affect the well-being of all Americans.'"

But Daniel Kadlec writes for Time that "there is no guarantee that Paulson can live up to his reputation as a get-it-done boss. 'We'll have to see if he signed a pre-nup,' says Ethan Harris, chief economist at Lehman Brothers. That's a pointed reference to the limited role that Snow was allowed to play in shaping economic policy under Bush, who has preferred to keep his own counsel and that of Vice President Cheney and top adviser Karl Rove. Snow was widely seen as a pitchman for policies that others wrote."

Iranian Turnaround

Michael A. Fletcher and Glenn Kessler write in The Washington Post: "The Bush administration offered for the first time yesterday to join European talks with Iran over its nuclear program, but only if the Iranian government suspends efforts to enrich uranium and reprocess spent nuclear fuel, which the administration calls part of a covert attempt to make bombs. . . .

"The Bush administration previously refused to engage in direct talks with Iran on its nuclear program, preferring to let three European Union nations -- Britain, France and Germany, known as the E.U.-3 -- conduct negotiations. But Germany lately has increasingly urged Washington to deal with Tehran directly, as have a growing roster of foreign policy experts and at least two U.S. senators."

In a news analysis for The Post, Kessler calls it "perhaps the biggest foreign policy shift" of the Bush presidency, coming from "an administration stocked with officials who have made little secret of their desire to overthrow the government in Tehran."

David E. Sanger writes in the New York Times: "During the past month, according to European officials and some current and former members of the Bush administration, it became obvious to Mr. Bush that he could not hope to hold together a fractious coalition of nations to enforce sanctions -- or consider military strikes on Iranian nuclear sites -- unless he first showed a willingness to engage Iran's leadership directly over its nuclear program and exhaust every nonmilitary option."

But wait. Here's what I suspect is the real story, deeper in Sanger's article: " '[Vice President Dick] Cheney was dead set against it,' said one former official who sat in many of those meetings. 'At its heart, this was an argument about whether you could isolate the Iranians enough to force some kind of regime change.' But three officials who were involved in the most recent iteration of that debate said Mr. Cheney and others stepped aside -- perhaps because they read Mr. Bush's body language, or perhaps because they believed Iran would scuttle the effort by insisting that the Nuclear Nonproliferation Treaty gives it the right to develop nuclear fuel. . . .

"In the end, said one former official who has kept close tabs on the debate, 'it came down to convincing Cheney and others that if we are going to confront Iran, we first have to check off the box' of trying talks."

You know what this reminds me of a bit? That Blair-Bush summit in the weeks before the invasion of Iraq. Bush came out of the meeting ostensibly seeking a second United Nations resolution. But in fact, as Don Van Natta Jr. wrote for the New York Times in March, Bush was so dead-set on war that he was secretly talking about "ways to provoke a confrontation, including a proposal to paint a United States surveillance plane in the colors of the United Nations in hopes of drawing fire, or assassinating Mr. Hussein."

Haditha Watch

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Thomas E. Ricks writes for The Washington Post: "The U.S. military investigation of how Marine commanders handled the reporting of events last November in the Iraqi town of Haditha, where troops allegedly killed 24 Iraqi civilians, will conclude that some officers gave false information to their superiors, who then failed to adequately scrutinize reports that should have caught their attention, an Army official said yesterday. . . .

"President Bush, in his first public comment on the Haditha incident, said yesterday that if an investigation finds evidence of wrongdoing, those involved will be punished. 'I am troubled by the initial news stories,' Bush said after a meeting with Rwandan President Paul Kagame."

The investigation "is likely to be explosive on Capitol Hill, because it focuses on questions that have haunted the Bush administration and the U.S. military since the scandal over abuse at Abu Ghraib prison emerged two years ago."

Here's the text of Bush's remarks.

Zinsmeistered

Zachary A. Goldfarb wrote in The Washington Post on Tuesday: "Karl Zinsmeister, President Bush's new domestic policy adviser, acknowledged he did something wrong when he took a newspaper profile of himself, altered quotes and text, and then posted it on a Web site without noting the changes."

For links, see the very end of my Friday column . One of the quotes Zinsmeister altered was his assertion that "People in Washington are morally repugnant, cheating, shifty human beings."

The Washington Post editorial board yesterday coined a new term for doctored: "Zinsmeistered."

"White House press secretary Tony Snow said Mr. Zinsmeister wanted 'to set the record straight' but did so in an 'unartful' way. Other terms -- perhaps even some of Mr. Zinsmeister's own adjectives -- come to our mind."

Taheri Watch

Paul Kiel writes for TPM Muckracker: "Two weeks ago, Amir Taheri published an op-ed in Canada's National Post about an Iranian law that forced Jews to wear a yellow stripe. The story, reminiscent of Nazi Germany, quickly provoked outrage, but was just as quickly revealed to be a total fabrication . It also ran in the New York Post .

"Apparently this is just the sort of reliable advice that President Bush needs. Yesterday, Taheri had a face-to-face with the President as one of a small group of 'experts' on Iraq that visited the White House.

"According to Press Secretary Tony Snow, the experts were invited to the White House for their 'honest opinions' on Iraq."

New Staff Secretary

Bush swears in White House Staff Secretary Brett Kavanaugh to the U.S. Court of Appeals this afternoon in the Rose Garden. Yesterday, he announced Kavanaugh's replacement: Raul F. Yanes, currently the general counsel for the White House budget office, formerly senior counselor to Attorney General Alberto Gonzales, and before that an associate counsel at the White House, also under Gonzales.

So not exactly new blood.

Yanes, in fact, was one of two White House lawyers coordinating the initial White House response to the investigation into the leak of CIA operative Valerie Plame's identity.

Marriage Amendment Watch

Fred Barnes writes in the Weekly Standard about how a Senate vote on the proposed amendment to the Constitution to restrict marriage to a man and woman is coming up next week.

"And President Bush, despite his wife Laura's admonition that the marriage issue ought to be kept out of politics, plans to host a pro-amendment event at the White House and speak out in favor of the amendment."

Barnes writes that Bush "will appear on June 5 in the Rose Garden before a gathering of amendment supporters and, a White House official says, 'strongly support' the amendment. The president has rarely mentioned the amendment in the past. The choice of the Rose Garden as a venue means he is raising the marriage amendment to a higher level on his agenda, his wife's advice notwithstanding."

Missing Man

Matthew Mosk writes in The Washington Post: "President Bush shuttled into Maryland last night to help the state Republican Party raise more than $1 million for a number of high-profile 2006 races, but only one of the state's two marquee Republican candidates joined him.

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"Gov. Robert L. Ehrlich Jr. stood on a riser shoulder to shoulder with the president, but the party's leading candidate for an open U.S. Senate seat in Maryland, Lt. Gov. Michael S. Steele, was absent. Steele had a scheduling conflict, campaign spokesman Doug Heye said."

Here's the text of Bush's remarks.

No New Contrition

My Friday column was largely about how the regrets Bush expressed in his press conference didn't really reflect any new contrition -- in spite of the continuing insistence by the press corps that it was some sort of watershed moment.

Several readers e-mailed me to call my attention to one thing I missed. Here's Richard Wolffe of Newsweek with Keith Olbermann on MSNBC later that night: "But of course, it is very rehearsed, everything from the mannerisms you saw, the upwards glance up at the ceiling for inspiration. And for me, the big giveaway was at the end of that answer--I don't know if you could see it on camera, but the president flashed a big grin to those of us sitting in the front rows. It didn't seem that he was quite as contrite as his performance."

And yes, you can actually see that grin at the 51:40 mark of the White House video .

Predictions Redux

David S. Broder writes in his Washington Post opinion column: "In its September 2004 issue , Washington Monthly magazine invited 16 smart political observers -- a mix of Republicans, Democrats and independents -- to write short essays predicting what would happen if George Bush won a second term.

"The answers, understandably enough, were all over the lot. But no one suggested that one-third of the way through his second term Bush would have suffered the political and policy reverses that he has actually experienced. . . .

"The one commentator who got it exactly right was Kevin Drum , who runs the magazine's blog. 'What do we have to look forward to if George W. Bush is elected to a second term?' he asked. 'One word: scandal.' "

Worst Ever?

David Lightman writes for the Hartford Courant: "A Quinnipiac Poll released today gives President Bush one more reason to be concerned about his approval numbers: Lots of voters not only think he's doing a lousy job, but they rate him as the worst president since World War II.

"And to add to the sting: They say Bill Clinton was one of the best."

Here are the complete results .

Secretary, Protect Yourself (NYT)

By Paul Krugman

The New York Times, June 2, 2006

To: Henry Paulson, Treasury secretary-designate

So you decided to take the job, after all. It's no surprise that they wanted you. As the joke that's making the rounds puts it, they're so desperate they're scraping the top of the barrel. But most of us are surprised that you accepted.

No doubt you received assurances that like Robert Rubin, but unlike your predecessors in this administration, you'll get to be a real Treasury secretary. And you probably believe that those assurances can be trusted, if only because the Bush people currently need you a lot more than you need them.

But Paul O'Neill, who received tremendous acclaim from the news media when he was appointed Treasury secretary, must have believed the same thing. The fact is that you'll be treated well as long as you are perceived as someone who adds credibility with people outside the administration, and not a moment longer. Yet I'm sure you're already under pressure to say things that will fatally undermine your credibility.

Before we get to the specifics, you need to disabuse yourself of any illusion that this administration rewards loyalty. Nobody was more loyal than Larry Lindsey, President Bush's first top economist. Yet when Mr. Lindsey blurted out an inconvenient truth — that the Iraq war was likely to cost a fair amount of money (although we now know that his estimate was only a small fraction of the true cost) — he was fired.

And not just fired; he was fired in as insulting a fashion as possible, including snide remarks about his personal appearance. (White House aides made a point of telling reporters that Mr. Bush complained about Mr. Lindsey's failure to exercise.)

So what are you being asked to do that will undermine your credibility? Right now, I'd guess, you're being pressed to support the administration's illusions about how the economy is doing.

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Americans are very unhappy with the state of the economy. According to Gallup, only 4 percent of the public considers the economy "excellent," and only 25 percent considers it "good." And there's good reason for this unhappiness. Although profits and C.E.O. compensation have soared, most workers are significantly worse off than they were a year ago.

The official line, however, is that it's a great economy, but that Americans for some reason aren't hearing the good news (just like they aren't hearing the good news from Iraq). Mr. Bush — who, by the way, isn't the affable guy you may have thought you met — doesn't seem as if he realizes that the economy isn't all that good; in his public appearances he seems peeved that he isn't getting credit for a great economy. And he expects you to explain to working Americans that the trouble they're having paying their bills is just a figment of their imagination.

Moreover, if past experience is any guide, you won't be pressured just to spin on the administration's behalf, you'll be pressured to lie.

Look at what happened to Edward Lazear, the chairman of the president's Council of Economic Advisers. Last month Mr. Lazear and another member of the council published an op-ed article in The Wall Street Journal containing this astonishing assertion: "The president's tax cuts have made the tax code more progressive, which also narrows the difference in take-home earnings."

Now, you can play games with the meaning of the word "progressive," but by any measure the Bush tax cuts have made differences in after-tax earnings wider, not narrower. And just like that, any credibility that Mr. Lazear, a well-regarded academic without a prior reputation as a political hack, may have brought to the job was gone.

What will they ask you to lie about? Maybe you'll be asked to declare that we're on track toward a balanced budget. Or maybe you'll be asked to lie about environmental policy. Some of the administration's right-wing supporters opposed your selection because you are known as a supporter of action against global warming, so the political types might want you to throw them a bone by endorsing the administration's failure to do anything about the threat.

Right now, you're being flattered. You have a natural urge to be a team player. But if you play the game your new bosses want you to play, your credibility with the public will evaporate in no time at all. And when you're no longer useful to your new friends, you'll be tossed aside.

President Celebrates Judge's Swearing-in (AP)

By Deb Riechmann

The Associated Press, June 1, 2006

President Bush hosted a Rose Garden swearing-in ceremony Thursday for long-stalled judicial nominee Brett Kavanaugh, a White House lawyer who once worked for independent counsel Kenneth Starr's investigations of President Clinton.

Kavanaugh won Senate confirmation to the U.S. Court of Appeals for the District of Columbia Circuit late last month on a 57-36 vote after a three-year wait. It was a victory for Bush's drive to place a more conservative stamp on the nation's courts.

Presidents usually are not present when new judges take their oaths. But Kavanaugh, whose nomination was opposed by Democrats, has worked at the White House for the past five years — in the White House counsel's office and as staff secretary.

"I call upon the United States Senate to meet its responsibility to give every nominee a fair hearing and a timely up or down vote," Bush told the 120 guests, including Vice President Dick Cheney, Attorney General Alberto Gonzales and former Attorney General John Ashcroft.

Bush highlighted Kavanaugh's background, saying he had clerked for judges Walter Stapleton and Alex Kozinski on the appeals court and for Justice Anthony Kennedy at the Supreme Court, who gave him the oath.

"Thirty-one years ago today, a young Anthony Kennedy took the oath to be a court of appeals judge," Kavanaugh said. "Since then he has taught all of his law clerks that the Constitution of the United States is a compact between generations that must be preserved and revered and cherished and passed on. I feel that lesson very powerfully today."

In addition to clerking for judges, Kavanaugh was a partner in a national law firm, worked in the solicitor general's office and was an associate independent counsel under Starr. Kavanaugh worked on both the long-running Whitewater case and the 1998 Clinton impeachment case.

Sen. Edward Kennedy (news, bio, voting record), D-Mass., a member of the Senate Judiciary Committee, has called Kavanaugh a political operative who is the least experienced and most partisan appointee to the court in decades.

Democrats also highlighted the American Bar Association's recent downgrading of its rating of Kavanaugh from "highly qualified" to "qualified." Bush countered, saying that in three separate evaluations, all 42 ABA reviewers rated Kavanaugh as "well-qualified" or "qualified" to serve on the federal bench.

Senator Reid Admits Erring On Ethics Rule (NYT/AP)

By The Associated Press

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The New York Times, June 2, 2006

WASHINGTON, June 1 — Senator Harry Reid's office acknowledged Wednesday night that he had misstated the ethics rules governing his acceptance of free boxing tickets and had decided to avoid taking such gifts in the future.

Mr. Reid, a Nevada Democrat, is the Senate minority leader. His office said that Mr. Reid still believed it was "entirely permissible" for him to accept ringside seats for three professional boxing matches in 2004 and 2005 from the Nevada Athletic Commission but that he had decided to avoid doing so again.

The Associated Press reported Monday that Mr. Reid had accepted the free seats from the Nevada commission as it was trying to convince him that there was no need for a federal boxing commission. Mr. Reid voted to set up a federal commission, but the measure was never enacted.

Senator John McCain, Republican of Arizona, joined Mr. Reid for one of the fights and decided to reimburse $1,400 for his seat.

Senate ethics rules warn against taking gifts if the giver may be trying to influence official action.

Mr. Reid's spokesman, Jim Manley, said Wednesday night that Mr. Reid "misspoke when he said the rule applies only to senators who represent the state agency."

Several ethics experts criticized Mr. Reid's rationale that he felt obligated to take the tickets to ensure that boxing was being properly conducted in his home state.

"He is no more obligated to go to boxing matches than he is to a Celine Dion concert in Vegas," said Melanie Sloan, a former Justice Department prosecutor and head of Citizens for Responsibility and Ethics in Washington.

Hastert Is Longest-serving GOP Speaker (AP-Y2)

By Jim Abrams

AP2, June 1, 2006

Rep. Dennis Hastert, who vaulted out of political obscurity when Newt Gingrich resigned as speaker of the House more than seven years ago, on Thursday became the longest-serving Republican speaker in history.

Hastert, 64, surpasses fellow Illinoisan Joseph "Uncle Joe" Cannon, a pugnacious politician who ruled the House from November 1903 until the Democrats regained the majority in March, 1911.

"The House has achieved unprecedented success under his leadership," said Senate Majority Leader Bill Frist, R-Tenn., noting GOP successes in Medicare, education and tax cut legislation. "It's no wonder Denny has become the longest-serving Republican speaker in history."

A former high school history teacher and wrestling coach, Hastert was elected to Congress from a heavily Republican district west of Chicago in 1986. A low-key conservative with ties to former GOP leader Bob Michel, also from Illinois, Hastert was appointed chief deputy whip in 1995 after the Republicans, under new House Speaker Gingrich, gained the majority in the House for the first time in four decades.

Gingrich abruptly resigned as speaker in 1998 after Republicans fared poorly in the midterm elections. The heir apparent, Rep. Bob Livingston, R-La., shortly thereafter admitted to an extramarital affair and resigned his seat.

The Republican rank-and-file, looking for a change from the high-profile Gingrich, bypassed better-known but more controversial people, including then-Majority Leader Dick Armey, R-Texas, and Whip Tom DeLay, R-Texas. They chose Hastert as their next leader, in January 1999.

The longest-serving speaker is Democrat Sam Rayburn of Texas, who served more than 17 years, with two breaks when Republicans were in power, from 1940 through the early 1960s. Like Cannon, Rayburn has a House office building named after him. The longest-serving speaker without a break was Thomas "Tip" O'Neill, D-Mass., House leader from 1977 through 1987.

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On the Net:

Speaker of the House: http://speaker.house.gov/

Medicare Posts 30 Procedures' Prices (USAT)

By Julie Appleby

USA Today, June 2, 2006

How much Medicare pays for hip replacements, cardiac surgery and 28 other procedures in each of the nation's counties went online Thursday, in the government's first effort to post hospital price information for consumers.

The move comes as employers and others who pay the nation's $1.9 trillion health care tab encourage patients to be more like savvy shoppers when it comes to medical care, currently a difficult prospect because so little comparative information on cost and quality is available.

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That the federal government, the nation's largest purchaser of health care, is posting such information on its Centers for Medicare and Medicaid Services website is important, employer groups say.

"The days of medical costs and the difference in health care quality being invisible to consumers are over," says Peter Lee of the San Francisco-based Pacific Business Group on Health, although he says it may still take time to get truly useful consumer information.

Officials at Medicare, which serves about 43 million elderly and disabled people, say releasing the data is a first step in what they hope will be a broad effort by both the government and the private sector to publish price and quality information. The cost data join some hospital quality data on Medicare's website. In the private sector, a few insurers have made limited cost and quality information available to their members.

"Our ultimate vision is that patients will be able to compare hospitals and physicians on cost, quality and consumer satisfaction," said Health and Human Services Secretary Michael Leavitt.

Even so, the cost data posted by Medicare won't be useful to most consumers, because:

·The data show the range of what Medicare pays for procedures in each county, not what those with private insurance or the uninsured might pay.

·They do not show hospital-specific price data.

·They do not show what an individual Medicare member pays, although savvy beneficiaries could estimate based on the program's typical co-payments and deductibles.

The newly released data, however, do give consumers hospital-specific information on how many of each of the 30 procedures or treatments each hospital did in 2005. That's important because studies have shown that, in general, the more experience a facility has with a procedure, the better the outcome for the patient.

Data expected to be released later this year will include countywide cost ranges for various procedures paid for by Medicare in outpatient surgery clinics and doctors' offices.

Even though the information is Medicare-specific, Leavitt said it may prove useful for the uninsured, who could use it as a baseline for negotiating with hospitals on the cost of their care.

Tee Times And Ringside Seats: Congress Likes Its Freebies (USAT)

USA Today, June 2, 2006

At a trial unfolding this week, jurors have been treated to some enlightening testimony about the way Washington works. A former aide to Rep. Bob Ney, R-Ohio, recounted how he, Ney, lobbyist Jack Abramoff and others went on a golfing trip to Scotland in 2002 aboard a Gulfstream jet arranged by Abramoff.

The trip, documented in photos of the group in front of a jet and on the famed St. Andrews golf course, is now a major liability for the congressman from Ohio, who's under investigation and faces a tough re-election bid. It also provides a window on the sorry state of congressional ethics.

If the golf junket was legal at all, it would have been because it employed two commonly used ruses for skirting ethics rules: the special interest-funded vacation dressed up as a fact-finding mission, and the use of a private jet at a fraction of its true cost.

Here's how Ney's aide, Neil Volz, described the system when he worked on Capitol Hill: "I was given tickets to sporting events, concerts, free food, free meals. In return I gave special treatment to my lobbying buddies."

The testimony and the photos do not make for a pretty picture.

So what is the response from Congress? Well, not much. In separate "lobbying reform" bills crawling through the legislative process, the House of Representatives and Senate leave many of the loopholes allowing members and their staff to accept gifts from lobbyists well above the stated $50 limit. These include sham trips, bargain rates on jets, and premium seats for major sporting events and concerts.

Neither bill would create an office capable of enforcing the few ethics restrictions that do exist.

Perhaps the most comical element of the legislation is the single limit the House version would place on members flying on private jets. The lobbyist whose employer provided the jet would not be allowed to be on board. That would allow the House member to enjoy his indulgence in peace. But don't think for a moment that the lobbyist would have any trouble getting face time.

The legislation has one objective: to make it appear as if a scandal-racked Congress is doing something in an election year. But the fact is that many members of Congress feel cruelly cheated by the $165,200 annual salary they have voted for themselves and harbor a sense of entitlement to supplement their incomes with freebies.

How else to explain behavior like that of Senate Minority Leader Harry Reid, D-Nev., After it was revealed that he had accepted ringside boxing tickets from the Nevada Athletic Commission over a two-year period in which the commission was

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trying to influence pending legislation, Reid first said he saw no problem. Then, on Wednesday, he said he did nothing wrong but wouldn't do it again.

In fact, there is a problem in his behavior, and in that of many of his colleagues. Perhaps the biggest, however, is that so few seem to see that there is a problem.

OTHER NEWS:

Economy Appears To Be Decelerating (USAT)

By Sue Kirchhoff

USA Today, June 2, 2006

WASHINGTON — The economy is cooling from the torrid pace of earlier this year, with home construction, housing price gains and manufacturing activity starting to slow, according to government and private data released Thursday.

Factories are paying more for materials. Labor costs are rising more slowly than previously estimated — bad news for workers who have seen wages lag but a signal that inflation pressures aren't mounting.

Economists said the reports add credence to the Federal Reserve's prediction that the economy will slow in the second half of the year but added it's not yet clear where inflation is headed.

"It creates a real dilemma for the Fed, because it can see growth slowing, and it can believe at some point in the future slowing growth is going to bring inflation down again, but how long can it wait?" said Nigel Gault of Global Insight.

"The markets have gotten much more nervous … the way ahead is much less clear," Gault said.

The Fed is debating whether to keep raising rates to combat inflation or take a breather to assess the impact of 16 rate increases since mid-2004. The Fed has raised its target for short-term rates to 5% from a historic low of 1%.

Core inflation, which excludes food and energy, is slightly above the Fed's 1%-2% comfort zone.

In a sign of the slowdown, construction spending dipped 0.1% in April, as residential construction dropped by 1.1%, the largest decline in more than two years, the Commerce Department said. Commercial real estate is booming as housing slows.

So far, the housing slowdown is moderate. The Office of Federal Housing Enterprise Oversight says average home prices rose 12.5% from the first quarter of 2005 to the same period in 2006.

Price appreciation in the first three months of 2006 was 2%, or an annualized rate of about 8.1%. While that's still robust, it shows the heady price gains of the past several years could be tapering off as interest rates rise.

"Housing prices (are) still growing stronger than some might have expected," said OFHEO acting Director James Lockhart. "Price growth is moderating in some parts of the country, particularly in areas where prices have been rising the most."

In a separate report, the Labor Department said productivity, or output per worker, rose at a healthy annual rate of 3.7% January through March. Salaries and benefits inched up 1.6%, after falling 0.6% in the fourth quarter of 2005. Wage gains had been estimated at a 2.5% clip.

The private Institute of Supply Management said manufacturing activity expanded less quickly in May than in April, while prices paid surged to the highest level since Hurricane Katrina hit last year.

Data Indicate Economy Is Cooling (WSJ)

By Christopher Conkey

The Wall Street Journal, June 2, 2006

Readings on home prices and manufacturing activity offered fresh evidence that the economy is cooling after a blazing start to the year.

Home prices rose 2.0% in the first quarter, the slowest such pace in two years, according to the Office of Federal Housing Enterprise Oversight. As with other data suggesting a moderate slowdown in the housing market, the Ofheo report shows that the rate of appreciation has gradually declined since peaking last year. Still, the rate of growth in house-price appreciation has retreated only from extraordinary highs, and in the first quarter prices were 12.5% more than a year ago.

A second report showed that the manufacturing sector experienced slower growth. The Institute for Supply Management, a purchasing managers' trade group, said its index of manufacturing activity fell to 54.4 in May from 57.3 in April.

Lower readings on new orders, production and employment contributed to the decline, which left the index at its lowest point in nearly a year.

Together, the figures point to an economy shifting into a slower period of expansion after a robust first quarter.

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"The rate of growth is slowing a little bit but we have to realize that we're coming from a first quarter when growth was very strong," said Norbert Ore, who oversees the ISM index and also serves as Georgia-Pacific Corp.'s procurement director. "At the end of the day, business spending is staying quite strong and the consumer is the wild card."

Because consumer purchases drive most economic growth, one of the major concerns among economists has been that the softening housing market and high gas prices will cause consumers to curtail their spending. Yesterday's Ofheo report alleviated some concerns on the housing side.

"These data show average housing prices still growing stronger than some might have expected," said James Lockhart, the office's acting director. If prices keep rising, consumers can continue tapping the equity built up in their houses to fuel other forms of spending.

Ofheo is considered the best authority on house prices because it best tracks the changing value of individual homes over time. Its index incorporates data from refinancings as well as purchase transactions. When refinancing data are removed, the index showed purchase prices up 10% in the first quarter compared with a year earlier.

Other measures have shown even less appreciation, and economists at UBS Securities LLC noted that the Ofheo index doesn't include condo and co-op prices, which have experienced some of the sharpest pullbacks.

Regardless of the measure used, however, a consistent theme of gradual cooling in the housing market emerges. "Increasing sales inventories are apparently giving buyers greater bargaining power, while increasing interest rates are dampening demand," said Patrick Lawler, chief economist at Ofheo.

In other signs of the housing slowdown, the Commerce Department said construction spending dropped 0.1% in April as residential home building fell 1.1%. Separately, the National Association of Realtors said its pending-home-sales index, a measure of future activity in the sector, was at 111.8 in April, down 3.7% from March and 11.7% from a year ago.

The ISM reading of 54.4 in May still points to growth for manufacturers, but several components provided reasons for concern. The new-orders index, a barometer of future production, fell to its lowest point in a year.

The employment index fell to 52.9 in May from 55.8 in April, raising more concerns about future growth. The index for prices, an indicator of potential inflationary pressures, jumped to 77.0 last month, its highest mark since the aftermath of Hurricane Katrina late last summer.

Other data released yesterday offered a more comforting signal on inflation. The Labor Department revised upward to 3.7% its measure of nonfarm business productivity in the first quarter, as output jumped 6.5% and hours worked rose 2.7%. Unit labor costs rose 1.6% during the first quarter.

1st-Quarter Home Prices Rise, But At Slower Pace (WP)

By Sandra Fleishman

The Washington Post, June 2, 2006

U.S. home prices continued to rise in the first quarter of the year, but in another sign of a cooling market the pace slowed from the last quarter of 2005, according to a report released yesterday.

Home prices nationally were 12.5 percent higher in the first quarter than a year earlier, according to the survey released by the Office of Federal Housing Enterprise Oversight. In 2005, the average home price jumped about 13.3 percent.

The typical home's value, though, rose only 2 percent in the first three months of 2006, an annual rate of 8.1 percent. That is about a percentage point below the rate from the fourth quarter of 2005 and the lowest quarterly rate of increase since the first quarter of 2004.

Also, for the first time since late 2002, average home prices fell for the quarter in two states, Iowa and South Dakota.

"These data show average housing prices still growing stronger than some might have expected," said James B. Lockhart III, acting director of OFHEO, which regulates mortgage giants Fannie Mae and Freddie Mac. "They do indicate, however, that price growth is moderating in some parts of the country, particularly in areas where prices have been rising the most."

In the Washington area, price growth slowed but still far exceeded the national rate. The District, which is counted as a state in the report, came in fifth in the nation, with 20.8 percent growth for the 12 months and 1.5 percent for the quarter. That compares with about 23.4 percent growth in 2005.

In the market that includes the District, Northern Virginia, and Prince George's, Charles and Calvert counties in Maryland, and Jefferson County in West Virginia, the average home price increased 21.8 percent for the 12 months and 2.4 percent for the quarter. In the Montgomery County-Frederick County market defined by the Census Bureau, it was up 18.4 percent for the 12 months and 2.5 percent for the quarter.

For the fourth quarter of 2005, prices in those two markets had increased at annual rates of 24 percent and 20 percent respectively.

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Economists said the data were consistent with previous reports of slowing sales of new and existing homes and rising inventories. Many blame rising mortgage rates and a five-year run-up in prices for hurting affordability and sales.

"We've seen substantial home price appreciation in the last five years, particularly on both coasts, that has begun to pinch affordability, especially for first-time home buyers," said Frank E. Nothaft, chief economist for Freddie Mac. As mortgage rates have moved up for the past six months, housing starts, single-family home sales and prices have moderated, he said. "It's clear that it peaked somewhere during the fall of 2005."

Freddie Mac reported yesterday that rates on 30-year, fixed-rate mortgages averaged 6.67 percent, up from 6.62 percent last week. Rates have not been that high since June 2002.

The OFHEO survey is considered the best gauge of prices because it compares prices of the same houses sold or refinanced over time.

Part of the reason prices have held up is that even though homes are taking longer to move, sellers are holding out for their asking prices, said Patrick Lawler, OFHEO chief economist, and "largely they are getting them."

Prices continued to rise the most in vacation areas, such as Arizona, Florida and the Pacific Northwest, although the growth is also slowing there, Lawler said.

The slowing in prices doesn't surprise Donna Evers, head of Evers & Co. Real Estate Inc. in Northwest Washington. She said "prices have more or less leveled off" as the inventory of homes for sale has grown.

Inventory, Evers said, has reached numbers not seen since 1999. But she said sellers should not worry: "1999 was a boom year."

Why Those Pay Hikes Are Not Going Very Far (CSM)

By Mark Trumbull

The Christian Science Monitor, June 2, 2006

BAINBRIDGE TOWNSHIP, OHIO - As a restaurant manager at Zeppe's Pizzeria, Kym Costello says she's earning good money selling pizzas, subs, and some of the best French fries on the east side of Cleveland.

As a college student who drives 35 miles to class each day, she's also spending a lot - and she reckons her income is not keeping pace with the rising costs of living.

It's a common quandary in today's economy.

On average, American paychecks are rising, as employers offer higher salaries to attract and retain staff. At the same time, inflation has been heating up, burning a bigger hole in consumers' pockets.

The result is a dynamic that's challenging for workers and potentially risky for the economy.

Some analysts say now is the time for workers to enjoy an overdue improvement in their living standards. But others fear a wage-price spiral, in which pay raises ripple into the costs of goods and services, making no one better off.

"Wages are accelerating. I think that's a good thing," says Ken Mayland, president of ClearView Economics in Pepper Pike, Ohio. "But what the [Federal Reserve] will worry about is that these wage increases will just get caught up in more price increases."

That hasn't happened yet. But once a spiral starts, it can be hard to stop, experts say. Concern has risen in recent weeks. Two gauges of inflation have edged up beyond the Federal Reserve's comfort zone - with higher than 2 percent annual growth in "core" prices, which exclude food and energy.

Meanwhile, wages seem to be picking up, although a report Thursday suggested some softening of the trend. The Department of Labor said hourly compensation - which includes benefits as well as wages - rose at a 5.3 percent pace in the first three months of the year, but fell at a 0.9 percent annual pace in the final quarter of 2005.

The Labor Department's April jobs report, released a month ago, showed the sharpest rise in average hourly earnings during the current economic expansion: a 3.8 percent jump from the same month a year earlier.

Fed policymakers will be watching the May jobs report, due out Friday, for further signals on whether they need to boost short-term interest rates for the 17th time when they meet June 28 and 29. A weaker-than-expected number on job creation, for example, could temper worries that a tight labor market is fueling inflation.

"The Fed has a lot of credibility as an inflation fighter now," says Dr. Mayland. "But if it does anything to reduce that credibility, then the economy would pay the price of that for a long time."

Long-term interest rates, for example, could rise as investors demand a premium to cover expectations of higher future inflation.

Still, it isn't necessarily inflationary when wages rise faster than prices. Rising "real" (inflation-adjusted) wages are the norm in a healthy economy.

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Employers typically cover the cost of pay raises by improving productivity. A reduction in corporate profits, now at record levels, is another way to pay for wage hikes. It's when pay raises lead to price hikes, and then to expectations of further gains in wages and prices, that a spiral gets going. Some current straws in the wind suggest that the risk is real enough:

· An April survey of small businesses found that more are raising prices - and about the same number say they are hiking wages.

· Companies are working harder to fill positions. With the unemployment rate down to 4.7 percent nationwide, a survey of 100 human-resource executives in April found that one-fourth of them reported a "severe" shortage of workers, according to Challenger, Gray & Christmas, an outplacement firm based in Chicago.

· Expectations of inflation have risen, according to consumer surveys and signals embedded in bond prices on Wall Street. This is important because such expectation can, by itself, help fuel inflation.

Still, not all signs point toward higher inflation.

By some measures, the labor market does not appear to be overly tight. The number of new jobs added each month hasn't been far in excess of the number of new workers entering the labor force, for example. A nationwide index of help-wanted ads has fallen in all nine regions tracked by the Conference Board in New York.

Meanwhile, consumers remain very sensitive to prices, as interest-rate hikes and flatter home prices dampen their spending power.

"Everything is in the hand of the consumer," says Rajeev Dhawan, director of the economic forecasting center at Georgia State University's J. Mack Robinson College of Business in Atlanta.

Consumer spending is much needed here in Ohio, where the pace of job creation is among the slowest in the nation. Ohio has just 0.5 percent more jobs now than it did a year ago, compared with job growth of 1.5 percent nationwide.

But at Zeppe's Pizzeria, with a "drivers wanted" sign in the window, business is brisk enough to support some raises.

"My pay here has gone up a lot since I started," says Ms. Costello, who is majoring in chemistry at Lake Erie College in Painesville, Ohio.

If the economy runs smoothly and the Fed does its job just right, she and other workers stand to benefit from more raises as the job market strengthens. Living standards should rise.

That would be a welcome reward for workers. Average hourly earnings, at $16.68 last month, are below the peak they reached in 2003, after adjusting for inflation. "It's been remarkable how little the wages have moved" as the current expansion has gained traction, says John Challenger, president of Challenger, Gray & Christmas.

Statistics for compensation, which is a broader measure of pay, appear to be brighter because benefits are included. But today's workers are reaping smaller rewards from rising productivity than they did in the past. In the 1960s and 1970s, hourly compensation grew 1.9 percent a year, adjusted for inflation.

From 1985-2004, real hourly compensation grew just 1.3 percent a year, even though per-hour output was rising at a similar pace of more than 2 percent.

One reason for the gap, economists say, is globalization, which has put downward pressure on American wages. Several billion workers are now part of a global labor market.

As labor has lost clout, investors have gained. More of the gains from productivity go to shareholders, in the form of higher profits, rather than to workers.

Now an important question is how much worker clout will bounce back.

Salaries at small businesses have risen for eight consecutive months, according to SurePayroll, a Chicago-area firm that processes paychecks nationwide. The April rise alone showed a salary gain of 0.93 percent over March.

Worker output has been improving, up to a 3.7 percent annual pace, according to the first-quarter number released by the Labor Department Thursday. That could bode well for noninflationary wage growth, as long as there's no recession. "I'm optimistic," Mayland says.

Stocks Surge As Inflation Fears Ease On Factory Data, Falling Oil Prices (WSJ)

By E.S. Browning

The Wall Street Journal, June 2, 2006

As June replaced May, hope replaced fear, and stocks moved strongly higher.

A fresh batch of economic reports spurred hopes that inflationary pressure might be easing, and the Dow Jones Industrial Average, which has been under pressure for almost a month, rose 91.97 points, or 0.82%, to 11260.28. It is up 5.1% this year.

Investors shifted money to stocks they had fled. The Nasdaq Composite Index, whose beleaguered technology stocks had pushed it into the red for 2006, surged 1.88%, or 40.98 points, to 2219.86. It is up for the year again, by 0.7%.

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Chain stores reported strong May sales, belying an earlier lukewarm report from Wal-Mart. The reports softened fears that high gasoline costs were stifling consumer spending.

A wide variety of commodity prices fell, including oil and gold, easing inflation fears. Crude-oil futures fell 95 cents to $70.34 a barrel, while gold fell $14.90 to $627.60 a troy ounce.

A report on May manufacturing activity was lighter than expected, easing fears that a hot economy would force the Federal Reserve to push short-term interest rates higher at its meeting June 28 and 29. New jobless claims for last week came in stronger than expected, also helping calm inflation fears.

"The inflation scare has settled down a little bit," said Tim Smalls, head of U.S. stock trading at Greenwich, Conn., brokerage firm Execution LLC. "As long as there are no negative surprises on some of the economic numbers, I think the market is still in decent shape."

The reduced inflation fears pushed bond prices higher, sending yields lower. Falling yields help hold down a variety of market interest rates, which also was good news for stocks.

Investors now will be examining this morning's much-awaited May hiring report, looking for signs of inflationary pressure in this indicator, which is said to be much-watched by the Fed.

The Standard & Poor's 500-stock index, whose 3.1% May decline was its worst monthly drop in two years, rose 1.23%, or 15.62 points, to 1285.71, up 3% for 2006.

Outside the U.S., stocks advanced in dollar terms. The Dow Jones World Stock Index, excluding U.S. stocks, rose 0.20%, or 0.43 point, to 214.74.

In major U.S. market action:

Stocks advanced. Total trading volume for stocks listed on the New York Stock Exchange was 2.42 billion shares, as 2,566 stocks rose and 720 fell.

Bond prices gained. The 10-year Treasury note rose 6/32, or $1.88 for each $1,000 invested, pushing the yield down to 5.108%. The 30-year bond was up 12/32 to yield 5.201%.

The dollar strengthened. Late in New York, it traded at 112.70 yen, up from 112.54, while the euro fell against the dollar to $1.2799 from $1.2816.

Economic Reports Push Stocks Higher (USAT)

By Adam Shell

USA Today, June 2, 2006

NEW YORK — After a dismal May, stocks rose sharply in the first day of June trading.

The spark: a batch of economic reports that flashed benign inflation readings, which data-watching investors interpreted as a sign the Federal Reserve will have some more wiggle room in deciding whether to raise its target for short-term interest rates when it meets in late June. A strong retail sales report for May, bucking the cautious comments from Wal-Mart earlier in the week, also gave stocks a boost Thursday.

The Dow Jones industrials climbed 91.97 points, or 0.8%, to 11,260.28. Broader stock indicators surged. The Standard & Poor's 500 index gained 15.62 points, or 1.2%, to 1285.71; the Nasdaq composite surged 40.98 points, or 1.9%, to 2219.86, returning to positive territory for 2006.

“People are finally starting to realize that there is some value in the market (after the May swoon),” says Chris Orndorff, head of equities at Payden & Rygel.

Ever since the Fed noted in the minutes of its last meeting that it would make its decision on rates based on incoming economic data, investors have closely monitored economic reports for any hints as to what the Fed might do.

Signs of a slowing economy in the form of an increase in the number of first-time jobless claims last week and a dip in a closely watched manufacturing index was viewed positively, as it indicates the Fed's 16 rate increases since June 2004 are causing the economy to moderate. An upward revision in first-quarter productivity was also viewed as non-inflationary.

“The market is re-examining its decision to sell off last week,” says Timothy Vick, senior portfolio manager at Sanibel Captiva Trust.

Textron climbed $3.24 to $94.17 after the maker of products ranging from Bell helicopters to E-Z-GO golf carts said it would sell its fastening systems operation for $630 million in cash to a private equity firm as part of a plan to exit slow-growing businesses.

·Movado jumped $4.42, or 24%, to $23.11. The luxury watchmaker said its first-quarter earnings more than doubled on solid sales growth.

·Chicago Bridge & Iron added $1.78 to $24.26. Although the construction and engineering firm posted a lower quarterly profit, its sales came in sharply ahead of targets.

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Economy Holds Good News — For The Rich (USAT)

By Julianne Malveaux

USA Today, June 2, 2006

The American economy grew by 5.3% in the first quarter of 2006, and the unemployment rate, at 4.7% in April, is the lowest it has been in years, prompting Secretary of Commerce Carlos Gutierrez to say that this year, "the American economy hit the ground running."

But if the news is so good, why is the stock market skittish, and why did consumer confidence dip 6% last month? Why isn't the economic good news trickling down? The White House may be concerned that the news isn't trickling up, either.

Goldman Sachs' chairman, Henry Paulson, has been nominated to replace Treasury Secretary John Snow, some say because Snow couldn't sell the Bush administration's economic policies on Wall Street.

As well respected as Paulson is, can the deficit hawk flip-flop enough to sell our growing deficit to Wall Street? Perhaps he'll spin it by saying the deficit will mandate spending cuts, but that's not good news to those folks who still need a safety net and government help with education, housing, retirement and health care.

The average American has not experienced much good economic news lately. The wealth gap is growing. Median family income has been dropping. Meanwhile, gasoline prices are up 36% from a year ago. With interest rates rising, those with adjustable rate mortgages face higher payments, and residential rents also are nudging up. Incomes are not keeping pace with inflation, and the job market is weak.

New York Times writer Louis Uchitelle describes workers as "disposable Americans," and daily headlines about layoffs — recently reports surfaced that Walt Disney Studios will lay off up to 10% of its workers — reinforce the sense of job insecurity.

There don't seem to be many breaks out there for those at the bottom.

The $5.15 hourly minimum wage has not been raised in a decade. The most recent tax cut legislation that extends breaks on capital gains and dividends will provide the bottom 40% of taxpayers with less than $20 in tax cuts over a three-year period. In contrast, more than two-thirds of the benefits of the tax cut will go to the top 5% of our nation's earners.

Snow is passing the Treasury secretary baton to Paulson because he couldn't "snow" America with economic happy talk. Paulson might be able to make a more convincing case to Wall Street, but who will make the case for a shared economic growth that trickles down far enough to benefit working people and the poor?

Julianne Malveaux is an economist and syndicated columnist.

Freakoutonomics (NYT)

By Charles R. Morris

The New York Times, June 2, 2006

LAST month saw one of the sharpest drops in consumer confidence since the recessions of 1979-1982. But those were truly dreadful times. Oil prices tripled, rates on home mortgages shot into the mid-teens, the stock market was a disaster area and unemployment rates reached double digits.

Over the past three years, by contrast, American economic performance has been almost glittering. Inflation is still low, while employment and productivity have all been rising strongly. True, stock markets are clearly nervous, and the sharp upsurge in gas prices is adding to consumer skittishness. But the reaction still seems inconsistent with the economy's underlying strengths.

There are parallels with another historical period, however, that suggest the deeper currents of uneasiness.

Pan the camera back to Pittsburgh, July 1877. The Pennsylvania Railroad yard, stretching along the city's riverfront, is a raging inferno, set afire by angry mobs of railroad workers. A contingent of state militiamen, trapped in a burning railroad roundhouse, fight their way through the flames with a Gatling gun.

Over the next few weeks riots rage throughout the country. In Chicago, newspaper headlines declare that "howling mobs" control the city. In New York, The Sun demands a "diet of lead" for rioters. Unrest in San Francisco explodes into a vicious anti-Chinese pogrom. The same period marks the glory years of the rural Granger movement and the Roman-candle growth of the Knights of Labor. American Populism puts down permanent roots.

Historians long attributed the turmoil to a "great depression of the 1870's." But recent detailed reconstructions of 19th-century data by economic historians show that there was no 1870's depression: aside from a short recession in 1873, in fact, the decade saw possibly the fastest sustained growth in American history.

Employment grew strongly, faster than the rate of immigration; consumption of food and other goods rose across the board. On a per capita basis, almost all output measures were up spectacularly. By the end of the decade, people were better

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housed, better clothed and lived on bigger farms. Department stores were popping up even in medium-sized cities. America was transforming into the world's first mass consumer society.

But why did people feel so miserable? Partly they were confused by prices, which were dropping sharply. Farmers thought falling grain prices meant they were getting poorer, without noticing that the price of everything else was falling too. Farmers' terms of trade — the price differences between what they sold and what they bought — actually racked up solid gains in the 1870's.

But ordinary people still had good reason to be terrified, just as ordinary people do today. Midwestern 1870's factory farms — thousand-acre spreads with 70-horse plowing teams — quickly dominated world markets but also wiped out the much smaller grain farmers of New York. Globalized grain markets were more volatile: good weather on the Russian steppes could ruin an American grower's year. Farmers found themselves caught in the coils of grain futures markets.

After the Civil War, artisanal local manufacturers usually enjoyed comfortable mini-monopolies. But with the rapid spread of the railroads and the telegraph, new department stores and mail-order catalogs pressured local producers and middlemen with mass-produced goods, a precursor to the Wal-Mart era. In the mid-1880's, the Bloomingdale's catalog promised that orders would arrive within two weeks in virtually the whole of the United States, including large swathes of territory reachable only by wagon-train a decade before. The productivity shock was comparable to that from the Internet in our own day.

Before the Civil War, America was perhaps the most egalitarian society in the world. But the unbridled entrepreneurialism of the 1870's gave rise to the robber barons. Even if ordinary people were doing better in the 1870's, the yawning gap between the very rich and everybody else fanned resentments. Interestingly, wealth inequality in today's America is roughly the same as in the Gilded Age.

The sharply increased social and geographic mobility of the 1870's set people adrift from traditional sources of security in families and villages. In our own day, the destruction of employer-employee relationships, the erosion of pension protection and employee health insurance may be creating a similar loss of moorings.

If one counts only the size of houses and cars, and the numbers of electronic gadgets stuffed into rec rooms, Americans are probably better off than ever before. But as the 1870's suggest, economic well-being doesn't come just from piling up toys. An economy has psychological or, if you will, spiritual, dimensions. A conviction of fairness, a feeling of not being totally on one's own, a sense of reasonable stability and predictability are all essential components of good economic performance. When they were missing in the 1870's, in the midst of a boom, the populace was brought to the brink of revolt.

Charles R. Morris is the author, most recently, of "The Tycoons."

N.Y.'s Hevesi Apologizes For Bush Remark (AP-Y2)

By Adam Goldman

AP2, June 1, 2006

State Comptroller Alan Hevesi publicly apologized Thursday for a "beyond dumb" remark about a fellow Democrat "putting a bullet between the president's eyes."

Hevesi hastily called a mea culpa press conference hours after putting his foot in his mouth at the Queens College commencement.

In the videotaped speech, Hevesi describes Sen. Charles Schumer (news, bio, voting record), D-N.Y., as, "the man who, how do I phrase this diplomatically, who will put a bullet between the president's eyes if he could get away with it."

At the news conference, a contrite Hevesi said he was trying to convey that Schumer has the strength and courage to stand up to the president.

"I do speak extemporaneously," he said. "And I've never said anything like this."

Hevesi apologized to Bush and Schumer and said he is "not a person of violence."

"I am apologizing as abjectly as I can. There is no excuse for it. It was beyond dumb."

Hevesi, a longtime professor of government and politics at Queens College before becoming comptroller, said he hadn't been in touch with the White House but hoped his apology reached President Bush.

A White House spokesman did not immediately return a telephone message seeking comment Thursday. But one Republican seized on Hevesi's words.

"Threats against the president are no joke and this incident raises real concerns about Alan Hevesi's fitness to hold public office," GOP comptroller nominee J. Christopher Callaghan said during his acceptance speech at the Republican state convention on Long Island.

Schumer spokeswoman Risa Heller said the senator was satisfied with Hevesi's apology.

"Comptroller Hevesi was trying to make a point. He went way too far and it was inappropriate and wrong," Heller said. "He has apologized to both the senator and the president and we believe that ends the matter."

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Republicans Fear Waning Political Fortunes (NYT)

By Michael Cooper

The New York Times, June 2, 2006

HEMPSTEAD, N.Y., June 1 — Twelve years ago, when they gathered at their state convention, Republicans were so hungry to retake the governorship that party bosses led by Senator Alfonse M. D'Amato brokered a deal to spare George E. Pataki a primary against his fiercest opponent.

But when the Republicans met here on Thursday to choose a new candidate for governor, the party found itself dispirited and deeply divided. Last-minute efforts by Governor Pataki, a lame duck, and other party leaders to avoid a potentially damaging primary fell apart. And the leadership's favored candidate for governor, William F. Weld, finished a distant second, earning a spot on the primary ballot but failing in his bid to be the party's designee.

It was a largely gloomy gathering, except for the rambunctious partisans of John Faso, a former assemblyman who pulled off an upset when he became the party's designee with 61 percent of the vote. If the Democrats seemed to taste victory at their gathering in Buffalo earlier this week and let their excitement spill over at their many breakfasts and receptions and parties, many Republicans here said privately that they feared their 12-year run of good fortune was coming to an end. Empty chairs pocked many of their events.

Many Republicans, from state senators to consultants to county chairmen to a former Pataki administration official, said privately that some of the blame lay with Governor Pataki. They used phrases like "train wreck" to describe the party and "lack of leadership" to describe the governor's stewardship of it.

Anthony Scannapieco Jr., the Republican chairman of Putnam County, where the governor lives, lamented: "The governor lay back for a long time. I don't know where his thoughts were, maybe they were in Washington, but he lay back for a long time."

Robert Smith, the chairman of the Onondaga Republican Party, complained that the state party chairman, Stephen J. Minarik III, had tried to foist the Weld candidacy on the rank and file. "I feel abandoned by the hierarchy of our party," said Mr. Smith, a Faso supporter. "I think this is a complete testament to the leadership of Mr. Minarik."

Governor Pataki, for his part, tried to rally the troops Tuesday afternoon. He showed the convention a glitzy, campaign-style video about himself (complete with images of the twin towers burning) and tried to make the case that the Republicans could run on his record and win.

"We are in the process of putting together a great ticket," he said in a speech, as some delegates drifted out of the Hofstra Arena. "We have a record that people can run on, because this is a better state than it was 12 years ago."

But the candidates running to succeed Governor Pataki painted a bleak view of the state of the state after 12 years under him. While Mr. Faso praised the governor's leadership, both he and Mr. Weld complained in speeches that New Yorkers were leaving the state in record numbers, that taxes were too high and that the state spent too much.

And Mr. Weld, stressing his independence and outsider status, said, "I haven't cut secret deals with Dennis Rivera, or Randi Weingarten or the trial lawyers lobby," referring to two union leaders who endorsed Governor Pataki in 2002 and an organization that recently contributed $50,000 to his national committee.

It got so bad that J. Christopher Callaghan, the party's nominee for comptroller, found himself insisting "I detect a pulse" from the stage and delivering a mild rebuke. "We've gone from blaming Democrats to blaming each other," he said. "I've got a hunch this is not a winning strategy."

Even the setting of the convention, Long Island, was a reminder of how bad things have gotten for Republicans in New York. The Democrats took over Nassau and Suffolk County governments this year for what party officials say is the first time. Since Mr. Pataki took office in 1994, he has been the only Republican elected to a statewide post. And statewide, Democrats have seen their edge in voter registration grow by 600,000 votes over the past decade, according to Board of Elections figures.

"It's like Dutch elm disease," said Nelson Warfield, a Republican strategist who was Bob Dole's press secretary in 1996. "The great Republican trees are dying."

He continued: "In the last dozen years, the Republican Party has largely become all about Pataki. The governor never focused on trying to establish a farm team within the party, and now, as his era ends, it is apparent that the party has not prospered under him."

This week party leaders made a last-ditch attempt to avoid a primary by trying to broker a Weld-Faso ticket. Mr. Faso rejected their bid to have him step aside and run for lieutenant governor instead.

After all, Mr. Faso had stepped aside once before. In 1994, he was persuaded to pull out of the comptroller's race so Herbert London, who was popular with Conservatives, could campaign for that post instead of challenging Mr. Pataki in a bid for governor. There was no such deal this year.

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Some tried to adopt a philosophical tone. "Ebb and flow, ebb and flow," said James Ortenzio, the Manhattan chairman, who supports Mr. Weld. "Twelve years, and the other party has some energy, has some vigor. But I think we need this. I think this is required revamping. Catharsis can occur. Don't know."

N.Y. Republicans Set Up Faso-Weld Primary (AP-Y2)

By Michael Gormley

AP2, June 1, 2006

State Republicans on Thursday designated former Assembly minority leader John Faso as their candidate for governor but gave enough support to former Massachusetts Gov. Bill Weld for a spot on the primary ballot.

Faso became the party designee by receiving more than 50 percent of the weighted vote after negotiations that went into the early morning and included Gov. George Pataki, said state Republican Chairman Stephen Minarik.

Faso, who had lost a December straw poll, came away Thursday with 59.5 percent of the weighted vote to Weld's 40.5 percent.

"Today we begin a battle for the hearts and minds of our fellow New Yorkers," Faso said. "Our message is clear: We need to cut taxes, we need to create jobs and we need to restore opportunity, and we need to reform New York state's government."

Weld questioned the value of the party designation in a primary campaign. "I suppose it would be nice, but my campaign would be unaffected," he said Thursday.

Republican leaders, meeting this week in their state convention on Long Island, had been hoping to avoid a primary campaign, which could hamper and divide fundraising at a time Democrat Eliot Spitzer has large leads in early polls.

Democrats on Tuesday gave their overwhelming support to Spitzer, a two-term attorney general with a national reputation for his Wall Street investigations.

Faso and Weld have both declined to seek the lieutenant governor spot, a possibility some Republicans thought would create political balance. Weld, the former two-term Massachusetts governor and Reagan administration prosecutor, is considered more socially moderate than Faso, who opposes abortion and gay marriage.

"Pragmatically, the state is moderate to left statewide on social issues," Senate Majority Leader Joseph Bruno said. "If you put them together, you have one viable ticket."

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On the Net:

http://www/johnfaso2006.com

http://www.weldfornewyork.org

http://www.nygop.org

N.Y. Republicans Send Faso, Weld To Governor Primary (Update4) (BLOOM)

By Greg Bensinger

Bloomberg, June 1, 2006

June 1 (Bloomberg) -- Former New York Assembly Minority Leader John Faso won backing from a majority of Republican convention delegates for the party's nomination for governor today, defeating former Massachusetts Governor William Weld.

Weld still qualified for the Sept. 12 Republican primary ballot, with 38.8 percent of the delegates' vote at Hofstra University in Hempstead to 61.2 percent for Faso, and said he would stay in the race. Weld needed 25 percent to avoid having to get on the ballot through petition signatures. Faso's majority support makes him the party's designated choice.

Either Republican would face an uphill battle in the November general election against the Democratic front-runner, New York Attorney General Eliot Spitzer, according to recent polls. Republican Governor George Pataki is stepping down after serving three terms.

``Spitzer's ahead in the polls and ahead in the money and that does present some big challenges for Faso or Weld," said John Spencer, designated the Republicans' preferred candidate in the U.S. Senate race yesterday. ``We do have a problem with voters downstate in facing Spitzer and we're going to have to motivate our base if we're going to win."

Spitzer, 46, who built a national reputation with investigations of Wall Street, won the Democratic Party's designation by acclamation two days ago at a convention in Buffalo.

Divergence

Both Republican candidates have called for more fiscal restraint to keep taxes lower and encourage business investment. They diverge on social issues, with Weld supporting legalized abortion and gay rights and Faso opposing them.

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``Eliot Spitzer's problem is that he has allied with the big government special interests who have already placed their bets with millions and millions of dollars in his campaign," Faso said in a speech to the convention. ``You can be sure they want something for their money, and it's not tax cuts."

In response, Spitzer campaign spokeswoman Christine Anderson said, ``The sort of shrill, partisan accusations that we heard today have nothing to do what Eliot Spitzer has said, how he has governed, or where he plans on taking the state."

Weld, 60, the Massachusetts governor from 1991 to 1997 and current head of a New York City investment firm, had been endorsed by state Republican Chairman Stephen Minarik. Faso, 53, drew support from county leaders around the state.

Conservative Backing

Faso, a lawyer from New York's Hudson Valley, also has the endorsement of the state Conservative Party, which has backed every successful statewide Republican candidate for the past 30 years.

Weld has been dogged by questions about his presidency of Decker College a Kentucky trade school, which fell into bankruptcy a month after he resigned. The Federal Bureau of Investigation is investigating the school for fraud.

Republican State Senate Majority Leader Joseph Bruno said Faso's win ``was a very decisive vote." Without saying whether he would ask Weld to withdraw, Bruno described Faso as ``the nominee."

Weld said he would stay in the race. ``This is the first day of the rest of the campaign," he told reporters. ``I will predict with some assurance that I will win the primary." Faso said, ``I would certainly like to avoid a primary, but if we have one, so be it."

Polls

Among New York Republican voters, Faso led Weld 30 percent to 21 percent in a May 10 Marist poll, with 49 percent undecided.

A May 17 Quinnipiac University survey showed Spitzer leading both Faso and Weld by at least 49 percentage points. The poll also ranked Spitzer as the most popular statewide officeholder, with a job approval rating of 66 percent.

Spitzer led his Democratic opponent, Nassau County Executive Thomas Suozzi, by 73 percent to 13 percent in the Quinnipiac poll. Suozzi, 43, needs to collect 15,000 petition signatures to qualify for the primary ballot.

In a Jan. 15 filing, the most recent date available, Spitzer reported he had $19 million in the bank compared with Weld's $2 million and Faso's $1 million. Suozzi reported raising more than $5 million. The next filings are due July 15.

Faso said he faced a big challenge in catching up on fundraising So Spitzer. ``We have to fundraise this evening when I leave here, and will raise from ever person I can see."

Other Races

Republican delegates also put two candidates for lieutenant governor on the primary ballot. A majority made Faso's choice, C. Scott Vanderhoef, 57, the designee. His opponent is Weld's running mate, New York Secretary of State Chris Jacobs, 39. The lone Democratic candidate is State Senate Minority Leader David Paterson, 52.

The unopposed Republican choice for comptroller is Saratoga County Treasurer Christopher Callaghan, 59. He will face Democrat Alan Hevesi, 66, who is seeking re-election to a second term, in November.

War Handicaps Senators In '08 White House Race (NYT)

By Adam Nagourney

The New York Times, June 2, 2006

With Iraq looming yet again over an American presidential campaign, senators considering a White House race are at a disadvantage over governors who might run, forced to explain their votes — and in some cases, alter their views — on an increasingly unpopular war.

Senator John McCain, Republican of Arizona, and Senator Hillary Rodham Clinton, Democrat of New York, both prospective 2008 candidates, have encountered hecklers protesting their support for the Iraq war. Both responded with hints of recalibrations in the way they discussed the issue, with Mrs. Clinton telling Democrats who nominated her on Wednesday for a second term to "stand with me" in pressing the White House and Iraqis to develop a plan that would permit American troops to come home.

Two other prospective Democratic presidential candidates, Senator John Kerry of Massachusetts and former Senator John Edwards of North Carolina, say they regret voting for the war. Both have called for setting a deadline to withdraw American troops, a position that analysts say enjoys strong support among Democrats who are active in primaries and who were wary of both men for their pro-war votes in 2004.

"I think I was wrong to vote for the war," Mr. Edwards said in an interview. "Bush made this mess that we are in now. My view is what America needs to do now is make it clear that we are going to get out."

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By contrast, governors are finding considerable maneuvering room when it comes to Iraq. And they are taking advantage of it for now, while realizing that their lack of foreign policy experience is a disadvantage in an election that could focus on international affairs.

Gov. Tom Vilsack of Iowa, a Democrat, declined to say in an interview how he would have voted on the war.

"I'm not going to get into that; this isn't about what happened in the past," Mr. Vilsack said. "If we're looking at the elections of 2006 and 2008, I think it's important to look to the future and learn from whatever mistakes we made in the past."

Mark Warner, a former Virginia governor and another likely Democratic presidential contender, said he did not support setting a deadline for troop withdrawal.

"We have been put in this extraordinarily difficult situation," Mr. Warner said. "My sense is going out without a plan is just as bad as going in without a plan. So I have not been one of those people who say that come heck or high water, we are going to leave by a fixed date."

Mr. Warner spoke empathetically of his potential rivals who as senators voted for the war.

"I don't think any U.S. senator, regardless of party, if they had known there weren't W.M.D., that we were going to get selected leaks, I don't think anybody would have voted for it," he said. "Second-guessing people who made a valiant attempt at judgment is not where I am at."

On the Republican side, Gov. Mitt Romney of Massachusetts applauded the invasion and said the United States should stay until the situation was settled. But he was critical of Bush administration management of Iraq, including the lack of sufficient troops to help secure the country to and the Abu Ghraib torture scandal.

"As the president and Tony Blair said, knowing what we know today, would we have managed the postconflict effort differently?" Mr. Romney said, referring to the British prime minister. "Of course."

Asked if he had voiced those concerns before public opinion turned against the war, and Mr. Bush himself acknowledged the shortcomings, Mr. Romney responded: "I haven't spoken out on this topic until relatively recently. I can't pull you quotes back from that time."

The prospective candidates are planning now as if the war will be as big an issue in 2008 as it was in 2004. If anything, the politics surrounding the war are likely to become more volatile with disclosures about alleged killings of Iraqi civilians by marines in Haditha, a case that has prompted comparisons with the My Lai massacre in the Vietnam War.

"I think it's going to get worse before it gets better," Mr. Kerry said in an interview.

As Mr. McCain saw when he was hooted down at a speech at the New School in New York, this issue could be a problem for candidates from both parties. Opposition to the war is no longer confined to Democrats; it is also on the rise among independents, who are the heart of Mr. McCain's appeal in a general election.

Both Mr. McCain and Mrs. Clinton have, to varying degrees, shifted their tone in talking about the war as they find themselves on the frontier of public opinion. Mr. McCain has given three speeches over two weeks affirming his support for the war, but he used conciliatory language as he noted its high costs and declared that "Americans should argue about this war."

When Mrs. Clinton was heckled by war protesters last week, she said that she stood by her support for the war, but added that she was beginning to see circumstances where the United States would be able to withdraw.

An adviser said this could prove to be the start of an evolution that would lead to Mrs. Clinton's increasingly distancing herself from the conflict.

Governors have historically had an advantage over members of Congress in presidential elections; no sitting member of Congress has been elected to the White House since John F. Kennedy in 1960. Some officials in both parties suggest that the 2008 contest could break that pattern if the debate focuses largely on the candidates' credentials to manage difficult foreign policy issues.

Some of the highest-profile governors and former governors who are thinking of running for president, including Mr. Romney and Mr. Vilsack, have in recent months made trips to Iraq.

Mr. Vilsack said in an interview that he thought it was a mistake to set a deadline for troop withdrawal, but that the United States had to make clear to Iraqis "how they should not rely on the United States."

Democratic analysts said Mr. Warner and Mr. Vilsack had more flexibility in resisting party members' pressure for withdrawal because they lacked the baggage of having supported the war in the first place.

On this issue, Mr. Warner and Mr. Vilsack are closer to some of the probable Republican candidates than to Mr. Kerry and Mr. Edwards. "We should stay in Iraq until the Iraqis are able to maintain their own security," Mr. Romney said, rejecting the idea for a deadline.

In calling for a deadline, Mr. Kerry said that having one would give Iraq the impetus to take responsibility for dealing with a war that had devolved into an unmanageable civil strife.

"There's nothing that our troops can do — nothing — to resolve the fundamental differences between the factions," he said.

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Mr. Kerry derided Mr. McCain for his continued support for the war, saying: "He's dead wrong. I think it's the wrong war in the wrong place. We've paid a huge price for this in the Middle East."

Kerry Attacks Bush Over Iraq Policies (LAT)

By Ashraf Khalil

The Los Angeles Times, June 2, 2006

Sen. John Kerry (D-Mass.) harshly criticized the Bush administration for "disdaining diplomacy" in favor of a confrontational and unilateral foreign policy that has hurt the United States' standing around the world and made it less safe.

In a speech Thursday in Los Angeles, the former (and perhaps future) Democratic Party presidential candidate warned that the mistakes of Iraq must not be repeated in the current standoff with Iran.

"War is the ultimate failure of diplomacy," Kerry told a gathering of the Pacific Council on International Policy. "Yet our current leadership has arrogantly discarded this basic principle…. All too often they disdained diplomacy as little more than an inconvenient detour on the chosen path to armed conflict."

The result, he said, was an ill-advised rush to war in Iraq that alienated other governments and diminished sympathy for the U.S. generated by the terrorist attacks of Sept. 11, 2001. America's current isolation, and the presence of thousands of U.S. troops in Iraq, is "playing right into Iranian hands…. The Iranians are delighted," Kerry said.

Emphasizing that a nuclear-armed Iran would be "a very serious threat to the U.S. and our allies," Kerry contended that the most conservative estimates are that Tehran is at least five years away from developing atomic weapons.

"There is time for diplomacy to work here," he said, but added that negotiating with Iran is "an uncertain proposition at best."

Kerry spoke before news broke of the agreement between six major powers, including the U.S., to offer an incentive package for Iran to abandon its nuclear ambitions. He hailed Secretary of State Condoleezza Rice's recent offer of direct negotiations with Iran, but said any talks "must be more than an effort to check the box on diplomacy as they move toward a confrontation."

The 21-year veteran of the Senate Foreign Relations Committee also had harsh words for the Iraqi government. The sight of politicians haggling over Cabinet seats in the midst of an undiminished insurgency is "a disgrace, and this administration ought to get tough," he said.

He proposed intense U.S. pressure to force consensus, either by withholding reconstruction funds or threatening a unilateral withdrawal of troops.

Kerry, who voted to give President Bush authorization to use force against Saddam Hussein in 2002, said he would attach an amendment to this summer's defense appropriations bill calling for a total withdrawal of U.S. combat troops by the end of this year. But he acknowledged that the idea would be unpopular. "I know I'm not going to get the majority of my own caucus."

On domestic issues, Kerry predicted that rising public dissatisfaction with the Bush administration could translate into huge gains for Democratic candidates in November's midterm congressional elections.

"There is something bubbling up in America that I believe is going to be reflected in the polls," he said.

As for his own political ambitions, Kerry would say only that he is "thinking very hard" about another presidential run in 2008.

"And I'm thinking about it a lot earlier than I'd like to because it's clear there are several other people also thinking about it," he said

Ex-C.I.A. Officer In New Book Talks (NYT)

By Motoko Rich

The New York Times, June 1, 2006

The $2.5 million book deal that Valerie Plame Wilson, the former Central Intelligence Agency officer whose identity was publicly disclosed three years ago, negotiated with Crown Publishing Group last month has fallen through.

Ms. Wilson, who could not agree on terms with Crown, is now in exclusive negotiations with Simon & Schuster, which originally had lost an auction for the book to Crown.

Although no contract has yet been signed with Simon & Schuster, David Rosenthal, the publisher, said, "We are optimistic about these talks."

When Crown announced the deal last month, Steve Ross, senior vice president and publisher, said the book had a working title of "Fair Game" and would be published in the fall of 2007. He said at the time that the book would be the "first airing of her actual role in the American intelligence community, as well as the prominence of her role in the lead-up to the war."

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Yesterday, Tina Constable, a spokeswoman at Crown, said, "We had a difference of opinion on some of the contract terms, and we agreed to release each other from any publishing obligations."

Elyse Cheney, Ms. Wilson's agent, declined to comment on the nature of the disagreement.

This is not the first time that Crown has lost a deal with a former member of the C.I.A. It originally agreed to publish a book by George J. Tenet, a former director of central intelligence. That deal too fell apart, and now Mr. Tenet's book will be published by HarperCollins in February 2007 as "At the Center of the Storm."

Two Important Rulings On AIDS (NYT)

The New York Times, June 2, 2006

Federal judges in New York and the District of Columbia have declared unconstitutional a 2003 rule that limits the way U.S. health groups spend their privately raised money if they want to get federal money for international AIDS work.

Under this sweeping edict, nonprofits that want government support must sign a pledge saying they oppose prostitution and will not spend any money — public or private — on programs the government does not approve of. Many groups are wary of signing, not because they favor prostitution, but because it is an offense to free speech, and because they are worried about harming vital programs aimed at teaching prostitutes about condom use.

In the New York case, one of the plaintiffs challenging the prostitution pledge, Alliance for Open Society International, told the court it was constrained from fully participating in an AIDS conference that included a discussion of the proper legal regime for prostitution. Another group, Pathfinder International, said it feared it would lose public money for other projects if it used private money to collaborate with overseas groups that have a track record of engaging prostitutes in AIDS prevention.

The plaintiff in the second case, DKT International, a nonprofit family planning and AIDS prevention group that works in 11 countries, saw one of its federal grants canceled after it declined to sign the pledge. It said it refused to sign because it was concerned about stigmatizing and alienating sex workers whom the program was trying to reach.

The judges in both cases found that extending the requirement to privately raised money went too far, violating the First Amendment.

It remains to be seen whether the government will now stop trying to impose the pledge on other groups. We also don't know how many groups will now feel emboldened to rescind pledges they have already signed. And, lamentably, the restriction still stands when it comes to spending federal dollars. Still, by declaring that government may not use its spending clout to compel or coerce private speech, the new decisions have vindicated an important constitutional principle, while removing at least one impediment for health groups trying to reach a high-risk community, and save lives.

Another $10 Billion (WP)

The Washington Post, June 2, 2006

THE GENERALS in the global battle against HIV-AIDS are meeting at the United Nations this week, five years after another U.N. summit promised an intensified push against the crisis. The target of mobilizing $7 billion to $10 billion per year has been met: Last year low- and middle-income countries spent $2.5 billion of their own money and an additional $5.8 billion from donors on AIDS treatment and prevention and the care of orphans. But that money has bought less than expected. Rather than hitting the "three by five" target of getting medicines to 3 million people by 2005, the world has put only about 1.4 million people on treatment -- a big improvement on the 240,000 who were receiving drugs in 2001 but still well less than half of the number who need medicines immediately. Equally, better-financed prevention efforts have succeeded in driving down infection rates among young adults, notably in Kenya, Uganda, Zimbabwe and Haiti. But last year there were 4.1 million new infections worldwide. The plague is still advancing.

The summiteers in New York therefore confront a daunting problem. The latest U.N. estimate, which may prove as optimistic as the last one, is that fighting the disease will soon require $20 billion to $23 billion a year, more than twice the current spending. What's more, this is not a temporary commitment: Once people go on antiretroviral treatment, they need medicines for years; caring for orphans is also a long-term proposition. Assuming that some of the extra resources will be provided by middle-income countries, the rich world may need to reach into its taxpayers' pockets for an extra $10 billion a year. Official development assistance, which has already jumped by more than two-thirds in real terms between 2000 and 2005, would have to grow by a tenth or so.

Moreover, the effect of that money will be limited unless the world expands its commitment to other development efforts. Donor-financed AIDS programs can suck nurses and doctors out of the rest of the health system, so an increase in AIDS spending requires a parallel increase in general health investment. AIDS flourishes in poor societies because illiteracy and penury make people vulnerable; success against the virus depends partly on broader progress. As President Paul Kagame of Rwanda told The Post on Wednesday, there's no use in giving someone antiretroviral drugs if he has no food.

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The imperative to raise extra money for AIDS and other development objectives raises an institutional issue. To carry out its commitments of five years ago, the world created the Global Fund to Fight AIDS, Tuberculosis and Malaria, which has raised and spent an impressive $5 billion; the question is whether this venture should be the vehicle for the next step-up in AIDS funding. The fund's critics, notably the Bush administration, rightly say that it has suffered from poor management, that it has occasionally given money on the basis of poor grant proposals and that it has indulged grantees whose performance should have led to a suspension of disbursements. But rather than snipe at the fund, the critics should work to improve it. The fund's structure provides a way of sharing the financial burden globally. The quality of its grants has recently gone up. And centralizing AIDS finance simplifies the administrative burden on stressed officials from poor countries. The fund's entrepreneurial leader, Richard Feachem, has announced that he will leave when his term expires this year. The priority should be to find a replacement who is pushy enough to raise extra money and savvy enough to solidify the institution's management.

Russia, China Endorse Package To Push Iran (LAT)

By Alissa J. Rubin

The Los Angeles Times, June 2, 2006

VIENNA, Austria -- Russia and China endorsed a package of incentives and penalties Thursday designed by Western nations to push Iran to suspend its nuclear program.

Few details of the agreement were forthcoming, and British Foreign Minister Margaret Beckett, who announced the deal in muted language, cautioned that negotiators wanted to present the package to the Iranians before making it public.

But diplomats close to the issue said incentives were similar to past proposals, including helping Iran obtain a civilian nuclear reactor. The term "sanctions" was noticeably absent from discussion, but diplomats strongly signaled that Iran would be subject to the full array of Security Council punitive measures should it refuse the offer.

"We have agreed to a set of far-reaching proposals as a basis for discussion with Iran," said Beckett, flanked by top officials of the five permanent United Nations Security Council members and European Union foreign minister Javier Solana in the ivy-lined garden of the British Ambassador's Vienna residence.

"We are prepared to resume negotiations should Iran resume suspension of all enrichment-related and reprocessing activities as required" by the International Atomic Energy Agency. "And we would also suspend action in the Security Council. We also agreed that if Iran decides not to engage in negotiations further steps would have to be taken in the Security Council."

Western powers believe that Iran is pursuing the capability to produce a nuclear bomb, but Tehran insists that it seeks only the technology to enrich uranium for civilian purposes.

Iran was circumspect in its first public comments on the offer. "Iran welcomes dialogue under just conditions, but (we) won't give up our (nuclear) rights," said Foreign Minister Manouchehr Mottaki in a statement read on state television. "We are prepared, within a defined, just framework and without any discrimination, to hold a dialogue about common concerns."

Iran will have "weeks not months" to decide whether it is willing to negotiate and suspend its enrichment-related activities, Western diplomats said. They added that the demand will be a tough one for the Muslim nation, and will include a categorical requirement for Iran to stop all research and development activity, including even "dry run" operation of centrifuges used to enrich gaseous uranium, a senior state department diplomat said.

In addition, Iran would have to answer outstanding questions from the U.N. nuclear watchdog agency, the IAEA, which has been seeking to learn the full extent of Tehran's nuclear activities. Tehran also would have to abide by additional IAEA regulations, including more extensive inspections of nuclear-related facilities.

Whether Iran agrees to resume negotiations or refuses, there is sure to be months, if not years of diplomacy ahead, diplomats said.

The absence of specifics in Thursday's announcement appeared aimed at minimizing the likelihood that the proposal would be the subject of public debate before the Iranians had a chance to hear it explained by the Europeans, who will likely present the package to Tehran in the next few days. Diplomats hope that if the package is laid out privately, its seriousness will be clear and the Iranians will be hard put to dismiss it.

Russian Foreign Minister Sergei V. Lavrov, speaking to Russian press after the meeting, said, "Nobody will be going into details now. In the first place, this (proposal) should be given to Iran. Then we will look at the reaction of the Iranian side."

Lavrov urged Iran to take the offer seriously.

"We count on Tehran meeting these proposals in a constructive manner," Lavrov said.

U.S. diplomats were clearly pleased by the Russian endorsement. "These are conditions (set by) six countries. ... We are very satisfied," said a senior state department official, speaking on condition of anonymity because of the delicacy of the discussions.

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Russia and China are key to any future sanctions on Iran because they hold veto power on the Security Council. Both countries also are major trading partners with Iran.

Secretary of State Condoleezza Rice, who on Wednesday announced the U.S. was willing to join Europeans in direct talks with Iran if it suspends its nuclear activity, arrived in Vienna Thursday. She spent more than eight hours meeting with leaders on the proposal, which is a five- to six-page document.

Diplomats close to the negotiations said all parties had agreed to the incentives side of the proposal, but that penalties would be drawn from a list. Also undetermined was the timing of the penalties, which diplomats said would depend on how the Iranians respond.

The incentives under discussion are not new; they include help with construction of a light-water reactor, guaranteed access to nuclear fuel for civilian power plants, and imports of many goods for which the United States holds licenses, such as parts for airplanes. Under U.S. law it is illegal to trade with Iran and Washington has no diplomatic relations with Tehran.

Although diplomats avoided the term "sanctions," punitive measures would include action by the Security Council, a panel that has the power to ban travel, freeze assets, restrict visas and impose economic embargos on exports of nuclear technology and a wide array of other goods to Iran -- all penalties that are under discussion in the Iranian case.

Diplomats said the package offers a clear choice to Iran: suspend uranium enrichment and be treated as a full partner in the world community, or face painful consequences from a united international community with the power to undermine Iran's economy and stability.

"So there are two paths ahead," said Beckett. "We urge Iran to take the positive path and to consider seriously our substantive proposals which would bring significant benefits to Iran."

The agreement Thursday finalized discussions begun in London on May 8 in which diplomats decided that they would present Iran with a choice, diplomats said. "But the details all came together tonight," said a senior state department official.

Russia and China both expressed interest Thursday in joining the so-called E.U. 3 and U.S. if negotiations go forward. That approach would mirror six-party talks with North Korea over its nuclear program.

The United States and Europe have been struggling to keep world powers united against Iran, but Russia and China had been reluctant go along with any deal that mentioned sanctions. The first signal that they were wiling to consider stronger measures to contain Iran came in January when they agreed to report Iran to the security council. Previously, Iran's violations of the nuclear nonproliferation regime had been dealt with at the IAEA in Vienna.

But soon after, Russia seemed to have second thoughts about its support for Iranian censure and prolonged the discussions at the security council. Meanwhile, Iran appeared defiant. In early April it announced it had successfully enriched uranium using its own centrifuges at the Natanz nuclear plant, flouting international demands that it stop all enrichment related activity.

A round of intensive diplomacy in the past week, including a call by President Bush to Russian President Vladimir Putin on Tuesday and the U.S. decision to open the door to direct talks for the first time since the Iranian hostage crisis in 1979, helped win the full backing again of the Russians.

Many experts suspect that if Moscow is again faced with the demand that it back sanctions, it will refuse, but for the moment it is holding firm.

"It is very important that the proposal for negotiations came from all six [powers], including the USA, for which this was not an easy step," said Lavrov, referring to the U.S. decision to open the door to relations with Iran.

World Powers Reach Agreement On Iran (FT)

By Roula Khalaf

Financial Times, June 2, 2006

World powers agreed on Thursday night on a package of “far reaching proposals” to encourage Iran to suspend uranium enrichment but warned of “further steps” if Tehran refused to co-operate.

After talks in Vienna between foreign ministers from the five permanent members of the United Nations Security Council, plus Germany and European foreign policy chief Javier Solana, the UK’s Margaret Becket said European governments would resume negotiations with Tehran and stop action at the Security Council if it suspends all uranium enrichment and reprocessing activities.

She added, however, that if Iran refuses to engage, steps would be taken at the UN.

“We urge Iran to take the positive path and to consider seriously our substantive proposals which would bring significant benefits,” she said.

European officials refused to divulge the details of the incentives agreed and it was unclear whether Russia and China, until now opposed to sanctions, had signed up to specific penalties if Iran spurns the offer of engagement.

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But the rare show of international unity will substantially raise the diplomatic pressure on the Islamic Republic. It comes a day after the US announced a major shift in policy, dramatically bolstering the package of incentives.

Condoleezza Rice, US secretary of state, said on Wednesday the US would be ready to join other nations in multilateral talks with Iran if Tehran suspended uranium enrichment and reprocessing.

A senior European diplomat, speaking before the meeting, said the UK, France and Germany – the three European governments that have led policy on Iran – were expected to hold talks with Iranian officials, perhaps as early as next week, to present and explain the proposals.

The package agreed is believed to include a guarantee of fuel supply to Iranian nuclear reactors, and the construction of a light water reactor. Crucially, the proposals are said to call on Tehran to cease all uranium enrichment activities but do not rule out a potential reconsideration of this at a future date, if and when Iran reassures the international community of the peaceful intentions of its nuclear programme.

Diplomats are hoping that the US offer, combined with the package of incentives, will persuade senior members of the Iranian regime to opt for a less confrontational approach and agree at least to a temporary freeze of enrichment activities, which could allow negotiations to begin.

Iran, however, has already warned it would reject proposals that did not allow it to retain a small-scale enrichment capability, the process that produces nuclear fuel for reactors or atomic weapons.

The first official reactions from Tehran on Thursday on the US policy shift were also not encouraging but nor did they represent an outright rejection of the American overture.

Manouchehr Mottaki, the foreign minister, played down the significance of the Bush administration's policy reversal and shrugged off American demands for a halt in all uranium enrichment and reprocessing as a pre-condition for dialogue. But he also said Tehran was ready to hold talks "over mutual concerns".

Iranian commentators, however, were deeply sceptical of the US readiness to join Europeans in multilateral talks with Iran, insisting the offer was not serious because it included a conditionality that was unacceptable to Tehran.

Hossein Shariatmadari, influential fundamentalist commentator and managing director of the Keyhan newspaper, condemned the US offer as a "trick" and argued that giving in to US demands would amount to "blackmail".

But Iran's friends and foes around the world urged the regime to take its time and carefully consider its response.

The foreign ministry in Russia, which has long pressed for a softer international approach towards Tehran, described the American policy shift as "a real chance" to achieve a settlement over Iran. "We call on Iran to constructively respond to it [the chance]," the ministry said.

Package Of Terms (No Sanctions Included) For Iran (NYT)

By Thom Shanker And Elaine Sciolino

The New York Times, June 2, 2006

VIENNA, June 1 — The United States, Russia, China and three leading nations of Europe announced an agreement Thursday on a package of incentives intended to resolve the nuclear crisis with Iran, shelving any punitive action by the Security Council until Iran has time to respond to the proposals.

The initiative is aimed at encouraging Iran to return to a freeze of its nuclear activities, including turning off the fast-spinning centrifuge machines that produce enriched uranium.

The specifics of the proposals were not revealed on Thursday. But they are expected to be presented to Iran in coming days by a delegation headed by Javier Solana, the European Union's foreign policy chief. The government in Tehran would then be given weeks — but not months — to respond, American and European officials said.

Britain's new foreign secretary, Margaret Beckett, read a statement on behalf of the six countries, saying: "We have agreed on a set of far-reaching proposals as a basis for discussions with Iran. We believe they offer Iran the chance to reach a negotiated agreement based on cooperation."

She said the nations represented at the talks "are prepared to resume negotiations should Iran resume suspension of all enrichment related and reprocessing activities" as required by the International Atomic Energy Agency. "And we would also suspend action in the Security Council," she added.

Ms. Beckett warned that "further steps would have to be taken in the Security Council" if Iran did not comply. But the statement carefully avoided any mention of sanctions or other specific, punitive measures, and Ms. Beckett took no questions.

The word "sanctions" was not uttered in the public dialogue on Thursday, perhaps in an effort to avoid giving Iran an obvious target for early objections. But should Iran reject the incentives, differences are likely to re-emerge among the six nations as they consider specific punishments in the Security Council.

Two officials who attended the talks on Thursday described the lengthy and, at times, tense negotiations.

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The Russian foreign minister, Sergey V. Lavrov, insisted that any consideration of punitive action in the Security Council be frozen until Iran had a chance to respond to the current offer, said one senior European official who, like some others, spoke on the condition of anonymity under normal diplomatic rules.

"The Security Council has stopped," this official said. "If we fail, we will come back to the Security Council, but the process is now stalled until we see the reaction of Iran. They asked for it to be frozen, and they got it."

A resolution is currently before the United Nations Security Council under Chapter VII of the United Nations Charter, which invokes the Council's power to demand compliance of member countries and threaten punishment if they refuse.

Another senior European official expressed fears that the process could allow Iran time to "string this along for a very long time."

Pressed on whether the six nations had reached full consensus on Thursday, R. Nicholas Burns, the under secretary of state for political affairs, expressed broad satisfaction. "We are very satisfied by the results of today's meetings here in Vienna," he said. "We consider them a step forward in our quest to deny Iran a nuclear weapons capability."

The emphasis of the agreement on Thursday was less on how to punish Iran, than on how to reward it for agreeing to freeze its enrichment-related activities. There had been optimistic predictions in recent days, particularly by the Bush administration, that the foreign ministers of the countries meeting Thursday — the five permanent Security Council powers, plus Germany — could agree on a complicated formula that would persuade Iran to stop making enriched uranium.

On Wednesday, before her departure from Washington, Secretary of State Condoleezza Rice said, "We are agreed with our European partners on the essential elements of a package containing both benefits, if Iran makes the right choice — and costs if it does not."

The afternoon talks extended into dinner, only a day after the Bush administration reversed course and offered to sit down at the same negotiating table with Iran — if Iran fully suspended its uranium enrichment and reprocessing activities.

Iran has said it has no intention of stopping these activities. On Thursday, Iranian officials embraced the idea of talking to the United States, but rejected preconditions for talks.

"We will not negotiate over our nation's natural nuclear rights but we are ready to hold fair and unbiased dialogue and negotiation over mutual concerns within the context of a defined framework," said Iran's foreign minister, Manouchehr Mottaki, the official Iranian news agency reported.

His spokesman, Hamid Reza Asefi, said later, "There is no obstacle to negotiating with the United States on an equal footing, with respect and without preconditions, since what is important for us is to secure our nuclear rights."

In Washington on Thursday, President Bush seemed to describe the American offer of direct talks with Iran as much as a threat as opportunity. "The choice is up to the Iranians whether or not they're going to listen to the world demand, and if they do, we've got something to talk to them about," Mr. Bush told reporters after a cabinet meeting.

Mr. Bush, who spoke by phone with President Vladimir V. Putin of Russia on Wednesday and President Hu Jintao of China on Thursday, also sidestepped a question on whether Russia and China had come on board with the disputed package.

Asked about Mr. Mottaki's remarks suggesting that the suspension of Iran's nuclear activities was nonnegotiable, Mr. Bush said: "We'll see whether or not that is the firm position of their government. If that's what they decide to do, then the next step, of course, will be to — for our coalition partners to go to the United Nations Security Council."

Neither Mr. Mottaki nor Mr. Asefi has the authority to make policy. Still, their statements are important because they reflect efforts by Iran, like the United States, to inch away from old fixed positions that the other side is not worth dealing with.

Ayatollah Ali Khamenei, Iran's supreme leader, long rejected contacts with the United States, branding those who seek reconciliation "simpletons and traitors." But recently he has approved the idea of talking to Washington about Iraq, if there was respect for mutual interests.

Behind the scenes, Mohamed ElBaradei, director general of the International Atomic Energy Agency, urged Iran to embrace the American offer. In a telephone conversation Wednesday evening with Ali Larijani, Iran's top nuclear negotiator, Dr. ElBaradei described the overture as "very significant" and told Iran "to seize the opportunity of talking to Washington," an agency spokeswoman, Melissa Fleming, said.

Although all countries agreed to the initiative, the major gap was one that has been there since the beginning: the insistence by the United States and the Europeans that Iran must be punished by the Security Council if it does not change its behavior, and the counterargument by Russia and China that the best way to win concessions — at least at this point — is through engagement.

Although the Europeans had argued against holding such a high-level, high-profile meeting without closing the gaps in lower-level negotiating and guaranteeing success, the United States insisted that the meeting was important to underscore the gravity of the issue and to keep up the negotiating momentum.

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The Americans are still resisting formulas giving Iran security guarantees that it would not be the target of a military attack. The Europeans say that without such assurances, Iran will proceed with the pursuit of a nuclear weapons program despite its longstanding denials that it has that intention.

However, the Americans are willing to consider the waiving of some longstanding sanctions on Iran to allow it eventually to buy new civilian airplanes and to gain access to modern light-water reactors for civilian nuclear power, with Russia and the West controlling access to the fuel.

U.S., Major Powers Agree On Incentives For Iran (WSJ)

By Jay Solomon And Bill Spindle

The Wall Street Journal, June 2, 2006

The U.S. and five major powers agreed to a "far reaching" package of incentives to induce Iran to suspend its pursuit of nuclear technologies, and pledged coercive measures through the United Nations if Tehran doesn't comply.

The announcement by the U.N. Security Council's five permanent members, plus Germany, sought to buttress a pledge by the Bush administration to engage directly with Iran should it agree to give up uranium enrichment work. European leaders said the agreement reached yesterday provides Tehran with a clear path to reintegrating with the global community should it agree to talk.

Diplomats also said the dialogue format with Iran could be broadened down the road to include not only the U.S., but also China and Russia, which are viewed as crucial to pressuring Iran. To date, only Britain, France, Germany -- the so-called EU-3 -- have engaged Tehran over its nuclear program.

"We have agreed a set of far-reaching proposals as a basis for discussions with Iran," British Foreign Secretary Margaret Beckett said after a meeting in Vienna among Germany and the members of the Permanent Five: France, Britain, the U.S., Russia and China. "We believe that they offer Iran the chance to reach a negotiated agreement based on cooperation."

American diplomats declined to specify the incentives or penalties that Iran might face in coming months, saying it could undermine efforts to engage Tehran. These officials said a European delegation was set to outline the package to Tehran in coming weeks and expected a response no later than mid-July, when leaders of the G-8 nations meet in Russia.

This is "a step forward in our quest to deny Iran a nuclear-weapons capability," said Nicholas Burns, U.S. undersecretary of state for political affairs. The talks were "by far the most substantive and the most concrete" held so far on Iran.

The announcement was tempered by continued statements from Tehran that the Iranian government was unwilling to give up its development of nuclear technologies and would talk with Washington only if there were no preconditions. "Iran welcomes dialogue under just conditions but won't give up our rights," state-run Iranian television quoted Foreign Minister Manouchehr Mottaki saying yesterday.

U.S. diplomats said they were waiting for Iran to receive the formal proposal from European leaders before assessing Tehran's future course of action. They were unwilling to state that Iran would automatically face economic sanctions should it fail to comply with the international community's demand.

Both China and Russia have expressed concern in recent months about enforcing economic sanctions against Iran. And concerns remain that Beijing or Moscow might balk at such stringent measures down the road.

President Bush, however, told reporters yesterday that he held talks with the leaders of China and Russia in recent days and now believes the international community is united to take coercive measures against Iran. "The next step of acting in concert is to go to the United Nations Security Council," Mr. Bush said.

The current fight with Iran centers on fears that Tehran is working to develop nuclear weapons, while the Iranian government says it is merely enriching uranium to fuel a civilian nuclear program. To ensure that Iran doesn't acquire nuclear weapons, the U.S. and others want to stop the domestic enrichment program and supply Iran with fuel from the outside, a proposal that Iran has rejected.

Iran and the U.S. seemed at loggerheads, as the two nations have been so often over 28 years of diplomatic silence since the Iranian revolution. Yet the leaders of the U.S. and the Islamic Republic are also eyeing each other from closer than ever before as they try to decide whether to talk directly about Iran's nuclear program.

But this doesn't mean the two countries will eventually talk, and their roller-coaster history of overtures made and spurned is evidence of that. The Iranian government almost immediately dismissed the initial U.S. offer to join talks, calling it a public-relations ploy.

Six Powers Reach Accord On Iran Plan (WP)

By Glenn Kessler

The Washington Post, June 2, 2006

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VIENNA, June 1 -- The United States and five other major world powers agreed Thursday to offer Iran a broad new collection of rewards if it halts its drive to master nuclear technology, but they threatened "further steps in the Security Council" if Iran refuses.

The agreement, announced here by British Foreign Secretary Margaret Beckett following extended talks, brings general unity to the countries' approach to Iran after months of discord, diplomats said. It is intended to sharpen the choice facing Iran, giving it a clear reason to opt for cooperation over confrontation on its nuclear program.

"There are two paths ahead," Beckett told reporters, as Secretary of State Condoleezza Rice and counterparts from Russia, China, France, Germany and the European Union stood at her side. "We urge Iran to take the positive path and to consider seriously our substantive proposals, which would bring significant benefits."

Beckett made the announcement near midnight Tehran time. There was no immediate response from the Iranian government.

Rice, who spent more than eight hours in sometimes freewheeling talks with her counterparts Thursday, flew here after announcing a major shift in U.S. policy on Wednesday -- a willingness to join the negotiations with Iran that have been led, unsuccessfully, by Britain, France and Germany, provided Iran suspends its uranium-enrichment activities first.

Iranian diplomats on Thursday did not reject outright the U.S. proposal for talks, but they criticized the demand that their country end enrichment first.

Although details of the five- to six-page document agreed to in Vienna were not announced, incentives discussed before the meeting included an international effort to assist Iran's nuclear industry, including construction of a light-water reactor and guarantees of a long-term supply of fuel. That would represent a significant shift from the Bush administration's past insistence that Iran has no need for nuclear power. Increased trade and investment have also been discussed.

Aides to Rice said the deal also commits China and Russia to a long list of specific steps to punish Iran if it refuses to halt its enrichment program. Both countries have resisted sanctions for months, arguing that they could backfire.

Addressing reporters here, Russian Foreign Minister Sergei Lavrov emphasized the incentives in the package and did not mention possible negative measures. He said it was important that all six powers be united in making the offer, including the United States, which he said found it difficult to offer inducements to Iran.

The possible sanctions in the agreement are listed as a menu, ranging from minor to major, diplomats said. It was unclear whether there was agreement on which options to choose if Iran fails to act.

Diplomats have said that measures under discussion include an embargo on export of goods and technologies relevant to nuclear programs, the freezing of assets of organizations and people involved in the programs, and a suspension of technical cooperation with the International Atomic Energy Agency. Broader measures include a freeze on bilateral contacts, a visa and travel ban for senior Iranian officials, an arms embargo, an embargo on certain exports and an end to support for Iran's bid to join the World Trade Organization.

The Bush administration has repeatedly declared it "unacceptable" to have Iran armed with nuclear weapons. While publicly declaring that no option was "off the table," an allusion to military action, it had been struggling to organize unified diplomatic pressure against the country by all five permanent members of the U.N. Security Council.

Beckett read the brief statement after the diplomats huddled over it for two hours, fiddling with the wording. It emphasized the positive, while using vague code words for tough action, which U.S. officials said stemmed from a desire to persuade Iran to return to negotiations. Even speaking anonymously, U.S. officials repeatedly refused to characterize the possible punishments for Iran as "sanctions," using words such as "steps," "measures," "actions" and "negative disincentives."

"We are prepared to resume negotiations should Iran resume suspension of all enrichment-related and reprocessing activities, as required by the IAEA, and we would also suspend action in the Security Council," Beckett said.

Representatives of some of the countries involved -- but not the United States -- will present the package to Iran in the "coming days," and an answer is expected before the Group of Eight industrialized countries meet in St. Petersburg in mid-July, a U.S. official told reporters. He said the countries had agreed not to disclose details until after Iran had received a full presentation and been allowed time to "digest it."

Germany's foreign minister, Frank-Walter Steinmeier, said Russia and China were considering joining the United States and the Europeans in the talks with Iran.

Iran offered a mixed initial reply earlier Thursday to the Bush administration's offer to join talks on the country's nuclear program: It welcomed the opportunity to deflect confrontation while resisting demands that it suspend work on the program first.

"We believe that under the current circumstances, negotiations without any precondition would be the best solution to put an end to the Tehran-Washington logjam," said Hamid Reza Asefi, spokesman for Iran's Foreign Ministry, in an interview with the official press agency IRNA.

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Iran's foreign minister, Manouchehr Mottaki, reiterated the proviso, telling reporters, "We won't negotiate about the Iranian nation's natural nuclear rights but are prepared, within a defined, just framework and without any discrimination, to hold dialogue about common concerns."

Analysts and diplomats described the responses as preliminary. The most powerful elements of Iran's theocratic government remained silent on the U.S. proposal and were said to be intensely engaged in the private consultations that precede major policy announcements in Tehran.

The measured tenor of the Iranian diplomats' initial replies appeared to signal that their country was at least not dismissing the start of a process it had actively solicited in recent weeks, through back-channel messages seeking direct engagement with Washington. But one analyst in regular contact with the Tehran government said the full response would reflect skepticism about Bush's sincerity.

"The perception here is basically that the U.S. did what it did in response to domestic pressure inside the U.S., and also to convince the Russians and Chinese" to back stronger pressure on Iran, said Nasser Hadian-Jazy, a political scientist at Tehran University.

He predicted Iran's final response would stop short of obliging the Americans but go far enough to convince Moscow or Beijing of its good intentions. It might include steps such as suspending the installation of the next two enrichment systems and letting U.N. inspectors conduct snap inspections for the duration of the negotiations.

Six Nations Agree On Incentives For Nuke Cooperation (WT/AP)

By Anne Gearan And George Jahn, Associated Press

The Washington Times, June 2, 2006

VIENNA, Austria -- Six world powers agreed yesterday to offer Iran a new choice of rewards if it gives up its suspected nuclear activities or punishment if it refuses, a gambit that could either defuse a global confrontation with the Islamic regime or hasten one.

"There are two paths ahead," British Foreign Secretary Margaret Beckett said in announcing agreement among the United States, Britain, France, Germany, Russia and China on a package for Iran that carries the threat of United Nations' sanctions.

The package would be on the table for a proposed new round of bargaining with Tehran over what the United States and its allies call a rogue nuclear program that could produce a bomb.

After a meeting of officials from the six powers, Mrs. Beckett said, "We urge Iran to take the positive path" and promised to suspend Security Council action against Tehran if it agrees to halt enrichment.

At the White House, President Bush warned that the confrontation would end up at the U.N. Security Council if Iran continues to enrich uranium.

"If they continue their obstinance, if they continue to say to the world, 'We really don't care what your opinion is,' then the world is going to act in concert," Mr. Bush said after meeting with his Cabinet.

In a major policy shift, the U.S. agreed this week to join those talks if Iran suspends its uranium-enrichment program. It would be the first major public negotiations between the adversaries in more than a quarter century.

Secretary of State Condoleezza Rice met with the foreign ministers from Britain, France and Germany, the three European nations that led talks with Iran. Those talks stalled last year. Also present were representatives of Russia and China, which have been Tehran's trading partners and could join in any future talks with Iran.

Because Russia and China hold vetoes in the U.N. Security Council, the U.S. needs their cooperation to seek sanctions or other harsh measures by that body.

"We are very satisfied by the results of today's meetings here in Vienna," U.S. Undersecretary of State R. Nicholas Burns told reporters. "We consider them a step forward in our quest to deny Iran nuclear-weapons capability."

A short statement issued by foreign ministers from the six powers and the European Union did not mention economic sanctions -- the punishment or deterrent favored by the United States and that Iran has sought to avoid.

The powers agreed privately, however, that Iran could face tough U.N. Security Council sanctions if it fails to give up the enrichment of uranium and other disputed nuclear activities, U.S. officials said.

Diplomats feared Iran would immediately reject any invitation to bargain if the threat of sanctions was explicit, officials involved in the discussions said on the condition of anonymity because the negotiations of the major powers were private.

The foreign ministers' statement threatens unspecified "further steps" in the Security Council.

If Iran returned to the talks stalled since last year, "we would also suspend action in the Security Council," Mrs. Beckett said.

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The Security Council, which can levy mandatory global sanctions and back its mandates with military force, has been reviewing Iran's case for two months. Its permanent, veto-holding members -- U.S., Britain, France, Russia and China -- have been at odds over the possibility of sanctions.

On Wednesday, Iran's foreign minister welcomed the idea of direct talks with the United States but rebuffed the U.S. condition that Tehran first must suspend uranium enrichment.

"Iran welcomes dialogue under just conditions but won't give up our rights," the state-run Iranian television quoted Foreign Minister Manouchehr Mottaki as saying yesterday.

Mr. Mottaki's statement, issued as Miss Rice was arriving in Austria, was the country's first direct reaction to the U.S. offer.

"We won't negotiate about the Iranian nation's natural nuclear rights, but we are prepared, within a defined, just framework and without any discrimination, to hold dialogue about common concerns," he said.

Over A Barrel (WSJ)

By William P. Kucewicz

The Wall Street Journal, June 2, 2006

Condoleezza Rice, in signaling a new U.S. willingness to negotiate with Iran, also warned that "international isolation and progressively stronger political and economic sanctions" would follow if Tehran defies its international obligations by continuing to develop nuclear weapons. Although the likelihood of those sanctions increased yesterday after the Iranian regime rejected the U.S. offer, it has been the threat of such sanctions, and the crippling effect an international embargo would have on Iran's economy and exchequer, that have always been the likely catalysts for any possible negotiation.

There's simply no getting around the fact that you can't eat petroleum. Iran's 132.5 trillion barrels in proved oil reserves -- 10.2% of the world total -- are of little benefit unless they're earning money. A trade embargo would hit Iran especially hard, because its economy and government budget are inordinately dependent on petrodollars. Oil shipments account for about 25% of GDP, represent 90% of total export earnings and provide as much as 50% of fiscal receipts.

Further, the country imports about one-third of its gasoline. Additional gasoline supplies and other oil products are refined in Tehran from 60,000 barrels a day (bbl/d) in imported crude that arrives via pipeline from the Caspian Sea in a swap arrangement. In Iran, gasoline, like foodstuffs, is heavily subsidized -- to the tune of $3 billion this year -- as part as the regime's strategy to buy off public opinion. With gasoline retailing at just 40 cents a gallon, consumption, not surprisingly, has been growing by 8% to 10% a year.

The regime already feels the pinch of unilateral sanctions, first imposed by Bill Clinton and extended by President Bush, that forbid U.S. companies and their subsidiaries from doing business with Iran. Additionally, the Iran-Libya Sanctions Act of 1996 authorizes mandatory and discretionary sanctions against non-U.S. companies investing more than $20 million a year in Iran's oil and natural gas industries. The effectiveness of the restrictions can be measured by the volume of Iranian crude oil output. In the six months ended March, Iranian production was down 1.3% from a year earlier versus a comparable gain of 1.5% for OPEC, excluding Iran and Iraq. Compared with the six months ended March 2002, Iran's output in the latest six-month period was up 13.4% against a 21.7% increase for the eight members of OPEC sans Iran and Iraq.

Iran's below-average oil production is explained by a shortage of investment capital. Its 40 producing oilfields need modernizing. Recovery rates are a meager 24% to 27% compared with a 35% world average. But Iran doesn't have the capital to pay for upgrades. In fact, it has been counting on foreign investment to help it boost production from last year's 4.2 million bbl/d (of which 3.9 million bbl/d was crude oil) to a targeted five million bbl/d in 2010 and eight million bbl/d by 2015. Tehran further hopes, with foreign help, to expand its oil refining capacity by 50% to 2.2 million bbl/d by 2008. Sanctions would put the kibosh on these ambitious plans.

U.S. bans on technology transfers also have frustrated Iran's efforts to develop its massive natural gas reserves, the world's second largest. U.S. companies dominate natural gas liquefaction, and most liquefied natural gas (LNG) plants in the world use U.S.-licensed processes. Iran is limited to non-U.S. technology and so far hasn't built a single LNG facility. The cost: $11 billion in foregone annual earnings from one natural gas field alone.

What Tehran knows, and what the outside world has yet to grasp, is that an international trade embargo would hurt Iran infinitely more than it would hurt the U.S.

For oil-importing countries, even though Iran exports roughly 2.7 million bbl/d in petroleum, a complete cutoff of these shipments could be offset in large measure by increased OPEC and non-OPEC output, greatly diminishing the dreaded prospect of $100-a-barrel oil. Saudi Arabia has the most untapped capacity, in the order of 1.3 million to 1.4 million bbl/d. Other OPEC members, according to the International Energy Agency, have spare capacity of 1.1 million bbl/d, not including Iraq's estimated 700,000 bbl/d. With a total of 2.4 million to 3.1 million bbl/d in idle capacity, OPEC alone could offset a loss of Iranian exports. Furthermore, global oil consumption is anticipated to grow in the range of 1.4 million to 1.6 million bbl/d this year, while new

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supply is expected to increase by 1.2 million to 1.3 million bbl/d. Much of the imbalance is expected to be covered by OPEC exports of LNG.

Oil's fungibility notwithstanding, Asia in general and Japan in particular would be hardest hit by a cutoff of Iranian crude. (The U.S., Canada, Britain and Germany, among others, no longer import Iranian oil.) China has already taken steps in response to high oil prices that could lessen the effects of an Iranian trade embargo. It has eliminated tax rebates on gasoline exports, raised gasoline, diesel and jet fuel prices by 3% to 5% and levied higher taxes on larger vehicles. Chinese electric power generators, too, are scaling back on oil use.

Besides, it's not like we haven't been through this before. Following the 1991 Gulf War, Iraqi oil exports fell by some 2.3 million bbl/d to a mere 61,750 bbl/d between 1991 and 1996. Even now, Iranian exports are way below their pre-revolution high of 5.5 million bbl/d, which was equal to 19.2% of OPEC's 1974 crude and products shipments. Thirty years later, Iran shipped three million bbl/d, or 11.7% of OPEC exports. * * *

To be sure, there are other risks to global oil supply -- notably in Nigeria, Venezuela, Ecuador, Chad, Russia and Iraq. But should it be necessary, the U.S. could always play its trump card -- namely, the Strategic Petroleum Reserve. Established after the 1973 OPEC oil embargo, the reserve has a current inventory of 688.6 million barrels of oil, sufficient to provide about two months of U.S. import protection. Were, say, 500,000 bbl/d to be siphoned off to partially offset a loss of Iranian crude, the stockpile would last more than three-and-a-half years.

Iran doesn't have the world over a barrel. It's the other way around. The economic and fiscal squeeze of new trade sanctions could indeed become so painful as to prompt regime change.

Mr. Kucewicz edits GeoInvestor.com.

U.S. Rejects An Invitation For Talks In North Korea (NYT)

By Norimitsu Onishi

The New York Times, June 2, 2006

TOKYO, June 1 — North Korea on Thursday invited the top American nuclear envoy to visit its capital, Pyongyang, for bilateral talks, but the White House insisted that the North return to long-deadlocked six-nation talks instead.

North Korea invited Christopher R. Hill, an assistant secretary of state and chief negotiator in the nuclear talks, to Pyongyang, indicating that it wanted to discuss an agreement that was reached last September but never carried out.

"If the U.S. has a true political intention to implement the joint statement, we kindly invite once again the head of the U.S. side's delegation to the talks to visit Pyongyang and directly explain it to us," the Foreign Ministry said in a statement released through the official Korean Central News Agency.

North Korea agreed last September in the six-nation talks to abandon its nuclear program in return for energy assistance and security guarantees. But the agreement left unclear the issue of the sequence of events, and disputes arose immediately over whether disarmament or the award of benefits would come first.

Also, North Korea has said it will not return to the multination talks unless the United States lifts a crackdown on financial institutions dealing with the government and North Korean companies suspected of counterfeiting American dollars and laundering money. The other nations involved in the talks are China, South Korea, Japan and Russia.

North Korea, which has long pushed for direct talks with the United States, issued the invitation a day after the United States offered to hold direct talks with Iran over its nuclear program. Washington has shifted away from decades of refusing to hold direct talks with Tehran, though the United States included the precondition that Iran suspend its uranium activities.

"The United States is not going to engage in bilateral negotiations with the government of North Korea," said Tony Snow, the White House spokesman. "The United States sticks by its position, which is, North Korea has to return to the six-party talks."

The United States and the North, which engaged in direct talks in the past, reached an accord in 1994 that called for the installation of two civilian nuclear reactors in North Korea and other assistance after the North abandoned its nuclear program. The accord broke down after American officials accused the North in the fall of 2002 of engaging in a secret uranium enrichment program.

The six-nation talks began in the summer of 2003. The United States has consistently rejected North Korea's request for bilateral talks, though informal talks between American and North Korean officials have taken place on the sidelines of the six-nation negotiations.

In its statement on Thursday, North Korea reiterated that it would not return to the talks unless economic sanctions were lifted. The sanctions, which are opposed by China and South Korea, are said to have squeezed the North financially. Banks around the world have limited their dealings with North Korea, concerned that they would be blacklisted by the United States.

N Korea Invites US Nuclear Negotiator For Talks (FT)

DOJ_NMG_0031570

By Anna Fifield In Seoul

Financial Times, June 2, 2006

Pyongyang on Thursday invited Christopher Hill, Washington's top negotiator in the six-party talks on the North Korean nuclear crisis, to visit for bilateral discussions, saying the US must prove its commitment to resolving the prolonged impasse.

It again called for the US to drop the financial sanctions that have crippled cash-strapped North Korea's ability to trade with the outside world.

"If the US has made a political decision to truly carry out the joint declaration, we again invite the chief delegate to the six-party talks to visit Pyongyang and personally explain [the US position] to us," the state-run Korean Central News Agency quoted an unnamed foreign ministry spokesman as saying.

With the move, North Korea again demonstrated its capacity for wily negotiating as the invitation is unlikely to be accepted, enabling Kim Jong-il's regime to blame further the stand-off on the Bush administration.

Although Mr Hill held talks with his North Korean counterpart on the sidelines of the September round of negotiations and has previously signalled willingness to travel to Pyongyang, he was restricted from meeting Kim Kye-gwan at a security forum in Tokyo earlier this year as Washington takes an increasingly harder line.

The September talks led to an agreement for all six parties to work towards the North's nuclear disarmament, but this was soon overshadowed by an increasingly acrimonious dispute over Pyongyang's financial activities.

Washington has cracked down on eight North Korean companies and a Macao bank it accuses distributing counterfeit dollars and laundering money earned illicitly.

The North Korean spokesman said the US had violated the spirit of the September agreement because the parties had agreed to hold increased bilateral and multilateral contacts to create a favourable atmosphere for the talks.

"The US will never find a solution to the problem if it continues to shun sitting with its dialogue partner while calling for the resolution of important issues such as the nuclear issue through discussions," he said.

The US has repeatedly said the sanctions are merely a way to protect its financial system and are unrelated to the nuclear issue.

"There's an awful lot in the September agreement that benefits North Korea, and frankly I don't understand why [North Korea] isn't coming back," Mr Hill said last week after talks in Beijing with Wu Dawei, the Chinese negotiator.

Despite efforts by Mr Hill, Mr Wu and South Korea's Chun Yong-woo to restart the talks, analysts say the negotiations are again on the brink of collapse as Pyongyang and Washington each wait for the other to give in first.

Bush To Welcome Congo's Sassou-Nguesso (AFP)

AFP, June 1, 2006

US President George W. Bush will welcome Congo's President Denis Sassou-Nguesso June 5 for talks on efforts to keep peace in Sudan's Darfur region, the White House said.

"The two leaders will discuss implementation of the May 5, 2006 Darfur Peace Agreement, NATO assistance to strengthen the African Union Mission in Sudan and the follow-on UN mission, United Nations authorization to promptly transition to a UN peacekeeping force," said Bush spokesman Tony Snow.

Bush and Sassou-Nguesso, who currently chairs the African Union (AU), will also discuss "ways to strengthen democracy and improve the lives of the Congolese people," said Snow.

Earlier, the African Union expressed "deep regret" that holdout Darfur rebel groups had failed to meet a midnight Wednesday deadline to sign a peace deal for the troubled western Sudanese region.

The peace deal aims to end three years of conflict in Darfur, which has left some 300,000 people dead and 2.4 million homeless.

It calls for a more equitable distribution of power and wealth, the disarming of the pro-government Janjaweed militias and a referendum on the future of Darfur.

But the holdouts say the accord fails to address their concerns and have refused to sign on unless substantial changes are made.

Washington And Beijing Stoke Nuclear Fears (FT)

By Mure Dickie, Demetri Sevastopulo

Financial Times, June 2, 2006

Donald Rumsfeld, the US defence secretary, arrives in Singapore today for a three-day conference on Asia security issues that is likely to include much discussion about China following the release last month of his department's annual report on the Chinese military.

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The Pentagon drew plenty of attention last week when it suggested that US defence analysts had been surprised by changes in the capacity of China's nuclear deterrent, including the "pace and scope of its [nuclear] strategic forces modernisation".

It is not entirely clear what surprises the Pentagon was referring to since the unclassified version of the report provided few details about new developments. However, the highlighting of concerns about Chinese nuclear intentions was a reminder of the possibility for mutual miscalculation between the world's most powerful country and its most populous.

While there has been a surprising lack of nuclear competition between the US and China since Beijing exploded its first atomic device in 1964, recent signals from both sides have increased fears that they might succumb to the temptations of a new arms race.

Peter Brookes, a defence analyst at the Heritage Foundation and former Pentagon official on Asia issues, says the US and China are not "at that point right now".

But he says the increased mobility of China's nuclear forces and their desire to arm submarines is causing concern in the Pentagon.

Many Chinese observers bristle at what they see as the hypocrisy of expressions of concern from the US - which has about 10,000 strategic and tactical nuclear warheads - at a Chinese arsenal generally estimated to total less than 400.

"I do not know why they should feel surprised. Why do they assume that China should have weaker nuclear forces?" says Shen Dingli, an expert on international relations at Shanghai's Fudan University.

The Pentagon report cited China's long-standing plans to add mobile DF-31 intercontinental ballistic missiles to its current old and small arsenal of about 20 silo-based intercontinental ballistic missiles able to hit the US.

The Pentagon's focus on long-range, precision conventional weapons concerns Chinese strategic thinkers, since they could be used to launch a pre-emptive strike.

US enthusiasm for anti-missile defences means that China is likely to need more missiles or warheads to have any confidence that at least some could get through such a shield. But Larry Wortzel, a former military attaché in Beijing and now chairman of the US-China Commission, says China has been increasing its nuclear forces long before the US started looking seriously at missile defence.

"We must hold America effectively hostage, because we are being effectively held hostage by America, and we need to strike a balance - even if it is asymmetrical," says Mr Shen.

Mr Shen was mentioned in the Pentagon report as offering evidence of a possible rethinking of China's long-standing stated policy of "No First Use" of nuclear weapons. The Fudan University academic does indeed think the No First Use policy should be adjusted to take into account the possibility of a conventional attack intended to eliminate China's nuclear forces - but he insists this is a personal view not part of any wider debate.

The Pentagon has stronger evidence of a policy discussion in the comments of Chinese General Zhu Chenghu, who last year said Beijing might have to use nuclear weapons against the US if attacked during a confrontation over Taiwan.

The Chinese government assured Mr Rumsfeld in October that Gen Zhu was speaking in a private capacity. But the fact that he has been allowed to keep his job, following an administrative punishment, has fed US concerns that the No First Use policy is more rhetorical than doctrinal.

Li Bin, director of the Arms Control Programme at Beijing's Tsinghua University, argues that China's nuclear strategy has always been based on an assumption that the "nuclear taboo" ensures the US will not actually use its atomic weapons.

The greater risk is that possession of nuclear force might make policymakers rash about the use ofconventional force, Prof Li says. "Some kind of nuclear escalation could still develop," he says. "It is a danger, but it's not the number one danger."

Rift Clouds Asian Defense Talks (WSJ)

By Barry Wain

The Wall Street Journal, June 2, 2006

SINGAPORE -- Asian-Pacific defense ministers meet here this weekend at a time of deteriorating political relations between Japan and China.

While the U.S. has recently stepped up its criticism of Chinese military spending, some Asian countries have become alarmed about an increasingly nationalistic Japan. Government-to-government ties between a rapidly rising China and Japan, the established regional power, are at their lowest point in decades, despite strong economic links.

Although the U.S. has a major presence in the region, "the defining relationship in East Asia will be between China and Japan," said Rodolfo Severino, former secretary-general of the Association of Southeast Asian Nations. "Unfortunately, they just don't like each other, and they sense a certain rivalry."

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Defense ministers, military chiefs and senior officials from 22 countries, including the U.S., China, Japan, Russia and the 10 Asean members, will attend the two-day talks. The event has taken place every year since 2002. Nongovernmental security specialists from Europe, the U.S. and Asia also take part.

The forum, organized by the London-based International Institute for Strategic Studies, allows participants to conduct informal defense consultations and bilateral exchanges, as well as roundtable discussions. A Malaysian proposal to improve maritime security in the Malacca Strait by deploying multinational air patrols -- so-called eyes-in-the-sky -- was taken up at last year's meeting and has since been introduced by Indonesia, Singapore and Malaysia.

Tim Huxley, an IISS official, said one item arising from last year's debates is on the agenda this year: the role of major powers in Asia, and the part Asian powers might play in global security arrangements. Attention is expected to focus on China, India and Japan, he said.

The U.S. delegation will be led by Defense Secretary Donald Rumsfeld, who used last year's gathering to question China's increased defense spending. Since then, U.S. officials have repeatedly criticized Beijing for annual double-digit growth in defense expenditure and for not being "more transparent" about it.

Although a U.S. Defense Department report in May again warned that China is rapidly extending its military reach with more long-range aircraft and weapons that could pose a threat to neighbors, few Asian governments seem worried -- except Japan, which has echoed Washington's concerns. Some security experts say a number of Asian governments are disturbed by China's expanding military capability but don't want to speak up for fear of offending Beijing.

"There are Southeast Asian countries that are unsure about China's long-term intentions," said Amitav Archarya, deputy director of the Institute of Defense and Strategic Studies in Singapore. "They don't mind the U.S. raising the issue."

Similarly, while most countries in the region haven't publicly taken sides in the China-Japan rift, Southeast Asia tends to be critical of Japanese Prime Minister Junichiro Koizumi for visiting a World War II shrine containing the name of war criminals. Southeast Asia has a negative view of Japan's conduct during the war and thinks Tokyo "should be wiser," said Sheng Lijun, a scholar from China who works on international relations at the Institute of Southeast Asian Studies in Singapore.

China Urges Foreigners To Look Beyond Its Big Cities (LAT)

By Mark Magnier

The Los Angeles Times, June 2, 2006

BEIJING -- Chinese officials have settled on a new mantra in meetings with visiting foreign dignitaries: You've seen Beijing and Shanghai. Now it's time to go out to the countryside and see our tired, our poor, our huddled masses yearning to be fed.

Behind the polite invitation is a more substantive message. Namely, you may view us as a strategic threat poised to steal your jobs, drive up your gas prices and take over the world. But take a peek beyond the tall buildings and bright lights and you'll have more sympathy for our problems. And then maybe, just maybe, you won't be so hard on us.

"You should visit outside Shanghai and Beijing," Cai Wu, director of the information office of the State Council, China's Cabinet, told a group of newspaper editors in Beijing recently. "It's like visiting the house of a friend. The first time you stay in the living room. But next time, after you become better friends, you go into the kitchen and the basement."

Tang Jiaxuan, state councilor and a member of the Communist Party's Central Committee, also waxed metaphoric.

"When you go to the countryside, you will understand why Chinese say they are firmly walking on the road to peaceful development," Tang said in an interview last week at Zhongnanhai, the national seat of power. "China is not a country that hides its skeletons in the drawer."

Even on trips abroad, officials are making the pitch for a visit to the Chinese sticks. In Los Angeles this week, Beijing Mayor Wang Qishan reminded business leaders who may have been to Shanghai and Beijing that the masses of rural poor in China make less than half of the $4,557 of an urban Beijing dweller.

Encouraging influential foreigners to have a "Green Acres" moment not only helps outsiders better understand China in all its complexity, it also makes tactical sense.

Beijing hopes to send a couple of messages. One is that its record $202-billion trade surplus with the United States last year may look huge but doesn't amount to all that much when divided by 1.3 billion people. A second is that China has too many domestic problems and is too focused on political stability to menace its neighbors.

"The government's old way of thinking was related to traditional culture, a concern with 'face' and presenting the best side to outsiders," said Xiao Gongqin, a history professor at Shanghai Normal University. "Now we'd like Western countries to see that China is lagging far behind. It's far, far from becoming a threat."

The perception gap was on display last week after the release of a Pentagon report saying that China is rapidly extending its military reach, allowing it to compete with the U.S. and pose a potential threat to other countries.

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Beijing strongly rejected those conclusions, arguing that its buildup is merely defensive. It accused Washington of Cold War-era thinking.

Beijing's call on foreigners to get a look at Chinese farmers living in squalor is also a sign of China's growing self-assurance. After all, it wasn't so long ago that officials rushed to hide even the smallest of blemishes, wary of leaving the impression that Chinese socialism was anything but perfect.

"China is much more confident," said Wang Yiwei, an American specialist at Fudan University. "It's rising, but it's eager to say it's not rising so much. And it has a point. While Shanghai is China's New York, the countryside is China's Africa."

Howard Snyder, a U.S. businessman who first came to China in 1981 to learn the language, recalls how tightly controlled the country was in those days. Foreigners were required to register before traveling even short distances, with trips to the countryside limited to Potemkin-style model villages.

In 1982, while studying at Beijing Normal University, Snyder slipped away to nearby Hebei province during the Chinese New Year break to experience a bit of rural life. The sort of visit officials now welcome was viewed at the time with great suspicion, prompting police to excoriate the university minder charged with watching over Snyder and other foreigners.

"There was both a fear of being seen as backward and a desire to avoid any foreign contact you might be accused of," Snyder said. "There's a Chinese expression, 'Once bitten by a snake, you're afraid of a rope for the next 10 years.' " After the 1966-76 Cultural Revolution, a reign of terror when outside influence and Chinese tradition were demonized, "there was a real lingering fear of foreign contact," he said.

Years of rapid economic growth, an increasing number of foreign leaders knocking on its door and China's growing role as a global player have made China far more open and less reflexive about criticism.

"It's a complete shift," said David Ben Kay, an American lawyer working for a U.S. software company who first came to China in the late 1980s.

All politics are local, in China as elsewhere, and the recent invitations to experience China's countryside also dovetail with a major initiative by the administration of President Hu Jintao and Premier Wen Jiabao.

The message to get beyond Shanghai subtly distinguishes the new leadership team from former President Jiang Zemin, a Shanghai booster whose policies benefited the moneyed, high-tech and glitzy. It also falls in line with Hu and Wen's focus on rural problems, migrant workers, the rich-poor gap and those left behind.

"It's entirely consistent with the line from the top," said Patrick Horgan, Beijing-based managing director with a consulting company and a longtime China resident. "And it's for the good. If people form their view of China from the China World and St. Regis hotels and from being whisked around in motorcades, they miss the bigger story."

China is increasingly welcoming not only potential friends but some of its harshest critics to poke around for themselves.

Early this year, it invited Sens. Charles E. Schumer, D-N.Y., and Lindsey Graham, R-S.C., for a visit after the two drafted a bill to impose a 27.5 percent tariff on all Chinese goods imported to the U.S. unless Beijing agreed to revalue its currency. Critics say China's yuan is undervalued, giving its companies an unfair trade advantage.

Back in Washington the following week, the senators agreed to postpone a vote on the bill until September on the grounds that Beijing had assured them it was serious about currency reform.

That prompted a familiar refrain.

"I think with Senators Schumer and Graham's visit to China, both sides have a better understanding of each other's views," a senior Chinese official told a small group of U.S. reporters in advance of Hu's trip to Washington in April.

"It's just a pity that, given the brief visit by the senators, there was no time to visit the impoverished Western areas."

Opec Unites Against Venezuelan Rhetoric (FT)

By Carola Hoyos And Andy Webb-Vidal

Financial Times, June 2, 2006

Hugo Chávez, Venezuela's populist president, on Thursday angered Opec ministers with anti-US rhetoric as they united against him in rejecting his call to cut the oil cartel's production.

Overcoming Venezuelan objections, the Organisation of the Petroleum Exporting Countries, at a meeting in Caracas hosted by Mr Chávez, decided to keep pumping at nearly maximum capacity. Opec produces 30m barrels a day of oil, about 40 per cent of the world's total output. Earlier this week Venezuela called for a cut in Opec production of 500,000 to 1m b/d.

"We are third world countries, nations that have suffered colonialism for years, we are countries that are condemned by much more powerful states," Mr Chávez told the meeting. "The US president is a danger for the world," he said, echoing his regular criticism of US foreign policy.

Opec ministers did not criticise their host openly. Shokri Ghanem, Libya's energy minister, said: "The most important thing in life is to listen, not necessarily to agree."

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Saudi Arabia, the world's biggest oil producer, has led the cartel's efforts to counter attempts by Venezuela and Iran to use Opec as a tool against the US, Opec's biggest customer. Venezuela backed the idea of selling oil in euros instead of in dollars, a proposal which was supported by Iran but rejected by other members.

Oil prices are at near-record highs and a reduction in Opec's output would have led to a further rally, analysts said. They warned this could have undermined world economic growth and pushed up inflation.

Using Opec to further his cause of oil nationalism, Mr Chávez backed Bolivia to join the group as an observer member, and Ecuador, a member from 1973-1992, to rejoin as a full member. Both South American countries have moved to wrest more control of energy from international companies.

Joseph Stanislaw, president of J A Stanislaw group, the consulting firm, said: "The enlargement of Opec is a natural extension of the energy nationalism we see in the world today. The high prices are encouraging every oil-rich country to find ways to maximise their resources revenue."

Pushed by Nigeria, Opec's biggest African member, Angola and Sudan are also considering joining the group. The two sub-Saharan countries together produce more than 1.5m barrels of oil a day. International oil companies have invested billions in Angola and oppose its membership.

If oil prices fell and Opec decided to reduce its quota level, Angola would have to ask oil companies to forgo revenues. Sudan would have to do the same to the Chinese groups that dominate its industry.

OPEC Decides Not To Cut Production Quotas (WP)

By Steven Mufson

The Washington Post, June 2, 2006

Ministers from the Organization of Petroleum Exporting Countries said at their meeting in Venezuela yesterday that the oil group that produces 40 percent of the world's oil would keep its production quotas unchanged at 28 million barrels a day.

"At this level of prices, the market is very sensitive," Qatar's Abdullah bin Hamad al-Attiyah told reporters in Caracas yesterday, Bloomberg News reported. "We have to be very careful. We don't want the price to get out of control."

But oil traders and analysts took little comfort from OPEC's commitment, noting that the cushion between world supply and demand remained uncomfortably thin. Moreover, they said, the oil producers were unlikely to reduce output when they could cash in on record high prices that many consumers think are already out of control.

"Nobody expected that at these prices they'd cut back," said Edward Morse, executive adviser of Hess Energy Trading Co. in New York.

The only OPEC member pushing for cuts in output quotas was the meeting's host, Venezuela, but oil traders noted that Venezuela probably favored a cut in quotas because it has been unable to produce enough oil to meet its share of the organization's quota allotments. Morse estimated that Venezuela, OPEC's third-largest producer, was falling at least 300,000 barrels a day short of its quota because of technical problems it has had since an oil workers strike three years ago and more recent disputes with foreign operators.

Crude oil for July delivery fell 95 cents, but still remained high at $70.34 a barrel.

Sensitive to charges that they have helped drive up oil prices, some OPEC ministers pointed to speculators and traders who are too worried about tension between the United States and Iran over Tehran's nuclear program. Saudi Arabia's oil minister, Ali al-Naimi, said yesterday that the crude oil market was "oversupplied and overpriced," Bloomberg reported. Al-Naimi said world supply exceeds demand by about 1 million barrels a day.

Some investors agree. The manager of one European hedge fund said in a recent interview that he thought the world was "awash in oil."

Others don't see it that way. "There comes a point every year in the second quarter where supply is ahead of demand," said Jacques Rousseau, an oil analyst with Friedman, Billings, Ramsey Group Inc. "It's a seasonal thing. We're out of the winter heating season and not yet in the summer driving season."

"It's in OPEC countries' interest to say that supply is not the problem and that OPEC is living up to its responsibility," said Morse, who noted that May is the month when demand is weakest. "Therefore, they say, it must be something else: speculators, a risk premium or a lack of refining capacity. But clearly the lack of production capacity is a factor in keeping prices as high as they've been."

Most OPEC countries can do little to bring prices down, however. The organization has limited excess production capacity and most of it is in Saudi Arabia, which says it could produce 1.8 million barrels more a day. But even there, about 800,000 barrels a day of that extra supply cannot be used at most of the world's refineries because of its low quality.

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Meanwhile, demand continues to run strong. The Energy Department yesterday released figures showing that U.S. demand for gasoline has been running 0.9 percent above last year, despite high prices. U.S. gasoline consumption accounts for roughly 9 million barrels a day, of total world demand of about 85 million barrels a day.

Although the International Energy Agency this year trimmed its estimate for the growth in world oil demand, it still expects an increase of 1.2 million barrels a day.

Rousseau said he expects the oil-market balance to remain tight for years, regardless of what OPEC does.

"Prices will drift down to mid-60s this year and stay at that level next year because world economic conditions are softening somewhat. But it won't be until the next decade that we really drive down the price," he said.

OPEC Keeps Its Formal Output Aims (WSJ)

By Bhushan Bahree And David Luhnow

The Wall Street Journal, June 2, 2006

CARACAS -- With oil prices still above $70 a barrel, the Organization of Petroleum Exporting Countries left its oil-output targets unchanged as expected. But behind the scenes, some major exporters already have begun making moves to effectively trim oil supply, said delegates attending the meeting.

The cartel didn't take up the hawkish call by Venezuelan President Hugo Chávez to formally cut output, set a price ceiling of "infinity" or shift the pricing of petroleum to euros instead of dollars. Qatari oil minister Abdullah bin Hamad Al-Attiyah said yesterday OPEC ministers had decided to leave output unchanged.

U.S. benchmark crude settled at $70.34 a barrel, down 95 cents, or 1.3%, on the New York Mercantile Exchange.

But some analysts estimate that oil supply from OPEC nations is already well below the formal output quota of 28 million barrels a day, excluding Iraq, and is running as much as one million barrels a day less than a year ago. Led by Saudi Arabia, the cartel last year opted to pump full-throttle to fatten up oil inventories globally to meet growing demand, which is at about 84 million barrels a day.

The Saudis are producing less oil, say cartel officials. Saudi and Iranian producers, through a pricing mechanism that either encourages or discourages buyers, also have taken steps to reduce the amount of oil that reaches the market, the officials said. The declines -- which are also in part due to supply disruptions like political strife -- haven't been announced and haven't shown up in official figures.

The reason for the cutbacks: While oil use is rising, global inventories are flush. This is causing concern in OPEC that if investors cut back on heavy purchases of oil futures, prices could fall precipitously.

Underscoring those concerns, Saudi Oil Minister Ali Naimi said yesterday the oil market is both oversupplied and overpriced, adding that the OPEC heavyweight is seeing no extra demand from its customers for oil, especially for heavy crude that's more difficult to refine into fuels like gasoline. "Nobody wants heavy oil," he said.

Oil ministers are saying oil prices are being driven up by financial investors, not by fundamentals of supply and demand. "Oil could drop to $40 a barrel" if hedge and pension funds decide the price has peaked and redirect money into other markets, said one senior delegate from a major Middle Eastern country.

Such worries may seem misplaced at a time when the world economy is using up more oil. OPEC's leaders reply that they have seen oil markets turn quickly in the past. In the late 1990s, prices plunged below $11 a barrel as Asian economies tanked when inventories were high. While markets can turn on a dime, curtailing production and reducing inventory can take months.

As a result, key OPEC members are adjusting their production and deliveries downward to preclude further, price-threatening increases in consumer stockpiles of oil, thus preparing for the day when markets turn against them. But they are doing so quietly, because of consumer anger over high prices at the pump. As a whole, OPEC's output has fallen by about 600,000 compared with less than a year ago, at about 27.3 million barrels a day excluding Iraq, according to PFC Energy, a Washington oil-consulting company. That doesn't include oil pumped but put in storage instead of sold. Saudi Arabia, Iran, Venezuela and Nigeria are all producing less than they did a year ago.

"They're starting to draw down hefty crude stocks" world-wide, said Roger Diwan, a PFC analyst, on the sidelines of the OPEC meeting. "This will position them better for any downturn in price or demand."

Some of the decline, say OPEC officials, results from an attempt by Saudi Arabia and Iran to keep world oil supplies in check. They are doing this by opting not to discount heavy, high-sulfur grades of crude oil. These fuels are hard to sell during the summer, when refiners seek lighter grades that yield more gasoline when refined.

The Saudi decline -- estimated by PFC at some 200,000 barrels a day -- is recent. And because some of the oil is being stored, including on tankers, the reduced supply isn't showing up in output data compiled by various organizations, including the Paris-based International Energy Agency.

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Acknowledging that Iran is building up stores of oil, a senior Iranian delegate said his country isn't alone in having trouble finding buyers for heavy, high-sulfur grades of crude oil. "Anybody who has oil of less than 30 API can't find buyers," the official said, referring to the American Petroleum Institute's gravity scale for oil, in which a number below 30 signifies heavier grades.

Colombia's Window Of Opportunity (WSJ)

By Mary Anastasia O'Grady

The Wall Street Journal, June 2, 2006

Liberty lovers across the Western Hemisphere are cheering Colombian President Alvaro Uribe's second-term victory on Sunday. Colombians gave their president more than 62% of the vote. His closest competitor, the hard-left Carlos Gaviria, whose platform mirrored the ideology of Venezuelan President Hugo Chávez, earned only 22%. Pro-Uribe parties also won a majority in Congress.

The Uribe win is not only an endorsement of a worldview favoring security, the rule of law and global engagement for Colombia. It is also evidence of a backlash against the economic isolation and hostility toward private property preached by Mr. Gaviria and Mr. Chávez next door. As such it casts a ray of hope on the Andean region, which has been trending toward left-wing, authoritarian populism of late.

Now comes the hard part. To secure Colombian democracy, Mr. Uribe's second term will have to go beyond the success he managed in beating back guerrilla forces around the country and stabilizing the economy in his first term. Second-term success will require equal boldness in economic reform so that Colombia might attract more capital, bring underground economic activity into the legal sector, begin to grow at its potential and provide economic mobility.

The Colombian corporate tax regime may be the country's single most pernicious policy error. It is also easily correctable by introducing a single, low corporate rate, an idea that is spreading rapidly in Eastern Europe and has proven to stimulate growth and reduce corruption. Were Mr. Uribe to embrace it, he would score an early reform victory that would have a huge payoff. Failure to seize the moment will mean a missed opportunity that is not likely to present itself again. Just ask Mexican President Vicente Fox what happens when political capital is not spent.

A low corporate rate goes against the tired old saw that high taxes on entrepreneurs make society fair, even though this model has left Latin America in poverty. But bucking conventional wisdom is Mr. Uribe's trademark. When he was first a candidate for the 2002 elections, Colombia was overrun with guerrilla terror while the terrorists enjoyed a jungle safe-haven the size of Switzerland, courtesy of the government as an olive branch toward peace. The status quo favored this concession even though the rebels warred on, using the area to store weapons, hold hostages and organize assaults against the civilian population. Washington and Colombian "experts" counseled this perpetual "peace process," while the human carnage wrought by guerrillas was mounting weekly.

Mr. Uribe saw things differently and said so: Appeasement of terrorists was making things worse. That observation got him elected and when he took office he ended the safe-haven policy, beefed up the military and sent a message to the rebels that the Colombian people would defend themselves. Four years later, Colombia has not only regained lost territory but it has also recovered national confidence.

Now Mr. Uribe has the chance to do the same thing with the economy that he did with security: break with conventional wisdom and forge a new path. His economic team has already accomplished some microeconomic reform and Colombia was named one of the world's most-improved business environments by the World Bank two years ago. Improved security has paid off in increasing investment. Yet the massive underground economy remains, holding back the productivity gains essential for development. With GDP growth still averaging below 5% annually, much more has to be done to lower the cost of complying with the law so that entrepreneurs can afford to come out of the informal shadows.

The economic eyesore is tax policy, according to the bank's annual "Doing Business" report, which ranks Colombia at the bottom of the pile (148 out of 155 countries) in the category of "paying taxes." According to the report, full compliance for a medium-sized business involves an administrative burden of 432 hours and 54 payments annually. The survey further finds that "total tax payable" amounts to more than 75% of gross profit.

That's not nearly as bad as Brazilian or Bolivian tax policy but it's a world away from Estonia -- where compliance means 11 payments a year taking 104 hours and costing less than 40% of gross profit -- or Ireland where there are eight payments annually that take 76 hours at a cost of just over 45% of gross profit.

How can the lower costs in Ireland and Estonia be explained? Easy: Both have low, flat corporate rates. Ireland's is 12.5%; Estonia's is zero on retained profits. Compare this to Colombia's 35% rate and its mishmash of loopholes. Simplification means fewer filing headaches and less corruption. Tax revenues have soared in flat tax countries as businesses invest more and comply more readily. The economic effect is more employment and more funding for infrastructure and social programs serving the truly needy.

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Ireland, which for more than a century lived one of the world's most tragic emigration stories, is now experiencing net immigration and is a richer country than the United Kingdom. Estonia has one of the most competitive business environments in Europe and from 2001-2004 its average per capita growth rate was 6.7%.

Of course, any attempt at such a free-market tax policy will meet with a lot of reasons about why it can't work. Mr. Uribe could prepare for this by listening to former Estonian Prime Minister Mart Laar who won the Cato Institute's Milton Friedman Prize in April for his role in breaking the regulatory and tax shackles on his country and making it one of the world's superstar economies.

The humble Estonian has plenty of horror stories about living under Soviet rule. But he also notes that once the reformers came to power, economic freedom faced a different enemy. "The Western experts," he says, often advised his economic team against deep and rapid liberalization.

It is likely that Mr. Uribe is also encountering naysayers. The State Department is famous for its arm-twisting bureaucrats who push steeply progressive tax schedules. But Mr. Laar has the moral authority and his counsel is clear: Do it and do it fast and don't let "experts" talk you out of it.

The battle for security will continue but as Colombian economist Mauricio Cardenas said recently, "It's a mistake to think that the conflict must first be resolved for the economy to grow. We need economic growth in order to resolve the conflict." To meet that goal there may be no single policy as powerful as the corporate flat tax.

WHO Stumped By Indonesian Bird Flu Cluster (AFP)

By Marianne Kearney

AFP, June 2, 2006

The World Health Organisation (WHO) has admitted it was having difficulty identifying the source of bird flu infection in a case where seven people in the same family died of the virus.

The case in North Sumatra, Indonesia's largest cluster to date, has raised fears of human-to-human transmission of the virus, which has raised the spectre of a deadly global flu pandemic.

"There are three possible sources of infection, but there is no conclusion," WHO epidemiologist Steve Bjorge told reporters at a joint press conference with Indonesian health ministry officials in Jakarta Thursday.

"It's difficult to get good information from that village, and that family," he said. "Previously it had been good."

Indonesia has the world's second highest number of fatal human bird flu cases after Vietnam with 36 -- and the highest number of deaths this year globally.

The WHO has said that it could not rule out the possibility of human-to-human transmission in the North Sumatra case, where 54 people who came into close contact with the family are currently under voluntary quarantine.

Bjorge said the first family member to contract avian flu, a 37-year-old woman, could have been infected by her sick chickens, by chicken faeces used as fertiliser, or at the wet market where chickens are sold.

However, as two of the woman's chickens had fallen sick prior to her death, there was a strong possibility that the sick fowl were to blame, he said.

But as with two other clusters, Bjorge said WHO experts also suspected that perhaps members of the family could have been particularly susceptible to avian influenza.

"Some scientists are talking about something genetic. What we observed in all these clusters is that infections occur in closely related family members, and it is always the same bloodline," he said.

Indonesian Health Minister Siti Fadilah Supari said it was unlikely that even limited human-to-human transmission had occurred in this village.

"It's just a possibility, but based on the two criteria for possible transmission, virological evidence shows it's still being transmitted from animal to human," she told journalists.

However, as a precaution, Indonesian health authorities were to monitor the village for three more weeks -- one more than recommended by the WHO.

The people in quarantine, who include family members and other close contacts, are receiving the anti-influenza drug Tamiflu as a precaution and are being checked daily for flu symptoms, said Bjorge.

The WHO expert criticized Indonesia's efforts to fight bird flu, warning more people could die if outbreaks among poultry are not contained.

"The situation is that there is a leak in the roof, and the ministry of health is just mopping up the floor every day. Until they fix that leak in the roof, it's not going to stop," Bjorge told AFP.

"And the leak in the roof is this continuing transmission of the virus from bird to bird," he said.

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Bjorge said Indonesia had to start mass culls of infected birds and more intensive testing of fowl suspected of carrying the H5N1 virus if it wanted to stem the spread of the virus, which he said was a "pandemic in poultry".

However, the sprawling country's hugely decentralised government -- spread over 17,000 islands -- meant preventing the spread of the virus amongst birds was a very complicated task, said Bjorge.

Indonesian health officials were also fighting lack of public awareness about the disease and its dangers, he added.

More than 120 people have died of bird flu around the world since late 2003, the vast majority of them in Asia.

Local Tests Show Indonesian Girl Died From Bird Flu (AP)

The Associated Press, June 2, 2006

JAKARTA, Indonesia -- An eight-year-old girl in Indonesia has died of bird flu, a health official said Friday, citing local tests, as a rise in human cases has put Indonesia on pace to soon become the world's hardest-hit country.

The World Health Organization has yet to confirm the death. The girl, from a city on the outskirts of Jakarta, died late Thursday after apparently coming into contact with sick poultry, said Nyoman Kandun, a senior Health Ministry official.

The girl's 10-year-old brother died three days earlier with similar flu-like symptoms, but no samples were taken, said Dr. Hariadi Wibisono, a senior official at the national Health Department. The boy died in an emergency room before being treated, and the family immediately took him home for burial, he said. "The family reported that chickens died near their house, and we have been told they had contact with birds," Dr. Wibisono said.

Meanwhile, Bayu Khrisnamurti, secretary general of the National Committee of Avian Flu Control, said a mass poultry slaughter would begin soon in the North Sumatra village of Kubu Simbelang. The village attracted international attention last month after six members of a family died of bird flu and a seventh was sickened. An eighth family member was buried before samples were collected, but WHO considers her part of the cluster of cases -- the largest ever reported.

Experts haven't found any link between the relatives and infected birds, which has led them to suspect human-to-human transmission. But no one outside the group of blood relatives has fallen ill and experts say the virus hasn't mutated.

Mr. Khrisnamurti said the decision to begin a mass cull came after a meeting Thursday with provincial officials. He said the government will compensate villagers whose birds are slaughtered, but did not provide additional details. Compensation is typically about 10,000 rupiah ($1.07) for every bird killed.

Bird flu has killed at least 127 people world-wide since it started ravaging Asian poultry farms in late 2003. It is difficult for humans to catch, but experts fear the virus could mutate into a form more easily transmissible between humans, potentially sparking a pandemic. So far, most human cases have been linked to contact with infected birds. Indonesia trails only Vietnam, where 42 people have died, in number of bird flu deaths.

Avian Flu News Tracker (WSJ)

The Wall Street Journal Online, June 2, 2006

Thursday, June 1

7:15 a.m.: African health systems, already crumbling under the strain of AIDS, malaria and other diseases, could collapse if a bird-flu pandemic takes hold on the continent, health experts said at the World Economic Forum on Africa. Idrissa Sow, a senior WHO official, said it was vital to increase the number of laboratories capable of testing for the H5N1 virus in Africa. South Africa has advanced laboratory facilities, but other countries have had to send samples to Europe for testing.

2:40 a.m.: Indonesian officials began slaughtering poultry in a village where preliminary tests showed a 15-year-old boy had died from bird flu. All chickens will be killed within one kilometer (half a mile) of the boy's house in the Tasikmalaya district of West Java province, said Budi Utama, head of the local animal and fisheries agency.

U.N. Agency Proposes Plan To Track Birds (AP)

AP, June 2, 2006

The U.N. food agency said Thursday it is considering a plan to fit wild birds with tiny backpacks and monitor their annual migrations to help combat the spread of the deadly H5N1 bird flu.

The project would rely on communications satellites and a network of computers to track the birds' movements, and would cost $6.8 million, the U.N. Food and Agricultural Organization said in a statement.

"All we have now is a snapshot. We need to see the whole film," said Joseph Domenech, the organization's chief veterinary officer.

Evidence on the role of wild birds is not always conclusive in the areas where H5N1 has appeared. Migratory birds introduced the disease in Russia and eastern Europe, but in the case of recent outbreaks in Africa there is scarce evidence pointing to wild birds.

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Bird flu has killed at least 127 people worldwide since it began sweeping through Asian poultry stocks in late 2003. Most human victims were infected through direct contact with sick birds, but experts fear the virus could mutate into a form that spreads easily between humans, and spark a pandemic.

The virus has ravaged poultry flocks in Asia, Europe and Africa since 2003 and experts have pointed to the poultry trade as the area where the disease is easiest to manage.

The U.N. agency's plan would entail capturing thousands of wild birds before they migrate, testing sample birds for the virus, and fitting some with backpacks weighing less than 1.8 ounces. After the birds are released, the telemetry equipment inside the packs would track their every movement, FAO said.

When the birds stop for rest, ground teams would grab them and retest them and, in case of a positive result, have a good idea where the infection originated and where it might head next, the agency said.

A system of radio beacons and satellites would feed data into the computers of ornithologists, ecologists, virologists and epidemiologists around the world.

"Early warning would give governments and producers more time to respond to potential threats — with great benefits for the poultry industry and society at large," the FAO said.

The agency said it needs to raise most of the money for the project.

The U.N. agency released details of its plan a day after scientists at an international conference on bird flu in Rome urged countries to refrain from mass killings of wild birds, saying that only further research can reveal whether the H5N1 bird flu strain will become endemic in wild birds, causing periodic outbreaks across the globe for years to come.

The conference was organized by the Food and Agriculture Organization and the World Organization for Animal Health.

Death In Darfur (WSJ)

By Mohamed Buisier

The Wall Street Journal, June 2, 2006

Once again, the international community, and the U.N. in particular, is being shamed into acting to stop the massacres in Darfur, and once again the Arab League and Arab leaders are unwilling and unable to face facts, or to deal with them in a civilized and humane manner.

Indeed, the most recent Arab League summit, which took place in the Sudanese capital, Khartoum -- presumably as a show of support to the host government -- ended with a resolution denying that any massacres had taken place in Darfur and expressing resistance to any outside intervention in the "internal" affairs of an Arab country. (Not surprisingly, this stance is identical to that taken by Osama Bin Laden.)

By adopting this argument, the Arab League was not just covering up for the atrocities perpetrated by the Sudanese government, but also for the direct or indirect involvement in this part of the Sudan of some of the Arab governments attending the summit. It is but one more shameful manifestation of Arab governments turning a blind eye to the continuing inhumane atrocities committed against their own citizens.

The fact that the Arab League is ineffectual is no longer news. Indeed, it may even work to the advantage of those present at the summit that many of the delegates were asleep, as Al-Arabiya TV cameras showed: In the future, if justice were to prevail in Darfur, the conferees could claim that they were sleeping when the resolution was passed and blame the whole ugly episode there on a Western/Zionist conspiracy to destroy the image of Arabs and Muslims.

While not dwelling on the cause of the problem, other Muslim leaders, such as Prime Minister Recep Tayyip Erdogan of Turkey, have tried to raise awareness of the humanitarian tragedy that is taking place in Darfur. But such pleas should be directed at the Arab and Sudanese governments and not just at the international community, particularly as Sudan continues to oscillate between denying and allowing international access to Darfur. Sudan's track record does not inspire confidence.

But why should anyone be surprised that the Arab League is denying yet one more massacre in its midst? In fact, some Arab leaders and so-called Arab intellectuals continue to assert that Saddam Hussein is still the legitimate president of Iraq even after his massacres of Iraqis have been unearthed. After all, for many decades now, legitimacy in this part of the world has been gained at the point of a gun (or for those diehard romantics in Western foreign ministries, by the sword).

The contrast between the Arab League's denial of any massacres in Darfur and the handover of Charles Taylor by the Nigerian government to the U.N.-backed special court in Sierra Leone is telling, to say the least. Taylor, who had received support from some members of the Arab League, will be the first African leader to face war-crimes charges.

It remains a serious concern that while many regions of the world are moving forward and finding, with the support of the international community, mechanisms to bring the likes of Chile's Pinochet, Yugoslavia's Milosevic and Liberia's Taylor to justice, the Arab League's denial of the atrocities in Darfur demonstrates not only disrespect for human life, but proof that the Arab world may be falling into a darkness of which we had only a glimpse in New York, Madrid and London.

DOJ_NMG_0031580

Can the Arab world hope for, and expect, a miracle from its warlord leaders and their heirs? Or is it condemned to a downward spiral in which cruel and autocratic leaders are replaced with even more barbarity?

The Arab world is in a race against time. Its leaders, for once, should stop and think if it is in their interest to continue governing by force, and instilling fear, hatred and a dangerous sense of impotence in their populations. It is time to break out of this culture of fear, wherein the rulers fear those they govern, and the people fear their rulers. Opening up the political space for democratic participation, and encouraging a more civilized dialogue between state and society based on respect for the rights of the individual, would be a step toward breaking this cycle of fear.

If the Arab League and Arab leaders cannot constrain or punish those in their midst who commit heinous atrocities against their own populations, they should not complain when the rest of the world acts to make this world a less welcoming place for those who are committing atrocities.

Mr. Buisier is a Libyan-American political activist.

DOJ_NMG_0031581

Miller, Charles S

From: Miller, Charles S
Sent: Friday, June 02, 2006 10:25 AM
To: Agarwal, Asheesh (CIV); Ames, Andrew; Baxter, Felix (CIV); Blomquist, Kathleen M; Branda, Joyce (CIV); Brody, Stephen (CIV); Bucholtz, Jeffrey (CIV); Bukvics, Jennifer (CIV); Claterbos, Barbara (CIV); Cohen, David M. (CIV); Cohn, Jonathan (CIV); Davidson, Jeanne (CIV); Davis, Dan (CIV); Fargo, John (CIV); Fielding, Gabrielle (CIV); Figley, Paul (CIV); Flentje, August (CIV); Frost, Peter (CIV); Garren, Timothy (CIV); Glynn, J.Patrick (CIV); Gorsuch, Neil M; Hertz, Michael (CIV); Hollis, Robert (CIV); Hunt, Jody (CIV); Hussey, Thom (CIV); Jeweler, James (CIV); Katsas, Gregory (CIV); Keisler, Peter D (CIV); Kohn, Chris (CIV); Kopp, Robert (CIV); Letter, Douglas (CIV); Levine, Larry (EOIR); Lindemann, Michael (CIV); Magnuson, Cynthia; McCallum, Robert (SMO); Miller, Charles S; Nichols, Carl (CIV); Nowacki, John; Pyles, Phyllis (CIV); Riley, Sharon (CIV); Rivera, Jennifer (CIV); Roehrkasse, Brian; Schiffer, Stuart (CIV); Scolinos, Tasia; Seidel, Rebecca; Senger, Jeffrey M; Spellberg, Dianne (CIV); Swenson, Lily F; Thirolf, Eugene; Wilson, Karen L; Zwick, Ken (CIV)
Subject: 6/2/06 Civil Division News

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'Bullying' immigration judge absent, replaced

Financial Times USA

June 2, 2006

Legal blow over tobacco case information

By STEPHANIE KIRCHGAESSNER

WASHINGTON The US Justice Department was dealt a legal blow yesterday when a judge ruled that a watchdog group could interview a top official in connection with the government's controversial handling of its landmark case against tobacco companies.

Judge Emmet Sullivan said Citizens for Responsibility and Ethics in Washington (Crew) could depose Robert McCallum and other Justice Department officials about how the department handled Crew's requests for information about the case.

The judgment does not give Crew the latitude to interview Mr McCallum, the associate attorney-general nominated by President George W. Bush to be ambassador to Australia, on the underlying facts of the case.

But Crew says the deposition will shed light on whether the department sought to cover up itsdecision-making process by wilfully ignoring requests under the Freedom of Information Act.

The judge's ruling is the latest chapter in a long-running saga about whether a decision by the government last year to reduce the amount of penalties it was seeking from tobacco companies - from Dollars 130bn initially to Dollars 5.2bn - was politically motivated.

Reports in the Washington Post and other newspapers last June suggested that the government's decision to change its position on the five-year civil racketeering case against the tobacco industry was made over the objection of career lawyers at the Justice Department.

A government witness, Harvard professor Max Bazerman, who said he believed the industry should be subject to a court appointed monitor, was told by a trial attorney at the department to change his testimony to be more favourable to the industry, according to a 2005 article in the Washington Post. Mr Bazerman was ultimately allowed to testify.

The controversy put a spotlight on Mr McCallum, who had oversight of the case and was a former attorney for Alston & Bird, a law firm that represents tobacco companies.

The Justice Department has previously denied that its legal deliberations were politically motivated. Its decision, nevertheless, prompted a group of Democrat senators to demand an investigation and for Crew to take up the cause.

Anne Weismann, Crew's chief council, said the government had, in effect, argued that the documents Crew was requesting were not for public consumption because they involved legal work product, which is protected, and that it would cost Crew, a non-profit organisation, Dollars 90,000 to process the request.

"Hopefully, the American people will begin to learn the truth about why the DoJ so drastically reduced the penalty in the tobacco case." said Melanie Sloan, Crew's executive director.

END

Australian Broadcasting Company
June 2, 2006

The World Today - Top US bureaucrat faces Washington court over tobacco controversy

Reporter: Michael Rowland

ELEANOR HALL: Australia may be without a US Ambassador in residence for several more months, with the man nominated by President George W. Bush to fill the post now being ordered to answer questions

in a Washington court.

Top Justice Department bureaucrat Robert McCallum is under scrutiny over his involvement in a controversial decision to dramatically reduce the amount of damages the Justice Department was seeking from the tobacco industry in a high profile prosecution.

Mr McCallum, a former tobacco industry lawyer and close friend of President Bush, has denied allegations of improper influence.

But a district court has now ruled that the man who would be ambassador to Australia must appear as a witness in the case.

Washington Correspondent Michael Rowland reports.

MICHAEL ROWLAND: Robert McCallum's nomination as the new US Ambassador to Australia has been trouble plagued from the start. Within a month of President Bush announcing he was appointing his old university friend to the plum diplomatic post, senior Democrats put a hold on the nomination because of concerns over Mr McCallum's activities at the US Justice Department.

Attention is focused on the department's sudden decision in June last year to slash the amount of the damages it was seeking from big tobacco companies for misleading Americans about the dangers of smoking.

The figure fell from $180 billion to $13 billion. That's a cut of more than 90 per cent.

Suspicion immediately fell on Robert McCallum, who, in an earlier life, was a lawyer for the tobacco industry.

Mr McCallum denied exerting any improper influence, but the issue soon became the subject of an internal ethics investigation, which has yet to report its findings.

In the latest twist, a US district court judge has now ordered Mr McCallum to appear in court to answer questions about the case.

A public watchdog group, Citizens for Responsibility and Ethics in Washington, is suing the US Government to get hold of documents related to the reduction in the tobacco damages.

Judge Emmet Sullivan has ruled sufficient questions have been raised about the propriety of the Justice Department's conduct in the case.

The watchdog's Executive Director, Melanie Sloan, says the American people will now hopefully begin to learn the truth about why the Department of Justice so drastically reduced the penalties in the tobacco case.

A Justice Department spokesman has told the ABC he had no comment on the matter, but confirmed Mr McCallum was still in his post as the Associate Attorney-General.

No date has been set for Mr McCallum's court appearance, but the move presents yet another obstacle for the Bush administration as it attempts to fill an ambassador's post which has now been vacant for more than a year.

The President's hopes for a swift Senate confirmation for Mr McCallum have been shattered, and it now could be months before the nomination is resolved one way or the other.

Mr McCallum himself has kept a very low public profile since being nominated.

He and his wife were guests at last month's official White House dinner for visiting Prime Minister John Howard and Mr McCallum has been briefed on key Australian issues.

Whether he'll get the chance to experience life in Canberra first-hand remains to be seen.

In Washington this is Michael Rowland reporting for *The World Today*.

END

New York Sun

June 2, 2006

Judge Orders Testimony On Tobacco Files

By Staff Reporter of the Sun

A liberal anti-corruption group won permission from a federal judge yesterday to take sworn testimony from the head of the Justice Department's civil division in a case seeking information about a decision made last year to cut sharply a financial demand against the tobacco industry.

Judge Emmet Sullivan's ruling faulted the government for purporting to grant expedited treatment to a Freedom of Information Act request from Citizens for Responsibility and Ethics in Washington, and then failing to turn over any records about the tobacco-related decision for more than 10 months.

In 2005, the Justice Department retreated from its long-standing position in a racketeering lawsuit against tobacco firms that the companies should be required to fund a $130 billion, 25-year program to encourage people to quit smoking. The government's reduced claim, for a $10 billion, five-year program, drew howls of protest from anti-tobacco forces and dissent from government attorneys assigned to the case.

"What we suspect is the Bush administration wanted to make big tobacco happy and they dropped the award," an attorney for the citizens' group, Melanie Sloan, said.

"It was totally meaningless to tell us they'd expedite our request. Here we are a year later and they didn't give us anything."

Judge Sullivan said he was "troubled" by some of the government's claims, including one that a two-hour search for records took four months to complete. He noted that the Justice Department asserted it would cost more than $90,000 to search for the records.

A Justice Department spokesman, Charles Miller, declined to comment on the ruling. However, at a hearing in April, a government attorney called the request for depositions "a frolicking detour" aimed at improper questioning of the officials about their actions in the tobacco case.

While the Judge Sullivan granted permission to depose the civil division chief, Robert McCallum, and three other officials, the judge suggested the questioning would be limited to the issue of delays in handling the group's request for data. The judge said the depositions would last no longer than five hours in total and be overseen by a federal magistrate.

An authority on freedom of information litigation, Alan Morrison of Stanford University, said an order permitting sworn questioning in such cases is "very uncommon." He said most of the records will probably be deemed exempt from release, but the Justice Department may have to disclose evidence of contact with outsiders about the sharply reduced financial demand. "While the tobacco companies have an

absolute right to communicate with government officials, they don't have a right to keep those communications secret," Mr. Morrison said. "If tobacco companies were making arguments to the chiefs that they weren't making to the Indians, you have a pretty good idea of what may be going on."

President Bush has nominated Mr. McCallum as ambassador to Australia, but Senator Durbin, a Democrat of Illinois, is blocking confirmation because of concerns about the handling of the tobacco case.

END

AP

June 2, 2006

Judge refuses to halt suit against U.S. spy agency

DETROIT_U.S. District Judge Anna Diggs Taylor says she will go ahead with hearings in a legal challenge to a warrantless domestic surveillance program run by the National Security Agency.

The Bush administration says hearings in the lawsuit would reveal state secrets that affect national security.

Diggs Taylor also criticized the Justice Department for failing to respond to the Jan. 18 legal challenge, The Detroit News said.

Spokespeople for the spy agency and the Justice Department declined immediate comment.

The American Civil Liberties Union in Detroit and the Center for Constitutional Rights in New York filed lawsuits against the program in January, saying it violates Americans' rights to free speech and to privacy.

On March 9, the plaintiffs asked the judge to summarily declare the National Security Agency's program illegal. They say that the Foreign Intelligence Surveillance Act requires that the spy agency go to a secret court in order to spy within the United States.

The government filed a motion saying that no court can consider the issues because of a privilege against revealing state secrets, if doing so harms national security.

Diggs Taylor said she will hear the government's motion only after proceeding with a June 12 hearing on the plaintiffs' motion to summarily declare the spying illegal.

END

Wireless Week

June 1, 2006

Justice: No Comment on Gabelli Settlement Reports By Mark Rockwell

WASHINGTON--The U.S. Department of Justice declined comment on reports that it is negotiating a

settlement in a high-profile spectrum fraud case.

Lawyers for Mario Gabelli asserted in media reports yesterday that they were in discussions with the Justice Department concerning a settlement in a civil fraud case involving financier Gabelli's resale of spectrum licenses.

Gabelli is accused of using a series of front companies to bid on spectrum licenses under designated entity (DE) rules that provide discounts to smaller bidders. Gabelli allegedly formed small companies days before a number of FCC spectrum auctions between 1995 and 2000. After getting the licenses at the small company discount, allegedly the small companies immediately sold the spectrum awards to other companies for big profits.

A settlement of the case could require Gabelli to pay as much as $100 million, according to reports. Justice Department spokesman Charles Miller said the agency could not comment on the reports.

A call to attorney Lanny Breuer, partner at the law firm Covington and Burling, wasn't returned by deadline. Breuer, who represents Lynch Interactive, a Gabelli-owned company, was quoted in reports saying that the government and Gabelli lawyers were in settlement discussions. Breuer handles white collar crime and civil litigation for the firm. In 1998, he was special counsel for President Clinton during impeachment hearings.

END

Bloomberg

June 2, 2006

A new school firm probe; `Turns up heat on' Career Education

Career Education Corp. said Thursday that the Justice Department is investigating allegations it made false statements to students regarding job placement and tuition costs.

The Education Department, in a separate letter released to Bloomberg News, described a growing problem with Career Education schools failing to provide reliable audit data.

The Justice Department investigation suggests renewed problems for the Hoffman Estates-based company at a time when it appeared to be emerging from more than two years of government probes, private lawsuits, accreditation problems and a falling stock price.

"This clearly turns up the heat on the company and could represent a setback after various steps forward," Harris Nesbitt Corp. analyst Jeffrey Silber wrote in a note to investors.

Analyst Kelly Flynn of UBS AG wrote that the news was "a surprising and significant negative."

In a regulatory filing, Career Education said the Justice Department's Civil Division wrote to the company May 30 asking "that we provide documents relating to representations made to current or prospective students at certain designated schools regarding job placement or placement rates and the costs of attending school."

The letter, citing the possibility of false statements to the Education Department, also requests documents "relating to the compensation structure of admissions personnel, the use of Pell Grant funds at one school and the calculation of student refunds at another school," the company said.

Career Education said it told the Justice Department it would "cooperate fully with this investigation."

A company spokeswoman, Pattie Overstreet-Miller, said she had no additional comment on the investigation.

A Justice Department spokesman, Charles Miller, said he could not comment.

"The recipient can acknowledge it, but we can can't discuss anything regarding the possibility of an ongoing investigation," Miller said.

The Education Department told Career Education in June 2005 that it was reviewing the company's restated financial results for 2000 to 2003 and was barring the approval of any new school acquisitions or expansions.

The department, in a May 12 letter to the company provided to Bloomberg News, said a "significant number" of Career Education schools have not received qualified auditor opinions.

"This problem has not been ameliorated, but, in fact, has grown worse," the department said.

"The inability of CEC to produce audits with unqualified opinions at nearly 45 percent of its schools, standing alone, gives the department reason to retain the growth restrictions it imposed."

END

AP

June 2, 2006

Halter says exit from company board unrelated to federal inquiry

By ANDREW DeMILLO

Associated Press

LITTLE ROCK_Democratic lieutenant governor candidate Bill Halter says his personal situation, not a Justice Department probe, prompted his departure from a California biotech firm's board.

Halter, who is running in the June 13 runoff for his party's nomination, said Thursday he decided against seeking another term on InterMune's board because of his wife's pregnancy and his campaign for the state's second-highest office.

Halter stepped down from the company's board May 24 after his term expired. He had joined the board of the Brisbane, Calif.-based company in July 2002.

In a recent filing with the Securities and Exchange Commission, the company said it was under investigation by the Justice Department over the marketing and promotion of Actimmune, one of its patented drugs. The company said it received a subpoena from the Justice Department in November 2004.

"Although we cannot predict whether the outcome of this inquiry will have a material adverse effect on our business, it is possible that we will be required to pay a substantial civil fine in connection with the settlement of this matter," the company's filing said. "At this time we cannot predict the magnitude of such a fine or the impact the payment of such a fine may have on our future business operations."

Halter provided few details on the reason for the inquiry, citing an ongoing investigation, but said it had nothing to do with his decision to leave the board. Justice Department Spokesman Charles Miller could not confirm or deny the investigation, but InterMune spokeswoman Pam Lord said the inquiry was ongoing but was not related to Halter.

Halter said the investigation concerns actions that were taken by employees of the company.

"We, the board of directors, have provided documents. We have provided access to the employees. We have provided a whole range of information to the investigators," Halter said at a news conference at his campaign headquarters. "We have fully cooperated."

Halter faces state Sen. Tim Wooldridge of Paragould in the June 13 runoff for the Democratic nomination for lieutenant governor. The winner of the runoff faces Republican Sen. Jim Holt of Springdale in the Nov. 7 general election.

Wooldridge used the news of Halter's departure from InterMune to claim that Halter has been in the state for a short period of time.

"It concerns me that he's been back in Arkansas such a short time that we're just now getting to know more about Mr. Halter," Wooldridge said in a prepared statement. "What's even more alarming is what we still don't know, because the only source of information we've had until now has been his TV ads."

Halter spokesman Bud Jackson dismissed Wooldridge's comments as "desperate attacks."

Halter has cited his ties to businesses as one of his assets in the campaign for lieutenant governor. He sits on the board of four other information and biotechnology companies.

In its third quarterly quarterly report, InterMune reported having an accumulated deficit of $473.7 million as of the end of March. The company reported having sustained losses every year since its inception.

Halter said deficits are not unusual for startup biotechnology companies and noted that the company's market capitalization is valued at more than $500 million.

"Most biotech companies, early in their life, run significant losses and investors don't view that as a negative," Halter said. "They view that as an understandable and usual course of business."

END

Market News Publishing US

June 1, 2006

OSTN: Appeals Court Reduces Lower Court Award

OLD STONE CORP

Old Stone Corporation (OSTN) announced that a three-judge panel of the U.S. Federal Circuit Court of Appeals affirmed in part and reversed in part the decision of the U.S. Court of Federal Claims, leaving Old Stone with an award of $74.5 million in the company's breach of contract claim against the federal government. In November 2004, Judge Robert H. Hodges, Jr. of the U.S. Court of Federal Claims had issued a decision awarding Old Stone $192.3 million in damages claims.

END

PRNewswire

Thursday June 1, 2:22 pm ET

Press Release: Justice Department Fights to Protect Name of Fraudulent Contractor

PETALUMA, Calif., June 1 /PRNewswire/ -- The Justice Department, acting on behalf of the Small Business Administration, has responded to a suit filed in Federal court under the Freedom of Information Act by the American Small Business League. The government is refusing to release the name of a contractor that was found to be intentionally misrepresenting itself as a small business in order to illegally receive Federal small business contracts. United States Attorney Kevin V. Ryan is claiming exemptions under the Freedom of Information Act that would allow the government to withhold the name of the firm because of an ongoing criminal investigation.

The SBA's Office of Inspector General conducted an investigation into the matter last year. In June 2005, the Inspector General recommended to SBA Administrator Hector Barreto that the firm in question be debarred from doing business with the Federal government. Barreto will leave office in June without taking any punitive action against the firm.

Under Federal law, misrepresenting a firm's status as a small business in order to receive Federal small business contracts is punishable by up to ten years in prison, a $500,000 fine per occurrence, and permanent debarment from doing business with the government.

The ASBL believes the company may have illegally received millions of dollars in Federal small business contracts. President Lloyd Chapman stated, "I find it very difficult to believe that the investigation is ongoing, and I don't think the government has any plans to prosecute the firm."

Chapman went on to say, "We don't know who the contractor is, but if they are guilty of misrepresenting their company, they should be debarred and prosecuted according to the law."

END

Philadelphia Inquirer

June 2, 2006

'Bullying' immigration judge absent, replaced

By Gaiutra Bahadur
Inquirer Staff Writer

A Philadelphia immigration judge, recently rebuked by a federal appeals panel for "bullying" and "bias-laden" courtroom conduct it said warranted further review, has been replaced in his chambers following an unexplained two-week absence.

The Executive Office for Immigration Review (EOIR), which manages the nation's immigration courts, this week dispatched a pinch-hitter from Arlington, Va., to fill in for Judge Donald V. Ferlise.

The administrator for the Philadelphia region's immigration court, Elliott Edwards, said Ferlise's absence

was not due to illness. The arrangement would continue for an indefinite period, Edwards said.

Ferlise, 62, a former prosecuting attorney for U.S. immigration authorities, has been the subject of mounting criticism and calls for reprimand.

City Council overwhelmingly passed a resolution on May 5 calling for his removal from the bench after the U.S. Court of Appeals for the Third Circuit ruled that Ferlise failed to give two asylum-seekers fair and impartial hearings.

The Third Circuit court, which rarely singles out judges by name in its rulings, was scathing in its assessment of Ferlise. It referred to a pattern of "belligerent questioning and a failure to consider relevant evidence," "brow-beating," and "nitpicking" by Ferlise.

In the last two years, the court has granted new hearings to immigrants in at least five asylum petitions denied by the judge.

Calls to Ferlise at home and at his office were not returned.

Ralph Conte, a Washington lawyer, said he was defending Ferlise but declined to say why he had been retained. Conte referred questions to the Justice Department, which oversees the EOIR. A spokesman there declined to comment on what he termed a "personnel action."

There are indications, however, that the Justice Department's Office of Professional Responsibility may be investigating Ferlise.

The Third Circuit court summoned a deputy assistant U.S. attorney general, Jonathan Cohn, to its Jan. 9 hearing of appeals by a Pakistani journalist and a nephew of an ousted Gambian president. Both had been denied asylum by Ferlise.

On the same day, U.S. Attorney General Alberto Gonzales announced a review of immigration judges across the country following allegations of widespread incompetence and bias in their ranks.

In a tape of the proceedings obtained by The Inquirer, the federal judges expressed alarm at Ferlise's treatment of asylum-seekers in cases dating to 1999. They questioned Cohn about the process for reviewing and rebuking immigration judges.

Cohn replied that Gonzales was aware of concerns about Ferlise, and said privacy issues prevented him from commenting further. But, he added, "whenever there is a judicial finding of misconduct, there's automatically an inquiry by the Office of Professional Responsibility."

Four opinions that chastise Ferlise, dating to June 2005, amount to judicial findings of misconduct.

It is rare for an immigration judge to be removed from the bench. In the last decade, only four of more than 200 immigration judges nationwide have been terminated. The process, Cohn told the Third Circuit court, is lengthy and hobbled by administrative and union issues. While judges are being investigated, typically they continue to hear cases, he said.

Senior District Judge Dickinson R. Debevoise, a member of the panel, challenged Cohn on the effectiveness of the process for reprimanding and removing judges. He recalled presiding over a 2004 appeal of a Ferlise decision.

"Now, a year later, same judge, same problem," Debevoise said. "Poor people seeking asylum are suffering through this process."

Debevoise also suggested that problems with the immigration courts run deeper than an individual judge.

In June 2003, Judge Thomas M. Ragno of Boston addressed a Ugandan asylum-seeker named Jane with "Me Tarzan, you Jane." Ragno was restored to the bench last year after being put on paid leave in

August 2003.

In their conversation with Cohn, members of the Third Circuit court also noted widely divergent track records among immigration judges, with some granting 60 percent of asylum claims and others only 2 percent. According to a 2000 study by the San Jose Mercury News, Ferlise has granted 10 percent of asylum claims, putting him among the 10 judges nationwide with the lowest grant rates.

"... Most judges do a professional job," Cohn said. " 'Most' is not good enough. It has to be all of them. For that reason, we're doing a comprehensive review."

Since January, as part of that review, the Attorney General's Office interviewed members of the Philadelphia chapter of the American Immigration Lawyers Association about all four immigration judges based here, said Bill Stock, the chapter chair.

Stock said the members criticized Ferlise's record.

"Judge Ferlise, like several other EOIR judges, often gave the appearance that he was another attorney for the government," Stock said.

Several other immigration attorneys said that Ferlise was fair and merciful to some immigrants, but seemed bent on discrediting those whose testimony contained insignificant or explainable inconsistencies.

"In many cases he's extremely fair," said David Piver, an attorney for Seemab Fatima Shah, the Pakistani turned down for asylum by Ferlise.

"Then there are other cases," Piver said. "It's almost like a switch gets switched. He begins to see everything as a misstatement. He believes someone's trying to abuse the system."

A witness for Shah, for instance, referred to the journalist's parents as being alive and well in Pakistan. Her case rested largely on her father's politically motivated assassination. The court interpreter had apparently mistranslated *parents-in-law* as *parents*.

Shah submitted reams of evidence, including her father's death certificate and a newspaper article accompanied by a photograph of his bloody corpse.

Still, Ferlise accused her of trying to defraud the court: "You've blown your cover. I see now her parents aren't even dead."

A Plea for Asylum, a Squabble Over Language

Abou Cham, the nephew of a deposed president of Gambia, came to the United States in 2001 after relatives were imprisoned and attacked and their political party banned by the subsequent regime. Judge Donald V. Ferlise excluded affidavits from the fallen leader and his ambassador that Cham's life would be in danger if he returned to Gambia. Ferlise ruled Cham's asylum claim "frivolous."

Cham's problems began when he was asked for his date of birth. He answered in English. Ferlise demanded Cham answer in his native tongue, Wolof, through an interpreter.

Here is an excerpt from Cham's 2003 hearing:

Ferlise: Mr. Cham, the question is a rather basic question. When were you born? You said in English, 1978. You said to interpreter in the Wolof language, 1979 - or at least that was interpreted as 1979. I just brought that to your attention. Now, we're back to 1978. When were you born, Mr. Cham? Give me your date of birth.

Cham: I, I cannot count it in Wolof. That's the reason why I'm a little confused.

Ferlise: I want to know the date you were born, sir.

Cham: 1978.

Ferlise: What date? Give me a month.

Cham: September. September 28.

Ferlise: And, please -

Cham: I'm sorry, sir. I'm sorry.

Ferlise: Would you, please, remain in the Wolof language. I don't know why you're doing this. I'm giving you instructions to speak only in Wolof and you keep intermingling English and Wolof. So, what's your date of birth, now? Sir, the questions are going to get progressively more difficult. We're two minutes into the hearing and already you're having difficulty with a simple question.

SOURCE: Opinion by the U.S. Court of Appeals for the Third Circuit

END

USDOJ- Office of Public Affairs

From:	USDOJ- Office of Public Affairs
Sent:	Monday, June 05, 2006 8:10 AM
To:	USDOJ- Office of Public Affairs
Subject:	Attorney General's News Briefing for Monday, June 05, 2006
Attachments:	agnb060605.pdf; agnb060605.doc

THE ATTORNEY GENERAL'S NEWS BRIEFING

PREPARED FOR THE OFFICE OF PUBLIC AFFAIRS, U.S. DEPARTMENT OF JUSTICE

TO: THE ATTORNEY GENERAL AND SENIOR STAFF

DATE: MONDAY, JUNE 5, 2006 7:45 AM EDT

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TERRORISM NEWS:

Canadian Police Arrest 17 Suspected Terrorists As Part of Multinational Probe. Canadian officials announced the arrest of 17 young, mostly Muslim, men who are suspected of plotting a major terrorist attack in Toronto. This morning, the Los Angeles Times (6/5, Meyer, Chow, 958K) says the arrests in Canada are "part of a continuing, multi-national probe into suspected terrorist cells in at least seven countries, a US counter-terrorism official confirmed Sunday. The senior US law enforcement official said authorities are combing through evidence seized during raids in Canada this weekend to look for possible connections between the 17 suspects arrested Friday and at least 18 other Islamist militants who have been arrested in locations including the United States, Bangladesh, Bosnia, Britain, Denmark and Sweden." The investigation "began as separate probes," but "over the past year, the counter-terrorism authorities of those countries began to see connections among the cells, in part through electronic surveillance of phone calls and Internet correspondence, as well as ground surveillance of individual suspects, several US officials said in interviews Sunday."

USA Today (6/5, Kiely, 2.31M), in a story titled "Officials Say USA Wasn't A Target In Terror Plot In Canada," reports nonetheless that "the FBI says some of the Canadian suspects met last year with two Americans now facing prosecution on separate terrorism-related charges." The FBI "confirmed that some of the Canadian suspects had been in contact with two Muslim men who were arrested this year by the bureau's Joint Terrorism Task Force. 'It does appear that there were contacts between certain suspects in Canada and two individuals recently charged in the United States,' FBI Special Agent Richard Kolko said." The two, "now jailed and awaiting trial, are Syed Haris Ahmed, 21, and Ehsanul Islam Sadequee, 19. Both are US citizens who had been living in Georgia." The New York Times (6/5, Depalma, 1.19M) reports, "American officials in Washington and New York said they had been aware of the [Canadian] investigation and were informed of the coordinated law enforcement action."

The story of the arrests in Canada is receiving extensive print and TV coverage, leading the CBS and NBC newscasts last night and running second in the lineup on ABC. Reacting to news of the arrests, Secretary Rice said yesterday on CNN's Late Edition (6/4), "We have excellent counterterrorism cooperation with Canada." In its coverage, the AP (6/4) reports Rice said "there was no indication that 17 terror suspects arrested in Canada were trying to plan an attack in the United States."

ABC World News Tonight (6/4, story 2, 2:20, Yang, 8.78M) noted police say most of the suspects "were born in Canada. Homegrown terrorism. Analysts say that's the new, growing danger." Jack Cloonan, former FBI counterterrorism official: "The structure of al Qaeda as we've known it, has now been destroyed. It's no longer a top-to-bottom organization. They do not need direct control from al Qaeda. So, that makes it a lot more difficult to counter it." On NBC Nightly News (6/4, story 2, 1:40, Seigenthaler, 9.87M), terrorism analyst Roger Cressey said, "It's the evolution of the al Qaeda terror threat. We now have individuals with no known affiliation to the network or to al Qaeda now deciding to undertake jihad for their own reasons. So the movement is what we're worried about now, not the organization that attacked us on 9/11."

NBC Nightly News (6/4, lead story, 2:55, Seigenthaler, 9.87M) reported, "Authorities now believe those suspects were motivated by politics and not by faith." NBC (Tibbles) added, "The arrests drive home concerns within Canada and the United States that Canada, with its liberal immigration laws, may become a launching point for future terror attacks." David Harris, former Canadian security official: "We've seen a tremendous amount of infiltration and evidence of real radicalization of some, particularly amongst the youthful Islamic community." Likewise, the Wall Street Journal (6/5, Chipello, Block, 2.11M) reports the arrest "of 17 Ontario residents…underscores concern among North American and European counterterrorism experts that the next wave of Islamist militants will be made of 'home-grown' radicals, rather than infiltrators from abroad."

The New York Times (6/5, Shane, 1.19M) reports, "According to Canadian authorities, the suspected fertilizer bomb plot…appeared to follow the pattern of successful terrorist attacks in Madrid in 2004 and in London last year. As in those instances, officials said, those accused in the Canadian case are Muslims with no evident ties to Al Qaeda leaders overseas except a shared ideology."

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The Christian Science Monitor (6/5, 61K) reports, "There have been no Al Qaeda-type attacks in Canada, although security services have long worried about possible risks and the US has urged more vigilance on the long border the two countries share." Canada, "under its previous Liberal government, declined to join the US-led forces in Iraq, and many Canadians felt that helped their country stay off the Al Qaeda radar screen." But "the country does have troops in Afghanistan, originally sent to fight the Taliban."

Security Forces First Became Aware Of Plot In Chat Room. The Toronto Star (6/5, Van Rijn) reports that "when a shadowy group of disaffected urban youth began talking in an Internet chat room in the fall of 2004 espousing anti-Western views, the Canadian Security Intelligence Service was listening. The spy agency, and an alphabet soup of other security agencies across the continent, closely monitor such sites, where talk may sometimes turn to buildings and bombs and bringing global jihad home to North America, to Canada." The Star adds, "Often it's just that -- talk -- but when CSIS began monitoring the sites allegedly used by some of the 17 men and youths arrested on terrorism-related charges in a sweeping series of raids across the GTA Friday evening, the Canadian spy agency heard enough to remain interested, and increased surveillance of the group."

The New York Times (6/5, Austen, 1.19M) says this morning, "The competition between Toronto's four major daily newspapers is often intense, particularly over crime news. But its results are rarely as one-sided as the coverage that followed the arrests of 17 Ontario residents in what the police call a terrorist bomb plot. Some readers of The Globe and Mail awoke on Saturday to find nothing about the raids while, at the other extreme, The Toronto Star published 3,030 words and several photos spread over three pages."

Toronto Mosque Vandalized. The New York Times (6/5, DePalma, 1.19M) reports, "As the authorities in Canada and the United States continued to piece together details from the lengthy investigation, a mosque in Toronto was vandalized overnight. More than a dozen windows in the building were broken, two panels of the glass front door were smashed and several cars parked in the rear of the building were damaged. Islamic leaders who met with the Toronto police chief on Sunday demanded a thorough investigation of the vandalism."

CBS Evening News (6/4, lead story, 2:00, Mitchell, 7.66M) reported that news of the arrests may bring "a backlash against Muslims in the city." In its coverage, the Washington Post (6/5, A10, Struck, 744K) says Canada "touts the relative harmony within its society, sometimes in contrast with tensions over immigration in the United States." The Washington Times (6/5, 90K) reports that a "police official" said "he had no information on any link between the incident and the arrests, which began late Friday."

The Toronto Globe and Mail (6/5, Chung) reports, "The head of Canada's largest urban police force called on both Muslims and non-Muslims alike to let cooler heads prevail." Toronto police Chief Bill Blair "told a gathering of Muslim leaders" that the suspects "will be considered innocent until proven guilty."

US-Canada Border Security Less Likely To Be Relaxed After Toronto Terrorism Arrests. USA Today (6/5, Keen, 2.31M) reports, "the national debate over border security hit closer to home [northern Minnesota] this weekend when 17 Canadians were arrested and charged in a bomb plot in Ontario. Some people here on the USA's northern edge have been hoping to ease security that was beefed up after the terrorist attacks of Sept. 11, 2001." The local business community is concerned it may "lose customers under a law requiring U.S. citizens to show passports or new ID cards containing computer chips — instead of driver's licenses — to cross the border for the fishing and hunting that lure tourists here. Most vacationers here spend time in both countries. That law is to take effect in 2008, though the Senate has voted to postpone it until 2009."

More Commentary. The USA Today (6/5, 2.31M) editorializes, "After the 9/11 attacks, the French newspaper Le Monde famously declared that 'We Are All Americans.' The Iraq war has squandered much of the cooperation, focus and goodwill needed to defeat the 9/11 enemy. The Canada arrests provide an opportunity to refocus international attention on the war on Islamic extremism."

Scope Of British Raid On Suspected Bomb Factory Questioned. The AFP (6/5, Jackson) reports, "Questions were raised in the British press over the circumstances of a huge anti-terror raid here two days ago as police questioned two terror suspects, one of whom was shot in the operation." Attorneys for brothers Abul Koyair, 20, and Mohammed Abdul Kahar, 23, "vehemently deny any involvement in terrorism after they were arrested during a dawn raid on Friday in Forest Gate, east London." Police have "declined to comment on news reports that experts were hunting for evidence of chemical or biological weapons as

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they continue to search the terraced house." The AFP Adds, "According to The Sunday Times, which cited Scotland Yard sources, there had been 'specific intelligence' which suggested that a single bomb overlaid with cyanide was being prepared at the address."

Administration Has Moved "Aggressively" To Mute Leaks. In a lengthy story marking the 35th anniversary of the release of the Pentagon Papers, U.S. News and World Report (6/12, Halloran, Michels) reports that 35 years after the New York Times published the papers, the "atmosphere feels distinctly different, the concept of national security more ominous. … With a more conservative federal judiciary, the realities of a post-9/11 world, and enduring public skepticism toward the media, the Bush Administration appears convinced that this time the scales might just tip in the government's favor." The Administration "has moved aggressively on other fronts, investigating leaks it asserts have harmed national security, firing a CIA officer suspected of leaking, and even suggesting that reporters could for the first time be prosecuted under the 1917 Espionage Act."

Pentagon Detainee Policies Omit Key Geneva Convention Tenet. The Los Angeles Times (6/5, Barnes, 958K) reports the Pentagon "has decided to omit from new detainee policies a key tenet of the Geneva Convention that explicitly bans 'humiliating and degrading treatment,' according to knowledgeable military officials, a step that would mark a further, potentially permanent, shift away from strict adherence to international human rights standards." The decision could "culminate a lengthy debate within the Defense Department but will not become final until the Pentagon makes new guidelines public, a step that has been delayed." However, the State Department "fiercely opposes the military's decision to exclude Geneva Convention protections and has been pushing for the Pentagon and White House to reconsider, the Defense Department officials acknowledged."

HOMELAND RESPONSE:

Ridge Says Vacated Spectrum Should Be Used For Broadband Public-Safety Network. Former Homeland Security Secretary Tom Ridge, in an op-ed in the Washington Times (6/5, 90K) writes that the nation's first responders can have "the national communications system they need instead of testimonials, a few bucks and repeated promises of change" when "Congress and the Federal Communications Commission (FCC) are willing to think and act anew." Ridge states that spectrum "owned by the American people" is being vacated, which could "allow the FCC…to create America's first nationwide broadband public-safety network." If it is auctioned off in 2008 as planned, "we will have lost our last best chance to give those who risk their lives for us the tools they need both to protect their own lives and ours."

New York Lawmakers Launch Postcard Campaign To Protest Anti-Terrorism Grant. The Washington Times (6/5, Hudson, 90K) reports, "New York lawmakers are urging their constituents to mail postcards depicting New York City landmarks" to Homeland Security Secretary Michael Chertoff in a "bipartisan campaign" to protest New York City's Urban Area Security Initiative funding. The Times adds that while members of Congress "agreed" to cut the program by "millions of dollars…from last year," they "did not expect…major slashes in the top terrorist target cities of New York or Washington, which will suffer a $32 million cut, or cuts to 26 other cities that total $204 million." Meanwhile, "Despite rumblings on Capitol Hill that hearings might be called or Mr. Chertoff's resignation demanded, the secretary is standing steadfast in favor of his department's decision."

Bloomberg Doesn't Expect Change In Funding. The New York Times (6/5, Chan, 1.19M) reports, "Mayor Michael R. Bloomberg said yesterday that he was not optimistic that federal officials would change their minds about" New York City's funding. He added, however, that "hope springs eternal, and in any case, remember, we've got next year to fight for." His "comments came as top officials continued to assail the Department of Homeland Security's handling of antiterrorism grants."

Lawsuits Claim Ground Zero Workers Had Little Access To Proper Respirators. The New York Times (6/5, DePalma, 1.19M) reports that with "mounting evidence that exposure to the toxic smoke and ash at ground zero during the nine-month cleanup has made many people sick, attention is now focusing on the role of air-filtering masks, or respirators, that cost less than $50 and could have shielded workers from some of the toxins." More than "150,000 such masks were distributed and only 40,000

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people worked on the pile, but most workers either did not have the masks or did not use them." These respirators "are now at the center of a federal lawsuit filed on behalf of more than 8,000 firefighters, police officers and private workers who say they were exposed to toxic substances at or near ground zero that have made them sick or may eventually do so." Lawyers "representing the workers say that there was no central distribution point for the respirators, no single organization responsible for giving them out, and no one with the power to make sure the respirators that were distributed got used, and used properly. By contrast, at the Pentagon, workers not wearing proper protective gear were escorted off the site."

WAR NEWS:

Pace Vows Thorough Probe Of Haditha Deaths. The AP (6/4, Baldor) reports, "The top US military officer pledged a thorough investigation into the alleged massacre of Iraqi citizens in Haditha by Marines, saying it is important to avoid a rush to judgment." Gen. Peter Pace, chairman of the Joint Chiefs of Staff, "acknowledged that the allegations involving the deaths of about two dozen Iraqis have raised concerns among Iraqi officials and in the United States. 'But you don't want to have the emotions of the day weigh into the process,' Pace told the Associated Press in an interview Sunday. 'We need to stick with our judicial process. We want to be sure that it moves forward without any influence.'"

Officials Express Caution. The Washington Times (6/5, Pfeiffer, 90K) reports, "Both Democrats and Republicans yesterday expressed caution about the investigation of an incident last year in which US Marines killed civilians in the Iraqi town of Haditha. Vice President Al Gore, "a vocal critic of the Iraq war," said on ABC's "This Week," "I don't have enough evidence to see how they've handled that particular set of charges. … I don't think that we have enough information now to know how they have handled it." Secretary of State Condoleezza Rice "said she has spoken with Iraqi Prime Minister Nouri al-Maliki about the Haditha incident. 'I've talked to Prime Minister Maliki,' Miss Rice said on 'Fox News Sunday.' 'He wants coalition forces there. He knows that Iraqis are not yet capable of dealing with these security issues themselves. We have very good cooperation with him.'"

GOP Sen. Lindsey Graham was asked on Fox News Sunday (6/4, Wallace) to describe what he knows about the killings in Haditha, Graham replied, "The allegations are that some Marines used deadly force inappropriately, violated the rules of engagement, the law of armed conflict, that some officers may have had direct knowledge of this activity and failed to report it, that other people in the chain of command should have known and failed to do anything about it, a dereliction of duty allegation. … The allegations are serious. They're unnerving. And they're being investigated. And if it is true that our Marines killed innocent civilians, noncombatants, out of revenge, they will be severely dealt with."

Sen. Jack Reed, also on Fox News Sunday (6/4, Wallace), said, "I think the test will be whether the leadership in the Department of Defense and in the administration does not try to confine these incidents in small sort of compartments and say it was just a few Marines or a few soldiers, but looks to see if this is part of a larger systemic problem. That's the challenge. … We have to take the blinders off. We have to look clearly and dispassionately about whether the situation is there and the training is such that this might be more widespread."

Haditha Incident Draws Comparisons To My Lai Massacre. The investigation into the deaths of 24 Iraqis at the hands of US Marines at Haditha is the subject of lengthy coverage in all three newsmagazines this week. The incident is the cover story in two of the magazines, Time and Newsweek. Time (6/12, Duffy, McGirk, Ghosh) reports in its cover story that "the Bush Administration finds itself on the defensive about a war that is now entering its 40th unrelenting month." The deaths of Iraqi civilians at the hands of US Marines at Haditha "threatens to become one of the war's signature debacles, an alleged atrocity committed by a small group of service members that comes to symbolize the enterprise's larger costs." Newsweek (6/12, Thomas, Johnson) reports in its cover story that Haditha "may turn out to be the worst massacre since My Lai. And Iraqis may be entirely justified in their outrage."

Up To 10 Marines Could Be Charged Over Haditha Killings. Time (6/12, Duffy, McGirk, Ghosh) reports in its cover story, "A knowledgeable congressional source monitoring the Haditha probes says congressional aides are being told by Marine officers in the Pentagon that the number of Marines who may be charged with murder is small. But the source speculates that the total number who may be charged with crimes ranging from murder to aiding in the attack or trying to cover it up could be as high as 10, according to

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Marines who have talked to officials at the Naval Criminal Investigative Service (NCIS), which is conducting the inquiry into the killings."

Iraqi Journalist Videotaped Scenes Of Haditha Deaths. A separate story in Time's (6/12, Kluger) cover package, "If the Marines are indeed guilty of an atrocity, they had the ill fortune to have committed their crime in the worst possible place: outside the front door of a budding Iraqi journalist and human-rights activist." The day after the killings, Taher Thabet "went into the houses where the killings had taken place and videotaped what he saw, as well as the wrenching scenes later at the local morgue, where friends and family collected the bodies of the victims."

Slain Marine Profiled. A separate story in Time's (6/12, Pitluk) cover package profiles Marine Miguel Terrazas, noting that his death, the result of an improvised explosive device set by insurgents, "appears to have led to the killings now under investigation."

US Downplays Iraqi PM's Remarks. In a separate story in its cover package, Time (6/12, Ghosh) reports on Iraqi Prime Minister Nouri al-Maliki's "unexpectedly angry response" to questions about the Haditha slayings. Al-Maliki "accused US forces of misconduct even beyond the actions of the Marines last Nov. 19. … Iraqis saw in al-Maliki's outburst a bid to counter the perception that he is Washington's stooge." Time adds, "For the moment, U.S. officials are downplaying al-Maliki's tough talk. … Indeed, al-Maliki's remarks may have been intended less for the U.S. government than for members of his own."

US Military Investigating At Least Two Other Incidents Of Civilian Deaths. U.S. News and World Report (6/12, Whitelaw, Pound) reports, "The US military acknowledges investigations into at least two other unrelated incidents of Iraqi civilian deaths. In one, several US soldiers are likely to face charges in the shooting death of one Iraqi in the town of Hamandiyah. And, last week, the BBC reported allegations that another military unit rounded up and shot 11 civilians in the town of Ishaqi before blowing up their house to hide the actions. (The Pentagon said an investigation cleared the soldiers of wrongdoing in Ishaqi.)"

Iraqi Ambassador Says His Family Members Were Victims Of A US "Atrocity." Newsweek (6/12, Thomas, Johnson) reports in its cover story, "In an interview with NEWSWEEK, Iraq's ambassador to the United States, Samir Sumaidaie" discussed "an atrocity that, he claims, happened to his own family. A year ago, says Sumaidaie, Marines raided the home of his cousin, a school principal in a small village in Anbar province. The Marines shot the man's son, a student home from college. The only weapon in the house was an AK-47 loaded with blanks. Ambassador Sumaidaie protested all the way to Gen. George Casey, the Coalition forces commander, but was told that the Americans fired in self-defense—and that the ambassador had to file a Freedom of Information Act request if he wanted to see the investigative file."

Estimate Says 38,000 Iraqi Civilians Have Been Killed Since May 1, 2003. A separate story in Time's (6/12, Ghosh) cover package, "Though there is outrage among many Iraqis about the alleged massacre in Haditha last November, the violence on Iraq's streets is so unrelentingly horrific that even the worst atrocities have lost their power to shock. Few Iraqis even know how many people have died by the bullets and bombs." Time adds, "According to the Iraq Body Count project, the most frequently cited source, at least 38,000 Iraqi civilians have been killed since May 1, 2003, when President George W. Bush announced that 'major combat operations' had ended."

Levin Call Haditha Killings "A Real Massacre." On CNN's Late Edition Sen. Carl Levin, (6/4, Blitzer) said that from what he has been told about the incidents in Haditha, "there is a massacre here of 24 civilians, and not accidentally. This looks like, from all appearances, a real massacre. There's finally an investigation that's taking place, but there's also the real possibility of a cover-up here."

Biden Reiterates Call For Rumsfeld Resignation. On NBC's Meet The Press (6/4), host Tim Russert asked Sen. Joseph Biden, "How high up the chain, based on your information, do you think this goes?" Biden replied, "The Secretary of Defense. … He should be gone. He shouldn't be in his office tomorrow morning. And I'm so tired of saying this on your show. I've been saying this for two years." Russert: "Well, the President knew about it in March." Biden: "Well, we can't get rid of the President. He's there for two and a half more years. There is a system of accountability. … When you make serious mistakes, you step forward and you acknowledge them and you walk away. Presidents can't and shouldn't do that. Secretaries of Defense can and should."

Kristol Says Liberal "Hand-Wringing" Wrong Response To Haditha. In his Weekly Standard column (6/12), William Kristol says, "The last thing we need in response to Haditha is hand-wringing liberalism. The war against the jihadists…is not a metaphorical one. Liberals

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may want to win a war on terror without fighting, and are shocked that in a war, crimes and abuses occur. But here's the hard, Trumanesque truth: In war, terrible things happen, including crimes and abuses and cover-ups." Though "crimes and cover-ups cannot be excused or tolerated," what "makes us exceptional is that we stand for liberty, and that we are willing to fight for liberty. We don't need to 'prove' we are different from the jihadists by bringing our own soldiers, if they have done something wrong, to justice. Of course we must and will do this. But our doing this 'proves' nothing. Even if there were ten Hadithas, we would still not have to 'prove' that we are 'different from the jihadists.' The idea would be offensive if it were not ludicrous. What we do have to prove is that we are strong enough to fight this war, and intelligent enough to win it."

US Marines Face Second Iraqi Murder Investigation. In a 1,500-word story on its front page, the Washington Post (6/5, A1, Knickmeyer, 744K) reports another controversial action by US forces against an Iraqi civilian. "All parties to the case of Hashim Ibrahim Awad al-Zobaie agree that he was shot dead by Marines of the 3rd Battalion, 5th Regiment on April 26 in the small central Iraqi village of Hamdaniyah. But there are differing accounts of his death, and they are at the heart of another investigation into the conduct of American forces in Iraq." The Marines claim Hashim was burying a bomb and was armed, while Hashim's family claims he was executed and the evidence planted. "Hashim's family alleged this weekend that a small group of U.S. servicemen came to them last week and offered the family money to support the Marines' version of the killing." The Post keys on the fact that Hashim was disabled, and calls his killing "the smaller and less prominent of two incidents being investigated over allegations of wrongful death and possible cover-ups".

Rice Says Iraqi Cabinet Posts Will Be Filled Soon. The Financial Times (6/5, Biedermann) reports, "Iraq's governing coalition yesterday failed to name the crucial defence and interior ministers, despite an earlier pledge by" Prime Minister Nouri al-Maliki "to do so and despite ongoing violence." The AP (6/5, Yen) reports Secretary Rice said "Iraqi leaders should agree in the next few days on filling key security posts for the government," and says she called "on the United States to be more patient despite growing sectarian violence." Rice: "Of course, they need to get this settled, but they will get it settled. The more important thing here is that they get it right. When they get it right, and they will get it right, everybody will forget how long it took them." Rice "said she had faith that al-Maliki was a strong leader who will be able to assert control," and later "denied that a decision by U.S. military commanders last week to move about 1,500 combat troops from a reserve force in Kuwait into volatile Anbar province to help establish order in an insurgent hotbed was a sign of growing trouble."

AFP (6/5) says Rice "played down difficulties in filling key posts in Iraq's new government and predicted the process would be complete in 'the next few days.'" Rice "remained upbeat," and "played down Maliki's concerns about the conduct of US troops in Iraq following reports of" the Haditha killings and other alleged acts of violence.

In an analysis piece titled, "Iraqi Government Has Rocky Start," the AP (6/5, Buzbee) reports, "Two weeks ago, President Bush praised Iraq's new unity government as a watershed event and turning point in the war. Since then, a series of crises shows how troubled the path ahead remains." For all major players in the rebuilding effort, "the two troubled weeks have called into question whether U.S. troops can begin any drawdown this year, as originally hoped." While "not everything is bleak," the "stalemate over the [Cabinet] jobs demonstrates that apparent political success in Iraq — such as the formation of al-Maliki's unity government of Shiites, Sunnis and Kurds — can often mask more entrenched problems." Ambassador Khalilzad, "a hands-on official with perhaps the best view of the country's internal workings, said in astonishingly frank terms in recent days that while the unity government is a step forward, serious problems remain." Knight Ridder (6/4, Youssef) runs a similar report.

21 Iraqi Shiites, Kurds Killed In Religiously Motivated Attack. Gunmen killed 21 Iraqi Shiites and Kurds on busses in a town northeast of Baghdad, selecting victims by religion and ethnicity. The story was reported by each of the networks last night. ABC World News Tonight (6/4, lead story, 2:15, Harris, 8.78M) reported on "an attack so brazen so, brutal, that against the daily drum beat of violence in Iraq this, one stands out. 21 people, 12 of them students on their way to take exams, executed by attackers who dragged them out of three buses northeast of Baghdad." ABC (Marquez) added, "Gunmen pulled their victim office the bus. Divided them up. Let the Sunnis go free. And then executed the Shiites and the Kurds."

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CBS Evening News (6/4, story 2, 2:20, Palmer, 7.66M) reported the attack was "so brutal it even shocked this country already numbed by violence. Witnesses say armed gunmen stopped three minibuses north of Baghdad and killed all the Shi'a and Kurds on board including 14 students on their way to exams. The four Sunni passengers were spared. Nearby yesterday, the heads of eight Sunni men were discovered along with a note explaining they had been killed for allegedly having murdered four Shi'a doctors. The cycle of deadly religious tit for tat killings has escalated all week as Iraqi security forces battled increasingly bold insurgent gangs in broad daylight trying to take over whole neighborhoods."

NBC Nightly News (6/4, story 4, 2:20, Boettcher, 9.87M) reported it was a "new horror in Iraq. Gunmen drag 21 Shiite Muslim men from three busses north of Baghdad and execute them. A dozen were high school students on the way to take exams. Five were old men. The lives of four Sunnis were spared. In the south, Sunnis were the victims. Iraqi police shot dead nine men in a Sunni mosque in Basra, a day after 28 Shiites were killed in a market bombing. The police said the dead were terrorists."

Iraqi Government Seen As Unable To Reduce Sectarian Violence. ABC World News Tonight (6/4, lead story, 2:15, Harris, 8.78M) reported, "Today's violence comes, despite the Iraqi's vow to crack down on sectarian violence, another sign that the new leaders have little control over security on their own streets. Once again, today, the government failed to appoint candidates to run the Ministries of Defense and Interior, as expected. The government agencies, expected to keep the peace, are still unable to do so."

CBS Evening News (6/4, story 2, 2:20, Palmer, 7.66M) reported, "Iraq's Prime Minister is trying desperately to work out a deal tonight between Shi'a and Sunni factions that would share out control over the country's security forces. The hope is then that each side would reign in its violent supporters. But the fear is it is already too late."

NBC Nightly News (6/4, story 4, 2:20, Boettcher, 9.87M) reported, "Once again, the nation's new government, even though it promised it would, could not agree on new chiefs for Iraq's police and army, leaders counted on to stop the violence. 'More negotiations are needed,' explained an Iraqi government official, a phrase heard often in recent weeks. But while the Iraqi government quibbles about who will lead their security services, Iraqi civilians die in increasing numbers."

The AP (6/4, Quinn) reports the attacks "dealt a blow to Iraqi Prime Minister Nouri al-Maliki's pledge to curb sectarian violence. He again failed to reach consensus Sunday among Iraq's ethnic and sectarian parties on candidates for interior and defense minister -- posts he must fill to implement his ambitious plan to take control of Iraq's security from US-led forces within 18 months."

The New York Times (6/5, Tavernise, 1.19M) also says "the killings were in keeping with the nature of attacks here now, and, in a grimly familiar pattern, were not hindered by authorities of any kind, Iraqi or American." The killings are "a grim illustration of how badly security has deteriorated in and around Baghdad." The Washington Post (6/5, Hernandez, Nouri, 744K) and Washington Times (6/5, Behn, 90K), among other sources, run similar reports this morning.

Forensic Teams' Efforts To Collect Evidence Of Saddam Atrocities Examined. The New York Times (6/5, Burns, 1.19M) reports from the edge of the Ash Sham Desert in Iraq, "in the late winter of 1991, at least 28 men were executed here, crowded together in a pit their killers scraped with a backhoe from the desert floor. Rounded up along the alleyways of their native city, they were forced aboard a bus or truck and driven out along an isolated highway." What "happened here is not only a macabre marker in the history of Iraq under Mr. Hussein, but a harrowing footnote in American politics. The victims here, American and Iraqi officials say, died in Mr. Hussein's suppression of the Shiite uprising across southern Iraq in early 1991. It was a rebellion that survivors — and American critics of the President George H. W. Bush — say that the president encouraged after halting American troops at Iraq's southern border with Kuwait at the end of the Persian Gulf war." For "the American forensic experts who came to Iraq after the 2003 invasion, the desert camp is a way station toward holding Mr. Hussein accountable for what many Iraqi human rights experts say was the most merciless passage in his 24 years in power." Raid Juhi, "chief investigative judge for the Iraqi court now trying Mr. Hussein in another case, said during a visit here on Saturday that the court had documentary evidence, and statements from witnesses, showing that at least 100,000 Shiites, and possibly 180,000, died in the 1991 repression. The trial of Mr. Hussein and his associates for what is known among the Shiites as the 'intifada,' or rebellion, could be still a year or more off."

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Ohio Marine Unit's Losses Unite Parents Despite Differing Political Views. The Washington Post (6/5, A3, Slevin, 744K) reports "amid the sadness that has looped through his life since the death in Iraq of his only son," Bob Derga has "found a spark that drives him to defend President Bush, the war and the troops who are fighting it. He has begun to speak out, urging Americans 'to have the guts as a nation to stay the course.'" Paul Schroeder and Rosemary Palmer, "whose only son lived and died in the same Marine Reserve unit as Derga's son, have also been driven by anguish to speak out. But they do not believe in this war or this president or in staying the course." To "talk with the parents is to see reflected a real debate, grounded in searing loss, about the war's wisdom. It is also to witness a powerful connection felt toward one another by the Gold Star families of Lima Company, 3rd Battalion, 25th Marines." The Columbus, Ohio-based Lima Company "spent seven months in Anbar province last year and lost more troops than any other U.S. military unit in the war. What many had expected would be relatively safe duty -- perhaps guarding a base -- turned into grueling weeks of combat. Twenty-three Marines died, blown up by roadside bombs or killed by insurgents."

Military Doctors Face Unfamiliar Professional, Ethical Dilemmas. USA Today (6/5, Zoroya, 2.31M) reports military doctors Brett Schlifka and Hans Bakken have "made a pact — something they would not have done back home. Because counseling a family in a war zone is impossible, and because the U.S. military offers no guidelines on whether to withhold treatment for severely brain-damaged casualties, the doctors had decided to err on the side of life. No matter how severe the brain injury, no matter how hopeless the case, they vowed to keep a soldier alive long enough to get him out of the war zone, if only so his family could see him one last time." For Schlifka, Bakken "and other doctors at one of the busiest battlefield hospitals in Iraq, the war has created new or more complicated moral and ethical dilemmas. Here, doctors often face profound personal choices treating the most disturbing wounds they have seen." Like those "featured in the recent HBO documentary Baghdad ER, doctors here say working at a battlefield hospital is at once the most fulfilling and most frustrating experience of their lives — one that has changed them, as doctors and as people."

NATO Troops In Afghanistan Focus On Reconstruction, Winning Local Support. USA Today (6/5, Wiseman, 2.31M) reports NATO units "moving into troubled southern Afghanistan will have twice as many combat troops as the Americans they're replacing. But they will focus more on protecting reconstruction projects and winning Afghan support than on hunting Taliban fighters, the NATO commander said here Sunday." British Lt. Gen. David Richards, commander of NATO's International Security Assistance Force (ISAF) said, "I have a different approach. The way to win in a campaign like this is to win the support of the people." USA adds Afghan government troops "and U.S.-led coalition forces have been battling Taliban militants in southern Afghanistan." Next month, ISAF "will formally replace U.S. forces in the south, and Richards will take command there."

Suicide Bomber Kills Four In Kandahar. The New York Times (6/5, Gall, 1.19M) reports that in Kandahar, a "suicide bomber exploded his car on the main street…narrowly missing the governor of Kandahar Province and a Canadian military convoy, but killing 4 civilians and wounding at least 12 others, officials said. The explosion was heard across town and stirred anger and fear once more in a city that has been shaken by violence for months." As the police "cleared the wreckage of the suicide bomber's car, the owners and workers of a teahouse on the sidewalk beside it cursed the Taliban, the government, the United States-led coalition, former Afghan leaders, President Bush and Pakistan."

CORPORATE SCANDALS:

Former Fannie Mae Head Under Probe. The Minneapolis Star Tribune (6/5, Phelps) reports, "In a nearly 40-year career that's spanned politics and business, James Johnson has parlayed a talent for relationships that's taken him from rural Benson, Minn., to inside the Capitol beltway. … He served in the West Wing of the White House as Vice President Walter Mondale's right-hand man. In the 1990s, he led Fannie Mae, the nation's largest provider of home mortgage funding. He was chairman of the John F. Kennedy Center for the Performing Arts and led the prestigious Brookings Institution. … But these days, Johnson is under fire for being too generous with other people's money. Fannie Mae's regulator has criticized the size of Johnson's

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compensation in his final year at the mortgage giant. And at UnitedHealth Group, he chaired the board committee that awarded lucrative stock-option packages to William McGuire and other top executives at the Minnetonka-based health insurer." The Tribune adds, "Compensation awarded to UnitedHealth executives going back as far as 1999 is under review by the Securities and Exchange Commission, the IRS and the Justice Department, as well as the subject of a special internal audit. As chairman of UnitedHealth's compensation committee, Johnson is in the crossfire with CEO McGuire, corporate counsel David Lubben and Chief Financial Officer Patrick Erlandson."

Key Figures In Fannie Mae Scandal Tied To Clinton Administration. In the National Review (6/19), Byron York says the Office of Federal Housing Enterprise Oversight (OFHEO)'s report on Fannie Mae was "stunning. In meticulous detail, it outlined a culture of corruption at the Federal National Mortgage Association — better known as Fannie Mae — that rivals the most serious corporate scandals in recent years. In this case, however, the main players are Washington insiders — some of them prominent veterans of the Clinton administration — and the scandal's effects could ripple through Congress for years." From 1998-2004, Fannie Mae "was headed by former Clinton budget director Franklin Raines, whose top management team included former Clinton Justice Department official Jamie Gorelick, sometimes mentioned as a future attorney general in a Democratic administration. During that period, the report says, Raines and his team grossly overstated Fannie Mae's earnings — to the tune of $10.6 billion — for the purpose of paying themselves big bonuses."

Former National Century Financial Executives Plead Not Guilty To Fraud Charges. The AP (6/3) reported, "Seven former executives of a defunct company that was once the nation's leading lender to health care providers pleaded not guilty Friday to charges that they defrauded investors of more than $3 billion." A federal grand jury indictment "last month alleged the executives at National Century Financial Enterprises lied to investors about how their money was being used, then conspired to conceal cash shortages by shuttling money among various subsidiaries. The former officers are charged with 60 counts of conspiracy, securities fraud, wire fraud, mail fraud and money laundering." Among the executives "who entered pleas Friday in U.S. District Court was founder Lance Poulsen, 62, of Port Charlotte, Fla., who faces 47 federal counts. He already is fighting similar charges in a civil case brought by the Securities and Exchange Commission."

Suits Over Backdated Stock Options Are Next Step In Probe. The National Law Journal (6/5, Bronstad) reports, "Securities class action lawyers are preparing for the next wave of shareholder lawsuits as more companies and their top executives face federal probes and accounting restatements linked to the backdating of their stock options." The Journal continues, In the past month, dozens of shareholder suits have been filed on behalf of large institutional shareholders by a number of law firms, including well-known plaintiffs' firms Bernstein Litowitz Berger & Grossmann of New York and Lerach Coughlin Stoia Geller Rudman & Robbins of San Diego. The suits allege that certain companies backdated stock options granted executives to enhance the profits the executives made when they exercised the options." The Journal adds, "Backdating stock options is at the heart of recent inquiries by the U.S. Securities and Exchange Commission (SEC) and Justice Department. So far, more than two dozen companies have been targeted, many of which have restated their earnings or ousted their top executives. … Meanwhile, lawmakers have been debating in recent weeks whether to seek stricter regulations than those being proposed by the SEC regarding executive compensation."

Judge Considers Companies Denying Legal Fees To Employees. The Wall Street Journal (6/5, Davies) reports that a federal judge is considering whether prosecutors should be able to force companies to cut, "off legal support for employees suspected of wrongdoing," in a, "case against 16 former KPMG LLP executives accused of marketing fraudulent tax shelters." The Journal adds, "Defense attorneys for the former executives have complained to the judge that prosecutors leaned on KPMG to cap or cut off the legal-fee reimbursements to their clients." Judge Lewis A. Kaplan, "pronounced himself 'troubled' by the government's actions at a hearing last month. His response could come any day."

Former Tyco Exec Seeks Reimbursement For Legal Fees. The Wall Street Journal (6/5, Levitz) reports, "Jailed former Tyco International Ltd. Chief Executive L. Dennis Kozlowski is battling over the insurance coverage

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for his hefty legal bills." Mr. Kozlowski filed papers in a New York state court, "recently seeking documents from an insurance broker that negotiated Mr. Kozlowski's 'officer and director' liability policy at Tyco." The Journal continues, "Mr. Kozlowski has put in a claim to be reimbursed for nearly $17.8 million he spent defending himself -- but the insurer has rejected the claim."

Tier Technologies CEO Forced Out. The Washington Post (6/5, D1, Kang) reports that only two years after Tier Technologies Inc. moved to Reston with a record stock price former CEO James, "Weaver has been forced out and the company is under a, "SEC investigation." The Post adds, "Its stock was removed from the Nasdaq National Market after it failed to file financial statements for the past nine months, and the company says it now must restate its financial records back to at least 2002." What went wrong is unclear, but records suggest, "a combination of missteps and core problems, including weak financial management and increased competition."

WSJournal Urges Stock Markets To Regulate Themselves. The Wall Street Journal (6/5, 2.11M) editorializes, "Transatlantic mergers are promising to finally do for stock markets what globalization has done for the rest of the business world: bring new opportunities and efficiencies to investors. The big unknown is whether regulators will have the sense not to get in the way." The Journal also urges the business community to regulate itself, noting that "government abhors a vacuum. If private industry isn't offering its own solutions, regulators will design something that works for them -- usually with worse results."

CRIMINAL LAW:

Court Documents Reveal Broad Scope Of Alleged Jefferson Bribery Deals. In a front-page story, The Washington Post (6/5, Lengel, Weisman, 744K) reports that "over dinner with business partner and FBI informant Lori Mody, Rep. William J. Jefferson…furtively scrawled the letter 'c' on a sheet of paper, and next to it wrote some numbers indicating that he was demanding a much larger personal stake in an African business deal than previously agreed to." Jefferson told Mody, "I make a deal for my children," and, "as court records, sworn affidavits, plea agreements and search warrants attest, it was quite a deal, one of several involving at least seven business entities, nearly a dozen family members and hundreds of thousands of dollars sloshing through bank accounts, all for Jefferson's personal benefit." The Post notes that "as that controversy subsides" over the FBI raid, "the focus has shifted back to Jefferson and the corporate labyrinth that federal authorities say he erected to secretly receive illegal payments for promoting high-tech ventures in Cameroon, Ghana and Nigeria."

Judge Orders Release Of Nigerian VP Search Warrant Affidavit. Roll Call (6/5, Bresnahan) reports, "In another legal setback for Rep. William Jefferson," US District Judge Alexander Williams Jr. on Thursday decided "to publicly release documents supporting an FBI search of a Potomac home belonging to Jennifer Douglas, a wife of the vice president of Nigeria, Atiku Abubakar. Jefferson has until this afternoon to appeal the ruling." Roll Call notes, "The six paragraphs that will not be made public are from a court-approved wiretap in which Mody wore a wire during her dealings with Jefferson."

DOJ, House Lawyers To Begin Discussions About Jefferson Documents. Roll Call (6/5, Pershing) reports, "The dispute over last month's FBI raid of Rep. William Jefferson's…office will continue on three different fronts this week as the House and the Justice Department grapple over the fate of the documents seized from Jefferson and with how similar cases should be handled in the future. Lawyers from the House and the Justice Department are expected to sit down within the next several days to begin negotiations on a set of procedures for dealing with possible future search warrants for Congressional offices." Judiciary Chairman James Sensenbrenner "has pledged to craft legislation on that subject and to hold more hearings on the constitutionality of the Jefferson raid," and "sources said House lawyers are expected to file a brief on behalf of the chamber in federal court on Tuesday supporting a motion by Jefferson's attorneys calling the search unconstitutional and asking that the FBI return the documents it took." Noting the ABC News poll which "showed that 86 percent of respondents — including 94 percent of Republicans — believed the FBI's search was allowable," Roll Call adds, "With Members in their districts last week, House GOP leadership aides said their bosses were taking a wait-and-see attitude on whatever legislation Sensenbrenner might produce."

More Commentary. In a Roll Call (6/5) op-ed condemning the FBI search as a violation of the Speech and

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Debate Clause, Woodrow Wilson International Center for Scholars Congress Project director Don Wolfensberger Donald Wolfensberger writes that "the unprecedented FBI raid" on Rep. William Jefferson's office "instantly jolted me back to an earlier era of parliamentary history," when "King Charles I, with a group of armed men, burst into the British House of Commons to arrest five of his most vocal critics for treason" and set off the English Civil War. "There are clear signs President Bush has gotten the message from the united Congressional outcry at this overreach of power and is interested in repairing the breach. … Let us hope the damage is not irreparable and that the two houses on the Hill and the White House may come again to enjoy each others' hospitality — when invited."

In a Roll Call (6/5) op-ed, Chadbourne & Parke partner Abbe David Lowell writes, "A civil libertarian is a conservative against whom an investigation leak has just occurred," and "thus, Speaker Dennis Hastert…has become the new spokesman for reining in the power of prosecutors." Lowell notes, "It should not be shocking to the Speaker or anyone else paying attention that this administration did what none other has done in more than 200 years — execute a search of a sitting Congressman's Capitol Hill office. … This truly has become the administration whose motto is: 'We do it because we can.'" Lowell adds, "As worrisome as this problem is, the solution is not a difficult one. Midterm elections provide a real opportunity for Americans to restore a better balance."

Lobbying Firm's Clients Subpoenaed As Part Of Lewis Investigation. Roll Call (6/5, Bresnahan) reports a federal grand jury in Los Angeles investigating Rep. Jerry Lewis, chairman of the House Appropriations Committee, has subpoenaed "at least four clients" of the lobbying firm Copeland Lowery Jacquez Denton & White. According to Roll Call, "Federal investigators are looking into the ties between Lewis and former Rep. Bill Lowery (R-Calif.), a partner in Copeland Lowery, and are focusing at this point chiefly on Jeffrey Shockey, the deputy chief of staff for the Appropriations panel who previously worked for the lobbying firm, several sources close to the probe said. … When Lewis took over as chairman of the Appropriations Committee at the start of the 109th Congress, Shockey returned to the panel as deputy chief of staff. Shockey received a $600,000 package from Copeland Lowery before he left the firm."

Tennessee Waltz Bag Man, Former FBI Agent Testify About Alleged Bribes. The Memphis Commercial Appeal (6/3, Buser) reported, "The key government informant in Roscoe Dixon's bribery trial testified Friday that the former state senator indicated to him that to gain support in the legislature 'you had to pay to play.' Tim Willis, a political consultant who wore recording devices for the FBI, said he paid Dixon and his aide Barry Myers thousands of dollars in cash to push a bill on behalf of E-Cycle Management, Inc." He "acknowledged that he was well paid by the FBI -- $180,000 in salary and more than $26,000 in expenses since 2003 -- but that he did not become an informant only to make money or to avoid going to prison. 'I think the videotapes demonstrate that I don't need to lie today,' Willis told defense attorney Coleman Garrett on cross examination. 'Senator Dixon took bribes.'" The Commercial Appeal added, "In other testimony Friday, former FBI agent Joseph Carroll told jurors how he came out of retirement for 14 months to play the role of E-Cycle chief executive officer 'Joseph Carson.' Carroll's undercover skills were needed because he had spent most of his 30 years in the FBI investigating public corruption in more than a half dozen state legislatures."

The AP (6/3, Baird) reported that during Willis' testimony, jurors saw a second video clip of Dixon taking an alleged bribe. "'Oh man, you want me to carry that,' …Dixon says on the clip when handed two envelopes that informant Tim Willis said contained a total of $1,500. … Willis said Dixon was wary of accepting money himself and insisted that bribes go to an aide, Barry Myers, who testified against his former boss this week." The AP added that during Carroll's cross-examination, defense lawyer Coleman Garrett tried to ask Carroll "about 'other targets of the E-Cycle operation' but was stopped by Judge Jon McCalla on an objection from the prosecution. Garrett contends government agents focused more on black lawmakers than on white legislators." WPTY-TV Memphis (6/2) and WMC-TV Memphis (6/2) also reported on Friday's testimony.

Cotton Beginning Three-Year Prison Term Today. The Chattanooga Times Free Press (6/4, Lazenby) reported, "Former Hamilton County Commissioner William Cotton is scheduled this week to become the second Tennessee Waltz defendant to begin serving prison time on federal extortion charges." Cotton "is scheduled to report Monday to Edgefield Federal Correctional Institution in Edgefield, S.C., where he will serve three years."

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Sorich Lawyers Subpoena High-Ranking Daley Aides' Records. The Chicago Tribune (6/3, Bush, Mihalopoulos, 643K) reported defense lawyers for former Daley patronage chief Robert Sorich "have subpoenaed datebooks, diaries, calendars and e-mails of the mayor's Chief of Staff Ron Huberman, corporation counsel Mara Georges and other high-ranking officials in the city Law Department. The subpoena demanded that the city release on Friday all documents related to internal investigations of the city's hiring and promotions practices and the scandal-marred Hired Truck Program." The Tribune noted, "Durkin's subpoena also demanded the city produce information about hiring that was provided to federal prosecutors in 1997. In particular, he sought lists that Sorich kept of names of people who applied for city jobs or promotions."

Blagojevich Patronage Chief Met With Hiring Officials About Applicants. The Chicago Tribune (6/4, Pearson, Chase, 643K) reported, "Gov. Rod Blagojevich's patronage chief routinely met with other hiring officials to discuss job applicants and their political sponsors for positions that were supposed to be free from clout, sources involved with the process say. Blagojevich aides say they created a complex system to prevent hiring officials from seeing the names of candidates seeking so-called civil service jobs, providing an extra layer of security to ensure politics was not a factor in doling out the jobs. But even after the system was established, the sources said, patronage officials and others in the governor's office still knew applicants' names and discussed their clout at meetings to decide whether to fill positions."

Former Ohio Workers Comp CFO Charged With Taking Bribes. The Cleveland Plain Dealer (6/2, Tobin, 375K) reported, "The former chief financial officer for the Ohio Bureau of Workers' Compensation took cash, a Florida Keys condo and tuition payments for his son in exchange for doling out lucrative investment contracts, according to charges filed by federal and state authorities Thursday." Terry Gasper "was charged in U.S. District Court in Cleveland with one count of racketeering. He was also charged in Franklin County Common Pleas Court with one count of money laundering and one count of violating Ohio ethics laws because he did not report the gifts. The charges were related to favors that authorities say Gasper received from investment brokers, dealers and marketers and from Tom Noe, the disgraced coin dealer and heavyweight Republican fund-raiser." The Dayton Daily News (6/2, Bischoff) noted, "He was charged through a bill of information, not an indictment," which Franklin County Prosecutor Ron O'Brien said his office typically uses when "the defendant is cooperating with authorities and plans to plead guilty." The AP (6/2, Welsh-Huggins) also reported on the charges.

Probe Examining Former AmEx Executive's Connections To Gasper. The Cleveland Plain Dealer (6/3, Brown, 375K) reported, "Authorities are investigating the role a former senior vice president of an American Express company played in getting unauthorized investment business from the Ohio Bureau of Workers' Compensation, sources said Friday. Officials are examining Clarke Blizzard's connections to Terry Gasper…and Blizzard's role in brokering millions in investments that were later changed into risky, unsanctioned hedge funds, sources said. Those funds eventually lost $4.8 million of the bureau's money." Blizzard "allegedly showered Gasper and friends close to him with thousands of dollars' worth of meals, Columbus Blue Jackets hockey tickets, airline tickets and other gifts."

Prince George's School Board Members Testify Before Hornsby Grand Jury. The Washington Post (6/4, C6, Anderson, Rich, 744K) reported, "Prince George's County Board of Education members and other school officials testified recently before a federal grand jury investigating issues related to former county schools chief Andre J. Hornsby, officials familiar with the testimony said. The testimony…signals a quickening pace in an investigation that helped drive Hornsby from office one year ago. … The official, who spoke on condition of anonymity because of the sensitivity of grand jury proceedings, said federal prosecutors appeared to be scrutinizing issues raised by an independent ethics report. That report examined Hornsby's actions relating to the federal telecommunications subsidy known as 'e-rate and a $1 million purchase of classroom equipment for literacy instruction." The Post noted, "In April 2005, the FBI seized records from Hornsby's office in Upper Marlboro and other school facilities."

FBI Cuts Agents Assigned To Seattle Federal Prosecutor Murder Probe. The Seattle Post-Intelligencer (6/3, Shukovsky) reported, "The FBI has cut the number of agents assigned to the almost five-year dragnet to find the murderer of Assistant U.S. Attorney Tom Wales. …

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Leaders of the FBI's Seattle office -- who have about 140 agents to cover the entire state of Washington -- made the decision to reallocate scarce FBI resources last month. It came on the heels of a routine inspection of the office by FBI headquarters, said federal criminal justice sources." US Attorney John McKay "made clear Friday that he was not happy with the decision to cut the number of agents on the case. … But he added he has 'confidence in the Seattle FBI to get it right.'" SAC Laura Laughlin and Assistant SAC Steven Fiddler made no comment, but "one federal criminal justice source who spoke on condition of anonymity said" that the decision "is a good call" because "it reflects the lack of progress in the Wales investigation, and balances it against other investigative priorities."

Second DC Transportation Official Charged With Bribery. The Washington Times (6/5, Mcelhatton) reports, "A D.C. Department of Transportation inspector was indicted last week on charges of seeking cash payments in exchange for allowing illegal job sites to operate or to prevent contractors from being fined. Denard A. Smith," is, "the second city inspector charged in a bribery scandal in the past month." The Times adds, "Authorities said Mr. Smith accepted a total of about $4,000 in cash from more than a dozen people since last summer."

Florida Plastic Surgeon Convicted Of Medicare Fraud For AIDS/HIV Treatments. The Miami Herald (6/2, Dorschner, 323K) reported Isaac Nosovsky, "a former plastic surgeon in Weston, has been convicted in federal court of Medicare fraud charges involving expensive AIDS/HIV infusion treatments -- the latest case in a crackdown to stop widespread schemes that may have bilked taxpayers out of hundreds of millions of dollars." Nosovsky "gained notoriety last year over accusations that he allowed his brother, Gregorio, to perform breast implants and other cosmetic operations even though Gregorio had no medical license. At least 35 women have said Gregorio botched their surgeries, and both brothers still face criminal charges in Broward courts concerning their alleged unlicensed collusion." The fraud indictment "stated Nosovsky had taken Medicare for $1.3 million in his fraudulent billing scheme."

The South Florida Sun-Sentinel (6/2, 249K) added that Novosky was convicted of "fraudulently billing Medicare $1.3 million for patients treated at a HIV/AIDS clinic, the U.S. Attorney's Office said. … Medicare patients were paid cash kickbacks to attend Nosovsky's clinic…in Miami." The South Florida Business Journal (6/2) noted that three "other co-conspirators - Rosa Walled, Rafael Walled and Gregory Delatour -were separately charged and have all pleaded guilty."

Columbine A 'Benchmark' To Troubled Children. USA Today (6/5, Toppo) reports, "U.S. public schools in April saw at least a dozen Columbine-like plots foiled, from central Alaska to southern Florida. … Why does Columbine still resonate for troubled kids? School safety experts say they struggle to answer that question." Bill Modzeleski, of the Safe and Drug-Free Schools program says, "seven years later, disaffected children talk about 'out-Columbining, outdoing Columbine. So that's the benchmark.'" Today continues, "authorities in several areas have responded by filing terrorism charges based on threats alone, paving the way for possible longer sentences and, in cases when attacks actually take place, trials in adult court."

Data From Active Duty Navy, National Guard Stolen With VA Information. ABC World News Tonight (6/4, story 3, 0:30, Harris, 8.78M) reported, "The case of the missing data from the Department of Veterans Affairs is growing with more military personnel potentially at risk, from stolen information. The government says data on as many as 50,000 active duty Navy and National Guard personnel are among the records stolen from a Veterans Affairs employee last month. Already, 26 million retired veterans are at-risk."

Man Arrested Trying To Jump White House Fence. The Secret Service arrested a man yesterday as he tried jump the fence on the south side of the White House. The AP (6/4) reported that Roger Witmer of Washington "faces charges of unlawful entry and disorderly conduct." Secret Service spokesman Tony Mazur "said members of the uniformed division captured Witmer before he got over the fence. But he threw over plastic bags, and officials shut down traffic on the south side of the White House so they could be examined for explosives. None was found."

Hotel Website Loses Data From 250,000 Customers. ABC World News Tonight (6/4, story 6, 0:30, Harris) reported, "The Internet site Hotels.com has notified thousands of customers that their credit card information may have been compromised. The data was loaded on to a lap stop compute that was stolen back in February. The

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company says there is no evidence so far that the information has been misused."

NBC Nightly News (6/4, story 7, 0:20, Seigenthaler) reported, "The travel website Hotels.com says it involves a company laptop carrying the names, addresses, and credit card numbers of nearly 250,000 customers. Letters have been sent to those involved, and officials are watching for improperly used information."

Brownback Visits Jail Overnight To Highlight Reassimilation Program. ABC World News Tonight (6/4, story 7, 3:00, Harris, 8.78M) reported, "Every year, an estimated 650,000 inmates are released. Two-thirds of them will be rearrested within three years. Creating new crime victims and costing taxpayers millions of dollars to put those offenders back behind bars. For years, inmates have been released with $100 and a bus ticket. Now, a coalition of liberals and conservatives are trying to change that. Days ago, one of the most conservative politicians in the country, US Senator Sam Brownback, stayed overnight in this prison in his home state of Kansas. He met, mingled and prayed with, murderers, rapists and robbers." Brownback "doesn't want to reduce their sentences. He wants to reduce the chances they'll commit new crimes when they're released." Sen. Brownback: "Once a person has paid their penalty to society, let's work with them to see they don't go back in." ABC added the "annual price tag for corrections in this country, $60 billion. Nearly double the budget for homeland security. Which is why Senator Brownback is co-sponsoring the Second Chance Act. It would prepare inmates for success outside of prison." Of 40 inmates who participated in one program in Kansas, "only 4 have been rearrested. That's way below the national average of 66%." Senator Brownback "says research shows children of inmates are more likely to become criminals themselves. And that reentry programs can help address that generational curse."

WPost Praises SCOTUS Decision In Ceballos Case. An editorial in the Washington Post (6/5, A14, 744K) praises the Supreme Court decision the case of Richard Ceballos, a prosecutor with the Los Angeles district attorney's office, who claims he suffered professional retaliation for questioning the accuracy of a search warrant affidavit upon which his office was relying in a criminal case. The case presents a "difficult puzzle: whether the First Amendment right to free speech protects Mr. Ceballos's on-the-job expressions. The court ruled that it does not. On balance, we think that's right. … In the end, the First Amendment seems a bad fit for shielding intragovernmental debate. Protecting people like Mr. Ceballos should be the province of whistle-blower protection laws, which need to be strong enough to prevent retaliations of the sort he claims."

LATimes Skeptical Of Administration Stance On Preserving Internet Records. An editorial in the Los Angeles Times (6/5, 958K) says the Bush Administration "has opened talks with leading Internet providers and search engines about preserving their records. The Justice Department apparently wants Internet companies to keep two years' worth of data on where users go, what they search for and to whom they send e-mail. The ostensible purpose is to combat child pornography and terrorism. That's a laudable goal. It's not at all clear, however, that this plan would put more bad guys behind bars. It's more likely that the new troves of data would attract hackers or trial lawyers." The Justice Department "should have to show that the change is needed to put more child pornographers and terrorists behind bars."

CIVIL LAW:

Number Of Fair Wage Lawsuits Increases. The Wall Street Journal (6/5, Maher) reports, "Workers are filing more lawsuits against employers they accuse of violating fair-wage laws that govern overtime and minimum pay, with an increasing number seeking to combine the claims with large groups of their fellow employees as well. The suits increasingly seek what is called collective action under federal wage laws." The Journal adds, "In part, the uptick reflects efforts by lawyers to represent large groups of workers, from assistant managers to computer technicians and delivery drivers who may be owed back wages, and collect potentially lucrative settlement fees."

Potential Abortion Bans Playing A Role In Many State Races. The New York Times (6/5, Davey, 1.19M) reports that "in campaigns for governor and the Legislature…many candidates are not only being asked about limits on abortion, but a far broader, starker question: to outlaw or not to outlaw?" The Times notes that the issue is playing a prominent role in the South Dakota, Florida and Arkansas gubernatorial contests, adding that in many state

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races, "it remains uncertain who will benefit from the sudden focus on abortion bans -- candidates who oppose abortion rights or those who favor them."

CIVIL RIGHTS:

Bush Will Urge Senate To Pass Gay Marriage Ban At White House Event. NBC Nightly News (6/4, story 8, 2:55, Seigenthaler, 9.87M) reported, "At the White House, marriage will be the topic in the Rose Garden tomorrow. The President plans to use the setting to push again for an amendment against same-sex unions." NBC went on to report that Republicans "acknowledge they don't have the 67 votes needed for passage, but President Bush is calling on Congress to act now." NBC also said that with his "approval ratings low, steady bad news out of Iraq, problems with the immigration bill, and elections in November looming, the timing of the gay marriage debate is welcome by the President and his party."

The Washington Times (6/5, Fagan, 90K) reports that today the Senate begins debate on the gay marriage ban. The Times notes President Bush "this weekend stepped into the fray, using his Saturday radio address to urge approval of the amendment. … He will make another push at a White House meeting today, after conservative groups complained that he hasn't fought hard enough for the measure. The Senate is expected to vote Wednesday on whether to limit debate and force a final vote, but even supporters say they likely won't get the needed backing from 60 senators to force a final vote."

Friend Says Gay Marriage Is Barely On Bush's "Moral Radar." Newsweek (6/12, Rosenberg) reports that President Bush "had been mostly mum on gay marriage since his re-election. But now, with his poll numbers in a nose dive and even his most enthusiastic supporters grousing, Bush took up the cause in his radio address Saturday; an amendment is needed because 'activist courts have left our nation with no other choice,' he explained." Newsweek notes, "Though Bush himself has publicly embraced the amendment, he never seemed to care enough to press the matter. One of his old friends told NEWSWEEK that same-sex marriage barely registers on the President's moral radar." White House aides "insist that the President does care about banning gay marriage."

Frist To Bring Gay Marriage Amendment Up For A Vote This Week. Newsweek (6/12, Rosenberg) reports that Senate Majority Leader Bill Frist this week will bring the Federal Marriage Amendment (FMA) up for another vote in the Senate. The House "House could weigh in next month. Though it isn't expected to pass either House, supporters want to get pols on the record before November." Newsweek adds, "While the GOP leadership clearly hopes this tack can revive their sputtering election prospects this fall, some GOP strategists aren't so sure. Pew polls show a 10-point jump in support for gay marriage since 2004."

NYTimes Calls Bush Radio Address "Cynical" and "Depressing." The New York Times (6/5, 1.19M), in an editorial, writes that President Bush "devoted his Saturday radio speech to a cynical boost for a constitutional amendment banning gay marriage. It was depressing in the extreme to hear the chief executive trying to pretend, at this moment in American history, that this was a critical priority."

Bauer Sees Change In How Marriage Is Viewed. In an op-ed for the Los Angeles Times (6/5, 958K) former presidential candidate Gary Bauer, president of American Values and chairman of the Campaign for Working Families, writes, "Many couples are replacing the traditional promise 'til death do us part' with vows such as 'for as long as our love shall last' and 'for as long as we continue to love each other.' Clearly these couples are under no illusions about their odds in a nation with a 50% divorce rate."

FBI Uncovers Eastern Shore Sex-Trafficking Operation. The Virginian Pilot (6/3, Burke, Gaynair) reported, "Federal authorities allege they have uncovered a sex-trafficking operation in which prostitutes were transported from New York City to service Hispanic customers at a brothel" in Mappsville on Virginia's Eastern Shore. "The case is the latest in a growing number of investigations nationwide of sex trafficking involving Hispanic women," and "in the Eastern Shore case, three people have been arrested so far." FBI agents "secretly videotaped activity and conducted surveillance at the Beartown Road house, where weekend business was brisk, according to court documents and testimony in Norfolk federal court last week. … Jennifer V. Collins, the lead FBI agent in the case, testified…that there were conflicting opinions among those involved in the operation of the brothel about whether the women were free to leave when they were on the Eastern Shore."

Busby Retracts Controversial Remark Concerning Voting By Illegals. The Washington

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Times (6/5, Pierce, 90K) reports in its "Inside Politics" column that Francine Busby, the Democratic candidate in the CA50 special election, "finds herself trying to explain a remark she made last week to a largely Hispanic audience: 'You don't need papers for voting.' On Thursday night, Francine Busby, the Democratic candidate for the 50th Congressional District in California, was speaking in Escondido when she uttered those words." Someone taped the remarks "and a recording began circulating Friday. After she made that statement at the meeting, Mrs. Busby immediately said: 'You don't need to be a registered voter to help' the campaign. She said that subsequent statement was to clarify what she meant."

Rothenberg Says Strong Busby Showing Would Be Evidence Of Coming "Democratic Deluge." Stuart Rothenberg writes in Roll Call (6/5) that neither party is expressing confidence about the CA540 special election, which "increasingly looks like a test of Democratic efforts to ride a wave of voter dissatisfaction and of Republican efforts to energize the party's conservative base." Rothenberg notes that "even if former Rep. Brian Bilbray (R) ends up squeaking out a narrow victory against Democrat Francine Busby…a strong Busby showing (say, near 50 percent) would be evidence that the Democratic Deluge of '06 has begun."

Electronic Voting Machines Face Legal Challenges. USA Today (6/5, O'Driscoll, 2.31M) reports that electronic voting machines are the subject of legal challenges in at least six states. Most of the suits "argue that the machines are vulnerable to software tampering, don't keep an easily recountable printed record and may miscount, switch or not record votes and even add phantom votes. … No case yet has claimed intentional manipulation of electronic vote data. But another advocacy group, Black Box Voting, reported last month that a Finnish expert found security flaws for a Diebold Election Systems model. Diebold, a major manufacturer, says the vulnerability is theoretical and will be fixed this year."

ANTITRUST:

DOJ, FTC In Antitrust Clash Over Generic Drugs. The Financial Times (6/5, Kirchgaessner, Bowe) reports, "An unusual rift between the top antitrust authorities in the US over the legality of deals between pharmaceutical companies and their generic counterparts is intensifying, raising questions for the companies involved in the controversial transactions." The Times continues, "The dispute between the Department of Justice and the Federal Trade Commission, which is playing out in the arena of the Supreme Court, is likely to become even messier next week when the FTC takes the rare step of filing a second petition urging the court to take on the issue over the objections of the Bush administration." The Times adds, "At the centre of the disagreement between the justice department, the top law enforcement body, and the FTC, an independent agency composed of Democratic and Republican commissioners, is a complex patent dispute involving Schering-Plough and its drug, K-Dur 20, which treats the side-effects of drugs for high blood pressure. … In 1997 Schering ended a dispute with a generic rival by paying the company, Upsher-Smith, $60m (€46m, £32m) to stay out of the market until 2001. Schering's patent was originally intended to expire this year. The FTC has claimed that the agreement, as well as similar deals that have since been agreed between drug companies, are anti-competitive. … The agency says that while settlements between drug companies do not violate antitrust laws, the equation changes when branded drug groups offer their generic rivals deals they cannot refuse: substantial payments to stay out of the market until a certain date."

Toshiba Gets Nod For Westinghouse Deal. The Financial Times (6/5, Kirchgaessner, Hoyos) reports, "Toshiba's $5.4bn takeover of Westinghouse, a UK-owned nuclear company, has cleared a significant regulatory hurdle with the approval of the deal by the US committee that investigates foreign transactions on national security grounds." The Times continues, "People familiar with the transaction said it got the green light from the secretive Committee on Foreign Investment in the US, or Cfius, last week." The Times adds, "Approval from Cfius was widely expected but it represents an important milestone given the heightened political tension in Washington. Both the Cfius process and acquisitions by foreign companies of sensitive assets either owned by US groups or, in the case of Westinghouse, located in the US have recently come under the spotlight. … A political firestorm erupted in Congress this year after Cfius approved the takeover of five US port terminals and other facilities by a state-owned Dubai company. Lawmakers said the deal compromised US national security and attacked the executive branch agencies that comprise Cfius for failing to adequately investigate the deal. … The backlash forced Dubai Ports World to sell the port terminals to

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a US buyer. It also prompted a flurry of legislative proposals to revamp the Cfius process. … Although the proposals have not yet been made law, attorneys and lobbyists who work on Cfius deals in Washington say that, in practice, the Dubai controversy has had a significant impact on the way deals are handled and expanded the range of transactions that are reviewed."

Planned NYSE Merger Reveals Lack Of International Regulations. The Wall Street Journal (6/5, Wysocki, Lucchetti) reports, "As financial markets grow more electronic and international, a big question looms: Who should regulate them? … That issue is now in the spotlight as the operator of the New York Stock Exchange sets plans to merge with Euronext NV." The Journal adds, "Right now there's no formal legal framework for regulating exchanges that cross national borders." While executives at the NYSE and Euronext say little regulation will change, "under the new combined holding company" regulators are still "planning adjustments -- more sharing of information, for example."

Unitab Rejects Tabcorp Takeover Bid. The Financial Times (6/5, Reporters) reports, "Unitab on Monday rejected an eleventh hour unsolicited A$1.9bn offer from Tabcorp, Australia's biggest gaming group, and maintained its endorsement of a merger plan with another betting operator. Tabcorp's cash-and-paper offer – presented on Thursday — values the Queensland-based Unitab at A$14.25 a share." The Times continues, "This is higher than a rival A$1.7bn paper bid for Unitab, unveiled in March, from Tattersall's." But Unitab said, "in a statement to the Australian Stock Exchange on Monday that it considered the offer made by Tabcorp inadequate for a takeover."

Political Fallout From Rate Increase Halts FLP, Constellation Merger. The Wall Street Journal (6/5, Smith) reports, "FPL Group Inc.'s proposed $11 billion purchase of Constellation Energy Group Inc. looks increasingly doubtful due to a political furor in Maryland over higher electricity rates. Constellation Chief Executive Mayo Shattuck sent employees a letter May 30 in which he said the firm had 'ceased FPL merger integration activities.'" The Journal continues, "A 72% rate increase by Constellation's Baltimore Gas & Electric unit has become a political issue in Maryland, where Democrats are hoping to unseat Republican Gov. Robert Ehrlich."

Ferrovial To Raise Hostile Bid For BAA To $18.46 Billion. The Wall Street Journal (6/5, Singer) reports, "Spanish construction company Grupo Ferrovial SA will raise its hostile offer for British airports operator BAA PLC for a second time in a final, £9.8 billion ($18.46 billion) bid to acquire the world's largest airport operator by market value, according to people close to the matter. It will raise its bid to at least 915 pence ($17.23) a share." The Journal adds, "To defend against the Ferrovial bid, BAA has said it would return £700 million to shareholders and boost its dividend payout by 40% this fiscal year."

ENVIRONMENT:

Blanco Threatens To Block Federal Efforts To Drill In Gulf. The Wall Street Journal (6/5, Cooper, 2.11M) reports that Louisiana Gov. Kathleen Blanco says she will try to block federal efforts to open part of the Gulf of Mexico to oil drilling this summer unless Washington shares the proceeds with her state. Blanco "risks the ire of Washington, which is providing billions of dollars in reconstruction money to her storm-racked state. Even so, she says she will try to block the August auction of offshore oil properties in the western Gulf unless the federal government agrees to help restore the state's wetlands, which scientists say are disappearing at an alarming rate." The Journal adds, "It is unclear whether Ms. Blanco can force the cancellation of the August lease sale, but she may be able to delay it, since she can file an objection with the Interior Department. If the department rejects her complaint, Ms. Blanco can appeal to the Commerce secretary. If the Commerce secretary overrides her, Ms. Blanco has hired a Washington lawyer and threatened a suit."

Gore Urges Paulson To Speak To Bush About Global Warming. Former Vice president Al Gore was asked on ABC's This Week (6/4, Stephanopoulos) if he thinks the nomination of Henry Paulson, his "ally… in the fight against global warming," is evidence of "a change of heart by the president" on global warming. Gore replied, "I would like to think so. … I doubt it. I would love to be proven wrong about that. His first secretary of the Treasury was terrific on the issue of global warming, but it didn't make any difference to the president." Gore added, "I hope that privately he will try to convince the president to change his mind."

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Hubbard Cheers Paulson Nomination. R. Glenn Hubbard, who was chairman of the Council of Economic Advisers under President George W. Bush, writes in the Wall Street Journal (6/5, 2.11M), "President Bush's selection of Hank Paulson to be the next Treasury secretary is cause for cheer. His nomination also offers a pause for reflection on the economy's performance and its productivity muse -- and on concerns about the economic outlook." Treasury Secretary John Snow "has rightly celebrated the economy's success, and Mr. Paulson will no doubt do so as well. But explaining the fount of that success and confronting real fears about change and entitlement spending would be a welcome addition."

China Becoming A World Leader At Developing Renewable Energy. U.S. News and World Report (6/12) reports that China "is quietly becoming a world leader in developing renewable energy sources and technology. With its energy needs growing exponentially and the price of oil near record highs, Beijing is using every possible means to eke out extra kilowatts -- and this means not only cutting oil deals with rogue regimes and building nuclear reactors but also putting into place some of the most aggressive renewable-energy policies in the world."

NYTimes Praises Protection Of Coral Under The Endangered Species Act. The New York Times (6/5, 1.19M) editorializes, "Anyone who has given thought to the pitifully fragile state of the oceans' coral reefs should have been heartened by the recent classification of two kinds of coral as threatened under the Endangered Species Act. The inclusion of the elkhorn and staghorn, two species of Caribbean coral, was a welcome first for the list, prompted by a task force on coral reefs established by President Bill Clinton and continued by the Bush administration.

FBI/DEA/ATF/USMS:

2 DC Jail Escapees Recaptured. The Washington Post (6/5, B1, Glod, Pierre) reports, "The second of the two men who escaped from the D.C. jail Saturday was recaptured last night in the Seat Pleasant area of Prince George's County. The other man was picked up early yesterday at a Fairfax County motel." Ricardo Jones, "was seized about 11:40 p.m., the U.S. Marshals Service said." While Joseph Leaks, "was arrested without incident about 1:20 a.m. yesterday." The Post continues Leaks and Jones had escaped by, "smashing through a reinforced window, officials said."

Jail Break Raises Concerns Over Neighboring Citizens Safety. The Washington Times (6/5, Mcelhatton) reports, "The jailbreak has raised questions about whether the facility's siren system to alert neighbors was working properly. Wilbert Hill, an advisory neighborhood commissioner who lives about five blocks from the Southeast jail, said he and others in the area did not hear the sirens. 'I think they should have some way of notifying residents of a prison break,' Mr. Hill said."

Alleged Drug Dealer May Be Linked To Fentanyl-Laced Heroin. The St. Louis Post-Dispatch (6/3) reports on an alleged drug dealer who may be linked to recently reported overdoses involving fentanyl-laced drugs and writes, "The plan was to buy drugs and arrest the suspected dealer, Maurice A. Adkins, on the spot. But Adkins tried to escape, injuring an undercover detective in the process, and officers opened fire, officials said. As Adkins, 27, lay in critical condition in a hospital Friday, prosecutors filed charges of first-degree assault on a law enforcement officer, delivering a controlled substance and possession of a controlled substance. … A man arrested with Adkins was hospitalized after authorities discovered that he had swallowed some heroin during the arrest, police said."

Heroin Overdoses Reported In Pennsylvania. The Pittsburgh Post-Gazette (6/5, Rotstein) reports, "A potent form of heroin delivered devastating effects to users in several city neighborhoods over the weekend, killing one and knocking others unconscious in cars and homes. Pittsburgh police said they and paramedics responded to at least 20 heroin overdose cases in a 24-hour period yesterday and Saturday, primarily in Hazelwood, Greenfield and Lincoln Place and on the North Side. At the scene of many of the overdoses, investigators found tiny packets labeled in red type with the words: 'Get high or die trying.'

The Pittsburgh Tribune-Review (6/5) reports, "Police do not know if a high concentration of the drug or something mixed with it is to blame for the unusually high number of overdoses. Police do not know where the heroin is coming from but are working with their counterparts in Detroit to see if there is a link with overdoses reported there."

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In Tennessee, Plea Agreements Reveal Millions Of Dollars Worth Of Drug Trafficking. The Knoxville (TN) News Sentinel (6/5, Satterfield) reports, "A slew of guilty pleas entered in the past two weeks in U.S. district courts in Knoxville and Greeneville has generated a paper trail outlining a decade-long venture among a diverse band of traffickers that served up $22.5 million worth of marijuana and nearly $1.1 million in meth to users in East Tennessee. The granddaddy of plea agreements secured by Assistant U.S. Attorney Robert Reeves in this case involves Washington County man Mark Saults, a horseback-riding country boy who headed up this organization. Saults has admitted pushing 15,000 pounds of pot, 24 pounds of meth and a handful of pounds of cocaine in a drug business he began in earnest in 1995." The Sentinel also notes the DEA's involvement with the case.

10 Arrested In Mississippi Drug-Ring Investigation, More Arrests Expected. From Hattiesburg, the AP (6/4) writes, "Authorities say they have arrested at least 10 people in a probe into a drug trafficking ring that operates between Mexico, Jackson and Hattiesburg and more arrests are likely. … 'You can reasonably say that these defendants are connected to an active investigation that remains ongoing,' said Steve Luzinski, spokesman for the federal Drug Enforcement Administration in Jackson. He described it as a large investigation into marijuana and cocaine trafficking." A similar story was published by the Hattiesburg American.

Use Of DEA "Bug" Credited For Collapse Of Gang Leader's Influence. The Chicago Tribune (6/4) reports, "At the peak of his tyranny, Larry Hoover's "gang nation" numbered 50,000 members in 35 states. … In the mid-1990s, though, Hoover's influence collapsed. The key reason: U.S. Drug Enforcement Administration agents dreamed up the kind of electronic gadget that makes TV's '24' a celebration of technology deployed against bad guys. More than a decade after that DEA coup, a three-judge panel of the 7th U.S. Circuit Court of Appeals has declared that the feds' tactics didn't violate the rights of Hoover's deputy, Gregory 'Shorty G' Shell." The Tribune goes on to report how DEA supervisor Rick Barrett thought of the idea of using microphones and transmitters thin enough to fit a prison visitor's tag and ultimately get information needed for the investigation.

In Texas, "Operation Elm Street" Seen As Groundbreaking Drug Investigation. The McAllen Monitor (6/4) reports, "Two to three times a week, for at least a decade, George Gutierrez or members of his clan…made trips up U.S. Highway 281 to San Antonio, Austin or sometimes Houston with 50 to 300 pounds of pot concealed in passenger vehicles. … The illicit drug proceeds financed a multi-million dollar real-estate developing business, lush trips to Las Vegas, the best hotels. … But access to those and other luxuries came to a halt when the county's drug interdiction task force in tandem with the local U.S. Drug Enforcement Administration's task force closed in on the family's illegal dealings in late 1999." The investigation was called "Operation Elm Street," and it "became a groundbreaking operation that launched larger, longer investigations, the kind for which HIDTA task forces are known."

Guatemalan Man Accused Of Drug Smuggling, Customs Officer Faces New Trial. In its "Police Briefs" section, the Brownsville (TX) Herald (6/5) reports a federal judge on Friday "denied bond for a Guatemalan man after customs officers found more than 6 pounds of heroin and more than 6 pounds of cocaine in his truck's battery. Henry Otoniel Yanes drove a 1999 Ford Ranger across the Gateway International Bridge on Wednesday, according to a criminal complaint. … According to the U.S. Drug Enforcement Administration Web site, Colombian heroin traffickers are known to smuggle the drug to Guatemala and then into the United States using car batteries."

In a separate story in the same section, the Herald reports, "A federal judge said a new trial for a customs officer accused of bribery will take place…despite objections from his two attorneys. The four-day bribery trial for U.S. Customs & Border Protection K-9 officer Juan Posas ended May 25 afternoon with a mistrial because of a deadlocked jury. Authorities arrested Posas in March based on a two-count indictment for accepting bribes and allowing drug smugglers to pass through his post."

In Montana, Tobacco Shop Owner Acquitted Of Possessing Drug Paraphernalia. The AP (6/4) reports a tobacco shop owner has been acquitted of possessing drug paraphernalia for sale, a day before a similarly accused but convicted Missoula man was

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sentenced by a judge critical of the prosecution. A federal jury Thursday acquitted Bradford Moore, 46, owner of Heads Up Tobacco Shop. He is one of four Montana business owners arrested last year during an investigation by federal drug agents. The four include David Sil, 61, of Missoula, who Friday received a sentence of two years on probation for distribution of drug paraphernalia."

The Missoulian (6/3) reports, "Last May, Drug Enforcement Administration agents seized pipes, cash, clothing items and business records from Sil's shop, The Vault, a small pipe and tobacco accessories business he opened nearly 10 years ago. On Friday, fighting for a sentence at the lower end of the federal spectrum, Sil's attorney, Martin Judnich, explained that his client operated The Vault in Missoula for eight years, without subterfuge and without legal consequences."

IMMIGRATION:

Fifty-Five National Guard Troops Begin Border Security Duties In Arizona Today. The New York Times/AP (6/5) reports that 55 Utah National Guard troops will begin work today "extending fences, improving gravel roads and working on border lighting near the town of San Luis, Ariz., which is part of the nation's busiest Border Patrol station." The AP notes, "The troops are part of President Bush's plan to send up to 6,000 National Guard members to the four border states to perform support duties that will allow immigration agents to focus on border security. The Guard members will not perform significant law enforcement duties." NBC Nightly News (6/4, story 3, 2:25, Lewis, 9.87M) reported, "critics contend that sending in the National Guard on a hastily improvised mission like this probably will not do much to stem the flow of illegal immigrants from the south of the border, this as concerns about securing that border continue to mount in this country. Despite the criticism, the Border Patrol people here say they welcome the addition of the Guard, something they say will free up agents to do the work of law enforcement."

Report Finds Illegals Escape Portion Of Tax Burden. The Washington Post (6/5, B1, Brulliard, 744K) reports a study by the Urban Institute shows that taxes "paid by immigrant households in the Washington region are on par with those paid by native-born Americans, although immigrants here illegally pay less." DC-area immigrants "pay nearly one-third of their income to the government -- at least $10 billion a year -- but those here illegally pay less than $1 of every $5 they earn in taxes, the report says. That is partly because they earn less but also because many are paid off the books and escape payroll taxes.

Stabenow's "Balancing Act" On Immigration Draws Criticism Form Left And Right. The Washington Times (6/5, Lambro, 90K) reports Sen. Debbie Stabenow "is under attack in Michigan for straddling the fence on the immigration bill, attempting to please both sides of an issue that has deeply divided her political base." Stabenow "has come under fire" from Republicans and the Lansing State Journal, "a major state newspaper," for "opposing key amendments that would crack down on the hiring of illegal aliens. According to the Times, "While Mrs. Stabenow's votes on the bill appeared contradictory to some, Michigan Democrats said she was striking a balancing act on the measure by casting votes that would appeal to her state's Hispanics, but in the end voting against the entire bill, which much of her party's blue-collar constituencies oppose."

Immigration Sowing Discord Amongst Some GOP Rivals. The Washington Times (6/5, Hurt, 90K) reports, "From districts along the Mexican border to deeply landlocked districts, immigration has become both a rallying cry for Republicans in some races and a wedge that splinters Republicans in other races." The Times notes that Sen. John McCain cancelled his appearance at a fundraiser for former rep. Brian Bilbray, who is trying to replace former Rep. "Duke Cunningham, after Bilbray "publicly attacked" McCain's Senate legislation "because he said it granted 'amnesty' to illegals." Among other races briefly noted by the Times is the GOP primary in UT6, where Rep. Chris Cannon's support for a guest-worker program helped challenger John D. Jacob beat Cannon among delegates at the Utah GOP convention.

Grassley Tax Measure Complicates Immigration Reform Negotiations. Syndicated columnist Robert Novak (6/5) writes, "On May 23, as the Senate raced toward passage of the comprehensive immigration bill" Sen. Charles Grassley "moved the adoption of a new Title III to the measure. It passed easily without anybody mentioning that the amendment raises revenue, which was a violation of the U.S. Constitution's requirement that all such measures originate in the House of Representatives. That adds another new obstacle to the formidable task of reconciling seemingly irreconcilable Senate and House immigration bills. To surmount the constitutional problem, Senate Majority Leader Bill Frist, in effect, must pass a new bill -- either under a

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procedure requiring unanimous consent or starting over with a bill subject to amendment." According to Novak, "There is no sign that Grassley intentionally sought to sabotage the immigration bill."

Annan Claims Migration Benefits Countries Of Origin And Receiving Countries. In an op-ed for the Wall Street Journal (6/5, 2.11M) Kofi Annan, secretary general of the UN, writes, "In a report that I am presenting tomorrow to the U.N. General Assembly, I summarize research which shows that migration, at least in the best cases, benefits not only the migrants themselves but also the countries that receive them, and even the countries they have left. How so? In receiving countries, incoming migrants do essential jobs which a country's established residents are reluctant to undertake. … Meanwhile, countries of origin benefit from the remittances that migrants send home, which totaled around $232 billion last year, $167 billion of which went to developing countries -- greater in volume than current levels of official aid from all donor countries combined, though certainly not a substitute."

TAX:

McCain Among GOP Senators Blocking Estate Tax Repeal. Roll Call (6/5, Stanton) reports Senate Majority Leader Bill Frist "hopes that the expected defeat of a GOP plan to fully repeal the estate tax this week will help increase pressure on the two wings of his fractured party to work together, along with moderate Democrats, to craft a compromise later this summer, Senate GOP aides said. … A motion to proceed to the bill is set for Wednesday, but a senior GOP aide said Thursday said that it remains well short of the 60 votes required to take up a full repeal measure. If that happens, leadership aides are expected to recommend that Frist drop the issue for now to 'let the dust settle' and allow compromise talks to continue behind the scenes before settling on a course of action." Roll Call goes on to report that "moderate" Republicans, "including Sen. John McCain, have argued that…the repeal sought by Frist and President Bush would expand the deficit by too much.'

WSJournal Says As Many As 62 Senators May Support Repeal. The Wall Street Journal (6/5, 2.11M), in an editorial, writes that with sixty votes needed "to defeat a liberal filibuster…we're told 56 Senators have indicated they'll vote for repeal, with another six undecided." The Journal adds, "It speaks volumes that opponents of repeal aren't debating the morality of the double or triple taxation that the death tax represents. Instead, they're basing their case on highly dubious Joint Tax estimates. These phony numbers may provide political cover both to fence-sitting Democrats and 'deficit hawk' Republicans such as" McCain and Sen. George Voinovich.

Sessions Says Estate Tax Is Among The "Most Painful" Taxes. In an op-ed for the Washington Post (6/5, 744K) Sen. Jeff Sessions writes that the estate tax – "or, as many of us prefer to call it, the death tax –" is "one of the IRS's most painful taxes, as it hits families at the worst possible time, when they are dealing with the death of a loved one."

Columnists Claim Repeal Would Diminish Assistance For The Needy. The New York Times' Paul Krugman (6/5) writes, "it's important to realize that there's still a clear connection between tax breaks for the rich and failure to help Americans in need. Any senator who votes to repeal the estate tax…is in effect saying that increasing the wealth of people who are already in line to inherit millions or tens of millions is more important than taking care of fellow citizens who need a helping hand."

The Washington Post's Sebastian Mallaby (6/5) writes, "It doesn't matter if you are liberal or conservative, Democrat or Republican. There is no possible excuse for doing what Congress is poised to do this week: Abolish the estate tax." Mallaby adds, "The nation faces rising inequality. … What is the dumbest possible response to this? Identify the most progressive federal tax and repeal it."

IRS Will Split Tax Refunds Among 3 Accounts. The Wall Street Journal (6/5) reports, "Hoping to encourage Americans to save more of their tax refunds, the Internal Revenue Service will change its rules to allow taxpayers who opt for direct deposit of their refunds to divide the money among as many as three accounts. Taxpayers would have to fill out an additional form -- dubbed Form 8888 -- to take advantage of the program." The Journal continues, "'Split refunds should encourage saving, and we hope it will dampen demand for refund anticipation loans,' said IRS Commissioner Mark W. Everson. The program will take effect in January."

CONGRESS-ADMINISTRATION:

High Court Taking Fewer New Cases. The Washington Post (6/5, A13, Lane) reports, "The inscription on

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the Supreme Court's front door declares 'Equal Justice Under Law.' But lately it almost seems that 'Going Out of Business' might be more accurate. … That's because the justices have been unusually stingy about agreeing to hear new cases." The Post continues, "Out of thousands of petitions for certiorari, as appeals are known, the court has granted only 16 for the term beginning in October. That is nine fewer than the 25 it had granted by this point in the previous term. … The court has an opportunity to issue more grants today and on each of the remaining three Mondays in June. But it is unlikely that the court will be able to find the 16 cases it would take to fill up its 32-hour fall oral argument calendar, lawyers who specialize in Supreme Court practice said. … Even for a court whose caseload has declined from about 150 to about 80 per term over the past quarter-century, this is a slow pace." The Post adds, "Lawyers who practice regularly before the Supreme Court are aware of the trend but are at a loss to account for it. … One factor, lawyers noted, might simply be the lack of lower-court rulings that cry out for correction. Usually the court looks to resolve 'circuit splits' -- conflicting decisions by regional appeals courts on major issues. … But with the appeals courts increasingly stocked by Republican appointees, there is relatively less disagreement among them."

Medicaid Citizenship Rules Seen As Hardship For Children And The Elderly. The New York Times (6/5, Pear, 1.19M) reports the Bush administration "plans this week to issue strict standards requiring more than 50 million low-income people on Medicaid to prove they are United States citizens by showing passports or birth certificates and a limited number of other documents." The Times notes that "federal health officials" considered granting states "broad discretion to accept affidavits in place of official documents. But House Republicans complained, and the administration backed off, allowing affidavits 'only in rare circumstances.'" According to the Times, "advocates for the poor" claim the new requirements "could cause hardship for children, older Americans and poor people born at home in rural areas who never received birth certificates. Children account for about half of Medicaid recipients. People 65 and older account for about 10 percent."

White House's Wehner Highlights Underreported Positive Trends In The News. In a Washington Post op-ed (6/5, A15), Peter Wehner, director of the White House's Office of Strategic Initiatives, says, "By now Americans know the litany: The nation is engaged in a difficult and costly war in Iraq; Iran is trying to build a nuclear weapon; gas prices are high; the costs of reconstructing the Gulf Coast region are huge; illegal immigration is a major problem -- and more." But these issues "aren't the whole story -- and they ought not color the lens through which we see all other events." A "strong case can be made that in a number of areas there are positive trends and considerable progress." We are "witnessing a remarkable cultural renewal in America. Violent crime rates remain at the lowest levels in the history of the Bureau of Justice Statistics' survey (which started in 1973). We are experiencing the sharpest decline in teen crime in modern history. Property crimes are near the lowest levels in the history of the federal survey. Welfare caseloads have declined almost 60 percent since 1996. Both the abortion rate and ratio are at the lowest levels we have seen in the 30-year period these data have been tracked." Other positive news includes the economy, which is "the strongest in the world and growing faster than that of any other major industrialized country," the US is using its "military power to promote great purposes" and "we are witnessing one of the swiftest advances of freedom in history." The "trajectory of events is in our favor -- and with the passage of time, all this will become clear enough."

Kappes Will Return To CIA. Time (6/12, Burger) reports in its "Notebook" column that Stephen Kappes, a former CIA operations chief, will rejoin the CIA as predicted. Kappes "would rejoin a CIA that has changed considerably since he quit in November 2004 after a management dispute with Porter Goss." Time adds, "Many career spooks are said to be thrilled by the symbolism of bringing back a man who stood up to the unpopular Goss, who quit last month. But the return of Kappes, who declined interview requests last week, is receiving some mixed reviews."

Congressional Lobbying Reform Negotiations Have Stalled. The AP (6/5, Abrams) reports, "The stench of scandal on Capitol Hill is getting stronger five months after lobbyist Jack Abramoff pleaded guilty to influence-peddling charges, but a lobbying overhaul has yet to see the light of day." The AP notes that in January both parties "battled for the ethical high ground." Rep. David Dreier, "who has led GOP lobbying efforts in the House, said

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at the time he hoped to pass a bill by the end of February." Dreier's spokeswoman, Jo Maney, "said the effort to reach consensus on the bill has been a challenge because some lawmakers are opposed to any changes while others favor revamping the entire system."

Municipal Governments Increasingly Relying On Lobbyists For Earmarks. Business Week (6/12) reports that as Congress "has moved toward passing more narrowly targeted spending projects, known as earmarks, a niche lobbying business has sprouted to steer that money to local interests." A "surprisingly large number of legislators have resigned themselves to the outsourcing of federalism. Some say that given the press of other legislative duties, they welcome any help they can get." More than "800 state and local governments, or their arms, employed a lobbyist on Capitol Hill in 2005, some more than one, according to a count done for BusinessWeek by the Web site lobbyists.info."

Administration Enforcement Of Medical Privacy Law Criticized. A front page story in the Washington Post (6/5, A1, Stein, 744K) reports, "In the three years since Americans gained federal protection for their private medical information, the Bush administration has received thousands of complaints alleging violations but has not imposed a single civil fine and has prosecuted just two criminal cases. … While praised by hospitals, insurance plans and doctors, the approach has drawn strong criticism from privacy advocates and some health industry analysts. They say the administration's decision not to enforce the law more aggressively has failed to safeguard sensitive medical records and made providers and insurers complacent about complying."

Study Urges Government To Recognize "Strategic Value" Of CORs. The Washington Post (6/5, D4, Barr, 744K) reports in its "Federal Diary" column that a study released by the Merit Systems Protection Board urges the federal government to "find ways to identify and track" contracting officer representatives, or CORs, "improve their training opportunities and recognize their 'strategic value.'" The Post adds, "A significant proportion of the CORs told the Merit Systems Protection Board that their contracts failed to meet at least one of these goals: quality, timeliness, completeness and cost. Only 52 percent of the CORs said their contracts met all of the goals at the same time. … The study also questioned whether some agencies are doing enough to support CORs so they can crack down on waste, fraud and abuse, and the board recommended that agencies ramp up training for CORs."

NYTimes Says Drug Benefit Has Left Some Worse Off. An editorial in the New York Times (6/5, 1.19M) says that while the new Medicare drug benefit "has scored some real successes after a staggeringly bad start, but it seems to have left some beneficiaries worse off." The Bush Administration "seems to have resolved most of the bureaucratic and computer problems that initially left tens of thousands of people unable to obtain essential medicines quickly. Complaints at pharmacies have dropped precipitously, and callers who once found it impossible to get through congested help lines now typically wait only a few minutes when trying to reach either Medicare or most individual health plans."

OTHER NEWS:

US Firms Post Unprecedented Rate Of Growth. The Financial Times (6/4, Swann, Guerrera) reports, "US companies have increased their share of the economic pie at a faster rate over the past five years than at any time since the second world war. Recent government figures show that profits from current production as a share of national income have risen from 7 per cent in mid-2001 to 12.2 per cent at the start of this year. This rate of growth is unprecedented since collection of these figures began in 1947."

Central Bankers Seek To Discourage Speculative Investments. The Wall Street Journal (6/5, Browning, LaHart, 2.11M) reports that the world's central bankers "are draining away some of the easy money that has made investors' lives comfortable for years. … If they keep mopping up the excess liquid cash they had helped pour into the markets, they will eventually slake the world's thirst for speculative investments, forcing investors toward established stocks, government bonds and other safe investments. If they decide to go easy, as Japanese officials recently have been doing, then maybe some of the speculative investments can hang on."

Florida Republicans Worried About Harris' Senate Bid. USA Today (6/5, Lawrence, 2.31M) reports that Rep. Katherine Harris' bid for the GOP Senate

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nomination in Florida is "inspiring dread among many in her party. Whether they measure by fundraising, polls, disarray, ethics, strange behavior or potential to polarize, they see trouble." Although Gov. Jeb Bush, said Harris could not win, and "staged a search for an alternative," the September 5 primary "will pit three little-known latecomers against the high-profile Harris." USA lists Harris' "other problems," including her "appearance," her "sketchy record" and her ties to corrupt defense contractor Mitchell Wade.

Jeb Bush Called Best Governor In US. In the Weekly Standard's cover story (6/12), Fred Barnes says if Gov. Jeb Smith's "last name were Smith," he would "be the prohibitive frontrunner for the Republican presidential nomination in 2008. But his last name is Bush. So Jeb Bush, nearing the end of his eight years as governor of Florida, has to settle for being the best governor in America." Bush has been "recognized as the best by a smaller group: governors who served with him and experts and think-tank and conservative policy wonks who regard state government as something other than a machine for taxing and spending." Barnes concludes the lengthy profile by saying, "We know he's not running for president in 2008. But what about 2012 or 2016? He seems disinclined."

In Possible 2008 Preview, Warner, Allen Cross Paths In Richmond. The Washington Post (6/5, B1, Shear, 744K) reports, "The orbits of former governor Mark R. Warner (D) and U.S. Sen. George Allen (R-Va.) collided Saturday at Richmond's swank Jefferson Hotel, offering a preview of what the 2008 election might bring if Virginia's two most ambitious politicians seek the White House. … In six months, the prospect of a chance meeting of Warner and Allen might not seem so novel. Both are openly flirting with a presidential bid, although neither admits to having made a final decision. An announcement from either could come after the November elections."

Gore Says He Has "All But Ruled Out" Another Presidential Bid. The Washington Post/AP (6/5, A5) reports that former Vice President Al Gore "says he has all but ruled out running for president in 2008, saying the best use of his time is to educate people about global warming. … Gore, in an interview broadcast yesterday on ABC's This Week, stopped short of issuing…an unequivocal statement. But he said his time is best spent educating people on heat-trapping gases raising Earth's surface temperature."

Kristol Says Gore, Not Clinton Is Favorite For 2008 Democratic Nomination. On Fox News Sunday (6/4, Wallace) the Weekly Standard's Bill Kristol said, "There's a huge opening for" Sen. Hillary Clinton "to be challenged from the left. Gore is the strongest challenger, probably, from the left. And I think…he can get in the race a year from now. It will be Clinton vs. Gore. I think Warner, Bayh, Feingold -- I think those people start to fade awfully fast. And I believe Gore could beat Clinton in the Iowa caucuses. … The notion that Hillary Clinton should be favored over Al Gore strikes me, at this point, as wrong. … I think he could be the nominee in 2008."

Brown Running For California Attorney General. The New York Times (6/5, McKinley, 1.19M) reports on Jerry Brown's candidacy for California attorney general. Brown "is running to fill a law-and-order post that is beholden to the demands of other state officials — not to mention Gov. Arnold Schwarzenegger, a Republican — might surprise those who remember his maverick, on-my-own 1992 presidential bid. That was his most recent venture on the national political stage. (And his last, he says.) But as the mayor of Oakland since 1999, Mr. Brown has largely run, and delivered, on a promise to crack down on violent crime, which has plagued the city. Mr. Brown says that his experiences living in downtown Oakland, in a loft above his campaign headquarters, have given him an up-close look at the problem."

CDC Estimates AIDS Has Infected More Than 65 Million People. The New York Times (6/5, Times, 1.19M) reports that 25 years after the first mention of a "peculiar cluster of pneumonia cases in five otherwise healthy gay men," in the June 5, 1981 Morbidity and Mortality Weekly Report from the federal Centers for Disease Control and Prevention, the US estimates that HIV, the virus that causes AIDS, "has infected more than 65 million people, 25 million of whom have died." The Times story also examines the disease's impact on a New York City nurse, an HIV-infected mother in Atlanta, an Indian prostitute, an artist, a doctor who wrote "what AIDS chroniclers regard as the first article on the emergence of -- well, of something unusual and terrible, but exactly what was not clear at the time" and the friends of AIDS victims.

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AIDS Survivors Profiled. ABC World News Tonight (6/4, story 11, 0:20, Rooney, 8.78M) profiled long-time AIDS survivor JT Anderson, who is "working as a counselor, sometimes telling people, they, too, have the disease, AIDS has defined his life." Anderson: "I wish I did not have to live through that time. But I have been. And I have survived it. And I'm very happy that I have. This is the basic regimen."

The CBS Evening News (6/4, story 4, 2:20, Mitchell, 7.66M) profiled long-time AIDS survivor LaGena Lookabill Greene, who has lived with the disease for 25 years.

Writer Praises Warren's Approach To Religion And Public Life. Tom Krattenmaker, a writer specializing in religion in public life, writes in USA Today (6/5, 2.31M), "Is 'inclusive' Christianity just watered-down religion — a weakened faith that compromises the Truth for the sake of political correctness? Listening to the more strident voices in today's debates over religion in public life, one could easily reach that conclusion. … Happily, another model is emerging, one that makes a compelling case that evangelical belief in the public square need not always divide us. The exemplar of this other approach: Rick Warren, the pastor of an evangelical megachurch in California, the author of the mega-selling Purpose-Driven Life." Warren "is spending his time and clout…on a campaign that can bring people together and save many lives in the process. Warren is taking on poverty and AIDS and on a continent — Africa — that tends to command the least of the world's attention and resources."

Professor Makes Case For Tradeable Gasoline Rights. Martin Feldstein, a professor of economics at Harvard, writes in the Wall Street Journal (6/5, 2.11M), "The rapid rise in the price of gasoline has produced calls for tougher fuel economy standards on new cars and trucks. Although reduced gasoline consumption would be good for the environment and for national security, such a regulatory change would be a mistake. A far better approach would be a system of tradeable gasoline rights, or TGRs. … In short, a system of tradeable gasoline rights would be better than either higher taxes or tougher new car regulations. … It would be an efficient way to reduce gasoline that Congress could actually pass."

Herbert Praises Boston's SkillWorks Program. Bob Herbert writes in the New York Times (6/5, 1.19M) about "a modest but promising joint effort by business, government, union and nonprofit leaders in the greater Boston area to open new doors to good jobs and higher standards of living." The effort, called SkillWorks, was "organized by the Boston Foundation, to improve the skills and career opportunities of the low-wage work force in a number of industries. … What SkillWorks is attempting to do is merge investment commitments from foundations and the government (Mayor Thomas Menino is solidly onboard) with a willingness of business leaders to actually provide meaningful employment and promotion opportunities to the kind of men and women whose talents have long been overlooked, and thus wasted." SkillWorks "is a serious attempt to address at least one aspect of this complex picture in a way that is beneficial to employers while keeping the best interests of the workers in mind."

Hevesi Criticized Over Suggestion About Shooting Bush. In an editorial, the New York Times (6/5, 1.19M) writes New York State comptroller Alan Hevesi "should know better than to suggest that anybody — in this case Senator Charles Schumer — would like to put a bullet between the president's eyes. That is the opposite of funny, and an outrageous remark for a public figure."

LATimes Praises Effort To Replace Electoral College. An editorial in the Los Angeles Times (6/5, 958K) praises the National Popular Vote campaign, "which intends to undermine the Constitution's anachronistic Electoral College. If the campaign succeeds, future presidents will take office only if they win the popular vote nationwide. … The beauty of this approach is that each state is constitutionally allowed to allot its electoral votes as it sees fit. The measure was approved by California's Assembly on Tuesday and is pending in four other states; backers hope to get it before all 50 states by January."

Rice Claims US Offer To Negotiate With Iran Is Not A Change Of Policy. Secretary of State Condoleezza Rice, on CBS' Face the Nation (6/4, Schieffer), said the recent US statement about negotiating with Iran were not a change in policy. Said Rice, "When the President made the decision more than a year ago that the United States was going to fully support the European negotiations, that that was in the US interest to have the diplomacy have a chance to work, that really was the course that we continued to follow

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this week." She added that "it was clear that at some point, we were going to have to decide should the United States become party to the talks that we already supported." During her appearances on Fox News Sunday (6/4, Wallace) and CNN's Late Edition (6/4, Blitzer) Rice made very similar statements regarding the evolution of US policy towards Iran. On Fox, Rice noted, "The decision to join the talks is a natural follow-on to the decision that the president took more than a year ago to fully and completely back the negotiations." While on CNN she maintained that "this is a path that really is logical given the president's decision more than a year ago to fully support and back the European three negotiations with Iran, with some steps that the United States took, for instance, removing our objections to a WTO application for Iran. The next step of offering to join the talks should Iran suspend its enrichment programs, the condition that the IAEA board of governors, that's a logical step in a policy that's really been set for more than a year."

Iran Announcement Seen As A Diplomatic Win For Bush Administration. Time (6/12, Shannon) reports in its "Notebook" column, "Chalk up a diplomatic win for the White House. President Bush's surprise offer last week to talk to Tehran yielded breakthroughs that have momentarily quelled fears of U.S. military action against the Iranian regime." Secretary of State Condoleezza Rice "obtained an unprecedented commitment from Moscow and Beijing to support penalties in the Council if Iran refuses a package of political and economic incentives and continues nuclear activities that could enable it to build a Bomb." Time adds that "the pressure on Iran from all sides is growing. An International Atomic Energy Agency report on Iran's activities is expected next week, and Western diplomats tell TIME that it will include 'potentially incriminating' details about traces of highly enriched uranium recently found by inspectors on equipment at the Lavisan-Shian military site."

Newsweek (6/12, Hirsh) reports that a month ago, Rice's strategy for stopping Iran's nuclear program "was in danger of falling apart." In addition to US allies who were "voicing doubts about Rice's approach," Rice "faced a separate mutiny from the rear: mounting skepticism in the White House that diplomacy could work at all, along with tough resistance to direct talks from the hard-line faction of Cheney and Defense Secretary Donald Rumsfeld." A senior Administration official says that on May 8 he "idea of two paths was born." The two paths "involve delivering a clear ultimatum to Tehran and, with it, a brand-new inducement. According to the new approach, if Iran cooperates and suspends enrichment of uranium, Washington will sit down and negotiate directly alongside its European partners." Newsweek notes, "As she has so often done, Rice had found a graceful way out of her troubles by compromising -- and winning President George W. Bush over to her views. In one swift move, she managed to get ahead of the Iranians, outflank administration hard-liners, delight and unify her European partners (even the Russians) -- and spin the whole affair as a triumph of U.S. leadership."

Rice Allows Iranian Government "A Little Time" To Respond To US Offer. Secretary Rice, commenting on the Iranian government's response to the offer of face-to-face talks with the US, on CBS' Face the Nation (6/4, Schieffer), said, "We're going to give the diplomacy a little time here. And we're not going to react to everything the Iranian leadership says. Over the last couple of days, they have said lots of different things. … Iran keeps talking about its right to civil nuclear power. No one is questioning that it has a right to civil nuclear power. But many countries have the right to that that don't enrich and reprocess on their territory. And given Iran's history, it must not have the technologies that could lead to a nuclear weapon."

On Fox News Sunday (6/4, Wallace) Rice contended that, "We understand that it may take a little time for Iran to assess the situation. In short time they will be presented with the actual proposals that the E.U. three and others have been considering. And I think we have to give that some time." However, "We will not allow Iran to drag this out. This really has to be settled not in a matter of months. This program has been moving along. But one reason, Chris, that you want to be sure that there's a suspension of the activity is that you don't want the negotiations to be used as a cover for continued progress along the nuclear front. "

USA Today (6/5, 2.31M) picks up Rice's comments in a story tiled "Rice: Iran Must Act Quickly On Incentives," while the AP (6/5, Pickler) headlines its report "Rice Warns Iran Against A Slow Response." The Washington Times (6/5, Pfeiffer, 90K) also reports the story.

Biden Endorses Negotiations With Iran, Claims There Is No "Imminent Threat." Responding to the administration's shift in policy towards Iran, Sen. Joseph Biden, on NBC's Meet the Press (6/4, Russert) said, "I think it's a very positive step. … I think it's long in coming, but very welcome." According to Biden, "this was a bit of a knockdown, drag-out fight between Cheney and Condoleezza

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Rice, and Rice won this round as to how to proceed with regard to Iraq. What you do is you continue to proceed down the line that apparently Secretary Rice now has the president on rather than return to the bellicose notions of threats." Biden added, "We shouldn't undertake military action now. It should be the absolute last resort. And one of the things that I've gotten all the briefings as most of the people in my position have, and there is no imminent threat at this point." Asked if the US public would believe President Bush if he said Iran possesses WMDs and that military action is necessary, Biden responded, "No."

Khamaneni Threatens To Disrupt Middle East Oil Supply If US Attacks. CBS Evening News (6/4, story 3, 2:00, Mitchell, 7.66M) reported, "As if the oil markets are not rattled enough, Iran's top leader threatened today to choke off the flow of Persian Gulf oil if the US were to attack the country." CBS (Phillips) added, "The threat came in the form of a rhetorical broadside from Iran's supreme leader Ayatollah Ali Khamenei, and will send shivers through the world's oil markets. If you, he said, meaning the United States, make a wrong move regarding Iran, definitely the energy flow from this region will be seriously endangered. The key phrase in that threat is the use of the term 'in this region' not just Iranian but Saudi, Kuwaiti, Iraqi, all the oil from around the gulf has to flow through the narrow Strait of Hormuz, just 21 miles wide as it tucks up against the Iranian coast." In Washington, Secretary of State Condoleezza Rice "downplayed the threat saying playing the oil card was too risky a strategy for Iran." Secretary Rice: "Well, I think that we shouldn't place too much emphasis on a threat of this kind. After all, Iran is also very dependent on oil revenue. I think something like 80% of Iran's budget comes from oil revenue."

NBC Nightly News (6/4, story 5, 0:30, Seigenthaler, 9.87M) reported, "It's a threat that was quickly dismissed by the US. Secretary of State Condoleezza Rice suggested the cost to Iran would be too high if it stopped the flow of oil. She also had a warning of her own, that Iran needed to decide quickly on new incentives to end its nuclear enrichment program or face sanctions."

The New York Times (6/5, Knowlton, Tribune, 1.19M) reports Secretary Rice "played down today a threat from Tehran to curb oil exports if the United States made 'a single mistake about Iran,' but added that Iranian leaders had a limited window for taking up a six-nation offer of incentives if they stop enriching uranium."

In its coverage, the Washington Post (6/5, A10, Vick, 744K) keys on Khamenei's comments, reporting that he "unleashed a flurry of broadsides Sunday at the United States and other countries confronting his government over its nuclear program, saying that suggestions of a consensus against Iran were 'a lie.' 'There is no consensus against Iran. This is a lie by the US and a few other US supporters,' Khamenei...in a speech. 'Some 116 member states of the Non-Aligned Movement supported Iran's brave achievements in nuclear technology. The consensus is among a few monopolist countries. Their consensus is of no value.'" The AP (6/5, Dareini) also reports the story.

Lifting Of Some US Sanctions On Table For Tehran, Diplomats Say. AFP (6/5, Adler) reports, "The United States has offered to lift some of its trade sanctions against Iran as part of a package of benefits the EU will deliver to get Tehran to guarantee it will not make nuclear weapons, diplomats told AFP. The United States is proposing 'lifting sanctions partially, not only waiving sanctions but actually lifting them,' in an agreement to be worked out in multilateral talks that would start once Iran suspended uranium enrichment, said a senior Western diplomat, who requested anonymity." According to AFP, "The United States 'is not only interested in allowing Europe to sell Airbus airplanes to Tehran but also supplying (US-made) Boeings,' the diplomat said. And trade in agricultural fields, 'where the United States is particularly competitive...is important for Iran since Iran is still a rural country in lots of ways,' the diplomat added."

"Relatively Conciliatory Statements" By Iran Seen As Raising US Hopes. The Wall Street Journal (6/5, Solomon, 2.11M) reports, "A series of relatively conciliatory statements by senior Iranian officials over the weekend is raising hopes that Tehran may be preparing to respond positively to a call by the US for direct talks over its nuclear program." President Mahmoud Ahmadinejad "said his government would seriously study a package of incentives, expected to be delivered by European envoys, aimed at persuading Iran to scrap development of nuclear technologies. … The seemingly encouraging tone, however, was countered by other Iranian leaders."

Shanghai Cooperation Organization To Consider Offering Membership To Iran. The Washington Times (6/5, Mainville, 90K) reports, "An obscure regional security group will consider admitting Iran as a member at a summit this month, accelerating its transformation into a political and

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military bloc with the potential to challenge US interests." The Times adds, "US analysts think Russia and China already are using the Shanghai Cooperation Organization (SCO) -- which links the two with four Central Asian neighbors -- to try to squeeze the United States out of the region."

US-Funded Radio Farda Reaches Out To Young Iranians. The Washington Post (6/5, A13, Finkel, 744K) reports on the US-funded Radio Farda, which broadcasts inside Iran. According to the Post, Radio Farda "has been a work in progress since its debut in late 2002. The one constant, for which it has been both lauded and criticized, is that unlike Cold War-era transmissions by the Voice of America and Radio Free Europe that relied primarily on news programming, Farda blends news and music as a way to reach a country where two-thirds of the population is said to be under 30."

More Commentary. On Fox News Sunday (6/4, Wallace) the Weekly Standard's Bill Kristol said, "Iran was winning. That's what's been happening for the last year. … It was reasonable to make one last effort, perhaps, but at some point serious decisions are going to have to be made." Kristol went on to say that President Bush "needs to deal with this threat on his watch. Either we will have diplomatic success, or we'll have success through pressure and sanctions, or we'll be forced to use military action, or we will acquiesce to Iran getting nuclear weapons."

Jackson Diehl writes in the Washington Post (6/5, A15, 744K), "In the middle of a tirade about the pointlessness of talking with the Bush administration, a senior Iranian official I met in Tehran last month abruptly paused and asked if he could speak off the record. Then he said: 'What we need is an American president who will follow the example of Richard Nixon going to China.' There in a nutshell is what this Iranian government, and most Iranians I've spoken to, fervently desire from the United States: not the tactical talks offered last week by Secretary of State Condoleezza Rice but strategic recognition of Iran as a great civilization and a regional power that must be treated, like China, as a 'stakeholder' in global affairs." Diehl asks, "The question then becomes: Could such a step be in the American interest? … It's hard to find experts on Iran in Washington who believe that it would."

Olmert Says He's Ready To Meet With Abbas. The New York Times (6/5, Myre, 1.19M) notes Israeli Prime Minister Ehud Olmert "said today that he was prepared to meet" Abbas "to seek a resumption of negotiations based on an international peace plan. Mr. Olmert's announcement came at a joint news conference that followed his meeting with" Egyptian President Hosni Mubarak, who "has sought to mediate between the Israelis and Palestinians." The Times reports, "It is far from clear whether such talks will lead to breakthroughs after years of violence. Mr. Olmert and other Israeli leaders have said progress is extremely unlikely with the militant Islamic group Hamas leading the Palestinian government. Still, Mr. Olmert said he was ready to hold talks with Mr. Abbas and has repeatedly called for renewed negotiations." The AP (6/5, Barzak) adds that, "in a rare dose of good news, …Israel's premier talked to" Mubarak "about resuming peace talks with the Palestinians." Mubarak "opposes unilateral Israeli steps, and" Secretary Rice "said the Bush administration prefers negotiations. She told CNN on Sunday that the 'final status is really something that has to be mutually acceptable' to Israel and the Palestinians." Knight Ridder (6/5, Nissenbaum) also reports the story.

Hamas Ignores Abbas' Demand To Back State-Recognition Plan. The AP (6/5, Barzak) reports the Palestinian "standoff intensified Sunday after Hamas rejected an ultimatum from President Mahmoud Abbas to endorse a plan implicitly recognizing Israel, and a pregnant woman was killed during a clash between the rivals' forces in Gaza. Abbas will order a referendum on a plan drawn up by top Palestinian prisoners in an Israeli jail calling for a Palestinian state" in Gaza, the West Bank and East Jerusalem. A separate AP (6/5) piece reports Palestinian Prime Minister Ismail Haniyeh "on Sunday said a plan by" Abbas "to hold a referendum on a plan that implicitly recognizes Israel is illegal. The statement was the strongest sign yet that Hamas will not give in to Abbas' ultimatum to accept the concept of a two-state solution or go to national referendum on the issue." The Los Angeles Times (6/5, King, 958K), among other sources, also reports the story.

Nuclear Agreement Spurs Indian-Americans To Intensify Lobbying. The New York Times (6/5, McIntyre, 1.19M) reports that Indian-Americans "have mounted an intensive drive to support President Bush's plan to aid India's civilian nuclear program, spending heavily on lobbying, campaign contributions and public relations to persuade Congress to approve the deal." According to the Times, Indian-Americans "are not new to lobbying in

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Washington. But the proposed nuclear pact has energized them like nothing before. In recent months, Indian-Americans, as well as the Indian government in some cases, have invested heavily in proven political tools that have helped previous immigrant groups break into American politics. … Much of the lobbying has focused on lawmakers from the New York metropolitan region, home to the highest concentration of Indian-Americans in the country." One group is holding a fund-raiser for Sen. Hillary Rodham Clinton, "whose support is viewed by Indian-American leaders as crucial to winning broader Democratic backing for the plan." Clinton, though co-chairwoman of the Senate's India Caucus, "has not taken a position on the deal."

NPT Seen As Failing To Stop Nations From Acquiring Nuclear Weapons. The Christian Science Monitor (6/5, Grier, 61K) reports, "The world may be teetering on the edge of a worrisome new phase in the sixty-year-old age of atomic weapons. … Meanwhile, efforts to strengthen the Nuclear Non-Proliferation Treaty have stagnated. Last year's NPT review conference fell apart amid international bickering. Will nukes now become must-haves for more nations? Asked for their worst-case scenario, experts say there could be 10 new members of the nuclear club by 2015." Iran's nuclear program "may have further undermined confidence" in the NPT.

Rumsfeld Arrives In Vietnam Amidst Lowered Expectations. AFP (6/5, Mannion) reports Defense Secretary Donald Rumsfeld "arrived in Vietnam for a three day visit to encourage stronger military ties at a time when the United States is repositioning its forces in Asia." Rumsfeld "played down expectations of dramatic new developments in the relationship, however. … Rumsfeld, who has visited Vietnam twice before, said he did not know what the next step in the relationship might be and refused to say where he thought it was heading." AFP notes Rumsfeld "will meet Prime Minister Phan Van Khai and Defence Minister Pham Van Tra on Monday, returning their previous Washington visits, officials said."

US, Eight Other Countries To Discuss Joint Strike Fighter Cooperation. The Wall Street Journal (6/5, Karp, 2.11M) reports the U.S. and eight other countries "will gather this week to negotiate a final road map for" the F-35 Joint Strike Fighter, "the Pentagon's biggest weapons program, a $276 billion…project that has struggled to live up to its billing as a model of global cooperation." The Williamsburg, Virginia talks "are crucial to producing an agreement by the end of the year, in which each country is expected to declare how many airplanes it will buy. The agreement also will determine how the fleet will be maintained and upgraded over the expected 40-year lifespan of the plane." The Journal notes, "The talks have big implications for lead contractor Lockheed Martin Corp., which oversees the JSF's development and will play a lucrative, long-term role in maintaining the planes." However, Lockheed "won't be at the table with government officials."

Ex-President Garcia Appears Victorious In Peru Runoff. The Washington Post (6/5, A10, Reel, 744K) reports, "Preliminary results indicated that former president Alan Garcia defeated nationalist candidate Ollanta Humala in Sunday's presidential election, earning a second chance to run a country that he led into economic devastation in the 1980s. ... With 77 percent of the votes counted, Garcia led Humala 55 percent to 45 percent. Garcia cast the election as a referendum to determine where Peru would position itself on South America's political map: with moderate, left-leaning leaders such as Chile's Michelle Bachelet or with populists like Venezuela's Hugo Chavez. Describing himself as a responsible leftist, Garcia, 57, warned that his opponent could steer Peru toward an authoritarian brand of confrontational, anti-American nationalism." Political analyst Fernando Rospigliosi is quoted as saying, "I think this election had more to do with the rejection of Humala than with any attraction for Garcia. ... The theme of Chavez was very important, and Garcia used it very well against Humala."

The Financial Times (6/5, Weitzman) quotes Garcia as saying, "The people have voted for us, in spite of queues, in spite of economic problems. ... We will not govern with passions and impulses as we did in the past." And in a swipe at Chavez, Garcia is later quoted as saying, "He thought he could dominate us, but we have ensured the independence of Peru." The New York Times (6/5, Forero, 1.19M) notes, "Voters had seen the race as an unappealing choice between a former president whose first administration had been an unmitigated disaster and a former army officer who once led a military rebellion," but "saw Mr. Garcia as the lesser of two evils." USA Today (6/5, 2.31M), Los Angeles Times (6/5,

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McDonnell, 958K) and AP (6/5, Hayes), among other sources, also report on the Peruvian elections.

Leftist Leader In Mexico Seeks Distance From Chavez. The Washington Times (6/5, Stier, 90K) reports, "Aides to Andres Manuel Lopez Obrador say that if elected next month, the leftist presidential candidate will govern more like Theodore Roosevelt -- whose economic policies featured trust-busting and progressive taxation -- than like Venezuelan firebrand Hugo Chavez." The claim "illustrates the extent that TV ads comparing Mr. Lopez Obrador to Mr. Chavez have hurt his campaign and compelled him to try to distance himself from the Venezuelan president."

New Chilean President Besieged By High School Students' Demands. The New York Times (6/5, Rohter, 1.19M) reports, "Less than three months after she took office" Chilean President Michelle Bachelet "is facing her first domestic crisis. To the surprise of many here, the challenge comes not from the right but from a group expected to be sympathetic to her center-left coalition: high school students." The Times goes on to report, "Striking students, who have occupied a Santiago high school for two weeks, are demanding smaller classes, the elimination of college entrance exam fees and federal financing to reduce the inequality between rich and poor schools. Some 700,000 students across the country have joined the movement."

Nigerian Militants Free Foreign Oil Rig Workers. The AP (6/5, Nsoyoh) reports, "Nigerian militants on Sunday released eight foreign oil rig workers, who looked tired but unharmed after two days in captivity." Police "involved in negotiating the release of the six Britons, one American and one Canadian would not say whether a ransom was paid." The AP adds, "Two of the Britons were released before dawn, followed by the six remaining hostages later in the day. The eight met with a local governor and were handed over to a representative of Nigerian oil firm Peak Petroleum in Yenagoa, the capital of Bayelsa state. The eight, whose names have not been released, looked tired but cheerful and said they were treated well by their kidnappers."

Development Projects Used To Modernize China's Restive West. The Washington Post (6/5, A1, Goodman, 744K), in a front-page article, reports, "In the six years since China's central government began its well-financed campaign to spread the benefits of economic growth beyond coastal provinces, the effort has exacerbated the extreme inequality that characterizes the national economy." The Develop the West program "was conceived in part to stem separatist inclinations in Xinjiang and other western provinces, where ethnic minority communities resent the continued influx of Han -- a migration actively encouraged by the central government. Though sporadic and sometimes violent protests have persisted in Xinjiang since the advent of the program, observers say they are happening less frequently -- a fact that Uighur groups attribute more to an aggressive crackdown by Chinese authorities than to the success of the campaign in spreading development." The Post adds, "Studies have shown that the investment has contributed to economic growth in the west, but the pace has fallen behind development in the east."

Japan At Forefront Of Campaign To Expand Whaling. The Washington Post (6/5, A14, 744K) editorializes that whaling is "increasing. Japan, Norway and Iceland never stopped hunting whales. … The reemergence of whaling could get a considerable boost this month at, of all places, the meeting of the International Whaling Commission." Japan "has aggressively sought pro-whaling allies, and it now has close to a majority of votes."

Saudi Textbooks Said To Promote Intolerance. USA Today (6/5, 2.31M) says in an editorial that in Saudi Arabia, "the Ministry of Education publishes textbooks for mandatory 'Islamic studies.' Parts read as if they could have been written by bin Laden, who is from Saudi Arabia, as were 15 of the 19 hijackers." For "more than a year, the Saudi government has said that the textbooks have been rewritten to emphasize tolerance over violence toward non-believers. But the non-profit Freedom House has found otherwise. The books are not publicly available, but Freedom House obtained and translated copies. Despite some minor changes, passages still contain disturbing intolerance. An eighth-grade text, for example, teaches that 'the Jews are apes ... while the swine are the Christians.' A 12th-grader learns the value of jihad (holy war) in language that shows jihad as a violent struggle against Jews, Christians and Muslims who don't follow the conservative Wahhabi version of Islam that Saudi Arabia officially adheres to." The Saudi government "needs to get serious and transparent about cleaning up the kingdom's instruction. And the Bush

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administration must start paying more than its present cursory attention."

Saudi Ambassador Says Change Taking Time. In a USA Today op-ed (6/5), Prince Turki al-Faisal, Saudi Arabia's ambassador to the US, says, "Saudi Arabia is a nation undergoing dramatic self-examination. Every aspect of Saudi Arabia's society and culture is being openly debated. We have recognized that a comprehensive, modern and open educational system — with new and revised textbooks — is fundamental to the growth and prosperity of our country. A thoughtful revision of this system is necessary, and indeed well underway. Updating a national educational system is a major undertaking. Hundreds of books must be revised, and several hundred thousand public school teachers need additional training. The process remains ongoing. In the meantime, I have agreed to meet with the directors of Freedom House to address their concerns. But as Americans have seen through the civil rights movement of the 1960s, changes in attitudes cannot be instantly achieved. Change takes time. The decision to delete the unacceptable wording used in textbooks is a thing of the past. Our efforts are now concentrated on producing the new texts and the new educational aids that go along with these texts."

Mugabe Blamed For Zimbabwe's Fall. U.S. News and World Report (6/12, Cue) reports that Zimbabwe, "once seen as a star of post-colonial Africa, is in an economic death spiral." US News adds, "The nation's economic collapse has been accompanied by social decline. The World Health Organization puts life expectancy for Zimbabwean women at 34, the lowest in the world." US News blames Zimbabwe's fall on President Robert Mugabe, "whose increasingly repressive misrule is dooming millions here to a life of misery."

THE BIG PICTURE:

Headlines From Today's Front Pages.

Los Angeles Times:
"Army Manual To Skip Geneva Detainee Rule."
"A War Of Attrition With Virus."
"Rome's Falling Arches."
"Bloodied East Timorese Hope U.N. Will Return."
"Eskimo Troops Brace For Iraq."
"The Latest Rising Stars In Hollywood: Bookies."
"Head-On Brawling From Left And Center."

USA Today:
"Several Lawsuits Target E-Voting."
"Wartime Adds Dimensions To Dilemmas Doctors Face."
"Firefighters Prepare High-Tech Arsenal For A Scorching Summer Of Wildfires."

New York Times:
"Use Of Air Masks At Issue In Claims Of 9/11 Illnesses."
"Uncovering Iraq's Horrors In Desert Graves."
"Ties To Mosque Link 6 Arrested In Canada Raid."
"In Gilded Age Of Home Schooling, Students Have Private Teachers."
"Indian-Americans Test Their Clout On Atom Pact."
"This Time, Jerry Brown Wants To Be A Lawman."

Washington Post:
"Medical Privacy Law Nets No Fines."
"Special-Ed Tuition A Growing Drain On D.C."
"For Deals, Jefferson Built Web Of Firms."
"Natives Feel Left Out Of China's New West."
"Iraqis Accuse Marines In April Killing Of Civilian."
"Chill With A Jellyfish, Rent A Pup: Japanese Pay Big For Stress Relief."

Washington Times:
"Wie Takes Swing At History."
"Bus Ambush Kills Shi'ites."
"Chertoff Gets The Message On Cuts."
"Iran's Nuclear Ambition Hits Piggy Banks."
"Immigration Shapes Congressional Races."
"Moves On BGE, Wal-Mart Bad For Business."
"Apocalypse Tomorrow? 666 Arrives."

Detroit Free Press:
"Epidemic Scorns The Impact Of Progress."
"'I've Been Mad At God.'"

Atlanta Journal-Constitution:
"Bush Priority: Gay Marriage Ban."
"Honeymooning At Aquarium?"
"There's Nothing Civil About Ala. Judicial Race."
"25 Years After AIDS Emerged, Emory Continues Vaccine Fight."

Houston Chronicle:
"Sunnis Spared, Others Killed In Attacks On Buses."
"Rising From The Depths."
"Senate Planning Votes On Hot-Button Issues."

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"Peru's Disgraced Ex-President Regains Post In Long-Shot Win."
"Canadian Police Set Up Sale, Delivery Of Bomb Material."

Story Lineup From Last Night's Network News:

ABC: Iraq Violence; Canadian Terror Arrests; VA Data Theft; Car Crash-ID Mix-Up; Elderly Guardians; Hotels Website-ID Theft; Brownback-Prisoner Rehab; Gay Marriage; Senate-Prison Report; Soccer-World Cup; AIDS-Survivor's Story.
CBS: Canadian Terror Arrests; Iraq Violence; Rice-Iran; AIDS-Survivor's Story.
NBC: Canadian Terror Arrests; Terrorism Threats-Analysis; National Guard-Border; Iraq Violence; Rice-Iran; Hospital Infections; Hotels Website-ID Theft; Gay Marriage; Cancer Survivor-Fundraising.

Story Lineup From This Morning's Radio News Broadcasts:

ABC: Canadian Terror Arrests; Iraq-Car Bomb Attack; MI-Funeral Held For Girl.
CBS: Iran-Oil Disruption Threat; Iraq-Executions; IN-Family Murdered; Search For An AIDS Cure.
NPR: Iraq-Parliament Session Postponed; Afghanistan-Violence; Peru-Election; East Timor-Unrest; Canadian Terror Arrests; CA-Primary Election; IN-Family Murdered.

WASHINGTON'S SCHEDULE:

Today's Events In Washington.

White House:

PRESIDENT BUSH — Meets with the president of the Republic of the Congo, Oval Office, The White House; meets with Chinese Leadership Program Fellows, EEOB - Room 350, The White House; meets with the President of Honduras, Oval Office, The White House; makes a statement on the Marriage Protection Amendment, EEOB - ROOM 450, The White House.

VICE PRESIDENT CHENEY — Speaks at a reception for the Republican National Committee, Private residence, Lake Forest, Ill.

LAURA BUSH — Visits a school receiving a Laura Bush Foundation for America's Libraries grant, Our Lady of Perpetual Help School, 1409 V St. SE.

US Senate: FLOOR SCHEDULE _ 2 p.m. Resumes consideration of the motion to proceed to S.J.Res. 1, the Marriage Protection Amendment.

US House: No Scheduled Events.

Other: PRESIDENT DENIS SASSOU-NGUESSO OF THE REPUBLIC OF CONGO _ Highlights: 9:05 a.m. Meets with President Bush. Oval Office, White House.

PRESIDENT MANUEL ZELAYA ROSALES OF HONDURAS _ Highlights: 11:05 a.m. Meets with President Bush. Oval Office, White House.

US-KOREA TRADE _ Korean farmers and labor and activist groups hold a protest against the U.S.-South Korea free trade act. Highlights: 9:30 a.m. News conference with South Korea delegates. National Press Club.

MONETARY CONFERENCE _ The American Bankers Association sponsors an International Monetary Conference. Highlights: 1:15 p.m. Sen. Richard Lugar gives the luncheon address. 2:15 p.m. Panel discussion with central bankers including FRB Chairman Ben Bernanke; Jean-Claude Trichet, president, European Central Bank; and Toshiro Muto, deputy governor, Bank of Japan. Note: All media must register on site. Camera space very limited, so arrive early. Camera setup starts at noon. Audio callin available; call contact for details. Location: Willard Inter-Continental Hotel, 1401 Pennsylvania Ave. NW.

MARRIAGE AMENDMENT _ 9 a.m. - 3 p.m. Clergy from around the country hold a conference to rally support for the Marriage Amendment, with Bishop Harry Jackson of the High Impact Leadership Coialition, Rev. William Owens of the Coalition of African American Pastors, others. Location: National Press Club.

DOHA ROUND _ 9 a.m. - 10:30 a.m. The Carnegie Endowment hosts a panel, ``Aid for Trade Program: Promises of Doha Fulfilled?" Participants are: Mia Horn af Rantzien, Swedens Ambassador to the WTO and Co-Chair on the WTO Task Force on Aid for Trade; Rep. Jim Kolbe, R-Ariz., chairman of the House Appropriations Foreign Operations Subcommittee; Bernard Hoekman, Senior Adviser to the International Trade Group at the World Bank; and Sherman Katz, a senior associate in the Trade, Equity, and Development Project at the Carnegie Endowment for International Peace. Location: Carnegie Endowment for International Peace, 1779 Massachusetts Ave. NW.

KOREA TRADE _ 9:30 a.m. Opening Plenary Session, Round One of the KORUS FTA Negotiations with US Chief Negotiator Assistant USTR Wendy Cutler and Korean Chief FTA Negotiator ambassador Jong-hoon Kim. Photo Opportunity Only. Location: USTR Offices, 600 17th St NW.

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KOREA-TRADE _ 9:30 a.m. There will be a press conference. ``Why We Are Here: Voice of the Korean people on the Korea-US FTA." Location: National Press Club.

MARRIAGE AMENDMENT _ 10 a.m. The Center for American Progress and the Cato Institute hold a discussion of the federal marriage amendment, federalism and democratic values, with Dale Carpenter of the University of Minnesota Law School, former Rep. Bob Barr, Louis Michael Seidman of Georgetown University School of Law, others. Location: 10th floor, 1333 H St. NW.

MARRIAGE AMENDMENT _ 10:30 a.m. The Alliance for Marriage, Sen. Wayne Allard, others, hold a news conference in support of the Marriage Amendment. Location: Room S-211, Capitol.

NOAA-MIKULSKI _ 10:30 a.m. Sen. Barbara Mikulski tours NOAA's National Weather Service offices, with a demonstration of hurricane prediction technology. Following the tour, she holds a news conference. Location: 4th floor media center, NOAA Center for Enviroinmental Predictions, 5200 Auth Rd., Camp Springs.

LINCOLN _ 12 p.m. WIIT holds a luncheon honoring Sen. Blanche Lincoln. Location: University Club, 1135 16th St. NW.

MARRIAGE AMENDMENT PROTEST _ 1 p.m. Those opposed to the Federal Marriage Act hold a press conference to kick-off postcard delivery to senators urging them to oppose the FMA. Participants include Joann and Joe Elder of Wisconsin, parents of a gay son; LaWana Slack-Mayfield, a resident of North Carolina; and Susan Warren of California, and Episcopal priest. Location: West Front Terrace of the Capitol.

TRAFFICKING REPORT _ 1:30 p.m. Secretary of State Rice releases the 6th annual Trafficking in Persons Report. After Rice's remarks, Amb. John Miller will answer questions. Location: State Department briefing room.

SUDAN _ 2 p.m. - 4 p.m. US Commission on International Religious Freedom Chairman Michael Cromartie will speak on a panel discussion at the Center for Strategic and International Studies (CSIS) titled ``Consolidating Peace in Sudan." He will be joined by Ibrahim Gambari, UN Under-Secretary-General for Political Affairs and Jendayi Frazer, U.S. Assistant Secretary of State for African Affairs, as well as Francis Deng of Johns Hopkins School of Advanced International Studies and John Prendergast of the International Crisis Group. The session will discuss implementation of the North-South Comprehensive Peace Agreement, implications of the recently signed Darfur Agreement, and the way forward in ensuring security, humanitarian access, and consolidation of the peace. Location: CSIS, 1800 K St. NW.

INDUSTRIAL BASE _ 3 p.m. The Center for Strategic and International Studies Defense Industrial Initiatives Group holds a discussion of its new report, ``Structure and Dynamics of the U.S. Federal Professional Services Industrial Base. Location: B-1 conference level, 1800 K St. NW.

GRASSLEY-PAULSON _ 5:30 p.m. Sen. Charles Grassley meets with Treasury Secretary-nominee Henry Paulson, Jr. Location: Room 135, Hart.

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THE ATTORNEY GENERAL'S *NEWS BRIEFING*

PREPARED FOR THE OFFICE OF PUBLIC AFFAIRS, U.S. DEPARTMENT OF JUSTICE

TO: THE ATTORNEY GENERAL AND SENIOR STAFF

DATE: MONDAY, JUNE 5, 2006 7:45 AM EDT

TODAY'S EDITION

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TERRORISM NEWS:

Canadian Police Arrest 17 Suspected Terrorists As Part of Multinational Probe. Canadian officials announced the arrest of 17 young, mostly Muslim, men who are suspected of plotting a major terrorist attack in Toronto. This morning, the Los Angeles Times (6/5, Meyer, Chow, 958K) says the arrests in Canada are "part of a continuing, multi-national probe into suspected terrorist cells in at least seven countries, a US counter-terrorism official confirmed Sunday. The senior US law enforcement official said authorities are combing through evidence seized during raids in Canada this weekend to look for possible connections between the 17 suspects arrested Friday and at least 18 other Islamist militants who have been arrested in locations including the United States, Bangladesh, Bosnia, Britain, Denmark and Sweden." The investigation "began as separate probes," but "over the past year, the counter-terrorism authorities of those countries began to see connections among the cells, in part through electronic surveillance of phone calls and Internet correspondence, as well as ground surveillance of individual suspects, several US officials said in interviews Sunday."

USA Today (6/5, Kiely, 2.31M), in a story titled "Officials Say USA Wasn't A Target In Terror Plot In Canada," reports nonetheless that "the FBI says some of the Canadian suspects met last year with two Americans now facing prosecution on separate terrorism-related charges." The FBI "confirmed that some of the Canadian suspects had been in contact with two Muslim men who were arrested this year by the bureau's Joint Terrorism Task Force. 'It does appear that there were contacts between certain suspects in Canada and two individuals recently charged in the United States,' FBI Special Agent Richard Kolko said." The two, "now jailed and awaiting trial, are Syed Haris Ahmed, 21, and Ehsanul Islam Sadequee, 19. Both are US citizens who had been living in Georgia." The New York Times (6/5, Depalma, 1.19M) reports, "American officials in Washington and New York said they had been aware of the [Canadian] investigation and were informed of the coordinated law enforcement action."

The story of the arrests in Canada is receiving extensive print and TV coverage, leading the CBS and NBC newscasts last night and running second in the lineup on ABC. Reacting to news of the arrests, Secretary Rice said yesterday on CNN's Late Edition (6/4), "We have excellent counterterrorism cooperation with Canada." In its coverage, the AP (6/4) reports Rice said "there was no indication that 17 terror suspects arrested in Canada were trying to plan an attack in the United States."

ABC World News Tonight (6/4, story 2, 2:20, Yang, 8.78M) noted police say most of the suspects "were born in Canada. Homegrown terrorism. Analysts say that's the new, growing danger." Jack Cloonan, former FBI counterterrorism official: "The structure of al Qaeda as we've known it, has now been destroyed. It's no longer a top-to-bottom organization. They do not need direct control from al Qaeda. So, that makes it a lot more difficult to counter it." On NBC Nightly News (6/4, story 2, 1:40, Seigenthaler, 9.87M), terrorism analyst Roger Cressey said, "It's the evolution of the al Qaeda terror threat. We now have individuals with no known affiliation to the network or to al Qaeda now deciding to undertake jihad for their own reasons. So the movement is what we're worried about now, not the organization that attacked us on 9/11."

NBC Nightly News (6/4, lead story, 2:55, Seigenthaler, 9.87M) reported, "Authorities now believe those suspects were motivated by politics and not by faith." NBC (Tibbles) added, "The arrests drive home concerns within Canada and the United States that Canada, with its liberal immigration laws, may become a launching point for future terror attacks." David Harris, former Canadian security official: "We've seen a tremendous amount of infiltration and evidence of real radicalization of some, particularly amongst the youthful Islamic community." Likewise, the Wall Street Journal (6/5, Chipello, Block, 2.11M) reports the arrest "of 17 Ontario residents…underscores concern among North American and European counterterrorism experts that the next wave of Islamist militants will be made of 'home-grown' radicals, rather than infiltrators from abroad."

The New York Times (6/5, Shane, 1.19M) reports, "According to Canadian authorities, the suspected fertilizer bomb plot…appeared to follow the pattern of successful terrorist attacks in Madrid in 2004 and in London last year. As in those instances, officials said, those accused in the Canadian case are Muslims with no evident ties to Al Qaeda leaders overseas except a shared ideology."

The Christian Science Monitor (6/5, 61K) reports, "There have been no Al Qaeda-type attacks in Canada, although security services have long worried about possible risks and the US has urged more vigilance on the long border the two countries share." Canada, "under its previous Liberal government, declined to join the US-led forces in Iraq, and many Canadians felt that helped their country stay off the Al Qaeda radar screen." But "the country does have troops in Afghanistan, originally sent to fight the Taliban."

Security Forces First Became Aware Of Plot In Chat Room. The Toronto Star (6/5, Van Rijn) reports that "when a shadowy group of disaffected urban youth began talking in an Internet chat room in the fall of 2004 espousing anti-Western views, the Canadian Security Intelligence Service was

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listening. The spy agency, and an alphabet soup of other security agencies across the continent, closely monitor such sites, where talk may sometimes turn to buildings and bombs and bringing global jihad home to North America, to Canada." The Star adds, "Often it's just that -- talk -- but when CSIS began monitoring the sites allegedly used by some of the 17 men and youths arrested on terrorism-related charges in a sweeping series of raids across the GTA Friday evening, the Canadian spy agency heard enough to remain interested, and increased surveillance of the group."

The New York Times (6/5, Austen, 1.19M) says this morning, "The competition between Toronto's four major daily newspapers is often intense, particularly over crime news. But its results are rarely as one-sided as the coverage that followed the arrests of 17 Ontario residents in what the police call a terrorist bomb plot. Some readers of The Globe and Mail awoke on Saturday to find nothing about the raids while, at the other extreme, The Toronto Star published 3,030 words and several photos spread over three pages."

Toronto Mosque Vandalized. The New York Times (6/5, DePalma, 1.19M) reports, "As the authorities in Canada and the United States continued to piece together details from the lengthy investigation, a mosque in Toronto was vandalized overnight. More than a dozen windows in the building were broken, two panels of the glass front door were smashed and several cars parked in the rear of the building were damaged. Islamic leaders who met with the Toronto police chief on Sunday demanded a thorough investigation of the vandalism."

CBS Evening News (6/4, lead story, 2:00, Mitchell, 7.66M) reported that news of the arrests may bring "a backlash against Muslims in the city." In its coverage, the Washington Post (6/5, A10, Struck, 744K) says Canada "touts the relative harmony within its society, sometimes in contrast with tensions over immigration in the United States." The Washington Times (6/5, 90K) reports that a "police official" said "he had no information on any link between the incident and the arrests, which began late Friday."

The Toronto Globe and Mail (6/5, Chung) reports, "The head of Canada's largest urban police force called on both Muslims and non-Muslims alike to let cooler heads prevail." Toronto police Chief Bill Blair "told a gathering of Muslim leaders" that the suspects "will be considered innocent until proven guilty."

US-Canada Border Security Less Likely To Be Relaxed After Toronto Terrorism Arrests. USA Today (6/5, Keen, 2.31M) reports, "the national debate over border security hit closer to home [northern Minnesota] this weekend when 17 Canadians were arrested and charged in a bomb plot in Ontario. Some people here on the USA's northern edge have been hoping to ease security that was beefed up after the terrorist attacks of Sept. 11, 2001." The local business community is concerned it may "lose customers under a law requiring U.S. citizens to show passports or new ID cards containing computer chips — instead of driver's licenses — to cross the border for the fishing and hunting that lure tourists here. Most vacationers here spend time in both countries. That law is to take effect in 2008, though the Senate has voted to postpone it until 2009."

More Commentary. The USA Today (6/5, 2.31M) editorializes, "After the 9/11 attacks, the French newspaper Le Monde famously declared that 'We Are All Americans.' The Iraq war has squandered much of the cooperation, focus and goodwill needed to defeat the 9/11 enemy. The Canada arrests provide an opportunity to refocus international attention on the war on Islamic extremism."

Scope Of British Raid On Suspected Bomb Factory Questioned. The AFP (6/5, Jackson) reports, "Questions were raised in the British press over the circumstances of a huge anti-terror raid here two days ago as police questioned two terror suspects, one of whom was shot in the operation." Attorneys for brothers Abul Koyair, 20, and Mohammed Abdul Kahar, 23, "vehemently deny any involvement in terrorism after they were arrested during a dawn raid on Friday in Forest Gate, east London." Police have "declined to comment on news reports that experts were hunting for evidence of chemical or biological weapons as they continue to search the terraced house." The AFP Adds, "According to The Sunday Times, which cited Scotland Yard sources, there had been 'specific intelligence' which suggested that a single bomb overlaid with cyanide was being prepared at the address."

Administration Has Moved "Aggressively" To Mute Leaks. In a lengthy story marking the 35th anniversary of the release of the Pentagon Papers, U.S. News and World Report (6/12, Halloran, Michels) reports that 35 years after the New York Times published the papers, the "atmosphere feels distinctly different, the concept of national security more ominous. … With a more conservative federal judiciary, the realities of a post-9/11 world, and enduring public skepticism toward the media, the Bush Administration appears convinced that this time the scales might just tip in the government's favor." The Administration "has moved aggressively on other fronts, investigating leaks it asserts have harmed national security, firing a CIA officer suspected of leaking, and even suggesting that reporters could for the first time be prosecuted under the 1917 Espionage Act."

Pentagon Detainee Policies Omit Key Geneva Convention Tenet. The Los Angeles Times (6/5, Barnes, 958K) reports the Pentagon "has decided to omit from new detainee policies a key tenet of the Geneva Convention that explicitly bans 'humiliating and degrading

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treatment,' according to knowledgeable military officials, a step that would mark a further, potentially permanent, shift away from strict adherence to international human rights standards." The decision could "culminate a lengthy debate within the Defense Department but will not become final until the Pentagon makes new guidelines public, a step that has been delayed." However, the State Department "fiercely opposes the military's decision to exclude Geneva Convention protections and has been pushing for the Pentagon and White House to reconsider, the Defense Department officials acknowledged."

HOMELAND RESPONSE:

Ridge Says Vacated Spectrum Should Be Used For Broadband Public-Safety Network. Former Homeland Security Secretary Tom Ridge, in an op-ed in the Washington Times (6/5, 90K) writes that the nation's first responders can have "the national communications system they need instead of testimonials, a few bucks and repeated promises of change" when "Congress and the Federal Communications Commission (FCC) are willing to think and act anew." Ridge states that spectrum "owned by the American people" is being vacated, which could "allow the FCC…to create America's first nationwide broadband public-safety network." If it is auctioned off in 2008 as planned, "we will have lost our last best chance to give those who risk their lives for us the tools they need both to protect their own lives and ours."

New York Lawmakers Launch Postcard Campaign To Protest Anti-Terrorism Grant. The Washington Times (6/5, Hudson, 90K) reports, "New York lawmakers are urging their constituents to mail postcards depicting New York City landmarks" to Homeland Security Secretary Michael Chertoff in a "bipartisan campaign" to protest New York City's Urban Area Security Initiative funding. The Times adds that while members of Congress "agreed" to cut the program by "millions of dollars…from last year," they "did not expect…major slashes in the top terrorist target cities of New York or Washington, which will suffer a $32 million cut, or cuts to 26 other cities that total $204 million." Meanwhile, "Despite rumblings on Capitol Hill that hearings might be called or Mr. Chertoff's resignation demanded, the secretary is standing steadfast in favor of his department's decision."

Bloomberg Doesn't Expect Change In Funding. The New York Times (6/5, Chan, 1.19M) reports, "Mayor Michael R. Bloomberg said yesterday that he was not optimistic that federal officials would change their minds about" New York City's funding. He added, however, that "hope springs eternal, and in any case, remember, we've got next year to fight for." His "comments came as top officials continued to assail the Department of Homeland Security's handling of antiterrorism grants."

Lawsuits Claim Ground Zero Workers Had Little Access To Proper Respirators. The New York Times (6/5, DePalma, 1.19M) reports that with "mounting evidence that exposure to the toxic smoke and ash at ground zero during the nine-month cleanup has made many people sick, attention is now focusing on the role of air-filtering masks, or respirators, that cost less than $50 and could have shielded workers from some of the toxins." More than "150,000 such masks were distributed and only 40,000 people worked on the pile, but most workers either did not have the masks or did not use them." These respirators "are now at the center of a federal lawsuit filed on behalf of more than 8,000 firefighters, police officers and private workers who say they were exposed to toxic substances at or near ground zero that have made them sick or may eventually do so." Lawyers "representing the workers say that there was no central distribution point for the respirators, no single organization responsible for giving them out, and no one with the power to make sure the respirators that were distributed got used, and used properly. By contrast, at the Pentagon, workers not wearing proper protective gear were escorted off the site."

WAR NEWS:

Pace Vows Thorough Probe Of Haditha Deaths. The AP (6/4, Baldor) reports, "The top US military officer pledged a thorough investigation into the alleged massacre of Iraqi citizens in Haditha by Marines, saying it is important to avoid a rush to judgment." Gen. Peter Pace, chairman of the Joint Chiefs of Staff, "acknowledged that the allegations involving the deaths of about two dozen Iraqis have raised concerns among Iraqi officials and in the United States. 'But you don't want to have the emotions of the day weigh into the process,' Pace told the Associated Press in an interview Sunday. 'We need to stick with our judicial process. We want to be sure that it moves forward without any influence.'"

Officials Express Caution. The Washington Times (6/5, Pfeiffer, 90K) reports, "Both Democrats and Republicans yesterday expressed caution about the investigation of an incident last year in which US Marines killed civilians in the Iraqi town of Haditha. Vice President Al Gore, "a vocal critic of the Iraq war," said on ABC's "This Week," "I don't have enough evidence to see how they've handled that particular set of charges. … I don't think that we have enough information now to know how they have handled it." Secretary of State Condoleezza Rice "said she has spoken with Iraqi Prime Minister Nouri al-Maliki about the Haditha

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incident. 'I've talked to Prime Minister Maliki,' Miss Rice said on 'Fox News Sunday.' 'He wants coalition forces there. He knows that Iraqis are not yet capable of dealing with these security issues themselves. We have very good cooperation with him.'"

GOP Sen. Lindsey Graham was asked on Fox News Sunday (6/4, Wallace) to describe what he knows about the killings in Haditha, Graham replied, "The allegations are that some Marines used deadly force inappropriately, violated the rules of engagement, the law of armed conflict, that some officers may have had direct knowledge of this activity and failed to report it, that other people in the chain of command should have known and failed to do anything about it, a dereliction of duty allegation. … The allegations are serious. They're unnerving. And they're being investigated. And if it is true that our Marines killed innocent civilians, noncombatants, out of revenge, they will be severely dealt with."

Sen. Jack Reed, also on Fox News Sunday (6/4, Wallace), said, "I think the test will be whether the leadership in the Department of Defense and in the administration does not try to confine these incidents in small sort of compartments and say it was just a few Marines or a few soldiers, but looks to see if this is part of a larger systemic problem. That's the challenge. … We have to take the blinders off. We have to look clearly and dispassionately about whether the situation is there and the training is such that this might be more widespread."

Haditha Incident Draws Comparisons To My Lai Massacre. The investigation into the deaths of 24 Iraqis at the hands of US Marines at Haditha is the subject of lengthy coverage in all three newsmagazines this week. The incident is the cover story in two of the magazines, Time and Newsweek. Time (6/12, Duffy, McGirk, Ghosh) reports in its cover story that "the Bush Administration finds itself on the defensive about a war that is now entering its 40th unrelenting month." The deaths of Iraqi civilians at the hands of US Marines at Haditha "threatens to become one of the war's signature debacles, an alleged atrocity committed by a small group of service members that comes to symbolize the enterprise's larger costs." Newsweek (6/12, Thomas, Johnson) reports in its cover story that Haditha "may turn out to be the worst massacre since My Lai. And Iraqis may be entirely justified in their outrage."

Up To 10 Marines Could Be Charged Over Haditha Killings. Time (6/12, Duffy, McGirk, Ghosh) reports in its cover story, "A knowledgeable congressional source monitoring the Haditha probes says congressional aides are being told by Marine officers in the Pentagon that the number of Marines who may be charged with murder is small. But the source speculates that the total number who may be charged with crimes ranging from murder to aiding in the attack or trying to cover it up could be as high as 10, according to Marines who have talked to officials at the Naval Criminal Investigative Service (NCIS), which is conducting the inquiry into the killings."

Iraqi Journalist Videotaped Scenes Of Haditha Deaths. A separate story in Time's (6/12, Kluger) cover package, "If the Marines are indeed guilty of an atrocity, they had the ill fortune to have committed their crime in the worst possible place: outside the front door of a budding Iraqi journalist and human-rights activist." The day after the killings, Taher Thabet "went into the houses where the killings had taken place and videotaped what he saw, as well as the wrenching scenes later at the local morgue, where friends and family collected the bodies of the victims."

Slain Marine Profiled. A separate story in Time's (6/12, Pitluk) cover package profiles Marine Miguel Terrazas, noting that his death, the result of an improvised explosive device set by insurgents, "appears to have led to the killings now under investigation."

US Downplays Iraqi PM's Remarks. In a separate story in its cover package, Time (6/12, Ghosh) reports on Iraqi Prime Minister Nouri al-Maliki's "unexpectedly angry response" to questions about the Haditha slayings. Al-Maliki "accused US forces of misconduct even beyond the actions of the Marines last Nov. 19. … Iraqis saw in al-Maliki's outburst a bid to counter the perception that he is Washington's stooge." Time adds, "For the moment, U.S. officials are downplaying al-Maliki's tough talk. … Indeed, al-Maliki's remarks may have been intended less for the U.S. government than for members of his own."

US Military Investigating At Least Two Other Incidents Of Civilian Deaths. U.S. News and World Report (6/12, Whitelaw, Pound) reports, "The US military acknowledges investigations into at least two other unrelated incidents of Iraqi civilian deaths. In one, several US soldiers are likely to face charges in the shooting death of one Iraqi in the town of Hamandiyah. And, last week, the BBC reported allegations that another military unit rounded up and shot 11 civilians in the town of Ishaqi before blowing up their house to hide the actions. (The Pentagon said an investigation cleared the soldiers of wrongdoing in Ishaqi.)"

Iraqi Ambassador Says His Family Members Were Victims Of A US "Atrocity." Newsweek (6/12, Thomas, Johnson) reports in its cover story, "In an interview with NEWSWEEK, Iraq's ambassador to the United States, Samir Sumaidaie" discussed "an atrocity that, he claims, happened to his own family. A year ago, says Sumaidaie, Marines raided the home of his cousin, a school principal in a small village in Anbar province. The Marines shot the man's son, a student home from college. The only weapon in the house was an AK-47 loaded with blanks. Ambassador Sumaidaie protested all the way to Gen. George Casey, the Coalition forces commander, but was told that the Americans fired in self-defense—and that the ambassador had to file a Freedom

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of Information Act request if he wanted to see the investigative file."

Estimate Says 38,000 Iraqi Civilians Have Been Killed Since May 1, 2003. A separate story in Time's (6/12, Ghosh) cover package, "Though there is outrage among many Iraqis about the alleged massacre in Haditha last November, the violence on Iraq's streets is so unrelentingly horrific that even the worst atrocities have lost their power to shock. Few Iraqis even know how many people have died by the bullets and bombs." Time adds, "According to the Iraq Body Count project, the most frequently cited source, at least 38,000 Iraqi civilians have been killed since May 1, 2003, when President George W. Bush announced that 'major combat operations' had ended."

Levin Call Haditha Killings "A Real Massacre." On CNN's Late Edition Sen. Carl Levin, (6/4, Blitzer) said that from what he has been told about the incidents in Haditha, "there is a massacre here of 24 civilians, and not accidentally. This looks like, from all appearances, a real massacre. There's finally an investigation that's taking place, but there's also the real possibility of a cover-up here."

Biden Reiterates Call For Rumsfeld Resignation. On NBC's Meet The Press (6/4), host Tim Russert asked Sen. Joseph Biden, "How high up the chain, based on your information, do you think this goes?" Biden replied, "The Secretary of Defense. … He should be gone. He shouldn't be in his office tomorrow morning. And I'm so tired of saying this on your show. I've been saying this for two years." Russert: "Well, the President knew about it in March." Biden: "Well, we can't get rid of the President. He's there for two and a half more years. There is a system of accountability. … When you make serious mistakes, you step forward and you acknowledge them and you walk away. Presidents can't and shouldn't do that. Secretaries of Defense can and should."

Kristol Says Liberal "Hand-Wringing" Wrong Response To Haditha. In his Weekly Standard column (6/12), William Kristol says, "The last thing we need in response to Haditha is hand-wringing liberalism. The war against the jihadists…is not a metaphorical one. Liberals may want to win a war on terror without fighting, and are shocked that in a war, crimes and abuses occur. But here's the hard, Trumanesque truth: In war, terrible things happen, including crimes and abuses and cover-ups." Though "crimes and cover-ups cannot be excused or tolerated," what "makes us exceptional is that we stand for liberty, and that we are willing to fight for liberty. We don't need to 'prove' we are different from the jihadists by bringing our own soldiers, if they have done something wrong, to justice. Of course we must and will do this. But our doing this 'proves' nothing. Even if there were ten Hadithas, we would still not have to 'prove' that we are 'different from the jihadists.' The idea would be offensive if it were not ludicrous. What we do have to prove is that we are strong enough to fight this war, and intelligent enough to win it."

US Marines Face Second Iraqi Murder Investigation. In a 1,500-word story on its front page, the Washington Post (6/5, A1, Knickmeyer, 744K) reports another controversial action by US forces against an Iraqi civilian. "All parties to the case of Hashim Ibrahim Awad al-Zobaie agree that he was shot dead by Marines of the 3rd Battalion, 5th Regiment on April 26 in the small central Iraqi village of Hamdaniyah. But there are differing accounts of his death, and they are at the heart of another investigation into the conduct of American forces in Iraq." The Marines claim Hashim was burying a bomb and was armed, while Hashim's family claims he was executed and the evidence planted. "Hashim's family alleged this weekend that a small group of U.S. servicemen came to them last week and offered the family money to support the Marines' version of the killing." The Post keys on the fact that Hashim was disabled, and calls his killing "the smaller and less prominent of two incidents being investigated over allegations of wrongful death and possible cover-ups".

Rice Says Iraqi Cabinet Posts Will Be Filled Soon. The Financial Times (6/5, Biedermann) reports, "Iraq's governing coalition yesterday failed to name the crucial defence and interior ministers, despite an earlier pledge by" Prime Minister Nouri al-Maliki "to do so and despite ongoing violence." The AP (6/5, Yen) reports Secretary Rice said "Iraqi leaders should agree in the next few days on filling key security posts for the government," and says she called "on the United States to be more patient despite growing sectarian violence." Rice: "Of course, they need to get this settled, but they will get it settled. The more important thing here is that they get it right. When they get it right, and they will get it right, everybody will forget how long it took them." Rice "said she had faith that al-Maliki was a strong leader who will be able to assert control," and later "denied that a decision by U.S. military commanders last week to move about 1,500 combat troops from a reserve force in Kuwait into volatile Anbar province to help establish order in an insurgent hotbed was a sign of growing trouble."

AFP (6/5) says Rice "played down difficulties in filling key posts in Iraq's new government and predicted the process would be complete in 'the next few days.'" Rice "remained upbeat," and "played down Maliki's concerns about the conduct of US troops in Iraq following reports of" the Haditha killings and other alleged acts of violence.

In an analysis piece titled, "Iraqi Government Has Rocky Start," the AP (6/5, Buzbee) reports, "Two weeks ago, President Bush praised Iraq's new unity government as a watershed event and turning point in the war. Since then, a

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series of crises shows how troubled the path ahead remains." For all major players in the rebuilding effort, "the two troubled weeks have called into question whether U.S. troops can begin any drawdown this year, as originally hoped." While "not everything is bleak," the "stalemate over the [Cabinet] jobs demonstrates that apparent political success in Iraq — such as the formation of al-Maliki's unity government of Shiites, Sunnis and Kurds — can often mask more entrenched problems." Ambassador Khalilzad, "a hands-on official with perhaps the best view of the country's internal workings, said in astonishingly frank terms in recent days that while the unity government is a step forward, serious problems remain." Knight Ridder (6/4, Youssef) runs a similar report.

21 Iraqi Shiites, Kurds Killed In Religiously Motivated Attack. Gunmen killed 21 Iraqi Shiites and Kurds on busses in a town northeast of Baghdad, selecting victims by religion and ethnicity. The story was reported by each of the networks last night. ABC World News Tonight (6/4, lead story, 2:15, Harris, 8.78M) reported on "an attack so brazen so, brutal, that against the daily drum beat of violence in Iraq this, one stands out. 21 people, 12 of them students on their way to take exams, executed by attackers who dragged them out of three buses northeast of Baghdad." ABC (Marquez) added, "Gunmen pulled their victim office the bus. Divided them up. Let the Sunnis go free. And then executed the Shiites and the Kurds."

CBS Evening News (6/4, story 2, 2:20, Palmer, 7.66M) reported the attack was "so brutal it even shocked this country already numbed by violence. Witnesses say armed gunmen stopped three minibuses north of Baghdad and killed all the Shi'a and Kurds on board including 14 students on their way to exams. The four Sunni passengers were spared. Nearby yesterday, the heads of eight Sunni men were discovered along with a note explaining they had been killed for allegedly having murdered four Shi'a doctors. The cycle of deadly religious tit for tat killings has escalated all week as Iraqi security forces battled increasingly bold insurgent gangs in broad daylight trying to take over whole neighborhoods."

NBC Nightly News (6/4, story 4, 2:20, Boettcher, 9.87M) reported it was a "new horror in Iraq. Gunmen drag 21 Shiite Muslim men from three busses north of Baghdad and execute them. A dozen were high school students on the way to take exams. Five were old men. The lives of four Sunnis were spared. In the south, Sunnis were the victims. Iraqi police shot dead nine men in a Sunni mosque in Basra, a day after 28 Shiites were killed in a market bombing. The police said the dead were terrorists."

Iraqi Government Seen As Unable To Reduce Sectarian Violence. ABC World News Tonight (6/4, lead story, 2:15, Harris, 8.78M) reported, "Today's violence comes, despite the Iraqi's vow to crack down on sectarian violence, another sign that the new leaders have little control over security on their own streets. Once again, today, the government failed to appoint candidates to run the Ministries of Defense and Interior, as expected. The government agencies, expected to keep the peace, are still unable to do so."

CBS Evening News (6/4, story 2, 2:20, Palmer, 7.66M) reported, "Iraq's Prime Minister is trying desperately to work out a deal tonight between Shi'a and Sunni factions that would share out control over the country's security forces. The hope is then that each side would reign in its violent supporters. But the fear is it is already too late."

NBC Nightly News (6/4, story 4, 2:20, Boettcher, 9.87M) reported, "Once again, the nation's new government, even though it promised it would, could not agree on new chiefs for Iraq's police and army, leaders counted on to stop the violence. 'More negotiations are needed,' explained an Iraqi government official, a phrase heard often in recent weeks. But while the Iraqi government quibbles about who will lead their security services, Iraqi civilians die in increasing numbers."

The AP (6/4, Quinn) reports the attacks "dealt a blow to Iraqi Prime Minister Nouri al-Maliki's pledge to curb sectarian violence. He again failed to reach consensus Sunday among Iraq's ethnic and sectarian parties on candidates for interior and defense minister -- posts he must fill to implement his ambitious plan to take control of Iraq's security from US-led forces within 18 months."

The New York Times (6/5, Tavernise, 1.19M) also says "the killings were in keeping with the nature of attacks here now, and, in a grimly familiar pattern, were not hindered by authorities of any kind, Iraqi or American." The killings are "a grim illustration of how badly security has deteriorated in and around Baghdad." The Washington Post (6/5, Hernandez, Nouri, 744K) and Washington Times (6/5, Behn, 90K), among other sources, run similar reports this morning.

Forensic Teams' Efforts To Collect Evidence Of Saddam Atrocities Examined. The New York Times (6/5, Burns, 1.19M) reports from the edge of the Ash Sham Desert in Iraq, "in the late winter of 1991, at least 28 men were executed here, crowded together in a pit their killers scraped with a backhoe from the desert floor. Rounded up along the alleyways of their native city, they were forced aboard a bus or truck and driven out along an isolated highway." What "happened here is not only a macabre marker in the history of Iraq under Mr. Hussein, but a harrowing footnote in American politics. The victims here, American and Iraqi officials say, died in Mr. Hussein's suppression of the Shiite uprising across southern Iraq in early 1991. It was a rebellion that survivors — and American

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critics of the President George H. W. Bush — say that the president encouraged after halting American troops at Iraq's southern border with Kuwait at the end of the Persian Gulf war." For "the American forensic experts who came to Iraq after the 2003 invasion, the desert camp is a way station toward holding Mr. Hussein accountable for what many Iraqi human rights experts say was the most merciless passage in his 24 years in power." Raid Juhi, "chief investigative judge for the Iraqi court now trying Mr. Hussein in another case, said during a visit here on Saturday that the court had documentary evidence, and statements from witnesses, showing that at least 100,000 Shiites, and possibly 180,000, died in the 1991 repression. The trial of Mr. Hussein and his associates for what is known among the Shiites as the 'intifada,' or rebellion, could be still a year or more off."

Ohio Marine Unit's Losses Unite Parents Despite Differing Political Views. The Washington Post (6/5, A3, Slevin, 744K) reports "amid the sadness that has looped through his life since the death in Iraq of his only son," Bob Derga has "found a spark that drives him to defend President Bush, the war and the troops who are fighting it. He has begun to speak out, urging Americans 'to have the guts as a nation to stay the course.'" Paul Schroeder and Rosemary Palmer, "whose only son lived and died in the same Marine Reserve unit as Derga's son, have also been driven by anguish to speak out. But they do not believe in this war or this president or in staying the course." To "talk with the parents is to see reflected a real debate, grounded in searing loss, about the war's wisdom. It is also to witness a powerful connection felt toward one another by the Gold Star families of Lima Company, 3rd Battalion, 25th Marines." The Columbus, Ohio-based Lima Company "spent seven months in Anbar province last year and lost more troops than any other U.S. military unit in the war. What many had expected would be relatively safe duty -- perhaps guarding a base -- turned into grueling weeks of combat. Twenty-three Marines died, blown up by roadside bombs or killed by insurgents."

Military Doctors Face Unfamiliar Professional, Ethical Dilemmas. USA Today (6/5, Zoroya, 2.31M) reports military doctors Brett Schlifka and Hans Bakken have "made a pact — something they would not have done back home. Because counseling a family in a war zone is impossible, and because the U.S. military offers no guidelines on whether to withhold treatment for severely brain-damaged casualties, the doctors had decided to err on the side of life. No matter how severe the brain injury, no matter how hopeless the case, they vowed to keep a soldier alive long enough to get him out of the war zone, if only so his family could see him one last time." For Schlifka, Bakken "and other doctors at one of the busiest battlefield hospitals in Iraq, the war has created new or more complicated moral and ethical dilemmas. Here, doctors often face profound personal choices treating the most disturbing wounds they have seen." Like those "featured in the recent HBO documentary Baghdad ER, doctors here say working at a battlefield hospital is at once the most fulfilling and most frustrating experience of their lives — one that has changed them, as doctors and as people."

NATO Troops In Afghanistan Focus On Reconstruction, Winning Local Support. USA Today (6/5, Wiseman, 2.31M) reports NATO units "moving into troubled southern Afghanistan will have twice as many combat troops as the Americans they're replacing. But they will focus more on protecting reconstruction projects and winning Afghan support than on hunting Taliban fighters, the NATO commander said here Sunday." British Lt. Gen. David Richards, commander of NATO's International Security Assistance Force (ISAF) said, "I have a different approach. The way to win in a campaign like this is to win the support of the people." USA adds Afghan government troops "and U.S.-led coalition forces have been battling Taliban militants in southern Afghanistan." Next month, ISAF "will formally replace U.S. forces in the south, and Richards will take command there."

Suicide Bomber Kills Four In Kandahar. The New York Times (6/5, Gall, 1.19M) reports that in Kandahar, a "suicide bomber exploded his car on the main street…narrowly missing the governor of Kandahar Province and a Canadian military convoy, but killing 4 civilians and wounding at least 12 others, officials said. The explosion was heard across town and stirred anger and fear once more in a city that has been shaken by violence for months." As the police "cleared the wreckage of the suicide bomber's car, the owners and workers of a teahouse on the sidewalk beside it cursed the Taliban, the government, the United States-led coalition, former Afghan leaders, President Bush and Pakistan."

CORPORATE SCANDALS:

Former Fannie Mae Head Under Probe. The Minneapolis Star Tribune (6/5, Phelps) reports, "In a nearly 40-year career that's spanned politics and business, James Johnson has parlayed a talent for relationships that's taken him from rural Benson, Minn., to inside the Capitol beltway. … He served in the West Wing of the White House as Vice President Walter Mondale's right-hand man. In the 1990s, he led Fannie Mae, the nation's largest provider of home mortgage funding. He was chairman of the John F. Kennedy Center for the Performing Arts and led the prestigious

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Brookings Institution. … But these days, Johnson is under fire for being too generous with other people's money. Fannie Mae's regulator has criticized the size of Johnson's compensation in his final year at the mortgage giant. And at UnitedHealth Group, he chaired the board committee that awarded lucrative stock-option packages to William McGuire and other top executives at the Minnetonka-based health insurer." The Tribune adds, "Compensation awarded to UnitedHealth executives going back as far as 1999 is under review by the Securities and Exchange Commission, the IRS and the Justice Department, as well as the subject of a special internal audit. As chairman of UnitedHealth's compensation committee, Johnson is in the crossfire with CEO McGuire, corporate counsel David Lubben and Chief Financial Officer Patrick Erlandson."

Key Figures In Fannie Mae Scandal Tied To Clinton Administration. In the National Review (6/19), Byron York says the Office of Federal Housing Enterprise Oversight (OFHEO)'s report on Fannie Mae was "stunning. In meticulous detail, it outlined a culture of corruption at the Federal National Mortgage Association — better known as Fannie Mae — that rivals the most serious corporate scandals in recent years. In this case, however, the main players are Washington insiders — some of them prominent veterans of the Clinton administration — and the scandal's effects could ripple through Congress for years." From 1998-2004, Fannie Mae "was headed by former Clinton budget director Franklin Raines, whose top management team included former Clinton Justice Department official Jamie Gorelick, sometimes mentioned as a future attorney general in a Democratic administration. During that period, the report says, Raines and his team grossly overstated Fannie Mae's earnings — to the tune of $10.6 billion — for the purpose of paying themselves big bonuses."

Former National Century Financial Executives Plead Not Guilty To Fraud Charges. The AP (6/3) reported, "Seven former executives of a defunct company that was once the nation's leading lender to health care providers pleaded not guilty Friday to charges that they defrauded investors of more than $3 billion." A federal grand jury indictment "last month alleged the executives at National Century Financial Enterprises lied to investors about how their money was being used, then conspired to conceal cash shortages by shuttling money among various subsidiaries. The former officers are charged with 60 counts of conspiracy, securities fraud, wire fraud, mail fraud and money laundering." Among the executives "who entered pleas Friday in U.S. District Court was founder Lance Poulsen, 62, of Port Charlotte, Fla., who faces 47 federal counts. He already is fighting similar charges in a civil case brought by the Securities and Exchange Commission."

Suits Over Backdated Stock Options Are Next Step In Probe. The National Law Journal (6/5, Bronstad) reports, "Securities class action lawyers are preparing for the next wave of shareholder lawsuits as more companies and their top executives face federal probes and accounting restatements linked to the backdating of their stock options." The Journal continues, In the past month, dozens of shareholder suits have been filed on behalf of large institutional shareholders by a number of law firms, including well-known plaintiffs' firms Bernstein Litowitz Berger & Grossmann of New York and Lerach Coughlin Stoia Geller Rudman & Robbins of San Diego. The suits allege that certain companies backdated stock options granted executives to enhance the profits the executives made when they exercised the options." The Journal adds, "Backdating stock options is at the heart of recent inquiries by the U.S. Securities and Exchange Commission (SEC) and Justice Department. So far, more than two dozen companies have been targeted, many of which have restated their earnings or ousted their top executives. … Meanwhile, lawmakers have been debating in recent weeks whether to seek stricter regulations than those being proposed by the SEC regarding executive compensation."

Judge Considers Companies Denying Legal Fees To Employees. The Wall Street Journal (6/5, Davies) reports that a federal judge is considering whether prosecutors should be able to force companies to cut, "off legal support for employees suspected of wrongdoing," in a, "case against 16 former KPMG LLP executives accused of marketing fraudulent tax shelters." The Journal adds, "Defense attorneys for the former executives have complained to the judge that prosecutors leaned on KPMG to cap or cut off the legal-fee reimbursements to their clients." Judge Lewis A. Kaplan, "pronounced himself 'troubled' by the government's actions at a hearing last month. His response could come any day."

Former Tyco Exec Seeks Reimbursement For Legal Fees. The Wall Street Journal (6/5, Levitz) reports, "Jailed former Tyco International Ltd. Chief Executive L. Dennis Kozlowski is battling over the insurance coverage for his hefty legal bills." Mr. Kozlowski filed papers in a New York state court, "recently seeking documents from an insurance broker that negotiated Mr. Kozlowski's 'officer and director' liability policy at Tyco." The Journal continues, "Mr. Kozlowski has put in a claim to be reimbursed for nearly $17.8 million he spent defending himself -- but the insurer has rejected the claim."

Tier Technologies CEO Forced Out. The Washington Post (6/5, D1, Kang) reports that only two years

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after Tier Technologies Inc. moved to Reston with a record stock price former CEO James, "Weaver has been forced out and the company is under a, "SEC investigation." The Post adds, "Its stock was removed from the Nasdaq National Market after it failed to file financial statements for the past nine months, and the company says it now must restate its financial records back to at least 2002." What went wrong is unclear, but records suggest, "a combination of missteps and core problems, including weak financial management and increased competition."

WSJournal Urges Stock Markets To Regulate Themselves. The Wall Street Journal (6/5, 2.11M) editorializes, "Transatlantic mergers are promising to finally do for stock markets what globalization has done for the rest of the business world: bring new opportunities and efficiencies to investors. The big unknown is whether regulators will have the sense not to get in the way." The Journal also urges the business community to regulate itself, noting that "government abhors a vacuum. If private industry isn't offering its own solutions, regulators will design something that works for them -- usually with worse results."

CRIMINAL LAW:

Court Documents Reveal Broad Scope Of Alleged Jefferson Bribery Deals. In a front-page story, The Washington Post (6/5, Lengel, Weisman, 744K) reports that "over dinner with business partner and FBI informant Lori Mody, Rep. William J. Jefferson…furtively scrawled the letter 'c' on a sheet of paper, and next to it wrote some numbers indicating that he was demanding a much larger personal stake in an African business deal than previously agreed to." Jefferson told Mody, "I make a deal for my children," and, "as court records, sworn affidavits, plea agreements and search warrants attest, it was quite a deal, one of several involving at least seven business entities, nearly a dozen family members and hundreds of thousands of dollars sloshing through bank accounts, all for Jefferson's personal benefit." The Post notes that "as that controversy subsides" over the FBI raid, "the focus has shifted back to Jefferson and the corporate labyrinth that federal authorities say he erected to secretly receive illegal payments for promoting high-tech ventures in Cameroon, Ghana and Nigeria."

Judge Orders Release Of Nigerian VP Search Warrant Affidavit. Roll Call (6/5, Bresnahan) reports, "In another legal setback for Rep. William Jefferson," US District Judge Alexander Williams Jr. on Thursday decided "to publicly release documents supporting an FBI search of a Potomac home belonging to Jennifer Douglas, a wife of the vice president of Nigeria, Atiku Abubakar. Jefferson has until this afternoon to appeal the ruling." Roll Call notes, "The six paragraphs that will not be made public are from a court-approved wiretap in which Mody wore a wire during her dealings with Jefferson."

DOJ, House Lawyers To Begin Discussions About Jefferson Documents. Roll Call (6/5, Pershing) reports, "The dispute over last month's FBI raid of Rep. William Jefferson's…office will continue on three different fronts this week as the House and the Justice Department grapple over the fate of the documents seized from Jefferson and with how similar cases should be handled in the future. Lawyers from the House and the Justice Department are expected to sit down within the next several days to begin negotiations on a set of procedures for dealing with possible future search warrants for Congressional offices." Judiciary Chairman James Sensenbrenner "has pledged to craft legislation on that subject and to hold more hearings on the constitutionality of the Jefferson raid," and "sources said House lawyers are expected to file a brief on behalf of the chamber in federal court on Tuesday supporting a motion by Jefferson's attorneys calling the search unconstitutional and asking that the FBI return the documents it took." Noting the ABC News poll which "showed that 86 percent of respondents — including 94 percent of Republicans — believed the FBI's search was allowable," Roll Call adds, "With Members in their districts last week, House GOP leadership aides said their bosses were taking a wait-and-see attitude on whatever legislation Sensenbrenner might produce."

More Commentary. In a Roll Call (6/5) op-ed condemning the FBI search as a violation of the Speech and Debate Clause, Woodrow Wilson International Center for Scholars Congress Project director Don Wolfensberger Donald Wolfensberger writes that "the unprecedented FBI raid" on Rep. William Jefferson's office "instantly jolted me back to an earlier era of parliamentary history," when "King Charles I, with a group of armed men, burst into the British House of Commons to arrest five of his most vocal critics for treason" and set off the English Civil War. "There are clear signs President Bush has gotten the message from the united Congressional outcry at this overreach of power and is interested in repairing the breach. … Let us hope the damage is not irreparable and that the two houses on the Hill and the White House may come again to enjoy each others' hospitality — when invited."

In a Roll Call (6/5) op-ed, Chadbourne & Parke partner Abbe David Lowell writes, "A civil libertarian is a conservative against whom an investigation leak has just occurred," and "thus, Speaker Dennis Hastert…has become the new spokesman for reining in the power of prosecutors." Lowell notes, "It should not be shocking to the Speaker or anyone else paying attention that this administration did what none other has done in more than 200 years — execute a search of a sitting Congressman's Capitol Hill office. … This truly

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has become the administration whose motto is: 'We do it because we can.'" Lowell adds, "As worrisome as this problem is, the solution is not a difficult one. Midterm elections provide a real opportunity for Americans to restore a better balance."

Lobbying Firm's Clients Subpoenaed As Part Of Lewis Investigation. Roll Call (6/5, Bresnahan) reports a federal grand jury in Los Angeles investigating Rep. Jerry Lewis, chairman of the House Appropriations Committee, has subpoenaed "at least four clients" of the lobbying firm Copeland Lowery Jacquez Denton & White. According to Roll Call, "Federal investigators are looking into the ties between Lewis and former Rep. Bill Lowery (R-Calif.), a partner in Copeland Lowery, and are focusing at this point chiefly on Jeffrey Shockey, the deputy chief of staff for the Appropriations panel who previously worked for the lobbying firm, several sources close to the probe said. … When Lewis took over as chairman of the Appropriations Committee at the start of the 109th Congress, Shockey returned to the panel as deputy chief of staff. Shockey received a $600,000 package from Copeland Lowery before he left the firm."

Tennessee Waltz Bag Man, Former FBI Agent Testify About Alleged Bribes. The Memphis Commercial Appeal (6/3, Buser) reported, "The key government informant in Roscoe Dixon's bribery trial testified Friday that the former state senator indicated to him that to gain support in the legislature 'you had to pay to play.' Tim Willis, a political consultant who wore recording devices for the FBI, said he paid Dixon and his aide Barry Myers thousands of dollars in cash to push a bill on behalf of E-Cycle Management, Inc." He "acknowledged that he was well paid by the FBI -- $180,000 in salary and more than $26,000 in expenses since 2003 -- but that he did not become an informant only to make money or to avoid going to prison. 'I think the videotapes demonstrate that I don't need to lie today,' Willis told defense attorney Coleman Garrett on cross examination. 'Senator Dixon took bribes.'" The Commercial Appeal added, "In other testimony Friday, former FBI agent Joseph Carroll told jurors how he came out of retirement for 14 months to play the role of E-Cycle chief executive officer 'Joseph Carson.' Carroll's undercover skills were needed because he had spent most of his 30 years in the FBI investigating public corruption in more than a half dozen state legislatures."

The AP (6/3, Baird) reported that during Willis' testimony, jurors saw a second video clip of Dixon taking an alleged bribe. "'Oh man, you want me to carry that,' …Dixon says on the clip when handed two envelopes that informant Tim Willis said contained a total of $1,500. … Willis said Dixon was wary of accepting money himself and insisted that bribes go to an aide, Barry Myers, who testified against his former boss this week." The AP added that during Carroll's cross-examination, defense lawyer Coleman Garrett tried to ask Carroll "about 'other targets of the E-Cycle operation' but was stopped by Judge Jon McCalla on an objection from the prosecution. Garrett contends government agents focused more on black lawmakers than on white legislators." WPTY-TV Memphis (6/2) and WMC-TV Memphis (6/2) also reported on Friday's testimony.

Cotton Beginning Three-Year Prison Term Today. The Chattanooga Times Free Press (6/4, Lazenby) reported, "Former Hamilton County Commissioner William Cotton is scheduled this week to become the second Tennessee Waltz defendant to begin serving prison time on federal extortion charges." Cotton "is scheduled to report Monday to Edgefield Federal Correctional Institution in Edgefield, S.C., where he will serve three years."

Sorich Lawyers Subpoena High-Ranking Daley Aides' Records. The Chicago Tribune (6/3, Bush, Mihalopoulos, 643K) reported defense lawyers for former Daley patronage chief Robert Sorich "have subpoenaed datebooks, diaries, calendars and e-mails of the mayor's Chief of Staff Ron Huberman, corporation counsel Mara Georges and other high-ranking officials in the city Law Department. The subpoena demanded that the city release on Friday all documents related to internal investigations of the city's hiring and promotions practices and the scandal-marred Hired Truck Program." The Tribune noted, "Durkin's subpoena also demanded the city produce information about hiring that was provided to federal prosecutors in 1997. In particular, he sought lists that Sorich kept of names of people who applied for city jobs or promotions."

Blagojevich Patronage Chief Met With Hiring Officials About Applicants. The Chicago Tribune (6/4, Pearson, Chase, 643K) reported, "Gov. Rod Blagojevich's patronage chief routinely met with other hiring officials to discuss job applicants and their political sponsors for positions that were supposed to be free from clout, sources involved with the process say. Blagojevich aides say they created a complex system to prevent hiring officials from seeing the names of candidates seeking so-called civil service jobs, providing an extra layer of security to ensure politics was not a factor in doling out the jobs. But even after the system was established, the sources said, patronage officials and others in the governor's office still knew applicants' names and discussed their clout at meetings to decide whether to fill positions."

Former Ohio Workers Comp CFO Charged With Taking Bribes. The Cleveland Plain Dealer (6/2, Tobin, 375K) reported, "The former chief financial officer for the Ohio

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Bureau of Workers' Compensation took cash, a Florida Keys condo and tuition payments for his son in exchange for doling out lucrative investment contracts, according to charges filed by federal and state authorities Thursday." Terry Gasper "was charged in U.S. District Court in Cleveland with one count of racketeering. He was also charged in Franklin County Common Pleas Court with one count of money laundering and one count of violating Ohio ethics laws because he did not report the gifts. The charges were related to favors that authorities say Gasper received from investment brokers, dealers and marketers and from Tom Noe, the disgraced coin dealer and heavyweight Republican fund-raiser." The Dayton Daily News (6/2, Bischoff) noted, "He was charged through a bill of information, not an indictment," which Franklin County Prosecutor Ron O'Brien said his office typically uses when "the defendant is cooperating with authorities and plans to plead guilty." The AP (6/2, Welsh-Huggins) also reported on the charges.

Probe Examining Former AmEx Executive's Connections To Gasper. The Cleveland Plain Dealer (6/3, Brown, 375K) reported, "Authorities are investigating the role a former senior vice president of an American Express company played in getting unauthorized investment business from the Ohio Bureau of Workers' Compensation, sources said Friday. Officials are examining Clarke Blizzard's connections to Terry Gasper…and Blizzard's role in brokering millions in investments that were later changed into risky, unsanctioned hedge funds, sources said. Those funds eventually lost $4.8 million of the bureau's money." Blizzard "allegedly showered Gasper and friends close to him with thousands of dollars' worth of meals, Columbus Blue Jackets hockey tickets, airline tickets and other gifts."

Prince George's School Board Members Testify Before Hornsby Grand Jury. The Washington Post (6/4, C6, Anderson, Rich, 744K) reported, "Prince George's County Board of Education members and other school officials testified recently before a federal grand jury investigating issues related to former county schools chief Andre J. Hornsby, officials familiar with the testimony said. The testimony…signals a quickening pace in an investigation that helped drive Hornsby from office one year ago. … The official, who spoke on condition of anonymity because of the sensitivity of grand jury proceedings, said federal prosecutors appeared to be scrutinizing issues raised by an independent ethics report. That report examined Hornsby's actions relating to the federal telecommunications subsidy known as 'e-rate and a $1 million purchase of classroom equipment for literacy instruction." The Post noted, "In April 2005, the FBI seized records from Hornsby's office in Upper Marlboro and other school facilities."

FBI Cuts Agents Assigned To Seattle Federal Prosecutor Murder Probe. The Seattle Post-Intelligencer (6/3, Shukovsky) reported, "The FBI has cut the number of agents assigned to the almost five-year dragnet to find the murderer of Assistant U.S. Attorney Tom Wales. … Leaders of the FBI's Seattle office -- who have about 140 agents to cover the entire state of Washington -- made the decision to reallocate scarce FBI resources last month. It came on the heels of a routine inspection of the office by FBI headquarters, said federal criminal justice sources." US Attorney John McKay "made clear Friday that he was not happy with the decision to cut the number of agents on the case. … But he added he has 'confidence in the Seattle FBI to get it right.'" SAC Laura Laughlin and Assistant SAC Steven Fiddler made no comment, but "one federal criminal justice source who spoke on condition of anonymity said" that the decision "is a good call" because "it reflects the lack of progress in the Wales investigation, and balances it against other investigative priorities."

Second DC Transportation Official Charged With Bribery. The Washington Times (6/5, Mcelhatton) reports, "A D.C. Department of Transportation inspector was indicted last week on charges of seeking cash payments in exchange for allowing illegal job sites to operate or to prevent contractors from being fined. Denard A. Smith," is, "the second city inspector charged in a bribery scandal in the past month." The Times adds, "Authorities said Mr. Smith accepted a total of about $4,000 in cash from more than a dozen people since last summer."

Florida Plastic Surgeon Convicted Of Medicare Fraud For AIDS/HIV Treatments. The Miami Herald (6/2, Dorschner, 323K) reported Isaac Nosovsky, "a former plastic surgeon in Weston, has been convicted in federal court of Medicare fraud charges involving expensive AIDS/HIV infusion treatments -- the latest case in a crackdown to stop widespread schemes that may have bilked taxpayers out of hundreds of millions of dollars." Nosovsky "gained notoriety last year over accusations that he allowed his brother, Gregorio, to perform breast implants and other cosmetic operations even though Gregorio had no medical license. At least 35 women have said Gregorio botched their surgeries, and both brothers still face criminal charges in Broward courts concerning their alleged unlicensed collusion." The fraud indictment "stated Nosovsky had taken Medicare for $1.3 million in his fraudulent billing scheme."

The South Florida Sun-Sentinel (6/2, 249K) added that Novosky was convicted of "fraudulently billing Medicare $1.3 million for patients treated at a HIV/AIDS clinic, the U.S. Attorney's Office said. … Medicare patients were paid cash kickbacks to attend Nosovsky's clinic…in Miami." The South

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Florida Business Journal (6/2) noted that three "other co-conspirators - Rosa Walled, Rafael Walled and Gregory Delatour -were separately charged and have all pleaded guilty."

Columbine A 'Benchmark' To Troubled Children. USA Today (6/5, Toppo) reports, "U.S. public schools in April saw at least a dozen Columbine-like plots foiled, from central Alaska to southern Florida. … Why does Columbine still resonate for troubled kids? School safety experts say they struggle to answer that question." Bill Modzeleski, of the Safe and Drug-Free Schools program says, "seven years later, disaffected children talk about 'out-Columbining, outdoing Columbine. So that's the benchmark.'" Today continues, "authorities in several areas have responded by filing terrorism charges based on threats alone, paving the way for possible longer sentences and, in cases when attacks actually take place, trials in adult court."

Data From Active Duty Navy, National Guard Stolen With VA Information. ABC World News Tonight (6/4, story 3, 0:30, Harris, 8.78M) reported, "The case of the missing data from the Department of Veterans Affairs is growing with more military personnel potentially at risk, from stolen information. The government says data on as many as 50,000 active duty Navy and National Guard personnel are among the records stolen from a Veterans Affairs employee last month. Already, 26 million retired veterans are at-risk."

Man Arrested Trying To Jump White House Fence. The Secret Service arrested a man yesterday as he tried jump the fence on the south side of the White House. The AP (6/4) reported that Roger Witmer of Washington "faces charges of unlawful entry and disorderly conduct." Secret Service spokesman Tony Mazur "said members of the uniformed division captured Witmer before he got over the fence. But he threw over plastic bags, and officials shut down traffic on the south side of the White House so they could be examined for explosives. None was found."

Hotel Website Loses Data From 250,000 Customers. ABC World News Tonight (6/4, story 6, 0:30, Harris) reported, "The Internet site Hotels.com has notified thousands of customers that their credit card information may have been compromised. The data was loaded on to a lap stop compute that was stolen back in February. The company says there is no evidence so far that the information has been misused."

NBC Nightly News (6/4, story 7, 0:20, Seigenthaler) reported, "The travel website Hotels.com says it involves a company laptop carrying the names, addresses, and credit card numbers of nearly 250,000 customers. Letters have been sent to those involved, and officials are watching for improperly used information."

Brownback Visits Jail Overnight To Highlight Reassimilation Program. ABC World News Tonight (6/4, story 7, 3:00, Harris, 8.78M) reported, "Every year, an estimated 650,000 inmates are released. Two-thirds of them will be rearrested within three years. Creating new crime victims and costing taxpayers millions of dollars to put those offenders back behind bars. For years, inmates have been released with $100 and a bus ticket. Now, a coalition of liberals and conservatives are trying to change that. Days ago, one of the most conservative politicians in the country, US Senator Sam Brownback, stayed overnight in this prison in his home state of Kansas. He met, mingled and prayed with, murderers, rapists and robbers." Brownback "doesn't want to reduce their sentences. He wants to reduce the chances they'll commit new crimes when they're released." Sen. Brownback: "Once a person has paid their penalty to society, let's work with them to see they don't go back in." ABC added the "annual price tag for corrections in this country, $60 billion. Nearly double the budget for homeland security. Which is why Senator Brownback is co-sponsoring the Second Chance Act. It would prepare inmates for success outside of prison." Of 40 inmates who participated in one program in Kansas, "only 4 have been rearrested. That's way below the national average of 66%." Senator Brownback "says research shows children of inmates are more likely to become criminals themselves. And that reentry programs can help address that generational curse."

WPost Praises SCOTUS Decision In Ceballos Case. An editorial in the Washington Post (6/5, A14, 744K) praises the Supreme Court decision the case of Richard Ceballos, a prosecutor with the Los Angeles district attorney's office, who claims he suffered professional retaliation for questioning the accuracy of a search warrant affidavit upon which his office was relying in a criminal case. The case presents a "difficult puzzle: whether the First Amendment right to free speech protects Mr. Ceballos's on-the-job expressions. The court ruled that it does not. On balance, we think that's right. … In the end, the First Amendment seems a bad fit for shielding intragovernmental debate. Protecting people like Mr. Ceballos should be the province of whistle-blower protection laws, which need to be strong enough to prevent retaliations of the sort he claims."

LATimes Skeptical Of Administration Stance On Preserving Internet Records. An editorial in the Los Angeles Times (6/5, 958K) says the Bush Administration "has opened talks with leading Internet providers and search

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engines about preserving their records. The Justice Department apparently wants Internet companies to keep two years' worth of data on where users go, what they search for and to whom they send e-mail. The ostensible purpose is to combat child pornography and terrorism. That's a laudable goal. It's not at all clear, however, that this plan would put more bad guys behind bars. It's more likely that the new troves of data would attract hackers or trial lawyers." The Justice Department "should have to show that the change is needed to put more child pornographers and terrorists behind bars."

CIVIL LAW:

Number Of Fair Wage Lawsuits Increases. The Wall Street Journal (6/5, Maher) reports, "Workers are filing more lawsuits against employers they accuse of violating fair-wage laws that govern overtime and minimum pay, with an increasing number seeking to combine the claims with large groups of their fellow employees as well. The suits increasingly seek what is called collective action under federal wage laws." The Journal adds, "In part, the uptick reflects efforts by lawyers to represent large groups of workers, from assistant managers to computer technicians and delivery drivers who may be owed back wages, and collect potentially lucrative settlement fees."

Potential Abortion Bans Playing A Role In Many State Races. The New York Times (6/5, Davey, 1.19M) reports that "in campaigns for governor and the Legislature…many candidates are not only being asked about limits on abortion, but a far broader, starker question: to outlaw or not to outlaw?" The Times notes that the issue is playing a prominent role in the South Dakota, Florida and Arkansas gubernatorial contests, adding that in many state races, "it remains uncertain who will benefit from the sudden focus on abortion bans -- candidates who oppose abortion rights or those who favor them."

CIVIL RIGHTS:

Bush Will Urge Senate To Pass Gay Marriage Ban At White House Event. NBC Nightly News (6/4, story 8, 2:55, Seigenthaler, 9.87M) reported, "At the White House, marriage will be the topic in the Rose Garden tomorrow. The President plans to use the setting to push again for an amendment against same-sex unions." NBC went on to report that Republicans "acknowledge they don't have the 67 votes needed for passage, but President Bush is calling on Congress to act now." NBC also said that with his "approval ratings low, steady bad news out of Iraq, problems with the immigration bill, and elections in November looming, the timing of the gay marriage debate is welcome by the President and his party."

The Washington Times (6/5, Fagan, 90K) reports that today the Senate begins debate on the gay marriage ban. The Times notes President Bush "this weekend stepped into the fray, using his Saturday radio address to urge approval of the amendment. … He will make another push at a White House meeting today, after conservative groups complained that he hasn't fought hard enough for the measure. The Senate is expected to vote Wednesday on whether to limit debate and force a final vote, but even supporters say they likely won't get the needed backing from 60 senators to force a final vote."

Friend Says Gay Marriage Is Barely On Bush's "Moral Radar." Newsweek (6/12, Rosenberg) reports that President Bush "had been mostly mum on gay marriage since his re-election. But now, with his poll numbers in a nose dive and even his most enthusiastic supporters grousing, Bush took up the cause in his radio address Saturday; an amendment is needed because 'activist courts have left our nation with no other choice,' he explained." Newsweek notes, "Though Bush himself has publicly embraced the amendment, he never seemed to care enough to press the matter. One of his old friends told NEWSWEEK that same-sex marriage barely registers on the President's moral radar." White House aides "insist that the President does care about banning gay marriage."

Frist To Bring Gay Marriage Amendment Up For A Vote This Week. Newsweek (6/12, Rosenberg) reports that Senate Majority Leader Bill Frist this week will bring the Federal Marriage Amendment (FMA) up for another vote in the Senate. The House "House could weigh in next month. Though it isn't expected to pass either House, supporters want to get pols on the record before November." Newsweek adds, "While the GOP leadership clearly hopes this tack can revive their sputtering election prospects this fall, some GOP strategists aren't so sure. Pew polls show a 10-point jump in support for gay marriage since 2004."

NYTimes Calls Bush Radio Address "Cynical" and "Depressing." The New York Times (6/5, 1.19M), in an editorial, writes that President Bush "devoted his Saturday radio speech to a cynical boost for a constitutional amendment banning gay marriage. It was depressing in the extreme to hear the chief executive trying to pretend, at this moment in American history, that this was a critical priority."

Bauer Sees Change In How Marriage Is Viewed. In an op-ed for the Los Angeles Times (6/5, 958K) former presidential candidate Gary Bauer, president of American Values and chairman of the Campaign for Working Families, writes, "Many couples are replacing the traditional promise 'til death do us part' with vows such as 'for as long as our love shall last' and 'for as long as we continue to love each other.'

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Clearly these couples are under no illusions about their odds in a nation with a 50% divorce rate."

FBI Uncovers Eastern Shore Sex-Trafficking Operation. The Virginian Pilot (6/3, Burke, Gaynair) reported, "Federal authorities allege they have uncovered a sex-trafficking operation in which prostitutes were transported from New York City to service Hispanic customers at a brothel" in Mappsville on Virginia's Eastern Shore. "The case is the latest in a growing number of investigations nationwide of sex trafficking involving Hispanic women," and "in the Eastern Shore case, three people have been arrested so far." FBI agents "secretly videotaped activity and conducted surveillance at the Beartown Road house, where weekend business was brisk, according to court documents and testimony in Norfolk federal court last week. … Jennifer V. Collins, the lead FBI agent in the case, testified…that there were conflicting opinions among those involved in the operation of the brothel about whether the women were free to leave when they were on the Eastern Shore."

Busby Retracts Controversial Remark Concerning Voting By Illegals. The Washington Times (6/5, Pierce, 90K) reports in its "Inside Politics" column that Francine Busby, the Democratic candidate in the CA50 special election, "finds herself trying to explain a remark she made last week to a largely Hispanic audience: 'You don't need papers for voting.' On Thursday night, Francine Busby, the Democratic candidate for the 50th Congressional District in California, was speaking in Escondido when she uttered those words." Someone taped the remarks "and a recording began circulating Friday. After she made that statement at the meeting, Mrs. Busby immediately said: 'You don't need to be a registered voter to help' the campaign. She said that subsequent statement was to clarify what she meant."

Rothenberg Says Strong Busby Showing Would Be Evidence Of Coming "Democratic Deluge." Stuart Rothenberg writes in Roll Call (6/5) that neither party is expressing confidence about the CA540 special election, which "increasingly looks like a test of Democratic efforts to ride a wave of voter dissatisfaction and of Republican efforts to energize the party's conservative base." Rothenberg notes that "even if former Rep. Brian Bilbray (R) ends up squeaking out a narrow victory against Democrat Francine Busby…a strong Busby showing (say, near 50 percent) would be evidence that the Democratic Deluge of '06 has begun."

Electronic Voting Machines Face Legal Challenges. USA Today (6/5, O'Driscoll, 2.31M) reports that electronic voting machines are the subject of legal challenges in at least six states. Most of the suits "argue that the machines are vulnerable to software tampering, don't keep an easily recountable printed record and may miscount, switch or not record votes and even add phantom votes. … No case yet has claimed intentional manipulation of electronic vote data. But another advocacy group, Black Box Voting, reported last month that a Finnish expert found security flaws for a Diebold Election Systems model. Diebold, a major manufacturer, says the vulnerability is theoretical and will be fixed this year."

ANTITRUST:

DOJ, FTC In Antitrust Clash Over Generic Drugs. The Financial Times (6/5, Kirchgaessner, Bowe) reports, "An unusual rift between the top antitrust authorities in the US over the legality of deals between pharmaceutical companies and their generic counterparts is intensifying, raising questions for the companies involved in the controversial transactions." The Times continues, "The dispute between the Department of Justice and the Federal Trade Commission, which is playing out in the arena of the Supreme Court, is likely to become even messier next week when the FTC takes the rare step of filing a second petition urging the court to take on the issue over the objections of the Bush administration." The Times adds, "At the centre of the disagreement between the justice department, the top law enforcement body, and the FTC, an independent agency composed of Democratic and Republican commissioners, is a complex patent dispute involving Schering-Plough and its drug, K-Dur 20, which treats the side-effects of drugs for high blood pressure. … In 1997 Schering ended a dispute with a generic rival by paying the company, Upsher-Smith, $60m (€46m, £32m) to stay out of the market until 2001. Schering's patent was originally intended to expire this year. The FTC has claimed that the agreement, as well as similar deals that have since been agreed between drug companies, are anti-competitive. … The agency says that while settlements between drug companies do not violate antitrust laws, the equation changes when branded drug groups offer their generic rivals deals they cannot refuse: substantial payments to stay out of the market until a certain date."

Toshiba Gets Nod For Westinghouse Deal. The Financial Times (6/5, Kirchgaessner, Hoyos) reports, "Toshiba's $5.4bn takeover of Westinghouse, a UK-owned nuclear company, has cleared a significant regulatory hurdle with the approval of the deal by the US committee that investigates foreign transactions on national security grounds." The Times continues, "People familiar with the transaction said it got the green light from the secretive Committee on Foreign Investment in the US, or Cfius, last week." The Times adds, "Approval from Cfius was widely expected but it represents an important milestone given the

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heightened political tension in Washington. Both the Cfius process and acquisitions by foreign companies of sensitive assets either owned by US groups or, in the case of Westinghouse, located in the US have recently come under the spotlight. … A political firestorm erupted in Congress this year after Cfius approved the takeover of five US port terminals and other facilities by a state-owned Dubai company. Lawmakers said the deal compromised US national security and attacked the executive branch agencies that comprise Cfius for failing to adequately investigate the deal. … The backlash forced Dubai Ports World to sell the port terminals to a US buyer. It also prompted a flurry of legislative proposals to revamp the Cfius process. … Although the proposals have not yet been made law, attorneys and lobbyists who work on Cfius deals in Washington say that, in practice, the Dubai controversy has had a significant impact on the way deals are handled and expanded the range of transactions that are reviewed."

Planned NYSE Merger Reveals Lack Of International Regulations. The Wall Street Journal (6/5, Wysocki, Lucchetti) reports, "As financial markets grow more electronic and international, a big question looms: Who should regulate them? … That issue is now in the spotlight as the operator of the New York Stock Exchange sets plans to merge with Euronext NV." The Journal adds, "Right now there's no formal legal framework for regulating exchanges that cross national borders." While executives at the NYSE and Euronext say little regulation will change, "under the new combined holding company'" regulators are still "planning adjustments -- more sharing of information, for example."

Unitab Rejects Tabcorp Takeover Bid. The Financial Times (6/5, Reporters) reports, "Unitab on Monday rejected an eleventh hour unsolicited A$1.9bn offer from Tabcorp, Australia's biggest gaming group, and maintained its endorsement of a merger plan with another betting operator. Tabcorp's cash-and-paper offer – presented on Thursday — values the Queensland-based Unitab at A$14.25 a share." The Times continues, "This is higher than a rival A$1.7bn paper bid for Unitab, unveiled in March, from Tattersall's." But Unitab said, "in a statement to the Australian Stock Exchange on Monday that it considered the offer made by Tabcorp inadequate for a takeover."

Political Fallout From Rate Increase Halts FLP, Constellation Merger. The Wall Street Journal (6/5, Smith) reports, "FPL Group Inc.'s proposed $11 billion purchase of Constellation Energy Group Inc. looks increasingly doubtful due to a political furor in Maryland over higher electricity rates. Constellation Chief Executive Mayo Shattuck sent employees a letter May 30 in which he said the firm had 'ceased FPL merger integration activities.'" The Journal continues, "A 72% rate increase by Constellation's Baltimore Gas & Electric unit has become a political issue in Maryland, where Democrats are hoping to unseat Republican Gov. Robert Ehrlich."

Ferrovial To Raise Hostile Bid For BAA To $18.46 Billion. The Wall Street Journal (6/5, Singer) reports, "Spanish construction company Grupo Ferrovial SA will raise its hostile offer for British airports operator BAA PLC for a second time in a final, £9.8 billion ($18.46 billion) bid to acquire the world's largest airport operator by market value, according to people close to the matter. It will raise its bid to at least 915 pence ($17.23) a share." The Journal adds, "To defend against the Ferrovial bid, BAA has said it would return £700 million to shareholders and boost its dividend payout by 40% this fiscal year."

ENVIRONMENT:

Blanco Threatens To Block Federal Efforts To Drill In Gulf. The Wall Street Journal (6/5, Cooper, 2.11M) reports that Louisiana Gov. Kathleen Blanco says she will try to block federal efforts to open part of the Gulf of Mexico to oil drilling this summer unless Washington shares the proceeds with her state. Blanco "risks the ire of Washington, which is providing billions of dollars in reconstruction money to her storm-racked state. Even so, she says she will try to block the August auction of offshore oil properties in the western Gulf unless the federal government agrees to help restore the state's wetlands, which scientists say are disappearing at an alarming rate." The Journal adds, "It is unclear whether Ms. Blanco can force the cancellation of the August lease sale, but she may be able to delay it, since she can file an objection with the Interior Department. If the department rejects her complaint, Ms. Blanco can appeal to the Commerce secretary. If the Commerce secretary overrides her, Ms. Blanco has hired a Washington lawyer and threatened a suit."

Gore Urges Paulson To Speak To Bush About Global Warming. Former Vice president Al Gore was asked on ABC's This Week (6/4, Stephanopoulos) if he thinks the nomination of Henry Paulson, his "ally… in the fight against global warming," is evidence of "a change of heart by the president" on global warming. Gore replied, "I would like to think so. … I doubt it. I would love to be proven wrong about that. His first secretary of the Treasury was terrific on the issue of global warming, but it didn't make any difference to the president." Gore added, "I hope that privately he will try to convince the president to change his mind."

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Hubbard Cheers Paulson Nomination. R. Glenn Hubbard, who was chairman of the Council of Economic Advisers under President George W. Bush, writes in the Wall Street Journal (6/5, 2.11M), "President Bush's selection of Hank Paulson to be the next Treasury secretary is cause for cheer. His nomination also offers a pause for reflection on the economy's performance and its productivity muse -- and on concerns about the economic outlook." Treasury Secretary John Snow "has rightly celebrated the economy's success, and Mr. Paulson will no doubt do so as well. But explaining the fount of that success and confronting real fears about change and entitlement spending would be a welcome addition."

China Becoming A World Leader At Developing Renewable Energy. U.S. News and World Report (6/12) reports that China "is quietly becoming a world leader in developing renewable energy sources and technology. With its energy needs growing exponentially and the price of oil near record highs, Beijing is using every possible means to eke out extra kilowatts -- and this means not only cutting oil deals with rogue regimes and building nuclear reactors but also putting into place some of the most aggressive renewable-energy policies in the world."

NYTimes Praises Protection Of Coral Under The Endangered Species Act. The New York Times (6/5, 1.19M) editorializes, "Anyone who has given thought to the pitifully fragile state of the oceans' coral reefs should have been heartened by the recent classification of two kinds of coral as threatened under the Endangered Species Act. The inclusion of the elkhorn and staghorn, two species of Caribbean coral, was a welcome first for the list, prompted by a task force on coral reefs established by President Bill Clinton and continued by the Bush administration.

FBI/DEA/ATF/USMS:

2 DC Jail Escapees Recaptured. The Washington Post (6/5, B1, Glod, Pierre) reports, "The second of the two men who escaped from the D.C. jail Saturday was recaptured last night in the Seat Pleasant area of Prince George's County. The other man was picked up early yesterday at a Fairfax County motel." Ricardo Jones, "was seized about 11:40 p.m., the U.S. Marshals Service said." While Joseph Leaks, "was arrested without incident about 1:20 a.m. yesterday." The Post continues Leaks and Jones had escaped by, "smashing through a reinforced window, officials said."

Jail Break Raises Concerns Over Neighboring Citizens Safety. The Washington Times (6/5, Mcelhatton) reports, "The jailbreak has raised questions about whether the facility's siren system to alert neighbors was working properly. Wilbert Hill, an advisory neighborhood commissioner who lives about five blocks from the Southeast jail, said he and others in the area did not hear the sirens. 'I think they should have some way of notifying residents of a prison break,' Mr. Hill said."

Alleged Drug Dealer May Be Linked To Fentanyl-Laced Heroin. The St. Louis Post-Dispatch (6/3) reports on an alleged drug dealer who may be linked to recently reported overdoses involving fentanyl-laced drugs and writes, "The plan was to buy drugs and arrest the suspected dealer, Maurice A. Adkins, on the spot. But Adkins tried to escape, injuring an undercover detective in the process, and officers opened fire, officials said. As Adkins, 27, lay in critical condition in a hospital Friday, prosecutors filed charges of first-degree assault on a law enforcement officer, delivering a controlled substance and possession of a controlled substance. … A man arrested with Adkins was hospitalized after authorities discovered that he had swallowed some heroin during the arrest, police said."

Heroin Overdoses Reported In Pennsylvania. The Pittsburgh Post-Gazette (6/5, Rotstein) reports, "A potent form of heroin delivered devastating effects to users in several city neighborhoods over the weekend, killing one and knocking others unconscious in cars and homes. Pittsburgh police said they and paramedics responded to at least 20 heroin overdose cases in a 24-hour period yesterday and Saturday, primarily in Hazelwood, Greenfield and Lincoln Place and on the North Side. At the scene of many of the overdoses, investigators found tiny packets labeled in red type with the words: 'Get high or die trying.'

The Pittsburgh Tribune-Review (6/5) reports, "Police do not know if a high concentration of the drug or something mixed with it is to blame for the unusually high number of overdoses. Police do not know where the heroin is coming from but are working with their counterparts in Detroit to see if there is a link with overdoses reported there."

In Tennessee, Plea Agreements Reveal Millions Of Dollars Worth Of Drug Trafficking. The Knoxville (TN) News Sentinel (6/5, Satterfield) reports, "A slew of guilty pleas entered in the past two weeks in U.S. district courts in Knoxville and Greeneville has generated a paper trail outlining a decade-long venture among a diverse band of traffickers that served up $22.5 million worth of marijuana and nearly $1.1 million in meth to users in East Tennessee. The granddaddy of plea agreements secured by Assistant U.S. Attorney Robert Reeves in this case involves Washington County man Mark Saults, a horseback-riding country boy who headed up this organization. Saults has admitted pushing 15,000 pounds of pot, 24 pounds of meth

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and a handful of pounds of cocaine in a drug business he began in earnest in 1995." The Sentinel also notes the DEA's involvement with the case.

10 Arrested In Mississippi Drug-Ring Investigation, More Arrests Expected. From Hattiesburg, the AP (6/4) writes, "Authorities say they have arrested at least 10 people in a probe into a drug trafficking ring that operates between Mexico, Jackson and Hattiesburg and more arrests are likely. … 'You can reasonably say that these defendants are connected to an active investigation that remains ongoing,' said Steve Luzinski, spokesman for the federal Drug Enforcement Administration in Jackson. He described it as a large investigation into marijuana and cocaine trafficking." A similar story was published by the Hattiesburg American.

Use Of DEA "Bug" Credited For Collapse Of Gang Leader's Influence. The Chicago Tribune (6/4) reports, "At the peak of his tyranny, Larry Hoover's "gang nation" numbered 50,000 members in 35 states. … In the mid-1990s, though, Hoover's influence collapsed. The key reason: U.S. Drug Enforcement Administration agents dreamed up the kind of electronic gadget that makes TV's '24' a celebration of technology deployed against bad guys. More than a decade after that DEA coup, a three-judge panel of the 7th U.S. Circuit Court of Appeals has declared that the feds' tactics didn't violate the rights of Hoover's deputy, Gregory 'Shorty G' Shell." The Tribune goes on to report how DEA supervisor Rick Barrett thought of the idea of using microphones and transmitters thin enough to fit a prison visitor's tag and ultimately get information needed for the investigation.

In Texas, "Operation Elm Street" Seen As Groundbreaking Drug Investigation. The McAllen Monitor (6/4) reports, "Two to three times a week, for at least a decade, George Gutierrez or members of his clan…made trips up U.S. Highway 281 to San Antonio, Austin or sometimes Houston with 50 to 300 pounds of pot concealed in passenger vehicles. … The illicit drug proceeds financed a multi-million dollar real-estate developing business, lush trips to Las Vegas, the best hotels. … But access to those and other luxuries came to a halt when the county's drug interdiction task force in tandem with the local U.S. Drug Enforcement Administration's task force closed in on the family's illegal dealings in late 1999." The investigation was called "Operation Elm Street," and it "became a groundbreaking operation that launched larger, longer investigations, the kind for which HIDTA task forces are known."

Guatemalan Man Accused Of Drug Smuggling, Customs Officer Faces New Trial. In its "Police Briefs" section, the Brownsville (TX) Herald (6/5) reports a federal judge on Friday "denied bond for a Guatemalan man after customs officers found more than 6 pounds of heroin and more than 6 pounds of cocaine in his truck's battery. Henry Otoniel Yanes drove a 1999 Ford Ranger across the Gateway International Bridge on Wednesday, according to a criminal complaint. … According to the U.S. Drug Enforcement Administration Web site, Colombian heroin traffickers are known to smuggle the drug to Guatemala and then into the United States using car batteries."

In a separate story in the same section, the Herald reports, "A federal judge said a new trial for a customs officer accused of bribery will take place…despite objections from his two attorneys. The four-day bribery trial for U.S. Customs & Border Protection K-9 officer Juan Posas ended May 25 afternoon with a mistrial because of a deadlocked jury. Authorities arrested Posas in March based on a two-count indictment for accepting bribes and allowing drug smugglers to pass through his post."

In Montana, Tobacco Shop Owner Acquitted Of Possessing Drug Paraphernalia. The AP (6/4) reports a tobacco shop owner has been acquitted of possessing drug paraphernalia for sale, a day before a similarly accused but convicted Missoula man was sentenced by a judge critical of the prosecution. A federal jury Thursday acquitted Bradford Moore, 46, owner of Heads Up Tobacco Shop. He is one of four Montana business owners arrested last year during an investigation by federal drug agents. The four include David Sil, 61, of Missoula, who Friday received a sentence of two years on probation for distribution of drug paraphernalia."

The Missoulian (6/3) reports, "Last May, Drug Enforcement Administration agents seized pipes, cash, clothing items and business records from Sil's shop, The Vault, a small pipe and tobacco accessories business he opened nearly 10 years ago. On Friday, fighting for a sentence at the lower end of the federal spectrum, Sil's attorney, Martin Judnich, explained that his client operated The Vault in Missoula for eight years, without subterfuge and without legal consequences."

IMMIGRATION:

Fifty-Five National Guard Troops Begin Border Security Duties In Arizona Today. The New York Times/AP (6/5) reports that 55 Utah National Guard troops will begin work today "extending fences, improving gravel roads and working on border lighting near the town of San

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Luis, Ariz., which is part of the nation's busiest Border Patrol station." The AP notes, "The troops are part of President Bush's plan to send up to 6,000 National Guard members to the four border states to perform support duties that will allow immigration agents to focus on border security. The Guard members will not perform significant law enforcement duties." NBC Nightly News (6/4, story 3, 2:25, Lewis, 9.87M) reported, "critics contend that sending in the National Guard on a hastily improvised mission like this probably will not do much to stem the flow of illegal immigrants from the south of the border, this as concerns about securing that border continue to mount in this country. Despite the criticism, the Border Patrol people here say they welcome the addition of the Guard, something they say will free up agents to do the work of law enforcement."

Report Finds Illegals Escape Portion Of Tax Burden. The Washington Post (6/5, B1, Brulliard, 744K) reports a study by the Urban Institute shows that taxes "paid by immigrant households in the Washington region are on par with those paid by native-born Americans, although immigrants here illegally pay less." DC-area immigrants "pay nearly one-third of their income to the government -- at least $10 billion a year -- but those here illegally pay less than $1 of every $5 they earn in taxes, the report says. That is partly because they earn less but also because many are paid off the books and escape payroll taxes.

Stabenow's "Balancing Act" On Immigration Draws Criticism Form Left And Right. The Washington Times (6/5, Lambro, 90K) reports Sen. Debbie Stabenow "is under attack in Michigan for straddling the fence on the immigration bill, attempting to please both sides of an issue that has deeply divided her political base." Stabenow "has come under fire" from Republicans and the Lansing State Journal, "a major state newspaper," for "opposing key amendments that would crack down on the hiring of illegal aliens. According to the Times, "While Mrs. Stabenow's votes on the bill appeared contradictory to some, Michigan Democrats said she was striking a balancing act on the measure by casting votes that would appeal to her state's Hispanics, but in the end voting against the entire bill, which much of her party's blue-collar constituencies oppose."

Immigration Sowing Discord Amongst Some GOP Rivals. The Washington Times (6/5, Hurt, 90K) reports, "From districts along the Mexican border to deeply landlocked districts, immigration has become both a rallying cry for Republicans in some races and a wedge that splinters Republicans in other races." The Times notes that Sen. John McCain cancelled his appearance at a fundraiser for former rep. Brian Bilbray, who is trying to replace former Rep. "Duke Cunningham, after Bilbray "publicly attacked" McCain's Senate legislation "because he said it granted 'amnesty' to illegals." Among other races briefly noted by the Times is the GOP primary in UT6, where Rep. Chris Cannon's support for a guest-worker program helped challenger John D. Jacob beat Cannon among delegates at the Utah GOP convention.

Grassley Tax Measure Complicates Immigration Reform Negotiations. Syndicated columnist Robert Novak (6/5) writes, "On May 23, as the Senate raced toward passage of the comprehensive immigration bill" Sen. Charles Grassley "moved the adoption of a new Title III to the measure. It passed easily without anybody mentioning that the amendment raises revenue, which was a violation of the U.S. Constitution's requirement that all such measures originate in the House of Representatives. That adds another new obstacle to the formidable task of reconciling seemingly irreconcilable Senate and House immigration bills. To surmount the constitutional problem, Senate Majority Leader Bill Frist, in effect, must pass a new bill -- either under a procedure requiring unanimous consent or starting over with a bill subject to amendment." According to Novak, "There is no sign that Grassley intentionally sought to sabotage the immigration bill."

Annan Claims Migration Benefits Countries Of Origin And Receiving Countries. In an op-ed for the Wall Street Journal (6/5, 2.11M) Kofi Annan, secretary general of the UN, writes, "In a report that I am presenting tomorrow to the U.N. General Assembly, I summarize research which shows that migration, at least in the best cases, benefits not only the migrants themselves but also the countries that receive them, and even the countries they have left. How so? In receiving countries, incoming migrants do essential jobs which a country's established residents are reluctant to undertake. … Meanwhile, countries of origin benefit from the remittances that migrants send home, which totaled around $232 billion last year, $167 billion of which went to developing countries -- greater in volume than current levels of official aid from all donor countries combined, though certainly not a substitute."

TAX:

McCain Among GOP Senators Blocking Estate Tax Repeal. Roll Call (6/5, Stanton) reports Senate Majority Leader Bill Frist "hopes that the expected defeat of a GOP plan to fully repeal the estate tax this week will help increase pressure on the two wings of his fractured party to work together, along with moderate Democrats, to craft a compromise later this summer, Senate GOP aides said. … A motion to proceed to the bill is set for Wednesday, but a senior GOP aide said Thursday said that it remains well short of the 60 votes required to take up a full repeal measure. If that happens, leadership aides are expected to recommend that Frist drop the issue for now to 'let the dust settle' and allow compromise talks to continue behind the scenes before settling on a course of action." Roll Call goes on to report

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that "moderate" Republicans, "including Sen. John McCain, have argued that…the repeal sought by Frist and President Bush would expand the deficit by too much.'

WSJournal Says As Many As 62 Senators May Support Repeal. The Wall Street Journal (6/5, 2.11M), in an editorial, writes that with sixty votes needed "to defeat a liberal filibuster…we're told 56 Senators have indicated they'll vote for repeal, with another six undecided." The Journal adds, "It speaks volumes that opponents of repeal aren't debating the morality of the double or triple taxation that the death tax represents. Instead, they're basing their case on highly dubious Joint Tax estimates. These phony numbers may provide political cover both to fence-sitting Democrats and 'deficit hawk' Republicans such as" McCain and Sen. George Voinovich.

Sessions Says Estate Tax Is Among The "Most Painful" Taxes. In an op-ed for the Washington Post (6/5, 744K) Sen. Jeff Sessions writes that the estate tax – "or, as many of us prefer to call it, the death tax –" is "one of the IRS's most painful taxes, as it hits families at the worst possible time, when they are dealing with the death of a loved one."

Columnists Claim Repeal Would Diminish Assistance For The Needy. The New York Times' Paul Krugman (6/5) writes, "it's important to realize that there's still a clear connection between tax breaks for the rich and failure to help Americans in need. Any senator who votes to repeal the estate tax…is in effect saying that increasing the wealth of people who are already in line to inherit millions or tens of millions is more important than taking care of fellow citizens who need a helping hand."

The Washington Post's Sebastian Mallaby (6/5) writes, "It doesn't matter if you are liberal or conservative, Democrat or Republican. There is no possible excuse for doing what Congress is poised to do this week: Abolish the estate tax." Mallaby adds, "The nation faces rising inequality. … What is the dumbest possible response to this? Identify the most progressive federal tax and repeal it."

IRS Will Split Tax Refunds Among 3 Accounts. The Wall Street Journal (6/5) reports, "Hoping to encourage Americans to save more of their tax refunds, the Internal Revenue Service will change its rules to allow taxpayers who opt for direct deposit of their refunds to divide the money among as many as three accounts. Taxpayers would have to fill out an additional form -- dubbed Form 8888 -- to take advantage of the program." The Journal continues, "'Split refunds should encourage saving, and we hope it will dampen demand for refund anticipation loans,' said IRS Commissioner Mark W. Everson. The program will take effect in January."

CONGRESS-ADMINISTRATION:

High Court Taking Fewer New Cases. The Washington Post (6/5, A13, Lane) reports, "The inscription on the Supreme Court's front door declares 'Equal Justice Under Law.' But lately it almost seems that 'Going Out of Business' might be more accurate. … That's because the justices have been unusually stingy about agreeing to hear new cases." The Post continues, "Out of thousands of petitions for certiorari, as appeals are known, the court has granted only 16 for the term beginning in October. That is nine fewer than the 25 it had granted by this point in the previous term. … The court has an opportunity to issue more grants today and on each of the remaining three Mondays in June. But it is unlikely that the court will be able to find the 16 cases it would take to fill up its 32-hour fall oral argument calendar, lawyers who specialize in Supreme Court practice said. … Even for a court whose caseload has declined from about 150 to about 80 per term over the past quarter-century, this is a slow pace." The Post adds, "Lawyers who practice regularly before the Supreme Court are aware of the trend but are at a loss to account for it. … One factor, lawyers noted, might simply be the lack of lower-court rulings that cry out for correction. Usually the court looks to resolve 'circuit splits' -- conflicting decisions by regional appeals courts on major issues. … But with the appeals courts increasingly stocked by Republican appointees, there is relatively less disagreement among them."

Medicaid Citizenship Rules Seen As Hardship For Children And The Elderly. The New York Times (6/5, Pear, 1.19M) reports the Bush administration "plans this week to issue strict standards requiring more than 50 million low-income people on Medicaid to prove they are United States citizens by showing passports or birth certificates and a limited number of other documents." The Times notes that "federal health officials" considered granting states "broad discretion to accept affidavits in place of official documents. But House Republicans complained, and the administration backed off, allowing affidavits 'only in rare circumstances.'" According to the Times, "advocates for the poor" claim the new requirements "could cause hardship for children, older Americans and poor people born at home in rural areas who never received birth certificates. Children account for about half of Medicaid recipients. People 65 and older account for about 10 percent."

White House's Wehner Highlights Underreported Positive Trends In The News. In a Washington Post op-ed (6/5, A15), Peter Wehner, director of the White House's Office of Strategic Initiatives, says, "By

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now Americans know the litany: The nation is engaged in a difficult and costly war in Iraq; Iran is trying to build a nuclear weapon; gas prices are high; the costs of reconstructing the Gulf Coast region are huge; illegal immigration is a major problem -- and more." But these issues "aren't the whole story -- and they ought not color the lens through which we see all other events." A "strong case can be made that in a number of areas there are positive trends and considerable progress." We are "witnessing a remarkable cultural renewal in America. Violent crime rates remain at the lowest levels in the history of the Bureau of Justice Statistics' survey (which started in 1973). We are experiencing the sharpest decline in teen crime in modern history. Property crimes are near the lowest levels in the history of the federal survey. Welfare caseloads have declined almost 60 percent since 1996. Both the abortion rate and ratio are at the lowest levels we have seen in the 30-year period these data have been tracked." Other positive news includes the economy, which is "the strongest in the world and growing faster than that of any other major industrialized country," the US is using its "military power to promote great purposes" and "we are witnessing one of the swiftest advances of freedom in history." The "trajectory of events is in our favor -- and with the passage of time, all this will become clear enough."

Kappes Will Return To CIA. Time (6/12, Burger) reports in its "Notebook" column that Stephen Kappes, a former CIA operations chief, will rejoin the CIA as predicted. Kappes "would rejoin a CIA that has changed considerably since he quit in November 2004 after a management dispute with Porter Goss." Time adds, "Many career spooks are said to be thrilled by the symbolism of bringing back a man who stood up to the unpopular Goss, who quit last month. But the return of Kappes, who declined interview requests last week, is receiving some mixed reviews."

Congressional Lobbying Reform Negotiations Have Stalled. The AP (6/5, Abrams) reports, "The stench of scandal on Capitol Hill is getting stronger five months after lobbyist Jack Abramoff pleaded guilty to influence-peddling charges, but a lobbying overhaul has yet to see the light of day." The AP notes that in January both parties "battled for the ethical high ground." Rep. David Dreier, "who has led GOP lobbying efforts in the House, said at the time he hoped to pass a bill by the end of February." Dreier's spokeswoman, Jo Maney, "said the effort to reach consensus on the bill has been a challenge because some lawmakers are opposed to any changes while others favor revamping the entire system."

Municipal Governments Increasingly Relying On Lobbyists For Earmarks. Business Week (6/12) reports that as Congress "has moved toward passing more narrowly targeted spending projects, known as earmarks, a niche lobbying business has sprouted to steer that money to local interests." A "surprisingly large number of legislators have resigned themselves to the outsourcing of federalism. Some say that given the press of other legislative duties, they welcome any help they can get." More than "800 state and local governments, or their arms, employed a lobbyist on Capitol Hill in 2005, some more than one, according to a count done for BusinessWeek by the Web site lobbyists.info."

Administration Enforcement Of Medical Privacy Law Criticized. A front page story in the Washington Post (6/5, A1, Stein, 744K) reports, "In the three years since Americans gained federal protection for their private medical information, the Bush administration has received thousands of complaints alleging violations but has not imposed a single civil fine and has prosecuted just two criminal cases. … While praised by hospitals, insurance plans and doctors, the approach has drawn strong criticism from privacy advocates and some health industry analysts. They say the administration's decision not to enforce the law more aggressively has failed to safeguard sensitive medical records and made providers and insurers complacent about complying."

Study Urges Government To Recognize "Strategic Value" Of CORs. The Washington Post (6/5, D4, Barr, 744K) reports in its "Federal Diary" column that a study released by the Merit Systems Protection Board urges the federal government to "find ways to identify and track" contracting officer representatives, or CORs, "improve their training opportunities and recognize their 'strategic value.'" The Post adds, "A significant proportion of the CORs told the Merit Systems Protection Board that their contracts failed to meet at least one of these goals: quality, timeliness, completeness and cost. Only 52 percent of the CORs said their contracts met all of the goals at the same time. … The study also questioned whether some agencies are doing enough to support CORs so they can crack down on waste, fraud and abuse, and the board recommended that agencies ramp up training for CORs."

NYTimes Says Drug Benefit Has Left Some Worse Off. An editorial in the New York Times (6/5, 1.19M) says that while the new Medicare drug benefit "has scored some real successes after a staggeringly bad start, but it seems to have left some beneficiaries worse off." The Bush Administration "seems to have resolved most of the bureaucratic and computer problems that initially left tens of thousands of people unable to obtain essential medicines quickly. Complaints at pharmacies have dropped precipitously, and callers who once found it impossible to get through congested help lines now typically wait only a few

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minutes when trying to reach either Medicare or most individual health plans."

OTHER NEWS:

US Firms Post Unprecedented Rate Of Growth. The Financial Times (6/4, Swann, Guerrera) reports, "US companies have increased their share of the economic pie at a faster rate over the past five years than at any time since the second world war. Recent government figures show that profits from current production as a share of national income have risen from 7 per cent in mid-2001 to 12.2 per cent at the start of this year. This rate of growth is unprecedented since collection of these figures began in 1947."

Central Bankers Seek To Discourage Speculative Investments. The Wall Street Journal (6/5, Browning, LaHart, 2.11M) reports that the world's central bankers "are draining away some of the easy money that has made investors' lives comfortable for years. … If they keep mopping up the excess liquid cash they had helped pour into the markets, they will eventually slake the world's thirst for speculative investments, forcing investors toward established stocks, government bonds and other safe investments. If they decide to go easy, as Japanese officials recently have been doing, then maybe some of the speculative investments can hang on."

Florida Republicans Worried About Harris' Senate Bid. USA Today (6/5, Lawrence, 2.31M) reports that Rep. Katherine Harris' bid for the GOP Senate nomination in Florida is "inspiring dread among many in her party. Whether they measure by fundraising, polls, disarray, ethics, strange behavior or potential to polarize, they see trouble." Although Gov. Jeb Bush, said Harris could not win, and "staged a search for an alternative," the September 5 primary "will pit three little-known latecomers against the high-profile Harris." USA lists Harris' "other problems," including her "appearance," her "sketchy record" and her ties to corrupt defense contractor Mitchell Wade.

Jeb Bush Called Best Governor In US. In the Weekly Standard's cover story (6/12), Fred Barnes says if Gov. Jeb Smith's "last name were Smith," he would "be the prohibitive frontrunner for the Republican presidential nomination in 2008. But his last name is Bush. So Jeb Bush, nearing the end of his eight years as governor of Florida, has to settle for being the best governor in America." Bush has been "recognized as the best by a smaller group: governors who served with him and experts and think-tank and conservative policy wonks who regard state government as something other than a machine for taxing and spending." Barnes concludes the lengthy profile by saying, "We know he's not running for president in 2008. But what about 2012 or 2016? He seems disinclined."

In Possible 2008 Preview, Warner, Allen Cross Paths In Richmond. The Washington Post (6/5, B1, Shear, 744K) reports, "The orbits of former governor Mark R. Warner (D) and U.S. Sen. George Allen (R-Va.) collided Saturday at Richmond's swank Jefferson Hotel, offering a preview of what the 2008 election might bring if Virginia's two most ambitious politicians seek the White House. … In six months, the prospect of a chance meeting of Warner and Allen might not seem so novel. Both are openly flirting with a presidential bid, although neither admits to having made a final decision. An announcement from either could come after the November elections."

Gore Says He Has "All But Ruled Out" Another Presidential Bid. The Washington Post/AP (6/5, A5) reports that former Vice President Al Gore "says he has all but ruled out running for president in 2008, saying the best use of his time is to educate people about global warming. … Gore, in an interview broadcast yesterday on ABC's This Week, stopped short of issuing…an unequivocal statement. But he said his time is best spent educating people on heat-trapping gases raising Earth's surface temperature."

Kristol Says Gore, Not Clinton Is Favorite For 2008 Democratic Nomination. On Fox News Sunday (6/4, Wallace) the Weekly Standard's Bill Kristol said, "There's a huge opening for" Sen. Hillary Clinton "to be challenged from the left. Gore is the strongest challenger, probably, from the left. And I think…he can get in the race a year from now. It will be Clinton vs. Gore. I think Warner, Bayh, Feingold -- I think those people start to fade awfully fast. And I believe Gore could beat Clinton in the Iowa caucuses. … The notion that Hillary Clinton should be favored over Al Gore strikes me, at this point, as wrong. … I think he could be the nominee in 2008."

Brown Running For California Attorney General. The New York Times (6/5, McKinley, 1.19M) reports on Jerry Brown's candidacy for California attorney general. Brown "is running to fill a law-and-order post that is beholden to the demands of other state officials — not to mention Gov. Arnold Schwarzenegger, a Republican — might surprise those who remember his maverick, on-my-own 1992 presidential bid. That was his most recent venture on the national political stage. (And his last, he says.) But as the mayor of Oakland since 1999, Mr. Brown has largely run, and delivered, on a promise to crack down on violent crime, which has plagued the city. Mr. Brown says that his experiences living in downtown Oakland, in a loft above his campaign

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headquarters, have given him an up-close look at the problem."

CDC Estimates AIDS Has Infected More Than 65 Million People. The New York Times (6/5, Times, 1.19M) reports that 25 years after the first mention of a "peculiar cluster of pneumonia cases in five otherwise healthy gay men," in the June 5, 1981 Morbidity and Mortality Weekly Report from the federal Centers for Disease Control and Prevention, the US estimates that HIV, the virus that causes AIDS, "has infected more than 65 million people, 25 million of whom have died." The Times story also examines the disease's impact on a New York City nurse, an HIV-infected mother in Atlanta, an Indian prostitute, an artist, a doctor who wrote "what AIDS chroniclers regard as the first article on the emergence of -- well, of something unusual and terrible, but exactly what was not clear at the time" and the friends of AIDS victims.

AIDS Survivors Profiled. ABC World News Tonight (6/4, story 11, 0:20, Rooney, 8.78M) profiled long-time AIDS survivor JT Anderson, who is "working as a counselor, sometimes telling people, they, too, have the disease, AIDS has defined his life." Anderson: "I wish I did not have to live through that time. But I have been. And I have survived it. And I'm very happy that I have. This is the basic regimen."

The CBS Evening News (6/4, story 4, 2:20, Mitchell, 7.66M) profiled long-time AIDS survivor LaGena Lookabill Greene, who has lived with the disease for 25 years.

Writer Praises Warren's Approach To Religion And Public Life. Tom Krattenmaker, a writer specializing in religion in public life, writes in USA Today (6/5, 2.31M), "Is 'inclusive' Christianity just watered-down religion — a weakened faith that compromises the Truth for the sake of political correctness? Listening to the more strident voices in today's debates over religion in public life, one could easily reach that conclusion. … Happily, another model is emerging, one that makes a compelling case that evangelical belief in the public square need not always divide us. The exemplar of this other approach: Rick Warren, the pastor of an evangelical megachurch in California, the author of the mega-selling Purpose-Driven Life." Warren "is spending his time and clout…on a campaign that can bring people together and save many lives in the process. Warren is taking on poverty and AIDS and on a continent — Africa — that tends to command the least of the world's attention and resources."

Professor Makes Case For Tradeable Gasoline Rights. Martin Feldstein, a professor of economics at Harvard, writes in the Wall Street Journal (6/5, 2.11M), "The rapid rise in the price of gasoline has produced calls for tougher fuel economy standards on new cars and trucks. Although reduced gasoline consumption would be good for the environment and for national security, such a regulatory change would be a mistake. A far better approach would be a system of tradeable gasoline rights, or TGRs. … In short, a system of tradeable gasoline rights would be better than either higher taxes or tougher new car regulations. … It would be an efficient way to reduce gasoline that Congress could actually pass."

Herbert Praises Boston's SkillWorks Program. Bob Herbert writes in the New York Times (6/5, 1.19M) about "a modest but promising joint effort by business, government, union and nonprofit leaders in the greater Boston area to open new doors to good jobs and higher standards of living." The effort, called SkillWorks, was "organized by the Boston Foundation, to improve the skills and career opportunities of the low-wage work force in a number of industries. … What SkillWorks is attempting to do is merge investment commitments from foundations and the government (Mayor Thomas Menino is solidly onboard) with a willingness of business leaders to actually provide meaningful employment and promotion opportunities to the kind of men and women whose talents have long been overlooked, and thus wasted." SkillWorks "is a serious attempt to address at least one aspect of this complex picture in a way that is beneficial to employers while keeping the best interests of the workers in mind."

Hevesi Criticized Over Suggestion About Shooting Bush. In an editorial, the New York Times (6/5, 1.19M) writes New York State comptroller Alan Hevesi "should know better than to suggest that anybody — in this case Senator Charles Schumer — would like to put a bullet between the president's eyes. That is the opposite of funny, and an outrageous remark for a public figure."

LATimes Praises Effort To Replace Electoral College. An editorial in the Los Angeles Times (6/5, 958K) praises the National Popular Vote campaign, "which intends to undermine the Constitution's anachronistic Electoral College. If the campaign succeeds, future presidents will take office only if they win the popular vote nationwide. … The beauty of this approach is that each state is constitutionally allowed to allot its electoral votes as it sees fit. The measure was approved by California's Assembly on Tuesday and is pending in four other states; backers hope to get it before all 50 states by January."

Rice Claims US Offer To Negotiate With Iran Is Not A Change Of Policy. Secretary of State Condoleezza Rice, on CBS' Face the Nation (6/4, Schieffer), said the recent US statement about negotiating with Iran

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were not a change in policy. Said Rice, "When the President made the decision more than a year ago that the United States was going to fully support the European negotiations, that that was in the US interest to have the diplomacy have a chance to work, that really was the course that we continued to follow this week." She added that "it was clear that at some point, we were going to have to decide should the United States become party to the talks that we already supported." During her appearances on Fox News Sunday (6/4, Wallace) and CNN's Late Edition (6/4, Blitzer) Rice made very similar statements regarding the evolution of US policy towards Iran. On Fox, Rice noted, "The decision to join the talks is a natural follow-on to the decision that the president took more than a year ago to fully and completely back the negotiations." While on CNN she maintained that "this is a path that really is logical given the president's decision more than a year ago to fully support and back the European three negotiations with Iran, with some steps that the United States took, for instance, removing our objections to a WTO application for Iran. The next step of offering to join the talks should Iran suspend its enrichment programs, the condition that the IAEA board of governors, that's a logical step in a policy that's really been set for more than a year."

Iran Announcement Seen As A Diplomatic Win For Bush Administration. Time (6/12, Shannon) reports in its "Notebook" column, "Chalk up a diplomatic win for the White House. President Bush's surprise offer last week to talk to Tehran yielded breakthroughs that have momentarily quelled fears of U.S. military action against the Iranian regime." Secretary of State Condoleezza Rice "obtained an unprecedented commitment from Moscow and Beijing to support penalties in the Council if Iran refuses a package of political and economic incentives and continues nuclear activities that could enable it to build a Bomb." Time adds that "the pressure on Iran from all sides is growing. An International Atomic Energy Agency report on Iran's activities is expected next week, and Western diplomats tell TIME that it will include 'potentially incriminating' details about traces of highly enriched uranium recently found by inspectors on equipment at the Lavisan-Shian military site."

Newsweek (6/12, Hirsh) reports that a month ago, Rice's strategy for stopping Iran's nuclear program "was in danger of falling apart." In addition to US allies who were "voicing doubts about Rice's approach," Rice "faced a separate mutiny from the rear: mounting skepticism in the White House that diplomacy could work at all, along with tough resistance to direct talks from the hard-line faction of Cheney and Defense Secretary Donald Rumsfeld." A senior Administration official says that on May 8 he "idea of two paths was born." The two paths "involve delivering a clear ultimatum to Tehran and, with it, a brand-new inducement. According to the new approach, if Iran cooperates and suspends enrichment of uranium, Washington will sit down and negotiate directly alongside its European partners." Newsweek notes, "As she has so often done, Rice had found a graceful way out of her troubles by compromising -- and winning President George W. Bush over to her views. In one swift move, she managed to get ahead of the Iranians, outflank administration hard-liners, delight and unify her European partners (even the Russians) -- and spin the whole affair as a triumph of U.S. leadership."

Rice Allows Iranian Government "A Little Time" To Respond To US Offer. Secretary Rice, commenting on the Iranian government's response to the offer of face-to-face talks with the US, on CBS' Face the Nation (6/4, Schieffer), said, "We're going to give the diplomacy a little time here. And we're not going to react to everything the Iranian leadership says. Over the last couple of days, they have said lots of different things. … Iran keeps talking about its right to civil nuclear power. No one is questioning that it has a right to civil nuclear power. But many countries have the right to that that don't enrich and reprocess on their territory. And given Iran's history, it must not have the technologies that could lead to a nuclear weapon."

On Fox News Sunday (6/4, Wallace) Rice contended that, "We understand that it may take a little time for Iran to assess the situation. In short time they will be presented with the actual proposals that the E.U. three and others have been considering. And I think we have to give that some time." However, "We will not allow Iran to drag this out. This really has to be settled not in a matter of months. This program has been moving along. But one reason, Chris, that you want to be sure that there's a suspension of the activity is that you don't want the negotiations to be used as a cover for continued progress along the nuclear front. "

USA Today (6/5, 2.31M) picks up Rice's comments in a story tiled "Rice: Iran Must Act Quickly On Incentives," while the AP (6/5, Pickler) headlines its report "Rice Warns Iran Against A Slow Response." The Washington Times (6/5, Pfeiffer, 90K) also reports the story.

Biden Endorses Negotiations With Iran, Claims There Is No "Imminent Threat." Responding to the administration's shift in policy towards Iran, Sen. Joseph Biden, on NBC's Meet the Press (6/4, Russert) said, "I think it's a very positive step. … I think it's long in coming, but very welcome." According to Biden, "this was a bit of a knockdown, drag-out fight between Cheney and Condoleezza Rice, and Rice won this round as to how to proceed with regard to Iraq. What you do is you continue to proceed down the line that apparently Secretary Rice now has the president on rather than return to the bellicose notions of threats." Biden added, "We shouldn't undertake military action now. It should be the absolute last resort. And one of the things that I've gotten all the briefings as most of the people in my position have, and there is no imminent threat at this point." Asked if the US public would believe

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President Bush if he said Iran possesses WMDs and that military action is necessary, Biden responded, "No."

Khamaneni Threatens To Disrupt Middle East Oil Supply If US Attacks. CBS Evening News (6/4, story 3, 2:00, Mitchell, 7.66M) reported, "As if the oil markets are not rattled enough, Iran's top leader threatened today to choke off the flow of Persian Gulf oil if the US were to attack the country." CBS (Phillips) added, "The threat came in the form of a rhetorical broadside from Iran's supreme leader Ayatollah Ali Khamenei, and will send shivers through the world's oil markets. If you, he said, meaning the United States, make a wrong move regarding Iran, definitely the energy flow from this region will be seriously endangered. The key phrase in that threat is the use of the term 'in this region' not just Iranian but Saudi, Kuwaiti, Iraqi, all the oil from around the gulf has to flow through the narrow Strait of Hormuz, just 21 miles wide as it tucks up against the Iranian coast." In Washington, Secretary of State Condoleezza Rice "downplayed the threat saying playing the oil card was too risky a strategy for Iran." Secretary Rice: "Well, I think that we shouldn't place too much emphasis on a threat of this kind. After all, Iran is also very dependent on oil revenue. I think something like 80% of Iran's budget comes from oil revenue."

NBC Nightly News (6/4, story 5, 0:30, Seigenthaler, 9.87M) reported, "It's a threat that was quickly dismissed by the US. Secretary of State Condoleezza Rice suggested the cost to Iran would be too high if it stopped the flow of oil. She also had a warning of her own, that Iran needed to decide quickly on new incentives to end its nuclear enrichment program or face sanctions."

The New York Times (6/5, Knowlton, Tribune, 1.19M) reports Secretary Rice "played down today a threat from Tehran to curb oil exports if the United States made 'a single mistake about Iran,' but added that Iranian leaders had a limited window for taking up a six-nation offer of incentives if they stop enriching uranium."

In its coverage, the Washington Post (6/5, A10, Vick, 744K) keys on Khamenei's comments, reporting that he "unleashed a flurry of broadsides Sunday at the United States and other countries confronting his government over its nuclear program, saying that suggestions of a consensus against Iran were 'a lie.' 'There is no consensus against Iran. This is a lie by the US and a few other US supporters,' Khamenei...in a speech. 'Some 116 member states of the Non-Aligned Movement supported Iran's brave achievements in nuclear technology. The consensus is among a few monopolist countries. Their consensus is of no value.'" The AP (6/5, Dareini) also reports the story.

Lifting Of Some US Sanctions On Table For Tehran, Diplomats Say. AFP (6/5, Adler) reports, "The United States has offered to lift some of its trade sanctions against Iran as part of a package of benefits the EU will deliver to get Tehran to guarantee it will not make nuclear weapons, diplomats told AFP. The United States is proposing 'lifting sanctions partially, not only waiving sanctions but actually lifting them,' in an agreement to be worked out in multilateral talks that would start once Iran suspended uranium enrichment, said a senior Western diplomat, who requested anonymity." According to AFP, "The United States 'is not only interested in allowing Europe to sell Airbus airplanes to Tehran but also supplying (US-made) Boeings,' the diplomat said. And trade in agricultural fields, 'where the United States is particularly competitive...is important for Iran since Iran is still a rural country in lots of ways,' the diplomat added."

"Relatively Conciliatory Statements" By Iran Seen As Raising US Hopes. The Wall Street Journal (6/5, Solomon, 2.11M) reports, "A series of relatively conciliatory statements by senior Iranian officials over the weekend is raising hopes that Tehran may be preparing to respond positively to a call by the US for direct talks over its nuclear program." President Mahmoud Ahmadinejad "said his government would seriously study a package of incentives, expected to be delivered by European envoys, aimed at persuading Iran to scrap development of nuclear technologies. … The seemingly encouraging tone, however, was countered by other Iranian leaders."

Shanghai Cooperation Organization To Consider Offering Membership To Iran. The Washington Times (6/5, Mainville, 90K) reports, "An obscure regional security group will consider admitting Iran as a member at a summit this month, accelerating its transformation into a political and military bloc with the potential to challenge US interests." The Times adds, "US analysts think Russia and China already are using the Shanghai Cooperation Organization (SCO) -- which links the two with four Central Asian neighbors -- to try to squeeze the United States out of the region."

US-Funded Radio Farda Reaches Out To Young Iranians. The Washington Post (6/5, A13, Finkel, 744K) reports on the US-funded Radio Farda, which broadcasts inside Iran. According to the Post, Radio Farda "has been a work in progress since its debut in late 2002. The one constant, for which it has been both lauded and criticized, is that unlike Cold War-era transmissions by the Voice of America and Radio Free Europe that relied primarily on news programming, Farda blends news and music as a way to reach a country where two-thirds of the population is said to be under 30."

More Commentary. On Fox News Sunday (6/4, Wallace) the Weekly Standard's Bill Kristol said, "Iran was winning. That's what's been happening for the last year. … It was reasonable to make one last effort, perhaps, but at some point serious decisions are going to have to be made." Kristol went on to say that President Bush "needs to deal with this threat on his watch. Either we will have diplomatic success, or we'll have success through pressure and sanctions, or we'll

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be forced to use military action, or we will acquiesce to Iran getting nuclear weapons."

Jackson Diehl writes in the Washington Post (6/5, A15, 744K), "In the middle of a tirade about the pointlessness of talking with the Bush administration, a senior Iranian official I met in Tehran last month abruptly paused and asked if he could speak off the record. Then he said: 'What we need is an American president who will follow the example of Richard Nixon going to China.' There in a nutshell is what this Iranian government, and most Iranians I've spoken to, fervently desire from the United States: not the tactical talks offered last week by Secretary of State Condoleezza Rice but strategic recognition of Iran as a great civilization and a regional power that must be treated, like China, as a 'stakeholder' in global affairs." Diehl asks, "The question then becomes: Could such a step be in the American interest? … It's hard to find experts on Iran in Washington who believe that it would."

Olmert Says He's Ready To Meet With Abbas. The New York Times (6/5, Myre, 1.19M) notes Israeli Prime Minister Ehud Olmert "said today that he was prepared to meet" Abbas "to seek a resumption of negotiations based on an international peace plan. Mr. Olmert's announcement came at a joint news conference that followed his meeting with" Egyptian President Hosni Mubarak, who "has sought to mediate between the Israelis and Palestinians." The Times reports, "It is far from clear whether such talks will lead to breakthroughs after years of violence. Mr. Olmert and other Israeli leaders have said progress is extremely unlikely with the militant Islamic group Hamas leading the Palestinian government. Still, Mr. Olmert said he was ready to hold talks with Mr. Abbas and has repeatedly called for renewed negotiations." The AP (6/5, Barzak) adds that, "in a rare dose of good news, …Israel's premier talked to" Mubarak "about resuming peace talks with the Palestinians." Mubarak "opposes unilateral Israeli steps, and" Secretary Rice "said the Bush administration prefers negotiations. She told CNN on Sunday that the 'final status is really something that has to be mutually acceptable' to Israel and the Palestinians." Knight Ridder (6/5, Nissenbaum) also reports the story.

Hamas Ignores Abbas' Demand To Back State-Recognition Plan. The AP (6/5, Barzak) reports the Palestinian "standoff intensified Sunday after Hamas rejected an ultimatum from President Mahmoud Abbas to endorse a plan implicitly recognizing Israel, and a pregnant woman was killed during a clash between the rivals' forces in Gaza. Abbas will order a referendum on a plan drawn up by top Palestinian prisoners in an Israeli jail calling for a Palestinian state" in Gaza, the West Bank and East Jerusalem. A separate AP (6/5) piece reports Palestinian Prime Minister Ismail Haniyeh "on Sunday said a plan by" Abbas "to hold a referendum on a plan that implicitly recognizes Israel is illegal. The statement was the strongest sign yet that Hamas will not give in to Abbas' ultimatum to accept the concept of a two-state solution or go to national referendum on the issue." The Los Angeles Times (6/5, King, 958K), among other sources, also reports the story.

Nuclear Agreement Spurs Indian-Americans To Intensify Lobbying. The New York Times (6/5, McIntyre, 1.19M) reports that Indian-Americans "have mounted an intensive drive to support President Bush's plan to aid India's civilian nuclear program, spending heavily on lobbying, campaign contributions and public relations to persuade Congress to approve the deal." According to the Times, Indian-Americans "are not new to lobbying in Washington. But the proposed nuclear pact has energized them like nothing before. In recent months, Indian-Americans, as well as the Indian government in some cases, have invested heavily in proven political tools that have helped previous immigrant groups break into American politics. … Much of the lobbying has focused on lawmakers from the New York metropolitan region, home to the highest concentration of Indian-Americans in the country." One group is holding a fund-raiser for Sen. Hillary Rodham Clinton, "whose support is viewed by Indian-American leaders as crucial to winning broader Democratic backing for the plan." Clinton, though co-chairwoman of the Senate's India Caucus, "has not taken a position on the deal."

NPT Seen As Failing To Stop Nations From Acquiring Nuclear Weapons. The Christian Science Monitor (6/5, Grier, 61K) reports, "The world may be teetering on the edge of a worrisome new phase in the sixty-year-old age of atomic weapons. … Meanwhile, efforts to strengthen the Nuclear Non-Proliferation Treaty have stagnated. Last year's NPT review conference fell apart amid international bickering. Will nukes now become must-haves for more nations? Asked for their worst-case scenario, experts say there could be 10 new members of the nuclear club by 2015." Iran's nuclear program "may have further undermined confidence" in the NPT.

Rumsfeld Arrives In Vietnam Amidst Lowered Expectations. AFP (6/5, Mannion) reports Defense Secretary Donald Rumsfeld "arrived in Vietnam for a three day visit to encourage stronger military ties at a time when the United States is repositioning its forces in Asia." Rumsfeld "played down expectations of dramatic new developments in the relationship, however. … Rumsfeld, who has visited Vietnam twice before, said he did not know what the next step in the relationship might be and refused to say where he thought it was heading." AFP notes Rumsfeld "will meet Prime Minister Phan Van Khai and Defence

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Minister Pham Van Tra on Monday, returning their previous Washington visits, officials said."

US, Eight Other Countries To Discuss Joint Strike Fighter Cooperation. The Wall Street Journal (6/5, Karp, 2.11M) reports the U.S. and eight other countries "will gather this week to negotiate a final road map for" the F-35 Joint Strike Fighter, "the Pentagon's biggest weapons program, a $276 billion…project that has struggled to live up to its billing as a model of global cooperation." The Williamsburg, Virginia talks "are crucial to producing an agreement by the end of the year, in which each country is expected to declare how many airplanes it will buy. The agreement also will determine how the fleet will be maintained and upgraded over the expected 40-year lifespan of the plane." The Journal notes, "The talks have big implications for lead contractor Lockheed Martin Corp., which oversees the JSF's development and will play a lucrative, long-term role in maintaining the planes." However, Lockheed "won't be at the table with government officials."

Ex-President Garcia Appears Victorious In Peru Runoff. The Washington Post (6/5, A10, Reel, 744K) reports, "Preliminary results indicated that former president Alan Garcia defeated nationalist candidate Ollanta Humala in Sunday's presidential election, earning a second chance to run a country that he led into economic devastation in the 1980s. ... With 77 percent of the votes counted, Garcia led Humala 55 percent to 45 percent. Garcia cast the election as a referendum to determine where Peru would position itself on South America's political map: with moderate, left-leaning leaders such as Chile's Michelle Bachelet or with populists like Venezuela's Hugo Chavez. Describing himself as a responsible leftist, Garcia, 57, warned that his opponent could steer Peru toward an authoritarian brand of confrontational, anti-American nationalism." Political analyst Fernando Rospigliosi is quoted as saying, "I think this election had more to do with the rejection of Humala than with any attraction for Garcia. ... The theme of Chavez was very important, and Garcia used it very well against Humala."

The Financial Times (6/5, Weitzman) quotes Garcia as saying, "The people have voted for us, in spite of queues, in spite of economic problems. ... We will not govern with passions and impulses as we did in the past." And in a swipe at Chavez, Garcia is later quoted as saying, "He thought he could dominate us, but we have ensured the independence of Peru." The New York Times (6/5, Forero, 1.19M) notes, "Voters had seen the race as an unappealing choice between a former president whose first administration had been an unmitigated disaster and a former army officer who once led a military rebellion," but "saw Mr. Garcia as the lesser of two evils." USA Today (6/5, 2.31M), Los Angeles Times (6/5, McDonnell, 958K) and AP (6/5, Hayes), among other sources, also report on the Peruvian elections.

Leftist Leader In Mexico Seeks Distance From Chavez. The Washington Times (6/5, Stier, 90K) reports, "Aides to Andres Manuel Lopez Obrador say that if elected next month, the leftist presidential candidate will govern more like Theodore Roosevelt -- whose economic policies featured trust-busting and progressive taxation -- than like Venezuelan firebrand Hugo Chavez." The claim "illustrates the extent that TV ads comparing Mr. Lopez Obrador to Mr. Chavez have hurt his campaign and compelled him to try to distance himself from the Venezuelan president."

New Chilean President Besieged By High School Students' Demands. The New York Times (6/5, Rohter, 1.19M) reports, "Less than three months after she took office" Chilean President Michelle Bachelet "is facing her first domestic crisis. To the surprise of many here, the challenge comes not from the right but from a group expected to be sympathetic to her center-left coalition: high school students." The Times goes on to report, "Striking students, who have occupied a Santiago high school for two weeks, are demanding smaller classes, the elimination of college entrance exam fees and federal financing to reduce the inequality between rich and poor schools. Some 700,000 students across the country have joined the movement."

Nigerian Militants Free Foreign Oil Rig Workers. The AP (6/5, Nsoyoh) reports, "Nigerian militants on Sunday released eight foreign oil rig workers, who looked tired but unharmed after two days in captivity." Police "involved in negotiating the release of the six Britons, one American and one Canadian would not say whether a ransom was paid." The AP adds, "Two of the Britons were released before dawn, followed by the six remaining hostages later in the day. The eight met with a local governor and were handed over to a representative of Nigerian oil firm Peak Petroleum in Yenagoa, the capital of Bayelsa state. The eight, whose names have not been released, looked tired but cheerful and said they were treated well by their kidnappers."

Development Projects Used To Modernize China's Restive West. The Washington Post (6/5, A1, Goodman, 744K), in a front-page article, reports, "In the six years since China's central government began its well-financed campaign to spread the benefits of economic growth beyond coastal provinces, the effort has exacerbated the extreme inequality that characterizes the national economy." The Develop the West program "was conceived in part to stem separatist inclinations in Xinjiang and other western provinces, where ethnic minority communities resent the continued influx of Han -- a migration actively encouraged by

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the central government. Though sporadic and sometimes violent protests have persisted in Xinjiang since the advent of the program, observers say they are happening less frequently -- a fact that Uighur groups attribute more to an aggressive crackdown by Chinese authorities than to the success of the campaign in spreading development." The Post adds, "Studies have shown that the investment has contributed to economic growth in the west, but the pace has fallen behind development in the east."

Japan At Forefront Of Campaign To Expand Whaling. The Washington Post (6/5, A14, 744K) editorializes that whaling is "increasing. Japan, Norway and Iceland never stopped hunting whales. … The reemergence of whaling could get a considerable boost this month at, of all places, the meeting of the International Whaling Commission." Japan "has aggressively sought pro-whaling allies, and it now has close to a majority of votes."

Saudi Textbooks Said To Promote Intolerance. USA Today (6/5, 2.31M) says in an editorial that in Saudi Arabia, "the Ministry of Education publishes textbooks for mandatory 'Islamic studies.' Parts read as if they could have been written by bin Laden, who is from Saudi Arabia, as were 15 of the 19 hijackers." For "more than a year, the Saudi government has said that the textbooks have been rewritten to emphasize tolerance over violence toward non-believers. But the non-profit Freedom House has found otherwise. The books are not publicly available, but Freedom House obtained and translated copies. Despite some minor changes, passages still contain disturbing intolerance. An eighth-grade text, for example, teaches that 'the Jews are apes ... while the swine are the Christians.' A 12th-grader learns the value of jihad (holy war) in language that shows jihad as a violent struggle against Jews, Christians and Muslims who don't follow the conservative Wahhabi version of Islam that Saudi Arabia officially adheres to." The Saudi government "needs to get serious and transparent about cleaning up the kingdom's instruction. And the Bush administration must start paying more than its present cursory attention."

Saudi Ambassador Says Change Taking Time. In a USA Today op-ed (6/5), Prince Turki al-Faisal, Saudi Arabia's ambassador to the US, says, "Saudi Arabia is a nation undergoing dramatic self-examination. Every aspect of Saudi Arabia's society and culture is being openly debated. We have recognized that a comprehensive, modern and open educational system — with new and revised textbooks — is fundamental to the growth and prosperity of our country. A thoughtful revision of this system is necessary, and indeed well underway. Updating a national educational system is a major undertaking. Hundreds of books must be revised, and several hundred thousand public school teachers need additional training. The process remains ongoing. In the meantime, I have agreed to meet with the directors of Freedom House to address their concerns. But as Americans have seen through the civil rights movement of the 1960s, changes in attitudes cannot be instantly achieved. Change takes time. The decision to delete the unacceptable wording used in textbooks is a thing of the past. Our efforts are now concentrated on producing the new texts and the new educational aids that go along with these texts."

Mugabe Blamed For Zimbabwe's Fall. U.S. News and World Report (6/12, Cue) reports that Zimbabwe, "once seen as a star of post-colonial Africa, is in an economic death spiral." US News adds, "The nation's economic collapse has been accompanied by social decline. The World Health Organization puts life expectancy for Zimbabwean women at 34, the lowest in the world." US News blames Zimbabwe's fall on President Robert Mugabe, "whose increasingly repressive misrule is dooming millions here to a life of misery."

THE BIG PICTURE:

Headlines From Today's Front Pages.

Los Angeles Times:
"Army Manual To Skip Geneva Detainee Rule."
"A War Of Attrition With Virus."
"Rome's Falling Arches."
"Bloodied East Timorese Hope U.N. Will Return."
"Eskimo Troops Brace For Iraq."
"The Latest Rising Stars In Hollywood: Bookies."
"Head-On Brawling From Left And Center."

USA Today:
"Several Lawsuits Target E-Voting."
"Wartime Adds Dimensions To Dilemmas Doctors Face."
"Firefighters Prepare High-Tech Arsenal For A Scorching Summer Of Wildfires."

New York Times:
"Use Of Air Masks At Issue In Claims Of 9/11 Illnesses."
"Uncovering Iraq's Horrors In Desert Graves."
"Ties To Mosque Link 6 Arrested In Canada Raid."
"In Gilded Age Of Home Schooling, Students Have Private Teachers."
"Indian-Americans Test Their Clout On Atom Pact."
"This Time, Jerry Brown Wants To Be A Lawman."

Washington Post:
"Medical Privacy Law Nets No Fines."
"Special-Ed Tuition A Growing Drain On D.C."
"For Deals, Jefferson Built Web Of Firms."
"Natives Feel Left Out Of China's New West."

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"Iraqis Accuse Marines In April Killing Of Civilian."
"Chill With A Jellyfish, Rent A Pup: Japanese Pay Big For Stress Relief."

Washington Times:
"Wie Takes Swing At History."
"Bus Ambush Kills Shi'ites."
"Chertoff Gets The Message On Cuts."
"Iran's Nuclear Ambition Hits Piggy Banks."
"Immigration Shapes Congressional Races."
"Moves On BGE, Wal-Mart Bad For Business."
"Apocalypse Tomorrow? 666 Arrives."

Detroit Free Press:
"Epidemic Scorns The Impact Of Progress."
"'I've Been Mad At God.'"

Atlanta Journal-Constitution:
"Bush Priority: Gay Marriage Ban."
"Honeymooning At Aquarium?"
"There's Nothing Civil About Ala. Judicial Race."
"25 Years After AIDS Emerged, Emory Continues Vaccine Fight."

Houston Chronicle:
"Sunnis Spared, Others Killed In Attacks On Buses."
"Rising From The Depths."
"Senate Planning Votes On Hot-Button Issues."
"Peru's Disgraced Ex-President Regains Post In Long-Shot Win."
"Canadian Police Set Up Sale, Delivery Of Bomb Material."

Story Lineup From Last Night's Network News:
ABC: Iraq Violence; Canadian Terror Arrests; VA Data Theft; Car Crash-ID Mix-Up; Elderly Guardians; Hotels Website-ID Theft; Brownback-Prisoner Rehab; Gay Marriage; Senate-Prison Report; Soccer-World Cup; AIDS-Survivor's Story.
CBS: Canadian Terror Arrests; Iraq Violence; Rice-Iran; AIDS-Survivor's Story.
NBC: Canadian Terror Arrests; Terrorism Threats-Analysis; National Guard-Border; Iraq Violence; Rice-Iran; Hospital Infections; Hotels Website-ID Theft; Gay Marriage; Cancer Survivor-Fundraising.

Story Lineup From This Morning's Radio News Broadcasts:
ABC: Canadian Terror Arrests; Iraq-Car Bomb Attack; MI-Funeral Held For Girl.
CBS: Iran-Oil Disruption Threat; Iraq-Executions; IN-Family Murdered; Search For An AIDS Cure.
NPR: Iraq-Parliament Session Postponed; Afghanistan-Violence; Peru-Election; East Timor-Unrest; Canadian Terror Arrests; CA-Primary Election; IN-Family Murdered.

WASHINGTON'S SCHEDULE:

Today's Events In Washington.
White House:

PRESIDENT BUSH — Meets with the president of the Republic of the Congo, Oval Office, The White House; meets with Chinese Leadership Program Fellows, EEOB - Room 350, The White House; meets with the President of Honduras, Oval Office, The White House; makes a statement on the Marriage Protection Amendment, EEOB - ROOM 450, The White House.

VICE PRESIDENT CHENEY — Speaks at a reception for the Republican National Committee, Private residence, Lake Forest, Ill.

LAURA BUSH — Visits a school receiving a Laura Bush Foundation for America's Libraries grant, Our Lady of Perpetual Help School, 1409 V St. SE.

US Senate: FLOOR SCHEDULE _ 2 p.m. Resumes consideration of the motion to proceed to S.J.Res. 1, the Marriage Protection Amendment.

US House: No Scheduled Events.

Other: PRESIDENT DENIS SASSOU-NGUESSO OF THE REPUBLIC OF CONGO _ Highlights: 9:05 a.m. Meets with President Bush. Oval Office, White House.

PRESIDENT MANUEL ZELAYA ROSALES OF HONDURAS _ Highlights: 11:05 a.m. Meets with President Bush. Oval Office, White House.

US-KOREA TRADE _ Korean farmers and labor and activist groups hold a protest against the U.S.-South Korea free trade act. Highlights: 9:30 a.m. News conference with South Korea delegates. National Press Club.

MONETARY CONFERENCE _ The American Bankers Association sponsors an International Monetary Conference. Highlights: 1:15 p.m. Sen. Richard Lugar gives the luncheon address. 2:15 p.m. Panel discussion with central bankers including FRB Chairman Ben Bernanke; Jean-Claude Trichet, president, European Central Bank; and Toshiro Muto, deputy governor, Bank of Japan. Note: All media must register on site. Camera space very limited, so arrive early. Camera setup starts at noon. Audio callin available; call contact for details. Location: Willard Inter-Continental Hotel, 1401 Pennsylvania Ave. NW.

MARRIAGE AMENDMENT _ 9 a.m. - 3 p.m. Clergy from around the country hold a conference to rally support for the Marriage Amendment, with Bishop Harry Jackson of the High Impact Leadership Coialition, Rev. William Owens of the Coalition of African American Pastors, others. Location: National Press Club.

DOHA ROUND _ 9 a.m. - 10:30 a.m. The Carnegie Endowment hosts a panel, ``Aid for Trade Program: Promises of Doha Fulfilled?" Participants are: Mia Horn af Rantzien,

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Swedens Ambassador to the WTO and Co-Chair on the WTO Task Force on Aid for Trade; Rep. Jim Kolbe, R-Ariz., chairman of the House Appropriations Foreign Operations Subcommittee; Bernard Hoekman, Senior Adviser to the International Trade Group at the World Bank; and Sherman Katz, a senior associate in the Trade, Equity, and Development Project at the Carnegie Endowment for International Peace. Location: Carnegie Endowment for International Peace, 1779 Massachusetts Ave. NW.

KOREA TRADE _ 9:30 a.m. Opening Plenary Session, Round One of the KORUS FTA Negotiations with US Chief Negotiator Assistant USTR Wendy Cutler and Korean Chief FTA Negotiator ambassador Jong-hoon Kim. Photo Opportunity Only. Location: USTR Offices, 600 17th St NW.

KOREA-TRADE _ 9:30 a.m. There will be a press conference. ``Why We Are Here: Voice of the Korean people on the Korea-US FTA." Location: National Press Club.

MARRIAGE AMENDMENT _ 10 a.m. The Center for American Progress and the Cato Institute hold a discussion of the federal marriage amendment, federalism and democratic values, with Dale Carpenter of the University of Minnesota Law School, former Rep. Bob Barr, Louis Michael Seidman of Georgetown University School of Law, others. Location: 10th floor, 1333 H St. NW.

MARRIAGE AMENDMENT _ 10:30 a.m. The Alliance for Marriage, Sen. Wayne Allard, others, hold a news conference in support of the Marriage Amendment. Location: Room S-211, Capitol.

NOAA-MIKULSKI _ 10:30 a.m. Sen. Barbara Mikulski tours NOAA's National Weather Service offices, with a demonstration of hurricane prediction technology. Following the tour, she holds a news conference. Location: 4th floor media center, NOAA Center for Enviroinmental Predictions, 5200 Auth Rd., Camp Springs.

LINCOLN _ 12 p.m. WIIT holds a luncheon honoring Sen. Blanche Lincoln. Location: University Club, 1135 16th St. NW.

MARRIAGE AMENDMENT PROTEST _ 1 p.m. Those opposed to the Federal Marriage Act hold a press conference to kick-off postcard delivery to senators urging them to oppose the FMA. Participants include Joann and Joe Elder of Wisconsin, parents of a gay son; LaWana Slack-Mayfield, a resident of North Carolina; and Susan Warren of California, and Episcopal priest. Location: West Front Terrace of the Capitol.

TRAFFICKING REPORT _ 1:30 p.m. Secretary of State Rice releases the 6th annual Trafficking in Persons Report. After Rice's remarks, Amb. John Miller will answer questions. Location: State Department briefing room.

SUDAN _ 2 p.m. - 4 p.m. US Commission on International Religious Freedom Chairman Michael Cromartie will speak on a panel discussion at the Center for Strategic and International Studies (CSIS) titled ``Consolidating Peace in Sudan." He will be joined by Ibrahim Gambari, UN Under-Secretary-General for Political Affairs and Jendayi Frazer, U.S. Assistant Secretary of State for African Affairs, as well as Francis Deng of Johns Hopkins School of Advanced International Studies and John Prendergast of the International Crisis Group. The session will discuss implementation of the North-South Comprehensive Peace Agreement, implications of the recently signed Darfur Agreement, and the way forward in ensuring security, humanitarian access, and consolidation of the peace. Location: CSIS, 1800 K St. NW.

INDUSTRIAL BASE _ 3 p.m. The Center for Strategic and International Studies Defense Industrial Initiatives Group holds a discussion of its new report, ``Structure and Dynamics of the U.S. Federal Professional Services Industrial Base. Location: B-1 conference level, 1800 K St. NW.

GRASSLEY-PAULSON _ 5:30 p.m. Sen. Charles Grassley meets with Treasury Secretary-nominee Henry Paulson, Jr. Location: Room 135, Hart.

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Ames, Andrew

From: Ames, Andrew
Sent: Monday, June 05, 2006 11:08 AM
To: Agarwal, Asheesh (CIV); Ames, Andrew; Baxter, Felix (CIV); Blomquist, Kathleen M; Branda, Joyce (CIV); Brett Gerry; Brody, Stephen (CIV); Bucholtz, Jeffrey (CIV); Bukvics, Jennifer (CIV); Claterbos, Barbara (CIV); Cohen, David M. (CIV); Cohn, Jonathan (CIV); Davidson, Jeanne (CIV); Davis, Dan (CIV); Fargo, John (CIV); Fielding, Gabrielle (CIV); Figley, Paul (CIV); Flentje, August (CIV); Frost, Peter (CIV); Garren, Timothy (CIV); Glynn, J.Patrick (CIV); Gorsuch, Neil M; Hertz, Michael (CIV); Hollis, Robert (CIV); Hunt, Jody (CIV); Hussey, Thom (CIV); Jennifer Brosnahan; Jeweler, James (CIV); Katsas, Gregory (CIV); Keisler, Peter D (CIV); Kohn, Chris (CIV); Kopp, Robert (CIV); Letter, Douglas (CIV); Levine, Larry (EOIR); Lindemann, Michael (CIV); Magnuson, Cynthia; McCallum, Robert (SMO); Miller, Charles S; Nichols, Carl (CIV); Nowacki, John; Pyles, Phyllis (CIV); Riley, Sharon (CIV); Rivera, Jennifer (CIV); Roehrkasse, Brian; Schiffer, Stuart (CIV); Scolinos, Tasia; Seidel, Rebecca; Senger, Jeffrey M; Spellberg, Dianne (CIV); Swenson, Lily F; Thirolf, Eugene; Wilson, Karen L; Zwick, Ken (CIV)
Subject: 6/5/06 Civil Division News

Trial starts today in suit linked to Bulger; Family of slain man seeks $50m from US

Deal With Wen Ho Lee Begets Warning of Yet More Claims

Invoking Secrets Privilege Becomes a More Popular Legal Tactic by U.S.

Judges seek fair trial for Hicks

Court orders U.S. government to weigh nuclear power terror attack

US seeks to share tobacco findings

Lawsuits change focus of former farmer

Court Rules Chevron's Suit Against U.S. Can Proceed

Boston Globe

June 5, 2006

Trial starts today in suit linked to Bulger; Family of slain man seeks $50m from US

By Shelley Murphy, Globe Staff

After a long legal and emotional battle, the first of 17 federal suits brought against the government by alleged victims of fugitive crime boss James ``Whitey" Bulger goes to trial today.

The family of Quincy resident John McIntyre, who was 32 when he was brutally slain in 1984, is seeking

$50 million in the wrongful death suit. Longtime FBI informant Stephen ``The Rifleman" Flemmi has admitted to his murder and has implicated Bulger .

The first witness the McIntyres plan to call to the stand in US District Court in Boston today is Flemmi, who will be testifying publicly for the first time since he began cooperating with the government three years ago.

In a strange twist, the McIntyres must prove what federal prosecutors have asserted as fact in court filings and criminal proceedings held in the same courthouse: that McIntyre was killed because former FBI agent John J. Connolly Jr. leaked word that McIntyre was cooperating against Bulger.

``They fought so hard for us not to get our day in court, for the truth not to come out," said McIntyre's brother, Christopher. He said it is a victory for him and his mother, Emily, just to have a trial on their suit, no matter what the outcome is.

Ten of the 17 cases that have been brought against the government by alleged Bulger victims or their relatives were dismissed on grounds that they were filed too late. The rest are pending.

Flemmi, who struck a deal with the government that spared him the death penalty, is serving a life sentence after admitting to teaming up with Bulger to kill McIntyre, as well as nine other people. He testified in a deposition last year that Connolly had warned Bulger that McIntyre was cooperating with authorities against him.

McIntyre vanished Nov. 30, 1984, six weeks after telling the FBI and US Customs agents that Bulger and Flemmi were involved in an unsuccessful plot to ship guns to the Irish Republican Army aboard the Valhalla, a Gloucester-based fishing trawler.

In January 2000, his remains were recovered, along with those of two other victims, from an unmarked grave across from Florian Hall in Dorchester.

Former Bulger associate Kevin J. Weeks, who led investigators to the grave after cutting a deal with the government, gave chilling details of McIntyre's slaying while testifying at Connolly's 2004 federal racketeering trial. McIntyre had been lured to a South Boston home, according to Weeks, chained to a chair, grilled for hours, then shot in the head. Weeks is also scheduled to testify in the McIntyre trial.

The suit was filed under the Federal Tort Claims Act, which does not allow for a jury trial. The case will be decided by US District Judge Reginald C. Lindsay. A jury trial will be held later in the McIntyres' wrongful death allegations against Connolly and four other retired FBI agents.

The McIntyres filed the suit five years ago, but Justice Department lawyers persuaded Lindsay to dismiss it in 2003, arguing that the family had waited too long to file when ``any reasonable person" should have known that FBI negligence or misconduct led to McIntyre's death. Now faced with a trial after an appeals court reinstated the suit two years ago, the Justice Department contends in court documents that ``there is no admissible evidence" that Connolly leaked McIntyre's name to Bulger or Flemmi.

US Representative William D. Delahunt, Democrat of Quincy, called the government's legal tactics in all the civil lawsuits arising from the Bulger scandal ``offensive to victims of crime and their families." Delahunt -- who participated several years ago in congressional hearings that scrutinized the FBI's handling of informants, including Bulger and Flemmi -- said: ``My position is these [civil] cases should have been resolved without litigation. . . . There's no moral justice here."

Delahunt also said he found it astounding that the Justice Department is now arguing in the civil cases that claims of FBI misconduct by Flemmi and Weeks are not reliable while federal prosecutors, who also work for the Justice Department, relied on Weeks's testimony to send three people, including Connolly, to prison. Flemmi is also scheduled to testify in two upcoming criminal trials: one in Florida in which Connolly is accused of murder in helping Bulger and Flemmi to orchestrate a gangland slaying there in 1982 and another trial in Boston, in which former New England Mafia boss Francis Salemme is accused of lying

about a gangland slaying.

``It presents the face of the criminal justice system as some sort of `Alice in Wonderland' mess, where up is down and down is up," Delahunt said.

Charles Miller, a spokesman for the Justice Department in Washington, declined to comment on the McIntyre case.

During a 1998 interview, Connolly denied informing Bulger that McIntyre was cooperating, telling the Globe: ``I never even heard his name before he was killed. I have no recollection of ever being told that McIntyre was a source for anyone."

Cambridge lawyer E. Peter Mullane, who represents Connolly in the civil case, accused Flemmi of lying. ``It's just another one of those outlandish assertions by Flemmi trying to curry favor with the government by telling them what he thinks they want to hear."

Connolly has never been charged in connection with McIntyre's slaying. A federal jury convicted him of racketeering and of warning Bulger to flee in advance of Bulger's 1995 racketeering indictment. Connolly was cleared of charges that he leaked information that led to three other slayings. He is serving a 10-year sentence in the federal case and is tentatively scheduled to stand trial in Miami in August on the state murder charges.

Bulger remains a fugitive on the FBI's 10 Most Wanted list. He is accused of 19 murders, including McIntyre's .

END

New York Sun

June 5, 2006 Edition

Deal With Wen Ho Lee Begets Warning of Yet More Claims

BY JOSH GERSTEIN - Staff Reporter of the Sun

A decision by five major news organizations to pay $750,000 to a nuclear scientist named in news stories as the target of an espionage investigation is prompting warnings that the unusual payment could embolden others aggrieved by government leaks and lead to more litigation involving the press.

The New York Times, Los Angeles Times, the Washington Post, ABC, and the Associated Press announced Friday that they agreed to the settlement in order to end litigation brought by the former scientist at the Los Alamos National Laboratory, Wen Ho Lee.

"The implications of this are just staggering," a former executive director of the Reporters Committee for Freedom of the Press, Jane Kirtley, said in an interview yesterday. "I think this is blood money that has been paid here."

As part of the settlement, the federal government also agreed to pay $895,000 to Lee to cover his legal costs in pursuing the case.

Ms. Kirtley said the payment from the news outlets was troubling because none of the news organizations or journalists were named as defendants in Lee's lawsuit, which accused the federal officials of violating a 1974 law, the Privacy Act. The reporters were held in contempt in the case after they refused to identify their confidential sources for stories about Lee.

"The justice of this escapes me," Ms. Kirtley said of the payment. "It's the most creative way I've seen so far to do an end run around constitutional protections and get money anyway through this collateral attack." She said the deal could encourage litigation and demands for payment in connection with mundane reports on hospital statements about those injured in crimes and accidents.

"Will it be abused by others? It will," she said.

One of the immediate beneficiaries of the settlement with Lee may be another scientist, Steven Hatfill. Mr. Hatfill filed suit against the government after he was named by federal officials as a "person of interest" in an investigation into the mailing of anthrax powder in 2001 to news organizations and to the Senate. Neither Mr. Hatfill nor anyone else has been charged with a crime in connection with the anthrax mailings.

The payment to Lee suggests that Mr. Hatfill could look to news organizations to pay some or all of the damages he contends he incurred by being publicly linked with the anthrax probe.

An attorney for Mr. Hatfill, Mark Grannis, declined to comment for this article. However, it is clear Mr. Hatfill's lawyers have been closely watching developments in Lee's case.

Last year, when journalists unsuccessfully petitioned an appeals court in Washington to set aside an order compelling their testimony, Mr. Hatfill's legal team filed a friend-of-the-court brief supporting Lee.

One press lawyer involved in last week's settlement said he's not certain that Mr. Hatfill will benefit from the deal. "There are different facts in that case," said the attorney, who asked not to be named.

The need to unmask sources for use in Mr. Hatfill's case may be less because some of the statements he is complaining about were on the record or attributed to specific government agencies. The attorney general at the time, John Ashcroft, referred in televised interviews to Mr. Hatfill's status as a "person of interest" in the anthrax case.

Another contrast with Lee's case is that Mr. Hatfill is suing a series of news organizations for libel. A case against Vanity Fair and Reader's Digest is pending before a federal judge in White Plains, while a suit against the New York Times and one of its columnists, Nicholas Kristof, is before a federal court in Alexandria, Va.

The settlement with Lee came as the Supreme Court was considering petitions from the news organizations asking the court to take up the dispute.

One of the reporters subpoenaed by Lee, Robert Drogin of the Los Angeles Times, said the settlement was driven by fears of an adverse ruling from the justices. "We thought there was a great risk for the press if we took it before the Supreme Court," Mr. Drogin told his newspaper. Some news organizations may also have decided they would rather take the fight to Congress, which is considering a federal shield law that would give reporters added protection.

The settlement will likely head off any involvement by the Supreme Court in the case, but the deal does not wipe from the books the appeals court decision last year upholding contempt findings against the reporters.

A lawyer involved in the settlement said the impetus came in large part from the government lawyers. "There ended up being a lot of movement on the government side," the attorney said.

In a joint statement, the news organizations said they were "reluctant" to join in the settlement but concluded "this was the best course to protect our sources and to protect our journalists."

From a strictly economic, shortterm perspective, the settlement was a good deal for the news organizations. Each journalist faced contempt fines which were to start at $500 a day and could escalate. The legal costs were also significant. CNN said the legal fees it paid for a reporter who once worked for the network, Pierre Thomas, exceeded $1 million.

The settlement also showed differences in strategy. The New York Times, which has a policy of not settling libel cases in America, agreed to pay Lee. CNN, which is quick to settle all kinds of thorny litigation, refused.

"We parted ways because we had a philosophical disagreement over whether it was appropriate to pay money to Wen Ho Lee or anyone else to get out from under a subpoena," CNN said in a statement.

In the end, Mr. Thomas's new employer, ABC, footed his portion of the bill.

Lee was arrested in 1999 and spent nine months in solitary confinement before prosecutors agreed to drop the most serious charges against him. He denied any espionage and pleaded guilty to a single felony count of improperly copying restricted data. The federal judge in the case apologized to Lee and President Clinton said he suspected the case was mishandled from the outset.

"Our aim was never to target or punish journalists," an attorney for Lee, Betsy Miller, said. "It was to vindicate the injuries suffered by Dr. Lee resulting from unlawful leaks by government officials who disregarded their obligations under the Privacy Act in favor of pursuing their own political agendas."

END

New York Times

June 4, 2006

Invoking Secrets Privilege Becomes a More Popular Legal Tactic by U.S.

By SCOTT SHANE

WASHINGTON, June 3 — Facing a wave of litigation challenging its eavesdropping at home and its handling of terror suspects abroad, the Bush administration is increasingly turning to a legal tactic that swiftly torpedoes most lawsuits: the state secrets privilege.

In recent weeks alone, officials have used the privilege to win the dismissal of a lawsuit filed by a German man who was abducted and held in Afghanistan for five months and to ask the courts to throw out three legal challenges to the National Security Agency's domestic surveillance program.

But civil liberties groups and some scholars say the privilege claim, in which the government says any discussion of a lawsuit's accusations would endanger national security, has short-circuited judicial scrutiny and public debate of some central controversies of the post-9/11 era.

The privilege has been asserted by the Justice Department more frequently under President Bush than under any of his predecessors — in 19 cases, the same number as during the entire eight-year presidency of Ronald Reagan, the previous record holder, according to a count by William G. Weaver, a political scientist at the University of Texas at El Paso.

While the privilege, defined by a 1953 Supreme Court ruling, was once used to shield sensitive documents or witnesses from disclosure, it is now often used to try to snuff out lawsuits at their inception, Mr. Weaver and other legal specialists say.

"This is a very powerful weapon for the executive branch," said Mr. Weaver, who has a law degree and is a co-author of one of the few scholarly articles examining the privilege. "Once it's asserted, in almost every instance it stops the case cold."

Robert M. Chesney, a law professor at Wake Forest University who is studying the recent use of the

privilege, said the administration's legal strategy "raises profound legal and policy questions that will be the subject of intense debate for the foreseeable future."

Some members of Congress also have doubts about the way the privilege has been used. A bill approved by the House Government Reform Committee would limit its use in blocking whistle-blowers' lawsuits.

"If the very people you're suing are the ones who get to use the state secrets privilege, it's a stacked deck," said Representative Christopher Shays, Republican of Connecticut, who proposed the measure and has campaigned against excessive government secrecy.

Yet courts have almost always deferred to the secrecy claims; Mr. Weaver said he believed that the last unsuccessful assertion of the privilege was in 1993. Steven Aftergood, an expert on government secrecy at the Federation of American Scientists, said, "It's a sign of how potent the national security mantra has become."

Under Mr. Bush, the secrets privilege has been used to block a lawsuit by a translator at the Federal Bureau of Investigation, Sibel Edmonds, who was fired after accusing colleagues of security breaches; to stop a discrimination lawsuit filed by Jeffrey Sterling, a Farsi-speaking, African-American officer at the Central Intelligence Agency; and to derail a patent claim involving a coupler for fiber-optic cable, evidently to guard technical details of government eavesdropping.

Such cases can make for oddities. Mark S. Zaid, who has represented Ms. Edmonds, Mr. Sterling and other clients in privilege cases, said he had seen his legal briefs classified by the government and had been barred from contacting a client because his phone line was not secure.

"In most state secrets cases, the plaintiffs' lawyers don't know what the alleged secrets are," Mr. Zaid said.

More recently the privilege has been wielded against lawsuits challenging broader policies, including the three lawsuits attacking the National Security Agency's eavesdropping program — one against AT&T by the Electronic Frontier Foundation in San Francisco and two against the federal government by the American Civil Liberties Union in Michigan and the Center for Constitutional Rights in New York.

In a filing in the New York case, John D. Negroponte, the director of national intelligence, wrote that allowing the case to proceed would "cause exceptionally grave damage to the national security of the United States" because it "would enable adversaries of the United States to avoid detection." Mr. Negroponte said he was providing more detail in classified filings.

Those cases are still pending. Two lawsuits challenging the government's practice of rendition, in which terror suspects are seized and delivered to detention centers overseas, were dismissed after the government raised the secrets privilege.

One plaintiff, Maher Arar, a Syrian-born Canadian, was detained while changing planes in New York and was taken to Syria, where he has said he was held in a tiny cell and beaten with electrical cables. The other, Khaled el-Masri, a German of Kuwaiti origin, was seized in Macedonia and taken to Afghanistan, where he has said he was beaten and injected with drugs before being released in Albania.

The United States never made public any evidence linking either man to terrorism, and both cases are widely viewed as mistakes. Mr. Arar's lawsuit was dismissed in February on separate but similar grounds from the secrets privilege, a decision he is appealing. A federal judge in Virginia dismissed Mr. Masri's lawsuit on May 18, accepting the government's secrets claim.

One frustration of the plaintiffs in such cases is that so much information about the ostensible state secrets is already public. Mr. Arar's case has been examined in months of public hearings by a Canadian government commission, and Mr. Masri's story has been confirmed by American and German officials and blamed on a mix-up of similar names. The N.S.A. program has been described and defended in numerous public statements by Mr. Bush and other top officials and in a 42-page Justice Department

legal analysis.

In the A.C.L.U. lawsuit charging that the security agency's eavesdropping is illegal, Ann Beeson, the group's associate legal director, acknowledged that some facts might need to remain secret. "But you don't need those facts to hear this case," she said. "All the facts needed to try this case are already public."

Brian Roehrkasse, a Justice Department spokesman, said he could not discuss any specific case. But he said the state secrets privilege "is well-established in federal law and has been asserted many times in our nation's history to protect our nation's secrets."

Other defenders of the administration's increasing use of the privilege say it merely reflects proliferating lawsuits.

In all of the N.S.A. cases, for instance, "it's the same secret they're trying to protect," said H. Bryan Cunningham, a Denver lawyer who served as a legal adviser to the National Security Council under Mr. Bush. Mr. Cunningham said that under well-established precedent, judges must defer to the executive branch in deciding what secrets must be protected.

But critics of the use of the privilege point out that officials sometimes exaggerate the sensitivities at risk. In fact, documents from the 1953 case that defined the modern privilege, United States v. Reynolds, have been declassified in recent years and suggest that Air Force officials misled the court.

An accident report on a B-29 bomber crash in 1948 was withheld because the Air Force said it included technical details about sensitive intelligence equipment and missions, but it turned out to contain no such information, said Wilson M. Brown III, a lawyer in Philadelphia who represented survivors of those who died in the crash in recent litigation.

"The facts the Supreme Court was relying on in Reynolds were false," Mr. Brown said in an interview. "It shows that if the government is not truthful, plaintiffs will lose and there's very little chance to straighten it out."

END

Australian

June 3, 2006

Judges seek fair trial for Hicks

Richard Kerbaj

A GROUP of the nation's eminent legal minds, including four former Supreme and Federal Court judges, have warned John Howard that terrorism would destroy civilised society if Australia continued to back the detention and military trial of David Hicks.

Former Federal Court judge Ron Merkel and former NSW Liberal attorney-general and Supreme Court judge John Dowd are among the 76 signatories on an open letter to the Prime Minister arguing that Hicks -- who remains in indefinite US detention in Guantanamo Bay, Cuba -- is being held illegally and deserves a fair trial.

``Whether or not David Hicks is in fact guilty or innocent is not the issue. The illegality lies in the process of indefinite detention and unfair trial by military commission," the lawyers say.

They argue that the federal Government is complicit with the US in breaking international law and ``undermining international legal order'', and urge Mr Howard to act or lose the war against terrorism.

``The menace of terrorism is real. However, to meet the danger the world needs not only a military solution, but renewed and sustained commitment to the rule of law and to fundamental principles of human dignity and respect for human rights,'' says the letter, which is also signed by former Supreme Court judges George Hampel and Tony Pagone. ``This is the shared heritage of a civilised world. Unless we are vigilant, terrorism may achieve the destruction of these values. We should not give it such a victory.''

The lawyers describe the military commission, set up by US President George W. Bush in the wake of the 2001 September 11 attacks without the approval of Congress, as an ``affront to international legal standards''.

They claim that the commission denies the right to ``an independent and impartial trial'' and does not ``exclude evidence obtained by coercion, including the use of cruel, inhuman or degrading treatment''.

The move by the judicial elders follows a similar revolt by more than 400 European and British parliamentarians earlier this year, which backed a submission to the US Supreme Court in relation to another Guantanamo inmate, Salim Ahmed Hamdan, arguing that the military commission trials contravened international humanitarian and human rights laws.

The letter, written through the Australian branch of the International Commission of Jurists and published by The Weekend Australian today, says Australia must follow the British in condemning the military commission, ``a process which expressly has no application to any American citizen''.

``The imprisonment at Guantanamo Bay and the unfair trial of David Hicks by military commission are an affront to international legal standards, indeed all civilised standards,'' it says.

The US naval base at Guantanamo Bay, where Hicks has been detained at Camp X-Ray for more than four years after he was captured with Taliban insurgents in Afghanistan in 2001, was set up as a detention centre in the wake the attacks on the US on September 11.

Mr Dowd, ICJ president, said the letter followed a decision by the lawyers to take a stand against the ``inherent unfairness of the planned trial''.

END

AP

June 3, 2006

Court orders U.S. government to weigh nuclear power terror attack

By DAVID KRAVETS

Associated Press Writer

SAN FRANCISCO_A federal appeals court has blocked a plan to store more radioactive waste at a nuclear power plant, ruling that federal regulators must consider the likelihood of a terrorist attack more seriously.

A three-judge panel of the 9th U.S. Circuit Court of Appeals, in the first ruling of its kind, on Friday unanimously disagreed with the Nuclear Regulatory Commission's 2003 finding that an attack was "remote and speculative" and therefore unnecessary to consider.

The case involves the storage of spent fuel at the Diablo Canyon power plant in San Luis Obispo County. A group calling itself San Luis Obispo Mothers For Peace challenged the NRC's decision.

"The whole purpose of this lawsuit, before they build a facility, they would have to protect it, they would have to look at ways they could protect it from a potential attack," said the nonprofit group's attorney, Diane Curran.

New storage facilities are needed because the current waste repository at the Pacific Gas & Electric Co. site is filling up. Spokesman Jeff Lewis said the company has enough space to store spent fuel until 2010.

NRC spokesman David McIntyre said the agency was reviewing the ruling.

The court's decision comes as the Bush administration and some members of Congress are promoting nuclear power as a way to curb reliance on foreign oil. Last week, Bush said nuclear power was overregulated and needed a jump-start from Washington.

The federal government has been developing a dump to store the nation's radioactive waste at Yucca Mountain in Nevada, but the project is years behind schedule and mired in legal disputes.

END

The Age (Melbourne, Australia)

June 4, 2006

US seeks to share tobacco findings

William Birnbauer

US GOVERNMENT prosecutors have called on the findings of a second Australian court in their drawn-out battle with the world's biggest tobacco companies.

The US Department of Justice previously has used the findings of the Victorian Supreme Court in the case of lung cancer victim Rolah McCabe to pursue sensitive tobacco company documents.

Now US prosecutors have introduced the findings of Sydney judge, Justice Jim Curtis, in their multibillion-dollar racketeering case against tobacco companies.

Justice Curtis last week found that British American Tobacco Australia Services had adopted a document retention policy in 1985 "for the purpose of a fraud".

The case, in the NSW Dust Diseases Tribunal, is being watched closely by insurers and asbestos companies that believe tobacco companies should contribute to lung cancer payouts.

It follows the death in 2001 of Sydney motor mechanic Alan Mowbray. His wife was awarded $200,000 after she sued Brambles Australia for negligence, claiming her husband's cancer was caused by the asbestos fibres in the brake pads he worked on. Brambles and its insurer, Allianz, figured Mr Mowbray's cancer also was caused by 54 years of smoking and that British American Tobacco should pay some compensation.

Brambles applied for the company's documents to see what it knew about the health risks of smoking.

It got some documents, but the company claimed privilege over many more.

Brambles argued privilege should be waived because the document retention policy put sensitive documents out of reach of litigants.

Last week, Justice Curtis ordered British American Tobacco to hand over documents after finding it had been dishonest about its document retention policy.

In a separate development, a US judge last week ruled that Associate Attorney-General Robert McCallum, nominated as the next US ambassador to Australia, must answer questions over last year's unexpected reduction of the sum the Department of Justice is seeking from tobacco companies from $174 billion to $13.3 billion.

The change sparked allegations of political interference, which Mr McCallum has denied.

END

Daily Oklahoman, The

June 3, 2006

Lawsuits change focus of former farmer

Jim Stafford

The Daily Oklahoman

Jun. 3--When Roger Ediger traded in his life as an Oklahoma wheat farmer to hang his shingle as an Enid attorney four years ago, he envisioned himself with a general law practice.

Two significant settlements reached with banks over alleged violations of federal rules governing agriculture loans have altered his career perspective.

Ediger and two law partners announced this week that the Farmers Exchange Bank of Cherokee has agreed to pay $2.127 million to settle a lawsuit filed on behalf of Ronald Jenlink of Jet and Greg Boruff of Reynolds, Ill.

The lawsuit filed in U.S. District Court for the Western District of Oklahoma alleged that the bank improperly charged excessive interest rates and fees on federally guaranteed Farm Service Agency loans.

In a statement issued by the bank through the Enid law firm of Hadwiger and Jungman, Farmers Exchange Bank denied violating any law and said it settled the lawsuit to avoid disclosing its clients' private financial information in open court.

"We do not believe the bank has done anything wrong," said Loren Rieger, president and chief executive officer of the bank. "But if we had proceeded we would have been forced to disclose substantial amounts of our customers private financial information.

"To avoid that -- and to avoid an expensive and lengthy legal fight -- we have entered into this settlement agreement to allow the bank to continue its operations without undue interruption."

The lawsuit against Farmers Exchange Bank is similar to one that Ediger brought on behalf of the federal government in 2002 against Gold Banc Corp., which resulted in a $16 million settlement.

While clerking at the Enid law firm for which he now works, Ediger concluded that the Gold Banc was violating the federal False\l "l" Claims\l "l" Act\l "l" that dates back to Civil War days and filed the lawsuit.

Ediger said the lawsuits were actually filed on behalf of the federal government. The rules he alleged were broken had to do with requirements that banks charge customers participating in the guaranteed loan program an interest rate no greater than what its average customers receive.

"I would assume that the attention from these two lawsuits has heightened banks' awareness of their need to abide by the law," Ediger said.

Meanwhile, the two cases have changed the focus of his practice.

"I went to law school intending to come back to Enid and practice with the law firm of Mitchell & DeClerk and have just a general type of law practice," Ediger said Thursday. "But these cases have changed that somewhat. I work in this area a significant portion of my time.

"But I also do bankruptcy work and commercial law and a lot of agriculture-related stuff, too."

Ediger, 51, farmed for more than two decades before he decided that he couldn't sustain his family raising wheat and cattle because of rising debt.

So, he was accepted into the University of Oklahoma law school in 1999 and graduated in 2002.

Ediger and his wife, Catherine, still live on the same land on that he farmed, but the farming operation is leased to someone else.

"I'm primarily a lawyer, but my heart is always going to be in agriculture because I farmed for 25 years, and it's hard to remove that from your heart," he said.

END

International Herald Tribune

June 3, 2006

Court Rules Chevron's Suit Against U.S. Can Proceed

Chevron may proceed with a lawsuit against the federal government over its handling of the 1997 sale of its stake in the Elk Hills oil and gas field in California, according to a ruling by U.S. Court of Federal Claims in Washington. Chevron filed the lawsuit after failing to agree on the exact split of its joint holdings in the Elk Hills facility with the U.S. Department of Energy.

END

USDOJ- Office of Public Affairs

From:	USDOJ- Office of Public Affairs
Sent:	Tuesday, June 6, 2006 8:05 AM
To:	USDOJ- Office of Public Affairs
Subject:	Attorney General's News Briefing for Tuesday, June 06, 2006
Attachments:	agnb060606.pdf; agnb060606.doc

THE ATTORNEY GENERAL'S *NEWS BRIEFING*

PREPARED FOR THE OFFICE OF PUBLIC AFFAIRS, U.S. DEPARTMENT OF JUSTICE

TO: THE ATTORNEY GENERAL AND SENIOR STAFF

DATE: TUESDAY, JUNE 6, 2006 7:45 AM EDT

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TERRORISM NEWS:

US Officials Predict Domestic Terrorist Attack By Year's End. US intelligence Officials told CBS News privately that they expect a terrorist attack in the US, possibly before the end of the year. The CBS Evening News (6/5, lead story, 2:55, Stewart) reported, "US officials believe the Canadian arrest and three recent domestic incidents in the United States are evidence the US homeland will be hit again soon, and privately, they say, they'd be surprised if it didn't come by the end of the year. The first of the domestic incidents, all of which drew little attention at the time, began here with the holdup of a string of Torrance, California, gas stations last summer. Muslim converts who bonded together in prison planned to use the robberies to finance attacks on 20 Army recruiting stations. … Then this February in Toledo, police busted another cell. This one consisted of three men training to attack US forces overseas." And "then just two months ago, a pair of Atlanta men, one a Georgia Tech engineering student, were arrested not long after communicating by e-mail with two of the suspects arrested in Canada over the weekend. The Atlanta men are charged with videotaping domestic targets, including the US Capitol and World Bank. Analysts now conclude similarities between all the cases were dramatic. All were self financed, all were self-motivated, and in each case, the men were seeking out others to join their cell."

Townsend Says US Is Vulnerable At All Points Of Entry. Frances Townsend, Assistant to the President for Homeland Security and Counterterrorism was asked on CNN's The Situation Room (6/5) how vulnerable Americans are because of the potential of terrorists crossing in from the north. Townsend responded, "We're vulnerable at all of our ports of entry. For that reason, particularly on the northern border, the President since 2001 has tripled the number of Border Patrol agents, he's -- we've invested over $120 million in advanced technology along the northern border. We're working with the Canadian government on a Western Hemisphere travel card that is biometrically enabled so we can facilitate legitimate travel but be sure that we understand and know who's coming in and exiting our country."

Canadian Terror Suspects' International Ties Draw Scrutiny. The CBS Evening News (6/5, story 2, 2:20, Bowers) reported, "The arrests over the weekend in Canada are now part of a larger international investigation involving possible terror cells in at least seven countries. Authorities are now looking for connections between those arrested in Canada and suspected terrorists already in custody in the US, Bangladesh, Bosnia, Great Britain, Sweden and Denmark." The developments "are certain to feed fears about security along the United States northern border which at 4,000 miles is the world's longest and some fear already an overlooked path for terrorists to enter the US." CNN's The Situation Room (6/5, Blitzer) reported that the "alleged conspiracy" among young Muslims in Toronto "is also causing lots of concern in this country, and there are indications [of] some cross-border connections."

Canadian Suspects Made Contact With Georgians Who Cased DC Landmarks. CNN's The Situation Room (6/5, Meserve) reported, "US counterterrorism officials says two of the Canadian suspects had e-mail communications with two U.S. citizens arrested this spring on terrorism charges. … Officials say some of the Canadians also had contact with British terrorism suspects arrested last fall and with Islamic militants in Bangladesh, Bosnia, Denmark and Sweden."

The Washington Times (6/6, Seper) reports Canadian and US intelligence officials "are investigating links between Canadian terror suspects accused of plotting to bomb government buildings and Islamic militants in the United States and other countries. Investigators are looking at links between two Atlanta men arrested in March after they videotaped" Washington DC landmarks and two of the Canadians "identified as part of a terrorist ring. The Canadians were arrested last year trying to smuggle weapons into Canada." According to the Times, US officials have established that the two "had been in contact via computer with some of the 17 terror suspects arrested Saturday in Canada." FBI spokesman Richard Kolko "acknowledged over the weekend that some of the Canadian suspects had been in 'contact' with the two Georgia men but said there was 'no current outstanding threat to any targets on U.S. soil emanating from this case.'"

US Border Patrol Stations On "High Alert." The AP (6/5, Crary) reports the US "tightened…checks of traffic from Canada on Monday as debate over the long and hard-to-police border intensified. … Calls for tougher security measures were countered by pleas from business and civic leaders on both sides to keep border crossings as quick and simple as possible." U.S. Border Patrol Chief David Aguilar "said patrol stations along the 4,000-mile border — especially those adjoining Ontario — are on high alert because of the arrests, although investigators say the suspects' alleged plot apparently involved only targets in Canada." U.S. Customs and Border Protection official Kristi Clemens "said some traffic headed into the United States would under go tougher procedures at the 89 ports of entry along the border."

DOJ_NMG_0031676

Knight Ridder (6/6, Montgomery) reports "some lawmakers are calling for a harder look at the northern border" and adds that "even before" 9/11 "the northern border had a reputation as a potential open door for extremists who'd settled in Canada to take advantage of its liberal immigration policies. One Canadian officer was quoted as describing the country as 'Club Med for terrorists.'"

Suspects Used Internet To Establish International Network. NBC Nightly News (6/5, story 2, 1:50, Williams) reported, "US officials say the Internet was both the inspiration and the downfall for the group arrested in Canada. Like the terrorists behind the 2004 Madrid train bombing, the Canadians are thought to be part of an emerging trend with no direct connections to bin Laden and al Qaeda." John Miller, FBI: "These groups aren't being supported by a central hub that's taking care of their funding, their equipment; their bombing expertise. They're putting themselves together in the field and doing it with whatever resources they can generate on their own." NBC went on to report, "The net around the Canadian cell began to tighten last October with the arrest in London of a man suspected of operating a terrorist Internet site, one that investigators say the Canadian group was using, too. The FBI says two Atlanta area students arrested two months ago were also using it and took the bus to Toronto a year ago to meet some of the Canadians."

Six Of The Seventeen Suspects Considered Ringleaders. The Washington Post (6/6, A12, Struck) reports, "Six men arrested in a broad police sweep last weekend have been charged with hatching the alleged plot to set off a powerful bomb somewhere in Ontario, according to charges made public Monday. A total of 17 people were arrested -- 12 adults and five juveniles -- and all have been charged under Canada's post-Sept. 11, 2001, terrorism laws. But details made public Monday suggest that some members of the group may have had more limited knowledge of the alleged plot than others." The Post also reports that "several" suspects "came under scrutiny as a result of political conversations on the Internet that were monitored by authorities."

ABC World News Tonight (6/5, story 3, 2:45, Ross) reported, "Canadian police say more arrests are likely as they seek to unravel what they describe as a home grown terror cell that got its inspiration from Osama bin Laden and was intent on striking as soon as it could, until police moved in this weekend. The plot was designed to inflict mass casualties with truck bombs made of fertilizer, according to police here." In "this case, all of those arrested are Canadian citizens, most of whom live in tree-lined suburbs just outside Toronto, including the alleged ring leader, a 43-year-old school bus driver with four children named Qayyum Abdul Jamal. Authorities say he was active at this storefront mosque, where he helped to radicalize, and recruit others, in their teens and early 20s."

NBC Nightly News (6/5, lead story, 2:45, Tibbles) reported Canadian Police "became aware the group was allegedly trying to purchase three tons of ammonium nitrate, the same chemical used in the Oklahoma City bombing, only three times as much. So they stepped in. Friday, when the bags were delivered, the chemical had been replaced with harmless powder. Some 400 heavily-armed police swept in."

Attention Drawn To Gaps In Canadian Immigration And Intelligence Practices. The Washington Times (6/6, Sheikh) reports, "Canadian security and immigration practices came under scrutiny yesterday after the weekend arrests of 17 persons suspected of plotting to blow up southern Ontario landmarks. About 90 percent of immigration applicants from Pakistan and Afghanistan in the past five years have not been sufficiently screened for security concerns, Jack Hooper, deputy director of the Canadian Security Intelligence Service (CSIS), told a Senate committee last month. Security analysts, meanwhile, warned that past cuts in staffing and funding for the nation's security services have left them short of manpower to search for terrorist cells."

Arrests Said To Have "Shattered" Canadians' Self Image. The Los Angeles Times (6/6, Williams) reports that the "thwarted suspected terrorist plot has shattered the image that many Canadians have of themselves as more secure, more generous and more likable than their U.S. neighbors." Prime Minister Stephen Harper is quoted as saying, "Their alleged target was Canada, Canadian institutions, the Canadian economy, the Canadian people. … We are a target because of who we are and how we live, our society, our diversity and our values -- values such as freedom, democracy and the rule of law."

Padilla's Attorney Challenges Government's Evidence. The AP (6/5, Anderson) reports Andrew Patel, an attorney for alleged al-Qaida operative Jose Padilla "is asking a judge to throw out key evidence, saying the warrant for his arrest was based on statements from one source who claims he was tortured and another who was heavily medicated. … The evidence being challenged includes a cell phone allegedly provided to Padilla by another al-Qaida operative, an address book containing names of his alleged al-Qaida recruiter and sponsor, and more than $10,000 in cash."

Jury Begins Deliberations In Trial Of Maryland Muslim Schoolteacher. The Washington Times/AP (6/6, Barakat) reports closing arguments were heard yesterday in the trial of Ali Asad Chandia, third-grade teacher at a Muslim school in Maryland "who is charged with providing material support to Lashkar-e-Taiba, a group that supports

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Muslim control of…Kashmir. … The U.S. government declared Lashkar a terrorist group in December 2001." The AP notes Chandia's prosecutors "have said Lashkar served as a potential gateway for Americans and others who wanted to join the Taliban in neighboring Afghanistan in its fight against U.S. troops in late 2001."

Senate Intelligence Committee Considers Privacy Act Terrorism Exemption. UPI (6/5, Waterman) reports, "A little-noticed proposal from the Senate intelligence committee would exempt federal agencies from important provisions of the Privacy Act in the name of the war on terrorism. The committee's annual authorization bill, which was sent to the Senate last month after a unanimous vote, would initiate a three-year pilot program, during which U.S. intelligence agencies would be able to access personal information about Americans held by other federal departments or agencies if it is thought to be relevant to counterterrorism or counterproliferation."

LATimes, NYTimes Blast Administration's Reading Of Geneva Conventions. In an editorial, the Los Angeles Times (6/6) notes its article yesterday which reported that "the Defense Department, over the objection of the State Department, has decided to omit from a new Army Field Manual on interrogation a prohibition against 'humiliating and degrading treatment' contained in Common Article 3 of the Geneva Convention. … Pentagon officials — supported by Vice President Dick Cheney's office — apparently have come to believe that including the prohibition in the manual would cramp the style of interrogators and create an 'unintentional sanctuary' for Al Qaeda fighters." According to the Times, "Omitting Article 3 from the interrogation manual not only would be handing the enemies of the United States a propaganda victory, but by giving interrogators an inch of discretion, it would be encouraging some of them to take a mile. Such slippage isn't just a matter of speculation. It's what happened at Abu Ghraib."

The New York Times (6/6), in an editorial, notes the Los Angeles Times article and concludes, "It defies belief that this administration is still clinging to its benighted policies on prisoners after the horrors of Abu Ghraib, the killings at American camps in Afghanistan and the world's fresh outrage over what appears to have been the massacre of Iraqi men, women and children in the village of Haditha."

HOMELAND RESPONSE:

Townsend Says Cuts In Homeland Security Funds Were "Inevitable." Frances Townsend, Assistant to the President for Homeland Security and Counterterrorism was asked on CNN's The Situation Room (6/5) about criticism of Homeland Security Secretary Michael Chertoff from politicians in New York State, Washington, D.C. and Michigan over cuts in funding. Townsend said, "There should be no doubt that New York is the number one in terms of its risk. And for that reason, since the inception of the grant program New York has received more than $500 million in grant money. This year, the request to Congress in the budget for grant money was reduced by Congress by over $360 million. So there were -- it was inevitable that there were going to be some cuts. … And we're just going to have to work through this, both with New York, with Washington, D.C., with Michigan, and with our allies up on the Hill."

Protestors Heckle Negroponte At Boarding School Commencement. The AP (6/6, Gram) reports National Intelligence Director John Negroponte spoke to graduates of St. Johnsbury Academy in Vermont, "where his son John was one of the graduates." The AP adds, "About 75 peace activists stood outside in the drizzle holding signs and giving speeches, alleging that Negroponte was a key player in abusive U.S. foreign policies from Central America in the 1980s to Iraq today. … Police arrested four protesters, two who were removed from the hall while heckling during Negroponte's speech and two who ventured onto what police said was the academy's private property."

Pentagon 9/11 Memorial Groundbreaking Set For June 15. The Washington Post (6/6, A4, Dwyer) reports James J. Laychak, president of the Pentagon Memorial Fund, "announced yesterday that a groundbreaking ceremony will occur June 15, a huge milestone in the nearly five-year fundraising effort for the 9/11 monument. About 150 family members and other guests, including Secretary of Defense Donald H. Rumsfeld, are expected to attend the invitation-only ceremony, which will be held at the memorial site on the west lawn of the Pentagon."

Pataki, Bloomberg Said To Have Misallocated Ground Zero Recovery Funds. In an op-ed for the Wall Street Journal (6/6) Debra Burlingame, a director of the World Trade Center Memorial Foundation, writes, "The public has heard plenty about the 'empty pit of Ground Zero,' but most do not know that the $2.8 billion allocated to Lower Manhattan in cash grants has virtually all been spent. It is difficult to trace where all the money went while being routed through the Department of Housing and Urban Development and six different city and state entities." According to Burlingame, Gov. George Pataki "signed off on $25 million worth of recovery funds for American Express, which expressly announced it hadn't intended to leave Lower Manhattan. … Goldman Sachs, which made $4.55 billion

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dollars in net profits in 2004, received a $2 billion 'assistance' package consisting of triple-tax-free Liberty Bonds, tax credits and cash the following year." Mayor Michael Bloomberg "has declined to fully explain his allocation of $650 million dollars worth of Liberty Bonds to construct the Bank of America tower in midtown, an allocation that competes with downtown redevelopment; or why he awarded $114 million in Liberty Bonds to the Ratner office tower -- in Brooklyn."

Government's Method Of Paying For Katrina Cleanup Said To Increase Costs. NBC Nightly News (6/5, story 7, 2:45, Williams) reported, "Could it be the way the government pays for all that cleanup work" in the hurricane zone in the Gulf Coast "that is leading to so much waste?" NBC (Myers) added, "The collection, hauling and smashing of debris still is a daily ritual. Cost to taxpayers? Already, $2.5 billion, but government investigators and those closest to the cleanup now say hundreds of millions of taxpayer dollars may have been wasted." Troy Hebert's "debris removal company helped clean up after past hurricanes. He complains that this time, the Army Corps of Engineers gave debris removal contracts to four major corporations who did little actual cleanup themselves and instead farmed out much of the job to layers of local subcontractors: The result?" Hebert: "They were able to make huge, huge sums of profits off of actually other people doing work to clean up our communities. And that's not the way it should be." Rep. Tom Davis: "Contractors were being paid two, three times what they should have been paid to get the job done, and the job took in some cases two and three times as long as it would have."

Landrieu Said To Be On Mission To Explain Katrina Devastation. The Hill (6/6, Allen) reports Sen. Mary Landrieu says she's "still in a fight to explain" the Hurricane Katrina's devastation. "'It's important for people to understand what really happened, who is responsible, why it happened, so that we can actually fix it,' she said. For Landrieu, villains are easy to identify: President Bush and top White House officials, the Federal Emergency Management Agency (FEMA) and House Speaker Dennis Hastert (R-Ill.)." She says FEMA "should not be the vehicle for federal assistance because it is 'dysfunctional.'

New Orleans Public Housing Residents Returning To Storm-Damaged Apartments. The New York Times (6/6, Saulny) reports displaced New Orleans public housing residents have returned "from Atlanta, Baton Rouge, Houston and elsewhere" to urge "the city to reopen their storm-damaged apartments. … "Outside the largest complex, the St. Bernard Housing Development in the Seventh Ward, tenant groups have organized evacuees into a tent city called Survivors Village." Though "city and federal housing officials who have opened fewer than 1,000 of more than 8,000 public housing units," tenants "promised on Sunday to gut and rebuild their own units, and they said they planned to be back permanently -- with or without the city's permission -- as soon as their work was done."

Foley Calls For FEMA's Removal From DHS. Rep. Mark Foley, in an op-ed in The Hill (6/6) writes that with predictions of "another volatile year" for hurricanes, "structural problems remain that plague" FEMA, including its placement within "the top-heavy government bureaucracy of the Department of Homeland Security." Foley says, "By placing FEMA in the labyrinth of government agencies housed in DHS, we have put FEMA's priorities in direct competition for attention with our efforts to protect our cities from al Qaeda and to protect our borders." Foley adds that he introduced legislation last year to "sever FEMA from the DHS bureaucracy" and "make it the nimble, quick-response team that it wants to be."

Amendment Would Prevent Use Of FEMA Funds To Buy Luxury Items. In its "Under The Dome" column, The Hill (6/6, Dufour) reports Rep. Virginia Foxx has introduced an amendment to the homeland-security appropriations bill to combat the use of government-issued debit cards to buy "Louis Vuitton purses and other luxury goods." Foxx's "Louis Vuitton Amendment" reads, "None of the funds made available to the Federal Emergency Management Agency in this act may be used to purchase a Louis Vuitton handbag." A Foxx spokeswoman said "the language is designed to 'highlight the abuse that occurred with the debit cards last year so that it doesn't happen again.'"

Red Cross Says Reforms In Place Following Katrina. USA Today (6/6, Nichols) reports that following "complaints…of supply shortages, poorly run shelters, inadequate phone and computer systems and a lack of outreach to rural areas" in the response to Hurricane Katrina, the national Red Cross' interim President and CEO, Jack McGuire, says the charity "now has far-reaching reforms in place." He "says the Red Cross will have more resources, a streamlined process to get aid to victims, a vastly expanded communications network and a new effort to reach out to…communities." McGuire says the charity will have to "earn" back its pre-Katrina image, which it will do "by showing what happens in the next hurricane season."

GAO Criticizes US Tidal Wave Preparedness. The Washington Post (6/6, A4, Daly) reports the GAO issued a report yesterday warning that while "technology is able to detect the formation of a tsunami fairly quickly," the US "lacks a robust warning system and detailed knowledge on the impact a0 tidal wave could have on coastal areas." Meanwhile, "false alarms may have lulled West Coast residents into an inaccurate sense of security." The GAO "urges that the National Oceanic and Atmospheric

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Administration develop 'loss estimation' software for tsunamis similar to those available for hurricanes or floods so officials can predict how severe a potential storm would be."

The Washington Times (6/6, Hudson) reports that while "the National Weather Service issues timely warnings," alert systems on the West Coast "cannot transmit to some coastal areas, the report said. … The GAO recommends updated maps and more community participation in the National Weather Service's TsunamiReady program. Participation is low 'because of community perceptions of a low tsunami threat and perceived high cost versus benefit.'"

WAR NEWS:

Marines Expected To Face Charges Over Killing Of Iraqi In Hamdania. As the US military continues its investigation into the alleged murder of 24 Iraqi civilians at Haditha, investigations into other killings of Iraqis by US soldiers or Marines are also proceeding. In one instance, eight Marines face charges in the death of an Iraqi man in Hamdania. The suspected Marines initially reported the Iraqi was slain while planting a roadside bomb; subsequent witnesses have called this report into question.

ABC World News Tonight (6/5, story 4, 2:06, Karl) notes the "report is signed by Sgt. Lawrence Hutchins. Marine officials do not dispute the authenticity of the report, but investigators now believe the story it tells is a lie. Officials say creditable eyewitnesses told investigators the Marines simply dragged the unarmed man out of his house, shot him, and planted an AK-47 and a shovel on his body. At least seven Marines and a Navy corpsman on the scene at the time have been arrested and locked up in the brig at Camp Pendleton, California, awaiting charges. Officials say this investigation is moving more quickly than the Haditha investigation, because in this case, several of the Marines have confessed. Officials tell me they expect charges in this case, including murder charges, in the next week or two."

The CBS Evening News (6/5, story 5, 1:30, Mitchell) reported, "Several Marines under investigation for the murder of an Iraqi civilian last April have made statements admitting they set out that night to kill an Iraqi. They were looking for a man they believed was an insurgent responsible for attacks on Marines. When they couldn't find him, they went to another house, pulled an unarmed Iraqi into the street and shot him." Pentagon officials "say he was shot by a patrol of seven Marines and one Navy corpsman who then planted a rifle and a shovel next to his body in an effort to make it look like he was an insurgent caught burying a roadside bomb." Officials "who know what's in several of their statements say this is a case not just of murder, but premeditated murder."

US Commanders To Get Preliminary Report On Haditha Killings. The CBS Evening News (6/5, story 5, 1:30, Mitchell) reported, "A member of Congress who visited Iraq said today US commanders there will soon get a preliminary report from investigators on the alleged massacre of Iraqi civilians last November in Haditha."

Kline Says Top General Will Review Report On Haditha Killings. Rep. John Kline, who has just returned from Iraq, said Lt. Gen. Peter Chiarelli, the second-ranking U.S. general in Iraq, will soon review a preliminary criminal report into the alleged massacre by of Iraqi citizens in Haditha by US Marines. The AP (6/5, Frommer) reported that Kline said "it was unclear when the report would be released."

Knight Ridder (6/5, Lasseter) reported that "counterinsurgency is among the most complex forms of warfare, and sometimes the wrong people are killed. While outrage gathers over the reported killings of 24 civilians by U.S. Marines in the western Iraqi town of Haditha, US military units…quietly go about the daily task of patrolling a very complicated battlefield."

Haditha Said Not To Be Generating Outrage Among Iraqis. NBC Nightly News (6/5, story 6, 2:05, Engel) reported that on al-Iraqiya, "Not mentioned in the broadcast -- Haditha -- where US Marines allegedly murdered 24 civilians last November. It was first reported here in detail last week and only then because the incident was denounced by the prime minister. Now it's barely on the news. Today at state-sponsored Al-Iraqiya TV, we asked the news director why." Karim Hamadi, Al-Iraqiya TV (via translator): "If we played it up or sensationalized it, more Iraqis would want to attack US troops and more Iraqis would die." Engel: "We went to a Baghdad pizzeria to gauge reaction to Haditha. Most said it's just another massacre, does it matter who carried it out?"

Photographs From Iraq Said To Undermine Military's Image. The Washington Post (6/6) carries the musings of reporter Philip Kennicott on the significance of photographs in exposing "the flaws of the military's carefully constructed image of discipline." He asserts, "Photographs made Abu Ghraib a symbol of shame throughout the world. And photographs and video images are again undermining the military's cherished reputation for calm under fire and heroic self-restraint." Photographs and investigations coexist uneasily, because the former are "immediate," while the latter are "methodical and often slow." Kennicott concludes, "And the only image that fades, as the war grinds on, is the one with which we prepared for battle: the fantasy, so beloved of Americans, of a clean, surgical, decent war."

Former Marine Says Entire Corps Should Not Be Condemned Because Of Haditha. David Danelo, a former Marine officer and Iraq war veteran, writes in the Los Angeles Times (6/6), "Several Marines have already been convicted in the court of public opinion in the Haditha case. As military

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investigators evaluate these allegations, those on the sidelines should avoid castigation of an entire system because of the errors of a few." Danelo adds that "as we condemn the handful who have backslid in their pursuit of the Spartan Way, we should not forget to esteem the thousands who…have kept their honor clean amid Iraq's insanity."

Gunmen Kidnap 50 In Daylight Baghdad Raid. In a daylight raid on bus stations in central Baghdad, gunmen wearing police uniforms kidnapped at least 50 people Monday. ABC World News Tonight (6/5, story 5, :20, Gibson) reported, "In Iraq, today, an audacious kidnapping in central Baghdad. Gunmen in police uniforms seized at least 50 people from bus stations in broad daylight. The hostages were herded into more than a dozen vehicles and driven away. No motive is known. The Interior Ministry denied that police were involved."

The CBS Evening News (6/5, story 6, 2;10, Palmer) reported, "Witnesses say ten vehicles like those used by the Interior Ministry police pulled up midmorning. Men in police uniforms rounded up about 50 people at gunpoint. 'They bounded them and blindfolded them,' says this witness. 'And then they covered them with blankets and drove off.' The Interior Ministry dominated by Shi'a groups denies its men were involved, but it's long been accused by Sunnis of running death squads. Today's abductions follow a weekend of sectarian bloodletting." Christians, Shiites, Sunnis, "no one is safe. New statistics from US intelligence measure just how much the violence has surged. Attacks of all kinds are up 64% in the five months from January to May."

NBC Nightly News (6/5, story 6, 2:05, Engel) reported, "The lead story tonight on Iraqi TV -- yet another mass kidnapping. Relatives protested after gunmen dressed as police took more than 50 people hostage at Baghdad's central bus station."

The AP (6/6) reports, "Lt. Col. Falah al-Mohamedawi, an Interior Ministry spokesman, said the gunmen arrived at midmorning in the Salihiya business district, where several transportation companies are based and where buses pick up passengers bound mostly for Jordan, Syria and Lebanon. Witnesses said the attackers blocked roads leading into the area before grabbing people seemingly at random. The gunmen beat the captives before putting bags over their heads and herding them into more than a dozen vehicles."

A front page story in the Washington Post (6/6, A1, Hernandez, Aldin) reports that the fate of the hostages "was unknown Monday night, but. But the scale and audacity of the operation were unusual even by the capital's lawless standards."

The Los Angeles Times (6/6, Stack, Rasheed) reports, "In Baghdad, leaving home to work, shop or visit family has become an increasingly dangerous proposition. Violence rears up without warning; residents navigate a citywide obstacle course of roadside bombs, shootouts and security checkpoints. … Monday's mass kidnapping took place in a bustling, shabby commercial district in downtown Baghdad. The site is relatively fortified: It stands just a stone's throw from the Justice Ministry, amid a network of Iraqi police checkpoints."

Man Gets Life Sentence For Role In Hassan Kidnapping. The New York Times (6/6, Tavernise) reports that a man who "apparently played a minor role in the kidnapping of Margaret Hassan, a British-Iraqi aid worker whose disappearance and death showed that no one was immune from insurgent viciousness," was sentenced to life in prison Monday. Judge Saab Khorshid of the Central Criminal Court "sentenced Mustafa Muhammad Salman al-Jibouri, a man associated with a Sunni mosque in central Baghdad, to life in prison, a British Embassy official said. The charge, according to an Iraqi lawyer who watched the trial, was aiding and abetting: Mr. Jibouri held Ms. Hassan's purse after she was abducted, though he said he did not know whose it was at first."

Pentagon Says Iraqis Believe That Violence Will Diminish. The Washington Post (6/6, A12, Pincus) reports that according to the Pentagon's quarterly report to Congress, "Iraqis have confidence the new Baghdad government will improve the situation" of frequent sectarian attacks. Anthony Cordesman criticized the study as "a fundamentally false picture of the political situation in Iraq, and of the difficulties ahead." He stated that the American people and Congress need an "honest portrayal." Cordesman disputed the Pentagon view that 90% of suicide bombings in Iraq are carried out by Al Qaeda.

NATO Official Claims Afghanistan Is More Stable Than Iraq. Freelance writer Tulin Daloglu writes in the Washington Times (6/6), "The pictures of the anti-US riots last week in Kabul show the immense contradictions of Afghanistan. Monday's riot, triggered by a traffic accident involving an American military truck, was the worst since the fall of the Taliban. The next day, however, was absolutely calm, illustrating how impossible it is to predict anything that will happen in Afghanistan. Hikmet Cetin, NATO's senior civilian representative, says the riots did not accurately express either the level of anti-American sentiment or the people's attitude toward foreign influences." Cetin "says he is sure that NATO will defeat the Taliban. … He acknowledges that putting together the institutions of government and statehood, along with educating the people, will take a long time. But he refused to compare Afghanistan and Iraq. 'There

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is no deep ethnic and religious division in Afghanistan like there is in Iraq,' he said."

Afghanistan Has World's Second-Highest Rate Of Newborn Deaths. The Washington Post (6/6, A10, Constable) reports that according to international studies, Afghanistan is "one of the most dangerous places in the world to be born or to deliver a child. In a recent report, the US charity Save the Children found that Afghanistan has the world's second-highest rate of newborn deaths, 60 per 1,000 births, just below Liberia." The Post adds, "Although Afghanistan has had a stable, Western-backed government since late 2001 and foreign donors have since spent tens of millions of dollars to improve health care, conditions still conspire to sabotage the chances of healthy and normal births."

Senate Panel Would Expand Mission Of Imagery Intel Agency. The Washington Post (6/6, A13, Pincus) reports, "The Senate Select Committee on Intelligence wants to expand the mission of the nation's imagery intelligence agency so that it can provide U.S. forces on the ground with laptop computers that display still pictures and video of what may lie over the next hill." The panel wants to give the director of the national intelligence authority to direct the National Geospatial-Intelligence Agency (NGA) "to 'analyze, disseminate and incorporate' into its national system 'likenesses, videos, or presentations produced by ground-based platforms including handheld or clandestine photography taken by or on behalf of human intelligence collection organizations.' The new visual materials would be available along with traditional mapping data for retrieval by mission planners and troops in the field."

DOJ:

Former DOJ Spokesman Blasts Gonzales Over BALCO. The Legal Times (6/5, McLure) reports, "It's not often you see one of former Attorney General John Ashcroft's aides publicly criticize the current Justice Department. But that's exactly what former Ashcroft spokesman Mark Corallo did last week when he submitted an affidavit bashing the DOJ for issuing subpoenas to two San Francisco Chronicle reporters who wrote articles about the BALCO steroid investigation based on leaked grand jury testimony." The Times continues, "In supporting the reporters' motion to quash, Corallo accused Justice's leadership of violating long-standing departmental policies that discourage subpoenaing reporters except in certain circumstances 'where immediate action is required to avoid the loss of life or the compromise of a security interest.' … 'I just saw an egregious abuse of power,' says Corallo. 'There seems to be this attitude at [the DOJ] that just because the law says we can, we will.'" The Times adds, "Corallo, who now runs his own public relations company, has some clients who likely didn't mind him taking a swat at his old employer. He's been retained by Milberg Weiss Bershad & Schulman, the securities class action firm indicted by the Justice Department last month. He's also served as spokesman for Karl Rove, the presidential aide under scrutiny by DOJ Special Prosecutor Patrick Fitzgerald in the investigation into the leak of CIA agent Valerie Plame's identity. That case, of course, may hinge on the degree to which reporters are compelled to cooperate with prosecutors and defense lawyers. … Corallo, however, says his client list didn't affect his decision to jump into the BALCO matter. 'None of my clients had any idea that I was doing this,' he says. Regardless, his move will likely burn bridges with some fellow Republicans at the DOJ."

Assistant USA Tapped As Pentagon IG Nominee. The AP (6/5) reports, "Assistant U.S. Attorney David Laufman is President Bush's pick to be the Pentagon's chief overseer of internal investigations." The AP continues, "The White House on Monday sent the Senate Laufman's nomination for inspector general at the Defense Department. … If confirmed, Laufman would replace Joseph E. Schmitz, who resigned last September to become chief operating officer for the Prince Group, a division of Blackwater USA, which provides security services to troops in Iraq and around the globe." The AP adds, "The inspector general is the principal adviser to the secretary of defense for matters relating to the prevention of fraud, waste and abuse in the Defense Department. …. Laufman, who received a bachelor's degree from the University of Pennsylvania and a law degree from Georgetown University, is assistant U.S. attorney for the Eastern District of Virginia. … Before that, he was chief of staff for the office of the deputy attorney general at the Justice Department. Earlier in his career, he was investigative counsel for the House Ethics Committee."

DOJ's Privacy Advocate's Powers Are Limited. The Legal Times (6/6, Mclure) reports, "From spying on domestic-based international phone calls without a court warrant to reportedly obtaining the phone records of tens of millions of customers of AT&T, BellSouth and Verizon, the federal government appears to have made safeguarding Americans' privacy a low priority. … So it may come as a surprise to learn that the Justice Department -- the agency responsible for defending such programs -- has a top official charged with making sure the agency doesn't violate Americans' rights while pursuing terrorists. Jane Horvath became the department's first full-time chief privacy and civil liberties officer in February. … But her powers are limited

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and, in the view of a number of privacy advocacy groups, negligible. Unlike privacy officers in Europe and Canada, she has no power to subpoena federal law enforcement officials with knowledge of alleged privacy or civil liberties violations. Nor can she report independently to Congress. … 'I tend to think it is window dressing,' says David Sobel, general counsel of the Electronic Privacy Information Center. 'The creation of a position like this within DOJ is a matter of [the department] paying lip service to the very real privacy problems that arise from their activities.' … And, in fact, Horvath herself says she has no intention of taking a confrontational approach or acting independently of Justice's leadership in defending privacy rights at an agency that has vigorously defended the National Security Agency's domestic spying and whose own investigators are increasingly circumventing federal courts to collect personal information on American citizens."

CORPORATE SCANDALS:

Bawag Settles Refco Charges With US For $675 Million. The AP (6/6) reports, "Austria's Bawag PSK bank will pay at least $675 million to avoid prosecution and to settle bankruptcy claims after admitting its role in the collapse of commodities brokerage Refco Inc., U.S. authorities announced Monday." The AP continues, "The bank, together with the Austrian Trade Unions Association, which owns Bawag, will forfeit $337.5 million to the United States to be distributed to victims of the fraud at Refco, according to prosecutors and the Securities and Exchange Commission. … In return, U.S. authorities have agreed not to prosecute Bawag, U.S. Attorney Michael Garcia said." The AP adds, "The government will distribute half of the $337.5 million in forfeited funds to the Refco bankruptcy estate and half to other victims of the Refco fraud, he said. … In a statement, the bank said it will initially pay $158 million, with $150 million being divided equally between the Refco creditors and the U.S. Department of Justice and another $8 million being paid to a class-action settlement fund. … The bank said the Justice Department will distribute its money to the Refco estates and the securities claimants, among others. … As much as a year later, the bank will pay the remainder, to be split equally between the Justice Department and Refco creditors, the bank said."

USA Today (6/6, Farrell) reports, "The settlement was part of a non-prosecution agreement between federal prosecutors and the Bank fur Arbeit und Wirtschaft (Bawag), headquartered in Vienna. In a statement, Michael Garcia, the U.S. Attorney in Manhattan, said the bank merited the non-prosecution agreement because new management, installed in January after the scandal, was cooperating fully with the criminal investigation. … Although no mention was made of the bank's previous management, prosecutors and regulators from the Securities and Exchange Commission are continuing their investigation." USA adds, "The deal lifts a cloud of uncertainty from the bank, while resolving most of the financial claims that have been lodged against it for its role in propping up Refco, now in Chapter 11. 'We're pleased to have resolved all these matters,' said Andrew Levander of the Dechert law firm, which represents Bawag. 'We believe this generally resolves all potential claims against Bawag.'"

Enron Prosecutors Have Possible Future Targets, But Might Be Winding Down. The Wall Street Journal (6/6, Emshwiller) reports, "The giant federal investigation of Enron Corp. has produced criminal charges against 32 people, and it is continuing. But will it ever spit out charges against anyone else?" The Journal continues, "That question hangs over the four-year-old probe in the wake of its greatest victory: the convictions last month of former Enron Chairman Kenneth Lay and former President Jeffrey Skilling on conspiracy and fraud charges. The four-month trial of those two men was viewed as a culmination of the federal criminal probe that began in the wake Enron's collapse into bankruptcy in December 2001." The Journal adds, "Theoretically, the federal Enron Task Force still has lots of potential targets for criminal charges. Some even came up by name during the Lay/Skilling trial. Court filings in that case said about 100 individuals have been identified as co-conspirators of the two men. Of those criminally charged, 16 have pleaded guilty, eight have been convicted at trial, two have been acquitted and the rest are awaiting trial. … Among the senior executives whose names have come up during the criminal proceedings is Jeff McMahon, who served various senior Enron positions; David Duncan, one of the company's outside auditors and the only man in the Enron saga to have pleaded guilty to a crime and then reversed himself; and Greg Whalley, who took over as Enron's president when Mr. Skilling unexpectedly quit in August 2001. … Some observers believe that with its biggest case now completed, the Task Force is unlikely to file new cases. Instead, it probably will wind down its efforts and focus on cleaning up the already filed charges. 'Enron Beach is closed, and not just for the summer,' says Jacob Frenkel, a former federal prosecutor now in private practice in Rockville, Md. … However, others say the government could feel obligated to bring additional cases even after nabbing the two top figures at the company. As a prosecutor, 'you want to make sure that the people most culpable are held to account,' says Jonathan Halpern, a former federal prosecutor now in private practice in New York. … Another possibility is that any future cases will be handled as civil matters by the Securities and Exchange

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Commission, which could seek large monetary penalties from individuals."

Central Figure In Milberg, Weiss Case Lost His Midas Touch. The New York Times (6/6, Creswell, Glater) reports, "When it came to investing, Howard J. Vogel seemed to possess a perverse kind of Midas touch. … In early October 1997, he bought 50 shares of Oxford Health Plans. Three weeks later, the stock nose-dived, and Mr. Vogel lost about $3,000 of his investment. Still, Mr. Vogel reaped $1.1 million." The Times continues, "How was that possible? … Mr. Vogel was a plaintiff in a shareholder lawsuit filed by the New York securities litigation powerhouse Milberg Weiss Bershad Hynes & Lerach against Oxford Health. In 2003, the company, along with other parties that were sued, paid $300 million to settle. … Most of the investors received pennies on the dollar for their losses. But Mr. Vogel, then a real estate mortgage broker in Englewood, N.J., was not just a hapless investor who bought the wrong stock at the wrong time." The Times adds, "Mr. Vogel now says, according to a plea agreement with federal prosecutors, that he and members of his family were actually linchpins in a long-running arrangement that helped Milberg Weiss snare the lucrative lead counsel position in the Oxford Health and many other securities lawsuits, reaping hundreds of millions of dollars in legal fees. … Mr. Vogel, who has since moved to Florida, is a central figure in the government's case against Milberg Weiss Bershad & Schulman, as the law firm is now called. Last month, a federal grand jury in Los Angeles indicted the firm and two of its name partners on several criminal charges, including racketeering conspiracy and money laundering. The firm is accused of making $11.3 million in illegal secret payments to Mr. Vogel and two others who served as plaintiffs in more than 150 lawsuits. … The firm contends it has done nothing improper and has vowed to fight the charges against it. But Milberg Weiss is struggling to keep its lawyers and clients from walking away. Several lawyers have left the firm and a number of institutional investors, including the New York state employee pension fund, have removed it as counsel in high-profile lawsuits."

Prudential To Fight Arbitrators' Ruling. The Wall Street Journal (6/6, Craig) reports, "An arbitrator once accused of being in Wall Street's pocket was part of a panel that unexpectedly returned a $14.5 million penalty against a major Wall Street firm." The Journal continues, "In late May, a New York Stock Exchange arbitration panel unanimously ordered Prudential Securities Inc. to pay $11.8 million plus back interest to Charanjit and Harpreet Sahni, a Roslyn Heights, N.Y., couple who alleged that Prudential mismanaged some of their money. From 2000 to 2004, the couple's Prudential account dwindled to less than $1 million from $23 million. Wachovia Corp. acquired a 62% stake in Prudential Securities in July 2003 from Prudential Financial Inc., which retained a 38% stake." The Journal adds, "A Prudential spokesman said of the ruling: 'We don't believe this decision conforms with the law, and we are considering taking steps to have the decision vacated.' … The case is significant not only for its size -- it is the third-largest award ever handed down by an NYSE panel -- but also because the couple's lawyer worked to have one of the three arbitrators who heard the case, a former Merrill Lynch & Co. employee named Robin Henry, removed from the panel."

WSJournal Says Judge Can Set Limits On DOJ In Corporate Fraud Cases. An editorial in the Wall Street Journal (6/6) says federal Judge Lewis A. Kaplan is expected to rule on whether the Justice Department overstepped its bounds in pursuing the KPMG tax-fraud case. If Kaplan "rules against the government, it may lead to an overdue rethinking of how far prosecutors can go in demanding cooperation from companies under investigation." Kaplan "can lay down an important and necessary marker for corporate fraud cases going forward. Whether he imposes any sanction on the government, and of what sort, will show if Justice can get away with acting unjustly."

CRIMINAL LAW:

Libby's Attorneys Look To Documents For Defense. The Legal Times (6/5, Kelley) reports, "I. Lewis 'Scooter' Libby Jr. never meant to lie to the FBI or to a federal grand jury. Instead, his lawyers blame 'confusion' or a 'faulty memory' for his failure to disclose conversations he had with reporters about CIA operative Valerie Plame. … In other words, he simply forgot." The Times continues, "Given the hectic nature of his job as Vice President Dick Cheney's chief of staff, Libby's lawyers say, it's understandable that their client might have failed to remember 'snippets of conversation' he felt were unimportant. … And even if he did talk to reporters about Plame, the defense argues, he had no motive to lie about it later because he didn't know her status was classified and therefore was unaware he had done anything wrong. … Then again, they contend, it might just be that the reporters who claim they talked to Libby about Plame are themselves confused." The Times adds, "Little by little, Libby's lawyers have revealed aspects of their defense in court filings and at pretrial hearings. They've indicated what players likely will be called as witnesses, and they've made requests for thousands of documents — actions that shed light on likely trial strategies. … 'It looks like the defense is going in a few directions, one of which is that Valerie Plame was so unimportant that even if Libby was mistaken, he didn't

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intend to lie,' says Peter Henning, a former lawyer with the Justice Department's Criminal Division and now a law professor at Wayne State University in Michigan. 'It looks like they may also raise some challenges as to what was actually said in these fairly short conversations with reporters.' … Libby is accused of lying to a grand jury and to FBI agents investigating claims that someone in the White House leaked Plame's identity to the media in the summer of 2003 to retaliate against her husband, Joseph Wilson, an outspoken critic of the Iraq war. When questioned about his knowledge of the leak, Libby allegedly lied about how and when he learned of Plame's CIA status, and with whom he discussed the classified information."

WSJournal Says Case Against Libby Is Weak. An editorial in the Wall Street Journal (6/6) says that Special Prosecutor Patrick Fitzgerald's use of a Journal editorial as part of his perjury and obstruction case against former Vice Presidential aide Scooter Libby, "suggests that his case is a lot weaker than his media spin. Mr. Libby wasn't a source for our editorial, which quoted from the October 2002 National Intelligence Estimate concerning the Africa-uranium issue. But Mr. Fitzgerald alleges in a court filing that Mr. Libby played a role in us getting the information, which in turn shows that 'notwithstanding other pressing government business, [Libby] was heavily focused on shaping media coverage of the controversy concerning Iraqi efforts to obtain uranium from Niger.'" The Journal adds, "The more of Mr. Fitzgerald's case that becomes public, the more it looks like he has made the terrible mistake for a prosecutor of taking Joe Wilson's side in what was essentially a political fight."

US Charges Seven With Drug, Money Laundering Scheme. The AP (6/6, Gentile) reports, "Seven people, including two affiliated with Limelight Films Inc., a film and TV distribution company, have been charged as part of a two-year investigation into allegations of drug trafficking, money laundering and arms dealing." The AP continues, "Bruno D'Esclavelles, 45, chief executive of Limelight, and Alexander de Basseville, 35, who is affiliated with Limelight's parent, the Swiss firm ADB Swiss S.A., were arrested in Alexandria, Va., and charged with conspiracy to distribute the drug Ecstasy." The AP adds, "Federal officials say de Basseville met several times over two years with undercover agents posing as international drug traffickers. … De Basseville offered to launder drug money, supply weapons and broker drug deals for the agents, according to a press release from the U.S. attorney for the Eastern District of Virginia and a separate release from the Drug Enforcement Administration. … Authorities say that on two occasions, de Basseville and D'Esclavelles took cash, which they were told came from drug sales, and laundered it through Limelight Films. … In February, de Basseville and D'Esclavelles allegedly arranged for an associate, Thomas Frischknecht of the Netherlands, to sell 10,000 Ecstasy pills to undercover agents. The pills were shipped to the agent in Virginia, authorities said."

On its Web site, ABC News (6/6) reports, "A man engaged to Charlie Chaplin's granddaughter was arrested in a drug sting targeting a group that trafficked the drug ecstasy from Europe to Los Angeles and used a Hollywood movie studio to launder money, according to the U.S. Drug Enforcement Administration. DEA officials say Alexandre De Basseville, who is engaged to Chaplin's granddaughter Kiera Chaplin, and Bruno D'Esclaelles, the CEO of Limelight Films, met on several occasions with undercover federal agents during the past two years and attempted to set up deals to bring 500,000 ecstasy pills into the United States." ABC News also quotes Karen Tandy's statement from the DEA press release.

Businesses Wary Of Governmental Data-Sharing Efforts. Information Week (6/6, Greenemeier) reports, "A Justice Department proposal that ISPs retain records for two years is just the latest in a growing list of data collection initiatives by federal agencies. … To protect the public from terrorism and other hazards, the U.S. government mines its vast databases for signs of trouble. Increasingly, the feds are requesting--even demanding--that businesses share their data, too. But such cooperation isn't cheap or easy, and several industries are pushing back to protect their customers' privacy." IW continues, "Not long after forcing Internet companies to submit search terms, search result URLs, and other information as part of its enforcement of the Child Online Protection Act, the Justice Department is going a step further. Attorney General Alberto Gonzales is now asking the likes of Google, AOL, and Verizon to keep subscriber information and other customer data for at least two years, just in case the government needs it for criminal investigations. Currently, Internet companies are under no obligation to save that data at all. … People want the government to have the data needed to fight crime and terrorism; it's the potential misuse of personally identifiable data--names, addresses, Social Security numbers, Web search histories--that is deeply worrisome." IW adds, "The feds have been mostly successful in getting businesses to cooperate. Following the 9/11 terrorist attacks, the government looked to transportation companies, especially airlines, to hand over information that can be used to match passengers and transportation workers with names on terrorist watch lists. However, while they initially complied with Homeland Security projects such as the Computer Assisted Passenger Pre-Screening System and Secure Flight, some airlines have said they're uneasy with the government's ability to safeguard their data from loss or misuse. … Privacy

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advocates worry about the volume of data being collected (millions of records and many terabytes of data), the length of time it's stored, and the level of detail. … Yet even as one data-sharing arrangement comes under scrutiny, another arises. The U.S. Centers for Disease Control and Prevention has requested that international airlines store passenger emergency contact information for six months in the event of a bird flu outbreak."

House Democrats To Determine Fate Of Jefferson's Ways And Means Seat. The Hill (6/6, Hearn) reports that with "emotions still raw over House Minority Leader Nancy Pelosi's (D-Calif.) recent request that Rep. William Jefferson (D-La.) relinquish his seat on the Ways and Means Committee while he faces a government bribery investigation, House Democrats are convening a meeting this evening of their Steering and Policy Committee. The committee is charged with determining panel memberships, among other matters." It was "unclear at press time whether the steering committee, which is stocked with Pelosi loyalists, would discuss Jefferson's situation or vote to take him off the tax-writing panel."

Roll Call (6/6, Kornacki) reports the timing of the meeting announcement -- "it was only a few session days ago that Jefferson ignored a demand from House Minority Leader Nancy Pelosi (D-Calif.) that he leave Ways and Means immediately — promptly ignited speculation that Pelosi is planning to ask the Steering and Policy Committee to recommend to the full Democratic Caucus that Jefferson be stripped of his assignment on the exclusive panel." A senior Democratic aide, however, "said that Pelosi is expected to broach the Jefferson subject but said that she is likely to tread carefully, perhaps only sampling opinion instead of calling for specific actions."

House Leaders Willing To Let Courts Decide Fate Of Jefferson Documents. CQ (5/5, Ferrechio) reports, "Once-irate House leaders now are inclined to sit back and let judges determine whether the executive branch overstepped its bounds with the first-ever search of a lawmaker's Capitol Hill office." The "uproar over the 18-hour search and removal of documents from the Rayburn House Office Building has subsided to such a large degree that House General Counsel Geraldine Gennet turned down an offer from the Justice Department to meet about it this week." Instead, Gennet "told investigators that the House position is to let a court decide the fate of the seized items, said Justice Department spokesman Brian Roehrkasse. There will be a meeting sometime next week, Roehrkasse said."

Safavian Denies Lying About Golfing Trip With Abramoff. The New York Times (6/6, Shenon) reports former White House budget official David Safavian "acknowledged Monday that he had provided 'a lot of insight and advice,' including government information not available to the public, to the lobbyist Jack Abramoff in 2002." But Safavian "testified that he had not violated ethics rules in accepting the lobbyist's invitation for a golfing trip to Scotland that summer." Safavian "insisted in testimony in federal court here that he had not lied to government investigators when he was asked about the golf trip, although he acknowledged giving them inaccurate information about some contacts with Mr. Abramoff, a former lobbying partner."

Government Executive (6/6, Mandel) reports, "David Safavian, former head of the Office of Management and Budget's procurement policy division, took the stand in his own defense for the second time Monday, describing how he provided assistance to his friend and former colleague Jack Abramoff in ways that approached, but did not cross, lines of propriety." GE continues, "Safavian faces charges that he lied about his dealings with Abramoff to obtain clearance from the General Services Administration ethics office to go on a golfing trip to Scotland while serving as the chief of staff at that agency, and that he subsequently obstructed two investigations into his participation in the trip. … As the final witness in his own defense, Safavian testified that he had advised Abramoff on efforts to take over two GSA-controlled properties, as was clear from a large number of e-mail messages presented as evidence by Justice Department lawyers earlier in the case. But on Friday, Safavian had testified that while he had not expected some of that assistance to actually help, he had moved his friend's queries forward so Abramoff could get answers from the appropriate GSA decision-makers. … Safavian said he had arranged a meeting and provided information about a large GSA property in White Oak, Md., that Abramoff hoped to lease for a religious school he and his wife founded, despite it being clear that the effort to lease the property would not ultimately succeed. He said he had tried to explain that the religious nature of the school and potentially hazardous condition of the buildings ruled out leasing the property to Abramoff's Eshkol Academy."

Indicted Senator Begins Testimony At Tennessee Waltz Trial. The Memphis Commercial Appeal (6/6, Buser) reports, "Former state senator Roscoe Dixon took the stand Monday in his bribery trial, hoping to undo five days of testimony and secret recordings that prosecutors say illustrate a politician on the take. Dixon, who resumes the stand today, testified for about 45 minutes near the end of the day, telling jurors of his family background, of working and attending college, of 16 years of service in the Army and Tennessee National Guard and his life as a legislator from 1982 to 1994. 'Lobbyists play a very powerful role,' said Dixon, who addressed jurors in a personable

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manner and sometimes added gentle humor to his answers. … 'Everybody wants to get your ear.'" WMC-TV Memphis (6/5) and WPTY-TV Memphis (6/5) also reported on Dixon's testimony.

Jury Hears Tape Of Dixon Complaining About Senate Pay. The AP (6/6, Baird) reports Dixon "complained that his job as a lawmaker paid too little, according to a recording played for a federal jury Monday. 'I need to get in the big league, man,' Roscoe Dixon said on a recording played at his bribery and extortion trial. L.C. McNeil, an FBI agent testifying under his code name, said the recording was made in August 2004 when he was talking with Dixon about the senator's desire to leave the Legislature." The AP adds that Dixon "complained that no matter how much per diem pay he drew above base salary, he could not make more than $30,000 a year as a Senator. 'Everybody got some semi-hustle,' he said of the state Legislature." WTVF-TV Nashville (6/5) reports McNeil also "told the jury he talked to Barry Myers about paying bribes to Dixon. Myers has been described as a 'bag man' by federal investigators."

Former Chicago Water Official Testifies About Political Hires. The Chicago Tribune (6/6, Mihalopoulos, Bush, 643K) reports, "From the time Mayor Richard Daley took office, dozens of city department managers gathered before elections at the plumbers' union hall or other sites to get campaign marching orders from top mayoral aides, a former Daley loyalist testified Monday in the City Hall corruption trial. Donald Tomczak, a longtime Water Department official and veteran political operative, said he then would summon his top deputies to his office in the Jardine Filtration Plant to tell them which candidates would get help from hundreds of blue-collar city water workers." The Tribune adds that "Tomczak described a Daley campaign organization in which high-ranking city officials doubled as political coordinators," and "promotions for water workers were based more on precinct-by-precinct election results than actual job performance." The Chicago Sun-Times (6/6, Korecki, Novak, Warmbir) notes, "Assistant U.S. Attorney Patrick Collins asked if two soldiers in Tomczak's political army deserved the city positions they were given. 'Were they the best men for the jobs?' Collins asked. 'No,' Tomczak said plainly. 'They were active in my political group and did a good job.'"

Federal Monitor Finds Numerous Incidents Of Improper Behavior By UMDNJ Dean. The Philadelphia Inquirer (6/6, Graham, 423K) reports, "The allegations that have been swirling around Warren Wallace for weeks finally came to light yesterday, and the details were not pretty. A federal monitor investigating the University of Medicine and Dentistry of New Jersey, where Wallace was a senior dean until he was fired last week, accused him of manipulating the petty-cash system and steering a lucrative no-bid catering and cafeteria contract to a friend. The monitor's report also said Wallace, a Gloucester County freeholder and chairman of the Delaware River and Bay Authority, had devoted 'significant' amounts of university time and resources to his political jobs. … The monitor said Wallace's actions were, 'at a minimum, unethical.'" The Inquirer notes, "The monitor received a tip May 17 that Wallace's secretary was shredding documents, and the FBI quickly raided his office." The Camden Courier-Post (6/6, Greenblatt) adds, "The report said members of the school's Admissions Committee said Wallace forced them to interview a relative who had not yet taken the Medical College Aptitude Test or completed application essays. Committee members told investigators that Wallace's actions damaged the school's reputation, but he defended his behavior in a letter to the panel's chairman, the report said. Wallace's efforts on his daughter's behalf ultimately caused UMDNJ officials to fire him, university spokeswoman Anna Farneski said on Monday."

Investigators Collect DNA Evidence For Case Against Jeffs. CNN's Anderson Cooper 360 (6/5, Roberts) reported, "Fugitive polygamist and cult leader Warren Jeffs…remains on the FBI's most wanted list tonight, a $100,000 bounty on his head. Jeffs is wanted for alleged sex crimes involving minors. Tonight his whereabouts are still unknown, but authorities are busy strengthening their case against him." CNN (Kaye) added, "During this raid of the FLDS compound in Colorado City, Arizona, investigators weren't expecting to find…Jeffs but evidence against him – evidence that could prove Jeffs forced young girls to marry men sometimes twice their age and give them children. … If Jeffs performed the marriages and DNA evidence proves girls were under age when they conceived, Jeffs will have even bigger problems than he has simply living in illegal polygamist lifestyle."

Family Of Mob-Hit Victim Blames Government For Death. The AP (6/6) reports, "John McIntyre thought he was going to a house party on Nov. 30, 1984. … Instead, he was chained to a chair, interrogated, strangled, then shot in the head." The AP continues, "McIntyre's family is suing the federal government for $50 million, alleging that McIntyre was killed by fugitive crime boss James 'Whitey' Bulger after former FBI Agent John Connolly tipped him that McIntyre was cooperating with authorities in an investigation of Bulger." The AP adds, "As the McIntyre family's wrongful death lawsuit went to trial Monday, attorney Steven Gordon gave chilling details of McIntyre's killing. … Gordon said McIntyre was lured to a house by Bulger and Stephen 'The Rifleman'

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Flemmi, leaders of the notorious Winter Hill Gang. … After he arrived carrying a case of beer, McIntyre was handcuffed and chained to a chair, then interrogated by Bulger, who asked him if he was talking to authorities about Bulger's failed plan to ship guns to the Irish Republican Army on a Gloucester fishing boat. … 'It did not take much time for John McIntyre to say he was,' Gordon said. … Flemmi, Bulger's former right hand man, who pleaded guilty to participating in McIntyre's death, is expected to be a key witness for the McIntyre family. … Flemmi, who is serving a life sentence in 10 killings as part of a plea deal that spared him the death penalty, testified in a deposition last year that Connolly told Bulger that McIntyre had begun talking to federal authorities about Bulger's criminal activities. … Flemmi testified only briefly Monday before the trial recessed for the day. He is scheduled to resume his testimony Tuesday."

Couple Accused Of Selling Children Await Extradition. The AP (6/6) reports, "A fugitive couple accused of trying to sell their children in Mexico spent the weekend in San Diego jails will be extradited to Arizona." The AP continues, "The National Center for Missing and Exploited Children reportedly tipped off federal investigators about the couple. The tip led Mexican authorities to arrest 20-year-old Jessica Karin Heird and 37-year-old Edward Henry Leader in Tijuana on Friday. … Mexican authorities reportedly found the couple's 3-year-old son, but their 18-month-old daughter was still missing. The San Diego Union-Tribune reported that the boy and girl were sold, though there was no word on who paid for the children or what the price was."

KGTV, San Diego (6/6) reports, "Heird -- who is six months pregnant -- and Leader had been living south of the border for several years and allegedly decided to make money by selling two of their youngest children, Deputy U.S. Marshal Omar Castillo said Monday. … Investigators believe the suspects took cash for their 18-month-old daughter and 3-year-old son. Authorities have since recovered the youngsters, who evidently were not physically harmed during their ordeals, Castillo said."

"Mafia Cops" Sentenced To Life In Prison. The Long Island Newsday (6/6, Destefano) reports, "The 'Mafia Cops' took eight lives and yesterday, they learned theirs would be lost to prison." Newsday continues, "Saying their crimes were the worst he ever saw, a Brooklyn federal judge hit two ex-Police Department detectives with life terms in prison and million-dollar fines for their roles as mob hit men. … 'It is hard to visualize a more heinous offense,' said Judge Jack B. Weinstein as he announced in a packed courtroom the heavy sentences for Louis Eppolito and Stephen Caracappa for their roles in eight gangland murders during a bloody period that stretched from the mid-1980s into the early 1990s. … 'These are probably the most heinous crimes ever tried in this courthouse,' Weinstein said. … 'These two men stand before you unrepentant and remorseless and perhaps by a higher power unforgivable,' said lead prosecutor, Assistant U.S. Attorney Robert Henoch. 'Police are supposed to protect people; we don't have death squads here -- at least we aren't supposed to.' … But in another twist in a case that has been filled with complex legal issues, Weinstein delayed imposition of the sentences until hearings are held later this month on critical post-trial motions for either acquittal or new trials. Both defendants will remain jailed but have asked Weinstein to overturn the April guilty verdicts, in part because the statute of limitations on the federal racketeering charges had expired. … Weinstein is also going to hold a hearing on Eppolito's and Caracappa's claims that their high-profile lawyers, Bruce Cutler and Edward Hayes, respectively, gave them ineffective representation. The lawyers have denied that claim. But no matter how Weinstein decides those issues, the case will be litigated for years."

The New York Times (6/6, Feuer) reports, "There was little reaction from either man in Federal District Court in Brooklyn and both returned to jail, where Mr. Caracappa's face has grown skeletal and Mr. Eppolito has grown a white goatee and gotten somewhat slimmer. … By law, the friends and family of a victim can address the court at sentencing, and before the penalty was read, there were brutally emotional — and achingly personal — accounts from the survivors. … One of them was Michal Weinstein, daughter of the jeweler, Israel Greenwald, who on Feb. 10, 1986, disappeared after giving young Michal a hug as she waited for a bus. She was 10 years old then, and as she spoke from the stand, addressing both defendants by name, it was with a caged fury that only now, after 20 years, had found release. … 'You took away our daddy,' she said, 'and by doing that you took away our childhood. You took away our mother. You stole our innocence. You filled our nights with nightmares and our days with torture.'"

The AP (6/6, McShane) reports, "Both defendants have been jailed since their April 6 convictions on racketeering charges that included murder, kidnapping, drug dealing and obstruction of justice. … Eppolito, 57, whose father was a member of the Gambino crime family, and Caracappa, 64, were respected detectives who worked for Luchese underboss Anthony 'Gaspipe' Casso between 1986 and 1990. The eight murders were committed while they were simultaneously on the payrolls of the New York Police Department and Casso." The AP notes, "The sentencing delay was anticlimactic compared to the courtroom theatrics that preceded it. Barry Gibbs, who spent almost 20 years in jail after a wrongful conviction in a case where Eppolito was lead investigator, stood up in the middle of Eppolito's speech to attack the ex-detective before federal marshals led him out

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of the courtroom. … 'Remember what you did to me? To me? You framed me!' he screamed as the crowd burst into cheers."

The Los Angeles Times (6/6, Barry) reports, "Hayes and Cutler delivered memorable opening and closing statements but called few witnesses. Cutler's entire defense lasted 13 minutes. Eppolito has replaced him with a new lawyer, Joseph Bondy, who said Cutler should have identified other potential perpetrators and allowed Eppolito to take the stand. Caracappa's new lawyer, Daniel Nobel, filed a similar complaint Monday morning." The Times continues, "Attorneys for the pair argued that the verdict should be thrown out because, except for one charge, the crimes did not fall within the statute of limitations for racketeering."

Scalia Rebukes Alito In Speedy Trial Case Ruling. The Legal Times (6/6, Mauro) reports, "Just four months after joining the Supreme Court, Samuel Alito Jr. on Monday joined the club of jurists who have been targets of Justice Antonin Scalia's wrath." The Times continues, "Alito wrote Zedner v. United States for a unanimous Court on Monday, siding with a criminal defendant in a dispute over interpretation of the Speedy Trial Act. But Scalia, while joining the decision, wrote a concurrence criticizing Alito for citing the legislative history of the statute, which Scalia believes is irrelevant. … 'Because the use of legislative history is illegitimate and ill advised in the interpretation of any statute -- and especially a statute that is clear on its face -- I do not join this portion of the Court's opinion,' Scalia wrote." The Times adds, "The side spat is a small but significant sign of Alito's independence from Scalia, whom many presumed would be a consistent conservative ally and friend. … In the drafting process, Alito could easily have mollified Scalia by deleting the paragraph that invoked legislative history. In interpreting acts of Congress, Scalia has vocally criticized reliance on legislative history -- congressional floor statements, committee reports, and the like -- in his 20 years on the Court, preferring instead to go strictly by the words of the statute. But the fact that Alito left the paragraph in, and Scalia felt moved to object to it, revealed at least some daylight between the two. … Alito's use of legislative history places him closer to the camp of moderate-liberal Justice Stephen Breyer, who last year warned in his book 'Active Liberty' of 'the danger that lurks where judges rely too heavily on text.'" The Times notes, 'Monday's ruling favored Jacob Zedner, indicted in 1996 on seven charges of bank fraud. Both he and the prosecution sought delays in the trial, raising red flags because of requirements of the Speedy Trial Act that a trial begin 70 days after a defendant is charged. Responding to a request from the judge, Zedner signed a form waiving his rights 'for all time' under the law. … After four years of procedural delays, Zedner moved to dismiss the indictment, claiming the prosecution had violated the Speedy Trial Act. The motion was denied, the trial proceeded, and he was found guilty. The 2nd U.S. Circuit Court of Appeals ruled against Zedner, finding that because he had contributed to the delay in the trial, he could not object to it."

High Court To Consider Retroactivity Of "Blakely." The AP (6/6) reports, "The Supreme Court said Monday it will decide whether inmates can reopen challenges to prison sentences based on a Court ruling two years ago that limited judicial discretion in sentencing." The AP continues, "Justices will hear arguments this fall from Lonnie Burton, who is serving nearly 47 years in prison in Washington state for rape, robbery and burglary. … Burton's lawyers told justices that the judge increased Burton's sentence by about 21 years, declaring that he deserved a harsher sentence than the sentencing scheme provided for there." The AP adds, "The case two years ago was also from Washington state. Justices on a 5-4 vote overturned the sentence of a Washington state man for kidnapping his estranged wife. A judge, acting alone, had determined that Ralph Blakely acted with 'deliberate cruelty' and deserved a longer prison term. … Justices did not say then how the decision would affect old cases. Justice Antonin Scalia authored that opinion, for an odd right-left lineup of justices."

Texas Man Slated For Execution For 1992 Murder. The AP (6/6, Graczyk) reports, "A man who killed his girlfriend with an ax while he was high on crack cocaine is to be executed by lethal injection Tuesday, the 11th person to be put to death in Texas this year." The AP continues, "Timothy Titsworth, 34, is the first of three scheduled to die this month in the nation's most active capital punishment state. The U.S. Supreme Court refused to review Titsworth's case in January." The AP adds, "Evidence showed Titsworth, who dropped out of school before he reached high school and worked as a roofer, was high on crack cocaine at the time of the July 23, 1992, attack. … 'I didn't think that I had a problem and didn't accept the help and treatment provided to me,' Titsworth, who had walked out of at least two drug treatment programs, wrote on an anti-death penalty Web site. 'With my fear, ignorance and denial of the truth that so many others have seen, I ended up here: on Texas death row.' … Before the killing, Titsworth had avoided a five-year prison term for auto theft by attending a boot camp for two months, an option available to him as a first-time felony offender. He was released on probation. … Three months later, he was arrested and charged with capital murder for the slaying of his girlfriend, who died at the mobile home they shared in Amarillo, in north Texas. Christine Sossaman, 26, had been hit about 16 times with a dull two-bladed ax as she slept."

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Duke To Reinstate Lacrosse Team. ABC World News Tonight (6/5, story 11, :15, Gibson) reported, "The Duke University lacrosse team is being reinstated. Duke's president said today the team will be allowed to play next season under strict rules and on probation. The team's season was cancelled in April after an exotic dancer claimed she was raped by three team members."

Two Women Charged With Insurance Fraud In California Hit-And-Run Cases. The Los Angeles Times (6/6, Dimassa) reports, "Two women in their 70s were arraigned today on nine counts of fraud in connection with multimillion-dollar life insurance policies they took out on two homeless men who were later killed in hit-and-run accidents." The Times continues, "The women, Olga Rutterschmidt and Helen Golay, pleaded not guilty to the charges, which include mail fraud and aiding and abetting a crime in connection with life insurance statements. … Authorities have said that the women are suspects in the 2005 death of Kenneth McDavid and the 1999 death of Paul Vados. The women allegedly took out 19 life insurance policies on the men and eventually cashed in more than $2.2 million in claims after the transients died in hit-and-run pedestrian accidents in Los Angeles. … No charges have been filed in the men's deaths. … U.S. Magistrate Judge Paul L. Abrams ordered a July 25 trial date for Rutterschmidt and Golay, who remain in federal custody."

Police Lineups Called Flawed, But Improvements Seen Unlikely. In an op-ed in the New York Times (6/6), David Feige, a former public defender in the Bronx, writes, "The police lineup — in which the anxious eyewitness casts an accusing gaze on a string of sullen men (or women) on the other side of one-way glass — is as much a staple of actual law enforcement as it is of 'C.S.I.' and 'Law & Order.' It is also highly flawed. Yet because of a poorly designed study of lineups in Illinois, much-needed improvements to the process may not be forthcoming." Feige continues, "For some time now, scientists, criminologists and defense lawyers have advocated ending the tradition of having the witness view potential suspects all at once and going instead to a sequential method, in which the witness views suspects (or photographs of them) one at a time. Better still is the 'double-blind' sequential test, in which the law-enforcement official administering the lineup does not know who is the suspect and who are 'fillers.' … A pilot project in Minneapolis and a generation of peer-reviewed laboratory experiments have concluded that the sequential method has a smaller error rate than old-fashioned simultaneous lineups. New Jersey now uses sequential lineups, and legislatures or commissions in California, North Carolina, Virginia and Wisconsin have endorsed them. … In April, however, Illinois officials released a study showing the new method was less reliable than the traditional one, based on results in three police districts. According to the study, witnesses using the sequential method picked out an innocent person — someone brought in as a filler — 9 percent of the time, compared with a 3 percent rate for simultaneous lineups (both figures are oddly below the typical error rate in such studies of 20 percent or more)." Feige adds, "Prosecutors often tell us defense lawyers that they, too, want the fairest possible trials. But when it comes to identifications, it seems they want precisely what the current flawed lineups give them: suspect identifications."

More Colleges Offering Training In Digital Forensics. USA Today (6/6, Swartz) reports, "One of the hottest new courses on U.S. college campuses is a direct result of cybercrime" -- digital forensics. Already "about 100 colleges and universities offer undergraduate and graduate courses in digital forensics, with a few offering majors." While, "five years ago, there were only a handful." The field is "considered a crucial weapon in law enforcement's escalating war against computer-related crimes." The FBI, National Security Agency and the CIA, local law-enforcement officials and companies are all said to be "clamoring for experts in finding and preserving digital evidence."

Children Abducted By Parents Life Uncertain Lives. In a lengthy front-page article, the Washington Post (6/6, Montes) reports on children abducted by a parent, focusing on Carl Dodd and his 13-year search for the daughter whose mother he has accused of abducting from Washington, DC. The Post reports that "the teenager who greeted him at the police department in April was distant, doubtful. She asked him pointed questions: Why had her mother been arrested? Why were so many reporters around? Sunglasses partially hid her eyes, and when Dodd asked her to take them off so he could really see her, she refused. She made it clear she intended to stay with her grandmother in Wilmington, Del. … The reunion may have ended Dodd's determined search for his daughter, Marilyn Byrd, who disappeared with her mother from Southeast Washington when she was 4. But it was just the beginning of the long road back to a relationship with his only child, now a young woman of 17." The Post adds, "For people who spent their childhoods hiding out with a distraught parent, taking on new identities, the hardest part comes when the child is recovered and so-called normal life resumes. That is when they finally can afford to get angry about being used as a pawn in a nasty battle between the two people they loved the most. … Few understand Marilyn Byrd's conflicting emotions better than three people who spoke recently about their lingering bitterness over childhoods on the lam: … · Rebekah Ford,

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28, a Wisconsin resident, still shudders as she recalls the most shocking moment of her childhood. It was the day the FBI came to her elementary school and showed her a flattened milk carton with her picture on it. Until then, she did not know that she was a missing child and that her name was not Heather Ann Brown. … Sam Potash of Philadelphia, who just turned 19, can finally speak publicly about the 8 1/2 months he spent on the run with his father when he was 10. He got used to pretending his name was Ben Davis and repeating the lie that his mother -- who was desperately searching for him -- was dead. … One of Liss Hart-Haviv's most vivid memories is trying to comfort her sobbing mother in a phone booth outside a California women's shelter after they had fled from her father. She was 10 and felt so old and alone. She even had a different name. … Three years ago, Hart-Haviv started Take Root, the first national organization for adults who went through such experiences as children. The cases continue to grow: More than 200,000 children are taken each year by a parent or other family member, according to the Justice Department."

CIVIL LAW:

High Court Rules Against Reporters Seeking To Keep Sources Secret. The Christian Science Monitor (6/6, Richey) reports, "Four journalists have lost their bid to reverse a judge's order to either disclose their confidential sources or face $500 per day in fines." The US Supreme Court yesterday "declined to take up the reporters' cases to examine whether a generally recognized 'reporters' privilege' against revealing sources should extend to a civil lawsuit brought by former nuclear-weapons-lab scientist Wen Ho Lee." The action "marks the second time in a year that the justices have let stand a judicial order seeking to force members of the media to renege on professional pledges of confidentiality made to government officials to obtain information for their news reporting."

The Wall Street Journal/AP (6/6) reports, "Late last week, Mr. Lee, who had sued the government for violating his rights under the Privacy Act, settled the lawsuit. He will receive $1.6 million from the government and five news organizations." Journalists "had been in civil contempt of court for refusing to disclose who leaked them information about an espionage investigation of Mr. Lee. The four reporters are H. Josef Hebert of the Associated Press, James Risen of the New York Times, Bob Drogin of the Los Angeles Times and Pierre Thomas, formerly of CNN and now working for ABC News." The Washington Post (6/6, A3, Lane) notes the reporters "no longer face contempt-of-court penalties for not naming their confidential sources, and their attorneys had been expected to file papers with the court asking it to dismiss the matter as moot."

LATimes Urges "Shield Law." The Los Angeles Times (6/6) editorializes, "Five news organizations -- including the Los Angeles Times -- agreed last week to pay a total of $750,000 to Wen Ho Lee, a former nuclear scientist who was arrested in 1999 and jailed for nine months as part of an espionage investigation at the Los Alamos National Laboratory in New Mexico. The payments, part of a negotiated settlement of Lee's lawsuit accusing the US government of leaking information to the media from his personnel files, mean that reporters for The Times and the other news organizations won't be punished for declining to identify confidential sources." But "that slippery slope can be avoided if Congress follows the example of two-thirds of the states (including California) and enacts a 'shield law' providing limited but real protection to journalists' confidential sources."

SCOTUS Limits Firm's Use Of Civil RICO Suits. The AP (6/6, Locy) reports, "The Supreme Court on Monday limited the use of civil anti-racketeering laws by companies seeking damages for allegedly illegal acts by their competitors." The AP continues, "In two separate cases, the high court tackled the growing controversy over the increased use of civil provisions of a federal law that was designed to root out organized crime from legitimate businesses. The AP adds, "By an 8-1 vote, justices reversed an appeals court decision that had allowed Ideal Steel Supply Corp., a New York steel mill product supplier, to sue its chief competitor, National Steel Supply Inc., owned by Joseph and Vincent Anza. … Justice Anthony M. Kennedy, writing for the majority in the steel company case, said the victim of racketeering must suffer 'direct' injury from illegal acts. … Ideal Steel Supply alleged that National Steel Supply defrauded New York state tax authorities by offering lower prices minus taxes to customers who paid in cash. … But Kennedy said the direct victim of the fraud was not Ideal Steel Supply but New York state."

CIVIL RIGHTS:

DOJ To Monitor Elections In California, Alabama. The AP (6/6) reports, "The U.S. Department of Justice said Monday that it will monitor Tuesday's primary election in seven California counties to make sure officials adequately serve voters who don't speak English." The AP continues, "Alameda, Orange, San Benito, San Diego, San Mateo, Santa Clara and Ventura counties all are required to provide election information, ballots and voting assistance information in one or more minority languages under the 1965 federal Voting Rights Act." The AP adds, "In San Diego

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County, for instance, officials settled a federal lawsuit in 2004 by agreeing to provide voting materials in Spanish, Tagalog and Vietnamese, along with poll workers who can translate in those languages. … Alameda County is using paper ballots in Tuesday's primary because its 4,000 Diebold Election Systems touchscreen machines failed to meet federal and state standards. That is expected to cause delays in reporting the election outcome because the county does not have enough optical scanners to count the ballots at all polling places. … In each of the seven counties, observers directed by lawyers from the department's Civil Rights Division will watch and record voting activities at polling places. The department also will monitor elections in Alabama, New Jersey, New Mexico and South Dakota, all of which have primary elections on Tuesday."

The AP (6/6) reports, "The federal government will monitor polling place activities during primary elections in Hale County, Ala., on Tuesday to ensure compliance with the Voting Rights Act, the Justice Department announced Monday." The AP continues, "Hale County is one of 18 counties in Alabama, California, New Jersey, New Mexico and South Dakota to be monitored during Tuesday's voting. … Federal observers will watch and record activities during voting hours at polling locations to ensure that the rights of voters to participate in the election is not denied on the basis of their race. The department sends hundreds of observers each year to monitor elections across the country."

Bush Calls For Constitutional Amendment To Ban Gay Marriage. President Bush yesterday called for a constitutional amendment to ban same sex marriage. Bush's remarks were reported by all three networks last night, and are receiving ample attention on local TV stations and today's major newspapers. With the amendment being given little chance of passing – chances are "slim to none," said CNN's The Situation Room (6/5, Blitzer), while USA Today (6/6, Stone) estimates there's "virtually no chance" the Senate will approve it – the President's speech is being portrayed as an effort to rally his social conservative base with an eye on the November elections. The Los Angeles Times (6/6, Reynolds, Gerstenzang) reports White House Press Secretary Tony Snow "acknowledged there was a 'political dimension' to Bush's speech, because the measure was before the Senate, but said in response to a question, 'I don't think it's posturing.'" The Times adds, "As for making same-sex marriage a priority at a time when issues such as the war in Iraq have hurt Bush's poll numbers, Snow said the president could 'deal with more than one issue at a time.'" Bush "spoke at the Eisenhower Executive Office Building, next door to the White House. Some of those invited had been told the session would take place in the White House Rose Garden, a location that would have elevated the status of the meeting, but without explanation the venue was shifted."

The AP (6/5, Kellman) reports "all Senate Democrats, except Ben Nelson of Nebraska, oppose the amendment," and "together with moderate Republicans, the Democrats are expected to block" it. ABC World News Tonight (6/5, lead story, 2:45, Tapper) reported, "The President's critics say Mr. Bush spent the day putting important issues, such as the war in Iraq, on the back burner. The President met with religious leaders today in order to put a Federal constitutional ban on same sex marriage on the front burner." It's an "issue that the President used during his re-election campaign to rally his Christian conservative base. Many have been angry about the President's relative silence on the subject since then." But passage of the amendment is "highly unlikely." According to "a new ABC News poll, 58% of Americans say same-sex marriage should be illegal. But only 42% favor amending the Constitution. 51% say it should be up to the individual states."

On ABC World News Tonight (6/5, story 2, 1:20, Stephanopoulos) reported, "The politics are all about intensity. And according to our poll, the number of Americans who are strongly opposed to gay marriage is more than two the size of the number who are strongly for it. And that group of voters who want to block gay marriage is three-times as likely to vote on the issue. So, even though you're not going to see the President spending a lot of public time on this after today, the Republicans are going to zero in on those motivated voters, with targeted radio ads, with mailings especially in rural areas of Pennsylvania, Ohio and Missouri, where the incumbent's in tight races."

NBC Nightly News (6/5, story 4, 2:25, Gregory) reported, "Just a year ago, he said he really wasn't going to be pushing this issue because the support wasn't there. But what's changed? Only the fact that the President and his party now feel they need this issue." Today's remarks were "similar to those the President made during his last election year push on this issue two years ago." Then, "there weren't enough votes and the amendment died. Today, the votes still aren't there, but there is now plenty of pressure on this President to rally his conservative base and convince so-called values voters to get out and vote this fall." With his "second term hobbled by the war in Iraq, gay marriage is just one issue important to conservatives the President is highlighting."

The CBS Evening News (6/5, story 8, 0:20, Mitchell) reported, "The amendment has become a rallying point for Republicans this election year, and the Senate opens debate on it tomorrow but backers there do not have the two-thirds majority they need for passage."

Fox News' Special Report (6/5, Hume) reported that "while this thing may not succeed legislatively, there are some

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who think it might make some sense politically." CNN's The Situation Room (6/5, Blitzer) said "many Republicans are keen on making a statement in this congressional election year, including President Bush. With his conservative base shakier than ever, Mr. Bush declared…that he's proud to stand with supporters of a gay marriage ban." CNN's The Situation Room (6/5, Bash) later reported that Republicans have a "short-term political goal here, and that is the fact that conservatives say across the board, that they are very upset about the way their Republican leaders here in Washington, especially those up for reelection in 2006 are governing and they simply think that they have not paid attention to their issues enough."

Local TV coverage of Bush's remarks was extensive, with at least 500 local television newscasts across the country running. Local reports also suggested the President intends to use the issue to solidify support for the GOP among conservative voters before November's midterms. A less pervasive, but still prominent, theme of many of the segments was the President's silence on the issue since winning reelection -- a reelection several stations attributed, at least partially, to his opposition to gay marriage at the time. Many stations featured Sen. Joseph's Biden complaint, taken from NBC's Meet the Press on Sunday, that "the world's going to Hades in a handbasket" while the Senate debates gay marriage and other hot-button social issues. Typical of the coverage was WBBM TV Chicago (6/5, 6 PM), which reported that though the White House "says the President, who has been largely silent on the issue since his re-election, is talking about it now because of the impending senate vote" some "critics call the timing suspect."

WAGA TV Atlanta (6/5, 10 PM) reported that the President "said marriage between a man and a woman is one of the most fundamental and important human institutions and…should not be redefined by so-called 'activist' judges, who he says are overturning the state laws that ban gay marriage against the will of the majority of voters." WAGA noted that "last month, a state court judge here in Georgia struck down the state's constitution ban on gay marriage on a technicality."

KABC TV Los Angeles (6/5, 11 AM) reported "is hoping to use the topic to win political points in November."

WFLA TV Tampa-St. Petersburg (6/5, 11:30) asked, "Why this issue, Why now? … Opposition to gay marriage helped power the president to reelection in 2004 his critics now see a political diversion."

WJBK TV Detroit (6/5, 12 PM) reported, "Gay right activists are gearing up to blanket Capitol Hill. They're urge urging senators to vote against the banning of gay marriage." A gay activist was shown saying, "We're talking…discrimination being put in the constitution. That couldn't be more out of line with where with where the American people are right now."

Knight Ridder (6/5, Douglas) reports "critics on both sides of the debate accused the president of playing politics with the socially sensitive issue by seeking to rouse social conservatives to support Republicans in this congressional election year even if the cause has no realistic hope of enactment," and Bloomberg (6/6, Keil) says Bush made his pitch for the amendment "facing record low job-approval ratings…as he and his Republican Party seek to rally supporters ahead of the November congressional elections."

The Washington Post (6/6, Abramowitz, Babington) reports, "Aides have portrayed the president as a somewhat reluctant warrior in a battle forced on him by judges who have struck down laws against same-sex marriage in Maryland, New York and other states." The White House itself "has been unusually divided on the issue, with Vice President Cheney making it clear that he disagrees with the president and first lady Laura Bush saying the issue should not be made a political tool." Los Angeles Times (6/6, Reynolds, Gerstenzang) also mentions Cheney's stance in the last paragraphs of its story.

The New York Times (6/6, Rutenberg) reports "Republican Party officials in several states have released statements attacking Democrats who are not expected to vote for the amendment," and a "conservative group, the Family Research Council, is planning to ask lawmakers to take 'a marriage protection pledge' and then tell voters who signs it and who does not."

Some analysts see risks for the GOP as the debate shifts to this issue. CQ (6/6, Perine) reports some conservatives "are dismayed that Senate Republican leaders have backed away from their vow to move all of President Bush's appellate court nominations through the Senate. And many oppose provisions in the Senate's immigration overhaul measure (S 2611) that would set millions of illegal immigrants on a path to citizenship." Larry Sabato, a University of Virginia political scientist, "says this week's truncated debate on gay marriage could cause conservatives to ask themselves 'why bother to vote for Republicans when they can't produce on our issues?'"

Moreover, the Christian Science Monitor (6/6, Feldmann) says "the GOP's efforts at creating a 'big tent' image will be put to the test. Some of the most vulnerable members of Congress -- many of them moderate Republicans from the Northeast -- could be hurt by the debate, as it highlights a point of view less resonant in that part of the country than in others."

Republicans Hope Vote Will Help DeWine, Santorum. The Wall Street Journal (6/6, Lueck, Mullins) reports Republicans "hope the bill can help some embattled candidates at the polls. One is Ohio Republican Sen. Mike

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DeWine. A gay-marriage ban on the 2004 ballot in the Buckeye State is widely credited with drawing evangelicals to the polls and helping Mr. Bush narrowly carry that state. But Mr. De-Wine opposed that measure, citing objections to language that he said would invite lawsuits. That is one reason he appears to have trouble rallying social conservatives. This year, Mr. DeWine is a sponsor of the Senate amendment, which doesn't include the language he objected to previously." In Pennsylvania, "where Republican Sen. Rick Santorum is in a close contest to keep his seat, Republicans have highlighted his support of the gay-marriage amendment to help separate him from Democrat Bob Casey Jr."

The Washington Times (6/6, Dinan, Fagan) notes the National Republican Senatorial Committee (NRSC) "used the Senate's marriage-amendment debate to criticize the Democratic challenger to Sen. Rick Santorum, a Pennsylvania Republican facing a tough re-election battle." They chided Casey "for not speaking at a Saturday meeting in Pittsburgh of the Stonewall Democrats, a homosexual rights group that supports him. Democratic National Committee Chairman Howard Dean did speak to the group." From the other side, "the Democratic Senatorial Campaign Committee sent out an e-mail to supporters yesterday from Senate Minority Leader Harry Reid, blasting Republicans. 'It's election season and down-in-the-polls Republicans are turning to their same old playbook -- fear and division,' wrote Mr. Reid, Nevada Democrat. 'We need a president and a Congress that doesn't play divisive politics.'"

Kennedy Says Gay Marriage Amendment Is Bigotry. Fox News' Special Report (6/5, Hume) reported, "Senator Ted Kennedy says the constitutional amendment banning gay marriage is bigotry pure and simple." Kennedy "says the amendment should be called quote, the right wining election strategy amendment, and accused the administration of using fear tactics."

More Commentary. Columnist E.J. Dionne writes in the Washington Post (6/6), "This month's offensive by President Bush and his allies in Congress against gay marriage and flag burning proves one thing: The Republican Party thinks its base of social conservatives is a nest of dummies who have no memories and respond like bulls whenever red flags are waved in their faces. The people who should be angry this week are not liberals or gays or lesbians, but the president's most loyal supporters. … When Bush was at his position of maximum strength after the 2004 election, did he use his political energy on behalf of a constitutional amendment to ban gay marriage? Not at all."

Eugene Robinson writes in the Washington Post (6/6, A15), "What uncharted realm lies beyond brazen cynicism? A wasteland of utter shamelessness, perhaps? A vast Sahara of desperation, where principle goes to die? Someday George W. Bush and the Republican right will be able to tell us all about this barren terra incognita, assuming they ever find their way home. The Decider's decision to whip up a phony crisis over same-sex marriage -- Values under attack! Run for your lives! -- is such a transparent ploy that even conservatives are scratching their heads, wondering if this is the best Karl Rove could come up with." Bush "might as well open his next presidential address by giving himself a new title: The Distracter."

Supreme Court To Hear Affirmative Action Cases. ABC World News Tonight (6/5, story 10, :20, Gibson) reported, "The Supreme Court said today it will decide a major affirmative action issue -- whether public schools can use race as a factor in deciding which students attend which public schools. It will consider cases from Seattle to Louisville. But the case pertains to many more cities and the court will hear arguments in the fall."

The CBS Evening News (6/5, story 7, 0:20, Mitchell) reported, "This is the first time the two Bush appointees," Chief Justice John Roberts and Associate Justice Samuel Alito "will rule on a racial issue." NBC Nightly News (6/5, story 3, 0:35, Williams) said that during their "years as Justice Department lawyers, both Chief Justice John Roberts and Associate Justice Samuel Alito strongly opposed racial quotas."

USA Today (6/6, Biskupic) says the Seattle and Louisville cases "test whether the Constitution's guarantee of equality allows schools to use race as a factor in admissions. In both disputes, lower courts backed the school plans, and parents of white students appealed."

The New York Times (6/6, Greenhouse) reports the court's action came three years "after the court upheld a racially conscious admissions plan at the University of Michigan Law School. Writing for the majority in that 5-to-4 decision, Grutter v. Bollinger, Justice Sandra Day O'Connor suggested that, at least in higher education, affirmative action might be necessary for another 25 years." The new cases "do not ask the court to revisit that decision, and the justices are unlikely to do so. But the implications are far-reaching nonetheless. T he eventual decision, roughly a year from now, could not only set the court's path in this area but could also shape the climate in which government policies with respect to race will be debated."

The AP (6/6, Holland) reports, "The court's announcement that it will take up the cases this fall provides the first sign of an aggressiveness by the court under new Chief Justice John Roberts. The court rejected a similar case in December when moderate O'Connor was still on the bench. The outcome will most likely turn on her successor, Alito. … Both Roberts, 51, and Alito, 56, worked as Justice

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Department lawyers during the Reagan administration to limit affirmative action."

The Legal Times (6/6, Mauro) reports, "The cases granted review on Monday, Parents Involved in Community Schools v. Seattle School District No. 1 and Meredith v. Jefferson County Board of Education, will be argued together this fall, possibly injecting the affirmative action debate into the election season. In both cases, white parents challenged programs that used race as a factor in school placements in ways that they say disadvantaged white students." The Times adds, "In Seattle, where students have broad choice as to which high school they will attend, race is a 'tiebreaker' factor in deciding which students will be assigned to a high school that is oversubscribed and racially imbalanced. The 9th U.S. Circuit Court of Appeals, in an en banc ruling citing Grutter, upheld the program last October. … The other case involves schools in Louisville and the surrounding area, a district that was under a federal court desegregation decree from 1975 to 2000. After the order was lifted, a new plan was adopted that allowed for a wider range of student choices but required all schools to seek a black student enrollment of between 15 percent and 50 percent of the student body. In June 2004, Judge John Heyburn II of the Western District of Kentucky upheld the program in general, though he disapproved of some of the racial categorizing involved."

The Christian Science Monitor (6/6, Richey), Washington Post (6/6, A3, Lane), Los Angeles Times (6/6, Savage), Wall Street Journal (6/6, Bravin, Ben Winograd) and Washington Times (6/6, Price), among other sources, run similar stories on the case.

Verizon Hit With Record Penalty In Bias Suit.

The Washington Post (6/6, D1, Joyce) reports, "Verizon Communications Inc. will pay almost $49 million to 12,326 current and former female employees as part of a landmark class-action lawsuit alleging pregnancy discrimination." The Post continues, "The U.S. Equal Employment Opportunity Commission reached a settlement in 2002 against Verizon predecessors Nynex Corp. and Bell Atlantic Corp. But the total amount of the settlement was not made public until yesterday, when the EEOC completed its projections of how much would be paid in future benefits. … The final figure makes the case the largest pregnancy discrimination settlement in EEOC history. It covers women in 13 states and the District." The Post adds, "Nynex and Bell Atlantic were accused of violating federal law by denying women pension and other benefit accruals when they spent time on pregnancy or maternity leave. … The total compensation paid thus far is more than $25.3 million. The EEOC told a U.S. District Court in New York yesterday that it projected that an additional $23.6 million would be paid in future benefits. The announcement came after years of calculating which women were denied benefits when on leave. … The suit alleged that the predecessor companies violated the Civil Rights Act of 1964, the Pregnancy Discrimination Act of 1978 and the Equal Pay Act of 1963 by denying women service credits for leaves of absence taken between July 1965 and April 1979. The companies also denied pension credits for child-care leaves of absence until December 1983."

ANTITRUST:

Adobe, Microsoft Square Off In PDF Dispute.

The San Jose Mercury News (6/6, Boudreau) reports, "Adobe Systems and Microsoft have seemed to co-exist in a mutually beneficial ecosystem for years. … But their cause for common ground, a little piece of software millions have used but may have hardly noticed -- the Adobe PDF -- is now the reason the gloves are coming off." The News continues, "At the core of the tension is Microsoft's move to create technology to compete with Adobe's PDF franchise, and difficult negotiations around incorporating Adobe's mostly open standard PDF software into the next generation of Office programs. … While Microsoft makes software such as Word and Excel that lets people create documents, Adobe can turn those documents you might print out on paper into digital, ready-to-be-e-mailed files through its Portable Document Format (.pdf)." The News adds, "Last week, behind-the-scenes friction between the two became public when Microsoft said it expected Adobe to file a lawsuit against the Redmond, Wash. company, possibly in the European Union, which recently has become more receptive to Microsoft antitrust concerns than U.S. regulators. … The dispute underscored the Silicon Valley axiom: Companies that cooperate often can end up trying to devour each other's business. … Adobe makes money from its business-document processing software Adobe Acrobat, which is part of its Intelligent Document division and accounted for 36 percent of its revenue, or $708 million, in 2005. A person must own a copy of Adobe Acrobat to make a PDF, but only needs to download a free version of Acrobat Reader to view a PDF that has been sent to them."

In a column for the Washington Post (6/6, D5), Rob Pegoraro writes, "If you want to know why so many computer programs are so bad these days, take a look at the Adobe-Microsoft mess. … These two powerful software developers have gotten into an argument over whether Microsoft can include a new feature in its upcoming Office 2007 productivity suite -- the ability to save your work as a Portable Document Format (PDF) file. … In the process, they're showing how old-fashioned greed and the more modern ailment of lawsuit phobia can turn a promising program sour." Pegoraro continues, "Judged strictly on its merits, there's nothing to

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argue about that feature. It would end the worry that your Word, Excel or PowerPoint document might look weird or be unreadable on someone else's computer. PDF files preserve their appearance -- from fonts to footnotes to photos -- wherever they're read, so long as a recipient has a PDF-reader program. These programs, almost all free, are available for nearly every kind of computer, down to "smart phones" and handheld organizers. … Competing productivity suites, such as Corel's WordPerfect Office and the free and open-source OpenOffice.org, have offered this option for years. So does Apple's Mac OS X, which offers PDF output as a systemwide feature. When Microsoft announced in October that it would follow suit in its next release of Office, it seemed like a refreshing acknowledgment of reality in Redmond, Wash. … You'd think that would have delighted Adobe as well. The San Jose, Calif., firm has worked for years to establish the PDF as a standard way to share data, having written versions of its free Adobe Reader for all the major desktop and handheld operating systems. And while the company charges $299 for its Adobe Acrobat PDF-creation toolkit, it's encouraged other developers to release their own. … For some reason, however, Adobe saw things differently when Microsoft wanted to join the PDF party. As Microsoft explained, in February, Adobe asked it to sell this feature as a separate add-on for Office 2007."

Brookfield And Partner To Buy Trizec For $4.8 Billion. The Wall Street Journal (6/6, Forsyth) reports, "In a $4.8 billion deal confirming that the real-estate market for office space remains hot despite rising interest rates, Brookfield Properties Corp. and a private-equity partner agreed to buy Trizec Properties Inc." The Journal continues, "The purchase, announced yesterday, of the Chicago-based office real-estate investment trust is one of the biggest deals yet in a continuing frenzy of mergers and acquisitions in the public real-estate world. Brookfield, based in Toronto and New York, is pairing with the Blackstone Group, a private-equity firm that has been involved in a number of high-profile acquisitions over the past few months, including a $2.8 billion buyout of CarrAmerica Realty Corp. in March." The Journal adds, "The Trizec acquisition gives Brookfield -- already one of the largest players in office real estate in North America -- an even bigger profile in the hot markets of Washington and Manhattan, and provides an entry into Los Angeles, another market that has caught fire in the past few quarters. … Included in the deal is the acquisition of Trizec Canada Inc., a mutual fund traded on the Toronto Stock Exchange that has a 38% interest in Trizec Properties. Brookfield will acquire the shares of Trizec Properties and Trizec Canada for a combined cash transaction of $4.8 billion and the assumption of about $4.1 billion in debt -- $29.01 a share for all Trizec Properties common stock not owned by Trizec Canada, and $30.97 a share for the Trizec Canada stock."

China Conglomerate Makes Bid For Canadian Oil. The Wall Street Journal (6/6, Oster, Santini, Sender) reports, "Citic Group, a state-owned conglomerate in China, is in talks to buy a closely held Canadian oil company whose main asset is a field in Kazakhstan, according to people familiar with the matter. If completed, the $2.2 billion deal would be China's third-largest overseas oil acquisition." The Journal continues, "The talks to buy Nations Energy Co., based in Calgary, Alberta, reflect the continuing efforts of Chinese energy companies to push abroad in their quest for energy. A deal isn't certain, according to one of the people familiar with the matter." The Journal adds, "A deal would be China's second-largest acquisition in oil-rich Kazakhstan. Last year, China National Petroleum Corp., China's biggest oil producer by output, beat out Russian rivals to acquire an oil field in Kazakhstan for $4.2 billion and built a pipeline to carry Kazakh crude to China. … In April, Cnooc Ltd., China's biggest offshore oil producer, bought a $2.7 billion stake in an oil field off the coast of Nigeria. … Nations Energy's main asset is the Karazhanbas oil field in Kazakhstan, which pumped 41,000 barrels of oil a day last year, according to the company's Web site. Both Cnooc and CNPC had passed up on buying the company."

Cathay In Talks To Buy Stake In Dragonair. The Wall Street Journal (6/6, Stanley, Santini) reports, "Cathay Pacific Airways is in talks to acquire a controlling stake in Hong Kong Dragon Airlines, people familiar with the matter said, in a long-anticipated deal that would greatly expand Cathay's access to China's sizzling aviation market and plug the biggest hole in its global network." The Journal continues, "A deal for Hong Kong-based Dragonair, as the company is known, could be valued at more than 8 billion Hong Kong dollars (US$1 billion) in cash and stock, according to a person knowledgeable about it. An agreement could be announced within days, but the terms aren't yet clear and the deal could still unravel, said the people familiar with the matter." The Journal adds, "Cathay Pacific would purchase the controlling stake from two mainland Chinese companies that together own 71.8% of Dragonair, these people said. It would also purchase a 7.7% stake held by Swire Pacific Ltd., part of the London-based Swire Group and Cathay's largest shareholder. The moves would simplify the complex relationship between the companies. Cathay already owns a 17.8% stake in Dragonair. … Cathay once controlled Dragonair but lost its influence, and relations between them soured. Now, in spite of its home base in Hong Kong, Cathay operates a thin passenger service to just two Chinese cities. While Dragonair flies to 23 destinations in China, more than

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any other airline based outside the mainland, Cathay has had to watch from the sidelines as many of its toughest foreign competitors have started and expanded their own lucrative networks in China."

ENVIRONMENT:

Johanns, Leavitt Deliver Bird Flu Update. The Wall Street Journal Online (6/6) reports Health and Human Services Secretary Michael Leavitt and Agriculture Secretary Michael Johanns Monday briefed reporters on the latest news surrounding the spread of bird flu and what it means for the United States. Following Monday's briefing, Leavitt and Johanns appeared on several cable news programs. The Washington Post (6/6, A6) also reports the story in its "Washington In Brief" section.

Johanns Says Awareness Of Bird Flu Is Growing. In an interview with Bloomberg After Hours (6/5, 5:36 PM) Agriculture Secretary Mike Johanns said the US is "better prepared today than they were yesterday and tomorrow they'll be better prepared than they were today. … The awareness of this issue continues to ratchet up and as we talk to companies, they're paying attention to this idea: How do I run my business if all of a sudden 40% of my work force isn't here?"

Johanns was asked on CNBC's Power Lunch (6/5, 1:41 PM) what can be done to keep the virus from coming to this part of the world. Johanns said, "We do a number of things, we work with Homeland Security. They're there to protect borders, and do inspections, so, we have quarantines when birds come in, if they're a bird that has been here, we have quarantine procedures for them. We do a lot of surveillance testing. We work with the Department of Interior."

Leavitt Says Americans Should Prepare For US Outbreak Of Bird Flu. HHS Secretary Michael Leavitt was asked on Bloomberg After Hours (6/5, 5:36 PM) if Americans "should start to worry" about an outbreak in the US. Leavitt said, "The best thing is to do all you can to prepare and then relax. What can you do to prepare? If you're in a household, it's a good idea to have nonperishable food stored. If you have children who go to school, it would be a good idea to think through how you would care for them. These are the same provisions you would make for any kind of a disaster, whether it's a hurricane or bioterrorism event or nuclear event. Any of those would require this kind of preparation so basic prepared sentence what we're advocating."

Leavitt Downplays Case Of Human To Human Transmission Of Bird Flu Virus In Indonesia. On CNBC's Power Lunch (6/5, 1:41 PM), Leavitt was asked if he is troubled by news from Indonesia that family seems to exhibit human to human contact of the avian flu. Leavitt said, "We've been tracking it very closely, in fact, some of the CDC's best scientists, literally at the scene and come to the conclusion, the best hypothesis, there has been some form of person to person transmission, but not sustainable or efficient transmission, which is really what makes a pandemic." Leavitt added, "The people who were affected were sleeping together in a very close proximity to a person who clearly had avian influenza and it was not a big surprise to find they'd received it from another person and had healthcare workers or others in the village begun to receive the virus, it would have been a big concern, but we were able to confirm that that wasn't happening, nor has there been any genetic mutation of the virus at this point. So, we're becoming increasingly comfortable that while it does add to the body of evidence there's been some person to person, it had not—it's not sustainable and not pandemic quality."

New London, CT, Approves Evictions In Eminent Domain Dispute. The Boston Globe/AP (6/6, Singer) reports, "City officials (in New London, CT) voted Monday night to begin eviction proceedings against residents who refuse to leave their riverfront homes, signaling the end may be near in an eminent domain dispute that reached the U.S. Supreme Court." The AP continues, "The City Council approved the action 5-2, authorizing the city attorney to take the necessary steps, including possible court action, to evict the remaining two families and obtain the properties. A lawyer for the families said they are considering continuing their battle with the city." The AP adds, "The small city has been trying for a decade to redevelop the once vibrant Fort Trumbull neighborhood along the Thames River. Seven homeowners challenged the city's plans to seize their properties and build a hotel, convention center and upscale condominiums, saying eminent domain can't be used to make way for private development. … But a 5-4 Supreme Court ruling last year upheld the city's right to take the homes. The court, however, said states were free to restrict eminent domain seizures, and many already have. A proposal to change Connecticut's law died in this year's state legislative session. … Since the Supreme Court ruling, all but two families have settled with the city and agreed to leave."

Activist Moves To Slow Wind Energy Projects. The New York Times (6/6, Barringer) reports on the crusade of Dan Boone against wind energy. Wind projects "are in the midst of a huge growth spurt in many parts of the country, driven by government incentives to promote alternatives to fossil fuels. But Mr. Boone, who wields a botanist's trowel and a debater's knife with equal ease, wants to slow them down with community activism, regulatory action and legal challenges." Boone "says the areas he wants to protect are uniquely vulnerable. … Mr. Boone's quiver of anti-wind

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arguments includes economic analyses, but his first line of attack is biological: he contends that they are a threat to bats and potentially to migratory birds and that they break up forest habitat."

FBI/DEA/ATF/USMS:

Senate Panel To Hold Hearings On FBI Efforts To Seize Anderson Papers. Roll Call (6/6, Akers) reports in its "Heard on the Hill" column, "It appears there may be an even more bizarre genesis to the FBI's already unusual attempt to seize the papers of the late journalist Jack Anderson, who was 83 when he died in December. The Senate Judiciary Committee is set to hear about the allegedly sordid past of a former Anderson reporter who tipped off the FBI when it convenes this morning to hold a hearing on the controversy. According to a Senate Judiciary Committee source, a witness will testify that the entire Anderson investigation was triggered by a tip from a man convicted and imprisoned for sodomizing a young boy and who allegedly admitted to having a history of mental illness."

Lab In Mexico May Be Main Source Of "Bad" Heroin Linked To Overdoses. There are more than 200 media references today citing a possible source for fentanyl-laced drugs connected to a rash of recent overdoses. For example, the AP (6/5, Johnson) reports, "U.S. agents, working in cooperation with the Mexican government, have closed down a lab in Mexico that might be the main source of a powerful painkiller that has killed at least 100 heroin users in eight states. John Walters…said it's still not clear whether the painkiller, fentanyl, was mixed with heroin at the lab in Mexico or after it entered the United States. 'There may be more than one source,' Walters said. 'We think this is the principal source.'" Steve Robertson said the DEA "is testing samples of fentanyl seized in a May 28 raid of a suspected fentanyl-manufacturing operation near Guadalajara but has not yet confirmed that the drug is linked to the U.S. deaths."

In a separate report, the AP (6/6, Johnson) writes, "Authorities also warned yesterday that millions of deadly doses of fentanyl-laced heroin might still be on America's streets. The mixture has caused at least 100 confirmed deaths from Philadelphia to Chicago in recent months. … Deaths caused by fentanyl-laced drugs have also occurred in Michigan, Missouri, Ohio, New Jersey, Delaware and Maryland, said John Walters. … The DEA plans to gather police officers and drug enforcement agents for a national meeting on the fentanyl problem June 14-15 in Chicago, Robertson said." A version of the AP story was published in newspapers and/or posted on the Web sites of CBS News, FOX News, CNN, the New York Times, Washington Post, USA Today, Forbes, Dallas Morning News, Houston Chronicle, Chicago Sun-Times, Detroit Free Press, and the UK's Guardian.

The Chicago Tribune (6/5, Coen, Maxwell) reports Walters "said it is too soon to know if the Mexican lab was the biggest source of the illicit drug, which has killed people in eight states. But authorities believe it may have been running long enough to push a major amount of fentanyl, used legally for pain management, into the illegal drug market, he said. … Garrison Courtney …said there could be a number of illegal sources for the drug, including other laboratories. Some of it has been stolen from medical facilities where it is often used in a patch for cancer patients and others with severe pain, Courtney said." The Tribune story was published by the Kansas City Star, Myrtle Beach Sun News, and Georgia's Columbus Ledger-Enquirer.

The Chicago Tribune (6/5, Graham) also has published a story outlining the effects of fentanyl.

The Washington Post (6/5, Slevin, Lydersen) reports from Chicago that since February, coroners "have recorded 55 fentanyl-related deaths in Cook County, with 45 more cases suspected. Some were unsuspecting users taking pure fentanyl; others were users taking a mixture. Scores overdosed but recovered -- and not all regretted using it. 'There's this consumer arc. At first there's fear, but then when the fear is over, it's like: Hey, that's good stuff,' said Greg Scott, a DePaul University sociologist who conducts government-funded research on injected drugs."

The Detroit News (6/6) reports, "But a rise in deaths linked to heroin spiked with the painkiller fentanyl hasn't deterred some hardcore addicts from seeking the drug. Desperate for a high that gets elusive with time, a dedicated batch of users is turning to the cocktail whose effects can last all day." The News adds, "Authorities would not comment Monday on their evidence...and a Drug Enforcement Administration spokesman in Chicago, Chris Hoyt, said agents 'are not ready to say the lab discovered in Mexico is directly related to what's happening here.'"

Newsweek (6/12) writes, "For junkies, the fentanyl-heroin cocktail has become the hot new high, as lethal as it is alluring. It is being blamed for hundreds of deaths this year in big cities in the Midwest and Northeast. In Wayne County, Mich., home to Detroit, there have been 50 deaths in just the past two weeks, including 19 in one deadly day in May."

Man Who May Have Peddled Drug Mixture Dies. The St. Louis Post-Dispatch (6/5) reports, "A man believed to be peddling a potentially deadly heroin-fentanyl combination, who was shot in a confrontation with police in University City, has died from his wounds. Maurice A. Adkins…died about 10 p.m. Sunday at Barnes-Jewish Hospital. … Officials suspect that 20 or more deaths in the St. Louis area are linked to the potent drug combination."

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Pittsburgh Police Arrest 5 Following Overdoses. The Pittsburgh Post-Gazette (6/6, Silver) reports, "City police detectives were working overtime to scoop up drug dealers and lean on users for information as a lethal batch of heroin snaked its way through city neighborhoods and beyond, causing at least 35 overdoses and as many as three deaths. … City police said they have arrested five people since the outbreak began Saturday, but they declined to release any details, saying that the investigation was ongoing."

The Pittsburgh Post-Gazette (6/6, Srikameswaran) also reports, "The deaths of three heroin users and the emergency treatment of 35 more have prompted an overdose prevention expert to offer this advice: If you're going to use, have someone nearby in case you need help. Alice Bell, overdose prevention project coordinator at Prevention Point Pittsburgh, the region's only needle exchange program, said there had been talk about drug users in other cities overdosing on a powerful combination of heroin and a narcotic painkiller called fentanyl. Prevention Point staff had begun to inform its needle exchangers about the potential problem, but until two days ago no one had seen it here."

According to the Pittsburgh Tribune-Review (6/6), two people "died in Pittsburgh on Monday -- bringing the total fatal overdoses here to three since Sunday. At least 36 people have overdosed in Allegheny County since the drug emerged on the streets on Friday."

More Probable Overdoses Reported In Michigan. The Detroit Free Press (6/5, Damron) writes, "Six people died from probable drug overdoses between Friday and Sunday morning, bringing the total number of likely drug-related deaths to 54 since May 18. But it will take weeks to determine whether the recent deaths were related to a dangerous mix of the painkiller fentanyl and heroin or cocaine, said Teresa Blossom, a Wayne County Health Department spokeswoman."

Response To Overdoses Criticized. The Toledo (OH) Blade (6/5) editorializes, "Given the number of confirmed overdoses - 130 in Wayne County from January, 2005, through April - the slow response is troubling. While tracking down leads can be time-consuming and require significant manpower, particularly when labs producing these drugs may be outside the metro Detroit area, perhaps even overseas, surely more could have been done when the death toll is at such dramatic levels. … Drug abusers share the blame, of course, and must bear a large part of the responsibility for their own fate."

Cable TV Coverage. CNN (6/5, 4:00 p.m.) reported, "US agents have closed down a lab in Mexico that might be the main source of a powerful and deadly painkiller. Fentanyl, mixed with heroin, has killed at least 100 heroin users in eight states. The federal drug czar says it's still not clear whether it was mixed at the lab in Mexico or after it entered the US. Five people were arrested in last month's bust. Officials say millions of deadly doses of the fentanyl-laced heroin might still be on the streets."

CLTV-Cable (6/5, 7:30 p.m.) Chicago reported, "White house officials say federal agents shut down a lab in Mexico. That may be the main source of production for fentanyl, the drug that's killing all those people. They aren't yet sure if the fentanyl was mixed with heroin at the lab, or if it happened later on the streets. Officials warn there are likely millions of doses of the deadly drug still on the streets."

Local TV Coverage. WLS-TV, Chicago (6/5, 6:00 p.m.) reported, "Federal investigators now believe they have tracked down the source of that deadly heroin here in Chicago."

PBS's WTTW-TV, Chicago (6/5, 7:00 p.m.) reported, "The nation's drug czar says he may have found a batch of bad drugs. John Walters of White House Office Of National Drug Control Policy says US agents busted a lab in Mexico that was mixing heroin with a dangerous narcotic, fentanyl.

WWMT-TV, Grand Rapids-Kalamazoo-Battle Creek, Michigan (6/5, 5:30 p.m.) reported, "Agents have taken down a lab in Mexico that makes fentanyl. The powerful painkiller has killed users in eight states, but the biggest concentration comes in laced heroin in the Detroit area. Drug czar John Walters says it's not clear whether the fentanyl was mixed with heroin in the lab in Mexico, or after it entered the US. Fentanyl laced- cocaine also turned up in some cities. "

Colombian Soldiers Accused Of Killing Anti-Drugs Team, 8 Arrested. The Boston Globe (6/6) reports, "Suspicions that a Colombian military unit assassinated a US-trained, elite antinarcotics team at the bidding of the drug mafia two weeks ago have proven true, officials say, in a case that has badly shaken public confidence in the military. On May 22, 10 of the country's most successful antidrug police were killed by a military platoon in the outskirts of Jamundí, an area under the influence of narco-traffickers 195 miles southwest of the capital, near Cali. Two military officers and six soldiers were arrested Thursday on the basis of incriminating cellphone text messages and crime-scene evidence that investigators say prove the eight men planned the killings. The suspects insist the shootings were a 'friendly fire' mistake."

Six DC Officers Put On Leave In Probe Of Inmates' Escape. The Washington Post (6/6, B4, Dvorak) reports, "The D.C. Department of Corrections yesterday put six officers on paid administrative leave while authorities investigate events leading to the escape of two inmates." The Post continues, "Devon Brown, the department's director, said investigators want to determine if any of the officers deliberately aided in the escape or

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unintentionally made mistakes that contributed to the breakout. He would not identify the officers." The Post adds, "Ricardo Jones and Joseph Leaks broke into the warden's empty office shortly after 10 a.m. Saturday, smashed through a reinforced glass window and slid down a canopy to freedom, officials said. Both were captured Sunday, one in Maryland and the other in Virginia. … Their escape -- from the bureaucratic errors that gave Leaks enough freedom on a work detail to execute the escape to the warning system that failed to properly notify the neighborhood of the breach – 'was a major breakdown,' Brown said yesterday. … The U.S. attorney's office and D.C. police are heading the criminal investigation. The Department of Corrections is conducting an internal investigation, and Brown cited several areas of special interest. … Leaks and Jones were captured by a task force led by the U.S. Marshals Service. Leaks was caught first, early Sunday, in a Fairfax County motel. Jones was captured about 11:30 p.m. Sunday after Prince George's County got a tip that he was hiding in a garage or shed in Seat Pleasant. Authorities found him in a shed in the 500 block of 71st Street, police said."

The Washington Times (6/6, McElhatton, Doolittle) reports, "Thomas Hession, chief inspector for the Capital Area Regional Fugitive Task Force, which is led by U.S. Marshals Service, said a tip to the Prince George's County Police Department led authorities to catch Jones in the backyard shed of a home in Seat Pleasant late Sunday night. Leaks was caught early Sunday at a motel in Alexandria. … Detective Michael Reese, of the Metropolitan Police Department, said the U.S. Attorney's Office is leading a criminal investigation into the escape. The probe also is being conducted by city police and the U.S. Marshals Service."

Some Dispute Effectiveness Of Federal Crime Task Force. An article distributed by Scripps Howard news service (6/6, Doyle) reports, "Federal reinforcements in Fresno, Calif., have helped local police lock up bad guys, but now investigators are questioning how well one of the law enforcement programs really works." Scripps Howard continues, "In a high-profile blitz last year, the Bureau of Alcohol, Tobacco, Firearms and Explosives deployed extra troops to Fresno and some other selected cities. Welcomed by local officers and politicians alike, the Violent Crime Impact Team targeted gangs and gun-related crimes. … Since starting last June, the Fresno-based team of eight federal agents, two prosecutors and one deputy U.S. marshal have won kudos from their local colleagues. … 'It has been successful,' bureau spokeswoman Nina Delgadillo said Monday, noting that 'we have firearms that we've been able to take off of the streets.' … A 1 p.m. news conference at Fresno's federal courthouse on Thursday will give officials a chance to elaborate on their success stories." Scripps Howard adds, "The federal agents, though, also confront a perennial problem in public policy: How can they prove they're making a difference? On that, the jury may still be out. … In a new report, Justice Department investigators caution they can't be sure exactly how much credit the various Violent Crime Impact Teams deserve. There are 20 such teams nationwide, initiated as a pilot program now costing a total of $20 million this year. … 'ATF cannot conclusively show that the law enforcement operations it undertook during the ... pilot project were effective at reducing firearms crime in the target areas,' the Office of Inspector General investigators cautioned. … The Washington-based investigators, moreover, hinted at broader shortcomings. Successes may be exaggerated, teamwork hindered and goals missed. The Violent Crime Impact Team concept itself, investigators suggest, may simply be a new brand name for an old product."

Orton Selected As New US Marshal For Nevada. The AP (6/6) reports, "A former state gambling regulator has been named U.S. marshal covering Nevada." The AP continues, "Gary Orton is due to be sworn in June 16 as U.S. Marshal for the District of Nevada after being selected by President Bush. … Orton spent 26 years as an enforcement officer and deputy chief of the Nevada state Gaming Control Board. He previously spent eight years as a North Las Vegas police officer, and served in the United States Army from 1969 to 1972." The AP adds, "As U.S. marshal for Nevada, Orton will oversee security at U.S. District courts in Reno and Las Vegas and the protection of 23 federal judges, direct fugitive apprehension and federal prisoner custody and transport, and oversee federal witness security. … The marshals service also administers a Justice Department asset forfeitures program."

Maryland Man Pleads Guilty To Arson, Will Testify Against Co-Defendant. The Washington Post (6/6, B2, Castaneda) reports, "One of the two remaining defendants in an arson case that strained race relations in Southern Maryland admitted his guilt in federal court yesterday and agreed to testify for the government against the sole man still charged." The Post continues, "Michael M. Everhart, 21, entered his plea as part of an agreement to testify against Roy T. McCann, 23, the only one of five defendants in the case who has not pleaded guilty or been convicted. Everhart entered his plea during an hour-long hearing before U.S. District Judge Roger W. Titus in federal court in Greenbelt." The Post adds, "Everhart and McCann were tried in March in the arson fires that devastated a subdivision under construction in Charles County in the early morning of Dec. 6, 2004. The trial ended with a hung jury March 16, and Titus declared a mistrial. … Everhart, who was charged with 36 separate counts -- one count of arson

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and 35 counts of conspiracy -- pleaded guilty yesterday to one count of conspiracy to commit arson. His guilty plea and testimony could significantly bolster the government's case against McCann. … According to a statement of facts that was part of Everhart's plea bargain, Everhart joined McCann, Aaron L. Speed, Jeremy D. Parady and Patrick S. Walsh in splashing flammable materials in the entranceways of the houses they targeted. They set the fires using flares, matches, lighters and propane torches, according to the statement. … Titus set Everhart's sentencing for Sept. 8."

Convicted Murderer Still At Large, Leaving Tantalizing Clues For Federal Agents. The Los Angeles Times (6/6, Serrano) reports from Pollock, LA, "Richard Lee McNair's job in the prison factory was mending U.S. mailbags. Thousands of the leather pouches were routinely delivered to the shop at the federal maximum-security penitentiary here, and the middle-aged convict worked quietly each day, helping to stitch them back up. … Once the bags were refurbished, they were stacked on pallets, hundreds in a pile. McNair watched for four months as forklifts scooped up the pallets and hauled them to a warehouse just outside the prison walls. … One morning they carried off McNair — hidden under the bags. … And he was free again." The Times continues, "Twice before, in nearly two decades in custody, McNair has tasted freedom. Once he spread lip balm on his wrist, and slipped out of handcuffs. Another time he crawled to freedom through an air vent. Two other times his breakout attempts were foiled. … His latest escape was the first from a federal maximum security prison in 13 years. McNair, a confessed murderer, had just been moved to Pollock from the Supermax prison in Florence, Colo. — the nation's most secure lockup. … The government concedes it should have known he would again try to escape. … Since his April 5 run, he has crisscrossed the United States and Canada. He has left behind intriguing clues, almost as if daring the police and federal marshals to find him. … When he is caught, if he is caught, McNair is unlikely to go quietly. He was serving two life sentences — for shooting one man from behind and killing another at point-blank range during a 1987 burglary. … 'He has murdered in the past,' warned Deputy U.S. Marshal Richard Sansone Jr., who is based in Louisiana and is helping coordinate the manhunt. 'He will do most anything he can to stay out.' … What makes McNair, 47, tougher to catch and all the more dangerous is that he once worked in law enforcement. He is a stickler for detail and so methodical he used the Freedom of Information Act to obtain the FBI records on his last escape so he could study how they tracked him down."

IMMIGRATION:

Border Patrol Says Apprehensions Up 4%, Denies Recent Surge Of Illegals. USA Today (6/6, Keen) reports the Border Patrol "says apprehensions of illegal immigrants along the Mexican border are up nearly 4% so far this year because of increased enforcement. But advocacy groups say greater numbers are crossing the border because they are confused about conflicting legislation passed by Congress and hope to qualify for legal status." Border Patrol Chief David Aguilar "said Monday there has been no surge in the number of illegal crossings since President Bush announced in May that 6,000 National Guard troops would be sent to the border. Aguilar expects a decrease as more agents and Guard members are deployed." USA Today notes that confusion over Congressional legislation "means some illegal immigrants are being ripped off. Some pay $500-$1,000 to people claiming to be lawyers who promise to expedite applications for a guest-worker program that was passed by the Senate but not the House. Applications don't exist."

Tighter Security Along US-Mexico Border Blamed For Increased Fatalities. The Washington Post (6/6, A1, Pomfret), in a front-page story titled, "An Increasingly Deadly Trail: Tighter Border Has Illegal Immigrants Risking More Perilous Routes," reports that since 1993 "more than 3,500 people have died trying to cross into the United States through desert. And, as officials work to put more patrols and fencing along the U.S.-Mexico border, immigrant advocates fear there will be more deaths among the tens of thousands who attempt the trip." The Post adds, "Border Patrol statistics show that while the death toll mounts annually, the number of those apprehended while crossing the border has not changed significantly since 1993. But because federal agencies have tightened the border in urban areas, smugglers who move the men, women and children seeking to enter the United States illegally have funneled them onto increasingly perilous trails where temperatures are high, water is scarce and danger is abundant."

Contingent Of 6000 National Guard Troops Expected By August 1. USA Today (6/6, Hall) reports the National Guard "will have 800 troops along the U.S.-Mexican border by mid-June, and the 6,000 troops President Bush pledged to send to the southern border will be in place by Aug. 1, Lt. Gen. H. Steven Blum said Monday. … National Guard troops have worked with the Border Patrol…for nearly 20 years along the southern border, mostly helping the Border Patrol catch drug smugglers. There are nearly 500 Guard members there now, including more than 50 from Utah and Connecticut who just arrived in Arizona. None of those are part of Bush's Operation Jump Start plan to make troops

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available over the next two years to try to stem illegal immigration and tighten security."

The Washington Times (6/6, Seper) reports, "The presence of National Guard troops, who are not expected to perform law-enforcement functions, is aimed at freeing up Border Patrol agents to focus on enforcement along the border. A total of 300 National Guard troops are expected in Arizona by June 15."

The AP (6/6, Rotstein) reports that the troops already at the border "are working to widen the dusty dirt track used by the Border Patrol, compact it and top it with gravel so agents can get to hot spots faster."

Columnist Says US-Mexican Border Was Secure During "Braceros" Era. The New York Times' John Tierney (6/6) writes that President Bush "heads to New Mexico today to visit his new favorite school, the Border Patrol Academy. He wants it to train thousands more federal agents, but they'll make little difference unless Bush can teach Republicans the lesson learned by agents…a half century ago — the last time anyone could seriously claim the border was under control." Tierney adds, "What stopped the farmworkers from sneaking across? It wasn't simply the get-tough measures. … Along with the crackdown, officials encouraged farmers and ranchers to legally hire Mexican temporary workers called braceros. As new rules made it easier to hire braceros, the number of these legal workers doubled to more than 400,000 at the same time illegal immigration was plummeting."

Mexico Expands Environmental Reserve Along US Border. The AP (6/6, Stevenson) reports, "Mexico is creating an environmental reserve about 30 feet wide and 600 miles long on the Texas border, a 'green wall' to protect the Rio Grande from the roads and staging areas that smugglers use to ferry drugs and migrants across the frontier. … It will connect two large protected areas south of the river. When a third nature reserve, known as Ocampo, is created this year, the protected areas in Mexico will form a 'wall' of millions of acres of wilderness, matching Texas' Big Bend parks foot-by-foot along the border."

Immigration Debate Seen As Ignoring Illegals Who Have Overstayed Visas. The AP (6/6, Weissert) reports, "The little-acknowledged reality is that nearly half the estimated 12 million undocumented foreigners in the United States entered on bona fide U.S. visas — and simply never left. Authorities call them 'overstays' who have been largely overlooked in the vitriolic debate on immigration. … A study by the Washington-based Pew Hispanic Center last month indicated that 45 percent of the undocumented migrants in the United States overstayed legal visas." ICE spokesman Dean Boyd is quoted as saying, "The southwestern border gets all the attention, but it's staggering the number of people who come and overstay their visa. … It's a very large-scale problem." According to the AP, "The immigration reforms soon to be hashed out in a Congressional conference committee may crack down on employers who fail to make sure their workers are legal. But it's unclear whether the proposed reforms will send many 'overstayers' home."

Congressional Immigration Bills Blamed For Alleged Upsurge In Racism. The AP (6/6, Texeira) reports, "As the fight over immigration reform drags on, an ominous undercurrent to the debate — racism — is becoming more pronounced. From muttered ethnic slurs to violent attacks, activists say an anti-immigrant backlash seems to be growing in America's neighborhoods and workplaces. A few political leaders have called proposed immigration measures before Congress 'racist.' Some activists say the House of Representatives started it. … Some reacted the same way after the Senate passed an amendment to its immigration bill last month that declared English the national language." The AP notes that Senate Minority Leader Harry Reid "called that 'racist' and 'divisive.'" The Long Island Immigration Alliance, the Southern Poverty Law Center and the Anti-Defamation League are cited as organizations that have denounced congressional legislation as "racist."

High School Teacher Praises Immigrant Students. In an op-ed for the USA Today (6/6) Patrick Welsh, a teacher at T.C. Williams High School in Alexandria, Va., writes, "With all the recent talk of immigration reform, one thing has become clear to me: While Congress still must thrash out its differences on policy, I can put real faces on this issue. Each day, I teach students who are immigrants, probably legal and illegal, and I can tell you that when I look into the eyes of these kids, I do not feel the sort of fear or loathing that some Americans have voiced. Instead, I see on their part a yearning to learn and a motivation to succeed that I don't always see in my American-born students."

TAX:

IRS Laptop Computer Lost. MSNBC.com (6/5, Sullivan) reported, "A laptop computer containing fingerprints of Internal Revenue Service employees is missing, MSNBC.com has learned. The computer was lost during transit on an airline flight in the western United States, IRS spokesman Terry Lemon said. No taxpayer information was on the lost laptop, Lemon said." The IRS "believes the computer contained information on 291 employees and job applicants, including fingerprints, names, Social Security numbers, and dates of birth. … Nothing on the computer would put taxpayer information at risk, Lemon said."

Kyl Says "Death Tax" Should Be Eliminated. Sen. Jon Kyl, chairman of the Senate Finance Subcommittee on Taxation and IRS Oversight, writes in USA Today (6/6) that the "death tax" should be eliminated. Kyl argues, "Ideally,

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we should repeal the death tax as many of our trading partners, including Canada and Australia, have done. At the very least, we should increase the exemption and reduce the rate to the same level as the tax on capital gains, so that those who pay it can do so without being forced to sell off business assets."

Editorials Oppose Efforts To Repeal Estate Tax. Three major papers oppose efforts to repeal the estate tax in their editorial sections this morning. An editorial accompanying Kyl's op-ed in USA Today (6/6) says, "Estate-tax opponents concede they might not have the votes for outright repeal. But they still hope to reduce the tax rate on inherited wealth to as low as 15% from the current 46%. That was a bad idea last year, and it's still a bad idea. Taxes must be paid by someone, and it is hard to think who they harm less than people who are both very rich and dead. … As they prepare to vote on what would be a huge windfall for the wealthiest Americans, senators should recall the sense of shame that prompted them to hold off last summer. Nothing has changed, except for the weather."

An editorial in the Washington Post (6/6, A14) says the "arguments for repeal are by turns wrong, muddled and internally contradictory." The Post says that "the exotic arguments in favor of abolishing the estate tax don't match the obvious ones for keeping it. The nation faces serious budget deficits, so why abolish a revenue stream? Inequality is rising, so why kill the most progressive federal tax? The competitive and meritocratic basis for the nation's economic success is under threat, so why take action that would encourage hereditary elites to entrench themselves?"

An editorial in the New York Times (6/6) also opposes abolishing the tax as well as Kyl's proposal to "drastically raise the thresholds at which the estate tax kicks in." According to the Times, "There is no moral justification for cutting estate taxes. … Any senator who votes for this bill -- or to end an expected filibuster -- does not care about the budget deficit or tax fairness, no matter what he or she may say to the contrary."

CONGRESS-ADMINISTRATION:

Congress Seen As Pushing Back Against Bush's Expanded Powers. USA Today (6/6, Page) reports after "five years of a concerted White House campaign, there are tentative signs that Congress and the courts are beginning to push back against what has been the greatest expansion of presidential powers in a generation or more." But those "pushing back include some congressional Republicans and conservative jurists who have been among President Bush's chief allies. The efforts surely would intensify if Democrats won control of the House or Senate in November's elections — and with it the power to convene hearings and issue subpoenas." Senate Judiciary Chairman Arlen Specter, R-Pa., "who has pushed for stronger congressional oversight of intelligence operations," said, "You ask, 'Is the tide shifting?' and I say, 'Maybe, maybe.' If you ask me if I still feel like a lonely voice, I would say that I feel like a member of a small chorus." USA cites as examples GOP and Democratic criticism of the FBI search of Rep. William Jefferson's House office; the Senate Intelligence Committee vote to require notification about intelligence operations; the scrapped Dubai Ports deal; and treatment of terror suspects.

USA Today (6/6) lists several of the ways the Bush Administration has asserted executive power, such as secrecy in deliberation; restricted access to documents; setting aside laws or treaties; narrowly interpret new laws; warrantless domestic surveillance; and limiting judicial oversight.

Bush's "Declaratory Presidency" Seen As Flawed. In a Financial Times op-ed (6/6), Michael Fullilove, program director for global issues at the Lowy Institute for International Policy in Sydney, says that although President George W. Bush is "well known for his verbal awkardness," many of his "speeches – in particular his foreign policy speeches after 9/11 – are beautifully written and more than competently delivered." If "anything, Mr Bush's foreign policy speechifying suffers from the opposite problem: he is too verbal." But a "declaratory presidency also poses dangers. Mr Bush has badly overwritten his foreign policy, in two distinct ways. For most of his first term, Mr Bush pursued a muscular grand strategy aimed at imposing America's will on the world. He was the Charles Atlas of international relations. To reinforce his seriousness he delivered speeches that were strangers to nuance. They drew an explicit link between values and coercion, between freedom and force." It is "hard to avoid the conclusion that the sustained power of Mr Bush's language nudged the administration (and perhaps the president himself) toward risky policies that have proved costly."

Grassley Praises Paulson, Predicts Quick Confirmation. The AP (6/6, Crutsinger) reports Treasury Secretary-designate Henry Paulson Jr. "met Monday with the head of the Senate Finance Committee, who predicted that President Bush's selection…could be confirmed and on the job by early July." Finance Committee Chairman Charles Grassley "said he and Paulson had a productive meeting and that he believed the nomination could win Senate approval before Congress leaves for the July 4 break." Grassley said "the two covered a wide range of issues from the importance of overhauling the nation's complex tax code to the need to apply pressure to China to revalue its currency as a way of dealing with America's soaring trade deficit."

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Paulson To Have Opportunity To Make Imprint On China Policy. The Washington Post (6/6, D1, Blustein) reports Paulson "may have little chance to make a mark on many economic issues. The administration's tax policies were pretty much set in Bush's first term, and its more recent big economic initiative, aimed at revamping Social Security, is moribund." But one issue "on which Paulson can surely exert influence is the U.S. relationship with China. The Treasury secretary has formal responsibility for some major decisions to be made in coming months, such as whether to label Beijing a 'currency manipulator.' And when it comes to cutting deals with Beijing, few U.S. business executives can match Paulson's record." To supporters "of warm relations between Washington and Beijing, a Paulson-led Treasury bears the promise of a heightened level of sophistication in dealing with thorny transpacific problems, especially China's policy concerning its currency, the yuan."

Former Official Says State Department Botched WMD Office Reorganization. Knight Ridder (6/6, Strobel) reports veterans weapons expert Dean Rust says the "reorganization of the State Department offices that are leading the fight against weapons of mass destruction was badly managed and politicized, which led to a flight of experts with decades of knowledge." Rust, who "watched the reorganization unfold, charges that its 'botched implementation' led many career officers to leave and 'will hamper the State Department's role at home and abroad for years to come.'" Knight Ridder adds Rust's account "appears in the upcoming issue of Arms Control Today magazine, published by the nonpartisan Arms Control Association. It's scheduled to be posted Tuesday on the group's Web site."

Republicans Voice Opposition To Bush Judicial Nominee. The Washington Post (6/6, A13) reports, "Some retired military officers have served notice that if conservatives keep pressing for a Senate confirmation vote for judicial nominee William J. Haynes II, it won't come without a fight." Democrats "have opposed Haynes since 2003, and now some Republicans are joining them. They object to his role as the Pentagon's top lawyer when controversial policies were adopted regarding harsh treatment of detainees captured in Afghanistan, Iraq and elsewhere."

Supplemental Spending Bill Still At Least $2 Billion Over White House Request. The Wall Street Journal (6/6, Rogers) reports a "$92.2 billion wartime spending bill taking shape in Congress has been cut substantially since passing the Senate last month but still provides at least $2 billion more in Katrina aid than the White House first requested." House-Senate negotiators "will meet tonight in hopes of expediting passage by Congress this week, and Republicans are confident they can avoid a veto fight with President Bush. But the deal rests heavily on borrowing against Federal Emergency Management Agency disaster funds, and that means FEMA will have to come back sooner to Congress for more money, quite possibly this fall."

The AP (6/6, Taylor) reports after "missing a Memorial Day deadline, negotiators hope to seal agreement this week. The White House says a money crunch is threatening military operations and training accounts, especially for the Army, and could slow training and equipping of Iraqi soldiers." The "overall limit has meant dumping or dramatically scaling back Senate initiatives like $4 billion in agriculture disaster assistance to farmers to help them deal with high fuel prices and damage from floods and droughts last year. The move promises to dismay Senate GOP sponsors of the farm aid such as Conrad Burns of Montana, embroiled in a very difficult re-election bid."

House, Senate Republicans At Odds Over Key Legislation. Roll Call (6/6, Billings, Pershing) reports as Congress "gets back to work this week, the Republican majority faces the daunting task of trying to advance several big-ticket legislative items amid a sometimes strained relationship between the two chambers." House and Senate Republicans "will not only wrestle with their Democratic opponents, but in some cases with each other, as they look to complete an emergency supplemental spending bill for Iraq and Hurricane Katrina recovery, as well as a pension bill, immigration reform and a lobby overhaul package." The majority "views passage of these as key to bolstering its chances in the November elections, along with consideration of several other measures important to the GOP base, including an anti-gay-marriage amendment, abolition of the estate tax and energy legislation." But GOP tensions "have risen in both chambers over some of the most hotly contested bills this year, leaving some to wonder whether the party can come together quickly enough to pass them in the time that remains in this Congress. Immigration and the emergency spending bill are the most high-profile measures on which Republicans have faced internal battles over how far to go in this election year."

Private Funds Paid For At Least 23,000 Congressional Trips Since 2000. Knight Ridder (6/6, Kuhnhenn) reports, "Join Congress, see the world. Join a congressman's staff, see more of it. Private groups, corporations or trade associations -- many with legislation that could affect them pending before Congress -- paid nearly $50 million since 2000 to send members of Congress and their staffers on at least 23,000 trips overseas and within the United States, according to a study released Monday." The trips "included at least 200 journeys to Paris and 150 to Hawaii, room rates of up to $500 a night and some high-flying

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on corporate jets that cost up to $25,000 a trip, according to a report by the Center for Public Integrity, American Public Media and Northwestern University's Medill News Service."

The CBS Evening News (6/5, story 9, 2:50, Mitchell) Attkisson) said members of Congress and their aides have "taken $50 million worth of private paid trips in just over five and a half years. That's according to analysts from The Center for Public Integrity who poured through mounds of congressional travel disclosure forms." The trips are "officially called educational work trips, but they just happen to be to some of the world's best vacation destinations." Wendell Rawls, The Center for Public Integrity: "Hawaii and Antigua and at the Greenbrier and Florence and Paris." Attkisson: "The Center's top watchdog, Wendall Rawls, says the travel is legal but ethically suspect since it can appear congressional influence is for sale." And if "you thought Congress was reforming these types of meetings, they are not. They have repeatedly rejected bans on private travel and nothing in any current proposals would change that."

The New York Times (6/6, Phillips) reports, "The study concluded that about 90 of the trips were paid for by lobbyists, which is an ethical violation, during the five and a half years examined. About 500 trips cost $10,000 or more each, and 16 cost $25,000 or more apiece, the study showed. About $20 million was spent on overseas travel."

The Washington Post (6/6, A1, Birnbaum) reports, "Many congressional offices have voluntarily curtailed their privately funded travel since disgraced lobbyist Jack Abramoff pleaded guilty in January to conspiring to bribe public officials, in part with lavish overseas trips." But "lawmakers and their aides still may accept travel for official purposes from private interests without limit."

Rangel, Kaptur Singled Out. The Hill (6/6, Allen, Hearn) says the researchers "kept tabs on which offices filed incomplete, incorrect or late reports disclosing details of their travels. They singled out two lawmakers, Reps. Charles Rangel (D-N.Y.) and Marcy Kaptur (D-Ohio), for failing to disclose until six weeks ago that the Cuban government and a New York grocery mogul paid for their April 2002 trip to Havana to meet President Fidel Castro. Earlier disclosure reports had specified only a Minneapolis-based conservation group, the Sian Ka'an Conservation Foundation, as the sponsor." Rangel also "took fire for allowing the sponsors to pay travel costs for his wife and son, a violation of House rules that allow only one family member to be reimbursed." Rangel's chief of staff, George Dalley, "called the filing an honest mistake."

Conservatives Said To Be Ambivalent Toward Frist. The Hill (6/6, Bolton) reports that conservatives are "scratching their heads over what to make of" Senate Majority Leader Bill Frist. While the Senate will vote this week on constitutional amendment to ban same sex marriage, Frist "has also brought a skunk to what otherwise would be a conservative garden party by also scheduling the Native Hawaiian Government Reorganization Act, sponsored by Democratic Sen. Daniel Akaka (Hawaii). Conservative senators and activists hate that bill, which would allow native Hawaiians to establish their own government entity to "safeguard their welfare," according to a description by the Congressional Research Service."

Patrick Kennedy Returns To Work After Nearly A Month In Rehab. Rep. Patrick Kennedy returned to work Monday after spending almost a month in a drug rehabilitation clinic after an incident in which he crashed his car near the US Capitol. NBC Nightly News (6/5, story 8, 0:50, Williams) reported, "Rhode Island Democratic Congressman Patrick Kennedy made his first public appearance today after a month in a drug rehabilitation program." Kennedy "entered the Mayo Clinic after crashing his car on Capitol Hill, an accident he says he doesn't remember in part because he was taking the sleeping pill Ambien. Kennedy was treated for a long-standing prescription drug dependency and says today though he feels good, he is also grateful." Rep. Patrick Kennedy, Rhode Island: "Every day I'm on my knees thanking God that I didn't hurt somebody and this was a opportunity for me to get my life back on track. Frankly I didn't know how miserable I was until I started feeling better. And so, I'm really happy that I've had that this chance." Williams: "US Capitol Police cited Kennedy for three traffic violations. Today, he said he'll accept whatever consequences he deserves."

USA Today (6/6) reports that Kennedy "said that after struggling for two decades with addiction he knows he can no longer take any 'mood-altering' substances including alcohol."

The New York Times (6/6, Holusha) reports that Kennedy "said yesterday that he felt much better…and that he was looking forward to resuming his duties. But he said that he continued to suffer from bipolar disorder and a tendency toward addiction, and will need help from a support group to avoid a relapse."

Ramstad To Act As Kennedy's Sponsor. Roll Call (6/6, Hocking) reports on the "strong bond" between Kennedy and Rep. Jim Ramstad, who is a recovering alcoholic. Every Saturday for a month, "Ramstad drove an hour and a half from his house in Minnetonka, Minn., to the Mayo Clinic in Rochester to visit Kennedy while he was in rehab. … The Rhode Island Congressman has named Ramstad as a sponsor in his recovery efforts, said Kennedy spokesman Robin Costello."

Snow Jokes Of White House "Love Affair" With Media. In a "Verbatim" column, the Washington Post

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(6/6, A13) reports, "White House press secretary Tony Snow's response at yesterday's White House briefing to a question from radio talk show host Lester Kinsolving: Kinsolving : The New York Times has just reported, 'This White House, like all White Houses, is obsessed with the press.' My question: Will you admit to this alleged obsession, or is this just one more New York Times exaggeration? Snow : It's more a love affair than an obsession, Lester."

FAA Imposes New Contract On Air Traffic Controllers. The Washington Post (6/6, D4, Barr) reports in its "Federal Diary" column, "The Federal Aviation Administration imposed a controversial new contract yesterday on the nation's 15,000 air traffic controllers that will slow the rate of pay increases for current workers and cut starting salaries for new hires by 30 percent. Marion C. Blakey , the FAA administrator, said a 60-day period for review by Congress of contract deadlocks at the agency had ended without any action."

OTHER NEWS:

Bernanke Warning, Iran Threat Drive Stock Markets Lower. Federal Reserve Board Chairman Ben Bernanke' warning yesterday about inflation prompted a sell off on Wall Street yesterday. USA Today (6/6, Kirchhoff) reports that in a speech to a banking conference, Bernanke "said the economy is entering 'a period of transition' to less robust growth. But he also implied that inflation, pressured by high energy prices, is now the bigger threat." The New York Times (6/6, Andrews) says "investors, increasingly convinced that the central bank will raise rates at its two-day policy meeting at the end of this month, immediately began selling stocks."

ABC World News Tonight (6/5, story 9, :20, Gibson) reported Chairman Bernanke "promised steps to keep surging energy prices from making matters worse. Wall Street took that as an indication that the Fed will raise interest rates again this month and as a result, stock prices plummeted. The Dow Industrials fell 199.15 points to its lowest close in three months [at 11,048.72]. The NASDAQ lost 49 points [to close at 2,169.62]."

The CBS Evening News (6/5, story 3, 1:20, Mason) reported, "So, what's happening? Well, blame it on the two I's -- Iran and inflation. First, Ayatollah Khamenei threatened the United States this weekend saying, 'If you make a wrong move regarding Iran, definitely the energy flow in this region will be seriously endangered.' Now, the markets took this as a sign that Iran, OPEC's second-largest producer, is ready to use oil as a weapon. That sent crude prices surging and stock prices tumbling. Then, new Fed Chairman Ben Bernanke speaking to bankers today said he's very worried about inflation. The market's read that as a signal the Fed intends to raise interest rates again soon."

NBC Nightly News (6/5, story 5, 0:35, Williams) reported, "Iran threatened to disrupt world oil supplies, which then sent oil prices higher and rattled the stock market early today. Then this afternoon, the Chairman of the Federal Reserve Ben Bernanke said he's still concerned about inflation, which then renewed interest rate fears. All that have combined to send the market sharply lower today." The Wall Street Journal (6/6, Browning, Ip), Washington Times (6/6, Hill), Financial Times (6/6, Guha, Beales), Washington Post (6/6, A1, Henderson, Masters) and USA Today (6/6, Shell) run similar reports.

Iranian Threat Pushes Oil Prices Up. USA Today (6/6, Hagenbaugh) reports, "Oil prices climbed to the highest in nearly a month Monday after Iran warned over the weekend that any efforts to punish the major oil producer could lead to a reduction in world supply. Average US retail gasoline prices, meanwhile, edged higher. After jumping more than $1 in trading early in the day, oil ended the day up 27 cents at $72.60 a barrel." That was "the highest since May 11 and marked the second-consecutive trading day of increases. Prices are less than $3 from the all-time high hit in April."

High Fuel Prices Said To Put US Jobs At Risk. USA Today (6/6, Hagenbaugh) reports, "The rising cost of oil has put a squeeze on the companies that use oil as an ingredient for their products. Although they are down from the records seen recently, oil prices are up more than 20% from a year ago and are more than 150% higher than they were five years ago. Natural gas prices have also risen." USA Today adds "manufacturers, faced with strong global competition, are unable to pass along all of the added costs to customers. That means prices for most oil-derived products will likely barely budge as a result of higher energy costs." But "the impact on manufacturers and other companies that use oil-based ingredients could be significant, causing a ripple effect throughout the economy. As firms are faced with rising prices and see their margins cut, they may have to cut back on production, reduce pay increases or maybe even cut jobs or shut down."

California Attorney General Investigating Spike In Gas Prices. The CBS Evening News (6/5, story 4, 2:20, Mitchell) reported, "The Energy Department says gasoline is up two cents in the past week to a nationwide average of $2.89 a gallon. In California it is a whole lot higher $3.27. The chief law enforcement officer in the state wants to know why." CBS (Hughes) added, "California's Attorney General began hauling the CEOs of major oil companies into his office today, demanding in closed door sessions that those executives tell him under oath why gas prices are higher here

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than almost anywhere else in the nation." Bill Lockyer, California Attorney General: "This is legal thievery in my view. And it's because it's an oligopoly, it's -- when you have a handful of companies, seven exactly, that control almost the entire California market." Hughes: "Those companies insist they're operating within the law and not trying to gouge their customers. Still, California drivers pay an average of $3.31 a gallon, up more than $1 since the start of the year. The Attorney General also wants to know why refiners' profit margins soared 130% at a time when the price of crude oil increased by only 14%." What "is true, according to estimates from the California energy commission, is that profits on each gallon of gas have risen from around 30 cents per gallon at the start of the year to around $1 per gallon now."

CA50 Special Election Seen As Test Of Discontent With GOP. USA Today (6/6, Welch) reports the San Diego special election today for California's 50th CD "has become a test of voter discontent with Republican leadership and frustration over the porous border with Mexico." In the race "to replace disgraced Republican former congressman Randy 'Duke' Cunningham, Republican nominee Brian Bilbray, a former three-term congressman from a neighboring district, would in any other time be a heavy favorite against a Democratic opponent." But the race "between Bilbray and Francine Busby, a relative newcomer to politics, appears to be coming down to a tight finish. Both candidates have said their private polling shows each with a very slight lead." Gary Jacobson, political scientist at the University of California, San Diego, said, "If Republicans lose a district that is this Republican, they ought to be real worried. It's driven by unhappiness with the state of the nation."

The Hill (6/6, Kaplan, O'Connor) reports, "Trying to leave nothing to chance, Republicans sought to ensure victory in today's runoff election to replace imprisoned" former Rep. Cunningham "while Democrats sought to shape the post-election spin by arguing that even losing is winning." Hoping "to push former Rep. Brian Bilbray (R-Calif.) into office, the National Republican Congressional Committee (NRCC) paid for automated phone calls recorded by President Bush, Laura Bush and Sen. John McCain (R-Ariz.) and kept up its television advertising campaign." After today's vote, the NRCC "will have spent $5 million on the race. Over the weekend, the Republican National Committee (RNC) paid to send approximately 160 'deployed volunteers' to San Diego to help the Bilbray campaign turn out supporters, an RNC official said. An estimated 65 of those volunteers, working 10- to 12-hour days making phone calls and knocking on doors, are Republican staff members on Capitol Hill." Political observers "expected the race to be close, although they disagreed on whether it would be a harbinger of Democrats' fortunes for winning the House in November's midterm elections."

Roll Call (6/6, Drucker) reports Busby has "pushed" Bilbray "to the limit in the special election runoff that was forced by Cunningham's resignation and subsequent incarceration after he admitted to taking bribes. Republicans acknowledge that she effectively has exploited Bilbray's post-legislative career as a lobbyist in a San Diego-area district that has experienced multiple corruption scandals of late, including at the local government level." But Bilbray, "a longtime, staunch opponent of illegal immigration despite other views considered moderate by Republican standards, successfully has nailed Busby on that subject. His support for the hardline House immigration bill — and his opposition to the Senate bill — has been well-received by voters and the local newspapers."

Busby Comments To Immigrants On Voting Papers Color Final Days Of Race. The AP (6/6, Hoffman) reports Republicans "seized on Democrat Francine Busby's comments that sounded like encouragement for illegal immigrants to help her campaign as the GOP sought an edge in the final hours of a surprisingly close House race." Immigration "looms large in the runoff election," and Busby's remarks, "and her subsequent explanation that she misspoke, has drawn much of the attention in the race's last days." Speaking to "a largely Hispanic audience last Thursday, Busby faced a Spanish-speaking questioner who said he wanted to help her campaign but lacked voting papers. The question was translated into English and she responded, 'Everybody can help. You can all help. You don't need papers for voting, you don't need to be a registered voter to help.'" Bilbray "criticized the Democrat, saying she was encouraging possible illegal immigrants to volunteer for the campaign." But Busby "said she had been trying to encourage underage high school students or people who weren't registered — but are in the country legally — to participate in the political process."

National Discontent Could Fuel Primary Challengers As Eight States Go To Polls. The AP (6/6, Tanner) reports, "The old adage says all politics are local. But challengers this year are convinced that national dissatisfaction with Iraq, immigration and political corruption give them an unusual chance to topple sitting governors, senators and House members." The primaries today "for governor in Alabama and California, a Senate seat in Montana and a handful of House contests, among other races, will put their faith to the test." The CA50 special election is the "most-watched congressional contest," but "in all, eight states are holding primaries, with polls also open in Mississippi, New Jersey, New Mexico, South Dakota and Iowa, where there is an open governor's seat."

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Democrats Given Good Chance To Capture One Chamber In November. The Wall Street Journal (6/6, Calmes) reports, "As a bad year for Republicans keeps getting worse, expectations are growing that Democrats could capture at least one house of Congress, ending one-party dominance of the nation's capital and crippling President Bush for his final years." Democrats currently "are in a position to win the 15 seats they need to take control of the House. They have a harder task, however, snagging the six seats needed in the Senate. As the list of vulnerable Republicans grows, all sides are scouting for signs of an electoral wave like that of 1994, which swept away the Democrats' four-decade control of Congress." A recent poll had President Bush's approval rating "at 23% in New York, home to as many as six endangered Republicans. Particularly threatened are Republican moderates in Democratic-leaning areas, including the Northeast, the Ohio River Valley and Florida." Two elections "being held today are being closely watched as potential barometers for the fall: a special election in California to replace former Republican Rep. Randy 'Duke' Cunningham, who has pleaded guilty to bribery charges; and a Senate primary in Montana, where scandal-touched Sen. Conrad Burns faces a Republican challenge."

Campaign Already Heating Up With Unexpected Intensity. The New York Times (6/6, Nagourney) reports even for "candidates who will not face the voters for five months, the campaign is shaping up as not only the most contested midterm election in over a decade, but also the most substantive. In a typical election year, intense campaign activity normally does not begin until around Labor Day." Democrats and Republicans "said they were struck by the level of political activity now going on. Television advertisements have been shown by candidates in at least five districts, party officials said, and there are radio and Internet advertisements popping up around the country." Moveon.org, "the liberal advocacy group, began broadcasting hard-hitting advertisements attacking Republican incumbents in four states nearly three months ago and is about to start a second round on Thursday, officials with the organization said." If this "early pattern holds, it could undercut Republican efforts to prevent this election from becoming a national referendum on Mr. Bush and Republican policies."

Democrats Seek To Enhance Communication With Military Families. The Washington Times (6/6, Pfeiffer) reports Democrats are "seeking ways to reach out to military families, hosting a discussion yesterday to help congressional staffers better communicate with men and women serving in the armed forces." Kathy Roth-Douquet and Frank Schaeffer, "authors of 'AWOL: The Unexcused Absence of America's Upper Classes from Military Service -- and How it Hurts Our Country,' spoke in a Capitol basement office filled with Democratic staffers who shared their personal stories of military service and examples of being part of a military family while trying to relate to 'elite' colleagues who 'dismissed' their experiences." Yesterday's discussion "was sponsored by the Truman National Security Project, a Washington think tank that declares its aim is to boost Democrats' 'national security credentials' through an 'innovative, distinctly Democratic approach to national security.'"

Webb's Stance On Affirmative Action Draws Scrutiny. The Washington Post (6/6, B8, Helderman) examines Virginia Democratic Senate candidate James Webb's stance on affirmative action, noting that Webb "said he has been writing and thinking about the issue for years." The Post notes that Webb "comes to an unusual view among candidates in either major party: He supports affirmative action for blacks but otherwise thinks preferential job and education programs should be awarded based on economic conditions or eliminated altogether." His opponent in next Tuesday's primary, Harris Miller, "has characterized Webb's views as out of step with most party members, using affirmative action as a prime example."

Feingold, Warner Address New Hampshire Democrats. The Washington Times (6/6, Bellantoni) reports that potential 2008 Democratic presidential candidates addressed New Hampshire's Democratic convention last weekend. Wisconsin Sen. Russ Feingold "fired up the crowd by urging his party to stand up and fight against the Iraq war." Former Virginia Gov. Mark Warner "gave a broad speech focused mostly on domestic issues, prompting some Democrats to say the Virginian seemed a more likely contender to make it all the way to the White House." While Feingold "threw the audience political red meat," Warner "kept the Bush-bashing to a minimum and instead espoused centrist themes of deficit reduction, better math and science education, and ensuring localities have adequate infrastructure to avoid catastrophes like the flooding during Hurricane Katrina."

Bill Clinton Hopes To Raise $20 Million For Democrats This Year. Former President Bill Clinton is scheduled to appear at more than two dozen Democratic fundraisers this year. The New York Times (6/6, Hernandez) reports that Clinton hopes "to collect at least $20 million for his party's drive to recapture Congress."

Clinton Narrates Audio Tour For Presidential Library. The Washington Post (6/6, A13) reports that former President Bill Clinton's presidential library in Little Rock will son begin offering an audio tour narrated by the former President. The tour "was Clinton's idea and is the first narrated by a former president for a presidential library, said Jordan Johnson, spokesman for the William J. Clinton

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Foundation. Visitors pay an extra $3 for a device shaped like an oversize cordless phone. For each exhibit, Clinton recounts his thoughts on and memories of the topic."

Republican Turned Democrat Says GOP Broke With Him. DeWayne Wickham writes in USA Today (6/6) reports that former Kansas state GOP chairman Mark Parkinson, who spearheaded the unsuccessful effort to derail the 2002 gubernatorial campaign of Democrat Kathleen Sebelius, has been named by Sebelius to be her running mate in this year's gubernatorial campaign. Republicans "have branded Parkinson a traitor, but he told me he didn't break with the GOP, it broke with him. It became more interested in cultural warfare than improving schools, economic development 'for everyone' and the idea that government should not be involved in people's personal lives."

Brother Of Murderer Turns To Philanthropy. A front page story in the Wall Street Journal (6/6, A1, Davies) reports that Louis Capano, Jr. , who 20 years ago helped his brother cover up a murder, has turned to philanthropy, making two $1 million donations "to put his family's name on buildings at elite Catholic schools he attended." Capano's efforts are "triggering a debate over whether charity can help earn forgiveness."

In "Setback" For US, Islamic Militia Seizes Control Of Mogadishu. ABC World News Tonight (6/5, story 6, :25, Gibson) reported, "In Somalia, an Islamic militia has now seized call of the capital, Mogadishu, after weeks of fighting. That is raising fears that the war-torn nation could fall under the sway of al Qaeda. No one group has controlled Mogadishu since Somalia's government fell in 1991. The militia's victory is a setback for the US, which backed a coalition of warlords." Knight Ridder (6/6, Landay) says the militia's takeover is "a setback to US efforts to contain the spread of militant Islam. US officials and other experts warned that if the militias consolidated their victory they would establish an Islamist state where al-Qaeda could secure bases from which it could spread its violent ideology to other East African and Horn of Africa nations."

The New York Times (6/6, Lacey) quotes Assistant Secretary McCormack saying, "We don't want to see Somalia turn into a safe haven for foreign terrorists. ... We do have very real concerns about that." Bloomberg (6/6, Tighe) notes UN Secretary-General Kofi Annan "yesterday appealed to all groups to stop fighting and begin talks, the UN said on its Web site. Thousands of people have been displaced from their homes in Mogadishu, the UN said." The AP (6/5, Hassan), Financial Times (6/6, England, Dinmore), USA Today (6/6, For), Washington Post (6/6, A10, Hassan) and Washington Times (6/6, Hassan), among others, also reports the story.

Visiting Congolese Leader Pans US Support For Warlords. AFP (6/6) reports, "Congo's president and current African Union head Denis Sassou Nguesso hit out at US support for Somali warlords and expressed hope Washington would work to establish a government in Mogadishu. 'We think, and what we told President Bush, that most important is to establish a government that must help the Somali people to have a real government,' Sassou Nguesso told journalists after meeting Bush and" Secretary Rice. "'We think that if this effort is needed, we have to move in this direction, in order that the Somali government can truly be established in Mogadishu. ... The presence of various groups, the warlords, is not a permanent solution.'"

Solana In Tehran To Pitch Incentives Package. The New York Times (6/6, Cooper) reports EU foreign policy head Javier Solana "arrived in Tehran on Monday night with incentives intended to resolve the nuclear crisis with Iran, including a proposal to allow Iran to upgrade its aging civilian air fleet through the purchase of aircraft parts from an American company, Boeing." The deal may also include "waiving trade sanctions against Iran to allow the purchase of American agricultural technology, said European diplomats and a senior Bush administration official." Although the exact proposal so far remains private, "several European and American diplomats described parts of the proposal, speaking anonymously because they were not authorized to comment publicly. The offer includes a commitment from the six nations to support Iran's plan for a nuclear energy program for civilian use, including building light-water reactors through joint projects with other countries, the diplomats said. The United States and Europe also agreed to back Iran's membership in the World Trade Organization." That said, "the most compelling item...may be the American offer to end its nearly three-decade policy against direct talks with Iran and to join in the negotiations over Iran's nuclear program."

White House Asks For Patience. AFP (6/6) reports, "The White House pleaded for patience with overtures to Iran, saying 'there is hope' that Tehran will accept an internationally brokered compromise on its nuclear programs. 'I would counsel patience,' spokesman Tony Snow told reporters. 'At this point, as we've said all along, let's give it time. Let's let the Iranians take a look at what the offers are, at the incentives and disincentives.'"

UN Urged To Take Legal Action Against Ahmadinejad For Violating Charter. David B. Rivkin Jr. and Lee A. Casey, lawyers who served in the Justice Department during the administrations of Ronald Reagan and George H.W. Bush, write in today's Washington Post (6/6, A15), "Speaking last October at a Tehran conference on 'The

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World Without Zionism,' Iran's president, Mahmoud Ahmadinejad, referred to Israel as a 'disgraceful blot" and called for it to be "wiped off the map.' … Although Ahmadinejad's bellicose statements were condemned by the United States and a number of its European allies, the condemnation was not followed up by a concerted diplomatic and legal effort in the UN Security Council. It ought to be," and " there is a good legal basis for such action. Ahmadinejad's words clearly violate Article 2.4 of the UN Charter. This provision, to which Iran has agreed, requires all UN member states to 'refrain in their international relations from the threat or use of force against the territorial integrity or political independence of any state.'"

Washington-Hanoi Military Ties To Expand. The New York Times (6/6, Gordon) reports Secretary Rumsfeld and senior Vietnamese leaders "agreed Monday to increase their military contacts and to discuss additional ways to broaden their defense cooperation." The Times notes, "Vietnam was an important stop on an Asian swing that has already taken Mr. Rumsfeld to a meeting of defense experts in Singapore." In Hanoi, Rumsfeld "heaped praise on his hosts. He lauded Vietnam's economic development, which he inspected Sunday night with a walk through the city's streets." While "the Vietnam War still casts a long shadow" on bilateral relations, "it is China, a subject that Mr. Rumsfeld said went unmentioned Monday during his talks…, that has added impetus for the new courtship."

The AP (6/6, Baldor) focuses its coverage on Rumsfeld's renewed call for a full accounting of US service members, saying he "is pressing Vietnam for underwater searches and access to aging witnesses in stepped-up efforts.... 'We still have work to do,' Rumsfeld said, though he added that he was pleased Vietnamese military officials had pledged in meetings with him to do more to help recover the remains. 'As we all agree, we don't want to forget the importance of this.' Rumsfeld told reporters U.S. officials will work to see if the U.S. can provide technical assistance with underwater recovery efforts."

Rumsfeld Says US Committed To Engagement In Asia. Secretary Rumsfeld pens an op-ed for the Wall Street Journal Asia (6/6) entitled "A Pacific Nation." The 850-word piece outlines the positions taken by the US at the Singapore Shangri La Dialogue, and the changing culture of US-Asian relations that has permitted new cooperation. Rumsfeld says the US "is -- and always will be -- a Pacific nation," and argues that the US "must, and we will, stay engaged" in Asia "to address a range of traditional, as well as unconventional, security concerns." The op-ed also appears on the website of the domestic Wall Street Journal.

Darfur Tops Agenda Of Bush Meeting With Congolese President. The AP (6/6) reports President Bush "said Monday that it's important for United Nations forces to take over peacekeeping as soon as possible in the Darfur region of Sudan... Bush met at the White House with Denis Sassou-Nguesso, president of the Republic of Congo and head of the 53-nation African Union, to discuss Darfur, AIDS and other issues." Following the meetings, Bush is quoted saying, "We talked about our common commitment to help end the genocide in Darfur. ... I appreciate the president's leadership in helping negotiate a peace agreement, and I appreciate his leadership in working with the United Nations so we can get the AU forces blue-helmeted as quickly as possible." Sassou-Nguesso is quoted saying, "I was happy to see President Bush give his entire support to the development of Africa. ... We discussed a lot of issues that we're all interested in: Peace, security, and not just in Africa, but beyond Africa, in the world."

Bush Hosts Honduran President At White House. The AP (6/6, Pickler) reports President Bush "heard concerns about immigration reform from south-of-the-border ally Honduras on Monday and offered assurances that he was committed to a bill that treats foreigners with respect while upholding U.S. laws. Bush met in the Oval Office with Honduran President Manuel Zelaya," and the two leaders "discussed ways to expand commercial opportunities between their nations and to make sure democracies in Latin America are strong. [Bush] said they also talked about the immigration bill being negotiated on Capitol Hill." Zelaya "thanked Bush for 'the frankness with which he has spoken about the solutions to the common problems we face in the Western Hemisphere.'"

Abbas To Call Referendum On Recognizing Israel. USA Today (6/6) reports, "Palestinian President Mahmoud Abbas said Monday that attempts to get the Hamas-led government to implicitly recognize Israel have failed to produce agreement and that he will call a national referendum on the issue." The move "sets Abbas on a collision course with Hamas." The AP (6/5, Daraghmeh) notes Abbas "had set a midnight deadline for agreement. But a participant in late-night talks with Palestinian factions said the president determined they had failed an hour before that."

The New York Times (6/6, Erlanger, Myre) reports the referendum "is expected to be called for July and will be seen as a vote of confidence in Hamas, which won legislative elections in late January but has been isolated internationally and financially because of its refusal to recognize the right of Israel to exist, to forswear violence and to accept previous Israeli-Palestinian agreements."

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US, South Korea Hold Free Trade Talks. The AP (6/6, Crutsinger) reports, "The United States and South Korea held their first round of talks Monday aimed at achieving a free trade agreement between the two nations before the end of the year." An agreement with South Korea, "America's seventh-largest trading partner," would be "the most economically significant such pact the United States has reached since it tore down barriers with Mexico and Canada more than a decade ago." Assistant US Trade Representative Wendy Cutler, who is heading the US delegation, "expressed optimism that the talks can be concluded before the end of the year even though the negotiators will have to deal with such tough issues as removing barriers to American farm products, pharmaceuticals and US autos."

Syrian Students Building Nascent Pro-Democracy Movement. The Christian Science Monitor (6/6, Brandon) reports that a "handful" of Syrian student activists are "agitating for reform and struggling to build a pro-democracy student movement in Syria, where martial law imposed in 1963 forbids unofficial political gatherings or groups. … While no organized student movement exists at present, one may be emerging. A small number of students are loosely linked but have no official names, leaders, or organization. They simply come together to organize political debates, spread democratic ideas, and take opinion polls.

Ford Foundation Establishes African Philanthropic Network. The New York Times (6/6, Dugger) reports that the Ford Foundation "will announce today the creation of a new philanthropic venture, led by Africans and based in Dakar, Senegal. The project, Trust Africa, aims to strengthen an expanding network of nonprofit groups across the continent that seek to hold governments accountable, whether elected or dictatorships. Ford has committed $30 million to this new foundation."

Westerners Encouraged To Support Investment In African "Sweatshops." The New York Times' Nicholas Kristof (6/6) writes that while westerners "mostly despise sweatshops as exploiters of the poor," the poor "tend to see sweatshops as opportunities. … Sure, sweatshop work is tedious, grueling and sometimes dangerous. But over all, sewing clothes is considerably less dangerous or arduous — or sweaty — than most alternatives in poor countries. Well-meaning American university students regularly campaign against sweatshops. But instead, anyone who cares about fighting poverty should campaign in favor of sweatshops, demanding that companies set up factories in Africa. If Africa could establish a clothing export industry, that would fight poverty far more effectively than any foreign aid program."

China Acknowledges Role Played By Private Environmental Groups. The New York Times/AP (6/6, Press) reports Zhu Guangyao, deputy chief of the China's Environmental Protection Agency, said pollution costs China more than $200 billion a year" and "called for better legal protection for grass-roots groups so they could help clean up the environment." Zhu "said that the importance of private environmental groups in China had lagged behind their role in other countries, and that his agency wanted to play a more important role in developing 'legislation to secure their interests and existence in China.'"

EU Resists Acceptance Of Genetically Modified Crops. The New York Times (6/6, Rosenthal) reports that the few EU countries "that have banned genetically modified organisms are on the front lines of a war over the future of modified food in Europe, the only large swath of the world that does not already grow or buy the crops. Facing international pressure and a lawsuit brought by the United States, Canada and Argentina at the World Trade Organization, the union said this year that all member states must open their doors to genetically engineered crops and prepare practical and legal regulations to ensure safety for health and the environment. But five countries have imposed eight different types of bans. Many others use their votes in Europe's Council of Ministers to block the crops from entering."

State Department Criticizes Germany Over Sex Traffic. The New York Times (6/6, Cooper) reports, "On the eve of the World Cup in Germany, the State Department's big concern is not over whether the American soccer team has a prayer of getting past the Czech Republic and Italy, but rather over the flood of prostitutes expected into Germany from Eastern Europe, Asia and Africa. The United States, in its annual report on forced labor and trafficking in persons, called Germany, which has legalized prostitution, 'a source, transit and destination country' for sex workers, the more so during the soccer tournament." According to the Times, "The warning to Germany was a rare slap at a close American ally."

Natural Disasters Undermine Indonesian Province's Tourism Industry. The New York Times (6/6, Gelling) reports that Indonesia's Yogyakarta Province, which was devastated by the recent earthquake, "is the second most popular tourist destination in Indonesia, Bali being the first. … Tourism accounts for about 20 percent of the province's income and is second only to agriculture as a source of revenue." But, "Even before the quake, tourism here was threatened by fears of an eruption at Mount Merapi, just north of Yogyakarta. A marketing campaign to show

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tourists that Yogyakarta, 20 miles south of the volcano, is out of Merapi's reach began several weeks ago and included organized visits to the mountain's slopes."

Egypt's Muslim Brotherhood Said To Be Less Radical Than Often Portrayed. In his column for the Wall Street Journal (6/6) Bret Stephens writes, "For years, the only group outside [the Egyptian] government that has reliably provided broad-based social services has been the Muslim Brotherhood, which, although officially banned, exists as a kind of parallel state within Egyptian society. … Were a free and fair election held tomorrow, the Brotherhood would probably win about 40% of the vote according to Gamal al-Banna, the leading scholarly authority on the group. This is all the more true because the Brotherhood isn't quite the jihadist, Khomeini-type movement frequently portrayed in the West."

WSJournal Sees Peruvian Election As Evidence Of Anti-Chavez Backlash. The Wall Street Journal (6/6), in an editorial, writes, "Governments that produce hyperinflation and unchecked terrorism have a way of ending political careers. So how then to explain the victory in Sunday's Peruvian presidential elections of Alan Garcia, whose 1985-1990 term included all that and more? The answer is that Mr. Garcia's opponent was Ollanta Humala, a protégé of Venezuelan President Hugo Chávez. By electing Mr. Garcia, Peruvian voters sent a message that they don't want to follow Venezuela over the cliff."

THE BIG PICTURE:

Headlines From Today's Front Pages.

Los Angeles Times:
"Court To Revisit Race In Schools."
"In For Life? Not Him."
"Campaign's End Brings A Scramble For Votes."
"Eyes In The West Are On Federal Land Sale."
"Canada Confronts Its Shadows Within."
"No Escaping Iraq Violence."

USA Today:
"Fed Chief Startles Markets."
"Congress Pushing Back Against Bush's Expansion Of Presidential Authority."
"Cycle Sales Powered By Pricey Gas."

New York Times:
"Court To Weigh Race As Factor In School Rolls."
"Somali Islamists Declare Victory; Warlords On Run."
"U.S. Is Offering Deals On Trade To Entice Iran."
"For Law Firm, Serial Plaintiff Had Golden Touch."
"House At Stake, Midterm Election Gets Early Start."
"Clamoring To Come Home To New Orleans Projects."

Washington Post:
"Fed Chief Raises Inflation Concern."
"An Increasingly Deadly Trail."
"Privately Funded Trips Add Up On Capitol Hill."
"In Brazen Roundup, 56 Vanish From Baghdad."
"Getting A Handle On School Mischief."
"Taken By Mom, Sought By Dad, Left In A Life Of Uncertainty."

Washington Times:
"Inflation Above Fed's 'Comfort Zone.'"
"U.S. Links To Canadian Plot Probed."
"Bush Pushes Hill On Marriage Measure."
"Ehrlich To Call Special Session On Energy Rates."
"Airlines Jettison Paper Tickets To Save Money."
"Jailing Of Darfur Refugees Spurs Moral Issue For Israel."
"Ticking Biological Clock No Longer Just For Women."

Atlanta Journal-Constitution:
"Court Revisits Race In School."
"Thousands Fail To Measure Up."
"Lawmakers Travel Globe As Special Interests Pick Up The Tab."
"Raid Exposes Border Risk With Canada."
"Move Over, Scalpers."

Houston Chronicle:
"High Court Taking A New Look At Race In Schools."
"A First In Houston: 85% Ethanol At Pump."
"Bush Turns Up Heat To Prevent Same-Sex Marriages."
"Study Urges Starting Child Obesity Battle Before Birth."
"Philanthropic Deeds Are His Pet Projects."

Story Lineup From Last Night's Network News:
ABC: Bush-Marriage Amendment; Marriage Amendment-Analysis; Canada-Terrorism Plot; Marines-Murder Charges; Baghdad Kidnapping; Mogadishu-Islamic Militia; AIDS-25 Years; AIDS-US; Bernanke-Inflation; Supreme Court-Affirmative Action; Duke Lacrosse Team; Greece-Prison Break; Whale Sharks.
CBS: US Terror Threats; US Northern Border Security; Stock Markets; Gas Prices-California; Marine Investigations; Baghdad Kidnapping; Supreme Court-Affirmative Action; Bush-Marriage Amendment; Congress-Free Trips; Car Racing-Drifting.
NBC: Canada-Terrorism Plot; Internet-Terror Groups; Supreme Court-Affirmative Action; Bush-Marriage Amendment; Stock Markets; Iraq Violence; Katrina-Cleanup Cost Concerns; Patrick Kennedy-Post-Rehab; AIDS-25 Years; Smaller Cars; Intermittent Explosive Disorder.

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Story Lineup From This Morning's Radio News Broadcasts:

ABC: US-Canada Border Security; Bush-Immigration Reform; TX-Mother, Newborn Reunited; Bush-Gay Marriage; Wall Street.

CBS: Iraq-Civilian Death Investigation; Terror Attack Expected This Year; Iran-Nuclear Program; CA50 Election; Afghanistan-Suicide Bombing; Verizon-Discrimination Settlement; Wall Street.

NPR: Bush-Gay Marriage; Iran-Nuclear Program; Canada-Terror Arrests; Afghanistan-Suicide Bombing; Abbas-Hamas Talks; Somalia-Militia Seizes Mogadishu; State Primary Elections; Foreign Stock Markets.

WASHINGTON'S SCHEDULE:

Today's Events In Washington.

White House:

PRESIDENT BUSH — Participates in a tour of the Federal Law Enforcement Training Center, Artesia, NM; speaks on border security and immigration reform, Federal Law Enforcement Training Center, Artesia, NM; participates in a briefing, Laredo, Texas Border Patrol Sector heaquarters.

VICE PRESIDENT CHENEY — No public schedule.

LAURA BUSH —Delivers remarks at the Helping America's Youth first regional conference, University Place Conference Center, Indiana University, Indianapolis, IN; participates in Helping America's Youth event, Meadowbrook Collaborative, St. Louis Park, Minn.; speaks at a Mark Kennedy for Senate and Minnesota Victory Event. Courtyard by Marriott, 225 Third Ave., South, Minneapolis.

US Senate: 9:30 a.m. JUDICIARY _ Full Committee. Hearing on the Justice Department's investigation of journalists who make classified information public. Location: Room 226, Dirksen.

10 a.m. COMMERCE, SCIENCE AND TRANSPORTATION _ Consumer Affairs, Product Safety and Insurance Subcommittee. Hearing on compliance with All-Terrain Vehicle standards. Elizabeth Leland, Consumer Product Safety Commission; Tim Buche, President, Specialty Vehicle Institute of America; Rachel Weintraub, Consumer Federation of America; Brett Williams, Coleman PowerSports; Mary Aitken, MD, University of Arkansas for Medical Sciences; Susan Halbert, National 4-H Council. Location: Room 562, Dirksen.

2 p.m. JUDICIARY _ Full Committee. Markup of pending legislation and votes on nominations. Location: Room 226, Dirksen.

2:30 p.m. HOMELAND SECURITY AND GOVERNMENTAL AFFAIRS _ Federal Financikal Management, Government Information, and International Security Subcommittee. Hearing on the rising costs of the 2010 Census. Location: Room 342, Dirksen.

US House: FLOOR SCHEDULE _ 2 p.m. Meets for legislative business. Highlights: Suspensions (13 bills): 1) H.R. 5126 - Truth in Caller ID Act of 2006; 2) S. 193 - Broadcast Decency Enforcement Act of 2005; 3) H.Res. 265 - Supporting the goals and ideals of National Osteoporosis Awareness and Prevention Month; 4) H.Res. 833 - Expressing the sense of the House of Representatives with regard to the importance of National Women's Health Week, which promotes awareness of diseases that affect women and which encourages women to take preventive measures to ensure good health; 5) H.R. 5449 - To amend title 49, United States Code, to modify bargaining requirements for proposed changes to the personnel management system of the Federal Aviation Administration; 6) H.Con.Res. __ - Supporting the goals and ideals of the Vigil for Lost Promise day; 7) H.Res. 763 - Supporting the goals and ideals of a National Children and Families Day, in order to encourage adults in the United States to support and listen to children and to help children throughout the Nation achieve their hopes and dreams, and for other purposes; 8) H.Res. 753 - Commending American craft brewers; 9)H.Res. 729 - Supporting National Tourism Week; 10) H.R. 5245 - Matthew Lyon Post Office Building Designation Act; 11) H.Con.Res. 399 - Recognizing the 30th Anniversary of the victory of United States winemakers at the 1976 Paris Wine Tasting; 12) H.Res. 327 - Supporting the goals and ideals of National Passport Month; 13) H.Res. 626 - Congratulating Albert Pujols on being named the Most Valuable Player for the National League for the 2005 Major League Baseball season. H.R. 5441 - Department of Homeland Security Appropriations Act for Fiscal Year 2007. H.Res. 842 - Rule providing for consideration of H.R. 5254 - Refinery Permit Process Schedule Act.

2 p.m. ENERGY AND COMMERCE _ Oversight and Investigations Subcommittee. Hearing on mass tort screening and public health in deadling with silicosis court cases. Location: Room 2123, Rayburn.

2 p.m. FINANCIAL SERVICES _ Capital Markets, Insurance and Government Sponsored Enterprises Subcommittee. Hearing on the Office of Federal Housing Enterprise oversight's final report on Fannie Mae. OFHEO Acting Director James Lockhart III. Location: Room 2128, Rayburn.

2 p.m. GOVERNMENT REFORM _ National Security, Emerging Threats and International Relations Subcommittee. Hearing on the 9/11 Commission recommendations. Co-chairs of the 9/11 Commission Thomas H. Kean and Lee Hamilton; Carol E. Dinkins, chairwoman, White House Privacy and Civil Liberties Oversight Board; Alan Charles Raul, vice chairman, White House Privacy and Civil Liberties

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Oversight Board; panel of relatives of Sept. 11 victims. Location: Room 2154, Rayburn.

4 p.m. APPROPRIATIONS _ Full Committee. Markup of appropriations bills for Transportation, Treasaury, HUD; federal judiciary and D.C. Location: Room 2359, Rayburn.

5:30 p.m. RULES _ Full Committee. Meeting to consider rules for floor debate. Location: Room H-313, Capitol.

Other: ALZHEIMER'S POLICY FORUM _ Alzheimer's Association 18th Annual Public Policy Forum. Highlights: 10 a.m. Briefing on Alzheimer's Disease, with Sens. Hillary Clinton and Susan Collins, actor David Hyde Pierce, and release of a report that cites as many as half a million people in the US who have early onset of the disease. Room 325, Russell.

MCCRERY _ 8 a.m. Rep. Jim McCrery speaks at a U.S. Chamber of Commerce Policy Insiders breakfast. Location: 1615 H St. NW.

MUSLIM WOMEN POLL _ 8:30 a.m. - 10 a.m. The Gallup Organization holds a press conference on ``Listening to the Voices of Muslim Women," a Gallup Poll of the Muslim World, outlining the finings on what Muslim women think and feel. Location: The Gallup Organization, 901 F St. NW.

ELECTRIC RELIABILITY _ 9 a.m. The Community Power Alliance and Energy Daily hold a pane discussion on electric reliability, with Energy Secretary Bodman, former Sen. John Breaux, Gerry Cauley of the North American Electric Reliability Council, Wade Malcolm of the Electric Power Research Institute, others. Location: Grand Hyatt Hotel, 1000 H St. NW.

ANTI PORK BARREL _ 10 a.m. The free-market grassroots group Americans for Prosperity holds a news conference to announce the kickoff of a $1 million anti-pork-barrel-earmarks television advertising campaign. Location: National Press Club.

BLACK CAUCUS-SUDAN _ 10 a.m. Members of the Congressional Black Caucus will stage a second protest in front of the Sudan Embassy in an effort to put pressure on the Government of Sudan to end the genocide in Darfur and to create a just and lasting peace agreement for the region. Location: Embassy of Sudan, 2210 Massachusetts Ave. NW.

MEDICARE _ 10 a.m. Leaders from several patient and physician groups and the medical device technology industry hold a press conference to discuss their concerns with about the recently proposed Medicare hospital Inpatient Prospective Payment System rule. Location: National Press Club.

VA DATA FILES _ 10 a.m. Five national veterans groups hold a news conference to discuss a class action lawsuit to be filed on Tuesday seeking judicial oversight and protection of VA's files of 26.5 million veterans. Location: 5th floor conference room, Ogletree Law Firm, 2400 N St. NW.

MARRIAGE AMENDMENT _ 10:30 a.m. Clergy from around the country hold a rally in support of the Marriage Amendment, with Bishop Harry Jackson of the High Impact Leadership Coalition, Rev. William Owens of the Coalition of African American Pastors, others. Location: Senate Swamp.

PERKINS-MARRIAGE _ 10:30 a.m. Tony Perkins, president of the Family Research Council, will join with religious and community leaders in a joint press conference to support the Marriage Protection Amendment. Location: Senate Swamp site.

CUBA-POLITICAL PRISONERS _ 12 p.m. - 1 p.m. Rep. Ileana Ros-Lethinen, R-Fla., hosts a photo exhibit, ``Behind Rusting Bars," featuring former Cuban political prisoners and will debut the Plantados documentary on the plight of these prisoners of conscience. Location: Room HC-8, Capitol.

IMMIGRANTS AS CONSUMERS _ 12 p.m. - 3 p.m. The Association of Hispanic Advertising Agencies hosts a debate on ``The Dollars and 'Sense' of Immigrants as Consumers," A forum designed to address the economic significance of the legal and illiegal immigrant population on the US economy. Participants include: Steven Camarota, Director of Research at the Center for Immigration Studies; Daniel Griswold, Director of the Cato Institute's Center for Trade Policy Studies; and Doug Woodward, Director, Division of Research and Professor of Economics, Moore School of Business, University of South Carolina. Location: J.W. Marriott Hotel, Salon E, 1331 Pennsylvania Ave. NW.

DEMOCRATS _ 12:30 p.m. The Democratic Policy Committee holds a closed meeting. Location: Room S-211, Capitol. Notes: Stakeout note: Gallery escort for policy luncheons leaves at 11:30 a.m. from the Ohio Clock Corridor.

HOYER _ 12:30 p.m. House Democratic Whip Rep. Steny Hoyer holds a pen and pad only briefing. Location: Room H-306, Capitol.

REPUBLICANS _ 12:30 p.m. The Republican Policy Committee holds a closed meeting. Location: Room S-207, Capitol. Notes: Stakeout note: Gallery escort for policy luncheons leaves at 11:30 a.m. from the Ohio Clock Corridor.

9/11 COMMISSION _ 1 p.m. Reps. Christopher Shays and Carolyn Maloney hold a news conference with 9/11 family members to discuss their bill concerning the remaining work on 9/11 Commission recommendations. Location: Cannon Terrace.

DOMESTIC SPYING _ 1 p.m. The American Civil Liberties Union holds a telephone briefing to discuss the first-ever court hearing on whether the National Security Agency's controversial warrantless surveillance program is constitutional. Contacts: Emily Whitfield, 212-549-2566. Notes: Callin number: 800-288-9626.

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BOEHNER _ 2 p.m. House Majority Leader Rep. John Boehner holds a pen and pad only briefing. Location: Room H-107, Capitol.

GUN TRAFFICKING _ 2 p.m. Rep. Peter King and New York City Police Commissioner Ray Kelly hold a news conference to announce new anti-gun trafficking legislation. Location: Room 311, Cannon.

SUDAN _ 2 p.m. The Center for Strategic and International Studies holds a discussion with Ibrahim Gambari, UN under-secretary-general for political affairs, and Assistant Secretary of State Jendayi Frazer on ``Consolidating Peace in Sudan. Location: B-1 conference level, 1800 K St. NW.

US-KOREA TRADE _ 2 p.m. Representatives of the National Association of Manufacturers and the Korean International Trade Association will discuss advantages of the proposed U.S.-Korea Free Trade Agreement, rebut misinformation being disseminated by anti-FTA demonstrators, and take media questions as the first round of formal talks begin in the Korea-U.S. free trade agreement. Location: NAM Headquarters, Industry Room, Suite 600, 1331 Pennsylvania Ave. NW.

ISLAMIC PRAYER CENTER _ 2:30 p.m. Deputy Secretary of Defense Gordon England and Commandant of the Marine Corps Gen. Michael W. Hagee speak at the Islamic Prayer Center Dedication Ceremony. Location: Building 3043 on Catlin Avenue, Marine Corps Base Quantico, Va.

ZINNI _ 6:30 p.m. The American Association for the Advancement of Science hosts a conversation with retired Marine Corps Gen. Anthony Zinni. Location: AAAS Auditorium, 12th and H Sts. NW.

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THE ATTORNEY GENERAL'S NEWS BRIEFING

PREPARED FOR THE OFFICE OF PUBLIC AFFAIRS, U.S. DEPARTMENT OF JUSTICE

TO: THE ATTORNEY GENERAL AND SENIOR STAFF

DATE: TUESDAY, JUNE 6, 2006 7:45 AM EDT

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TERRORISM NEWS:

US Officials Predict Domestic Terrorist Attack By Year's End. US intelligence Officials told CBS News privately that they expect a terrorist attack in the US, possibly before the end of the year. The CBS Evening News (6/5, lead story, 2:55, Stewart) reported, "US officials believe the Canadian arrest and three recent domestic incidents in the United States are evidence the US homeland will be hit again soon, and privately, they say, they'd be surprised if it didn't come by the end of the year. The first of the domestic incidents, all of which drew little attention at the time, began here with the holdup of a string of Torrance, California, gas stations last summer. Muslim converts who bonded together in prison planned to use the robberies to finance attacks on 20 Army recruiting stations. … Then this February in Toledo, police busted another cell. This one consisted of three men training to attack US forces overseas." And "then just two months ago, a pair of Atlanta men, one a Georgia Tech engineering student, were arrested not long after communicating by e-mail with two of the suspects arrested in Canada over the weekend. The Atlanta men are charged with videotaping domestic targets, including the US Capitol and World Bank. Analysts now conclude similarities between all the cases were dramatic. All were self financed, all were self-motivated, and in each case, the men were seeking out others to join their cell."

Townsend Says US Is Vulnerable At All Points Of Entry. Frances Townsend, Assistant to the President for Homeland Security and Counterterrorism was asked on CNN's The Situation Room (6/5) how vulnerable Americans are because of the potential of terrorists crossing in from the north. Townsend responded, "We're vulnerable at all of our ports of entry. For that reason, particularly on the northern border, the President since 2001 has tripled the number of Border Patrol agents, he's -- we've invested over $120 million in advanced technology along the northern border. We're working with the Canadian government on a Western Hemisphere travel card that is biometrically enabled so we can facilitate legitimate travel but be sure that we understand and know who's coming in and exiting our country."

Canadian Terror Suspects' International Ties Draw Scrutiny. The CBS Evening News (6/5, story 2, 2:20, Bowers) reported, "The arrests over the weekend in Canada are now part of a larger international investigation involving possible terror cells in at least seven countries. Authorities are now looking for connections between those arrested in Canada and suspected terrorists already in custody in the US, Bangladesh, Bosnia, Great Britain, Sweden and Denmark." The developments "are certain to feed fears about security along the United States northern border which at 4,000 miles is the world's longest and some fear already an overlooked path for terrorists to enter the US." CNN's The Situation Room (6/5, Blitzer) reported that the "alleged conspiracy" among young Muslims in Toronto "is also causing lots of concern in this country, and there are indications [of] some cross-border connections."

Canadian Suspects Made Contact With Georgians Who Cased DC Landmarks. CNN's The Situation Room (6/5, Meserve) reported, "US counterterrorism officials says two of the Canadian suspects had e-mail communications with two U.S. citizens arrested this spring on terrorism charges. … Officials say some of the Canadians also had contact with British terrorism suspects arrested last fall and with Islamic militants in Bangladesh, Bosnia, Denmark and Sweden."

The Washington Times (6/6, Seper) reports Canadian and US intelligence officials "are investigating links between Canadian terror suspects accused of plotting to bomb government buildings and Islamic militants in the United States and other countries. Investigators are looking at links between two Atlanta men arrested in March after they videotaped" Washington DC landmarks and two of the Canadians "identified as part of a terrorist ring. The Canadians were arrested last year trying to smuggle weapons into Canada." According to the Times, US officials have established that the two "had been in contact via computer with some of the 17 terror suspects arrested Saturday in Canada." FBI spokesman Richard Kolko "acknowledged over the weekend that some of the Canadian suspects had been in 'contact' with the two Georgia men but said there was 'no current outstanding threat to any targets on U.S. soil emanating from this case.'"

US Border Patrol Stations On "High Alert." The AP (6/5, Crary) reports the US "tightened…checks of traffic from Canada on Monday as debate over the long and hard-to-police border intensified. … Calls for tougher security measures were countered by pleas from business and civic leaders on both sides to keep border crossings as quick and simple as possible." U.S. Border Patrol Chief David Aguilar "said patrol stations along the 4,000-mile border — especially those adjoining Ontario — are on high alert because of the arrests, although investigators say the suspects' alleged plot apparently involved only targets in Canada." U.S. Customs and Border Protection official Kristi Clemens "said some traffic headed into the United States would under go tougher procedures at the 89 ports of entry along the border."

Knight Ridder (6/6, Montgomery) reports "some lawmakers are calling for a harder look at the northern border" and adds that "even before" 9/11 "the northern border

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had a reputation as a potential open door for extremists who'd settled in Canada to take advantage of its liberal immigration policies. One Canadian officer was quoted as describing the country as 'Club Med for terrorists.'"

Suspects Used Internet To Establish International Network. NBC Nightly News (6/5, story 2, 1:50, Williams) reported, "US officials say the Internet was both the inspiration and the downfall for the group arrested in Canada. Like the terrorists behind the 2004 Madrid train bombing, the Canadians are thought to be part of an emerging trend with no direct connections to bin Laden and al Qaeda." John Miller, FBI: "These groups aren't being supported by a central hub that's taking care of their funding, their equipment; their bombing expertise. They're putting themselves together in the field and doing it with whatever resources they can generate on their own." NBC went on to report, "The net around the Canadian cell began to tighten last October with the arrest in London of a man suspected of operating a terrorist Internet site, one that investigators say the Canadian group was using, too. The FBI says two Atlanta area students arrested two months ago were also using it and took the bus to Toronto a year ago to meet some of the Canadians."

Six Of The Seventeen Suspects Considered Ringleaders. The Washington Post (6/6, A12, Struck) reports, "Six men arrested in a broad police sweep last weekend have been charged with hatching the alleged plot to set off a powerful bomb somewhere in Ontario, according to charges made public Monday. A total of 17 people were arrested -- 12 adults and five juveniles -- and all have been charged under Canada's post-Sept. 11, 2001, terrorism laws. But details made public Monday suggest that some members of the group may have had more limited knowledge of the alleged plot than others." The Post also reports that "several" suspects "came under scrutiny as a result of political conversations on the Internet that were monitored by authorities."

ABC World News Tonight (6/5, story 3, 2:45, Ross) reported, "Canadian police say more arrests are likely as they seek to unravel what they describe as a home grown terror cell that got its inspiration from Osama bin Laden and was intent on striking as soon as it could, until police moved in this weekend. The plot was designed to inflict mass casualties with truck bombs made of fertilizer, according to police here." In "this case, all of those arrested are Canadian citizens, most of whom live in tree-lined suburbs just outside Toronto, including the alleged ring leader, a 43-year-old school bus driver with four children named Qayyum Abdul Jamal. Authorities say he was active at this storefront mosque, where he helped to radicalize, and recruit others, in their teens and early 20s."

NBC Nightly News (6/5, lead story, 2:45, Tibbles) reported Canadian Police "became aware the group was allegedly trying to purchase three tons of ammonium nitrate, the same chemical used in the Oklahoma City bombing, only three times as much. So they stepped in. Friday, when the bags were delivered, the chemical had been replaced with harmless powder. Some 400 heavily-armed police swept in."

Attention Drawn To Gaps In Canadian Immigration And Intelligence Practices. The Washington Times (6/6, Sheikh) reports, "Canadian security and immigration practices came under scrutiny yesterday after the weekend arrests of 17 persons suspected of plotting to blow up southern Ontario landmarks. About 90 percent of immigration applicants from Pakistan and Afghanistan in the past five years have not been sufficiently screened for security concerns, Jack Hooper, deputy director of the Canadian Security Intelligence Service (CSIS), told a Senate committee last month. Security analysts, meanwhile, warned that past cuts in staffing and funding for the nation's security services have left them short of manpower to search for terrorist cells."

Arrests Said To Have "Shattered" Canadians' Self Image. The Los Angeles Times (6/6, Williams) reports that the "thwarted suspected terrorist plot has shattered the image that many Canadians have of themselves as more secure, more generous and more likable than their U.S. neighbors." Prime Minister Stephen Harper is quoted as saying, "Their alleged target was Canada, Canadian institutions, the Canadian economy, the Canadian people. … We are a target because of who we are and how we live, our society, our diversity and our values -- values such as freedom, democracy and the rule of law."

Padilla's Attorney Challenges Government's Evidence. The AP (6/5, Anderson) reports Andrew Patel, an attorney for alleged al-Qaida operative Jose Padilla "is asking a judge to throw out key evidence, saying the warrant for his arrest was based on statements from one source who claims he was tortured and another who was heavily medicated. … The evidence being challenged includes a cell phone allegedly provided to Padilla by another al-Qaida operative, an address book containing names of his alleged al-Qaida recruiter and sponsor, and more than $10,000 in cash."

Jury Begins Deliberations In Trial Of Maryland Muslim Schoolteacher. The Washington Times/AP (6/6, Barakat) reports closing arguments were heard yesterday in the trial of Ali Asad Chandia, third-grade teacher at a Muslim school in Maryland "who is charged with providing material support to Lashkar-e-Taiba, a group that supports Muslim control of…Kashmir. … The U.S. government declared Lashkar a terrorist group in December 2001." The AP notes Chandia's prosecutors "have said Lashkar served as a potential gateway for Americans and

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others who wanted to join the Taliban in neighboring Afghanistan in its fight against U.S. troops in late 2001."

Senate Intelligence Committee Considers Privacy Act Terrorism Exemption. UPI (6/5, Waterman) reports, "A little-noticed proposal from the Senate intelligence committee would exempt federal agencies from important provisions of the Privacy Act in the name of the war on terrorism. The committee's annual authorization bill, which was sent to the Senate last month after a unanimous vote, would initiate a three-year pilot program, during which U.S. intelligence agencies would be able to access personal information about Americans held by other federal departments or agencies if it is thought to be relevant to counterterrorism or counterproliferation."

LATimes, NYTimes Blast Administration's Reading Of Geneva Conventions. In an editorial, the Los Angeles Times (6/6) notes its article yesterday which reported that "the Defense Department, over the objection of the State Department, has decided to omit from a new Army Field Manual on interrogation a prohibition against 'humiliating and degrading treatment' contained in Common Article 3 of the Geneva Convention. … Pentagon officials — supported by Vice President Dick Cheney's office — apparently have come to believe that including the prohibition in the manual would cramp the style of interrogators and create an 'unintentional sanctuary' for Al Qaeda fighters." According to the Times, "Omitting Article 3 from the interrogation manual not only would be handing the enemies of the United States a propaganda victory, but by giving interrogators an inch of discretion, it would be encouraging some of them to take a mile. Such slippage isn't just a matter of speculation. It's what happened at Abu Ghraib."

The New York Times (6/6), in an editorial, notes the Los Angeles Times article and concludes, "It defies belief that this administration is still clinging to its benighted policies on prisoners after the horrors of Abu Ghraib, the killings at American camps in Afghanistan and the world's fresh outrage over what appears to have been the massacre of Iraqi men, women and children in the village of Haditha."

HOMELAND RESPONSE:

Townsend Says Cuts In Homeland Security Funds Were "Inevitable." Frances Townsend, Assistant to the President for Homeland Security and Counterterrorism was asked on CNN's The Situation Room (6/5) about criticism of Homeland Security Secretary Michael Chertoff from politicians in New York State, Washington, D.C. and Michigan over cuts in funding. Townsend said, "There should be no doubt that New York is the number one in terms of its risk. And for that reason, since the inception of the grant program New York has received more than $500 million in grant money. This year, the request to Congress in the budget for grant money was reduced by Congress by over $360 million. So there were -- it was inevitable that there were going to be some cuts. … And we're just going to have to work through this, both with New York, with Washington, D.C., with Michigan, and with our allies up on the Hill."

Protestors Heckle Negroponte At Boarding School Commencement. The AP (6/6, Gram) reports National Intelligence Director John Negroponte spoke to graduates of St. Johnsbury Academy in Vermont, "where his son John was one of the graduates." The AP adds, "About 75 peace activists stood outside in the drizzle holding signs and giving speeches, alleging that Negroponte was a key player in abusive U.S. foreign policies from Central America in the 1980s to Iraq today. … Police arrested four protesters, two who were removed from the hall while heckling during Negroponte's speech and two who ventured onto what police said was the academy's private property."

Pentagon 9/11 Memorial Groundbreaking Set For June 15. The Washington Post (6/6, A4, Dwyer) reports James J. Laychak, president of the Pentagon Memorial Fund, "announced yesterday that a groundbreaking ceremony will occur June 15, a huge milestone in the nearly five-year fundraising effort for the 9/11 monument. About 150 family members and other guests, including Secretary of Defense Donald H. Rumsfeld, are expected to attend the invitation-only ceremony, which will be held at the memorial site on the west lawn of the Pentagon."

Pataki, Bloomberg Said To Have Misallocated Ground Zero Recovery Funds. In an op-ed for the Wall Street Journal (6/6) Debra Burlingame, a director of the World Trade Center Memorial Foundation, writes, "The public has heard plenty about the 'empty pit of Ground Zero,' but most do not know that the $2.8 billion allocated to Lower Manhattan in cash grants has virtually all been spent. It is difficult to trace where all the money went while being routed through the Department of Housing and Urban Development and six different city and state entities." According to Burlingame, Gov. George Pataki "signed off on $25 million worth of recovery funds for American Express, which expressly announced it hadn't intended to leave Lower Manhattan. … Goldman Sachs, which made $4.55 billion dollars in net profits in 2004, received a $2 billion 'assistance' package consisting of triple-tax-free Liberty Bonds, tax credits and cash the following year." Mayor Michael Bloomberg "has declined to fully explain his allocation of $650 million dollars

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worth of Liberty Bonds to construct the Bank of America tower in midtown, an allocation that competes with downtown redevelopment; or why he awarded $114 million in Liberty Bonds to the Ratner office tower -- in Brooklyn."

Government's Method Of Paying For Katrina Cleanup Said To Increase Costs. NBC Nightly News (6/5, story 7, 2:45, Williams) reported, "Could it be the way the government pays for all that cleanup work" in the hurricane zone in the Gulf Coast "that is leading to so much waste?" NBC (Myers) added, "The collection, hauling and smashing of debris still is a daily ritual. Cost to taxpayers? Already, $2.5 billion, but government investigators and those closest to the cleanup now say hundreds of millions of taxpayer dollars may have been wasted." Troy Hebert's "debris removal company helped clean up after past hurricanes. He complains that this time, the Army Corps of Engineers gave debris removal contracts to four major corporations who did little actual cleanup themselves and instead farmed out much of the job to layers of local subcontractors: The result?" Hebert: "They were able to make huge, huge sums of profits off of actually other people doing work to clean up our communities. And that's not the way it should be." Rep. Tom Davis: "Contractors were being paid two, three times what they should have been paid to get the job done, and the job took in some cases two and three times as long as it would have."

Landrieu Said To Be On Mission To Explain Katrina Devastation. The Hill (6/6, Allen) reports Sen. Mary Landrieu says she's "still in a fight to explain" the Hurricane Katrina's devastation. "'It's important for people to understand what really happened, who is responsible, why it happened, so that we can actually fix it,' she said. For Landrieu, villains are easy to identify: President Bush and top White House officials, the Federal Emergency Management Agency (FEMA) and House Speaker Dennis Hastert (R-Ill.)." She says FEMA "should not be the vehicle for federal assistance because it is 'dysfunctional.'

New Orleans Public Housing Residents Returning To Storm-Damaged Apartments. The New York Times (6/6, Saulny) reports displaced New Orleans public housing residents have returned "from Atlanta, Baton Rouge, Houston and elsewhere" to urge "the city to reopen their storm-damaged apartments. … "Outside the largest complex, the St. Bernard Housing Development in the Seventh Ward, tenant groups have organized evacuees into a tent city called Survivors Village." Though "city and federal housing officials who have opened fewer than 1,000 of more than 8,000 public housing units," tenants "promised on Sunday to gut and rebuild their own units, and they said they planned to be back permanently -- with or without the city's permission -- as soon as their work was done."

Foley Calls For FEMA's Removal From DHS. Rep. Mark Foley, in an op-ed in The Hill (6/6) writes that with predictions of "another volatile year" for hurricanes, "structural problems remain that plague" FEMA, including its placement within "the top-heavy government bureaucracy of the Department of Homeland Security." Foley says, "By placing FEMA in the labyrinth of government agencies housed in DHS, we have put FEMA's priorities in direct competition for attention with our efforts to protect our cities from al Qaeda and to protect our borders." Foley adds that he introduced legislation last year to "sever FEMA from the DHS bureaucracy" and "make it the nimble, quick-response team that it wants to be."

Amendment Would Prevent Use Of FEMA Funds To Buy Luxury Items. In its "Under The Dome" column, The Hill (6/6, Dufour) reports Rep. Virginia Foxx has introduced an amendment to the homeland-security appropriations bill to combat the use of government-issued debit cards to buy "Louis Vuitton purses and other luxury goods." Foxx's "Louis Vuitton Amendment" reads, "None of the funds made available to the Federal Emergency Management Agency in this act may be used to purchase a Louis Vuitton handbag." A Foxx spokeswoman said "the language is designed to 'highlight the abuse that occurred with the debit cards last year so that it doesn't happen again.'"

Red Cross Says Reforms In Place Following Katrina. USA Today (6/6, Nichols) reports that following "complaints…of supply shortages, poorly run shelters, inadequate phone and computer systems and a lack of outreach to rural areas" in the response to Hurricane Katrina, the national Red Cross' interim President and CEO, Jack McGuire, says the charity "now has far-reaching reforms in place." He "says the Red Cross will have more resources, a streamlined process to get aid to victims, a vastly expanded communications network and a new effort to reach out to…communities." McGuire says the charity will have to "earn" back its pre-Katrina image, which it will do "by showing what happens in the next hurricane season."

GAO Criticizes US Tidal Wave Preparedness. The Washington Post (6/6, A4, Daly) reports the GAO issued a report yesterday warning that while "technology is able to detect the formation of a tsunami fairly quickly," the US "lacks a robust warning system and detailed knowledge on the impact a0 tidal wave could have on coastal areas." Meanwhile, "false alarms may have lulled West Coast residents into an inaccurate sense of security." The GAO "urges that the National Oceanic and Atmospheric Administration develop 'loss estimation' software for tsunamis similar to those available for hurricanes or floods so officials can predict how severe a potential storm would be."

The Washington Times (6/6, Hudson) reports that while "the National Weather Service issues timely warnings," alert

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systems on the West Coast "cannot transmit to some coastal areas, the report said. … The GAO recommends updated maps and more community participation in the National Weather Service's TsunamiReady program. Participation is low 'because of community perceptions of a low tsunami threat and perceived high cost versus benefit.'"

WAR NEWS:

Marines Expected To Face Charges Over Killing Of Iraqi In Hamdania. As the US military continues its investigation into the alleged murder of 24 Iraqi civilians at Haditha, investigations into other killings of Iraqis by US soldiers or Marines are also proceeding. In one instance, eight Marines face charges in the death of an Iraqi man in Hamdania. The suspected Marines initially reported the Iraqi was slain while planting a roadside bomb; subsequent witnesses have called this report into question.

ABC World News Tonight (6/5, story 4, 2:06, Karl) notes the "report is signed by Sgt. Lawrence Hutchins. Marine officials do not dispute the authenticity of the report, but investigators now believe the story it tells is a lie. Officials say creditable eyewitnesses told investigators the Marines simply dragged the unarmed man out of his house, shot him, and planted an AK-47 and a shovel on his body. At least seven Marines and a Navy corpsman on the scene at the time have been arrested and locked up in the brig at Camp Pendleton, California, awaiting charges. Officials say this investigation is moving more quickly than the Haditha investigation, because in this case, several of the Marines have confessed. Officials tell me they expect charges in this case, including murder charges, in the next week or two."

The CBS Evening News (6/5, story 5, 1:30, Mitchell) reported, "Several Marines under investigation for the murder of an Iraqi civilian last April have made statements admitting they set out that night to kill an Iraqi. They were looking for a man they believed was an insurgent responsible for attacks on Marines. When they couldn't find him, they went to another house, pulled an unarmed Iraqi into the street and shot him." Pentagon officials "say he was shot by a patrol of seven Marines and one Navy corpsman who then planted a rifle and a shovel next to his body in an effort to make it look like he was an insurgent caught burying a roadside bomb." Officials "who know what's in several of their statements say this is a case not just of murder, but premeditated murder."

US Commanders To Get Preliminary Report On Haditha Killings. The CBS Evening News (6/5, story 5, 1:30, Mitchell) reported, "A member of Congress who visited Iraq said today US commanders there will soon get a preliminary report from investigators on the alleged massacre of Iraqi civilians last November in Haditha."

Kline Says Top General Will Review Report On Haditha Killings. Rep. John Kline, who has just returned from Iraq, said Lt. Gen. Peter Chiarelli, the second-ranking U.S. general in Iraq, will soon review a preliminary criminal report into the alleged massacre by of Iraqi citizens in Haditha by US Marines. The AP (6/5, Frommer) reported that Kline said "it was unclear when the report would be released."

Knight Ridder (6/5, Lasseter) reported that "counterinsurgency is among the most complex forms of warfare, and sometimes the wrong people are killed. While outrage gathers over the reported killings of 24 civilians by U.S. Marines in the western Iraqi town of Haditha, US military units…quietly go about the daily task of patrolling a very complicated battlefield."

Haditha Said Not To Be Generating Outrage Among Iraqis. NBC Nightly News (6/5, story 6, 2:05, Engel) reported that on al-Iraqiya, "Not mentioned in the broadcast -- Haditha -- where US Marines allegedly murdered 24 civilians last November. It was first reported here in detail last week and only then because the incident was denounced by the prime minister. Now it's barely on the news. Today at state-sponsored Al-Iraqiya TV, we asked the news director why." Karim Hamadi, Al-Iraqiya TV (via translator): "If we played it up or sensationalized it, more Iraqis would want to attack US troops and more Iraqis would die." Engel: "We went to a Baghdad pizzeria to gauge reaction to Haditha. Most said it's just another massacre, does it matter who carried it out?"

Photographs From Iraq Said To Undermine Military's Image. The Washington Post (6/6) carries the musings of reporter Philip Kennicott on the significance of photographs in exposing "the flaws of the military's carefully constructed image of discipline." He asserts, "Photographs made Abu Ghraib a symbol of shame throughout the world. And photographs and video images are again undermining the military's cherished reputation for calm under fire and heroic self-restraint." Photographs and investigations coexist uneasily, because the former are "immediate," while the latter are "methodical and often slow." Kennicott concludes, "And the only image that fades, as the war grinds on, is the one with which we prepared for battle: the fantasy, so beloved of Americans, of a clean, surgical, decent war."

Former Marine Says Entire Corps Should Not Be Condemned Because Of Haditha. David Danelo, a former Marine officer and Iraq war veteran, writes in the Los Angeles Times (6/6), "Several Marines have already been convicted in the court of public opinion in the Haditha case. As military investigators evaluate these allegations, those on the sidelines should avoid castigation of an entire system because of the errors of a few." Danelo adds that "as we condemn the handful who have backslid in their pursuit of the Spartan Way, we should not forget to esteem the thousands who…have kept their honor clean amid Iraq's insanity."

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Gunmen Kidnap 50 In Daylight Baghdad Raid. In a daylight raid on bus stations in central Baghdad, gunmen wearing police uniforms kidnapped at least 50 people Monday. ABC World News Tonight (6/5, story 5, :20, Gibson) reported, "In Iraq, today, an audacious kidnapping in central Baghdad. Gunmen in police uniforms seized at least 50 people from bus stations in broad daylight. The hostages were herded into more than a dozen vehicles and driven away. No motive is known. The Interior Ministry denied that police were involved."

The CBS Evening News (6/5, story 6, 2;10, Palmer) reported, "Witnesses say ten vehicles like those used by the Interior Ministry police pulled up midmorning. Men in police uniforms rounded up about 50 people at gunpoint. 'They bounded them and blindfolded them,' says this witness. 'And then they covered them with blankets and drove off.' The Interior Ministry dominated by Shi'a groups denies its men were involved, but it's long been accused by Sunnis of running death squads. Today's abductions follow a weekend of sectarian bloodletting." Christians, Shiites, Sunnis, "no one is safe. New statistics from US intelligence measure just how much the violence has surged. Attacks of all kinds are up 64% in the five months from January to May."

NBC Nightly News (6/5, story 6, 2:05, Engel) reported, "The lead story tonight on Iraqi TV -- yet another mass kidnapping. Relatives protested after gunmen dressed as police took more than 50 people hostage at Baghdad's central bus station."

The AP (6/6) reports, "Lt. Col. Falah al-Mohamedawi, an Interior Ministry spokesman, said the gunmen arrived at midmorning in the Salihiya business district, where several transportation companies are based and where buses pick up passengers bound mostly for Jordan, Syria and Lebanon. Witnesses said the attackers blocked roads leading into the area before grabbing people seemingly at random. The gunmen beat the captives before putting bags over their heads and herding them into more than a dozen vehicles."

A front page story in the Washington Post (6/6, A1, Hernandez, Aldin) reports that the fate of the hostages "was unknown Monday night, but. But the scale and audacity of the operation were unusual even by the capital's lawless standards."

The Los Angeles Times (6/6, Stack, Rasheed) reports, "In Baghdad, leaving home to work, shop or visit family has become an increasingly dangerous proposition. Violence rears up without warning; residents navigate a citywide obstacle course of roadside bombs, shootouts and security checkpoints. … Monday's mass kidnapping took place in a bustling, shabby commercial district in downtown Baghdad. The site is relatively fortified: It stands just a stone's throw from the Justice Ministry, amid a network of Iraqi police checkpoints."

Man Gets Life Sentence For Role In Hassan Kidnapping. The New York Times (6/6, Tavernise) reports that a man who "apparently played a minor role in the kidnapping of Margaret Hassan, a British-Iraqi aid worker whose disappearance and death showed that no one was immune from insurgent viciousness," was sentenced to life in prison Monday. Judge Saab Khorshid of the Central Criminal Court "sentenced Mustafa Muhammad Salman al-Jibouri, a man associated with a Sunni mosque in central Baghdad, to life in prison, a British Embassy official said. The charge, according to an Iraqi lawyer who watched the trial, was aiding and abetting: Mr. Jibouri held Ms. Hassan's purse after she was abducted, though he said he did not know whose it was at first."

Pentagon Says Iraqis Believe That Violence Will Diminish. The Washington Post (6/6, A12, Pincus) reports that according to the Pentagon's quarterly report to Congress, "Iraqis have confidence the new Baghdad government will improve the situation" of frequent sectarian attacks. Anthony Cordesman criticized the study as "a fundamentally false picture of the political situation in Iraq, and of the difficulties ahead." He stated that the American people and Congress need an "honest portrayal." Cordesman disputed the Pentagon view that 90% of suicide bombings in Iraq are carried out by Al Qaeda.

NATO Official Claims Afghanistan Is More Stable Than Iraq. Freelance writer Tulin Daloglu writes in the Washington Times (6/6), "The pictures of the anti-US riots last week in Kabul show the immense contradictions of Afghanistan. Monday's riot, triggered by a traffic accident involving an American military truck, was the worst since the fall of the Taliban. The next day, however, was absolutely calm, illustrating how impossible it is to predict anything that will happen in Afghanistan. Hikmet Cetin, NATO's senior civilian representative, says the riots did not accurately express either the level of anti-American sentiment or the people's attitude toward foreign influences." Cetin "says he is sure that NATO will defeat the Taliban. … He acknowledges that putting together the institutions of government and statehood, along with educating the people, will take a long time. But he refused to compare Afghanistan and Iraq. 'There is no deep ethnic and religious division in Afghanistan like there is in Iraq,' he said."

Afghanistan Has World's Second-Highest Rate Of Newborn Deaths. The Washington Post (6/6, A10, Constable) reports that according to international studies, Afghanistan is "one of the most dangerous places in the world to be born or to deliver a child. In a recent report, the US charity Save the Children found that Afghanistan has the

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world's second-highest rate of newborn deaths, 60 per 1,000 births, just below Liberia." The Post adds, "Although Afghanistan has had a stable, Western-backed government since late 2001 and foreign donors have since spent tens of millions of dollars to improve health care, conditions still conspire to sabotage the chances of healthy and normal births."

Senate Panel Would Expand Mission Of Imagery Intel Agency. The Washington Post (6/6, A13, Pincus) reports, "The Senate Select Committee on Intelligence wants to expand the mission of the nation's imagery intelligence agency so that it can provide U.S. forces on the ground with laptop computers that display still pictures and video of what may lie over the next hill." The panel wants to give the director of the national intelligence authority to direct the National Geospatial-Intelligence Agency (NGA) "to 'analyze, disseminate and incorporate' into its national system 'likenesses, videos, or presentations produced by ground-based platforms including handheld or clandestine photography taken by or on behalf of human intelligence collection organizations.' The new visual materials would be available along with traditional mapping data for retrieval by mission planners and troops in the field."

DOJ:

Former DOJ Spokesman Blasts Gonzales Over BALCO. The Legal Times (6/5, McLure) reports, "It's not often you see one of former Attorney General John Ashcroft's aides publicly criticize the current Justice Department. But that's exactly what former Ashcroft spokesman Mark Corallo did last week when he submitted an affidavit bashing the DOJ for issuing subpoenas to two San Francisco Chronicle reporters who wrote articles about the BALCO steroid investigation based on leaked grand jury testimony." The Times continues, "In supporting the reporters' motion to quash, Corallo accused Justice's leadership of violating long-standing departmental policies that discourage subpoenaing reporters except in certain circumstances 'where immediate action is required to avoid the loss of life or the compromise of a security interest.' … 'I just saw an egregious abuse of power,' says Corallo. 'There seems to be this attitude at [the DOJ] that just because the law says we can, we will.'" The Times adds, "Corallo, who now runs his own public relations company, has some clients who likely didn't mind him taking a swat at his old employer. He's been retained by Milberg Weiss Bershad & Schulman, the securities class action firm indicted by the Justice Department last month. He's also served as spokesman for Karl Rove, the presidential aide under scrutiny by DOJ Special Prosecutor Patrick Fitzgerald in the investigation into the leak of CIA agent Valerie Plame's identity. That case, of course, may hinge on the degree to which reporters are compelled to cooperate with prosecutors and defense lawyers. … Corallo, however, says his client list didn't affect his decision to jump into the BALCO matter. 'None of my clients had any idea that I was doing this,' he says. Regardless, his move will likely burn bridges with some fellow Republicans at the DOJ."

Assistant USA Tapped As Pentagon IG Nominee. The AP (6/5) reports, "Assistant U.S. Attorney David Laufman is President Bush's pick to be the Pentagon's chief overseer of internal investigations." The AP continues, "The White House on Monday sent the Senate Laufman's nomination for inspector general at the Defense Department. … If confirmed, Laufman would replace Joseph E. Schmitz, who resigned last September to become chief operating officer for the Prince Group, a division of Blackwater USA, which provides security services to troops in Iraq and around the globe." The AP adds, "The inspector general is the principal adviser to the secretary of defense for matters relating to the prevention of fraud, waste and abuse in the Defense Department. …. Laufman, who received a bachelor's degree from the University of Pennsylvania and a law degree from Georgetown University, is assistant U.S. attorney for the Eastern District of Virginia. … Before that, he was chief of staff for the office of the deputy attorney general at the Justice Department. Earlier in his career, he was investigative counsel for the House Ethics Committee."

DOJ's Privacy Advocate's Powers Are Limited. The Legal Times (6/6, Mclure) reports, "From spying on domestic-based international phone calls without a court warrant to reportedly obtaining the phone records of tens of millions of customers of AT&T, BellSouth and Verizon, the federal government appears to have made safeguarding Americans' privacy a low priority. … So it may come as a surprise to learn that the Justice Department -- the agency responsible for defending such programs -- has a top official charged with making sure the agency doesn't violate Americans' rights while pursuing terrorists. Jane Horvath became the department's first full-time chief privacy and civil liberties officer in February. … But her powers are limited and, in the view of a number of privacy advocacy groups, negligible. Unlike privacy officers in Europe and Canada, she has no power to subpoena federal law enforcement officials with knowledge of alleged privacy or civil liberties violations. Nor can she report independently to Congress. … 'I tend to think it is window dressing,' says David Sobel, general counsel of the Electronic Privacy Information Center. 'The creation of a position like this within DOJ is a matter of [the department] paying lip service to the very real privacy problems that arise from their activities.' … And, in fact, Horvath herself says she has no intention of taking a

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confrontational approach or acting independently of Justice's leadership in defending privacy rights at an agency that has vigorously defended the National Security Agency's domestic spying and whose own investigators are increasingly circumventing federal courts to collect personal information on American citizens."

CORPORATE SCANDALS:

Bawag Settles Refco Charges With US For $675 Million. The AP (6/6) reports, "Austria's Bawag PSK bank will pay at least $675 million to avoid prosecution and to settle bankruptcy claims after admitting its role in the collapse of commodities brokerage Refco Inc., U.S. authorities announced Monday." The AP continues, "The bank, together with the Austrian Trade Unions Association, which owns Bawag, will forfeit $337.5 million to the United States to be distributed to victims of the fraud at Refco, according to prosecutors and the Securities and Exchange Commission. … In return, U.S. authorities have agreed not to prosecute Bawag, U.S. Attorney Michael Garcia said." The AP adds, "The government will distribute half of the $337.5 million in forfeited funds to the Refco bankruptcy estate and half to other victims of the Refco fraud, he said. … In a statement, the bank said it will initially pay $158 million, with $150 million being divided equally between the Refco creditors and the U.S. Department of Justice and another $8 million being paid to a class-action settlement fund. … The bank said the Justice Department will distribute its money to the Refco estates and the securities claimants, among others. … As much as a year later, the bank will pay the remainder, to be split equally between the Justice Department and Refco creditors, the bank said."

USA Today (6/6, Farrell) reports, "The settlement was part of a non-prosecution agreement between federal prosecutors and the Bank fur Arbeit und Wirtschaft (Bawag), headquartered in Vienna. In a statement, Michael Garcia, the U.S. Attorney in Manhattan, said the bank merited the non-prosecution agreement because new management, installed in January after the scandal, was cooperating fully with the criminal investigation. … Although no mention was made of the bank's previous management, prosecutors and regulators from the Securities and Exchange Commission are continuing their investigation." USA adds, "The deal lifts a cloud of uncertainty from the bank, while resolving most of the financial claims that have been lodged against it for its role in propping up Refco, now in Chapter 11. 'We're pleased to have resolved all these matters,' said Andrew Levander of the Dechert law firm, which represents Bawag. 'We believe this generally resolves all potential claims against Bawag.'"

Enron Prosecutors Have Possible Future Targets, But Might Be Winding Down. The Wall Street Journal (6/6, Emshwiller) reports, "The giant federal investigation of Enron Corp. has produced criminal charges against 32 people, and it is continuing. But will it ever spit out charges against anyone else?" The Journal continues, "That question hangs over the four-year-old probe in the wake of its greatest victory: the convictions last month of former Enron Chairman Kenneth Lay and former President Jeffrey Skilling on conspiracy and fraud charges. The four-month trial of those two men was viewed as a culmination of the federal criminal probe that began in the wake Enron's collapse into bankruptcy in December 2001." The Journal adds, "Theoretically, the federal Enron Task Force still has lots of potential targets for criminal charges. Some even came up by name during the Lay/Skilling trial. Court filings in that case said about 100 individuals have been identified as co-conspirators of the two men. Of those criminally charged, 16 have pleaded guilty, eight have been convicted at trial, two have been acquitted and the rest are awaiting trial. … Among the senior executives whose names have come up during the criminal proceedings is Jeff McMahon, who served various senior Enron positions; David Duncan, one of the company's outside auditors and the only man in the Enron saga to have pleaded guilty to a crime and then reversed himself; and Greg Whalley, who took over as Enron's president when Mr. Skilling unexpectedly quit in August 2001. … Some observers believe that with its biggest case now completed, the Task Force is unlikely to file new cases. Instead, it probably will wind down its efforts and focus on cleaning up the already filed charges. 'Enron Beach is closed, and not just for the summer,' says Jacob Frenkel, a former federal prosecutor now in private practice in Rockville, Md. … However, others say the government could feel obligated to bring additional cases even after nabbing the two top figures at the company. As a prosecutor, 'you want to make sure that the people most culpable are held to account,' says Jonathan Halpern, a former federal prosecutor now in private practice in New York. … Another possibility is that any future cases will be handled as civil matters by the Securities and Exchange Commission, which could seek large monetary penalties from individuals."

Central Figure In Milberg, Weiss Case Lost His Midas Touch. The New York Times (6/6, Creswell, Glater) reports, "When it came to investing, Howard J. Vogel seemed to possess a perverse kind of Midas touch. … In early October 1997, he bought 50 shares of Oxford Health Plans. Three weeks later, the stock nose-dived, and Mr. Vogel lost about $3,000 of his investment. Still, Mr. Vogel reaped $1.1 million." The Times continues, "How was that possible? … Mr. Vogel was a plaintiff in a shareholder

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lawsuit filed by the New York securities litigation powerhouse Milberg Weiss Bershad Hynes & Lerach against Oxford Health. In 2003, the company, along with other parties that were sued, paid $300 million to settle. … Most of the investors received pennies on the dollar for their losses. But Mr. Vogel, then a real estate mortgage broker in Englewood, N.J., was not just a hapless investor who bought the wrong stock at the wrong time." The Times adds, "Mr. Vogel now says, according to a plea agreement with federal prosecutors, that he and members of his family were actually linchpins in a long-running arrangement that helped Milberg Weiss snare the lucrative lead counsel position in the Oxford Health and many other securities lawsuits, reaping hundreds of millions of dollars in legal fees. … Mr. Vogel, who has since moved to Florida, is a central figure in the government's case against Milberg Weiss Bershad & Schulman, as the law firm is now called. Last month, a federal grand jury in Los Angeles indicted the firm and two of its name partners on several criminal charges, including racketeering conspiracy and money laundering. The firm is accused of making $11.3 million in illegal secret payments to Mr. Vogel and two others who served as plaintiffs in more than 150 lawsuits. … The firm contends it has done nothing improper and has vowed to fight the charges against it. But Milberg Weiss is struggling to keep its lawyers and clients from walking away. Several lawyers have left the firm and a number of institutional investors, including the New York state employee pension fund, have removed it as counsel in high-profile lawsuits."

Prudential To Fight Arbitrators' Ruling. The Wall Street Journal (6/6, Craig) reports, "An arbitrator once accused of being in Wall Street's pocket was part of a panel that unexpectedly returned a $14.5 million penalty against a major Wall Street firm." The Journal continues, "In late May, a New York Stock Exchange arbitration panel unanimously ordered Prudential Securities Inc. to pay $11.8 million plus back interest to Charanjit and Harpreet Sahni, a Roslyn Heights, N.Y., couple who alleged that Prudential mismanaged some of their money. From 2000 to 2004, the couple's Prudential account dwindled to less than $1 million from $23 million. Wachovia Corp. acquired a 62% stake in Prudential Securities in July 2003 from Prudential Financial Inc., which retained a 38% stake." The Journal adds, "A Prudential spokesman said of the ruling: 'We don't believe this decision conforms with the law, and we are considering taking steps to have the decision vacated.' … The case is significant not only for its size -- it is the third-largest award ever handed down by an NYSE panel -- but also because the couple's lawyer worked to have one of the three arbitrators who heard the case, a former Merrill Lynch & Co. employee named Robin Henry, removed from the panel."

WSJournal Says Judge Can Set Limits On DOJ In Corporate Fraud Cases. An editorial in the Wall Street Journal (6/6) says federal Judge Lewis A. Kaplan is expected to rule on whether the Justice Department overstepped its bounds in pursuing the KPMG tax-fraud case. If Kaplan "rules against the government, it may lead to an overdue rethinking of how far prosecutors can go in demanding cooperation from companies under investigation." Kaplan "can lay down an important and necessary marker for corporate fraud cases going forward. Whether he imposes any sanction on the government, and of what sort, will show if Justice can get away with acting unjustly."

CRIMINAL LAW:

Libby's Attorneys Look To Documents For Defense. The Legal Times (6/5, Kelley) reports, "I. Lewis 'Scooter' Libby Jr. never meant to lie to the FBI or to a federal grand jury. Instead, his lawyers blame 'confusion' or a 'faulty memory' for his failure to disclose conversations he had with reporters about CIA operative Valerie Plame. … In other words, he simply forgot." The Times continues, "Given the hectic nature of his job as Vice President Dick Cheney's chief of staff, Libby's lawyers say, it's understandable that their client might have failed to remember 'snippets of conversation' he felt were unimportant. … And even if he did talk to reporters about Plame, the defense argues, he had no motive to lie about it later because he didn't know her status was classified and therefore was unaware he had done anything wrong. … Then again, they contend, it might just be that the reporters who claim they talked to Libby about Plame are themselves confused." The Times adds, "Little by little, Libby's lawyers have revealed aspects of their defense in court filings and at pretrial hearings. They've indicated what players likely will be called as witnesses, and they've made requests for thousands of documents — actions that shed light on likely trial strategies. … 'It looks like the defense is going in a few directions, one of which is that Valerie Plame was so unimportant that even if Libby was mistaken, he didn't intend to lie,' says Peter Henning, a former lawyer with the Justice Department's Criminal Division and now a law professor at Wayne State University in Michigan. 'It looks like they may also raise some challenges as to what was actually said in these fairly short conversations with reporters.' … Libby is accused of lying to a grand jury and to FBI agents investigating claims that someone in the White House leaked Plame's identity to the media in the summer of 2003 to retaliate against her husband, Joseph Wilson, an outspoken critic of the Iraq war. When questioned about his knowledge of the leak, Libby allegedly lied about how and when he

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learned of Plame's CIA status, and with whom he discussed the classified information."

WSJournal Says Case Against Libby Is Weak. An editorial in the Wall Street Journal (6/6) says that Special Prosecutor Patrick Fitzgerald's use of a Journal editorial as part of his perjury and obstruction case against former Vice Presidential aide Scooter Libby, "suggests that his case is a lot weaker than his media spin. Mr. Libby wasn't a source for our editorial, which quoted from the October 2002 National Intelligence Estimate concerning the Africa-uranium issue. But Mr. Fitzgerald alleges in a court filing that Mr. Libby played a role in us getting the information, which in turn shows that 'notwithstanding other pressing government business, [Libby] was heavily focused on shaping media coverage of the controversy concerning Iraqi efforts to obtain uranium from Niger.'" The Journal adds, "The more of Mr. Fitzgerald's case that becomes public, the more it looks like he has made the terrible mistake for a prosecutor of taking Joe Wilson's side in what was essentially a political fight."

US Charges Seven With Drug, Money Laundering Scheme. The AP (6/6, Gentile) reports, "Seven people, including two affiliated with Limelight Films Inc., a film and TV distribution company, have been charged as part of a two-year investigation into allegations of drug trafficking, money laundering and arms dealing." The AP continues, "Bruno D'Esclavelles, 45, chief executive of Limelight, and Alexander de Basseville, 35, who is affiliated with Limelight's parent, the Swiss firm ADB Swiss S.A., were arrested in Alexandria, Va., and charged with conspiracy to distribute the drug Ecstasy." The AP adds, "Federal officials say de Basseville met several times over two years with undercover agents posing as international drug traffickers. … De Basseville offered to launder drug money, supply weapons and broker drug deals for the agents, according to a press release from the U.S. attorney for the Eastern District of Virginia and a separate release from the Drug Enforcement Administration. … Authorities say that on two occasions, de Basseville and D'Esclavelles took cash, which they were told came from drug sales, and laundered it through Limelight Films. … In February, de Basseville and D'Esclavelles allegedly arranged for an associate, Thomas Frischknecht of the Netherlands, to sell 10,000 Ecstasy pills to undercover agents. The pills were shipped to the agent in Virginia, authorities said."

On its Web site, ABC News (6/6) reports, "A man engaged to Charlie Chaplin's granddaughter was arrested in a drug sting targeting a group that trafficked the drug ecstasy from Europe to Los Angeles and used a Hollywood movie studio to launder money, according to the U.S. Drug Enforcement Administration. DEA officials say Alexandre De Basseville, who is engaged to Chaplin's granddaughter Kiera Chaplin, and Bruno D'Esclaelles, the CEO of Limelight Films, met on several occasions with undercover federal agents during the past two years and attempted to set up deals to bring 500,000 ecstasy pills into the United States." ABC News also quotes Karen Tandy's statement from the DEA press release.

Businesses Wary Of Governmental Data-Sharing Efforts. Information Week (6/6, Greenemeier) reports, "A Justice Department proposal that ISPs retain records for two years is just the latest in a growing list of data collection initiatives by federal agencies. … To protect the public from terrorism and other hazards, the U.S. government mines its vast databases for signs of trouble. Increasingly, the feds are requesting--even demanding--that businesses share their data, too. But such cooperation isn't cheap or easy, and several industries are pushing back to protect their customers' privacy." IW continues, "Not long after forcing Internet companies to submit search terms, search result URLs, and other information as part of its enforcement of the Child Online Protection Act, the Justice Department is going a step further. Attorney General Alberto Gonzales is now asking the likes of Google, AOL, and Verizon to keep subscriber information and other customer data for at least two years, just in case the government needs it for criminal investigations. Currently, Internet companies are under no obligation to save that data at all. … People want the government to have the data needed to fight crime and terrorism; it's the potential misuse of personally identifiable data--names, addresses, Social Security numbers, Web search histories--that is deeply worrisome." IW adds, "The feds have been mostly successful in getting businesses to cooperate. Following the 9/11 terrorist attacks, the government looked to transportation companies, especially airlines, to hand over information that can be used to match passengers and transportation workers with names on terrorist watch lists. However, while they initially complied with Homeland Security projects such as the Computer Assisted Passenger Pre-Screening System and Secure Flight, some airlines have said they're uneasy with the government's ability to safeguard their data from loss or misuse. … Privacy advocates worry about the volume of data being collected (millions of records and many terabytes of data), the length of time it's stored, and the level of detail. … Yet even as one data-sharing arrangement comes under scrutiny, another arises. The U.S. Centers for Disease Control and Prevention has requested that international airlines store passenger emergency contact information for six months in the event of a bird flu outbreak."

House Democrats To Determine Fate Of Jefferson's Ways And Means Seat. The Hill (6/6,

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Hearn) reports that with "emotions still raw over House Minority Leader Nancy Pelosi's (D-Calif.) recent request that Rep. William Jefferson (D-La.) relinquish his seat on the Ways and Means Committee while he faces a government bribery investigation, House Democrats are convening a meeting this evening of their Steering and Policy Committee. The committee is charged with determining panel memberships, among other matters." It was "unclear at press time whether the steering committee, which is stocked with Pelosi loyalists, would discuss Jefferson's situation or vote to take him off the tax-writing panel."

Roll Call (6/6, Kornacki) reports the timing of the meeting announcement -- "it was only a few session days ago that Jefferson ignored a demand from House Minority Leader Nancy Pelosi (D-Calif.) that he leave Ways and Means immediately — promptly ignited speculation that Pelosi is planning to ask the Steering and Policy Committee to recommend to the full Democratic Caucus that Jefferson be stripped of his assignment on the exclusive panel." A senior Democratic aide, however, "said that Pelosi is expected to broach the Jefferson subject but said that she is likely to tread carefully, perhaps only sampling opinion instead of calling for specific actions."

House Leaders Willing To Let Courts Decide Fate Of Jefferson Documents. CQ (5/5, Ferrechio) reports, "Once-irate House leaders now are inclined to sit back and let judges determine whether the executive branch overstepped its bounds with the first-ever search of a lawmaker's Capitol Hill office." The "uproar over the 18-hour search and removal of documents from the Rayburn House Office Building has subsided to such a large degree that House General Counsel Geraldine Gennet turned down an offer from the Justice Department to meet about it this week." Instead, Gennet "told investigators that the House position is to let a court decide the fate of the seized items, said Justice Department spokesman Brian Roehrkasse. There will be a meeting sometime next week, Roehrkasse said."

Safavian Denies Lying About Golfing Trip With Abramoff. The New York Times (6/6, Shenon) reports former White House budget official David Safavian "acknowledged Monday that he had provided 'a lot of insight and advice,' including government information not available to the public, to the lobbyist Jack Abramoff in 2002." But Safavian "testified that he had not violated ethics rules in accepting the lobbyist's invitation for a golfing trip to Scotland that summer." Safavian "insisted in testimony in federal court here that he had not lied to government investigators when he was asked about the golf trip, although he acknowledged giving them inaccurate information about some contacts with Mr. Abramoff, a former lobbying partner."

Government Executive (6/6, Mandel) reports, "David Safavian, former head of the Office of Management and Budget's procurement policy division, took the stand in his own defense for the second time Monday, describing how he provided assistance to his friend and former colleague Jack Abramoff in ways that approached, but did not cross, lines of propriety." GE continues, "Safavian faces charges that he lied about his dealings with Abramoff to obtain clearance from the General Services Administration ethics office to go on a golfing trip to Scotland while serving as the chief of staff at that agency, and that he subsequently obstructed two investigations into his participation in the trip. … As the final witness in his own defense, Safavian testified that he had advised Abramoff on efforts to take over two GSA-controlled properties, as was clear from a large number of e-mail messages presented as evidence by Justice Department lawyers earlier in the case. But on Friday, Safavian had testified that while he had not expected some of that assistance to actually help, he had moved his friend's queries forward so Abramoff could get answers from the appropriate GSA decision-makers. … Safavian said he had arranged a meeting and provided information about a large GSA property in White Oak, Md., that Abramoff hoped to lease for a religious school he and his wife founded, despite it being clear that the effort to lease the property would not ultimately succeed. He said he had tried to explain that the religious nature of the school and potentially hazardous condition of the buildings ruled out leasing the property to Abramoff's Eshkol Academy."

Indicted Senator Begins Testimony At Tennessee Waltz Trial. The Memphis Commercial Appeal (6/6, Buser) reports, "Former state senator Roscoe Dixon took the stand Monday in his bribery trial, hoping to undo five days of testimony and secret recordings that prosecutors say illustrate a politician on the take. Dixon, who resumes the stand today, testified for about 45 minutes near the end of the day, telling jurors of his family background, of working and attending college, of 16 years of service in the Army and Tennessee National Guard and his life as a legislator from 1982 to 1994. 'Lobbyists play a very powerful role,' said Dixon, who addressed jurors in a personable manner and sometimes added gentle humor to his answers. … 'Everybody wants to get your ear.'" WMC-TV Memphis (6/5) and WPTY-TV Memphis (6/5) also reported on Dixon's testimony.

Jury Hears Tape Of Dixon Complaining About Senate Pay. The AP (6/6, Baird) reports Dixon "complained that his job as a lawmaker paid too little, according to a recording played for a federal jury Monday. 'I need to get in the big league, man,' Roscoe Dixon said on a recording played at his bribery and extortion trial. L.C. McNeil, an FBI

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agent testifying under his code name, said the recording was made in August 2004 when he was talking with Dixon about the senator's desire to leave the Legislature." The AP adds that Dixon "complained that no matter how much per diem pay he drew above base salary, he could not make more than $30,000 a year as a Senator. 'Everybody got some semi-hustle,' he said of the state Legislature." WTVF-TV Nashville (6/5) reports McNeil also "told the jury he talked to Barry Myers about paying bribes to Dixon. Myers has been described as a 'bag man' by federal investigators."

Former Chicago Water Official Testifies About Political Hires. The Chicago Tribune (6/6, Mihalopoulos, Bush, 643K) reports, "From the time Mayor Richard Daley took office, dozens of city department managers gathered before elections at the plumbers' union hall or other sites to get campaign marching orders from top mayoral aides, a former Daley loyalist testified Monday in the City Hall corruption trial. Donald Tomczak, a longtime Water Department official and veteran political operative, said he then would summon his top deputies to his office in the Jardine Filtration Plant to tell them which candidates would get help from hundreds of blue-collar city water workers." The Tribune adds that "Tomczak described a Daley campaign organization in which high-ranking city officials doubled as political coordinators," and "promotions for water workers were based more on precinct-by-precinct election results than actual job performance." The Chicago Sun-Times (6/6, Korecki, Novak, Warmbir) notes, "Assistant U.S. Attorney Patrick Collins asked if two soldiers in Tomczak's political army deserved the city positions they were given. 'Were they the best men for the jobs?' Collins asked. 'No,' Tomczak said plainly. 'They were active in my political group and did a good job.'"

Federal Monitor Finds Numerous Incidents Of Improper Behavior By UMDNJ Dean. The Philadelphia Inquirer (6/6, Graham, 423K) reports, "The allegations that have been swirling around Warren Wallace for weeks finally came to light yesterday, and the details were not pretty. A federal monitor investigating the University of Medicine and Dentistry of New Jersey, where Wallace was a senior dean until he was fired last week, accused him of manipulating the petty-cash system and steering a lucrative no-bid catering and cafeteria contract to a friend. The monitor's report also said Wallace, a Gloucester County freeholder and chairman of the Delaware River and Bay Authority, had devoted 'significant' amounts of university time and resources to his political jobs. … The monitor said Wallace's actions were, 'at a minimum, unethical.'" The Inquirer notes, "The monitor received a tip May 17 that Wallace's secretary was shredding documents, and the FBI quickly raided his office." The Camden Courier-Post (6/6, Greenblatt) adds, "The report said members of the school's Admissions Committee said Wallace forced them to interview a relative who had not yet taken the Medical College Aptitude Test or completed application essays. Committee members told investigators that Wallace's actions damaged the school's reputation, but he defended his behavior in a letter to the panel's chairman, the report said. Wallace's efforts on his daughter's behalf ultimately caused UMDNJ officials to fire him, university spokeswoman Anna Farneski said on Monday."

Investigators Collect DNA Evidence For Case Against Jeffs. CNN's Anderson Cooper 360 (6/5, Roberts) reported, "Fugitive polygamist and cult leader Warren Jeffs…remains on the FBI's most wanted list tonight, a $100,000 bounty on his head. Jeffs is wanted for alleged sex crimes involving minors. Tonight his whereabouts are still unknown, but authorities are busy strengthening their case against him." CNN (Kaye) added, "During this raid of the FLDS compound in Colorado City, Arizona, investigators weren't expecting to find…Jeffs but evidence against him – evidence that could prove Jeffs forced young girls to marry men sometimes twice their age and give them children. … If Jeffs performed the marriages and DNA evidence proves girls were under age when they conceived, Jeffs will have even bigger problems than he has simply living in illegal polygamist lifestyle."

Family Of Mob-Hit Victim Blames Government For Death. The AP (6/6) reports, "John McIntyre thought he was going to a house party on Nov. 30, 1984. … Instead, he was chained to a chair, interrogated, strangled, then shot in the head." The AP continues, "McIntyre's family is suing the federal government for $50 million, alleging that McIntyre was killed by fugitive crime boss James 'Whitey' Bulger after former FBI Agent John Connolly tipped him that McIntyre was cooperating with authorities in an investigation of Bulger." The AP adds, "As the McIntyre family's wrongful death lawsuit went to trial Monday, attorney Steven Gordon gave chilling details of McIntyre's killing. … Gordon said McIntyre was lured to a house by Bulger and Stephen 'The Rifleman' Flemmi, leaders of the notorious Winter Hill Gang. … After he arrived carrying a case of beer, McIntyre was handcuffed and chained to a chair, then interrogated by Bulger, who asked him if he was talking to authorities about Bulger's failed plan to ship guns to the Irish Republican Army on a Gloucester fishing boat. … 'It did not take much time for John McIntyre to say he was,' Gordon said. … Flemmi, Bulger's former right hand man, who pleaded guilty to participating in McIntyre's death, is expected to be a key witness for the McIntyre family. … Flemmi, who is serving a life sentence in

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10 killings as part of a plea deal that spared him the death penalty, testified in a deposition last year that Connolly told Bulger that McIntyre had begun talking to federal authorities about Bulger's criminal activities. … Flemmi testified only briefly Monday before the trial recessed for the day. He is scheduled to resume his testimony Tuesday."

Couple Accused Of Selling Children Await Extradition. The AP (6/6) reports, "A fugitive couple accused of trying to sell their children in Mexico spent the weekend in San Diego jails will be extradited to Arizona." The AP continues, "The National Center for Missing and Exploited Children reportedly tipped off federal investigators about the couple. The tip led Mexican authorities to arrest 20-year-old Jessica Karin Heird and 37-year-old Edward Henry Leader in Tijuana on Friday. … Mexican authorities reportedly found the couple's 3-year-old son, but their 18-month-old daughter was still missing. The San Diego Union-Tribune reported that the boy and girl were sold, though there was no word on who paid for the children or what the price was."

KGTV, San Diego (6/6) reports, "Heird -- who is six months pregnant -- and Leader had been living south of the border for several years and allegedly decided to make money by selling two of their youngest children, Deputy U.S. Marshal Omar Castillo said Monday. … Investigators believe the suspects took cash for their 18-month-old daughter and 3-year-old son. Authorities have since recovered the youngsters, who evidently were not physically harmed during their ordeals, Castillo said."

"Mafia Cops" Sentenced To Life In Prison. The Long Island Newsday (6/6, Destefano) reports, "The 'Mafia Cops' took eight lives and yesterday, they learned theirs would be lost to prison." Newsday continues, "Saying their crimes were the worst he ever saw, a Brooklyn federal judge hit two ex-Police Department detectives with life terms in prison and million-dollar fines for their roles as mob hit men. … 'It is hard to visualize a more heinous offense,' said Judge Jack B. Weinstein as he announced in a packed courtroom the heavy sentences for Louis Eppolito and Stephen Caracappa for their roles in eight gangland murders during a bloody period that stretched from the mid-1980s into the early 1990s. … 'These are probably the most heinous crimes ever tried in this courthouse,' Weinstein said. … 'These two men stand before you unrepentant and remorseless and perhaps by a higher power unforgivable,' said lead prosecutor, Assistant U.S. Attorney Robert Henoch. 'Police are supposed to protect people; we don't have death squads here -- at least we aren't supposed to.' … But in another twist in a case that has been filled with complex legal issues, Weinstein delayed imposition of the sentences until hearings are held later this month on critical post-trial motions for either acquittal or new trials. Both defendants will remain jailed but have asked Weinstein to overturn the April guilty verdicts, in part because the statute of limitations on the federal racketeering charges had expired. … Weinstein is also going to hold a hearing on Eppolito's and Caracappa's claims that their high-profile lawyers, Bruce Cutler and Edward Hayes, respectively, gave them ineffective representation. The lawyers have denied that claim. But no matter how Weinstein decides those issues, the case will be litigated for years."

The New York Times (6/6, Feuer) reports, "There was little reaction from either man in Federal District Court in Brooklyn and both returned to jail, where Mr. Caracappa's face has grown skeletal and Mr. Eppolito has grown a white goatee and gotten somewhat slimmer. … By law, the friends and family of a victim can address the court at sentencing, and before the penalty was read, there were brutally emotional — and achingly personal — accounts from the survivors. … One of them was Michal Weinstein, daughter of the jeweler, Israel Greenwald, who on Feb. 10, 1986, disappeared after giving young Michal a hug as she waited for a bus. She was 10 years old then, and as she spoke from the stand, addressing both defendants by name, it was with a caged fury that only now, after 20 years, had found release. … 'You took away our daddy,' she said, 'and by doing that you took away our childhood. You took away our mother. You stole our innocence. You filled our nights with nightmares and our days with torture.'"

The AP (6/6, McShane) reports, "Both defendants have been jailed since their April 6 convictions on racketeering charges that included murder, kidnapping, drug dealing and obstruction of justice. … Eppolito, 57, whose father was a member of the Gambino crime family, and Caracappa, 64, were respected detectives who worked for Luchese underboss Anthony 'Gaspipe' Casso between 1986 and 1990. The eight murders were committed while they were simultaneously on the payrolls of the New York Police Department and Casso." The AP notes, "The sentencing delay was anticlimactic compared to the courtroom theatrics that preceded it. Barry Gibbs, who spent almost 20 years in jail after a wrongful conviction in a case where Eppolito was lead investigator, stood up in the middle of Eppolito's speech to attack the ex-detective before federal marshals led him out of the courtroom. … 'Remember what you did to me? To me? You framed me!' he screamed as the crowd burst into cheers."

The Los Angeles Times (6/6, Barry) reports, "Hayes and Cutler delivered memorable opening and closing statements but called few witnesses. Cutler's entire defense lasted 13 minutes. Eppolito has replaced him with a new lawyer, Joseph Bondy, who said Cutler should have identified other potential perpetrators and allowed Eppolito to take the stand. Caracappa's new lawyer, Daniel Nobel, filed a similar complaint Monday morning." The Times continues, "Attorneys for the pair argued that the verdict should be thrown out

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because, except for one charge, the crimes did not fall within the statute of limitations for racketeering."

Scalia Rebukes Alito In Speedy Trial Case Ruling. The Legal Times (6/6, Mauro) reports, "Just four months after joining the Supreme Court, Samuel Alito Jr. on Monday joined the club of jurists who have been targets of Justice Antonin Scalia's wrath." The Times continues, "Alito wrote Zedner v. United States for a unanimous Court on Monday, siding with a criminal defendant in a dispute over interpretation of the Speedy Trial Act. But Scalia, while joining the decision, wrote a concurrence criticizing Alito for citing the legislative history of the statute, which Scalia believes is irrelevant. … 'Because the use of legislative history is illegitimate and ill advised in the interpretation of any statute -- and especially a statute that is clear on its face -- I do not join this portion of the Court's opinion,' Scalia wrote." The Times adds, "The side spat is a small but significant sign of Alito's independence from Scalia, whom many presumed would be a consistent conservative ally and friend. … In the drafting process, Alito could easily have mollified Scalia by deleting the paragraph that invoked legislative history. In interpreting acts of Congress, Scalia has vocally criticized reliance on legislative history -- congressional floor statements, committee reports, and the like -- in his 20 years on the Court, preferring instead to go strictly by the words of the statute. But the fact that Alito left the paragraph in, and Scalia felt moved to object to it, revealed at least some daylight between the two. … Alito's use of legislative history places him closer to the camp of moderate-liberal Justice Stephen Breyer, who last year warned in his book 'Active Liberty' of 'the danger that lurks where judges rely too heavily on text.'" The Times notes, 'Monday's ruling favored Jacob Zedner, indicted in 1996 on seven charges of bank fraud. Both he and the prosecution sought delays in the trial, raising red flags because of requirements of the Speedy Trial Act that a trial begin 70 days after a defendant is charged. Responding to a request from the judge, Zedner signed a form waiving his rights 'for all time' under the law. … After four years of procedural delays, Zedner moved to dismiss the indictment, claiming the prosecution had violated the Speedy Trial Act. The motion was denied, the trial proceeded, and he was found guilty. The 2nd U.S. Circuit Court of Appeals ruled against Zedner, finding that because he had contributed to the delay in the trial, he could not object to it."

High Court To Consider Retroactivity Of "Blakely." The AP (6/6) reports, "The Supreme Court said Monday it will decide whether inmates can reopen challenges to prison sentences based on a Court ruling two years ago that limited judicial discretion in sentencing." The AP continues, "Justices will hear arguments this fall from Lonnie Burton, who is serving nearly 47 years in prison in Washington state for rape, robbery and burglary. … Burton's lawyers told justices that the judge increased Burton's sentence by about 21 years, declaring that he deserved a harsher sentence than the sentencing scheme provided for there." The AP adds, "The case two years ago was also from Washington state. Justices on a 5-4 vote overturned the sentence of a Washington state man for kidnapping his estranged wife. A judge, acting alone, had determined that Ralph Blakely acted with 'deliberate cruelty' and deserved a longer prison term. … Justices did not say then how the decision would affect old cases. Justice Antonin Scalia authored that opinion, for an odd right-left lineup of justices."

Texas Man Slated For Execution For 1992 Murder. The AP (6/6, Graczyk) reports, "A man who killed his girlfriend with an ax while he was high on crack cocaine is to be executed by lethal injection Tuesday, the 11th person to be put to death in Texas this year." The AP continues, "Timothy Titsworth, 34, is the first of three scheduled to die this month in the nation's most active capital punishment state. The U.S. Supreme Court refused to review Titsworth's case in January." The AP adds, "Evidence showed Titsworth, who dropped out of school before he reached high school and worked as a roofer, was high on crack cocaine at the time of the July 23, 1992, attack. … 'I didn't think that I had a problem and didn't accept the help and treatment provided to me,' Titsworth, who had walked out of at least two drug treatment programs, wrote on an anti-death penalty Web site. 'With my fear, ignorance and denial of the truth that so many others have seen, I ended up here: on Texas death row.' … Before the killing, Titsworth had avoided a five-year prison term for auto theft by attending a boot camp for two months, an option available to him as a first-time felony offender. He was released on probation. … Three months later, he was arrested and charged with capital murder for the slaying of his girlfriend, who died at the mobile home they shared in Amarillo, in north Texas. Christine Sossaman, 26, had been hit about 16 times with a dull two-bladed ax as she slept."

Duke To Reinstate Lacrosse Team. ABC World News Tonight (6/5, story 11, :15, Gibson) reported, "The Duke University lacrosse team is being reinstated. Duke's president said today the team will be allowed to play next season under strict rules and on probation. The team's season was cancelled in April after an exotic dancer claimed she was raped by three team members."

Two Women Charged With Insurance Fraud In California Hit-And-Run Cases. The Los Angeles Times (6/6, Dimassa) reports, "Two women in their 70s were arraigned today on nine counts of fraud in connection with multimillion-dollar life insurance policies they took out on two

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homeless men who were later killed in hit-and-run accidents." The Times continues, "The women, Olga Rutterschmidt and Helen Golay, pleaded not guilty to the charges, which include mail fraud and aiding and abetting a crime in connection with life insurance statements. … Authorities have said that the women are suspects in the 2005 death of Kenneth McDavid and the 1999 death of Paul Vados. The women allegedly took out 19 life insurance policies on the men and eventually cashed in more than $2.2 million in claims after the transients died in hit-and-run pedestrian accidents in Los Angeles. … No charges have been filed in the men's deaths. … U.S. Magistrate Judge Paul L. Abrams ordered a July 25 trial date for Rutterschmidt and Golay, who remain in federal custody."

Police Lineups Called Flawed, But Improvements Seen Unlikely. In an op-ed in the New York Times (6/6), David Feige, a former public defender in the Bronx, writes, "The police lineup — in which the anxious eyewitness casts an accusing gaze on a string of sullen men (or women) on the other side of one-way glass — is as much a staple of actual law enforcement as it is of 'C.S.I.' and 'Law & Order.' It is also highly flawed. Yet because of a poorly designed study of lineups in Illinois, much-needed improvements to the process may not be forthcoming." Feige continues, "For some time now, scientists, criminologists and defense lawyers have advocated ending the tradition of having the witness view potential suspects all at once and going instead to a sequential method, in which the witness views suspects (or photographs of them) one at a time. Better still is the 'double-blind' sequential test, in which the law-enforcement official administering the lineup does not know who is the suspect and who are 'fillers.' … A pilot project in Minneapolis and a generation of peer-reviewed laboratory experiments have concluded that the sequential method has a smaller error rate than old-fashioned simultaneous lineups. New Jersey now uses sequential lineups, and legislatures or commissions in California, North Carolina, Virginia and Wisconsin have endorsed them. … In April, however, Illinois officials released a study showing the new method was less reliable than the traditional one, based on results in three police districts. According to the study, witnesses using the sequential method picked out an innocent person — someone brought in as a filler — 9 percent of the time, compared with a 3 percent rate for simultaneous lineups (both figures are oddly below the typical error rate in such studies of 20 percent or more)." Feige adds, "Prosecutors often tell us defense lawyers that they, too, want the fairest possible trials. But when it comes to identifications, it seems they want precisely what the current flawed lineups give them: suspect identifications."

More Colleges Offering Training In Digital Forensics. USA Today (6/6, Swartz) reports, "One of the hottest new courses on U.S. college campuses is a direct result of cybercrime" -- digital forensics. Already "about 100 colleges and universities offer undergraduate and graduate courses in digital forensics, with a few offering majors." While, "five years ago, there were only a handful." The field is "considered a crucial weapon in law enforcement's escalating war against computer-related crimes." The FBI, National Security Agency and the CIA, local law-enforcement officials and companies are all said to be "clamoring for experts in finding and preserving digital evidence."

Children Abducted By Parents Life Uncertain Lives. In a lengthy front-page article, the Washington Post (6/6, Montes) reports on children abducted by a parent, focusing on Carl Dodd and his 13-year search for the daughter whose mother he has accused of abducting from Washington, DC. The Post reports that "the teenager who greeted him at the police department in April was distant, doubtful. She asked him pointed questions: Why had her mother been arrested? Why were so many reporters around? Sunglasses partially hid her eyes, and when Dodd asked her to take them off so he could really see her, she refused. She made it clear she intended to stay with her grandmother in Wilmington, Del. … The reunion may have ended Dodd's determined search for his daughter, Marilyn Byrd, who disappeared with her mother from Southeast Washington when she was 4. But it was just the beginning of the long road back to a relationship with his only child, now a young woman of 17." The Post adds, "For people who spent their childhoods hiding out with a distraught parent, taking on new identities, the hardest part comes when the child is recovered and so-called normal life resumes. That is when they finally can afford to get angry about being used as a pawn in a nasty battle between the two people they loved the most. … Few understand Marilyn Byrd's conflicting emotions better than three people who spoke recently about their lingering bitterness over childhoods on the lam: … · Rebekah Ford, 28, a Wisconsin resident, still shudders as she recalls the most shocking moment of her childhood. It was the day the FBI came to her elementary school and showed her a flattened milk carton with her picture on it. Until then, she did not know that she was a missing child and that her name was not Heather Ann Brown. … Sam Potash of Philadelphia, who just turned 19, can finally speak publicly about the 8 1/2 months he spent on the run with his father when he was 10. He got used to pretending his name was Ben Davis and repeating the lie that his mother -- who was desperately searching for him -- was dead. … One of Liss Hart-Haviv's most vivid memories is trying to comfort her sobbing mother in a phone booth outside a California women's shelter after

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they had fled from her father. She was 10 and felt so old and alone. She even had a different name. … Three years ago, Hart-Haviv started Take Root, the first national organization for adults who went through such experiences as children. The cases continue to grow: More than 200,000 children are taken each year by a parent or other family member, according to the Justice Department."

CIVIL LAW:

High Court Rules Against Reporters Seeking To Keep Sources Secret. The Christian Science Monitor (6/6, Richey) reports, "Four journalists have lost their bid to reverse a judge's order to either disclose their confidential sources or face $500 per day in fines." The US Supreme Court yesterday "declined to take up the reporters' cases to examine whether a generally recognized 'reporters' privilege' against revealing sources should extend to a civil lawsuit brought by former nuclear-weapons-lab scientist Wen Ho Lee." The action "marks the second time in a year that the justices have let stand a judicial order seeking to force members of the media to renege on professional pledges of confidentiality made to government officials to obtain information for their news reporting."

The Wall Street Journal/AP (6/6) reports, "Late last week, Mr. Lee, who had sued the government for violating his rights under the Privacy Act, settled the lawsuit. He will receive $1.6 million from the government and five news organizations." Journalists "had been in civil contempt of court for refusing to disclose who leaked them information about an espionage investigation of Mr. Lee. The four reporters are H. Josef Hebert of the Associated Press, James Risen of the New York Times, Bob Drogin of the Los Angeles Times and Pierre Thomas, formerly of CNN and now working for ABC News." The Washington Post (6/6, A3, Lane) notes the reporters "no longer face contempt-of-court penalties for not naming their confidential sources, and their attorneys had been expected to file papers with the court asking it to dismiss the matter as moot."

LATimes Urges "Shield Law." The Los Angeles Times (6/6) editorializes, "Five news organizations -- including the Los Angeles Times -- agreed last week to pay a total of $750,000 to Wen Ho Lee, a former nuclear scientist who was arrested in 1999 and jailed for nine months as part of an espionage investigation at the Los Alamos National Laboratory in New Mexico. The payments, part of a negotiated settlement of Lee's lawsuit accusing the US government of leaking information to the media from his personnel files, mean that reporters for The Times and the other news organizations won't be punished for declining to identify confidential sources." But "that slippery slope can be avoided if Congress follows the example of two-thirds of the states (including California) and enacts a 'shield law' providing limited but real protection to journalists' confidential sources."

SCOTUS Limits Firm's Use Of Civil RICO Suits. The AP (6/6, Locy) reports, "The Supreme Court on Monday limited the use of civil anti-racketeering laws by companies seeking damages for allegedly illegal acts by their competitors." The AP continues, "In two separate cases, the high court tackled the growing controversy over the increased use of civil provisions of a federal law that was designed to root out organized crime from legitimate businesses. The AP adds, "By an 8-1 vote, justices reversed an appeals court decision that had allowed Ideal Steel Supply Corp., a New York steel mill product supplier, to sue its chief competitor, National Steel Supply Inc., owned by Joseph and Vincent Anza. … Justice Anthony M. Kennedy, writing for the majority in the steel company case, said the victim of racketeering must suffer 'direct' injury from illegal acts. … Ideal Steel Supply alleged that National Steel Supply defrauded New York state tax authorities by offering lower prices minus taxes to customers who paid in cash. … But Kennedy said the direct victim of the fraud was not Ideal Steel Supply but New York state."

CIVIL RIGHTS:

DOJ To Monitor Elections In California, Alabama. The AP (6/6) reports, "The U.S. Department of Justice said Monday that it will monitor Tuesday's primary election in seven California counties to make sure officials adequately serve voters who don't speak English." The AP continues, "Alameda, Orange, San Benito, San Diego, San Mateo, Santa Clara and Ventura counties all are required to provide election information, ballots and voting assistance information in one or more minority languages under the 1965 federal Voting Rights Act." The AP adds, "In San Diego County, for instance, officials settled a federal lawsuit in 2004 by agreeing to provide voting materials in Spanish, Tagalog and Vietnamese, along with poll workers who can translate in those languages. … Alameda County is using paper ballots in Tuesday's primary because its 4,000 Diebold Election Systems touchscreen machines failed to meet federal and state standards. That is expected to cause delays in reporting the election outcome because the county does not have enough optical scanners to count the ballots at all polling places. … In each of the seven counties, observers directed by lawyers from the department's Civil Rights Division will watch and record voting activities at polling places. The department also will monitor elections in Alabama, New Jersey, New Mexico and South Dakota, all of which have primary elections on Tuesday."

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The AP (6/6) reports, "The federal government will monitor polling place activities during primary elections in Hale County, Ala., on Tuesday to ensure compliance with the Voting Rights Act, the Justice Department announced Monday." The AP continues, "Hale County is one of 18 counties in Alabama, California, New Jersey, New Mexico and South Dakota to be monitored during Tuesday's voting. … Federal observers will watch and record activities during voting hours at polling locations to ensure that the rights of voters to participate in the election is not denied on the basis of their race. The department sends hundreds of observers each year to monitor elections across the country."

Bush Calls For Constitutional Amendment To Ban Gay Marriage. President Bush yesterday called for a constitutional amendment to ban same sex marriage. Bush's remarks were reported by all three networks last night, and are receiving ample attention on local TV stations and today's major newspapers. With the amendment being given little chance of passing – chances are "slim to none," said CNN's The Situation Room (6/5, Blitzer), while USA Today (6/6, Stone) estimates there's "virtually no chance" the Senate will approve it – the President's speech is being portrayed as an effort to rally his social conservative base with an eye on the November elections. The Los Angeles Times (6/6, Reynolds, Gerstenzang) reports White House Press Secretary Tony Snow "acknowledged there was a 'political dimension' to Bush's speech, because the measure was before the Senate, but said in response to a question, 'I don't think it's posturing.'" The Times adds, "As for making same-sex marriage a priority at a time when issues such as the war in Iraq have hurt Bush's poll numbers, Snow said the president could 'deal with more than one issue at a time.'" Bush "spoke at the Eisenhower Executive Office Building, next door to the White House. Some of those invited had been told the session would take place in the White House Rose Garden, a location that would have elevated the status of the meeting, but without explanation the venue was shifted."

The AP (6/5, Kellman) reports "all Senate Democrats, except Ben Nelson of Nebraska, oppose the amendment," and "together with moderate Republicans, the Democrats are expected to block" it. ABC World News Tonight (6/5, lead story, 2:45, Tapper) reported, "The President's critics say Mr. Bush spent the day putting important issues, such as the war in Iraq, on the back burner. The President met with religious leaders today in order to put a Federal constitutional ban on same sex marriage on the front burner." It's an "issue that the President used during his re-election campaign to rally his Christian conservative base. Many have been angry about the President's relative silence on the subject since then." But passage of the amendment is "highly unlikely." According to "a new ABC News poll, 58% of Americans say same-sex marriage should be illegal. But only 42% favor amending the Constitution. 51% say it should be up to the individual states."

On ABC World News Tonight (6/5, story 2, 1:20, Stephanopoulos) reported, "The politics are all about intensity. And according to our poll, the number of Americans who are strongly opposed to gay marriage is more than two the size of the number who are strongly for it. And that group of voters who want to block gay marriage is three-times as likely to vote on the issue. So, even though you're not going to see the President spending a lot of public time on this after today, the Republicans are going to zero in on those motivated voters, with targeted radio ads, with mailings especially in rural areas of Pennsylvania, Ohio and Missouri, where the incumbent's in tight races."

NBC Nightly News (6/5, story 4, 2:25, Gregory) reported, "Just a year ago, he said he really wasn't going to be pushing this issue because the support wasn't there. But what's changed? Only the fact that the President and his party now feel they need this issue." Today's remarks were "similar to those the President made during his last election year push on this issue two years ago." Then, "there weren't enough votes and the amendment died. Today, the votes still aren't there, but there is now plenty of pressure on this President to rally his conservative base and convince so-called values voters to get out and vote this fall." With his "second term hobbled by the war in Iraq, gay marriage is just one issue important to conservatives the President is highlighting."

The CBS Evening News (6/5, story 8, 0:20, Mitchell) reported, "The amendment has become a rallying point for Republicans this election year, and the Senate opens debate on it tomorrow but backers there do not have the two-thirds majority they need for passage."

Fox News' Special Report (6/5, Hume) reported that "while this thing may not succeed legislatively, there are some who think it might make some sense politically." CNN's The Situation Room (6/5, Blitzer) said "many Republicans are keen on making a statement in this congressional election year, including President Bush. With his conservative base shakier than ever, Mr. Bush declared…that he's proud to stand with supporters of a gay marriage ban." CNN's The Situation Room (6/5, Bash) later reported that Republicans have a "short-term political goal here, and that is the fact that conservatives say across the board, that they are very upset about the way their Republican leaders here in Washington, especially those up for reelection in 2006 are governing and they simply think that they have not paid attention to their issues enough."

Local TV coverage of Bush's remarks was extensive, with at least 500 local television newscasts across the country running. Local reports also suggested the President

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intends to use the issue to solidify support for the GOP among conservative voters before November's midterms. A less pervasive, but still prominent, theme of many of the segments was the President's silence on the issue since winning reelection -- a reelection several stations attributed, at least partially, to his opposition to gay marriage at the time. Many stations featured Sen. Joseph's Biden complaint, taken from NBC's Meet the Press on Sunday, that "the world's going to Hades in a handbasket" while the Senate debates gay marriage and other hot-button social issues. Typical of the coverage was WBBM TV Chicago (6/5, 6 PM), which reported that though the White House "says the President, who has been largely silent on the issue since his re-election, is talking about it now because of the impending senate vote" some "critics call the timing suspect."

WAGA TV Atlanta (6/5, 10 PM) reported that the President "said marriage between a man and a woman is one of the most fundamental and important human institutions and…should not be redefined by so-called 'activist' judges, who he says are overturning the state laws that ban gay marriage against the will of the majority of voters." WAGA noted that "last month, a state court judge here in Georgia struck down the state's constitution ban on gay marriage on a technicality."

KABC TV Los Angeles (6/5, 11 AM) reported "is hoping to use the topic to win political points in November."

WFLA TV Tampa-St. Petersburg (6/5, 11:30) asked, "Why this issue, Why now? … Opposition to gay marriage helped power the president to reelection in 2004 his critics now see a political diversion."

WJBK TV Detroit (6/5, 12 PM) reported, "Gay right activists are gearing up to blanket Capitol Hill. They're urge urging senators to vote against the banning of gay marriage." A gay activist was shown saying, "We're talking…discrimination being put in the constitution. That couldn't be more out of line with where with where the American people are right now."

Knight Ridder (6/5, Douglas) reports "critics on both sides of the debate accused the president of playing politics with the socially sensitive issue by seeking to rouse social conservatives to support Republicans in this congressional election year even if the cause has no realistic hope of enactment," and Bloomberg (6/6, Keil) says Bush made his pitch for the amendment "facing record low job-approval ratings…as he and his Republican Party seek to rally supporters ahead of the November congressional elections."

The Washington Post (6/6, Abramowitz, Babington) reports, "Aides have portrayed the president as a somewhat reluctant warrior in a battle forced on him by judges who have struck down laws against same-sex marriage in Maryland, New York and other states." The White House itself "has been unusually divided on the issue, with Vice President Cheney making it clear that he disagrees with the president and first lady Laura Bush saying the issue should not be made a political tool." Los Angeles Times (6/6, Reynolds, Gerstenzang) also mentions Cheney's stance in the last paragraphs of its story.

The New York Times (6/6, Rutenberg) reports "Republican Party officials in several states have released statements attacking Democrats who are not expected to vote for the amendment," and a "conservative group, the Family Research Council, is planning to ask lawmakers to take 'a marriage protection pledge' and then tell voters who signs it and who does not."

Some analysts see risks for the GOP as the debate shifts to this issue. CQ (6/6, Perine) reports some conservatives "are dismayed that Senate Republican leaders have backed away from their vow to move all of President Bush's appellate court nominations through the Senate. And many oppose provisions in the Senate's immigration overhaul measure (S 2611) that would set millions of illegal immigrants on a path to citizenship." Larry Sabato, a University of Virginia political scientist, "says this week's truncated debate on gay marriage could cause conservatives to ask themselves 'why bother to vote for Republicans when they can't produce on our issues?'"

Moreover, the Christian Science Monitor (6/6, Feldmann) says "the GOP's efforts at creating a 'big tent' image will be put to the test. Some of the most vulnerable members of Congress -- many of them moderate Republicans from the Northeast -- could be hurt by the debate, as it highlights a point of view less resonant in that part of the country than in others."

Republicans Hope Vote Will Help DeWine, Santorum. The Wall Street Journal (6/6, Lueck, Mullins) reports Republicans "hope the bill can help some embattled candidates at the polls. One is Ohio Republican Sen. Mike DeWine. A gay-marriage ban on the 2004 ballot in the Buckeye State is widely credited with drawing evangelicals to the polls and helping Mr. Bush narrowly carry that state. But Mr. De-Wine opposed that measure, citing objections to language that he said would invite lawsuits. That is one reason he appears to have trouble rallying social conservatives. This year, Mr. DeWine is a sponsor of the Senate amendment, which doesn't include the language he objected to previously." In Pennsylvania, "where Republican Sen. Rick Santorum is in a close contest to keep his seat, Republicans have highlighted his support of the gay-marriage amendment to help separate him from Democrat Bob Casey Jr."

The Washington Times (6/6, Dinan, Fagan) notes the National Republican Senatorial Committee (NRSC) "used the Senate's marriage-amendment debate to criticize the Democratic challenger to Sen. Rick Santorum, a Pennsylvania Republican facing a tough re-election battle." They chided Casey "for not speaking at a Saturday meeting

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in Pittsburgh of the Stonewall Democrats, a homosexual rights group that supports him. Democratic National Committee Chairman Howard Dean did speak to the group." From the other side, "the Democratic Senatorial Campaign Committee sent out an e-mail to supporters yesterday from Senate Minority Leader Harry Reid, blasting Republicans. 'It's election season and down-in-the-polls Republicans are turning to their same old playbook -- fear and division,' wrote Mr. Reid, Nevada Democrat. 'We need a president and a Congress that doesn't play divisive politics.'"

Kennedy Says Gay Marriage Amendment Is Bigotry. Fox News' Special Report (6/5, Hume) reported, "Senator Ted Kennedy says the constitutional amendment banning gay marriage is bigotry pure and simple." Kennedy "says the amendment should be called quote, the right wining election strategy amendment, and accused the administration of using fear tactics."

More Commentary. Columnist E.J. Dionne writes in the Washington Post (6/6), "This month's offensive by President Bush and his allies in Congress against gay marriage and flag burning proves one thing: The Republican Party thinks its base of social conservatives is a nest of dummies who have no memories and respond like bulls whenever red flags are waved in their faces. The people who should be angry this week are not liberals or gays or lesbians, but the president's most loyal supporters. … When Bush was at his position of maximum strength after the 2004 election, did he use his political energy on behalf of a constitutional amendment to ban gay marriage? Not at all."

Eugene Robinson writes in the Washington Post (6/6, A15), "What uncharted realm lies beyond brazen cynicism? A wasteland of utter shamelessness, perhaps? A vast Sahara of desperation, where principle goes to die? Someday George W. Bush and the Republican right will be able to tell us all about this barren terra incognita, assuming they ever find their way home. The Decider's decision to whip up a phony crisis over same-sex marriage -- Values under attack! Run for your lives! -- is such a transparent ploy that even conservatives are scratching their heads, wondering if this is the best Karl Rove could come up with." Bush "might as well open his next presidential address by giving himself a new title: The Distracter."

Supreme Court To Hear Affirmative Action Cases. ABC World News Tonight (6/5, story 10, :20, Gibson) reported, "The Supreme Court said today it will decide a major affirmative action issue -- whether public schools can use race as a factor in deciding which students attend which public schools. It will consider cases from Seattle to Louisville. But the case pertains to many more cities and the court will hear arguments in the fall."

The CBS Evening News (6/5, story 7, 0:20, Mitchell) reported, "This is the first time the two Bush appointees," Chief Justice John Roberts and Associate Justice Samuel Alito "will rule on a racial issue." NBC Nightly News (6/5, story 3, 0:35, Williams) said that during their "years as Justice Department lawyers, both Chief Justice John Roberts and Associate Justice Samuel Alito strongly opposed racial quotas."

USA Today (6/6, Biskupic) says the Seattle and Louisville cases "test whether the Constitution's guarantee of equality allows schools to use race as a factor in admissions. In both disputes, lower courts backed the school plans, and parents of white students appealed."

The New York Times (6/6, Greenhouse) reports the court's action came three years "after the court upheld a racially conscious admissions plan at the University of Michigan Law School. Writing for the majority in that 5-to-4 decision, Grutter v. Bollinger, Justice Sandra Day O'Connor suggested that, at least in higher education, affirmative action might be necessary for another 25 years." The new cases "do not ask the court to revisit that decision, and the justices are unlikely to do so. But the implications are far-reaching nonetheless. T he eventual decision, roughly a year from now, could not only set the court's path in this area but could also shape the climate in which government policies with respect to race will be debated."

The AP (6/6, Holland) reports, "The court's announcement that it will take up the cases this fall provides the first sign of an aggressiveness by the court under new Chief Justice John Roberts. The court rejected a similar case in December when moderate O'Connor was still on the bench. The outcome will most likely turn on her successor, Alito. … Both Roberts, 51, and Alito, 56, worked as Justice Department lawyers during the Reagan administration to limit affirmative action."

The Legal Times (6/6, Mauro) reports, "The cases granted review on Monday, Parents Involved in Community Schools v. Seattle School District No. 1 and Meredith v. Jefferson County Board of Education, will be argued together this fall, possibly injecting the affirmative action debate into the election season. In both cases, white parents challenged programs that used race as a factor in school placements in ways that they say disadvantaged white students." The Times adds, "In Seattle, where students have broad choice as to which high school they will attend, race is a 'tiebreaker' factor in deciding which students will be assigned to a high school that is oversubscribed and racially imbalanced. The 9th U.S. Circuit Court of Appeals, in an en banc ruling citing Grutter, upheld the program last October. … The other case involves schools in Louisville and the surrounding area, a district that was under a federal court desegregation decree from 1975 to 2000. After the order was lifted, a new plan was adopted that allowed for a wider range of student choices but required all

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schools to seek a black student enrollment of between 15 percent and 50 percent of the student body. In June 2004, Judge John Heyburn II of the Western District of Kentucky upheld the program in general, though he disapproved of some of the racial categorizing involved."

The Christian Science Monitor (6/6, Richey), Washington Post (6/6, A3, Lane), Los Angeles Times (6/6, Savage), Wall Street Journal (6/6, Bravin, Ben Winograd) and Washington Times (6/6, Price), among other sources, run similar stories on the case.

Verizon Hit With Record Penalty In Bias Suit. The Washington Post (6/6, D1, Joyce) reports, "Verizon Communications Inc. will pay almost $49 million to 12,326 current and former female employees as part of a landmark class-action lawsuit alleging pregnancy discrimination." The Post continues, "The U.S. Equal Employment Opportunity Commission reached a settlement in 2002 against Verizon predecessors Nynex Corp. and Bell Atlantic Corp. But the total amount of the settlement was not made public until yesterday, when the EEOC completed its projections of how much would be paid in future benefits. … The final figure makes the case the largest pregnancy discrimination settlement in EEOC history. It covers women in 13 states and the District." The Post adds, "Nynex and Bell Atlantic were accused of violating federal law by denying women pension and other benefit accruals when they spent time on pregnancy or maternity leave. … The total compensation paid thus far is more than $25.3 million. The EEOC told a U.S. District Court in New York yesterday that it projected that an additional $23.6 million would be paid in future benefits. The announcement came after years of calculating which women were denied benefits when on leave. … The suit alleged that the predecessor companies violated the Civil Rights Act of 1964, the Pregnancy Discrimination Act of 1978 and the Equal Pay Act of 1963 by denying women service credits for leaves of absence taken between July 1965 and April 1979. The companies also denied pension credits for child-care leaves of absence until December 1983."

ANTITRUST:

Adobe, Microsoft Square Off In PDF Dispute. The San Jose Mercury News (6/6, Boudreau) reports, "Adobe Systems and Microsoft have seemed to co-exist in a mutually beneficial ecosystem for years. … But their cause for common ground, a little piece of software millions have used but may have hardly noticed -- the Adobe PDF -- is now the reason the gloves are coming off." The News continues, "At the core of the tension is Microsoft's move to create technology to compete with Adobe's PDF franchise, and difficult negotiations around incorporating Adobe's mostly open standard PDF software into the next generation of Office programs. … While Microsoft makes software such as Word and Excel that lets people create documents, Adobe can turn those documents you might print out on paper into digital, ready-to-be-e-mailed files through its Portable Document Format (.pdf)." The News adds, "Last week, behind-the-scenes friction between the two became public when Microsoft said it expected Adobe to file a lawsuit against the Redmond, Wash. company, possibly in the European Union, which recently has become more receptive to Microsoft antitrust concerns than U.S. regulators. … The dispute underscored the Silicon Valley axiom: Companies that cooperate often can end up trying to devour each other's business. … Adobe makes money from its business-document processing software Adobe Acrobat, which is part of its Intelligent Document division and accounted for 36 percent of its revenue, or $708 million, in 2005. A person must own a copy of Adobe Acrobat to make a PDF, but only needs to download a free version of Acrobat Reader to view a PDF that has been sent to them."

In a column for the Washington Post (6/6, D5), Rob Pegoraro writes, "If you want to know why so many computer programs are so bad these days, take a look at the Adobe-Microsoft mess. … These two powerful software developers have gotten into an argument over whether Microsoft can include a new feature in its upcoming Office 2007 productivity suite -- the ability to save your work as a Portable Document Format (PDF) file. … In the process, they're showing how old-fashioned greed and the more modern ailment of lawsuit phobia can turn a promising program sour." Pegoraro continues, "Judged strictly on its merits, there's nothing to argue about that feature. It would end the worry that your Word, Excel or PowerPoint document might look weird or be unreadable on someone else's computer. PDF files preserve their appearance -- from fonts to footnotes to photos -- wherever they're read, so long as a recipient has a PDF-reader program. These programs, almost all free, are available for nearly every kind of computer, down to "smart phones" and handheld organizers. … Competing productivity suites, such as Corel's WordPerfect Office and the free and open-source OpenOffice.org, have offered this option for years. So does Apple's Mac OS X, which offers PDF output as a systemwide feature. When Microsoft announced in October that it would follow suit in its next release of Office, it seemed like a refreshing acknowledgment of reality in Redmond, Wash. … You'd think that would have delighted Adobe as well. The San Jose, Calif., firm has worked for years to establish the PDF as a standard way to share data, having written versions of its free Adobe Reader for all the major desktop and handheld operating systems. And while the company charges $299 for its Adobe Acrobat PDF-creation toolkit, it's encouraged other developers to release their own. … For some reason, however, Adobe saw things

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differently when Microsoft wanted to join the PDF party. As Microsoft explained, in February, Adobe asked it to sell this feature as a separate add-on for Office 2007."

Brookfield And Partner To Buy Trizec For $4.8 Billion. The Wall Street Journal (6/6, Forsyth) reports, "In a $4.8 billion deal confirming that the real-estate market for office space remains hot despite rising interest rates, Brookfield Properties Corp. and a private-equity partner agreed to buy Trizec Properties Inc." The Journal continues, "The purchase, announced yesterday, of the Chicago-based office real-estate investment trust is one of the biggest deals yet in a continuing frenzy of mergers and acquisitions in the public real-estate world. Brookfield, based in Toronto and New York, is pairing with the Blackstone Group, a private-equity firm that has been involved in a number of high-profile acquisitions over the past few months, including a $2.8 billion buyout of CarrAmerica Realty Corp. in March." The Journal adds, "The Trizec acquisition gives Brookfield -- already one of the largest players in office real estate in North America -- an even bigger profile in the hot markets of Washington and Manhattan, and provides an entry into Los Angeles, another market that has caught fire in the past few quarters. … Included in the deal is the acquisition of Trizec Canada Inc., a mutual fund traded on the Toronto Stock Exchange that has a 38% interest in Trizec Properties. Brookfield will acquire the shares of Trizec Properties and Trizec Canada for a combined cash transaction of $4.8 billion and the assumption of about $4.1 billion in debt -- $29.01 a share for all Trizec Properties common stock not owned by Trizec Canada, and $30.97 a share for the Trizec Canada stock."

China Conglomerate Makes Bid For Canadian Oil. The Wall Street Journal (6/6, Oster, Santini, Sender) reports, "Citic Group, a state-owned conglomerate in China, is in talks to buy a closely held Canadian oil company whose main asset is a field in Kazakhstan, according to people familiar with the matter. If completed, the $2.2 billion deal would be China's third-largest overseas oil acquisition." The Journal continues, "The talks to buy Nations Energy Co., based in Calgary, Alberta, reflect the continuing efforts of Chinese energy companies to push abroad in their quest for energy. A deal isn't certain, according to one of the people familiar with the matter." The Journal adds, "A deal would be China's second-largest acquisition in oil-rich Kazakhstan. Last year, China National Petroleum Corp., China's biggest oil producer by output, beat out Russian rivals to acquire an oil field in Kazakhstan for $4.2 billion and built a pipeline to carry Kazakh crude to China. … In April, Cnooc Ltd., China's biggest offshore oil producer, bought a $2.7 billion stake in an oil field off the coast of Nigeria. … Nations Energy's main asset is the Karazhanbas oil field in Kazakhstan, which pumped 41,000 barrels of oil a day last year, according to the company's Web site. Both Cnooc and CNPC had passed up on buying the company."

Cathay In Talks To Buy Stake In Dragonair. The Wall Street Journal (6/6, Stanley, Santini) reports, "Cathay Pacific Airways is in talks to acquire a controlling stake in Hong Kong Dragon Airlines, people familiar with the matter said, in a long-anticipated deal that would greatly expand Cathay's access to China's sizzling aviation market and plug the biggest hole in its global network." The Journal continues, "A deal for Hong Kong-based Dragonair, as the company is known, could be valued at more than 8 billion Hong Kong dollars (US$1 billion) in cash and stock, according to a person knowledgeable about it. An agreement could be announced within days, but the terms aren't yet clear and the deal could still unravel, said the people familiar with the matter." The Journal adds, "Cathay Pacific would purchase the controlling stake from two mainland Chinese companies that together own 71.8% of Dragonair, these people said. It would also purchase a 7.7% stake held by Swire Pacific Ltd., part of the London-based Swire Group and Cathay's largest shareholder. The moves would simplify the complex relationship between the companies. Cathay already owns a 17.8% stake in Dragonair. … Cathay once controlled Dragonair but lost its influence, and relations between them soured. Now, in spite of its home base in Hong Kong, Cathay operates a thin passenger service to just two Chinese cities. While Dragonair flies to 23 destinations in China, more than any other airline based outside the mainland, Cathay has had to watch from the sidelines as many of its toughest foreign competitors have started and expanded their own lucrative networks in China."

ENVIRONMENT:

Johanns, Leavitt Deliver Bird Flu Update. The Wall Street Journal Online (6/6) reports Health and Human Services Secretary Michael Leavitt and Agriculture Secretary Michael Johanns Monday briefed reporters on the latest news surrounding the spread of bird flu and what it means for the United States. Following Monday's briefing, Leavitt and Johanns appeared on several cable news programs. The Washington Post (6/6, A6) also reports the story in its "Washington In Brief" section.

Johanns Says Awareness Of Bird Flu Is Growing. In an interview with Bloomberg After Hours (6/5, 5:36 PM) Agriculture Secretary Mike Johanns said the US is "better prepared today than they were yesterday and tomorrow they'll be better prepared than they were today. … The awareness of this issue continues to ratchet up and as we talk to companies, they're paying attention to this idea: How

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do I run my business if all of a sudden 40% of my work force isn't here?"

Johanns was asked on CNBC's Power Lunch (6/5, 1:41 PM) what can be done to keep the virus from coming to this part of the world. Johanns said, "We do a number of things, we work with Homeland Security. They're there to protect borders, and do inspections, so, we have quarantines when birds come in, if they're a bird that has been here, we have quarantine procedures for them. We do a lot of surveillance testing. We work with the Department of Interior."

Leavitt Says Americans Should Prepare For US Outbreak Of Bird Flu. HHS Secretary Michael Leavitt was asked on Bloomberg After Hours (6/5, 5:36 PM) if Americans "should start to worry" about an outbreak in the US. Leavitt said, "The best thing is to do all you can to prepare and then relax. What can you do to prepare? If you're in a household, it's a good idea to have nonperishable food stored. If you have children who go to school, it would be a good idea to think through how you would care for them. These are the same provisions you would make for any kind of a disaster, whether it's a hurricane or bioterrorism event or nuclear event. Any of those would require this kind of preparation so basic prepared sentence what we're advocating."

Leavitt Downplays Case Of Human To Human Transmission Of Bird Flu Virus In Indonesia. On CNBC's Power Lunch (6/5, 1:41 PM), Leavitt was asked if he is troubled by news from Indonesia that family seems to exhibit human to human contact of the avian flu. Leavitt said, "We've been tracking it very closely, in fact, some of the CDC's best scientists, literally at the scene and come to the conclusion, the best hypothesis, there has been some form of person to person transmission, but not sustainable or efficient transmission, which is really what makes a pandemic." Leavitt added, "The people who were affected were sleeping together in a very close proximity to a person who clearly had avian influenza and it was not a big surprise to find they'd received it from another person and had healthcare workers or others in the village begun to receive the virus, it would have been a big concern, but we were able to confirm that that wasn't happening, nor has there been any genetic mutation of the virus at this point. So, we're becoming increasingly comfortable that while it does add to the body of evidence there's been some person to person, it had not—it's not sustainable and not pandemic quality."

New London, CT, Approves Evictions In Eminent Domain Dispute. The Boston Globe/AP (6/6, Singer) reports, "City officials (in New London, CT) voted Monday night to begin eviction proceedings against residents who refuse to leave their riverfront homes, signaling the end may be near in an eminent domain dispute that reached the U.S. Supreme Court." The AP continues, "The City Council approved the action 5-2, authorizing the city attorney to take the necessary steps, including possible court action, to evict the remaining two families and obtain the properties. A lawyer for the families said they are considering continuing their battle with the city." The AP adds, "The small city has been trying for a decade to redevelop the once vibrant Fort Trumbull neighborhood along the Thames River. Seven homeowners challenged the city's plans to seize their properties and build a hotel, convention center and upscale condominiums, saying eminent domain can't be used to make way for private development. … But a 5-4 Supreme Court ruling last year upheld the city's right to take the homes. The court, however, said states were free to restrict eminent domain seizures, and many already have. A proposal to change Connecticut's law died in this year's state legislative session. … Since the Supreme Court ruling, all but two families have settled with the city and agreed to leave."

Activist Moves To Slow Wind Energy Projects. The New York Times (6/6, Barringer) reports on the crusade of Dan Boone against wind energy. Wind projects "are in the midst of a huge growth spurt in many parts of the country, driven by government incentives to promote alternatives to fossil fuels. But Mr. Boone, who wields a botanist's trowel and a debater's knife with equal ease, wants to slow them down with community activism, regulatory action and legal challenges." Boone "says the areas he wants to protect are uniquely vulnerable. … Mr. Boone's quiver of anti-wind arguments includes economic analyses, but his first line of attack is biological: he contends that they are a threat to bats and potentially to migratory birds and that they break up forest habitat."

FBI/DEA/ATF/USMS:

Senate Panel To Hold Hearings On FBI Efforts To Seize Anderson Papers. Roll Call (6/6, Akers) reports in its "Heard on the Hill" column, "It appears there may be an even more bizarre genesis to the FBI's already unusual attempt to seize the papers of the late journalist Jack Anderson, who was 83 when he died in December. The Senate Judiciary Committee is set to hear about the allegedly sordid past of a former Anderson reporter who tipped off the FBI when it convenes this morning to hold a hearing on the controversy. According to a Senate Judiciary Committee source, a witness will testify that the entire Anderson investigation was triggered by a tip from a man convicted and imprisoned for sodomizing a young boy and who allegedly admitted to having a history of mental illness."

Lab In Mexico May Be Main Source Of "Bad" Heroin Linked To Overdoses. There are more than 200 media references today citing a possible source for

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fentanyl-laced drugs connected to a rash of recent overdoses. For example, the AP (6/5, Johnson) reports, "U.S. agents, working in cooperation with the Mexican government, have closed down a lab in Mexico that might be the main source of a powerful painkiller that has killed at least 100 heroin users in eight states. John Walters…said it's still not clear whether the painkiller, fentanyl, was mixed with heroin at the lab in Mexico or after it entered the United States. 'There may be more than one source,' Walters said. 'We think this is the principal source.'" Steve Robertson said the DEA "is testing samples of fentanyl seized in a May 28 raid of a suspected fentanyl-manufacturing operation near Guadalajara but has not yet confirmed that the drug is linked to the U.S. deaths."

In a separate report, the AP (6/6, Johnson) writes, "Authorities also warned yesterday that millions of deadly doses of fentanyl-laced heroin might still be on America's streets. The mixture has caused at least 100 confirmed deaths from Philadelphia to Chicago in recent months. … Deaths caused by fentanyl-laced drugs have also occurred in Michigan, Missouri, Ohio, New Jersey, Delaware and Maryland, said John Walters. … The DEA plans to gather police officers and drug enforcement agents for a national meeting on the fentanyl problem June 14-15 in Chicago, Robertson said." A version of the AP story was published in newspapers and/or posted on the Web sites of CBS News, FOX News, CNN, the New York Times, Washington Post, USA Today, Forbes, Dallas Morning News, Houston Chronicle, Chicago Sun-Times, Detroit Free Press, and the UK's Guardian.

The Chicago Tribune (6/5, Coen, Maxwell) reports Walters "said it is too soon to know if the Mexican lab was the biggest source of the illicit drug, which has killed people in eight states. But authorities believe it may have been running long enough to push a major amount of fentanyl, used legally for pain management, into the illegal drug market, he said. … Garrison Courtney …said there could be a number of illegal sources for the drug, including other laboratories. Some of it has been stolen from medical facilities where it is often used in a patch for cancer patients and others with severe pain, Courtney said." The Tribune story was published by the Kansas City Star, Myrtle Beach Sun News, and Georgia's Columbus Ledger-Enquirer.

The Chicago Tribune (6/5, Graham) also has published a story outlining the effects of fentanyl.

The Washington Post (6/5, Slevin, Lydersen) reports from Chicago that since February, coroners "have recorded 55 fentanyl-related deaths in Cook County, with 45 more cases suspected. Some were unsuspecting users taking pure fentanyl; others were users taking a mixture. Scores overdosed but recovered -- and not all regretted using it. 'There's this consumer arc. At first there's fear, but then when the fear is over, it's like: Hey, that's good stuff,' said Greg Scott, a DePaul University sociologist who conducts government-funded research on injected drugs."

The Detroit News (6/6) reports, "But a rise in deaths linked to heroin spiked with the painkiller fentanyl hasn't deterred some hardcore addicts from seeking the drug. Desperate for a high that gets elusive with time, a dedicated batch of users is turning to the cocktail whose effects can last all day." The News adds, "Authorities would not comment Monday on their evidence...and a Drug Enforcement Administration spokesman in Chicago, Chris Hoyt, said agents 'are not ready to say the lab discovered in Mexico is directly related to what's happening here.'"

Newsweek (6/12) writes, "For junkies, the fentanyl-heroin cocktail has become the hot new high, as lethal as it is alluring. It is being blamed for hundreds of deaths this year in big cities in the Midwest and Northeast. In Wayne County, Mich., home to Detroit, there have been 50 deaths in just the past two weeks, including 19 in one deadly day in May."

Man Who May Have Peddled Drug Mixture Dies. The St. Louis Post-Dispatch (6/5) reports, "A man believed to be peddling a potentially deadly heroin-fentanyl combination, who was shot in a confrontation with police in University City, has died from his wounds. Maurice A. Adkins…died about 10 p.m. Sunday at Barnes-Jewish Hospital. … Officials suspect that 20 or more deaths in the St. Louis area are linked to the potent drug combination."

Pittsburgh Police Arrest 5 Following Overdoses. The Pittsburgh Post-Gazette (6/6, Silver) reports, "City police detectives were working overtime to scoop up drug dealers and lean on users for information as a lethal batch of heroin snaked its way through city neighborhoods and beyond, causing at least 35 overdoses and as many as three deaths. … City police said they have arrested five people since the outbreak began Saturday, but they declined to release any details, saying that the investigation was ongoing."

The Pittsburgh Post-Gazette (6/6, Srikameswaran) also reports, "The deaths of three heroin users and the emergency treatment of 35 more have prompted an overdose prevention expert to offer this advice: If you're going to use, have someone nearby in case you need help. Alice Bell, overdose prevention project coordinator at Prevention Point Pittsburgh, the region's only needle exchange program, said there had been talk about drug users in other cities overdosing on a powerful combination of heroin and a narcotic painkiller called fentanyl. Prevention Point staff had begun to inform its needle exchangers about the potential problem, but until two days ago no one had seen it here."

According to the Pittsburgh Tribune-Review (6/6), two people "died in Pittsburgh on Monday -- bringing the total fatal overdoses here to three since Sunday. At least 36 people have overdosed in Allegheny County since the drug emerged on the streets on Friday."

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More Probable Overdoses Reported In Michigan. The Detroit Free Press (6/5, Damron) writes, "Six people died from probable drug overdoses between Friday and Sunday morning, bringing the total number of likely drug-related deaths to 54 since May 18. But it will take weeks to determine whether the recent deaths were related to a dangerous mix of the painkiller fentanyl and heroin or cocaine, said Teresa Blossom, a Wayne County Health Department spokeswoman."

Response To Overdoses Criticized. The Toledo (OH) Blade (6/5) editorializes, "Given the number of confirmed overdoses - 130 in Wayne County from January, 2005, through April - the slow response is troubling. While tracking down leads can be time-consuming and require significant manpower, particularly when labs producing these drugs may be outside the metro Detroit area, perhaps even overseas, surely more could have been done when the death toll is at such dramatic levels. … Drug abusers share the blame, of course, and must bear a large part of the responsibility for their own fate."

Cable TV Coverage. CNN (6/5, 4:00 p.m.) reported, "US agents have closed down a lab in Mexico that might be the main source of a powerful and deadly painkiller. Fentanyl, mixed with heroin, has killed at least 100 heroin users in eight states. The federal drug czar says it's still not clear whether it was mixed at the lab in Mexico or after it entered the US. Five people were arrested in last month's bust. Officials say millions of deadly doses of the fentanyl-laced heroin might still be on the streets."

CLTV-Cable (6/5, 7:30 p.m.) Chicago reported, "White house officials say federal agents shut down a lab in Mexico. That may be the main source of production for fentanyl, the drug that's killing all those people. They aren't yet sure if the fentanyl was mixed with heroin at the lab, or if it happened later on the streets. Officials warn there are likely millions of doses of the deadly drug still on the streets."

Local TV Coverage. WLS-TV, Chicago (6/5, 6:00 p.m.) reported, "Federal investigators now believe they have tracked down the source of that deadly heroin here in Chicago."

PBS's WTTW-TV, Chicago (6/5, 7:00 p.m.) reported, "The nation's drug czar says he may have found a batch of bad drugs. John Walters of White House Office Of National Drug Control Policy says US agents busted a lab in Mexico that was mixing heroin with a dangerous narcotic, fentanyl.

WWMT-TV, Grand Rapids-Kalamazoo-Battle Creek, Michigan (6/5, 5:30 p.m.) reported, "Agents have taken down a lab in Mexico that makes fentanyl. The powerful painkiller has killed users in eight states, but the biggest concentration comes in laced heroin in the Detroit area. Drug czar John Walters says it's not clear whether the fentanyl was mixed with heroin in the lab in Mexico, or after it entered the US. Fentanyl laced- cocaine also turned up in some cities. "

Colombian Soldiers Accused Of Killing Anti-Drugs Team, 8 Arrested. The Boston Globe (6/6) reports, "Suspicions that a Colombian military unit assassinated a US-trained, elite antinarcotics team at the bidding of the drug mafia two weeks ago have proven true, officials say, in a case that has badly shaken public confidence in the military. On May 22, 10 of the country's most successful antidrug police were killed by a military platoon in the outskirts of Jamundí, an area under the influence of narco-traffickers 195 miles southwest of the capital, near Cali. Two military officers and six soldiers were arrested Thursday on the basis of incriminating cellphone text messages and crime-scene evidence that investigators say prove the eight men planned the killings. The suspects insist the shootings were a 'friendly fire' mistake."

Six DC Officers Put On Leave In Probe Of Inmates' Escape. The Washington Post (6/6, B4, Dvorak) reports, "The D.C. Department of Corrections yesterday put six officers on paid administrative leave while authorities investigate events leading to the escape of two inmates." The Post continues, "Devon Brown, the department's director, said investigators want to determine if any of the officers deliberately aided in the escape or unintentionally made mistakes that contributed to the breakout. He would not identify the officers." The Post adds, "Ricardo Jones and Joseph Leaks broke into the warden's empty office shortly after 10 a.m. Saturday, smashed through a reinforced glass window and slid down a canopy to freedom, officials said. Both were captured Sunday, one in Maryland and the other in Virginia. … Their escape -- from the bureaucratic errors that gave Leaks enough freedom on a work detail to execute the escape to the warning system that failed to properly notify the neighborhood of the breach – 'was a major breakdown,' Brown said yesterday. … The U.S. attorney's office and D.C. police are heading the criminal investigation. The Department of Corrections is conducting an internal investigation, and Brown cited several areas of special interest. … Leaks and Jones were captured by a task force led by the U.S. Marshals Service. Leaks was caught first, early Sunday, in a Fairfax County motel. Jones was captured about 11:30 p.m. Sunday after Prince George's County got a tip that he was hiding in a garage or shed in Seat Pleasant. Authorities found him in a shed in the 500 block of 71st Street, police said."

The Washington Times (6/6, McElhatton, Doolittle) reports, "Thomas Hession, chief inspector for the Capital Area Regional Fugitive Task Force, which is led by U.S. Marshals Service, said a tip to the Prince George's County Police Department led authorities to catch Jones in the backyard shed of a home in Seat Pleasant late Sunday night. Leaks was caught early Sunday at a motel in Alexandria. …

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Detective Michael Reese, of the Metropolitan Police Department, said the U.S. Attorney's Office is leading a criminal investigation into the escape. The probe also is being conducted by city police and the U.S. Marshals Service."

Some Dispute Effectiveness Of Federal Crime Task Force. An article distributed by Scripps Howard news service (6/6, Doyle) reports, "Federal reinforcements in Fresno, Calif., have helped local police lock up bad guys, but now investigators are questioning how well one of the law enforcement programs really works." Scripps Howard continues, "In a high-profile blitz last year, the Bureau of Alcohol, Tobacco, Firearms and Explosives deployed extra troops to Fresno and some other selected cities. Welcomed by local officers and politicians alike, the Violent Crime Impact Team targeted gangs and gun-related crimes. … Since starting last June, the Fresno-based team of eight federal agents, two prosecutors and one deputy U.S. marshal have won kudos from their local colleagues. … 'It has been successful,' bureau spokeswoman Nina Delgadillo said Monday, noting that 'we have firearms that we've been able to take off of the streets.' … A 1 p.m. news conference at Fresno's federal courthouse on Thursday will give officials a chance to elaborate on their success stories." Scripps Howard adds, "The federal agents, though, also confront a perennial problem in public policy: How can they prove they're making a difference? On that, the jury may still be out. … In a new report, Justice Department investigators caution they can't be sure exactly how much credit the various Violent Crime Impact Teams deserve. There are 20 such teams nationwide, initiated as a pilot program now costing a total of $20 million this year. … 'ATF cannot conclusively show that the law enforcement operations it undertook during the ... pilot project were effective at reducing firearms crime in the target areas,' the Office of Inspector General investigators cautioned. … The Washington-based investigators, moreover, hinted at broader shortcomings. Successes may be exaggerated, teamwork hindered and goals missed. The Violent Crime Impact Team concept itself, investigators suggest, may simply be a new brand name for an old product."

Orton Selected As New US Marshal For Nevada. The AP (6/6) reports, "A former state gambling regulator has been named U.S. marshal covering Nevada." The AP continues, "Gary Orton is due to be sworn in June 16 as U.S. Marshal for the District of Nevada after being selected by President Bush. … Orton spent 26 years as an enforcement officer and deputy chief of the Nevada state Gaming Control Board. He previously spent eight years as a North Las Vegas police officer, and served in the United States Army from 1969 to 1972." The AP adds, "As U.S. marshal for Nevada, Orton will oversee security at U.S. District courts in Reno and Las Vegas and the protection of 23 federal judges, direct fugitive apprehension and federal prisoner custody and transport, and oversee federal witness security. … The marshals service also administers a Justice Department asset forfeitures program."

Maryland Man Pleads Guilty To Arson, Will Testify Against Co-Defendant. The Washington Post (6/6, B2, Castaneda) reports, "One of the two remaining defendants in an arson case that strained race relations in Southern Maryland admitted his guilt in federal court yesterday and agreed to testify for the government against the sole man still charged." The Post continues, "Michael M. Everhart, 21, entered his plea as part of an agreement to testify against Roy T. McCann, 23, the only one of five defendants in the case who has not pleaded guilty or been convicted. Everhart entered his plea during an hour-long hearing before U.S. District Judge Roger W. Titus in federal court in Greenbelt." The Post adds, "Everhart and McCann were tried in March in the arson fires that devastated a subdivision under construction in Charles County in the early morning of Dec. 6, 2004. The trial ended with a hung jury March 16, and Titus declared a mistrial. … Everhart, who was charged with 36 separate counts -- one count of arson and 35 counts of conspiracy -- pleaded guilty yesterday to one count of conspiracy to commit arson. His guilty plea and testimony could significantly bolster the government's case against McCann. … According to a statement of facts that was part of Everhart's plea bargain, Everhart joined McCann, Aaron L. Speed, Jeremy D. Parady and Patrick S. Walsh in splashing flammable materials in the entranceways of the houses they targeted. They set the fires using flares, matches, lighters and propane torches, according to the statement. … Titus set Everhart's sentencing for Sept. 8."

Convicted Murderer Still At Large, Leaving Tantalizing Clues For Federal Agents. The Los Angeles Times (6/6, Serrano) reports from Pollock, LA, "Richard Lee McNair's job in the prison factory was mending U.S. mailbags. Thousands of the leather pouches were routinely delivered to the shop at the federal maximum-security penitentiary here, and the middle-aged convict worked quietly each day, helping to stitch them back up. … Once the bags were refurbished, they were stacked on pallets, hundreds in a pile. McNair watched for four months as forklifts scooped up the pallets and hauled them to a warehouse just outside the prison walls. … One morning they carried off McNair — hidden under the bags. … And he was free again." The Times continues, "Twice before, in nearly two decades in custody, McNair has tasted freedom. Once he spread lip balm on his wrist, and slipped out of

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handcuffs. Another time he crawled to freedom through an air vent. Two other times his breakout attempts were foiled. … His latest escape was the first from a federal maximum security prison in 13 years. McNair, a confessed murderer, had just been moved to Pollock from the Supermax prison in Florence, Colo. — the nation's most secure lockup. … The government concedes it should have known he would again try to escape. … Since his April 5 run, he has crisscrossed the United States and Canada. He has left behind intriguing clues, almost as if daring the police and federal marshals to find him. … When he is caught, if he is caught, McNair is unlikely to go quietly. He was serving two life sentences — for shooting one man from behind and killing another at point-blank range during a 1987 burglary. … 'He has murdered in the past,' warned Deputy U.S. Marshal Richard Sansone Jr., who is based in Louisiana and is helping coordinate the manhunt. 'He will do most anything he can to stay out.' … What makes McNair, 47, tougher to catch and all the more dangerous is that he once worked in law enforcement. He is a stickler for detail and so methodical he used the Freedom of Information Act to obtain the FBI records on his last escape so he could study how they tracked him down."

IMMIGRATION:

Border Patrol Says Apprehensions Up 4%, Denies Recent Surge Of Illegals. USA Today (6/6, Keen) reports the Border Patrol "says apprehensions of illegal immigrants along the Mexican border are up nearly 4% so far this year because of increased enforcement. But advocacy groups say greater numbers are crossing the border because they are confused about conflicting legislation passed by Congress and hope to qualify for legal status." Border Patrol Chief David Aguilar "said Monday there has been no surge in the number of illegal crossings since President Bush announced in May that 6,000 National Guard troops would be sent to the border. Aguilar expects a decrease as more agents and Guard members are deployed." USA Today notes that confusion over Congressional legislation "means some illegal immigrants are being ripped off. Some pay $500-$1,000 to people claiming to be lawyers who promise to expedite applications for a guest-worker program that was passed by the Senate but not the House. Applications don't exist."

Tighter Security Along US-Mexico Border Blamed For Increased Fatalities. The Washington Post (6/6, A1, Pomfret), in a front-page story titled, "An Increasingly Deadly Trail: Tighter Border Has Illegal Immigrants Risking More Perilous Routes," reports that since 1993 "more than 3,500 people have died trying to cross into the United States through desert. And, as officials work to put more patrols and fencing along the U.S.-Mexico border, immigrant advocates fear there will be more deaths among the tens of thousands who attempt the trip." The Post adds, "Border Patrol statistics show that while the death toll mounts annually, the number of those apprehended while crossing the border has not changed significantly since 1993. But because federal agencies have tightened the border in urban areas, smugglers who move the men, women and children seeking to enter the United States illegally have funneled them onto increasingly perilous trails where temperatures are high, water is scarce and danger is abundant."

Contingent Of 6000 National Guard Troops Expected By August 1. USA Today (6/6, Hall) reports the National Guard "will have 800 troops along the U.S.-Mexican border by mid-June, and the 6,000 troops President Bush pledged to send to the southern border will be in place by Aug. 1, Lt. Gen. H. Steven Blum said Monday. … National Guard troops have worked with the Border Patrol…for nearly 20 years along the southern border, mostly helping the Border Patrol catch drug smugglers. There are nearly 500 Guard members there now, including more than 50 from Utah and Connecticut who just arrived in Arizona. None of those are part of Bush's Operation Jump Start plan to make troops available over the next two years to try to stem illegal immigration and tighten security."

The Washington Times (6/6, Seper) reports, "The presence of National Guard troops, who are not expected to perform law-enforcement functions, is aimed at freeing up Border Patrol agents to focus on enforcement along the border. A total of 300 National Guard troops are expected in Arizona by June 15."

The AP (6/6, Rotstein) reports that the troops already at the border "are working to widen the dusty dirt track used by the Border Patrol, compact it and top it with gravel so agents can get to hot spots faster."

Columnist Says US-Mexican Border Was Secure During "Braceros" Era. The New York Times' John Tierney (6/6) writes that President Bush "heads to New Mexico today to visit his new favorite school, the Border Patrol Academy. He wants it to train thousands more federal agents, but they'll make little difference unless Bush can teach Republicans the lesson learned by agents…a half century ago — the last time anyone could seriously claim the border was under control." Tierney adds, "What stopped the farmworkers from sneaking across? It wasn't simply the get-tough measures. … Along with the crackdown, officials encouraged farmers and ranchers to legally hire Mexican temporary workers called braceros. As new rules made it easier to hire braceros, the number of these legal workers doubled to more than 400,000 at the same time illegal immigration was plummeting."

Mexico Expands Environmental Reserve Along US Border. The AP (6/6, Stevenson) reports, "Mexico is creating an environmental reserve about 30 feet wide and 600 miles long on the Texas border, a 'green wall' to protect the Rio

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Grande from the roads and staging areas that smugglers use to ferry drugs and migrants across the frontier. … It will connect two large protected areas south of the river. When a third nature reserve, known as Ocampo, is created this year, the protected areas in Mexico will form a 'wall' of millions of acres of wilderness, matching Texas' Big Bend parks foot-by-foot along the border."

Immigration Debate Seen As Ignoring Illegals Who Have Overstayed Visas. The AP (6/6, Weissert) reports, "The little-acknowledged reality is that nearly half the estimated 12 million undocumented foreigners in the United States entered on bona fide U.S. visas — and simply never left. Authorities call them 'overstays' who have been largely overlooked in the vitriolic debate on immigration. … A study by the Washington-based Pew Hispanic Center last month indicated that 45 percent of the undocumented migrants in the United States overstayed legal visas." ICE spokesman Dean Boyd is quoted as saying, "The southwestern border gets all the attention, but it's staggering the number of people who come and overstay their visa. … It's a very large-scale problem." According to the AP, "The immigration reforms soon to be hashed out in a Congressional conference committee may crack down on employers who fail to make sure their workers are legal. But it's unclear whether the proposed reforms will send many 'overstayers' home."

Congressional Immigration Bills Blamed For Alleged Upsurge In Racism. The AP (6/6, Texeira) reports, "As the fight over immigration reform drags on, an ominous undercurrent to the debate — racism — is becoming more pronounced. From muttered ethnic slurs to violent attacks, activists say an anti-immigrant backlash seems to be growing in America's neighborhoods and workplaces. A few political leaders have called proposed immigration measures before Congress 'racist.' Some activists say the House of Representatives started it. … Some reacted the same way after the Senate passed an amendment to its immigration bill last month that declared English the national language." The AP notes that Senate Minority Leader Harry Reid "called that 'racist' and 'divisive.'" The Long Island Immigration Alliance, the Southern Poverty Law Center and the Anti-Defamation League are cited as organizations that have denounced congressional legislation as "racist."

High School Teacher Praises Immigrant Students. In an op-ed for the USA Today (6/6) Patrick Welsh, a teacher at T.C. Williams High School in Alexandria, Va., writes, "With all the recent talk of immigration reform, one thing has become clear to me: While Congress still must thrash out its differences on policy, I can put real faces on this issue. Each day, I teach students who are immigrants, probably legal and illegal, and I can tell you that when I look into the eyes of these kids, I do not feel the sort of fear or loathing that some Americans have voiced. Instead, I see on their part a yearning to learn and a motivation to succeed that I don't always see in my American-born students."

TAX:

IRS Laptop Computer Lost. MSNBC.com (6/5, Sullivan) reported, "A laptop computer containing fingerprints of Internal Revenue Service employees is missing, MSNBC.com has learned. The computer was lost during transit on an airline flight in the western United States, IRS spokesman Terry Lemon said. No taxpayer information was on the lost laptop, Lemon said." The IRS "believes the computer contained information on 291 employees and job applicants, including fingerprints, names, Social Security numbers, and dates of birth. … Nothing on the computer would put taxpayer information at risk, Lemon said."

Kyl Says "Death Tax" Should Be Eliminated. Sen. Jon Kyl, chairman of the Senate Finance Subcommittee on Taxation and IRS Oversight, writes in USA Today (6/6) that the "death tax" should be eliminated. Kyl argues, "Ideally, we should repeal the death tax as many of our trading partners, including Canada and Australia, have done. At the very least, we should increase the exemption and reduce the rate to the same level as the tax on capital gains, so that those who pay it can do so without being forced to sell off business assets."

Editorials Oppose Efforts To Repeal Estate Tax. Three major papers oppose efforts to repeal the estate tax in their editorial sections this morning. An editorial accompanying Kyl's op-ed in USA Today (6/6) says, "Estate-tax opponents concede they might not have the votes for outright repeal. But they still hope to reduce the tax rate on inherited wealth to as low as 15% from the current 46%. That was a bad idea last year, and it's still a bad idea. Taxes must be paid by someone, and it is hard to think who they harm less than people who are both very rich and dead. … As they prepare to vote on what would be a huge windfall for the wealthiest Americans, senators should recall the sense of shame that prompted them to hold off last summer. Nothing has changed, except for the weather."

An editorial in the Washington Post (6/6, A14) says the "arguments for repeal are by turns wrong, muddled and internally contradictory." The Post says that "the exotic arguments in favor of abolishing the estate tax don't match the obvious ones for keeping it. The nation faces serious budget deficits, so why abolish a revenue stream? Inequality is rising, so why kill the most progressive federal tax? The competitive and meritocratic basis for the nation's economic success is under threat, so why take action that would encourage hereditary elites to entrench themselves?"

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An editorial in the New York Times (6/6) also opposes abolishing the tax as well as Kyl's proposal to "drastically raise the thresholds at which the estate tax kicks in." According to the Times, "There is no moral justification for cutting estate taxes. … Any senator who votes for this bill -- or to end an expected filibuster -- does not care about the budget deficit or tax fairness, no matter what he or she may say to the contrary."

CONGRESS-ADMINISTRATION:

Congress Seen As Pushing Back Against Bush's Expanded Powers. USA Today (6/6, Page) reports after "five years of a concerted White House campaign, there are tentative signs that Congress and the courts are beginning to push back against what has been the greatest expansion of presidential powers in a generation or more." But those "pushing back include some congressional Republicans and conservative jurists who have been among President Bush's chief allies. The efforts surely would intensify if Democrats won control of the House or Senate in November's elections — and with it the power to convene hearings and issue subpoenas." Senate Judiciary Chairman Arlen Specter, R-Pa., "who has pushed for stronger congressional oversight of intelligence operations," said, "You ask, 'Is the tide shifting?' and I say, 'Maybe, maybe.' If you ask me if I still feel like a lonely voice, I would say that I feel like a member of a small chorus." USA cites as examples GOP and Democratic criticism of the FBI search of Rep. William Jefferson's House office; the Senate Intelligence Committee vote to require notification about intelligence operations; the scrapped Dubai Ports deal; and treatment of terror suspects.

USA Today (6/6) lists several of the ways the Bush Administration has asserted executive power, such as secrecy in deliberation; restricted access to documents; setting aside laws or treaties; narrowly interpret new laws; warrantless domestic surveillance; and limiting judicial oversight.

Bush's "Declaratory Presidency" Seen As Flawed. In a Financial Times op-ed (6/6), Michael Fullilove, program director for global issues at the Lowy Institute for International Policy in Sydney, says that although President George W. Bush is "well known for his verbal awkardness," many of his "speeches – in particular his foreign policy speeches after 9/11 – are beautifully written and more than competently delivered." If "anything, Mr Bush's foreign policy speechifying suffers from the opposite problem: he is too verbal." But a "declaratory presidency also poses dangers. Mr Bush has badly overwritten his foreign policy, in two distinct ways. For most of his first term, Mr Bush pursued a muscular grand strategy aimed at imposing America's will on the world. He was the Charles Atlas of international relations. To reinforce his seriousness he delivered speeches that were strangers to nuance. They drew an explicit link between values and coercion, between freedom and force." It is "hard to avoid the conclusion that the sustained power of Mr Bush's language nudged the administration (and perhaps the president himself) toward risky policies that have proved costly."

Grassley Praises Paulson, Predicts Quick Confirmation. The AP (6/6, Crutsinger) reports Treasury Secretary-designate Henry Paulson Jr. "met Monday with the head of the Senate Finance Committee, who predicted that President Bush's selection…could be confirmed and on the job by early July." Finance Committee Chairman Charles Grassley "said he and Paulson had a productive meeting and that he believed the nomination could win Senate approval before Congress leaves for the July 4 break." Grassley said "the two covered a wide range of issues from the importance of overhauling the nation's complex tax code to the need to apply pressure to China to revalue its currency as a way of dealing with America's soaring trade deficit."

Paulson To Have Opportunity To Make Imprint On China Policy. The Washington Post (6/6, D1, Blustein) reports Paulson "may have little chance to make a mark on many economic issues. The administration's tax policies were pretty much set in Bush's first term, and its more recent big economic initiative, aimed at revamping Social Security, is moribund." But one issue "on which Paulson can surely exert influence is the U.S. relationship with China. The Treasury secretary has formal responsibility for some major decisions to be made in coming months, such as whether to label Beijing a 'currency manipulator.' And when it comes to cutting deals with Beijing, few U.S. business executives can match Paulson's record." To supporters "of warm relations between Washington and Beijing, a Paulson-led Treasury bears the promise of a heightened level of sophistication in dealing with thorny transpacific problems, especially China's policy concerning its currency, the yuan."

Former Official Says State Department Botched WMD Office Reorganization. Knight Ridder (6/6, Strobel) reports veterans weapons expert Dean Rust says the "reorganization of the State Department offices that are leading the fight against weapons of mass destruction was badly managed and politicized, which led to a flight of experts with decades of knowledge." Rust, who "watched the reorganization unfold, charges that its 'botched implementation' led many career officers to leave and 'will hamper the State Department's role at home and abroad for years to come.'" Knight Ridder adds Rust's account "appears in the upcoming issue of Arms Control Today magazine,

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published by the nonpartisan Arms Control Association. It's scheduled to be posted Tuesday on the group's Web site."

Republicans Voice Opposition To Bush Judicial Nominee. The Washington Post (6/6, A13) reports, "Some retired military officers have served notice that if conservatives keep pressing for a Senate confirmation vote for judicial nominee William J. Haynes II, it won't come without a fight." Democrats "have opposed Haynes since 2003, and now some Republicans are joining them. They object to his role as the Pentagon's top lawyer when controversial policies were adopted regarding harsh treatment of detainees captured in Afghanistan, Iraq and elsewhere."

Supplemental Spending Bill Still At Least $2 Billion Over White House Request. The Wall Street Journal (6/6, Rogers) reports a "$92.2 billion wartime spending bill taking shape in Congress has been cut substantially since passing the Senate last month but still provides at least $2 billion more in Katrina aid than the White House first requested." House-Senate negotiators "will meet tonight in hopes of expediting passage by Congress this week, and Republicans are confident they can avoid a veto fight with President Bush. But the deal rests heavily on borrowing against Federal Emergency Management Agency disaster funds, and that means FEMA will have to come back sooner to Congress for more money, quite possibly this fall."

The AP (6/6, Taylor) reports after "missing a Memorial Day deadline, negotiators hope to seal agreement this week. The White House says a money crunch is threatening military operations and training accounts, especially for the Army, and could slow training and equipping of Iraqi soldiers." The "overall limit has meant dumping or dramatically scaling back Senate initiatives like $4 billion in agriculture disaster assistance to farmers to help them deal with high fuel prices and damage from floods and droughts last year. The move promises to dismay Senate GOP sponsors of the farm aid such as Conrad Burns of Montana, embroiled in a very difficult re-election bid."

House, Senate Republicans At Odds Over Key Legislation. Roll Call (6/6, Billings, Pershing) reports as Congress "gets back to work this week, the Republican majority faces the daunting task of trying to advance several big-ticket legislative items amid a sometimes strained relationship between the two chambers." House and Senate Republicans "will not only wrestle with their Democratic opponents, but in some cases with each other, as they look to complete an emergency supplemental spending bill for Iraq and Hurricane Katrina recovery, as well as a pension bill, immigration reform and a lobby overhaul package." The majority "views passage of these as key to bolstering its chances in the November elections, along with consideration of several other measures important to the GOP base, including an anti-gay-marriage amendment, abolition of the estate tax and energy legislation." But GOP tensions "have risen in both chambers over some of the most hotly contested bills this year, leaving some to wonder whether the party can come together quickly enough to pass them in the time that remains in this Congress. Immigration and the emergency spending bill are the most high-profile measures on which Republicans have faced internal battles over how far to go in this election year."

Private Funds Paid For At Least 23,000 Congressional Trips Since 2000. Knight Ridder (6/6, Kuhnhenn) reports, "Join Congress, see the world. Join a congressman's staff, see more of it. Private groups, corporations or trade associations -- many with legislation that could affect them pending before Congress -- paid nearly $50 million since 2000 to send members of Congress and their staffers on at least 23,000 trips overseas and within the United States, according to a study released Monday." The trips "included at least 200 journeys to Paris and 150 to Hawaii, room rates of up to $500 a night and some high-flying on corporate jets that cost up to $25,000 a trip, according to a report by the Center for Public Integrity, American Public Media and Northwestern University's Medill News Service."

The CBS Evening News (6/5, story 9, 2:50, Mitchell) Attkisson) said members of Congress and their aides have "taken $50 million worth of private paid trips in just over five and a half years. That's according to analysts from The Center for Public Integrity who poured through mounds of congressional travel disclosure forms." The trips are "officially called educational work trips, but they just happen to be to some of the world's best vacation destinations." Wendell Rawls, The Center for Public Integrity: "Hawaii and Antigua and at the Greenbrier and Florence and Paris." Attkisson: "The Center's top watchdog, Wendall Rawls, says the travel is legal but ethically suspect since it can appear congressional influence is for sale." And if "you thought Congress was reforming these types of meetings, they are not. They have repeatedly rejected bans on private travel and nothing in any current proposals would change that."

The New York Times (6/6, Phillips) reports, "The study concluded that about 90 of the trips were paid for by lobbyists, which is an ethical violation, during the five and a half years examined. About 500 trips cost $10,000 or more each, and 16 cost $25,000 or more apiece, the study showed. About $20 million was spent on overseas travel."

The Washington Post (6/6, A1, Birnbaum) reports, "Many congressional offices have voluntarily curtailed their privately funded travel since disgraced lobbyist Jack Abramoff pleaded guilty in January to conspiring to bribe public officials,

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in part with lavish overseas trips." But "lawmakers and their aides still may accept travel for official purposes from private interests without limit."

Rangel, Kaptur Singled Out. The Hill (6/6, Allen, Hearn) says the researchers "kept tabs on which offices filed incomplete, incorrect or late reports disclosing details of their travels. They singled out two lawmakers, Reps. Charles Rangel (D-N.Y.) and Marcy Kaptur (D-Ohio), for failing to disclose until six weeks ago that the Cuban government and a New York grocery mogul paid for their April 2002 trip to Havana to meet President Fidel Castro. Earlier disclosure reports had specified only a Minneapolis-based conservation group, the Sian Ka'an Conservation Foundation, as the sponsor." Rangel also "took fire for allowing the sponsors to pay travel costs for his wife and son, a violation of House rules that allow only one family member to be reimbursed." Rangel's chief of staff, George Dalley, "called the filing an honest mistake."

Conservatives Said To Be Ambivalent Toward Frist. The Hill (6/6, Bolton) reports that conservatives are "scratching their heads over what to make of" Senate Majority Leader Bill Frist. While the Senate will vote this week on constitutional amendment to ban same sex marriage, Frist "has also brought a skunk to what otherwise would be a conservative garden party by also scheduling the Native Hawaiian Government Reorganization Act, sponsored by Democratic Sen. Daniel Akaka (Hawaii). Conservative senators and activists hate that bill, which would allow native Hawaiians to establish their own government entity to "safeguard their welfare," according to a description by the Congressional Research Service."

Patrick Kennedy Returns To Work After Nearly A Month In Rehab. Rep. Patrick Kennedy returned to work Monday after spending almost a month in a drug rehabilitation clinic after an incident in which he crashed his car near the US Capitol. NBC Nightly News (6/5, story 8, 0:50, Williams) reported, "Rhode Island Democratic Congressman Patrick Kennedy made his first public appearance today after a month in a drug rehabilitation program." Kennedy "entered the Mayo Clinic after crashing his car on Capitol Hill, an accident he says he doesn't remember in part because he was taking the sleeping pill Ambien. Kennedy was treated for a long-standing prescription drug dependency and says today though he feels good, he is also grateful." Rep. Patrick Kennedy, Rhode Island: "Every day I'm on my knees thanking God that I didn't hurt somebody and this was a opportunity for me to get my life back on track. Frankly I didn't know how miserable I was until I started feeling better. And so, I'm really happy that I've had that this chance." Williams: "US Capitol Police cited Kennedy for three traffic violations. Today, he said he'll accept whatever consequences he deserves."

USA Today (6/6) reports that Kennedy "said that after struggling for two decades with addiction he knows he can no longer take any 'mood-altering' substances including alcohol."

The New York Times (6/6, Holusha) reports that Kennedy "said yesterday that he felt much better…and that he was looking forward to resuming his duties. But he said that he continued to suffer from bipolar disorder and a tendency toward addiction, and will need help from a support group to avoid a relapse."

Ramstad To Act As Kennedy's Sponsor. Roll Call (6/6, Hocking) reports on the "strong bond" between Kennedy and Rep. Jim Ramstad, who is a recovering alcoholic. Every Saturday for a month, "Ramstad drove an hour and a half from his house in Minnetonka, Minn., to the Mayo Clinic in Rochester to visit Kennedy while he was in rehab. … The Rhode Island Congressman has named Ramstad as a sponsor in his recovery efforts, said Kennedy spokesman Robin Costello."

Snow Jokes Of White House "Love Affair" With Media. In a "Verbatim" column, the Washington Post (6/6, A13) reports, "White House press secretary Tony Snow' s response at yesterday's White House briefing to a question from radio talk show host Lester Kinsolving: Kinsolving : The New York Times has just reported, 'This White House, like all White Houses, is obsessed with the press.' My question: Will you admit to this alleged obsession, or is this just one more New York Times exaggeration? Snow : It's more a love affair than an obsession, Lester."

FAA Imposes New Contract On Air Traffic Controllers. The Washington Post (6/6, D4, Barr) reports in its "Federal Diary" column, "The Federal Aviation Administration imposed a controversial new contract yesterday on the nation's 15,000 air traffic controllers that will slow the rate of pay increases for current workers and cut starting salaries for new hires by 30 percent. Marion C. Blakey , the FAA administrator, said a 60-day period for review by Congress of contract deadlocks at the agency had ended without any action."

OTHER NEWS:

Bernanke Warning, Iran Threat Drive Stock Markets Lower. Federal Reserve Board Chairman Ben Bernanke' warning yesterday about inflation prompted a sell off on Wall Street yesterday. USA Today (6/6, Kirchhoff) reports that in a speech to a banking conference, Bernanke "said the economy is entering 'a period of transition' to less

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robust growth. But he also implied that inflation, pressured by high energy prices, is now the bigger threat." The New York Times (6/6, Andrews) says "investors, increasingly convinced that the central bank will raise rates at its two-day policy meeting at the end of this month, immediately began selling stocks."

ABC World News Tonight (6/5, story 9, :20, Gibson) reported Chairman Bernanke "promised steps to keep surging energy prices from making matters worse. Wall Street took that as an indication that the Fed will raise interest rates again this month and as a result, stock prices plummeted. The Dow Industrials fell 199.15 points to its lowest close in three months [at 11,048.72]. The NASDAQ lost 49 points [to close at 2,169.62]."

The CBS Evening News (6/5, story 3, 1:20, Mason) reported, "So, what's happening? Well, blame it on the two I's -- Iran and inflation. First, Ayatollah Khamenei threatened the United States this weekend saying, 'If you make a wrong move regarding Iran, definitely the energy flow in this region will be seriously endangered.' Now, the markets took this as a sign that Iran, OPEC's second-largest producer, is ready to use oil as a weapon. That sent crude prices surging and stock prices tumbling. Then, new Fed Chairman Ben Bernanke speaking to bankers today said he's very worried about inflation. The market's read that as a signal the Fed intends to raise interest rates again soon."

NBC Nightly News (6/5, story 5, 0:35, Williams) reported, "Iran threatened to disrupt world oil supplies, which then sent oil prices higher and rattled the stock market early today. Then this afternoon, the Chairman of the Federal Reserve Ben Bernanke said he's still concerned about inflation, which then renewed interest rate fears. All that have combined to send the market sharply lower today." The Wall Street Journal (6/6, Browning, Ip), Washington Times (6/6, Hill), Financial Times (6/6, Guha, Beales), Washington Post (6/6, A1, Henderson, Masters) and USA Today (6/6, Shell) run similar reports.

Iranian Threat Pushes Oil Prices Up. USA Today (6/6, Hagenbaugh) reports, "Oil prices climbed to the highest in nearly a month Monday after Iran warned over the weekend that any efforts to punish the major oil producer could lead to a reduction in world supply. Average US retail gasoline prices, meanwhile, edged higher. After jumping more than $1 in trading early in the day, oil ended the day up 27 cents at $72.60 a barrel." That was "the highest since May 11 and marked the second-consecutive trading day of increases. Prices are less than $3 from the all-time high hit in April."

High Fuel Prices Said To Put US Jobs At Risk. USA Today (6/6, Hagenbaugh) reports, "The rising cost of oil has put a squeeze on the companies that use oil as an ingredient for their products. Although they are down from the records seen recently, oil prices are up more than 20% from a year ago and are more than 150% higher than they were five years ago. Natural gas prices have also risen." USA Today adds "manufacturers, faced with strong global competition, are unable to pass along all of the added costs to customers. That means prices for most oil-derived products will likely barely budge as a result of higher energy costs." But "the impact on manufacturers and other companies that use oil-based ingredients could be significant, causing a ripple effect throughout the economy. As firms are faced with rising prices and see their margins cut, they may have to cut back on production, reduce pay increases or maybe even cut jobs or shut down."

California Attorney General Investigating Spike In Gas Prices. The CBS Evening News (6/5, story 4, 2:20, Mitchell) reported, "The Energy Department says gasoline is up two cents in the past week to a nationwide average of $2.89 a gallon. In California it is a whole lot higher $3.27. The chief law enforcement officer in the state wants to know why." CBS (Hughes) added, "California's Attorney General began hauling the CEOs of major oil companies into his office today, demanding in closed door sessions that those executives tell him under oath why gas prices are higher here than almost anywhere else in the nation." Bill Lockyer, California Attorney General: "This is legal thievery in my view. And it's because it's an oligopoly, it's -- when you have a handful of companies, seven exactly, that control almost the entire California market." Hughes: "Those companies insist they're operating within the law and not trying to gouge their customers. Still, California drivers pay an average of $3.31 a gallon, up more than $1 since the start of the year. The Attorney General also wants to know why refiners' profit margins soared 130% at a time when the price of crude oil increased by only 14%." What "is true, according to estimates from the California energy commission, is that profits on each gallon of gas have risen from around 30 cents per gallon at the start of the year to around $1 per gallon now."

CA50 Special Election Seen As Test Of Discontent With GOP. USA Today (6/6, Welch) reports the San Diego special election today for California's 50th CD "has become a test of voter discontent with Republican leadership and frustration over the porous border with Mexico." In the race "to replace disgraced Republican former congressman Randy 'Duke' Cunningham, Republican nominee Brian Bilbray, a former three-term congressman from a neighboring district, would in any other time be a heavy favorite against a Democratic opponent." But the race "between Bilbray and Francine Busby, a relative newcomer to politics, appears to be coming down to a tight finish. Both candidates have said their private polling shows each with a very slight lead." Gary Jacobson, political scientist at the

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University of California, San Diego, said, "If Republicans lose a district that is this Republican, they ought to be real worried. It's driven by unhappiness with the state of the nation."

The Hill (6/6, Kaplan, O'Connor) reports, "Trying to leave nothing to chance, Republicans sought to ensure victory in today's runoff election to replace imprisoned" former Rep. Cunningham "while Democrats sought to shape the post-election spin by arguing that even losing is winning." Hoping "to push former Rep. Brian Bilbray (R-Calif.) into office, the National Republican Congressional Committee (NRCC) paid for automated phone calls recorded by President Bush, Laura Bush and Sen. John McCain (R-Ariz.) and kept up its television advertising campaign." After today's vote, the NRCC "will have spent $5 million on the race. Over the weekend, the Republican National Committee (RNC) paid to send approximately 160 'deployed volunteers' to San Diego to help the Bilbray campaign turn out supporters, an RNC official said. An estimated 65 of those volunteers, working 10- to 12-hour days making phone calls and knocking on doors, are Republican staff members on Capitol Hill." Political observers "expected the race to be close, although they disagreed on whether it would be a harbinger of Democrats' fortunes for winning the House in November's midterm elections."

Roll Call (6/6, Drucker) reports Busby has "pushed" Bilbray "to the limit in the special election runoff that was forced by Cunningham's resignation and subsequent incarceration after he admitted to taking bribes. Republicans acknowledge that she effectively has exploited Bilbray's post-legislative career as a lobbyist in a San Diego-area district that has experienced multiple corruption scandals of late, including at the local government level." But Bilbray, "a longtime, staunch opponent of illegal immigration despite other views considered moderate by Republican standards, successfully has nailed Busby on that subject. His support for the hardline House immigration bill — and his opposition to the Senate bill — has been well-received by voters and the local newspapers."

Busby Comments To Immigrants On Voting Papers Color Final Days Of Race. The AP (6/6, Hoffman) reports Republicans "seized on Democrat Francine Busby's comments that sounded like encouragement for illegal immigrants to help her campaign as the GOP sought an edge in the final hours of a surprisingly close House race." Immigration "looms large in the runoff election," and Busby's remarks, "and her subsequent explanation that she misspoke, has drawn much of the attention in the race's last days." Speaking to "a largely Hispanic audience last Thursday, Busby faced a Spanish-speaking questioner who said he wanted to help her campaign but lacked voting papers. The question was translated into English and she responded, 'Everybody can help. You can all help. You don't need papers for voting, you don't need to be a registered voter to help.'" Bilbray "criticized the Democrat, saying she was encouraging possible illegal immigrants to volunteer for the campaign." But Busby "said she had been trying to encourage underage high school students or people who weren't registered — but are in the country legally — to participate in the political process."

National Discontent Could Fuel Primary Challengers As Eight States Go To Polls. The AP (6/6, Tanner) reports, "The old adage says all politics are local. But challengers this year are convinced that national dissatisfaction with Iraq, immigration and political corruption give them an unusual chance to topple sitting governors, senators and House members." The primaries today "for governor in Alabama and California, a Senate seat in Montana and a handful of House contests, among other races, will put their faith to the test." The CA50 special election is the "most-watched congressional contest," but "in all, eight states are holding primaries, with polls also open in Mississippi, New Jersey, New Mexico, South Dakota and Iowa, where there is an open governor's seat."

Democrats Given Good Chance To Capture One Chamber In November. The Wall Street Journal (6/6, Calmes) reports, "As a bad year for Republicans keeps getting worse, expectations are growing that Democrats could capture at least one house of Congress, ending one-party dominance of the nation's capital and crippling President Bush for his final years." Democrats currently "are in a position to win the 15 seats they need to take control of the House. They have a harder task, however, snagging the six seats needed in the Senate. As the list of vulnerable Republicans grows, all sides are scouting for signs of an electoral wave like that of 1994, which swept away the Democrats' four-decade control of Congress." A recent poll had President Bush's approval rating "at 23% in New York, home to as many as six endangered Republicans. Particularly threatened are Republican moderates in Democratic-leaning areas, including the Northeast, the Ohio River Valley and Florida." Two elections "being held today are being closely watched as potential barometers for the fall: a special election in California to replace former Republican Rep. Randy 'Duke' Cunningham, who has pleaded guilty to bribery charges; and a Senate primary in Montana, where scandal-touched Sen. Conrad Burns faces a Republican challenge."

Campaign Already Heating Up With Unexpected Intensity. The New York Times (6/6, Nagourney) reports even for "candidates who will not face the voters for five months, the campaign is shaping up as not only the most contested midterm election in over a decade, but also the most substantive. In a typical election year, intense campaign activity normally does not begin until around Labor Day." Democrats and Republicans "said they were struck by

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the level of political activity now going on. Television advertisements have been shown by candidates in at least five districts, party officials said, and there are radio and Internet advertisements popping up around the country." Moveon.org, "the liberal advocacy group, began broadcasting hard-hitting advertisements attacking Republican incumbents in four states nearly three months ago and is about to start a second round on Thursday, officials with the organization said." If this "early pattern holds, it could undercut Republican efforts to prevent this election from becoming a national referendum on Mr. Bush and Republican policies."

Democrats Seek To Enhance Communication With Military Families. The Washington Times (6/6, Pfeiffer) reports Democrats are "seeking ways to reach out to military families, hosting a discussion yesterday to help congressional staffers better communicate with men and women serving in the armed forces." Kathy Roth-Douquet and Frank Schaeffer, "authors of 'AWOL: The Unexcused Absence of America's Upper Classes from Military Service -- and How it Hurts Our Country,' spoke in a Capitol basement office filled with Democratic staffers who shared their personal stories of military service and examples of being part of a military family while trying to relate to 'elite' colleagues who 'dismissed' their experiences." Yesterday's discussion "was sponsored by the Truman National Security Project, a Washington think tank that declares its aim is to boost Democrats' 'national security credentials' through an 'innovative, distinctly Democratic approach to national security.'"

Webb's Stance On Affirmative Action Draws Scrutiny. The Washington Post (6/6, B8, Helderman) examines Virginia Democratic Senate candidate James Webb's stance on affirmative action, noting that Webb "said he has been writing and thinking about the issue for years." The Post notes that Webb "comes to an unusual view among candidates in either major party: He supports affirmative action for blacks but otherwise thinks preferential job and education programs should be awarded based on economic conditions or eliminated altogether." His opponent in next Tuesday's primary, Harris Miller, "has characterized Webb's views as out of step with most party members, using affirmative action as a prime example."

Feingold, Warner Address New Hampshire Democrats. The Washington Times (6/6, Bellantoni) reports that potential 2008 Democratic presidential candidates addressed New Hampshire's Democratic convention last weekend. Wisconsin Sen. Russ Feingold "fired up the crowd by urging his party to stand up and fight against the Iraq war." Former Virginia Gov. Mark Warner "gave a broad speech focused mostly on domestic issues, prompting some Democrats to say the Virginian seemed a more likely contender to make it all the way to the White House." While Feingold "threw the audience political red meat," Warner "kept the Bush-bashing to a minimum and instead espoused centrist themes of deficit reduction, better math and science education, and ensuring localities have adequate infrastructure to avoid catastrophes like the flooding during Hurricane Katrina."

Bill Clinton Hopes To Raise $20 Million For Democrats This Year. Former President Bill Clinton is scheduled to appear at more than two dozen Democratic fundraisers this year. The New York Times (6/6, Hernandez) reports that Clinton hopes "to collect at least $20 million for his party's drive to recapture Congress."

Clinton Narrates Audio Tour For Presidential Library. The Washington Post (6/6, A13) reports that former President Bill Clinton's presidential library in Little Rock will son begin offering an audio tour narrated by the former President. The tour "was Clinton's idea and is the first narrated by a former president for a presidential library, said Jordan Johnson, spokesman for the William J. Clinton Foundation. Visitors pay an extra $3 for a device shaped like an oversize cordless phone. For each exhibit, Clinton recounts his thoughts on and memories of the topic."

Republican Turned Democrat Says GOP Broke With Him. DeWayne Wickham writes in USA Today (6/6) reports that former Kansas state GOP chairman Mark Parkinson, who spearheaded the unsuccessful effort to derail the 2002 gubernatorial campaign of Democrat Kathleen Sebelius, has been named by Sebelius to be her running mate in this year's gubernatorial campaign. Republicans "have branded Parkinson a traitor, but he told me he didn't break with the GOP, it broke with him. It became more interested in cultural warfare than improving schools, economic development 'for everyone' and the idea that government should not be involved in people's personal lives."

Brother Of Murderer Turns To Philanthropy. A front page story in the Wall Street Journal (6/6, A1, Davies) reports that Louis Capano, Jr. , who 20 years ago helped his brother cover up a murder, has turned to philanthropy, making two $1 million donations "to put his family's name on buildings at elite Catholic schools he attended." Capano's efforts are "triggering a debate over whether charity can help earn forgiveness."

In "Setback" For US, Islamic Militia Seizes Control Of Mogadishu. ABC World News Tonight (6/5, story 6, :25, Gibson) reported, "In Somalia, an Islamic militia has now seized call of the capital, Mogadishu, after weeks of fighting. That is raising fears that the war-torn nation could

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fall under the sway of al Qaeda. No one group has controlled Mogadishu since Somalia's government fell in 1991. The militia's victory is a setback for the US, which backed a coalition of warlords." Knight Ridder (6/6, Landay) says the militia's takeover is "a setback to US efforts to contain the spread of militant Islam. US officials and other experts warned that if the militias consolidated their victory they would establish an Islamist state where al-Qaeda could secure bases from which it could spread its violent ideology to other East African and Horn of Africa nations."

The New York Times (6/6, Lacey) quotes Assistant Secretary McCormack saying, "We don't want to see Somalia turn into a safe haven for foreign terrorists. ... We do have very real concerns about that." Bloomberg (6/6, Tighe) notes UN Secretary-General Kofi Annan "yesterday appealed to all groups to stop fighting and begin talks, the UN said on its Web site. Thousands of people have been displaced from their homes in Mogadishu, the UN said." The AP (6/5, Hassan), Financial Times (6/6, England, Dinmore), USA Today (6/6, For), Washington Post (6/6, A10, Hassan) and Washington Times (6/6, Hassan), among others, also reports the story.

Visiting Congolese Leader Pans US Support For Warlords. AFP (6/6) reports, "Congo's president and current African Union head Denis Sassou Nguesso hit out at US support for Somali warlords and expressed hope Washington would work to establish a government in Mogadishu. 'We think, and what we told President Bush, that most important is to establish a government that must help the Somali people to have a real government,' Sassou Nguesso told journalists after meeting Bush and" Secretary Rice. "'We think that if this effort is needed, we have to move in this direction, in order that the Somali government can truly be established in Mogadishu. ... The presence of various groups, the warlords, is not a permanent solution.'"

Solana In Tehran To Pitch Incentives Package.

The New York Times (6/6, Cooper) reports EU foreign policy head Javier Solana "arrived in Tehran on Monday night with incentives intended to resolve the nuclear crisis with Iran, including a proposal to allow Iran to upgrade its aging civilian air fleet through the purchase of aircraft parts from an American company, Boeing." The deal may also include "waiving trade sanctions against Iran to allow the purchase of American agricultural technology, said European diplomats and a senior Bush administration official." Although the exact proposal so far remains private, "several European and American diplomats described parts of the proposal, speaking anonymously because they were not authorized to comment publicly. The offer includes a commitment from the six nations to support Iran's plan for a nuclear energy program for civilian use, including building light-water reactors through joint projects with other countries, the diplomats said. The United States and Europe also agreed to back Iran's membership in the World Trade Organization." That said, "the most compelling item...may be the American offer to end its nearly three-decade policy against direct talks with Iran and to join in the negotiations over Iran's nuclear program."

White House Asks For Patience. AFP (6/6) reports, "The White House pleaded for patience with overtures to Iran, saying 'there is hope' that Tehran will accept an internationally brokered compromise on its nuclear programs. 'I would counsel patience,' spokesman Tony Snow told reporters. 'At this point, as we've said all along, let's give it time. Let's let the Iranians take a look at what the offers are, at the incentives and disincentives.'"

UN Urged To Take Legal Action Against Ahmadinejad For Violating Charter. David B. Rivkin Jr. and Lee A. Casey, lawyers who served in the Justice Department during the administrations of Ronald Reagan and George H.W. Bush, write in today's Washington Post (6/6, A15), "Speaking last October at a Tehran conference on 'The World Without Zionism,' Iran's president, Mahmoud Ahmadinejad, referred to Israel as a 'disgraceful blot" and called for it to be "wiped off the map.' … Although Ahmadinejad's bellicose statements were condemned by the United States and a number of its European allies, the condemnation was not followed up by a concerted diplomatic and legal effort in the UN Security Council. It ought to be," and " there is a good legal basis for such action. Ahmadinejad's words clearly violate Article 2.4 of the UN Charter. This provision, to which Iran has agreed, requires all UN member states to 'refrain in their international relations from the threat or use of force against the territorial integrity or political independence of any state.'"

Washington-Hanoi Military Ties To Expand.

The New York Times (6/6, Gordon) reports Secretary Rumsfeld and senior Vietnamese leaders "agreed Monday to increase their military contacts and to discuss additional ways to broaden their defense cooperation." The Times notes, "Vietnam was an important stop on an Asian swing that has already taken Mr. Rumsfeld to a meeting of defense experts in Singapore." In Hanoi, Rumsfeld "heaped praise on his hosts. He lauded Vietnam's economic development, which he inspected Sunday night with a walk through the city's streets." While "the Vietnam War still casts a long shadow" on bilateral relations, "it is China, a subject that Mr. Rumsfeld said went unmentioned Monday during his talks…, that has added impetus for the new courtship."

The AP (6/6, Baldor) focuses its coverage on Rumsfeld's renewed call for a full accounting of US service members, saying he "is pressing Vietnam for underwater searches and access to aging witnesses in stepped-up efforts.... 'We still have work to do,' Rumsfeld said, though he added that he was pleased Vietnamese military officials had

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pledged in meetings with him to do more to help recover the remains. 'As we all agree, we don't want to forget the importance of this.' Rumsfeld told reporters U.S. officials will work to see if the U.S. can provide technical assistance with underwater recovery efforts."

Rumsfeld Says US Committed To Engagement In Asia. Secretary Rumsfeld pens an op-ed for the Wall Street Journal Asia (6/6) entitled "A Pacific Nation." The 850-word piece outlines the positions taken by the US at the Singapore Shangri La Dialogue, and the changing culture of US-Asian relations that has permitted new cooperation. Rumsfeld says the US "is -- and always will be -- a Pacific nation," and argues that the US "must, and we will, stay engaged" in Asia "to address a range of traditional, as well as unconventional, security concerns." The op-ed also appears on the website of the domestic Wall Street Journal.

Darfur Tops Agenda Of Bush Meeting With Congolese President. The AP (6/6) reports President Bush "said Monday that it's important for United Nations forces to take over peacekeeping as soon as possible in the Darfur region of Sudan... Bush met at the White House with Denis Sassou-Nguesso, president of the Republic of Congo and head of the 53-nation African Union, to discuss Darfur, AIDS and other issues." Following the meetings, Bush is quoted saying, "We talked about our common commitment to help end the genocide in Darfur. ... I appreciate the president's leadership in helping negotiate a peace agreement, and I appreciate his leadership in working with the United Nations so we can get the AU forces blue-helmeted as quickly as possible." Sassou-Nguesso is quoted saying, "I was happy to see President Bush give his entire support to the development of Africa. ... We discussed a lot of issues that we're all interested in: Peace, security, and not just in Africa, but beyond Africa, in the world."

Bush Hosts Honduran President At White House. The AP (6/6, Pickler) reports President Bush "heard concerns about immigration reform from south-of-the-border ally Honduras on Monday and offered assurances that he was committed to a bill that treats foreigners with respect while upholding U.S. laws. Bush met in the Oval Office with Honduran President Manuel Zelaya," and the two leaders "discussed ways to expand commercial opportunities between their nations and to make sure democracies in Latin America are strong. [Bush] said they also talked about the immigration bill being negotiated on Capitol Hill." Zelaya "thanked Bush for 'the frankness with which he has spoken about the solutions to the common problems we face in the Western Hemisphere.'"

Abbas To Call Referendum On Recognizing Israel. USA Today (6/6) reports, "Palestinian President Mahmoud Abbas said Monday that attempts to get the Hamas-led government to implicitly recognize Israel have failed to produce agreement and that he will call a national referendum on the issue." The move "sets Abbas on a collision course with Hamas." The AP (6/5, Daraghmeh) notes Abbas "had set a midnight deadline for agreement. But a participant in late-night talks with Palestinian factions said the president determined they had failed an hour before that."

The New York Times (6/6, Erlanger, Myre) reports the referendum "is expected to be called for July and will be seen as a vote of confidence in Hamas, which won legislative elections in late January but has been isolated internationally and financially because of its refusal to recognize the right of Israel to exist, to forswear violence and to accept previous Israeli-Palestinian agreements."

US, South Korea Hold Free Trade Talks. The AP (6/6, Crutsinger) reports, "The United States and South Korea held their first round of talks Monday aimed at achieving a free trade agreement between the two nations before the end of the year." An agreement with South Korea, "America's seventh-largest trading partner," would be "the most economically significant such pact the United States has reached since it tore down barriers with Mexico and Canada more than a decade ago." Assistant US Trade Representative Wendy Cutler, who is heading the US delegation, "expressed optimism that the talks can be concluded before the end of the year even though the negotiators will have to deal with such tough issues as removing barriers to American farm products, pharmaceuticals and US autos."

Syrian Students Building Nascent Pro-Democracy Movement. The Christian Science Monitor (6/6, Brandon) reports that a "handful" of Syrian student activists are "agitating for reform and struggling to build a pro-democracy student movement in Syria, where martial law imposed in 1963 forbids unofficial political gatherings or groups. … While no organized student movement exists at present, one may be emerging. A small number of students are loosely linked but have no official names, leaders, or organization. They simply come together to organize political debates, spread democratic ideas, and take opinion polls.

Ford Foundation Establishes African Philanthropic Network. The New York Times (6/6, Dugger) reports that the Ford Foundation "will announce today the creation of a new philanthropic venture, led by Africans and based in Dakar, Senegal. The project, Trust Africa, aims to strengthen an expanding network of nonprofit

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groups across the continent that seek to hold governments accountable, whether elected or dictatorships. Ford has committed $30 million to this new foundation."

Westerners Encouraged To Support Investment In African "Sweatshops." The New York Times' Nicholas Kristof (6/6) writes that while westerners "mostly despise sweatshops as exploiters of the poor," the poor "tend to see sweatshops as opportunities. … Sure, sweatshop work is tedious, grueling and sometimes dangerous. But over all, sewing clothes is considerably less dangerous or arduous — or sweaty — than most alternatives in poor countries. Well-meaning American university students regularly campaign against sweatshops. But instead, anyone who cares about fighting poverty should campaign in favor of sweatshops, demanding that companies set up factories in Africa. If Africa could establish a clothing export industry, that would fight poverty far more effectively than any foreign aid program."

China Acknowledges Role Played By Private Environmental Groups. The New York Times/AP (6/6, Press) reports Zhu Guangyao, deputy chief of the China's Environmental Protection Agency, said pollution costs China more than $200 billion a year" and "called for better legal protection for grass-roots groups so they could help clean up the environment." Zhu "said that the importance of private environmental groups in China had lagged behind their role in other countries, and that his agency wanted to play a more important role in developing 'legislation to secure their interests and existence in China.'"

EU Resists Acceptance Of Genetically Modified Crops. The New York Times (6/6, Rosenthal) reports that the few EU countries "that have banned genetically modified organisms are on the front lines of a war over the future of modified food in Europe, the only large swath of the world that does not already grow or buy the crops. Facing international pressure and a lawsuit brought by the United States, Canada and Argentina at the World Trade Organization, the union said this year that all member states must open their doors to genetically engineered crops and prepare practical and legal regulations to ensure safety for health and the environment. But five countries have imposed eight different types of bans. Many others use their votes in Europe's Council of Ministers to block the crops from entering."

State Department Criticizes Germany Over Sex Traffic. The New York Times (6/6, Cooper) reports, "On the eve of the World Cup in Germany, the State Department's big concern is not over whether the American soccer team has a prayer of getting past the Czech Republic and Italy, but rather over the flood of prostitutes expected into Germany from Eastern Europe, Asia and Africa. The United States, in its annual report on forced labor and trafficking in persons, called Germany, which has legalized prostitution, 'a source, transit and destination country' for sex workers, the more so during the soccer tournament." According to the Times, "The warning to Germany was a rare slap at a close American ally."

Natural Disasters Undermine Indonesian Province's Tourism Industry. The New York Times (6/6, Gelling) reports that Indonesia's Yogyakarta Province, which was devastated by the recent earthquake, "is the second most popular tourist destination in Indonesia, Bali being the first. … Tourism accounts for about 20 percent of the province's income and is second only to agriculture as a source of revenue." But, "Even before the quake, tourism here was threatened by fears of an eruption at Mount Merapi, just north of Yogyakarta. A marketing campaign to show tourists that Yogyakarta, 20 miles south of the volcano, is out of Merapi's reach began several weeks ago and included organized visits to the mountain's slopes."

Egypt's Muslim Brotherhood Said To Be Less Radical Than Often Portrayed. In his column for the Wall Street Journal (6/6) Bret Stephens writes, "For years, the only group outside [the Egyptian] government that has reliably provided broad-based social services has been the Muslim Brotherhood, which, although officially banned, exists as a kind of parallel state within Egyptian society. … Were a free and fair election held tomorrow, the Brotherhood would probably win about 40% of the vote according to Gamal al-Banna, the leading scholarly authority on the group. This is all the more true because the Brotherhood isn't quite the jihadist, Khomeini-type movement frequently portrayed in the West."

WSJournal Sees Peruvian Election As Evidence Of Anti-Chavez Backlash. The Wall Street Journal (6/6), in an editorial, writes, "Governments that produce hyperinflation and unchecked terrorism have a way of ending political careers. So how then to explain the victory in Sunday's Peruvian presidential elections of Alan Garcia, whose 1985-1990 term included all that and more? The answer is that Mr. Garcia's opponent was Ollanta Humala, a protégé of Venezuelan President Hugo Chávez. By electing Mr. Garcia, Peruvian voters sent a message that they don't want to follow Venezuela over the cliff."

THE BIG PICTURE:

Headlines From Today's Front Pages.

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Los Angeles Times:
"Court To Revisit Race In Schools."
"In For Life? Not Him."
"Campaign's End Brings A Scramble For Votes."
"Eyes In The West Are On Federal Land Sale."
"Canada Confronts Its Shadows Within."
"No Escaping Iraq Violence."

USA Today:
"Fed Chief Startles Markets."
"Congress Pushing Back Against Bush's Expansion Of Presidential Authority."
"Cycle Sales Powered By Pricey Gas."

New York Times:
"Court To Weigh Race As Factor In School Rolls."
"Somali Islamists Declare Victory; Warlords On Run."
"U.S. Is Offering Deals On Trade To Entice Iran."
"For Law Firm, Serial Plaintiff Had Golden Touch."
"House At Stake, Midterm Election Gets Early Start."
"Clamoring To Come Home To New Orleans Projects."

Washington Post:
"Fed Chief Raises Inflation Concern."
"An Increasingly Deadly Trail."
"Privately Funded Trips Add Up On Capitol Hill."
"In Brazen Roundup, 56 Vanish From Baghdad."
"Getting A Handle On School Mischief."
"Taken By Mom, Sought By Dad, Left In A Life Of Uncertainty."

Washington Times:
"Inflation Above Fed's 'Comfort Zone.'"
"U.S. Links To Canadian Plot Probed."
"Bush Pushes Hill On Marriage Measure."
"Ehrlich To Call Special Session On Energy Rates."
"Airlines Jettison Paper Tickets To Save Money."
"Jailing Of Darfur Refugees Spurs Moral Issue For Israel."
"Ticking Biological Clock No Longer Just For Women."

Atlanta Journal-Constitution:
"Court Revisits Race In School."
"Thousands Fail To Measure Up."
"Lawmakers Travel Globe As Special Interests Pick Up The Tab."
"Raid Exposes Border Risk With Canada."
"Move Over, Scalpers."

Houston Chronicle:
"High Court Taking A New Look At Race In Schools."
"A First In Houston: 85% Ethanol At Pump."
"Bush Turns Up Heat To Prevent Same-Sex Marriages."
"Study Urges Starting Child Obesity Battle Before Birth."
"Philanthropic Deeds Are His Pet Projects."

Story Lineup From Last Night's Network News:
ABC: Bush-Marriage Amendment; Marriage Amendment-Analysis; Canada-Terrorism Plot; Marines-Murder Charges; Baghdad Kidnapping; Mogadishu-Islamic Militia; AIDS-25 Years; AIDS-US; Bernanke-Inflation; Supreme Court-Affirmative Action; Duke Lacrosse Team; Greece-Prison Break; Whale Sharks.
CBS: US Terror Threats; US Northern Border Security; Stock Markets; Gas Prices-California; Marine Investigations; Baghdad Kidnapping; Supreme Court-Affirmative Action; Bush-Marriage Amendment; Congress-Free Trips; Car Racing-Drifting.
NBC: Canada-Terrorism Plot; Internet-Terror Groups; Supreme Court-Affirmative Action; Bush-Marriage Amendment; Stock Markets; Iraq Violence; Katrina-Cleanup Cost Concerns; Patrick Kennedy-Post-Rehab; AIDS-25 Years; Smaller Cars; Intermittent Explosive Disorder.

Story Lineup From This Morning's Radio News Broadcasts:
ABC: US-Canada Border Security; Bush-Immigration Reform; TX-Mother, Newborn Reunited; Bush-Gay Marriage; Wall Street.
CBS: Iraq-Civilian Death Investigation; Terror Attack Expected This Year; Iran-Nuclear Program; CA50 Election; Afghanistan-Suicide Bombing; Verizon-Discrimination Settlement; Wall Street.
NPR: Bush-Gay Marriage; Iran-Nuclear Program; Canada-Terror Arrests; Afghanistan-Suicide Bombing; Abbas-Hamas Talks; Somalia-Militia Seizes Mogadishu; State Primary Elections; Foreign Stock Markets.

WASHINGTON'S SCHEDULE:

Today's Events In Washington.
White House:

PRESIDENT BUSH — Participates in a tour of the Federal Law Enforcement Training Center, Artesia, NM; speaks on border security and immigration reform, Federal Law Enforcement Training Center, Artesia, NM; participates in a briefing, Laredo, Texas Border Patrol Sector heaquarters.

VICE PRESIDENT CHENEY — No public schedule.

LAURA BUSH —Delivers remarks at the Helping America's Youth first regional conference, University Place Conference Center, Indiana University, Indianapolis, IN; participates in Helping America's Youth event, Meadowbrook Collaborative, St. Louis Park, Minn.; speaks at a Mark Kennedy for Senate and Minnesota Victory Event. Courtyard by Marriott, 225 Third Ave., South, Minneapolis.

US Senate: 9:30 a.m. JUDICIARY _ Full Committee. Hearing on the Justice Department's investigation of

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journalists who make classified information public. Location: Room 226, Dirksen.

10 a.m. COMMERCE, SCIENCE AND TRANSPORTATION _ Consumer Affairs, Product Safety and Insurance Subcommittee. Hearing on compliance with All-Terrain Vehicle standards. Elizabeth Leland, Consumer Product Safety Commission; Tim Buche, President, Specialty Vehicle Institute of America; Rachel Weintraub, Consumer Federation of America; Brett Williams, Coleman PowerSports; Mary Aitken, MD, University of Arkansas for Medical Sciences; Susan Halbert, National 4-H Council. Location: Room 562, Dirksen.

2 p.m. JUDICIARY _ Full Committee. Markup of pending legislation and votes on nominations. Location: Room 226, Dirksen.

2:30 p.m. HOMELAND SECURITY AND GOVERNMENTAL AFFAIRS _ Federal Financikal Management, Government Information, and International Security Subcommittee. Hearing on the rising costs of the 2010 Census. Location: Room 342, Dirksen.

US House: FLOOR SCHEDULE _ 2 p.m. Meets for legislative business. Highlights: Suspensions (13 bills): 1) H.R. 5126 - Truth in Caller ID Act of 2006; 2) S. 193 - Broadcast Decency Enforcement Act of 2005; 3) H.Res. 265 - Supporting the goals and ideals of National Osteoporosis Awareness and Prevention Month; 4) H.Res. 833 - Expressing the sense of the House of Representatives with regard to the importance of National Women's Health Week, which promotes awareness of diseases that affect women and which encourages women to take preventive measures to ensure good health; 5) H.R. 5449 - To amend title 49, United States Code, to modify bargaining requirements for proposed changes to the personnel management system of the Federal Aviation Administration; 6) H.Con.Res. __ - Supporting the goals and ideals of the Vigil for Lost Promise day; 7) H.Res. 763 - Supporting the goals and ideals of a National Children and Families Day, in order to encourage adults in the United States to support and listen to children and to help children throughout the Nation achieve their hopes and dreams, and for other purposes; 8) H.Res. 753 - Commending American craft brewers; 9)H.Res. 729 - Supporting National Tourism Week; 10) H.R. 5245 - Matthew Lyon Post Office Building Designation Act; 11) H.Con.Res. 399 - Recognizing the 30th Anniversary of the victory of United States winemakers at the 1976 Paris Wine Tasting; 12) H.Res. 327 - Supporting the goals and ideals of National Passport Month; 13) H.Res. 626 - Congratulating Albert Pujols on being named the Most Valuable Player for the National League for the 2005 Major League Baseball season. H.R. 5441 - Department of Homeland Security Appropriations Act for Fiscal Year 2007. H.Res. 842 - Rule providing for consideration of H.R. 5254 - Refinery Permit Process Schedule Act.

2 p.m. ENERGY AND COMMERCE _ Oversight and Investigations Subcommittee. Hearing on mass tort screening and public health in deadling with silicosis court cases. Location: Room 2123, Rayburn.

2 p.m. FINANCIAL SERVICES _ Capital Markets, Insurance and Government Sponsored Enterprises Subcommittee. Hearing on the Office of Federal Housing Enterprise oversight's final report on Fannie Mae. OFHEO Acting Director James Lockhart III. Location: Room 2128, Rayburn.

2 p.m. GOVERNMENT REFORM _ National Security, Emerging Threats and International Relations Subcommittee. Hearing on the 9/11 Commission recommendations. Co-chairs of the 9/11 Commission Thomas H. Kean and Lee Hamilton; Carol E. Dinkins, chairwoman, White House Privacy and Civil Liberties Oversight Board; Alan Charles Raul, vice chairman, White House Privacy and Civil Liberties Oversight Board; panel of relatives of Sept. 11 victims. Location: Room 2154, Rayburn.

4 p.m. APPROPRIATIONS _ Full Committee. Markup of appropriations bills for Transportation, Treasaury, HUD; federal judiciary and D.C. Location: Room 2359, Rayburn.

5:30 p.m. RULES _ Full Committee. Meeting to consider rules for floor debate. Location: Room H-313, Capitol.

Other: ALZHEIMER'S POLICY FORUM _ Alzheimer's Association 18th Annual Public Policy Forum. Highlights: 10 a.m. Briefing on Alzheimer's Disease, with Sens. Hillary Clinton and Susan Collins, actor David Hyde Pierce, and release of a report that cites as many as half a million people in the US who have early onset of the disease. Room 325, Russell.

MCCRERY _ 8 a.m. Rep. Jim McCrery speaks at a U.S. Chamber of Commerce Policy Insiders breakfast. Location: 1615 H St. NW.

MUSLIM WOMEN POLL _ 8:30 a.m. - 10 a.m. The Gallup Organization holds a press conference on ``Listening to the Voices of Muslim Women," a Gallup Poll of the Muslim World, outlining the finings on what Muslim women think and feel. Location: The Gallup Organization, 901 F St. NW.

ELECTRIC RELIABILITY _ 9 a.m. The Community Power Alliance and Energy Daily hold a pane discussion on electric reliability, with Energy Secretary Bodman, former Sen. John Breaux, Gerry Cauley of the North American Electric Reliability Council, Wade Malcolm of the Electric Power Research Institute, others. Location: Grand Hyatt Hotel, 1000 H St. NW.

ANTI PORK BARREL _ 10 a.m. The free-market grassroots group Americans for Prosperity holds a news conference to announce the kickoff of a $1 million anti-pork-

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barrel-earmarks television advertising campaign. Location: National Press Club.

BLACK CAUCUS-SUDAN _ 10 a.m. Members of the Congressional Black Caucus will stage a second protest in front of the Sudan Embassy in an effort to put pressure on the Government of Sudan to end the genocide in Darfur and to create a just and lasting peace agreement for the region. Location: Embassy of Sudan, 2210 Massachusetts Ave. NW.

MEDICARE _ 10 a.m. Leaders from several patient and physician groups and the medical device technology industry hold a press conference to discuss their concerns with about the recently proposed Medicare hospital Inpatient Prospective Payment System rule. Location: National Press Club.

VA DATA FILES _ 10 a.m. Five national veterans groups hold a news conference to discuss a class action lawsuit to be filed on Tuesday seeking judicial oversight and protection of VA's files of 26.5 million veterans. Location: 5th floor conference room, Ogletree Law Firm, 2400 N St. NW.

MARRIAGE AMENDMENT _ 10:30 a.m. Clergy from around the country hold a rally in support of the Marriage Amendment, with Bishop Harry Jackson of the High Impact Leadership Coalition, Rev. William Owens of the Coalition of African American Pastors, others. Location: Senate Swamp.

PERKINS-MARRIAGE _ 10:30 a.m. Tony Perkins, president of the Family Research Council, will join with religious and community leaders in a joint press conference to support the Marriage Protection Amendment. Location: Senate Swamp site.

CUBA-POLITICAL PRISONERS _ 12 p.m. - 1 p.m. Rep. Ileana Ros-Lethinen, R-Fla., hosts a photo exhibit, ``Behind Rusting Bars," featuring former Cuban political prisoners and will debut the Plantados documentary on the plight of these prisoners of conscience. Location: Room HC-8, Capitol.

IMMIGRANTS AS CONSUMERS _ 12 p.m. - 3 p.m. The Association of Hispanic Advertising Agencies hosts a debate on ``The Dollars and 'Sense' of Immigrants as Consumers," A forum designed to address the economic significance of the legal and illiegal immigrant population on the US economy. Participants include: Steven Camarota, Director of Research at the Center for Immigration Studies; Daniel Griswold, Director of the Cato Institute's Center for Trade Policy Studies; and Doug Woodward, Director, Division of Research and Professor of Economics, Moore School of Business, University of South Carolina. Location: J.W. Marriott Hotel, Salon E, 1331 Pennsylvania Ave. NW.

DEMOCRATS _ 12:30 p.m. The Democratic Policy Committee holds a closed meeting. Location: Room S-211, Capitol. Notes: Stakeout note: Gallery escort for policy luncheons leaves at 11:30 a.m. from the Ohio Clock Corridor.

HOYER _ 12:30 p.m. House Democratic Whip Rep. Steny Hoyer holds a pen and pad only briefing. Location: Room H-306, Capitol.

REPUBLICANS _ 12:30 p.m. The Republican Policy Committee holds a closed meeting. Location: Room S-207, Capitol. Notes: Stakeout note: Gallery escort for policy luncheons leaves at 11:30 a.m. from the Ohio Clock Corridor.

9/11 COMMISSION _ 1 p.m. Reps. Christopher Shays and Carolyn Maloney hold a news conference with 9/11 family members to discuss their bill concerning the remaining work on 9/11 Commission recommendations. Location: Cannon Terrace.

DOMESTIC SPYING _ 1 p.m. The American Civil Liberties Union holds a telephone briefing to discuss the first-ever court hearing on whether the National Security Agency's controversial warrantless surveillance program is constitutional. Contacts: Emily Whitfield, 212-549-2566. Notes: Callin number: 800-288-9626.

BOEHNER _ 2 p.m. House Majority Leader Rep. John Boehner holds a pen and pad only briefing. Location: Room H-107, Capitol.

GUN TRAFFICKING _ 2 p.m. Rep. Peter King and New York City Police Commissioner Ray Kelly hold a news conference to announce new anti-gun trafficking legislation. Location: Room 311, Cannon.

SUDAN _ 2 p.m. The Center for Strategic and International Studies holds a discussion with Ibrahim Gambari, UN under-secretary-general for political affairs, and Assistant Secretary of State Jendayi Frazer on ``Consolidating Peace in Sudan. Location: B-1 conference level, 1800 K St. NW.

US-KOREA TRADE _ 2 p.m. Representatives of the National Association of Manufacturers and the Korean International Trade Association will discuss advantages of the proposed U.S.-Korea Free Trade Agreement, rebut misinformation being disseminated by anti-FTA demonstrators, and take media questions as the first round of formal talks begin in the Korea-U.S. free trade agreement. Location: NAM Headquarters, Industry Room, Suite 600, 1331 Pennsylvania Ave. NW.

ISLAMIC PRAYER CENTER _ 2:30 p.m. Deputy Secretary of Defense Gordon England and Commandant of the Marine Corps Gen. Michael W. Hagee speak at the Islamic Prayer Center Dedication Ceremony. Location: Building 3043 on Catlin Avenue, Marine Corps Base Quantico, Va.

ZINNI _ 6:30 p.m. The American Association for the Advancement of Science hosts a conversation with retired Marine Corps Gen. Anthony Zinni. Location: AAAS Auditorium, 12th and H Sts. NW.

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DEPARTMENT OF JUSTICE *NEWS CLIPS*

PREPARED FOR THE OFFICE OF PUBLIC AFFAIRS, US DEPARTMENT OF JUSTICE

TO: THE ATTORNEY GENERAL AND SENIOR STAFF

DATE: TUESDAY, JUNE 6, 2006 7:45 AM EDT

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TERRORISM NEWS:

U.S. Links To Canadian Plot Probed (WT)

By Jerry Seper

The Washington Times, June 6, 2006

U.S. and Canadian officials are investigating links between Canadian terror suspects accused of plotting to bomb government buildings and Islamic militants in the United States and other countries.

Investigators are looking at links between two Atlanta men arrested in March after they videotaped the U.S. Capitol and at least three other Washington locations and two Canadians identified as part of a terrorist ring. The Canadians were arrested last year trying to smuggle weapons into Canada.

Ehsanul Islam Sadequee, 19, and Syed Haris Ahmed, 21, both U.S. citizens and Georgia residents, were arrested and later indicted after they traveled to Canada to meet with at least three other targets of an ongoing FBI terrorism investigation in March 2005.

An FBI affidavit said they discussed "strategic locations in the United States suitable for a terrorist strike."

The affidavit said Ahmed, charged with giving material support of terrorism, and Sadequee, accused of making materially false statements in connection with an ongoing federal terrorism investigation, talked about attacks on oil refineries and military bases and planned to travel to Pakistan to get military training at a terrorist camp, which authorities said Ahmed then tried to do.

U.S. authorities have established that the two men also had been in contact via computer with some of the 17 terror suspects arrested Saturday in Canada.

During a hearing in their case, Assistant U.S. Attorney Colleen Kavanagh said Sadequee and Ahmed made videos in Washington of the U.S. Capitol, the Masonic Temple, the World Bank and a fuel storage facility and were preparing to send them to "overseas brothers." She said Sadequee gave Ahmed information on how to receive military-style training in Pakistan.

FBI spokesman Richard Kolko acknowledged over the weekend that some of the Canadian suspects had been in "contact" with the two Georgia men but said there was "no current outstanding threat to any targets on U.S. soil emanating from this case."

"There is preliminary indication that some of the Canadian subjects may have had limited contact with the two people recently arrested from Georgia," Mr. Kolko said.

Yesterday, he noted that the bureau had been working with Canadian authorities on the suspected terrorist cell for "some time" and had established "a working relationship with the Canadians in the prevention of terrorism."

Authorities said Canadian investigators have focused on Mohammed Dirie, 22, and Yasin Abdi Mohamed, 24, both Somali immigrants living in Kingston, Ontario, who were taken into custody Aug. 13 on weapons charges at the Peace Bridge between Canada and Buffalo, N.Y. Stopped by Canadian Border Services inspectors, they later were convicted on weapons violations and are serving two-year prison sentences in Canada.

Listed among the 17 charged with being members of the Canadian terrorist organization, Dirie and Mohamed attempted to smuggle three handguns and 200 rounds of ammunition into Canada from the United States.

"This investigation is not over," Royal Canadian Mounted Police Assistant Commissioner Mike McDonell told the Canadian Broadcasting Corp. "We will be following every investigative lead we have to its conclusion, and anybody that aided, facilitated or participated in this terrorist event will be arrested."

The Canadians are accused in a scheme to buy 3,000 pounds of ammonium nitrate for bombs, which were to be used against buildings and landmarks in that country. The amount is three times what was used in the 1995 Oklahoma City bombing, which killed 168 persons.

Twelve of those charged are accused of participating in a terrorist group, including Dirie and Mohamed, who were also named on charges of importing weapons and ammunition for the purpose of terrorist activity. Another man, Fahim Ahmad, 21, an

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Afghan national living in Canada, also was named on weapons charges. Dirie and Mohamed reportedly were driving a car rented by Ahmad at the time of their arrest last year.

Nine of the men are facing charges of receiving training from a terrorist group, and four others are accused of providing training. Six are also charged with intending to cause an explosion causing serious bodily harm or death.

Five youths have also been charged in connection with the plot, but details of their charges were not released.

U.S. authorities have been concerned for some time about the possibility of terrorists coming into the United States from Canada.

The Canadian Security Intelligence Service (CSIS) first reported in December 2002 that al Qaeda terrorists had established "sleeper cells" in Canada whose members had the "capability and conviction" to support terrorist activities all a cross North America. The agency called the cells secretive, operational and loyal to Osama bin Laden, named as the mastermind of the September 11 attacks.

More Vigilance Seen On U.S.-Canada Border (AP)

By David Crary

AP, June 5, 2006

U.S. authorities tightened their checks of traffic from Canada on Monday as debate over the long and hard-to-police border intensified following the weekend arrests of 17 Muslim Canadians in a suspected Ontario terror plot.

Calls for tougher security measures were countered by pleas from business and civic leaders on both sides to keep border crossings as quick and simple as possible.

"Terrorism is clearly part of the North American environment whether we like it or not, but closing down the border is not going to eliminate it," said Arlene White, a Canadian who is executive director of the Binational Tourism Alliance in the Niagara Falls-Buffalo area.

In Washington, U.S. Border Patrol Chief David Aguilar said patrol stations along the 4,000-mile border — especially those adjoining Ontario — are on high alert because of the arrests, although investigators say the suspects' alleged plot apparently involved only targets in Canada.

U.S. agents already deployed to the Canadian border will work overtime and some will be moved closer to the areas where the arrests occurred, Aguilar said.

U.S. Customs and Border Protection official Kristi Clemens said some traffic headed into the United States would under go tougher procedures at the 89 ports of entry along the border.

"The current events may result in some additional questions of commuters and travels," Clemens said. She also said, without elaborating, that her agency has added some "enforcement capabilities" following the arrests.

Security along the border has been increasing ever since the terrorist attacks of Sept. 11, 2001: new surveillance camera systems, new scanning devices to check on trucks' cargo, and many more agents on duty.

But concerns remain high among some politicians and experts, such as David Harris, former chief of strategic planning for the Canadian Security Intelligence Service. He contends that Canada's immigration policies are too lax, enabling more than 50 terrorist organizations to have a presence in the country.

"Canadians are determined to keep the border open at almost any cost, because so much of Canada's economy relies on U.S. trade," said Harris, who now is a private security consultant in Ottawa. "The general theory of the trade devotees is the border should be open all the time, at virtually any cost — but you can only enjoy your prosperity if you're alive to do so."

Harris has urged Canada to tighten its immigration policies — it welcomes some 250,000 new immigrants and refugees each year — and work with the United States on bolstering border controls with such high-tech devices as such as sensors and infrared cameras.

Prior to the weekend arrests, the U.S. debate over immigration and border security been focused on border with Mexico. Said Harris: "A sole American preoccupation with the southern border is living in the past."

About 1,000 U.S. Border Patrol agents work along the U.S.-Canada border, roughly triple the 2001 force but a fraction of the 9,600 agents who patrol the Mexican border, about half as long at 1,900 miles.

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Though often depicted as porous, controls along the U.S.-Canada border have entrapped some terrorist suspects, such as Ahmed Ressam, who was arrested as he drove off a ferry in Port Angeles, Wash., in 1999 and was later convicted of plotting to bomb the Los Angeles airport.

Last summer, two men believed to be part of a terrorist ring in Canada were arrested in Buffalo while trying to smuggle guns and ammunition from the United States. The men are serving two-year jail sentences.

One initiative to change border procedures has been mired in controversy — the Western Hemisphere Travel Initiative. It would require Americans re-entering the United States after short visits to Canada and Mexico to show passports or other high-tech ID cards — a change from the current practice in which a driver's license usually suffices.

The Senate — concerned about border-crossing snarls — recently voted to delay implementation of the measure from January 2008 until June 2009.

Arlene White, the binational tourism official, said confusion about the passport requirement already had reduced cross-border visits.

"I recognize the immigration issue is huge in the states," White said. "But the northern border is very, very different, and we must continue to appreciate those differences."

White acknowledged, however, that some of the security measures implemented since the Sept. 11 attacks have actually speeded border crossings. These include the use of high-tech x-ray scanners to screen vehicles and a binational program that allows speedier crossings for people accepted into a special program for low-risk frequent travelers.

"The border's definitely safer — and more efficient," said Kevin Corsaro, a spokesman for U.S. Customs and Border Protection in Buffalo.

Canada is the United States' largest trading partner, conducting an estimated $1.5 billion in business daily.

Arrests Raise Questions About U.S.-Canada Border Security (KRT)

By Dave Montgomery

Knight Ridder, June 5, 2006

WASHINGTON - The breakup of an alleged terrorist bomb plot in Canada late last week has raised new fears that the next terrorist attack could come from the north.

The 4,000-mile border between the United States and Canada is twice as long as the one with Mexico, but it's guarded by fewer than 1,000 Border Patrol agents - one-tenth of the force in the Southwest. Vast stretches of unpatrolled terrain offer potential terrorists an easily accessible gateway into the United States.

"Do the math," said T.J. Bonner, a San Diego agent who serves as the president of the National Border Patrol Council, a 10,500-member union that represents nonsupervisory Border Patrol agents. "We're very vulnerable out there."

While boosting border enforcement and national security have emerged as central elements of the immigration legislation that's moving through Congress, attention has centered on the porous Southwest border, where more than 1 million illegal immigrants are arrested annually.

But some lawmakers are calling for a harder look at the northern border after Friday's arrests of 12 men and five juveniles who allegedly had stockpiled three tons of ammonium nitrate fertilizer to carry out terrorist bombing attacks in Canada. Timothy McVeigh used two tons of the highly destructive chemical substance in the 1995 attack that demolished the Oklahoma City federal building, killing 168 people.

Although the suspects appeared to be targeting sites in Canada, including the Parliament building in Ottawa, investigators fear they'd established a U.S. link with two terrorism suspects in Georgia who may have been plotting attacks in the United States, but that remains unconfirmed.

The Canadian Security Intelligence Service, the government's chief national-security agency, has estimated that as many as 50 terrorist organizations and 300 individual terrorism suspects have bases of operations in Canada. Active groups, the agency said, include Shiite and Sunni Islamic extremists, the Irish Republican Army and all major Sikh terrorist organizations.

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"We're aware that there is a terrorist infrastructure within Canada, no different than within the United States and other countries, that contains a variety of elements ranging from fundraisers, ideological support, to direct membership," said Ben Venzke, who heads the IntelCenter, a private contractor that does counterterrorism support work for the U.S. government.

"Despite all of the security measures and procedures put in place to stop terrorists" from crossing the border, Venzke said, "it is extremely difficult. Even if you do the best possible effort, there are still going to be a fair number to get through."

Even before the Sept. 11, 2001, terrorist attacks, the northern border had a reputation as a potential open door for extremists who'd settled in Canada to take advantage of its liberal immigration policies. One Canadian officer was quoted as describing the country as "Club Med for terrorists."

In December 1999, authorities arrested Ahmed Ressam after he drove from Canada to Washington state in a rental car packed with bomb-making material, which he'd planned to use to bomb Los Angeles International Airport on New Year's Eve. He later was sentenced to 22 years in prison.

In 1997, Ghazi Ibrahim Abu Maizar, a would-be suicide bomber who planned to detonate a pipe bomb in a New York subway station, crossed illegally into the United States three times, once by bus and twice by hiking across, according to news accounts. Several of the Sept. 11 hijackers also crossed into the United States from Canada.

The scramble to toughen national security after Sept. 11 prompted a nearly threefold increase in Border Patrol agents at the U.S.-Canada border, from 340 in 2001 to 980 by this year, according to U.S. Customs and Border Protection.

U.S. officials also doubled inspectors at the 89 ports of entry, from 1,615 to 3,391, expanded cooperative law-enforcement operations with Canada and have increasingly employed sensors, cameras, aircraft and marine patrols.

Even so, law enforcement authorities acknowledge the immense challenges of patrolling a 3,987-mile stretch that cuts along 12 states, traversing waterways, mountainous terrain and dense forests.

Some illegal crossers have been known to enter the United States on snowmobiles. Others fly across unpatrolled airspace or simply walk down deserted farm roads.

Smugglers also exploit the remote terrain, transporting drugs and human cargo. In recent months, agents with U.S. Immigration and Customs Enforcement have smashed smuggling rings that transported Asians, Pakistanis and Eastern Europeans.

"I don't care how much technology you have up there, you'll still have trouble getting agents to respond in a timely fashion," Bonner said. "There's vast stretches that make it very difficult, depending on the season. For the well-trained, determined crosser, it's actually an advantage for them."

Montgomery covers Washington for the Fort Worth Star-Telegram. Star-Telegram researcher Marcia Melton contributed to this report.

Charges In Canadian Bomb Plot Isolate 6 Ringleaders (WP)

By Doug Struck

The Washington Post, June 6, 2006

TORONTO, June 5 -- Six men arrested in a broad police sweep last weekend have been charged with hatching the alleged plot to set off a powerful bomb somewhere in Ontario, according to charges made public Monday.

A total of 17 people were arrested -- 12 adults and five juveniles -- and all have been charged under Canada's post-Sept. 11, 2001, terrorism laws. But details made public Monday suggest that some members of the group may have had more limited knowledge of the alleged plot than others.

All 12 adults are charged with "knowingly participating, directly or indirectly, in the activity of a terrorist group." The terrorism-related charges against the juveniles, all of them males, have not been disclosed.

A report in the Toronto Star said police had intercepted the fertilizer to be used in the bomb and substituted a harmless powder before the arrests were made. Police officials said Monday they stood by their statement that three tons of the fertilizer, which is highly explosive when mixed with fuel oil, was "delivered" to the bombers.

Mike McDonell, assistant commissioner of the Royal Canadian Mounted Police, said on Saturday that police had swooped in as the danger increased and that the detained men had the "intent and capability" to carry out the bombing.

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The RCMP and intelligence agents said they had been closely watching the activities of at least some of the men for an extended period before Friday's arrests. According to their statements and reports here, several members of the group came under scrutiny as a result of political conversations on the Internet that were monitored by authorities.

The investigators' interest was heightened after the visit to Toronto in March 2005 of two men from Georgia, Syed Ahmed, 21, and Ehsanul Sadequee, 19, who were later charged under anti-terrorism laws. The men allegedly met with at least three Canadians to discuss potential bombing targets, the FBI has said. The charges revealed Monday said the terrorism activity in Canada began on March 1, 2005.

According to those charges, 10 of the men gathered in a vacant wooded area north of Toronto for what authorities call "terrorism-related training." Residents of the rural area say they heard the sounds of automatic weapons and saw men in camouflage uniforms in the woods near Washago, about 90 miles north of Toronto, several times last year.

Police swept the area for evidence after the men had left, according to reports here.

Several of the men attended a storefront mosque in Mississauga, an incorporated suburb west of Toronto that is home to many immigrant groups. A key and, to some, troubling figure in that mosque was Qayyum Abdul Jamal, 43, the oldest of those arrested. Some people who heard Jamal discuss politics at the mosque objected that he was trying to teach younger men that Western countries are at war with Muslims.

It is unclear how far their complaints went, but Wajid Khan, a member of Parliament and one of those who confronted Jamal at the mosque last year, said Sunday that "many people in the community were cooperating" with authorities.

The charged men, all of them said by authorities to be Canadian citizens or longtime residents, are from areas around Toronto and Kingston, Ontario. Two of those charged, Yasim Abdi Mohamed, 24, and Mohammed Dirie, 22, both of whom moved from Somalia to Kingston, are already in jail, having been caught at the U.S. border last August attempting to bring handguns into Canada.

Plot Puts Focus On Security, Immigration Agencies (WT)

By Fawzia Sheikh

The Washington Times, June 6, 2006

TORONTO -- Canadian security and immigration practices came under scrutiny yesterday after the weekend arrests of 17 persons suspected of plotting to blow up southern Ontario landmarks.

About 90 percent of immigration applicants from Pakistan and Afghanistan in the past five years have not been sufficiently screened for security concerns, Jack Hooper, deputy director of the Canadian Security Intelligence Service (CSIS), told a Senate committee last month.

Security analysts, meanwhile, warned that past cuts in staffing and funding for the nation's security services have left them short of manpower to search for terrorist cells.

Seventeen Canadian residents, many of them regular attendees at a Toronto mosque, were arrested Friday and Saturday after members of the group purchased 3 tons of ammonium nitrate, a fertilizer that can be used to make bombs.

Authorities said the suspects had been monitored by security agencies since 2004, but few details of the plot were offered ahead of a court hearing today. News reports said investigators had been eavesdropping on Internet chat rooms espousing anti-Western sentiment that are frequented by some of the accused.

John Thompson, president of the MacKenzie Institute think tank, said he thinks at least one other terrorist cell and "probably more" were still operating.

"Most of them would be in the Toronto area. It's the largest concentration of Muslims," he said.

If he is correct, finding such groups will be a challenge for the CSIS, which worked with the Royal Canadian Mounted Police and local and federal agencies in the weekend roundup.

The budget of CSIS was cut by about 20 percent in the 10 years before the September 11 attacks in the United States, and staff levels went from about 2,700 to 2,200, said Dwight Hamilton, lead author and editor of a recently released book on terrorism and Canadian intelligence.

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The federal government boosted the CSIS budget by 30 percent a few months after the attacks, funding "a recruiting drive to expand on their linguistic and cultural skills," Mr. Thompson said. CSIS also integrated with other Canadian law-enforcement agencies to better track terrorism.

Even so, Mr. Hamilton said, "CSIS doesn't have the manpower to deal with the threat. They've been gutted. And just because [staff] numbers went up after 9/11 doesn't mean that all is well.

"The head of the standing [government] committee on national defense and security, Colin Kenny, has said that training an intelligence analyst takes about as long as training a neurosurgeon. You do the math."

Mr. Hooper, the CSIS deputy director, acknowledged to a parliamentary committee last month that most immigration applicants from Pakistan and Afghanistan are not adequately screened.

CSIS spokeswoman Barbara Campion said that everyone who applies for immigration or refugee status in Canada is screened but that security checks are completed on only the 10 percent of overseas applicants who are deemed worrisome by Citizenship and Immigration Canada.

Mr. Thompson said that as well as monitoring jihadist groups, CSIS is struggling to monitor threats from non-Muslim organizations in Canada, such as Sri Lanka's Liberation Tigers of Tamil Eelam and the Sikh group Babbar Khalsa.

CSIS said it plans to complete a review of "operational resources" this summer.

Canada Confronts Its Shadows Within (LAT)

By Carol J. Williams

The Los Angeles Times, June 6, 2006

MISSISSAUGA, Canada — In a country that celebrates cultural diversity, a suspected terrorist plot has shattered the image that many Canadians have of themselves as more secure, more generous and more likable than their U.S. neighbors.

From Muslim shopkeepers in multicultural neighborhoods such as this one to intellectuals debating social policy in Toronto and Ottawa, Canadians have been forced into a disturbing confrontation with the idea that global terrorism may have found fertile soil within their own boundaries.

"I thought this was a very safe country. That's why we came here from Pakistan," said Anjun Ahmed, a 54-year-old convenience store owner who moved to this thriving Toronto suburb, the fastest-growing in Canada, nearly two years ago from Rawalpindi. "This is very bad. If they [the suspects] were really going to do these things, people will be afraid and won't come here."

The 17 men and youths arrested over the weekend for allegedly plotting to blow up Canadian national landmarks were to be arraigned today on charges including participation in a terrorist group. Three also face weapons-smuggling charges, six have been charged with intent to carry out a bombing on an undisclosed target, and nine stand accused of taking part in a terrorist training course, according to documents filed with the Ontario Court of Justice.

Like the homegrown British extremists who bombed London's transit system in July, Canada's alleged perpetrators of immigrant origin were mostly long-settled citizens whose families had fled poverty and oppression in Somalia, the Middle East, the Indian subcontinent and the Caribbean.

Like the Al Qaeda and Taliban extremists who practiced bomb-making and firearms use at secret camps in Afghanistan before Sept. 11, the Canadian suspects allegedly trained at a clandestine base north of here near remote Lake Simcoe, covering their tracks by dismantling the facility after the sessions in November and December.

And like Timothy McVeigh, whose 1995 bombing in Oklahoma City killed 168 people, the Canadian suspects allegedly had amassed ammonium nitrate — three times as much as McVeigh used in the worst act of domestic terrorism on U.S. soil.

Though the men, means and methods prompted comparison to past attacks, Canadian analysts and observers were saddened and offended that the accused plotters would want to harm their nation.

"Terrorists always try to target peaceful places because it's easier to hit a place where people don't think such things can happen," said Mohsin Ali, a 20-year-old Ryerson University engineering student who came here with his family two years ago from Karachi, Pakistan.

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"My children go to college and school here. They don't have problems," said shop owner Ahmed, who invested his life savings in the shop adjacent to the strip-mall mosque where most of the arrested terrorism suspects worshipped. "I'm disappointed."

The attacks have quickly led to acts of anti-Muslim retaliation.

Thirty windows were smashed by vandals early Sunday at the huge International Muslims Organization of Toronto mosque in the Rexdale neighborhood just north of here, an incident its Guyanese founder, Omar Farouk, said Muslims were "hoping and praying was an isolated incident."

"The Canadian people are very loving and kind — equally are the Muslims," said Farouk, whose mosque is attended by nearly 20,000 people and serves as a gathering place for interfaith community events.

The view of Canada as removed from the immigrant frictions and diplomatic strains suffered by its superpower neighbor may be outdated, said Audrey Macklin, a University of Toronto law professor who specializes in immigration, refugee and citizenship affairs.

"There is a desire in Canada to see ourselves as very different from the United States. Whatever we are, we are not the United States," she said, citing the nation's more liberal immigration policy and rejection of go-it-alone military actions. Canada has declined to be part of the U.S.-led forces involved in the war in Iraq.

"We're not a priority target the way the United States is, but that doesn't mean we are protected," she said, adding that Canadians "picture themselves as being thought of as nicer than the United States."

Yet even the best justice system in the world could not eradicate crime, and neither can all acts of extremism be prevented, she said, warning that "no country should be smug enough to think it's immune."

Toronto Mayor David Miller gave voice to his country's collective reluctant realization that vulnerability to extremist violence might be a price paid by an open society unwilling to rein in its rights and freedoms.

"We didn't, as Canadians, expect this, but obviously it is part of modern reality," he told CBC Radio.

David Rudd, president of the Canadian Institute of Strategic Studies, said Canada's liberal immigration policy and generous social spending were laudable. And he brooks no argument from those looking for justification in any disaffection among the alleged would-be bombers, only two of whom are older than 25.

"Certainly the political landscape of this country is very, very amenable to people from foreign countries and non-Anglo-Saxon cultures coming here and living in peace and getting ahead in their lives," said Rudd, applauding the government's emphasis on accepting the cultural individualities of newcomers rather than seeking homogenization.

Unlike the suburban ghettos that have sprung up around major European cities, Canada's nearly 6 million immigrants live scattered throughout the country of 32 million people. They reside primarily in leafy bedroom communities such as Mississauga, a largely immigrant venue but one where Jamaican jerk shops, Arab kebab stands, sushi bars and Indian restaurants stand side by side with burger stands and doughnut shops in suburbs and strip malls.

One school of thought gaining traction in explaining why Canada could become a terrorism target for Muslim extremists is its very liberal, consumer-oriented and socially permissive nature, Rudd said.

"To some people, that situation is offensive or degenerate, that women should be allowed to walk down the street wearing a halter top," he said.

Some who espouse radical or ultraconservative views on the practice of Islam come to Canada for its generous welfare and professional opportunities, often quietly harboring resentment of their environment but at times acting on what they see as blasphemous, he said.

Prime Minister Stephen Harper offered a similar explanation to Canadians the day after the country's largest anti-terrorism sweep since the aftermath of Sept. 11.

Canada's focus on Muslim extremism intensified after the 1999 arrest of Algerian national Ahmed Ressam as he attempted to cross from British Columbia into Washington state. Ressam was caught with a carload of explosives and convicted of planning to use them to bomb Los Angeles International Airport on New Year's Eve. He was identified as a member of a Montreal-based terrorist cell with links to Al Qaeda camps in Afghanistan.

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Harper, speaking of the new suspected plot, said in a national address: "Their alleged target was Canada, Canadian institutions, the Canadian economy, the Canadian people.

"We are a target because of who we are and how we live, our society, our diversity and our values — values such as freedom, democracy and the rule of law," he said. "The values that make Canada great, values that Canadians cherish."

Padilla Lawyer Wants Key Evidence Tossed (AP)

By Curt Anderson

AP, June 5, 2006

A lawyer for alleged al-Qaida operative Jose Padilla is asking a judge to throw out key evidence, saying the warrant for his arrest was based on statements from one source who claims he was tortured and another who was heavily medicated.

The statements were cited in an FBI affidavit "that distorted the facts in an apparent disregard for the truth," attorney Andrew Patel said in court papers filed late last week.

Padilla was arrested in 2002 at Chicago's O'Hare Airport. Initially accused of plotting to detonate a radioactive "dirty bomb" in a major U.S. city, Padilla was designated an enemy combatant and held without charge by the military for 3 1/2 years.

President Bush dropped the combatant label in November and Padilla was indicted in Miami along with four others on charges of being part of a support cell for Islamic extremists. Padilla's trial is set for this fall.

The evidence being challenged includes a cell phone allegedly provided to Padilla by another al-Qaida operative, an address book containing names of his alleged al-Qaida recruiter and sponsor, and more than $10,000 in cash.

In court papers, Patel does not accuse the FBI or other U.S. interrogators of engaging in torture. But he argued that U.S. failure to detail the torture allegations before Padilla's arrest invalidate the evidence seized from him.

A spokesman for U.S. Attorney R. Alexander Acosta had no comment Monday.

According to Patel, the sources cited in the FBI affidavit were Binyam Ahmed Muhammad — being held at the Guantanamo Bay detention camp — and Abu Zubayda, a top al-Qaida leader held at an undisclosed location. They were arrested in Pakistan in 2002.

Patel said Muhammad has told his own lawyer that he was whipped, hung from the ceiling of his cell with leather straps and later taken to Morocco where he was tortured with a razor.

Patel said Zubayda was treated after his arrest for gunshot wounds, raising questions about "the effect the medications may have had on Abu Zubayda's ability to provide accurate information."

Maryland Teacher's Terror Trial Goes To Jury (WT/AP)

By Matthew Barakat, Associated Press

The Washington Times, June 6, 2006

A third-grade teacher at a Muslim school in Maryland traveled to Pakistan shortly after the 2001 terrorist attacks, trained with a terrorist group there and later served as chauffeur for one of that group's leaders during his U.S. travels, federal prosecutors said yesterday.

Prosecutors and defense attorneys made their closing arguments yesterday in the trial of Ali Asad Chandia, 29, who is charged with providing material support to Lashkar-e-Taiba, a group that supports Muslim control of the disputed Kashmir territory on the India-Pakistan border. The jury began its deliberations yesterday afternoon.

The U.S. government declared Lashkar a terrorist group in December 2001.

Prosecutors have said Lashkar served as a potential gateway for Americans and others who wanted to join the Taliban in neighboring Afghanistan in its fight against U.S. troops in late 2001.

The charges against Mr. Chandia stem from a government investigation of what prosecutors called a "Virginia jihad network," a group of young Muslim men who used paint-ball games in 2000 and 2001 as paramilitary training for holy war around the globe.

Ten persons have been convicted in that investigation, including the group's spiritual leader, Ali al-Timimi, who was sentenced to life in prison for soliciting treason and urging group members to fight U.S. troops in Afghanistan.

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Prosecutors do not say that Mr. Chandia intended to take up arms against U.S. troops, but they do say he received jihad training at a Lashkar camp in late 2001.

Then, after returning to the United States in 2002, they say he helped Lashkar by assisting one of its officers, Mohammed Ajmal Khan, in his U.S. travels.

Specifically, Mr. Chandia served as a driver for Khan and picked him up at various airports. He also helped Khan obtain and ship equipment from the United States to Pakistan, including a remote-controlled aircraft and 50,000 paint balls, according to the government.

Prosecutor John Gibbs said the defense sought to portray Khan as an eccentric, largely innocuous character.

"He is not cute. He is a terrorist," Mr. Gibbs said of Khan, who was convicted in Great Britain of supporting Lashkar and sentenced earlier this year to nine years in prison.

Defense lawyer Marvin Miller said prosecutors had no evidence that Mr. Chandia attended a Lashkar camp, only testimony from an eyewitness who saw Mr. Chandia at a Lashkar office in Lahore.

Mr. Miller said Mr. Chandia traveled to Pakistan to help arrange his brother's wedding there in January 2002.

As for the assistance Mr. Chandia lent to Khan, Mr. Miller argued that Mr. Chandia didn't know of Khan's connections to Lashkar.

Mr. Chandia is on leave from a teaching job the al-Huda school in College Park.

Counterterror Exemption Proposed For Privacy Act (WT/UPI)

By Shaun Waterman, United Press International

The Washington Times, June 6, 2006

A little-noticed proposal from the Senate intelligence committee would exempt federal agencies from important provisions of the Privacy Act in the name of the war on terrorism.

The committee's annual authorization bill, which was sent to the Senate last month after a unanimous vote, would initiate a three-year pilot program, during which U.S. intelligence agencies would be able to access personal information about Americans held by other federal departments or agencies if it is thought to be relevant to counterterrorism or counterproliferation.

In the wake of revelations about the administration's use of data mining and warrantless surveillance of telephone and Internet communications in pursuit of the nation's terrorist enemies, the provision could cause a furor.

"If this is enacted, the Privacy Act will look like Swiss cheese," American Civil Liberties Union (ACLU) legislative counsel Tim Sparapani said.

Mr. Sparapani said he was not reassured by the role that the law envisages for the president's Privacy and Civil Liberties Oversight Board, which would monitor the program and report to Congress as the three-year sunset approached.

"The board is stacked four [Republicans] to one [Democrat]," he said.

"It is not truly independent" because it is inside the president's own office, which puts it "under the thumb of the president and his advisers."

The board's chairwoman, Texas lawyer Carol Dinkins, did not respond to a request for comment yesterday afternoon.

A Democratic committee staffer defended the proposal, saying the exemptions were "narrowly drawn to address the kinds of problems we found during our September 11 inquiry" when U.S. agencies failed to pool information about known al Qaeda militants, who were, thus, able to slip into the country.

At the moment, the 1974 Privacy Act broadly prohibits a federal government entity that has collected information about Americans from using it for any purpose other than that for which it was collected. Information typically cannot be passed on to other agencies or departments without the person's permission.

These restrictions "could prevent the sharing of intelligence information within the executive branch," said the committee report accompanying the intelligence authorization bill, designated S. 3237.

The report goes on to say that an "Information Sharing Working Group," made up of representatives from U.S. intelligence and law-enforcement agencies and from the Departments of Defense and Homeland Security, had recommended changes to the Privacy Act restrictions on personal-information sharing in 2004.

The committee included similar provisions in its authorization bill last year, but that legislation died after an anonymous hold -- apparently from at least one Republican senator angered by Democrat-authored provisions on detention and interrogation -- prevented it from reaching the Senate floor.

Though the Privacy Act created 12 exceptions to the restriction on data sharing -- including for information used "to support a civil or criminal law-enforcement activity under certain proscribed circumstances" -- the committee report says there is no such exemption for intelligence activities.

Section 310 of the committee's new bill creates one, exempting all U.S. intelligence agencies from data-sharing restrictions in cases in which the information "is relevant to a lawful and authorized foreign intelligence or counterintelligence activity." If the information does not "pertain to an identifiable individual," then the director of national intelligence or one his deputies has to approve the sharing.

Under the provision, intelligence agencies also can ask for Privacy Act-covered records from nonintelligence agencies -- and be entitled to them -- if the information relates to international terrorism or proliferation.

No Defense For Degrading Prisoners (LAT)

The Los Angeles Times, June 6, 2006

IN AN UNUSUAL MOMENT OF public introspection, President Bush told a recent news conference that "the biggest mistake that's happened so far, at least from our country's involvement in Iraq, is Abu Ghraib. We've been paying for that for a long period of time."

Apparently, planners in the Pentagon weren't listening to the president's remarks, or failed to understand their larger import: This country harms its own image — and puts its troops in harm's way — when it humiliates and degrades prisoners.

On Monday, The Times' Julian E. Barnes reported that the Defense Department, over the objection of the State Department, has decided to omit from a new Army Field Manual on interrogation a prohibition against "humiliating and degrading treatment" contained in Common Article 3 of the Geneva Convention.

Unfortunately, there is a precedent for this deletion. In a 2002 order, President Bush wrote that because Article 3 was designed to deal with conflicts that were not "international" in scope but rather civil conflicts, it didn't apply to Al Qaeda or Taliban detainees.

More recently, Pentagon officials — supported by Vice President Dick Cheney's office — apparently have come to believe that including the prohibition in the manual would cramp the style of interrogators and create an "unintentional sanctuary" for Al Qaeda fighters. For example, one official complained, adherence to Article 3 might make it difficult to "punch the buttons of a Muslim male" by questioning his manhood.

Even if this were true — and we doubt whether verbal insults constitute "humiliating and degrading treatment" — the alternative is worse. Omitting Article 3 from the interrogation manual not only would be handing the enemies of the United States a propaganda victory, but by giving interrogators an inch of discretion, it would be encouraging some of them to take a mile. Such slippage isn't just a matter of speculation. It's what happened at Abu Ghraib.

We have been here before. In 2002, Justice Department lawyers produced a now-infamous memo espousing a ridiculously narrow definition of torture, limiting it to the pain accompanying "death, organ failure or the permanent impairment of a significant body function." The administration repudiated the memo, just as it had second thoughts about a directive from Defense Secretary Donald Rumsfeld allowing interrogators to subject detainees to "mild, noninjurious physical conduct" to induce them to talk.

Any plan to omit Article 3 from the interrogation manual justifies the same sort of serious second thoughts. If Rumsfeld can't see that, his newly reflective boss should set him straight.

Degrading America's Image (NYT)

The New York Times, June 6, 2006

For more than seven decades, civilized nations have adhered to minimum standards of decent behavior toward prisoners of war — agreed to in the Geneva Conventions. They were respected by 12 presidents and generations of military leaders because they reflected this nation's principles and gave Americans some protection if they were captured in wartime.

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It took the Bush administration to make the world doubt Washington's fidelity to the rules. And The Los Angeles Times, reporting yesterday on a dispute over updating the Army rulebook known as the Field Manual, reminded us that there is good reason to worry.

At issue is Directive 2310 on the treatment and questioning of prisoners, an annex to the Field Manual. It has long contained a reference to Article 3 of the Geneva Conventions, which covers all prisoners, whether they meet the common definition of prisoners of war or are the sort of prisoners the administration classifies as "unlawful enemy combatants," like suspected members of the Taliban or Al Qaeda.

Article 3 prohibits the use of torture and other overt acts of violence. But Mr. Bush's civilian lawyers removed it from the military rulebook over the objections of diplomats and military lawyers. Mr. Bush has said he does not condone torture, but he has also said he would decide for himself when to follow the ban on torture imposed by Congress last year. Removing the Geneva Conventions from Army regulations gives the world more cause for doubt.

Article 3 also prohibits "outrages on personal dignity, in particular, humiliating and degrading treatment." (Remember the hooded man, the pyramids of naked prisoners?) The Pentagon says the new rules require humane treatment, but that is not much comfort, since the Bush team has shown that it does not define humane treatment the way most people do.

There are other aspects of Article 3 that this administration probably finds inconvenient, like its requirement that governments holding prisoners subject them to actual courts "affording all the judicial guarantees which are recognized as indispensable by civilized peoples." The hearings at Guantánamo Bay hardly meet that description.

It defies belief that this administration is still clinging to its benighted policies on prisoners after the horrors of Abu Ghraib, the killings at American camps in Afghanistan and the world's fresh outrage over what appears to have been the massacre of Iraqi men, women and children in the village of Haditha.

HOMELAND RESPONSE:

Intel Chief Gives Vt. Commencement Talk (AP-Y2)

By David Gram

AP2, June 5, 2006

National Intelligence Director John Negroponte urged graduates of a private high school Monday to appreciate and take full advantage of the human ability to communicate.

In a brief speech, Negroponte said words had profoundly shaped human history, giving people "the ability to express feelings, to record events, to plan ahead, to resolve differences and to share a common identity."

"You have been empowered to express yourselves, to get to know one another, to define your aspirations and to understand and respect your differences," he said.

Negroponte, a former U.S. ambassador, is the first director of National Intelligence, a position designed to oversee the country's different intelligence agencies.

He made no reference to foreign policy or the controversy over the government's domestic eavesdropping program during his speech at St. Johnsbury Academy, where his son John was one of the graduates.

About 75 peace activists stood outside in the drizzle holding signs and giving speeches, alleging that Negroponte was a key player in abusive U.S. foreign policies from Central America in the 1980s to Iraq today.

"It's outrageous that he's being given a position of honor in our community," said Brian Tokar of East Montpelier.

Police arrested four protesters, two who were removed from the hall while heckling during Negroponte's speech and two who ventured onto what police said was the academy's private property.

After the second heckler was hustled out by security, Negroponte drew a laugh when he said, "I think you'll all be very grateful that I have a very short speech."

Groundbreaking For 9/11 Memorial At Pentagon Set (WP)

By Timothy Dwyer

DOJ_NMG_0031773

The Washington Post, June 6, 2006

The president of the Pentagon Memorial Fund announced yesterday that a groundbreaking ceremony will occur June 15, a huge milestone in the nearly five-year fundraising effort for the 9/11 monument.

About 150 family members and other guests, including Secretary of Defense Donald H. Rumsfeld, are expected to attend the invitation-only ceremony, which will be held at the memorial site on the west lawn of the Pentagon, James J. Laychak said.

"It is one step toward completion of the memorial," said Laychak, who lost a brother in the attack on the Pentagon on Sept. 11, 2001. "It gets us closer to the vision that I have of all of us family members sitting in a quiet corner at the completed memorial watching everyone enjoying what we helped create."

Laychak said about $10.8 million has been raised for memorial construction. He said the goal is to raise $22 million for construction, which is expected to be completed in September 2008, as well as another $10 million that will be used to maintain the memorial.

The majority of the money to build the memorial has come from private donations, Laychak said. He said the memorial fund got a grant of nearly $1 million from the federal government recently and has asked for $100,000 from the state of Virginia, but that has yet to be approved.

Among those who will attend the groundbreaking are architects Julie Beckman and Keith Kaseman, who won a worldwide competition to design the memorial.

"It is a huge milestone, and I am very excited about it," Beckman said. "It is something that we have been waiting for, and it is timed to go along with real construction that is beginning on the site. We are just thrilled."

The memorial will have 184 cantilevered benches, one in memory of each victim of the terrorist attack on the Pentagon. Occupying 1.93 acres, the memorial will be 165 feet from where American Airlines Flight 77 hit the building.

After the groundbreaking, construction crews will begin removing underground utilities and work on the installation of a system that will supply water for reflecting pools beneath each of the 184 memorial benches.

Laychak said about $3.3 million has been spent for research and development on components and materials.

One challenge has been to come up with a mold for the memorial benches, which will be composed of one piece of super duplex stainless steel, the same material used in the reconstruction of the Statue of Liberty and in catapults on aircraft carriers because of its high resistance to corrosion.

"We have been continuing the prototyping process for the memorial unit, and that has been going very well," Beckman said. "We were back out at the foundry in St. Louis to see five more prototypes that they have been working on . . . to make sure that 184 of them can be made exactly the same."

About 80 paperbark maple trees will shade the memorial. "They were chosen because they have year-round interest," Beckman said. "They are late-turning maples. The leaves change color a little later than the rest of the maples. So when most of the trees in Arlington have lost their leaves, these will still be a brilliant red." She said the trees have cinnamon brown bark, which would contrast with a gray winter.

Kaseman and Beckman, now engaged, were young and unknown New York architects when their design won a competition that had more than 1,000 entries. They moved out of their closet-size studio apartment on the Upper West Side nearly three years ago to an apartment in Old Town Alexandria to work on the memorial.

"For Keith and I, it has been absolutely amazing to work on this with all the people who have been involved so far," Beckman said. "I know this place will help all of the people for whom the healing process is still going on."

Ground Zero (WSJ)

By Debra Burlingame

The Wall Street Journal, June 6, 2006

I am an ironworker. I held you in my hands.

I did not know who you were and now I am showered clean . . . yet I still feel dirty. I don't know why, but I feel ashamed. WHO WERE YOU?

-- Anonymous message, left at Ground Zero.

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They came and would not leave, an army of ironworkers and heavy-equipment operators, stopping only when the scent-trained dogs barked out a signal. They cut and moved twisted steel and steaming concrete, clearing an astonishing 1.8 million tons in a continuous convoy of trucks and a 20,000-barge armada. The last steel beam, covered from top to bottom with handwritten prayers and messages of hope from those who worked the site, was hauled away in a solemn site-closing ceremony that left grown men weeping quietly. "The Pile" was cleared in eight-and-a-half months. Only then did they go home, different men. Who will tell their story?

The answer depends on whether we believe we have a stake in a future we will not live to see. Today, a handful of people are considering how the history of 9/11 will be preserved for future generations. Will it be scattered all over the globe, eroded by small museums, cannibalized by private collectors, or simply lost forever?

From the giant steel façades that broke but did not fall to the thousands of "Missing" flyers that speak of humanity as no granite monument can; from the harrowing digital footage to the oral histories that provide a mosaic of facts as detailed and compelling as a thousand handmade quilts; these are the pieces that make up our generation's "Day of Infamy." Preserving that history is both the mission and the moral imperative of the World Trade Center Memorial Museum -- if we build it.

The decision lies in one man's hands: New York Gov. George E. Pataki. It is that simple. Advisory councils, stakeholder meetings and a public comment period notwithstanding, if Gov. Pataki agrees with 87% of the respondents in last year's Zogby poll, stating that 9/11 was "the most historic event of their lifetime" that "changed the way Americans live and view the world," then he will step up and mark that history -- or answer to those same people. And he will have one tough time doing it. * * *

The American people, watching the horrific scenes in New York, Virginia and Pennsylvania, voiced nary a peep of dissent when the federal government handed over $21 billion in disaster relief -- $18 billion in rebuilding bonds and tax credits, and $2.8 billion in immediate cash grants -- to the state and city of New York. The desire to raise buildings and bring back neighborhoods and businesses far from their own communities is powerful proof of the generosity of a people whose hearts were broken but whose resolve was not.

The public has heard plenty about the "empty pit of Ground Zero," but most do not know that the $2.8 billion allocated to Lower Manhattan in cash grants has virtually all been spent. It is difficult to trace where all the money went while being routed through the Department of Housing and Urban Development and six different city and state entities. Now, after four-and-a-half years of press conferences, ribbon-cuttings and groundbreakings (the Freedom Tower has had two), at which the lost 343 firefighters were invoked and the memorial and museum was touted as the "centerpiece" around which hundreds of millions of dollars in spending projects would turn, Gov. Pataki and Mayor Michael Bloomberg have teamed up to tell the public that it's time to "rethink" the project where the history of those valiant firefighters will be secured. Not only does this undermine Daniel Libeskind's master plan, which always included a museum of "memory and hope," it also manifests a standard of fiscal responsibility that the governor and the mayor have refrained from imposing anywhere else at Ground Zero.

The Port Authority's massive new transportation hub, designed by superstar architect Santiago Calatrava, will cost an estimated $2.2 billion. Some $2 billion of that is federal money, which means that the entire country is supporting the "awe-inspiring" makeover of a terminal that will serve a mere 40,000 commuters (a number so embarrassing the Port Authority upped it to 80,000 by including round trips). The chief executive of a construction firm involved in the building illustrates the absurdity of what insiders call a "vanity project" by pointing out that $2.2 billion is enough to build a metropolitan airport.

The governor has also handed out hundreds of millions in relief money to corporate powerhouses, ostensibly to get them to relocate to Lower Manhattan or to prevent them from leaving. He signed off on $25 million worth of recovery funds for American Express, which expressly announced it hadn't intended to leave Lower Manhattan and posted doubled profits less than a year after 9/11. Goldman Sachs, which made $4.55 billion dollars in net profits in 2004, received a $2 billion "assistance" package consisting of triple-tax-free Liberty Bonds, tax credits and cash the following year.

Mr. Bloomberg talks about a "sensible" approach to Ground Zero rebuilding, but has declined to fully explain his allocation of $650 million dollars worth of Liberty Bonds to construct the Bank of America tower in midtown, an allocation that competes with downtown redevelopment; or why he awarded $114 million in Liberty Bonds to the Ratner office tower -- in Brooklyn.

The mayor has suggested locating the World Trade Center Museum in the controversial Freedom Tower, declaring it "a good use of that lobby." To put the story of that day in another commercial office tower is an insult to the memory of the 3,000 who

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died and to the thousands who barely escaped. Would the Holocaust Museum be treated as an afterthought and crammed into such a space? Moreover, why would any commercial tenant be attracted to a building that will be the destination of as many as 20,000 to 30,000 tourists per day?

The mayor's proposal was promptly embraced by New York's cultural elite -- the same folks who were despondent over the loss, last fall, of the International Freedom Center and its slavery exhibits. The New York Times editorial page went so far as to suggest that the 9/11 museum is not really necessary since "most of us remember that day very clearly." The same paper, in contrast, published six hyperventilating editorials last year, telling us that the Freedom Center must be built on sacred ground to provide the memorial with "historical context," albeit one that didn't include a word about terrorism.

Interestingly, the no-museum proponents have uniformly invoked the Vietnam Veterans Memorial in Washington as an example of a simple and appropriate remembrance. While it eventually became accepted as a locus of healing, "The Wall" was controversial when it opened in 1982 in no small part because of its failure to tell the story of the war. Jan Scruggs, founder of the Vietnam Veterans Memorial Foundation, recognizes that when the contemporaries of that war are gone, the 58,000 names carved in granite will not resonate with future generations. To remedy this, he sought and won congressional approval to build a museum that will tell the story of the war and those who fought it.

Ironically, the designer of the Vietnam memorial, Maya Lin, was a member of the World Trade Center Memorial jury and the most vocal advocate of the design that was eventually chosen, Michael Arad's "Reflecting Absence." Like Ms. Lin's Wall, Mr. Arad's design, consisting of reflecting pools and waterfalls with a random listing of 3,000 victims' names, says nothing about how they died or the historic event it is memorializing. Without the museum there will be nothing on the plaza, not even the iconic artifacts, to tell future visitors what actually happened on 9/11.

But let us not get too carried away with comparisons to other memorials. The Vietnam War did not take place on that grassy mall in Washington. Ground Zero is an historic battleground; and of the 2,755 who died there, 1,157 were vaporized without a trace.

The American people intuitively understand what the New York intelligentsia does not. They already stream to Ground Zero in the tens of thousands, signing up for tours to stand and look at the iron fence of St. Paul's Church across the street, now stripped of the faded flags, the personal tokens of remembrance and the hand-lettered messages of sympathy that poured in from all over the world. They shell out countless thousands of dollars for picture books and postcards bearing the images of the twin towers from the ragtag vendors who line the site's perimeter.

It is this humble assortment of Ground Zero entrepreneurs who have shown City Hall's economic development experts that it is possible to blend commerce and commemoration. And the Memorial Museum will help restore a standard of dignity, which will be more about providing a lasting remembrance than making a quick buck. * * *

Yes, the $500 million price tag for the memorial and museum is steep, but the reality is that it was the terrorists who chose the most expensive building site in all the world for the location of their attack. That is where our people died and that is where we must build it -- especially as the cost of not doing so is even higher.

This is an investment in the future that will allow visitors from all over the world the opportunity to see the contrast between those who died to take the lives of strangers, and those who gave their lives to save them. The millions who will make a pilgrimage to Ground Zero will surely enjoy the fine boulevards and piers that their own generosity provided, but the experience they most anticipate is not a frozen latte in Hudson River Park. They want to confront the reality of the day that changed their lives, and the world they once knew.

The World Trade Center Memorial and Museum will commemorate, educate and inspire. It will convey to future generations that we as a people are more than sleek neighborhoods and buildings. That is something our enemies did not understand and should be reflected in everything we do on that much-hallowed ground.

Governor, we're ready.

Ms. Burlingame, a director of the World Trade Center Memorial Foundation, is the sister of Charles F. "Chic" Burlingame III, the pilot of AA flight 77, which was crashed into the Pentagon on Sept. 11, 2001.

Hurricane Mary Still Storms Over Katrina (HILL)

DOJ_NMG_0031776

By Jonathan Allen

The Hill, June 6, 2006

In the nine months since Hurricane Katrina bore a hole through the Gulf Coast and triggered cataclysmic flooding in New Orleans, Sen. Mary Landrieu has been battling for more than just cash to rebuild.

"I'm still in a fight to explain," the Louisiana Democrat said during an interview in her seventh-floor Hart Building office suite.

In endless meetings with lawmakers, aides, interest groups and even singer Placido Domingo, she uses color-coded charts, sweeping gestures and Cajun charm to explain the difference between the hurricane and the flood, the biblical-scale damage to her home city, coastal restoration plans, why New Orleans should be rebuilt and why further assistance should not be routed through the Federal Emergency Management Agency.

"It's important for people to understand what really happened, who is responsible, why it happened, so that we can actually fix it," she said.

For Landrieu, villains are easy to identify: President Bush and top White House officials, the Federal Emergency Management Agency (FEMA) and House Speaker Dennis Hastert (R-Ill.). Early on, Hastert suggested New Orleans should not be rebuilt.

"That kind of set us off in a defensive posture when we should have been in an offensive posture," Landrieu said.

Since then, the 50-year-old senator has been the one taking swings. Last year she said on national television that she would punch the president or anyone else who berated local officials. In April, she threatened to hold up Bush's executive-branch nominees until he delivered funding for the Gulf Coast.

But her pugnacity has not stopped her from forming alliances. In March she became the first Democrat in either chamber to support a Republican-written budget since 2004 after securing a promise for more levee money.

Landrieu, now in her second term, met with Senate Republican bulls Ted Stevens (Alaska) and Pete Domenici (N.M.) in the office of Majority Leader Bill Frist (R-Tenn.) to hammer out a deal for her vote.

She says top Senate appropriators Thad Cochran (R-Miss.) and Robert Byrd (D-W.Va.) have come to Louisiana's rescue. She also notes the names of senators who dispatched aides to help her staff in Katrina's aftermath, and she singles out Education Secretary Margaret Spellings and Housing Secretary Alphonso Jackson for praise.

'AROUND THE WHITE HOUSE'

Landrieu has not let up a bit in her condemnations of the White House, but she is careful to draw a distinction between the president's inner circle and other parts of the administration, where she has found some of her staunchest allies.

"I just sort of went around the White House and just went directly to their Cabinet people, and some of the Cabinet people really understand what happened and they're really trying to help," Landrieu said. "Margaret Spellings was one of the first to grasp it."

Landrieu and Spellings have found common ground in their support for charter schools, facilitating a strong alliance. Spellings did "everything she could" to put kids in classrooms, a Landrieu aide said.

But other agencies remain in Landrieu's crosshairs, particularly FEMA, which she says should not be the vehicle for federal assistance because it is "dysfunctional."

Landrieu is among those who argue that aid should move directly through other departments and agencies — the Education Department, Housing and Urban Development, the Commerce Department and the Small Business Administration, to name a few — rather than FEMA, which has become a symbol of the federal government's difficulties in handling the problems of the Gulf Coast region.

"They kept thinking FEMA could do it, FEMA could do it," Landrieu said. "But even on FEMA's best day they couldn't have done it, and FEMA didn't have too many good days."

A SINGULAR FOCUS

Landrieu has other responsibilities in the Senate; she is the ranking Democrat on the District of Columbia Appropriations Subcommittee and a member of the bipartisan Gang of 14 that has played a decisive role in the judicial confirmation process, and her brother just lost a hotly contested Democratic mayoral primary.

But the names of the hurricanes, Katrina and Rita, are seldom far from her lips.

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When Placido Domingo visited Landrieu to discuss money for the arts, the opera star instead got a lesson on Louisiana's infrastructure.

"We had spent 30 minutes with this guy, and we had not talked about arts funding," a Landrieu aide said.

The next day, with the Senate out of session, Landrieu and Democratic Policy Committee Chairman Byron Dorgan (N.D.) spent more than an hour interviewing local business owners at a poorly attended hearing titled "An Oversight Hearing on Gulf Coast Reconstruction: Has the Federal Government Left Small Businesses Behind?"

Republican and Democratic aides say Landrieu has been somewhat less involved with issues unrelated to the hurricanes since they hit.

NO APOLOGIES

"If one person criticizes them or says one more thing, including the president of the United States, he will hear from me," Landrieu told ABC's George Stehanopoulos in September. "One more word about it after this show airs and I might likely have to punch him. Literally."

Landrieu maintains that radio talk-show host Rush Limbaugh and others took her line about punching the president out of context, but she says she stands by it.

"I don't regret it at all, and I'd say it again exactly that way," she said. "As a leader, I think you should defend your people, not gloss over their faults. But I'm not going to let anybody talk about the first responders of New Orleans."

The most recent twist in Louisiana's battle for federal aid is a threat by Gov. Kathleen Blanco to delay drilling leases if the federal government does not give the Pelican State a share of the revenue.

Landrieu, who has said she will block energy legislation that does not include a share of federal receipts for Louisiana, supports Blanco's approach but would prefer a legislative fix, according to spokesman Adam Sharp.

"The entire state leadership supports getting our fair share, and each of us does what is within our ability to drive that result," Sharp said in an e-mail.

Clamoring To Come Home To New Orleans Projects (NYT)

By Susan Saulny

The New York Times, June 6, 2006

NEW ORLEANS, June 5 — Hundreds of displaced residents of public housing have for several days been returning here for the first time since Hurricane Katrina.

They are armed with little more than cleaning supplies and frustration, in an effort to force the city to reopen their storm-damaged apartments.

The city, saying the projects are not ready, has refused.

Outside the largest complex, the St. Bernard Housing Development in the Seventh Ward, tenant groups have organized evacuees into a tent city called Survivors Village. At the C. J. Peete Development in Central City, older residents, mostly women, broke into their old apartments and carted away plastic bags of refuse and ruined furniture.

At the Florida housing complex in the Ninth Ward, residents slipped through fences topped with razor wire to reach their old units. They piled up heaps of debris that lined Bartholomew Street in the shadow of Interstate 10.

In bone-baking heat under a cloudless sky, evacuees traveling from Atlanta, Baton Rouge, Houston and elsewhere fumed at the city and federal housing officials who have opened fewer than 1,000 of more than 8,000 public housing units in a city suffering from a housing crisis and a shortage of workers.

The residents promised on Sunday to gut and rebuild their own units, and they said they planned to be back permanently — with or without the city's permission — as soon as their work was done.

"They're not giving us any help, and we're tired of waiting," a resident, Nickole Banks, said of the Housing Authority. "People want to come home."

Damage to the projects ranged from very little to severe. The Housing Authority says that as many as 90 percent of the apartments are unsafe and uninhabitable and that time-consuming environmental evaluations remain unfinished. To the

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residents, these are excuses. They fear that city officials are really trying to redevelop the projects to bring in other residents with more money.

That is a move that some city and federal officials say would be desirable. Private developers have openly discussed the possibility of rebuilding some projects to house a much wider range of tenants.

Because private homeowners are being encouraged to return to the same areas, the public housing question has become part of a larger debate about the future of the city's poor population. Does New Orleans intend to make itself a home for them again?

After the storm, many of the most important institutions and services for the poor broke down and were never repaired. Charity Hospital, a historic institution for the poor, remains closed.

The public defender system has been unable to provide lawyers to poor defendants, and public transportation is essentially broke and is providing far fewer rides.

"They're trying to steal New Orleans from us," Phyllis Jenkins, who has been living in Fort Worth, said Sunday outside what used to be her home in the sprawling St. Bernard development. "Well, I will not be displaced anymore. I'll take my home any way they give it to me. It's been 10 months. They've got to know we're serious. We're going to stand here until they let us in our homes."

Local officials have been clear that they do not want to return to the way things were before the storm, when 10 traditional public housing developments concentrated low-income residents in some of the worst conditions in the city, leading to intense crime and drug use.

"We don't need to recreate pockets of poverty," the president of the City Council, Oliver M. Thomas Jr., said. "They don't work. We want more mixed-income, working communities. I think that's really the only way."

Some officials have made remarkably unveiled comments suggesting that the storm did the city a favor in terms sweeping away the poor.

Representative Richard H. Baker, a Republican from Baton Rouge, said just after the hurricane: "We finally cleaned up public housing in New Orleans. We couldn't do it. But God did."

A spokesman for the Housing Authority, Adonis Exposé, said the authority was encouraging private and public partnerships to redevelop the projects, a move that began in limited form before the hurricane.

"We find it has worked out, and we're looking into doing it at a lot of other sites," Mr. Exposé said.

Before the storm, 2,000 public housing units had been demolished to make way for newer, better complexes. That stoked fears among residents of public housing that they were being scattered to nowhere in particular.

That turned out to be the case in the redevelopment of the St. Thomas Project, the largest and most controversial to date. It is now a mixed-income development called River Garden, with a small fraction of the original public housing tenants.

Residents who have been protesting fear more of the same could be in store for them. Some of the poor and their advocates see the lack of action as a delay tactic to diminish the chances that many would return.

The Federal Department of Housing and Urban Development, which took control of the bankrupt local housing authority years ago, says it is continuing to assess the storm damage to the buildings.

"I wish I could say everything's great, come on home," an assistant secretary, Orlando J. Cabrera, said in an interview. "But it's not great. We've got entire parts of the city that have very few services, that have questionable ability in terms of infrastructure. We have to ask the hard question: 'What would these folks do? Can we put people in there?' "

Mr. Cabrera said considerable federal money was available to allow private builders to redevelop public housing in such situations. The Housing Authority has begun to apply for those funds.

Developers have been seeking permission to rebuild the crown jewel of the projects, the Iberville Housing Development, on a coveted location next to the French Quarter. It is a gem of Depression-era buildings, a sturdy assemblage of small-scale town houses with wrought-iron balconies that overlook courtyards and oak trees. The project, barely damaged by the hurricane, continues to house hundreds of families.

Michael Valentino, the managing partner of a hotel group here, and some tenants have proposed knocking down walls to make the apartments bigger, adding public art and fountains, and bringing in some tenants who would pay market-rate rent.

So far, no deal has been made.

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"The magic of Iberville is that the architecture is magnificent; it could be beautiful and vibrant again," Mr. Valentino said about the development, which replaced the Storyville red-light district in an early example of slum clearance. "It's a linchpin piece of the redevelopment of Canal Street and the Quarter."

Mr. Valentino and other developers have the support of some tenants like Kim Paul, president of the residents' council. But they have also drawn the ire of another group, Hands Off Iberville, made up of housing advocates and tenants.

Even though she wants to help remake Iberville into something it never was, Ms. Paul complained about how slowly housing officials were letting residents return to the development, the least damaged in the city. She is in the unusual position of standing up for tenants and developers at the same time.

"I can show you that the apartments don't have mold or mildew," she said Sunday as she joined the other protesters at St. Bernard who were eating jambalaya out of plastic cups. "Before we do anything, we're trying to get all the pre-Katrina residents home."

Passers-by on St. Bernard Avenue, a main thoroughfare, generally supported the peaceful protest outside the fenced-in project. A woman from the Uptown section, Cliffie Pettigrew, stopped her truck and said, "I don't know if you folks are supposed to be here or not, but I want to help because I remember how sad I was when I couldn't get home."

"What ya'll need?" she asked.

"Everything," they answered.

Hurricane Season Brings Urgency To Fixing FEMA (HILL)

By Rep. Mark Foley (R-Fla.)

The Hill (opinion), June 6, 2006

When Max Mayfield of the National Hurricane Center talks, the people in my district listen.

Mayfield has predicted another volatile year, with this hurricane season delivering up to eight to 10 hurricanes, according to the latest predictions of the National Oceanic and Atmospheric Administration.

While we prepare for the season, which began Wednesday, structural problems remain that plague the Federal Emergency Management Agency (FEMA), the federal agency that delivers aid in the wake of a hurricane and ensures localities are prepared with disaster plans.

There is no doubt in my mind that FEMA's response to the storms of the past two years was hampered greatly — and will continue to be hampered for the coming hurricane season — by the top-heavy government bureaucracy of the Department of Homeland Security.

FEMA does some of its most important work during the initial hours before a storm, when first responders prepare, federal authorities are placed at the ready and residents are given instructions. While local and state governments are the first line of response, much of the planning and work is done by FEMA, which is charged with coordinating federal efforts while complementing the local response. In fact, in years past,

FEMA's role was considered important enough to make its director, until recently, a Cabinet-level position.

But as the federal government reacted to Sept. 11 and viewed most federal services through the prism of terrorism, placing FEMA within the security clearinghouse of the Department of Homeland Security (DHS) seemed to be the right move. Unfortunately, Katrina, Wilma, Frances, Rita, Jeanne, Ivan and Charley have proved that wrong.

By folding FEMA into DHS, we have, in effect, tried fitting a square into a circle. FEMA is charged with responding to natural disasters and emergency situations, while its overseers are more focused, and rightly so, on terrorism.

By placing FEMA in the labyrinth of government agencies housed in DHS, we have put FEMA's priorities in direct competition for attention with our efforts to protect our cities from al Qaeda and to protect our borders. In the process, decisions that once were made quickly and efficiently at FEMA now have to go through a web of paperwork, authorizations and releases before they can be made — adding further risk to people who wait for relief.

We also have diminished FEMA's ability to act autonomously and take charge of a disaster. By making the agency just another department in a huge bureaucracy, we have neutered its ability to take the reins of federal response and handed them off to undersecretaries and assistant secretaries of the Department of Homeland Security.

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From our own experience in Florida, we know the importance of strong leadership in dealing with hurricanes. Before and after Hurricanes Charley, Frances, Ivan and Jeanne hit Florida two years ago, Gov. Jeb Bush was in constant contact with local authorities and was swift in his decisionmaking. Law enforcement and first responders were kept informed and knew their roles.

Unfortunately, there was no Jeb Bush in Louisiana, and there were no Rudy Giulianis in New Orleans.

Instead, the buck was passed from local to state and then to federal authorities, many times with the assumption that FEMA had the experience to know what to do. But the sluggish bureaucracy at DHS produced no leaders and left people across the country to wonder who was in charge.

Last year I introduced legislation to sever FEMA from the DHS bureaucracy, returning it to an independent agency. My goal is to allow FEMA to break free from the Washington-style adherence to paperwork and memos in order to make it the nimble, quick-response team that it wants to be.

Saddled with the bureaucracy of DHS, FEMA's priorities have gotten lost, and we need to place them back at the forefront. I have been encouraged by the support of the idea by Subcommittee Chairman Bill Shuster (R-Pa.), and I have been working to convince others of its merit.

I first called for this before 2004's hurricane season wreaked havoc on our state, but nearly two years of recovery efforts that have been delayed and a frustrating effort to find accountability at FEMA — culminating with its slowed response to Katrina — made me realize we cannot wait.

Unfortunately, I fear these frustrations will only grow for the people of the Gulf Coast area making the transition into the long-term recovery process as the tasks of FEMA remain a source of competing interests within DHS.

Blame for the slow response to Katrina does not rest solely at one level of government. Local officials failed. State officials, especially the governor, failed. The federal government failed. In Congress, we must take these lessons to heart and recognize that change has to happen — and we have to make it happen now, not later.

Foley represents Florida's 16th District, which includes Port St. Lucie and Port Charlotte.

A Foxx In The Luxury World (HILL)

By Jeff Dufour

The Hill, June 6, 2006

One of the most egregious examples of abuse that came to light last year during the aftermath of Hurricane Katrina was displaced people and other victims spending their government-issued debit cards on Louis Vuitton purses and other luxury goods.

And Rep. Virginia Foxx, the grandmotherly freshman Republican from North Carolina, has had enough. Foxx has introduced an amendment, known as the "Louis Vuitton Amendment," to the homeland-security appropriations bill that would specifically restrict that type of misuse of funds.

It reads, quite simply, "None of the funds made available to the Federal Emergency Management Agency in this act may be used to purchase a Louis Vuitton handbag."

Foxx spokeswoman Amy Auth explained that the language is designed to "highlight the abuse that occurred with the debit cards last year so that it doesn't happen again."

A spokeswoman for Louis Vuitton did not return phone calls. Perhaps she's offended that anyone would pay for one of their bags with a debit card. How déclassé!

Image of Bob Casey as Kevin Smith persists

The National Republican Senatorial Committee last week went after Pennsylvania Senate candidate Bob Casey (D) for failing to appear at the annual convention of a group of activist gay Democrats in Pittsburgh.

Howard Dean, Democratic Party chairman, appeared at the Stonewall National Convention on Saturday.

"As the Senate prepares to vote on the Federal Marriage Amendment, Silent Bob is ducking an appearance before a gay-rights group," NRSC spokesman Dan Ronayne said in a statement. "The fact that Casey Jr. is having Howard Dean stand in for him speaks volumes about his political courage. When given a chance to stand up for something, Casey Jr. comes up empty again."

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It's by no means the first time that Republicans have tagged Casey, who's challenging Sen. Rick Santorum (R), with the "Silent Bob" moniker, reminiscent of the recurring character Kevin Smith plays in his films.

The name began to stick during the confirmation hearings for Justice Samuel Alito, when Republicans pressed Casey to say whether he supported the judge.

After Casey won the Democratic primary, even NRSC Chairwoman Elizabeth Dole (R-N.C.) got in on the act, saying, "Now that the general election is under way, maybe it's time for 'Silent Bob' to articulate his positions."

Casey spokesman Larry Smar said the nickname is childish.

"Santorum's allies are resorting to childish name calling because they have no accomplishments to talk about and rather focus on divisive issues."

Obama turns tables on Colbert

After Sen. Barack Obama (D-Ill.) gave the keynote address at the 2004 Democratic National Convention and won election to the Senate, he was asked to give the next year's commencement address at tiny Knox College in Galesburg, Ill.

This year the college invited Comedy Central's mock newsman Stephen Colbert. So Obama decided to have a little bit of fun with him.

In a statement released late last week, Obama told Colbert, "I'd like to welcome you to our state. As you know, I was invited to speak at Knox after my keynote address at the 2004 Democratic National Convention and subsequent election to the United States Senate. Your convention speech must also have gone really well to have been invited. It's weird that I didn't read about it somewhere.

"Before you deliver your remarks in front of literally millions fewer people than you would at say, a nationally televised political convention, I'd like to offer you a few words of advice. First, I know you're fond of your Peabody Awards, whatever those are, but I'd recommend not bringing them. The students at Knox are down to earth and not impressed by material possessions like my Grammy Award for best spoken-word album."

At the close of the release, Obama's staff assures readers that it was intended "completely tongue-in-cheek. … Colbert has had so much fun with members of Congress on his show that we decided it was our turn."

By most accounts, Colbert's speech went over well. His advice for graduates? Get a TV show. "It pays well," he said. "The hours are great, and you have fans. Eventually, some nice people will give you an honorary degree for doing jack squat."

Colbert also used his speech to come out against slavery. "I just hope the mainstream media gives me credit for the stand I've taken today," he said.

Beer, wine take center stage tonight

It's going to be a boozy night on the House floor, with two resolutions celebrating the nectar of the gods.

First, Rep. Sherwood Boehlert (R-N.Y.) brings forth a resolution commending American craft brewers.

A bit late for American Craft Beer Week, which ended May 21, the bill nevertheless recognizes that "American craft brewers promote the nation's spirit of independence through a renaissance in hand-crafted beers … for the enjoyment of the citizenry." Indeed.

Boehlert represents the Matt Brewing Co. in Utica, N.Y., which brews Saranac beers.

Then it's on to H. Con. Res. 399 by Rep. Mike Thompson (D-Calif.) recognizing the 30th anniversary of the victory of United States winemakers at the 1976 Paris wine tasting. That event, known as the "Tasting Heard Round the World," put American wine on the map, as California red and white wines bested the best French wines in a blind test by wine experts.

It should be noted that the anniversary tastings, held in Napa Valley and France on May 24, yielded the same result. So take that, Monsieur Chirac.

Coble wakes up to 'Idol'-atry

In surely the most controversial elimination of the season, Chris Daughtry of McLeansville, N.C., was voted off "American Idol" in the third-to-last round. Now his congressman, Rep. Howard Coble (R-N.C.), apparently goaded by his staff and constituents, is finally crying foul over the results.

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"Most people know that my musical tastes run more towards bluegrass," said Coble, "but we were proud of Chris for finishing so strong on 'American Idol.' I was told by many people, including some of my own staff, that he should have won the doggone thing."

Late last month, Coble placed a statement in the Congressional Record in which he argued that "with no disrespect intended toward this year's winner, Taylor Hicks, most people think this year's American Idol should have been Chris Daughtry. … While I will not call for Congress to investigate this Idol election process, those of us who reside in the 6th District of North Carolina will always be convinced that our guy really won — sort of like fans of Al Gore in 2000."

Then this past Saturday, at a rally and mini-performance before 1,200 supporters Daughtry received a copy of the statement.

Coble isn't a total "Idol" neophyte — he noted that Fantasia Barrino, the winner of the show's third season, is also a native of the 6th District of North Carolina.

Daughtry recently turned down an offer to become lead singer of the band Fuel.

Issa: No love lost for Gonzalez

"We have the power to impeach the attorney general," Rep. Darrell Issa (R-Calif.) said last week as the House Judiciary Committee held a hearing on the FBI's search of Rep. William Jefferson's (D-La.) Rayburn office.

A member of Congress musing on the impeachment of a Cabinet member of his own party would be inflammatory enough, but Issa wasn't done.

When asked by a radio reporter for Capitol News Connection what he made of Alberto Gonzales's threat to resign over the Jefferson imbroglio, Issa was nothing if not direct. "Don't let the door hit you in the ass," he said.

Hard Lesson Learned At Red Cross (USAT)

By Bill Nichols

USA Today, June 6, 2006

PRENTISS, Miss. — In the torrid temperatures that mark the start of the steamy Mississippi summer, the biggest safety threat to the parched landscape of Jefferson Davis County at the moment is fire.

But on a recent morning under a cloudless blue sky, several dozen people gather to hear Charlie Conerly, the county emergency management coordinator, talk about hurricanes and how this county needs the Red Cross to help it prepare for a new season of storms.

"Were any of you ready when Katrina came?" Conerly asks the room in general. No hands go up. "That's what I thought," he says. "That's why we're here."

The efforts in Prentiss to be better prepared as hurricane season gets underway present a telling microcosm of lessons learned by the national Red Cross after its much-criticized performance in the onslaught of Hurricane Katrina last year.

The charity was stung by complaints, including in a congressional report, of supply shortages, poorly run shelters, inadequate phone and computer systems and a lack of outreach to rural areas. But interim President and CEO Jack McGuire says the American Red Cross now has far-reaching reforms in place.

McGuire says the Red Cross will have more resources, a streamlined process to get aid to victims, a vastly expanded communications network and a new effort to reach out to Prentiss and communities like it. Prentiss has no Red Cross chapter and waited days for help when hundreds of evacuees arrived after Katrina.

He acknowledges that the response to Katrina sullied the image of the Red Cross. "Our surveys indicate that our image is not as good as we were before Katrina and not as bad as we were in January," McGuire says.

"We would prefer to be back to where we were pre-Katrina, but we have to earn that. We'll earn that by showing what happens in the next hurricane season."

At the South Central Mississippi Red Cross chapter, which is headquartered in nearby Hattiesburg, Executive Director Janice Vannatta is working long hours to translate McGuire's rhetoric into results.

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A “spontaneous volunteer” during Katrina who has since been hired to run the chapter, Vannatta attended the preparations meeting in Prentiss and hopes to have at least two Red Cross shelters ready in coming weeks. Prentiss had no shelters when Katrina hit.

During Katrina, conditions in Prentiss “were horrible,” says Spencena Hinton, the new Red Cross liaison with county and city officials in Prentiss. Hinton says Jefferson Davis County was swarming with evacuees from the Gulf Coast while it tried to deal with serious damage from the storm.

Charles Reid, president of the county Board of Supervisors, says a common complaint was that once the Red Cross got teams to the county, its aid programs had few controls.

“People got money who didn't need it,” Reid says.

Vannatta, whose staff of five covers nine counties, listens to the complaints while keeping a nervous eye on the calendar.

As hurricane season begins, 40,000 Federal Emergency Management Agency trailers remain on the Mississippi Gulf Coast. Vannatta's fear: Even a mild storm will force people living in those trailers to evacuate. And key roads north from Mobile, Ala., New Orleans and the Mississippi Gulf coast all lead straight through Hattiesburg.

Some of Vannatta's efforts to be ready for this storm season:

•More shelters. Vannatta hopes to have 20 shelters ready, up from eight last year.

She's also following Washington's lead in trying to partner with churches, schools and community organizations to open shelters that can give residents of poorer and more remote areas faster help.

•Pre-positioned supplies. The South Central Mississippi chapter gave out 553,000 snacks or meals last year. Vannatta is lining up vendors to get more supplies earlier.

•Communications. The chapter plans to use handheld radios so shelters can communicate with one another and headquarters. Virtually all communication was cut off during Katrina.

•Volunteers. The chapter has more than doubled its volunteer base since Katrina. More than 100 volunteers were trained in a single event on April 1.

•Preparations. Vannatta has sent basic information home with schoolchildren to emphasize the message that residents need to be ready to survive on their own for 72 hours after any disaster.

And there's a special outreach program to the thousands of new Hispanic residents in Hattiesburg — most of them storm-repair workers — says the Rev. Tommy Conway of St. Thomas Catholic Church.

For the first time, hurricane warnings on local TV will be in both English and Spanish, Conway says.

In Prentiss, Conerly and Vannatta promise residents that as hurricane season begins, this year things will be better.

“We're going to make this easier than it was last time,” Conerly says. “But it's not going to be perfect. We're human beings.”

GAO Urges Better Tsunami Warnings (WP)

By Matthew Daly

The Washington Post, June 6, 2006

The federal and state governments need to improve warning systems before a deadly tsunami strikes the West Coast, a new study says.

Modern technology is able to detect the formation of a tsunami fairly quickly, but the United States lacks a robust warning system and detailed knowledge on the impact a tidal wave could have on coastal areas, the Government Accountability Office says.

In a report issued yesterday, the GAO, the investigative arm of Congress, warns that false alarms may have lulled West Coast residents into an inaccurate sense of security. Sixteen tsunami warnings issued since 1982 were not followed by destructive waves on U.S. shores, the report says, "potentially causing citizens to ignore future warnings."

The report urges that the National Oceanic and Atmospheric Administration develop "loss estimation" software for tsunamis similar to those available for hurricanes or floods so officials can predict how severe a potential storm would be.

The stakes are high, the report notes. While the United States has not been hit by a severe tsunami in more than four decades, experts say a destructive Pacific-wide tsunami is all but inevitable.

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The report was issued 18 months after the 2004 South Asian tsunami, which killed more than 216,000 people in 17 countries. Sen. Dianne Feinstein (D-Calif.), who requested the report, said it indicates that California and other states are at risk of a catastrophic tsunami, "and we are ill-equipped to deal with the threat."

The United States needs a warning system that can protect its most vulnerable communities, as well as software to determine where a tsunami is most likely to hit and do the most damage, Feinstein said.

"We've seen the danger. Now is the time to respond," she said.

Rep. David Wu (D-Ore.) said the GAO report confirms his belief that programs focused on local warning systems and educating the public are key to protecting against a tsunami.

"We cannot prevent earthquakes and tsunamis, but we can prepare for them and ensure the citizens of our coastal communities are safe and secure," Wu said.

"After witnessing the devastation following the Indonesian tsunami, there is no excuse for the federal government to be this far behind on coastal preparedness and making sure Americans have enough time to get to safety," Sen. Maria Cantwell (D-Wash.) said. She called for the House to approve a Senate-backed bill aimed at improving tsunami detection and warning systems, providing tsunami preparedness tools, and developing "inundation maps" for affected areas.

Congress appropriated more than $17.2 million last year to enhance tsunami warnings and protection, including repair of malfunctioning tsunami-detection buoys.

GAO Deems U.S. Unprepared For Tsunami Disaster (WT)

By Audrey Hudson

The Washington Times, June 6, 2006

Tsunami warning systems for West Coast states are ineffective and several local agencies are not prepared for such a disaster, the Government Accountability Office said in a report released yesterday.

Although the National Weather Service issues timely warnings, alert systems cannot transmit to some coastal areas, the report said.

"This shortcoming was highlighted in June 2005, when an actual tsunami warning for the west coast was issued but signal problems prevented the warning from reaching portions of the coasts of Washington and Oregon," the report said.

In addition, the report said, all 16 warnings issued since 1982 have been false, which has created an apathetic public.

Parts of Northern California, Washington, Oregon, Alaska, Hawaii and the territories of the U.S. Virgin Islands and Puerto Rico "face the greatest tsunami hazard," while the Gulf Coast is "relatively low-hazard," the report said.

The GAO recommends updated maps and more community participation in the National Weather Service's TsunamiReady program. Participation is low "because of community perceptions of a low tsunami threat and perceived high cost versus benefit."

The Indian Ocean tsunami of December 2004 killed nearly 250,000 people in 13 countries. The disaster raised concerns about U.S. vulnerability and the ability of communities to detect and warn of an approaching killer wave.

The National Oceanic and Atmospheric Administration (NOAA), which oversees the National Weather Service, has agreed to GAO recommendations such as reducing the number of false alarms, periodic testing of the warning system, encouraging high-risk communities to participate in TsunamiReady, and developing mapping software with the Federal Emergency Management Agency and other government organizations.

Homeland Security Department officials, however, say FEMA does not have the "funding or the staff resources" to assist NOAA.

The West Coast has suffered the most destruction from tsunamis because of Pacific earthquakes in the South America and Aleutian regions. In 1960, an earthquake in Chile generated a tsunami that caused more than $1 million in damage in California. A 1964 earthquake in Alaska created a tsunami that killed 12 in the San Francisco Bay area and caused $15 million in destruction. Within two minutes of that earthquake, more than 100 Alaskans were killed.

Distant earthquakes have created tsunamis that have hit Oregon and Washington, but it is the 750-mile-long Cascadia subduction zone 50 to 100 miles off the coast of these states that has scientists worried.

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"Geologic and other records from a Cascadia earthquake in 1700 suggest that the fault could generate a tsunami wave of up to 30 feet that would likely reach the Oregon coast in 15 to 30 minutes, raising concerns of a catastrophic future event," the report said.

WAR NEWS:

U.S. Commander To Review Haditha Report (AP)

By Frederic J. Frommer

AP, June 5, 2006

The No. 2 American general in Iraq will soon review a preliminary criminal report into the alleged massacre by Marines of Iraqi citizens in Haditha, a congressman just back from Iraq said Monday.

Rep. John Kline (news, bio, voting record), R-Minn., one of four House members who traveled to Iraq over the weekend, said the lawmakers discussed the investigations with Lt. Gen. Peter Chiarelli, the second-ranking U.S. general in Iraq. Kline said it was unclear when the report would be released.

"General Chiarelli expressed some concern in that he did not want to sign off an investigation until he felt like he had all of the information that he needed" from the Naval Criminal Investigative Service, said Kline, a former Marine. The investigative service is probing whether crimes were committed in the killing of two dozen Iraqis last November.

A senior defense official told the Associated Press last month that evidence points to unprovoked killings by the Marines involved. A separate probe is examining whether there has been a coverup of the incident by the U.S. military.

The four House members who visited Iraq took issue with comments made by Prime Minister Nouri al-Maliki, who complained that coalition forces have shown "no respect for citizens, smashing civilian cars and killing on a suspicion or a hunch."

"The prime minister has a platform and a pulpit now that he may not have had in the past," said Rep. Mike Conaway, R-Texas. Conaway said with that platform comes "responsibility to be very careful and to choose your words very carefully."

Kline said his group was told that U.S. military officials and embassy staff had told al-Maliki that his comments were not helpful.

Kline also said Iraqi generals told the U.S. lawmakers that they were frustrated about the slow pace in filling the new Iraqi government's security posts, saying it was hindering the training of the Iraqi military.

"The generals were very candid with us," he said. "There's no question that they understand that until you get a functioning ministry of defense, until you get a functioning Pentagon — Iraqi Pentagon — they're not going to be able to reach their full potential."

On Sunday, Secretary of State Condoleezza Rice expressed confidence that Iraqi leaders will be able to fill key security posts in the next few days while downplaying recent sectarian violence.

Rice, who appeared on three television news shows, said of the vacant security posts, "Of course, they need to get this settled, but they will get it settled. When they get it right, and they will get it right, everybody will forget how long it took them."

An Iraqi parliament session was postponed earlier Sunday after al-Maliki again failed to reach consensus on candidates to head ministries that run Iraq's military and police.

Also Sunday, the top U.S. military officer pledged a thorough investigation in the alleged massacre at Haditha, acknowledging that the charges have raised concerns among Iraqi officials and in the United States.

Gen. Peter Pace, chairman of the Joint Chiefs of Staff, said it is not clear exactly what happened last November when as many as two dozen Iraqis were killed during a U.S. attack in Haditha. Still, he said it was important not to rush to judgment.

"You don't want to have the emotions of the day weigh into the process," Pace told The Associated Press in an interview Sunday. "We need to stick with our judicial process. We want to be sure that it moves forward without any influence."

Rice appeared on "Fox News Sunday," CBS's "Face the Nation" and CNN's "Late Edition."

For U.S. Troops, It's Hard To Know Who Is Friend And Who Is Foe (KRT)

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By Tom Lasseter

Knight Ridder, June 5, 2006

MUSAYYIB, Iraq - Air Force Staff Sgt. Justin Cremer listened carefully as Army Capt. Irvin Oliver described the upcoming mission. They'd raid a compound of houses the next morning; a map was sketched on the ground in chalk lines of yellow, blue and white.

Oliver looked at the soldiers bunched around him and reminded them that aerial photographs had showed at least 17 people in the compound the night before, and that they were looking for just one - an insurgent cell leader suspected of orchestrating roadside bombs that'd killed American soldiers.

Be careful, Oliver told his men, not to get shot. And be careful, the company commander said, not to shoot any unarmed civilians.

Despite those warnings, last Thursday's mission would serve as a reminder that counterinsurgency is among the most complex forms of warfare, and sometimes the wrong people are killed.

While outrage gathers over the reported killings of 24 civilians by U.S. Marines in the western Iraqi town of Haditha, U.S. military units such as Oliver's Delta Company quietly go about the daily task of patrolling a very complicated battlefield.

As part of the 2nd Brigade Combat Team of the U.S. Army's 4th Infantry Division, Oliver's soldiers are responsible for an area south of Baghdad where there are Sunni Muslim insurgents who kill U.S. soldiers, Shiite militiamen who kill Sunni families, Sunni insurgents who kill Shiite Muslim families, and an assortment of smugglers and criminals.

Most Iraqis are caught in between, just trying to make it to the next day.

Cremer's job on this mission was to make sure that Oliver, 31, from Sierra Vista, Ariz., and his men had the clearest possible picture of the line between friend and foe. He is, in military jargon, a Joint Terminal Attack controller - the front line of the U.S. Air Force. Cremer (pronounce CRAY-mer) rides into missions with Army soldiers and, by watching real-time video streamed down from F-15 and F-16 fighter jets, looks for insurgents on the run and signs of civilians caught in the crossfire.

The 29-year-old from Modesto, Calif., can call for a barrage of 500-pound bombs, and he can call for illumination rockets to be sure innocents aren't killed.

It's often a gray line, said Staff Sgt. Francis Lott, who works with Cremer.

"They (the jets) look for anything suspicious, but everything's suspicious around here," said Lott, 25, of Clarkesville, Tenn. "It's a big game of hide and seek. You're fighting people where you can't tell who's who. You can't tell the good guys from the bad guys in Iraq."

The convoy rolled out of its forward operating base just after 1 a.m., a line of tanks, Bradley Fighting Vehicles and Humvees.

As the tires and tracks crunched across the ground, dirt flew in the night air, making it hard, for a moment, to see the headlights. The air was cooler than the afternoon had been - around 110 degrees - but it was still hot.

Cremer was talking with a pair of F-16 pilots and a surveillance plane higher up. He cradled a receiver in each ear, going over the final details of the mission.

As they got closer to Musayyib, a small group of Humvees, including Cremer's, peeled off and rode into town. They were going to pick up a truckload of Iraqi police who hadn't been told about the operation in advance because of fears of insurgent sympathizers in the police force.

Insurgents have left their mark in the town: A suicide bomber blew himself up next to a fuel tanker last July, killing almost 100 people in a shower of fire and shrapnel.

Less than five minutes after arriving at the police station, Cremer got a call on his radio: "Be advised, the lights just went off in that area."

The pilot, watching the insurgent leader's compound, had seen every light in the group of houses get turned off.

Cremer shook his head. "These (expletive) - someone made a phone call," he said, motioning toward the police station.

The convoy left, a pickup truck of police now with it.

A few minutes later, the tanks blocked the road in and out of the compound. A sniper team set up in the distance. The Bradleys began to rumble toward the houses.

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The buildings, separated by a couple of courtyards, were in a thick grove of palm trees, where a series of dirt roads ran parallel to canals fed from the Euphrates River. The dirt roads would make it easy for insurgents to dig a hole and plant a roadside bomb. The palm trees would provide better cover for insurgents trying to escape.

The Bradleys stopped and soldiers began to pour out.

The light of Cremer's computer flickered in the darkness, and he stared at the video feed, in which dark spots - soldiers - circled and entered the buildings.

It looked, he said, "like a video game."

The radio crackled with a report of one shot fired, then a second, third and finally a fourth. Soldiers called in as they cleared rooms of the seven houses. They'd come in expecting about 17 people; there were 27.

Time passed. Cremer kept watching the screen. The radio squawked: Two men and a woman were dead. The details were vague. A soldier had seen the woman and said he thought she had a rocket-propelled grenade launcher on her shoulder.

A sergeant's voice boomed on the radio: "I need to know what the (expletive) that rocket (expletive) ended up being."

Cremer called in for illumination rockets, and the white balls bounced in the air, turning night to day. The soldiers didn't find a rocket-propelled grenade or its launcher. They scoured the compound and found only two AK-47 assault rifles, common in Iraq.

The insurgent leader wasn't there. The soldiers detained a man who intelligence reports suggested was an associate.

Cremer and the rest of the convoy didn't get back to the base until after 5 a.m. They ate breakfast, did some paperwork and then passed out in their bunks.

At the mess hall later that day, Oliver said he would have to return to the compound to give the family compensation payments for the woman and probably for the two men as well, depending on whether intelligence officers determined they were insurgents.

Oliver wasn't looking forward to the trip.

Cremer's boss, Capt. Jason Earley, said there would be plenty more missions to come - bringing the chance to stop insurgents who've killed and maimed innocents, but also bringing the risk of killing the innocents themselves.

"We're trying to give these people freedom, which I think is an incredibly noble thing," said Earley, 32, of New Buffalo, Mich. But, he added, "it's complicated."

Unblinking Observer (WP)

By Philip Kennicott

The Washington Post, June 6, 2006

Photographs Show a War Beyond Investigations

The Iraq war is the first major conflict fought in what might be called the age of the new Panopticon. The English philosopher Jeremy Bentham coined the term in the late 18th century to describe a prison in which the guard tower was in the center of concentric rings of cells, allowing authorities to exercise an "invisible omniscience." Although the word emerged in the context of prison reform, it has become more suggestive over the years, capturing something essential about power and authority, from Big Brother's pervasive surveillance to the more benign notion that government is always "looking into" things. But the new Panopticon is a digital phenomenon, a world of instant cameras, cellphone snapshots, e-mailed photographs, a world that produces a nonstop, immediate and ubiquitous visual record of itself -- and it is breaking the government's monopoly on omniscience.

Again and again throughout this war, amateur photographs have exposed the flaws of the military's carefully constructed image of discipline. Photographs made Abu Ghraib a symbol of shame throughout the world. And photographs and video images are again undermining the military's cherished reputation for calm under fire and heroic self-restraint.

The most horrifying images are not published or shown on TV, though they're easy to find on the Web. But the ones we are confronted with are bad enough: A small child, a victim of a devastating and controversial U.S. airstrike in Ishaqi, is dressed in baby-blue, his eyes are closed, and his tiny, gently clenched hand rests by his side. He might be asleep, except that the photograph, which ran in Newsweek, shows a mangled, bloody arm next to him. The unidentified, shredded limb (does it belong

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to yet another child?) reaching into the center of the image might well stand for all the rest of these photographs that prick the conscience: They seem to come from the margins of our attention, they reach in and put their bloody imprint on a war that we wish had more innocence and calm to it.

The military has concluded that there was no U.S. wrongdoing in the March 15 Ishaqi attack that left the child dead.

They are not so certain about two other incidents, the killing of a disabled Iraqi man in Hamdaniyah on April 26 and the deaths of 24 Iraqis in Haditha on Nov. 19. Both are under investigation, and photographs and video from both have begun to circulate. In the Hamdaniyah case, we know there are graphic images of a man wrapped in plastic sheeting -- a see-through shroud that has become a grisly visual marker of the ongoing conflict. Neighbors and family say the man, who has four bullet holes in his face, was dragged from his house and shot by U.S. soldiers. Eight American servicemen are under investigation.

In Haditha, the range of images is wider: bodies wrapped in rugs; bodies bundled in white cloth and tied into neat, ghostly packages; and bloody, bloated faces emerging from stiff folds of transparent plastic, rather like Rodin's deathly Balzac looks out from his small cave of draping metal.

Hands and feet of the living -- bystanders, onlookers, witnesses to the silence of the dead -- often frame the images. These strange, anonymous additions to the picture -- disembodied appendages -- suggest humanity at a standstill. They suggest an impotence among Iraqi civilians that is heartbreaking.

The U.S. military is still looking into the Haditha killings. It's also looking into the possibility of a military coverup, which kept the killings under wraps for half a year.

Photographs are immediate. Investigations are by necessity methodical and often slow. These two different senses of time -- the immediate and the methodical -- are now in troubling conflict. A dead child cries out for immediate response; the military investigates. We see photographs of men doubled over with grief, tear-stained faces, mouths contorted in pain, and the pang is instant; the military investigates. A boy standing next to the bodies of his family or friends looks up at his elders with a blank stare on his face, an image that puts death and childhood in excruciating proximity; the military investigates.

Photographs may play an important role in some of these investigations. But it is the degree to which the photographs exist in a world of their own, apart from the military's cautiously worded statements, that is increasingly perplexing. Throughout the war, the notion of two realities has dogged the warmakers. Is the president living in a world of good news and progress and missions accomplished, while our soldiers and the Iraqi population live in a world of chaos and death and uncertainty? Are the media presenting a world of antiseptic images, bloodless and vague, mere suggestions of a carnage they know all too well but dare not make explicit to the public?

Investigations are meant to create closure. But photographs, which can circulate forever, keep death and destruction open. Investigations are also meant to assure us that the war waged in our name is being fought with some measure of precision and dignity, but as photographs (and incidents) accumulate, and as investigations linger and overlap one another, they begin to lose their moral force. Investigation, a word meant to reassure us that the government is always "looking into" itself, is itself now subject to the blur that makes the nightly news coverage of Iraq seem like a tape loop.

And the only image that fades, as the war grinds on, is the one with which we prepared for battle: the fantasy, so beloved of Americans, of a clean, surgical, decent war.

Marines In Iraq: The Warriors' Way (LAT)

By David J. Danelo

The Los Angeles Times, June 6, 2006

ON APRIL 6, 2004, Cpl. Jason Howell, a Marine squad leader who had arrived in Iraq three weeks before, was enduring his baptism of fire in what later became known as the "first battle of Fallouja." Howell, who had not eaten in 18 hours or slept in 36, was running on nothing but adrenaline. His dehydrated spittle, caked around the side of his mouth, was dirty white. Kneeling on a roof, he saw a flash of movement. An Iraqi child put his face out the window.

Exhausted, Howell found himself unable to process the Arabic word he had learned for "stop." Without thinking, he screamed. The child pulled the curtains as Howell automatically raised his weapon to shoot. Then Howell blinked. An instant

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later, clarity returned to his thoughts. The corporal, who was in his first of what would become many days of combat, had almost shot an innocent.

"I don't know exactly why I didn't pull the trigger," said Howell, who now serves with the L.A. County Sheriff's Department. "It all happened so fast. It was a combination of training, instinct and luck."

As the furor grows over allegations that Marines killed 24 Iraqi civilians last November — including women and children — the origins of Howell's discipline are worth examining.

The Corps is the smallest of the United States' military services, and it also has the highest enlisted-to-officer ratio (about 10 to 1). Because of this, a much higher level of responsibility is placed on corporals and sergeants, or noncommissioned officers. In each Marine infantry battalion, which is the primary combat element, an average of 60 noncommissioned officers lead squads or a unit of similar size. As squad leaders, they assume responsibility for the lives — and split-second decisions — of about a dozen men.

Marines are legendary for their monastic devotion to the warrior ideal. The mottos inked on their bodies — Death Before Dishonor, Make Peace or Die, Always Faithful — function as physical scriptures for their choice of religion, like scapulars, phylacteries or "What Would Jesus Do?" bracelets. The ancient Spartans, who sacrificed at the battle of Thermopylae to defend the Greeks from the Persian onslaught, are venerated as saints within the Corps. The Spartan Way is a stoic faith.

SINCE THE FALL of 2001, 26 active duty and nine Marine Reserve infantry battalions have rotated into and out of Afghanistan and Iraq as units for seven-month tours of duty. As new recruits join a battalion, seasoned noncommissioned officers either gain rank toward senior billets or leave the Corps for civilian life. Although the exact numbers remain classified information, unit casualty reports suggest that about 50 separate rotations of Marine infantry battalions have been tested in combat over the last four years.

Using those statistics as a bare minimum, at least 3,000 corporals and sergeants have served combat tours as infantry squad leaders. Not to mention hundreds more who cut their teeth as combat replacements, convoy security escorts, translators, intelligence collectors or instructors for the new Iraqi army. When the histories are written, we will learn that the exact number of young Marines thrust into positions of leadership — amid an international media spotlight — is actually much higher.

Several Marines have already been convicted in the court of public opinion in the Haditha case. As military investigators evaluate these allegations, those on the sidelines should avoid castigation of an entire system because of the errors of a few. Consider the rush to judgment of 2nd Lt. Ilario G. Pantano, who was charged with murder at an April 2004 checkpoint shooting, or the nameless Marine in a Fallouja mosque who was seen on video killing an insurgent thought to have been booby-trapped. Both were eventually exonerated of all charges.

Responsible critics of the Iraq war say that we misappropriated U.S. military resources in making an unnecessary choice to topple Saddam Hussein's regime, a choice that has plunged young soldiers and Marines into the amorality of a protracted counterinsurgency. But placing too close an association on the Haditha massacre with the war's politics ignores the thousands of troops who have navigated the chaos and still made the right decisions.

Accuracy in the application of deadly force is the foundational creed for any who protect and defend their society. Discerning combatant from innocent is the greatest challenge for all who have engaged in this kind of war. Like spiritual perfection, the warrior ideal is often an impossible thing to fully achieve. But as we condemn the handful who have backslid in their pursuit of the Spartan Way, we should not forget to esteem the thousands who, like Cpl. Jason Howell, have kept their honor clean amid Iraq's insanity.

David J. Danelo, a former Marine officer and Iraq war veteran, is the author of "Blood Stripes: The Grunt's View of the War in Iraq."

Uniformed Gunmen Kidnap 50 In Baghdad (USAT/AP)

By The Associated Press

USA Today, June 6, 2006

BAGHDAD — Gunmen wearing police uniforms kidnapped at least 50 people Monday during a brazen daylight raid on bus stations in central Baghdad.

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Lt. Col. Falah al-Mohamedawi, an Interior Ministry spokesman, said the gunmen arrived at midmorning in the Salihiya business district, where several transportation companies are based and where buses pick up passengers bound mostly for Jordan, Syria and Lebanon.

Witnesses said the attackers blocked roads leading into the area before grabbing people seemingly at random. The gunmen beat the captives before putting bags over their heads and herding them into more than a dozen vehicles.

"They took all the workers from the companies and nearby shops," said Haidar Mohammed Eleibi, who works for Swan Transportation. He said his brother and a cousin were among those taken, along with merchants, travelers, passersby and even street vendors selling tea and sandwiches.

"They did not give any reason for it," he said. "Police came afterward and did nothing."

Another transportation worker, Amjad Hameed, said that as the attackers began seizing people, "we asked them why, but nobody replied."

The Shiite Muslim-dominated Interior Ministry, which oversees the police, has been accused of backing militias in sectarian violence. It denied that its officers were behind Monday's attack. Most of the workers in the area that was raided are Shiites.

Al-Mohamedawi said at least 50 people were abducted.

In other Iraq news:

•Mustafa Salman, a 30-year-old Iraqi, was sentenced to life in prison for his role in the kidnapping and killing of aid worker Margaret Hassan, Iraq's criminal court said. Two other defendants were acquitted.

Hassan, 59, a citizen of Ireland, Britain and Iraq, had headed CARE International's operations in Iraq since 1991. She was abducted in October 2004 and killed a month later. Her body has not been found.

•In southern Iraq, a bomb went off near an Italian patrol Monday night, killing one Italian soldier and wounding four, Adm. Gianpaolo Di Paolo announced in Rome.

•The chief judge in the trial of Saddam Hussein said Monday that four defense witnesses have been jailed on suspicion of perjury. That drew accusations from defense lawyers that the court was trying to intimidate witnesses.

Three of the witnesses testified last week that some of the 148 Shiites that Saddam and his seven co-defendants are accused of killing are still alive, defense lawyer Najib al-Nueimi told the Associated Press. The fourth told the court that chief prosecutor Jaafar al-Moussawi tried to bribe him to provide false testimony against Saddam.

In Brazen Roundup, 56 Vanish From Baghdad (WP)

By Nelson Hernandez And Salih Saif Aldin

The Washington Post, June 6, 2006

BAGHDAD, June 5 -- "Turn back," a friend told Haji Abu Shamaa as he walked Monday morning toward his money-changing shop in the Karkh neighborhood of central Baghdad, a mile north of the heavily guarded Green Zone. "The Interior Ministry police are rounding up people."

But Shamaa walked on, right into a swift, coordinated operation unfolding within sight of Iraq's Ministry of Justice. Gunmen in police uniforms and ski masks had cordoned off the street and were swiftly shoving captives, four or five at a time, into a dozen waiting pickup trucks. Fifteen minutes later, the trucks were gone, and so were 56 people.

The roundup displayed all the signs of an unrelenting kidnapping epidemic in Baghdad. Since the U.S.-led invasion in 2003, more than 400 foreigners have been abducted in Iraq, but thousands more Iraqis have been snatched from the streets, often by people wearing knockoff police uniforms that are easily purchased at local markets.

Many people, like Shamaa's friend, believe the kidnappers are actually police. Usually the hostages are held for ransom. Sometimes they are killed because of their faith or ethnicity.

The fate of the 56 people was unknown Monday night. But the scale and audacity of the operation were unusual even by the capital's lawless standards.

The gunmen seized workers from several bus companies that offer transport to Syria and Jordan, witnesses and police said. Others of those taken were passengers aboard the buses: Syrian businessmen going home, a handful of Palestinians,

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Iraqis. Many Iraqis are leaving their own country precisely because it is the sort of place where a trip to the bus stop can end with being led away at gunpoint.

Shamaa said he was intent on returning to his office, to rejoin his son, Alaa, and thought the police wouldn't arrest him -- he hadn't done anything wrong, he reasoned. Then he saw a dozen pickup trucks, two of them with machine guns mounted in their beds, and none with any license plates.

A man in a camouflage police uniform and a ski mask -- an article commonly worn by police in Baghdad-- stopped Shamaa, saying he would shoot him if he didn't turn back.

"I haven't done anything," Shamaa recounted explaining to him. "I just want to go to the bank to get some money, and I'll be gone."

The man let him pass. Shamaa went into the bank, and watched the scene unfolding through the window. He said he saw gunmen entering the Mohammed Ugaili Transportation Co. across the street. He saw the owner, Jasim Ugaili, and his son being forced into one of the pickup trucks with the butts of rifles. Shamaa saw his own son, Alaa, with them, his hands tied behind his back.

Shamaa rushed outside to save his son. Another man with a rifle blocked his way.

"What, do you want to join him?" the man threatened. Shamaa turned back. And the trucks drove off.

Police Col. Adel Younis said guards at the Ministry of Justice shot at the kidnappers, but couldn't stop them. Another witness, Hussein Ali, said he had seen a police car drive up to the scene, only to be driven off by gunfire and shouted warnings from the kidnappers that they were from the Interior Ministry's intelligence section.

Younis said the incident is under investigation. A police major who came on the scene after the attack said the men were not with the Interior Ministry, a witness said.

Raids like this one only increase popular mistrust of the police. Sunni Arabs often accuse the Interior Ministry police, dominated by Shiites, of conducting a terror campaign against them, or at least looking the other way as Shiite militias associated with political parties do so. But police say the attacks are carried out by criminals wearing police uniforms. At the same time, they counter that Iraq's major insurgent organizations are led by Sunnis and that a tough response is required.

Monday's kidnappings did not appear to be motivated by sectarian rivalry, a witness said. "Among the passengers were Syrian businessmen, about five or six of them," Hasan Falah said. "There were also some passengers from Diwaniyah" -- a predominantly Shiite city south of Baghdad-- "and other parts of Iraq. There was no question of Shiite or Sunni because it was a whole mixture."

That suggested that the people were simply taken for ransom, a lucrative business that has grown rapidly since U.S. forces overthrew Saddam Hussein's government in 2003.

A group of Shiite students in a neighborhood of southern Baghdad, kidnapped in another roundup on Monday, did not have the option of paying their way out.

In Abu Dashir, a Shiite neighborhood south of Dora, the volatile southern section of Baghdad, gunmen posing as drivers lined up a set of minibuses as if to offer rides to central Baghdad, a police officer said. Fifteen students from Abu Dashir got aboard.

The drivers and their accomplices killed them -- where the murders happened is unclear -- and threw their bodies off the side of the Dora highway.

Abduction statistics are unreliable because many families do not report crimes, fearing the police as much as they do the kidnapping gangs.

But every so often, kidnappers are brought to justice. On Monday, an Iraqi court sentenced an Iraqi man to life imprisonment in connection with the killing of Margaret Hassan, an Iraqi-British aid worker kidnapped in 2004. It is believed to be Iraq's first trial of a suspect accused of the abduction or murder of a foreign-born civilian since the U.S.-led invasion.

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Hassan, originally from Ireland, married an Iraqi engineer and lived in Iraq for more than three decades before becoming an Iraqi citizen. At the time of her kidnapping in October 2004, she headed Iraqi operations for the CARE International charity.

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She was abducted on her way to work in Baghdad. She was presumed murdered about a month later, after her captors released video messages of her appealing for the withdrawal of British forces from Iraq. Her body has not been found.

Also in Baghdad on Monday, the defense team in the trial of Saddam Hussein protested the arrest of four of its witnesses. Defense attorneys charged that some of them were beaten by Iraqi guards.

The chief judge said they were jailed on suspicion of perjury last week after testifying that they had seen the chief prosecutor offering money and unspecified fake documents in exchange for testimony. One of the witnesses also claimed that some of the 148 Shiites from the town of Dujail who were allegedly killed on Hussein's orders were still alive.

As Iraq Violence Worsens, Security Remains Elusive (LAT)

By Megan K. Stack And Saif Rasheed

The Los Angeles Times, June 6, 2006

BAGHDAD — Clad in camouflage uniforms, the gunmen came peeling through the thick morning heat in police trucks. They stopped at a downtown strip of travel companies where Iraqis gather each morning to board buses bound for the safer lands of Syria and Jordan.

The gunmen leaped to the ground, witnesses said, and they worked fast. They seized more than 50 bystanders, pulling men away from their families and hauling drivers from behind the wheels of the buses. They handcuffed the men, blindfolded them and stuffed them into the backs of the trucks like human loot. They covered some of their captives with sheets.

And then they were gone, slamming doors and speeding off into the brilliant morning sunlight. It was only 9 o'clock in a city where security has come unraveled, just another mundane scene that splintered suddenly into violence.

"Those are criminals going after the ransom," said Saad Tawil, a 42-year-old manager of one of the travel companies clustered on the street in downtown Baghdad. "They will see who is important or rich, and who is not, after interrogating them."

But other mass kidnappings that have struck the capital this year remain unsolved. In some cases, the victims have never turned up, living or dead.

The mass kidnapping came one day after Prime Minister Nouri Maliki was forced to concede that Iraq's warring factions were too mutually distrustful to agree on who should run the security services. Having suspended indefinitely a parliament vote on those key ministries, Maliki has left the army and police leadership dangling in a vacuum at a time when bloodshed in Baghdad, and across Iraq, has spiraled upward.

In Baghdad, leaving home to work, shop or visit family has become an increasingly dangerous proposition. Violence rears up without warning; residents navigate a citywide obstacle course of roadside bombs, shootouts and security checkpoints.

The city just had its most murderous month since U.S.-led forces invaded the country in 2003, new Iraqi government documents indicate. More people were shot, stabbed or otherwise violently killed in May than in any other month since the invasion, according to Health Ministry statistics. The figure does not include slain soldiers or civilians killed in bombings, on whom autopsies are not usually performed.

Last month alone, 1,398 bodies were brought to Baghdad's central morgue, the ministry said. All over the city and out into the provinces, corpses surface on a daily basis in garbage dumps, in abandoned cars or along roadsides. They often bear marks of bondage and torture.

The attacks are frequently characterized by their brazen nature. Gunmen climbed onto a Baghdad bus Monday and killed at least two Shiite students, an Interior Ministry source said.

Over the weekend, masked gunmen set up a roadblock north of Baghdad, stopped a passing bus and ordered the men to disembark. Dividing the Sunnis from the Shiites, they told the Shiites they were "traitors" who would be killed on religious principle, a witness told the Associated Press.

The assailants shot their victims execution-style. When they were done, 24 passengers were dead. Most of them were teenage university students and elderly men.

Although much of Iraq's bloodshed is carried out for sectarian reasons, there are plenty of criminals simply angling for cash in a lawless land. Kidnapping fellow Iraqis has bloomed into a popular moneymaking scheme.

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Monday's mass kidnapping took place in a bustling, shabby commercial district in downtown Baghdad. The site is relatively fortified: It stands just a stone's throw from the Justice Ministry, amid a network of Iraqi police checkpoints.

The gunmen's vehicles roared to a stop on a road lined with the offices of travel agencies and bus line operators. Salihiya is a neighborhood of transit and escape, the last stop many Iraqis make in their flight from a war-ravaged homeland.

The buses leave Baghdad in the morning — the crushing heat of day is deemed preferable to the perils of riding through the desert at night. The roads to the border run through Sunni-dominated Al Anbar province. Buses are periodically stopped and looted, their passengers killed. For many Iraqis, boarding the bus is yet another gamble — they've grown used to weighing out a certain amount of risk in their daily lives.

Some of the Iraqis who bought tickets Monday didn't get out soon enough. Along with passengers — who presumably carried money and could afford to leave the country — office workers from the transit companies and bus drivers, some of them Syrian, were also grabbed by the assailants. At least one boy who eked out tips for toting suitcases was snatched up and carted off, witnesses said.

Transit worker Hamza Mohammed, 34, said he took off running when the gunmen arrived. They fired at him but missed, he said.

"They shouted at me and they tried to take me," he said between puffs of cigarette smoke and telephone calls from Iraqis eager to book a seat on a future bus. "But I fled."

Witnesses said the kidnappers were outfitted in the uniforms and vehicles used by some of the special forces of the Iraqi police, overseen by the long-troubled Interior Ministry. Police units under the ministry have been accused of working as Shiite death squads on a campaign to eliminate Sunni Arab men. Police have also been accused of kidnapping civilians for ransom.

On Monday afternoon, a special forces commander issued a statement denouncing the kidnapping and insisting his men were innocent. But in a city where the highway patrol is accused of forming death squads and paramilitary fighters are believed to have infiltrated state security organs, witnesses were not convinced.

"I accuse the police," said a travel office owner who would give only his last name, Ghanem. "The cars were definitely police cars."

Minor Figure In Iraqi Kidnapping Gets A Life Sentence (NYT)

By Sabrina Tavernise

The New York Times, June 6, 2006

BAGHDAD, Iraq, June 5 — A judge imposed a life sentence on Monday on a man who apparently played a minor role in the kidnapping of Margaret Hassan, a British-Iraqi aid worker whose disappearance and death showed that no one was immune from insurgent viciousness.

The verdict, the first in a kidnapping of a foreigner in Iraq, brought an inconclusive end to the case of Ms. Hassan, 59, who was abducted on her way to work in Baghdad in October 2004. Two other men were acquitted and a sheik suspected of having played an important role in the kidnapping has eluded arrest.

The kidnapping of Ms. Hassan, the director of CARE International in Iraq who had dedicated her life to helping the country's poor, stunned Iraqis and opened a more dangerous era for foreign nationals working here. In one enduring image from a grainy video broadcast on television, she was seen crumpled and pleading. Her body was never found.

Judge Saab Khorshid of the Central Criminal Court sentenced Mustafa Muhammad Salman al-Jibouri, a man associated with a Sunni mosque in central Baghdad, to life in prison, a British Embassy official said. The charge, according to an Iraqi lawyer who watched the trial, was aiding and abetting: Mr. Jibouri held Ms. Hassan's purse after she was abducted, though he said he did not know whose it was at first.

The spasm of violence in the capital continued Monday, with armed men dressed as police commandos seizing 24 people in Salheya, a bustling commercial district in the heart of the city that is dotted with bus companies that take travelers to Syria and Jordan. Families of those who were seized, including bus owners, riders and a kebob seller, formed an impromptu demonstration and demanded their release.

"What happened today is a catastrophe, something unnatural," said one of the relatives on the Iraqi evening news here.

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Security in the capital has deteriorated precipitously in recent months. Increasingly brazen assassinations torment neighborhoods and no longer seem to follow any obvious patterns. In May, the Baghdad morgue recorded the highest number of bodies received since the beginning of the war: 1,375, approximately double the toll of May 2005.

The surge in killings comes as Iraqi political leaders remained deadlocked for a seventh week over the most important positions in the Iraqi cabinet, the ministers of defense and interior. The stalemate has left Iraq rudderless when it most needs a full government.

"It's a real problem," said Mowaffak al-Rubaie, the national security adviser, who said a new security plan for Baghdad cannot begin until the ministers are in place.

The trial in Ms. Hassan's killing, which was completed in only two and a half hours, went virtually unnoticed by Iraqi television outlets, and raised more questions than it answered. The testimony connected Ms. Hassan's kidnapping to a mosque in Jadriya, a leafy neighborhood of university professors in central Baghdad, and the sheik who presided there, identified by defendants as Hussein Ahmed Salman al-Zobai.

The sheik had given Mr. Jibouri, a resident of Madaen, an angry Sunni Arab town south of Baghdad, Ms. Hassan's purse and identification cards in a plastic bag for safekeeping, according to Shawkat al-Samarrai, an Iraqi lawyer who watched the trial.

Mr. Jibouri, who denied he played a part in the kidnapping, said he looked inside the purse two months later and discovered it belonged to Ms. Hassan. The sheik, who had moved to Jamiya in western Baghdad, an area dominated by insurgents, said he would come to collect it, but never did, Mr. Samarrai said.

Two other men, Mohsin Ahmed and Qasim Muhammad, identified by The Associated Press as a guard and a worshiper from the mosque that figured in the case, were acquitted. It was not clear from the testimony what happened to the sheik, but some participants in the trial said that he had fled, according to Mr. Samarrai. Court officials were not available for comment on Monday afternoon.

In a frustrating tale of missed opportunities and painful waiting, Ms. Hassan's husband, Tahseen Hassan, took the stand on Monday. In a calm voice, he spoke of the ordeal of losing his wife, beginning from the morning of her disappearance on Oct. 19, 2004.

She left the house at 7:30 a.m., he said, according to Mr. Samarrai, riding with her driver and bodyguard in her Toyota Camry to her office in Quthat, a neighborhood on the edge of Jadriya. Two hours later, her secretary called Mr. Hassan and told him his wife was missing. The driver, an Iraqi, and the guard, an Egyptian, had been badly beaten.

In the days after his wife was abducted, Mr. Hassan received several telephone calls — her relatives said on Monday that four were made from her cellphone — from people he did not know, asking for the numbers of the British Embassy in Baghdad, and of Ms. Hassan's office.

Shortly after that, a caller who identified himself as Abu Mustafa reassured him that his wife was doing well, and proposed a meeting in the Shiite neighborhood of Kadhimiya. Mr. Hassan said he went there with the Iraqi police, but that the caller never showed up. Abu Mustafa later called back, according to Mr. Samarrai, and asked Mr. Hassan why he had come with the police.

In a statement released in England on Sunday, Ms. Hassan's family accused the British government of contributing to her death by refusing to negotiate with her kidnappers.

"The hostage-takers demanded to speak to a member of the British Embassy, but Tahseen had been told by the British that they would not speak to the kidnappers," said Ms. Hassan's siblings — Deirdre, Geraldine, Kathryn and Michael Fitzsimmons. "We believe that the refusal by the British government to open a dialogue with the kidnappers cost our sister her life."

In an interview with the BBC on Monday, Deirdre Fitzsimmons said that the last phone calls were made on Nov. 7, and that Mr. Hassan was essentially left on his own by an unhelpful British government.

"I don't think he knew what to do," she said. "He did the best he could. After all, this was a man in a house on his own, his wife had been taken hostage, he had seen terrible videos of her. He was really left on his own with this advice."

A spokeswoman for the British Embassy in Baghdad said: "Our thoughts are with her family."

Typical of the breakdown in the capital, confusion prevailed late into the evening in Salheya, where the 24 people were taken Monday. The head of the commandos said his forces had not been in the area, but an official in the Interior Ministry said that a special police unit, possibly from the Ministry of Transportation, might have conducted the raid.

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One witness, who runs the Tiger Bus Company, said the armed men blindfolded the people they were leading away and fastened their hands with plastic ties.

"I knew that if they will take me, that means I am dead," said the man who asked that his name not be used out of safety concerns. "We knew this was the end. We ran out the back."

In other violence, Iraqi television reported that one Italian soldier had been killed and three others wounded by a bomb in southern Iraq. Two students were killed in the southern neighborhood of Dawra, part of a spate of recent killings of students, an Interior Ministry official said.

Iraqis Believe Violence Will Abate, New Report Says (WP)

By Walter Pincus

The Washington Post, June 6, 2006

Attacks and casualty levels against civilians and military personnel in Iraq have risen "substantially" since the December elections, but Iraqis have confidence the new Baghdad government will improve the situation, according to the Defense Department's quarterly report to Congress.

"The formation of the new, permanent Iraqi government that addresses key sectarian and political concerns could help reverse the attack trend," states the report, which measured progress in Iraq through May.

Although the report states that since the bombing of the Golden Mosque in Samarra, attacks have increased against rival sectarian groups and populations, it says that al-Qaeda "has been unsuccessful in driving Iraq to civil war [although] Sunni and Shia Arab reprisals elevated the level of violence throughout this period."

Anthony H. Cordesman, who holds the Arleigh Burke chair in strategy at Washington's Center for Strategic and International Studies and has closely studied the Iraq insurgency, yesterday criticized the new Pentagon report as presenting "a fundamentally false picture of the political situation in Iraq, and of the difficulties ahead." He said it "does not prepare the Congress or the American people for the years of effort that will be needed even under 'best case' conditions and the risk of far more serious forms of civil conflict."

Saying "only the U.S. government has the resources and access to information that provide a comprehensive overview of the situation," Cordesman added, "The American people and the U.S. Congress need an honest portrayal of what is happening, not lies by omission and 'spin.' "

For example, he notes the poll of Iraqis' confidence in their new government's ability to improve the situation is described as a "nationwide survey" with no explanation of who was polled and how. He also points out that despite the increase in sectarian killings and the failure to form a government after the elections, the number of Iraqis with doubts hardly changed.

Cordesman said the report "highlights real problems with crime and militias and the importance of sectarian, tribal and ethnic violence," but he took issue with the Pentagon assertion that 90 percent of the suicide bombings in Iraq are carried out by al-Qaeda terrorists, saying, "This may be what some want to believe, but there is no validation."

Afghanistan Under Siege (WT)

By Tulin Dalogl

The Washington Times, June 6, 2006

KABUL, Afghanistan. -- The pictures of the anti-U.S. riots last week in Kabul show the immense contradictions of Afghanistan. Monday's riot, triggered by a traffic accident involving an American military truck, was the worst since the fall of the Taliban. The next day, however, was absolutely calm, illustrating how impossible it is to predict anything that will happen in Afghanistan. Hikmet Cetin, NATO's senior civilian representative, says the riots did not accurately express either the level of anti-American sentiment or the people's attitude toward foreign influences.

"There were different elements in that demonstration," Mr. Cetin said in an interview. "They were angry against their government, too." He said it is clear to him that the Taliban knows it is militarily overmatched by the NATO forces preparing to take control in Afghanistan.

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"The Taliban [leaders] understand they cannot fight with our military face to face, so they started to use roadside bombs, IEDs and suicide bombers," Mr. Cetin said. "They are trying to give the impression that there are two powers in this country: the government and the Taliban. They are sending [a] message [to NATO]: don't come, we will kill you."

A native of Turkey, the only Muslim country in NATO, his service in Afghanistan is crucial. Afghans remember the days of Mustafa Kemal Ataturk, the founder of modern-day Turkey, and Emanullah Han, and how Ataturk helped them build numerous Afghan state institutions. Dr. Rifki Kamil Urga, who Ataturk sent to Afghanistan, built the first medical school.

Mr. Cetin's personality is also crucial. He's a Muslim representing NATO, but to preserve relations he needs to appeal to the Afghan people. He's not only an official; he is also very popular even among ordinary Afghanis. On days of upheaval like Monday, people ask him what to do, and they learn from him the lessons of how to govern their country.

What's more, when a former warlord told Mr. Cetin that his community needed a mosque, he replied, "No, you need schools." He is exactly right to try to show Afghanis what their priorities should be as they learn how to navigate governing and their established religious institutions. Alas, the literacy rate in this country is less than 40 percent -- needless to say that the female literacy rate is around 14 percent.

The day after the riot, Mr. Cetin hosted a dinner at his residence for more than a dozen members of the Afghan Parliament. "The day two Canadians were killed in Kandahar, [Canada's] Parliament decided to extend its stay for another two years," he told the assembled group of parliamentarians on Tuesday. He noted that Canadian, Dutch and British forces will be doubling the number of troops in the Taliban's stronghold in the south. The move will change the rules of engagement for NATO forces. And it also proves, Mr. Cetin says, "[w]hen NATO commits itself, it acts decisively."

Mr. Cetin says he is sure that NATO will defeat the Taliban. But he believes it requires more than military effort. The world should help Afghanistan to stand on its own as a sovereign, independent country, he says.

Some at the dinner raised some thought-provoking points. M. Daoud Sultanzoy, the head of a parliamentary committee on the economy, said that because the West had defeated the Soviet Union, Western powers should be well-versed in valuable psychological warfare tactics, and he questioned why that knowledge is not being employed against the Taliban. Obviously, the answer is not an easy one until security conditions have been improved and economy driven infrastructure and industries start to show a presence in the country.

"Any country could have problems. Any country may lack some institutions. And they may take steps to correct it," Mr. Cetin told me during the interview. "But in Afghanistan, in the beginning of 2001, there were no state institutions. There was no government, no governance, no military, no police, no public administration." Because that infrastructure is only beginning to be conceived, much less implemented, "NATO can not fail in Afghanistan," he said. "That will be the end of NATO. Then we can't succeed anywhere." He also reminded the group of what NATO Secretary General Jaap de Hoop Scheffer said: "If we don't go to Afghanistan, Afghanistan will come to us -- as a terror, as a drug trafficker."

Even with the monumental challenges, everyone accepts that Afghanistan has changed remarkably for the good since 2001. "It reminds me the place where I grow up," said Mr. Cetin, referring to his birthplace of Lice, Turkey -- an area where the Kurdish citizens make up the majority and little infrastructure or mechanisms for governing exist.

He acknowledges that putting together the institutions of government and statehood, along with educating the people, will take a long time. But he refused to compare Afghanistan and Iraq. "There is no deep ethnic and religous division in Afghanistan like there is in Iraq," he said.

Tulin Daloglu is a freelance writer.

Many Afghans Lost To Hazards Of Childbirth (WP)

By Pamela Constable

The Washington Post, June 6, 2006

SHEIKHABAD, Afghanistan -- According to Afghan tradition, children are the fruit of heaven. The more each couple produces, the greater the blessing; hence the country has one of the world's highest birthrates. If an infant dies, village tradition says, another will come along soon. If a mother dies giving birth, it is the will of God.

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But according to international studies, Afghanistan is also one of the most dangerous places in the world to be born or to deliver a child. In a recent report, the U.S. charity Save the Children found that Afghanistan has the world's second-highest rate of newborn deaths, 60 per 1,000 births, just below Liberia. It also found that one in six Afghan mothers -- 20,000 a year -- die during or after childbirth.

Safia, an illiterate villager of about 30, has survived several pregnancies, but just barely. Last month, she arrived at physician Roshanak Wardak's clinic in this town 50 miles west of the capital carrying a 3-week-old baby.

The child was thin and weak, because Safia could neither produce milk nor afford to buy formula.

Her previous child, a boy, had nearly died at birth. Safia was in labor for two days and nights, she said, with no way to travel from her village. By the time she finally reached a hospital two hours away, she had to have an emergency Caesarean section, and both she and the baby were hospitalized for a week.

"My husband was away working. I couldn't reach him, and no one else would help me," she said. "I was having terrible pains, but the baby would not come. Later the doctors told me it was because I worked so hard during my pregnancy, lifting water buckets and other heavy things. They told me not to have any more children for three years, but now I have this new one."

Although Afghanistan has had a stable, Western-backed government since late 2001 and foreign donors have since spent tens of millions of dollars to improve health care, conditions still conspire to sabotage the chances of healthy and normal births.

"It's really as bad as it can get and still sustain a population," said Linda Bartlett, a physician and maternal and child health officer for UNICEF in Kabul, the capital.

Many parts of Afghanistan are harsh and remote, with bad roads, few clinics and little ability to attract skilled health workers. Village girls are often married by 15 and urged to produce a child each year. About 85 percent of Afghan infants are born at home, without even a trained midwife in attendance.

If complications arise, families may not recognize the danger signals and end up wasting precious time deciding what to do. The mother, in protracted labor or losing blood, may have to be carried or put on a donkey for several hours to reach a road leading to a hospital. By then, it may be too late to save her or the child.

"The worst problem is lack of skilled staff. In some provinces, there are no female health workers at all," said Nadra Hayat, director of maternal and infant health at the Public Health Ministry in Kabul. Delivering babies is traditionally done in Afghanistan by women, and many families do not want male doctors to treat their wives or daughters.

Even when foreign donors offered to increase the government's monthly salary for doctors from $40 to $1,000 for those willing to work in arid, isolated southern provinces, Hayat said, "the living conditions were so bad that no one wanted to go."

According to Bartlett, health care has improved significantly in some provinces, with new clinics built and staffed in large towns. The problem, she said, is at two extremes: remote regions where medical help is dangerously scarce, and urban areas where hospitals can barely keep up with the population boom.

In Kabul, the main maternity hospital, Malalai, is hard-pressed to keep pace with the crush of deliveries resulting from a wave of returning refugees that has tripled the city's population since the U.S.-led invasion in late 2001. The staff delivers 80 to 100 babies every 24 hours, and most new mothers are discharged the same day to keep enough beds open.

Doctors and nurse-midwives said that since the end of Taliban rule and the influx of foreign aid, the hospital has made major improvements. Infection rates have fallen sharply, and new diagnostic equipment has been donated. In the past 15 months, fewer than 10 patients have died.

"Some things are much better. We used to do 10 deliveries with one pair of gloves," said Safia, a nurse-midwife who has worked there for 35 years.

Still, conditions are far from ideal. Basic supplies often run out. Patients may be asked to privately purchase such items as intravenous drips. When patients arrive with severe bleeding, doctors often take up a collection to buy plasma from other hospitals.

With doctors in short supply, Afghan and foreign aid agencies have focused on increasing the quantity and quality of midwives. Until recently, many were unskilled women who did little more than cut the umbilical cord. If the mother started hemorrhaging or the birth was obstructed -- the two leading causes of maternal mortality here -- there was little they could do.

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In the past three years, a U.S.-funded program has trained hundreds of community midwives, and a national midwives association has been formed. The number of trained midwives has increased from about 500 to 1,500, and many are working in remote regions with high rates of infant and maternal deaths.

"It is a real revolution," said Pashtun Afzer, the association's president. "These women are so committed. They want to be competent. They know the danger signs and the causes of bleeding. Some rural people were afraid to go to strange clinics, but these are women from their own areas, so the people trust them."

Bibi Ashrafi, a midwife in her fifties, has delivered more than 1,000 babies in Wardak province. She said most village families still prefer home births because they don't want to expose their wives or daughters to unfamiliar doctors.

"I only carry a bag with a scalpel, soap, gloves and clean cloths," she said. "I am very careful. I wash my hands eight times before and after the birth, I sterilize my scissors, and I make sure the placenta is not left inside. If the mother is doing well, I feed her a soup of sugar and oil and flour, and then I leave."

In the past, Ashrafi said, many women died giving birth, and their families would say it was "God's decision that her time had come." But three years ago a clinic opened in the area and she received some training. Now, when a mother is bleeding heavily after the birth, she has a place to send them.

"It's great we have a clinic now, but the problem is with the people," she said. "They are so concerned about privacy that they don't call me until a woman has been bleeding for three days. I tell them to space out the births, but they want to have as many children as possible. I tell them that is bad for the mother's health, but they don't want to change."

A few miles away, outside Wardak's clinic in Sheikhabad, several dozen women huddled on the ground, their swollen bellies hidden under billowing burqas . All were illiterate. Many had histories of multiple miscarriages, problem deliveries or babies born early and weak.

Wardak said she opened her clinic after the winter of 1996, when 40 women died giving birth in the district. Even now, she said, many pregnant women live so far up in the barren brown hills that they can barely get to her door, let alone endure another two-hour ride to the hospital in Kabul if they have labor complications.

"Some villages are eight or nine hours away, and the cars charge extra because the roads are so bad," she said. "I haven't lost a patient in nine years, but we have women traveling from one district to another with labor pains, trying to find help. Sometimes, on the way, the babies die inside them."

Senators Seek Better Defense Imagery (WP)

By Walter Pincus

The Washington Post, June 6, 2006

The Senate Select Committee on Intelligence wants to expand the mission of the nation's imagery intelligence agency so that it can provide U.S. forces on the ground with laptop computers that display still pictures and video of what may lie over the next hill.

"New products including full-motion video and ground-based photography should be included with available positional data [such as maps] in National Geospatial-Intelligence libraries for retrieval on Defense Department and intelligence community networks," the Senate panel said in its report on the fiscal 2007 intelligence authorization bill.

"The committee wants troops to be able to dial up what the route ahead will look like and where potential ambush points may be," said John Pike of GlobalSecurity.org, an expert in satellite- and ground-based intelligence. He said digital still photos taken by military attachÃ©s and Special Forces teams that have slipped in and out of potential target countries such as Iran and North Korea as well as video footage taken by unmanned aerial vehicles (UAVs) have been collected for years, but have not been integrated into the main data libraries maintained by the National Geospatial-Intelligence Agency (NGA).

"The NGA's current library of geospatial products reflects its heritage -- predominantly overhead imagery and mapping products," the committee wrote in its report. "While the NGA is beginning to incorporate more airborne and commercial imagery, its products are nearly devoid of FMV [full-motion video] and ground-based photography," it added.

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The panel's solution is to give the director of national intelligence authority to direct the NGA to "analyze, disseminate and incorporate" into its national system "likenesses, videos, or presentations produced by ground-based platforms including handheld or clandestine photography taken by or on behalf of human intelligence collection organizations."

The new visual materials would be available along with traditional mapping data for retrieval by mission planners and troops in the field. "The route to and from a facility or photographs of what a facility would look like to a foot soldier -- rather than from an aircraft -- would be of immense value to our military personnel and intelligence officers," the report said.

Sensitive to the unique roles played by human collectors, including Special Forces teams and clandestine CIA operatives, the report made clear that the NGA's new mission would not give the agency authority to "manage or direct" the collection or set the technical requirements for "handheld or clandestine photography." The human collection agencies would also control the classification of their photography as well as how and to whom it is distributed.

Instead, the panel encouraged the NGA, whose database includes the exact location of where images are taken and the timing, to work with the other collection agencies so their data can easily be retrievable from the National Geospatial data libraries.

Pike said, however, that technical difficulties exist in finding ways to integrate the new collection into the NGA data libraries. "Lots of still-camera imagery does not have time and place stamped into it as do the satellites," he said. He also noted that full-motion videos, where a UAV can be traveling 100 mph, creates a problem in stamping locations so viewers know the start and finish of the target.

An NGA spokesman said the agency does not comment on pending legislation such as the Senate intelligence committee's version of the authorization bill. But the NGA has been making changes in its databases over the past few years. More commercial imagery has been purchased and some video from UAVs such at the Predator and Global Hawk have gone into the system.

Last December, Director of National Intelligence John D. Negroponte gave the NGA responsibility for overhead, non-imagery infrared and space-borne collectors of measurement and signature intelligence, which involves sensors that, among other things, gather signs of chemical, electronic, nuclear or other radiations emitters.

The NGA also has linked elements of its group with the National Security Agency, whose satellites and ground-based facilities collect electronic messages. Negroponte recently praised this step as "linking our nation's 'eyes and ears.' "

In a presentation last September, retired Lt. Gen. James R. Clapper Jr., the head of the NGA, described his view of "geointellingence" as seeking to answer such questions as "Where am I? Where are the friendlies? Where are the enemies? Where are the noncombatants? Where are the obstacles, natural and manmade, and how do I navigate among them? And what is the environment?"

Clapper, who became director of the NGA in 2001 when it was still the National Imagery and Mapping Agency, plans to retire this month.

DOJ:

Ex-Ashcroft Aide Blasts AG Gonzales (LAW)

By Jason McLure, Legal Times

Legal Times, June 5, 2006

It's not often you see one of former Attorney General John Ashcroft's aides publicly criticize the current Justice Department. But that's exactly what former Ashcroft spokesman Mark Corallo did last week when he submitted an affidavit bashing the DOJ for issuing subpoenas to two San Francisco Chronicle reporters who wrote articles about the BALCO steroid investigation based on leaked grand jury testimony.

In supporting the reporters' motion to quash, Corallo accused Justice's leadership of violating long-standing departmental policies that discourage subpoenaing reporters except in certain circumstances "where immediate action is required to avoid the loss of life or the compromise of a security interest."

"I just saw an egregious abuse of power," says Corallo. "There seems to be this attitude at [the DOJ] that just because the law says we can, we will."

Corallo, who now runs his own public relations company, has some clients who likely didn't mind him taking a swat at his old employer. He's been retained by Milberg Weiss Bershad & Schulman, the securities class action firm indicted by the Justice Department last month. He's also served as spokesman for Karl Rove, the presidential aide under scrutiny by DOJ Special Prosecutor Patrick Fitzgerald in the investigation into the leak of CIA agent Valerie Plame's identity. That case, of course, may hinge on the degree to which reporters are compelled to cooperate with prosecutors and defense lawyers.

Corallo, however, says his client list didn't affect his decision to jump into the BALCO matter. "None of my clients had any idea that I was doing this," he says. Regardless, his move will likely burn bridges with some fellow Republicans at the DOJ.

His affidavit offers implicit criticism of not only Attorney General Alberto Gonzales, but to others with authority over the decision, including Deputy Attorney General Paul McNulty, Criminal Division chief Alice Fisher, and Public Affairs Director Tasia Scolinos. Firing back, DOJ spokesman Brian Roehrkasse says Corallo "may not have been aware of all of the facts" of the BALCO case.

Pentagon IG Nominee Goes To Senate (AP)

AP, June 5, 2006

WASHINGTON (AP) - Assistant U.S. Attorney David Laufman is President Bush's pick to be the Pentagon's chief overseer of internal investigations.

The White House on Monday sent the Senate Laufman's nomination for inspector general at the Defense Department.

If confirmed, Laufman would replace Joseph E. Schmitz, who resigned last September to become chief operating officer for the Prince Group, a division of Blackwater USA, which provides security services to troops in Iraq and around the globe.

The inspector general is the principal adviser to the secretary of defense for matters relating to the prevention of fraud, waste and abuse in the Defense Department.

Laufman, who received a bachelor's degree from the University of Pennsylvania and a law degree from Georgetown University, is assistant U.S. attorney for the Eastern District of Virginia.

Before that, he was chief of staff for the office of the deputy attorney general at the Justice Department. Earlier in his career, he was investigative counsel for the House Ethics Committee.

Does DOJ's Privacy Advocate Have Enough Tools For The Job? (LAW)

By Jason Mclure, Legal Times

Legal Times, June 6, 2006

From spying on domestic-based international phone calls without a court warrant to reportedly obtaining the phone records of tens of millions of customers of AT&T, BellSouth and Verizon, the federal government appears to have made safeguarding Americans' privacy a low priority.

So it may come as a surprise to learn that the Justice Department -- the agency responsible for defending such programs -- has a top official charged with making sure the agency doesn't violate Americans' rights while pursuing terrorists. Jane Horvath became the department's first full-time chief privacy and civil liberties officer in February.

But her powers are limited and, in the view of a number of privacy advocacy groups, negligible. Unlike privacy officers in Europe and Canada, she has no power to subpoena federal law enforcement officials with knowledge of alleged privacy or civil liberties violations. Nor can she report independently to Congress.

"I tend to think it is window dressing," says David Sobel, general counsel of the Electronic Privacy Information Center. "The creation of a position like this within DOJ is a matter of [the department] paying lip service to the very real privacy problems that arise from their activities."

And, in fact, Horvath herself says she has no intention of taking a confrontational approach or acting independently of Justice's leadership in defending privacy rights at an agency that has vigorously defended the National Security Agency's domestic spying and whose own investigators are increasingly circumventing federal courts to collect personal information on American citizens.

In an interview with Legal Times, Horvath says she sees herself as an adviser who can work behind the scenes to ensure privacy concerns are heard by top officials. "People have to see you as someone helping to structure a program to be effective," she says. "Me, by myself, screaming and yelling, I'll get nowhere."

Horvath's job was created in January under a provision of a Justice appropriations bill to help counterbalance sweeping new investigative and data-collection powers granted to the FBI and federal prosecutors since the Sept. 11, 2001 attacks. The position was modeled on the Department of Homeland Security's privacy officer, a four-year-old post that privacy advocates have also criticized as being insufficiently independent.

"A privacy officer fundamentally is operating with values inconsistent to the department. ... It takes a unique and combative personality to do well in a job like that," says James Harper, a privacy law expert at the Cato Institute. "In the end, I think it will be the role of the chief privacy officer to apologize for their agencies, rather than act as a privacy advocate internally."

GRAPPLING WITH BIG BROTHER

Horvath disagrees and says she and her four-lawyer office will be able to effectively steer policy at the 110,000-employee Justice Department. "I don't view myself as an apologist," she says. Nor does she want the authority to subpoena witnesses or compel testimony from Justice officials, as some Democrats on Capitol Hill have proposed. Such powers would isolate her from DOJ decision makers, Horvath says, adding that any investigative responsibilities are best left to the department's inspector general.

"I think it would be such a mistake," she says. "If you give me subpoena power, you're going to pigeonhole me off into another room."

Horvath, 42, comes to the job from the consulting firm Privacy Laws & Business, a U.K.-based company that advises U.S. companies on complying with Europe's more stringent privacy laws. From 1995 to 2001 she worked as an assistant general counsel at AOL and wrote the company's first privacy policy.

At Justice, Horvath will be close to the center of the department's power structure. She works under Deputy Attorney General Paul McNulty, the No. 2 official who handles the department's day-to-day management, and her ability to overcome institutional resistance will be dependent on her ability to invoke his authority. "Jane plays a significant role in ensuring that the department's policies and initiatives are fully compliant with privacy and civil liberties," McNulty said in a statement.

"Just by virtue of being in [McNulty's] office, she'll have the ability to put issues on the agenda that she thinks are important," says one former high-ranking Justice official. "She'll have the ability to pick up the phone and get people in the attorney general's office."

Working under her are three privacy attorneys transferred from Justice's Office of Information and Privacy, a departmental subunit that handles mainly Freedom of Information Act requests. She also expects to hire a deputy soon.

Whether Horvath and her small staff will be able to actually shape policy is a different matter. With no independence from Justice leadership, her authority is limited to the power of persuasion, says Peter Swire, a former privacy counselor in the Clinton administration. "It's a tough job because you're pushing against the wind most of the time," he says.

Horvath says she can best defend privacy rights by vetting new programs for privacy issues before they are implemented. She points to the Defense Department's Total Information Awareness program as an example of a government data-gathering program that would have benefited from the advice of an in-house privacy adviser. Among other goals, that program, undertaken soon after the Sept. 11 attacks, sought to develop technology that would allow computers to identify and track people remotely. But its disclosure led to a public firestorm, and in 2003 it was abandoned.

"No one thought how the advocacy community or the American people would view it," Horvath says. "It's much better for me to be in at the inception of these programs."

Though Horvath says she hopes to focus on influencing new initiatives, there are plenty of existing Justice policies that raise privacy concerns. One area that has drawn Horvath's attention is the FBI's expanded use of National Security Letters. NSLs allow the FBI to secretly gather personal information from banks and telephone companies without having to first obtain court approval. After fighting to keep statistics of their use secret, in late April, the Justice Department reported to Congress that it issued 9,200 such letters in 2005. "It's a program that got to the top of my list," Horvath says. "The department as a whole needs to look at whether there were relevant law enforcement uses for those."

She also expresses an understanding of the privacy concerns raised by the Justice Department's attempts to gather Internet search data from Google and other search engines in its efforts to combat online pornography. "It's the slippery slope," Horvath says, noting that she's expressing a personal, rather than an official, opinion. "Google takes data and they save their data. Once they start producing data for the government, at what point does it stop?"

But Horvath is undisturbed by the growth in DNA profiles retained by state and federal law enforcement in a computer network known as the Combined DNA Index System (CODIS). That database, which initially was used to store genetic information of convicted felons, has been expanded to include thousands of arrestees who have not been convicted of a crime. "If people have a problem with what CODIS is taking in, they need to talk to Congress," she says. "The FBI is not going outside of the law to take DNA."

On perhaps the most controversial privacy and civil liberties issue handled by the Justice Department -- its vigorous defense of the NSA's warrantless surveillance program -- Horvath says she has no role to play and has not been briefed on the matter. "That's [DOJ's] litigation posture," she says. "It's done by NSA. It's not my area."

LOBBYING, NOT ENFORCING

Horvath's job description says she's responsible for coordinating the work of Justice related to the protection of privacy and civil liberties. Fred Cate, a professor at the Indiana University-Bloomington School of Law, says the fact that Horvath hasn't been consulted on the NSA issue reveals much about the limits of her authority. "The attorney general has to sign off on every other agency's surveillance programs," says Cate. "How effective can the chief privacy officer be if she's not involved in advice [Justice] gives to other agencies?"

And without the power to compel testimony from Justice officials, it's unclear how often she'll be consulted by DOJ's leadership or what real power she'll be able to wield should she see privacy concerns being ignored. "At best it's internal lobbying," says Barry Steinhardt, director of the American Civil Liberties Union's technology and liberty program.

Horvath says that so far she hasn't felt left out of the loop. She says she meets with McNulty twice a week in the deputy attorney general's staff meetings and has already been able to influence two significant policy decisions, though she declines to name them. "I've been able to have my voice heard a great deal," she says. "I see changes that I suggest integrated."

But even those privacy advocates who say the Justice Department would be better off with a European-style privacy watchdog express optimism that her appointment is a step in the right direction. "Somebody with limited powers is far better than none," says Robert Ellis Smith, a Rhode Island lawyer who publishes a journal on privacy law. "What's important is to have somebody who is a focal point."

Serving as a sounding board for public dissent will be an important part of Horvath's job. As the attacks of Sept. 11 recede, the public is growing increasingly wary of government monitoring. An ABC News-Washington Post poll in January found that 30 percent of Americans felt the government was unjustly violating privacy rights in investigating terrorism. Though that number remains relatively small, it's a significant rise over the 17 percent who felt that way in September 2003.

Horvath has met with critics of the DOJ's privacy and civil rights policies, including the ACLU and the Center for Democracy and Technology, and spoke at a meeting of privacy groups hosted by the Electronic Privacy Information Center (EPIC) in May.

"The department has a real credibility problem in terms of assuring the public that laws designed to protect privacy are being scrupulously observed," says EPIC general counsel Sobel. "It's clear the security and intelligence interests overpower the privacy interests."

That critique isn't unfamiliar to the new chief privacy officer.

"I think that a great part of my role is to re-establish trust," Horvath says. "Trust is a huge thing for the FBI and Department of Justice. ... They can't do their jobs if they don't have it."

CORPORATE SCANDALS:

Bawag To Pay $675M To Settle Refco Charges (AP)

AP, June 6, 2006

NEW YORK (AP) — Austria's Bawag PSK bank will pay at least $675 million to avoid prosecution and to settle bankruptcy claims after admitting its role in the collapse of commodities brokerage Refco Inc., U.S. authorities announced Monday.

The bank, together with the Austrian Trade Unions Association, which owns Bawag, will forfeit $337.5 million to the United States to be distributed to victims of the fraud at Refco, according to prosecutors and the Securities and Exchange Commission.

In return, U.S. authorities have agreed not to prosecute Bawag, U.S. Attorney Michael Garcia said.

The government will distribute half of the $337.5 million in forfeited funds to the Refco bankruptcy estate and half to other victims of the Refco fraud, he said.

In a statement, the bank said it will initially pay $158 million, with $150 million being divided equally between the Refco creditors and the U.S. Department of Justice and another $8 million being paid to a class-action settlement fund.

The bank said the Justice Department will distribute its money to the Refco estates and the securities claimants, among others.

As much as a year later, the bank will pay the remainder, to be split equally between the Justice Department and Refco creditors, the bank said.

The non-prosecution deal included a statement from Bawag, in which the bank acknowledged it assisted former Refco Chief Executive Phillip R. Bennett in hiding hundreds of millions of dollars of Refco losses from Refco investors and creditors.

According to the statement, certain former senior officers of the bank including the then-chairman and a member of the managing board who became chairman in 2003 knew that Bennett wanted to manipulate certain intercompany balances.

The statement said the bank from 2000 through February 2005 made short-term loans of hundreds of millions of dollars to Refco so Refco "could manipulate certain intercompany accounts in order deceptively to 'improve' Refco's balance sheet."

The New York-based Refco was one of the world's biggest commodities brokerages, employing some 2,400 employees in 14 countries. Bawag, Austria's fourth-largest bank, bought a 10 percent interest in Refco in 1999. It has 1.3 million private customers and 60,000 commercial customers.

The losses were revealed only two weeks after Refco went public in 2005, and led to the company filing for bankruptcy protection. Bennett has been indicted on eight felony counts and is under house arrest in New York, awaiting trial.

The Refco Unsecured Creditor's Committee had demanded $1.7 billion in damages from Bawag, claiming the Austrian bank aided Bennett.

Bawag had consistently denied any wrongdoing in its dealings with Refco, but Bawag Chief Executive Ewald Nowotny has said a settlement was needed to secure the bank's future.

Bawag also acknowledged in its statement that it sought and received assistance from Bennett at Refco in concealing Bawag's own investment losses on its balance sheet, prosecutors said.

Garcia said in a statement that the government agreed to the non-prosecution deal because Bawag had cooperated fully with his office's investigation and because the company had agreed to pay substantial restitution.

He also noted that Bawag's depositors and innocent employees would be harmed by a criminal prosecution.

He said new management at Bawag since January has taken steps to investigate its involvement with the Refco fraud and disclosed to the public in Austria the deficiencies in its own balance sheet, which the prior management had been hiding for years.

Garcia said the non-prosecution agreement showed that his office would vigorously pursue those who defraud American investors, "even those who act entirely from abroad."

In a statement, Nowotny called the settlement "a good deal because it draws a line under the past. The way is now open for a positive future development of Bawag PSK."

The company said the agreement calls for the dropping of pending and potential actions by Refco, the creditor's committee and a class-action lawsuit by Refco security holders.

The company said it has settled its SEC case, agreeing to not violate securities laws in the future.

The bank said it also agrees to drop its own claims against Refco and the Refco creditors, but not its claims against Bennett, who has been indicted under eight felony counts and is being held under house arrest pending trial.

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Stuart M. Grant, a lawyer for institutional investors who are lead plaintiffs in a securities class action stemming from the Refco collapse, said in a statement he was pleased with the speedy settlement.

"This is a positive first step in providing compensation to investors who were scammed by Refco's management and directors, along with its financial advisors, auditor and other professionals," he said.

Austrian Bank Pays $675M In Refco Probe (USAT)

By Greg Farrell

USA Today, June 6, 2006

NEW YORK — More than six months after the former CEO of a financial services firm was indicted on charges of fraud, a government investigation into the matter seems to have gathered momentum.

The U.S. Attorney's office here announced Monday that an Austrian bank would pay at least $675 million to settle claims that it helped Refco and its former CEO, Phillip Bennett, hide more than $1 billion in debt from investors and creditors in the past five years.

The settlement was part of a non-prosecution agreement between federal prosecutors and the Bank fur Arbeit und Wirtschaft (Bawag), headquartered in Vienna. In a statement, Michael Garcia, the U.S. Attorney in Manhattan, said the bank merited the non-prosecution agreement because new management, installed in January after the scandal, was cooperating fully with the criminal investigation.

Although no mention was made of the bank's previous management, prosecutors and regulators from the Securities and Exchange Commission are continuing their investigation.

The deal lifts a cloud of uncertainty from the bank, while resolving most of the financial claims that have been lodged against it for its role in propping up Refco, now in Chapter 11. “We're pleased to have resolved all these matters,” said Andrew Levander of the Dechert law firm, which represents Bawag. “We believe this generally resolves all potential claims against Bawag.”

More than half of the $675 million settlement will go to Refco's creditors. About $84 million will be paid to Thomas Lee Partners, which bought a substantial stake in the firm in 2004, and another $100 million to shareholders who invested in Refco after its 2005 IPO.

According to court documents, Phillip Bennett, the former CEO of Refco, helped the company disguise hundreds of millions of dollars in client losses in the late 1990s by shifting those losses off the books to entities he controlled. The SEC accused Bawag of helping Bennett hide the losses from investors and creditors.

By disguising the losses, Refco was able to go public last August. But seven weeks after the IPO, Refco's management disclosed the losses, causing the stock price to plummet and eventually result in a bankruptcy filing. Bennett was indicted in November, the same month Bawag ousted its CEO, Johann Zwettler.

Sean Coffey, a class-action lawyer with Bernstein Litowitz Berger & Grossmann, said Bawag will pay $8 million to investors who lost money in the IPO, and guarantee to fund $100 million more if that money can't be recovered from a special restitution fund.

Coffey, who represented investors hurt by WorldCom's meltdown in 2002, says Refco's other banks should have known about the hidden losses. “It's not as big a case as WorldCom, but in may ways, it's more egregious than WorldCom,” he said. “It was just seven weeks from IPO to DOA.”

Will Enron Probe Spawn Further Criminal Cases? (WSJ)

By John R. Emshwiller

The Wall Street Journal, June 6, 2006

The giant federal investigation of Enron Corp. has produced criminal charges against 32 people, and it is continuing. But will it ever spit out charges against anyone else?

That question hangs over the four-year-old probe in the wake of its greatest victory: the convictions last month of former Enron Chairman Kenneth Lay and former President Jeffrey Skilling on conspiracy and fraud charges. The four-month trial of

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those two men was viewed as a culmination of the federal criminal probe that began in the wake Enron's collapse into bankruptcy in December 2001.

Theoretically, the federal Enron Task Force still has lots of potential targets for criminal charges. Some even came up by name during the Lay/Skilling trial. Court filings in that case said about 100 individuals have been identified as co-conspirators of the two men. Of those criminally charged, 16 have pleaded guilty, eight have been convicted at trial, two have been acquitted and the rest are awaiting trial.

Among the senior executives whose names have come up during the criminal proceedings is Jeff McMahon, who served various senior Enron positions; David Duncan, one of the company's outside auditors and the only man in the Enron saga to have pleaded guilty to a crime and then reversed himself; and Greg Whalley, who took over as Enron's president when Mr. Skilling unexpectedly quit in August 2001.

Attorneys for Messrs. McMahon and Duncan declined to comment. Mr. Whalley and his attorney couldn't be reached.

Some observers believe that with its biggest case now completed, the Task Force is unlikely to file new cases. Instead, it probably will wind down its efforts and focus on cleaning up the already filed charges. "Enron Beach is closed, and not just for the summer," says Jacob Frenkel, a former federal prosecutor now in private practice in Rockville, Md.

However, others say the government could feel obligated to bring additional cases even after nabbing the two top figures at the company. As a prosecutor, "you want to make sure that the people most culpable are held to account," says Jonathan Halpern, a former federal prosecutor now in private practice in New York.

Another possibility is that any future cases will be handled as civil matters by the Securities and Exchange Commission, which could seek large monetary penalties from individuals.

"Lots of people would like to see the SEC take a pretty aggressive tack on the remaining players," says John Hemann, a former member of the Enron Task Force who is now in private practice in San Francisco.

A Justice Department spokesman declined to comment on any possible future Enron-related criminal charges being filed. An SEC spokesman also declined to comment on possible additional civil actions related to the fallen energy giant. Already, the SEC has filed numerous civil cases in the Enron scandal, including still-pending actions against Messrs. Lay and Skilling.

The failure to file further criminal charges could intensify debate over an issue previously raised by defense attorneys for Messrs. Skilling and Lay. They contended the Task Force used the threat of further indictments to intimidate witnesses, adding that scores of former Enron executives had been unwilling to talk with them. In a court filing last fall, attorneys for Messrs. Skilling and Lay contended that the Task Force had "engendered, fostered and exploited an atmosphere of fear" among potential witnesses.

The defense noted that the last new individual indicted was Mr. Lay in July 2004. The latest new plea bargain came from a former Enron executive last July.

Prosecutors have consistently and vehemently denied misusing their power in the Enron investigation. Judge Sim Lake, who presided over the trial of Messrs. Lay and Skilling, largely turned down defense efforts to win relief in connection with the alleged prosecutorial misconduct. However, if the Task Force doesn't bring any further criminal cases, defense attorneys for Mr. Skilling and Mr. Lay could raise this issue again on appeal. "Our view has long been that the only purpose for the Enron grand jury is to keep witnesses with exculpatory evidence far from the witness stand," says Daniel Petrocelli, Mr. Skilling's lead attorney.

Whatever the possible complications on the appellate front, no further prosecutions would be welcome news for individuals who seemingly have been in the government's crosshairs. Among them is Mr. McMahon, whose Enron jobs included corporate treasurer. As part of a 2004 plea bargain with the Task Force, former assistant treasurer Timothy DeSpain said he had made false representations to credit-rating companies about Enron's financial condition and had been "directed by my superiors...to manipulate fraudulently Enron's credit rating." At the court hearing on his plea, Mr. DeSpain identified Mr. McMahon as one of his superiors.

Mr. Whalley, the former Enron president, saw his name surface at the trial of Messrs. Lay and Skilling. Enron's former chief financial officer, Andrew Fastow, testified Mr. Whalley told him that he cut short a 2001 trip to meet with securities analysts because "I'd have to lie too much" about Enron's financial condition. Another former Enron executive and government witness,

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David Delainey, testified Mr. Whalley attended a top-level company meeting in March 2001 where finishing touches were put on a plan to hide large losses incurred by the retail energy unit.

Then there is Mr. Duncan, the former head of the Enron audit team at the accounting firm of Arthur Andersen LLP. He became the Task Force's first known cooperating witness when he pleaded guilty in April 2002 to obstructing the federal Enron investigation by destroying company-related documents. He was a government witness when the Task Force won a felony conviction against Andersen related to the document destruction -- a conviction that helped put the venerable accounting firm out of business.

After the Supreme Court last year overturned the Andersen conviction because of improper jury instructions, Mr. Duncan successfully moved to have his plea vacated. He remains subject to new criminal charges, if any more are ever forthcoming from the Task Force.

For Law Firm, Serial Plaintiff Had Golden Touch (NYT)

By Julie Creswell And Jonathan D. Glater

The New York Times, June 6, 2006

When it came to investing, Howard J. Vogel seemed to possess a perverse kind of Midas touch.

In early October 1997, he bought 50 shares of Oxford Health Plans. Three weeks later, the stock nose-dived, and Mr. Vogel lost about $3,000 of his investment. Still, Mr. Vogel reaped $1.1 million.

How was that possible?

Mr. Vogel was a plaintiff in a shareholder lawsuit filed by the New York securities litigation powerhouse Milberg Weiss Bershad Hynes & Lerach against Oxford Health. In 2003, the company, along with other parties that were sued, paid $300 million to settle.

Most of the investors received pennies on the dollar for their losses. But Mr. Vogel, then a real estate mortgage broker in Englewood, N.J., was not just a hapless investor who bought the wrong stock at the wrong time.

Mr. Vogel now says, according to a plea agreement with federal prosecutors, that he and members of his family were actually linchpins in a long-running arrangement that helped Milberg Weiss snare the lucrative lead counsel position in the Oxford Health and many other securities lawsuits, reaping hundreds of millions of dollars in legal fees.

Mr. Vogel, who has since moved to Florida, is a central figure in the government's case against Milberg Weiss Bershad & Schulman, as the law firm is now called. Last month, a federal grand jury in Los Angeles indicted the firm and two of its name partners on several criminal charges, including racketeering conspiracy and money laundering. The firm is accused of making $11.3 million in illegal secret payments to Mr. Vogel and two others who served as plaintiffs in more than 150 lawsuits.

The firm contends it has done nothing improper and has vowed to fight the charges against it. But Milberg Weiss is struggling to keep its lawyers and clients from walking away. Several lawyers have left the firm and a number of institutional investors, including the New York state employee pension fund, have removed it as counsel in high-profile lawsuits.

The Oxford Health lawsuit was widely watched at the time, and it takes on new significance in light of Mr. Vogel's admissions and prosecutors' charges.

It provides a window into how, even after Congress passed legislation in 1995 aimed at undermining Milberg Weiss's dominance, the firm worked feverishly to find ways to maneuver around the new landscape.

Yesterday, William W. Taylor, a lawyer at Zuckerman Spaeder who represents Milberg Weiss, said in response to questions: "On behalf of the firm, the Oxford case was handled in the highest traditions of Milberg's practice. The result obtained was exemplary and the firm is proud of the result in that case as it is in all of its cases."

The 1995 law, the Private Securities Litigation Reform Act, or P.S.L.R.A., was intended to make it harder for plaintiffs' lawyers to file lawsuits after merely finding a single investor who held the stock of the company to be sued. Under the law, courts were required to select the investor with the largest loss as lead plaintiff, whose lawyer then coordinated the lawsuit.

The law was meant to rein in lawyers who simply eyeballed companies that were in trouble and ran to the courthouse with a plaintiff in tow at the first hiccup in the share price.

In many ways, the law seems to have had the intended effect. Since the legislation was enacted, institutional investors like big state pension funds have led the charge in numerous shareholder lawsuits, like those involving Enron and WorldCom.

Still, the majority of federal securities lawsuits settled last year — 62 percent — had individuals as lead plaintiffs, according to NERA Economic Consulting in White Plains.

Indeed, in the cases cited by federal prosecutors in the indictment of Milberg Weiss, the law firm's frequent clients were individual investors, including Mr. Vogel; his wife, Eugenia Gladstone Vogel; and his stepson, Emile Gladstone. Mr. Vogel's lawyer would not comment for this article.

Yet while Mr. Vogel and his family were frequently named as plaintiffs, they were not always successful in winning lead-plaintiff status. That would not mean that the case was a total loss for Milberg Weiss, but its share of any settlement would almost certainly be smaller.

That is because the lead counsel in a lawsuit typically has considerable influence over how the fees will be awarded to other law firms after a settlement is reached, according to plaintiffs' lawyers.

"What typically happens in a securities litigation is you have one case filed and then you have three or four copycat" complaints, said John H. Henn, a defense lawyer at Foley Hoag in Boston. "Then they agree among themselves about on who would make the best lead plaintiff."

Or they have knock-down-drag-out courtroom brawls.

The decision over lead plaintiff in the Oxford Health case dragged on for nearly four years, took many bizarre twists along the way and featured a revolving cast of plaintiffs.

In the fall of 1997, malfunctions in Oxford Health's computer system led to unexpected losses and a steep drop in its stock price, which wiped out nearly $3 billion of the company's market value. In the days after the announcement, more than 50 class-action lawsuits were filed against the company, claiming that Oxford officials had known of the computer problems and their effects, but had misled investors by failing to disclose what they knew.

"The advantage to having a client and being on file with a class action is that you could then send out mailings or press releases, trying to find other plaintiffs who had bigger losses," said a plaintiffs' lawyer who did not want to be identified because he works in the field. "Even if you had a small client, it was at least a foot in the door that allowed you to get the process rolling."

Oxford Health was a big, juicy target for plaintiffs' lawyers.

A lawyer who tried to get his clients named lead plaintiffs in the Oxford case, Lee Squitieri, said: "It looked like a good case right out of the box. This was not what we called a 'prediction case' where the wrongdoing consisted of a prediction that turned out to be untrue. This was a better case. It involved concealing material information. That's a good case."

Milberg Weiss's biggest rival for lead plaintiff was the Colorado Public Employees' Retirement Association, which claimed it had lost more than $20 million when Oxford Health's stock fell. The mutual fund company PBHG, managed by Pilgrim Baxter & Associates, also wanted to be the lead plaintiff, contending that six of its funds had lost $4.3 million. It later dropped all but one of the funds from its claim, saying that the remaining one lost $65,000.

Undaunted by groups that, arguably, better met the requirements under the new law, Milberg Weiss aggregated a group of 35 individuals who it said had lost a total of $10 million.

Milberg Weiss's initial plaintiff in the case was Mr. Vogel. What was unknown at the time was that Mr. Vogel had acquired shares of the stock on the belief that it was on the verge of a collapse.

In late April, Mr. Vogel pleaded guilty to a single count of perjury — falsely stating in a court filing that he had not received payment other than his share of the settlement proceeds. In exchange for his cooperation, Mr. Vogel was not charged with being part of the conspiracy that Milberg Weiss is accused of. In addition, prosecutors agreed to recommend leniency in sentencing.

According to Mr. Vogel's plea agreement, he contacted "Partner E" — identified by lawyers involved in the case as Robert Sugarman, a former Milberg Weiss lawyer — and "discussed a potential securities fraud class-action lawsuit" against Oxford Health. Mr. Sugarman is said to be cooperating with federal prosecutors. Mr. Sugarman's lawyer declined to comment.

Dating back to 1991, Mr. Vogel had been a lead plaintiff in numerous lawsuits filed by Milberg Weiss for which he illegally received a cut of the law firm's fees — as much as 14 percent, according to court filings.

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But in the case of Oxford, Mr. Vogel was told by Mr. Sugarman that his payment would be less than his usual percentage because the lawsuit was so large and "Milberg Weiss would have other payment obligations in the case," the indictment said.

In 1998, the lawyer representing the Colorado pension fund, Jay W. Eisenhofer, challenged whether Mr. Vogel's losses were substantial enough to meet the law's new requirements.

Patricia M. Hynes, a Milberg Weiss lawyer who was not named in the indictment and has not been accused of any wrongdoing, responded in a June 1998 hearing that among the 35 plaintiffs representing the "Vogel group" were three individuals who had lost $2 million to $3.4 million each.

Swayed by Ms. Hynes's argument, the judge overseeing the case, Charles L. Brieant of the Federal District Court in Manhattan, decided to proceed with three co-lead plaintiffs — the Colorado retirement fund, the PBHG mutual funds and the "Vogel Plaintiff Group," which now did not include Mr. Vogel because his losses were too small. Instead, it consisted of Gary Weber, Daniel Hurley and Michael Sabbia. Milberg Weiss was named co-lead counsel, along with Grant & Eisenhofer, which represented the Colorado fund, and Chitwood & Harley, which represented PBHG.

The size of the losses by the individual investors became a focal point after lawyers with Sullivan & Cromwell, which represented Oxford Health, began to dig into the trading records of the Milberg Weiss plaintiffs.

Milberg Weiss had already revised Mr. Hurley's losses, dropping them from $3.4 million to less than $1 million after realizing an error had been made in going through his trading records.

But the lawyers for Oxford argued that more than 4,000 transactions in Oxford options that they had each engaged in during the 13 months of the time period of the lawsuit had been omitted.

By their accounting, Mr. Hurley had actually made $700,747 in profits from his combined trading in stock and options, while Mr. Sabbia's loss totaled $315,000. That was a far cry from the $2 million loss that Ms. Hynes told the court in 1998 Mr. Sabbia had suffered.

Ms. Hynes claimed the Sullivan & Cromwell lawyers had used "discredited experts, flawed methodologies and erroneous 'alternative' calculations of plaintiffs' losses." By her firm's calculations, even taking the options trading activity into account, Mr. Sabbia still lost more than $1 million and Mr. Hurley more than $500,000. Those were "substantial losses by any measure," she stated in a 2000 memo to the court.

When contacted, Mr. Sabbia and Mr. Hurley said this was the first time they had been plaintiffs in lawsuits and both men said they did not receive any money from Milberg Weiss for their roles in the lawsuit. Mr. Sabbia added that he had no idea there was even any dispute surrounding the size of his loss in Oxford Health. "I lost tons," he said.

Judge Brieant rejected the defense lawyers' objections, ruling that the two Milberg Weiss clients had indeed suffered losses and could continue as lead plaintiffs.

There were problems with another Milberg Weiss plaintiff, Mr. Weber, who withdrew from the case in late 1999, weeks after he was deposed by lawyers for Oxford. A court document in the case that was recently unsealed is a letter to the judge from a Sullivan & Cromwell lawyer who said Mr. Weber "chose to lie" about his education, criminal record, history as a defendant in a civil case and his trading in Oxford securities. The National Law Journal reported on the letter in early 2000. A call to Mr. Weber's office was not returned.

Despite these setbacks, Milberg Weiss and the other lead plaintiffs' law firms reached the $300 million settlement in June 2003. Milberg Weiss's share of the legal fees totaled about $40 million, according to the Justice Department's indictment.

A few months later, Mr. Vogel contacted another Milberg Weiss lawyer, Steven G. Schulman, about his payments for Oxford and other cases, the indictment said. Mr. Schulman and another Milberg Weiss partner, David J. Bershad, were also indicted by the federal grand jury in Los Angeles last month and have taken leaves of absences from the firm. Mr. Bershad's lawyer said his client "vigorously" denied the charges. A call to Mr. Schulman's lawyer was not returned.

Investors Who Fought Arbitrator's Ties Win A Big Ruling Against Prudential (WSJ)

By Susanne Craig

The Wall Street Journal, June 6, 2006

An arbitrator once accused of being in Wall Street's pocket was part of a panel that unexpectedly returned a $14.5 million penalty against a major Wall Street firm.

In late May, a New York Stock Exchange arbitration panel unanimously ordered Prudential Securities Inc. to pay $11.8 million plus back interest to Charanjit and Harpreet Sahni, a Roslyn Heights, N.Y., couple who alleged that Prudential mismanaged some of their money. From 2000 to 2004, the couple's Prudential account dwindled to less than $1 million from $23 million. Wachovia Corp. acquired a 62% stake in Prudential Securities in July 2003 from Prudential Financial Inc., which retained a 38% stake.

A Prudential spokesman said of the ruling: "We don't believe this decision conforms with the law, and we are considering taking steps to have the decision vacated."

The case is significant not only for its size -- it is the third-largest award ever handed down by an NYSE panel -- but also because the couple's lawyer worked to have one of the three arbitrators who heard the case, a former Merrill Lynch & Co. employee named Robin Henry, removed from the panel.

In a lawsuit filed in a New York state court against the NYSE, attorney Tom Ajamie alleged that Ms. Henry, 76 years old, failed to disclose some of her ties to Wall Street that should have disqualified her. Among them: While the case was being heard, she was chairman of a charity that received donations from a number of big Wall Street firms.

Ms. Henry did disclose she worked at Merrill Lynch in the 1980s. She was a vice-president-level executive at the Wall Street brokerage house, according to her arbitrator profile, although her exact job description is unknown. In the lawsuit, Mr. Ajamie also alleged Ms. Henry often fell asleep during the arbitration proceedings and coached witnesses.

"Given the issues I faced with the arbitration process, I am shocked by the outcome," said Mr. Ajamie, of Houston. Ms. Henry didn't return calls for comment. The NYSE declined to comment.

Mr. Ajamie's legal challenge drew attention because investors have been complaining for years that the arbitration system is stacked in favor of Wall Street. The debate intensified amid a flood of new arbitration claims following the bursting of the Internet bubble in 2000.

Most investors who have a complaint against a Wall Street firm like Prudential end up in securities arbitration because firms almost always require clients to agree to this before they open an account. Panels typically have three arbitrators, two of whom don't come from Wall Street and are supposed to represent the public. Ms. Henry filled one of these slots in the case she heard. (The third arbitrator on these panels must come from Wall Street, an effort to ensure knowledge of the inner workings of the brokerage industry.)

Despite the fact that two slots are reserved for public arbitrators, plaintiff lawyers often complain they are biased. For instance, if an arbitrator previously worked as a Wall Street broker, the National Association of Securities Dealers generally classifies the person as public if he or she held the brokerage job for fewer than 20 years and has been out of the business for at least five years. The NYSE has its own rules, including some similar to the NASD's that leave the door open for former Wall Streeters like Ms. Henry to be classified as public. This issue was the subject of a page-one article in The Wall Street Journal in 2005.

In recent years, the Public Investors Arbitration Bar Association, an industry group for plaintiff lawyers, has called for the NASD, the forum where more than 90% of arbitrations are heard, and the NYSE to impose tighter rules on public arbitrators and abolish the industry-arbitrator slot, allowing investors to decide whether they want someone from Wall Street on their panel. This most recent award shows that even an arbitrator with past ties to Wall Street can deliver a big award, possibly undercutting the PIABA's efforts to tighten the rules.

"Regardless of this award, it is critical that the public arbitrator be truly public to ensure the integrity of the system," said PIABA President Robert Banks. "Furthermore, in this case there were questions about her lack of disclosure that still need to be addressed by NYSE."

Mr. Ajamie, who in 2001 won the largest award ever handed down by an NYSE arbitration panel, said that, despite his victory, the system is still in need of repair. "Just because one investor wins in a rare instance does not make the system honest or fair," he said.

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Mr. Ajamie said the Sahnis had a discretionary account at Prudential, allowing the broker to trade in the account without having to get consent to trade. The broker, Mr. Ajamie said, increased the couple's exposure to technology companies just as the Internet sector was turning sour in 2000 and failed to diversify the portfolio.

Prudential, in its response to Mr. Ajamie's claim, said the Sahnis were sophisticated investors who knew the risks associated with their investments.

The award, although large, is half of what was sought. "After sifting all the evidence, the panel concluded that the responsibility for the investment losses should appropriately be shared," the panel wrote. The panel, in its page-long decision, concluded that Mr. Sahni and his broker were in effect "partners" in trading the account and "relied on each other constantly." The panel concluded that "Prudential as the ultimate party responsible" should pay approximately half the losses in the account.

Should Prudential appeal the award, it faces an uphill battle. Courts can vacate an award only on a handful of grounds: for bias, fraud or if they find there was "manifest disregard" of the law in the arbitration process.

Justice In The Dock (WSJ)

The Wall Street Journal, June 6, 2006

As a federal prosecutor, Andrew Weissman helped to put Arthur Andersen out of business. Now in private practice, he still defends the Andersen indictment, but he also says the Justice Department's guidelines on corporate indictments "give the government an inordinate amount of power" and need some reining in.

We're glad to hear it. And a step toward doing exactly that may soon come in the courtroom of Lewis A. Kaplan, the federal judge hearing the case against 16 defendants in the KPMG tax-fraud case. He is expected to rule on whether Justice overstepped its bounds in pursuing that case. If he rules against the government, it may lead to an overdue rethinking of how far prosecutors can go in demanding cooperation from companies under investigation.

At issue is the 2002 Thompson memo, written by then-Deputy Attorney General Larry Thompson. The memo lays out standards for when a company should be considered cooperative. They include whether the firm has waived attorney-client privilege to give prosecutors access to confidential documents, or stopped paying the legal fees of "culpable" individuals.

In the KPMG case, Justice denies improperly pressuring the accounting firm to stop paying defense fees. And officially, KPMG has agreed. But KPMG is under a deferred prosecution agreement in the case for the next year and a half, meaning any action it takes that the Justice Department considers "uncooperative" could lead to a renewed indictment threat.

KPMG's general counsel, Joseph Loonan, testified last month that "wanting to have the government believe we were cooperating with them was one of the reasons that we wrote the letter" that informed one of the defendants, Jeffrey Stein, that the company would no longer be paying his legal bills. So even if the prosecution never made cutting off the defendants an explicit condition of avoiding indictment, KPMG clearly knew what was in the Thompson memo and acted accordingly. An internal memo from Justice and meeting notes from an IRS agent also make clear that the question of legal fees was on prosecutors' minds when weighing a KPMG indictment.

According to USA Today, Judge Kaplan was blunt about the matter, asking at a hearing, "Isn't it just perfectly obvious . . . that it is the position of the United States Department of Justice that a company facing possible prosecution hurts its case for a favorable outcome" by supporting the defense of its former employees. Obvious, indeed.

Earlier this year, a federal judge in New Hampshire also questioned the application of the Thompson memo against Enterasys Networks, a Massachusetts-based technology company that agreed to restore legal support for its former employees facing trial. But the KPMG case is much larger, and Judge Kaplan can lay down an important and necessary marker for corporate fraud cases going forward. Whether he imposes any sanction on the government, and of what sort, will show if Justice can get away with acting unjustly.

CRIMINAL LAW:

Libby's Lawyers Look To Documents For Defense (LAW)

By Sarah Kelley, Legal Times

Legal Times, June 5, 2006

Scooter Libby's lawyers are leaving clues to their strategy for his upcoming perjury trial.

I. Lewis "Scooter" Libby Jr. never meant to lie to the FBI or to a federal grand jury. Instead, his lawyers blame "confusion" or a "faulty memory" for his failure to disclose conversations he had with reporters about CIA operative Valerie Plame.

In other words, he simply forgot.

Given the hectic nature of his job as Vice President Dick Cheney's chief of staff, Libby's lawyers say, it's understandable that their client might have failed to remember "snippets of conversation" he felt were unimportant.

And even if he did talk to reporters about Plame, the defense argues, he had no motive to lie about it later because he didn't know her status was classified and therefore was unaware he had done anything wrong.

Then again, they contend, it might just be that the reporters who claim they talked to Libby about Plame are themselves confused.

Little by little, Libby's lawyers have revealed aspects of their defense in court filings and at pretrial hearings. They've indicated what players likely will be called as witnesses, and they've made requests for thousands of documents — actions that shed light on likely trial strategies.

"It looks like the defense is going in a few directions, one of which is that Valerie Plame was so unimportant that even if Libby was mistaken, he didn't intend to lie," says Peter Henning, a former lawyer with the Justice Department's Criminal Division and now a law professor at Wayne State University in Michigan. "It looks like they may also raise some challenges as to what was actually said in these fairly short conversations with reporters."

Libby is accused of lying to a grand jury and to FBI agents investigating claims that someone in the White House leaked Plame's identity to the media in the summer of 2003 to retaliate against her husband, Joseph Wilson, an outspoken critic of the Iraq war. When questioned about his knowledge of the leak, Libby allegedly lied about how and when he learned of Plame's CIA status, and with whom he discussed the classified information.

So far, the investigation launched by Special Counsel Patrick Fitzgerald in the fall of 2003 has nabbed only Libby, who was indicted in October 2005 and immediately resigned from the White House. He faces felony charges of perjury, obstruction, and making false statements. His trial is set for January 2007 in the U.S. District Court for the District of Columbia.

While Libby's lawyers have hinted at various defenses they are likely to raise at trial, the crux of their case is clear: Any discussions their client might have had about Plame were so unimportant that he easily could have forgotten them.

Perjury cases are particularly tough for prosecutors because they must prove a defendant blatantly lied — misleading statements are not grounds for a perjury conviction — and because they must prove intent, Henning says. That's why perjury cases are relatively rare, he adds.

Although the faulty-memory claim is sometimes successful, it could be a particularly difficult sell for Libby's lawyers to make in this case, says Solomon Wisenberg, a criminal-defense lawyer with Wisenberg & Wisenberg in the District.

"It looks like Fitzgerald will be able to present evidence . . . that this was such an important matter to the White House, and specifically to Libby, that professions of forgetfulness are not reasonable," says Wisenberg, who served as deputy independent counsel during the Whitewater and Monica Lewinsky investigations and conducted the grand jury questioning of then-President Bill Clinton.

The prosecution is expected to call a number of former and current government officials — including Cheney and former White House Press Secretary Ari Fleischer — who allegedly had conversations with Libby about Plame's CIA status in the weeks before her identity was published in an article by syndicated columnist Robert Novak.

Other witnesses likely to be called by the prosecution include former New York Times reporter Judith Miller and Time magazine reporter Matthew Cooper — both of whom say they were told of Plame's CIA status by Libby — as well as NBC journalist Tim Russert. Libby testified before the grand jury that it was Russert who first told him Plame worked for the CIA. Russert denies that claim.

Although it's common for perjury defendants to blame a faulty memory for any misstatements, that strategy is far from a sure thing. It's especially risky in a major political-corruption case, where there are dozens of witnesses ready to counter that claim.

During the Watergate scandal, President Richard Nixon advised aides to say "I don't remember" when they testified before the Senate Watergate Committee. Subsequently, John Mitchell, Nixon's attorney general, H.R. Haldeman, his chief of staff, and John Erlichman, a policy adviser, all were convicted of perjury.

In Libby's case, Wisenberg says, "It will be a really significant victory if they can pull it off."

Even Libby's defense team — led by two prominent white collar defense lawyers — acknowledges they face a difficult fight.

"I've got a tough haul in front of this jury," attorney Theodore Wells Jr. proclaimed during a May 5 motion hearing in which he sought discovery to help build Libby's defense. Libby hired Wells, a partner with Paul, Weiss, Rifkind, Wharton & Garrison, along with William Jeffress Jr., a partner with Baker Botts, to represent him shortly after he was indicted. The pair has since launched an aggressive campaign to portray Libby as a dedicated public servant who, during his tenure at the White House, was consumed with issues of national importance. Wells did not respond to a request for comment, and Jeffress declined to comment, saying, "The judge has indicated that he would prefer that counsel not discuss the case with reporters and we have decided we should honor that request."

As Cheney's chief of staff, Libby often was focused on homeland security and the war in Iraq, frequently working 14 hours a day and reading up to 200 pages of material daily, according to his grand jury testimony.

To corroborate the defense that Libby was too busy to remember any "peripheral" conversations, his attorneys have sought a trove of government documents, including hundreds of White House briefings, intended to convey the workload Libby confronted.

But Fitzgerald claims this and other requests for vast amounts of paperwork, much of which is classified, are an attempt to derail the case through "graymail." The term "graymail" refers to a tactic used by government officials facing criminal charges who attempt to halt their prosecution by exposing national-security secrets.

It could prove to be a successful strategy in this case, some observers say, noting that if Libby is denied access to discovery and convicted, there could be grounds for appeal.

"It's definitely a pretrial strategy, and it's a good strategy that might work," Wisenberg says.

One potential defense that is rather unorthodox is the Libby team's suggestion that some of the government's witnesses are unreliable. Specifically, the defense argues reporters Cooper and Miller might be confused about what actually was said during their conversations with Libby.

The defense subpoenaed reporters' notes and drafts of stories related to the CIA leak, hoping to find inconsistencies between what reporters wrote and what they told the grand jury. After reviewing the documents last month, Judge Reggie Walton ordered Time to turn over an unpublished draft that Cooper wrote about his testimony. The draft differs slightly from other versions of the story.

Walton indicated he might eventually order The New York Times to turn over Miller's notes if what she says at trial differs from what is written. The judge, however, rejected the defense's request to subpoena additional materials from NBC.

In addition to questioning the reporters' reliability, the defense claims some former and current government officials likely to be called as witnesses by the prosecution might be biased as a result of "fierce bureaucratic infighting" among officials at the White House, State Department, and CIA.

One such witness, according to the defense, is Mark Grossman, former undersecretary at the Department of State. The defense points out that in recent months there has been media speculation that Grossman's former boss at the State Department, Richard Armitage, might have been the source who leaked Plame's identity to Novak. That would mean the department — not Libby — is responsible for the leak.

"Grossman's testimony may be colored by either his personal relationship with Mr. Armitage or his concern for the institutional interests of the State Department," the defense writes in court papers.

Libby's lawyers have requested any documents from the files of Grossman and other likely government witnesses that pertain to the CIA leak investigation or to Wilson's claims that the administration exaggerated intelligence to justify going to war.

During the May 5 motion hearing, Wells argued it was necessary for the defense to show Wilson made false statements. "The wife's role becomes minor when you see what was really going on," Wells said at the hearing.

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But Walton wasn't convinced: "I'm just not going to let this case end up being a judicial resolution on the legitimacy of the war." On June 2, Walton issued an opinion largely denying the defense's discovery request for documents pertaining to Wilson.

Cheney made me do it

On July 6, 2003, Wilson published an op-ed in The New York Times debunking reports that Iraq had attempted to buy uranium from Niger and accusing the administration of twisting prewar intelligence.

The editorial, entitled "What I Didn't Find in Niger," sparked a political firestorm, prompting Cheney's office to refute Wilson's claims and attack his credibility. But Libby's lawyers maintain their client was focused on correcting the public record, not on Plame.

To challenge that assertion, Fitzgerald plans to call Cheney to testify. If the vice president is called, experts say it's unlikely he would be able to dodge providing testimony by citing executive privilege.

Fitzgerald also intends to introduce as evidence a copy of the Wilson op-ed bearing handwritten notes by Cheney. Those notes, according to Fitzgerald, reflect the "contemporaneous reaction" of the vice president and his chief of staff. One notation questions whether Wilson's wife sent him to Niger, suggesting her CIA status was an issue.

"The government will argue the vice president's involvement would have made the whole matter so salient to Libby that anything he said to investigators would have been incredibly thought out, not haphazard and forgetful," says Dan Richman, a law professor at Fordham University and a former federal prosecutor in the Southern District of New York.

But Richman says it's possible Libby's lawyers might use Cheney's testimony to their own advantage.

"I think there will be an effort by Libby to portray himself as a sacrificial lamb of higher-ups — that he was sort of put in a bad place and forced to protect others," he says. "If done right, it could lead jurors to have some sympathy for him."

Sarah Kelley can be contacted at skelley@alm.com.

Fitzgerald, Scooter And Us (WSJ)

The Wall Street Journal, June 6, 2006

"One of the mysteries of the recent yellowcake uranium flap is why the White House has been so defensive about an intelligence judgment that we don't yet know is false, and that the British still insist is true. Our puzzlement is even greater now that we've learned what last October's national intelligence estimate really said."

Those words appeared in this column on July 17, 2003 under the headline "Yellowcake Remix." Three years later they show we were right about Joe Wilson and his false allegation that President Bush lied in that year's State of Union address about Iraq seeking nuclear materials in Africa.

So imagine our surprise when Special Prosecutor Patrick Fitzgerald declared his intention last month to use that editorial as part of his perjury and obstruction case against former Vice Presidential aide Scooter Libby, who had also questioned Mr. Wilson's claims. It suggests that his case is a lot weaker than his media spin.

Mr. Libby wasn't a source for our editorial, which quoted from the October 2002 National Intelligence Estimate concerning the Africa-uranium issue. But Mr. Fitzgerald alleges in a court filing that Mr. Libby played a role in us getting the information, which in turn shows that "notwithstanding other pressing government business, [Libby] was heavily focused on shaping media coverage of the controversy concerning Iraqi efforts to obtain uranium from Niger."

The prosecutor comes close here to suggesting that senior government officials have no right to fight back against critics who make false allegations. To the extent our editorial is germane to this trial, in fact, it's because it puts Mr. Libby's actions into a broadly defensible context that Mr. Fitzgerald refuses to acknowledge. * * *

In the summer of 2003, Washington was abuzz with the allegations of Mr. Wilson, a former ambassador who had been to Africa on a fact-finding mission for the CIA. Mr. Wilson served as the then-anonymous source for several articles alleging deliberate inaccuracies in the Bush Administration's case for war with Iraq, before making the case himself in a July 6, 2003, New York Times op-ed. Mr. Wilson asserted that the now famous 16 words -- "The British Government has learned that Saddam Hussein recently sought significant quantities of uranium from Africa" -- were false. And, he wrote, Mr. Bush would have known they were false because he knew Mr. Wilson had already debunked the story.

Those allegations were serious indeed, and the White House had every right -- even a duty -- to answer them. Mr. Libby appears to have played a significant role in this effort, but that can hardly be considered a crime. Enter our July 17 editorial, which pointed out that far from debunking the Niger-uranium story, the information presented by the intelligence community to President Bush tended to support it.

Quoth the NIE: "Iraq also began vigorously trying to procure uranium ore and yellowcake"; and "A foreign government service reported that as of early 2001 Niger planned to send several tons of 'pure uranium' (probably yellowcake) to Iraq. . . . We do not know the status of this arrangement." We ran the editorial to give readers a more complete understanding of the yellowcake debate, and of Mr. Wilson's claims, than they were getting in other media accounts.

A year later the 16 words were declared to be "well-founded" by Britain's high-level Butler inquiry, as well as by a bipartisan report from the U.S. Senate Intelligence Committee. To the extent Mr. Libby helped the actual contents of the 2002 NIE find their way into the public debate -- as opposed to Mr. Wilson's fantasy version -- he performed a public service.

Regarding our editorial, Mr. Fitzgerald does at least note that he "will not contend that the defendant's actions in this regard were criminal or otherwise unauthorized." But he also seems to imply that those actions suggest a pattern of malfeasance and a motive for the perjury and obstruction he alleges. Yet Mr. Fitzgerald has not indicted Mr. Libby, or anyone else, for leaking the CIA identity of Mr. Wilson's wife, Valerie Plame -- which was his original mandate from the Justice Department. His actual charge of obstruction comes down to the fact that Mr. Libby and several reporters have different recollections of their conversations.

All of this matters because it suggests that Mr. Fitzgerald is scrambling even now to explain why a seasoned attorney such as Mr. Libby would lie to a grand jury. The prosecutor's original indictment doesn't mention a motive. And his mention of our editorial suggests he's now trying to invent a motive out of Mr. Libby's attempt to defend the White House from Mr. Wilson's manifestly false allegations at the onset of a Presidential election campaign. (Mr. Wilson joined the Kerry campaign until he was dropped after the official probes destroyed his credibility.)

There is all the difference in the world between seeking to respond to the substance of Mr. Wilson's charges, as Mr. Libby did, and taking revenge on him by blowing his wife's cover, which was the motive originally hypothesized by Bush critics for the Plame exposure. The more of Mr. Fitzgerald's case that becomes public, the more it looks like he has made the terrible mistake for a prosecutor of taking Joe Wilson's side in what was essentially a political fight.

7 Charged With Hollywood-linked Drug, Money Laundering Scheme (AP)

By Gary Gentile, Associated Press Writer

AP, June 6, 2006

LOS ANGELES (AP) Seven people, including two affiliated with Limelight Films Inc., a film and TV distribution company, have been charged as part of a two-year investigation into allegations of drug trafficking, money laundering and arms dealing.

Bruno D'Esclavelles, 45, chief executive of Limelight, and Alexander de Basseville, 35, who is affiliated with Limelight's parent, the Swiss firm ADB Swiss S.A., were arrested in Alexandria, Va., and charged with conspiracy to distribute the drug Ecstasy.

Federal officials say de Basseville met several times over two years with undercover agents posing as international drug traffickers.

De Basseville offered to launder drug money, supply weapons and broker drug deals for the agents, according to a press release from the U.S. attorney for the Eastern District of Virginia and a separate release from the Drug Enforcement Administration.

Calls to the U.S. attorney's office were not returned Monday.

Authorities say that on two occasions, de Basseville and D'Esclavelles took cash, which they were told came from drug sales, and laundered it through Limelight Films.

In February, de Basseville and D'Esclavelles allegedly arranged for an associate, Thomas Frischknecht of the Netherlands, to sell 10,000 Ecstasy pills to undercover agents. The pills were shipped to the agent in Virginia, authorities said.

Authorities say de Basseville and D'Esclavelles later agreed to sell an additional 500,000 pills.

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Other meetings between the agents and the defendants took place in Geneva, Miami, Amsterdam and Los Angeles, authorities charge.

Frischknecht, 26, of Switzerland was arrested in Amsterdam and charged with conspiracy to import Ecstasy.

Authorities also charged Fabian Pruvot, 37, David Liberman, 32, Andrew Prikazhikov, 31, and Brian Delansky, 33, all of Los Angeles.

Prikazhikov and Delansky were charged with conspiracy to posses firearms in furtherance of drug trafficking.

Pruvot and Liberman were charged with conspiracy to launder money.

John Zwerling, an attorney representing D'Esclavelles, said his client denied the charges.

``This was a production that was conceived of, scripted and directed by agents of the United States government," Zwerling said. ``There is zero indication that my client had ever done anything illegal in his life."

A call to an attorney representing de Basseville was not immediately returned Monday.

De Basseville is engaged to Kiera Chaplin, the 23-year-old granddaughter of actor Charlie Chaplin and the great-granddaughter of playwright Eugene O'Neill, according to her manager Mitch Zamarin. Chaplin, who is listed on the Limelight Web site as the company's chairman, was not charged.

Pruvot, Liberman, Prikazhikov and Delansky could not be reached for comment.

DEA Busts Hollywood Ecstasy Ring (ABC)

By Jason Ryan

ABC News, June 6, 2006

A man engaged to Charlie Chaplin's granddaughter was arrested in a drug sting targeting a group that trafficked the drug ecstasy from Europe to Los Angeles and used a Hollywood movie studio to launder money, according to the U.S. Drug Enforcement Administration.

DEA officials say Alexandre De Basseville, who is engaged to Chaplin's granddaughter Kiera Chaplin, and Bruno D'Esclaelles, the CEO of Limelight Films, met on several occasions with undercover federal agents during the past two years and attempted to set up deals to bring 500,000 ecstasy pills into the United States.

De Basseville also allegedly discussed the possibility of weapons trafficking with undercover agents, but no weapons were ever exchanged in the deals.

The DEA says members of the drug ring took what they believed were drug proceeds and laundered the money using their Los Angeles business, Limelight Films. Chaplin is the chairwoman of the company, but she is not believed to be involved in the investigation, according to a federal law enforcement official.

De Basseville is an executive board member of ADB Swiss S.A., a Swiss-based financial services company that owns Limelight Films, Inc. Four other top executives at Limelight, including Chief Financial Officer David Liberman, were arrested in connection with the case.

Calls made by ABC News to Limelight's offices in Los Angeles were not returned Monday evening after the DEA announcement.

The Limelight Web site says of Chaplin: "As the granddaughter of Charlie Chaplin, her vision was to bring back her grandfather's legacy to the United States and develop new opportunities in the film arena."

Swiss national Thomas Frischknecht, who allegedly supplied De Basseville and D'Esclaelles with access to the ecstasy pills, was also arrested in the Netherlands. In February 2006, Frischknecht sent a package with 10,000 ecstasy pills into the U.S., but the pills were actually received by an undercover federal agent working on the case, according to the DEA.

After the shipment, Frischknecht, De Basseville and D'Esclaelles agreed to sell another 500,000 ecstasy pills to the agent posing as a drug trafficker. But all three were arrested before the second shipment was made.

Amid Government Data Gathering, Businesses Mull Their Options (INFOWEEK)

By Larry Greenemeier, InformationWeek

Information Week, June 6, 2006

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A Justice Department proposal that ISPs retain records for two years is just the latest in a growing list of data collection initiatives by federal agencies.

To protect the public from terrorism and other hazards, the U.S. government mines its vast databases for signs of trouble. Increasingly, the feds are requesting--even demanding--that businesses share their data, too. But such cooperation isn't cheap or easy, and several industries are pushing back to protect their customers' privacy.

Not long after forcing Internet companies to submit search terms, search result URLs, and other information as part of its enforcement of the Child Online Protection Act, the Justice Department is going a step further. Attorney General Alberto Gonzales is now asking the likes of Google, AOL, and Verizon to keep subscriber information and other customer data for at least two years, just in case the government needs it for criminal investigations. Currently, Internet companies are under no obligation to save that data at all.

People want the government to have the data needed to fight crime and terrorism; it's the potential misuse of personally identifiable data--names, addresses, Social Security numbers, Web search histories--that is deeply worrisome.

Just last week, the European Court of Justice ruled that an airline passenger data-sharing agreement between the European Commission and the Department of Homeland Security's Customs and Border Protection division violates European privacy law. The arrangement was crafted in 2004 to keep out terrorists. The two sides have four months to rethink the terms of how data gets shared, at the risk of disrupting trans-Atlantic travel if they don't (see story, "Illegal EU Data-Sharing Deal With The U.S. Shows Transparency Not Always Enough").

These are only the latest examples of federal harvesting of company data. The National Security Agency is reportedly building a massive database of phone call records provided by AT&T and other telecom companies. Trucking companies share electronic manifests as their rigs cross into the United States, an information exchange that will become mandatory later this year. Financial firms report suspicious transactions. Subpoenas are used to get data from individual companies.

The feds have been mostly successful in getting businesses to cooperate. Following the 9/11 terrorist attacks, the government looked to transportation companies, especially airlines, to hand over information that can be used to match passengers and transportation workers with names on terrorist watch lists. However, while they initially complied with Homeland Security projects such as the Computer Assisted Passenger Pre-Screening System and Secure Flight, some airlines have said they're uneasy with the government's ability to safeguard their data from loss or misuse.

Privacy advocates worry about the volume of data being collected (millions of records and many terabytes of data), the length of time it's stored, and the level of detail. Under the existing agreement, participating European airlines provide Customs and Border Protection with up to 34 bits of information on each passenger, ranging from name and method of payment to meal requests. Homeland Security can keep the data up to 3-1/2 years. Those terms are now subject to renegotiation before the Sept. 30 deadline set by the EC court.

Yet even as one data-sharing arrangement comes under scrutiny, another arises. The U.S. Centers for Disease Control and Prevention has requested that international airlines store passenger emergency contact information for six months in the event of a bird flu outbreak. "This requires still more manpower and more costs," says David Henderson, manager of information for the Association of European Airlines.

Subpoena Power

Government requests for data come in the form of a subpoena or a "national security letter." A subpoena must be approved by a judge and can be fought in court if it's too vague or burdensome to a business, as Google did earlier this year. A national security letter is a special type of subpoena issued by the FBI without the need for a judge's signature, entitling the FBI to bank, insurance, phone, ISP, and credit report records (but not medical records). Unlike a subpoena, a company receiving a national security letter cannot discuss the fact that it has received one.

The FBI appears to be liberal in its use of national security letters. The Washington Post reported last year that the government issues 30,000 such letters annually. A Justice Department spokesman said that's inaccurate but declined to provide a better estimate. The Justice Department doesn't track the number of subpoenas issued by its own agencies or by the 94 U.S. attorneys' offices.

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Nor does Justice monitor the costs those subpoenas impose on recipients, which can be considerable. At AOL, a dozen employees handle about 12,000 law enforcement requests a year, a spokesman says. About one in five of those requests results in some form of information sharing.

Meantime, the ground rules are changing. Presaging the U.S. push for mandated electronic archives from ISPs, the European Parliament and Council in December approved rules that require telecom companies to retain phone and Internet records for two years for anti-terror investigations. Microsoft, in a statement, says it's reviewing its internal data-retention policies "in light of European Union data-retention regulations."

Businesses sometimes resist government requests for archived data and other information. Google did and, following a court ruling, ended up providing less data than the Justice Department originally requested. "What the ruling means is that neither the government nor anyone else has carte blanche when demanding data from Internet companies," Google associate general counsel Nicole Wong writes on the company blog.

Brett Glass, owner of Lariat.net, a small ISP in Laramie, Wyo., says his company has never been asked for customer data and would put up a fight if it were. "If the federal government--be it Congress, the FCC, or an executive branch agency--were to mandate that we supply it, we'd consider filing suit or joining a suit to void such a request," he says. "We owe it to our users."

For companies that do share data, there can be technical challenges, especially if they don't have a central data warehouse, consultant Richard Winter says. Government agencies might seek records scattered across IT systems that are difficult to pull together. Many companies have a hard enough time sifting disparate data for their own use, Winters notes.

Data sharing is a touchy subject. EarthLink, Microsoft, and Visa declined to discuss it. Google admits to receiving government subpoenas, but it won't say how many.

Disarray And Distrust

Homeland Security's agreement with the EC is spelled out far better than its Secure Flight program. The Transportation Security Administration admitted in October that Secure Flight's plan to integrate real-time transactional data, such as passengers with boarding passes, with other information, such as terrorist watch lists, would be difficult to implement without major upgrades to airline IT systems.

Some airlines have been publicly chastised for not doing more to protect customer privacy. JetBlue drew criticism when it was revealed in 2003 that it allowed Acxiom, acting as a contractor, to transfer 5 million records for more than 1.5 million passengers to Torch Concepts, which was developing a data mining tool to analyze the characteristics of people seeking access to military installations. JetBlue had agreed to participate after a written request from the TSA. JetBlue CEO David Neeleman later acknowledged that the data transfer was a violation of his company's privacy policy.

With safety at issue, the airline industry understands the need to participate in government-mandated data sharing. But industry officials in the States and Europe are urging the U.S. government to better organize its efforts. Airlines don't want to be subject to both the TSA Secure Flight program and Customs and Border Protection's Advanced Passenger Information program, which requires that passenger information be communicated to the government within 15 minutes of a flight's departure to the United States.

"Both should be designed to function through coordinated information feeds and avoid unnecessary duplication of communications, programming, and information requirements," James May, CEO of the Air Transport Association, and Ulrich Schulte-Strathaus, secretary general of the Association of European Airlines, wrote in an October letter to Homeland Security Secretary Michael Chertoff. May and Schulte-Strathaus requested that Secure Flight and Advanced Passenger Information supersede the government's no-fly lists and that the amount of redundant data required from the airlines be reduced.

Financial services companies are likewise no strangers to handing data to the government, and the hunt for terrorist financing has only added to the burden. Suspicious Activity Report filings to the Treasury Department's Financial Crimes Enforcement Network have increased every year since they were first required in 1996, with 919,000 such reports sent last year alone.

Banks have expressed anxiety over Suspicious Activity Reports, especially in light of the Patriot Act, which punishes noncompliant companies with fines of up to $1 million a day or, in the extreme, by taking away bank charters. "It's definitely changed the compliance environment for banks since 9/11," says Kelly Etherington, corporate compliance manager for Zions

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Bancorp, which operates more than 450 branches and offices. Like other banks, Zions has always reported suspicious activity, but it finds law enforcement requests are up in the last few years.

Suspicious Activity Reports "create a very significant burden" on financial services companies without any clear benefits to them, says John Carlson, a director with BITS, a consortium of the 100 largest U.S. financial services companies. Given the industry's heavy regulations and what Carlson calls its culture of protecting customer privacy, he says financial services companies generally wouldn't provide data to a government agency unless required to by law or a court-issued document.

Biggest Fears

What might government agencies do with all the business and Internet data they're collecting? Some skeptics worry about a single massive database where all kinds of information gets crunched together, providing a complete picture of Joe Citizen. That seems a remote possibility, though researchers at the Defense Advanced Research Projects Agency did work on a system several years ago that would have mined data in that way to identify terrorists. That program, dubbed Total Information Awareness, was scrapped more than two years ago under public pressure.

A different but related concern is that data collected for one purpose could get used for another. USA Today last week reported that the FBI plans to use its database of DNA evidence, collected from convicted criminals and some others upon arrest, to help identify thousands of dead people whose identities aren't known.

There's also the concern that once the feds gets their hands on data, they can't be trusted to secure it. Look no further than last month's news of a stolen laptop and external hard drive containing data on 26.5 million military veterans and family members. The Veterans Affairs Department has been fingered for its lack of security before, but it's not the only agency with low marks. Security becomes even more of an issue as more data accumulates and gets retained longer.

Encryption is one solution, but encrypted data can't be searched easily and is thus less useful to the government. Nothing, it seems, about data sharing between businesses and government is destined to be easy.

--With Thomas Claburn, J. Nicholas Hoover, and Rick Whiting

Dems Hold Steering Meeting As Jefferson Dilemma Looms (HILL)

By Josephine Hearn

The Hill, June 6, 2006

With emotions still raw over House Minority Leader Nancy Pelosi's (D-Calif.) recent request that Rep. William Jefferson (D-La.) relinquish his seat on the Ways and Means Committee while he faces a government bribery investigation, House Democrats are convening a meeting this evening of their Steering and Policy Committee.

The committee is charged with determining panel memberships, among other matters..

It was unclear at press time whether the steering committee, which is stocked with Pelosi loyalists, would discuss Jefferson's situation or vote to take him off the tax-writing panel.

A notice on the meeting stated that the gathering would address Democratic messaging efforts.

But it could be an indication that Pelosi is seeking to overcome the first hurdle in the process of formally ejecting Jefferson from the panel. The matter could then proceed to a potentially contentious vote in the House Democratic Caucus followed by a vote on the House floor.

Rep. Mel Watt (D-N.C.), chairman of the Congressional Black Caucus and one of Jefferson's most vocal defenders, said through an aide last night that he had not been made aware of the meeting. Watt does not sit on the Steering and Policy Committee.

Democrats To Discuss Jefferson (RC)

By Steve Kornacki

Roll Call, June 6, 2006

Rep. William Jefferson's (La.) tenuous standing as a member of the Ways and Means Committee will be discussed when the Democratic Steering and Policy Committee convenes a members-only session, tentatively set for late Tuesday afternoon.

The committee does not hold regularly scheduled meetings, but on Monday, members were told to be present Tuesday for what was billed as an important event: a discussion of the party's message and agenda.

But the timing — it was only a few session days ago that Jefferson ignored a demand from House Minority Leader Nancy Pelosi (D-Calif.) that he leave Ways and Means immediately — promptly ignited specualtion that Pelosi is planning to ask the Steering and Policy Committee to recommend to the full Democratic Caucus that Jefferson be stripped of his assignment on the exclusive panel.

"If that's what they're going to do, they probably won't say it until everyone's there," a Democratic aide noted.

A senior Democratic aide, however, said that Pelosi is expected to broach the Jefferson subject but said that she is likely to tread carefully, perhaps only sampling opinion instead of calling for specific actions.

"I don't even know that she's in a position to do anything about it," the aide said.

(With Members trickling back to Washington, D.C., after the Memorial Day recess, there was talk late Monday that the Steering and Policy meeting might be moved to Wednesday morning. A final decision is expected Tuesday morning.)

Other aides also expressed doubt that Pelosi would ask for an actual vote on Jefferson's status at the meeting, but in showing a desire to press ahead on the matter, she is testing, at least potentially, her relationship with the Congressional Black Caucus.

The 59-year-old Jefferson, an eight-term House veteran, has not been charged with any crime. But, while maintaining his innocence, even the Congressman has acknowledged that an indictment on bribery charges is likely, and soon.

Pelosi requested his resignation from the panel "in the interest of upholding the high ethical standard of the House Democratic Caucus," a move that figured to score points with a general public not known for its willingness to give ethically suspect politicians the benefit of the doubt. But it also rankled Jefferson's 42 colleagues in the CBC, who communicated to Pelosi their readiness to go to war with her publicly if she took any further steps to force Jefferson out once he refused her request.

There are two avenues available to Pelosi to pry Jefferson from the committee. She could simply invoke her status as Minority Leader and bring a privileged resolution to the House floor, a death knell for Jefferson unless Republicans for some reason rallied to his defense. But such a move could stir broad resentment among House Democrats, who might interpret it as a precedent for future heavy-handedness.

Pelosi's other option involves building consensus within the Democratic Caucus, first by winning a recommendation from the 50-member Steering and Policy Committee and then by making her case to the full Caucus.

As the Minority Leader, Pelosi has packed Steering and Policy with some of her closest allies, including Reps. George Miller (Calif.) and Rosa DeLauro (Conn.), who serve as the body's co-chairs. The primary function of Steering and Policy is to make recommendations on committee appointments — recommendations that typically, and not coincidentally, jibe with Pelosi's own preferences.

Still, there are nine CBC members on the Steering and Policy Committee, including Reps. John Lewis (Ga.) and Charlie Rangel (N.Y.), who were among the sextet of senior CBC members who warned Pelosi to her face two weeks ago about the dangers of pursuing Jefferson's departure too aggressively.

Pelosi's office was tight-lipped Monday about the looming meeting. Jennifer Crider, Pelosi's press secretary, said the meeting was part of the Democrats' "ongoing message efforts."

Several Democratic aides said they are inclined to believe that Pelosi will do little more than take the temperature on the Jefferson question. And they also said they expect the Democratic message and agenda will, as touted, be discussed.

If Steering and Policy were to endorse Jefferson's removal, the matter would be taken up by the full Caucus, which will next hold a weekly meeting on Wednesday morning. Those close to Pelosi say she did her homework before calling for Jefferson's head and have expressed confidence she would prevail in a vote of all 203 Democrats — even if the CBC's opposition ensures the maneuver wouldn't be entirely tidy.

CBC leaders have told Pelosi they will not resist any reprisals against Jefferson — if and when he's indicted. Until then, they are willing to give her room to posture, as long as she doesn't formally act. Bringing up the subject at a Steering and Policy Committee meeting without asking for a vote would, it appears, preserve this balance.

The latest hint that Jefferson's days on Ways and Means might be drawing to a close is only fueling speculation about his successor.

The most popular theory has Pelosi tapping Rep. Artur Davis (Ala.) to fill a slot that many believe is unofficially earmarked for a CBC member from a Southern state. Given the current tension, Pelosi might find particular urgency in trying to assuage the CBC with a Jefferson replacement pick.

But there also are suggestions that some CBC veterans, who recall that Davis ousted Earl Hilliard, a longtime CBC member, in 2002, might prefer that the spot go to someone else — Elijah Cummings (Md.), for instance, who already has expressed a desire to replace Rep. Benjamin Cardin on Ways and Means when his fellow Marylander leaves the House at the end of the year.

Other names making the rounds include Reps. Joe Crowley (N.Y.), Brian Baird (Wash.), Shelley Berkley (Nev.), Bob Etheridge (N.C.), Ron Kind (Wis.), and Charlie Melancon (La.). One rumored scenario actually has Pelosi putting off any appointment until after the November election. If the Democrats retake the majority, the thinking goes, she would likely have four new Ways and Means seats to dole out, meaning she might not have to say no to as many of her members seeking to sit on the panel.

Ex-Official Testifies He Provided 'Insight And Advice' To Abramoff (NYT)

By Philip Shenon

The New York Times, June 6, 2006

WASHINGTON, June 5 — A former White House budget official acknowledged Monday that he had provided "a lot of insight and advice," including government information not available to the public, to the lobbyist Jack Abramoff in 2002.

But the former aide, David H. Safavian, testified that he had not violated ethics rules in accepting the lobbyist's invitation for a golfing trip to Scotland that summer.

Mr. Safavian insisted in testimony in federal court here that he had not lied to government investigators when he was asked about the golf trip, although he acknowledged giving them inaccurate information about some contacts with Mr. Abramoff, a former lobbying partner.

Mr. Safavian, who is charged with lying about his relationship with Mr. Abramoff and the circumstances of the golf trip, attributed the inaccuracies to a faulty memory, a claim that brought expressions of disbelief from prosecutors.

Mr. Safavian is the first person to go on trial as a result of the influence-peddling scandal centered on Mr. Abramoff, who has pleaded guilty to trying to corrupt public officials.

In testimony that concluded the defense case, Mr. Safavian acknowledged under cross-examination that he had been helpful to Mr. Abramoff in the summer of 2002 in gathering information about two parcels of government-owned property that the lobbyist was interested in acquiring from the General Services Administration, where Mr. Safavian then worked. He later went to work in the White House budget office as the director of federal procurement policy.

"I gave him a lot of insight and advice," Mr. Safavian testified, acknowledging that he had set up a meeting at the services agency to discuss one property for Mr. Abramoff's wife on Aug. 2, 2002, the day before his departure for Scotland.

But he said he had set up several similar meetings at the agency, a comment that led the trial prosecutor, Peter R. Zeidenberg, to ask in a sarcastic tone, "Were those for lobbyists who were taking you on vacation?'

Mr. Safavian replied in an angry tone, "That had nothing to do with it."

Mr. Safavian's trial is in abeyance for the rest of the week because of scheduling difficulties involving the trial judge, Paul L. Friedman, and as a result of a judicial conference that will largely close the federal court here on Thursday and Friday. The case is scheduled to go to the jury after closing arguments next Monday.

Safavian: Advice To Abramoff Did Not Cross Line (GOVEXEC)

By Jenny Mandel

Government Executive, June 6, 2006

David Safavian, former head of the Office of Management and Budget's procurement policy division, took the stand in his own defense for the second time Monday, describing how he provided assistance to his friend and former colleague Jack Abramoff in ways that approached, but did not cross, lines of propriety.

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Safavian faces charges that he lied about his dealings with Abramoff to obtain clearance from the General Services Administration ethics office to go on a golfing trip to Scotland while serving as the chief of staff at that agency, and that he subsequently obstructed two investigations into his participation in the trip.

As the final witness in his own defense, Safavian testified that he had advised Abramoff on efforts to take over two GSA-controlled properties, as was clear from a large number of e-mail messages presented as evidence by Justice Department lawyers earlier in the case. But on Friday, Safavian had testified that while he had not expected some of that assistance to actually help, he had moved his friend's queries forward so Abramoff could get answers from the appropriate GSA decision-makers.

Safavian said he had arranged a meeting and provided information about a large GSA property in White Oak, Md., that Abramoff hoped to lease for a religious school he and his wife founded, despite it being clear that the effort to lease the property would not ultimately succeed. He said he had tried to explain that the religious nature of the school and potentially hazardous condition of the buildings ruled out leasing the property to Abramoff's Eshkol Academy.

"If you knew Jack Abramoff, you'd know he's a man who doesn't take 'no' for an answer," Safavian said to explain why he expended time and effort to provide information about the property and supported an eventual meeting between GSA officials and representatives of the school, including Abramoff's wife. That effort did not constitute "seeking to do business before the GSA," Safavian argued, in part because he felt it had virtually no chance of panning out.

At another point, Safavian attributed differences between his own decision-making and that of a GSA colleague to his having joined the federal government from Capitol Hill. Before entering GSA as chief of staff, Safavian had worked on the Hill as chief of staff for Rep. Chris Cannon, R-Utah, as well as in other staff positions. He also had worked previously as a lobbyist at the firms Preston Gates Ellis LLP and Janus-Merritt Strategies.

Safavian testified that in the process of advising Abramoff regarding the lobbyist's efforts to acquire the Old Post Office building in Washington, D.C., he at one point realized that pushback from GSA colleagues "was a sign for me that I shouldn't be so close with Jack Abramoff."

In a tough line of questioning that continued from Friday into Monday, federal prosecutor Peter Zeidenberg pushed Safavian to explain why he had not more closely examined his own invitation to join the lobbyist on the 2002 golfing trip to Scotland that has since landed several participants in hot water. Zeidenberg questioned why Safavian had accepted Abramoff's figure of $3,100 as his share of the trip, showing photographs of the luxury hotels where the group stayed and the charter airplane they had flown on.

Government lawyers presented credit card and automated teller machine receipts as evidence that Safavian had been spending generously, and said Abramoff's pre-trip estimate of $3,100 could not have been expected to include both scheduled and spontaneous costs. Multiple rounds of golf at $400 each, $100 caddie tips and rounds of expensive Scotch for the group should have led the defendant to question the modest sum he had paid in advance of leaving the United States, Zeidenberg argued.

Safavian answered many of the questions with the response that it had not occurred to him to verify the individual expenses, and that he had no reason to think Abramoff would have under-reported the cost of the trip.

"He knew I didn't want to take a gift," Safavian said. "He also knew I was concerned about appearances [of a conflict of interest]. Why would he sandbag me that way?"

Asked if he was still friends with Abramoff, Safavian said, "We haven't spoken in a long time but yes, I will always consider him my friend."

Following a morning of close questioning on Monday, Safavian was apparently not feeling well. A nurse entered the courtroom at a break for lunch, and when court resumed, the judge indicated that should Safavian feel unwell, proceedings could be stopped for a break.

The defense continued uninterrupted before concluding in the afternoon, however. Due to scheduling conflicts, closing arguments in the case will be heard Monday, June 12, following which the jury will begin its deliberations.

Takes Stand To Counter Harm Of Tapes, 'bag Man' Testimony (MCA)

By Lawrence Buser

Memphis Commercial Appeal, June 6, 2006

June 6, 2006 Former state senator Roscoe Dixon took the stand Monday in his bribery trial, hoping to undo five days of testimony and secret recordings that prosecutors say illustrate a politician on the take.

Dixon, who resumes the stand today, testified for about 45 minutes near the end of the day, telling jurors of his family background, of working and attending college, of 16 years of service in the Army and Tennessee National Guard and his life as a legislator from 1982 to 1994.

"Lobbyists play a very powerful role," said Dixon, who addressed jurors in a personable manner and sometimes added gentle humor to his answers. "They are promoting their interests and protecting their concerns. Everybody wants to get your ear.

"There are dinners and receptions. You can go up there weighing 160 pounds and leave weighing 240. It's hard to pass up all that food."

Dixon is charged in a five-count indictment with conspiracy to commit extortion and bribery for allegedly accepting $9,500 in payoffs from informants and undercover FBI agents running a fictitious company called E-Cycle Management Inc.

The ruse was that E-Cycle needed special legislation to be successful, and that its representatives were willing to pay legislators for their help.

Ten people, including five present or former legislators, were indicted in the case known as the Tennessee Waltz.

Defense attorney Coleman Garrett has argued that Dixon was entrapped and that the agents and informants "tricked" his client into taking payoffs.

Federal prosecutor Tim DiScenza contends Dixon was predisposed to accept bribes and that a preliminary investigation showed he solicited payments in 2003 from lobbyist Tim Willis, who was seeking TennCare status for a children's dental clinic.

Willis, a convicted felon in an unrelated credit card fraud case, was a key government informant in the investigation.

Willis began his cooperation after the FBI began investigating him in a bogus invoice scheme in 2001 at Juvenile Court, where he had a contract as a consultant. He also has admitted lying to a grand jury, but has not been charged with a crime in either case.

Prosecutors presented a somewhat streamlined case that involved 15 witnesses -- including Dixon's self-described "bag man" Barry Myers -- and just a few of the hundreds of hours of audio and video that was secretly recorded.

In other testimony Monday, undercover FBI agent "L.C. McNiel," whose real name was not revealed, identified himself in a surveillance tape counting out $2,000 in cash for Dixon aide Myers on May 14, 2004, at E-Cycle's office Downtown.

On the tape, Myers tells McNiel that Dixon "needs two" and that "Roscoe is solidly on board" in helping promote legislation favorable for E-Cycle.

McNiel testified that Myers made it clear that he was picking up money for Dixon. Prosecutors and witnesses have said Dixon's euphemism for seeking payoffs is "take care of Barry" and "keep Barry happy."

"I want to know what I'm paying for," McNiel says on the tape, adding that he wants people who can bring contracts to the table. "I want to know what I'm getting. ... You don't mind these 50s do you?"

McNiel said that, in a later conversation, he voiced concern about paying Dixon, who was considering leaving his Senate seat for a county government post.

In a recording played in court, Dixon assures McNiel that he will be in an even better position to help deliver business to E-Cycle because of his connections to other politicians.

"We got a team," says Dixon, who makes references to Kathryn Bowers, former congressman Harold Ford Sr., County Mayor A C Wharton and others. "It's a network."

Dixon left his Senate seat in January 2005 to become the $101,856-a-year assistant chief administrative officer under Wharton, a post he resigned after his indictment last May.

On the tape, Dixon tells McNiel that administrators are "always the big dogs on the porch," but that his dream job is that of city mayor.

Roscoe Dixon Appears On Witness Stand (WMC-TV)

DOJ_NMG_0031823

WMC-TV, June 6, 2006

On his way out of federal court, former State Senator Roscoe Dixon wouldn't answer questions about his first stint on the witness stand.

Dixon states, "If I talk to y'all the judge will get mad. Do you think it's in your best interest to talk? The judge will get mad."

Dixon's attorney did shed some light on why his client chose to aid in his own defense.

Dixon is accused of taking more than 9-thousand dollars in bribes to push legislation for E-Cycle Management, a bogus company created by the FBI as part of Operation Tennessee Waltz.

Before Dixon took the stand, prosecutors showed jurors this 2004 video they say shows an undercover FBI agent counting out two thousand dollars in cash for bagman Barry Meyers to give to Dixon.

In FBI undercover video used in court, Meyers is heard calling Dixon during the meeting: "(Meyers) - Hey, Roscoe, this is Barry. Give me a call as soon as you get this message. I know you probably still in a meeting so give me a call. Thanks. He'll call me back. He's still in a meeting." (UC) You don't mind these 50's do you? (meyers) I mean, he, he...as long as it's two he's straight."

After court, I tried to ask Dixon about the tape.

When questioned about the video, Dixon is asked by attorneys, "Is there any concern on your part about what's on those tapes?"

Dixon replies, "I can't talk, remember I got a gag order."

Dixon's attorney says his client's defense will come out in court.

Roscoe Dixon Takes The Stand (WPTY-TV)

WPTY-TV, June 6, 2006

New information tonight in the Tennessee Waltz corruption investigation. Former State Senator Roscoe Dixon took the stand on his own behalf late Monday afternoon. Dixon's lawyer Coleman Garrett says his client had no choice but to testify. He says, "He's been accused of committing a crime!"

Dixon is facing bribery and corruption charges. Monday morning, an undercover F.B.I. agent testified he gave Dixon money. He also testified he gave Dixon's friend Barry Myers $2,000 to be given to Dixon.

Prosecutors say the cash was funneled through Dixon's close friend Barry Myers. Former Tennessee State Senator Roscoe Dixon isn't talking to the media because of a judge's order, but video and audio recordings gave jurors a first hand account of what the prosecution says happened. The videos include Dixon taking money from FBI informant Tim Willis. There is also video of Myers and Willis exchanging money.

Tim Willis was the go-between for E-cycle. E-cycle is the name of the fake company set up by the FBI to catch lawmakers taking bribes. Prosecutors say their video and audio tapes prove Dixon is guilty of doing just that. The former Tennessee state senator is expected to tell his side of the story in federal court tomorrow. His trial resumes at 9 a.m.

Waltz Figure Said He Needed Money (KNOXNS/AP)

By Woody Baird, Associated Press

Knoxville News Sentinel (TN), June 6, 2006

MEMPHIS — A former state senator charged in an FBI bribery sting complained that his job as a lawmaker paid too little, according to a recording played for a federal jury Monday.

"I need to get in the big league, man," Roscoe Dixon said on a recording played at his bribery and extortion trial.

L.C. McNeil, an FBI agent testifying under his code name, said the recording was made in August 2004 when he was talking with Dixon about the senator's desire to leave the Legislature.

McNeil was pretending to be vice president of E-Cycle Management, a company seeking legislative favors from Tennessee lawmakers. He used the name "McNeil" during the investigation, and Judge Jon McCalla allowed him to continue using it in court.

Dixon was running for clerk of Shelby County General Sessions Court when the audio recording was made, and McNeil said he was worried that if Dixon left the Senate, E-Cycle would lose influence in the Legislature.

Dixon is one of five current or former state lawmakers indicted in a federal investigation, code named Tennessee Waltz, that focused on E-Cycle, the fake company created by the FBI. He is the first lawmaker to go to trial.

The trial began last week, and prosecutors have played several secretly made audio and video recordings of Dixon for the jury.

Dixon, a Democrat, lost the clerks race and stayed in the Senate. He resigned last year, shortly before his indictment, to take a top job with the Shelby County mayor's office.

In the conversation with McNeil, Dixon referred to administrative government jobs with good salaries, large staffs and contract-signing authority as "big league."

He complained that no matter how much per diem pay he drew above base salary, he could not make more than $30,000 a year as a Senator. "Everybody got some semi-hustle," he said of the state Legislature.

On the recording, McNeil expresses concern that Dixon will no longer be able to help E-Cycle if he leaves the Senate.

Dixon says he will still be part of a political "network" in Memphis and can use the court clerk's office to lobby the Legislature.

"I'll have a credit card and I'll have more power and sway over them than I do as senator," he says.

One lawmaker charged in the Tennessee Waltz scandal, former Rep. Chris Newton, R-Cleveland, has pleaded guilty and is serving a one-year prison sentence. The other are awaiting trial.

Three county officials in Chattanooga and Memphis also were charged in the investigation as were two accused "bagmen" who have pleaded guilty to handling payoffs for lawmakers.

FBI Agent Testifies In Bribery Trial (WTVF-TV)

WTVF-TV, June 6, 2006

The public corruption trial of former state Senator Roscoe Dixon was in its fourth day in Memphis on Monday.

Dixon faces bribery charges from an undercover sting, Operation Tennessee Waltz.

Monday, a top FBI agent involved in sting took the stand.

The agent testified that he posed as a vice president of E-Cycle Management, a fake company set up by the FBI.

The agent told the jury he talked to Barry Myers about paying bribes to Dixon. Myers has been described as a "bag man" by federal investigators.

The trial was expected to last several weeks.

Witness: Mayor's Aides Gave Marching Orders (CHIT)

By Dan Mihalopoulos And Rudolph Bush, Tribune Staff Reporters

Chicago Tribune, June 6, 2006

From the time Mayor Richard Daley took office, dozens of city department managers gathered before elections at the plumbers' union hall or other sites to get campaign marching orders from top mayoral aides, a former Daley loyalist testified Monday in the City Hall corruption trial.

Donald Tomczak, a longtime Water Department official and veteran political operative, said he then would summon his top deputies to his office in the Jardine Filtration Plant to tell them which candidates would get help from hundreds of blue-collar city water workers.

After elections, Daley aide Robert Sorich fielded requests for promotions from the political workers and tried to accommodate them, Tomczak told jurors. When Sorich rewarded his effective campaign workers by advancing their careers, Tomczak said, he thanked Sorich.

But Tomczak said he also made sure to complain to Sorich when his campaign troops did not get what they wanted: "Robert, how can I keep this thing together if I can't get these people promoted?"

Tomczak is the latest in a growing line of former Daley administration officials to detail systematic patronage hiring in the federal trial of Sorich and ex-city officials Timothy McCarthy, John Sullivan and Patrick Slattery.

Prosecutors say the four were involved in a scheme to rig hiring and promotions in favor of applicants endorsed by the mayor's office, including pro-Daley political workers, in violation of a federal court decree restricting patronage.

Although Daley has long insisted that machine politics in Chicago are dead, Tomczak described a Daley campaign organization in which high-ranking city officials doubled as political coordinators. Promotions for water workers were based more on precinct-by-precinct election results than actual job performance, Tomczak said.

Tomczak, 70, provided jurors with a tale of his lifetime journey through Chicago politics and City Hall—from his first public job as a Water Department laborer to his admission last year that city trucking contractors gave him almost $400,000 in bribes.

His 45-year career in local politics began when Tomczak joined the payroll in 1958 as a lowly asphalt helper.

"The minute I got my city job, I was active in politics as an assistant precinct captain for the 11th Ward," he said, referring to the Democratic organization in the Daley family's political power base on the South Side.

Tomczak rose to a high-ranking post in the Water Department in 1982, but he lost the job after Harold Washington became mayor, and his legal efforts to get it back proved unsuccessful. The first deputy commissioner's job was his again, however, when Daley was elected in 1989.

For the next 14 years, Tomczak testified, he was the leader of between 100 and 250 department workers who served in his political army. The troops were divided into three groups—black, white and Latino—because "areas that we worked in were diverse areas. We needed groups to go in and talk to the various people."

The directors of the mayor's Office of Intergovernmental Affairs dictated which politicians would enjoy the campaign support of the political groups led by city officials, Tomczak said. Until they were charged criminally last year, Sorich and McCarthy worked in Intergovernmental Affairs, which Tomczak repeatedly referred to in his testimony as "the patronage office."

From 1989 until he left city government in 2003, Tomczak said his campaign group took orders from Timothy Degnan, Victor Reyes and John Doerrer. Degnan was Daley's first Office of Intergovernmental Affairs director, and his protégé, Reyes, succeeded him in 1995. Reyes gave way in 2000 to Doerrer, who resigned last year.

Degnan, Reyes and Doerrer have not been charged, although prosecutors have referred to Reyes as a "co-schemer" in the alleged hiring fraud scheme.

Directed by that trio, Tomczak said, he deployed water workers to help Al Gore for president, Glenn Poshard for governor, Rahm Emanuel for Congress, Patricia Bailey for Illinois House, Iris Martinez for Illinois Senate and two aldermen, Emma Mitts (37th) and Ted Matlak (32nd).

Tomczak said the only times he directed his workers independently of the mayor's office were when his son, Jeff, ran for Congress and for Will County state's attorney.

He said he met with Sorich after elections to single out particularly good political workers who merited promotions. Tomczak told jurors that Sorich would reply, "Don, we'll see what we can do," and promised to talk to Reyes or Doerrer.

In 2001, when there were openings for district foremen in his department, Tomczak said two men were promoted on the basis of their "great job" in campaigns. But he named four other applicants he said were better qualified and did not get promoted for lack of support from the mayor's office.

As part of his guilty plea last year, Tomczak agreed to cooperate with federal prosecutors. In exchange, he will be sentenced to 4 years in prison instead of receiving a longer term.

Tomczak's comments Monday echoed earlier testimony by Daniel Katalinic, who led a white ethnic political group of Streets and Sanitation workers, and Mary Jo Falcon, who was the political coordinator of Asian city workers in the Sewers Department.

Earlier Monday, an assistant commissioner in the Department of Streets and Sanitation testified that Slattery told her in 2004 that he had no legitimate business reason for hiring a series of laborers in the department.

Catharine Hennessy said Slattery made the statement after she requested a series of applicant ratings forms to answer a local laborer union's grievance.

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'Were They Best Men For The Jobs?' 'No' (CHIST)

By NATASHA KORECKI, TIM NOVAK AND STEVE WARMBIR, Staff Reporters

Chicago Sun-Times, June 6, 2006

Political performance trumped qualifications when it came to hiring in the city Water Department, former No. 2 man Donald Tomczak testified Monday at the City Hall hiring trial.

Assistant U.S. Attorney Patrick Collins asked if two soldiers in Tomczak's political army deserved the city positions they were given.

"Were they the best men for the jobs?" Collins asked.

"No," Tomczak said plainly. "They were active in my political group and did a good job."

HIGHLIGHTS

PROSECUTION: Key witness Donald Tomczak says politics -- not qualifications -- won candidates jobs in the city's Water Department.

DEFENSE: Will likely question Tomczak's motives to testify by exploring his deal with federal prosecutors.

UP NEXT: Defense lawyers will have a shot at Tomczak's testimony.

Clout on Wheels

The scandal of the city's Hired Truck Program - a Chicago Sun-Times investigation.

Showing Tomczak a list of all the job candidates, Collins asked who deserved the posts if politics weren't a factor. Tomczak picked out several different names.

Tomczak, 70, who ran one of the largest city-based political armies and is one of the highest-ranking city officials convicted in the scandalous Hired Truck Program, gave an insider's view on how hiring operated in City Hall.

He testified in the trial of Robert Sorich, a former top official in the Mayor's Office of Intergovernmental Affairs, and three others who are accused of letting politics determine hiring. Prosecutors contend that violates the Shakman decree, which is supposed to keep most city jobs free of political influence.

Left index cards with names

Tomczak said he once sued the city, claiming former Mayor Harold Washington fired him for political reasons. He was rehired and grew a political group to 250 people who were sent out to work on campaigns of Al Gore, Rahm Emanuel and mayoral and aldermanic races.

Tomczak said he'd meet with Sorich after campaigns and make pitches on who deserved city jobs as rewards. He'd leave index cards with names of political workers, he said. Sorich never made guarantees and often said he'd have to consult with his bosses: either Victor Reyes or John Doerrer, Tomczak said.

If Tomczak's people weren't chosen, he'd press Sorich: "How can I keep this thing together?" meaning his political group.

"I'll talk to Victor [Reyes]," he said Sorich reassured him.

Reyes, who also ran the mayor's Hispanic Democratic Organization, has come up repeatedly at trial but not been charged.

Under Tomczak's deal with prosecutors, he'll face four years in prison instead of up to nine years for taking Hired Truck bribes.

Also Monday, Catharine Hennessy, assistant commissioner in Streets and Sanitation, said the city got into a messy situation when a union challenged a batch of hirings. Hennessy said Sorich codefendant Patrick Slattery, who she said briefly handled personnel decisions, couldn't come up with rating forms to show the union.

"Pat, please tell me you had a legitimate business reason for the selections," she said she asked Slattery. Slattery simply said "no," she testified.

Slattery lawyer Patrick Blegen challenged Hennessy on whether his client really gave a one-word response. She stuck with her answer.

Hennessy locked into a tense courtroom exchange with Blegen, often smirking, and battling him on nearly every question.

Hennessy acted as a liaison to the Law Department. She is married to Edward Hennessy, an attorney and partner with the firm Hennessy & Roach. The city has regularly hired the firm to work in cases involving injured city employees. The city paid Hennessy & Roach $646,360 in 2004 and $286,063 through July 2005. There is no indication Hennessy & Roach was involved in Streets and Sanitation cases. The firm is retained by the City Council Committee on Finance headed by Ald. Edward M. Burke (14th).

Report Cites Abuse By Fired UMDNJ Dean (PHI)

By Troy Graham

The Philadelphia Inquirer, June 6, 2006

The allegations that have been swirling around Warren Wallace for weeks finally came to light yesterday, and the details were not pretty.

A federal monitor investigating the University of Medicine and Dentistry of New Jersey, where Wallace was a senior dean until he was fired last week, accused him of manipulating the petty-cash system and steering a lucrative no-bid catering and cafeteria contract to a friend.

The monitor's report also said Wallace, a Gloucester County freeholder and chairman of the Delaware River and Bay Authority, had devoted "significant" amounts of university time and resources to his political jobs.

And, finally, the monitor said Wallace had tried this spring to get his daughter into the university's School of Osteopathic Medicine in Stratford, where he was responsible for admissions, even though she did not write the required essays or take the required tests.

The monitor said Wallace's actions were, "at a minimum, unethical."

Gov. Corzine said yesterday that Wallace should step down from the bay authority's board if there was credible evidence against him. Wallace's term expires at the end of the month.

"If he does not step aside, he will not likely be reappointed," Corzine spokesman Anthony Coley said.

Wallace did not return a message left on his cell phone yesterday. His attorney, Carl Poplar, also did not return a call.

State Sen. Stephen Sweeney (D., Gloucester), the Gloucester County freeholder director, spoke in support of Wallace.

"It's a report. And he will have his chance to respond to the report, and I'm going to wait for his response," Sweeney said. "He's told me he did nothing wrong, and I trust Warren and believe him."

In December, U.S. Attorney Christopher J. Christie appointed a federal monitor, former U.S. District Judge Herbert J. Stern, to investigate the university. The appointment came in a deal that deferred prosecution of the school on allegations of Medicare and Medicaid fraud.

Stern has launched more than a dozen investigations, and two other high-ranking deans have resigned, but no new criminal charges have been filed.

The monitor received a tip May 17 that Wallace's secretary was shredding documents, and the FBI quickly raided his office. Wallace was fired from his $166,000-a-year job in anticipation of the monitor's findings.

The monitor said a forensic analysis of Wallace's computer had found nearly 5,000 files dealing with his political jobs, and only 350 dealing with the admissions committee at the school.

Sweeney said Wallace had permission to do other work at the school.

"My understanding was it was just e-mails being sent and he had approval from the administration," he said. "It's a state university, and the bay authority is a state agency."

The report also said Wallace had told three other school employees to submit his travel expenses in their names, telling them he had been ordered to do this so that his travel expenses would appear to be smaller than they were. Some of the expenses were for travel related to his other jobs, the monitor said.

Since 2000, those employees submitted at least $2,500 worth of Wallace's expenses.

The findings also accused Wallace of steering a no-bid food-services contract to his friend Sal Randazzo. Since 2003, the school has paid Randazzo nearly $300,000 for catering nearly 1,000 events. At the same time, Wallace was allowed to eat for free at the cafeteria, Top Doc Cafe.

The monitor said "such a contract should not have been awarded without a public bidding process as required by law and UMDNJ policy."

Spokeswoman Anna Farneski said the university was "reviewing the food-service contract and expense issues outlined in today's report."

The report also said Wallace had arranged for a relative - identified through other sources as his daughter - to be interviewed by members of the admissions committee even though her application was incomplete. Two members gave her the highest possible score, "which is out of the ordinary considering all of the attendant factors," the monitor wrote.

Farneski said Wallace's daughter had withdrawn her application for admission in the fall.

"Dr. Wallace's interference with the admissions process was unethical and unacceptable," she said. "Upon becoming aware of the issue... we immediately relieved him of his admissions duties, and ultimately terminated his employment."

Report Faults Ex-dean (CAMCP)

By Sarah Greenblatt

Camden Courier-Post, June 6, 2006

A former dean at the University of Medicine and Dentistry of New Jersey bypassed the university's admissions and financial systems and conducted political business from his campus office, a federal monitor's report said Monday.

Former School of Osteopathic Medicine associate dean Warren Wallace steered a no-bid food-service contract to a friend, used his office for political activities, rigged travel-expense records and helped a relative gain admission to school, according to the report.

Wallace's UMDNJ computer showed seven times more files related to his activities on the Gloucester County freeholder board and the Delaware River & Bay Authority than to his duties as the school's chief admissions administrator, the report said.

But Wallace was fired last Thursday for using his authority over the admissions process to benefit his daughter, according to a UMDNJ spokeswoman.

Neither Wallace nor his attorney returned calls seeking comment on Monday.

Wallace declined to be interviewed by the monitor's office, according to the 15-page report.

The report said members of the school's Admissions Committee said Wallace forced them to interview a relative who had not yet taken the Medical College Aptitude Test or completed application essays.

Committee members told investigators that Wallace's actions damaged the school's reputation, but he defended his behavior in a letter to the panel's chairman, the report said. Wallace's efforts on his daughter's behalf ultimately caused UMDNJ officials to fire him, university spokeswoman Anna Farneski said on Monday.

"Dr. Wallace's interference with the admissions process was unethical and unacceptable," Farneski said. "Upon becoming aware of the issue, one and one-half weeks ago, we immediately relieved him of his admissions duties, and ultimately terminated his employment."

Farneski also said Wallace's daughter recently withdrew her application.

University officials are still reviewing issues tied to Wallace's alleged steering of a food-service contract to a friend and manipulating petty-cash procedures, Farneski said.

The monitor's report -- issued as part of a deferred prosecution agreement between UMDNJ and U.S. Attorney Christopher Christie -- said Wallace helped his friend, Sal Randazzo, secure a food-service and catering contract without submitting a bid.

The owner of Randazzo's Pizza and Pasta in Washington Township and a neighbor who lives on the same block as Wallace, Randazzo received a contract that has provided the restaurateur with more than $290,000 for catering between July 2003 and March 2006, the report said.

The contract was projected to cost the school $50,000 to $65,000 per year, according to a UMDNJ memo attached to the report.

Despite a profit-sharing provision of the contract, the report said, Randazzo has not provided the school with financial records.

A young man who answered the phone at Randazzo's home said he was not there but refused to take a message.

The report also alleged that Wallace directed subordinates to submit vouchers for some of his travel expenses in their own names, allowing him to approve the expenditures and bypass scrutiny by superiors.

DOJ_NMG_0031829

UMDNJ employees told investigators that Wallace had said the arrangement was required by former Dean Michael Gallagher, who stepped down in April amid allegations that he billed the university for $200,000 in extravagances and rigged financial records to qualify for a bonus.

Some of Wallace's travel costs were tied to his activities as a freeholder and member of the DRBA, the monitor's report said.

Wallace's political activities accounted for more of the activity on the administrator's UMDNJ computer than his duties at the school, the report said.

A forensic analysis of Wallace's computer showed 119,501 references to the DRBA, freeholder activities, Gloucester County and Washington Township, compared to 16,968 references to the school's admissions committee, which the administrator oversaw.

While portions of the report released to the public did not describe the nature of Wallace's political activities on the Stratford campus, John Inglesino, an attorney in the monitor's office, hinted that Christie may be reviewing the matter.

Calling Wallace's actions "unethical at a minimum," Inglesino declined to say if he broke any laws.

"It's not our role to characterize something as illegal or legal," Inglesino said. "It's our role simply to report the facts."

Michael Drewniak, a spokesman for Christie, declined to comment.

The report also noted that the monitor received a tip on May 17 that a UMDNJ employee in Wallace's office was shredding documents that might be related to the investigation. The shredding operation was halted, the report said, adding that the university has since banned the destruction of documents on the Stratford campus.

Among the investigations still under way is a probe of the role at UMDNJ of state Sen. Wayne Bryant, D-Lawnside, who received a $38,000 contract to serve as a liaison to the school.

Relatives Of Mob-hit Victim Blame Government For His Death (AP)

AP, June 6, 2006

BOSTON -- John McIntyre thought he was going to a house party on Nov. 30, 1984.

Instead, he was chained to a chair, interrogated, strangled, then shot in the head.

McIntyre's family is suing the federal government for $50 million, alleging that McIntyre was killed by fugitive crime boss James "Whitey" Bulger after former FBI Agent John Connolly tipped him that McIntyre was cooperating with authorities in an investigation of Bulger.

As the McIntyre family's wrongful death lawsuit went to trial Monday, attorney Steven Gordon gave chilling details of McIntyre's killing.

Gordon said McIntyre was lured to a house by Bulger and Stephen "The Rifleman" Flemmi, leaders of the notorious Winter Hill Gang.

After he arrived carrying a case of beer, McIntyre was handcuffed and chained to a chair, then interrogated by Bulger, who asked him if he was talking to authorities about Bulger's failed plan to ship guns to the Irish Republican Army on a Gloucester fishing boat.

"It did not take much time for John McIntyre to say he was," Gordon said.

Gordon said Bulger tied a boat rope around McIntyre's neck and tried to strangle him, but when that took too long, he decided to shoot him.

Gordon said Bulger asked McIntyre, "Do you want one to the head?"

"The last words spoken on this earth by John McIntyre was a plaintive, 'Yes, please,' " Gordon said.

Then Bulger shot him in the head, Gordon said.

Stephen "The Rifleman" Flemmi, Bulger's former right hand man, who pleaded guilty to participating in McIntyre's death, is expected to be a key witness for the McIntyre family.

Flemmi, who is serving a life sentence in 10 killings as part of a plea deal that spared him the death penalty, testified in a deposition last year that Connolly told Bulger that McIntyre had begun talking to federal authorities about Bulger's criminal activities.

DOJ_NMG_0031830

Flemmi testified only briefly Monday before the trial recessed for the day. He is scheduled to resume his testimony Tuesday.

Connolly was convicted in 2002 on racketeering and other charges for tipping Bulger _ who himself was an FBI informant _ that he was about to be indicted. Bulger fled on the eve of his 1995 indictment and remains a fugitive on the FBI's "Most Wanted" list.

Gordon said the government acknowledged in the criminal case against Connolly that he is the one who revealed McIntyre's identity. Kevin Weeks, Bulger's former enforcer, testifying for the government at Connolly's trial, described McIntyre's killing in gruesome detail and said Bulger learned of McIntyre's identity from Connolly.

"McIntyre's cooperation was a direct threat to Bulger's group and a direct threat to Bulger's relationship with the FBI," said Gordon, who also said he plans to call Weeks as a witness.

But Bridget Bailey Lipscomb, an attorney for the Justice Department, said that there is no direct evidence that Connolly revealed McIntyre's name to Bulger. She said Flemmi, in his deposition, said only that Connolly told Bulger that one of two people who were arrested on the fishing boat was an informant. She also said that Bulger had other law enforcement sources who could have given him McIntyre's identity.

She said that McIntyre, who was acting as an informant for U.S. Customs agents, had declined the agency's offer to place him in the witness protection program.

Lipscomb said the McIntyre case had been unfairly portrayed in the media as part of a wave of negative publicity surrounding the FBI's use of criminal informants.

Bulger and Flemmi were longtime informants who provided the FBI with information on the mafia, which the Bulger gang considered its main rival for criminal rackets in the Boston area, including gambling, drugs and loan-sharking.

Connolly's case and others prompted an uproar and Congressional hearings into the relationship between the FBI and its criminal informants.

Lipscomb said the media had depicted the Boston FBI office as "a bunch of renegade agents" who allowed its informants to commit murder so that it could achieve its goal of dismantling the Mafia.

"We believe that this is a case about fact and fiction," Lipscomb said. "It's fiction that the federal government did not protect John McIntyre and intentionally had him killed."

Connolly, who has not been charged in McIntyre's killing, is now serving a 10-year sentence and is currently awaiting trial in Florida in connection with the 1982 slaying of Miami gambling executive John Callahan.

McIntyre's mother, Emily, who filed the lawsuit, did not attend the trial Monday. Gordon said Emily McIntyre did not want to see Flemmi, who has admitted pulling out McIntyre's teeth after he was killed.

FUGITIVE COUPLE ACCUSED OF SELLING CHILDREN (AP)

AP, June 6, 2006

A fugitive couple accused of trying to sell their children in Mexico spent the weekend in San Diego jails will be extradited to Arizona.

The National Center for Missing and Exploited Children reportedly tipped off federal investigators about the couple. The tip led Mexican authorities to arrest 20-year-old Jessica Karin Heird and 37-year-old Edward Henry Leader in Tijuana on Friday.

Mexican authorities reportedly found the couple's 3-year-old son, but their 18-month-old daughter was still missing. The San Diego Union-Tribune reported that the boy and girl were sold, though there was no word on who paid for the children or what the price was.

Heird was being held on a $12,500 bond.

Leader was being held on no bail and is wanted in Arizona on kidnapping charges. A U.S. Justice Department spokesman says Heird is six months pregnant with the couple's fourth child. He says authorities recovered three of Leader's other children from a different relationship.

Couple Awaits Extradition In Child-Selling Case (KGTV)

KGTV, San Diego, June 6, 2006

A couple who allegedly sold two of their children in Baja California were behind bars Monday and awaiting extradition to Arizona, where the youngsters went missing several years ago, authorities said Monday.

Federal agents arrested Jessica Karin Heird, 20, and Edward Henry Leader, 37, at San Ysidro Port of Entry on Friday night.

Mexican authorities had detained them in Tijuana earlier in the day.

Heird -- who is six months pregnant -- and Leader had been living south of the border for several years and allegedly decided to make money by selling two of their youngest children, Deputy U.S. Marshal Omar Castillo said Monday.

Investigators believe the suspects took cash for their 18-month-old daughter and 3-year-old son. Authorities have since recovered the youngsters, who evidently were not physically harmed during their ordeals, Castillo said.

The intentions of those who bought the children remain unclear. No additional arrests have been announced.

Leader has fathered at least six children, the three youngest with Heird, according to investigators.

His eldest child, a 16-year-old girl, remains missing. She is considered a runaway and likely remains in Mexico, Castillo said.

Police believe Leader tried to force the girl into become a prostitute.

?When the child resisted, he would try to beat her into prostitution. We know he was trying to force her from the e-mails she was sending to her grandparents,? said another official involved in the investigation.

The chain of events began in 2000, when Heird disappeared from her home in Mohave, Ariz., Castillo said. Police thought she was with a man and headed to Mexico.

Heird evidently became involved with Leader in Nevada in 2002, according to federal investigators.

Social workers found her through a child-neglect complaint lodged in Las Vegas, and she was returned to her mother, who eventually gained custody of the children.

Some time later, Heird took the children out, purportedly for a walk, and never returned, Castillo said. She and the children apparently met up with Leader somewhere in Mohave, and then headed to Mexico.

When Heird turned 18, Arizona authorities issued a warrant for her arrest on suspicion of kidnapping her children.

Recently, the National Center for Missing and Exploited Children received information that Heird and Leader had been spotted in Baja, and U.S. Marshals personnel in San Diego were asked to help. Heird's mother will regain custody of two of her daughter's children, while Leader's will be placed with a guardian, Tyler said.

?When she took the kids, it was a shock. I didn?t know what to do,? said Angelika Heird.

Heird remained in Las Colinas Detention Facility in Santee this afternoon on a fugitive warrant. Her bail was set at $12,500. Leader was being held without bail in county jail in downtown San Diego.

'Mafia Cops' Get Life In Prison (NSDY)

By Anthony M. Destefano, Newsday Staff Writer

Long Island Newsday, June 6, 2006

The "Mafia Cops" took eight lives and yesterday, they learned theirs would be lost to prison.

Saying their crimes were the worst he ever saw, a Brooklyn federal judge hit two ex-Police Department detectives with life terms in prison and million-dollar fines for their roles as mob hit men.

"It is hard to visualize a more heinous offense," said Judge Jack B. Weinstein as he announced in a packed courtroom the heavy sentences for Louis Eppolito and Stephen Caracappa for their roles in eight gangland murders during a bloody period that stretched from the mid-1980s into the early 1990s.

"These are probably the most heinous crimes ever tried in this courthouse," Weinstein said.

"These two men stand before you unrepentant and remorseless and perhaps by a higher power unforgivable," said lead prosecutor, Assistant U.S. Attorney Robert Henoch. "Police are supposed to protect people; we don't have death squads here -- at least we aren't supposed to."

Delay in serving sentences

But in another twist in a case that has been filled with complex legal issues, Weinstein delayed imposition of the sentences until hearings are held later this month on critical post-trial motions for either acquittal or new trials. Both defendants will remain

jailed but have asked Weinstein to overturn the April guilty verdicts, in part because the statute of limitations on the federal racketeering charges had expired.

Weinstein is also going to hold a hearing on Eppolito's and Caracappa's claims that their high-profile lawyers, Bruce Cutler and Edward Hayes, respectively, gave them ineffective representation. The lawyers have denied that claim. But no matter how Weinstein decides those issues, the case will be litigated for years.

"I didn't do any of these crimes at all," said Eppolito in a short, rambling statement. "I was one hell of a cop. I tried my best in my cases."

Eppolito asked the victims' family members to visit him in prison so he could prove his innocence to them, drawing audible scoffs from the relatives.

But as Eppolito spoke he was interrupted by a shouting Barry Gibbs, whose murder conviction was overturned last year because of allegations that Eppolito coerced a witness to testify falsely.

"You remember me, Mister Eppolito, you remember me!" shouted out Gibbs.

"No, I don't," replied a startled Eppolito.

As federal marshals hustled Gibbs out of the courtroom, he kept screaming.

Neither Eppolito, 57, nor Caracappa, 64, who didn't address the court, showed any emotion as family members of the victims addressed the court and told how the murders impacted their lives. The defendants sat glumly and looked on intently as the relatives spoke.

Eppolito's son, Louis Jr., was the only relative of the defendants to appear in court.

Robbed of childhood

Addressing the court, one victim's daughter, 30-year-old Michal Greenwald said, "You took away our Daddy and by doing that you took away our childhood. You took away our mother. You stole our innocence. You filled our nights with nightmares and our days with torture."

Eppolito and Caracappa were convicted of not only playing roles in the murder of jewelry merchant Israel Greenwald but also seven other victims, including reputed Gambino crime family member Edward Lino, James Hydell and Otto Heidel. All were killed, prosecutors said, at the behest of the Luchese crime family, which used Eppolito and Caracappa as law enforcement moles and contract killers.

Widowed Leah Greenwald, 51, of Fresh Meadows, looked at both defendants as she asked for a maximum sentence.

"You must pay severely for what you have done, for you did not just kill one person, you killed a family," she said.

An angry Daniello Lino, 27, daughter of the slain Edward Lino, seemed to spit out her words as she stared at Eppolito and Caracappa.

"You two are an embarrassment to the New York City Police Department, and furthermore are one of the largest blemishes in the department's history," she said.

For 2 Ex-Detectives, Life Terms And Tales Of Grief (NYT)

By Alan Feuer

The New York Times, June 6, 2006

Calling their crimes the "most heinous" he had ever seen in court, a federal judge issued — but did not officially impose — life in prison sentences yesterday for two retired New York detectives convicted in April of taking part in at least eight murders for the mob.

The sentencing of the men, Louis Eppolito and Stephen Caracappa, drew to a conditional close a stunning case of police corruption that began 20 years ago when they stopped a jeweler on the highway, helped to kill him and later left his body buried under concrete in an auto-body shop.

The judge, Jack B. Weinstein, issued the harshest penalty he could, but held up its imposition until he conducts a hearing later this month to determine if the men had shoddy lawyers, as they contend, and deserve a new trial.

There was little reaction from either man in Federal District Court in Brooklyn and both returned to jail, where Mr. Caracappa's face has grown skeletal and Mr. Eppolito has grown a white goatee and gotten somewhat slimmer.

By law, the friends and family of a victim can address the court at sentencing, and before the penalty was read, there were brutally emotional — and achingly personal — accounts from the survivors.

One of them was Michal Weinstein, daughter of the jeweler, Israel Greenwald, who on Feb. 10, 1986, disappeared after giving young Michal a hug as she waited for a bus. She was 10 years old then, and as she spoke from the stand, addressing both defendants by name, it was with a caged fury that only now, after 20 years, had found release.

"You took away our daddy," she said, "and by doing that you took away our childhood. You took away our mother. You stole our innocence. You filled our nights with nightmares and our days with torture."

She posed a list of questions to the men: Did they know what it was like to be asked about your father and not have an answer? To be treated with fear and pity? To watch from the window as your mother's car is repossessed? To leave the only home you ever knew and loved because you could not afford the mortgage? To take charity from the very charities your father once gave to? To visit a friend who had lost a loved one and be envious? Because they had a grave?

"To be envious of a grave," she said.

It seemed impossible after such a speech for another syllable to be spoken, but three more family members of victims took the stand and then, sheepishly, Mr. Eppolito rose to speak.

He began contritely, saying that he understood the families' pain and that, in 22 years as a detective, he had often had to deliver news about a death. He had knocked on doors, he said, had spoken to grieving widows — "I know the feelings."

He then invited the families of his victims — the Greenwalds, the Hydells, the Linos — to visit him in jail, where he promised he could prove to them he was an innocent man.

It was at this point that without warning and certainly without permission, a large man wearing a seashell necklace suddenly stood up.

"Mr. Eppolito!" he yelled from the gallery. "Do you remember me?"

Apparently baffled, Mr. Eppolito said, "No."

"I'm the guy you put away for 19 years! I'm Barry Gibbs! You don't remember me? You don't remember what you did to me? To my family?"

The marshals quickly led the man outside, as the courtroom burst into applause.

Mr. Gibbs went to prison 19 years ago for murder, but was released in September when a judge in Brooklyn found that Mr. Eppolito had intimidated the only eyewitness in the case into lying on the stand. Mr. Gibbs's startling appearance put something of a kink in Mr. Eppolito's speech, which he amended on the spot, repeating that he did not know the man.

Later, after Judge Weinstein issued the sentence (which, aside from life in prison, included a $1 million fine and a $400 special court fee), there was discussion of the next hearing, scheduled for June 23. At that time, it is likely that the defendants' former lawyers, Bruce Cutler and Edward Hayes, will take the stand to be questioned on their legal work at trial.

As has happened often in the case, the various players spilled outside the courthouse to discuss things with the news media.

Mr. Gibbs, tanned and healthy, said that Mr. Eppolito had taken his "constitutional rights and put them in the street."

He found a strange bedfellow in Anna Lino, wife of Edward Lino, whom Mr. Eppolito and Mr. Caracappa were found to have murdered 16 years ago.

"Nineteen years," she said. "Don't you think he has a right to have an outburst?"

Wild Day In Brooklyn Ends With Mafia Cops Sentence Pending (AP)

By LARRY McSHANE, ASSOCIATED PRESS

AP, June 6, 2006

NEW YORK (AP) - A federal judge tore into two decorated ex-NYPD detectives Monday for their brutal killing spree while on the payroll of a mob underboss and told the pair he would sentence them to life in prison - but not until the "Mafia Cops" can argue their lawyers were incompetent.

In a dramatic day inside a Brooklyn courtroom, U.S. District Court Judge Jack B. Weinstein said the sentences were pending until a June 23 hearing at which Louis Eppolito and Stephen Caracappa will argue they received inadequate legal

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representation at their racketeering trial. His decision to put off imposing the sentences came minutes after he had announced the prison terms to a packed courtroom.

The unusual legal twist capped an emotional day in court where five family members took the witness stand to testify how the murders linked to the two detectives had destroyed their lives.

"You did not kill one person," said Michal Greenwald Weinstein, whose father was the pair's first victim. "You killed a family."

Another man, wrongly jailed for 19 years in a case investigated by Eppolito, was thrown out of court after launching into a rant against him.

Eppolito, speaking for the first time in court, insisted he was innocent of any crimes and encouraged the family members who called for his incarceration to visit him in jail. "I can hold my head up high," said Eppolito, sporting a freshly-sprouted snow-white goatee. "I never did any of these things."

And this all came before Weinstein's near-sentencing.

"This is probably the most heinous series of crimes ever tried in this courthouse," the judge said before announcing the delay. Eppolito and Caracappa will press forward with their request for a new trial based on claims that their attorneys failed to put on a competent defense.

Bruce Cutler, who represented Eppolito, was out of his office and unavailable for comment Monday. Hayes was in Los Angeles, and did not return a call left at his Manhattan office. The high-priced, well-known attorneys - longtime friends who greeted one another in court with a kiss - attracted a great deal of attention before the trial began.

Both defendants have been jailed since their April 6 convictions on racketeering charges that included murder, kidnapping, drug dealing and obstruction of justice.

Eppolito, 57, whose father was a member of the Gambino crime family, and Caracappa, 64, were respected detectives who worked for Luchese underboss Anthony "Gaspipe" Casso between 1986 and 1990. The eight murders were committed while they were simultaneously on the payrolls of the New York Police Department and Casso.

The sentencing delay was anticlimactic compared to the courtroom theatrics that preceded it. Barry Gibbs, who spent almost 20 years in jail after a wrongful conviction in a case where Eppolito was lead investigator, stood up in the middle of Eppolito's speech to attack the ex-detective before federal marshals led him out of the courtroom.

"Remember what you did to me? To me? You framed me!" he screamed as the crowd burst into cheers.

Eppolito and Caracappa received $4,000 a month from Casso, who also used them to get information from inside law enforcement. Their pay went up for the murders: They earned $65,000 for one killing.

Caracappa, who retired in 1992, helped establish the police department's unit for Mafia murder investigations. Eppolito was a much-praised street officer despite whispers that some of his arrests came via tips from mobsters.

Eppolito also played a bit part in the mob movie "GoodFellas." After retiring in 1990, he unsuccessfully tried his hand at Hollywood scriptwriting.

In his autobiography, "Mafia Cop," he portrayed himself as an honest officer from a crooked family. The pair, both highly decorated, spent a combined 44 years on the force and eventually retired to homes on the same block in Las Vegas.

The racketeering convictions also could be overturned due to the statute of limitations. The defense argues that there was no ongoing criminal enterprise while the detectives were living in Las Vegas, making a racketeering charge legally untenable.

'Mafia Cops' To Get Life In Prison (LAT)

By Ellen Barry, Times Staff Writer

The Los Angeles Times, June 6, 2006

Judge delays sentencing of former detectives who were convicted of being hitmen for the mob.

NEW YORK — Calling their crimes "the most heinous … ever tried in this courthouse," a U.S. district judge Monday promised to sentence former New York police detectives Louis Eppolito and Stephen Caracappa to life in prison for moonlighting as mafia hitmen.

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Like every other phase of the "Mafia Cops" trial, the hearing featured its share of theatrics. When Eppolito began to address the courtroom for the first time, a spectator screamed: "Do you remember me, Mr. Eppolito? Do you remember what you did to me? To me? You framed me!" Other spectators cheered him on as he was escorted from the courtroom.

Notably absent were Bruce Cutler and Eddie Hayes, the flamboyant defense lawyers who took center stage at the trial from its first day, when they greeted one another with a jovial kiss. Eppolito and Caracappa have accused the famous lawyers of incompetence; their request for a mistrial will be heard June 23.

Until that matter is settled, Judge Jack Weinstein cannot sentence the retired detectives, who were convicted April 6 of participating in eight murders, among other crimes. Weinstein said he intended to sentence the two to life in prison, impose a $1-million fine and seize their assets.

That came as satisfying news to Danielle Lino, 27, the daughter of a Gambino captain named Eddie Lino, whom Eppolito and Caracappa were convicted of killing.

"It is our sincere hope that you will spend your remaining years rotting in prison," she said, glaring at the detectives. "We hope you will burn in hell."

The two men were arrested last year in Las Vegas, where they had retired after serving a combined 44 years on the police force. Eppolito, who is fat and garrulous, left New York to pursue show-business aspirations and found a few acting jobs, such as Fat Andy in "Goodfellas." His friend Caracappa moved to a house on the same block.

A series of underworld figures testified that Eppolito and Caracappa worked as informants and hitmen for Anthony "Gaspipe" Casso, an underboss for the Luchese family. Burton Kaplan testified that Casso paid the two $4,000 a month, plus lump sums for murders. For pulling over Eddie Lino's car at a traffic stop and shooting him in the head, he said, they were paid $65,000.

Hayes and Cutler delivered memorable opening and closing statements but called few witnesses. Cutler's entire defense lasted 13 minutes. Eppolito has replaced him with a new lawyer, Joseph Bondy, who said Cutler should have identified other potential perpetrators and allowed Eppolito to take the stand. Caracappa's new lawyer, Daniel Nobel, filed a similar complaint Monday morning.

Attorneys for the pair argued that the verdict should be thrown out because, except for one charge, the crimes did not fall within the statute of limitations for racketeering.

Eppolito seemed eager to finally address the courtroom Monday, speaking without notes. He said he was handicapped in life by his father, a Gambino soldier nicknamed "Fat the Gangster." Although he turned his back on the mafia, he said, it made no difference.

"I was already crucified with the name Eppolito before I got any opportunity," he said. "This is coming down on me because of who I am, who I was, not because of what I did. I can hold my head up high. I have never done any of this."

Family members who spoke included the wife and daughter of Israel Greenwald, a diamond merchant who, in 1986, was shot in a Brooklyn parking garage and entombed in concrete.

Michal Greenwald, who was 9 when her father disappeared, described the losses that followed: watching, from the window, while the car was repossessed; switching schools when her scholarships were revoked; listening to a burglar break into the house because they could no longer afford an alarm system.

"We loved our daddy and having him disappear into thin air was a torture I would not wish on my worst enemy," she said. "Do you know what it's like to visit a friend who lost a loved one and be envious of them because they have a grave? Envious of a grave?"

Outside the courthouse, as the hearing ended, waited Barry Gibbs, the man who shouted at Eppolito in the courtroom.

In 2005, Gibbs was released from prison after 19 years when his murder conviction was overturned by DNA evidence. Gibbs said Eppolito — the lead investigator in the case that led to his arrest — pressured a witness into fingering him for the crime.

He wanted to celebrate with the families of the pair's victims. Asked whether he had a message for Eppolito, he said: "Every day in jail is like a million years. It's not a day; it's a million years."

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Alito Opinion Draws Rebuke From Scalia (LAW)

By Tony Mauro, Legal Times

Legal Times, June 6, 2006

Just four months after joining the Supreme Court, Samuel Alito Jr. on Monday joined the club of jurists who have been targets of Justice Antonin Scalia's wrath.

Alito wrote Zedner v. United States for a unanimous Court on Monday, siding with a criminal defendant in a dispute over interpretation of the Speedy Trial Act. But Scalia, while joining the decision, wrote a concurrence criticizing Alito for citing the legislative history of the statute, which Scalia believes is irrelevant.

"Because the use of legislative history is illegitimate and ill advised in the interpretation of any statute -- and especially a statute that is clear on its face -- I do not join this portion of the Court's opinion," Scalia wrote.

The side spat is a small but significant sign of Alito's independence from Scalia, whom many presumed would be a consistent conservative ally and friend.

In the drafting process, Alito could easily have mollified Scalia by deleting the paragraph that invoked legislative history. In interpreting acts of Congress, Scalia has vocally criticized reliance on legislative history -- congressional floor statements, committee reports, and the like -- in his 20 years on the Court, preferring instead to go strictly by the words of the statute. But the fact that Alito left the paragraph in, and Scalia felt moved to object to it, revealed at least some daylight between the two.

Alito's use of legislative history places him closer to the camp of moderate-liberal Justice Stephen Breyer, who last year warned in his book "Active Liberty" of "the danger that lurks where judges rely too heavily on text."

Monday's ruling favored Jacob Zedner, indicted in 1996 on seven charges of bank fraud. Both he and the prosecution sought delays in the trial, raising red flags because of requirements of the Speedy Trial Act that a trial begin 70 days after a defendant is charged. Responding to a request from the judge, Zedner signed a form waiving his rights "for all time" under the law.

After four years of procedural delays, Zedner moved to dismiss the indictment, claiming the prosecution had violated the Speedy Trial Act. The motion was denied, the trial proceeded, and he was found guilty. The 2nd U.S. Circuit Court of Appeals ruled against Zedner, finding that because he had contributed to the delay in the trial, he could not object to it.

At issue before the Supreme Court was the standard for analyzing when a defendant has legitimately waived his rights under the law.

Alito wrote that the Speedy Trial Act was "designed with the public interest firmly in mind ... That public interest cannot be served, the Act recognizes, if defendants may opt out of the Act entirely." As a result, the Court ruled, a defendant cannot waive rights under the act for all time. Zedner's case was sent back to trial court for dismissal, but the Court said it was up to the trial judge to decide if it should be dismissed with or without "prejudice." If dismissed "with prejudice," the prosecution would be over, but if it is done "without prejudice," prosecutors would be able to try Zedner again.

Alito's offending paragraph cites several instances in the House and Senate reports accompanying passage of the law in 1974 that emphasized the public interest in speedy trials.

Scalia wrote: "It may seem that there is no harm in using committee reports and other such sources when they are merely in accord with the plain meaning of the Act. But this sort of intellectual piling-on has addictive consequences." Among other things, Scalia said it could lead to the belief that a single senator's statement about the meaning of a law represents the views of the entire Congress. "There is no basis either in law or reality for this naive belief," Scalia said.

Supreme Court Will Consider Retroactivity Of 'Blakely' (AP)

The Associated Press

AP, June 6, 2006

The Supreme Court said Monday it will decide whether inmates can reopen challenges to prison sentences based on a Court ruling two years ago that limited judicial discretion in sentencing.

Justices will hear arguments this fall from Lonnie Burton, who is serving nearly 47 years in prison in Washington state for rape, robbery and burglary.

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Burton's lawyers told justices that the judge increased Burton's sentence by about 21 years, declaring that he deserved a harsher sentence than the sentencing scheme provided for there.

The case two years ago was also from Washington state. Justices on a 5-4 vote overturned the sentence of a Washington state man for kidnapping his estranged wife. A judge, acting alone, had determined that Ralph Blakely acted with "deliberate cruelty" and deserved a longer prison term.

Justices did not say then how the decision would affect old cases. Justice Antonin Scalia authored that opinion, for an odd right-left lineup of justices.

Burton had an appeal pending when the Court resolved Blakely's case. He had been convicted in 1994 of raping a 15-year-old boy he followed home from school.

The case is Burton v. Waddington, 05-9222.

Cocaine User Convicted Of Killing Girlfriend With Ax Set To Be Executed In Texas (FINDLAW/AP)

By Michael Graczyk, Associated Press Writer

AP, June 6, 2006

(AP) - HUNTSVILLE, Texas-A man who killed his girlfriend with an ax while he was high on crack cocaine is to be executed by lethal injection Tuesday, the 11th person to be put to death in Texas this year.

Timothy Titsworth, 34, is the first of three scheduled to die this month in the nation's most active capital punishment state. The U.S. Supreme Court refused to review Titworth's case in January.

Evidence showed Titsworth, who dropped out of school before he reached high school and worked as a roofer, was high on crack cocaine at the time of the July 23, 1992, attack.

"I didn't think that I had a problem and didn't accept the help and treatment provided to me," Titsworth, who had walked out of at least two drug treatment programs, wrote on an anti-death penalty Web site. "With my fear, ignorance and denial of the truth that so many others have seen, I ended up here: on Texas death row."

Before the killing, Titsworth had avoided a five-year prison term for auto theft by attending a boot camp for two months, an option available to him as a first-time felony offender. He was released on probation.

Three months later, he was arrested and charged with capital murder for the slaying of his girlfriend, who died at the mobile home they shared in Amarillo, in north Texas. Christine Sossaman, 26, had been hit about 16 times with a dull two-bladed ax as she slept.

According to court records, a friend of Sossaman testified the victim told her the day before she was killed she intended to ask Titsworth to leave because she believed her boyfriend had been stealing from her. Evidence showed after the attack, Titsworth took her car along with items from the trailer home that he sold to buy more crack cocaine, then returned repeatedly to the murder scene to take more property to sell to purchase more drugs.

He was arrested driving Sossaman's car while on his way to what a companion said was yet another visit to the crime scene to collect more items to sell. By then, however, Sossaman's mother, worried when she couldn't reach her daughter by phone, had discovered the body and alerted police.

"He was just a crackhead," Randall County District Attorney James Farren said. "He got caught with her property in his possession. In addition, he confessed."

In his confession, Titsworth told authorities the two had argued, Sossaman went to bed and he went out to buy crack and a pill he believed was LSD. He told detectives that while high on the drugs, he went to the mobile home where Sossaman was sleeping, got the ax from a closet and blacked out, although he said he did remember hitting the victim four or five times.

Evidence showed the woman lived from 20 minutes to two hours after she was beaten to her head, neck and upper body. A chest wound was so severe her ribs were driven into her lungs, a pathologist testified.

While being held at the Randall County Jail and awaiting trial, Titsworth was among four inmates who escaped by crawling through ductwork. He was captured about 12 hours later.

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At his 1993 trial, Titsworth's lawyers argued he shouldn't be convicted of capital murder because evidence showed the slaying was committed while he was under the influence of drugs and that he didn't intend to steal her property. Jurors didn't buy the argument, returning a guilty verdict after deliberating for about an hour.

Titsworth declined to speak with reporters in the weeks preceding his scheduled execution.

"I'm on death row and have fought a hard battle within the appellate courts, only to reach the final stage ... a better man, a stronger soul," he wrote on a Web site that seeks prison pen pals.

Scheduled to die next - on June 20 - is Lamont Reese, 28, who authorities say is a former street gang member convicted of gunning down three people outside a Fort Worth convenience store in 1999.

There have been more than 1,000 executions in the United States since a moratorium on the death penalty was overturned in 1976.

On the Net:

Texas Department of Criminal Justice execution schedule http://www.tdcj.state.tx.us/stat/schedulede xecutions.htm

Timothy Titsworth http://www.ccadp.org/timtitsworth.htm

Pair Charged With Fraud In Homeless Hit-And-Run Cases (LAT)

By Cara Mia Dimassa

The Los Angeles Times, June 6, 2006

Two women in their 70s were arraigned today on nine counts of fraud in connection with multimillion-dollar life insurance policies they took out on two homeless men who were later killed in hit-and-run accidents.

The women, Olga Rutterschmidt and Helen Golay, pleaded not guilty to the charges, which include mail fraud and aiding and abetting a crime in connection with life insurance statements.

Authorities have said that the women are suspects in the 2005 death of Kenneth McDavid and the 1999 death of Paul Vados. The women allegedly took out 19 life insurance policies on the men and eventually cashed in more than $2.2 million in claims after the transients died in hit-and-run pedestrian accidents in Los Angeles.

No charges have been filed in the men's deaths.

U.S. Magistrate Judge Paul L. Abrams ordered a July 25 trial date for Rutterschmidt and Golay, who remain in federal custody.

The two women did not speak to each other while waiting in a glass-curtained area for defendants, and barely looked at each other during the proceedings.

Golay, dressed in an orange jumpsuit, her blond hair teased dramatically upward, spoke softly when Abrams asked her if she understood her rights, her voice barely audible in the federal courtroom.

Her attorney, Roger John Diamond, asked Abrams whether his client could be moved from San Bernardino, where is she is being housed, to a more central location. Authorities made the decision last month to keep the women in separate facilities.

Diamond also questioned why his client was the one of the duo to be housed farther away. "We have no idea why we have to go to San Bernardino every day," he said.

Abrams denied the request, saying another judge had ordered the women to be held at different facilities. "For whatever reason he did it, I have no reason to second-guess it," he said.

Rutterschmidt, in a pale green jumpsuit, a dark green windbreaker pulled down around her waist, was represented by deputy federal public defender Kim Savo. After the hearing, Savo told reporters that her client's case has been sensationalized by the media.

"No one should be talking about this case in the press, including the government," she said.

"Right now, it's a mail fraud case, and frankly, federal mail fraud cases are about as boring as they get," Savo said.

Also in court were Golay's daughter Kecia Golay and Stella Vados, daughter of Paul Vados. Kecia Golay refused to speak with reporters after the hearing.

But Vados told reporters that "seeing those two women up there was very upsetting."

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Her attorney, Gloria Allred, said that Stella Vados hopes to learn everything she can about the women's relationship with her father.

Witnessing Guilt, Ignoring Innocence? (NYT)

By David Feige

The New York Times, June 6, 2006

THE police lineup — in which the anxious eyewitness casts an accusing gaze on a string of sullen men (or women) on the other side of one-way glass — is as much a staple of actual law enforcement as it is of "C.S.I." and "Law & Order." It is also highly flawed. Yet because of a poorly designed study of lineups in Illinois, much-needed improvements to the process may not be forthcoming.

For some time now, scientists, criminologists and defense lawyers have advocated ending the tradition of having the witness view potential suspects all at once and going instead to a sequential method, in which the witness views suspects (or photographs of them) one at a time. Better still is the "double-blind" sequential test, in which the law-enforcement official administering the lineup does not know who is the suspect and who are "fillers."

A pilot project in Minneapolis and a generation of peer-reviewed laboratory experiments have concluded that the sequential method has a smaller error rate than old-fashioned simultaneous lineups. New Jersey now uses sequential lineups, and legislatures or commissions in California, North Carolina, Virginia and Wisconsin have endorsed them.

In April, however, Illinois officials released a study showing the new method was less reliable than the traditional one, based on results in three police districts. According to the study, witnesses using the sequential method picked out an innocent person — someone brought in as a filler — 9 percent of the time, compared with a 3 percent rate for simultaneous lineups (both figures are oddly below the typical error rate in such studies of 20 percent or more).

While these results have heartened police officials and prosecutors who have resisted changing to sequential tests, the study was so rife with methodological errors and biased analysis that it crossed the line between science and advocacy.

It's hard to understate the power of eyewitness testimony in criminal cases. In thousands of cases every year, testimony of a single eyewitness, uncorroborated by forensic or any other evidence, is used to sustain serious felony charges, including robbery and murder. For years, district attorneys have resisted calls to reform lineups, arguing that because double-blind sequential protocols had never been tested on "real" victims outside the laboratory, they shouldn't be adopted in the field. The Illinois project, properly conducted, would have provided an outstanding opportunity to deal with this concern.

The one thing the Illinois experiment did prove was that adoption of double-blind sequential protocols is fairly simple. It also gave more evidence that sequential lineups result in fewer overall identifications: witnesses made ID's in 53 percent of such lineups, versus 62 percent for old-fashioned simultaneous ones. Whether this is an improvement is open to debate.

But the idea that the sequential lineups were less accurate was based on a false premise: that any time the actual suspect was chosen, the result was "accurate." Doing justice in criminal cases is not a matter of identifying the suspect; it's a matter of identifying the actual perpetrator — who may or may not be the suspect. And while the police are often confident in their judgments, the constant stream of exonerations based on DNA testing and other evidence has starkly demonstrated the gulf between their confidence and scientific accuracy.

Significantly, the Illinois study had no way to control for actual guilt. Indeed, because many of the identified suspects are still wending their way through the system, scientists cannot even assess whether the criminal justice process determined that they were guilty. Nor, apparently, did the researchers have access to the case files, making it impossible for them to determine whether there was any forensic or corroborating evidence at all to support the validity of any particular identification.

Thus to assert that the instances in which the witness singled out the suspect were in fact correct identifications of a criminal is akin to the Alice in Wonderland notion of "sentence first — verdict afterwards."

Another problem with the Illinois pilot project was that it wasn't a true blind study: it allowed police officers who knew the actual suspect's identity to be in the room with the eyewitnesses in the simultaneous lineups, but not in the sequential ones.

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And nobody with experience in the justice system would deny that there are plenty of ways, some subtle and some not, for an officer to telegraph to a witness which person in the lineup is the actual suspect. Consequently, comparing an unblinded simultaneous sample to a blinded sequential one is like comparing apples to dolphins.

And then there is the fact that the supposed superiority of simultaneous lineups was detectable in the study's cases in Chicago but not in the nearby Joliet police district. Could it be that big city officers were pushing witnesses toward identifications in circumstances in which their smaller-town brethren are more circumspect?

As with so many aspects of the Illinois pilot study, there is no way to know the truth. But that will not stop police officials and district attorneys from using its pseudo-scientific results as a basis on which to resist the mounting calls for change.

Prosecutors often tell us defense lawyers that they, too, want the fairest possible trials. But when it comes to identifications, it seems they want precisely what the current flawed lineups give them: suspect identifications.

David Feige, a former public defender in the Bronx, is the author of "Indefensible: One Lawyer's Journey Into the Inferno of American Justice."

Cybercrime Spurs College Courses In Digital Forensics (USAT)

By Jon Swartz

USA Today, June 6, 2006

SAN FRANCISCO — One of the hottest new courses on U.S. college campuses is a direct result of cybercrime.

Classes in digital forensics — the collection, examination and presentation of digitally stored evidence in criminal and civil investigations — are cropping up as fast as the hackers and viruses that spawn them.

About 100 colleges and universities offer undergraduate and graduate courses in digital forensics, with a few offering majors. There are programs at Purdue University, Johns Hopkins University, the University of Tulsa, Carnegie Mellon University and the University of Central Florida. Five years ago, there were only a handful.

“I teach students to be like (TV supersleuth) MacGyver,” says Sujeet Shenoi, a computer science professor at the University of Tulsa.

Traditional students, police officers, government employees and aspiring security consultants are taking the courses as more crooks stash ill-gotten data and goods on PCs, PDAs, cellphones, network servers, iPods and even Xboxes.

Students learn where to find digital evidence and handle it without contaminating it. Once preserved, students are shown how to examine evidence and present it clearly during court testimony. “If you revert to geek speak, you can lose a judge, jury and prosecutor,” says Mark Pollitt, a digital forensics professor at Johns Hopkins University who retired in 2003 after 20 years as an FBI agent.

Digital forensics is considered a crucial weapon in law enforcement's escalating war against computer-related crimes. The science is used in criminal investigations; civil cases such as employment lawsuits where personnel records and e-mail correspondence are sought; and by companies faced with cyberattacks. Plus, there are evolving state and federal laws that define how evidence is handled in civil cases.

The evidence is particularly important in the seizure of data for child pornography cases, which comprise a majority of criminal investigations in the USA, says Marcus Rogers, an associate professor who heads the computer forensics program at Purdue University's College of Technology.

The FBI handled more than 9,500 computer forensics cases in fiscal year 2005, which ended in September, compared with about 3,600 in fiscal 2000, according to an FBI briefing.

The crush of cases has domestic intelligence agencies such as the National Security Agency and the CIA, local law-enforcement officials and companies clamoring for experts in finding and preserving digital evidence, security experts says. “There is a thirst in government agencies for (cyberinvestigators),” Pollitt says. There appear to be no shortage of suitors. Since he enrolled in Purdue's master's program last fall, Blair Gillam says he has been approached by recruiters representing government agencies and the private sector.

Taken By Mom, Sought By Dad, Left In A Life Of Uncertainty (WP)

By Sue Anne Pressley Montes

DOJ_NMG_0031841

The Washington Post, June 6, 2006

Thinking back on it now, Carl Dodd realizes he expected too much, but who could blame him? He had waited 13 years to see his daughter again. He wanted to hug her and take her home with him.

But the teenager who greeted him at the police department in April was distant, doubtful. She asked him pointed questions: Why had her mother been arrested? Why were so many reporters around? Sunglasses partially hid her eyes, and when Dodd asked her to take them off so he could really see her, she refused. She made it clear she intended to stay with her grandmother in Wilmington, Del.

The reunion may have ended Dodd's determined search for his daughter, Marilyn Byrd, who disappeared with her mother from Southeast Washington when she was 4. But it was just the beginning of the long road back to a relationship with his only child, now a young woman of 17.

For people who spent their childhoods hiding out with a distraught parent, taking on new identities, the hardest part comes when the child is recovered and so-called normal life resumes. That is when they finally can afford to get angry about being used as a pawn in a nasty battle between the two people they loved the most.

Few understand Marilyn Byrd's conflicting emotions better than three people who spoke recently about their lingering bitterness over childhoods on the lam:

Â· Rebekah Ford, 28, a Wisconsin resident, still shudders as she recalls the most shocking moment of her childhood. It was the day the FBI came to her elementary school and showed her a flattened milk carton with her picture on it. Until then, she did not know that she was a missing child and that her name was not Heather Ann Brown.

Â· Sam Potash of Philadelphia, who just turned 19, can finally speak publicly about the 8 1/2 months he spent on the run with his father when he was 10. He got used to pretending his name was Ben Davis and repeating the lie that his mother -- who was desperately searching for him -- was dead.

Â· One of Liss Hart-Haviv's most vivid memories is trying to comfort her sobbing mother in a phone booth outside a California women's shelter after they had fled from her father. She was 10 and felt so old and alone. She even had a different name. "They called roll call at school, [and] the first thing I did every morning was lie," said Hart-Haviv, now 38 and living in Kalama, Wash.

Three years ago, Hart-Haviv started Take Root, the first national organization for adults who went through such experiences as children. The cases continue to grow: More than 200,000 children are taken each year by a parent or other family member, according to the Justice Department.

Often, the outcome for families is tragic, with feelings damaged beyond repair. "Many of our members end up losing both parents," Hart-Haviv said.

Even their memories feel like mockery.

"We spend a portion of our lives on the run from a parent, then we spend the rest of our lives on the run from our childhood," she said.

Hart-Haviv was 10 when her mother told her that her father was so volatile that they had to run away from their New York City home. "I was a daddy's girl," she said. "I never once thought of him as dangerous until Mom told me on my way out of town."

Life in hiding was lonesome, she said. Her mother worked all the time to support them. "So I raised myself," Hart-Haviv said. "She would come home at the end of the day, leave a microwave dinner for me and go to bed."

Meanwhile, her father was "obsessively" searching for her, she said. A drinking habit worsened, and he developed mental problems. By the time he found her two years later through medical records, too much had changed.

"I was scared of him," she said. "I saw my mother live in extreme fear. We were in hiding. We were afraid of being followed and our phones being tapped and people wondering who we were."

She and her father never fully reconciled. They did not have time; his health failed, and he later died. "I was his entire world," she said. "But he was looking for a little girl I just wasn't anymore. And there was no one to tell us this was understandable."

Twenty-five years later, she calls her relationship with her mother "a work in progress."

"I'm trying to get to the point of forgiveness," she said.Becoming 'Ben'

Today, Sam Potash is a tall, healthy-looking 19-year-old with a friendly manner -- and a matter-of-fact attitude about the nightmares and emotional problems he suffered after he was recovered. He recently completed his freshman year at Temple University and talks about becoming a social worker to help youths in the same predicament.

"It doesn't feel like it really happened to me anymore," he said in an interview at his mother's Philadelphia home. "It feels like a story."

His story began in July 1997 when his father, who was supposed to drop 10-year-old Sam off at a camp in New Jersey, kept driving. He drove across Canada and on to California and Texas, spending money wildly on gadgets and toys and telling Sam they were going to have a great time. Later, the boy would learn the source of the giddy display of generosity: His father had emptied Sam's $40,000 college-savings fund. After the money ran out in less than a year, Sam's father telephoned a cousin, who notified authorities.

When Abby Potash flew to Dallas to retrieve her son, she was struck by how big he had become; he had gained 30 pounds. "I never went outside," Sam says. He was so accustomed to calling himself "Ben" that, on the flight home, he told the airline attendant that that was his name. Later, he would tell his mother that he never contacted her because he was afraid of being arrested. His father, who lives in another state and phones Sam once in a while, served 16 months in jail.

Counseling was little help as Sam tried to put his life back together. He did not think the therapist could relate to what he had been through. For a long time, he was inexplicably mad at his mother, as if he wanted to make true all the negative things his father had said about her.

"He kept trying to push me to the wall," Abby Potash said. "When he first came home, I was afraid to discipline him."

Sam said he got the most comfort from talking to people who had been through a similar experience. He compares it to surviving cancer, and he is still trying to sort out his emotions.

"After seven years of struggling to find out who I am, I realize I can't," he wrote at the end of his college application essay. "All I know is, for the first time in my life, I can respond with the confident answer of at least a name: I am Sam."Finding a Way to Heal

There is hope of a happy ending. Rebekah Ford once thought that impossible, back when she found out she was not an only child, that she had a father who loved her after all.

Ford had known, deep down, that something was terribly off about her isolated life with her mother. But the truth struck her as "so unreal." The face of the 4-year-old on the milk carton was hers, but she, then 12, did not recognize herself. Her mother was under arrest, her father would be taking her home to a Chicago suburb, she had three older siblings. "I cried and cried. I was so confused," she said.

Looking back on it now, she said, her father set the standard for how to behave in such uncharted waters. He kept things light, asking her what sports she liked, telling her, "You're going to love it at our house," when she replied. Through her hurt, she liked him instantly, she said, but he was a stranger.

"We just talked," she said. "I was this awkward 12-year-old with glasses and a ponytail. I told him I wanted some L.A. Gears when I got home. . . . We talked about everything and anything, not, 'Do you know why your mom took you?' He approached things very nonchalantly, very casually."

It has taken much longer to reconnect with the mother who whisked her away. "There were times I had anger I didn't know what to do with," she said. "I was primarily angry at her. I was angry at the whole situation."

Her father made Rebekah keep in touch with her mother, but it was not until recently, when the grown-up Ford spoke on the subject of parental abduction at a Nashville convention, that her mother telephoned her with the message she had hoped to hear.

"She said, 'I'm really proud of you and what you're doing, and I'm really sorry,' " Ford said. "I think she is sorry, but she feels justified at the same time. I think she wishes it hadn't happened."Reconnecting, Slowly

For now, Carl Dodd is taking baby steps.

He and his wife, Paula, returned home to Fort Washington without his daughter after their disappointing meeting. "I guess I could have made her come by force," Dodd said, "but I didn't want her to come down here and be miserable."

He mailed her a belated birthday card with money inside. He knew it could not make up for the fact that it was her 17th birthday the day U.S. marshals finally found her and took her mother, Mary Jane Byrd, to jail. But Dodd wanted to mark the event somehow, to show his daughter he remembered.

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Charged with a felony, Byrd was released from a D.C. halfway house last week, a move that indicates how tangled and sensitive this issue is. Although Dodd was awarded full custody of Marilyn a few months after she disappeared, the judge allowed Byrd to return to Delaware to live with the daughter she is accused of abducting until her trial this year. Dodd said the development would not change his game plan of taking things slowly.

Recently, he mailed Marilyn a cellphone and asked her in a note to let him know when she had received it. When she called to thank him, he considered it a small but important victory.

Now they talk on the phone once or twice a week, no big-deal topics, nothing much more than pleasantries. She is seeing a counselor, but they do not talk about that.

"The conversations are getting better," he said. "They're still like, 'Hi, how you doin'?' 'Fine.' And, 'Call me if you need anything.' But she says a couple of more words each time."

He is thinking about another face-to-face meeting. But he knows he might have to wait a little longer. "I'm still being patient," he said.

CIVIL LAW:

No Relief For Reporters Seeking To Shield Sources (CSM)

By Warren Richey

The Christian Science Monitor, June 6, 2006

WASHINGTON - Four journalists have lost their bid to reverse a judge's order to either disclose their confidential sources or face $500 per day in fines.

The US Supreme Court on Monday declined to take up the reporters' cases to examine whether a generally recognized "reporters' privilege" against revealing sources should extend to a civil lawsuit brought by former nuclear-weapons-lab scientist Wen Ho Lee.

The action marks the second time in a year that the justices have let stand a judicial order seeking to force members of the media to renege on professional pledges of confidentiality made to government officials to obtain information for their news reporting.

The high-court action comes days after five media organizations agreed to pay $750,000 as part of a $1.6 million settlement of Mr. Lee's Privacy Act case. To some media analysts, the settlement sets a dangerous precedent of media companies paying to protect their reporters' pledges to keep confidential sources anonymous.

"It is going to make it much more difficult for reporters to cover stories about issues that might end up in federal court," says Lucy Dalglish of the Reporters Committee for Freedom of the Press. Recent developments, she adds, highlight the need for a federal reporters' shield law.

In June 2005, the Supreme Court declined to hear an appeal by New York Times reporter Judith Miller and Time correspondent Matt Cooper. Ms. Miller spent 85 days in jail before agreeing to testify to a grand jury investigating who leaked CIA employee Valerie Plame's identity.

The action Monday at the high court arises from a civil suit filed by Lee, a former computer scientist at Los Alamos National Laboratory. In news reports in 1999, Lee was identified by unnamed officials as a potential target of a government investigation into Chinese efforts to obtain US nuclear secrets. No espionage charges were ever filed. Lee was charged with mishandling classified information and eventually agreed to plead guilty to one count.

But the matter didn't end there. Lee sued, claiming that officials at the Justice and Energy Departments and at the FBI violated his privacy rights by revealing private details of his life from government files to members of the press. Lee's lawyers questioned 20 officials - and called upon journalists to disclose who told them the private details they reported. The journalists refused to reveal their sources, and a federal judge found them in contempt of court.

The journalists were from The New York Times, the Los Angeles Times, the Associated Press, and CNN.

A US appeals court panel upheld the ruling. While reporters enjoy a privilege against forced disclosure of their sources in some circumstances, it said, Lee's suit required their cooperation to uncover the source of the alleged wrongdoing.

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Free-press advocates saw the appeals court ruling as a setback.

"This decision has far-reaching implications for the ability of journalists to inform the public about the operations of its government and misconduct in the private sector," wrote Washington lawyer Lee Levine, in a legal brief urging the high court to take up the reporters' case.

Supreme Court Turns Down Reporter Appeals In Lee Case (WSJ/AP)

By Associated Press

The Wall Street Journal, June 6, 2006

WASHINGTON -- The Supreme Court rejected an appeal from news organizations fighting to protect confidential sources, refusing to consider the case of four reporters in legal trouble over their stories about former nuclear weapons scientist Wen Ho Lee.

The court's action, released Monday, was taken without comment. Late last week, Mr. Lee, who had sued the government for violating his rights under the Privacy Act, settled the lawsuit. He will receive $1.6 million from the government and five news organizations.

Journalists had been in civil contempt of court for refusing to disclose who leaked them information about an espionage investigation of Mr. Lee. The four reporters are H. Josef Hebert of the Associated Press, James Risen of the New York Times, Bob Drogin of the Los Angeles Times and Pierre Thomas, formerly of CNN and now working for ABC News.

The $750,000 payment by the news agencies is the first of its kind in recent memory, and perhaps ever, legal and media experts said. The companies bluntly said they agreed to the sum to forestall jail sentences for their reporters, even larger payments in the form of fines and the prospect of revealing confidential sources.

Justices could have dismissed the appeal based on the out-of-court settlement. Instead, they flatly rejected the appeals, which had been filed on behalf of the reporters during the legal wrangling with Mr. Lee.

Justice Stephen Breyer did not participate.

The cases are Drogin v. Lee and Thomas v. Lee.

In Wen Ho Lee Case, A Blow To Journalists After The Fact (WP)

By Charles Lane

The Washington Post, June 6, 2006

Adding a coda to the legal battle between Wen Ho Lee and the media, the Supreme Court announced yesterday that it would not hear the appeals of reporters facing court orders to testify in Lee's lawsuit against the U.S. government.

The court spoke even though the case was over. Lee's lawsuit was settled on Friday, with the government and five media organizations supplying more than $1.6 million to Lee and his attorneys.

The reporters no longer face contempt-of-court penalties for not naming their confidential sources, and their attorneys had been expected to file papers with the court asking it to dismiss the matter as moot.

But the justices had met to consider the appeals last Thursday. They knew by then that settlement talks were underway and postponed a decision to allow time for negotiations.

Indeed, a day before the court's conference, a court aide contacted Lee's attorney, Brian A. Sun, to check on the progress of settlement talks. Sun said that agreement was very close, according to lawyers knowledgeable about the case. Sun declined to comment. The court was informed of the settlement on Friday.

The court's action leaves intact a ruling by the U.S. Court of Appeals for the District of Columbia Circuit, which found that the reporters had no legal right to shield the names of their sources.

Yesterday's order is not a ruling on the legal issues in the case, but it does make it clear that the court saw no reason to review the D.C. Circuit's decision. Permitting the case to fade away at the request of the reporters who brought it would have left that point unmade.

Justice Stephen G. Breyer did not participate in the case, for reasons that, as is customary when justices recuse themselves, he did not detail.

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Media Sources Need A Shield (LAT)

The Los Angeles Times, June 6, 2006

FIVE NEWS ORGANIZATIONS — including the Los Angeles Times — agreed last week to pay a total of $750,000 to Wen Ho Lee, a former nuclear scientist who was arrested in 1999 and jailed for nine months as part of an espionage investigation at the Los Alamos National Laboratory in New Mexico.

The payments, part of a negotiated settlement of Lee's lawsuit accusing the U.S. government of leaking information to the media from his personnel files, mean that reporters for The Times and the other news organizations won't be punished for declining to identify confidential sources.

Some free-press advocates expressed concern that the payments would encourage the subjects of other stories based on confidential sources to seek similar payments.

But that slippery slope can be avoided if Congress follows the example of two-thirds of the states (including California) and enacts a "shield law" providing limited but real protection to journalists' confidential sources.

The Senate and the House are considering different versions of the Free Flow of Information Act. Both bills would require that journalists be questioned about confidential sources only after investigators or other parties have exhausted attempts to obtain the information elsewhere — a codification of current Justice Department guidelines.

Equally important, both bills also would allow judges to weigh the reporter's privilege against the importance of the government's interest in breaching confidentiality. The Senate bill eloquently emphasizes that two public interests must be balanced: "the public interest in compelling disclosure and the public interest in news gathering and maintaining a free flow of information to citizens."

Where the bills differ is in the definition of those who could assert the confidentiality privilege.

The Senate bill, supported by Judiciary Committee Chairman Sen. Arlen Specter (R-Pa.), defines a journalist as someone who "for financial gain or livelihood" reports, writes or takes photographs for a newspaper, book publisher, radio or television network or "Internet news service."

The House bill extends the privilege to anyone who "publishes a newspaper, book, magazine or other periodical in print or electronic form" — a formulation that is friendlier to bloggers and student journalists but is too sweeping for some members of Congress.

We favor this broader approach, but not to the point of blocking legislation that could bring federal protections at least in line with those offered by California and states with similar laws.

The California law, which is part of the state Constitution, protects "a publisher, editor, reporter or other person connected with or employed upon a newspaper, magazine or other periodical publication, or by a press association or wire service, or any person who has been so connected or employed." (Recently a state appeals court extended the law's protection to online news services as well.)

The day may come when Congress or the states will provide greater legal protection for bloggers and "nonprofessional" journalists. For now, the priority is to make federal law at least as protective of traditional journalists' confidential sources as the laws of most of the states

Justices Limit Companies' Use Of Racketeering Lawsuits (AP)

By Toni Locy, Associated Press Writer

AP, June 6, 2006

WASHINGTON (AP) The Supreme Court on Monday limited the use of civil anti-racketeering laws by companies seeking damages for allegedly illegal acts by their competitors.

In two separate cases, the high court tackled the growing controversy over the increased use of civil provisions of a federal law that was designed to root out organized crime from legitimate businesses.

By an 8-1 vote, justices reversed an appeals court decision that had allowed Ideal Steel Supply Corp., a New York steel mill product supplier, to sue its chief competitor, National Steel Supply Inc., owned by Joseph and Vincent Anza.

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The high court also dismissed a case it had heard arguments on in April involving Mohawk Industries Inc., a Georgia floor-covering company sued by a group of its workers for allegedly suppressing wages by hiring illegal workers.

Justice Anthony M. Kennedy, writing for the majority in the steel company case, said the victim of racketeering must suffer ``direct'' injury from illegal acts.

Ideal Steel Supply alleged that National Steel Supply defrauded New York state tax authorities by offering lower prices minus taxes to customers who paid in cash.

But Kennedy said the direct victim of the fraud was not Ideal Steel Supply but New York state.

In the other case, justices backed out of deciding the Mohawk Industries appeal, in which they heard arguments in April.

At that time, several justices voiced skepticism over whether the floor-covering company can be sued under anti-racketeering laws for allegedly using recruiters to find and hire illegal immigrants.

The Bush administration had sided with the workers, urging justices to allow the lawsuit to go forward.

Both cases were sent back to the appeals courts to resolve minor issues.

The high court's action is significant because it probably will affect both criminal and civil uses of the anti-racketeering law, particularly by the Justice Department. Federal prosecutors have long used the law to seek money damages from crooked unions and pension funds.

In a dissent in the steel company case, Justice Clarence Thomas said the high court's decision goes too far and is likely to have unintended consequences.

Thomas said he agreed with the majority's goal of limiting the use of the civil provisions of the Racketeer Influenced and Corrupt Organizations Act of 1970.

But Thomas said the high court's decision also will block ``honest businessmen'' from seeking redress in the courts when a competitor plays unfairly.

Often, he said, there are multiple victims in a racketeering scheme and it would be unfair for courts to say that only some of them have a right to file a lawsuit.

As a result, Thomas said, the majority decision is at odds with Congress' intent in passing the civil anti-racketeering provisions of the law.

The cases are Anza v. Ideal Steel Supply, 04-433, and Mohawk Industries v. Williams, 05-465.

CIVIL RIGHTS:

Justice Department Monitors Elections In Seven Calif. Counties (AP)

AP, June 6, 2006

Washington, D.C. (AP) -- The U.S. Department of Justice said Monday that it will monitor Tuesday's primary election in seven California counties to make sure officials adequately serve voters who don't speak English.

Alameda, Orange, San Benito, San Diego, San Mateo, Santa Clara and Ventura counties all are required to provide election information, ballots and voting assistance information in one or more minority languages under the 1965 federal Voting Rights Act.

In San Diego County, for instance, officials settled a federal lawsuit in 2004 by agreeing to provide voting materials in Spanish, Tagalog and Vietnamese, along with poll workers who can translate in those languages.

Alameda County is using paper ballots in Tuesday's primary because its 4,000 Diebold Election Systems touchscreen machines failed to meet federal and state standards. That is expected to cause delays in reporting the election outcome because the county does not have enough optical scanners to count the ballots at all polling places.

Alameda could help determine the outcome of tight Democratic races, including the nominee for governor, because it is home to 5.7 percent of the state's registered Democrats.

In each of the seven counties, observers directed by lawyers from the department's Civil Rights Division will watch and record voting activities at polling places. The department also will monitor elections in Alabama, New Jersey, New Mexico and South Dakota, all of which have primary elections on Tuesday.

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Last year the department monitored 47 elections in 14 states. It fielded a record nearly 2,000 observers in 2004 to monitor 163 elections in 29 states.

Congress and California both increased voting standards and monitoring after problems in Florida during 2000 delayed the outcome of the presidential election.

Justice Department To Monitor Hale County Elections (AP)

AP, June 6, 2006

The federal government will monitor polling place activities during primary elections in Hale County, Ala., on Tuesday to ensure compliance with the Voting Rights Act, the Justice Department announced Monday.

Hale County is one of 18 counties in Alabama, California, New Jersey, New Mexico and South Dakota to be monitored during Tuesday's voting.

Federal observers will watch and record activities during voting hours at polling locations to ensure that the rights of voters to participate in the election is not denied on the basis of their race. The department sends hundreds of observers each year to monitor elections across the country.

Debate On Gay-marriage Ban Splits Senate, Public (USAT)

By Andrea Stone

USA Today, June 6, 2006

WASHINGTON — The Senate began debate Monday on a constitutional amendment to ban same-sex marriage, as President Bush told supporters at the White House that marriage should not "be redefined by activist judges."

Advocates on both sides say there's virtually no chance the Senate will muster the 67 votes needed to approve the amendment when the Senate votes Wednesday. Backers could get just 48 votes on a preliminary vote when the Senate debated it in 2004.

With five months to go before Republicans try to hold on to their majority in congressional elections this November, however, the goal may not be so much to win as to raise this and other issues that energize conservative Republicans.

The Senate is also scheduled to take up a bill to repeal the estate tax and a constitutional amendment to ban desecration of the American flag. Like the gay-marriage ban, both have been debated and rejected before.

Democrats attacked the decision by Senate Majority Leader Bill Frist, R-Tenn., to spend time on these issues. "The reason for this debate is to divide our society," said Senate Minority Leader Harry Reid, D-Nev. "It is this administration's way of avoiding the tough, real problems."

"The Senate needs to act now," Frist said recently. "The American people deserve a full debate … before marriage is redefined for everyone."

Debating issues such as gay marriage appeals to core voters Republicans will need this fall, says Jennifer Duffy, an analyst at the non-partisan Cook Political Report. "It plays into their fear" that if more Democrats are elected, issues like this will fare even worse, she says.

A Gallup Poll last month found the public divided over whether to change the Constitution to ban gay marriage: 50% favor an amendment, and 47% oppose it.

The White House also is split. Vice President Cheney, whose daughter Mary is gay, says the issue should be left up to the states.

A federal amendment would reverse a 2003 Massachusetts court ruling that legalized gay marriage and head off similar decisions by judges in other states. It also would halt legal challenges to amendments in 19 states that bar same-sex marriage in their constitutions. Last year, a federal judge overturned Nebraska's amendment, which was approved by 70% of voters in 2004.

"Marriage is under attack," said Sen. Wayne Allard, R-Colo., the federal amendment's chief sponsor. "As a legislature, I don't think we should stand back and surrender this issue to the courts."

A constitutional amendment must be approved by two-thirds of both the House and Senate and then ratified by 38 of 50 states to become law. Allard said he won't get the 67 votes to approve it in the Senate, but he predicted a "significant milestone": a

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majority approval for the first time. Allard and the Human Rights Campaign, a gay advocacy group, expect a 52-48 vote. Almost all Senate Democrats oppose the measure, as do several moderate Republicans.

Amendment supporters say that the issue cuts across party lines and that Democratic African-American ministers and inner-city Hispanic activists favor a ban. But some in Bush's own party are dissatisfied with his commitment to the issue.

“He needs to twist some arms” to get the needed votes, says Paul Weyrich of the conservative Free Congress Foundation. “There's no evidence he's doing that.”

Senate Debates Measure To Ban Gay Marriage (LAT)

By Maura Reynolds And James Gerstenzang

The Los Angeles Times, June 6, 2006

WASHINGTON — The Senate opened debate Monday on a constitutional amendment to ban same-sex marriage, an issue Republican strategists hope will help drive conservative voters to the polls during fall congressional elections.

At the White House, President Bush tried to rally support for the amendment, even though its backers said it was expected to fall well short of the 67 votes needed for passage.

"Marriage is the most fundamental institution of civilization, and it should not be redefined by activist judges," Bush told supporters. It was the second time in three days that the president spoke in favor of the amendment, a topic he had barely touched since he energized conservative loyalists with his support for the measure during the 2004 presidential campaign.

In a 10-minute address interrupted 11 times by applause, the president repeatedly referred to courts and judges — calling them "activist" and "over-reaching." If a court overturns the federal Defense of Marriage Act, Bush said, "every state would have to recognize marriage as redefined by judges in, say, Massachusetts or local officials in San Francisco, no matter what their own state laws or their state constitutions say."

The 1996 law says that states are not required to recognize same-sex marriages contracted in other states. But supporters of the constitutional amendment say the law faces challenges in several states, making the amendment necessary. They say the country's social foundation is threatened by moves in Massachusetts and elsewhere to expand the definition of marriage to include same-sex couples.

Opponents say that marriage laws are the purview of the states, not the federal government. They complain that the amendment would formalize discrimination against a social group.

On the Senate floor, supporters of the amendment echoed Bush's arguments.

"We're here today at the threshold of the democratic process — that is, a constitutional amendment — because marriage is under attack," said Sen. Wayne Allard (R-Colo.), the amendment's sponsor. "I believe that because the institution of marriage is too precious to surrender to the whims of a handful of unelected activist judges, now is the time to send to the states a constitutional amendment that protects traditional marriage and prevents judges from rewriting our traditional marriage laws."

A procedural vote on the measure is slated for Wednesday. Democrats accuse Republicans of scheduling the debate to help organize voter turnout in November, when Republicans appear to face the toughest election challenge since they won a majority in Congress in 1994.

"For me it is clear the reason for this debate is to divide our society, to pit one against another," said Senate Minority Leader Harry Reid (D-Nev.). "This is another one of the president's efforts to frighten, to distort, to distract and to confuse America. It is this administration's way of avoiding the tough, real problems that American citizens are confronted with each and every day."

White House Press Secretary Tony Snow acknowledged there was a "political dimension" to Bush's speech, because the measure was before the Senate, but said in response to a question, "I don't think it's posturing."

As for making same-sex marriage a priority at a time when issues such as the war in Iraq have hurt Bush's poll numbers, Snow said the president could "deal with more than one issue at a time."

Bush spoke at the Eisenhower Executive Office Building, next door to the White House. Some of those invited had been told the session would take place in the White House Rose Garden, a location that would have elevated the status of the meeting, but without explanation the venue was shifted.

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Bush's position on the marriage amendment is at odds with Vice President Dick Cheney's, whose daughter Mary is a lesbian. Cheney has said Americans should be more accommodating of relationships that differ from traditional marriage.

Bush Rallies Gay Marriage Opponents (AP)

By Laurie Kellman

The Associated Press, June 5, 2006

Cheered by conservative supporters, President Bush gave a push Monday to a constitutional amendment to ban same-sex marriage as the Senate opened debate on an emotional, election-year measure that has little chance of passing.

"Our policies should aim to strengthen families, not undermine them," Bush said in a speech. "And changing the definition of marriage would undermine the family structure."

All Senate Democrats, except Ben Nelson of Nebraska, oppose the amendment, and critics say Bush's efforts are primarily aimed at energizing conservative voters for the November elections. Together with moderate Republicans, the Democrats are expected to block a yes-or-no vote, killing the measure for the year.

"This proposed constitutional amendment is being used to satisfy the most extreme right-wing supporters and politicians," said Sen. Patrick Leahy (news, bio, voting record), D-Vt. "The Constitution is too important to be used for such a partisan political purpose."

Sen. Wayne Allard (news, bio, voting record), R-Colo., who sponsored the measure, acknowledged that politics played a part in the timing of the debate, but for a different reason: to force senators to take a stand and answer for their votes on the campaign trail.

"We ought to have a vote on the amendment every year," Allard said.

The amendment would prohibit states from recognizing same-sex marriages. To become law, it would need two-thirds support in the Senate and House, and then would have to be ratified by at least 38 state legislatures.

The White House played down the significance of the 10-minute presidential event, saying Bush was simply speaking out on an issue being debated on Capitol Hill. Press secretary Tony Snow said the president was not personally lobbying senators to pass the amendment.

Bush also pressed for it in his radio address on Saturday.

"I'm not sure this is a big driver among voters," Snow said.

Bush said a constitutional amendment is needed because laws that state legislatures have passed defining marriage as being between a man and a woman are being overturned by a few judges.

"When judges insist on imposing their arbitrary will on the people, the only alternative left to the people is an amendment to the Constitution — the only law a court cannot overturn," the president said.

Bush also rebuffed critics who argue that the amendment conflicts with the GOP's opposition to government interference and the importance of states' rights.

"A constitutional amendment would not take this issue away from the states, as some have argued," Bush said. "It would take the issue away from the courts and put it directly before the American people."

First lady Laura Bush said recently that while Americans want to debate the issue, "I don't think it should be used as a campaign tool."

Vice President Dick Cheney, whose daughter, Mary, is a lesbian, splits with Bush on the issue. Cheney said he thinks Americans should do everything they can to accommodate any type of relationship, and that there should not necessarily be a federal policy in this area.

Human Rights Campaign President Joe Solmonese said Bush was favoring an amendment that would give Americans license to discriminate against homosexuals.

"The fact that he's out of step with the first lady and the powerful vice president tells me who he's answering to today," Solmonese said.

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More than half of Americans, 58 percent, said in an ABC News poll released Monday that same-sex marriages should be illegal. But only four in 10 said they support amending the Constitution to ban gay marriage, while a majority said states should make their own laws on gay marriage.

With Bush taking center stage on the issue, advocates on both sides of the issue rushed to comment.

On the left, Caroline Fredrickson, director of the ACLU legislative office in Washington, said lawmakers rightly rejected the amendment in 2004 and should do so again. "Discrimination has no place in America, and certainly not in our founding document," she said.

On the right, Matt Daniels, president of the Alliance for Marriage, argued that same-sex marriage advocates are trying to circumvent the democratic process and redefine marriage through the courts. "Marriage is the social glue that unites the two halves of the human race to share in the enterprise of raising the next generation," Daniels said.

Bush Reiterates Support For Amendment Banning Gay Marriage (KRT)

By William Douglas

Knight Ridder, June 5, 2006

WASHINGTON - For the second time in three days, President Bush implored the Senate to pass a constitutional amendment banning gay marriage, saying Monday that the issue needs to be wrestled away from "overreaching judges" and placed in the hands of the American people.

Critics on both sides of the debate accused the president of playing politics with the socially sensitive issue by seeking to rouse social conservatives to support Republicans in this congressional election year even if the cause has no realistic hope of enactment. Bush's talk came as the Senate continued debate on a measure that isn't likely to win the two-thirds majority vote in both the Senate and House of Representatives that the Constitution requires.

"Marriage is the most fundamental institution of civilization and it should not be redefined by activist judges," Bush said following a meeting with amendment supporters in the White House. "Our policies should aim to strengthen families, not undermine them. And our changing the definition of marriage would undermine the family structure."

Senate Minority Leader Harry Reid, D-Nev., said the White House is using the gay marriage issue to try to divert attention from the war in Iraq, high gasoline prices and other issues that aren't going the administration's way.

"This is another one of the president's efforts to frighten, to distort, to distract and to confuse America," Reid said. "It is this administration's way of avoiding the tough, real problems that American citizens are confronted with each and every day."

The Log Cabin Republicans, a Republican gay and lesbian organization, called the amendment a "politically motivated" effort to "write discrimination into the U.S. Constitution."

"The president's call for `tolerance and civility' while advocating discrimination rings hollow," Log Cabin President Patrick Guerriero said in a written statement.

Bush told conservative religious leaders, educators and social activists that he's supporting the Marriage Protection Amendment in the Senate because traditional marriage - between a man and a woman - is under fire.

"This national question requires a national solution," he said. "An amendment to the Constitution is necessary because activist courts have left our nation with no other choice. When activist judges insist on imposing their arbitrary will on the people, the only alternative left to the people is an amendment to the Constitution, the only law a court cannot overturn."

The Senate measure states: "Marriage in the United States shall consist only of the union of a man and a woman. Neither this Constitution, nor the constitution of any state, shall be construed to require that marriage or legal incidents thereof be conferred upon any union other than the union of a man and a woman."

Sponsors of the amendment say it gives room for state legislatures to approve civil unions for same-sex couples.

Bush's unequivocal support of the act impressed some in his audience who have questioned his commitment to conservative causes.

"I was very pleased with what the president said," said James Dobson, founder of Focus on the Family, a conservative Christian organization. "I would prefer the amendment prohibit civil unions, but we will take what he can get."

Paul Weyrich, chairman of the conservative Free Congress Research and Education Foundation, was less impressed.

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"He is not serious about the amendment," Weyrich said. "He's reluctantly gotten back in the fight, but he doesn't like it. The rhetoric is fine, but to get anywhere he's got to twist arms and he's not doing it. You know the U.S. Senate - they won't do anything unless extraordinary pressure is put on them."

The amendment faces daunting odds in the Senate. Only one of the 44 Senate Democrats - Sen. Ben Nelson of Nebraska - has expressed support for the measure. Support among the Senate's handful of moderates among 55 Republicans is scant. The Senate's lone independent, James Jeffords of Vermont, tends to vote with Democrats.

The Constitution requires approval by two-thirds of both the House and Senate to forward a constitutional amendment to the states, and three-quarters of state legislatures also must approve it to change the nation's fundamental legal charter.

Bush said the Senate proposal reflects the will of Americans who "have spoken clearly on this issue" through state referendums and the 1996 passage of the Defense of Marriage Act, which then-President Clinton signed.

But a recent Gallup Poll shows that issues such as same-sex marriage are a low priority for most Americans at this time. In the poll, conducted last month, 42 percent of Americans said Iraq should be the top priority for the president and Congress, while only 1 percent said ethics/moral, religious/family decline issues should top their agenda.

(EDITORS: The survey mentioned in the last graf was conducted May 22-24 with 1,003 adult respondents ages 18 and older. The margin of error is plus or minus 3 percentage points.

Bush Promotes Amendment To Define Marriage, Ban Same-Sex Unions (BLOOM)

By Richard Keil

Bloomberg, June 6, 2006

June 5 (Bloomberg) -- President George W. Bush, facing record low job-approval ratings, renewed his support for a constitutional ban on same-sex marriages as he and his Republican Party seek to rally supporters ahead of the November congressional elections.

``You are here because you strongly support a constitutional amendment that defines marriage as between a man and a woman," Bush told a group of activists and supporters today at the White House. ``I am proud to stand by you."

Speaking just before the Republican-controlled Senate opened debate on the issue, Bush said amending the U.S. Constitution would prevent ``activist judges" from redefining the institution of marriage by striking down state laws limiting state-sanctioned unions to heterosexual couples.

The president was addressing for the second time in three days an issue that had dropped on his agenda since the 2004 election. While White House Press Secretary Tony Snow said Bush was simply following a common practice of commenting on legislative matters pending before Congress, Bush's Democratic opponents said the timing has more to do with politics.

Senate Democratic leader Harry Reid of Nevada said in an e-mail to supporters that Republican Senate leaders should be addressing gasoline prices, health care costs and the Iraq war.

``But there's an ugly truth: it's election season and down-in-the-polls Republicans are turning to their same old playbook - fear and division," Reid wrote. Senate Majority Leader ``Bill Frist, in an attempt to appease extreme right wing elements of the Republican Party, has promised that the Senate will vote on the Federal Marriage Act."

Shoring Up Support

Republicans are reviving the same-sex marriage ban as part of an effort to ``shore up their base" before the congressional elections, said L. Michael Seidman, a Georgetown University law professor. As written, the Senate's amendment proposal wouldn't overturn state laws like one in Massachusetts that broadened the definition of marriage.

Snow said the timing was a product of the Senate's legislative schedule, set by Frist and other Republican leaders without input from Bush.

While Bush's views on gay marriage haven't changed, he and his party have paid greater attention to the issue during election years.

On Feb. 24, 2004, as his re-election campaign was getting underway, Bush called for a constitutional amendment banning same-sex marriage, a position also taken by his 2004 opponent, Democratic Senator John Kerry of Massachusetts.

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Senate Support

Shortly after winning re-election, Bush told The Washington Post in a January 16, 2005, interview that while he still supported the amendment, he would not lobby heavily for its passage because he believed that until a federal court overturned the Defense of Marriage Act, there would not be enough votes to ensure its passage in the Senate.

There is some evidence that the issue helped Bush in 2004; even though the amendment died in Congress during the run-up to the election, 11 states had measures related to the same-sex marriage ban on their ballots. Bush won nine of those states, including Ohio, which ensured he would serve a second term.

So far, voters in 19 states have approved amendments to their state constitutions that define marriage as being between a man and a woman.

The initiatives were approved by ``decisive majorities," Bush said today. ``The American people have spoken clearly on this issue."

Amending the Constitution requires approval of a 2/3 majority in the House and Senate. The amendment must then be ratified by 3/4 of the states.

``The question is, whether there are the votes in the U.S. Senate to push forward," Snow said.

Another is how hard Bush will press lawmakers. On past legislative priorities, such as the $1.85 trillion in tax cuts passed during his first term and immigration legislation now under consideration, Bush has telephoned lawmakers or invited them to the White House for personal lobbying.

``I'm not aware of any planned phone calls," Snow said. ``Too much is being made of this."

Bush's job approval rating was at a record-low 33 percent in an ABC News/Washington Post poll published May 16, with 65 percent of the 1,103 respondents disapproving of the way Bush is handling his job. That was matched by public disapproval of the way Congress is doing its job.

Debate Begins On Gay Marriage (WP)

By Michael Abramowitz And Charles Babington

The Washington Post, June 6, 2006

President Bush renewed his call yesterday for Congress to approve a constitutional amendment defining marriage as the union between a man and a woman, saying such a step is necessary to keep courts from undermining traditional marriage.

As the Senate began debate on the amendment barring same-sex marriage, the president summoned supporters to the White House to hear his plea that marriage "not be redefined by activist judges." The Massachusetts Supreme Judicial Court has legalized same-sex marriage, and courts in other states have nullified voter-approved referendums that would ban it.

The president's comments cheered conservative activists, coming after a long period of relative quiet from him on an issue many analysts believe was critical to his reelection victories in Ohio and other states in 2004.

But Bush's latest foray on this emotional terrain dismayed Democrats and gay rights advocates, who accused the president of using a wedge issue to regain political momentum after setbacks from Iraq and Hurricane Katrina. They said Bush's political motives were transparent, given that even backers acknowledge the amendment has virtually no chance of being approved in the current Congress.

Aides have portrayed the president as a somewhat reluctant warrior in a battle forced on him by judges who have struck down laws against same-sex marriage in Maryland, New York and other states. The White House itself has been unusually divided on the issue, with Vice President Cheney making it clear that he disagrees with the president and first lady Laura Bush saying the issue should not be made a political tool.

"He does not want to be wrongly seen as driving this debate," said Matt Daniels, president of the Alliance for Marriage, a leading advocate of the constitutional amendment and part of a small group of activists who met privately with Bush before his speech.

Daniels and other conservatives professed themselves content with the president's statement, despite complaints from some of their allies that Bush should be doing more. "I was very pleased with what the president said -- I don't think he could say it

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much stronger than he did," said James C. Dobson, chairman and founder of Focus on the Family, a prominent conservative voice.

Minutes after Bush's remarks on marriage, the Senate opened debate on the proposed amendment. Democratic leader Harry M. Reid (Nev.) rebuked Republicans for devoting time to the issue rather than addressing high gasoline prices, the national debt and other matters.

"For me, it is clear the reason for this debate is to divide our society, to pit one against another," Reid said. "This is another one of the president's efforts to frighten, to distort, to distract and to confuse America."

The politics of same-sex marriage are complex: Polls suggest the country remains solidly opposed, but the public is more ambivalent about a constitutional amendment. The issue galvanized conservative voters in 2004, but pollsters believe the issue simultaneously weakens Bush's efforts to rebuild ties to moderate voters, who have abandoned him in recent months and have helped drive down his approval ratings.

Republican leaders appear to be betting that a new thrust against same-sex marriage could help the party in this year's midterm elections, especially in such states as Pennsylvania, Montana, Missouri and Ohio, where Senate GOP incumbents face stiff challenges.

But Bush appeared mindful of the minefield he was navigating yesterday. He appeared at a room in the Eisenhower Executive Office Building rather than the more symbolic Rose Garden, where activists were first told he would make his statement. The debate over the amendment, he said, should be conducted with "tolerance and respect and dignity."

Bush also took pains to note the limitations of the proposed amendment, which reads, in its entirety: "Marriage in the United States shall consist only of the union of a man and a woman. Neither this Constitution, nor the constitution of any State, shall be construed to require that marriage or the legal incidents thereof be conferred upon any union other than the union of a man and a woman."

That language, he said, leaves the states free to define other legal arrangements for gay couples -- such as civil unions, proponents of the amendment said. Bush also framed the issue as one being created by courts, an approach that could appeal to conservatives concerned about what they consider judicial excesses though not necessarily same-sex marriage.

Joe Solmonese, president of the Human Rights Campaign, the leading gay rights lobby, rejected that explanation. "When I hear this whole thing talked about in terms of activist judges, to me it says [they] have got to find another way to talk about discrimination," he said.

With Democrats largely opposed, congressional leaders say neither the House nor the Senate has the two-thirds majority in favor that would be necessary to send the amendment to the states for ratification.

Still, Sen. Wayne Allard (R-Colo.) defended the effort. "Marriage is under attack," he said at a news conference. "The Constitution will be amended whether we pass this amendment or not. The only question is whether it will be amended through the amendment process or by unelected activist judges."

But another Republican -- Senate Judiciary Chairman Arlen Specter (Pa.) -- spoke against the amendment, calling it "a solution in search of a problem." Like Reid and some other senators, Specter said he opposes same-sex marriage but feels states can handle the issue.

With Gay Marriage Ban, Conservatives Keep Score (NYT)

By Jim Rutenberg

The New York Times, June 6, 2006

WASHINGTON, June 5 — President Bush's push for the constitutional ban on same-sex marriage that is being debated in the Senate this week comes as many Republicans and religious conservatives are beginning a campaign to help lawmakers who support it during this year's elections — and to punish those who do not.

Though people on both sides of the debate say they do not expect the amendment to come anywhere near winning approval this week, both sides say they expect it, and an anticipated version in the House, to be used as a conservative litmus test in elections this fall.

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"It is true what this vote will do will be to help the voters identify who is and is not supportive of the family," Dr. James C. Dobson, founder of Focus on the Family, said in an interview on Monday. "And I think those that are not are going to have to answer for it."

Dr. Dobson's group is already running advertisements against senators who do not plan to support the amendment, including one against Senator Ken Salazar, Democrat of Colorado, that says, "Why doesn't Senator Salazar believe every child needs a mother and a father?"

Republican Party officials in several states have released statements attacking Democrats who are not expected to vote for the amendment. And another conservative group, the Family Research Council, is planning to ask lawmakers to take "a marriage protection pledge" and then tell voters who signs it and who does not.

Dr. Dobson and other proponents of the ban got a boost on Monday afternoon, when Mr. Bush called on the Senate to approve the measure. "The constitutional amendment that the Senate will consider this week would fully protect marriage from being redefined," Mr. Bush told a room of religious leaders and advocates.

His speech came as the Senate began to debate the proposed amendment, which would define marriage as being between a man and a woman and would prohibit judges from requiring states to grant same-sex couples the legal benefits of marriage.

It was the second time in three days that Mr. Bush made an address supporting the measure. His speeches were part of an effort by the White House to re-energize culturally conservative voters who have long supported Mr. Bush and his Congressional allies, but who are expressing frustration that their issues have not been pushed strongly enough since 2004.

Pollsters have cited demoralization as a major reason for the low opinion ratings for the president and his party this election year, when Republicans are trying to keep control of the Senate and the House.

Republican officials are hoping that the marriage debate will help them as it did in 2004, when 13 state ballot initiatives banning same-sex marriage or civil unions were credited with drawing many conservative voters to the polls and propelling Mr. Bush and Congressional Republicans to victory.

Democrats have called the Republican push for the amendment a diversionary tactic that will not work this year, when voters are focused on other matters like rising gas prices and the war in Iraq. And some pollsters say the issue may not resonate as it did in 2004.

"People are so disillusioned with Iraq and $50 tanks of gas that I don't think it's as much of an attention grabber," said Andrew Kohut, president of the Pew Research Center.

But Republican officials note that up to eight states may have ballot measures to ban same-sex marriage, including Alabama, South Dakota, Virginia and Tennessee, where a court decision on a referendum is pending.

Chris Devaney, executive director of the Tennessee Republican Party, said a ballot measure would help drive turnout for whoever wins the Republican Senate primary in August. "People voting for this are generally more conservative," he said. "It will definitely have an effect."

The Democrat seeking the open Senate seat, Representative Harold E. Ford Jr., supports the amendment being debated this week.

Elsewhere, some moderate Republicans, including Senators Arlen Specter of Pennsylvania and Olympia J. Snowe and Susan Collins of Maine, have not supported the amendment and are also coming under fire from conservative groups.

The Senate debate on Monday showed just how contentious the issue could become.

"Our nation would be better served if we refrained from divisiveness that is wielded like a weapon in order to score political and emotional points before an election," said Senator Patrick J. Leahy of Vermont, the senior Democrat on the Judiciary Committee.

Republicans argued that the state of marriage and the American family was exactly the sort of fundamental issue that Congress should take up. "It is not bigotry to define marriage as a union of a man and a woman," said Senator Sam Brownback, Republican of Kansas.

GOP Targets Gay Marriage (CSM)

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By Linda Feldmann

The Christian Science Monitor, June 6, 2006

WASHINGTON - Gay marriage is back in the political spotlight, as the Senate begins debate on a constitutional amendment banning it and President Bush speaks out on behalf of the measure.

But from the outset, the outcome is nearly certain: There are probably not enough votes in the Senate to build the two-thirds majority needed to pass a constitutional amendment, members of both parties agree. And so, as debate began Monday, analysts were hard put to see any other motive than political for putting the issue forward now.

"It's connected to the fall elections and the situation in the Republican Party," says James Guth, a political scientist at Furman University in Greenville, S.C. "There's no way around that."

With Mr. Bush struggling to win back support of fellow Republicans who have grown discouraged, the president has been under increasing pressure to advocate forcefully on an issue that religious conservatives consider of utmost importance, especially with state court cases under way that could lead to legalization of same-sex marriage. Congress faces even larger political stakes: low public approval ratings, and, unlike Bush, danger of low voter turnout this fall in the midterm elections among social conservatives that could hurt Republicans seeking to maintain their majority.

At the same time, the GOP's efforts at creating a "big tent" image will be put to the test. Some of the most vulnerable members of Congress - many of them moderate Republicans from the Northeast - could be hurt by the debate, as it highlights a point of view less resonant in that part of the country than in others.

The debate could also reverberate further into the future, into the 2008 presidential contest. Sen. John McCain of Arizona, a likely GOP contender, opposes a constitutional amendment defining marriage as between a man and a woman, arguing that the issue should be left up to the states. He has long faced hostility from social conservative leaders over this and other positions, and his recent efforts at reconciliation with this activist wing of the party could be set back by the debate.

Sen. Bill Frist (R) of Tennessee, who is retiring from the Senate at the end of the current term, also may run for president, and so his advocacy for the Marriage Protection Amendment is also seen through the lens of his own possible ambitions. Senator Frist has also scheduled a vote this week on a constitutional amendment banning flag-burning, another measure seen as highly political.

For Bush, after a flurry of action this week on gay marriage, the question could be, what next? If the amendment fails in the Senate, as presumed, he will face continuing pressure to push for this and other measures important to religious conservatives. During his presidency, his pattern usually has been to hold positions consistent with those of religious conservatives, but not to advocate for them as fiercely as religious leaders would like. On constitutional amendments, the president plays no formal role - his signature is not required - so any power he may wield would come through the bully pulpit.

The amendment consists of two sentences: "Marriage in the United States shall consist only of the union of a man and a woman. Neither this Constitution, nor the constitution of any State, shall be construed to require that marriage or the legal incidents thereof be conferred upon any union other than the union of a man and a woman."

Speaking to a bipartisan group of amendment supporters at the White House on Monday afternoon, Bush repeatedly castigated what he called "activist judges" for thwarting the will of the people on same-sex marriage. "Marriage is the most fundamental institution of civilization, and it should not be redefined by activist judges," Bush said.

But not all religious conservatives are happy with the amendment's wording. One opponent, the Rev. Louis Sheldon of the Traditional Values Coalition, says the amendment amounts to a "hollow gesture" when it comes to protecting marriage and argues that the second sentence, in particular, would in fact allow civil unions and other forms of "counterfeit marriage" in the states.

"Saturday the president said in his [weekly radio] message that this Marriage Protection Amendment does fully protect marriage. It doesn't," says Mr. Sheldon. "So why would you want to break your back and spend millions of dollars in 38 states passing it, even if it did pass the Congress, if it gives the states the right to do the thing that has totally brought all this to a head, civil unions and domestic partners?"

Sheldon represents a minority view among social conservatives, however, and for now, Bush and supporters of the current language are pressing ahead. But even if the measure dies for now in the Senate, the issue will remain alive at the state level. At

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least six states will have measures on the ballot this year, most of them banning gay marriage, and activists in other states are working on fulfilling requirements for similar measures. In New York, the state's highest court is considering an appeal that could end up legalizing gay marriage there.

Unlike public opinion on other hot-button social issues, such as abortion, Americans' views of gay marriage have been evolving. In March 1996, 27 percent of Americans believed homosexual marriage should be recognized by the law as valid, according to the Gallup Poll. Today that number is 39 percent. Amendment history

Most recent amendment: 1992, the 27th, limiting congressional pay raises.

Last two serious attempts:

• The Equal Rights Amendment, proposed in 1972. It read in part: "Equality of rights under the law shall not be denied or abridged by the United States or by any State on account of sex." It cleared both chambers of Congress and at one time was ratified by 35 states - short of what was needed.

• The District of Columbia Voting Rights Amendment, proposed in 1978. It would have granted Washington, D.C., the full voting rights in Congress of a state. It expired unratified in 1985.

- Staff

Republicans Reignite Hot-Button Issues (WSJ)

By Sarah Lueck And Brody Mullins

The Wall Street Journal, June 6, 2006

WASHINGTON -- Senate Republicans are pushing ahead with votes this week to repeal the estate tax and to ban gay marriage. Neither measure is likely to pass. But party strategists say both issues could help Republicans maintain control of Congress, by rallying demoralized social and economic conservatives, and by forcing divisions between liberal and conservative Democrats.

First up is a constitutional amendment to ban gay marriage, which the Senate is expected to consider tomorrow. President Bush, who has been largely silent on the issue since pushing it during his 2004 re-election campaign, urged passage yesterday in a speech near the White House to religious leaders and other backers of the measure.

Supporters concede they are unlikely to get the 60 votes necessary to cut off debate, much less the two-thirds vote needed to clear the Senate. But they hope the bill can help some embattled candidates at the polls.

One is Ohio Republican Sen. Mike DeWine. A gay-marriage ban on the 2004 ballot in the Buckeye State is widely credited with drawing evangelicals to the polls and helping Mr. Bush narrowly carry that state. But Mr. De-Wine opposed that measure, citing objections to language that he said would invite lawsuits. That is one reason he appears to have trouble rallying social conservatives. This year, Mr. DeWine is a sponsor of the Senate amendment, which doesn't include the language he objected to previously.

In Pennsylvania, where Republican Sen. Rick Santorum is in a close contest to keep his seat, Republicans have highlighted his support of the gay-marriage amendment to help separate him from Democrat Bob Casey Jr. Mr. Casey has blurred his differences with the incumbent on social issues, since he is one of the few prominent Democrats who, like Mr. Santorum, opposes abortion. Mr. Casey said in an April debate that he opposes gay marriage but wouldn't support a constitutional ban, according to the Philadelphia Inquirer.

Republicans "are playing to that smaller group, that group of conservative, Republican, religious people," says John Green, a political-science professor at the University of Akron in Ohio and a senior fellow at the Pew Forum on Religion & Public Life. "In a close election, those people could make a very big difference. If it wasn't a close election, I don't think you'd see it being much of an issue."

Definition of Marriage

The measure would define marriage as a union of a man and woman and declare that constitutions at the state and federal levels shouldn't be interpreted as requiring that marital status be available to gay couples. The drive for a federal ban gained momentum when the Massachusetts Supreme Court ruled in 2003 that the state's constitution did forbid restricting same-sex marriages.

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"This flushes out senators who try to have it both ways," says Tom Minnery, senior vice president of government and public policy at Focus on the Family, which in a recent ad campaign has turned up pressure on Senate Democrats and moderate Republicans to vote for the amendment. "If they don't vote for this amendment, they don't support traditional marriage. It comes down to that."

Indeed, while Democratic leaders oppose the measure, at least one senator facing re-election in a Republican-leaning "red state" is breaking with the party over the issue. Nebraska's Ben Nelson is dropping his opposition and says he will now support the constitutional amendment. He says he changed his mind after a federal judge last year overturned a state-level ban.

Mr. Nelson also plans to split with the majority of fellow Democrats when the Senate takes up estate-tax repeal, likely on Thursday. He won't be the only Democrat on the ballot in a state carried by President Bush making that choice. Bill Nelson of Florida also plans to vote to repeal the tax. Republicans say they may be able to pick up support from two other Democrats running for re-election: Washington's Maria Cantwell and North Dakota's Kent Conrad.

Like the gay-marriage amendment, the estate-tax measure is likely to draw support from a majority of senators, but also to fall short of the 60 votes required to shut off a Democratic filibuster.

Estate-tax repeal could be salvaged by an election-year compromise between a Republican facing a re-election fight in a state that appears to be trending Democratic, and a Democrat in a heavily Republican state.

Republican Sen. Jon Kyl of Arizona has opened talks with Montana Democrat Sen. Max Baucus, the top Democrat on the Senate Finance Committee. New York Democrat Sen. Charles Schumer, who is chairman of the Senate Democrats' campaign arm, is also part of the discussions. Aides say they hope to reach a deal in the next couple of days.

Rather than repeal the tax, the senators are working on legislation that would exempt all but the super-wealthy from paying taxes on their estates at death by exempting as much as $10 million of estates from the tax. The senators are also talking about lowering the tax rates that individuals pay on the value of their estates when they die.

Republicans rolled back the estate tax in President Bush's 2001 tax bill. The tax is being lowered each year from the 55% rate of 2001 until it is abolished in 2010. The rollback expires the following year, returning to 55% in 2011.

A Vote Before Elections

House Republicans vote each congressional session to wipe out the tax. But the Senate has fallen short of the 60 votes needed to follow suit. If senators reach a compromise, Republican leaders in the House are likely to bring it to a final vote before the elections.

But it is unclear if Senate Majority Leader Bill Frist would allow a compromise to come to a vote on the Senate floor. The possible 2008 presidential contender has positioned himself as a champion of abolishing the tax. Giving his blessing to the compromise could hurt his chances with the party's base in primaries two years from now.

Beyond the marriage and tax measures, Republicans in Congress and the White House are looking for other issues to lure conservatives to the polls. The Senate also is likely to debate, perhaps as soon as this month, an anti-flag-burning amendment and might consider a prohibition on transferring a minor across state lines to get an abortion unless her parents give permission.

Republicans need a boost from within their party if they are to maintain their majorities in the House and Senate. As of April, just 27% of conservatives approved of Congress, compared with 53% in January 2005, according to a Wall Street Journal/NBC News poll. That is even lower than Mr. Bush's approval rating among conservatives, which was 60% in April compared with 71% in January 2005.

Bush Pushes Hill On Marriage Measure (WT)

By Stephen Dinan And Amy Fagan

The Washington Times, June 6, 2006

President Bush yesterday told Congress to pass an amendment defining marriage in the U.S. Constitution and send it to the states for ratification, saying that's the only way to decide the issue through the democratic process rather than the courts.

"Take this issue out of the hands of overreaching judges and put it back where it belongs -- in the hands of the American people," he told dozens of leaders from religious and pro-family groups in a speech yesterday.

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He said an amendment is the most democratic solution because it requires two-thirds approval in the House and Senate and ratification by legislatures in three-fourths of the states.

The president is staking out a position while trying to avoid being seen as driving the issue for political purposes, and in his 10-minute speech, he blamed "activist judges" and "activist courts" four times for forcing the issue.

But politics is exactly what Democrats said was going on as the Senate took up the Marriage Protection Amendment yesterday, following through on a promise by Senate Majority Leader Bill Frist, Tennessee Republican.

"They intend to stir up an election-year fight and use it as a campaign tool and a political strategy," said Sen. Patrick J. Leahy, Vermont Democrat. "Right now, we should be addressing America's top priorities, including ways to make America safer or the war in Iraq, or the rising gas prices."

The amendment is not expected to pass -- or for that matter even to garner the 60 votes needed to overcome a Democratic filibuster. A vote is scheduled for tomorrow.

Both Republicans and Democrats are using the debate to try to score political points with supporters.

The National Republican Senatorial Committee (NRSC) used the Senate's marriage-amendment debate to criticize the Democratic challenger to Sen. Rick Santorum, a Pennsylvania Republican facing a tough re-election battle.

They chided Democrat Bob Casey Jr. for not speaking at a Saturday meeting in Pittsburgh of the Stonewall Democrats, a homosexual rights group that supports him. Democratic National Committee Chairman Howard Dean did speak to the group.

"The fact that Casey Jr. is having Howard Dean stand in for him speaks volumes about his political courage," said NRSC spokesman Dan Ronayne. "When given a chance to stand up for something, Casey Jr. comes up empty again."

From the other side, the Democratic Senatorial Campaign Committee sent out an e-mail to supporters yesterday from Senate Minority Leader Harry Reid, blasting Republicans.

"It's election season and down-in-the-polls Republicans are turning to their same old playbook -- fear and division," wrote Mr. Reid, Nevada Democrat. "We need a president and a Congress that doesn't play divisive politics."

The amendment being debated in the Senate reads: "Marriage in the United States shall consist only of the union of a man and a woman. Neither this Constitution, nor the constitution of any State, shall be construed to require that marriage or the legal incidents thereof be conferred upon any union other than the union of a man and a woman."

Mr. Bush said it would create a national definition of marriage but would leave to state legislatures the issue of civil unions or other legal benefit arrangements for unmarried partners.

He called marriage "the most enduring and important human institution" and said changing the definition would undermine it.

Before speaking in an auditorium in the Eisenhower Executive Office Building, the president met in the White House Roosevelt Room for more than a half-hour with a small group of leaders.

Matt Daniels, president of the Alliance for Marriage, which helped craft the Senate language, attended the meeting and said the president and leaders present all agreed marriage should be a unifying issue, not a divisive one.

Mr. Daniels said he told the president that he was raised on welfare by a single mother in Spanish Harlem in New York. He said Mr. Bush marveled at that, saying, "That's a long way from where I grew up."

Mr. Daniels said he responded that the issue of marriage "bridges the gap of where you come from and where I come from."

Conservative leaders said they were happy with Mr. Bush's emphatic endorsement of the amendment.

"It left no room for misinterpretation," said Tony Perkins, president of the Family Research Council.

One key question for conservatives is how much effort the president will put into working senators on the issue.

Both Mr. Perkins and James Dobson, founder of Focus on the Family, said they expected the White House to make phone calls to senators on the issue as a way of showing their commitment, but the White House did not rule that in or out.

White House press secretary Tony Snow cautioned against reading too much into Mr. Bush's efforts both yesterday and Saturday, when he devoted his weekly radio address to the issue.

"I don't know [that] this counts as lobbying. The president has issued a radio address restating his position, and he is meeting with some supporters of the amendment," he said.

Base Assumptions (WP)

By E. J. Dionne Jr.

The Washington Post, June 6, 2006

This month's offensive by President Bush and his allies in Congress against gay marriage and flag burning proves one thing: The Republican Party thinks its base of social conservatives is a nest of dummies who have no memories and respond like bulls whenever red flags are waved in their faces.

The people who should be angry this week are not liberals or gays or lesbians, but the president's most loyal supporters. After using the gay-marriage issue shamelessly in the 2004 campaign, Bush and Republican leaders left opponents of gay marriage out in the cold as they concentrated on the party's real priorities: privatizing Social Security and cutting taxes on rich people.

When Bush was at his position of maximum strength after the 2004 election, did he use his political energy on behalf of a constitutional amendment to ban gay marriage? Not at all. In an interview with The Post on Jan. 14, 2005, he dismissed the question, arguing that since many senators felt that the Defense of Marriage Act (DOMA) was already an effective bar to the spread of gay marital unions, there was no point in fighting for a constitutional change.

"Senators have made it clear that so long as DOMA is deemed constitutional, nothing will happen," Bush said then. "I'd take their admonition seriously."

On Jan. 24, 2005, Republican Senate leaders announced their top 10 legislative priorities. The marriage amendment was nowhere to be seen.

At the time, social conservatives knew they were getting rolled. In mid-January, a group of them expressed their dismay in a letter to Karl Rove, Bush's top political adviser.

"We couldn't help but notice the contrast between how the president is approaching the difficult issue of Social Security privatization . . . and the marriage issue," they wrote. "Is he prepared to spend significant political capital on privatization but reluctant to devote the same energy to preserving traditional marriage? If so it would create outrage with countless voters who stood with him just a few weeks ago."

The marriage amendment is unlikely to pass (and it shouldn't, since marriage is an issue for the states to decide). What's changed is that the president and his friends in the Senate fear that their disillusioned base will stay home on Election Day. So they are about to engage in an exercise that George "Nothing Will Happen" Bush once acknowledged to be meaningless.

The constitutional amendment to ban flag burning is also about electoral politics. As a Senate Republican leader said happily, a vote against the amendment "would make a good 30-second spot." An official of the National Republican Congressional Committee said that "if Democrats choose to vote against a Constitutional amendment" banning flag desecration, "I think they'll pay a price."

Both quotations appeared in a New York Times story that ran 16 years ago -- from Bob Dole, the Republican leader, and Ed Rollins, the GOP official. Does wedge politics have to be so boringly predictable?

At least Scott Reed, Dole's 1996 campaign manager, has a sense of humor about all this. He told Knight Ridder's James Kuhnhenn last week: "If you're a gay who likes to burn flags, it's going to be a long year."

Ah, but there is one issue in the Republican Senate's June Pandering Trifecta that the party really cares about: the repeal of the inheritance tax on large fortunes. The Republicans go hot and cold on the social conservatives, but they're always solicitous of the really, really privileged.

Current law would keep the estate tax falling (eventually to zero) until the end of 2010, so there is no urgency to act now. Or is there? The Los Angeles Times quoted Sen. Jon Kyl (R-Ariz.) this weekend as acknowledging that the position of the estate tax abolitionists is "eroding" and "could be dramatically negatively impacted this fall and after the next presidential election."

So the real question is whether moderate Democrats and Republicans choose to hand the friends of the truly wealthy a victory at the very moment the tide is starting to turn toward fiscal sanity. The one thing worse than opportunistically using wedge issues is cravenly selling out the nation's financial future to appease the powerful.

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Social conservatives, who are a lot smarter than their leaders think, should watch the Senate closely this month. My bet is that their so-called champions will fight much harder on behalf of the interests of the affluent than for the "values" that conservative politicians proclaim with such pious urgency whenever they're in danger of losing an election.

Distracter In Chief (WP)

By Eugene Robinson

The Washington Post, June 6, 2006

What uncharted realm lies beyond brazen cynicism? A wasteland of utter shamelessness, perhaps? A vast Sahara of desperation, where principle goes to die? Someday George W. Bush and the Republican right will be able to tell us all about this barren terra incognita, assuming they ever find their way home.

The Decider's decision to whip up a phony crisis over same-sex marriage -- Values under attack! Run for your lives! -- is such a transparent ploy that even conservatives are scratching their heads, wondering if this is the best Karl Rove could come up with. Bush might as well open his next presidential address by giving himself a new title: The Distracter.

Let's check in on what's happening in the real world:

Iraq has become a charnel house for the victims of escalating sectarian slaughter. On Saturday, a car bomb killed 28 people in Shiite-dominated Basra, and hours later gunmen killed nine Sunni worshipers in a mosque. On Sunday, on a road near Baghdad, assassins pulled travelers out of their minivans, sorted them by faith, killed nearly two dozen Shiites and let the Sunnis go. Yesterday, men wearing police uniforms grabbed at least 56 people from bus stations and travel agencies in Baghdad and took them away -- no one knows why, no one knows where.

Prime Minister Nouri al-Maliki's new government remains toothless and ineffectual, despite his pledge to end the sectarian violence. On Sunday, he failed yet again to reach agreement on who will run the only two ministries that matter -- the ones in charge of the army and the police. The butcher Abu Musab al-Zarqawi, the most prominent figure in the armed Sunni insurgency and the most hunted man in Iraq, remains at large and periodically manages to issue messages inspiring his followers to continue their jihad. (Just like his hero, Osama bin Laden.) Yet the president spent his weekend radio address pushing "a constitutional amendment that defines marriage in the United States as the union of a man and woman."

Immigration, the last artificial crisis, at least is a genuine issue. But the president and his allies did such a job of rabble-rousing that the best outcome, at this point, is probably for Congress to deadlock and end up doing nothing. The National Guard is headed for the frontier, apparently under orders not to do much of anything. Immigrants are still marching north, employers are still hiring them and self-appointed sentries are still patrolling the border, where something really bad is bound to happen sooner or later.

Yet the issue of "profound importance" the president urgently wants to highlight is "protecting the institution of marriage."

The diplomatic maneuvering over Iran's nuclear program, which looks like the next crisis, is at a critical point. Defiant words from Iranian leaders on Sunday rattled the world's financial markets yesterday and sent oil prices soaring -- threatening even the modest relief most analysts had predicted from $3-a-gallon prices at the gas pump. Just in time for summer vacation.

The president, however, would rather we all reflect on the fact that "marriage is the most enduring and important human institution." Not satisfied that he had gotten his message across in his Saturday radio address, Bush gave another speech in support of a marriage amendment yesterday.

It's almost surreal. For one thing, the president has no role in amending the Constitution. Proposed amendments must be passed in both the House and Senate by two-thirds majorities, and then they must win approval from the legislatures of three-fourths of the states. The president doesn't have to sign it. He doesn't even have to read it.

People who are close to the president are always telling us what an essentially decent man he is, without a bigoted bone in his body. But that doesn't square with all this demagoguery in support of a measure whose only effect would be to write discrimination against gay men and lesbians into the United States Constitution.

Bigotry, pure and simple.

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But of course the president knows that there's essentially no chance an amendment to ban gay marriage will make it out of the Senate -- that in fact it might not even get out of the House. All he can possibly accomplish is to energize activists on the religious right, who otherwise might be tempted to sit out the November midterm elections.

It's risky to raise expectations you have no intention of fulfilling, but maybe enough of the Republican base can be fooled by this charade to make a difference in the fall.

Meanwhile it keeps us from talking about things that are real, and that really matter.

Justices To Look At Race-based School Policy (USAT)

By Joan Biskupic

USA Today, June 6, 2006

WASHINGTON — The Supreme Court agreed Monday to decide whether public elementary and high schools can use race in determining where students go to school.

The move means that the court will re-enter the debate over affirmative action during the 2006-07 term with two cases that could affect districts that seek diversity in schools.

The cases from Seattle and Louisville will be the first of their kind taken up by the court led by new Chief Justice John Roberts. They also will be the first disputes over race-based policies to be heard since the retirement of Sandra Day O'Connor, a moderate justice whose support of some forms of affirmative action became the court's standard. In 2003, O'Connor cast the decisive vote in a 5-4 ruling that allowed minority preferences in higher education to increase diversity.

Justice Samuel Alito, whose record is generally more conservative than O'Connor's, succeeded her in January. Three months earlier, Roberts succeeded fellow conservative William Rehnquist as chief. Alito and Roberts opposed some types of affirmative action when they were lawyers in the Reagan administration.

The Seattle and Louisville cases test whether the Constitution's guarantee of equality allows schools to use race as a factor in admissions. In both disputes, lower courts backed the school plans, and parents of white students appealed.

“The scope of a ruling would be widespread,” says Francisco Negrn, general counsel of the National School Boards Association. He says many public school districts have policies to boost diversity.

The Seattle and Louisville area districts say considering race in assignments can have social benefits and offset racially polarized housing patterns. The Pacific Legal Foundation counters that such affirmative action policies place “racial identification” above individual rights.

Seattle allows students to choose their high school. Officials aim for each school to have about 40% white students and 60% racial minorities. When there are more applicants than openings at a particular school, students with a sibling there get priority. Officials use race as a “tiebreaker” to decide who is admitted.

In the Louisville area, most Jefferson County schools have tried to keep most schools' black enrollment at 15%-50%. A challenge was brought by a white student who could not go to the school across the street from his home.

The cases are Parents Involved in Community Schools v. Seattle School District No. 1 and Meredith v. Jefferson County Board of Education.

Court To Weigh Race As Factor In School Rolls (NYT)

By Linda Greenhouse

The New York Times, June 6, 2006

WASHINGTON, June 5 — The Supreme Court agreed on Monday to rule on what measures, if any, public school systems may use to maintain racial balance in individual schools.

The eventual decision on whether they can take race into account could affect hundreds of school systems in all areas of the country. The court accepted challenges to plans in Louisville, Ky., where the schools were once racially segregated by law, and in Seattle, where segregation was never official but was widespread because of residential patterns.

Federal appeals courts upheld these plans, both of which offer students a choice of schools while taking race into account in deciding which transfer applications to accept. Variations of this approach are common, and have been under legal attack around the country.

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The Supreme Court's decision to add the cases to the calendar for its next term, a step that by all appearances was controversial within the court and unexpected outside it, plunged the new Roberts court into one of the country's deepest constitutional debates.

The action came three years after the court upheld a racially conscious admissions plan at the University of Michigan Law School. Writing for the majority in that 5-to-4 decision, Grutter v. Bollinger, Justice Sandra Day O'Connor suggested that, at least in higher education, affirmative action might be necessary for another 25 years.

The new cases do not ask the court to revisit that decision, and the justices are unlikely to do so. But the implications are far-reaching nonetheless. The eventual decision, roughly a year from now, could not only set the court's path in this area but could also shape the climate in which government policies with respect to race will be debated.

One difference between the Michigan decision and the new cases is that while the University of Michigan sought to use affirmative action to achieve a measure of racial balance, the school districts are trying to maintain such a balance.

In December, with Justice O'Connor still on the court, the justices refused to hear a challenge to a racially conscious student assignment plan in the public schools of Lynn, Mass. That plan, which a federal appeals court had upheld, is basically indistinguishable from the plans at issue in the new cases: Parents Involved in Community Schools v. Seattle School District, No. 05-908, and Meredith v. Jefferson County Board of Education, No. 05-915.

What has changed is the Supreme Court itself, with the retirement in January of Justice O'Connor and her replacement by Justice Samuel A. Alito Jr. One lawyer involved in the challenges to the Seattle and Louisville plans, Sharon L. Browne of the Pacific Legal Foundation, a conservative public-interest law firm, expressed the view that this change made the difference.

"I think the writing's on the wall, or at least I hope it is," Ms. Browne said in an interview Monday.

The plans under review in the new cases differ in details that are unlikely to prove constitutionally significant. The Jefferson County, Ky., school board adopted the Louisville plan in 2001, shortly after the school system was declared desegregated and was released from 25 years of federal court supervision.

The "managed choice" plan applies to all schools, kindergarten through 12th grade. In a district that is one-third nonwhite, every school is required to seek a black student enrollment of at least 15 percent and no more than 50 percent.

The Louisville case was taken to the Supreme Court by Crystal D. Meredith, a white parent whose son, Joshua McDonald, did not receive a requested transfer to attend kindergarten in a school that was trying to maintain a sufficient number of black students.

The plan in Seattle, which has struggled for decades to deal with the effects on its school system of segregated housing patterns, applies only to the city's 10 high schools. The policy is one of "open choice," subject to various "tiebreakers," one of which is race. Other factors include geographic proximity and whether a student has a sibling at the desired school, both of which count in favor of an application.

Under the "integration tiebreaker," high schools that deviate by more than 15 percent from the systemwide balance, which is 60 percent nonwhite, must take account of an applicant's race in order not to deviate further.

A group of parents organized as a nonprofit corporation called Parents Involved in Community Schools to fight the plan, and filed the Supreme Court appeal after losing by a vote of 7 to 4 in the United States Court of Appeals for the Ninth Circuit.

Both appeals reached the court in January and evidently provoked a vigorous internal debate among the justices, who considered the Seattle case six times and the Louisville case seven times before issuing the one-line order accepting both. Prolonged review of this sort is unusual.

Briefs are now likely to pour into the court in advance of a November argument; the University of Michigan case drew more than 100 briefs. But one of the more influential analyses may prove to be a brief concurring opinion in the Seattle case by Judge Alex Kozinski, the Ninth Circuit judge whose views carry great weight among legal conservatives.

Describing the Seattle plan as one "that gives the American melting pot a healthy stir without benefiting or burdening any particular group," Judge Kozinski addressed the Supreme Court justices directly, on the assumption that they would soon be reviewing the decision.

"There is much to be said for returning primacy on matters of educational policy to local officials," he said.

These were among the other developments at the court.

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Speedy Trial

The court ruled unanimously that a federal defendant's rights under the Speedy Trial Act of 1974 were violated when, while seeking more time to prepare his defense to counterfeiting charges, he signed a statement presented by the trial judge in which he waived any future right to a speedy trial.

With certain exceptions, the federal law requires criminal trials to begin within 70 days after a defendant is charged. The trial for this defendant, Jacob Zedner, did not begin for seven years. Mr. Zedner eventually tried to assert his rights under the law and sought dismissal of the indictment, but two lower federal courts in New York enforced his waiver. He was convicted by a jury and sentenced to five years in prison.

In an opinion by Justice Alito, the Supreme Court ordered the indictment dismissed. The statute does not permit such a waiver, Justice Alito said, noting that the public as a whole, and not only an individual defendant, has an interest in the speedy administration of justice.

The significance of this decision, Zedner v. United States, No. 05-5992, is likely to transcend the particular case. Justice Antonin Scalia refused to sign the paragraph of the opinion in which Justice Alito cited the legislative history of the Speedy Trial Act as further evidence for his interpretation of the statute.

"The use of legislative history is illegitimate and ill advised in the interpretation of any statute," Justice Scalia's concurring opinion declared in what has become a familiar theme from him.

The fact that Justice Alito's paragraph of legislative history remained in the majority opinion, and that Chief Justice John G. Roberts Jr. signed the opinion without comment, indicates that Justice Scalia remains isolated in his view.

Sentencing

The court agreed to decide whether to give retroactive application to a 2004 decision that sharply limited judges' discretion to impose sentences above the thresholds set by sentencing guidelines systems.

The question is whether that decision, Blakely v. Washington, established a "new rule," in which case it is not retroactive, or whether it was a straightforward application of an earlier sentencing ruling, Apprendi v. New Jersey. The deeper issue in the new case, Burton v. Waddington, No. 05-9222, is how to tell a "new rule" from one that is not, a question that comes up with some frequency in habeas corpus cases.

Supreme Court To Hear Schools Race Case (AP)

By Gina Holland, Associated Press Writer

AP, June 6, 2006

WASHINGTON — The Supreme Court agreed Monday to decide whether skin color can be considered in assigning children to public schools, reopening the issue of affirmative action. The announcement puts a contentious social topic on the national landscape in an election year, and tests the conservatism of President Bush's two new justices.

The outcome could mark a new chapter for a court that famously banned racial segregation in public schools in Brown v. Board of Education in 1954.

Since then, race questions have been hugely divisive, both for the court and the public.

Three years ago, more than 5,000 people demonstrated outside as the justices considered whether public universities could select students based at least in part on race. Justice Sandra Day O'Connor broke a tie to allow it in a limited way.

The court's new interest is in public schools, far more sweeping than universities. And O'Connor is gone, replaced by conservative Justice Samuel Alito.

The justices will hear appeals this fall from a Seattle parents group and a Kentucky mom, who argue that race factors improperly penalize white students.

Doug Kmiec, a Pepperdine University law professor and former Reagan administration lawyer, said the case will affect students everywhere. "This is not quite at the level of Brown v. Board, but it will be argued in the style of that case," Kmiec said.

Justices will look at the modern-era classroom, no longer under court desegregation orders but in some places still using remnants of those policies.

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At its heart, the court will consider whether school leaders can promote racial diversity without violating the Constitution's guarantee against discrimination.

The court's announcement that it will take up the cases this fall provides the first sign of an aggressiveness by the court under new Chief Justice John Roberts. The court rejected a similar case in December when moderate O'Connor was still on the bench. The outcome will most likely turn on her successor, Alito.

Both Roberts, 51, and Alito, 56, worked as Justice Department lawyers during the Reagan administration to limit affirmative action.

Alito was asked during his Senate confirmation hearings in January about the 2003 case. Without stating his views on affirmative action, he said he taught a college seminar on civil liberties to a diverse class. "Having these people in the class with diverse backgrounds and outlooks on the issues that we were discussing made an enormous contribution to the class," he said.

The court's announcement followed six weeks of internal deliberations over whether to hear the appeals, an unusually long time.

"This is a very dramatic move. I expect it will create a big national discussion," said Gary Orfield, who heads the Harvard University Civil Rights Project and supports affirmative action.

A ruling against the schools "would be pretty devastating to suburban communities, small towns that have successfully maintained desegregation for a couple of generations," he said. "The same communities that were forced to desegregate would be forced to re-segregate."

In one of the cases, an appeals court had upheld Seattle's system, which lets students pick among high schools and then relies on tiebreakers, including race, to decide who gets into schools that have more applicants than openings. Seattle put the system on hold during the legal fight.

The Supreme Court also will also consider a policy in Kentucky, also upheld by lower courts. That case is somewhat different, because the metropolitan Louisville, Ky., school district had long been under a federal court decree to end segregation in its schools. After the decree ended, the district in 2001 began using a plan that includes race guidelines.

The Kentucky parent, Crystal Meredith, asks the court to overturn its 2003 affirmative action rulings. Her son's district still requires most schools to maintain a black enrollment of 15 percent and prevent it from going above 50 percent.

"It's a quota arrangement," said her lawyer, Ted Gordon. "The blatant segregation we once had is long gone."

The cases are Parents Involved in Community Schools v. Seattle School District, 05-908, and Meredith v. Jefferson County Board of Education, 05-915.

High Court To Hear Public School Affirmative Action Cases (LAW)

By Tony Mauro, Legal Times

Legal Times, June 6, 2006

The Supreme Court on Monday agreed to use cases from Seattle and Louisville, Ky., to re-enter the contentious debate over affirmative action.

Three years after the Court upheld race-conscious admission policies in higher education in the Grutter v. Bollinger decision, the new cases will test whether that precedent carries over into the different setting of public elementary and high schools.

"This is the occasion to see how far Grutter can go," said John Payton, a partner at WilmerHale, part of the legal team that won Grutter, which upheld admission policies at the University of Michigan Law School.

Adding uncertainty to the new review of race-conscious public-education policies is the fact that Justice Samuel Alito Jr. has replaced Sandra Day O'Connor, who was a crucial vote in favor of affirmative action and the author of the Grutter ruling. During Alito's confirmation hearings, some civil rights groups concluded from his record that Alito would be a strong opponent of affirmative action programs.

"This will be a major test for the Roberts Court," said Pepperdine University School of Law professor Douglas Kmiec, who argues that Grutter should not be extended to pre-college public schools.

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"We are excited about the possibility that the Court may limit Grutter to its facts or even overrule it," said Sharon Browne, principal attorney at the Pacific Legal Foundation, which has filed briefs opposing race-conscious programs in both cases before the Court. "In elementary and secondary schools it makes no sense for school districts to assign students to schools by race."

The cases granted review on Monday, Parents Involved in Community Schools v. Seattle School District No. 1 and Meredith v. Jefferson County Board of Education, will be argued together this fall, possibly injecting the affirmative action debate into the election season. In both cases, white parents challenged programs that used race as a factor in school placements in ways that they say disadvantaged white students.

In Seattle, where students have broad choice as to which high school they will attend, race is a "tiebreaker" factor in deciding which students will be assigned to a high school that is oversubscribed and racially imbalanced. The 9th U.S. Circuit Court of Appeals, in an en banc ruling citing Grutter, upheld the program last October.

The other case involves schools in Louisville and the surrounding area, a district that was under a federal court desegregation decree from 1975 to 2000. After the order was lifted, a new plan was adopted that allowed for a wider range of student choices but required all schools to seek a black student enrollment of between 15 percent and 50 percent of the student body. In June 2004, Judge John Heyburn II of the Western District of Kentucky upheld the program in general, though he disapproved of some of the racial categorizing involved.

Citing Grutter, the judge found that "the benefits of racial tolerance and understanding are equally as important and laudable in public elementary and secondary education as in higher education." The 6th U.S. Circuit Court of Appeals upheld the decision last July.

But before the high court, opponents of affirmative action argue that the compelling interest in diversity that may exist in higher education, which prepares students for a diverse workplace, may be outweighed in lower grades by the importance of teaching racial equality to young students.

"Jefferson County's schools are sending the wrong message to our children -- that racial identification is more important than respect for individual rights and liberties in today's society," the Pacific Legal Foundation argues in its brief.

The Council of the Great City Schools, in a brief filed at an earlier stage of the Kentucky case, argues by contrast that "the interests that school districts may promote by seeking racially and ethnically diverse school enrollments ... are broader and even more compelling in the context of public elementary and secondary education" than in higher education.

High Court To Examine Race-balancing Schools (CSM)

By Warren Richey

The Christian Science Monitor, June 6, 2006

WASHINGTON - Nearly three years after its landmark ruling upholding a race-based admissions plan at the University of Michigan Law School, the US Supreme Court has agreed to consider to what extent race may be used to balance white and nonwhite enrollment in public schools.

On Monday, the high court agreed to examine cases involving two school districts attempting to maintain racially integrated schools.

One involves a school board plan in Seattle that seeks to achieve a rough balance of 40 percent white and 60 percent nonwhite enrollment at each of the city's 10 public high schools.

The second is a school district in Louisville, Ky., that set broad guidelines that the black student population of any particular school should range between 15 percent and 50 percent.

Both cases will be closely watched for indications of how the new lineup of justices - including the replacement of Justice Sandra Day O'Connor with Justice Samuel Alito - may shift the court's jurisprudence on the constitutionality of affirmative action plans.

Justice O'Connor provided the key swing vote and authored the landmark 5-4 decision upholding the University of Michigan Law School's admissions plan. The majority opinion recognized that diversity in education can be a compelling interest, justifying the use of race in the student selection process.

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The decision drew sharp dissents from four members of the court's conservative wing, who wrote that the Michigan plan violated the Constitution's equal protection mandate by relying too heavily on race as a factor in the admissions process.

At issue in both the Seattle and Louisville cases is how the high court's 2003 Michigan Law School decision should be applied in public school districts seeking to achieve diversity.

The Kentucky plan relies in large part on school administrators drawing boundaries for each school that extend into both white and black neighborhoods. School enrollment is then determined in part by randomly selecting students from an integrated pool of prospective students.

As an additional boost to integration efforts, school officials tracked prospective students by classifying each as "black male," "black female," "white male," or "white female." This aspect of the Kentucky plan was struck down by a federal judge as an impermissible use of race and gender for public school admissions.

The judge and an appeals court panel upheld the rest of the Kentucky plan.

A parent filed an appeal to the Supreme Court claiming that school officials violated the constitutional guarantee of equal protection when they refused to allow her son to attend his neighborhood school and later refused to allow him to transfer to another elementary school because there were no more slots available at that school for white students.

The judge said the boy was not unduly harmed by the denial of the transfer under the racial guidelines. Because the school district maintains equal and integrated schools, prospective students enjoy no particular benefit by attending one school rather than another, the judge ruled.

But the district's schools are not all equal, argues Teddy Gordon, a Louisville lawyer who represents the mother of the student denied admission to his neighborhood school. Mr. Gordon says in his brief to the Supreme Court that the school district should be focusing on the quality of neighborhood schools rather than the skin color of children attending them.

A similar debate is under way in Seattle. Its school board plan was designed to counter the impact of racially segregated housing patterns on the city's school system. School officials were concerned that reliance on neighborhood schools would simply mirror the city's segregated housing market and translate into a similarly segregated public school system.

To try to break that cycle, the district adopted its "Open Choice" plan in which parents were permitted to send their children to any school within the city. The school board established "tiebreakers" to help determine enrollment at the most popular high schools in the system.

If a student had a sibling at a particular school, that student would be given priority to attend the same school. But if there were no siblings, the "integration tiebreaker" would kick in. In effect, students who were members of an "oversubscribed" race would be given a lower priority for admission than any students of the desired race.

At high schools in the city's largely white north side, that generally meant that minority students were given preference, while at schools in Seattle's largely minority south side, white students were given preference.

Critics of the plan formed a group called Parents Involved in Community Schools. They sued the school district, saying the plan was an unconstitutional form of racial discrimination.

The school district defended the plan as a justifiable effort to achieve racial diversity in the public school system. The plan was adopted in 1998, but has been suspended since 2002 pending the outcome of the litigation.

A federal judge, the Washington Supreme Court, and the Ninth US Circuit Court of Appeals have all upheld Seattle's Open Choice program.

The state supreme court in a 2003 decision rejected the parents' arguments, saying that a racially diverse school population provides educational benefits for all students.

Justices To Hear Cases Of Race-Conscious School Placements (WP)

By Charles Lane

The Washington Post, June 6, 2006

The Supreme Court announced yesterday that it will rule on the race-conscious assignment of students to public schools, in a pair of cases that could produce some of the most important decisions on school integration since the busing battles of the 1960s and '70s.

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The court agreed to hear arguments in separate lawsuits by white parents in Seattle and Jefferson County, Ky., which encompasses Louisville, who say each public school system unconstitutionally discriminates based on skin color. The jurisdictions' programs differ, but each seeks to maintain racial balance with the help of numerical targets for minority enrollment.

Although the court has addressed race-conscious admissions for diversity in higher education, upholding them on a 5 to 4 vote in 2003, this would be the first time it has addressed the "diversity rationale" as it affects the country's 48 million public elementary and secondary school students. It will also be the first race-related constitutional case for President Bush's two appointees, Chief Justice John G. Roberts Jr. and Justice Samuel A. Alito Jr.

The court's decision to take the cases was something of a surprise, since all three federal appeals courts to rule since 2003 sided with the school systems. The court usually intervenes to settle lower-court conflicts.

Six months ago, before Alito replaced Sandra Day O'Connor, who wrote the 2003 opinion, the court declined to hear the challenge of a parent in Lynn, Mass., to a race-conscious plan.

"It's bad news for desegregation advocates," said Goodwin Liu, a Clinton administration education official who teaches constitutional law at the University of California at Berkeley. "It looks like the more conservative justices see they have a fifth vote to reverse these cases."

But lawyers for the Seattle and Louisville parents argued there was a circuit split because the post-2003 lower-court rulings clashed with three pre-2003 rulings against race-conscious policies.

Sharon Browne, principal attorney of the Pacific Legal Foundation, which supports the parents' lawsuits, said she "was pleased that the Court has decided to hear these cases. Together, these cases could put an end to schools using race as a factor to decide where children can attend public school."

Yesterday's decision returns the court to an area of American life that it revolutionized in 1954 with Brown v. Board Education -- and the lower-court desegregation orders, including busing in many cities, that flowed from that decision.

In the intervening years, however, direct court supervision of public school racial composition has generally lapsed, and schools face student demographics determined not only by the country's historic black-white divide, but also by immigration from around the world.

Embracing diversity not as a legal requirement but as an educational objective, school districts frequently offer alternatives to geographical assignment, including school choice and magnet school options. But these, in turn, can result in competition for spots at the most-sought-after schools.

"The decision and the opinions will be impactful," said Francisco Negron, general counsel of the National School Boards Association, which has supported the school districts in the lower courts. "We're in the post-integration era. Many desegregation lawsuits filed in the '70s have come to a natural ending point. . . . Schools are trying to implement policies that recognize the need for diversity."

Seattle and Louisville say their plans are consistent with the Supreme Court's 2003 ruling -- which allowed universities to consider race as one of many factors when assembling diverse colleges and graduate schools.

They say their use of race is necessary to meet compelling educational goals, and accounts for a modest number of school assignments.

But the plaintiffs argue that school officials have gone beyond what the court permitted in 2003, because they ultimately rely on fixed numerical targets for assigning students.

Each system adopted its plan voluntarily, but against the backdrop of different social and legal histories.

In Louisville, the 97,000-student public school population is 34 percent black, with the rest predominantly white. In 1973, a federal court ruled that it was officially, and unlawfully, segregated. This led to court-ordered busing from 1975 to 1984. The system remained under court supervision until 2000.

The current Louisville plan says that all schools, including magnets, must have a minimum black enrollment of 15 percent and a maximum of 50 percent.

The only exceptions are for pre-kindergarten, kindergarten, alternative and special schools -- and four magnet schools covered by a federal judge's ruling barring the use of race to allocate educational opportunities not widely available.

Parent Crystal D. Meredith, however, argues that the plan cost her son admission to the school in his neighborhood.

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In Seattle, which has substantial Asian and Hispanic populations as well as large numbers of whites and African Americans, no court has ever found the 47,000-student school system guilty of official segregation. Instead, the school board says that diversity is a key educational value and that segregated housing patterns must be changed.

The city began busing in 1977 but stopped in 1988. Under an "Open Choice" plan adopted in 1998, the goal was to have schools close to the city's overall racial composition: 60 percent minority, 40 percent white. Children can attend any school. At schools where demand for spaces exceeds supply, however, siblings of current students have priority -- and an "integration tiebreaker" favors students whose race would tip a school toward 60-40.

The tiebreaker has not been in use since 2002 because of the litigation, which was brought by Parents Involved in Community Schools, a group of white parents who say it cost their children admission to the popular Ballard High School.

The tiebreaker was initially invalidated by a three-judge panel of the San Francisco-based U.S. Court of Appeals for the 9th Circuit. But an 11-judge panel granted a new hearing and upheld it 7 to 4.

The cases are Parents Involved in Community Schools v. Seattle School District No. 1 , No. 05-908, and Meredith v. Jefferson County Board of Education , No. 05-915. Argument will take place in December, with decisions due by July 2007.

Court To Revisit Race In Schools (LAT)

By David G. Savage

The Los Angeles Times, June 6, 2006

WASHINGTON — The Supreme Court agreed Monday to take up two cases that could mark a historic shift in the role of race in education and spell the end of official efforts to integrate the nation's public schools.

The justices said they would hear appeals from parents in Seattle and Louisville, Ky., who say it is unconstitutional for officials to consider race when deciding which school a student will attend.

The cities adopted voluntary integration programs in recent years that put limits on how many white or black students may be enrolled in some schools.

The Seattle and Louisville cases could put the court on the opposite side of an old issue. Having told school officials in the landmark 1954 Brown vs. Board of Education ruling that they must desegregate their classrooms, the high court will now consider whether the Constitution forbids official efforts to maintain integration.

A ruling outlawing such efforts would have a wide effect on schools that continue to use race even after desegregation orders have expired.

The Los Angeles Unified School District uses magnet schools to achieve integration, but it does so partly by enrolling students based on their race or ethnicity.

Just three years ago, the court upheld affirmative action in colleges and universities, but two new conservative justices have joined the court since then. Monday's announcement is the second this year that could indicate a shift to the right in a major area of law. The court agreed to hear a case this fall that will determine whether Congress can outlaw a late-term abortion procedure.

Beginning with the Reagan era of the 1980s, conservatives have insisted it is unconstitutional for the government to use a person's race as a factor in hiring, awarding contracts, admitting college students, or, in this instance, assigning students to public schools.

In 2003, however, the Supreme Court dealt conservatives a defeat in a University of Michigan law school case. The court, in a 5-4 decision, said higher education had a "compelling" need to consider a student's race if it was to maintain diversity in classes.

That decision was written by Justice Sandra Day O'Connor, who retired in February.

Her replacement, Justice Samuel A. Alito Jr., is seen as likely to take a more conservative stand on race and affirmative action. In 1985, as a lawyer in President Reagan's Justice Department, he said he was "particularly proud" of the administration's efforts to persuade the Supreme Court that "racial and ethnic quotas should not be allowed."

Chief Justice John G. Roberts Jr., who also worked in the Reagan administration, wrote memos that criticized the overt consideration of race by the government.

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Lawyers for the parents in the school cases say a student's race or ethnicity should not affect their chances of attending a school.

"The issue here is: Can public schools voluntarily discriminate among students to achieve racial balance?" said Sharon L. Browne, a lawyer for the Pacific Legal Foundation in Sacramento, which had urged the court to hear both cases. "They are teaching our kids that race still matters. If they can continue to do that, we will never get to a place where the country is colorblind."

She said as many 1,000 school districts nationwide seek to integrate some schools by enrolling or not enrolling students based on their race. Last year, her group sued the Los Angeles Unified School District in state court, contending its magnet school program is unconstitutional because it seeks "a racially balanced enrollment."

Seattle has 10 high schools, and it allows students to choose which one they want to attend. The district's integration plan calls for trying to maintain a racial balance in each high school that is within 10 percentage points of its overall enrollment, which is 60% minority and 40% white. But if too many students choose a certain school and it is "over-subscribed," officials put limits on who may enroll. One factor they consider is race.

In 2001, for example, 300 students were denied their first choice of a high school because of their race. Of these, 210 were white and 90 were minorities. The minorities include students who are black, Latino, Asian and Native American.

The Seattle plan has been tied up in litigation for years. In October, the U.S. 9th Circuit Court of Appeals upheld the plan on a 7-4 vote and applauded the school system for achieving "racial diversity" despite the city's segregated housing patterns.

Harry Korrell, a lawyer for the Seattle parents, insisted the city was not segregated. "This is becoming a very diverse city. Even the whitest neighborhoods are integrated," he said. Because of this natural integration, he said, the racial balancing plan is not needed.

He said he hoped the high court would say that "absent a history of past discrimination, it is impermissible to use race in making government decisions."

Louisville had a history of official racial segregation. In 1975 it was ordered to bus students to achieve desegregation, but that court order ended in 2000.

A year later it adopted a voluntary integration plan that seeks a black enrollment of at least 15% and no more than 50% in each school. Crystal Meredith, a white parent, challenged the plan, charging that it violated her son's rights; he was blocked from attending his neighborhood elementary school because it had too many white students.

But a federal judge and the U.S. appeals court in Cincinnati upheld the integration plan, based in part on O'Connor's opinion in the law school case.

The Supreme Court said it would hear both cases, Parents Involved in Community Schools vs. Seattle School District and Meredith vs. Jefferson County Board of Education, in the fall.

The cases are likely to attract unusual attention because of the Supreme Court's historic role in ending school segregation.

After declaring segregation unconstitutional in Brown vs. Board of Education, the court said school officials should proceed "with all deliberate speed" to end segregation.

Many chose to be deliberate, but not speedy.

In 1968, the court said it would wait no longer for schools to achieve real desegregation, and by the early 1970s, many school systems were under federal court orders to bus students across town to achieve desegregation.

That effort met strong public resistance nearly everywhere it was tried. In one Reagan-era memo, Roberts referred to busing for desegregation as a "failed experiment."

"We're glad the Supreme Court is taking an opportunity to clarify for school districts the issues around diversity and school attendance. Right now, there is a lot of uncertainty," said Francisco Negron, counsel for the National School Boards Assn.

The school cases join another that could reveal a shift to the right by the high court.

In late February, the same week that Alito took his seat as O'Connor's replacement, the court agreed to hear a case that could revive the federal law forbidding the abortion procedure known as intact dilation and extraction — which opponents label "partial-birth" abortion — performed during the second trimester of a pregnancy. That law was struck down by a lower court

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based on a 5-4 Supreme Court ruling, joined by O'Connor, which said the ban on this surgical method could threaten the health of some women seeking an abortion.

Court To Review School-Race Issues (WSJ)

By Jess Bravin And Ben Winograd

The Wall Street Journal, June 6, 2006

WASHINGTON -- Three years after upholding affirmative action in university admissions, the Supreme Court agreed to review whether elementary and secondary schools also may consider race in voluntary efforts to maintain desegregated classes.

Separately, the justices rolled back the reach of federal racketeering law, ruling that to prevail in a civil lawsuit, a plaintiff would have to show it was directly injured by a competitor's illegal actions, not only that such acts may have created a competitive disadvantage.

The school cases are the latest progeny of Brown v. Board of Education, the 1954 opinion declaring that "separate educational facilities are inherently unequal." The Brown case opened decades of litigation to integrate U.S. schools. In the 1960s and '70s, courts ordered busing and other desegregation methods that prompted a backlash among white parents unwilling to see their children bused to black neighborhoods. Other court-ordered plans were dissolved after school officials demonstrated they had succeeded in creating the required "unitary" systems.

The two cases accepted yesterday concern whether schools can still consider race to promote desegregation after court orders have been lifted -- or if they had never been imposed at all.

One case comes from Louisville, Ky., where in 1973, a federal court required schools to eliminate "all vestiges of state-imposed segregation." A variety of court-imposed plans followed, including mandatory busing, until the decree was dissolved in 2000. School officials, seeking to promote campus integration, then adopted a plan to maintain each school's black enrollment between 15% and 50%.

The other case comes from Seattle, which never had legally imposed racial segregation, but nevertheless saw schools effectively segregated by neighborhood housing patterns. Seattle students can choose to attend any of the city's 10 high schools. Under a plan adopted in the late 1990s, race is a "tie-breaker" for admission to oversubscribed schools so that their enrollment approximates that of the city as a whole: 40% white, 60% non-white.

Several parents of white children challenged the plans, but appellate courts upheld them, finding they complied with two 2003 Supreme Court opinions involving admission policies at the University of Michigan. Those decisions found student diversity a compelling governmental interest and that race could be a factor considered by admissions officers. The court did not say, however, how its doctrine might apply to lower education.

Since those 2003 opinions, the court's composition has changed, with the arrival of conservative Justice Samuel Alito. His predecessor, Justice Sandra Day O'Connor, wrote the 5-4 majority decision upholding an affirmative-action program at Michigan's law school.

(Meredith v. Jefferson County Board of Education; Parents Involved in Community Schools v. Seattle School District No. 1)

Separately, the justices dismissed a suit filed under the Racketeer Influenced and Corrupt Organization Act by a New York steel-supply company alleging that a competitor had undercut prices by failing to collect sales tax. The opinion by Justice Anthony Kennedy found the scheme primarily defrauded New York state and said the plaintiff didn't establish a sufficient link to its own decline in sales.

"The decision today just knocks out a broad swath of potential claims under civil RICO," said Gene Schaerr, who filed a friend-of-the-court brief in the case for the U.S. Chamber of Commerce.

Following the decision, the justices ordered a federal appellate court to reconsider a RICO suit alleging a Georgia carpet manufacturer depressed wages of legal employees by conspiring with a recruiter to hire illegal aliens. In light of the ruling in the steel case, the lower court must determine whether the hiring fraud was the "proximate cause" of the plaintiffs' decline in wages.

(Anza v. Ideal Steel Supply Corp. and Mohawk v. Williams)

The justices also agreed to decide whether prisoners may retroactively apply a 2004 decision preventing judges from imposing sentences far beyond established guidelines. A judge in Washington state sentenced Lonnie Burton to 47 years in

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prison after a 1994 conviction for robbery, burglary and rape. His lawyers said the sentence exceeded sentencing guidelines by more than 20 years. In the 2004 case, the court struck down a 7½-year sentence for a man who kidnapped his wife. His plea bargain called for a 4½-year sentence.

(Burton v. Waddington)

The school and sentencing cases will be heard in the court's next term, which begins in October.

Court Takes 2 Race-based School-assignment Cases (WT)

By Joyce Howard Price

The Washington Times, June 6, 2006

The Supreme Court said yesterday it will hear appeals of two cases that could determine if race can be used in assigning students to public schools for the purpose of enhancing enrollment diversity in situations where court orders are not involved.

The court announced that it will take up the case this fall of a Louisville, Ky., woman who says the Jefferson County Public Schools' desegregation plan is unconstitutional because it barred her son from transferring to a better school. Her son is white.

In the second case, a Seattle parents' group charges that a policy of the Seattle school district that allowed students to select their high schools but used race as a tiebreaker to decide who fills limited spots, was unfair. The district ended the policy as a result of parents' complaints, but the litigation has continued.

Both the Seattle and Kentucky cases challenge a school system's ability to desegregate schools voluntarily without a court order.

These will be the high court's first rulings on diversity plans. The outcome is likely to hinge on the vote of the newest justice, conservative Samuel A. Alito Jr. In a 5-4 decision last week, Justice Alito was the tiebreaker in a case that found that public employees -- including whistleblowers -- do not enjoy free-speech rights when they discuss work-related matters.

Last December, when Justice Sandra Day O'Connor was still on the bench, the Supreme Court rejected another case involving the use of race as a factor in school admissions to achieve diversity. The case involved a small public school system in Lynn, Mass., which has a tiebreaker system similar to the one used in Seattle.

Critics of such policies said the court's announcement that it will accept the appeals of the Seattle and Kentucky cases hints at a new aggressiveness by the court under Chief Justice John G. Roberts Jr., who is also conservative, in dealing with race issues in public schools.

Either that's the case, "or the former court simply knew these other cases were in the pipeline," said Ted Gordon, the attorney for Crystal Meredith, who is suing the Jefferson County school district for denying her son the right to attend a school in his immediate neighborhood.

Mr. Gordon said he and his client are thrilled that the Supreme Court will examine the two cases.

"This is a surreal experience," he said.

The Jefferson County school district's policy allows parents and students some choice among schools. But it requires that most schools keep black enrollment from rising above 50 percent or dropping below 15 percent. The system, which has 100,000 students, is about 35 percent black.

In a telephone interview yesterday, Mr. Gordon said Jefferson County's enrollment policy is "absolutely based on racial quotas" and is "unconstitutional."

"We want kids to be admitted to schools because of merit, not race," he said.

Verizon Bias Suit Deal Sets Record (WP)

By Amy Joyce

The Washington Post, June 6, 2006

Verizon Communications Inc. will pay almost $49 million to 12,326 current and former female employees as part of a landmark class-action lawsuit alleging pregnancy discrimination.

The U.S. Equal Employment Opportunity Commission reached a settlement in 2002 against Verizon predecessors Nynex Corp. and Bell Atlantic Corp. But the total amount of the settlement was not made public until yesterday, when the EEOC completed its projections of how much would be paid in future benefits.

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The final figure makes the case the largest pregnancy discrimination settlement in EEOC history. It covers women in 13 states and the District.

Nynex and Bell Atlantic were accused of violating federal law by denying women pension and other benefit accruals when they spent time on pregnancy or maternity leave.

The total compensation paid thus far is more than $25.3 million. The EEOC told a U.S. District Court in New York yesterday that it projected that an additional $23.6 million would be paid in future benefits. The announcement came after years of calculating which women were denied benefits when on leave.

"This comes out of a different era," said Eric Rabe, a Verizon spokesman. "The people who were here then by and large don't work for the company anymore. We think our record today is exemplary, and this was not an admission of having done anything wrong. It is simply a matter of trying to get this behind us to move on."

The suit alleged that the predecessor companies violated the Civil Rights Act of 1964, the Pregnancy Discrimination Act of 1978 and the Equal Pay Act of 1963 by denying women service credits for leaves of absence taken between July 1965 and April 1979. The companies also denied pension credits for child-care leaves of absence until December 1983.

Pregnancy discrimination claims filed with the EEOC rose by 31 percent from 1992 to 2005, to 4,449 from 3,385. Some of that increase reflects a growing number of women working during and after their pregnancies, but not all of it. In the same period, the percentage of working women with children younger than 18 rose by about 5 percent.

"There really remain tremendous issues concerning pregnancy discrimination in the workplace," said Elizabeth Grossman, regional attorney with the EEOC in New York. "More and more women are continuing to go forward to assert their rights in a way past generations were not. Some employers are getting educated and changing practices, but many are not."

Grossman's office last year sued and won a settlement for a waitress who was removed from a managerial career track, denied work assignments and told to "consider her options" after she revealed she was pregnant. Ultimately, she was fired. The woman received $145,000 in a pregnancy discrimination settlement with her former employer. The same office last month also sued Bed Bath & Beyond Inc. on behalf of a pregnant employee at a Bridgewater, N.J., store who says she was denied modified work assignments that were given to other employees with temporary disabilities.

The EEOC was joined in filing the class-action lawsuit against the phone companies by the International Brotherhood of Electrical Workers and the Communications Workers of America, unions representing Verizon workers. "This case represents an important victory for working women who should not have had to sacrifice their pension benefits because they had children," Christopher M. Shelton, a CWA vice president, said in a statement.

ANTITRUST:

Adobe Vs. Microsoft: The Battle Over The .pdf (MERCN)

By John Boudreau

The San Jose Mercury News, June 6, 2006

Adobe Systems and Microsoft have seemed to co-exist in a mutually beneficial ecosystem for years.

But their cause for common ground, a little piece of software millions have used but may have hardly noticed -- the Adobe PDF -- is now the reason the gloves are coming off.

At the core of the tension is Microsoft's move to create technology to compete with Adobe's PDF franchise, and difficult negotiations around incorporating Adobe's mostly open standard PDF software into the next generation of Office programs.

While Microsoft makes software such as Word and Excel that lets people create documents, Adobe can turn those documents you might print out on paper into digital, ready-to-be-e-mailed files through its Portable Document Format (.pdf).

Last week, behind-the-scenes friction between the two became public when Microsoft said it expected Adobe to file a lawsuit against the Redmond, Wash. company, possibly in the European Union, which recently has become more receptive to Microsoft antitrust concerns than U.S. regulators.

The dispute underscored the Silicon Valley axiom: Companies that cooperate often can end up trying to devour each other's business.

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``Adobe is one of many long-time partners of Microsoft that have now turned into competitors of Microsoft," Jupiter Research analyst Joe Wilcox said.

Adobe makes money from its business-document processing software Adobe Acrobat, which is part of its Intelligent Document division and accounted for 36 percent of its revenue, or $708 million, in 2005. A person must own a copy of Adobe Acrobat to make a PDF, but only needs to download a free version of Acrobat Reader to view a PDF that has been sent to them.

The two sides failed to reach an agreement on how the PDF would be used in the new version of Microsoft Office. As a result, Microsoft announced it was canceling plans to include an automatic ``save to PDF" feature in its new release of Office. So those who buy Office 2007 will have to download free software that will allow them to save PDF documents created in Office applications, such as Word, Excel and PowerPoint.

Microsoft indicated that negotiations broke down over fees Adobe wanted for licensing its software, which could make Office more expensive.

Observers say the larger issue is both companies view the other warily.

For Microsoft, the ubiquitous PDF format could indirectly result in fewer sales of its software updates because those who receive the digital documents can access Excel or Word without owning either. For example, a person making a resume in Word can turn that file into a PDF and send it to a colleague, who can then open and edit it in Adobe Acrobat -- without even owning Word.

``Adobe introduced very cool technology that extends PDF to other formats. You can now take documents from almost any source, mix them together, save them to a PDF, send them to your buddy. Just by using Adobe Reader, you can annotate that document and send it back," Wilcox said. ``If you are Microsoft, whose success was built on format dominance, that's a scary prospect."

Adobe, on the other hand, sees Microsoft trying to move in on its turf in multiple areas: Microsoft is launching its own version of PDF software, code-named Metro, which the software giant will be offering as an optional bundle to computer makers. (All computer makers are sure to include the application.) Microsoft is also making a move to compete with Adobe's creative software, Photoshop, and is a competitor in Internet and mobile video-playing technology.

In the recent tussle, Adobe might be concerned that Microsoft, while including its PDF technology with Office, could make the PDF less appealing than its own document-sharing software.

Microsoft ``can create a preference for their version," said Howard University law professor Andrew Gavil. ``That's the argument Google has been making." (Google has complained an upcoming update of Microsoft's Internet Explorer Web browser contains a search box that in some cases defaults to the MSN search engine.)

Adobe has said little so far. In a statement, the San Jose company said it had not decided whether to take legal action against Microsoft.

``I'll never trivialize Microsoft. They are a $40 billion company with virtually unlimited resources and they are a monopoly," Adobe chief executive Bruce Chizen said in an interview last year.

Still, Adobe has successfully protected its PDF franchise against earlier incursions by Microsoft.

``They've defended themselves really well against Metro," said Pacific Crest Securities analyst Steve Lidberg. ``One of the reasons you have seen such good acceptance of PDF is the ubiquity of the Reader -- Adobe giving that away for free and the fact they have opened up the platform to other partners to build applications around it."

The PDF, for instance, is now the standard digital document for federal agencies, from the IRS to the FDA.

``It would seem like they've pretty much won out," said Tony Henning, analyst at Future Image in San Mateo. ``There was a time, a decade-and-a-half-ago, when there were three or four contenders. They've won."

Microsoft, though, may not believe the war is over.

``Even though PDF has become a de facto document standard, Microsoft has clearly made noises in recent months about how they'd like to change that," Jupiter Research analyst Michael Gartenberg said.

Why Adobe And Microsoft Hit Delete On PDF Deal (WP)

By Rob Pegoraro

DOJ_NMG_0031874

The Washington Post, June 6, 2006

If you want to know why so many computer programs are so bad these days, take a look at the Adobe-Microsoft mess.

These two powerful software developers have gotten into an argument over whether Microsoft can include a new feature in its upcoming Office 2007 productivity suite -- the ability to save your work as a Portable Document Format (PDF) file.

In the process, they're showing how old-fashioned greed and the more modern ailment of lawsuit phobia can turn a promising program sour.

Judged strictly on its merits, there's nothing to argue about that feature. It would end the worry that your Word, Excel or PowerPoint document might look weird or be unreadable on someone else's computer. PDF files preserve their appearance -- from fonts to footnotes to photos -- wherever they're read, so long as a recipient has a PDF-reader program. These programs, almost all free, are available for nearly every kind of computer, down to "smart phones" and handheld organizers.

Competing productivity suites, such as Corel's WordPerfect Office and the free and open-source OpenOffice.org, have offered this option for years. So does Apple's Mac OS X, which offers PDF output as a systemwide feature. When Microsoft announced in October that it would follow suit in its next release of Office, it seemed like a refreshing acknowledgment of reality in Redmond, Wash.

You'd think that would have delighted Adobe as well. The San Jose, Calif., firm has worked for years to establish the PDF as a standard way to share data, having written versions of its free Adobe Reader for all the major desktop and handheld operating systems. And while the company charges $299 for its Adobe Acrobat PDF-creation toolkit, it's encouraged other developers to release their own.

For some reason, however, Adobe saw things differently when Microsoft wanted to join the PDF party. As Microsoft explained, in February, Adobe asked it to sell this feature as a separate add-on for Office 2007.

"We needed to break it out, offer it separately and charge a price for it," recounted David Heiner, Microsoft's deputy general counsel, in a phone interview. Adobe also asked Microsoft to yank support for a Microsoft-developed, PDF-like format called XPS. Lastly, Adobe wanted XPS support removed from Windows Vista, the successor to Windows XP that is due in January.

If those demands were not met, the implication seemed clear: See you in court.

Adobe publicists would not answer questions about this. The company released a short, vague statement that said that Adobe's "sole motivation is to maintain a fair, competitive landscape in the software industry" but that it "has made no determination to take legal action against Microsoft."

Heiner said Microsoft wanted to avoid any legal entanglement and offered to yank the PDF-export option from Office, instead making it available as a free download (although, he added, Adobe still wants Microsoft to charge extra for it). Microsoft also would allow computer manufacturers to omit XPS software from the copies of Vista pre-loaded on new machines.

With Adobe clamming up in public, it's hard to figure out what this company is trying to accomplish. If Adobe wants to stop Microsoft's XPS from replacing its own PDF, what better way than to get PDF support in the single most-used productivity suite?

A more reasonable theory holds that Adobe is worried that Microsoft's own PDF software will produce files that aren't strictly PDF-compatible, thus poisoning this standard. But that makes little sense on examination; the best way for Microsoft to quash Adobe's format is to keep Office PDF-illiterate.

Then there's the thought that Adobe's Acrobat, at $299, will compete poorly with any free save-as-PDF option. But Adobe had to have foreseen that possibility when it issued a blanket invitation to the world to write PDF-compatible software. As its own documentation reads, "Adobe gives anyone copyright permission, subject to the conditions stated below, to . . . Write drivers and applications that produce output represented in the Portable Document Format."

Further, for any company to start telling another how it should charge for its products is at best arrogance, at worst price collusion -- a violation of basic antitrust law.

All that and more about this story refuses to add up. It doesn't help that neither company has earned much right to wear a halo.

Adobe has its own monopolistic instincts: Last year it bought what was by far its biggest competitor in the graphics-software business, Macromedia. And it's been happy to exploit the demand for its free Adobe Reader to push unrelated software on users -- the Windows version normally comes with a Yahoo toolbar and Adobe's Photoshop album photo organizer.

Microsoft, meanwhile, has a history of taking standards developed by other companies, then writing software that somehow makes them work best, or only, on Microsoft operating systems. That conduct helped Microsoft lose many of its antitrust battles in the past decade; it's easy to see why the company wants to avoid a return to those days.

Still, from what we do know, it's hard not to wish that the bad old Microsoft would reemerge for this one occasion and tell Adobe to go pound sand.

Brookfield, Blackstone To Buy Trizec (WSJ)

By Jennifer S. Forsyth

The Wall Street Journal, June 6, 2006

In a $4.8 billion deal confirming that the real-estate market for office space remains hot despite rising interest rates, Brookfield Properties Corp. and a private-equity partner agreed to buy Trizec Properties Inc.

The purchase, announced yesterday, of the Chicago-based office real-estate investment trust is one of the biggest deals yet in a continuing frenzy of mergers and acquisitions in the public real-estate world. Brookfield, based in Toronto and New York, is pairing with the Blackstone Group, a private-equity firm that has been involved in a number of high-profile acquisitions over the past few months, including a $2.8 billion buyout of CarrAmerica Realty Corp. in March.

The Trizec acquisition gives Brookfield -- already one of the largest players in office real estate in North America -- an even bigger profile in the hot markets of Washington and Manhattan, and provides an entry into Los Angeles, another market that has caught fire in the past few quarters.

Included in the deal is the acquisition of Trizec Canada Inc., a mutual fund traded on the Toronto Stock Exchange that has a 38% interest in Trizec Properties. Brookfield will acquire the shares of Trizec Properties and Trizec Canada for a combined cash transaction of $4.8 billion and the assumption of about $4.1 billion in debt -- $29.01 a share for all Trizec Properties common stock not owned by Trizec Canada, and $30.97 a share for the Trizec Canada stock.

The cash for Trizec Properties' stock represents an 18% premium over its closing price of $24.60 Friday on the New York Stock Exchange.

The difference underscores the complaint of many REIT chief executives, including Trizec's Tim Callahan, that Wall Street undervalues their companies. Trizec Properties rose 17%, or $4.08, to $28.68 in 4 p.m. composite trading yesterday. Brookfield gained 19 cents to $31.17.

Trizec Chairman Peter Munk, noting that a number of potential buyers prequalified for the deal, said the combination of historically low yields for high-quality property with so much available liquidity made this the perfect time to sell. "To find a number of competing buyers who can show you they have the ability to write a check for $8 billion, that is a very rare circumstance," he said in an interview.

Blackstone has said previously that it has raised about $10 billion to invest in real estate. Brookfield also had cash available. "They've got money burning a hole in their pocket," said John Guinee, managing director of Stifel Nicolaus & Co. of Baltimore. Executives with Brookfield didn't return calls and Blackstone declined to comment.

Jay Rosenberg, co-portfolio manager of Minneapolis-based FAF Advisors, said many private-equity funds raised their money last year when interest rates were lower. "We know there's still a lot of money on the sidelines in terms of private equity," he said.

As part of the joint venture, Brookfield will manage properties in New York, Washington, downtown Los Angeles and Houston. Blackstone will manage properties in west Los Angeles, San Diego and some of the New York City properties. Also, Blackstone "or other parties" are expected to acquire additional properties in Atlanta, Dallas, Los Angeles, San Diego, Chicago, Charlotte, N.C., and Minneapolis, according to Brookfield. Blackstone traditionally sells off weaker performing properties.

Brookfield, a real-estate operating company, already owned 9.6 million square feet of office space in downtown Manhattan. If it keeps One New York Plaza, it will add another 2.5 million. Because that building is already almost fully leased, the acquisition isn't expected to make a significant impact on downtown leasing in the short-term, said Lawrence Tannenbaum, executive director of real-estate services firm Cushman & Wakefield. However, it further entwines Brookfield in the future of downtown Manhattan, for which it has already played a prominent advocacy role.

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China's Citic Makes A Play For Canadian Oil (WSJ)

By Shai Oster, Laura Santini And Henny Sender

The Wall Street Journal, June 6, 2006

Citic Group, a state-owned conglomerate in China, is in talks to buy a closely held Canadian oil company whose main asset is a field in Kazakhstan, according to people familiar with the matter. If completed, the $2.2 billion deal would be China's third-largest overseas oil acquisition.

The talks to buy Nations Energy Co., based in Calgary, Alberta, reflect the continuing efforts of Chinese energy companies to push abroad in their quest for energy. A deal isn't certain, according to one of the people familiar with the matter.

A deal would be China's second-largest acquisition in oil-rich Kazakhstan. Last year, China National Petroleum Corp., China's biggest oil producer by output, beat out Russian rivals to acquire an oil field in Kazakhstan for $4.2 billion and built a pipeline to carry Kazakh crude to China.

In April, Cnooc Ltd., China's biggest offshore oil producer, bought a $2.7 billion stake in an oil field off the coast of Nigeria.

Nations Energy's main asset is the Karazhanbas oil field in Kazakhstan, which pumped 41,000 barrels of oil a day last year, according to the company's Web site. Both Cnooc and CNPC had passed up on buying the company.

China's need for oil is increasing, with its domestic oil fields are producing less as its growing economy and rising middle class have made China the world's second-biggest consumer of oil, after the U.S. China has been a net importer of oil since 1993.

Buying the Kazakh field would be in line with China's policy of locking in oil supplies. Analysts said oil from the field could be brought to China via a pipeline that has already been built to carry crude from an adjacent field bought by CNPC.

Citic Group, a sprawling concern with interests that include trade and banking, has little experience in managing a project as complicated as the Kazakh field and would probably have to bring in partners.

Listed in Hong Kong, Citic Group was set up in 1979 by former Vice President Rong Yiren to function as the overseas investment arm of the government. It has interests in an oil field in China and is exploring for oil in Chad.

Nations Energy has been trying to sell itself for at least a year. It has proven reserves of 400 million barrels, according to the company's Web site, and has smaller operations in Azerbaijan. The company is owned by Indonesian investors. Production in the Karazhanbas field, discovered in the 1970s, was in decline until Nations Energy bought it in 1997.

Cathay Seeks Control Of Dragonair To Expand Access To China Routes (WSJ)

By Bruce Stanley And Laura Santini

The Wall Street Journal, June 6, 2006

HONG KONG -- Cathay Pacific Airways is in talks to acquire a controlling stake in Hong Kong Dragon Airlines, people familiar with the matter said, in a long-anticipated deal that would greatly expand Cathay's access to China's sizzling aviation market and plug the biggest hole in its global network.

A deal for Hong Kong-based Dragonair, as the company is known, could be valued at more than 8 billion Hong Kong dollars (US$1 billion) in cash and stock, according to a person knowledgeable about it. An agreement could be announced within days, but the terms aren't yet clear and the deal could still unravel, said the people familiar with the matter.

Cathay Pacific would purchase the controlling stake from two mainland Chinese companies that together own 71.8% of Dragonair, these people said. It would also purchase a 7.7% stake held by Swire Pacific Ltd., part of the London-based Swire Group and Cathay's largest shareholder. The moves would simplify the complex relationship between the companies. Cathay already owns a 17.8% stake in Dragonair.

Cathay once controlled Dragonair but lost its influence, and relations between them soured. Now, in spite of its home base in Hong Kong, Cathay operates a thin passenger service to just two Chinese cities. While Dragonair flies to 23 destinations in China, more than any other airline based outside the mainland, Cathay has had to watch from the sidelines as many of its toughest foreign competitors have started and expanded their own lucrative networks in China.

A deal would be "an historical event for Cathay Pacific...perhaps the most important corporate event for Cathay for the next five to 10 years," said Michael Wu, an analyst in Hong Kong for Fitch Ratings.

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It would have the added significance of establishing much closer links, in the form of cross-shareholdings, between Cathay Pacific and Air China, which could bolster the performance and international standing of the Chinese flag carrier. Cathay Pacific already owns 10% of Air China and provides management support and training for the Beijing-based airline's cabin crew, engineers and other staff.

A person familiar with the talks said that after the deal, Cathay and Air China would each hold less than 20% in the other.

By marrying Dragonair's routes in China with Cathay's profitable long-haul network and by strengthening Cathay's ties with the strongest of China's state-run carriers, the deal could create a new powerhouse in international aviation.

The HK$8 billion price would be worthwhile for Cathay, so long as it gave the airline "meaningful access" to the mainland, said analyst Kevin O'Connor of investment bank CLSA Asia-Pacific Markets.

"The devil really is in the details here," he said, noting that the agreement might stop short of giving Cathay unfettered operational control of Dragonair's flights in China.

Cathay Pacific, Dragonair and Air China declined to comment on the talks, as did a spokeswoman for Swire Pacific. Sara Sze, an official of China National Aviation Co., or CNAC -- which has a 43.3% stake in Dragonair -- said she didn't know of a transaction. Chinese conglomerate Citic Pacific Ltd., which owns 28.5% of Dragonair and 25.4% of Cathay Pacific, didn't respond to requests for comment.

Trading in the shares of the five Hong Kong-listed companies -- Cathay, Air China, Swire Pacific, CNAC and Citic Pacific -- were suspended yesterday after publication of a report on the deal in the Hong Kong newspaper the Standard.

Cathay Pacific controlled Dragonair from 1991-96, when it scaled back its stake in the airline as part of a strategic rearrangement ahead of Britain's handover of political power in Hong Kong to China. Cathay and Dragonair have since become sometimes rancorous competitors on flights to Taiwan and other regional routes, and Cathay has had to make do in China with limited passenger service to Beijing and Xiamen and cargo service to Shanghai.

Cathay tried to widen its footprint in the mainland, first by partnering unsuccessfully with state-run China Eastern Airlines and then, in 2004, with a strategic investment in Air China. Cathay has yet to reap big benefits from its alliance with Air China, which complicated their relations by committing last month to joining the Star airline alliance instead of the oneworld group, to which Cathay belongs.

Under the new deal, Cathay would buy the stakes that Citic Pacific and CNAC hold in Dragonair, as well as Swire's holding. In return for the loss of mainland control of Dragonair, Air China or possibly CNAC would likely receive a stake in Cathay Pacific, two people with knowledge of the deal said.

Cathay should be able to generate cost savings by integrating Dragonair's back-office departments and management with its own and by using their combined fleets more efficiently, said UBS analyst Damien Horth. Cathay probably has already lined up regulatory approval of the deal from China's aviation authorities, he added.

An official of the Civil Aviation Administration of China said that no matter what shareholding changes might occur, "Dragonair will retain its nature as a Hong Kong carrier," adding as an example, "Cathay is controlled by a British company, but it is a Hong Kong carrier."

ENVIRONMENT:

Avian Flu News Tracker (WSJ)

The Wall Street Journal Online, June 6, 2006

Monday, June 5

3:55 p.m.: Japan said it will nominate WHO Western Pacific chief Shigeru Omi to succeed the late Lee Jong Wook as head of the U.N. health agency, the AFP news agency reported1. 2

2:05 p.m.: Wall Street Journal Video:3 Health and Human Services Secretary Michael Leavitt and Agriculture Secretary Michael Johanns discuss the latest news regarding a person-to-person transmission of the avian flu and what it means.

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11:40 a.m.: Skinvisible Pharmaceuticals4 said its new hand sanitizer was 98% effective in deactivating or killing the bird-flu virus on skin for up to four hours during a recent test at a subsidiary of London's Queen Mary School of Medicine. The Las Vegas company developed the hand sanitizer primarily for health-care professionals. The active ingredient is Chlorhexidine.

9:05 a.m.: Less than one-sixth of the $1.9 billion pledged in January by donor countries to prepare developing nations for a flu pandemic has been dispersed, despite calls for a rapid escalation of efforts, the Financial Times reported6 Monday, citing the World Bank. The news of scant fund distribution comes as U.N. bird-flu chief David Nabarro is set to call for additional bird-flu funding, according to the report.

Washington In Brief (WP)

By From News Services

The Washington Post, June 6, 2006

USDA Secretary Sets Strategies for Avian Flu

The U.S. Department of Agriculture can tap an emergency fund of about $30 billion to fight an outbreak of lethal flu in poultry, Secretary Mike Johanns said yesterday.

Any colony of birds in which a positive test occurred would be destroyed and the owners would be compensated, Johanns said.

"We would quarantine that flock, and we would humanely destroy those birds," he said. "Our goal would be to eradicate. We don't want to mess around with it."

Johanns said he might use rarely exercised emergency powers to access funds without congressional intervention if a lethal form of the H5N1 avian flu began spreading through domestic U.S. flocks. Health and agriculture officials are concerned that the virus may enter the United States through migratory, smuggled or imported birds and perhaps mutate into a form contagious among people that might set off a lethal worldwide human pandemic.

"You start considering the multitude of opportunities here and it's very important to be prepared," Johanns said.

At least 127 of the 224 people confirmed to have been infected with the H5N1 avian flu have died since 2003, the World Health Organization said May 29. Although the virus has primarily infected people through contact with sick or dead birds, some possible human-to-human transmission has been reported when people have come in close contact with sick, coughing patients.Medicaid to Require Proof of Citizenship

Tens of millions of low-income Americans will soon have to show their birth certificates or U.S. passports if they want to obtain health care through their state Medicaid programs.

The requirement that beneficiaries provide proof of citizenship goes into effect July 1. It's designed to root out cases of illegal immigrants getting their health care paid for by the government.

Health analysts say they fear the provision could prevent some citizens from getting health care.

Advocacy groups for the homeless and mentally ill have asked the Bush administration to presume that beneficiaries seeking care are eligible for the health insurance program for the poor. Then, they would be given time to get the necessary documents.

"They may not have kept the best records, particularly those with serious mental health disorders," said Kirsten Beronio, senior director of government affairs for the National Mental Health Association. "For them, there needs to be some accommodations made that other types of records could be used."Conferees Seek to Seal Deal on War Funding

Hoping to speed approval of war funds, House-Senate negotiators were to meet this evening on legislation to pay for the missions in Iraq and Afghanistan and for hurricane relief along the Gulf Coast.

After missing a Memorial Day deadline, negotiators hope to seal an agreement this week. The White House says a money crunch is threatening military operations and training accounts, especially for the Army, and could slow training and equipping of Iraqi soldiers.

"It's imperative that Congress finish its work and get this to the president to sign," said Pentagon spokesman Bryan Whitman. "This supplemental went up in February. It's now June." He said the Army will impose a civilian hiring freeze Tuesday and has cut spending on spare parts, transportation and travel.

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New London Approves Evictions In Eminent Domain Dispute (BOS/AP)

By Stephen Singer, Associated Press Writer

The Boston Globe, June 6, 2006

NEW LONDON, Conn. --City officials voted Monday night to begin eviction proceedings against residents who refuse to leave their riverfront homes, signaling the end may be near in an eminent domain dispute that reached the U.S. Supreme Court.

The City Council approved the action 5-2, authorizing the city attorney to take the necessary steps, including possible court action, to evict the remaining two families and obtain the properties. A lawyer for the families said they are considering continuing their battle with the city.

About 100 people packed the meeting room, a hallway and an adjacent room.

The small city has been trying for a decade to redevelop the once vibrant Fort Trumbull neighborhood along the Thames River. Seven homeowners challenged the city's plans to seize their properties and build a hotel, convention center and upscale condominiums, saying eminent domain can't be used to make way for private development.

But a 5-4 Supreme Court ruling last year upheld the city's right to take the homes. The court, however, said states were free to restrict eminent domain seizures, and many already have. A proposal to change Connecticut's law died in this year's state legislative session.

Since the Supreme Court ruling, all but two families have settled with the city and agreed to leave.

Michael Cristofaro, one of the Fort Trumbull holdouts, spoke out against the property seizures.

"Just give us back our deeds," Cristofaro said. "You are not being straight with us or the public. You are not listening to the general public."

Cristofaro singled out five of the seven council members who favor taking the property.

"You are a disgrace to the city, the state and the nation," he said.

One Fort Trumbull resident, William Von Winkle, agreed to a settlement with the city Monday, just minutes before the City Council meeting began, The Day of New London reported. The terms were not disclosed.

Scott Bullock, a lawyer for the Arlington, Va.-based Institute for Justice who represents the residents, said the homeowners can still fight the city. He said they'll be considering appeals to state government to ask that state funding for the development be pulled. He said they also may engage in civil disobedience.

"This is a civil rights struggle to save poor and working class people from eminent domain abuse," he said.

City Councilor Robert Perro supported the effort to remove the families. He said the issue has been through state agencies and three courts.

"This was a plan that was well thought out," he said. "The development of this peninsula needs to move forward."

But Charles Frink, one of the two councilors who opposed seizing the properties, criticized supporters, saying they should admit they made a mistake.

"I can't accept a possible reduction in taxes by having neighbors thrown out of their property," he said. "This is morally abhorrent to me. I refuse to profit from my neighbor's pain."

Gov. M. Jodi Rell had proposed letting the holdouts remain in their homes but giving the city the right of first refusal if the houses ever were sold.

New London Mayor Elizabeth Sabilia predicted before the meeting that Rell's proposal would not be approved.

"The balance of councilors are staying the course," said Sabilia, who also votes on the council.

The vote came five days after a deadline for settlements to be reached with the remaining property owners.

One local resident who spoke Monday night, Donald Harrington, was against Rell's plan.

"What right has she got to tell the city of New London what to do?" he asked.

The eviction process, which may include another court fight, could take a month to three months. But that's negligible in a land dispute that has been up and down the court system over several years.

"You know how some things take on a life of their own?" Sabilia said. "This thing is like a cat. It's taken on nine lives."

Bullock said he didn't think the city wants the publicity that will come with razing the homes.

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"It would be a disaster, evicting Susette Kelo from that pink house that nearly everybody in the nation recognizes by now, when you've got a proposal from the governor on the table," he said.

Kelo, a 49-year-old nurse who bought her home in 1997, became the lead plaintiff in the court battle and has refused to sell, as has Cristofaro.

Debate Over Wind Power Creates Environmental Rift (NYT)

By Felicity Barringer

The New York Times, June 6, 2006

OAKLAND, Md. — Dan Boone has no doubt that his crusade against wind energy is the right way to protect the Alleghenny highlands he loves. Let other environmentalists call him deluded at best, traitorous at worst. He remains undeterred.

For four years or more, Mr. Boone has traveled across the mid-Atlantic to make every argument he can muster against local wind-power projects: they kill birds and bats; they are too noisy; they are inefficient, making no more than a symbolic contribution to energy needs.

Wind farms on the empty prairies of North Dakota? Fine. But not, Mr. Boone insists, in the mountainous terrain of southwestern Pennsylvania, western Maryland or West Virginia, areas where 15 new projects have been proposed. If all were built, 750 to 1,000 giant turbines would line the hilltops, most producing, on average, enough electricity to power 600 homes.

Wind projects are in the midst of a huge growth spurt in many parts of the country, driven by government incentives to promote alternatives to fossil fuels. But Mr. Boone, who wields a botanist's trowel and a debater's knife with equal ease, wants to slow them down with community activism, regulatory action and legal challenges.

His crusade harks back to the campaigns against nuclear power plants, toxic-waste dumps and dams on scenic rivers that were building blocks of the modern environmental movement. But the times, and the climate, are changing. With fears of global warming growing more acute, Mr. Boone and many other local activists are finding themselves increasingly out of step with the priorities of the broader movement.

National groups like Greenpeace and the Sierra Club used to uniting against specific projects are now united for renewable energy in general. And they are particularly high on wind power — with the caveat that a few, but only a few, special places should be turbine-free.

"The broader environmental movement knows we have this urgent need for renewable energy to avert global warming," said John Passacantando, executive director of Greenpeace U.S.A. "But we're still dealing with groups that can't get their heads around global warming yet."

Indeed, the best winds, especially in the East, tend to blow in places that are also ideal for hiking, sailing, second homes and spirit-soothing views. These include the Green Mountains, the Adirondacks, the Chesapeake Bay, Cape Cod and the ridges of northern Appalachia. Local opposition to unwanted development remains a potent force.

So when it comes to wind, the environmental movement is riven with dissonance and accusations of elitism. Robert F. Kennedy Jr.'s very public opposition to the 130-turbine Cape Wind energy facility proposed off Nantucket Sound has driven a wedge between activists. Dan Boone's circuit riding against wind projects, while not attracting the same celebrity notice, has exasperated many Sierra Club compatriots even more.

Like Mr. Kennedy, Mr. Boone says the areas he wants to protect are uniquely vulnerable. His family owns property near the proposed projects, just as Mr. Kennedy's does near the Cape Wind site.

But Mr. Boone says that wind supporters are the ones pursuing their own agenda at the expense of the public interest.

"I'm not sure that wind turbines in this region will significantly reduce the outcome of global climate change or actually have any role," Mr. Boone said. "The very limited benefit doesn't justify the risk of wiping out a lot of interior forest habitat."

National environmental leaders reject this argument.

"There's no free lunch," said Paul Hansen, executive director of the Izaak Walton League of America, a venerable sportsmen's group. " 'Not in my backyard' is not environmentalism."

The Alleghenies are a big backyard, with views that are both spectacular and problematic. Flowering shrubs like shadbush and preening flowers like trillium are framed by oaks, maples and longleaf pines. But intermittent industrial tree farming has

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repeatedly denuded some mountainsides. On both sides of the border near here in far western Maryland, second-home development is booming. The air has often been fouled by the Mount Storm coal-fired power plant.

If Ned Power, a wind-energy development company, puts up 100 or so turbines along 14 miles of ridgeline near Mount Storm, wind-energy supporters say, how much does that further spoil the landscape?

Kevin Rackstraw, a regional manager of Clipper Windpower whose proposed 40-turbine project in western Maryland has drawn Mr. Boone's fire, said opponents lacked perspective.

"Dan looks at all the impacts of a given wind project," Mr. Rackstraw said, "but doesn't say: 'If we didn't have wind, what would we have?' Coal. Think of the impact of acid rain and mountaintop removal."

The Ned Power project is just one target of Mr. Boone, 49, a former state wildlife biologist who now works as a consultant. In interviews, he said he first focused on the issue when working as a botanist on a study related to an early wind power project. The environmental-impact statements, he said, were grossly inadequate.

Now he drives from Highland County in western Virginia (where 38 turbines are proposed on Tamarack Ridge) to Bedford, Pa. (where early discussions of an unnamed project are under way) to talk to local groups or crystallize their objections for them. In Annapolis, Md., and Charleston, W.Va., he uses state utility regulators' licensing hearings to throw up roadblocks before wind projects. He is eager to argue with industry officials in any venue, questioning their facts, assumptions and motives.

"The rush is on now because a lot of the places they've targeted have no zoning, and it's easy to get in that kind of large-scale development," he said. "This part of the country has really good energy prices. Developers are keying in on that."

Mr. Boone's quiver of anti-wind arguments includes economic analyses, but his first line of attack is biological: he contends that they are a threat to bats and potentially to migratory birds and that they break up forest habitat.

Scores of raptors and other birds were killed by the first generation of wind turbines set up at Altamont Pass in Northern California. Since the Altamont Pass turbines were erected in the early 1980's, turbine design has been altered, and most subsequent studies have shown that birds tend to fly above the height of most turbines though some experts say more studies are needed.

But the turbines south of here in Thomas, W.Va., have been lethal to bats. More than 2,000 were killed in 2003 at the Mountaineer project, whose 44 turbines are owned by FPL Energy, a big power company that is the wind industry's dominant player.

Industry officials agree that the bat mortality measured at the Mountaineer site is unacceptable, and they are studying the benefits of deterrent devices and the best ways to modify turbine operations in bat-rich areas.

To Mr. Boone, wind energy will never make a big enough difference to justify its impact in the region. "You have to remember that these tax advantages are so huge," he said, "that these developers are keen to latch onto all the mythology — whether it's global warming or something else."

Asked if he thought global warming was a myth, he said: "No, I'm not calling it mythology." But industry officials, he contended, will "take things out of context."

Mike Tidwell, the director of Chesapeake Climate Action Network and one of Mr. Boone's adversaries, bristles at the attack. "Wind industry guys are the straightest-shooting people," Mr. Tidwell said. "Most got into it because they had an environmental ethic."

But Mr. Boone has plenty of allies, too. "He's the greatest naturalist I've even known," said Betsy Johnson, chairwoman of the Maryland chapter of the Sierra Club. "Dan has been very helpful in educating us with what problems there can be with an energy source like wind."

The industry Mr. Boone regards so suspiciously is on a roll. The total share of energy that wind farms generated nationwide in 2004 was tiny — about one-third of 1 percent, according to the Energy Department. But by 2020, according to industry estimates, wind's share of the county's energy portfolio could grow ten- or twentyfold.

For the environmental movement, wind supporters say, the transition from the protection of place to the protection of planet is bound to be wrenching.

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"Wilderness conversations are spiritual," said David Hamilton, the Sierra Club's national director of global warming and energy programs. "We've always been a place-based organization, protecting places," but "protecting our climate" is "just looking at it from a different angle and a different elevation."

FBI/DEA/ATF/USMS:

You Trust This Guy? (RC)

By Mary Ann Akers

Roll Call, June 6, 2006

It appears there may be an even more bizarre genesis to the FBI's already unusual attempt to seize the papers of the late journalist Jack Anderson, who was 83 when he died in December. The Senate Judiciary Committee is set to hear about the allegedly sordid past of a former Anderson reporter who tipped off the FBI when it convenes this morning to hold a hearing on the controversy.

According to a Senate Judiciary Committee source, a witness will testify that the entire Anderson investigation was triggered by a tip from a man convicted and imprisoned for sodomizing a young boy and who allegedly admitted to having a history of mental illness.

The witness who will make these charges is Mark Feldstein, a journalism professor at George Washington University, where the Anderson papers are stored.

Feldstein is working on a book titled "Poisoning the Press: Richard Nixon, Jack Anderson and the Rise of Washington's Scandal Culture," which is due out next year. So the FBI went to him to seek Anderson's papers.

The FBI reportedly said it wanted Anderson's files, going back as far as the early 1980s, as part of its criminal probe of two former lobbyists for the American Israel Public Affairs Committee who are accused of violating espionage laws. The FBI came knocking even though, as The Chicago Tribune noted in an editorial last month, Anderson "had been ill with Parkinson's disease since 1986."

Don Goldberg, a veteran spinmeister for the Clinton administration who is now a managing director for Qorvis Communications, says he and other former Anderson associates find the FBI's attempt to seize Anderson's papers "outrageous."

For one, Goldberg said, Anderson had not been an active journalist for at least 15 years before his death. More importantly, he said, "the First Amendment ability of journalists to protect their confidential sources regarding legitimate issues relating to how our government works is sacred. It doesn't evaporate when a journalist dies. This is nothing more than an attempt to intimidate reporters by threatening them even in death."

Several close-knit Andersonites plan to attend today's hearing. One of them, author James Grady, whose spy novel "Six Days of the Condor" was made into the '70s suspense classic "Three Days of the Condor," has a notion to corral the Anderson gang to sing the "The Star-Spangled Banner" at the start of the session.

"I think that would be appropriate to remind people where they are," he said.

Speaking of Investigative Reporters ... Robert Redford's trip to the nation's capital next week has nothing to do with Deep Throat.

The liberal group Campaign for America's Future has snagged the one-time star of "All the President's Men" (and, as it happens, the aforementioned "Three Days of the Condor") to add a little Hollywood gleam to its "Take Back America" conference.

Toby Chaudhuri, the group's spokesman, wrote in an e-mail that Redford, who is 69, will join Senate Minority Leader Harry Reid (D-Nev.) and other activists to officially launch the group's Apollo Challenge to urge the White House and Congress to "kick our nation's oil habit." The conference starts June 12 at the Washington Hilton.

Attendees will also hear from Sens. Hillary Rodham Clinton (D-N.Y.), John Kerry (D-Mass.) and Barack Obama (D-Ill.).

Be Cool. Hey, softball players, keep those beers down if your team is playing down on the Mall this week. Police are out in full force in light of three recent muggings and one sexual assault.

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Last week, a police officer issued a verbal warning to a couple of members of the Shays Lounge and the Swinging Johnsons — the softball team of Reps. Christopher Shays and Nancy Johnson, both Connecticut Republicans — before the start of their game last Wednesday against the Hoosier Daddys.

The two teams were warming up, and some of their players were swilling brewskis, when police on bicycle, horseback and motorcycle showed up. “I was wondering when they were going to bring in Scotland Yard,” one eyewitness said dryly.

The informant said he thought some members of the Shays-Johnson team were issued a warning, but not an official ticket. He was right. Sarah Moore, a spokeswoman for Rep. Shays, says an officer simply asked them to put the beer away and gave them “a verbal warning.”

Drug Czar Announces Bad Heroin Supply Bust (AP)

By Carla K. Johnson

AP, June 5, 2006

CHICAGO -- U.S. agents, working in cooperation with the Mexican government, have closed down a lab in Mexico that might be the main source of a powerful painkiller that has killed at least 100 heroin users in eight states, the federal drug czar said Monday.

John Walters, director of the White House Office of National Drug Control Policy, said it's still not clear whether the painkiller, fentanyl, was mixed with heroin at the lab in Mexico or after it entered the United States.

"There may be more than one source," Walters said. "We think this is the principal source."

The U.S. Drug Enforcement Administration is testing samples of fentanyl seized in a May 28 raid of a suspected fentanyl-manufacturing operation near Guadalajara but has not yet confirmed that the drug is linked to the U.S. deaths, DEA spokesman Steve Robertson said.

"We hope to have a break in the case, but we're not sure this is it," Robertson said.

Five Mexican citizens were arrested during the May bust, including one Walters described as the chemist.

Walters said that the dealers may have started using fentanyl because they were looking for a competitive advantage on the street, but that inept mixing _ or cutting _ of the drug combination made it deadly.

He also warned that millions of deadly doses of the fentanyl-laced heroin might still be on the streets. Fentanyl-laced cocaine had turned up in some cities, as well, he said.

Deaths caused by fentanyl-laced drugs have occurred in Illinois, Michigan, Missouri, Ohio, Pennsylvania, New Jersey, Delaware and Maryland, Walters said.

Doctors prescribe fentanyl as a painkiller for cancer patients and others in chronic pain. It's about 80 times more potent than morphine.

The drug is also many times stronger than heroin. An overdose can slow breathing to the point of death.

Lethal Drug Likely Came To Area From Mexican Lab (AP)

By Carla K. Johnson, Of The Associated Press

AP, June 6, 2006

Authorities believe raid hit source of pain-killer used in deadly heroin

CHICAGO - U.S. and Mexican authorities have closed a Mexican lab that might have been the main source of a powerful pain-killer that has killed heroin users in the Harrisburg and Philadelphia areas and six other states.

Those authorities also warned yesterday that millions of deadly doses of fentanyl-laced heroin might still be on America's streets.

The mixture has caused at least 100 confirmed deaths from Philadelphia to Chicago in recent months. The Harrisburg area had two deaths and at least 20 overdoses from heroin cut with fentanyl in April, authorities said.

The lethal mix was sold locally in packages marked "Apollo" and was sought by users looking for powerful highs, authorities said.

Deaths caused by fentanyl-laced drugs have also occurred in Michigan, Missouri, Ohio, New Jersey, Delaware and Maryland, said John Walters, director of the White House Office of National Drug Control Policy.

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Fentanyl, medical authorities said, is prescribed for cancer patients and others in extreme pain. The drug is considered 80 times more powerful than morphine. An overdose can cause a suffocating feeling similar to an asthma attack, slowing breathing to the point of death.

Organizations that run needle exchanges and other health programs for drug users are trying to spread the word. "Is your friend turning blue?" reads one flier that describes what to do in an emergency.

But to some drug users, seeking a more powerful high, the warnings become an advertisement.

In the Detroit area -- the apparent hub of the problem with more than 100 confirmed cases since last fall -- officials from the national Centers for Disease Control and Prevention were investigating, and community organizations were still scrambling at the end of May to get the word out to users.

Walters said it was not clear yesterday whether the fentanyl was mixed with heroin at the lab in Mexico or after it entered the United States. Fentanyl-laced cocaine also has turned up in some cities, he said.

He warned that fentanyl might be coming from other sources as well.

"There may be more than one source," Walters said. "We think this is the principal source."

The U.S. Drug Enforcement Administration is testing samples of fentanyl seized in the raid near the western city of Guadalajara, but it does not yet have confirmation that the drug is linked to the U.S. deaths, DEA spokesman Steve Robertson said.

"We hope to have a break in the case, but we're not sure this is it," Robertson said. "This is an ongoing investigation, and we're working very closely with local authorities."

Five men, all Mexican citizens, were arrested in the May 28 raid, Robertson said. Walters described one of them as "the chemist."

"Through standard detective work we're looking to make ties into what's going on up here" in the United States, Robertson said.

Walters said the fentanyl-laced heroin might have been used by dealers looking for a competitive advantage on the street, but inept mixing -- or cutting -- of the drug into heroin made it deadly.

The DEA plans to gather police officers and drug enforcement agents for a national meeting on the fentanyl problem June 14-15 in Chicago, Robertson said.

Staff writer Tom Bowman contributed to this report.

Major Bust In Bad Heroin Supply (CHIT)

By Jeff Coen And Tonya Maxwell, Tribune Staff Reporters

Chicago Tribune, June 5, 2006

A clandestine laboratory in Mexico capable of producing millions of doses of the potent, sometimes lethal, drug fentanyl has been shut down, the U.S. drug czar announced Monday in Chicago, but not before it may have contaminated supplies of street drugs here and across the country.

Heroin mixed with the powerful painkiller has been blamed for hundreds of deaths across the U.S. in the last year, including at least 60 in Chicago. The synthetic narcotic is being added to heroin to give a more powerful high to users, authorities have said. Some users have sought the combination and others may not have known what they were buying.

Just over the weekend in Cook County, there were 13 fatal overdoses that now are being investigated for connections to fentanyl, the county's chief medical examiner said Monday.

John Walters, director of the White House Office of National Drug Control Policy, said it is too soon to know if the Mexican lab was the biggest source of the illicit drug, which has killed people in eight states.

But authorities believe it may have been running long enough to push a major amount of fentanyl, used legally for pain management, into the illegal drug market, he said.

"In effect, to be quite clear, the drug traffickers have substantially poisoned the drug supply in the United States," Walters said.

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"These are already dangerous substances, but obviously we're now seeing in more places the effects of this incredibly powerful drug in levels that are causing deaths."

The U.S. Embassy in Mexico City reported the lab was located May 21 by Mexican authorities in Toluca, north of the capital. The Mexican attorney general's office reported authorities found a climate-controlled room in the company's space in an industrial park, with tools and precursor chemicals used in the making of the drug.

Federal investigators said five Mexican nationals were arrested, including a man acting as the chemist for the group.

Investigators are working to determine how much fentanyl could have been made at the production site before it was discovered. And agents are seeking records on the site that might provide clues as to its production capacity and distribution channels, they said.

Deaths have been reported in Illinois, Michigan, Ohio, Missouri, Pennsylvania, New Jersey, Delaware and Maryland.

Testing is under way to find a common chemical signature in samples from those states that might link them to the Mexican lab, Walters said, confirming the fears of some that crime networks will move heavily into fentanyl production.

Investigators said they are working to determine if Chicago street gangs are moving the drug locally. Walters said no clear national picture had emerged that would explain which criminal networks are transporting fentanyl around the country.

Cook County Medical Examiner Edmund Donoghue said blood from 13 victims of fatal overdoses in the county over the weekend would be tested for fentanyl. The drug is among the most powerful illicit substances seen on Chicago's streets, he said. The narcotic, originally produced as a surgical anesthetic, shuts down the respiratory system, he said.

Among those suspected of overdosing over the weekend was Herman Elmore, 31, who died at the home of a family he was staying with in the 7400 block of South Morgan Street.

Vicky Love, who described herself as Elmore's godmother, said he was in and out of the house early Sunday, and then came in and said he was sleepy at about 3 p.m.

"I told him to sit down and take a nap," Love said. Several hours later children in the house tried to wake Elmore from a chair, but he was not breathing.

Donoghue said it would take weeks for testing to determine whether fentanyl was in Elmore's system. Love said she did not know Elmore to be a drug user, and said she doesn't know why anyone would try heroin now.

"They know [fentanyl] is out there, so why go out here and purchase it when it's all over the news?" she said.

Eddy Borrayo, director of substance-abuse services at the Pilsen-Little Village Mental Health Center, said many addicts do look for fentanyl-laced heroin.

"If someone is getting a good high, such as with fentanyl, then addicts will go out and say, 'Where can I get some?'" he said. "That's what keeps them going. They're trying to find something else that gives them their first high.

"The potency is the issue," he said. "If a dope dealer says, 'I've got the good stuff,' that means it'll knock [the addict] out. It might make the addict feel tranquil and go to sleep. That's what they want. It's a pseudo-suicide, if you want to call it that."

Garrison Courtney, spokesman for the Drug Enforcement Administration in Washington, said there could be a number of illegal sources for the drug, including other laboratories. Some of it has been stolen from medical facilities where it is often used in a patch for cancer patients and others with severe pain, Courtney said.

On June 14, Chicago police and the Drug Enforcement Administration in Chicago will meet with law enforcement representatives from other states in hopes of finding patterns in how the drug is distributed.

Drug czar Walters said fentanyl also would become a focus of his office's new U.S. Synthetic Drug Control Strategy, which will target precursor materials entering the country.

Walters, speaking after a news conference in Chicago that introduced a new ad campaign to keep Hispanics from experimenting with crystal methamphetamine, said for now he could only urge users not to go looking for fentanyl.

At a treatment clinic in the mental health center, Borrayo said he was not optimistic most addicts would listen to official pleas to stay away from fentanyl. In his experience, he said, dealers will often give out free samples of a new mixture to see if they have a winning formula, and users will be in line waiting for it.

"The [dealers] will try to test it out to see if it's that good," he said. "Then they'll increase their price."

Tribune staff reporter Hugh Dellios contributed to this report.

Effects Of Fentanyl (CHIT)

By Judith Graham, Tribune Staff Reporter

Chicago Tribune, June 5, 2006

Fentanyl is an extraordinarily effective drug when it comes to pain relief. But abuse it and the chance of deadly complications is high.

A synthetic medication, fentanyl belongs to a class of drugs known as opioids. Others in the class include morphine, heroin, methadone, hydrocodone (Vicodin) and oxycodone (OxyContin).

Opioids work by binding to parts of nerves responsible for perceiving and transmitting pain. These opioid receptors are found primarily in a person's brain and spinal column.

For people in distress, relief can come in a matter of seconds after a fentanyl injection. For others, a feeling of euphoria is common, said Dr. Allen Burton, an associate professor of pain medicine at M.D. Anderson Cancer Center in Houston.

Potency is fentanyl's hallmark: It is between 80 to 100 times more powerful than morphine.

Whereas heroin and morphine are dosed in milligrams, fentanyl is dosed in micrograms—one 100th of a milligram, said Linda Bressler, a clinical associate professor at the University of Illinois at Chicago's College of Pharmacy.

Underscoring the need for caution, fentanyl has a narrower "therapeutic window"—the difference between a safe dose and a dangerous dose—than other opioids. "Overshoot the dose by just a little bit, and you can go from euphoric to unconscious or dead pretty easily," Burton said.

The greatest danger comes from fentanyl's potential to depress the central nervous system and cause breathing to shut down if it is taken in excess.

Signs of an overdose include "trouble breathing or shallow breathing, extreme sleepiness or sedation, an inability to walk or talk normally, and feeling faint, dizzy and confused," according to a recent publication from the Food and Drug Administration.

Heroin users may put themselves at extreme risk with fentanyl because doses are so different and because the drugs compound each other's effects, said Dr. Bruce Goldberger, director of toxicology at the University of Florida's College of Medicine.

Fentanyl has two legitimate purposes. In hospitals and other medical settings, anesthesiologists give it intravenously to patients undergoing surgery. The drug is also available in a skin patch or lozenge for people with severe chronic pain, such as cancer patients and patients with degenerative neurological disorders.

Recently, reports from around the country indicate growing abuse of the Duragesic skin patch and an increasing number of deaths from overdoses. Users are putting on multiple patches or stripping out the drug and injecting, drinking, eating or smoking it, Goldberger said.

Heroin Users Warned About Deadly Additive (WP)

By Peter Slevin And Kari Lydersen

The Washington Post, June 4, 2006

CHICAGO -- The largest clue that something had changed in Chicago's vibrant heroin market came in February, when police found a dozen users sprawled unconscious in one place. One day in April, there were dozens more.

Toxicologists at the Cook County morgue discovered fentanyl, a powerful painkiller many times stronger than morphine, in the bodies of addicts who died. A small amount of fentanyl in a dose of heroin adds a pop that many users have come to crave.

"It's a new phenomenon. It's the latest high," said Chicago police spokeswoman Monique Bond, "but it's deadly. "

Since February, coroners have recorded 55 fentanyl-related deaths in Cook County, with 45 more cases suspected. Some were unsuspecting users taking pure fentanyl; others were users taking a mixture. Scores overdosed but recovered -- and not all regretted using it.

"There's this consumer arc. At first there's fear, but then when the fear is over, it's like: Hey, that's good stuff," said Greg Scott, a DePaul University sociologist who conducts government-funded research on injected drugs. "Most so-called street addicts can't afford more than what they're already doing, so fentanyl gives you that little extra bump. People are scouting for it."

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Authorities have spotted the practice in Pennsylvania and New Jersey, and it appears most serious in Detroit, where authorities suspect that more than 175 people have died in recent months from fentanyl-related overdoses. The national Centers for Disease Control and Prevention is investigating. Federal and local authorities are convening a workshop in Chicago next week to learn more.

"It's baptism by fire here," Scott said.

The Chicago Recovery Alliance runs a weekly needle exchange and barbecue in a bus parking lot in Cicero, just outside city boundaries. At recent sessions, the organization has been warning users about the dangers and teaching them how to distinguish the mint green-tinged fentanyl-laced heroin from the typical Chicago drug, which tends to be yellowish or dusty brown.

"We tell them: If it's green, you shouldn't use it," said Cheryl Hull, the group's deputy director of operations, who reported that at least seven clients have died. Staffers have been urging users to be far more vigilant and to get high in twos or threes, never alone.

Cathy Piotrowski, who showed up for last week's barbecue, said she has overdosed four times on a fentanyl-heroin mix.

"You do it, then bam, you're just right out. You don't remember anything," said Piotrowski, 42, who reported taking three hits of heroin a day. "I'm warning people about it, saying this stuff is going around, so be careful."

Despite the obvious dangers, the quest for a bigger and better high is driving users to find the more potent fentanyl-heroin blend. Universal laws of marketing and sales are similarly driving the pushers to supply it, authorities said. Even the police unwittingly contributed to the phenomenon.

"The dealers were passing out free samples to attract users," police spokeswoman Bond said. "The police department was trying to be proactive by alerting the public about the bad heroin, but we were providing free marketing, basically providing a road map."

Scott, the DePaul sociologist, said four of the five heroin-dealing crews he is tracking are now selling the drug laced with fentanyl. They sell more dope in what is a competitive market, he said, and make more money. The users, especially those who can afford only a limited amount of heroin even as their tolerance grows through habitual use, see a way to get higher.

"For the same amount of money, you can get a product that's, let's say, 10 times more potent," Scott said.

Frankie is a 43-year-old homeless man who did not want to give his last name. He said he overdosed late last month on fentanyl-laced heroin he got for free on Chicago's Southwest Side. Police took him to the hospital. A former amateur boxer, he likened the effect to being slugged in the head and knocked out.

To him, the freebies did not make much sense.

"They were handing it out," he said, "but why kill your new customers?"

Deadly Mix Entices Drug Users (DN)

Detroit News, June 6, 2006

It's sold on the street as "Suicide," and if the name doesn't signal the risk, fears that it may have caused as many as 58 overdose deaths in Wayne County since May 18 should.

But a rise in deaths linked to heroin spiked with the painkiller fentanyl hasn't deterred some hardcore addicts from seeking the drug with the deadly nickname. Desperate for a high that gets elusive with time, a dedicated batch of users is turning to the cocktail whose effects can last all day.

Addicts told The Detroit News they're trying Suicide because they think they can manage the drug and avoid overdoses that have killed more than 130 users in Wayne County since January 2005. The News verified the identities of users, but agreed not to publish their last names.

"This is the biggest advertisement ever for the dope man: A drug that gets you so (messed) up, you die," said Susan, a Bloomfield Hills woman who has used heroin on and off for 18 years but has been clean for a month.

That newfound high could soon end, however. Federal investigators announced Monday they may have found the source for the drugs last month during a raid that closed an underground lab in Mexico.

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U.S. and Mexican authorities arrested five people for manufacturing a knockoff of the drug that's prescribed to cancer patients and described as 50 times stronger than morphine. Chemical tests will determine if the lab was the source of drugs sold as "Suicide" in Detroit and several Midwestern cities.

"There may be more than one source," said John Walters, director of the White House Office of National Drug Control Policy. "We think this is the principal source."

Authorities would not comment Monday on their evidence, however, and a Drug Enforcement Administration spokesman in Chicago, Chris Hoyt, said agents "are not ready to say the lab discovered in Mexico is directly related to what's happening here."

"The raid in Mexico is good news, but it does nothing for the lethal drug supply on our streets right now," said Robert Ficano, Wayne County executive and former sheriff. "We don't know how much of this mix is out there, and we don't know how many fentanyl sources there are."

Despite the warnings, many users have come to view Suicide as a drug they can use occasionally, said Patti, a decade-long user from Detroit.

Unlike heroin, addicts don't need to use five or more times a day while they're on fentanyl and don't need a fix as soon as they wake up.

"A lot of people are trying to get their hands on it," she said. "Some people are afraid, but most want to get as high again. … The heroin around here hasn't been great lately. It's been hit or miss. This is different. The first time I used it, I didn't know what it was. I got high. It was strong."

Part of the appeal is that longtime addicts no longer get high. Instead, heroin merely curbs nausea, tremors, diarrhea and other withdrawal symptoms, said Dr. Mark Greenwald, a Wayne State University psychiatry professor who conducts studies on addicts.

"This is used a lot by drug dealers as a kind of marketing," said Garrison Courtney, a DEA spokesman. "They give it an artificial purity. Then people see a few overdose deaths, and they're going to flock to the area to get that brand."

Some do so with deadly consequences.

Two weeks ago, Patti said she revived a friend who overdosed on fentanyl and heroin. The woman passed out immediately after injecting. Friends poured ice water on her head, then ice cubes.

She began to turn blue. Desperate, after 15 minutes of failures, Patti said she blew smoke from crack cocaine on her friend and she came to.

Patti said she still uses fentanyl.

"Everyone thinks they can take it," she said. "They're not going to be the ones who are going to go out on it (and die.) I don't think anyone is changing their habits."

The anecdotes seem to confirm the worst fears of drug counselors who worried the spate of publicity about the overdoses would increase demand. Public health officials in Wayne County have dispatched drug treatment workers and even recovering addicts into some of the city's drug-plagued neighborhoods to warn users.

"I don't see a lot of people who are nervous about this (outbreak,)" said Shirlie Arrington, a program supervisor at New Light Recovery Center methadone clinic in Detroit. "When you're doing drugs, you don't know what you're doing until you get it."

That's the fear of Dominic, a 46-year-old mechanic from Eastpointe, who started using heroin again last year in part because traditional painkillers didn't ease ongoing back problems.

Dominic said he's in such pain from withdrawal that "sometimes I just want to die" but still worries about accidentally taking fentanyl. "I don't know if someone's out to kill you," he said. "I care in that perspective, but I still do (heroin)."

The Associated Press contributed to this report.

The Drug War: 'The Best High They've Ever Had' (NSWK)

Newsweek, June 12, 2006

June 12, 2006 issue - Street users call it drop dead, executioner, flat-liner, the exorcist, Al Capone, fefe, Teflon and diesel. Cops know it as a deadly mix of heroin and fentanyl, an anesthetic and painkiller far more potent than morphine. For cancer patients racked with pain, legally prescribed fentanyl can be a godsend. But for junkies, the fentanyl-heroin cocktail has become

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the hot new high, as lethal as it is alluring. It is being blamed for hundreds of deaths this year in big cities in the Midwest and Northeast. In Wayne County, Mich., home to Detroit, there have been 50 deaths in just the past two weeks, including 19 in one deadly day in May.

The problem is that cops don't know who is spreading the killer junk on the streets. It might be just one big bad batch that's been widely distributed, or it could be coming from multiple sources, say law-enforcement officials, who first began noticing a spike in fentanyl-heroin overdoses in November. One promising new lead came from the arrest of five people at an underground fentanyl lab in Mexico. "We're working to see if there's a connection, if that lab was the source," says DEA spokeswoman Rogene Waite. Federal and local police are meeting in Chicago this month to compare notes and come up with a cohesive strategy to combat the growing crisis.

Dealers are not intentionally killing their customers. Instead, it appears that in their zeal to get the new product on the street, dealers haven't perfected the recipe. Users say the blend, when snorted, injected or smoked, gives them an instant feeling of extreme euphoria. After 11 people died from the drug in one day in Chicago last month, police issued a public warning. Instead of being scared off, "people flocked to the area looking for the drug," says police spokeswoman Monique Bond. "They say," says Frank Limon, a top Chicago cop, "that it's the best high they've ever had." And the deadliest.

Suspect Shot By Police Dies From Wounds (SLPD)

St. Louis Post-Dispatch, June 5, 2006

A man believed to be peddling a potentially deadly heroin-fentanyl combination, who was shot in a confrontation with police in University City, has died from his wounds, officials said Monday.

Maurice A. Adkins, 27, of the 1200 block of Partridge Avenue in University City, died about 10 p.m. Sunday at Barnes-Jewish Hospital.

Meanwhile, U.S. drug czar John Walters said Monday that federal agents, working in cooperation with the Mexican government, closed a lab in Mexico that could be the main source of the fentanyl that has killed heroin users in eight states, including Missouri and Illinois.

Walters, the director of the White House Office of National Drug Control Policy, said it's still not clear whether the fentanyl was mixed with heroin at the lab or after it entered the U.S.

Officials suspect that 20 or more deaths in the St. Louis area are linked to the potent drug combination. Federal officials say there are at least 100 confirmed deaths nationally.

There was no link indicated between Adkins and any of the overdose deaths.

He was shot by two officers about 6 p.m. Thursday following an alleged drug deal in the 7000 block of Raymond Avenue. Police said that Adkins, when told he was under arrest, started to drive off and that an officer's leg got pinned between the open door and door jamb of Adkins' van.

That officer, of the Webster Groves Police Department, was not seriously injured.

Adkins had become a priority of the St. Louis County Multi-Jurisdictional Drug Task Force, officials said, after police heard he was selling heroin-fentanyl mix.

Before he died, Adkins was charged with first-degree assault on a law enforcement officer, possession of a controlled substance and delivering a controlled substance. Police said they found heroin-fentanyl mix in his van.

Walters, the federal drug official, said fentanyl-laced cocaine also has turned up in some cities, and he warned drug users that millions of deadly doses of the fentanyl-heroin combination might still be on the streets.

"There may be more than one source," Walters said in announcing the raid May 28 near Guadalajara. "We think this is the principal source." Lab tests were pending on whether the Mexican drug can be linked to the American deaths. In addition to Missouri, fatalities have been reported in Illinois, Michigan, Ohio, Pennsylvania, New Jersey, Delaware and Maryland, Walters said.

Walters made the announcement in Chicago, where he was to release a series of anti-methamphetamine advertisements in Spanish and English.

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Doctors prescribe fentanyl, a powerful narcotic, as a painkiller for cancer patients and others in chronic pain. Walters said the fentanyl-laced heroin might have been used by dealers looking for a competitive advantage on the street, but inept mixing - or cutting - of the drug into heroin made it deadly. Federal and state officials plan to confer on the problem next week in Chicago.

Lethal Form Of Heroin Takes Steep Toll Here (PPG)

By Jonathan D. Silver, Pittsburgh Post-gazette

Pittsburgh Post-Gazette, June 6, 2006

Three deaths, 35 overdoses are blamed on the lethal form of drug plaguing the city. And the mixture has caused at least 100 deaths from Philadelphia to Chicago

City police detectives were working overtime to scoop up drug dealers and lean on users for information as a lethal batch of heroin snaked its way through city neighborhoods and beyond, causing at least 35 overdoses and as many as three deaths.

The heroin, which has cropped up in at least eight Pittsburgh neighborhoods since Saturday, is likely laced with the potent painkiller fentanyl, about 80 times stronger than morphine.

As authorities tried to make a dent locally in the heroin trade, the federal government announced yesterday that it had worked with Mexico to close a lab across the border that might be the source of the fentanyl that has killed heroin users in Pennsylvania and seven other states.

John Walters, director of the White House Office of National Drug Control Policy, said it was still not clear whether the fentanyl was mixed with heroin at the lab in Mexico or after it entered the United States.

Mr. Walters, speaking to reporters in Chicago yesterday, warned drug users that millions of deadly doses of fentanyl-laced heroin might still be on the streets. The mixture has caused at least 100 confirmed deaths from Philadelphia to Chicago in recent months. Fentanyl might also be coming from other sources, he said.

"There may be more than one source," Mr. Walters said. "We think this is the principal source."

The U.S. Drug Enforcement Administration is testing samples of fentanyl seized in a May 28 raid of a suspected fentanyl manufacturing operation near the western Mexico city of Guadalajara but does not yet have confirmation that the drug is linked to the U.S. deaths, DEA spokesman Steve Robertson said.

City police said they have arrested five people since the outbreak began Saturday, but they declined to release any details, saying that the investigation was ongoing.

Pittsburgh police Cmdr. Thomas Stangrecki cautioned that even if officers bust the source of the bad heroin that has flooded Pittsburgh, it will take time for the batch on the streets to dwindle and finally disappear. It is not known how much of the heroin came into Pittsburgh or how it was divvied up among dealers.

"We're going to see it for a while until the supply is diminished," Cmdr. Stangrecki said yesterday during a news conference. "It's going to take more than one arrest to stop this."

Overdoses believed to be connected to the heroin, which has been found in small packets called stamp bags marked "Get High or Die Trying," have occurred in Beechview, Greenfield, Hazelwood, the Hill District, Lincoln Place, the North Side, the South Side and Squirrel Hill.

Other name brands are thought to be involved, but police have been unable to confirm that, Cmdr. Stangrecki said.

The heroin also has shown up in Bethel Park, Brentwood, Tarentum and West Mifflin. It sells for $10 to $15 a packet. Users range from 16 to 56 years old, cross socioeconomic lines, and are white. Most are men.

West Mifflin Police Chief Joseph Popovich said his department's encounter with the drug happened Sunday around 4:15 p.m. A man in his 30s who had taken heroin was found turning blue in a car parked on Lebanon Road near Miller Road.

The heroin came from Hazelwood, the man shot up in West Mifflin, and the case was turned over to Pittsburgh, Chief Popovich said.

Some arrests were made Friday involving the "Get High or Die Trying" stamp bags, but it was not until Saturday afternoon that Pittsburgh police first noticed something amiss when four overdoses were reported.

On Sunday, the number of incidents multiplied and included a fatality, Joseph Zielinski, 45, of Penn Hills, who was found in an apartment on Greenfield Avenue.

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Yesterday, anyone listening to a police scanner would have heard numerous calls throughout the day for overdoses, including two fatalities in Hazelwood.

At 9:13 a.m., Lynn A. Margavo, 30, was found dead in her home in the 5200 block of Gertrude Street. And at 10:11 a.m., Dorothy Iannone, 56, of the 5100 block of Roma Way, was found dead. The cause and manner of both deaths were pending toxicology results.

A sampling of yesterday's overdoses followed the same pattern as Sunday's, with some cases involving motorists. Just after 10 a.m. yesterday, for instance, a man who had used the heroin lost consciousness and drove his Mercury Villager minivan over the curb and into a tree in the 100 block of Flowers Avenue in Hazelwood.

The driver, who was wearing his seat belt, was leaning back in his seat, unconscious. Firefighters from a nearby station house ran to the scene and began working to revive the man, who had a strong pulse but was having difficulty breathing, according to Capt. Greg Lowman.

The man regained consciousness in about five minutes, after firefighters and paramedics administered rescue breathing and a reversal agent, Capt. Lowman said.

"He claimed to be sleeping, but it was an obvious overdose," Capt. Lowman said.

About 3 p.m., the driver of a dump truck parked at a CoGo's in the 2400 block of East Carson Street was found unconscious, slumped over the truck's steering wheel.

A store employee, who would not give her name, said paramedics pulled the man from the truck's cab and laid him on a stretcher while attempting to revive him. The man had a pulse but was struggling to breathe and appeared to be completely incoherent, with his arms flapping lifelessly at his sides, the employee said.

It could not be determined whether those incidents were linked to the potent heroin because police were unable to provide a breakdown of where and when the overdoses took place.

Late yesterday afternoon, Allegheny County's crime lab had analyzed one of three samples of heroin residue from stamp bags seized by police and determined that fentanyl was present.

Test results on the blood of the three people who died after apparently using the heroin would likely take until the end of the week, said Dr. Frederick Fochtman, director of the forensic science laboratory division and chief toxicologist of the county medical examiner's office.

"It's so very potent that it only takes a very small amount to have a toxic event," Dr. Fochtman said of fentanyl. "If somebody has this in a powdered form, how are they weighing it? How are they putting it in these packets? All you have to do is make a very little mistake and you have an overdose."

Authorities walk a thin line between the potential good of publicizing information about a heroin-fentanyl mixture and warning users of the danger, and tantalizing hard-core addicts who might seek out the bad dope for a powerful high.

"A hard-core addict, when they're using the heroin, sometimes they're only getting enough to prevent them from going into withdrawal," Dr. Fochtman said. "If they feel there is something out there they can take that will also make them high, they'll seek it out."

Drug Experts Advise Extra Precautions In Heroin Use (PPG)

By Anita Srikameswaran, Pittsburgh Post-gazette

Pittsburgh Post-Gazette, June 6, 2006

The deaths of three heroin users and the emergency treatment of 35 more have prompted an overdose prevention expert to offer this advice: If you're going to use, have someone nearby in case you need help.

Alice Bell, overdose prevention project coordinator at Prevention Point Pittsburgh, the region's only needle exchange program, said there had been talk about drug users in other cities overdosing on a powerful combination of heroin and a narcotic painkiller called fentanyl.

Prevention Point staff had begun to inform its needle exchangers about the potential problem, but until two days ago no one had seen it here.

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This could be it, Ms. Bell recalled thinking, when she heard news media reports of an unusually high number of overdoses. It's not yet certain that the fentanyl and heroin combination has arrived on local streets.

"What we know is that there's unusually strong heroin on the streets in various cities, including now in Pittsburgh," she said.

In a June 2 letter, the U.S. Department of Health and Human Services warned public health workers that fentanyl was being added to heroin or cocaine and sold to drug users.

"In just one week, an estimated 33 individuals in the Detroit area are reported to have died after using this fatal mix of drugs," the letter says. "The same drug combination may have been responsible for over 100 deaths in the same region since last September."

Philadelphia, St. Louis and Chicago have all had clusters of drug-related deaths.

Fentanyl amplifies the potency of heroin and cocaine, the HHS letter says. Routine toxicology tests will not detect it.

Dr. Daniel Brooks, chief of the medical toxicology division at UPMC Presbyterian, said that heroin usually contains fillers to make it less potent and more economical for dealers. It's possible that the recent overdoses are the result of street drug that is "cut too rich," as he put it.

Opioids such as heroin and fentanyl can kill because they depress the respiratory and central nervous systems, Dr. Brooks explained. The unconscious user loses protective airway reflexes.

Dr. Brooks was told by an overdose patient yesterday that the heroin he had used came from Philadelphia, cost about the same as it usually did, and he had used half his usual dose. But it still turned out to be too much.

More information needs to be collected to better understand the impact of the fentanyl and heroin combination, said Dr. Sharon Stancliff, medical director for the Harm Reduction Coalition in New York.

A typical heroin overdose takes a couple of hours "because people slowly nod off and essentially forget to breathe," she explained. "I can't tell you if that's what happens with fentanyl."

Doctors use a drug called naloxone, or Narcan, to reverse opioid overdoses. It's not known if more Narcan is needed for a fentanyl overdose, or if the treatment window is briefer, Dr. Stancliff said.

And it may not be obvious when heroin has been laced with fentanyl, Ms. Bell noted. Dealers may not know, or tell the buyer, and a stamp on a bag is not a reliable indicator.

So "it's really important for people to avoid using alone, if at all possible," Ms. Bell said. Also, "it's important for people to know what to do if you're with someone who overdoses, which means learning how to do rescue breathing and getting Narcan."

Since July 2005, Prevention Point's education program has included training in the use of Narcan, and physician volunteers have written about 65 prescriptions for it, Ms. Bell said.

Since then, "we have firsthand reports of 17 overdose reversals from people who have participated in the program," she said.

It's not surprising to Dr. Neil Capretto, medical director of Gateway Rehabilitation Center, that a person who had just been treated for an overdose might be back in the emergency room the next day with the same problem.

After Narcan treatment, "he's going to be sick and going through all these terrible physical withdrawal symptoms," Dr. Capretto said. "And the only way to counteract that is to use."

Ideally, overdose patients could immediately get into long-term, intensive treatment programs, but the demand far exceeds availability, he said.

There are more people using heroin in Western Pennsylvania than ever before, said Dr. Capretto, adding that if he had loved ones who were heroin addicts, he'd keep Narcan on hand.

For more information about Prevention Point's program, call 412-247-3404.

Heroin Claims 2 More (PTR)

By Jill King Greenwood And Jennifer Bails

Pittsburgh Tribune-Review, June 6, 2006

Police across Pennsylvania are working to identify the source of a recent spate of heroin overdoses and warning users about the unusually strong drug laced with the painkiller fentanyl.

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Two people died in Pittsburgh on Monday -- bringing the total fatal overdoses here to three since Sunday. At least 36 people have overdosed in Allegheny County since the drug emerged on the streets on Friday, authorities said.

"This is a very serious, major problem and we're going to be seeing it for a while, until the supply runs out," said Pittsburgh police Cmdr. Thomas Stangrecki. "We're doing all we can to get a handle on it and get it off the street."

U.S. drug czar John Walters said that federal agents, working in cooperation with the Mexican government, closed down a lab in Mexico that might be the main source of the fentanyl that has killed heroin users in Pennsylvania and seven other states.

He warned drug users that millions of deadly doses of fentanyl-laced heroin might still be on the streets.

Police are blaming the concoction for yesterday's deaths, both in Hazelwood. Dorothy Iannone, 56, was found dead inside her Roma Way home. Lynn Margavo, 30, of Greenfield, was found unconscious inside a different Hazelwood home and died at UPMC South Side hospital.

Joseph Zielinski, 45, of Verona, was found dead inside an apartment in Greenfield on Sunday, and police have linked his death to the fentanyl-laced heroin.

The heroin has been sold in stamp bags marked "Get high or die trying" and "Dynasty" and sells for $10 to $20 apiece, Stangrecki said.

While Pittsburgh seems to be the hardest hit, the drug also has surfaced in Bethel Park, West Homestead, West Mifflin, Brentwood and Tarentum, police said.

Pittsburgh police arrested five people -- dealers and users -- and investigators have seen some cases where users overdosed and were revived by paramedics only to overdose again within hours, Stangrecki said.

Pittsburgh EMS Chief Bob McCaughan said he has been talking with state and local health departments and other emergency responders in the region about the heroin crisis.

"This isn't just going to be a Pittsburgh problem," said McCaughan, who is making sure every ambulance has an adequate supply of Narcan, which is used to treat patients who have overdosed.

Five people have been treated at Mercy Hospital, Uptown, for overdoses since the deadly brand began circulating in the area, said spokeswoman Linda Ross.

Allegheny General Hospital in the North Side treated three patients Sunday and yesterday. Another patient was admitted to West Penn Hospital in Bloomfield.

Allegheny General doctors typically see one heroin-overdose patient a day during the summer, said Dr. Fred Harchelroad, chairman of the hospital's emergency medicine department.

"What happens with these people is someone will find them at home or in the street after they've been shot up," he said.

The deadlier heroin now on Pittsburgh's streets poses a risk for both recreational users and junkies, Harchelroad said.

"It's certainly a concern anytime this happens, and people are using a street drug where they don't know what the dosage is or what the concentration is," he said. "Not everyone uses heroin on a daily basis. They can end up killing themselves when they were just trying to get a little bit of a buzz."

Drug rehabilitation programs are trying to warn their patients, but heroin dependency is complicated and drug addicts don't always think rationally, said Rich Takacs, of Mercy Behavioral Health, which provides mental health services to about 500 substance abuse patients each year.

"Even though we have evidence that this is killing people in large proportions, that is not going to be enough for people just to walk away from it," Takacs said. "I wish it were as simple as telling someone they need to stop."

Pat Valentine, deputy director of the Allegheny County Office of Behavioral Health, said the county is relying on community-based substance abuse and addiction agencies to spread the message about the dangerous heroin to those at-risk.

Stangrecki said law enforcement can only do so much.

"The warnings are out there, but if they have a problem and they're determined to get this stuff, they'll do it regardless of whether they know it could kill them," he said.

Law enforcement officials in Fayette and Westmoreland counties reported no heroin-related deaths over the weekend, although police in Latrobe have found two stamp bags.

"We know it's in the area, but we're not sure to what extent," said Latrobe police Chief Chuck Huska.

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Heroin has been a problem in Westmoreland County this year. There have been 10 drug overdose fatalities and six were linked to heroin, according to the county coroner's office.

Overdoses and deaths related to heroin laced with fentanyl have spiked across the country.

Federal agents and the U.S. Centers for Disease Control and Prevention are reviewing more than 100 fentanyl-related deaths in Detroit since the fall, and 15 people were hospitalized in Chicago last month after using the drug. In Missouri, more than six people have died from overdoses in St. Louis in the past three weeks.

The CDC estimates more than 200 heroin users have died because of fentanyl across the country in the past few months. The synthetic painkiller has tainted the heroin supply in Pennsylvania, Illinois, Michigan, Ohio, Maryland, Delaware and New Jersey, authorities said.

This isn't the first time the Pittsburgh area has seen an outbreak of overdoses and deaths due to tainted heroin. Eighteen people died in 1988 when "China White" -- heroin laced with 3-methyl fentanyl -- surfaced in Western Pennsylvania.

In 1999, high-quality heroin labeled "Red Demon" began appearing in Pittsburgh and was blamed for two deaths in Westmoreland County.

6 More Die From Likely Overdoses (FREEP)

By Gina Damron, Free Press Staff Writer

Detroit Free Press, June 5, 2006

Unknown yet if fentanyl involved

Six people died from probable drug overdoses between Friday and Sunday morning, bringing the total number of likely drug-related deaths to 54 since May 18, Wayne County health officials said Sunday.

But it will take weeks to determine whether the recent deaths were related to a dangerous mix of the painkiller fentanyl and heroin or cocaine, said Teresa Blossom, a Wayne County Health Department spokeswoman.

She said that between January and April there were more than 70 deaths caused by the concoction. But toxicology results on drug-related deaths in May and June are pending.

The county issued a warning May 19 because 12 people died in a 24-hour span, likely from the deadly mix.

Blossom said there are two or three drug-related deaths in the county on any given day.

Officials at the Wayne County Medical Examiner's Office could not be reached for comment Sunday.

John Roach, a spokesman for the Wayne County Sheriff's Office, said the department has received several tips about the local source of the drugs but wouldn't release information about the investigation.

Detroit's Deadly Epidemic (TOLB)

Toledo Blade (OH), June 5, 2006

An epidemic is sweeping the Detroit-Wayne County area, and it has claimed the lives of about 50 people in the last couple weeks. Last month, 12 people were killed in one 24-hour period, and two died Wednesday. More have died in Chicago and Philadelphia.

But it's not a virus that's killing so many. It's tainted drugs, a suspected blend of the painkiller fentanyl - likely made in illegal laboratories -with heroin or cocaine.

A task force has been created to investigate the deaths. Known as the Detroit-Wayne County Fentanyl Work Group, it is looking into where the drugs come from and how they are getting to Michigan. The Centers for Disease Control and Prevention are helping, and the U.S. Drug Enforcement Administration is pursuing leads.

Given the number of confirmed overdoses - 130 in Wayne County from January, 2005, through April - the slow response is troubling.

While tracking down leads can be time-consuming and require significant manpower, particularly when labs producing these drugs may be outside the metro Detroit area, perhaps even overseas, surely more could have been done when the death toll is at such dramatic levels.

We can only imagine what the scenario would have been had the deaths been among a different demographic, perhaps in a different place. Say, 50 martini drinkers in Oakland County in the last two weeks.

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That said, it is good to see that a multi-agency response is in place. While the number of deaths attributed to the tainted drugs does not approach that of homicides in Detroit - that number had risen above 100 after the first quarter this year - the fentanyl-related deaths are a public health crisis in the making.

Drug abusers share the blame, of course, and must bear a large part of the responsibility for their own fate. They understand the risks inherent in taking illegal drugs, including the obvious perils of infected needles, of uncertain purity of the drugs, and of overdosing.

But whether they deliberately sought a high delivered by a drug cocktail containing a painkiller 80 times stronger than morphine, or were unaware of the deadly mixture, they didn't deserve to die.

It's a mystery why anyone in Wayne County would risk taking an illegal drug under the present circumstances. How could they not know so many others have died? Warning flyers have been issued, so the word must be on the streets of Detroit that these drugs kill. Was their craving for the high so great that they would spin the cylinder in a terrible Russian roulette?

And what kind of people would illegally manufacture the fentanyl, knowing that when mixed with other, illegal drugs such as heroin or cocaine it would kill?

They are mass murderers and they must be hunted down and punished as such.

Colombia Says Soldiers Killed Antidrug Police (BOS)

By Indira A.r. Lakshmanan, Globe Staff

The Boston Globe, June 6, 2006

Authorities probe colonel for link to major trafficker

BOGOTÁ -- Suspicions that a Colombian military unit assassinated a US-trained, elite antinarcotics team at the bidding of the drug mafia two weeks ago have proven true, officials say, in a case that has badly shaken public confidence in the military.

On May 22, 10 of the country's most successful antidrug police were killed by a military platoon in the outskirts of Jamundí, an area under the influence of narco-traffickers 195 miles southwest of the capital, near Cali.

Two military officers and six soldiers were arrested Thursday on the basis of incriminating cellphone text messages and crime-scene evidence that investigators say prove the eight men planned the killings. The suspects insist the shootings were a ``friendly fire" mistake.

``This was not a mistake, this was a crime; this was a deliberate decision, a criminal decision," Attorney General Mario Iguarán said last week . ``They were doing the bidding of a drug trafficker."

Authorities are investigating bank accounts allegedly containing $44,000 belonging to Army Colonel Bayron Carvajal, the most senior officer arrested, as well as his alleged links to Omar García Varela, according to Colombian newspaper El Tiempo. Varela is accused of being right-hand man of drug boss Diego Montoya, one of the United States' 10 most-wanted narco-traffickers, who is believed to control properties and drug laboratories near the site of fatal attack. The United States has offered $5 million for information leading to Montoya's capture.

Questions remain in the Jamundí case about the extent of alleged collusion with drug traffickers within the armed forces, and how high up it may go. The arrests came days after the US State Department certified Colombia's human rights record, ensuring the flow of most US military aid to this country. Last year, Congress withheld some military assistance on worries that the Colombian government, which has waged a nearly decade-long campaign against drug corruption, was ignoring extrajudicial killings or cooperation between the military and right-wing death squads.

The Jamundí case has sparked a national outcry that has reached up to President Álvaro Uribe, but Uribe on Friday said he was not ready to oust generals to hold them responsible for the killings. The best way to restore military credibility, he said, would be to clarify events and impose sanctions on the guilty.

Among the most damning evidence against the arrested soldiers are text messages allegedly sent by Carvajal on the day of the killing to the lieutenant and sergeant in charge of the platoon.

``Pull back the ambush. . . . Everything is set for tonight," read one message leaked by authorities to El Tiempo and the newsmagazine Semana.

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That afternoon, Carvajal sent another message, the media reported: ``Get ready for the group to come with the chicken so you can get it."

``Chicken" was the nickname of civilian informant Luis Eduardo Betancur, who was leading police to a suspected 440-pound stash of cocaine. Betancur was also a registered informant of Carvajal, authorities say. He was found shot in the neck, with his balaclava removed, investigators say.

Eight of the 10 police killed were shot in the back, and ``the crime scene was contaminated before investigators arrived," said an investigative official yesterday who spoke on condition of anonymity. Investigators suspect soldiers may have fired shots from the police officers' weapons after they died, in an effort to make it look like there was a confrontation, El Tiempo reported.

Fewer than half of the soldiers in the 28-man platoon fired at the police. Witnesses interviewed by telephone from Jamundí say the police identified themselves during the attack and begged the soldiers not to shoot.

More than half of the shots fired originated from a military sniper who was hidden from view, said an investigative official.

When colleagues of the slain police arrived at the scene to investigate, another text message allegedly demanded to know why they had been allowed to pass a military roadblock.

The police unit had been trained by the Drug Enforcement Administration and was responsible for more than 200 arrests of drug traffickers, including 23 wanted for extradition to the United States.

6 Officers Put On Leave In Probe Of Inmates' Escape (WP)

By Petula Dvorak

The Washington Post, June 6, 2006

The D.C. Department of Corrections yesterday put six officers on paid administrative leave while authorities investigate events leading to the escape of two inmates.

Devon Brown, the department's director, said investigators want to determine if any of the officers deliberately aided in the escape or unintentionally made mistakes that contributed to the breakout. He would not identify the officers.

Ricardo Jones and Joseph Leaks broke into the warden's empty office shortly after 10 a.m. Saturday, smashed through a reinforced glass window and slid down a canopy to freedom, officials said. Both were captured Sunday, one in Maryland and the other in Virginia.

Their escape -- from the bureaucratic errors that gave Leaks enough freedom on a work detail to execute the escape to the warning system that failed to properly notify the neighborhood of the breach -- "was a major breakdown," Brown said yesterday.

The U.S. attorney's office and D.C. police are heading the criminal investigation. The Department of Corrections is conducting an internal investigation, and Brown cited several areas of special interest.

Leaks, 32, and Jones, 25, were jailed on charges stemming from the July 6 killing of David Valentine in Northeast Washington. Brown said they should have been separated while in custody, but, he added, they apparently got together to plan the escape.

Brown said Leaks was given too much freedom in his work detail, which allowed him to roam more freely while painting the hallway near the warden's office. Because Leaks was being held in connection with a violent crime -- as an accessory after the fact to Valentine's killing -- he should not have been given such a work detail, Brown said. Also, Leaks was charged in 1993 with a prison breach. Although that charge was dismissed, Brown said it should have been considered in granting him a work detail.

Leaks, of Northeast Washington, was also awaiting trial on nine counts of assault with a dangerous weapon and other charges. Jones, of Hyattsville, was jailed pending trial on a first-degree murder charge in Valentine's death.

Corrections officials have yet to determine how Leaks and Jones met up Saturday after Leaks slipped away from his work detail. The supervisor of that work detail is among those who were put on leave.

At some point, one or both of the inmates broke into the warden's office. There were signs of forced entry on the door.

After smashing a window with office furniture, they slid down a canopy and ran. Both were wearing dark blue jumpsuits, not the bright orange attire inmates wear. The blue jumpsuits are for prisoners about to be released, and Brown said investigators are unsure how they got them.

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Brown said he checked several times with jail officials to make sure that they sounded the air raid-like siren that is supposed to notify people living near the jail in Southeast Washington of an escape. Although several officials assured him that the alarm was sounded, no one could say they heard it.

Many neighbors, even those who live across the street from the jail, said they did not hear a siren. Brown said he is investigating what happened to the alarm and whether it needs repair.

He also said that neither he nor other corrections officials were aware that thousands of neighbors in Ward 6 are part of a text alert system that coordinates with the D.C. Emergency Management Agency to notify residents of any emergency, such as a jailbreak.

D.C. Council member Phil Mendelson (D-At Large) said he will hold a meeting June 14 in the neighborhood to discuss the incident.

Leaks and Jones were captured by a task force led by the U.S. Marshals Service. Leaks was caught first, early Sunday, in a Fairfax County motel. Jones was captured about 11:30 p.m. Sunday after Prince George's County got a tip that he was hiding in a garage or shed in Seat Pleasant. Authorities found him in a shed in the 500 block of 71st Street, police said.

Both planned to make their way to Greensboro, N.C., said Tom Hession, chief inspector for the Marshals Service. Both men are wanted there in connection with the shooting of a security guard, according to court records.

Six Officers On Leave During Probe Of Jailbreak (WT)

By Jim McElhatton And Amy Doolittle

The Washington Times, June 6, 2006

Six D.C. correctional officers have been put on leave as the U.S. Attorney's Office leads a criminal probe into the escape of two D.C. Jail inmates over the weekend, authorities said yesterday.

Inmates Joseph Leaks and Ricardo Jones were caught in separate locations in Maryland and Virginia Sunday after they broke into the warden's office and fled through a window Saturday.

D.C. Department of Corrections Director Devon Brown said yesterday that authorities are investigating "quite vigorously" the question of whether the two inmates had help in the escape.

"Everyone who may have had some knowledge of how this took place, whether it be staff or inmate, will be investigated," Mr. Brown said. "There was a major breakdown."

Leaks, 32, of Northeast, and Jones, 25, of Hyattsville, are charged in the July 6 fatal shooting of David Valentine in the District. As co-defendants awaiting trial in the same case, Mr. Brown acknowledged that the inmates should not have been allowed to have contact with each other.

Leaks had been assigned to a painting detail in the jail, which also should not have been permitted because of his criminal history, Mr. Brown said. It was not clear how Jones, who was not on the work detail, paired up with Leaks before the escape.

"It should not have happened, and we accept that," Mr. Brown said.

Thomas Hession, chief inspector for the Capital Area Regional Fugitive Task Force, which is led by U.S. Marshals Service, said a tip to the Prince George's County Police Department led authorities to catch Jones in the backyard shed of a home in Seat Pleasant late Sunday night. Leaks was caught early Sunday at a motel in Alexandria.

Detective Michael Reese, of the Metropolitan Police Department, said the U.S. Attorney's Office is leading a criminal investigation into the escape. The probe also is being conducted by city police and the U.S. Marshals Service.

Mr. Brown would not identify the six correctional officers whom he said were placed on administrative leave pending the investigation. One of the officers oversaw the work detail in which Leaks was involved.

Mr. Brown said authorities also are investigating whether a siren system designed to alert the surrounding community of a jailbreak was working properly.

D.C. Council member Phil Mendelson, at-large Democrat, said yesterday that he plans to investigate the siren system through a series of hearings.

"It will be an opportunity for the public to get a full explanation," he said. "We want to look at what procedures were not in place, what went wrong and what's being done to fix the situation. I'm sure we'll also be looking at community notification. When

someone escapes into the neighborhood, the neighborhood needs to be alerted. The Department of Corrections said they sent out the alarm, and the community said they got nothing."

Mr. Mendelson, who is chairman of the council's Committee on the Judiciary, said the hearings also will investigate how the escape occurred.

"The escape is very troubling," he said. "The jail is a secure facility -- we don't put people there so they can escape."

The hearings have not been scheduled, Mr. Mendelson said.

Questions Raised About Crime Task Force's Success (SCRIPPS)

By Michael Doyle, McClatchy Newspapers

Scripps Howard/McClathcy, June 6, 2006

WASHINGTON -- Federal reinforcements in Fresno, Calif., have helped local police lock up bad guys, but now investigators are questioning how well one of the law enforcement programs really works.

In a high-profile blitz last year, the Bureau of Alcohol, Tobacco, Firearms and Explosives deployed extra troops to Fresno and some other selected cities. Welcomed by local officers and politicians alike, the Violent Crime Impact Team targeted gangs and gun-related crimes.

Since starting last June, the Fresno-based team of eight federal agents, two prosecutors and one deputy U.S. marshal have won kudos from their local colleagues.

"It has been successful," bureau spokeswoman Nina Delgadillo said Monday, noting that "we have firearms that we've been able to take off of the streets."

A 1 p.m. news conference at Fresno's federal courthouse on Thursday will give officials a chance to elaborate on their success stories.

The federal agents, though, also confront a perennial problem in public policy: How can they prove they're making a difference? On that, the jury may still be out.

In a new report, Justice Department investigators caution they can't be sure exactly how much credit the various Violent Crime Impact Teams deserve. There are 20 such teams nationwide, initiated as a pilot program now costing a total of $20 million this year.

"ATF cannot conclusively show that the law enforcement operations it undertook during the ... pilot project were effective at reducing firearms crime in the target areas," the Office of Inspector General investigators cautioned.

The Washington-based investigators, moreover, hinted at broader shortcomings. Successes may be exaggerated, teamwork hindered and goals missed. The Violent Crime Impact Team concept itself, investigators suggest, may simply be a new brand name for an old product.

(One) special agent stated, 'really the only change is geography, but essentially I'm doing the same thing,'" the Office of Inspector General investigators reported. "One assistant special agent in charge told us, 'This is what we were (already) doing before VCIT.'"

The special teams are supposed to target the worst offenders in violent neighborhoods. Federal prosecutors get a crack at suspects, drawing longer prison sentences. Investigators are supposed to work closely with local officers, and use the latest in crime-fighting technology.

In February, for instance, the Fresno team was credited with the arrests of five suspected gang members accused of drug-dealing and illegal firearms activities.

"Any time you can add resources in town, it's always a good thing," said Jeff Cardinale, public information officer for the Fresno Police Department.

Cardinale said local officials are still compiling statistics to demonstrate progress, which will be made available Thursday.

The Bureau of Alcohol, Tobacco, Firearms and Explosives declared the special teams an overall success in January, citing a decline in homicides in the targeted cities over a six-month period.

In theory, the teams are supposed to focus on criminals dubbed the worst of the worst. Between June 2004 and May 2005, the various teams reported making 3,592 arrests nationwide. However, only 746 _ about 20 percent _ were targeted individuals.

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"We could not determine whether these 746 targeted individuals were the 'worst of the worst' violent offender in the target areas," Justice Department investigators noted.

Some teams didn't even identify who the "worst of the worst" were for fear of being accused of racial profiling, the new report notes.

In some cases, supposed success stories fell apart under closer examination.

ATF officials, for instance, touted an impressive-sounding 50 percent decline in homicides committed with firearms in a targeted neighborhood of Albuquerque. The grand total did fall _ from four to two.

The overall program itself was dismissed by some special agents as putting old wine into new bottles.

"One special agent stated, 'As far as I know, they just gave (Project Safe Neighborhoods) a new name,' " the investigators noted.

In its official response, the Bureau of Alcohol, Tobacco, Firearms and Explosives acknowledged that it "(may) be true that a direct causal relationship between ATF programs and reductions in crime can never be established." Officials stressed, though, that their agency is an "integral player" in overall Justice Department crime-fighting efforts.

"It is clear that ATF has played its part and has contributed to a safer America," the agency stated.

Agency officials further suggested the 108-page review itself was premature, with Delgadillo saying, "it's putting the cart before the horse" to evaluate a pilot program. Still, the agency substantively agreed with all of the recommendations made.

Investigators said other federal personnel assigned to the teams _ from the U.S. Marshals Service or Drug Enforcement Administration _ were found to be "often unaware of their expected roles and did not always receive clear direction" about their work.

Bush Selects U.S. Marshal For Nevada (AP)

AP, June 6, 2006

LAS VEGAS (AP) -- A former state gambling regulator has been named U.S. marshal covering Nevada.

Gary Orton is due to be sworn in June 16 as U.S. Marshal for the District of Nevada after being selected by President Bush.

Orton spent 26 years as an enforcement officer and deputy chief of the Nevada state Gaming Control Board. He previously spent eight years as a North Las Vegas police officer, and served in the United States Army from 1969 to 1972.

As U.S. marshal for Nevada, Orton will oversee security at U.S. District courts in Reno and Las Vegas and the protection of 23 federal judges, direct fugitive apprehension and federal prisoner custody and transport, and oversee federal witness security.

The marshals service also administers a Justice Department asset forfeitures program.

The Nevada office has been directed since January 2002 by Fidencio Rivera, who was made acting United States marshal and chief deputy U.S. marshal for Nevada.

Defendant Pleads Guilty, Will Testify (WP)

By Ruben Castaneda

The Washington Post, June 6, 2006

One of the two remaining defendants in an arson case that strained race relations in Southern Maryland admitted his guilt in federal court yesterday and agreed to testify for the government against the sole man still charged.

Michael M. Everhart, 21, entered his plea as part of an agreement to testify against Roy T. McCann, 23, the only one of five defendants in the case who has not pleaded guilty or been convicted. Everhart entered his plea during an hour-long hearing before U.S. District Judge Roger W. Titus in federal court in Greenbelt.

Everhart and McCann were tried in March in the arson fires that devastated a subdivision under construction in Charles County in the early morning of Dec. 6, 2004. The trial ended with a hung jury March 16, and Titus declared a mistrial.

Everhart, who was charged with 36 separate counts -- one count of arson and 35 counts of conspiracy -- pleaded guilty yesterday to one count of conspiracy to commit arson. His guilty plea and testimony could significantly bolster the government's case against McCann.

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According to a statement of facts that was part of Everhart's plea bargain, Everhart joined McCann, Aaron L. Speed, Jeremy D. Parady and Patrick S. Walsh in splashing flammable materials in the entranceways of the houses they targeted. They set the fires using flares, matches, lighters and propane torches, according to the statement.

Titus set Everhart's sentencing for Sept. 8.

In the March trial, federal prosecutors relied heavily on the testimony of Parady, 21, a former firefighter trainee. Parady had pleaded guilty to one count of conspiracy and had admitted to driving a vehicle from house to house to help set the fires.

In their closing arguments, defense attorneys attacked Parady's credibility, pointing out that he was an admitted perjurer and arguing that he testified in exchange for a lighter sentence.

McCann's attorney, Joshua R. Treem, declined to comment on Everhart's plea agreement. McCann is scheduled to go to trial in June 2007.

By pleading guilty, Everhart could receive a sentence of three years to nearly four years in prison under complex federal sentencing guidelines. If he had gone to trial and been convicted, he could have been sentenced to nine years in prison. That term could have been increased to about 12 years if the judge determined there was evidence that Everhart had engaged in a hate crime. (None of the defendants has been charged with a hate crime or had his sentence increased for that reason.)

The fires destroyed 12 new, unoccupied houses and damaged 15 others, causing an estimated $3.2 million in damage. Many of the owners of the new houses are black, and the five men charged with setting the fires are white.

At the December sentencing of Walsh, 21, a former amusement park worker identified as the arsonists' ringleader, Titus said the fires caused "incalculable damage" to race relations in the community. Walsh was convicted by a federal jury in Baltimore of 35 counts of arson and one count of conspiracy. He was sentenced to nearly 20 years in prison.

Speed, 22, a security guard at the Hunters Brooke subdivision where the fires were set, pleaded guilty to one count of conspiracy and was sentenced to more than eight years in prison.

Everhart has been free, under the supervision of his parents, as he awaited his retrial. Yesterday, his attorney, William C. Brennan, told Titus that Everhart wanted to turn himself in to begin serving his sentence July 17. Titus agreed to allow the surrender.

In For Life? Not Him (LAT)

By Richard A. Serrano, Times Staff Writer

The Los Angeles Times, June 6, 2006

Prisons can't seem to keep Richard McNair confined. After his third escape, the convicted murderer is still at large, leaving tantalizing clues.

POLLOCK, La. — Richard Lee McNair's job in the prison factory was mending U.S. mailbags. Thousands of the leather pouches were routinely delivered to the shop at the federal maximum-security penitentiary here, and the middle-aged convict worked quietly each day, helping to stitch them back up.

Once the bags were refurbished, they were stacked on pallets, hundreds in a pile. McNair watched for four months as forklifts scooped up the pallets and hauled them to a warehouse just outside the prison walls.

One morning they carried off McNair — hidden under the bags.

And he was free again.

Twice before, in nearly two decades in custody, McNair has tasted freedom. Once he spread lip balm on his wrist, and slipped out of handcuffs. Another time he crawled to freedom through an air vent. Two other times his breakout attempts were foiled.

His latest escape was the first from a federal maximum security prison in 13 years. McNair, a confessed murderer, had just been moved to Pollock from the Supermax prison in Florence, Colo. — the nation's most secure lockup.

The government concedes it should have known he would again try to escape.

Since his April 5 run, he has crisscrossed the United States and Canada. He has left behind intriguing clues, almost as if daring the police and federal marshals to find him.

"Oh, he's taunting us, all right," said an exasperated Vern Erck, the North Dakota lawman who first arrested him.

Soon after sneaking out of the off-site warehouse, when the prison was already in an uproar trying to find him, McNair smooth-talked his way past a police officer even though he had no ID and was running away from the prison.

Several weeks later, he jumped from a stolen car and ran off after the Royal Canadian Mounted Police pulled him over in Penticton, Canada, just north of Washington state. Inside was a digital camera full of photos he had taken of himself, along with a travelogue of scenic sites he had visited.

He was caught on video late in April at a honky-tonk called Coyote Ugly in San Antonio, sipping a beer on the bar's back patio. And he mailed, or had someone else mail, a letter to his mother in Duncan, Okla. It was postmarked Corpus Christi, Texas.

When he is caught, if he is caught, McNair is unlikely to go quietly. He was serving two life sentences — for shooting one man from behind and killing another at point-blank range during a 1987 burglary.

"He has murdered in the past," warned Deputy U.S. Marshal Richard Sansone Jr., who is based in Louisiana and is helping coordinate the manhunt. "He will do most anything he can to stay out."

What makes McNair, 47, tougher to catch and all the more dangerous is that he once worked in law enforcement. He is a stickler for detail and so methodical he used the Freedom of Information Act to obtain the FBI records on his last escape so he could study how they tracked him down.

Before hiding under the pile of mailbags and being forklifted to freedom, he swore to his cellmates: "I won't make the same mistakes next time." His wanted poster, plastered on the Internet, shows him with brown hair and blue eyes, 6 feet tall and 210 pounds. That is how he looked when he came to Pollock in December, after five years at Supermax, where many of the nation's most hardened criminals are held, locked in their cells for 23 hours a day.

No one has escaped from Supermax. The last escape from any federal maximum security prison was in August 1993, when Rick Lee Archer and Gene Michael Diulio vanished from the penitentiary in Lompoc, Calif., only to be apprehended four months later in Las Vegas. Richard Thomas, McNair's 73-year-old defense attorney, has represented numerous defendants in his long legal career. But none, he said, were as determined as McNair that he would not spend his life in prison.

"He used to send me Christmas cards every year," Thomas said. "He hoped everything was fine. He was eternally optimistic."

The county prosecutor in Minot, N.D., John Van Grinsven, notes that McNair would be eligible for parole just about now had he stayed in prison.

"If you were to meet him, you'd probably like him," the prosecutor said. "But there is a dark side."

McNair grew up the son of a jewelry store manager in Oklahoma. He joined the Air Force, was promoted to sergeant and was stationed at Minot. He worked as a military policeman and later, as his service was ending, assisted as a volunteer undercover officer with the local drug task force.

He also developed a compulsion for stealing things. Carpets. Electronics. An air compressor. He rented a storage locker and filled it up.

Police are divided over what to make of him; some call him a sociopath, others a thrill-seeker, still others see him as someone intent on proving that he is smarter than all of them.

"I think his ulterior motive was to get in with law enforcement to understand how we worked," said Van Grinsven, who was on the drug task force with McNair. "At one point, he stole a police radio and when he would go out on burglaries he'd listen in."

On a November night in 1987, when McNair was 28, he was bent over the safe at the Farmer's Union Grain Elevator when the manager, Richard Kitzman, unexpectedly showed up to assist a trucker with a late load.

McNair shot Kitzman three times from behind and left him for dead.

"I thought I was a goner, you betcha," Kitzman said, still bewildered that McNair would shoot someone who couldn't identify him.

McNair did not want to leave the trucker as a possible witness. So he reloaded the five-shot revolver, hurried outside, leaped onto the truck's running board, stuck the gun in Jerome Theis' face and emptied it.

Then McNair ran.

His undoing came when he ran behind on his rental payments at the storage locker. The owner opened it and found it full of loot, including spent shells from the grain elevator shootings.

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McNair was arrested the next morning when he showed up at the offices of the drug task force.

Police handcuffed his wrist to a chair and stepped away to confer. McNair slid open a desk drawer and reached for the lip balm. After working his wrist free, he knocked down two officers and bolted past a receptionist.

He stole a car and was chased to the tallest home in Minot. He burst through the door, ran up the three flights and climbed out onto the roof. Realizing he was cornered, he shouted, "I'm not going to jail" and leaped into a tree. But the branch broke and McNair fell, practically into the arms of the police.

Awaiting trial in 1988 in the county jail in Minot, he apparently was already scheming. Somehow he hustled up a small hammer and flashlight and began loosening two cinderblocks in his cell.

When he was spotted, he was moved to tighter quarters.

"I knew right then he was pretty clever," said Erck, who is now the Ward County sheriff in Minot. "He enjoys the game."

McNair pleaded guilty to the shootings.

"He didn't have any defense," said Thomas, his lawyer. "He had given exhaustive statements to the cops about the killing. He confessed it all. And he was colder than a mackerel. He showed absolutely no remorse."

He got two life sentences and, in 1988, was dispatched to the state's maximum-security prison in Bismarck.

Three years later, McNair was about to bust out again.

He had removed many of the security fixtures from inside a prison air vent that led to the outside. He had only a few left to make it all the way out and had already stashed a jacket, a pair of glasses, food and a word-processing diskette to help in his getaway.

Another inmate snitched on him.

McNair told prison officials he had planned to head east, maybe to New York, "because it would be easy to live undetected in a large city." He also told them he did not care if a tower guard shot him, saying that, if he was spotted running, he wished to die.

A year later, he pulled off the escape — crawling through another ventilation chute with two other inmates. His accomplices were found in fairly short order. It took about 10 months to find McNair.

He stole cars. He dyed his hair blond.

Finally, in July 1993, he was caught trying to burglarize a Grand Island, Neb., car dealership. He was captured with a stolen Chevy van and was armed with a stun gun and police scanner.

With each escape and each attempt, McNair got more prison time. He eventually was transferred by North Dakota Prison Warden Tim Schuetzle under a prisoner-exchange program to a top-security facility in Oak Park Heights, Minn., that is largely underground.

Authorities thought that would be good for safe-keeping.

But McNair organized prisoner strikes and by 2001 Minnesota had had enough. So Schuetzle, under another prisoner exchange, traded him to the federal government. With his record of unruliness and escapes, federal officials sent him to Supermax.

"That's where I thought he was all this time," Schuetzle said. "Until I got the call from Pollock."

Because McNair was well-behaved in Supermax, he was transferred to Pollock, one of the newest federal prisons, in September and, in December, was assigned to the prison shop repairing postal bags. "He seemed very low key," said Jane Haschemeyer, an administrator in the warden's office. "He hadn't had any disciplinary reports. There hadn't been any issues with him at all."

Pollock also had a good record: no escapes since it opened five years ago. Asked about that now, Haschemeyer said, "Well, we're just hoping he can be captured soon."

Somewhere between the prison shop and the outside warehouse, McNair swapped his work khakis for the white T-shirt and white shorts allowed in his cell.

As Haschemeyer put it, "he wormed his way out of the pallet and made his run for it."

Alerted to the dragnet, Carl Bordelon, a police officer in Ball, La., stopped a man running along some railroad tracks about a dozen miles from the prison.

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Bordelon's brief encounter with McNair was recorded by the video camera on the dash of his patrol car.

"Do you have any form of ID on you?" Bordelon asked.

"No."

"What's your name?"

"Robert Jones. I'm not supposed to be out on the tracks?"

"What's your address?"

"I don't have an address." McNair said. "I'm at a hotel. We're working on houses and stuff like that. Roofs."

McNair shifted his feet. He giggled. He explained he was just out jogging.

Bordelon told McNair there was an escapee on the loose.

"There's a prison here?" McNair laughed.

The officer called in McNair's description and was told about the photo issued of the escapee. "You know the bad thing about it?" the officer said to McNair. "You're matching up to it."

"That sucks," said McNair, tossing in a few more laughs.

To deflect suspicion he described a nearby Wal-Mart, the building behind it and the state highway that passes through. He said he was an Army veteran, his father a reserve cop. He said he grew up in Dallas.

"I promise you, I'm not no damn prison escapee," he said. "Nope. Nope. Nope."

True, the officer agreed, "you'd-a run by now."

They laughed and shook hands.

"Be careful, buddy," the officer said.

And off McNair went.

IMMIGRATION:

More Migrants Apprehended Along Border (USAT)

By Judy Keen

USA Today, June 6, 2006

CHICAGO — The Border Patrol says apprehensions of illegal immigrants along the Mexican border are up nearly 4% so far this year because of increased enforcement.

But advocacy groups say greater numbers are crossing the border because they are confused about conflicting legislation passed by Congress and hope to qualify for legal status.

“More people are coming because they believe they'll get a crack at legalization,” says Jessica Aranda of the Latino Union of Chicago. Chicago has one of the USA's largest Mexican immigrant communities.

There is no official data on the flow of illegal immigrants. Border Patrol Chief David Aguilar said Monday there has been no surge in the number of illegal crossings since President Bush announced in May that 6,000 National Guard troops would be sent to the border. Aguilar expects a decrease as more agents and Guard members are deployed.

Border Patrol spokesman Richard Rojas says apprehensions at the southern border are up this year to 826,109, from 795,218 at this point in 2005. “We're enforcing more; therefore, we're apprehending more,” he says.

Daniel Martinez, immigration program director at Catholic Charities in Laredo, Texas, says some immigrants believe crossing is easier now than it will be when National Guard troops arrive.

Other immigrants believe “maybe they can qualify” for a “guest worker” program or citizenship if they enter the USA soon, Martinez says.

Sheriff Omar Lucio in Cameron County, Texas, says his department is getting more reports of illegal immigrants abandoned in trucks or jammed into apartments.

A House bill passed in December would make illegal immigration a felony and boost enforcement. The Senate version, passed May 25, calls for a guest-worker program proposed by Bush and giving illegal immigrants here since Jan. 7, 2004, a chance to become citizens. Both chambers will negotiate compromise legislation.

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Groups say confusion over the bills means some illegal immigrants are being ripped off. Some pay $500-$1,000 to people claiming to be lawyers who promise to expedite applications for a guest-worker program that was passed by the Senate but not the House. Applications don't exist.

"The fake lawyers disappear with the money," says Ana Maria Achila of the Latin American Integration Center in New York City. "There is definitely confusion. We're seeing a lot of people asking where they sign up."

Advocacy groups and Spanish-language media are trying to educate immigrants. Meetings were being held here Monday and today to tell immigrants that they can't apply for guest-worker status. In Alamosa, Colo., a community meeting Sunday explained that no bill has become law.

People who work with immigrants say the uncertainty and a legal crackdown are roiling communities:

•Tougher border enforcement is prompting some illegal immigrants to use crossings that are "more isolated, desolate and dangerous," says Jennifer Allen of Border Action Network, a human-rights group in Tucson.

•Workplace raids that became more frequent recently made some illegal immigrants afraid to leave home, says Mariano Espinoza of the Minnesota Immigrant Freedom Network in St. Paul: "They want to work, but they don't know if the next time they will be detained."

•"I see more fear than anything, because people just don't know what's going on," says Flora Archuleta of the San Luis Valley Immigrant Resource Center in Alamosa.

"There is fear, there is confusion," says Catherine Salgado of the Illinois Coalition for Immigrant and Refugee Rights. But the possibility of a new path to citizenship means "there is hope, too."

An Increasingly Deadly Trail (WP)

By John Pomfret

The Washington Post, June 6, 2006

COVERED WELLS, Ariz. -- It was early on a May morning, still dark, when Border Patrol agent Dan McClafferty first smelled death, its rich odor piercing the desert bouquet of sage, salt cedar and creosote. Following the beam of his flashlight, McClafferty looked under the thorny branches of a paloverde tree and found what he was looking for.

The body of the 3-year-old boy lay still, covered with a jacket and his arms crossed over his chest. His mother, found wandering along a desert highway hours earlier, had carried him there as she had tried to cross into the United States illegally.

The sad discovery was not unique. Since 1993, when the Clinton administration began a crackdown on border crossings in San Diego and El Paso, more than 3,500 people have died trying to cross into the United States through desert. And, as officials work to put more patrols and fencing along the U.S.-Mexico border, immigrant advocates fear there will be more deaths among the tens of thousands who attempt the trip.

Most of the deaths so far -- 959 since Oct. 1, 2001, according to local government statistics and the Mexican government -- have been in Arizona, where the landscape comprises mountains, ranches, Indian reservations, military proving grounds and endless miles of cactus-filled desert. The boy, who was found on May 16 and whose name could not be ascertained from U.S. or Mexican officials, was one of the latest additions to the list.

Border Patrol statistics show that while the death toll mounts annually, the number of those apprehended while crossing the border has not changed significantly since 1993. But because federal agencies have tightened the border in urban areas, smugglers who move the men, women and children seeking to enter the United States illegally have funneled them onto increasingly perilous trails where temperatures are high, water is scarce and danger is abundant.

"All the evidence is that increased enforcement on the border has achieved no benefit at all except in additional employment of Border Patrol agents," said John Fife, a Tucson pastor and founder of No More Deaths, a coalition of charities devoted to stopping deaths during desert border crossings. "What has changed is the devastating elements of this policy. You have a number of deaths that surpasses the number of American deaths in Iraq. And yet still we are determined to persist and redouble our efforts."

The other view is that a tipping point could be reached if the flow of agents and materiel to the border continues to increase. Since 1993, the Border Patrol has tripled in size and President Bush has pledged to add 6,000 more agents. He also

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has ordered the National Guard, which began deploying to the border Monday, to help build new fencing and other protections. "America has the best technology in the world, and we will ensure that the Border Patrol has the technology they need to do their job and secure our border," Bush said May 15 in a nationally televised speech.

Even as the president was speaking, McClafferty was searching the Arizona desert.A Toxic Mix

The 3-year-old's mother's name was Edith Rodreguez. She and her son crossed into the United States from Sasabe, Mexico, on May 11, said a spokesman for the Mexican consulate in Tucson. A native of the Mexican state of Veracruz, a major source for illegal immigration, the 25-year-old woman was traveling in a group of eight to 10 people, herded north by a smuggler, called a coyote.

To keep the group moving fast, the coyote handed out a Mexican over-the-counter drug called Sedalmerk, consulate spokesman Alejandro Ramos Cardoso said after Mexican officials interviewed Rodreguez. Sedalmerk is a combination of caffeine, Tylenol and the herbal supplement ephedra -- an amphetamine precursor that is banned in the United States.

Sedalmerk may be safe to use as a pick-me-up in a normal environment but it is a toxic mix when combined with a trek through the desert because it accelerates dehydration, McClafferty said. Two days into the journey, the boy's energy was flag ging and he was dehydrated. On May 13, Ramos Cardoso said, the coyote and the rest of the crossers abandoned Rodreguez and her son, leaving them to walk in the desert by themselves.

Rodreguez began carrying the child, moving north through a sliver of earth hemmed in by two mountain ranges on land belonging to the Tohono O'odham Indian reservation. Sometime that day, the boy lost consciousness, Ramos Cardoso said. But Rodreguez kept on walking, clutching him.A Search for a Child

In early January, the Border Patrol began concentrating on Arizona's Altar Valley, which had become a virtual highway into the United States for thousands of illegal immigrants and is dotted with natural water holes and water stations serviced by American charities. The renewed enforcement there resulted in traffic being diverted to the Tohono O'odham land that has less water.

Some religious and charitable groups have placed water barrels in the desert and handed out maps in Mexico showing their locations, drawing the ire of those who seek tougher enforcement along the border. One of the groups, Humane Borders, received permission to keep water barrels on land belonging to the Bureau of Land Management, the Interior Department, the city of Tucson and Pima County. But the Tohono O'odham tribe has declined to give its permission.

It was on that land that Rodreguez found herself walking with her son. She carried him for more than a day, Ramos Cardoso said, before placing him under the paloverde tree and going to look for help.

Like many who cross the border illegally, Rodreguez had been in the United States before. She worked menial jobs in Kentucky, where she met a man who apparently was married. The two had a relationship and Rodreguez got pregnant, Ramos Cardoso said. She decided to have the baby in Veracruz so her mother could help her. Returning to Mexico to have a baby was an unusual decision -- many Mexican women make the reverse trip, traveling to the United States to have their babies so their children will be U.S. citizens.

Earlier this year, Rodreguez decided to return to the United States to show the boy to his father, Ramos Cardoso said. She traveled to Sasabe, joined the coyote's group and walked across the border.

After placing her son under the tree, Rodreguez chanced upon Highway 86, which runs through the heart of Tohono O'odham. There, on the afternoon of May 15, Border Patrol agents picked her up.

Ramos Cardoso said she told the agents immediately that she had left her son in the desert, but Gustavo Soto, a Border Patrol spokesman, said they learned of a missing boy four hours later after she was sent to a processing center in the border town of Nogales before she was returned to Mexico.

McClafferty received word about the missing boy that night. He is a member of BorStar, the Border Patrol's elite search and rescue unit, established in 1998 to help save illegal immigrants lost in the desert. When McClafferty went searching for the boy, it was unclear whether he was alive. He said he was told that the mother was so distraught that Border Patrol agents understood only that her son was missing.

McClafferty and three other agents began bushwhacking through the desert scrub, looking for footprints, where Rodreguez had been found. There were thousands, making it impossible to track the boy that way.

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Back at Nogales, Border Patrol agents photographed the bottom of Rodreguez's shoes and faxed the image to McClafferty. Just as the sun was setting, he found matches in the dust. For the next seven hours he and the other agents tracked them by flashlight.

"We figured she was in bad shape," McClafferty said. "She was walking around in circles. She went for help then went back to her son but couldn't find him."

In the end, McClafferty smelled the boy's remains before he found them.

"She carried her kid in the desert for four or five hours and not one of them helped her," McClafferty said of the others who walked in with Rodreguez. "I've seen a lot in six years, but this kid thing was one of those that I just couldn't file away."More Deaths Expected

After being expelled from the United States, Rodreguez was allowed back on May 18 on a short-term humanitarian visa to identify her son's body. An autopsy revealed that the probable cause of death was dehydration and exposure to the sun. The temperature had been above 100 degrees during their journey.

Eric Peters, deputy chief medical examiner for Pima County, placed the time of death between May 13 and May 14, meaning the boy had probably died in his mother's arms.

The last time a young child died on the border, according to Pima County records, was November, when a 1-year-old girl succumbed to pneumonia. Peters said authorities told him they had seen women with babies trudging through the reservation lands, and he and his colleagues are bracing for more child deaths this summer.

The Tohono O'odham police considered charging Rodreguez with child endangerment, but the Pima County attorney's office said it had no interest in prosecuting her. Rodreguez returned to Mexico on May 20 and her son's body followed two days later.

Ramos Cardoso said he tried to persuade Rodreguez to speak to the media because the consulate hoped her story would encourage others not to follow her.

"She had been through a lot of suffering," he said. "She told us she just wanted to go home."

800 Guard Members To Be Added To Border Soon (USAT)

By Mimi Hall

USA Today, June 6, 2006

WASHINGTON — The National Guard will have 800 troops along the U.S.-Mexican border by mid-June, and the 6,000 troops President Bush pledged to send to the southern border will be in place by Aug. 1, Lt. Gen. H. Steven Blum said Monday.

Blum, chief of the Guard, said 40% of the troops will be stationed in Arizona, where illegal migrants have overwhelmed the Border Patrol. The rest will be evenly divided among California, New Mexico and Texas.

The troops are being sent to augment the Homeland Security Department's Border Patrol while the agency recruits 6,000 additional agents. If the Border Patrol can meet that goal, set by Bush in a speech May 15, it will have 18,000 agents by the end of 2008, a doubling since the Sept. 11 attacks prompted tighter border security.

“It's going to be a very dynamic operation over the next two years,” Border Patrol Chief David Aguilar said. “As a force multiplier, it will be tremendous” to have the Guard's help, he said.

Despite the weekend arrests near Toronto of 17 terrorism suspects, Aguilar said no National Guard troops and no more border agents will be sent to the U.S.-Canadian border. Because nearly all illegal immigration is from the south, fewer than one in 10 of the Border Patrol's nearly 12,000 agents work at the Canadian border.

Aguilar said northern border agents are “at high alert” and are conducting more vigilant ID checks and car and truck inspections at border crossings.

National Guard troops have worked with the Border Patrol and the Drug Enforcement Administration for nearly 20 years along the southern border, mostly helping the Border Patrol catch drug smugglers. There are nearly 500 Guard members there now, including more than 50 from Utah and Connecticut who just arrived in Arizona. None of those are part of Bush's Operation Jump Start plan to make troops available over the next two years to try to stem illegal immigration and tighten security.

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Blum said his troops will not have law enforcement duties and will not arrest people who sneak across the border. They will help border agents build roads, monitor surveillance cameras, install sensors and do other engineering and maintenance work. They'll also pick up office duties, freeing border agents to patrol the border and make more arrests.

55 Utah Guardsmen Join Border Agents In Arizona (WT)

By Jerry Seper

The Washington Times, June 6, 2006

The first contingent of National Guard troops -- a 55-member platoon from Utah -- has arrived in Arizona to help protect the U.S.-Mexico border and is expected to build fences, repair roads and erect better border lighting as part of President Bush's plan to crack down on illegal entry.

The soldiers arrived for the weekend in San Luis, Ariz., about 25 miles south of Yuma, which has surfaced in recent months as one of the busiest illegal alien corridors in the country. The U.S. Border Patrol's Yuma sector is responsible for 118 miles of the border with Mexico, with apprehensions of illegal aliens -- 100,000 through May -- up 13 percent from the same period last year.

The presence of National Guard troops, who are not expected to perform law-enforcement functions, is aimed at freeing up Border Patrol agents to focus on enforcement along the border. A total of 300 National Guard troops are expected in Arizona by June 15.

Mr. Bush has proposed sending 6,000 National Guard troops to Texas, New Mexico, Arizona and California.

The 55 Guard members in Arizona are from the 116th, 1457th and 489th units of the Utah National Guard and arrived Saturday aboard a C-130 cargo plane. They will help repair and expand a 12-foot-high corrugated metal fence that separates San Luis and Mexico and a chain-link fence 50 yards inside the border.

Last week, Mr. Bush said 6,000 National Guard troops will be deployed along the U.S.-Mexico border to assist the Border Patrol by operating surveillance systems, analyzing intelligence, installing fences and vehicle barriers, building patrol roads and providing training.

"In other words, they're going to be a complement to the Border Patrol. The Guard units will not be involved in direct law-enforcement activities. That's the job of the Border Patrol," he said. "The United States is not going to militarize our border. What we're going to do is support those who we hire to do the job of enforcing the border."

Mr. Bush said that as the Border Patrol hires additional agents and as new technologies become available, the Guard force will be reduced -- probably by 2008.

"The federal government's working to conclude formal agreements with California and Arizona and New Mexico and Texas that will define the roles and responsibilities of National Guard units deploying to the southern border," he said in a speech Thursday before the U.S. Chamber of Commerce. "We're going to work closely with the governors of those states to secure this border."

Last year, the Tucson and Yuma sectors of the Border Patrol apprehended more than half of the 1.15 million foreigners caught trying to sneak into the United States.

On Sunday, T.J. Bonner, president of the National Border Patrol Council, which represents all 10,500 of the Border Patrol's nonsupervisory agents, said during a speech in Las Vegas that he doubted the deployment of 6,000 Guard troops on the border will stop the flow of illegal aliens.

"It's great to have help, but they're only going to be able to do so much," said Mr. Bonner, a 28-year Border Patrol veteran. "The answer is to turn off the employer magnet, focus on the reason people are crossing borders."

Mr. Bonner has vigorously argued that although most politicians know that the availability of jobs draws people to illegally enter the United States, few have supported legislation addressing the problem. He said the pending immigration enforcement bills in the House and Senate fail to "effectively reduce the employment magnet."

Utah Guard Unit Patrols U.S.-Mexico Border (AP-Y2)

By Arthur H. Rotstein

AP2, June 5, 2006

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Military bulldozers, road graders and other heavy equipment rumbled along the Mexican border early Monday as more than 50 National Guardsmen from Utah became the first unit to get to work under President Bush's crackdown on illegal immigration.

The soldiers with the 116th Construction Support Equipment Company will hit their work sites by 5:30 a.m. during their two weeks of duty. They will improve a dirt road running parallel to the border, fill in gaps in fortified fencing and run wiring for new lighting to help the Border Patrol spot illegal crossers.

"It's exciting to do something that's relevant to the safety of the United States," said Capt. Talon Greeff, the unit's commander. "There is a sense of excitement when you are doing something real-world."

The goal is to strengthen the border and free up border agents to catch illegal immigrants.

The guardsmen are unarmed and wearing hardhats instead of Kevlar helmets — "we do not want to appear as if we're militarizing the border," Greeff said. They will not perform any law enforcement duties.

The troops arrived in Yuma on Saturday and were briefed Sunday on their mission and given tips on how to survive the triple-digit heat of the Arizona desert.

Under Bush's plan, up to 6,000 National Guardsmen will be sent to the four southern border states. Officials say 300 Guardsmen from Arizona are expected to begin arriving at the state's border in mid-June.

The Utah unit is working in San Luis, 25 miles south of Yuma, home of the nation's busiest Border Patrol station. Two sets of barriers run along the border: a 12-foot corrugated-metal fence and, about 50 yards to the north, an 8-foot chain-link fence topped with barbed wire. Surveillance cameras are mounted on towers, and stadium lights help agents spot people trying to slip across at night.

Most of the 11 soldiers assigned to operate the heavy equipment have full-time jobs in the construction business in Utah. They would normally be pulling two weeks of training duty at this time of year anyway.

Now they are working to widen the dusty dirt track used by the Border Patrol, compact it and top it with gravel so agents can get to hot spots faster.

"They all feel pretty privileged to be out here as part of the first group," said Sgt. 1st Class James Colledge, a 52-year-old truck driver from West Valley, Utah.

In San Luis, some residents were pleased with the guard's presence.

Raymond Ruiz, a clerk at Charles and Frank Auto Parts, said the response was long overdue.

"I think we need it, because besides illegal people coming across, I know there's drugs and you never know, maybe some terrorists one of these days," Ruiz said.

Others were leery, worried that legal border crossers would stop shopping.

Alex Furniture employee Israel Escobar said the Guard's presence "scares the people. No one wants to buy in the U.S."

But his co-worker, Israel Torres, disagreed.

"It's OK. It's right, because it means more security in the houses," Torres said. "I live next to the border, and I'm afraid."

Securing The Border (Again) (NYT)

By John Tierney

The New York Times, June 6, 2006

President Bush heads to New Mexico today to visit his new favorite school, the Border Patrol Academy. He wants it to train thousands more federal agents, but they'll make little difference unless Bush can teach Republicans the lesson learned by agents like Buck Brandemuehl a half century ago — the last time anyone could seriously claim the border was under control.

In the 1950's, federal agents were initially overwhelmed by waves of Mexican farmworkers illegally crossing the border. The number of immigrants apprehended surpassed half a million in 1951 and was approaching 900,000 in 1953, a level roughly comparable to the situation now.

Back then there were fewer than 2,000 federal agents patrolling the borders, less than a fifth the size of today's force. But within two years, the flow of illegal immigrants declined so drastically that the immigration service declared in its 1955 annual report, "The border has been secured."

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And it stayed that way the rest of the decade. The number of immigrants caught kept dropping until it reached 45,000 in 1959 — a decline of 95 percent in just six years.

"We really had to scratch for illegals," recalls Brandemuehl, who worked along the New Mexico border in the late 1950's. "We'd do traffic checks and freight-train checks, but we weren't apprehending many people. We'd go camp on the border and look for tracks, but in 30 days you might apprehend only 15 or 20 people, and a lot of them weren't even farmworkers. They were criminals sneaking back and forth to rob ranchers."

What stopped the farmworkers from sneaking across? It wasn't simply the get-tough measures that Republicans are calling for today. Although federal agents did intensify their efforts, conducting sweeps of farms and ranches, immigration officials realized that stricter enforcement wasn't enough.

Along with the crackdown, officials encouraged farmers and ranchers to legally hire Mexican temporary workers called braceros. As new rules made it easier to hire braceros, the number of these legal workers doubled to more than 400,000 at the same time illegal immigration was plummeting.

"We wanted people to come in the front door, not the back door," Brandemuehl says. The agents' job became simpler not only because there were fewer Mexicans to catch but also because there was more help from American employers. Once farmers and ranchers could legally get the workers they needed, they were more willing to cooperate with agents tracking down illegal immigrants.

Unfortunately, though, Congress started shutting the front door. The bracero program became controversial, partly because American labor unions objected to the competition and partly because of concerns that Mexicans were being exploited. Some of the complaints were legitimate, but Congress's response didn't leave immigrants any better off.

They ended up with even fewer rights because they were working illegally after the bracero program was restricted in 1960 and then eliminated four years later. As the number of legal workers entering from Mexico dropped during the 1960's, the number of illegal immigrants shot back up, and kept increasing after new limits were placed on other visas available to Mexicans in 1968.

The border has been out of control ever since, even though the number of agents has grown to 11,000. "Tough enforcement alone can't work unless you allow more people in legally," says Stuart Anderson of the National Foundation for American Policy, who has studied the impact of the bracero program.

Today President Bush and the Senate are trying to apply that lesson by expanding the number of legal immigrants and temporary workers. These visiting workers would have more rights than braceros, which is why the reforms are supported by the United Farm Workers and other unions.

But Republicans in the House are resisting. They say they won't expand legal opportunities until the border is first secured — which will never happen if they have their way.

In 1958, a high-ranking immigration official named James Hennessy was quizzed by a House committee about his agency's success in controlling the border. He said it was due in large part to the increase in legal immigration. When he was asked how his agents would control the border if the bracero program ended, he gave a prescient reply that's more relevant than ever today:

"We can't do the impossible, Mr. Congressman."

Mexico Hopes Reserve Will Slow Crossings (AP)

By Mark Stevenson

AP, June 5, 2006

Mexico is creating an environmental reserve about 30 feet wide and 600 miles long on the Texas border, a "green wall" to protect the Rio Grande from the roads and staging areas that smugglers use to ferry drugs and migrants across the frontier.

Much of this border zone is remote and inhospitable — generally too rough to hike through unless you're a black bear or a pronghorn sheep, species that have flourished in the area's deserts and mountains.

And that's the way Mexico wants to keep it.

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While the proposed Rio Bravo del Norte Natural Monument is only about 30 feet wide, it will connect two large protected areas south of the river. When a third nature reserve, known as Ocampo, is created this year, the protected areas in Mexico will form a "wall" of millions of acres of wilderness, matching Texas' Big Bend parks foot-by-foot along the border.

"This stretch of border is the safest one we have. It's safe because it has wilderness on both sides," said Carlos Manterrola, who heads the environmental group Unidos Para la Conservacion.

Big Bend National Park has had some problems with migrant and drug trafficking, but superintendent John King says extending protected areas on either side of the border will likely keep the problem from getting worse.

"When you have a roadless area, you make it more difficult for these activities to happen," King said.

The strip protects a much longer stretch of riverbank, from just downstream of the Texas border town of Presidio to the outskirts of Laredo, Texas, raising the possibility of still larger reserves that will serve as biological corridors, encouraging four-footed traffic but making it exceedingly difficult for humans to pass.

In other border areas where U.S. reserves aren't fully matched in Mexico — such as Arizona's Organ Pipe Cactus National Monument — primitive roads and ramshackle hamlets have sprung up on the Mexican side to provide supplies and staging areas to illegal border crossers. They have then overrun U.S. wilderness areas.

As the U.S. puts up more fencing near cities and popular crossing zones, migrants will likely be looking for new routes in remote areas.

That happened with the Mexican hamlet of Las Chepas, which became a hub for undocumented border crossers. The problem got so bad that Mexican authorities — at the urging of New Mexico Gov. Bill Richardson — bulldozed 31 buildings to discourage them from being used as a smuggling haven.

Now, Mexico is working on yet another "mirror" border reserve, to be announced this summer in an area known as the Janos grasslands, roughly west of Las Chepas and across from the Alamo Hueco Mountains and Big Hatchet Mountains Wilderness areas in New Mexico's boot heel region.

Law enforcement is a problem at many Mexican parks, but if well policed, the 1.2 million acres of the proposed Janos wilderness area could not only protect one of the largest prairie dog populations in North America, but also present a natural barrier to smugglers moving deeper into the wild as border security tightens.

Mexican ranchers and environmentalists applauded the Rio Bravo del Norte proposal, which was published Monday, starting a 30-day comment period. Along with the Ocampo wilderness, it will protect several pine- and oak-clad mountains often described as "sky islands," temperate mountaintop enclaves divided by seas of heat-seared desert or grassland.

"This would close the circle," said Jesus Armando Verduzco, a 73-year-old ranch owner from Ocampo. "Perhaps later, we could do a bit of hunting, eco-tourism, preserve it for humanity."

Some environmentalists say this policy of establishing nature preserves along the border could be a more effective alternative to the walls and "smart" fences being pondered in Congress.

"The whole idea that people are coming up through wilderness and roadless areas, and that's simply not the case," said David Hodges, policy director of the Sky Island Alliance. "People have a tendency to stay near roads, because they don't get lost and that's where they get picked up. ... It would be disastrous to put roads through these areas."

AP: Millions Of Visa Overstays Overlooked (AP-Y2)

By Will Weissert

AP2, June 5, 2006

Millions of illegal immigrants in the United States never jumped the U.S.-Mexico border where Congress wants to erect impenetrable walls and President Bush is sending National Guard troops to patrol. They never sneaked in at all.

The little-acknowledged reality is that nearly half the estimated 12 million undocumented foreigners in the United States entered on bona fide U.S. visas — and simply never left. Authorities call them "overstays" who have been largely overlooked in the vitriolic debate on immigration.

"The southwestern border gets all the attention, but it's staggering the number of people who come and overstay their visa," said Dean Boyd, a spokesman for U.S. Immigration and Customs Enforcement in Washington. "It's a very large-scale problem."

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A study by the Washington-based Pew Hispanic Center last month indicated that 45 percent of the undocumented migrants in the United States overstayed legal visas.

Confirming those findings or knowing the home country of those who overstay their visas is tricky because U.S. authorities don't track the problem. Immigration authorities also generally don't compare entry and exit information to see who should have left the country.

"There's no annual reports published on visa overstays because obviously these people are hiding and don't want to be found," Boyd said.

Ana Luisa certainly doesn't, so she asked that her last name not be used. The Mexico City native lives in Dallas with her husband, 13-year-old son and 5-month-old daughter — who was born in the United States and is an American citizen — and volunteers at a middle school.

When she moved to the United States, she made sure to return to Mexico every six months to renew her tourist visa. But the trip soon became a chore and she let her visa lapse a year ago. Now if she returns to Mexico again she likely won't be able to get another U.S. visa.

"I'm illegal, but I'm someone who is trying to help with my work," she said in a phone interview.

Ana Luisa said she would never have sneaked across the border to get into the United States, and didn't see the harm in overstaying her visa. In Dallas, she said, her son is able to get a better education than he would in Mexico.

"I wouldn't risk my life in the river or in the desert like thousands of others do," she said.

Many borrow the social security numbers of legal residents or use falsified documents to build what appear to be legal identities, making it difficult for employers to know when someone is undocumented. Others work informally, as maids, gardeners or in other jobs where employers rarely require paperwork, despite federal law.

The immigration reforms soon to be hashed out in a Congressional conference committee may crack down on employers who fail to make sure their workers are legal. But it's unclear whether the proposed reforms will send many "overstayers" home.

The U.S. State Department issued nearly 5.4 million temporary, nonimmigrant visas in fiscal year 2005, and about 17 percent went to Mexicans. The most common visas are for tourism, business travel and medical care.

Boyd said he couldn't pinpoint the type of visa that is overstayed the most. Thousands of foreigners who come as students remain in the United States after finishing school or dropping out, and many who come on work visas lose their jobs or stay after their papers expire.

Of course, getting a visa in the first place is a challenge. Lines at the U.S. Embassy in Mexico City form before dawn. Applicants pay $100 for an appointment, bringing proof of employment, savings and family and community roots.

Still, Embassy spokeswoman Judith Bryan said most applicants are approved — about 70 percent.

"The main thing is you have to have sufficient ties to your home country to show you are coming back," she said. "The law — not just for Mexico but everywhere — says that the burden is on the applicant to prove they aren't going to stay. In some cases that's very difficult, especially if you have a lot of family in the U.S. and you don't own property or have money in a bank at home."

Ricardo Ortiz, 55, said visitors who overstay their visas have made it harder for honest people to get visas in the first place. For each of the past 10 years, he has spent nine months working legally at a Long Island racehorse farm.

"Those who are working there and don't have papers are making trouble and holding up our visas," he said, waiting for his Embassy appointment in Mexico City. "We are legal workers, and we are being unfairly hurt."

Nasario Perez, 36, spent three hours on a bus to get to his embassy appointment. He hoped to take a landscaping job in New York state, but said there was no way he would overstay his visa.

"If I do good work and then leave, I will have a chance to get a visa the next time," he said. "That's more important than extra money I could make by staying too long."

Immigration Debate Stirs Racial Tensions (AP-Y2)

By Erin Texeira

AP2, June 5, 2006

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As the fight over immigration reform drags on, an ominous undercurrent to the debate — racism — is becoming more pronounced.

From muttered ethnic slurs to violent attacks, activists say an anti-immigrant backlash seems to be growing in America's neighborhoods and workplaces. A few political leaders have called proposed immigration measures before Congress "racist."

"The climate has gotten demonstrably worse and it is racially charged," said Devin Burghart of the Center for New Community, which tracks anti-immigrant activity. "It's not simply a debate about immigration policy. ... It's about race and national identity and who and what we are as Americans."

Some activists say the House of Representatives started it.

When lawmakers passed a bill in December that would make illegal immigrants felons, many felt that was a swipe at Latinos, who make up 80 percent of the nation's estimated 11 million illegal immigrants. Former President Jimmy Carter has said the bill had "racist overtones," and that feeling helped push more than 1 million demonstrators to attend street rallies in recent months.

Some reacted the same way after the Senate passed an amendment to its immigration bill last month that declared English the national language. Senate Minority Leader Harry Reid, a Nevada Democrat, called that "racist" and "divisive."

The amendment's sponsor, Oklahoma Republican Sen. James Inhofe (news, bio, voting record), replied that Reid's statements were "ridiculous." Republican Rep. James Sensenbrenner of Wisconsin, who wrote much of the House bill, issued a study on six countries' immigration policies and found that five — including Mexico — make illegal entry into their nation a criminal offense.

But Luis Valenzuela, of the Long Island Immigration Alliance in New York, said the measures feel hostile to many immigrants. The bills "set (an) overall climate which is quite racist," he said. "That elicits action by extremists."

Mark Potok of the Southern Poverty Law Center, which has tracked hate crimes for decades, said that hate groups "consistently try and exploit any public discussion that has some kind of racial angle, and immigration has worked for hate groups in America better than any issue in years."

The Anti-Defamation League, a nonprofit that fights anti-Semitism and other bias, put out a report last month that said "hateful and racist rhetoric" aimed at Latino immigrants had grown "to a level unprecedented in recent years."

The report did not give an overall figure for hate speech and hate crimes, but detailed numerous examples including:

• Two men in Tennessee who were sentenced to prison in December for shattering windows and painting Nazi symbols in a local Mexican market.

• Internet video games, such as one called "Border Patrol," urge players to shoot characters drawn as Latino caricatures.

• New Jersey Internet radio talk show host Hal Turner posted an "ethnic cleansing manual" on his Web site days after the massive May 1 protests.

Near Houston, two white teenagers were arrested in April, accused of beating a Latino youth and sodomizing him with a pipe. Days later, on Long Island, a white teen was accused of threatening two Latinos with a machete and a chain saw. Police say ethnic slurs were used in each case.

In Herndon, Va., opponents of a day laborer work site regularly picket it, taking photographs of workers and threatening to follow them home, said Bill Threlkeld, director of Project Hope and Harmony, a nonprofit that runs the site.

When a man protesting the site wore a "Whites Only" T-shirt, a neighborhood controversy had become an ethnic issue, Threlkeld said.

Sociologist Gonzalo Santos of California State University at Bakersfield said immigration is just the latest example of social policy issues taking on racial overtones in America.

"People talk about immigration as if race doesn't matter, saying 'No, I don't have anything against immigrants or Mexicans, it's just the illegal part of it I don't like.' But those are code words," he said. "We experience race in this country through issues like welfare policy, anti-poverty programs and now immigration."

Cecilia Munoz of the National Council of La Raza said it's important for immigration advocates not to slip into bias themselves. Most people on the other side are engaging in civil discussions focused on public policy, not ethnicity, she said.

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"The assumption is that we believe everybody who disagrees with us in this debate must be a racist but that's absolutely false," Munoz said. "But we are feeling the effects of what can only be described as racism and hatred.

"We get letters with ethnic slurs. I've personally been called 'wetback' and a word beginning with 'n' that I don't like to say. This is in the last two months."

Increasingly, security is a concern. For the first time at its annual conference last year, La Raza offered a program to community groups on how to stay safe amid harassment.

"It was well-attended," Munoz said. "We plan to do it again this year."

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On the Net:

Anti-Defamation League: http://www.adl.org

Southern Poverty Law Center: http://www.splcenter.org

Witness To The American Dream (USAT)

By Patrick Welsh

USA Today, June 6, 2006

Until the early '80s, the central issue at T.C. Williams High School, where I teach, was always this: How do we teach relatively well-off whites and relatively poor blacks together without shortchanging or alienating either group?

But while T.C. and the rest of the Alexandria, Va., school system wrestled with the black-white issue, another challenge surfaced. A steady influx of Hispanic students, many of them destitute Central Americans illiterate in their own language, gradually transformed the complexion of the community.

With all the recent talk of immigration reform, one thing has become clear to me: While Congress still must thrash out its differences on policy, I can put real faces on this issue. Each day, I teach students who are immigrants, probably legal and illegal, and I can tell you that when I look into the eyes of these kids, I do not feel the sort of fear or loathing that some Americans have voiced. Instead, I see on their part a yearning to learn and a motivation to succeed that I don't always see in my American-born students.

Certainly, we cannot open the door to every immigrant who wants to make this country home. But for those already here, I hope they will be given the opportunity to stay. These students not only enrich our society, but they also bring parts of the world closer together.

Magnet for immigrants

Since the early '70s, Alexandria, right across the river from Washington, D.C., has been a magnet for immigrants from trouble spots all over the world. At T.C., Alexandria's only high school, I have taught kids from such places as Korea, Iran, Vietnam, Afghanistan and Ethiopia. Getting to know these kids has given teachers and students a sense of being connected to the larger world. Though many Americans had no idea where Afghanistan was prior to the 9/11 terrorist attacks, it was very familiar to me. For years, I had been teaching students whose parents had escaped from the cities of Kabul and Kandahar after the Russian invasion in 1979.

But I'd be less than honest if I didn't say that as a teacher I am well aware of the enormous social problems many immigrant families have. In some cases, parents come here alone before sending for their children. When the kids finally do arrive, often as teenagers, they hardly know their parents and are rebellious. More common is that both parents work two jobs to survive; as a result, the kids are often left on their own. Some students are lured into gangs. Then there is the high rate of teen pregnancy, which leads many girls to drop out of school and become a burden on social services.

In the past two decades, the Hispanic population has been the only one in the school system to grow: from 5.3% in 1983 to 26.7% today. One section of the city is now called Chirilagua, after a province in El Salvador.

Alexandria, which is known for its liberal politics, reacted to this growth with disbelief, shock and anger. Many residents blamed city officials for allowing immigrant families, many of them illegal, to overcrowd apartments. Blacks primarily saw Hispanics as cutting into their jobs and benefits.

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Still, what I've witnessed are the virtues of the majority of these immigrant families. Many of them have family values and a work ethic that would shame many American families. While my middle-class students work for luxuries — to pay for the tanning salon or the latest cellphone or hot accessory for their car — most Hispanic kids I see work to support their families here or those who were left back in their native country. While middle-class neighborhoods are still dormant at 5 a.m., Chirilagua is bustling as men go out to work construction throughout the area.

Successful transitions

Many immigrant families have successfully assimilated into society over generations. I recently read in our local newspaper the name of Ilryong Moon, a Harvard graduate who is chairman of the Fairfax County, Va., school board. I remembered him in my class as a 16-year-old, fresh from Korea and fiercely determined to master English.

Victor Ignacio is a highly respected Alexandria police detective. His father left the Dominican Republic to settle in America, and five years later sent for Victor, then 12 years old, and the rest of the family.

Many of our school history books are filled with success stories of immigrants who have made significant contributions to America. But there are still more stories to be written. Take T.C. Williams senior Jeff Hernandez. He knows how different his life would have been had his mother not left war-torn El Salvador 20 years ago and made the dangerous journey through Mexico to the California border, where she slipped into the USA illegally. Eventually, she ended up as a housekeeper and was sponsored for citizenship by her employers.

On the two trips he took to El Salvador, Jeff, who was born in the United States, saw poverty that stunned him. That made him all the more determined to live his mother's American dream. The captain of T.C. Williams' Virginia state champion 4x400 relay team, Jeff will enter Virginia Commonwealth University in the fall, the first member of his family to attend college.

The transformation that has taken place in Alexandria merely represents a microcosm of what is going on across America today. As a teacher on one of the frontlines where immigration is most visible, I can assure you we have nothing to fear, and much to hope for, from these students and their families.

Patrick Welsh is an English teacher at T.C. Williams High School in Alexandria, Va., and a member of USA TODAY's board of contributors.

TAX:

Lost IRS Laptop Stored Employee Fingerprints (MSNBC)

By Bob Sullivan

MSNBC.com, June 5, 2006

A laptop computer containing fingerprints of Internal Revenue Service employees is missing, MSNBC.com has learned.

The computer was lost during transit on an airline flight in the western United States, IRS spokesman Terry Lemon said. No taxpayer information was on the lost laptop, Lemon said.

In all, the IRS believes the computer contained information on 291 employees and job applicants, including fingerprints, names, Social Security numbers, and dates of birth. The fingerprints had been collected as part of a normal background screening process. Some job applicants' information also was also on the computer.

Story continues below ? advertisement

"Right now the laptop is classified as missing. We don't know if it was stolen," Lemon said.

Nothing on the computer would put taxpayer information at risk, Lemon said. The fingerprints and other data could be not used to falsify an IRS ID badge, he said. The matter has been turned over the to IRS inspector general's office.

"Our taxpayer data is on completely different systems," he said. "No taxpayer data is involved."

Lemon said he could not narrow the list of people who might be on the computer, other than to say they were from "western and Midwest" regions. The IRS has attempted to contact all 291 people by telephone, and will soon send a notification letter to each affected employee and applicant.

Data on the laptop was not encrypted, Lemon said, but it was "double password protected," meaning someone would have to enter two different passwords to access the data. He said there is no indication the data had been used to commit ID theft.

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The story echoes news last month that a Veterans Administration employee had lost a laptop computer containing 26 million veterans' Social Security numbers. That laptop was apparently stolen during a house burglary.

Kill The 'Death Tax' (USAT)

By Sen. Jon Kyl

USA Today, June 6, 2006

Americans believe the estate tax — or "death tax" — is the most unfair tax of all.

A Gallup Poll conducted in April found that 58% of respondents said that "inheritance taxes" are unfair, contrasted with only 42% who said the dreaded Alternative Minimum Tax is unfair.

This year, the death tax rate is 46%! That means the government will take nearly half of everything you have worked for and saved, over an exemption of $2 million, even after you have paid taxes throughout your life. No wonder Americans don't think the tax is reasonable.

While this newspaper's editorial board agrees that we need to increase the exemption — a $2 million exemption will not go far with rising home prices and half of all Americans investing in the stock market — we would be foolish to ignore the economic damage that is caused by setting the rate at a punitive level.

The death tax is a tax on capital, since most of an estate's assets are capital in nature. A recent congressional Joint Economic Committee study said that this tax has reduced the amount of capital in our economy by about $847 billion over the past 60 years. Just imagine how many more jobs would have been created, and how much our economy would have grown, if that capital had been available for private investment rather than being spent by the government.

As the 2004 Nobel Prize-winning economist Dr. Edward Prescott has explained, very high tax rates discourage people from working, saving and investing. Why bother if the government is going to take half of what you earn from the additional effort?

Ideally, we should repeal the death tax as many of our trading partners, including Canada and Australia, have done.

At the very least, we should increase the exemption and reduce the rate to the same level as the tax on capital gains, so that those who pay it can do so without being forced to sell off business assets.

Sen. Jon Kyl, R-Ariz., is chairman of the Senate Finance Subcommittee on Taxation and IRS Oversight.

Wealthy Can't Avoid Death — But Will They Evade Taxes? (USAT)

USA Today, June 6, 2006

Last year, Hurricane Katrina struck just as the Senate was about to vote on repealing the estate tax. Senators prudently shelved the issue, deciding it wouldn't look good to slash taxes for the wealthiest Americans when tens of thousands of poor people had lost their homes and livelihoods.

Now, with the Katrina coverage receding, the issue is back on the Senate calendar. A vote could come as early as this week. Estate-tax opponents concede they might not have the votes for outright repeal. But they still hope to reduce the tax rate on inherited wealth to as low as 15% from the current 46%.

That was a bad idea last year, and it's still a bad idea. Taxes must be paid by someone, and it is hard to think who they harm less than people who are both very rich and dead.

Ending the estate tax would reduce revenue between $290 billion and $745 billion over 10 years, depending on how the accounting is done.

How would that money be recouped? There are only two choices: Raise taxes on working Americans, or pass the cost on to future generations, already burdened by $8.3 trillion in government debt and exploding costs for Medicare and Social Security. Either approach is unacceptable.

Ironically, the same reality that led to the adoption of the estate tax in 1916 — the concentration of wealth in the hands of a few families — might bring about its repeal. Families such as the Waltons, of Wal-Mart fame, and the candy-making Mars clan have supported lobbying campaigns to end the tax. The campaigns are focusing pressure on home-state senators, several of them Democrats who ordinarily proclaim themselves champions of the middle class.

Since the rich are an influential but limited constituency, estate-tax foes have used misinformation to convince farmers and small business owners that the issue concerns them. In fact, the truth is very different:

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• Generous exemptions keep the vast majority of estates from paying what the opponents call the "death tax." This year, only 12,600 estates are projected to pay. That's a tiny fraction of 1% of all estates.

• It is not "double taxation," as some critics say. Most of today's fortunes are in shares of companies that have never been taxed because they haven't been sold. Bill Gates, for example, has about $23 billion in untaxed Microsoft shares.

Estate-tax opponents argue that the rates are confiscatory. But there's no reason the tax on inherited, unearned income should be any lower than the top rate, which has varied from 38.6% to 35% in recent years, paid by highly skilled workers on their daily toil. And if there's to be any reduction, supporters have an obligation to say how they'll replace the revenue. In five years in power, Republicans have evaded that responsibility, adding more than $2 trillion in debt with tax cuts and spending increases.

Some adjustments to the estate tax may be in order. Under current law, for example, it is set to expire for one year (2010) and then return in subsequent years. This creates some perverse incentives for people who have, or stand to inherit, vast fortunes.

When the tax comes back in 2011, the exemption would be $1 million, or $2 million per couple. Keeping it at its 2009 levels of $3.5 million and $7 million would ensure that any family farm or company that could truly be called a small business would incur little or no tax.

As they prepare to vote on what would be a huge windfall for the wealthiest Americans, senators should recall the sense of shame that prompted them to hold off last summer. Nothing has changed, except for the weather.

Death And Taxes (WP)

The Washington Post, June 6, 2006

THE SENATE will debate whether to repeal the estate tax today, and the first decisive vote is expected Thursday. The House has voted in favor of repeal and the administration, which has pushed a temporary suspension into law, would be delighted to support permanent abolition; the Senate's voice will therefore be decisive. But the arguments for repeal are by turns wrong, muddled and internally contradictory.

Abolitionists say the estate tax forces the liquidation of family farms and businesses. In 2000, according to the Congressional Budget Office, 1,659 farms were liable for the tax, but fully 1,521 of these had sufficient liquid assets to pay without selling any land. In 2000, likewise, 485 taxable estates included a small business, but 321 of these could pay the tax without selling any of the firm. Moreover, heirs can spread estate tax payments over 14 years, so even those without liquid assets have plenty of time to take over the farm or firm, manage it productively, and thus generate the cash to pay the tax. So the estate tax wasn't forcing the fire sale of large numbers of family farms and businesses even in 2000, before the Bush tax cuts kicked in. Now that the amount that a couple can pass on tax-free has jumped from $1.3 million to $4 million, the mass-liquidation claim is even less accurate.

But it is also muddled. Suppose that the estate tax does force the sale of some farms and businesses; is that necessarily a bad thing? Well, it would mean that the heirs don't have the inclination or ability to manage the farm or the small business and turn a profit -- otherwise they would earn enough to pay the tax over the 14-year period. From the standpoint of job creation, it's a mistake to leave a farm or small business in the hands of heirs who don't know how to turn a profit on it; better that those assets be sold to purchasers who will maximize their value. Far from promoting a vibrant small-business and farm sector, the abolition of the estate tax would increase the number of businesses and farms that are managed by non-vibrant sons and daughters.

Meanwhile, abolitionists also claim that the tax doesn't raise much anyway, so why not kill it? Well, it's expected to raise $776 billion in the decade starting in 2012; if abolitionists view this as chump change, how can they pretend it's ravaging a sector of the economy? The abolitionists also assert that a revision in the treatment of capital gains would offset the revenue lost by repeal of the estate tax, but Congress's Joint Committee on Taxation has analyzed this claim and found it empty. Finally, the abolitionists argue that the estate tax discourages saving: If you can't leave your money to your heirs tax-free, then why not go out and spend it? But people facing the estate tax -- basically, retired couples sitting on more than $4 million -- are probably spending as much as they want to spend anyway. Besides, any small decrease in their savings is likely to be offset by the increase in government saving resulting from the tax, and by possibly higher saving by heirs, who won't spend so freely if their inheritance faces taxation.

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In short, the exotic arguments in favor of abolishing the estate tax don't match the obvious ones for keeping it. The nation faces serious budget deficits, so why abolish a revenue stream? Inequality is rising, so why kill the most progressive federal tax? The competitive and meritocratic basis for the nation's economic success is under threat, so why take action that would encourage hereditary elites to entrench themselves?

The Estate Tax, Back On The Agenda (NYT)

The New York Times, June 6, 2006

Still giddy over the passage last month of a $70 billion income tax cut for affluent Americans, Senate Republicans are hoping this week to go further, and gut the federal estate tax. And they'll probably try to accomplish this gift to the super-rich under the guise of compromise.

Their fondest wish would be to permanently repeal the tax. But planning, during a time of war, to give away nearly $1 trillion over 10 years may look too radical even for this crowd. So the senators are also considering a so-called middle-of-the-road approach. Sponsored by Jon Kyl, Republican of Arizona, the "compromise" would drastically raise the thresholds at which the estate tax kicks in, while slashing the estate tax rate. Together, those changes would cut taxes for the wealthiest families by $652 billion between 2012 and 2021, the first full decade of the proposed cut. Because the government would need to borrow to make up for that lost revenue, the tax cut would also cost all taxpayers some $175 billion in higher interest payments.

And for what? Fully 71 percent of the additional benefits would go to people who stand to inherit more than $10 million. Almost all of the rest would apply to estates worth more than $5 million.

There is no economic justification for doing this, any more than any tax cut can be justified when the economy is growing and the government is running a big deficit, as is now the case. The notion that small businesses and family farms are unfairly targeted by the estate tax is nonsense.

There is no moral justification for cutting estate taxes. Much of the wealth taxed after death has never been taxed because profits on stocks, bonds, real estate, artwork — you name it — are not taxed until an asset is sold. Obviously, people with big estates never got around to selling their assets.

And yet, some multimillionaires, and their Congressional supporters, have the gall to say that the wealthy should not be "penalized." Estate taxes imposed after one's death are no more of a penalty than income taxes withheld from paychecks.

Any senator who votes for this bill — or to end an expected filibuster — does not care about the budget deficit or tax fairness, no matter what he or she may say to the contrary.

CONGRESS-ADMINISTRATION:

Congress Pushing Back Against Bush's Expansion Of Presidential Authority (USAT)

By Susan Page

USA Today, June 6, 2006

WASHINGTON — Republican and Democratic House leaders join forces to protest the FBI search of a congressman's office. The Senate Intelligence Committee demands fuller briefings from the CIA. The Supreme Court hears a landmark case challenging presidential war powers.

After five years of a concerted White House campaign, there are tentative signs that Congress and the courts are beginning to push back against what has been the greatest expansion of presidential powers in a generation or more.

Those pushing back include some congressional Republicans and conservative jurists who have been among President Bush's chief allies. The efforts surely would intensify if Democrats won control of the House or Senate in November's elections — and with it the power to convene hearings and issue subpoenas.

“You ask, ‘Is the tide shifting?' and I say, ‘Maybe, maybe,' ” says Senate Judiciary Chairman Arlen Specter, R-Pa., who has pushed for stronger congressional oversight of intelligence operations. “If you ask me if I still feel like a lonely voice, I would say that I feel like a member of a small chorus.”

Some examples:

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•House Speaker Dennis Hastert and Democratic Leader Nancy Pelosi, usually at war, issued a joint statement denouncing the FBI search last month of Rep. William Jefferson's congressional office as a violation of the separation of powers between co-equal branches of government. Their ultimatum that seized documents be returned is now the subject of negotiations with the Justice Department, which is investigating bribery allegations against Jefferson, D-La.

•The Senate Intelligence Committee voted 9-6 two weeks ago to demand that the administration notify all members of the committees about intelligence operations. The administration has bypassed the intelligence committees to inform only eight congressional leaders about such sensitive programs as the National Security Agency's warrantless-surveillance operation.

•Congressional Republicans and Democrats in March upended plans for a Dubai-owned company to take over some U.S. port operations, forcing the firm to promise to transfer the operations to a "U.S. entity." Outraged lawmakers weren't convinced when the president dismissed their national-security concerns as unfounded, and they weren't deterred when he threatened the first veto of his presidency to protect the deal.

•The White House and Congress continue to jockey over who has the last word on the treatment of terror suspects. Congress approved an amendment banning torture over the objections of Vice President Cheney. Bush signed the legislation in December but issued a "signing statement" in which he reserved the right to waive the ban, which he suggested violated his constitutional authority as commander in chief. Senate Armed Services Chairman John Warner of Virginia and Arizona Sen. John McCain of Arizona, both Republicans, then issued a joint statement vowing "strict oversight to monitor" implementation of the law.

The dispute has delayed the release of a new Army Field Manual on interrogation this spring. The Los Angeles Times reported Monday that several senators say the proposed manual sets standards for terror suspects that violate the congressional ban.

White House spokeswoman Dana Perino says the administration has been able to meet Congress' concerns without conceding presidential powers. She notes that administration officials agreed to brief Intelligence Committee members last month about the NSA operation, reported in The New York Times in December, which includes wiretapping calls within the United States without warrants if one of the participants is abroad. The administration calls it the Terrorist Surveillance Program.

"There have been — and always will be by nature of our system — conflicts between Congress and the White House on the limits of executive power," Perino says. "But far from clashing, the two branches have worked well together on very difficult cases and generally made accommodations on issues, like the Terrorist Surveillance Program."

It's true that Congress generally hasn't used or even threatened to use its most potent weapons in a confrontation with the White House, such as issuing subpoenas or cutting off funding for programs.

Still, Bruce Fein, a Justice Department official in the Reagan administration, says Congress' attitude toward the White House is toughening a bit. "We're seeing, maybe, the embryonic stages of drawing the line and saying: 'Here. No more,' " he says.

In the courts, too, some judges in recent months have been more willing to scrutinize Bush's assertions of presidential power.

Judge J. Michael Luttig of the Fourth Circuit Court of Appeals, who had been on Bush's short list of possible Supreme Court picks, last fall wrote a key opinion endorsing the administration's argument that the president could order Jose Padilla, a U.S. citizen and suspected terrorist, to be held indefinitely in a military brig without charges.

But when the administration abruptly decided to charge Padilla in civilian court — apparently to avoid a possible Supreme Court reversal — the judge objected and tried to stop the transfer. Luttig, who resigned from the bench last month, warned of a "substantial cost to the government's credibility before the courts."

The Supreme Court is expected to rule this month in Hamdan v. Rumsfeld, another case that could test presidential powers. Lawyers for Salim Ahmed Hamdan, Osama bin Laden's former driver, are challenging the administration's plan to put prisoners at Guantanamo Bay in Cuba on trial for war crimes in special military tribunals.

At issue: Does Bush's claim of presidential war powers override the protections of the Geneva Conventions?

Some historians say a pattern seen after previous threats to the nation's security — during the Civil War and World War II, for instance — may be repeating itself now that five years have passed since the terror attacks on Sept. 11, 2001.

"In the first few years after a crisis emerges, the courts tend to be very deferential to the White House," says Phillip Cooper of Portland State University in Oregon, who studies separation of powers. "But what tends to happen is after two or three years of

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deference, then the courts may begin to take a hard look at what's going on … and remind the administration they don't have carte blanche."

On Saturday, the American Bar Association's board of governors voted to establish a bipartisan task force to investigate whether Bush has gone beyond his constitutional authority in asserting a right to ignore provisions of new laws. Bush has issued more than 750 "signing statements" — more than all previous presidents combined — that state his interpretation of new laws and sometimes declare that they infringe on his presidential powers.

Even before 9/11, Cheney had made restoring presidential authority a priority. As White House chief of staff for President Ford, Cheney found himself dealing with laws passed in the wake of the Vietnam War and the Watergate scandal that constrained presidential authority. The 1973 War Powers Act, for one, restricted a president's authority to launch military action without congressional approval.

Later, as a Wyoming congressman, Cheney argued that Congress was "abusing its power" when it barred the Reagan administration from funding the Nicaraguan contras. The administration's efforts to evade the law by funneling profits from secret arms sales to Iran reflected "mistakes in judgment and nothing more," according to a minority report he helped draft.

Now, as vice president, Cheney has been in a position to resist and even reverse efforts by Congress to restrain the executive. In the administration's first months, the energy task force he chaired went to court to avoid disclosing the names of industry executives it consulted.

Recently, amid the furor over the NSA's warrantless-surveillance program, Cheney took a similarly hard line. "We have all the legal authority we need," the vice president said in an interview on PBS' NewsHour With Jim Lehrer, citing the Constitution and a congressional resolution passed soon after 9/11. And Congress' role? "We said, 'Look, if you've got suggestions, we're happy to listen to them.' "

The Bush administration has taken a series of actions to expand presidential powers: Enabling past presidents and vice presidents to restrict release of their papers after the 12-year period set in law has expired. Refusing to allow aides to testify before Congress about the federal response to 9/11 and to Hurricane Katrina, arguing that might discourage staffers from providing "unvarnished advice" in the future. Asserting wartime powers to ignore federal laws and international treaties when the president says national security is at stake.

"The administration has been very consistent," Cooper says. "At every turn the White House has issued a reading as expansive as possible for its own authority, a reading as narrow as possible of congressional authority, and in some cases pre-empted the courts."

At a rare session with reporters in December, Cheney expressed satisfaction with what the administration has achieved.

"The president of the United States needs to have his constitutional powers unimpaired," Cheney said. "I do think that, to some extent now, we've been able to restore the legitimate authority of the presidency."

Bush's actions and Congress' response matter beyond his own tenure at the White House. They set precedents for future administrations and courts, though presidential powers have surged and ebbed through U.S. history.

Legal historian Kermit Hall says Bush is "in a class" with Richard Nixon and Woodrow Wilson during World War I in extending presidential authority. Tom Mann, a congressional scholar at the Brookings Institution, says Bush has exceeded even the expansive view that Franklin Roosevelt took of the presidency during the buildup to World War II.

Analysts credit Bush's ability to prevail in large part to the aftermath of 9/11, which buttressed Americans' backing for a president with the power to battle a shadowy and terrifying foe. In the fiercely partisan climate of Washington, the Republican-controlled House and Senate generally have lined up behind Bush, not challenged him.

"For five years, this Congress has been breathtakingly supine in the face of the most aggressive assertions of executive power we have seen in modern American history," Mann says. Even now, he says, the House "blowback" over the Jefferson search "probably wouldn't have happened if we didn't have a president whose popularity is in the low 30s."

Bush's dismal job-approval ratings have made critics in Congress and elsewhere more willing to confront him. Another factor: As time passes since 9/11, the threat of terrorism remains a potent argument but may no longer automatically trump other issues.

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Now, about half of Americans surveyed by USA TODAY/Gallup from Thursday to Sunday say the Bush administration has "gone too far in expanding the power of the presidency." About one-third say it has struck the right balance. Just 14% say it hasn't gone far enough.

Congress' outrage over the search of Jefferson's office hasn't struck a sympathetic chord with the public, though. In an ABC News Poll taken last week, 86% said the FBI acted properly.

Of two dozen letters to the editor to USA TODAY on the issue, many derided Congress for countenancing corruption. Several wondered why lawmakers hadn't shown equal outrage over, say, the warrantless-surveillance program. Not one praised the institution for defending separation of powers.

Even some lawmakers are skeptical about Congress' commitment to the issue. "This is a newfound interest," says Sen. Chris Dodd, D-Conn. "I hope it extends beyond just protecting ourselves."

How Bush Has Asserted Powers Of The Executive (USAT)

USA Today, June 6, 2006

The Bush administration has asserted broad executive powers, among them:

•To keep deliberations private — Vice President Cheney's energy task force in 2001 refused to release the names of industry executives consulted during its deliberations. A U.S. District Court judge in December 2002 dismissed a lawsuit by the non-partisan General Accounting Office seeking the information.

•To restrict access to presidential papers — Bush signed an executive order in 2001 permitting current and former presidents and vice presidents to restrict release of their papers, which under a 1978 law become available 12 years after the end of an administration.

•To set aside laws and treaties — Attorney General Alberto Gonzales, in his previous job as White House counsel, issued a memo asserting that the president could violate federal laws and international treaties when he viewed it as necessary for the nation's security.

•To interpret and curtail new laws — Bush has issued more than 750 "signing statements" — more than all previous presidents combined — to state his own interpretation of new laws and in some cases to claim a presidential prerogative not to enforce provisions that he says encroach on executive authority.

•To permit warrantless surveillance on certain domestic phone calls — Bush authorized the National Security Agency to wiretap domestic phone calls of terror suspects without a court warrant if one of the participants on the call is abroad. The White House cites his constitutional powers and a congressional resolution passed within days of 9/11.

•To limit judicial oversight — The president claims the authority to designate U.S. citizens as "enemy combatants" who can be held indefinitely without charges, a stance upheld last year in a decision by the Fourth Circuit Court of Appeals. He also has asserted the right to hold terror suspects overseas and try them before special military commissions. The Supreme Court is expected to issue a ruling this month in a case on the issue.

When Reality No Longer Matches Rhetoric (FT)

By Michael Fullilove

Financial Times, June 6, 2006

President George W. Bush is well known for his verbal awkardness. Sometimes it is hard not to be disheartened by his speeches – for example, when he told a New Hampshire audience: "I know how hard it is for you to put food on your families."

In fact, though, many of the president's speeches – in particular his foreign policy speeches after 9/11 – are beautifully written and more than competently delivered. Starting with his ad-libbed bullhorn cry atop a wrecked fire truck at Ground Zero ("I can hear you. The rest of the world hears you. And the people who knocked these buildings down will hear all of us soon!") and his address to a joint session of Congress nine days after the attack, he has generally struck a fine note. If anything, Mr Bush's foreign policy speechifying suffers from the opposite problem: he is too verbal.

Many policy wonks and diplomats are nervous nellies when it comes to foreign policy speeches. They want more matter and less art. They argue that foreign policy is technical and difficult stuff, and flashiness is fatal. Of course it is true that care must be taken, shouting avoided, pronunciations checked and all the rest of it. That does not mean that foreign policy speeches need

be boring. In the end, a speech is just a speech. A speech is not a treaty and drafting a speech should not be like negotiating a diplomatic text.

Foreign policy speeches that have flair as well as substance are able to mobilise support and crystallise intent. Franklin D. Roosevelt used his fireside chats to dramatise a distant war, convert America into "the great arsenal of democracy" and ratchet up public preparedness to enter the European conflict. Ronald Reagan assembled his words and sent them into battle against the evil empire: "Mr Gorbachev, tear down this wall!"

However, a declaratory presidency also poses dangers. Mr Bush has badly overwritten his foreign policy, in two distinct ways. For most of his first term, Mr Bush pursued a muscular grand strategy aimed at imposing America's will on the world. He was the Charles Atlas of international relations. To reinforce his seriousness he delivered speeches that were strangers to nuance. They drew an explicit link between values and coercion, between freedom and force.

The reference in the 2002 State of the Union address to the "axis of evil" formed by Iran, Iraq and North Korea was the world's worst analogy: inflammatory, operationally useless and bad history to boot. On the same occasion the following year, Mr Bush upped the ante further by making a dubious assertion about Saddam Hussein's supposed hunt for uranium in Africa.

It is hard to avoid the conclusion that the sustained power of Mr Bush's language nudged the administration (and perhaps the president himself) toward risky policies that have proved costly.

Past US presidents have used their speeches to marshal the opinion of the world. Sometimes they have honeyed their words in order to sweeten their unilateral actions. The sweeping, unqualified tone of Mr Bush's rhetoric, by contrast, actually exaggerated the defects of his policies and scared off even the most ardent Americanophiles. Not only did his speeches reveal little understanding of the dilemma of multiple and diverse audiences, they also explicitly denied that such a dilemma existed. At West Point in 2002, for instance, the president decreed: "Moral truth is the same in every culture, in every time, and in every place . . . We are in a conflict between good and evil, and America will call evil by its name."

Thankfully, in the past two years US policy has reverted to a more moderate course. The failure of foreign policy adventurism, especially in Iraq, has made diplomacy the comeback concept. Washington's conditional offer to join its European partners in negotiating directly with Tehran on the nuclear issue is the latest and clearest indicator of this shift.

Strangely, though, the old highfalutin speaking style remains in place, opening up a chasm between rhetoric and reality.

In his second inaugural address in 2005, President Bush claimed that "America's vital interests and our deepest beliefs are now one" and that US policy was to promote democracy "in every nation and culture, with the ultimate goal of ending tyranny in our world". The problem with that line is that the dream of Middle Eastern dictatorships falling like dominoes ended with Washington's rapprochement with Libya. The White House's reluctance to lean too hard on allies such as Egypt and Pakistan to democratise drains the president's words of meaning.

Even worse than double standards, though, is weakness. The tenor of this year's State of the Union address was surprising because it failed utterly to reflect either the sensible recalibration of policy that has taken place or the present results of US actions. The president boasted: "We will act boldly in freedom's cause" and committed his country to "the end of tyranny in our world". But banging on about the liberty agenda when ordinary Iraqis are not at liberty to walk to the market without being kidnapped or killed is seriously damaging to foreign policy credibility.

A diplomatic briefing note does not usually make a great foreign policy speech. Neither does a string of 10-dollar words. The best speeches are finely crafted arguments. Given America's historical and continuing contribution to global peace and prosperity, any president has a very good argument to make to the world – so long as the language is not privileged over content and effect.

The writer is programme director for global issues at the Lowy Institute for International Policy in Sydney and editor of "Men and Women of Australia!" Our Greatest Modern Speeches (Vintage, 2005)

Grassley Sees Quick Paulson Confirmation (AP-Y2)

By Martin Crutsinger

AP2, June 5, 2006

DOJ_NMG_0031922

Henry Paulson Jr. met Monday with the head of the Senate Finance Committee, who predicted that President Bush's selection as Treasury secretary could be confirmed and on the job by early July.

Committee Chairman Charles Grassley, R-Iowa, said he and Paulson had a productive meeting and that he believed the nomination could win Senate approval before Congress leaves for the July 4 break.

Grassley praised Paulson, chief executive of the Wall Street investment firm Goldman Sachs, for the "vast amount of experience" he will bring to the job. The 45-minute meeting marked the beginning of a round of courtesy visits Paulson will make in coming days to hear the concerns of senators.

With his approval rating at record lows despite strong economic growth and low unemployment, Bush announced last week that he was turning to Paulson to replace Treasury Secretary John Snow, whose departure had been rumored for more than a year.

By choosing a 32-year veteran of one of Wall Street's premier investment houses, the administration is hoping for the same economic credibility that President Clinton gained when he picked Robert Rubin, one of Paulson's predecessors at Goldman Sachs, as one of his Treasury secretaries.

Paulson's selection was the latest shake-up for Bush, who in recent weeks has tapped his budget director to become the new White House chief of staff, moved his trade negotiator to the budget job and replaced the head of the Central Intelligence Agency.

Paulson did not talk to reporters after his meeting with Grassley.

Grassley said the two covered a wide range of issues from the importance of overhauling the nation's complex tax code to the need to apply pressure to China to revalue its currency as a way of dealing with America's soaring trade deficit.

The administration's nomination of Susan Schwab to replace Rob Portman in the trade job has been held up because of unhappiness by Sen. Charles Schumer (news, bio, voting record), D-N.Y., over what Schumer sees as a failure by the administration to pressure China to allow American banks and other financial service companies to operate in China.

Schwab's nomination had cleared Grassley's committee, but a vote expected before Congress left for a weeklong Memorial Day recess was delayed because of Schumer's concerns.

Grassley told reporters he would have a better idea on whether Schwab's nomination could now go forward after Schumer and Schwab hold a planned meeting on Tuesday.

Treasury Nominee Has Ties To China (WP)

By Paul Blustein

The Washington Post, June 6, 2006

In an administration with just 2 1/2 years to go, Henry M. Paulson Jr., President Bush's nominee for Treasury secretary, may have little chance to make a mark on many economic issues. The administration's tax policies were pretty much set in Bush's first term, and its more recent big economic initiative, aimed at revamping Social Security, is moribund.

But one issue on which Paulson can surely exert influence is the U.S. relationship with China. The Treasury secretary has formal responsibility for some major decisions to be made in coming months, such as whether to label Beijing a "currency manipulator." And when it comes to cutting deals with Beijing, few U.S. business executives can match Paulson's record.

As chairman and chief executive of Goldman Sachs Group Inc., Paulson has aggressively led the firm's foray into the Chinese market, where it has become a dominant player in selling the securities of China's biggest companies to investors abroad. He takes pride in having visited China more than 70 times since 1992 and has cultivated relationships with Chinese officials at the highest levels. President Hu Jintao, for example, chose Paulson as his host when he visited the New York Stock Exchange in 2002.

To supporters of warm relations between Washington and Beijing, a Paulson-led Treasury bears the promise of a heightened level of sophistication in dealing with thorny transpacific problems, especially China's policy concerning its currency, the yuan. The administration has had only limited success in persuading China to allow a rise in the exchange rate of the yuan, which U.S. manufacturers complain is artificially cheap, giving Chinese exporters an unfair competitive edge. With his deep

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knowledge of China's financial system and long experience dealing with the country's officials, Paulson is ideally suited to bring Beijing around, according to many experts.

"He knows the people. They've trusted him. He can draw on that in the national interest," said C. Fred Bergsten, director of the Institute for International Economics, who is one of the most outspoken advocates among economists for a change in China's currency system. "This is exactly why you want somebody like that for a job like this."

But the U.S. Business and Industry Council, a group with a history of agitating for tough policies toward Beijing, is arguing that Paulson's associations pose a conflict of interest. Although Paulson is expected to sever his links to Goldman by disposing of his stock in the firm -- presumably by putting the shares in a blind trust, which would then sell them -- he would still feel obligated to Chinese officials, in the view of Kevin L. Kearns, the president of the group, which represents about 1,500 small and medium-size companies.

"Mr. Paulson has actively courted Beijing during his tenure at Goldman Sachs," said Kearns in a statement. "His key clients have included the Beijing government and several state-owned Chinese firms. Are we to believe that Mr. Paulson will do a sudden about-face and crack down on many of Beijing's aggressive violations of internationally accepted trade law?"

Kearns noted that as Treasury chief, Paulson would chair the interagency task force that scrutinizes foreign acquisitions of U.S. businesses for national security problems -- the panel that drew widespread criticism during the controversy over Dubai's proposed takeover of terminal operations at U.S. ports. "Would Mr. Paulson act to block Chinese attempts to purchase strategic American assets?" Kearns asked, adding that the answer is probably not because Paulson would be inclined to "use his position in the cabinet to urge continued appeasement of China." He was on Capitol Hill yesterday, hoping to drum up opposition to the nomination.

A Goldman spokesman, Peter Rose, said Paulson would not comment pending his Senate confirmation hearing, but he scoffed at the conflict-of-interest accusation. "When Mr. Paulson becomes secretary of the Treasury, he will have totally divorced his interests from those of Goldman Sachs," he said. "The claim that he has a conflict would mean that only the ignorant could be appointed to a Cabinet position."

Goldman officials readily acknowledge that the firm has managed -- usually together with one or two other major firms -- nearly every important international securities offering by big Chinese companies.

In 1997, the firm was lead manager for a $3 billion stock sale of the country's major cellphone company -- the first issuance of shares by a big, high-tech Chinese company to investors overseas. Another, similar-size deal in which Goldman played the lead role was the 2000 sale of shares in PetroChina, the nation's flagship oil company. Just last week, Goldman co-managed the $9.73 billion sale of shares in the Bank of China -- the world's biggest initial public offering in six years. Goldman was also the first Western firm to be allowed to gain a controlling interest in a Chinese investment bank.

Paulson's role in negotiating those transactions was "very crucial," said Robert D. Hormats, vice chairman of Goldman's international business, adding that Paulson "really immersed himself in a lot of activities in China." Those include serving as chairman of the advisory board of the management school at Tsinghua University, one of the country's most prestigious institutions.

"There's a difference between having a good relationship with the Chinese and being cozy with them," said Hormats, who said Paulson "is as good as anyone around in negotiating with them." Hormats said, "I've been going to China since the early '70s, and if there's one thing I've learned, it's that you get more progress from the Chinese if they respect you and think you understand them."

So far, there is little evidence that the issue will cause Paulson problems in his confirmation. Even Sen. Charles E. Schumer (D-N.Y.), one of the most militant lawmakers on the currency issue and a member of the Senate Finance Committee, which will consider the nomination, said he was more impressed than bothered by Paulson's business ties.

"My view is, he will understand the need to get results," said Schumer, who has spoken many times with Paulson. "And he will have a good chance of getting it done."

Restructuring At State Department `botched,' Retiree Says (KRT)

By Warren P. Strobel

DOJ_NMG_0031924

Knight Ridder, June 5, 2006

WASHINGTON - A reorganization of the State Department offices that are leading the fight against weapons of mass destruction was badly managed and politicized, which led to a flight of experts with decades of knowledge, according to a new account by a veteran weapons expert.

Dean Rust, who watched the reorganization unfold, charges that its "botched implementation" led many career officers to leave and "will hamper the State Department's role at home and abroad for years to come."

The account by Rust, who left the department last September, appears in the upcoming issue of Arms Control Today magazine, published by the nonpartisan Arms Control Association. It's scheduled to be posted Tuesday on the group's Web site.

Knight Ridder first reported in February about problems in State Department offices that deal with weapons proliferation, one of President Bush's national security priorities.

The reorganization, which Secretary of State Condoleezza Rice announced last July, ostensibly was done to strengthen the department's ability to counter 21st-century weapons threats.

But, according to numerous officials and documents, it was carried out largely in secret by a panel composed of political appointees, it denied top jobs to career officials who had clashed with former Undersecretary of State John Bolton and it ran counter to some recommendations by the department's inspector general.

Robert Joseph, Bolton's successor as the department's top arms-control official, told Arms Control Today in an interview that "the reorganization was not politically motivated," according to excerpts that the magazine provided.

The new structure, he said, will allow the United States to better address threats from Iran, North Korea and terrorists seeking mass-destruction weapons.

But a State Department official said Monday that the office that dealt with nuclear diplomacy toward Iran, North Korea and other countries had lost five of its 12 employees and two more were on their way out.

The official and others spoke on condition of anonymity, fearing retaliation.

Three senior female employees who were denied promotions in the reorganization have left or are leaving and, according to current and former officials, one has sued alleging gender discrimination.

Undersecretary of State for Management Henrietta Fore appointed a panel to review the reorganization earlier this year, the officials said. But its mandate is limited to assessing bureaus' work load under the new management structure.

Rust, a veteran with 35 years' experience, said in a telephone interview that he was "very dismayed with the decisions" made by political appointees but would have retired last year in any event.

"Undoubtedly, this is not the first time that sub-Cabinet-level political appointees have hijacked a reorganization to pursue their own agenda," Rust wrote. Rice, he said, "can still salvage some aspects of this unfortunate situation, but she needs to move quickly."

For more information online, go to the Arms Control Today Web site, at

http://www.armscontrol.org/act/

Now Playing In Senate: A GOP Double Bill (WP)

By Shailagh Murray And Charles Babington

The Washington Post, June 6, 2006

Republican voters, are you paying attention?

Because this week's Senate agenda is all about you, with debates scheduled on same-sex marriage and a permanent repeal of the estate tax.

At least through tomorrow, the Senate will consider a proposed constitutional amendment to define marriage as the union between a man and a woman. Republican leaders, including President Bush and Senate Majority Leader Bill Frist (Tenn.), a potential 2008 White House candidate, believe Senate action is vital because of recent federal court intervention.

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For Democrats, the issue is a tricky one. They recognize the issue's sensitivity, and many -- including Senate Minority Leader Harry M. Reid (Nev.) -- personally oppose same-sex marriage. Indeed, Democrats have focused their objections on changing the Constitution, which has typically been amended in order to expand rights, not restrict them.

"I am confident that the American people will see this for what it is: a mean-spirited attempt to score political points in an election year," said Sen. Russell Feingold (D-Wis.).

Later in the week, the Senate is expected to consider a permanent repeal of the estate tax, which Bush phased out as part of his first-term tax relief package, but after a one-year hiatus, in 2010, the levy phases back into existence.

Most Democrats object to full repeal as a giveaway to the super-rich, but Republicans believe the estate tax, which they call the "death tax," is unfair because it taxes some income twice. Conservatives are considering a compromise that would shield all but the wealthiest estates, and some moderate Democrats are interested in a similar approach.

But first, business groups want to put senators on the spot with a vote on full repeal. Pro-repeal organizations are targeting possible swing votes such as Sens. Mary Landrieu (D-La.), Max Baucus (D-Mont.) and Olympia J. Snowe (R-Maine) and Susan Collins (R-Maine).

Another lobbying campaign, this one by repeal opponents, features an ad with blond woman in a slinky dress and asserts, "The last thing a rich heiress needs is a $1 trillion raise in her allowance."

In a letter to senators, a group of former advisers to President Bill Clinton notes that 997 out of 1,000 estates are not subject to the tax under current law.

The House, meanwhile, will consider legislation to expand oil refinery capacity, an overhaul of telecommunications law, and appropriations bills for foreign operations, homeland security and legislative expenses.

House and Senate negotiators also this week will try to complete a final emergency spending bill for the Iraq war and Hurricane Katrina recovery costs. Sticking points include $4 billion in agriculture assistance, port security spending and subsidies to the commercial fishing industry. Another hurdle is how to spend about $2 billion in border security improvements, with Bush wanting to add National Guard troops, and Sen. Judd Gregg (R-N.H.) pressing for equipment replacements, including helicopters and patrol vehicles.Opposition to Nominee

Some retired military officers have served notice that if conservatives keep pressing for a Senate confirmation vote for judicial nominee William J. Haynes II, it won't come without a fight.

Haynes, the Defense Department's general counsel, is President Bush's choice for a seat on the U.S. Court of Appeals for the 4th Circuit. Democrats have opposed Haynes since 2003, and now some Republicans are joining them. They object to his role as the Pentagon's top lawyer when controversial policies were adopted regarding harsh treatment of detainees captured in Afghanistan, Iraq and elsewhere.

The conservative group Committee for Justice has launched a telephone and e-mail campaign against one of those Republicans, Sen. Lindsey O. Graham (S.C.). Last week, some retired military lawyers came to Graham's defense, sending letters to the Judiciary Committee that call Haynes unfit for a lifetime appointment to the appellate court.

Haynes's "unwillingness to listen to others caused him to preside over the DOD legal system during the time of its greatest debacle in memory, the abuse of detainees by military personnel around the world," wrote John D. Hutson, a retired rear admiral who was a senior Navy lawyer. Donald J. Guter, who held the same rank, wrote that he doubted Haynes would have the independence or judgment to oppose unwise policies being pushed by his superiors.

Among those praising Haynes in letters to the committee is Bernard D. Meltzer, a retired law professor and former assistant trial counsel in the trials before the International Military Tribunal in Nuremberg. Meltzer wrote that he got to know Haynes while consulting with the Pentagon and that "I was impressed by his informed and sensitive concern for the rights and legitimate interests of those who might be tried before a military commission."

Spending Bill Still Includes Extra Katrina Aid (WSJ)

By David Rogers

The Wall Street Journal, June 6, 2006

DOJ_NMG_0031926

WASHINGTON -- A $92.2 billion wartime spending bill taking shape in Congress has been cut substantially since passing the Senate last month but still provides at least $2 billion more in Katrina aid than the White House first requested.

House-Senate negotiators will meet tonight in hopes of expediting passage by Congress this week, and Republicans are confident they can avoid a veto fight with President Bush. But the deal rests heavily on borrowing against Federal Emergency Management Agency disaster funds, and that means FEMA will have to come back sooner to Congress for more money, quite possibly this fall.

More than two-thirds, or $67 billion, of the bill would pay for defense and intelligence activities, including military operations in Iraq and Afghanistan. Tentative agreements would spend more than the White House requested to buy armored Bradley fighting vehicles and V-22 Osprey and KC-130J aircraft.

Disputes remain over the precise makeup of a $1.9 billion border-security initiative proposed by Mr. Bush. But the more protracted fight has been over Katrina aid and how much flexibility to give states struggling to recover.

The bill is expected to provide $5.2 billion in community-development block grants or $1 billion more than the president's request. An estimated $250 million in additional educational funds would be included as well as about $500 million in agriculture-related assistance. Within FEMA accounts, up to $400 million is proposed to help build "Katrina cottages" -- more resilient temporary housing than the trailers now used.

Senate Appropriations Committee Chairman Thad Cochran (R., Miss.), who first proposed to add more than $4.6 billion in extra hurricane aid, has dropped a $700 million request to relocate a CSX Corp. rail line in his state. But over the objections of the House, he is still pursuing federal funds to move a Coast Guard station in Gulfport, Miss., thereby opening up the nearly three-acre waterfront site for commercial development.

The idea of Coast Guard funds being used for a renewal project is controversial -- especially if casinos might be involved.

Mississippi state officials said they are offering a larger four-acre site for the Coast Guard and hope to better rationalize the distribution of big and small craft in the harbor. Brent Warr, Gulfport's mayor, and Gray Swoope of the Mississippi Development Authority said there no plans for a casino on the station's site. But Mayor Warr acknowledged that one goal is to give more latitude to a private developer assembling a larger Gulfport land package for renewal.

"There could be casinos in the area but not on that site," he said.

Mr. Bush waited until the middle of last month before announcing his $1.9 billion border-security initiative, which has complicated the talks on two fronts.

Sen. Judd Gregg (R., N.H.), who oversees the Department of Homeland Security's budget, has complained that the president's plan is tilted too heavily toward personnel and shortchanges capital needs for new equipment. At the same time, Mr. Bush has insisted that the $1.9 billion be absorbed within his prior defense request, requiring House and Senate negotiators to go back and recalculate their own proposals.

For example, the House had approved $250 million for Bradley fighting vehicles, but that's now expected to be scaled back to $175 million. The additional House and Senate aircraft purchases -- two of the KC-130J and three V-22 Ospreys -- were preserved. But $100 million to buy the Army's improved recovery vehicle -- able to tow damaged tanks -- is expected to be dropped.

Negotiators To Meet On Iraq, Relief Funds (AP)

By Andrew Taylor

AP, June 5, 2006

Hoping to speed approval of war funds, House-Senate negotiators were to meet Tuesday evening on legislation to pay for the missions in Iraq and Afghanistan and for hurricane relief along the Gulf Coast.

After missing a Memorial Day deadline, negotiators hope to seal agreement this week. The White House says a money crunch is threatening military operations and training accounts, especially for the Army, and could slow training and equipping of Iraqi soldiers.

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"It's imperative that Congress finish its work and get this to the president to sign," said Pentagon spokesman Bryan Whitman. "This supplemental went up in February. It's now June." He said the Army will impose a civilian hiring freeze Tuesday and has cut spending on spare parts, transportation and travel.

House Appropriations Committee Chairman Jerry Lewis, R-Calif., and Senate counterpart Thad Cochran, R-Miss., are leading the talks and have agreed to live within a White House demand that the emergency funding bill be limited to $92.2 billion for the Iraq and Afghanistan wars and hurricanes — plus $2.3 billion to combat bird flu.

The underlying bill would provide about $66 billion for Pentagon costs such as military operations and maintenance, weapons procurement, personnel and an initiative to locate and disarm roadside bombs. Another approximately $20 billion would go for hurricane relief and reconstruction, including new and rebuilt flood control projects for New Orleans, housing aid for Louisiana and replenishing the Federal Emergency Management Agency's Disaster Relief Fund.

The overall limit has meant dumping or dramatically scaling back Senate initiatives like $4 billion in agriculture disaster assistance to farmers to help them deal with high fuel prices and damage from floods and droughts last year. The move promises to dismay Senate GOP sponsors of the farm aid such as Conrad Burns of Montana, embroiled in a very difficult re-election bid.

An additional $648 million obtained by Sen. Robert Byrd (news, bio, voting record), D-W.Va., to beef up security at U.S. ports is to be dropped, while $1.2 billion in aid for the Gulf Coast fishing and seafood industry obtained by Sen. Richard Shelby (news, bio, voting record), R-Ala., will be sharply scaled back.

Meanwhile, a conservative group announced an ad campaign in three states aimed at pressuring Senators to drop several controversial homestate projects from the bill. Top among the targets of Americans for Prosperity is a $700 million Senate plan to pay CSX Transportation to abandon a recently repaired freight rail line to Mississippi to use the right of way for a new East-West highway.

"A bill to fund our war against terrorism is held hostage to pork-barrel spending," Duane Sand, a veteran of Iraq, says in the ad, to be run in Rhode Island, Michigan and West Virginia.

In fact, negotiators are expected to eventually drop the Mississippi rail line relocation as well as the bulk of more than $14 billion in Senate add-ons unrequested by President Bush. Still, FEMA funding would be cut below the White House's $7.2 billion request to fund lawmaker priorities, which could mean FEMA might need another infusion of cash before Election Day.

A key remaining challenge for negotiators is devising a compromise border security plan.

Bush's $1.9 billion border security plan is focused on hiring 1,000 new Border Patrol officers and sending 6,000 National Guard troops to help secure the Mexican border. A rival Senate plan, sponsored by Judd Gregg, R-N.H., and also budgeted for $1.9 billion, focuses on capital needs such as helicopters, Coast Guard vessels and vehicles.

House, Senate Tension Fuels Impasse (RC)

By Erin P. Billings And Ben Pershing

Roll Call, June 6, 2006

As Congress gets back to work this week, the Republican majority faces the daunting task of trying to advance several big-ticket legislative items amid a sometimes strained relationship between the two chambers.

House and Senate Republicans will not only wrestle with their Democratic opponents, but in some cases with each other, as they look to complete an emergency supplemental spending bill for Iraq and Hurricane Katrina recovery, as well as a pension bill, immigration reform and a lobby overhaul package.

The majority views passage of these as key to bolstering its chances in the November elections, along with consideration of several other measures important to the GOP base, including an anti-gay-marriage amendment, abolition of the estate tax and energy legislation.

GOP tensions have risen in both chambers over some of the most hotly contested bills this year, leaving some to wonder whether the party can come together quickly enough to pass them in the time that remains in this Congress. Immigration and the emergency spending bill are the most high-profile measures on which Republicans have faced internal battles over how far to go in this election year.

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"From the inside, it looks completely as if we are in a free-fall, chaotic mix," acknowledged one GOP Senate aide. "We are debating amongst ourselves for competing proposals. We do have some differences, but ours are only visible because we have the spotlight on us."

But this aide said: "Without a doubt, we need to realize that we need to be fighting the Democrats and not ourselves."

"There's always this natural tension between the House and the Senate that is almost imprinted on everyone's DNA," added a House Republican leadership aide. "That always tends to create a tough work environment."

At the same time, the House aide said, "for as many House folks as there are who hold grudges, there are other folks who 30 seconds later forget they're mad at the Senate. The bottom line is we have to put points on the board. We'll be judged at the polls."

In part, the GOP infighting can be attributed to the inherent differences between the two chambers: The House is known for striking a more conservative tone, while the Senate is viewed as more of a consensus-building body.

But beyond that, Republicans say they currently lack the powerful mediator they once enjoyed in President Bush, whose poll numbers continue to lag and who lacks the political capital he had just a year ago.

And the GOP is facing pressure from a conservative base seeking to move it to the right while trying to appeal to a broader electorate.

Another House Republican leadership aide described the current state of House-Senate relations as "decent" and said the attitude of House leaders toward their Senate counterparts was "trust but verify."

GOP Senate sources said Republicans in both chambers know they must spend the next couple of months working together to try to get as much done as possible. The closer to November they get, the more difficult it will become to advance legislation against a Democratic Party looking to deny the GOP any victories to take to the voters.

"Most people recognize that accomplishment on good bills is important to Republicans in both houses," another well-placed Senate GOP aide said. "We've got enough gridlock coming from the Democrats. We don't need to create any of our own."

Added another Republican aide: "We're joined at the hip, so it's imperative that we pass legislation that is going to give our guys ammo when they head back home and campaign this fall."

Republicans in both chambers agreed that they can set aside their differences on most of the major items, with the exception of immigration reform, where the parties in the two bodies are in starkly different camps. Republicans privately concede that it could be an impossible task to advance a comprehensive bill this year. Instead, they may have to settle for a watered-down version that can meet the test of both chambers.

"Immigration will prove if we can all pull in the same direction or not," a Republican Senate staffer said.

The path to completion for an immigration bill also is complicated by differing opinions over whether a mediocre bill is better than no bill at all.

House Republicans are convinced that the public — and particularly the GOP's base — supports their enforcement-only bill more than the Senate's comprehensive approach, leading some lawmakers to say privately that they would rather run in November on the House-passed bill than on a potentially weaker conference report.

But other Members and aides believe Republicans will be punished at the polls even more if no bill makes it to the president's desk.

Separately, conferees are currently hammering out a compromise on the supplemental spending bill — the Senate version of which came out nearly $14 billion bigger than the House version. President Bush has threatened to veto the measure if it comes to his desk much above the $94 billion mark.

But appropriators, known for their bipartisan approach to working through spending bills, are expected to come up with a conference report within the coming days. Those lawmakers will be called on again when some of the regular appropriations bills come up, although few are expected to advance before Nov. 7.

As for other pending bills, immigration conferees should be named within the coming days, while lawmakers in both chambers are seeking to strike final deals on the pension bill and lobbying reform. Republicans also say they may be able to advance legislation targeted at gas prices as well as small-scale health care reforms this year.

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One GOP Senate aide said that even while Republicans struggle among each other on some of the pending legislation, there are areas where the party can and will continue to agree.

Expect Republicans, led by Bush, to continue to talk up the country's economic success and to press for heightened fiscal discipline — an area that has produced electoral gains for the party in the past but has been overshadowed by a ballooning federal deficit in recent years.

"You are going to hear a lot more about spending — and that's something most of us in both houses can agree on," a Republican aide said.

Study Finds Thousands Of Trips Taken By Lawmakers, Staff (KRT)

By James Kuhnhenn

Knight Ridder, June 5, 2006

WASHINGTON - Join Congress, see the world. Join a congressman's staff, see more of it.

Private groups, corporations or trade associations - many with legislation that could affect them pending before Congress - paid nearly $50 million since 2000 to send members of Congress and their staffers on at least 23,000 trips overseas and within the United States, according to a study released Monday.

The trips included at least 200 journeys to Paris and 150 to Hawaii, room rates of up to $500 a night and some high-flying on corporate jets that cost up to $25,000 a trip, according to a report by the Center for Public Integrity, American Public Media and Northwestern University's Medill News Service.

"Some trips seem to have been little more than pricey vacations - often taken in the company of spouses or other relatives - wrapped around speeches or seminars," the report said. "In many instances, trip sponsors appeared to be buying access to elected officials or their advisers."

Congressional aides took more than 70 percent of the trips, the study found.

While the travel isn't illegal, the report shines a light on how business is often done in Washington. It comes in a congressional election year when one of the biggest issues is corruption.

The findings also emerged as Congress remains deadlocked on legislation that would restrict contacts with lobbyists and impose new ethics standards on members. As scandals have emerged over the past two years, lawmakers moved to ban privately financed travel and do away with meals and gifts from lobbyists. Eventually, both the House of Representatives and Senate passed versions of ethics legislation, though neither banned privately financed travel. Negotiations to reconcile differences in the bills haven't begun.

Under current law, lobbyists are prohibited from paying for congressional travel. But a federal investigation into former lobbyist Jack Abramoff uncovered a scheme in which Abramoff used nonprofit groups to pay for extravagant Scottish golf outings for members and staffers.

A separate study by Political Money Line, a nonpartisan Washington watchdog group, has found that the number of privately financed trips by members of Congress declined this year. Between 2000 and 2005, members of Congress logged an average of 1,100 trips a year. As of April of this year, members had reported 291 trips.

Advocates of tighter ethics rules said the recent travel decline reflects public attention to the Abramoff scandal and others.

"As soon as the attention starts to fade, the travel will start to increase," said Fred Wertheimer, president of Democracy 21, a watchdog group.

The study released Monday found that Rep. Tom DeLay, R-Texas, and his aides accepted about $500,000 in trips since 2000. DeLay is resigning from Congress on Friday under a cloud cast by the investigation into Abramoff, who arranged trips for him.

The top 10 travelers identified in the study are all members of the House of Representatives and include House Majority Leader John Boehner, R-Ohio. Spokesman Kevin Madden said Boehner met all congressional requirements for his travel, including prompt and public disclosure.

"Travel funded by private interests relieves taxpayers of having to cover the costs of educational travel," Madden said.

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According to the study, among the top corporate sponsors of travel was General Atomic, a San Diego-based high-tech firm that has developed surveillance aircraft as well as wireless and laser technologies. The company spent $660,000 on 86 trips for lawmakers, staff and spouses from 2000 to mid-2005, the study said.

The company, which developed the Predator spy plane, didn't immediately comment.

The private organization that spent the most on travel is the Aspen Institute, an educational organization that paid about $3.5 million to send lawmakers and their spouses to high-level conferences around the globe.

The institute's congressional program began in 1983 and is run by former Sen. Dick Clark, D-Iowa. It is nonpartisan and accepts money only from foundations, not corporations. The institute defended its travel policy, noting that by getting out of Washington, members can concentrate on subjects that are likely to come before Congress.

"The idea behind this is that senators are so distracted they never give enough focus to one issue," Aspen Institute spokesman James Spiegelman said.

Watchdog groups say groups such as Aspen generally fulfill a useful purpose and that lawmakers should try to write legislation that distinguishes between non-corporate educational travel and that paid for by corporations or industry groups.

"The lines are hard to draw because some of the fact-finding trips give people access to special interests," said Dennis Thompson, director of Harvard's Edmond J. Safra Foundation Center for Ethics.

Trip Study Finds More Was Spent On Aides Than Lawmakers (NYT)

By Kate Phillips

The New York Times, June 6, 2006

WASHINGTON, June 5 — Congressional aides took $30 million in trips paid for by private groups from 2000 through mid-2005, surpassing the privately sponsored travel of their bosses by nearly $10 million over the same time, according to a new analysis of publicly disclosed travel expenses.

Together, aides and members of the House and Senate filed 23,000 public disclosure forms on their individual trips, the survey found, for an estimated price tag of about $50 million. Among the most popular destinations were Paris (at least 200 times), Hawaii (150) and Italy (140).

Congressional travel paid for by outside organizations like trade groups and corporations has been under intense scrutiny following scandals involving the lobbyist Jack Abramoff. While much attention has been focused on elected officials and corporate jet travel with lobbyists, the new study, conducted by the Center for Public Integrity, Medill News Service of Northwestern University and American Public Media programs, is the most extensive in recent years because it tallied the costs, purpose and destinations of trips by Congressional aides and politicians.

The study concluded that about 90 of the trips were paid for by lobbyists, which is an ethical violation, during the five and a half years examined. About 500 trips cost $10,000 or more each, and 16 cost $25,000 or more apiece, the study showed. About $20 million was spent on overseas travel.

Wendell Rawls, acting executive director of the Center for Public Integrity, a nonpartisan group that has conducted many investigations of money and politics over the years, said Monday that some trips could be considered legitimate for educational purposes. But he pointed out that the study found multiple ethics violations from members of both political parties, and that many trips were paid for by corporations that had business interests before Congress.

Mr. Rawls also questioned the amount of spending on some trips. For example, he said, former Representative Thomas Bliley, Republican of Virginia, and his wife went to London at a cost of $31,171 for four days in July 2000. Their air travel tickets were valued at $11,938.49 each, and were paid for by the Brown and Williamson tobacco company. The former congressman's public filings listed the purpose of the trip as meetings with officials from British American Tobacco and other trade officials.

"I would ask if every constituent for Representative Bliley had the same access as the people at Brown, Williamson," Mr. Rawls said of the former chairman of the House Commerce Committee. Mr. Bliley could not be reached for comment.

The study turned up other interesting educational travel and irregularities. Congressman Charles B. Rangel, Democrat of New York, has amended his forms for a trip in 2000 to Cuba, where he met with Fidel Castro. He first violated ethics rules by accepting travel expenses for his son and his wife, on a trip that was supposed to address the plight of endangered birds. But

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confronted with the center's findings, Mr. Rangel recently reimbursed and identified additional sponsors for his son's travel and for the trip; the sponsors included one of his longtime fund-raisers, John Catsimatidis of Gristede's Foods in New York, and the Cuban government. George A. Dalley, Mr. Rangel's chief of staff, said he erred in not knowing the reporting rules.

The study singled out General Atomics, a company based in San Diego that developed the Predator, the unmanned spy plane, because it spent more — $660,000 — on Congressional travel than any other corporation on lone-sponsor trips. The study noted that General Atomics seemed to favor trips for Congressional staff members and aides. Among those on trips to Turkey in 2004 or to Australia in 2005 were aides to Representative Randy Cunningham, a California Republican who has since been convicted of bribery and other crimes, and an aide to Senator Harry Reid, the Nevada Democrat who is minority leader.

The study said that some aides sat in on sales meetings that company officials held with foreign government officials, although the aides later told the survey's interviewers that they did not engage in sales pitches.

Gary Hopper, a vice president for General Atomics' Washington offices, said: "We wouldn't mix any kind of sales situation with Congressional staff there. I know that's a bone of contention with a lot of people out there but there was not in any way a quid pro quo."

Democrats, Republicans and lobbying associations all say that travel has slowed since the scandals over the Scotland golfing trips by Representative Tom DeLay received headlines last year and put a spotlight on Congressional travel.

Paul A. Miller, the president of the American League of Lobbyists, defended travel by lobbyists and elected officials. "Since the scandal, a lot of the travel has ceased to exist or members of Congress have been very diligent by what trips we go on," Mr. Miller said. "These trips are valuable experiences for members of Congress and their staffs. If the public doesn't pay for it and the private sector doesn't pay for it, the government isn't going to pick up the tab for it."

The House and Senate have passed legislation that would require additional disclosure for lobbying, but neither bill would place a permanent ban on privately sponsored travel. It is unclear what will emerge from a House-Senate conference committee.

The Center for Public Integrity was forced last year to withdraw a study it conducted on White House travel because of a flawed database that inflated the amount of money spent as well as the number of staff members. To avoid such errors this time, Mr. Rawls said the center pored over the 26,000 pages of travel documents individually, hired outside consultants to comb the data and the findings, and made conservative estimates of the data tallies.

Privately Funded Trips Add Up On Capitol Hill (WP)

By Jeffrey H. Birnbaum

The Washington Post, June 6, 2006

Over 5 1/2 years, Republican and Democratic lawmakers accepted nearly $50 million in trips, often to resorts and exclusive locales, from corporations and groups seeking legislative favors, according to the most comprehensive study to date on the subject of congressional travel.

From January 2000 through June 2005, House and Senate members and their aides were away from Washington for more than 81,000 days -- a combined 222 years -- on at least 23,000 trips, according to the report, issued yesterday by the nonpartisan Center for Public Integrity. About 2,300 of the trips cost $5,000 or more, at least 500 cost $10,000 or more, and 16 cost $25,000 or more.

"While some of these trips might qualify as legitimate fact-finding missions," the study said, "the purpose of others is less clear." In addition, the lawmakers' financial reports that disclose the details of the trips are routinely riddled with mistakes and omissions.

Lawmakers and their staffers were treated to $25,000 corporate-jet rides and $500-a-night hotel rooms, the study showed. Lawmakers accepted thousands of costly jaunts -- one worth more than $30,000 -- to some of the world's choicest destinations: at least 200 trips to Paris, 150 to Hawaii and 140 to Italy.

"Congressional travelers gave speeches in Scotland, attended meetings in Australia and toured nuclear facilities in Spain," the study reported. "They pondered welfare reform in Scottsdale, Ariz., and the future of Social Security at a Colorado ski resort."

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Many congressional offices have voluntarily curtailed their privately funded travel since disgraced lobbyist Jack Abramoff pleaded guilty in January to conspiring to bribe public officials, in part with lavish overseas trips. But lawmakers and their aides still may accept travel for official purposes from private interests without limit.

House Speaker J. Dennis Hastert (R-Ill.) proposed banning such travel soon after Abramoff's plea. But lawmakers of both parties and in both chambers of Congress quickly resisted imposing significant new restrictions on the trips, which are a much-prized perk of office. Rep. John A. Boehner (R-Ohio) won election to the post of House majority leader this year by running on a platform that included opposing the travel ban.

Boehner and members of his office were among the top beneficiaries of privately funded travel, according to the study, taking more than 200 trips during the 5 1/2 -year period reviewed. Others included the offices of Rep. Joe Barton (R-Tex.), Majority Whip Roy Blunt (R-Mo.), Rep. Michael G. Oxley (R-Ohio), Rep. Gregory Meeks (D-N.Y.) and Rep. Robert Wexler (D-Fla.).

Kevin Madden, a spokesman for Boehner, said yesterday that privately funded travel by members of Congress is fully disclosed and "leads to greater understanding of the issues" at no cost to taxpayers.

One of the largest corporate sponsors of lawmakers' travel was General Atomics, a relatively small San Diego-based defense contractor that makes the Predator, an unmanned spy plane now in wide use by the United States and other countries. The study reported that the company "largely targeted congressional staff members, spending roughly $660,000 on 86 trips for legislators, aides and their spouses from 2000 to mid-2005." Some of the trips were valued at more than $25,000.

General Atomics' spending on congressional travel was more than that of many larger companies and was considerably higher than what other defense contractors spent. Microsoft, for instance, funded nearly $395,000 in trips during the period; SBC Communications Inc. spent about $205,000. Among General Atomics' defense competitors, Northrop Grumman spent about $12,000 on congressional junkets and Boeing spent about $13,000.

On trips paid for by General Atomics to Turkey and Australia, congressional staffers attended meetings with foreign government officials that the company was soliciting to buy the Predator.

"[It's] useful and very helpful, in fact, when you go down and talk to the government officials, to have congressional people go along and discuss the capabilities of [the plane] with them," Tom Cassidy, chief executive of General Atomics Aeronautical Systems, the company's aircraft-manufacturing subsidiary, told the center.

The center's study illustrates how widespread the practice has become, for both Democrats and Republicans. Of the 25 individual lawmakers who accepted more than $120,000 worth of travel during the period, 17 were Democrats. Of the two dozen congressional offices on which private trip sponsors spent the most money, 15 were Republican, the study said.

At least 150 of the disclosure forms scrutinized by the center did not list a sponsor. After the center contacted her, Rep. Katherine Harris (R-Fla.), a candidate for Senate, amended her 2003 form to fill in the name of the group that paid for her two-day visit in November to the Breakers in Palm Beach, Fla. -- the Center for the Study of Popular Culture. A spokesman for Harris called the omission "a staff error."

After he was contacted by the Center for Public Integrity, Rep. Charles B. Rangel (D-N.Y.) reimbursed the Cuban government and John A. Catsimatidis, a grocery store owner, $1,922 for expenses incurred by his son, Steven, during a trip that Rangel, his wife and his son took to Cuba to study the ecology there in 2002. House rules permit sponsors of lawmakers' trips to cover the cost of only one accompanying relative. A Rangel spokesman said the office had not been aware of the rule.

The House had more frequent fliers than did the Senate during the period. The 10 congressional offices that accepted more than 200 privately sponsored trips each were all in the House, as were the 11 offices that had travel expenses exceeding $350,000 each. The 10 most expensive trips were taken by members of the House or, in one instance, a House aide.

The study, which took nine months to complete, found many instances in which, the center said, "trip sponsors appeared to be buying access to elected officials or their advisers." Several of the sponsoring organizations defended their trips, saying they provide lawmakers with an opportunity to discuss issues in a relaxed setting.

"If you try to talk to a member for any great length of time about your issues while they're in Washington, they're simply too busy," Tom White, a spokesman for the Association of American Railroads, told the center.

The center's study was co-sponsored by American Public Media and Northwestern University's Medill News Service.

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Study Finds $50M In Privately Funded Travel By Lawmakers (HILL)

By Jonathan Allen And Josephine Hearn

The Hill, June 6, 2006

If voters find industry-sponsored junkets objectionable, a study out today could be bad news for globetrotting lawmakers. Private sponsors paid nearly $50 million over five and a half years to send members of Congress and their staffs on at least 23,000 trips, according to a review of travel records by the Center for Public Integrity, American Public Media and Northwestern University journalism students.

The study is the first time that researchers have pinpointed the full cost of privately funded congressional travel. An earlier tally of about $15 million counted only travel by lawmakers themselves and neglected more numerous trips for staff.

The researchers kept tabs on which offices filed incomplete, incorrect or late reports disclosing details of their travels. They singled out two lawmakers, Reps. Charles Rangel (D-N.Y.) and Marcy Kaptur (D-Ohio), for failing to disclose until six weeks ago that the Cuban government and a New York grocery mogul paid for their April 2002 trip to Havana to meet President Fidel Castro. Earlier disclosure reports had specified only a Minneapolis-based conservation group, the Sian Ka'an Conservation Foundation, as the sponsor.

Rangel also took fire for allowing the sponsors to pay travel costs for his wife and son, a violation of House rules that allow only one family member to be reimbursed.

Rangel, who organized the trip for himself and Kaptur, has since reimbursed the Cuban government and the New York businessman, John Catsimatidis, for his son's portion of the $5,766 trip.

Rangel's chief of staff, George Dalley, called the filing an honest mistake. "We believe we have now adequately corrected what I admit was a mistake. We weren't trying to hide it. ... Our practice has always been that we try to abide by whatever laws and regulations exist at the time," he said.

Rangel has been a frequent traveler to Cuba and a vocal opponent of the U.S. embargo against the country.

Supporters of privately funded congressional travel say that such trips provide opportunities for lawmakers and aides to learn more about issues before them without forcing taxpayers to foot the bill.

Critics argue that the trips give wealthy interests unchecked access to power and can lead to corruption.

Golf trips to Scotland are at the center of an expansive federal investigation of congressional corruption that has netted plea agreements from lobbyists Jack Abramoff and Michael Scanlon. Scanlon was once a senior aide to former House Majority Leader Tom DeLay (R-Texas).

During the five and a half years ending in 2005, DeLay's office spent about $500,000 of other people's money on travel, topping the report's list. That total is nearly three times the annual salary of a party leader in the House.

Senate Foreign Relations Committee Chairman Richard Lugar (R-Ind.) accounted for $150,000 in trips — his yearly salary is $165,200 — in five years, mostly paid for by the nonprofit Aspen Institute. Nearly 3,000 of the 23,000 privately sponsored trips identified in the report cost $5,000 or more, including 500 that cost at least $10,000 and more than a dozen amounting to at least $25,000 apiece.

Destinations included Australia, Grand Cayman, Paris, Rome, Hawaii and Pebble Beach, Calif., home of one of the nation's top golf courses.

Lawmakers in both parties and in both chambers have reason to be nervous about how the public perceives privately funded jaunts to prime vacation spots. Recent polls show that less than one-third of the public approves of the job Congress is doing.

Attentive challengers can turn incumbents' travel patterns into potent political issues.

Two years ago, Rep. Melissa Bean (D-Ill.) found travel to be a powerful weapon in her successful bid to unseat longtime Republican Rep. Phil Crane (R), a senior member of the Ways and Means Committee and onetime presidential candidate. Bean labeled the well-traveled Crane the "Junket King" to portray him as out of touch with his constituents after more than three decades in Washington.

In other cases, voters have been more forgiving, at least for a while.

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The House refused to seat Adam Clayton Powell Jr. (D-N.Y.) in 1967 after he took lavish, publicly funded trips to exotic locales while spending little time legislating in Washington.

"He is a study in contrasts," fellow Rep. Mo Udall (D-Ariz.) wrote of Powell that year. "Brilliant but erratic; a self-styled 'poor parish priest' but living like a member of the jet set; working hard for a few days to finalize a major bill, then flitting off to Europe or the Bahamas for weeks."

But Powell's constituents fired back at the House, electing the oft-vacationing Powell to fill the vacancy caused by the House's refusal to seat him. He won another two-year term after that.

Powell's lifestyle eventually caught up to him at the ballot box: In 1970, he lost a primary to Rangel, now the ranking Democrat on the Ways and Means Committee.

Candidates across the country already are grappling with the question of whether they would vote to ban privately funded travel. The House voted to block privately funded trips through the end of the year, but the two chambers have yet to complete action on the legislation.

Right Just Doesn't Get Sen. Frist (HILL)

By Alexander Bolton

The Hill, June 6, 2006

Senate Majority Leader Bill Frist (R-Tenn.) has both pleased and outraged conservatives with his Senate schedule this week, and they are once again left scratching their heads over what to make of him.

Is he one of them? Does he want to be president?

The Senate will vote this week on cutting off debate on a constitutional amendment to ban same-sex marriages, an issue conservatives have clamored for since the 2004 election. It will also vote to quash a potential filibuster of the estate-tax repeal, another high priority for conservatives.

But Frist has also brought a skunk to what otherwise would be a conservative garden party by also scheduling the Native Hawaiian Government Reorganization Act, sponsored by Democratic Sen. Daniel Akaka (Hawaii).

Conservative senators and activists hate that bill, which would allow native Hawaiians to establish their own government entity to "safeguard their welfare," according to a description by the Congressional Research Service.

This month, Frist will give conservatives a floor vote on an amendment that would ban burning the American flag, but he will also likely let stem-cell legislation reach the chamber floor for a vote before the July recess, GOP aides say.

A lobbyist for one prominent socially conservative group said Frist's staff has called the stem-cell vote "unavoidable," but some conservatives are skeptical because Frist determines the schedule. One conservative GOP aide said Frist has not yet agreed to allow Sen. Sam Brownback (R-Kan.) an accompanying vote on a bill favored by social conservatives that would ban embryonic cloning.

Conservatives such as former Reagan Attorney General Edwin Meese and Todd Gaziano, director of the Center for Legal and Judicial Studies at the conservative Heritage Foundation, call Akaka's legislation unconstitutional and say it could allow native Hawaiians to exempt themselves from "whatever aspects of the United States Constitution and state authority [they] thought undesirable." The Family Research Council, an influential group representing Christian conservatives, also opposes it, saying it could open the door to legalized gambling in the Aloha State.

Aides to conservative senators say they are discussing ways to tie the bill up on the floor, possibly by offering anti-abortion amendments. But, nevertheless the bill has a good chance of passing, and if it does it will likely be with the support of almost every Senate Democrat and a minority of the Senate Republican Conference.

If conservative GOP senators such as Lamar Alexander (Tenn.), Jeff Sessions (Ala.), John Ensign (Nev.), Tom Coburn (Okla.) and John Cornyn (Texas) square off against the Hawaii bill, as they are expected to, it would be the second time in a month that the conservative heart of the Senate GOP conference has rebelled against a bill Frist has brought to the floor. Passage would begin to establish a trend in which bills pass the Senate floor with overwhelming Democratic support and the backing of few Republicans.

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"Frist is the leader of what may be a Republican majority but isn't a conservative majority," said Michael Franc, vice president of government relations for the Heritage Foundation.

He explained that because chamber rules often require the support of 60 lawmakers and Republicans control only 55 seats, coalitions are sometimes a mix of Democrats and liberal Republicans. The discipline that Senate Democratic Leader Harry Reid (Nev.) has imposed on his caucus has made it more difficult for Frist to pass bills amenable to the majority of Republicans with the support of a handful of Democratic defectors. Immigration was an example of that.

"The Democrats have been very effective at turning that majority into a dysfunctional one," Franc said. "You have to give credit to Reid and others for sowing this kind of discontent among Republicans in the Senate."

One veteran GOP aide wondered whether past majority leaders would have allowed major legislation to pass with a minority of Republicans supporting it. "The thing I keep hearing is if [Sen.] Trent Lott [R-Miss.] was still majority leader that would never have seen the floor," the aide said.

On Fox News last month, Frist acknowledged that the immigration bill was not popular but argued that the Senate had to address the problem of nearly 12 million illegal immigrants living in the U.S., and of what he called the hemorrhaging of immigrants across the U.S.-Mexican border. A Frist aide said the problems could not be addressed if the Senate did not pass legislation and send a bill to negotiations with the House.

The Senate majority may have seemed dysfunctional lately, but Frist has had successes. He helped pass the 2003 Medicare act, which many congressional observers thought would be difficult. Many conservatives still grumble about the cost of that vote. Frist also navigated Democratic opposition to pass long-stalled energy and transportation reauthorization legislation last year.

While the tactics of passing bills on the Senate may be easy for Frist and his staff to justify in Washington, it is more difficult for them to make their case outside the Beltway.

"Senator Frist in some instances has been a strong advocate for certain issues that are of importance to conservatives such as his work on passing the Bush tax cut, his continuing efforts to try to repeal the death tax, his work to assist the administration in getting their political appointees approved particularly on the judiciary, but at the same time he's been disappointing to conservatives on issues involving federal spending, and immigration," said William Lauderback, executive vice president of the American Conservative Union, who served as deputy campaign manager on Frist's first Senate campaign, in 1994. "If the senator's future political ambitions encompass a run for the presidency he will not be able to position himself as a true conservative."

Laudenbach said that Frist was regarded as a leader of very high integrity and that Republican and Democratic senators respect him, but that, in the final analysis, "he's not been a strong majority leader. In some instances he's been disappointing."

Amy Call, Frist's spokeswoman, defended her boss. "Senator Frist has been a strong advocate throughout his time in the Senate for the things he believes in and will continue to be," she said. "He is guided by what he feels is the right thing to do and will continue to be guided by that."

Kennedy Back On Job After Month In Rehab (USAT)

USA Today, June 6, 2006

Rep. Patrick Kennedy, D-R.I., back to work Monday after his second stint at a drug rehabilitation clinic, said that after struggling for two decades with addiction he knows he can no longer take any "mood-altering" substances including alcohol.

Kennedy, 38, checked into the Mayo Clinic in Rochester, Minn., a day after a May 4 incident in which he crashed his car near the U.S. Capitol. He told police he was rushing to vote at the House, but Congress was not in session. He also said he was taking medication to help him sleep.

The experience "reaffirmed for me that the challenge of mental illness is a part of everyone's experience," Kennedy said in a speech at Brown University in Providence.

It was his first public appearance since he left the clinic Friday. He said his month-long treatment left him confident about his mental health.

Kennedy, the son of Sen. Edward Kennedy, D-Mass., had also been in a clinic over the Christmas holiday.

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President Bush's job-approval rating has rebounded slightly to 36% in a USA TODAY/Gallup Poll taken Thursday through Sunday. That's 5 percentage points higher than his record low in early May.

Bush's standing improved by 10 percentage points or more among Republicans (up to 78%) and men (42%). The survey of 1,002 adults has an error margin of +/-3 percentage points. — Susan Page

The Federal Aviation Administration will impose new contract terms on more than 14,500 air-traffic controllers after it failed to reach an agreement with the union, officials said.

Base salaries and premiums for living in high-cost areas would be preserved, but new controllers would earn 30% less than current workers, the agency said in a statement Monday. The FAA also will phase in new rules to boost worker productivity.

The FAA hopes the contract will save it nearly $2 billion over five years. National Air Traffic Controllers Association officials could not be reached for comment.

After contract talks broke off April 5, the FAA sent its proposal, along with the union's proposal and objections, to Congress. Lawmakers had 60 days to intercede, after which the FAA could impose its offer.

The House of Representatives is scheduled today to debate legislation that would nullify that 60-day deadline in hopes of pushing the FAA and the union back to the bargaining table.

Patrick Kennedy Is 'Better' After Treating Dependency (NYT)

By John Holusha

The New York Times, June 6, 2006

Representative Patrick J. Kennedy said yesterday that he felt much better after almost a month's treatment in the Mayo Clinic for drug dependency, and that he was looking forward to resuming his duties.

But he said that he continued to suffer from bipolar disorder and a tendency toward addiction, and will need help from a support group to avoid a relapse.

"The key to recovery will be a small group of people who will watch over me," he said at a televised news conference.

Mr. Kennedy said, as he has before, that he had not been drinking before an early-morning car accident near the Capitol in Washington on May 4, even though the police on the scene said he appeared to be intoxicated. Mr. Kennedy said the police had canvassed bars in the District of Columbia seeking evidence of his drinking but were unable to find any. Rather, he said, he was under the influence of prescription antinausea and sleep medications, which he had taken at the "prescribed amount."

The question-and-answer session came after Mr. Kennedy, Democrat of Rhode Island, helped to open a conference on the future of mental health care and addiction treatment at Brown University in Providence.

"I can tell you today, I feel confident of my health," he said at the health conference, adding that he was "positive about my future."

He was discharged from the clinic, in Rochester, Minn., on Friday and spent the weekend with relatives in Washington before returning to Rhode Island on Sunday night. His private medical insurance policy paid for the stay in the clinic, he said.

The event was Mr. Kennedy's first public appearance since checking himself into the clinic on May 5, the day after the auto accident. Mr. Kennedy has said he has no memory of the crash or of his subsequent encounter with the Capitol Police, who charged him with three traffic violations.

Mr. Kennedy, the son of Senator Edward M. Kennedy, put his drug taking in the larger context of mental illness. "I didn't know how miserable I was until I started to be feeling better," he said of his time at the clinic.

Kennedy Finds Recovery Sponsor In Ramstad (RC)

By Bree Hocking

Roll Call, June 6, 2006

Twenty-five years ago, Rep. Jim Ramstad (R-Minn.) woke up to find himself in a Sioux Falls, S.D., jail cell after an alcohol-induced blackout.

Ramstad, who credits that experience with helping him to realize he was an alcoholic and needed to seek help, said that his own struggle with substance abuse forged the strong bond he shares with Rep. Patrick Kennedy (D-R.I.). Kennedy entered a

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drug rehabilitation program May 5 in the wake of a middle-of-the-night car crash near Capitol Hill that occurred after he had taken two prescription drugs, Phenergan and Ambien. He was released from the clinic Friday.

"If anyone can identify with Patrick's experience, it's me," Ramstad said. "I absolutely think this is a wake-up call for Patrick similar to the wake-up call I had 25 years ago."

Every Saturday for a month, Ramstad drove an hour and a half from his house in Minnetonka, Minn., to the Mayo Clinic in Rochester to visit Kennedy while he was in rehab.

"We had a lot of good heart-to-heart talks about my experience and his experience like recovering people do. That's how we stay sober. We do a lot of talking and a lot of listening. ... I know he's going to be participating in meetings with other recovering people on a regular basis."

The Rhode Island Congressman has named Ramstad as a sponsor in his recovery efforts, said Kennedy spokesman Robin Costello. "He's a key person in the support network [and aftercare plan] he's put together of close friends and colleagues and medical experts," she said. According to Kennedy's Mayo Clinic discharge statement, his physicians have put him on a "stringent system of aftercare that may include periodic visits to the Mayo Clinic for continued health care consultation."

On Monday, Kennedy made his first public appearance since getting out of rehab, speaking at a mental health care and addiction treatment conference at Brown University. Afterward, he held a press conference in which he said medical issues related to his rehab stay were "between me and my doctor" and pledged to continue his fight for medical privacy legislation. Kennedy, who has bipolar disorder, also said his mental illness has led to his addiction.

Despite Kennedy's pending legal issues, colleagues on both sides of the aisle predict he will be welcomed back to Congress with open arms when he returns to Capitol Hill today.

"We all recognize that Patrick has been through a very difficult time, and my sense is that most people in Congress as well as most Rhode Islanders are impressed, as I am, that he was forthcoming about his problems and he sought professional help," said Rep. James Langevin (D-R.I.), who was with Kennedy at the Brown conference. "There's important work that we need to do together for the people of the state of Rhode Island, and I know Patrick is up to the challenge."

Langevin added that Kennedy had in his speech "acknowledged this is a struggle. This will always be with him, and he's going to take it day by day."

Other Members echoed Langevin's words.

"Rep. Kennedy has demonstrated tremendous courage through this process. I welcome him back, and look forward to working with him as he continues to advocate on mental health issues in Congress," said Rep. George Miller (D-Calif.).

Ramstad added, "Alcoholism and drug addiction are equal-opportunity diseases that don't discriminate between Republicans and Democrats, rich and poor, educated and uneducated."

Support for Kennedy appears to be holding firm in his home state.

Kennedy received a standing ovation for his speech at Monday's conference. That same day, members of the Rhode Island mental health and medical communities took out a full-page ad in The Providence Journal thanking Kennedy for coming forward with his problem and supporting mental health parity issues, said his close friend Jack McConnell, a trial attorney in Providence who has done legal work for Kennedy in the past. (Kennedy has taken the lead in facilitating the concept of the Rhode Island Institute for Mental Health Excellence, a partnership of leading researchers and practitioners in the areas of mental health and addiction, Costello noted.)

Rhode Island political observers do not believe Kennedy's run-in with the law will have an adverse effect on his electoral viability.

"I don't anticipate there will be a negative political fallout because he's very popular and he did seek help," said Darrell West, a political science professor at Brown University and the author of the 2000 biography "Patrick Kennedy: The Rise To Power." "I don't think voters see a legal issue."

Only one politically unknown Republican has filed so far for the race.

Still, West added: "If it becomes a recurring problem, that's a bigger political problem for him."

On the legislative front, Ramstad said the two have discussed redoubling their efforts to get mental health and chemical dependency treatment parity legislation passed in the House, where their bill, which would provide for equal coverage for mental

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health benefits, currently has 228 sponsors. Ramstad and Kennedy are also co-founders of the Addiction, Treatment and Recovery Caucus, which was formed to educate Congress about addiction problems and the need for treatment and recovery.

Meanwhile, Rep. Ralph Regula (R-Ohio), who chairs the Appropriations subcommittee on labor, health and human services, education and related agencies — of which Kennedy is a member — said he did not anticipate Kennedy's legal and personal troubles would distract him from his work.

"He's probably not the only Member of Congress that's got things he's dealing with outside of his role as Congressman," Regula said, adding that he expected Kennedy to be on hand for the markup of the panel's spending bill on Wednesday. "I think he can handle it."

SNOW SHOW (WP)

The Washington Post, June 6, 2006

White House press secretary Tony Snow's response at yesterday's White House briefing to a question from radio talk show host Lester Kinsolving:

Kinsolving : The New York Times has just reported, "This White House, like all White Houses, is obsessed with the press." My question: Will you admit to this alleged obsession, or is this just one more New York Times exaggeration?

Snow : It's more a love affair than an obsession, Lester.

Controllers Have A New Contract, But Fight Isn't Over (WP)

By Stephen Barr

The Washington Post, June 6, 2006

The Federal Aviation Administration imposed a controversial new contract yesterday on the nation's 15,000 air traffic controllers that will slow the rate of pay increases for current workers and cut starting salaries for new hires by 30 percent.

Marion C. Blakey , the FAA administrator, said a 60-day period for review by Congress of contract deadlocks at the agency had ended without any action. "The FAA's proposed change takes effect as of today, and we will begin the process of implementing our proposal," she said in a statement.

Blakey's announcement came on the eve of a House debate on a bill that would have set aside the 60-day deadline and sent the labor-management dispute back to the bargaining table. The bill, sponsored by Rep. Steven C. LaTourette (R-Ohio), would apply retroactively to the controller contract.

The FAA's move was faulted by John S. Carr , president of the National Air Traffic Controllers Association. "One can only surmise that the current rush to implementation is an attempt to circumvent the legislation that is scheduled for a vote in Congress this week," Carr said.

The FAA is one of the few places in government where unions can bargain over salaries. A 1996 change in FAA law that permitted bargaining over pay also stipulated that impasses would go to Congress rather than to a panel of presidential appointees that normally rules in such cases.

Two years after that law took effect, the controllers union negotiated a generous contract that Blakey says the FAA can no longer afford as it prepares to undertake costly technology upgrades and bring on a new generation of controllers.

When the old contract came up for renewal, the FAA and the union embarked on nine months of talks that the agency says cost taxpayers $2.3 million. Both sides have accused the other of grandstanding and spreading misleading information, and in April, the agency declared an impasse in the negotiations, triggering the congressional review period.

The dispute comes 25 years after President Ronald Reagan fired about 11,000 controllers who went on strike over working conditions. There is no talk of a strike in this dispute, but union officials contend that a substantial number of controllers will take a cut in take-home pay under the contract, prompting them to enter into retirement at a faster rate than normal.

The FAA faces a large wave of retirements as controllers hired after the mass firing reach the mandatory retirement age of 56. The FAA estimates about 12,500 new controllers will have to be hired and trained through fiscal 2014 -- a big challenge that will require careful planning.

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Under the new five-year contract, which the agency estimates will save $1.9 billion, controllers would keep their salaries and benefits and retain about 80 percent of supplemental pay, known as premium pay. According to the FAA, the average compensation package worth $165,900 today would grow to $187,000 over the life of the contract.

However, controllers would lose incentive pay that encourages them to take jobs in hard-to-staff locations. The FAA said that the extra pay costs $30 million annually and that inspector general audits had determined it has not worked as intended.

Controllers also would lose "controller in charge" differentials that are paid when they take on temporary duties as a supervisor. That differential had cost the FAA $11 million annually and also been faulted by the inspector general as unnecessary.

New controllers will take a 30 percent cut in starting pay, compared with the terms under the 1998 contract. FAA officials said that as new hires advance in training and skills, salaries will rise to $127,000 on average over the five years of the contract.

Blakey said the agency would continue to operate under the terms of the prior contract during the transition to new pay scales and workplace rules. The FAA did not have an estimate for how long the transition would take.

"The phase-in will be handled in a deliberate and orderly manner, and we will ensure that air traffic managers and supervisors are well trained to implement these provisions and to answer questions from the workforce as they arise," she said.

LaTourette's bill will be brought up today under a suspension of normal rules, which will require a two-thirds margin to pass. Carr said he believed that members of Congress "will take a dim view of the FAA's brazen actions today." In a similar union dispute a few years ago, he said, Blakey waited about 19 months before moving to impose a contract.

Geoff Basye , an FAA spokesman, said further delay in resolving the dispute was not in the interest of taxpayers. The negotiations were carried out under current law, and "the FAA will stay true to the process that has been governing this from the beginning," he said.

Although the union hopes to win some sort of congressional intervention, the dispute may end up in federal court. The union has launched a challenge to the law that permits Blakey to impose contracts.

OTHER NEWS:

Fed Chief Startles Markets (USAT)

By Sue Kirchhoff

USA Today, June 6, 2006

WASHINGTON — Federal Reserve Chairman Ben Bernanke suggested Monday that the central bank might have to keep raising interest rates to combat “unwelcome” inflation, even though the economy has started slowing. His comments rattled stock markets, which had one of their worst days of the year.

In a speech to a banking conference here, Bernanke said the economy is entering “a period of transition” to less robust growth. But he also implied that inflation, pressured by high energy prices, is now the bigger threat.

He vowed the Fed “will be vigilant to ensure that the recent pattern” of rising prices doesn't take permanent root. The inflation outlook for the next six to 12 months will receive “particular scrutiny” as the Fed sets policy, he said.

Bernanke's language, suggesting that the central bank could raise short-term rates yet again when it meets June 28-29, shook up financial markets. The Dow Jones industrial average fell 199 points, or 1.8%, to 11,049. That's the third-worst one-day sell-off of the year for the Dow, which has lost 594 points since May 10. Small stocks fared even worse, with the Russell 2000 small-stock index falling 3.2%, its biggest drop this year.

That's because some traders and economists had anticipated that the Fed, which has boosted rates 16 times since mid-2004, might take a breather in June, given last week's gloomy employment report showing businesses created 75,000 jobs in May — far fewer than expected. A private report Monday showed the service sector expanding at a less rapid clip.

The Fed wants to move its target for short-term rates, now 5%, to a level that keeps prices under control but is not so high that it unduly chokes off growth.

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Mark Zandi of Moody's Economy.com says he was surprised by the hawkish tone of Bernanke's speech, given that the economy is cooling faster than expected. He said a good case could be made for the Fed to pause, though he expects a rate increase if inflation remains elevated.

"(Bernanke) laid out a strong case why stable inflation is vital to long-term growth," Zandi says. "He's new in his term and has to establish inflation-fighting credentials."

Bernanke said an "anticipated moderation of economic growth seems now to be underway," adding that at such a time, interest rate "policy must be conducted with great care and with close attention to the evolution of the economic outlook."

The Fed chairman pointed to slowing consumer spending, a softening housing market and cooling job creation. The interest rate on a 30-year fixed mortgage has risen from about 5.6% in January 2005 to about 6.7% today, largely due to Fed action. At the same time, Bernanke noted, business investment is accelerating and the global economy is strong.

But Bernanke made it clear that, from the Fed's point of view, the main ingredient for stable, sustained growth was stable inflation and inflation expectations.

The Fed chairman pointed out that core consumer inflation, a measure that excludes food and energy prices, has risen at a 3.2% annual rate in the past three months and a 2.8% rate in the past six months. That's above the Fed's informal comfort range of 1% to 2%.

"The (Fed) must continue to resist any tendency for increases in energy and commodity prices to become permanently embedded in core inflation," he said.

The economy expanded at a rapid 5.3% annual pace in the first three months of the year, a rate the Fed expects to slow but not stall.

Bernanke Talks Tough On Inflation (NYT)

By Edmund L. Andrews

The New York Times, June 6, 2006

WASHINGTON, June 5 — Ben S. Bernanke, chairman of the Federal Reserve, warned Monday that recent inflation trends were "unwelcome developments," indicating that he was far less worried about signs of weaker economic growth than about the danger of higher prices.

In his toughest comments yet about the risks of inflation, Mr. Bernanke said consumer prices were rising faster than he would like. He gave short shrift to evidence of a slowdown in hiring, and he conspicuously avoided repeating his earlier suggestion that the Fed might consider a "pause" in its two-year program of steady interest rate increases.

Investors, increasingly convinced that the central bank will raise rates at its two-day policy meeting at the end of this month, immediately began selling stocks.

The Dow industrials and the broader Standard & Poor's 500-stock index each fell about 1.75 percent, and the Nasdaq index tumbled more than 2 percent. Bond prices also fell and interest yields edged up, particularly for two-year Treasury securities.

The dollar rose slightly as traders in the Fed funds futures market sharply increased their bets that the central bank would lift its benchmark short-term interest rate another 0.25 percentage point from its current 5 percent.

Speaking to a conference here on international monetary issues with other central bankers, Mr. Bernanke said inflation had climbed to the upper limits of his acceptability.

"Core inflation, measured over the past three to six months, has reached a level that, if sustained, would be at or above the upper range that many economists, including myself, would consider consistent with price stability," Mr. Bernanke said.

Core inflation refers to the increase in prices for consumer goods and services other than food and energy, whose prices are more volatile and are considered not as important as others in determining whether inflation becomes embedded in the economy.

Mr. Bernanke has previously said that core inflation should ideally remain between 1 and 2 percent a year. In his speech, he noted that it had been running at 3 percent over the last six months and 2.3 percent over the last 12 months.

"These are unwelcome developments," the Fed chairman said.

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Jan Hatzius, chief United States economist at Goldman Sachs, said Mr. Bernanke was signaling that the Fed was likely to raise interest rates for a 17th time in two years when its policy-making committee meets on June 28-29.

"He's trying to send a pretty fair message that he's going to err on the side of doing more rather than doing less," Mr. Hatzius said. But Mr. Hatzius, who had been predicting that the Fed would not raise rates in June, said the decision was not yet signed, sealed and delivered.

Fed officials will take a close look at the coming report on consumer price increases in May, which is scheduled to be released on June 14, he said. And they will be watching for additional evidence that the economy is slowing more abruptly than previously thought.

But with Mr. Bernanke and other Fed officials sounding increasingly hawkish on inflation, many analysts contend that the Fed faces less risk of slowing the economy too much by "overshooting" in its rate increases than it would if it let inflationary expectations take hold among consumers and businesses.

"They know that if they are perceived to have gone too far, they can change things fairly quickly by reducing rates," said Nigel Gault, a forecaster at Global Insight in Lexington, Mass. "They probably also know that credibility on inflation, once lost, may be difficult to get back."

Mr. Bernanke made clear that he thought the economy was now in a "transition" to slower economic growth, but he took little solace from data showing that wages had climbed only modestly, that the housing market appeared to be cooling and that job creation appeared to have slowed markedly.

On Friday, the Labor Department reported that the nation added an estimated 75,000 nonfarm jobs in May, only about half as many as most economists consider necessary to absorb the normal increase in the labor force.

Instead of highlighting signs of a cooling economy, which would ease inflationary pressures, Mr. Bernanke placed top emphasis on the need for vigilance against rising prices.

"Given recent developments, the medium-term outlook for inflation will receive particular scrutiny," Mr. Bernanke said. "There is a strong consensus among the members of the Federal Open Market Committee that maintaining low and stable inflation is essential" for achieving the central bank's dual goals of price stability and full employment.

The Fed, he continued, "will be vigilant to ensure that the recent pattern of elevated monthly core inflation readings is not sustained."

Despite the sharp sell-off in stock markets after Mr. Bernanke spoke, some analysts cautioned that the Fed had not necessarily closed the door to a pause.

"Mr. Bernanke's speech is more nuanced than the headlines at first suggest," wrote Ian C. Shepherdson, who tracks the American economy for High Frequency Economics, noting that the Fed chairman had been his most emphatic yet in stating that the economy was indeed starting to cool off.

But Mr. Bernanke's tough tone on Monday contrasted starkly with his testimony in late April before the Senate Banking Committee. In those remarks, Mr. Bernanke explicitly broached the idea of refraining from a rate increase at a Fed meeting to take more time to evaluate incoming economic information, and he said that the Fed might pause even if data pointed to lingering inflation pressure.

In the days that followed, bond investors began selling off Treasury bonds and pushing up yields amid rising suspicions that Mr. Bernanke was soft on inflation.

Those concerns have since abated. Yields on 10-year Treasury notes, which are closely tied to rates on home mortgages, peaked at about 5.19 percent in mid-May but have since declined to about 5 percent.

On Monday, Mr. Bernanke also avoided any recitation of the Fed's statement after its last rate increase on May 10, when it said that the "extent and timing" of additional increases would depend on how incoming information affects the economic outlook.

He also continued to leave his options open but characterized low and stable inflation as a prerequisite for sustainable economic growth.

And while he noted that the recent surge in energy prices was likely to abate, he warned that oil prices might have contributed to the rise in core inflation and that volatile prices for oil and other commodities "remain a risk" to the inflation outlook.

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"The best way to prevent increases in energy and commodity prices from leading to persistently higher rates of inflation," Mr. Bernanke said, "is by anchoring the public's long-term inflation expectations."

Dow Falls 1.77% As Fed Chief Adds To Investor Jitters (WSJ)

By E.S. Browning And Greg Ip

The Wall Street Journal, June 6, 2006

A surprisingly frank inflation warning from Federal Reserve Chairman Ben Bernanke stoked fears of further interest-rate increases, adding to investor jitters and knocking the Dow Jones Industrial Average down almost 200 points to its lowest finish since March 9.

Speaking at an international bankers' conference in Washington, Mr. Bernanke warned that inflation in recent months has been running "at or above the upper end of the range that many economists, including myself, would consider consistent with price stability." He said Fed policy makers would remain "vigilant" to ensure that recent inflation readings don't become the norm.

Although other parts of Mr. Bernanke's speech indicated that he sees signs economic growth is slowing, investors quickly concluded that the odds have increased that the Fed will raise target short-term interest rates at its policy meeting on June 28-29.

Stocks, which already were down earlier in the day on worries about the outlook for oil prices and interest rates, fell further in the wake of Mr. Bernanke's speech. The Dow Jones industrials tumbled 199.15 points, or 1.77%, to 11048.72.

Fears of more interest-rate increases have been spreading since the Fed warned of that possibility at its last policy meeting on May 10. The industrial average now is down 593.93 points, or 5.1%, from its May 10 six-year high of 11642.65. That close was less than 100 points short of the industrial average's record finish of 11722.98 in January 2000.

Since mid-May, inflation fears also have roiled a variety of international markets. The prices of many industrial commodities, such as metals, have fallen sharply, as have stock markets in developing countries and in developed nations from Japan to Europe.

Despite yesterday's declines in the U.S., the Dow Jones industrials are still up 3.1% for the year. The Nasdaq Composite Index, full of volatile technology stocks, fell 2.24%, or 49.79 points, yesterday to 2169.62. It is down 1.6% for the year.

The concern among investors is that inflation is proving more resilient than expected, despite the Fed's campaign of interest-rate increases that began two years ago. Over that time, the Fed has raised its target rate for overnight bank lending to 5% from 1%.

Investor attention now will focus on the government's next release of consumer-price data, due on Wednesday of next week. If the pace of inflation doesn't show signs of slowing, fears of more interest-rate increases will spread. Higher rates are bad news for stocks because they weigh on corporate profits and make alternative investments, such as money-market accounts, more attractive.

The prospect of higher short-term rates also is bad news for bonds, because it suggests that future bond yields probably will be higher, making existing bonds, with their lower yields, less attractive. In response to Mr. Bernanke's speech, Treasury-bond prices fell, pushing the yield of the 10-year Treasury note up to 5.024%.

Mr. Bernanke's remarks were unexpectedly hawkish. He called a recent rise in inflation "unwelcome," and his comments overall suggested the Fed is more concerned about recent price developments than by signs of slowing economic growth, such as the sharp slowdown in job growth in May.

The May jobs report had prompted many economists to speculate that the Fed would finally pause in its tightening of monetary policy, with the idea that a slowing economy would ultimately keep a lid on inflation pressure.

Mr. Bernanke's remarks yesterday, however, sent a different signal. They dwelt heavily on the risks of higher inflation. By contrast, he called signs of a weaker economy, including the soft jobs data, part of an "anticipated moderation of economic growth." He made it clear that the Fed's preoccupation, at least for now, will be keeping inflation down, not supporting economic growth.

"Given recent developments, the medium-term outlook for inflation will receive particular scrutiny," Mr. Bernanke said. Fed policy makers "will be vigilant to ensure that the recent pattern of elevated monthly core inflation readings is not sustained."

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Inflation, measured by the consumer-price index, was 3.5% in April. By the Fed's preferred measure, which uses a different basket of goods and services and excludes food and energy, it was 2.1%, just above the 1% to 2% "comfort zone" of many Fed officials. Mr. Bernanke noted yesterday that in the past three months, inflation by the latter measure has been running at a 3% annualized rate.

After Mr. Bernanke spoke, futures markets raised their odds to 74% that the Fed would further increase its target for short-term interest rates to 5.25% from the current 5%. They had put those odds at 48% before his speech.

While one more rate increase is unlikely to weaken the economy much, it does, at the margin, raise the odds of a sharper economic slowdown than investors had so far been betting on.

Expectations of the Fed's actions have swung wildly in the past month. In late April, Mr. Bernanke told Congress the Fed might pause in its rate increases, even if inflation remained a risk, to assess the impact of previous rate increases. He indicated that a pause need not mean a halt. But some investors questioned the wisdom of signaling a pause when the economy still appeared strong and inflation data had turned worrisome. Higher inflation data a few weeks later further cemented those concerns, and some analysts said Mr. Bernanke's anti-inflation credentials were being tested.

While Fed officials don't believe their credibility is in danger, Mr. Bernanke's remarks yesterday may have been aimed in part at putting to rest any doubts about his commitment to low inflation.

But the remarks don't guarantee another rate increase later this month. If the inflation data reported next week are tame, or there are signs of a more pronounced slowing in the economy, the Fed could decide to leave rates alone.

Among investors, meanwhile, worries are spreading that they have gone too far in their pursuit of stocks related to economic growth and industrial commodities. Shares of equipment maker Caterpillar fell 4.8% yesterday and aluminum maker Alcoa shed 3.7%.

Some analysts thought investors overreacted to the Bernanke speech. They noted that Mr. Bernanke pointed to signs of a cooling economy, which could suggest that, if data show inflation relenting, the Fed might be prepared to pause soon in its rate increases.

"We're still leaving the June hike penciled in, lightly," wrote Ian Shepherdson, chief U.S. economist at High Frequency Economics, after the Bernanke speech. "But the key point for medium-term investors is that a real slowdown is here; a June hike will be the last hike."

But not everyone was so optimistic yesterday.

Financial markets began the day lower in reaction to soaring crude-oil futures. Futures rose as high as $73.40 a barrel after a speech Sunday in which Iran's supreme leader, Ayatollah Ali Khamenei, said Iranian oil shipments could be "seriously jeopardized" if the West tried to punish Iran for its nuclear program. By day's end, those worries dissipated, and oil finished up just 27 cents at $72.60. But by then, Mr. Bernanke's speech had seized center stage.

The Standard & Poor's 500-stock index suffered its second-heaviest decline of 2006 in percentage terms, falling within 11 points of its low for the year, which it hit in February. The S&P 500 declined 1.78%, or 22.93 points, to 1265.29, still up 1.4% this year.

The Nasdaq composite's decline also was its second-heaviest of the year, while the Dow's was its third-worst. Although the Dow Jones industrials still are less than 700 points off their record, the S&P and Nasdaq composite, which fell harder in the bear market, remain far from records.

The dollar, which becomes a more attractive investment when interest rates rise, gained 0.1% yesterday against the euro and 0.5% against the yen. It remains down against both currencies for the year.

Gold rose $7.70 to $643.20 a troy ounce.

Inflation Above Fed's 'Comfort Zone' (WT)

By Patrice Hill

The Washington Times, June 6, 2006

Federal Reserve Chairman Ben S. Bernanke yesterday signaled more interest-rate increases are likely because underlying inflation has spiked to "unwelcome" levels, touching off a nearly 200-point drop in the Dow Jones Industrial Average.

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Mr. Bernanke's remarks before a gathering of international bankers here came as oil prices surged on a threat from Iran's supreme leader to withhold energy supplies if the United States attempts to punish the Middle Eastern oil producer for pursuing nuclear research -- a development that also troubled the markets because it adds to inflation and weakens economic growth.

Mr. Bernanke blamed high energy prices for zapping consumer spending and confidence this year as well as pushing the underlying, or "core," level of inflation above levels that the Fed will tolerate. Core inflation, which excludes energy prices but reflects moves to pass on higher energy costs by businesses, has been running between 2.3 percent and 3.2 percent, he said, above the Fed's 1 percent to 2 percent "comfort zone."

"These are unwelcome developments," he said. The Fed's rate-setting committee "will be vigilant to ensure that the recent pattern of elevated monthly core-inflation readings is not sustained."

The economy is in a transition to substantially slower growth under the weight of four percentage points of interest-rate increases the Fed has ordered in 16 actions in the past two years, Mr. Bernanke said. The economy from now on should grow no faster than its average potential growth rate -- estimated at about 2.5 percent to 3 percent -- to ensure that inflation does not get out of hand, he said.

His remarks caused markets to plunge not only at the prospect of higher rates but also on fears that the Fed may go too far and induce a severe slowdown or recession by raising rates too much. Mr. Bernanke has proven to be far more hawkish on inflation than Wall Street expected when he took office in February, and his remarks yesterday were among his toughest yet on the need to stamp out the inflation threat.

Stocks plunged across the board, with the Dow falling 199 points to end at 11,049, and other major indexes posting declines in the 2-percent range. Market interest rates and the dollar rose in anticipation of higher short-term rates, retracing declines they posted Friday when a report showing weak job growth convinced many on Wall Street that the Fed would pause at its next meeting June 29 and not raise rates.

Mr. Bernanke noted that job gains have tailed off this year and said that was "consistent with the softening in the pace of overall economic activity that seems to be under way." He added that the low unemployment rate of 4.6 percent, however, suggests that wage growth that so far has been subdued could start to pick up and add to inflation pressures.

"He's telling you inflation concerns are tipping the scale toward raising rates," said Raymond Remy, head of fixed income at Daiwa Securities America Inc.

Mr. Bernanke held out hope that inflation pressures will ease later this year if oil prices come down -- a possibility that seemed remote yesterday as worries about the nuclear standoff between Iran and the United States continued to roil the markets. By some estimates, the Iran affair has added $15 to the price of premium crude, which landed at $72.31 a barrel at the end of New York trading yesterday.

As yesterday's developments showed, the Fed has little control over crude prices despite its efforts to keep inflation low. Oil prices in recent years have been driven higher by strong demand in the United States and China that has barely been matched by the growth in supplies worldwide because of persistent geopolitical tensions in the Middle East and elsewhere.

The Fed's rate increases have mostly failed to temper demand among Americans consumers, who use a quarter of the world's oil supplies primarily to fuel their cars and sport utility vehicles. To the extent that consumers have cut back on spending in response to higher prices and interest rates, it has been in other areas, such as eating out. Consumers also have maintained their spending patterns despite high prices by going deeper into debt -- a trend that the Fed also seeks to stop.

Fed Chief's Fears Fuel Talk Of Rate Hike (FT)

By Krishna Guha And Richard Beales

Financial Times, June 6, 2006

Stocks tumbled on Monday after Ben Bernanke, chairman of the Federal Reserve, expressed strong personal concern about the recent rise in inflation, raising expectations that the Fed will raise interest rates again this month.

The S&P 500 index and the Nasdaq Composite index had their worst day since January, with the S&P 500 down 1.78 per cent at 1265.29 and the Nasdaq down 2.24 per cent at 2169.62. The Dow Jones Industrial Average fell 1.77 per cent to

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11,048.72. Treasury bonds also fell, while the dollar benefited from the expectation of higher US rates, rebounding against the yen and the euro.

The Fed chairman told a conference organised by the American Bankers Association that core inflation - excluding energy and food prices - had reached a level that "if sustained, would be at or above the upper end of the range that many economists, including myself, would consider consistent with price stability."

He pledged that the Fed would be "vigilant to ensure that the recent pattern of elevated monthly core inflation readings is not sustained." In the futures market, the probability of a rate rise this month jumped to more than 70 per cent, up from about 50 per cent at the close on Friday, when weak jobs data suggested the Fed might pause this month.

Mr Bernanke also called for "greater flexibility of exchange rates" in order to moderate global economic imbalances. This is generally regarded as code for dollar depreciation against at least some other currencies.

The Fed chairman's tough talk on inflation may, in part, reflect a desire to strengthen perceptions of his own inflation-fighting commitment, amid some concern in the markets that the Fed has been slow to react to inflation data.

Mr Bernanke said the Fed would pay close attention to inflation expectations, which have risen recently. He said "the best way to prevent increases in energy and commodity prices from leading to persistently higher rates of inflation is by anchoring the public's inflation expectations." He said this required both a strong commitment to fighting inflation, and a predictable response to economic developments.

However, in a sign that the June rate decision remains finely poised, the Fed chairman emphasised that there is growing evidence that the economy is slowing, as required to cool overall inflationary pressures.

Mr Bernanke said "the anticipated moderation of economic growth seems now to be under way." He said consumer spending had "decelerated noticeably" and the housing market was cooling. The weak jobs data was "consistent with the softening in the pace of overall economic activity."

The Fed chairman also pledged to take "full account of the lags with which monetary policy affects the economy." Mr Bernanke said the economy was in a "period of transition" during which policy had to be "conducted with great care and with close attention to the evolution of the economic outlook as implied by incoming information." But he added that "given recent developments, the medium term outlook for inflation will receive particular scrutiny."

Fed Chief Raises Inflation Concern (WP)

By Nell Henderson And Brooke A. Masters

The Washington Post, June 6, 2006

Federal Reserve Chairman Ben S. Bernanke expressed more concern about rising inflation than the cooling U.S. economy yesterday, sending his strongest signal yet that interest rates are probably headed higher.

Stocks plunged after Bernanke vowed to combat the recent "unwelcome" pickup in inflation, even as he told an international bankers' conference that an economic slowdown "seems now to be underway."

The combination of high inflation and sluggish growth causes pain throughout an economy: Rising prices reduce the purchasing power of workers' wages, erode savings and diminish the returns on investment. Slow growth pushes up unemployment, squeezes corporate profit and discourages businesses from expanding.

Like many economists, Bernanke argues that keeping inflation low is vital to promoting a strong economy because it allows people to make purchases, borrow money, plan for retirement, invest and make other financial decisions without worrying about rising prices. But beating inflation means raising interest rates, which crimps consumer spending by raising borrowing costs.

"He came right out and said we're worried about inflation," said Arthur Hogan, chief market analyst at Jefferies & Co. "Just what the market didn't need to hear."

Major U.S. stock market indicators fell about 2 percent on the day as Bernanke's comments deflated hopes that the Fed was near the end of two years of steady interest rate increases.

After taking over as Fed chief in February, Bernanke's first public speech was on the importance of low inflation, or "price stability" in central bank jargon. Yet many analysts and investors in financial markets questioned his inflation-fighting credentials

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in recent weeks, particularly after he told Congress in late April that the Fed might leave interest rates unchanged at an upcoming meeting even if there were risks of higher inflation.

Bernanke's comments yesterday left much less doubt. "He laid down a marker -- that inflation is the primary issue" for the Fed, said David Shulman, a senior economist with the UCLA Anderson Forecast produced by the University of California at Los Angeles Anderson School of Management.

Consumer price inflation has risen this year, largely because of climbing energy prices, Bernanke said. Moreover, he added, measures of "core" inflation, which exclude traditionally volatile food and energy prices, have also moved higher in recent months. The Labor Department's core consumer price index rose at a 3.2 percent annual rate over the past three months and at a 2.8 percent pace over the past six months, he said.

"These are unwelcome developments," Bernanke said, deflating financial market hopes that the central bank would soon stop raising interest rates. Fed officials "will be vigilant to ensure that the recent pattern of elevated monthly core inflation readings is not sustained."

Many analysts forecast the economy to slow as the housing market cools and dampens consumer spending, which would cause employers to pull back on hiring. That process has begun, Bernanke said.

Still, he did not sound too worried about the economy's health, noting other sources of strength in rising U.S. exports, increased business investment, low unemployment and generally healthy consumer finances.

Fed economists have expected consumer prices to rise temporarily this year, as businesses pass on some of their higher costs for energy, metals and other raw materials. But Bernanke expressed concern that inflation might persist at an unacceptably high level, particularly if it causes businesses and consumers to expect bigger price increases.

Fed policymakers "must continue to resist any tendency for increases in energy and commodity prices to become permanently embedded in core inflation," Bernanke said.

Before his warning, many investors believed there was a 50-50 chance the Fed might leave its benchmark short-term rate unchanged at its policymaking meeting June 28-29, taking a pause after two years of steady increases. After his remarks, futures markets traders boosted their bets that Fed officials will increase the rate to at least 5.25 percent from 5 percent, for a 17th consecutive increase.

"The markets see [interest] rates going up and staying high for a while," while the economy slows and profits get squeezed, Shulman said.

The Standard & Poor's 500-stock index fell 1.8 percent, its steepest one-day drop since January. The Dow Jones industrial average dropped 1.8 percent, to its lowest level since early March. The Nasdaq composite index shed 2.2 percent, erasing any gain this year. Meanwhile, oil closed at more than $72 a barrel yesterday after Iran's leader threatened to reduce production in response to Western pressure to curtail that nation's nuclear technology program.

Global financial markets have been volatile for more than a month, largely because of uncertainty about inflation, interest rates, oil prices and the pace of U.S. economic growth.

The markets' reaction yesterday reversed the gains recorded Friday, when a weak labor-market report encouraged many investors to think the Fed would not raise interest rates this month for fear of "overshooting," or raising rates too high and triggering a sharper economic slump.

But, Bernanke said, a single economic report, such as one month's employment figures, would not by itself change the Fed's interest rate policy. Rather, because interest rate changes take effect over many months, the Fed would study how such a report affects its forecast for the economy six to 12 months down the road.

"He seemed to have greater concern for inflation than a slowing economy," said Stephen Massoca, co-chief executive of the boutique investment bank Pacific Growth Equities LLC.

Fears Of Stagflation Leave Dow Battered (USAT)

By Adam Shell

USA Today, June 6, 2006

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NEW YORK — The Dow Jones industrial average suffered its fifth triple-digit loss in less than a month Monday after Federal Reserve chief Ben Bernanke said the central bank would keep fighting against still-worrisome inflation despite signs of a slowing economy.

The Dow cratered 199 points to 11,049 for a 1.8% loss that was its third worst this year. But stocks of all types fell sharply. The biggest losses came in areas that had been market leaders before the recent slide began after May 10, when the Fed raised interest rates a 16th time and gave no sign it would stop boosting soon. The small-stock Russell 2000 index, for example, slumped 3.2%, as investors continued to reduce risk in their portfolios.

Bernanke's comments unnerved investors because they raise fears of stagflation, an environment of rising prices and stagnating economic growth. His tough talk on inflation also increased concerns that the Fed will raise its target for short-term interest rates, currently 5%, again at the end of June, dashing hopes it would pause in its two-year-long rate-tightening campaign.

The sell-off was the latest example of sharp volatility in reaction to Bernanke's comments. Bernanke, who took over for longtime Fed chief Alan Greenspan in January, continues to take a tough stance on inflation in an effort to enhance his inflation-fighting credentials. But like past new Fed chairmen, analysts say he has had trouble earning credibility with Wall Street and has had mixed success communicating Fed policy.

"Here we have some suspicion the economy may be weakening … and a struggling stock market," says Jim Paulsen, strategist at Wells Capital Management. "And the Fed chairman chooses (Monday) to inform everyone he has decided to get tough on inflation." That suggests the Fed will fight inflation even as the economy falters — "sort of a sense of stagnation," he says. "That's always a bad word for the stock market."

Prior to Bernanke's comments, stocks were already deep in negative territory due to soaring crude prices sparked by threats from Iran that it would reduce oil exports to serve its political needs in the controversy with the West over its nuclear program.

Gary Kaltbaum, a money manager at Kaltbaum & Associates, says the Fed has been sending mixed messages. "Monday, Bernanke states inflation is 'at or above expectations.' But last week, all the other Fed (officials) said inflation was 'well contained.' What changed in a week?"

What's making the Fed officials' job more difficult is they told the market that they will make rate decisions based on economic data. But so-called data dependency creates an awful lot of short-term volatility, says John Caldwell, strategist at McDonald Financial.

Iran Rumblings Push Oil Prices Up (USAT)

By Barbara Hagenbaugh

USA Today, June 6, 2006

WASHINGTON — Oil prices climbed to the highest in nearly a month Monday after Iran warned over the weekend that any efforts to punish the major oil producer could lead to a reduction in world supply.

Average U.S. retail gasoline prices, meanwhile, edged higher.

After jumping more than $1 in trading early in the day, oil ended the day up 27 cents at $72.60 a barrel. That was the highest since May 11 and marked the second-consecutive trading day of increases.

Prices are less than $3 from the all-time high hit in April.

"Today's price spikes may well be yet another ominous sign of higher prices to come, at least for the short- to medium-term," Moody's Economy.com senior economist Matthew Cairns said in a note to clients from London.

Cairns estimated the war of words between several countries, including the USA and Iran, the world's fourth-largest oil producer, has added 20% to the price of oil this year. Oil prices are likely to stay high in the near term, "as heightened geopolitical tensions will continue to spook markets," he said.

Iran's supreme leader, Ayatollah Ali Khamenei, Sunday denied that Iran is seeking nuclear weapons and said attempts to punish the country would jeopardize the world oil supply. Although Cairns, Secretary of State Condoleezza Rice and others have noted that Iran relies too much on oil revenue to cut off supplies, the Iranian leader's comments still shook investors.

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Bill Ferer, president of W.H. Reaves, a Jersey City investment management company that focuses on energy, says such statements have a big impact because the balance between supply and demand is so tight.

"At a different time, at a different place, this would be a source of concern, but not nearly as much as it is today," Ferer says. "The market is right to be concerned, given the clear lack of surplus producing capacity in lots of places. We just don't have it."

Although the USA does not import oil from Iran, there is concern that should sanctions be imposed on that country, there would be less oil on the world market.

In other energy news, after falling for two consecutive weeks, the average retail gasoline price rose to $2.89 a gallon Monday, up more than 2 cents from a week ago and 78 cents higher than a year ago, the Energy Department said. Prices rose in such cities as Boston, Chicago and Cleveland, but fell in others, such as San Francisco and Seattle.

Oil accounts for about half of the cost of gasoline at the pump.

High Cost Of Oil Could Put Many Jobs At Risk (USAT)

By Barbara Hagenbaugh

USA Today, June 6, 2006

DARLINGTON, S.C. — Gazing out at the thousands of bales of fluffy, white polyester filling Wellman's factory, it's hard to imagine that the man-made fiber has the same origins as a gallon of gasoline.

But it does.

Of the 2.3 billion pounds of materials Wellman produces at its several factories around the world each year, 2 billion are derived from oil or natural gas. The company's polyester is used to make numerous products, including sports apparel, diapers and pillows.

The rising cost of oil has put a squeeze on the companies that use oil as an ingredient for their products. Although they are down from the records seen recently, oil prices are up more than 20% from a year ago and are more than 150% higher than they were five years ago. Natural gas prices have also risen.

Chemicals made from oil are used by companies to manufacture many products consumers rely on every day, such as plastic bottles, aspirin, lipstick and deodorant.

"It's used in pretty much everything," Wachovia economist Jason Schenker says. "I cannot look at my desk and see things that are not petroleum-based."

Even though oil-based products are so pervasive, the direct impact of the rise in the cost of making such goods on consumers has been — and likely will continue to be — minimal. That's because manufacturers, faced with strong global competition, are unable to pass along all of the added costs to customers. That means prices for most oil-derived products will likely barely budge as a result of higher energy costs.

But the impact on manufacturers and other companies that use oil-based ingredients could be significant, causing a ripple effect throughout the economy. As firms are faced with rising prices and see their margins cut, they may have to cut back on production, reduce pay increases or maybe even cut jobs or shut down.

"There's a squeeze going on," Wellman CEO Tom Duff says. High oil prices are "an issue that extends beyond just the gas pump. But that's all anybody really pays any attention to."

Says John Hodgson, chief marketing and sales officer at DuPont, "This is about jobs."

At some companies, job losses are already hitting.

Continental Tire announced last month that 481 employees will lose their jobs July 7 when it will drastically reduce production at its plant in Charlotte. The cutbacks are in part a response to higher raw material costs as well as declining demand for the company's tires in North America, Continental Tire says in a news release. The company has warned it may close the plant entirely. Tires are made with synthetic rubber produced with a chemical derived from oil.

Although pink slips have not been given out, Angela Keener, 44, and her husband, Doug, 47, expect they will be part of the July 7 layoffs because they work on lines at the factory that are set to be cut. They have both worked at the tire plant for 25 years. They met on the factory floor and have been married for 21 years. Her sister and brother-in-law also work at the tire plant.

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"It's really upsetting to think that you have put that much time in, and then you have to start over," says Angela of High Shoals, N.C. "I could lose everything I have worked for 25 years."

The layoffs are not unexpected. Angela began taking accounting classes in the fall, and Doug has been taking welding courses. They have also been saving money.

Local governments across the country are warning they may have to let planned road projects lapse because prices for asphalt, an oil-based product, are skyrocketing. That means fewer hours for road workers.

Lynn Kading, president of Hills Materials, a highway contracting company in Rapid City, S.D., says his asphalt costs have doubled in the last year. He figures he has lost $3 million because governments, balking at the asphalt tab, have suspended projects that he has bid on recently.

"It's a big industry concern," Kading says. "It affects how much work we've got. Consequently, it affects how many hours our employees can get. And they have families to feed."

Wachovia's Schenker says the squeeze on companies could become more severe if oil prices exceed $70 a barrel for a considerable period.

Making matters worse, many companies are being hit with higher energy prices on a number of fronts. Not only are prices of oil-based goods increasing, but so are transportation costs and electricity prices.

But an extremely competitive market limits price increases. As the product gets processed further, the price increases typically get smaller because of strong competition at that level. By the time the product is in the hands of the average U.S. consumer, the gains are barely noticeable.

"The further out you get from the initial increases, the less you see them," says Stephen Brown, director of energy economics at the Federal Reserve Bank of Dallas.

Don Norman, economist at industry group Manufacturers Alliance/MAPI, says U.S. companies are at a distinct disadvantage compared with companies in other parts of the world.

"While the price of oil may be the same in the U.S. and China, the other cost of production, namely labor … gives foreign competitors that much more of an advantage," he says.

At Wellman, oil and natural gas account for approximately three-quarters of the company's total costs — including payroll and health care, typically the biggest costs for companies. In addition to making polyester, Wellman manufactures a BB-sized material made from energy-derived chemicals used to produce plastic containers made to hold everything from water to shampoo to peanut butter.

"We like to say we control costs well, and we cut costs and we do all the things that we are supposed to do, but when you have that big a piece of it that gets controlled by the price of oil and natural gas, it's much more difficult to be able to keep your costs under control," CEO Duff says. So the company tries to save on energy-related costs anywhere it can.

At its 760-acre factory in Darlington, just a few minutes from the famous NASCAR racetrack, Wellman has installed new software to maximize the efficiency of the company's boilers. The software has reduced energy use in that area by 5%, says plant manager Ian Shaw.

The factory, which operates 24 hours a day, 365 days a year, also cuts some production during peak hours in the summer, when the local utility charges more to encourage conservation during what is typically a two-hour window in late afternoon. And throughout the million-square-foot plant, workers save every scrap — including small, wayward strands of polyester — to be recycled.

Recycling is a way the company has tried to reduce the impact of higher energy costs.

The company is stepping up its use of recycled plastic bottles to make fiber products rather than manufacturing the products using chemicals. Using recycled materials is typically far more expensive than manufacturing with the energy-derived chemicals. But that is no longer a given.

Wellman is also promoting its product that is made from recycled carpeting fibers.

For decades, auto companies have been using the chemicals for "under the hood" applications, Duff says. Wellman in recent years has been working to make the process of separating out the fibers more efficient.

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The company has also raised prices several times in recent months. But the increases do not come close to offsetting the gain in the company's energy costs, Duff says.

"The margins have been tightening because you just haven't been able to pass everything through," he says.

Companies — big and small — that depend on oil as a key ingredient are trying to cope with the higher costs:

•Wilmington, Del.-based DuPont announced May 17 its intent to raise prices for a variety of its products. The company previously increased prices 5% in the fourth quarter and 3% in the first quarter.

But the increases won't completely cover the higher costs. Raw material costs have risen 85% in four years and hit a record in the first quarter, the company says.

"The cost increases have been so significant, so rapid and so sustained, you have a triple whammy," DuPont's Hodgson says. "There comes a point where you say, 'I just can't absorb it anymore.' "

•Profit margins at Erie Molded Plastics in Erie, Pa., have been reduced. Phil Tredway, president of the firm that makes plastic caps for soda and water bottles, says the price of oil-based plastic resin is up as much as 70% from a year ago. He says his suppliers are announcing price changes weekly, making it hard to draw up contracts with his clients.

Tredway says he can pass some of those added costs along to his customers, but not all.

"It makes a difficult business even more difficult," he says.

•Paraffin wax, an oil-based product, is one of the key ingredients in Crayola crayons. Paraffin costs have risen 60% since 2004 and are up 80% from five years ago, Crayola spokesman Eric Zebley says.

But the company has not raised prices. Crayola is taking a number of steps to make its factory in Easton, Pa., more efficient, including reusing more scrap materials.

"We are doing everything we can to keep our crayons affordable and not raise prices," Zebley says.

•Akron, Ohio-based Goodyear Tire and Rubber has raised tire prices five times, 5% to 6% each time, since the start of 2005 in response to the higher raw materials prices.

Approximately two-thirds of Goodyear's raw material costs are related to oil, spokeswoman Tricia Ingraham says. The company's raw materials prices nearly doubled from 2004 to 2005 to $5.6 billion. Raw materials now account for more than two-thirds of Goodyear's total costs.

In addition to raising prices, the company is focusing on higher-end tires, which bring in more money. "Our main focus has been on the higher-margin, higher-technology tire," Ingraham says.

Wellman's Duff warns that high energy costs will likely pose a challenge to companies for many years. And although consumers might not be paying now for the increased costs, they may end up paying for it later, in the form of lost jobs when companies start losing money and are forced to shut down, he says.

"The consumer doesn't want to pay more for the end product," Duff says. "But at the end of the day, (the high cost of energy) gets pushed back to that consumer, whether they recognize it or not."

Runoff For Disgraced Congressman's Seat May Be Bellwether (USAT)

By William M. Welch

USA Today, June 6, 2006

A special election today in San Diego to fill the seat of a congressman imprisoned for bribery has become a test of voter discontent with Republican leadership and frustration over the porous border with Mexico.

In the race to replace disgraced Republican former congressman Randy "Duke" Cunningham, Republican nominee Brian Bilbray, a former three-term congressman from a neighboring district, would in any other time be a heavy favorite against a Democratic opponent.

California's 50th Congressional District tilts heavily Republican in registration. A Democrat hasn't won here in modern times, and President Bush twice carried the district by 10 percentage points.

Yet the race between Bilbray and Francine Busby, a relative newcomer to politics, appears to be coming down to a tight finish. Both candidates have said their private polling shows each with a very slight lead.

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"If Republicans lose a district that is this Republican, they ought to be real worried," says Gary Jacobson, political scientist at the University of California, San Diego. "It's driven by unhappiness with the state of the nation."

The winner will serve out the remaining seven months of Cunningham's term. Whoever wins, Jacobson says, will prevail for reasons that transcend "local politics or local issues."

Bilbray has focused on illegal immigration, criticizing Bush for what he says is amnesty for illegal immigrants and Busby for supporting a bill that would permit those who got into the country illegally to qualify for legal status. Bilbray calls for a crackdown on employers who hire illegal immigrants, thousands of whom have used the area as a port of entry from Mexico.

"The choice between Busby and Bilbray is between benefits for illegals and amnesty, or no benefits," Bilbray says.

With Bush's popularity low in polls in California as well as nationally, Bilbray has made a point of separating himself from the president even as Vice President Cheney visited recently to help Bilbray raise campaign money.

On immigration, Bilbray says of Bush: "We don't casually disagree. We strongly disagree."

Busby has tried to capitalize on voter discontent on issues such as gas prices, deaths of servicemembers in Iraq, and a lobbying scandal in Washington she ties to the Republicans.

"I think people are looking at me as a messenger of hope and a symbol of change in Congress," she says. "People are dissatisfied both with his direction and that of Congress. They see Congress rubber-stamping everything."

She calls Cunningham the personification of corruption and has tried to tie Bilbray to it by pointing to his work as a Washington lobbyist. After losing his House seat in 2000, Bilbray lobbied for clients including an anti-illegal-immigration group and a utility company.

A TV ad she is airing charges Bilbray "flip-flopped on a guest-worker program" and plugs a third candidate — independent anti-illegal-immigration hard-liner William Griffith — as an alternative for conservatives.

"Don't expect lobbyist Brian Bilbray to fix Washington or fix our borders," her ad says.

A school board member who lost overwhelmingly to Cunningham two years ago, Busby has been catapulted to contender status by Cunningham's bribery convictions and Bush's difficulties. She has raised more campaign money, $2.25 million to Bilbray's $1 million as of May 17 federal reports.

Bilbray says his victory would dampen national Democrats' hopes for a House majority.

"Mrs. Pelosi," he says, referring to the House Democratic leader Nancy Pelosi who hopes to be elevated out of the minority, "shouldn't be measuring the speaker's office just yet."

All Eyes On California-50 (HILL)

By Jonathan E. Kaplan And Patrick O'connor

The Hill, June 6, 2006

SAN DIEGO — Trying to leave nothing to chance, Republicans sought to ensure victory in today's runoff election to replace imprisoned Rep. Randy "Duke" Cunningham (R-Calif.), while Democrats sought to shape the post-election spin by arguing that even losing is winning.

Hoping to push former Rep. Brian Bilbray (R-Calif.) into office, the National Republican Congressional Committee (NRCC) paid for automated phone calls recorded by President Bush, Laura Bush and Sen. John McCain (R-Ariz.) and kept up its television advertising campaign.

After today's vote, the NRCC will have spent $5 million on the race. Over the weekend, the Republican National Committee (RNC) paid to send approximately 160 "deployed volunteers" to San Diego to help the Bilbray campaign turn out supporters, an RNC official said. An estimated 65 of those volunteers, working 10- to 12-hour days making phone calls and knocking on doors, are Republican staff members on Capitol Hill.

RNC spokesman Josh Holmes said the national party also has from six to eight field staffers in San Diego, including some of their regional directors from other parts of the country.

The RNC's deployment of Hill staff marks a planning shift from at least the past two cycles, when the NRCC was responsible for sending volunteers to the tightest races. The NRCC will no longer operate its Strategic Taskforce for Organizing and Mobilizing People (STOMP) this cycle and instead will allow the RNC to organize those efforts.

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Without a presidential election to dominate the national committee's planning efforts this cycle, the RNC has more flexibility than either of the two congressional campaign committees to coordinate the flow of money, staff and volunteers for these get-out-the-vote drives in the days before an election, the RNC official said.

That means the RNC is in a better position to focus partywide efforts while the congressional committees can focus their planning on individual races.

"It's a more streamlined process," the official said. "There are not as many moving parts."

Carl Forti, spokesman for the NRCC, said, "Bush-Cheney '04 ran one of the best turnout operations in history. [RNC Chairman] Ken Mehlman ran that effort, and it makes total sense for him to be in charge of turnout in November."

As Californians began voting early for today's special general election in the heavily Republican 50th District, Bilbray spent the overcast morning at home with his family while Democrat Francine Busby shook hands with voters at a commuter train station in Encinitas.

Political observers expected the race to be close, although they disagreed on whether it would be a harbinger of Democrats' fortunes for winning the House in November's midterm elections.

If Busby upsets Bilbray, political experts expect that K Street PAC money will flow to Democrats and that it will shape the national media's storyline in a way that is favorable to Democrats.

"This is a psychological race," said former House Democratic Whip Tony Coelho (Calif.). "If the Democrats won it's a foregone conclusion" of a Democratic sweep in November.

Coelho added, "If they lose closely, it will continue the paranoia among Republicans to separate themselves from President Bush."

But Republican strategists said the race to fill Cunningham's seat is a function of circumstance: Cunningham's corruption and the difficulties of motivating voters in a midterm election without a competitive statewide GOP primary.

"Of course the seat itself is a prize, but a win for Democrats would give them drip-drip press coverage for the next couple of months," said a GOP lobbyist. "Republicans can't let that happen."

But the fashion in which the candidates spent the morning could foreshadow tomorrow's results. Bilbray's confidence appeared to grow — his northern San Diego suburban campaign office was relatively quiet as campaign aides listened to Rush Limbaugh and ridiculed Busby for misspeaking about the voting rights of illegal immigrants.

He later appeared, in a dark suit and blue tie, his wife and college-aged daughter in tow, at the San Diego County office building to cast his vote and take a few questions from reporters.

A Survey USA poll released yesterday found that Bilbray led Busby, 47-45 percent. The poll had a five-point margin of error. Busby had led in previous polls.

"It's too close to call," said Jon Fleischman, former executive director of the California state GOP and editor of FlashReport.com. "There's a slight edge to Bilbray because of the numbers in the district, and he's benefiting from Busby's last-minute gaffe."

The potential spoiler in the race, anti-immigration independent candidate William Griffith, spent the day teaching geometry to students in a Carlsbad high school. He started campaigning when school let out late yesterday afternoon, he said.

While Bilbray might have some breathing room, the final days of his campaign have not been easy. McCain pulled out of a fundraiser because he and Bilbray disagree on whether to grant a form of amnesty to illegal immigrants.

And Bill Hauf, a conservative Republican whom Bilbray faces in the GOP primary to run for a full two-year term in November, continued to pummel him on the immigration issue.

"The question is whether Hauf's $1 million will further suppress the conservative vote," Fleischman said, noting that Hauf has sent out several hard-hitting direct-mail pieces criticizing Bilbray and carefully explaining to voters that they do not have to vote for the same person in the special general election and in the primary.

As Republicans ran scared in the final day before the election, Democrats worked overtime to shape the storyline about what a victory or loss would mean — or would not mean — about the Democrats' shot at winning the House in November, or coming up short.

Strategists argued that, win or lose, they have triumphed because they forced Republicans to spend millions to win Cunningham's overwhelmingly GOP district — the equivalent of their spending millions to save Rep. Barney Frank's seat in Massachusetts. They suggested that Busby, who lost to Cunningham in 2004 and would likely win the Democratic nomination to run again for a full two-year term in November, has been a less-than stellar candidate who nonetheless has turned a race that should have been a GOP rout into a nail biter.

That an inexperienced candidate could run a close race in a heavily GOP district, a Democratic source said, should worry Republican incumbents running against seasoned politicians in Ohio, Pennsylvania, Florida and Connecticut.

Since the April primary, Democrats have spent $2 million on phone banks, direct-mail pieces and television advertisements attacking Bilbray or encouraging conservative voters to support Griffith.

Bilbray downplayed the national implications of the race and complained to reporters that the Democratic Congressional Campaign Committee and Busby had distorted his 25-year record in public service, adding that it was "unheard of" for a candidate of one party to run ads supporting a candidate of another party.

Conducting morning drive time radio interviews by cell phone and shaking hands with voters in the coastal town of Encinitas, Busby agreed that the race would be a harbinger for November even if she lost.

"Yes, absolutely," Busby said. "When I first ran I was dismissed as a sacrificial lamb, but I am where I am in such a tight race because people in this district have a desire for change."

Parties On Edge In California (RC)

By David Drucker

Roll Call, June 6, 2006

The wild special election to replace former Rep. Duke Cunningham (R) in California's 50th district comes to a head today, and the outcome will have broad implications in the battle for the House and on the role issues such as illegal immigration and ethics might play in the fall.

In a normal year, the race probably wouldn't be close.

But Cardiff school board member Francine Busby (D) has pushed ex-Rep. Brian Bilbray (R) to the limit in the special election runoff that was forced by Cunningham's resignation and subsequent incarceration after he admitted to taking bribes. Republicans acknowledge that she effectively has exploited Bilbray's post-legislative career as a lobbyist in a San Diego-area district that has experienced multiple corruption scandals of late, including at the local government level.

But Bilbray, a longtime, staunch opponent of illegal immigration despite other views considered moderate by Republican standards, successfully has nailed Busby on that subject. His support for the hardline House immigration bill — and his opposition to the Senate bill — has been well-received by voters and the local newspapers.

The race also has enabled national organizations to give the strategies they plan to use in the fall a trial run.

"This election, five months out, has given both parties a chance to test the messages they will use in November," said Martha McKenna, campaign services director for EMILY's List, which is playing heavily in the race on Busby's behalf.

Republicans, who have been apprehensive about their chances for weeks despite the 50th district's solid GOP tilt (there are about 50,000 more registered Republicans there than Democrats), now feel cautiously optimistic that Bilbray will squeak out the victory.

Republican sources both in the district and in Washington, D.C., said that Bilbray turned the corner in the past five days, partly because for the past two weeks of the campaign the main topic of debate had been illegal immigration.

Although the GOP base there has been described as unhappy with the party's leadership on Capitol Hill and ambivalent toward Bilbray, one Republican said that the GOP has returned to the fold in recent days.

"Bilbray's camp is now super energized — just where you want to be the day before a tight election," a Republican House aide with knowledge of the race said Monday.

Even if Busby loses today, some Democrats believe the race will have helped them

toward their goal of taking back the House

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this November. The National Republican Congressional Committee will end up spending up to $4.8 million to defend a GOP seat, said one Democratic strategist, giving Republicans less money to use in the fall to either defend more vulnerable Republican seats or target Democratic seats. The Democratic Congressional Campaign Committee had spent $2 million on this race as of Friday.

That Busby has benefited in this campaign from the fact that Bilbray has worked as a lobbyist since losing his House seat to now-Rep. Susan Davis (D) in 2000 also has buoyed Democrats. This proves, the Democratic strategist indicated, that a message centered around the need to send "change" candidates to Washington to address the lobbying scandals — many of which have been associated with GOP lawmakers — could be a potent strategy.

If Busby wins, look to hear one word spouted by Democrats over and over again: momentum; as in, positive momentum for fundraising, volunteer recruitment, media coverage and overall excitement about November.

McKenna, of EMILY's List, believes Busby's message of clean government has resonated with the district's voters in the wake of the Cunningham scandal and said Bilbray's move to change the subject to illegal immigration has failed. But conservative activist Grover Norquist said the jury's still out on that claim.

Norquist argued there is no better district to test the effectiveness of the Democrats' "culture of corruption" message, at least as one that can help Democrats pick up the 15 seats they need to take control of the House.

If Busby loses in a district whose former Congressman went to jail for taking bribes, Norquist said it effectively eliminates "culture of corruption" as a Democratic trump card in November.

"If you're going to have tsunami in November, you're going to have to surf a wave in San Diego in June," he said.

Ron Nehring, chairman of the San Diego County Republican Party and vice chairman of the state GOP, cautioned against reading too much into the results of this race.

Nehring said the race revolves around a number of issues, and he predicted that individuals and political factions looking for evidence to support a particular point of view will cherry-pick from the election's results and spin those results to prove the point that suits them.

"This special election is awash in externalities: Duke Cunningham, national mood, national issues, and forces outside the 50th, all acting on this special election — so I think it's easy to overestimate the impact of those externalities," Nehring said. "I think we're looking at a confluence of factors that is unlikely to be repeated in any Congressional district."

As they have for weeks, both parties are playing heavily in this race. Estimates peg the number of Democratic volunteers on the ground for Busby at around 400, with at least 160 Republican volunteers under the supervision of about seven Republican National Committee staffers on the ground for Bilbray.

The RNC is coordinating the get-out-the-vote effort for Bilbray, and in recent days volunteers have logged about 105,000 phone calls and knocked on nearly 20,000 doors. Meanwhile, both the DCCC and the NRCC have been on television and radio for weeks with independent expenditure campaigns.

With the polls closing at 8 p.m. PST tonight, a number of wildcards remain that could affect the outcome of this race.

The regular statewide primary is also being held today, and voters in the 50th district essentially will have two ballots. One is for the special election and features Bilbray, Busby, a Libertarian candidate and an Independent; the other is for the regular primary and includes the party primaries for the 50th district race for the right to run for a full term in November.

The winner of the special election earns the privilege of serving only the remainder of Cunningham's term. In addition to fending off Busby from the left, Bilbray has had to deal with multimillionaire Bill Hauf (R) on the right, running against the former Congressman on the regular primary ballot for the GOP nomination to the November election.

The Independent candidate on the runoff ballot, William Griffith, was endorsed by the San Diego Minuteman, the local chapter of an outspoken, anti-illegal immigration group whose volunteers have patrolled the Mexican border.

Busby has had the luxury of a unified Democratic Party behind her candidacy and might also benefit from the gubernatorial primary on the ballot today between state Treasurer Phil Angelides (D) and state Controller Steve Westly (D). Gov. Arnold Schwarzenegger (R) is not being contested in his primary.

But Busby's biggest problem might be of her own making. She was recorded at a campaign event Friday telling a group of supporters, many of whom were Latino and spoke Spanish as a first language, that "you don't need papers to vote." Busby said

she simply meant to say that non-citizens were allowed to volunteer on her campaign, but Republicans have used the recording against her.

The NRCC went up with radio ads about the recording Monday morning, and it has been playing repeatedly on conservative talk radio. Republicans monitoring the race credit this statement with sending undecided voters and unenthusiastic Republicans into Bilbray's camp.

GOP Seeks To Capitalize On Busby Remarks (AP-Y2)

By Allison Hoffman

AP2, June 5, 2006

Republicans seized on Democrat Francine Busby's comments that sounded like encouragement for illegal immigrants to help her campaign as the GOP sought an edge in the final hours of a surprisingly close House race.

Immigration looms large in the runoff election Tuesday in the San Diego-area district some 30 miles from the U.S.-Mexico border. Busby's remarks, and her subsequent explanation that she misspoke, has drawn much of the attention in the race's last days.

Speaking to a largely Hispanic audience last Thursday, Busby faced a Spanish-speaking questioner who said he wanted to help her campaign but lacked voting papers. The question was translated into English and she responded, "Everybody can help. You can all help. You don't need papers for voting, you don't need to be a registered voter to help."

Busby's GOP rival, Brian Bilbray, criticized the Democrat, saying she was encouraging possible illegal immigrants to volunteer for the campaign. On Monday, the GOP launched a radio ad that said, "That's right. Francine Busby says you don't need papers to vote."

Busby said repeatedly throughout the weekend that she misspoke. She said she had been trying to encourage underage high school students or people who weren't registered — but are in the country legally — to participate in the political process.

"I had a slip of the tongue and I corrected it immediately," Busby said. "I want to make it unequivocal that I do not support anyone who is here illegally voting or working on campaigns."

In the traditional GOP stronghold, registered Republicans outnumber Democrats, 3-to-2. But the downfall of convicted former Rep. Randy "Duke" Cunningham, doing time for accepting bribes, has given Democrats hope of capturing the seat.

The winner of Tuesday's runoff will serve the remaining seven months of Cunningham's term. The prevailing party will play up the outcome as an early barometer of the November midterm elections.

Reflecting the high stakes, the two parties have spent more than $6 million combined on the contest. President Bush and first lady Laura Bush recorded automated telephone messages for Bilbray. A mass e-mailing from Sen. John Kerry, D-Mass., the party's 2004 presidential nominee, was sent last week to more than 100,000 supporters urging them to help get out the vote. Early voting began this weekend at county registrars' offices, with several hundred casting ballots. Busby and Bilbray voted on Monday.

Busby, a local school board member, has focused her campaign on an anti-corruption theme and assailed Bilbray, a former congressman, for his time working as a lobbyist. On immigration, she backs the Senate-passed bill that combines enhanced border security with a guest worker program and a shot at citizenship for many of the 11 million illegal immigrants in the country.

Bilbray, who highlights his congressional experience, favors construction of a fence "from the Pacific Ocean to the Gulf of Mexico," and barring "illegal aliens from any access to Social Security benefits."

On his Web Site, he offers no plan for treatment of the illegal immigrants currently in the country.

A fractious Republican Party base and the presence of a third candidate are the wild cards in the race.

Some conservatives consider Bilbray too liberal on social issues and even on immigration. The ultraconservative San Diego Minutemen have endorsed William Griffith, an American Independent on the runoff ballot who won less than 1 percent in the April special election that led to the runoff.

Griffith has spent only a few thousand dollars on his campaign, but last week got a boost from Busby's campaign, which ran ads on conservative talk stations encouraging listeners concerned about immigration to vote for Griffith.

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Bilbray also faces a primary challenge from self-financed candidate Bill Hauf, who backs Bilbray in the runoff but has recently spent more than $100,000 on radio ads running to his right for the Republican berth in November's election.

"The Republican Party is splitting 14 ways from Sunday on border issues, along with fiscal issues and social issues," said Carl Luna, a political scientist at Mesa College. "The real conservatives may just take their jacks and go home."

8 States Hold Primaries For Some Offices (AP-Y2)

By Robert Tanner

AP2, June 5, 2006

The old adage says all politics are local. But challengers this year are convinced that national dissatisfaction with Iraq, immigration and political corruption give them an unusual chance to topple sitting governors, senators and House members.

Primaries on Tuesday for governor in Alabama and California, a Senate seat in Montana and a handful of House contests, among other races, will put their faith to the test.

The most-watched congressional contest is the only one that will actually put someone in office — a special election in southern California to replace jailed former Rep. Randy "Duke" Cunningham. Democrats hope to win in what has long been a conservative, GOP stronghold, and the race is seen as a bellwether for fall midterm elections.

In all, eight states are holding primaries, with polls also open in Mississippi, New Jersey, New Mexico, South Dakota and Iowa, where there is an open governor's seat.

In Montana, revelations of three-term Republican Sen. Conrad Burns (news, bio, voting record)' ties to convicted lobbyist Jack Abramoff have made him one of the most vulnerable members of Congress, inspiring a vigorous contest among Democrats for the right to face him this November.

The issues in Alabama include tax policy, social conservatism and immigration, as GOP Gov. Bob Riley's failed tax increases have spurred both a Republican primary and a heated contest among Democrats. Former Judge Roy Moore is challenging Riley for the GOP nomination, after gaining social conservatives' notice for his unsuccessful fight to put a Ten Commandments monument in his courthouse.

Among the Democrats hoping to get Riley's job is former Gov. Don Siegelman, who will likely be in federal court on racketeering and bribery charges. His toughest opponent is Democratic Lt. Gov. Lucy Baxley.

In California, early polls that showed a drop in GOP Gov. Arnold Schwarzenegger's popularity raised Democratic hopes. But he's benefited from a mean-spirited Democratic primary campaign between Treasurer Phil Angelides and Controller Steve Westly. Schwarzenegger faced no major primary competition.

"It seems clearly to be a time when people are not real happy and not thrilled with incumbents almost anywhere," said Norm Ornstein, a political analyst at the American Enterprise Institute. "There's no doubt you're getting highly attractive (challengers) running because of the peculiar circumstances."

It's always uncertain whether national dismay will trickle down when people vote for their own members of Congress, and the connection is even harder to make to governors.

But already this year, possible signs of anti-incumbent sentiment have emerged in Oregon, where Democratic Gov. Ted Kulongoski won a hard-fought primary with only 54 percent support; GOP Rep. Don Sherwood (news, bio, voting record), a Pennsylvania congressman, faced a surprisingly strong challenge from a poorly funded, little-known opponent; and voters threw out more than a dozen Pennsylvania state legislators over a legislative pay raise.

Polls track the discontent: An AP-Ipsos poll last month found the electorate's mood souring, with 73 percent of those polled saying the nation is on the wrong track. That poll had President Bush's approval ratings down to a low of 33 percent, with Congress even lower at 25 percent.

The efforts to highlight discontent over national issues pops up in primary campaigns everywhere. Immigration has been argued in Alabama, California and New Mexico; Iraq in California and New Mexico; political corruption in Montana; ties to oil companies and complaints about gas prices in California; abortion in Iowa.

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California's special election pits Republican former House Rep. Brian Bilbray against Democrat Francine Busby for Cunningham's former seat in a conservative San Diego-area district. It's brought national money and speculation that a Democratic win would be a taste of bigger victories in the fall.

Their ads: Bilbray featured his fight against illegal immigration, while Busby promised higher ethical standards.

Democrats also are hoping for a critical autumn victory in Montana, where Burns, seeking a fourth term, has denied that Abramoff or his money ever influenced him. He has blamed the "Eastern liberal press" for his troubles and predicted that Montana voters "will make the right judgment call."

Among other races that Tuesday's primaries will sort out for the fall:

• An open governor's seat in Iowa brought out four Democrats hoping to face GOP Rep. Jim Nussle (news, bio, voting record).

• Republican Tom Kean Jr., son of the former governor, was favored in the GOP primary to challenge New Jersey Democratic Sen. Robert Menendez.

• Former California governor and presidential candidate Jerry Brown, term-limited from staying on as Oakland mayor, is running for state attorney general.

In many cases, Democrats are hoping to capitalize on anti-incumbency sentiment — a reflection on the GOP control of the House, the Senate and a majority of the nation's governorships.

"All the short-term factors are working in the Democrats' favor," said Merle Black, an expert at presidential and Southern politics at Emory University. "To the extent that these elections are nationalized, the Democrats ought to come out better. But I don't know if the national thing really plays out in state contests."

Up For Grabs Midterm Tea Leaves Signal Hot Water For Republicans (WSJ)

By Jackie Calmes

The Wall Street Journal, June 6, 2006

WASHINGTON -- As a bad year for Republicans keeps getting worse, expectations are growing that Democrats could capture at least one house of Congress, ending one-party dominance of the nation's capital and crippling President Bush for his final years.

If the current mood holds, Democrats are in a position to win the 15 seats they need to take control of the House. They have a harder task, however, snagging the six seats needed in the Senate. As the list of vulnerable Republicans grows, all sides are scouting for signs of an electoral wave like that of 1994, which swept away the Democrats' four-decade control of Congress.

A key factor is the president's approval ratings, which are even lower in states featuring key battles than they are nationally. A recent poll had him at 23% in New York, home to as many as six endangered Republicans. Particularly threatened are Republican moderates in Democratic-leaning areas, including the Northeast, the Ohio River Valley and Florida.

In all these areas, seniors are disgruntled about the new Medicare prescription-drug benefit and the administration's now-dead proposal to remake Social Security. In midterm elections, with their low turnouts, seniors account for roughly 40% of the vote.

Two elections being held today are being closely watched as potential barometers for the fall: a special election in California to replace former Republican Rep. Randy "Duke" Cunningham, who has pleaded guilty to bribery charges; and a Senate primary in Montana, where scandal-touched Sen. Conrad Burns faces a Republican challenge.

Democrats are hoping that Iraq, gas prices, immigration and the environment will boost turnout for their side just as conservatives demoralized by spending and scandals opt to stay home. (See related article1.)

Much can change between now and the elections. Democrats are sparring over what agenda, if any, to put forward and their leaders don't have the tactical vision of former Rep. Newt Gingrich, who inspired the 1994 Republican revolutionaries. Scandals have embroiled two of their House members and voters appear to be turning against all incumbents, putting some Democrats at risk, too.

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Recent polls and primaries, however, suggest voters are gunning for the party in power. If the elections were held today, "Democrats would take at least one of the houses," says analyst Bernadette Budde, senior vice president of the Business Industry Political Action Committee, which typically favors Republicans.

Republicans won't lose for lack of funds. Mr. Bush may be a drag on his party, but he remains a money magnet. He recently raised $860,000 at one Florida event for endangered Rep. Clay Shaw -- nearly as much as many House members spend in a whole campaign.

Rep. Rahm Emanuel of Illinois and Sen. Chuck Schumer of New York, who head the Democrats' House and Senate campaign committees, have raised more than ever before. Yet Democrats fear -- and Republicans hope -- that the minority party could fall short when it comes to buying costly TV ads in suburban battlegrounds later this year. The House

For Democrats to net 15 seats for a bare majority of 218 is harder than the number suggests. The remapping of the 435 districts after the 2000 census leaves no more than several dozen seats up for grabs. Currently Republicans have 231 to Democrats' 202, which includes one Independent ally. (Two seats are currently vacant.)

Democrats have one big advantage: few vulnerable seats of their own. The anti-Bush climate has a lot to do with that. Also, Democrats have few seats in the conservative South, reflecting the Republican realignment since the civil-rights era.

Stuart Rothenberg, an independent analyst once skeptical of Democrats' chances, now says: "Although I can't count the seats right now to get Democrats to 218, my gut tells me that by November they'll be there."

The Northeast

With a big wave of support, Democrats could plausibly reach a majority without leaving the Northeast and Mid-Atlantic, home to about a third of the 40 to 50 hottest races.

Mr. Bush's approval rating is in the low 30s nationally. In these states it is generally lower. Half of the 18 House districts with Republican representatives that picked Al Gore or John Kerry for president are located here. The Iraq war is especially unpopular as are Mr. Bush's environmental policies. Many voters, including moderate, suburban Republicans, also dislike the party's emphasis on cultural issues such as gay marriage, as well as its fiscal record.

Even the head of Republicans' House campaign committee, Rep. Tom Reynolds of New York, now is on some handicappers' watch lists. Republican turnout in New York could be particularly low because the party doesn't have strong candidates to excite voters running against Democrats Sen. Hillary Clinton and gubernatorial aspirant Eliot Spitzer.

On election night, northwest Connecticut's Rep. Nancy Johnson will be "my canary in the coal mine," says Amy Walter of the Cook Political Report. In a normal year, the 12-term Republican congresswoman would be safe, even though Mr. Bush twice failed to carry her district. If Mrs. Johnson loses, Ms. Walter says expect a national Republican wipe-out. Mrs. Johnson is a popular, well-funded moderate who is already running TV ads.

The Midwest

In the Ohio River Valley, home to economic troubles and scandals both local and national, nine House Republicans are targets. They include Ohio Rep. Bob Ney, who faces possible indictment in the widening corruption scandal relating to convicted lobbyist Jack Abramoff. Mr. Bush twice carried Ohio, Kentucky and Indiana, but polls show that only a third of their residents approve of his performance. All three states have unpopular Republican governors.

Central Ohio's seven-term Rep. Deborah Pryce is threatened as never before. With Congress so unpopular, her status as the fourth-ranking House leader could become a liability. Mr. Bush easily carried her Columbus-based district in 2000, but nearly lost it in 2004 after a Democratic voter-registration drive.

Republicans take heart that Democrats failed to recruit strong challengers to face other vulnerable incumbents, such as Kentucky's Anne Northup -- whose district went for Gore and Kerry -- or even the embattled Mr. Ney. Republicans also seem prepared for the challenge. That is a contrast, says Carl Forti, communications director of the National Republican Congressional Committee, with the complacency of many Democrats in 1994.

"Anyone who could potentially be in trouble is already paying attention," Mr. Forti says. "That makes it harder to sneak up and beat them."

Florida and the Southwest

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While Florida and the southwest have been friendly areas to Republicans, Democrats have made inroads. Republican seats from Florida to California could now be at risk as a potential Hispanic backlash to the House's hard-line immigration bill combines with seniors' worries about Social Security and Medicare, as well as well as voters' vexation generally with war, scandal and deficits.

That dynamic threatens conservative Rep. J.D. Hayworth, the firebrand from suburban Phoenix, and New Mexico's Heather Wilson. Democrats hope to pick up the Texas seat of former House Majority Leader Tom DeLay, who is officially stepping down this week to face trial on corruption charges.

In Florida, five of 18 Republican-held seats are at risk -- none more so than that of 13-term Rep. Clay Shaw. The district, which Mr. Bush lost twice, includes more voters over the age of 65 than any other and Mr. Shaw was a prominent backer of the administration's Medicare and Social Security policies. Such issues have been used against him before, but not in a year so hostile to Republicans. The Senate

Democrats' chance for a Senate majority is limited by the lineup of races. Democrats already hold 18 of 33 seats up for grabs. Seven of the Republicans' 15 seats are considered safe, putting eight Republican seats in play. Handicappers say three of those are reachable only in the event of a Democratic landslide.

That leaves five. And with the Senate divided 55 Republicans to 45 Democrats, counting one Vermont Independent, Democrats need six to get to a majority of 51. Moreover, the minority party has several seats of their own to protect.

Top Targets

In most danger are two Republicans from opposite ends of the party's spectrum -- liberal Lincoln Chafee of Rhode Island and conservative Rick Santorum of Pennsylvania. Both states twice went for Democrats over Mr. Bush. In Rhode Island, Mr. Bush's 21% approval rating in one poll has been his worst anywhere.

Democrats say the two-term Mr. Santorum, the third-ranking Senate leader, is too conservative for the state. Unlike other Republicans, he didn't flinch last year from supporting Mr. Bush on Social Security. Democrats recruited state Treasurer Bob Casey, son of the popular late governor, to run against him, over the objection of women's groups. The Democrat, like Mr. Santorum, opposes abortion rights.

Mr. Chafee is doubly threatened. He faces an intraparty challenge from a conservative backed by the antitax Club for Growth, which seeks to punish Mr. Chafee for opposing the Bush tax cuts. If Mr. Chafee survives the September primary, he has just weeks to campaign against Democrat Sheldon Whitehouse, a former prosecutor and state attorney general. Normally Mr. Chafee would be favored to win a second full term. He didn't vote for the president in 2004 and his opposition to Mr. Bush may provide some protection in November, if it doesn't cost him the primary.

Ohio's Mike DeWine and Missouri's Jim Talent are also big targets. Mr. DeWine has upset social conservatives for his position on judicial nominations, among other issues, and is also facing scandals within the Ohio Republican party, in addition to national ones. In Missouri, Mr. Talent has a conservative base unhappy with his vacillation on a stem-cell research issue that will be on November's ballot.

Montana's Mr. Burns was fairly well prepared to run for a fourth term -- until his contacts with Mr. Abramoff drew Justice Department scrutiny. He has denied any wrongdoing. He faces several challengers in today's primary. Although he is expected to survive, some Republicans still hope he will drop out by August. Democrats have made gains in the populist state and have a couple of credible candidates. A poll that ran in some Montana newspapers recently suggested either could beat Mr. Burns.

Other Notable Battles

In the case of a big swing to Democrats, Republicans could lose seats in Tennessee and Arizona. Democrats are even targeting a Virginia seat long thought safe.

Three Tennessee Republicans, including two former House members, are vying for the nomination to succeed Senate Majority Leader Bill Frist, who is retiring and weighing a 2008 presidential campaign. The winner will face Democratic Rep. Harold Ford Jr., who would be the state's first black senator. Mr. Ford has a moderate record and has already run TV ads, although he would have to overcome the state's Republican tilt.

Arizona's Jon Kyl is favored for a third term but he could be hurt by a Hispanic backlash. Mr. Kyl wants a tougher approach to illegal immigrants than either Mr. Bush or Arizona's better-known Republican senator, John McCain.

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Virginia's George Allen once was considered a shoe-in, but he is now on handicappers' watch lists. As he focused on a possible 2008 presidential campaign, two potent opponents emerged. Some national Democratic leaders support Vietnam veteran James Webb, a former Republican and Reagan administration Navy secretary who opposes the Iraq war.

Democrats on the Defensive

Half of Democrats' 18 seats are safe and in several red states, Republicans failed to recruit strong challengers. Democrats are indeed being tested -- but in blue states, such as Maryland, New Jersey, Michigan and Washington.

In Maryland, Republicans are united behind Lt. Gov. Michael Steele to be the state's first black senator. Democrats won't pick their nominee until Sept. 12. Rep. Ben Cardin is favored over Kweisi Mfume, former head of the National Association for the Advancement of Colored People, and Democrats fear disgruntled black voters might jump to Mr. Steele.

Michigan's Debbie Stabenow is weakened by local conditions. Michigan has missed the nation's economic recovery and its unpopular Democratic governor heads the party ticket.

In New Jersey, Robert Menendez is facing his first election for a seat to which he was appointed. His Republican foe, Tom Kean, has a valuable name: His father was a popular former Republican governor and recent co-chairman of the 9/11 commission.

House At Stake, Midterm Election Gets Early Start (NYT)

By Adam Nagourney

The New York Times, June 6, 2006

WASHINGTON, June 5 — Congressional campaigns have begun early and with unusual intensity this year in many districts across the country, reflecting a consensus in both parties that Republicans could lose control of the House and perhaps the Senate.

A special election in a bedrock Republican Congressional district in San Diego on Tuesday — for the seat left vacant when Representative Randy Cunningham resigned after pleading guilty to corruption charges — has sharpened the early intensity and could provide the clearest evidence so far about whether Democrats can capitalize on the unsettled political climate.

The National Republican Congressional Committee, fearful that a loss or meager victory could further rattle the party and give Democrats a huge boost, has poured at least $4.5 million into the district. And it has enlisted President Bush, Vice President Dick Cheney and Laura Bush to make automated telephone calls to voters, putting the prestige of the White House on the line.

But even for candidates who will not face the voters for five months, the campaign is shaping up as not only the most contested midterm election in over a decade, but also the most substantive.

In a typical election year, intense campaign activity normally does not begin until around Labor Day.

Democrats and Republicans said they were struck by the level of political activity now going on. Television advertisements have been shown by candidates in at least five districts, party officials said, and there are radio and Internet advertisements popping up around the country. Moveon.org, the liberal advocacy group, began broadcasting hard-hitting advertisements attacking Republican incumbents in four states nearly three months ago and is about to start a second round on Thursday, officials with the organization said.

Visits last week to three competitive districts — encompassing an endangered Republican in Pennsylvania, an endangered Democrat in Illinois and a race for an open seat in upstate New York — found incumbents and their challengers locked in debates over a strikingly wide range of issues, including the war in Iraq, tax cuts, immigration, stem cell research and raising the minimum wage.

If this early pattern holds, it could undercut Republican efforts to prevent this election from becoming a national referendum on Mr. Bush and Republican policies.

In New York's highly contested 24th District, left vacant by the retirement of Representative Sherwood Boehlert, a Republican, the Democratic candidate, Michael A. Acuri, called for the United States to get out of Iraq as soon as possible.

"We shouldn't have been there in the first place," Mr. Acuri said, "and we really need to start bringing the troops home."

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His opponent, Ray Meier, speaking over coffee before holding a news conference with Republican supporters in Seneca Falls, N.Y., said that the United States should stay until the situation there stabilized, and that Mr. Bush had been correct in taking the country to war.

"History will judge this as having been the right thing to have done," Mr. Meier said. "Saddam Hussein was a regional security threat for well over a decade before we went in."

In the suburbs of Philadelphia the other day, Lois Murphy, a Democratic challenger to Representative Jim Gerlach, one of the Democrats' top targets, called a news conference to attack Mr. Gerlach for not supporting an increase in the minimum wage. "The minimum wage hasn't been raised in a decade by the U.S. Congress," Ms. Murphy said. "In that period of time, Congress has given itself a raise five times."

And sitting in his campaign headquarters in Lake Zurich, Ill., outside Chicago, David McSweeney, a Republican challenger to Representative Melissa Bean, said Ms. Bean's re-election would lead to the repeal of Mr. Bush's tax cuts and legislation that would permit some illegal immigrants to gain citizenship, something he has campaigned against.

"Melissa Bean has voted with Democrats in Congress 83 percent of the time," Mr. McSweeney said. "Her first vote would be to make Nancy Pelosi speaker of the House. I'm talking about the implications of what happens if Democrats take control of the House."

The contours of the gathering debate became clear in interviews in these three districts, along with others during a Memorial Day recess that took candidates to V.F.W. halls, parades and news conferences. After a decade in which Congressional elections have been derided as often being free of issues, or characterized by personal attacks, there seems to be an abundance of things for the candidates to talk about. And they are talking about them.

Mr. Acuri is drawing a contrast with Republicans on stem cell research. "Ray Meier and George Bush both oppose stem cell research — and I think that's where we should be going," he said.

In Illinois, Tammy Duckworth, a Democrat given a strong chance of winning a Republican seat being left vacant by the retirement of Henry J. Hyde, attacked Republicans on earmarks, a budgetary process used by members of Congress to send federal dollars to favored projects.

"Earmarks can have some benefit, but I just think that approaching $9 trillion in debt, where we are borrowing millions of dollars from China, there has got to be a line," Ms. Duckworth said at a V.F.W. picnic in Addison, outside Chicago.

Abortion rights are emerging as an issue, on both sides of the divide. In Pennsylvania, Ms. Murphy said of her opponent: "That's one way that Congressman Gerlach is out of step with this district. He opposes the right to choose, and that's not what this district supports."

Mr. Meier, seeking the seat of Mr. Boehlert, who supported abortion rights, said he would emphasize his own opposition to abortion. "You'll find that my record is consistent, and I'm strong on the issue," he said. "I won't dodge or waver if it is raised."

Candidates from both parties are battling over whether Mr. Bush's tax cuts should be made permanent. Mr. McSweeney called them essential for the nation's prosperity. Ms. Bean said she would support making the tax cuts permanent only "so long as we're cutting spending," adding, "Otherwise it's not a tax cut; it's just a deferred tax increase."

Mr. Acuri, the Democrat running in New York, said Congress should roll back tax cuts for the upper-income taxpayers. "We have these record deficits," he said, "and we are mortgaging our country to reduce the taxes on the top 1 percent."

Ms. Murphy attacked Mr. Gerlach for supporting the strict House immigration bill sponsored by Representative F. James Sensenbrenner Jr., Republican of Wisconsin. "He voted for the Sensenbrenner bill — he's a hard-liner," she said. "I would not. Making it a felony for clergy to assist people in need? I think that's totally inappropriate."

Mr. Gerlach said: "I do not support amnesty. I think we need to continue to work through this issue of guest workers."

Not surprisingly, Mr. Bush is hovering over the races in these early days. When Ms. Murphy campaigned in Pottstown, Pa., the other night, she told a small crowd, "You probably know that President Bush came in and did a fund-raiser for Congressman Gerlach, and Congressman Gerlach has been very close to the administration."

Mr. Gerlach said he was not concerned by such criticism. "We're not running away from the president," he said. "We're not running to the president. We're running for the House of Representatives. When we agree with the president, we talk about that, and when we disagree with the president, we'll talk about that."

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Democrats Advised On Military Relations (WT)

By Eric Pfeiffer

The Washington Times, June 6, 2006

Democrats are seeking ways to reach out to military families, hosting a discussion yesterday to help congressional staffers better communicate with men and women serving in the armed forces.

Kathy Roth-Douquet and Frank Schaeffer, authors of "AWOL: The Unexcused Absence of America's Upper Classes from Military Service -- and How it Hurts Our Country," spoke in a Capitol basement office filled with Democratic staffers who shared their personal stories of military service and examples of being part of a military family while trying to relate to "elite" colleagues who "dismissed" their experiences.

"To trivialize this doesn't win any friends or sense of understanding," Mrs. Roth-Douquet said of the "great disconnect" between liberal and military culture.

Mrs. Roth-Douquet and Mr. Schaeffer presented their "top 10 mistakes people make when dealing with the military" as a what-not-to-do list when communicating with those in the military.

While it was noted that those in attendance were already likely to be "sensitive to the disconnect," Mrs. Roth-Douquet and Mr. Schaeffer said it would be beneficial to have military officers visit congressional offices.

Yesterday's discussion was sponsored by the Truman National Security Project, a Washington think tank that declares its aim is to boost Democrats' "national security credentials" through an "innovative, distinctly Democratic approach to national security."

Mr. Schaeffer described himself as someone "from Massachusetts who usually votes for the Republicans," adding that he thinks the disconnect he and Mrs. Roth-Douquet describe comes from "a guilty relationship between Democrats and the military" after Vietnam

"It wasn't necessarily Democrats spitting on the troops when they returned home," Mr. Schaeffer said. "But those events are certainly more associated with the left."

An unidentified Democratic staffer in attendance said, "When you get down to it, most military values are really Democratic values," which received a warm applause from the estimated two dozen fellow staffers in attendance. Mrs. Roth-Douquet said she agreed with the statement -- but when asked if politicizing military values was dangerous, added, "The military shouldn't be an institution that belongs to either party."

Mr. Schaeffer said he thinks "Congress would be better served" if it was more representative of the American population in the percentage of its members who have served in the military. Mr. Schaeffer, whose son served in the Marines, said part of his motivation for writing the book was to "take it to my rich friends and stick it in their faces."

Mrs. Roth-Douquet, who is the wife of a Marine and has worked on every presidential campaign of the past 20 years, said that Sen. John Kerry, Democrat from Massachusetts, made two mistakes in communicating with veterans during his 2004 presidential campaign.

"He talked about how he was a war hero," Mrs. Roth-Douquet said. "That's not received well in the military. He should have let other people do the talking." Mrs. Roth-Douquet said Mr. Kerry's second mistake was in never publicly apologizing for accusing fellow Vietnam veterans of war crimes.

Webb's Support Of Affirmative Action At Issue (WP)

By Rosalind S. Helderman

The Washington Post, June 6, 2006

RICHMOND -- Democratic Senate candidate James Webb has a childhood memory of relatives living hard lives in southwest Virginia communities with no electricity.

That's why when he started studying affirmative action programs as a law student, he came to a question: Why was preferential treatment given on the job to all kinds of ethnic groups that were considered disadvantaged -- Latinos, Asians, blacks, Native Americans -- but not to working-class whites struggling to overcome poverty?

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"The original intent of affirmative action expanded, and a lot of different ethnic groups who never suffered state-sponsored discrimination at all came under the rubric of affirmative action," he said recently. "The assumption that everyone who was white had a benefit and anyone who was not white didn't have a benefit, it was not a fair assumption."

If there was ever proof that Webb, who served as secretary of the Navy in the Reagan administration, is not a typical candidate for a Democratic Party nomination, it is his nuanced -- and, opponents charge, shifting -- position on affirmative action, which has been endorsed by the party establishment for decades.

Webb, a former Marine who joined the Republican Party after the Vietnam War and has returned to the Democratic Party over the Iraq war, said he has been writing and thinking about the issue for years.

On the one hand, he argues that diversity programs that were once intended to help African Americans have been extended to benefit everyone except whites. On the other, he recently has made a point of singling out hardships faced by African Americans, who he said still experience lingering effects of government-sponsored oppression and discrimination.

So Webb comes to an unusual view among candidates in either major party: He supports affirmative action for blacks but otherwise thinks preferential job and education programs should be awarded based on economic conditions or eliminated altogether.

"I think it's time to either open this thing up to poor white groups or just go back to a level playing field -- while keeping an eye on African Americans," said Webb, who is white. "I'm a strong supporter of affirmative action in its original intent, which is to help African Americans."

His opponent in next Tuesday's primary -- to determine who will face Sen. George Allen (R) in the November general election -- is longtime Democratic operative Harris Miller, a former technology industry lobbyist. Miller has characterized Webb's views as out of step with most party members, using affirmative action as a prime example.

"Webb is a Republican disguised as a Democrat," said Del. Lionell Spruill Sr. (D-Chesapeake), a Miller supporter and one of seven members of the Virginia Legislative Black Caucus to endorse the former Fairfax Democratic Committee chairman. "Harris Miller and I go way back, and he has always been for affirmative action."

In a low-turnout primary, Webb's position could cost votes in critical black communities. At the same time, his criticism of diversity programs intended to help groups other than blacks could jeopardize support among such constituencies as women and Latinos who also have benefited from diversity initiatives.

"He's essentially articulated a position on affirmative action that almost no one articulates today," said Robert D. Holsworth, a professor of government at Virginia Commonwealth University who has written a book on affirmative action. "It's not an indefensible position, but it's not a position that fits comfortably into the normal debate."

Webb acknowledges his textured stand is not ready-made for a stump speech and hardly a "30-second sound bite."

For opponents, it's not the issue's complexity but Webb's writings on the topic that are problematic. Webb, a journalist and novelist, wrote a highly complimentary book review in 2000 of the autobiography of Ward Connerly, a prominent opponent of affirmative action who was then a University of California regent.

"Affirmative action, which originally sought to repair the state-induced damage to blacks from slavery and its aftermath, has within one generation brought about a permeating state-sponsored racism that is as odious as the Jim Crow laws it sought to countermand," Webb wrote in the Wall Street Journal.

Nowhere in the column did he suggest that he would support continued affirmative action programs for African Americans, as he has on the campaign trail in recent days.

"I'm not sure where the real Jim Webb is," said state Sen. Henry L. Marsh III (D-Richmond), a longtime civil rights leader and the first black mayor of Richmond. "Why doesn't he just do the manly thing and retract his statement, admit he was wrong, rather than trying to come up with these bizarre explanations?"

Webb insists that his position has not changed since he started thinking deeply on the issue as a Georgetown law student -- shortly after the decorated veteran ended the Marine Corps stint that has formed the backbone of his campaign. He said his ultimate goal has always been to ensure an equal shot at success for everybody.

As for the different emphasis in his Wall Street Journal writing, he said he covered as much ground as he could in a short piece: "How much can you do in a book review?" he said. "Give me a break."

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Last week, Webb countered the criticism by announcing he has the backing of Del. A. Donald McEachin (D-Richmond), also a member of the Legislative Black Caucus and the Democratic nominee for attorney general in 2001.

On Monday, Webb added the support of civil rights leader Milton A. Reid, a former chairman of the Virginia unit of the Southern Christian Leadership Conference. McEachin said he had discussed the issue fully with Webb and pronounced himself more than satisfied.

"It just doesn't get any better than that from an African Americans perspective on affirmative action," he said.

N.H. Democrats Warm To Feingold, Warner (WT)

By Christina Bellantoni

The Washington Times, June 6, 2006

MANCHESTER, N.H. -- Democrats here love to bash President Bush, and cheered wildly for their prominent political visitors over the weekend, when they took aim at the administration.

But while Wisconsin Sen. Russ Feingold fired up the crowd by urging his party to stand up and fight against the Iraq war, former Virginia Gov. Mark Warner gave a broad speech focused mostly on domestic issues, prompting some Democrats to say the Virginian seemed a more likely contender to make it all the way to the White House.

"Senator Feingold spoke to the Democrats, and I felt that Governor Warner spoke to everybody," said Kermit Williams of Wilton, one of about 800 at the New Hampshire Democratic Convention. "It's great to be very focused on a philosophy, but winning in the end is the important thing."

Mr. Feingold and Mr. Warner advised the crowd Saturday on how the party can regain congressional majority and win back the presidency in 2008.

Mr. Feingold, who has called for censuring Mr. Bush, threw the audience political red meat with lines like: "The Constitution and the Bill of Rights were not repealed on 9/11" and "We have got to show that we will stand up to the mistakes of this administration." He also called for universal health care.

Mr. Warner kept the Bush-bashing to a minimum and instead espoused centrist themes of deficit reduction, better math and science education, and ensuring localities have adequate infrastructure to avoid catastrophes like the flooding during Hurricane Katrina.

"We have an administration and Congress that is more interested in building a bridge to nowhere than it is about laying any kind of foundation for future success," he said.

He called for funding alternative-energy research, adding the applause line: "Of course, that would require an administration that believes in science."

The starkest contrast between the Wisconsin senator and the former Virginia governor was their positions on the war in Iraq.

"Why are so many Democrats too timid to say what everybody in America wants? It's time to redeploy the troops. ... I say bring them home by the end of 2006," Mr. Feingold said, bringing most in the crowd to their feet.

Mr. Warner opposes a fixed timetable for troop withdrawal, but said the Bush administration has created a haven for al Qaeda and a frightening situation in Iran with its botched foreign-policy decisions.

"Going out without a plan is just as bad as going in without a plan," Mr. Warner said. "This government has months, not years, to demonstrate its willingness to step up, eliminate the militias and stabilize the country."

Judging by applause and standing ovations, the Democrats were more excited by Mr. Feingold's breakfast keynote than Mr. Warner's lunch speech, but the differing impressions the two men left behind were clear, with most saying the former governor had a better shot at winning the Democratic nomination.

State Sen. Joe Foster of Nashua said Mr. Warner has an impressive record and his speech was well-received by delegates.

Patty Giguere of Goffstown liked both men, but thinks Mr. Warner "is going to go a little farther, that he is maybe a stronger leader."

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State Rep. Jackie Cilley of Strafford said many Democrats will say Mr. Feingold is not "electable" because he is outspoken, but rejects that notion.

"It is well past the time that we should be settling for mediocrity in this country, the lowest common denominator, the safest bet, the candidate that won't get us into trouble," said Mrs. Cilley, 54. "Senator Feingold challenges me. He makes me want to be a better Democrat. He makes me want to be a better citizen of this country."

Both men made their records known -- Mr. Feingold proudly outlined his votes against the Iraq war, USA Patriot Act and NAFTA, while Mr. Warner showed a slick video outlining how he worked with Virginia's Republican legislature to improve education and the state budget.

Clinton Is The Life Of The Democratic Party (NYT)

By Raymond Hernandez

The New York Times, June 6, 2006

WASHINGTON, June 5 — In what promises to be his most intensive campaign season since he left office, former President Bill Clinton is scheduled to appear at more than two dozen fund-raisers for Democrats around the country, hoping to collect at least $20 million for his party's drive to recapture Congress.

"In contrast to Republican candidates who are running away from George Bush, our candidates are clamoring for him in every part of the country," said Senator Charles E. Schumer of New York, chairman of the Democratic Senatorial Campaign Committee.

But a spokeswoman for the Republican National Committee, Tracey Schmitt, said President Bush was very much in demand this campaign season, noting that he had appeared at 37 fund-raising events that had raised nearly $125 million since the beginning of 2005.

Ms. Schmitt also took a jab at Democrats, criticizing them as relying on the assistance of a politician no longer in office. "Given the current lineup of Democratic leaders in Washington," she said, "it's no surprise that many Democrats would turn to Bill Clinton for help."

Mr. Clinton's advisers say he is entirely motivated by his desire to resurrect his party's political fortunes.

"President Clinton's goal here is helping Democrats win in 2006 to put Congress in the hands of the party that will get the country back on the right track," said Jay Carson, a spokesman for Mr. Clinton.

Yet there is another potential beneficiary of his largess: his wife, Senator Hillary Rodham Clinton, who is running for re-election in New York this year. Should Mrs. Clinton decide to run for president in 2008, some Democrats who reap the benefits of her husband's fund-raising this fall may feel a loyalty to him that could extend to her.

In the coming weeks, for example, Mr. Clinton plans to appear at a fund-raiser for Democrats in New Hampshire, an important presidential primary state that his wife has avoided so as not to fuel speculation about any presidential ambitions.

Mr. Clinton has already made a series of appearances on behalf of other Democrats. One was at an event in New York a few weeks ago that raised $1.5 million for the Democratic National Committee, whose fund-raising lags behind that of the Republican National Committee by about $72 million in the current campaign season.

In the last week, Mr. Clinton made five appearances, collecting $3.5 million in visits to Arizona, California and Maine. He has also taken time to help his wife, appearing at several events for her in recent weeks that brought in $1.5 million, his office said. (In all, he has raised $3.4 million for Mrs. Clinton in the current election cycle.)

That said, Mrs. Clinton is a fund-raising machine in her own right, and her efforts on behalf of the Democratic Party have made her a popular headliner among Democrats nationwide. She has helped the party and its candidates raise about $55 million since taking office in 2001.

Mr. Clinton's office says he also intends to appear on behalf of Democratic candidates for governor around the nation. He is scheduled to appear in nine states but is likely to add more as the campaign season heats up, his office says.

Democrats need to pick up 15 seats to win control of the House and six to capture the Senate. Mr. Clinton's aides say he believes the Democrats are in their best position in years to retake control of Congress. But Republicans and many analysts say

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his emergence in the 2006 campaign also comes at a time when Democrats are still trying to find galvanizing themes to pull together the disparate elements of their party.

Mr. Clinton was a tireless fund-raiser throughout his time in the White House. And despite his busy summer schedule, his office said, he also plans to continue focusing his energies on the Clinton Foundation, the nonprofit organization he set up to work on issues including AIDS, poverty, childhood obesity, and religious and racial reconciliation.

In some places, Mr. Clinton plans to squeeze political and foundation work into the same trips. He will appear at the New Hampshire fund-raiser, for instance, after attending an event highlighting childhood obesity with Dr. Susan Lynch, a pediatrician and the wife of Gov. John Lynch.

Mr. Clinton's fund-raising schedule has included states with competitive races, like Arizona, where Democratic efforts to unseat Senator Jon Kyl, the two-term incumbent Republican, could prove crucial to the party's goal of recapturing the Senate.

Mr. Kyl's Democratic challenger, Jim Pederson, a wealthy shopping mall developer, said in an interview that Mr. Clinton's presence in the state had helped elevate the profile of his campaign.

"I think people will stand up and take notice," said Mr. Pederson, whose campaign collected $500,000 at a recent event featuring Mr. Clinton.

The former president also plans to appear in Denver at a June 16 fund-raiser for Senator Robert Menendez, who faces a strong challenge in New Jersey. Mr. Menendez said in an interview that he had asked Mr. Clinton to headline the event — which was being set up by his colleague from Colorado, Senator Ken Salazar — when he learned that Mr. Clinton would be in town that day.

Mr. Menendez estimated that the former president's presence would increase the total proceeds of the event by about 50 percent. "He is of enormous value to Democrats," Mr. Menendez said.

A Little More Clinton At Clinton Library (WP/AP)

By The Associated Press

The Washington Post, June 6, 2006

LITTLE ROCK -- Welcome to the William J. Clinton Presidential Center. Your personal tour guide: President Bill Clinton.

"There were lots of times when Republicans thought I was right about an issue but they were determined not to let anything happen," Clinton says in a new audio tour of his presidential library. "I know that when I got elected president, a lot of those folks just went into denial."

The library, along the Arkansas River in downtown Little Rock, will begin offering the audio tour Saturday. The tour was Clinton's idea and is the first narrated by a former president for a presidential library, said Jordan Johnson, spokesman for the William J. Clinton Foundation.

Visitors pay an extra $3 for a device shaped like an oversize cordless phone. For each exhibit, Clinton recounts his thoughts on and memories of the topic.

He describes the impeachment hearings, for example, as an ideological battle that went overboard.

"So when I won, it was a profound sort of psychological shock to a lot of them," he says of his opponents, with a chuckle. "Then they went into overdrive fighting me. They weren't accomplishing anything, just banging away. Then they did what people who care too much about power do: They overdid it."

Clinton's commentary also addresses his childhood as well as issues such as crime, foreign affairs and the economy. He speaks of hosting state dinners for foreign leaders and his wife's role as first lady.

He describes choosing a running mate as one of the most important decisions for a presidential hopeful. He says he chose Al Gore because the Tennessee Democrat complemented him and provided a more moderate perspective.

Although Clinton says the Oval Office was "the best place in the world to work," he had another favorite spot in the White House: his private office. "I restored it to look the way it did after the Civil War, and I brought in a desk, which was Ulysses Grant's Cabinet table," Clinton says.

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"And I would go in there, often after Hillary went to bed, or late at night, play my music, and that's where I did my reading and thinking and that's where my daughter would find me late at night when she called me from Stanford. I had a lot of happy times there."

Johnson said Clinton spent hours walking through the library while aides followed with a tape recorder. He recorded his thoughts in a handful of visits.

"Hopefully, visitors will go away with an experience that sheds some light on the personal experience of being president," Johnson said.

Kansas Political Shifts Sign Of Things To Come? (USAT)

By DeWayne Wickham

USA Today, June 6, 2006

Mark Parkinson thinks it's time Thomas Frank wrote a sequel to his 2004 best seller, What's the Matter with Kansas?, which explains how the descendants of abolitionists, free-soilers and trustbusters became the backbone of the conservative movement in U.S. politics.

Frank made his home state the focus of his contention that cultural issues have been used by conservatives to get Midwesterners (and other Americans) to vote against their economic and political interests. But Parkinson says a lot has changed in the Sunflower State and Frank's new book should be called "What's Right with Kansas."

He ought to know. A Republican for 30 years, Parkinson is a former GOP state party chairman. In that job, he spearheaded the unsuccessful effort to derail the 2002 gubernatorial campaign of moderate Democrat Kathleen Sebelius. Sebelius made funding for public education — not hot-button social issues — a major plank in her campaign. She won with 53% of the vote in a state where Democrats are just 28% of registered voters.

Last week, Sebelius named Parkinson her running mate in this year's gubernatorial campaign. He replaces John Moore, the current lieutenant governor, who decided not to seek re-election. Like Moore, Parkinson is a Republican-turned-Democrat.

No joking matter

When Moore bolted the GOP four years ago to become Sebelius' running mate, Parkinson called his selection a "gimmick." Now he says what the Democratic Party has to offer is no joke.

Republicans have branded Parkinson a traitor, but he told me he didn't break with the GOP, it broke with him. It became more interested in cultural warfare than improving schools, economic development "for everyone" and the idea that government should not be involved in people's personal lives.

"What's happened in Kansas, and what's attracted me and excited me about serving on this ticket is that the person that's captured (the political middle) of Kansas is Gov. Sebelius," Parkinson said.

And that's got to worry Republicans all over this country. Just as Kansas was once a bellwether state for the ascendancy of Republican power, what's happening there now may be evidence of its decline.

Party hopping

Johnson County prosecutor Paul Morrison also became a Democrat and is now challenging Phill Kline, Kansas' GOP attorney general.

When key members of the dominant political party jump ship, there's good reason to believe the ship has sprung a serious leak — in Kansas and elsewhere.

In Virginia, one-time Republican and former Reagan administration Navy secretary Jim Webb is seeking the Democratic Senate nomination. He says he split with the GOP after deciding Democrats care more about working-class people.

In February, South Carolina prosecutor Barney Giese, a moderate Republican, joined the Democrats. His defection was the result of frayed relations with conservatives.

In states such as New York, Pennsylvania, Connecticut and New Hampshire, moderate Republicans are struggling to hold onto elected offices at a time when the party's conservative leaders have been hurt by self-inflicted wounds.

President Bush's approval rating now hovers around 33%. Dogged by high-profile scandals and the dissatisfaction of moderate Republicans, conservative leaders are now scrambling to avoid losing control of Congress in November.

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"Kansas is ready to lead us singing into the apocalypse," Frank wrote in his 2004 book. "It invites us all to join in, to lay down our lives so that others might cash out at the top; to renounce forever our middle-American prosperity in pursuit of a crimson fantasy of middle-American righteousness."

That Kansas doesn't exist anymore, Parkinson said.

While it's too soon to say whether he is right, Sebelius' election and Parkinson's defection suggest that it may well be time for Frank to consider penning another book about the effects that politics in Kansas have on this nation.

DeWayne Wickham writes weekly for USA TODAY.

In Echo Of A Murder, Two $1 Million Gifts Stir School Protests (WSJ)

By Paul Davies

The Wall Street Journal, June 6, 2006

The headmaster of Archmere Academy in Wilmington, Del., called his teachers together last year for a surprise champagne reception.

A former student had pledged $1 million for a new student center at the Roman Catholic high school. But not everybody shared The Rev. John Zagarella's enthusiasm. Some looked stunned, two people who were there say. Two people walked out after learning the identity of the donor: a wealthy property developer who played a pivotal role in one of the state's most infamous murder trials.

Almost exactly a decade ago, Louis Capano Jr. helped his older brother cover up a murder -- a case that riveted Delaware for years. Now his philanthropy -- two $1 million donations to put his family's name on buildings at elite Catholic schools he attended -- is triggering a debate over whether charity can help earn forgiveness.

The murder generated two books and a television movie. Thomas Capano, a Wilmington attorney who had been a state prosecutor and a governor's counsel, had an extramarital affair with Anne Marie Fahey, scheduling secretary for then-Gov. Tom Carper. After she tried to end it, Thomas Capano shot and killed her in his home on June 27, 1996.

A state-court jury convicted him three years later, after authorities unraveled a coverup engineered with two brothers. Gerard Capano helped Thomas Capano dump the body in the ocean. Louis Capano disposed of a bloody sofa, tampered with a witness and lied to a grand jury. Threatened with prison, both pleaded guilty to crimes, testified against their brother and were put on probation. Thomas Capano initially was sentenced to death but appealed and got life in prison without parole.

The family has had its share of brushes with the law. Louis Capano Jr., head of a property-development company founded by his father, also named Louis, bribed a county councilman in 1989 to get a favorable rezoning ruling. He escaped prosecution by cooperating in a federal sting to catch the official.

Another brother, Joseph, was charged with rape in 1991 and pleaded guilty to charges of misdemeanor assault, unlawful sexual contact and criminal mischief.

A fund-raiser at Archmere says Louis Capano, 54 years old, said he wanted to make amends for his family's past. The donation was to be in the name of his parents: Louis Capano Sr., who died in 1980, and 82-year-old Marguerite Capano.

"I have got to make an attempt to show the younger kids there's a better way to go," Mr. Capano said, according to John E. Healy III, a construction-company chief who is helping spearhead Archmere's fund-raising campaign. "He's making an effort to walk to the light," Mr. Healy says.

Mr. Capano didn't respond to interview requests. In a statement issued through his attorney, Mr. Capano says the schools approached him as part of a fund-raising campaign, and that he appreciated the education he received and wanted to honor his parents. He says he is sorry for the suffering his brother Thomas caused, and that his donation is an attempt "to do something positive for the community."

When the fund-raising committee at Mr. Capano's old elementary school, St. Edmond's Academy, informed its board of directors of his $1 million donation for a new gymnasium in March 2005, several members expressed dismay.

One of St. Edmond's directors was Louis Freeh, who headed the Federal Bureau of Investigation during the Clinton administration and assigned agents to investigate the Fahey murder.

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"This is a school for boys, and what message do we send to them when we take $1 million and put his name on the building?" Mr. Freeh asked at a board meeting last spring, according to someone who attended the meeting.

St. Edmond's headmaster Michael Marinelli responded that the building would bear the parents' name, not Mr. Capano's. Another member argued that good Catholics believe in forgiveness.

"I am a good Catholic, but there is a difference between forgiveness and honoring someone," Mr. Freeh shot back, according to a person who attended the meeting.

Mr. Marinelli says he doesn't recall the specifics of the conversation.

Delaware U.S. Attorney Colm F. Connolly also urged representatives of the schools not to name buildings for the Capanos. Mr. Connolly led the prosecution of Thomas Capano and became a close Fahey family friend. He is also an Archmere alumnus, and briefed St. Edmond's board of directors on the Capano brothers' legal troubles.

"The schools are naming the buildings after a family that has not one, not two, not even three, but four criminals," says Mr. Connolly.

St. Edmond's approached Mr. Capano to see if he would consider naming the building after a religious figure, people familiar with the matter say. Mr. Capano rejected the idea, and suggested doubling Archmere's donation instead, Archmere's Mr. Healy recalls.

After learning that Archmere might get all the money, St. Edmond's board reversed course. The majority of its 18 directors felt the decision followed the Church's teaching of "fairness and forgiveness," says Mr. Marinelli, St. Edmond's headmaster. "At what point do you continue to punish and at what point do you begin to heal?" he asks.

St. Edmond's board member Brian Gimlett, head of the U.S. Secret Service's New York office before moving to Delaware, quit in protest. "My action speaks for itself," he says.

Mr. Freeh, his board term at St. Edmond's expiring, declined another term. "I love the schools; they just got this one wrong," says Mr. Freeh, who has children at both schools.

Archmere's board also voted to accept Mr. Capano's donation. Construction begins this month. "We're a family here," says Thomas Mallon, Archmere's public-relations director. "We embrace everyone. Not everyone is perfect. We accepted this as a heartfelt gift."

The school had originally planned to name the building for another well-known alumnus, Democratic Senator Joseph Biden, who co-chairs the school's fund-raising committee. Bishop Michael Saltarelli of Wilmington, however, invoked a Church directive that opposes honoring politicians who support abortion rights.

A Biden spokeswoman says the episode "hasn't diminished his affection for the school," and that "he continues to work on the capital campaign knowing that the building will be named after the Capano family."

As word of Mr. Capano's donations spread, some parents spoke up, including Marybeth Phillips, who has one son who graduated from Archmere and another going into his senior year there.

"This is immoral and dead wrong," Ms. Phillips recalls telling Father Zagarella, the Archmere headmaster, last year as she waited at an airport for one of her sons to fly to Rome for a school trip. "You're selling out Christ for a lousy million bucks."

"That's a lot of money -- I wish parents like you would give me $1 million," the headmaster replied before walking off, according to Ms. Phillips. She says he apologized minutes later. Mr. Mallon says Father Zagarella recalls the conversation but not his exact words. Father Zagarella declined to comment.

The late Ms. Fahey's family also is upset. "We have to live with the hurt every day," says Debbie Gioffre, mother of Ms. Fahey's nephew Brian, 14, a St. Edmond's eighth grader who plans to attend Archmere next year. "It's not fair to have to live with other reminders."

Ms. Fahey's sister, Kathleen Fahey-Hosey, says "it was like a kick in the stomach" when she heard about Mr. Capano's donation. Her children are on another school's basketball team that competes against St. Edmond's.

"My kids play basketball there, and if they are going to put that name on the gym, I don't want to go in there," she says.

Apparent Victory By Islamists In Somalia Poses Questions For U.S. (KRT)

By Jonathan S. Landay

DOJ_NMG_0031970

Knight Ridder, June 6, 2006

WASHINGTON - Muslim militias claimed Monday to have routed warlords allegedly backed by the United States after weeks of fighting for control of the Somali capital, Mogadishu, dealing a setback to U.S. efforts to contain the spread of militant Islam.

U.S. officials and other experts warned that if the militias consolidated their victory they would establish an Islamist state where al-Qaida could secure bases from which it could spread its violent ideology to other East African and Horn of Africa nations.

The Islamists' claim of victory in Mogadishu comes as the United States and its allies struggle to contain growing Islamic violence in Iraq and some of the fiercest attacks in Afghanistan by the Taliban since that Islamic militia was driven from power in 2001.

Al-Qaida-inspired extremists might be allowed to use Somalia as a refuge from which to support and mount operations against Yemen and Saudi Arabia, the world's No. 1 oil producer, located a boat ride away across the Red Sea, said U.S. officials and other experts.

Somalia "can be a platform for further action," warned Bruno Schiemsky, the chairman of a group of experts appointed by the U.N. Security Council to monitor Somalia, in a telephone interview from Nairobi, Kenya.

With Mogadishu under their control, the Islamist militias are expected to quickly move on other cities, he said.

"If they can grab control and maintain it, Somalia becomes a little place that becomes important to al-Qaida and other Islamists," agreed Michael Scheuer, who was the first chief of the CIA unit that tracks Osama bin Laden and his network.

John Prendergast of the International Crisis Group, a conflict prevention organization, said it's too early to predict what could happen. The secular warlords could rebuild their forces with outside aid and launch a counteroffensive for Mogadishu.

Territory has frequently traded hands since central government rule collapsed in 1991, plunging Somalia into anarchy and civil strife that has claimed tens of thousands of lives.

But a U.S. counterterrorism official, who requested anonymity because of the sensitivity of the issue, said that the Islamic militias' apparent seizure of Mogadishu is "certainly not a positive development in terms of (U.S.) efforts to fight terrorism. It's worrisome."

U.S. officials said the Islamists are already hosting the al-Qaida planner of the 1998 bombings of the U.S. embassies in Kenya and Tanzania and two organizers of a failed 2002 attempt to down an Israeli passenger jet in Kenya with a missile.

The Somali Islamists also have received training from militants from Pakistan, Indonesia and Arab countries, including Syria and Algeria, said Schiemsky.

The United States hasn't been directly involved in Somalia since 18 U.S. troops were killed in Mogadishu in 1993 during vicious street fighting depicted in the film "Black Hawk Down."

But the Bush administration has deployed about 1,500 U.S. troops in the tiny nation of Djibouti, on Somalia's northern border, as part of a regional strategy of preventing al-Qaida and other radical Islamic groups from operating in the rugged, poverty-stricken and largely lawless Horn of Africa.

The United States has been secretly supporting a coalition of secular Somali warlords, the Alliance for the Restoration of Peace and Counter-Terrorism, according to leaders of a largely powerless transitional central government restricted to the city of Baidoa, according to regional observers and news reports.

Prendergast said that three alliance leaders recently told him that they were receiving funds from the CIA.

"Our assessment is between $100,000 and $150,000 per month," said Prendergast, who served on the National Security Council staff in the Clinton administration.

The CIA declined to comment.

Other countries, including Italy, Ethiopia, Eritrea and Saudi Arabia, also have been backing various Somali factions, according to a May 4 report to the U.N. Security Council by the experts group led by Schiemsky.

The bloodiest fighting in more than a decade erupted in February between the alliance and the Islamic militias. The militias are associated with Islamic courts that have succeeded in the past several years in bringing order to some areas by enforcing Islamic law.

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The violence escalated last month as the Islamic militias moved to take control of Mogadishu, with hundreds of people dying in fierce street battles.

Princeton Lyman, a former senior State Department official, likened the emergence of the Islamic militias to the Taliban's takeover of Afghanistan during the mid-`90s. The Taliban gave refuge to bin Laden and his followers.

In both cases, he said, the Islamists won support from ordinary people weary of years of violence, corrupt warlords and the absence of a functioning government.

"For the United States, this is a serious problem," said Lyman, a former ambassador to South Africa and Nigeria who's with the Council on Foreign Relations, a foreign policy organization.

He said the Bush administration should begin working urgently with regional governments and Somaliland, an unrecognized self-declared independent nation in northern Somalia, to contain Somalia's Islamic militias.

Somali Islamists Declare Victory; Warlords On Run (NYT)

By Marc Lacey

The New York Times, June 6, 2006

NAIROBI, Kenya, June 5 — After months of fierce fighting, Islamic militias declared Monday that they had taken control of Somalia's capital, Mogadishu, defeating the warlords widely believed to be backed by the United States and raising questions about whether the country would head down an extremist path.

The battle for Mogadishu has been a proxy war, of sorts, in the Bush administration's campaign against terrorism, with the warlords echoing Washington's goal of rooting out radical Islam and the presence of Al Qaeda in the region.

But as the warlords who have ruled over Mogadishu for the last 15 years went on the run on Monday, it appeared that Washington had backed the losing side, presenting the administration with a major setback at a time of continued sectarian violence in Iraq and the resurgence of the Taliban in Afghanistan.

One of the warlords, Muse Sudi Yalahow, was holed up in a hospital north of the city on Monday, surrounded by his enemies. Others fled the capital after their forces had been pushed from the strategic center, diplomats and local journalists said.

The heavily armed militias driving them back are allied with the Islamic courts that have grown in influence throughout Somalia in recent years, filling a void left by the lack of a central government since 1991. The courts are made up of a loose coalition of religious leaders who have put forward Islam, the predominant religion in Somalia, as the way out of the country's long decline into anarchy.

On Monday, at least, the capital appeared to be calm, after hundreds of civilian deaths there in recent months.

"The people of Mogadishu have finally gotten some peace today," Ali Mohammed, 32, a schoolteacher, said in a telephone interview from the capital on Monday night. "We've had war for so long, and we're tired of it."

But he also said he and others feared that the Islamic courts might clamp down and impose a stricter form of Islam on residents. "We don't know what's next," he said.

The United States has been widely reported to have secretly financed the capital's warlords, who fashioned themselves into a counterterrorism alliance to track down and apprehend Al Qaeda elements in Mogadishu.

American officials have said they fear that the country may descend into a situation similar to that of Afghanistan, where a hard-line Islamist group, the Taliban, seized control of the country and then gave safe haven to Al Qaeda. Already American officials have said that a handful of foreign fighters with links to Al Qaeda are being shielded by Mogadishu's Islamist leaders.

The spokesman for the State Department, Sean McCormack, appeared to repeat those concerns at a news briefing on Monday when asked about the takeover in Mogadishu. "We don't want to see Somalia turn into a safe haven for foreign terrorists," he said. "We do have very real concerns about that."

But some analysts were not surprised that the battle for Mogadishu turned out as it did. "The so-called Islamists provided a sense of stability in Somalia, education and other social services, while the warlords maimed and killed innocent civilians," said Ted Dagne, the Africa analyst at the Congressional Research Service in Washington.

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He expressed doubt that the takeover indicated the rise of extremists in the capital. "Somalis are secular Muslims, and the presence of the so-called Islamists is not an introduction of new ideology or religion," Mr. Dagne said in an e-mail message.

Administration officials have not said whether American intelligence agents have made payments to the warlords, though academics, security analysts, politicians in the region and other Africa experts assert that they have. Many in Mogadishu said the common belief that the United States was taking sides only strengthened the Islamists, who accused the warlords of being puppets of Washington.

According to one Somalia expert, the amount of payments to the warlords has increased significantly in the past year. "By our own estimates, the payments have been between $100,000 and $150,000 per month," said John Prendergast, who monitors Somalia for the International Crisis Group, a nonprofit research organization.

Initial statements from the Islamists emphasized a need for dialogue instead of warfare. Since February more than 300 people have been killed and more than 1,700 injured in what was called the fiercest fighting Mogadishu had seen in the 15 years since Somalia's central government collapsed.

"We want to restore peace and stability to Mogadishu," Sheik Sharif Ahmed, chairman of the alliance of Islamists, known as the Islamic Courts Union, said Monday on a radio broadcast, according to The Associated Press. "We are ready to meet and talk to anybody and any group for the interest of the people."

Still, he made clear the religious nature of the rule to come. "We won the fight against the enemy of Islam," he said.

Backing the Islamists have been business leaders eager to end the arbitrary rule of the warlords, as well as freelance gunmen willing to work for anyone who pays them a salary and supplies them with a daily fix of khat, the leaf that is widely chewed among Somalis for its stimulant effect.

Now that the Islamists have taken over, it remains to be seen how they will choose to govern and whether infighting among them may send the city back into the chaos it has long known.

"We have to appeal to the moderates in this Islamist movement," said Mario Raffaelli, the Italian special envoy for Somalia. "We have to make clear that we are supporting the government."

The outcome in Mogadishu has occurred as a transitional government created after two years of peace talks struggles to establish a toehold in the country. Based in Baidoa, 155 miles from Mogadishu, because it lacked the strength to take on the warring gunmen based in the capital, the government finds itself negotiating with a new center of power.

In a late-night cabinet meeting on Sunday, as the victory by the Islamic courts became clear, the government decided to open talks with the new rulers of Mogadishu. It also fired the four Mogadishu warlords who held cabinet positions in the transitional government but had flouted calls by their colleagues to stop the fighting.

The four men are Mohamed Qanyare Afrah, who was national security minister; Muse Sudi Yalahow, commerce minister; Botan Isse Alin, demobilization minister; and Omar Mohamed Mohamud, religious affairs minister.

The Islamist militias had been slowly gaining control over the capital for weeks. On Sunday they took over the strategic town of Balad, 20 miles north of Mogadishu, in fighting that killed 18 people. That cut off the warlords' northern supply route. Then on Monday the Islamic fighters took Davniile, the stronghold of Mr. Qanyare, a major warlord who left the area two days ago after elders in his clan criticized the heavy civilian casualties that fighting by his men had caused.

Somalia has been without a central government since the country slipped into civil war more than a decade ago. An American-led relief effort in 1993, which metamorphosed into a hunt for one of the warlords whose fighting with one another interfered with food distribution, ended tragically after 18 American soldiers were killed in a battle made famous by the film "Black Hawk Down."

The United States has largely kept the country at diplomatic arm's length ever since, viewing with skepticism the 14 failed rounds of peace negotiations over the years. The latest one produced an interim government carefully balanced by clan representation, which has been urging Washington to back it more vigorously.

U.S. Has Somalia Terrorism Concerns As Islamists Take Mogadishu (BLOOM)

By Paul Tighe

Bloomberg, June 6, 2006

DOJ_NMG_0031973

June 6 (Bloomberg) -- The U.S. government said it is concerned that Somalia will become a haven for terrorists after an Islamist militia said its forces seized control of the capital, Mogadishu, after weeks of fighting.

``We don't want to see Somalia turned into a safe haven for foreign terrorists," State Department spokesman Sean McCormack said in Washington yesterday, according to a transcript. ``We do have very real concerns about that."

The Joint Islamic Courts said militiamen from an alliance of warlords were driven from the capital, Agence France-Presse reported yesterday, citing a statement broadcast by local radio stations from Sheikh Sharif Sheikh Ahmed, the group's chairman. The militia declared Islamic or Sharia law in areas of Mogadishu it controls.

Somalia, an East African country slightly smaller than the U.S. state of Texas and with a population of almost 9 million, has been divided by factional fighting since the regime of President Siad Barre was ousted in 1991. The U.S. hasn't confirmed reports that it supports the warlords' Alliance for the Restoration of Peace and Counter-Terrorism, which has accused the Islamists of sheltering al-Qaeda members.

The U.S. wants to see Somalia build government institutions and end the factional fighting, McCormack said. Such institutions need to be responsive to the Somali people and become ``democratic institutions that respect the rights of all individuals there," he said.

Warlord Control

Ahmed, in his statement, said 15 years of warlord control of Mogadishu is over, AFP reported. More than 300 people were killed in fighting in the past month in the city that had an estimated population of 1.2 million people in 2000.

``The JIC will take care of the safety of the people and freedom of individuals and will eradicate any sort of hostilities brought about by inter-clan fighting," Ahmed said.

Many of the warlords left the city after Islamist fighters took control of a main supply route north of the capital at the weekend, AFP reported.

The fighting in Mogadishu is fueled by arms, military material and financial support that ``flow like a river" to militia groups, the United Nations monitoring group said in a report to the Security Council last month.

Forces of Somalia's Transitional Federal Government, the Mogadishu-based opposition alliance, the Islamist militia, the business elite and feuding clans are among the groups fighting in the city, the monitors said.

Somalia's transitional government is working with the UN and the African Union to try to establish a plan for national security, Francois Lonseny Fall, the UN special representative for Somalia, said last month. For the first time in 15 years, Somalia's parliament has been meeting in Baidoa, about 240 kilometers (149 miles) to the west of Mogadishu.

UN Appeal

UN Secretary General Kofi Annan yesterday appealed to all groups to stop fighting and begin talks, the UN said on its Web site. Thousands of people have been displaced from their homes in Mogadishu, the UN said.

An estimated 1.4 million people in Somalia are in ``urgent" need of aid, including about 400,000 displaced people in 34 sites across the nation, the UN said June 2. The world body is seeking $326 million from international donors this year to support aid projects in the country in the Horn of Africa.

Islamic Militia Seizes Somalia's Capital (AP)

By Mohamed Olad Hassan

AP, June 5, 2006

An Islamic militia with alleged links to al-Qaida seized Somalia's capital Monday after weeks of fighting with U.S.-backed secular warlords, raising fears that the nation could fall under the sway of Osama bin Laden's terrorist organization.

The advance unified the city for the first time in more than a decade and after 15 years of anarchy in this Horn of Africa nation. But it also posed a direct challenge to a fledging U.N.-backed Somali government.

"We won the fight against the enemy of Islam. Mogadishu is under control of its people," Sheik Sharif Sheik Ahmed, chairman of the Islamic Courts Union, said in a radio broadcast. The militia, which has formed an alliance that transcends clan, controls a 65-mile radius around the capital after fighting off a secular alliance of warlords.

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The Islamic militia is gaining ground just as the U.N.-backed interim government struggles to assert control outside its base in Baidoa, 155 miles from Mogadishu. The prices of weapons soared there Monday as fears grew that the militia could head to Baidoa next.

The militia is the first group to consolidate control over all of Mogadishu's neighborhoods since the last government collapsed in 1991 and warlords took over, dividing this impoverished country of 8 million people into a patchwork of rival fiefdoms.

Omar Jamal, director of the Somali Justice Advocacy Center in St. Paul, Minn., said the Islamic militia's victory in Mogadishu was a turning point in the country's history.

"It is exactly the same thing that happened with the rise to power of the Taliban" in Afghanistan, he said, adding that the extremists are "using the people's weariness of violence, rape and civil war" to gain support for a government based on Islamic law.

The battle between the militia and the secular alliance has been intensifying in recent months, with more than 300 people killed and 1,700 wounded — many of them civilians caught in the crossfire of grenades, machine guns and mortars.

Alliance leaders could not be reached for comment Monday and had likely fled Mogadishu. One of them, warlord Mohamed Dheere, was believed to be in neighboring Ethiopia seeking reinforcements.

The United States is backing the secular alliance in an attempt to root out any al-Qaida members operating in the Horn of Africa. U.S. officials, speaking on condition of anonymity because of the sensitivity of the issue, have confirmed cooperating with the warlords. Abdullahi Yusuf Ahmed, president of Somalia's transitional national government, has said Washington is funding the alliance.

The Bush administration has not confirmed or denied backing the alliance, saying only that they support those who fight terror.

On Monday, State Department spokesman Sean McCormack said he could not offer any details about Monday's advance by the militia.

"We do have real concerns about the presence of foreign terrorists in Somalia, and that informs an important aspect of our policy with regard to Somalia," he said.

The United States has not carried out any direct action in Somalia since the deaths of 18 servicemen in a 1993 battle depicted in the film "Black Hawk Down."

The U.S. officials said recently that Islamic leaders in Mogadishu are sheltering three al-Qaida leaders indicted in the deadly 1998 U.S. Embassy bombings in Kenya and Tanzania. The same al-Qaida cell is believed responsible for the 2002 suicide bombing of an Israeli-owned hotel in Kenya that killed 15 people and a simultaneous attempt to shoot down an Israeli airliner over Kenya.

The Islamic militants and their secular rivals began competing for influence in earnest after a U.N.-backed interim government slowly began to gain international recognition. The government, weak and wracked by infighting, has not even been able to enter the capital because of the violence.

Interim Prime Minister Ali Mohamed Gedi recently fired four ministers who were part of the secular alliance, leaving the alliance without any support in the government.

Mogadishu residents expressed relief at Monday's relative peace, but had mixed responses to the Islamic militia's advance.

"The victory of Islamic courts is a major step toward a lasting peaceful settlement in Mogadishu," said Somali economist Abdinasir Ahmed. "We are tired of the deception and rhetoric of the warlords."

Abdulqaadir Bashir, a computer engineer, disagreed. "The Islamic clerics want to be like Taliban regime in Afghanistan," he said. "People have no hope at all."

Jamal said it will take time for the militants to consolidate their power in Mogadishu, and that the struggle to control the country will not end there. He called on the international community to do everything possible to support the U.N.-backed government to keep the Islamic radicals from expanding their power base any farther.

"This war will not stop in Mogadishu," Jamal said.

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Islamic Militias Claim Seizure Of Mogadishu (FT)

By Andrew England And Guy Dinmore

Financial Times, June 6, 2006

Islamic militias claimed on Monday to have seized control of the Somali capital, Mogadishu, after months of fighting against an alliance of warlords alleged to have been backed by the US as proxies in the war on terror.

Several hundred people are reported to have been killed in recent months in the worst violence in Mogadishu for a decade.

The capture of Somalia's war-ravaged capital, if enduring, would mark another US policy failure in the Horn of Africa nation, which has been without an effective government for 15 years and is cited by the Bush administration as a potential haven for terrorists.

The Union of Islamic Courts proclaimed their victory on local radio stations. Their chairman, Sheik Sharif Sheik Ahmed, urged residents to accept the new leadership and said they were ready for dialogue with any group. Local journalists said the city was in Islamic hands after 15 years under warlord control, and that some had fled.

Visiting the White House, the head of the African Union, President Denis Sassou-Nguesso of the Republic of Congo, discussed the crisis with President George W. Bush and Condoleezza Rice, secretary of state.

Mr Sassou-Nguesso indirectly expressed concerns over US policy, telling reporters that more should be done to support the transitional government that emerged from a peace process in Kenya in 2004 but has not been able to establish its authority. "All these different groups and warlords are not the answer," he said.

Sean McCormack, the US State Department spokesman, said he could not confirm that Mogadishu had fallen to the Islamic militias. "We do have real concerns about the presence of foreign terrorists in Somalia and that informs an important aspect of our policy with regard to Somalia," he said.

The US, which does not deny allegations that it has funded the alliance of warlords, alleges that a small number of suspected al-Qaeda members, including some suspected of having taken part in attacks in Kenya in 1998 and 2002, have used Somalia as a hideout and transit centre.

Most Somalis follow a moderate form of Islam, and Islamic courts, which the militias are loyal to, have operated for years, providing services the state would normally provide.

However, analysts say a number of courts have become dominated by extremists. The US suspects that some have sheltered foreign terror suspects. Allegations that the US backed the unpopular warlords increased local support for the Islamic militias.

The transitional government sits in Baidoa, a central town, plagued by divisions and with little power.

Islamist Militias Declare Victory In Somali Capital (USAT)

By Rob Crilly

USA Today, June 6, 2006

NAIROBI, Kenya — Islamist militias that the United States suspects have links to terrorists claimed victory Monday in Mogadishu after months of fighting with Somalia's secular warlords.

More than 350 people have been killed in clashes this year between militias that want to establish an Islamic state based on sharia law and a coalition of warlords who receive U.S. financial support, according to a human rights group and a member of the transitional government.

In a statement read over local radio stations, the chairman of the city's Joint Islamic Courts, Sheik Sharif Sheik Ahmed, declared victory and urged residents to accept the new leadership. "The Joint Islamic Courts are not interested in a continuation of hostilities and will fully implement peace and security," he said.

Mogadishu has been the scene of intense fighting this year — its worst since a United Nations peacekeeping mission that included U.S. forces withdrew in 1995. Two years earlier, 18 U.S. soldiers died trying to detain a warlord. The incident was recounted in the book and movie Black Hawk Down. The country has been without a functioning government since 1991.

Fighting intensified in February with the formation of the secular Alliance for the Restoration of Peace and Counter-Terrorism. Suleiman Baldo, Africa program director of the International Crisis Group, says his organization has evidence from

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warlords that they received cash from U.S. agents. Ahmed Mohamen Suleiman, a member of Somalia's transitional government in Baidoa, says he believes U.S. support for the warlords "is tipping the balance to the (Islamist) militias."

After meeting at the White House on Monday with President Bush, African Union chief and Congo Republic President Denis Sassou-Nguesso asked the United States to help end the crisis in Somalia but urged Washington not to give aid to warlords.

The State Department has declined to comment on whether warlords have received U.S. support. Spokesman Sean McCormack said only that the United States was working with individuals and the transitional government to oppose terrorists. A recent department report said al-Qaeda members responsible for the bombings of U.S. embassies in Kenya and Tanzania in 1998 "continue to operate in Somalia."

In a letter published last week in Kenya's Daily Nation newspaper, U.S. Ambassador to Kenya William Bellamy said, "The U.S. has encouraged a variety of groups in Somalia … to oppose the al-Qaeda presence in Somalia and reject the Somali militants who shelter and protect these terrorists."

In a telephone interview shortly before he fled Mogadishu, warlord Mohamed Qanyare Afrah denied receiving U.S. funding. He said his fighters were the only way to stop Islamic fundamentalists from spreading their influence.

Omar Jamal, director of the Somali Justice Advocacy Center in St. Paul, called the Islamist militias' victory a turning point. "It is exactly the same thing that happened with the rise to power of the Taliban," he said. The extremists are "using the people's weariness of violence, rape and civil war" to gain support for a government based on Islamic law.

Mohamed Abdi Hayir, information minister in the transitional government, said Monday that ministers agreed to offer Cabinet seats to the sharia court leaders if they would agree to peace. "We have some extremist elements in this country, but there are also many more moderate Islamists," he said. "We hope that we can work with the moderates."

Militia Seizes Somali Capital (WP)

By Mohamed Olad Hassan

The Washington Post, June 6, 2006

MOGADISHU, Somalia, June 5 -- An Islamic militia with alleged links to al-Qaeda seized the Somali capital Monday after weeks of fighting with secular warlords covertly backed by the United States. The victory raised concerns that Osama bin Laden's terrorist organization could gain new influence in the impoverished Horn of Africa country.

The militia's advance unified battle-scarred Mogadishu for the first time in 15 years of anarchy that followed the collapse of national government.

"We won the fight against the enemy of Islam. Mogadishu is under control of its people," Sharif Ahmed, chairman of the Islamic Courts Union, said in a radio broadcast. The militia, whose membership transcends the clan lines that traditionally dominate Somali politics, appears to control a 65-mile radius around the capital.

The group has gained ground as a U.N.-backed interim government struggles to assert control outside its base in Baidoa, 155 miles from Mogadishu. The price of weapons soared there as fears grew that the militia could try to capture Baidoa next.

This country of about 8 million people has been divided into a patchwork of rival fiefdoms since 1991, when clan-based warlords drove President Mohamed Siad Barre from power and promptly began fighting one another. U.S. troops landed in 1992 to help ensure delivery of food aid. They withdrew after 18 troops were killed in a Mogadishu gun battle depicted in the book and film "Black Hawk Down."

Omar Jamal, director of the Somali Justice Advocacy Center in St. Paul, Minn., called the Islamic militia's victory in Mogadishu a turning point in the country's history. "It is exactly the same thing that happened with the rise to power of the Taliban" in Afghanistan in the 1990s, he said, adding that the extremists are "using the people's weariness of violence, rape and civil war" to gain support for a government based on Islamic law.

When in power in Afghanistan, the Taliban allowed al-Qaeda to operate training camps.

[Bush administration officials say they believe that several al-Qaeda associates, including Fazul Abdullah Mohammed, who has been tagged as an organizer of the 1998 bombing of the U.S. Embassy in Nairobi and a 2002 suicide bombing at an Israeli-

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owned hotel in Mombasa, Kenya, have found refuge in Somalia, Washington Post staff writer Karen DeYoung reported from Washington.

[But officials are uncertain of the relationship between what they describe as an East African terrorist cell directed by Mohammed and the Islamic fighters now in control of Mogadishu. "It's worrisome and a matter of concern, no doubt about it," one counterterrorism official said of events in the Somali capital, speaking on condition of anonymity. "But it's too early to tell" their importance.

["In terms of the terrorist angle, there has been concern about Somalia all along, well before today's developments," a senior administration official said. Recalling Osama bin Laden's establishment of al-Qaeda headquarters in Afghanistan after the Taliban takeover there, the militia taking power in Somalia "certainly doesn't make anyone feel any better about that situation," the official said.]

The battle between the militia and the secular alliance has been intensifying in recent months. More than 300 people have been killed in fighting, many of them civilians caught in the crossfire of grenades, machine guns and mortars. About 1,700 people have been wounded.

Islamic Militia Storms Capital (WT/AP)

By Mohamed Olad Hassan

The Washington Times, June 6, 2006

MOGADISHU, Somalia -- An Islamic militia said to have links to al Qaeda seized Somalia's capital yesterday after weeks of fighting with U.S.-backed secular warlords, raising fears that the nation could fall under the sway of Osama bin Laden's terrorist organization.

The advance unified the city for the first time in more than a decade and after 15 years of anarchy in this Horn of Africa nation. But it also posed a direct challenge to a fledging U.N.-backed Somali government.

"We won the fight against the enemy of Islam. Mogadishu is under control of its people," Sheik Sharif Sheik Ahmed, chairman of the Islamic Courts Union, said in a radio broadcast. The militia controls a 65-mile radius around the capital after fighting off a secular alliance of warlords.

The Islamic militia is gaining ground just as the U.N.-backed interim government struggles to assert control outside its base in Baidoa, 155 miles from Mogadishu. The prices of weapons soared there yesterday as fears grew that the militia could head to Baidoa next.

The militia is the first group to consolidate control over all of Mogadishu's neighborhoods since the last government collapsed in 1991 and warlords took over, dividing this impoverished country of 8 million people into a patchwork of rival fiefdoms.

Omar Jamal, director of the Somali Justice Advocacy Center in St. Paul, Minn., said the Islamic militia's victory in Mogadishu was a turning point in the country's history.

"It is exactly the same thing that happened with the rise to power of the Taliban" in Afghanistan, he said, adding that the extremists are "using the people's weariness of violence, rape and civil war" to gain support for a government based on Islamic law.

The battle between the militia and the secular alliance has been intensifying in recent months, with more than 300 people killed and 1,700 wounded -- many of them civilians caught in the crossfire of grenades, machine guns and mortars.

Alliance leaders could not be reached for comment yesterday and had likely fled Mogadishu.

The United States is backing the secular alliance in an attempt to root out any al Qaeda members operating in the Horn of Africa. U.S. officials, speaking on the condition of anonymity because of the sensitivity of the issue, have confirmed cooperating with the warlords. Abdullahi Yusuf Ahmed, president of Somalia's transitional national government, has said Washington is funding the alliance.

The Bush administration has not confirmed or denied backing the alliance, saying only that they support those who fight terror.

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The United States has not carried out any direct action in Somalia since the deaths of 18 servicemen in a 1993 battle depicted in the film "Black Hawk Down."

The U.S. officials said recently that Islamic leaders in Mogadishu are sheltering three al Qaeda leaders indicted in the deadly 1998 U.S. Embassy bombings in Kenya and Tanzania. The same al Qaeda cell is thought responsible for the 2002 suicide bombing of an Israeli-owned hotel in Kenya that killed 15 persons and a simultaneous attempt to shoot down an Israeli airliner over Kenya.

Congo President Assails US Backing For Somali Warlords (AFP)

AFP, June 6, 2006

Congo's president and current African Union head Denis Sassou Nguesso hit out at US support for Somali warlords and expressed hope Washington would work to establish a government in Mogadishu.

"We think, and what we told president (George W.) Bush, that most important is to establish a government that must help the Somali people to have a real government," Sassou Nguesso told journalists after meeting Bush and US Secretary of State Condoleezza Rice.

"We think that if this effort is needed, we have to move in this direction, in order that the Somali government can truly be established in Mogadishu," he said, referring to the exiled government in Kenya.

"The presence of various groups, the warlords, is not a permanent solution."

Washington has given financial support to Somalian warlords in their fight against militias controlled by Islamist judges, who are strongly suspected by Western intelligence services of protecting suspected terrorists linked to Al-Qaeda's network.

On Monday the Joint Islamic Courts claimed victory in the four-month battle to seize control of Mogadishu from warlords who ruled the city for 15 years.

U.S. Is Offering Deals On Trade To Entice Iran (NYT)

By Helene Cooper

The New York Times, June 6, 2006

WASHINGTON, June 5 — The European Union's foreign policy director, Javier Solana, arrived in Tehran on Monday night with incentives intended to resolve the nuclear crisis with Iran, including a proposal to allow Iran to upgrade its aging civilian air fleet through the purchase of aircraft parts from an American company, Boeing.

The package, to be presented Tuesday to Foreign Minister Manouchehr Mottaki and to Iran's chief nuclear negotiator, Ali Larijani, is to include waiving trade sanctions against Iran to allow the purchase of American agricultural technology, said European diplomats and a senior Bush administration official.

The five permanent members of the Security Council — Britain, China, France, Russia and the United States — plus Germany, agreed on the package last week in Vienna, but declined to make the proposal public.

Officials first wanted to present the package to Iranian authorities. But with Mr. Solana's arrival in Tehran, several European and American diplomats described parts of the proposal, speaking anonymously because they were not authorized to comment publicly.

The offer includes a commitment from the six nations to support Iran's plan for a nuclear energy program for civilian use, including building light-water reactors through joint projects with other countries, the diplomats said.

The United States and Europe also agreed to back Iran's membership in the World Trade Organization.

The package is aimed at encouraging Iran to return to a freeze of its nuclear activities, including turning off the fast-spinning centrifuges that enrich uranium.

The most compelling item, though, may be the American offer to end its nearly three-decade policy against direct talks with Iran and to join in the negotiations over Iran's nuclear program.

That proposal is the centerpiece of the administration's recent shift in strategy toward Iran, which President Bush views as the No. 1 state sponsor of terrorism.

The decision to include the sale of Boeing aircraft parts, along with aircraft and parts from Airbus, is a huge step, particularly for the United States.

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Since the 1979 revolution, Iran has been subject to American sanctions that hinder the purchase of spare parts for nearly all the planes in its air force, the civilian carrier Iran Air and domestic airlines. The sanctions cover not only American-made airplanes and parts, but also European planes like Airbus, when they use parts made in the United States.

Because Iran can shop only for used Airbus or Boeing planes, its civilian fleet is notorious for the age of planes and parts. Iranian officials regularly blame the sanctions for plane crashes.

The offers that Mr. Solana is to make are contingent on an agreement by Iran to suspend its enrichment-related and reprocessing activities, which the United States contends are a cover for developing nuclear arms.

If Iran does not agree to suspend those activities, the package includes possible "disincentives," as Secretary of State Condoleezza Rice has described them in the past.

They include a travel ban against Iran's ruling religious leaders and government officials involved in the nuclear program, and a freeze of Iranian financial assets abroad.

The package does not include any specific threat of military action should Iran refuse to suspend its uranium activities. If Iran rejects the offer, differences are likely to re-emerge among the six nations as they consider more specific punishments.

It was unclear whether the package includes a guarantee that the United States will not attack Iran if it agrees to suspend uranium enrichment.

An earlier version of the proposal contained three sentences to that effect, but they were a matter of intense debate in Vienna, and the diplomats would not say whether the wording remained in the final package. The United States has resisted giving those guarantees, while France and Russia have pushed for them.

A resolution is currently before the Security Council under Chapter VII of the United Nations Charter, which invokes the Council's power to demand compliance of member countries and threaten punishment if they refuse.

But the emphasis of the package brought to Tehran by Mr. Solana is less on how to punish Iran than on how to reward it for agreeing to freeze its enrichment-related activities.

Before traveling to Tehran, Mr. Solana stopped in Israel, where he discussed the package with Prime Minister Ehud Olmert. Western diplomats say Israel backs the package.

"The proposal we bring along, the one that we carry, we think that will allow us to get engaged in that negotiation, based on trust and respect and confidence," Mr. Solana said at the airport in Tehran.

Shortly after his arrival, Mr. Mottaki, the foreign minister, told reporters, "If their aim is not politicizing the issue, and if they consider our demand, we can reach a logical agreement with them."

Iran has said it considers its nuclear program, which it insists is for peaceful purposes, a national right.

Hopeful US Urges Patience On Iran (AFP)

AFP, June 6, 2006

The White House pleaded for patience with overtures to Iran, saying "there is hope" that Tehran will accept an internationally brokered compromise on its nuclear programs.

"I would counsel patience," spokesman Tony Snow told reporters. "At this point, as we've said all along, let's give it time. Let's let the Iranians take a look at what the offers are, at the incentives and disincentives."

The United States charges that Iran is using its nuclear program to hide a quest for atomic weapons. Tehran denies the accusation.

Snow said that the package crafted by the United States, Russia, China, Britain, France and Germany has yet to be formally presented to Tehran, and he again discounted early Iranian rejections of a call to freeze sensitive nuclear activities.

With European Union foreign policy chief Javier Solana due to present the offer in Tehran, Snow said "there's neither optimism nor pessimism; there is hope" that Iranian leaders will accept.

"The condition for getting to the negotiating table is to suspend enrichment-related and reprocessing activities. That's the first step. Should that happen, then the whole series of other things can take place," he said.

"What's going to happen is that the Iranians are going to have to determine for themselves how seriously they want to take the proposition from the EU-3 (Britain, France and Germany) and the United States," he said.

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"And I think that sometimes goes through several iterations before we get a final answer. So we're not quite ready to give the final answer," said Snow.

A Legal Case Against Iran (WP)

By David B. Rivkin Jr. And Lee A. Casey

The Washington Post, June 6, 2006

Speaking last October at a Tehran conference on "The World Without Zionism," Iran's president, Mahmoud Ahmadinejad, referred to Israel as a "disgraceful blot" and called for it to be "wiped off the map." This was not an isolated or idle threat. In the same speech, he defended Iran's determination to press ahead with its nuclear program -- which would give it the practical ability to achieve this result.

Although Ahmadinejad's bellicose statements were condemned by the United States and a number of its European allies, the condemnation was not followed up by a concerted diplomatic and legal effort in the U.N. Security Council. It ought to be, especially given the uncertain prospects of the council's current consideration of Iran's nuclear activities, further complicated by the just-announced offer of direct negotiations between Tehran and Washington.

There is a good legal basis for such action. Ahmadinejad's words clearly violate Article 2.4 of the U.N. Charter. This provision, to which Iran has agreed, requires all U.N. member states to "refrain in their international relations from the threat or use of force against the territorial integrity or political independence of any state." Ahmadinejad's specific formulation -- wiping Israel off the map and prophesying a coming nuclear conflagration in which much of humanity would expire -- also clearly entails a threat of committing genocide, which member nations are obliged, under the Genocide Convention, to prevent.

Both the nature and context of Ahmadinejad's manifesto set it apart from such harsh but legally permissible rhetoric as President Bush's talk of an "axis of evil" or President Ronald Reagan's reference to the Soviet Union as an "evil empire." Such statements do not threaten the existence of a sovereign member of the international community. Likewise, expressing a view that a particular undemocratic regime or an otherwise odious government would not survive the rising anger of its people, or will fall prey to certain forces of history, does not amount to a legally proscribed challenge.

But Ahmadinejad's rant features a direct and unequivocal threat, and it gives Israel a valid casus belli -- under both Article 51 (self-defense) of the U.N. Charter and customary international law -- to use preemptive force as a means of ensuring that Iran cannot make good on its stated intentions.

Indeed, the International Court of Justice, in a 1996 opinion analyzing the legality of the threat or use of nuclear weapons, found that use-of-force threats that violated Article 2.4 and were not otherwise justified under Article 51 also posed a threat to international peace and security, thereby further infringing the U.N. Charter. Since Israel has not committed aggression against Iran, Ahmadinejad's statements cannot be justified as self-defense. They have, in fact, created a legally cognizable threat that can, and should, be addressed by the Security Council under its Chapter VII powers, which are concerned with threats to peace.

So far U.S.-led efforts to have the Security Council directly condemn and impose sanctions on Iran under Chapter VII for its nuclear ambitions have not succeeded. That's why seeking the council's intervention on Iran's illegal threats to use force makes excellent diplomatic sense. Such an approach would provide multiple and reinforcing benefits.

First, it would broaden the international dialogue beyond Tehran's breach of nonproliferation obligations, focusing on the real underlying problem: the bellicose nature of the Iranian regime and the use it might make of nuclear weapons. And since Tehran's violations of the U.N. Charter are, by their nature, issues that can be handled only by the Security Council, bringing them to the council would counter Iran's efforts to displace the U.N. framework in favor of direct negotiations with the European Union and the United States. Indeed, a serious debate on Ahmadinejad's illegal threat would give the United States a unique opportunity to focus the Security Council on the shrill anti-Israeli rhetoric emanating not just from Iran but also from numerous other Islamic countries. This rhetoric fosters regional tensions and nurtures the dangerous "jihadist" sentiments.

Second, demands that Iran withdraw its threat and acknowledge its obligation to peacefully resolve any dispute it may have with Israel would be firmly grounded in international law -- so much so that Security Council members Russia and China would be hard-pressed to oppose the effort. Both of those countries have routinely cloaked their objections to E.U.-U.S. policy toward

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Iran in the language of international law, arguing, for example, that Iran has a legal right to pursue civilian nuclear activities. No country, of course, is entitled to violate the U.N. Charter.

Not to put too fine a point on it, but this is how the U.N. system was, and is, supposed to work. When a clear threat to peace arises, it is incumbent upon the Security Council to act in defense of the threatened party to head off the unilateral use of force and to advance "collective security." This imperative is particularly compelling when the very legitimacy of the threatened party and its right to independent national existence have been challenged. Such a challenge goes beyond the violation of Article 2 .4 and raises the specter of the most heinous international crimes, including genocide.

If Iran genuinely desires the peaceful atom as an energy source, then it should have no problem retracting its threats against Israel and reaffirming its commitment to resolve any differences it may have with Jerusalem through peaceful means. If it refuses, it will provide compelling evidence that Iran's current government cannot be expected to act as a responsible member of the international community. Then the world can take stock of its true intentions and act accordingly.

The writers are Washington lawyers who served in the Justice Department during the administrations of Ronald Reagan and George H.W. Bush.

Rumsfeld, Visiting Vietnam, Seals Accord To Deepen Military Cooperation (NYT)

By Michael R. Gordon

The New York Times, June 6, 2006

HANOI, Vietnam, June 5 — The United States and Vietnam agreed Monday to increase their military contacts and to discuss additional ways to broaden their defense cooperation, American officials said.

The understanding was sealed in talks between senior Vietnamese officials and Donald H. Rumsfeld, who was making his first visit to Vietnam as defense secretary.

The two nations, he declared Monday evening with evident satisfaction, had decided to step up "exchanges at all levels of the military."

Vietnam was an important stop on an Asian swing that has already taken Mr. Rumsfeld to a meeting of defense experts in Singapore. During the Singapore sessions, Mr. Rumsfeld denounced Iran as a "terrorist" nation, complained that Russia was bullying its neighbors and criticized China for being secretive about its level of military spending.

In contrast, here in Vietnam's capital he heaped praise on his hosts. He lauded Vietnam's economic development, which he inspected Sunday night with a walk through the city's streets.

"I was and remain struck by the economic success that you can see and the activity and the change in this city," said Mr. Rumsfeld, who noted that he had previously visited the country as a congressman and as a private citizen.

During a visit to the Temple of Literature, which was established in 1070 as Vietnam's first university, Mr. Rumsfeld enthusiastically struck a ritual gong. When the university was founded, Mr. Rumsfeld told Vietnam's defense minister, Pham Van Tra, American Indians were still living in "mud huts."

"That's impressive," Mr. Rumsfeld added.

The Vietnamese greeted their guest with a resplendent military honor guard, which played "The Star-Spangled Banner" before the talks began at the Defense Ministry.

The Vietnam War still casts a long shadow. There are 1,805 American troops unaccounted for from the war, including 1,376 in Vietnam, according to United States military officials. A small team is based in Vietnam to carry out the accounting and excavating in the search for the lost Americans, efforts that have been complicated by Vietnam's building boom and the dwindling ranks of witnesses from the war era. Vietnam has generally been cooperative, and Mr. Rumsfeld encouraged the government to provide additional support.

But it is China, a subject that Mr. Rumsfeld said went unmentioned Monday during his talks with Mr. Tra and Prime Minister Phan Van Khai, that has added impetus for the new courtship.

The Pentagon has been increasingly concerned over China's growing military strength. Vietnam has its own reasons for trying to establish more balance with its neighbor to the north.

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Still, the Vietnamese have moved deliberately. "They have China next door to them and they're careful to keep good relations with China and they want a balance in relations with us and relations with China," said a senior Pentagon official, who asked not to be identified because he was not authorized to comment publicly on the talks.

One step in the still evolving relationship is to be taken later this month when two Vietnamese officers are scheduled to begin English language classes at a military language school in San Antonio. The instruction, which was previously agreed upon, is being financed by the Pentagon's program for International Military Education and Training.

A likely next step is the expansion of that effort to include medical training for Vietnamese officers, a Pentagon official suggested.

American officials also said Monday that there had been discussion of expanded cooperation in clearing mines left over from the war. One American official said Vietnamese officials expressed interest in acquiring American mine-clearing equipment and military spare parts. A request for military equipment is likely to stir debate in Congress, where Vietnam's record on human rights has undergone close scrutiny.

During his discussions with Mr. Tra, Mr. Rumsfeld suggested that Vietnam might play a role in international peacekeeping. But Mr. Tra noted that the Vietnamese military could not take part in any operation that was not specifically approved by the United Nations, according to an American official who said he did not want to be identified because he was explaining what had occurred in private talks.

Access to Vietnamese ports and bases for American military forces was not on the agenda, Mr. Rumsfeld indicated before his visit.

Mr. Rumsfeld was not the first American defense secretary to visit Vietnam since the end of the Vietnam War — William S. Cohen, President Bill Clinton's defense secretary, made the trip, as did Mr. Clinton.

Mr. Khai visited the United States last June, the first such visit since the end of the Vietnam War. Vietnam, which signed an important trade agreement with the United States in 2000, has been pushing for membership in the World Trade Organization. President Bush is expected to visit Vietnam when it will be the host of an Asian economic summit meeting in November.

Still, the visit of the hard-line Mr. Rumsfeld was noteworthy, as was his enthusiasm. He noted that during the prime minister's meeting last year with President Bush, the two leaders talked about their desire to raise the relationship between the countries to a new level.

"And certainly that has happened," Mr. Rumsfeld said.

Rumsfeld Presses Vietnam On Finding MIAs (AP)

By Lolita C. Baldor

AP, June 5, 2006

The U.S. is pressing Vietnam for underwater searches and access to aging witnesses in stepped-up efforts to recover remains of Americans missing from the Vietnam War, Defense Secretary Donald H. Rumsfeld said Monday.

"We still have work to do," Rumsfeld said, though he added that he was pleased Vietnamese military officials had pledged in meetings with him to do more to help recover the remains. "As we all agree, we don't want to forget the importance of this."

Rumsfeld told reporters U.S. officials will work to see if the U.S. can provide technical assistance with underwater recovery efforts.

There are 1,805 American troops unaccounted for from the war, including 1,376 in Vietnam, according to Marine Maj. Jay Rutter, deputy commander of the Joint POW/MIA Accounting Command, which heads the recovery efforts here.

Of those still missing, 453 were lost at sea or over water, according to the Pentagon data.

For Angela Cooke, whose father was missing in Vietnam for 34 years, the MIA recovery work is personal. Just six weeks ago, U.S. military officials in Hanoi notified family members that the remains of Staff Sgt. Calvin Cooke — whose C-130 Hercules cargo plane was shot down over An Loc City in what was then South Vietnam — had been identified.

Later this month, Cooke will finally bury her father at Arlington Cemetery, with full military honors.

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"This means a whole lot to all of us — finally being able to say goodbye," Angela Cooke said in a recent phone call from her home in Everett, Wash. And she said the Pentagon's efforts to recover the soldiers' remains in Vietnam must continue. "It's important that they still do this."

Cooke will travel with the remains from the POW/MIA office in Hawaii to Arlington Cemetery, where they will bury her father by her mother's grave.

"It feels so good to finally have closure," Cooke said.

With increased Vietnamese help, more families may get that closure.

According to Rutter, the Vietnamese have agreed to allow U.S. teams to conduct longer searches — for 45 days rather than the previous 33.

U.S. officials are hoping to get access to restricted sites, as well as more archives. He said the U.S. is also hoping to gain broader access to the western highlands, where a large number of losses took place.

"It's getting harder," he said, in part because villagers who were witnesses to many of the crashes during the war are getting older. "The age of the witnesses is a huge issue."

The U.S. also wants greater access to information about MIAs lost in Laos and Cambodia.

Critics of the current Iraq war and Rumsfeld's leadership have likened it to the Vietnam War, noting that in both, public support eroded as time went on with little to show for the loss of American lives.

Despite their bitter history, relations between the U.S. and Vietnam have steadily improved. The U.S. has become Vietnam's top trading partner since the two established diplomatic ties a decade ago, with two-way trade worth $6.4 billion last year.

"I think that it is, it ought not to be surprising, it seems to me, that the United States is developing a very good relationship with Vietnam, just as it ought not to have been surprising that we did so with countries that were engaged on the other side in previous conflicts, whether World War II or Korea," Rumsfeld said.

Rumsfeld, making his first trip to Vietnam as defense secretary, told Vietnamese defense minister Gen. Pham Van Tra that he took a walk around Hanoi and could "feel the energy, the vibrancy of the city."

In another sign of changing times, Rumsfeld stayed only a few blocks away from what was called the Hanoi Hilton, where U.S. prisoners of war, including Sen. John McCain (news, bio, voting record), R-Ariz., were held.

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On the Net:

Defense Department POW/MIA Office: http://www.dtic.mil/dpmo/

Joint POW/MIA Accounting Command: http://www.jpac.pacom.mil/

Defense Department: http://www.defenselink.mil

"A Pacific Nation" (WSJ)

By Donald H. Rumsfeld

The Wall Street Journal, June 6, 2006

The historic shifts taking place in Asia-Pacific security cooperation were highlighted at the "Shangri La Dialogue" in Singapore last week -- a gathering of senior defense representatives from more than 20 Asia-Pacific nations, including the United States, to discuss security issues of mutual concern. The meeting was an important reminder of just how far many nations of this region have come in building new relationships and arrangements to address the challenges that have emerged since the end of the Cold War.

These security concerns range from violent extremism to piracy, narcotics and infectious diseases, in addition to traditional geopolitical challenges such as the situation on the Korean Peninsula and the Taiwan Strait. In such an environment, cooperation among free nations is not simply desirable, but critical. And that has led to major changes -- both in America's approach to long-standing allies, and in the emergence of new U.S. partnerships in Asia that involve multiple nations working together on shared security concerns.

In the past five years, the U.S. has done more things, in terms of defense and security cooperation in Asia, with more nations, and in more constructive ways, than at any other time in its history. Relationships which, in some cases, stretch as far

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back as World War II have been updated and modernized to meet the new challenges of the 21st century. For example, we are working with the Philippines -- one of America's oldest allies -- to transform its armed forces. We have cultivated security relationships -- with Mongolia, Vietnam, India, and Indonesia -- that barely existed a few years ago, but are growing in importance today. And we have welcomed the emergence of Japan, South Korea and Australia -- longstanding treaty allies -- as important players in global, as well as regional, security.

There is another historic and welcome shift taking place in the Pacific region. For much of my adult life, security arrangements and stability in the Pacific were rooted in a network of bilateral defense relationships between the U.S. and its allies and partners. This contrasted with the situation in Europe, where the U.S. participates in a relatively large, formal alliance -- the North Atlantic Treaty Organization. Now, we see an expanding network of security cooperation in this region, both bilaterally between nations and multilaterally among nations -- often with the U.S. as a partner.

The U.S. and Thailand, for instance, were able to respond quickly and work together seamlessly after the catastrophic tsunami that killed tens of thousands in December 2004 because the two countries have shared several decades of joint military training and collaboration. These programs include the annual Cobra Gold exercises, which have been expanded in recent years to include Singaporean, Indonesian and Japanese forces. The exercises now have a new focus on peacekeeping and humanitarian disaster response -- a focus validated by recent events such as Indonesia's latest earthquake.

We also see this kind of cooperation at work in the Straits of Malacca, where Singapore, Malaysia, Thailand and Indonesia are coordinating patrols to combat the ancient scourge of piracy on the high seas. Since this effort began two years ago, there has been a decrease in reported criminal incidents in the area.

Multilateral institutions and activities, such as last week's meeting in Singapore -- organized by the International Institute for Strategic Studies, as well as the Association of Southeast Asian Nations' Regional Forum and the Asia-Pacific Economic Cooperation -- are leading the way. These institutions are not military alliances or signatories to treaties such as the North Atlantic Treaty Organization or the World Trade Organization, carrying with them binding commitments. Uniquely, they provide arenas for dialogue where diverse nations with shared interests can engage each other in different and flexible ways, and fashion constructive approaches to common problems.

With regard to the small minority of violent extremists in the region, America's friends and partners face a set of challenges and choices: whether to openly combat the messages of hate, intolerance, and incitement -- that can, in some cases, gain traction -- or to try to placate and accommodate those whose vision of the future deems that it is acceptable, even desirable, to kill innocent men, women and children to promote their goals.

In addition to the choices made by other countries, there are choices to be made by America. From time to time, in past decades and even today, some Americans have questioned whether the U.S. should be actively engaged in the world.

But the U.S. is -- and always will be -- a Pacific nation. The American people have expended no shortage of blood and treasure in this region over the past century. And the U.S. must, and we will, stay engaged here to address a range of traditional, as well as unconventional, security concerns. By continuing to work together in constructive ways -- while respectful of different perspectives and different interests -- we can ensure that in this uncertain new century, this hemisphere will be freer, more peaceful and more prosperous for our citizens, as well as for the citizens of Asia.

Mr. Rumsfeld is the U.S. secretary of defense.

Bush, President Of Congo Discuss Darfur (AP)

AP, June 5, 2006

President Bush said Monday that it's important for United Nations forces to take over peacekeeping as soon as possible in the Darfur region of Sudan where nearly 200,000 people have died in a three-year conflict.

Bush met at the White House with Denis Sassou-Nguesso, president of the Republic of Congo and head of the 53-nation African Union, to discuss Darfur, AIDS and other issues.

"We talked about our common commitment to help end the genocide in Darfur," Bush said in the Oval Office. "I appreciate the president's leadership in helping negotiate a peace agreement, and I appreciate his leadership in working with the United Nations so we can get the AU forces blue-helmeted as quickly as possible."

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The African Union has a 7,300-member peacekeeping force in Darfur and is mediating the conflict. The AU troops are getting support from NATO and the European Union and are due to hand this responsibility over to a United Nations force in September.

This is the second time that Sassou-Nguesso was at the White House. He met with former President George H.W. Bush in 1990.

The African leader said the two talked about terrorism, Iran's nuclear ambitions, African development issues, the situation in the Gulf of Guinea, the Congo Basin and the New Partnership for African Development, known as NEPAD.

The concept of NEPAD is that in return for African efforts to fight corruption and modernize their economies, the international community agrees to forgive debts and expand trade opportunities and aid for projects developed by Africans for Africans. Critics of NEPAD say the ideas are not new and that passing out cash is not the answer.

"I was happy to see President Bush give his entire support to the development of Africa," Sassou-Nguesso said. "We discussed a lot of issues that we're all interested in: Peace, security, and not just in Africa, but beyond Africa, in the world."

Bush Hears Concerns From Honduran Leader (AP)

By Nedra Pickler

AP, June 5, 2006

President Bush heard concerns about immigration reform from south-of-the-border ally Honduras on Monday and offered assurances that he was committed to a bill that treats foreigners with respect while upholding U.S. laws.

Bush met in the Oval Office with Honduran President Manuel Zelaya, who took office in January with promises to create jobs in the Central American nation that has been mired in poverty and unemployment. Zelaya has backed the Central American Free Trade Agreement that eliminates trade barriers with the United States but has provoked protests throughout the region.

Bush said he and Zelaya discussed ways to expand commercial opportunities between their nations and to make sure democracies in Latin America are strong. He said they also talked about the immigration bill being negotiated on Capitol Hill.

"I assured him that my administration supports a comprehensive immigration bill that treats people with respect, and at the same time upholds our laws," Bush said. "And over lunch, I will give him our strategy to continue to press for a comprehensive bill that will enforce our borders but allow people to come to our country in a legal way to work on a temporary basis."

Zelaya, speaking through a translator to reporters brought in at the end of the meeting, thanked Bush for "the frankness with which he has spoken about the solutions to the common problems we face in the Western Hemisphere."

Abbas To Call National Referendum On Israel (USAT)

USA Today, June 6, 2006

Palestinian President Mahmoud Abbas said Monday that attempts to get the Hamas-led government to implicitly recognize Israel have failed to produce agreement and that he will call a national referendum on the issue. “President Abbas will set a date for the referendum after the meeting Tuesday of the PLO Executive Committee and parliamentary caucuses,” his office said in a statement.

The move sets Abbas on a collision course with Hamas. Hamas' hard-line stance has landed it in a violent power struggle with Abbas and his Fatah Party, and its refusal to recognize Israel has led Western countries to impose crippling economic sanctions. But passing the referendum could give Abbas an important boost in the standoff. “It would bolster his legitimacy and give him power to go ahead with negotiations with Israel,” said Azam al-Ahmad, a top Fatah official.

Alan Garcia capped a remarkable comeback in Peru's runoff election, beating a fiery nationalist to regain control 16 years after his first presidential term ended in economic ruin and rebel violence. U.S. Deputy Secretary of State Robert Zoellick hailed Garcia's win: “His own policy statements as he ran for office suggested that he learned from some of the mistakes of the '80s.”

Garcia, 57, said voters sent a clear message to Venezuela's leftist president Hugo Chvez: Stay out of Peru. Chvez had endorsed Ollanta Humala, a former army officer. “It's a huge slap in the face for Chvez,” political analyst Hugo Neira said.

Garcia led 53.1% to 46.9% with 93% of the vote counted, Peru's electoral authority said Monday.

Argentina's government expressed concern for the first time in years about discontent in the ranks of the military, which ruled the country in a bloody dictatorship from 1976 to 1983. Alberto Fernandez, the Cabinet chief, said the presence of six

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officers at an event in May to honor people killed by rebels in the early 1970s "is serious enough to warrant attention." The killings were used to justify a 1976 coup.

Up to 30,000 people were killed by the dictatorship, according to human rights groups.

The first African country led by a democratically elected woman began recruiting women into its new postwar army. Liberia's army will initially number 2,000 troops, and roughly 400 of them will be women, said Edith Bawn, spokeswoman for the government body responsible for overseeing its creation. "Women bring a special sensitiveness to the military," she said. "And they're very good at support roles."

Abbas To Call Referendum On Israel (AP)

By Mohammed Daraghmeh

AP, June 5, 2006

Palestinian President Mahmoud Abbas said Monday he will call a referendum on a plan implicitly recognizing Israel after he failed to persuade Hamas to agree to the idea.

The Islamic militant Hamas, which heads the Palestinian government, strongly opposes a referendum.

"President Abbas will set a date for the referendum after the meeting Tuesday of the PLO Executive Committee and parliamentary caucuses," his office said in a statement.

Abbas had set a midnight deadline for agreement. But a participant in late-night talks with Palestinian factions said the president determined they had failed an hour before that.

The Hamas-led government is facing international isolation over its refusal to renounce violence and recognize Israel. The United States, European Union and Israel have cut off cash transfers to the Palestinian government since Hamas won legislative elections earlier this year.

Its hardline stance has landed it in an increasingly violent power struggle with Abbas and his Fatah party, the other main Palestinian faction. Since Hamas was sworn into office in March, Abbas has taken steps to curb its authorities.

The plan under discussion was formulated by Hamas and Fatah prisoners held in Israeli jails. But Hamas' exiled leaders, who make final decisions on policy, have refused to accept the proposal.

Hamas has been calling for more time to discuss the proposal and suggested changes in the language. But Abbas, who has avoided confrontation since taking office early last year, rejected Hamas' demands on Monday.

"If anyone wants to amend this document, then we will not reach any results," Abbas told reporters after meeting with European Union foreign policy chief Javier Solana.

Abbas has endorsed the plan as a way to end the crushing sanctions against the Palestinians and allow him to resume peace talks with Israel.

Hamas reacted angrily to Abbas' threats Monday.

Hamas spokesman Sami Abu Zuhri insisted that the talks must continue.

"You cannot raise the sword of ultimatum, you cannot raise the issue of a referendum while you are talking about dialogue," he told reporters in Gaza. He said calling a referendum meant circumventing the elected government, led by Hamas.

Many Palestinians are uneasy about the referendum, though polls show the document would be approved easily.

In Gaza, Mohammed Abu Seido, 30, a coffee shop cashier, said he would vote for the document, but he worried that Hamas would react with violence if it is approved.

"Hamas is already failing," he said.

The Palestinians have never held a referendum before, and officials said the vote would not be binding. But passing the referendum could give Abbas an important boost in his standoff with Hamas.

"It would bolster his legitimacy and give him power to go ahead with negotiations with Israel," said Azam al-Ahmad, a top Fatah official. Al-Ahmad also said Abbas, who wields considerable powers, would consider calling elections for president and parliament if Hamas did not abide by the results of a referendum.

Hamas says that accepting the plan would mean abandoning its principles. It also says a referendum is not necessary because Palestinian voters chose its political program in legislative elections just over four months ago.

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The Palestinian infighting has turned deadly in recent weeks. Sixteen people have died in clashes between Hamas and Fatah loyalists, including five killed on Sunday. Five Palestinians were wounded in two clashes in the southern city of Khan Younis on Monday, security officials said.

Hamas has stuck to its tough line on Israel despite the crushing international boycott, which has left the government unable to pay the salaries of tens of thousands of civil servants for three months.

Hamas officials promised over the weekend to begin paying overdue salaries. But on Monday, the government failed to meet its pledge, causing widespread confusion in the Palestinian areas and prompting angry workers to storm one Gaza City bank.

Some banks advanced money to unpaid civil servants to help calm the situation. In some cases, people received money. In others, the promised payments failed to materialize. And tens of thousands of workers remained without paychecks, with the government as far away as ever from ending the boycott.

"These are people who don't have money to buy milk," said policeman Raed Abu Ghoneima, one of the protesters who stormed a Gaza City branch of the Arab Bank. "It has nothing to do with politics; it's about wages."

Also Monday, Israeli aircraft fired missiles at a car in the Jebaliya refugee camp next to Gaza city, the military said, killing two militants and wounding two bystanders, according to Palestinian hospital officials.

Israel said the main target, a militant from the renegade Popular Resistance committees, was involved in firing rockets at Israel. He died of his wounds.

Abbas Will Call For Palestinian Vote On Two-State Plan (NYT)

By Steven Erlanger And Greg Myre

The New York Times, June 6, 2006

JERUSALEM, Tuesday, June 6 — The Palestinian president, Mahmoud Abbas, intends to call a referendum on a proposal developed by prisoners for a unified Palestinian political program that the governing Hamas faction opposes.

Talks on the proposal ended without agreement late Monday night, and early Tuesday morning Mr. Abbas's office said in a statement that he intended to live up to his ultimatum to Hamas, the militant Islamic faction that heads the government, and announce a referendum later on Tuesday after meeting with the executive committee of the Palestine Liberation Organization.

"In light of recent contacts, President Abbas will decide the date of the referendum after a meeting of the P.L.O. executive committee," the statement said.

The referendum is expected to be called for July and will be seen as a vote of confidence in Hamas, which won legislative elections in late January but has been isolated internationally and financially because of its refusal to recognize the right of Israel to exist, to forswear violence and to accept previous Israeli-Palestinian agreements.

The vote, if it takes place, will be a kind of showdown between Hamas and Mr. Abbas, who has insisted from the beginning of Hamas's rule that it accept the idea of a negotiated two-state solution, with an independent Palestine living in peace alongside Israel.

There is no precedent for a referendum among the Palestinians, and it is not clear that Mr. Abbas has the power to call one. Nor is it clear what would happen if the Palestinian parliament, where Hamas holds a majority, votes against a referendum or decides on wording different from that which Mr. Abbas might favor.

Hamas has rejected portions of the prisoners' document, which implicitly recognizes Israel by calling for a Palestinian state within the boundaries that existed before the 1967 Middle East war.

Khalida Jarar, a delegate from the Popular Front for the Liberation of Palestine, told reporters after factions held talks with Mr. Abbas in Ramallah late on Monday that Mr. Abbas felt he had no option but to call the referendum.

Ms. Jarar said Mr. Abbas also had a 70-minute phone conversation with Prime Minister Ismail Haniya, of Hamas, about the proposal, which she said also ended without agreement.

"The document has to be accepted as it is," Mr. Abbas said at a news conference in the West Bank city of Ramallah after talks with the European Union foreign policy chief, Javier Solana, on Monday. "If we begin to change it, we will never reach a result."

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Ghazi Hamad, a spokesman for the Hamas government, said Monday that Hamas opposed a referendum, but believed a compromise could be worked out.

"I think there is an opportunity for us to reach an understanding on the prisoners' document," Mr. Hamad told Israel radio. "But if we hold a referendum, there will be a lot of problems, I think."

Mr. Abbas said on May 25 that he would hold a referendum within two months if Hamas did not accept the prisoners' plan within 10 days, a period that ended Sunday.

The prisoners' plan is in line with positions held by Fatah, and recent opinion polls show that a large majority of Palestinians support it.

Hamas has never recognized Israel and does not accept its existence on any territory in the region, contending that all the land belongs to Muslims.

The prisoners' document calls for negotiations based on the United Nations resolutions and other international proposals that call for two states existing side by side.

The political confrontation comes as violence continued both among Palestinians and between Israel and the Palestinians.

Five Palestinians were killed in the Gaza Strip overnight Sunday in internal Palestinian clashes.

The dead included a member of Hamas's military wing, who was killed when a large bomb went off near his home in the Jabaliya refugee camp, outside Gaza City. In southern Gaza, a pregnant woman and her brother were shot dead, Palestinian security officials said.

A Palestinian described by witnesses as a militant was killed and four people were wounded in a missile strike on a car in northern Gaza on Monday. The Israeli Army confirmed that it had carried out the strike.

During the day, Hamas gunmen stormed into a Palestinian television broadcasting center and smashed computers and other equipment in the southern Gaza town of Khan Yunis, employees said. But Hamas officials denied the group was involved. The gunmen said Palestinian television supported Fatah at the expense of Hamas, the employees said. No injuries were reported.

Marwan Barghouti, a hugely popular Fatah leader, was the driving force behind the plan supported by Mr. Abbas, though prisoners from other groups, including Hamas, also signed it. Mr. Barghouti was convicted in 2004 of orchestrating the killings of five people, and is serving five life sentences in an Israeli prison.

Mr. Barghouti and other Palestinian prisoners are seen as heroes by many Palestinians, and their opinions carry substantial weight.

The plan contains a number of provisions that Israel adamantly opposes. It says Palestinian refugees dating from the 1948-49 Arab-Israeli war must be allowed to return to their homes in what is now Israel. The plan also calls for Palestinian "resistance" in areas occupied by Israel, which effectively means the West Bank.

But Israel in response continues to insist that the way forward is through the stalled internationally backed Middle East peace plan, known as the road map, which calls on the Palestinian leadership to dismantle armed factions.

In general, though, Israeli officials have sought to distance themselves from the Palestinian debate over the prisoners' plan.

"Any move that occurs in the Palestinian Authority will be evaluated carefully, but this is an internal Palestinian process and it's preferable for Israel not to interfere," said Israel's defense minister, Amir Peretz, said Monday.

In another development, some Palestinian Authority workers were able to withdraw salaries from their banks on Monday for the first time in three months. The government has not been able to meet its payroll since Western governments cut off aid when Hamas took over the government.

U.S. And S. Korea Launch Free Trade Talks (AP)

By Martin Crutsinger

AP, June 5, 2006

The United States and South Korea held their first round of talks Monday aimed at achieving a free trade agreement between the two nations before the end of the year.

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An agreement with South Korea, America's seventh-largest trading partner, would be the most economically significant such pact the United States has reached since it tore down barriers with Mexico and Canada more than a decade ago.

Assistant U.S. Trade Representative Wendy Cutler, who is heading the U.S. delegation, expressed optimism that the talks can be concluded before the end of the year even though the negotiators will have to deal with such tough issues as removing barriers to American farm products, pharmaceuticals and U.S. autos.

"I remain optimistic about our ability to conclude a high-quality, comprehensive agreement," Cutler told reporters during a conference call Monday. "The political will is clearly there on both sides."

Cutler praised Kim Jong-hoon, the head of the South Korean negotiating team, and said both countries had put in a great amount of preparatory work that should speed the effort.

But as the two sides began negotiations at the U.S. Trade Office near the White House the sounds of protesters could be plainly heard.

About 40 South Korean farmers and laborers and their American supporters have planned a weeklong series of demonstrations and rallies to coincide with the talks. South Korean rice farmers have engaged in a number of violent demonstrations in their own country to highlight their opposition.

For American consumers, a free trade agreement with South Korea would hold out the prospect of lower U.S. tariffs and thus cheaper prices on such South Korean products as cell phones and automobiles.

Highlighting the complexity of the discussions, the negotiating teams, which for the first round numbered between 100 and 150 experts, will split into subgroups covering 19 different areas.

After this week's opening round in Washington, the teams will resume work in Seoul the week of July 10 with plans to meet every six to eight weeks after that time until the end of the year.

The administration next week will launch separate free trade talks with Malaysia, all part of its push to raise America's profile in Southeast Asia as a counter to the growing economic power of China.

President Bush has aggressively pursued free trade agreements since taking office but most of them were designed to bolster foreign policy goals, such as promoting democracy in the Middle East, and had little economic impact.

But U.S. industry has been pushing for an agreement with South Korea, seeing it as a fast-growing market in Southeast Asia.

"We are bullish that a free trade agreement provides an opportunity for the two countries to forge an even closer economic relationship," said Myron Brilliant, vice president for Asian affairs at the U.S. Chamber of Commerce. "Our country will benefit from an agreement that ensures that Korea's markets are open."

Flouting Syria's Martial Law, Bold Students Advocate Democracy (CSM)

By James Brandon

The Christian Science Monitor, June 6, 2006

ALEPPO, SYRIA - Two years ago, Syrian student Muhammad Arab was imprisoned for calling for reform of his country's political system. Now released and back studying at the Faculty of Medicine in the University of Aleppo, he is determined to continue promoting democracy.

"Prison wasn't great, but living without freedom is worse," says Mr. Arab, a broad-shouldered young medical student.

Arab is one of a handful of students agitating for reform and struggling to build a pro-democracy student movement in Syria, where martial law imposed in 1963 forbids unofficial political gatherings or groups.

"The student movements are not very significant in terms of being able to change things now," says Joshua Landis, professor of Middle Eastern studies at the University of Oklahoma. "But here is the very genesis of a new Syrian effervescence. This is the start of a 10- to 15-year transformation of society."

While no organized student movement exists at present, one may be emerging. A small number of students are loosely linked but have no official names, leaders, or organization. They simply come together to organize political debates, spread democratic ideas, and take opinion polls.

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"We're talking about little groups of 10 or 15 students," says Dr. Landis, who spent 2005 in Damascus and is the author of the blog Syriacomment.com. "They just appeared in the past two years. Every now and again, the government tries to smash them. When there are demonstrations, the police beat them up and their leaders are sent to prison for lengthy terms.

"Most of the time this is enough to convince most students not to get involved in politics," adds Landis. "But there are always some who are prepared to carry on."

Arab is a case in point. At his university in Aleppo, Syria's second-largest city, he ran against a candidate from Syria's Baath Party in student elections in March 2004. When he won, the university suspended him and 80 other students.

Undeterred, he traveled to Damascus, five hours south, to join a protest against the university's decision. There he was arrested and put on trial in Syria's State Security Court. "I saw my lawyer for only a few minutes before the trial, so there was no chance to prepare a defense," he says.

Then the court, Syria's highest, sentenced Arab to three years imprisonment. He served only eight months, but was regularly beaten and threatened, he says.

"The government is more afraid of secular opposition groups than religious ones," points out Ayman Abdul-Nour, a prominent reformist member of the Baath Party in Damascus. "Because any time the government wants to get rid of the Islamists, it can just call them terrorists and bomb them. The government also knows that the US will not seek to replace the regime with Islamic people."

But students face pressure not only from the government and the university authorities but also from their friends and parents. "Becoming involved in politics, I was aware that I might cross some of the regime's 'red lines,' but I suppressed my fear," says Nasser Babinsy, a friend of Arab and a fellow activist. "And 43 years of dictatorship teaches you a lot of fear."

But analysts point out that activists hoping to spread democracy must not only overcome official harassment, they must work against an educational and social system designed to support the regime.

"Syrian society is fighting against so many layers of authoritarianism," says Landis. "Arab nationalism is like a religion in Syria; it's not something that you can debate."

In addition, President Bashar al-Assad's limited economic reforms have removed some of the pressure for political reform. "Eighty percent of Syrians don't care about political freedoms," says Sami Moubayed, a writer and independent political analyst in Damascus. "They want jobs and more money."

But others argue that even religiously observant and less-educated Syrians are starting to see democracy as the best option. "Our country is tired of totalitarianism," says Mohammad Deeb Khor, a member of the opposition Revolutionary Workers Party, which formerly followed communist-style ideology. "People are thirsty for basic freedoms. Democracy is not paradise but it is a stage from which to meet society's interests."

As democratic ideas spread, Syrian democrats are also discovering the power of nonviolent protest. "Earlier this [year], a group of people demonstrated in Damascus, calling for an end to the martial laws," says Najib Dadam from the opposition Socialist Arab Democratic Union Party.

The regime sent 2,000 security men to beat them up, he says. "These things will continue to happen, and we will continue to build support, until this becomes a massive public movement."

While a mass movement might be some time off, analysts say exposure to satellite TV and the Internet is alerting Syrians to the possibilities of democracy. "If Iraq had been a success, the domino effect would have toppled all the dictatorships in the region," says Dr. Moubayed. "But America has lit a real interest in democracy in this region; the dominos are starting to fall, but slowly."

Ford Foundation To Announce Africa Initiative (NYT)

By Celia W. Dugger

The New York Times, June 6, 2006

The Ford Foundation will announce today the creation of a new philanthropic venture, led by Africans and based in Dakar, Senegal. The project, Trust Africa, aims to strengthen an expanding network of nonprofit groups across the continent that seek to hold governments accountable, whether elected or dictatorships.

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Ford has committed $30 million to this new foundation. Half the money will finance a permanent endowment, and the other half will be used to provide grants to many groups over the next five years.

Trust Africa's executive director, Akwasi Aidoo, a Ghanaian who formerly headed Ford's offices in Senegal and Nigeria, said it would strive to build links among civil society groups that could tackle regional problems of violent conflict, economic development and social justice.

The new foundation will bolster such groups, often vocal critics of those in power, in a period when Africa has been becoming more democratic. At the same time, some elected leaders — Meles Zenawi of Ethiopia, for example — have become intolerant of dissent.

"Left to themselves, many of these countries fall back into old habits," Mr. Aidoo said in an interview. He added later, "The best antidote is to amplify the voices of those for peaceful change."

Thomas O. Melia, deputy director of Freedom House, a research group that monitors political liberty, said efforts like those of Trust Africa represent the next frontier in deepening democracy in Africa and elsewhere.

"What has been missing, even in places establishing electoral democracy, is independent voices — think tanks, nongovernmental organizations, university centers — able to monitor government performance," he said. "It is the next step."

Mr. Aidoo said credible local groups capable of attracting international attention are needed to check repression, corruption and other ills.

Groups in one country also should be connected to like-minded outfits in other countries.

If dissenters are intimidated in one place, those in neighboring nations can speak up.

In addition to providing grants, Trust Africa plans to hold a series of workshops in Africa in the coming year to bring together scholars, business people, artists, government officials and rights advocates.

Over the past five years, as this new, Africa-focused foundation was developed, it financed a variety of groups to test its approach. It provided small grants to dozens of groups to strengthen them institutionally. It also gave $200,000 to Urgent Action Fund, Africa, which supported women agitating for peace talks in Liberia, as well as an investigation into accusations that women were being detained at a prison in Cameroon without justification.

Trust Africa hopes to build a base of support that goes well beyond the Ford Foundation. It plans to raise donations from the African diaspora. Millions of African migrants live and work in Europe, the United States and Canada, sending home billions of dollars annually in remittances, Ford says.

The United States has sizable communities of African-born immigrants in New York, Washington, Boston, Houston, Chicago and Los Angeles.

"Typically, they're helping their families and hometowns, but they're interested in what's happening in the rest of the continent," Mr. Aidoo said. "They want an effective vehicle that's African." Asked how the new foundation would avoid being seen as an arm of the Ford Foundation, with its deep American roots, Mr. Aidoo and Ford's president, Susan V. Berresford, said in the interview that Trust Africa would be an independent foundation governed solely by Africans.

Mr. Aidoo said the new foundation would establish "the connections among actors who can carry the work forward on their own feet."

In Praise Of The Maligned Sweatshop (NYT)

By Nicholas D. Kristof

The New York Times, June 6, 2006

WINDHOEK, Namibia

Africa desperately needs Western help in the form of schools, clinics and sweatshops.

Oops, don't spill your coffee. We in the West mostly despise sweatshops as exploiters of the poor, while the poor themselves tend to see sweatshops as opportunities.

On a street here in the capital of Namibia, in the southwestern corner of Africa, I spoke to a group of young men who were trying to get hired as day laborers on construction sites.

"I come here every day," said Naftal Shaanika, a 20-year-old. "I actually find work only about once a week."

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Mr. Shaanika and the other young men noted that the construction jobs were dangerous and arduous, and that they would vastly prefer steady jobs in, yes, sweatshops. Sure, sweatshop work is tedious, grueling and sometimes dangerous. But over all, sewing clothes is considerably less dangerous or arduous — or sweaty — than most alternatives in poor countries.

Well-meaning American university students regularly campaign against sweatshops. But instead, anyone who cares about fighting poverty should campaign in favor of sweatshops, demanding that companies set up factories in Africa. If Africa could establish a clothing export industry, that would fight poverty far more effectively than any foreign aid program.

Namibia was supposed to be a pioneer in Africa's garment industry, for it is stable, pleasant and safe, and its government has tried hard to entice foreign investors. On the edge of Windhoek are a series of low factories set up to produce garments for the American marketplace.

The biggest is the Ramatex Textile Factory, a Malaysian investment that employs 6,000 people. But the owners say they are losing money and will pull out, and other factories have stopped operating as well.

In Windhoek's Chinatown, I met Sun Zhimei, a Chinese woman who operates a small factory employing Namibians. "I'd like to help this country, by boosting its garment industry," she said. But on the day I visited, her factory was deserted. "It's cheaper to import goods all the way from China than to make them here," she complained.

The problem is that it's still costly to manufacture in Africa. The headaches across much of the continent include red tape, corruption, political instability, unreliable electricity and ports, and an inexperienced labor force that leads to low productivity and quality. The anti-sweatshop movement isn't a prime obstacle, but it's one more reason not to manufacture in Africa.

Imagine that a Nike vice president proposed manufacturing cheap T-shirts in Ethiopia: "Look, boss, it would be tough to operate there, but a factory would be a godsend to one of the poorest countries in the world. And if we kept a tight eye on costs and paid 25 cents an hour, we might be able to make a go of it."

The boss would reply: "You're crazy! We'd be boycotted on every campus in the country."

So companies like Nike, itself once a target of sweatshop critics, tend not to have highly labor-intensive factories in the very poorest countries, but rather more capital-intensive factories (in which machines do more of the work) in better-off nations like Malaysia or Indonesia. And the real losers are the world's poorest people.

Some of those who campaign against sweatshops respond to my arguments by noting that they aren't against factories in Africa, but only demand a "living wage" in them. After all, if labor costs amount to only $1 per shirt, then doubling wages would barely make a difference in the final cost.

One problem — as the closure of the Namibian factories suggests — is that it already isn't profitable to pay respectable salaries, and so any pressure to raise them becomes one more reason to avoid Africa altogether. Moreover, when Western companies do pay above-market wages, in places like Cambodia, local managers extort huge bribes in exchange for jobs. So the workers themselves don't get the benefit.

One of the best U.S. initiatives in Africa has been the African Growth and Opportunity Act, which allows duty-free imports from Africa — and thus has stimulated manufacturing there. But last year, partly because of competition from China, textile and clothing imports under the initiative fell by 12 percent.

The Congo Republic's president, Denis Sassou-Nguesso, told me that he would love to have more factories. It's incredibly frustrating, he noted, to see African countries export cotton, timber and other raw materials but rarely have the chance to process them. The American initiative "is a step in the right direction," he said. "But it needs more of a push."

One push needs to come from African countries themselves: a crackdown on corruption and red tape. But another useful step would be for American students to stop trying to ban sweatshops, and instead campaign to bring them to the most desperately poor countries.

Chinese Official Sees Private Role On Environment (NYT/AP)

By The Associated Press

The New York Times, June 6, 2006

BEIJING, June 5 (AP) — China's pollution problems cost the country more than $200 billion a year, a top official said Monday, as he called for better legal protection for grass-roots groups so they could help clean up the environment.

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Zhu Guangyao, deputy chief of the State Environmental Protection Agency, said that the importance of private environmental groups in China had lagged behind their role in other countries, and that his agency wanted to play a more important role in developing "legislation to secure their interests and existence in China."

Despite the efforts of half a million environmental officials in his agency and other organizations, China's environmental picture is worsening and "allows for no optimism," Mr. Zhu said, as he released a report that described China's environmental situation as "grave."

"Water, land and soil pollution is serious," the report said. "The Chinese government will mobilize all forces available to solve the pollution problems that are causing serious harm to people's health."

Damage to China's environment is costing the government roughly 10 percent of the country's gross domestic product, the total value of the goods and services produced in the country. The gross domestic product for 2005 was $2.26 trillion. Mr. Zhu said some local officials were reluctant to help — and sometimes even worked against — the central government's environmental protection efforts.

After more than 25 years of breakneck growth, China is in the midst of an environmental crisis that has continued to worsen, as the local authorities have failed to enforce regulations meant to counter severe air and water pollution.

Environmental groups cautioned that the environmental agency did not have the power to create or pass such a law without the support of top leaders, which was far from certain.

"China has not had the political environment" for the private groups to work independently, said Zhu Chunqian, the head of conservation operations at World Wildlife Fund China.

Greenpeace's government and public affairs officer, Yu Jie, said outspoken environmental advocates had risked retaliation, adding that if a group "has legal status, then it can use legal weapons to protect itself."

Biotech Food Tears Rifts In Europe (NYT)

By Elisabeth Rosenthal

The New York Times, June 6, 2006

ATHENS — In this famously fractious country, there is one thing on which almost all Greeks agree: They do not want genetically modified crops grown, sold or eaten here.

"All political parties are opposed," said Theodore Koliopanos, a legislator and former deputy environment minister, "which is odd because we disagree on everything else."

Greece and a few other countries in the European Union that have banned genetically modified organisms are on the front lines of a war over the future of modified food in Europe, the only large swath of the world that does not already grow or buy the crops. Facing international pressure and a lawsuit brought by the United States, Canada and Argentina at the World Trade Organization, the union said this year that all member states must open their doors to genetically engineered crops and prepare practical and legal regulations to ensure safety for health and the environment.

But five countries have imposed eight different types of bans. Many others use their votes in Europe's Council of Ministers to block the crops from entering.

The battle does more than pit the World Trade Organization against the European Union. It also creates a divide across the Atlantic, between European allies on the one hand, and the United States and Canada, which produce the vast majority of such seeds and crops, on the other. The United States is not shy about enlisting its diplomats to push European countries to admit the modified crops, European politicians say.

But European consumers and farmers generally do not want them, leaving the European Union to try to steer a Solomonic course between conflicting interests. The basic problem is that Europeans, whose food culture has developed over centuries, balk at putting biotech crops in their fields or their mouths.

"We think we have a good policy but we have discovered extreme reluctance among consumers and many member states to move forward with G.M.O.'s, who again and again block the approvals," said Barbara Helferrich, a spokeswoman for the union's Environment Directorate.

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Since the union is a common market, lawmakers in Brussels demand a unified solution. So a seed that is sold in Britain has to be sold in Poland and Greece as well. But critics say that countries should be permitted to decide if they will accept a risk, however small, noting, for example, that unpasteurized milk is legal in France but not in Britain.

But while there is little, if any, scientific evidence that genetically modified foods are harmful, in much of Europe they are so unpopular that mainstream supermarket giants like Migros will not stock them. In surveys, consumers say they are unconvinced that genetically modified crops are safe, particularly for the environment.

"The environment minister who gives in and allows G.M.O.'s into this country will never be minister again," said Nikos Lappas, head of Greece's largest farmers' union. "For farmers, forcing G.M.O.'s would be economic suicide, since our market doesn't want them."

But producers of genetically modified products (and the countries they represent) are aggressively pursuing their case at the W.T.O. and with individual governments, spurred by an untapped European market.

"The first visit any new minister in Greece gets is from the U.S. ambassador saying, 'You need to have G.M.O.'s,' " said Mr. Koliopanos. "The pressure is incredible."

Biotech companies like Monsanto and Syngenta insist that the crops should be immediately admitted to Europe, because genetically engineered foods have been consumed in much of the world for a decade without obvious ill effects. Their safety, said Christopher Horner, a Monsanto spokesman, has been "ratified by numerous credible regulatory and scientific authorities."

Simon Barber, of EuropaBio, an industry group in Brussels, said: "The E.U. has put systems in place to deal with G.M.O.'s, and now the market has to be allowed to operate. If member states are breaking E.U. law, we expect the commission to take action."

The office of the United States trade representative maintains that "the E.U. is imposing undue delays on biotech approvals, resulting in delays and preventing the marketing of many crops grown in the U.S." The United States grows 220 million acres of genetically modified crops — by far the world's leader — and almost none of it is sold to the European Union. From 1998 to 2004, the European Union imposed a de facto moratorium on farming of genetically modified crops while its officials studied the issue and mulled ways to keep biotech crops and other crops distinct.

Genetically engineered seeds and plants contain genes that were inserted in a laboratory that give them special advantages, like resisting common pests. But pollen from those crops can spread in the air from field to field, intermixing with pollen from conventional crops.

Once genetically modified crops enter a country's food production, it can be difficult and costly to keep the food chain free of them because there is mixing of plants from farms in milling and in production.

Greece and other European Union members say such issues make any cultivation of biotech plants impossible because they would quickly infiltrate both agriculture and the food supply. In much of Europe, where small farms are the norm, it is hard to create "buffer zones" between fields on adjacent farms.

"I would guess we may be able to keep them apart in U.K., but it would be difficult in Greece because of the issue of size," said Julian Kinderlerer of the Institute of Biotechnical Law and Ethics at the University of Sheffield in England.

Europe's agricultural insurers will not cover farmers for liability should their genetically modified crops contaminate adjacent fields.

"I started with an open mind on this but now I think the answers are clear," said Mr. Lappas, of the Greek farmers' union. "If our market doesn't buy it, and insurers won't insure us, how can we grow it?" Indeed, in many areas that have blocked genetically engineered crops, small farmers survive by producing niche food, like unique, high-quality vegetables and grain; there is a premium for food that is not genetically modified.

"This is a cutthroat global market, and if all we do is cultivate mass-produced G.M. corn, we're finished, since other nations will be able to provide that cheaper," Mr. Lappas said.

In Poland, 1.5 million farms are still mostly farmed without pesticides, giving that nation the opportunity to become an important producer of natural foods, according to the International Coalition to Protect the Polish Countryside, which has lobbied for a national ban.

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To the biotech industry and major producers, the issue is simple: genetically modified corn is just corn, genetically modified wheat is just wheat and there is no scientific reason to differentiate.

Industry groups argue that products should not even be labeled modified or free of modification because the labels are unfair trade barriers.

"Labeling has turned out to be a stigma because the public is so frightened, and retailers have become easy targets," said Mr. Barber, of EuropaBio. "Look at the Greenpeace Web site with its list of brands that use G.M.'s. We're O.K. with consumers making a choice, but we're leery because they're scared, and we're labeling identical products."

Genetically modified seeds are approved case by case, and once the European Commission has approved a seed for planting, the only legal reason that a country can enforce a ban is if "new scientific evidence" shows it would be harmful.

But recently, each time the commission has approved a new product, the Council of Ministers (representing the member states) has voted against it, creating an impasse.

In addition, some countries still say modified seeds are unsafe, invoking the so-called scientific exception.

"They haven't provided any new evidence," said Michael J. Phillips, a vice president of the Biotechnology Industry Organization in Washington.

The European Food Safety Authority of the European Union provides scientific judgments on matters like new evidence. The European Commission and the Council of Ministers have also referred their impasses to the safety agency.

But this agency's core mandate concerns food safety, and even the union's environment commissioner, Stavros Dimas, said recently that it had not looked adequately at the long-term effects of biotech crops on issues like biodiversity.

At a recent meeting with disgruntled member states in Brussels, Harry A. Kuiper, chairman of the agency's panel on genetically modified crops, defended its work, noting that its experts had just six months to review each submission.

The European Union still hopes to win over reluctant members, and so far has taken none to court. But environmental groups vow to resist any pressure from Brussels.

"The E.U. policy of just pushing forward with the technology is utter blindness," said Helen Holder, a spokeswoman for Friends of the Earth in Europe. "Genetic contamination is unavoidable and irreversible and will only increase over time."

Ahead Of World Cup, U.S. Warns Germany About Sex Trafficking (NYT)

By Helene Cooper

The New York Times, June 6, 2006

WASHINGTON, June 5 — On the eve of the World Cup in Germany, the State Department's big concern is not over whether the American soccer team has a prayer of getting past the Czech Republic and Italy, but rather over the flood of prostitutes expected into Germany from Eastern Europe, Asia and Africa.

The United States, in its annual report on forced labor and trafficking in persons, called Germany, which has legalized prostitution, "a source, transit and destination country" for sex workers, the more so during the soccer tournament.

"Due to the sheer size of the event, the potential for human trafficking surrounding the games remains a concern," the State Department said in its report. It called on the German government to increase police enforcement during the games.

The warning to Germany was a rare slap at a close American ally.

The report did not include Germany in a list of 14 more serious offenders that the State Department says make little effort to control serious problems with trafficking in persons.

Some groups criticized the report, noting that most of the countries cited as the worst offenders — which can lead to economic sanctions — are not American allies. They include Iran, North Korea, Myanmar, Sudan, Venezuela, Syria, Cuba and Zimbabwe. The only countries on the list that are close American allies are Saudi Arabia and Belize.

India, Mexico and China were on a separate "watch list" for the second year, prompting complaints that the State Department was trying not to alienate them.

"What we want is for the United States to implement this law without any political considerations at play," said Jessica Neuwirth, president of Equality Now, an international women's rights organization.

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In 2000, Congress passed the Trafficking Victim Protection Act, which set out new penalties for slave traffickers and required the State Department to publish an annual report on slave trafficking worldwide. The sanctions are subject to the president's discretion.

Germany legalized prostitution in 2002, and German brothels have been gearing up for the confluence of legal sex and the World Cup, which is expected to bring 3.5 million tourists to the country for the monthlong tournament, which begins Friday. Berlin, Cologne and Hamburg have all expanded their red light districts for the tournament, and sex-trade entrepreneurs have opened mobile brothels.

The American World Cup team is staying in walking distance from Hamburg's red light district, known in Germany as the Sinful Mile.

German officials, while defending the country's policy of legalized prostitution, say they nonetheless do not condone human trafficking, and have intensified efforts to rein in the flow of prostitutes into their country in advance of the World Cup. But Rep. Christopher Smith of New Jersey, the chairman of the House subcommittee on global human rights, said that Chancellor Angela Merkel needed to do more.

"It's within her power to initiate some moves to protect these women," he said.

The fight against human trafficking is "a great moral calling of our time," Secretary of State Condoleezza Rice said Monday.

The report says that between 600,000 and 800,000 people, most of them women and children, are trafficked across international borders every year. It cited Saudi Arabia, which it said "does not fully comply with the minimum standards for the elimination of trafficking and is not making significant efforts to do so." In Uzbekistan, the report said, "the majority of convicted traffickers received prison sentences of less than 10 years, were granted amnesty, and thus served no time in prison."

Countries that fail to crack down can be subject to a variety of economic and security sanctions. Since 2003, when the sanctions provision took effect, only two countries — Venezuela and Equatorial Guinea — have been cited.

Tourism Suffers In Indonesian City Caught Between Quake And Volcano (NYT)

By Peter Gelling

The New York Times, June 6, 2006

YOGYAKARTA, Indonesia, June 5 — In the southern part of this city a short street once alive with guest houses, restaurants, travel agencies and souvenir shops now sits quiet, with barely a soul to be found, just weeks before the onset of the tourist season.

The early morning earthquake on May 27 reduced the quaint street, Prawirotaman, to ruins. Throngs of half-awake, panicked tourists who were here that day and managed to survive relatively unharmed crawled out of rubble, wondering what to do and where to go.

The 15 guests at Hotel Prambanan, a two-story inn with about 30 rooms in the popular low-budget backpacking district, were all spared serious injury, as were the other visitors staying nearby.

"Blessed be to God that no one was hurt," said Jahyanto, 39, the manager of Hotel Prambanan, who like many Indonesians uses only one name. "They were confused and scared. I just tried to help them find the fastest way out of Yogyakarta."

Yogyakarta Province is the second most popular tourist destination in Indonesia, Bali being the first. Ancient temples, palaces and a vibrant artists' community draw hundreds of thousands of foreign tourists a year to this area. Tourism accounts for about 20 percent of the province's income and is second only to agriculture as a source of revenue.

Handicraft villages in Bantul, the hardest-hit district, supplied 40 percent of the souvenirs sold throughout Indonesia. Three thousand family kilns for pottery were destroyed in the quake, and most of the villages were nearly leveled.

On Monday, an official from Indonesia's Social Affairs Ministry announced that the death toll from the quake had been revised to 5,782 from 6,234, saying that some victims had been found alive and that others had been counted twice, The Associated Press reported.

Even before the quake, tourism here was threatened by fears of an eruption at Mount Merapi, just north of Yogyakarta. A marketing campaign to show tourists that Yogyakarta, 20 miles south of the volcano, is out of Merapi's reach began several weeks ago and included organized visits to the mountain's slopes.

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Two days after the program began, and the first tourists arrived at Mount Merapi, the quake struck.

Yet tourism officials are optimistic that they can recover. Most of Yogyakarta's major tourist sites were undamaged and remain open, including the city's biggest draw, the Borobudur Buddhist temple, which is more than 1,000 years old and is a Unesco World Heritage site.

"Re-establishing the tourism industry here won't be easy," said Wiendu Nuryanti, secretary general of Yogyakarta's International Center for Culture and Tourism. "But we are working together with a lot of different agencies to help the tourism industry."

Along with local and national government officials, Ms. Nuryanti has created a task force to help rehabilitate tourism in Yogyakarta.

The office of the task force, the Java Crisis Tourism Media Center, is busy with volunteers collecting data on damaged tourist areas. Regular meetings are held to discuss strategies for recovery.

Indonesia's minister of culture and tourism, Jero Wacik, has already indicated that the government will provide subsidized loans to ruined businesses, and tax incentives for struggling hotels and tourist agencies.

Condroyono, the provincial director of tourism, said strategies were being developed to use the earthquake and volcano as a way of diversifying tourism. Though Javanese culture will always be the primary reason tourists come here, he said, there are plans for tours to areas of geological significance, like massive fissures in the Gudung Kidul district, caused by the quake, or the ash-stained slopes of Mount Merapi.

"There is the potential for a kind of adventure tourism here now," he said. Indeed, in the last few weeks a large number of domestic and foreign tourists have brushed aside danger, driving to evacuated areas to take pictures in front of Merapi.

Ms. Nuryanti said her task force planned a major campaign for Mount Merapi, trying to capitalize on the recent international news coverage. The volcano is an important symbol in Javanese culture. Its spirits are believed to protect the ancient kingdom of Yogyakarta, and the designs of many of the temples are modeled after the volcano's shape.

Mr. Condroyono admitted that it would be a long time before most potential tourists saw Yogyakarta as something other than a disaster area. "This will take a long time, more than two years probably, before tourism can start growing here again," he said.

Standing alone among the remains of his former business, Mr. Jahyanto, the hotel manager, said all he needed was a little money to start again. "Maybe it's a dream," he said. "But it is the dream of everyone on this street to rebuild and reopen our businesses."

How To Beat The Muslim Brotherhood (WSJ)

By Bret Stephens

The Wall Street Journal, June 6, 2006

MANSOURA, Egypt -- No sooner does Mostafa El Gendy emerge from the governor's office in this provincial city in the Nile Delta than he is besieged by a small crowd of petitioners. A woman with a four-hour daily commute seeks a government job closer to home. Mr. El Gendy hands her an approval form, signed by the governor. A local official wants to drain and fill a fouled canal. Mr. El Gendy has the governor's signature for that, too. There's paperwork authorizing a mile of country road here, a few hundred yards there.

"It sounds like nothing," he says. "But farmers burn rice husks because that's the only way to get rid of it, and it creates pollution. A few hundred meters of road can make a huge difference."

Mr. El Gendy, a dapper man of 45 who made a fortune operating luxury cruise ships on the Nile, represents the nearby Temay district as an independent member of parliament. Last November, he won a landslide victory against candidates of both the Muslim Brotherhood (which elsewhere scored massive parliamentary gains) and President Hosni Mubarak's ruling National Democratic Party. Mr. Mubarak used those results as an excuse to cancel planned local elections, even as he imprisoned liberal opponents such as Ayman Nour. Now Mr. El Gendy is one of the few remaining third-party figures active in Egyptian politics. How he fares will be one indicator of whether a democratic Egypt, should it ever come about, will have a liberal or fundamentalist character.

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So far the portents are good for Mr. El Gendy, but he faces an uphill battle. Driving from Mansoura to his ancestral village of Hagaiza along rutted roads and garbage-strewn irrigation canals, Mr. El Gendy makes repeated stops to meet constituents, who seem genuinely pleased to see him. "These people want services," he says. "The nation will follow the party that gives them services."

For years, the only group outside government that has reliably provided broad-based social services has been the Muslim Brotherhood, which, although officially banned, exists as a kind of parallel state within Egyptian society. Medical clinics operated by the Brotherhood, as well as schools and orphanages, can frequently be found alongside mosques throughout the country. Were a free and fair election held tomorrow, the Brotherhood would probably win about 40% of the vote according to Gamal al-Banna, the leading scholarly authority on the group.

This is all the more true because the Brotherhood isn't quite the jihadist, Khomeini-type movement frequently portrayed in the West. "They're less radical, and therefore more dangerous, than outsiders suppose," says an Egyptian journalist. Though the Brotherhood supports Hamas -- on the view that Muslims are religiously obliged to resist what they see as the military occupation of Palestine -- they otherwise forswear violence as a means of achieving or maintaining power, and their leaders do what they can to distance themselves ideologically from the Salafism of Osama bin Laden. "The thought of the Brotherhood doesn't have the tendency to condemn society as apostates, to take violent measures," says Muhammad Habib, the Brotherhood's deputy supreme guide.

None of this is to say the Brotherhood isn't a threat to Egypt's future. But it is a more subtle threat, more conservative than radical, and therefore more appealing to the Egyptian public. Mr. El Gendy speaks of the Brotherhood almost compulsively, as if the ruling party didn't exist and it was his only serious political opposition.

"The Brotherhood think the people voted for them because of them," he says. "I think they're wrong. The people voted for them because they were organized and because they were the 'alternative.' But they will be very strong if there is no third party in the game. If we do not exist they will do the same thing they did in Palestine."

Mr. El Gendy's formula for defeating the Brotherhood involves three ingredients. The first is public services, with a businessman's twist. In addition to doing the bidding of his constituents, he has launched a personal campaign to raise money for civic projects. "I tell people, I am one man, I have one million pounds [about $175,000]. You are a million; each of you give one pound [about 18 cents]." Approaching his village, he points to the shell of a hospital he's building using matching funds. "In Egypt, we have a heritage of people expecting they'll be taken care of" -- by their elders, by the state, by God. "That's wrong," he says. "We need to change the mentality."

The second ingredient is nationalism. In a recent interview, Muhammad Mahdi Akef, the Brotherhood's supreme guide, expressed his feelings about Egypt thus: "Screw Egypt and the Father of Egypt." For Mr. El Gendy, the quote exposed the Brotherhood's Achilles' Heel: Ultimately, it is more interested in the Muslim nation than the Egyptian one. Mr. El Gendy has introduced a bill in parliament to liberalize the display of the Egyptian flag, which had been strictly regulated since the days of Gamal Abdel Nasser and prohibits its use as, say, a bumper sticker. "You have to get people to look in the mirror and say, 'I'm Egyptian, that's fantastic,'" he says.

Finally, there is Islam, or Mr. El Gendy's version of it. "I'm one of those guys who represents 90% of Muslims who are looking for the right way." He proposes opposing the Muslim Brotherhood with what he calls the "Believer Brotherhood," the belief's particulars being less significant to him than the act of belief itself. "Whenever the prophet speaks of the believers in the Holy Koran, he also speaks of love. If you attack a believer, the first thing he'll ask is, 'What did I do wrong?'"

Whether this syncretic, tolerant and expansive form of religiosity has a fighting chance in today's Egypt is an open question, but Mr. El Gendy is convinced it better represents the country's history than the strict and humorless version represented by the Muslim Brotherhood.

Then, too, there's something to be said for starting traditions of one's own. "There is a concept called Sunna Hassana -- good imitation," he explains. "I had my life, my family, my business. I had my boat. When I went to elections, I jumped. Maybe now others like me will jump, too."

Anybody But Chávez (WSJ)

The Wall Street Journal, June 6, 2006

Governments that produce hyperinflation and unchecked terrorism have a way of ending political careers. So how then to explain the victory in Sunday's Peruvian presidential elections of Alan Garcia, whose 1985-1990 term included all that and more?

The answer is that Mr. Garcia's opponent was Ollanta Humala, a protégé of Venezuelan President Hugo Chávez. By electing Mr. Garcia, Peruvian voters sent a message that they don't want to follow Venezuela over the cliff. The same concerns have been evident in Brazil, Chile and Uruguay for some time, as left-of-center leaders have refused to join Hugo in his attempt to isolate the region. Now Mr. Chávez has lost another potential satellite.

Mr. Garcia is no free-market reformer, though he does claim to have learned from his mistakes. Yet many Peruvians found themselves voting for him because the prospect of Mr. Humala was so much worse. Mr. Humala had promised to copy the Chávez pattern of making threats against foreign investors. He also has some anti-democratic credentials in common with Mr. Chávez, such as having led a failed military coup. The Peruvian electorate may have also noted that since the Chávez-like candidate won the presidency in Bolivia in late 2005, that country has increasingly fallen under Venezuelan sway.

Late last month right-of-center Colombian President Alvaro Uribe won a landslide re-election against a pro-Chávez candidate. Mr. Uribe could point to four years of antiterror accomplishments, but his victory and Mr. Garcia's are hopeful signs that most of Latin America does not want to return to the isolationism and authoritarianism of the 1970s and early '80s.

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PREPARED FOR THE OFFICE OF PUBLIC AFFAIRS, US DEPARTMENT OF JUSTICE

TO: THE ATTORNEY GENERAL AND SENIOR STAFF

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TERRORISM NEWS:

U.S. Links To Canadian Plot Probed (WT)

By Jerry Seper

The Washington Times, June 6, 2006

U.S. and Canadian officials are investigating links between Canadian terror suspects accused of plotting to bomb government buildings and Islamic militants in the United States and other countries.

Investigators are looking at links between two Atlanta men arrested in March after they videotaped the U.S. Capitol and at least three other Washington locations and two Canadians identified as part of a terrorist ring. The Canadians were arrested last year trying to smuggle weapons into Canada.

Ehsanul Islam Sadequee, 19, and Syed Haris Ahmed, 21, both U.S. citizens and Georgia residents, were arrested and later indicted after they traveled to Canada to meet with at least three other targets of an ongoing FBI terrorism investigation in March 2005.

An FBI affidavit said they discussed "strategic locations in the United States suitable for a terrorist strike."

The affidavit said Ahmed, charged with giving material support of terrorism, and Sadequee, accused of making materially false statements in connection with an ongoing federal terrorism investigation, talked about attacks on oil refineries and military bases and planned to travel to Pakistan to get military training at a terrorist camp, which authorities said Ahmed then tried to do.

U.S. authorities have established that the two men also had been in contact via computer with some of the 17 terror suspects arrested Saturday in Canada.

During a hearing in their case, Assistant U.S. Attorney Colleen Kavanagh said Sadequee and Ahmed made videos in Washington of the U.S. Capitol, the Masonic Temple, the World Bank and a fuel storage facility and were preparing to send them to "overseas brothers." She said Sadequee gave Ahmed information on how to receive military-style training in Pakistan.

FBI spokesman Richard Kolko acknowledged over the weekend that some of the Canadian suspects had been in "contact" with the two Georgia men but said there was "no current outstanding threat to any targets on U.S. soil emanating from this case."

"There is preliminary indication that some of the Canadian subjects may have had limited contact with the two people recently arrested from Georgia," Mr. Kolko said.

Yesterday, he noted that the bureau had been working with Canadian authorities on the suspected terrorist cell for "some time" and had established "a working relationship with the Canadians in the prevention of terrorism."

Authorities said Canadian investigators have focused on Mohammed Dirie, 22, and Yasin Abdi Mohamed, 24, both Somali immigrants living in Kingston, Ontario, who were taken into custody Aug. 13 on weapons charges at the Peace Bridge between Canada and Buffalo, N.Y. Stopped by Canadian Border Services inspectors, they later were convicted on weapons violations and are serving two-year prison sentences in Canada.

Listed among the 17 charged with being members of the Canadian terrorist organization, Dirie and Mohamed attempted to smuggle three handguns and 200 rounds of ammunition into Canada from the United States.

"This investigation is not over," Royal Canadian Mounted Police Assistant Commissioner Mike McDonell told the Canadian Broadcasting Corp. "We will be following every investigative lead we have to its conclusion, and anybody that aided, facilitated or participated in this terrorist event will be arrested."

The Canadians are accused in a scheme to buy 3,000 pounds of ammonium nitrate for bombs, which were to be used against buildings and landmarks in that country. The amount is three times what was used in the 1995 Oklahoma City bombing, which killed 168 persons.

Twelve of those charged are accused of participating in a terrorist group, including Dirie and Mohamed, who were also named on charges of importing weapons and ammunition for the purpose of terrorist activity. Another man, Fahim Ahmad, 21, an Afghan national living in Canada, also was named on weapons charges. Dirie and Mohamed reportedly were driving a car rented by Ahmad at the time of their arrest last year.

Nine of the men are facing charges of receiving training from a terrorist group, and four others are accused of providing training. Six are also charged with intending to cause an explosion causing serious bodily harm or death.

Five youths have also been charged in connection with the plot, but details of their charges were not released.

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U.S. authorities have been concerned for some time about the possibility of terrorists coming into the United States from Canada.

The Canadian Security Intelligence Service (CSIS) first reported in December 2002 that al Qaeda terrorists had established "sleeper cells" in Canada whose members had the "capability and conviction" to support terrorist activities all across North America. The agency called the cells secretive, operational and loyal to Osama bin Laden, named as the mastermind of the September 11 attacks.

More Vigilance Seen On U.S.-Canada Border (AP)

By David Crary

AP, June 5, 2006

U.S. authorities tightened their checks of traffic from Canada on Monday as debate over the long and hard-to-police border intensified following the weekend arrests of 17 Muslim Canadians in a suspected Ontario terror plot.

Calls for tougher security measures were countered by pleas from business and civic leaders on both sides to keep border crossings as quick and simple as possible.

"Terrorism is clearly part of the North American environment whether we like it or not, but closing down the border is not going to eliminate it," said Arlene White, a Canadian who is executive director of the Binational Tourism Alliance in the Niagara Falls-Buffalo area.

In Washington, U.S. Border Patrol Chief David Aguilar said patrol stations along the 4,000-mile border — especially those adjoining Ontario — are on high alert because of the arrests, although investigators say the suspects' alleged plot apparently involved only targets in Canada.

U.S. agents already deployed to the Canadian border will work overtime and some will be moved closer to the areas where the arrests occurred, Aguilar said.

U.S. Customs and Border Protection official Kristi Clemens said some traffic headed into the United States would under go tougher procedures at the 89 ports of entry along the border.

"The current events may result in some additional questions of commuters and travels," Clemens said. She also said, without elaborating, that her agency has added some "enforcement capabilities" following the arrests.

Security along the border has been increasing ever since the terrorist attacks of Sept. 11, 2001: new surveillance camera systems, new scanning devices to check on trucks' cargo, and many more agents on duty.

But concerns remain high among some politicians and experts, such as David Harris, former chief of strategic planning for the Canadian Security Intelligence Service. He contends that Canada's immigration policies are too lax, enabling more than 50 terrorist organizations to have a presence in the country.

"Canadians are determined to keep the border open at almost any cost, because so much of Canada's economy relies on U.S. trade," said Harris, who now is a private security consultant in Ottawa. "The general theory of the trade devotees is the border should be open all the time, at virtually any cost — but you can only enjoy your prosperity if you're alive to do so."

Harris has urged Canada to tighten its immigration policies — it welcomes some 250,000 new immigrants and refugees each year — and work with the United States on bolstering border controls with such high-tech devices as such as sensors and infrared cameras.

Prior to the weekend arrests, the U.S. debate over immigration and border security been focused on border with Mexico. Said Harris: "A sole American preoccupation with the southern border is living in the past."

About 1,000 U.S. Border Patrol agents work along the U.S.-Canada border, roughly triple the 2001 force but a fraction of the 9,600 agents who patrol the Mexican border, about half as long at 1,900 miles.

Though often depicted as porous, controls along the U.S.-Canada border have entrapped some terrorist suspects, such as Ahmed Ressam, who was arrested as he drove off a ferry in Port Angeles, Wash., in 1999 and was later convicted of plotting to bomb the Los Angeles airport.

Last summer, two men believed to be part of a terrorist ring in Canada were arrested in Buffalo while trying to smuggle guns and ammunition from the United States. The men are serving two-year jail sentences.

One initiative to change border procedures has been mired in controversy — the Western Hemisphere Travel Initiative. It would require Americans re-entering the United States after short visits to Canada and Mexico to show passports or other high-tech ID cards — a change from the current practice in which a driver's license usually suffices.

The Senate — concerned about border-crossing snarls — recently voted to delay implementation of the measure from January 2008 until June 2009.

Arlene White, the binational tourism official, said confusion about the passport requirement already had reduced cross-border visits.

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"I recognize the immigration issue is huge in the states," White said. "But the northern border is very, very different, and we must continue to appreciate those differences."

White acknowledged, however, that some of the security measures implemented since the Sept. 11 attacks have actually speeded border crossings. These include the use of high-tech x-ray scanners to screen vehicles and a binational program that allows speedier crossings for people accepted into a special program for low-risk frequent travelers.

"The border's definitely safer — and more efficient," said Kevin Corsaro, a spokesman for U.S. Customs and Border Protection in Buffalo.

Canada is the United States' largest trading partner, conducting an estimated $1.5 billion in business daily.

Arrests Raise Questions About U.S.-Canada Border Security (KRT)

By Dave Montgomery

Knight Ridder, June 5, 2006

WASHINGTON - The breakup of an alleged terrorist bomb plot in Canada late last week has raised new fears that the next terrorist attack could come from the north.

The 4,000-mile border between the United States and Canada is twice as long as the one with Mexico, but it's guarded by fewer than 1,000 Border Patrol agents - one-tenth of the force in the Southwest. Vast stretches of unpatrolled terrain offer potential terrorists an easily accessible gateway into the United States.

"Do the math," said T.J. Bonner, a San Diego agent who serves as the president of the National Border Patrol Council, a 10,500-member union that represents nonsupervisory Border Patrol agents. "We're very vulnerable out there."

While boosting border enforcement and national security have emerged as central elements of the immigration legislation that's moving through Congress, attention has centered on the porous Southwest border, where more than 1 million illegal immigrants are arrested annually.

But some lawmakers are calling for a harder look at the northern border after Friday's arrests of 12 men and five juveniles who allegedly had stockpiled three tons of ammonium nitrate fertilizer to carry out terrorist bombing attacks in Canada. Timothy McVeigh used two tons of the highly destructive chemical substance in the 1995 attack that demolished the Oklahoma City federal building, killing 168 people.

Although the suspects appeared to be targeting sites in Canada, including the Parliament building in Ottawa, investigators fear they'd established a U.S. link with two terrorism suspects in Georgia who may have been plotting attacks in the United States, but that remains unconfirmed.

The Canadian Security Intelligence Service, the government's chief national-security agency, has estimated that as many as 50 terrorist organizations and 300 individual terrorism suspects have bases of operations in Canada. Active groups, the agency said, include Shiite and Sunni Islamic extremists, the Irish Republican Army and all major Sikh terrorist organizations.

"We're aware that there is a terrorist infrastructure within Canada, no different than within the United States and other countries, that contains a variety of elements ranging from fundraisers, ideological support, to direct membership," said Ben Venzke, who heads the IntelCenter, a private contractor that does counterterrorism support work for the U.S. government.

"Despite all of the security measures and procedures put in place to stop terrorists" from crossing the border, Venzke said, "it is extremely difficult. Even if you do the best possible effort, there are still going to be a fair number to get through."

Even before the Sept. 11, 2001, terrorist attacks, the northern border had a reputation as a potential open door for extremists who'd settled in Canada to take advantage of its liberal immigration policies. One Canadian officer was quoted as describing the country as "Club Med for terrorists."

In December 1999, authorities arrested Ahmed Ressam after he drove from Canada to Washington state in a rental car packed with bomb-making material, which he'd planned to use to bomb Los Angeles International Airport on New Year's Eve. He later was sentenced to 22 years in prison.

In 1997, Ghazi Ibrahim Abu Maizar, a would-be suicide bomber who planned to detonate a pipe bomb in a New York subway station, crossed illegally into the United States three times, once by bus and twice by hiking across, according to news accounts. Several of the Sept. 11 hijackers also crossed into the United States from Canada.

The scramble to toughen national security after Sept. 11 prompted a nearly threefold increase in Border Patrol agents at the U.S.-Canada border, from 340 in 2001 to 980 by this year, according to U.S. Customs and Border Protection.

U.S. officials also doubled inspectors at the 89 ports of entry, from 1,615 to 3,391, expanded cooperative law-enforcement operations with Canada and have increasingly employed sensors, cameras, aircraft and marine patrols.

Even so, law enforcement authorities acknowledge the immense challenges of patrolling a 3,987-mile stretch that cuts along 12 states, traversing waterways, mountainous terrain and dense forests.

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Some illegal crossers have been known to enter the United States on snowmobiles. Others fly across unpatrolled airspace or simply walk down deserted farm roads.

Smugglers also exploit the remote terrain, transporting drugs and human cargo. In recent months, agents with U.S. Immigration and Customs Enforcement have smashed smuggling rings that transported Asians, Pakistanis and Eastern Europeans.

"I don't care how much technology you have up there, you'll still have trouble getting agents to respond in a timely fashion," Bonner said. "There's vast stretches that make it very difficult, depending on the season. For the well-trained, determined crosser, it's actually an advantage for them."

Montgomery covers Washington for the Fort Worth Star-Telegram. Star-Telegram researcher Marcia Melton contributed to this report.

Charges In Canadian Bomb Plot Isolate 6 Ringleaders (WP)

By Doug Struck

The Washington Post, June 6, 2006

TORONTO, June 5 -- Six men arrested in a broad police sweep last weekend have been charged with hatching the alleged plot to set off a powerful bomb somewhere in Ontario, according to charges made public Monday.

A total of 17 people were arrested -- 12 adults and five juveniles -- and all have been charged under Canada's post-Sept. 11, 2001, terrorism laws. But details made public Monday suggest that some members of the group may have had more limited knowledge of the alleged plot than others.

All 12 adults are charged with "knowingly participating, directly or indirectly, in the activity of a terrorist group." The terrorism-related charges against the juveniles, all of them males, have not been disclosed.

A report in the Toronto Star said police had intercepted the fertilizer to be used in the bomb and substituted a harmless powder before the arrests were made. Police officials said Monday they stood by their statement that three tons of the fertilizer, which is highly explosive when mixed with fuel oil, was "delivered" to the bombers.

Mike McDonell, assistant commissioner of the Royal Canadian Mounted Police, said on Saturday that police had swooped in as the danger increased and that the detained men had the "intent and capability" to carry out the bombing.

The RCMP and intelligence agents said they had been closely watching the activities of at least some of the men for an extended period before Friday's arrests. According to their statements and reports here, several members of the group came under scrutiny as a result of political conversations on the Internet that were monitored by authorities.

The investigators' interest was heightened after the visit to Toronto in March 2005 of two men from Georgia, Syed Ahmed, 21, and Ehsanul Sadequee, 19, who were later charged under anti-terrorism laws. The men allegedly met with at least three Canadians to discuss potential bombing targets, the FBI has said. The charges revealed Monday said the terrorism activity in Canada began on March 1, 2005.

According to those charges, 10 of the men gathered in a vacant wooded area north of Toronto for what authorities call "terrorism-related training." Residents of the rural area say they heard the sounds of automatic weapons and saw men in camouflage uniforms in the woods near Washago, about 90 miles north of Toronto, several times last year.

Police swept the area for evidence after the men had left, according to reports here.

Several of the men attended a storefront mosque in Mississauga, an incorporated suburb west of Toronto that is home to many immigrant groups. A key and, to some, troubling figure in that mosque was Qayyum Abdul Jamal, 43, the oldest of those arrested. Some people who heard Jamal discuss politics at the mosque objected that he was trying to teach younger men that Western countries are at war with Muslims.

It is unclear how far their complaints went, but Wajid Khan, a member of Parliament and one of those who confronted Jamal at the mosque last year, said Sunday that "many people in the community were cooperating" with authorities.

The charged men, all of them said by authorities to be Canadian citizens or longtime residents, are from areas around Toronto and Kingston, Ontario. Two of those charged, Yasim Abdi Mohamed, 24, and Mohammed Dirie, 22, both of whom moved from Somalia to Kingston, are already in jail, having been caught at the U.S. border last August attempting to bring handguns into Canada.

Plot Puts Focus On Security, Immigration Agencies (WT)

By Fawzia Sheikh

The Washington Times, June 6, 2006

TORONTO -- Canadian security and immigration practices came under scrutiny yesterday after the weekend arrests of 17 persons suspected of plotting to blow up southern Ontario landmarks.

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About 90 percent of immigration applicants from Pakistan and Afghanistan in the past five years have not been sufficiently screened for security concerns, Jack Hooper, deputy director of the Canadian Security Intelligence Service (CSIS), told a Senate committee last month.

Security analysts, meanwhile, warned that past cuts in staffing and funding for the nation's security services have left them short of manpower to search for terrorist cells.

Seventeen Canadian residents, many of them regular attendees at a Toronto mosque, were arrested Friday and Saturday after members of the group purchased 3 tons of ammonium nitrate, a fertilizer that can be used to make bombs.

Authorities said the suspects had been monitored by security agencies since 2004, but few details of the plot were offered ahead of a court hearing today. News reports said investigators had been eavesdropping on Internet chat rooms espousing anti-Western sentiment that are frequented by some of the accused.

John Thompson, president of the MacKenzie Institute think tank, said he thinks at least one other terrorist cell and "probably more" were still operating.

"Most of them would be in the Toronto area. It's the largest concentration of Muslims," he said.

If he is correct, finding such groups will be a challenge for the CSIS, which worked with the Royal Canadian Mounted Police and local and federal agencies in the weekend roundup.

The budget of CSIS was cut by about 20 percent in the 10 years before the September 11 attacks in the United States, and staff levels went from about 2,700 to 2,200, said Dwight Hamilton, lead author and editor of a recently released book on terrorism and Canadian intelligence.

The federal government boosted the CSIS budget by 30 percent a few months after the attacks, funding "a recruiting drive to expand on their linguistic and cultural skills," Mr. Thompson said. CSIS also integrated with other Canadian law-enforcement agencies to better track terrorism.

Even so, Mr. Hamilton said, "CSIS doesn't have the manpower to deal with the threat. They've been gutted. And just because [staff] numbers went up after 9/11 doesn't mean that all is well.

"The head of the standing [government] committee on national defense and security, Colin Kenny, has said that training an intelligence analyst takes about as long as training a neurosurgeon. You do the math."

Mr. Hooper, the CSIS deputy director, acknowledged to a parliamentary committee last month that most immigration applicants from Pakistan and Afghanistan are not adequately screened.

CSIS spokeswoman Barbara Campion said that everyone who applies for immigration or refugee status in Canada is screened but that security checks are completed on only the 10 percent of overseas applicants who are deemed worrisome by Citizenship and Immigration Canada.

Mr. Thompson said that as well as monitoring jihadist groups, CSIS is struggling to monitor threats from non-Muslim organizations in Canada, such as Sri Lanka's Liberation Tigers of Tamil Eelam and the Sikh group Babbar Khalsa.

CSIS said it plans to complete a review of "operational resources" this summer.

Canada Confronts Its Shadows Within (LAT)

By Carol J. Williams

The Los Angeles Times, June 6, 2006

MISSISSAUGA, Canada — In a country that celebrates cultural diversity, a suspected terrorist plot has shattered the image that many Canadians have of themselves as more secure, more generous and more likable than their U.S. neighbors.

From Muslim shopkeepers in multicultural neighborhoods such as this one to intellectuals debating social policy in Toronto and Ottawa, Canadians have been forced into a disturbing confrontation with the idea that global terrorism may have found fertile soil within their own boundaries.

"I thought this was a very safe country. That's why we came here from Pakistan," said Anjun Ahmed, a 54-year-old convenience store owner who moved to this thriving Toronto suburb, the fastest-growing in Canada, nearly two years ago from Rawalpindi. "This is very bad. If they [the suspects] were really going to do these things, people will be afraid and won't come here."

The 17 men and youths arrested over the weekend for allegedly plotting to blow up Canadian national landmarks were to be arraigned today on charges including participation in a terrorist group. Three also face weapons-smuggling charges, six have been charged with intent to carry out a bombing on an undisclosed target, and nine stand accused of taking part in a terrorist training course, according to documents filed with the Ontario Court of Justice.

Like the homegrown British extremists who bombed London's transit system in July, Canada's alleged perpetrators of immigrant origin were mostly long-settled citizens whose families had fled poverty and oppression in Somalia, the Middle East, the Indian subcontinent and the Caribbean.

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Like the Al Qaeda and Taliban extremists who practiced bomb-making and firearms use at secret camps in Afghanistan before Sept. 11, the Canadian suspects allegedly trained at a clandestine base north of here near remote Lake Simcoe, covering their tracks by dismantling the facility after the sessions in November and December.

And like Timothy McVeigh, whose 1995 bombing in Oklahoma City killed 168 people, the Canadian suspects allegedly had amassed ammonium nitrate — three times as much as McVeigh used in the worst act of domestic terrorism on U.S. soil.

Though the men, means and methods prompted comparison to past attacks, Canadian analysts and observers were saddened and offended that the accused plotters would want to harm their nation.

"Terrorists always try to target peaceful places because it's easier to hit a place where people don't think such things can happen," said Mohsin Ali, a 20-year-old Ryerson University engineering student who came here with his family two years ago from Karachi, Pakistan.

"My children go to college and school here. They don't have problems," said shop owner Ahmed, who invested his life savings in the shop adjacent to the strip-mall mosque where most of the arrested terrorism suspects worshipped. "I'm disappointed."

The attacks have quickly led to acts of anti-Muslim retaliation.

Thirty windows were smashed by vandals early Sunday at the huge International Muslims Organization of Toronto mosque in the Rexdale neighborhood just north of here, an incident its Guyanese founder, Omar Farouk, said Muslims were "hoping and praying was an isolated incident."

"The Canadian people are very loving and kind — equally are the Muslims," said Farouk, whose mosque is attended by nearly 20,000 people and serves as a gathering place for interfaith community events.

The view of Canada as removed from the immigrant frictions and diplomatic strains suffered by its superpower neighbor may be outdated, said Audrey Macklin, a University of Toronto law professor who specializes in immigration, refugee and citizenship affairs.

"There is a desire in Canada to see ourselves as very different from the United States. Whatever we are, we are not the United States," she said, citing the nation's more liberal immigration policy and rejection of go-it-alone military actions. Canada has declined to be part of the U.S.-led forces involved in the war in Iraq.

"We're not a priority target the way the United States is, but that doesn't mean we are protected," she said, adding that Canadians "picture themselves as being thought of as nicer than the United States."

Yet even the best justice system in the world could not eradicate crime, and neither can all acts of extremism be prevented, she said, warning that "no country should be smug enough to think it's immune."

Toronto Mayor David Miller gave voice to his country's collective reluctant realization that vulnerability to extremist violence might be a price paid by an open society unwilling to rein in its rights and freedoms.

"We didn't, as Canadians, expect this, but obviously it is part of modern reality," he told CBC Radio.

David Rudd, president of the Canadian Institute of Strategic Studies, said Canada's liberal immigration policy and generous social spending were laudable. And he brooks no argument from those looking for justification in any disaffection among the alleged would-be bombers, only two of whom are older than 25.

"Certainly the political landscape of this country is very, very amenable to people from foreign countries and non-Anglo-Saxon cultures coming here and living in peace and getting ahead in their lives," said Rudd, applauding the government's emphasis on accepting the cultural individualities of newcomers rather than seeking homogenization.

Unlike the suburban ghettos that have sprung up around major European cities, Canada's nearly 6 million immigrants live scattered throughout the country of 32 million people. They reside primarily in leafy bedroom communities such as Mississauga, a largely immigrant venue but one where Jamaican jerk shops, Arab kebab stands, sushi bars and Indian restaurants stand side by side with burger stands and doughnut shops in suburbs and strip malls.

One school of thought gaining traction in explaining why Canada could become a terrorism target for Muslim extremists is its very liberal, consumer-oriented and socially permissive nature, Rudd said.

"To some people, that situation is offensive or degenerate, that women should be allowed to walk down the street wearing a halter top," he said.

Some who espouse radical or ultraconservative views on the practice of Islam come to Canada for its generous welfare and professional opportunities, often quietly harboring resentment of their environment but at times acting on what they see as blasphemous, he said.

Prime Minister Stephen Harper offered a similar explanation to Canadians the day after the country's largest anti-terrorism sweep since the aftermath of Sept. 11.

Canada's focus on Muslim extremism intensified after the 1999 arrest of Algerian national Ahmed Ressam as he attempted to cross from British Columbia into Washington state. Ressam was caught with a carload of explosives and convicted of planning

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to use them to bomb Los Angeles International Airport on New Year's Eve. He was identified as a member of a Montreal-based terrorist cell with links to Al Qaeda camps in Afghanistan.

Harper, speaking of the new suspected plot, said in a national address: "Their alleged target was Canada, Canadian institutions, the Canadian economy, the Canadian people.

"We are a target because of who we are and how we live, our society, our diversity and our values — values such as freedom, democracy and the rule of law," he said. "The values that make Canada great, values that Canadians cherish."

Padilla Lawyer Wants Key Evidence Tossed (AP)

By Curt Anderson

AP, June 5, 2006

A lawyer for alleged al-Qaida operative Jose Padilla is asking a judge to throw out key evidence, saying the warrant for his arrest was based on statements from one source who claims he was tortured and another who was heavily medicated.

The statements were cited in an FBI affidavit "that distorted the facts in an apparent disregard for the truth," attorney Andrew Patel said in court papers filed late last week.

Padilla was arrested in 2002 at Chicago's O'Hare Airport. Initially accused of plotting to detonate a radioactive "dirty bomb" in a major U.S. city, Padilla was designated an enemy combatant and held without charge by the military for 3 1/2 years.

President Bush dropped the combatant label in November and Padilla was indicted in Miami along with four others on charges of being part of a support cell for Islamic extremists. Padilla's trial is set for this fall.

The evidence being challenged includes a cell phone allegedly provided to Padilla by another al-Qaida operative, an address book containing names of his alleged al-Qaida recruiter and sponsor, and more than $10,000 in cash.

In court papers, Patel does not accuse the FBI or other U.S. interrogators of engaging in torture. But he argued that U.S. failure to detail the torture allegations before Padilla's arrest invalidate the evidence seized from him.

A spokesman for U.S. Attorney R. Alexander Acosta had no comment Monday.

According to Patel, the sources cited in the FBI affidavit were Binyam Ahmed Muhammad — being held at the Guantanamo Bay detention camp — and Abu Zubayda, a top al-Qaida leader held at an undisclosed location. They were arrested in Pakistan in 2002.

Patel said Muhammad has told his own lawyer that he was whipped, hung from the ceiling of his cell with leather straps and later taken to Morocco where he was tortured with a razor.

Patel said Zubayda was treated after his arrest for gunshot wounds, raising questions about "the effect the medications may have had on Abu Zubayda's ability to provide accurate information."

Maryland Teacher's Terror Trial Goes To Jury (WT/AP)

By Matthew Barakat, Associated Press

The Washington Times, June 6, 2006

A third-grade teacher at a Muslim school in Maryland traveled to Pakistan shortly after the 2001 terrorist attacks, trained with a terrorist group there and later served as chauffeur for one of that group's leaders during his U.S. travels, federal prosecutors said yesterday.

Prosecutors and defense attorneys made their closing arguments yesterday in the trial of Ali Asad Chandia, 29, who is charged with providing material support to Lashkar-e-Taiba, a group that supports Muslim control of the disputed Kashmir territory on the India-Pakistan border. The jury began its deliberations yesterday afternoon.

The U.S. government declared Lashkar a terrorist group in December 2001.

Prosecutors have said Lashkar served as a potential gateway for Americans and others who wanted to join the Taliban in neighboring Afghanistan in its fight against U.S. troops in late 2001.

The charges against Mr. Chandia stem from a government investigation of what prosecutors called a "Virginia jihad network," a group of young Muslim men who used paint-ball games in 2000 and 2001 as paramilitary training for holy war around the globe.

Ten persons have been convicted in that investigation, including the group's spiritual leader, Ali al-Timimi, who was sentenced to life in prison for soliciting treason and urging group members to fight U.S. troops in Afghanistan.

Prosecutors do not say that Mr. Chandia intended to take up arms against U.S. troops, but they do say he received jihad training at a Lashkar camp in late 2001.

Then, after returning to the United States in 2002, they say he helped Lashkar by assisting one of its officers, Mohammed Ajmal Khan, in his U.S. travels.

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Specifically, Mr. Chandia served as a driver for Khan and picked him up at various airports. He also helped Khan obtain and ship equipment from the United States to Pakistan, including a remote-controlled aircraft and 50,000 paint balls, according to the government.

Prosecutor John Gibbs said the defense sought to portray Khan as an eccentric, largely innocuous character.

"He is not cute. He is a terrorist," Mr. Gibbs said of Khan, who was convicted in Great Britain of supporting Lashkar and sentenced earlier this year to nine years in prison.

Defense lawyer Marvin Miller said prosecutors had no evidence that Mr. Chandia attended a Lashkar camp, only testimony from an eyewitness who saw Mr. Chandia at a Lashkar office in Lahore.

Mr. Miller said Mr. Chandia traveled to Pakistan to help arrange his brother's wedding there in January 2002.

As for the assistance Mr. Chandia lent to Khan, Mr. Miller argued that Mr. Chandia didn't know of Khan's connections to Lashkar.

Mr. Chandia is on leave from a teaching job the al-Huda school in College Park.

Counterterror Exemption Proposed For Privacy Act (WT/UPI)

By Shaun Waterman, United Press International

The Washington Times, June 6, 2006

A little-noticed proposal from the Senate intelligence committee would exempt federal agencies from important provisions of the Privacy Act in the name of the war on terrorism.

The committee's annual authorization bill, which was sent to the Senate last month after a unanimous vote, would initiate a three-year pilot program, during which U.S. intelligence agencies would be able to access personal information about Americans held by other federal departments or agencies if it is thought to be relevant to counterterrorism or counterproliferation.

In the wake of revelations about the administration's use of data mining and warrantless surveillance of telephone and Internet communications in pursuit of the nation's terrorist enemies, the provision could cause a furor.

"If this is enacted, the Privacy Act will look like Swiss cheese," American Civil Liberties Union (ACLU) legislative counsel Tim Sparapani said.

Mr. Sparapani said he was not reassured by the role that the law envisages for the president's Privacy and Civil Liberties Oversight Board, which would monitor the program and report to Congress as the three-year sunset approached.

"The board is stacked four [Republicans] to one [Democrat]," he said.

"It is not truly independent" because it is inside the president's own office, which puts it "under the thumb of the president and his advisers."

The board's chairwoman, Texas lawyer Carol Dinkins, did not respond to a request for comment yesterday afternoon.

A Democratic committee staffer defended the proposal, saying the exemptions were "narrowly drawn to address the kinds of problems we found during our September 11 inquiry" when U.S. agencies failed to pool information about known al Qaeda militants, who were, thus, able to slip into the country.

At the moment, the 1974 Privacy Act broadly prohibits a federal government entity that has collected information about Americans from using it for any purpose other than that for which it was collected. Information typically cannot be passed on to other agencies or departments without the person's permission.

These restrictions "could prevent the sharing of intelligence information within the executive branch," said the committee report accompanying the intelligence authorization bill, designated S. 3237.

The report goes on to say that an "Information Sharing Working Group," made up of representatives from U.S. intelligence and law-enforcement agencies and from the Departments of Defense and Homeland Security, had recommended changes to the Privacy Act restrictions on personal-information sharing in 2004.

The committee included similar provisions in its authorization bill last year, but that legislation died after an anonymous hold -- apparently from at least one Republican senator angered by Democrat-authored provisions on detention and interrogation -- prevented it from reaching the Senate floor.

Though the Privacy Act created 12 exceptions to the restriction on data sharing -- including for information used "to support a civil or criminal law-enforcement activity under certain proscribed circumstances" -- the committee report says there is no such exemption for intelligence activities.

Section 310 of the committee's new bill creates one, exempting all U.S. intelligence agencies from data-sharing restrictions in cases in which the information "is relevant to a lawful and authorized foreign intelligence or counterintelligence activity." If the information does not "pertain to an identifiable individual," then the director of national intelligence or one his deputies has to approve the sharing.

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Under the provision, intelligence agencies also can ask for Privacy Act-covered records from nonintelligence agencies -- and be entitled to them -- if the information relates to international terrorism or proliferation.

No Defense For Degrading Prisoners (LAT)

The Los Angeles Times, June 6, 2006

IN AN UNUSUAL MOMENT OF public introspection, President Bush told a recent news conference that "the biggest mistake that's happened so far, at least from our country's involvement in Iraq, is Abu Ghraib. We've been paying for that for a long period of time."

Apparently, planners in the Pentagon weren't listening to the president's remarks, or failed to understand their larger import: This country harms its own image — and puts its troops in harm's way — when it humiliates and degrades prisoners.

On Monday, The Times' Julian E. Barnes reported that the Defense Department, over the objection of the State Department, has decided to omit from a new Army Field Manual on interrogation a prohibition against "humiliating and degrading treatment" contained in Common Article 3 of the Geneva Convention.

Unfortunately, there is a precedent for this deletion. In a 2002 order, President Bush wrote that because Article 3 was designed to deal with conflicts that were not "international" in scope but rather civil conflicts, it didn't apply to Al Qaeda or Taliban detainees.

More recently, Pentagon officials — supported by Vice President Dick Cheney's office — apparently have come to believe that including the prohibition in the manual would cramp the style of interrogators and create an "unintentional sanctuary" for Al Qaeda fighters. For example, one official complained, adherence to Article 3 might make it difficult to "punch the buttons of a Muslim male" by questioning his manhood.

Even if this were true — and we doubt whether verbal insults constitute "humiliating and degrading treatment" — the alternative is worse. Omitting Article 3 from the interrogation manual not only would be handing the enemies of the United States a propaganda victory, but by giving interrogators an inch of discretion, it would be encouraging some of them to take a mile. Such slippage isn't just a matter of speculation. It's what happened at Abu Ghraib.

We have been here before. In 2002, Justice Department lawyers produced a now-infamous memo espousing a ridiculously narrow definition of torture, limiting it to the pain accompanying "death, organ failure or the permanent impairment of a significant body function." The administration repudiated the memo, just as it had second thoughts about a directive from Defense Secretary Donald Rumsfeld allowing interrogators to subject detainees to "mild, noninjurious physical conduct" to induce them to talk.

Any plan to omit Article 3 from the interrogation manual justifies the same sort of serious second thoughts. If Rumsfeld can't see that, his newly reflective boss should set him straight.

Degrading America's Image (NYT)

The New York Times, June 6, 2006

For more than seven decades, civilized nations have adhered to minimum standards of decent behavior toward prisoners of war — agreed to in the Geneva Conventions. They were respected by 12 presidents and generations of military leaders because they reflected this nation's principles and gave Americans some protection if they were captured in wartime.

It took the Bush administration to make the world doubt Washington's fidelity to the rules. And The Los Angeles Times, reporting yesterday on a dispute over updating the Army rulebook known as the Field Manual, reminded us that there is good reason to worry.

At issue is Directive 2310 on the treatment and questioning of prisoners, an annex to the Field Manual. It has long contained a reference to Article 3 of the Geneva Conventions, which covers all prisoners, whether they meet the common definition of prisoners of war or are the sort of prisoners the administration classifies as "unlawful enemy combatants," like suspected members of the Taliban or Al Qaeda.

Article 3 prohibits the use of torture and other overt acts of violence. But Mr. Bush's civilian lawyers removed it from the military rulebook over the objections of diplomats and military lawyers. Mr. Bush has said he does not condone torture, but he has also said he would decide for himself when to follow the ban on torture imposed by Congress last year. Removing the Geneva Conventions from Army regulations gives the world more cause for doubt.

Article 3 also prohibits "outrages on personal dignity, in particular, humiliating and degrading treatment." (Remember the hooded man, the pyramids of naked prisoners?) The Pentagon says the new rules require humane treatment, but that is not much comfort, since the Bush team has shown that it does not define humane treatment the way most people do.

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There are other aspects of Article 3 that this administration probably finds inconvenient, like its requirement that governments holding prisoners subject them to actual courts "affording all the judicial guarantees which are recognized as indispensable by civilized peoples." The hearings at Guantánamo Bay hardly meet that description.

It defies belief that this administration is still clinging to its benighted policies on prisoners after the horrors of Abu Ghraib, the killings at American camps in Afghanistan and the world's fresh outrage over what appears to have been the massacre of Iraqi men, women and children in the village of Haditha.

HOMELAND RESPONSE:

Intel Chief Gives Vt. Commencement Talk (AP-Y2)

By David Gram

AP2, June 5, 2006

National Intelligence Director John Negroponte urged graduates of a private high school Monday to appreciate and take full advantage of the human ability to communicate.

In a brief speech, Negroponte said words had profoundly shaped human history, giving people "the ability to express feelings, to record events, to plan ahead, to resolve differences and to share a common identity."

"You have been empowered to express yourselves, to get to know one another, to define your aspirations and to understand and respect your differences," he said.

Negroponte, a former U.S. ambassador, is the first director of National Intelligence, a position designed to oversee the country's different intelligence agencies.

He made no reference to foreign policy or the controversy over the government's domestic eavesdropping program during his speech at St. Johnsbury Academy, where his son John was one of the graduates.

About 75 peace activists stood outside in the drizzle holding signs and giving speeches, alleging that Negroponte was a key player in abusive U.S. foreign policies from Central America in the 1980s to Iraq today.

"It's outrageous that he's being given a position of honor in our community," said Brian Tokar of East Montpelier.

Police arrested four protesters, two who were removed from the hall while heckling during Negroponte's speech and two who ventured onto what police said was the academy's private property.

After the second heckler was hustled out by security, Negroponte drew a laugh when he said, "I think you'll all be very grateful that I have a very short speech."

Groundbreaking For 9/11 Memorial At Pentagon Set (WP)

By Timothy Dwyer

The Washington Post, June 6, 2006

The president of the Pentagon Memorial Fund announced yesterday that a groundbreaking ceremony will occur June 15, a huge milestone in the nearly five-year fundraising effort for the 9/11 monument.

About 150 family members and other guests, including Secretary of Defense Donald H. Rumsfeld, are expected to attend the invitation-only ceremony, which will be held at the memorial site on the west lawn of the Pentagon, James J. Laychak said.

"It is one step toward completion of the memorial," said Laychak, who lost a brother in the attack on the Pentagon on Sept. 11, 2001. "It gets us closer to the vision that I have of all of us family members sitting in a quiet corner at the completed memorial watching everyone enjoying what we helped create."

Laychak said about $10.8 million has been raised for memorial construction. He said the goal is to raise $22 million for construction, which is expected to be completed in September 2008, as well as another $10 million that will be used to maintain the memorial.

The majority of the money to build the memorial has come from private donations, Laychak said. He said the memorial fund got a grant of nearly $1 million from the federal government recently and has asked for $100,000 from the state of Virginia, but that has yet to be approved.

Among those who will attend the groundbreaking are architects Julie Beckman and Keith Kaseman, who won a worldwide competition to design the memorial.

"It is a huge milestone, and I am very excited about it," Beckman said. "It is something that we have been waiting for, and it is timed to go along with real construction that is beginning on the site. We are just thrilled."

The memorial will have 184 cantilevered benches, one in memory of each victim of the terrorist attack on the Pentagon. Occupying 1.93 acres, the memorial will be 165 feet from where American Airlines Flight 77 hit the building.

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After the groundbreaking, construction crews will begin removing underground utilities and work on the installation of a system that will supply water for reflecting pools beneath each of the 184 memorial benches.

Laychak said about $3.3 million has been spent for research and development on components and materials.

One challenge has been to come up with a mold for the memorial benches, which will be composed of one piece of super duplex stainless steel, the same material used in the reconstruction of the Statue of Liberty and in catapults on aircraft carriers because of its high resistance to corrosion.

"We have been continuing the prototyping process for the memorial unit, and that has been going very well," Beckman said. "We were back out at the foundry in St. Louis to see five more prototypes that they have been working on . . . to make sure that 184 of them can be made exactly the same."

About 80 paperbark maple trees will shade the memorial. "They were chosen because they have year-round interest," Beckman said. "They are late-turning maples. The leaves change color a little later than the rest of the maples. So when most of the trees in Arlington have lost their leaves, these will still be a brilliant red." She said the trees have cinnamon brown bark, which would contrast with a gray winter.

Kaseman and Beckman, now engaged, were young and unknown New York architects when their design won a competition that had more than 1,000 entries. They moved out of their closet-size studio apartment on the Upper West Side nearly three years ago to an apartment in Old Town Alexandria to work on the memorial.

"For Keith and I, it has been absolutely amazing to work on this with all the people who have been involved so far," Beckman said. "I know this place will help all of the people for whom the healing process is still going on."

Ground Zero (WSJ)

By Debra Burlingame

The Wall Street Journal, June 6, 2006

I am an ironworker. I held you in my hands.

I did not know who you were and now I am showered clean . . . yet I still feel dirty. I don't know why, but I feel ashamed. WHO WERE YOU?

-- Anonymous message, left at Ground Zero.

They came and would not leave, an army of ironworkers and heavy-equipment operators, stopping only when the scent-trained dogs barked out a signal. They cut and moved twisted steel and steaming concrete, clearing an astonishing 1.8 million tons in a continuous convoy of trucks and a 20,000-barge armada. The last steel beam, covered from top to bottom with handwritten prayers and messages of hope from those who worked the site, was hauled away in a solemn site-closing ceremony that left grown men weeping quietly. "The Pile" was cleared in eight-and-a-half months. Only then did they go home, different men. Who will tell their story?

The answer depends on whether we believe we have a stake in a future we will not live to see. Today, a handful of people are considering how the history of 9/11 will be preserved for future generations. Will it be scattered all over the globe, eroded by small museums, cannibalized by private collectors, or simply lost forever?

From the giant steel façades that broke but did not fall to the thousands of "Missing" flyers that speak of humanity as no granite monument can; from the harrowing digital footage to the oral histories that provide a mosaic of facts as detailed and compelling as a thousand handmade quilts; these are the pieces that make up our generation's "Day of Infamy." Preserving that history is both the mission and the moral imperative of the World Trade Center Memorial Museum -- if we build it.

The decision lies in one man's hands: New York Gov. George E. Pataki. It is that simple. Advisory councils, stakeholder meetings and a public comment period notwithstanding, if Gov. Pataki agrees with 87% of the respondents in last year's Zogby poll, stating that 9/11 was "the most historic event of their lifetime" that "changed the way Americans live and view the world," then he will step up and mark that history -- or answer to those same people. And he will have one tough time doing it. * * *

The American people, watching the horrific scenes in New York, Virginia and Pennsylvania, voiced nary a peep of dissent when the federal government handed over $21 billion in disaster relief -- $18 billion in rebuilding bonds and tax credits, and $2.8 billion in immediate cash grants -- to the state and city of New York. The desire to raise buildings and bring back neighborhoods and businesses far from their own communities is powerful proof of the generosity of a people whose hearts were broken but whose resolve was not.

The public has heard plenty about the "empty pit of Ground Zero," but most do not know that the $2.8 billion allocated to Lower Manhattan in cash grants has virtually all been spent. It is difficult to trace where all the money went while being routed through the Department of Housing and Urban Development and six different city and state entities. Now, after four-and-a-half years of press conferences, ribbon-cuttings and groundbreakings (the Freedom Tower has had two), at which the lost 343 firefighters were invoked and the memorial and museum was touted as the "centerpiece" around which hundreds of millions of

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dollars in spending projects would turn, Gov. Pataki and Mayor Michael Bloomberg have teamed up to tell the public that it's time to "rethink" the project where the history of those valiant firefighters will be secured. Not only does this undermine Daniel Libeskind's master plan, which always included a museum of "memory and hope," it also manifests a standard of fiscal responsibility that the governor and the mayor have refrained from imposing anywhere else at Ground Zero.

The Port Authority's massive new transportation hub, designed by superstar architect Santiago Calatrava, will cost an estimated $2.2 billion. Some $2 billion of that is federal money, which means that the entire country is supporting the "awe-inspiring" makeover of a terminal that will serve a mere 40,000 commuters (a number so embarrassing the Port Authority upped it to 80,000 by including round trips). The chief executive of a construction firm involved in the building illustrates the absurdity of what insiders call a "vanity project" by pointing out that $2.2 billion is enough to build a metropolitan airport.

The governor has also handed out hundreds of millions in relief money to corporate powerhouses, ostensibly to get them to relocate to Lower Manhattan or to prevent them from leaving. He signed off on $25 million worth of recovery funds for American Express, which expressly announced it hadn't intended to leave Lower Manhattan and posted doubled profits less than a year after 9/11. Goldman Sachs, which made $4.55 billion dollars in net profits in 2004, received a $2 billion "assistance" package consisting of triple-tax-free Liberty Bonds, tax credits and cash the following year.

Mr. Bloomberg talks about a "sensible" approach to Ground Zero rebuilding, but has declined to fully explain his allocation of $650 million dollars worth of Liberty Bonds to construct the Bank of America tower in midtown, an allocation that competes with downtown redevelopment; or why he awarded $114 million in Liberty Bonds to the Ratner office tower -- in Brooklyn.

The mayor has suggested locating the World Trade Center Museum in the controversial Freedom Tower, declaring it "a good use of that lobby." To put the story of that day in another commercial office tower is an insult to the memory of the 3,000 who died and to the thousands who barely escaped. Would the Holocaust Museum be treated as an afterthought and crammed into such a space? Moreover, why would any commercial tenant be attracted to a building that will be the destination of as many as 20,000 to 30,000 tourists per day?

The mayor's proposal was promptly embraced by New York's cultural elite -- the same folks who were despondent over the loss, last fall, of the International Freedom Center and its slavery exhibits. The New York Times editorial page went so far as to suggest that the 9/11 museum is not really necessary since "most of us remember that day very clearly." The same paper, in contrast, published six hyperventilating editorials last year, telling us that the Freedom Center must be built on sacred ground to provide the memorial with "historical context," albeit one that didn't include a word about terrorism.

Interestingly, the no-museum proponents have uniformly invoked the Vietnam Veterans Memorial in Washington as an example of a simple and appropriate remembrance. While it eventually became accepted as a locus of healing, "The Wall" was controversial when it opened in 1982 in no small part because of its failure to tell the story of the war. Jan Scruggs, founder of the Vietnam Veterans Memorial Foundation, recognizes that when the contemporaries of that war are gone, the 58,000 names carved in granite will not resonate with future generations. To remedy this, he sought and won congressional approval to build a museum that will tell the story of the war and those who fought it.

Ironically, the designer of the Vietnam memorial, Maya Lin, was a member of the World Trade Center Memorial jury and the most vocal advocate of the design that was eventually chosen, Michael Arad's "Reflecting Absence." Like Ms. Lin's Wall, Mr. Arad's design, consisting of reflecting pools and waterfalls with a random listing of 3,000 victims' names, says nothing about how they died or the historic event it is memorializing. Without the museum there will be nothing on the plaza, not even the iconic artifacts, to tell future visitors what actually happened on 9/11.

But let us not get too carried away with comparisons to other memorials. The Vietnam War did not take place on that grassy mall in Washington. Ground Zero is an historic battleground; and of the 2,755 who died there, 1,157 were vaporized without a trace.

The American people intuitively understand what the New York intelligentsia does not. They already stream to Ground Zero in the tens of thousands, signing up for tours to stand and look at the iron fence of St. Paul's Church across the street, now stripped of the faded flags, the personal tokens of remembrance and the hand-lettered messages of sympathy that poured in from all over the world. They shell out countless thousands of dollars for picture books and postcards bearing the images of the twin towers from the ragtag vendors who line the site's perimeter.

It is this humble assortment of Ground Zero entrepreneurs who have shown City Hall's economic development experts that it is possible to blend commerce and commemoration. And the Memorial Museum will help restore a standard of dignity, which will be more about providing a lasting remembrance than making a quick buck. * * *

Yes, the $500 million price tag for the memorial and museum is steep, but the reality is that it was the terrorists who chose the most expensive building site in all the world for the location of their attack. That is where our people died and that is where we must build it -- especially as the cost of not doing so is even higher.

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This is an investment in the future that will allow visitors from all over the world the opportunity to see the contrast between those who died to take the lives of strangers, and those who gave their lives to save them. The millions who will make a pilgrimage to Ground Zero will surely enjoy the fine boulevards and piers that their own generosity provided, but the experience they most anticipate is not a frozen latte in Hudson River Park. They want to confront the reality of the day that changed their lives, and the world they once knew.

The World Trade Center Memorial and Museum will commemorate, educate and inspire. It will convey to future generations that we as a people are more than sleek neighborhoods and buildings. That is something our enemies did not understand and should be reflected in everything we do on that much-hallowed ground.

Governor, we're ready.

Ms. Burlingame, a director of the World Trade Center Memorial Foundation, is the sister of Charles F. "Chic" Burlingame III, the pilot of AA flight 77, which was crashed into the Pentagon on Sept. 11, 2001.

Hurricane Mary Still Storms Over Katrina (HILL)

By Jonathan Allen

The Hill, June 6, 2006

In the nine months since Hurricane Katrina bore a hole through the Gulf Coast and triggered cataclysmic flooding in New Orleans, Sen. Mary Landrieu has been battling for more than just cash to rebuild.

"I'm still in a fight to explain," the Louisiana Democrat said during an interview in her seventh-floor Hart Building office suite.

In endless meetings with lawmakers, aides, interest groups and even singer Placido Domingo, she uses color-coded charts, sweeping gestures and Cajun charm to explain the difference between the hurricane and the flood, the biblical-scale damage to her home city, coastal restoration plans, why New Orleans should be rebuilt and why further assistance should not be routed through the Federal Emergency Management Agency.

"It's important for people to understand what really happened, who is responsible, why it happened, so that we can actually fix it," she said.

For Landrieu, villains are easy to identify: President Bush and top White House officials, the Federal Emergency Management Agency (FEMA) and House Speaker Dennis Hastert (R-Ill.). Early on, Hastert suggested New Orleans should not be rebuilt.

"That kind of set us off in a defensive posture when we should have been in an offensive posture," Landrieu said.

Since then, the 50-year-old senator has been the one taking swings. Last year she said on national television that she would punch the president or anyone else who berated local officials. In April, she threatened to hold up Bush's executive-branch nominees until he delivered funding for the Gulf Coast.

But her pugnacity has not stopped her from forming alliances. In March she became the first Democrat in either chamber to support a Republican-written budget since 2004 after securing a promise for more levee money.

Landrieu, now in her second term, met with Senate Republican bulls Ted Stevens (Alaska) and Pete Domenici (N.M.) in the office of Majority Leader Bill Frist (R-Tenn.) to hammer out a deal for her vote.

She says top Senate appropriators Thad Cochran (R-Miss.) and Robert Byrd (D-W.Va.) have come to Louisiana's rescue. She also notes the names of senators who dispatched aides to help her staff in Katrina's aftermath, and she singles out Education Secretary Margaret Spellings and Housing Secretary Alphonso Jackson for praise.

'AROUND THE WHITE HOUSE'

Landrieu has not let up a bit in her condemnations of the White House, but she is careful to draw a distinction between the president's inner circle and other parts of the administration, where she has found some of her staunchest allies.

"I just sort of went around the White House and just went directly to their Cabinet people, and some of the Cabinet people really understand what happened and they're really trying to help," Landrieu said. "Margaret Spellings was one of the first to grasp it."

Landrieu and Spellings have found common ground in their support for charter schools, facilitating a strong alliance. Spellings did "everything she could" to put kids in classrooms, a Landrieu aide said.

But other agencies remain in Landrieu's crosshairs, particularly FEMA, which she says should not be the vehicle for federal assistance because it is "dysfunctional."

Landrieu is among those who argue that aid should move directly through other departments and agencies — the Education Department, Housing and Urban Development, the Commerce Department and the Small Business Administration, to name a few — rather than FEMA, which has become a symbol of the federal government's difficulties in handling the problems of the Gulf Coast region.

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"They kept thinking FEMA could do it, FEMA could do it," Landrieu said. "But even on FEMA's best day they couldn't have done it, and FEMA didn't have too many good days."

A SINGULAR FOCUS

Landrieu has other responsibilities in the Senate; she is the ranking Democrat on the District of Columbia Appropriations Subcommittee and a member of the bipartisan Gang of 14 that has played a decisive role in the judicial confirmation process, and her brother just lost a hotly contested Democratic mayoral primary.

But the names of the hurricanes, Katrina and Rita, are seldom far from her lips.

When Placido Domingo visited Landrieu to discuss money for the arts, the opera star instead got a lesson on Louisiana's infrastructure.

"We had spent 30 minutes with this guy, and we had not talked about arts funding," a Landrieu aide said.

The next day, with the Senate out of session, Landrieu and Democratic Policy Committee Chairman Byron Dorgan (N.D.) spent more than an hour interviewing local business owners at a poorly attended hearing titled "An Oversight Hearing on Gulf Coast Reconstruction: Has the Federal Government Left Small Businesses Behind?"

Republican and Democratic aides say Landrieu has been somewhat less involved with issues unrelated to the hurricanes since they hit.

NO APOLOGIES

"If one person criticizes them or says one more thing, including the president of the United States, he will hear from me," Landrieu told ABC's George Stehanopoulos in September. "One more word about it after this show airs and I might likely have to punch him. Literally."

Landrieu maintains that radio talk-show host Rush Limbaugh and others took her line about punching the president out of context, but she says she stands by it.

"I don't regret it at all, and I'd say it again exactly that way," she said. "As a leader, I think you should defend your people, not gloss over their faults. But I'm not going to let anybody talk about the first responders of New Orleans."

The most recent twist in Louisiana's battle for federal aid is a threat by Gov. Kathleen Blanco to delay drilling leases if the federal government does not give the Pelican State a share of the revenue.

Landrieu, who has said she will block energy legislation that does not include a share of federal receipts for Louisiana, supports Blanco's approach but would prefer a legislative fix, according to spokesman Adam Sharp.

"The entire state leadership supports getting our fair share, and each of us does what is within our ability to drive that result," Sharp said in an e-mail.

Clamoring To Come Home To New Orleans Projects (NYT)

By Susan Saulny

The New York Times, June 6, 2006

NEW ORLEANS, June 5 — Hundreds of displaced residents of public housing have for several days been returning here for the first time since Hurricane Katrina.

They are armed with little more than cleaning supplies and frustration, in an effort to force the city to reopen their storm-damaged apartments.

The city, saying the projects are not ready, has refused.

Outside the largest complex, the St. Bernard Housing Development in the Seventh Ward, tenant groups have organized evacuees into a tent city called Survivors Village. At the C. J. Peete Development in Central City, older residents, mostly women, broke into their old apartments and carted away plastic bags of refuse and ruined furniture.

At the Florida housing complex in the Ninth Ward, residents slipped through fences topped with razor wire to reach their old units. They piled up heaps of debris that lined Bartholomew Street in the shadow of Interstate 10.

In bone-baking heat under a cloudless sky, evacuees traveling from Atlanta, Baton Rouge, Houston and elsewhere fumed at the city and federal housing officials who have opened fewer than 1,000 of more than 8,000 public housing units in a city suffering from a housing crisis and a shortage of workers.

The residents promised on Sunday to gut and rebuild their own units, and they said they planned to be back permanently — with or without the city's permission — as soon as their work was done.

"They're not giving us any help, and we're tired of waiting," a resident, Nickole Banks, said of the Housing Authority. "People want to come home."

Damage to the projects ranged from very little to severe. The Housing Authority says that as many as 90 percent of the apartments are unsafe and uninhabitable and that time-consuming environmental evaluations remain unfinished. To the

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residents, these are excuses. They fear that city officials are really trying to redevelop the projects to bring in other residents with more money.

That is a move that some city and federal officials say would be desirable. Private developers have openly discussed the possibility of rebuilding some projects to house a much wider range of tenants.

Because private homeowners are being encouraged to return to the same areas, the public housing question has become part of a larger debate about the future of the city's poor population. Does New Orleans intend to make itself a home for them again?

After the storm, many of the most important institutions and services for the poor broke down and were never repaired. Charity Hospital, a historic institution for the poor, remains closed.

The public defender system has been unable to provide lawyers to poor defendants, and public transportation is essentially broke and is providing far fewer rides.

"They're trying to steal New Orleans from us," Phyllis Jenkins, who has been living in Fort Worth, said Sunday outside what used to be her home in the sprawling St. Bernard development. "Well, I will not be displaced anymore. I'll take my home any way they give it to me. It's been 10 months. They've got to know we're serious. We're going to stand here until they let us in our homes."

Local officials have been clear that they do not want to return to the way things were before the storm, when 10 traditional public housing developments concentrated low-income residents in some of the worst conditions in the city, leading to intense crime and drug use.

"We don't need to recreate pockets of poverty," the president of the City Council, Oliver M. Thomas Jr., said. "They don't work. We want more mixed-income, working communities. I think that's really the only way."

Some officials have made remarkably unveiled comments suggesting that the storm did the city a favor in terms sweeping away the poor.

Representative Richard H. Baker, a Republican from Baton Rouge, said just after the hurricane: "We finally cleaned up public housing in New Orleans. We couldn't do it. But God did."

A spokesman for the Housing Authority, Adonis Exposé, said the authority was encouraging private and public partnerships to redevelop the projects, a move that began in limited form before the hurricane.

"We find it has worked out, and we're looking into doing it at a lot of other sites," Mr. Exposé said.

Before the storm, 2,000 public housing units had been demolished to make way for newer, better complexes. That stoked fears among residents of public housing that they were being scattered to nowhere in particular.

That turned out to be the case in the redevelopment of the St. Thomas Project, the largest and most controversial to date. It is now a mixed-income development called River Garden, with a small fraction of the original public housing tenants.

Residents who have been protesting fear more of the same could be in store for them. Some of the poor and their advocates see the lack of action as a delay tactic to diminish the chances that many would return.

The Federal Department of Housing and Urban Development, which took control of the bankrupt local housing authority years ago, says it is continuing to assess the storm damage to the buildings.

"I wish I could say everything's great, come on home," an assistant secretary, Orlando J. Cabrera, said in an interview. "But it's not great. We've got entire parts of the city that have very few services, that have questionable ability in terms of infrastructure. We have to ask the hard question: 'What would these folks do? Can we put people in there?' "

Mr. Cabrera said considerable federal money was available to allow private builders to redevelop public housing in such situations. The Housing Authority has begun to apply for those funds.

Developers have been seeking permission to rebuild the crown jewel of the projects, the Iberville Housing Development, on a coveted location next to the French Quarter. It is a gem of Depression-era buildings, a sturdy assemblage of small-scale town houses with wrought-iron balconies that overlook courtyards and oak trees. The project, barely damaged by the hurricane, continues to house hundreds of families.

Michael Valentino, the managing partner of a hotel group here, and some tenants have proposed knocking down walls to make the apartments bigger, adding public art and fountains, and bringing in some tenants who would pay market-rate rent.

So far, no deal has been made.

"The magic of Iberville is that the architecture is magnificent; it could be beautiful and vibrant again," Mr. Valentino said about the development, which replaced the Storyville red-light district in an early example of slum clearance. "It's a linchpin piece of the redevelopment of Canal Street and the Quarter."

Mr. Valentino and other developers have the support of some tenants like Kim Paul, president of the residents' council. But they have also drawn the ire of another group, Hands Off Iberville, made up of housing advocates and tenants.

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Even though she wants to help remake Iberville into something it never was, Ms. Paul complained about how slowly housing officials were letting residents return to the development, the least damaged in the city. She is in the unusual position of standing up for tenants and developers at the same time.

"I can show you that the apartments don't have mold or mildew," she said Sunday as she joined the other protesters at St. Bernard who were eating jambalaya out of plastic cups. "Before we do anything, we're trying to get all the pre-Katrina residents home."

Passers-by on St. Bernard Avenue, a main thoroughfare, generally supported the peaceful protest outside the fenced-in project. A woman from the Uptown section, Cliffie Pettigrew, stopped her truck and said, "I don't know if you folks are supposed to be here or not, but I want to help because I remember how sad I was when I couldn't get home."

"What ya'll need?" she asked.

"Everything," they answered.

Hurricane Season Brings Urgency To Fixing FEMA (HILL)

By Rep. Mark Foley (R-Fla.)

The Hill (opinion), June 6, 2006

When Max Mayfield of the National Hurricane Center talks, the people in my district listen.

Mayfield has predicted another volatile year, with this hurricane season delivering up to eight to 10 hurricanes, according to the latest predictions of the National Oceanic and Atmospheric Administration.

While we prepare for the season, which began Wednesday, structural problems remain that plague the Federal Emergency Management Agency (FEMA), the federal agency that delivers aid in the wake of a hurricane and ensures localities are prepared with disaster plans.

There is no doubt in my mind that FEMA's response to the storms of the past two years was hampered greatly — and will continue to be hampered for the coming hurricane season — by the top-heavy government bureaucracy of the Department of Homeland Security.

FEMA does some of its most important work during the initial hours before a storm, when first responders prepare, federal authorities are placed at the ready and residents are given instructions. While local and state governments are the first line of response, much of the planning and work is done by FEMA, which is charged with coordinating federal efforts while complementing the local response. In fact, in years past,

FEMA's role was considered important enough to make its director, until recently, a Cabinet-level position.

But as the federal government reacted to Sept. 11 and viewed most federal services through the prism of terrorism, placing FEMA within the security clearinghouse of the Department of Homeland Security (DHS) seemed to be the right move. Unfortunately, Katrina, Wilma, Frances, Rita, Jeanne, Ivan and Charley have proved that wrong.

By folding FEMA into DHS, we have, in effect, tried fitting a square into a circle. FEMA is charged with responding to natural disasters and emergency situations, while its overseers are more focused, and rightly so, on terrorism.

By placing FEMA in the labyrinth of government agencies housed in DHS, we have put FEMA's priorities in direct competition for attention with our efforts to protect our cities from al Qaeda and to protect our borders. In the process, decisions that once were made quickly and efficiently at FEMA now have to go through a web of paperwork, authorizations and releases before they can be made — adding further risk to people who wait for relief.

We also have diminished FEMA's ability to act autonomously and take charge of a disaster. By making the agency just another department in a huge bureaucracy, we have neutered its ability to take the reins of federal response and handed them off to undersecretaries and assistant secretaries of the Department of Homeland Security.

From our own experience in Florida, we know the importance of strong leadership in dealing with hurricanes. Before and after Hurricanes Charley, Frances, Ivan and Jeanne hit Florida two years ago, Gov. Jeb Bush was in constant contact with local authorities and was swift in his decisionmaking. Law enforcement and first responders were kept informed and knew their roles.

Unfortunately, there was no Jeb Bush in Louisiana, and there were no Rudy Giulianis in New Orleans.

Instead, the buck was passed from local to state and then to federal authorities, many times with the assumption that FEMA had the experience to know what to do. But the sluggish bureaucracy at DHS produced no leaders and left people across the country to wonder who was in charge.

Last year I introduced legislation to sever FEMA from the DHS bureaucracy, returning it to an independent agency. My goal is to allow FEMA to break free from the Washington-style adherence to paperwork and memos in order to make it the nimble, quick-response team that it wants to be.

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Saddled with the bureaucracy of DHS, FEMA's priorities have gotten lost, and we need to place them back at the forefront. I have been encouraged by the support of the idea by Subcommittee Chairman Bill Shuster (R-Pa.), and I have been working to convince others of its merit.

I first called for this before 2004's hurricane season wreaked havoc on our state, but nearly two years of recovery efforts that have been delayed and a frustrating effort to find accountability at FEMA — culminating with its slowed response to Katrina — made me realize we cannot wait.

Unfortunately, I fear these frustrations will only grow for the people of the Gulf Coast area making the transition into the long-term recovery process as the tasks of FEMA remain a source of competing interests within DHS.

Blame for the slow response to Katrina does not rest solely at one level of government. Local officials failed. State officials, especially the governor, failed. The federal government failed. In Congress, we must take these lessons to heart and recognize that change has to happen — and we have to make it happen now, not later.

Foley represents Florida's 16th District, which includes Port St. Lucie and Port Charlotte.

A Foxx In The Luxury World (HILL)

By Jeff Dufour

The Hill, June 6, 2006

One of the most egregious examples of abuse that came to light last year during the aftermath of Hurricane Katrina was displaced people and other victims spending their government-issued debit cards on Louis Vuitton purses and other luxury goods.

And Rep. Virginia Foxx, the grandmotherly freshman Republican from North Carolina, has had enough. Foxx has introduced an amendment, known as the "Louis Vuitton Amendment," to the homeland-security appropriations bill that would specifically restrict that type of misuse of funds.

It reads, quite simply, "None of the funds made available to the Federal Emergency Management Agency in this act may be used to purchase a Louis Vuitton handbag."

Foxx spokeswoman Amy Auth explained that the language is designed to "highlight the abuse that occurred with the debit cards last year so that it doesn't happen again."

A spokeswoman for Louis Vuitton did not return phone calls. Perhaps she's offended that anyone would pay for one of their bags with a debit card. How déclassé!

Image of Bob Casey as Kevin Smith persists

The National Republican Senatorial Committee last week went after Pennsylvania Senate candidate Bob Casey (D) for failing to appear at the annual convention of a group of activist gay Democrats in Pittsburgh.

Howard Dean, Democratic Party chairman, appeared at the Stonewall National Convention on Saturday.

"As the Senate prepares to vote on the Federal Marriage Amendment, Silent Bob is ducking an appearance before a gay-rights group," NRSC spokesman Dan Ronayne said in a statement. "The fact that Casey Jr. is having Howard Dean stand in for him speaks volumes about his political courage. When given a chance to stand up for something, Casey Jr. comes up empty again."

It's by no means the first time that Republicans have tagged Casey, who's challenging Sen. Rick Santorum (R), with the "Silent Bob" moniker, reminiscent of the recurring character Kevin Smith plays in his films.

The name began to stick during the confirmation hearings for Justice Samuel Alito, when Republicans pressed Casey to say whether he supported the judge.

After Casey won the Democratic primary, even NRSC Chairwoman Elizabeth Dole (R-N.C.) got in on the act, saying, "Now that the general election is under way, maybe it's time for 'Silent Bob' to articulate his positions."

Casey spokesman Larry Smar said the nickname is childish.

"Santorum's allies are resorting to childish name calling because they have no accomplishments to talk about and rather focus on divisive issues."

Obama turns tables on Colbert

After Sen. Barack Obama (D-Ill.) gave the keynote address at the 2004 Democratic National Convention and won election to the Senate, he was asked to give the next year's commencement address at tiny Knox College in Galesburg, Ill.

This year the college invited Comedy Central's mock newsman Stephen Colbert. So Obama decided to have a little bit of fun with him.

In a statement released late last week, Obama told Colbert, "I'd like to welcome you to our state. As you know, I was invited to speak at Knox after my keynote address at the 2004 Democratic National Convention and subsequent election to the

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United States Senate. Your convention speech must also have gone really well to have been invited. It's weird that I didn't read about it somewhere.

"Before you deliver your remarks in front of literally millions fewer people than you would at say, a nationally televised political convention, I'd like to offer you a few words of advice. First, I know you're fond of your Peabody Awards, whatever those are, but I'd recommend not bringing them. The students at Knox are down to earth and not impressed by material possessions like my Grammy Award for best spoken-word album."

At the close of the release, Obama's staff assures readers that it was intended "completely tongue-in-cheek. … Colbert has had so much fun with members of Congress on his show that we decided it was our turn."

By most accounts, Colbert's speech went over well. His advice for graduates? Get a TV show. "It pays well," he said. "The hours are great, and you have fans. Eventually, some nice people will give you an honorary degree for doing jack squat."

Colbert also used his speech to come out against slavery. "I just hope the mainstream media gives me credit for the stand I've taken today," he said.

Beer, wine take center stage tonight

It's going to be a boozy night on the House floor, with two resolutions celebrating the nectar of the gods.

First, Rep. Sherwood Boehlert (R-N.Y.) brings forth a resolution commending American craft brewers.

A bit late for American Craft Beer Week, which ended May 21, the bill nevertheless recognizes that "American craft brewers promote the nation's spirit of independence through a renaissance in hand-crafted beers … for the enjoyment of the citizenry." Indeed.

Boehlert represents the Matt Brewing Co. in Utica, N.Y., which brews Saranac beers.

Then it's on to H. Con. Res. 399 by Rep. Mike Thompson (D-Calif.) recognizing the 30th anniversary of the victory of United States winemakers at the 1976 Paris wine tasting. That event, known as the "Tasting Heard Round the World," put American wine on the map, as California red and white wines bested the best French wines in a blind test by wine experts.

It should be noted that the anniversary tastings, held in Napa Valley and France on May 24, yielded the same result. So take that, Monsieur Chirac.

Coble wakes up to 'Idol'-atry

In surely the most controversial elimination of the season, Chris Daughtry of McLeansville, N.C., was voted off "American Idol" in the third-to-last round. Now his congressman, Rep. Howard Coble (R-N.C.), apparently goaded by his staff and constituents, is finally crying foul over the results.

"Most people know that my musical tastes run more towards bluegrass," said Coble, "but we were proud of Chris for finishing so strong on 'American Idol.' I was told by many people, including some of my own staff, that he should have won the doggone thing."

Late last month, Coble placed a statement in the Congressional Record in which he argued that "with no disrespect intended toward this year's winner, Taylor Hicks, most people think this year's American Idol should have been Chris Daughtry. … While I will not call for Congress to investigate this Idol election process, those of us who reside in the 6th District of North Carolina will always be convinced that our guy really won — sort of like fans of Al Gore in 2000."

Then this past Saturday, at a rally and mini-performance before 1,200 supporters Daughtry received a copy of the statement.

Coble isn't a total "Idol" neophyte — he noted that Fantasia Barrino, the winner of the show's third season, is also a native of the 6th District of North Carolina.

Daughtry recently turned down an offer to become lead singer of the band Fuel.

Issa: No love lost for Gonzalez

"We have the power to impeach the attorney general," Rep. Darrell Issa (R-Calif.) said last week as the House Judiciary Committee held a hearing on the FBI's search of Rep. William Jefferson's (D-La.) Rayburn office.

A member of Congress musing on the impeachment of a Cabinet member of his own party would be inflammatory enough, but Issa wasn't done.

When asked by a radio reporter for Capitol News Connection what he made of Alberto Gonzales's threat to resign over the Jefferson imbroglio, Issa was nothing if not direct. "Don't let the door hit you in the ass," he said.

Hard Lesson Learned At Red Cross (USAT)

By Bill Nichols

USA Today, June 6, 2006

PRENTISS, Miss. — In the torrid temperatures that mark the start of the steamy Mississippi summer, the biggest safety threat to the parched landscape of Jefferson Davis County at the moment is fire.

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But on a recent morning under a cloudless blue sky, several dozen people gather to hear Charlie Conerly, the county emergency management coordinator, talk about hurricanes and how this county needs the Red Cross to help it prepare for a new season of storms.

"Were any of you ready when Katrina came?" Conerly asks the room in general. No hands go up. "That's what I thought," he says. "That's why we're here."

The efforts in Prentiss to be better prepared as hurricane season gets underway present a telling microcosm of lessons learned by the national Red Cross after its much-criticized performance in the onslaught of Hurricane Katrina last year.

The charity was stung by complaints, including in a congressional report, of supply shortages, poorly run shelters, inadequate phone and computer systems and a lack of outreach to rural areas. But interim President and CEO Jack McGuire says the American Red Cross now has far-reaching reforms in place.

McGuire says the Red Cross will have more resources, a streamlined process to get aid to victims, a vastly expanded communications network and a new effort to reach out to Prentiss and communities like it. Prentiss has no Red Cross chapter and waited days for help when hundreds of evacuees arrived after Katrina.

He acknowledges that the response to Katrina sullied the image of the Red Cross. "Our surveys indicate that our image is not as good as we were before Katrina and not as bad as we were in January," McGuire says.

"We would prefer to be back to where we were pre-Katrina, but we have to earn that. We'll earn that by showing what happens in the next hurricane season."

At the South Central Mississippi Red Cross chapter, which is headquartered in nearby Hattiesburg, Executive Director Janice Vannatta is working long hours to translate McGuire's rhetoric into results.

A "spontaneous volunteer" during Katrina who has since been hired to run the chapter, Vannatta attended the preparations meeting in Prentiss and hopes to have at least two Red Cross shelters ready in coming weeks. Prentiss had no shelters when Katrina hit.

During Katrina, conditions in Prentiss "were horrible," says Spencena Hinton, the new Red Cross liaison with county and city officials in Prentiss. Hinton says Jefferson Davis County was swarming with evacuees from the Gulf Coast while it tried to deal with serious damage from the storm.

Charles Reid, president of the county Board of Supervisors, says a common complaint was that once the Red Cross got teams to the county, its aid programs had few controls.

"People got money who didn't need it," Reid says.

Vannatta, whose staff of five covers nine counties, listens to the complaints while keeping a nervous eye on the calendar.

As hurricane season begins, 40,000 Federal Emergency Management Agency trailers remain on the Mississippi Gulf Coast. Vannatta's fear: Even a mild storm will force people living in those trailers to evacuate. And key roads north from Mobile, Ala., New Orleans and the Mississippi Gulf coast all lead straight through Hattiesburg.

Some of Vannatta's efforts to be ready for this storm season:

·More shelters. Vannatta hopes to have 20 shelters ready, up from eight last year.

She's also following Washington's lead in trying to partner with churches, schools and community organizations to open shelters that can give residents of poorer and more remote areas faster help.

·Pre-positioned supplies. The South Central Mississippi chapter gave out 553,000 snacks or meals last year. Vannatta is lining up vendors to get more supplies earlier.

·Communications. The chapter plans to use handheld radios so shelters can communicate with one another and headquarters. Virtually all communication was cut off during Katrina.

·Volunteers. The chapter has more than doubled its volunteer base since Katrina. More than 100 volunteers were trained in a single event on April 1.

·Preparations. Vannatta has sent basic information home with schoolchildren to emphasize the message that residents need to be ready to survive on their own for 72 hours after any disaster.

And there's a special outreach program to the thousands of new Hispanic residents in Hattiesburg — most of them storm-repair workers — says the Rev. Tommy Conway of St. Thomas Catholic Church.

For the first time, hurricane warnings on local TV will be in both English and Spanish, Conway says.

In Prentiss, Conerly and Vannatta promise residents that as hurricane season begins, this year things will be better.

"We're going to make this easier than it was last time," Conerly says. "But it's not going to be perfect. We're human beings."

GAO Urges Better Tsunami Warnings (WP)

By Matthew Daly

The Washington Post, June 6, 2006

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The federal and state governments need to improve warning systems before a deadly tsunami strikes the West Coast, a new study says.

Modern technology is able to detect the formation of a tsunami fairly quickly, but the United States lacks a robust warning system and detailed knowledge on the impact a tidal wave could have on coastal areas, the Government Accountability Office says.

In a report issued yesterday, the GAO, the investigative arm of Congress, warns that false alarms may have lulled West Coast residents into an inaccurate sense of security. Sixteen tsunami warnings issued since 1982 were not followed by destructive waves on U.S. shores, the report says, "potentially causing citizens to ignore future warnings."

The report urges that the National Oceanic and Atmospheric Administration develop "loss estimation" software for tsunamis similar to those available for hurricanes or floods so officials can predict how severe a potential storm would be.

The stakes are high, the report notes. While the United States has not been hit by a severe tsunami in more than four decades, experts say a destructive Pacific-wide tsunami is all but inevitable.

The report was issued 18 months after the 2004 South Asian tsunami, which killed more than 216,000 people in 17 countries. Sen. Dianne Feinstein (D-Calif.), who requested the report, said it indicates that California and other states are at risk of a catastrophic tsunami, "and we are ill-equipped to deal with the threat."

The United States needs a warning system that can protect its most vulnerable communities, as well as software to determine where a tsunami is most likely to hit and do the most damage, Feinstein said.

"We've seen the danger. Now is the time to respond," she said.

Rep. David Wu (D-Ore.) said the GAO report confirms his belief that programs focused on local warning systems and educating the public are key to protecting against a tsunami.

"We cannot prevent earthquakes and tsunamis, but we can prepare for them and ensure the citizens of our coastal communities are safe and secure," Wu said.

"After witnessing the devastation following the Indonesian tsunami, there is no excuse for the federal government to be this far behind on coastal preparedness and making sure Americans have enough time to get to safety," Sen. Maria Cantwell (D-Wash.) said. She called for the House to approve a Senate-backed bill aimed at improving tsunami detection and warning systems, providing tsunami preparedness tools, and developing "inundation maps" for affected areas.

Congress appropriated more than $17.2 million last year to enhance tsunami warnings and protection, including repair of malfunctioning tsunami-detection buoys.

GAO Deems U.S. Unprepared For Tsunami Disaster (WT)

By Audrey Hudson

The Washington Times, June 6, 2006

Tsunami warning systems for West Coast states are ineffective and several local agencies are not prepared for such a disaster, the Government Accountability Office said in a report released yesterday.

Although the National Weather Service issues timely warnings, alert systems cannot transmit to some coastal areas, the report said.

"This shortcoming was highlighted in June 2005, when an actual tsunami warning for the west coast was issued but signal problems prevented the warning from reaching portions of the coasts of Washington and Oregon," the report said.

In addition, the report said, all 16 warnings issued since 1982 have been false, which has created an apathetic public.

Parts of Northern California, Washington, Oregon, Alaska, Hawaii and the territories of the U.S. Virgin Islands and Puerto Rico "face the greatest tsunami hazard," while the Gulf Coast is "relatively low-hazard," the report said.

The GAO recommends updated maps and more community participation in the National Weather Service's TsunamiReady program. Participation is low "because of community perceptions of a low tsunami threat and perceived high cost versus benefit."

The Indian Ocean tsunami of December 2004 killed nearly 250,000 people in 13 countries. The disaster raised concerns about U.S. vulnerability and the ability of communities to detect and warn of an approaching killer wave.

The National Oceanic and Atmospheric Administration (NOAA), which oversees the National Weather Service, has agreed to GAO recommendations such as reducing the number of false alarms, periodic testing of the warning system, encouraging high-risk communities to participate in TsunamiReady, and developing mapping software with the Federal Emergency Management Agency and other government organizations.

Homeland Security Department officials, however, say FEMA does not have the "funding or the staff resources" to assist NOAA.

The West Coast has suffered the most destruction from tsunamis because of Pacific earthquakes in the South America and Aleutian regions. In 1960, an earthquake in Chile generated a tsunami that caused more than $1 million in damage in

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California. A 1964 earthquake in Alaska created a tsunami that killed 12 in the San Francisco Bay area and caused $15 million in destruction. Within two minutes of that earthquake, more than 100 Alaskans were killed.

Distant earthquakes have created tsunamis that have hit Oregon and Washington, but it is the 750-mile-long Cascadia subduction zone 50 to 100 miles off the coast of these states that has scientists worried.

"Geologic and other records from a Cascadia earthquake in 1700 suggest that the fault could generate a tsunami wave of up to 30 feet that would likely reach the Oregon coast in 15 to 30 minutes, raising concerns of a catastrophic future event," the report said.

WAR NEWS:

U.S. Commander To Review Haditha Report (AP)

By Frederic J. Frommer

AP, June 5, 2006

The No. 2 American general in Iraq will soon review a preliminary criminal report into the alleged massacre by Marines of Iraqi citizens in Haditha, a congressman just back from Iraq said Monday.

Rep. John Kline (news, bio, voting record), R-Minn., one of four House members who traveled to Iraq over the weekend, said the lawmakers discussed the investigations with Lt. Gen. Peter Chiarelli, the second-ranking U.S. general in Iraq. Kline said it was unclear when the report would be released.

"General Chiarelli expressed some concern in that he did not want to sign off an investigation until he felt like he had all of the information that he needed" from the Naval Criminal Investigative Service, said Kline, a former Marine. The investigative service is probing whether crimes were committed in the killing of two dozen Iraqis last November.

A senior defense official told the Associated Press last month that evidence points to unprovoked killings by the Marines involved. A separate probe is examining whether there has been a coverup of the incident by the U.S. military.

The four House members who visited Iraq took issue with comments made by Prime Minister Nouri al-Maliki, who complained that coalition forces have shown "no respect for citizens, smashing civilian cars and killing on a suspicion or a hunch."

"The prime minister has a platform and a pulpit now that he may not have had in the past," said Rep. Mike Conaway, R-Texas. Conaway said with that platform comes "responsibility to be very careful and to choose your words very carefully."

Kline said his group was told that U.S. military officials and embassy staff had told al-Maliki that his comments were not helpful.

Kline also said Iraqi generals told the U.S. lawmakers that they were frustrated about the slow pace in filling the new Iraqi government's security posts, saying it was hindering the training of the Iraqi military.

"The generals were very candid with us," he said. "There's no question that they understand that until you get a functioning ministry of defense, until you get a functioning Pentagon — Iraqi Pentagon — they're not going to be able to reach their full potential."

On Sunday, Secretary of State Condoleezza Rice expressed confidence that Iraqi leaders will be able to fill key security posts in the next few days while downplaying recent sectarian violence.

Rice, who appeared on three television news shows, said of the vacant security posts, "Of course, they need to get this settled, but they will get it settled. When they get it right, and they will get it right, everybody will forget how long it took them."

An Iraqi parliament session was postponed earlier Sunday after al-Maliki again failed to reach consensus on candidates to head ministries that run Iraq's military and police.

Also Sunday, the top U.S. military officer pledged a thorough investigation in the alleged massacre at Haditha, acknowledging that the charges have raised concerns among Iraqi officials and in the United States.

Gen. Peter Pace, chairman of the Joint Chiefs of Staff, said it is not clear exactly what happened last November when as many as two dozen Iraqis were killed during a U.S. attack in Haditha. Still, he said it was important not to rush to judgment.

"You don't want to have the emotions of the day weigh into the process," Pace told The Associated Press in an interview Sunday. "We need to stick with our judicial process. We want to be sure that it moves forward without any influence."

Rice appeared on "Fox News Sunday," CBS's "Face the Nation" and CNN's "Late Edition."

For U.S. Troops, It's Hard To Know Who Is Friend And Who Is Foe (KRT)

By Tom Lasseter

Knight Ridder, June 5, 2006

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MUSAYYIB, Iraq - Air Force Staff Sgt. Justin Cremer listened carefully as Army Capt. Irvin Oliver described the upcoming mission. They'd raid a compound of houses the next morning; a map was sketched on the ground in chalk lines of yellow, blue and white.

Oliver looked at the soldiers bunched around him and reminded them that aerial photographs had showed at least 17 people in the compound the night before, and that they were looking for just one - an insurgent cell leader suspected of orchestrating roadside bombs that'd killed American soldiers.

Be careful, Oliver told his men, not to get shot. And be careful, the company commander said, not to shoot any unarmed civilians.

Despite those warnings, last Thursday's mission would serve as a reminder that counterinsurgency is among the most complex forms of warfare, and sometimes the wrong people are killed.

While outrage gathers over the reported killings of 24 civilians by U.S. Marines in the western Iraqi town of Haditha, U.S. military units such as Oliver's Delta Company quietly go about the daily task of patrolling a very complicated battlefield.

As part of the 2nd Brigade Combat Team of the U.S. Army's 4th Infantry Division, Oliver's soldiers are responsible for an area south of Baghdad where there are Sunni Muslim insurgents who kill U.S. soldiers, Shiite militiamen who kill Sunni families, Sunni insurgents who kill Shiite Muslim families, and an assortment of smugglers and criminals.

Most Iraqis are caught in between, just trying to make it to the next day.

Cremer's job on this mission was to make sure that Oliver, 31, from Sierra Vista, Ariz., and his men had the clearest possible picture of the line between friend and foe. He is, in military jargon, a Joint Terminal Attack controller - the front line of the U.S. Air Force. Cremer (pronounce CRAY-mer) rides into missions with Army soldiers and, by watching real-time video streamed down from F-15 and F-16 fighter jets, looks for insurgents on the run and signs of civilians caught in the crossfire.

The 29-year-old from Modesto, Calif., can call for a barrage of 500-pound bombs, and he can call for illumination rockets to be sure innocents aren't killed.

It's often a gray line, said Staff Sgt. Francis Lott, who works with Cremer.

"They (the jets) look for anything suspicious, but everything's suspicious around here," said Lott, 25, of Clarkesville, Tenn. "It's a big game of hide and seek. You're fighting people where you can't tell who's who. You can't tell the good guys from the bad guys in Iraq."

The convoy rolled out of its forward operating base just after 1 a.m., a line of tanks, Bradley Fighting Vehicles and Humvees.

As the tires and tracks crunched across the ground, dirt flew in the night air, making it hard, for a moment, to see the headlights. The air was cooler than the afternoon had been - around 110 degrees - but it was still hot.

Cremer was talking with a pair of F-16 pilots and a surveillance plane higher up. He cradled a receiver in each ear, going over the final details of the mission.

As they got closer to Musayyib, a small group of Humvees, including Cremer's, peeled off and rode into town. They were going to pick up a truckload of Iraqi police who hadn't been told about the operation in advance because of fears of insurgent sympathizers in the police force.

Insurgents have left their mark in the town: A suicide bomber blew himself up next to a fuel tanker last July, killing almost 100 people in a shower of fire and shrapnel.

Less than five minutes after arriving at the police station, Cremer got a call on his radio: "Be advised, the lights just went off in that area."

The pilot, watching the insurgent leader's compound, had seen every light in the group of houses get turned off.

Cremer shook his head. "These (expletive) - someone made a phone call," he said, motioning toward the police station.

The convoy left, a pickup truck of police now with it.

A few minutes later, the tanks blocked the road in and out of the compound. A sniper team set up in the distance. The Bradleys began to rumble toward the houses.

The buildings, separated by a couple of courtyards, were in a thick grove of palm trees, where a series of dirt roads ran parallel to canals fed from the Euphrates River. The dirt roads would make it easy for insurgents to dig a hole and plant a roadside bomb. The palm trees would provide better cover for insurgents trying to escape.

The Bradleys stopped and soldiers began to pour out.

The light of Cremer's computer flickered in the darkness, and he stared at the video feed, in which dark spots - soldiers - circled and entered the buildings.

It looked, he said, "like a video game."

The radio crackled with a report of one shot fired, then a second, third and finally a fourth. Soldiers called in as they cleared rooms of the seven houses. They'd come in expecting about 17 people; there were 27.

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Time passed. Cremer kept watching the screen. The radio squawked: Two men and a woman were dead. The details were vague. A soldier had seen the woman and said he thought she had a rocket-propelled grenade launcher on her shoulder.

A sergeant's voice boomed on the radio: "I need to know what the (expletive) that rocket (expletive) ended up being."

Cremer called in for illumination rockets, and the white balls bounced in the air, turning night to day. The soldiers didn't find a rocket-propelled grenade or its launcher. They scoured the compound and found only two AK-47 assault rifles, common in Iraq.

The insurgent leader wasn't there. The soldiers detained a man who intelligence reports suggested was an associate.

Cremer and the rest of the convoy didn't get back to the base until after 5 a.m. They ate breakfast, did some paperwork and then passed out in their bunks.

At the mess hall later that day, Oliver said he would have to return to the compound to give the family compensation payments for the woman and probably for the two men as well, depending on whether intelligence officers determined they were insurgents.

Oliver wasn't looking forward to the trip.

Cremer's boss, Capt. Jason Earley, said there would be plenty more missions to come - bringing the chance to stop insurgents who've killed and maimed innocents, but also bringing the risk of killing the innocents themselves.

"We're trying to give these people freedom, which I think is an incredibly noble thing," said Earley, 32, of New Buffalo, Mich. But, he added, "it's complicated."

Unblinking Observer (WP)

By Philip Kennicott

The Washington Post, June 6, 2006

Photographs Show a War Beyond Investigations

The Iraq war is the first major conflict fought in what might be called the age of the new Panopticon. The English philosopher Jeremy Bentham coined the term in the late 18th century to describe a prison in which the guard tower was in the center of concentric rings of cells, allowing authorities to exercise an "invisible omniscience." Although the word emerged in the context of prison reform, it has become more suggestive over the years, capturing something essential about power and authority, from Big Brother's pervasive surveillance to the more benign notion that government is always "looking into" things. But the new Panopticon is a digital phenomenon, a world of instant cameras, cellphone snapshots, e-mailed photographs, a world that produces a nonstop, immediate and ubiquitous visual record of itself -- and it is breaking the government's monopoly on omniscience.

Again and again throughout this war, amateur photographs have exposed the flaws of the military's carefully constructed image of discipline. Photographs made Abu Ghraib a symbol of shame throughout the world. And photographs and video images are again undermining the military's cherished reputation for calm under fire and heroic self-restraint.

The most horrifying images are not published or shown on TV, though they're easy to find on the Web. But the ones we are confronted with are bad enough: A small child, a victim of a devastating and controversial U.S. airstrike in Ishaqi, is dressed in baby-blue, his eyes are closed, and his tiny, gently clenched hand rests by his side. He might be asleep, except that the photograph, which ran in Newsweek, shows a mangled, bloody arm next to him. The unidentified, shredded limb (does it belong to yet another child?) reaching into the center of the image might well stand for all the rest of these photographs that prick the conscience: They seem to come from the margins of our attention, they reach in and put their bloody imprint on a war that we wish had more innocence and calm to it.

The military has concluded that there was no U.S. wrongdoing in the March 15 Ishaqi attack that left the child dead.

They are not so certain about two other incidents, the killing of a disabled Iraqi man in Hamdaniyah on April 26 and the deaths of 24 Iraqis in Haditha on Nov. 19. Both are under investigation, and photographs and video from both have begun to circulate. In the Hamdaniyah case, we know there are graphic images of a man wrapped in plastic sheeting -- a see-through shroud that has become a grisly visual marker of the ongoing conflict. Neighbors and family say the man, who has four bullet holes in his face, was dragged from his house and shot by U.S. soldiers. Eight American servicemen are under investigation.

In Haditha, the range of images is wider: bodies wrapped in rugs; bodies bundled in white cloth and tied into neat, ghostly packages; and bloody, bloated faces emerging from stiff folds of transparent plastic, rather like Rodin's deathly Balzac looks out from his small cave of draping metal.

Hands and feet of the living -- bystanders, onlookers, witnesses to the silence of the dead -- often frame the images. These strange, anonymous additions to the picture -- disembodied appendages -- suggest humanity at a standstill. They suggest an impotence among Iraqi civilians that is heartbreaking.

The U.S. military is still looking into the Haditha killings. It's also looking into the possibility of a military coverup, which kept the killings under wraps for half a year.

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Photographs are immediate. Investigations are by necessity methodical and often slow. These two different senses of time -- the immediate and the methodical -- are now in troubling conflict. A dead child cries out for immediate response; the military investigates. We see photographs of men doubled over with grief, tear-stained faces, mouths contorted in pain, and the pang is instant; the military investigates. A boy standing next to the bodies of his family or friends looks up at his elders with a blank stare on his face, an image that puts death and childhood in excruciating proximity; the military investigates.

Photographs may play an important role in some of these investigations. But it is the degree to which the photographs exist in a world of their own, apart from the military's cautiously worded statements, that is increasingly perplexing. Throughout the war, the notion of two realities has dogged the warmakers. Is the president living in a world of good news and progress and missions accomplished, while our soldiers and the Iraqi population live in a world of chaos and death and uncertainty? Are the media presenting a world of antiseptic images, bloodless and vague, mere suggestions of a carnage they know all too well but dare not make explicit to the public?

Investigations are meant to create closure. But photographs, which can circulate forever, keep death and destruction open. Investigations are also meant to assure us that the war waged in our name is being fought with some measure of precision and dignity, but as photographs (and incidents) accumulate, and as investigations linger and overlap one another, they begin to lose their moral force. Investigation, a word meant to reassure us that the government is always "looking into" itself, is itself now subject to the blur that makes the nightly news coverage of Iraq seem like a tape loop.

And the only image that fades, as the war grinds on, is the one with which we prepared for battle: the fantasy, so beloved of Americans, of a clean, surgical, decent war.

Marines In Iraq: The Warriors' Way (LAT)

By David J. Danelo

The Los Angeles Times, June 6, 2006

ON APRIL 6, 2004, Cpl. Jason Howell, a Marine squad leader who had arrived in Iraq three weeks before, was enduring his baptism of fire in what later became known as the "first battle of Fallouja." Howell, who had not eaten in 18 hours or slept in 36, was running on nothing but adrenaline. His dehydrated spittle, caked around the side of his mouth, was dirty white. Kneeling on a roof, he saw a flash of movement. An Iraqi child put his face out the window.

Exhausted, Howell found himself unable to process the Arabic word he had learned for "stop." Without thinking, he screamed. The child pulled the curtains as Howell automatically raised his weapon to shoot. Then Howell blinked. An instant later, clarity returned to his thoughts. The corporal, who was in his first of what would become many days of combat, had almost shot an innocent.

"I don't know exactly why I didn't pull the trigger," said Howell, who now serves with the L.A. County Sheriff's Department. "It all happened so fast. It was a combination of training, instinct and luck."

As the furor grows over allegations that Marines killed 24 Iraqi civilians last November — including women and children — the origins of Howell's discipline are worth examining.

The Corps is the smallest of the United States' military services, and it also has the highest enlisted-to-officer ratio (about 10 to 1). Because of this, a much higher level of responsibility is placed on corporals and sergeants, or noncommissioned officers. In each Marine infantry battalion, which is the primary combat element, an average of 60 noncommissioned officers lead squads or a unit of similar size. As squad leaders, they assume responsibility for the lives — and split-second decisions — of about a dozen men.

Marines are legendary for their monastic devotion to the warrior ideal. The mottos inked on their bodies — Death Before Dishonor, Make Peace or Die, Always Faithful — function as physical scriptures for their choice of religion, like scapulars, phylacteries or "What Would Jesus Do?" bracelets. The ancient Spartans, who sacrificed at the battle of Thermopylae to defend the Greeks from the Persian onslaught, are venerated as saints within the Corps. The Spartan Way is a stoic faith.

SINCE THE FALL of 2001, 26 active duty and nine Marine Reserve infantry battalions have rotated into and out of Afghanistan and Iraq as units for seven-month tours of duty. As new recruits join a battalion, seasoned noncommissioned officers either gain rank toward senior billets or leave the Corps for civilian life. Although the exact numbers remain classified information, unit casualty reports suggest that about 50 separate rotations of Marine infantry battalions have been tested in combat over the last four years.

Using those statistics as a bare minimum, at least 3,000 corporals and sergeants have served combat tours as infantry squad leaders. Not to mention hundreds more who cut their teeth as combat replacements, convoy security escorts, translators, intelligence collectors or instructors for the new Iraqi army. When the histories are written, we will learn that the exact number of young Marines thrust into positions of leadership — amid an international media spotlight — is actually much higher.

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Several Marines have already been convicted in the court of public opinion in the Haditha case. As military investigators evaluate these allegations, those on the sidelines should avoid castigation of an entire system because of the errors of a few. Consider the rush to judgment of 2nd Lt. Ilario G. Pantano, who was charged with murder at an April 2004 checkpoint shooting, or the nameless Marine in a Fallouja mosque who was seen on video killing an insurgent thought to have been booby-trapped. Both were eventually exonerated of all charges.

Responsible critics of the Iraq war say that we misappropriated U.S. military resources in making an unnecessary choice to topple Saddam Hussein's regime, a choice that has plunged young soldiers and Marines into the amorality of a protracted counterinsurgency. But placing too close an association on the Haditha massacre with the war's politics ignores the thousands of troops who have navigated the chaos and still made the right decisions.

Accuracy in the application of deadly force is the foundational creed for any who protect and defend their society. Discerning combatant from innocent is the greatest challenge for all who have engaged in this kind of war. Like spiritual perfection, the warrior ideal is often an impossible thing to fully achieve. But as we condemn the handful who have backslid in their pursuit of the Spartan Way, we should not forget to esteem the thousands who, like Cpl. Jason Howell, have kept their honor clean amid Iraq's insanity.

David J. Danelo, a former Marine officer and Iraq war veteran, is the author of "Blood Stripes: The Grunt's View of the War in Iraq."

Uniformed Gunmen Kidnap 50 In Baghdad (USAT/AP)

By The Associated Press

USA Today, June 6, 2006

BAGHDAD — Gunmen wearing police uniforms kidnapped at least 50 people Monday during a brazen daylight raid on bus stations in central Baghdad.

Lt. Col. Falah al-Mohamedawi, an Interior Ministry spokesman, said the gunmen arrived at midmorning in the Salihiya business district, where several transportation companies are based and where buses pick up passengers bound mostly for Jordan, Syria and Lebanon.

Witnesses said the attackers blocked roads leading into the area before grabbing people seemingly at random. The gunmen beat the captives before putting bags over their heads and herding them into more than a dozen vehicles.

“They took all the workers from the companies and nearby shops,” said Haidar Mohammed Eleibi, who works for Swan Transportation. He said his brother and a cousin were among those taken, along with merchants, travelers, passersby and even street vendors selling tea and sandwiches.

“They did not give any reason for it,” he said. “Police came afterward and did nothing.”

Another transportation worker, Amjad Hameed, said that as the attackers began seizing people, “we asked them why, but nobody replied.”

The Shiite Muslim-dominated Interior Ministry, which oversees the police, has been accused of backing militias in sectarian violence. It denied that its officers were behind Monday's attack. Most of the workers in the area that was raided are Shiites.

Al-Mohamedawi said at least 50 people were abducted.

In other Iraq news:

·Mustafa Salman, a 30-year-old Iraqi, was sentenced to life in prison for his role in the kidnapping and killing of aid worker Margaret Hassan, Iraq's criminal court said. Two other defendants were acquitted.

Hassan, 59, a citizen of Ireland, Britain and Iraq, had headed CARE International's operations in Iraq since 1991. She was abducted in October 2004 and killed a month later. Her body has not been found.

·In southern Iraq, a bomb went off near an Italian patrol Monday night, killing one Italian soldier and wounding four, Adm. Gianpaolo Di Paolo announced in Rome.

·The chief judge in the trial of Saddam Hussein said Monday that four defense witnesses have been jailed on suspicion of perjury. That drew accusations from defense lawyers that the court was trying to intimidate witnesses.

Three of the witnesses testified last week that some of the 148 Shiites that Saddam and his seven co-defendants are accused of killing are still alive, defense lawyer Najib al-Nueimi told the Associated Press. The fourth told the court that chief prosecutor Jaafar al-Moussawi tried to bribe him to provide false testimony against Saddam.

In Brazen Roundup, 56 Vanish From Baghdad (WP)

By Nelson Hernandez And Salih Saif Aldin

The Washington Post, June 6, 2006

DOJ_NMG_0032028

BAGHDAD, June 5 -- "Turn back," a friend told Haji Abu Shamaa as he walked Monday morning toward his money-changing shop in the Karkh neighborhood of central Baghdad, a mile north of the heavily guarded Green Zone. "The Interior Ministry police are rounding up people."

But Shamaa walked on, right into a swift, coordinated operation unfolding within sight of Iraq's Ministry of Justice. Gunmen in police uniforms and ski masks had cordoned off the street and were swiftly shoving captives, four or five at a time, into a dozen waiting pickup trucks. Fifteen minutes later, the trucks were gone, and so were 56 people.

The roundup displayed all the signs of an unrelenting kidnapping epidemic in Baghdad. Since the U.S.-led invasion in 2003, more than 400 foreigners have been abducted in Iraq, but thousands more Iraqis have been snatched from the streets, often by people wearing knockoff police uniforms that are easily purchased at local markets.

Many people, like Shamaa's friend, believe the kidnappers are actually police. Usually the hostages are held for ransom. Sometimes they are killed because of their faith or ethnicity.

The fate of the 56 people was unknown Monday night. But the scale and audacity of the operation were unusual even by the capital's lawless standards.

The gunmen seized workers from several bus companies that offer transport to Syria and Jordan, witnesses and police said. Others of those taken were passengers aboard the buses: Syrian businessmen going home, a handful of Palestinians, Iraqis. Many Iraqis are leaving their own country precisely because it is the sort of place where a trip to the bus stop can end with being led away at gunpoint.

Shamaa said he was intent on returning to his office, to rejoin his son, Alaa, and thought the police wouldn't arrest him -- he hadn't done anything wrong, he reasoned. Then he saw a dozen pickup trucks, two of them with machine guns mounted in their beds, and none with any license plates.

A man in a camouflage police uniform and a ski mask -- an article commonly worn by police in Baghdad-- stopped Shamaa, saying he would shoot him if he didn't turn back.

"I haven't done anything," Shamaa recounted explaining to him. "I just want to go to the bank to get some money, and I'll be gone."

The man let him pass. Shamaa went into the bank, and watched the scene unfolding through the window. He said he saw gunmen entering the Mohammed Ugaili Transportation Co. across the street. He saw the owner, Jasim Ugaili, and his son being forced into one of the pickup trucks with the butts of rifles. Shamaa saw his own son, Alaa, with them, his hands tied behind his back.

Shamaa rushed outside to save his son. Another man with a rifle blocked his way.

"What, do you want to join him?" the man threatened. Shamaa turned back. And the trucks drove off.

Police Col. Adel Younis said guards at the Ministry of Justice shot at the kidnappers, but couldn't stop them. Another witness, Hussein Ali, said he had seen a police car drive up to the scene, only to be driven off by gunfire and shouted warnings from the kidnappers that they were from the Interior Ministry's intelligence section.

Younis said the incident is under investigation. A police major who came on the scene after the attack said the men were not with the Interior Ministry, a witness said.

Raids like this one only increase popular mistrust of the police. Sunni Arabs often accuse the Interior Ministry police, dominated by Shiites, of conducting a terror campaign against them, or at least looking the other way as Shiite militias associated with political parties do so. But police say the attacks are carried out by criminals wearing police uniforms. At the same time, they counter that Iraq's major insurgent organizations are led by Sunnis and that a tough response is required.

Monday's kidnappings did not appear to be motivated by sectarian rivalry, a witness said. "Among the passengers were Syrian businessmen, about five or six of them," Hasan Falah said. "There were also some passengers from Diwaniyah" -- a predominantly Shiite city south of Baghdad-- "and other parts of Iraq. There was no question of Shiite or Sunni because it was a whole mixture."

That suggested that the people were simply taken for ransom, a lucrative business that has grown rapidly since U.S. forces overthrew Saddam Hussein's government in 2003.

A group of Shiite students in a neighborhood of southern Baghdad, kidnapped in another roundup on Monday, did not have the option of paying their way out.

In Abu Dashir, a Shiite neighborhood south of Dora, the volatile southern section of Baghdad, gunmen posing as drivers lined up a set of minibuses as if to offer rides to central Baghdad, a police officer said. Fifteen students from Abu Dashir got aboard.

The drivers and their accomplices killed them -- where the murders happened is unclear -- and threw their bodies off the side of the Dora highway.

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Abduction statistics are unreliable because many families do not report crimes, fearing the police as much as they do the kidnapping gangs.

But every so often, kidnappers are brought to justice. On Monday, an Iraqi court sentenced an Iraqi man to life imprisonment in connection with the killing of Margaret Hassan, an Iraqi-British aid worker kidnapped in 2004. It is believed to be Iraq's first trial of a suspect accused of the abduction or murder of a foreign-born civilian since the U.S.-led invasion.

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Hassan, originally from Ireland, married an Iraqi engineer and lived in Iraq for more than three decades before becoming an Iraqi citizen. At the time of her kidnapping in October 2004, she headed Iraqi operations for the CARE International charity. She was abducted on her way to work in Baghdad. She was presumed murdered about a month later, after her captors released video messages of her appealing for the withdrawal of British forces from Iraq. Her body has not been found.

Also in Baghdad on Monday, the defense team in the trial of Saddam Hussein protested the arrest of four of its witnesses. Defense attorneys charged that some of them were beaten by Iraqi guards.

The chief judge said they were jailed on suspicion of perjury last week after testifying that they had seen the chief prosecutor offering money and unspecified fake documents in exchange for testimony. One of the witnesses also claimed that some of the 148 Shiites from the town of Dujail who were allegedly killed on Hussein's orders were still alive.

As Iraq Violence Worsens, Security Remains Elusive (LAT)

By Megan K. Stack And Saif Rasheed

The Los Angeles Times, June 6, 2006

BAGHDAD — Clad in camouflage uniforms, the gunmen came peeling through the thick morning heat in police trucks. They stopped at a downtown strip of travel companies where Iraqis gather each morning to board buses bound for the safer lands of Syria and Jordan.

The gunmen leaped to the ground, witnesses said, and they worked fast. They seized more than 50 bystanders, pulling men away from their families and hauling drivers from behind the wheels of the buses. They handcuffed the men, blindfolded them and stuffed them into the backs of the trucks like human loot. They covered some of their captives with sheets.

And then they were gone, slamming doors and speeding off into the brilliant morning sunlight. It was only 9 o'clock in a city where security has come unraveled, just another mundane scene that splintered suddenly into violence.

"Those are criminals going after the ransom," said Saad Tawil, a 42-year-old manager of one of the travel companies clustered on the street in downtown Baghdad. "They will see who is important or rich, and who is not, after interrogating them."

But other mass kidnappings that have struck the capital this year remain unsolved. In some cases, the victims have never turned up, living or dead.

The mass kidnapping came one day after Prime Minister Nouri Maliki was forced to concede that Iraq's warring factions were too mutually distrustful to agree on who should run the security services. Having suspended indefinitely a parliament vote on those key ministries, Maliki has left the army and police leadership dangling in a vacuum at a time when bloodshed in Baghdad, and across Iraq, has spiraled upward.

In Baghdad, leaving home to work, shop or visit family has become an increasingly dangerous proposition. Violence rears up without warning; residents navigate a citywide obstacle course of roadside bombs, shootouts and security checkpoints.

The city just had its most murderous month since U.S.-led forces invaded the country in 2003, new Iraqi government documents indicate. More people were shot, stabbed or otherwise violently killed in May than in any other month since the invasion, according to Health Ministry statistics. The figure does not include slain soldiers or civilians killed in bombings, on whom autopsies are not usually performed.

Last month alone, 1,398 bodies were brought to Baghdad's central morgue, the ministry said. All over the city and out into the provinces, corpses surface on a daily basis in garbage dumps, in abandoned cars or along roadsides. They often bear marks of bondage and torture.

The attacks are frequently characterized by their brazen nature. Gunmen climbed onto a Baghdad bus Monday and killed at least two Shiite students, an Interior Ministry source said.

Over the weekend, masked gunmen set up a roadblock north of Baghdad, stopped a passing bus and ordered the men to disembark. Dividing the Sunnis from the Shiites, they told the Shiites they were "traitors" who would be killed on religious principle, a witness told the Associated Press.

The assailants shot their victims execution-style. When they were done, 24 passengers were dead. Most of them were teenage university students and elderly men.

Although much of Iraq's bloodshed is carried out for sectarian reasons, there are plenty of criminals simply angling for cash in a lawless land. Kidnapping fellow Iraqis has bloomed into a popular moneymaking scheme.

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Monday's mass kidnapping took place in a bustling, shabby commercial district in downtown Baghdad. The site is relatively fortified: It stands just a stone's throw from the Justice Ministry, amid a network of Iraqi police checkpoints.

The gunmen's vehicles roared to a stop on a road lined with the offices of travel agencies and bus line operators. Salihiya is a neighborhood of transit and escape, the last stop many Iraqis make in their flight from a war-ravaged homeland.

The buses leave Baghdad in the morning — the crushing heat of day is deemed preferable to the perils of riding through the desert at night. The roads to the border run through Sunni-dominated Al Anbar province. Buses are periodically stopped and looted, their passengers killed. For many Iraqis, boarding the bus is yet another gamble — they've grown used to weighing out a certain amount of risk in their daily lives.

Some of the Iraqis who bought tickets Monday didn't get out soon enough. Along with passengers — who presumably carried money and could afford to leave the country — office workers from the transit companies and bus drivers, some of them Syrian, were also grabbed by the assailants. At least one boy who eked out tips for toting suitcases was snatched up and carted off, witnesses said.

Transit worker Hamza Mohammed, 34, said he took off running when the gunmen arrived. They fired at him but missed, he said.

"They shouted at me and they tried to take me," he said between puffs of cigarette smoke and telephone calls from Iraqis eager to book a seat on a future bus. "But I fled."

Witnesses said the kidnappers were outfitted in the uniforms and vehicles used by some of the special forces of the Iraqi police, overseen by the long-troubled Interior Ministry. Police units under the ministry have been accused of working as Shiite death squads on a campaign to eliminate Sunni Arab men. Police have also been accused of kidnapping civilians for ransom.

On Monday afternoon, a special forces commander issued a statement denouncing the kidnapping and insisting his men were innocent. But in a city where the highway patrol is accused of forming death squads and paramilitary fighters are believed to have infiltrated state security organs, witnesses were not convinced.

"I accuse the police," said a travel office owner who would give only his last name, Ghanem. "The cars were definitely police cars."

Minor Figure In Iraqi Kidnapping Gets A Life Sentence (NYT)

By Sabrina Tavernise

The New York Times, June 6, 2006

BAGHDAD, Iraq, June 5 — A judge imposed a life sentence on Monday on a man who apparently played a minor role in the kidnapping of Margaret Hassan, a British-Iraqi aid worker whose disappearance and death showed that no one was immune from insurgent viciousness.

The verdict, the first in a kidnapping of a foreigner in Iraq, brought an inconclusive end to the case of Ms. Hassan, 59, who was abducted on her way to work in Baghdad in October 2004. Two other men were acquitted and a sheik suspected of having played an important role in the kidnapping has eluded arrest.

The kidnapping of Ms. Hassan, the director of CARE International in Iraq who had dedicated her life to helping the country's poor, stunned Iraqis and opened a more dangerous era for foreign nationals working here. In one enduring image from a grainy video broadcast on television, she was seen crumpled and pleading. Her body was never found.

Judge Saab Khorshid of the Central Criminal Court sentenced Mustafa Muhammad Salman al-Jibouri, a man associated with a Sunni mosque in central Baghdad, to life in prison, a British Embassy official said. The charge, according to an Iraqi lawyer who watched the trial, was aiding and abetting: Mr. Jibouri held Ms. Hassan's purse after she was abducted, though he said he did not know whose it was at first.

The spasm of violence in the capital continued Monday, with armed men dressed as police commandos seizing 24 people in Salheya, a bustling commercial district in the heart of the city that is dotted with bus companies that take travelers to Syria and Jordan. Families of those who were seized, including bus owners, riders and a kebob seller, formed an impromptu demonstration and demanded their release.

"What happened today is a catastrophe, something unnatural," said one of the relatives on the Iraqi evening news here.

Security in the capital has deteriorated precipitously in recent months. Increasingly brazen assassinations torment neighborhoods and no longer seem to follow any obvious patterns. In May, the Baghdad morgue recorded the highest number of bodies received since the beginning of the war: 1,375, approximately double the toll of May 2005.

The surge in killings comes as Iraqi political leaders remained deadlocked for a seventh week over the most important positions in the Iraqi cabinet, the ministers of defense and interior. The stalemate has left Iraq rudderless when it most needs a full government.

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"It's a real problem," said Mowaffak al-Rubaie, the national security adviser, who said a new security plan for Baghdad cannot begin until the ministers are in place.

The trial in Ms. Hassan's killing, which was completed in only two and a half hours, went virtually unnoticed by Iraqi television outlets, and raised more questions than it answered. The testimony connected Ms. Hassan's kidnapping to a mosque in Jadriya, a leafy neighborhood of university professors in central Baghdad, and the sheik who presided there, identified by defendants as Hussein Ahmed Salman al-Zobai.

The sheik had given Mr. Jibouri, a resident of Madaen, an angry Sunni Arab town south of Baghdad, Ms. Hassan's purse and identification cards in a plastic bag for safekeeping, according to Shawkat al-Samarrai, an Iraqi lawyer who watched the trial.

Mr. Jibouri, who denied he played a part in the kidnapping, said he looked inside the purse two months later and discovered it belonged to Ms. Hassan. The sheik, who had moved to Jamiya in western Baghdad, an area dominated by insurgents, said he would come to collect it, but never did, Mr. Samarrai said.

Two other men, Mohsin Ahmed and Qasim Muhammad, identified by The Associated Press as a guard and a worshiper from the mosque that figured in the case, were acquitted. It was not clear from the testimony what happened to the sheik, but some participants in the trial said that he had fled, according to Mr. Samarrai. Court officials were not available for comment on Monday afternoon.

In a frustrating tale of missed opportunities and painful waiting, Ms. Hassan's husband, Tahseen Hassan, took the stand on Monday. In a calm voice, he spoke of the ordeal of losing his wife, beginning from the morning of her disappearance on Oct. 19, 2004.

She left the house at 7:30 a.m., he said, according to Mr. Samarrai, riding with her driver and bodyguard in her Toyota Camry to her office in Quthat, a neighborhood on the edge of Jadriya. Two hours later, her secretary called Mr. Hassan and told him his wife was missing. The driver, an Iraqi, and the guard, an Egyptian, had been badly beaten.

In the days after his wife was abducted, Mr. Hassan received several telephone calls — her relatives said on Monday that four were made from her cellphone — from people he did not know, asking for the numbers of the British Embassy in Baghdad, and of Ms. Hassan's office.

Shortly after that, a caller who identified himself as Abu Mustafa reassured him that his wife was doing well, and proposed a meeting in the Shiite neighborhood of Kadhimiya. Mr. Hassan said he went there with the Iraqi police, but that the caller never showed up. Abu Mustafa later called back, according to Mr. Samarrai, and asked Mr. Hassan why he had come with the police.

In a statement released in England on Sunday, Ms. Hassan's family accused the British government of contributing to her death by refusing to negotiate with her kidnappers.

"The hostage-takers demanded to speak to a member of the British Embassy, but Tahseen had been told by the British that they would not speak to the kidnappers," said Ms. Hassan's siblings — Deirdre, Geraldine, Kathryn and Michael Fitzsimmons. "We believe that the refusal by the British government to open a dialogue with the kidnappers cost our sister her life."

In an interview with the BBC on Monday, Deirdre Fitzsimmons said that the last phone calls were made on Nov. 7, and that Mr. Hassan was essentially left on his own by an unhelpful British government.

"I don't think he knew what to do," she said. "He did the best he could. After all, this was a man in a house on his own, his wife had been taken hostage, he had seen terrible videos of her. He was really left on his own with this advice."

A spokeswoman for the British Embassy in Baghdad said: "Our thoughts are with her family."

Typical of the breakdown in the capital, confusion prevailed late into the evening in Salheya, where the 24 people were taken Monday. The head of the commandos said his forces had not been in the area, but an official in the Interior Ministry said that a special police unit, possibly from the Ministry of Transportation, might have conducted the raid.

One witness, who runs the Tiger Bus Company, said the armed men blindfolded the people they were leading away and fastened their hands with plastic ties.

"I knew that if they will take me, that means I am dead," said the man who asked that his name not be used out of safety concerns. "We knew this was the end. We ran out the back."

In other violence, Iraqi television reported that one Italian soldier had been killed and three others wounded by a bomb in southern Iraq. Two students were killed in the southern neighborhood of Dawra, part of a spate of recent killings of students, an Interior Ministry official said.

Iraqis Believe Violence Will Abate, New Report Says (WP)

By Walter Pincus

The Washington Post, June 6, 2006

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Attacks and casualty levels against civilians and military personnel in Iraq have risen "substantially" since the December elections, but Iraqis have confidence the new Baghdad government will improve the situation, according to the Defense Department's quarterly report to Congress.

"The formation of the new, permanent Iraqi government that addresses key sectarian and political concerns could help reverse the attack trend," states the report, which measured progress in Iraq through May.

Although the report states that since the bombing of the Golden Mosque in Samarra, attacks have increased against rival sectarian groups and populations, it says that al-Qaeda "has been unsuccessful in driving Iraq to civil war [although] Sunni and Shia Arab reprisals elevated the level of violence throughout this period."

Anthony H. Cordesman, who holds the Arleigh Burke chair in strategy at Washington's Center for Strategic and International Studies and has closely studied the Iraq insurgency, yesterday criticized the new Pentagon report as presenting "a fundamentally false picture of the political situation in Iraq, and of the difficulties ahead." He said it "does not prepare the Congress or the American people for the years of effort that will be needed even under 'best case' conditions and the risk of far more serious forms of civil conflict."

Saying "only the U.S. government has the resources and access to information that provide a comprehensive overview of the situation," Cordesman added, "The American people and the U.S. Congress need an honest portrayal of what is happening, not lies by omission and 'spin.' "

For example, he notes the poll of Iraqis' confidence in their new government's ability to improve the situation is described as a "nationwide survey" with no explanation of who was polled and how. He also points out that despite the increase in sectarian killings and the failure to form a government after the elections, the number of Iraqis with doubts hardly changed.

Cordesman said the report "highlights real problems with crime and militias and the importance of sectarian, tribal and ethnic violence," but he took issue with the Pentagon assertion that 90 percent of the suicide bombings in Iraq are carried out by al-Qaeda terrorists, saying, "This may be what some want to believe, but there is no validation."

Afghanistan Under Siege (WT)

By Tulin Dalogl

The Washington Times, June 6, 2006

KABUL, Afghanistan. -- The pictures of the anti-U.S. riots last week in Kabul show the immense contradictions of Afghanistan. Monday's riot, triggered by a traffic accident involving an American military truck, was the worst since the fall of the Taliban. The next day, however, was absolutely calm, illustrating how impossible it is to predict anything that will happen in Afghanistan. Hikmet Cetin, NATO's senior civilian representative, says the riots did not accurately express either the level of anti-American sentiment or the people's attitude toward foreign influences.

"There were different elements in that demonstration," Mr. Cetin said in an interview. "They were angry against their government, too." He said it is clear to him that the Taliban knows it is militarily overmatched by the NATO forces preparing to take control in Afghanistan.

"The Taliban [leaders] understand they cannot fight with our military face to face, so they started to use roadside bombs, IEDs and suicide bombers," Mr. Cetin said. "They are trying to give the impression that there are two powers in this country: the government and the Taliban. They are sending [a] message [to NATO]: don't come, we will kill you."

A native of Turkey, the only Muslim country in NATO, his service in Afghanistan is crucial. Afghans remember the days of Mustafa Kemal Ataturk, the founder of modern-day Turkey, and Emanullah Han, and how Ataturk helped them build numerous Afghan state institutions. Dr. Rifki Kamil Urga, who Ataturk sent to Afghanistan, built the first medical school.

Mr. Cetin's personality is also crucial. He's a Muslim representing NATO, but to preserve relations he needs to appeal to the Afghan people. He's not only an official; he is also very popular even among ordinary Afghanis. On days of upheaval like Monday, people ask him what to do, and they learn from him the lessons of how to govern their country.

What's more, when a former warlord told Mr. Cetin that his community needed a mosque, he replied, "No, you need schools." He is exactly right to try to show Afghanis what their priorities should be as they learn how to navigate governing and their established religious institutions. Alas, the literacy rate in this country is less than 40 percent -- needless to say that the female literacy rate is around 14 percent.

The day after the riot, Mr. Cetin hosted a dinner at his residence for more than a dozen members of the Afghan Parliament. "The day two Canadians were killed in Kandahar, [Canada's] Parliament decided to extend its stay for another two years," he told the assembled group of parliamentarians on Tuesday. He noted that Canadian, Dutch and British forces will be doubling the number of troops in the Taliban's stronghold in the south. The move will change the rules of engagement for NATO forces. And it also proves, Mr. Cetin says, "[w]hen NATO commits itself, it acts decisively."

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Mr. Cetin says he is sure that NATO will defeat the Taliban. But he believes it requires more than military effort. The world should help Afghanistan to stand on its own as a sovereign, independent country, he says.

Some at the dinner raised some thought-provoking points. M. Daoud Sultanzoy, the head of a parliamentary committee on the economy, said that because the West had defeated the Soviet Union, Western powers should be well-versed in valuable psychological warfare tactics, and he questioned why that knowledge is not being employed against the Taliban. Obviously, the answer is not an easy one until security conditions have been improved and economy driven infrastructure and industries start to show a presence in the country.

"Any country could have problems. Any country may lack some institutions. And they may take steps to correct it," Mr. Cetin told me during the interview. "But in Afghanistan, in the beginning of 2001, there were no state institutions. There was no government, no governance, no military, no police, no public administration." Because that infrastructure is only beginning to be conceived, much less implemented, "NATO can not fail in Afghanistan," he said. "That will be the end of NATO. Then we can't succeed anywhere." He also reminded the group of what NATO Secretary General Jaap de Hoop Scheffer said: "If we don't go to Afghanistan, Afghanistan will come to us -- as a terror, as a drug trafficker."

Even with the monumental challenges, everyone accepts that Afghanistan has changed remarkably for the good since 2001. "It reminds me the place where I grow up," said Mr. Cetin, referring to his birthplace of Lice, Turkey -- an area where the Kurdish citizens make up the majority and little infrastructure or mechanisms for governing exist.

He acknowledges that putting together the institutions of government and statehood, along with educating the people, will take a long time. But he refused to compare Afghanistan and Iraq. "There is no deep ethnic and religous division in Afghanistan like there is in Iraq," he said.

Tulin Daloglu is a freelance writer.

Many Afghans Lost To Hazards Of Childbirth (WP)

By Pamela Constable

The Washington Post, June 6, 2006

SHEIKHABAD, Afghanistan -- According to Afghan tradition, children are the fruit of heaven. The more each couple produces, the greater the blessing; hence the country has one of the world's highest birthrates. If an infant dies, village tradition says, another will come along soon. If a mother dies giving birth, it is the will of God.

But according to international studies, Afghanistan is also one of the most dangerous places in the world to be born or to deliver a child. In a recent report, the U.S. charity Save the Children found that Afghanistan has the world's second-highest rate of newborn deaths, 60 per 1,000 births, just below Liberia. It also found that one in six Afghan mothers -- 20,000 a year -- die during or after childbirth.

Safia, an illiterate villager of about 30, has survived several pregnancies, but just barely. Last month, she arrived at physician Roshanak Wardak's clinic in this town 50 miles west of the capital carrying a 3-week-old baby.

The child was thin and weak, because Safia could neither produce milk nor afford to buy formula.

Her previous child, a boy, had nearly died at birth. Safia was in labor for two days and nights, she said, with no way to travel from her village. By the time she finally reached a hospital two hours away, she had to have an emergency Caesarean section, and both she and the baby were hospitalized for a week.

"My husband was away working. I couldn't reach him, and no one else would help me," she said. "I was having terrible pains, but the baby would not come. Later the doctors told me it was because I worked so hard during my pregnancy, lifting water buckets and other heavy things. They told me not to have any more children for three years, but now I have this new one."

Although Afghanistan has had a stable, Western-backed government since late 2001 and foreign donors have since spent tens of millions of dollars to improve health care, conditions still conspire to sabotage the chances of healthy and normal births.

"It's really as bad as it can get and still sustain a population," said Linda Bartlett, a physician and maternal and child health officer for UNICEF in Kabul, the capital.

Many parts of Afghanistan are harsh and remote, with bad roads, few clinics and little ability to attract skilled health workers. Village girls are often married by 15 and urged to produce a child each year. About 85 percent of Afghan infants are born at home, without even a trained midwife in attendance.

If complications arise, families may not recognize the danger signals and end up wasting precious time deciding what to do. The mother, in protracted labor or losing blood, may have to be carried or put on a donkey for several hours to reach a road leading to a hospital. By then, it may be too late to save her or the child.

"The worst problem is lack of skilled staff. In some provinces, there are no female health workers at all," said Nadra Hayat, director of maternal and infant health at the Public Health Ministry in Kabul. Delivering babies is traditionally done in Afghanistan by women, and many families do not want male doctors to treat their wives or daughters.

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Even when foreign donors offered to increase the government's monthly salary for doctors from $40 to $1,000 for those willing to work in arid, isolated southern provinces, Hayat said, "the living conditions were so bad that no one wanted to go."

According to Bartlett, health care has improved significantly in some provinces, with new clinics built and staffed in large towns. The problem, she said, is at two extremes: remote regions where medical help is dangerously scarce, and urban areas where hospitals can barely keep up with the population boom.

In Kabul, the main maternity hospital, Malalai, is hard-pressed to keep pace with the crush of deliveries resulting from a wave of returning refugees that has tripled the city's population since the U.S.-led invasion in late 2001. The staff delivers 80 to 100 babies every 24 hours, and most new mothers are discharged the same day to keep enough beds open.

Doctors and nurse-midwives said that since the end of Taliban rule and the influx of foreign aid, the hospital has made major improvements. Infection rates have fallen sharply, and new diagnostic equipment has been donated. In the past 15 months, fewer than 10 patients have died.

"Some things are much better. We used to do 10 deliveries with one pair of gloves," said Safia, a nurse-midwife who has worked there for 35 years.

Still, conditions are far from ideal. Basic supplies often run out. Patients may be asked to privately purchase such items as intravenous drips. When patients arrive with severe bleeding, doctors often take up a collection to buy plasma from other hospitals.

With doctors in short supply, Afghan and foreign aid agencies have focused on increasing the quantity and quality of midwives. Until recently, many were unskilled women who did little more than cut the umbilical cord. If the mother started hemorrhaging or the birth was obstructed -- the two leading causes of maternal mortality here -- there was little they could do.

In the past three years, a U.S.-funded program has trained hundreds of community midwives, and a national midwives association has been formed. The number of trained midwives has increased from about 500 to 1,500, and many are working in remote regions with high rates of infant and maternal deaths.

"It is a real revolution," said Pashtun Afzer, the association's president. "These women are so committed. They want to be competent. They know the danger signs and the causes of bleeding. Some rural people were afraid to go to strange clinics, but these are women from their own areas, so the people trust them."

Bibi Ashrafi, a midwife in her fifties, has delivered more than 1,000 babies in Wardak province. She said most village families still prefer home births because they don't want to expose their wives or daughters to unfamiliar doctors.

"I only carry a bag with a scalpel, soap, gloves and clean cloths," she said. "I am very careful. I wash my hands eight times before and after the birth, I sterilize my scissors, and I make sure the placenta is not left inside. If the mother is doing well, I feed her a soup of sugar and oil and flour, and then I leave."

In the past, Ashrafi said, many women died giving birth, and their families would say it was "God's decision that her time had come." But three years ago a clinic opened in the area and she received some training. Now, when a mother is bleeding heavily after the birth, she has a place to send them.

"It's great we have a clinic now, but the problem is with the people," she said. "They are so concerned about privacy that they don't call me until a woman has been bleeding for three days. I tell them to space out the births, but they want to have as many children as possible. I tell them that is bad for the mother's health, but they don't want to change."

A few miles away, outside Wardak's clinic in Sheikhabad, several dozen women huddled on the ground, their swollen bellies hidden under billowing burqas . All were illiterate. Many had histories of multiple miscarriages, problem deliveries or babies born early and weak.

Wardak said she opened her clinic after the winter of 1996, when 40 women died giving birth in the district. Even now, she said, many pregnant women live so far up in the barren brown hills that they can barely get to her door, let alone endure another two-hour ride to the hospital in Kabul if they have labor complications.

"Some villages are eight or nine hours away, and the cars charge extra because the roads are so bad," she said. "I haven't lost a patient in nine years, but we have women traveling from one district to another with labor pains, trying to find help. Sometimes, on the way, the babies die inside them."

Senators Seek Better Defense Imagery (WP)

By Walter Pincus

The Washington Post, June 6, 2006

The Senate Select Committee on Intelligence wants to expand the mission of the nation's imagery intelligence agency so that it can provide U.S. forces on the ground with laptop computers that display still pictures and video of what may lie over the next hill.

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"New products including full-motion video and ground-based photography should be included with available positional data [such as maps] in National Geospatial-Intelligence libraries for retrieval on Defense Department and intelligence community networks," the Senate panel said in its report on the fiscal 2007 intelligence authorization bill.

"The committee wants troops to be able to dial up what the route ahead will look like and where potential ambush points may be," said John Pike of GlobalSecurity.org, an expert in satellite- and ground-based intelligence. He said digital still photos taken by military attachÃ©s and Special Forces teams that have slipped in and out of potential target countries such as Iran and North Korea as well as video footage taken by unmanned aerial vehicles (UAVs) have been collected for years, but have not been integrated into the main data libraries maintained by the National Geospatial-Intelligence Agency (NGA).

"The NGA's current library of geospatial products reflects its heritage -- predominantly overhead imagery and mapping products," the committee wrote in its report. "While the NGA is beginning to incorporate more airborne and commercial imagery, its products are nearly devoid of FMV [full-motion video] and ground-based photography," it added.

The panel's solution is to give the director of national intelligence authority to direct the NGA to "analyze, disseminate and incorporate" into its national system "likenesses, videos, or presentations produced by ground-based platforms including handheld or clandestine photography taken by or on behalf of human intelligence collection organizations."

The new visual materials would be available along with traditional mapping data for retrieval by mission planners and troops in the field. "The route to and from a facility or photographs of what a facility would look like to a foot soldier -- rather than from an aircraft -- would be of immense value to our military personnel and intelligence officers," the report said.

Sensitive to the unique roles played by human collectors, including Special Forces teams and clandestine CIA operatives, the report made clear that the NGA's new mission would not give the agency authority to "manage or direct" the collection or set the technical requirements for "handheld or clandestine photography." The human collection agencies would also control the classification of their photography as well as how and to whom it is distributed.

Instead, the panel encouraged the NGA, whose database includes the exact location of where images are taken and the timing, to work with the other collection agencies so their data can easily be retrievable from the National Geospatial data libraries.

Pike said, however, that technical difficulties exist in finding ways to integrate the new collection into the NGA data libraries. "Lots of still-camera imagery does not have time and place stamped into it as do the satellites," he said. He also noted that full-motion videos, where a UAV can be traveling 100 mph, creates a problem in stamping locations so viewers know the start and finish of the target.

An NGA spokesman said the agency does not comment on pending legislation such as the Senate intelligence committee's version of the authorization bill. But the NGA has been making changes in its databases over the past few years. More commercial imagery has been purchased and some video from UAVs such at the Predator and Global Hawk have gone into the system.

Last December, Director of National Intelligence John D. Negroponte gave the NGA responsibility for overhead, non-imagery infrared and space-borne collectors of measurement and signature intelligence, which involves sensors that, among other things, gather signs of chemical, electronic, nuclear or other radiations emitters.

The NGA also has linked elements of its group with the National Security Agency, whose satellites and ground-based facilities collect electronic messages. Negroponte recently praised this step as "linking our nation's 'eyes and ears.' "

In a presentation last September, retired Lt. Gen. James R. Clapper Jr., the head of the NGA, described his view of "geointellingence" as seeking to answer such questions as "Where am I? Where are the friendlies? Where are the enemies? Where are the noncombatants? Where are the obstacles, natural and manmade, and how do I navigate among them? And what is the environment?"

Clapper, who became director of the NGA in 2001 when it was still the National Imagery and Mapping Agency, plans to retire this month.

DOJ:

Ex-Ashcroft Aide Blasts AG Gonzales (LAW)

By Jason McLure, Legal Times

Legal Times, June 5, 2006

It's not often you see one of former Attorney General John Ashcroft's aides publicly criticize the current Justice Department. But that's exactly what former Ashcroft spokesman Mark Corallo did last week when he submitted an affidavit bashing the DOJ

for issuing subpoenas to two San Francisco Chronicle reporters who wrote articles about the BALCO steroid investigation based on leaked grand jury testimony.

In supporting the reporters' motion to quash, Corallo accused Justice's leadership of violating long-standing departmental policies that discourage subpoenaing reporters except in certain circumstances "where immediate action is required to avoid the loss of life or the compromise of a security interest."

"I just saw an egregious abuse of power," says Corallo. "There seems to be this attitude at [the DOJ] that just because the law says we can, we will."

Corallo, who now runs his own public relations company, has some clients who likely didn't mind him taking a swat at his old employer. He's been retained by Milberg Weiss Bershad & Schulman, the securities class action firm indicted by the Justice Department last month. He's also served as spokesman for Karl Rove, the presidential aide under scrutiny by DOJ Special Prosecutor Patrick Fitzgerald in the investigation into the leak of CIA agent Valerie Plame's identity. That case, of course, may hinge on the degree to which reporters are compelled to cooperate with prosecutors and defense lawyers.

Corallo, however, says his client list didn't affect his decision to jump into the BALCO matter. "None of my clients had any idea that I was doing this," he says. Regardless, his move will likely burn bridges with some fellow Republicans at the DOJ.

His affidavit offers implicit criticism of not only Attorney General Alberto Gonzales, but to others with authority over the decision, including Deputy Attorney General Paul McNulty, Criminal Division chief Alice Fisher, and Public Affairs Director Tasia Scolinos. Firing back, DOJ spokesman Brian Roehrkasse says Corallo "may not have been aware of all of the facts" of the BALCO case.

Pentagon IG Nominee Goes To Senate (AP)

AP, June 5, 2006

WASHINGTON (AP) - Assistant U.S. Attorney David Laufman is President Bush's pick to be the Pentagon's chief overseer of internal investigations.

The White House on Monday sent the Senate Laufman's nomination for inspector general at the Defense Department.

If confirmed, Laufman would replace Joseph E. Schmitz, who resigned last September to become chief operating officer for the Prince Group, a division of Blackwater USA, which provides security services to troops in Iraq and around the globe.

The inspector general is the principal adviser to the secretary of defense for matters relating to the prevention of fraud, waste and abuse in the Defense Department.

Laufman, who received a bachelor's degree from the University of Pennsylvania and a law degree from Georgetown University, is assistant U.S. attorney for the Eastern District of Virginia.

Before that, he was chief of staff for the office of the deputy attorney general at the Justice Department. Earlier in his career, he was investigative counsel for the House Ethics Committee.

Does DOJ's Privacy Advocate Have Enough Tools For The Job? (LAW)

By Jason Mclure, Legal Times

Legal Times, June 6, 2006

From spying on domestic-based international phone calls without a court warrant to reportedly obtaining the phone records of tens of millions of customers of AT&T, BellSouth and Verizon, the federal government appears to have made safeguarding Americans' privacy a low priority.

So it may come as a surprise to learn that the Justice Department -- the agency responsible for defending such programs -- has a top official charged with making sure the agency doesn't violate Americans' rights while pursuing terrorists. Jane Horvath became the department's first full-time chief privacy and civil liberties officer in February.

But her powers are limited and, in the view of a number of privacy advocacy groups, negligible. Unlike privacy officers in Europe and Canada, she has no power to subpoena federal law enforcement officials with knowledge of alleged privacy or civil liberties violations. Nor can she report independently to Congress.

"I tend to think it is window dressing," says David Sobel, general counsel of the Electronic Privacy Information Center. "The creation of a position like this within DOJ is a matter of [the department] paying lip service to the very real privacy problems that arise from their activities."

And, in fact, Horvath herself says she has no intention of taking a confrontational approach or acting independently of Justice's leadership in defending privacy rights at an agency that has vigorously defended the National Security Agency's domestic spying and whose own investigators are increasingly circumventing federal courts to collect personal information on American citizens.

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In an interview with Legal Times, Horvath says she sees herself as an adviser who can work behind the scenes to ensure privacy concerns are heard by top officials. "People have to see you as someone helping to structure a program to be effective," she says. "Me, by myself, screaming and yelling, I'll get nowhere."

Horvath's job was created in January under a provision of a Justice appropriations bill to help counterbalance sweeping new investigative and data-collection powers granted to the FBI and federal prosecutors since the Sept. 11, 2001 attacks. The position was modeled on the Department of Homeland Security's privacy officer, a four-year-old post that privacy advocates have also criticized as being insufficiently independent.

"A privacy officer fundamentally is operating with values inconsistent to the department. ... It takes a unique and combative personality to do well in a job like that," says James Harper, a privacy law expert at the Cato Institute. "In the end, I think it will be the role of the chief privacy officer to apologize for their agencies, rather than act as a privacy advocate internally."

GRAPPLING WITH BIG BROTHER

Horvath disagrees and says she and her four-lawyer office will be able to effectively steer policy at the 110,000-employee Justice Department. "I don't view myself as an apologist," she says. Nor does she want the authority to subpoena witnesses or compel testimony from Justice officials, as some Democrats on Capitol Hill have proposed. Such powers would isolate her from DOJ decision makers, Horvath says, adding that any investigative responsibilities are best left to the department's inspector general.

"I think it would be such a mistake," she says. "If you give me subpoena power, you're going to pigeonhole me off into another room."

Horvath, 42, comes to the job from the consulting firm Privacy Laws & Business, a U.K.-based company that advises U.S. companies on complying with Europe's more stringent privacy laws. From 1995 to 2001 she worked as an assistant general counsel at AOL and wrote the company's first privacy policy.

At Justice, Horvath will be close to the center of the department's power structure. She works under Deputy Attorney General Paul McNulty, the No. 2 official who handles the department's day-to-day management, and her ability to overcome institutional resistance will be dependent on her ability to invoke his authority. "Jane plays a significant role in ensuring that the department's policies and initiatives are fully compliant with privacy and civil liberties," McNulty said in a statement.

"Just by virtue of being in [McNulty's] office, she'll have the ability to put issues on the agenda that she thinks are important," says one former high-ranking Justice official. "She'll have the ability to pick up the phone and get people in the attorney general's office."

Working under her are three privacy attorneys transferred from Justice's Office of Information and Privacy, a departmental subunit that handles mainly Freedom of Information Act requests. She also expects to hire a deputy soon.

Whether Horvath and her small staff will be able to actually shape policy is a different matter. With no independence from Justice leadership, her authority is limited to the power of persuasion, says Peter Swire, a former privacy counselor in the Clinton administration. "It's a tough job because you're pushing against the wind most of the time," he says.

Horvath says she can best defend privacy rights by vetting new programs for privacy issues before they are implemented. She points to the Defense Department's Total Information Awareness program as an example of a government data-gathering program that would have benefited from the advice of an in-house privacy adviser. Among other goals, that program, undertaken soon after the Sept. 11 attacks, sought to develop technology that would allow computers to identify and track people remotely. But its disclosure led to a public firestorm, and in 2003 it was abandoned.

"No one thought how the advocacy community or the American people would view it," Horvath says. "It's much better for me to be in at the inception of these programs."

Though Horvath says she hopes to focus on influencing new initiatives, there are plenty of existing Justice policies that raise privacy concerns. One area that has drawn Horvath's attention is the FBI's expanded use of National Security Letters. NSLs allow the FBI to secretly gather personal information from banks and telephone companies without having to first obtain court approval. After fighting to keep statistics of their use secret, in late April, the Justice Department reported to Congress that it issued 9,200 such letters in 2005. "It's a program that got to the top of my list," Horvath says. "The department as a whole needs to look at whether there were relevant law enforcement uses for those."

She also expresses an understanding of the privacy concerns raised by the Justice Department's attempts to gather Internet search data from Google and other search engines in its efforts to combat online pornography. "It's the slippery slope," Horvath says, noting that she's expressing a personal, rather than an official, opinion. "Google takes data and they save their data. Once they start producing data for the government, at what point does it stop?"

But Horvath is undisturbed by the growth in DNA profiles retained by state and federal law enforcement in a computer network known as the Combined DNA Index System (CODIS). That database, which initially was used to store genetic information of convicted felons, has been expanded to include thousands of arrestees who have not been convicted of a crime.

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"If people have a problem with what CODIS is taking in, they need to talk to Congress," she says. "The FBI is not going outside of the law to take DNA."

On perhaps the most controversial privacy and civil liberties issue handled by the Justice Department -- its vigorous defense of the NSA's warrantless surveillance program -- Horvath says she has no role to play and has not been briefed on the matter. "That's [DOJ's] litigation posture," she says. "It's done by NSA. It's not my area."

LOBBYING, NOT ENFORCING

Horvath's job description says she's responsible for coordinating the work of Justice related to the protection of privacy and civil liberties. Fred Cate, a professor at the Indiana University-Bloomington School of Law, says the fact that Horvath hasn't been consulted on the NSA issue reveals much about the limits of her authority. "The attorney general has to sign off on every other agency's surveillance programs," says Cate. "How effective can the chief privacy officer be if she's not involved in advice [Justice] gives to other agencies?"

And without the power to compel testimony from Justice officials, it's unclear how often she'll be consulted by DOJ's leadership or what real power she'll be able to wield should she see privacy concerns being ignored. "At best it's internal lobbying," says Barry Steinhardt, director of the American Civil Liberties Union's technology and liberty program.

Horvath says that so far she hasn't felt left out of the loop. She says she meets with McNulty twice a week in the deputy attorney general's staff meetings and has already been able to influence two significant policy decisions, though she declines to name them. "I've been able to have my voice heard a great deal," she says. "I see changes that I suggest integrated."

But even those privacy advocates who say the Justice Department would be better off with a European-style privacy watchdog express optimism that her appointment is a step in the right direction. "Somebody with limited powers is far better than none," says Robert Ellis Smith, a Rhode Island lawyer who publishes a journal on privacy law. "What's important is to have somebody who is a focal point."

Serving as a sounding board for public dissent will be an important part of Horvath's job. As the attacks of Sept. 11 recede, the public is growing increasingly wary of government monitoring. An ABC News-Washington Post poll in January found that 30 percent of Americans felt the government was unjustly violating privacy rights in investigating terrorism. Though that number remains relatively small, it's a significant rise over the 17 percent who felt that way in September 2003.

Horvath has met with critics of the DOJ's privacy and civil rights policies, including the ACLU and the Center for Democracy and Technology, and spoke at a meeting of privacy groups hosted by the Electronic Privacy Information Center (EPIC) in May.

"The department has a real credibility problem in terms of assuring the public that laws designed to protect privacy are being scrupulously observed," says EPIC general counsel Sobel. "It's clear the security and intelligence interests overpower the privacy interests."

That critique isn't unfamiliar to the new chief privacy officer.

"I think that a great part of my role is to re-establish trust," Horvath says. "Trust is a huge thing for the FBI and Department of Justice. ... They can't do their jobs if they don't have it."

CORPORATE SCANDALS:

Bawag To Pay $675M To Settle Refco Charges (AP)

AP, June 6, 2006

NEW YORK (AP) — Austria's Bawag PSK bank will pay at least $675 million to avoid prosecution and to settle bankruptcy claims after admitting its role in the collapse of commodities brokerage Refco Inc., U.S. authorities announced Monday.

The bank, together with the Austrian Trade Unions Association, which owns Bawag, will forfeit $337.5 million to the United States to be distributed to victims of the fraud at Refco, according to prosecutors and the Securities and Exchange Commission.

In return, U.S. authorities have agreed not to prosecute Bawag, U.S. Attorney Michael Garcia said.

The government will distribute half of the $337.5 million in forfeited funds to the Refco bankruptcy estate and half to other victims of the Refco fraud, he said.

In a statement, the bank said it will initially pay $158 million, with $150 million being divided equally between the Refco creditors and the U.S. Department of Justice and another $8 million being paid to a class-action settlement fund.

The bank said the Justice Department will distribute its money to the Refco estates and the securities claimants, among others.

As much as a year later, the bank will pay the remainder, to be split equally between the Justice Department and Refco creditors, the bank said.

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The non-prosecution deal included a statement from Bawag, in which the bank acknowledged it assisted former Refco Chief Executive Phillip R. Bennett in hiding hundreds of millions of dollars of Refco losses from Refco investors and creditors.

According to the statement, certain former senior officers of the bank including the then-chairman and a member of the managing board who became chairman in 2003 knew that Bennett wanted to manipulate certain intercompany balances.

The statement said the bank from 2000 through February 2005 made short-term loans of hundreds of millions of dollars to Refco so Refco "could manipulate certain intercompany accounts in order deceptively to 'improve' Refco's balance sheet."

The New York-based Refco was one of the world's biggest commodities brokerages, employing some 2,400 employees in 14 countries. Bawag, Austria's fourth-largest bank, bought a 10 percent interest in Refco in 1999. It has 1.3 million private customers and 60,000 commercial customers.

The losses were revealed only two weeks after Refco went public in 2005, and led to the company filing for bankruptcy protection. Bennett has been indicted on eight felony counts and is under house arrest in New York, awaiting trial.

The Refco Unsecured Creditor's Committee had demanded $1.7 billion in damages from Bawag, claiming the Austrian bank aided Bennett.

Bawag had consistently denied any wrongdoing in its dealings with Refco, but Bawag Chief Executive Ewald Nowotny has said a settlement was needed to secure the bank's future.

Bawag also acknowledged in its statement that it sought and received assistance from Bennett at Refco in concealing Bawag's own investment losses on its balance sheet, prosecutors said.

Garcia said in a statement that the government agreed to the non-prosecution deal because Bawag had cooperated fully with his office's investigation and because the company had agreed to pay substantial restitution.

He also noted that Bawag's depositors and innocent employees would be harmed by a criminal prosecution.

He said new management at Bawag since January has taken steps to investigate its involvement with the Refco fraud and disclosed to the public in Austria the deficiencies in its own balance sheet, which the prior management had been hiding for years.

Garcia said the non-prosecution agreement showed that his office would vigorously pursue those who defraud American investors, "even those who act entirely from abroad."

In a statement, Nowotny called the settlement "a good deal because it draws a line under the past. The way is now open for a positive future development of Bawag PSK."

The company said the agreement calls for the dropping of pending and potential actions by Refco, the creditor's committee and a class-action lawsuit by Refco security holders.

The company said it has settled its SEC case, agreeing to not violate securities laws in the future.

The bank said it also agrees to drop its own claims against Refco and the Refco creditors, but not its claims against Bennett, who has been indicted under eight felony counts and is being held under house arrest pending trial.

Stuart M. Grant, a lawyer for institutional investors who are lead plaintiffs in a securities class action stemming from the Refco collapse, said in a statement he was pleased with the speedy settlement.

"This is a positive first step in providing compensation to investors who were scammed by Refco's management and directors, along with its financial advisors, auditor and other professionals," he said.

Austrian Bank Pays $675M In Refco Probe (USAT)

By Greg Farrell

USA Today, June 6, 2006

NEW YORK — More than six months after the former CEO of a financial services firm was indicted on charges of fraud, a government investigation into the matter seems to have gathered momentum.

The U.S. Attorney's office here announced Monday that an Austrian bank would pay at least $675 million to settle claims that it helped Refco and its former CEO, Phillip Bennett, hide more than $1 billion in debt from investors and creditors in the past five years.

The settlement was part of a non-prosecution agreement between federal prosecutors and the Bank fur Arbeit und Wirtschaft (Bawag), headquartered in Vienna. In a statement, Michael Garcia, the U.S. Attorney in Manhattan, said the bank merited the non-prosecution agreement because new management, installed in January after the scandal, was cooperating fully with the criminal investigation.

Although no mention was made of the bank's previous management, prosecutors and regulators from the Securities and Exchange Commission are continuing their investigation.

The deal lifts a cloud of uncertainty from the bank, while resolving most of the financial claims that have been lodged against it for its role in propping up Refco, now in Chapter 11. “We're pleased to have resolved all these matters,” said Andrew

Levander of the Dechert law firm, which represents Bawag. “We believe this generally resolves all potential claims against Bawag.”

More than half of the $675 million settlement will go to Refco's creditors. About $84 million will be paid to Thomas Lee Partners, which bought a substantial stake in the firm in 2004, and another $100 million to shareholders who invested in Refco after its 2005 IPO.

According to court documents, Phillip Bennett, the former CEO of Refco, helped the company disguise hundreds of millions of dollars in client losses in the late 1990s by shifting those losses off the books to entities he controlled. The SEC accused Bawag of helping Bennett hide the losses from investors and creditors.

By disguising the losses, Refco was able to go public last August. But seven weeks after the IPO, Refco's management disclosed the losses, causing the stock price to plummet and eventually result in a bankruptcy filing. Bennett was indicted in November, the same month Bawag ousted its CEO, Johann Zwettler.

Sean Coffey, a class-action lawyer with Bernstein Litowitz Berger & Grossmann, said Bawag will pay $8 million to investors who lost money in the IPO, and guarantee to fund $100 million more if that money can't be recovered from a special restitution fund.

Coffey, who represented investors hurt by WorldCom's meltdown in 2002, says Refco's other banks should have known about the hidden losses. “It's not as big a case as WorldCom, but in may ways, it's more egregious than WorldCom,” he said. “It was just seven weeks from IPO to DOA.”

Will Enron Probe Spawn Further Criminal Cases? (WSJ)

By John R. Emshwiller

The Wall Street Journal, June 6, 2006

The giant federal investigation of Enron Corp. has produced criminal charges against 32 people, and it is continuing. But will it ever spit out charges against anyone else?

That question hangs over the four-year-old probe in the wake of its greatest victory: the convictions last month of former Enron Chairman Kenneth Lay and former President Jeffrey Skilling on conspiracy and fraud charges. The four-month trial of those two men was viewed as a culmination of the federal criminal probe that began in the wake Enron's collapse into bankruptcy in December 2001.

Theoretically, the federal Enron Task Force still has lots of potential targets for criminal charges. Some even came up by name during the Lay/Skilling trial. Court filings in that case said about 100 individuals have been identified as co-conspirators of the two men. Of those criminally charged, 16 have pleaded guilty, eight have been convicted at trial, two have been acquitted and the rest are awaiting trial.

Among the senior executives whose names have come up during the criminal proceedings is Jeff McMahon, who served various senior Enron positions; David Duncan, one of the company's outside auditors and the only man in the Enron saga to have pleaded guilty to a crime and then reversed himself; and Greg Whalley, who took over as Enron's president when Mr. Skilling unexpectedly quit in August 2001.

Attorneys for Messrs. McMahon and Duncan declined to comment. Mr. Whalley and his attorney couldn't be reached.

Some observers believe that with its biggest case now completed, the Task Force is unlikely to file new cases. Instead, it probably will wind down its efforts and focus on cleaning up the already filed charges. "Enron Beach is closed, and not just for the summer," says Jacob Frenkel, a former federal prosecutor now in private practice in Rockville, Md.

However, others say the government could feel obligated to bring additional cases even after nabbing the two top figures at the company. As a prosecutor, "you want to make sure that the people most culpable are held to account," says Jonathan Halpern, a former federal prosecutor now in private practice in New York.

Another possibility is that any future cases will be handled as civil matters by the Securities and Exchange Commission, which could seek large monetary penalties from individuals.

"Lots of people would like to see the SEC take a pretty aggressive tack on the remaining players," says John Hemann, a former member of the Enron Task Force who is now in private practice in San Francisco.

A Justice Department spokesman declined to comment on any possible future Enron-related criminal charges being filed. An SEC spokesman also declined to comment on possible additional civil actions related to the fallen energy giant. Already, the SEC has filed numerous civil cases in the Enron scandal, including still-pending actions against Messrs. Lay and Skilling.

The failure to file further criminal charges could intensify debate over an issue previously raised by defense attorneys for Messrs. Skilling and Lay. They contended the Task Force used the threat of further indictments to intimidate witnesses, adding that scores of former Enron executives had been unwilling to talk with them. In a court filing last fall, attorneys for Messrs. Skilling

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and Lay contended that the Task Force had "engendered, fostered and exploited an atmosphere of fear" among potential witnesses.

The defense noted that the last new individual indicted was Mr. Lay in July 2004. The latest new plea bargain came from a former Enron executive last July.

Prosecutors have consistently and vehemently denied misusing their power in the Enron investigation. Judge Sim Lake, who presided over the trial of Messrs. Lay and Skilling, largely turned down defense efforts to win relief in connection with the alleged prosecutorial misconduct. However, if the Task Force doesn't bring any further criminal cases, defense attorneys for Mr. Skilling and Mr. Lay could raise this issue again on appeal. "Our view has long been that the only purpose for the Enron grand jury is to keep witnesses with exculpatory evidence far from the witness stand," says Daniel Petrocelli, Mr. Skilling's lead attorney.

Whatever the possible complications on the appellate front, no further prosecutions would be welcome news for individuals who seemingly have been in the government's crosshairs. Among them is Mr. McMahon, whose Enron jobs included corporate treasurer. As part of a 2004 plea bargain with the Task Force, former assistant treasurer Timothy DeSpain said he had made false representations to credit-rating companies about Enron's financial condition and had been "directed by my superiors...to manipulate fraudulently Enron's credit rating." At the court hearing on his plea, Mr. DeSpain identified Mr. McMahon as one of his superiors.

Mr. Whalley, the former Enron president, saw his name surface at the trial of Messrs. Lay and Skilling. Enron's former chief financial officer, Andrew Fastow, testified Mr. Whalley told him that he cut short a 2001 trip to meet with securities analysts because "I'd have to lie too much" about Enron's financial condition. Another former Enron executive and government witness, David Delainey, testified Mr. Whalley attended a top-level company meeting in March 2001 where finishing touches were put on a plan to hide large losses incurred by the retail energy unit.

Then there is Mr. Duncan, the former head of the Enron audit team at the accounting firm of Arthur Andersen LLP. He became the Task Force's first known cooperating witness when he pleaded guilty in April 2002 to obstructing the federal Enron investigation by destroying company-related documents. He was a government witness when the Task Force won a felony conviction against Andersen related to the document destruction -- a conviction that helped put the venerable accounting firm out of business.

After the Supreme Court last year overturned the Andersen conviction because of improper jury instructions, Mr. Duncan successfully moved to have his plea vacated. He remains subject to new criminal charges, if any more are ever forthcoming from the Task Force.

For Law Firm, Serial Plaintiff Had Golden Touch (NYT)

By Julie Creswell And Jonathan D. Glater

The New York Times, June 6, 2006

When it came to investing, Howard J. Vogel seemed to possess a perverse kind of Midas touch.

In early October 1997, he bought 50 shares of Oxford Health Plans. Three weeks later, the stock nose-dived, and Mr. Vogel lost about $3,000 of his investment. Still, Mr. Vogel reaped $1.1 million.

How was that possible?

Mr. Vogel was a plaintiff in a shareholder lawsuit filed by the New York securities litigation powerhouse Milberg Weiss Bershad Hynes & Lerach against Oxford Health. In 2003, the company, along with other parties that were sued, paid $300 million to settle.

Most of the investors received pennies on the dollar for their losses. But Mr. Vogel, then a real estate mortgage broker in Englewood, N.J., was not just a hapless investor who bought the wrong stock at the wrong time.

Mr. Vogel now says, according to a plea agreement with federal prosecutors, that he and members of his family were actually linchpins in a long-running arrangement that helped Milberg Weiss snare the lucrative lead counsel position in the Oxford Health and many other securities lawsuits, reaping hundreds of millions of dollars in legal fees.

Mr. Vogel, who has since moved to Florida, is a central figure in the government's case against Milberg Weiss Bershad & Schulman, as the law firm is now called. Last month, a federal grand jury in Los Angeles indicted the firm and two of its name partners on several criminal charges, including racketeering conspiracy and money laundering. The firm is accused of making $11.3 million in illegal secret payments to Mr. Vogel and two others who served as plaintiffs in more than 150 lawsuits.

The firm contends it has done nothing improper and has vowed to fight the charges against it. But Milberg Weiss is struggling to keep its lawyers and clients from walking away. Several lawyers have left the firm and a number of institutional investors, including the New York state employee pension fund, have removed it as counsel in high-profile lawsuits.

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The Oxford Health lawsuit was widely watched at the time, and it takes on new significance in light of Mr. Vogel's admissions and prosecutors' charges.

It provides a window into how, even after Congress passed legislation in 1995 aimed at undermining Milberg Weiss's dominance, the firm worked feverishly to find ways to maneuver around the new landscape.

Yesterday, William W. Taylor, a lawyer at Zuckerman Spaeder who represents Milberg Weiss, said in response to questions: "On behalf of the firm, the Oxford case was handled in the highest traditions of Milberg's practice. The result obtained was exemplary and the firm is proud of the result in that case as it is in all of its cases."

The 1995 law, the Private Securities Litigation Reform Act, or P.S.L.R.A., was intended to make it harder for plaintiffs' lawyers to file lawsuits after merely finding a single investor who held the stock of the company to be sued. Under the law, courts were required to select the investor with the largest loss as lead plaintiff, whose lawyer then coordinated the lawsuit.

The law was meant to rein in lawyers who simply eyeballed companies that were in trouble and ran to the courthouse with a plaintiff in tow at the first hiccup in the share price.

In many ways, the law seems to have had the intended effect. Since the legislation was enacted, institutional investors like big state pension funds have led the charge in numerous shareholder lawsuits, like those involving Enron and WorldCom.

Still, the majority of federal securities lawsuits settled last year — 62 percent — had individuals as lead plaintiffs, according to NERA Economic Consulting in White Plains.

Indeed, in the cases cited by federal prosecutors in the indictment of Milberg Weiss, the law firm's frequent clients were individual investors, including Mr. Vogel; his wife, Eugenia Gladstone Vogel; and his stepson, Emile Gladstone. Mr. Vogel's lawyer would not comment for this article.

Yet while Mr. Vogel and his family were frequently named as plaintiffs, they were not always successful in winning lead-plaintiff status. That would not mean that the case was a total loss for Milberg Weiss, but its share of any settlement would almost certainly be smaller.

That is because the lead counsel in a lawsuit typically has considerable influence over how the fees will be awarded to other law firms after a settlement is reached, according to plaintiffs' lawyers.

"What typically happens in a securities litigation is you have one case filed and then you have three or four copycat" complaints, said John H. Henn, a defense lawyer at Foley Hoag in Boston. "Then they agree among themselves about on who would make the best lead plaintiff."

Or they have knock-down-drag-out courtroom brawls.

The decision over lead plaintiff in the Oxford Health case dragged on for nearly four years, took many bizarre twists along the way and featured a revolving cast of plaintiffs.

In the fall of 1997, malfunctions in Oxford Health's computer system led to unexpected losses and a steep drop in its stock price, which wiped out nearly $3 billion of the company's market value. In the days after the announcement, more than 50 class-action lawsuits were filed against the company, claiming that Oxford officials had known of the computer problems and their effects, but had misled investors by failing to disclose what they knew.

"The advantage to having a client and being on file with a class action is that you could then send out mailings or press releases, trying to find other plaintiffs who had bigger losses," said a plaintiffs' lawyer who did not want to be identified because he works in the field. "Even if you had a small client, it was at least a foot in the door that allowed you to get the process rolling."

Oxford Health was a big, juicy target for plaintiffs' lawyers.

A lawyer who tried to get his clients named lead plaintiffs in the Oxford case, Lee Squitieri, said: "It looked like a good case right out of the box. This was not what we called a 'prediction case' where the wrongdoing consisted of a prediction that turned out to be untrue. This was a better case. It involved concealing material information. That's a good case."

Milberg Weiss's biggest rival for lead plaintiff was the Colorado Public Employees' Retirement Association, which claimed it had lost more than $20 million when Oxford Health's stock fell. The mutual fund company PBHG, managed by Pilgrim Baxter & Associates, also wanted to be the lead plaintiff, contending that six of its funds had lost $4.3 million. It later dropped all but one of the funds from its claim, saying that the remaining one lost $65,000.

Undaunted by groups that, arguably, better met the requirements under the new law, Milberg Weiss aggregated a group of 35 individuals who it said had lost a total of $10 million.

Milberg Weiss's initial plaintiff in the case was Mr. Vogel. What was unknown at the time was that Mr. Vogel had acquired shares of the stock on the belief that it was on the verge of a collapse.

In late April, Mr. Vogel pleaded guilty to a single count of perjury — falsely stating in a court filing that he had not received payment other than his share of the settlement proceeds. In exchange for his cooperation, Mr. Vogel was not charged with being part of the conspiracy that Milberg Weiss is accused of. In addition, prosecutors agreed to recommend leniency in sentencing.

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According to Mr. Vogel's plea agreement, he contacted "Partner E" — identified by lawyers involved in the case as Robert Sugarman, a former Milberg Weiss lawyer — and "discussed a potential securities fraud class-action lawsuit" against Oxford Health. Mr. Sugarman is said to be cooperating with federal prosecutors. Mr. Sugarman's lawyer declined to comment.

Dating back to 1991, Mr. Vogel had been a lead plaintiff in numerous lawsuits filed by Milberg Weiss for which he illegally received a cut of the law firm's fees — as much as 14 percent, according to court filings.

But in the case of Oxford, Mr. Vogel was told by Mr. Sugarman that his payment would be less than his usual percentage because the lawsuit was so large and "Milberg Weiss would have other payment obligations in the case," the indictment said.

In 1998, the lawyer representing the Colorado pension fund, Jay W. Eisenhofer, challenged whether Mr. Vogel's losses were substantial enough to meet the law's new requirements.

Patricia M. Hynes, a Milberg Weiss lawyer who was not named in the indictment and has not been accused of any wrongdoing, responded in a June 1998 hearing that among the 35 plaintiffs representing the "Vogel group" were three individuals who had lost $2 million to $3.4 million each.

Swayed by Ms. Hynes's argument, the judge overseeing the case, Charles L. Brieant of the Federal District Court in Manhattan, decided to proceed with three co-lead plaintiffs — the Colorado retirement fund, the PBHG mutual funds and the "Vogel Plaintiff Group," which now did not include Mr. Vogel because his losses were too small. Instead, it consisted of Gary Weber, Daniel Hurley and Michael Sabbia. Milberg Weiss was named co-lead counsel, along with Grant & Eisenhofer, which represented the Colorado fund, and Chitwood & Harley, which represented PBHG.

The size of the losses by the individual investors became a focal point after lawyers with Sullivan & Cromwell, which represented Oxford Health, began to dig into the trading records of the Milberg Weiss plaintiffs.

Milberg Weiss had already revised Mr. Hurley's losses, dropping them from $3.4 million to less than $1 million after realizing an error had been made in going through his trading records.

But the lawyers for Oxford argued that more than 4,000 transactions in Oxford options that they had each engaged in during the 13 months of the time period of the lawsuit had been omitted.

By their accounting, Mr. Hurley had actually made $700,747 in profits from his combined trading in stock and options, while Mr. Sabbia's loss totaled $315,000. That was a far cry from the $2 million loss that Ms. Hynes told the court in 1998 Mr. Sabbia had suffered.

Ms. Hynes claimed the Sullivan & Cromwell lawyers had used "discredited experts, flawed methodologies and erroneous 'alternative' calculations of plaintiffs' losses." By her firm's calculations, even taking the options trading activity into account, Mr. Sabbia still lost more than $1 million and Mr. Hurley more than $500,000. Those were "substantial losses by any measure," she stated in a 2000 memo to the court.

When contacted, Mr. Sabbia and Mr. Hurley said this was the first time they had been plaintiffs in lawsuits and both men said they did not receive any money from Milberg Weiss for their roles in the lawsuit. Mr. Sabbia added that he had no idea there was even any dispute surrounding the size of his loss in Oxford Health. "I lost tons," he said.

Judge Brieant rejected the defense lawyers' objections, ruling that the two Milberg Weiss clients had indeed suffered losses and could continue as lead plaintiffs.

There were problems with another Milberg Weiss plaintiff, Mr. Weber, who withdrew from the case in late 1999, weeks after he was deposed by lawyers for Oxford. A court document in the case that was recently unsealed is a letter to the judge from a Sullivan & Cromwell lawyer who said Mr. Weber "chose to lie" about his education, criminal record, history as a defendant in a civil case and his trading in Oxford securities. The National Law Journal reported on the letter in early 2000. A call to Mr. Weber's office was not returned.

Despite these setbacks, Milberg Weiss and the other lead plaintiffs' law firms reached the $300 million settlement in June 2003. Milberg Weiss's share of the legal fees totaled about $40 million, according to the Justice Department's indictment.

A few months later, Mr. Vogel contacted another Milberg Weiss lawyer, Steven G. Schulman, about his payments for Oxford and other cases, the indictment said. Mr. Schulman and another Milberg Weiss partner, David J. Bershad, were also indicted by the federal grand jury in Los Angeles last month and have taken leaves of absences from the firm. Mr. Bershad's lawyer said his client "vigorously" denied the charges. A call to Mr. Schulman's lawyer was not returned.

Investors Who Fought Arbitrator's Ties Win A Big Ruling Against Prudential (WSJ)

By Susanne Craig

The Wall Street Journal, June 6, 2006

An arbitrator once accused of being in Wall Street's pocket was part of a panel that unexpectedly returned a $14.5 million penalty against a major Wall Street firm.

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In late May, a New York Stock Exchange arbitration panel unanimously ordered Prudential Securities Inc. to pay $11.8 million plus back interest to Charanjit and Harpreet Sahni, a Roslyn Heights, N.Y., couple who alleged that Prudential mismanaged some of their money. From 2000 to 2004, the couple's Prudential account dwindled to less than $1 million from $23 million. Wachovia Corp. acquired a 62% stake in Prudential Securities in July 2003 from Prudential Financial Inc., which retained a 38% stake.

A Prudential spokesman said of the ruling: "We don't believe this decision conforms with the law, and we are considering taking steps to have the decision vacated."

The case is significant not only for its size -- it is the third-largest award ever handed down by an NYSE panel -- but also because the couple's lawyer worked to have one of the three arbitrators who heard the case, a former Merrill Lynch & Co. employee named Robin Henry, removed from the panel.

In a lawsuit filed in a New York state court against the NYSE, attorney Tom Ajamie alleged that Ms. Henry, 76 years old, failed to disclose some of her ties to Wall Street that should have disqualified her. Among them: While the case was being heard, she was chairman of a charity that received donations from a number of big Wall Street firms.

Ms. Henry did disclose she worked at Merrill Lynch in the 1980s. She was a vice-president-level executive at the Wall Street brokerage house, according to her arbitrator profile, although her exact job description is unknown. In the lawsuit, Mr. Ajamie also alleged Ms. Henry often fell asleep during the arbitration proceedings and coached witnesses.

"Given the issues I faced with the arbitration process, I am shocked by the outcome," said Mr. Ajamie, of Houston. Ms. Henry didn't return calls for comment. The NYSE declined to comment.

Mr. Ajamie's legal challenge drew attention because investors have been complaining for years that the arbitration system is stacked in favor of Wall Street. The debate intensified amid a flood of new arbitration claims following the bursting of the Internet bubble in 2000.

Most investors who have a complaint against a Wall Street firm like Prudential end up in securities arbitration because firms almost always require clients to agree to this before they open an account. Panels typically have three arbitrators, two of whom don't come from Wall Street and are supposed to represent the public. Ms. Henry filled one of these slots in the case she heard. (The third arbitrator on these panels must come from Wall Street, an effort to ensure knowledge of the inner workings of the brokerage industry.)

Despite the fact that two slots are reserved for public arbitrators, plaintiff lawyers often complain they are biased. For instance, if an arbitrator previously worked as a Wall Street broker, the National Association of Securities Dealers generally classifies the person as public if he or she held the brokerage job for fewer than 20 years and has been out of the business for at least five years. The NYSE has its own rules, including some similar to the NASD's that leave the door open for former Wall Streeters like Ms. Henry to be classified as public. This issue was the subject of a page-one article in The Wall Street Journal in 2005.

In recent years, the Public Investors Arbitration Bar Association, an industry group for plaintiff lawyers, has called for the NASD, the forum where more than 90% of arbitrations are heard, and the NYSE to impose tighter rules on public arbitrators and abolish the industry-arbitrator slot, allowing investors to decide whether they want someone from Wall Street on their panel. This most recent award shows that even an arbitrator with past ties to Wall Street can deliver a big award, possibly undercutting the PIABA's efforts to tighten the rules.

"Regardless of this award, it is critical that the public arbitrator be truly public to ensure the integrity of the system," said PIABA President Robert Banks. "Furthermore, in this case there were questions about her lack of disclosure that still need to be addressed by NYSE."

Mr. Ajamie, who in 2001 won the largest award ever handed down by an NYSE arbitration panel, said that, despite his victory, the system is still in need of repair. "Just because one investor wins in a rare instance does not make the system honest or fair," he said.

Mr. Ajamie said the Sahnis had a discretionary account at Prudential, allowing the broker to trade in the account without having to get consent to trade. The broker, Mr. Ajamie said, increased the couple's exposure to technology companies just as the Internet sector was turning sour in 2000 and failed to diversify the portfolio.

Prudential, in its response to Mr. Ajamie's claim, said the Sahnis were sophisticated investors who knew the risks associated with their investments.

The award, although large, is half of what was sought. "After sifting all the evidence, the panel concluded that the responsibility for the investment losses should appropriately be shared," the panel wrote. The panel, in its page-long decision, concluded that Mr. Sahni and his broker were in effect "partners" in trading the account and "relied on each other constantly." The panel concluded that "Prudential as the ultimate party responsible" should pay approximately half the losses in the account.

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Should Prudential appeal the award, it faces an uphill battle. Courts can vacate an award only on a handful of grounds: for bias, fraud or if they find there was "manifest disregard" of the law in the arbitration process.

Justice In The Dock (WSJ)

The Wall Street Journal, June 6, 2006

As a federal prosecutor, Andrew Weissman helped to put Arthur Andersen out of business. Now in private practice, he still defends the Andersen indictment, but he also says the Justice Department's guidelines on corporate indictments "give the government an inordinate amount of power" and need some reining in.

We're glad to hear it. And a step toward doing exactly that may soon come in the courtroom of Lewis A. Kaplan, the federal judge hearing the case against 16 defendants in the KPMG tax-fraud case. He is expected to rule on whether Justice overstepped its bounds in pursuing that case. If he rules against the government, it may lead to an overdue rethinking of how far prosecutors can go in demanding cooperation from companies under investigation.

At issue is the 2002 Thompson memo, written by then-Deputy Attorney General Larry Thompson. The memo lays out standards for when a company should be considered cooperative. They include whether the firm has waived attorney-client privilege to give prosecutors access to confidential documents, or stopped paying the legal fees of "culpable" individuals.

In the KPMG case, Justice denies improperly pressuring the accounting firm to stop paying defense fees. And officially, KPMG has agreed. But KPMG is under a deferred prosecution agreement in the case for the next year and a half, meaning any action it takes that the Justice Department considers "uncooperative" could lead to a renewed indictment threat.

KPMG's general counsel, Joseph Loonan, testified last month that "wanting to have the government believe we were cooperating with them was one of the reasons that we wrote the letter" that informed one of the defendants, Jeffrey Stein, that the company would no longer be paying his legal bills. So even if the prosecution never made cutting off the defendants an explicit condition of avoiding indictment, KPMG clearly knew what was in the Thompson memo and acted accordingly. An internal memo from Justice and meeting notes from an IRS agent also make clear that the question of legal fees was on prosecutors' minds when weighing a KPMG indictment.

According to USA Today, Judge Kaplan was blunt about the matter, asking at a hearing, "Isn't it just perfectly obvious . . . that it is the position of the United States Department of Justice that a company facing possible prosecution hurts its case for a favorable outcome" by supporting the defense of its former employees. Obvious, indeed.

Earlier this year, a federal judge in New Hampshire also questioned the application of the Thompson memo against Enterasys Networks, a Massachusetts-based technology company that agreed to restore legal support for its former employees facing trial. But the KPMG case is much larger, and Judge Kaplan can lay down an important and necessary marker for corporate fraud cases going forward. Whether he imposes any sanction on the government, and of what sort, will show if Justice can get away with acting unjustly.

CRIMINAL LAW:

Libby's Lawyers Look To Documents For Defense (LAW)

By Sarah Kelley, Legal Times

Legal Times, June 5, 2006

Scooter Libby's lawyers are leaving clues to their strategy for his upcoming perjury trial.

I. Lewis “Scooter” Libby Jr. never meant to lie to the FBI or to a federal grand jury. Instead, his lawyers blame “confusion” or a “faulty memory” for his failure to disclose conversations he had with reporters about CIA operative Valerie Plame.

In other words, he simply forgot.

Given the hectic nature of his job as Vice President Dick Cheney’s chief of staff, Libby’s lawyers say, it’s understandable that their client might have failed to remember “snippets of conversation” he felt were unimportant.

And even if he did talk to reporters about Plame, the defense argues, he had no motive to lie about it later because he didn’t know her status was classified and therefore was unaware he had done anything wrong.

Then again, they contend, it might just be that the reporters who claim they talked to Libby about Plame are themselves confused.

Little by little, Libby’s lawyers have revealed aspects of their defense in court filings and at pretrial hearings. They’ve indicated what players likely will be called as witnesses, and they’ve made requests for thousands of documents — actions that shed light on likely trial strategies.

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"It looks like the defense is going in a few directions, one of which is that Valerie Plame was so unimportant that even if Libby was mistaken, he didn't intend to lie," says Peter Henning, a former lawyer with the Justice Department's Criminal Division and now a law professor at Wayne State University in Michigan. "It looks like they may also raise some challenges as to what was actually said in these fairly short conversations with reporters."

Libby is accused of lying to a grand jury and to FBI agents investigating claims that someone in the White House leaked Plame's identity to the media in the summer of 2003 to retaliate against her husband, Joseph Wilson, an outspoken critic of the Iraq war. When questioned about his knowledge of the leak, Libby allegedly lied about how and when he learned of Plame's CIA status, and with whom he discussed the classified information.

So far, the investigation launched by Special Counsel Patrick Fitzgerald in the fall of 2003 has nabbed only Libby, who was indicted in October 2005 and immediately resigned from the White House. He faces felony charges of perjury, obstruction, and making false statements. His trial is set for January 2007 in the U.S. District Court for the District of Columbia.

While Libby's lawyers have hinted at various defenses they are likely to raise at trial, the crux of their case is clear: Any discussions their client might have had about Plame were so unimportant that he easily could have forgotten them.

Perjury cases are particularly tough for prosecutors because they must prove a defendant blatantly lied — misleading statements are not grounds for a perjury conviction — and because they must prove intent, Henning says. That's why perjury cases are relatively rare, he adds.

Although the faulty-memory claim is sometimes successful, it could be a particularly difficult sell for Libby's lawyers to make in this case, says Solomon Wisenberg, a criminal-defense lawyer with Wisenberg & Wisenberg in the District.

"It looks like Fitzgerald will be able to present evidence . . . that this was such an important matter to the White House, and specifically to Libby, that professions of forgetfulness are not reasonable," says Wisenberg, who served as deputy independent counsel during the Whitewater and Monica Lewinsky investigations and conducted the grand jury questioning of then-President Bill Clinton.

The prosecution is expected to call a number of former and current government officials — including Cheney and former White House Press Secretary Ari Fleischer — who allegedly had conversations with Libby about Plame's CIA status in the weeks before her identity was published in an article by syndicated columnist Robert Novak.

Other witnesses likely to be called by the prosecution include former New York Times reporter Judith Miller and Time magazine reporter Matthew Cooper — both of whom say they were told of Plame's CIA status by Libby — as well as NBC journalist Tim Russert. Libby testified before the grand jury that it was Russert who first told him Plame worked for the CIA. Russert denies that claim.

Although it's common for perjury defendants to blame a faulty memory for any misstatements, that strategy is far from a sure thing. It's especially risky in a major political-corruption case, where there are dozens of witnesses ready to counter that claim.

During the Watergate scandal, President Richard Nixon advised aides to say "I don't remember" when they testified before the Senate Watergate Committee. Subsequently, John Mitchell, Nixon's attorney general, H.R. Haldeman, his chief of staff, and John Erlichman, a policy adviser, all were convicted of perjury.

In Libby's case, Wisenberg says, "It will be a really significant victory if they can pull it off."

Even Libby's defense team — led by two prominent white collar defense lawyers — acknowledges they face a difficult fight.

"I've got a tough haul in front of this jury," attorney Theodore Wells Jr. proclaimed during a May 5 motion hearing in which he sought discovery to help build Libby's defense. Libby hired Wells, a partner with Paul, Weiss, Rifkind, Wharton & Garrison, along with William Jeffress Jr., a partner with Baker Botts, to represent him shortly after he was indicted. The pair has since launched an aggressive campaign to portray Libby as a dedicated public servant who, during his tenure at the White House, was consumed with issues of national importance. Wells did not respond to a request for comment, and Jeffress declined to comment, saying, "The judge has indicated that he would prefer that counsel not discuss the case with reporters and we have decided we should honor that request."

As Cheney's chief of staff, Libby often was focused on homeland security and the war in Iraq, frequently working 14 hours a day and reading up to 200 pages of material daily, according to his grand jury testimony.

To corroborate the defense that Libby was too busy to remember any "peripheral" conversations, his attorneys have sought a trove of government documents, including hundreds of White House briefings, intended to convey the workload Libby confronted.

But Fitzgerald claims this and other requests for vast amounts of paperwork, much of which is classified, are an attempt to derail the case through "graymail." The term "graymail" refers to a tactic used by government officials facing criminal charges who attempt to halt their prosecution by exposing national-security secrets.

It could prove to be a successful strategy in this case, some observers say, noting that if Libby is denied access to discovery and convicted, there could be grounds for appeal.

"It's definitely a pretrial strategy, and it's a good strategy that might work," Wisenberg says.

One potential defense that is rather unorthodox is the Libby team's suggestion that some of the government's witnesses are unreliable. Specifically, the defense argues reporters Cooper and Miller might be confused about what actually was said during their conversations with Libby.

The defense subpoenaed reporters' notes and drafts of stories related to the CIA leak, hoping to find inconsistencies between what reporters wrote and what they told the grand jury. After reviewing the documents last month, Judge Reggie Walton ordered Time to turn over an unpublished draft that Cooper wrote about his testimony. The draft differs slightly from other versions of the story.

Walton indicated he might eventually order The New York Times to turn over Miller's notes if what she says at trial differs from what is written. The judge, however, rejected the defense's request to subpoena additional materials from NBC.

In addition to questioning the reporters' reliability, the defense claims some former and current government officials likely to be called as witnesses by the prosecution might be biased as a result of "fierce bureaucratic infighting" among officials at the White House, State Department, and CIA.

One such witness, according to the defense, is Mark Grossman, former undersecretary at the Department of State. The defense points out that in recent months there has been media speculation that Grossman's former boss at the State Department, Richard Armitage, might have been the source who leaked Plame's identity to Novak. That would mean the department — not Libby — is responsible for the leak.

"Grossman's testimony may be colored by either his personal relationship with Mr. Armitage or his concern for the institutional interests of the State Department," the defense writes in court papers.

Libby's lawyers have requested any documents from the files of Grossman and other likely government witnesses that pertain to the CIA leak investigation or to Wilson's claims that the administration exaggerated intelligence to justify going to war.

During the May 5 motion hearing, Wells argued it was necessary for the defense to show Wilson made false statements. "The wife's role becomes minor when you see what was really going on," Wells said at the hearing.

But Walton wasn't convinced: "I'm just not going to let this case end up being a judicial resolution on the legitimacy of the war." On June 2, Walton issued an opinion largely denying the defense's discovery request for documents pertaining to Wilson.

Cheney made me do it

On July 6, 2003, Wilson published an op-ed in The New York Times debunking reports that Iraq had attempted to buy uranium from Niger and accusing the administration of twisting prewar intelligence.

The editorial, entitled "What I Didn't Find in Niger," sparked a political firestorm, prompting Cheney's office to refute Wilson's claims and attack his credibility. But Libby's lawyers maintain their client was focused on correcting the public record, not on Plame.

To challenge that assertion, Fitzgerald plans to call Cheney to testify. If the vice president is called, experts say it's unlikely he would be able to dodge providing testimony by citing executive privilege.

Fitzgerald also intends to introduce as evidence a copy of the Wilson op-ed bearing handwritten notes by Cheney. Those notes, according to Fitzgerald, reflect the "contemporaneous reaction" of the vice president and his chief of staff. One notation questions whether Wilson's wife sent him to Niger, suggesting her CIA status was an issue.

"The government will argue the vice president's involvement would have made the whole matter so salient to Libby that anything he said to investigators would have been incredibly thought out, not haphazard and forgetful," says Dan Richman, a law professor at Fordham University and a former federal prosecutor in the Southern District of New York.

But Richman says it's possible Libby's lawyers might use Cheney's testimony to their own advantage.

"I think there will be an effort by Libby to portray himself as a sacrificial lamb of higher-ups — that he was sort of put in a bad place and forced to protect others," he says. "If done right, it could lead jurors to have some sympathy for him."

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Fitzgerald, Scooter And Us (WSJ)

The Wall Street Journal, June 6, 2006

"One of the mysteries of the recent yellowcake uranium flap is why the White House has been so defensive about an intelligence judgment that we don't yet know is false, and that the British still insist is true. Our puzzlement is even greater now that we've learned what last October's national intelligence estimate really said."

Those words appeared in this column on July 17, 2003 under the headline "Yellowcake Remix." Three years later they show we were right about Joe Wilson and his false allegation that President Bush lied in that year's State of Union address about Iraq seeking nuclear materials in Africa.

So imagine our surprise when Special Prosecutor Patrick Fitzgerald declared his intention last month to use that editorial as part of his perjury and obstruction case against former Vice Presidential aide Scooter Libby, who had also questioned Mr. Wilson's claims. It suggests that his case is a lot weaker than his media spin.

Mr. Libby wasn't a source for our editorial, which quoted from the October 2002 National Intelligence Estimate concerning the Africa-uranium issue. But Mr. Fitzgerald alleges in a court filing that Mr. Libby played a role in us getting the information, which in turn shows that "notwithstanding other pressing government business, [Libby] was heavily focused on shaping media coverage of the controversy concerning Iraqi efforts to obtain uranium from Niger."

The prosecutor comes close here to suggesting that senior government officials have no right to fight back against critics who make false allegations. To the extent our editorial is germane to this trial, in fact, it's because it puts Mr. Libby's actions into a broadly defensible context that Mr. Fitzgerald refuses to acknowledge. * * *

In the summer of 2003, Washington was abuzz with the allegations of Mr. Wilson, a former ambassador who had been to Africa on a fact-finding mission for the CIA. Mr. Wilson served as the then-anonymous source for several articles alleging deliberate inaccuracies in the Bush Administration's case for war with Iraq, before making the case himself in a July 6, 2003, New York Times op-ed. Mr. Wilson asserted that the now famous 16 words -- "The British Government has learned that Saddam Hussein recently sought significant quantities of uranium from Africa" -- were false. And, he wrote, Mr. Bush would have known they were false because he knew Mr. Wilson had already debunked the story.

Those allegations were serious indeed, and the White House had every right -- even a duty -- to answer them. Mr. Libby appears to have played a significant role in this effort, but that can hardly be considered a crime. Enter our July 17 editorial, which pointed out that far from debunking the Niger-uranium story, the information presented by the intelligence community to President Bush tended to support it.

Quoth the NIE: "Iraq also began vigorously trying to procure uranium ore and yellowcake"; and "A foreign government service reported that as of early 2001 Niger planned to send several tons of 'pure uranium' (probably yellowcake) to Iraq. . . . We do not know the status of this arrangement." We ran the editorial to give readers a more complete understanding of the yellowcake debate, and of Mr. Wilson's claims, than they were getting in other media accounts.

A year later the 16 words were declared to be "well-founded" by Britain's high-level Butler inquiry, as well as by a bipartisan report from the U.S. Senate Intelligence Committee. To the extent Mr. Libby helped the actual contents of the 2002 NIE find their way into the public debate -- as opposed to Mr. Wilson's fantasy version -- he performed a public service.

Regarding our editorial, Mr. Fitzgerald does at least note that he "will not contend that the defendant's actions in this regard were criminal or otherwise unauthorized." But he also seems to imply that those actions suggest a pattern of malfeasance and a motive for the perjury and obstruction he alleges. Yet Mr. Fitzgerald has not indicted Mr. Libby, or anyone else, for leaking the CIA identity of Mr. Wilson's wife, Valerie Plame -- which was his original mandate from the Justice Department. His actual charge of obstruction comes down to the fact that Mr. Libby and several reporters have different recollections of their conversations.

All of this matters because it suggests that Mr. Fitzgerald is scrambling even now to explain why a seasoned attorney such as Mr. Libby would lie to a grand jury. The prosecutor's original indictment doesn't mention a motive. And his mention of our editorial suggests he's now trying to invent a motive out of Mr. Libby's attempt to defend the White House from Mr. Wilson's manifestly false allegations at the onset of a Presidential election campaign. (Mr. Wilson joined the Kerry campaign until he was dropped after the official probes destroyed his credibility.)

There is all the difference in the world between seeking to respond to the substance of Mr. Wilson's charges, as Mr. Libby did, and taking revenge on him by blowing his wife's cover, which was the motive originally hypothesized by Bush critics for the Plame exposure. The more of Mr. Fitzgerald's case that becomes public, the more it looks like he has made the terrible mistake for a prosecutor of taking Joe Wilson's side in what was essentially a political fight.

7 Charged With Hollywood-linked Drug, Money Laundering Scheme (AP)

By Gary Gentile, Associated Press Writer

AP, June 6, 2006

LOS ANGELES (AP) Seven people, including two affiliated with Limelight Films Inc., a film and TV distribution company, have been charged as part of a two-year investigation into allegations of drug trafficking, money laundering and arms dealing.

Bruno D'Esclavelles, 45, chief executive of Limelight, and Alexander de Basseville, 35, who is affiliated with Limelight's parent, the Swiss firm ADB Swiss S.A., were arrested in Alexandria, Va., and charged with conspiracy to distribute the drug Ecstasy.

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Federal officials say de Basseville met several times over two years with undercover agents posing as international drug traffickers.

De Basseville offered to launder drug money, supply weapons and broker drug deals for the agents, according to a press release from the U.S. attorney for the Eastern District of Virginia and a separate release from the Drug Enforcement Administration.

Calls to the U.S. attorney's office were not returned Monday.

Authorities say that on two occasions, de Basseville and D'Esclavelles took cash, which they were told came from drug sales, and laundered it through Limelight Films.

In February, de Basseville and D'Esclavelles allegedly arranged for an associate, Thomas Frischknecht of the Netherlands, to sell 10,000 Ecstasy pills to undercover agents. The pills were shipped to the agent in Virginia, authorities said.

Authorities say de Basseville and D'Esclavelles later agreed to sell an additional 500,000 pills.

Other meetings between the agents and the defendants took place in Geneva, Miami, Amsterdam and Los Angeles, authorities charge.

Frischknecht, 26, of Switzerland was arrested in Amsterdam and charged with conspiracy to import Ecstasy.

Authorities also charged Fabian Pruvot, 37, David Liberman, 32, Andrew Prikazhikov, 31, and Brian Delansky, 33, all of Los Angeles.

Prikazhikov and Delansky were charged with conspiracy to posses firearms in furtherance of drug trafficking.

Pruvot and Liberman were charged with conspiracy to launder money.

John Zwerling, an attorney representing D'Esclavelles, said his client denied the charges.

``This was a production that was conceived of, scripted and directed by agents of the United States government," Zwerling said. ``There is zero indication that my client had ever done anything illegal in his life."

A call to an attorney representing de Basseville was not immediately returned Monday.

De Basseville is engaged to Kiera Chaplin, the 23-year-old granddaughter of actor Charlie Chaplin and the great-granddaughter of playwright Eugene O'Neill, according to her manager Mitch Zamarin. Chaplin, who is listed on the Limelight Web site as the company's chairman, was not charged.

Pruvot, Liberman, Prikazhikov and Delansky could not be reached for comment.

DEA Busts Hollywood Ecstasy Ring (ABC)

By Jason Ryan

ABC News, June 6, 2006

A man engaged to Charlie Chaplin's granddaughter was arrested in a drug sting targeting a group that trafficked the drug ecstasy from Europe to Los Angeles and used a Hollywood movie studio to launder money, according to the U.S. Drug Enforcement Administration.

DEA officials say Alexandre De Basseville, who is engaged to Chaplin's granddaughter Kiera Chaplin, and Bruno D'Esclaelles, the CEO of Limelight Films, met on several occasions with undercover federal agents during the past two years and attempted to set up deals to bring 500,000 ecstasy pills into the United States.

De Basseville also allegedly discussed the possibility of weapons trafficking with undercover agents, but no weapons were ever exchanged in the deals.

The DEA says members of the drug ring took what they believed were drug proceeds and laundered the money using their Los Angeles business, Limelight Films. Chaplin is the chairwoman of the company, but she is not believed to be involved in the investigation, according to a federal law enforcement official.

De Basseville is an executive board member of ADB Swiss S.A., a Swiss-based financial services company that owns Limelight Films, Inc. Four other top executives at Limelight, including Chief Financial Officer David Liberman, were arrested in connection with the case.

Calls made by ABC News to Limelight's offices in Los Angeles were not returned Monday evening after the DEA announcement.

The Limelight Web site says of Chaplin: "As the granddaughter of Charlie Chaplin, her vision was to bring back her grandfather's legacy to the United States and develop new opportunities in the film arena."

Swiss national Thomas Frischknecht, who allegedly supplied De Basseville and D'Esclaelles with access to the ecstasy pills, was also arrested in the Netherlands. In February 2006, Frischknecht sent a package with 10,000 ecstasy pills into the U.S., but the pills were actually received by an undercover federal agent working on the case, according to the DEA.

After the shipment, Frischknecht, De Basseville and D'Esclaelles agreed to sell another 500,000 ecstasy pills to the agent posing as a drug trafficker. But all three were arrested before the second shipment was made.

Amid Government Data Gathering, Businesses Mull Their Options (INFOWEEK)

By Larry Greenemeier, InformationWeek

Information Week, June 6, 2006

A Justice Department proposal that ISPs retain records for two years is just the latest in a growing list of data collection initiatives by federal agencies.

To protect the public from terrorism and other hazards, the U.S. government mines its vast databases for signs of trouble. Increasingly, the feds are requesting--even demanding--that businesses share their data, too. But such cooperation isn't cheap or easy, and several industries are pushing back to protect their customers' privacy.

Not long after forcing Internet companies to submit search terms, search result URLs, and other information as part of its enforcement of the Child Online Protection Act, the Justice Department is going a step further. Attorney General Alberto Gonzales is now asking the likes of Google, AOL, and Verizon to keep subscriber information and other customer data for at least two years, just in case the government needs it for criminal investigations. Currently, Internet companies are under no obligation to save that data at all.

People want the government to have the data needed to fight crime and terrorism; it's the potential misuse of personally identifiable data--names, addresses, Social Security numbers, Web search histories--that is deeply worrisome.

Just last week, the European Court of Justice ruled that an airline passenger data-sharing agreement between the European Commission and the Department of Homeland Security's Customs and Border Protection division violates European privacy law. The arrangement was crafted in 2004 to keep out terrorists. The two sides have four months to rethink the terms of how data gets shared, at the risk of disrupting trans-Atlantic travel if they don't (see story, "Illegal EU Data-Sharing Deal With The U.S. Shows Transparency Not Always Enough").

These are only the latest examples of federal harvesting of company data. The National Security Agency is reportedly building a massive database of phone call records provided by AT&T and other telecom companies. Trucking companies share electronic manifests as their rigs cross into the United States, an information exchange that will become mandatory later this year. Financial firms report suspicious transactions. Subpoenas are used to get data from individual companies.

The feds have been mostly successful in getting businesses to cooperate. Following the 9/11 terrorist attacks, the government looked to transportation companies, especially airlines, to hand over information that can be used to match passengers and transportation workers with names on terrorist watch lists. However, while they initially complied with Homeland Security projects such as the Computer Assisted Passenger Pre-Screening System and Secure Flight, some airlines have said they're uneasy with the government's ability to safeguard their data from loss or misuse.

Privacy advocates worry about the volume of data being collected (millions of records and many terabytes of data), the length of time it's stored, and the level of detail. Under the existing agreement, participating European airlines provide Customs and Border Protection with up to 34 bits of information on each passenger, ranging from name and method of payment to meal requests. Homeland Security can keep the data up to 3-1/2 years. Those terms are now subject to renegotiation before the Sept. 30 deadline set by the EC court.

Yet even as one data-sharing arrangement comes under scrutiny, another arises. The U.S. Centers for Disease Control and Prevention has requested that international airlines store passenger emergency contact information for six months in the event of a bird flu outbreak. "This requires still more manpower and more costs," says David Henderson, manager of information for the Association of European Airlines.

Subpoena Power

Government requests for data come in the form of a subpoena or a "national security letter." A subpoena must be approved by a judge and can be fought in court if it's too vague or burdensome to a business, as Google did earlier this year. A national security letter is a special type of subpoena issued by the FBI without the need for a judge's signature, entitling the FBI to bank, insurance, phone, ISP, and credit report records (but not medical records). Unlike a subpoena, a company receiving a national security letter cannot discuss the fact that it has received one.

The FBI appears to be liberal in its use of national security letters. The Washington Post reported last year that the government issues 30,000 such letters annually. A Justice Department spokesman said that's inaccurate but declined to provide a better estimate. The Justice Department doesn't track the number of subpoenas issued by its own agencies or by the 94 U.S. attorneys' offices.

Nor does Justice monitor the costs those subpoenas impose on recipients, which can be considerable. At AOL, a dozen employees handle about 12,000 law enforcement requests a year, a spokesman says. About one in five of those requests results in some form of information sharing.

Meantime, the ground rules are changing. Presaging the U.S. push for mandated electronic archives from ISPs, the European Parliament and Council in December approved rules that require telecom companies to retain phone and Internet records for two years for anti-terror investigations. Microsoft, in a statement, says it's reviewing its internal data-retention policies "in light of European Union data-retention regulations."

Businesses sometimes resist government requests for archived data and other information. Google did and, following a court ruling, ended up providing less data than the Justice Department originally requested. "What the ruling means is that neither the government nor anyone else has carte blanche when demanding data from Internet companies," Google associate general counsel Nicole Wong writes on the company blog.

Brett Glass, owner of Lariat.net, a small ISP in Laramie, Wyo., says his company has never been asked for customer data and would put up a fight if it were. "If the federal government--be it Congress, the FCC, or an executive branch agency--were to mandate that we supply it, we'd consider filing suit or joining a suit to void such a request," he says. "We owe it to our users."

For companies that do share data, there can be technical challenges, especially if they don't have a central data warehouse, consultant Richard Winter says. Government agencies might seek records scattered across IT systems that are difficult to pull together. Many companies have a hard enough time sifting disparate data for their own use, Winters notes.

Data sharing is a touchy subject. EarthLink, Microsoft, and Visa declined to discuss it. Google admits to receiving government subpoenas, but it won't say how many.

Disarray And Distrust

Homeland Security's agreement with the EC is spelled out far better than its Secure Flight program. The Transportation Security Administration admitted in October that Secure Flight's plan to integrate real-time transactional data, such as passengers with boarding passes, with other information, such as terrorist watch lists, would be difficult to implement without major upgrades to airline IT systems.

Some airlines have been publicly chastised for not doing more to protect customer privacy. JetBlue drew criticism when it was revealed in 2003 that it allowed Acxiom, acting as a contractor, to transfer 5 million records for more than 1.5 million passengers to Torch Concepts, which was developing a data mining tool to analyze the characteristics of people seeking access to military installations. JetBlue had agreed to participate after a written request from the TSA. JetBlue CEO David Neeleman later acknowledged that the data transfer was a violation of his company's privacy policy.

With safety at issue, the airline industry understands the need to participate in government-mandated data sharing. But industry officials in the States and Europe are urging the U.S. government to better organize its efforts. Airlines don't want to be subject to both the TSA Secure Flight program and Customs and Border Protection's Advanced Passenger Information program, which requires that passenger information be communicated to the government within 15 minutes of a flight's departure to the United States.

"Both should be designed to function through coordinated information feeds and avoid unnecessary duplication of communications, programming, and information requirements," James May, CEO of the Air Transport Association, and Ulrich Schulte-Strathaus, secretary general of the Association of European Airlines, wrote in an October letter to Homeland Security Secretary Michael Chertoff. May and Schulte-Strathaus requested that Secure Flight and Advanced Passenger Information supersede the government's no-fly lists and that the amount of redundant data required from the airlines be reduced.

Financial services companies are likewise no strangers to handing data to the government, and the hunt for terrorist financing has only added to the burden. Suspicious Activity Report filings to the Treasury Department's Financial Crimes Enforcement Network have increased every year since they were first required in 1996, with 919,000 such reports sent last year alone.

Banks have expressed anxiety over Suspicious Activity Reports, especially in light of the Patriot Act, which punishes noncompliant companies with fines of up to $1 million a day or, in the extreme, by taking away bank charters. "It's definitely changed the compliance environment for banks since 9/11," says Kelly Etherington, corporate compliance manager for Zions Bancorp, which operates more than 450 branches and offices. Like other banks, Zions has always reported suspicious activity, but it finds law enforcement requests are up in the last few years.

Suspicious Activity Reports "create a very significant burden" on financial services companies without any clear benefits to them, says John Carlson, a director with BITS, a consortium of the 100 largest U.S. financial services companies. Given the industry's heavy regulations and what Carlson calls its culture of protecting customer privacy, he says financial services companies generally wouldn't provide data to a government agency unless required to by law or a court-issued document.

Biggest Fears

What might government agencies do with all the business and Internet data they're collecting? Some skeptics worry about a single massive database where all kinds of information gets crunched together, providing a complete picture of Joe Citizen. That seems a remote possibility, though researchers at the Defense Advanced Research Projects Agency did work on a system

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several years ago that would have mined data in that way to identify terrorists. That program, dubbed Total Information Awareness, was scrapped more than two years ago under public pressure.

A different but related concern is that data collected for one purpose could get used for another. USA Today last week reported that the FBI plans to use its database of DNA evidence, collected from convicted criminals and some others upon arrest, to help identify thousands of dead people whose identities aren't known.

There's also the concern that once the feds gets their hands on data, they can't be trusted to secure it. Look no further than last month's news of a stolen laptop and external hard drive containing data on 26.5 million military veterans and family members. The Veterans Affairs Department has been fingered for its lack of security before, but it's not the only agency with low marks. Security becomes even more of an issue as more data accumulates and gets retained longer.

Encryption is one solution, but encrypted data can't be searched easily and is thus less useful to the government. Nothing, it seems, about data sharing between businesses and government is destined to be easy.

--With Thomas Claburn, J. Nicholas Hoover, and Rick Whiting

Dems Hold Steering Meeting As Jefferson Dilemma Looms (HILL)

By Josephine Hearn

The Hill, June 6, 2006

With emotions still raw over House Minority Leader Nancy Pelosi's (D-Calif.) recent request that Rep. William Jefferson (D-La.) relinquish his seat on the Ways and Means Committee while he faces a government bribery investigation, House Democrats are convening a meeting this evening of their Steering and Policy Committee.

The committee is charged with determining panel memberships, among other matters..

It was unclear at press time whether the steering committee, which is stocked with Pelosi loyalists, would discuss Jefferson's situation or vote to take him off the tax-writing panel.

A notice on the meeting stated that the gathering would address Democratic messaging efforts.

But it could be an indication that Pelosi is seeking to overcome the first hurdle in the process of formally ejecting Jefferson from the panel. The matter could then proceed to a potentially contentious vote in the House Democratic Caucus followed by a vote on the House floor.

Rep. Mel Watt (D-N.C.), chairman of the Congressional Black Caucus and one of Jefferson's most vocal defenders, said through an aide last night that he had not been made aware of the meeting. Watt does not sit on the Steering and Policy Committee.

Democrats To Discuss Jefferson (RC)

By Steve Kornacki

Roll Call, June 6, 2006

Rep. William Jefferson's (La.) tenuous standing as a member of the Ways and Means Committee will be discussed when the Democratic Steering and Policy Committee convenes a members-only session, tentatively set for late Tuesday afternoon.

The committee does not hold regularly scheduled meetings, but on Monday, members were told to be present Tuesday for what was billed as an important event: a discussion of the party's message and agenda.

But the timing — it was only a few session days ago that Jefferson ignored a demand from House Minority Leader Nancy Pelosi (D-Calif.) that he leave Ways and Means immediately — promptly ignited specualtion that Pelosi is planning to ask the Steering and Policy Committee to recommend to the full Democratic Caucus that Jefferson be stripped of his assignment on the exclusive panel.

"If that's what they're going to do, they probably won't say it until everyone's there," a Democratic aide noted.

A senior Democratic aide, however, said that Pelosi is expected to broach the Jefferson subject but said that she is likely to tread carefully, perhaps only sampling opinion instead of calling for specific actions.

"I don't even know that she's in a position to do anything about it," the aide said.

(With Members trickling back to Washington, D.C., after the Memorial Day recess, there was talk late Monday that the Steering and Policy meeting might be moved to Wednesday morning. A final decision is expected Tuesday morning.)

Other aides also expressed doubt that Pelosi would ask for an actual vote on Jefferson's status at the meeting, but in showing a desire to press ahead on the matter, she is testing, at least potentially, her relationship with the Congressional Black Caucus.

The 59-year-old Jefferson, an eight-term House veteran, has not been charged with any crime. But, while maintaining his innocence, even the Congressman has acknowledged that an indictment on bribery charges is likely, and soon.

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Pelosi requested his resignation from the panel "in the interest of upholding the high ethical standard of the House Democratic Caucus," a move that figured to score points with a general public not known for its willingness to give ethically suspect politicians the benefit of the doubt. But it also rankled Jefferson's 42 colleagues in the CBC, who communicated to Pelosi their readiness to go to war with her publicly if she took any further steps to force Jefferson out once he refused her request.

There are two avenues available to Pelosi to pry Jefferson from the committee. She could simply invoke her status as Minority Leader and bring a privileged resolution to the House floor, a death knell for Jefferson unless Republicans for some reason rallied to his defense. But such a move could stir broad resentment among House Democrats, who might interpret it as a precedent for future heavy-handedness.

Pelosi's other option involves building consensus within the Democratic Caucus, first by winning a recommendation from the 50-member Steering and Policy Committee and then by making her case to the full Caucus.

As the Minority Leader, Pelosi has packed Steering and Policy with some of her closest allies, including Reps. George Miller (Calif.) and Rosa DeLauro (Conn.), who serve as the body's co-chairs. The primary function of Steering and Policy is to make recommendations on committee appointments — recommendations that typically, and not coincidentally, jibe with Pelosi's own preferences.

Still, there are nine CBC members on the Steering and Policy Committee, including Reps. John Lewis (Ga.) and Charlie Rangel (N.Y.), who were among the sextet of senior CBC members who warned Pelosi to her face two weeks ago about the dangers of pursuing Jefferson's departure too aggressively.

Pelosi's office was tight-lipped Monday about the looming meeting. Jennifer Crider, Pelosi's press secretary, said the meeting was part of the Democrats' "ongoing message efforts."

Several Democratic aides said they are inclined to believe that Pelosi will do little more than take the temperature on the Jefferson question. And they also said they expect the Democratic message and agenda will, as touted, be discussed.

If Steering and Policy were to endorse Jefferson's removal, the matter would be taken up by the full Caucus, which will next hold a weekly meeting on Wednesday morning. Those close to Pelosi say she did her homework before calling for Jefferson's head and have expressed confidence she would prevail in a vote of all 203 Democrats — even if the CBC's opposition ensures the maneuver wouldn't be entirely tidy.

CBC leaders have told Pelosi they will not resist any reprisals against Jefferson — if and when he's indicted. Until then, they are willing to give her room to posture, as long as she doesn't formally act. Bringing up the subject at a Steering and Policy Committee meeting without asking for a vote would, it appears, preserve this balance.

The latest hint that Jefferson's days on Ways and Means might be drawing to a close is only fueling speculation about his successor.

The most popular theory has Pelosi tapping Rep. Artur Davis (Ala.) to fill a slot that many believe is unofficially earmarked for a CBC member from a Southern state. Given the current tension, Pelosi might find particular urgency in trying to assuage the CBC with a Jefferson replacement pick.

But there also are suggestions that some CBC veterans, who recall that Davis ousted Earl Hilliard, a longtime CBC member, in 2002, might prefer that the spot go to someone else — Elijah Cummings (Md.), for instance, who already has expressed a desire to replace Rep. Benjamin Cardin on Ways and Means when his fellow Marylander leaves the House at the end of the year.

Other names making the rounds include Reps. Joe Crowley (N.Y.), Brian Baird (Wash.), Shelley Berkley (Nev.), Bob Etheridge (N.C.), Ron Kind (Wis.), and Charlie Melancon (La.). One rumored scenario actually has Pelosi putting off any appointment until after the November election. If the Democrats retake the majority, the thinking goes, she would likely have four new Ways and Means seats to dole out, meaning she might not have to say no to as many of her members seeking to sit on the panel.

Ex-Official Testifies He Provided 'Insight And Advice' To Abramoff (NYT)

By Philip Shenon

The New York Times, June 6, 2006

WASHINGTON, June 5 — A former White House budget official acknowledged Monday that he had provided "a lot of insight and advice," including government information not available to the public, to the lobbyist Jack Abramoff in 2002.

But the former aide, David H. Safavian, testified that he had not violated ethics rules in accepting the lobbyist's invitation for a golfing trip to Scotland that summer.

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Mr. Safavian insisted in testimony in federal court here that he had not lied to government investigators when he was asked about the golf trip, although he acknowledged giving them inaccurate information about some contacts with Mr. Abramoff, a former lobbying partner.

Mr. Safavian, who is charged with lying about his relationship with Mr. Abramoff and the circumstances of the golf trip, attributed the inaccuracies to a faulty memory, a claim that brought expressions of disbelief from prosecutors.

Mr. Safavian is the first person to go on trial as a result of the influence-peddling scandal centered on Mr. Abramoff, who has pleaded guilty to trying to corrupt public officials.

In testimony that concluded the defense case, Mr. Safavian acknowledged under cross-examination that he had been helpful to Mr. Abramoff in the summer of 2002 in gathering information about two parcels of government-owned property that the lobbyist was interested in acquiring from the General Services Administration, where Mr. Safavian then worked. He later went to work in the White House budget office as the director of federal procurement policy.

"I gave him a lot of insight and advice," Mr. Safavian testified, acknowledging that he had set up a meeting at the services agency to discuss one property for Mr. Abramoff's wife on Aug. 2, 2002, the day before his departure for Scotland.

But he said he had set up several similar meetings at the agency, a comment that led the trial prosecutor, Peter R. Zeidenberg, to ask in a sarcastic tone, "Were those for lobbyists who were taking you on vacation?'

Mr. Safavian replied in an angry tone, "That had nothing to do with it."

Mr. Safavian's trial is in abeyance for the rest of the week because of scheduling difficulties involving the trial judge, Paul L. Friedman, and as a result of a judicial conference that will largely close the federal court here on Thursday and Friday. The case is scheduled to go to the jury after closing arguments next Monday.

Safavian: Advice To Abramoff Did Not Cross Line (GOVEXEC)

By Jenny Mandel

Government Executive, June 6, 2006

David Safavian, former head of the Office of Management and Budget's procurement policy division, took the stand in his own defense for the second time Monday, describing how he provided assistance to his friend and former colleague Jack Abramoff in ways that approached, but did not cross, lines of propriety.

Safavian faces charges that he lied about his dealings with Abramoff to obtain clearance from the General Services Administration ethics office to go on a golfing trip to Scotland while serving as the chief of staff at that agency, and that he subsequently obstructed two investigations into his participation in the trip.

As the final witness in his own defense, Safavian testified that he had advised Abramoff on efforts to take over two GSA-controlled properties, as was clear from a large number of e-mail messages presented as evidence by Justice Department lawyers earlier in the case. But on Friday, Safavian had testified that while he had not expected some of that assistance to actually help, he had moved his friend's queries forward so Abramoff could get answers from the appropriate GSA decision-makers.

Safavian said he had arranged a meeting and provided information about a large GSA property in White Oak, Md., that Abramoff hoped to lease for a religious school he and his wife founded, despite it being clear that the effort to lease the property would not ultimately succeed. He said he had tried to explain that the religious nature of the school and potentially hazardous condition of the buildings ruled out leasing the property to Abramoff's Eshkol Academy.

"If you knew Jack Abramoff, you'd know he's a man who doesn't take 'no' for an answer," Safavian said to explain why he expended time and effort to provide information about the property and supported an eventual meeting between GSA officials and representatives of the school, including Abramoff's wife. That effort did not constitute "seeking to do business before the GSA," Safavian argued, in part because he felt it had virtually no chance of panning out.

At another point, Safavian attributed differences between his own decision-making and that of a GSA colleague to his having joined the federal government from Capitol Hill. Before entering GSA as chief of staff, Safavian had worked on the Hill as chief of staff for Rep. Chris Cannon, R-Utah, as well as in other staff positions. He also had worked previously as a lobbyist at the firms Preston Gates Ellis LLP and Janus-Merritt Strategies.

Safavian testified that in the process of advising Abramoff regarding the lobbyist's efforts to acquire the Old Post Office building in Washington, D.C., he at one point realized that pushback from GSA colleagues "was a sign for me that I shouldn't be so close with Jack Abramoff."

In a tough line of questioning that continued from Friday into Monday, federal prosecutor Peter Zeidenberg pushed Safavian to explain why he had not more closely examined his own invitation to join the lobbyist on the 2002 golfing trip to Scotland that has since landed several participants in hot water. Zeidenberg questioned why Safavian had accepted Abramoff's

figure of $3,100 as his share of the trip, showing photographs of the luxury hotels where the group stayed and the charter airplane they had flown on.

Government lawyers presented credit card and automated teller machine receipts as evidence that Safavian had been spending generously, and said Abramoff's pre-trip estimate of $3,100 could not have been expected to include both scheduled and spontaneous costs. Multiple rounds of golf at $400 each, $100 caddie tips and rounds of expensive Scotch for the group should have led the defendant to question the modest sum he had paid in advance of leaving the United States, Zeidenberg argued.

Safavian answered many of the questions with the response that it had not occurred to him to verify the individual expenses, and that he had no reason to think Abramoff would have under-reported the cost of the trip.

"He knew I didn't want to take a gift," Safavian said. "He also knew I was concerned about appearances [of a conflict of interest]. Why would he sandbag me that way?"

Asked if he was still friends with Abramoff, Safavian said, "We haven't spoken in a long time but yes, I will always consider him my friend."

Following a morning of close questioning on Monday, Safavian was apparently not feeling well. A nurse entered the courtroom at a break for lunch, and when court resumed, the judge indicated that should Safavian feel unwell, proceedings could be stopped for a break.

The defense continued uninterrupted before concluding in the afternoon, however. Due to scheduling conflicts, closing arguments in the case will be heard Monday, June 12, following which the jury will begin its deliberations.

Takes Stand To Counter Harm Of Tapes, 'bag Man' Testimony (MCA)

By Lawrence Buser

Memphis Commercial Appeal, June 6, 2006

June 6, 2006 Former state senator Roscoe Dixon took the stand Monday in his bribery trial, hoping to undo five days of testimony and secret recordings that prosecutors say illustrate a politician on the take.

Dixon, who resumes the stand today, testified for about 45 minutes near the end of the day, telling jurors of his family background, of working and attending college, of 16 years of service in the Army and Tennessee National Guard and his life as a legislator from 1982 to 1994.

"Lobbyists play a very powerful role," said Dixon, who addressed jurors in a personable manner and sometimes added gentle humor to his answers. "They are promoting their interests and protecting their concerns. Everybody wants to get your ear.

"There are dinners and receptions. You can go up there weighing 160 pounds and leave weighing 240. It's hard to pass up all that food."

Dixon is charged in a five-count indictment with conspiracy to commit extortion and bribery for allegedly accepting $9,500 in payoffs from informants and undercover FBI agents running a fictitious company called E-Cycle Management Inc.

The ruse was that E-Cycle needed special legislation to be successful, and that its representatives were willing to pay legislators for their help.

Ten people, including five present or former legislators, were indicted in the case known as the Tennessee Waltz.

Defense attorney Coleman Garrett has argued that Dixon was entrapped and that the agents and informants "tricked" his client into taking payoffs.

Federal prosecutor Tim DiScenza contends Dixon was predisposed to accept bribes and that a preliminary investigation showed he solicited payments in 2003 from lobbyist Tim Willis, who was seeking TennCare status for a children's dental clinic.

Willis, a convicted felon in an unrelated credit card fraud case, was a key government informant in the investigation.

Willis began his cooperation after the FBI began investigating him in a bogus invoice scheme in 2001 at Juvenile Court, where he had a contract as a consultant. He also has admitted lying to a grand jury, but has not been charged with a crime in either case.

Prosecutors presented a somewhat streamlined case that involved 15 witnesses -- including Dixon's self-described "bag man" Barry Myers -- and just a few of the hundreds of hours of audio and video that was secretly recorded.

In other testimony Monday, undercover FBI agent "L.C. McNiel," whose real name was not revealed, identified himself in a surveillance tape counting out $2,000 in cash for Dixon aide Myers on May 14, 2004, at E-Cycle's office Downtown.

On the tape, Myers tells McNiel that Dixon "needs two" and that "Roscoe is solidly on board" in helping promote legislation favorable for E-Cycle.

McNiel testified that Myers made it clear that he was picking up money for Dixon. Prosecutors and witnesses have said Dixon's euphemism for seeking payoffs is "take care of Barry" and "keep Barry happy."

"I want to know what I'm paying for," McNiel says on the tape, adding that he wants people who can bring contracts to the table. "I want to know what I'm getting. ... You don't mind these 50s do you?"

McNiel said that, in a later conversation, he voiced concern about paying Dixon, who was considering leaving his Senate seat for a county government post.

In a recording played in court, Dixon assures McNiel that he will be in an even better position to help deliver business to E-Cycle because of his connections to other politicians.

"We got a team," says Dixon, who makes references to Kathryn Bowers, former congressman Harold Ford Sr., County Mayor A C Wharton and others. "It's a network."

Dixon left his Senate seat in January 2005 to become the $101,856-a-year assistant chief administrative officer under Wharton, a post he resigned after his indictment last May.

On the tape, Dixon tells McNiel that administrators are "always the big dogs on the porch," but that his dream job is that of city mayor.

Roscoe Dixon Appears On Witness Stand (WMC-TV)

WMC-TV, June 6, 2006

On his way out of federal court, former State Senator Roscoe Dixon wouldn't answer questions about his first stint on the witness stand.

Dixon states, "If I talk to y'all the judge will get mad. Do you think it's in your best interest to talk? The judge will get mad."

Dixon's attorney did shed some light on why his client chose to aid in his own defense.

Dixon is accused of taking more than 9-thousand dollars in bribes to push legislation for E-Cycle Management, a bogus company created by the FBI as part of Operation Tennessee Waltz.

Before Dixon took the stand, prosecutors showed jurors this 2004 video they say shows an undercover FBI agent counting out two thousand dollars in cash for bagman Barry Meyers to give to Dixon.

In FBI undercover video used in court, Meyers is heard calling Dixon during the meeting: "(Meyers) - Hey, Roscoe, this is Barry. Give me a call as soon as you get this message. I know you probably still in a meeting so give me a call. Thanks. He'll call me back. He's still in a meeting." (UC) You don't mind these 50's do you? (meyers) I mean, he, he...as long as it's two he's straight."

After court, I tried to ask Dixon about the tape.

When questioned about the video, Dixon is asked by attorneys, "Is there any concern on your part about what's on those tapes?"

Dixon replies, "I can't talk, remember I got a gag order."

Dixon's attorney says his client's defense will come out in court.

Roscoe Dixon Takes The Stand (WPTY-TV)

WPTY-TV, June 6, 2006

New information tonight in the Tennessee Waltz corruption investigation. Former State Senator Roscoe Dixon took the stand on his own behalf late Monday afternoon. Dixon's lawyer Coleman Garrett says his client had no choice but to testify. He says, "He's been accused of committing a crime!"

Dixon is facing bribery and corruption charges. Monday morning, an undercover F.B.I. agent testified he gave Dixon money. He also testified he gave Dixon's friend Barry Myers $2,000 to be given to Dixon.

Prosecutors say the cash was funneled through Dixon's close friend Barry Myers. Former Tennessee State Senator Roscoe Dixon isn't talking to the media because of a judge's order, but video and audio recordings gave jurors a first hand account of what the prosecution says happened. The videos include Dixon taking money from FBI informant Tim Willis. There is also video of Myers and Willis exchanging money.

Tim Willis was the go-between for E-cycle. E-cycle is the name of the fake company set up by the FBI to catch lawmakers taking bribes. Prosecutors say their video and audio tapes prove Dixon is guilty of doing just that. The former Tennessee state senator is expected to tell his side of the story in federal court tomorrow. His trial resumes at 9 a.m.

Waltz Figure Said He Needed Money (KNOXNS/AP)

By Woody Baird, Associated Press

Knoxville News Sentinel (TN), June 6, 2006

MEMPHIS — A former state senator charged in an FBI bribery sting complained that his job as a lawmaker paid too little, according to a recording played for a federal jury Monday.

"I need to get in the big league, man," Roscoe Dixon said on a recording played at his bribery and extortion trial.

L.C. McNeil, an FBI agent testifying under his code name, said the recording was made in August 2004 when he was talking with Dixon about the senator's desire to leave the Legislature.

McNeil was pretending to be vice president of E-Cycle Management, a company seeking legislative favors from Tennessee lawmakers. He used the name "McNeil" during the investigation, and Judge Jon McCalla allowed him to continue using it in court.

Dixon was running for clerk of Shelby County General Sessions Court when the audio recording was made, and McNeil said he was worried that if Dixon left the Senate, E-Cycle would lose influence in the Legislature.

Dixon is one of five current or former state lawmakers indicted in a federal investigation, code named Tennessee Waltz, that focused on E-Cycle, the fake company created by the FBI. He is the first lawmaker to go to trial.

The trial began last week, and prosecutors have played several secretly made audio and video recordings of Dixon for the jury.

Dixon, a Democrat, lost the clerks race and stayed in the Senate. He resigned last year, shortly before his indictment, to take a top job with the Shelby County mayor's office.

In the conversation with McNeil, Dixon referred to administrative government jobs with good salaries, large staffs and contract-signing authority as "big league."

He complained that no matter how much per diem pay he drew above base salary, he could not make more than $30,000 a year as a Senator. "Everybody got some semi-hustle," he said of the state Legislature.

On the recording, McNeil expresses concern that Dixon will no longer be able to help E-Cycle if he leaves the Senate.

Dixon says he will still be part of a political "network" in Memphis and can use the court clerk's office to lobby the Legislature.

"I'll have a credit card and I'll have more power and sway over them than I do as senator," he says.

One lawmaker charged in the Tennessee Waltz scandal, former Rep. Chris Newton, R-Cleveland, has pleaded guilty and is serving a one-year prison sentence. The other are awaiting trial.

Three county officials in Chattanooga and Memphis also were charged in the investigation as were two accused "bagmen" who have pleaded guilty to handling payoffs for lawmakers.

FBI Agent Testifies In Bribery Trial (WTVF-TV)

WTVF-TV, June 6, 2006

The public corruption trial of former state Senator Roscoe Dixon was in its fourth day in Memphis on Monday.

Dixon faces bribery charges from an undercover sting, Operation Tennessee Waltz.

Monday, a top FBI agent involved in sting took the stand.

The agent testified that he posed as a vice president of E-Cycle Management, a fake company set up by the FBI.

The agent told the jury he talked to Barry Myers about paying bribes to Dixon. Myers has been described as a "bag man" by federal investigators.

The trial was expected to last several weeks.

Witness: Mayor's Aides Gave Marching Orders (CHIT)

By Dan Mihalopoulos And Rudolph Bush, Tribune Staff Reporters

Chicago Tribune, June 6, 2006

From the time Mayor Richard Daley took office, dozens of city department managers gathered before elections at the plumbers' union hall or other sites to get campaign marching orders from top mayoral aides, a former Daley loyalist testified Monday in the City Hall corruption trial.

Donald Tomczak, a longtime Water Department official and veteran political operative, said he then would summon his top deputies to his office in the Jardine Filtration Plant to tell them which candidates would get help from hundreds of blue-collar city water workers.

After elections, Daley aide Robert Sorich fielded requests for promotions from the political workers and tried to accommodate them, Tomczak told jurors. When Sorich rewarded his effective campaign workers by advancing their careers, Tomczak said, he thanked Sorich.

But Tomczak said he also made sure to complain to Sorich when his campaign troops did not get what they wanted: "Robert, how can I keep this thing together if I can't get these people promoted?"

Tomczak is the latest in a growing line of former Daley administration officials to detail systematic patronage hiring in the federal trial of Sorich and ex-city officials Timothy McCarthy, John Sullivan and Patrick Slattery.

DOJ_NMG_0032058

Prosecutors say the four were involved in a scheme to rig hiring and promotions in favor of applicants endorsed by the mayor's office, including pro-Daley political workers, in violation of a federal court decree restricting patronage.

Although Daley has long insisted that machine politics in Chicago are dead, Tomczak described a Daley campaign organization in which high-ranking city officials doubled as political coordinators. Promotions for water workers were based more on precinct-by-precinct election results than actual job performance, Tomczak said.

Tomczak, 70, provided jurors with a tale of his lifetime journey through Chicago politics and City Hall—from his first public job as a Water Department laborer to his admission last year that city trucking contractors gave him almost $400,000 in bribes.

His 45-year career in local politics began when Tomczak joined the payroll in 1958 as a lowly asphalt helper.

"The minute I got my city job, I was active in politics as an assistant precinct captain for the 11th Ward," he said, referring to the Democratic organization in the Daley family's political power base on the South Side.

Tomczak rose to a high-ranking post in the Water Department in 1982, but he lost the job after Harold Washington became mayor, and his legal efforts to get it back proved unsuccessful. The first deputy commissioner's job was his again, however, when Daley was elected in 1989.

For the next 14 years, Tomczak testified, he was the leader of between 100 and 250 department workers who served in his political army. The troops were divided into three groups—black, white and Latino—because "areas that we worked in were diverse areas. We needed groups to go in and talk to the various people."

The directors of the mayor's Office of Intergovernmental Affairs dictated which politicians would enjoy the campaign support of the political groups led by city officials, Tomczak said. Until they were charged criminally last year, Sorich and McCarthy worked in Intergovernmental Affairs, which Tomczak repeatedly referred to in his testimony as "the patronage office."

From 1989 until he left city government in 2003, Tomczak said his campaign group took orders from Timothy Degnan, Victor Reyes and John Doerrer. Degnan was Daley's first Office of Intergovernmental Affairs director, and his protégé, Reyes, succeeded him in 1995. Reyes gave way in 2000 to Doerrer, who resigned last year.

Degnan, Reyes and Doerrer have not been charged, although prosecutors have referred to Reyes as a "co-schemer" in the alleged hiring fraud scheme.

Directed by that trio, Tomczak said, he deployed water workers to help Al Gore for president, Glenn Poshard for governor, Rahm Emanuel for Congress, Patricia Bailey for Illinois House, Iris Martinez for Illinois Senate and two aldermen, Emma Mitts (37th) and Ted Matlak (32nd).

Tomczak said the only times he directed his workers independently of the mayor's office were when his son, Jeff, ran for Congress and for Will County state's attorney.

He said he met with Sorich after elections to single out particularly good political workers who merited promotions. Tomczak told jurors that Sorich would reply, "Don, we'll see what we can do," and promised to talk to Reyes or Doerrer.

In 2001, when there were openings for district foremen in his department, Tomczak said two men were promoted on the basis of their "great job" in campaigns. But he named four other applicants he said were better qualified and did not get promoted for lack of support from the mayor's office.

As part of his guilty plea last year, Tomczak agreed to cooperate with federal prosecutors. In exchange, he will be sentenced to 4 years in prison instead of receiving a longer term.

Tomczak's comments Monday echoed earlier testimony by Daniel Katalinic, who led a white ethnic political group of Streets and Sanitation workers, and Mary Jo Falcon, who was the political coordinator of Asian city workers in the Sewers Department.

Earlier Monday, an assistant commissioner in the Department of Streets and Sanitation testified that Slattery told her in 2004 that he had no legitimate business reason for hiring a series of laborers in the department.

Catharine Hennessy said Slattery made the statement after she requested a series of applicant ratings forms to answer a local laborer union's grievance.

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'Were They Best Men For The Jobs?' 'No' (CHIST)

By NATASHA KORECKI, TIM NOVAK AND STEVE WARMBIR, Staff Reporters

Chicago Sun-Times, June 6, 2006

Political performance trumped qualifications when it came to hiring in the city Water Department, former No. 2 man Donald Tomczak testified Monday at the City Hall hiring trial.

Assistant U.S. Attorney Patrick Collins asked if two soldiers in Tomczak's political army deserved the city positions they were given.

"Were they the best men for the jobs?" Collins asked.

"No," Tomczak said plainly. "They were active in my political group and did a good job."

HIGHLIGHTS

PROSECUTION: Key witness Donald Tomczak says politics -- not qualifications -- won candidates jobs in the city's Water Department.

DEFENSE: Will likely question Tomczak's motives to testify by exploring his deal with federal prosecutors.

UP NEXT: Defense lawyers will have a shot at Tomczak's testimony.

Clout on Wheels

The scandal of the city's Hired Truck Program - a Chicago Sun-Times investigation.

Showing Tomczak a list of all the job candidates, Collins asked who deserved the posts if politics weren't a factor. Tomczak picked out several different names.

Tomczak, 70, who ran one of the largest city-based political armies and is one of the highest-ranking city officials convicted in the scandalous Hired Truck Program, gave an insider's view on how hiring operated in City Hall.

He testified in the trial of Robert Sorich, a former top official in the Mayor's Office of Intergovernmental Affairs, and three others who are accused of letting politics determine hiring. Prosecutors contend that violates the Shakman decree, which is supposed to keep most city jobs free of political influence.

Left index cards with names

Tomczak said he once sued the city, claiming former Mayor Harold Washington fired him for political reasons. He was rehired and grew a political group to 250 people who were sent out to work on campaigns of Al Gore, Rahm Emanuel and mayoral and aldermanic races.

Tomczak said he'd meet with Sorich after campaigns and make pitches on who deserved city jobs as rewards. He'd leave index cards with names of political workers, he said. Sorich never made guarantees and often said he'd have to consult with his bosses: either Victor Reyes or John Doerrer, Tomczak said.

If Tomczak's people weren't chosen, he'd press Sorich: "How can I keep this thing together?" meaning his political group.

"I'll talk to Victor [Reyes]," he said Sorich reassured him.

Reyes, who also ran the mayor's Hispanic Democratic Organization, has come up repeatedly at trial but not been charged.

Under Tomczak's deal with prosecutors, he'll face four years in prison instead of up to nine years for taking Hired Truck bribes.

Also Monday, Catharine Hennessy, assistant commissioner in Streets and Sanitation, said the city got into a messy situation when a union challenged a batch of hirings. Hennessy said Sorich codefendant Patrick Slattery, who she said briefly handled personnel decisions, couldn't come up with rating forms to show the union.

"Pat, please tell me you had a legitimate business reason for the selections," she said she asked Slattery. Slattery simply said "no," she testified.

Slattery lawyer Patrick Blegen challenged Hennessy on whether his client really gave a one-word response. She stuck with her answer.

Hennessy locked into a tense courtroom exchange with Blegen, often smirking, and battling him on nearly every question.

Hennessy acted as a liaison to the Law Department. She is married to Edward Hennessy, an attorney and partner with the firm Hennessy & Roach. The city has regularly hired the firm to work in cases involving injured city employees. The city paid Hennessy & Roach $646,360 in 2004 and $286,063 through July 2005. There is no indication Hennessy & Roach was involved in Streets and Sanitation cases. The firm is retained by the City Council Committee on Finance headed by Ald. Edward M. Burke (14th).

Report Cites Abuse By Fired UMDNJ Dean (PHI)

By Troy Graham

The Philadelphia Inquirer, June 6, 2006

The allegations that have been swirling around Warren Wallace for weeks finally came to light yesterday, and the details were not pretty.

A federal monitor investigating the University of Medicine and Dentistry of New Jersey, where Wallace was a senior dean until he was fired last week, accused him of manipulating the petty-cash system and steering a lucrative no-bid catering and cafeteria contract to a friend.

The monitor's report also said Wallace, a Gloucester County freeholder and chairman of the Delaware River and Bay Authority, had devoted "significant" amounts of university time and resources to his political jobs.

And, finally, the monitor said Wallace had tried this spring to get his daughter into the university's School of Osteopathic Medicine in Stratford, where he was responsible for admissions, even though she did not write the required essays or take the required tests.

The monitor said Wallace's actions were, "at a minimum, unethical."

Gov. Corzine said yesterday that Wallace should step down from the bay authority's board if there was credible evidence against him. Wallace's term expires at the end of the month.

"If he does not step aside, he will not likely be reappointed," Corzine spokesman Anthony Coley said.

Wallace did not return a message left on his cell phone yesterday. His attorney, Carl Poplar, also did not return a call.

State Sen. Stephen Sweeney (D., Gloucester), the Gloucester County freeholder director, spoke in support of Wallace.

"It's a report. And he will have his chance to respond to the report, and I'm going to wait for his response," Sweeney said. "He's told me he did nothing wrong, and I trust Warren and believe him."

In December, U.S. Attorney Christopher J. Christie appointed a federal monitor, former U.S. District Judge Herbert J. Stern, to investigate the university. The appointment came in a deal that deferred prosecution of the school on allegations of Medicare and Medicaid fraud.

Stern has launched more than a dozen investigations, and two other high-ranking deans have resigned, but no new criminal charges have been filed.

The monitor received a tip May 17 that Wallace's secretary was shredding documents, and the FBI quickly raided his office. Wallace was fired from his $166,000-a-year job in anticipation of the monitor's findings.

The monitor said a forensic analysis of Wallace's computer had found nearly 5,000 files dealing with his political jobs, and only 350 dealing with the admissions committee at the school.

Sweeney said Wallace had permission to do other work at the school.

"My understanding was it was just e-mails being sent and he had approval from the administration," he said. "It's a state university, and the bay authority is a state agency."

The report also said Wallace had told three other school employees to submit his travel expenses in their names, telling them he had been ordered to do this so that his travel expenses would appear to be smaller than they were. Some of the expenses were for travel related to his other jobs, the monitor said.

Since 2000, those employees submitted at least $2,500 worth of Wallace's expenses.

The findings also accused Wallace of steering a no-bid food-services contract to his friend Sal Randazzo. Since 2003, the school has paid Randazzo nearly $300,000 for catering nearly 1,000 events. At the same time, Wallace was allowed to eat for free at the cafeteria, Top Doc Cafe.

The monitor said "such a contract should not have been awarded without a public bidding process as required by law and UMDNJ policy."

Spokeswoman Anna Farneski said the university was "reviewing the food-service contract and expense issues outlined in today's report."

The report also said Wallace had arranged for a relative - identified through other sources as his daughter - to be interviewed by members of the admissions committee even though her application was incomplete. Two members gave her the highest possible score, "which is out of the ordinary considering all of the attendant factors," the monitor wrote.

Farneski said Wallace's daughter had withdrawn her application for admission in the fall.

"Dr. Wallace's interference with the admissions process was unethical and unacceptable," she said. "Upon becoming aware of the issue... we immediately relieved him of his admissions duties, and ultimately terminated his employment."

Report Faults Ex-dean (CAMCP)

By Sarah Greenblatt

Camden Courier-Post, June 6, 2006

A former dean at the University of Medicine and Dentistry of New Jersey bypassed the university's admissions and financial systems and conducted political business from his campus office, a federal monitor's report said Monday.

Former School of Osteopathic Medicine associate dean Warren Wallace steered a no-bid food-service contract to a friend, used his office for political activities, rigged travel-expense records and helped a relative gain admission to school, according to the report.

Wallace's UMDNJ computer showed seven times more files related to his activities on the Gloucester County freeholder board and the Delaware River & Bay Authority than to his duties as the school's chief admissions administrator, the report said.

But Wallace was fired last Thursday for using his authority over the admissions process to benefit his daughter, according to a UMDNJ spokeswoman.

Neither Wallace nor his attorney returned calls seeking comment on Monday.

Wallace declined to be interviewed by the monitor's office, according to the 15-page report.

The report said members of the school's Admissions Committee said Wallace forced them to interview a relative who had not yet taken the Medical College Aptitude Test or completed application essays.

Committee members told investigators that Wallace's actions damaged the school's reputation, but he defended his behavior in a letter to the panel's chairman, the report said. Wallace's efforts on his daughter's behalf ultimately caused UMDNJ officials to fire him, university spokeswoman Anna Farneski said on Monday.

"Dr. Wallace's interference with the admissions process was unethical and unacceptable," Farneski said. "Upon becoming aware of the issue, one and one-half weeks ago, we immediately relieved him of his admissions duties, and ultimately terminated his employment."

Farneski also said Wallace's daughter recently withdrew her application.

University officials are still reviewing issues tied to Wallace's alleged steering of a food-service contract to a friend and manipulating petty-cash procedures, Farneski said.

The monitor's report -- issued as part of a deferred prosecution agreement between UMDNJ and U.S. Attorney Christopher Christie -- said Wallace helped his friend, Sal Randazzo, secure a food-service and catering contract without submitting a bid.

The owner of Randazzo's Pizza and Pasta in Washington Township and a neighbor who lives on the same block as Wallace, Randazzo received a contract that has provided the restaurateur with more than $290,000 for catering between July 2003 and March 2006, the report said.

The contract was projected to cost the school $50,000 to $65,000 per year, according to a UMDNJ memo attached to the report.

Despite a profit-sharing provision of the contract, the report said, Randazzo has not provided the school with financial records.

A young man who answered the phone at Randazzo's home said he was not there but refused to take a message.

The report also alleged that Wallace directed subordinates to submit vouchers for some of his travel expenses in their own names, allowing him to approve the expenditures and bypass scrutiny by superiors.

UMDNJ employees told investigators that Wallace had said the arrangement was required by former Dean Michael Gallagher, who stepped down in April amid allegations that he billed the university for $200,000 in extravagances and rigged financial records to qualify for a bonus.

Some of Wallace's travel costs were tied to his activities as a freeholder and member of the DRBA, the monitor's report said.

Wallace's political activities accounted for more of the activity on the administrator's UMDNJ computer than his duties at the school, the report said.

A forensic analysis of Wallace's computer showed 119,501 references to the DRBA, freeholder activities, Gloucester County and Washington Township, compared to 16,968 references to the school's admissions committee, which the administrator oversaw.

While portions of the report released to the public did not describe the nature of Wallace's political activities on the Stratford campus, John Inglesino, an attorney in the monitor's office, hinted that Christie may be reviewing the matter.

Calling Wallace's actions "unethical at a minimum," Inglesino declined to say if he broke any laws.

"It's not our role to characterize something as illegal or legal," Inglesino said. "It's our role simply to report the facts."

Michael Drewniak, a spokesman for Christie, declined to comment.

The report also noted that the monitor received a tip on May 17 that a UMDNJ employee in Wallace's office was shredding documents that might be related to the investigation. The shredding operation was halted, the report said, adding that the university has since banned the destruction of documents on the Stratford campus.

Among the investigations still under way is a probe of the role at UMDNJ of state Sen. Wayne Bryant, D-Lawnside, who received a $38,000 contract to serve as a liaison to the school.

Relatives Of Mob-hit Victim Blame Government For His Death (AP)

AP, June 6, 2006

BOSTON -- John McIntyre thought he was going to a house party on Nov. 30, 1984.

Instead, he was chained to a chair, interrogated, strangled, then shot in the head.

McIntyre's family is suing the federal government for $50 million, alleging that McIntyre was killed by fugitive crime boss James "Whitey" Bulger after former FBI Agent John Connolly tipped him that McIntyre was cooperating with authorities in an investigation of Bulger.

As the McIntyre family's wrongful death lawsuit went to trial Monday, attorney Steven Gordon gave chilling details of McIntyre's killing.

Gordon said McIntyre was lured to a house by Bulger and Stephen "The Rifleman" Flemmi, leaders of the notorious Winter Hill Gang.

After he arrived carrying a case of beer, McIntyre was handcuffed and chained to a chair, then interrogated by Bulger, who asked him if he was talking to authorities about Bulger's failed plan to ship guns to the Irish Republican Army on a Gloucester fishing boat.

"It did not take much time for John McIntyre to say he was," Gordon said.

Gordon said Bulger tied a boat rope around McIntyre's neck and tried to strangle him, but when that took too long, he decided to shoot him.

Gordon said Bulger asked McIntyre, "Do you want one to the head?"

"The last words spoken on this earth by John McIntyre was a plaintive, 'Yes, please,' " Gordon said.

Then Bulger shot him in the head, Gordon said.

Stephen "The Rifleman" Flemmi, Bulger's former right hand man, who pleaded guilty to participating in McIntyre's death, is expected to be a key witness for the McIntyre family.

Flemmi, who is serving a life sentence in 10 killings as part of a plea deal that spared him the death penalty, testified in a deposition last year that Connolly told Bulger that McIntyre had begun talking to federal authorities about Bulger's criminal activities.

Flemmi testified only briefly Monday before the trial recessed for the day. He is scheduled to resume his testimony Tuesday.

Connolly was convicted in 2002 on racketeering and other charges for tipping Bulger _ who himself was an FBI informant _ that he was about to be indicted. Bulger fled on the eve of his 1995 indictment and remains a fugitive on the FBI's "Most Wanted" list.

Gordon said the government acknowledged in the criminal case against Connolly that he is the one who revealed McIntyre's identity. Kevin Weeks, Bulger's former enforcer, testifying for the government at Connolly's trial, described McIntyre's killing in gruesome detail and said Bulger learned of McIntyre's identity from Connolly.

"McIntyre's cooperation was a direct threat to Bulger's group and a direct threat to Bulger's relationship with the FBI," said Gordon, who also said he plans to call Weeks as a witness.

But Bridget Bailey Lipscomb, an attorney for the Justice Department, said that there is no direct evidence that Connolly revealed McIntyre's name to Bulger. She said Flemmi, in his deposition, said only that Connolly told Bulger that one of two people who were arrested on the fishing boat was an informant. She also said that Bulger had other law enforcement sources who could have given him McIntyre's identity.

She said that McIntyre, who was acting as an informant for U.S. Customs agents, had declined the agency's offer to place him in the witness protection program.

Lipscomb said the McIntyre case had been unfairly portrayed in the media as part of a wave of negative publicity surrounding the FBI's use of criminal informants.

Bulger and Flemmi were longtime informants who provided the FBI with information on the mafia, which the Bulger gang considered its main rival for criminal rackets in the Boston area, including gambling, drugs and loan-sharking.

Connolly's case and others prompted an uproar and Congressional hearings into the relationship between the FBI and its criminal informants.

Lipscomb said the media had depicted the Boston FBI office as "a bunch of renegade agents" who allowed its informants to commit murder so that it could achieve its goal of dismantling the Mafia.

"We believe that this is a case about fact and fiction," Lipscomb said. "It's fiction that the federal government did not protect John McIntyre and intentionally had him killed."

Connolly, who has not been charged in McIntyre's killing, is now serving a 10-year sentence and is currently awaiting trial in Florida in connection with the 1982 slaying of Miami gambling executive John Callahan.

McIntyre's mother, Emily, who filed the lawsuit, did not attend the trial Monday. Gordon said Emily McIntyre did not want to see Flemmi, who has admitted pulling out McIntyre's teeth after he was killed.

FUGITIVE COUPLE ACCUSED OF SELLING CHILDREN (AP)

AP, June 6, 2006

A fugitive couple accused of trying to sell their children in Mexico spent the weekend in San Diego jails will be extradited to Arizona.

The National Center for Missing and Exploited Children reportedly tipped off federal investigators about the couple. The tip led Mexican authorities to arrest 20-year-old Jessica Karin Heird and 37-year-old Edward Henry Leader in Tijuana on Friday.

Mexican authorities reportedly found the couple's 3-year-old son, but their 18-month-old daughter was still missing. The San Diego Union-Tribune reported that the boy and girl were sold, though there was no word on who paid for the children or what the price was.

Heird was being held on a $12,500 bond.

Leader was being held on no bail and is wanted in Arizona on kidnapping charges. A U.S. Justice Department spokesman says Heird is six months pregnant with the couple's fourth child. He says authorities recovered three of Leader's other children from a different relationship.

Couple Awaits Extradition In Child-Selling Case (KGTV)

KGTV, San Diego, June 6, 2006

A couple who allegedly sold two of their children in Baja California were behind bars Monday and awaiting extradition to Arizona, where the youngsters went missing several years ago, authorities said Monday.

Federal agents arrested Jessica Karin Heird, 20, and Edward Henry Leader, 37, at San Ysidro Port of Entry on Friday night.

Mexican authorities had detained them in Tijuana earlier in the day.

Heird -- who is six months pregnant -- and Leader had been living south of the border for several years and allegedly decided to make money by selling two of their youngest children, Deputy U.S. Marshal Omar Castillo said Monday.

Investigators believe the suspects took cash for their 18-month-old daughter and 3-year-old son. Authorities have since recovered the youngsters, who evidently were not physically harmed during their ordeals, Castillo said.

The intentions of those who bought the children remain unclear. No additional arrests have been announced.

Leader has fathered at least six children, the three youngest with Heird, according to investigators.

His eldest child, a 16-year-old girl, remains missing. She is considered a runaway and likely remains in Mexico, Castillo said.

Police believe Leader tried to force the girl into become a prostitute.

?When the child resisted, he would try to beat her into prostitution. We know he was trying to force her from the e-mails she was sending to her grandparents,? said another official involved in the investigation.

The chain of events began in 2000, when Heird disappeared from her home in Mohave, Ariz., Castillo said. Police thought she was with a man and headed to Mexico.

Heird evidently became involved with Leader in Nevada in 2002, according to federal investigators.

Social workers found her through a child-neglect complaint lodged in Las Vegas, and she was returned to her mother, who eventually gained custody of the children.

Some time later, Heird took the children out, purportedly for a walk, and never returned, Castillo said. She and the children apparently met up with Leader somewhere in Mohave, and then headed to Mexico.

When Heird turned 18, Arizona authorities issued a warrant for her arrest on suspicion of kidnapping her children.

Recently, the National Center for Missing and Exploited Children received information that Heird and Leader had been spotted in Baja, and U.S. Marshals personnel in San Diego were asked to help. Heird's mother will regain custody of two of her daughter's children, while Leader's will be placed with a guardian, Tyler said.

?When she took the kids, it was a shock. I didn?t know what to do,? said Angelika Heird.

Heird remained in Las Colinas Detention Facility in Santee this afternoon on a fugitive warrant. Her bail was set at $12,500. Leader was being held without bail in county jail in downtown San Diego.

'Mafia Cops' Get Life In Prison (NSDY)

By Anthony M. Destefano, Newsday Staff Writer

Long Island Newsday, June 6, 2006

The "Mafia Cops" took eight lives and yesterday, they learned theirs would be lost to prison.

Saying their crimes were the worst he ever saw, a Brooklyn federal judge hit two ex-Police Department detectives with life terms in prison and million-dollar fines for their roles as mob hit men.

"It is hard to visualize a more heinous offense," said Judge Jack B. Weinstein as he announced in a packed courtroom the heavy sentences for Louis Eppolito and Stephen Caracappa for their roles in eight gangland murders during a bloody period that stretched from the mid-1980s into the early 1990s.

"These are probably the most heinous crimes ever tried in this courthouse," Weinstein said.

"These two men stand before you unrepentant and remorseless and perhaps by a higher power unforgivable," said lead prosecutor, Assistant U.S. Attorney Robert Henoch. "Police are supposed to protect people; we don't have death squads here -- at least we aren't supposed to."

Delay in serving sentences

But in another twist in a case that has been filled with complex legal issues, Weinstein delayed imposition of the sentences until hearings are held later this month on critical post-trial motions for either acquittal or new trials. Both defendants will remain jailed but have asked Weinstein to overturn the April guilty verdicts, in part because the statute of limitations on the federal racketeering charges had expired.

Weinstein is also going to hold a hearing on Eppolito's and Caracappa's claims that their high-profile lawyers, Bruce Cutler and Edward Hayes, respectively, gave them ineffective representation. The lawyers have denied that claim. But no matter how Weinstein decides those issues, the case will be litigated for years.

"I didn't do any of these crimes at all," said Eppolito in a short, rambling statement. "I was one hell of a cop. I tried my best in my cases."

Eppolito asked the victims' family members to visit him in prison so he could prove his innocence to them, drawing audible scoffs from the relatives.

But as Eppolito spoke he was interrupted by a shouting Barry Gibbs, whose murder conviction was overturned last year because of allegations that Eppolito coerced a witness to testify falsely.

"You remember me, Mister Eppolito, you remember me!" shouted out Gibbs.

"No, I don't," replied a startled Eppolito.

As federal marshals hustled Gibbs out of the courtroom, he kept screaming.

Neither Eppolito, 57, nor Caracappa, 64, who didn't address the court, showed any emotion as family members of the victims addressed the court and told how the murders impacted their lives. The defendants sat glumly and looked on intently as the relatives spoke.

Eppolito's son, Louis Jr., was the only relative of the defendants to appear in court.

Robbed of childhood

Addressing the court, one victim's daughter, 30-year-old Michal Greenwald said, "You took away our Daddy and by doing that you took away our childhood. You took away our mother. You stole our innocence. You filled our nights with nightmares and our days with torture."

Eppolito and Caracappa were convicted of not only playing roles in the murder of jewelry merchant Israel Greenwald but also seven other victims, including reputed Gambino crime family member Edward Lino, James Hydell and Otto Heidel. All were killed, prosecutors said, at the behest of the Luchese crime family, which used Eppolito and Caracappa as law enforcement moles and contract killers.

Widowed Leah Greenwald, 51, of Fresh Meadows, looked at both defendants as she asked for a maximum sentence.

"You must pay severely for what you have done, for you did not just kill one person, you killed a family," she said.

An angry Daniello Lino, 27, daughter of the slain Edward Lino, seemed to spit out her words as she stared at Eppolito and Caracappa.

"You two are an embarrassment to the New York City Police Department, and furthermore are one of the largest blemishes in the department's history," she said.

For 2 Ex-Detectives, Life Terms And Tales Of Grief (NYT)

By Alan Feuer

The New York Times, June 6, 2006

Calling their crimes the "most heinous" he had ever seen in court, a federal judge issued — but did not officially impose — life in prison sentences yesterday for two retired New York detectives convicted in April of taking part in at least eight murders for the mob.

The sentencing of the men, Louis Eppolito and Stephen Caracappa, drew to a conditional close a stunning case of police corruption that began 20 years ago when they stopped a jeweler on the highway, helped to kill him and later left his body buried under concrete in an auto-body shop.

The judge, Jack B. Weinstein, issued the harshest penalty he could, but held up its imposition until he conducts a hearing later this month to determine if the men had shoddy lawyers, as they contend, and deserve a new trial.

There was little reaction from either man in Federal District Court in Brooklyn and both returned to jail, where Mr. Caracappa's face has grown skeletal and Mr. Eppolito has grown a white goatee and gotten somewhat slimmer.

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By law, the friends and family of a victim can address the court at sentencing, and before the penalty was read, there were brutally emotional — and achingly personal — accounts from the survivors.

One of them was Michal Weinstein, daughter of the jeweler, Israel Greenwald, who on Feb. 10, 1986, disappeared after giving young Michal a hug as she waited for a bus. She was 10 years old then, and as she spoke from the stand, addressing both defendants by name, it was with a caged fury that only now, after 20 years, had found release.

"You took away our daddy," she said, "and by doing that you took away our childhood. You took away our mother. You stole our innocence. You filled our nights with nightmares and our days with torture."

She posed a list of questions to the men: Did they know what it was like to be asked about your father and not have an answer? To be treated with fear and pity? To watch from the window as your mother's car is repossessed? To leave the only home you ever knew and loved because you could not afford the mortgage? To take charity from the very charities your father once gave to? To visit a friend who had lost a loved one and be envious? Because they had a grave?

"To be envious of a grave," she said.

It seemed impossible after such a speech for another syllable to be spoken, but three more family members of victims took the stand and then, sheepishly, Mr. Eppolito rose to speak.

He began contritely, saying that he understood the families' pain and that, in 22 years as a detective, he had often had to deliver news about a death. He had knocked on doors, he said, had spoken to grieving widows — "I know the feelings."

He then invited the families of his victims — the Greenwalds, the Hydells, the Linos — to visit him in jail, where he promised he could prove to them he was an innocent man.

It was at this point that without warning and certainly without permission, a large man wearing a seashell necklace suddenly stood up.

"Mr. Eppolito!" he yelled from the gallery. "Do you remember me?"

Apparently baffled, Mr. Eppolito said, "No."

"I'm the guy you put away for 19 years! I'm Barry Gibbs! You don't remember me? You don't remember what you did to me? To my family?"

The marshals quickly led the man outside, as the courtroom burst into applause.

Mr. Gibbs went to prison 19 years ago for murder, but was released in September when a judge in Brooklyn found that Mr. Eppolito had intimidated the only eyewitness in the case into lying on the stand. Mr. Gibbs's startling appearance put something of a kink in Mr. Eppolito's speech, which he amended on the spot, repeating that he did not know the man.

Later, after Judge Weinstein issued the sentence (which, aside from life in prison, included a $1 million fine and a $400 special court fee), there was discussion of the next hearing, scheduled for June 23. At that time, it is likely that the defendants' former lawyers, Bruce Cutler and Edward Hayes, will take the stand to be questioned on their legal work at trial.

As has happened often in the case, the various players spilled outside the courthouse to discuss things with the news media.

Mr. Gibbs, tanned and healthy, said that Mr. Eppolito had taken his "constitutional rights and put them in the street."

He found a strange bedfellow in Anna Lino, wife of Edward Lino, whom Mr. Eppolito and Mr. Caracappa were found to have murdered 16 years ago.

"Nineteen years," she said. "Don't you think he has a right to have an outburst?"

Wild Day In Brooklyn Ends With Mafia Cops Sentence Pending (AP)

By LARRY McSHANE, ASSOCIATED PRESS

AP, June 6, 2006

NEW YORK (AP) - A federal judge tore into two decorated ex-NYPD detectives Monday for their brutal killing spree while on the payroll of a mob underboss and told the pair he would sentence them to life in prison - but not until the "Mafia Cops" can argue their lawyers were incompetent.

In a dramatic day inside a Brooklyn courtroom, U.S. District Court Judge Jack B. Weinstein said the sentences were pending until a June 23 hearing at which Louis Eppolito and Stephen Caracappa will argue they received inadequate legal representation at their racketeering trial. His decision to put off imposing the sentences came minutes after he had announced the prison terms to a packed courtroom.

The unusual legal twist capped an emotional day in court where five family members took the witness stand to testify how the murders linked to the two detectives had destroyed their lives.

"You did not kill one person," said Michal Greenwald Weinstein, whose father was the pair's first victim. "You killed a family."

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Another man, wrongly jailed for 19 years in a case investigated by Eppolito, was thrown out of court after launching into a rant against him.

Eppolito, speaking for the first time in court, insisted he was innocent of any crimes and encouraged the family members who called for his incarceration to visit him in jail. "I can hold my head up high," said Eppolito, sporting a freshly-sprouted snow-white goatee. "I never did any of these things."

And this all came before Weinstein's near-sentencing.

"This is probably the most heinous series of crimes ever tried in this courthouse," the judge said before announcing the delay. Eppolito and Caracappa will press forward with their request for a new trial based on claims that their attorneys failed to put on a competent defense.

Bruce Cutler, who represented Eppolito, was out of his office and unavailable for comment Monday. Hayes was in Los Angeles, and did not return a call left at his Manhattan office. The high-priced, well-known attorneys - longtime friends who greeted one another in court with a kiss - attracted a great deal of attention before the trial began.

Both defendants have been jailed since their April 6 convictions on racketeering charges that included murder, kidnapping, drug dealing and obstruction of justice.

Eppolito, 57, whose father was a member of the Gambino crime family, and Caracappa, 64, were respected detectives who worked for Luchese underboss Anthony "Gaspipe" Casso between 1986 and 1990. The eight murders were committed while they were simultaneously on the payrolls of the New York Police Department and Casso.

The sentencing delay was anticlimactic compared to the courtroom theatrics that preceded it. Barry Gibbs, who spent almost 20 years in jail after a wrongful conviction in a case where Eppolito was lead investigator, stood up in the middle of Eppolito's speech to attack the ex-detective before federal marshals led him out of the courtroom.

"Remember what you did to me? To me? You framed me!" he screamed as the crowd burst into cheers.

Eppolito and Caracappa received $4,000 a month from Casso, who also used them to get information from inside law enforcement. Their pay went up for the murders: They earned $65,000 for one killing.

Caracappa, who retired in 1992, helped establish the police department's unit for Mafia murder investigations. Eppolito was a much-praised street officer despite whispers that some of his arrests came via tips from mobsters.

Eppolito also played a bit part in the mob movie "GoodFellas." After retiring in 1990, he unsuccessfully tried his hand at Hollywood scriptwriting.

In his autobiography, "Mafia Cop," he portrayed himself as an honest officer from a crooked family. The pair, both highly decorated, spent a combined 44 years on the force and eventually retired to homes on the same block in Las Vegas.

The racketeering convictions also could be overturned due to the statute of limitations. The defense argues that there was no ongoing criminal enterprise while the detectives were living in Las Vegas, making a racketeering charge legally untenable.

'Mafia Cops' To Get Life In Prison (LAT)

By Ellen Barry, Times Staff Writer

The Los Angeles Times, June 6, 2006

Judge delays sentencing of former detectives who were convicted of being hitmen for the mob.

NEW YORK — Calling their crimes "the most heinous … ever tried in this courthouse," a U.S. district judge Monday promised to sentence former New York police detectives Louis Eppolito and Stephen Caracappa to life in prison for moonlighting as mafia hitmen.

Like every other phase of the "Mafia Cops" trial, the hearing featured its share of theatrics. When Eppolito began to address the courtroom for the first time, a spectator screamed: "Do you remember me, Mr. Eppolito? Do you remember what you did to me? To me? You framed me!" Other spectators cheered him on as he was escorted from the courtroom.

Notably absent were Bruce Cutler and Eddie Hayes, the flamboyant defense lawyers who took center stage at the trial from its first day, when they greeted one another with a jovial kiss. Eppolito and Caracappa have accused the famous lawyers of incompetence; their request for a mistrial will be heard June 23.

Until that matter is settled, Judge Jack Weinstein cannot sentence the retired detectives, who were convicted April 6 of participating in eight murders, among other crimes. Weinstein said he intended to sentence the two to life in prison, impose a $1-million fine and seize their assets.

That came as satisfying news to Danielle Lino, 27, the daughter of a Gambino captain named Eddie Lino, whom Eppolito and Caracappa were convicted of killing.

"It is our sincere hope that you will spend your remaining years rotting in prison," she said, glaring at the detectives. "We hope you will burn in hell."

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The two men were arrested last year in Las Vegas, where they had retired after serving a combined 44 years on the police force. Eppolito, who is fat and garrulous, left New York to pursue show-business aspirations and found a few acting jobs, such as Fat Andy in "Goodfellas." His friend Caracappa moved to a house on the same block.

A series of underworld figures testified that Eppolito and Caracappa worked as informants and hitmen for Anthony "Gaspipe" Casso, an underboss for the Luchese family. Burton Kaplan testified that Casso paid the two $4,000 a month, plus lump sums for murders. For pulling over Eddie Lino's car at a traffic stop and shooting him in the head, he said, they were paid $65,000.

Hayes and Cutler delivered memorable opening and closing statements but called few witnesses. Cutler's entire defense lasted 13 minutes. Eppolito has replaced him with a new lawyer, Joseph Bondy, who said Cutler should have identified other potential perpetrators and allowed Eppolito to take the stand. Caracappa's new lawyer, Daniel Nobel, filed a similar complaint Monday morning.

Attorneys for the pair argued that the verdict should be thrown out because, except for one charge, the crimes did not fall within the statute of limitations for racketeering.

Eppolito seemed eager to finally address the courtroom Monday, speaking without notes. He said he was handicapped in life by his father, a Gambino soldier nicknamed "Fat the Gangster." Although he turned his back on the mafia, he said, it made no difference.

"I was already crucified with the name Eppolito before I got any opportunity," he said. "This is coming down on me because of who I am, who I was, not because of what I did. I can hold my head up high. I have never done any of this."

Family members who spoke included the wife and daughter of Israel Greenwald, a diamond merchant who, in 1986, was shot in a Brooklyn parking garage and entombed in concrete.

Michal Greenwald, who was 9 when her father disappeared, described the losses that followed: watching, from the window, while the car was repossessed; switching schools when her scholarships were revoked; listening to a burglar break into the house because they could no longer afford an alarm system.

"We loved our daddy and having him disappear into thin air was a torture I would not wish on my worst enemy," she said. "Do you know what it's like to visit a friend who lost a loved one and be envious of them because they have a grave? Envious of a grave?"

Outside the courthouse, as the hearing ended, waited Barry Gibbs, the man who shouted at Eppolito in the courtroom.

In 2005, Gibbs was released from prison after 19 years when his murder conviction was overturned by DNA evidence. Gibbs said Eppolito — the lead investigator in the case that led to his arrest — pressured a witness into fingering him for the crime.

He wanted to celebrate with the families of the pair's victims. Asked whether he had a message for Eppolito, he said: "Every day in jail is like a million years. It's not a day; it's a million years."

Alito Opinion Draws Rebuke From Scalia (LAW)

By Tony Mauro, Legal Times

Legal Times, June 6, 2006

Just four months after joining the Supreme Court, Samuel Alito Jr. on Monday joined the club of jurists who have been targets of Justice Antonin Scalia's wrath.

Alito wrote Zedner v. United States for a unanimous Court on Monday, siding with a criminal defendant in a dispute over interpretation of the Speedy Trial Act. But Scalia, while joining the decision, wrote a concurrence criticizing Alito for citing the legislative history of the statute, which Scalia believes is irrelevant.

"Because the use of legislative history is illegitimate and ill advised in the interpretation of any statute -- and especially a statute that is clear on its face -- I do not join this portion of the Court's opinion," Scalia wrote.

The side spat is a small but significant sign of Alito's independence from Scalia, whom many presumed would be a consistent conservative ally and friend.

In the drafting process, Alito could easily have mollified Scalia by deleting the paragraph that invoked legislative history. In interpreting acts of Congress, Scalia has vocally criticized reliance on legislative history -- congressional floor statements, committee reports, and the like -- in his 20 years on the Court, preferring instead to go strictly by the words of the statute. But the fact that Alito left the paragraph in, and Scalia felt moved to object to it, revealed at least some daylight between the two.

Alito's use of legislative history places him closer to the camp of moderate-liberal Justice Stephen Breyer, who last year warned in his book "Active Liberty" of "the danger that lurks where judges rely too heavily on text."

Monday's ruling favored Jacob Zedner, indicted in 1996 on seven charges of bank fraud. Both he and the prosecution sought delays in the trial, raising red flags because of requirements of the Speedy Trial Act that a trial begin 70 days after a

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defendant is charged. Responding to a request from the judge, Zedner signed a form waiving his rights "for all time" under the law.

After four years of procedural delays, Zedner moved to dismiss the indictment, claiming the prosecution had violated the Speedy Trial Act. The motion was denied, the trial proceeded, and he was found guilty. The 2nd U.S. Circuit Court of Appeals ruled against Zedner, finding that because he had contributed to the delay in the trial, he could not object to it.

At issue before the Supreme Court was the standard for analyzing when a defendant has legitimately waived his rights under the law.

Alito wrote that the Speedy Trial Act was "designed with the public interest firmly in mind ... That public interest cannot be served, the Act recognizes, if defendants may opt out of the Act entirely." As a result, the Court ruled, a defendant cannot waive rights under the act for all time. Zedner's case was sent back to trial court for dismissal, but the Court said it was up to the trial judge to decide if it should be dismissed with or without "prejudice." If dismissed "with prejudice," the prosecution would be over, but if it is done "without prejudice," prosecutors would be able to try Zedner again.

Alito's offending paragraph cites several instances in the House and Senate reports accompanying passage of the law in 1974 that emphasized the public interest in speedy trials.

Scalia wrote: "It may seem that there is no harm in using committee reports and other such sources when they are merely in accord with the plain meaning of the Act. But this sort of intellectual piling-on has addictive consequences." Among other things, Scalia said it could lead to the belief that a single senator's statement about the meaning of a law represents the views of the entire Congress. "There is no basis either in law or reality for this naive belief," Scalia said.

Supreme Court Will Consider Retroactivity Of 'Blakely' (AP)

The Associated Press

AP, June 6, 2006

The Supreme Court said Monday it will decide whether inmates can reopen challenges to prison sentences based on a Court ruling two years ago that limited judicial discretion in sentencing.

Justices will hear arguments this fall from Lonnie Burton, who is serving nearly 47 years in prison in Washington state for rape, robbery and burglary.

Burton's lawyers told justices that the judge increased Burton's sentence by about 21 years, declaring that he deserved a harsher sentence than the sentencing scheme provided for there.

The case two years ago was also from Washington state. Justices on a 5-4 vote overturned the sentence of a Washington state man for kidnapping his estranged wife. A judge, acting alone, had determined that Ralph Blakely acted with "deliberate cruelty" and deserved a longer prison term.

Justices did not say then how the decision would affect old cases. Justice Antonin Scalia authored that opinion, for an odd right-left lineup of justices.

Burton had an appeal pending when the Court resolved Blakely's case. He had been convicted in 1994 of raping a 15-year-old boy he followed home from school.

The case is Burton v. Waddington, 05-9222.

Cocaine User Convicted Of Killing Girlfriend With Ax Set To Be Executed In Texas (FINDLAW/AP)

By Michael Graczyk, Associated Press Writer

AP, June 6, 2006

(AP) - HUNTSVILLE, Texas-A man who killed his girlfriend with an ax while he was high on crack cocaine is to be executed by lethal injection Tuesday, the 11th person to be put to death in Texas this year.

Timothy Titsworth, 34, is the first of three scheduled to die this month in the nation's most active capital punishment state. The U.S. Supreme Court refused to review Titworth's case in January.

Evidence showed Titsworth, who dropped out of school before he reached high school and worked as a roofer, was high on crack cocaine at the time of the July 23, 1992, attack.

"I didn't think that I had a problem and didn't accept the help and treatment provided to me," Titsworth, who had walked out of at least two drug treatment programs, wrote on an anti-death penalty Web site. "With my fear, ignorance and denial of the truth that so many others have seen, I ended up here: on Texas death row."

Before the killing, Titsworth had avoided a five-year prison term for auto theft by attending a boot camp for two months, an option available to him as a first-time felony offender. He was released on probation.

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Three months later, he was arrested and charged with capital murder for the slaying of his girlfriend, who died at the mobile home they shared in Amarillo, in north Texas. Christine Sossaman, 26, had been hit about 16 times with a dull two-bladed ax as she slept.

According to court records, a friend of Sossaman testified the victim told her the day before she was killed she intended to ask Titsworth to leave because she believed her boyfriend had been stealing from her. Evidence showed after the attack, Titsworth took her car along with items from the trailer home that he sold to buy more crack cocaine, then returned repeatedly to the murder scene to take more property to sell to purchase more drugs.

He was arrested driving Sossaman's car while on his way to what a companion said was yet another visit to the crime scene to collect more items to sell. By then, however, Sossaman's mother, worried when she couldn't reach her daughter by phone, had discovered the body and alerted police.

"He was just a crackhead," Randall County District Attorney James Farren said. "He got caught with her property in his possession. In addition, he confessed."

In his confession, Titsworth told authorities the two had argued, Sossaman went to bed and he went out to buy crack and a pill he believed was LSD. He told detectives that while high on the drugs, he went to the mobile home where Sossaman was sleeping, got the ax from a closet and blacked out, although he said he did remember hitting the victim four or five times.

Evidence showed the woman lived from 20 minutes to two hours after she was beaten to her head, neck and upper body. A chest wound was so severe her ribs were driven into her lungs, a pathologist testified.

While being held at the Randall County Jail and awaiting trial, Titsworth was among four inmates who escaped by crawling through ductwork. He was captured about 12 hours later.

At his 1993 trial, Titsworth's lawyers argued he shouldn't be convicted of capital murder because evidence showed the slaying was committed while he was under the influence of drugs and that he didn't intend to steal her property. Jurors didn't buy the argument, returning a guilty verdict after deliberating for about an hour.

Titsworth declined to speak with reporters in the weeks preceding his scheduled execution.

"I'm on death row and have fought a hard battle within the appellate courts, only to reach the final stage ... a better man, a stronger soul," he wrote on a Web site that seeks prison pen pals.

Scheduled to die next - on June 20 - is Lamont Reese, 28, who authorities say is a former street gang member convicted of gunning down three people outside a Fort Worth convenience store in 1999.

There have been more than 1,000 executions in the United States since a moratorium on the death penalty was overturned in 1976.

On the Net:

Texas Department of Criminal Justice execution schedule http://www.tdcj.state.tx.us/stat/scheduledexecutions.htm

Timothy Titsworth http://www.ccadp.org/timtitsworth.htm

Pair Charged With Fraud In Homeless Hit-And-Run Cases (LAT)

By Cara Mia Dimassa

The Los Angeles Times, June 6, 2006

Two women in their 70s were arraigned today on nine counts of fraud in connection with multimillion-dollar life insurance policies they took out on two homeless men who were later killed in hit-and-run accidents.

The women, Olga Rutterschmidt and Helen Golay, pleaded not guilty to the charges, which include mail fraud and aiding and abetting a crime in connection with life insurance statements.

Authorities have said that the women are suspects in the 2005 death of Kenneth McDavid and the 1999 death of Paul Vados. The women allegedly took out 19 life insurance policies on the men and eventually cashed in more than $2.2 million in claims after the transients died in hit-and-run pedestrian accidents in Los Angeles.

No charges have been filed in the men's deaths.

U.S. Magistrate Judge Paul L. Abrams ordered a July 25 trial date for Rutterschmidt and Golay, who remain in federal custody.

The two women did not speak to each other while waiting in a glass-curtained area for defendants, and barely looked at each other during the proceedings.

Golay, dressed in an orange jumpsuit, her blond hair teased dramatically upward, spoke softly when Abrams asked her if she understood her rights, her voice barely audible in the federal courtroom.

Her attorney, Roger John Diamond, asked Abrams whether his client could be moved from San Bernardino, where is she is being housed, to a more central location. Authorities made the decision last month to keep the women in separate facilities.

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Diamond also questioned why his client was the one of the duo to be housed farther away. "We have no idea why we have to go to San Bernardino every day," he said.

Abrams denied the request, saying another judge had ordered the women to be held at different facilities. "For whatever reason he did it, I have no reason to second-guess it," he said.

Rutterschmidt, in a pale green jumpsuit, a dark green windbreaker pulled down around her waist, was represented by deputy federal public defender Kim Savo. After the hearing, Savo told reporters that her client's case has been sensationalized by the media.

"No one should be talking about this case in the press, including the government," she said.

"Right now, it's a mail fraud case, and frankly, federal mail fraud cases are about as boring as they get," Savo said.

Also in court were Golay's daughter Kecia Golay and Stella Vados, daughter of Paul Vados. Kecia Golay refused to speak with reporters after the hearing.

But Vados told reporters that "seeing those two women up there was very upsetting."

Her attorney, Gloria Allred, said that Stella Vados hopes to learn everything she can about the women's relationship with her father.

Witnessing Guilt, Ignoring Innocence? (NYT)

By David Feige

The New York Times, June 6, 2006

THE police lineup — in which the anxious eyewitness casts an accusing gaze on a string of sullen men (or women) on the other side of one-way glass — is as much a staple of actual law enforcement as it is of "C.S.I." and "Law & Order." It is also highly flawed. Yet because of a poorly designed study of lineups in Illinois, much-needed improvements to the process may not be forthcoming.

For some time now, scientists, criminologists and defense lawyers have advocated ending the tradition of having the witness view potential suspects all at once and going instead to a sequential method, in which the witness views suspects (or photographs of them) one at a time. Better still is the "double-blind" sequential test, in which the law-enforcement official administering the lineup does not know who is the suspect and who are "fillers."

A pilot project in Minneapolis and a generation of peer-reviewed laboratory experiments have concluded that the sequential method has a smaller error rate than old-fashioned simultaneous lineups. New Jersey now uses sequential lineups, and legislatures or commissions in California, North Carolina, Virginia and Wisconsin have endorsed them.

In April, however, Illinois officials released a study showing the new method was less reliable than the traditional one, based on results in three police districts. According to the study, witnesses using the sequential method picked out an innocent person — someone brought in as a filler — 9 percent of the time, compared with a 3 percent rate for simultaneous lineups (both figures are oddly below the typical error rate in such studies of 20 percent or more).

While these results have heartened police officials and prosecutors who have resisted changing to sequential tests, the study was so rife with methodological errors and biased analysis that it crossed the line between science and advocacy.

It's hard to understate the power of eyewitness testimony in criminal cases. In thousands of cases every year, testimony of a single eyewitness, uncorroborated by forensic or any other evidence, is used to sustain serious felony charges, including robbery and murder. For years, district attorneys have resisted calls to reform lineups, arguing that because double-blind sequential protocols had never been tested on "real" victims outside the laboratory, they shouldn't be adopted in the field. The Illinois project, properly conducted, would have provided an outstanding opportunity to deal with this concern.

The one thing the Illinois experiment did prove was that adoption of double-blind sequential protocols is fairly simple. It also gave more evidence that sequential lineups result in fewer overall identifications: witnesses made ID's in 53 percent of such lineups, versus 62 percent for old-fashioned simultaneous ones. Whether this is an improvement is open to debate.

But the idea that the sequential lineups were less accurate was based on a false premise: that any time the actual suspect was chosen, the result was "accurate." Doing justice in criminal cases is not a matter of identifying the suspect; it's a matter of identifying the actual perpetrator — who may or may not be the suspect. And while the police are often confident in their judgments, the constant stream of exonerations based on DNA testing and other evidence has starkly demonstrated the gulf between their confidence and scientific accuracy.

Significantly, the Illinois study had no way to control for actual guilt. Indeed, because many of the identified suspects are still wending their way through the system, scientists cannot even assess whether the criminal justice process determined that they were guilty. Nor, apparently, did the researchers have access to the case files, making it impossible for them to determine whether there was any forensic or corroborating evidence at all to support the validity of any particular identification.

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Thus to assert that the instances in which the witness singled out the suspect were in fact correct identifications of a criminal is akin to the Alice in Wonderland notion of "sentence first — verdict afterwards."

Another problem with the Illinois pilot project was that it wasn't a true blind study: it allowed police officers who knew the actual suspect's identity to be in the room with the eyewitnesses in the simultaneous lineups, but not in the sequential ones.

And nobody with experience in the justice system would deny that there are plenty of ways, some subtle and some not, for an officer to telegraph to a witness which person in the lineup is the actual suspect. Consequently, comparing an unblinded simultaneous sample to a blinded sequential one is like comparing apples to dolphins.

And then there is the fact that the supposed superiority of simultaneous lineups was detectable in the study's cases in Chicago but not in the nearby Joliet police district. Could it be that big city officers were pushing witnesses toward identifications in circumstances in which their smaller-town brethren are more circumspect?

As with so many aspects of the Illinois pilot study, there is no way to know the truth. But that will not stop police officials and district attorneys from using its pseudo-scientific results as a basis on which to resist the mounting calls for change.

Prosecutors often tell us defense lawyers that they, too, want the fairest possible trials. But when it comes to identifications, it seems they want precisely what the current flawed lineups give them: suspect identifications.

David Feige, a former public defender in the Bronx, is the author of "Indefensible: One Lawyer's Journey Into the Inferno of American Justice."

Cybercrime Spurs College Courses In Digital Forensics (USAT)

By Jon Swartz

USA Today, June 6, 2006

SAN FRANCISCO — One of the hottest new courses on U.S. college campuses is a direct result of cybercrime.

Classes in digital forensics — the collection, examination and presentation of digitally stored evidence in criminal and civil investigations — are cropping up as fast as the hackers and viruses that spawn them.

About 100 colleges and universities offer undergraduate and graduate courses in digital forensics, with a few offering majors. There are programs at Purdue University, Johns Hopkins University, the University of Tulsa, Carnegie Mellon University and the University of Central Florida. Five years ago, there were only a handful.

“I teach students to be like (TV supersleuth) MacGyver,” says Sujeet Shenoi, a computer science professor at the University of Tulsa.

Traditional students, police officers, government employees and aspiring security consultants are taking the courses as more crooks stash ill-gotten data and goods on PCs, PDAs, cellphones, network servers, iPods and even Xboxes.

Students learn where to find digital evidence and handle it without contaminating it. Once preserved, students are shown how to examine evidence and present it clearly during court testimony. “If you revert to geek speak, you can lose a judge, jury and prosecutor,” says Mark Pollitt, a digital forensics professor at Johns Hopkins University who retired in 2003 after 20 years as an FBI agent.

Digital forensics is considered a crucial weapon in law enforcement's escalating war against computer-related crimes. The science is used in criminal investigations; civil cases such as employment lawsuits where personnel records and e-mail correspondence are sought; and by companies faced with cyberattacks. Plus, there are evolving state and federal laws that define how evidence is handled in civil cases.

The evidence is particularly important in the seizure of data for child pornography cases, which comprise a majority of criminal investigations in the USA, says Marcus Rogers, an associate professor who heads the computer forensics program at Purdue University's College of Technology.

The FBI handled more than 9,500 computer forensics cases in fiscal year 2005, which ended in September, compared with about 3,600 in fiscal 2000, according to an FBI briefing.

The crush of cases has domestic intelligence agencies such as the National Security Agency and the CIA, local law-enforcement officials and companies clamoring for experts in finding and preserving digital evidence, security experts says. “There is a thirst in government agencies for (cyberinvestigators),” Pollitt says. There appear to be no shortage of suitors. Since he enrolled in Purdue's master's program last fall, Blair Gillam says he has been approached by recruiters representing government agencies and the private sector.

Taken By Mom, Sought By Dad, Left In A Life Of Uncertainty (WP)

By Sue Anne Pressley Montes

The Washington Post, June 6, 2006

DOJ_NMG_0032072

Thinking back on it now, Carl Dodd realizes he expected too much, but who could blame him? He had waited 13 years to see his daughter again. He wanted to hug her and take her home with him.

But the teenager who greeted him at the police department in April was distant, doubtful. She asked him pointed questions: Why had her mother been arrested? Why were so many reporters around? Sunglasses partially hid her eyes, and when Dodd asked her to take them off so he could really see her, she refused. She made it clear she intended to stay with her grandmother in Wilmington, Del.

The reunion may have ended Dodd's determined search for his daughter, Marilyn Byrd, who disappeared with her mother from Southeast Washington when she was 4. But it was just the beginning of the long road back to a relationship with his only child, now a young woman of 17.

For people who spent their childhoods hiding out with a distraught parent, taking on new identities, the hardest part comes when the child is recovered and so-called normal life resumes. That is when they finally can afford to get angry about being used as a pawn in a nasty battle between the two people they loved the most.

Few understand Marilyn Byrd's conflicting emotions better than three people who spoke recently about their lingering bitterness over childhoods on the lam:

Â· Rebekah Ford, 28, a Wisconsin resident, still shudders as she recalls the most shocking moment of her childhood. It was the day the FBI came to her elementary school and showed her a flattened milk carton with her picture on it. Until then, she did not know that she was a missing child and that her name was not Heather Ann Brown.

Â· Sam Potash of Philadelphia, who just turned 19, can finally speak publicly about the 8 1/2 months he spent on the run with his father when he was 10. He got used to pretending his name was Ben Davis and repeating the lie that his mother -- who was desperately searching for him -- was dead.

Â· One of Liss Hart-Haviv's most vivid memories is trying to comfort her sobbing mother in a phone booth outside a California women's shelter after they had fled from her father. She was 10 and felt so old and alone. She even had a different name. "They called roll call at school, [and] the first thing I did every morning was lie," said Hart-Haviv, now 38 and living in Kalama, Wash.

Three years ago, Hart-Haviv started Take Root, the first national organization for adults who went through such experiences as children. The cases continue to grow: More than 200,000 children are taken each year by a parent or other family member, according to the Justice Department.

Often, the outcome for families is tragic, with feelings damaged beyond repair. "Many of our members end up losing both parents," Hart-Haviv said.

Even their memories feel like mockery.

"We spend a portion of our lives on the run from a parent, then we spend the rest of our lives on the run from our childhood," she said.

Hart-Haviv was 10 when her mother told her that her father was so volatile that they had to run away from their New York City home. "I was a daddy's girl," she said. "I never once thought of him as dangerous until Mom told me on my way out of town."

Life in hiding was lonesome, she said. Her mother worked all the time to support them. "So I raised myself," Hart-Haviv said. "She would come home at the end of the day, leave a microwave dinner for me and go to bed."

Meanwhile, her father was "obsessively" searching for her, she said. A drinking habit worsened, and he developed mental problems. By the time he found her two years later through medical records, too much had changed.

"I was scared of him," she said. "I saw my mother live in extreme fear. We were in hiding. We were afraid of being followed and our phones being tapped and people wondering who we were."

She and her father never fully reconciled. They did not have time; his health failed, and he later died. "I was his entire world," she said. "But he was looking for a little girl I just wasn't anymore. And there was no one to tell us this was understandable."

Twenty-five years later, she calls her relationship with her mother "a work in progress."

"I'm trying to get to the point of forgiveness," she said.Becoming 'Ben'

Today, Sam Potash is a tall, healthy-looking 19-year-old with a friendly manner -- and a matter-of-fact attitude about the nightmares and emotional problems he suffered after he was recovered. He recently completed his freshman year at Temple University and talks about becoming a social worker to help youths in the same predicament.

"It doesn't feel like it really happened to me anymore," he said in an interview at his mother's Philadelphia home. "It feels like a story."

His story began in July 1997 when his father, who was supposed to drop 10-year-old Sam off at a camp in New Jersey, kept driving. He drove across Canada and on to California and Texas, spending money wildly on gadgets and toys and telling Sam they were going to have a great time. Later, the boy would learn the source of the giddy display of generosity: His father

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had emptied Sam's $40,000 college-savings fund. After the money ran out in less than a year, Sam's father telephoned a cousin, who notified authorities.

When Abby Potash flew to Dallas to retrieve her son, she was struck by how big he had become; he had gained 30 pounds. "I never went outside," Sam says. He was so accustomed to calling himself "Ben" that, on the flight home, he told the airline attendant that that was his name. Later, he would tell his mother that he never contacted her because he was afraid of being arrested. His father, who lives in another state and phones Sam once in a while, served 16 months in jail.

Counseling was little help as Sam tried to put his life back together. He did not think the therapist could relate to what he had been through. For a long time, he was inexplicably mad at his mother, as if he wanted to make true all the negative things his father had said about her.

"He kept trying to push me to the wall," Abby Potash said. "When he first came home, I was afraid to discipline him."

Sam said he got the most comfort from talking to people who had been through a similar experience. He compares it to surviving cancer, and he is still trying to sort out his emotions.

"After seven years of struggling to find out who I am, I realize I can't," he wrote at the end of his college application essay. "All I know is, for the first time in my life, I can respond with the confident answer of at least a name: I am Sam."Finding a Way to Heal

There is hope of a happy ending. Rebekah Ford once thought that impossible, back when she found out she was not an only child, that she had a father who loved her after all.

Ford had known, deep down, that something was terribly off about her isolated life with her mother. But the truth struck her as "so unreal." The face of the 4-year-old on the milk carton was hers, but she, then 12, did not recognize herself. Her mother was under arrest, her father would be taking her home to a Chicago suburb, she had three older siblings. "I cried and cried. I was so confused," she said.

Looking back on it now, she said, her father set the standard for how to behave in such uncharted waters. He kept things light, asking her what sports she liked, telling her, "You're going to love it at our house," when she replied. Through her hurt, she liked him instantly, she said, but he was a stranger.

"We just talked," she said. "I was this awkward 12-year-old with glasses and a ponytail. I told him I wanted some L.A. Gears when I got home. . . . We talked about everything and anything, not, 'Do you know why your mom took you?' He approached things very nonchalantly, very casually."

It has taken much longer to reconnect with the mother who whisked her away. "There were times I had anger I didn't know what to do with," she said. "I was primarily angry at her. I was angry at the whole situation."

Her father made Rebekah keep in touch with her mother, but it was not until recently, when the grown-up Ford spoke on the subject of parental abduction at a Nashville convention, that her mother telephoned her with the message she had hoped to hear.

"She said, 'I'm really proud of you and what you're doing, and I'm really sorry,' " Ford said. "I think she is sorry, but she feels justified at the same time. I think she wishes it hadn't happened."Reconnecting, Slowly

For now, Carl Dodd is taking baby steps.

He and his wife, Paula, returned home to Fort Washington without his daughter after their disappointing meeting. "I guess I could have made her come by force," Dodd said, "but I didn't want her to come down here and be miserable."

He mailed her a belated birthday card with money inside. He knew it could not make up for the fact that it was her 17th birthday the day U.S. marshals finally found her and took her mother, Mary Jane Byrd, to jail. But Dodd wanted to mark the event somehow, to show his daughter he remembered.

Charged with a felony, Byrd was released from a D.C. halfway house last week, a move that indicates how tangled and sensitive this issue is. Although Dodd was awarded full custody of Marilyn a few months after she disappeared, the judge allowed Byrd to return to Delaware to live with the daughter she is accused of abducting until her trial this year. Dodd said the development would not change his game plan of taking things slowly.

Recently, he mailed Marilyn a cellphone and asked her in a note to let him know when she had received it. When she called to thank him, he considered it a small but important victory.

Now they talk on the phone once or twice a week, no big-deal topics, nothing much more than pleasantries. She is seeing a counselor, but they do not talk about that.

"The conversations are getting better," he said. "They're still like, 'Hi, how you doin'?' 'Fine.' And, 'Call me if you need anything.' But she says a couple of more words each time."

He is thinking about another face-to-face meeting. But he knows he might have to wait a little longer. "I'm still being patient," he said.

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CIVIL LAW:

No Relief For Reporters Seeking To Shield Sources (CSM)

By Warren Richey

The Christian Science Monitor, June 6, 2006

WASHINGTON - Four journalists have lost their bid to reverse a judge's order to either disclose their confidential sources or face $500 per day in fines.

The US Supreme Court on Monday declined to take up the reporters' cases to examine whether a generally recognized "reporters' privilege" against revealing sources should extend to a civil lawsuit brought by former nuclear-weapons-lab scientist Wen Ho Lee.

The action marks the second time in a year that the justices have let stand a judicial order seeking to force members of the media to renege on professional pledges of confidentiality made to government officials to obtain information for their news reporting.

The high-court action comes days after five media organizations agreed to pay $750,000 as part of a $1.6 million settlement of Mr. Lee's Privacy Act case. To some media analysts, the settlement sets a dangerous precedent of media companies paying to protect their reporters' pledges to keep confidential sources anonymous.

"It is going to make it much more difficult for reporters to cover stories about issues that might end up in federal court," says Lucy Dalglish of the Reporters Committee for Freedom of the Press. Recent developments, she adds, highlight the need for a federal reporters' shield law.

In June 2005, the Supreme Court declined to hear an appeal by New York Times reporter Judith Miller and Time correspondent Matt Cooper. Ms. Miller spent 85 days in jail before agreeing to testify to a grand jury investigating who leaked CIA employee Valerie Plame's identity.

The action Monday at the high court arises from a civil suit filed by Lee, a former computer scientist at Los Alamos National Laboratory. In news reports in 1999, Lee was identified by unnamed officials as a potential target of a government investigation into Chinese efforts to obtain US nuclear secrets. No espionage charges were ever filed. Lee was charged with mishandling classified information and eventually agreed to plead guilty to one count.

But the matter didn't end there. Lee sued, claiming that officials at the Justice and Energy Departments and at the FBI violated his privacy rights by revealing private details of his life from government files to members of the press. Lee's lawyers questioned 20 officials - and called upon journalists to disclose who told them the private details they reported. The journalists refused to reveal their sources, and a federal judge found them in contempt of court.

The journalists were from The New York Times, the Los Angeles Times, the Associated Press, and CNN.

A US appeals court panel upheld the ruling. While reporters enjoy a privilege against forced disclosure of their sources in some circumstances, it said, Lee's suit required their cooperation to uncover the source of the alleged wrongdoing.

Free-press advocates saw the appeals court ruling as a setback.

"This decision has far-reaching implications for the ability of journalists to inform the public about the operations of its government and misconduct in the private sector," wrote Washington lawyer Lee Levine, in a legal brief urging the high court to take up the reporters' case.

Supreme Court Turns Down Reporter Appeals In Lee Case (WSJ/AP)

By Associated Press

The Wall Street Journal, June 6, 2006

WASHINGTON -- The Supreme Court rejected an appeal from news organizations fighting to protect confidential sources, refusing to consider the case of four reporters in legal trouble over their stories about former nuclear weapons scientist Wen Ho Lee.

The court's action, released Monday, was taken without comment. Late last week, Mr. Lee, who had sued the government for violating his rights under the Privacy Act, settled the lawsuit. He will receive $1.6 million from the government and five news organizations.

Journalists had been in civil contempt of court for refusing to disclose who leaked them information about an espionage investigation of Mr. Lee. The four reporters are H. Josef Hebert of the Associated Press, James Risen of the New York Times, Bob Drogin of the Los Angeles Times and Pierre Thomas, formerly of CNN and now working for ABC News.

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The $750,000 payment by the news agencies is the first of its kind in recent memory, and perhaps ever, legal and media experts said. The companies bluntly said they agreed to the sum to forestall jail sentences for their reporters, even larger payments in the form of fines and the prospect of revealing confidential sources.

Justices could have dismissed the appeal based on the out-of-court settlement. Instead, they flatly rejected the appeals, which had been filed on behalf of the reporters during the legal wrangling with Mr. Lee.

Justice Stephen Breyer did not participate.

The cases are Drogin v. Lee and Thomas v. Lee.

In Wen Ho Lee Case, A Blow To Journalists After The Fact (WP)

By Charles Lane

The Washington Post, June 6, 2006

Adding a coda to the legal battle between Wen Ho Lee and the media, the Supreme Court announced yesterday that it would not hear the appeals of reporters facing court orders to testify in Lee's lawsuit against the U.S. government.

The court spoke even though the case was over. Lee's lawsuit was settled on Friday, with the government and five media organizations supplying more than $1.6 million to Lee and his attorneys.

The reporters no longer face contempt-of-court penalties for not naming their confidential sources, and their attorneys had been expected to file papers with the court asking it to dismiss the matter as moot.

But the justices had met to consider the appeals last Thursday. They knew by then that settlement talks were underway and postponed a decision to allow time for negotiations.

Indeed, a day before the court's conference, a court aide contacted Lee's attorney, Brian A. Sun, to check on the progress of settlement talks. Sun said that agreement was very close, according to lawyers knowledgeable about the case. Sun declined to comment. The court was informed of the settlement on Friday.

The court's action leaves intact a ruling by the U.S. Court of Appeals for the District of Columbia Circuit, which found that the reporters had no legal right to shield the names of their sources.

Yesterday's order is not a ruling on the legal issues in the case, but it does make it clear that the court saw no reason to review the D.C. Circuit's decision. Permitting the case to fade away at the request of the reporters who brought it would have left that point unmade.

Justice Stephen G. Breyer did not participate in the case, for reasons that, as is customary when justices recuse themselves, he did not detail.

Media Sources Need A Shield (LAT)

The Los Angeles Times, June 6, 2006

FIVE NEWS ORGANIZATIONS — including the Los Angeles Times — agreed last week to pay a total of $750,000 to Wen Ho Lee, a former nuclear scientist who was arrested in 1999 and jailed for nine months as part of an espionage investigation at the Los Alamos National Laboratory in New Mexico.

The payments, part of a negotiated settlement of Lee's lawsuit accusing the U.S. government of leaking information to the media from his personnel files, mean that reporters for The Times and the other news organizations won't be punished for declining to identify confidential sources.

Some free-press advocates expressed concern that the payments would encourage the subjects of other stories based on confidential sources to seek similar payments.

But that slippery slope can be avoided if Congress follows the example of two-thirds of the states (including California) and enacts a "shield law" providing limited but real protection to journalists' confidential sources.

The Senate and the House are considering different versions of the Free Flow of Information Act. Both bills would require that journalists be questioned about confidential sources only after investigators or other parties have exhausted attempts to obtain the information elsewhere — a codification of current Justice Department guidelines.

Equally important, both bills also would allow judges to weigh the reporter's privilege against the importance of the government's interest in breaching confidentiality. The Senate bill eloquently emphasizes that two public interests must be balanced: "the public interest in compelling disclosure and the public interest in news gathering and maintaining a free flow of information to citizens."

Where the bills differ is in the definition of those who could assert the confidentiality privilege.

The Senate bill, supported by Judiciary Committee Chairman Sen. Arlen Specter (R-Pa.), defines a journalist as someone who "for financial gain or livelihood" reports, writes or takes photographs for a newspaper, book publisher, radio or television network or "Internet news service."

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The House bill extends the privilege to anyone who "publishes a newspaper, book, magazine or other periodical in print or electronic form" — a formulation that is friendlier to bloggers and student journalists but is too sweeping for some members of Congress.

We favor this broader approach, but not to the point of blocking legislation that could bring federal protections at least in line with those offered by California and states with similar laws.

The California law, which is part of the state Constitution, protects "a publisher, editor, reporter or other person connected with or employed upon a newspaper, magazine or other periodical publication, or by a press association or wire service, or any person who has been so connected or employed." (Recently a state appeals court extended the law's protection to online news services as well.)

The day may come when Congress or the states will provide greater legal protection for bloggers and "nonprofessional" journalists. For now, the priority is to make federal law at least as protective of traditional journalists' confidential sources as the laws of most of the states

Justices Limit Companies' Use Of Racketeering Lawsuits (AP)

By Toni Locy, Associated Press Writer

AP, June 6, 2006

WASHINGTON (AP) The Supreme Court on Monday limited the use of civil anti-racketeering laws by companies seeking damages for allegedly illegal acts by their competitors.

In two separate cases, the high court tackled the growing controversy over the increased use of civil provisions of a federal law that was designed to root out organized crime from legitimate businesses.

By an 8-1 vote, justices reversed an appeals court decision that had allowed Ideal Steel Supply Corp., a New York steel mill product supplier, to sue its chief competitor, National Steel Supply Inc., owned by Joseph and Vincent Anza.

The high court also dismissed a case it had heard arguments on in April involving Mohawk Industries Inc., a Georgia floor-covering company sued by a group of its workers for allegedly suppressing wages by hiring illegal workers.

Justice Anthony M. Kennedy, writing for the majority in the steel company case, said the victim of racketeering must suffer ``direct'' injury from illegal acts.

Ideal Steel Supply alleged that National Steel Supply defrauded New York state tax authorities by offering lower prices minus taxes to customers who paid in cash.

But Kennedy said the direct victim of the fraud was not Ideal Steel Supply but New York state.

In the other case, justices backed out of deciding the Mohawk Industries appeal, in which they heard arguments in April.

At that time, several justices voiced skepticism over whether the floor-covering company can be sued under anti-racketeering laws for allegedly using recruiters to find and hire illegal immigrants.

The Bush administration had sided with the workers, urging justices to allow the lawsuit to go forward.

Both cases were sent back to the appeals courts to resolve minor issues.

The high court's action is significant because it probably will affect both criminal and civil uses of the anti-racketeering law, particularly by the Justice Department. Federal prosecutors have long used the law to seek money damages from crooked unions and pension funds.

In a dissent in the steel company case, Justice Clarence Thomas said the high court's decision goes too far and is likely to have unintended consequences.

Thomas said he agreed with the majority's goal of limiting the use of the civil provisions of the Racketeer Influenced and Corrupt Organizations Act of 1970.

But Thomas said the high court's decision also will block ``honest businessmen'' from seeking redress in the courts when a competitor plays unfairly.

Often, he said, there are multiple victims in a racketeering scheme and it would be unfair for courts to say that only some of them have a right to file a lawsuit.

As a result, Thomas said, the majority decision is at odds with Congress' intent in passing the civil anti-racketeering provisions of the law.

The cases are Anza v. Ideal Steel Supply, 04-433, and Mohawk Industries v. Williams, 05-465.

CIVIL RIGHTS:

Justice Department Monitors Elections In Seven Calif. Counties (AP)

DOJ_NMG_0032077

AP, June 6, 2006

Washington, D.C. (AP) -- The U.S. Department of Justice said Monday that it will monitor Tuesday's primary election in seven California counties to make sure officials adequately serve voters who don't speak English.

Alameda, Orange, San Benito, San Diego, San Mateo, Santa Clara and Ventura counties all are required to provide election information, ballots and voting assistance information in one or more minority languages under the 1965 federal Voting Rights Act.

In San Diego County, for instance, officials settled a federal lawsuit in 2004 by agreeing to provide voting materials in Spanish, Tagalog and Vietnamese, along with poll workers who can translate in those languages.

Alameda County is using paper ballots in Tuesday's primary because its 4,000 Diebold Election Systems touchscreen machines failed to meet federal and state standards. That is expected to cause delays in reporting the election outcome because the county does not have enough optical scanners to count the ballots at all polling places.

Alameda could help determine the outcome of tight Democratic races, including the nominee for governor, because it is home to 5.7 percent of the state's registered Democrats.

In each of the seven counties, observers directed by lawyers from the department's Civil Rights Division will watch and record voting activities at polling places. The department also will monitor elections in Alabama, New Jersey, New Mexico and South Dakota, all of which have primary elections on Tuesday.

Last year the department monitored 47 elections in 14 states. It fielded a record nearly 2,000 observers in 2004 to monitor 163 elections in 29 states.

Congress and California both increased voting standards and monitoring after problems in Florida during 2000 delayed the outcome of the presidential election.

Justice Department To Monitor Hale County Elections (AP)

AP, June 6, 2006

The federal government will monitor polling place activities during primary elections in Hale County, Ala., on Tuesday to ensure compliance with the Voting Rights Act, the Justice Department announced Monday.

Hale County is one of 18 counties in Alabama, California, New Jersey, New Mexico and South Dakota to be monitored during Tuesday's voting.

Federal observers will watch and record activities during voting hours at polling locations to ensure that the rights of voters to participate in the election is not denied on the basis of their race. The department sends hundreds of observers each year to monitor elections across the country.

Debate On Gay-marriage Ban Splits Senate, Public (USAT)

By Andrea Stone

USA Today, June 6, 2006

WASHINGTON — The Senate began debate Monday on a constitutional amendment to ban same-sex marriage, as President Bush told supporters at the White House that marriage should not “be redefined by activist judges.”

Advocates on both sides say there's virtually no chance the Senate will muster the 67 votes needed to approve the amendment when the Senate votes Wednesday. Backers could get just 48 votes on a preliminary vote when the Senate debated it in 2004.

With five months to go before Republicans try to hold on to their majority in congressional elections this November, however, the goal may not be so much to win as to raise this and other issues that energize conservative Republicans.

The Senate is also scheduled to take up a bill to repeal the estate tax and a constitutional amendment to ban desecration of the American flag. Like the gay-marriage ban, both have been debated and rejected before.

Democrats attacked the decision by Senate Majority Leader Bill Frist, R-Tenn., to spend time on these issues. “The reason for this debate is to divide our society,” said Senate Minority Leader Harry Reid, D-Nev. “It is this administration's way of avoiding the tough, real problems.”

“The Senate needs to act now,” Frist said recently. “The American people deserve a full debate … before marriage is redefined for everyone.”

Debating issues such as gay marriage appeals to core voters Republicans will need this fall, says Jennifer Duffy, an analyst at the non-partisan Cook Political Report. “It plays into their fear” that if more Democrats are elected, issues like this will fare even worse, she says.

A Gallup Poll last month found the public divided over whether to change the Constitution to ban gay marriage: 50% favor an amendment, and 47% oppose it.

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The White House also is split. Vice President Cheney, whose daughter Mary is gay, says the issue should be left up to the states.

A federal amendment would reverse a 2003 Massachusetts court ruling that legalized gay marriage and head off similar decisions by judges in other states. It also would halt legal challenges to amendments in 19 states that bar same-sex marriage in their constitutions. Last year, a federal judge overturned Nebraska's amendment, which was approved by 70% of voters in 2004.

“Marriage is under attack,” said Sen. Wayne Allard, R-Colo., the federal amendment's chief sponsor. “As a legislature, I don't think we should stand back and surrender this issue to the courts.”

A constitutional amendment must be approved by two-thirds of both the House and Senate and then ratified by 38 of 50 states to become law. Allard said he won't get the 67 votes to approve it in the Senate, but he predicted a “significant milestone”: a majority approval for the first time. Allard and the Human Rights Campaign, a gay advocacy group, expect a 52-48 vote. Almost all Senate Democrats oppose the measure, as do several moderate Republicans.

Amendment supporters say that the issue cuts across party lines and that Democratic African-American ministers and inner-city Hispanic activists favor a ban. But some in Bush's own party are dissatisfied with his commitment to the issue.

“He needs to twist some arms” to get the needed votes, says Paul Weyrich of the conservative Free Congress Foundation. “There's no evidence he's doing that.”

Senate Debates Measure To Ban Gay Marriage (LAT)

By Maura Reynolds And James Gerstenzang

The Los Angeles Times, June 6, 2006

WASHINGTON — The Senate opened debate Monday on a constitutional amendment to ban same-sex marriage, an issue Republican strategists hope will help drive conservative voters to the polls during fall congressional elections.

At the White House, President Bush tried to rally support for the amendment, even though its backers said it was expected to fall well short of the 67 votes needed for passage.

"Marriage is the most fundamental institution of civilization, and it should not be redefined by activist judges," Bush told supporters. It was the second time in three days that the president spoke in favor of the amendment, a topic he had barely touched since he energized conservative loyalists with his support for the measure during the 2004 presidential campaign.

In a 10-minute address interrupted 11 times by applause, the president repeatedly referred to courts and judges — calling them "activist" and "over-reaching." If a court overturns the federal Defense of Marriage Act, Bush said, "every state would have to recognize marriage as redefined by judges in, say, Massachusetts or local officials in San Francisco, no matter what their own state laws or their state constitutions say."

The 1996 law says that states are not required to recognize same-sex marriages contracted in other states. But supporters of the constitutional amendment say the law faces challenges in several states, making the amendment necessary. They say the country's social foundation is threatened by moves in Massachusetts and elsewhere to expand the definition of marriage to include same-sex couples.

Opponents say that marriage laws are the purview of the states, not the federal government. They complain that the amendment would formalize discrimination against a social group.

On the Senate floor, supporters of the amendment echoed Bush's arguments.

"We're here today at the threshold of the democratic process — that is, a constitutional amendment — because marriage is under attack," said Sen. Wayne Allard (R-Colo.), the amendment's sponsor. "I believe that because the institution of marriage is too precious to surrender to the whims of a handful of unelected activist judges, now is the time to send to the states a constitutional amendment that protects traditional marriage and prevents judges from rewriting our traditional marriage laws."

A procedural vote on the measure is slated for Wednesday. Democrats accuse Republicans of scheduling the debate to help organize voter turnout in November, when Republicans appear to face the toughest election challenge since they won a majority in Congress in 1994.

"For me it is clear the reason for this debate is to divide our society, to pit one against another," said Senate Minority Leader Harry Reid (D-Nev.). "This is another one of the president's efforts to frighten, to distort, to distract and to confuse America. It is this administration's way of avoiding the tough, real problems that American citizens are confronted with each and every day."

White House Press Secretary Tony Snow acknowledged there was a "political dimension" to Bush's speech, because the measure was before the Senate, but said in response to a question, "I don't think it's posturing."

As for making same-sex marriage a priority at a time when issues such as the war in Iraq have hurt Bush's poll numbers, Snow said the president could "deal with more than one issue at a time."

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Bush spoke at the Eisenhower Executive Office Building, next door to the White House. Some of those invited had been told the session would take place in the White House Rose Garden, a location that would have elevated the status of the meeting, but without explanation the venue was shifted.

Bush's position on the marriage amendment is at odds with Vice President Dick Cheney's, whose daughter Mary is a lesbian. Cheney has said Americans should be more accommodating of relationships that differ from traditional marriage.

Bush Rallies Gay Marriage Opponents (AP)

By Laurie Kellman

The Associated Press, June 5, 2006

Cheered by conservative supporters, President Bush gave a push Monday to a constitutional amendment to ban same-sex marriage as the Senate opened debate on an emotional, election-year measure that has little chance of passing.

"Our policies should aim to strengthen families, not undermine them," Bush said in a speech. "And changing the definition of marriage would undermine the family structure."

All Senate Democrats, except Ben Nelson of Nebraska, oppose the amendment, and critics say Bush's efforts are primarily aimed at energizing conservative voters for the November elections. Together with moderate Republicans, the Democrats are expected to block a yes-or-no vote, killing the measure for the year.

"This proposed constitutional amendment is being used to satisfy the most extreme right-wing supporters and politicians," said Sen. Patrick Leahy (news, bio, voting record), D-Vt. "The Constitution is too important to be used for such a partisan political purpose."

Sen. Wayne Allard (news, bio, voting record), R-Colo., who sponsored the measure, acknowledged that politics played a part in the timing of the debate, but for a different reason: to force senators to take a stand and answer for their votes on the campaign trail.

"We ought to have a vote on the amendment every year," Allard said.

The amendment would prohibit states from recognizing same-sex marriages. To become law, it would need two-thirds support in the Senate and House, and then would have to be ratified by at least 38 state legislatures.

The White House played down the significance of the 10-minute presidential event, saying Bush was simply speaking out on an issue being debated on Capitol Hill. Press secretary Tony Snow said the president was not personally lobbying senators to pass the amendment.

Bush also pressed for it in his radio address on Saturday.

"I'm not sure this is a big driver among voters," Snow said.

Bush said a constitutional amendment is needed because laws that state legislatures have passed defining marriage as being between a man and a woman are being overturned by a few judges.

"When judges insist on imposing their arbitrary will on the people, the only alternative left to the people is an amendment to the Constitution — the only law a court cannot overturn," the president said.

Bush also rebuffed critics who argue that the amendment conflicts with the GOP's opposition to government interference and the importance of states' rights.

"A constitutional amendment would not take this issue away from the states, as some have argued," Bush said. "It would take the issue away from the courts and put it directly before the American people."

First lady Laura Bush said recently that while Americans want to debate the issue, "I don't think it should be used as a campaign tool."

Vice President Dick Cheney, whose daughter, Mary, is a lesbian, splits with Bush on the issue. Cheney said he thinks Americans should do everything they can to accommodate any type of relationship, and that there should not necessarily be a federal policy in this area.

Human Rights Campaign President Joe Solmonese said Bush was favoring an amendment that would give Americans license to discriminate against homosexuals.

"The fact that he's out of step with the first lady and the powerful vice president tells me who he's answering to today," Solmonese said.

More than half of Americans, 58 percent, said in an ABC News poll released Monday that same-sex marriages should be illegal. But only four in 10 said they support amending the Constitution to ban gay marriage, while a majority said states should make their own laws on gay marriage.

With Bush taking center stage on the issue, advocates on both sides of the issue rushed to comment.

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On the left, Caroline Fredrickson, director of the ACLU legislative office in Washington, said lawmakers rightly rejected the amendment in 2004 and should do so again. "Discrimination has no place in America, and certainly not in our founding document," she said.

On the right, Matt Daniels, president of the Alliance for Marriage, argued that same-sex marriage advocates are trying to circumvent the democratic process and redefine marriage through the courts. "Marriage is the social glue that unites the two halves of the human race to share in the enterprise of raising the next generation," Daniels said.

Bush Reiterates Support For Amendment Banning Gay Marriage (KRT)

By William Douglas

Knight Ridder, June 5, 2006

WASHINGTON - For the second time in three days, President Bush implored the Senate to pass a constitutional amendment banning gay marriage, saying Monday that the issue needs to be wrestled away from "overreaching judges" and placed in the hands of the American people.

Critics on both sides of the debate accused the president of playing politics with the socially sensitive issue by seeking to rouse social conservatives to support Republicans in this congressional election year even if the cause has no realistic hope of enactment. Bush's talk came as the Senate continued debate on a measure that isn't likely to win the two-thirds majority vote in both the Senate and House of Representatives that the Constitution requires.

"Marriage is the most fundamental institution of civilization and it should not be redefined by activist judges," Bush said following a meeting with amendment supporters in the White House. "Our policies should aim to strengthen families, not undermine them. And our changing the definition of marriage would undermine the family structure."

Senate Minority Leader Harry Reid, D-Nev., said the White House is using the gay marriage issue to try to divert attention from the war in Iraq, high gasoline prices and other issues that aren't going the administration's way.

"This is another one of the president's efforts to frighten, to distort, to distract and to confuse America," Reid said. "It is this administration's way of avoiding the tough, real problems that American citizens are confronted with each and every day."

The Log Cabin Republicans, a Republican gay and lesbian organization, called the amendment a "politically motivated" effort to "write discrimination into the U.S. Constitution."

"The president's call for `tolerance and civility' while advocating discrimination rings hollow," Log Cabin President Patrick Guerriero said in a written statement.

Bush told conservative religious leaders, educators and social activists that he's supporting the Marriage Protection Amendment in the Senate because traditional marriage - between a man and a woman - is under fire.

"This national question requires a national solution," he said. "An amendment to the Constitution is necessary because activist courts have left our nation with no other choice. When activist judges insist on imposing their arbitrary will on the people, the only alternative left to the people is an amendment to the Constitution, the only law a court cannot overturn."

The Senate measure states: "Marriage in the United States shall consist only of the union of a man and a woman. Neither this Constitution, nor the constitution of any state, shall be construed to require that marriage or legal incidents thereof be conferred upon any union other than the union of a man and a woman."

Sponsors of the amendment say it gives room for state legislatures to approve civil unions for same-sex couples.

Bush's unequivocal support of the act impressed some in his audience who have questioned his commitment to conservative causes.

"I was very pleased with what the president said," said James Dobson, founder of Focus on the Family, a conservative Christian organization. "I would prefer the amendment prohibit civil unions, but we will take what he can get."

Paul Weyrich, chairman of the conservative Free Congress Research and Education Foundation, was less impressed.

"He is not serious about the amendment," Weyrich said. "He's reluctantly gotten back in the fight, but he doesn't like it. The rhetoric is fine, but to get anywhere he's got to twist arms and he's not doing it. You know the U.S. Senate - they won't do anything unless extraordinary pressure is put on them."

The amendment faces daunting odds in the Senate. Only one of the 44 Senate Democrats - Sen. Ben Nelson of Nebraska - has expressed support for the measure. Support among the Senate's handful of moderates among 55 Republicans is scant. The Senate's lone independent, James Jeffords of Vermont, tends to vote with Democrats.

The Constitution requires approval by two-thirds of both the House and Senate to forward a constitutional amendment to the states, and three-quarters of state legislatures also must approve it to change the nation's fundamental legal charter.

Bush said the Senate proposal reflects the will of Americans who "have spoken clearly on this issue" through state referendums and the 1996 passage of the Defense of Marriage Act, which then-President Clinton signed.

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But a recent Gallup Poll shows that issues such as same-sex marriage are a low priority for most Americans at this time. In the poll, conducted last month, 42 percent of Americans said Iraq should be the top priority for the president and Congress, while only 1 percent said ethics/moral, religious/family decline issues should top their agenda.

(EDITORS: The survey mentioned in the last graf was conducted May 22-24 with 1,003 adult respondents ages 18 and older. The margin of error is plus or minus 3 percentage points.

Bush Promotes Amendment To Define Marriage, Ban Same-Sex Unions (BLOOM)

By Richard Keil

Bloomberg, June 6, 2006

June 5 (Bloomberg) -- President George W. Bush, facing record low job-approval ratings, renewed his support for a constitutional ban on same-sex marriages as he and his Republican Party seek to rally supporters ahead of the November congressional elections.

``You are here because you strongly support a constitutional amendment that defines marriage as between a man and a woman,'' Bush told a group of activists and supporters today at the White House. ``I am proud to stand by you.''

Speaking just before the Republican-controlled Senate opened debate on the issue, Bush said amending the U.S. Constitution would prevent ``activist judges'' from redefining the institution of marriage by striking down state laws limiting state-sanctioned unions to heterosexual couples.

The president was addressing for the second time in three days an issue that had dropped on his agenda since the 2004 election. While White House Press Secretary Tony Snow said Bush was simply following a common practice of commenting on legislative matters pending before Congress, Bush's Democratic opponents said the timing has more to do with politics.

Senate Democratic leader Harry Reid of Nevada said in an e- mail to supporters that Republican Senate leaders should be addressing gasoline prices, health care costs and the Iraq war.

``But there's an ugly truth: it's election season and down- in-the-polls Republicans are turning to their same old playbook - fear and division,'' Reid wrote. Senate Majority Leader ``Bill Frist, in an attempt to appease extreme right wing elements of the Republican Party, has promised that the Senate will vote on the Federal Marriage Act.''

Shoring Up Support

Republicans are reviving the same-sex marriage ban as part of an effort to ``shore up their base'' before the congressional elections, said L. Michael Seidman, a Georgetown University law professor. As written, the Senate's amendment proposal wouldn't overturn state laws like one in Massachusetts that broadened the definition of marriage.

Snow said the timing was a product of the Senate's legislative schedule, set by Frist and other Republican leaders without input from Bush.

While Bush's views on gay marriage haven't changed, he and his party have paid greater attention to the issue during election years.

On Feb. 24, 2004, as his re-election campaign was getting underway, Bush called for a constitutional amendment banning same-sex marriage, a position also taken by his 2004 opponent, Democratic Senator John Kerry of Massachusetts.

Senate Support

Shortly after winning re-election, Bush told The Washington Post in a January 16, 2005, interview that while he still supported the amendment, he would not lobby heavily for its passage because he believed that until a federal court overturned the Defense of Marriage Act, there would not be enough votes to ensure its passage in the Senate.

There is some evidence that the issue helped Bush in 2004; even though the amendment died in Congress during the run-up to the election, 11 states had measures related to the same-sex marriage ban on their ballots. Bush won nine of those states, including Ohio, which ensured he would serve a second term.

So far, voters in 19 states have approved amendments to their state constitutions that define marriage as being between a man and a woman.

The initiatives were approved by ``decisive majorities,'' Bush said today. ``The American people have spoken clearly on this issue.''

Amending the Constitution requires approval of a 2/3 majority in the House and Senate. The amendment must then be ratified by 3/4 of the states.

``The question is, whether there are the votes in the U.S. Senate to push forward,'' Snow said.

Another is how hard Bush will press lawmakers. On past legislative priorities, such as the $1.85 trillion in tax cuts passed during his first term and immigration legislation now under consideration, Bush has telephoned lawmakers or invited them to the White House for personal lobbying.

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``I'm not aware of any planned phone calls," Snow said. ``Too much is being made of this."

Bush's job approval rating was at a record-low 33 percent in an ABC News/Washington Post poll published May 16, with 65 percent of the 1,103 respondents disapproving of the way Bush is handling his job. That was matched by public disapproval of the way Congress is doing its job.

Debate Begins On Gay Marriage (WP)

By Michael Abramowitz And Charles Babington

The Washington Post, June 6, 2006

President Bush renewed his call yesterday for Congress to approve a constitutional amendment defining marriage as the union between a man and a woman, saying such a step is necessary to keep courts from undermining traditional marriage.

As the Senate began debate on the amendment barring same-sex marriage, the president summoned supporters to the White House to hear his plea that marriage "not be redefined by activist judges." The Massachusetts Supreme Judicial Court has legalized same-sex marriage, and courts in other states have nullified voter-approved referendums that would ban it.

The president's comments cheered conservative activists, coming after a long period of relative quiet from him on an issue many analysts believe was critical to his reelection victories in Ohio and other states in 2004.

But Bush's latest foray on this emotional terrain dismayed Democrats and gay rights advocates, who accused the president of using a wedge issue to regain political momentum after setbacks from Iraq and Hurricane Katrina. They said Bush's political motives were transparent, given that even backers acknowledge the amendment has virtually no chance of being approved in the current Congress.

Aides have portrayed the president as a somewhat reluctant warrior in a battle forced on him by judges who have struck down laws against same-sex marriage in Maryland, New York and other states. The White House itself has been unusually divided on the issue, with Vice President Cheney making it clear that he disagrees with the president and first lady Laura Bush saying the issue should not be made a political tool.

"He does not want to be wrongly seen as driving this debate," said Matt Daniels, president of the Alliance for Marriage, a leading advocate of the constitutional amendment and part of a small group of activists who met privately with Bush before his speech.

Daniels and other conservatives professed themselves content with the president's statement, despite complaints from some of their allies that Bush should be doing more. "I was very pleased with what the president said -- I don't think he could say it much stronger than he did," said James C. Dobson, chairman and founder of Focus on the Family, a prominent conservative voice.

Minutes after Bush's remarks on marriage, the Senate opened debate on the proposed amendment. Democratic leader Harry M. Reid (Nev.) rebuked Republicans for devoting time to the issue rather than addressing high gasoline prices, the national debt and other matters.

"For me, it is clear the reason for this debate is to divide our society, to pit one against another," Reid said. "This is another one of the president's efforts to frighten, to distort, to distract and to confuse America."

The politics of same-sex marriage are complex: Polls suggest the country remains solidly opposed, but the public is more ambivalent about a constitutional amendment. The issue galvanized conservative voters in 2004, but pollsters believe the issue simultaneously weakens Bush's efforts to rebuild ties to moderate voters, who have abandoned him in recent months and have helped drive down his approval ratings.

Republican leaders appear to be betting that a new thrust against same-sex marriage could help the party in this year's midterm elections, especially in such states as Pennsylvania, Montana, Missouri and Ohio, where Senate GOP incumbents face stiff challenges.

But Bush appeared mindful of the minefield he was navigating yesterday. He appeared at a room in the Eisenhower Executive Office Building rather than the more symbolic Rose Garden, where activists were first told he would make his statement. The debate over the amendment, he said, should be conducted with "tolerance and respect and dignity."

Bush also took pains to note the limitations of the proposed amendment, which reads, in its entirety: "Marriage in the United States shall consist only of the union of a man and a woman. Neither this Constitution, nor the constitution of any State, shall be construed to require that marriage or the legal incidents thereof be conferred upon any union other than the union of a man and a woman."

That language, he said, leaves the states free to define other legal arrangements for gay couples -- such as civil unions, proponents of the amendment said. Bush also framed the issue as one being created by courts, an approach that could appeal to conservatives concerned about what they consider judicial excesses though not necessarily same-sex marriage.

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Joe Solmonese, president of the Human Rights Campaign, the leading gay rights lobby, rejected that explanation. "When I hear this whole thing talked about in terms of activist judges, to me it says [they] have got to find another way to talk about discrimination," he said.

With Democrats largely opposed, congressional leaders say neither the House nor the Senate has the two-thirds majority in favor that would be necessary to send the amendment to the states for ratification.

Still, Sen. Wayne Allard (R-Colo.) defended the effort. "Marriage is under attack," he said at a news conference. "The Constitution will be amended whether we pass this amendment or not. The only question is whether it will be amended through the amendment process or by unelected activist judges."

But another Republican -- Senate Judiciary Chairman Arlen Specter (Pa.) -- spoke against the amendment, calling it "a solution in search of a problem." Like Reid and some other senators, Specter said he opposes same-sex marriage but feels states can handle the issue.

With Gay Marriage Ban, Conservatives Keep Score (NYT)

By Jim Rutenberg

The New York Times, June 6, 2006

WASHINGTON, June 5 — President Bush's push for the constitutional ban on same-sex marriage that is being debated in the Senate this week comes as many Republicans and religious conservatives are beginning a campaign to help lawmakers who support it during this year's elections — and to punish those who do not.

Though people on both sides of the debate say they do not expect the amendment to come anywhere near winning approval this week, both sides say they expect it, and an anticipated version in the House, to be used as a conservative litmus test in elections this fall.

"It is true what this vote will do will be to help the voters identify who is and is not supportive of the family," Dr. James C. Dobson, founder of Focus on the Family, said in an interview on Monday. "And I think those that are not are going to have to answer for it."

Dr. Dobson's group is already running advertisements against senators who do not plan to support the amendment, including one against Senator Ken Salazar, Democrat of Colorado, that says, "Why doesn't Senator Salazar believe every child needs a mother and a father?"

Republican Party officials in several states have released statements attacking Democrats who are not expected to vote for the amendment. And another conservative group, the Family Research Council, is planning to ask lawmakers to take "a marriage protection pledge" and then tell voters who signs it and who does not.

Dr. Dobson and other proponents of the ban got a boost on Monday afternoon, when Mr. Bush called on the Senate to approve the measure. "The constitutional amendment that the Senate will consider this week would fully protect marriage from being redefined," Mr. Bush told a room of religious leaders and advocates.

His speech came as the Senate began to debate the proposed amendment, which would define marriage as being between a man and a woman and would prohibit judges from requiring states to grant same-sex couples the legal benefits of marriage.

It was the second time in three days that Mr. Bush made an address supporting the measure. His speeches were part of an effort by the White House to re-energize culturally conservative voters who have long supported Mr. Bush and his Congressional allies, but who are expressing frustration that their issues have not been pushed strongly enough since 2004.

Pollsters have cited demoralization as a major reason for the low opinion ratings for the president and his party this election year, when Republicans are trying to keep control of the Senate and the House.

Republican officials are hoping that the marriage debate will help them as it did in 2004, when 13 state ballot initiatives banning same-sex marriage or civil unions were credited with drawing many conservative voters to the polls and propelling Mr. Bush and Congressional Republicans to victory.

Democrats have called the Republican push for the amendment a diversionary tactic that will not work this year, when voters are focused on other matters like rising gas prices and the war in Iraq. And some pollsters say the issue may not resonate as it did in 2004.

"People are so disillusioned with Iraq and $50 tanks of gas that I don't think it's as much of an attention grabber," said Andrew Kohut, president of the Pew Research Center.

But Republican officials note that up to eight states may have ballot measures to ban same-sex marriage, including Alabama, South Dakota, Virginia and Tennessee, where a court decision on a referendum is pending.

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Chris Devaney, executive director of the Tennessee Republican Party, said a ballot measure would help drive turnout for whoever wins the Republican Senate primary in August. "People voting for this are generally more conservative," he said. "It will definitely have an effect."

The Democrat seeking the open Senate seat, Representative Harold E. Ford Jr., supports the amendment being debated this week.

Elsewhere, some moderate Republicans, including Senators Arlen Specter of Pennsylvania and Olympia J. Snowe and Susan Collins of Maine, have not supported the amendment and are also coming under fire from conservative groups.

The Senate debate on Monday showed just how contentious the issue could become.

"Our nation would be better served if we refrained from divisiveness that is wielded like a weapon in order to score political and emotional points before an election," said Senator Patrick J. Leahy of Vermont, the senior Democrat on the Judiciary Committee.

Republicans argued that the state of marriage and the American family was exactly the sort of fundamental issue that Congress should take up. "It is not bigotry to define marriage as a union of a man and a woman," said Senator Sam Brownback, Republican of Kansas.

GOP Targets Gay Marriage (CSM)

By Linda Feldmann

The Christian Science Monitor, June 6, 2006

WASHINGTON - Gay marriage is back in the political spotlight, as the Senate begins debate on a constitutional amendment banning it and President Bush speaks out on behalf of the measure.

But from the outset, the outcome is nearly certain: There are probably not enough votes in the Senate to build the two-thirds majority needed to pass a constitutional amendment, members of both parties agree. And so, as debate began Monday, analysts were hard put to see any other motive than political for putting the issue forward now.

"It's connected to the fall elections and the situation in the Republican Party," says James Guth, a political scientist at Furman University in Greenville, S.C. "There's no way around that."

With Mr. Bush struggling to win back support of fellow Republicans who have grown discouraged, the president has been under increasing pressure to advocate forcefully on an issue that religious conservatives consider of utmost importance, especially with state court cases under way that could lead to legalization of same-sex marriage. Congress faces even larger political stakes: low public approval ratings, and, unlike Bush, danger of low voter turnout this fall in the midterm elections among social conservatives that could hurt Republicans seeking to maintain their majority.

At the same time, the GOP's efforts at creating a "big tent" image will be put to the test. Some of the most vulnerable members of Congress - many of them moderate Republicans from the Northeast - could be hurt by the debate, as it highlights a point of view less resonant in that part of the country than in others.

The debate could also reverberate further into the future, into the 2008 presidential contest. Sen. John McCain of Arizona, a likely GOP contender, opposes a constitutional amendment defining marriage as between a man and a woman, arguing that the issue should be left up to the states. He has long faced hostility from social conservative leaders over this and other positions, and his recent efforts at reconciliation with this activist wing of the party could be set back by the debate.

Sen. Bill Frist (R) of Tennessee, who is retiring from the Senate at the end of the current term, also may run for president, and so his advocacy for the Marriage Protection Amendment is also seen through the lens of his own possible ambitions. Senator Frist has also scheduled a vote this week on a constitutional amendment banning flag-burning, another measure seen as highly political.

For Bush, after a flurry of action this week on gay marriage, the question could be, what next? If the amendment fails in the Senate, as presumed, he will face continuing pressure to push for this and other measures important to religious conservatives. During his presidency, his pattern usually has been to hold positions consistent with those of religious conservatives, but not to advocate for them as fiercely as religious leaders would like. On constitutional amendments, the president plays no formal role - his signature is not required - so any power he may wield would come through the bully pulpit.

The amendment consists of two sentences: "Marriage in the United States shall consist only of the union of a man and a woman. Neither this Constitution, nor the constitution of any State, shall be construed to require that marriage or the legal incidents thereof be conferred upon any union other than the union of a man and a woman."

Speaking to a bipartisan group of amendment supporters at the White House on Monday afternoon, Bush repeatedly castigated what he called "activist judges" for thwarting the will of the people on same-sex marriage. "Marriage is the most fundamental institution of civilization, and it should not be redefined by activist judges," Bush said.

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But not all religious conservatives are happy with the amendment's wording. One opponent, the Rev. Louis Sheldon of the Traditional Values Coalition, says the amendment amounts to a "hollow gesture" when it comes to protecting marriage and argues that the second sentence, in particular, would in fact allow civil unions and other forms of "counterfeit marriage" in the states.

"Saturday the president said in his [weekly radio] message that this Marriage Protection Amendment does fully protect marriage. It doesn't," says Mr. Sheldon. "So why would you want to break your back and spend millions of dollars in 38 states passing it, even if it did pass the Congress, if it gives the states the right to do the thing that has totally brought all this to a head, civil unions and domestic partners?"

Sheldon represents a minority view among social conservatives, however, and for now, Bush and supporters of the current language are pressing ahead. But even if the measure dies for now in the Senate, the issue will remain alive at the state level. At least six states will have measures on the ballot this year, most of them banning gay marriage, and activists in other states are working on fulfilling requirements for similar measures. In New York, the state's highest court is considering an appeal that could end up legalizing gay marriage there.

Unlike public opinion on other hot-button social issues, such as abortion, Americans' views of gay marriage have been evolving. In March 1996, 27 percent of Americans believed homosexual marriage should be recognized by the law as valid, according to the Gallup Poll. Today that number is 39 percent. Amendment history

Most recent amendment: 1992, the 27th, limiting congressional pay raises.

Last two serious attempts:

· The Equal Rights Amendment, proposed in 1972. It read in part: "Equality of rights under the law shall not be denied or abridged by the United States or by any State on account of sex." It cleared both chambers of Congress and at one time was ratified by 35 states - short of what was needed.

· The District of Columbia Voting Rights Amendment, proposed in 1978. It would have granted Washington, D.C., the full voting rights in Congress of a state. It expired unratified in 1985.

- Staff

Republicans Reignite Hot-Button Issues (WSJ)

By Sarah Lueck And Brody Mullins

The Wall Street Journal, June 6, 2006

WASHINGTON -- Senate Republicans are pushing ahead with votes this week to repeal the estate tax and to ban gay marriage. Neither measure is likely to pass. But party strategists say both issues could help Republicans maintain control of Congress, by rallying demoralized social and economic conservatives, and by forcing divisions between liberal and conservative Democrats.

First up is a constitutional amendment to ban gay marriage, which the Senate is expected to consider tomorrow. President Bush, who has been largely silent on the issue since pushing it during his 2004 re-election campaign, urged passage yesterday in a speech near the White House to religious leaders and other backers of the measure.

Supporters concede they are unlikely to get the 60 votes necessary to cut off debate, much less the two-thirds vote needed to clear the Senate. But they hope the bill can help some embattled candidates at the polls.

One is Ohio Republican Sen. Mike DeWine. A gay-marriage ban on the 2004 ballot in the Buckeye State is widely credited with drawing evangelicals to the polls and helping Mr. Bush narrowly carry that state. But Mr. De-Wine opposed that measure, citing objections to language that he said would invite lawsuits. That is one reason he appears to have trouble rallying social conservatives. This year, Mr. DeWine is a sponsor of the Senate amendment, which doesn't include the language he objected to previously.

In Pennsylvania, where Republican Sen. Rick Santorum is in a close contest to keep his seat, Republicans have highlighted his support of the gay-marriage amendment to help separate him from Democrat Bob Casey Jr. Mr. Casey has blurred his differences with the incumbent on social issues, since he is one of the few prominent Democrats who, like Mr. Santorum, opposes abortion. Mr. Casey said in an April debate that he opposes gay marriage but wouldn't support a constitutional ban, according to the Philadelphia Inquirer.

Republicans "are playing to that smaller group, that group of conservative, Republican, religious people," says John Green, a political-science professor at the University of Akron in Ohio and a senior fellow at the Pew Forum on Religion & Public Life. "In a close election, those people could make a very big difference. If it wasn't a close election, I don't think you'd see it being much of an issue."

Definition of Marriage

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The measure would define marriage as a union of a man and woman and declare that constitutions at the state and federal levels shouldn't be interpreted as requiring that marital status be available to gay couples. The drive for a federal ban gained momentum when the Massachusetts Supreme Court ruled in 2003 that the state's constitution did forbid restricting same-sex marriages.

"This flushes out senators who try to have it both ways," says Tom Minnery, senior vice president of government and public policy at Focus on the Family, which in a recent ad campaign has turned up pressure on Senate Democrats and moderate Republicans to vote for the amendment. "If they don't vote for this amendment, they don't support traditional marriage. It comes down to that."

Indeed, while Democratic leaders oppose the measure, at least one senator facing re-election in a Republican-leaning "red state" is breaking with the party over the issue. Nebraska's Ben Nelson is dropping his opposition and says he will now support the constitutional amendment. He says he changed his mind after a federal judge last year overturned a state-level ban.

Mr. Nelson also plans to split with the majority of fellow Democrats when the Senate takes up estate-tax repeal, likely on Thursday. He won't be the only Democrat on the ballot in a state carried by President Bush making that choice. Bill Nelson of Florida also plans to vote to repeal the tax. Republicans say they may be able to pick up support from two other Democrats running for re-election: Washington's Maria Cantwell and North Dakota's Kent Conrad.

Like the gay-marriage amendment, the estate-tax measure is likely to draw support from a majority of senators, but also to fall short of the 60 votes required to shut off a Democratic filibuster.

Estate-tax repeal could be salvaged by an election-year compromise between a Republican facing a re-election fight in a state that appears to be trending Democratic, and a Democrat in a heavily Republican state.

Republican Sen. Jon Kyl of Arizona has opened talks with Montana Democrat Sen. Max Baucus, the top Democrat on the Senate Finance Committee. New York Democrat Sen. Charles Schumer, who is chairman of the Senate Democrats' campaign arm, is also part of the discussions. Aides say they hope to reach a deal in the next couple of days.

Rather than repeal the tax, the senators are working on legislation that would exempt all but the super-wealthy from paying taxes on their estates at death by exempting as much as $10 million of estates from the tax. The senators are also talking about lowering the tax rates that individuals pay on the value of their estates when they die.

Republicans rolled back the estate tax in President Bush's 2001 tax bill. The tax is being lowered each year from the 55% rate of 2001 until it is abolished in 2010. The rollback expires the following year, returning to 55% in 2011.

A Vote Before Elections

House Republicans vote each congressional session to wipe out the tax. But the Senate has fallen short of the 60 votes needed to follow suit. If senators reach a compromise, Republican leaders in the House are likely to bring it to a final vote before the elections.

But it is unclear if Senate Majority Leader Bill Frist would allow a compromise to come to a vote on the Senate floor. The possible 2008 presidential contender has positioned himself as a champion of abolishing the tax. Giving his blessing to the compromise could hurt his chances with the party's base in primaries two years from now.

Beyond the marriage and tax measures, Republicans in Congress and the White House are looking for other issues to lure conservatives to the polls. The Senate also is likely to debate, perhaps as soon as this month, an anti-flag-burning amendment and might consider a prohibition on transferring a minor across state lines to get an abortion unless her parents give permission.

Republicans need a boost from within their party if they are to maintain their majorities in the House and Senate. As of April, just 27% of conservatives approved of Congress, compared with 53% in January 2005, according to a Wall Street Journal/NBC News poll. That is even lower than Mr. Bush's approval rating among conservatives, which was 60% in April compared with 71% in January 2005.

Bush Pushes Hill On Marriage Measure (WT)

By Stephen Dinan And Amy Fagan

The Washington Times, June 6, 2006

President Bush yesterday told Congress to pass an amendment defining marriage in the U.S. Constitution and send it to the states for ratification, saying that's the only way to decide the issue through the democratic process rather than the courts.

"Take this issue out of the hands of overreaching judges and put it back where it belongs -- in the hands of the American people," he told dozens of leaders from religious and pro-family groups in a speech yesterday.

He said an amendment is the most democratic solution because it requires two-thirds approval in the House and Senate and ratification by legislatures in three-fourths of the states.

The president is staking out a position while trying to avoid being seen as driving the issue for political purposes, and in his 10-minute speech, he blamed "activist judges" and "activist courts" four times for forcing the issue.

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But politics is exactly what Democrats said was going on as the Senate took up the Marriage Protection Amendment yesterday, following through on a promise by Senate Majority Leader Bill Frist, Tennessee Republican.

"They intend to stir up an election-year fight and use it as a campaign tool and a political strategy," said Sen. Patrick J. Leahy, Vermont Democrat. "Right now, we should be addressing America's top priorities, including ways to make America safer or the war in Iraq, or the rising gas prices."

The amendment is not expected to pass -- or for that matter even to garner the 60 votes needed to overcome a Democratic filibuster. A vote is scheduled for tomorrow.

Both Republicans and Democrats are using the debate to try to score political points with supporters.

The National Republican Senatorial Committee (NRSC) used the Senate's marriage-amendment debate to criticize the Democratic challenger to Sen. Rick Santorum, a Pennsylvania Republican facing a tough re-election battle.

They chided Democrat Bob Casey Jr. for not speaking at a Saturday meeting in Pittsburgh of the Stonewall Democrats, a homosexual rights group that supports him. Democratic National Committee Chairman Howard Dean did speak to the group.

"The fact that Casey Jr. is having Howard Dean stand in for him speaks volumes about his political courage," said NRSC spokesman Dan Ronayne. "When given a chance to stand up for something, Casey Jr. comes up empty again."

From the other side, the Democratic Senatorial Campaign Committee sent out an e-mail to supporters yesterday from Senate Minority Leader Harry Reid, blasting Republicans.

"It's election season and down-in-the-polls Republicans are turning to their same old playbook -- fear and division," wrote Mr. Reid, Nevada Democrat. "We need a president and a Congress that doesn't play divisive politics."

The amendment being debated in the Senate reads: "Marriage in the United States shall consist only of the union of a man and a woman. Neither this Constitution, nor the constitution of any State, shall be construed to require that marriage or the legal incidents thereof be conferred upon any union other than the union of a man and a woman."

Mr. Bush said it would create a national definition of marriage but would leave to state legislatures the issue of civil unions or other legal benefit arrangements for unmarried partners.

He called marriage "the most enduring and important human institution" and said changing the definition would undermine it.

Before speaking in an auditorium in the Eisenhower Executive Office Building, the president met in the White House Roosevelt Room for more than a half-hour with a small group of leaders.

Matt Daniels, president of the Alliance for Marriage, which helped craft the Senate language, attended the meeting and said the president and leaders present all agreed marriage should be a unifying issue, not a divisive one.

Mr. Daniels said he told the president that he was raised on welfare by a single mother in Spanish Harlem in New York. He said Mr. Bush marveled at that, saying, "That's a long way from where I grew up."

Mr. Daniels said he responded that the issue of marriage "bridges the gap of where you come from and where I come from."

Conservative leaders said they were happy with Mr. Bush's emphatic endorsement of the amendment.

"It left no room for misinterpretation," said Tony Perkins, president of the Family Research Council.

One key question for conservatives is how much effort the president will put into working senators on the issue.

Both Mr. Perkins and James Dobson, founder of Focus on the Family, said they expected the White House to make phone calls to senators on the issue as a way of showing their commitment, but the White House did not rule that in or out.

White House press secretary Tony Snow cautioned against reading too much into Mr. Bush's efforts both yesterday and Saturday, when he devoted his weekly radio address to the issue.

"I don't know [that] this counts as lobbying. The president has issued a radio address restating his position, and he is meeting with some supporters of the amendment," he said.

Base Assumptions (WP)

By E. J. Dionne Jr.

The Washington Post, June 6, 2006

This month's offensive by President Bush and his allies in Congress against gay marriage and flag burning proves one thing: The Republican Party thinks its base of social conservatives is a nest of dummies who have no memories and respond like bulls whenever red flags are waved in their faces.

The people who should be angry this week are not liberals or gays or lesbians, but the president's most loyal supporters. After using the gay-marriage issue shamelessly in the 2004 campaign, Bush and Republican leaders left opponents of gay marriage out in the cold as they concentrated on the party's real priorities: privatizing Social Security and cutting taxes on rich people.

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When Bush was at his position of maximum strength after the 2004 election, did he use his political energy on behalf of a constitutional amendment to ban gay marriage? Not at all. In an interview with The Post on Jan. 14, 2005, he dismissed the question, arguing that since many senators felt that the Defense of Marriage Act (DOMA) was already an effective bar to the spread of gay marital unions, there was no point in fighting for a constitutional change.

"Senators have made it clear that so long as DOMA is deemed constitutional, nothing will happen," Bush said then. "I'd take their admonition seriously."

On Jan. 24, 2005, Republican Senate leaders announced their top 10 legislative priorities. The marriage amendment was nowhere to be seen.

At the time, social conservatives knew they were getting rolled. In mid-January, a group of them expressed their dismay in a letter to Karl Rove, Bush's top political adviser.

"We couldn't help but notice the contrast between how the president is approaching the difficult issue of Social Security privatization . . . and the marriage issue," they wrote. "Is he prepared to spend significant political capital on privatization but reluctant to devote the same energy to preserving traditional marriage? If so it would create outrage with countless voters who stood with him just a few weeks ago."

The marriage amendment is unlikely to pass (and it shouldn't, since marriage is an issue for the states to decide). What's changed is that the president and his friends in the Senate fear that their disillusioned base will stay home on Election Day. So they are about to engage in an exercise that George "Nothing Will Happen" Bush once acknowledged to be meaningless.

The constitutional amendment to ban flag burning is also about electoral politics. As a Senate Republican leader said happily, a vote against the amendment "would make a good 30-second spot." An official of the National Republican Congressional Committee said that "if Democrats choose to vote against a Constitutional amendment" banning flag desecration, "I think they'll pay a price."

Both quotations appeared in a New York Times story that ran 16 years ago -- from Bob Dole, the Republican leader, and Ed Rollins, the GOP official. Does wedge politics have to be so boringly predictable?

At least Scott Reed, Dole's 1996 campaign manager, has a sense of humor about all this. He told Knight Ridder's James Kuhnhenn last week: "If you're a gay who likes to burn flags, it's going to be a long year."

Ah, but there is one issue in the Republican Senate's June Pandering Trifecta that the party really cares about: the repeal of the inheritance tax on large fortunes. The Republicans go hot and cold on the social conservatives, but they're always solicitous of the really, really privileged.

Current law would keep the estate tax falling (eventually to zero) until the end of 2010, so there is no urgency to act now. Or is there? The Los Angeles Times quoted Sen. Jon Kyl (R-Ariz.) this weekend as acknowledging that the position of the estate tax abolitionists is "eroding" and "could be dramatically negatively impacted this fall and after the next presidential election."

So the real question is whether moderate Democrats and Republicans choose to hand the friends of the truly wealthy a victory at the very moment the tide is starting to turn toward fiscal sanity. The one thing worse than opportunistically using wedge issues is cravenly selling out the nation's financial future to appease the powerful.

Social conservatives, who are a lot smarter than their leaders think, should watch the Senate closely this month. My bet is that their so-called champions will fight much harder on behalf of the interests of the affluent than for the "values" that conservative politicians proclaim with such pious urgency whenever they're in danger of losing an election.

Distracter In Chief (WP)

By Eugene Robinson

The Washington Post, June 6, 2006

What uncharted realm lies beyond brazen cynicism? A wasteland of utter shamelessness, perhaps? A vast Sahara of desperation, where principle goes to die? Someday George W. Bush and the Republican right will be able to tell us all about this barren terra incognita, assuming they ever find their way home.

The Decider's decision to whip up a phony crisis over same-sex marriage -- Values under attack! Run for your lives! -- is such a transparent ploy that even conservatives are scratching their heads, wondering if this is the best Karl Rove could come up with. Bush might as well open his next presidential address by giving himself a new title: The Distracter.

Let's check in on what's happening in the real world:

Iraq has become a charnel house for the victims of escalating sectarian slaughter. On Saturday, a car bomb killed 28 people in Shiite-dominated Basra, and hours later gunmen killed nine Sunni worshipers in a mosque. On Sunday, on a road near Baghdad, assassins pulled travelers out of their minivans, sorted them by faith, killed nearly two dozen Shiites and let the Sunnis go. Yesterday, men wearing police uniforms grabbed at least 56 people from bus stations and travel agencies in Baghdad and took them away -- no one knows why, no one knows where.

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Prime Minister Nouri al-Maliki's new government remains toothless and ineffectual, despite his pledge to end the sectarian violence. On Sunday, he failed yet again to reach agreement on who will run the only two ministries that matter -- the ones in charge of the army and the police. The butcher Abu Musab al-Zarqawi, the most prominent figure in the armed Sunni insurgency and the most hunted man in Iraq, remains at large and periodically manages to issue messages inspiring his followers to continue their jihad. (Just like his hero, Osama bin Laden.) Yet the president spent his weekend radio address pushing "a constitutional amendment that defines marriage in the United States as the union of a man and woman."

Immigration, the last artificial crisis, at least is a genuine issue. But the president and his allies did such a job of rabble-rousing that the best outcome, at this point, is probably for Congress to deadlock and end up doing nothing. The National Guard is headed for the frontier, apparently under orders not to do much of anything. Immigrants are still marching north, employers are still hiring them and self-appointed sentries are still patrolling the border, where something really bad is bound to happen sooner or later.

Yet the issue of "profound importance" the president urgently wants to highlight is "protecting the institution of marriage."

The diplomatic maneuvering over Iran's nuclear program, which looks like the next crisis, is at a critical point. Defiant words from Iranian leaders on Sunday rattled the world's financial markets yesterday and sent oil prices soaring -- threatening even the modest relief most analysts had predicted from $3-a-gallon prices at the gas pump. Just in time for summer vacation.

The president, however, would rather we all reflect on the fact that "marriage is the most enduring and important human institution." Not satisfied that he had gotten his message across in his Saturday radio address, Bush gave another speech in support of a marriage amendment yesterday.

It's almost surreal. For one thing, the president has no role in amending the Constitution. Proposed amendments must be passed in both the House and Senate by two-thirds majorities, and then they must win approval from the legislatures of three-fourths of the states. The president doesn't have to sign it. He doesn't even have to read it.

People who are close to the president are always telling us what an essentially decent man he is, without a bigoted bone in his body. But that doesn't square with all this demagoguery in support of a measure whose only effect would be to write discrimination against gay men and lesbians into the United States Constitution.

Bigotry, pure and simple.

But of course the president knows that there's essentially no chance an amendment to ban gay marriage will make it out of the Senate -- that in fact it might not even get out of the House. All he can possibly accomplish is to energize activists on the religious right, who otherwise might be tempted to sit out the November midterm elections.

It's risky to raise expectations you have no intention of fulfilling, but maybe enough of the Republican base can be fooled by this charade to make a difference in the fall.

Meanwhile it keeps us from talking about things that are real, and that really matter.

Justices To Look At Race-based School Policy (USAT)

By Joan Biskupic

USA Today, June 6, 2006

WASHINGTON — The Supreme Court agreed Monday to decide whether public elementary and high schools can use race in determining where students go to school.

The move means that the court will re-enter the debate over affirmative action during the 2006-07 term with two cases that could affect districts that seek diversity in schools.

The cases from Seattle and Louisville will be the first of their kind taken up by the court led by new Chief Justice John Roberts. They also will be the first disputes over race-based policies to be heard since the retirement of Sandra Day O'Connor, a moderate justice whose support of some forms of affirmative action became the court's standard. In 2003, O'Connor cast the decisive vote in a 5-4 ruling that allowed minority preferences in higher education to increase diversity.

Justice Samuel Alito, whose record is generally more conservative than O'Connor's, succeeded her in January. Three months earlier, Roberts succeeded fellow conservative William Rehnquist as chief. Alito and Roberts opposed some types of affirmative action when they were lawyers in the Reagan administration.

The Seattle and Louisville cases test whether the Constitution's guarantee of equality allows schools to use race as a factor in admissions. In both disputes, lower courts backed the school plans, and parents of white students appealed.

“The scope of a ruling would be widespread,” says Francisco Negrn, general counsel of the National School Boards Association. He says many public school districts have policies to boost diversity.

The Seattle and Louisville area districts say considering race in assignments can have social benefits and offset racially polarized housing patterns. The Pacific Legal Foundation counters that such affirmative action policies place “racial identification” above individual rights.

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Seattle allows students to choose their high school. Officials aim for each school to have about 40% white students and 60% racial minorities. When there are more applicants than openings at a particular school, students with a sibling there get priority. Officials use race as a “tiebreaker” to decide who is admitted.

In the Louisville area, most Jefferson County schools have tried to keep most schools' black enrollment at 15%-50%. A challenge was brought by a white student who could not go to the school across the street from his home.

The cases are Parents Involved in Community Schools v. Seattle School District No. 1 and Meredith v. Jefferson County Board of Education.

Court To Weigh Race As Factor In School Rolls (NYT)

By Linda Greenhouse

The New York Times, June 6, 2006

WASHINGTON, June 5 — The Supreme Court agreed on Monday to rule on what measures, if any, public school systems may use to maintain racial balance in individual schools.

The eventual decision on whether they can take race into account could affect hundreds of school systems in all areas of the country. The court accepted challenges to plans in Louisville, Ky., where the schools were once racially segregated by law, and in Seattle, where segregation was never official but was widespread because of residential patterns.

Federal appeals courts upheld these plans, both of which offer students a choice of schools while taking race into account in deciding which transfer applications to accept. Variations of this approach are common, and have been under legal attack around the country.

The Supreme Court's decision to add the cases to the calendar for its next term, a step that by all appearances was controversial within the court and unexpected outside it, plunged the new Roberts court into one of the country's deepest constitutional debates.

The action came three years after the court upheld a racially conscious admissions plan at the University of Michigan Law School. Writing for the majority in that 5-to-4 decision, Grutter v. Bollinger, Justice Sandra Day O'Connor suggested that, at least in higher education, affirmative action might be necessary for another 25 years.

The new cases do not ask the court to revisit that decision, and the justices are unlikely to do so. But the implications are far-reaching nonetheless. The eventual decision, roughly a year from now, could not only set the court's path in this area but could also shape the climate in which government policies with respect to race will be debated.

One difference between the Michigan decision and the new cases is that while the University of Michigan sought to use affirmative action to achieve a measure of racial balance, the school districts are trying to maintain such a balance.

In December, with Justice O'Connor still on the court, the justices refused to hear a challenge to a racially conscious student assignment plan in the public schools of Lynn, Mass. That plan, which a federal appeals court had upheld, is basically indistinguishable from the plans at issue in the new cases: Parents Involved in Community Schools v. Seattle School District, No. 05-908, and Meredith v. Jefferson County Board of Education, No. 05-915.

What has changed is the Supreme Court itself, with the retirement in January of Justice O'Connor and her replacement by Justice Samuel A. Alito Jr. One lawyer involved in the challenges to the Seattle and Louisville plans, Sharon L. Browne of the Pacific Legal Foundation, a conservative public-interest law firm, expressed the view that this change made the difference.

"I think the writing's on the wall, or at least I hope it is," Ms. Browne said in an interview Monday.

The plans under review in the new cases differ in details that are unlikely to prove constitutionally significant. The Jefferson County, Ky., school board adopted the Louisville plan in 2001, shortly after the school system was declared desegregated and was released from 25 years of federal court supervision.

The "managed choice" plan applies to all schools, kindergarten through 12th grade. In a district that is one-third nonwhite, every school is required to seek a black student enrollment of at least 15 percent and no more than 50 percent.

The Louisville case was taken to the Supreme Court by Crystal D. Meredith, a white parent whose son, Joshua McDonald, did not receive a requested transfer to attend kindergarten in a school that was trying to maintain a sufficient number of black students.

The plan in Seattle, which has struggled for decades to deal with the effects on its school system of segregated housing patterns, applies only to the city's 10 high schools. The policy is one of "open choice," subject to various "tiebreakers," one of which is race. Other factors include geographic proximity and whether a student has a sibling at the desired school, both of which count in favor of an application.

Under the "integration tiebreaker," high schools that deviate by more than 15 percent from the systemwide balance, which is 60 percent nonwhite, must take account of an applicant's race in order not to deviate further.

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A group of parents organized as a nonprofit corporation called Parents Involved in Community Schools to fight the plan, and filed the Supreme Court appeal after losing by a vote of 7 to 4 in the United States Court of Appeals for the Ninth Circuit.

Both appeals reached the court in January and evidently provoked a vigorous internal debate among the justices, who considered the Seattle case six times and the Louisville case seven times before issuing the one-line order accepting both. Prolonged review of this sort is unusual.

Briefs are now likely to pour into the court in advance of a November argument; the University of Michigan case drew more than 100 briefs. But one of the more influential analyses may prove to be a brief concurring opinion in the Seattle case by Judge Alex Kozinski, the Ninth Circuit judge whose views carry great weight among legal conservatives.

Describing the Seattle plan as one "that gives the American melting pot a healthy stir without benefiting or burdening any particular group," Judge Kozinski addressed the Supreme Court justices directly, on the assumption that they would soon be reviewing the decision.

"There is much to be said for returning primacy on matters of educational policy to local officials," he said.

These were among the other developments at the court.

Speedy Trial

The court ruled unanimously that a federal defendant's rights under the Speedy Trial Act of 1974 were violated when, while seeking more time to prepare his defense to counterfeiting charges, he signed a statement presented by the trial judge in which he waived any future right to a speedy trial.

With certain exceptions, the federal law requires criminal trials to begin within 70 days after a defendant is charged. The trial for this defendant, Jacob Zedner, did not begin for seven years. Mr. Zedner eventually tried to assert his rights under the law and sought dismissal of the indictment, but two lower federal courts in New York enforced his waiver. He was convicted by a jury and sentenced to five years in prison.

In an opinion by Justice Alito, the Supreme Court ordered the indictment dismissed. The statute does not permit such a waiver, Justice Alito said, noting that the public as a whole, and not only an individual defendant, has an interest in the speedy administration of justice.

The significance of this decision, Zedner v. United States, No. 05-5992, is likely to transcend the particular case. Justice Antonin Scalia refused to sign the paragraph of the opinion in which Justice Alito cited the legislative history of the Speedy Trial Act as further evidence for his interpretation of the statute.

"The use of legislative history is illegitimate and ill advised in the interpretation of any statute," Justice Scalia's concurring opinion declared in what has become a familiar theme from him.

The fact that Justice Alito's paragraph of legislative history remained in the majority opinion, and that Chief Justice John G. Roberts Jr. signed the opinion without comment, indicates that Justice Scalia remains isolated in his view.

Sentencing

The court agreed to decide whether to give retroactive application to a 2004 decision that sharply limited judges' discretion to impose sentences above the thresholds set by sentencing guidelines systems.

The question is whether that decision, Blakely v. Washington, established a "new rule," in which case it is not retroactive, or whether it was a straightforward application of an earlier sentencing ruling, Apprendi v. New Jersey. The deeper issue in the new case, Burton v. Waddington, No. 05-9222, is how to tell a "new rule" from one that is not, a question that comes up with some frequency in habeas corpus cases.

Supreme Court To Hear Schools Race Case (AP)

By Gina Holland, Associated Press Writer

AP, June 6, 2006

WASHINGTON — The Supreme Court agreed Monday to decide whether skin color can be considered in assigning children to public schools, reopening the issue of affirmative action. The announcement puts a contentious social topic on the national landscape in an election year, and tests the conservatism of President Bush's two new justices.

The outcome could mark a new chapter for a court that famously banned racial segregation in public schools in Brown v. Board of Education in 1954.

Since then, race questions have been hugely divisive, both for the court and the public.

Three years ago, more than 5,000 people demonstrated outside as the justices considered whether public universities could select students based at least in part on race. Justice Sandra Day O'Connor broke a tie to allow it in a limited way.

The court's new interest is in public schools, far more sweeping than universities. And O'Connor is gone, replaced by conservative Justice Samuel Alito.

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The justices will hear appeals this fall from a Seattle parents group and a Kentucky mom, who argue that race factors improperly penalize white students.

Doug Kmiec, a Pepperdine University law professor and former Reagan administration lawyer, said the case will affect students everywhere. "This is not quite at the level of Brown v. Board, but it will be argued in the style of that case," Kmiec said.

Justices will look at the modern-era classroom, no longer under court desegregation orders but in some places still using remnants of those policies.

At its heart, the court will consider whether school leaders can promote racial diversity without violating the Constitution's guarantee against discrimination.

The court's announcement that it will take up the cases this fall provides the first sign of an aggressiveness by the court under new Chief Justice John Roberts. The court rejected a similar case in December when moderate O'Connor was still on the bench. The outcome will most likely turn on her successor, Alito.

Both Roberts, 51, and Alito, 56, worked as Justice Department lawyers during the Reagan administration to limit affirmative action.

Alito was asked during his Senate confirmation hearings in January about the 2003 case. Without stating his views on affirmative action, he said he taught a college seminar on civil liberties to a diverse class. "Having these people in the class with diverse backgrounds and outlooks on the issues that we were discussing made an enormous contribution to the class," he said.

The court's announcement followed six weeks of internal deliberations over whether to hear the appeals, an unusually long time.

"This is a very dramatic move. I expect it will create a big national discussion," said Gary Orfield, who heads the Harvard University Civil Rights Project and supports affirmative action.

A ruling against the schools "would be pretty devastating to suburban communities, small towns that have successfully maintained desegregation for a couple of generations," he said. "The same communities that were forced to desegregate would be forced to re-segregate."

In one of the cases, an appeals court had upheld Seattle's system, which lets students pick among high schools and then relies on tiebreakers, including race, to decide who gets into schools that have more applicants than openings. Seattle put the system on hold during the legal fight.

The Supreme Court also will also consider a policy in Kentucky, also upheld by lower courts. That case is somewhat different, because the metropolitan Louisville, Ky., school district had long been under a federal court decree to end segregation in its schools. After the decree ended, the district in 2001 began using a plan that includes race guidelines.

The Kentucky parent, Crystal Meredith, asks the court to overturn its 2003 affirmative action rulings. Her son's district still requires most schools to maintain a black enrollment of 15 percent and prevent it from going above 50 percent.

"It's a quota arrangement," said her lawyer, Ted Gordon. "The blatant segregation we once had is long gone."

The cases are Parents Involved in Community Schools v. Seattle School District, 05-908, and Meredith v. Jefferson County Board of Education, 05-915.

High Court To Hear Public School Affirmative Action Cases (LAW)

By Tony Mauro, Legal Times

Legal Times, June 6, 2006

The Supreme Court on Monday agreed to use cases from Seattle and Louisville, Ky., to re-enter the contentious debate over affirmative action.

Three years after the Court upheld race-conscious admission policies in higher education in the Grutter v. Bollinger decision, the new cases will test whether that precedent carries over into the different setting of public elementary and high schools.

"This is the occasion to see how far Grutter can go," said John Payton, a partner at WilmerHale, part of the legal team that won Grutter, which upheld admission policies at the University of Michigan Law School.

Adding uncertainty to the new review of race-conscious public-education policies is the fact that Justice Samuel Alito Jr. has replaced Sandra Day O'Connor, who was a crucial vote in favor of affirmative action and the author of the Grutter ruling. During Alito's confirmation hearings, some civil rights groups concluded from his record that Alito would be a strong opponent of affirmative action programs.

"This will be a major test for the Roberts Court," said Pepperdine University School of Law professor Douglas Kmiec, who argues that Grutter should not be extended to pre-college public schools.

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"We are excited about the possibility that the Court may limit Grutter to its facts or even overrule it," said Sharon Browne, principal attorney at the Pacific Legal Foundation, which has filed briefs opposing race-conscious programs in both cases before the Court. "In elementary and secondary schools it makes no sense for school districts to assign students to schools by race."

The cases granted review on Monday, Parents Involved in Community Schools v. Seattle School District No. 1 and Meredith v. Jefferson County Board of Education, will be argued together this fall, possibly injecting the affirmative action debate into the election season. In both cases, white parents challenged programs that used race as a factor in school placements in ways that they say disadvantaged white students.

In Seattle, where students have broad choice as to which high school they will attend, race is a "tiebreaker" factor in deciding which students will be assigned to a high school that is oversubscribed and racially imbalanced. The 9th U.S. Circuit Court of Appeals, in an en banc ruling citing Grutter, upheld the program last October.

The other case involves schools in Louisville and the surrounding area, a district that was under a federal court desegregation decree from 1975 to 2000. After the order was lifted, a new plan was adopted that allowed for a wider range of student choices but required all schools to seek a black student enrollment of between 15 percent and 50 percent of the student body. In June 2004, Judge John Heyburn II of the Western District of Kentucky upheld the program in general, though he disapproved of some of the racial categorizing involved.

Citing Grutter, the judge found that "the benefits of racial tolerance and understanding are equally as important and laudable in public elementary and secondary education as in higher education." The 6th U.S. Circuit Court of Appeals upheld the decision last July.

But before the high court, opponents of affirmative action argue that the compelling interest in diversity that may exist in higher education, which prepares students for a diverse workplace, may be outweighed in lower grades by the importance of teaching racial equality to young students.

"Jefferson County's schools are sending the wrong message to our children -- that racial identification is more important than respect for individual rights and liberties in today's society," the Pacific Legal Foundation argues in its brief.

The Council of the Great City Schools, in a brief filed at an earlier stage of the Kentucky case, argues by contrast that "the interests that school districts may promote by seeking racially and ethnically diverse school enrollments ... are broader and even more compelling in the context of public elementary and secondary education" than in higher education.

High Court To Examine Race-balancing Schools (CSM)

By Warren Richey

The Christian Science Monitor, June 6, 2006

WASHINGTON - Nearly three years after its landmark ruling upholding a race-based admissions plan at the University of Michigan Law School, the US Supreme Court has agreed to consider to what extent race may be used to balance white and nonwhite enrollment in public schools.

On Monday, the high court agreed to examine cases involving two school districts attempting to maintain racially integrated schools.

One involves a school board plan in Seattle that seeks to achieve a rough balance of 40 percent white and 60 percent nonwhite enrollment at each of the city's 10 public high schools.

The second is a school district in Louisville, Ky., that set broad guidelines that the black student population of any particular school should range between 15 percent and 50 percent.

Both cases will be closely watched for indications of how the new lineup of justices - including the replacement of Justice Sandra Day O'Connor with Justice Samuel Alito - may shift the court's jurisprudence on the constitutionality of affirmative action plans.

Justice O'Connor provided the key swing vote and authored the landmark 5-4 decision upholding the University of Michigan Law School's admissions plan. The majority opinion recognized that diversity in education can be a compelling interest, justifying the use of race in the student selection process.

The decision drew sharp dissents from four members of the court's conservative wing, who wrote that the Michigan plan violated the Constitution's equal protection mandate by relying too heavily on race as a factor in the admissions process.

At issue in both the Seattle and Louisville cases is how the high court's 2003 Michigan Law School decision should be applied in public school districts seeking to achieve diversity.

The Kentucky plan relies in large part on school administrators drawing boundaries for each school that extend into both white and black neighborhoods. School enrollment is then determined in part by randomly selecting students from an integrated pool of prospective students.

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As an additional boost to integration efforts, school officials tracked prospective students by classifying each as "black male," "black female," "white male," or "white female." This aspect of the Kentucky plan was struck down by a federal judge as an impermissible use of race and gender for public school admissions.

The judge and an appeals court panel upheld the rest of the Kentucky plan.

A parent filed an appeal to the Supreme Court claiming that school officials violated the constitutional guarantee of equal protection when they refused to allow her son to attend his neighborhood school and later refused to allow him to transfer to another elementary school because there were no more slots available at that school for white students.

The judge said the boy was not unduly harmed by the denial of the transfer under the racial guidelines. Because the school district maintains equal and integrated schools, prospective students enjoy no particular benefit by attending one school rather than another, the judge ruled.

But the district's schools are not all equal, argues Teddy Gordon, a Louisville lawyer who represents the mother of the student denied admission to his neighborhood school. Mr. Gordon says in his brief to the Supreme Court that the school district should be focusing on the quality of neighborhood schools rather than the skin color of children attending them.

A similar debate is under way in Seattle. Its school board plan was designed to counter the impact of racially segregated housing patterns on the city's school system. School officials were concerned that reliance on neighborhood schools would simply mirror the city's segregated housing market and translate into a similarly segregated public school system.

To try to break that cycle, the district adopted its "Open Choice" plan in which parents were permitted to send their children to any school within the city. The school board established "tiebreakers" to help determine enrollment at the most popular high schools in the system.

If a student had a sibling at a particular school, that student would be given priority to attend the same school. But if there were no siblings, the "integration tiebreaker" would kick in. In effect, students who were members of an "oversubscribed" race would be given a lower priority for admission than any students of the desired race.

At high schools in the city's largely white north side, that generally meant that minority students were given preference, while at schools in Seattle's largely minority south side, white students were given preference.

Critics of the plan formed a group called Parents Involved in Community Schools. They sued the school district, saying the plan was an unconstitutional form of racial discrimination.

The school district defended the plan as a justifiable effort to achieve racial diversity in the public school system. The plan was adopted in 1998, but has been suspended since 2002 pending the outcome of the litigation.

A federal judge, the Washington Supreme Court, and the Ninth US Circuit Court of Appeals have all upheld Seattle's Open Choice program.

The state supreme court in a 2003 decision rejected the parents' arguments, saying that a racially diverse school population provides educational benefits for all students.

Justices To Hear Cases Of Race-Conscious School Placements (WP)

By Charles Lane

The Washington Post, June 6, 2006

The Supreme Court announced yesterday that it will rule on the race-conscious assignment of students to public schools, in a pair of cases that could produce some of the most important decisions on school integration since the busing battles of the 1960s and '70s.

The court agreed to hear arguments in separate lawsuits by white parents in Seattle and Jefferson County, Ky., which encompasses Louisville, who say each public school system unconstitutionally discriminates based on skin color. The jurisdictions' programs differ, but each seeks to maintain racial balance with the help of numerical targets for minority enrollment.

Although the court has addressed race-conscious admissions for diversity in higher education, upholding them on a 5 to 4 vote in 2003, this would be the first time it has addressed the "diversity rationale" as it affects the country's 48 million public elementary and secondary school students. It will also be the first race-related constitutional case for President Bush's two appointees, Chief Justice John G. Roberts Jr. and Justice Samuel A. Alito Jr.

The court's decision to take the cases was something of a surprise, since all three federal appeals courts to rule since 2003 sided with the school systems. The court usually intervenes to settle lower-court conflicts.

Six months ago, before Alito replaced Sandra Day O'Connor, who wrote the 2003 opinion, the court declined to hear the challenge of a parent in Lynn, Mass., to a race-conscious plan.

"It's bad news for desegregation advocates," said Goodwin Liu, a Clinton administration education official who teaches constitutional law at the University of California at Berkeley. "It looks like the more conservative justices see they have a fifth vote to reverse these cases."

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But lawyers for the Seattle and Louisville parents argued there was a circuit split because the post-2003 lower-court rulings clashed with three pre-2003 rulings against race-conscious policies.

Sharon Browne, principal attorney of the Pacific Legal Foundation, which supports the parents' lawsuits, said she "was pleased that the Court has decided to hear these cases. Together, these cases could put an end to schools using race as a factor to decide where children can attend public school."

Yesterday's decision returns the court to an area of American life that it revolutionized in 1954 with Brown v. Board Education -- and the lower-court desegregation orders, including busing in many cities, that flowed from that decision.

In the intervening years, however, direct court supervision of public school racial composition has generally lapsed, and schools face student demographics determined not only by the country's historic black-white divide, but also by immigration from around the world.

Embracing diversity not as a legal requirement but as an educational objective, school districts frequently offer alternatives to geographical assignment, including school choice and magnet school options. But these, in turn, can result in competition for spots at the most-sought-after schools.

"The decision and the opinions will be impactful," said Francisco Negron, general counsel of the National School Boards Association, which has supported the school districts in the lower courts. "We're in the post-integration era. Many desegregation lawsuits filed in the '70s have come to a natural ending point. . . . Schools are trying to implement policies that recognize the need for diversity."

Seattle and Louisville say their plans are consistent with the Supreme Court's 2003 ruling -- which allowed universities to consider race as one of many factors when assembling diverse colleges and graduate schools.

They say their use of race is necessary to meet compelling educational goals, and accounts for a modest number of school assignments.

But the plaintiffs argue that school officials have gone beyond what the court permitted in 2003, because they ultimately rely on fixed numerical targets for assigning students.

Each system adopted its plan voluntarily, but against the backdrop of different social and legal histories.

In Louisville, the 97,000-student public school population is 34 percent black, with the rest predominantly white. In 1973, a federal court ruled that it was officially, and unlawfully, segregated. This led to court-ordered busing from 1975 to 1984. The system remained under court supervision until 2000.

The current Louisville plan says that all schools, including magnets, must have a minimum black enrollment of 15 percent and a maximum of 50 percent.

The only exceptions are for pre-kindergarten, kindergarten, alternative and special schools -- and four magnet schools covered by a federal judge's ruling barring the use of race to allocate educational opportunities not widely available.

Parent Crystal D. Meredith, however, argues that the plan cost her son admission to the school in his neighborhood.

In Seattle, which has substantial Asian and Hispanic populations as well as large numbers of whites and African Americans, no court has ever found the 47,000-student school system guilty of official segregation. Instead, the school board says that diversity is a key educational value and that segregated housing patterns must be changed.

The city began busing in 1977 but stopped in 1988. Under an "Open Choice" plan adopted in 1998, the goal was to have schools close to the city's overall racial composition: 60 percent minority, 40 percent white. Children can attend any school. At schools where demand for spaces exceeds supply, however, siblings of current students have priority -- and an "integration tiebreaker" favors students whose race would tip a school toward 60-40.

The tiebreaker has not been in use since 2002 because of the litigation, which was brought by Parents Involved in Community Schools, a group of white parents who say it cost their children admission to the popular Ballard High School.

The tiebreaker was initially invalidated by a three-judge panel of the San Francisco-based U.S. Court of Appeals for the 9th Circuit. But an 11-judge panel granted a new hearing and upheld it 7 to 4.

The cases are Parents Involved in Community Schools v. Seattle School District No. 1 , No. 05-908, and Meredith v. Jefferson County Board of Education , No. 05-915. Argument will take place in December, with decisions due by July 2007.

Court To Revisit Race In Schools (LAT)

By David G. Savage

The Los Angeles Times, June 6, 2006

WASHINGTON — The Supreme Court agreed Monday to take up two cases that could mark a historic shift in the role of race in education and spell the end of official efforts to integrate the nation's public schools.

The justices said they would hear appeals from parents in Seattle and Louisville, Ky., who say it is unconstitutional for officials to consider race when deciding which school a student will attend.

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The cities adopted voluntary integration programs in recent years that put limits on how many white or black students may be enrolled in some schools.

The Seattle and Louisville cases could put the court on the opposite side of an old issue. Having told school officials in the landmark 1954 Brown vs. Board of Education ruling that they must desegregate their classrooms, the high court will now consider whether the Constitution forbids official efforts to maintain integration.

A ruling outlawing such efforts would have a wide effect on schools that continue to use race even after desegregation orders have expired.

The Los Angeles Unified School District uses magnet schools to achieve integration, but it does so partly by enrolling students based on their race or ethnicity.

Just three years ago, the court upheld affirmative action in colleges and universities, but two new conservative justices have joined the court since then. Monday's announcement is the second this year that could indicate a shift to the right in a major area of law. The court agreed to hear a case this fall that will determine whether Congress can outlaw a late-term abortion procedure.

Beginning with the Reagan era of the 1980s, conservatives have insisted it is unconstitutional for the government to use a person's race as a factor in hiring, awarding contracts, admitting college students, or, in this instance, assigning students to public schools.

In 2003, however, the Supreme Court dealt conservatives a defeat in a University of Michigan law school case. The court, in a 5-4 decision, said higher education had a "compelling" need to consider a student's race if it was to maintain diversity in classes.

That decision was written by Justice Sandra Day O'Connor, who retired in February.

Her replacement, Justice Samuel A. Alito Jr., is seen as likely to take a more conservative stand on race and affirmative action. In 1985, as a lawyer in President Reagan's Justice Department, he said he was "particularly proud" of the administration's efforts to persuade the Supreme Court that "racial and ethnic quotas should not be allowed."

Chief Justice John G. Roberts Jr., who also worked in the Reagan administration, wrote memos that criticized the overt consideration of race by the government.

Lawyers for the parents in the school cases say a student's race or ethnicity should not affect their chances of attending a school.

"The issue here is: Can public schools voluntarily discriminate among students to achieve racial balance?" said Sharon L. Browne, a lawyer for the Pacific Legal Foundation in Sacramento, which had urged the court to hear both cases. "They are teaching our kids that race still matters. If they can continue to do that, we will never get to a place where the country is colorblind."

She said as many 1,000 school districts nationwide seek to integrate some schools by enrolling or not enrolling students based on their race. Last year, her group sued the Los Angeles Unified School District in state court, contending its magnet school program is unconstitutional because it seeks "a racially balanced enrollment."

Seattle has 10 high schools, and it allows students to choose which one they want to attend. The district's integration plan calls for trying to maintain a racial balance in each high school that is within 10 percentage points of its overall enrollment, which is 60% minority and 40% white. But if too many students choose a certain school and it is "over-subscribed," officials put limits on who may enroll. One factor they consider is race.

In 2001, for example, 300 students were denied their first choice of a high school because of their race. Of these, 210 were white and 90 were minorities. The minorities include students who are black, Latino, Asian and Native American.

The Seattle plan has been tied up in litigation for years. In October, the U.S. 9th Circuit Court of Appeals upheld the plan on a 7-4 vote and applauded the school system for achieving "racial diversity" despite the city's segregated housing patterns.

Harry Korrell, a lawyer for the Seattle parents, insisted the city was not segregated. "This is becoming a very diverse city. Even the whitest neighborhoods are integrated," he said. Because of this natural integration, he said, the racial balancing plan is not needed.

He said he hoped the high court would say that "absent a history of past discrimination, it is impermissible to use race in making government decisions."

Louisville had a history of official racial segregation. In 1975 it was ordered to bus students to achieve desegregation, but that court order ended in 2000.

A year later it adopted a voluntary integration plan that seeks a black enrollment of at least 15% and no more than 50% in each school. Crystal Meredith, a white parent, challenged the plan, charging that it violated her son's rights; he was blocked from attending his neighborhood elementary school because it had too many white students.

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But a federal judge and the U.S. appeals court in Cincinnati upheld the integration plan, based in part on O'Connor's opinion in the law school case.

The Supreme Court said it would hear both cases, Parents Involved in Community Schools vs. Seattle School District and Meredith vs. Jefferson County Board of Education, in the fall.

The cases are likely to attract unusual attention because of the Supreme Court's historic role in ending school segregation.

After declaring segregation unconstitutional in Brown vs. Board of Education, the court said school officials should proceed "with all deliberate speed" to end segregation.

Many chose to be deliberate, but not speedy.

In 1968, the court said it would wait no longer for schools to achieve real desegregation, and by the early 1970s, many school systems were under federal court orders to bus students across town to achieve desegregation.

That effort met strong public resistance nearly everywhere it was tried. In one Reagan-era memo, Roberts referred to busing for desegregation as a "failed experiment."

"We're glad the Supreme Court is taking an opportunity to clarify for school districts the issues around diversity and school attendance. Right now, there is a lot of uncertainty," said Francisco Negron, counsel for the National School Boards Assn.

The school cases join another that could reveal a shift to the right by the high court.

In late February, the same week that Alito took his seat as O'Connor's replacement, the court agreed to hear a case that could revive the federal law forbidding the abortion procedure known as intact dilation and extraction — which opponents label "partial-birth" abortion — performed during the second trimester of a pregnancy. That law was struck down by a lower court based on a 5-4 Supreme Court ruling, joined by O'Connor, which said the ban on this surgical method could threaten the health of some women seeking an abortion.

Court To Review School-Race Issues (WSJ)

By Jess Bravin And Ben Winograd

The Wall Street Journal, June 6, 2006

WASHINGTON -- Three years after upholding affirmative action in university admissions, the Supreme Court agreed to review whether elementary and secondary schools also may consider race in voluntary efforts to maintain desegregated classes.

Separately, the justices rolled back the reach of federal racketeering law, ruling that to prevail in a civil lawsuit, a plaintiff would have to show it was directly injured by a competitor's illegal actions, not only that such acts may have created a competitive disadvantage.

The school cases are the latest progeny of Brown v. Board of Education, the 1954 opinion declaring that "separate educational facilities are inherently unequal." The Brown case opened decades of litigation to integrate U.S. schools. In the 1960s and '70s, courts ordered busing and other desegregation methods that prompted a backlash among white parents unwilling to see their children bused to black neighborhoods. Other court-ordered plans were dissolved after school officials demonstrated they had succeeded in creating the required "unitary" systems.

The two cases accepted yesterday concern whether schools can still consider race to promote desegregation after court orders have been lifted -- or if they had never been imposed at all.

One case comes from Louisville, Ky., where in 1973, a federal court required schools to eliminate "all vestiges of state-imposed segregation." A variety of court-imposed plans followed, including mandatory busing, until the decree was dissolved in 2000. School officials, seeking to promote campus integration, then adopted a plan to maintain each school's black enrollment between 15% and 50%.

The other case comes from Seattle, which never had legally imposed racial segregation, but nevertheless saw schools effectively segregated by neighborhood housing patterns. Seattle students can choose to attend any of the city's 10 high schools. Under a plan adopted in the late 1990s, race is a "tie-breaker" for admission to oversubscribed schools so that their enrollment approximates that of the city as a whole: 40% white, 60% non-white.

Several parents of white children challenged the plans, but appellate courts upheld them, finding they complied with two 2003 Supreme Court opinions involving admission policies at the University of Michigan. Those decisions found student diversity a compelling governmental interest and that race could be a factor considered by admissions officers. The court did not say, however, how its doctrine might apply to lower education.

Since those 2003 opinions, the court's composition has changed, with the arrival of conservative Justice Samuel Alito. His predecessor, Justice Sandra Day O'Connor, wrote the 5-4 majority decision upholding an affirmative-action program at Michigan's law school.

(Meredith v. Jefferson County Board of Education; Parents Involved in Community Schools v. Seattle School District No. 1)

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Separately, the justices dismissed a suit filed under the Racketeer Influenced and Corrupt Organization Act by a New York steel-supply company alleging that a competitor had undercut prices by failing to collect sales tax. The opinion by Justice Anthony Kennedy found the scheme primarily defrauded New York state and said the plaintiff didn't establish a sufficient link to its own decline in sales.

"The decision today just knocks out a broad swath of potential claims under civil RICO," said Gene Schaerr, who filed a friend-of-the-court brief in the case for the U.S. Chamber of Commerce.

Following the decision, the justices ordered a federal appellate court to reconsider a RICO suit alleging a Georgia carpet manufacturer depressed wages of legal employees by conspiring with a recruiter to hire illegal aliens. In light of the ruling in the steel case, the lower court must determine whether the hiring fraud was the "proximate cause" of the plaintiffs' decline in wages.

(Anza v. Ideal Steel Supply Corp. and Mohawk v. Williams)

The justices also agreed to decide whether prisoners may retroactively apply a 2004 decision preventing judges from imposing sentences far beyond established guidelines. A judge in Washington state sentenced Lonnie Burton to 47 years in prison after a 1994 conviction for robbery, burglary and rape. His lawyers said the sentence exceeded sentencing guidelines by more than 20 years. In the 2004 case, the court struck down a 7½-year sentence for a man who kidnapped his wife. His plea bargain called for a 4½-year sentence.

(Burton v. Waddington)

The school and sentencing cases will be heard in the court's next term, which begins in October.

Court Takes 2 Race-based School-assignment Cases (WT)

By Joyce Howard Price

The Washington Times, June 6, 2006

The Supreme Court said yesterday it will hear appeals of two cases that could determine if race can be used in assigning students to public schools for the purpose of enhancing enrollment diversity in situations where court orders are not involved.

The court announced that it will take up the case this fall of a Louisville, Ky., woman who says the Jefferson County Public Schools' desegregation plan is unconstitutional because it barred her son from transferring to a better school. Her son is white.

In the second case, a Seattle parents' group charges that a policy of the Seattle school district that allowed students to select their high schools but used race as a tiebreaker to decide who fills limited spots, was unfair. The district ended the policy as a result of parents' complaints, but the litigation has continued.

Both the Seattle and Kentucky cases challenge a school system's ability to desegregate schools voluntarily without a court order.

These will be the high court's first rulings on diversity plans. The outcome is likely to hinge on the vote of the newest justice, conservative Samuel A. Alito Jr. In a 5-4 decision last week, Justice Alito was the tiebreaker in a case that found that public employees -- including whistleblowers -- do not enjoy free-speech rights when they discuss work-related matters.

Last December, when Justice Sandra Day O'Connor was still on the bench, the Supreme Court rejected another case involving the use of race as a factor in school admissions to achieve diversity. The case involved a small public school system in Lynn, Mass., which has a tiebreaker system similar to the one used in Seattle.

Critics of such policies said the court's announcement that it will accept the appeals of the Seattle and Kentucky cases hints at a new aggressiveness by the court under Chief Justice John G. Roberts Jr., who is also conservative, in dealing with race issues in public schools.

Either that's the case, "or the former court simply knew these other cases were in the pipeline," said Ted Gordon, the attorney for Crystal Meredith, who is suing the Jefferson County school district for denying her son the right to attend a school in his immediate neighborhood.

Mr. Gordon said he and his client are thrilled that the Supreme Court will examine the two cases.

"This is a surreal experience," he said.

The Jefferson County school district's policy allows parents and students some choice among schools. But it requires that most schools keep black enrollment from rising above 50 percent or dropping below 15 percent. The system, which has 100,000 students, is about 35 percent black.

In a telephone interview yesterday, Mr. Gordon said Jefferson County's enrollment policy is "absolutely based on racial quotas" and is "unconstitutional."

"We want kids to be admitted to schools because of merit, not race," he said.

Verizon Bias Suit Deal Sets Record (WP)

By Amy Joyce

DOJ_NMG_0032099

The Washington Post, June 6, 2006

Verizon Communications Inc. will pay almost $49 million to 12,326 current and former female employees as part of a landmark class-action lawsuit alleging pregnancy discrimination.

The U.S. Equal Employment Opportunity Commission reached a settlement in 2002 against Verizon predecessors Nynex Corp. and Bell Atlantic Corp. But the total amount of the settlement was not made public until yesterday, when the EEOC completed its projections of how much would be paid in future benefits.

The final figure makes the case the largest pregnancy discrimination settlement in EEOC history. It covers women in 13 states and the District.

Nynex and Bell Atlantic were accused of violating federal law by denying women pension and other benefit accruals when they spent time on pregnancy or maternity leave.

The total compensation paid thus far is more than $25.3 million. The EEOC told a U.S. District Court in New York yesterday that it projected that an additional $23.6 million would be paid in future benefits. The announcement came after years of calculating which women were denied benefits when on leave.

"This comes out of a different era," said Eric Rabe, a Verizon spokesman. "The people who were here then by and large don't work for the company anymore. We think our record today is exemplary, and this was not an admission of having done anything wrong. It is simply a matter of trying to get this behind us to move on."

The suit alleged that the predecessor companies violated the Civil Rights Act of 1964, the Pregnancy Discrimination Act of 1978 and the Equal Pay Act of 1963 by denying women service credits for leaves of absence taken between July 1965 and April 1979. The companies also denied pension credits for child-care leaves of absence until December 1983.

Pregnancy discrimination claims filed with the EEOC rose by 31 percent from 1992 to 2005, to 4,449 from 3,385. Some of that increase reflects a growing number of women working during and after their pregnancies, but not all of it. In the same period, the percentage of working women with children younger than 18 rose by about 5 percent.

"There really remain tremendous issues concerning pregnancy discrimination in the workplace," said Elizabeth Grossman, regional attorney with the EEOC in New York. "More and more women are continuing to go forward to assert their rights in a way past generations were not. Some employers are getting educated and changing practices, but many are not."

Grossman's office last year sued and won a settlement for a waitress who was removed from a managerial career track, denied work assignments and told to "consider her options" after she revealed she was pregnant. Ultimately, she was fired. The woman received $145,000 in a pregnancy discrimination settlement with her former employer. The same office last month also sued Bed Bath & Beyond Inc. on behalf of a pregnant employee at a Bridgewater, N.J., store who says she was denied modified work assignments that were given to other employees with temporary disabilities.

The EEOC was joined in filing the class-action lawsuit against the phone companies by the International Brotherhood of Electrical Workers and the Communications Workers of America, unions representing Verizon workers. "This case represents an important victory for working women who should not have had to sacrifice their pension benefits because they had children," Christopher M. Shelton, a CWA vice president, said in a statement.

ANTITRUST:

Adobe Vs. Microsoft: The Battle Over The .pdf (MERCN)

By John Boudreau

The San Jose Mercury News, June 6, 2006

Adobe Systems and Microsoft have seemed to co-exist in a mutually beneficial ecosystem for years.

But their cause for common ground, a little piece of software millions have used but may have hardly noticed -- the Adobe PDF -- is now the reason the gloves are coming off.

At the core of the tension is Microsoft's move to create technology to compete with Adobe's PDF franchise, and difficult negotiations around incorporating Adobe's mostly open standard PDF software into the next generation of Office programs.

While Microsoft makes software such as Word and Excel that lets people create documents, Adobe can turn those documents you might print out on paper into digital, ready-to-be-e-mailed files through its Portable Document Format (.pdf).

Last week, behind-the-scenes friction between the two became public when Microsoft said it expected Adobe to file a lawsuit against the Redmond, Wash. company, possibly in the European Union, which recently has become more receptive to Microsoft antitrust concerns than U.S. regulators.

The dispute underscored the Silicon Valley axiom: Companies that cooperate often can end up trying to devour each other's business.

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``Adobe is one of many long-time partners of Microsoft that have now turned into competitors of Microsoft," Jupiter Research analyst Joe Wilcox said.

Adobe makes money from its business-document processing software Adobe Acrobat, which is part of its Intelligent Document division and accounted for 36 percent of its revenue, or $708 million, in 2005. A person must own a copy of Adobe Acrobat to make a PDF, but only needs to download a free version of Acrobat Reader to view a PDF that has been sent to them.

The two sides failed to reach an agreement on how the PDF would be used in the new version of Microsoft Office. As a result, Microsoft announced it was canceling plans to include an automatic ``save to PDF" feature in its new release of Office. So those who buy Office 2007 will have to download free software that will allow them to save PDF documents created in Office applications, such as Word, Excel and PowerPoint.

Microsoft indicated that negotiations broke down over fees Adobe wanted for licensing its software, which could make Office more expensive.

Observers say the larger issue is both companies view the other warily.

For Microsoft, the ubiquitous PDF format could indirectly result in fewer sales of its software updates because those who receive the digital documents can access Excel or Word without owning either. For example, a person making a resume in Word can turn that file into a PDF and send it to a colleague, who can then open and edit it in Adobe Acrobat -- without even owning Word.

``Adobe introduced very cool technology that extends PDF to other formats. You can now take documents from almost any source, mix them together, save them to a PDF, send them to your buddy. Just by using Adobe Reader, you can annotate that document and send it back," Wilcox said. ``If you are Microsoft, whose success was built on format dominance, that's a scary prospect."

Adobe, on the other hand, sees Microsoft trying to move in on its turf in multiple areas: Microsoft is launching its own version of PDF software, code-named Metro, which the software giant will be offering as an optional bundle to computer makers. (All computer makers are sure to include the application.) Microsoft is also making a move to compete with Adobe's creative software, Photoshop, and is a competitor in Internet and mobile video-playing technology.

In the recent tussle, Adobe might be concerned that Microsoft, while including its PDF technology with Office, could make the PDF less appealing than its own document-sharing software.

Microsoft ``can create a preference for their version," said Howard University law professor Andrew Gavil. ``That's the argument Google has been making." (Google has complained an upcoming update of Microsoft's Internet Explorer Web browser contains a search box that in some cases defaults to the MSN search engine.)

Adobe has said little so far. In a statement, the San Jose company said it had not decided whether to take legal action against Microsoft.

``I'll never trivialize Microsoft. They are a $40 billion company with virtually unlimited resources and they are a monopoly," Adobe chief executive Bruce Chizen said in an interview last year.

Still, Adobe has successfully protected its PDF franchise against earlier incursions by Microsoft.

``They've defended themselves really well against Metro," said Pacific Crest Securities analyst Steve Lidberg. ``One of the reasons you have seen such good acceptance of PDF is the ubiquity of the Reader -- Adobe giving that away for free and the fact they have opened up the platform to other partners to build applications around it."

The PDF, for instance, is now the standard digital document for federal agencies, from the IRS to the FDA.

``It would seem like they've pretty much won out," said Tony Henning, analyst at Future Image in San Mateo. ``There was a time, a decade-and-a-half-ago, when there were three or four contenders. They've won."

Microsoft, though, may not believe the war is over.

``Even though PDF has become a de facto document standard, Microsoft has clearly made noises in recent months about how they'd like to change that," Jupiter Research analyst Michael Gartenberg said.

Why Adobe And Microsoft Hit Delete On PDF Deal (WP)

By Rob Pegoraro

The Washington Post, June 6, 2006

If you want to know why so many computer programs are so bad these days, take a look at the Adobe-Microsoft mess.

These two powerful software developers have gotten into an argument over whether Microsoft can include a new feature in its upcoming Office 2007 productivity suite -- the ability to save your work as a Portable Document Format (PDF) file.

In the process, they're showing how old-fashioned greed and the more modern ailment of lawsuit phobia can turn a promising program sour.

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Judged strictly on its merits, there's nothing to argue about that feature. It would end the worry that your Word, Excel or PowerPoint document might look weird or be unreadable on someone else's computer. PDF files preserve their appearance -- from fonts to footnotes to photos -- wherever they're read, so long as a recipient has a PDF-reader program. These programs, almost all free, are available for nearly every kind of computer, down to "smart phones" and handheld organizers.

Competing productivity suites, such as Corel's WordPerfect Office and the free and open-source OpenOffice.org, have offered this option for years. So does Apple's Mac OS X, which offers PDF output as a systemwide feature. When Microsoft announced in October that it would follow suit in its next release of Office, it seemed like a refreshing acknowledgment of reality in Redmond, Wash.

You'd think that would have delighted Adobe as well. The San Jose, Calif., firm has worked for years to establish the PDF as a standard way to share data, having written versions of its free Adobe Reader for all the major desktop and handheld operating systems. And while the company charges $299 for its Adobe Acrobat PDF-creation toolkit, it's encouraged other developers to release their own.

For some reason, however, Adobe saw things differently when Microsoft wanted to join the PDF party. As Microsoft explained, in February, Adobe asked it to sell this feature as a separate add-on for Office 2007.

"We needed to break it out, offer it separately and charge a price for it," recounted David Heiner, Microsoft's deputy general counsel, in a phone interview. Adobe also asked Microsoft to yank support for a Microsoft-developed, PDF-like format called XPS. Lastly, Adobe wanted XPS support removed from Windows Vista, the successor to Windows XP that is due in January.

If those demands were not met, the implication seemed clear: See you in court.

Adobe publicists would not answer questions about this. The company released a short, vague statement that said that Adobe's "sole motivation is to maintain a fair, competitive landscape in the software industry" but that it "has made no determination to take legal action against Microsoft."

Heiner said Microsoft wanted to avoid any legal entanglement and offered to yank the PDF-export option from Office, instead making it available as a free download (although, he added, Adobe still wants Microsoft to charge extra for it). Microsoft also would allow computer manufacturers to omit XPS software from the copies of Vista pre-loaded on new machines.

With Adobe clamming up in public, it's hard to figure out what this company is trying to accomplish. If Adobe wants to stop Microsoft's XPS from replacing its own PDF, what better way than to get PDF support in the single most-used productivity suite?

A more reasonable theory holds that Adobe is worried that Microsoft's own PDF software will produce files that aren't strictly PDF-compatible, thus poisoning this standard. But that makes little sense on examination; the best way for Microsoft to quash Adobe's format is to keep Office PDF-illiterate.

Then there's the thought that Adobe's Acrobat, at $299, will compete poorly with any free save-as-PDF option. But Adobe had to have foreseen that possibility when it issued a blanket invitation to the world to write PDF-compatible software. As its own documentation reads, "Adobe gives anyone copyright permission, subject to the conditions stated below, to . . . Write drivers and applications that produce output represented in the Portable Document Format."

Further, for any company to start telling another how it should charge for its products is at best arrogance, at worst price collusion -- a violation of basic antitrust law.

All that and more about this story refuses to add up. It doesn't help that neither company has earned much right to wear a halo.

Adobe has its own monopolistic instincts: Last year it bought what was by far its biggest competitor in the graphics-software business, Macromedia. And it's been happy to exploit the demand for its free Adobe Reader to push unrelated software on users -- the Windows version normally comes with a Yahoo toolbar and Adobe's Photoshop album photo organizer.

Microsoft, meanwhile, has a history of taking standards developed by other companies, then writing software that somehow makes them work best, or only, on Microsoft operating systems. That conduct helped Microsoft lose many of its antitrust battles in the past decade; it's easy to see why the company wants to avoid a return to those days.

Still, from what we do know, it's hard not to wish that the bad old Microsoft would reemerge for this one occasion and tell Adobe to go pound sand.

Brookfield, Blackstone To Buy Trizec (WSJ)

By Jennifer S. Forsyth

The Wall Street Journal, June 6, 2006

In a $4.8 billion deal confirming that the real-estate market for office space remains hot despite rising interest rates, Brookfield Properties Corp. and a private-equity partner agreed to buy Trizec Properties Inc.

The purchase, announced yesterday, of the Chicago-based office real-estate investment trust is one of the biggest deals yet in a continuing frenzy of mergers and acquisitions in the public real-estate world. Brookfield, based in Toronto and New York,

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is pairing with the Blackstone Group, a private-equity firm that has been involved in a number of high-profile acquisitions over the past few months, including a $2.8 billion buyout of CarrAmerica Realty Corp. in March.

The Trizec acquisition gives Brookfield -- already one of the largest players in office real estate in North America -- an even bigger profile in the hot markets of Washington and Manhattan, and provides an entry into Los Angeles, another market that has caught fire in the past few quarters.

Included in the deal is the acquisition of Trizec Canada Inc., a mutual fund traded on the Toronto Stock Exchange that has a 38% interest in Trizec Properties. Brookfield will acquire the shares of Trizec Properties and Trizec Canada for a combined cash transaction of $4.8 billion and the assumption of about $4.1 billion in debt -- $29.01 a share for all Trizec Properties common stock not owned by Trizec Canada, and $30.97 a share for the Trizec Canada stock.

The cash for Trizec Properties' stock represents an 18% premium over its closing price of $24.60 Friday on the New York Stock Exchange.

The difference underscores the complaint of many REIT chief executives, including Trizec's Tim Callahan, that Wall Street undervalues their companies. Trizec Properties rose 17%, or $4.08, to $28.68 in 4 p.m. composite trading yesterday. Brookfield gained 19 cents to $31.17.

Trizec Chairman Peter Munk, noting that a number of potential buyers prequalified for the deal, said the combination of historically low yields for high-quality property with so much available liquidity made this the perfect time to sell. "To find a number of competing buyers who can show you they have the ability to write a check for $8 billion, that is a very rare circumstance," he said in an interview.

Blackstone has said previously that it has raised about $10 billion to invest in real estate. Brookfield also had cash available. "They've got money burning a hole in their pocket," said John Guinee, managing director of Stifel Nicolaus & Co. of Baltimore. Executives with Brookfield didn't return calls and Blackstone declined to comment.

Jay Rosenberg, co-portfolio manager of Minneapolis-based FAF Advisors, said many private-equity funds raised their money last year when interest rates were lower. "We know there's still a lot of money on the sidelines in terms of private equity," he said.

As part of the joint venture, Brookfield will manage properties in New York, Washington, downtown Los Angeles and Houston. Blackstone will manage properties in west Los Angeles, San Diego and some of the New York City properties. Also, Blackstone "or other parties" are expected to acquire additional properties in Atlanta, Dallas, Los Angeles, San Diego, Chicago, Charlotte, N.C., and Minneapolis, according to Brookfield. Blackstone traditionally sells off weaker performing properties.

Brookfield, a real-estate operating company, already owned 9.6 million square feet of office space in downtown Manhattan. If it keeps One New York Plaza, it will add another 2.5 million. Because that building is already almost fully leased, the acquisition isn't expected to make a significant impact on downtown leasing in the short-term, said Lawrence Tannenbaum, executive director of real-estate services firm Cushman & Wakefield. However, it further entwines Brookfield in the future of downtown Manhattan, for which it has already played a prominent advocacy role.

China's Citic Makes A Play For Canadian Oil (WSJ)

By Shai Oster, Laura Santini And Henny Sender

The Wall Street Journal, June 6, 2006

Citic Group, a state-owned conglomerate in China, is in talks to buy a closely held Canadian oil company whose main asset is a field in Kazakhstan, according to people familiar with the matter. If completed, the $2.2 billion deal would be China's third-largest overseas oil acquisition.

The talks to buy Nations Energy Co., based in Calgary, Alberta, reflect the continuing efforts of Chinese energy companies to push abroad in their quest for energy. A deal isn't certain, according to one of the people familiar with the matter.

A deal would be China's second-largest acquisition in oil-rich Kazakhstan. Last year, China National Petroleum Corp., China's biggest oil producer by output, beat out Russian rivals to acquire an oil field in Kazakhstan for $4.2 billion and built a pipeline to carry Kazakh crude to China.

In April, Cnooc Ltd., China's biggest offshore oil producer, bought a $2.7 billion stake in an oil field off the coast of Nigeria.

Nations Energy's main asset is the Karazhanbas oil field in Kazakhstan, which pumped 41,000 barrels of oil a day last year, according to the company's Web site. Both Cnooc and CNPC had passed up on buying the company.

China's need for oil is increasing, with its domestic oil fields are producing less as its growing economy and rising middle class have made China the world's second-biggest consumer of oil, after the U.S. China has been a net importer of oil since 1993.

Buying the Kazakh field would be in line with China's policy of locking in oil supplies. Analysts said oil from the field could be brought to China via a pipeline that has already been built to carry crude from an adjacent field bought by CNPC.

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Citic Group, a sprawling concern with interests that include trade and banking, has little experience in managing a project as complicated as the Kazakh field and would probably have to bring in partners.

Listed in Hong Kong, Citic Group was set up in 1979 by former Vice President Rong Yiren to function as the overseas investment arm of the government. It has interests in an oil field in China and is exploring for oil in Chad.

Nations Energy has been trying to sell itself for at least a year. It has proven reserves of 400 million barrels, according to the company's Web site, and has smaller operations in Azerbaijan. The company is owned by Indonesian investors. Production in the Karazhanbas field, discovered in the 1970s, was in decline until Nations Energy bought it in 1997.

Cathay Seeks Control Of Dragonair To Expand Access To China Routes (WSJ)

By Bruce Stanley And Laura Santini

The Wall Street Journal, June 6, 2006

HONG KONG -- Cathay Pacific Airways is in talks to acquire a controlling stake in Hong Kong Dragon Airlines, people familiar with the matter said, in a long-anticipated deal that would greatly expand Cathay's access to China's sizzling aviation market and plug the biggest hole in its global network.

A deal for Hong Kong-based Dragonair, as the company is known, could be valued at more than 8 billion Hong Kong dollars (US$1 billion) in cash and stock, according to a person knowledgeable about it. An agreement could be announced within days, but the terms aren't yet clear and the deal could still unravel, said the people familiar with the matter.

Cathay Pacific would purchase the controlling stake from two mainland Chinese companies that together own 71.8% of Dragonair, these people said. It would also purchase a 7.7% stake held by Swire Pacific Ltd., part of the London-based Swire Group and Cathay's largest shareholder. The moves would simplify the complex relationship between the companies. Cathay already owns a 17.8% stake in Dragonair.

Cathay once controlled Dragonair but lost its influence, and relations between them soured. Now, in spite of its home base in Hong Kong, Cathay operates a thin passenger service to just two Chinese cities. While Dragonair flies to 23 destinations in China, more than any other airline based outside the mainland, Cathay has had to watch from the sidelines as many of its toughest foreign competitors have started and expanded their own lucrative networks in China.

A deal would be "an historical event for Cathay Pacific...perhaps the most important corporate event for Cathay for the next five to 10 years," said Michael Wu, an analyst in Hong Kong for Fitch Ratings.

It would have the added significance of establishing much closer links, in the form of cross-shareholdings, between Cathay Pacific and Air China, which could bolster the performance and international standing of the Chinese flag carrier. Cathay Pacific already owns 10% of Air China and provides management support and training for the Beijing-based airline's cabin crew, engineers and other staff.

A person familiar with the talks said that after the deal, Cathay and Air China would each hold less than 20% in the other.

By marrying Dragonair's routes in China with Cathay's profitable long-haul network and by strengthening Cathay's ties with the strongest of China's state-run carriers, the deal could create a new powerhouse in international aviation.

The HK$8 billion price would be worthwhile for Cathay, so long as it gave the airline "meaningful access" to the mainland, said analyst Kevin O'Connor of investment bank CLSA Asia-Pacific Markets.

"The devil really is in the details here," he said, noting that the agreement might stop short of giving Cathay unfettered operational control of Dragonair's flights in China.

Cathay Pacific, Dragonair and Air China declined to comment on the talks, as did a spokeswoman for Swire Pacific. Sara Sze, an official of China National Aviation Co., or CNAC -- which has a 43.3% stake in Dragonair -- said she didn't know of a transaction. Chinese conglomerate Citic Pacific Ltd., which owns 28.5% of Dragonair and 25.4% of Cathay Pacific, didn't respond to requests for comment.

Trading in the shares of the five Hong Kong-listed companies -- Cathay, Air China, Swire Pacific, CNAC and Citic Pacific -- were suspended yesterday after publication of a report on the deal in the Hong Kong newspaper the Standard.

Cathay Pacific controlled Dragonair from 1991-96, when it scaled back its stake in the airline as part of a strategic rearrangement ahead of Britain's handover of political power in Hong Kong to China. Cathay and Dragonair have since become sometimes rancorous competitors on flights to Taiwan and other regional routes, and Cathay has had to make do in China with limited passenger service to Beijing and Xiamen and cargo service to Shanghai.

Cathay tried to widen its footprint in the mainland, first by partnering unsuccessfully with state-run China Eastern Airlines and then, in 2004, with a strategic investment in Air China. Cathay has yet to reap big benefits from its alliance with Air China, which complicated their relations by committing last month to joining the Star airline alliance instead of the oneworld group, to which Cathay belongs.

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Under the new deal, Cathay would buy the stakes that Citic Pacific and CNAC hold in Dragonair, as well as Swire's holding. In return for the loss of mainland control of Dragonair, Air China or possibly CNAC would likely receive a stake in Cathay Pacific, two people with knowledge of the deal said.

Cathay should be able to generate cost savings by integrating Dragonair's back-office departments and management with its own and by using their combined fleets more efficiently, said UBS analyst Damien Horth. Cathay probably has already lined up regulatory approval of the deal from China's aviation authorities, he added.

An official of the Civil Aviation Administration of China said that no matter what shareholding changes might occur, "Dragonair will retain its nature as a Hong Kong carrier," adding as an example, "Cathay is controlled by a British company, but it is a Hong Kong carrier."

ENVIRONMENT:

Avian Flu News Tracker (WSJ)

The Wall Street Journal Online, June 6, 2006

Monday, June 5

3:55 p.m.: Japan said it will nominate WHO Western Pacific chief Shigeru Omi to succeed the late Lee Jong Wook as head of the U.N. health agency, the AFP news agency reported1. 2

2:05 p.m.: Wall Street Journal Video:3 Health and Human Services Secretary Michael Leavitt and Agriculture Secretary Michael Johanns discuss the latest news regarding a person-to-person transmission of the avian flu and what it means.

11:40 a.m.: Skinvisible Pharmaceuticals4 said its new hand sanitizer was 98% effective in deactivating or killing the bird-flu virus on skin for up to four hours during a recent test at a subsidiary of London's Queen Mary School of Medicine. The Las Vegas company developed the hand sanitizer primarily for health-care professionals. The active ingredient is Chlorhexidine.

9:05 a.m.: Less than one-sixth of the $1.9 billion pledged in January by donor countries to prepare developing nations for a flu pandemic has been dispersed, despite calls for a rapid escalation of efforts, the Financial Times reported6 Monday, citing the World Bank. The news of scant fund distribution comes as U.N. bird-flu chief David Nabarro is set to call for additional bird-flu funding, according to the report.

Washington In Brief (WP)

By From News Services

The Washington Post, June 6, 2006

USDA Secretary Sets Strategies for Avian Flu

The U.S. Department of Agriculture can tap an emergency fund of about $30 billion to fight an outbreak of lethal flu in poultry, Secretary Mike Johanns said yesterday.

Any colony of birds in which a positive test occurred would be destroyed and the owners would be compensated, Johanns said.

"We would quarantine that flock, and we would humanely destroy those birds," he said. "Our goal would be to eradicate. We don't want to mess around with it."

Johanns said he might use rarely exercised emergency powers to access funds without congressional intervention if a lethal form of the H5N1 avian flu began spreading through domestic U.S. flocks. Health and agriculture officials are concerned that the virus may enter the United States through migratory, smuggled or imported birds and perhaps mutate into a form contagious among people that might set off a lethal worldwide human pandemic.

"You start considering the multitude of opportunities here and it's very important to be prepared," Johanns said.

At least 127 of the 224 people confirmed to have been infected with the H5N1 avian flu have died since 2003, the World Health Organization said May 29. Although the virus has primarily infected people through contact with sick or dead birds, some possible human-to-human transmission has been reported when people have come in close contact with sick, coughing patients.Medicaid to Require Proof of Citizenship

Tens of millions of low-income Americans will soon have to show their birth certificates or U.S. passports if they want to obtain health care through their state Medicaid programs.

The requirement that beneficiaries provide proof of citizenship goes into effect July 1. It's designed to root out cases of illegal immigrants getting their health care paid for by the government.

Health analysts say they fear the provision could prevent some citizens from getting health care.

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Advocacy groups for the homeless and mentally ill have asked the Bush administration to presume that beneficiaries seeking care are eligible for the health insurance program for the poor. Then, they would be given time to get the necessary documents.

"They may not have kept the best records, particularly those with serious mental health disorders," said Kirsten Beronio, senior director of government affairs for the National Mental Health Association. "For them, there needs to be some accommodations made that other types of records could be used."Conferees Seek to Seal Deal on War Funding

Hoping to speed approval of war funds, House-Senate negotiators were to meet this evening on legislation to pay for the missions in Iraq and Afghanistan and for hurricane relief along the Gulf Coast.

After missing a Memorial Day deadline, negotiators hope to seal an agreement this week. The White House says a money crunch is threatening military operations and training accounts, especially for the Army, and could slow training and equipping of Iraqi soldiers.

"It's imperative that Congress finish its work and get this to the president to sign," said Pentagon spokesman Bryan Whitman. "This supplemental went up in February. It's now June." He said the Army will impose a civilian hiring freeze Tuesday and has cut spending on spare parts, transportation and travel.

New London Approves Evictions In Eminent Domain Dispute (BOS/AP)

By Stephen Singer, Associated Press Writer

The Boston Globe, June 6, 2006

NEW LONDON, Conn. --City officials voted Monday night to begin eviction proceedings against residents who refuse to leave their riverfront homes, signaling the end may be near in an eminent domain dispute that reached the U.S. Supreme Court.

The City Council approved the action 5-2, authorizing the city attorney to take the necessary steps, including possible court action, to evict the remaining two families and obtain the properties. A lawyer for the families said they are considering continuing their battle with the city.

About 100 people packed the meeting room, a hallway and an adjacent room.

The small city has been trying for a decade to redevelop the once vibrant Fort Trumbull neighborhood along the Thames River. Seven homeowners challenged the city's plans to seize their properties and build a hotel, convention center and upscale condominiums, saying eminent domain can't be used to make way for private development.

But a 5-4 Supreme Court ruling last year upheld the city's right to take the homes. The court, however, said states were free to restrict eminent domain seizures, and many already have. A proposal to change Connecticut's law died in this year's state legislative session.

Since the Supreme Court ruling, all but two families have settled with the city and agreed to leave.

Michael Cristofaro, one of the Fort Trumbull holdouts, spoke out against the property seizures.

"Just give us back our deeds," Cristofaro said. "You are not being straight with us or the public. You are not listening to the general public."

Cristofaro singled out five of the seven council members who favor taking the property.

"You are a disgrace to the city, the state and the nation," he said.

One Fort Trumbull resident, William Von Winkle, agreed to a settlement with the city Monday, just minutes before the City Council meeting began, The Day of New London reported. The terms were not disclosed.

Scott Bullock, a lawyer for the Arlington, Va.-based Institute for Justice who represents the residents, said the homeowners can still fight the city. He said they'll be considering appeals to state government to ask that state funding for the development be pulled. He said they also may engage in civil disobedience.

"This is a civil rights struggle to save poor and working class people from eminent domain abuse," he said.

City Councilor Robert Perro supported the effort to remove the families. He said the issue has been through state agencies and three courts.

"This was a plan that was well thought out," he said. "The development of this peninsula needs to move forward."

But Charles Frink, one of the two councilors who opposed seizing the properties, criticized supporters, saying they should admit they made a mistake.

"I can't accept a possible reduction in taxes by having neighbors thrown out of their property," he said. "This is morally abhorrent to me. I refuse to profit from my neighbor's pain."

Gov. M. Jodi Rell had proposed letting the holdouts remain in their homes but giving the city the right of first refusal if the houses ever were sold.

New London Mayor Elizabeth Sabilia predicted before the meeting that Rell's proposal would not be approved.

"The balance of councilors are staying the course," said Sabilia, who also votes on the council.

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The vote came five days after a deadline for settlements to be reached with the remaining property owners.

One local resident who spoke Monday night, Donald Harrington, was against Rell's plan.

"What right has she got to tell the city of New London what to do?" he asked.

The eviction process, which may include another court fight, could take a month to three months. But that's negligible in a land dispute that has been up and down the court system over several years.

"You know how some things take on a life of their own?" Sabilia said. "This thing is like a cat. It's taken on nine lives."

Bullock said he didn't think the city wants the publicity that will come with razing the homes.

"It would be a disaster, evicting Susette Kelo from that pink house that nearly everybody in the nation recognizes by now, when you've got a proposal from the governor on the table," he said.

Kelo, a 49-year-old nurse who bought her home in 1997, became the lead plaintiff in the court battle and has refused to sell, as has Cristofaro.

Debate Over Wind Power Creates Environmental Rift (NYT)

By Felicity Barringer

The New York Times, June 6, 2006

OAKLAND, Md. — Dan Boone has no doubt that his crusade against wind energy is the right way to protect the Allegheny highlands he loves. Let other environmentalists call him deluded at best, traitorous at worst. He remains undeterred.

For four years or more, Mr. Boone has traveled across the mid-Atlantic to make every argument he can muster against local wind-power projects: they kill birds and bats; they are too noisy; they are inefficient, making no more than a symbolic contribution to energy needs.

Wind farms on the empty prairies of North Dakota? Fine. But not, Mr. Boone insists, in the mountainous terrain of southwestern Pennsylvania, western Maryland or West Virginia, areas where 15 new projects have been proposed. If all were built, 750 to 1,000 giant turbines would line the hilltops, most producing, on average, enough electricity to power 600 homes.

Wind projects are in the midst of a huge growth spurt in many parts of the country, driven by government incentives to promote alternatives to fossil fuels. But Mr. Boone, who wields a botanist's trowel and a debater's knife with equal ease, wants to slow them down with community activism, regulatory action and legal challenges.

His crusade harks back to the campaigns against nuclear power plants, toxic-waste dumps and dams on scenic rivers that were building blocks of the modern environmental movement. But the times, and the climate, are changing. With fears of global warming growing more acute, Mr. Boone and many other local activists are finding themselves increasingly out of step with the priorities of the broader movement.

National groups like Greenpeace and the Sierra Club used to uniting against specific projects are now united for renewable energy in general. And they are particularly high on wind power — with the caveat that a few, but only a few, special places should be turbine-free.

"The broader environmental movement knows we have this urgent need for renewable energy to avert global warming," said John Passacantando, executive director of Greenpeace U.S.A. "But we're still dealing with groups that can't get their heads around global warming yet."

Indeed, the best winds, especially in the East, tend to blow in places that are also ideal for hiking, sailing, second homes and spirit-soothing views. These include the Green Mountains, the Adirondacks, the Chesapeake Bay, Cape Cod and the ridges of northern Appalachia. Local opposition to unwanted development remains a potent force.

So when it comes to wind, the environmental movement is riven with dissonance and accusations of elitism. Robert F. Kennedy Jr.'s very public opposition to the 130-turbine Cape Wind energy facility proposed off Nantucket Sound has driven a wedge between activists. Dan Boone's circuit riding against wind projects, while not attracting the same celebrity notice, has exasperated many Sierra Club compatriots even more.

Like Mr. Kennedy, Mr. Boone says the areas he wants to protect are uniquely vulnerable. His family owns property near the proposed projects, just as Mr. Kennedy's does near the Cape Wind site.

But Mr. Boone says that wind supporters are the ones pursuing their own agenda at the expense of the public interest.

"I'm not sure that wind turbines in this region will significantly reduce the outcome of global climate change or actually have any role," Mr. Boone said. "The very limited benefit doesn't justify the risk of wiping out a lot of interior forest habitat."

National environmental leaders reject this argument.

"There's no free lunch," said Paul Hansen, executive director of the Izaak Walton League of America, a venerable sportsmen's group. " 'Not in my backyard' is not environmentalism."

The Alleghenies are a big backyard, with views that are both spectacular and problematic. Flowering shrubs like shadbush and preening flowers like trillium are framed by oaks, maples and longleaf pines. But intermittent industrial tree farming has

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repeatedly denuded some mountainsides. On both sides of the border near here in far western Maryland, second-home development is booming. The air has often been fouled by the Mount Storm coal-fired power plant.

If Ned Power, a wind-energy development company, puts up 100 or so turbines along 14 miles of ridgeline near Mount Storm, wind-energy supporters say, how much does that further spoil the landscape?

Kevin Rackstraw, a regional manager of Clipper Windpower whose proposed 40-turbine project in western Maryland has drawn Mr. Boone's fire, said opponents lacked perspective.

"Dan looks at all the impacts of a given wind project," Mr. Rackstraw said, "but doesn't say: 'If we didn't have wind, what would we have?' Coal. Think of the impact of acid rain and mountaintop removal."

The Ned Power project is just one target of Mr. Boone, 49, a former state wildlife biologist who now works as a consultant. In interviews, he said he first focused on the issue when working as a botanist on a study related to an early wind power project. The environmental-impact statements, he said, were grossly inadequate.

Now he drives from Highland County in western Virginia (where 38 turbines are proposed on Tamarack Ridge) to Bedford, Pa. (where early discussions of an unnamed project are under way) to talk to local groups or crystallize their objections for them. In Annapolis, Md., and Charleston, W.Va., he uses state utility regulators' licensing hearings to throw up roadblocks before wind projects. He is eager to argue with industry officials in any venue, questioning their facts, assumptions and motives.

"The rush is on now because a lot of the places they've targeted have no zoning, and it's easy to get in that kind of large-scale development," he said. "This part of the country has really good energy prices. Developers are keying in on that."

Mr. Boone's quiver of anti-wind arguments includes economic analyses, but his first line of attack is biological: he contends that they are a threat to bats and potentially to migratory birds and that they break up forest habitat.

Scores of raptors and other birds were killed by the first generation of wind turbines set up at Altamont Pass in Northern California. Since the Altamont Pass turbines were erected in the early 1980's, turbine design has been altered, and most subsequent studies have shown that birds tend to fly above the height of most turbines though some experts say more studies are needed.

But the turbines south of here in Thomas, W.Va., have been lethal to bats. More than 2,000 were killed in 2003 at the Mountaineer project, whose 44 turbines are owned by FPL Energy, a big power company that is the wind industry's dominant player.

Industry officials agree that the bat mortality measured at the Mountaineer site is unacceptable, and they are studying the benefits of deterrent devices and the best ways to modify turbine operations in bat-rich areas.

To Mr. Boone, wind energy will never make a big enough difference to justify its impact in the region. "You have to remember that these tax advantages are so huge," he said, "that these developers are keen to latch onto all the mythology — whether it's global warming or something else."

Asked if he thought global warming was a myth, he said: "No, I'm not calling it mythology." But industry officials, he contended, will "take things out of context."

Mike Tidwell, the director of Chesapeake Climate Action Network and one of Mr. Boone's adversaries, bristles at the attack. "Wind industry guys are the straightest-shooting people," Mr. Tidwell said. "Most got into it because they had an environmental ethic."

But Mr. Boone has plenty of allies, too. "He's the greatest naturalist I've even known," said Betsy Johnson, chairwoman of the Maryland chapter of the Sierra Club. "Dan has been very helpful in educating us with what problems there can be with an energy source like wind."

The industry Mr. Boone regards so suspiciously is on a roll. The total share of energy that wind farms generated nationwide in 2004 was tiny — about one-third of 1 percent, according to the Energy Department. But by 2020, according to industry estimates, wind's share of the county's energy portfolio could grow ten- or twentyfold.

For the environmental movement, wind supporters say, the transition from the protection of place to the protection of planet is bound to be wrenching.

"Wilderness conversations are spiritual," said David Hamilton, the Sierra Club's national director of global warming and energy programs. "We've always been a place-based organization, protecting places," but "protecting our climate" is "just looking at it from a different angle and a different elevation."

FBI/DEA/ATF/USMS:

You Trust This Guy? (RC)

By Mary Ann Akers

Roll Call, June 6, 2006

It appears there may be an even more bizarre genesis to the FBI's already unusual attempt to seize the papers of the late journalist Jack Anderson, who was 83 when he died in December. The Senate Judiciary Committee is set to hear about the allegedly sordid past of a former Anderson reporter who tipped off the FBI when it convenes this morning to hold a hearing on the controversy.

According to a Senate Judiciary Committee source, a witness will testify that the entire Anderson investigation was triggered by a tip from a man convicted and imprisoned for sodomizing a young boy and who allegedly admitted to having a history of mental illness.

The witness who will make these charges is Mark Feldstein, a journalism professor at George Washington University, where the Anderson papers are stored.

Feldstein is working on a book titled "Poisoning the Press: Richard Nixon, Jack Anderson and the Rise of Washington's Scandal Culture," which is due out next year. So the FBI went to him to seek Anderson's papers.

The FBI reportedly said it wanted Anderson's files, going back as far as the early 1980s, as part of its criminal probe of two former lobbyists for the American Israel Public Affairs Committee who are accused of violating espionage laws. The FBI came knocking even though, as The Chicago Tribune noted in an editorial last month, Anderson "had been ill with Parkinson's disease since 1986."

Don Goldberg, a veteran spinmeister for the Clinton administration who is now a managing director for Qorvis Communications, says he and other former Anderson associates find the FBI's attempt to seize Anderson's papers "outrageous."

For one, Goldberg said, Anderson had not been an active journalist for at least 15 years before his death. More importantly, he said, "the First Amendment ability of journalists to protect their confidential sources regarding legitimate issues relating to how our government works is sacred. It doesn't evaporate when a journalist dies. This is nothing more than an attempt to intimidate reporters by threatening them even in death."

Several close-knit Andersonites plan to attend today's hearing. One of them, author James Grady, whose spy novel "Six Days of the Condor" was made into the '70s suspense classic "Three Days of the Condor," has a notion to corral the Anderson gang to sing the "The Star-Spangled Banner" at the start of the session.

"I think that would be appropriate to remind people where they are," he said.

Speaking of Investigative Reporters ... Robert Redford's trip to the nation's capital next week has nothing to do with Deep Throat.

The liberal group Campaign for America's Future has snagged the one-time star of "All the President's Men" (and, as it happens, the aforementioned "Three Days of the Condor") to add a little Hollywood gleam to its "Take Back America" conference.

Toby Chaudhuri, the group's spokesman, wrote in an e-mail that Redford, who is 69, will join Senate Minority Leader Harry Reid (D-Nev.) and other activists to officially launch the group's Apollo Challenge to urge the White House and Congress to "kick our nation's oil habit." The conference starts June 12 at the Washington Hilton.

Attendees will also hear from Sens. Hillary Rodham Clinton (D-N.Y.), John Kerry (D-Mass.) and Barack Obama (D-Ill.).

Be Cool. Hey, softball players, keep those beers down if your team is playing down on the Mall this week. Police are out in full force in light of three recent muggings and one sexual assault.

Last week, a police officer issued a verbal warning to a couple of members of the Shays Lounge and the Swinging Johnsons — the softball team of Reps. Christopher Shays and Nancy Johnson, both Connecticut Republicans — before the start of their game last Wednesday against the Hoosier Daddys.

The two teams were warming up, and some of their players were swilling brewskis, when police on bicycle, horseback and motorcycle showed up. "I was wondering when they were going to bring in Scotland Yard," one eyewitness said dryly.

The informant said he thought some members of the Shays-Johnson team were issued a warning, but not an official ticket. He was right. Sarah Moore, a spokeswoman for Rep. Shays, says an officer simply asked them to put the beer away and gave them "a verbal warning."

Drug Czar Announces Bad Heroin Supply Bust (AP)

By Carla K. Johnson

AP, June 5, 2006

CHICAGO -- U.S. agents, working in cooperation with the Mexican government, have closed down a lab in Mexico that might be the main source of a powerful painkiller that has killed at least 100 heroin users in eight states, the federal drug czar said Monday.

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John Walters, director of the White House Office of National Drug Control Policy, said it's still not clear whether the painkiller, fentanyl, was mixed with heroin at the lab in Mexico or after it entered the United States.

"There may be more than one source," Walters said. "We think this is the principal source."

The U.S. Drug Enforcement Administration is testing samples of fentanyl seized in a May 28 raid of a suspected fentanyl-manufacturing operation near Guadalajara but has not yet confirmed that the drug is linked to the U.S. deaths, DEA spokesman Steve Robertson said.

"We hope to have a break in the case, but we're not sure this is it," Robertson said.

Five Mexican citizens were arrested during the May bust, including one Walters described as the chemist.

Walters said that the dealers may have started using fentanyl because they were looking for a competitive advantage on the street, but that inept mixing _ or cutting _ of the drug combination made it deadly.

He also warned that millions of deadly doses of the fentanyl-laced heroin might still be on the streets. Fentanyl-laced cocaine had turned up in some cities, as well, he said.

Deaths caused by fentanyl-laced drugs have occurred in Illinois, Michigan, Missouri, Ohio, Pennsylvania, New Jersey, Delaware and Maryland, Walters said.

Doctors prescribe fentanyl as a painkiller for cancer patients and others in chronic pain. It's about 80 times more potent than morphine.

The drug is also many times stronger than heroin. An overdose can slow breathing to the point of death.

Lethal Drug Likely Came To Area From Mexican Lab (AP)

By Carla K. Johnson, Of The Associated Press

AP, June 6, 2006

Authorities believe raid hit source of pain-killer used in deadly heroin

CHICAGO - U.S. and Mexican authorities have closed a Mexican lab that might have been the main source of a powerful pain-killer that has killed heroin users in the Harrisburg and Philadelphia areas and six other states.

Those authorities also warned yesterday that millions of deadly doses of fentanyl-laced heroin might still be on America's streets.

The mixture has caused at least 100 confirmed deaths from Philadelphia to Chicago in recent months. The Harrisburg area had two deaths and at least 20 overdoses from heroin cut with fentanyl in April, authorities said.

The lethal mix was sold locally in packages marked "Apollo" and was sought by users looking for powerful highs, authorities said.

Deaths caused by fentanyl-laced drugs have also occurred in Michigan, Missouri, Ohio, New Jersey, Delaware and Maryland, said John Walters, director of the White House Office of National Drug Control Policy.

Fentanyl, medical authorities said, is prescribed for cancer patients and others in extreme pain. The drug is considered 80 times more powerful than morphine. An overdose can cause a suffocating feeling similar to an asthma attack, slowing breathing to the point of death.

Organizations that run needle exchanges and other health programs for drug users are trying to spread the word. "Is your friend turning blue?" reads one flier that describes what to do in an emergency.

But to some drug users, seeking a more powerful high, the warnings become an advertisement.

In the Detroit area -- the apparent hub of the problem with more than 100 confirmed cases since last fall -- officials from the national Centers for Disease Control and Prevention were investigating, and community organizations were still scrambling at the end of May to get the word out to users.

Walters said it was not clear yesterday whether the fentanyl was mixed with heroin at the lab in Mexico or after it entered the United States. Fentanyl-laced cocaine also has turned up in some cities, he said.

He warned that fentanyl might be coming from other sources as well.

"There may be more than one source," Walters said. "We think this is the principal source."

The U.S. Drug Enforcement Administration is testing samples of fentanyl seized in the raid near the western city of Guadalajara, but it does not yet have confirmation that the drug is linked to the U.S. deaths, DEA spokesman Steve Robertson said.

"We hope to have a break in the case, but we're not sure this is it," Robertson said. "This is an ongoing investigation, and we're working very closely with local authorities."

Five men, all Mexican citizens, were arrested in the May 28 raid, Robertson said. Walters described one of them as "the chemist."

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"Through standard detective work we're looking to make ties into what's going on up here" in the United States, Robertson said.

Walters said the fentanyl-laced heroin might have been used by dealers looking for a competitive advantage on the street, but inept mixing -- or cutting -- of the drug into heroin made it deadly.

The DEA plans to gather police officers and drug enforcement agents for a national meeting on the fentanyl problem June 14-15 in Chicago, Robertson said.

Staff writer Tom Bowman contributed to this report.

Major Bust In Bad Heroin Supply (CHIT)

By Jeff Coen And Tonya Maxwell, Tribune Staff Reporters

Chicago Tribune, June 5, 2006

A clandestine laboratory in Mexico capable of producing millions of doses of the potent, sometimes lethal, drug fentanyl has been shut down, the U.S. drug czar announced Monday in Chicago, but not before it may have contaminated supplies of street drugs here and across the country.

Heroin mixed with the powerful painkiller has been blamed for hundreds of deaths across the U.S. in the last year, including at least 60 in Chicago. The synthetic narcotic is being added to heroin to give a more powerful high to users, authorities have said. Some users have sought the combination and others may not have known what they were buying.

Just over the weekend in Cook County, there were 13 fatal overdoses that now are being investigated for connections to fentanyl, the county's chief medical examiner said Monday.

John Walters, director of the White House Office of National Drug Control Policy, said it is too soon to know if the Mexican lab was the biggest source of the illicit drug, which has killed people in eight states.

But authorities believe it may have been running long enough to push a major amount of fentanyl, used legally for pain management, into the illegal drug market, he said.

"In effect, to be quite clear, the drug traffickers have substantially poisoned the drug supply in the United States," Walters said.

"These are already dangerous substances, but obviously we're now seeing in more places the effects of this incredibly powerful drug in levels that are causing deaths."

The U.S. Embassy in Mexico City reported the lab was located May 21 by Mexican authorities in Toluca, north of the capital. The Mexican attorney general's office reported authorities found a climate-controlled room in the company's space in an industrial park, with tools and precursor chemicals used in the making of the drug.

Federal investigators said five Mexican nationals were arrested, including a man acting as the chemist for the group.

Investigators are working to determine how much fentanyl could have been made at the production site before it was discovered. And agents are seeking records on the site that might provide clues as to its production capacity and distribution channels, they said.

Deaths have been reported in Illinois, Michigan, Ohio, Missouri, Pennsylvania, New Jersey, Delaware and Maryland.

Testing is under way to find a common chemical signature in samples from those states that might link them to the Mexican lab, Walters said, confirming the fears of some that crime networks will move heavily into fentanyl production.

Investigators said they are working to determine if Chicago street gangs are moving the drug locally. Walters said no clear national picture had emerged that would explain which criminal networks are transporting fentanyl around the country.

Cook County Medical Examiner Edmund Donoghue said blood from 13 victims of fatal overdoses in the county over the weekend would be tested for fentanyl. The drug is among the most powerful illicit substances seen on Chicago's streets, he said. The narcotic, originally produced as a surgical anesthetic, shuts down the respiratory system, he said.

Among those suspected of overdosing over the weekend was Herman Elmore, 31, who died at the home of a family he was staying with in the 7400 block of South Morgan Street.

Vicky Love, who described herself as Elmore's godmother, said he was in and out of the house early Sunday, and then came in and said he was sleepy at about 3 p.m.

"I told him to sit down and take a nap," Love said. Several hours later children in the house tried to wake Elmore from a chair, but he was not breathing.

Donoghue said it would take weeks for testing to determine whether fentanyl was in Elmore's system. Love said she did not know Elmore to be a drug user, and said she doesn't know why anyone would try heroin now.

"They know [fentanyl] is out there, so why go out here and purchase it when it's all over the news?" she said.

Eddy Borrayo, director of substance-abuse services at the Pilsen-Little Village Mental Health Center, said many addicts do look for fentanyl-laced heroin.

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"If someone is getting a good high, such as with fentanyl, then addicts will go out and say, 'Where can I get some?'" he said. "That's what keeps them going. They're trying to find something else that gives them their first high.

"The potency is the issue," he said. "If a dope dealer says, 'I've got the good stuff,' that means it'll knock [the addict] out. It might make the addict feel tranquil and go to sleep. That's what they want. It's a pseudo-suicide, if you want to call it that."

Garrison Courtney, spokesman for the Drug Enforcement Administration in Washington, said there could be a number of illegal sources for the drug, including other laboratories. Some of it has been stolen from medical facilities where it is often used in a patch for cancer patients and others with severe pain, Courtney said.

On June 14, Chicago police and the Drug Enforcement Administration in Chicago will meet with law enforcement representatives from other states in hopes of finding patterns in how the drug is distributed.

Drug czar Walters said fentanyl also would become a focus of his office's new U.S. Synthetic Drug Control Strategy, which will target precursor materials entering the country.

Walters, speaking after a news conference in Chicago that introduced a new ad campaign to keep Hispanics from experimenting with crystal methamphetamine, said for now he could only urge users not to go looking for fentanyl.

At a treatment clinic in the mental health center, Borrayo said he was not optimistic most addicts would listen to official pleas to stay away from fentanyl. In his experience, he said, dealers will often give out free samples of a new mixture to see if they have a winning formula, and users will be in line waiting for it.

"The [dealers] will try to test it out to see if it's that good," he said. "Then they'll increase their price."

Tribune staff reporter Hugh Dellios contributed to this report.

Effects Of Fentanyl (CHIT)

By Judith Graham, Tribune Staff Reporter

Chicago Tribune, June 5, 2006

Fentanyl is an extraordinarily effective drug when it comes to pain relief. But abuse it and the chance of deadly complications is high.

A synthetic medication, fentanyl belongs to a class of drugs known as opioids. Others in the class include morphine, heroin, methadone, hydrocodone (Vicodin) and oxycodone (OxyContin).

Opioids work by binding to parts of nerves responsible for perceiving and transmitting pain. These opioid receptors are found primarily in a person's brain and spinal column.

For people in distress, relief can come in a matter of seconds after a fentanyl injection. For others, a feeling of euphoria is common, said Dr. Allen Burton, an associate professor of pain medicine at M.D. Anderson Cancer Center in Houston.

Potency is fentanyl's hallmark: It is between 80 to 100 times more powerful than morphine.

Whereas heroin and morphine are dosed in milligrams, fentanyl is dosed in micrograms—one 100th of a milligram, said Linda Bressler, a clinical associate professor at the University of Illinois at Chicago's College of Pharmacy.

Underscoring the need for caution, fentanyl has a narrower "therapeutic window"—the difference between a safe dose and a dangerous dose—than other opioids. "Overshoot the dose by just a little bit, and you can go from euphoric to unconscious or dead pretty easily," Burton said.

The greatest danger comes from fentanyl's potential to depress the central nervous system and cause breathing to shut down if it is taken in excess.

Signs of an overdose include "trouble breathing or shallow breathing, extreme sleepiness or sedation, an inability to walk or talk normally, and feeling faint, dizzy and confused," according to a recent publication from the Food and Drug Administration.

Heroin users may put themselves at extreme risk with fentanyl because doses are so different and because the drugs compound each other's effects, said Dr. Bruce Goldberger, director of toxicology at the University of Florida's College of Medicine.

Fentanyl has two legitimate purposes. In hospitals and other medical settings, anesthesiologists give it intravenously to patients undergoing surgery. The drug is also available in a skin patch or lozenge for people with severe chronic pain, such as cancer patients and patients with degenerative neurological disorders.

Recently, reports from around the country indicate growing abuse of the Duragesic skin patch and an increasing number of deaths from overdoses. Users are putting on multiple patches or stripping out the drug and injecting, drinking, eating or smoking it, Goldberger said.

Heroin Users Warned About Deadly Additive (WP)

By Peter Slevin And Kari Lydersen

The Washington Post, June 4, 2006

DOJ_NMG_0032112

CHICAGO -- The largest clue that something had changed in Chicago's vibrant heroin market came in February, when police found a dozen users sprawled unconscious in one place. One day in April, there were dozens more.

Toxicologists at the Cook County morgue discovered fentanyl, a powerful painkiller many times stronger than morphine, in the bodies of addicts who died. A small amount of fentanyl in a dose of heroin adds a pop that many users have come to crave.

"It's a new phenomenon. It's the latest high," said Chicago police spokeswoman Monique Bond, "but it's deadly. "

Since February, coroners have recorded 55 fentanyl-related deaths in Cook County, with 45 more cases suspected. Some were unsuspecting users taking pure fentanyl; others were users taking a mixture. Scores overdosed but recovered -- and not all regretted using it.

"There's this consumer arc. At first there's fear, but then when the fear is over, it's like: Hey, that's good stuff," said Greg Scott, a DePaul University sociologist who conducts government-funded research on injected drugs. "Most so-called street addicts can't afford more than what they're already doing, so fentanyl gives you that little extra bump. People are scouting for it."

Authorities have spotted the practice in Pennsylvania and New Jersey, and it appears most serious in Detroit, where authorities suspect that more than 175 people have died in recent months from fentanyl-related overdoses. The national Centers for Disease Control and Prevention is investigating. Federal and local authorities are convening a workshop in Chicago next week to learn more.

"It's baptism by fire here," Scott said.

The Chicago Recovery Alliance runs a weekly needle exchange and barbecue in a bus parking lot in Cicero, just outside city boundaries. At recent sessions, the organization has been warning users about the dangers and teaching them how to distinguish the mint green-tinged fentanyl-laced heroin from the typical Chicago drug, which tends to be yellowish or dusty brown.

"We tell them: If it's green, you shouldn't use it," said Cheryl Hull, the group's deputy director of operations, who reported that at least seven clients have died. Staffers have been urging users to be far more vigilant and to get high in twos or threes, never alone.

Cathy Piotrowski, who showed up for last week's barbecue, said she has overdosed four times on a fentanyl-heroin mix.

"You do it, then bam, you're just right out. You don't remember anything," said Piotrowski, 42, who reported taking three hits of heroin a day. "I'm warning people about it, saying this stuff is going around, so be careful."

Despite the obvious dangers, the quest for a bigger and better high is driving users to find the more potent fentanyl-heroin blend. Universal laws of marketing and sales are similarly driving the pushers to supply it, authorities said. Even the police unwittingly contributed to the phenomenon.

"The dealers were passing out free samples to attract users," police spokeswoman Bond said. "The police department was trying to be proactive by alerting the public about the bad heroin, but we were providing free marketing, basically providing a road map."

Scott, the DePaul sociologist, said four of the five heroin-dealing crews he is tracking are now selling the drug laced with fentanyl. They sell more dope in what is a competitive market, he said, and make more money. The users, especially those who can afford only a limited amount of heroin even as their tolerance grows through habitual use, see a way to get higher.

"For the same amount of money, you can get a product that's, let's say, 10 times more potent," Scott said.

Frankie is a 43-year-old homeless man who did not want to give his last name. He said he overdosed late last month on fentanyl-laced heroin he got for free on Chicago's Southwest Side. Police took him to the hospital. A former amateur boxer, he likened the effect to being slugged in the head and knocked out.

To him, the freebies did not make much sense.

"They were handing it out," he said, "but why kill your new customers?"

Deadly Mix Entices Drug Users (DN)

Detroit News, June 6, 2006

It's sold on the street as "Suicide," and if the name doesn't signal the risk, fears that it may have caused as many as 58 overdose deaths in Wayne County since May 18 should.

But a rise in deaths linked to heroin spiked with the painkiller fentanyl hasn't deterred some hardcore addicts from seeking the drug with the deadly nickname. Desperate for a high that gets elusive with time, a dedicated batch of users is turning to the cocktail whose effects can last all day.

Addicts told The Detroit News they're trying Suicide because they think they can manage the drug and avoid overdoses that have killed more than 130 users in Wayne County since January 2005. The News verified the identities of users, but agreed not to publish their last names.

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"This is the biggest advertisement ever for the dope man: A drug that gets you so (messed) up, you die," said Susan, a Bloomfield Hills woman who has used heroin on and off for 18 years but has been clean for a month.

That newfound high could soon end, however. Federal investigators announced Monday they may have found the source for the drugs last month during a raid that closed an underground lab in Mexico.

U.S. and Mexican authorities arrested five people for manufacturing a knockoff of the drug that's prescribed to cancer patients and described as 50 times stronger than morphine. Chemical tests will determine if the lab was the source of drugs sold as "Suicide" in Detroit and several Midwestern cities.

"There may be more than one source," said John Walters, director of the White House Office of National Drug Control Policy. "We think this is the principal source."

Authorities would not comment Monday on their evidence, however, and a Drug Enforcement Administration spokesman in Chicago, Chris Hoyt, said agents "are not ready to say the lab discovered in Mexico is directly related to what's happening here."

"The raid in Mexico is good news, but it does nothing for the lethal drug supply on our streets right now," said Robert Ficano, Wayne County executive and former sheriff. "We don't know how much of this mix is out there, and we don't know how many fentanyl sources there are."

Despite the warnings, many users have come to view Suicide as a drug they can use occasionally, said Patti, a decade-long user from Detroit.

Unlike heroin, addicts don't need to use five or more times a day while they're on fentanyl and don't need a fix as soon as they wake up.

"A lot of people are trying to get their hands on it," she said. "Some people are afraid, but most want to get as high again. … The heroin around here hasn't been great lately. It's been hit or miss. This is different. The first time I used it, I didn't know what it was. I got high. It was strong."

Part of the appeal is that longtime addicts no longer get high. Instead, heroin merely curbs nausea, tremors, diarrhea and other withdrawal symptoms, said Dr. Mark Greenwald, a Wayne State University psychiatry professor who conducts studies on addicts.

"This is used a lot by drug dealers as a kind of marketing," said Garrison Courtney, a DEA spokesman. "They give it an artificial purity. Then people see a few overdose deaths, and they're going to flock to the area to get that brand."

Some do so with deadly consequences.

Two weeks ago, Patti said she revived a friend who overdosed on fentanyl and heroin. The woman passed out immediately after injecting. Friends poured ice water on her head, then ice cubes.

She began to turn blue. Desperate, after 15 minutes of failures, Patti said she blew smoke from crack cocaine on her friend and she came to.

Patti said she still uses fentanyl.

"Everyone thinks they can take it," she said. "They're not going to be the ones who are going to go out on it (and die.) I don't think anyone is changing their habits."

The anecdotes seem to confirm the worst fears of drug counselors who worried the spate of publicity about the overdoses would increase demand. Public health officials in Wayne County have dispatched drug treatment workers and even recovering addicts into some of the city's drug-plagued neighborhoods to warn users.

"I don't see a lot of people who are nervous about this (outbreak,)" said Shirlie Arrington, a program supervisor at New Light Recovery Center methadone clinic in Detroit. "When you're doing drugs, you don't know what you're doing until you get it."

That's the fear of Dominic, a 46-year-old mechanic from Eastpointe, who started using heroin again last year in part because traditional painkillers didn't ease ongoing back problems.

Dominic said he's in such pain from withdrawal that "sometimes I just want to die" but still worries about accidentally taking fentanyl. "I don't know if someone's out to kill you," he said. "I care in that perspective, but I still do (heroin)."

The Associated Press contributed to this report.

The Drug War: 'The Best High They've Ever Had' (NSWK)

Newsweek, June 12, 2006

June 12, 2006 issue - Street users call it drop dead, executioner, flat-liner, the exorcist, Al Capone, fefe, Teflon and diesel. Cops know it as a deadly mix of heroin and fentanyl, an anesthetic and painkiller far more potent than morphine. For cancer patients racked with pain, legally prescribed fentanyl can be a godsend. But for junkies, the fentanyl-heroin cocktail has become the hot new high, as lethal as it is alluring. It is being blamed for hundreds of deaths this year in big cities in the Midwest and Northeast. In Wayne County, Mich., home to Detroit, there have been 50 deaths in just the past two weeks, including 19 in one deadly day in May.

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The problem is that cops don't know who is spreading the killer junk on the streets. It might be just one big bad batch that's been widely distributed, or it could be coming from multiple sources, say law-enforcement officials, who first began noticing a spike in fentanyl-heroin overdoses in November. One promising new lead came from the arrest of five people at an underground fentanyl lab in Mexico. "We're working to see if there's a connection, if that lab was the source," says DEA spokeswoman Rogene Waite. Federal and local police are meeting in Chicago this month to compare notes and come up with a cohesive strategy to combat the growing crisis.

Dealers are not intentionally killing their customers. Instead, it appears that in their zeal to get the new product on the street, dealers haven't perfected the recipe. Users say the blend, when snorted, injected or smoked, gives them an instant feeling of extreme euphoria. After 11 people died from the drug in one day in Chicago last month, police issued a public warning. Instead of being scared off, "people flocked to the area looking for the drug," says police spokeswoman Monique Bond. "They say," says Frank Limon, a top Chicago cop, "that it's the best high they've ever had." And the deadliest.

Suspect Shot By Police Dies From Wounds (SLPD)

St. Louis Post-Dispatch, June 5, 2006

A man believed to be peddling a potentially deadly heroin-fentanyl combination, who was shot in a confrontation with police in University City, has died from his wounds, officials said Monday.

Maurice A. Adkins, 27, of the 1200 block of Partridge Avenue in University City, died about 10 p.m. Sunday at Barnes-Jewish Hospital.

Meanwhile, U.S. drug czar John Walters said Monday that federal agents, working in cooperation with the Mexican government, closed a lab in Mexico that could be the main source of the fentanyl that has killed heroin users in eight states, including Missouri and Illinois.

Walters, the director of the White House Office of National Drug Control Policy, said it's still not clear whether the fentanyl was mixed with heroin at the lab or after it entered the U.S.

Officials suspect that 20 or more deaths in the St. Louis area are linked to the potent drug combination. Federal officials say there are at least 100 confirmed deaths nationally.

There was no link indicated between Adkins and any of the overdose deaths.

He was shot by two officers about 6 p.m. Thursday following an alleged drug deal in the 7000 block of Raymond Avenue. Police said that Adkins, when told he was under arrest, started to drive off and that an officer's leg got pinned between the open door and door jamb of Adkins' van.

That officer, of the Webster Groves Police Department, was not seriously injured.

Adkins had become a priority of the St. Louis County Multi-Jurisdictional Drug Task Force, officials said, after police heard he was selling heroin-fentanyl mix.

Before he died, Adkins was charged with first-degree assault on a law enforcement officer, possession of a controlled substance and delivering a controlled substance. Police said they found heroin-fentanyl mix in his van.

Walters, the federal drug official, said fentanyl-laced cocaine also has turned up in some cities, and he warned drug users that millions of deadly doses of the fentanyl-heroin combination might still be on the streets.

"There may be more than one source," Walters said in announcing the raid May 28 near Guadalajara. "We think this is the principal source." Lab tests were pending on whether the Mexican drug can be linked to the American deaths. In addition to Missouri, fatalities have been reported in Illinois, Michigan, Ohio, Pennsylvania, New Jersey, Delaware and Maryland, Walters said.

Walters made the announcement in Chicago, where he was to release a series of anti-methamphetamine advertisements in Spanish and English.

Doctors prescribe fentanyl, a powerful narcotic, as a painkiller for cancer patients and others in chronic pain. Walters said the fentanyl-laced heroin might have been used by dealers looking for a competitive advantage on the street, but inept mixing - or cutting - of the drug into heroin made it deadly. Federal and state officials plan to confer on the problem next week in Chicago.

Lethal Form Of Heroin Takes Steep Toll Here (PPG)

By Jonathan D. Silver, Pittsburgh Post-gazette

Pittsburgh Post-Gazette, June 6, 2006

Three deaths, 35 overdoses are blamed on the lethal form of drug plaguing the city. And the mixture has caused at least 100 deaths from Philadelphia to Chicago

City police detectives were working overtime to scoop up drug dealers and lean on users for information as a lethal batch of heroin snaked its way through city neighborhoods and beyond, causing at least 35 overdoses and as many as three deaths.

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The heroin, which has cropped up in at least eight Pittsburgh neighborhoods since Saturday, is likely laced with the potent painkiller fentanyl, about 80 times stronger than morphine.

As authorities tried to make a dent locally in the heroin trade, the federal government announced yesterday that it had worked with Mexico to close a lab across the border that might be the source of the fentanyl that has killed heroin users in Pennsylvania and seven other states.

John Walters, director of the White House Office of National Drug Control Policy, said it was still not clear whether the fentanyl was mixed with heroin at the lab in Mexico or after it entered the United States.

Mr. Walters, speaking to reporters in Chicago yesterday, warned drug users that millions of deadly doses of fentanyl-laced heroin might still be on the streets. The mixture has caused at least 100 confirmed deaths from Philadelphia to Chicago in recent months. Fentanyl might also be coming from other sources, he said.

"There may be more than one source," Mr. Walters said. "We think this is the principal source."

The U.S. Drug Enforcement Administration is testing samples of fentanyl seized in a May 28 raid of a suspected fentanyl manufacturing operation near the western Mexico city of Guadalajara but does not yet have confirmation that the drug is linked to the U.S. deaths, DEA spokesman Steve Robertson said.

City police said they have arrested five people since the outbreak began Saturday, but they declined to release any details, saying that the investigation was ongoing.

Pittsburgh police Cmdr. Thomas Stangrecki cautioned that even if officers bust the source of the bad heroin that has flooded Pittsburgh, it will take time for the batch on the streets to dwindle and finally disappear. It is not known how much of the heroin came into Pittsburgh or how it was divvied up among dealers.

"We're going to see it for a while until the supply is diminished," Cmdr. Stangrecki said yesterday during a news conference. "It's going to take more than one arrest to stop this."

Overdoses believed to be connected to the heroin, which has been found in small packets called stamp bags marked "Get High or Die Trying," have occurred in Beechview, Greenfield, Hazelwood, the Hill District, Lincoln Place, the North Side, the South Side and Squirrel Hill.

Other name brands are thought to be involved, but police have been unable to confirm that, Cmdr. Stangrecki said.

The heroin also has shown up in Bethel Park, Brentwood, Tarentum and West Mifflin. It sells for $10 to $15 a packet. Users range from 16 to 56 years old, cross socioeconomic lines, and are white. Most are men.

West Mifflin Police Chief Joseph Popovich said his department's encounter with the drug happened Sunday around 4:15 p.m. A man in his 30s who had taken heroin was found turning blue in a car parked on Lebanon Road near Miller Road.

The heroin came from Hazelwood, the man shot up in West Mifflin, and the case was turned over to Pittsburgh, Chief Popovich said.

Some arrests were made Friday involving the "Get High or Die Trying" stamp bags, but it was not until Saturday afternoon that Pittsburgh police first noticed something amiss when four overdoses were reported.

On Sunday, the number of incidents multiplied and included a fatality, Joseph Zielinski, 45, of Penn Hills, who was found in an apartment on Greenfield Avenue.

Yesterday, anyone listening to a police scanner would have heard numerous calls throughout the day for overdoses, including two fatalities in Hazelwood.

At 9:13 a.m., Lynn A. Margavo, 30, was found dead in her home in the 5200 block of Gertrude Street. And at 10:11 a.m., Dorothy Iannone, 56, of the 5100 block of Roma Way, was found dead. The cause and manner of both deaths were pending toxicology results.

A sampling of yesterday's overdoses followed the same pattern as Sunday's, with some cases involving motorists. Just after 10 a.m. yesterday, for instance, a man who had used the heroin lost consciousness and drove his Mercury Villager minivan over the curb and into a tree in the 100 block of Flowers Avenue in Hazelwood.

The driver, who was wearing his seat belt, was leaning back in his seat, unconscious. Firefighters from a nearby station house ran to the scene and began working to revive the man, who had a strong pulse but was having difficulty breathing, according to Capt. Greg Lowman.

The man regained consciousness in about five minutes, after firefighters and paramedics administered rescue breathing and a reversal agent, Capt. Lowman said.

"He claimed to be sleeping, but it was an obvious overdose," Capt. Lowman said.

About 3 p.m., the driver of a dump truck parked at a CoGo's in the 2400 block of East Carson Street was found unconscious, slumped over the truck's steering wheel.

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A store employee, who would not give her name, said paramedics pulled the man from the truck's cab and laid him on a stretcher while attempting to revive him. The man had a pulse but was struggling to breathe and appeared to be completely incoherent, with his arms flapping lifelessly at his sides, the employee said.

It could not be determined whether those incidents were linked to the potent heroin because police were unable to provide a breakdown of where and when the overdoses took place.

Late yesterday afternoon, Allegheny County's crime lab had analyzed one of three samples of heroin residue from stamp bags seized by police and determined that fentanyl was present.

Test results on the blood of the three people who died after apparently using the heroin would likely take until the end of the week, said Dr. Frederick Fochtman, director of the forensic science laboratory division and chief toxicologist of the county medical examiner's office.

"It's so very potent that it only takes a very small amount to have a toxic event," Dr. Fochtman said of fentanyl. "If somebody has this in a powdered form, how are they weighing it? How are they putting it in these packets? All you have to do is make a very little mistake and you have an overdose."

Authorities walk a thin line between the potential good of publicizing information about a heroin-fentanyl mixture and warning users of the danger, and tantalizing hard-core addicts who might seek out the bad dope for a powerful high.

"A hard-core addict, when they're using the heroin, sometimes they're only getting enough to prevent them from going into withdrawal," Dr. Fochtman said. "If they feel there is something out there they can take that will also make them high, they'll seek it out."

Drug Experts Advise Extra Precautions In Heroin Use (PPG)

By Anita Srikameswaran, Pittsburgh Post-gazette

Pittsburgh Post-Gazette, June 6, 2006

The deaths of three heroin users and the emergency treatment of 35 more have prompted an overdose prevention expert to offer this advice: If you're going to use, have someone nearby in case you need help.

Alice Bell, overdose prevention project coordinator at Prevention Point Pittsburgh, the region's only needle exchange program, said there had been talk about drug users in other cities overdosing on a powerful combination of heroin and a narcotic painkiller called fentanyl.

Prevention Point staff had begun to inform its needle exchangers about the potential problem, but until two days ago no one had seen it here.

This could be it, Ms. Bell recalled thinking, when she heard news media reports of an unusually high number of overdoses. It's not yet certain that the fentanyl and heroin combination has arrived on local streets.

"What we know is that there's unusually strong heroin on the streets in various cities, including now in Pittsburgh," she said.

In a June 2 letter, the U.S. Department of Health and Human Services warned public health workers that fentanyl was being added to heroin or cocaine and sold to drug users.

"In just one week, an estimated 33 individuals in the Detroit area are reported to have died after using this fatal mix of drugs," the letter says. "The same drug combination may have been responsible for over 100 deaths in the same region since last September."

Philadelphia, St. Louis and Chicago have all had clusters of drug-related deaths.

Fentanyl amplifies the potency of heroin and cocaine, the HHS letter says. Routine toxicology tests will not detect it.

Dr. Daniel Brooks, chief of the medical toxicology division at UPMC Presbyterian, said that heroin usually contains fillers to make it less potent and more economical for dealers. It's possible that the recent overdoses are the result of street drug that is "cut too rich," as he put it.

Opioids such as heroin and fentanyl can kill because they depress the respiratory and central nervous systems, Dr. Brooks explained. The unconscious user loses protective airway reflexes.

Dr. Brooks was told by an overdose patient yesterday that the heroin he had used came from Philadelphia, cost about the same as it usually did, and he had used half his usual dose. But it still turned out to be too much.

More information needs to be collected to better understand the impact of the fentanyl and heroin combination, said Dr. Sharon Stancliff, medical director for the Harm Reduction Coalition in New York.

A typical heroin overdose takes a couple of hours "because people slowly nod off and essentially forget to breathe," she explained. "I can't tell you if that's what happens with fentanyl."

Doctors use a drug called naloxone, or Narcan, to reverse opioid overdoses. It's not known if more Narcan is needed for a fentanyl overdose, or if the treatment window is briefer, Dr. Stancliff said.

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And it may not be obvious when heroin has been laced with fentanyl, Ms. Bell noted. Dealers may not know, or tell the buyer, and a stamp on a bag is not a reliable indicator.

So "it's really important for people to avoid using alone, if at all possible," Ms. Bell said. Also, "it's important for people to know what to do if you're with someone who overdoses, which means learning how to do rescue breathing and getting Narcan."

Since July 2005, Prevention Point's education program has included training in the use of Narcan, and physician volunteers have written about 65 prescriptions for it, Ms. Bell said.

Since then, "we have firsthand reports of 17 overdose reversals from people who have participated in the program," she said.

It's not surprising to Dr. Neil Capretto, medical director of Gateway Rehabilitation Center, that a person who had just been treated for an overdose might be back in the emergency room the next day with the same problem.

After Narcan treatment, "he's going to be sick and going through all these terrible physical withdrawal symptoms," Dr. Capretto said. "And the only way to counteract that is to use."

Ideally, overdose patients could immediately get into long-term, intensive treatment programs, but the demand far exceeds availability, he said.

There are more people using heroin in Western Pennsylvania than ever before, said Dr. Capretto, adding that if he had loved ones who were heroin addicts, he'd keep Narcan on hand.

For more information about Prevention Point's program, call 412-247-3404.

Heroin Claims 2 More (PTR)

By Jill King Greenwood And Jennifer Bails

Pittsburgh Tribune-Review, June 6, 2006

Police across Pennsylvania are working to identify the source of a recent spate of heroin overdoses and warning users about the unusually strong drug laced with the painkiller fentanyl.

Two people died in Pittsburgh on Monday -- bringing the total fatal overdoses here to three since Sunday. At least 36 people have overdosed in Allegheny County since the drug emerged on the streets on Friday, authorities said.

"This is a very serious, major problem and we're going to be seeing it for a while, until the supply runs out," said Pittsburgh police Cmdr. Thomas Stangrecki. "We're doing all we can to get a handle on it and get it off the street."

U.S. drug czar John Walters said that federal agents, working in cooperation with the Mexican government, closed down a lab in Mexico that might be the main source of the fentanyl that has killed heroin users in Pennsylvania and seven other states.

He warned drug users that millions of deadly doses of fentanyl-laced heroin might still be on the streets.

Police are blaming the concoction for yesterday's deaths, both in Hazelwood. Dorothy Iannone, 56, was found dead inside her Roma Way home. Lynn Margavo, 30, of Greenfield, was found unconscious inside a different Hazelwood home and died at UPMC South Side hospital.

Joseph Zielinski, 45, of Verona, was found dead inside an apartment in Greenfield on Sunday, and police have linked his death to the fentanyl-laced heroin.

The heroin has been sold in stamp bags marked "Get high or die trying" and "Dynasty" and sells for $10 to $20 apiece, Stangrecki said.

While Pittsburgh seems to be the hardest hit, the drug also has surfaced in Bethel Park, West Homestead, West Mifflin, Brentwood and Tarentum, police said.

Pittsburgh police arrested five people -- dealers and users -- and investigators have seen some cases where users overdosed and were revived by paramedics only to overdose again within hours, Stangrecki said.

Pittsburgh EMS Chief Bob McCaughan said he has been talking with state and local health departments and other emergency responders in the region about the heroin crisis.

"This isn't just going to be a Pittsburgh problem," said McCaughan, who is making sure every ambulance has an adequate supply of Narcan, which is used to treat patients who have overdosed.

Five people have been treated at Mercy Hospital, Uptown, for overdoses since the deadly brand began circulating in the area, said spokeswoman Linda Ross.

Allegheny General Hospital in the North Side treated three patients Sunday and yesterday. Another patient was admitted to West Penn Hospital in Bloomfield.

Allegheny General doctors typically see one heroin-overdose patient a day during the summer, said Dr. Fred Harchelroad, chairman of the hospital's emergency medicine department.

"What happens with these people is someone will find them at home or in the street after they've been shot up," he said.

The deadlier heroin now on Pittsburgh's streets poses a risk for both recreational users and junkies, Harchelroad said.

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"It's certainly a concern anytime this happens, and people are using a street drug where they don't know what the dosage is or what the concentration is," he said. "Not everyone uses heroin on a daily basis. They can end up killing themselves when they were just trying to get a little bit of a buzz."

Drug rehabilitation programs are trying to warn their patients, but heroin dependency is complicated and drug addicts don't always think rationally, said Rich Takacs, of Mercy Behavioral Health, which provides mental health services to about 500 substance abuse patients each year.

"Even though we have evidence that this is killing people in large proportions, that is not going to be enough for people just to walk away from it," Takacs said. "I wish it were as simple as telling someone they need to stop."

Pat Valentine, deputy director of the Allegheny County Office of Behavioral Health, said the county is relying on community-based substance abuse and addiction agencies to spread the message about the dangerous heroin to those at-risk.

Stangrecki said law enforcement can only do so much.

"The warnings are out there, but if they have a problem and they're determined to get this stuff, they'll do it regardless of whether they know it could kill them," he said.

Law enforcement officials in Fayette and Westmoreland counties reported no heroin-related deaths over the weekend, although police in Latrobe have found two stamp bags.

"We know it's in the area, but we're not sure to what extent," said Latrobe police Chief Chuck Huska.

Heroin has been a problem in Westmoreland County this year. There have been 10 drug overdose fatalities and six were linked to heroin, according to the county coroner's office.

Overdoses and deaths related to heroin laced with fentanyl have spiked across the country.

Federal agents and the U.S. Centers for Disease Control and Prevention are reviewing more than 100 fentanyl-related deaths in Detroit since the fall, and 15 people were hospitalized in Chicago last month after using the drug. In Missouri, more than six people have died from overdoses in St. Louis in the past three weeks.

The CDC estimates more than 200 heroin users have died because of fentanyl across the country in the past few months. The synthetic painkiller has tainted the heroin supply in Pennsylvania, Illinois, Michigan, Ohio, Maryland, Delaware and New Jersey, authorities said.

This isn't the first time the Pittsburgh area has seen an outbreak of overdoses and deaths due to tainted heroin. Eighteen people died in 1988 when "China White" -- heroin laced with 3-methyl fentanyl -- surfaced in Western Pennsylvania.

In 1999, high-quality heroin labeled "Red Demon" began appearing in Pittsburgh and was blamed for two deaths in Westmoreland County.

6 More Die From Likely Overdoses (FREEP)

By Gina Damron, Free Press Staff Writer

Detroit Free Press, June 5, 2006

Unknown yet if fentanyl involved

Six people died from probable drug overdoses between Friday and Sunday morning, bringing the total number of likely drug-related deaths to 54 since May 18, Wayne County health officials said Sunday.

But it will take weeks to determine whether the recent deaths were related to a dangerous mix of the painkiller fentanyl and heroin or cocaine, said Teresa Blossom, a Wayne County Health Department spokeswoman.

She said that between January and April there were more than 70 deaths caused by the concoction. But toxicology results on drug-related deaths in May and June are pending.

The county issued a warning May 19 because 12 people died in a 24-hour span, likely from the deadly mix.

Blossom said there are two or three drug-related deaths in the county on any given day.

Officials at the Wayne County Medical Examiner's Office could not be reached for comment Sunday.

John Roach, a spokesman for the Wayne County Sheriff's Office, said the department has received several tips about the local source of the drugs but wouldn't release information about the investigation.

Detroit's Deadly Epidemic (TOLB)

Toledo Blade (OH), June 5, 2006

An epidemic is sweeping the Detroit-Wayne County area, and it has claimed the lives of about 50 people in the last couple weeks. Last month, 12 people were killed in one 24-hour period, and two died Wednesday. More have died in Chicago and Philadelphia.

But it's not a virus that's killing so many. It's tainted drugs, a suspected blend of the painkiller fentanyl - likely made in illegal laboratories -with heroin or cocaine.

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A task force has been created to investigate the deaths. Known as the Detroit-Wayne County Fentanyl Work Group, it is looking into where the drugs come from and how they are getting to Michigan. The Centers for Disease Control and Prevention are helping, and the U.S. Drug Enforcement Administration is pursuing leads.

Given the number of confirmed overdoses - 130 in Wayne County from January, 2005, through April - the slow response is troubling.

While tracking down leads can be time-consuming and require significant manpower, particularly when labs producing these drugs may be outside the metro Detroit area, perhaps even overseas, surely more could have been done when the death toll is at such dramatic levels.

We can only imagine what the scenario would have been had the deaths been among a different demographic, perhaps in a different place. Say, 50 martini drinkers in Oakland County in the last two weeks.

That said, it is good to see that a multi-agency response is in place. While the number of deaths attributed to the tainted drugs does not approach that of homicides in Detroit - that number had risen above 100 after the first quarter this year - the fentanyl-related deaths are a public health crisis in the making.

Drug abusers share the blame, of course, and must bear a large part of the responsibility for their own fate. They understand the risks inherent in taking illegal drugs, including the obvious perils of infected needles, of uncertain purity of the drugs, and of overdosing.

But whether they deliberately sought a high delivered by a drug cocktail containing a painkiller 80 times stronger than morphine, or were unaware of the deadly mixture, they didn't deserve to die.

It's a mystery why anyone in Wayne County would risk taking an illegal drug under the present circumstances. How could they not know so many others have died? Warning flyers have been issued, so the word must be on the streets of Detroit that these drugs kill. Was their craving for the high so great that they would spin the cylinder in a terrible Russian roulette?

And what kind of people would illegally manufacture the fentanyl, knowing that when mixed with other, illegal drugs such as heroin or cocaine it would kill?

They are mass murderers and they must be hunted down and punished as such.

Colombia Says Soldiers Killed Antidrug Police (BOS)

By Indira A.r. Lakshmanan, Globe Staff

The Boston Globe, June 6, 2006

Authorities probe colonel for link to major trafficker

BOGOTÁ -- Suspicions that a Colombian military unit assassinated a US-trained, elite antinarcotics team at the bidding of the drug mafia two weeks ago have proven true, officials say, in a case that has badly shaken public confidence in the military.

On May 22, 10 of the country's most successful antidrug police were killed by a military platoon in the outskirts of Jamundí, an area under the influence of narco-traffickers 195 miles southwest of the capital, near Cali.

Two military officers and six soldiers were arrested Thursday on the basis of incriminating cellphone text messages and crime-scene evidence that investigators say prove the eight men planned the killings. The suspects insist the shootings were a ``friendly fire" mistake.

``This was not a mistake, this was a crime; this was a deliberate decision, a criminal decision," Attorney General Mario Iguarán said last week . ``They were doing the bidding of a drug trafficker."

Authorities are investigating bank accounts allegedly containing $44,000 belonging to Army Colonel Bayron Carvajal, the most senior officer arrested, as well as his alleged links to Omar García Varela, according to Colombian newspaper El Tiempo. Varela is accused of being right-hand man of drug boss Diego Montoya, one of the United States' 10 most-wanted narco-traffickers, who is believed to control properties and drug laboratories near the site of fatal attack. The United States has offered $5 million for information leading to Montoya's capture.

Questions remain in the Jamundí case about the extent of alleged collusion with drug traffickers within the armed forces, and how high up it may go. The arrests came days after the US State Department certified Colombia's human rights record, ensuring the flow of most US military aid to this country. Last year, Congress withheld some military assistance on worries that the Colombian government, which has waged a nearly decade-long campaign against drug corruption, was ignoring extrajudicial killings or cooperation between the military and right-wing death squads.

The Jamundí case has sparked a national outcry that has reached up to President Álvaro Uribe, but Uribe on Friday said he was not ready to oust generals to hold them responsible for the killings. The best way to restore military credibility, he said, would be to clarify events and impose sanctions on the guilty.

Among the most damning evidence against the arrested soldiers are text messages allegedly sent by Carvajal on the day of the killing to the lieutenant and sergeant in charge of the platoon.

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``Pull back the ambush. . . . Everything is set for tonight," read one message leaked by authorities to El Tiempo and the newsmagazine Semana.

That afternoon, Carvajal sent another message, the media reported: ``Get ready for the group to come with the chicken so you can get it."

``Chicken" was the nickname of civilian informant Luis Eduardo Betancur, who was leading police to a suspected 440-pound stash of cocaine. Betancur was also a registered informant of Carvajal, authorities say. He was found shot in the neck, with his balaclava removed, investigators say.

Eight of the 10 police killed were shot in the back, and ``the crime scene was contaminated before investigators arrived," said an investigative official yesterday who spoke on condition of anonymity. Investigators suspect soldiers may have fired shots from the police officers' weapons after they died, in an effort to make it look like there was a confrontation, El Tiempo reported.

Fewer than half of the soldiers in the 28-man platoon fired at the police. Witnesses interviewed by telephone from Jamundí say the police identified themselves during the attack and begged the soldiers not to shoot.

More than half of the shots fired originated from a military sniper who was hidden from view, said an investigative official.

When colleagues of the slain police arrived at the scene to investigate, another text message allegedly demanded to know why they had been allowed to pass a military roadblock.

The police unit had been trained by the Drug Enforcement Administration and was responsible for more than 200 arrests of drug traffickers, including 23 wanted for extradition to the United States.

6 Officers Put On Leave In Probe Of Inmates' Escape (WP)

By Petula Dvorak

The Washington Post, June 6, 2006

The D.C. Department of Corrections yesterday put six officers on paid administrative leave while authorities investigate events leading to the escape of two inmates.

Devon Brown, the department's director, said investigators want to determine if any of the officers deliberately aided in the escape or unintentionally made mistakes that contributed to the breakout. He would not identify the officers.

Ricardo Jones and Joseph Leaks broke into the warden's empty office shortly after 10 a.m. Saturday, smashed through a reinforced glass window and slid down a canopy to freedom, officials said. Both were captured Sunday, one in Maryland and the other in Virginia.

Their escape -- from the bureaucratic errors that gave Leaks enough freedom on a work detail to execute the escape to the warning system that failed to properly notify the neighborhood of the breach -- "was a major breakdown," Brown said yesterday.

The U.S. attorney's office and D.C. police are heading the criminal investigation. The Department of Corrections is conducting an internal investigation, and Brown cited several areas of special interest.

Leaks, 32, and Jones, 25, were jailed on charges stemming from the July 6 killing of David Valentine in Northeast Washington. Brown said they should have been separated while in custody, but, he added, they apparently got together to plan the escape.

Brown said Leaks was given too much freedom in his work detail, which allowed him to roam more freely while painting the hallway near the warden's office. Because Leaks was being held in connection with a violent crime -- as an accessory after the fact to Valentine's killing -- he should not have been given such a work detail, Brown said. Also, Leaks was charged in 1993 with a prison breach. Although that charge was dismissed, Brown said it should have been considered in granting him a work detail.

Leaks, of Northeast Washington, was also awaiting trial on nine counts of assault with a dangerous weapon and other charges. Jones, of Hyattsville, was jailed pending trial on a first-degree murder charge in Valentine's death.

Corrections officials have yet to determine how Leaks and Jones met up Saturday after Leaks slipped away from his work detail. The supervisor of that work detail is among those who were put on leave.

At some point, one or both of the inmates broke into the warden's office. There were signs of forced entry on the door.

After smashing a window with office furniture, they slid down a canopy and ran. Both were wearing dark blue jumpsuits, not the bright orange attire inmates wear. The blue jumpsuits are for prisoners about to be released, and Brown said investigators are unsure how they got them.

Brown said he checked several times with jail officials to make sure that they sounded the air raid-like siren that is supposed to notify people living near the jail in Southeast Washington of an escape. Although several officials assured him that the alarm was sounded, no one could say they heard it.

Many neighbors, even those who live across the street from the jail, said they did not hear a siren. Brown said he is investigating what happened to the alarm and whether it needs repair.

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He also said that neither he nor other corrections officials were aware that thousands of neighbors in Ward 6 are part of a text alert system that coordinates with the D.C. Emergency Management Agency to notify residents of any emergency, such as a jailbreak.

D.C. Council member Phil Mendelson (D-At Large) said he will hold a meeting June 14 in the neighborhood to discuss the incident.

Leaks and Jones were captured by a task force led by the U.S. Marshals Service. Leaks was caught first, early Sunday, in a Fairfax County motel. Jones was captured about 11:30 p.m. Sunday after Prince George's County got a tip that he was hiding in a garage or shed in Seat Pleasant. Authorities found him in a shed in the 500 block of 71st Street, police said.

Both planned to make their way to Greensboro, N.C., said Tom Hession, chief inspector for the Marshals Service. Both men are wanted there in connection with the shooting of a security guard, according to court records.

Six Officers On Leave During Probe Of Jailbreak (WT)

By Jim McElhatton And Amy Doolittle

The Washington Times, June 6, 2006

Six D.C. correctional officers have been put on leave as the U.S. Attorney's Office leads a criminal probe into the escape of two D.C. Jail inmates over the weekend, authorities said yesterday.

Inmates Joseph Leaks and Ricardo Jones were caught in separate locations in Maryland and Virginia Sunday after they broke into the warden's office and fled through a window Saturday.

D.C. Department of Corrections Director Devon Brown said yesterday that authorities are investigating "quite vigorously" the question of whether the two inmates had help in the escape.

"Everyone who may have had some knowledge of how this took place, whether it be staff or inmate, will be investigated," Mr. Brown said. "There was a major breakdown."

Leaks, 32, of Northeast, and Jones, 25, of Hyattsville, are charged in the July 6 fatal shooting of David Valentine in the District. As co-defendants awaiting trial in the same case, Mr. Brown acknowledged that the inmates should not have been allowed to have contact with each other.

Leaks had been assigned to a painting detail in the jail, which also should not have been permitted because of his criminal history, Mr. Brown said. It was not clear how Jones, who was not on the work detail, paired up with Leaks before the escape.

"It should not have happened, and we accept that," Mr. Brown said.

Thomas Hession, chief inspector for the Capital Area Regional Fugitive Task Force, which is led by U.S. Marshals Service, said a tip to the Prince George's County Police Department led authorities to catch Jones in the backyard shed of a home in Seat Pleasant late Sunday night. Leaks was caught early Sunday at a motel in Alexandria.

Detective Michael Reese, of the Metropolitan Police Department, said the U.S. Attorney's Office is leading a criminal investigation into the escape. The probe also is being conducted by city police and the U.S. Marshals Service.

Mr. Brown would not identify the six correctional officers whom he said were placed on administrative leave pending the investigation. One of the officers oversaw the work detail in which Leaks was involved.

Mr. Brown said authorities also are investigating whether a siren system designed to alert the surrounding community of a jailbreak was working properly.

D.C. Council member Phil Mendelson, at-large Democrat, said yesterday that he plans to investigate the siren system through a series of hearings.

"It will be an opportunity for the public to get a full explanation," he said. "We want to look at what procedures were not in place, what went wrong and what's being done to fix the situation. I'm sure we'll also be looking at community notification. When someone escapes into the neighborhood, the neighborhood needs to be alerted. The Department of Corrections said they sent out the alarm, and the community said they got nothing."

Mr. Mendelson, who is chairman of the council's Committee on the Judiciary, said the hearings also will investigate how the escape occurred.

"The escape is very troubling," he said. "The jail is a secure facility -- we don't put people there so they can escape."

The hearings have not been scheduled, Mr. Mendelson said.

Questions Raised About Crime Task Force's Success (SCRIPPS)

By Michael Doyle, McClatchy Newspapers

Scripps Howard/McClathcy, June 6, 2006

WASHINGTON -- Federal reinforcements in Fresno, Calif., have helped local police lock up bad guys, but now investigators are questioning how well one of the law enforcement programs really works.

In a high-profile blitz last year, the Bureau of Alcohol, Tobacco, Firearms and Explosives deployed extra troops to Fresno and some other selected cities. Welcomed by local officers and politicians alike, the Violent Crime Impact Team targeted gangs and gun-related crimes.

Since starting last June, the Fresno-based team of eight federal agents, two prosecutors and one deputy U.S. marshal have won kudos from their local colleagues.

"It has been successful," bureau spokeswoman Nina Delgadillo said Monday, noting that "we have firearms that we've been able to take off of the streets."

A 1 p.m. news conference at Fresno's federal courthouse on Thursday will give officials a chance to elaborate on their success stories.

The federal agents, though, also confront a perennial problem in public policy: How can they prove they're making a difference? On that, the jury may still be out.

In a new report, Justice Department investigators caution they can't be sure exactly how much credit the various Violent Crime Impact Teams deserve. There are 20 such teams nationwide, initiated as a pilot program now costing a total of $20 million this year.

"ATF cannot conclusively show that the law enforcement operations it undertook during the ... pilot project were effective at reducing firearms crime in the target areas," the Office of Inspector General investigators cautioned.

The Washington-based investigators, moreover, hinted at broader shortcomings. Successes may be exaggerated, teamwork hindered and goals missed. The Violent Crime Impact Team concept itself, investigators suggest, may simply be a new brand name for an old product.

(One) special agent stated, 'really the only change is geography, but essentially I'm doing the same thing,'" the Office of Inspector General investigators reported. "One assistant special agent in charge told us, 'This is what we were (already) doing before VCIT.'"

The special teams are supposed to target the worst offenders in violent neighborhoods. Federal prosecutors get a crack at suspects, drawing longer prison sentences. Investigators are supposed to work closely with local officers, and use the latest in crime-fighting technology.

In February, for instance, the Fresno team was credited with the arrests of five suspected gang members accused of drug-dealing and illegal firearms activities.

"Any time you can add resources in town, it's always a good thing," said Jeff Cardinale, public information officer for the Fresno Police Department.

Cardinale said local officials are still compiling statistics to demonstrate progress, which will be made available Thursday.

The Bureau of Alcohol, Tobacco, Firearms and Explosives declared the special teams an overall success in January, citing a decline in homicides in the targeted cities over a six-month period.

In theory, the teams are supposed to focus on criminals dubbed the worst of the worst. Between June 2004 and May 2005, the various teams reported making 3,592 arrests nationwide. However, only 746 _ about 20 percent _ were targeted individuals.

"We could not determine whether these 746 targeted individuals were the 'worst of the worst' violent offender in the target areas," Justice Department investigators noted.

Some teams didn't even identify who the "worst of the worst" were for fear of being accused of racial profiling, the new report notes.

In some cases, supposed success stories fell apart under closer examination.

ATF officials, for instance, touted an impressive-sounding 50 percent decline in homicides committed with firearms in a targeted neighborhood of Albuquerque. The grand total did fall _ from four to two.

The overall program itself was dismissed by some special agents as putting old wine into new bottles.

"One special agent stated, 'As far as I know, they just gave (Project Safe Neighborhoods) a new name,' " the investigators noted.

In its official response, the Bureau of Alcohol, Tobacco, Firearms and Explosives acknowledged that it "(may) be true that a direct causal relationship between ATF programs and reductions in crime can never be established." Officials stressed, though, that their agency is an "integral player" in overall Justice Department crime-fighting efforts.

"It is clear that ATF has played its part and has contributed to a safer America," the agency stated.

Agency officials further suggested the 108-page review itself was premature, with Delgadillo saying, "it's putting the cart before the horse" to evaluate a pilot program. Still, the agency substantively agreed with all of the recommendations made.

Investigators said other federal personnel assigned to the teams _ from the U.S. Marshals Service or Drug Enforcement Administration _ were found to be "often unaware of their expected roles and did not always receive clear direction" about their work.

Bush Selects U.S. Marshal For Nevada (AP)

AP, June 6, 2006

LAS VEGAS (AP) -- A former state gambling regulator has been named U.S. marshal covering Nevada.

Gary Orton is due to be sworn in June 16 as U.S. Marshal for the District of Nevada after being selected by President Bush.

Orton spent 26 years as an enforcement officer and deputy chief of the Nevada state Gaming Control Board. He previously spent eight years as a North Las Vegas police officer, and served in the United States Army from 1969 to 1972.

As U.S. marshal for Nevada, Orton will oversee security at U.S. District courts in Reno and Las Vegas and the protection of 23 federal judges, direct fugitive apprehension and federal prisoner custody and transport, and oversee federal witness security.

The marshals service also administers a Justice Department asset forfeitures program.

The Nevada office has been directed since January 2002 by Fidencio Rivera, who was made acting United States marshal and chief deputy U.S. marshal for Nevada.

Defendant Pleads Guilty, Will Testify (WP)

By Ruben Castaneda

The Washington Post, June 6, 2006

One of the two remaining defendants in an arson case that strained race relations in Southern Maryland admitted his guilt in federal court yesterday and agreed to testify for the government against the sole man still charged.

Michael M. Everhart, 21, entered his plea as part of an agreement to testify against Roy T. McCann, 23, the only one of five defendants in the case who has not pleaded guilty or been convicted. Everhart entered his plea during an hour-long hearing before U.S. District Judge Roger W. Titus in federal court in Greenbelt.

Everhart and McCann were tried in March in the arson fires that devastated a subdivision under construction in Charles County in the early morning of Dec. 6, 2004. The trial ended with a hung jury March 16, and Titus declared a mistrial.

Everhart, who was charged with 36 separate counts -- one count of arson and 35 counts of conspiracy -- pleaded guilty yesterday to one count of conspiracy to commit arson. His guilty plea and testimony could significantly bolster the government's case against McCann.

According to a statement of facts that was part of Everhart's plea bargain, Everhart joined McCann, Aaron L. Speed, Jeremy D. Parady and Patrick S. Walsh in splashing flammable materials in the entranceways of the houses they targeted. They set the fires using flares, matches, lighters and propane torches, according to the statement.

Titus set Everhart's sentencing for Sept. 8.

In the March trial, federal prosecutors relied heavily on the testimony of Parady, 21, a former firefighter trainee. Parady had pleaded guilty to one count of conspiracy and had admitted to driving a vehicle from house to house to help set the fires.

In their closing arguments, defense attorneys attacked Parady's credibility, pointing out that he was an admitted perjurer and arguing that he testified in exchange for a lighter sentence.

McCann's attorney, Joshua R. Treem, declined to comment on Everhart's plea agreement. McCann is scheduled to go to trial in June 2007.

By pleading guilty, Everhart could receive a sentence of three years to nearly four years in prison under complex federal sentencing guidelines. If he had gone to trial and been convicted, he could have been sentenced to nine years in prison. That term could have been increased to about 12 years if the judge determined there was evidence that Everhart had engaged in a hate crime. (None of the defendants has been charged with a hate crime or had his sentence increased for that reason.)

The fires destroyed 12 new, unoccupied houses and damaged 15 others, causing an estimated $3.2 million in damage. Many of the owners of the new houses are black, and the five men charged with setting the fires are white.

At the December sentencing of Walsh, 21, a former amusement park worker identified as the arsonists' ringleader, Titus said the fires caused "incalculable damage" to race relations in the community. Walsh was convicted by a federal jury in Baltimore of 35 counts of arson and one count of conspiracy. He was sentenced to nearly 20 years in prison.

Speed, 22, a security guard at the Hunters Brooke subdivision where the fires were set, pleaded guilty to one count of conspiracy and was sentenced to more than eight years in prison.

Everhart has been free, under the supervision of his parents, as he awaited his retrial. Yesterday, his attorney, William C. Brennan, told Titus that Everhart wanted to turn himself in to begin serving his sentence July 17. Titus agreed to allow the surrender.

In For Life? Not Him (LAT)

By Richard A. Serrano, Times Staff Writer

The Los Angeles Times, June 6, 2006

Prisons can't seem to keep Richard McNair confined. After his third escape, the convicted murderer is still at large, leaving tantalizing clues.

POLLOCK, La. — Richard Lee McNair's job in the prison factory was mending U.S. mailbags. Thousands of the leather pouches were routinely delivered to the shop at the federal maximum-security penitentiary here, and the middle-aged convict worked quietly each day, helping to stitch them back up.

Once the bags were refurbished, they were stacked on pallets, hundreds in a pile. McNair watched for four months as forklifts scooped up the pallets and hauled them to a warehouse just outside the prison walls.

One morning they carried off McNair — hidden under the bags.

And he was free again.

Twice before, in nearly two decades in custody, McNair has tasted freedom. Once he spread lip balm on his wrist, and slipped out of handcuffs. Another time he crawled to freedom through an air vent. Two other times his breakout attempts were foiled.

His latest escape was the first from a federal maximum security prison in 13 years. McNair, a confessed murderer, had just been moved to Pollock from the Supermax prison in Florence, Colo. — the nation's most secure lockup.

The government concedes it should have known he would again try to escape.

Since his April 5 run, he has crisscrossed the United States and Canada. He has left behind intriguing clues, almost as if daring the police and federal marshals to find him.

"Oh, he's taunting us, all right," said an exasperated Vern Erck, the North Dakota lawman who first arrested him.

Soon after sneaking out of the off-site warehouse, when the prison was already in an uproar trying to find him, McNair smooth-talked his way past a police officer even though he had no ID and was running away from the prison.

Several weeks later, he jumped from a stolen car and ran off after the Royal Canadian Mounted Police pulled him over in Penticton, Canada, just north of Washington state. Inside was a digital camera full of photos he had taken of himself, along with a travelogue of scenic sites he had visited.

He was caught on video late in April at a honky-tonk called Coyote Ugly in San Antonio, sipping a beer on the bar's back patio. And he mailed, or had someone else mail, a letter to his mother in Duncan, Okla. It was postmarked Corpus Christi, Texas.

When he is caught, if he is caught, McNair is unlikely to go quietly. He was serving two life sentences — for shooting one man from behind and killing another at point-blank range during a 1987 burglary.

"He has murdered in the past," warned Deputy U.S. Marshal Richard Sansone Jr., who is based in Louisiana and is helping coordinate the manhunt. "He will do most anything he can to stay out."

What makes McNair, 47, tougher to catch and all the more dangerous is that he once worked in law enforcement. He is a stickler for detail and so methodical he used the Freedom of Information Act to obtain the FBI records on his last escape so he could study how they tracked him down.

Before hiding under the pile of mailbags and being forklifted to freedom, he swore to his cellmates: "I won't make the same mistakes next time." His wanted poster, plastered on the Internet, shows him with brown hair and blue eyes, 6 feet tall and 210 pounds. That is how he looked when he came to Pollock in December, after five years at Supermax, where many of the nation's most hardened criminals are held, locked in their cells for 23 hours a day.

No one has escaped from Supermax. The last escape from any federal maximum security prison was in August 1993, when Rick Lee Archer and Gene Michael Diulio vanished from the penitentiary in Lompoc, Calif., only to be apprehended four months later in Las Vegas. Richard Thomas, McNair's 73-year-old defense attorney, has represented numerous defendants in his long legal career. But none, he said, were as determined as McNair that he would not spend his life in prison.

"He used to send me Christmas cards every year," Thomas said. "He hoped everything was fine. He was eternally optimistic."

The county prosecutor in Minot, N.D., John Van Grinsven, notes that McNair would be eligible for parole just about now had he stayed in prison.

"If you were to meet him, you'd probably like him," the prosecutor said. "But there is a dark side."

McNair grew up the son of a jewelry store manager in Oklahoma. He joined the Air Force, was promoted to sergeant and was stationed at Minot. He worked as a military policeman and later, as his service was ending, assisted as a volunteer undercover officer with the local drug task force.

He also developed a compulsion for stealing things. Carpets. Electronics. An air compressor. He rented a storage locker and filled it up.

Police are divided over what to make of him; some call him a sociopath, others a thrill-seeker, still others see him as someone intent on proving that he is smarter than all of them.

"I think his ulterior motive was to get in with law enforcement to understand how we worked," said Van Grinsven, who was on the drug task force with McNair. "At one point, he stole a police radio and when he would go out on burglaries he'd listen in."

On a November night in 1987, when McNair was 28, he was bent over the safe at the Farmer's Union Grain Elevator when the manager, Richard Kitzman, unexpectedly showed up to assist a trucker with a late load.

McNair shot Kitzman three times from behind and left him for dead.

"I thought I was a goner, you betcha," Kitzman said, still bewildered that McNair would shoot someone who couldn't identify him.

McNair did not want to leave the trucker as a possible witness. So he reloaded the five-shot revolver, hurried outside, leaped onto the truck's running board, stuck the gun in Jerome Theis' face and emptied it.

Then McNair ran.

His undoing came when he ran behind on his rental payments at the storage locker. The owner opened it and found it full of loot, including spent shells from the grain elevator shootings.

McNair was arrested the next morning when he showed up at the offices of the drug task force.

Police handcuffed his wrist to a chair and stepped away to confer. McNair slid open a desk drawer and reached for the lip balm. After working his wrist free, he knocked down two officers and bolted past a receptionist.

He stole a car and was chased to the tallest home in Minot. He burst through the door, ran up the three flights and climbed out onto the roof. Realizing he was cornered, he shouted, "I'm not going to jail" and leaped into a tree. But the branch broke and McNair fell, practically into the arms of the police.

Awaiting trial in 1988 in the county jail in Minot, he apparently was already scheming. Somehow he hustled up a small hammer and flashlight and began loosening two cinderblocks in his cell.

When he was spotted, he was moved to tighter quarters.

"I knew right then he was pretty clever," said Erck, who is now the Ward County sheriff in Minot. "He enjoys the game."

McNair pleaded guilty to the shootings.

"He didn't have any defense," said Thomas, his lawyer. "He had given exhaustive statements to the cops about the killing. He confessed it all. And he was colder than a mackerel. He showed absolutely no remorse."

He got two life sentences and, in 1988, was dispatched to the state's maximum-security prison in Bismarck.

Three years later, McNair was about to bust out again.

He had removed many of the security fixtures from inside a prison air vent that led to the outside. He had only a few left to make it all the way out and had already stashed a jacket, a pair of glasses, food and a word-processing diskette to help in his getaway.

Another inmate snitched on him.

McNair told prison officials he had planned to head east, maybe to New York, "because it would be easy to live undetected in a large city." He also told them he did not care if a tower guard shot him, saying that, if he was spotted running, he wished to die.

A year later, he pulled off the escape — crawling through another ventilation chute with two other inmates. His accomplices were found in fairly short order. It took about 10 months to find McNair.

He stole cars. He dyed his hair blond.

Finally, in July 1993, he was caught trying to burglarize a Grand Island, Neb., car dealership. He was captured with a stolen Chevy van and was armed with a stun gun and police scanner.

With each escape and each attempt, McNair got more prison time. He eventually was transferred by North Dakota Prison Warden Tim Schuetzle under a prisoner-exchange program to a top-security facility in Oak Park Heights, Minn., that is largely underground.

Authorities thought that would be good for safe-keeping.

But McNair organized prisoner strikes and by 2001 Minnesota had had enough. So Schuetzle, under another prisoner exchange, traded him to the federal government. With his record of unruliness and escapes, federal officials sent him to Supermax.

"That's where I thought he was all this time," Schuetzle said. "Until I got the call from Pollock."

Because McNair was well-behaved in Supermax, he was transferred to Pollock, one of the newest federal prisons, in September and, in December, was assigned to the prison shop repairing postal bags. "He seemed very low key," said Jane Haschemeyer, an administrator in the warden's office. "He hadn't had any disciplinary reports. There hadn't been any issues with him at all."

Pollock also had a good record: no escapes since it opened five years ago. Asked about that now, Haschemeyer said, "Well, we're just hoping he can be captured soon."

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Somewhere between the prison shop and the outside warehouse, McNair swapped his work khakis for the white T-shirt and white shorts allowed in his cell.

As Haschemeyer put it, "he wormed his way out of the pallet and made his run for it."

Alerted to the dragnet, Carl Bordelon, a police officer in Ball, La., stopped a man running along some railroad tracks about a dozen miles from the prison.

Bordelon's brief encounter with McNair was recorded by the video camera on the dash of his patrol car.

"Do you have any form of ID on you?" Bordelon asked.

"No."

"What's your name?"

"Robert Jones. I'm not supposed to be out on the tracks?"

"What's your address?"

"I don't have an address." McNair said. "I'm at a hotel. We're working on houses and stuff like that. Roofs."

McNair shifted his feet. He giggled. He explained he was just out jogging.

Bordelon told McNair there was an escapee on the loose.

"There's a prison here?" McNair laughed.

The officer called in McNair's description and was told about the photo issued of the escapee. "You know the bad thing about it?" the officer said to McNair. "You're matching up to it."

"That sucks," said McNair, tossing in a few more laughs.

To deflect suspicion he described a nearby Wal-Mart, the building behind it and the state highway that passes through. He said he was an Army veteran, his father a reserve cop. He said he grew up in Dallas.

"I promise you, I'm not no damn prison escapee," he said. "Nope. Nope. Nope."

True, the officer agreed, "you'd-a run by now."

They laughed and shook hands.

"Be careful, buddy," the officer said.

And off McNair went.

IMMIGRATION:

More Migrants Apprehended Along Border (USAT)

By Judy Keen

USA Today, June 6, 2006

CHICAGO — The Border Patrol says apprehensions of illegal immigrants along the Mexican border are up nearly 4% so far this year because of increased enforcement.

But advocacy groups say greater numbers are crossing the border because they are confused about conflicting legislation passed by Congress and hope to qualify for legal status.

“More people are coming because they believe they'll get a crack at legalization,” says Jessica Aranda of the Latino Union of Chicago. Chicago has one of the USA's largest Mexican immigrant communities.

There is no official data on the flow of illegal immigrants. Border Patrol Chief David Aguilar said Monday there has been no surge in the number of illegal crossings since President Bush announced in May that 6,000 National Guard troops would be sent to the border. Aguilar expects a decrease as more agents and Guard members are deployed.

Border Patrol spokesman Richard Rojas says apprehensions at the southern border are up this year to 826,109, from 795,218 at this point in 2005. “We're enforcing more; therefore, we're apprehending more,” he says.

Daniel Martinez, immigration program director at Catholic Charities in Laredo, Texas, says some immigrants believe crossing is easier now than it will be when National Guard troops arrive.

Other immigrants believe “maybe they can qualify” for a “guest worker” program or citizenship if they enter the USA soon, Martinez says.

Sheriff Omar Lucio in Cameron County, Texas, says his department is getting more reports of illegal immigrants abandoned in trucks or jammed into apartments.

A House bill passed in December would make illegal immigration a felony and boost enforcement. The Senate version, passed May 25, calls for a guest-worker program proposed by Bush and giving illegal immigrants here since Jan. 7, 2004, a chance to become citizens. Both chambers will negotiate compromise legislation.

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Groups say confusion over the bills means some illegal immigrants are being ripped off. Some pay $500-$1,000 to people claiming to be lawyers who promise to expedite applications for a guest-worker program that was passed by the Senate but not the House. Applications don't exist.

"The fake lawyers disappear with the money," says Ana Maria Achila of the Latin American Integration Center in New York City. "There is definitely confusion. We're seeing a lot of people asking where they sign up."

Advocacy groups and Spanish-language media are trying to educate immigrants. Meetings were being held here Monday and today to tell immigrants that they can't apply for guest-worker status. In Alamosa, Colo., a community meeting Sunday explained that no bill has become law.

People who work with immigrants say the uncertainty and a legal crackdown are roiling communities:

·Tougher border enforcement is prompting some illegal immigrants to use crossings that are "more isolated, desolate and dangerous," says Jennifer Allen of Border Action Network, a human-rights group in Tucson.

·Workplace raids that became more frequent recently made some illegal immigrants afraid to leave home, says Mariano Espinoza of the Minnesota Immigrant Freedom Network in St. Paul: "They want to work, but they don't know if the next time they will be detained."

·"I see more fear than anything, because people just don't know what's going on," says Flora Archuleta of the San Luis Valley Immigrant Resource Center in Alamosa.

"There is fear, there is confusion," says Catherine Salgado of the Illinois Coalition for Immigrant and Refugee Rights. But the possibility of a new path to citizenship means "there is hope, too."

An Increasingly Deadly Trail (WP)

By John Pomfret

The Washington Post, June 6, 2006

COVERED WELLS, Ariz. -- It was early on a May morning, still dark, when Border Patrol agent Dan McClafferty first smelled death, its rich odor piercing the desert bouquet of sage, salt cedar and creosote. Following the beam of his flashlight, McClafferty looked under the thorny branches of a paloverde tree and found what he was looking for.

The body of the 3-year-old boy lay still, covered with a jacket and his arms crossed over his chest. His mother, found wandering along a desert highway hours earlier, had carried him there as she had tried to cross into the United States illegally.

The sad discovery was not unique. Since 1993, when the Clinton administration began a crackdown on border crossings in San Diego and El Paso, more than 3,500 people have died trying to cross into the United States through desert. And, as officials work to put more patrols and fencing along the U.S.-Mexico border, immigrant advocates fear there will be more deaths among the tens of thousands who attempt the trip.

Most of the deaths so far -- 959 since Oct. 1, 2001, according to local government statistics and the Mexican government -- have been in Arizona, where the landscape comprises mountains, ranches, Indian reservations, military proving grounds and endless miles of cactus-filled desert. The boy, who was found on May 16 and whose name could not be ascertained from U.S. or Mexican officials, was one of the latest additions to the list.

Border Patrol statistics show that while the death toll mounts annually, the number of those apprehended while crossing the border has not changed significantly since 1993. But because federal agencies have tightened the border in urban areas, smugglers who move the men, women and children seeking to enter the United States illegally have funneled them onto increasingly perilous trails where temperatures are high, water is scarce and danger is abundant.

"All the evidence is that increased enforcement on the border has achieved no benefit at all except in additional employment of Border Patrol agents," said John Fife, a Tucson pastor and founder of No More Deaths, a coalition of charities devoted to stopping deaths during desert border crossings. "What has changed is the devastating elements of this policy. You have a number of deaths that surpasses the number of American deaths in Iraq. And yet still we are determined to persist and redouble our efforts."

The other view is that a tipping point could be reached if the flow of agents and materiel to the border continues to increase. Since 1993, the Border Patrol has tripled in size and President Bush has pledged to add 6,000 more agents. He also has ordered the National Guard, which began deploying to the border Monday, to help build new fencing and other protections. "America has the best technology in the world, and we will ensure that the Border Patrol has the technology they need to do their job and secure our border," Bush said May 15 in a nationally televised speech.

Even as the president was speaking, McClafferty was searching the Arizona desert.A Toxic Mix

The 3-year-old's mother's name was Edith Rodreguez. She and her son crossed into the United States from Sasabe, Mexico, on May 11, said a spokesman for the Mexican consulate in Tucson. A native of the Mexican state of Veracruz, a major

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source for illegal immigration, the 25-year-old woman was traveling in a group of eight to 10 people, herded north by a smuggler, called a coyote.

To keep the group moving fast, the coyote handed out a Mexican over-the-counter drug called Sedalmerk, consulate spokesman Alejandro Ramos Cardoso said after Mexican officials interviewed Rodreguez. Sedalmerk is a combination of caffeine, Tylenol and the herbal supplement ephedra -- an amphetamine precursor that is banned in the United States.

Sedalmerk may be safe to use as a pick-me-up in a normal environment but it is a toxic mix when combined with a trek through the desert because it accelerates dehydration, McClafferty said. Two days into the journey, the boy's energy was flagging and he was dehydrated. On May 13, Ramos Cardoso said, the coyote and the rest of the crossers abandoned Rodreguez and her son, leaving them to walk in the desert by themselves.

Rodreguez began carrying the child, moving north through a sliver of earth hemmed in by two mountain ranges on land belonging to the Tohono O'odham Indian reservation. Sometime that day, the boy lost consciousness, Ramos Cardoso said. But Rodreguez kept on walking, clutching him.A Search for a Child

In early January, the Border Patrol began concentrating on Arizona's Altar Valley, which had become a virtual highway into the United States for thousands of illegal immigrants and is dotted with natural water holes and water stations serviced by American charities. The renewed enforcement there resulted in traffic being diverted to the Tohono O'odham land that has less water.

Some religious and charitable groups have placed water barrels in the desert and handed out maps in Mexico showing their locations, drawing the ire of those who seek tougher enforcement along the border. One of the groups, Humane Borders, received permission to keep water barrels on land belonging to the Bureau of Land Management, the Interior Department, the city of Tucson and Pima County. But the Tohono O'odham tribe has declined to give its permission.

It was on that land that Rodreguez found herself walking with her son. She carried him for more than a day, Ramos Cardoso said, before placing him under the paloverde tree and going to look for help.

Like many who cross the border illegally, Rodreguez had been in the United States before. She worked menial jobs in Kentucky, where she met a man who apparently was married. The two had a relationship and Rodreguez got pregnant, Ramos Cardoso said. She decided to have the baby in Veracruz so her mother could help her. Returning to Mexico to have a baby was an unusual decision -- many Mexican women make the reverse trip, traveling to the United States to have their babies so their children will be U.S. citizens.

Earlier this year, Rodreguez decided to return to the United States to show the boy to his father, Ramos Cardoso said. She traveled to Sasabe, joined the coyote's group and walked across the border.

After placing her son under the tree, Rodreguez chanced upon Highway 86, which runs through the heart of Tohono O'odham. There, on the afternoon of May 15, Border Patrol agents picked her up.

Ramos Cardoso said she told the agents immediately that she had left her son in the desert, but Gustavo Soto, a Border Patrol spokesman, said they learned of a missing boy four hours later after she was sent to a processing center in the border town of Nogales before she was returned to Mexico.

McClafferty received word about the missing boy that night. He is a member of BorStar, the Border Patrol's elite search and rescue unit, established in 1998 to help save illegal immigrants lost in the desert. When McClafferty went searching for the boy, it was unclear whether he was alive. He said he was told that the mother was so distraught that Border Patrol agents understood only that her son was missing.

McClafferty and three other agents began bushwhacking through the desert scrub, looking for footprints, where Rodreguez had been found. There were thousands, making it impossible to track the boy that way.

Back at Nogales, Border Patrol agents photographed the bottom of Rodreguez's shoes and faxed the image to McClafferty. Just as the sun was setting, he found matches in the dust. For the next seven hours he and the other agents tracked them by flashlight.

"We figured she was in bad shape," McClafferty said. "She was walking around in circles. She went for help then went back to her son but couldn't find him."

In the end, McClafferty smelled the boy's remains before he found them.

"She carried her kid in the desert for four or five hours and not one of them helped her," McClafferty said of the others who walked in with Rodreguez. "I've seen a lot in six years, but this kid thing was one of those that I just couldn't file away."More Deaths Expected

After being expelled from the United States, Rodreguez was allowed back on May 18 on a short-term humanitarian visa to identify her son's body. An autopsy revealed that the probable cause of death was dehydration and exposure to the sun. The temperature had been above 100 degrees during their journey.

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Eric Peters, deputy chief medical examiner for Pima County, placed the time of death between May 13 and May 14, meaning the boy had probably died in his mother's arms.

The last time a young child died on the border, according to Pima County records, was November, when a 1-year-old girl succumbed to pneumonia. Peters said authorities told him they had seen women with babies trudging through the reservation lands, and he and his colleagues are bracing for more child deaths this summer.

The Tohono O'odham police considered charging Rodreguez with child endangerment, but the Pima County attorney's office said it had no interest in prosecuting her. Rodreguez returned to Mexico on May 20 and her son's body followed two days later.

Ramos Cardoso said he tried to persuade Rodreguez to speak to the media because the consulate hoped her story would encourage others not to follow her.

"She had been through a lot of suffering," he said. "She told us she just wanted to go home."

800 Guard Members To Be Added To Border Soon (USAT)

By Mimi Hall

USA Today, June 6, 2006

WASHINGTON — The National Guard will have 800 troops along the U.S.-Mexican border by mid-June, and the 6,000 troops President Bush pledged to send to the southern border will be in place by Aug. 1, Lt. Gen. H. Steven Blum said Monday.

Blum, chief of the Guard, said 40% of the troops will be stationed in Arizona, where illegal migrants have overwhelmed the Border Patrol. The rest will be evenly divided among California, New Mexico and Texas.

The troops are being sent to augment the Homeland Security Department's Border Patrol while the agency recruits 6,000 additional agents. If the Border Patrol can meet that goal, set by Bush in a speech May 15, it will have 18,000 agents by the end of 2008, a doubling since the Sept. 11 attacks prompted tighter border security.

“It's going to be a very dynamic operation over the next two years,” Border Patrol Chief David Aguilar said. “As a force multiplier, it will be tremendous” to have the Guard's help, he said.

Despite the weekend arrests near Toronto of 17 terrorism suspects, Aguilar said no National Guard troops and no more border agents will be sent to the U.S.-Canadian border. Because nearly all illegal immigration is from the south, fewer than one in 10 of the Border Patrol's nearly 12,000 agents work at the Canadian border.

Aguilar said northern border agents are “at high alert” and are conducting more vigilant ID checks and car and truck inspections at border crossings.

National Guard troops have worked with the Border Patrol and the Drug Enforcement Administration for nearly 20 years along the southern border, mostly helping the Border Patrol catch drug smugglers. There are nearly 500 Guard members there now, including more than 50 from Utah and Connecticut who just arrived in Arizona. None of those are part of Bush's Operation Jump Start plan to make troops available over the next two years to try to stem illegal immigration and tighten security.

Blum said his troops will not have law enforcement duties and will not arrest people who sneak across the border. They will help border agents build roads, monitor surveillance cameras, install sensors and do other engineering and maintenance work. They'll also pick up office duties, freeing border agents to patrol the border and make more arrests.

55 Utah Guardsmen Join Border Agents In Arizona (WT)

By Jerry Seper

The Washington Times, June 6, 2006

The first contingent of National Guard troops -- a 55-member platoon from Utah -- has arrived in Arizona to help protect the U.S.-Mexico border and is expected to build fences, repair roads and erect better border lighting as part of President Bush's plan to crack down on illegal entry.

The soldiers arrived for the weekend in San Luis, Ariz., about 25 miles south of Yuma, which has surfaced in recent months as one of the busiest illegal alien corridors in the country. The U.S. Border Patrol's Yuma sector is responsible for 118 miles of the border with Mexico, with apprehensions of illegal aliens -- 100,000 through May -- up 13 percent from the same period last year.

The presence of National Guard troops, who are not expected to perform law-enforcement functions, is aimed at freeing up Border Patrol agents to focus on enforcement along the border. A total of 300 National Guard troops are expected in Arizona by June 15.

Mr. Bush has proposed sending 6,000 National Guard troops to Texas, New Mexico, Arizona and California.

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The 55 Guard members in Arizona are from the 116th, 1457th and 489th units of the Utah National Guard and arrived Saturday aboard a C-130 cargo plane. They will help repair and expand a 12-foot-high corrugated metal fence that separates San Luis and Mexico and a chain-link fence 50 yards inside the border.

Last week, Mr. Bush said 6,000 National Guard troops will be deployed along the U.S.-Mexico border to assist the Border Patrol by operating surveillance systems, analyzing intelligence, installing fences and vehicle barriers, building patrol roads and providing training.

"In other words, they're going to be a complement to the Border Patrol. The Guard units will not be involved in direct law-enforcement activities. That's the job of the Border Patrol," he said. "The United States is not going to militarize our border. What we're going to do is support those who we hire to do the job of enforcing the border."

Mr. Bush said that as the Border Patrol hires additional agents and as new technologies become available, the Guard force will be reduced -- probably by 2008.

"The federal government's working to conclude formal agreements with California and Arizona and New Mexico and Texas that will define the roles and responsibilities of National Guard units deploying to the southern border," he said in a speech Thursday before the U.S. Chamber of Commerce. "We're going to work closely with the governors of those states to secure this border."

Last year, the Tucson and Yuma sectors of the Border Patrol apprehended more than half of the 1.15 million foreigners caught trying to sneak into the United States.

On Sunday, T.J. Bonner, president of the National Border Patrol Council, which represents all 10,500 of the Border Patrol's nonsupervisory agents, said during a speech in Las Vegas that he doubted the deployment of 6,000 Guard troops on the border will stop the flow of illegal aliens.

"It's great to have help, but they're only going to be able to do so much," said Mr. Bonner, a 28-year Border Patrol veteran. "The answer is to turn off the employer magnet, focus on the reason people are crossing borders."

Mr. Bonner has vigorously argued that although most politicians know that the availability of jobs draws people to illegally enter the United States, few have supported legislation addressing the problem. He said the pending immigration enforcement bills in the House and Senate fail to "effectively reduce the employment magnet."

Utah Guard Unit Patrols U.S.-Mexico Border (AP-Y2)

By Arthur H. Rotstein

AP2, June 5, 2006

Military bulldozers, road graders and other heavy equipment rumbled along the Mexican border early Monday as more than 50 National Guardsmen from Utah became the first unit to get to work under President Bush's crackdown on illegal immigration.

The soldiers with the 116th Construction Support Equipment Company will hit their work sites by 5:30 a.m. during their two weeks of duty. They will improve a dirt road running parallel to the border, fill in gaps in fortified fencing and run wiring for new lighting to help the Border Patrol spot illegal crossers.

"It's exciting to do something that's relevant to the safety of the United States," said Capt. Talon Greeff, the unit's commander. "There is a sense of excitement when you are doing something real-world."

The goal is to strengthen the border and free up border agents to catch illegal immigrants.

The guardsmen are unarmed and wearing hardhats instead of Kevlar helmets — "we do not want to appear as if we're militarizing the border," Greeff said. They will not perform any law enforcement duties.

The troops arrived in Yuma on Saturday and were briefed Sunday on their mission and given tips on how to survive the triple-digit heat of the Arizona desert.

Under Bush's plan, up to 6,000 National Guardsmen will be sent to the four southern border states. Officials say 300 Guardsmen from Arizona are expected to begin arriving at the state's border in mid-June.

The Utah unit is working in San Luis, 25 miles south of Yuma, home of the nation's busiest Border Patrol station. Two sets of barriers run along the border: a 12-foot corrugated-metal fence and, about 50 yards to the north, an 8-foot chain-link fence topped with barbed wire. Surveillance cameras are mounted on towers, and stadium lights help agents spot people trying to slip across at night.

Most of the 11 soldiers assigned to operate the heavy equipment have full-time jobs in the construction business in Utah. They would normally be pulling two weeks of training duty at this time of year anyway.

Now they are working to widen the dusty dirt track used by the Border Patrol, compact it and top it with gravel so agents can get to hot spots faster.

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"They all feel pretty privileged to be out here as part of the first group," said Sgt. 1st Class James Colledge, a 52-year-old truck driver from West Valley, Utah.

In San Luis, some residents were pleased with the guard's presence.

Raymond Ruiz, a clerk at Charles and Frank Auto Parts, said the response was long overdue.

"I think we need it, because besides illegal people coming across, I know there's drugs and you never know, maybe some terrorists one of these days," Ruiz said.

Others were leery, worried that legal border crossers would stop shopping.

Alex Furniture employee Israel Escobar said the Guard's presence "scares the people. No one wants to buy in the U.S."

But his co-worker, Israel Torres, disagreed.

"It's OK. It's right, because it means more security in the houses," Torres said. "I live next to the border, and I'm afraid."

Securing The Border (Again) (NYT)

By John Tierney

The New York Times, June 6, 2006

President Bush heads to New Mexico today to visit his new favorite school, the Border Patrol Academy. He wants it to train thousands more federal agents, but they'll make little difference unless Bush can teach Republicans the lesson learned by agents like Buck Brandemuehl a half century ago — the last time anyone could seriously claim the border was under control.

In the 1950's, federal agents were initially overwhelmed by waves of Mexican farmworkers illegally crossing the border. The number of immigrants apprehended surpassed half a million in 1951 and was approaching 900,000 in 1953, a level roughly comparable to the situation now.

Back then there were fewer than 2,000 federal agents patrolling the borders, less than a fifth the size of today's force. But within two years, the flow of illegal immigrants declined so drastically that the immigration service declared in its 1955 annual report, "The border has been secured."

And it stayed that way the rest of the decade. The number of immigrants caught kept dropping until it reached 45,000 in 1959 — a decline of 95 percent in just six years.

"We really had to scratch for illegals," recalls Brandemuehl, who worked along the New Mexico border in the late 1950's. "We'd do traffic checks and freight-train checks, but we weren't apprehending many people. We'd go camp on the border and look for tracks, but in 30 days you might apprehend only 15 or 20 people, and a lot of them weren't even farmworkers. They were criminals sneaking back and forth to rob ranchers."

What stopped the farmworkers from sneaking across? It wasn't simply the get-tough measures that Republicans are calling for today. Although federal agents did intensify their efforts, conducting sweeps of farms and ranches, immigration officials realized that stricter enforcement wasn't enough.

Along with the crackdown, officials encouraged farmers and ranchers to legally hire Mexican temporary workers called braceros. As new rules made it easier to hire braceros, the number of these legal workers doubled to more than 400,000 at the same time illegal immigration was plummeting.

"We wanted people to come in the front door, not the back door," Brandemuehl says. The agents' job became simpler not only because there were fewer Mexicans to catch but also because there was more help from American employers. Once farmers and ranchers could legally get the workers they needed, they were more willing to cooperate with agents tracking down illegal immigrants.

Unfortunately, though, Congress started shutting the front door. The bracero program became controversial, partly because American labor unions objected to the competition and partly because of concerns that Mexicans were being exploited. Some of the complaints were legitimate, but Congress's response didn't leave immigrants any better off.

They ended up with even fewer rights because they were working illegally after the bracero program was restricted in 1960 and then eliminated four years later. As the number of legal workers entering from Mexico dropped during the 1960's, the number of illegal immigrants shot back up, and kept increasing after new limits were placed on other visas available to Mexicans in 1968.

The border has been out of control ever since, even though the number of agents has grown to 11,000. "Tough enforcement alone can't work unless you allow more people in legally," says Stuart Anderson of the National Foundation for American Policy, who has studied the impact of the bracero program.

Today President Bush and the Senate are trying to apply that lesson by expanding the number of legal immigrants and temporary workers. These visiting workers would have more rights than braceros, which is why the reforms are supported by the United Farm Workers and other unions.

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But Republicans in the House are resisting. They say they won't expand legal opportunities until the border is first secured — which will never happen if they have their way.

In 1958, a high-ranking immigration official named James Hennessy was quizzed by a House committee about his agency's success in controlling the border. He said it was due in large part to the increase in legal immigration. When he was asked how his agents would control the border if the bracero program ended, he gave a prescient reply that's more relevant than ever today:

"We can't do the impossible, Mr. Congressman."

Mexico Hopes Reserve Will Slow Crossings (AP)

By Mark Stevenson

AP, June 5, 2006

Mexico is creating an environmental reserve about 30 feet wide and 600 miles long on the Texas border, a "green wall" to protect the Rio Grande from the roads and staging areas that smugglers use to ferry drugs and migrants across the frontier.

Much of this border zone is remote and inhospitable — generally too rough to hike through unless you're a black bear or a pronghorn sheep, species that have flourished in the area's deserts and mountains.

And that's the way Mexico wants to keep it.

While the proposed Rio Bravo del Norte Natural Monument is only about 30 feet wide, it will connect two large protected areas south of the river. When a third nature reserve, known as Ocampo, is created this year, the protected areas in Mexico will form a "wall" of millions of acres of wilderness, matching Texas' Big Bend parks foot-by-foot along the border.

"This stretch of border is the safest one we have. It's safe because it has wilderness on both sides," said Carlos Manterrola, who heads the environmental group Unidos Para la Conservacion.

Big Bend National Park has had some problems with migrant and drug trafficking, but superintendent John King says extending protected areas on either side of the border will likely keep the problem from getting worse.

"When you have a roadless area, you make it more difficult for these activities to happen," King said.

The strip protects a much longer stretch of riverbank, from just downstream of the Texas border town of Presidio to the outskirts of Laredo, Texas, raising the possibility of still larger reserves that will serve as biological corridors, encouraging four-footed traffic but making it exceedingly difficult for humans to pass.

In other border areas where U.S. reserves aren't fully matched in Mexico — such as Arizona's Organ Pipe Cactus National Monument — primitive roads and ramshackle hamlets have sprung up on the Mexican side to provide supplies and staging areas to illegal border crossers. They have then overrun U.S. wilderness areas.

As the U.S. puts up more fencing near cities and popular crossing zones, migrants will likely be looking for new routes in remote areas.

That happened with the Mexican hamlet of Las Chepas, which became a hub for undocumented border crossers. The problem got so bad that Mexican authorities — at the urging of New Mexico Gov. Bill Richardson — bulldozed 31 buildings to discourage them from being used as a smuggling haven.

Now, Mexico is working on yet another "mirror" border reserve, to be announced this summer in an area known as the Janos grasslands, roughly west of Las Chepas and across from the Alamo Hueco Mountains and Big Hatchet Mountains Wilderness areas in New Mexico's boot heel region.

Law enforcement is a problem at many Mexican parks, but if well policed, the 1.2 million acres of the proposed Janos wilderness area could not only protect one of the largest prairie dog populations in North America, but also present a natural barrier to smugglers moving deeper into the wild as border security tightens.

Mexican ranchers and environmentalists applauded the Rio Bravo del Norte proposal, which was published Monday, starting a 30-day comment period. Along with the Ocampo wilderness, it will protect several pine- and oak-clad mountains often described as "sky islands," temperate mountaintop enclaves divided by seas of heat-seared desert or grassland.

"This would close the circle," said Jesus Armando Verduzco, a 73-year-old ranch owner from Ocampo. "Perhaps later, we could do a bit of hunting, eco-tourism, preserve it for humanity."

Some environmentalists say this policy of establishing nature preserves along the border could be a more effective alternative to the walls and "smart" fences being pondered in Congress.

"The whole idea that people are coming up through wilderness and roadless areas, and that's simply not the case," said David Hodges, policy director of the Sky Island Alliance. "People have a tendency to stay near roads, because they don't get lost and that's where they get picked up. ... It would be disastrous to put roads through these areas."

AP: Millions Of Visa Overstays Overlooked (AP-Y2)

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By Will Weissert
AP2, June 5, 2006

Millions of illegal immigrants in the United States never jumped the U.S.-Mexico border where Congress wants to erect impenetrable walls and President Bush is sending National Guard troops to patrol. They never sneaked in at all.

The little-acknowledged reality is that nearly half the estimated 12 million undocumented foreigners in the United States entered on bona fide U.S. visas — and simply never left. Authorities call them "overstays" who have been largely overlooked in the vitriolic debate on immigration.

"The southwestern border gets all the attention, but it's staggering the number of people who come and overstay their visa," said Dean Boyd, a spokesman for U.S. Immigration and Customs Enforcement in Washington. "It's a very large-scale problem."

A study by the Washington-based Pew Hispanic Center last month indicated that 45 percent of the undocumented migrants in the United States overstayed legal visas.

Confirming those findings or knowing the home country of those who overstay their visas is tricky because U.S. authorities don't track the problem. Immigration authorities also generally don't compare entry and exit information to see who should have left the country.

"There's no annual reports published on visa overstays because obviously these people are hiding and don't want to be found," Boyd said.

Ana Luisa certainly doesn't, so she asked that her last name not be used. The Mexico City native lives in Dallas with her husband, 13-year-old son and 5-month-old daughter — who was born in the United States and is an American citizen — and volunteers at a middle school.

When she moved to the United States, she made sure to return to Mexico every six months to renew her tourist visa. But the trip soon became a chore and she let her visa lapse a year ago. Now if she returns to Mexico again she likely won't be able to get another U.S. visa.

"I'm illegal, but I'm someone who is trying to help with my work," she said in a phone interview.

Ana Luisa said she would never have sneaked across the border to get into the United States, and didn't see the harm in overstaying her visa. In Dallas, she said, her son is able to get a better education than he would in Mexico.

"I wouldn't risk my life in the river or in the desert like thousands of others do," she said.

Many borrow the social security numbers of legal residents or use falsified documents to build what appear to be legal identities, making it difficult for employers to know when someone is undocumented. Others work informally, as maids, gardeners or in other jobs where employers rarely require paperwork, despite federal law.

The immigration reforms soon to be hashed out in a Congressional conference committee may crack down on employers who fail to make sure their workers are legal. But it's unclear whether the proposed reforms will send many "overstayers" home.

The U.S. State Department issued nearly 5.4 million temporary, nonimmigrant visas in fiscal year 2005, and about 17 percent went to Mexicans. The most common visas are for tourism, business travel and medical care.

Boyd said he couldn't pinpoint the type of visa that is overstayed the most. Thousands of foreigners who come as students remain in the United States after finishing school or dropping out, and many who come on work visas lose their jobs or stay after their papers expire.

Of course, getting a visa in the first place is a challenge. Lines at the U.S. Embassy in Mexico City form before dawn. Applicants pay $100 for an appointment, bringing proof of employment, savings and family and community roots.

Still, Embassy spokeswoman Judith Bryan said most applicants are approved — about 70 percent.

"The main thing is you have to have sufficient ties to your home country to show you are coming back," she said. "The law — not just for Mexico but everywhere — says that the burden is on the applicant to prove they aren't going to stay. In some cases that's very difficult, especially if you have a lot of family in the U.S. and you don't own property or have money in a bank at home."

Ricardo Ortiz, 55, said visitors who overstay their visas have made it harder for honest people to get visas in the first place. For each of the past 10 years, he has spent nine months working legally at a Long Island racehorse farm.

"Those who are working there and don't have papers are making trouble and holding up our visas," he said, waiting for his Embassy appointment in Mexico City. "We are legal workers, and we are being unfairly hurt."

Nasario Perez, 36, spent three hours on a bus to get to his embassy appointment. He hoped to take a landscaping job in New York state, but said there was no way he would overstay his visa.

"If I do good work and then leave, I will have a chance to get a visa the next time," he said. "That's more important than extra money I could make by staying too long."

Immigration Debate Stirs Racial Tensions (AP-Y2)

By Erin Texeira

AP2, June 5, 2006

As the fight over immigration reform drags on, an ominous undercurrent to the debate — racism — is becoming more pronounced.

From muttered ethnic slurs to violent attacks, activists say an anti-immigrant backlash seems to be growing in America's neighborhoods and workplaces. A few political leaders have called proposed immigration measures before Congress "racist."

"The climate has gotten demonstrably worse and it is racially charged," said Devin Burghart of the Center for New Community, which tracks anti-immigrant activity. "It's not simply a debate about immigration policy. ... It's about race and national identity and who and what we are as Americans."

Some activists say the House of Representatives started it.

When lawmakers passed a bill in December that would make illegal immigrants felons, many felt that was a swipe at Latinos, who make up 80 percent of the nation's estimated 11 million illegal immigrants. Former President Jimmy Carter has said the bill had "racist overtones," and that feeling helped push more than 1 million demonstrators to attend street rallies in recent months.

Some reacted the same way after the Senate passed an amendment to its immigration bill last month that declared English the national language. Senate Minority Leader Harry Reid, a Nevada Democrat, called that "racist" and "divisive."

The amendment's sponsor, Oklahoma Republican Sen. James Inhofe (news, bio, voting record), replied that Reid's statements were "ridiculous." Republican Rep. James Sensenbrenner of Wisconsin, who wrote much of the House bill, issued a study on six countries' immigration policies and found that five — including Mexico — make illegal entry into their nation a criminal offense.

But Luis Valenzuela, of the Long Island Immigration Alliance in New York, said the measures feel hostile to many immigrants. The bills "set (an) overall climate which is quite racist," he said. "That elicits action by extremists."

Mark Potok of the Southern Poverty Law Center, which has tracked hate crimes for decades, said that hate groups "consistently try and exploit any public discussion that has some kind of racial angle, and immigration has worked for hate groups in America better than any issue in years."

The Anti-Defamation League, a nonprofit that fights anti-Semitism and other bias, put out a report last month that said "hateful and racist rhetoric" aimed at Latino immigrants had grown "to a level unprecedented in recent years."

The report did not give an overall figure for hate speech and hate crimes, but detailed numerous examples including:

· Two men in Tennessee who were sentenced to prison in December for shattering windows and painting Nazi symbols in a local Mexican market.

· Internet video games, such as one called "Border Patrol," urge players to shoot characters drawn as Latino caricatures.

· New Jersey Internet radio talk show host Hal Turner posted an "ethnic cleansing manual" on his Web site days after the massive May 1 protests.

Near Houston, two white teenagers were arrested in April, accused of beating a Latino youth and sodomizing him with a pipe. Days later, on Long Island, a white teen was accused of threatening two Latinos with a machete and a chain saw. Police say ethnic slurs were used in each case.

In Herndon, Va., opponents of a day laborer work site regularly picket it, taking photographs of workers and threatening to follow them home, said Bill Threlkeld, director of Project Hope and Harmony, a nonprofit that runs the site.

When a man protesting the site wore a "Whites Only" T-shirt, a neighborhood controversy had become an ethnic issue, Threlkeld said.

Sociologist Gonzalo Santos of California State University at Bakersfield said immigration is just the latest example of social policy issues taking on racial overtones in America.

"People talk about immigration as if race doesn't matter, saying 'No, I don't have anything against immigrants or Mexicans, it's just the illegal part of it I don't like.' But those are code words," he said. "We experience race in this country through issues like welfare policy, anti-poverty programs and now immigration."

Cecilia Munoz of the National Council of La Raza said it's important for immigration advocates not to slip into bias themselves. Most people on the other side are engaging in civil discussions focused on public policy, not ethnicity, she said.

"The assumption is that we believe everybody who disagrees with us in this debate must be a racist but that's absolutely false," Munoz said. "But we are feeling the effects of what can only be described as racism and hatred.

"We get letters with ethnic slurs. I've personally been called 'wetback' and a word beginning with 'n' that I don't like to say. This is in the last two months."

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Increasingly, security is a concern. For the first time at its annual conference last year, La Raza offered a program to community groups on how to stay safe amid harassment.

"It was well-attended," Munoz said. "We plan to do it again this year."

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On the Net:

Anti-Defamation League: http://www.adl.org

Southern Poverty Law Center: http://www.splcenter.org

Witness To The American Dream (USAT)

By Patrick Welsh

USA Today, June 6, 2006

Until the early '80s, the central issue at T.C. Williams High School, where I teach, was always this: How do we teach relatively well-off whites and relatively poor blacks together without shortchanging or alienating either group?

But while T.C. and the rest of the Alexandria, Va., school system wrestled with the black-white issue, another challenge surfaced. A steady influx of Hispanic students, many of them destitute Central Americans illiterate in their own language, gradually transformed the complexion of the community.

With all the recent talk of immigration reform, one thing has become clear to me: While Congress still must thrash out its differences on policy, I can put real faces on this issue. Each day, I teach students who are immigrants, probably legal and illegal, and I can tell you that when I look into the eyes of these kids, I do not feel the sort of fear or loathing that some Americans have voiced. Instead, I see on their part a yearning to learn and a motivation to succeed that I don't always see in my American-born students.

Certainly, we cannot open the door to every immigrant who wants to make this country home. But for those already here, I hope they will be given the opportunity to stay. These students not only enrich our society, but they also bring parts of the world closer together.

Magnet for immigrants

Since the early '70s, Alexandria, right across the river from Washington, D.C., has been a magnet for immigrants from trouble spots all over the world. At T.C., Alexandria's only high school, I have taught kids from such places as Korea, Iran, Vietnam, Afghanistan and Ethiopia. Getting to know these kids has given teachers and students a sense of being connected to the larger world. Though many Americans had no idea where Afghanistan was prior to the 9/11 terrorist attacks, it was very familiar to me. For years, I had been teaching students whose parents had escaped from the cities of Kabul and Kandahar after the Russian invasion in 1979.

But I'd be less than honest if I didn't say that as a teacher I am well aware of the enormous social problems many immigrant families have. In some cases, parents come here alone before sending for their children. When the kids finally do arrive, often as teenagers, they hardly know their parents and are rebellious. More common is that both parents work two jobs to survive; as a result, the kids are often left on their own. Some students are lured into gangs. Then there is the high rate of teen pregnancy, which leads many girls to drop out of school and become a burden on social services.

In the past two decades, the Hispanic population has been the only one in the school system to grow: from 5.3% in 1983 to 26.7% today. One section of the city is now called Chirilagua, after a province in El Salvador.

Alexandria, which is known for its liberal politics, reacted to this growth with disbelief, shock and anger. Many residents blamed city officials for allowing immigrant families, many of them illegal, to overcrowd apartments. Blacks primarily saw Hispanics as cutting into their jobs and benefits.

Still, what I've witnessed are the virtues of the majority of these immigrant families. Many of them have family values and a work ethic that would shame many American families. While my middle-class students work for luxuries — to pay for the tanning salon or the latest cellphone or hot accessory for their car — most Hispanic kids I see work to support their families here or those who were left back in their native country. While middle-class neighborhoods are still dormant at 5 a.m., Chirilagua is bustling as men go out to work construction throughout the area.

Successful transitions

Many immigrant families have successfully assimilated into society over generations. I recently read in our local newspaper the name of Ilryong Moon, a Harvard graduate who is chairman of the Fairfax County, Va., school board. I remembered him in my class as a 16-year-old, fresh from Korea and fiercely determined to master English.

Victor Ignacio is a highly respected Alexandria police detective. His father left the Dominican Republic to settle in America, and five years later sent for Victor, then 12 years old, and the rest of the family.

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Many of our school history books are filled with success stories of immigrants who have made significant contributions to America. But there are still more stories to be written. Take T.C. Williams senior Jeff Hernandez. He knows how different his life would have been had his mother not left war-torn El Salvador 20 years ago and made the dangerous journey through Mexico to the California border, where she slipped into the USA illegally. Eventually, she ended up as a housekeeper and was sponsored for citizenship by her employers.

On the two trips he took to El Salvador, Jeff, who was born in the United States, saw poverty that stunned him. That made him all the more determined to live his mother's American dream. The captain of T.C. Williams' Virginia state champion 4x400 relay team, Jeff will enter Virginia Commonwealth University in the fall, the first member of his family to attend college.

The transformation that has taken place in Alexandria merely represents a microcosm of what is going on across America today. As a teacher on one of the frontlines where immigration is most visible, I can assure you we have nothing to fear, and much to hope for, from these students and their families.

Patrick Welsh is an English teacher at T.C. Williams High School in Alexandria, Va., and a member of USA TODAY's board of contributors.

TAX:

Lost IRS Laptop Stored Employee Fingerprints (MSNBC)

By Bob Sullivan

MSNBC.com, June 5, 2006

A laptop computer containing fingerprints of Internal Revenue Service employees is missing, MSNBC.com has learned.

The computer was lost during transit on an airline flight in the western United States, IRS spokesman Terry Lemon said. No taxpayer information was on the lost laptop, Lemon said.

In all, the IRS believes the computer contained information on 291 employees and job applicants, including fingerprints, names, Social Security numbers, and dates of birth. The fingerprints had been collected as part of a normal background screening process. Some job applicants' information also was also on the computer.

Story continues below ? advertisement

"Right now the laptop is classified as missing. We don't know if it was stolen," Lemon said.

Nothing on the computer would put taxpayer information at risk, Lemon said. The fingerprints and other data could be not used to falsify an IRS ID badge, he said. The matter has been turned over the to IRS inspector general's office.

"Our taxpayer data is on completely different systems," he said. "No taxpayer data is involved."

Lemon said he could not narrow the list of people who might be on the computer, other than to say they were from "western and Midwest" regions. The IRS has attempted to contact all 291 people by telephone, and will soon send a notification letter to each affected employee and applicant.

Data on the laptop was not encrypted, Lemon said, but it was "double password protected," meaning someone would have to enter two different passwords to access the data. He said there is no indication the data had been used to commit ID theft.

The story echoes news last month that a Veterans Administration employee had lost a laptop computer containing 26 million veterans' Social Security numbers. That laptop was apparently stolen during a house burglary.

Kill The 'Death Tax' (USAT)

By Sen. Jon Kyl

USA Today, June 6, 2006

Americans believe the estate tax — or "death tax" — is the most unfair tax of all.

A Gallup Poll conducted in April found that 58% of respondents said that "inheritance taxes" are unfair, contrasted with only 42% who said the dreaded Alternative Minimum Tax is unfair.

This year, the death tax rate is 46%! That means the government will take nearly half of everything you have worked for and saved, over an exemption of $2 million, even after you have paid taxes throughout your life. No wonder Americans don't think the tax is reasonable.

While this newspaper's editorial board agrees that we need to increase the exemption — a $2 million exemption will not go far with rising home prices and half of all Americans investing in the stock market — we would be foolish to ignore the economic damage that is caused by setting the rate at a punitive level.

The death tax is a tax on capital, since most of an estate's assets are capital in nature. A recent congressional Joint Economic Committee study said that this tax has reduced the amount of capital in our economy by about $847 billion over the

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past 60 years. Just imagine how many more jobs would have been created, and how much our economy would have grown, if that capital had been available for private investment rather than being spent by the government.

As the 2004 Nobel Prize-winning economist Dr. Edward Prescott has explained, very high tax rates discourage people from working, saving and investing. Why bother if the government is going to take half of what you earn from the additional effort?

Ideally, we should repeal the death tax as many of our trading partners, including Canada and Australia, have done.

At the very least, we should increase the exemption and reduce the rate to the same level as the tax on capital gains, so that those who pay it can do so without being forced to sell off business assets.

Sen. Jon Kyl, R-Ariz., is chairman of the Senate Finance Subcommittee on Taxation and IRS Oversight.

Wealthy Can't Avoid Death — But Will They Evade Taxes? (USAT)

USA Today, June 6, 2006

Last year, Hurricane Katrina struck just as the Senate was about to vote on repealing the estate tax. Senators prudently shelved the issue, deciding it wouldn't look good to slash taxes for the wealthiest Americans when tens of thousands of poor people had lost their homes and livelihoods.

Now, with the Katrina coverage receding, the issue is back on the Senate calendar. A vote could come as early as this week. Estate-tax opponents concede they might not have the votes for outright repeal. But they still hope to reduce the tax rate on inherited wealth to as low as 15% from the current 46%.

That was a bad idea last year, and it's still a bad idea. Taxes must be paid by someone, and it is hard to think who they harm less than people who are both very rich and dead.

Ending the estate tax would reduce revenue between $290 billion and $745 billion over 10 years, depending on how the accounting is done.

How would that money be recouped? There are only two choices: Raise taxes on working Americans, or pass the cost on to future generations, already burdened by $8.3 trillion in government debt and exploding costs for Medicare and Social Security. Either approach is unacceptable.

Ironically, the same reality that led to the adoption of the estate tax in 1916 — the concentration of wealth in the hands of a few families — might bring about its repeal. Families such as the Waltons, of Wal-Mart fame, and the candy-making Mars clan have supported lobbying campaigns to end the tax. The campaigns are focusing pressure on home-state senators, several of them Democrats who ordinarily proclaim themselves champions of the middle class.

Since the rich are an influential but limited constituency, estate-tax foes have used misinformation to convince farmers and small business owners that the issue concerns them. In fact, the truth is very different:

· Generous exemptions keep the vast majority of estates from paying what the opponents call the "death tax." This year, only 12,600 estates are projected to pay. That's a tiny fraction of 1% of all estates.

· It is not "double taxation," as some critics say. Most of today's fortunes are in shares of companies that have never been taxed because they haven't been sold. Bill Gates, for example, has about $23 billion in untaxed Microsoft shares.

Estate-tax opponents argue that the rates are confiscatory. But there's no reason the tax on inherited, unearned income should be any lower than the top rate, which has varied from 38.6% to 35% in recent years, paid by highly skilled workers on their daily toil. And if there's to be any reduction, supporters have an obligation to say how they'll replace the revenue. In five years in power, Republicans have evaded that responsibility, adding more than $2 trillion in debt with tax cuts and spending increases.

Some adjustments to the estate tax may be in order. Under current law, for example, it is set to expire for one year (2010) and then return in subsequent years. This creates some perverse incentives for people who have, or stand to inherit, vast fortunes.

When the tax comes back in 2011, the exemption would be $1 million, or $2 million per couple. Keeping it at its 2009 levels of $3.5 million and $7 million would ensure that any family farm or company that could truly be called a small business would incur little or no tax.

As they prepare to vote on what would be a huge windfall for the wealthiest Americans, senators should recall the sense of shame that prompted them to hold off last summer. Nothing has changed, except for the weather.

Death And Taxes (WP)

The Washington Post, June 6, 2006

THE SENATE will debate whether to repeal the estate tax today, and the first decisive vote is expected Thursday. The House has voted in favor of repeal and the administration, which has pushed a temporary suspension into law, would be

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delighted to support permanent abolition; the Senate's voice will therefore be decisive. But the arguments for repeal are by turns wrong, muddled and internally contradictory.

Abolitionists say the estate tax forces the liquidation of family farms and businesses. In 2000, according to the Congressional Budget Office, 1,659 farms were liable for the tax, but fully 1,521 of these had sufficient liquid assets to pay without selling any land. In 2000, likewise, 485 taxable estates included a small business, but 321 of these could pay the tax without selling any of the firm. Moreover, heirs can spread estate tax payments over 14 years, so even those without liquid assets have plenty of time to take over the farm or firm, manage it productively, and thus generate the cash to pay the tax. So the estate tax wasn't forcing the fire sale of large numbers of family farms and businesses even in 2000, before the Bush tax cuts kicked in. Now that the amount that a couple can pass on tax-free has jumped from $1.3 million to $4 million, the mass-liquidation claim is even less accurate.

But it is also muddled. Suppose that the estate tax does force the sale of some farms and businesses; is that necessarily a bad thing? Well, it would mean that the heirs don't have the inclination or ability to manage the farm or the small business and turn a profit -- otherwise they would earn enough to pay the tax over the 14-year period. From the standpoint of job creation, it's a mistake to leave a farm or small business in the hands of heirs who don't know how to turn a profit on it; better that those assets be sold to purchasers who will maximize their value. Far from promoting a vibrant small-business and farm sector, the abolition of the estate tax would increase the number of businesses and farms that are managed by non-vibrant sons and daughters.

Meanwhile, abolitionists also claim that the tax doesn't raise much anyway, so why not kill it? Well, it's expected to raise $776 billion in the decade starting in 2012; if abolitionists view this as chump change, how can they pretend it's ravaging a sector of the economy? The abolitionists also assert that a revision in the treatment of capital gains would offset the revenue lost by repeal of the estate tax, but Congress's Joint Committee on Taxation has analyzed this claim and found it empty. Finally, the abolitionists argue that the estate tax discourages saving: If you can't leave your money to your heirs tax-free, then why not go out and spend it? But people facing the estate tax -- basically, retired couples sitting on more than $4 million -- are probably spending as much as they want to spend anyway. Besides, any small decrease in their savings is likely to be offset by the increase in government saving resulting from the tax, and by possibly higher saving by heirs, who won't spend so freely if their inheritance faces taxation.

In short, the exotic arguments in favor of abolishing the estate tax don't match the obvious ones for keeping it. The nation faces serious budget deficits, so why abolish a revenue stream? Inequality is rising, so why kill the most progressive federal tax? The competitive and meritocratic basis for the nation's economic success is under threat, so why take action that would encourage hereditary elites to entrench themselves?

The Estate Tax, Back On The Agenda (NYT)

The New York Times, June 6, 2006

Still giddy over the passage last month of a $70 billion income tax cut for affluent Americans, Senate Republicans are hoping this week to go further, and gut the federal estate tax. And they'll probably try to accomplish this gift to the super-rich under the guise of compromise.

Their fondest wish would be to permanently repeal the tax. But planning, during a time of war, to give away nearly $1 trillion over 10 years may look too radical even for this crowd. So the senators are also considering a so-called middle-of-the-road approach. Sponsored by Jon Kyl, Republican of Arizona, the "compromise" would drastically raise the thresholds at which the estate tax kicks in, while slashing the estate tax rate. Together, those changes would cut taxes for the wealthiest families by $652 billion between 2012 and 2021, the first full decade of the proposed cut. Because the government would need to borrow to make up for that lost revenue, the tax cut would also cost all taxpayers some $175 billion in higher interest payments.

And for what? Fully 71 percent of the additional benefits would go to people who stand to inherit more than $10 million. Almost all of the rest would apply to estates worth more than $5 million.

There is no economic justification for doing this, any more than any tax cut can be justified when the economy is growing and the government is running a big deficit, as is now the case. The notion that small businesses and family farms are unfairly targeted by the estate tax is nonsense.

There is no moral justification for cutting estate taxes. Much of the wealth taxed after death has never been taxed because profits on stocks, bonds, real estate, artwork — you name it — are not taxed until an asset is sold. Obviously, people with big estates never got around to selling their assets.

And yet, some multimillionaires, and their Congressional supporters, have the gall to say that the wealthy should not be "penalized." Estate taxes imposed after one's death are no more of a penalty than income taxes withheld from paychecks.

Any senator who votes for this bill — or to end an expected filibuster — does not care about the budget deficit or tax fairness, no matter what he or she may say to the contrary.

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CONGRESS-ADMINISTRATION:

Congress Pushing Back Against Bush's Expansion Of Presidential Authority (USAT)

By Susan Page

USA Today, June 6, 2006

WASHINGTON — Republican and Democratic House leaders join forces to protest the FBI search of a congressman's office. The Senate Intelligence Committee demands fuller briefings from the CIA. The Supreme Court hears a landmark case challenging presidential war powers.

After five years of a concerted White House campaign, there are tentative signs that Congress and the courts are beginning to push back against what has been the greatest expansion of presidential powers in a generation or more.

Those pushing back include some congressional Republicans and conservative jurists who have been among President Bush's chief allies. The efforts surely would intensify if Democrats won control of the House or Senate in November's elections — and with it the power to convene hearings and issue subpoenas.

"You ask, 'Is the tide shifting?' and I say, 'Maybe, maybe,' " says Senate Judiciary Chairman Arlen Specter, R-Pa., who has pushed for stronger congressional oversight of intelligence operations. "If you ask me if I still feel like a lonely voice, I would say that I feel like a member of a small chorus."

Some examples:

·House Speaker Dennis Hastert and Democratic Leader Nancy Pelosi, usually at war, issued a joint statement denouncing the FBI search last month of Rep. William Jefferson's congressional office as a violation of the separation of powers between co-equal branches of government. Their ultimatum that seized documents be returned is now the subject of negotiations with the Justice Department, which is investigating bribery allegations against Jefferson, D-La.

·The Senate Intelligence Committee voted 9-6 two weeks ago to demand that the administration notify all members of the committees about intelligence operations. The administration has bypassed the intelligence committees to inform only eight congressional leaders about such sensitive programs as the National Security Agency's warrantless-surveillance operation.

·Congressional Republicans and Democrats in March upended plans for a Dubai-owned company to take over some U.S. port operations, forcing the firm to promise to transfer the operations to a "U.S. entity." Outraged lawmakers weren't convinced when the president dismissed their national-security concerns as unfounded, and they weren't deterred when he threatened the first veto of his presidency to protect the deal.

·The White House and Congress continue to jockey over who has the last word on the treatment of terror suspects. Congress approved an amendment banning torture over the objections of Vice President Cheney. Bush signed the legislation in December but issued a "signing statement" in which he reserved the right to waive the ban, which he suggested violated his constitutional authority as commander in chief. Senate Armed Services Chairman John Warner of Virginia and Arizona Sen. John McCain of Arizona, both Republicans, then issued a joint statement vowing "strict oversight to monitor" implementation of the law.

The dispute has delayed the release of a new Army Field Manual on interrogation this spring. The Los Angeles Times reported Monday that several senators say the proposed manual sets standards for terror suspects that violate the congressional ban.

White House spokeswoman Dana Perino says the administration has been able to meet Congress' concerns without conceding presidential powers. She notes that administration officials agreed to brief Intelligence Committee members last month about the NSA operation, reported in The New York Times in December, which includes wiretapping calls within the United States without warrants if one of the participants is abroad. The administration calls it the Terrorist Surveillance Program.

"There have been — and always will be by nature of our system — conflicts between Congress and the White House on the limits of executive power," Perino says. "But far from clashing, the two branches have worked well together on very difficult cases and generally made accommodations on issues, like the Terrorist Surveillance Program."

It's true that Congress generally hasn't used or even threatened to use its most potent weapons in a confrontation with the White House, such as issuing subpoenas or cutting off funding for programs.

Still, Bruce Fein, a Justice Department official in the Reagan administration, says Congress' attitude toward the White House is toughening a bit. "We're seeing, maybe, the embryonic stages of drawing the line and saying: 'Here. No more,' " he says.

In the courts, too, some judges in recent months have been more willing to scrutinize Bush's assertions of presidential power.

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Judge J. Michael Luttig of the Fourth Circuit Court of Appeals, who had been on Bush's short list of possible Supreme Court picks, last fall wrote a key opinion endorsing the administration's argument that the president could order Jose Padilla, a U.S. citizen and suspected terrorist, to be held indefinitely in a military brig without charges.

But when the administration abruptly decided to charge Padilla in civilian court — apparently to avoid a possible Supreme Court reversal — the judge objected and tried to stop the transfer. Luttig, who resigned from the bench last month, warned of a "substantial cost to the government's credibility before the courts."

The Supreme Court is expected to rule this month in Hamdan v. Rumsfeld, another case that could test presidential powers. Lawyers for Salim Ahmed Hamdan, Osama bin Laden's former driver, are challenging the administration's plan to put prisoners at Guantanamo Bay in Cuba on trial for war crimes in special military tribunals.

At issue: Does Bush's claim of presidential war powers override the protections of the Geneva Conventions?

Some historians say a pattern seen after previous threats to the nation's security — during the Civil War and World War II, for instance — may be repeating itself now that five years have passed since the terror attacks on Sept. 11, 2001.

"In the first few years after a crisis emerges, the courts tend to be very deferential to the White House," says Phillip Cooper of Portland State University in Oregon, who studies separation of powers. "But what tends to happen is after two or three years of deference, then the courts may begin to take a hard look at what's going on … and remind the administration they don't have carte blanche."

On Saturday, the American Bar Association's board of governors voted to establish a bipartisan task force to investigate whether Bush has gone beyond his constitutional authority in asserting a right to ignore provisions of new laws. Bush has issued more than 750 "signing statements" — more than all previous presidents combined — that state his interpretation of new laws and sometimes declare that they infringe on his presidential powers.

Even before 9/11, Cheney had made restoring presidential authority a priority. As White House chief of staff for President Ford, Cheney found himself dealing with laws passed in the wake of the Vietnam War and the Watergate scandal that constrained presidential authority. The 1973 War Powers Act, for one, restricted a president's authority to launch military action without congressional approval.

Later, as a Wyoming congressman, Cheney argued that Congress was "abusing its power" when it barred the Reagan administration from funding the Nicaraguan contras. The administration's efforts to evade the law by funneling profits from secret arms sales to Iran reflected "mistakes in judgment and nothing more," according to a minority report he helped draft.

Now, as vice president, Cheney has been in a position to resist and even reverse efforts by Congress to restrain the executive. In the administration's first months, the energy task force he chaired went to court to avoid disclosing the names of industry executives it consulted.

Recently, amid the furor over the NSA's warrantless-surveillance program, Cheney took a similarly hard line. "We have all the legal authority we need," the vice president said in an interview on PBS' NewsHour With Jim Lehrer, citing the Constitution and a congressional resolution passed soon after 9/11. And Congress' role? "We said, 'Look, if you've got suggestions, we're happy to listen to them.' "

The Bush administration has taken a series of actions to expand presidential powers: Enabling past presidents and vice presidents to restrict release of their papers after the 12-year period set in law has expired. Refusing to allow aides to testify before Congress about the federal response to 9/11 and to Hurricane Katrina, arguing that might discourage staffers from providing "unvarnished advice" in the future. Asserting wartime powers to ignore federal laws and international treaties when the president says national security is at stake.

"The administration has been very consistent," Cooper says. "At every turn the White House has issued a reading as expansive as possible for its own authority, a reading as narrow as possible of congressional authority, and in some cases pre-empted the courts."

At a rare session with reporters in December, Cheney expressed satisfaction with what the administration has achieved.

"The president of the United States needs to have his constitutional powers unimpaired," Cheney said. "I do think that, to some extent now, we've been able to restore the legitimate authority of the presidency."

Bush's actions and Congress' response matter beyond his own tenure at the White House. They set precedents for future administrations and courts, though presidential powers have surged and ebbed through U.S. history.

Legal historian Kermit Hall says Bush is "in a class" with Richard Nixon and Woodrow Wilson during World War I in extending presidential authority. Tom Mann, a congressional scholar at the Brookings Institution, says Bush has exceeded even the expansive view that Franklin Roosevelt took of the presidency during the buildup to World War II.

Analysts credit Bush's ability to prevail in large part to the aftermath of 9/11, which buttressed Americans' backing for a president with the power to battle a shadowy and terrifying foe. In the fiercely partisan climate of Washington, the Republican-controlled House and Senate generally have lined up behind Bush, not challenged him.

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"For five years, this Congress has been breathtakingly supine in the face of the most aggressive assertions of executive power we have seen in modern American history," Mann says. Even now, he says, the House "blowback" over the Jefferson search "probably wouldn't have happened if we didn't have a president whose popularity is in the low 30s."

Bush's dismal job-approval ratings have made critics in Congress and elsewhere more willing to confront him. Another factor: As time passes since 9/11, the threat of terrorism remains a potent argument but may no longer automatically trump other issues.

Now, about half of Americans surveyed by USA TODAY/Gallup from Thursday to Sunday say the Bush administration has "gone too far in expanding the power of the presidency." About one-third say it has struck the right balance. Just 14% say it hasn't gone far enough.

Congress' outrage over the search of Jefferson's office hasn't struck a sympathetic chord with the public, though. In an ABC News Poll taken last week, 86% said the FBI acted properly.

Of two dozen letters to the editor to USA TODAY on the issue, many derided Congress for countenancing corruption. Several wondered why lawmakers hadn't shown equal outrage over, say, the warrantless-surveillance program. Not one praised the institution for defending separation of powers.

Even some lawmakers are skeptical about Congress' commitment to the issue. "This is a newfound interest," says Sen. Chris Dodd, D-Conn. "I hope it extends beyond just protecting ourselves."

How Bush Has Asserted Powers Of The Executive (USAT)

USA Today, June 6, 2006

The Bush administration has asserted broad executive powers, among them:

·To keep deliberations private — Vice President Cheney's energy task force in 2001 refused to release the names of industry executives consulted during its deliberations. A U.S. District Court judge in December 2002 dismissed a lawsuit by the non-partisan General Accounting Office seeking the information.

·To restrict access to presidential papers — Bush signed an executive order in 2001 permitting current and former presidents and vice presidents to restrict release of their papers, which under a 1978 law become available 12 years after the end of an administration.

·To set aside laws and treaties — Attorney General Alberto Gonzales, in his previous job as White House counsel, issued a memo asserting that the president could violate federal laws and international treaties when he viewed it as necessary for the nation's security.

·To interpret and curtail new laws — Bush has issued more than 750 "signing statements" — more than all previous presidents combined — to state his own interpretation of new laws and in some cases to claim a presidential prerogative not to enforce provisions that he says encroach on executive authority.

·To permit warrantless surveillance on certain domestic phone calls — Bush authorized the National Security Agency to wiretap domestic phone calls of terror suspects without a court warrant if one of the participants on the call is abroad. The White House cites his constitutional powers and a congressional resolution passed within days of 9/11.

·To limit judicial oversight — The president claims the authority to designate U.S. citizens as "enemy combatants" who can be held indefinitely without charges, a stance upheld last year in a decision by the Fourth Circuit Court of Appeals. He also has asserted the right to hold terror suspects overseas and try them before special military commissions. The Supreme Court is expected to issue a ruling this month in a case on the issue.

When Reality No Longer Matches Rhetoric (FT)

By Michael Fullilove

Financial Times, June 6, 2006

President George W. Bush is well known for his verbal awkardness. Sometimes it is hard not to be disheartened by his speeches – for example, when he told a New Hampshire audience: "I know how hard it is for you to put food on your families."

In fact, though, many of the president's speeches – in particular his foreign policy speeches after 9/11 – are beautifully written and more than competently delivered. Starting with his ad-libbed bullhorn cry atop a wrecked fire truck at Ground Zero ("I can hear you. The rest of the world hears you. And the people who knocked these buildings down will hear all of us soon!") and his address to a joint session of Congress nine days after the attack, he has generally struck a fine note. If anything, Mr Bush's foreign policy speechifying suffers from the opposite problem: he is too verbal.

Many policy wonks and diplomats are nervous nellies when it comes to foreign policy speeches. They want more matter and less art. They argue that foreign policy is technical and difficult stuff, and flashiness is fatal. Of course it is true that care must be taken, shouting avoided, pronunciations checked and all the rest of it. That does not mean that foreign policy speeches need

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be boring. In the end, a speech is just a speech. A speech is not a treaty and drafting a speech should not be like negotiating a diplomatic text.

Foreign policy speeches that have flair as well as substance are able to mobilise support and crystallise intent. Franklin D. Roosevelt used his fireside chats to dramatise a distant war, convert America into "the great arsenal of democracy" and ratchet up public preparedness to enter the European conflict. Ronald Reagan assembled his words and sent them into battle against the evil empire: "Mr Gorbachev, tear down this wall!"

However, a declaratory presidency also poses dangers. Mr Bush has badly overwritten his foreign policy, in two distinct ways. For most of his first term, Mr Bush pursued a muscular grand strategy aimed at imposing America's will on the world. He was the Charles Atlas of international relations. To reinforce his seriousness he delivered speeches that were strangers to nuance. They drew an explicit link between values and coercion, between freedom and force.

The reference in the 2002 State of the Union address to the "axis of evil" formed by Iran, Iraq and North Korea was the world's worst analogy: inflammatory, operationally useless and bad history to boot. On the same occasion the following year, Mr Bush upped the ante further by making a dubious assertion about Saddam Hussein's supposed hunt for uranium in Africa.

It is hard to avoid the conclusion that the sustained power of Mr Bush's language nudged the administration (and perhaps the president himself) toward risky policies that have proved costly.

Past US presidents have used their speeches to marshal the opinion of the world. Sometimes they have honeyed their words in order to sweeten their unilateral actions. The sweeping, unqualified tone of Mr Bush's rhetoric, by contrast, actually exaggerated the defects of his policies and scared off even the most ardent Americanophiles. Not only did his speeches reveal little understanding of the dilemma of multiple and diverse audiences, they also explicitly denied that such a dilemma existed. At West Point in 2002, for instance, the president decreed: "Moral truth is the same in every culture, in every time, and in every place . . . We are in a conflict between good and evil, and America will call evil by its name."

Thankfully, in the past two years US policy has reverted to a more moderate course. The failure of foreign policy adventurism, especially in Iraq, has made diplomacy the comeback concept. Washington's conditional offer to join its European partners in negotiating directly with Tehran on the nuclear issue is the latest and clearest indicator of this shift.

Strangely, though, the old highfalutin speaking style remains in place, opening up a chasm between rhetoric and reality.

In his second inaugural address in 2005, President Bush claimed that "America's vital interests and our deepest beliefs are now one" and that US policy was to promote democracy "in every nation and culture, with the ultimate goal of ending tyranny in our world". The problem with that line is that the dream of Middle Eastern dictatorships falling like dominoes ended with Washington's rapprochement with Libya. The White House's reluctance to lean too hard on allies such as Egypt and Pakistan to democratise drains the president's words of meaning.

Even worse than double standards, though, is weakness. The tenor of this year's State of the Union address was surprising because it failed utterly to reflect either the sensible recalibration of policy that has taken place or the present results of US actions. The president boasted: "We will act boldly in freedom's cause" and committed his country to "the end of tyranny in our world". But banging on about the liberty agenda when ordinary Iraqis are not at liberty to walk to the market without being kidnapped or killed is seriously damaging to foreign policy credibility.

A diplomatic briefing note does not usually make a great foreign policy speech. Neither does a string of 10-dollar words. The best speeches are finely crafted arguments. Given America's historical and continuing contribution to global peace and prosperity, any president has a very good argument to make to the world – so long as the language is not privileged over content and effect.

The writer is programme director for global issues at the Lowy Institute for International Policy in Sydney and editor of "Men and Women of Australia!" Our Greatest Modern Speeches (Vintage, 2005)

Grassley Sees Quick Paulson Confirmation (AP-Y2)

By Martin Crutsinger

AP2, June 5, 2006

Henry Paulson Jr. met Monday with the head of the Senate Finance Committee, who predicted that President Bush's selection as Treasury secretary could be confirmed and on the job by early July.

Committee Chairman Charles Grassley, R-Iowa, said he and Paulson had a productive meeting and that he believed the nomination could win Senate approval before Congress leaves for the July 4 break.

Grassley praised Paulson, chief executive of the Wall Street investment firm Goldman Sachs, for the "vast amount of experience" he will bring to the job. The 45-minute meeting marked the beginning of a round of courtesy visits Paulson will make in coming days to hear the concerns of senators.

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With his approval rating at record lows despite strong economic growth and low unemployment, Bush announced last week that he was turning to Paulson to replace Treasury Secretary John Snow, whose departure had been rumored for more than a year.

By choosing a 32-year veteran of one of Wall Street's premier investment houses, the administration is hoping for the same economic credibility that President Clinton gained when he picked Robert Rubin, one of Paulson's predecessors at Goldman Sachs, as one of his Treasury secretaries.

Paulson's selection was the latest shake-up for Bush, who in recent weeks has tapped his budget director to become the new White House chief of staff, moved his trade negotiator to the budget job and replaced the head of the Central Intelligence Agency.

Paulson did not talk to reporters after his meeting with Grassley.

Grassley said the two covered a wide range of issues from the importance of overhauling the nation's complex tax code to the need to apply pressure to China to revalue its currency as a way of dealing with America's soaring trade deficit.

The administration's nomination of Susan Schwab to replace Rob Portman in the trade job has been held up because of unhappiness by Sen. Charles Schumer (news, bio, voting record), D-N.Y., over what Schumer sees as a failure by the administration to pressure China to allow American banks and other financial service companies to operate in China.

Schwab's nomination had cleared Grassley's committee, but a vote expected before Congress left for a weeklong Memorial Day recess was delayed because of Schumer's concerns.

Grassley told reporters he would have a better idea on whether Schwab's nomination could now go forward after Schumer and Schwab hold a planned meeting on Tuesday.

Treasury Nominee Has Ties To China (WP)

By Paul Blustein

The Washington Post, June 6, 2006

In an administration with just 2 1/2 years to go, Henry M. Paulson Jr., President Bush's nominee for Treasury secretary, may have little chance to make a mark on many economic issues. The administration's tax policies were pretty much set in Bush's first term, and its more recent big economic initiative, aimed at revamping Social Security, is moribund.

But one issue on which Paulson can surely exert influence is the U.S. relationship with China. The Treasury secretary has formal responsibility for some major decisions to be made in coming months, such as whether to label Beijing a "currency manipulator." And when it comes to cutting deals with Beijing, few U.S. business executives can match Paulson's record.

As chairman and chief executive of Goldman Sachs Group Inc., Paulson has aggressively led the firm's foray into the Chinese market, where it has become a dominant player in selling the securities of China's biggest companies to investors abroad. He takes pride in having visited China more than 70 times since 1992 and has cultivated relationships with Chinese officials at the highest levels. President Hu Jintao, for example, chose Paulson as his host when he visited the New York Stock Exchange in 2002.

To supporters of warm relations between Washington and Beijing, a Paulson-led Treasury bears the promise of a heightened level of sophistication in dealing with thorny transpacific problems, especially China's policy concerning its currency, the yuan. The administration has had only limited success in persuading China to allow a rise in the exchange rate of the yuan, which U.S. manufacturers complain is artificially cheap, giving Chinese exporters an unfair competitive edge. With his deep knowledge of China's financial system and long experience dealing with the country's officials, Paulson is ideally suited to bring Beijing around, according to many experts.

"He knows the people. They've trusted him. He can draw on that in the national interest," said C. Fred Bergsten, director of the Institute for International Economics, who is one of the most outspoken advocates among economists for a change in China's currency system. "This is exactly why you want somebody like that for a job like this."

But the U.S. Business and Industry Council, a group with a history of agitating for tough policies toward Beijing, is arguing that Paulson's associations pose a conflict of interest. Although Paulson is expected to sever his links to Goldman by disposing of his stock in the firm -- presumably by putting the shares in a blind trust, which would then sell them -- he would still feel obligated to Chinese officials, in the view of Kevin L. Kearns, the president of the group, which represents about 1,500 small and medium-size companies.

"Mr. Paulson has actively courted Beijing during his tenure at Goldman Sachs," said Kearns in a statement. "His key clients have included the Beijing government and several state-owned Chinese firms. Are we to believe that Mr. Paulson will do a sudden about-face and crack down on many of Beijing's aggressive violations of internationally accepted trade law?"

Kearns noted that as Treasury chief, Paulson would chair the interagency task force that scrutinizes foreign acquisitions of U.S. businesses for national security problems -- the panel that drew widespread criticism during the controversy over Dubai's

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proposed takeover of terminal operations at U.S. ports. "Would Mr. Paulson act to block Chinese attempts to purchase strategic American assets?" Kearns asked, adding that the answer is probably not because Paulson would be inclined to "use his position in the cabinet to urge continued appeasement of China." He was on Capitol Hill yesterday, hoping to drum up opposition to the nomination.

A Goldman spokesman, Peter Rose, said Paulson would not comment pending his Senate confirmation hearing, but he scoffed at the conflict-of-interest accusation. "When Mr. Paulson becomes secretary of the Treasury, he will have totally divorced his interests from those of Goldman Sachs," he said. "The claim that he has a conflict would mean that only the ignorant could be appointed to a Cabinet position."

Goldman officials readily acknowledge that the firm has managed -- usually together with one or two other major firms -- nearly every important international securities offering by big Chinese companies.

In 1997, the firm was lead manager for a $3 billion stock sale of the country's major cellphone company -- the first issuance of shares by a big, high-tech Chinese company to investors overseas. Another, similar-size deal in which Goldman played the lead role was the 2000 sale of shares in PetroChina, the nation's flagship oil company. Just last week, Goldman co-managed the $9.73 billion sale of shares in the Bank of China -- the world's biggest initial public offering in six years. Goldman was also the first Western firm to be allowed to gain a controlling interest in a Chinese investment bank.

Paulson's role in negotiating those transactions was "very crucial," said Robert D. Hormats, vice chairman of Goldman's international business, adding that Paulson "really immersed himself in a lot of activities in China." Those include serving as chairman of the advisory board of the management school at Tsinghua University, one of the country's most prestigious institutions.

"There's a difference between having a good relationship with the Chinese and being cozy with them," said Hormats, who said Paulson "is as good as anyone around in negotiating with them." Hormats said, "I've been going to China since the early '70s, and if there's one thing I've learned, it's that you get more progress from the Chinese if they respect you and think you understand them."

So far, there is little evidence that the issue will cause Paulson problems in his confirmation. Even Sen. Charles E. Schumer (D-N.Y.), one of the most militant lawmakers on the currency issue and a member of the Senate Finance Committee, which will consider the nomination, said he was more impressed than bothered by Paulson's business ties.

"My view is, he will understand the need to get results," said Schumer, who has spoken many times with Paulson. "And he will have a good chance of getting it done."

Restructuring At State Department `botched,' Retiree Says (KRT)

By Warren P. Strobel

Knight Ridder, June 5, 2006

WASHINGTON - A reorganization of the State Department offices that are leading the fight against weapons of mass destruction was badly managed and politicized, which led to a flight of experts with decades of knowledge, according to a new account by a veteran weapons expert.

Dean Rust, who watched the reorganization unfold, charges that its "botched implementation" led many career officers to leave and "will hamper the State Department's role at home and abroad for years to come."

The account by Rust, who left the department last September, appears in the upcoming issue of Arms Control Today magazine, published by the nonpartisan Arms Control Association. It's scheduled to be posted Tuesday on the group's Web site.

Knight Ridder first reported in February about problems in State Department offices that deal with weapons proliferation, one of President Bush's national security priorities.

The reorganization, which Secretary of State Condoleezza Rice announced last July, ostensibly was done to strengthen the department's ability to counter 21st-century weapons threats.

But, according to numerous officials and documents, it was carried out largely in secret by a panel composed of political appointees, it denied top jobs to career officials who had clashed with former Undersecretary of State John Bolton and it ran counter to some recommendations by the department's inspector general.

Robert Joseph, Bolton's successor as the department's top arms-control official, told Arms Control Today in an interview that "the reorganization was not politically motivated," according to excerpts that the magazine provided.

The new structure, he said, will allow the United States to better address threats from Iran, North Korea and terrorists seeking mass-destruction weapons.

But a State Department official said Monday that the office that dealt with nuclear diplomacy toward Iran, North Korea and other countries had lost five of its 12 employees and two more were on their way out.

The official and others spoke on condition of anonymity, fearing retaliation.

Three senior female employees who were denied promotions in the reorganization have left or are leaving and, according to current and former officials, one has sued alleging gender discrimination.

Undersecretary of State for Management Henrietta Fore appointed a panel to review the reorganization earlier this year, the officials said. But its mandate is limited to assessing bureaus' work load under the new management structure.

Rust, a veteran with 35 years' experience, said in a telephone interview that he was "very dismayed with the decisions" made by political appointees but would have retired last year in any event.

"Undoubtedly, this is not the first time that sub-Cabinet-level political appointees have hijacked a reorganization to pursue their own agenda," Rust wrote. Rice, he said, "can still salvage some aspects of this unfortunate situation, but she needs to move quickly."

For more information online, go to the Arms Control Today Web site, at
http://www.armscontrol.org/act/

Now Playing In Senate: A GOP Double Bill (WP)

By Shailagh Murray And Charles Babington
The Washington Post, June 6, 2006

Republican voters, are you paying attention?

Because this week's Senate agenda is all about you, with debates scheduled on same-sex marriage and a permanent repeal of the estate tax.

At least through tomorrow, the Senate will consider a proposed constitutional amendment to define marriage as the union between a man and a woman. Republican leaders, including President Bush and Senate Majority Leader Bill Frist (Tenn.), a potential 2008 White House candidate, believe Senate action is vital because of recent federal court intervention.

For Democrats, the issue is a tricky one. They recognize the issue's sensitivity, and many -- including Senate Minority Leader Harry M. Reid (Nev.) -- personally oppose same-sex marriage. Indeed, Democrats have focused their objections on changing the Constitution, which has typically been amended in order to expand rights, not restrict them.

"I am confident that the American people will see this for what it is: a mean-spirited attempt to score political points in an election year," said Sen. Russell Feingold (D-Wis.).

Later in the week, the Senate is expected to consider a permanent repeal of the estate tax, which Bush phased out as part of his first-term tax relief package, but after a one-year hiatus, in 2010, the levy phases back into existence.

Most Democrats object to full repeal as a giveaway to the super-rich, but Republicans believe the estate tax, which they call the "death tax," is unfair because it taxes some income twice. Conservatives are considering a compromise that would shield all but the wealthiest estates, and some moderate Democrats are interested in a similar approach.

But first, business groups want to put senators on the spot with a vote on full repeal. Pro-repeal organizations are targeting possible swing votes such as Sens. Mary Landrieu (D-La.), Max Baucus (D-Mont.) and Olympia J. Snowe (R-Maine) and Susan Collins (R-Maine).

Another lobbying campaign, this one by repeal opponents, features an ad with blond woman in a slinky dress and asserts, "The last thing a rich heiress needs is a $1 trillion raise in her allowance."

In a letter to senators, a group of former advisers to President Bill Clinton notes that 997 out of 1,000 estates are not subject to the tax under current law.

The House, meanwhile, will consider legislation to expand oil refinery capacity, an overhaul of telecommunications law, and appropriations bills for foreign operations, homeland security and legislative expenses.

House and Senate negotiators also this week will try to complete a final emergency spending bill for the Iraq war and Hurricane Katrina recovery costs. Sticking points include $4 billion in agriculture assistance, port security spending and subsidies to the commercial fishing industry. Another hurdle is how to spend about $2 billion in border security improvements, with Bush wanting to add National Guard troops, and Sen. Judd Gregg (R-N.H.) pressing for equipment replacements, including helicopters and patrol vehicles.Opposition to Nominee

Some retired military officers have served notice that if conservatives keep pressing for a Senate confirmation vote for judicial nominee William J. Haynes II, it won't come without a fight.

Haynes, the Defense Department's general counsel, is President Bush's choice for a seat on the U.S. Court of Appeals for the 4th Circuit. Democrats have opposed Haynes since 2003, and now some Republicans are joining them. They object to his role as the Pentagon's top lawyer when controversial policies were adopted regarding harsh treatment of detainees captured in Afghanistan, Iraq and elsewhere.

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The conservative group Committee for Justice has launched a telephone and e-mail campaign against one of those Republicans, Sen. Lindsey O. Graham (S.C.). Last week, some retired military lawyers came to Graham's defense, sending letters to the Judiciary Committee that call Haynes unfit for a lifetime appointment to the appellate court.

Haynes's "unwillingness to listen to others caused him to preside over the DOD legal system during the time of its greatest debacle in memory, the abuse of detainees by military personnel around the world," wrote John D. Hutson, a retired rear admiral who was a senior Navy lawyer. Donald J. Guter, who held the same rank, wrote that he doubted Haynes would have the independence or judgment to oppose unwise policies being pushed by his superiors.

Among those praising Haynes in letters to the committee is Bernard D. Meltzer, a retired law professor and former assistant trial counsel in the trials before the International Military Tribunal in Nuremberg. Meltzer wrote that he got to know Haynes while consulting with the Pentagon and that "I was impressed by his informed and sensitive concern for the rights and legitimate interests of those who might be tried before a military commission."

Spending Bill Still Includes Extra Katrina Aid (WSJ)

By David Rogers

The Wall Street Journal, June 6, 2006

WASHINGTON -- A $92.2 billion wartime spending bill taking shape in Congress has been cut substantially since passing the Senate last month but still provides at least $2 billion more in Katrina aid than the White House first requested.

House-Senate negotiators will meet tonight in hopes of expediting passage by Congress this week, and Republicans are confident they can avoid a veto fight with President Bush. But the deal rests heavily on borrowing against Federal Emergency Management Agency disaster funds, and that means FEMA will have to come back sooner to Congress for more money, quite possibly this fall.

More than two-thirds, or $67 billion, of the bill would pay for defense and intelligence activities, including military operations in Iraq and Afghanistan. Tentative agreements would spend more than the White House requested to buy armored Bradley fighting vehicles and V-22 Osprey and KC-130J aircraft.

Disputes remain over the precise makeup of a $1.9 billion border-security initiative proposed by Mr. Bush. But the more protracted fight has been over Katrina aid and how much flexibility to give states struggling to recover.

The bill is expected to provide $5.2 billion in community-development block grants or $1 billion more than the president's request. An estimated $250 million in additional educational funds would be included as well as about $500 million in agriculture-related assistance. Within FEMA accounts, up to $400 million is proposed to help build "Katrina cottages" -- more resilient temporary housing than the trailers now used.

Senate Appropriations Committee Chairman Thad Cochran (R., Miss.), who first proposed to add more than $4.6 billion in extra hurricane aid, has dropped a $700 million request to relocate a CSX Corp. rail line in his state. But over the objections of the House, he is still pursuing federal funds to move a Coast Guard station in Gulfport, Miss., thereby opening up the nearly three-acre waterfront site for commercial development.

The idea of Coast Guard funds being used for a renewal project is controversial -- especially if casinos might be involved.

Mississippi state officials said they are offering a larger four-acre site for the Coast Guard and hope to better rationalize the distribution of big and small craft in the harbor. Brent Warr, Gulfport's mayor, and Gray Swoope of the Mississippi Development Authority said there no plans for a casino on the station's site. But Mayor Warr acknowledged that one goal is to give more latitude to a private developer assembling a larger Gulfport land package for renewal.

"There could be casinos in the area but not on that site," he said.

Mr. Bush waited until the middle of last month before announcing his $1.9 billion border-security initiative, which has complicated the talks on two fronts.

Sen. Judd Gregg (R., N.H.), who oversees the Department of Homeland Security's budget, has complained that the president's plan is tilted too heavily toward personnel and shortchanges capital needs for new equipment. At the same time, Mr. Bush has insisted that the $1.9 billion be absorbed within his prior defense request, requiring House and Senate negotiators to go back and recalculate their own proposals.

For example, the House had approved $250 million for Bradley fighting vehicles, but that's now expected to be scaled back to $175 million. The additional House and Senate aircraft purchases -- two of the KC-130J and three V-22 Ospreys -- were preserved. But $100 million to buy the Army's improved recovery vehicle -- able to tow damaged tanks -- is expected to be dropped.

Negotiators To Meet On Iraq, Relief Funds (AP)

By Andrew Taylor

DOJ_NMG_0032147

AP, June 5, 2006

Hoping to speed approval of war funds, House-Senate negotiators were to meet Tuesday evening on legislation to pay for the missions in Iraq and Afghanistan and for hurricane relief along the Gulf Coast.

After missing a Memorial Day deadline, negotiators hope to seal agreement this week. The White House says a money crunch is threatening military operations and training accounts, especially for the Army, and could slow training and equipping of Iraqi soldiers.

"It's imperative that Congress finish its work and get this to the president to sign," said Pentagon spokesman Bryan Whitman. "This supplemental went up in February. It's now June." He said the Army will impose a civilian hiring freeze Tuesday and has cut spending on spare parts, transportation and travel.

House Appropriations Committee Chairman Jerry Lewis, R-Calif., and Senate counterpart Thad Cochran, R-Miss., are leading the talks and have agreed to live within a White House demand that the emergency funding bill be limited to $92.2 billion for the Iraq and Afghanistan wars and hurricanes — plus $2.3 billion to combat bird flu.

The underlying bill would provide about $66 billion for Pentagon costs such as military operations and maintenance, weapons procurement, personnel and an initiative to locate and disarm roadside bombs. Another approximately $20 billion would go for hurricane relief and reconstruction, including new and rebuilt flood control projects for New Orleans, housing aid for Louisiana and replenishing the Federal Emergency Management Agency's Disaster Relief Fund.

The overall limit has meant dumping or dramatically scaling back Senate initiatives like $4 billion in agriculture disaster assistance to farmers to help them deal with high fuel prices and damage from floods and droughts last year. The move promises to dismay Senate GOP sponsors of the farm aid such as Conrad Burns of Montana, embroiled in a very difficult re-election bid.

An additional $648 million obtained by Sen. Robert Byrd (news, bio, voting record), D-W.Va., to beef up security at U.S. ports is to be dropped, while $1.2 billion in aid for the Gulf Coast fishing and seafood industry obtained by Sen. Richard Shelby (news, bio, voting record), R-Ala., will be sharply scaled back.

Meanwhile, a conservative group announced an ad campaign in three states aimed at pressuring Senators to drop several controversial homestate projects from the bill. Top among the targets of Americans for Prosperity is a $700 million Senate plan to pay CSX Transportation to abandon a recently repaired freight rail line to Mississippi to use the right of way for a new East-West highway.

"A bill to fund our war against terrorism is held hostage to pork-barrel spending," Duane Sand, a veteran of Iraq, says in the ad, to be run in Rhode Island, Michigan and West Virginia.

In fact, negotiators are expected to eventually drop the Mississippi rail line relocation as well as the bulk of more than $14 billion in Senate add-ons unrequested by President Bush. Still, FEMA funding would be cut below the White House's $7.2 billion request to fund lawmaker priorities, which could mean FEMA might need another infusion of cash before Election Day.

A key remaining challenge for negotiators is devising a compromise border security plan.

Bush's $1.9 billion border security plan is focused on hiring 1,000 new Border Patrol officers and sending 6,000 National Guard troops to help secure the Mexican border. A rival Senate plan, sponsored by Judd Gregg, R-N.H., and also budgeted for $1.9 billion, focuses on capital needs such as helicopters, Coast Guard vessels and vehicles.

House, Senate Tension Fuels Impasse (RC)

By Erin P. Billings And Ben Pershing

Roll Call, June 6, 2006

As Congress gets back to work this week, the Republican majority faces the daunting task of trying to advance several big-ticket legislative items amid a sometimes strained relationship between the two chambers.

House and Senate Republicans will not only wrestle with their Democratic opponents, but in some cases with each other, as they look to complete an emergency supplemental spending bill for Iraq and Hurricane Katrina recovery, as well as a pension bill, immigration reform and a lobby overhaul package.

The majority views passage of these as key to bolstering its chances in the November elections, along with consideration of several other measures important to the GOP base, including an anti-gay-marriage amendment, abolition of the estate tax and energy legislation.

GOP tensions have risen in both chambers over some of the most hotly contested bills this year, leaving some to wonder whether the party can come together quickly enough to pass them in the time that remains in this Congress. Immigration and the emergency spending bill are the most high-profile measures on which Republicans have faced internal battles over how far to go in this election year.

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"From the inside, it looks completely as if we are in a free-fall, chaotic mix," acknowledged one GOP Senate aide. "We are debating amongst ourselves for competing proposals. We do have some differences, but ours are only visible because we have the spotlight on us."

But this aide said: "Without a doubt, we need to realize that we need to be fighting the Democrats and not ourselves."

"There's always this natural tension between the House and the Senate that is almost imprinted on everyone's DNA," added a House Republican leadership aide. "That always tends to create a tough work environment."

At the same time, the House aide said, "for as many House folks as there are who hold grudges, there are other folks who 30 seconds later forget they're mad at the Senate. The bottom line is we have to put points on the board. We'll be judged at the polls."

In part, the GOP infighting can be attributed to the inherent differences between the two chambers: The House is known for striking a more conservative tone, while the Senate is viewed as more of a consensus-building body.

But beyond that, Republicans say they currently lack the powerful mediator they once enjoyed in President Bush, whose poll numbers continue to lag and who lacks the political capital he had just a year ago.

And the GOP is facing pressure from a conservative base seeking to move it to the right while trying to appeal to a broader electorate.

Another House Republican leadership aide described the current state of House-Senate relations as "decent" and said the attitude of House leaders toward their Senate counterparts was "trust but verify."

GOP Senate sources said Republicans in both chambers know they must spend the next couple of months working together to try to get as much done as possible. The closer to November they get, the more difficult it will become to advance legislation against a Democratic Party looking to deny the GOP any victories to take to the voters.

"Most people recognize that accomplishment on good bills is important to Republicans in both houses," another well-placed Senate GOP aide said. "We've got enough gridlock coming from the Democrats. We don't need to create any of our own."

Added another Republican aide: "We're joined at the hip, so it's imperative that we pass legislation that is going to give our guys ammo when they head back home and campaign this fall."

Republicans in both chambers agreed that they can set aside their differences on most of the major items, with the exception of immigration reform, where the parties in the two bodies are in starkly different camps. Republicans privately concede that it could be an impossible task to advance a comprehensive bill this year. Instead, they may have to settle for a watered-down version that can meet the test of both chambers.

"Immigration will prove if we can all pull in the same direction or not," a Republican Senate staffer said.

The path to completion for an immigration bill also is complicated by differing opinions over whether a mediocre bill is better than no bill at all.

House Republicans are convinced that the public — and particularly the GOP's base — supports their enforcement-only bill more than the Senate's comprehensive approach, leading some lawmakers to say privately that they would rather run in November on the House-passed bill than on a potentially weaker conference report.

But other Members and aides believe Republicans will be punished at the polls even more if no bill makes it to the president's desk.

Separately, conferees are currently hammering out a compromise on the supplemental spending bill — the Senate version of which came out nearly $14 billion bigger than the House version. President Bush has threatened to veto the measure if it comes to his desk much above the $94 billion mark.

But appropriators, known for their bipartisan approach to working through spending bills, are expected to come up with a conference report within the coming days. Those lawmakers will be called on again when some of the regular appropriations bills come up, although few are expected to advance before Nov. 7.

As for other pending bills, immigration conferees should be named within the coming days, while lawmakers in both chambers are seeking to strike final deals on the pension bill and lobbying reform. Republicans also say they may be able to advance legislation targeted at gas prices as well as small-scale health care reforms this year.

One GOP Senate aide said that even while Republicans struggle among each other on some of the pending legislation, there are areas where the party can and will continue to agree.

Expect Republicans, led by Bush, to continue to talk up the country's economic success and to press for heightened fiscal discipline — an area that has produced electoral gains for the party in the past but has been overshadowed by a ballooning federal deficit in recent years.

"You are going to hear a lot more about spending — and that's something most of us in both houses can agree on," a Republican aide said.

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Study Finds Thousands Of Trips Taken By Lawmakers, Staff (KRT)

By James Kuhnhenn

Knight Ridder, June 5, 2006

WASHINGTON - Join Congress, see the world. Join a congressman's staff, see more of it.

Private groups, corporations or trade associations - many with legislation that could affect them pending before Congress - paid nearly $50 million since 2000 to send members of Congress and their staffers on at least 23,000 trips overseas and within the United States, according to a study released Monday.

The trips included at least 200 journeys to Paris and 150 to Hawaii, room rates of up to $500 a night and some high-flying on corporate jets that cost up to $25,000 a trip, according to a report by the Center for Public Integrity, American Public Media and Northwestern University's Medill News Service.

"Some trips seem to have been little more than pricey vacations - often taken in the company of spouses or other relatives - wrapped around speeches or seminars," the report said. "In many instances, trip sponsors appeared to be buying access to elected officials or their advisers."

Congressional aides took more than 70 percent of the trips, the study found.

While the travel isn't illegal, the report shines a light on how business is often done in Washington. It comes in a congressional election year when one of the biggest issues is corruption.

The findings also emerged as Congress remains deadlocked on legislation that would restrict contacts with lobbyists and impose new ethics standards on members. As scandals have emerged over the past two years, lawmakers moved to ban privately financed travel and do away with meals and gifts from lobbyists. Eventually, both the House of Representatives and Senate passed versions of ethics legislation, though neither banned privately financed travel. Negotiations to reconcile differences in the bills haven't begun.

Under current law, lobbyists are prohibited from paying for congressional travel. But a federal investigation into former lobbyist Jack Abramoff uncovered a scheme in which Abramoff used nonprofit groups to pay for extravagant Scottish golf outings for members and staffers.

A separate study by Political Money Line, a nonpartisan Washington watchdog group, has found that the number of privately financed trips by members of Congress declined this year. Between 2000 and 2005, members of Congress logged an average of 1,100 trips a year. As of April of this year, members had reported 291 trips.

Advocates of tighter ethics rules said the recent travel decline reflects public attention to the Abramoff scandal and others.

"As soon as the attention starts to fade, the travel will start to increase," said Fred Wertheimer, president of Democracy 21, a watchdog group.

The study released Monday found that Rep. Tom DeLay, R-Texas, and his aides accepted about $500,000 in trips since 2000. DeLay is resigning from Congress on Friday under a cloud cast by the investigation into Abramoff, who arranged trips for him.

The top 10 travelers identified in the study are all members of the House of Representatives and include House Majority Leader John Boehner, R-Ohio. Spokesman Kevin Madden said Boehner met all congressional requirements for his travel, including prompt and public disclosure.

"Travel funded by private interests relieves taxpayers of having to cover the costs of educational travel," Madden said.

According to the study, among the top corporate sponsors of travel was General Atomic, a San Diego-based high-tech firm that has developed surveillance aircraft as well as wireless and laser technologies. The company spent $660,000 on 86 trips for lawmakers, staff and spouses from 2000 to mid-2005, the study said.

The company, which developed the Predator spy plane, didn't immediately comment.

The private organization that spent the most on travel is the Aspen Institute, an educational organization that paid about $3.5 million to send lawmakers and their spouses to high-level conferences around the globe.

The institute's congressional program began in 1983 and is run by former Sen. Dick Clark, D-Iowa. It is nonpartisan and accepts money only from foundations, not corporations. The institute defended its travel policy, noting that by getting out of Washington, members can concentrate on subjects that are likely to come before Congress.

"The idea behind this is that senators are so distracted they never give enough focus to one issue," Aspen Institute spokesman James Spiegelman said.

Watchdog groups say groups such as Aspen generally fulfill a useful purpose and that lawmakers should try to write legislation that distinguishes between non-corporate educational travel and that paid for by corporations or industry groups.

"The lines are hard to draw because some of the fact-finding trips give people access to special interests," said Dennis Thompson, director of Harvard's Edmond J. Safra Foundation Center for Ethics.

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Trip Study Finds More Was Spent On Aides Than Lawmakers (NYT)

By Kate Phillips

The New York Times, June 6, 2006

WASHINGTON, June 5 — Congressional aides took $30 million in trips paid for by private groups from 2000 through mid-2005, surpassing the privately sponsored travel of their bosses by nearly $10 million over the same time, according to a new analysis of publicly disclosed travel expenses.

Together, aides and members of the House and Senate filed 23,000 public disclosure forms on their individual trips, the survey found, for an estimated price tag of about $50 million. Among the most popular destinations were Paris (at least 200 times), Hawaii (150) and Italy (140).

Congressional travel paid for by outside organizations like trade groups and corporations has been under intense scrutiny following scandals involving the lobbyist Jack Abramoff. While much attention has been focused on elected officials and corporate jet travel with lobbyists, the new study, conducted by the Center for Public Integrity, Medill News Service of Northwestern University and American Public Media programs, is the most extensive in recent years because it tallied the costs, purpose and destinations of trips by Congressional aides and politicians.

The study concluded that about 90 of the trips were paid for by lobbyists, which is an ethical violation, during the five and a half years examined. About 500 trips cost $10,000 or more each, and 16 cost $25,000 or more apiece, the study showed. About $20 million was spent on overseas travel.

Wendell Rawls, acting executive director of the Center for Public Integrity, a nonpartisan group that has conducted many investigations of money and politics over the years, said Monday that some trips could be considered legitimate for educational purposes. But he pointed out that the study found multiple ethics violations from members of both political parties, and that many trips were paid for by corporations that had business interests before Congress.

Mr. Rawls also questioned the amount of spending on some trips. For example, he said, former Representative Thomas Bliley, Republican of Virginia, and his wife went to London at a cost of $31,171 for four days in July 2000. Their air travel tickets were valued at $11,938.49 each, and were paid for by the Brown and Williamson tobacco company. The former congressman's public filings listed the purpose of the trip as meetings with officials from British American Tobacco and other trade officials.

"I would ask if every constituent for Representative Bliley had the same access as the people at Brown, Williamson," Mr. Rawls said of the former chairman of the House Commerce Committee. Mr. Bliley could not be reached for comment.

The study turned up other interesting educational travel and irregularities. Congressman Charles B. Rangel, Democrat of New York, has amended his forms for a trip in 2000 to Cuba, where he met with Fidel Castro. He first violated ethics rules by accepting travel expenses for his son and his wife, on a trip that was supposed to address the plight of endangered birds. But confronted with the center's findings, Mr. Rangel recently reimbursed and identified additional sponsors for his son's travel and for the trip; the sponsors included one of his longtime fund-raisers, John Catsimatidis of Gristede's Foods in New York, and the Cuban government. George A. Dalley, Mr. Rangel's chief of staff, said he erred in not knowing the reporting rules.

The study singled out General Atomics, a company based in San Diego that developed the Predator, the unmanned spy plane, because it spent more — $660,000 — on Congressional travel than any other corporation on lone-sponsor trips. The study noted that General Atomics seemed to favor trips for Congressional staff members and aides. Among those on trips to Turkey in 2004 or to Australia in 2005 were aides to Representative Randy Cunningham, a California Republican who has since been convicted of bribery and other crimes, and an aide to Senator Harry Reid, the Nevada Democrat who is minority leader.

The study said that some aides sat in on sales meetings that company officials held with foreign government officials, although the aides later told the survey's interviewers that they did not engage in sales pitches.

Gary Hopper, a vice president for General Atomics' Washington offices, said: "We wouldn't mix any kind of sales situation with Congressional staff there. I know that's a bone of contention with a lot of people out there but there was not in any way a quid pro quo."

Democrats, Republicans and lobbying associations all say that travel has slowed since the scandals over the Scotland golfing trips by Representative Tom DeLay received headlines last year and put a spotlight on Congressional travel.

Paul A. Miller, the president of the American League of Lobbyists, defended travel by lobbyists and elected officials. "Since the scandal, a lot of the travel has ceased to exist or members of Congress have been very diligent by what trips we go on," Mr. Miller said. "These trips are valuable experiences for members of Congress and their staffs. If the public doesn't pay for it and the private sector doesn't pay for it, the government isn't going to pick up the tab for it."

The House and Senate have passed legislation that would require additional disclosure for lobbying, but neither bill would place a permanent ban on privately sponsored travel. It is unclear what will emerge from a House-Senate conference committee.

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The Center for Public Integrity was forced last year to withdraw a study it conducted on White House travel because of a flawed database that inflated the amount of money spent as well as the number of staff members. To avoid such errors this time, Mr. Rawls said the center pored over the 26,000 pages of travel documents individually, hired outside consultants to comb the data and the findings, and made conservative estimates of the data tallies.

Privately Funded Trips Add Up On Capitol Hill (WP)

By Jeffrey H. Birnbaum

The Washington Post, June 6, 2006

Over 5 1/2 years, Republican and Democratic lawmakers accepted nearly $50 million in trips, often to resorts and exclusive locales, from corporations and groups seeking legislative favors, according to the most comprehensive study to date on the subject of congressional travel.

From January 2000 through June 2005, House and Senate members and their aides were away from Washington for more than 81,000 days -- a combined 222 years -- on at least 23,000 trips, according to the report, issued yesterday by the nonpartisan Center for Public Integrity. About 2,300 of the trips cost $5,000 or more, at least 500 cost $10,000 or more, and 16 cost $25,000 or more.

"While some of these trips might qualify as legitimate fact-finding missions," the study said, "the purpose of others is less clear." In addition, the lawmakers' financial reports that disclose the details of the trips are routinely riddled with mistakes and omissions.

Lawmakers and their staffers were treated to $25,000 corporate-jet rides and $500-a-night hotel rooms, the study showed. Lawmakers accepted thousands of costly jaunts -- one worth more than $30,000 -- to some of the world's choicest destinations: at least 200 trips to Paris, 150 to Hawaii and 140 to Italy.

"Congressional travelers gave speeches in Scotland, attended meetings in Australia and toured nuclear facilities in Spain," the study reported. "They pondered welfare reform in Scottsdale, Ariz., and the future of Social Security at a Colorado ski resort."

Many congressional offices have voluntarily curtailed their privately funded travel since disgraced lobbyist Jack Abramoff pleaded guilty in January to conspiring to bribe public officials, in part with lavish overseas trips. But lawmakers and their aides still may accept travel for official purposes from private interests without limit.

House Speaker J. Dennis Hastert (R-Ill.) proposed banning such travel soon after Abramoff's plea. But lawmakers of both parties and in both chambers of Congress quickly resisted imposing significant new restrictions on the trips, which are a much-prized perk of office. Rep. John A. Boehner (R-Ohio) won election to the post of House majority leader this year by running on a platform that included opposing the travel ban.

Boehner and members of his office were among the top beneficiaries of privately funded travel, according to the study, taking more than 200 trips during the 5 1/2 -year period reviewed. Others included the offices of Rep. Joe Barton (R-Tex.), Majority Whip Roy Blunt (R-Mo.), Rep. Michael G. Oxley (R-Ohio), Rep. Gregory Meeks (D-N.Y.) and Rep. Robert Wexler (D-Fla.).

Kevin Madden, a spokesman for Boehner, said yesterday that privately funded travel by members of Congress is fully disclosed and "leads to greater understanding of the issues" at no cost to taxpayers.

One of the largest corporate sponsors of lawmakers' travel was General Atomics, a relatively small San Diego-based defense contractor that makes the Predator, an unmanned spy plane now in wide use by the United States and other countries. The study reported that the company "largely targeted congressional staff members, spending roughly $660,000 on 86 trips for legislators, aides and their spouses from 2000 to mid-2005." Some of the trips were valued at more than $25,000.

General Atomics' spending on congressional travel was more than that of many larger companies and was considerably higher than what other defense contractors spent. Microsoft, for instance, funded nearly $395,000 in trips during the period; SBC Communications Inc. spent about $205,000. Among General Atomics' defense competitors, Northrop Grumman spent about $12,000 on congressional junkets and Boeing spent about $13,000.

On trips paid for by General Atomics to Turkey and Australia, congressional staffers attended meetings with foreign government officials that the company was soliciting to buy the Predator.

"[It's] useful and very helpful, in fact, when you go down and talk to the government officials, to have congressional people go along and discuss the capabilities of [the plane] with them," Tom Cassidy, chief executive of General Atomics Aeronautical Systems, the company's aircraft-manufacturing subsidiary, told the center.

The center's study illustrates how widespread the practice has become, for both Democrats and Republicans. Of the 25 individual lawmakers who accepted more than $120,000 worth of travel during the period, 17 were Democrats. Of the two dozen congressional offices on which private trip sponsors spent the most money, 15 were Republican, the study said.

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At least 150 of the disclosure forms scrutinized by the center did not list a sponsor. After the center contacted her, Rep. Katherine Harris (R-Fla.), a candidate for Senate, amended her 2003 form to fill in the name of the group that paid for her two-day visit in November to the Breakers in Palm Beach, Fla. -- the Center for the Study of Popular Culture. A spokesman for Harris called the omission "a staff error."

After he was contacted by the Center for Public Integrity, Rep. Charles B. Rangel (D-N.Y.) reimbursed the Cuban government and John A. Catsimatidis, a grocery store owner, $1,922 for expenses incurred by his son, Steven, during a trip that Rangel, his wife and his son took to Cuba to study the ecology there in 2002. House rules permit sponsors of lawmakers' trips to cover the cost of only one accompanying relative. A Rangel spokesman said the office had not been aware of the rule.

The House had more frequent fliers than did the Senate during the period. The 10 congressional offices that accepted more than 200 privately sponsored trips each were all in the House, as were the 11 offices that had travel expenses exceeding $350,000 each. The 10 most expensive trips were taken by members of the House or, in one instance, a House aide.

The study, which took nine months to complete, found many instances in which, the center said, "trip sponsors appeared to be buying access to elected officials or their advisers." Several of the sponsoring organizations defended their trips, saying they provide lawmakers with an opportunity to discuss issues in a relaxed setting.

"If you try to talk to a member for any great length of time about your issues while they're in Washington, they're simply too busy," Tom White, a spokesman for the Association of American Railroads, told the center.

The center's study was co-sponsored by American Public Media and Northwestern University's Medill News Service.

Study Finds $50M In Privately Funded Travel By Lawmakers (HILL)

By Jonathan Allen And Josephine Hearn

The Hill, June 6, 2006

If voters find industry-sponsored junkets objectionable, a study out today could be bad news for globetrotting lawmakers. Private sponsors paid nearly $50 million over five and a half years to send members of Congress and their staffs on at least 23,000 trips, according to a review of travel records by the Center for Public Integrity, American Public Media and Northwestern University journalism students.

The study is the first time that researchers have pinpointed the full cost of privately funded congressional travel. An earlier tally of about $15 million counted only travel by lawmakers themselves and neglected more numerous trips for staff.

The researchers kept tabs on which offices filed incomplete, incorrect or late reports disclosing details of their travels. They singled out two lawmakers, Reps. Charles Rangel (D-N.Y.) and Marcy Kaptur (D-Ohio), for failing to disclose until six weeks ago that the Cuban government and a New York grocery mogul paid for their April 2002 trip to Havana to meet President Fidel Castro. Earlier disclosure reports had specified only a Minneapolis-based conservation group, the Sian Ka'an Conservation Foundation, as the sponsor.

Rangel also took fire for allowing the sponsors to pay travel costs for his wife and son, a violation of House rules that allow only one family member to be reimbursed.

Rangel, who organized the trip for himself and Kaptur, has since reimbursed the Cuban government and the New York businessman, John Catsimatidis, for his son's portion of the $5,766 trip.

Rangel's chief of staff, George Dalley, called the filing an honest mistake. "We believe we have now adequately corrected what I admit was a mistake. We weren't trying to hide it. ... Our practice has always been that we try to abide by whatever laws and regulations exist at the time," he said.

Rangel has been a frequent traveler to Cuba and a vocal opponent of the U.S. embargo against the country.

Supporters of privately funded congressional travel say that such trips provide opportunities for lawmakers and aides to learn more about issues before them without forcing taxpayers to foot the bill.

Critics argue that the trips give wealthy interests unchecked access to power and can lead to corruption.

Golf trips to Scotland are at the center of an expansive federal investigation of congressional corruption that has netted plea agreements from lobbyists Jack Abramoff and Michael Scanlon. Scanlon was once a senior aide to former House Majority Leader Tom DeLay (R-Texas).

During the five and a half years ending in 2005, DeLay's office spent about $500,000 of other people's money on travel, topping the report's list. That total is nearly three times the annual salary of a party leader in the House.

Senate Foreign Relations Committee Chairman Richard Lugar (R-Ind.) accounted for $150,000 in trips — his yearly salary is $165,200 — in five years, mostly paid for by the nonprofit Aspen Institute. Nearly 3,000 of the 23,000 privately sponsored trips identified in the report cost $5,000 or more, including 500 that cost at least $10,000 and more than a dozen amounting to at least $25,000 apiece.

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Destinations included Australia, Grand Cayman, Paris, Rome, Hawaii and Pebble Beach, Calif., home of one of the nation's top golf courses.

Lawmakers in both parties and in both chambers have reason to be nervous about how the public perceives privately funded jaunts to prime vacation spots. Recent polls show that less than one-third of the public approves of the job Congress is doing.

Attentive challengers can turn incumbents' travel patterns into potent political issues.

Two years ago, Rep. Melissa Bean (D-Ill.) found travel to be a powerful weapon in her successful bid to unseat longtime Republican Rep. Phil Crane (R), a senior member of the Ways and Means Committee and onetime presidential candidate. Bean labeled the well-traveled Crane the "Junket King" to portray him as out of touch with his constituents after more than three decades in Washington.

In other cases, voters have been more forgiving, at least for a while.

The House refused to seat Adam Clayton Powell Jr. (D-N.Y.) in 1967 after he took lavish, publicly funded trips to exotic locales while spending little time legislating in Washington.

"He is a study in contrasts," fellow Rep. Mo Udall (D-Ariz.) wrote of Powell that year. "Brilliant but erratic; a self-styled 'poor parish priest' but living like a member of the jet set; working hard for a few days to finalize a major bill, then flitting off to Europe or the Bahamas for weeks."

But Powell's constituents fired back at the House, electing the oft-vacationing Powell to fill the vacancy caused by the House's refusal to seat him. He won another two-year term after that.

Powell's lifestyle eventually caught up to him at the ballot box: In 1970, he lost a primary to Rangel, now the ranking Democrat on the Ways and Means Committee.

Candidates across the country already are grappling with the question of whether they would vote to ban privately funded travel. The House voted to block privately funded trips through the end of the year, but the two chambers have yet to complete action on the legislation.

Right Just Doesn't Get Sen. Frist (HILL)

By Alexander Bolton

The Hill, June 6, 2006

Senate Majority Leader Bill Frist (R-Tenn.) has both pleased and outraged conservatives with his Senate schedule this week, and they are once again left scratching their heads over what to make of him.

Is he one of them? Does he want to be president?

The Senate will vote this week on cutting off debate on a constitutional amendment to ban same-sex marriages, an issue conservatives have clamored for since the 2004 election. It will also vote to quash a potential filibuster of the estate-tax repeal, another high priority for conservatives.

But Frist has also brought a skunk to what otherwise would be a conservative garden party by also scheduling the Native Hawaiian Government Reorganization Act, sponsored by Democratic Sen. Daniel Akaka (Hawaii).

Conservative senators and activists hate that bill, which would allow native Hawaiians to establish their own government entity to "safeguard their welfare," according to a description by the Congressional Research Service.

This month, Frist will give conservatives a floor vote on an amendment that would ban burning the American flag, but he will also likely let stem-cell legislation reach the chamber floor for a vote before the July recess, GOP aides say.

A lobbyist for one prominent socially conservative group said Frist's staff has called the stem-cell vote "unavoidable," but some conservatives are skeptical because Frist determines the schedule. One conservative GOP aide said Frist has not yet agreed to allow Sen. Sam Brownback (R-Kan.) an accompanying vote on a bill favored by social conservatives that would ban embryonic cloning.

Conservatives such as former Reagan Attorney General Edwin Meese and Todd Gaziano, director of the Center for Legal and Judicial Studies at the conservative Heritage Foundation, call Akaka's legislation unconstitutional and say it could allow native Hawaiians to exempt themselves from "whatever aspects of the United States Constitution and state authority [they] thought undesirable." The Family Research Council, an influential group representing Christian conservatives, also opposes it, saying it could open the door to legalized gambling in the Aloha State.

Aides to conservative senators say they are discussing ways to tie the bill up on the floor, possibly by offering anti-abortion amendments. But, nevertheless the bill has a good chance of passing, and if it does it will likely be with the support of almost every Senate Democrat and a minority of the Senate Republican Conference.

If conservative GOP senators such as Lamar Alexander (Tenn.), Jeff Sessions (Ala.), John Ensign (Nev.), Tom Coburn (Okla.) and John Cornyn (Texas) square off against the Hawaii bill, as they are expected to, it would be the second time in a

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month that the conservative heart of the Senate GOP conference has rebelled against a bill Frist has brought to the floor. Passage would begin to establish a trend in which bills pass the Senate floor with overwhelming Democratic support and the backing of few Republicans.

"Frist is the leader of what may be a Republican majority but isn't a conservative majority," said Michael Franc, vice president of government relations for the Heritage Foundation.

He explained that because chamber rules often require the support of 60 lawmakers and Republicans control only 55 seats, coalitions are sometimes a mix of Democrats and liberal Republicans. The discipline that Senate Democratic Leader Harry Reid (Nev.) has imposed on his caucus has made it more difficult for Frist to pass bills amenable to the majority of Republicans with the support of a handful of Democratic defectors. Immigration was an example of that.

"The Democrats have been very effective at turning that majority into a dysfunctional one," Franc said. "You have to give credit to Reid and others for sowing this kind of discontent among Republicans in the Senate."

One veteran GOP aide wondered whether past majority leaders would have allowed major legislation to pass with a minority of Republicans supporting it. "The thing I keep hearing is if [Sen.] Trent Lott [R-Miss.] was still majority leader that would never have seen the floor," the aide said.

On Fox News last month, Frist acknowledged that the immigration bill was not popular but argued that the Senate had to address the problem of nearly 12 million illegal immigrants living in the U.S., and of what he called the hemorrhaging of immigrants across the U.S.-Mexican border. A Frist aide said the problems could not be addressed if the Senate did not pass legislation and send a bill to negotiations with the House.

The Senate majority may have seemed dysfunctional lately, but Frist has had successes. He helped pass the 2003 Medicare act, which many congressional observers thought would be difficult. Many conservatives still grumble about the cost of that vote. Frist also navigated Democratic opposition to pass long-stalled energy and transportation reauthorization legislation last year.

While the tactics of passing bills on the Senate may be easy for Frist and his staff to justify in Washington, it is more difficult for them to make their case outside the Beltway.

"Senator Frist in some instances has been a strong advocate for certain issues that are of importance to conservatives such as his work on passing the Bush tax cut, his continuing efforts to try to repeal the death tax, his work to assist the administration in getting their political appointees approved particularly on the judiciary, but at the same time he's been disappointing to conservatives on issues involving federal spending, and immigration," said William Lauderback, executive vice president of the American Conservative Union, who served as deputy campaign manager on Frist's first Senate campaign, in 1994. "If the senator's future political ambitions encompass a run for the presidency he will not be able to position himself as a true conservative."

Laudenbach said that Frist was regarded as a leader of very high integrity and that Republican and Democratic senators respect him, but that, in the final analysis, "he's not been a strong majority leader. In some instances he's been disappointing."

Amy Call, Frist's spokeswoman, defended her boss. "Senator Frist has been a strong advocate throughout his time in the Senate for the things he believes in and will continue to be," she said. "He is guided by what he feels is the right thing to do and will continue to be guided by that."

Kennedy Back On Job After Month In Rehab (USAT)

USA Today, June 6, 2006

Rep. Patrick Kennedy, D-R.I., back to work Monday after his second stint at a drug rehabilitation clinic, said that after struggling for two decades with addiction he knows he can no longer take any "mood-altering" substances including alcohol.

Kennedy, 38, checked into the Mayo Clinic in Rochester, Minn., a day after a May 4 incident in which he crashed his car near the U.S. Capitol. He told police he was rushing to vote at the House, but Congress was not in session. He also said he was taking medication to help him sleep.

The experience "reaffirmed for me that the challenge of mental illness is a part of everyone's experience," Kennedy said in a speech at Brown University in Providence.

It was his first public appearance since he left the clinic Friday. He said his month-long treatment left him confident about his mental health.

Kennedy, the son of Sen. Edward Kennedy, D-Mass., had also been in a clinic over the Christmas holiday.

President Bush's job-approval rating has rebounded slightly to 36% in a USA TODAY/Gallup Poll taken Thursday through Sunday. That's 5 percentage points higher than his record low in early May.

Bush's standing improved by 10 percentage points or more among Republicans (up to 78%) and men (42%). The survey of 1,002 adults has an error margin of +/-3 percentage points. — Susan Page

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The Federal Aviation Administration will impose new contract terms on more than 14,500 air-traffic controllers after it failed to reach an agreement with the union, officials said.

Base salaries and premiums for living in high-cost areas would be preserved, but new controllers would earn 30% less than current workers, the agency said in a statement Monday. The FAA also will phase in new rules to boost worker productivity.

The FAA hopes the contract will save it nearly $2 billion over five years. National Air Traffic Controllers Association officials could not be reached for comment.

After contract talks broke off April 5, the FAA sent its proposal, along with the union's proposal and objections, to Congress. Lawmakers had 60 days to intercede, after which the FAA could impose its offer.

The House of Representatives is scheduled today to debate legislation that would nullify that 60-day deadline in hopes of pushing the FAA and the union back to the bargaining table.

Patrick Kennedy Is 'Better' After Treating Dependency (NYT)

By John Holusha

The New York Times, June 6, 2006

Representative Patrick J. Kennedy said yesterday that he felt much better after almost a month's treatment in the Mayo Clinic for drug dependency, and that he was looking forward to resuming his duties.

But he said that he continued to suffer from bipolar disorder and a tendency toward addiction, and will need help from a support group to avoid a relapse.

"The key to recovery will be a small group of people who will watch over me," he said at a televised news conference.

Mr. Kennedy said, as he has before, that he had not been drinking before an early-morning car accident near the Capitol in Washington on May 4, even though the police on the scene said he appeared to be intoxicated. Mr. Kennedy said the police had canvassed bars in the District of Columbia seeking evidence of his drinking but were unable to find any. Rather, he said, he was under the influence of prescription antinausea and sleep medications, which he had taken at the "prescribed amount."

The question-and-answer session came after Mr. Kennedy, Democrat of Rhode Island, helped to open a conference on the future of mental health care and addiction treatment at Brown University in Providence.

"I can tell you today, I feel confident of my health," he said at the health conference, adding that he was "positive about my future."

He was discharged from the clinic, in Rochester, Minn., on Friday and spent the weekend with relatives in Washington before returning to Rhode Island on Sunday night. His private medical insurance policy paid for the stay in the clinic, he said.

The event was Mr. Kennedy's first public appearance since checking himself into the clinic on May 5, the day after the auto accident. Mr. Kennedy has said he has no memory of the crash or of his subsequent encounter with the Capitol Police, who charged him with three traffic violations.

Mr. Kennedy, the son of Senator Edward M. Kennedy, put his drug taking in the larger context of mental illness. "I didn't know how miserable I was until I started to be feeling better," he said of his time at the clinic.

Kennedy Finds Recovery Sponsor In Ramstad (RC)

By Bree Hocking

Roll Call, June 6, 2006

Twenty-five years ago, Rep. Jim Ramstad (R-Minn.) woke up to find himself in a Sioux Falls, S.D., jail cell after an alcohol-induced blackout.

Ramstad, who credits that experience with helping him to realize he was an alcoholic and needed to seek help, said that his own struggle with substance abuse forged the strong bond he shares with Rep. Patrick Kennedy (D-R.I.). Kennedy entered a drug rehabilitation program May 5 in the wake of a middle-of-the-night car crash near Capitol Hill that occurred after he had taken two prescription drugs, Phenergan and Ambien. He was released from the clinic Friday.

“If anyone can identify with Patrick’s experience, it’s me,” Ramstad said. “I absolutely think this is a wake-up call for Patrick similar to the wake-up call I had 25 years ago.”

Every Saturday for a month, Ramstad drove an hour and a half from his house in Minnetonka, Minn., to the Mayo Clinic in Rochester to visit Kennedy while he was in rehab.

“We had a lot of good heart-to-heart talks about my experience and his experience like recovering people do. That’s how we stay sober. We do a lot of talking and a lot of listening. ... I know he’s going to be participating in meetings with other recovering people on a regular basis.”

The Rhode Island Congressman has named Ramstad as a sponsor in his recovery efforts, said Kennedy spokesman Robin Costello. “He’s a key person in the support network [and aftercare plan] he’s put together of close friends and colleagues

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and medical experts," she said. According to Kennedy's Mayo Clinic discharge statement, his physicians have put him on a "stringent system of aftercare that may include periodic visits to the Mayo Clinic for continued health care consultation."

On Monday, Kennedy made his first public appearance since getting out of rehab, speaking at a mental health care and addiction treatment conference at Brown University. Afterward, he held a press conference in which he said medical issues related to his rehab stay were "between me and my doctor" and pledged to continue his fight for medical privacy legislation. Kennedy, who has bipolar disorder, also said his mental illness has led to his addiction.

Despite Kennedy's pending legal issues, colleagues on both sides of the aisle predict he will be welcomed back to Congress with open arms when he returns to Capitol Hill today.

"We all recognize that Patrick has been through a very difficult time, and my sense is that most people in Congress as well as most Rhode Islanders are impressed, as I am, that he was forthcoming about his problems and he sought professional help," said Rep. James Langevin (D-R.I.), who was with Kennedy at the Brown conference. "There's important work that we need to do together for the people of the state of Rhode Island, and I know Patrick is up to the challenge."

Langevin added that Kennedy had in his speech "acknowledged this is a struggle. This will always be with him, and he's going to take it day by day."

Other Members echoed Langevin's words.

"Rep. Kennedy has demonstrated tremendous courage through this process. I welcome him back, and look forward to working with him as he continues to advocate on mental health issues in Congress," said Rep. George Miller (D-Calif.).

Ramstad added, "Alcoholism and drug addiction are equal-opportunity diseases that don't discriminate between Republicans and Democrats, rich and poor, educated and uneducated."

Support for Kennedy appears to be holding firm in his home state.

Kennedy received a standing ovation for his speech at Monday's conference. That same day, members of the Rhode Island mental health and medical communities took out a full-page ad in The Providence Journal thanking Kennedy for coming forward with his problem and supporting mental health parity issues, said his close friend Jack McConnell, a trial attorney in Providence who has done legal work for Kennedy in the past. (Kennedy has taken the lead in facilitating the concept of the Rhode Island Institute for Mental Health Excellence, a partnership of leading researchers and practitioners in the areas of mental health and addiction, Costello noted.)

Rhode Island political observers do not believe Kennedy's run-in with the law will have an adverse effect on his electoral viability.

"I don't anticipate there will be a negative political fallout because he's very popular and he did seek help," said Darrell West, a political science professor at Brown University and the author of the 2000 biography "Patrick Kennedy: The Rise To Power." "I don't think voters see a legal issue."

Only one politically unknown Republican has filed so far for the race.

Still, West added: "If it becomes a recurring problem, that's a bigger political problem for him."

On the legislative front, Ramstad said the two have discussed redoubling their efforts to get mental health and chemical dependency treatment parity legislation passed in the House, where their bill, which would provide for equal coverage for mental health benefits, currently has 228 sponsors. Ramstad and Kennedy are also co-founders of the Addiction, Treatment and Recovery Caucus, which was formed to educate Congress about addiction problems and the need for treatment and recovery.

Meanwhile, Rep. Ralph Regula (R-Ohio), who chairs the Appropriations subcommittee on labor, health and human services, education and related agencies — of which Kennedy is a member — said he did not anticipate Kennedy's legal and personal troubles would distract him from his work.

"He's probably not the only Member of Congress that's got things he's dealing with outside of his role as Congressman," Regula said, adding that he expected Kennedy to be on hand for the markup of the panel's spending bill on Wednesday. "I think he can handle it."

SNOW SHOW (WP)

The Washington Post, June 6, 2006

White House press secretary Tony Snow' s response at yesterday's White House briefing to a question from radio talk show host Lester Kinsolving:

Kinsolving : The New York Times has just reported, "This White House, like all White Houses, is obsessed with the press." My question: Will you admit to this alleged obsession, or is this just one more New York Times exaggeration?

Snow : It's more a love affair than an obsession, Lester.

Controllers Have A New Contract, But Fight Isn't Over (WP)

By Stephen Barr

The Washington Post, June 6, 2006

The Federal Aviation Administration imposed a controversial new contract yesterday on the nation's 15,000 air traffic controllers that will slow the rate of pay increases for current workers and cut starting salaries for new hires by 30 percent.

Marion C. Blakey , the FAA administrator, said a 60-day period for review by Congress of contract deadlocks at the agency had ended without any action. "The FAA's proposed change takes effect as of today, and we will begin the process of implementing our proposal," she said in a statement.

Blakey's announcement came on the eve of a House debate on a bill that would have set aside the 60-day deadline and sent the labor-management dispute back to the bargaining table. The bill, sponsored by Rep. Steven C. LaTourette (R-Ohio), would apply retroactively to the controller contract.

The FAA's move was faulted by John S. Carr , president of the National Air Traffic Controllers Association. "One can only surmise that the current rush to implementation is an attempt to circumvent the legislation that is scheduled for a vote in Congress this week," Carr said.

The FAA is one of the few places in government where unions can bargain over salaries. A 1996 change in FAA law that permitted bargaining over pay also stipulated that impasses would go to Congress rather than to a panel of presidential appointees that normally rules in such cases.

Two years after that law took effect, the controllers union negotiated a generous contract that Blakey says the FAA can no longer afford as it prepares to undertake costly technology upgrades and bring on a new generation of controllers.

When the old contract came up for renewal, the FAA and the union embarked on nine months of talks that the agency says cost taxpayers $2.3 million. Both sides have accused the other of grandstanding and spreading misleading information, and in April, the agency declared an impasse in the negotiations, triggering the congressional review period.

The dispute comes 25 years after President Ronald Reagan fired about 11,000 controllers who went on strike over working conditions. There is no talk of a strike in this dispute, but union officials contend that a substantial number of controllers will take a cut in take-home pay under the contract, prompting them to enter into retirement at a faster rate than normal.

The FAA faces a large wave of retirements as controllers hired after the mass firing reach the mandatory retirement age of 56. The FAA estimates about 12,500 new controllers will have to be hired and trained through fiscal 2014 -- a big challenge that will require careful planning.

Under the new five-year contract, which the agency estimates will save $1.9 billion, controllers would keep their salaries and benefits and retain about 80 percent of supplemental pay, known as premium pay. According to the FAA, the average compensation package worth $165,900 today would grow to $187,000 over the life of the contract.

However, controllers would lose incentive pay that encourages them to take jobs in hard-to-staff locations. The FAA said that the extra pay costs $30 million annually and that inspector general audits had determined it has not worked as intended.

Controllers also would lose "controller in charge" differentials that are paid when they take on temporary duties as a supervisor. That differential had cost the FAA $11 million annually and also been faulted by the inspector general as unnecessary.

New controllers will take a 30 percent cut in starting pay, compared with the terms under the 1998 contract. FAA officials said that as new hires advance in training and skills, salaries will rise to $127,000 on average over the five years of the contract.

Blakey said the agency would continue to operate under the terms of the prior contract during the transition to new pay scales and workplace rules. The FAA did not have an estimate for how long the transition would take.

"The phase-in will be handled in a deliberate and orderly manner, and we will ensure that air traffic managers and supervisors are well trained to implement these provisions and to answer questions from the workforce as they arise," she said.

LaTourette's bill will be brought up today under a suspension of normal rules, which will require a two-thirds margin to pass. Carr said he believed that members of Congress "will take a dim view of the FAA's brazen actions today." In a similar union dispute a few years ago, he said, Blakey waited about 19 months before moving to impose a contract.

Geoff Basye , an FAA spokesman, said further delay in resolving the dispute was not in the interest of taxpayers. The negotiations were carried out under current law, and "the FAA will stay true to the process that has been governing this from the beginning," he said.

Although the union hopes to win some sort of congressional intervention, the dispute may end up in federal court. The union has launched a challenge to the law that permits Blakey to impose contracts.

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OTHER NEWS:

Fed Chief Startles Markets (USAT)

By Sue Kirchhoff

USA Today, June 6, 2006

WASHINGTON — Federal Reserve Chairman Ben Bernanke suggested Monday that the central bank might have to keep raising interest rates to combat "unwelcome" inflation, even though the economy has started slowing. His comments rattled stock markets, which had one of their worst days of the year.

In a speech to a banking conference here, Bernanke said the economy is entering "a period of transition" to less robust growth. But he also implied that inflation, pressured by high energy prices, is now the bigger threat.

He vowed the Fed "will be vigilant to ensure that the recent pattern" of rising prices doesn't take permanent root. The inflation outlook for the next six to 12 months will receive "particular scrutiny" as the Fed sets policy, he said.

Bernanke's language, suggesting that the central bank could raise short-term rates yet again when it meets June 28-29, shook up financial markets. The Dow Jones industrial average fell 199 points, or 1.8%, to 11,049. That's the third-worst one-day sell-off of the year for the Dow, which has lost 594 points since May 10. Small stocks fared even worse, with the Russell 2000 small-stock index falling 3.2%, its biggest drop this year.

That's because some traders and economists had anticipated that the Fed, which has boosted rates 16 times since mid-2004, might take a breather in June, given last week's gloomy employment report showing businesses created 75,000 jobs in May — far fewer than expected. A private report Monday showed the service sector expanding at a less rapid clip.

The Fed wants to move its target for short-term rates, now 5%, to a level that keeps prices under control but is not so high that it unduly chokes off growth.

Mark Zandi of Moody's Economy.com says he was surprised by the hawkish tone of Bernanke's speech, given that the economy is cooling faster than expected. He said a good case could be made for the Fed to pause, though he expects a rate increase if inflation remains elevated.

"(Bernanke) laid out a strong case why stable inflation is vital to long-term growth," Zandi says. "He's new in his term and has to establish inflation-fighting credentials."

Bernanke said an "anticipated moderation of economic growth seems now to be underway," adding that at such a time, interest rate "policy must be conducted with great care and with close attention to the evolution of the economic outlook."

The Fed chairman pointed to slowing consumer spending, a softening housing market and cooling job creation. The interest rate on a 30-year fixed mortgage has risen from about 5.6% in January 2005 to about 6.7% today, largely due to Fed action. At the same time, Bernanke noted, business investment is accelerating and the global economy is strong.

But Bernanke made it clear that, from the Fed's point of view, the main ingredient for stable, sustained growth was stable inflation and inflation expectations.

The Fed chairman pointed out that core consumer inflation, a measure that excludes food and energy prices, has risen at a 3.2% annual rate in the past three months and a 2.8% rate in the past six months. That's above the Fed's informal comfort range of 1% to 2%.

"The (Fed) must continue to resist any tendency for increases in energy and commodity prices to become permanently embedded in core inflation," he said.

The economy expanded at a rapid 5.3% annual pace in the first three months of the year, a rate the Fed expects to slow but not stall.

Bernanke Talks Tough On Inflation (NYT)

By Edmund L. Andrews

The New York Times, June 6, 2006

WASHINGTON, June 5 — Ben S. Bernanke, chairman of the Federal Reserve, warned Monday that recent inflation trends were "unwelcome developments," indicating that he was far less worried about signs of weaker economic growth than about the danger of higher prices.

In his toughest comments yet about the risks of inflation, Mr. Bernanke said consumer prices were rising faster than he would like. He gave short shrift to evidence of a slowdown in hiring, and he conspicuously avoided repeating his earlier suggestion that the Fed might consider a "pause" in its two-year program of steady interest rate increases.

Investors, increasingly convinced that the central bank will raise rates at its two-day policy meeting at the end of this month, immediately began selling stocks.

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The Dow industrials and the broader Standard & Poor's 500-stock index each fell about 1.75 percent, and the Nasdaq index tumbled more than 2 percent. Bond prices also fell and interest yields edged up, particularly for two-year Treasury securities.

The dollar rose slightly as traders in the Fed funds futures market sharply increased their bets that the central bank would lift its benchmark short-term interest rate another 0.25 percentage point from its current 5 percent.

Speaking to a conference here on international monetary issues with other central bankers, Mr. Bernanke said inflation had climbed to the upper limits of his acceptability.

"Core inflation, measured over the past three to six months, has reached a level that, if sustained, would be at or above the upper range that many economists, including myself, would consider consistent with price stability," Mr. Bernanke said.

Core inflation refers to the increase in prices for consumer goods and services other than food and energy, whose prices are more volatile and are considered not as important as others in determining whether inflation becomes embedded in the economy.

Mr. Bernanke has previously said that core inflation should ideally remain between 1 and 2 percent a year. In his speech, he noted that it had been running at 3 percent over the last six months and 2.3 percent over the last 12 months.

"These are unwelcome developments," the Fed chairman said.

Jan Hatzius, chief United States economist at Goldman Sachs, said Mr. Bernanke was signaling that the Fed was likely to raise interest rates for a 17th time in two years when its policy-making committee meets on June 28-29.

"He's trying to send a pretty fair message that he's going to err on the side of doing more rather than doing less," Mr. Hatzius said. But Mr. Hatzius, who had been predicting that the Fed would not raise rates in June, said the decision was not yet signed, sealed and delivered.

Fed officials will take a close look at the coming report on consumer price increases in May, which is scheduled to be released on June 14, he said. And they will be watching for additional evidence that the economy is slowing more abruptly than previously thought.

But with Mr. Bernanke and other Fed officials sounding increasingly hawkish on inflation, many analysts contend that the Fed faces less risk of slowing the economy too much by "overshooting" in its rate increases than it would if it let inflationary expectations take hold among consumers and businesses.

"They know that if they are perceived to have gone too far, they can change things fairly quickly by reducing rates," said Nigel Gault, a forecaster at Global Insight in Lexington, Mass. "They probably also know that credibility on inflation, once lost, may be difficult to get back."

Mr. Bernanke made clear that he thought the economy was now in a "transition" to slower economic growth, but he took little solace from data showing that wages had climbed only modestly, that the housing market appeared to be cooling and that job creation appeared to have slowed markedly.

On Friday, the Labor Department reported that the nation added an estimated 75,000 nonfarm jobs in May, only about half as many as most economists consider necessary to absorb the normal increase in the labor force.

Instead of highlighting signs of a cooling economy, which would ease inflationary pressures, Mr. Bernanke placed top emphasis on the need for vigilance against rising prices.

"Given recent developments, the medium-term outlook for inflation will receive particular scrutiny," Mr. Bernanke said. "There is a strong consensus among the members of the Federal Open Market Committee that maintaining low and stable inflation is essential" for achieving the central bank's dual goals of price stability and full employment.

The Fed, he continued, "will be vigilant to ensure that the recent pattern of elevated monthly core inflation readings is not sustained."

Despite the sharp sell-off in stock markets after Mr. Bernanke spoke, some analysts cautioned that the Fed had not necessarily closed the door to a pause.

"Mr. Bernanke's speech is more nuanced than the headlines at first suggest," wrote Ian C. Shepherdson, who tracks the American economy for High Frequency Economics, noting that the Fed chairman had been his most emphatic yet in stating that the economy was indeed starting to cool off.

But Mr. Bernanke's tough tone on Monday contrasted starkly with his testimony in late April before the Senate Banking Committee. In those remarks, Mr. Bernanke explicitly broached the idea of refraining from a rate increase at a Fed meeting to take more time to evaluate incoming economic information, and he said that the Fed might pause even if data pointed to lingering inflation pressure.

In the days that followed, bond investors began selling off Treasury bonds and pushing up yields amid rising suspicions that Mr. Bernanke was soft on inflation.

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Those concerns have since abated. Yields on 10-year Treasury notes, which are closely tied to rates on home mortgages, peaked at about 5.19 percent in mid-May but have since declined to about 5 percent.

On Monday, Mr. Bernanke also avoided any recitation of the Fed's statement after its last rate increase on May 10, when it said that the "extent and timing" of additional increases would depend on how incoming information affects the economic outlook.

He also continued to leave his options open but characterized low and stable inflation as a prerequisite for sustainable economic growth.

And while he noted that the recent surge in energy prices was likely to abate, he warned that oil prices might have contributed to the rise in core inflation and that volatile prices for oil and other commodities "remain a risk" to the inflation outlook.

"The best way to prevent increases in energy and commodity prices from leading to persistently higher rates of inflation," Mr. Bernanke said, "is by anchoring the public's long-term inflation expectations."

Dow Falls 1.77% As Fed Chief Adds To Investor Jitters (WSJ)

By E.S. Browning And Greg Ip

The Wall Street Journal, June 6, 2006

A surprisingly frank inflation warning from Federal Reserve Chairman Ben Bernanke stoked fears of further interest-rate increases, adding to investor jitters and knocking the Dow Jones Industrial Average down almost 200 points to its lowest finish since March 9.

Speaking at an international bankers' conference in Washington, Mr. Bernanke warned that inflation in recent months has been running "at or above the upper end of the range that many economists, including myself, would consider consistent with price stability." He said Fed policy makers would remain "vigilant" to ensure that recent inflation readings don't become the norm.

Although other parts of Mr. Bernanke's speech indicated that he sees signs economic growth is slowing, investors quickly concluded that the odds have increased that the Fed will raise target short-term interest rates at its policy meeting on June 28-29.

Stocks, which already were down earlier in the day on worries about the outlook for oil prices and interest rates, fell further in the wake of Mr. Bernanke's speech. The Dow Jones industrials tumbled 199.15 points, or 1.77%, to 11048.72.

Fears of more interest-rate increases have been spreading since the Fed warned of that possibility at its last policy meeting on May 10. The industrial average now is down 593.93 points, or 5.1%, from its May 10 six-year high of 11642.65. That close was less than 100 points short of the industrial average's record finish of 11722.98 in January 2000.

Since mid-May, inflation fears also have roiled a variety of international markets. The prices of many industrial commodities, such as metals, have fallen sharply, as have stock markets in developing countries and in developed nations from Japan to Europe.

Despite yesterday's declines in the U.S., the Dow Jones industrials are still up 3.1% for the year. The Nasdaq Composite Index, full of volatile technology stocks, fell 2.24%, or 49.79 points, yesterday to 2169.62. It is down 1.6% for the year.

The concern among investors is that inflation is proving more resilient than expected, despite the Fed's campaign of interest-rate increases that began two years ago. Over that time, the Fed has raised its target rate for overnight bank lending to 5% from 1%.

Investor attention now will focus on the government's next release of consumer-price data, due on Wednesday of next week. If the pace of inflation doesn't show signs of slowing, fears of more interest-rate increases will spread. Higher rates are bad news for stocks because they weigh on corporate profits and make alternative investments, such as money-market accounts, more attractive.

The prospect of higher short-term rates also is bad news for bonds, because it suggests that future bond yields probably will be higher, making existing bonds, with their lower yields, less attractive. In response to Mr. Bernanke's speech, Treasury-bond prices fell, pushing the yield of the 10-year Treasury note up to 5.024%.

Mr. Bernanke's remarks were unexpectedly hawkish. He called a recent rise in inflation "unwelcome," and his comments overall suggested the Fed is more concerned about recent price developments than by signs of slowing economic growth, such as the sharp slowdown in job growth in May.

The May jobs report had prompted many economists to speculate that the Fed would finally pause in its tightening of monetary policy, with the idea that a slowing economy would ultimately keep a lid on inflation pressure.

Mr. Bernanke's remarks yesterday, however, sent a different signal. They dwelt heavily on the risks of higher inflation. By contrast, he called signs of a weaker economy, including the soft jobs data, part of an "anticipated moderation of economic growth." He made it clear that the Fed's preoccupation, at least for now, will be keeping inflation down, not supporting economic growth.

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"Given recent developments, the medium-term outlook for inflation will receive particular scrutiny," Mr. Bernanke said. Fed policy makers "will be vigilant to ensure that the recent pattern of elevated monthly core inflation readings is not sustained."

Inflation, measured by the consumer-price index, was 3.5% in April. By the Fed's preferred measure, which uses a different basket of goods and services and excludes food and energy, it was 2.1%, just above the 1% to 2% "comfort zone" of many Fed officials. Mr. Bernanke noted yesterday that in the past three months, inflation by the latter measure has been running at a 3% annualized rate.

After Mr. Bernanke spoke, futures markets raised their odds to 74% that the Fed would further increase its target for short-term interest rates to 5.25% from the current 5%. They had put those odds at 48% before his speech.

While one more rate increase is unlikely to weaken the economy much, it does, at the margin, raise the odds of a sharper economic slowdown than investors had so far been betting on.

Expectations of the Fed's actions have swung wildly in the past month. In late April, Mr. Bernanke told Congress the Fed might pause in its rate increases, even if inflation remained a risk, to assess the impact of previous rate increases. He indicated that a pause need not mean a halt. But some investors questioned the wisdom of signaling a pause when the economy still appeared strong and inflation data had turned worrisome. Higher inflation data a few weeks later further cemented those concerns, and some analysts said Mr. Bernanke's anti-inflation credentials were being tested.

While Fed officials don't believe their credibility is in danger, Mr. Bernanke's remarks yesterday may have been aimed in part at putting to rest any doubts about his commitment to low inflation.

But the remarks don't guarantee another rate increase later this month. If the inflation data reported next week are tame, or there are signs of a more pronounced slowing in the economy, the Fed could decide to leave rates alone.

Among investors, meanwhile, worries are spreading that they have gone too far in their pursuit of stocks related to economic growth and industrial commodities. Shares of equipment maker Caterpillar fell 4.8% yesterday and aluminum maker Alcoa shed 3.7%.

Some analysts thought investors overreacted to the Bernanke speech. They noted that Mr. Bernanke pointed to signs of a cooling economy, which could suggest that, if data show inflation relenting, the Fed might be prepared to pause soon in its rate increases.

"We're still leaving the June hike penciled in, lightly," wrote Ian Shepherdson, chief U.S. economist at High Frequency Economics, after the Bernanke speech. "But the key point for medium-term investors is that a real slowdown is here; a June hike will be the last hike."

But not everyone was so optimistic yesterday.

Financial markets began the day lower in reaction to soaring crude-oil futures. Futures rose as high as $73.40 a barrel after a speech Sunday in which Iran's supreme leader, Ayatollah Ali Khamenei, said Iranian oil shipments could be "seriously jeopardized" if the West tried to punish Iran for its nuclear program. By day's end, those worries dissipated, and oil finished up just 27 cents at $72.60. But by then, Mr. Bernanke's speech had seized center stage.

The Standard & Poor's 500-stock index suffered its second-heaviest decline of 2006 in percentage terms, falling within 11 points of its low for the year, which it hit in February. The S&P 500 declined 1.78%, or 22.93 points, to 1265.29, still up 1.4% this year.

The Nasdaq composite's decline also was its second-heaviest of the year, while the Dow's was its third-worst. Although the Dow Jones industrials still are less than 700 points off their record, the S&P and Nasdaq composite, which fell harder in the bear market, remain far from records.

The dollar, which becomes a more attractive investment when interest rates rise, gained 0.1% yesterday against the euro and 0.5% against the yen. It remains down against both currencies for the year.

Gold rose $7.70 to $643.20 a troy ounce.

Inflation Above Fed's 'Comfort Zone' (WT)

By Patrice Hill

The Washington Times, June 6, 2006

Federal Reserve Chairman Ben S. Bernanke yesterday signaled more interest-rate increases are likely because underlying inflation has spiked to "unwelcome" levels, touching off a nearly 200-point drop in the Dow Jones Industrial Average.

Mr. Bernanke's remarks before a gathering of international bankers here came as oil prices surged on a threat from Iran's supreme leader to withhold energy supplies if the United States attempts to punish the Middle Eastern oil producer for pursuing nuclear research -- a development that also troubled the markets because it adds to inflation and weakens economic growth.

Mr. Bernanke blamed high energy prices for zapping consumer spending and confidence this year as well as pushing the underlying, or "core," level of inflation above levels that the Fed will tolerate. Core inflation, which excludes energy prices but

reflects moves to pass on higher energy costs by businesses, has been running between 2.3 percent and 3.2 percent, he said, above the Fed's 1 percent to 2 percent "comfort zone."

"These are unwelcome developments," he said. The Fed's rate-setting committee "will be vigilant to ensure that the recent pattern of elevated monthly core-inflation readings is not sustained."

The economy is in a transition to substantially slower growth under the weight of four percentage points of interest-rate increases the Fed has ordered in 16 actions in the past two years, Mr. Bernanke said. The economy from now on should grow no faster than its average potential growth rate -- estimated at about 2.5 percent to 3 percent -- to ensure that inflation does not get out of hand, he said.

His remarks caused markets to plunge not only at the prospect of higher rates but also on fears that the Fed may go too far and induce a severe slowdown or recession by raising rates too much. Mr. Bernanke has proven to be far more hawkish on inflation than Wall Street expected when he took office in February, and his remarks yesterday were among his toughest yet on the need to stamp out the inflation threat.

Stocks plunged across the board, with the Dow falling 199 points to end at 11,049, and other major indexes posting declines in the 2-percent range. Market interest rates and the dollar rose in anticipation of higher short-term rates, retracing declines they posted Friday when a report showing weak job growth convinced many on Wall Street that the Fed would pause at its next meeting June 29 and not raise rates.

Mr. Bernanke noted that job gains have tailed off this year and said that was "consistent with the softening in the pace of overall economic activity that seems to be under way." He added that the low unemployment rate of 4.6 percent, however, suggests that wage growth that so far has been subdued could start to pick up and add to inflation pressures.

"He's telling you inflation concerns are tipping the scale toward raising rates," said Raymond Remy, head of fixed income at Daiwa Securities America Inc.

Mr. Bernanke held out hope that inflation pressures will ease later this year if oil prices come down -- a possibility that seemed remote yesterday as worries about the nuclear standoff between Iran and the United States continued to roil the markets. By some estimates, the Iran affair has added $15 to the price of premium crude, which landed at $72.31 a barrel at the end of New York trading yesterday.

As yesterday's developments showed, the Fed has little control over crude prices despite its efforts to keep inflation low. Oil prices in recent years have been driven higher by strong demand in the United States and China that has barely been matched by the growth in supplies worldwide because of persistent geopolitical tensions in the Middle East and elsewhere.

The Fed's rate increases have mostly failed to temper demand among Americans consumers, who use a quarter of the world's oil supplies primarily to fuel their cars and sport utility vehicles. To the extent that consumers have cut back on spending in response to higher prices and interest rates, it has been in other areas, such as eating out. Consumers also have maintained their spending patterns despite high prices by going deeper into debt -- a trend that the Fed also seeks to stop.

Fed Chief's Fears Fuel Talk Of Rate Hike (FT)

By Krishna Guha And Richard Beales

Financial Times, June 6, 2006

Stocks tumbled on Monday after Ben Bernanke, chairman of the Federal Reserve, expressed strong personal concern about the recent rise in inflation, raising expectations that the Fed will raise interest rates again this month.

The S&P 500 index and the Nasdaq Composite index had their worst day since January, with the S&P 500 down 1.78 per cent at 1265.29 and the Nasdaq down 2.24 per cent at 2169.62. The Dow Jones Industrial Average fell 1.77 per cent to 11,048.72. Treasury bonds also fell, while the dollar benefited from the expectation of higher US rates, rebounding against the yen and the euro.

The Fed chairman told a conference organised by the American Bankers Association that core inflation - excluding energy and food prices - had reached a level that "if sustained, would be at or above the upper end of the range that many economists, including myself, would consider consistent with price stability."

He pledged that the Fed would be "vigilant to ensure that the recent pattern of elevated monthly core inflation readings is not sustained." In the futures market, the probability of a rate rise this month jumped to more than 70 per cent, up from about 50 per cent at the close on Friday, when weak jobs data suggested the Fed might pause this month.

Mr Bernanke also called for "greater flexibility of exchange rates" in order to moderate global economic imbalances. This is generally regarded as code for dollar depreciation against at least some other currencies.

The Fed chairman's tough talk on inflation may, in part, reflect a desire to strengthen perceptions of his own inflation-fighting commitment, amid some concern in the markets that the Fed has been slow to react to inflation data.

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Mr Bernanke said the Fed would pay close attention to inflation expectations, which have risen recently. He said “the best way to prevent increases in energy and commodity prices from leading to persistently higher rates of inflation is by anchoring the public’s inflation expectations.” He said this required both a strong commitment to fighting inflation, and a predictable response to economic developments.

However, in a sign that the June rate decision remains finely poised, the Fed chairman emphasised that there is growing evidence that the economy is slowing, as required to cool overall inflationary pressures.

Mr Bernanke said “the anticipated moderation of economic growth seems now to be under way.” He said consumer spending had “decelerated noticeably” and the housing market was cooling. The weak jobs data was “consistent with the softening in the pace of overall economic activity.”

The Fed chairman also pledged to take “full account of the lags with which monetary policy affects the economy.” Mr Bernanke said the economy was in a “period of transition” during which policy had to be “conducted with great care and with close attention to the evolution of the economic outlook as implied by incoming information.” But he added that “given recent developments, the medium term outlook for inflation will receive particular scrutiny.”

Fed Chief Raises Inflation Concern (WP)

By Nell Henderson And Brooke A. Masters

The Washington Post, June 6, 2006

Federal Reserve Chairman Ben S. Bernanke expressed more concern about rising inflation than the cooling U.S. economy yesterday, sending his strongest signal yet that interest rates are probably headed higher.

Stocks plunged after Bernanke vowed to combat the recent "unwelcome" pickup in inflation, even as he told an international bankers' conference that an economic slowdown "seems now to be underway."

The combination of high inflation and sluggish growth causes pain throughout an economy: Rising prices reduce the purchasing power of workers' wages, erode savings and diminish the returns on investment. Slow growth pushes up unemployment, squeezes corporate profit and discourages businesses from expanding.

Like many economists, Bernanke argues that keeping inflation low is vital to promoting a strong economy because it allows people to make purchases, borrow money, plan for retirement, invest and make other financial decisions without worrying about rising prices. But beating inflation means raising interest rates, which crimps consumer spending by raising borrowing costs.

"He came right out and said we're worried about inflation," said Arthur Hogan, chief market analyst at Jefferies & Co. "Just what the market didn't need to hear."

Major U.S. stock market indicators fell about 2 percent on the day as Bernanke's comments deflated hopes that the Fed was near the end of two years of steady interest rate increases.

After taking over as Fed chief in February, Bernanke's first public speech was on the importance of low inflation, or "price stability" in central bank jargon. Yet many analysts and investors in financial markets questioned his inflation-fighting credentials in recent weeks, particularly after he told Congress in late April that the Fed might leave interest rates unchanged at an upcoming meeting even if there were risks of higher inflation.

Bernanke's comments yesterday left much less doubt. "He laid down a marker -- that inflation is the primary issue" for the Fed, said David Shulman, a senior economist with the UCLA Anderson Forecast produced by the University of California at Los Angeles Anderson School of Management.

Consumer price inflation has risen this year, largely because of climbing energy prices, Bernanke said. Moreover, he added, measures of "core" inflation, which exclude traditionally volatile food and energy prices, have also moved higher in recent months. The Labor Department's core consumer price index rose at a 3.2 percent annual rate over the past three months and at a 2.8 percent pace over the past six months, he said.

"These are unwelcome developments," Bernanke said, deflating financial market hopes that the central bank would soon stop raising interest rates. Fed officials "will be vigilant to ensure that the recent pattern of elevated monthly core inflation readings is not sustained."

Many analysts forecast the economy to slow as the housing market cools and dampens consumer spending, which would cause employers to pull back on hiring. That process has begun, Bernanke said.

Still, he did not sound too worried about the economy's health, noting other sources of strength in rising U.S. exports, increased business investment, low unemployment and generally healthy consumer finances.

Fed economists have expected consumer prices to rise temporarily this year, as businesses pass on some of their higher costs for energy, metals and other raw materials. But Bernanke expressed concern that inflation might persist at an unacceptably high level, particularly if it causes businesses and consumers to expect bigger price increases.

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Fed policymakers "must continue to resist any tendency for increases in energy and commodity prices to become permanently embedded in core inflation," Bernanke said.

Before his warning, many investors believed there was a 50-50 chance the Fed might leave its benchmark short-term rate unchanged at its policymaking meeting June 28-29, taking a pause after two years of steady increases. After his remarks, futures markets traders boosted their bets that Fed officials will increase the rate to at least 5.25 percent from 5 percent, for a 17th consecutive increase.

"The markets see [interest] rates going up and staying high for a while," while the economy slows and profits get squeezed, Shulman said.

The Standard & Poor's 500-stock index fell 1.8 percent, its steepest one-day drop since January. The Dow Jones industrial average dropped 1.8 percent, to its lowest level since early March. The Nasdaq composite index shed 2.2 percent, erasing any gain this year. Meanwhile, oil closed at more than $72 a barrel yesterday after Iran's leader threatened to reduce production in response to Western pressure to curtail that nation's nuclear technology program.

Global financial markets have been volatile for more than a month, largely because of uncertainty about inflation, interest rates, oil prices and the pace of U.S. economic growth.

The markets' reaction yesterday reversed the gains recorded Friday, when a weak labor-market report encouraged many investors to think the Fed would not raise interest rates this month for fear of "overshooting," or raising rates too high and triggering a sharper economic slump.

But, Bernanke said, a single economic report, such as one month's employment figures, would not by itself change the Fed's interest rate policy. Rather, because interest rate changes take effect over many months, the Fed would study how such a report affects its forecast for the economy six to 12 months down the road.

"He seemed to have greater concern for inflation than a slowing economy," said Stephen Massoca, co-chief executive of the boutique investment bank Pacific Growth Equities LLC.

Fears Of Stagflation Leave Dow Battered (USAT)

By Adam Shell

USA Today, June 6, 2006

NEW YORK — The Dow Jones industrial average suffered its fifth triple-digit loss in less than a month Monday after Federal Reserve chief Ben Bernanke said the central bank would keep fighting against still-worrisome inflation despite signs of a slowing economy.

The Dow cratered 199 points to 11,049 for a 1.8% loss that was its third worst this year. But stocks of all types fell sharply. The biggest losses came in areas that had been market leaders before the recent slide began after May 10, when the Fed raised interest rates a 16th time and gave no sign it would stop boosting soon. The small-stock Russell 2000 index, for example, slumped 3.2%, as investors continued to reduce risk in their portfolios.

Bernanke's comments unnerved investors because they raise fears of stagflation, an environment of rising prices and stagnating economic growth. His tough talk on inflation also increased concerns that the Fed will raise its target for short-term interest rates, currently 5%, again at the end of June, dashing hopes it would pause in its two-year-long rate-tightening campaign.

The sell-off was the latest example of sharp volatility in reaction to Bernanke's comments. Bernanke, who took over for longtime Fed chief Alan Greenspan in January, continues to take a tough stance on inflation in an effort to enhance his inflation-fighting credentials. But like past new Fed chairmen, analysts say he has had trouble earning credibility with Wall Street and has had mixed success communicating Fed policy.

“Here we have some suspicion the economy may be weakening … and a struggling stock market,” says Jim Paulsen, strategist at Wells Capital Management. “And the Fed chairman chooses (Monday) to inform everyone he has decided to get tough on inflation.” That suggests the Fed will fight inflation even as the economy falters — “sort of a sense of stagnation,” he says. “That's always a bad word for the stock market.”

Prior to Bernanke's comments, stocks were already deep in negative territory due to soaring crude prices sparked by threats from Iran that it would reduce oil exports to serve its political needs in the controversy with the West over its nuclear program.

Gary Kaltbaum, a money manager at Kaltbaum & Associates, says the Fed has been sending mixed messages. “Monday, Bernanke states inflation is ‘at or above expectations.' But last week, all the other Fed (officials) said inflation was ‘well contained.' What changed in a week?”

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What's making the Fed officials' job more difficult is they told the market that they will make rate decisions based on economic data. But so-called data dependency creates an awful lot of short-term volatility, says John Caldwell, strategist at McDonald Financial.

Iran Rumblings Push Oil Prices Up (USAT)

By Barbara Hagenbaugh

USA Today, June 6, 2006

WASHINGTON — Oil prices climbed to the highest in nearly a month Monday after Iran warned over the weekend that any efforts to punish the major oil producer could lead to a reduction in world supply.

Average U.S. retail gasoline prices, meanwhile, edged higher.

After jumping more than $1 in trading early in the day, oil ended the day up 27 cents at $72.60 a barrel. That was the highest since May 11 and marked the second-consecutive trading day of increases.

Prices are less than $3 from the all-time high hit in April.

"Today's price spikes may well be yet another ominous sign of higher prices to come, at least for the short- to medium-term," Moody's Economy.com senior economist Matthew Cairns said in a note to clients from London.

Cairns estimated the war of words between several countries, including the USA and Iran, the world's fourth-largest oil producer, has added 20% to the price of oil this year. Oil prices are likely to stay high in the near term, "as heightened geopolitical tensions will continue to spook markets," he said.

Iran's supreme leader, Ayatollah Ali Khamenei, Sunday denied that Iran is seeking nuclear weapons and said attempts to punish the country would jeopardize the world oil supply. Although Cairns, Secretary of State Condoleezza Rice and others have noted that Iran relies too much on oil revenue to cut off supplies, the Iranian leader's comments still shook investors.

Bill Ferer, president of W.H. Reaves, a Jersey City investment management company that focuses on energy, says such statements have a big impact because the balance between supply and demand is so tight.

"At a different time, at a different place, this would be a source of concern, but not nearly as much as it is today," Ferer says. "The market is right to be concerned, given the clear lack of surplus producing capacity in lots of places. We just don't have it."

Although the USA does not import oil from Iran, there is concern that should sanctions be imposed on that country, there would be less oil on the world market.

In other energy news, after falling for two consecutive weeks, the average retail gasoline price rose to $2.89 a gallon Monday, up more than 2 cents from a week ago and 78 cents higher than a year ago, the Energy Department said. Prices rose in such cities as Boston, Chicago and Cleveland, but fell in others, such as San Francisco and Seattle.

Oil accounts for about half of the cost of gasoline at the pump.

High Cost Of Oil Could Put Many Jobs At Risk (USAT)

By Barbara Hagenbaugh

USA Today, June 6, 2006

DARLINGTON, S.C. — Gazing out at the thousands of bales of fluffy, white polyester filling Wellman's factory, it's hard to imagine that the man-made fiber has the same origins as a gallon of gasoline.

But it does.

Of the 2.3 billion pounds of materials Wellman produces at its several factories around the world each year, 2 billion are derived from oil or natural gas. The company's polyester is used to make numerous products, including sports apparel, diapers and pillows.

The rising cost of oil has put a squeeze on the companies that use oil as an ingredient for their products. Although they are down from the records seen recently, oil prices are up more than 20% from a year ago and are more than 150% higher than they were five years ago. Natural gas prices have also risen.

Chemicals made from oil are used by companies to manufacture many products consumers rely on every day, such as plastic bottles, aspirin, lipstick and deodorant.

"It's used in pretty much everything," Wachovia economist Jason Schenker says. "I cannot look at my desk and see things that are not petroleum-based."

Even though oil-based products are so pervasive, the direct impact of the rise in the cost of making such goods on consumers has been — and likely will continue to be — minimal. That's because manufacturers, faced with strong global competition, are unable to pass along all of the added costs to customers. That means prices for most oil-derived products will likely barely budge as a result of higher energy costs.

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But the impact on manufacturers and other companies that use oil-based ingredients could be significant, causing a ripple effect throughout the economy. As firms are faced with rising prices and see their margins cut, they may have to cut back on production, reduce pay increases or maybe even cut jobs or shut down.

"There's a squeeze going on," Wellman CEO Tom Duff says. High oil prices are "an issue that extends beyond just the gas pump. But that's all anybody really pays any attention to."

Says John Hodgson, chief marketing and sales officer at DuPont, "This is about jobs."

At some companies, job losses are already hitting.

Continental Tire announced last month that 481 employees will lose their jobs July 7 when it will drastically reduce production at its plant in Charlotte. The cutbacks are in part a response to higher raw material costs as well as declining demand for the company's tires in North America, Continental Tire says in a news release. The company has warned it may close the plant entirely. Tires are made with synthetic rubber produced with a chemical derived from oil.

Although pink slips have not been given out, Angela Keener, 44, and her husband, Doug, 47, expect they will be part of the July 7 layoffs because they work on lines at the factory that are set to be cut. They have both worked at the tire plant for 25 years. They met on the factory floor and have been married for 21 years. Her sister and brother-in-law also work at the tire plant.

"It's really upsetting to think that you have put that much time in, and then you have to start over," says Angela of High Shoals, N.C. "I could lose everything I have worked for 25 years."

The layoffs are not unexpected. Angela began taking accounting classes in the fall, and Doug has been taking welding courses. They have also been saving money.

Local governments across the country are warning they may have to let planned road projects lapse because prices for asphalt, an oil-based product, are skyrocketing. That means fewer hours for road workers.

Lynn Kading, president of Hills Materials, a highway contracting company in Rapid City, S.D., says his asphalt costs have doubled in the last year. He figures he has lost $3 million because governments, balking at the asphalt tab, have suspended projects that he has bid on recently.

"It's a big industry concern," Kading says. "It affects how much work we've got. Consequently, it affects how many hours our employees can get. And they have families to feed."

Wachovia's Schenker says the squeeze on companies could become more severe if oil prices exceed $70 a barrel for a considerable period.

Making matters worse, many companies are being hit with higher energy prices on a number of fronts. Not only are prices of oil-based goods increasing, but so are transportation costs and electricity prices.

But an extremely competitive market limits price increases. As the product gets processed further, the price increases typically get smaller because of strong competition at that level. By the time the product is in the hands of the average U.S. consumer, the gains are barely noticeable.

"The further out you get from the initial increases, the less you see them," says Stephen Brown, director of energy economics at the Federal Reserve Bank of Dallas.

Don Norman, economist at industry group Manufacturers Alliance/MAPI, says U.S. companies are at a distinct disadvantage compared with companies in other parts of the world.

"While the price of oil may be the same in the U.S. and China, the other cost of production, namely labor … gives foreign competitors that much more of an advantage," he says.

At Wellman, oil and natural gas account for approximately three-quarters of the company's total costs — including payroll and health care, typically the biggest costs for companies. In addition to making polyester, Wellman manufactures a BB-sized material made from energy-derived chemicals used to produce plastic containers made to hold everything from water to shampoo to peanut butter.

"We like to say we control costs well, and we cut costs and we do all the things that we are supposed to do, but when you have that big a piece of it that gets controlled by the price of oil and natural gas, it's much more difficult to be able to keep your costs under control," CEO Duff says. So the company tries to save on energy-related costs anywhere it can.

At its 760-acre factory in Darlington, just a few minutes from the famous NASCAR racetrack, Wellman has installed new software to maximize the efficiency of the company's boilers. The software has reduced energy use in that area by 5%, says plant manager Ian Shaw.

The factory, which operates 24 hours a day, 365 days a year, also cuts some production during peak hours in the summer, when the local utility charges more to encourage conservation during what is typically a two-hour window in late afternoon. And throughout the million-square-foot plant, workers save every scrap — including small, wayward strands of polyester — to be recycled.

Recycling is a way the company has tried to reduce the impact of higher energy costs.

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The company is stepping up its use of recycled plastic bottles to make fiber products rather than manufacturing the products using chemicals. Using recycled materials is typically far more expensive than manufacturing with the energy-derived chemicals. But that is no longer a given.

Wellman is also promoting its product that is made from recycled carpeting fibers.

For decades, auto companies have been using the chemicals for "under the hood" applications, Duff says. Wellman in recent years has been working to make the process of separating out the fibers more efficient.

The company has also raised prices several times in recent months. But the increases do not come close to offsetting the gain in the company's energy costs, Duff says.

"The margins have been tightening because you just haven't been able to pass everything through," he says.

Companies — big and small — that depend on oil as a key ingredient are trying to cope with the higher costs:

·Wilmington, Del.-based DuPont announced May 17 its intent to raise prices for a variety of its products. The company previously increased prices 5% in the fourth quarter and 3% in the first quarter.

But the increases won't completely cover the higher costs. Raw material costs have risen 85% in four years and hit a record in the first quarter, the company says.

"The cost increases have been so significant, so rapid and so sustained, you have a triple whammy," DuPont's Hodgson says. "There comes a point where you say, 'I just can't absorb it anymore.' "

·Profit margins at Erie Molded Plastics in Erie, Pa., have been reduced. Phil Tredway, president of the firm that makes plastic caps for soda and water bottles, says the price of oil-based plastic resin is up as much as 70% from a year ago. He says his suppliers are announcing price changes weekly, making it hard to draw up contracts with his clients.

Tredway says he can pass some of those added costs along to his customers, but not all.

"It makes a difficult business even more difficult," he says.

·Paraffin wax, an oil-based product, is one of the key ingredients in Crayola crayons. Paraffin costs have risen 60% since 2004 and are up 80% from five years ago, Crayola spokesman Eric Zebley says.

But the company has not raised prices. Crayola is taking a number of steps to make its factory in Easton, Pa., more efficient, including reusing more scrap materials.

"We are doing everything we can to keep our crayons affordable and not raise prices," Zebley says.

·Akron, Ohio-based Goodyear Tire and Rubber has raised tire prices five times, 5% to 6% each time, since the start of 2005 in response to the higher raw materials prices.

Approximately two-thirds of Goodyear's raw material costs are related to oil, spokeswoman Tricia Ingraham says. The company's raw materials prices nearly doubled from 2004 to 2005 to $5.6 billion. Raw materials now account for more than two-thirds of Goodyear's total costs.

In addition to raising prices, the company is focusing on higher-end tires, which bring in more money. "Our main focus has been on the higher-margin, higher-technology tire," Ingraham says.

Wellman's Duff warns that high energy costs will likely pose a challenge to companies for many years. And although consumers might not be paying now for the increased costs, they may end up paying for it later, in the form of lost jobs when companies start losing money and are forced to shut down, he says.

"The consumer doesn't want to pay more for the end product," Duff says. "But at the end of the day, (the high cost of energy) gets pushed back to that consumer, whether they recognize it or not."

Runoff For Disgraced Congressman's Seat May Be Bellwether (USAT)

By William M. Welch

USA Today, June 6, 2006

A special election today in San Diego to fill the seat of a congressman imprisoned for bribery has become a test of voter discontent with Republican leadership and frustration over the porous border with Mexico.

In the race to replace disgraced Republican former congressman Randy "Duke" Cunningham, Republican nominee Brian Bilbray, a former three-term congressman from a neighboring district, would in any other time be a heavy favorite against a Democratic opponent.

California's 50th Congressional District tilts heavily Republican in registration. A Democrat hasn't won here in modern times, and President Bush twice carried the district by 10 percentage points.

Yet the race between Bilbray and Francine Busby, a relative newcomer to politics, appears to be coming down to a tight finish. Both candidates have said their private polling shows each with a very slight lead.

"If Republicans lose a district that is this Republican, they ought to be real worried," says Gary Jacobson, political scientist at the University of California, San Diego. "It's driven by unhappiness with the state of the nation."

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The winner will serve out the remaining seven months of Cunningham's term. Whoever wins, Jacobson says, will prevail for reasons that transcend "local politics or local issues."

Bilbray has focused on illegal immigration, criticizing Bush for what he says is amnesty for illegal immigrants and Busby for supporting a bill that would permit those who got into the country illegally to qualify for legal status. Bilbray calls for a crackdown on employers who hire illegal immigrants, thousands of whom have used the area as a port of entry from Mexico.

"The choice between Busby and Bilbray is between benefits for illegals and amnesty, or no benefits," Bilbray says.

With Bush's popularity low in polls in California as well as nationally, Bilbray has made a point of separating himself from the president even as Vice President Cheney visited recently to help Bilbray raise campaign money.

On immigration, Bilbray says of Bush: "We don't casually disagree. We strongly disagree."

Busby has tried to capitalize on voter discontent on issues such as gas prices, deaths of servicemembers in Iraq, and a lobbying scandal in Washington she ties to the Republicans.

"I think people are looking at me as a messenger of hope and a symbol of change in Congress," she says. "People are dissatisfied both with his direction and that of Congress. They see Congress rubber-stamping everything."

She calls Cunningham the personification of corruption and has tried to tie Bilbray to it by pointing to his work as a Washington lobbyist. After losing his House seat in 2000, Bilbray lobbied for clients including an anti-illegal-immigration group and a utility company.

A TV ad she is airing charges Bilbray "flip-flopped on a guest-worker program" and plugs a third candidate — independent anti-illegal-immigration hard-liner William Griffith — as an alternative for conservatives.

"Don't expect lobbyist Brian Bilbray to fix Washington or fix our borders," her ad says.

A school board member who lost overwhelmingly to Cunningham two years ago, Busby has been catapulted to contender status by Cunningham's bribery convictions and Bush's difficulties. She has raised more campaign money, $2.25 million to Bilbray's $1 million as of May 17 federal reports.

Bilbray says his victory would dampen national Democrats' hopes for a House majority.

"Mrs. Pelosi," he says, referring to the House Democratic leader Nancy Pelosi who hopes to be elevated out of the minority, "shouldn't be measuring the speaker's office just yet."

All Eyes On California-50 (HILL)

By Jonathan E. Kaplan And Patrick O'connor

The Hill, June 6, 2006

SAN DIEGO — Trying to leave nothing to chance, Republicans sought to ensure victory in today's runoff election to replace imprisoned Rep. Randy "Duke" Cunningham (R-Calif.), while Democrats sought to shape the post-election spin by arguing that even losing is winning.

Hoping to push former Rep. Brian Bilbray (R-Calif.) into office, the National Republican Congressional Committee (NRCC) paid for automated phone calls recorded by President Bush, Laura Bush and Sen. John McCain (R-Ariz.) and kept up its television advertising campaign.

After today's vote, the NRCC will have spent $5 million on the race. Over the weekend, the Republican National Committee (RNC) paid to send approximately 160 "deployed volunteers" to San Diego to help the Bilbray campaign turn out supporters, an RNC official said. An estimated 65 of those volunteers, working 10- to 12-hour days making phone calls and knocking on doors, are Republican staff members on Capitol Hill.

RNC spokesman Josh Holmes said the national party also has from six to eight field staffers in San Diego, including some of their regional directors from other parts of the country.

The RNC's deployment of Hill staff marks a planning shift from at least the past two cycles, when the NRCC was responsible for sending volunteers to the tightest races. The NRCC will no longer operate its Strategic Taskforce for Organizing and Mobilizing People (STOMP) this cycle and instead will allow the RNC to organize those efforts.

Without a presidential election to dominate the national committee's planning efforts this cycle, the RNC has more flexibility than either of the two congressional campaign committees to coordinate the flow of money, staff and volunteers for these get-out-the-vote drives in the days before an election, the RNC official said.

That means the RNC is in a better position to focus partywide efforts while the congressional committees can focus their planning on individual races.

"It's a more streamlined process," the official said. "There are not as many moving parts."

Carl Forti, spokesman for the NRCC, said, "Bush-Cheney '04 ran one of the best turnout operations in history. [RNC Chairman] Ken Mehlman ran that effort, and it makes total sense for him to be in charge of turnout in November."

As Californians began voting early for today's special general election in the heavily Republican 50th District, Bilbray spent the overcast morning at home with his family while Democrat Francine Busby shook hands with voters at a commuter train station in Encinitas.

Political observers expected the race to be close, although they disagreed on whether it would be a harbinger of Democrats' fortunes for winning the House in November's midterm elections.

If Busby upsets Bilbray, political experts expect that K Street PAC money will flow to Democrats and that it will shape the national media's storyline in a way that is favorable to Democrats.

"This is a psychological race," said former House Democratic Whip Tony Coelho (Calif.). "If the Democrats won it's a foregone conclusion" of a Democratic sweep in November.

Coelho added, "If they lose closely, it will continue the paranoia among Republicans to separate themselves from President Bush."

But Republican strategists said the race to fill Cunningham's seat is a function of circumstance: Cunningham's corruption and the difficulties of motivating voters in a midterm election without a competitive statewide GOP primary.

"Of course the seat itself is a prize, but a win for Democrats would give them drip-drip press coverage for the next couple of months," said a GOP lobbyist. "Republicans can't let that happen."

But the fashion in which the candidates spent the morning could foreshadow tomorrow's results. Bilbray's confidence appeared to grow — his northern San Diego suburban campaign office was relatively quiet as campaign aides listened to Rush Limbaugh and ridiculed Busby for misspeaking about the voting rights of illegal immigrants.

He later appeared, in a dark suit and blue tie, his wife and college-aged daughter in tow, at the San Diego County office building to cast his vote and take a few questions from reporters.

A Survey USA poll released yesterday found that Bilbray led Busby, 47-45 percent. The poll had a five-point margin of error. Busby had led in previous polls.

"It's too close to call," said Jon Fleischman, former executive director of the California state GOP and editor of FlashReport.com. "There's a slight edge to Bilbray because of the numbers in the district, and he's benefiting from Busby's last-minute gaffe."

The potential spoiler in the race, anti-immigration independent candidate William Griffith, spent the day teaching geometry to students in a Carlsbad high school. He started campaigning when school let out late yesterday afternoon, he said.

While Bilbray might have some breathing room, the final days of his campaign have not been easy. McCain pulled out of a fundraiser because he and Bilbray disagree on whether to grant a form of amnesty to illegal immigrants.

And Bill Hauf, a conservative Republican whom Bilbray faces in the GOP primary to run for a full two-year term in November, continued to pummel him on the immigration issue.

"The question is whether Hauf's $1 million will further suppress the conservative vote," Fleischman said, noting that Hauf has sent out several hard-hitting direct-mail pieces criticizing Bilbray and carefully explaining to voters that they do not have to vote for the same person in the special general election and in the primary.

As Republicans ran scared in the final day before the election, Democrats worked overtime to shape the storyline about what a victory or loss would mean — or would not mean — about the Democrats' shot at winning the House in November, or coming up short.

Strategists argued that, win or lose, they have triumphed because they forced Republicans to spend millions to win Cunningham's overwhelmingly GOP district — the equivalent of their spending millions to save Rep. Barney Frank's seat in Massachusetts. They suggested that Busby, who lost to Cunningham in 2004 and would likely win the Democratic nomination to run again for a full two-year term in November, has been a less-than stellar candidate who nonetheless has turned a race that should have been a GOP rout into a nail biter.

That an inexperienced candidate could run a close race in a heavily GOP district, a Democratic source said, should worry Republican incumbents running against seasoned politicians in Ohio, Pennsylvania, Florida and Connecticut.

Since the April primary, Democrats have spent $2 million on phone banks, direct-mail pieces and television advertisements attacking Bilbray or encouraging conservative voters to support Griffith.

Bilbray downplayed the national implications of the race and complained to reporters that the Democratic Congressional Campaign Committee and Busby had distorted his 25-year record in public service, adding that it was "unheard of" for a candidate of one party to run ads supporting a candidate of another party.

Conducting morning drive time radio interviews by cell phone and shaking hands with voters in the coastal town of Encinitas, Busby agreed that the race would be a harbinger for November even if she lost.

"Yes, absolutely," Busby said. "When I first ran I was dismissed as a sacrificial lamb, but I am where I am in such a tight race because people in this district have a desire for change."

Parties On Edge In California (RC)

By David Drucker

Roll Call, June 6, 2006

The wild special election to replace former Rep. Duke Cunningham (R) in California's 50th district comes to a head today, and the outcome will have broad implications in the battle for the House and on the role issues such as illegal immigration and ethics might play in the fall.

In a normal year, the race probably wouldn't be close.

But Cardiff school board member Francine Busby (D) has pushed ex-Rep. Brian Bilbray (R) to the limit in the special election runoff that was forced by Cunningham's resignation and subsequent incarceration after he admitted to taking bribes. Republicans acknowledge that she effectively has exploited Bilbray's post-legislative career as a lobbyist in a San Diego-area district that has experienced multiple corruption scandals of late, including at the local government level.

But Bilbray, a longtime, staunch opponent of illegal immigration despite other views considered moderate by Republican standards, successfully has nailed Busby on that subject. His support for the hardline House immigration bill — and his opposition to the Senate bill — has been well-received by voters and the local newspapers.

The race also has enabled national organizations to give the strategies they plan to use in the fall a trial run.

"This election, five months out, has given both parties a chance to test the messages they will use in November," said Martha McKenna, campaign services director for EMILY's List, which is playing heavily in the race on Busby's behalf.

Republicans, who have been apprehensive about their chances for weeks despite the 50th district's solid GOP tilt (there are about 50,000 more registered Republicans there than Democrats), now feel cautiously optimistic that Bilbray will squeak out the victory.

Republican sources both in the district and in Washington, D.C., said that Bilbray turned the corner in the past five days, partly because for the past two weeks of the campaign the main topic of debate had been illegal immigration.

Although the GOP base there has been described as unhappy with the party's leadership on Capitol Hill and ambivalent toward Bilbray, one Republican said that the GOP has returned to the fold in recent days.

"Bilbray's camp is now super energized — just where you want to be the day before a tight election," a Republican House aide with knowledge of the race said Monday.

Even if Busby loses today, some Democrats believe the race will have helped them

toward their goal of taking back the House

this November. The National Republican Congressional Committee will end up spending up to $4.8 million to defend a GOP seat, said one Democratic strategist, giving Republicans less money to use in the fall to either defend more vulnerable Republican seats or target Democratic seats. The Democratic Congressional Campaign Committee had spent $2 million on this race as of Friday.

That Busby has benefited in this campaign from the fact that Bilbray has worked as a lobbyist since losing his House seat to now-Rep. Susan Davis (D) in 2000 also has buoyed Democrats. This proves, the Democratic strategist indicated, that a message centered around the need to send "change" candidates to Washington to address the lobbying scandals — many of which have been associated with GOP lawmakers — could be a potent strategy.

If Busby wins, look to hear one word spouted by Democrats over and over again: momentum; as in, positive momentum for fundraising, volunteer recruitment, media coverage and overall excitement about November.

McKenna, of EMILY's List, believes Busby's message of clean government has resonated with the district's voters in the wake of the Cunningham scandal and said Bilbray's move to change the subject to illegal immigration has failed. But conservative activist Grover Norquist said the jury's still out on that claim.

Norquist argued there is no better district to test the effectiveness of the Democrats' "culture of corruption" message, at least as one that can help Democrats pick up the 15 seats they need to take control of the House.

If Busby loses in a district whose former Congressman went to jail for taking bribes, Norquist said it effectively eliminates "culture of corruption" as a Democratic trump card in November.

"If you're going to have tsunami in November, you're going to have to surf a wave in San Diego in June," he said.

Ron Nehring, chairman of the San Diego County Republican Party and vice chairman of the state GOP, cautioned against reading too much into the results of this race.

Nehring said the race revolves around a number of issues, and he predicted that individuals and political factions looking for evidence to support a particular point of view will cherry-pick from the election's results and spin those results to prove the point that suits them.

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"This special election is awash in externalities: Duke Cunningham, national mood, national issues, and forces outside the 50th, all acting on this special election — so I think it's easy to overestimate the impact of those externalities," Nehring said. "I think we're looking at a confluence of factors that is unlikely to be repeated in any Congressional district."

As they have for weeks, both parties are playing heavily in this race. Estimates peg the number of Democratic volunteers on the ground for Busby at around 400, with at least 160 Republican volunteers under the supervision of about seven Republican National Committee staffers on the ground for Bilbray.

The RNC is coordinating the get-out-the-vote effort for Bilbray, and in recent days volunteers have logged about 105,000 phone calls and knocked on nearly 20,000 doors. Meanwhile, both the DCCC and the NRCC have been on television and radio for weeks with independent expenditure campaigns.

With the polls closing at 8 p.m. PST tonight, a number of wildcards remain that could affect the outcome of this race.

The regular statewide primary is also being held today, and voters in the 50th district essentially will have two ballots. One is for the special election and features Bilbray, Busby, a Libertarian candidate and an Independent; the other is for the regular primary and includes the party primaries for the 50th district race for the right to run for a full term in November.

The winner of the special election earns the privilege of serving only the remainder of Cunningham's term. In addition to fending off Busby from the left, Bilbray has had to deal with multimillionaire Bill Hauf (R) on the right, running against the former Congressman on the regular primary ballot for the GOP nomination to the November election.

The Independent candidate on the runoff ballot, William Griffith, was endorsed by the San Diego Minuteman, the local chapter of an outspoken, anti-illegal immigration group whose volunteers have patrolled the Mexican border.

Busby has had the luxury of a unified Democratic Party behind her candidacy and might also benefit from the gubernatorial primary on the ballot today between state Treasurer Phil Angelides (D) and state Controller Steve Westly (D). Gov. Arnold Schwarzenegger (R) is not being contested in his primary.

But Busby's biggest problem might be of her own making. She was recorded at a campaign event Friday telling a group of supporters, many of whom were Latino and spoke Spanish as a first language, that "you don't need papers to vote." Busby said she simply meant to say that non-citizens were allowed to volunteer on her campaign, but Republicans have used the recording against her.

The NRCC went up with radio ads about the recording Monday morning, and it has been playing repeatedly on conservative talk radio. Republicans monitoring the race credit this statement with sending undecided voters and unenthusiastic Republicans into Bilbray's camp.

GOP Seeks To Capitalize On Busby Remarks (AP-Y2)

By Allison Hoffman

AP2, June 5, 2006

Republicans seized on Democrat Francine Busby's comments that sounded like encouragement for illegal immigrants to help her campaign as the GOP sought an edge in the final hours of a surprisingly close House race.

Immigration looms large in the runoff election Tuesday in the San Diego-area district some 30 miles from the U.S.-Mexico border. Busby's remarks, and her subsequent explanation that she misspoke, has drawn much of the attention in the race's last days.

Speaking to a largely Hispanic audience last Thursday, Busby faced a Spanish-speaking questioner who said he wanted to help her campaign but lacked voting papers. The question was translated into English and she responded, "Everybody can help. You can all help. You don't need papers for voting, you don't need to be a registered voter to help."

Busby's GOP rival, Brian Bilbray, criticized the Democrat, saying she was encouraging possible illegal immigrants to volunteer for the campaign. On Monday, the GOP launched a radio ad that said, "That's right. Francine Busby says you don't need papers to vote."

Busby said repeatedly throughout the weekend that she misspoke. She said she had been trying to encourage underage high school students or people who weren't registered — but are in the country legally — to participate in the political process.

"I had a slip of the tongue and I corrected it immediately," Busby said. "I want to make it unequivocal that I do not support anyone who is here illegally voting or working on campaigns."

In the traditional GOP stronghold, registered Republicans outnumber Democrats, 3-to-2. But the downfall of convicted former Rep. Randy "Duke" Cunningham, doing time for accepting bribes, has given Democrats hope of capturing the seat.

The winner of Tuesday's runoff will serve the remaining seven months of Cunningham's term. The prevailing party will play up the outcome as an early barometer of the November midterm elections.

Reflecting the high stakes, the two parties have spent more than $6 million combined on the contest. President Bush and first lady Laura Bush recorded automated telephone messages for Bilbray. A mass e-mailing from Sen. John Kerry, D-Mass., the

party's 2004 presidential nominee, was sent last week to more than 100,000 supporters urging them to help get out the vote. Early voting began this weekend at county registrars' offices, with several hundred casting ballots. Busby and Bilbray voted on Monday.

Busby, a local school board member, has focused her campaign on an anti-corruption theme and assailed Bilbray, a former congressman, for his time working as a lobbyist. On immigration, she backs the Senate-passed bill that combines enhanced border security with a guest worker program and a shot at citizenship for many of the 11 million illegal immigrants in the country.

Bilbray, who highlights his congressional experience, favors construction of a fence "from the Pacific Ocean to the Gulf of Mexico," and barring "illegal aliens from any access to Social Security benefits."

On his Web Site, he offers no plan for treatment of the illegal immigrants currently in the country.

A fractious Republican Party base and the presence of a third candidate are the wild cards in the race.

Some conservatives consider Bilbray too liberal on social issues and even on immigration. The ultraconservative San Diego Minutemen have endorsed William Griffith, an American Independent on the runoff ballot who won less than 1 percent in the April special election that led to the runoff.

Griffith has spent only a few thousand dollars on his campaign, but last week got a boost from Busby's campaign, which ran ads on conservative talk stations encouraging listeners concerned about immigration to vote for Griffith.

Bilbray also faces a primary challenge from self-financed candidate Bill Hauf, who backs Bilbray in the runoff but has recently spent more than $100,000 on radio ads running to his right for the Republican berth in November's election.

"The Republican Party is splitting 14 ways from Sunday on border issues, along with fiscal issues and social issues," said Carl Luna, a political scientist at Mesa College. "The real conservatives may just take their jacks and go home."

8 States Hold Primaries For Some Offices (AP-Y2)

By Robert Tanner

AP2, June 5, 2006

The old adage says all politics are local. But challengers this year are convinced that national dissatisfaction with Iraq, immigration and political corruption give them an unusual chance to topple sitting governors, senators and House members.

Primaries on Tuesday for governor in Alabama and California, a Senate seat in Montana and a handful of House contests, among other races, will put their faith to the test.

The most-watched congressional contest is the only one that will actually put someone in office — a special election in southern California to replace jailed former Rep. Randy "Duke" Cunningham. Democrats hope to win in what has long been a conservative, GOP stronghold, and the race is seen as a bellwether for fall midterm elections.

In all, eight states are holding primaries, with polls also open in Mississippi, New Jersey, New Mexico, South Dakota and Iowa, where there is an open governor's seat.

In Montana, revelations of three-term Republican Sen. Conrad Burns (news, bio, voting record)' ties to convicted lobbyist Jack Abramoff have made him one of the most vulnerable members of Congress, inspiring a vigorous contest among Democrats for the right to face him this November.

The issues in Alabama include tax policy, social conservatism and immigration, as GOP Gov. Bob Riley's failed tax increases have spurred both a Republican primary and a heated contest among Democrats. Former Judge Roy Moore is challenging Riley for the GOP nomination, after gaining social conservatives' notice for his unsuccessful fight to put a Ten Commandments monument in his courthouse.

Among the Democrats hoping to get Riley's job is former Gov. Don Siegelman, who will likely be in federal court on racketeering and bribery charges. His toughest opponent is Democratic Lt. Gov. Lucy Baxley.

In California, early polls that showed a drop in GOP Gov. Arnold Schwarzenegger's popularity raised Democratic hopes. But he's benefited from a mean-spirited Democratic primary campaign between Treasurer Phil Angelides and Controller Steve Westly. Schwarzenegger faced no major primary competition.

"It seems clearly to be a time when people are not real happy and not thrilled with incumbents almost anywhere," said Norm Ornstein, a political analyst at the American Enterprise Institute. "There's no doubt you're getting highly attractive (challengers) running because of the peculiar circumstances."

It's always uncertain whether national dismay will trickle down when people vote for their own members of Congress, and the connection is even harder to make to governors.

But already this year, possible signs of anti-incumbent sentiment have emerged in Oregon, where Democratic Gov. Ted Kulongoski won a hard-fought primary with only 54 percent support; GOP Rep. Don Sherwood (news, bio, voting record), a

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Pennsylvania congressman, faced a surprisingly strong challenge from a poorly funded, little-known opponent; and voters threw out more than a dozen Pennsylvania state legislators over a legislative pay raise.

Polls track the discontent: An AP-Ipsos poll last month found the electorate's mood souring, with 73 percent of those polled saying the nation is on the wrong track. That poll had President Bush's approval ratings down to a low of 33 percent, with Congress even lower at 25 percent.

The efforts to highlight discontent over national issues pops up in primary campaigns everywhere. Immigration has been argued in Alabama, California and New Mexico; Iraq in California and New Mexico; political corruption in Montana; ties to oil companies and complaints about gas prices in California; abortion in Iowa.

California's special election pits Republican former House Rep. Brian Bilbray against Democrat Francine Busby for Cunningham's former seat in a conservative San Diego-area district. It's brought national money and speculation that a Democratic win would be a taste of bigger victories in the fall.

Their ads: Bilbray featured his fight against illegal immigration, while Busby promised higher ethical standards.

Democrats also are hoping for a critical autumn victory in Montana, where Burns, seeking a fourth term, has denied that Abramoff or his money ever influenced him. He has blamed the "Eastern liberal press" for his troubles and predicted that Montana voters "will make the right judgment call."

Among other races that Tuesday's primaries will sort out for the fall:

· An open governor's seat in Iowa brought out four Democrats hoping to face GOP Rep. Jim Nussle (news, bio, voting record).

· Republican Tom Kean Jr., son of the former governor, was favored in the GOP primary to challenge New Jersey Democratic Sen. Robert Menendez.

· Former California governor and presidential candidate Jerry Brown, term-limited from staying on as Oakland mayor, is running for state attorney general.

In many cases, Democrats are hoping to capitalize on anti-incumbency sentiment — a reflection on the GOP control of the House, the Senate and a majority of the nation's governorships.

"All the short-term factors are working in the Democrats' favor," said Merle Black, an expert at presidential and Southern politics at Emory University. "To the extent that these elections are nationalized, the Democrats ought to come out better. But I don't know if the national thing really plays out in state contests."

Up For Grabs Midterm Tea Leaves Signal Hot Water For Republicans (WSJ)

By Jackie Calmes

The Wall Street Journal, June 6, 2006

WASHINGTON -- As a bad year for Republicans keeps getting worse, expectations are growing that Democrats could capture at least one house of Congress, ending one-party dominance of the nation's capital and crippling President Bush for his final years.

If the current mood holds, Democrats are in a position to win the 15 seats they need to take control of the House. They have a harder task, however, snagging the six seats needed in the Senate. As the list of vulnerable Republicans grows, all sides are scouting for signs of an electoral wave like that of 1994, which swept away the Democrats' four-decade control of Congress.

A key factor is the president's approval ratings, which are even lower in states featuring key battles than they are nationally. A recent poll had him at 23% in New York, home to as many as six endangered Republicans. Particularly threatened are Republican moderates in Democratic-leaning areas, including the Northeast, the Ohio River Valley and Florida.

In all these areas, seniors are disgruntled about the new Medicare prescription-drug benefit and the administration's now-dead proposal to remake Social Security. In midterm elections, with their low turnouts, seniors account for roughly 40% of the vote.

Two elections being held today are being closely watched as potential barometers for the fall: a special election in California to replace former Republican Rep. Randy "Duke" Cunningham, who has pleaded guilty to bribery charges; and a Senate primary in Montana, where scandal-touched Sen. Conrad Burns faces a Republican challenge.

Democrats are hoping that Iraq, gas prices, immigration and the environment will boost turnout for their side just as conservatives demoralized by spending and scandals opt to stay home. (See related article1.)

Much can change between now and the elections. Democrats are sparring over what agenda, if any, to put forward and their leaders don't have the tactical vision of former Rep. Newt Gingrich, who inspired the 1994 Republican revolutionaries. Scandals have embroiled two of their House members and voters appear to be turning against all incumbents, putting some Democrats at risk, too.

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Recent polls and primaries, however, suggest voters are gunning for the party in power. If the elections were held today, "Democrats would take at least one of the houses," says analyst Bernadette Budde, senior vice president of the Business Industry Political Action Committee, which typically favors Republicans.

Republicans won't lose for lack of funds. Mr. Bush may be a drag on his party, but he remains a money magnet. He recently raised $860,000 at one Florida event for endangered Rep. Clay Shaw -- nearly as much as many House members spend in a whole campaign.

Rep. Rahm Emanuel of Illinois and Sen. Chuck Schumer of New York, who head the Democrats' House and Senate campaign committees, have raised more than ever before. Yet Democrats fear -- and Republicans hope -- that the minority party could fall short when it comes to buying costly TV ads in suburban battlegrounds later this year. The House

For Democrats to net 15 seats for a bare majority of 218 is harder than the number suggests. The remapping of the 435 districts after the 2000 census leaves no more than several dozen seats up for grabs. Currently Republicans have 231 to Democrats' 202, which includes one Independent ally. (Two seats are currently vacant.)

Democrats have one big advantage: few vulnerable seats of their own. The anti-Bush climate has a lot to do with that. Also, Democrats have few seats in the conservative South, reflecting the Republican realignment since the civil-rights era.

Stuart Rothenberg, an independent analyst once skeptical of Democrats' chances, now says: "Although I can't count the seats right now to get Democrats to 218, my gut tells me that by November they'll be there."

The Northeast

With a big wave of support, Democrats could plausibly reach a majority without leaving the Northeast and Mid-Atlantic, home to about a third of the 40 to 50 hottest races.

Mr. Bush's approval rating is in the low 30s nationally. In these states it is generally lower. Half of the 18 House districts with Republican representatives that picked Al Gore or John Kerry for president are located here. The Iraq war is especially unpopular as are Mr. Bush's environmental policies. Many voters, including moderate, suburban Republicans, also dislike the party's emphasis on cultural issues such as gay marriage, as well as its fiscal record.

Even the head of Republicans' House campaign committee, Rep. Tom Reynolds of New York, now is on some handicappers' watch lists. Republican turnout in New York could be particularly low because the party doesn't have strong candidates to excite voters running against Democrats Sen. Hillary Clinton and gubernatorial aspirant Eliot Spitzer.

On election night, northwest Connecticut's Rep. Nancy Johnson will be "my canary in the coal mine," says Amy Walter of the Cook Political Report. In a normal year, the 12-term Republican congresswoman would be safe, even though Mr. Bush twice failed to carry her district. If Mrs. Johnson loses, Ms. Walter says expect a national Republican wipe-out. Mrs. Johnson is a popular, well-funded moderate who is already running TV ads.

The Midwest

In the Ohio River Valley, home to economic troubles and scandals both local and national, nine House Republicans are targets. They include Ohio Rep. Bob Ney, who faces possible indictment in the widening corruption scandal relating to convicted lobbyist Jack Abramoff. Mr. Bush twice carried Ohio, Kentucky and Indiana, but polls show that only a third of their residents approve of his performance. All three states have unpopular Republican governors.

Central Ohio's seven-term Rep. Deborah Pryce is threatened as never before. With Congress so unpopular, her status as the fourth-ranking House leader could become a liability. Mr. Bush easily carried her Columbus-based district in 2000, but nearly lost it in 2004 after a Democratic voter-registration drive.

Republicans take heart that Democrats failed to recruit strong challengers to face other vulnerable incumbents, such as Kentucky's Anne Northup -- whose district went for Gore and Kerry -- or even the embattled Mr. Ney. Republicans also seem prepared for the challenge. That is a contrast, says Carl Forti, communications director of the National Republican Congressional Committee, with the complacency of many Democrats in 1994.

"Anyone who could potentially be in trouble is already paying attention," Mr. Forti says. "That makes it harder to sneak up and beat them."

Florida and the Southwest

While Florida and the southwest have been friendly areas to Republicans, Democrats have made inroads. Republican seats from Florida to California could now be at risk as a potential Hispanic backlash to the House's hard-line immigration bill combines with seniors' worries about Social Security and Medicare, as well as well as voters' vexation generally with war, scandal and deficits.

That dynamic threatens conservative Rep. J.D. Hayworth, the firebrand from suburban Phoenix, and New Mexico's Heather Wilson. Democrats hope to pick up the Texas seat of former House Majority Leader Tom DeLay, who is officially stepping down this week to face trial on corruption charges.

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In Florida, five of 18 Republican-held seats are at risk -- none more so than that of 13-term Rep. Clay Shaw. The district, which Mr. Bush lost twice, includes more voters over the age of 65 than any other and Mr. Shaw was a prominent backer of the administration's Medicare and Social Security policies. Such issues have been used against him before, but not in a year so hostile to Republicans. The Senate

Democrats' chance for a Senate majority is limited by the lineup of races. Democrats already hold 18 of 33 seats up for grabs. Seven of the Republicans' 15 seats are considered safe, putting eight Republican seats in play. Handicappers say three of those are reachable only in the event of a Democratic landslide.

That leaves five. And with the Senate divided 55 Republicans to 45 Democrats, counting one Vermont Independent, Democrats need six to get to a majority of 51. Moreover, the minority party has several seats of their own to protect.

Top Targets

In most danger are two Republicans from opposite ends of the party's spectrum -- liberal Lincoln Chafee of Rhode Island and conservative Rick Santorum of Pennsylvania. Both states twice went for Democrats over Mr. Bush. In Rhode Island, Mr. Bush's 21% approval rating in one poll has been his worst anywhere.

Democrats say the two-term Mr. Santorum, the third-ranking Senate leader, is too conservative for the state. Unlike other Republicans, he didn't flinch last year from supporting Mr. Bush on Social Security. Democrats recruited state Treasurer Bob Casey, son of the popular late governor, to run against him, over the objection of women's groups. The Democrat, like Mr. Santorum, opposes abortion rights.

Mr. Chafee is doubly threatened. He faces an intraparty challenge from a conservative backed by the antitax Club for Growth, which seeks to punish Mr. Chafee for opposing the Bush tax cuts. If Mr. Chafee survives the September primary, he has just weeks to campaign against Democrat Sheldon Whitehouse, a former prosecutor and state attorney general. Normally Mr. Chafee would be favored to win a second full term. He didn't vote for the president in 2004 and his opposition to Mr. Bush may provide some protection in November, if it doesn't cost him the primary.

Ohio's Mike DeWine and Missouri's Jim Talent are also big targets. Mr. DeWine has upset social conservatives for his position on judicial nominations, among other issues, and is also facing scandals within the Ohio Republican party, in addition to national ones. In Missouri, Mr. Talent has a conservative base unhappy with his vacillation on a stem-cell research issue that will be on November's ballot.

Montana's Mr. Burns was fairly well prepared to run for a fourth term -- until his contacts with Mr. Abramoff drew Justice Department scrutiny. He has denied any wrongdoing. He faces several challengers in today's primary. Although he is expected to survive, some Republicans still hope he will drop out by August. Democrats have made gains in the populist state and have a couple of credible candidates. A poll that ran in some Montana newspapers recently suggested either could beat Mr. Burns.

Other Notable Battles

In the case of a big swing to Democrats, Republicans could lose seats in Tennessee and Arizona. Democrats are even targeting a Virginia seat long thought safe.

Three Tennessee Republicans, including two former House members, are vying for the nomination to succeed Senate Majority Leader Bill Frist, who is retiring and weighing a 2008 presidential campaign. The winner will face Democratic Rep. Harold Ford Jr., who would be the state's first black senator. Mr. Ford has a moderate record and has already run TV ads, although he would have to overcome the state's Republican tilt.

Arizona's Jon Kyl is favored for a third term but he could be hurt by a Hispanic backlash. Mr. Kyl wants a tougher approach to illegal immigrants than either Mr. Bush or Arizona's better-known Republican senator, John McCain.

Virginia's George Allen once was considered a shoe-in, but he is now on handicappers' watch lists. As he focused on a possible 2008 presidential campaign, two potent opponents emerged. Some national Democratic leaders support Vietnam veteran James Webb, a former Republican and Reagan administration Navy secretary who opposes the Iraq war.

Democrats on the Defensive

Half of Democrats' 18 seats are safe and in several red states, Republicans failed to recruit strong challengers. Democrats are indeed being tested -- but in blue states, such as Maryland, New Jersey, Michigan and Washington.

In Maryland, Republicans are united behind Lt. Gov. Michael Steele to be the state's first black senator. Democrats won't pick their nominee until Sept. 12. Rep. Ben Cardin is favored over Kweisi Mfume, former head of the National Association for the Advancement of Colored People, and Democrats fear disgruntled black voters might jump to Mr. Steele.

Michigan's Debbie Stabenow is weakened by local conditions. Michigan has missed the nation's economic recovery and its unpopular Democratic governor heads the party ticket.

In New Jersey, Robert Menendez is facing his first election for a seat to which he was appointed. His Republican foe, Tom Kean, has a valuable name: His father was a popular former Republican governor and recent co-chairman of the 9/11 commission.

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House At Stake, Midterm Election Gets Early Start (NYT)

By Adam Nagourney

The New York Times, June 6, 2006

WASHINGTON, June 5 — Congressional campaigns have begun early and with unusual intensity this year in many districts across the country, reflecting a consensus in both parties that Republicans could lose control of the House and perhaps the Senate.

A special election in a bedrock Republican Congressional district in San Diego on Tuesday — for the seat left vacant when Representative Randy Cunningham resigned after pleading guilty to corruption charges — has sharpened the early intensity and could provide the clearest evidence so far about whether Democrats can capitalize on the unsettled political climate.

The National Republican Congressional Committee, fearful that a loss or meager victory could further rattle the party and give Democrats a huge boost, has poured at least $4.5 million into the district. And it has enlisted President Bush, Vice President Dick Cheney and Laura Bush to make automated telephone calls to voters, putting the prestige of the White House on the line.

But even for candidates who will not face the voters for five months, the campaign is shaping up as not only the most contested midterm election in over a decade, but also the most substantive.

In a typical election year, intense campaign activity normally does not begin until around Labor Day.

Democrats and Republicans said they were struck by the level of political activity now going on. Television advertisements have been shown by candidates in at least five districts, party officials said, and there are radio and Internet advertisements popping up around the country. Moveon.org, the liberal advocacy group, began broadcasting hard-hitting advertisements attacking Republican incumbents in four states nearly three months ago and is about to start a second round on Thursday, officials with the organization said.

Visits last week to three competitive districts — encompassing an endangered Republican in Pennsylvania, an endangered Democrat in Illinois and a race for an open seat in upstate New York — found incumbents and their challengers locked in debates over a strikingly wide range of issues, including the war in Iraq, tax cuts, immigration, stem cell research and raising the minimum wage.

If this early pattern holds, it could undercut Republican efforts to prevent this election from becoming a national referendum on Mr. Bush and Republican policies.

In New York's highly contested 24th District, left vacant by the retirement of Representative Sherwood Boehlert, a Republican, the Democratic candidate, Michael A. Acuri, called for the United States to get out of Iraq as soon as possible.

"We shouldn't have been there in the first place," Mr. Acuri said, "and we really need to start bringing the troops home."

His opponent, Ray Meier, speaking over coffee before holding a news conference with Republican supporters in Seneca Falls, N.Y., said that the United States should stay until the situation there stabilized, and that Mr. Bush had been correct in taking the country to war.

"History will judge this as having been the right thing to have done," Mr. Meier said. "Saddam Hussein was a regional security threat for well over a decade before we went in."

In the suburbs of Philadelphia the other day, Lois Murphy, a Democratic challenger to Representative Jim Gerlach, one of the Democrats' top targets, called a news conference to attack Mr. Gerlach for not supporting an increase in the minimum wage. "The minimum wage hasn't been raised in a decade by the U.S. Congress," Ms. Murphy said. "In that period of time, Congress has given itself a raise five times."

And sitting in his campaign headquarters in Lake Zurich, Ill., outside Chicago, David McSweeney, a Republican challenger to Representative Melissa Bean, said Ms. Bean's re-election would lead to the repeal of Mr. Bush's tax cuts and legislation that would permit some illegal immigrants to gain citizenship, something he has campaigned against.

"Melissa Bean has voted with Democrats in Congress 83 percent of the time," Mr. McSweeney said. "Her first vote would be to make Nancy Pelosi speaker of the House. I'm talking about the implications of what happens if Democrats take control of the House."

The contours of the gathering debate became clear in interviews in these three districts, along with others during a Memorial Day recess that took candidates to V.F.W. halls, parades and news conferences. After a decade in which Congressional elections have been derided as often being free of issues, or characterized by personal attacks, there seems to be an abundance of things for the candidates to talk about. And they are talking about them.

Mr. Acuri is drawing a contrast with Republicans on stem cell research. "Ray Meier and George Bush both oppose stem cell research — and I think that's where we should be going," he said.

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In Illinois, Tammy Duckworth, a Democrat given a strong chance of winning a Republican seat being left vacant by the retirement of Henry J. Hyde, attacked Republicans on earmarks, a budgetary process used by members of Congress to send federal dollars to favored projects.

"Earmarks can have some benefit, but I just think that approaching $9 trillion in debt, where we are borrowing millions of dollars from China, there has got to be a line," Ms. Duckworth said at a V.F.W. picnic in Addison, outside Chicago.

Abortion rights are emerging as an issue, on both sides of the divide. In Pennsylvania, Ms. Murphy said of her opponent: "That's one way that Congressman Gerlach is out of step with this district. He opposes the right to choose, and that's not what this district supports."

Mr. Meier, seeking the seat of Mr. Boehlert, who supported abortion rights, said he would emphasize his own opposition to abortion. "You'll find that my record is consistent, and I'm strong on the issue," he said. "I won't dodge or waver if it is raised."

Candidates from both parties are battling over whether Mr. Bush's tax cuts should be made permanent. Mr. McSweeney called them essential for the nation's prosperity. Ms. Bean said she would support making the tax cuts permanent only "so long as we're cutting spending," adding, "Otherwise it's not a tax cut; it's just a deferred tax increase."

Mr. Acuri, the Democrat running in New York, said Congress should roll back tax cuts for the upper-income taxpayers. "We have these record deficits," he said, "and we are mortgaging our country to reduce the taxes on the top 1 percent."

Ms. Murphy attacked Mr. Gerlach for supporting the strict House immigration bill sponsored by Representative F. James Sensenbrenner Jr., Republican of Wisconsin. "He voted for the Sensenbrenner bill — he's a hard-liner," she said. "I would not. Making it a felony for clergy to assist people in need? I think that's totally inappropriate."

Mr. Gerlach said: "I do not support amnesty. I think we need to continue to work through this issue of guest workers."

Not surprisingly, Mr. Bush is hovering over the races in these early days. When Ms. Murphy campaigned in Pottstown, Pa., the other night, she told a small crowd, "You probably know that President Bush came in and did a fund-raiser for Congressman Gerlach, and Congressman Gerlach has been very close to the administration."

Mr. Gerlach said he was not concerned by such criticism. "We're not running away from the president," he said. "We're not running to the president. We're running for the House of Representatives. When we agree with the president, we talk about that, and when we disagree with the president, we'll talk about that."

Democrats Advised On Military Relations (WT)

By Eric Pfeiffer

The Washington Times, June 6, 2006

Democrats are seeking ways to reach out to military families, hosting a discussion yesterday to help congressional staffers better communicate with men and women serving in the armed forces.

Kathy Roth-Douquet and Frank Schaeffer, authors of "AWOL: The Unexcused Absence of America's Upper Classes from Military Service -- and How it Hurts Our Country," spoke in a Capitol basement office filled with Democratic staffers who shared their personal stories of military service and examples of being part of a military family while trying to relate to "elite" colleagues who "dismissed" their experiences.

"To trivialize this doesn't win any friends or sense of understanding," Mrs. Roth-Douquet said of the "great disconnect" between liberal and military culture.

Mrs. Roth-Douquet and Mr. Schaeffer presented their "top 10 mistakes people make when dealing with the military" as a what-not-to-do list when communicating with those in the military.

While it was noted that those in attendance were already likely to be "sensitive to the disconnect," Mrs. Roth-Douquet and Mr. Schaeffer said it would be beneficial to have military officers visit congressional offices.

Yesterday's discussion was sponsored by the Truman National Security Project, a Washington think tank that declares its aim is to boost Democrats' "national security credentials" through an "innovative, distinctly Democratic approach to national security."

Mr. Schaeffer described himself as someone "from Massachusetts who usually votes for the Republicans," adding that he thinks the disconnect he and Mrs. Roth-Douquet describe comes from "a guilty relationship between Democrats and the military" after Vietnam

"It wasn't necessarily Democrats spitting on the troops when they returned home," Mr. Schaeffer said. "But those events are certainly more associated with the left."

An unidentified Democratic staffer in attendance said, "When you get down to it, most military values are really Democratic values," which received a warm applause from the estimated two dozen fellow staffers in attendance. Mrs. Roth-Douquet said she agreed with the statement -- but when asked if politicizing military values was dangerous, added, "The military shouldn't be an institution that belongs to either party."

Mr. Schaeffer said he thinks "Congress would be better served" if it was more representative of the American population in the percentage of its members who have served in the military. Mr. Schaeffer, whose son served in the Marines, said part of his motivation for writing the book was to "take it to my rich friends and stick it in their faces."

Mrs. Roth-Douquet, who is the wife of a Marine and has worked on every presidential campaign of the past 20 years, said that Sen. John Kerry, Democrat from Massachusetts, made two mistakes in communicating with veterans during his 2004 presidential campaign.

"He talked about how he was a war hero," Mrs. Roth-Douquet said. "That's not received well in the military. He should have let other people do the talking." Mrs. Roth-Douquet said Mr. Kerry's second mistake was in never publicly apologizing for accusing fellow Vietnam veterans of war crimes.

Webb's Support Of Affirmative Action At Issue (WP)

By Rosalind S. Helderman

The Washington Post, June 6, 2006

RICHMOND -- Democratic Senate candidate James Webb has a childhood memory of relatives living hard lives in southwest Virginia communities with no electricity.

That's why when he started studying affirmative action programs as a law student, he came to a question: Why was preferential treatment given on the job to all kinds of ethnic groups that were considered disadvantaged -- Latinos, Asians, blacks, Native Americans -- but not to working-class whites struggling to overcome poverty?

"The original intent of affirmative action expanded, and a lot of different ethnic groups who never suffered state-sponsored discrimination at all came under the rubric of affirmative action," he said recently. "The assumption that everyone who was white had a benefit and anyone who was not white didn't have a benefit, it was not a fair assumption."

If there was ever proof that Webb, who served as secretary of the Navy in the Reagan administration, is not a typical candidate for a Democratic Party nomination, it is his nuanced -- and, opponents charge, shifting -- position on affirmative action, which has been endorsed by the party establishment for decades.

Webb, a former Marine who joined the Republican Party after the Vietnam War and has returned to the Democratic Party over the Iraq war, said he has been writing and thinking about the issue for years.

On the one hand, he argues that diversity programs that were once intended to help African Americans have been extended to benefit everyone except whites. On the other, he recently has made a point of singling out hardships faced by African Americans, who he said still experience lingering effects of government-sponsored oppression and discrimination.

So Webb comes to an unusual view among candidates in either major party: He supports affirmative action for blacks but otherwise thinks preferential job and education programs should be awarded based on economic conditions or eliminated altogether.

"I think it's time to either open this thing up to poor white groups or just go back to a level playing field -- while keeping an eye on African Americans," said Webb, who is white. "I'm a strong supporter of affirmative action in its original intent, which is to help African Americans."

His opponent in next Tuesday's primary -- to determine who will face Sen. George Allen (R) in the November general election -- is longtime Democratic operative Harris Miller, a former technology industry lobbyist. Miller has characterized Webb's views as out of step with most party members, using affirmative action as a prime example.

"Webb is a Republican disguised as a Democrat," said Del. Lionell Spruill Sr. (D-Chesapeake), a Miller supporter and one of seven members of the Virginia Legislative Black Caucus to endorse the former Fairfax Democratic Committee chairman. "Harris Miller and I go way back, and he has always been for affirmative action."

In a low-turnout primary, Webb's position could cost votes in critical black communities. At the same time, his criticism of diversity programs intended to help groups other than blacks could jeopardize support among such constituencies as women and Latinos who also have benefited from diversity initiatives.

"He's essentially articulated a position on affirmative action that almost no one articulates today," said Robert D. Holsworth, a professor of government at Virginia Commonwealth University who has written a book on affirmative action. "It's not an indefensible position, but it's not a position that fits comfortably into the normal debate."

Webb acknowledges his textured stand is not ready-made for a stump speech and hardly a "30-second sound bite."

For opponents, it's not the issue's complexity but Webb's writings on the topic that are problematic. Webb, a journalist and novelist, wrote a highly complimentary book review in 2000 of the autobiography of Ward Connerly, a prominent opponent of affirmative action who was then a University of California regent.

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"Affirmative action, which originally sought to repair the state-induced damage to blacks from slavery and its aftermath, has within one generation brought about a permeating state-sponsored racism that is as odious as the Jim Crow laws it sought to countermand," Webb wrote in the Wall Street Journal.

Nowhere in the column did he suggest that he would support continued affirmative action programs for African Americans, as he has on the campaign trail in recent days.

"I'm not sure where the real Jim Webb is," said state Sen. Henry L. Marsh III (D-Richmond), a longtime civil rights leader and the first black mayor of Richmond. "Why doesn't he just do the manly thing and retract his statement, admit he was wrong, rather than trying to come up with these bizarre explanations?"

Webb insists that his position has not changed since he started thinking deeply on the issue as a Georgetown law student -- shortly after the decorated veteran ended the Marine Corps stint that has formed the backbone of his campaign. He said his ultimate goal has always been to ensure an equal shot at success for everybody.

As for the different emphasis in his Wall Street Journal writing, he said he covered as much ground as he could in a short piece: "How much can you do in a book review?" he said. "Give me a break."

Last week, Webb countered the criticism by announcing he has the backing of Del. A. Donald McEachin (D-Richmond), also a member of the Legislative Black Caucus and the Democratic nominee for attorney general in 2001.

On Monday, Webb added the support of civil rights leader Milton A. Reid, a former chairman of the Virginia unit of the Southern Christian Leadership Conference. McEachin said he had discussed the issue fully with Webb and pronounced himself more than satisfied.

"It just doesn't get any better than that from an African Americans perspective on affirmative action," he said.

N.H. Democrats Warm To Feingold, Warner (WT)

By Christina Bellantoni

The Washington Times, June 6, 2006

MANCHESTER, N.H. -- Democrats here love to bash President Bush, and cheered wildly for their prominent political visitors over the weekend, when they took aim at the administration.

But while Wisconsin Sen. Russ Feingold fired up the crowd by urging his party to stand up and fight against the Iraq war, former Virginia Gov. Mark Warner gave a broad speech focused mostly on domestic issues, prompting some Democrats to say the Virginian seemed a more likely contender to make it all the way to the White House.

"Senator Feingold spoke to the Democrats, and I felt that Governor Warner spoke to everybody," said Kermit Williams of Wilton, one of about 800 at the New Hampshire Democratic Convention. "It's great to be very focused on a philosophy, but winning in the end is the important thing."

Mr. Feingold and Mr. Warner advised the crowd Saturday on how the party can regain congressional majority and win back the presidency in 2008.

Mr. Feingold, who has called for censuring Mr. Bush, threw the audience political red meat with lines like: "The Constitution and the Bill of Rights were not repealed on 9/11" and "We have got to show that we will stand up to the mistakes of this administration." He also called for universal health care.

Mr. Warner kept the Bush-bashing to a minimum and instead espoused centrist themes of deficit reduction, better math and science education, and ensuring localities have adequate infrastructure to avoid catastrophes like the flooding during Hurricane Katrina.

"We have an administration and Congress that is more interested in building a bridge to nowhere than it is about laying any kind of foundation for future success," he said.

He called for funding alternative-energy research, adding the applause line: "Of course, that would require an administration that believes in science."

The starkest contrast between the Wisconsin senator and the former Virginia governor was their positions on the war in Iraq.

"Why are so many Democrats too timid to say what everybody in America wants? It's time to redeploy the troops. ... I say bring them home by the end of 2006," Mr. Feingold said, bringing most in the crowd to their feet.

Mr. Warner opposes a fixed timetable for troop withdrawal, but said the Bush administration has created a haven for al Qaeda and a frightening situation in Iran with its botched foreign-policy decisions.

"Going out without a plan is just as bad as going in without a plan," Mr. Warner said. "This government has months, not years, to demonstrate its willingness to step up, eliminate the militias and stabilize the country."

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Judging by applause and standing ovations, the Democrats were more excited by Mr. Feingold's breakfast keynote than Mr. Warner's lunch speech, but the differing impressions the two men left behind were clear, with most saying the former governor had a better shot at winning the Democratic nomination.

State Sen. Joe Foster of Nashua said Mr. Warner has an impressive record and his speech was well-received by delegates.

Patty Giguere of Goffstown liked both men, but thinks Mr. Warner "is going to go a little farther, that he is maybe a stronger leader."

State Rep. Jackie Cilley of Strafford said many Democrats will say Mr. Feingold is not "electable" because he is outspoken, but rejects that notion.

"It is well past the time that we should be settling for mediocrity in this country, the lowest common denominator, the safest bet, the candidate that won't get us into trouble," said Mrs. Cilley, 54. "Senator Feingold challenges me. He makes me want to be a better Democrat. He makes me want to be a better citizen of this country."

Both men made their records known -- Mr. Feingold proudly outlined his votes against the Iraq war, USA Patriot Act and NAFTA, while Mr. Warner showed a slick video outlining how he worked with Virginia's Republican legislature to improve education and the state budget.

Clinton Is The Life Of The Democratic Party (NYT)

By Raymond Hernandez

The New York Times, June 6, 2006

WASHINGTON, June 5 — In what promises to be his most intensive campaign season since he left office, former President Bill Clinton is scheduled to appear at more than two dozen fund-raisers for Democrats around the country, hoping to collect at least $20 million for his party's drive to recapture Congress.

"In contrast to Republican candidates who are running away from George Bush, our candidates are clamoring for him in every part of the country," said Senator Charles E. Schumer of New York, chairman of the Democratic Senatorial Campaign Committee.

But a spokeswoman for the Republican National Committee, Tracey Schmitt, said President Bush was very much in demand this campaign season, noting that he had appeared at 37 fund-raising events that had raised nearly $125 million since the beginning of 2005.

Ms. Schmitt also took a jab at Democrats, criticizing them as relying on the assistance of a politician no longer in office. "Given the current lineup of Democratic leaders in Washington," she said, "it's no surprise that many Democrats would turn to Bill Clinton for help."

Mr. Clinton's advisers say he is entirely motivated by his desire to resurrect his party's political fortunes.

"President Clinton's goal here is helping Democrats win in 2006 to put Congress in the hands of the party that will get the country back on the right track," said Jay Carson, a spokesman for Mr. Clinton.

Yet there is another potential beneficiary of his largess: his wife, Senator Hillary Rodham Clinton, who is running for re-election in New York this year. Should Mrs. Clinton decide to run for president in 2008, some Democrats who reap the benefits of her husband's fund-raising this fall may feel a loyalty to him that could extend to her.

In the coming weeks, for example, Mr. Clinton plans to appear at a fund-raiser for Democrats in New Hampshire, an important presidential primary state that his wife has avoided so as not to fuel speculation about any presidential ambitions.

Mr. Clinton has already made a series of appearances on behalf of other Democrats. One was at an event in New York a few weeks ago that raised $1.5 million for the Democratic National Committee, whose fund-raising lags behind that of the Republican National Committee by about $72 million in the current campaign season.

In the last week, Mr. Clinton made five appearances, collecting $3.5 million in visits to Arizona, California and Maine. He has also taken time to help his wife, appearing at several events for her in recent weeks that brought in $1.5 million, his office said. (In all, he has raised $3.4 million for Mrs. Clinton in the current election cycle.)

That said, Mrs. Clinton is a fund-raising machine in her own right, and her efforts on behalf of the Democratic Party have made her a popular headliner among Democrats nationwide. She has helped the party and its candidates raise about $55 million since taking office in 2001.

Mr. Clinton's office says he also intends to appear on behalf of Democratic candidates for governor around the nation. He is scheduled to appear in nine states but is likely to add more as the campaign season heats up, his office says.

Democrats need to pick up 15 seats to win control of the House and six to capture the Senate. Mr. Clinton's aides say he believes the Democrats are in their best position in years to retake control of Congress. But Republicans and many analysts say

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his emergence in the 2006 campaign also comes at a time when Democrats are still trying to find galvanizing themes to pull together the disparate elements of their party.

Mr. Clinton was a tireless fund-raiser throughout his time in the White House. And despite his busy summer schedule, his office said, he also plans to continue focusing his energies on the Clinton Foundation, the nonprofit organization he set up to work on issues including AIDS, poverty, childhood obesity, and religious and racial reconciliation.

In some places, Mr. Clinton plans to squeeze political and foundation work into the same trips. He will appear at the New Hampshire fund-raiser, for instance, after attending an event highlighting childhood obesity with Dr. Susan Lynch, a pediatrician and the wife of Gov. John Lynch.

Mr. Clinton's fund-raising schedule has included states with competitive races, like Arizona, where Democratic efforts to unseat Senator Jon Kyl, the two-term incumbent Republican, could prove crucial to the party's goal of recapturing the Senate.

Mr. Kyl's Democratic challenger, Jim Pederson, a wealthy shopping mall developer, said in an interview that Mr. Clinton's presence in the state had helped elevate the profile of his campaign.

"I think people will stand up and take notice," said Mr. Pederson, whose campaign collected $500,000 at a recent event featuring Mr. Clinton.

The former president also plans to appear in Denver at a June 16 fund-raiser for Senator Robert Menendez, who faces a strong challenge in New Jersey. Mr. Menendez said in an interview that he had asked Mr. Clinton to headline the event — which was being set up by his colleague from Colorado, Senator Ken Salazar — when he learned that Mr. Clinton would be in town that day.

Mr. Menendez estimated that the former president's presence would increase the total proceeds of the event by about 50 percent. "He is of enormous value to Democrats," Mr. Menendez said.

A Little More Clinton At Clinton Library (WP/AP)

By The Associated Press

The Washington Post, June 6, 2006

LITTLE ROCK -- Welcome to the William J. Clinton Presidential Center. Your personal tour guide: President Bill Clinton.

"There were lots of times when Republicans thought I was right about an issue but they were determined not to let anything happen," Clinton says in a new audio tour of his presidential library. "I know that when I got elected president, a lot of those folks just went into denial."

The library, along the Arkansas River in downtown Little Rock, will begin offering the audio tour Saturday. The tour was Clinton's idea and is the first narrated by a former president for a presidential library, said Jordan Johnson, spokesman for the William J. Clinton Foundation.

Visitors pay an extra $3 for a device shaped like an oversize cordless phone. For each exhibit, Clinton recounts his thoughts on and memories of the topic.

He describes the impeachment hearings, for example, as an ideological battle that went overboard.

"So when I won, it was a profound sort of psychological shock to a lot of them," he says of his opponents, with a chuckle. "Then they went into overdrive fighting me. They weren't accomplishing anything, just banging away. Then they did what people who care too much about power do: They overdid it."

Clinton's commentary also addresses his childhood as well as issues such as crime, foreign affairs and the economy. He speaks of hosting state dinners for foreign leaders and his wife's role as first lady.

He describes choosing a running mate as one of the most important decisions for a presidential hopeful. He says he chose Al Gore because the Tennessee Democrat complemented him and provided a more moderate perspective.

Although Clinton says the Oval Office was "the best place in the world to work," he had another favorite spot in the White House: his private office. "I restored it to look the way it did after the Civil War, and I brought in a desk, which was Ulysses Grant's Cabinet table," Clinton says.

"And I would go in there, often after Hillary went to bed, or late at night, play my music, and that's where I did my reading and thinking and that's where my daughter would find me late at night when she called me from Stanford. I had a lot of happy times there."

Johnson said Clinton spent hours walking through the library while aides followed with a tape recorder. He recorded his thoughts in a handful of visits.

"Hopefully, visitors will go away with an experience that sheds some light on the personal experience of being president," Johnson said.

Kansas Political Shifts Sign Of Things To Come? (USAT)

By DeWayne Wickham

USA Today, June 6, 2006

Mark Parkinson thinks it's time Thomas Frank wrote a sequel to his 2004 best seller, What's the Matter with Kansas?, which explains how the descendants of abolitionists, free-soilers and trustbusters became the backbone of the conservative movement in U.S. politics.

Frank made his home state the focus of his contention that cultural issues have been used by conservatives to get Midwesterners (and other Americans) to vote against their economic and political interests. But Parkinson says a lot has changed in the Sunflower State and Frank's new book should be called "What's Right with Kansas."

He ought to know. A Republican for 30 years, Parkinson is a former GOP state party chairman. In that job, he spearheaded the unsuccessful effort to derail the 2002 gubernatorial campaign of moderate Democrat Kathleen Sebelius. Sebelius made funding for public education — not hot-button social issues — a major plank in her campaign. She won with 53% of the vote in a state where Democrats are just 28% of registered voters.

Last week, Sebelius named Parkinson her running mate in this year's gubernatorial campaign. He replaces John Moore, the current lieutenant governor, who decided not to seek re-election. Like Moore, Parkinson is a Republican-turned-Democrat.

No joking matter

When Moore bolted the GOP four years ago to become Sebelius' running mate, Parkinson called his selection a "gimmick." Now he says what the Democratic Party has to offer is no joke.

Republicans have branded Parkinson a traitor, but he told me he didn't break with the GOP, it broke with him. It became more interested in cultural warfare than improving schools, economic development "for everyone" and the idea that government should not be involved in people's personal lives.

"What's happened in Kansas, and what's attracted me and excited me about serving on this ticket is that the person that's captured (the political middle) of Kansas is Gov. Sebelius," Parkinson said.

And that's got to worry Republicans all over this country. Just as Kansas was once a bellwether state for the ascendancy of Republican power, what's happening there now may be evidence of its decline.

Party hopping

Johnson County prosecutor Paul Morrison also became a Democrat and is now challenging Phill Kline, Kansas' GOP attorney general.

When key members of the dominant political party jump ship, there's good reason to believe the ship has sprung a serious leak — in Kansas and elsewhere.

In Virginia, one-time Republican and former Reagan administration Navy secretary Jim Webb is seeking the Democratic Senate nomination. He says he split with the GOP after deciding Democrats care more about working-class people.

In February, South Carolina prosecutor Barney Giese, a moderate Republican, joined the Democrats. His defection was the result of frayed relations with conservatives.

In states such as New York, Pennsylvania, Connecticut and New Hampshire, moderate Republicans are struggling to hold onto elected offices at a time when the party's conservative leaders have been hurt by self-inflicted wounds.

President Bush's approval rating now hovers around 33%. Dogged by high-profile scandals and the dissatisfaction of moderate Republicans, conservative leaders are now scrambling to avoid losing control of Congress in November.

"Kansas is ready to lead us singing into the apocalypse," Frank wrote in his 2004 book. "It invites us all to join in, to lay down our lives so that others might cash out at the top; to renounce forever our middle-American prosperity in pursuit of a crimson fantasy of middle-American righteousness."

That Kansas doesn't exist anymore, Parkinson said.

While it's too soon to say whether he is right, Sebelius' election and Parkinson's defection suggest that it may well be time for Frank to consider penning another book about the effects that politics in Kansas have on this nation.

DeWayne Wickham writes weekly for USA TODAY.

In Echo Of A Murder, Two $1 Million Gifts Stir School Protests (WSJ)

By Paul Davies

The Wall Street Journal, June 6, 2006

The headmaster of Archmere Academy in Wilmington, Del., called his teachers together last year for a surprise champagne reception.

A former student had pledged $1 million for a new student center at the Roman Catholic high school. But not everybody shared The Rev. John Zagarella's enthusiasm. Some looked stunned, two people who were there say. Two people walked out

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after learning the identity of the donor: a wealthy property developer who played a pivotal role in one of the state's most infamous murder trials.

Almost exactly a decade ago, Louis Capano Jr. helped his older brother cover up a murder -- a case that riveted Delaware for years. Now his philanthropy -- two $1 million donations to put his family's name on buildings at elite Catholic schools he attended -- is triggering a debate over whether charity can help earn forgiveness.

The murder generated two books and a television movie. Thomas Capano, a Wilmington attorney who had been a state prosecutor and a governor's counsel, had an extramarital affair with Anne Marie Fahey, scheduling secretary for then-Gov. Tom Carper. After she tried to end it, Thomas Capano shot and killed her in his home on June 27, 1996.

A state-court jury convicted him three years later, after authorities unraveled a coverup engineered with two brothers. Gerard Capano helped Thomas Capano dump the body in the ocean. Louis Capano disposed of a bloody sofa, tampered with a witness and lied to a grand jury. Threatened with prison, both pleaded guilty to crimes, testified against their brother and were put on probation. Thomas Capano initially was sentenced to death but appealed and got life in prison without parole.

The family has had its share of brushes with the law. Louis Capano Jr., head of a property-development company founded by his father, also named Louis, bribed a county councilman in 1989 to get a favorable rezoning ruling. He escaped prosecution by cooperating in a federal sting to catch the official.

Another brother, Joseph, was charged with rape in 1991 and pleaded guilty to charges of misdemeanor assault, unlawful sexual contact and criminal mischief.

A fund-raiser at Archmere says Louis Capano, 54 years old, said he wanted to make amends for his family's past. The donation was to be in the name of his parents: Louis Capano Sr., who died in 1980, and 82-year-old Marguerite Capano.

"I have got to make an attempt to show the younger kids there's a better way to go," Mr. Capano said, according to John E. Healy III, a construction-company chief who is helping spearhead Archmere's fund-raising campaign. "He's making an effort to walk to the light," Mr. Healy says.

Mr. Capano didn't respond to interview requests. In a statement issued through his attorney, Mr. Capano says the schools approached him as part of a fund-raising campaign, and that he appreciated the education he received and wanted to honor his parents. He says he is sorry for the suffering his brother Thomas caused, and that his donation is an attempt "to do something positive for the community."

When the fund-raising committee at Mr. Capano's old elementary school, St. Edmond's Academy, informed its board of directors of his $1 million donation for a new gymnasium in March 2005, several members expressed dismay.

One of St. Edmond's directors was Louis Freeh, who headed the Federal Bureau of Investigation during the Clinton administration and assigned agents to investigate the Fahey murder.

"This is a school for boys, and what message do we send to them when we take $1 million and put his name on the building?" Mr. Freeh asked at a board meeting last spring, according to someone who attended the meeting.

St. Edmond's headmaster Michael Marinelli responded that the building would bear the parents' name, not Mr. Capano's. Another member argued that good Catholics believe in forgiveness.

"I am a good Catholic, but there is a difference between forgiveness and honoring someone," Mr. Freeh shot back, according to a person who attended the meeting.

Mr. Marinelli says he doesn't recall the specifics of the conversation.

Delaware U.S. Attorney Colm F. Connolly also urged representatives of the schools not to name buildings for the Capanos. Mr. Connolly led the prosecution of Thomas Capano and became a close Fahey family friend. He is also an Archmere alumnus, and briefed St. Edmond's board of directors on the Capano brothers' legal troubles.

"The schools are naming the buildings after a family that has not one, not two, not even three, but four criminals," says Mr. Connolly.

St. Edmond's approached Mr. Capano to see if he would consider naming the building after a religious figure, people familiar with the matter say. Mr. Capano rejected the idea, and suggested doubling Archmere's donation instead, Archmere's Mr. Healy recalls.

After learning that Archmere might get all the money, St. Edmond's board reversed course. The majority of its 18 directors felt the decision followed the Church's teaching of "fairness and forgiveness," says Mr. Marinelli, St. Edmond's headmaster. "At what point do you continue to punish and at what point do you begin to heal?" he asks.

St. Edmond's board member Brian Gimlett, head of the U.S. Secret Service's New York office before moving to Delaware, quit in protest. "My action speaks for itself," he says.

Mr. Freeh, his board term at St. Edmond's expiring, declined another term. "I love the schools; they just got this one wrong," says Mr. Freeh, who has children at both schools.

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Archmere's board also voted to accept Mr. Capano's donation. Construction begins this month. "We're a family here," says Thomas Mallon, Archmere's public-relations director. "We embrace everyone. Not everyone is perfect. We accepted this as a heartfelt gift."

The school had originally planned to name the building for another well-known alumnus, Democratic Senator Joseph Biden, who co-chairs the school's fund-raising committee. Bishop Michael Saltarelli of Wilmington, however, invoked a Church directive that opposes honoring politicians who support abortion rights.

A Biden spokeswoman says the episode "hasn't diminished his affection for the school," and that "he continues to work on the capital campaign knowing that the building will be named after the Capano family."

As word of Mr. Capano's donations spread, some parents spoke up, including Marybeth Phillips, who has one son who graduated from Archmere and another going into his senior year there.

"This is immoral and dead wrong," Ms. Phillips recalls telling Father Zagarella, the Archmere headmaster, last year as she waited at an airport for one of her sons to fly to Rome for a school trip. "You're selling out Christ for a lousy million bucks."

"That's a lot of money -- I wish parents like you would give me $1 million," the headmaster replied before walking off, according to Ms. Phillips. She says he apologized minutes later. Mr. Mallon says Father Zagarella recalls the conversation but not his exact words. Father Zagarella declined to comment.

The late Ms. Fahey's family also is upset. "We have to live with the hurt every day," says Debbie Gioffre, mother of Ms. Fahey's nephew Brian, 14, a St. Edmond's eighth grader who plans to attend Archmere next year. "It's not fair to have to live with other reminders."

Ms. Fahey's sister, Kathleen Fahey-Hosey, says "it was like a kick in the stomach" when she heard about Mr. Capano's donation. Her children are on another school's basketball team that competes against St. Edmond's.

"My kids play basketball there, and if they are going to put that name on the gym, I don't want to go in there," she says.

Apparent Victory By Islamists In Somalia Poses Questions For U.S. (KRT)

By Jonathan S. Landay

Knight Ridder, June 6, 2006

WASHINGTON - Muslim militias claimed Monday to have routed warlords allegedly backed by the United States after weeks of fighting for control of the Somali capital, Mogadishu, dealing a setback to U.S. efforts to contain the spread of militant Islam.

U.S. officials and other experts warned that if the militias consolidated their victory they would establish an Islamist state where al-Qaida could secure bases from which it could spread its violent ideology to other East African and Horn of Africa nations.

The Islamists' claim of victory in Mogadishu comes as the United States and its allies struggle to contain growing Islamic violence in Iraq and some of the fiercest attacks in Afghanistan by the Taliban since that Islamic militia was driven from power in 2001.

Al-Qaida-inspired extremists might be allowed to use Somalia as a refuge from which to support and mount operations against Yemen and Saudi Arabia, the world's No. 1 oil producer, located a boat ride away across the Red Sea, said U.S. officials and other experts.

Somalia "can be a platform for further action," warned Bruno Schiemsky, the chairman of a group of experts appointed by the U.N. Security Council to monitor Somalia, in a telephone interview from Nairobi, Kenya.

With Mogadishu under their control, the Islamist militias are expected to quickly move on other cities, he said.

"If they can grab control and maintain it, Somalia becomes a little place that becomes important to al-Qaida and other Islamists," agreed Michael Scheuer, who was the first chief of the CIA unit that tracks Osama bin Laden and his network.

John Prendergast of the International Crisis Group, a conflict prevention organization, said it's too early to predict what could happen. The secular warlords could rebuild their forces with outside aid and launch a counteroffensive for Mogadishu.

Territory has frequently traded hands since central government rule collapsed in 1991, plunging Somalia into anarchy and civil strife that has claimed tens of thousands of lives.

But a U.S. counterterrorism official, who requested anonymity because of the sensitivity of the issue, said that the Islamic militias' apparent seizure of Mogadishu is "certainly not a positive development in terms of (U.S.) efforts to fight terrorism. It's worrisome."

U.S. officials said the Islamists are already hosting the al-Qaida planner of the 1998 bombings of the U.S. embassies in Kenya and Tanzania and two organizers of a failed 2002 attempt to down an Israeli passenger jet in Kenya with a missile.

The Somali Islamists also have received training from militants from Pakistan, Indonesia and Arab countries, including Syria and Algeria, said Schiemsky.

The United States hasn't been directly involved in Somalia since 18 U.S. troops were killed in Mogadishu in 1993 during vicious street fighting depicted in the film "Black Hawk Down."

But the Bush administration has deployed about 1,500 U.S. troops in the tiny nation of Djibouti, on Somalia's northern border, as part of a regional strategy of preventing al-Qaida and other radical Islamic groups from operating in the rugged, poverty-stricken and largely lawless Horn of Africa.

The United States has been secretly supporting a coalition of secular Somali warlords, the Alliance for the Restoration of Peace and Counter-Terrorism, according to leaders of a largely powerless transitional central government restricted to the city of Baidoa, according to regional observers and news reports.

Prendergast said that three alliance leaders recently told him that they were receiving funds from the CIA.

"Our assessment is between $100,000 and $150,000 per month," said Prendergast, who served on the National Security Council staff in the Clinton administration.

The CIA declined to comment.

Other countries, including Italy, Ethiopia, Eritrea and Saudi Arabia, also have been backing various Somali factions, according to a May 4 report to the U.N. Security Council by the experts group led by Schiemsky.

The bloodiest fighting in more than a decade erupted in February between the alliance and the Islamic militias. The militias are associated with Islamic courts that have succeeded in the past several years in bringing order to some areas by enforcing Islamic law.

The violence escalated last month as the Islamic militias moved to take control of Mogadishu, with hundreds of people dying in fierce street battles.

Princeton Lyman, a former senior State Department official, likened the emergence of the Islamic militias to the Taliban's takeover of Afghanistan during the mid-`90s. The Taliban gave refuge to bin Laden and his followers.

In both cases, he said, the Islamists won support from ordinary people weary of years of violence, corrupt warlords and the absence of a functioning government.

"For the United States, this is a serious problem," said Lyman, a former ambassador to South Africa and Nigeria who's with the Council on Foreign Relations, a foreign policy organization.

He said the Bush administration should begin working urgently with regional governments and Somaliland, an unrecognized self-declared independent nation in northern Somalia, to contain Somalia's Islamic militias.

Somali Islamists Declare Victory; Warlords On Run (NYT)

By Marc Lacey

The New York Times, June 6, 2006

NAIROBI, Kenya, June 5 — After months of fierce fighting, Islamic militias declared Monday that they had taken control of Somalia's capital, Mogadishu, defeating the warlords widely believed to be backed by the United States and raising questions about whether the country would head down an extremist path.

The battle for Mogadishu has been a proxy war, of sorts, in the Bush administration's campaign against terrorism, with the warlords echoing Washington's goal of rooting out radical Islam and the presence of Al Qaeda in the region.

But as the warlords who have ruled over Mogadishu for the last 15 years went on the run on Monday, it appeared that Washington had backed the losing side, presenting the administration with a major setback at a time of continued sectarian violence in Iraq and the resurgence of the Taliban in Afghanistan.

One of the warlords, Muse Sudi Yalahow, was holed up in a hospital north of the city on Monday, surrounded by his enemies. Others fled the capital after their forces had been pushed from the strategic center, diplomats and local journalists said.

The heavily armed militias driving them back are allied with the Islamic courts that have grown in influence throughout Somalia in recent years, filling a void left by the lack of a central government since 1991. The courts are made up of a loose coalition of religious leaders who have put forward Islam, the predominant religion in Somalia, as the way out of the country's long decline into anarchy.

On Monday, at least, the capital appeared to be calm, after hundreds of civilian deaths there in recent months.

"The people of Mogadishu have finally gotten some peace today," Ali Mohammed, 32, a schoolteacher, said in a telephone interview from the capital on Monday night. "We've had war for so long, and we're tired of it."

But he also said he and others feared that the Islamic courts might clamp down and impose a stricter form of Islam on residents. "We don't know what's next," he said.

The United States has been widely reported to have secretly financed the capital's warlords, who fashioned themselves into a counterterrorism alliance to track down and apprehend Al Qaeda elements in Mogadishu.

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American officials have said they fear that the country may descend into a situation similar to that of Afghanistan, where a hard-line Islamist group, the Taliban, seized control of the country and then gave safe haven to Al Qaeda. Already American officials have said that a handful of foreign fighters with links to Al Qaeda are being shielded by Mogadishu's Islamist leaders.

The spokesman for the State Department, Sean McCormack, appeared to repeat those concerns at a news briefing on Monday when asked about the takeover in Mogadishu. "We don't want to see Somalia turn into a safe haven for foreign terrorists," he said. "We do have very real concerns about that."

But some analysts were not surprised that the battle for Mogadishu turned out as it did. "The so-called Islamists provided a sense of stability in Somalia, education and other social services, while the warlords maimed and killed innocent civilians," said Ted Dagne, the Africa analyst at the Congressional Research Service in Washington.

He expressed doubt that the takeover indicated the rise of extremists in the capital. "Somalis are secular Muslims, and the presence of the so-called Islamists is not an introduction of new ideology or religion," Mr. Dagne said in an e-mail message.

Administration officials have not said whether American intelligence agents have made payments to the warlords, though academics, security analysts, politicians in the region and other Africa experts assert that they have. Many in Mogadishu said the common belief that the United States was taking sides only strengthened the Islamists, who accused the warlords of being puppets of Washington.

According to one Somalia expert, the amount of payments to the warlords has increased significantly in the past year. "By our own estimates, the payments have been between $100,000 and $150,000 per month," said John Prendergast, who monitors Somalia for the International Crisis Group, a nonprofit research organization.

Initial statements from the Islamists emphasized a need for dialogue instead of warfare. Since February more than 300 people have been killed and more than 1,700 injured in what was called the fiercest fighting Mogadishu had seen in the 15 years since Somalia's central government collapsed.

"We want to restore peace and stability to Mogadishu," Sheik Sharif Ahmed, chairman of the alliance of Islamists, known as the Islamic Courts Union, said Monday on a radio broadcast, according to The Associated Press. "We are ready to meet and talk to anybody and any group for the interest of the people."

Still, he made clear the religious nature of the rule to come. "We won the fight against the enemy of Islam," he said.

Backing the Islamists have been business leaders eager to end the arbitrary rule of the warlords, as well as freelance gunmen willing to work for anyone who pays them a salary and supplies them with a daily fix of khat, the leaf that is widely chewed among Somalis for its stimulant effect.

Now that the Islamists have taken over, it remains to be seen how they will choose to govern and whether infighting among them may send the city back into the chaos it has long known.

"We have to appeal to the moderates in this Islamist movement," said Mario Raffaelli, the Italian special envoy for Somalia. "We have to make clear that we are supporting the government."

The outcome in Mogadishu has occurred as a transitional government created after two years of peace talks struggles to establish a toehold in the country. Based in Baidoa, 155 miles from Mogadishu, because it lacked the strength to take on the warring gunmen based in the capital, the government finds itself negotiating with a new center of power.

In a late-night cabinet meeting on Sunday, as the victory by the Islamic courts became clear, the government decided to open talks with the new rulers of Mogadishu. It also fired the four Mogadishu warlords who held cabinet positions in the transitional government but had flouted calls by their colleagues to stop the fighting.

The four men are Mohamed Qanyare Afrah, who was national security minister; Muse Sudi Yalahow, commerce minister; Botan Isse Alin, demobilization minister; and Omar Mohamed Mohamud, religious affairs minister.

The Islamist militias had been slowly gaining control over the capital for weeks. On Sunday they took over the strategic town of Balad, 20 miles north of Mogadishu, in fighting that killed 18 people. That cut off the warlords' northern supply route. Then on Monday the Islamic fighters took Davniile, the stronghold of Mr. Qanyare, a major warlord who left the area two days ago after elders in his clan criticized the heavy civilian casualties that fighting by his men had caused.

Somalia has been without a central government since the country slipped into civil war more than a decade ago. An American-led relief effort in 1993, which metamorphosed into a hunt for one of the warlords whose fighting with one another interfered with food distribution, ended tragically after 18 American soldiers were killed in a battle made famous by the film "Black Hawk Down."

The United States has largely kept the country at diplomatic arm's length ever since, viewing with skepticism the 14 failed rounds of peace negotiations over the years. The latest one produced an interim government carefully balanced by clan representation, which has been urging Washington to back it more vigorously.

U.S. Has Somalia Terrorism Concerns As Islamists Take Mogadishu (BLOOM)

By Paul Tighe

Bloomberg, June 6, 2006

June 6 (Bloomberg) -- The U.S. government said it is concerned that Somalia will become a haven for terrorists after an Islamist militia said its forces seized control of the capital, Mogadishu, after weeks of fighting.

``We don't want to see Somalia turned into a safe haven for foreign terrorists," State Department spokesman Sean McCormack said in Washington yesterday, according to a transcript. ``We do have very real concerns about that."

The Joint Islamic Courts said militiamen from an alliance of warlords were driven from the capital, Agence France-Presse reported yesterday, citing a statement broadcast by local radio stations from Sheikh Sharif Sheikh Ahmed, the group's chairman. The militia declared Islamic or Sharia law in areas of Mogadishu it controls.

Somalia, an East African country slightly smaller than the U.S. state of Texas and with a population of almost 9 million, has been divided by factional fighting since the regime of President Siad Barre was ousted in 1991. The U.S. hasn't confirmed reports that it supports the warlords' Alliance for the Restoration of Peace and Counter-Terrorism, which has accused the Islamists of sheltering al-Qaeda members.

The U.S. wants to see Somalia build government institutions and end the factional fighting, McCormack said. Such institutions need to be responsive to the Somali people and become ``democratic institutions that respect the rights of all individuals there," he said.

Warlord Control

Ahmed, in his statement, said 15 years of warlord control of Mogadishu is over, AFP reported. More than 300 people were killed in fighting in the past month in the city that had an estimated population of 1.2 million people in 2000.

``The JIC will take care of the safety of the people and freedom of individuals and will eradicate any sort of hostilities brought about by inter-clan fighting," Ahmed said.

Many of the warlords left the city after Islamist fighters took control of a main supply route north of the capital at the weekend, AFP reported.

The fighting in Mogadishu is fueled by arms, military material and financial support that ``flow like a river" to militia groups, the United Nations monitoring group said in a report to the Security Council last month.

Forces of Somalia's Transitional Federal Government, the Mogadishu-based opposition alliance, the Islamist militia, the business elite and feuding clans are among the groups fighting in the city, the monitors said.

Somalia's transitional government is working with the UN and the African Union to try to establish a plan for national security, Francois Lonseny Fall, the UN special representative for Somalia, said last month. For the first time in 15 years, Somalia's parliament has been meeting in Baidoa, about 240 kilometers (149 miles) to the west of Mogadishu.

UN Appeal

UN Secretary General Kofi Annan yesterday appealed to all groups to stop fighting and begin talks, the UN said on its Web site. Thousands of people have been displaced from their homes in Mogadishu, the UN said.

An estimated 1.4 million people in Somalia are in ``urgent" need of aid, including about 400,000 displaced people in 34 sites across the nation, the UN said June 2. The world body is seeking $326 million from international donors this year to support aid projects in the country in the Horn of Africa.

Islamic Militia Seizes Somalia's Capital (AP)

By Mohamed Olad Hassan

AP, June 5, 2006

An Islamic militia with alleged links to al-Qaida seized Somalia's capital Monday after weeks of fighting with U.S.-backed secular warlords, raising fears that the nation could fall under the sway of Osama bin Laden's terrorist organization.

The advance unified the city for the first time in more than a decade and after 15 years of anarchy in this Horn of Africa nation. But it also posed a direct challenge to a fledging U.N.-backed Somali government.

"We won the fight against the enemy of Islam. Mogadishu is under control of its people," Sheik Sharif Sheik Ahmed, chairman of the Islamic Courts Union, said in a radio broadcast. The militia, which has formed an alliance that transcends clan, controls a 65-mile radius around the capital after fighting off a secular alliance of warlords.

The Islamic militia is gaining ground just as the U.N.-backed interim government struggles to assert control outside its base in Baidoa, 155 miles from Mogadishu. The prices of weapons soared there Monday as fears grew that the militia could head to Baidoa next.

The militia is the first group to consolidate control over all of Mogadishu's neighborhoods since the last government collapsed in 1991 and warlords took over, dividing this impoverished country of 8 million people into a patchwork of rival fiefdoms.

Omar Jamal, director of the Somali Justice Advocacy Center in St. Paul, Minn., said the Islamic militia's victory in Mogadishu was a turning point in the country's history.

"It is exactly the same thing that happened with the rise to power of the Taliban" in Afghanistan, he said, adding that the extremists are "using the people's weariness of violence, rape and civil war" to gain support for a government based on Islamic law.

The battle between the militia and the secular alliance has been intensifying in recent months, with more than 300 people killed and 1,700 wounded — many of them civilians caught in the crossfire of grenades, machine guns and mortars.

Alliance leaders could not be reached for comment Monday and had likely fled Mogadishu. One of them, warlord Mohamed Dheere, was believed to be in neighboring Ethiopia seeking reinforcements.

The United States is backing the secular alliance in an attempt to root out any al-Qaida members operating in the Horn of Africa. U.S. officials, speaking on condition of anonymity because of the sensitivity of the issue, have confirmed cooperating with the warlords. Abdullahi Yusuf Ahmed, president of Somalia's transitional national government, has said Washington is funding the alliance.

The Bush administration has not confirmed or denied backing the alliance, saying only that they support those who fight terror.

On Monday, State Department spokesman Sean McCormack said he could not offer any details about Monday's advance by the militia.

"We do have real concerns about the presence of foreign terrorists in Somalia, and that informs an important aspect of our policy with regard to Somalia," he said.

The United States has not carried out any direct action in Somalia since the deaths of 18 servicemen in a 1993 battle depicted in the film "Black Hawk Down."

The U.S. officials said recently that Islamic leaders in Mogadishu are sheltering three al-Qaida leaders indicted in the deadly 1998 U.S. Embassy bombings in Kenya and Tanzania. The same al-Qaida cell is believed responsible for the 2002 suicide bombing of an Israeli-owned hotel in Kenya that killed 15 people and a simultaneous attempt to shoot down an Israeli airliner over Kenya.

The Islamic militants and their secular rivals began competing for influence in earnest after a U.N.-backed interim government slowly began to gain international recognition. The government, weak and wracked by infighting, has not even been able to enter the capital because of the violence.

Interim Prime Minister Ali Mohamed Gedi recently fired four ministers who were part of the secular alliance, leaving the alliance without any support in the government.

Mogadishu residents expressed relief at Monday's relative peace, but had mixed responses to the Islamic militia's advance.

"The victory of Islamic courts is a major step toward a lasting peaceful settlement in Mogadishu," said Somali economist Abdinasir Ahmed. "We are tired of the deception and rhetoric of the warlords."

Abdulqaadir Bashir, a computer engineer, disagreed. "The Islamic clerics want to be like Taliban regime in Afghanistan," he said. "People have no hope at all."

Jamal said it will take time for the militants to consolidate their power in Mogadishu, and that the struggle to control the country will not end there. He called on the international community to do everything possible to support the U.N.-backed government to keep the Islamic radicals from expanding their power base any farther.

"This war will not stop in Mogadishu," Jamal said.

Islamic Militias Claim Seizure Of Mogadishu (FT)

By Andrew England And Guy Dinmore

Financial Times, June 6, 2006

Islamic militias claimed on Monday to have seized control of the Somali capital, Mogadishu, after months of fighting against an alliance of warlords alleged to have been backed by the US as proxies in the war on terror.

Several hundred people are reported to have been killed in recent months in the worst violence in Mogadishu for a decade.

The capture of Somalia's war-ravaged capital, if enduring, would mark another US policy failure in the Horn of Africa nation, which has been without an effective government for 15 years and is cited by the Bush administration as a potential haven for terrorists.

The Union of Islamic Courts proclaimed their victory on local radio stations. Their chairman, Sheik Sharif Sheik Ahmed, urged residents to accept the new leadership and said they were ready for dialogue with any group. Local journalists said the city was in Islamic hands after 15 years under warlord control, and that some had fled.

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Visiting the White House, the head of the African Union, President Denis Sassou-Nguesso of the Republic of Congo, discussed the crisis with President George W. Bush and Condoleezza Rice, secretary of state.

Mr Sassou-Nguesso indirectly expressed concerns over US policy, telling reporters that more should be done to support the transitional government that emerged from a peace process in Kenya in 2004 but has not been able to establish its authority. "All these different groups and warlords are not the answer," he said.

Sean McCormack, the US State Department spokesman, said he could not confirm that Mogadishu had fallen to the Islamic militias. "We do have real concerns about the presence of foreign terrorists in Somalia and that informs an important aspect of our policy with regard to Somalia," he said.

The US, which does not deny allegations that it has funded the alliance of warlords, alleges that a small number of suspected al-Qaeda members, including some suspected of having taken part in attacks in Kenya in 1998 and 2002, have used Somalia as a hideout and transit centre.

Most Somalis follow a moderate form of Islam, and Islamic courts, which the militias are loyal to, have operated for years, providing services the state would normally provide.

However, analysts say a number of courts have become dominated by extremists. The US suspects that some have sheltered foreign terror suspects. Allegations that the US backed the unpopular warlords increased local support for the Islamic militias.

The transitional government sits in Baidoa, a central town, plagued by divisions and with little power.

Islamist Militias Declare Victory In Somali Capital (USAT)

By Rob Crilly

USA Today, June 6, 2006

NAIROBI, Kenya — Islamist militias that the United States suspects have links to terrorists claimed victory Monday in Mogadishu after months of fighting with Somalia's secular warlords.

More than 350 people have been killed in clashes this year between militias that want to establish an Islamic state based on sharia law and a coalition of warlords who receive U.S. financial support, according to a human rights group and a member of the transitional government.

In a statement read over local radio stations, the chairman of the city's Joint Islamic Courts, Sheik Sharif Sheik Ahmed, declared victory and urged residents to accept the new leadership. "The Joint Islamic Courts are not interested in a continuation of hostilities and will fully implement peace and security," he said.

Mogadishu has been the scene of intense fighting this year — its worst since a United Nations peacekeeping mission that included U.S. forces withdrew in 1995. Two years earlier, 18 U.S. soldiers died trying to detain a warlord. The incident was recounted in the book and movie Black Hawk Down. The country has been without a functioning government since 1991.

Fighting intensified in February with the formation of the secular Alliance for the Restoration of Peace and Counter-Terrorism. Suleiman Baldo, Africa program director of the International Crisis Group, says his organization has evidence from warlords that they received cash from U.S. agents. Ahmed Mohamen Suleiman, a member of Somalia's transitional government in Baidoa, says he believes U.S. support for the warlords "is tipping the balance to the (Islamist) militias."

After meeting at the White House on Monday with President Bush, African Union chief and Congo Republic President Denis Sassou-Nguesso asked the United States to help end the crisis in Somalia but urged Washington not to give aid to warlords.

The State Department has declined to comment on whether warlords have received U.S. support. Spokesman Sean McCormack said only that the United States was working with individuals and the transitional government to oppose terrorists. A recent department report said al-Qaeda members responsible for the bombings of U.S. embassies in Kenya and Tanzania in 1998 "continue to operate in Somalia."

In a letter published last week in Kenya's Daily Nation newspaper, U.S. Ambassador to Kenya William Bellamy said, "The U.S. has encouraged a variety of groups in Somalia … to oppose the al-Qaeda presence in Somalia and reject the Somali militants who shelter and protect these terrorists."

In a telephone interview shortly before he fled Mogadishu, warlord Mohamed Qanyare Afrah denied receiving U.S. funding. He said his fighters were the only way to stop Islamic fundamentalists from spreading their influence.

Omar Jamal, director of the Somali Justice Advocacy Center in St. Paul, called the Islamist militias' victory a turning point. "It is exactly the same thing that happened with the rise to power of the Taliban," he said. The extremists are "using the people's weariness of violence, rape and civil war" to gain support for a government based on Islamic law.

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Mohamed Abdi Hayir, information minister in the transitional government, said Monday that ministers agreed to offer Cabinet seats to the sharia court leaders if they would agree to peace. “We have some extremist elements in this country, but there are also many more moderate Islamists,” he said. “We hope that we can work with the moderates.”

Militia Seizes Somali Capital (WP)

By Mohamed Olad Hassan

The Washington Post, June 6, 2006

MOGADISHU, Somalia, June 5 -- An Islamic militia with alleged links to al-Qaeda seized the Somali capital Monday after weeks of fighting with secular warlords covertly backed by the United States. The victory raised concerns that Osama bin Laden's terrorist organization could gain new influence in the impoverished Horn of Africa country.

The militia's advance unified battle-scarred Mogadishu for the first time in 15 years of anarchy that followed the collapse of national government.

"We won the fight against the enemy of Islam. Mogadishu is under control of its people," Sharif Ahmed, chairman of the Islamic Courts Union, said in a radio broadcast. The militia, whose membership transcends the clan lines that traditionally dominate Somali politics, appears to control a 65-mile radius around the capital.

The group has gained ground as a U.N.-backed interim government struggles to assert control outside its base in Baidoa, 155 miles from Mogadishu. The price of weapons soared there as fears grew that the militia could try to capture Baidoa next.

This country of about 8 million people has been divided into a patchwork of rival fiefdoms since 1991, when clan-based warlords drove President Mohamed Siad Barre from power and promptly began fighting one another. U.S. troops landed in 1992 to help ensure delivery of food aid. They withdrew after 18 troops were killed in a Mogadishu gun battle depicted in the book and film "Black Hawk Down."

Omar Jamal, director of the Somali Justice Advocacy Center in St. Paul, Minn., called the Islamic militia's victory in Mogadishu a turning point in the country's history. "It is exactly the same thing that happened with the rise to power of the Taliban" in Afghanistan in the 1990s, he said, adding that the extremists are "using the people's weariness of violence, rape and civil war" to gain support for a government based on Islamic law.

When in power in Afghanistan, the Taliban allowed al-Qaeda to operate training camps.

[Bush administration officials say they believe that several al-Qaeda associates, including Fazul Abdullah Mohammed, who has been tagged as an organizer of the 1998 bombing of the U.S. Embassy in Nairobi and a 2002 suicide bombing at an Israeli-owned hotel in Mombasa, Kenya, have found refuge in Somalia, Washington Post staff writer Karen DeYoung reported from Washington.

[But officials are uncertain of the relationship between what they describe as an East African terrorist cell directed by Mohammed and the Islamic fighters now in control of Mogadishu. "It's worrisome and a matter of concern, no doubt about it," one counterterrorism official said of events in the Somali capital, speaking on condition of anonymity. "But it's too early to tell" their importance.

["In terms of the terrorist angle, there has been concern about Somalia all along, well before today's developments," a senior administration official said. Recalling Osama bin Laden's establishment of al-Qaeda headquarters in Afghanistan after the Taliban takeover there, the militia taking power in Somalia "certainly doesn't make anyone feel any better about that situation," the official said.]

The battle between the militia and the secular alliance has been intensifying in recent months. More than 300 people have been killed in fighting, many of them civilians caught in the crossfire of grenades, machine guns and mortars. About 1,700 people have been wounded.

Islamic Militia Storms Capital (WT/AP)

By Mohamed Olad Hassan

The Washington Times, June 6, 2006

MOGADISHU, Somalia -- An Islamic militia said to have links to al Qaeda seized Somalia's capital yesterday after weeks of fighting with U.S.-backed secular warlords, raising fears that the nation could fall under the sway of Osama bin Laden's terrorist organization.

The advance unified the city for the first time in more than a decade and after 15 years of anarchy in this Horn of Africa nation. But it also posed a direct challenge to a fledging U.N.-backed Somali government.

"We won the fight against the enemy of Islam. Mogadishu is under control of its people," Sheik Sharif Sheik Ahmed, chairman of the Islamic Courts Union, said in a radio broadcast. The militia controls a 65-mile radius around the capital after fighting off a secular alliance of warlords.

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The Islamic militia is gaining ground just as the U.N.-backed interim government struggles to assert control outside its base in Baidoa, 155 miles from Mogadishu. The prices of weapons soared there yesterday as fears grew that the militia could head to Baidoa next.

The militia is the first group to consolidate control over all of Mogadishu's neighborhoods since the last government collapsed in 1991 and warlords took over, dividing this impoverished country of 8 million people into a patchwork of rival fiefdoms.

Omar Jamal, director of the Somali Justice Advocacy Center in St. Paul, Minn., said the Islamic militia's victory in Mogadishu was a turning point in the country's history.

"It is exactly the same thing that happened with the rise to power of the Taliban" in Afghanistan, he said, adding that the extremists are "using the people's weariness of violence, rape and civil war" to gain support for a government based on Islamic law.

The battle between the militia and the secular alliance has been intensifying in recent months, with more than 300 people killed and 1,700 wounded -- many of them civilians caught in the crossfire of grenades, machine guns and mortars.

Alliance leaders could not be reached for comment yesterday and had likely fled Mogadishu.

The United States is backing the secular alliance in an attempt to root out any al Qaeda members operating in the Horn of Africa. U.S. officials, speaking on the condition of anonymity because of the sensitivity of the issue, have confirmed cooperating with the warlords. Abdullahi Yusuf Ahmed, president of Somalia's transitional national government, has said Washington is funding the alliance.

The Bush administration has not confirmed or denied backing the alliance, saying only that they support those who fight terror.

The United States has not carried out any direct action in Somalia since the deaths of 18 servicemen in a 1993 battle depicted in the film "Black Hawk Down."

The U.S. officials said recently that Islamic leaders in Mogadishu are sheltering three al Qaeda leaders indicted in the deadly 1998 U.S. Embassy bombings in Kenya and Tanzania. The same al Qaeda cell is thought responsible for the 2002 suicide bombing of an Israeli-owned hotel in Kenya that killed 15 persons and a simultaneous attempt to shoot down an Israeli airliner over Kenya.

Congo President Assails US Backing For Somali Warlords (AFP)

AFP, June 6, 2006

Congo's president and current African Union head Denis Sassou Nguesso hit out at US support for Somali warlords and expressed hope Washington would work to establish a government in Mogadishu.

"We think, and what we told president (George W.) Bush, that most important is to establish a government that must help the Somali people to have a real government," Sassou Nguesso told journalists after meeting Bush and US Secretary of State Condoleezza Rice.

"We think that if this effort is needed, we have to move in this direction, in order that the Somali government can truly be established in Mogadishu," he said, referring to the exiled government in Kenya.

"The presence of various groups, the warlords, is not a permanent solution."

Washington has given financial support to Somalian warlords in their fight against militias controlled by Islamist judges, who are strongly suspected by Western intelligence services of protecting suspected terrorists linked to Al-Qaeda's network.

On Monday the Joint Islamic Courts claimed victory in the four-month battle to seize control of Mogadishu from warlords who ruled the city for 15 years.

U.S. Is Offering Deals On Trade To Entice Iran (NYT)

By Helene Cooper

The New York Times, June 6, 2006

WASHINGTON, June 5 — The European Union's foreign policy director, Javier Solana, arrived in Tehran on Monday night with incentives intended to resolve the nuclear crisis with Iran, including a proposal to allow Iran to upgrade its aging civilian air fleet through the purchase of aircraft parts from an American company, Boeing.

The package, to be presented Tuesday to Foreign Minister Manouchehr Mottaki and to Iran's chief nuclear negotiator, Ali Larijani, is to include waiving trade sanctions against Iran to allow the purchase of American agricultural technology, said European diplomats and a senior Bush administration official.

The five permanent members of the Security Council — Britain, China, France, Russia and the United States — plus Germany, agreed on the package last week in Vienna, but declined to make the proposal public.

Officials first wanted to present the package to Iranian authorities. But with Mr. Solana's arrival in Tehran, several European and American diplomats described parts of the proposal, speaking anonymously because they were not authorized to comment publicly.

The offer includes a commitment from the six nations to support Iran's plan for a nuclear energy program for civilian use, including building light-water reactors through joint projects with other countries, the diplomats said.

The United States and Europe also agreed to back Iran's membership in the World Trade Organization.

The package is aimed at encouraging Iran to return to a freeze of its nuclear activities, including turning off the fast-spinning centrifuges that enrich uranium.

The most compelling item, though, may be the American offer to end its nearly three-decade policy against direct talks with Iran and to join in the negotiations over Iran's nuclear program.

That proposal is the centerpiece of the administration's recent shift in strategy toward Iran, which President Bush views as the No. 1 state sponsor of terrorism.

The decision to include the sale of Boeing aircraft parts, along with aircraft and parts from Airbus, is a huge step, particularly for the United States.

Since the 1979 revolution, Iran has been subject to American sanctions that hinder the purchase of spare parts for nearly all the planes in its air force, the civilian carrier Iran Air and domestic airlines. The sanctions cover not only American-made airplanes and parts, but also European planes like Airbus, when they use parts made in the United States.

Because Iran can shop only for used Airbus or Boeing planes, its civilian fleet is notorious for the age of planes and parts. Iranian officials regularly blame the sanctions for plane crashes.

The offers that Mr. Solana is to make are contingent on an agreement by Iran to suspend its enrichment-related and reprocessing activities, which the United States contends are a cover for developing nuclear arms.

If Iran does not agree to suspend those activities, the package includes possible "disincentives," as Secretary of State Condoleezza Rice has described them in the past.

They include a travel ban against Iran's ruling religious leaders and government officials involved in the nuclear program, and a freeze of Iranian financial assets abroad.

The package does not include any specific threat of military action should Iran refuse to suspend its uranium activities. If Iran rejects the offer, differences are likely to re-emerge among the six nations as they consider more specific punishments.

It was unclear whether the package includes a guarantee that the United States will not attack Iran if it agrees to suspend uranium enrichment.

An earlier version of the proposal contained three sentences to that effect, but they were a matter of intense debate in Vienna, and the diplomats would not say whether the wording remained in the final package. The United States has resisted giving those guarantees, while France and Russia have pushed for them.

A resolution is currently before the Security Council under Chapter VII of the United Nations Charter, which invokes the Council's power to demand compliance of member countries and threaten punishment if they refuse.

But the emphasis of the package brought to Tehran by Mr. Solana is less on how to punish Iran than on how to reward it for agreeing to freeze its enrichment-related activities.

Before traveling to Tehran, Mr. Solana stopped in Israel, where he discussed the package with Prime Minister Ehud Olmert. Western diplomats say Israel backs the package.

"The proposal we bring along, the one that we carry, we think that will allow us to get engaged in that negotiation, based on trust and respect and confidence," Mr. Solana said at the airport in Tehran.

Shortly after his arrival, Mr. Mottaki, the foreign minister, told reporters, "If their aim is not politicizing the issue, and if they consider our demand, we can reach a logical agreement with them."

Iran has said it considers its nuclear program, which it insists is for peaceful purposes, a national right.

Hopeful US Urges Patience On Iran (AFP)

AFP, June 6, 2006

The White House pleaded for patience with overtures to Iran, saying "there is hope" that Tehran will accept an internationally brokered compromise on its nuclear programs.

"I would counsel patience," spokesman Tony Snow told reporters. "At this point, as we've said all along, let's give it time. Let's let the Iranians take a look at what the offers are, at the incentives and disincentives."

The United States charges that Iran is using its nuclear program to hide a quest for atomic weapons. Tehran denies the accusation.

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Snow said that the package crafted by the United States, Russia, China, Britain, France and Germany has yet to be formally presented to Tehran, and he again discounted early Iranian rejections of a call to freeze sensitive nuclear activities.

With European Union foreign policy chief Javier Solana due to present the offer in Tehran, Snow said "there's neither optimism nor pessimism; there is hope" that Iranian leaders will accept.

"The condition for getting to the negotiating table is to suspend enrichment-related and reprocessing activities. That's the first step. Should that happen, then the whole series of other things can take place," he said.

"What's going to happen is that the Iranians are going to have to determine for themselves how seriously they want to take the proposition from the EU-3 (Britain, France and Germany) and the United States," he said.

"And I think that sometimes goes through several iterations before we get a final answer. So we're not quite ready to give the final answer," said Snow.

A Legal Case Against Iran (WP)

By David B. Rivkin Jr. And Lee A. Casey

The Washington Post, June 6, 2006

Speaking last October at a Tehran conference on "The World Without Zionism," Iran's president, Mahmoud Ahmadinejad, referred to Israel as a "disgraceful blot" and called for it to be "wiped off the map." This was not an isolated or idle threat. In the same speech, he defended Iran's determination to press ahead with its nuclear program -- which would give it the practical ability to achieve this result.

Although Ahmadinejad's bellicose statements were condemned by the United States and a number of its European allies, the condemnation was not followed up by a concerted diplomatic and legal effort in the U.N. Security Council. It ought to be, especially given the uncertain prospects of the council's current consideration of Iran's nuclear activities, further complicated by the just-announced offer of direct negotiations between Tehran and Washington.

There is a good legal basis for such action. Ahmadinejad's words clearly violate Article 2.4 of the U.N. Charter. This provision, to which Iran has agreed, requires all U.N. member states to "refrain in their international relations from the threat or use of force against the territorial integrity or political independence of any state." Ahmadinejad's specific formulation -- wiping Israel off the map and prophesying a coming nuclear conflagration in which much of humanity would expire -- also clearly entails a threat of committing genocide, which member nations are obliged, under the Genocide Convention, to prevent.

Both the nature and context of Ahmadinejad's manifesto set it apart from such harsh but legally permissible rhetoric as President Bush's talk of an "axis of evil" or President Ronald Reagan's reference to the Soviet Union as an "evil empire." Such statements do not threaten the existence of a sovereign member of the international community. Likewise, expressing a view that a particular undemocratic regime or an otherwise odious government would not survive the rising anger of its people, or will fall prey to certain forces of history, does not amount to a legally proscribed challenge.

But Ahmadinejad's rant features a direct and unequivocal threat, and it gives Israel a valid casus belli -- under both Article 51 (self-defense) of the U.N. Charter and customary international law -- to use preemptive force as a means of ensuring that Iran cannot make good on its stated intentions.

Indeed, the International Court of Justice, in a 1996 opinion analyzing the legality of the threat or use of nuclear weapons, found that use-of-force threats that violated Article 2.4 and were not otherwise justified under Article 51 also posed a threat to international peace and security, thereby further infringing the U.N. Charter. Since Israel has not committed aggression against Iran, Ahmadinejad's statements cannot be justified as self-defense. They have, in fact, created a legally cognizable threat that can, and should, be addressed by the Security Council under its Chapter VII powers, which are concerned with threats to peace.

So far U.S.-led efforts to have the Security Council directly condemn and impose sanctions on Iran under Chapter VII for its nuclear ambitions have not succeeded. That's why seeking the council's intervention on Iran's illegal threats to use force makes excellent diplomatic sense. Such an approach would provide multiple and reinforcing benefits.

First, it would broaden the international dialogue beyond Tehran's breach of nonproliferation obligations, focusing on the real underlying problem: the bellicose nature of the Iranian regime and the use it might make of nuclear weapons. And since Tehran's violations of the U.N. Charter are, by their nature, issues that can be handled only by the Security Council, bringing them to the council would counter Iran's efforts to displace the U.N. framework in favor of direct negotiations with the European Union and the United States. Indeed, a serious debate on Ahmadinejad's illegal threat would give the United States a unique opportunity to focus the Security Council on the shrill anti-Israeli rhetoric emanating not just from Iran but also from numerous other Islamic countries. This rhetoric fosters regional tensions and nurtures the dangerous "jihadist" sentiments.

Second, demands that Iran withdraw its threat and acknowledge its obligation to peacefully resolve any dispute it may have with Israel would be firmly grounded in international law -- so much so that Security Council members Russia and China would be hard-pressed to oppose the effort. Both of those countries have routinely cloaked their objections to E.U.-U.S. policy toward

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Iran in the language of international law, arguing, for example, that Iran has a legal right to pursue civilian nuclear activities. No country, of course, is entitled to violate the U.N. Charter.

Not to put too fine a point on it, but this is how the U.N. system was, and is, supposed to work. When a clear threat to peace arises, it is incumbent upon the Security Council to act in defense of the threatened party to head off the unilateral use of force and to advance "collective security." This imperative is particularly compelling when the very legitimacy of the threatened party and its right to independent national existence have been challenged. Such a challenge goes beyond the violation of Article 2.4 and raises the specter of the most heinous international crimes, including genocide.

If Iran genuinely desires the peaceful atom as an energy source, then it should have no problem retracting its threats against Israel and reaffirming its commitment to resolve any differences it may have with Jerusalem through peaceful means. If it refuses, it will provide compelling evidence that Iran's current government cannot be expected to act as a responsible member of the international community. Then the world can take stock of its true intentions and act accordingly.

The writers are Washington lawyers who served in the Justice Department during the administrations of Ronald Reagan and George H.W. Bush.

Rumsfeld, Visiting Vietnam, Seals Accord To Deepen Military Cooperation (NYT)

By Michael R. Gordon

The New York Times, June 6, 2006

HANOI, Vietnam, June 5 — The United States and Vietnam agreed Monday to increase their military contacts and to discuss additional ways to broaden their defense cooperation, American officials said.

The understanding was sealed in talks between senior Vietnamese officials and Donald H. Rumsfeld, who was making his first visit to Vietnam as defense secretary.

The two nations, he declared Monday evening with evident satisfaction, had decided to step up "exchanges at all levels of the military."

Vietnam was an important stop on an Asian swing that has already taken Mr. Rumsfeld to a meeting of defense experts in Singapore. During the Singapore sessions, Mr. Rumsfeld denounced Iran as a "terrorist" nation, complained that Russia was bullying its neighbors and criticized China for being secretive about its level of military spending.

In contrast, here in Vietnam's capital he heaped praise on his hosts. He lauded Vietnam's economic development, which he inspected Sunday night with a walk through the city's streets.

"I was and remain struck by the economic success that you can see and the activity and the change in this city," said Mr. Rumsfeld, who noted that he had previously visited the country as a congressman and as a private citizen.

During a visit to the Temple of Literature, which was established in 1070 as Vietnam's first university, Mr. Rumsfeld enthusiastically struck a ritual gong. When the university was founded, Mr. Rumsfeld told Vietnam's defense minister, Pham Van Tra, American Indians were still living in "mud huts."

"That's impressive," Mr. Rumsfeld added.

The Vietnamese greeted their guest with a resplendent military honor guard, which played "The Star-Spangled Banner" before the talks began at the Defense Ministry.

The Vietnam War still casts a long shadow. There are 1,805 American troops unaccounted for from the war, including 1,376 in Vietnam, according to United States military officials. A small team is based in Vietnam to carry out the accounting and excavating in the search for the lost Americans, efforts that have been complicated by Vietnam's building boom and the dwindling ranks of witnesses from the war era. Vietnam has generally been cooperative, and Mr. Rumsfeld encouraged the government to provide additional support.

But it is China, a subject that Mr. Rumsfeld said went unmentioned Monday during his talks with Mr. Tra and Prime Minister Phan Van Khai, that has added impetus for the new courtship.

The Pentagon has been increasingly concerned over China's growing military strength. Vietnam has its own reasons for trying to establish more balance with its neighbor to the north.

Still, the Vietnamese have moved deliberately. "They have China next door to them and they're careful to keep good relations with China and they want a balance in relations with us and relations with China," said a senior Pentagon official, who asked not to be identified because he was not authorized to comment publicly on the talks.

One step in the still evolving relationship is to be taken later this month when two Vietnamese officers are scheduled to begin English language classes at a military language school in San Antonio. The instruction, which was previously agreed upon, is being financed by the Pentagon's program for International Military Education and Training.

A likely next step is the expansion of that effort to include medical training for Vietnamese officers, a Pentagon official suggested.

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American officials also said Monday that there had been discussion of expanded cooperation in clearing mines left over from the war. One American official said Vietnamese officials expressed interest in acquiring American mine-clearing equipment and military spare parts. A request for military equipment is likely to stir debate in Congress, where Vietnam's record on human rights has undergone close scrutiny.

During his discussions with Mr. Tra, Mr. Rumsfeld suggested that Vietnam might play a role in international peacekeeping. But Mr. Tra noted that the Vietnamese military could not take part in any operation that was not specifically approved by the United Nations, according to an American official who said he did not want to be identified because he was explaining what had occurred in private talks.

Access to Vietnamese ports and bases for American military forces was not on the agenda, Mr. Rumsfeld indicated before his visit.

Mr. Rumsfeld was not the first American defense secretary to visit Vietnam since the end of the Vietnam War — William S. Cohen, President Bill Clinton's defense secretary, made the trip, as did Mr. Clinton.

Mr. Khai visited the United States last June, the first such visit since the end of the Vietnam War. Vietnam, which signed an important trade agreement with the United States in 2000, has been pushing for membership in the World Trade Organization. President Bush is expected to visit Vietnam when it will be the host of an Asian economic summit meeting in November.

Still, the visit of the hard-line Mr. Rumsfeld was noteworthy, as was his enthusiasm. He noted that during the prime minister's meeting last year with President Bush, the two leaders talked about their desire to raise the relationship between the countries to a new level.

"And certainly that has happened," Mr. Rumsfeld said.

Rumsfeld Presses Vietnam On Finding MIAs (AP)

By Lolita C. Baldor

AP, June 5, 2006

The U.S. is pressing Vietnam for underwater searches and access to aging witnesses in stepped-up efforts to recover remains of Americans missing from the Vietnam War, Defense Secretary Donald H. Rumsfeld said Monday.

"We still have work to do," Rumsfeld said, though he added that he was pleased Vietnamese military officials had pledged in meetings with him to do more to help recover the remains. "As we all agree, we don't want to forget the importance of this."

Rumsfeld told reporters U.S. officials will work to see if the U.S. can provide technical assistance with underwater recovery efforts.

There are 1,805 American troops unaccounted for from the war, including 1,376 in Vietnam, according to Marine Maj. Jay Rutter, deputy commander of the Joint POW/MIA Accounting Command, which heads the recovery efforts here.

Of those still missing, 453 were lost at sea or over water, according to the Pentagon data.

For Angela Cooke, whose father was missing in Vietnam for 34 years, the MIA recovery work is personal. Just six weeks ago, U.S. military officials in Hanoi notified family members that the remains of Staff Sgt. Calvin Cooke — whose C-130 Hercules cargo plane was shot down over An Loc City in what was then South Vietnam — had been identified.

Later this month, Cooke will finally bury her father at Arlington Cemetery, with full military honors.

"This means a whole lot to all of us — finally being able to say goodbye," Angela Cooke said in a recent phone call from her home in Everett, Wash. And she said the Pentagon's efforts to recover the soldiers' remains in Vietnam must continue. "It's important that they still do this."

Cooke will travel with the remains from the POW/MIA office in Hawaii to Arlington Cemetery, where they will bury her father by her mother's grave.

"It feels so good to finally have closure," Cooke said.

With increased Vietnamese help, more families may get that closure.

According to Rutter, the Vietnamese have agreed to allow U.S. teams to conduct longer searches — for 45 days rather than the previous 33.

U.S. officials are hoping to get access to restricted sites, as well as more archives. He said the U.S. is also hoping to gain broader access to the western highlands, where a large number of losses took place.

"It's getting harder," he said, in part because villagers who were witnesses to many of the crashes during the war are getting older. "The age of the witnesses is a huge issue."

The U.S. also wants greater access to information about MIAs lost in Laos and Cambodia.

Critics of the current Iraq war and Rumsfeld's leadership have likened it to the Vietnam War, noting that in both, public support eroded as time went on with little to show for the loss of American lives.

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Despite their bitter history, relations between the U.S. and Vietnam have steadily improved. The U.S. has become Vietnam's top trading partner since the two established diplomatic ties a decade ago, with two-way trade worth $6.4 billion last year.

"I think that it is, it ought not to be surprising, it seems to me, that the United States is developing a very good relationship with Vietnam, just as it ought not to have been surprising that we did so with countries that were engaged on the other side in previous conflicts, whether World War II or Korea," Rumsfeld said.

Rumsfeld, making his first trip to Vietnam as defense secretary, told Vietnamese defense minister Gen. Pham Van Tra that he took a walk around Hanoi and could "feel the energy, the vibrancy of the city."

In another sign of changing times, Rumsfeld stayed only a few blocks away from what was called the Hanoi Hilton, where U.S. prisoners of war, including Sen. John McCain (news, bio, voting record), R-Ariz., were held.

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On the Net:

Defense Department POW/MIA Office: http://www.dtic.mil/dpmo/

Joint POW/MIA Accounting Command: http://www.jpac.pacom.mil/

Defense Department: http://www.defenselink.mil

"A Pacific Nation" (WSJ)

By Donald H. Rumsfeld

The Wall Street Journal, June 6, 2006

The historic shifts taking place in Asia-Pacific security cooperation were highlighted at the "Shangri La Dialogue" in Singapore last week -- a gathering of senior defense representatives from more than 20 Asia-Pacific nations, including the United States, to discuss security issues of mutual concern. The meeting was an important reminder of just how far many nations of this region have come in building new relationships and arrangements to address the challenges that have emerged since the end of the Cold War.

These security concerns range from violent extremism to piracy, narcotics and infectious diseases, in addition to traditional geopolitical challenges such as the situation on the Korean Peninsula and the Taiwan Strait. In such an environment, cooperation among free nations is not simply desirable, but critical. And that has led to major changes -- both in America's approach to long-standing allies, and in the emergence of new U.S. partnerships in Asia that involve multiple nations working together on shared security concerns.

In the past five years, the U.S. has done more things, in terms of defense and security cooperation in Asia, with more nations, and in more constructive ways, than at any other time in its history. Relationships which, in some cases, stretch as far back as World War II have been updated and modernized to meet the new challenges of the 21st century. For example, we are working with the Philippines -- one of America's oldest allies -- to transform its armed forces. We have cultivated security relationships -- with Mongolia, Vietnam, India, and Indonesia -- that barely existed a few years ago, but are growing in importance today. And we have welcomed the emergence of Japan, South Korea and Australia -- longstanding treaty allies -- as important players in global, as well as regional, security.

There is another historic and welcome shift taking place in the Pacific region. For much of my adult life, security arrangements and stability in the Pacific were rooted in a network of bilateral defense relationships between the U.S. and its allies and partners. This contrasted with the situation in Europe, where the U.S. participates in a relatively large, formal alliance -- the North Atlantic Treaty Organization. Now, we see an expanding network of security cooperation in this region, both bilaterally between nations and multilaterally among nations -- often with the U.S. as a partner.

The U.S. and Thailand, for instance, were able to respond quickly and work together seamlessly after the catastrophic tsunami that killed tens of thousands in December 2004 because the two countries have shared several decades of joint military training and collaboration. These programs include the annual Cobra Gold exercises, which have been expanded in recent years to include Singaporean, Indonesian and Japanese forces. The exercises now have a new focus on peacekeeping and humanitarian disaster response -- a focus validated by recent events such as Indonesia's latest earthquake.

We also see this kind of cooperation at work in the Straits of Malacca, where Singapore, Malaysia, Thailand and Indonesia are coordinating patrols to combat the ancient scourge of piracy on the high seas. Since this effort began two years ago, there has been a decrease in reported criminal incidents in the area.

Multilateral institutions and activities, such as last week's meeting in Singapore -- organized by the International Institute for Strategic Studies, as well as the Association of Southeast Asian Nations' Regional Forum and the Asia-Pacific Economic Cooperation -- are leading the way. These institutions are not military alliances or signatories to treaties such as the North Atlantic Treaty Organization or the World Trade Organization, carrying with them binding commitments. Uniquely, they provide

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arenas for dialogue where diverse nations with shared interests can engage each other in different and flexible ways, and fashion constructive approaches to common problems.

With regard to the small minority of violent extremists in the region, America's friends and partners face a set of challenges and choices: whether to openly combat the messages of hate, intolerance, and incitement -- that can, in some cases, gain traction -- or to try to placate and accommodate those whose vision of the future deems that it is acceptable, even desirable, to kill innocent men, women and children to promote their goals.

In addition to the choices made by other countries, there are choices to be made by America. From time to time, in past decades and even today, some Americans have questioned whether the U.S. should be actively engaged in the world.

But the U.S. is -- and always will be -- a Pacific nation. The American people have expended no shortage of blood and treasure in this region over the past century. And the U.S. must, and we will, stay engaged here to address a range of traditional, as well as unconventional, security concerns. By continuing to work together in constructive ways -- while respectful of different perspectives and different interests -- we can ensure that in this uncertain new century, this hemisphere will be freer, more peaceful and more prosperous for our citizens, as well as for the citizens of Asia.

Mr. Rumsfeld is the U.S. secretary of defense.

Bush, President Of Congo Discuss Darfur (AP)

AP, June 5, 2006

President Bush said Monday that it's important for United Nations forces to take over peacekeeping as soon as possible in the Darfur region of Sudan where nearly 200,000 people have died in a three-year conflict.

Bush met at the White House with Denis Sassou-Nguesso, president of the Republic of Congo and head of the 53-nation African Union, to discuss Darfur, AIDS and other issues.

"We talked about our common commitment to help end the genocide in Darfur," Bush said in the Oval Office. "I appreciate the president's leadership in helping negotiate a peace agreement, and I appreciate his leadership in working with the United Nations so we can get the AU forces blue-helmeted as quickly as possible."

The African Union has a 7,300-member peacekeeping force in Darfur and is mediating the conflict. The AU troops are getting support from NATO and the European Union and are due to hand this responsibility over to a United Nations force in September.

This is the second time that Sassou-Nguesso was at the White House. He met with former President George H.W. Bush in 1990.

The African leader said the two talked about terrorism, Iran's nuclear ambitions, African development issues, the situation in the Gulf of Guinea, the Congo Basin and the New Partnership for African Development, known as NEPAD.

The concept of NEPAD is that in return for African efforts to fight corruption and modernize their economies, the international community agrees to forgive debts and expand trade opportunities and aid for projects developed by Africans for Africans. Critics of NEPAD say the ideas are not new and that passing out cash is not the answer.

"I was happy to see President Bush give his entire support to the development of Africa," Sassou-Nguesso said. "We discussed a lot of issues that we're all interested in: Peace, security, and not just in Africa, but beyond Africa, in the world."

Bush Hears Concerns From Honduran Leader (AP)

By Nedra Pickler

AP, June 5, 2006

President Bush heard concerns about immigration reform from south-of-the-border ally Honduras on Monday and offered assurances that he was committed to a bill that treats foreigners with respect while upholding U.S. laws.

Bush met in the Oval Office with Honduran President Manuel Zelaya, who took office in January with promises to create jobs in the Central American nation that has been mired in poverty and unemployment. Zelaya has backed the Central American Free Trade Agreement that eliminates trade barriers with the United States but has provoked protests throughout the region.

Bush said he and Zelaya discussed ways to expand commercial opportunities between their nations and to make sure democracies in Latin America are strong. He said they also talked about the immigration bill being negotiated on Capitol Hill.

"I assured him that my administration supports a comprehensive immigration bill that treats people with respect, and at the same time upholds our laws," Bush said. "And over lunch, I will give him our strategy to continue to press for a comprehensive bill that will enforce our borders but allow people to come to our country in a legal way to work on a temporary basis."

Zelaya, speaking through a translator to reporters brought in at the end of the meeting, thanked Bush for "the frankness with which he has spoken about the solutions to the common problems we face in the Western Hemisphere."

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Abbas To Call National Referendum On Israel (USAT)

USA Today, June 6, 2006

Palestinian President Mahmoud Abbas said Monday that attempts to get the Hamas-led government to implicitly recognize Israel have failed to produce agreement and that he will call a national referendum on the issue. “President Abbas will set a date for the referendum after the meeting Tuesday of the PLO Executive Committee and parliamentary caucuses,” his office said in a statement.

The move sets Abbas on a collision course with Hamas. Hamas' hard-line stance has landed it in a violent power struggle with Abbas and his Fatah Party, and its refusal to recognize Israel has led Western countries to impose crippling economic sanctions. But passing the referendum could give Abbas an important boost in the standoff. “It would bolster his legitimacy and give him power to go ahead with negotiations with Israel,” said Azam al-Ahmad, a top Fatah official.

Alan Garcia capped a remarkable comeback in Peru's runoff election, beating a fiery nationalist to regain control 16 years after his first presidential term ended in economic ruin and rebel violence. U.S. Deputy Secretary of State Robert Zoellick hailed Garcia's win: “His own policy statements as he ran for office suggested that he learned from some of the mistakes of the '80s.”

Garcia, 57, said voters sent a clear message to Venezuela's leftist president Hugo Chvez: Stay out of Peru. Chvez had endorsed Ollanta Humala, a former army officer. “It's a huge slap in the face for Chvez,” political analyst Hugo Neira said.

Garcia led 53.1% to 46.9% with 93% of the vote counted, Peru's electoral authority said Monday.

Argentina's government expressed concern for the first time in years about discontent in the ranks of the military, which ruled the country in a bloody dictatorship from 1976 to 1983. Alberto Fernandez, the Cabinet chief, said the presence of six officers at an event in May to honor people killed by rebels in the early 1970s “is serious enough to warrant attention.” The killings were used to justify a 1976 coup.

Up to 30,000 people were killed by the dictatorship, according to human rights groups.

The first African country led by a democratically elected woman began recruiting women into its new postwar army. Liberia's army will initially number 2,000 troops, and roughly 400 of them will be women, said Edith Bawn, spokeswoman for the government body responsible for overseeing its creation. “Women bring a special sensitiveness to the military,” she said. “And they're very good at support roles.”

Abbas To Call Referendum On Israel (AP)

By Mohammed Daraghmeh

AP, June 5, 2006

Palestinian President Mahmoud Abbas said Monday he will call a referendum on a plan implicitly recognizing Israel after he failed to persuade Hamas to agree to the idea.

The Islamic militant Hamas, which heads the Palestinian government, strongly opposes a referendum.

"President Abbas will set a date for the referendum after the meeting Tuesday of the PLO Executive Committee and parliamentary caucuses," his office said in a statement.

Abbas had set a midnight deadline for agreement. But a participant in late-night talks with Palestinian factions said the president determined they had failed an hour before that.

The Hamas-led government is facing international isolation over its refusal to renounce violence and recognize Israel. The United States, European Union and Israel have cut off cash transfers to the Palestinian government since Hamas won legislative elections earlier this year.

Its hardline stance has landed it in an increasingly violent power struggle with Abbas and his Fatah party, the other main Palestinian faction. Since Hamas was sworn into office in March, Abbas has taken steps to curb its authorities.

The plan under discussion was formulated by Hamas and Fatah prisoners held in Israeli jails. But Hamas' exiled leaders, who make final decisions on policy, have refused to accept the proposal.

Hamas has been calling for more time to discuss the proposal and suggested changes in the language. But Abbas, who has avoided confrontation since taking office early last year, rejected Hamas' demands on Monday.

"If anyone wants to amend this document, then we will not reach any results," Abbas told reporters after meeting with European Union foreign policy chief Javier Solana.

Abbas has endorsed the plan as a way to end the crushing sanctions against the Palestinians and allow him to resume peace talks with Israel.

Hamas reacted angrily to Abbas' threats Monday.

Hamas spokesman Sami Abu Zuhri insisted that the talks must continue.

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"You cannot raise the sword of ultimatum, you cannot raise the issue of a referendum while you are talking about dialogue," he told reporters in Gaza. He said calling a referendum meant circumventing the elected government, led by Hamas.

Many Palestinians are uneasy about the referendum, though polls show the document would be approved easily.

In Gaza, Mohammed Abu Seido, 30, a coffee shop cashier, said he would vote for the document, but he worried that Hamas would react with violence if it is approved.

"Hamas is already failing," he said.

The Palestinians have never held a referendum before, and officials said the vote would not be binding. But passing the referendum could give Abbas an important boost in his standoff with Hamas.

"It would bolster his legitimacy and give him power to go ahead with negotiations with Israel," said Azam al-Ahmad, a top Fatah official. Al-Ahmad also said Abbas, who wields considerable powers, would consider calling elections for president and parliament if Hamas did not abide by the results of a referendum.

Hamas says that accepting the plan would mean abandoning its principles. It also says a referendum is not necessary because Palestinian voters chose its political program in legislative elections just over four months ago.

The Palestinian infighting has turned deadly in recent weeks. Sixteen people have died in clashes between Hamas and Fatah loyalists, including five killed on Sunday. Five Palestinians were wounded in two clashes in the southern city of Khan Younis on Monday, security officials said.

Hamas has stuck to its tough line on Israel despite the crushing international boycott, which has left the government unable to pay the salaries of tens of thousands of civil servants for three months.

Hamas officials promised over the weekend to begin paying overdue salaries. But on Monday, the government failed to meet its pledge, causing widespread confusion in the Palestinian areas and prompting angry workers to storm one Gaza City bank.

Some banks advanced money to unpaid civil servants to help calm the situation. In some cases, people received money. In others, the promised payments failed to materialize. And tens of thousands of workers remained without paychecks, with the government as far away as ever from ending the boycott.

"These are people who don't have money to buy milk," said policeman Raed Abu Ghoneima, one of the protesters who stormed a Gaza City branch of the Arab Bank. "It has nothing to do with politics; it's about wages."

Also Monday, Israeli aircraft fired missiles at a car in the Jebaliya refugee camp next to Gaza city, the military said, killing two militants and wounding two bystanders, according to Palestinian hospital officials.

Israel said the main target, a militant from the renegade Popular Resistance committees, was involved in firing rockets at Israel. He died of his wounds.

Abbas Will Call For Palestinian Vote On Two-State Plan (NYT)

By Steven Erlanger And Greg Myre

The New York Times, June 6, 2006

JERUSALEM, Tuesday, June 6 — The Palestinian president, Mahmoud Abbas, intends to call a referendum on a proposal developed by prisoners for a unified Palestinian political program that the governing Hamas faction opposes.

Talks on the proposal ended without agreement late Monday night, and early Tuesday morning Mr. Abbas's office said in a statement that he intended to live up to his ultimatum to Hamas, the militant Islamic faction that heads the government, and announce a referendum later on Tuesday after meeting with the executive committee of the Palestine Liberation Organization.

"In light of recent contacts, President Abbas will decide the date of the referendum after a meeting of the P.L.O. executive committee," the statement said.

The referendum is expected to be called for July and will be seen as a vote of confidence in Hamas, which won legislative elections in late January but has been isolated internationally and financially because of its refusal to recognize the right of Israel to exist, to forswear violence and to accept previous Israeli-Palestinian agreements.

The vote, if it takes place, will be a kind of showdown between Hamas and Mr. Abbas, who has insisted from the beginning of Hamas's rule that it accept the idea of a negotiated two-state solution, with an independent Palestine living in peace alongside Israel.

There is no precedent for a referendum among the Palestinians, and it is not clear that Mr. Abbas has the power to call one. Nor is it clear what would happen if the Palestinian parliament, where Hamas holds a majority, votes against a referendum or decides on wording different from that which Mr. Abbas might favor.

Hamas has rejected portions of the prisoners' document, which implicitly recognizes Israel by calling for a Palestinian state within the boundaries that existed before the 1967 Middle East war.

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Khalida Jarar, a delegate from the Popular Front for the Liberation of Palestine, told reporters after factions held talks with Mr. Abbas in Ramallah late on Monday that Mr. Abbas felt he had no option but to call the referendum.

Ms. Jarar said Mr. Abbas also had a 70-minute phone conversation with Prime Minister Ismail Haniya, of Hamas, about the proposal, which she said also ended without agreement.

"The document has to be accepted as it is," Mr. Abbas said at a news conference in the West Bank city of Ramallah after talks with the European Union foreign policy chief, Javier Solana, on Monday. "If we begin to change it, we will never reach a result."

Ghazi Hamad, a spokesman for the Hamas government, said Monday that Hamas opposed a referendum, but believed a compromise could be worked out.

"I think there is an opportunity for us to reach an understanding on the prisoners' document," Mr. Hamad told Israel radio. "But if we hold a referendum, there will be a lot of problems, I think."

Mr. Abbas said on May 25 that he would hold a referendum within two months if Hamas did not accept the prisoners' plan within 10 days, a period that ended Sunday.

The prisoners' plan is in line with positions held by Fatah, and recent opinion polls show that a large majority of Palestinians support it.

Hamas has never recognized Israel and does not accept its existence on any territory in the region, contending that all the land belongs to Muslims.

The prisoners' document calls for negotiations based on the United Nations resolutions and other international proposals that call for two states existing side by side.

The political confrontation comes as violence continued both among Palestinians and between Israel and the Palestinians.

Five Palestinians were killed in the Gaza Strip overnight Sunday in internal Palestinian clashes.

The dead included a member of Hamas's military wing, who was killed when a large bomb went off near his home in the Jabaliya refugee camp, outside Gaza City. In southern Gaza, a pregnant woman and her brother were shot dead, Palestinian security officials said.

A Palestinian described by witnesses as a militant was killed and four people were wounded in a missile strike on a car in northern Gaza on Monday. The Israeli Army confirmed that it had carried out the strike.

During the day, Hamas gunmen stormed into a Palestinian television broadcasting center and smashed computers and other equipment in the southern Gaza town of Khan Yunis, employees said. But Hamas officials denied the group was involved. The gunmen said Palestinian television supported Fatah at the expense of Hamas, the employees said. No injuries were reported.

Marwan Barghouti, a hugely popular Fatah leader, was the driving force behind the plan supported by Mr. Abbas, though prisoners from other groups, including Hamas, also signed it. Mr. Barghouti was convicted in 2004 of orchestrating the killings of five people, and is serving five life sentences in an Israeli prison.

Mr. Barghouti and other Palestinian prisoners are seen as heroes by many Palestinians, and their opinions carry substantial weight.

The plan contains a number of provisions that Israel adamantly opposes. It says Palestinian refugees dating from the 1948-49 Arab-Israeli war must be allowed to return to their homes in what is now Israel. The plan also calls for Palestinian "resistance" in areas occupied by Israel, which effectively means the West Bank.

But Israel in response continues to insist that the way forward is through the stalled internationally backed Middle East peace plan, known as the road map, which calls on the Palestinian leadership to dismantle armed factions.

In general, though, Israeli officials have sought to distance themselves from the Palestinian debate over the prisoners' plan.

"Any move that occurs in the Palestinian Authority will be evaluated carefully, but this is an internal Palestinian process and it's preferable for Israel not to interfere," said Israel's defense minister, Amir Peretz, said Monday.

In another development, some Palestinian Authority workers were able to withdraw salaries from their banks on Monday for the first time in three months. The government has not been able to meet its payroll since Western governments cut off aid when Hamas took over the government.

U.S. And S. Korea Launch Free Trade Talks (AP)

By Martin Crutsinger

AP, June 5, 2006

The United States and South Korea held their first round of talks Monday aimed at achieving a free trade agreement between the two nations before the end of the year.

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An agreement with South Korea, America's seventh-largest trading partner, would be the most economically significant such pact the United States has reached since it tore down barriers with Mexico and Canada more than a decade ago.

Assistant U.S. Trade Representative Wendy Cutler, who is heading the U.S. delegation, expressed optimism that the talks can be concluded before the end of the year even though the negotiators will have to deal with such tough issues as removing barriers to American farm products, pharmaceuticals and U.S. autos.

"I remain optimistic about our ability to conclude a high-quality, comprehensive agreement," Cutler told reporters during a conference call Monday. "The political will is clearly there on both sides."

Cutler praised Kim Jong-hoon, the head of the South Korean negotiating team, and said both countries had put in a great amount of preparatory work that should speed the effort.

But as the two sides began negotiations at the U.S. Trade Office near the White House the sounds of protesters could be plainly heard.

About 40 South Korean farmers and laborers and their American supporters have planned a weeklong series of demonstrations and rallies to coincide with the talks. South Korean rice farmers have engaged in a number of violent demonstrations in their own country to highlight their opposition.

For American consumers, a free trade agreement with South Korea would hold out the prospect of lower U.S. tariffs and thus cheaper prices on such South Korean products as cell phones and automobiles.

Highlighting the complexity of the discussions, the negotiating teams, which for the first round numbered between 100 and 150 experts, will split into subgroups covering 19 different areas.

After this week's opening round in Washington, the teams will resume work in Seoul the week of July 10 with plans to meet every six to eight weeks after that time until the end of the year.

The administration next week will launch separate free trade talks with Malaysia, all part of its push to raise America's profile in Southeast Asia as a counter to the growing economic power of China.

President Bush has aggressively pursued free trade agreements since taking office but most of them were designed to bolster foreign policy goals, such as promoting democracy in the Middle East, and had little economic impact.

But U.S. industry has been pushing for an agreement with South Korea, seeing it as a fast-growing market in Southeast Asia.

"We are bullish that a free trade agreement provides an opportunity for the two countries to forge an even closer economic relationship," said Myron Brilliant, vice president for Asian affairs at the U.S. Chamber of Commerce. "Our country will benefit from an agreement that ensures that Korea's markets are open."

Flouting Syria's Martial Law, Bold Students Advocate Democracy (CSM)

By James Brandon

The Christian Science Monitor, June 6, 2006

ALEPPO, SYRIA - Two years ago, Syrian student Muhammad Arab was imprisoned for calling for reform of his country's political system. Now released and back studying at the Faculty of Medicine in the University of Aleppo, he is determined to continue promoting democracy.

"Prison wasn't great, but living without freedom is worse," says Mr. Arab, a broad-shouldered young medical student.

Arab is one of a handful of students agitating for reform and struggling to build a pro-democracy student movement in Syria, where martial law imposed in 1963 forbids unofficial political gatherings or groups.

"The student movements are not very significant in terms of being able to change things now," says Joshua Landis, professor of Middle Eastern studies at the University of Oklahoma. "But here is the very genesis of a new Syrian effervescence. This is the start of a 10- to 15-year transformation of society."

While no organized student movement exists at present, one may be emerging. A small number of students are loosely linked but have no official names, leaders, or organization. They simply come together to organize political debates, spread democratic ideas, and take opinion polls.

"We're talking about little groups of 10 or 15 students," says Dr. Landis, who spent 2005 in Damascus and is the author of the blog Syriacomment.com. "They just appeared in the past two years. Every now and again, the government tries to smash them. When there are demonstrations, the police beat them up and their leaders are sent to prison for lengthy terms.

"Most of the time this is enough to convince most students not to get involved in politics," adds Landis. "But there are always some who are prepared to carry on."

Arab is a case in point. At his university in Aleppo, Syria's second-largest city, he ran against a candidate from Syria's Baath Party in student elections in March 2004. When he won, the university suspended him and 80 other students.

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Undeterred, he traveled to Damascus, five hours south, to join a protest against the university's decision. There he was arrested and put on trial in Syria's State Security Court. "I saw my lawyer for only a few minutes before the trial, so there was no chance to prepare a defense," he says.

Then the court, Syria's highest, sentenced Arab to three years imprisonment. He served only eight months, but was regularly beaten and threatened, he says.

"The government is more afraid of secular opposition groups than religious ones," points out Ayman Abdul-Nour, a prominent reformist member of the Baath Party in Damascus. "Because any time the government wants to get rid of the Islamists, it can just call them terrorists and bomb them. The government also knows that the US will not seek to replace the regime with Islamic people."

But students face pressure not only from the government and the university authorities but also from their friends and parents. "Becoming involved in politics, I was aware that I might cross some of the regime's 'red lines,' but I suppressed my fear," says Nasser Babinsy, a friend of Arab and a fellow activist. "And 43 years of dictatorship teaches you a lot of fear."

But analysts point out that activists hoping to spread democracy must not only overcome official harassment, they must work against an educational and social system designed to support the regime.

"Syrian society is fighting against so many layers of authoritarianism," says Landis. "Arab nationalism is like a religion in Syria; it's not something that you can debate."

In addition, President Bashar al-Assad's limited economic reforms have removed some of the pressure for political reform. "Eighty percent of Syrians don't care about political freedoms," says Sami Moubayed, a writer and independent political analyst in Damascus. "They want jobs and more money."

But others argue that even religiously observant and less-educated Syrians are starting to see democracy as the best option. "Our country is tired of totalitarianism," says Mohammad Deeb Khor, a member of the opposition Revolutionary Workers Party, which formerly followed communist-style ideology. "People are thirsty for basic freedoms. Democracy is not paradise but it is a stage from which to meet society's interests."

As democratic ideas spread, Syrian democrats are also discovering the power of nonviolent protest. "Earlier this [year], a group of people demonstrated in Damascus, calling for an end to the martial laws," says Najib Dadam from the opposition Socialist Arab Democratic Union Party.

The regime sent 2,000 security men to beat them up, he says. "These things will continue to happen, and we will continue to build support, until this becomes a massive public movement."

While a mass movement might be some time off, analysts say exposure to satellite TV and the Internet is alerting Syrians to the possibilities of democracy. "If Iraq had been a success, the domino effect would have toppled all the dictatorships in the region," says Dr. Moubayed. "But America has lit a real interest in democracy in this region; the dominos are starting to fall, but slowly."

Ford Foundation To Announce Africa Initiative (NYT)

By Celia W. Dugger

The New York Times, June 6, 2006

The Ford Foundation will announce today the creation of a new philanthropic venture, led by Africans and based in Dakar, Senegal. The project, Trust Africa, aims to strengthen an expanding network of nonprofit groups across the continent that seek to hold governments accountable, whether elected or dictatorships.

Ford has committed $30 million to this new foundation. Half the money will finance a permanent endowment, and the other half will be used to provide grants to many groups over the next five years.

Trust Africa's executive director, Akwasi Aidoo, a Ghanaian who formerly headed Ford's offices in Senegal and Nigeria, said it would strive to build links among civil society groups that could tackle regional problems of violent conflict, economic development and social justice.

The new foundation will bolster such groups, often vocal critics of those in power, in a period when Africa has been becoming more democratic. At the same time, some elected leaders — Meles Zenawi of Ethiopia, for example — have become intolerant of dissent.

"Left to themselves, many of these countries fall back into old habits," Mr. Aidoo said in an interview. He added later, "The best antidote is to amplify the voices of those for peaceful change."

Thomas O. Melia, deputy director of Freedom House, a research group that monitors political liberty, said efforts like those of Trust Africa represent the next frontier in deepening democracy in Africa and elsewhere.

"What has been missing, even in places establishing electoral democracy, is independent voices — think tanks, nongovernmental organizations, university centers — able to monitor government performance," he said. "It is the next step."

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Mr. Aidoo said credible local groups capable of attracting international attention are needed to check repression, corruption and other ills.

Groups in one country also should be connected to like-minded outfits in other countries.

If dissenters are intimidated in one place, those in neighboring nations can speak up.

In addition to providing grants, Trust Africa plans to hold a series of workshops in Africa in the coming year to bring together scholars, business people, artists, government officials and rights advocates.

Over the past five years, as this new, Africa-focused foundation was developed, it financed a variety of groups to test its approach. It provided small grants to dozens of groups to strengthen them institutionally. It also gave $200,000 to Urgent Action Fund, Africa, which supported women agitating for peace talks in Liberia, as well as an investigation into accusations that women were being detained at a prison in Cameroon without justification.

Trust Africa hopes to build a base of support that goes well beyond the Ford Foundation. It plans to raise donations from the African diaspora. Millions of African migrants live and work in Europe, the United States and Canada, sending home billions of dollars annually in remittances, Ford says.

The United States has sizable communities of African-born immigrants in New York, Washington, Boston, Houston, Chicago and Los Angeles.

"Typically, they're helping their families and hometowns, but they're interested in what's happening in the rest of the continent," Mr. Aidoo said. "They want an effective vehicle that's African." Asked how the new foundation would avoid being seen as an arm of the Ford Foundation, with its deep American roots, Mr. Aidoo and Ford's president, Susan V. Berresford, said in the interview that Trust Africa would be an independent foundation governed solely by Africans.

Mr. Aidoo said the new foundation would establish "the connections among actors who can carry the work forward on their own feet."

In Praise Of The Maligned Sweatshop (NYT)

By Nicholas D. Kristof

The New York Times, June 6, 2006

WINDHOEK, Namibia

Africa desperately needs Western help in the form of schools, clinics and sweatshops.

Oops, don't spill your coffee. We in the West mostly despise sweatshops as exploiters of the poor, while the poor themselves tend to see sweatshops as opportunities.

On a street here in the capital of Namibia, in the southwestern corner of Africa, I spoke to a group of young men who were trying to get hired as day laborers on construction sites.

"I come here every day," said Naftal Shaanika, a 20-year-old. "I actually find work only about once a week."

Mr. Shaanika and the other young men noted that the construction jobs were dangerous and arduous, and that they would vastly prefer steady jobs in, yes, sweatshops. Sure, sweatshop work is tedious, grueling and sometimes dangerous. But over all, sewing clothes is considerably less dangerous or arduous — or sweaty — than most alternatives in poor countries.

Well-meaning American university students regularly campaign against sweatshops. But instead, anyone who cares about fighting poverty should campaign in favor of sweatshops, demanding that companies set up factories in Africa. If Africa could establish a clothing export industry, that would fight poverty far more effectively than any foreign aid program.

Namibia was supposed to be a pioneer in Africa's garment industry, for it is stable, pleasant and safe, and its government has tried hard to entice foreign investors. On the edge of Windhoek are a series of low factories set up to produce garments for the American marketplace.

The biggest is the Ramatex Textile Factory, a Malaysian investment that employs 6,000 people. But the owners say they are losing money and will pull out, and other factories have stopped operating as well.

In Windhoek's Chinatown, I met Sun Zhimei, a Chinese woman who operates a small factory employing Namibians. "I'd like to help this country, by boosting its garment industry," she said. But on the day I visited, her factory was deserted. "It's cheaper to import goods all the way from China than to make them here," she complained.

The problem is that it's still costly to manufacture in Africa. The headaches across much of the continent include red tape, corruption, political instability, unreliable electricity and ports, and an inexperienced labor force that leads to low productivity and quality. The anti-sweatshop movement isn't a prime obstacle, but it's one more reason not to manufacture in Africa.

Imagine that a Nike vice president proposed manufacturing cheap T-shirts in Ethiopia: "Look, boss, it would be tough to operate there, but a factory would be a godsend to one of the poorest countries in the world. And if we kept a tight eye on costs and paid 25 cents an hour, we might be able to make a go of it."

The boss would reply: "You're crazy! We'd be boycotted on every campus in the country."

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So companies like Nike, itself once a target of sweatshop critics, tend not to have highly labor-intensive factories in the very poorest countries, but rather more capital-intensive factories (in which machines do more of the work) in better-off nations like Malaysia or Indonesia. And the real losers are the world's poorest people.

Some of those who campaign against sweatshops respond to my arguments by noting that they aren't against factories in Africa, but only demand a "living wage" in them. After all, if labor costs amount to only $1 per shirt, then doubling wages would barely make a difference in the final cost.

One problem — as the closure of the Namibian factories suggests — is that it already isn't profitable to pay respectable salaries, and so any pressure to raise them becomes one more reason to avoid Africa altogether. Moreover, when Western companies do pay above-market wages, in places like Cambodia, local managers extort huge bribes in exchange for jobs. So the workers themselves don't get the benefit.

One of the best U.S. initiatives in Africa has been the African Growth and Opportunity Act, which allows duty-free imports from Africa — and thus has stimulated manufacturing there. But last year, partly because of competition from China, textile and clothing imports under the initiative fell by 12 percent.

The Congo Republic's president, Denis Sassou-Nguesso, told me that he would love to have more factories. It's incredibly frustrating, he noted, to see African countries export cotton, timber and other raw materials but rarely have the chance to process them. The American initiative "is a step in the right direction," he said. "But it needs more of a push."

One push needs to come from African countries themselves: a crackdown on corruption and red tape. But another useful step would be for American students to stop trying to ban sweatshops, and instead campaign to bring them to the most desperately poor countries.

Chinese Official Sees Private Role On Environment (NYT/AP)

By The Associated Press

The New York Times, June 6, 2006

BEIJING, June 5 (AP) — China's pollution problems cost the country more than $200 billion a year, a top official said Monday, as he called for better legal protection for grass-roots groups so they could help clean up the environment.

Zhu Guangyao, deputy chief of the State Environmental Protection Agency, said that the importance of private environmental groups in China had lagged behind their role in other countries, and that his agency wanted to play a more important role in developing "legislation to secure their interests and existence in China."

Despite the efforts of half a million environmental officials in his agency and other organizations, China's environmental picture is worsening and "allows for no optimism," Mr. Zhu said, as he released a report that described China's environmental situation as "grave."

"Water, land and soil pollution is serious," the report said. "The Chinese government will mobilize all forces available to solve the pollution problems that are causing serious harm to people's health."

Damage to China's environment is costing the government roughly 10 percent of the country's gross domestic product, the total value of the goods and services produced in the country. The gross domestic product for 2005 was $2.26 trillion. Mr. Zhu said some local officials were reluctant to help — and sometimes even worked against — the central government's environmental protection efforts.

After more than 25 years of breakneck growth, China is in the midst of an environmental crisis that has continued to worsen, as the local authorities have failed to enforce regulations meant to counter severe air and water pollution.

Environmental groups cautioned that the environmental agency did not have the power to create or pass such a law without the support of top leaders, which was far from certain.

"China has not had the political environment" for the private groups to work independently, said Zhu Chunqian, the head of conservation operations at World Wildlife Fund China.

Greenpeace's government and public affairs officer, Yu Jie, said outspoken environmental advocates had risked retaliation, adding that if a group "has legal status, then it can use legal weapons to protect itself."

Biotech Food Tears Rifts In Europe (NYT)

By Elisabeth Rosenthal

The New York Times, June 6, 2006

ATHENS — In this famously fractious country, there is one thing on which almost all Greeks agree: They do not want genetically modified crops grown, sold or eaten here.

"All political parties are opposed," said Theodore Koliopanos, a legislator and former deputy environment minister, "which is odd because we disagree on everything else."

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Greece and a few other countries in the European Union that have banned genetically modified organisms are on the front lines of a war over the future of modified food in Europe, the only large swath of the world that does not already grow or buy the crops. Facing international pressure and a lawsuit brought by the United States, Canada and Argentina at the World Trade Organization, the union said this year that all member states must open their doors to genetically engineered crops and prepare practical and legal regulations to ensure safety for health and the environment.

But five countries have imposed eight different types of bans. Many others use their votes in Europe's Council of Ministers to block the crops from entering.

The battle does more than pit the World Trade Organization against the European Union. It also creates a divide across the Atlantic, between European allies on the one hand, and the United States and Canada, which produce the vast majority of such seeds and crops, on the other. The United States is not shy about enlisting its diplomats to push European countries to admit the modified crops, European politicians say.

But European consumers and farmers generally do not want them, leaving the European Union to try to steer a Solomonic course between conflicting interests. The basic problem is that Europeans, whose food culture has developed over centuries, balk at putting biotech crops in their fields or their mouths.

"We think we have a good policy but we have discovered extreme reluctance among consumers and many member states to move forward with G.M.O.'s, who again and again block the approvals," said Barbara Helferrich, a spokeswoman for the union's Environment Directorate.

Since the union is a common market, lawmakers in Brussels demand a unified solution. So a seed that is sold in Britain has to be sold in Poland and Greece as well. But critics say that countries should be permitted to decide if they will accept a risk, however small, noting, for example, that unpasteurized milk is legal in France but not in Britain.

But while there is little, if any, scientific evidence that genetically modified foods are harmful, in much of Europe they are so unpopular that mainstream supermarket giants like Migros will not stock them. In surveys, consumers say they are unconvinced that genetically modified crops are safe, particularly for the environment.

"The environment minister who gives in and allows G.M.O.'s into this country will never be minister again," said Nikos Lappas, head of Greece's largest farmers' union. "For farmers, forcing G.M.O.'s would be economic suicide, since our market doesn't want them."

But producers of genetically modified products (and the countries they represent) are aggressively pursuing their case at the W.T.O. and with individual governments, spurred by an untapped European market.

"The first visit any new minister in Greece gets is from the U.S. ambassador saying, 'You need to have G.M.O.'s,' " said Mr. Koliopanos. "The pressure is incredible."

Biotech companies like Monsanto and Syngenta insist that the crops should be immediately admitted to Europe, because genetically engineered foods have been consumed in much of the world for a decade without obvious ill effects. Their safety, said Christopher Horner, a Monsanto spokesman, has been "ratified by numerous credible regulatory and scientific authorities."

Simon Barber, of EuropaBio, an industry group in Brussels, said: "The E.U. has put systems in place to deal with G.M.O.'s, and now the market has to be allowed to operate. If member states are breaking E.U. law, we expect the commission to take action."

The office of the United States trade representative maintains that "the E.U. is imposing undue delays on biotech approvals, resulting in delays and preventing the marketing of many crops grown in the U.S." The United States grows 220 million acres of genetically modified crops — by far the world's leader — and almost none of it is sold to the European Union. From 1998 to 2004, the European Union imposed a de facto moratorium on farming of genetically modified crops while its officials studied the issue and mulled ways to keep biotech crops and other crops distinct.

Genetically engineered seeds and plants contain genes that were inserted in a laboratory that give them special advantages, like resisting common pests. But pollen from those crops can spread in the air from field to field, intermixing with pollen from conventional crops.

Once genetically modified crops enter a country's food production, it can be difficult and costly to keep the food chain free of them because there is mixing of plants from farms in milling and in production.

Greece and other European Union members say such issues make any cultivation of biotech plants impossible because they would quickly infiltrate both agriculture and the food supply. In much of Europe, where small farms are the norm, it is hard to create "buffer zones" between fields on adjacent farms.

"I would guess we may be able to keep them apart in U.K., but it would be difficult in Greece because of the issue of size," said Julian Kinderlerer of the Institute of Biotechnical Law and Ethics at the University of Sheffield in England.

Europe's agricultural insurers will not cover farmers for liability should their genetically modified crops contaminate adjacent fields.

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"I started with an open mind on this but now I think the answers are clear," said Mr. Lappas, of the Greek farmers' union. "If our market doesn't buy it, and insurers won't insure us, how can we grow it?" Indeed, in many areas that have blocked genetically engineered crops, small farmers survive by producing niche food, like unique, high-quality vegetables and grain; there is a premium for food that is not genetically modified.

"This is a cutthroat global market, and if all we do is cultivate mass-produced G.M. corn, we're finished, since other nations will be able to provide that cheaper," Mr. Lappas said.

In Poland, 1.5 million farms are still mostly farmed without pesticides, giving that nation the opportunity to become an important producer of natural foods, according to the International Coalition to Protect the Polish Countryside, which has lobbied for a national ban.

To the biotech industry and major producers, the issue is simple: genetically modified corn is just corn, genetically modified wheat is just wheat and there is no scientific reason to differentiate.

Industry groups argue that products should not even be labeled modified or free of modification because the labels are unfair trade barriers.

"Labeling has turned out to be a stigma because the public is so frightened, and retailers have become easy targets," said Mr. Barber, of EuropaBio. "Look at the Greenpeace Web site with its list of brands that use G.M.'s. We're O.K. with consumers making a choice, but we're leery because they're scared, and we're labeling identical products."

Genetically modified seeds are approved case by case, and once the European Commission has approved a seed for planting, the only legal reason that a country can enforce a ban is if "new scientific evidence" shows it would be harmful.

But recently, each time the commission has approved a new product, the Council of Ministers (representing the member states) has voted against it, creating an impasse.

In addition, some countries still say modified seeds are unsafe, invoking the so-called scientific exception.

"They haven't provided any new evidence," said Michael J. Phillips, a vice president of the Biotechnology Industry Organization in Washington.

The European Food Safety Authority of the European Union provides scientific judgments on matters like new evidence. The European Commission and the Council of Ministers have also referred their impasses to the safety agency.

But this agency's core mandate concerns food safety, and even the union's environment commissioner, Stavros Dimas, said recently that it had not looked adequately at the long-term effects of biotech crops on issues like biodiversity.

At a recent meeting with disgruntled member states in Brussels, Harry A. Kuiper, chairman of the agency's panel on genetically modified crops, defended its work, noting that its experts had just six months to review each submission.

The European Union still hopes to win over reluctant members, and so far has taken none to court. But environmental groups vow to resist any pressure from Brussels.

"The E.U. policy of just pushing forward with the technology is utter blindness," said Helen Holder, a spokeswoman for Friends of the Earth in Europe. "Genetic contamination is unavoidable and irreversible and will only increase over time."

Ahead Of World Cup, U.S. Warns Germany About Sex Trafficking (NYT)

By Helene Cooper

The New York Times, June 6, 2006

WASHINGTON, June 5 — On the eve of the World Cup in Germany, the State Department's big concern is not over whether the American soccer team has a prayer of getting past the Czech Republic and Italy, but rather over the flood of prostitutes expected into Germany from Eastern Europe, Asia and Africa.

The United States, in its annual report on forced labor and trafficking in persons, called Germany, which has legalized prostitution, "a source, transit and destination country" for sex workers, the more so during the soccer tournament.

"Due to the sheer size of the event, the potential for human trafficking surrounding the games remains a concern," the State Department said in its report. It called on the German government to increase police enforcement during the games.

The warning to Germany was a rare slap at a close American ally.

The report did not include Germany in a list of 14 more serious offenders that the State Department says make little effort to control serious problems with trafficking in persons.

Some groups criticized the report, noting that most of the countries cited as the worst offenders — which can lead to economic sanctions — are not American allies. They include Iran, North Korea, Myanmar, Sudan, Venezuela, Syria, Cuba and Zimbabwe. The only countries on the list that are close American allies are Saudi Arabia and Belize.

India, Mexico and China were on a separate "watch list" for the second year, prompting complaints that the State Department was trying not to alienate them.

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"What we want is for the United States to implement this law without any political considerations at play," said Jessica Neuwirth, president of Equality Now, an international women's rights organization.

In 2000, Congress passed the Trafficking Victim Protection Act, which set out new penalties for slave traffickers and required the State Department to publish an annual report on slave trafficking worldwide. The sanctions are subject to the president's discretion.

Germany legalized prostitution in 2002, and German brothels have been gearing up for the confluence of legal sex and the World Cup, which is expected to bring 3.5 million tourists to the country for the monthlong tournament, which begins Friday. Berlin, Cologne and Hamburg have all expanded their red light districts for the tournament, and sex-trade entrepreneurs have opened mobile brothels.

The American World Cup team is staying in walking distance from Hamburg's red light district, known in Germany as the Sinful Mile.

German officials, while defending the country's policy of legalized prostitution, say they nonetheless do not condone human trafficking, and have intensified efforts to rein in the flow of prostitutes into their country in advance of the World Cup. But Rep. Christopher Smith of New Jersey, the chairman of the House subcommittee on global human rights, said that Chancellor Angela Merkel needed to do more.

"It's within her power to initiate some moves to protect these women," he said.

The fight against human trafficking is "a great moral calling of our time," Secretary of State Condoleezza Rice said Monday.

The report says that between 600,000 and 800,000 people, most of them women and children, are trafficked across international borders every year. It cited Saudi Arabia, which it said "does not fully comply with the minimum standards for the elimination of trafficking and is not making significant efforts to do so." In Uzbekistan, the report said, "the majority of convicted traffickers received prison sentences of less than 10 years, were granted amnesty, and thus served no time in prison."

Countries that fail to crack down can be subject to a variety of economic and security sanctions. Since 2003, when the sanctions provision took effect, only two countries — Venezuela and Equatorial Guinea — have been cited.

Tourism Suffers In Indonesian City Caught Between Quake And Volcano (NYT)

By Peter Gelling

The New York Times, June 6, 2006

YOGYAKARTA, Indonesia, June 5 — In the southern part of this city a short street once alive with guest houses, restaurants, travel agencies and souvenir shops now sits quiet, with barely a soul to be found, just weeks before the onset of the tourist season.

The early morning earthquake on May 27 reduced the quaint street, Prawirotaman, to ruins. Throngs of half-awake, panicked tourists who were here that day and managed to survive relatively unharmed crawled out of rubble, wondering what to do and where to go.

The 15 guests at Hotel Prambanan, a two-story inn with about 30 rooms in the popular low-budget backpacking district, were all spared serious injury, as were the other visitors staying nearby.

"Blessed be to God that no one was hurt," said Jahyanto, 39, the manager of Hotel Prambanan, who like many Indonesians uses only one name. "They were confused and scared. I just tried to help them find the fastest way out of Yogyakarta."

Yogyakarta Province is the second most popular tourist destination in Indonesia, Bali being the first. Ancient temples, palaces and a vibrant artists' community draw hundreds of thousands of foreign tourists a year to this area. Tourism accounts for about 20 percent of the province's income and is second only to agriculture as a source of revenue.

Handicraft villages in Bantul, the hardest-hit district, supplied 40 percent of the souvenirs sold throughout Indonesia. Three thousand family kilns for pottery were destroyed in the quake, and most of the villages were nearly leveled.

On Monday, an official from Indonesia's Social Affairs Ministry announced that the death toll from the quake had been revised to 5,782 from 6,234, saying that some victims had been found alive and that others had been counted twice, The Associated Press reported.

Even before the quake, tourism here was threatened by fears of an eruption at Mount Merapi, just north of Yogyakarta. A marketing campaign to show tourists that Yogyakarta, 20 miles south of the volcano, is out of Merapi's reach began several weeks ago and included organized visits to the mountain's slopes.

Two days after the program began, and the first tourists arrived at Mount Merapi, the quake struck.

Yet tourism officials are optimistic that they can recover. Most of Yogyakarta's major tourist sites were undamaged and remain open, including the city's biggest draw, the Borobudur Buddhist temple, which is more than 1,000 years old and is a Unesco World Heritage site.

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"Re-establishing the tourism industry here won't be easy," said Wiendu Nuryanti, secretary general of Yogyakarta's International Center for Culture and Tourism. "But we are working together with a lot of different agencies to help the tourism industry."

Along with local and national government officials, Ms. Nuryanti has created a task force to help rehabilitate tourism in Yogyakarta.

The office of the task force, the Java Crisis Tourism Media Center, is busy with volunteers collecting data on damaged tourist areas. Regular meetings are held to discuss strategies for recovery.

Indonesia's minister of culture and tourism, Jero Wacik, has already indicated that the government will provide subsidized loans to ruined businesses, and tax incentives for struggling hotels and tourist agencies.

Condroyono, the provincial director of tourism, said strategies were being developed to use the earthquake and volcano as a way of diversifying tourism. Though Javanese culture will always be the primary reason tourists come here, he said, there are plans for tours to areas of geological significance, like massive fissures in the Gudung Kidul district, caused by the quake, or the ash-stained slopes of Mount Merapi.

"There is the potential for a kind of adventure tourism here now," he said. Indeed, in the last few weeks a large number of domestic and foreign tourists have brushed aside danger, driving to evacuated areas to take pictures in front of Merapi.

Ms. Nuryanti said her task force planned a major campaign for Mount Merapi, trying to capitalize on the recent international news coverage. The volcano is an important symbol in Javanese culture. Its spirits are believed to protect the ancient kingdom of Yogyakarta, and the designs of many of the temples are modeled after the volcano's shape.

Mr. Condroyono admitted that it would be a long time before most potential tourists saw Yogyakarta as something other than a disaster area. "This will take a long time, more than two years probably, before tourism can start growing here again," he said.

Standing alone among the remains of his former business, Mr. Jahyanto, the hotel manager, said all he needed was a little money to start again. "Maybe it's a dream," he said. "But it is the dream of everyone on this street to rebuild and reopen our businesses."

How To Beat The Muslim Brotherhood (WSJ)

By Bret Stephens

The Wall Street Journal, June 6, 2006

MANSOURA, Egypt -- No sooner does Mostafa El Gendy emerge from the governor's office in this provincial city in the Nile Delta than he is besieged by a small crowd of petitioners. A woman with a four-hour daily commute seeks a government job closer to home. Mr. El Gendy hands her an approval form, signed by the governor. A local official wants to drain and fill a fouled canal. Mr. El Gendy has the governor's signature for that, too. There's paperwork authorizing a mile of country road here, a few hundred yards there.

"It sounds like nothing," he says. "But farmers burn rice husks because that's the only way to get rid of it, and it creates pollution. A few hundred meters of road can make a huge difference."

Mr. El Gendy, a dapper man of 45 who made a fortune operating luxury cruise ships on the Nile, represents the nearby Temay district as an independent member of parliament. Last November, he won a landslide victory against candidates of both the Muslim Brotherhood (which elsewhere scored massive parliamentary gains) and President Hosni Mubarak's ruling National Democratic Party. Mr. Mubarak used those results as an excuse to cancel planned local elections, even as he imprisoned liberal opponents such as Ayman Nour. Now Mr. El Gendy is one of the few remaining third-party figures active in Egyptian politics. How he fares will be one indicator of whether a democratic Egypt, should it ever come about, will have a liberal or fundamentalist character.

So far the portents are good for Mr. El Gendy, but he faces an uphill battle. Driving from Mansoura to his ancestral village of Hagaiza along rutted roads and garbage-strewn irrigation canals, Mr. El Gendy makes repeated stops to meet constituents, who seem genuinely pleased to see him. "These people want services," he says. "The nation will follow the party that gives them services."

For years, the only group outside government that has reliably provided broad-based social services has been the Muslim Brotherhood, which, although officially banned, exists as a kind of parallel state within Egyptian society. Medical clinics operated by the Brotherhood, as well as schools and orphanages, can frequently be found alongside mosques throughout the country. Were a free and fair election held tomorrow, the Brotherhood would probably win about 40% of the vote according to Gamal al-Banna, the leading scholarly authority on the group.

This is all the more true because the Brotherhood isn't quite the jihadist, Khomeini-type movement frequently portrayed in the West. "They're less radical, and therefore more dangerous, than outsiders suppose," says an Egyptian journalist. Though the

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Brotherhood supports Hamas -- on the view that Muslims are religiously obliged to resist what they see as the military occupation of Palestine -- they otherwise forswear violence as a means of achieving or maintaining power, and their leaders do what they can to distance themselves ideologically from the Salafism of Osama bin Laden. "The thought of the Brotherhood doesn't have the tendency to condemn society as apostates, to take violent measures," says Muhammad Habib, the Brotherhood's deputy supreme guide.

None of this is to say the Brotherhood isn't a threat to Egypt's future. But it is a more subtle threat, more conservative than radical, and therefore more appealing to the Egyptian public. Mr. El Gendy speaks of the Brotherhood almost compulsively, as if the ruling party didn't exist and it was his only serious political opposition.

"The Brotherhood think the people voted for them because of them," he says. "I think they're wrong. The people voted for them because they were organized and because they were the 'alternative.' But they will be very strong if there is no third party in the game. If we do not exist they will do the same thing they did in Palestine."

Mr. El Gendy's formula for defeating the Brotherhood involves three ingredients. The first is public services, with a businessman's twist. In addition to doing the bidding of his constituents, he has launched a personal campaign to raise money for civic projects. "I tell people, I am one man, I have one million pounds [about $175,000]. You are a million; each of you give one pound [about 18 cents]." Approaching his village, he points to the shell of a hospital he's building using matching funds. "In Egypt, we have a heritage of people expecting they'll be taken care of" -- by their elders, by the state, by God. "That's wrong," he says. "We need to change the mentality."

The second ingredient is nationalism. In a recent interview, Muhammad Mahdi Akef, the Brotherhood's supreme guide, expressed his feelings about Egypt thus: "Screw Egypt and the Father of Egypt." For Mr. El Gendy, the quote exposed the Brotherhood's Achilles' Heel: Ultimately, it is more interested in the Muslim nation than the Egyptian one. Mr. El Gendy has introduced a bill in parliament to liberalize the display of the Egyptian flag, which had been strictly regulated since the days of Gamal Abdel Nasser and prohibits its use as, say, a bumper sticker. "You have to get people to look in the mirror and say, 'I'm Egyptian, that's fantastic,'" he says.

Finally, there is Islam, or Mr. El Gendy's version of it. "I'm one of those guys who represents 90% of Muslims who are looking for the right way." He proposes opposing the Muslim Brotherhood with what he calls the "Believer Brotherhood," the belief's particulars being less significant to him than the act of belief itself. "Whenever the prophet speaks of the believers in the Holy Koran, he also speaks of love. If you attack a believer, the first thing he'll ask is, 'What did I do wrong?'"

Whether this syncretic, tolerant and expansive form of religiosity has a fighting chance in today's Egypt is an open question, but Mr. El Gendy is convinced it better represents the country's history than the strict and humorless version represented by the Muslim Brotherhood.

Then, too, there's something to be said for starting traditions of one's own. "There is a concept called Sunna Hassana -- good imitation," he explains. "I had my life, my family, my business. I had my boat. When I went to elections, I jumped. Maybe now others like me will jump, too."

Anybody But Chávez (WSJ)

The Wall Street Journal, June 6, 2006

Governments that produce hyperinflation and unchecked terrorism have a way of ending political careers. So how then to explain the victory in Sunday's Peruvian presidential elections of Alan Garcia, whose 1985-1990 term included all that and more?

The answer is that Mr. Garcia's opponent was Ollanta Humala, a protégé of Venezuelan President Hugo Chávez. By electing Mr. Garcia, Peruvian voters sent a message that they don't want to follow Venezuela over the cliff. The same concerns have been evident in Brazil, Chile and Uruguay for some time, as left-of-center leaders have refused to join Hugo in his attempt to isolate the region. Now Mr. Chávez has lost another potential satellite.

Mr. Garcia is no free-market reformer, though he does claim to have learned from his mistakes. Yet many Peruvians found themselves voting for him because the prospect of Mr. Humala was so much worse. Mr. Humala had promised to copy the Chávez pattern of making threats against foreign investors. He also has some anti-democratic credentials in common with Mr. Chávez, such as having led a failed military coup. The Peruvian electorate may have also noted that since the Chávez-like candidate won the presidency in Bolivia in late 2005, that country has increasingly fallen under Venezuelan sway.

Late last month right-of-center Colombian President Alvaro Uribe won a landslide re-election against a pro-Chávez candidate. Mr. Uribe could point to four years of antiterror accomplishments, but his victory and Mr. Garcia's are hopeful signs that most of Latin America does not want to return to the isolationism and authoritarianism of the 1970s and early '80s.

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Ames, Andrew

From: Ames, Andrew
Sent: Tuesday, June 06, 2006 10:56 AM
To: Agarwal, Asheesh (CIV); Ames, Andrew; Baxter, Felix (CIV); Blomquist, Kathleen M; Branda, Joyce (CIV); Brett Gerry; Brody, Stephen (CIV); Bucholtz, Jeffrey (CIV); Bukvics, Jennifer (CIV); Claterbos, Barbara (CIV); Cohen, David M. (CIV); Cohn, Jonathan (CIV); Davidson, Jeanne (CIV); Davis, Dan (CIV); Fargo, John (CIV); Fielding, Gabrielle (CIV); Figley, Paul (CIV); Flentje, August (CIV); Frost, Peter (CIV); Garren, Timothy (CIV); Glynn, J.Patrick (CIV); Gorsuch, Neil M; Hertz, Michael (CIV); Hollis, Robert (CIV); Hunt, Jody (CIV); Hussey, Thom (CIV); Jennifer Brosnahan; Jeweler, James (CIV); Katsas, Gregory (CIV); Keisler, Peter D (CIV); Kohn, Chris (CIV); Kopp, Robert (CIV); Letter, Douglas (CIV); Levine, Larry (EOIR); Lindemann, Michael (CIV); Magnuson, Cynthia; McCallum, Robert (SMO); Miller, Charles S; Nichols, Carl (CIV); Nowacki, John; Pyles, Phyllis (CIV); Riley, Sharon (CIV); Rivera, Jennifer (CIV); Roehrkasse, Brian; Schiffer, Stuart (CIV); Scolinos, Tasia; Seidel, Rebecca; Senger, Jeffrey M; Spellberg, Dianne (CIV); Swenson, Lily F; Thirolf, Eugene; Wilson, Karen L; Zwick, Ken (CIV)
Subject: 6/6/06 Civil Division News

Veterans groups sue government over data theft

Mobster Taking Stand In Wrongful Death Case; Family Suing Federal Government For $50 Million

A victim's family seeks $50 million

The Supreme Court Monday vacated a lower-court ruling that limited federal employees' ability to take their claims against agencies to court.

Judge Should Throw Out Sarbanes-Oxley Suit, U.S. Says

News Orgs Defend Wen Ho Lee Settlement

Judges Say Tax-Funded Groups Have 'Right' to Promote Prostitution

Judge will weigh suit over lab for biosafety

EDITORIAL: Liberty's Librarians

AP

June 6, 2006

Veterans groups sue government over data theft

By HOPE YEN

Associated Press Writer

WASHINGTON_A coalition of veterans' groups charged in a lawsuit Tuesday that their privacy rights were violated after thieves stole personal data on 26.5 million military personnel from a Veterans Affairs employee.

The class-action lawsuit against the federal government, filed in U.S. District Court in Washington, is the second suit since the VA disclosed the May 3 burglary two weeks ago.

It demands that the VA fully disclose which military personnel are affected by the data theft and seeks $1,000 in damages to each person _ up to $26.5 billion total. The veterans are also asking for a court order barring VA employees from using sensitive data until independent experts determine proper safeguards.

"VA arrogantly compounded its disregard for veterans' privacy rights by recklessly failing to make even the most rudimentary effort to safeguard this trove of the personally identifiable information from unauthorized disclosure," the complaint states.

A spokesman for the VA did not have an immediate comment Tuesday.

Veterans groups have criticized the VA for a three-week delay in publicizing the May 3 burglary at a VA data analyst's Aspen Hill, Md., home. The VA initially disclosed the burglary May 22, saying it involved the names, birthdates and Social Security numbers _ and in some cases, disability codes _ of veterans discharged since 1975.

Since then, it also has acknowledged after an internal investigation that the data could also include phone numbers and addresses of those veterans, as well as the personal information for up to 50,000 active Navy and National Guard personnel.

In their lawsuit, the veterans groups say VA Secretary Jim Nicholson and other VA officials were at fault for the theft, which occurred even though the agency's inspector general warned every year since 2001 that access controls were weak.

The suit also said the VA acted irresponsibly by failing to publicize the burglary after the data analyst promptly told his supervisors on May 3. During congressional hearings last month, VA Inspector General George Opfer said his office didn't learn of the crime until May 10 _ and only through office gossip.

The veterans cite in part violations of a 1974 federal privacy law, which generally requires agencies to have protections to prevent the unauthorized disclosure of personal information. The VA has said the data analyst violated its established procedures by taking the data home without permission.

Nicholson has said he was angry that employees did not notify him of the burglary until May 16. Since then, the VA has fired the data analyst, and his boss, VA deputy assistant secretary Michael McLendon, has stepped down.

There have been no reports that the stolen data have been used for identity theft in what has become one of the nation's largest security breaches.

The five veterans groups involved in the lawsuit are Citizen Soldier in New York; National Gulf War Resource Center in Kansas City; Radiated Veterans of America in Carson City, Nev.; Veterans for Peace in St. Louis; and Vietnam Veterans of America in Silver Spring, Md.

Separately, a Democratic activist also has sued the VA in federal court in Cincinnati.

END

AP

June 6, 2006

Mobster Taking Stand In Wrongful Death Case; Family Suing Federal Government For $50 Million

BOSTON -- John McIntyre thought he was going to a house party on Nov. 30, 1984.

Instead, he was chained to a chair, interrogated, strangled, then shot in the head.

McIntyre's family is suing the federal government for $50 million, alleging that McIntyre was killed by fugitive crime boss James "Whitey" Bulger after former FBI Agent John Connolly tipped him that McIntyre was cooperating with authorities in an investigation of Bulger.

As the McIntyre family's wrongful death lawsuit went to trial Monday, attorney Steven Gordon gave chilling details of McIntyre's killing.

Gordon said McIntyre was lured to a house by Bulger and Stephen "The Rifleman" Flemmi, leaders of the notorious Winter Hill Gang.

After he arrived carrying a case of beer, McIntyre was handcuffed and chained to a chair, then interrogated by Bulger, who asked him if he was talking to authorities about Bulger's failed plan to ship guns to the Irish Republican Army on a Gloucester fishing boat.

"It did not take much time for John McIntyre to say he was," Gordon said.

Gordon said Bulger tied a boat rope around McIntyre's neck and tried to strangle him, but when that took too long, he decided to shoot him.

Gordon said Bulger asked McIntyre, "Do you want one to the head?"

"The last words spoken on this earth by John McIntyre was a plaintive, 'Yes, please,' " Gordon said.

Then Bulger shot him in the head, Gordon said.

Stephen "The Rifleman" Flemmi, Bulger's former right hand man, who pleaded guilty to participating in McIntyre's death, is expected to be a key witness for the McIntyre family.

Flemmi, who is serving a life sentence in 10 killings as part of a plea deal that spared him the death penalty, testified in a deposition last year that Connolly told Bulger that McIntyre had begun talking to federal authorities about Bulger's criminal activities.

Flemmi testified only briefly Monday before the trial recessed for the day. He is scheduled to resume his testimony Tuesday.

Connolly was convicted in 2002 on racketeering and other charges for tipping Bulger - who himself was an FBI informant - that he was about to be indicted. Bulger fled on the eve of his 1995 indictment and remains a fugitive on the FBI's "Most Wanted" list.

Gordon said the government acknowledged in the criminal case against Connolly that he is the one who revealed McIntyre's identity. Kevin Weeks, Bulger's former enforcer, testifying for the government at Connolly's trial, described McIntyre's killing in gruesome detail and said Bulger learned of McIntyre's identity from Connolly.

"McIntyre's cooperation was a direct threat to Bulger's group and a direct threat to Bulger's relationship

with the FBI," said Gordon, who also said he plans to call Weeks as a witness.

But Bridget Bailey Lipscomb, an attorney for the Justice Department, said that there is no direct evidence that Connolly revealed McIntyre's name to Bulger. She said Flemmi, in his deposition, said only that Connolly told Bulger that one of two people who were arrested on the fishing boat was an informant. She also said that Bulger had other law enforcement sources who could have given him McIntyre's identity.

She said that McIntyre, who was acting as an informant for U.S. Customs agents, had declined the agency's offer to place him in the witness protection program.

Lipscomb said the McIntyre case had been unfairly portrayed in the media as part of a wave of negative publicity surrounding the FBI's use of criminal informants.

Bulger and Flemmi were longtime informants who provided the FBI with information on the mafia, which the Bulger gang considered its main rival for criminal rackets in the Boston area, including gambling, drugs and loan-sharking.

Connolly's case and others prompted an uproar and Congressional hearings into the relationship between the FBI and its criminal informants.

Lipscomb said the media had depicted the Boston FBI office as "a bunch of renegade agents" who allowed its informants to commit murder so that it could achieve its goal of dismantling the Mafia.

"We believe that this is a case about fact and fiction," Lipscomb said. "It's fiction that the federal government did not protect John McIntyre and intentionally had him killed."

Connolly, who has not been charged in McIntyre's killing, is now serving a 10-year sentence and is currently awaiting trial in Florida in connection with the 1982 slaying of Miami gambling executive John Callahan.

McIntyre's mother, Emily, who filed the lawsuit, did not attend the trial Monday. Gordon said Emily McIntyre did not want to see Flemmi, who has admitted pulling out McIntyre's teeth after he was killed.

END

Boston Globe

June 6, 2006

A victim's family seeks $50 million

By Shelley Murphy

In the 11 years since James ``Whitey" Bulger fled Boston to avoid racketeering charges, his legend has grown: He was outed as an FBI informant and was charged with 19 murders, and his FBI handler was sent to prison for protecting him from prosecution and helping him to evade capture.

But yesterday, a Justice Department trial lawyer, Bridget Bailey Lipscomb , accused the media of spreading rumor and folklore about the Bulger case and of unfairly tarnishing the reputation of the FBI, the nation's ``premier law enforcement agency."

She was defending the government against a $50 million wrongful-death lawsuit that was filed by the family of one of Bulger's alleged victims, John McIntyre of Quincy.

``We believe that this is a case about fact and fiction," Lipscomb said in her opening statement before US District Judge Reginald C. Lindsay in Boston.

``It's fiction that the federal government did not protect John McIntyre and intentionally had him killed," Lipscomb added.

She added that it was fiction that the FBI had protected Bulger and his longtime sidekick and fellow informant, Stephen ``The Rifleman" Flemmi, from prosecution.

But in his opening remarks, Steven M. Gordon, a New Hampshire lawyer who represents McIntyre's mother, Emily, and brother, Christopher, said the FBI had viewed Bulger and Flemmi ``more as colleagues than criminals," and had let them get away with crimes because they were providing information about local mob members.

McIntyre, 32, was killed on Nov. 30, 1984, six weeks after he began cooperating with the FBI and the US Customs Service. He admitted that he had been aboard the trawler Valhalla, based in Gloucester, a vessel that was part of an unsuccessful plot to ship guns to the Irish Republican Army, and implicated Bulger.

Flemmi, who has admitted to having teamed up with Bulger to kill McIntyre and nine other people, testified briefly yesterday. He is expected to return to the stand today to provide details of McIntyre's slaying.

Flemmi was sentenced to life in prison under an agreement that spared him the death penalty. He testified during a deposition last year that Bulger had killed McIntyre after an FBI agent, John J. Connolly Jr., warned him that McIntyre had been cooperating against him.

When asked yesterday about Bulger's reputation, Flemmi, a slender man with graying hair who will turn 72 on Friday, said: ``He was known as a violent person in the Boston area. His mere presence alone would intimidate people."

In opening remarks, Gordon described in gruesome detail how McIntyre had been lured to a South Boston home.

Once there, Bulger, Flemmi, and another associate, Kevin J. Weeks, handcuffed him and tied him to a chair , Gordon said. McIntyre was questioned for hours, strangled, and then shot by Bulger, he said.

McIntyre believed he had chosen a path to redemption by cooperating, said Gordon, adding: ``But his trust in his government and our government was betrayed."

However, Lipscomb said McIntyre was an informant for US Customs agents who invited the FBI to sit in on two meetings with McIntyre. She said McIntyre had turned down an offer from the Customs Service for 24-hour protection.

While denying that Connolly had alerted Bulger to McIntyre's cooperation, Lipscomb said that even if he had issued the alert, the FBI could not be found liable because Connolly had previously pocketed money from Bulger and Flemmi and was not acting within the scope of his employment as an agent.

Connolly was convicted in 2002 on federal racketeering charges for protecting Bulger and Flemmi from prosecution, and for warning Bulger to flee in advance of Bulger's 1995 racketeering indictment.

Connolly is serving a 10-year sentence and is awaiting trial in Florida on state murder charges in a 1982 gangland slaying involving Bulger and Flemmi. Bulger is on the FBI's 10 Most Wanted list.

END

Government Executive Magazine

June 5, 2006

By Tom Shoop

The Supreme Court Monday vacated a lower-court ruling that limited federal employees' ability to take their claims against agencies to court.

In its decision, the high court rejected the Ninth Circuit Court of Appeals' ruling that federal courts lack jurisdiction over claims brought by employees who are covered by federal laws and regulations governing workplace grievances.

The case, *Terry L. Whitman v. Department of Transportation*, involves a Federal Aviation Administration employee who works at the Alaska Regional Air Traffic Control Center. In 2001, Whitman filed a grievance with the Federal Labor Relations Authority, alleging that he had been unfairly singled out for repeated random drug and alcohol tests.

The FLRA's regional director said the case was outside its jurisdiction. Whitman then filed a suit in federal court charging that the agency had violated his constitutional rights.

The case hinged largely on a minor wording change to the 1978 Civil Service Reform Act that was enacted in 1994. The act had stated that its procedures "shall be the exclusive procedures for resolving grievances within its coverage." Under the amendments, the wording was changed to "exclusive administrative procedures." Whitman and his supporters say the new wording indicates that Congress intended to allow for judicial review of cases like his.

A federal district court, however, ruled that under the CSRA, it lacked jurisdiction to hear Whitman's grievances. The Ninth Circuit Court of Appeals agreed, saying that since the CSRA "does not expressly confer jurisdiction over employment-related claims," the courts can't assume they have it.

But the Supreme Court ruled that the appeals court's logic was backward. "The question, then, is not whether [the amended section of the CSRA] confers jurisdiction, but whether [it] (or the CSRA as a whole) removes the jurisdiction given to the federal courts..." the justices stated in their decision. They sent the case back to the appeals court to address that issue.

Pamela Karlan, the attorney who represented Whitman in arguments before the Supreme Court in December 2005, said she considered the court's ruling a victory for her client, but acknowledged that it was ambiguous.

"Some parts of what the Supreme Court did are quite clear, others are obscure," Karlan said.

For example, the justices ordered that the lower court consider whether the agency's actions in Whitman's case constitute a "prohibited personnel practice" under federal law. Both Karlan and attorneys for the government agreed that they do not. But "because the ultimate question may be jurisdictional, this concession ought not to be accepted out of hand," the justices ruled.

The National Treasury Employees Union hailed the Supreme Court's broader ruling. "This decision is a major step toward keeping the courthouse door open to all federal employees," said NTEU president Colleen M. Kelley. She said the union will "continue to participate" in the case as the Ninth Circuit takes it up again.

END

Bloomberg

6/5/2006

Judge Should Throw Out Sarbanes-Oxley Suit, U.S. Says

By Robert Schmidt

June 5 (Bloomberg) -- The Bush administration, weighing in on a lawsuit seeking to overturn the Sarbanes-Oxley corporate accounting law, asked a federal judge to dismiss the case on procedural grounds.

The Justice Department filing in U.S. District Court in Washington said the challenge was ``brought at the wrong time, in the wrong court.'' The U.S., while not a party in the case, filed a so-called statement of interest in support of the Public Company Accounting Oversight Board, the regulatory agency created by the law.

Judge James Robertson later this month will hear arguments in the oversight board's bid to dismiss the case. The Free Enterprise Fund, a policy group that advocates free markets and small government, sued in February. The group has been a leader in the four-year campaign to scale back the law, passed in 2002 after accounting scandals caused the collapse of Enron Corp. and WorldCom Inc.

Mallory Factor, a New York banker and chairman of the Free Enterprise Fund, accused the government of trying to win the case on ``disingenuous administrative grounds.'' The group is filing court papers today arguing that the case should proceed.

``What it basically shows is they have very little interest in debating the merits of the lawsuit,'' Factor said.

Opponents contend the law stifles innovation and saddles companies with burdensome regulation. Kenneth Starr, the independent counsel whose investigation led to former President Bill Clinton's impeachment, heads the legal team that is trying to have the auditing regulator declared unconstitutional.

Stiffer Penalties

Along with creating the oversight board to police accounting firms, the law stiffened penalties for corporate fraud and required top executives to certify that their company books are in order.

The Free Enterprise Fund suit claims that the accounting oversight board violates the Constitution because its members are named by the Securities and Exchange Commission and not by the president, who has the responsibility to appoint ``principal'' officers of the government.

The Justice Department filing on June 2 is the first time the U.S. has taken a side in the case. The

government doesn't
address the constitutional questions, arguing instead that the suit should be dismissed because the Free Enterprise Fund didn't
follow procedures that require complaints against the board first be filed administratively before the SEC. The SEC oversees the
board and must approve its rules.

Legal Standing

The government argued in its 30-page brief that the Free Enterprise Fund and the Nevada accounting firm that also filed
the suit, Beckstead & Watts, don't have legal standing to bring the case.

President George W. Bush, who signed the Sarbanes-Oxley law after it passed Congress with almost no opposition, called it the
``most far-reaching reforms of American business practice since the time of Franklin Delano Roosevelt."

The case is Free Enterprise Fund v. Public Company Accounting Oversight Board, 06-217, U.S. District Court for the
District of Columbia.

END

Editor & Publisher

June 5, 2006

News Orgs Defend Wen Ho Lee Settlement

NEW YORK The New York Times' attorney who was among those mediating the unusual settlement with Wen Ho Lee last week that will pay the former government scientist $1.6 million, including $750,000 from media outlets, does not believe the payoff will set a bad precedent for news organizations' future sourcing battles.

George Freeman, assistant general counsel for the Times, was among several lawyers who brokered the settlement, in which Lee agreed to drop his civil suit against the federal government in exchange for the monetary payment. The Times was one of five news outlets, including the Los Angeles Times, The Washington Post, Associated Press and ABC News, which will jointly pay $750,000 of the settlement amount.

"The fact of the matter is that the money the plaintiffs spent in this case dwarfs the $750,000 that the media entities put up as part of the settlement," Freeman told E&P Monday. "I don't see this as any type of incentive for attorneys to get money out of the media."

Editors at some of the other news outlets involved in the settlement also defended the decision, pointing out that the case had been battled in the courts for years with reporters, whose sources were sought, at grave risk. "We had fought this at every step of the way, through the courts for years, so it is not like we could find a way out as soon as it came up," said Mike Silverman, AP managing editor. "We had lost conclusively in the courts and we had asked the Supreme Court to take the case and if it had rejected that appeal, we would have been in a difficult position."

Silverman said one positive outcome is that none of the news outlets had to give up their sources, or see reporters jailed in protection of those sources. "I would hope that any potential sources would take heart that we are determined to protect them in any way," he said.

None of the news outlets involved in the settlement was a defendant in the suit, in which Lee accused the government of leaking information to news outlets related to a federal investigation into Lee's alleged spying activities. The investigation found no evidence of spying, but it resulted in Lee's lawsuit.

While the news outlets were not defendants, they were drawn into the case when Lee's attorneys subpoenaed reporters from each news organization to testify about their sources for stories written about Lee. Each had declined and most had faced contempt of court charges, including James Risen of the Times.

Freeman said the settlement was the best way for the Times to avoid hefty fines and possible jail for its reporters. "It was the best outcome given the realities of the situation. It did succeed in protecting our sources and our journalists," Freeman said. "But it is not something we would do as a first option."

He noted that the type of lawsuit that prompted the subpoenas is not likely to come up again soon, so such a settlement is not expected to be more common. "I don't think it is a precedent because I don't think that situation is going to come up often," Freeman said. "In the future, this doesn't bind anyone. This is just one way of resolving this case. The alternative was either a very hefty fine or jail. It is not like the subpoena was issued and we turned money over the next day."

Leonard Downie Jr., executive editor of the Post, declined to comment on the specifics of the settlement. But he also praised the outcome as a way of protecting sources.

"I am pleased that we were able to protect our confidentiality agreements with our sources and that we will always do that," he said. When asked how the deal might impact future source protection battles, he said "I have no idea."

END

National Catholic Register (Canada)

June 4-10, 2006

Judges Say Tax-Funded Groups Have 'Right' to Promote Prostitution

by STEVE WEATHERBE WASHINGTON — Two federal court judges have ruled that the White House can't stop federal tax dollars from flowing to organizations that advocate the legalization of prostitution.

The decisions have thrown into question two 2003 laws that require non-governmental organizations (NGOs) seeking federal money for AIDS-prevention programs to pledge opposition to prostitution.

On May 9, U.S. Federal District Judge Victor Marrero issued an interim injunction in New York against the regulation requiring NGOs to pledge to oppose prostitution, on the grounds that it infringes their First Amendment free speech rights by mandating how they spend even the funding they receive from private sources.

On May 18, U.S. District Court Judge Emmet Sullivan delivered a similar judgment, the *Washington Post* reported. The regulation against supporting prostitution "casts too wide a net and is not narrowly tailored," Sullivan said, forcing non-government organizations to "parrot the government's policies."

Austin Ruse, president of the Catholic Family & Human Rights Institute, called the decisions in favor of funding pro-prostitution groups "outrageous."

Said Ruse, "This means U.S. funds may go to those who aid in sex trafficking. That's problematic for us because it's precisely prostitution that is instrumental in the spread of HIV/AIDS."

The rulings affect the Global AIDS Act and the Trafficking Victims Protection Reauthorization Act. While the court decisions do not challenge directly the provision that no federal funds may be used to promote prostitution, they find unconstitutional the requirement that non-governmental organizations receiving anti-AIDS funding adopt a policy that no programming, even privately funded, "promote, support or advocate" the legalization of prostitution.

Justice Department spokesman Charles Miller said May 16 that no decision has been made about appealing the interim ruling issued by Judge Marrero. Unless the administration does so, Marrero was to hold a second hearing before the end of May where he was to decide on a permanent order. At that hearing all parties to the dispute would be able to offer proposed orders.

Left-Wing Lobbies

Pro-prostitution groups hailed Marrero's decision.

"We're delighted that the court recognizes the pledge requirement as unconstitutional," said Ricardo Castro, spokesman for the Open Society Institute, one of the organizations that sought the injunction. "The provision not only violates the First Amendment, but also hampers organizations in the front lines of the AIDS epidemic."

The Open Society Institute is funded by billionaire investor George Soros. Along with promoting the legalization of prostitution, the institute supports abortion, condom distribution, distribution of the abortifacient "morning-after" pill, and the relaxation of drug laws.

Soros is also a major contributor to the Moveon.org lobby group.

Castro said that the suit against the anti-prostitution pledge was launched after the United States Agency for International Development, known as USAID, refused requests for clarification of how it would enforce the legislation.

"We produced a policy saying we were opposed to the harmful effects of prostitution and asked them if that was good enough," Castro said.

The Open Society Institute spokesman said that USAID refused to say, instead advising that the proof of the acceptability of the institute's policy would be in the programming it funded.

Castro declined to respond directly to the question of whether his organization supported prostitution.

"We work for harm reduction through outreach to the most marginalized groups most affected by AIDS, including sex workers," he said. Open Society Institute staffer Sarah Miller-Davenport added, "If we are working with sex workers, it's not effective for us to be condemning the people we are trying to help."

The problem with USAID's regulation, according to Miller-Davenport, is that it has a "chilling effect" on all of a non-governmental organization's programming, partly because the agency has refused to clarify its scope. However, Miller-Davenport knew of no instances of the Open Society Institute's being challenged by USAID on any of its programs.

Wendy Wright of Concerned Women of America suggested that Open Society and the other groups that are challenging the USAID regulation are far more supportive of prostitution than they admit.

"This regulation didn't come from nowhere," Wright said. "Groups like OSI have actively lobbied governments for legalization of prostitution."

Wright cited the case of one USAID-funded non-governmental organization in Southeast Asia that sent a

worker into a women's shelter to persuade staff there to let in a pimp to persuade a prostitute who had fled there to return to the sex trade.

"These NGOs ignore the fact that women are coerced into prostitution," Wright said. "It is not a choice."

Wright said the Open Society Institute had used USAID money to produce AIDS prevention pamphlets aimed at third-world sex workers that de-stigmatized prostitution, "then distributed them in schools."

'Harmful Effects'

Wright's complaints are heartily endorsed by a women's studies professor at the University of Rhode Island who has been researching non-governmental organizations' programs for sex workers for years. Donna Hughes confirms that "a number of NGOs, including OSI, have consistently treated prostitution as an economic opportunity for women without any discussion of harmful effects."

The Open Society Institute, Hughes said, "put on several conferences for sex workers that were about empowerment and community building and said not a word in their agendas about helping these women get out of prostitution." One USAID-funded program in Russia spent seven years, she said, "trying to build relations with pimps to get them to distribute condoms."

Groups supporting legalization of prostitution are "very clever propagandists, and they claim they have to approach women in the sex trade in a non-judgmental way in order to get the AIDS-prevention message across," Hughes said. "But in fact they want to de-stigmatize prostitution. They want to empower the prostitutes to negotiate with pimps for higher wages and clients for condom use. They are utopians who believe they can transform prostitution into a job like any other."

The problem with that, Hughes said, is that prostitution destroys women's lives. Quite apart from the risk of disease and assault by pimps and customers, she said, prostitutes are at great risk of depression and suicide.

"They can't have sex with five to 40 men a day any more than you can without it doing permanent psychological damage," Hughes said. "As for negotiating with pimps for better wages, it's like negotiating with the Mafia."

END

CONTRA COSTA TIMES

June 6, 2006

Judge will weigh suit over lab for biosafety

By Betsy Mason

A federal judge will consider Lawrence Livermore Lab's plans to build a new "hotlab" to study anthrax, plague and other deadly pathogens.

The hearing, scheduled for June 13 in the 9th U.S. Circuit Court of Appeals in San Francisco, is the latest development in a battle over the "Biosafety Level 3" facility.

Livermore-based Tri-Valley Communities Against a Radioactive Environment, and other watchdog groups, claim the Department of Energy didn't do an adequate assessment of the potential environmental impacts of locating such a facility in Livermore.

"It is outrageous that the DOE granted itself the go-ahead to operate this facility without conducting thorough analyses of the risks to workers and neighbors," said Marylia Kelley, executive director of Tri-Valley Communities Against a Radioactive Environment.

The group's main concerns are potential for damage to the lab by terrorist attacks and earthquakes. They argue that combining nuclear materials and biowarfare agents in the same facility would make the lab an even more attractive target for terrorists, and two active earthquake faults lie within two miles of the proposed facility.

Tri-Valley CAREs originally sued the Energy Department over proposed hotlabs at Livermore and Los Alamos national Laboratories in August 2003. The following December, a federal judge barred shipments of biological agents including botulism, anthrax, plague, valley fever and Q fever until a final decision on the lawsuit was made. In September 2004, the judge gave Livermore's biosafety lab the go-ahead.

"We felt that that decision was proper," said Livermore lab spokesman Steve Wampler.

"We consider the siting of a new biosafety facility to be critical to our efforts to rapidly develop biodetection technologies for fighting terrorism and for public health uses," Wampler said.

The watchdog groups appealed the decision to the 9th Circuit Court in November 2004, which resulted in the upcoming hearing.

In November 2005, the DOE announced it would do a full environmental report for the proposed hotlab at Los Alamos.

The Livermore facility is expected to be ready to open in two months pending safety and readiness reviews.

END

Hartford Courant

June 6, 2006

EDITORIAL: Liberty's Librarians

Jun. 6--It's good to know that the four Hartford-area librarians who led the nation in the first challenge of an FBI order to turn over patrons' Internet records under the USA Patriot Act finally have faces.

Without the benefit of a court order, the FBI used its sweeping powers under the Patriot Act to demand the records. That's unsettling enough. That the FBI also interpreted the post-9/11 anti-terrorism statute to mean it could "cloak" those orders - preventing the librarians from even discussing the matter with colleagues or their own library boards - is creepy and, ultimately, un-American.

So with the aid of the American Civil Liberties Union, the librarians fought back. They won in U.S. District Court with a ruling from Judge Janet C. Hall, who rightly found that the gag order violated the First Amendment right to free speech. But the federal government\l "l" resisted, taking the case to the U.S. 2nd Circuit Court of Appeals. In the meantime, members of Congress (using their First Amendment freedoms) argued the question whether the act, which had sunset provisions, should be extended. In the course of that debate, it adopted amendments that, in the opinion of the appeals court, rendered the librarians' case moot.

Case dismissed.

And so last week, during a press conference in the ACLU's New York City offices, Connecticut's four librarians were free to emerge from the shadowy constraints of the Patriot Act and into the limelight. They are George Christian, executive director of Library Connection; Peter Chase, director of the Plainville Public Library; Janet Nocek, director of the Portland Public Library; and Barbara Bailey, director of Welles-Turner Memorial Library in Glastonbury.

They spoke of their frustration at not being able to discuss the personal aspects of the Patriot Act even as Congress debated it in the abstract. They described the stunning impact of being ordered by the government to violate their own professional duties, the confidences of the people they serve, their principles and their constitutional rights (Library Connection, the inter-library organization that was the target of the FBI's order, is still holding fast to the records). On Tuesday, though, they did accomplish one thing. They gave freedom a face.

END

McKenzie, Peggy (CIV)

From:	McKenzie, Peggy (CIV)
Sent:	Tuesday, June 06, 2006 11:39 AM
To:	Agarwal, Asheesh (CRT); Bahr, Dorothy (CIV); Baxter, Felix (CIV); Bordeaux, JoAnn (CIV); Bucholtz, Jeffrey (CIV); Calvert, Chris (CIV); Cohen, David M. (CIV); Cohn, Jonathan (CIV); Davis, Dan (CIV); Davis, Deborah J; Fargo, John (CIV); Fielding, Gabrielle (CIV); Fishback, David (CIV); Flentje, August (CIV); Fowler, Liane (SMO); Frost, Peter (CIV); Garren, Timothy (CIV); Glynn, J.Patrick (CIV); Goldberg, Arthur (CIV); Gorsuch, Neil M; Gray, Towanda (CIV); Hertz, Michael (CIV); Hollis, Robert (CIV); Hudson, Lewis (CIV); Hunt, Jody (CIV); Hussey, Thom (CIV); Jennings, Geraldine (CIV); Katsas, Gregory (CIV); Keener, Donald (CIV); Kent, Alexander (CIV); Kohl, Christine (CIV); Kohn, Chris (CIV); Kopp, Robert (CIV); Liner, Linda (CIV); Lloyd, Shirley (CIV); Lucas, Regina E. (CIV); Magnuson, Cynthia; McCallum, Robert (SMO); Miller, Charles S; Pyles, Phyllis (CIV); Rivera, Jennifer (CIV); Schiffer, Stuart (CIV); Shannen Coffin; Shaw, Aloma A; Swenson, Lily F; Thirolf, Eugene; Williams, Angela (CIV); Williams, Toni (CIV); Willis, Kerry (CIV); Zwick, Ken (CIV)
Subject:	6/6 CIV Weekly Report to the AG
Attachments:	CivDivWkly0606.wpd

U.S. Department of Justice

Civil Division

Assistant Attorney General *Washington, D.C. 20530*

June 6, 2006

MEMORANDUM FOR THE ATTORNEY GENERAL

THROUGH: THE DEPUTY ATTORNEY GENERAL

THROUGH: THE ASSOCIATE ATTORNEY GENERAL

FROM: Peter D. Keisler
Assistant Attorney General

SUBJECT: Civil Division Weekly Report to the Attorney General

A. NEXT WEEK

- No items to report.

B. THIS WEEK

- ***Supreme Court Vacates and Remand for Further Consideration Case Involving Employment-Related Complaints under the Federal Aviation Administration's Personnel Management System***
  Whitman v. Department of Transportation. On June 5, the Supreme Court vacated and remanded the Ninth Circuit's decision, which held that the Federal Aviation Administration Personnel Management System provides the exclusive remedy for employee grievances. The Supreme Court directed the Ninth Circuit to consider a variety of issues, including "where Whitman's claims fit within the statutory scheme," whether Whitman's claims are precluded, and whether Whitman must exhaust administrative remedies prior to seeking judicial review of any surviving constitutional claims.

- ***Boston-FBI Informant Case Goes to Trial***
  McIntyre v. United States, et al. [District of Massachusetts] (Judge Reginald Lindsey). On June 5, the first trial in a series of cases arising out of the Boston-Federal Bureau of

Investigation's (FBI's) handling of notorious criminal informants started in Boston, with the trial expected to last two weeks. The court bifurcated the Federal Tort Claims Act (FTCA) and Bivens claims, with the FTCA claims being tried first. This case is based on the death of John McIntyre who was a drug dealer and a gunrunner for the IRA. He became an informant for the Customs Service several weeks before his death. The plaintiffs alleged that he was killed by Bulger, an FBI informant who is now on the FBI's Most Wanted List, and Flemmi, his cohort. They contend that the United States is liable because: (1) the FBI failed to arrest and prosecute Bulger and Flemmi and thus "emboldened" them to commit numerous crimes, including murder; and, alternatively, (2) an FBI agent leaked McIntrye's cooperation to Bulger, knowing McIntyre would be killed.

- ***Eleventh Circuit to Hear Oral Argument in Federal Tort Claims Act Appeal Concerning the Elian Gonzalez Incident***
  Dalrymple v. United States. On Wednesday, June 7, the Eleventh Circuit will hear argument in this Federal Tort Claims Act case concerning the Immigration Naturalization Service raid in April 2000 that recovered Elian Gonzalez, the six-year-old Cuban boy, from his uncle's Miami home. The plaintiffs – more than one hundred bystanders and demonstrators who were near the house at the time of the raid -- seek damages for the Immigration Naturalization Service's allegedly tortious use of tear gas to control the crowd during the operation. The district court ruled in favor of the government after a bench trial, concluding that the federal officers' conduct was objectively reasonable.

- ***Government Opposes Motion by Guantanamo Bay Detainee to Obtain Advance Notice of Release***
  Zakirjan v. Bush [District of Columbia]. On June 8, the government will file its opposition to a motion by counsel for a Guantanamo Bay detainee classified as "no longer an enemy combatant" to obtain an order requiring the government to provide counsel thirty days' advance notice of any release of the detainee from Guantanamo. The court previously ordered the government to provide advance notice of any transfer of the detainee from Guantanamo Bay unless the transfer was being made for the purpose of release. Counsel have now moved to amend the order, claiming advance notice is necessary for counsel to assist in the detainee's resettlement, especially in light of the government's willingness to send other detainees classified as no longer enemy combatants to countries such as Albania.

C. LAST WEEK

- ***Court Bars Discrimination Claim Against Department of Agriculture on Sovereign Immunity Grounds***
  Abercrombie v. United States Department of Agriculture [Eastern District of Kentucky]. On May 18, Judge William O. Bertelsman granted defendant's motion to dismiss. This action appealed an administrative decision denying plaintiff's claim for damages as a result of the Department of Agriculture's alleged discrimination against her in the administration of farm loan programs on the basis of her gender. The court held that an oral discrimination complaint offered in conjunction with an otherwise defective written complaint cannot constitute an "eligible [written] complaint" under the statute.

- ***District Court Dismisses FTCA Action Where Claim Was for Economic Loss with No Injury to Plaintiff's Person Or Property***
  Laine v. United States [Northern District of California] (Judge Richard Seeborg). On May 19, the United States District Court for the Northern District of California dismissed plaintiff's Federal Torts Claim Act (FTCA) suit, where plaintiff (a commercial shrimp fisherman) alleged that the United States negligently discharged oxygen-depleted waters from an environmental restoration project along south San Francisco Bay, reducing the number of shrimp in the Bay and thus causing him to lose business profits. The court agreed with our contention that it lacked subject matter jurisdiction under the FTCA because plaintiff suffered no damage or loss to his "property." Under California law, plaintiff had no inherent property interest in shrimp while they remained in the wild, and the common law has never treated purely economic interests of the type asserted by plaintiff as cognizable under the FTCA.

- ***Sixth Circuit Concludes that Alleged Incompetence Is not a Bar to Denaturalization Proceedings***
  United States v. Mandycz [6th Cir.]. On May 22, the Sixth Circuit affirmed a district court decision revoking the alien's naturalized citizenship on the basis that his service as a forced labor camp guard during World War II rendered him ineligible for a visa under the Displaced Persons Act of 1948. The Court held that the alien's Alzheimer's disease and alleged mental incompetence was not a bar to the denaturalization proceeding, but, as a general rule, in such cases, the trial court should appoint a guardian pursuant to Fed. R. Civ. P. 17(c). The Court left open the possibility that future cases might require exceptions to this rule. The Court rejected the alien's argument that a defendant in a denaturalization proceeding could assert laches as a defense against the United States.

- ***Government Moves to Dismiss Challenge to Deficit Reduction Act***
  On May 22, the government filed a motion to dismiss in *Zeigler v. Gonzales* (Southern District of Alabama), a challenge to the Deficit Reduction Act of 2005 (the DRA). Jim Zeigler, an attorney who represents senior citizens in obtaining eligibility for Medicaid nursing home coverage, seeks a declaratory judgment that the DRA is unconstitutional under Article I, Section 7 of the Constitution, alleging that the legislation passed by the Senate and signed by the President differs in one respect from the bill that the House passed. In our motion to dismiss, we argued that Zeigler lacks standing to pursue this case in his capacity as a lawyer representing clients who are affected by the DRA, in his capacity as an alleged frequent filer of lawsuits in federal district court, and in his capacity as a taxpayer. We also argued that the complaint is barred by the enrolled bill rule, which precludes a court from looking behind an enrolled, certified bill to evaluate the inner workings of Congress.

- ***Appeal from Order Permitting Recipient of National Security Letter to Publicly Identify Itself Dismissed as Moot***
  Doe v. Gonzales. On May 23, the Second Circuit dismissed as moot the government's appeal from a grant of preliminary injunction that would have allowed the John Doe plaintiff to publicly identify itself as the recipient of a national security letter (NSL), an act otherwise prohibited by 18 U.S.C. § 2709(c). While the appeal was pending, Congress passed two statutes that substantially amended the NSL statute. Using new

discretion granted by the legislation, the government determined that it would not oppose disclosure of Doe's identity. The parties now are awaiting the return of the case to the district court for the revelation of Doe's identity and continued proceedings on plaintiffs' remaining claims challenging the FBI's authority to issue NSLs.

- ***Second Challenge to Bankruptcy Reform Law Dismissed on Jurisdictional Grounds***
  In re David Cantor [Western District of Kentucky Bankruptcy Court]. On May 23, Judge David T. Stosberg dismissed plaintiff's petition, which challenged several provisions of the Bankruptcy Abuse Prevention and Consumer Protection Act of 2005 (BAPCPA). Plaintiffs argued that BAPCPA would violate the First and Tenth Amendments and the separation-of-powers doctrine if the challenged provisions were interpreted to apply to lawyers. The court, explicitly adopting the reasoning of *In re McCartney* (Middle District of Georgia Bankruptcy Court), decided that there was no case or controversy; Judge Robert F. Hershner, Jr. had decided in *In re McCartney* that an attorney did not have standing to raise a pre-enforcement challenge to the BAPCPA because he had not suffered an injury in fact.

- ***Second Circuit Remands Chinese Unmarried Father's Asylum Case for Further Adjudication***
  Pan v. Att'y General [2d Cir.]. On May 23, the Second Circuit remanded the alien's claim for further proceedings before the Board to determine in the first instance whether the alien's status as a boyfriend and father of an out-of-wedlock child would allow him to qualify as a refugee because the mother had been subjected to Chinese coercive population control techniques. The Court upheld the agency's adverse credibility finding regarding the alien's claims of marital status, but remanded for a definitive general credibility finding regarding the alien's testimony on other aspects of his claim, chastising the Board for failing to address the dispositive issue. The Court retained jurisdiction to rule upon the petition and decide the issues on appeal following disposition of the remand.

- ***Fifth Circuit Denies Molina-Camacho Challenge to Board's Order of Removal***
  Delgado-Reynua v. Gonzales [5th Cir.]. On May 23, the Fifth Circuit vacated the district court's grant of habeas relief and converted the habeas petition into a petition for review under the REAL ID Act. The Court held that it lacked jurisdiction to review the Board of Immigration Appeal's discretionary reversal of the Immigration Judge's grant of a waiver of inadmissibility. The Court determined that it had jurisdiction over the alien's challenge to the Board's authority to order his removal, but rejected the Ninth Circuit's ruling in *Molina-Camacho v. Ashcroft*, 393 F.3d 937 (9th Cir. 2004) that the Board lacks authority to order removal.

- ***Katrina Related Class Action Dismissed for Failure to File Administrative Claims***
  In the Matter of Complaint of Ingram Barge Company [Eastern District of Louisiana] (Judge Helen G. Berrigan). On May 24, Judge Berrigan granted the United States' motion to dismiss one set of Hurricane Katrina flooding related class action claims, alleging negligent design and construction of the Mississippi River Gulf Outlet, negligent failure to maintain levees and waterways, and negligent failure to "look after" a privately-owned barge that allegedly breached a levee wall. The court adopted the United States' reasoning that, whether the jurisdictional basis of the claims was the Federal Tort Claims

Act or the Admiralty Extension Act (for damage ashore caused by a vessel in navigable waters), an administrative claim was required. As no claims had been filed, dismissal was mandated. Perhaps more significantly, the court noted explicitly that admiralty jurisdiction was lacking for claims related to flooding from levee breaches that were not directly caused by impact of a vessel (a barge) on the levee, as levees are land-based structures without a substantial connection to maritime commerce.

- ***Federal Circuit Holds that Court of International Trade Lacks Jurisdiction to Entertain Certain Claims Related to Displaced Worker Benefits***
  Former Employees of Quality Fabricating, Inc. v. United States Secretary of Labor (Fed. Cir.) [Newman, Rader, Prost]. On May 24, the Court of Appeals for the Federal Circuit reversed an interlocutory order of the Court of International Trade, concluding that that court lacks jurisdiction to entertain claims concerning certain Trade Adjustment Assistance benefits. The Court of International Trade had asserted jurisdiction to review a claim stemming from the provision of benefits to workers indirectly affected by imports, based upon language in the legislative history of the statute providing that court with jurisdiction to entertain claims by directly-affected workers. The appellate court rejected the trial court's reasoning that it possessed jurisdiction due to its expertise in international trade and the intertwined nature of the benefits provided to both directly- and indirectly-affected workers. The court vacated and remanded the matter with instructions to dismiss because no statute waives sovereign immunity for the Court of International Trade to entertain the claims at issue.

- ***Reconsideration Sought of Magistrate Judge Orders Requiring Counsel Access to Guantanamo Bay Detainee Without Showing of Counsel's Authority to Represent Detainee***
  Said v. Bush [District of Columbia] (Judge Richard Roberts); *Kabir (Sadar Doe) v. Bush* [District of Columbia] (Judge James Robertson). On May 25, the government filed motions for reconsideration of two recent orders of Magistrate Judge Alan Kay interpreting the governing protective order and counsel access procedures in the Guantanamo Bay habeas corpus cases to require the government to permit any counsel who purports to represent a Guantanamo Bay detainee to meet with the detainee to determine if the detainee wants the lawyer to represent him and pursue a habeas corpus action on his behalf. The Magistrate Judge's orders rely upon a similar recent decision by Judge Richard Roberts in another Guantanamo habeas case, *Adem v. Bush* [District of Columbia], and rejects the government's longstanding interpretation of the protective order in the Guantanamo Bay detainee cases that an attorney must provide evidence that the lawsuit has been directly authorized by a detainee or an appropriate "next friend" petitioner prior to being permitted direct, privileged access to the detainee.

- ***Court Rejects Complaints about Agency Payment Process in Disproportionate Share Cases***
  Portland Adventist v. Leavitt [D. Oregon]. On May 25, the district court denied plaintiffs' motions to enforce judgment in three related cases challenging a Department of Health and Human Services (HHS) regulation as unlawful to the extent it precluded Medicare disproportionate share (DSH) payments based on days attributable to expansion waiver populations before the regulation was amended in January 2000. We had previously lost *Portland I* in the Ninth Circuit and had stipulated that the judgment in that case would

apply in the two subsequent cases. On remand, the district court retained jurisdiction during the payment process. First, contrary to plaintiffs' unsupported contention, the court agreed that the judgment's retention-of-jurisdiction provision never contemplated that defendant suspend its ordinary administrative process in order to make the DSH payments at issue. Second, the court agreed that because plaintiffs' administrative appeal was limited solely to expansion waiver populations, defendant need not consider other new data regarding the DSH calculation and the court lacked jurisdiction to order it to do so. Third, the court denied plaintiffs' request for fees under the Equal Access to Justice Act.

- ***District Court Denies Contractor's Challenge to ASBCA Decision***
  Southwest Marine, Inc. v. United States [S.D. Ca.] (Hayes). On May 25, the district court denied a challenge by Southwest Marine, Inc., to a decision of the Armed Services Board of Contract Appeals which held that Southwest was not entitled, under its government contracts, to reimbursement of certain costs for legal fees and related services incurred by Southwest in the unsuccessful defense of a citizen's suit for violation of the Clean Water Act, 33 U.S.C. § 1365(a).

- ***Federal Circuit Reduces Damages Award in Winstar-Related Case by $118 Million***
  Old Stone Corp. v. United States [Federal Circuit]. On May 25, the United States Court of Appeals for the Federal Circuit (Linn, J., Dyk, J., Prost, J.), affirmed, in part, and reversed, in part, a $192.5 million judgment in favor of a thrift holding company for breach of contract arising from the passage of the Financial Institutions Reform, Recovery, and Enforcement Act of 1989 (FIRREA). The plaintiff holding company claimed that it was a party to a contract under which the government promised that goodwill arising out of its thrift's mergers with two insolvent thrifts could be counted toward regulatory capital requirements. When FIRREA prohibited the inclusion of goodwill in regulatory capital and the holding company's thrift ultimately failed, the holding company brought suit seeking $118 million it allegedly contributed to the mergers and $74.5 million that it spent recapitalizing the thrift after the breach. The Federal Circuit affirmed the trial court's award of the $74.5 million as mitigation damages, but reversed the award of $118 million. The court held that the $118 million: (1) could not be awarded as restitution because the holding company elected to continue performance of the contract after the breach; and (2) could not be awarded as reliance damages because it was unforeseeable that the loss of approximately $80 million in regulatory capital would cause the holding company to lose its $118 million contribution, particularly given that the holding company had recapitalized the thrift with $74.5 million in post-breach contributions.

- ***Court of International Trade Determines It Lacks Jurisdiction Over False Claims Action to Recover Duties and Penalties Against Importer***
  United States v. Universal Fruits And Vegetables Corp., et al No. 04-00431 (CIT May 25) (Carman J.). On May 25, the Court Of International Trade (CIT) dismissed for lack of jurisdiction the government's action to recover damages and penalties against an importer for mis-marking the country of origin of fresh garlic shipments to avoid Customs duties. The CIT had initially agreed with the government that the action, brought under

the False Claims Act, 31 U.S.C. § 3729, could proceed in the CIT pursuant to the CIT's jurisdictional statute, 28 U.S.C. § 1582(3), and permitted the government to file a motion for summary judgment in the matter. In response to defendants' motion to dismiss, however, the CIT revisited its jurisdictional decision and concluded that the CIT lacked jurisdiction over this matter because 28 U.S.C. § 1582(3) permits the CIT to entertain only the government's efforts to recover duties and not damages as referenced by duties, which the government sought under the False Claims Act. The case had been transferred to the CIT from the United States District Court for the Central District of California after the United States Court of Appeals for the Ninth Circuit held that the district court lacked jurisdiction to entertain the matter because the government's damages were measured by reference to duties, the recovery of which are within the exclusive jurisdiction of the CIT under 28 U.S.C. § 1582(3).

- ***Court Orders Expedited Processing of Records Request Concerning Terrorist Activity Reporting Program***
  American Civil Liberties Union of Northern California v. U.S. Department of Defense [Northern District of California]. On May 25, Judge William Alsup granted the plaintiffs' motion for summary judgment and ordered expedited processing of their Freedom of Information Act (FOIA) request. Plaintiffs alleged that the defendants had improperly denied plaintiffs' request for expedited processing of their FOIA request concerning the Threat and Local Observation Notice program. Under the program, members of the military and civilians file reports concerning potential terrorist activity that are collected in a centralized database. Various media outlets reported in December that numerous reports had been submitted that involved non-violent protests concerning the war or the "Don't Ask, Don't Tell" policy. Two agency components granted plaintiffs' request for expedited processing of their FOIA request, while three others denied the request. In the same order, the Court denied plaintiffs' request for attorney's fees and the production of documents because, according to the Court, their summary judgment motion had not justified the complaint's request for such relief. The Court then issued a judgment closing the case.

- ***Court Largely Upholds Refusal to Disclose Certain Records Pertaining to Border Patrols***
  ACLU v. United States Customs and Border Protection [Central District of California]. On May 25, Judge Christina A. Snyder granted in part and denied in part the government's motion for summary judgment. Plaintiff brought this action under the Freedom of Information Act (FOIA) seeking documents relating to immigration enforcement actions taken by mobile patrol groups of Customs and Border Protection agents in cities in Southern California, as opposed to at the border or border checkpoints. Most of the documents were withheld under FOIA exemptions (b)(2) and (b)(7)(E), which protect information that could be used to circumvent the law; some were also withheld under FOIA exemption (b)(5), which protects attorney-client communications and attorney work product. The court held that all of the material was properly withheld except for 13 pages of legal training materials. The court ordered each party to bear its own attorneys's fees and costs.

- ***$76 Million Award in Winstar-Related Case***
  Fifth Third Bank v. United States (Ct. Fed. Cl.). On May 26, the Court of Federal Claims

(Christine Miller, J.) awarded expectation damages of $52.704 million and a tax gross up of $23.819 million in this Winstar-related case. A complaint filed in 1996 contended that plaintiff had entered into five supervisory goodwill contracts in the mid-1980s and sought in excess of $120 million in expectation, reliance and restitutionary damages. We were awarded summary judgment on the "leveraging" lost profits, reliance, and restitution claims. At a trial in 2003, the trial court ruled there were no contracts to be breached. However, this was reversed by the Court of Appeals for the Federal Circuit. After a two-week trial in 2006, the trial court rejected the claim for lost profits relating to the sale of Cincinnati branches but awarded $8.469 million for a lost deposit premium. The trial court found the thrift would have converted into a stronger market in the absence of Financial Institutions Reform, Recovery, and Enforcement Act of 1989 and awarded $44.235 million for "reduced conversion proceeds." Finally the court awarded a tax gross up on the conversion proceeds of $23.819 million.

- ***Court of Federal Claims Finds No Fifth Amendment Taking As a Result of Low-Income Housing Regulations***
  City Line Joint Venture v. United States, No. 96-738 (Fed. Cl.). On May 26, the Court of Federal Claims (Wiese, J.) issued an opinion, concluding that no regulatory taking resulted from legislation limiting the owner's right to prepay and exit the low-income housing program regulated by the Department of Housing and Urban Development (HUD). Initially, the court concluded that plaintiff's claims were ripe for review because it would have been futile for plaintiff to apply to prepay and exit the HUD program and because the sale option available under the preservation statutes did not provide just compensation. The court next examined the factors set forth in Penn Central Transportation Co. v. New York City, 438 U.S. 104 (1978), and concluded that the economic impact of the government's action "did not occasion a serious financial loss." Thus, the court found that the limitations placed upon plaintiff by the preservation statutes did not constitute a taking of plaintiff's property.

- ***Government Seeks Dismissal of Suit Challenging Bar on Financial Aid to Students Convicted of Drug-Related Offenses***
  Students for Sensible Drug Policy Foundation v. Spellings [District of South Dakota]. On May 26, the government filed a motion to dismiss this case in which plaintiffs challenge a provision of the Higher Education Act of 1965 that suspends eligibility for federal financial aid for students who have been convicted of drug-related offenses. Plaintiffs contend that this provision violates the Equal Protection component of the Due Process Clause and the Double Jeopardy Clause of the Fifth Amendment. In our motion, we argue that the statute is constitutional because it has a rational basis and does not constitute criminal punishment.

- ***Government Opposes Motion by Guantanamo Bay Detainee to Permit Foreign Attorney Access to the Detainee***
  Salahi v. Bush [District of Columbia]. On May 26, the government will file its opposition to a motion by counsel for a Guantanamo Bay detainee in a pending habeas corpus case to require the government to permit a Mauritanian attorney who possesses neither a security clearance nor membership in a bar in the United States access to the detainee at Guantanamo. The opposition noted the requirement in the governing protective order that only United States counsel with security clearance be permitted access to habeas

petitioner-detainees. The opposition also noted that petitioner's request was inconsistent with the authority of the commander of Guantanamo Bay to control access to the military facility under his control.

- ***District Court Refuses to Issue Temporary Injunction in Case Challenging Management of Hurricane Relief***
  Carolyn Watson et al. v. FEMA [Southern District of Texas]. On May 30, the Court denied plaintiffs' request for a temporary restraining order (TRO) against the Federal Emergency Management Agency (FEMA) and, on June 1, the court denied reconsideration. Plaintiffs filed suit on behalf of a putative nationwide class of Hurricane Katrina evacuees, alleging that FEMA acted in violation of the Stafford Act, the Due Process Clause, and the Administrative Procedure Act (APA) in administering housing relief to Hurricane Katrina evacuees. Plaintiffs sought a TRO prohibiting FEMA from continuing to transition recipients of emergency shelter from a program in which FEMA reimburses city and state grantees for renting apartments for Katrina evacuees under Section 403 of the Stafford Act, to providing eligible individuals and households with direct financial assistance under Section 408 of the Act. Judge David Hittner denied the TRO after finding that plaintiffs failed to demonstrate a likelihood of success on their claims that FEMA: (1) failed to provide putative class members with housing in an "equitable, non-arbitrary, and non-discriminatory manner"; (2) acted arbitrarily and discriminatorily by adjusting the "fair market rent" rate used to reimburse evacuees for renting in New Orleans or Baton Rouge upward from the Department of Housing and Urban Development's calculated "fair market rates" while not making a similar upward adjustment for other locations; (3) violated the Stafford Act and the APA by failing to allow recipients of Section 408 assistance to pay for utilities with their housing assistance money; (4) violated the APA, Stafford Act, and Due Process Clause by failing to provide ascertainable standards governing evacuees' interest in temporary housing assistance. The Court also expressed reluctance to enter a TRO because it would have required state and local governments, which are FEMA grantees but are not parties to the suit, to take action.

- ***Farmers Exchange Bancorporation, Inc. Settles Agricultural Loan Fraud Case for $2,127,004***
  United States ex rel. Jenlink and Boruff v. Farmers Exchange Bancorporation, Inc. and Farmers Exchange Bank, (Russell, J.) [W.D. Okla.]. On May 30, the parties finalized a settlement agreement between the United States and Cherokee, Oklahoma-based defendants Farmers Exchange Bancorporation, Inc. and Farmers Exchange Bank. The complaint alleged that the defendants defrauded the Farm Service Agency of the United States Department of Agriculture by charging excessive fees and by improperly inflating interest rates on federally-guaranteed agricultural loans.

- ***Second Circuit Dismisses Petition for Review for Lack of Jurisdiction***
  Guyadin v. Gonzales [2d Cir.]. On May 30, the Second Circuit dismissed the petition for review, holding that the Immigration Judge's decision to deny adjustment of status was made pursuant to his discretionary authority and thus beyond the Court's jurisdiction. The Court also held that it lacked jurisdiction to review the Board's decision to unilaterally affirm the case instead of referring the appeal to a three-member panel. The Court praised the efforts of Immigration Judges and the Board, stating that they "should

be applauded for their continuing diligence, their integrity, [] and -- as is shown in the records of nearly all immigration cases we encounter in this Court -- their earnest desire to reach fair and equitable results under an almost overwhelmingly complex legal regime. . . . [They] are to be commended for their efforts, in which the 'streamlining' policy plays an important role."

- ***Supreme Court Holds that when Public Employees make Statements Pursuant to their Official Duties, they are not Speaking as Citizens for First Amendment Purposes, and the Constitution does not Insulate their Communications from Employer Discipline***
  Garcetti v. Ceballos. On May 30, tracking the arguments in our amicus brief, the Supreme Court (5-4) held that a prosecutor in a district attorney's office who prepared a memorandum to his supervisor recommending dismissal of a case "spoke as a prosecutor fulfilling a responsibility to advise his supervisor about how best to proceed with a pending case" and not as a citizen for whom the First Amendment provides protection against discipline by a public employer. The Court recognized, however, that "[e]mployees who make public statements outside the course of performing their official duties retain some possibility of First Amendment protection because that is the kind of activity engaged in by citizens who do not work for the government." The Court wrote that "[t]he same goes for writing a letter to a local newspaper . . . or discussing politics with a co-worker."

- ***Court Dismisses Post-Award Bid Protest***
  Comprehensive Health Services, Inc. v. United States and Wyle Laboratories, Inc. [Fed. Cl.] (Braden, J.). On May 31, the Court of Federal Claims dismissed plaintiff's post-award bid protest challenging the award of an occupational and health services contract by the National Aeronautics and Space Administration. The court rejected plaintiff's claims that: (a) the award of the contract was based upon factors not announced in the solicitation; (b) the agency did not properly consider probable costs in evaluating the offerors' price proposals; (c) the agency erred in re-evaluating an aspect of the offerors' proposals; and (d) the agency breached the implied duty of good faith, fair dealing, and honest consideration of the offers.

- ***Government Seeks Dismissal or Transfer to the Court of Appeals of Guantanamo Bay Detainee Case Challenging Enemy Combatant Designation***
  Feghoul v. Bush [District of Columbia]. On June 1, in one of the first cases filed by a Guantanamo Bay detainee challenging his enemy combatant designation after enactment of the Detainee Treatment Act of 2005, the government filed a motion to dismiss the case or transfer it to the Court of Appeals for the District of Columbia Circuit. The motion argues that the Detainee Treatment Act removed district court jurisdiction to hear or consider applications for writs of habeas corpus and other actions brought by or on behalf of aliens detained at Guantanamo Bay, and vested exclusive jurisdiction in the Court of Appeals for the District of Columbia Circuit to consider the validity of a detainee's designation as an enemy combatant.

- ***Court Denies Preliminary Injunction to Intelligence Agency Employee Seeking to Publish Uncleared Manuscript***
  Waters v. Central Intelligence Agency [District of Columbia]. Following the denial on

May 31 of plaintiff's motion for a preliminary injunction, the parties stipulated on June 2 to the dismissal. Waters, an ex-employee of the Central Intelligence Agency (CIA), had submitted a book-length manuscript to the agency for prepublication review. Told by the CIA that only four words needed to be changed, Waters submitted the manuscript to a literary agent and sold the publication rights. When advised by the CIA shortly before the scheduled publication date that additional changes needed to be made, Waters brought suit on First Amendment grounds to permit publication of the manuscript without the requested changes. Though voicing dismay at the allegedly cavalier attitude that the CIA had taken to the protection of classified information, Judge Reggie B. Walton denied from the bench Waters' motion for a preliminary injunction on the ground that the CIA had never given final approval to the publication of the manuscript.

- ***Government Supports Dismissal of Challenge to Accounting Oversight Board***
  Free Enterprise Fund v. Public Company Accounting Oversight Board [District of Columbia]. On June 2, we filed a Statement of Interest, a lawsuit challenging the constitutionality of the Public Company Accounting Oversight Board ("Board"). The Board is a nonprofit corporation created by the Sarbanes-Oxley Act that oversees audits of public companies subject to the securities laws. The sole issue at the current stage is whether there are threshold jurisdictional and procedural issues that require dismissal of plaintiffs' claims without reaching the merits. Our Statement of Interest, supporting the Board's motion to dismiss, argues that the lawsuit should be dismissed because plaintiffs have not complied with the exclusive statutory review mechanism in the Sarbanes-Oxley Act and the securities laws.

- ***Motion to Dismiss Filed in Challenge to Chaplain Program at Veterans' Hospitals***
  Freedom From Religion Foundation v. Nicholson [Western District of Wisconsin]. On June 2, we moved to dismiss, a taxpayer suit filed on April 26 alleging that the Department of Veterans Affairs (VA) inappropriately integrated spiritual and pastoral care into its health care treatment plan for all patients in VA's medical system, in violation of the Establishment Clause. Plaintiffs alleged that VA's holistic approach is intended to promote religion and belief, rather than to accommodate the free exercise rights of veterans who otherwise could not get to religious services due to hospitalization. We argued in our motion that the government is obligated to accommodate the religious needs of those under its care and control, and in providing health care to those who have served in the armed forces, it may need to meet the free exercise demands of those veterans who believe that a holistic model of medical care is necessary to their recovery. We also argued that, even assuming VA's holistic model exceeds that demanded by the veterans' free exercise rights, it is by now firmly established that the government may accommodate religion beyond what the Free Exercise Clause mandates, without violating the Establishment Clause.

- ***Court Postpones Consideration of Class Certification in Challenge to Administration of Medicare Prescription Drug Benefit***
  Sito v. Leavitt [Northern District of California]. On June 2, Judge Thelton E. Henderson vacated plaintiffs' motion for class certification. Plaintiffs seek to represent a nationwide class of "every full benefit dual eligible Medicare beneficiary who is unable to receive the full benefits of the Part D Drug Benefit and/or the Low Income Subsidy program due to the actions or failure to act of the Secretary of Health and Human Services." We argued

that the Court should postpone ruling on class certification until it has decided the government's forthcoming motion to dismiss or, in the alternative, should deny class certification because plaintiffs have not met the requirements of Fed. R. Civ. P. 23. Because the government's motion will likely raise jurisdictional issues, the court agreed that it should resolve that motion before considering class certification.

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USDOJ- Office of Public Affairs

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THE ATTORNEY GENERAL'S *NEWS BRIEFING*

PREPARED FOR THE OFFICE OF PUBLIC AFFAIRS, U.S. DEPARTMENT OF JUSTICE

TO: THE ATTORNEY GENERAL AND SENIOR STAFF

DATE: WEDNESDAY, JUNE 7, 2006 7:45 AM EDT

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TERRORISM NEWS:

Cheney Reaches Deal With Specter Over NSA Phone Data Oversight. Sen. Arlen Specter has dropped plans to call for testimony from phone company officials after Vice President Dick Cheney agreed the Administration would consider his bill to allow the FISA court oversight of the NSA terrorist monitoring program. USA Today (6/7, Diamond, 2.31M) reports, "The deal prompted protests from Democratic lawmakers, who said the Republican-controlled Congress had refused to challenge the administration's expansion of presidential authority. 'Why don't we just recess for the rest of the year, and the vice president will just tell the nation what laws we'll have?' said Vermont Sen. Patrick Leahy, ranking Democrat on the committee." But "Specter said his hand had been forced by the telephone companies' refusal to discuss classified programs." Meanwhile, Sen. Orrin Hatch said President Bush "is willing to work with us as long as it doesn't detract from the president's constitutional powers.'"

CNN (6/7) reports, "The potential for a showdown over subpoenas was averted when Republicans, led by former committee chairman Orrin Hatch of Utah, outmaneuvered Specter in advance of the hearing. … Hatch disclosed he had won assurances from Vice President Cheney that the White House would at least review proposed legislation to restrict aspects of NSA surveillance programs. In exchange, the committee would not press the phone companies to divulge their cooperation with the government." CNN adds, "In a dissent, Sen. Dianne Feinstein, D-Calif., announced she would oppose subpoenas for the phone companies. Feinstein, who is on the Intelligence Committee, said she had been fully briefed on the secret NSA programs and believes if the phone companies should be summoned at all, it should be from the intelligence panel, which conducts its business behind closed doors." CNN notes, "Justice Department officials acknowledge they are bracing for a potentially stormy hearing, but probably not as soon as Specter would like. … A senior Justice official who asked not to be identified said it was likely they would be able to arrange for Gonzales to testify before the committee 'in the next two months.'"

The AP (6/7, Shrader) reports, "Specter had threatened to subpoena executives of the major phone companies to get them to testify about their cooperation with the NSA. But in an informal conversation, one company lawyer told Specter the executives wouldn't be able to testify about any classified information. Specter said Cheney told the committee the restriction would apply to everyone the senators want to question. … Specter rejected suggestions that he was letting the White House dictate the committee's agenda, and he said he plans to have Attorney General Alberto Gonzales before the committee later this month. … 'I yield to no man or woman on pressing this administration on these issues,' he said."

Canadian Terror Suspects Plotted To Behead Lawmakers, Prime Minister. As the 15 of the 17 suspected terrorists arrested last week made their first appearance in court, details of their alleged plots emerged yesterday. Among the schemes was a plan to storm the Canadian parliament and behead hostages, including Prime Minister Steven Harper.

The story was the lead on CBS and NBC last night, and ran second on ABC. The CBS Evening News (6/6, lead story, 2:45, Schieffer, 7.66M) reported, "If the allegations are correct, this is no small-time local operation but a ruthless band with connections to terrorist cells around the world and including the United States who were bent on taking over Canadian media outlets and beheading the Canadian prime minister." CBS (Bowers) added, "One of the accused, 25-year-old Steven Chand, was part of a plot that included plans to storm the Canadian Parliament in Ottawa and take politicians hostage, behead the hostages, including Prime Minister Stephen Harper if Canadian troops weren't withdrawn from Afghanistan, and take over the headquarters of the Canadian Broadcasting Corporation to gain control of the country's airwaves. Prosecutors gave defense attorneys an eight-page document that CBS News was told outlined the general organization and operations of what they call the terror cell."

NBC Nightly News (6/6, lead story, 2:55, Tibbles, 9.87M) reported "investigators here are saying there may be more arrests, as those already charged appeared in court." Other "potential targets" include "the Toronto Stock Exchange, and a senior US counter-terror official tells NBC News the group also planned to open fire on pedestrians on one of the city's busy streets, newspapers now filled with stories about who these men were, many Canadian citizens of East Asian background living in a nation that prides itself on its ethnic tolerance and relative security."

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ABC World News Tonight (6/6, story 2, 2:00, Ross, 8.78M) reported, "Some of the suspects smirked, and others appeared defiant in court here today as the chilling, new details of their alleged plot emerged. The most dramatic part of the plot included the plan to attack and storm the parliament building in Ottawa." The Prime Minister "has defended the role of Canada's 2300 troops in Afghanistan, and that clearly was a big issue for the suspected terrorists."

The Washington Post (6/7, A1, Struck, 744K) reports Prime Minister Stephen Harper "brushed aside the news with a joke. 'I can live with all these threats as long as they are not from my caucus,' he quipped as he walked into his office."

The Los Angeles Times (6/7, Williams, 958K) reports, "The accusations delivered to several of the defendants' attorneys in a one-page investigation summary included no evidence to substantiate the charges, said the attorney for 25-year-old Steven Vikash Chand." Batasar "complained that he had not been allowed to meet privately with Chand and later said to reporters outside the courthouse: 'This is not Guantanamo, this is Toronto, Canada.'" The New York Times (6/7, Depalma, 1.19M) also reports "several lawyers complained that extraordinary security had prevented them from speaking to their clients in private." The men, "all residents of Canada, have been held in isolation at a maximum-security prison since shortly after they were arrested over the weekend. They have been prohibited from talking to their families or one another." The Wall Street Journal (6/7, Cherney, 2.11M) runs a similar report under the headline "Defense Lawyers In Canada Fault Terror Case Data."

Canadian Terror Suspects' Links To US, Other Countries Examined. The Washington Times (6/7, 90K) and USA Today (6/7, 2.31M) run an AP story reporting, "A US law enforcement official said investigators were looking for ties between the Canadian detainees and Islamic militants held in the USA, Britain, Bangladesh, Bosnia, Denmark and Sweden."

The CBS Evening News (6/6, story 2, 1:55, Stewart, 7.66M) reported, "US law enforcement officials say the investigation of the Canadian cell is something they've been knowing about for months and it was the subject of a global counterterrorist summit meeting that took place in Washington this spring. The meeting took place shortly after the arrest in April of two Atlanta men charged with videotaping potential bombing targets in Washington including the Capitol." Given the "global scope of the plot, investigators from all the affected countries met in Washington and agreed to 'run the string out to see if other conspirators unknown to them might surface.' The case was unique because of the global cooperation it took to unravel it, but law enforcement officials admit that the scary thing is that this case suggests how easy it is for homegrown terrorists to seek out global partners as well. And as we reported last night, officials fear it's just that kind of cooperation that may soon lead to another attack inside the United States."

NBC Nightly News (6/6, story 2, 2:00, P. Williams, 9.87M) reported, "The FBI, meantime, is following up on information found during searches of the homes of the Canadian suspects; including names of some Americans they were in contact with. It's not clear yet, investigators say, what those contacts were about. The FBI remains intensely interested in two Atlanta area men who met with some of the Canadians last year. The meeting in Toronto was, investigators tell NBC News, a kind of terrorist workshop which may have included paramilitary training in this rural area north of Toronto. But what worries the FBI even more about the two, Ehsanul Sadequee and Syed Ahmed, is that both traveled overseas -- Ahmed to Pakistan hoping to get terror training and Sadequee to Bangladesh, where his family is from. Several US sources tell NBC News that Sadequee went there to meet leaders of al Qaeda in Bangladesh, a country where the terror organization is still robust and easily approached."

ABC World News Tonight (6/6, story 2, 2:00, Ross, 8.78M) reported, "US and Canadian authorities say this was at heart a Website plot, with fellow jihadists online in the US, London, and Bosnia serving as kind of armchair commanders. Making suggestions on methods of operation, and targets."

WSJournal Says Arrests Highlight Importance Of Electronic Surveillance. The Wall Street Journal (6/7, 2.11M) editorializes that the arrests highlight "the crucial role electronic surveillance plays in uncovering potentially catastrophic terrorist attacks. Question: Did that surveillance require a warrant? Do you care?" The Journal adds, "Meantime, the important thing is to praise the work of Canadian authorities in foiling what could have been another 9/11. We can only hope their American counterparts are as good."

US Military To Forego Using Psychiatrists In Interrogations, Rely On Psychologists. In response to a vote by the American Psychiatric Association stating its opposition to the participation of psychiatrists in military interrogations, the US military announce it would attempt to use only psychologists. The New York Times (6/7, Lewis, 1.19M) reports, "Dr. William Winkenwerder Jr., assistant secretary of defense for health affairs, told reporters that the new policy favoring the use of psychologists over psychiatrists was a recognition of differing positions taken by their respective professional groups." American Psychological Association director of ethics Stephen Behnke "said psychologists knew not to participate in activities that harmed detainees. But Dr. Behnke also said the group

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believed that helping military interrogators made a valuable contribution because it was part of an effort to prevent terrorism." The Los Angeles Times (6/7, Barnes, 958K) runs a similar report.

Last Member Of "Virginia Jihad" Convicted. Ali Asad Chandia, the eleventh and final man accused in the "Virginia jihad network," was convicted of providing material support to terrorists. The Washington Post (6/7, A12, Markon, 744K) reports, "Federal officials have long described the case as one of the most important domestic terrorism prosecutions since the Sept. 11, 2001, terrorist attacks. Yesterday, they hailed Chandia's conviction and said it underscored the importance of cooperating with foreign law enforcement agencies in the battle against terrorism." U.S. Attorney Chuck Rosenberg said, "This case demonstrates our relentless commitment to bringing to justice those who provide support to terrorist organizations." But local Muslims have "criticized the investigation as overzealous and the prison terms of those convicted as excessive. Muslims flocked to the courthouse to show support for Chandia. … About 100 supporters attended closing arguments Monday."

Business Leader Calls For Creation Of Homeland Security Agency In UK. London Chamber of Commerce and Industry president Michael Cassidy in an op-ed in the Financial Times (6/7) advocates taking additional steps to prepare against terrorist attacks including improving baggage checks, increasing police visibility and building ties with the Asian business community. But in addition, "We need a government department focused on what has been loosely called 'homeland security'. Separate this vital responsibility from the rag bag of Home Office duties, some of which involve inherent conflicts when it comes to judging how best to protect the public. That might be more fit for purpose than the present arrangement, which seems bogged down in traditional thinking and is over-reliant on the chancy business of intelligence gathering."

HOMELAND RESPONSE:

Chertoff Says NYC "Still No. 1" Under Urban Areas Initiative. DHS Secretary Michael Chertoff, in an op-ed in the New York Times (6/7, 1.19M) titled "New York, You're Still No. 1," writes that while readers might not "know it based on the news media reaction," Urban Area Security Initiative grants announced last week "continue a financing stream that places New York and Washington at the very top of the list in terms of money received." New York's $124 million "is 50 percent more than the next-highest area, Los Angeles, and represents almost a threefold increase over the $46 million the city received in 2004." Meanwhile, rather than list the city's "significant landmarks" as icons, DHS placed sites like the Empire State Building and Brooklyn Bridge in categories that would "generate a higher complete risk grade for New York's financing proposal." Chertoff adds that DHS "has made every effort to rely on measurable facts and to take politics out of the process."

House Approves Homeland Security Appropriations Bill. The AP (6/7, Jordan) reports House Republicans voting yesterday on the Homeland Security appropriations bill "blocked a vote…on restoring millions of dollars in counterterror funds to big-city targets, including New York, refusing to bust budget targets over slashed grants to emergency first responders." They rejected a request from New York City-area Democrats to add $750 million, "even as they vowed anew to investigate how Homeland Security could justify cutting funding to New York and Washington." The overall $32 billion spending bill, which "bolsters protections at seaports by $448 million more than in 2006, adds 1,200 Border Patrol agents and boosts the Hurricane Katrina-beleagured Federal Emergency Management Agency by $6.5 billion for disaster preparedness," was approved 389-9.

Bloomberg Says City Will Not Change Application Strategy. The New York Times (6/7, Chan, Hu, 1.19M) reports, "Mayor Michael R. Bloomberg said yesterday that the city would not alter its strategy in future applications for federal antiterror money to comply with the Department of Homeland Security's preference for semipermanent safeguards like new technology over recurring costs like police overtime." At a Staten Island news conference, Bloomberg said the city has "a very different philosophy than what the federal government does," adding that it was "wrong" that the federal government "typically" does not cover labor costs." Bloomberg said Secretary Chertoff "had promised to help the city to maximize the money that was awarded."

9/11 Commissioners Say Government Falling Short On Homeland Security. The leaders of the 9/11 Commission yesterday testified before a House panel on the continuing terrorist threat to US homeland security, giving the government poor grades on making improvements in several key areas: Airport security, funding for targeted cities such as New York and Washington, DC, FBI reform, and nuclear terrorism ABC World News Tonight (6/6, lead story, 3:05, Gibson, 8.78M) reported, "Almost five years after those attacks, the leaders of the 9/11 Commission said that the US and its security is being compromised by technical, financial and political problems that should have long since been solved. They were on Capitol Hill. And they certainly did not mince words." ABC (Thomas) added, "Stinging criticism from

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9/11 Commissioners. The government, they say, is still failing to protect the country." On airport security, "the Transportation Security Administration, they say, is plagued by poor management. The terrorism watch list, designed to weed out potential terrorists before they board planes, is woefully inadequate." On "money to secure the homeland, commissioners were stunned by the government's recent decision to reduce funding for New York and Washington. Decisions are made, they say, based more on politics than on risk." On the FBI, "it has made some progress in reforming itself but is moving much too slowly. After investigating tens of millions of dollars, FBI computers remain antiquated. Its ability to share critical information is limited. Its ability to assess threats fallen short. And too many of its key leaders are retiring." And "on the threat of nuclear terrorism, commissioners say the government's efforts get a failing grade."

Study Finds Katrina Increased Percentage Of Whites In New Orleans, Blacks In Mississippi. The Washington Post (6/7, A12, Whoriskey, 744K) reports a Census Bureau report to be released today finds that "Hurricane Katrina displaced more than 400,000 people from the New Orleans area," while "those who remained were more prosperous and were far more likely to be white." Meanwhile, the Mississippi coast, which "lost 41,000 people from before Katrina to January," saw its percentage of non-Hispanic black grow from 17 percent to 27 percent. "Census officials warned that some of the figures are subject to larger than normal margins of error and, moreover, that the figures are already at least five months old."

The Los Angeles Times (6/7, Simmons, 958K) reports, "Louisiana state officials said that while the data was useful, it was just 'a snapshot.' 'It's a partial picture of the changes,' said Karen Paterson, a demographer at the Louisiana State Census Data Center."

WPost Says Corps' Admission Of Error On Levees Shows Need For More Oversight. Under the headline "Katrina's Unlearned Lessons," the Washington Post (6/7, A22, 744K) editorializes that though one "might think" that the "mea culpa" from the US Army Corps of Engineers, whose own inquiry found last week that "the agency committed numerous mistakes of design" in constructing New Orleans' levee system, "would fuel efforts to reform the agency." However, while Sens. John McCain and Russell Feingold are supporting a measure that would require future Corps proposals to "be subject to technical review by an independent agency," a "stronger current in Congress" backs a measure written by Sens. James M. Inhofe (and Christopher S. Bond that "would loosen oversight of the Corps." The Post states, "The Corps' admission of its own technical shortcomings points to the need for tougher oversight, not less."

Weather Channel President Says Hurricane Focus Should Be On Preparedness, Not Predictions. Debora Wilson, president of The Weather Channel, in an op-ed in USA Today (6/7, 2.31M) writes that the "higher degree of interest" the 2005 hurricane season generated "among the general public in understanding and predicting what's going to happen this year" has created "a new wave of individuals and organizations who bill themselves as experts, publicly issuing predictions that not only speculate on the number of hurricanes the USA will experience this season but also the specific regions where the storms will make landfall." Such predictions "provide a misdirected focus. The question should not be 'How many?' but, instead, 'Are you prepared?'" Wilson states that while "these unfounded predictions do raise awareness in the forecasted areas, they also lull residents in other coastal regions into a false sense of security."

Hurricanes Seen As "New Uninsurable." Holman W. Jenkins, Jr., in his column for the Wall Street Journal (6/7, A15, 2.11M) writes that hurricanes have displaced terrorism as "the new 'uninsurable.'" Factors, including government payouts in the wake of 9/11 and Katrina, have been "unraveling the insurance industry's ability to help society control its risk-taking by properly pricing risk." To restore this ability, one would have to assume "that property owners would be willing to pay 'actuarially sound' rates rather than just skipping insurance and relying on a federal bailout in the wake of a big storm. Here's the real crux of the claim by some industry watchers that hurricanes have become effectively uninsurable." Jenkins adds that while there is growing support for a federal disaster insurance program, the federal flood insurance program "was instituted in 1968…to make property owners bear the cost of their own recurrent bailouts," but "became a subsidy to increased risk-taking" instead.

WAR NEWS:

Warner Pledges To Hold Hearings On Haditha As Soon As Possible. The AP (6/7, Sidoti) reports Sen. John Warner, chairman of the Senate Armed Services Committee, said he hold hearings on allegations that "Marines killed up to 24 Iraqi civilians last November in the town of Haditha without cause and then engaged in a cover-up." Warner "told reporters he wanted to hold the first of what he expected to be a series of hearings on the allegations as soon as Army Maj. Gen. Eldon A. Bargewell finishes his investigation into whether military personnel lied about what occurred at Haditha. Warner said Bargewell likely would be the first witness called. Congressional aides say Bargewell's

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report could be completed within the week but that the military's separate criminal investigation is not expected to be finished anytime soon." Warner is quoted as saying, "We've got our duty and we'll do it. We'll go wherever the facts lead."

CNN's The Situation Room (6/6, Bash) reported Warner "said he is concerned about the fact that there's public discussion about this without much official word from the Pentagon, and he says that is increasingly harmful." AFP (6/7) says Warner urged Defense Secretary Rumsfeld "to quickly make public the findings" of the Bargewell investigation. Warner warned, "Delays in getting out the official findings of fact due to a protracted review process will mean a mixture of information, misinformation and unconfirmed facts will continue to spiral in the public domain."

Levin Criticizes Pace Of Pentagon Disclosures. The New York Times (6/7, Cloud, Schmitt, 1.19M) reports Democrats on the Senate Armed Services Committee "expressed growing frustration that the Pentagon was not sharing details about the inquiries since Time magazine published an article in March challenging the military's explanation of the deaths. 'They were very slow in notifying the committee, just like they were very slow in doing everything else,'" said Sen. Carl Levin. Levin "added that military officials in Iraq 'knew there was something amiss' but did not start the two investigations until March 9."

"Voluminous" Pentagon Report On Haditha "Virtually Completed." The New York Times (6/7, Cloud, Schmitt, 1.19M) reports Rep. John Kline "said in a telephone interview that he and three other lawmakers were told by the officer, Lt. Gen. Peter W. Chiarelli, that General Bargewell's inquiry was voluminous and 'virtually completed.'"

Haditha Incident Invoked In Report On Dedication Of Islamic Center At Quantico. The Washington Post (6/7, B1, Vargas, 744K) reports an "Islamic Prayer Center" at the Marine Corps Base in Quantico was dedicated yesterday. The Post's piece tries to make the ceremony relevant to the current scandals surrounding the deaths of civilians in Iraq, noting "no one mentioned Haditha," but" it "was on the mind of some." According to the Post, "Several who attended the ceremony described it as a positive step in relations with the Muslim community in the United States after a series of reported missteps recently in Iraq, such as the alleged atrocity in Haditha."

Rumsfeld's Image Could Affect Perception Of Haditha Investigation. In a column largely critical of Donald Rumsfeld's track record as Secretary of Defense, New York Times/International Herald Tribune (6/7) columnist Roger Cohen takes aim the Secretary's capacity to handle the ongoing investigation into allegations US marines killed civilians in the Iraqi town of Haditha last November. Cohen writes, "Haditha is not My Lai. But it may resemble it at least in this respect: the suggestion of a cover-up in the aftermath of the killing is strong. Rumsfeld is promising clarity: 'There's an investigation going on as to what took place. There's an investigation going as to what took place after whatever took place.' ... I don't doubt Rumsfeld wants a thorough investigation. But there's a problem: when swagger and cavalier lack of preparation and disregard for facts have been your hallmarks, things tend to happen in your image. That's a truth Rumsfeld may ultimately have to face."

Administration Critics Accused Of "Cynically Leveraging" Haditha Killings. In an op-ed for the Wall Street Journal (6/7, 2.11M) David Rivkin and Lee Casey, Washington lawyers who served in the Justice Department under Presidents Reagan and George H.W. Bush, write, "The unfolding investigation of last November's events in Haditha reveals much more about the Bush administration's critics than it does about the U.S. armed forces. Although the inquiry is ongoing, it appears that 24 unarmed Iraqi civilians were deliberately murdered, allegedly by American Marines seeking revenge for a fallen comrade. If true, the episode was a war crime, something that must be -- and no doubt will be -- severely punished. However, the administration's critics are already cynically leveraging the Haditha killings as a means of undercutting the president, heedless of the effect this may have on American national interests."

Media Accused Of Highlighting Abuses By US, Ignoring Abuses By Terrorists. Douglas MacKinnon, a former press secretary to former Sen. Bob Dole and a former White House and Pentagon official, in an op-ed in the Washington Times (6/7, 90K) faults the US media of overreacting to abuses by the US military in the war against terrorism while ignoring abuses by terrorists. MacKinnon writes, "The liberals in the media understand that with each news report on the new My Lai, each case where a U.S. soldier is punished for letting a dog bark in the face of a war prisoner, with every story that equates dunking a terrorist in water with chopping off a human head, they tell these Islamist terrorists that political correctness is weakening our foreign policy and military and robbing us of our will to prosecute the war or defend our nation. They know but don't care. For them, the real enemy is Mr. Bush and conservative beliefs."

Maliki To Release 2500 Prisoners, Establish Baathist Reconciliation Process. The New York Times (6/7, Burns, 1.19M) reports Iraqi Prime Minister Maliki announced that his government will "release 2,500 detainees, nearly 10 percent of those held in Iraqi and American detention centers, and that it would adopt a 'national reconciliation' plan to reintegrate former members of Saddam Hussein's ruling Baath Party into society." Maliki, "compared it to South Africa's 'truth and reconciliation' process in the 1990's, which, he said, 'sent some criminals to the courts and reinstated other people in society.'" According to the Times,

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the release of detainees, "though sweeping, seemed likely to fall far short of the demands of Sunni politicians." Lt. Col. Keir-Kevin Curry, a spokesman for the American military command, "said the decision to free the detainees…had been agreed to in a joint review by Iraqi and American officials. He said those freed would not include any deemed 'guilty of serious crimes such as bombings, torture, kidnapping and murder.'"

The Washington Post (6/7, A19, Fekeiki, Hernandez, 744K) reports Maliki "called the move a 'positive message and a chance for those who want to rethink their strategy.' He specifically excluded detainees connected to violent attacks and supporters of the former government of Saddam Hussein from his amnesty. The people to be released 'are not Saddamists or terrorists,' Maliki said. … 'They weren't involved in the bloodshed or imposing the sectarian mentality and cleansing. They are people who made mistakes.'"

Haditha Allows Maliki To Assert Independence From US. The Christian Science Monitor (6/7, LaFranchi, 61K) reports Iraqi Prime Minister Maliki "is showing no…reticence" about referring to the alleged massacre at Haditha. According to the Monitor, Maliki's "tough stance suggests a new assertion of sovereignty by the Iraqi government, something that actually works to the US's favor. But the allegations, coming as the new government tries to demonstrate control, are likely to complicate both US-Iraq relations and Maliki's task of leading the Iraqi people."

Baghdad Morgue Reports 1400 Slain In May.

ABC World News Tonight (6/6, story 5, :30, Gibson, 8.78M) reported that in Iraq, "it's been another tough day. 30 deaths, reported, including 9 people whose severed heads were found northeast of Baghdad. Eight heads were found in the same village over the weekend. Meanwhile, Iraq's health ministry released numbers that provide a snapshot of how much more dangerous Iraq has become. The bodies of nearly 1,400 people who died violently were taken to Baghdad's central morgue last month, the highest monthly total of this year."

The Los Angeles Times (6/7, Roug, 958K) reports Baghdad "continues to be the epicenter of violence. On Tuesday, authorities reported that a car bomb went off near a funeral in a southwestern neighborhood, killing six people and injuring 18. In a different part of town, a roadside bomb exploded at a bus stop, killing one woman and wounding two men. Earlier in the day, the principal of Hamza primary school, Amer Azzawi, a Sunni Muslim, was driving with his Shiite Muslim assistant, Suaad Rubaie, when a drive-by gunman killed them."

Baqubah Sees Surge In Attacks, Atrocities. The Los Angeles Times (6/7, Roug, 958K) reports Baqubah residents have found boxes in their streets containing "he decomposing heads of nine men, each inside a black plastic bag. … In Baqubah…slayings and attacks against Iraqi security forces have recently soared. On Saturday, eight other heads were found in banana crates near the city. One of the heads was wrapped like a present. None of the bodies have been found.

Red Crescent Claims Violence In Iraq Has Displaced At Least 100,000. ABC World News Tonight (6/6, story 6, 2:05, Gibson, 8.78M) reported, "The surge of sectarian violence responsible for the spiraling death toll is having another profound impact. It is driving Iraqis from their homes. The Iraqi Red Crescent Society says at least 100,000 people have been displaced, creating one more crisis for the Iraqi government." ABC (Berman) added, "The Iraqi Red Crescent says more than 1,000 people are fleeing their homes every week. But it is a hard number to track. Many people are afraid to ask for help and simply go into hiding. Even in the camps, some do not feel safe."

Violence Leaves Many Iraqi Children Orphaned. NBC Nightly News (6/6, story 6, 4:25, Engel, 9.87M) re-ran an updated Memorial Day weekend report on Iraqi orphans: "They are some of the forgotten children of the war, 56 girls ages 6 to 13. Home for them is Baghdad's Alwiya Orphanage." The girls can't play outside. It's too dangerous. They can only go as far as the courtyard. Since we've been here, it's clear that these girls are really starved for affection. They've been coming up all day and just taking our hands. One girl called our cameraman Daddy. The director of this orphanage says what they miss most is tenderness, their mother's touch."

Deteriorating Situation In Basra Said To Portend Iraq's Future. USA Today (6/7, 2.31M), in an editorial titled, "Basra's Descent Bodes Poorly For Allied Mission In Iraq," writes, "Three years ago, as the initial military victory in Iraq teetered into chaos, the southern, mainly Shiite city of Basra stood out as a hopeful symbol of how the country could recover. … Three years later, what's happening in Basra is far more ominous. The British occupiers are no longer so welcome or as much in control. Rival militias duke it out on the streets. There has been ethnic cleansing of Sunnis." USA Today adds, "The situation in Basra raises a question: Does it make more sense to stay to try to quell increasing sectarian and terrorist violence, or leave and let Iraqis fight it out?"

Ignatius Claims US "Project In Iraq Is Unraveling." In his column for the Washington Post (6/7, 744K) David Ignatius writes, "The American project in Iraq is unraveling. The president continues to talk about staying the course, and the White House still issues upbeat predictions of victory, but the course we are on is not working. The election of Iraq's first permanent government in December was the last good chance to put the pieces together. Nearly seven months after

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the elections, Iraqi politicians still can't agree on who should run the two key ministries, defense and interior."

Iraqi Minister Criticizes Spending By Foreign Aid Donors. The Financial Times (6/7, Biedermann) reports Ali Baban, Iraq's new minister of planning, has complained that foreign donors "spend too much of their aid to Iraq outside the country and ordinary Iraqis do not feel they are being helped by the international community." Baban "said he would push for a comprehensive review of the way aid to Iraq was being spent. He also warned against pressure from the likes of the International Monetary Fund on his country to scrap subsidies on oil products and food, which currently run at" $8 billion annually. Baban "also committed his ministry – responsible for development aid and investment – to creating a special division to woo foreign investors."

Family Of American Kidnapped In Iraq Profiled. In a front-page article, the Washington Post (6/7, Slevin, 744K) profiles the family of Indiana resident Jeff Ake, who was kidnapped last year while repairing machines in Iraq. According to the Post, "More than 430 foreigners have been kidnapped in Iraq since the war began in March 2003. … At last count, at least 13 Americans, including Ake, were among 42 foreigners still missing, their fate unknown." The article notes that Ake's youngest brother "joined the Army and recently received deployment orders for Iraq."

Fear Of Kidnappers Drives Baghdad Residents To Hide Wealth. Knight Ridder (6/6, Youssef) reports that fear of kidnapping is changing the habits of wealthy Baghdadis. According to the piece, "Those who can afford the best have replaced their nice cars for clunkers, don plain clothes, carry second-rate cell phones and no longer wear gold jewelry. … According to police estimates, at least 60 people are kidnapped in Baghdad every day, often by thugs seeking ransom. But paying thousands of dollars doesn't guarantee one's release; many bodies are found daily in alleys and fields, some beheaded. Most were kidnapped."

Car Bombings Kill Two US Soldiers In Afghanistan, Wound Four. The New York Times/Bloomberg (6/7) reports two US soldiers "were killed in a roadside bombing in Nangarhar Province, east of Kabul, a United States military spokeswoman said. A third soldier and an Afghan interpreter were wounded in the blast, she said. The military also said three American soldiers were wounded in a car bombing south of Kabul."

Thousands Of US Soldiers Suffer From Undiagnosed Brain Injuries. USA Today (6/7, 1a, Zoroya, 2.31M), in a front-page article titled, "Troops Risk Undetected Brain Injury: Researchers: Concussions from blasts often missed," reports, "Thousands of troops in Iraq and Afghanistan may be risking permanent brain damage by returning to combat with relatively minor but undiagnosed concussions, often caused by bomb blasts, military researchers say. Doctors say they are only now understanding the scope of the problem. Researchers screening returning soldiers and Marines at four military bases found that about 10% suffered at least a minor brain injury during combat. About 20% of troops in front-line infantry units suffered such injuries. The injuries frequently go undiagnosed because troops have no visible wounds or may not know they suffered a concussion, doctors say."

In an accompanying piece, USA Today (6/7, Zoroya, 2.31M) reports that screenings of the patients admitted to Walter Reed Army Medical Center show "almost 30%...have brain injuries," but Michael Kilpatrick, deputy director of deployment health support for the Pentagon "questions the accuracy of the screening. 'Multiple head injuries can lead to permanent brain damage that is irreversible, and you want to avoid that,' he says. 'But we don't have any criteria today that if you get X number of concussions, that you can't serve anymore.'"

CORPORATE SCANDALS:

SEC Chair Concerned About Widening Options Probe. The AP (6/7) reports, "The growing number of public companies under investigation for possible backdating of stock options to boost top executives' compensation is a matter of 'serious concern' to the Securities and Exchange Commission, its chairman said Tuesday." The AP continues, "The number of public companies being investigated by the SEC or federal prosecutors has grown to more than 30 and executives at several companies have been fired in recent weeks. … 'We've already learned that the problems are more than episodic,' the SEC Chairman Christopher Cox told The Associated Press in response to questions. 'The apparently widespread nature of the problems is of serious concern' to the agency." The AP adds, "Among the companies that have disclosed receiving subpoenas or SEC requests for documents are big, well-known names like UnitedHealthGroup Inc. and Caremark Rx Inc. … Many are from the high-tech world, where stock options have long been a prized perk and incentive for executives and employees alike: Affiliated Computer Services Inc., Juniper Networks Inc., KLA-Tencor Corp., OpenWave Systems Inc., Vitesse Semiconductor Corp., McAfee Inc., Quest Software Inc., Rambus Inc., Sycamore Networks Inc. and others. … The SEC investigations have been ongoing for several months,

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and subpoenas have been issued by U.S. attorneys' offices in several cities, including New York."

Lawmakers Blast Former Fannie Mae CEO Over Fraud Allegations. The AP (6/7, Gordon) reports, "The ousted former chief executive of Fannie Mae, Franklin Raines, was criticized by lawmakers and a federal regulator on Tuesday as a House panel aired government allegations of a six-year accounting fraud at the mortgage giant." The AP continues, "The regulator who oversees Fannie Mae blamed Raines and other senior company officials for the massive accounting failures and alleged manipulations designed to enrich executives. And the chairman of the subcommittee holding Tuesday's hearing, Rep. Richard Baker, R-La., contended that Raines probably lied to Congress when he testified about the debacle in October 2004." The AP adds, "Lawmakers, some of whom had been beneficiaries of Fannie Mae's campaign money, denounced the accounting misconduct, likened the company to Enron Corp. and urged legislative action to tighten the government's hand over Fannie Mae and its smaller government-sponsored sibling, Freddie Mac. … As a huge housing finance company chartered by Congress, "Fannie Mae has a special mandate and position of public trust. The previous management team, led by chairman and chief executive officer Franklin Raines, violated that trust," James B. Lockhart, acting director of the Office of Federal Housing Enterprise Oversight, testified. 'By encouraging rapid growth, unconstrained by proper internal controls, risk management and other systems, they did serious harm to Fannie Mae while enriching themselves through earnings manipulation.'"

CRIMINAL LAW:

DOJ Official's Silence On Leak Prosecutions Angers Senators. The Washington Post (6/7, Pincus) reports, "Senior Republican and Democratic members of the Senate Judiciary Committee sharply criticized a Justice Department official yesterday for refusing to say whether the Bush administration has ever considered prosecuting journalists for publishing leaked national security information." The Post continues, "The senators also bristled when Deputy U.S. Attorney Matthew W. Friedrich declined to answer questions about the rationale for the FBI's attempts to review the papers of the late columnist Jack Anderson. … 'You're basically taking what would be called a testifying Fifth Amendment. You should be ashamed of yourself, or your superiors should be ashamed of themselves,' Sen. Patrick J. Leahy (D-Vt.) told Friedrich after he declined to answer questions from committee Chairman Arlen Specter (R-Pa.) and Sen. Charles E. Grassley (R-Iowa)." The Post adds, "The purpose of the hearing, Specter said in opening the session, was to examine Justice Department efforts to control leaks, explore suggestions that newspapers and their reporters can be prosecuted under the 1917 Espionage Act and take comment on legislation that would protect reporters through a shield law. The law would provide an exception if national security matters were involved. … Friedrich, in his opening statement, confirmed that the Justice Department was prepared to investigate and prosecute leaks, but referred to Attorney General Alberto R. Gonzales's recent statement that the 'primary focus is on the leakers of classified information, as opposed to the press.' … When Friedrich confirmed that the department thought that journalists or 'anyone' could be prosecuted under the Espionage Act for publishing classified information, Specter asked specifically about whether the law could be applied to reporter James Risen of the New York Times, the newspaper that published an article in December about the National Security Agency's warrantless surveillance program. … 'Obviously, Senator, I can't comment as to any particular case or specific matter,' Friedrich said. He added that espionage laws 'do not exempt . . . any class of professional, including reporters, from their reach.'"

Knight Ridder (6/7, Hutcheson, Portillo) reports, "Professor Mark Feldstein was stunned when two FBI agents came to his house in March hoping to rummage through files that once belonged to deceased journalist Jack Anderson. … The agents left empty-handed, but the aborted search was one of several incidents that have raised concerns about the Bush administration's efforts to stamp out government leaks. At a Senate hearing Tuesday, administration critics accused the Justice Department of trampling press freedom in its zeal to protect secrets." Knight Ridder adds, "At stake is the public's right to know what its government is doing versus the need for secrecy to protect national security. The tension between these principles is as old as the republic. … Senators from both parties vented frustration over the administration's lack of openness. Tensions erupted at the Judiciary Committee hearing when Matthew Friedrich, chief of staff of the Justice Department's criminal division, declined to answer questions about the effort to search Anderson's old files. … 'I would think the department would send somebody up here to testify that could answer our questions, if they had any respect for this committee,' complained Sen. Charles Grassley, R-Iowa. … 'They don't have any respect for this committee,' Sen. Patrick Leahy, D-Vt., said to Friedrich. 'Why on earth were you sent up here? ... Is there any question you're allowed to answer?' … Friedrich said he couldn't discuss the matter because doing so could hinder efforts to prosecute Steven Rosen and Keith Weissman, pro-Israel lobbyists who have been accused of passing classified information to an Israeli diplomat and a journalist. Their

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indictment focused on activities from April 1999 to August 2004."

Voice of America (6/7, Tate) reports, "U.S. lawmakers, concerned about recent federal investigations of journalists who publish classified information, are considering legislation to protect reporters from revealing information learned under the promise of confidentiality. The Senate Judiciary Committee is holding a series of hearings on the issue. On Tuesday, the panel focused on the case of the late investigative reporter Jack Anderson, whose archive of papers is being sought by the Federal Bureau of Investigation." VOA continues, "The FBI probe comes as the federal government is threatening to prosecute journalists who publish classified information and refuse to reveal their sources. The Justice Department is investigating several leaks that led to the publication of a CIA officer's name and news reports that the National Security Agency is wiretapping communications between people in the United States and suspected terrorists overseas." VOA adds, "At a Senate Judiciary Committee hearing, Matthew Friedrich, chief of staff for the criminal division at the Justice Department, defended his agency's actions: 'Our primary focus is on prosecuting the leakers as opposed to other options, and our much preferred path would be to attempt to work with reporters voluntarily to convince them not to publish classified information, which could lead to compromise of our most sensitive technologies, harm our young men and women who serve in the service of our country, and cause damage,' he said. … But Friedrich refused to discuss the Anderson case, to the anger of Republican and Democratic senators alike."

The AP (6/7, Kellman) reports, "Friedrich refused to comment on the Anderson case, in which the FBI is seeking 50 years' worth of papers from the investigative journalist who exposed government scandals and earned a place on President Nixon's 'enemies list.' … Friedrich's response echoed deferrals by Attorney General Alberto Gonzales and other Justice Department officials in previous hearings on the administration's domestic wiretapping, phone tapping and other policies. Specter and other committee members grew exasperated." The AP adds, "Anderson's son Kevin, a lawyer, told the panel that he and his mother are prepared to face contempt charges if the FBI's effort to search the papers ever produces a subpoena or is upheld in court. … 'The family has met and decided that we would not abide by a subpoena if one were issued by the FBI,' Anderson said."

Utah Professor Denounces FBI Request As "Fishing Expedition." The Salt Lake Tribune (6/7, Gehrke) reports, "University of Utah political scientist Tim Chambless, who years ago cataloged 85 boxes of Jack Anderson's papers for use in his research, calls the FBI's demands 'a fishing expedition.' The documents he reviewed included some that 'were politically embarrassing to a few people.' But he said, 'There was nothing in there with regard to national security.' Chambless also wonders how much trolling the government has done in Anderson-related documents that had been in the public domain." In a recent visit to the National Archives to review declassified Anderson documents, Chambless "said he was concerned to find a number that had been removed from the file."

Salt Lake Tribune Denounces Friedrich's "Stonewalling" Of Senators. In a editorial, the Salt Lake Tribune (6/7) writes that "the FBI has tried to bully Anderson's blood and literary heirs into surrendering" the journalist's papers, and "Tuesday, when appropriate members of the U.S. Senate wanted to know the reason why, they were thoroughly stonewalled by one of Attorney General Alberto Gonzales' assistants who, as Sen. Patrick Leahy was heard to fume, wasn't allowed to answer questions any more sensitive than his title and the time of day. … Any meaningful questions asked by senators, representatives or anyone else are turned away with the excuse that it would compromise anti-terror intelligence operations." The Tribune adds that "Gonzales is way off base, and we can only hope that the Congress will rein him in. It is espionage to steal secrets and keep them for your own advantage. It is freedom to expose dirty secrets and tell the American people what your government is doing, in your name and with your money."

FBI Raided Nigerian Official's Home In Search Of Jefferson Bribe Money. The New York Times (6/7, Shenon, 1.19M) reports the Federal Bureau of Investigation "raided the Maryland home of the vice president of Nigeria last summer in search of bribe money that the bureau believed had been paid to him by Representative William Jefferson, according to documents released on Tuesday." The documents "included an affidavit signed by an F.B.I. agent who said that the Nigerian vice president, Atiku Abubakar, now a candidate for president of that oil-rich West African nation, asked for at least half of the profits of a technology company controlled by Mr. Jefferson that was seeking to do business in Nigeria." The documents also say that "about the same time last year," Jefferson "told colleagues of his plans to bribe Nigerian officials, including Mr. Abubakar, in exchange for their help in winning business in Nigeria, and that Mr. Abubakar would be paid as much as $500,000 in cash."

The Los Angeles Times (6/7, Meyer, 958K) reports Rep. Jefferson "allegedly told the FBI informant that in order to secure the Nigerian official's help with the technology project, Jefferson needed to deliver an upfront payment of $100,000 to Atiku while he was in the United States." Some time "after that, the informant provided Jefferson with the cash in a briefcase, according to one of the documents, an affidavit by FBI Special Agent Edward S. Cooper. The

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congressman later indicated that he had delivered the cash to Atiku on a late-night visit to the Potomac house, Cooper's affidavit said."

The AP (6/7, Manning) reports Rep. Jefferson "called the package he allegedly delivered at midnight to the suburban Maryland home of Nigeria's vice president 'African art.' Authorities say the 'art' was meant to be cash — lots of it." Court documents "filed in the bribery probe of the Louisiana Democrat allege that Jefferson told an FBI informant he took the 'art,' which authorities believe was code for $100,000 in $100 bills, to the Potomac home of Atiku Abubakar on July 31."

Gonzales Defends FBI Search Of Jefferson's Office. The AP (6/7, Kropko) reports Attorney General Alberto Gonzales "defended the FBI's search of a congressman's office last month, saying it was an 'unusual step' but a necessary one." Gonzales "compared the May 20-21 search of Rep. William Jefferson's office to past investigations of federal lawmakers and searches of their homes and vehicles." Gonzales said, "There have been searches before by the executive branch of the legislative branch. We've searched before the homes of members of Congress. We've searched before the cars of members of Congress, even when they are parked in the garage on Capitol Hill."

Hoyer Criticizes Jefferson Over Refusal To Leave Ways and Means Committee. The Hill (6/7, Hearn) reports the "chances that Rep. William Jefferson (D-La.) will keep his seat on the powerful Ways and Means Committee grew slimmer yesterday as House Minority Whip Steny Hoyer (D-Md.) issued a stinging assessment of the embattled Louisianan's legal situation." Asked if "Democrats would seek to oust Jefferson forcibly from the panel even though he has yet to be charged with a crime," Hoyer said, "He sits on a tax-writing committee, and he had $90,000 found in his freezer. I think he's got a tax problem if nothing else." The Hill adds that on Tuesday night, "members of the House Democratic Steering and Policy Committee were expected to discuss Jefferson's dilemma at a members-only meeting. If Pelosi were to remove Jefferson forcibly, she would first have to put the issue to a vote of that body, which has jurisdiction over Democrats' committee assignments. That vote was not expected to occur last night, but she could pursue it at a later date."

LATimes Says Congress Should "Tread Softly" When Setting Rules For Judicial Branch. An editorial in the Los Angeles Times (6/7, 958K) that Congress' "reverence for the separation of powers, so flagrantly on display in its continuing snit over the FBI's search of a House member's offices, goes by the wayside when it's Congress trespassing on someone else's turf. Take the repeated attempts by Congress to micromanage the work of the federal courts." The Times adds that "even in areas in which Congress can set rules for the judicial branch, it's the better part of wisdom for legislators to tread softly."

Former Lewis Aide Acknowledges Military Contractor Helped Buy House. The New York Times (6/7, Kirkpatrick, 1.19M) reports Letitia Hoadley White, "a former top aide to the House defense appropriations subcommittee," acknowledged Tuesday "that the president of a military contractor had paid half the cost of a $1 million town house that they bought 11 months after she left the Congressional job." White, "now a prominent lobbyist, is already under scrutiny by federal prosecutors investigating the possibility that lawmakers and members of their staffs directed federal money to contractors in exchange for illicit payments. A spokesman for Ms. White said the purchase was a private arrangement between close friends." White was "for many years the top aide in charge of inserting pet projects, known as earmarks, into spending bills for Representative Jerry Lewis, Republican of California, when he led the House defense appropriations subcommittee." The person "who paid $500,000 toward the purchase of her house was Nicholas Karangelen, president of Trident Systems Inc., one of many companies that benefited from earmarks. In 2002, for example, the company received part of an $8 million joint contract for technology to survey battlefields."

Former Aide Paid For DeLay's Wife's Retirement Account. The Washington Post (6/7, A4, Smith, 744K) reports a "registered lobbyist opened a retirement account in the late 1990s for the wife of then-House Whip Tom DeLay (R-Tex.) and contributed thousands of dollars to it while also paying her a salary to work for him from her home in Texas, according to sources, documents and DeLay's attorney, Richard Cullen." The account "represents a small portion of the income that DeLay's family received from entities at least partly controlled by lobbyist Edwin A. Buckham. But the disclosure of its origin adds to what was previously known about the benefits DeLay's family received from its association with Buckham, and it brings the total over the past seven years to about half a million dollars." Buckham was "DeLay's chief of staff before he became a lobbyist at the end of 1998, shortly before the account was opened and the flow of funds began." Besides "financing the retirement account, Buckham played a role in two other streams of income that indirectly benefited DeLay."

DeLay "Disappointed" With Former Associates Over Guilty Pleas To Corruption Charges. USA Today (6/7, Kiely, 2.31M) reports former House Majority Leader Tom DeLay "said he's 'disappointed' in three ex-associates who pleaded guilty in a federal probe of political corruption, but he said their admissions 'doesn't mean I knew' of their efforts to

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bribe Congress." DeLay "told USA TODAY that he was surprised by revelations that Tony Rudy, a former top aide, and Jack Abramoff, a former lobbyist and longtime political supporter, tried to buy influence with lawmakers." DeLay said, "The Tony Rudy and Jack Abramoff I'm reading about in the papers are not the people I knew."

Prosecutors Reportedly Seeking Deal With McKinney. The Atlanta Journal Constitution (6/7, Kemper) reports, "Federal prosecutors investigating the confrontation between Rep. Cynthia McKinney of Georgia and a Capitol police officer have been talking privately with McKinney's office in hopes of resolving the case without the spectacle of an indictment and trial, officials familiar with the talks say." Meanwhile, "prosecutors have subpoenaed at least six witnesses to appear before the jury over the last two months." And "McKinney's office rejected claims that there have been discussions of a plea agreement, saying the congresswoman has not been charged with anything and may never be, so there's no plea to negotiate." The Journal Constitution notes, "Negotiated settlements in cases as controversial and politically sensitive as McKinney's are common, according to former federal prosecutors and lawyers with experience in Washington's Superior Court. They said there is often pressure on the prosecutors from higher-ups at the Justice Department and possibly the White House to resolve such cases quickly and quietly." Meanwhile, "Capitol Hill police said they were dismayed that the investigation into McKinney's confrontation with the police officer is taking so long to resolve. They said failure to charge McKinney would send the message that it is all right to hit a police officer."

Gambino Capo Convicted Of Racketeering Charges. In a widely-distributed story, the AP (6/7, Neumeister) reports Gambino capo Gregory DePalma "was convicted Tuesday of racketeering -- a verdict his lawyer said almost guarantees he will die in prison. … Joaquin Garcia, an FBI agent who posed as 'Big Jack' Falcone, had cozied up to DePalma and recorded thousands of hours of conversations that helped land the mobster. The FBI planted a cell phone on DePalma that picked up conversations even when it was off. Defense lawyer Martin Geduldig said after the verdict that it 'was just too difficult to overcome all of these tapes.'" The New York Daily News (6/7, Zambito, 729K) adds, "As the verdict was read, DePalma…groused about the FBI agents who took him down. … 'Maybe instead of them buying TVs from P.C. Richards, they should go out and get some terrorists,' he told lawyer John Meringolo. It was a reference to the six 'stolen' wide-screen sets given to him by FBI agent Joaquin Garcia." The New York Post (6/7, Cornell, 624K) notes, "The verdict was a notch in the belt of…Garcia, who has been called the 'modern-day Donnie Brasco' for his stunning two-year infiltration of the Gambino crime family."

Former Tennessee Senator Denies Taking Bribes As Trial Goes To Jury. In a widely-distributed story, the AP (6/7, Baird) reports, "A former Tennessee legislator charged with extortion took the stand in his own defense Tuesday and denied ever accepting payoffs from two FBI informants. Former state Sen. Roscoe Dixon testified that he had supported legislation for E-Cycle Management…as a favor to friends and not for money. Dixon was the only defense witness, and jurors were to begin deliberations Wednesday." In his closing argument, "defense lawyer Coleman Garrett said Dixon is the victim of a government conspiracy based on a fake company that offered bribes for support of a proposed law that was never intended to pass." But "Assistant U.S. Attorney Tim DiScenza said Dixon was not pressured into taking bribe money — 'He just took it.'"

The Memphis Commercial Appeal (6/7, Buser) notes that "Dixon was faced with explaining his words and actions on secret audio and video recordings that prosecutors say depict him selling his political influence by accepting cash payments from FBI informant Tim Willis." Dixon told jurors, "Tim Willis was my friend at the time and he knew he didn't have to pay me to get things done. I assumed it was to keep me doing the things I could do. I was under financial strain and obligations."

Chicago Water Official Testifies Sorich Make Him Hire Drunken Campaign Worker. The Chicago Tribune (6/7, Bush, Mihalopoulos, 643K) reports, "Mayor Richard Daley's patronage chief ordered the hiring of a politically connected man who was 'somewhat of a drinker,' and he repeatedly engineered the promotions of workers with clout over more qualified candidates, the former No. 2 official in the city Water Department testified Tuesday." Donald Tomczak "said he complained vehemently when…Robert Sorich directed him to accept the transfer of the man with the drinking problem," telling "Sorich that the man, a political worker under Ald. Edward Burke…could cause injuries on Water Department job sites as a result of his drinking. But Tomczak said Sorich insisted: 'Work it out, Don.' Tomczak hired the man and put him to work near his office at the Jardine Filtration Plant, where he could 'keep an eye on him,' Tomczak said." The Chicago Sun-Times (6/7, Warmbir, Korecki) adds that when Tomczak testified "he could decide to award overtime on his own to city employees who took part in his political army. But Tomczak made clear that he did not have final say over hiring or promotions in his department. … Sorich's attorney, Thomas Durkin, took umbrage over the

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overtime question and appeared concerned that the prosecution was trying to link Sorich and his three co-defendants to the overtime scam -- although the prosecution never made any direct links."

FBI Investigating New Angle To Alleged Fumo Link With Non-Profit. The Philadelphia Inquirer (6/7, Lounsberry, Shiffman, Fitzgerald, McCoy, 423K) reports, "Federal authorities are exploring whether State Sen. Vincent J. Fumo, to help pay for renovations at his mansion, directed a nonprofit to purchase a warehouse owned by the contractor, sources said. … A lawyer for the nonprofit defended the warehouse purchase, saying the group paid 'fair market value' after obtaining an appraisal. The FBI's new line of inquiry in its sprawling, three-year Fumo investigation began after agents raided electrical contractor Donald 'Gus' Dougherty's South Philadelphia home as part of a separate tax-fraud case." The Inquirer notes that one "person familiar with the renovations said that Dougherty's workers spent a year or more toiling within the mansion."

FBI Surveillance Tapes Played At Philadelphia Ticket-Fixing Trial. The Philadelphia Daily News (6/7, Hinkelman) reports, "Federal prosecutors portrayed Molden David Faison yesterday as a man who never met a concert ticket he didn't want -- or wasn't willing to fix parking tickets to get. The feds allege that Faison, a former hearing officer for the Bureau of Administrative Adjudication, used his job in August 2004 to extort $169 worth of tickets to a Prince concert. Prosecutor Judy Goldstein Smith played damning FBI audiotapes of conversations" in which informant John Florio "can be overheard giving Faison, who heard parking ticket appeals, the tag numbers and models of the vehicles with parking tickets he wanted dismissed."

Mississippi County Official Charged With Bribery, Witness Tampering. The AP (6/7) reports, "Bolivar County administrator Adrian Brown has been indicted on federal charges of accepting a kickback and tampering with a witness, authorities said Tuesday." Brown's arrest "was announced by the FBI, the U.S. attorney's office and the Bolivar County Sheriff's Department. Brown was indicated May 24 on the charges, officials said." FBI Jackson SAC John G. Raucci "said Brown is accused of soliciting and accepting a kickback for work for Bolivar County, which was to be reimbursed by the Federal Emergency Management Agency. He said Brown is also accused of attempting to intimidate a witness in the investigation." The Jackson Clarion-Ledger (6/7) also reports on Brown's indictment.

Suicidal Prosecution Witness Returns To Stand In New Jersey Corruption Trial. The New York Times (6/7, Mansnerus, 1.19M) reports the prosecution of former Middletown Township committeeman Raymond J. O'Grady "is the culmination of years of work by federal investigators, a tale opening a window on small-town graft that brought down more than a dozen public officials in a New Jersey county run by old-fashioned patronage politics. Now the trial has turned out to be a story of its own: the pivotal government witness — one day into his testimony last week against Mr. O'Grady, a longtime friend from Monmouth County politics — swallowed 60 to 80 blood-pressure pills in a suicide attempt. But on Tuesday, the government salvaged its case," as witness Anthony J. Palughi "took the stand again…despite objections by the defense to allowing the testimony to continue so soon after what Mr. O'Grady's lawyer called 'a miraculous recovery.'" The Times notes that O'Grady "is charged with taking $8,000 in cash to help steer municipal work to contractors, including two men who turned out to be agents from the F.B.I."

Bulger Associate Testifies About Corrupt Relationship Between FBI, Informants. In a widely-distributed story, the AP (6/7, Lavoie) reports, "Convicted gangster Stephen 'The Rifleman' Flemmi, testifying Tuesday in a wrongful death lawsuit against the federal government" by the family of murdered informant John McIntyre, "described a corrupt relationship of favors, gifts and tip-offs between the FBI and its criminal informants. Flemmi said he and fugitive crime boss James 'Whitey' Bulger gave the FBI information about the Mafia, and in exchange, the FBI protected them from prosecution. Members of the Bulger gang also showered several FBI agents with cash as gifts to make sure that protection continued, Flemmi said." The AP adds, "Gail Marcinkiewicz, a spokeswoman for the Boston FBI office, would not comment on Flemmi's testimony directly, but said the U.S. attorney general and the FBI have revised their guidelines on criminal informants 'to minimize the chance that unchecked behavior could occur.' 'There have been changes over the course of time and increased oversight,' she said."

The Boston Globe (6/7, Murphy, 484K) reports Flemmi "offered a stark portrait yesterday of the days when he and…Bulger ruled Boston's underworld, getting away with murder after murder," as "one corrupt former FBI supervisor, John Morris, 'treated us like we were FBI agents,' Flemmi testified. His longtime FBI handler, John J. Connolly Jr., 'didn't treat me like I was a criminal, that's for sure. He didn't look down on me because I was an informant. He treated me like an equal, in my eyes.'" The Globe adds, "Flemmi testified for the first time yesterday that he and Bulger gave retired FBI agent Dennis Condon a gold ring with his initials on it. But Boston lawyer Michael Meyer, who represents Condon, flatly denied that allegation." The Boston Herald (6/7, Sweet, 220K) notes Flemmi "claimed…that the more blood he spilled

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with…Bulger, the bigger their FBI fan club grew. Former Boston FBI supervisor James Ring 'was aware of what we were doing. He condoned it,' Flemmi, 72, testified…explaining how Ring fawned over the two crime bosses, who also were the agency's prized informants."

Arrest Of Connecticut Garbage Magnate In Crime Probe Could Be Imminent. The AP (6/7, Apuzzo) reports, "With the threat of indictments looming in a multistate investigation into organized crime in the garbage industry, the Justice Department recently told one of Connecticut's largest trash haulers: Don't come to us. We'll come to you." The AP continues, "James Galante, a Danbury garbage magnate and the acknowledged target of the FBI racketeering investigation, recently asked prosecutors to let him surrender if indicted, heading off a public arrest, his attorney said. … But prosecutors rejected the request, defense attorney Hugh Keefe said, leaving Galante waiting for a possible visit from the FBI and the region's garbage haulers wondering whether a series of arrests is imminent." The AP adds, "The industry has been on edge since federal agents raided dozens of homes and businesses in New York and Connecticut last summer, seizing truckloads of documents in an investigation into the so-called 'property rights' system. That system, in which garbage companies carve out and enforce exclusive territories, has led to violence and higher prices for customers, prosecutors in similar investigations have said. … With a grand jury meeting this week and attorneys expecting indictments soon, Keefe and others have asked that their clients be allowed to voluntarily show up for court rather than face arrest by the FBI."

New York Hedge Fund Scam Artist Pleads Guilty. The AP (6/7) reports former NYU student Hakan Yalincak "pleaded guilty to bank and wire fraud Tuesday, admitting he used his student ID and expertly forged documents to pose as the heir to a billionaire Turkish family and trick investors into pouring millions into a nonexistent hedge fund." Prosecutors "spent hours Tuesday describing how" Yalincak "charmed his way into the exclusive world of Greenwich high finance, shuttled counterfeit checks across the world and brokered deals with a Kuwaiti financier." Yalincak's fund, "the Daedalus Capital Relative Fund I, wasn't a legitimate investment and prosecutors said investors lost more than $7 million - a figure Yalincak said is overstated. Prosecutors say the money was spent on a Porsche, a Tiffany diamond and a $1.25 million donation to NYU."

Wisconsin Law Will Require Sex Offenders To Wear GPS Tracking Devices. USA Today (6/7, Koch) reports, "Hundreds of convicted sex offenders will have to wear a two-piece electronic tracking device for the rest of their lives under a new Wisconsin law." States are increasingly using GPS devices and "Congress may accelerate such efforts. The House and Senate have each passed sex offender bills this year that approve funding for GPS tracking. They need to craft a final bill."

Man Who Served 18 Years On Rape Charge Freed By DNA Evidence. The New York Times (6/7, Yardley) reports, "Eighteen years ago, James Calvin Tillman was arrested on charges of raping and kidnapping a woman after she left a bar in downtown Hartford. For 18 years, he insisted that he was innocent. And on Tuesday, he was freed." Tillman "had refused a plea deal, his family said, and was convicted and sentenced to 45 years in prison. His appeals failed. Distraught, he underwent psychiatric treatment in prison. He read the Bible and urged other inmates to read it, too. And, finally, in February 2005, he wrote to the Connecticut Innocence Project, which helps inmates who claim that they have been wrongly convicted." The Times continues, "The two public defenders who head the Connecticut Innocence Project located the victim's dress and pantyhose, which were collected as evidence in 1988, and had new DNA tests conducted. They found no match between Mr. Tillman and semen on the clothing. Based on that test, a judge in State Superior Court vacated his conviction on Tuesday and ordered a new trial. After the court session, Mr. Tillman's lawyers speculated that the charges would be dropped. The chief state's attorney, Christopher L. Morano, said, 'There are still some loose ends that need to be tied up and need to be examined,' a reference to an additional DNA test, and would not say whether he thought the case would go to trial again."

CIVIL LAW:

DOJ Reaches Deal With Gabelli On Cell Phone License Lawsuit. The Wall Street Journal (6/7, Davies, Wilke) reports, "The Justice Department has reached a deal with Mario Gabelli in a civil-fraud suit that alleged the famed money manager was at the center of an effort to deceive the Federal Communications Commission in auctions of cellphone licenses." The Journal continues, "Assistant U.S. Attorney David Kennedy announced the settlement Tuesday during a hearing before U.S. District Judge Paul Crotty in Manhattan. Terms of the deal weren't disclosed but are expected to include a payment to the government of more $100 million, according to others briefed on the negotiations." He "also said in court that the government reached a settlement with Russell Taylor III, the private plaintiff who brought the initial civil suit against Mr. Gabelli, Lynch Interactive Corp. and other Gabelli affiliates. Mr. Taylor said

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he witnessed the alleged fraud while working as a paralegal and attorney at a law firm."

USA Today (6/7, Davidson) notes, "Critics of the Federal Communications Commission's auction system" had "seized on the case as proof that deep-pocketed bidders set up sham companies to win discounts reserved for small businesses." It "comes three months after the Justice Department intervened in a civil fraud lawsuit, filed five years ago by a citizen under a law that lets an individual sue on the government's behalf." USA Today adds, "The lawsuit alleges Gabelli set up about a dozen sham companies in auctions from 1995 to 2000 to snare airwave licenses. The entities were formed a few days before each auction, often were dissolved shortly afterward and never used the licenses, many of which were later sold for huge profits, the lawsuit claims. The lawsuit seeks up to $370 million in damages."

Bloomberg (6/7, Glovin) reports, "The settlement, though not the terms, was announced today at a hearing in Manhattan federal court, Heather Tasker, a spokeswoman for U.S. Attorney Michael Garcia, said. Garcia's office recently sought permission to join the suit, which was filed in 2001 by attorney Rufus Taylor III under the federal False Claims Act. … Taylor's suit stemmed from Gabelli's role in Federal Communications Commission auctions in the 1990s. The government set aside cellular phone licenses to be sold to small businesses. Gabelli, 63, bankrolled ``sham'' startups that would qualify under the rules to get access to discounts, the suit claims."

The AP (6/7) reports, "The deal came after the government sought to intervene in a 5-year-old lawsuit brought by private parties alleging Gabelli and others should pay hundreds of millions of dollars in damages for their participation in auctions conducted by the Federal Communications Commission between 1995 and 2000. … The lawsuit, initially filed in Washington, accused Gabelli of rigging the system by creating phony companies which bid for wireless phone licenses at a discount under rules favoring minority and small businesses. He then resold the licenses at a profit, according to the government."

CIVIL RIGHTS:

Special Prosecutor Rules Ohio Police Shootings Justifiable. News Net 5, Cleveland, OH (6/7) reports, "A special prosecutor ruled that five cases of the use of deadly force by Cleveland police officers were justifiable." News Net 5 continues, "The five fatal shootings took place in 2004 and 2005. The city appointed retired Judge Ellen Connally to investigate the cases and to make a decision about whether they were justified. … Connally ruled that all the officers involved in the shooting followed the guidelines outlined for the use of deadly force, and no charges will be filed in any of the cases, NewsChannel5 reported." News Net 5 adds, "Before making her decision, Connally reviewed the evidence, interviewed witnesses, looked over photographs and talked with the coroner. … She ruled four of the shootings justifiable. But one of the shootings included a confrontation between Cleveland police and 14-year-old Brandon McCloud. … All five cases are still being reviewed by the U.S. Justice Department."

Gay Marriage Amendment Headed For Defeat In Senate. The AP (6/7, Kellman) reports, "The constitutional amendment to ban gay marriage is headed toward certain defeat Wednesday despite a fresh appeal for passage by President Bush. While a majority of Americans oppose gay marriage, an equal majority oppose amending the Constitution to prohibit it, according to a poll this week by ABC News." And, "according to one Republican, Americans do not yet buy the warning that traditional marriage is under attack by renegade judges. 'Most Americans are not yet convinced that their elected representatives or the judiciary are likely to expand decisively the definition of marriage to include same sex couples,' said Sen. John McCain." The Washington Times (6/7, Fagan, 90K) says "sponsors of the marriage proposal expect about 52 votes today on a motion to cut off debate and force a final vote. The motion would need 60 votes to pass, and the amendment itself would need two-thirds, or 67 votes, to be approved."

Under the headline "For Foes Of Same-Sex Marriage, It's The Thought That Counts," the Washington Post (6/7, A2, Milbank, 744K) reports, "There's violence in Iraq, corruption in the House and anxiety in the markets. Somebody needs to create a diversion. 'The gays are aggressive! Gays have called war! Gays are attacking traditional marriage!' Bishop Harry Jackson was shouting these words outside the Capitol yesterday morning, at a rally for a constitutional amendment banning same-sex marriage." The "urgency" of the amendment supporters' "alarm is a bit suspect to anybody with an eye on the electoral calendar."

Meanwhile, the Washington Times (6/7, Ward, 90K) reports "black pastors and civil rights leaders yesterday held separate rallies on Capitol Hill, staking opposite positions on a constitutional amendment aimed at banning homosexual 'marriage.'"

Dowd Says Administration Is "Hatemongering" Over Gay Marriage. Maureen Dowd writes in the New York Times (6/7, 1.19M), "The Bushes have always been good at using bogeymen to their political advantage. … W. prefers tactical bêtes noires to real ones. … W. ignored the gay marriage issue in the 19 months after he used it to help him stay in the White House. To reprise it now, knowing it has no chance of passing, is so transparent that surely even the

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most blinkered 'values' voters see through it." Dowd adds, "I know Republicans are desperate. But does it make sense to use gay love to hatemonger here when we have so much real hate coming at us from abroad?"

WSJournal Says Activist Judges Created Gay Marriage Anxiety. The Wall Street Journal (6/7, 2.11M) editorializes, "We remain opposed to federal interference in" the issue of same sex marriage, "believing that issues of family life and law are best settled in state legislatures. Yet given the way activist courts have turned gay marriage into a national issue, it's no surprise that Congress joined the fray." The amendment vote "can't be understood outside of the anxiety created by activist courts. Justice Kennedy wrote the majority opinion in the 2003 Lawrence case that banned state anti-sodomy laws. So sweeping was his 'privacy right' language that it took only a few months for the Massachusetts Supreme Court to use Lawrence to justify its decision to impose a right to gay marriage there. … So here we go again with another values issue about to become an endlessly polarizing national debate."

EEOC Reaches Settlement With Verizon On Pregnancy Bias Lawsuit. The Washington Post (6/6, Joyce) reports, "Verizon Communications Inc. will pay almost $49 million to 12,326 current and former female employees as part of a landmark class-action lawsuit alleging pregnancy discrimination." The EEOC "reached a settlement in 2002 against Verizon predecessors Nynex Corp. and Bell Atlantic Corp. But the total amount of the settlement was not made public until yesterday, when the EEOC completed its projections of how much would be paid in future benefits." The Post notes, "The final figure makes the case the largest pregnancy discrimination settlement in EEOC history. It covers women in 13 states and the District." The companies "were accused of violating federal law by denying women pension and other benefit accruals when they spent time on pregnancy or maternity leave."

Blanco To Sign Restrictive Louisiana Abortion Bill. The New York Times (6/7, Alford, 1.19M) reports Louisiana Gov. Kathleen Babineaux Blanco's office "said Tuesday that she would shortly sign into law a strict ban on abortion that would permit abortion only in the case where a woman's life was threatened by pregnancy." The bill, "approved by both houses of the Legislature and sent to the governor on Monday, would go into effect only if the United States Supreme Court overturned Roe v. Wade, the 1973 decision establishing a constitutional right to abortion, and allowed states to criminalize abortion."

LOC Transgender Discrimination Case Moves To Discovery Phase. Roll Call (6/7, Mcardle) reports, "A full year after filing a discrimination lawsuit against the Library of Congress, Diane Schroer, who is preparing for surgery to complete her transition as a male-to-female transsexual, has only now seen her civil rights case move into the discovery phase. But in the 12 months since the case was brought, Schroer's suit already has forced the U.S. District Court to take a hard look at how sexual discrimination laws apply to the Congressional workplace." Roll Call explains that Schroer filed the Title VII suit last June 2 after being denied a position as an analyst within the Congressional Research Service. LOC lawyers, Roll Calls says, "argued in their response last fall that transsexual individuals are not considered members 'of a protected class as required by Title VII' and thus the case should be dismissed. … 'The term sex, as used in Title VII, prohibits discrimination based on the biological state of a male or female,' the U.S. Attorney's office argued in its response last fall. 'District Courts in this Circuit, as well as in many other circuits, have never held that transsexuals are a protected group under Title VII.'" Denying the motion to dismiss ten weeks ago, the judge noted that "the failure of numerous attempts to broaden Title VII to cover sexual orientation says nothing about Title VII's relationship to sexual identity. ... There are facts that Schroer could prove which would support her claim that the Library refused to hire her solely because of her sexual identity, and that in so doing, the Library discriminated against her 'because of ... sex.'"

Senate To Consider Bill Of Hawaiian Self-Government. The Senate this week is expected to consider a measure that would allow Hawaiians to govern themselves as Native Americans and Alaskans do. The Washington Times (6/7, Debose, 90K) reports that Sen. Daniel K. Akaka "says the bill is a way to give 'indigenous' Hawaiians a sense of pride and a chance for sovereignty for the first time since 1893, when Queen Liliuokalani was deposed and lands were illegally seized by US Marines and a cadre of sugar-plantation businessmen." The bill "calls for an Office of Native Hawaiian Relations in the Department of the Interior, and a Native Hawaiian Interagency Coordinating Group to administer programs, a commission that would certify who are indigenous Hawaiians, and provides a process of reorganization of the Native Hawaiian governing entity."

NYTimes Says Concerns About Hawaii Bill Are Misplaced. An editorial in the New York Times (6/7, 1.19M) says concerns that the bill to extend federal recognition to Native Hawaiians as indigenous people that Hawaii "will become a balkanized banana republic" are "misplaced." The measure "explicitly forbids casinos, a touchy subject in Hawaii. Any changes a Hawaiian government seeks would have to be negotiated with state or federal authorities. As has

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always been the case on those eight little islands, everyone will have to find a way to get along."

Facing Receivership Threat, Williams Fires DC's Mental Health Director. On its front page today, the Washington Post (6/7, A1, Montgomery, Barker) reports District of Columbia Mayor Anthony Williams "fired the director of the District agency that cares for the mentally retarded yesterday in hopes of averting a court takeover of the troubled bureaucracy, which is facing fresh allegations of abuse and neglect in city-funded group homes." Marsha Thompson, who had been on the job "barely a year," will be replaced by retired Alabama mental health commissioner Kathy Elmore Sawyer, who "will work under a six-month contract that ends shortly before Williams (D) leaves office in January." The Post notes, "Several advocates called Sawyer a respected administrator with a sterling reputation," however, "the move will not stave off a push to have a receiver take control of the agency, the target of a 1976 class action lawsuit over care of the mentally disabled." The Post says such a federal takeover "would mark a major embarrassment for Williams during his final year in office." The Post adds, "Two weeks ago, as plaintiffs requested a receiver, the U.S. Justice Department urged the judge to hold the District in contempt of court because, it said, the city had not met promises to improve health care and other services at group homes and because of 14 preventable and questionable deaths since January 2003. The papers gave vivid and startling details about the extent of the abuse, which ranged from severe scaldings to fatal starvation."

In an editorial today, the Washington Post (6/7, A22) notes Sawyer will be the District's 19th head of mental health services since 1994. "If the mayor is seeking immediate stability in that agency through the appointment of one individual, albeit a highly qualified professional, his search will more than likely be in vain. The problem at the [agency] is not that it hasn't been led by a reformer with dedication, compassion and a vision. The problem rests below the agency head. It can be found within the agency and the group homes it oversees. Those places have more than their share of unqualified workers" who "should be nowhere near vulnerable people… Unless the mayor has the fortitude and is willing to wade in with the administrator and stand down the bureaucracy and special interests, i.e., contractors; unless he is prepared to rid the payroll of incompetents, and clean house from top to bottom, then director No. 19 will soon give way to Nos. 20 and 21 and 29." The Post concludes, "Cleaning up that mess requires more than hiring an outsider with a good reputation. It needs the backing of a mayor who places reform of a critical and much-neglected agency ahead of a trip to South Korea, where Mr. Williams is heading today."

Friedman Praises US Diversity. Thomas Friedman writes in the New York Times (6/7, 1.19M), "I went to a high school graduation Monday and a United Nations meeting broke out. … There were some 700 kids receiving their diplomas, and as I sat there for two hours listening to each one's name pronounced, I became both fascinated and touched by the stunning diversity — race, religion, ethnicity — of the graduating class." If there is "one reason to still be optimistic about America it is represented by the stunning diversity of the Montgomery Blair class of 2006. America is still the world's greatest human magnet. We are not the only country that embraces diversity, but there is something about our free society and free market that still attracts people like no other."

Westmoreland Says Voting Rights Act Should Be Modernized. Rep. Lynn Westmoreland writes in The Hill (6/7) that the Voting Rights Act should be modernized ""to reflect the reality of today — a reality strongly shaped by the successes of the original legislation." Despite Georgia's "revolutionary strides in voter equality, the Voting Rights Act still treats Georgia as if it's a backward society governed by the laws of Jim Crow. … Renewing the law as it is would keep Georgia in the penalty box for 25 more years." Westmoreland concludes, "The Voting Rights Act has served our nation well. We dishonor the accomplishments of the law if we pretend nothing's changed since 1965."

NYTimes Criticizes Ohio Voter Registration Regulations. The New York Times (6/7, 1.19M) editorializes, "The latest sign that Republicans have an election-year strategy to shut down voter registration drives comes from Ohio. As the state gears up for a very competitive election season this fall, its secretary of state, J. Kenneth Blackwell, has put in place 'emergency' regulations that could hit voter registration workers with criminal penalties for perfectly legitimate registration practices. The rules are so draconian they could shut down registration drives in Ohio." The Times adds, "Decisions about who can vote are being made by a candidate for governor. Mr. Blackwell should hand over responsibility for elections to a decision maker whose only loyalty is to the voters and the law."

ANTITRUST:

ACLU Asks FCC To Pause ATT-Bell South Merger. The New York Times (6/7, Belson) reports the American Civil Liberties Union "asked the Federal Communications Commission yesterday to withhold approval of AT&T's acquisition of BellSouth until it reviews allegations that the companies gave customer records to the government

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without warrants." Arguing that the Telecommunications Act requires an evaluation of the costs and benefits of the merger, the ACLU "said the F.C.C. should determine if AT&T and BellSouth handed over phone records to the National Security Agency's surveillance program and, if so, whether that violated any privacy laws." FCC Chairman Kevin Martin "said last month that the commission could not investigate reports of the companies' cooperation with the security agency because the agency's activities were classified," and yesterday an FCC spokeswoman "declined to comment on the filing."

Telecom Firms Seek To Block AT&T-BellSouth Merger. The San Antonio Business Journal (6/7) reports, "A group of seven telecommunications companies have filed comments with the Federal Communications Commission asking regulators to block the planned $67 billion merger between AT&T Inc. and BellSouth Corp." The Journal continues, "San Antonio-based AT&T needs approvals from 18 states, the U.S. Justice Department and the FCC in order to proceed with the merger -- which could close by the end of the year. The merger already has been approved in eight states and two foreign countries. … The group of companies claim the AT&T-BellSouth merger will only create a dominant player that will be able to thwart competition through its increased control over local networks and other communications services." The Journal adds, "Through its acquisition of Atlanta-based BellSouth, AT&T -- already the nation's largest provider of local voice, long-distance and broadband DSL services -- will only further move the company toward monopoly status, the companies claim. … The companies that are asking the FCC to block the merger are Cbeyond Communications in Atlanta; Grande Communications in San Marcos; NuVox Communications in Greenville, S.C.; Supra Telecom in Orlando; Talk America in New Hope, Pa.; XO Communications in Reston, Va. and Xspedius Communications LLC in O'Fallon, Mo. … They say the AT&T-BellSouth merger would extend the company's footprint to 22 states and further cement its standing as the nation's largest wireless provider by controlling all the stock of Cingular Wireless."

Broadcasting & Cable (6/7, Eggerton) reports, "In a conference call with reporters discussing their filings with the FCC in opposition to the merger, several of the groups argued that, unless the FCC requires AT&T to spin-off wireless company Cingular after the merger and to divest itself of wireless spectrum they argue has been warehoused, the 'best case' scenario from the merger would be an 'entrenched DSL cable monopoly for Internet access. That's because they said the merged company would likely sit on spectrum that could be used for wireless Internet access in competition to DSL. … 'If the FCC doesn't "do the right thing,"' said Jonathan Rubin of the American Antitrust Institute, 'there is potential for some kind of major litigation.'"

EU Officials Says Microsoft's Reputation Is At Stake. Bloomberg (6/7) reports, "European Competition Commissioner Neelie Kroes said Tuesday that Microsoft Corp. should be concerned about its reputation as well as the financial impact of antitrust rulings." Bloomberg continues, "Kroes, who will decide before the end of July whether to impose daily fines of $2.6 million on Microsoft, said the software maker should take account of its image. … 'It's not only a matter of financial aspects in such cases, it's also a matter of reputation,' Kroes said at a European Parliament meeting in Brussels, Belgium." Bloomberg adds, "The European Commission, the European Union's antitrust regulator, is threatening to fine Microsoft unless it licenses information on the way its Windows operating system shares printers and files to rival software developers. The regulator says the company hasn't provided 'complete and accurate' information to rivals. … Microsoft, whose Windows operating system runs on about 95 percent of the world's personal computers, was fined in March 2004 for abusing its dominant market position by failing to make technical information available and for bundling its media player with Windows."

UK Airports Operator OKs Takeover Bid From Spain's Ferrovial. The Wall Street Journal (6/7, Johnson, Singer) reports, "United Kingdom airports operator BAA PLC approved a £10.1 billion ($18.9 billion) takeover offer from Spanish builder Grupo Ferrovial SA, paving the way for a mammoth European infrastructure deal that highlights investors' appetite for companies with stable returns." The deal "appears to have trumped a rival bid by a consortium led by Goldman Sachs Group Inc." Yet "questions remain over how Ferrovial can boost profitability at BAA's regulated businesses enough to justify the bid's hefty premium. Some airlines expressed concern that the deal could lead to higher expenses."

The New York Times/IHT (6/7, Clark) adds that a BAA spokesman said it "had chosen the bid from Ferrovial over the one from Goldman because it offered the greatest certainty for shareholders in the near term." The Times notes, "BAA controls two-thirds of Britain's airports, and its dominant position has long been a source of concern for airlines, which complain that the company has the power to set arbitrarily high fees for landing rights and other airport services."

Chirac Seeks To Boost German Bid For Euronext Merger. Reflecting the concerns of some French banks about the impact of the Sarbanes-Oxley corporate governance law, the Wall Street Journal (6/7, MacDonald, Taylor) reports, "French President Jacques

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Chirac said he would rather see financial-exchange operator Euronext NV merge with Deutsche Börse AG than with NYSE Group Inc., giving some heart to the German exchange operator as it seeks to win Euronext despite last week's merger agreement between the European and U.S. exchanges." Encouraged, "by Mr. Chirac's remarks, Deutsche Börse Chief Executive Reto Francioni and Chairman Kurt Viermetz are on a lobbying trip to Paris today to sound out ways Deutsche Börse can make its offer 'more attractive' to shareholders without making significant changes from what has been offered up until now, a person familiar with the matter said."

The New York Times (6/7, Kanter) reports, "Speaking in Germany alongside the German chancellor, Angela Merkel, Mr. Chirac said that he preferred a European merger and would 'regret if this solution is not adopted in the end.'" Yet "he made clear that his priority was to preserve jobs in Paris, even if it meant tying the knot with the Americans rather than Deutsche Börse, based in Frankfurt." He "also acknowledged that he had only 'very limited ways to intervene' in the deal." And "Merkel was even more circumspect, saying that governments like those in France and Germany could not exert influence over merging companies, even if she were 'of the opinion that it is good to build up strong economic units within Europe.'"

Mittal Executive Questions Arcelor Shareholder Voting Procedure. Wilbur Ross, a nonexecutive director of Mittal Steel Company and CEO of W.L. Ross and Co., in an op-ed in the Wall Street Journal (6/7) argues that Arcelor steel company's attempt to block a merger with Mittal by agreeing to a deal with Russian steel producer Severstal is unfair because "it will pass unless more than 50% of the entire share capital of the company votes against it. This is most unusual. Normally when contemplating such a move, a company would seek the approval of its shareholders, and the threshold would be 66% of the capital either present or represented at the meeting. This is a deliberately prohibitive barrier. The percentage of the capital normally represented at an Arcelor general meeting is below 35%. There has never been a case in which 50% of the shares were represented at such a meeting -- never mind them all voting in the same direction."

Merged Airline Faces Increased Customer Complaints. In a detailed report of escalating traveler complaints, the Wall Street Journal (6/7, Trottman) reports, "US Airways Group Inc. faces substantial challenges in integrating operations following last year's merger between the old US Airways and America West Holdings Corp. Among them, it has to keep inevitable technology glitches from alienating its customers. … The outcome has been far less than perfect." The Journal explains a serious of technical problems related to the merged airline's combined web site, and notes "customer calls are pouring into the airline's 24-hour Internet help desk" with significant answer delays. However, "the site does have some improvements. Users of the old USAirways.com will now have an improved booking engine with a feature that helps them determine which travel days have lower fares, for example. And users of the old America West site will be able to book United Airlines flights online through a code-share agreement."

ENVIRONMENT/INDIAN AFFAIRS:

Lawmakers Make Case For ANWR Exploration. Reps. Greg Walden and Marsha Blackburn, members of the House Energy and Commerce Committee, write in the Washington Times (6/7, 90K) that the "flurry of hearings, markups and energy policy debates that ensued" following Hurricane Katrina "produced bills that, taken together, contemplate a strategy of energy security." The House "recently voted, yet again, to open a sliver of the Alaskan tundra, the Alaskan National Wildlife Refuge, to exploration. Some of the upcoming Senate debate will be a replay of what we've heard for decades from the anti-energy crowd. … The list of silly, flimsy or fact-free objections goes on and on, and it has the uncanny ability to survive dramatic advances in technology and safety, not to mention repeated applications of truth." They add, "The House majority has said no to fear and politics and yes to providing American energy for American workers at a price they can afford to pay. Now it's the Senate's turn."

Johanns Says Bird Flu Easily Detected. In an interview with the AP (6/7, Neergaard), Agriculture Secretary Mike Johanns said, "Scientists have a new test that can tell within four hours if a bird is possibly infected with bird flu—but it still will take about a week to know if that suspect case is really sick with the deadly Asian strain." Meanwhile, Health and Human Services Secretary Mike Leavitt told the AP, "Four hours also is how long it takes to get preliminary results in people infected with the H5N1 virus." However, if bird flu ever begins spreading easily among people, Leavitt said "that's too long," so US researchers are working to develop "faster human tests for the disease as well as vaccines and treatments."

SCOTUS Refuses To Hear Appeal Of Seneca Tribe's New York Land Claim. The Buffalo News (6/7, Buckham, Cardinale) reports, "The U.S. Supreme Court on Monday refused to reinstate the Seneca Nation of Indians' claim over the properties of 18,000 residents (in Grand Island,

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NY), ending a 13-year fight that had many residents fearing that they would be forced from their homes." The News continues, "The Senecas sued in 1993 to 'recover' Grand Island and about 40 other islands in the Niagara River, claiming they had been illegally taken in an 1815 treaty with New York State. … U.S. District Judge Richard J. Arcara ruled in 2002 that the Senecas had never lived on the islands and, if they had any right to them, had negotiated them away before 1815. His ruling was upheld by the 2nd U.S. Circuit Court of Appeals in September." The News adds, "Town Supervisor Peter McMahon applauded Monday's refusal by the Supreme Court to hear the Senecas' last appeal. … McMahon said he found it interesting that the U.S. Justice Department, whose intervention on the Senecas' behalf enabled them to sue in the first place, filed a last-minute brief contending that the appeal had no merit. … But Joseph F. Crangle, who represented the Seneca Nation when the case was filed, said: "m disappointed. There is no question that the treaty [of 1815] included islands in the Niagara River, and I think Grand Island is in the Niagara River. This is a good example of how people can rewrite history.'"

FBI/DEA/ATF/USMS:

Gonzales Announces $2.75 Million Grant To Fight Gangs In Cleveland Area. The Cleveland Plain Dealer (6/7, Tobin) reports, "Greater Cleveland will get $2.75 million from the Justice Department to help fight street gangs, Attorney General Alberto Gonzales said Tuesday during a visit to the area. … 'Obviously, the fact that Cleveland was selected shows there is a gang problem,' Gonzales said during a news conference at the U.S. District Courthouse downtown." The Plain Dealer continues, "Most of the money - $2.5 million - will be spent in Cleveland over three years and focus on prevention, law enforcement and prison re-entry. A committee focused on the gang problem will determine by autumn exactly how the money will be spent. … An additional $250,000 will pay for six suburban police officers to work in schools. The officers will help oversee projects to keep students out of gangs. Chagrin Falls, East Cleveland, Parma and Warrensville Heights were selected for the Gang Resistance Education and Training grants. … 'It gives the children a law enforcement officer they can call 24/7,' said U.S. Marshal Peter Elliot, whose office started the program in Greater Cleveland. 'It helps break down stereotypes and distrust of law enforcement.'" The Plain Dealer adds, "In Cleveland, more than 90 gangs are involved in drug dealing and street violence. The gangs are no longer nationally organized, like the Crips and Bloods. … Instead, they are looser groups of kids hanging on the streets, according to the Cleveland Unified Gang Task Force. … Cleveland was selected for the money along with Los Angeles, Milwaukee, Tampa, Dallas and the corridor in Pennsylvania between Lancaster and Easton. … Gonzalez said those cities were chosen because the government felt the money would have the most impact there. … 'These are gangs who are involved in very serious crime,' Gonzales said. 'They are robbing our youth of productive futures.' … Assistant U.S. Attorney Craig Morford said law enforcement, community and church groups will meet over the summer to determine how to best spend the money."

Wanted Bay-Area Hells Angels Leader Surrenders To FBI. KPIX-TV San Francisco (6/6) reports on its Web site, "The leader of the Santa Rosa Hells Angels motorcycle club chapter turned himself into the FBI Tuesday and was placed under arrest for suspicion of drug possession and distribution, officials said. Federal agents had been searching for…Raymond Foakes since last week when law enforcement officers raided six locations around Santa Rosa, including the Hells Angels headquarters there, as part of an ongoing drug probe." KPIX notes, "He was one of 42 Hells Angels members indicted in the United States District Court in Las Vegas on federal racketeering and firearms charges." The AP (6/7) also reports on the arrest and adds, "Another Hells Angels associate, Michael Vargas, remained at large Tuesday, FBI spokeswoman LaRae Quy said."

Violent New Jersey Drug Dealer Sentenced To Life In Prison. The Camden Courier Post (6/3) reported, "Bernard Murray of Camden, convicted almost exactly a year ago for his participation in a large-scale drug operation that relied on murder as an enforcement tool, was sentenced…to life plus 85 years in a federal prison" on Friday. Representatives of three murder victims spoke at the sentencing hearing, asking for a harsh term for Murray," and "the sentence is the longest that court officials could recall." WPVI-TV Philadelphia (6/2) also reported on Murray's sentence, adding, "Meanwhile, his partner…Enrique Perez, another leader of the gang, got 25 years in prison. … Perez received a lesser sentence due to his cooperation with authorities."

Federal "Weed & Seed" Money Will Help Charlotte, NC, Fight Crime. News 14, Charlotte, NC (6/7) reports, "The U.S. Justice Department is committing about $1 million to revitalize a crime-ridden area of east Charlotte." News 14 continues, "It is partnering with local businesses and the Charlotte-Mecklenburg Police Department to implement the 'Weed and Seed' program in the Central Avenue corridor. … The money will pay for community and faith-based initiatives that are designed to

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"weed out" crime, gangs and drugs while "seeding" economic development." News 14 adds, "The Central Avenue corridor is one of more than 300 'Weed and Seed' sites in the country. .. 'We're going to measure success if we see a decline of truancy in the schools,' U.S. Attorney Gretchen Shappert said Tuesday. 'We're going to measure success if we see a decrease in gang activity. We're going to measure success if we see increased economic development.'"

Guns, Drugs Seized In New Jersey, 3 Arrested. The Trenton (NJ) Times (6/6, Ratcliffe) reports, "Guns, ammunition and drugs were seized and three men were arrested on related charges when authorities raided three residences in Trenton and Hamilton on Sunday night. … The raids…were the result of a three-month investigation by Trenton detectives, the Mercer County Prosecutor's Office and the federal Drug Enforcement Administration. Police said the probe began after neighborhood residents tipped authorities to a suspected drug distribution ring operating from the three residences."

Pittsburgh Police Confiscate Fentanyl-Laced Heroin Packets. According to the Pittsburgh Post-Gazette (6/7, Silver), Pittsburgh police "have confiscated more than 1,000 packets of the type of fentanyl-laced heroin suspected of causing up to six overdose deaths in Allegheny County since Sunday, but it was unclear how much of a dent the seizure would put in the supply on the street. During a news conference yesterday, police revealed few details about their activities -- including a large bust Monday in Hazelwood that netted 1,050 stamp bags of the deadly brand of heroin marked 'Get High or Die Trying.' … Three drug dealers have been arrested, but police would not provide their names. The U.S. Drug Enforcement Administration is also involved, but DEA Special Agent Rick McGoldrick in Philadelphia declined to provide specifics."

In a separate story, the Pittsburgh Post-Gazette (6/7, Toland) reports that at one point, "It was apparent that lots of street brands were mixed with fentanyl (and in some cases, investigators now believe, doses contained no heroin at all, just fentanyl). In the Philadelphia and South Jersey region, 'fefe' was complemented by bags labeled 'flatline,' 'exorcist' and 'Al Capone,' references to the packages' dangerous contents. In Harrisburg and elsewhere, the bags were labeled 'apollo.'"

The Pittsburgh Tribune Review (6/7, Greenwood) reports, "Pittsburgh police seized 21 bricks of fentanyl-laced heroin, putting a 'serious dent' in the flow of the concoction that city detectives Tuesday blamed for six deaths in Allegheny County."

Addicts Seek Out Lethal Mixture, More Overdoses Reported. In Pittsburgh, KDKA-TV (6/7) reports on its Web site, "Addicts are now purposely seeking out the deadly drug laced with the pain killer fentanyl. They want to try it, despite its potential to be lethal."

KDKA-TV (6/6) also reports, "The fourth reported death from a heroin overdose happened in the Oakland section of the city [Monday] night. … Police were called to another drug overdose early Tuesday morning at a home…on the South Side. The person survived."

Newspaper Seeks List Of Victims. The Detroit Free Press (6/7) editorializes, "Authorities have not responded to a Free Press request for the names of the victims, other than to ask for more time. If there is not a master list of the victims, the sleuths charged with tracing the drugs are not doing a very good job, since the list would be the basis for finding commonalities that might lead someplace."

Maryland AG's Office Denies Approving Release Of Security Information. The Baltimore Sun (6/7, Dresser) reports the Maryland Attorney General's Office "is denying an assertion that Maryland Transportation Authority Police Chief Gary W. McLhinney received the approval of state lawyers before releasing sensitive security information last month. The documents McLhinney released included the names of Secret Service agents and other security officers providing executive protection to state and federal officials and their families - details government agencies generally resist disclosing." The Sun says it was "seeking forms detailing police escorts to 'private citizens (non-government employees).' Nevertheless, McLhinney released 305 pages that included details of travel through BWI by U.S. Cabinet secretaries, National Security Agency and Drug Enforcement Administration officials and other officials."

Former Doctor Investigated By DEA Accused Of Malpractice. The Tucson (AZ) Citizen (6/6) reports, "One week after being sentenced to life in prison and having his medical license yanked, Bradley Alan Schwartz was expected in court today for the start of a malpractice trial. … Laurie Espinoza, Schwartz's former office manager, is expected to say that Schwartz appeared drugged at the time he operated on Garrett Hoxie, then a high school student, in November 2001. Espinoza says Schwartz didn't kick his drug habit until early 2002, after learning that the Drug Enforcement Administration was investigating him."

Arizona Reliever's House Searched In Baseball's Steroid Investigation. The AP (6/7) reports federal investigators "searched Arizona Diamondbacks reliever Jason Grimsley's house Tuesday as part of their investigation of steroid use in baseball. Thirteen agents searched Grimsley's house in Scottsdale, Ariz., for six

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hours, according to Internal Revenue Service Agent Mark Lessler, who would not say what they found." Grimsley "allegedly made 'extensive statements' about illegal drug use, 'for the purpose of performance enhancement,' according to the court documents. … According to Novitsky, Grimsley told him the names of other players he believed were using, but the names of those players were blacked out of the court records."

The Arizona Republic (6/7) writes, "Grimsley admitted taking illegal performance-enhancing drugs and said that amphetamines were used 'like aspirin' in major league clubhouses, according to an affidavit filed by the lead federal investigator in baseball's steroid investigation. The affidavit…said Grimsley agreed to cooperate with U.S. Internal Revenue Service agents after Grimsley received a package containing two kits of human growth hormone April 19 at his Scottsdale home."

Cable TV Coverage. ESPN (6/7, 12:00 a.m.) reported, "Diamondback pitcher Jason Grimsley [is] embroiled in the BALCO scandal. He admitted to using illegal performance-enhancing drugs and said amphetamines were used like aspirin in major league clubhouses. He also provided details of his knowledge of other major leaguers using steroids. "

Local TV Coverage. KSAZ-TV, Phoenix (6/6, 9:00 p.m.) reported, "The baseball drug scandal hits close to home as 13 federal investigators search the house of Diamondback pitcher Jason Grimsley for over six hours today. According to an affidavit filed in US district court, Grimsley admitted to using growth hormones, amphetamines, and steroids. Apparently cooperated with the feds, naming names of other players that may have used performance-enhancing drugs."

KOLD-TV, Tucson-Sierra Vista, Arizona (6/6, 10:00 p.m.) reported, "Federal investigators have searched the home of Arizona Diamondbacks reliever Jason Grimsley today as part of their investigation of steroid use in baseball. IRS agent Mark Lessler says 13 agents searched Grimsley's Scottsdale home for six hours. Lessler wouldn't say what they found."

Montel Williams To Back Medicinal Use Of Marijuana In New Jersey. The AP (6/7) reports television personality Montel Williams "plans to tell a New Jersey Senate panel on Thursday how marijuana relieves his chronic pain caused by multiple sclerosis, and urge New Jersey lawmakers to enact medical marijuana laws, as 11 other states already have. … Williams, a registered medical marijuana user in California, said he became an activist pushing for medical marijuana laws after being stopped at a Detroit airport by an Alcohol Tobacco and Firearms officer for carrying drug paraphernalia. The charge was later dropped." Gov. Jon S. Corzine "said last year that he would sign a medical marijuana bill into law."

IMMIGRATION:

Bush Says Immigration Reform Incomplete Without Guest Worker Program. The AP (6/7, Loven) reports from Artesia, NM, that President Bush "declared progress Tuesday in tightening the nation's southern border and pushing major immigration changes through Congress despite widespread skepticism that lawmakers can find a compromise." The President "brushed aside bitter divisions over the issue, saying the fact that there is active debate at all is cause for optimism." After visiting New Mexico, the President "took in a video surveillance operation at the Border Patrol headquarters in Laredo, Texas, also hot and dry, and a busy crossing point near Nuevo Laredo, Mexico, where warring drug cartels have been blamed for more than 140 murders this year." The AP adds, "The visuals of Bush's two border-state stops focused on enforcement," but "the emphasis of the president's spoken message was agreement."

Likewise, Fox News' Special Report (6/6, Baier) reported that Bush "insisted three times that lawmakers are, quote, making progress towards a comprehensive immigration bill, merging the stricter House bill that focuses on border security, and the Senate bill that provides a way for illegal immigrants to become citizens." The President "acknowledged tough negotiations lie ahead, but tried to stress the common ground already achieved."

Along the same lines, the Los Angeles Times (6/7, Neuman, 958K) reports Bush "sought to minimize the differences that have divided the House and Senate over immigration," while the New York Times (6/7, Stolberg, 1.19M) says the President "tried…to win back the trust of conservatives who have distanced themselves from him on immigration, promising to 'get this border enforced' and warning those who enter the country illegally that 'if you get caught, you get sent home.' … The image of Mr. Bush, his collar open and his starched blue shirt sleeves rolled up, surrounded by Border Patrol agents and trainees clad in olive drab uniforms in the dusty New Mexico desert, was carefully calibrated to sell the president's plan to the American people -- and, by extension, their representatives in Washington."

The Houston Chronicle (6/7, Mason, 581K), however, reports from Laredo that Bush "accused his opponents in the immigration battle of stirring up fear with false claims about amnesty. 'Look, if you're one of these types of people that basically say, you know, throw them out, then you just use the word "amnesty," just toss it around,' Bush said. 'In order to frighten people, you just say "amnesty."'" Standing with Gov. Rick Perry, Bush "stepped up his criticism of lawmakers back in Washington balking at his call to create a path to

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citizenship for illegal immigrants who have lived in the country for years."

All three networks last night noted the New Mexico leg of Bush's visit in brief segments. ABC World News Tonight (6/6, story 3, :20, Gibson, 8.78M) reported, "President Bush made two stops to focus attention on immigration. Mr. Bush is sending 6,000 National Guard troops there to help secure the border. He said today that unless Congress includes a guest worker plan in its legislation, the immigration issue will not be solved." The CBS Evening News (6/6, story 8, 0:20, Schieffer, 7.66M) reported the President "said the United States must control its borders, but he also called on Congress to pass a comprehensive bill, including a guest worker program and a path to citizenship for some illegal immigrants." NBC Nightly News (6/6, story 10, 0:20, Williams, 9.87M) Bush "was urging Congress to pass a comprehensive reform bill."

CNN's The Situation Room (6/6, Quijano) reported Bush "watched as the new commissioner of Customs and Border Protection, Ralph Basham, was sworn in by Homeland Security Secretary Michael Chertoff. Again, the image intended to convey the message and demonstrate his commitment to border enforcement."

The San Antonio Express-News (6/7, Castillo, Martin) notes Bush said in Texas that "a long-term solution to reduce the number of illegal crossings is to find work for them in Mexico." Also, "asked by a local reporter if his immigration reform plan included raising the number of immigrants who can legally enter the country, Bush said he would leave that up to Congress." Bush also "traveled to Omaha, Neb., where he was scheduled to visit a Catholic charity and speak at a college."

The Washington Times (6/7, Dinan, 90K) says Bush "seemed to float the idea of decreasing legal immigration overall by increasing the line for green cards and citizenship. 'If Congress is worried about the number of people getting in, they can decrease the number of green cards,' he said."

The Washington Post (6/7, A5, Abramowitz, 744K) reports Bush broke "little ground substantively," but "aides say he is trying to build grass-roots support in advance of negotiations aimed at reconciling House and Senate bills that take sharply different approaches toward undocumented workers." The President is also "trying quiet diplomacy. Joining Bush on Air Force One on the trip from Washington were two New Mexico representatives who have been critical of the president for various aspects of his plan, Democrat Tom Udall and Republican Steve Pearce. During the trip, Pearce said, the two received a briefing from David Aguilar, chief of the Border Patrol, who outlined a more aggressive approach to keeping illegal immigrants from entering New Mexico."

Local television stations across the country included coverage of the President's visit to the border region in at least 700 broadcasts yesterday. The brief "national round-up" type of coverage merely provided an outline of the President's itinerary and showed him interacting with Border Patrol agents. Most of the more in-depth reports noted that the President's appearance at the border coincided with the arrival of the first few National Guard troops assigned to assist the Border Patrol in apprehending illegal immigrants. While a small minority of the broadcasts played up the notion that the President's visit to the southwest was intended to reassure conservatives whose primary concern is border security, the much more common narrative contended that Bush was "on the move to get Congress to pass an immigration overhaul that includes a guest worker program." Notably, stations in border states tended to characterize the Senate's immigration bill as identical to the President's guest-worker proposal. KPHO TV Phoenix, for example, reported Bush "went to the border today to help rally support for his immigration plan. That plan already passed by the Senate still needs clearance in the House." And KCAL TV Los Angeles: "The Senate shares the President's vision, a guest worker program and a path to citizenship."

Typical of the coverage across the nation was WJW TV Cleveland (6/6, 5 PM), which reported that Bush's "plan to secure the border with Mexico is underway tonight. A few dozen National Guard troops arrived in Arizona today, the first of what will be thousands in the border region." KPHO TV Phoenix (6/6, 5 PM) said the President "dispatched the troops to show he's tough on border security, as he tries to push broad immigration reforms thru congress -- including a guest worker program."

WFLA TV Tampa-St. Petersburg (6/6, 5 PM) reported the President "made another push for his guest worker proposal."

WPVI TV Philadelphia (6/6, 12 PM) reported, "President Bush is on the move to get congress to pas an immigration overhaul that includes a guest worker program."

WAGA TV Atlanta (6/6, 10 PM) reported that "an optimistic President Bush is touring the southern border."

KCAL TV Los Angeles (6/6, 12 PM) reported, "Critics wonder what this push has to do with the upcoming elections. … There's also something else driving Mr. Bush's stops in Texas and New Mexico today, a chance to appeal to local voters on an issue they care deeply about, at a time when polls show Congressional Republicans could do poorly in November elections."

KABC TV Los Angeles (6/6, 5 PM) reported that the President "looked comfortable in shirt sleeves in the hot New Mexico sun. Bush "visited the law enforcement training center in Artesia where the border patrol has a 19 week agent program. They demonstrated a mock take down and a

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freight train inspection as students and instructors checked under cars where immigrants hide."

The Hill (6/7, Blake) reports on "several Senate candidates across the country" who are "using the finer points of the immigration debate as campaign fodder in advertisements and press releases. Their efforts are working to varying degrees of success to differentiate them from their opponents, who are firing back in much the same manner. Only two Republicans facing tough reelection campaigns -- Sens. Lincoln Chafee (R.I.) and Mike DeWine (Ohio) -- were among the 23 in their party voting for final passage of the bill, and three of the four Democratic no votes were cast by vulnerable candidates."

"Bush's Own Pollster" Says President Moving In Wrong Direction. The Washington Times (6/7, Dinan, 90K) reports, "Bush has been making a strong push for illegal aliens to assimilate as he stumps for passage of a plan to legalize most of them, but a new poll shows that voters actually want less immigration and more security. And even Mr. Bush's own pollster, in another recent poll, failed to ask about a pathway to citizenship, instead focusing on temporary legal status for illegal aliens -- a concept Mr. Bush no longer endorses." The Times adds," About half of those surveyed in the new poll by MWR Strategies said the immigration problem facing the US is 'too much immigration,' while just 29 percent identified the problem as 'not enough assimilation.'" Michael McKenna, "who conducted the poll of 1,000 registered voters, said it suggests that Mr. Bush is moving in the wrong direction by embracing a path to citizenship."

House Republicans Threaten To "Blue-Slip" Senate Bill. The Hill (6/7, Allen) reports, "Lawmakers are shrouding themselves in a thin slip of blue paper as deep divisions on immigration policy are again being laid bare." House Republicans "have threatened to deliver a 'blue slip' rejection of the Senate immigration bill, and Senate Democrats are blocking efforts to circumvent that maneuver." The result is "a procedural paralysis that has prevented the two chambers from even naming conference negotiators, a clear sign of the difficulties facing proponents of an immigration overhaul." The Senate-written immigration bill "contains tax provisions, violating the Constitution's requirement that all revenue measures originate in the House. Any House member could object to the Senate bill on that basis, forcing debate and a vote on whether to reject the measure outright. … To avoid that fate, Senate Republican leaders want to bring up a separate House-passed tax bill, gut it and replace its provisions with the Senate immigration bill. But Senate Minority Leader Harry Reid (D-Nev.) has objected to that maneuver." Reid "said he is concerned that using a House-passed tax vehicle could invite the introduction of unrelated tax cuts into House-Senate conference negotiations."

The Washington Times (6/7, Hurt, 90K) reports Reid said yesterday that Republicans "think there's a problem because they want a problem. … They don't want to go to conference." But "he also added that he's at least willing to consider the idea. 'I've got another idea for them,' Mr. Reid told reporters yesterday. 'If they want to use another bill, a tax bill, instead of the House-passed immigration bill, then let them come to me with how they're going to not have this as a Christmas tree of tax measures. It's up to them. If they want use a tax bill, let's see what they can come up with to protect the Senate's position on immigration.'"

Napolitano Vetoes Illegal Immigration Legislation. The New York Times (6/7, Archibold, 1.19M) reports, "Gov. Janet Napolitano of Arizona has vetoed a bill that would have punished employers who hire illegal immigrants and authorized the police to arrest illegal immigrants on trespassing charges merely for being in the state." Napolitano, a Democrat who "is running for a second term and is doing well in public opinion polls," said yesterday in a letter to legislators that "parts of the bill would have violated the federal government's power to enforce immigration law under the Constitution and were opposed by many law enforcement groups and leaders in border communities."

Schools Recruiting Teachers From Abroad. The CBS Evening News (6/6, story 9, 3:00, Andrews, 7.66M) reported, "This team of top officials from Baltimore has traveled to Manila to conduct an immigration raid, specifically a raid to hire Filipino teachers." Baltimore has "recruited more than 200 teachers from the Philippines so far, and while administrators say they're pleased with the quality of these teachers, they are recruiting overseas because they have to. There is a shortage of teachers, not just in Baltimore but nationwide. Clark County, Nevada, imports math and science teachers from Canada. Topeka brings in teachers from India and Spain. Dallas brings in bilingual teachers from Chile and Mexico. At least 10,000 teachers are needed from abroad every year. America's shortage is so well known Philippine colleges offer special courses in education." Reg Weaver, "the head of the National Education Association, the nation's largest teachers' union, calls the importing of teachers a Band-Aid. He says low salaries and heavy workloads are driving American teachers out of the classroom and that school systems should be solving that."

Immigrants Seen As Setting Citizenship As Goal. NBC Nightly News (6/6, story 11, 2:20, Gregory, 9.87M) reported from Queens, New York that "community activist Ana Maria Archilla sees something else" in a diverse community of immigrants, "a new desire to stay and fight for citizenship." Ana Maria Archilla: "Leaving is not an option, and it's especially not an option for people that have spent a large portion of their lives here that have really given their labor to this country and have raised families here." Gregory:

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"The immigrants in this neighborhood, legal and illegal, are mobilizing, with tactics big and small."

Illegal Immigrant Graduates Near Top Of Princeton Class. ABC World News Tonight (6/6, story 7, 3:05, Gibson, 8.78M) reported, "65,000 undocumented immigrant children will graduate this spring from American high schools. They will not be able to work, legally. They will not qualify for most college aid. Only 10% to 20% will be able to continue their studies. We are going to take 'A Closer Look' at a young man who graduated from Princeton University today, near the top of his class." ABC (Muir) added Dan-el Padilla Peralta "stood before his fellow Princeton graduates today and delivered the salutatory address, in Latin no less, it was a remarkable feat in itself." But he is "an illegal immigrant, which comes very important because he's been invited to study at Oxford. And if he goes, US immigration law says because he is illegal, he can't come back for a least a decade." Padilla's attorney "is asking for a waiver. But there are tens of thousands of undocumented students in the US and some argue it could set a precedent."

NBC Nightly News (6/6, story 12, 0:40, Williams, 9.87M) reported, "Twenty-one- year-old Dan-el Padilla Peralta was selected as Princeton salutatorian. He gave the traditional speech in Latin but he also got over a major hurdle today. He graduated from the Ivy League-despite living in the US Illegally. He moved here from the Dominican Republic when he was 4. His mother was sick. A wealthy benefactor guided him through prep school. He's been accepted to Oxford in England to study, but the secret he and Princeton kept for quite some time is now out."

Americans Have More Positive View Of Immigrants Than Europeans, Poll Finds. The AP (6/7, Lester) reports, "Immigration anxiety has been fueling a fierce political debate in the United States, but attitudes about immigrants in this country are considerably more positive than in several European countries, AP-Ipsos polling found. People in Britain, France, Germany, Italy and Spain are much more inclined than those in the U.S. to think immigrants are likely to get involved in criminal activity. … More than a third of Germans, Italians and Spaniards say they think immigrants are more likely to be involved in criminal activity than people born in their countries. A fourth in France and Britain feel that way." Those European countries are "about evenly divided on whether immigrants are a good influence." In the US, "about one in 10 thinks immigrants are more likely to be involved in crimes. And a majority, 52 percent, say they think immigrants are a good influence on the country."

Inhofe Makes Case For English As "National Language." GOP Sen. James Inhofe, who sponsored the English language amendment, writes in USA Today (6/7, 2.31M), "My amendment, passed by the Senate last month, clarifies that, unless specified by other laws, there are no entitlements to federal services and documents in foreign languages. This nation decided long ago that you must know English to become a citizen. Thus, there is no reason to offer government's citizen services in foreign languages. … The U.S. courts' position is unmistakable, and America's citizens and immigrants have spoken. Why aren't liberals listening?"

In an editorial, meanwhile, USA Today (6/7, 2.31M) asks, "So should English be designated the USA's 'national language'? Sixty-three senators have voted to make it so. They might as well have voted to make apple the national pie or American Idol the national TV show. In practice, English already is the national language, even among the children of immigrants: 93% of second-generation Hispanic Americans are bilingual or speak primarily English, according to a 2002 national survey by the Pew Hispanic Center and the Kaiser Family Foundation. By the third generation, hardly anyone speaks only Spanish, and just 22% of Latinos are bilingual."

Six Arrested By Immigration Agents In North Carolina To Be Deported. The Raleigh (NC) News & Observer (6/7, Brevorka) reports, "Six men arrested by federal immigration agents at Carter-Finley Stadium (in Raleigh, NC) last month have pleaded guilty to entering the country illegally and will be deported, according to the U.S. Department of Justice." The N&O continues, "Federal immigration agents accompanied troopers from the state Highway Patrol to a construction site at the stadium May 23 in hopes of finding a driver who had fled from an auto accident. When federal agents arrived, more than 50 workers in hard hats ran. Seven, including one juvenile, were arrested. … Federal agents later found the suspected driver, Reynalda Guitierres, 28, in Durham and charged him with illegal entry." The N&O adds, "Justice Department officials said that the following men pleaded guilty to illegal entry and will remain in federal custody while they undergo the deportation process: Victorino Marquez-Hernandez of Mexico; Antolin Contreras-Maldonado of Honduras; Armando Hernandez-Penaloza of Mexico; Melvin Jovel-Hernandez of Honduras; Omar Miguel Barbosa of Mexico and Demetrio Huerta-Ordonez of Mexico. Agents also charged Marquez-Hernandez with possession of false immigration documents."

TAX:

Frist Rejects Estate Tax Compromise. The New York Times (6/7, Andrews, 1.19M) reports Senate majority leader Bill Frist and other GOP Senators "vowing to schedule a vote for full repeal" of the estate tax "on Thursday, have yet to line up the 60 votes they need to prevent a Democratic filibuster. … In what is either a shrewd game of chicken or an effort to inflame the passions of crucial Republican

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constituencies…Frist…has made little effort to strike a compromise with conservative Democrats that would greatly reduce but not fully abolish the tax." According to the Times, "The strategy has divided Republicans." Sen. Charles Grassley "told reporters on Monday that the Senate could easily pass a bill that eliminated the estate tax for all but a tiny slice of the nation's richest families."

Kyl Pitches Graduated Repeal Proposal. The AP (6/7, Dalrymple) reports, "GOP leaders on Tuesday put abolition of the federal estate tax on the Senate's election-year agenda as other senators weighed ideas to shrink, but not erase, the tax." Sen. Jon Kyl "told other GOP senators Tuesday that common ground might be found by increasing the size of an estate exempt from taxation to $5 million per person or $10 million per couple, according to GOP aides familiar with the proposal speaking on condition of anonymity while negotiations continued. His idea would tax estates between $5 million and $30 million equal to the top tax rate for most capital gains. The remainder of the largest estates would be taxed at 30 percent, those aides said."

Grassley Outlines Effect Of Tax Code Change On Expatriates. Senate Finance Committee Chairman Chuck Grassley writes in a letter to the Wall Street Journal (6/7, 2.11M) that the paper is "confused about how a recent change to the federal tax code will affect some Americans working overseas. The change concerned the foreign earned income exclusion under section 911 of the tax code. You imply 4.1 million Americans could be affected, but according to the most recent available IRS data, 306,393 tax returns claimed the benefits of section 911 in 2003. Of those returns, only 125,894 actually had any U.S. tax liability after the benefits." Expatriates "will continue to have a better deal than their domestic counterparts. Through section 911, individuals can still exclude a sizable amount of income that those living and working in the U.S. cannot exclude. Also, American workers abroad who claim section 911 benefits will be taxed at the same rates as domestic workers with the same income."

CONGRESS-ADMINISTRATION:

White House Reenergizes Defense Of Bush Judicial Nominees. The Hill (6/7, Bolton) reports White House officials "are making a concerted effort to cooperate with outside conservative groups to support and defend President Bush's nominees to the federal bench, and they are also planning to work more closely with the Senate on confirming the nominees. The greater focus on judges comes in the wake of privately expressed criticism from conservative leaders that the White House and the GOP-controlled Senate were doing little to defend high-profile nominees such as William 'Jim' Haynes and Terrence Boyle, both picked for the 4th U.S. Circuit Court of Appeals, from attacks by liberals." The White House "has begun to take a more active role in defending the nominees. For example, talking points circulated at the end of last week defending Boyle from accusations that he did not recuse himself from cases where he may have had conflicts of interest were written in the signature style of the White House and its ally the Republican National Committee. And administration officials are also working more closely with conservative activists to defend the nominees."

WSJournal Says Senate Should Confirm Haynes To Fourth Circuit Court. An editorial in the Wall Street Journal (6/7, A14, 2.11M) says the nomination of William 'Jim' Haynes II to the Fourth Circuit Court of Appeals is being held up, but "don't blame this delay only on Democrats. Two Republicans -- Senators John McCain and Lindsey Graham -- are also causing the holdup." Haynes is the Pentagon's general counsel, "and his transgression is to have offered legal advice on the treatment of detainees in the war on terror. The big point of contention is his role in Defense Secretary Donald Rumsfeld's decision in December 2002 to allow 'coercive' interrogation techniques against al Qaeda detainees at Guantanamo. Haynes' critics "say he was instrumental in forging a policy that could be used to justify 'torture.' But there is no evidence that anyone condoned torture." The Journal adds, "With Republicans in danger of losing Senate seats, if not their majority, now is the time to honor one of their campaign pledges from 2004 by confirming Mr. Bush's judicial nominees."

Hecht Admonished For Vocal Support Of Miers Nomination. The Washington Post (6/7, A21, Weiss, 744K) reports the Honorable Nathan L. Hecht, is "a justice of the Supreme Court of Texas and a well-known conservative jurist. A longtime friend of White House counsel Harriet Miers, Hecht gave more than 120 media interviews during her failed Supreme Court nomination. Hecht coordinated strategy with White House aides and agreed to take media calls straight from the White House, according to a recent investigation." But the Texas State Commission on Judicial Conduct "last month admonished Hecht for his activities on behalf of Miers. The Texas Code of Judicial Conduct prohibits judges from doing anything to 'advance the private interests of the judge or others.'"

Congress Fighting Administration Effort To Consolidate Foreign Aid Programs. The Wall Street Journal (6/7, Phillips, Rogers, 2.11M) reports the Bush administration and Congress "are headed for a clash over how to spend U.S. aid for the developing world. President

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Bush's decision to consolidate billions of dollars in foreign-aid programs under the State Department puts him at odds with Congress's age-old prerogative of earmarking foreign-aid funds for favorite issues." The Journal notes that at "the center of the struggle" is Randall Tobias, "a former Eli Lilly & Co. chief executive who is now the country's first director of foreign assistance. With marching orders from Secretary of State Condoleezza Rice, Mr. Tobias is remodeling $16.6 billion in U.S. foreign-assistance programs." Sen. Sam Brownback "is drafting legislation that would require the administration to spend 50% of aid to Africa on such items as water wells, immunizations and teacher training. Mr. Brownback says he became disenchanted with how the administration is delivering foreign aid during a December trip to the Democratic Republic of Congo."

White House Deployed Gingrich To Influence Congressional Oversight. The Hill (6/7, Cusack) reports former House Speaker Newt Gingrich and the OMB's Clay Johnson "urged Republican investigators on Capitol Hill to change how they conduct probes of the executive branch in a private meeting earlier this spring. The unusual request infuriated some of the GOP aides, who countered that the administration has repeatedly failed to cooperate with their requests for information. The staffers expressed outrage that the meeting was even taking place, calling it inappropriate for a White House policymaker to tell investigators how to scrutinize the Bush administration. … Others thought the forum was somewhat productive, but acknowledged it was bizarre." However, "Some came away from the meeting believing there was an implied, unstated message: Ease up on oversight this election year." The Hill adds, "Democrats are seizing on the meeting as proof of the cozy relationship between the GOP-led Congress and the administration."

Democrats Seek To Curb Bush Use Of Signing Statements. Roll Call (6/7, Yachnin) reports, "Angered over recent media reports that President Bush has effectively disavowed hundreds of laws enacted during his tenure, a handful of House Democrats are now pushing measures to shore up Congress' legislative authority. Citing concerns over maintaining a clear Separation of Powers between the legislative and executive branches," Reps. Barney Frank and Sheila Jackson Lee "introduced separate bills shortly before Memorial Day." Roll Call notes Democrats "have criticized White House use of 'signing statements,' a practice that allows the president to attach an official declaration to newly enacted laws, and one historically used as a legal interpretation for executive branch agencies."

VA Says Personal Information Of 80% Of Active Duty Troops Stolen. The CBS Evening News (6/6, story 4, 2:20, Schieffer, 7.66M) reported the case of the "personal records of so many people at the Veterans Administration allowed to be stolen took another bizarre turn late today." CBS (Orr) added, "The Pentagon now tells CBS News that the recent theft of personnel information affects not only veterans but more than two million active duty military troops, National Guard and Reserves. The government's story keeps changing." The VA "said up to 50,000 names, Social Security numbers and birthdates for active duty Navy personnel and National Guard and Reservists were also among the missing data. Now, another announcement: The IDs of 1.1 of the 1.4 million active duty personnel may be among the missing data, as well as the IDs for nearly 780,000 National Guard and Reservists. The bottom line here is the government really isn't sure how much data has been lost and can't say with any certainty the information won't be used to defraud veterans and soldiers. VA Secretary Jim Nicholson will face new blistering questions when he testifies for a second time on the Hill on Thursday, questions like how long has the VA known about his latest information and why does it seem that details keep dribbling out."

NBC Nightly News (6/6, story 3, 0:55, Miklaszewski, 9.87M) reported, "Pentagon officials confirm tonight that the critical personal data of more than two million active duty National Guard and Reserve forces may have been on those same computer disks stolen from the home of a Veterans Affairs employee just over a month ago. That includes the names, birthdates, and Social Security numbers of 80% of the entire active US military. It was first reported the stolen disks contained only information on 26.5 million veterans. Now, warning letters are going out tonight to those active forces, telling them, keep a close eye on your credit."

Information Loss May Compromise Troop Safety. The Washington Post (6/7, A1, Tyson, Lee, 744K) reports, "Defense officials said the loss is unprecedented and raises concerns about the safety of U.S. military forces. But they cautioned that law enforcement agencies investigating the incident have not found evidence that the stolen information has been used to commit identity theft. … Army spokesman Paul Boyce said: 'Obviously there are issues associated with identity theft and force protection.' For example, security experts said, the information could be used to find out where military personnel live."

Veterans' Coalition Files Class-Action Lawsuit. USA Today (6/7, 2.31M) reports, "a coalition of veterans groups charged in a federal class-action lawsuit in Washington that their privacy rights were violated by the theft. The suit demands that the VA fully disclose which military personnel are affected and seeks $1,000 in damages for each."

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House Leadership Said To Be Working To Keep Pledge On Earmark Reform. Roll Call (6/7, Ackley) reports House leaders "have yet to appoint Members from their chamber to smooth out differences between House and Senate lobbying reform bills," but "they are working to make good on their pledge to appropriators that any new earmark disclosures apply equally to all committees." In order "to get enough support to pass the lobbying and ethics reform legislation, House leaders pledged that any bill would contain disclosure of earmarks, including those in tax-writing and authorizing measures — not just in appropriations bills." Kevin Smith, "a spokesman for House Majority Leader John Boehner (R-Ohio) said that the commitment on earmarks remains." But several "sources in Congress and on K Street said they have not detected a sense of urgency from House leaders on appointing conferees."

Hoyer Says Pelosi Will Lead House Democrats Regardless Of Election Outcome. The Hill (6/7, Hearn) reports House Minority Whip Steny Hoyer "says he has only unalloyed endorsements for the minority leader and her ability to unify the caucus." Hoyer said, "Nancy has worked harder in my opinion than anybody I have seen in my 26 years in Congress. [Former Minority Leader] Dick Gephardt [D-Mo.] I thought was the hardest worker I could find. Nancy works harder than Dick. She travels more. She raises more money. She works harder than message. She's doing a wonderful job. If we lose, it will not be Nancy Pelosi's fault. She's done everything she possibly could to insure our victory. ... Win, lose or draw, she's going to be our leader." The Hill adds Hoyer was "responding to a recent report that Rep. Rahm Emanuel (D-Ill.), chairman of the Democratic Congressional Campaign Committee, may mount a challenge to Pelosi if Democrats fall short of taking control of the House."

Senate GOP Focus On Social Issues Worries Some Republican Members. The New York Times (6/7, Hulse, 1.19M) reports that while some Republican candidates "may relish the Senate's current concentration on same-sex marriage and other ideologically charged topics, Senator Lincoln Chafee of Rhode Island is not among them." Chafee said, "It may stir up my primary voters a little bit against me." The Times adds Chaffee "opposes the push for a constitutional amendment to prohibit same-sex marriage and is under intense pressure to back a proposed amendment that would forbid flag burning." Other Republicans, "including some conservatives, say Mr. Chafee may not be the only potential victim of what they see as a misguided effort to appeal to social conservatives by staging votes intended primarily to make a point about the party's values. They say that voters are more concerned about the economy, health care and immigration, and that replaying the marriage debate in particular could do as much damage as good as Republicans fight to retain control of Congress." Club for Growth President Pat Toomey said, "The problem I see is with economic conservatives who see out-of-control spending, huge deficits and that Republicans can't make the tax cuts permanent. The problem is on a different field."

Laura Bush Visits Minnesota Community Center. The St. Paul Pioneer-Press (6/7, Coleman, 200K) reports First Lady Laura Bush "brought her get-involved message to Minnesota on Tuesday, visiting a community center that's been serving at-risk children for years." Bush spoke "to more than 20 children in the library at the Meadowbrook Collaborative, then examined crafts and played a game that gathered people in a circle to flap the edges of a large sheet. The brief visit was intended to promote the federal program known as Helping America's Youth." Mrs. Bush "capped her visit by sharing refreshments and cookies before heading to a fundraiser for Minnesota GOP Senate candidate Mark Kennedy."

OPM Director Launches "Career Patterns" Initiative. The Washington Post (6/7, D4, Barr, 744K) reports in its "Federal Diary" column that OPM Director Linda Springer yesterday "launched a 'career patterns' initiative aimed at making the government a more attractive employer by offering increased flexibility and better work-life balance to potential hires who are less interested in the traditional 9-to-5 job and 30-year federal career. The initiative seeks to take many workplace practices in use across government -- telecommuting, nonstandard work hours, part-time work -- and treat them as natural employment options rather than as exceptions."

White House Threatens To Veto Intervention In FAA Contract Dispute. The Washington Post (6/7, D4, Barr, 744K) reports in its "Federal Diary" column, "Any legislation to change the rules for resolving contract disputes at the Federal Aviation Administration is strongly opposed at the White House, the administration said in a written statement. If Congress sends such a bill to the president, senior advisers will recommend a veto, the statement said."

Samuelson Says Paulson Needs Economic Crisis To Excel At Treasury. Robert J. Samuelson writes in the Washington Post (6/7, A23, 744K), "Unless he blunders badly, [Henry] Paulson's role as chief economic spokesman doesn't matter much. Most Americans don't know the name of the Treasury secretary and don't care. What they care about is $3-a-gallon gasoline and 6.5 percent mortgage rates." Samuelson adds, "To excel as Treasury secretary,

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Paulson needs something no one wants: an economic crisis that enables him to act as hero." Samuelson adds, "As Treasury secretary, Paulson may be frustrated by long-standing problems that elude solution. Or he may grapple with a surprising crisis to prevent some greater calamity."

WPost Hits Reid Over Acceptance Of Boxing Tickets. An editorial in the Washington Post (6/7, A22, 744K) says, "The most disturbing thing isn't that Sen. Harry M. Reid (D-Nev.) accepted free ringside tickets to Las Vegas boxing matches, worth between several hundred and several thousand dollars each. It's that even when pressed the senator didn't see anything wrong with taking the freebies at the same time he was pushing federal legislation to oversee the industry." Reid "first declared that he would continue to take free tickets, then reversed course the next day 'to avoid even the faintest appearance of impropriety.' Maybe he got an inkling: It's this culture of entitlement that offends ordinary Americans -- who don't get free ringside seats and who have to settle for pay-per-view."

OTHER NEWS:

Stock Markets Continue To Lose Ground. The stock markets yesterday fell again on investors' fears of inflation and slow economic growth. ABC World News Tonight (6/6, story 8, :20, Gibson, 8.78M) reported, "After sinking 200 points yesterday, the Dow Jones Industrial Average fell again today, for a time even slipping below 11,000 for the first time in 3 months. The Dow ended off 46 points [to close at 11,002.14], investors rattled apparently by the double-whammy of slow, economic growth and the prospect of more interest rate hikes." NBC Nightly News (6/6, story 8, 0:15, Williams, 9.87M) noted the Nasdaq "lost about seven points on the day [to close at 2,162.78]." The New York Times (6/7, Holusha, 1.19M) reports the Standard & Poor's 500-stock index "lost 1.44 points, or 0.1 percent, to 1,263.85."

The CBS Evening News (6/6, story 7, 0:15, Schieffer, 7.66M) also reported, "Continuing worries about an economic slowdown and rising interest rates sent stock prices still lower today." The Wall Street Journal (6/7, Browning, 2.11M) also reports the stock numbers.

The Wall Street Journal (6/7, lp, 2.11M) reports, "Inflation alarms at the Federal Reserve rang louder yesterday as a top official said slowing economic growth may not be enough to contain inflation if the public's inflationary psychology intensifies. 'If inflation turns out to exceed...our target range, I do not believe we can count on a slowing economy to bring inflation down, by itself, quickly,' William Poole, president of the Federal Reserve Bank of St. Louis, said in an interview." If inflation expectations rose in "a persistent way...we could expect to see that show up in measured inflation in fairly short order."

The Washington Post (6/7, D1, Masters, 744K) reports, "Now that the Dow Jones industrial average has slid 246 points in two days and shed 5.5 percent since mid-May, it's time to ask the question: How do you distinguish a short-term stock market correction from a full-blown bear market? You wait awhile, of course." But "already there are clues in technical market data, such as who is doing the buying and selling, the price of stocks relative to corporate earnings, inflation data, and the length of time since the last recession. … Interviews with nearly a dozen economists and market analysts turned up widely varying views on whether this particular market correction will develop fur and claws. That's partly because each one looks at different signals to determine where the equity markets are going."

Bernanke Under Fire. The Washington Post (6/7, D1, Henderson, 744K) reports, "Bernanke rattled world financial markets Monday with his tough talk about combating inflation, but he also buffed up his image as a strong Federal Reserve chairman committed to the fight, analysts said yesterday." Meanwhile, under the headline "Fed, Bernanke Take Blistering Flak," USA Today (6/7, Kirchhoff, Shell, 2.31M) reports Bernanke "is finding out the hard way that openness is not the same thing as clarity." Bernanke "took office in February promising to make central bank policy more transparent. Four months later, a number of economists and traders say the Fed chairman and other central bank officials have stumbled by making too many contradictory statements, muddying the outlook and spooking markets." The complaints "got louder Monday after Bernanke told a banking group inflation was at an 'unwelcome' level, raising the specter of further Fed interest rate increases." That "appeared counter to April congressional testimony in which Bernanke suggested the central bank could pause from its two-year campaign of interest rate increases, even if inflation was a risk." USA Today (6/7, Krantz, 2.31M) runs a second, similar piece titled "Unease Over Fed Policy Has Markets In A Tizzy."

Brian S. Wesbury, chief economist of First Trust Advisors L.P. in Lisle, Ill, defends Bernanke in the Wall Street Journal (6/7, 2.11M), saying the chairman "is doing a fine job. The inflationary pressures he is fighting today were baked in the cake before he arrived. Monetary policy was overly accommodative for too long, and even after 16 rate hikes the Fed has not yet reached neutral." He adds, "Weaning investors, home builders, hedge funds and proprietary trading desks from 50-year low interest rates is like forcing them to quit smoking: It's good for the health of the economy, but it hurts and they are complaining loudly."

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Realtors Urge Fed To Pause Rate Hikes. The Wall Street Journal (6/7, Walsh, 2.11M) reports, "The National Association of Realtors lowered slightly its forecast for existing and new home sales this year, while the group's chief economist called for the Federal Reserve to pause its interest rate increases. The slowdown from the previously hot housing market is positive because the economy needs a solid housing sector, and slower price appreciation will improve affordability, said NAR Chief Economist David Lereah." The group "lowered slightly its previous forecast for a slowdown this year in home sales and construction. Existing home sales are now projected to decline 6.8% from last year's record to 6.60 million in 2006, while new home sales are seen down 13.4% from last year's record to 1.11 million. Housing starts are forecast to decline 6.2% to 1.94 million this year."

Gasoline Prices Down Slightly. USA Today (6/7, Hagenbaugh, 2.31M) reports, "Although gasoline prices will likely dip a bit in the near-term, families hitting the road this summer will still pay record prices at the pump, the government said Tuesday. Nationwide, retail gasoline prices will average a record $2.76 a gallon over the April-September summer period for regular." That's "up 39 cents from last summer and a nickel higher than the Energy Information Administration, the Energy Department's statistical arm, forecast a month ago."

Bilbray Leading In CA50; Filner Turns Back Primary Challenge. The San Diego Union-Tribune (6/7, LaVelle, Dodge, 353K) reports Republican Brian Bilbray "appeared headed toward a win over Democrat Francine Busby last night in the race to replace imprisoned former Rep. Randy 'Duke' Cunningham in the 50th Congressional District, a contest seen as a gauge of voter attitudes for the national midterm elections." In another "closely watched race, Rep. Bob Filner easily defeated Assemblyman Juan Vargas in the 51st Congressional District Democratic primary. It was their third face-off in what has become a long and bitter rivalry."

According to the tally in the website of the San Diego News-Tribune, with 451 of 500 precincts or 90.2% reporting, 56,016 or 49.49% voted for Republican Brian Bilbray, while 51,202 or 45.24% voted for Democrat Francine Busby.

Before any election results were announced, the CBS Evening News (6/6, story 6, 2:30, Schieffer, 7.66M) reported, "Democrats believe they have a chance to take back control of Congress from the Republicans this year, and they're looking to a special election tonight for a sign that they may be right." CBS (Bowen) added, "It's a race that's seen as a referendum on both the Republican Congress and the Republican President whose popularity is sinking. Recent polls show Busby even or slightly ahead of former Republican congressman turned lobbyist Brian Bilbray."

Angelides To Face Schwarzenegger As Westly Concedes Primary. The Los Angeles Times (6/7, Finnegan, Barabak) reports on its website this morning that Steve Westly conceded the California Democratic gubernatorial primary to Phil Angelides at 1:15 a.m. PDT. Angelides has led Westly by about four percentage points throughout the evening. Angelides will now face Gov. Arnold Schwarzenegger (R) in the fall.

LATimes Says Democratic Gubernatorial Candidate Hurt Self. The Los Angles Times (6/7) says in an editorial, "The primary did little to boost the enthusiasm Democrats feel for their state candidates, and voters were also skeptical about two ballot measures to increase public spending on preschool and libraries. Regardless of whether the Democratic gubernatorial candidate is state Treasurer Phil Angelides or state Controller Steve Westly — and the race was too close to call even hours after the polls closed — he will have plenty of work to do before the final contest against Schwarzenegger on Nov. 7. In the next five months, the Democratic candidate must show that he can repair the damage done to himself, his party and electoral politics in general by the recent weeks of cynical and self-defeating campaigning."

Riley Easily Defeats Moore In Alabama Gubernatorial Primary. The Washington Post (6/7, A7, Weisman, 744K) reports Alabama Gov. Bob Riley "easily won the Republican primary contest last night against former state Supreme Court chief justice Roy S. Moore, once regarded as a formidable challenger because of his support from social conservatives who cheered his refusal to remove a monument to the Ten Commandments from the state judicial building." Riley "probably will face Lt. Gov. Lucy Baxley, who in early returns in the Democratic primary was burying the comeback attempt of former governor Don Siegelman, who hoped to use a November contest against Riley to showcase his contention that his ongoing corruption trial is a political vendetta by the Republican who unseated him."

Burns, Tester Easily Win Primary Contests. The AP (6/7) reports that Montana Sen. Conrad Burns (R) will face state Senate President Jon Tester (D) in Montana's U.S. Senate race, after both men won their respective primary contests on Tuesday. The AP notes, "With 53 percent of the precincts reporting," Tester was leading State Auditor John Morrison (D) 61% to 36%. Also, "with 52 percent of the precincts reporting," Burns led state Sen. Bob Keenan (R) 72% to 23%.

Menendez, Kean Cruise To Primary Wins, Intensify Rhetoric. The AP (6/7, de la Cruz) reports

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that New Jersey Sen. Robert Menendez (D) and state Sen. Tom Kean Jr. (R) cruised to victory in their U.S. Senate primary races on Tuesday. The AP notes, "With 90 percent of precincts reporting, Menendez had 84 percent of the Democratic vote. Kean had about 76 percent of the GOP vote with 95 percent of precincts reporting." GOP candidate John Ginty had been "counting on his supporters voting in droves to show their disapproval of Kean's support of abortion and embryonic stem-cell research. With 95 percent of precincts reporting, Ginty had about 24 percent of the GOP vote." Ginty, in an interview, "would not say whether he would support Kean in November. 'Mr. Kean is going to have to be able to give conservatives and pro-life voters some incentive to support his candidacy,' Ginty said. 'That's up to him.'"

The Newark Star-Ledger (6/7, Howlett, Donohue, 420K) notes, "In his acceptance speech last night, Menendez referred to Kean by name nine times. The only name he invoked more often -- and not by coincidence -- was the president's. 'This campaign will be about who will side with New Jerseyans against the Bush status quo,' Menendez said. 'Tom Kean Jr.'s record shows he cannot be trusted to make the right choices. On issue after issue, the facts are clear: Tom Kean Jr. and George Bush are perfect together -- perfectly wrong.'" Meanwhile, in his acceptance speech, Kean "rebuffed Menendez's effort to link him to the president: 'I've got news for Bob Menendez. He's not running against George Bush, he's running against Tom Kean.' He also mentioned Menendez by name nine times, harping on Menendez's 30 years of political affiliation with Hudson County. 'Fourteen years ago, Bob Menendez brought his party-boss tactics to Washington. … Today he is working to expand that machine across New Jersey,' Kean said. 'The people of New Jersey can no longer afford party bosses who put politics first and people second.'"

The Philadelphia Inquirer (6/7, Burton, 423K) relates that Kean "accused Menendez of being more interested in using power to benefit himself than the citizens. 'Is there anyone who thinks Bob Menendez is fighting for us?' Kean asked. 'Bob Menendez lives off the public and not for it. Ladies and gentlemen, enough is enough.' Kean promised to 'bring a true moral compass to office' and attacked Menendez for voting against tax cuts." Menendez, meanwhile, "said Kean had voted against raising the state's minimum wage while supporting cuts in federal taxes for millionaires and oil companies, supported embryonic stem-cell research but voted against state financing of a research center, and supported the Bush administration's handling of the war in Iraq."

At-Risk Lawmakers, Governors Listed. Roll Call (6/7, Jacobson) lists several lawmakers and governors who have been "grappling with" allegations of ethical misconduct and rates their "'risk factor'…to gauge how vulnerable the politician's career is right now, or, if the politician is retiring, how difficult the seat will be for his or her party to hold." Sen. Conrad Burns (R-MT) faces "medium" risk, noting "despite recent Democratic gains in the state, Burns' good-ol'-boy persona has carried him through tough races in the past, and it could again this time." Wisconsin Gov. Jim Doyle (D) is also rated "medium," and he is "embattled, but not as much for the ethical questions as for his record as governor and the strong challenge he faces from Rep. Mark Green (R)." Illinois Gov. Rod Blagojevich also faces "medium" risk, and "still faces a tough race, but at least for now, ethical problems seem less likely to doom his candidacy than they once did." Sen. Bob Menendez's (D-NJ) risk factor is "medium-low. While Menendez's vulnerability has risen since he was appointed to the Senate, that has mainly stemmed from a frustration with newly elected Gov. Jon Corzine (D) and the attractiveness of his GOP opponent, state Sen. Tom Kean Jr." Others who face "medium-low" risk include Georgia lieutenant governor candidate Ralph Reed (R) and Rep. Charles Taylor (R-N.C.), while Rep. John Doolittle (R-Calif.) faces "low" risk, as do Reps. Cynthia McKinney, Jerry Lewis, and John Conyers.

GOP Incumbents' Perks Pose Difficult Challenge To Democratic Challengers. The Washington Post (6/7, A1, VandeHei, Babington, 744K) reports in a front page story that in "one of the lesser-known perks of power on Capitol Hill, lawmakers are using taxpayer-funded databases to cultivate constituents more attentively than ever. Chabot -- a six-term legislator from Cincinnati who finds himself imperiled this year after years of easy races -- has a list of e-mail addresses of people who are most interested in tax cuts. His office recently hit the send button on a personal message to alert them to the congressman's support for extending tax breaks on dividends and capital gains." The access to information is "one factor to keep in mind when assessing the odds that Republicans will get evicted this November from their 12-year majority in the House." Although "anti-incumbent sentiment, as measured by polls and voter interviews, is stronger than it has been in years," so "too, are certain structural advantages that overwhelmingly favor incumbents." Some are "well known, such as the superior ability of incumbents to raise campaign funds and the fact that most lawmakers come from districts that have been carefully drawn to favor one party. Other benefits -- including the ways that lawmakers are using the latest 'micro-targeting' techniques in their official communications -- are more obscure, virtually unheralded beyond the people who use them." Rep. Rahm Emanuel (Ill.), "head of the House Democrats' reelection efforts, said that the party faces a 'rigged system' and that only a pitched

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level of public discontent gives them a 'fighting chance' to overcome it."

Harris Undeterred By Opposition From Within Party To Senate Run. The New York Times (6/7, Leibovich, 1.19M) reports Rep. Katharine Harris is "undaunted by a run of horrific poll numbers, staff turmoil and public doubts from leaders of her party," and she is "thinking confidently beyond November." Once Harris "wins her race for a Senate seat, she says, she plans to travel everywhere with a guide dog." Harris "explains that she intends to participate in a program that provides guide dogs for volunteers to train. While cynics may assign unflattering symbolism to a politician who is not blind being led around the Capitol by a guide dog, Ms. Harris is undeterred — by this or by the perception that her role in 2000 makes her too divisive to lure the swing voters necessary to defeat the incumbent Democrat, Bill Nelson." In her "insistence on running, Ms. Harris has become something of a pariah among many of the people whose power she indirectly helped ensure five and a half years ago, as overseer of the recount that sealed George W. Bush's victory."

Weld Exits New York Gubernatorial Race. The New York Times (6/7, Healy, 1.19M) reports William F. Weld, "the former governor of Massachusetts who undertook a rare bid to lead another state, dropped out of the race for governor of New York yesterday. He had been deserted by Republicans who once supported him as their best hope against Attorney General Eliot Spitzer in the November election." Weld, "a moderate Republican in the mold of Gov. George E. Pataki, ran a lackluster campaign and was never able to convert his early advantages into real campaign muscle. At the same time, Mr. Pataki's behind-the-scenes effort to help Mr. Weld last month proved too late and too thin to do any good." Weld's "departure sets the stage for an ideological clash between the presumptive Republican candidate, former Assemblyman John Faso — a conservative intent on cutting taxes — and the likely Democratic nominee, Mr. Spitzer, who is backed by a unified Democratic establishment that is determined to regain the governor's mansion after 12 years."

Tie To Bush Seen As Key To Frist's '08 Hopes. Roll Call (6/7, Stanton, Billings) reports Senate Majority Leader Bill Frist (R-Tenn.) "has thrown his legacy chips in with President Bush, inextricably aligning himself with the White House on key domestic and international issues, even as many in his own party distance themselves from the unpopular president." Frist will "face significant challenges in winning the 2008 presidential nomination — from Sen. John McCain (R-Ariz.) as well as from such Senators as George Allen (R-Va.) and Sam Brownback (R-Kan.) who are darlings of the conservative movement." Given the "already crowded field of potential GOP White House aspirants, Frist's decision to firmly tie his political fate to Bush's could result in a boon to his presidential hopes, despite Bush's current weakened state." Frist could "benefit if Bush rewards his loyalty by handing off his substantial political and fundraising operations to Frist. In addition, having the backing of Bush — who remains personally popular with much of the GOP's base despite their concerns about how he has handled his job — could be Frist's ticket to undercutting McCain's early frontrunner status and the natural support among conservatives for Allen and Brownback."

Brownback's 2008 Aspirations Examined. The Washington Post (6/7, C1, Copeland, 744K) reports Sen. Sam Brownback "thinks 2008 might be his moment, though in interviews he emphasizes his humility. He calls himself a 'flawed man,' and says the longer he pursues his faith, the more he finds his own sin. It seems contradictory -- all that ego and all that modesty." Brownback, "sounding way too mellow for a wannabe president," said, "I could be the right person with the right message at the right moment. And I could be completely wrong and I'll still be happy about it." The Post adds, "In the meantime, amid the fundraising and the visits to Iowa and New Hampshire, Brownback is focused on spreading light when he enters a room. He has said he tries to see Jesus in his fellow senators."

Tancredo Wins Presidential Straw Poll In Michigan. The Washington Times (6/7, Pierce, 90K) reports in its "Inside Politics" column, "Colorado Rep. Tom Tancredo, perhaps Congress' most visible foe of illegal border crossing, won a Republican presidential straw poll Monday night. Mr. Tancredo captured about 18 percent of 325 votes cast at the Lincoln Day Dinner in Macomb County, Mich., located in the Detroit metro area. Although it was only a plurality on a fractured Republican ballot, Mr. Tancredo beat out heavyweights former New York Mayor Rudolph W. Giuliani (13.8 percent), Massachusetts Gov. Mitt Romney (12.3 percent) and Secretary of State Condoleezza Rice (12 percent), according to the conservative publication Human Events."

US Scientists Cleared To Clone Human Embryos. USA Today (6/7, Vergano, 2.31M) reports, "Scientists at Harvard and Children's Hospital Boston announced Tuesday they have the green light to clone human embryos that could generate stem cell lines for specific diseases. … Two research teams led by Douglas Melton and Kevin Eggan of Harvard and George Daley of Children's Hospital will attempt to create cells cloned from

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patients with juvenile diabetes and blood disorders such as sickle cell anemia."

The CBS Evening News (6/6, story 5, 2:25, Alfonsi, 7.66M) reported, "The work at Children's Hospital Boston is aimed at eventually creating stem cells for treating blood diseases like leukemia and sickle cell anemia. Researchers are already working with stem cells taken from donated embryos. What's new here is creating embryos to both match disease and patient." What's "being done at Harvard is another step along the way towards producing real treatments for illnesses like Parkinson's and leukemia. But critics object to the creation of human embryos just to be destroyed. Researchers counter that the eggs they use to create the embryos are from women undergoing in vitro fertilization, but that they aren't high enough quality to produce a pregnancy. They insist those eggs and embryos would have been disposed of as medical waste anyway." It "is against the law to use Federal funds, so this is being entirely funded by private donations and is expected to be funded that way for at least the next decade."

The Wall Street Journal (6/7, Westphal, 2.11M) reports that Harvard's effort "lends clout to renewed U.S. efforts to master the technology."

The New York Times (6/7, Wade, 1.19M) reports that scientists at the University of California, San Francisco will also try to develop embryonic stem cells from the adult cells of patients suffering from certain diseases. The University of California, San Francisco announced their plans a month ago, "resuming a program abandoned in 2001. Both universities, having received required approvals, will at first obtain the human eggs needed for cloning from fertility clinics, starting with eggs deemed too low quality to produce a successful pregnancy. Both programs are privately financed because federal support for human stem cell research is available only for cell lines made before August 9, 2001."

Study Finds 43% Aren't Saving Enough For Retirement. A new study from Boston College almost one in two US families are headed toward financial struggles in retirement. The Los Angeles Times (6/7, Peterson, 958K) reports that the study "presumes that most people need to replace 65 percent to 85 percent of their annual income in their working years to stay secure in retirement. But 43 percent of US households will fall at least 10 percent short of that range, the study found, using what it said were conservative projections." The Times adds, "Saying it hoped to draw attention to the issue, Boston College unveiled a new National Retirement Risk Index based on survey data from 4,500 households in the Federal Reserve's 2004 Survey of Consumer Finances. Researchers calculated that the risk index has risen from 31 percent in 1983 to 43 percent in 2004."

USA Today (6/7, Chu, 2.31M) reports, "The percentage of 'at risk' households has surged in the past two decades, from 31% in 1983, according to the center's analysis, which was funded by Nationwide Mutual Insurance. … The index, which uses data from the Federal Reserve, is part of a stream of recent sobering conclusions about workers' abilities to finance their golden years. The studies come as the first of 79 million baby boomers — the generation born from 1946 to 1964 — are turning 60 this year."

Program Shows Progress Housing Homeless. The New York Times (6/7, Eckholm, 1.19M) reports on an "accelerating national movement that has reduced the numbers of the chronically homeless…in more than 20 cities. In this campaign, promoted by a little-known office of the Bush administration, 219 cities, at last count, have started ambitious 10-year plans to end chronic homelessness." The Times adds, "Many of the early starters are reporting turnarounds. In Philadelphia, street dwellers have declined 60 percent over five years. In San Francisco, the number of the chronic homeless is down 28 percent in two years, in Dallas 26 percent and in Raleigh-Durham, N.C., 15 percent."

Documents Show CIA Knew Eichmann's Whereabouts. Documents released yesterday show the CIA knew the pseudonym and whereabouts of fugitive Holocaust administrator Adolf Eichmann in 1958 but took no action. The New York Times (6/7, Shane, 1.19M) reports, "The CIA was told by West German intelligence that Eichmann was living in Argentina under the name Clemens…but did not share the information with Israel, which had been hunting for him for years, according to Timothy Naftali, a historian who examined the documents. Two years later, Israeli agents abducted Eichmann in Argentina and flew him to Israel, where he was tried and executed in 1962." The Eichmann papers "are among 27,000 newly declassified pages released by the CIA to the National Archives under Congressional pressure to make public files about former officials of Hitler's regime later used as American agents."

The Washington Post (6/7, A21, Lee, 744K) reports, "In a March 1958 memo to the CIA, the West German foreign intelligence services (BND) wrote that Eichmann, a top Gestapo official who helped orchestrate the mass murder of Jews, 'is reported to have lived in Argentina under the alias CLEMENS since 1952.' The memo also mentioned a rumor that Eichmann lived in Jerusalem. In fact, Eichmann was in Argentina and was using the name Ricardo Klement -- but apparently neither the CIA nor the West Germans acted on the information."

Vanderkam Says Government Should Get Out Of States' Way On Health Care. Laura Vanderkam

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writes in USA Today (6/7, 2.31M), "A third of Americans ages 21-24 lack health insurance, more than any other demographic. A quarter of those ages 25-34 do without." Vanderkam adds that "if this country truly wants to cover the uninsured, we should remember that rates aren't high everywhere. Insurance companies have come up with cheap ways to get young people covered in states that don't tie insurers' hands. The answer is not to pass more laws. The answer is to get government out of the way." It is "bad news for older folks, too. Not only do all taxpayers foot hospital bills for uninsured people who can't pay, shoving young people out of insurance pools also raises rates for everyone else. If states truly want people covered, that's something to keep in mind."

Marcus Says Works On Negativity, Disclosure Are "Useful." Ruth Marcus writes in the Washington Post (6/7, A23, 744K) about "assaults on two pillars of the conventional political wisdom: that negative attack ads are bad and that disclosure of campaign finance information is good. Neither argument is ultimately convincing, but both serve as provocative warnings against the complacent repetition of accepted verities." A book by Vanderbilt University political science professor John G. Geer, 'In Defense of Negativity: Attack Ads in Presidential Campaigns,' "disputes the notion that rampant negativity is a new phenomenon. … If negativity's negatives are part of the received wisdom, the value of disclosure is a veritable article of faith. In a recent paper, Democratic election lawyer Robert F. Bauer…takes on the popular view of disclosure as an 'efficient, relatively innocuous method of managing concerns about money in politics.'" Geer and Bauer "proffer useful heresies. Negativity isn't an unadulterated evil. Disclosure isn't a panacea. But when it comes to these tenets, at least, the conventional hymnal contains a good deal of wisdom."

Bush Cautiously Optimistic On Initial Iranian Response To Incentives. President's Bush's guarded optimism over Tehran's preliminary reaction to an incentives plan presented to Iranian negotiators by European Union foreign policy chief Javier Solana on Tuesday garners heavy coverage in US print media and was picked up by all three national network news broadcasts last night. ABC World News Tonight (6/6, story 4, 2:20, Gibson, 8.78M) reported, "There are some signs tonight...that a deal to end the deadlock over Iran's nuclear program might be possible. Might be. Iran's chief nuclear negotiator said the latest proposal by the US and other world powers contained some positive steps. President Bush said he was encouraged by that reaction." ABC (Karl) added a "draft copy of the proposal made by the US, Europe, China, and Russia" would give Iran "help building new nuclear power plants and a new facility in Iran to hold a five-year supply of fuel. The deal would also open the door to guarantees for Iran's territorial integrity, words meant to assure Iran there would be no invasion by the US or Israel."

NBC Nightly News (6/6, story 4, 1:30, Williams, 9.87M) reported President Bush "called Iran's initial response to a package of incentives and threats positive." NBC (Mitchell) added, "In Texas, the President called it a positive response and said he wants to solve the issue diplomatically." President Bush: "We will see if the Iranians take our offer seriously. The choice is theirs to make. I have said the United States will come and sit down at the table with them, so long as they are willing to suspend their enrichment in a verifiable way. Sounds like a positive response to me." The CBS Evening News (6/6, story 3, 0:25, Schieffer, 7.66M) reported, "Iran's chief negotiator called parts of the package positive and President Bush echoed that, saying the Iranian response 'sounds like a positive step.'"

Meanwhile, USA Today (6/7, Nichols, 2.31M) characterizes the Bush administration as "cautiously upbeat Tuesday about Iran's initial reaction to incentives aimed at persuading it to freeze its efforts to make nuclear fuel. 'It sounds like a positive step to me,' President Bush told reporters in Texas after visiting a Border Patrol facility."

The AP (6/7, Gearan) goes on to quote the President as saying, "I have said the United States will come and sit down at the table with them so long as they are willing to suspend their enrichment in a verifiable way." The AP notes that the EU's Solana "later told Secretary of State Condoleezza Rice by phone that the Iranians had said they would need time to consider the proposal, State Department spokesman Sean McCormack said. Solana called the discussions 'very useful and constructive,' McCormack said."

Offer Includes Possibility Of Uranium Enrichment Inside Iran, Officials Say. The Washington Post (6/7, A1, Vick, Linzer, 744K) adds, "The confidential diplomatic package backed by Washington and formally presented to Iran on Tuesday leaves open the possibility that Tehran will be able to enrich uranium on its own soil, US and European officials said. That concession, along with a promise of US assistance for an Iranian civilian nuclear energy program, is conditioned on Tehran suspending its current nuclear work until the UN's International Atomic Energy Agency determines with confidence that the program is peaceful." That said, "the Bush administration and its European allies have withdrawn their demand that Iran abandon any hope of enriching uranium for nuclear power, according to several European and US officials with knowledge of the offer. The new position, which has not been acknowledged publicly by the White House, differs significantly from the Bush administration's stated determination to prevent Iran from mastering technology that could be used to develop nuclear

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weapons." One unnamed US official is quoted as saying, "We are basically now saying that over the long haul, if they restore confidence, that this Iranian regime can have enrichment at home. ... But they have to answer every concern given all that points to a secret weapons program."

The Los Angeles Times (6/7, Rubin, Naji, Richter, 958K) adds that among the incentives "is a guarantee that the United States would facilitate a European offer to provide Iran with a light water reactor and other civilian nuclear technology. Much of the light water nuclear technology originates in the United States and without American government approval, the Europeans could not provide it to Iran. The decision to offer Iran help with a nuclear reactor is bound to be especially controversial because it is possible to harvest spent plutonium from such a plant and use it to manufacture material for an atomic bomb, according to scientists." Former UN weapons inspector David Albright is quoted as saying, "Spent fuel from a light water reactor is harder to process...but nothing is proliferation proof."

According to the Washington Times (6/7, Sands, 90K), State Department spokesman Sean McCormack "declined to comment on whether the United States has offered to share at least some forms of nuclear technology with Iran. 'I've seen a lot of reports flying around the past couple of days about what may or may not be in this package,' he said, cautioning that such reports should be taken 'with a grain of salt.'"

Meanwhile, the Financial Times (6/7, Smyth, Dombey) notes that the package also has a significant trade component, reporting, "The US...has reportedly revived last year's offer to lift a ban on the sale of spare parts for Iran's ageing civilian aircraft which could include components from Boeing and Airbus." That said, "Western diplomats emphasize Iran faces the prospect of 'disincentives' should it decide not to suspend enrichment, which can produce weapons-grade material."

The New York Times (6/7, Fathi, Sciolino, 1.19M) adds, "The United States gave crucial heft to the package by offering to remove certain economic sanctions against Iran that date from more than two decades ago, and to talk directly with Iran if the country agrees to an enrichment freeze." Although "the United States has not ruled out military action against Iran," it has instead "committed itself in the incentives package only to support the creation of a vague regional forum to discuss issues of mutual concern, officials said."

Meanwhile, in a story headlined, "US Risks Political Backlash In Iran Nuclear Offer," the Wall Street Journal (6/7, King, Solomon, 2.11M) reports, "Some of the nuclear provisions could stir opposition both on Capitol Hill and among conservatives in President Bush's own party," and "some conservatives also drew parallels to a similar Clinton administration-led effort to stem North Korea's development of nuclear weapons by agreeing to provide Pyongyang with nuclear fuel and advanced reactor technology. That agreement later fell apart as North Korea moved ahead on developing nuclear warheads. 'Having finally killed the reactor deal with Pyongyang, we can't seem to control our urge to cut another similar deal with Iran,' said Henry Sokolski, an expert on the North Korean nuclear program."

Bolton Downplays Iran's Threat To Cut Oil Supplies. John Bolton, US Ambassador to the UN was asked on CNN's The Situation Room (6/6) how concerned he is that the Iranians could stop selling oil on the international market and raise the price per barrel. Bolton said, "I think Secretary Rice addressed that a couple of days ago. This is not something that -- that we see them doing, because of the harm that it would cause themselves. And I must say, I mean, to be completely honest, it is tempting to respond to that kind of rhetoric, but I think to be serious and responsible now, we have put an important proposition to the government of Iran. It's important that we get a definitive response back from that government. And despite the temptation to respond to what this or that Iranian official is saying, I think it's important that we just stay put here for awhile and see what they come back and say."

Once Burgeoning Iranian Reform Movement Falters. The New York Times (6/7, Slackman, 1.19M) profiles Iran's current domestic political situation, which has swung from the cautiously reform-minded era of President Mohammad Khatami during the late 1990s to the current firebrand President Mahmoud Ahmadinejad. The Times reports, "Many people here are now realizing that real reform in Iran, such as it is, will be driven from the bottom up, slowly, stubbornly, no matter how repressive or punitive the rulers choose to be. It is a cliché, for sure, but the phrase on the lips of weary Iranians in Tehran is 'evolution, not revolution.' No one seems to have the stomach for starting over again. The change is glacial in pace but forward moving." Emadedin Baghi, who directs an Iranian prisoners' rights group, is quoted as saying, "It is not possible to make a very big jump. ... Some reformers thought that they could make a big jump. But it is an evolution that will proceed millimeter by millimeter."

Bush Concerned Over Somalia Unrest. The AP (6/7, Pickler) reports President Bush "expressed concern on Tuesday that volatile conditions in Somalia could lead al-Qaeda to use it as a staging ground to plan attacks. 'There's instability in Somalia,' Bush said in Texas where he was traveling. 'The first concern, of course, is to make sure that Somalia does not become an al-Qaeda safe haven.'" The president added that "he talked on Monday with Secretary of State Condoleezza Rice about the instability in Somalia where Islamic militiamen have claimed control of Mogadishu.

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'We're watching very carefully the developments there, and we will strategize more when I get back to Washington as to how to best respond to the latest incident there in Somalia,' Bush said."

A separate AP (6/7, Tomlinson) story led with the characterization that "the success of Islamic extremists fighting for control of Somalia's capital is an important setback in the US war on terrorism," and that the "the defeat of a counterterrorism alliance providing hope for militants elsewhere in the region. ... Since the terrorist attacks of Sept. 11, 2001, US officials have expressed concerns that Somalia could become a haven for terrorists, a concern State Department spokesman Sean McCormack repeated on Monday. 'We do have real concerns about the presence of foreign terrorists in Somalia, and that informs an important aspect of our policy with regard to Somalia,' McCormack said in Washington."

Meanwhile, the New York Times (6/7, Lacey, 1.19M) adds, "Tensions remained high in" Mogadishu "as the Islamic militants…vowed to set up a religious state, while thousands of protesters allied with one of the country's largest clans pledged to challenge the effort. The warlords who have been pushed from their strongholds in Mogadishu said they would fight back against the Islamists. ... Bashir Rageh, a warlord who lost control of a key airstrip and port in March, and Muse Sudi Yalahow, another important Mogadishu leader who has lost ground to the Islamic militias, joined thousands of their backers from the Abgal clan at a stadium north of the capital to denounce the Islamic courts and militias that have taken the city." Rageh is quoted as saying, "Our clan has agreed to defend our land, and we will fight the courts hiding under the cloak of Islam and trying to fool our people."

Analyst Alleges US Anti-Terror Policy Bolsters Islamist Militias. Writing in the Washington Post (6/7, A22, 744K), Clinton-era National Security Council analyst John Prendergast takes aim at alleged US support for Somalia's secular warlord alliance. He writes, "In recent trips to the capital, Mogadishu, I have seen evidence of US support to warlord militia leaders in the name of counterterrorism operations. ... Now 'our' warlords -- and by extension our counterterrorism strategy -- have been dealt a crushing defeat by the Islamists, as the latter have consolidated control of Mogadishu. Our short-term interest in locating al-Qaeda suspects has thus been undermined, and the risk of a new safe haven being created for international terrorists has been greatly increased." Prendergast goes on to posit that only a "functioning government that could ensure security would be a win-win scenario for Somalis and the United States, enabling the state apparatus to address the criminality and extremism that undermine progress in the country. This would provide a real partner for the war on terrorism in an area that has a track record for exporting trouble."

In an editorial, the New York Times (6/7, 1.19M) agrees that current US policy could be deficient, noting, "The immediate concern among many Somalis is a forcible imposition of harsh Islamic law, Taliban style. The larger international concern is that Mogadishu's new rulers may follow the Taliban's example in another way, sheltering international terrorist operations in a region within tempting striking distance of vulnerable countries on the Arabian peninsula and in East Africa." The Times concludes, "With good luck, perhaps a new battlefront with international terrorism may yet be avoided. Luck, however, is no substitute for a more supple and effective American strategy against a highly mobile foe like multinational Islamist terrorism. Washington needs to develop more agile responses of its own. It especially has to avoid getting drawn into quagmires that force it to fight on the terrorists' terms and timetable."

Extending Deadline, Abbas Asks Hamas To Reconsider Deal. The AP (6/7, Daraghmeh) reports, "Palestinian President Mahmoud Abbas stepped back from a political showdown with his Hamas rivals, giving the Islamic militants several days to recognize Israel or face the voters in a referendum on the idea." Yasser Abed Rabbo, a top officer of the Palestine Liberation Organization, which Abbas also heads, is quoted as saying, "We are giving enough time, about three days, for our brothers in Hamas to reconsider their position." The AP goes on to note, "A new survey released Tuesday showed 77 percent of Palestinians would vote in favor of the proposal. The survey of 1,200 Palestinians was conducted by Bir Zeit University in the West Bank and had a margin of error of 3 percentage points." AFP (6/7) adds, "The White House welcomed Palestinian Authority president Mahmud Abbas' call for holding a referendum on implicitly recognizing Israel. 'Abbas has demonstrated that he's somebody who wants to work toward a two-state solution' to the Middle East conflict, spokesman Tony Snow told reporters. 'I think it's important for Palestinians to wrestle with the issue of whether they want to have a two state solution,' he said."

In its coverage, the Washington Post (6/7, A19, Wilson, 744K) reports, "The delay also reflects the logistical difficulties Abbas would face in staging a referendum that Hamas, now running the Palestinian Authority's day-to-day operations, opposes in principle. Hamas officials have warned that they would not allow the vote to proceed, even though it could give them cover to moderate their hard-line position toward Israel at a time when foreign donors are demanding they do so in return for future aid." The Post goes on to quote chief Palestinian negotiator and Fatah lawmaker Saeb Erekat as saying, "At the end of the day, we are heading toward a vote. ... I think the only option now, even if the date was not set today, is for the Palestinians to vote."

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Indonesian Minister Rebukes US Approach To War On Terror. The New York Times (6/7, Gordon, 1.19M) reports, "Indonesia's defense minister warned the Bush administration on Tuesday that its approach to fighting terrorism was perceived as overbearing, and that the United States needed to be sensitive to local concerns. 'It's best that you leave the main responsibility of antiterrorist measures to the local government in question, and not be too overly insistent about immediate results arising from your perception about terrorists,' the minister, Juwono Sudarsono, told reporters as Defense Secretary Donald H. Rumsfeld stood nearby. 'It's important to us because, as the world's largest Muslim country, we are very aware of the perception, or misperception, that the United States is overbearing and overpresent and overwhelming in every sector of life in many nations and cultures." The Times goes on to note, "Mr. Sudarsono's remarks prompted a quick reply by Mr. Rumsfeld, who insisted he had been sensitive to other nations' concerns from the start. 'I have never indicated to any country that they should do something that they were uncomfortable doing,' Mr. Rumsfeld said." According to the Times, "The discussion over political perceptions had affected deliberations over one of the Bush administration's major efforts: the Proliferation Security Initiative, which calls for an international arrangement that would enable the United States and its allies to search cargo ships suspected of transporting biological, chemical and nuclear arms, as well as the missiles to deliver them."

Exercise Suggests Taiwan Could Defend Itself For Two Weeks Without US Help. The Washington Times (6/7, Halloran, 90K) reports, "Taiwan could fend off a concerted attack by China for at least two weeks before it would need help from the United States, according to the results of an unprecedented high-level exercise. For the first time, the Ministry of National Defense ran the weeklong war game for President Chen Shui-Bian of the Republic of China and other political leaders in April to test their ability to respond to a military assault from the mainland." According to the Times, "The findings are important to the United States: Under the Taiwan Relations Act, often cited by the Bush administration as the basis for the US posture on Taiwan, the United States would be obliged in most circumstances to come to the island's aid." Meanwhile, the Times notes, "US officials have been in what one called 'a grumpy mood' toward Taipei over what they have seen as a provocative posture toward China and a failure to complete an $18 billion arms purchase from the United States. Bush administration officials have suggested that Taiwan is unwilling to defend itself and relies too much on the United States to prevent it from being seized by China, which claims sovereignty over the island."

Poll Shows Muslim Women Disaffected By US Focus On Western Values. The Washington Times (6/7, Stuhldreher, 90K) reports, "Muslim women are potentially important allies in the war on terrorism, but the United States must avoid pushing Western values to win their support, according to data presented yesterday at the Gallup Organization. The Bush administration has promoted women's rights throughout the Muslim world to gain support in the region, especially in Iraq and Afghanistan. But a worldwide Gallup project found that many Muslim women are not as concerned about changing their status as Westerners might think." The Times goes on to note, "Dalia Mogahed, a Gallup Organization analyst, said a majority of men and women expressed opposition to extremism and terrorism and said they were conscious of the rights that women deserved. The key, she said, is how the United States approaches the issue." Mogahed is quoted as saying, "The imposition of Western values alienates both men and women, because it is strongly associated with colonialism, like the British policies of unveiling in Egypt. ... Westerners need to understand how to reach Muslim women through their own value systems, by using the positive aspects of their own beliefs to encourage increased rights."

Peru's New President Wants To Revisit US Trade Pact. The Wall Street Journal (6/7, 2.11M) reports, "Peruvian President-elect Alan García said he expects to renegotiate a free-trade agreement with the US that was signed by the outgoing president in April but has yet to be ratified. He said he would revise the agreement line by line. The agreement 'is just a first draft, which can be improved and broadened if this government decides to approve it,' Mr. García said. He suggested the pact should include language to discourage the import of subsidized US crops." The Journal goes on to note that during a news conference, "Mr. García said that though he had received congratulatory phone calls from many world leaders, he hadn't heard from President Bush."

US Angling To Prevent Venezuela From Getting Security Council Seat. The Washington Times (6/7, Kralev, 90K) reports, "The United States is urging Latin American nations to deny Venezuela a seat on the UN Security Council when the region chooses a replacement for the rotating seat held by Argentina, whose term expires at the end of the year. Reluctant to campaign openly against Venezuela, the Bush administration instead has been boosting the rival candidacy of Guatemala, a US ally." If Venezuela were to win the seat, "at some point it would chair the council for a month, setting the agenda and giving President Hugo Chavez an opportunity to use the highest UN forum to advance his anti-American agenda. ... Deputy

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Secretary of State Robert B. Zoellick made an impassioned pitch in support of Guatemala's candidacy at a meeting Monday of the Organization of American States (OAS), but failed to convince several of the region's major players." Zoellick is quoted as saying, "I know that the European democracies are supportive of Guatemala. Many of the East Asian countries are supportive of Guatemala, so we hope that it'll find broad-based support here [in Latin America]."

Mexican Candidates Focus On Middle-Class Voters. The Wall Street Journal (6/7, Lyons, 2.11M) reports, "Poll takers say the 15% of Mexico's voters who have yet to make up their minds -- some 11 million voters in all -- are massed among the lower-middle-class residents of the urban enclaves ringing Mexico City, Guadalajara, Monterrey and other large cities. These are the small businessmen, salesmen and housewives who have climbed a few rungs out of poverty in recent years -- but fear they will lose it all should Mexico stumble into crisis, as it has so often in the past." According to the Journal, "Conservative candidate Felipe Calderón has pulled virtually even with liberal front-runner Andrés Manuel López Obrador by running a sophisticated, high-tech campaign with one primary goal: targeting the burgeoning ranks of the lower-middle class, a long-overlooked group in a nation of extreme wealth and poverty." Moreover, "the outcome of the vote may determine whether Mexico will continue to tie itself tightly to the US and the global economy or follow some other Latin American nations in making a turn leftward."

Oil Concerns May Affect Cuba Trade Policy. The Hill (6/7, Schor) reports, "The imminent release of a new Bush administration status report on US-Cuban relations is re-energizing the anti-embargo lobby, which believes the skyrocketing price of oil could provide a winning angle in its fight to relax trade sanctions on the communist island nation. When the Commission for Assistance to a Free Cuba issued its first policy recommendations at the president's behest two years ago, it resulted in stricter curbs on educational travel and Cuban-Americans' ability to send money home. But the National Foreign Trade Council (NFTC), its affiliated business coalition USA Engage and the newly independent Freedom to Travel Campaign are stumping for a milder report this time around." According to the Hill, "The groups have found a new weapon for their campaign to loosen the trade embargo that has stood against Havana since the Kennedy administration. Oil companies from Norway, India, Spain and China (whose government-controlled petroleum group set off protectionist alarms last year with its bid to purchase Unocal) recently have signed drilling deals to explore Cuba's offshore waters." USA Engage director Jake Colvin is quoted as saying, "The embargo has the effect of turning our entire back yard over to other countries — China, India. ... CUPEC [Cuba's state-owned oil company] is certainly looking for partners, and it's better that we are there than that we are not."

European, African Officials Unveil New Plan To Interdict Illegal Migrants. The Washington Times (6/7, 90K) reports, "Authorities in Europe and Africa yesterday drew up a joint plan to fight illegal migration that will combine tougher prevention measures with more aid to persuade young Africans to stay in their homelands. ... Hundreds are thought to die in the perilous sea voyages of more than 600 miles organized from Mauritania and Senegal by traffickers who run a lucrative business carrying would-be migrants seeking a better life in Europe." Top officials "from more than 50 countries of Europe and Africa" are meeting this week in Dakar, Senegal, to finalize an action plan, which is "expected to be adopted by European and African ministers at a summit on migration July 10 and 11 in the Moroccan capital, Rabat. 'This is a political initiative of the highest importance that aims to combine both managing migrant flows and managing development,' said Alvaro Iranzo, a senior Spanish Foreign Ministry official."

THE BIG PICTURE:

Headlines From Today's Front Pages.

Los Angeles Times:
"Angelides Claims Primary Victory."
"GOP Candidate Leads In Pivotal House Race."
"Governor Swiftly Turns Campaigner."
"Slain Teen Was Trying To Protect His Brother."
"Bullied By The Eunuchs."
"In Mexico, Candidates Go Toe To Toe Before Futbol."

USA Today:
"Troops Risk Undetected Brain Injury."
"Circus Gets A Makeover."
"Harvard, Boston Hospital To Attempt Embryo Cloning."
"DeLay: GOP's 'Panic, Depression' Risk Losing Elections."

New York Times:
"Iraqi To Release Detainees In Bid To Ease Tensions."
"Senate Emphasis On Ideology Has Some In G.O.P. Anxious."
"Canada Saw Plot To Seize Officials."
"A Shack, Be It Ever So Humble, Gets A Fancy South Africa Price."
"New Campaign Shows Progress For Homeless."
"Senate Contender In Florida Presses On Despite Doubters."

Washington Post:
"Bomb Plot Allegations Detailed In Canada."

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"Data Theft Hit 80% Of Active Military."
"'We Have Your Husband.'"
"Proposal Would Let Iran Enrich Uranium."
"Technology Sharpens The Incumbents' Edge."
"D.C. Mayor Fires Director Of Agency For The Disabled."

Washington Times:
"Upbeat Iran Finds 'Positive Steps' In Offer."
"Public, Bush Split On Illegals."
"Plan Targets African Migration."
"U.S. Tries To Keep Seat From Caracas."
"Fans With World Cup Fever Won't Hesitate To Call In Sick."
"Senate To Consider Letting Hawaiians Pursue Sovereignty."
"Hispanics Flock To Gulf Coast For Work Opportunities."

Detroit Free Press:
"Stockholders Rise Up, Push GM Changes."
"Partying Like Hell."
"Doctor Charged In Wife's 1968 Death."
"Hard To Hide."

Atlanta Journal-Constitution:
"Germans Gripe: This Bud's Not For Us."
"Details Of Plot Shock Canada."
"Stopping To Help? Be Careful."
"Boy, 9, Hacked To Death; Was Right Man Shot?"
"Fragile Digital Data In Danger Of Fading Past History's Reach."

Houston Chronicle:
"Gang Attack Kills Teen Rival In Park."
"Schools Might Get To Make The Call On Cell Phones."
"First-Class Night Down In Class A."
"Baby's Body At The Center Of Alleged Corpse Scam."
"Report: Storms Left New Human Landscape."

Story Lineup From Last Night's Network News:
ABC: 9/11 Commission-Homeland Security; Canada Terror Plot; Bush-Immigration; US-Iranian Nuclear Program; Iraq Violence; Iraq-Displaced Civilians; Illegal Immigrant-Princeton; Stock Markets; Weather Satellite Boondoggle; Preston Obit; June 6, 2006.
CBS: Canada Terror Plot; Terror Suspects-US Contacts; US-Iranian Nuclear Program; VA Data Theft; Harvard-Stem Cell Research; 50th CD Election; Stock Markets; Bush-Immigration; US Teacher Shortage-Immigrants; Preston Obit; Intermittent Explosive Disorder.
NBC: NBC: Canada Terror Plot; Terror Suspects-US Contacts; VA Data Theft; US-Iranian Nuclear Program; Weather Satellite Boondoggle; Iraqi Orphans; D-Day Anniversary; Stock Markets; Preston Obit; Bush-Immigration; NYC-Immigrants; Illegal Immigrant-Princeton.

Story Lineup From This Morning's Radio News Broadcasts:
ABC: SC-Murder Suspect Captured; VA-Data Theft; Bush-Iran; CA50 Election.
CBS: SC-Murder Suspect Captured; Primary Elections; Canada-Terror Suspects In Court; Car Theft List.
NPR: Primary Elections; Bush-Iran; Senate-Gay Marriage; WI-Storms; Canada-Terror Suspects In Court; Bush-Somalia; Preston Obit.; Wall Street.

WASHINGTON'S SCHEDULE:

Today's Events In Washington.
White House:

PRESIDENT BUSH — Participates in swearing in ceremony for Interior Secretary Kempthorne, White House; visits the Juan Diego Center run by Catholic Charities, Omaha; speaks on immigration reform, Omaha.

VICE PRESIDENT CHENEY — No public schedule.

US Senate: 9 a.m. FOREIGN RELATIONS _ Full Committee. Hearing on the economics of oil. Former FRB Chairman Alan Greenspan. Location: Room 216, Hart.

9:30 a.m. JUDICIARY _ Full Committee. Hearing on S.3274 - Fairness in Asbestos Injury Resolution Act. Location: Room 226, Dirksen.

10 a.m. AGRICULTURE, NUTRITION AND FORESTRY _ Full Committee. Hearing on agriculture conservation programs. Bruce Knight, chief, Natural Resources Conservation Service, USDA; John Johnson, deputy administrator for Farm Programs, Farm Service Agency, USDA; James Earl Kennamer, National Wild Turkey Federation, Edgefield, S.C.; Olin Sims, president elect, National Association of Conservation Districts, McFadden, Wyo.; James O. Andrew, Andrew Farms, Jefferson, Iowa; Randall Spronk, Spronk Brothers III, chairman, Environmental Policy Committee, National Pork Producers Council. Location: Room 328A, Russell.

10 a.m. APPROPRIATIONS _ Commerce, Justice, Science and Related Agencies Subcommittee. Hearing on the 2006 hurricane season. NOAA Administrator Conrad Lautenbacher; National Hurricane Center Director Max Mayfield. Location: Room 192, Dirksen.

2:30 p.m. COMMERCE, SCIENCE AND TRANSPORTATION _ Science and Space Subcommittee. Hearing on the NASA budget and programs. Dr. Roy B. Torbet, Director, Space Science Center; Dr. Peter Vorhees, Professor, MCC Materials Science and Engineering, Northwestern University; Dr. Jim Pawelczyk, Associate Professor of Physiology and Kinesiology, Penn State University; Maj. General Charles Bolden USMC (Ret.), Chief

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Executive Officer, Jack and Panther, LLC. Location: Room 562, Dirksen.

2:30 p.m. SELECT INTELLIGENCE _ Full Committee. Meeting on pending business. Location: Room 219, Hart.

US House: FLOOR SCHEDULE _ 10 a.m. Meets but immediately adjourns for a security sweep. Reconvenes at 10:40 a.m. for the 11 a.m. Joint Meeting with the Senate for the address by Latvian President Vaira Vike-Freiberga. Highlights: Suspensions (5 bills): 1) H.Con.Res. 421 - Expressing the sense of Congress and support for Greater Opportunities for Science, Technology, Engineering, and Mathematics (GO-STEM) programs; 2) H.Res. 699 - Supporting the goals and ideals of National Entrepreneurship Week and encouraging the implementation of entrepreneurship education programs in elementary and secondary schools and institutions of higher education through the United States; 3) H.R. 5117 - To exempt persons with disabilities from the prohibition against providing section 8 rental assistance to college students; 4) H.Res. 828 - Commending the people of Mongolia, on the 800th anniversary of Mongolian statehood, for building strong, democratic institutions, and expressing the support of the House of Representatives for efforts by the United States to continue to strengthen its partnership with that country; 5) H.Con.Res. 409 - Commemorating the 60th anniversary of the ascension to the throne of His Majesty King Bhumibol Adulyadej ofThailand. H.R. 5521 - Legislative Branch Appropriations Act for Fiscal Year 2007. H.R. 5254 - Refinery Permit Process Schedule Act.

8:30 a.m. APPROPRIATIONS _ Defense Subcommittee. Markup of the defense appropriations bill. Location: Room H-140, Capitol.

9:30 a.m. APPROPRIATIONS _ Labor, HHS, Education and Related Agencies Subcommittee. Markup of the Labor, HHS, Education appropriations bill. Location: Room 2358, Rayburn.

10 a.m. ENERGY AND COMMERCE _ Full Committee. Hearing on legislation providing for a reduction in the number of boutique fuels. Assistant Energy Secretary Karen Harbert; Robert Meyers, EPA; Edward Murphy, American Petroleum Institute; Bob Dinneen, Renewable Fuels Association; Bob Slaughter, National Petrochemical and Refiners Association; S. William Becker, State and Territorial Air Pollution Program Administrators/Association of Local Air Pollution Control Officials; Sonja Hubbard, E-Z Mart Stores, Texarkana, Texas. Location: Room 2123, Rayburn.

12:30 p.m. VETERANS AFFAIRS _ Full Committee. Hearing on the VA's medical and prosthetic research programs. VA Undersecretary Jonathan B. Perlin; Joel Kupersmith, chief research and development officer, DVA; Robert L. Ruff, acting director, Rehabilitation Research and Development Service; Matthew J. Friedman, executive director, National Center for Post Traumatic Stress Disorder; Michael S. Watson, American College of Medical Genetics; Carl Blake, Paralyzed Veterans of America; Rick Weidman, Vietnam Veterans of America; Dennis E. Niewoehner, American Thoracic Society. Location: Room 334, Cannon.

1:30 p.m. INTERNATIONAL RELATIONS _ Middle East and Central Asia Subcommittee. Hearing on the Syria Accountability and Lebanese Sovereignty Restoration Act. Theodore Khattouf, president and CEO, Amideast; Farid Ghadry, president, Reform Party of Syria; Fouad Ajami,SAIS. Location: Room 2172, Rayburn.

2 p.m. ENERGY AND COMMERCE _ Commerce, Trade and Consumer Protection Subcommittee. Hearing on protecting children from violent and explicit video games. Location: Room 2322, Rayburn.

2 p.m. GOVERNMENT REFORM _ Energy and Resources Subcommittee. Hearing on maintaining the Gulf oil supply and the current hurricane season. National Weather Service Director Davied Johnson; Energy Information Administration Administrator Guy Caruso; Brigham McCown, Acting Administrator, Pipeline and Hazardous Materials Safety Administration, DOT; Robert Greco, American Petroleum Institute. Location: Room 2203. Rayburn.

2 p.m. GOVERNMENT REFORM _ Government Management, finance and Accountability Subcommittee. Hearing on financial management challenges at the GSA. GSA CFO Kathleen Turco; Assistant Inspector General Eugene Waszily, Jr. Location: Room 2154, Rayburn.

2 p.m. TRANSPORTATION AND INFRASTRUCTURE _ Highways, Transit and Pipelines Subcommittee. Oversight hearing on implementation of SAFETEA LU. Richard Capka - administrator, Federal Highway Administration; Sandra Bushue, acting administrator, Federal Transit Administration; Jacqueline Glassman, acting administrator, National Highway Traffic Safety Administration; John H. Hill, acting administrator, Federal Motor Carrier Safety Administration; Ashok G. Kaveeshwar, administrator, Research and Innovative Technology Administration. Location: Room 2167, Rayburn.

2:30 p.m. SCIENCE _ Full Committee. Markup of pending legislation. Location: Room 2318, Rayburn.

2:30 p.m. SMALL BUSINESS _ Full Committee. Hearing on the ICANN/VeriSign agreement and its impact on small business. John Jeffrey, ICANN; former Rep. Richard White, VeriSign's Internet Advisory Board; W.G. Champion Mitchell, CEO, Network Solutions; Steven DelBianco, NetChoice; attorney J. Bekwith Burr. Location: Room 2360, Rayburn.

3:30 p.m. RULES _ Full Committee. Meeting on rules for floor debate. Location: Room H-313, Capitol.

Other: AFRICA-INVESTMENT _ The inaugural AGOA Investment Summit takes place to discuss investment in

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Africa. Highlights: 10:30 a.m. World Bank President Paul Wolfowitz discusses opportunities for accelerating private capital flows to Africa. Location: Mandarin Oriental Hotel, 1330 Maryland Ave. SW.

IRAQ _ Iraqi Americans hold events to protest the loss of all Assyrian government ministry positions from their elected representatives. Highlights: 10 a.m. Protest in front of the Iraqi Embassy. 12 p.m. Protest on the West Front of the Capitol. 2 p.m. News conference. National Press Club.

HEALTH IT _ 8:30 a.m. - 1 p.m. Health IT industry leaders participate in the inaugural National Health IT Day. Highlights: 8:30 a.m. Former House Speaker Newt Gingrich. 9:20 a.m. CMMS Administrator Mark McClellan. 10:15 a.m. Keynote address: Carolyn Clancy, Director, Agency for Healthcare Research and Quality. 12:30 p.m. Myrl Weinberg, President, National Health Council. Location: Washington Renaissance Hotel, 999 9th St. NW.

CHINA-INTELLECTUAL PROPERTY _ 8:30 a.m. - 5 p.m. The US-China Economic and Security Review holds a public hearing on ``China's Enforcemenmt of Intellectual Property Rights; and the Dangers of Movement and Counterfeited and Pirated Goods into the United States." Location: Room 385, Russell Senate Office Building.

NATIONAL HEALTH INSURANCE _ 8:30 a.m. - 10 a.m. Sen. John Conyers, D-Mich., hosts the National Health Insurance Day Breakfast And the Kickoff of the New ``National Health Insurance Caucus." Brief presentations on the importance of national health insurance will be given by physicians, economists and grassroots health care leaders. Speakers include: Dr. Harvey Fernbach: Physicians For A National Health Plan; Dr. Jaime Torres: Latinos For National Health Insurance; and Dr. Rudolph Mueller, Author of ``As Sick As It Gets." Location: Room 2226, Rayburn House Office Building.

BLIX-WMD _ 8:30 a.m. - 10:30 a.m. Hans Blix, head of the Swedish government's international, independent WMD Commission, which has spent two years exploring ways to reduce threats posed by biological, chemical, and nuclear weapons, holds a news briefing on the commission's findings and recommendations. Also speaking will be: Robert Einhorn, Senior Advisor, International Security Program at the Center for Strategic & International Studies; Jonathan Tucker, Senior Fellow, Monterey Institutes Center for Nonproliferation Studies; and John Burroughs, Executive Director, Lawyers Committee on Nuclear Policy. Location: Choate Room, Carnegie Endowment for International Peace, 1779 Massachusetts, Ave. NW.

BIOFUELS _ 9 a.m. The Worldwatch Institute, the German Development Cooperation, and the Germany government hold an event to discuss the results of the new landmark global study, ``Biofuels for Transportation: Global Potential and Implications for Sustainable Agriculture and Energy in the 21st Century." This report is the first-ever to assess the global potential and implications of the large-scale use of biofuels for transportation. Location: Room 2168, Rayburn. Notes: German Amb. Klaus Scharioth at 9:30 a.m. World Bank President Paul Wolfowitz at 10 a.m.

HOUSE REPUBLICANS _ 9 a.m. Closed meeting of the House GOP Conference. Location: Room HC-5, Capitol.

SAMPSON-AFRICA _ 9 a.m. Commerce Deputy Secretary David Sampson will address the African Growth and Opportunity Act (AGOA) Forum 2006 Opening Plenary Session to discuss how the Department of Commerce has worked to expand commercial ties between the United States and the African nations. Location: State Department, Henderson Auditorium, 500 C St NW. Note: Enter at 23rd Street Entrance.

ECONOMIC OUTLOOK _ 10 a.m. The Business Roundtable holds a telephone briefing to release the results of its latest CEO Economic Outlook Survey, with Hank McKinnell, Chairman of the roundtable and CEO of Pfizer, Inc. Contacts: Jennifer Handt, 202-496-3288.

EMERGECNY PREPARDENESS-DISABLED _ 10 a.m. Department of Homeland Security Officer for Civil Rights and Civil Liberties Dan Sutherland will hold an employer roundtable on emergency preparedness and people with disabilities. Location: Commission Meeting Room, 1801 L St. NW.

ENERGY FUTURE _ 10 a.m. A coalition of farm, forestry and enviornmental groups and companies holds a news conference to announce a new effort to secure the nation's energy future, with Bill Richards of 25 x 25, Sens. Chuck Grassley and Ken Salazar, Reps. Bob Goodlatte and Collin Peterson, others. Location: Room 1300, Longworth.

GIAMBASTIANI-WAR COLLEGE _ 10 a.m. Vice Chairman, Joint Chiefs of Staff, Adm. Edmund Giambastiani addresses the National Defense University, Industrial College of the Armed Forces and the National War College graduation. Location: Fort McNair.

HOUSE DEMOCRATS _ 10 a.m. The House Democratic Leadership holds a news conference directly following their caucus meeting to discuss what they belive are American prioritiesproviding affordable health care, bringing down energy costs, strengthening the economy, and addressing rising war costs and deficits. Location: Cannon Rotunda, outside Room 345.

KOREA TRADE _ 10 a.m. Rep. Dennis Kucinich holds a news conference on the Korean trade agreement. Location: Cannon Terrace.

SECURITY _ 10 a.m. House Republican leadership holds a news briefing on ``securing America's future." Location: Room HC-6, Capitol.

DEMOCRATS-ESTATE TAX _ 10:15 a.m. Democratic Senators Kent Conrad, Joe Lieberman, and Barack Obama

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will discuss what they say are the wrong priorities of Bush Republicans in pursuing full repeal of the estate tax. Sponsors say the estate tax repeal will provide a $1 trillion tax break to the wealthiest Americans while ignoring the issues facing most average Americans. Location: Senate Radio/TV Gallery.

CHINA TRADE _ 10:30 a.m. Sens. Chuck Schumer, D-N.Y., and Lindsey Graham, R-S.C., meet with U.S. Trade Representative Nominee Susan Schwab to discuss the Administrations willingness to press for reciprocity for financial firms that want to invest in China. Last, week, Schumer objected to the unanimous consent request to approve her nomination without a vote or debate. However, Graham strongly supports the Schwab nomination and has encouraged the Senate to allow a quick vote. Location: Room 313, Hart Senate Office Building.

CENSORSHIP _ 11 a.m. The New America Foundation holds a discussion on policies and technologies to give parents control over children's media consumption, with Sens. Hillary Rodham Clinton, Mary Landrieu and Rick Santorum, and FCC Commissioners Michael Cops and Deborah Taylor Tate. Location: Jordan Conference Center, 1330 G St. NW.

MARKEY-BLIX _ 11 a.m. US Representative Edward J. Markey will be meeting at 11:00am with former UN chief weapons inspector Hans Blix. Location: Markey's office, Room 2108, Rayburn House Office Building.

CITIZENSHIP _ 12 p.m. Reps. Luis Gutierrez, Grace Napolitano, others, hold a news conference to announce National Citizenship Day, a national network of citizenship workshops on July 1. Location: Cannon Terrace.

SERBIA _ 12 p.m. The Center for International Private Enterprise and the International Forum for Democratic Studies holds a discussion, ``Democratic and Economic Transition in Serbia: Capturing Lessons Learned," with Boris Begovic, Vice President, Center for Liberal-Democratic Studies, Belgrade, Serbia. Location: Federal City Council, Suite 600, 1156 15th St. NW.

DEMOCRATS-CONSERVATISM _ 12 p.m. - 2 p.m. The Democratic Leadership Council (DLC) will host Ted Nordhaus and Michael Shellenberger, partners at American Environics, and co-directors of the Breakthrough Institute, to discuss their cutting-edge research into social values trends that underlie today's conservative majority. Location: Phoenix Park Hotel, 520 North Capitol St. NW.

LATINO PARTICIPATION _ 12:30 p.m. The Tomas Rivera Policy Institute (TRPI) in conjunction with the Metropolitan Center, Florida International University, will hold a symposium titled ``New Dimensions of Latino Participation." The forum will explore the dynamics of Latino political engagement, such as the recent immigrant protests, and the impact on immigration policy and the 2006 and 2008 Latino vote. Sponsorship for this event is provided by the Carnegie Corporation of New York with additional funding provided by Comcast and the Latino Policy Coalition. Attendees include: Sen. Ken Salazar, D-Colo.; Harry Pachon, president, Tomas Rivera Policy Institute at USC; Roberto Suro, director, Pew Hispanic Center; Mark Krikorian, executive director, Center for Immigration Studies; Maria Echaveste, principal, Nueva Vista Group; Robert DePosada, president, The Latino Coalition; Clarissa Martinez de Castro, director of state/local public policy, NCLR; and Joe Garcia, vice president, Hispanic Project, NDN. Location: Hyatt Regency-Washington on Capitol Hill, 400 New Jersey Ave. NW.

ASBESTOS BILL _ 1 p.m. Public Citizen holds a briefing on the amended Specter-Leahy asbestos trust fund bill. Location: Room 512, Hart.

ECONOMIC SECURITY _ 1 p.m. The Center for American Progress holds a presentation, ``Pulling Together: Re-Building Economic Security in the 21st Century," with Jared Bernstein of the Economic Policy Institute, Gene Sperling of the center, others. Location: 10th floor, 1333 H St. NW.

HURRICANES-ELECTORATE _ 1 p.m. The National Coalition on Black Civic Participation holds a symposium on questions about the current hurricane season and lessons learned from last year's season, with Rick Pogue of the Red Cross, Steven Jones of the First Response Coalition, Maj. George Hood of the Salvation Army, Janet Johnson of the Weather Channel, others. Location: National Press Club.

FEDERAL SPENDING _ 2 p.m. Rep. Frank Wolf holds a news conference to announce a bill creating a national commission aimed at dealing with federal spending and entitlements. Location: Room 2359, Rayburn.

NATIVE HAWAIIANS _ 2 p.m. Sens. John Cornyn, R-Texas, and Lamar Alexander, R-Tenn., hold a press conference to discuss their opposition to legislation that would create a racially-separate government for native Hawaiians living across the United States, the Native Hawaiian Government Reorganization Act of 2005, S.147. Cornyn and Alexander will be joined by native Hawaiians who are in Washington to express their opposition to the legislation, and the Chairman of the U.S. Commission on Civil Rights, Gerald A. Reynolds. Location: Room S-219, Capitol.

ESTATE TAX _ 2 p.m. - 2:30 p.m. The 60 Plus Assocation delivers ``Kill The Death Tax, Don't Wound It," to members of Congress to call for repeal of the Estate Tax. Location: Room SC-4, Capitol.

LIBERALS-TERRORISM _ 2 p.m. - 3:30 p.m. The Brookings Institution hosts a forum, ``The Good Fight: Liberals, Conservatives and the War on Terror." Peter Beinart, Brookings nonresident senior fellow and editor-at-large of The New Republic, will present a historical perspective on liberalism and fighting totalitarianism, as well as his views on how today's liberals ought to approach

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today's fight against terror. Focus is on Beinart's book, ``The Good Fight: Why Liberals -- and Only Liberals -- Can Win the War on Terror and Make America Great Again." Tod Lindberg of the Hoover Institution also will participate. Location: The Brookings Institution, Falk Auditorium, 1775 Massachusetts Ave. NW.

FOREIGN POLICY _ 6 p.m. Reps. Mark Kirk and Rick Larsen give the keynote address at the 4th annual U.S. Foreign Policy Colloquium, cosponsored by George Washington University and the National Committee on U.S.-China Relations. Location: Room 213, Harding Auditorium, 1957 E St. NW.

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THE ATTORNEY GENERAL'S *NEWS BRIEFING*

PREPARED FOR THE OFFICE OF PUBLIC AFFAIRS, U.S. DEPARTMENT OF JUSTICE

TO: THE ATTORNEY GENERAL AND SENIOR STAFF

DATE: WEDNESDAY, JUNE 7, 2006 7:45 AM EDT

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TERRORISM NEWS:

Cheney Reaches Deal With Specter Over NSA Phone Data Oversight. Sen. Arlen Specter has dropped plans to call for testimony from phone company officials after Vice President Dick Cheney agreed the Administration would consider his bill to allow the FISA court oversight of the NSA terrorist monitoring program. USA Today (6/7, Diamond, 2.31M) reports, "The deal prompted protests from Democratic lawmakers, who said the Republican-controlled Congress had refused to challenge the administration's expansion of presidential authority. 'Why don't we just recess for the rest of the year, and the vice president will just tell the nation what laws we'll have?' said Vermont Sen. Patrick Leahy, ranking Democrat on the committee." But "Specter said his hand had been forced by the telephone companies' refusal to discuss classified programs." Meanwhile, Sen. Orrin Hatch said President Bush "is willing to work with us as long as it doesn't detract from the president's constitutional powers.'"

CNN (6/7) reports, "The potential for a showdown over subpoenas was averted when Republicans, led by former committee chairman Orrin Hatch of Utah, outmaneuvered Specter in advance of the hearing. … Hatch disclosed he had won assurances from Vice President Cheney that the White House would at least review proposed legislation to restrict aspects of NSA surveillance programs. In exchange, the committee would not press the phone companies to divulge their cooperation with the government." CNN adds, "In a dissent, Sen. Dianne Feinstein, D-Calif., announced she would oppose subpoenas for the phone companies. Feinstein, who is on the Intelligence Committee, said she had been fully briefed on the secret NSA programs and believes if the phone companies should be summoned at all, it should be from the intelligence panel, which conducts its business behind closed doors." CNN notes, "Justice Department officials acknowledge they are bracing for a potentially stormy hearing, but probably not as soon as Specter would like. … A senior Justice official who asked not to be identified said it was likely they would be able to arrange for Gonzales to testify before the committee 'in the next two months.'"

The AP (6/7, Shrader) reports, "Specter had threatened to subpoena executives of the major phone companies to get them to testify about their cooperation with the NSA. But in an informal conversation, one company lawyer told Specter the executives wouldn't be able to testify about any classified information. Specter said Cheney told the committee the restriction would apply to everyone the senators want to question. … Specter rejected suggestions that he was letting the White House dictate the committee's agenda, and he said he plans to have Attorney General Alberto Gonzales before the committee later this month. … 'I yield to no man or woman on pressing this administration on these issues,' he said."

Canadian Terror Suspects Plotted To Behead Lawmakers, Prime Minister. As the 15 of the 17 suspected terrorists arrested last week made their first appearance in court, details of their alleged plots emerged yesterday. Among the schemes was a plan to storm the Canadian parliament and behead hostages, including Prime Minister Steven Harper.

The story was the lead on CBS and NBC last night, and ran second on ABC. The CBS Evening News (6/6, lead story, 2:45, Schieffer, 7.66M) reported, "If the allegations are correct, this is no small-time local operation but a ruthless band with connections to terrorist cells around the world and including the United States who were bent on taking over Canadian media outlets and beheading the Canadian prime minister." CBS (Bowers) added, "One of the accused, 25-year-old Steven Chand, was part of a plot that included plans to storm the Canadian Parliament in Ottawa and take politicians hostage, behead the hostages, including Prime Minister Stephen Harper if Canadian troops weren't withdrawn from Afghanistan, and take over the headquarters of the Canadian Broadcasting Corporation to gain control of the country's airwaves. Prosecutors gave defense attorneys an eight-page document that CBS News was told outlined the general organization and operations of what they call the terror cell."

NBC Nightly News (6/6, lead story, 2:55, Tibbles, 9.87M) reported "investigators here are saying there may be more arrests, as those already charged appeared in court." Other "potential targets" include "the Toronto Stock Exchange, and a senior US counter-terror official tells NBC News the group also planned to open fire on pedestrians on one of the city's busy streets, newspapers now filled with stories about who these men were, many Canadian citizens of East Asian background living in a nation that prides itself on its ethnic tolerance and relative security."

ABC World News Tonight (6/6, story 2, 2:00, Ross, 8.78M) reported, "Some of the suspects smirked, and others appeared defiant in court here today as the chilling, new details of their alleged plot emerged. The most dramatic part of the plot included the plan to attack and storm the parliament building in Ottawa." The Prime Minister "has defended the role of Canada's 2300 troops in Afghanistan, and that clearly was a big issue for the suspected terrorists."

The Washington Post (6/7, A1, Struck, 744K) reports Prime Minister Stephen Harper "brushed aside the news with

a joke. 'I can live with all these threats as long as they are not from my caucus,' he quipped as he walked into his office."

The Los Angeles Times (6/7, Williams, 958K) reports, "The accusations delivered to several of the defendants' attorneys in a one-page investigation summary included no evidence to substantiate the charges, said the attorney for 25-year-old Steven Vikash Chand." Batasar "complained that he had not been allowed to meet privately with Chand and later said to reporters outside the courthouse: 'This is not Guantanamo, this is Toronto, Canada.'" The New York Times (6/7, Depalma, 1.19M) also reports "several lawyers complained that extraordinary security had prevented them from speaking to their clients in private." The men, "all residents of Canada, have been held in isolation at a maximum-security prison since shortly after they were arrested over the weekend. They have been prohibited from talking to their families or one another." The Wall Street Journal (6/7, Cherney, 2.11M) runs a similar report under the headline "Defense Lawyers In Canada Fault Terror Case Data."

Canadian Terror Suspects' Links To US, Other Countries Examined. The Washington Times (6/7, 90K) and USA Today (6/7, 2.31M) run an AP story reporting, "A US law enforcement official said investigators were looking for ties between the Canadian detainees and Islamic militants held in the USA, Britain, Bangladesh, Bosnia, Denmark and Sweden."

The CBS Evening News (6/6, story 2, 1:55, Stewart, 7.66M) reported, "US law enforcement officials say the investigation of the Canadian cell is something they've been knowing about for months and it was the subject of a global counterterrorist summit meeting that took place in Washington this spring. The meeting took place shortly after the arrest in April of two Atlanta men charged with videotaping potential bombing targets in Washington including the Capitol." Given the "global scope of the plot, investigators from all the affected countries met in Washington and agreed to 'run the string out to see if other conspirators unknown to them might surface.' The case was unique because of the global cooperation it took to unravel it, but law enforcement officials admit that the scary thing is that this case suggests how easy it is for homegrown terrorists to seek out global partners as well. And as we reported last night, officials fear it's just that kind of cooperation that may soon lead to another attack inside the United States."

NBC Nightly News (6/6, story 2, 2:00, P. Williams, 9.87M) reported, "The FBI, meantime, is following up on information found during searches of the homes of the Canadian suspects; including names of some Americans they were in contact with. It's not clear yet, investigators say, what those contacts were about. The FBI remains intensely interested in two Atlanta area men who met with some of the Canadians last year. The meeting in Toronto was, investigators tell NBC News, a kind of terrorist workshop which may have included paramilitary training in this rural area north of Toronto. But what worries the FBI even more about the two, Ehsanul Sadequee and Syed Ahmed, is that both traveled overseas -- Ahmed to Pakistan hoping to get terror training and Sadequee to Bangladesh, where his family is from. Several US sources tell NBC News that Sadequee went there to meet leaders of al Qaeda in Bangladesh, a country where the terror organization is still robust and easily approached."

ABC World News Tonight (6/6, story 2, 2:00, Ross, 8.78M) reported, "US and Canadian authorities say this was at heart a Website plot, with fellow jihadists online in the US, London, and Bosnia serving as kind of armchair commanders. Making suggestions on methods of operation, and targets."

WSJournal Says Arrests Highlight Importance Of Electronic Surveillance. The Wall Street Journal (6/7, 2.11M) editorializes that the arrests highlight "the crucial role electronic surveillance plays in uncovering potentially catastrophic terrorist attacks. Question: Did that surveillance require a warrant? Do you care?" The Journal adds, "Meantime, the important thing is to praise the work of Canadian authorities in foiling what could have been another 9/11. We can only hope their American counterparts are as good."

US Military To Forego Using Psychiatrists In Interrogations, Rely On Psychologists. In response to a vote by the American Psychiatric Association stating its opposition to the participation of psychiatrists in military interrogations, the US military announce it would attempt to use only psychologists. The New York Times (6/7, Lewis, 1.19M) reports, "Dr. William Winkenwerder Jr., assistant secretary of defense for health affairs, told reporters that the new policy favoring the use of psychologists over psychiatrists was a recognition of differing positions taken by their respective professional groups." American Psychological Association director of ethics Stephen Behnke "said psychologists knew not to participate in activities that harmed detainees. But Dr. Behnke also said the group believed that helping military interrogators made a valuable contribution because it was part of an effort to prevent terrorism." The Los Angeles Times (6/7, Barnes, 958K) runs a similar report.

Last Member Of "Virginia Jihad" Convicted. Ali Asad Chandia, the eleventh and final man accused in the "Virginia jihad network," was convicted of providing material support to terrorists. The Washington Post (6/7, A12, Markon, 744K) reports, "Federal officials have long described the case as one of the most important domestic terrorism prosecutions since the Sept. 11, 2001, terrorist attacks.

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Yesterday, they hailed Chandia's conviction and said it underscored the importance of cooperating with foreign law enforcement agencies in the battle against terrorism." U.S. Attorney Chuck Rosenberg said, "This case demonstrates our relentless commitment to bringing to justice those who provide support to terrorist organizations." But local Muslims have "criticized the investigation as overzealous and the prison terms of those convicted as excessive. Muslims flocked to the courthouse to show support for Chandia. … About 100 supporters attended closing arguments Monday."

Business Leader Calls For Creation Of Homeland Security Agency In UK. London Chamber of Commerce and Industry president Michael Cassidy in an op-ed in the Financial Times (6/7) advocates taking additional steps to prepare against terrorist attacks including improving baggage checks, increasing police visibility and building ties with the Asian business community. But in addition, "We need a government department focused on what has been loosely called 'homeland security'. Separate this vital responsibility from the rag bag of Home Office duties, some of which involve inherent conflicts when it comes to judging how best to protect the public. That might be more fit for purpose than the present arrangement, which seems bogged down in traditional thinking and is over-reliant on the chancy business of intelligence gathering."

HOMELAND RESPONSE:

Chertoff Says NYC "Still No. 1" Under Urban Areas Initiative. DHS Secretary Michael Chertoff, in an op-ed in the New York Times (6/7, 1.19M) titled "New York, You're Still No. 1," writes that while readers might not "know it based on the news media reaction," Urban Area Security Initiative grants announced last week "continue a financing stream that places New York and Washington at the very top of the list in terms of money received." New York's $124 million "is 50 percent more than the next-highest area, Los Angeles, and represents almost a threefold increase over the $46 million the city received in 2004." Meanwhile, rather than list the city's "significant landmarks" as icons, DHS placed sites like the Empire State Building and Brooklyn Bridge in categories that would "generate a higher complete risk grade for New York's financing proposal." Chertoff adds that DHS "has made every effort to rely on measurable facts and to take politics out of the process."

House Approves Homeland Security Appropriations Bill. The AP (6/7, Jordan) reports House Republicans voting yesterday on the Homeland Security appropriations bill "blocked a vote…on restoring millions of dollars in counterterror funds to big-city targets, including New York, refusing to bust budget targets over slashed grants to emergency first responders." They rejected a request from New York City-area Democrats to add $750 million, "even as they vowed anew to investigate how Homeland Security could justify cutting funding to New York and Washington." The overall $32 billion spending bill, which "bolsters protections at seaports by $448 million more than in 2006, adds 1,200 Border Patrol agents and boosts the Hurricane Katrina-beleagured Federal Emergency Management Agency by $6.5 billion for disaster preparedness," was approved 389-9.

Bloomberg Says City Will Not Change Application Strategy. The New York Times (6/7, Chan, Hu, 1.19M) reports, "Mayor Michael R. Bloomberg said yesterday that the city would not alter its strategy in future applications for federal antiterror money to comply with the Department of Homeland Security's preference for semipermanent safeguards like new technology over recurring costs like police overtime." At a Staten Island news conference, Bloomberg said the city has "a very different philosophy than what the federal government does," adding that it was "wrong" that the federal government "typically" does not cover labor costs." Bloomberg said Secretary Chertoff "had promised to help the city to maximize the money that was awarded."

9/11 Commissioners Say Government Falling Short On Homeland Security. The leaders of the 9/11 Commission yesterday testified before a House panel on the continuing terrorist threat to US homeland security, giving the government poor grades on making improvements in several key areas: Airport security, funding for targeted cities such as New York and Washington, DC, FBI reform, and nuclear terrorism ABC World News Tonight (6/6, lead story, 3:05, Gibson, 8.78M) reported, "Almost five years after those attacks, the leaders of the 9/11 Commission said that the US and its security is being compromised by technical, financial and political problems that should have long since been solved. They were on Capitol Hill. And they certainly did not mince words." ABC (Thomas) added, "Stinging criticism from 9/11 Commissioners. The government, they say, is still failing to protect the country." On airport security, "the Transportation Security Administration, they say, is plagued by poor management. The terrorism watch list, designed to weed out potential terrorists before they board planes, is woefully inadequate." On "money to secure the homeland, commissioners were stunned by the government's recent decision to reduce funding for New York and Washington. Decisions are made, they say, based more on politics than on risk." On the FBI, "it has made some progress in reforming itself but is moving much too slowly. After investigating tens of millions of dollars, FBI computers remain antiquated. Its ability to share critical information is limited. Its ability to

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assess threats fallen short. And too many of its key leaders are retiring." And "on the threat of nuclear terrorism, commissioners say the government's efforts get a failing grade."

Study Finds Katrina Increased Percentage Of Whites In New Orleans, Blacks In Mississippi. The Washington Post (6/7, A12, Whoriskey, 744K) reports a Census Bureau report to be released today finds that "Hurricane Katrina displaced more than 400,000 people from the New Orleans area," while "those who remained were more prosperous and were far more likely to be white." Meanwhile, the Mississippi coast, which "lost 41,000 people from before Katrina to January," saw its percentage of non-Hispanic black grow from 17 percent to 27 percent. "Census officials warned that some of the figures are subject to larger than normal margins of error and, moreover, that the figures are already at least five months old."

The Los Angeles Times (6/7, Simmons, 958K) reports, "Louisiana state officials said that while the data was useful, it was just 'a snapshot.' 'It's a partial picture of the changes,' said Karen Paterson, a demographer at the Louisiana State Census Data Center."

WPost Says Corps' Admission Of Error On Levees Shows Need For More Oversight. Under the headline "Katrina's Unlearned Lessons," the Washington Post (6/7, A22, 744K) editorializes that though one "might think" that the "mea culpa" from the US Army Corps of Engineers, whose own inquiry found last week that "the agency committed numerous mistakes of design" in constructing New Orleans' levee system, "would fuel efforts to reform the agency." However, while Sens. John McCain and Russell Feingold are supporting a measure that would require future Corps proposals to "be subject to technical review by an independent agency," a "stronger current in Congress" backs a measure written by Sens. James M. Inhofe (and Christopher S. Bond that "would loosen oversight of the Corps." The Post states, "The Corps' admission of its own technical shortcomings points to the need for tougher oversight, not less."

Weather Channel President Says Hurricane Focus Should Be On Preparedness, Not Predictions. Debora Wilson, president of The Weather Channel, in an op-ed in USA Today (6/7, 2.31M) writes that the "higher degree of interest" the 2005 hurricane season generated "among the general public in understanding and predicting what's going to happen this year" has created "a new wave of individuals and organizations who bill themselves as experts, publicly issuing predictions that not only speculate on the number of hurricanes the USA will experience this season but also the specific regions where the storms will make landfall." Such predictions "provide a misdirected focus. The question should not be 'How many?' but, instead, 'Are you prepared?'" Wilson states that while "these unfounded predictions do raise awareness in the forecasted areas, they also lull residents in other coastal regions into a false sense of security."

Hurricanes Seen As "New Uninsurable." Holman W. Jenkins, Jr., in his column for the Wall Street Journal (6/7, A15, 2.11M) writes that hurricanes have displaced terrorism as "the new 'uninsurable.'" Factors, including government payouts in the wake of 9/11 and Katrina, have been "unraveling the insurance industry's ability to help society control its risk-taking by properly pricing risk." To restore this ability, one would have to assume "that property owners would be willing to pay 'actuarially sound' rates rather than just skipping insurance and relying on a federal bailout in the wake of a big storm. Here's the real crux of the claim by some industry watchers that hurricanes have become effectively uninsurable." Jenkins adds that while there is growing support for a federal disaster insurance program, the federal flood insurance program "was instituted in 1968…to make property owners bear the cost of their own recurrent bailouts," but "became a subsidy to increased risk-taking" instead.

WAR NEWS:

Warner Pledges To Hold Hearings On Haditha As Soon As Possible. The AP (6/7, Sidoti) reports Sen. John Warner, chairman of the Senate Armed Services Committee, said he hold hearings on allegations that "Marines killed up to 24 Iraqi civilians last November in the town of Haditha without cause and then engaged in a cover-up." Warner "told reporters he wanted to hold the first of what he expected to be a series of hearings on the allegations as soon as Army Maj. Gen. Eldon A. Bargewell finishes his investigation into whether military personnel lied about what occurred at Haditha. Warner said Bargewell likely would be the first witness called. Congressional aides say Bargewell's report could be completed within the week but that the military's separate criminal investigation is not expected to be finished anytime soon." Warner is quoted as saying, "We've got our duty and we'll do it. We'll go wherever the facts lead."

CNN's The Situation Room (6/6, Bash) reported Warner "said he is concerned about the fact that there's public discussion about this without much official word from the Pentagon, and he says that is increasingly harmful." AFP (6/7) says Warner urged Defense Secretary Rumsfeld "to quickly make public the findings" of the Bargewell investigation. Warner warned, "Delays in getting out the official findings of fact due to a protracted review process will mean a mixture of information, misinformation and unconfirmed facts will continue to spiral in the public domain."

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Levin Criticizes Pace Of Pentagon Disclosures. The New York Times (6/7, Cloud, Schmitt, 1.19M) reports Democrats on the Senate Armed Services Committee "expressed growing frustration that the Pentagon was not sharing details about the inquiries since Time magazine published an article in March challenging the military's explanation of the deaths. 'They were very slow in notifying the committee, just like they were very slow in doing everything else,'" said Sen. Carl Levin. Levin "added that military officials in Iraq 'knew there was something amiss' but did not start the two investigations until March 9."

"Voluminous" Pentagon Report On Haditha "Virtually Completed." The New York Times (6/7, Cloud, Schmitt, 1.19M) reports Rep. John Kline "said in a telephone interview that he and three other lawmakers were told by the officer, Lt. Gen. Peter W. Chiarelli, that General Bargewell's inquiry was voluminous and 'virtually completed.'"

Haditha Incident Invoked In Report On Dedication Of Islamic Center At Quantico. The Washington Post (6/7, B1, Vargas, 744K) reports an "Islamic Prayer Center" at the Marine Corps Base in Quantico was dedicated yesterday. The Post's piece tries to make the ceremony relevant to the current scandals surrounding the deaths of civilians in Iraq, noting "no one mentioned Haditha," but" it "was on the mind of some." According to the Post, "Several who attended the ceremony described it as a positive step in relations with the Muslim community in the United States after a series of reported missteps recently in Iraq, such as the alleged atrocity in Haditha."

Rumsfeld's Image Could Affect Perception Of Haditha Investigation. In a column largely critical of Donald Rumsfeld's track record as Secretary of Defense, New York Times/International Herald Tribune (6/7) columnist Roger Cohen takes aim the Secretary's capacity to handle the ongoing investigation into allegations US marines killed civilians in the Iraqi town of Haditha last November. Cohen writes, "Haditha is not My Lai. But it may resemble it at least in this respect: the suggestion of a cover-up in the aftermath of the killing is strong. Rumsfeld is promising clarity: 'There's an investigation going on as to what took place. There's an investigation going as to what took place after whatever took place.' ... I don't doubt Rumsfeld wants a thorough investigation. But there's a problem: when swagger and cavalier lack of preparation and disregard for facts have been your hallmarks, things tend to happen in your image. That's a truth Rumsfeld may ultimately have to face."

Administration Critics Accused Of "Cynically Leveraging" Haditha Killings. In an op-ed for the Wall Street Journal (6/7, 2.11M) David Rivkin and Lee Casey, Washington lawyers who served in the Justice Department under Presidents Reagan and George H.W. Bush, write, "The unfolding investigation of last November's events in Haditha reveals much more about the Bush administration's critics than it does about the U.S. armed forces. Although the inquiry is ongoing, it appears that 24 unarmed Iraqi civilians were deliberately murdered, allegedly by American Marines seeking revenge for a fallen comrade. If true, the episode was a war crime, something that must be -- and no doubt will be -- severely punished. However, the administration's critics are already cynically leveraging the Haditha killings as a means of undercutting the president, heedless of the effect this may have on American national interests."

Media Accused Of Highlighting Abuses By US, Ignoring Abuses By Terrorists. Douglas MacKinnon, a former press secretary to former Sen. Bob Dole and a former White House and Pentagon official, in an op-ed in the Washington Times (6/7, 90K) faults the US media of overreacting to abuses by the US military in the war against terrorism while ignoring abuses by terrorists. MacKinnon writes, "The liberals in the media understand that with each news report on the new My Lai, each case where a U.S. soldier is punished for letting a dog bark in the face of a war prisoner, with every story that equates dunking a terrorist in water with chopping off a human head, they tell these Islamist terrorists that political correctness is weakening our foreign policy and military and robbing us of our will to prosecute the war or defend our nation. They know but don't care. For them, the real enemy is Mr. Bush and conservative beliefs."

Maliki To Release 2500 Prisoners, Establish Baathist Reconciliation Process. The New York Times (6/7, Burns, 1.19M) reports Iraqi Prime Minister Maliki announced that his government will "release 2,500 detainees, nearly 10 percent of those held in Iraqi and American detention centers, and that it would adopt a 'national reconciliation' plan to reintegrate former members of Saddam Hussein's ruling Baath Party into society." Maliki, "compared it to South Africa's 'truth and reconciliation' process in the 1990's, which, he said, 'sent some criminals to the courts and reinstated other people in society.'" According to the Times, the release of detainees, "though sweeping, seemed likely to fall far short of the demands of Sunni politicians." Lt. Col. Keir-Kevin Curry, a spokesman for the American military command, "said the decision to free the detainees…had been agreed to in a joint review by Iraqi and American officials. He said those freed would not include any deemed 'guilty of serious crimes such as bombings, torture, kidnapping and murder.'"

The Washington Post (6/7, A19, Fekeiki, Hernandez, 744K) reports Maliki "called the move a 'positive message and a chance for those who want to rethink their strategy.' He specifically excluded detainees connected to violent attacks and supporters of the former government of Saddam Hussein from his amnesty. The people to be released 'are not Saddamists or terrorists,' Maliki said. … 'They weren't

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involved in the bloodshed or imposing the sectarian mentality and cleansing. They are people who made mistakes.'"

Haditha Allows Maliki To Assert Independence From US. The Christian Science Monitor (6/7, LaFranchi, 61K) reports Iraqi Prime Minister Maliki "is showing no…reticence" about referring to the alleged massacre at Haditha. According to the Monitor, Maliki's "tough stance suggests a new assertion of sovereignty by the Iraqi government, something that actually works to the US's favor. But the allegations, coming as the new government tries to demonstrate control, are likely to complicate both US-Iraq relations and Maliki's task of leading the Iraqi people."

Baghdad Morgue Reports 1400 Slain In May. ABC World News Tonight (6/6, story 5, :30, Gibson, 8.78M) reported that in Iraq, "it's been another tough day. 30 deaths, reported, including 9 people whose severed heads were found northeast of Baghdad. Eight heads were found in the same village over the weekend. Meanwhile, Iraq's health ministry released numbers that provide a snapshot of how much more dangerous Iraq has become. The bodies of nearly 1,400 people who died violently were taken to Baghdad's central morgue last month, the highest monthly total of this year."

The Los Angeles Times (6/7, Roug, 958K) reports Baghdad "continues to be the epicenter of violence. On Tuesday, authorities reported that a car bomb went off near a funeral in a southwestern neighborhood, killing six people and injuring 18. In a different part of town, a roadside bomb exploded at a bus stop, killing one woman and wounding two men. Earlier in the day, the principal of Hamza primary school, Amer Azzawi, a Sunni Muslim, was driving with his Shiite Muslim assistant, Suaad Rubaie, when a drive-by gunman killed them."

Baqubah Sees Surge In Attacks, Atrocities. The Los Angeles Times (6/7, Roug, 958K) reports Baqubah residents have found boxes in their streets containing "he decomposing heads of nine men, each inside a black plastic bag. … In Baqubah…slayings and attacks against Iraqi security forces have recently soared. On Saturday, eight other heads were found in banana crates near the city. One of the heads was wrapped like a present. None of the bodies have been found.

Red Crescent Claims Violence In Iraq Has Displaced At Least 100,000. ABC World News Tonight (6/6, story 6, 2:05, Gibson, 8.78M) reported, "The surge of sectarian violence responsible for the spiraling death toll is having another profound impact. It is driving Iraqis from their homes. The Iraqi Red Crescent Society says at least 100,000 people have been displaced, creating one more crisis for the Iraqi government." ABC (Berman) added, "The Iraqi Red Crescent says more than 1,000 people are fleeing their homes every week. But it is a hard number to track. Many people are afraid to ask for help and simply go into hiding. Even in the camps, some do not feel safe."

Violence Leaves Many Iraqi Children Orphaned. NBC Nightly News (6/6, story 6, 4:25, Engel, 9.87M) re-ran an updated Memorial Day weekend report on Iraqi orphans: "They are some of the forgotten children of the war, 56 girls ages 6 to 13. Home for them is Baghdad's Alwiya Orphanage." The girls can't play outside. It's too dangerous. They can only go as far as the courtyard. Since we've been here, it's clear that these girls are really starved for affection. They've been coming up all day and just taking our hands. One girl called our cameraman Daddy. The director of this orphanage says what they miss most is tenderness, their mother's touch."

Deteriorating Situation In Basra Said To Portend Iraq's Future. USA Today (6/7, 2.31M), in an editorial titled, "Basra's Descent Bodes Poorly For Allied Mission In Iraq," writes, "Three years ago, as the initial military victory in Iraq teetered into chaos, the southern, mainly Shiite city of Basra stood out as a hopeful symbol of how the country could recover. … Three years later, what's happening in Basra is far more ominous. The British occupiers are no longer so welcome or as much in control. Rival militias duke it out on the streets. There has been ethnic cleansing of Sunnis." USA Today adds, "The situation in Basra raises a question: Does it make more sense to stay to try to quell increasing sectarian and terrorist violence, or leave and let Iraqis fight it out?"

Ignatius Claims US "Project In Iraq Is Unraveling." In his column for the Washington Post (6/7, 744K) David Ignatius writes, "The American project in Iraq is unraveling. The president continues to talk about staying the course, and the White House still issues upbeat predictions of victory, but the course we are on is not working. The election of Iraq's first permanent government in December was the last good chance to put the pieces together. Nearly seven months after the elections, Iraqi politicians still can't agree on who should run the two key ministries, defense and interior."

Iraqi Minister Criticizes Spending By Foreign Aid Donors. The Financial Times (6/7, Biedermann) reports Ali Baban, Iraq's new minister of planning, has complained that foreign donors "spend too much of their aid to Iraq outside the country and ordinary Iraqis do not feel they are being helped by the international community." Baban "said he would push for a comprehensive review of the way aid to Iraq was being spent. He also warned against pressure from the likes of the International Monetary Fund on his country to scrap subsidies on oil products and food, which currently run at" $8 billion annually. Baban "also committed his ministry – responsible for development aid and investment – to creating a special division to woo foreign investors."

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Family Of American Kidnapped In Iraq Profiled. In a front-page article, the Washington Post (6/7, Slevin, 744K) profiles the family of Indiana resident Jeff Ake, who was kidnapped last year while repairing machines in Iraq. According to the Post, "More than 430 foreigners have been kidnapped in Iraq since the war began in March 2003. … At last count, at least 13 Americans, including Ake, were among 42 foreigners still missing, their fate unknown." The article notes that Ake's youngest brother "joined the Army and recently received deployment orders for Iraq."

Fear Of Kidnappers Drives Baghdad Residents To Hide Wealth. Knight Ridder (6/6, Youssef) reports that fear of kidnapping is changing the habits of wealthy Baghdadis. According to the piece, "Those who can afford the best have replaced their nice cars for clunkers, don plain clothes, carry second-rate cell phones and no longer wear gold jewelry. … According to police estimates, at least 60 people are kidnapped in Baghdad every day, often by thugs seeking ransom. But paying thousands of dollars doesn't guarantee one's release; many bodies are found daily in alleys and fields, some beheaded. Most were kidnapped."

Car Bombings Kill Two US Soldiers In Afghanistan, Wound Four. The New York Times/Bloomberg (6/7) reports two US soldiers "were killed in a roadside bombing in Nangarhar Province, east of Kabul, a United States military spokeswoman said. A third soldier and an Afghan interpreter were wounded in the blast, she said. The military also said three American soldiers were wounded in a car bombing south of Kabul."

Thousands Of US Soldiers Suffer From Undiagnosed Brain Injuries. USA Today (6/7, 1a, Zoroya, 2.31M), in a front-page article titled, "Troops Risk Undetected Brain Injury: Researchers: Concussions from blasts often missed," reports, "Thousands of troops in Iraq and Afghanistan may be risking permanent brain damage by returning to combat with relatively minor but undiagnosed concussions, often caused by bomb blasts, military researchers say. Doctors say they are only now understanding the scope of the problem. Researchers screening returning soldiers and Marines at four military bases found that about 10% suffered at least a minor brain injury during combat. About 20% of troops in front-line infantry units suffered such injuries. The injuries frequently go undiagnosed because troops have no visible wounds or may not know they suffered a concussion, doctors say."

In an accompanying piece, USA Today (6/7, Zoroya, 2.31M) reports that screenings of the patients admitted to Walter Reed Army Medical Center show "almost 30%...have brain injuries," but Michael Kilpatrick, deputy director of deployment health support for the Pentagon "questions the accuracy of the screening. 'Multiple head injuries can lead to permanent brain damage that is irreversible, and you want to avoid that,' he says. 'But we don't have any criteria today that if you get X number of concussions, that you can't serve anymore.'"

CORPORATE SCANDALS:

SEC Chair Concerned About Widening Options Probe. The AP (6/7) reports, "The growing number of public companies under investigation for possible backdating of stock options to boost top executives' compensation is a matter of 'serious concern' to the Securities and Exchange Commission, its chairman said Tuesday." The AP continues, "The number of public companies being investigated by the SEC or federal prosecutors has grown to more than 30 and executives at several companies have been fired in recent weeks. … 'We've already learned that the problems are more than episodic,' the SEC Chairman Christopher Cox told The Associated Press in response to questions. 'The apparently widespread nature of the problems is of serious concern' to the agency." The AP adds, "Among the companies that have disclosed receiving subpoenas or SEC requests for documents are big, well-known names like UnitedHealthGroup Inc. and Caremark Rx Inc. … Many are from the high-tech world, where stock options have long been a prized perk and incentive for executives and employees alike: Affiliated Computer Services Inc., Juniper Networks Inc., KLA-Tencor Corp., OpenWave Systems Inc., Vitesse Semiconductor Corp., McAfee Inc., Quest Software Inc., Rambus Inc., Sycamore Networks Inc. and others. … The SEC investigations have been ongoing for several months, and subpoenas have been issued by U.S. attorneys' offices in several cities, including New York."

Lawmakers Blast Former Fannie Mae CEO Over Fraud Allegations. The AP (6/7, Gordon) reports, "The ousted former chief executive of Fannie Mae, Franklin Raines, was criticized by lawmakers and a federal regulator on Tuesday as a House panel aired government allegations of a six-year accounting fraud at the mortgage giant." The AP continues, "The regulator who oversees Fannie Mae blamed Raines and other senior company officials for the massive accounting failures and alleged manipulations designed to enrich executives. And the chairman of the subcommittee holding Tuesday's hearing, Rep. Richard Baker, R-La., contended that Raines probably lied to Congress when he testified about the debacle in October 2004." The AP adds, "Lawmakers, some of whom had been beneficiaries of Fannie Mae's campaign money, denounced the accounting misconduct, likened the company to Enron Corp. and urged

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legislative action to tighten the government's hand over Fannie Mae and its smaller government-sponsored sibling, Freddie Mac. … As a huge housing finance company chartered by Congress, "Fannie Mae has a special mandate and position of public trust. The previous management team, led by chairman and chief executive officer Franklin Raines, violated that trust," James B. Lockhart, acting director of the Office of Federal Housing Enterprise Oversight, testified. 'By encouraging rapid growth, unconstrained by proper internal controls, risk management and other systems, they did serious harm to Fannie Mae while enriching themselves through earnings manipulation.'"

CRIMINAL LAW:

DOJ Official's Silence On Leak Prosecutions Angers Senators. The Washington Post (6/7, Pincus) reports, "Senior Republican and Democratic members of the Senate Judiciary Committee sharply criticized a Justice Department official yesterday for refusing to say whether the Bush administration has ever considered prosecuting journalists for publishing leaked national security information." The Post continues, "The senators also bristled when Deputy U.S. Attorney Matthew W. Friedrich declined to answer questions about the rationale for the FBI's attempts to review the papers of the late columnist Jack Anderson. … 'You're basically taking what would be called a testifying Fifth Amendment. You should be ashamed of yourself, or your superiors should be ashamed of themselves,' Sen. Patrick J. Leahy (D-Vt.) told Friedrich after he declined to answer questions from committee Chairman Arlen Specter (R-Pa.) and Sen. Charles E. Grassley (R-Iowa)." The Post adds, "The purpose of the hearing, Specter said in opening the session, was to examine Justice Department efforts to control leaks, explore suggestions that newspapers and their reporters can be prosecuted under the 1917 Espionage Act and take comment on legislation that would protect reporters through a shield law. The law would provide an exception if national security matters were involved. … Friedrich, in his opening statement, confirmed that the Justice Department was prepared to investigate and prosecute leaks, but referred to Attorney General Alberto R. Gonzales's recent statement that the 'primary focus is on the leakers of classified information, as opposed to the press.' … When Friedrich confirmed that the department thought that journalists or 'anyone' could be prosecuted under the Espionage Act for publishing classified information, Specter asked specifically about whether the law could be applied to reporter James Risen of the New York Times, the newspaper that published an article in December about the National Security Agency's warrantless surveillance program. … 'Obviously, Senator, I can't comment as to any particular case or specific matter,' Friedrich said. He added that espionage laws 'do not exempt . . . any class of professional, including reporters, from their reach.'"

Knight Ridder (6/7, Hutcheson, Portillo) reports, "Professor Mark Feldstein was stunned when two FBI agents came to his house in March hoping to rummage through files that once belonged to deceased journalist Jack Anderson. … The agents left empty-handed, but the aborted search was one of several incidents that have raised concerns about the Bush administration's efforts to stamp out government leaks. At a Senate hearing Tuesday, administration critics accused the Justice Department of trampling press freedom in its zeal to protect secrets." Knight Ridder adds, "At stake is the public's right to know what its government is doing versus the need for secrecy to protect national security. The tension between these principles is as old as the republic. … Senators from both parties vented frustration over the administration's lack of openness. Tensions erupted at the Judiciary Committee hearing when Matthew Friedrich, chief of staff of the Justice Department's criminal division, declined to answer questions about the effort to search Anderson's old files. … 'I would think the department would send somebody up here to testify that could answer our questions, if they had any respect for this committee,' complained Sen. Charles Grassley, R-Iowa. … 'They don't have any respect for this committee,' Sen. Patrick Leahy, D-Vt., said to Friedrich. 'Why on earth were you sent up here? ... Is there any question you're allowed to answer?' … Friedrich said he couldn't discuss the matter because doing so could hinder efforts to prosecute Steven Rosen and Keith Weissman, pro-Israel lobbyists who have been accused of passing classified information to an Israeli diplomat and a journalist. Their indictment focused on activities from April 1999 to August 2004."

Voice of America (6/7, Tate) reports, "U.S. lawmakers, concerned about recent federal investigations of journalists who publish classified information, are considering legislation to protect reporters from revealing information learned under the promise of confidentiality. The Senate Judiciary Committee is holding a series of hearings on the issue. On Tuesday, the panel focused on the case of the late investigative reporter Jack Anderson, whose archive of papers is being sought by the Federal Bureau of Investigation." VOA continues, "The FBI probe comes as the federal government is threatening to prosecute journalists who publish classified information and refuse to reveal their sources. The Justice Department is investigating several leaks that led to the publication of a CIA officer's name and news reports that the National Security Agency is wiretapping communications between people in the United States and suspected terrorists overseas." VOA adds, "At a Senate Judiciary Committee hearing, Matthew Friedrich, chief of staff for the criminal division at the Justice Department, defended his agency's actions: 'Our primary focus is on prosecuting the

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leakers as opposed to other options, and our much preferred path would be to attempt to work with reporters voluntarily to convince them not to publish classified information, which could lead to compromise of our most sensitive technologies, harm our young men and women who serve in the service of our country, and cause damage,' he said. … But Friedrich refused to discuss the Anderson case, to the anger of Republican and Democratic senators alike."

The AP (6/7, Kellman) reports, "Friedrich refused to comment on the Anderson case, in which the FBI is seeking 50 years' worth of papers from the investigative journalist who exposed government scandals and earned a place on President Nixon's 'enemies list.' … Friedrich's response echoed deferrals by Attorney General Alberto Gonzales and other Justice Department officials in previous hearings on the administration's domestic wiretapping, phone tapping and other policies. Specter and other committee members grew exasperated." The AP adds, "Anderson's son Kevin, a lawyer, told the panel that he and his mother are prepared to face contempt charges if the FBI's effort to search the papers ever produces a subpoena or is upheld in court. … 'The family has met and decided that we would not abide by a subpoena if one were issued by the FBI,' Anderson said."

Utah Professor Denounces FBI Request As "Fishing Expedition." The Salt Lake Tribune (6/7, Gehrke) reports, "University of Utah political scientist Tim Chambless, who years ago cataloged 85 boxes of Jack Anderson's papers for use in his research, calls the FBI's demands 'a fishing expedition.' The documents he reviewed included some that 'were politically embarrassing to a few people.' But he said, 'There was nothing in there with regard to national security.' Chambless also wonders how much trolling the government has done in Anderson-related documents that had been in the public domain." In a recent visit to the National Archives to review declassified Anderson documents, Chambless "said he was concerned to find a number that had been removed from the file."

Salt Lake Tribune Denounces Friedrich's "Stonewalling" Of Senators. In a editorial, the Salt Lake Tribune (6/7) writes that "the FBI has tried to bully Anderson's blood and literary heirs into surrendering" the journalist's papers, and "Tuesday, when appropriate members of the U.S. Senate wanted to know the reason why, they were thoroughly stonewalled by one of Attorney General Alberto Gonzales' assistants who, as Sen. Patrick Leahy was heard to fume, wasn't allowed to answer questions any more sensitive than his title and the time of day. … Any meaningful questions asked by senators, representatives or anyone else are turned away with the excuse that it would compromise anti-terror intelligence operations." The Tribune adds that "Gonzales is way off base, and we can only hope that the Congress will rein him in. It is espionage to steal secrets and keep them for your own advantage. It is freedom to expose dirty secrets and tell the American people what your government is doing, in your name and with your money."

FBI Raided Nigerian Official's Home In Search Of Jefferson Bribe Money. The New York Times (6/7, Shenon, 1.19M) reports the Federal Bureau of Investigation "raided the Maryland home of the vice president of Nigeria last summer in search of bribe money that the bureau believed had been paid to him by Representative William Jefferson, according to documents released on Tuesday." The documents "included an affidavit signed by an F.B.I. agent who said that the Nigerian vice president, Atiku Abubakar, now a candidate for president of that oil-rich West African nation, asked for at least half of the profits of a technology company controlled by Mr. Jefferson that was seeking to do business in Nigeria." The documents also say that "about the same time last year," Jefferson "told colleagues of his plans to bribe Nigerian officials, including Mr. Abubakar, in exchange for their help in winning business in Nigeria, and that Mr. Abubakar would be paid as much as $500,000 in cash."

The Los Angeles Times (6/7, Meyer, 958K) reports Rep. Jefferson "allegedly told the FBI informant that in order to secure the Nigerian official's help with the technology project, Jefferson needed to deliver an upfront payment of $100,000 to Atiku while he was in the United States." Some time "after that, the informant provided Jefferson with the cash in a briefcase, according to one of the documents, an affidavit by FBI Special Agent Edward S. Cooper. The congressman later indicated that he had delivered the cash to Atiku on a late-night visit to the Potomac house, Cooper's affidavit said."

The AP (6/7, Manning) reports Rep. Jefferson "called the package he allegedly delivered at midnight to the suburban Maryland home of Nigeria's vice president 'African art.' Authorities say the 'art' was meant to be cash — lots of it." Court documents "filed in the bribery probe of the Louisiana Democrat allege that Jefferson told an FBI informant he took the 'art,' which authorities believe was code for $100,000 in $100 bills, to the Potomac home of Atiku Abubakar on July 31."

Gonzales Defends FBI Search Of Jefferson's Office. The AP (6/7, Kropko) reports Attorney General Alberto Gonzales "defended the FBI's search of a congressman's office last month, saying it was an 'unusual step' but a necessary one." Gonzales "compared the May 20-21 search of Rep. William Jefferson's office to past investigations of federal lawmakers and searches of their homes and vehicles." Gonzales said, "There have been searches before by the executive branch of the legislative branch. We've searched before the homes of members of Congress. We've

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searched before the cars of members of Congress, even when they are parked in the garage on Capitol Hill."

Hoyer Criticizes Jefferson Over Refusal To Leave Ways and Means Committee. The Hill (6/7, Hearn) reports the "chances that Rep. William Jefferson (D-La.) will keep his seat on the powerful Ways and Means Committee grew slimmer yesterday as House Minority Whip Steny Hoyer (D-Md.) issued a stinging assessment of the embattled Louisianan's legal situation." Asked if "Democrats would seek to oust Jefferson forcibly from the panel even though he has yet to be charged with a crime," Hoyer said, "He sits on a tax-writing committee, and he had $90,000 found in his freezer. I think he's got a tax problem if nothing else." The Hill adds that on Tuesday night, "members of the House Democratic Steering and Policy Committee were expected to discuss Jefferson's dilemma at a members-only meeting. If Pelosi were to remove Jefferson forcibly, she would first have to put the issue to a vote of that body, which has jurisdiction over Democrats' committee assignments. That vote was not expected to occur last night, but she could pursue it at a later date."

LATimes Says Congress Should "Tread Softly" When Setting Rules For Judicial Branch. An editorial in the Los Angeles Times (6/7, 958K) that Congress' "reverence for the separation of powers, so flagrantly on display in its continuing snit over the FBI's search of a House member's offices, goes by the wayside when it's Congress trespassing on someone else's turf. Take the repeated attempts by Congress to micromanage the work of the federal courts." The Times adds that "even in areas in which Congress can set rules for the judicial branch, it's the better part of wisdom for legislators to tread softly."

Former Lewis Aide Acknowledges Military Contractor Helped Buy House. The New York Times (6/7, Kirkpatrick, 1.19M) reports Letitia Hoadley White, "a former top aide to the House defense appropriations subcommittee," acknowledged Tuesday "that the president of a military contractor had paid half the cost of a $1 million town house that they bought 11 months after she left the Congressional job." White, "now a prominent lobbyist, is already under scrutiny by federal prosecutors investigating the possibility that lawmakers and members of their staffs directed federal money to contractors in exchange for illicit payments. A spokesman for Ms. White said the purchase was a private arrangement between close friends." White was "for many years the top aide in charge of inserting pet projects, known as earmarks, into spending bills for Representative Jerry Lewis, Republican of California, when he led the House defense appropriations subcommittee." The person "who paid $500,000 toward the purchase of her house was Nicholas Karangelen, president of Trident Systems Inc., one of many companies that benefited from earmarks. In 2002, for example, the company received part of an $8 million joint contract for technology to survey battlefields."

Former Aide Paid For DeLay's Wife's Retirement Account. The Washington Post (6/7, A4, Smith, 744K) reports a "registered lobbyist opened a retirement account in the late 1990s for the wife of then-House Whip Tom DeLay (R-Tex.) and contributed thousands of dollars to it while also paying her a salary to work for him from her home in Texas, according to sources, documents and DeLay's attorney, Richard Cullen." The account "represents a small portion of the income that DeLay's family received from entities at least partly controlled by lobbyist Edwin A. Buckham. But the disclosure of its origin adds to what was previously known about the benefits DeLay's family received from its association with Buckham, and it brings the total over the past seven years to about half a million dollars." Buckham was "DeLay's chief of staff before he became a lobbyist at the end of 1998, shortly before the account was opened and the flow of funds began." Besides "financing the retirement account, Buckham played a role in two other streams of income that indirectly benefited DeLay."

DeLay "Disappointed" With Former Associates Over Guilty Pleas To Corruption Charges. USA Today (6/7, Kiely, 2.31M) reports former House Majority Leader Tom DeLay "said he's 'disappointed' in three ex-associates who pleaded guilty in a federal probe of political corruption, but he said their admissions 'doesn't mean I knew' of their efforts to bribe Congress." DeLay "told USA TODAY that he was surprised by revelations that Tony Rudy, a former top aide, and Jack Abramoff, a former lobbyist and longtime political supporter, tried to buy influence with lawmakers." DeLay said, "The Tony Rudy and Jack Abramoff I'm reading about in the papers are not the people I knew."

Prosecutors Reportedly Seeking Deal With McKinney. The Atlanta Journal Constitution (6/7, Kemper) reports, "Federal prosecutors investigating the confrontation between Rep. Cynthia McKinney of Georgia and a Capitol police officer have been talking privately with McKinney's office in hopes of resolving the case without the spectacle of an indictment and trial, officials familiar with the talks say." Meanwhile, "prosecutors have subpoenaed at least six witnesses to appear before the jury over the last two months." And "McKinney's office rejected claims that there have been discussions of a plea agreement, saying the congresswoman has not been charged with anything and may never be, so there's no plea to negotiate." The Journal Constitution notes, "Negotiated settlements in cases as controversial and politically sensitive as McKinney's are common, according to former federal prosecutors and lawyers with experience in

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Washington's Superior Court. They said there is often pressure on the prosecutors from higher-ups at the Justice Department and possibly the White House to resolve such cases quickly and quietly." Meanwhile, "Capitol Hill police said they were dismayed that the investigation into McKinney's confrontation with the police officer is taking so long to resolve. They said failure to charge McKinney would send the message that it is all right to hit a police officer."

Gambino Capo Convicted Of Racketeering Charges. In a widely-distributed story, the AP (6/7, Neumeister) reports Gambino capo Gregory DePalma "was convicted Tuesday of racketeering -- a verdict his lawyer said almost guarantees he will die in prison. … Joaquin Garcia, an FBI agent who posed as 'Big Jack' Falcone, had cozied up to DePalma and recorded thousands of hours of conversations that helped land the mobster. The FBI planted a cell phone on DePalma that picked up conversations even when it was off. Defense lawyer Martin Geduldig said after the verdict that it 'was just too difficult to overcome all of these tapes.'" The New York Daily News (6/7, Zambito, 729K) adds, "As the verdict was read, DePalma…groused about the FBI agents who took him down. … 'Maybe instead of them buying TVs from P.C. Richards, they should go out and get some terrorists,' he told lawyer John Meringolo. It was a reference to the six 'stolen' wide-screen sets given to him by FBI agent Joaquin Garcia." The New York Post (6/7, Cornell, 624K) notes, "The verdict was a notch in the belt of…Garcia, who has been called the 'modern-day Donnie Brasco' for his stunning two-year infiltration of the Gambino crime family."

Former Tennessee Senator Denies Taking Bribes As Trial Goes To Jury. In a widely-distributed story, the AP (6/7, Baird) reports, "A former Tennessee legislator charged with extortion took the stand in his own defense Tuesday and denied ever accepting payoffs from two FBI informants. Former state Sen. Roscoe Dixon testified that he had supported legislation for E-Cycle Management…as a favor to friends and not for money. Dixon was the only defense witness, and jurors were to begin deliberations Wednesday." In his closing argument, "defense lawyer Coleman Garrett said Dixon is the victim of a government conspiracy based on a fake company that offered bribes for support of a proposed law that was never intended to pass." But "Assistant U.S. Attorney Tim DiScenza said Dixon was not pressured into taking bribe money — 'He just took it.'"

The Memphis Commercial Appeal (6/7, Buser) notes that "Dixon was faced with explaining his words and actions on secret audio and video recordings that prosecutors say depict him selling his political influence by accepting cash payments from FBI informant Tim Willis." Dixon told jurors, "Tim Willis was my friend at the time and he knew he didn't have to pay me to get things done. I assumed it was to keep me doing the things I could do. I was under financial strain and obligations."

Chicago Water Official Testifies Sorich Make Him Hire Drunken Campaign Worker. The Chicago Tribune (6/7, Bush, Mihalopoulos, 643K) reports, "Mayor Richard Daley's patronage chief ordered the hiring of a politically connected man who was 'somewhat of a drinker,' and he repeatedly engineered the promotions of workers with clout over more qualified candidates, the former No. 2 official in the city Water Department testified Tuesday." Donald Tomczak "said he complained vehemently when…Robert Sorich directed him to accept the transfer of the man with the drinking problem," telling "Sorich that the man, a political worker under Ald. Edward Burke…could cause injuries on Water Department job sites as a result of his drinking. But Tomczak said Sorich insisted: 'Work it out, Don.' Tomczak hired the man and put him to work near his office at the Jardine Filtration Plant, where he could 'keep an eye on him,' Tomczak said." The Chicago Sun-Times (6/7, Warmbir, Korecki) adds that when Tomczak testified "he could decide to award overtime on his own to city employees who took part in his political army. But Tomczak made clear that he did not have final say over hiring or promotions in his department. … Sorich's attorney, Thomas Durkin, took umbrage over the overtime question and appeared concerned that the prosecution was trying to link Sorich and his three co-defendants to the overtime scam -- although the prosecution never made any direct links."

FBI Investigating New Angle To Alleged Fumo Link With Non-Profit. The Philadelphia Inquirer (6/7, Lounsberry, Shiffman, Fitzgerald, McCoy, 423K) reports, "Federal authorities are exploring whether State Sen. Vincent J. Fumo, to help pay for renovations at his mansion, directed a nonprofit to purchase a warehouse owned by the contractor, sources said. … A lawyer for the nonprofit defended the warehouse purchase, saying the group paid 'fair market value' after obtaining an appraisal. The FBI's new line of inquiry in its sprawling, three-year Fumo investigation began after agents raided electrical contractor Donald 'Gus' Dougherty's South Philadelphia home as part of a separate tax-fraud case." The Inquirer notes that one "person familiar with the renovations said that Dougherty's workers spent a year or more toiling within the mansion."

FBI Surveillance Tapes Played At Philadelphia Ticket-Fixing Trial. The Philadelphia Daily News (6/7, Hinkelman) reports, "Federal prosecutors portrayed Molden David Faison yesterday as a man who never met a concert ticket he didn't want -- or wasn't willing to fix parking tickets to

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get. The feds allege that Faison, a former hearing officer for the Bureau of Administrative Adjudication, used his job in August 2004 to extort $169 worth of tickets to a Prince concert. Prosecutor Judy Goldstein Smith played damning FBI audiotapes of conversations" in which informant John Florio "can be overheard giving Faison, who heard parking ticket appeals, the tag numbers and models of the vehicles with parking tickets he wanted dismissed."

Mississippi County Official Charged With Bribery, Witness Tampering. The AP (6/7) reports, "Bolivar County administrator Adrian Brown has been indicted on federal charges of accepting a kickback and tampering with a witness, authorities said Tuesday." Brown's arrest "was announced by the FBI, the U.S. attorney's office and the Bolivar County Sheriff's Department. Brown was indicated May 24 on the charges, officials said." FBI Jackson SAC John G. Raucci "said Brown is accused of soliciting and accepting a kickback for work for Bolivar County, which was to be reimbursed by the Federal Emergency Management Agency. He said Brown is also accused of attempting to intimidate a witness in the investigation." The Jackson Clarion-Ledger (6/7) also reports on Brown's indictment.

Suicidal Prosecution Witness Returns To Stand In New Jersey Corruption Trial. The New York Times (6/7, Mansnerus, 1.19M) reports the prosecution of former Middletown Township committeeman Raymond J. O'Grady "is the culmination of years of work by federal investigators, a tale opening a window on small-town graft that brought down more than a dozen public officials in a New Jersey county run by old-fashioned patronage politics. Now the trial has turned out to be a story of its own: the pivotal government witness — one day into his testimony last week against Mr. O'Grady, a longtime friend from Monmouth County politics — swallowed 60 to 80 blood-pressure pills in a suicide attempt. But on Tuesday, the government salvaged its case," as witness Anthony J. Palughi "took the stand again…despite objections by the defense to allowing the testimony to continue so soon after what Mr. O'Grady's lawyer called 'a miraculous recovery.'" The Times notes that O'Grady "is charged with taking $8,000 in cash to help steer municipal work to contractors, including two men who turned out to be agents from the F.B.I."

Bulger Associate Testifies About Corrupt Relationship Between FBI, Informants. In a widely-distributed story, the AP (6/7, Lavoie) reports, "Convicted gangster Stephen 'The Rifleman' Flemmi, testifying Tuesday in a wrongful death lawsuit against the federal government" by the family of murdered informant John McIntyre, "described a corrupt relationship of favors, gifts and tip-offs between the FBI and its criminal informants. Flemmi said he and fugitive crime boss James 'Whitey' Bulger gave the FBI information about the Mafia, and in exchange, the FBI protected them from prosecution. Members of the Bulger gang also showered several FBI agents with cash as gifts to make sure that protection continued, Flemmi said." The AP adds, "Gail Marcinkiewicz, a spokeswoman for the Boston FBI office, would not comment on Flemmi's testimony directly, but said the U.S. attorney general and the FBI have revised their guidelines on criminal informants 'to minimize the chance that unchecked behavior could occur.' 'There have been changes over the course of time and increased oversight,' she said."

The Boston Globe (6/7, Murphy, 484K) reports Flemmi "offered a stark portrait yesterday of the days when he and…Bulger ruled Boston's underworld, getting away with murder after murder," as "one corrupt former FBI supervisor, John Morris, 'treated us like we were FBI agents,' Flemmi testified. His longtime FBI handler, John J. Connolly Jr., 'didn't treat me like I was a criminal, that's for sure. He didn't look down on me because I was an informant. He treated me like an equal, in my eyes.'" The Globe adds, "Flemmi testified for the first time yesterday that he and Bulger gave retired FBI agent Dennis Condon a gold ring with his initials on it. But Boston lawyer Michael Meyer, who represents Condon, flatly denied that allegation." The Boston Herald (6/7, Sweet, 220K) notes Flemmi "claimed…that the more blood he spilled with…Bulger, the bigger their FBI fan club grew. Former Boston FBI supervisor James Ring 'was aware of what we were doing. He condoned it,' Flemmi, 72, testified…explaining how Ring fawned over the two crime bosses, who also were the agency's prized informants."

Arrest Of Connecticut Garbage Magnate In Crime Probe Could Be Imminent. The AP (6/7, Apuzzo) reports, "With the threat of indictments looming in a multistate investigation into organized crime in the garbage industry, the Justice Department recently told one of Connecticut's largest trash haulers: Don't come to us. We'll come to you." The AP continues, "James Galante, a Danbury garbage magnate and the acknowledged target of the FBI racketeering investigation, recently asked prosecutors to let him surrender if indicted, heading off a public arrest, his attorney said. … But prosecutors rejected the request, defense attorney Hugh Keefe said, leaving Galante waiting for a possible visit from the FBI and the region's garbage haulers wondering whether a series of arrests is imminent." The AP adds, "The industry has been on edge since federal agents raided dozens of homes and businesses in New York and Connecticut last summer, seizing truckloads of documents in an investigation into the so-called 'property rights' system. That system, in which garbage companies

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carve out and enforce exclusive territories, has led to violence and higher prices for customers, prosecutors in similar investigations have said. … With a grand jury meeting this week and attorneys expecting indictments soon, Keefe and others have asked that their clients be allowed to voluntarily show up for court rather than face arrest by the FBI."

New York Hedge Fund Scam Artist Pleads Guilty. The AP (6/7) reports former NYU student Hakan Yalincak "pleaded guilty to bank and wire fraud Tuesday, admitting he used his student ID and expertly forged documents to pose as the heir to a billionaire Turkish family and trick investors into pouring millions into a nonexistent hedge fund." Prosecutors "spent hours Tuesday describing how" Yalincak "charmed his way into the exclusive world of Greenwich high finance, shuttled counterfeit checks across the world and brokered deals with a Kuwaiti financier." Yalincak's fund, "the Daedalus Capital Relative Fund I, wasn't a legitimate investment and prosecutors said investors lost more than $7 million - a figure Yalincak said is overstated. Prosecutors say the money was spent on a Porsche, a Tiffany diamond and a $1.25 million donation to NYU."

Wisconsin Law Will Require Sex Offenders To Wear GPS Tracking Devices. USA Today (6/7, Koch) reports, "Hundreds of convicted sex offenders will have to wear a two-piece electronic tracking device for the rest of their lives under a new Wisconsin law." States are increasingly using GPS devices and "Congress may accelerate such efforts. The House and Senate have each passed sex offender bills this year that approve funding for GPS tracking. They need to craft a final bill."

Man Who Served 18 Years On Rape Charge Freed By DNA Evidence. The New York Times (6/7, Yardley) reports, "Eighteen years ago, James Calvin Tillman was arrested on charges of raping and kidnapping a woman after she left a bar in downtown Hartford. For 18 years, he insisted that he was innocent. And on Tuesday, he was freed." Tillman "had refused a plea deal, his family said, and was convicted and sentenced to 45 years in prison. His appeals failed. Distraught, he underwent psychiatric treatment in prison. He read the Bible and urged other inmates to read it, too. And, finally, in February 2005, he wrote to the Connecticut Innocence Project, which helps inmates who claim that they have been wrongly convicted." The Times continues, "The two public defenders who head the Connecticut Innocence Project located the victim's dress and pantyhose, which were collected as evidence in 1988, and had new DNA tests conducted. They found no match between Mr. Tillman and semen on the clothing. Based on that test, a judge in State Superior Court vacated his conviction on Tuesday and ordered a new trial. After the court session, Mr. Tillman's lawyers speculated that the charges would be dropped. The chief state's attorney, Christopher L. Morano, said, 'There are still some loose ends that need to be tied up and need to be examined,' a reference to an additional DNA test, and would not say whether he thought the case would go to trial again."

CIVIL LAW:

DOJ Reaches Deal With Gabelli On Cell Phone License Lawsuit. The Wall Street Journal (6/7, Davies, Wilke) reports, "The Justice Department has reached a deal with Mario Gabelli in a civil-fraud suit that alleged the famed money manager was at the center of an effort to deceive the Federal Communications Commission in auctions of cellphone licenses." The Journal continues, "Assistant U.S. Attorney David Kennedy announced the settlement Tuesday during a hearing before U.S. District Judge Paul Crotty in Manhattan. Terms of the deal weren't disclosed but are expected to include a payment to the government of more $100 million, according to others briefed on the negotiations." He "also said in court that the government reached a settlement with Russell Taylor III, the private plaintiff who brought the initial civil suit against Mr. Gabelli, Lynch Interactive Corp. and other Gabelli affiliates. Mr. Taylor said he witnessed the alleged fraud while working as a paralegal and attorney at a law firm."

USA Today (6/7, Davidson) notes, "Critics of the Federal Communications Commission's auction system" had "seized on the case as proof that deep-pocketed bidders set up sham companies to win discounts reserved for small businesses." It "comes three months after the Justice Department intervened in a civil fraud lawsuit, filed five years ago by a citizen under a law that lets an individual sue on the government's behalf." USA Today adds, "The lawsuit alleges Gabelli set up about a dozen sham companies in auctions from 1995 to 2000 to snare airwave licenses. The entities were formed a few days before each auction, often were dissolved shortly afterward and never used the licenses, many of which were later sold for huge profits, the lawsuit claims. The lawsuit seeks up to $370 million in damages."

Bloomberg (6/7, Glovin) reports, "The settlement, though not the terms, was announced today at a hearing in Manhattan federal court, Heather Tasker, a spokeswoman for U.S. Attorney Michael Garcia, said. Garcia's office recently sought permission to join the suit, which was filed in 2001 by attorney Rufus Taylor III under the federal False Claims Act. … Taylor's suit stemmed from Gabelli's role in Federal Communications Commission auctions in the 1990s. The government set aside cellular phone licenses to be sold to small businesses. Gabelli, 63, bankrolled ``sham'' startups

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that would qualify under the rules to get access to discounts, the suit claims."

The AP (6/7) reports, "The deal came after the government sought to intervene in a 5-year-old lawsuit brought by private parties alleging Gabelli and others should pay hundreds of millions of dollars in damages for their participation in auctions conducted by the Federal Communications Commission between 1995 and 2000. … The lawsuit, initially filed in Washington, accused Gabelli of rigging the system by creating phony companies which bid for wireless phone licenses at a discount under rules favoring minority and small businesses. He then resold the licenses at a profit, according to the government."

CIVIL RIGHTS:

Special Prosecutor Rules Ohio Police Shootings Justifiable. News Net 5, Cleveland, OH (6/7) reports, "A special prosecutor ruled that five cases of the use of deadly force by Cleveland police officers were justifiable." News Net 5 continues, "The five fatal shootings took place in 2004 and 2005. The city appointed retired Judge Ellen Connally to investigate the cases and to make a decision about whether they were justified. … Connally ruled that all the officers involved in the shooting followed the guidelines outlined for the use of deadly force, and no charges will be filed in any of the cases, NewsChannel5 reported." News Net 5 adds, "Before making her decision, Connally reviewed the evidence, interviewed witnesses, looked over photographs and talked with the coroner. … She ruled four of the shootings justifiable. But one of the shootings included a confrontation between Cleveland police and 14-year-old Brandon McCloud. … All five cases are still being reviewed by the U.S. Justice Department."

Gay Marriage Amendment Headed For Defeat In Senate. The AP (6/7, Kellman) reports, "The constitutional amendment to ban gay marriage is headed toward certain defeat Wednesday despite a fresh appeal for passage by President Bush. While a majority of Americans oppose gay marriage, an equal majority oppose amending the Constitution to prohibit it, according to a poll this week by ABC News." And, "according to one Republican, Americans do not yet buy the warning that traditional marriage is under attack by renegade judges. 'Most Americans are not yet convinced that their elected representatives or the judiciary are likely to expand decisively the definition of marriage to include same sex couples,' said Sen. John McCain." The Washington Times (6/7, Fagan, 90K) says "sponsors of the marriage proposal expect about 52 votes today on a motion to cut off debate and force a final vote. The motion would need 60 votes to pass, and the amendment itself would need two-thirds, or 67 votes, to be approved."

Under the headline "For Foes Of Same-Sex Marriage, It's The Thought That Counts," the Washington Post (6/7, A2, Milbank, 744K) reports, "There's violence in Iraq, corruption in the House and anxiety in the markets. Somebody needs to create a diversion. 'The gays are aggressive! Gays have called war! Gays are attacking traditional marriage!' Bishop Harry Jackson was shouting these words outside the Capitol yesterday morning, at a rally for a constitutional amendment banning same-sex marriage." The "urgency" of the amendment supporters' "alarm is a bit suspect to anybody with an eye on the electoral calendar."

Meanwhile, the Washington Times (6/7, Ward, 90K) reports "black pastors and civil rights leaders yesterday held separate rallies on Capitol Hill, staking opposite positions on a constitutional amendment aimed at banning homosexual 'marriage.'"

Dowd Says Administration Is "Hatemongering" Over Gay Marriage. Maureen Dowd writes in the New York Times (6/7, 1.19M), "The Bushes have always been good at using bogeymen to their political advantage. … W. prefers tactical bêtes noires to real ones. … W. ignored the gay marriage issue in the 19 months after he used it to help him stay in the White House. To reprise it now, knowing it has no chance of passing, is so transparent that surely even the most blinkered 'values' voters see through it." Dowd adds, "I know Republicans are desperate. But does it make sense to use gay love to hatemonger here when we have so much real hate coming at us from abroad?"

WSJournal Says Activist Judges Created Gay Marriage Anxiety. The Wall Street Journal (6/7, 2.11M) editorializes, "We remain opposed to federal interference in" the issue of same sex marriage, "believing that issues of family life and law are best settled in state legislatures. Yet given the way activist courts have turned gay marriage into a national issue, it's no surprise that Congress joined the fray." The amendment vote "can't be understood outside of the anxiety created by activist courts. Justice Kennedy wrote the majority opinion in the 2003 Lawrence case that banned state anti-sodomy laws. So sweeping was his 'privacy right' language that it took only a few months for the Massachusetts Supreme Court to use Lawrence to justify its decision to impose a right to gay marriage there. … So here we go again with another values issue about to become an endlessly polarizing national debate."

EEOC Reaches Settlement With Verizon On Pregnancy Bias Lawsuit. The Washington Post (6/6, Joyce) reports, "Verizon Communications Inc. will pay almost $49 million to 12,326 current and former female employees as part of a landmark class-action lawsuit alleging pregnancy discrimination." The EEOC "reached a settlement in 2002

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against Verizon predecessors Nynex Corp. and Bell Atlantic Corp. But the total amount of the settlement was not made public until yesterday, when the EEOC completed its projections of how much would be paid in future benefits." The Post notes, "The final figure makes the case the largest pregnancy discrimination settlement in EEOC history. It covers women in 13 states and the District." The companies "were accused of violating federal law by denying women pension and other benefit accruals when they spent time on pregnancy or maternity leave."

Blanco To Sign Restrictive Louisiana Abortion Bill. The New York Times (6/7, Alford, 1.19M) reports Louisiana Gov. Kathleen Babineaux Blanco's office "said Tuesday that she would shortly sign into law a strict ban on abortion that would permit abortion only in the case where a woman's life was threatened by pregnancy." The bill, "approved by both houses of the Legislature and sent to the governor on Monday, would go into effect only if the United States Supreme Court overturned Roe v. Wade, the 1973 decision establishing a constitutional right to abortion, and allowed states to criminalize abortion."

LOC Transgender Discrimination Case Moves To Discovery Phase. Roll Call (6/7, Mcardle) reports, "A full year after filing a discrimination lawsuit against the Library of Congress, Diane Schroer, who is preparing for surgery to complete her transition as a male-to-female transsexual, has only now seen her civil rights case move into the discovery phase. But in the 12 months since the case was brought, Schroer's suit already has forced the U.S. District Court to take a hard look at how sexual discrimination laws apply to the Congressional workplace." Roll Call explains that Schroer filed the Title VII suit last June 2 after being denied a position as an analyst within the Congressional Research Service. LOC lawyers, Roll Calls says, "argued in their response last fall that transsexual individuals are not considered members 'of a protected class as required by Title VII' and thus the case should be dismissed. … 'The term sex, as used in Title VII, prohibits discrimination based on the biological state of a male or female,' the U.S. Attorney's office argued in its response last fall. 'District Courts in this Circuit, as well as in many other circuits, have never held that transsexuals are a protected group under Title VII.'" Denying the motion to dismiss ten weeks ago, the judge noted that "the failure of numerous attempts to broaden Title VII to cover sexual orientation says nothing about Title VII's relationship to sexual identity. ... There are facts that Schroer could prove which would support her claim that the Library refused to hire her solely because of her sexual identity, and that in so doing, the Library discriminated against her 'because of ... sex.'"

Senate To Consider Bill Of Hawaiian Self-Government. The Senate this week is expected to consider a measure that would allow Hawaiians to govern themselves as Native Americans and Alaskans do. The Washington Times (6/7, Debose, 90K) reports that Sen. Daniel K. Akaka "says the bill is a way to give 'indigenous' Hawaiians a sense of pride and a chance for sovereignty for the first time since 1893, when Queen Liliuokalani was deposed and lands were illegally seized by US Marines and a cadre of sugar-plantation businessmen." The bill "calls for an Office of Native Hawaiian Relations in the Department of the Interior, and a Native Hawaiian Interagency Coordinating Group to administer programs, a commission that would certify who are indigenous Hawaiians, and provides a process of reorganization of the Native Hawaiian governing entity."

NYTimes Says Concerns About Hawaii Bill Are Misplaced. An editorial in the New York Times (6/7, 1.19M) says concerns that the bill to extend federal recognition to Native Hawaiians as indigenous people that Hawaii "will become a balkanized banana republic" are "misplaced." The measure "explicitly forbids casinos, a touchy subject in Hawaii. Any changes a Hawaiian government seeks would have to be negotiated with state or federal authorities. As has always been the case on those eight little islands, everyone will have to find a way to get along."

Facing Receivership Threat, Williams Fires DC's Mental Health Director. On its front page today, the Washington Post (6/7, A1, Montgomery, Barker) reports District of Columbia Mayor Anthony Williams "fired the director of the District agency that cares for the mentally retarded yesterday in hopes of averting a court takeover of the troubled bureaucracy, which is facing fresh allegations of abuse and neglect in city-funded group homes." Marsha Thompson, who had been on the job "barely a year," will be replaced by retired Alabama mental health commissioner Kathy Elmore Sawyer, who "will work under a six-month contract that ends shortly before Williams (D) leaves office in January." The Post notes, "Several advocates called Sawyer a respected administrator with a sterling reputation," however, "the move will not stave off a push to have a receiver take control of the agency, the target of a 1976 class action lawsuit over care of the mentally disabled." The Post says such a federal takeover "would mark a major embarrassment for Williams during his final year in office." The Post adds, "Two weeks ago, as plaintiffs requested a receiver, the U.S. Justice Department urged the judge to hold the District in contempt of court because, it said, the city had not met promises to improve health care and other services at group homes and because of 14 preventable and questionable deaths since January 2003. The papers gave vivid and startling details

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about the extent of the abuse, which ranged from severe scaldings to fatal starvation."

In an editorial today, the Washington Post (6/7, A22) notes Sawyer will be the District's 19th head of mental health services since 1994. "If the mayor is seeking immediate stability in that agency through the appointment of one individual, albeit a highly qualified professional, his search will more than likely be in vain. The problem at the [agency] is not that it hasn't been led by a reformer with dedication, compassion and a vision. The problem rests below the agency head. It can be found within the agency and the group homes it oversees. Those places have more than their share of unqualified workers" who "should be nowhere near vulnerable people… Unless the mayor has the fortitude and is willing to wade in with the administrator and stand down the bureaucracy and special interests, i.e., contractors; unless he is prepared to rid the payroll of incompetents, and clean house from top to bottom, then director No. 19 will soon give way to Nos. 20 and 21 and 29." The Post concludes, "Cleaning up that mess requires more than hiring an outsider with a good reputation. It needs the backing of a mayor who places reform of a critical and much-neglected agency ahead of a trip to South Korea, where Mr. Williams is heading today."

Friedman Praises US Diversity. Thomas Friedman writes in the New York Times (6/7, 1.19M), "I went to a high school graduation Monday and a United Nations meeting broke out. … There were some 700 kids receiving their diplomas, and as I sat there for two hours listening to each one's name pronounced, I became both fascinated and touched by the stunning diversity — race, religion, ethnicity — of the graduating class." If there is "one reason to still be optimistic about America it is represented by the stunning diversity of the Montgomery Blair class of 2006. America is still the world's greatest human magnet. We are not the only country that embraces diversity, but there is something about our free society and free market that still attracts people like no other."

Westmoreland Says Voting Rights Act Should Be Modernized. Rep. Lynn Westmoreland writes in The Hill (6/7) that the Voting Rights Act should be modernized ""to reflect the reality of today — a reality strongly shaped by the successes of the original legislation." Despite Georgia's "revolutionary strides in voter equality, the Voting Rights Act still treats Georgia as if it's a backward society governed by the laws of Jim Crow. … Renewing the law as it is would keep Georgia in the penalty box for 25 more years." Westmoreland concludes, "The Voting Rights Act has served our nation well. We dishonor the accomplishments of the law if we pretend nothing's changed since 1965."

NYTimes Criticizes Ohio Voter Registration Regulations. The New York Times (6/7, 1.19M) editorializes, "The latest sign that Republicans have an election-year strategy to shut down voter registration drives comes from Ohio. As the state gears up for a very competitive election season this fall, its secretary of state, J. Kenneth Blackwell, has put in place 'emergency' regulations that could hit voter registration workers with criminal penalties for perfectly legitimate registration practices. The rules are so draconian they could shut down registration drives in Ohio." The Times adds, "Decisions about who can vote are being made by a candidate for governor. Mr. Blackwell should hand over responsibility for elections to a decision maker whose only loyalty is to the voters and the law."

ANTITRUST:

ACLU Asks FCC To Pause ATT-Bell South Merger. The New York Times (6/7, Belson) reports the American Civil Liberties Union "asked the Federal Communications Commission yesterday to withhold approval of AT&T's acquisition of BellSouth until it reviews allegations that the companies gave customer records to the government without warrants." Arguing that the Telecommunications Act requires an evaluation of the costs and benefits of the merger, the ACLU "said the F.C.C. should determine if AT&T and BellSouth handed over phone records to the National Security Agency's surveillance program and, if so, whether that violated any privacy laws." FCC Chairman Kevin Martin "said last month that the commission could not investigate reports of the companies' cooperation with the security agency because the agency's activities were classified," and yesterday an FCC spokeswoman "declined to comment on the filing."

Telecom Firms Seek To Block AT&T-BellSouth Merger. The San Antonio Business Journal (6/7) reports, "A group of seven telecommunications companies have filed comments with the Federal Communications Commission asking regulators to block the planned $67 billion merger between AT&T Inc. and BellSouth Corp." The Journal continues, "San Antonio-based AT&T needs approvals from 18 states, the U.S. Justice Department and the FCC in order to proceed with the merger -- which could close by the end of the year. The merger already has been approved in eight states and two foreign countries. … The group of companies claim the AT&T-BellSouth merger will only create a dominant player that will be able to thwart competition through its increased control over local networks and other communications services." The Journal adds, "Through its acquisition of Atlanta-based BellSouth, AT&T -- already the nation's largest provider of local voice, long-distance and

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broadband DSL services -- will only further move the company toward monopoly status, the companies claim. … The companies that are asking the FCC to block the merger are Cbeyond Communications in Atlanta; Grande Communications in San Marcos; NuVox Communications in Greenville, S.C.; Supra Telecom in Orlando; Talk America in New Hope, Pa.; XO Communications in Reston, Va. and Xspedius Communications LLC in O'Fallon, Mo. … They say the AT&T-BellSouth merger would extend the company's footprint to 22 states and further cement its standing as the nation's largest wireless provider by controlling all the stock of Cingular Wireless."

Broadcasting & Cable (6/7, Eggerton) reports, "In a conference call with reporters discussing their filings with the FCC in opposition to the merger, several of the groups argued that, unless the FCC requires AT&T to spin-off wireless company Cingular after the merger and to divest itself of wireless spectrum they argue has been warehoused, the 'best case' scenario from the merger would be an 'entrenched DSL cable monopoly for Internet access. That's because they said the merged company would likely sit on spectrum that could be used for wireless Internet access in competition to DSL. … 'If the FCC doesn't "do the right thing,"' said Jonathan Rubin of the American Antitrust Institute, 'there is potential for some kind of major litigation.'"

EU Officials Says Microsoft's Reputation Is At Stake. Bloomberg (6/7) reports, "European Competition Commissioner Neelie Kroes said Tuesday that Microsoft Corp. should be concerned about its reputation as well as the financial impact of antitrust rulings." Bloomberg continues, "Kroes, who will decide before the end of July whether to impose daily fines of $2.6 million on Microsoft, said the software maker should take account of its image. … 'It's not only a matter of financial aspects in such cases, it's also a matter of reputation,' Kroes said at a European Parliament meeting in Brussels, Belgium." Bloomberg adds, "The European Commission, the European Union's antitrust regulator, is threatening to fine Microsoft unless it licenses information on the way its Windows operating system shares printers and files to rival software developers. The regulator says the company hasn't provided 'complete and accurate' information to rivals. … Microsoft, whose Windows operating system runs on about 95 percent of the world's personal computers, was fined in March 2004 for abusing its dominant market position by failing to make technical information available and for bundling its media player with Windows."

UK Airports Operator OKs Takeover Bid From Spain's Ferrovial. The Wall Street Journal (6/7, Johnson, Singer) reports, "United Kingdom airports operator BAA PLC approved a £10.1 billion ($18.9 billion) takeover offer from Spanish builder Grupo Ferrovial SA, paving the way for a mammoth European infrastructure deal that highlights investors' appetite for companies with stable returns." The deal "appears to have trumped a rival bid by a consortium led by Goldman Sachs Group Inc." Yet "questions remain over how Ferrovial can boost profitability at BAA's regulated businesses enough to justify the bid's hefty premium. Some airlines expressed concern that the deal could lead to higher expenses."

The New York Times/IHT (6/7, Clark) adds that a BAA spokesman said it "had chosen the bid from Ferrovial over the one from Goldman because it offered the greatest certainty for shareholders in the near term." The Times notes, "BAA controls two-thirds of Britain's airports, and its dominant position has long been a source of concern for airlines, which complain that the company has the power to set arbitrarily high fees for landing rights and other airport services."

Chirac Seeks To Boost German Bid For Euronext Merger. Reflecting the concerns of some French banks about the impact of the Sarbanes-Oxley corporate governance law, the Wall Street Journal (6/7, MacDonald, Taylor) reports, "French President Jacques Chirac said he would rather see financial-exchange operator Euronext NV merge with Deutsche Börse AG than with NYSE Group Inc., giving some heart to the German exchange operator as it seeks to win Euronext despite last week's merger agreement between the European and U.S. exchanges." Encouraged, "by Mr. Chirac's remarks, Deutsche Börse Chief Executive Reto Francioni and Chairman Kurt Viermetz are on a lobbying trip to Paris today to sound out ways Deutsche Börse can make its offer 'more attractive' to shareholders without making significant changes from what has been offered up until now, a person familiar with the matter said."

The New York Times (6/7, Kanter) reports, "Speaking in Germany alongside the German chancellor, Angela Merkel, Mr. Chirac said that he preferred a European merger and would 'regret if this solution is not adopted in the end.'" Yet "he made clear that his priority was to preserve jobs in Paris, even if it meant tying the knot with the Americans rather than Deutsche Börse, based in Frankfurt." He "also acknowledged that he had only 'very limited ways to intervene' in the deal." And "Merkel was even more circumspect, saying that governments like those in France and Germany could not exert influence over merging companies, even if she were 'of the opinion that it is good to build up strong economic units within Europe.'"

Mittal Executive Questions Arcelor Shareholder Voting Procedure. Wilbur Ross, a nonexecutive director

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of Mittal Steel Company and CEO of W.L. Ross and Co., in an op-ed in the Wall Street Journal (6/7) argues that Arcelor steel company's attempt to block a merger with Mittal by agreeing to a deal with Russian steel producer Severstal is unfair because "it will pass unless more than 50% of the entire share capital of the company votes against it. This is most unusual. Normally when contemplating such a move, a company would seek the approval of its shareholders, and the threshold would be 66% of the capital either present or represented at the meeting. This is a deliberately prohibitive barrier. The percentage of the capital normally represented at an Arcelor general meeting is below 35%. There has never been a case in which 50% of the shares were represented at such a meeting -- never mind them all voting in the same direction."

Merged Airline Faces Increased Customer Complaints. In a detailed report of escalating traveler complaints, the Wall Street Journal (6/7, Trottman) reports, "US Airways Group Inc. faces substantial challenges in integrating operations following last year's merger between the old US Airways and America West Holdings Corp. Among them, it has to keep inevitable technology glitches from alienating its customers. … The outcome has been far less than perfect." The Journal explains a serious of technical problems related to the merged airline's combined web site, and notes "customer calls are pouring into the airline's 24-hour Internet help desk" with significant answer delays. However, "the site does have some improvements. Users of the old USAirways.com will now have an improved booking engine with a feature that helps them determine which travel days have lower fares, for example. And users of the old America West site will be able to book United Airlines flights online through a code-share agreement."

ENVIRONMENT/INDIAN AFFAIRS:

Lawmakers Make Case For ANWR Exploration. Reps. Greg Walden and Marsha Blackburn, members of the House Energy and Commerce Committee, write in the Washington Times (6/7, 90K) that the "flurry of hearings, markups and energy policy debates that ensued" following Hurricane Katrina "produced bills that, taken together, contemplate a strategy of energy security." The House "recently voted, yet again, to open a sliver of the Alaskan tundra, the Alaskan National Wildlife Refuge, to exploration. Some of the upcoming Senate debate will be a replay of what we've heard for decades from the anti-energy crowd. … The list of silly, flimsy or fact-free objections goes on and on, and it has the uncanny ability to survive dramatic advances in technology and safety, not to mention repeated applications of truth." They add, "The House majority has said no to fear and politics and yes to providing American energy for American workers at a price they can afford to pay. Now it's the Senate's turn."

Johanns Says Bird Flu Easily Detected. In an interview with the AP (6/7, Neergaard), Agriculture Secretary Mike Johanns said, "Scientists have a new test that can tell within four hours if a bird is possibly infected with bird flu—but it still will take about a week to know if that suspect case is really sick with the deadly Asian strain." Meanwhile, Health and Human Services Secretary Mike Leavitt told the AP, "Four hours also is how long it takes to get preliminary results in people infected with the H5N1 virus." However, if bird flu ever begins spreading easily among people, Leavitt said "that's too long," so US researchers are working to develop "faster human tests for the disease as well as vaccines and treatments."

SCOTUS Refuses To Hear Appeal Of Seneca Tribe's New York Land Claim. The Buffalo News (6/7, Buckham, Cardinale) reports, "The U.S. Supreme Court on Monday refused to reinstate the Seneca Nation of Indians' claim over the properties of 18,000 residents (in Grand Island, NY), ending a 13-year fight that had many residents fearing that they would be forced from their homes." The News continues, "The Senecas sued in 1993 to 'recover' Grand Island and about 40 other islands in the Niagara River, claiming they had been illegally taken in an 1815 treaty with New York State. … U.S. District Judge Richard J. Arcara ruled in 2002 that the Senecas had never lived on the islands and, if they had any right to them, had negotiated them away before 1815. His ruling was upheld by the 2nd U.S. Circuit Court of Appeals in September." The News adds, "Town Supervisor Peter McMahon applauded Monday's refusal by the Supreme Court to hear the Senecas' last appeal. … McMahon said he found it interesting that the U.S. Justice Department, whose intervention on the Senecas' behalf enabled them to sue in the first place, filed a last-minute brief contending that the appeal had no merit. … But Joseph F. Crangle, who represented the Seneca Nation when the case was filed, said: 'I'm disappointed. There is no question that the treaty [of 1815] included islands in the Niagara River, and I think Grand Island is in the Niagara River. This is a good example of how people can rewrite history.'"

FBI/DEA/ATF/USMS:

Gonzales Announces $2.75 Million Grant To Fight Gangs In Cleveland Area. The Cleveland Plain Dealer (6/7, Tobin) reports, "Greater Cleveland will get $2.75 million from the Justice Department to help fight street gangs, Attorney General Alberto Gonzales said Tuesday

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during a visit to the area. … 'Obviously, the fact that Cleveland was selected shows there is a gang problem,' Gonzales said during a news conference at the U.S. District Courthouse downtown." The Plain Dealer continues, "Most of the money - $2.5 million - will be spent in Cleveland over three years and focus on prevention, law enforcement and prison re-entry. A committee focused on the gang problem will determine by autumn exactly how the money will be spent. … An additional $250,000 will pay for six suburban police officers to work in schools. The officers will help oversee projects to keep students out of gangs. Chagrin Falls, East Cleveland, Parma and Warrensville Heights were selected for the Gang Resistance Education and Training grants. … 'It gives the children a law enforcement officer they can call 24/7,' said U.S. Marshal Peter Elliot, whose office started the program in Greater Cleveland. 'It helps break down stereotypes and distrust of law enforcement.'" The Plain Dealer adds, "In Cleveland, more than 90 gangs are involved in drug dealing and street violence. The gangs are no longer nationally organized, like the Crips and Bloods. … Instead, they are looser groups of kids hanging on the streets, according to the Cleveland Unified Gang Task Force. … Cleveland was selected for the money along with Los Angeles, Milwaukee, Tampa, Dallas and the corridor in Pennsylvania between Lancaster and Easton. … Gonzalez said those cities were chosen because the government felt the money would have the most impact there. … 'These are gangs who are involved in very serious crime,' Gonzales said. 'They are robbing our youth of productive futures.' … Assistant U.S. Attorney Craig Morford said law enforcement, community and church groups will meet over the summer to determine how to best spend the money."

Wanted Bay-Area Hells Angels Leader Surrenders To FBI. KPIX-TV San Francisco (6/6) reports on its Web site, "The leader of the Santa Rosa Hells Angels motorcycle club chapter turned himself into the FBI Tuesday and was placed under arrest for suspicion of drug possession and distribution, officials said. Federal agents had been searching for…Raymond Foakes since last week when law enforcement officers raided six locations around Santa Rosa, including the Hells Angels headquarters there, as part of an ongoing drug probe." KPIX notes, "He was one of 42 Hells Angels members indicted in the United States District Court in Las Vegas on federal racketeering and firearms charges." The AP (6/7) also reports on the arrest and adds, "Another Hells Angels associate, Michael Vargas, remained at large Tuesday, FBI spokeswoman LaRae Quy said."

Violent New Jersey Drug Dealer Sentenced To Life In Prison. The Camden Courier Post (6/3) reported, "Bernard Murray of Camden, convicted almost exactly a year ago for his participation in a large-scale drug operation that relied on murder as an enforcement tool, was sentenced…to life plus 85 years in a federal prison" on Friday. Representatives of three murder victims spoke at the sentencing hearing, asking for a harsh term for Murray," and "the sentence is the longest that court officials could recall." WPVI-TV Philadelphia (6/2) also reported on Murray's sentence, adding, "Meanwhile, his partner…Enrique Perez, another leader of the gang, got 25 years in prison. … Perez received a lesser sentence due to his cooperation with authorities."

Federal "Weed & Seed" Money Will Help Charlotte, NC, Fight Crime. News 14, Charlotte, NC (6/7) reports, "The U.S. Justice Department is committing about $1 million to revitalize a crime-ridden area of east Charlotte." News 14 continues, "It is partnering with local businesses and the Charlotte-Mecklenburg Police Department to implement the 'Weed and Seed' program in the Central Avenue corridor. … The money will pay for community and faith-based initiatives that are designed to "weed out" crime, gangs and drugs while "seeding" economic development." News 14 adds, "The Central Avenue corridor is one of more than 300 'Weed and Seed' sites in the country. .. 'We're going to measure success if we see a decline of truancy in the schools,' U.S. Attorney Gretchen Shappert said Tuesday. 'We're going to measure success if we see a decrease in gang activity. We're going to measure success if we see increased economic development.'"

Guns, Drugs Seized In New Jersey, 3 Arrested. The Trenton (NJ) Times (6/6, Ratcliffe) reports, "Guns, ammunition and drugs were seized and three men were arrested on related charges when authorities raided three residences in Trenton and Hamilton on Sunday night. … The raids…were the result of a three-month investigation by Trenton detectives, the Mercer County Prosecutor's Office and the federal Drug Enforcement Administration. Police said the probe began after neighborhood residents tipped authorities to a suspected drug distribution ring operating from the three residences."

Pittsburgh Police Confiscate Fentanyl-Laced Heroin Packets. According to the Pittsburgh Post-Gazette (6/7, Silver), Pittsburgh police "have confiscated more than 1,000 packets of the type of fentanyl-laced heroin suspected of causing up to six overdose deaths in Allegheny County since Sunday, but it was unclear how much of a dent the seizure would put in the supply on the street. During a news conference yesterday, police revealed few details about their activities -- including a large bust Monday in Hazelwood that netted 1,050 stamp bags of the deadly brand of heroin

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marked 'Get High or Die Trying.' … Three drug dealers have been arrested, but police would not provide their names. The U.S. Drug Enforcement Administration is also involved, but DEA Special Agent Rick McGoldrick in Philadelphia declined to provide specifics."

In a separate story, the Pittsburgh Post-Gazette (6/7, Toland) reports that at one point, "It was apparent that lots of street brands were mixed with fentanyl (and in some cases, investigators now believe, doses contained no heroin at all, just fentanyl). In the Philadelphia and South Jersey region, 'fefe' was complemented by bags labeled 'flatline,' 'exorcist' and 'Al Capone,' references to the packages' dangerous contents. In Harrisburg and elsewhere, the bags were labeled 'apollo.'"

The Pittsburgh Tribune Review (6/7, Greenwood) reports, "Pittsburgh police seized 21 bricks of fentanyl-laced heroin, putting a 'serious dent' in the flow of the concoction that city detectives Tuesday blamed for six deaths in Allegheny County."

Addicts Seek Out Lethal Mixture, More Overdoses Reported. In Pittsburgh, KDKA-TV (6/7) reports on its Web site, "Addicts are now purposely seeking out the deadly drug laced with the pain killer fentanyl. They want to try it, despite its potential to be lethal."

KDKA-TV (6/6) also reports, "The fourth reported death from a heroin overdose happened in the Oakland section of the city [Monday] night. … Police were called to another drug overdose early Tuesday morning at a home…on the South Side. The person survived."

Newspaper Seeks List Of Victims. The Detroit Free Press (6/7) editorializes, "Authorities have not responded to a Free Press request for the names of the victims, other than to ask for more time. If there is not a master list of the victims, the sleuths charged with tracing the drugs are not doing a very good job, since the list would be the basis for finding commonalities that might lead someplace."

Maryland AG's Office Denies Approving Release Of Security Information. The Baltimore Sun (6/7, Dresser) reports the Maryland Attorney General's Office "is denying an assertion that Maryland Transportation Authority Police Chief Gary W. McLhinney received the approval of state lawyers before releasing sensitive security information last month. The documents McLhinney released included the names of Secret Service agents and other security officers providing executive protection to state and federal officials and their families - details government agencies generally resist disclosing." The Sun says it was "seeking forms detailing police escorts to 'private citizens (non-government employees).' Nevertheless, McLhinney released 305 pages that included details of travel through BWI by U.S. Cabinet secretaries, National Security Agency and Drug Enforcement Administration officials and other officials."

Former Doctor Investigated By DEA Accused Of Malpractice. The Tucson (AZ) Citizen (6/6) reports, "One week after being sentenced to life in prison and having his medical license yanked, Bradley Alan Schwartz was expected in court today for the start of a malpractice trial. … Laurie Espinoza, Schwartz's former office manager, is expected to say that Schwartz appeared drugged at the time he operated on Garrett Hoxie, then a high school student, in November 2001. Espinoza says Schwartz didn't kick his drug habit until early 2002, after learning that the Drug Enforcement Administration was investigating him."

Arizona Reliever's House Searched In Baseball's Steroid Investigation. The AP (6/7) reports federal investigators "searched Arizona Diamondbacks reliever Jason Grimsley's house Tuesday as part of their investigation of steroid use in baseball. Thirteen agents searched Grimsley's house in Scottsdale, Ariz., for six hours, according to Internal Revenue Service Agent Mark Lessler, who would not say what they found." Grimsley "allegedly made 'extensive statements' about illegal drug use, 'for the purpose of performance enhancement,' according to the court documents. … According to Novitsky, Grimsley told him the names of other players he believed were using, but the names of those players were blacked out of the court records."

The Arizona Republic (6/7) writes, "Grimsley admitted taking illegal performance-enhancing drugs and said that amphetamines were used 'like aspirin' in major league clubhouses, according to an affidavit filed by the lead federal investigator in baseball's steroid investigation. The affidavit…said Grimsley agreed to cooperate with U.S. Internal Revenue Service agents after Grimsley received a package containing two kits of human growth hormone April 19 at his Scottsdale home."

Cable TV Coverage. ESPN (6/7, 12:00 a.m.) reported, "Diamondback pitcher Jason Grimsley [is] embroiled in the BALCO scandal. He admitted to using illegal performance-enhancing drugs and said amphetamines were used like aspirin in major league clubhouses. He also provided details of his knowledge of other major leaguers using steroids. "

Local TV Coverage. KSAZ-TV, Phoenix (6/6, 9:00 p.m.) reported, "The baseball drug scandal hits close to home as 13 federal investigators search the house of Diamondback pitcher Jason Grimsley for over six hours today. According to an affidavit filed in US district court, Grimsley admitted to using growth hormones, amphetamines, and steroids. Apparently cooperated with the feds, naming names of other players that may have used performance-enhancing drugs."

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KOLD-TV, Tucson-Sierra Vista, Arizona (6/6, 10:00 p.m.) reported, "Federal investigators have searched the home of Arizona Diamondbacks reliever Jason Grimsley today as part of their investigation of steroid use in baseball. IRS agent Mark Lessler says 13 agents searched Grimsley's Scottsdale home for six hours. Lessler wouldn't say what they found."

Montel Williams To Back Medicinal Use Of Marijuana In New Jersey. The AP (6/7) reports television personality Montel Williams "plans to tell a New Jersey Senate panel on Thursday how marijuana relieves his chronic pain caused by multiple sclerosis, and urge New Jersey lawmakers to enact medical marijuana laws, as 11 other states already have. … Williams, a registered medical marijuana user in California, said he became an activist pushing for medical marijuana laws after being stopped at a Detroit airport by an Alcohol Tobacco and Firearms officer for carrying drug paraphernalia. The charge was later dropped." Gov. Jon S. Corzine "said last year that he would sign a medical marijuana bill into law."

IMMIGRATION:

Bush Says Immigration Reform Incomplete Without Guest Worker Program. The AP (6/7, Loven) reports from Artesia, NM, that President Bush "declared progress Tuesday in tightening the nation's southern border and pushing major immigration changes through Congress despite widespread skepticism that lawmakers can find a compromise." The President "brushed aside bitter divisions over the issue, saying the fact that there is active debate at all is cause for optimism." After visiting New Mexico, the President "took in a video surveillance operation at the Border Patrol headquarters in Laredo, Texas, also hot and dry, and a busy crossing point near Nuevo Laredo, Mexico, where warring drug cartels have been blamed for more than 140 murders this year." The AP adds, "The visuals of Bush's two border-state stops focused on enforcement," but "the emphasis of the president's spoken message was agreement."

Likewise, Fox News' Special Report (6/6, Baier) reported that Bush "insisted three times that lawmakers are, quote, making progress towards a comprehensive immigration bill, merging the stricter House bill that focuses on border security, and the Senate bill that provides a way for illegal immigrants to become citizens." The President "acknowledged tough negotiations lie ahead, but tried to stress the common ground already achieved."

Along the same lines, the Los Angeles Times (6/7, Neuman, 958K) reports Bush "sought to minimize the differences that have divided the House and Senate over immigration," while the New York Times (6/7, Stolberg, 1.19M) says the President "tried…to win back the trust of conservatives who have distanced themselves from him on immigration, promising to 'get this border enforced' and warning those who enter the country illegally that 'if you get caught, you get sent home.' … The image of Mr. Bush, his collar open and his starched blue shirt sleeves rolled up, surrounded by Border Patrol agents and trainees clad in olive drab uniforms in the dusty New Mexico desert, was carefully calibrated to sell the president's plan to the American people -- and, by extension, their representatives in Washington."

The Houston Chronicle (6/7, Mason, 581K), however, reports from Laredo that Bush "accused his opponents in the immigration battle of stirring up fear with false claims about amnesty. 'Look, if you're one of these types of people that basically say, you know, throw them out, then you just use the word "amnesty," just toss it around,' Bush said. 'In order to frighten people, you just say "amnesty."'" Standing with Gov. Rick Perry, Bush "stepped up his criticism of lawmakers back in Washington balking at his call to create a path to citizenship for illegal immigrants who have lived in the country for years."

All three networks last night noted the New Mexico leg of Bush's visit in brief segments. ABC World News Tonight (6/6, story 3, :20, Gibson, 8.78M) reported, "President Bush made two stops to focus attention on immigration. Mr. Bush is sending 6,000 National Guard troops there to help secure the border. He said today that unless Congress includes a guest worker plan in its legislation, the immigration issue will not be solved." The CBS Evening News (6/6, story 8, 0:20, Schieffer, 7.66M) reported the President "said the United States must control its borders, but he also called on Congress to pass a comprehensive bill, including a guest worker program and a path to citizenship for some illegal immigrants." NBC Nightly News (6/6, story 10, 0:20, Williams, 9.87M) Bush "was urging Congress to pass a comprehensive reform bill."

CNN's The Situation Room (6/6, Quijano) reported Bush "watched as the new commissioner of Customs and Border Protection, Ralph Basham, was sworn in by Homeland Security Secretary Michael Chertoff. Again, the image intended to convey the message and demonstrate his commitment to border enforcement."

The San Antonio Express-News (6/7, Castillo, Martin) notes Bush said in Texas that "a long-term solution to reduce the number of illegal crossings is to find work for them in Mexico." Also, "asked by a local reporter if his immigration reform plan included raising the number of immigrants who can legally enter the country, Bush said he would leave that up to Congress." Bush also "traveled to Omaha, Neb., where he was scheduled to visit a Catholic charity and speak at a college."

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The Washington Times (6/7, Dinan, 90K) says Bush "seemed to float the idea of decreasing legal immigration overall by increasing the line for green cards and citizenship. 'If Congress is worried about the number of people getting in, they can decrease the number of green cards,' he said."

The Washington Post (6/7, A5, Abramowitz, 744K) reports Bush broke "little ground substantively," but "aides say he is trying to build grass-roots support in advance of negotiations aimed at reconciling House and Senate bills that take sharply different approaches toward undocumented workers." The President is also "trying quiet diplomacy. Joining Bush on Air Force One on the trip from Washington were two New Mexico representatives who have been critical of the president for various aspects of his plan, Democrat Tom Udall and Republican Steve Pearce. During the trip, Pearce said, the two received a briefing from David Aguilar, chief of the Border Patrol, who outlined a more aggressive approach to keeping illegal immigrants from entering New Mexico."

Local television stations across the country included coverage of the President's visit to the border region in at least 700 broadcasts yesterday. The brief "national round-up" type of coverage merely provided an outline of the President's itinerary and showed him interacting with Border Patrol agents. Most of the more in-depth reports noted that the President's appearance at the border coincided with the arrival of the first few National Guard troops assigned to assist the Border Patrol in apprehending illegal immigrants. While a small minority of the broadcasts played up the notion that the President's visit to the southwest was intended to reassure conservatives whose primary concern is border security, the much more common narrative contended that Bush was "on the move to get Congress to pass an immigration overhaul that includes a guest worker program." Notably, stations in border states tended to characterize the Senate's immigration bill as identical to the President's guest-worker proposal. KPHO TV Phoenix, for example, reported Bush "went to the border today to help rally support for his immigration plan. That plan already passed by the Senate still needs clearance in the House." And KCAL TV Los Angeles: "The Senate shares the President's vision, a guest worker program and a path to citizenship."

Typical of the coverage across the nation was WJW TV Cleveland (6/6, 5 PM), which reported that Bush's "plan to secure the border with Mexico is underway tonight. A few dozen National Guard troops arrived in Arizona today, the first of what will be thousands in the border region." KPHO TV Phoenix (6/6, 5 PM) said the President "dispatched the troops to show he's tough on border security, as he tries to push broad immigration reforms thru congress -- including a guest worker program."

WFLA TV Tampa-St. Petersburg (6/6, 5 PM) reported the President "made another push for his guest worker proposal."

WPVI TV Philadelphia (6/6, 12 PM) reported, "President Bush is on the move to get congress to pas an immigration overhaul that includes a guest worker program."

WAGA TV Atlanta (6/6, 10 PM) reported that "an optimistic President Bush is touring the southern border."

KCAL TV Los Angeles (6/6, 12 PM) reported, "Critics wonder what this push has to do with the upcoming elections. … There's also something else driving Mr. Bush's stops in Texas and New Mexico today, a chance to appeal to local voters on an issue they care deeply about, at a time when polls show Congressional Republicans could do poorly in November elections."

KABC TV Los Angeles (6/6, 5 PM) reported that the President "looked comfortable in shirt sleeves in the hot New Mexico sun. Bush "visited the law enforcement training center in Artesia where the border patrol has a 19 week agent program. They demonstrated a mock take down and a freight train inspection as students and instructors checked under cars where immigrants hide."

The Hill (6/7, Blake) reports on "several Senate candidates across the country" who are "using the finer points of the immigration debate as campaign fodder in advertisements and press releases. Their efforts are working to varying degrees of success to differentiate them from their opponents, who are firing back in much the same manner. Only two Republicans facing tough reelection campaigns -- Sens. Lincoln Chafee (R.I.) and Mike DeWine (Ohio) -- were among the 23 in their party voting for final passage of the bill, and three of the four Democratic no votes were cast by vulnerable candidates."

"Bush's Own Pollster" Says President Moving In Wrong Direction. The Washington Times (6/7, Dinan, 90K) reports, "Bush has been making a strong push for illegal aliens to assimilate as he stumps for passage of a plan to legalize most of them, but a new poll shows that voters actually want less immigration and more security. And even Mr. Bush's own pollster, in another recent poll, failed to ask about a pathway to citizenship, instead focusing on temporary legal status for illegal aliens -- a concept Mr. Bush no longer endorses." The Times adds," About half of those surveyed in the new poll by MWR Strategies said the immigration problem facing the US is 'too much immigration,' while just 29 percent identified the problem as 'not enough assimilation.'" Michael McKenna, "who conducted the poll of 1,000 registered voters, said it suggests that Mr. Bush is moving in the wrong direction by embracing a path to citizenship."

House Republicans Threaten To "Blue-Slip" Senate Bill. The Hill (6/7, Allen) reports, "Lawmakers are shrouding themselves in a thin slip of blue paper as deep divisions on

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immigration policy are again being laid bare." House Republicans "have threatened to deliver a 'blue slip' rejection of the Senate immigration bill, and Senate Democrats are blocking efforts to circumvent that maneuver." The result is "a procedural paralysis that has prevented the two chambers from even naming conference negotiators, a clear sign of the difficulties facing proponents of an immigration overhaul." The Senate-written immigration bill "contains tax provisions, violating the Constitution's requirement that all revenue measures originate in the House. Any House member could object to the Senate bill on that basis, forcing debate and a vote on whether to reject the measure outright. … To avoid that fate, Senate Republican leaders want to bring up a separate House-passed tax bill, gut it and replace its provisions with the Senate immigration bill. But Senate Minority Leader Harry Reid (D-Nev.) has objected to that maneuver." Reid "said he is concerned that using a House-passed tax vehicle could invite the introduction of unrelated tax cuts into House-Senate conference negotiations."

The Washington Times (6/7, Hurt, 90K) reports Reid said yesterday that Republicans "think there's a problem because they want a problem. … They don't want to go to conference." But "he also added that he's at least willing to consider the idea. 'I've got another idea for them,' Mr. Reid told reporters yesterday. 'If they want to use another bill, a tax bill, instead of the House-passed immigration bill, then let them come to me with how they're going to not have this as a Christmas tree of tax measures. It's up to them. If they want use a tax bill, let's see what they can come up with to protect the Senate's position on immigration.'"

Napolitano Vetoes Illegal Immigration Legislation. The New York Times (6/7, Archibold, 1.19M) reports, "Gov. Janet Napolitano of Arizona has vetoed a bill that would have punished employers who hire illegal immigrants and authorized the police to arrest illegal immigrants on trespassing charges merely for being in the state." Napolitano, a Democrat who "is running for a second term and is doing well in public opinion polls," said yesterday in a letter to legislators that "parts of the bill would have violated the federal government's power to enforce immigration law under the Constitution and were opposed by many law enforcement groups and leaders in border communities."

Schools Recruiting Teachers From Abroad. The CBS Evening News (6/6, story 9, 3:00, Andrews, 7.66M) reported, "This team of top officials from Baltimore has traveled to Manila to conduct an immigration raid, specifically a raid to hire Filipino teachers." Baltimore has "recruited more than 200 teachers from the Philippines so far, and while administrators say they're pleased with the quality of these teachers, they are recruiting overseas because they have to. There is a shortage of teachers, not just in Baltimore but nationwide. Clark County, Nevada, imports math and science teachers from Canada. Topeka brings in teachers from India and Spain. Dallas brings in bilingual teachers from Chile and Mexico. At least 10,000 teachers are needed from abroad every year. America's shortage is so well known Philippine colleges offer special courses in education." Reg Weaver, "the head of the National Education Association, the nation's largest teachers' union, calls the importing of teachers a Band-Aid. He says low salaries and heavy workloads are driving American teachers out of the classroom and that school systems should be solving that."

Immigrants Seen As Setting Citizenship As Goal. NBC Nightly News (6/6, story 11, 2:20, Gregory, 9.87M) reported from Queens, New York that "community activist Ana Maria Archilla sees something else" in a diverse community of immigrants, "a new desire to stay and fight for citizenship." Ana Maria Archilla: "Leaving is not an option, and it's especially not an option for people that have spent a large portion of their lives here that have really given their labor to this country and have raised families here." Gregory: "The immigrants in this neighborhood, legal and illegal, are mobilizing, with tactics big and small."

Illegal Immigrant Graduates Near Top Of Princeton Class. ABC World News Tonight (6/6, story 7, 3:05, Gibson, 8.78M) reported, "65,000 undocumented immigrant children will graduate this spring from American high schools. They will not be able to work, legally. They will not qualify for most college aid. Only 10% to 20% will be able to continue their studies. We are going to take 'A Closer Look' at a young man who graduated from Princeton University today, near the top of his class." ABC (Muir) added Dan-el Padilla Peralta "stood before his fellow Princeton graduates today and delivered the salutatory address, in Latin no less, it was a remarkable feat in itself." But he is "an illegal immigrant, which comes very important because he's been invited to study at Oxford. And if he goes, US immigration law says because he is illegal, he can't come back for a least a decade." Padilla's attorney "is asking for a waiver. But there are tens of thousands of undocumented students in the US and some argue it could set a precedent."

NBC Nightly News (6/6, story 12, 0:40, Williams, 9.87M) reported, "Twenty-one- year-old Dan-el Padilla Peralta was selected as Princeton salutatorian. He gave the traditional speech in Latin but he also got over a major hurdle today. He graduated from the Ivy League-despite living in the US Illegally. He moved here from the Dominican Republic when he was 4. His mother was sick. A wealthy benefactor guided him through prep school. He's been accepted to Oxford in England to study, but the secret he and Princeton kept for quite some time is now out."

Americans Have More Positive View Of Immigrants Than Europeans, Poll Finds. The AP (6/7, Lester) reports, "Immigration anxiety has been fueling a fierce political debate in the United States, but attitudes about immigrants in this country are considerably more positive than in several

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European countries, AP-Ipsos polling found. People in Britain, France, Germany, Italy and Spain are much more inclined than those in the U.S. to think immigrants are likely to get involved in criminal activity. … More than a third of Germans, Italians and Spaniards say they think immigrants are more likely to be involved in criminal activity than people born in their countries. A fourth in France and Britain feel that way." Those European countries are "about evenly divided on whether immigrants are a good influence." In the US, "about one in 10 thinks immigrants are more likely to be involved in crimes. And a majority, 52 percent, say they think immigrants are a good influence on the country."

Inhofe Makes Case For English As "National Language." GOP Sen. James Inhofe, who sponsored the English language amendment, writes in USA Today (6/7, 2.31M), "My amendment, passed by the Senate last month, clarifies that, unless specified by other laws, there are no entitlements to federal services and documents in foreign languages. This nation decided long ago that you must know English to become a citizen. Thus, there is no reason to offer government's citizen services in foreign languages. … The U.S. courts' position is unmistakable, and America's citizens and immigrants have spoken. Why aren't liberals listening?"

In an editorial, meanwhile, USA Today (6/7, 2.31M) asks, "So should English be designated the USA's 'national language'? Sixty-three senators have voted to make it so. They might as well have voted to make apple the national pie or American Idol the national TV show. In practice, English already is the national language, even among the children of immigrants: 93% of second-generation Hispanic Americans are bilingual or speak primarily English, according to a 2002 national survey by the Pew Hispanic Center and the Kaiser Family Foundation. By the third generation, hardly anyone speaks only Spanish, and just 22% of Latinos are bilingual."

Six Arrested By Immigration Agents In North Carolina To Be Deported. The Raleigh (NC) News & Observer (6/7, Brevorka) reports, "Six men arrested by federal immigration agents at Carter-Finley Stadium (in Raleigh, NC) last month have pleaded guilty to entering the country illegally and will be deported, according to the U.S. Department of Justice." The N&O continues, "Federal immigration agents accompanied troopers from the state Highway Patrol to a construction site at the stadium May 23 in hopes of finding a driver who had fled from an auto accident. When federal agents arrived, more than 50 workers in hard hats ran. Seven, including one juvenile, were arrested. … Federal agents later found the suspected driver, Reynalda Guitierres, 28, in Durham and charged him with illegal entry." The N&O adds, "Justice Department officials said that the following men pleaded guilty to illegal entry and will remain in federal custody while they undergo the deportation process: Victorino Marquez-Hernandez of Mexico; Antolin Contreras-Maldonado of Honduras; Armando Hernandez-Penaloza of Mexico; Melvin Jovel-Hernandez of Honduras; Omar Miguel Barbosa of Mexico and Demetrio Huerta-Ordonez of Mexico. Agents also charged Marquez-Hernandez with possession of false immigration documents."

TAX:

Frist Rejects Estate Tax Compromise. The New York Times (6/7, Andrews, 1.19M) reports Senate majority leader Bill Frist and other GOP Senators "vowing to schedule a vote for full repeal" of the estate tax "on Thursday, have yet to line up the 60 votes they need to prevent a Democratic filibuster. … In what is either a shrewd game of chicken or an effort to inflame the passions of crucial Republican constituencies…Frist…has made little effort to strike a compromise with conservative Democrats that would greatly reduce but not fully abolish the tax." According to the Times, "The strategy has divided Republicans." Sen. Charles Grassley "told reporters on Monday that the Senate could easily pass a bill that eliminated the estate tax for all but a tiny slice of the nation's richest families."

Kyl Pitches Graduated Repeal Proposal. The AP (6/7, Dalrymple) reports, "GOP leaders on Tuesday put abolition of the federal estate tax on the Senate's election-year agenda as other senators weighed ideas to shrink, but not erase, the tax." Sen. Jon Kyl "told other GOP senators Tuesday that common ground might be found by increasing the size of an estate exempt from taxation to $5 million per person or $10 million per couple, according to GOP aides familiar with the proposal speaking on condition of anonymity while negotiations continued. His idea would tax estates between $5 million and $30 million equal to the top tax rate for most capital gains. The remainder of the largest estates would be taxed at 30 percent, those aides said."

Grassley Outlines Effect Of Tax Code Change On Expatriates. Senate Finance Committee Chairman Chuck Grassley writes in a letter to the Wall Street Journal (6/7, 2.11M) that the paper is "confused about how a recent change to the federal tax code will affect some Americans working overseas. The change concerned the foreign earned income exclusion under section 911 of the tax code. You imply 4.1 million Americans could be affected, but according to the most recent available IRS data, 306,393 tax returns claimed the benefits of section 911 in 2003. Of those returns, only 125,894 actually had any U.S. tax liability after the benefits." Expatriates "will continue to have a better deal than their domestic counterparts. Through section 911, individuals can still exclude a sizable amount of income that those living and working in the U.S. cannot exclude. Also, American

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workers abroad who claim section 911 benefits will be taxed at the same rates as domestic workers with the same income."

CONGRESS-ADMINISTRATION:

White House Reenergizes Defense Of Bush Judicial Nominees. The Hill (6/7, Bolton) reports White House officials "are making a concerted effort to cooperate with outside conservative groups to support and defend President Bush's nominees to the federal bench, and they are also planning to work more closely with the Senate on confirming the nominees. The greater focus on judges comes in the wake of privately expressed criticism from conservative leaders that the White House and the GOP-controlled Senate were doing little to defend high-profile nominees such as William 'Jim' Haynes and Terrence Boyle, both picked for the 4th U.S. Circuit Court of Appeals, from attacks by liberals." The White House "has begun to take a more active role in defending the nominees. For example, talking points circulated at the end of last week defending Boyle from accusations that he did not recuse himself from cases where he may have had conflicts of interest were written in the signature style of the White House and its ally the Republican National Committee. And administration officials are also working more closely with conservative activists to defend the nominees."

WSJournal Says Senate Should Confirm Haynes To Fourth Circuit Court. An editorial in the Wall Street Journal (6/7, A14, 2.11M) says the nomination of William 'Jim' Haynes II to the Fourth Circuit Court of Appeals is being held up, but "don't blame this delay only on Democrats. Two Republicans -- Senators John McCain and Lindsey Graham -- are also causing the holdup." Haynes is the Pentagon's general counsel, "and his transgression is to have offered legal advice on the treatment of detainees in the war on terror. The big point of contention is his role in Defense Secretary Donald Rumsfeld's decision in December 2002 to allow 'coercive' interrogation techniques against al Qaeda detainees at Guantanamo. Haynes' critics "say he was instrumental in forging a policy that could be used to justify 'torture.' But there is no evidence that anyone condoned torture." The Journal adds, "With Republicans in danger of losing Senate seats, if not their majority, now is the time to honor one of their campaign pledges from 2004 by confirming Mr. Bush's judicial nominees."

Hecht Admonished For Vocal Support Of Miers Nomination. The Washington Post (6/7, A21, Weiss, 744K) reports the Honorable Nathan L. Hecht, is "a justice of the Supreme Court of Texas and a well-known conservative jurist. A longtime friend of White House counsel Harriet Miers, Hecht gave more than 120 media interviews during her failed Supreme Court nomination. Hecht coordinated strategy with White House aides and agreed to take media calls straight from the White House, according to a recent investigation." But the Texas State Commission on Judicial Conduct "last month admonished Hecht for his activities on behalf of Miers. The Texas Code of Judicial Conduct prohibits judges from doing anything to 'advance the private interests of the judge or others.'"

Congress Fighting Administration Effort To Consolidate Foreign Aid Programs. The Wall Street Journal (6/7, Phillips, Rogers, 2.11M) reports the Bush administration and Congress "are headed for a clash over how to spend U.S. aid for the developing world. President Bush's decision to consolidate billions of dollars in foreign-aid programs under the State Department puts him at odds with Congress's age-old prerogative of earmarking foreign-aid funds for favorite issues." The Journal notes that at "the center of the struggle" is Randall Tobias, "a former Eli Lilly & Co. chief executive who is now the country's first director of foreign assistance. With marching orders from Secretary of State Condoleezza Rice, Mr. Tobias is remodeling $16.6 billion in U.S. foreign-assistance programs." Sen. Sam Brownback "is drafting legislation that would require the administration to spend 50% of aid to Africa on such items as water wells, immunizations and teacher training. Mr. Brownback says he became disenchanted with how the administration is delivering foreign aid during a December trip to the Democratic Republic of Congo."

White House Deployed Gingrich To Influence Congressional Oversight. The Hill (6/7, Cusack) reports former House Speaker Newt Gingrich and the OMB's Clay Johnson "urged Republican investigators on Capitol Hill to change how they conduct probes of the executive branch in a private meeting earlier this spring. The unusual request infuriated some of the GOP aides, who countered that the administration has repeatedly failed to cooperate with their requests for information. The staffers expressed outrage that the meeting was even taking place, calling it inappropriate for a White House policymaker to tell investigators how to scrutinize the Bush administration. … Others thought the forum was somewhat productive, but acknowledged it was bizarre." However, "Some came away from the meeting believing there was an implied, unstated message: Ease up on oversight this election year." The Hill adds, "Democrats are seizing on the meeting as proof of the cozy relationship between the GOP-led Congress and the administration."

Democrats Seek To Curb Bush Use Of Signing Statements. Roll Call (6/7, Yachnin) reports, "Angered

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over recent media reports that President Bush has effectively disavowed hundreds of laws enacted during his tenure, a handful of House Democrats are now pushing measures to shore up Congress' legislative authority. Citing concerns over maintaining a clear Separation of Powers between the legislative and executive branches," Reps. Barney Frank and Sheila Jackson Lee "introduced separate bills shortly before Memorial Day." Roll Call notes Democrats "have criticized White House use of 'signing statements,' a practice that allows the president to attach an official declaration to newly enacted laws, and one historically used as a legal interpretation for executive branch agencies."

VA Says Personal Information Of 80% Of Active Duty Troops Stolen. The CBS Evening News (6/6, story 4, 2:20, Schieffer, 7.66M) reported the case of the "personal records of so many people at the Veterans Administration allowed to be stolen took another bizarre turn late today." CBS (Orr) added, "The Pentagon now tells CBS News that the recent theft of personnel information affects not only veterans but more than two million active duty military troops, National Guard and Reserves. The government's story keeps changing." The VA "said up to 50,000 names, Social Security numbers and birthdates for active duty Navy personnel and National Guard and Reservists were also among the missing data. Now, another announcement: The IDs of 1.1 of the 1.4 million active duty personnel may be among the missing data, as well as the IDs for nearly 780,000 National Guard and Reservists. The bottom line here is the government really isn't sure how much data has been lost and can't say with any certainty the information won't be used to defraud veterans and soldiers. VA Secretary Jim Nicholson will face new blistering questions when he testifies for a second time on the Hill on Thursday, questions like how long has the VA known about his latest information and why does it seem that details keep dribbling out."

NBC Nightly News (6/6, story 3, 0:55, Miklaszewski, 9.87M) reported, "Pentagon officials confirm tonight that the critical personal data of more than two million active duty National Guard and Reserve forces may have been on those same computer disks stolen from the home of a Veterans Affairs employee just over a month ago. That includes the names, birthdates, and Social Security numbers of 80% of the entire active US military. It was first reported the stolen disks contained only information on 26.5 million veterans. Now, warning letters are going out tonight to those active forces, telling them, keep a close eye on your credit."

Information Loss May Compromise Troop Safety. The Washington Post (6/7, A1, Tyson, Lee, 744K) reports, "Defense officials said the loss is unprecedented and raises concerns about the safety of U.S. military forces. But they cautioned that law enforcement agencies investigating the incident have not found evidence that the stolen information has been used to commit identity theft. … Army spokesman Paul Boyce said: 'Obviously there are issues associated with identity theft and force protection.' For example, security experts said, the information could be used to find out where military personnel live."

Veterans' Coalition Files Class-Action Lawsuit. USA Today (6/7, 2.31M) reports, "a coalition of veterans groups charged in a federal class-action lawsuit in Washington that their privacy rights were violated by the theft. The suit demands that the VA fully disclose which military personnel are affected and seeks $1,000 in damages for each."

House Leadership Said To Be Working To Keep Pledge On Earmark Reform. Roll Call (6/7, Ackley) reports House leaders "have yet to appoint Members from their chamber to smooth out differences between House and Senate lobbying reform bills," but "they are working to make good on their pledge to appropriators that any new earmark disclosures apply equally to all committees." In order "to get enough support to pass the lobbying and ethics reform legislation, House leaders pledged that any bill would contain disclosure of earmarks, including those in tax-writing and authorizing measures — not just in appropriations bills." Kevin Smith, "a spokesman for House Majority Leader John Boehner (R-Ohio) said that the commitment on earmarks remains." But several "sources in Congress and on K Street said they have not detected a sense of urgency from House leaders on appointing conferees."

Hoyer Says Pelosi Will Lead House Democrats Regardless Of Election Outcome. The Hill (6/7, Hearn) reports House Minority Whip Steny Hoyer "says he has only unalloyed endorsements for the minority leader and her ability to unify the caucus." Hoyer said, "Nancy has worked harder in my opinion than anybody I have seen in my 26 years in Congress. [Former Minority Leader] Dick Gephardt [D-Mo.] I thought was the hardest worker I could find. Nancy works harder than Dick. She travels more. She raises more money. She works harder than message. She's doing a wonderful job. If we lose, it will not be Nancy Pelosi's fault. She's done everything she possibly could to insure our victory. ... Win, lose or draw, she's going to be our leader." The Hill adds Hoyer was "responding to a recent report that Rep. Rahm Emanuel (D-Ill.), chairman of the Democratic Congressional Campaign Committee, may mount a challenge to Pelosi if Democrats fall short of taking control of the House."

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Senate GOP Focus On Social Issues Worries Some Republican Members. The New York Times (6/7, Hulse, 1.19M) reports that while some Republican candidates "may relish the Senate's current concentration on same-sex marriage and other ideologically charged topics, Senator Lincoln Chafee of Rhode Island is not among them." Chafee said, "It may stir up my primary voters a little bit against me." The Times adds Chaffee "opposes the push for a constitutional amendment to prohibit same-sex marriage and is under intense pressure to back a proposed amendment that would forbid flag burning." Other Republicans, "including some conservatives, say Mr. Chafee may not be the only potential victim of what they see as a misguided effort to appeal to social conservatives by staging votes intended primarily to make a point about the party's values. They say that voters are more concerned about the economy, health care and immigration, and that replaying the marriage debate in particular could do as much damage as good as Republicans fight to retain control of Congress." Club for Growth President Pat Toomey said, "The problem I see is with economic conservatives who see out-of-control spending, huge deficits and that Republicans can't make the tax cuts permanent. The problem is on a different field."

Laura Bush Visits Minnesota Community Center. The St. Paul Pioneer-Press (6/7, Coleman, 200K) reports First Lady Laura Bush "brought her get-involved message to Minnesota on Tuesday, visiting a community center that's been serving at-risk children for years." Bush spoke "to more than 20 children in the library at the Meadowbrook Collaborative, then examined crafts and played a game that gathered people in a circle to flap the edges of a large sheet. The brief visit was intended to promote the federal program known as Helping America's Youth." Mrs. Bush "capped her visit by sharing refreshments and cookies before heading to a fundraiser for Minnesota GOP Senate candidate Mark Kennedy."

OPM Director Launches "Career Patterns" Initiative. The Washington Post (6/7, D4, Barr, 744K) reports in its "Federal Diary" column that OPM Director Linda Springer yesterday "launched a 'career patterns' initiative aimed at making the government a more attractive employer by offering increased flexibility and better work-life balance to potential hires who are less interested in the traditional 9-to-5 job and 30-year federal career. The initiative seeks to take many workplace practices in use across government -- telecommuting, nonstandard work hours, part-time work -- and treat them as natural employment options rather than as exceptions."

White House Threatens To Veto Intervention In FAA Contract Dispute. The Washington Post (6/7, D4, Barr, 744K) reports in its "Federal Diary" column, "Any legislation to change the rules for resolving contract disputes at the Federal Aviation Administration is strongly opposed at the White House, the administration said in a written statement. If Congress sends such a bill to the president, senior advisers will recommend a veto, the statement said."

Samuelson Says Paulson Needs Economic Crisis To Excel At Treasury. Robert J. Samuelson writes in the Washington Post (6/7, A23, 744K), "Unless he blunders badly, [Henry] Paulson's role as chief economic spokesman doesn't matter much. Most Americans don't know the name of the Treasury secretary and don't care. What they care about is $3-a-gallon gasoline and 6.5 percent mortgage rates." Samuelson adds, "To excel as Treasury secretary, Paulson needs something no one wants: an economic crisis that enables him to act as hero." Samuelson adds, "As Treasury secretary, Paulson may be frustrated by long-standing problems that elude solution. Or he may grapple with a surprising crisis to prevent some greater calamity."

WPost Hits Reid Over Acceptance Of Boxing Tickets. An editorial in the Washington Post (6/7, A22, 744K) says, "The most disturbing thing isn't that Sen. Harry M. Reid (D-Nev.) accepted free ringside tickets to Las Vegas boxing matches, worth between several hundred and several thousand dollars each. It's that even when pressed the senator didn't see anything wrong with taking the freebies at the same time he was pushing federal legislation to oversee the industry." Reid "first declared that he would continue to take free tickets, then reversed course the next day 'to avoid even the faintest appearance of impropriety.' Maybe he got an inkling: It's this culture of entitlement that offends ordinary Americans -- who don't get free ringside seats and who have to settle for pay-per-view."

OTHER NEWS:

Stock Markets Continue To Lose Ground. The stock markets yesterday fell again on investors' fears of inflation and slow economic growth. ABC World News Tonight (6/6, story 8, :20, Gibson, 8.78M) reported, "After sinking 200 points yesterday, the Dow Jones Industrial Average fell again today, for a time even slipping below 11,000 for the first time in 3 months. The Dow ended off 46 points [to close at 11,002.14], investors rattled apparently by the double-whammy of slow, economic growth and the prospect of more interest rate hikes." NBC Nightly News (6/6, story 8, 0:15, Williams, 9.87M) noted the Nasdaq "lost about

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seven points on the day [to close at 2,162.78]." The New York Times (6/7, Holusha, 1.19M) reports the Standard & Poor's 500-stock index "lost 1.44 points, or 0.1 percent, to 1,263.85."

The CBS Evening News (6/6, story 7, 0:15, Schieffer, 7.66M) also reported, "Continuing worries about an economic slowdown and rising interest rates sent stock prices still lower today." The Wall Street Journal (6/7, Browning, 2.11M) also reports the stock numbers.

The Wall Street Journal (6/7, Ip, 2.11M) reports, "Inflation alarms at the Federal Reserve rang louder yesterday as a top official said slowing economic growth may not be enough to contain inflation if the public's inflationary psychology intensifies. 'If inflation turns out to exceed...our target range, I do not believe we can count on a slowing economy to bring inflation down, by itself, quickly,' William Poole, president of the Federal Reserve Bank of St. Louis, said in an interview." If inflation expectations rose in "a persistent way...we could expect to see that show up in measured inflation in fairly short order."

The Washington Post (6/7, D1, Masters, 744K) reports, "Now that the Dow Jones industrial average has slid 246 points in two days and shed 5.5 percent since mid-May, it's time to ask the question: How do you distinguish a short-term stock market correction from a full-blown bear market? You wait awhile, of course." But "already there are clues in technical market data, such as who is doing the buying and selling, the price of stocks relative to corporate earnings, inflation data, and the length of time since the last recession. … Interviews with nearly a dozen economists and market analysts turned up widely varying views on whether this particular market correction will develop fur and claws. That's partly because each one looks at different signals to determine where the equity markets are going."

Bernanke Under Fire. The Washington Post (6/7, D1, Henderson, 744K) reports, "Bernanke rattled world financial markets Monday with his tough talk about combating inflation, but he also buffed up his image as a strong Federal Reserve chairman committed to the fight, analysts said yesterday." Meanwhile, under the headline "Fed, Bernanke Take Blistering Flak," USA Today (6/7, Kirchhoff, Shell, 2.31M) reports Bernanke "is finding out the hard way that openness is not the same thing as clarity." Bernanke "took office in February promising to make central bank policy more transparent. Four months later, a number of economists and traders say the Fed chairman and other central bank officials have stumbled by making too many contradictory statements, muddying the outlook and spooking markets." The complaints "got louder Monday after Bernanke told a banking group inflation was at an 'unwelcome' level, raising the specter of further Fed interest rate increases." That "appeared counter to April congressional testimony in which Bernanke suggested the central bank could pause from its two-year campaign of interest rate increases, even if inflation was a risk." USA Today (6/7, Krantz, 2.31M) runs a second, similar piece titled "Unease Over Fed Policy Has Markets In A Tizzy."

Brian S. Wesbury, chief economist of First Trust Advisors L.P. in Lisle, Ill, defends Bernanke in the Wall Street Journal (6/7, 2.11M), saying the chairman "is doing a fine job. The inflationary pressures he is fighting today were baked in the cake before he arrived. Monetary policy was overly accommodative for too long, and even after 16 rate hikes the Fed has not yet reached neutral." He adds, "Weaning investors, home builders, hedge funds and proprietary trading desks from 50-year low interest rates is like forcing them to quit smoking: It's good for the health of the economy, but it hurts and they are complaining loudly."

Realtors Urge Fed To Pause Rate Hikes. The Wall Street Journal (6/7, Walsh, 2.11M) reports, "The National Association of Realtors lowered slightly its forecast for existing and new home sales this year, while the group's chief economist called for the Federal Reserve to pause its interest rate increases. The slowdown from the previously hot housing market is positive because the economy needs a solid housing sector, and slower price appreciation will improve affordability, said NAR Chief Economist David Lereah." The group "lowered slightly its previous forecast for a slowdown this year in home sales and construction. Existing home sales are now projected to decline 6.8% from last year's record to 6.60 million in 2006, while new home sales are seen down 13.4% from last year's record to 1.11 million. Housing starts are forecast to decline 6.2% to 1.94 million this year."

Gasoline Prices Down Slightly. USA Today (6/7, Hagenbaugh, 2.31M) reports, "Although gasoline prices will likely dip a bit in the near-term, families hitting the road this summer will still pay record prices at the pump, the government said Tuesday. Nationwide, retail gasoline prices will average a record $2.76 a gallon over the April-September summer period for regular." That's "up 39 cents from last summer and a nickel higher than the Energy Information Administration, the Energy Department's statistical arm, forecast a month ago."

Bilbray Leading In CA50; Filner Turns Back Primary Challenge. The San Diego Union-Tribune (6/7, LaVelle, Dodge, 353K) reports Republican Brian Bilbray "appeared headed toward a win over Democrat Francine Busby last night in the race to replace imprisoned former Rep. Randy 'Duke' Cunningham in the 50th Congressional District, a contest seen as a gauge of voter attitudes for the national midterm elections." In another "closely watched race, Rep. Bob Filner easily defeated Assemblyman Juan Vargas in the 51st Congressional District Democratic primary.

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It was their third face-off in what has become a long and bitter rivalry."

According to the tally in the website of the San Diego News-Tribune, with 451 of 500 precincts or 90.2% reporting, 56,016 or 49.49% voted for Republican Brian Bilbray, while 51,202 or 45.24% voted for Democrat Francine Busby.

Before any election results were announced, the CBS Evening News (6/6, story 6, 2:30, Schieffer, 7.66M) reported, "Democrats believe they have a chance to take back control of Congress from the Republicans this year, and they're looking to a special election tonight for a sign that they may be right." CBS (Bowen) added, "It's a race that's seen as a referendum on both the Republican Congress and the Republican President whose popularity is sinking. Recent polls show Busby even or slightly ahead of former Republican congressman turned lobbyist Brian Bilbray."

Angelides To Face Schwarzenegger As Westly Concedes Primary. The Los Angeles Times (6/7, Finnegan, Barabak) reports on its website this morning that Steve Westly conceded the California Democratic gubernatorial primary to Phil Angelides at 1:15 a.m. PDT. Angelides has led Westly by about four percentage points throughout the evening. Angelides will now face Gov. Arnold Schwarzenegger (R) in the fall.

LATimes Says Democratic Gubernatorial Candidate Hurt Self. The Los Angles Times (6/7) says in an editorial, "The primary did little to boost the enthusiasm Democrats feel for their state candidates, and voters were also skeptical about two ballot measures to increase public spending on preschool and libraries. Regardless of whether the Democratic gubernatorial candidate is state Treasurer Phil Angelides or state Controller Steve Westly — and the race was too close to call even hours after the polls closed — he will have plenty of work to do before the final contest against Schwarzenegger on Nov. 7. In the next five months, the Democratic candidate must show that he can repair the damage done to himself, his party and electoral politics in general by the recent weeks of cynical and self-defeating campaigning."

Riley Easily Defeats Moore In Alabama Gubernatorial Primary. The Washington Post (6/7, A7, Weisman, 744K) reports Alabama Gov. Bob Riley "easily won the Republican primary contest last night against former state Supreme Court chief justice Roy S. Moore, once regarded as a formidable challenger because of his support from social conservatives who cheered his refusal to remove a monument to the Ten Commandments from the state judicial building." Riley "probably will face Lt. Gov. Lucy Baxley, who in early returns in the Democratic primary was burying the comeback attempt of former governor Don Siegelman, who hoped to use a November contest against Riley to showcase his contention that his ongoing corruption trial is a political vendetta by the Republican who unseated him."

Burns, Tester Easily Win Primary Contests. The AP (6/7) reports that Montana Sen. Conrad Burns (R) will face state Senate President Jon Tester (D) in Montana's U.S. Senate race, after both men won their respective primary contests on Tuesday. The AP notes, "With 53 percent of the precincts reporting," Tester was leading State Auditor John Morrison (D) 61% to 36%. Also, "with 52 percent of the precincts reporting," Burns led state Sen. Bob Keenan (R) 72% to 23%.

Menendez, Kean Cruise To Primary Wins, Intensify Rhetoric. The AP (6/7, de la Cruz) reports that New Jersey Sen. Robert Menendez (D) and state Sen. Tom Kean Jr. (R) cruised to victory in their U.S. Senate primary races on Tuesday. The AP notes, "With 90 percent of precincts reporting, Menendez had 84 percent of the Democratic vote. Kean had about 76 percent of the GOP vote with 95 percent of precincts reporting." GOP candidate John Ginty had been "counting on his supporters voting in droves to show their disapproval of Kean's support of abortion and embryonic stem-cell research. With 95 percent of precincts reporting, Ginty had about 24 percent of the GOP vote." Ginty, in an interview, "would not say whether he would support Kean in November. 'Mr. Kean is going to have to be able to give conservatives and pro-life voters some incentive to support his candidacy,' Ginty said. 'That's up to him.'"

The Newark Star-Ledger (6/7, Howlett, Donohue, 420K) notes, "In his acceptance speech last night, Menendez referred to Kean by name nine times. The only name he invoked more often -- and not by coincidence -- was the president's. 'This campaign will be about who will side with New Jerseyans against the Bush status quo,' Menendez said. 'Tom Kean Jr.'s record shows he cannot be trusted to make the right choices. On issue after issue, the facts are clear: Tom Kean Jr. and George Bush are perfect together -- perfectly wrong.'" Meanwhile, in his acceptance speech, Kean "rebuffed Menendez's effort to link him to the president: 'I've got news for Bob Menendez. He's not running against George Bush, he's running against Tom Kean.' He also mentioned Menendez by name nine times, harping on Menendez's 30 years of political affiliation with Hudson County. 'Fourteen years ago, Bob Menendez brought his party-boss tactics to Washington. … Today he is working to expand that machine across New Jersey,' Kean said. 'The people of New Jersey can no longer afford party bosses who put politics first and people second.'"

The Philadelphia Inquirer (6/7, Burton, 423K) relates that Kean "accused Menendez of being more interested in

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using power to benefit himself than the citizens. 'Is there anyone who thinks Bob Menendez is fighting for us?' Kean asked. 'Bob Menendez lives off the public and not for it. Ladies and gentlemen, enough is enough.' Kean promised to 'bring a true moral compass to office' and attacked Menendez for voting against tax cuts." Menendez, meanwhile, "said Kean had voted against raising the state's minimum wage while supporting cuts in federal taxes for millionaires and oil companies, supported embryonic stem-cell research but voted against state financing of a research center, and supported the Bush administration's handling of the war in Iraq."

At-Risk Lawmakers, Governors Listed. Roll Call (6/7, Jacobson) lists several lawmakers and governors who have been "grappling with" allegations of ethical misconduct and rates their "'risk factor'…to gauge how vulnerable the politician's career is right now, or, if the politician is retiring, how difficult the seat will be for his or her party to hold." Sen. Conrad Burns (R-MT) faces "medium" risk, noting "despite recent Democratic gains in the state, Burns' good-ol'-boy persona has carried him through tough races in the past, and it could again this time." Wisconsin Gov. Jim Doyle (D) is also rated "medium," and he is "embattled, but not as much for the ethical questions as for his record as governor and the strong challenge he faces from Rep. Mark Green (R)." Illinois Gov. Rod Blagojevich also faces "medium" risk, and "still faces a tough race, but at least for now, ethical problems seem less likely to doom his candidacy than they once did." Sen. Bob Menendez's (D-NJ) risk factor is "medium-low. While Menendez's vulnerability has risen since he was appointed to the Senate, that has mainly stemmed from a frustration with newly elected Gov. Jon Corzine (D) and the attractiveness of his GOP opponent, state Sen. Tom Kean Jr." Others who face "medium-low" risk include Georgia lieutenant governor candidate Ralph Reed (R) and Rep. Charles Taylor (R-N.C.), while Rep. John Doolittle (R-Calif.) faces "low" risk, as do Reps. Cynthia McKinney, Jerry Lewis, and John Conyers.

GOP Incumbents' Perks Pose Difficult Challenge To Democratic Challengers. The Washington Post (6/7, A1, VandeHei, Babington, 744K) reports in a front page story that in "one of the lesser-known perks of power on Capitol Hill, lawmakers are using taxpayer-funded databases to cultivate constituents more attentively than ever. Chabot -- a six-term legislator from Cincinnati who finds himself imperiled this year after years of easy races -- has a list of e-mail addresses of people who are most interested in tax cuts. His office recently hit the send button on a personal message to alert them to the congressman's support for extending tax breaks on dividends and capital gains." The access to information is "one factor to keep in mind when assessing the odds that Republicans will get evicted this November from their 12-year majority in the House." Although "anti-incumbent sentiment, as measured by polls and voter interviews, is stronger than it has been in years," so "too, are certain structural advantages that overwhelmingly favor incumbents." Some are "well known, such as the superior ability of incumbents to raise campaign funds and the fact that most lawmakers come from districts that have been carefully drawn to favor one party. Other benefits -- including the ways that lawmakers are using the latest 'micro-targeting' techniques in their official communications -- are more obscure, virtually unheralded beyond the people who use them." Rep. Rahm Emanuel (Ill.), "head of the House Democrats' reelection efforts, said that the party faces a 'rigged system' and that only a pitched level of public discontent gives them a 'fighting chance' to overcome it."

Harris Undeterred By Opposition From Within Party To Senate Run. The New York Times (6/7, Leibovich, 1.19M) reports Rep. Katharine Harris is "undaunted by a run of horrific poll numbers, staff turmoil and public doubts from leaders of her party," and she is "thinking confidently beyond November." Once Harris "wins her race for a Senate seat, she says, she plans to travel everywhere with a guide dog." Harris "explains that she intends to participate in a program that provides guide dogs for volunteers to train. While cynics may assign unflattering symbolism to a politician who is not blind being led around the Capitol by a guide dog, Ms. Harris is undeterred — by this or by the perception that her role in 2000 makes her too divisive to lure the swing voters necessary to defeat the incumbent Democrat, Bill Nelson." In her "insistence on running, Ms. Harris has become something of a pariah among many of the people whose power she indirectly helped ensure five and a half years ago, as overseer of the recount that sealed George W. Bush's victory."

Weld Exits New York Gubernatorial Race. The New York Times (6/7, Healy, 1.19M) reports William F. Weld, "the former governor of Massachusetts who undertook a rare bid to lead another state, dropped out of the race for governor of New York yesterday. He had been deserted by Republicans who once supported him as their best hope against Attorney General Eliot Spitzer in the November election." Weld, "a moderate Republican in the mold of Gov. George E. Pataki, ran a lackluster campaign and was never able to convert his early advantages into real campaign muscle. At the same time, Mr. Pataki's behind-the-scenes effort to help Mr. Weld last month proved too late and too thin to do any good." Weld's "departure sets the stage for an ideological clash between the presumptive Republican candidate, former Assemblyman John Faso — a conservative

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intent on cutting taxes — and the likely Democratic nominee, Mr. Spitzer, who is backed by a unified Democratic establishment that is determined to regain the governor's mansion after 12 years."

Tie To Bush Seen As Key To Frist's '08 Hopes. Roll Call (6/7, Stanton, Billings) reports Senate Majority Leader Bill Frist (R-Tenn.) "has thrown his legacy chips in with President Bush, inextricably aligning himself with the White House on key domestic and international issues, even as many in his own party distance themselves from the unpopular president." Frist will "face significant challenges in winning the 2008 presidential nomination — from Sen. John McCain (R-Ariz.) as well as from such Senators as George Allen (R-Va.) and Sam Brownback (R-Kan.) who are darlings of the conservative movement." Given the "already crowded field of potential GOP White House aspirants, Frist's decision to firmly tie his political fate to Bush's could result in a boon to his presidential hopes, despite Bush's current weakened state." Frist could "benefit if Bush rewards his loyalty by handing off his substantial political and fundraising operations to Frist. In addition, having the backing of Bush — who remains personally popular with much of the GOP's base despite their concerns about how he has handled his job — could be Frist's ticket to undercutting McCain's early frontrunner status and the natural support among conservatives for Allen and Brownback."

Brownback's 2008 Aspirations Examined. The Washington Post (6/7, C1, Copeland, 744K) reports Sen. Sam Brownback "thinks 2008 might be his moment, though in interviews he emphasizes his humility. He calls himself a 'flawed man,' and says the longer he pursues his faith, the more he finds his own sin. It seems contradictory -- all that ego and all that modesty." Brownback, "sounding way too mellow for a wannabe president," said, "I could be the right person with the right message at the right moment. And I could be completely wrong and I'll still be happy about it." The Post adds, "In the meantime, amid the fundraising and the visits to Iowa and New Hampshire, Brownback is focused on spreading light when he enters a room. He has said he tries to see Jesus in his fellow senators."

Tancredo Wins Presidential Straw Poll In Michigan. The Washington Times (6/7, Pierce, 90K) reports in its "Inside Politics" column, "Colorado Rep. Tom Tancredo, perhaps Congress' most visible foe of illegal border crossing, won a Republican presidential straw poll Monday night. Mr. Tancredo captured about 18 percent of 325 votes cast at the Lincoln Day Dinner in Macomb County, Mich., located in the Detroit metro area. Although it was only a plurality on a fractured Republican ballot, Mr. Tancredo beat out heavyweights former New York Mayor Rudolph W. Giuliani (13.8 percent), Massachusetts Gov. Mitt Romney (12.3 percent) and Secretary of State Condoleezza Rice (12 percent), according to the conservative publication Human Events."

US Scientists Cleared To Clone Human Embryos. USA Today (6/7, Vergano, 2.31M) reports, "Scientists at Harvard and Children's Hospital Boston announced Tuesday they have the green light to clone human embryos that could generate stem cell lines for specific diseases. … Two research teams led by Douglas Melton and Kevin Eggan of Harvard and George Daley of Children's Hospital will attempt to create cells cloned from patients with juvenile diabetes and blood disorders such as sickle cell anemia."

The CBS Evening News (6/6, story 5, 2:25, Alfonsi, 7.66M) reported, "The work at Children's Hospital Boston is aimed at eventually creating stem cells for treating blood diseases like leukemia and sickle cell anemia. Researchers are already working with stem cells taken from donated embryos. What's new here is creating embryos to both match disease and patient." What's "being done at Harvard is another step along the way towards producing real treatments for illnesses like Parkinson's and leukemia. But critics object to the creation of human embryos just to be destroyed. Researchers counter that the eggs they use to create the embryos are from women undergoing in vitro fertilization, but that they aren't high enough quality to produce a pregnancy. They insist those eggs and embryos would have been disposed of as medical waste anyway." It "is against the law to use Federal funds, so this is being entirely funded by private donations and is expected to be funded that way for at least the next decade."

The Wall Street Journal (6/7, Westphal, 2.11M) reports that Harvard's effort "lends clout to renewed U.S. efforts to master the technology."

The New York Times (6/7, Wade, 1.19M) reports that scientists at the University of California, San Francisco will also try to develop embryonic stem cells from the adult cells of patients suffering from certain diseases. The University of California, San Francisco announced their plans a month ago, "resuming a program abandoned in 2001. Both universities, having received required approvals, will at first obtain the human eggs needed for cloning from fertility clinics, starting with eggs deemed too low quality to produce a successful pregnancy. Both programs are privately financed because federal support for human stem cell research is available only for cell lines made before August 9, 2001."

Study Finds 43% Aren't Saving Enough For Retirement. A new study from Boston College almost one

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in two US families are headed toward financial struggles in retirement. The Los Angeles Times (6/7, Peterson, 958K) reports that the study "presumes that most people need to replace 65 percent to 85 percent of their annual income in their working years to stay secure in retirement. But 43 percent of US households will fall at least 10 percent short of that range, the study found, using what it said were conservative projections." The Times adds, "Saying it hoped to draw attention to the issue, Boston College unveiled a new National Retirement Risk Index based on survey data from 4,500 households in the Federal Reserve's 2004 Survey of Consumer Finances. Researchers calculated that the risk index has risen from 31 percent in 1983 to 43 percent in 2004."

USA Today (6/7, Chu, 2.31M) reports, "The percentage of 'at risk' households has surged in the past two decades, from 31% in 1983, according to the center's analysis, which was funded by Nationwide Mutual Insurance. … The index, which uses data from the Federal Reserve, is part of a stream of recent sobering conclusions about workers' abilities to finance their golden years. The studies come as the first of 79 million baby boomers — the generation born from 1946 to 1964 — are turning 60 this year."

Program Shows Progress Housing Homeless. The New York Times (6/7, Eckholm, 1.19M) reports on an "accelerating national movement that has reduced the numbers of the chronically homeless…in more than 20 cities. In this campaign, promoted by a little-known office of the Bush administration, 219 cities, at last count, have started ambitious 10-year plans to end chronic homelessness." The Times adds, "Many of the early starters are reporting turnarounds. In Philadelphia, street dwellers have declined 60 percent over five years. In San Francisco, the number of the chronic homeless is down 28 percent in two years, in Dallas 26 percent and in Raleigh-Durham, N.C., 15 percent."

Documents Show CIA Knew Eichmann's Whereabouts. Documents released yesterday show the CIA knew the pseudonym and whereabouts of fugitive Holocaust administrator Adolf Eichmann in 1958 but took no action. The New York Times (6/7, Shane, 1.19M) reports, "The CIA was told by West German intelligence that Eichmann was living in Argentina under the name Clemens…but did not share the information with Israel, which had been hunting for him for years, according to Timothy Naftali, a historian who examined the documents. Two years later, Israeli agents abducted Eichmann in Argentina and flew him to Israel, where he was tried and executed in 1962." The Eichmann papers "are among 27,000 newly declassified pages released by the CIA to the National Archives under Congressional pressure to make public files about former officials of Hitler's regime later used as American agents."

The Washington Post (6/7, A21, Lee, 744K) reports, "In a March 1958 memo to the CIA, the West German foreign intelligence services (BND) wrote that Eichmann, a top Gestapo official who helped orchestrate the mass murder of Jews, 'is reported to have lived in Argentina under the alias CLEMENS since 1952.' The memo also mentioned a rumor that Eichmann lived in Jerusalem. In fact, Eichmann was in Argentina and was using the name Ricardo Klement -- but apparently neither the CIA nor the West Germans acted on the information."

Vanderkam Says Government Should Get Out Of States' Way On Health Care. Laura Vanderkam writes in USA Today (6/7, 2.31M), "A third of Americans ages 21-24 lack health insurance, more than any other demographic. A quarter of those ages 25-34 do without." Vanderkam adds that "if this country truly wants to cover the uninsured, we should remember that rates aren't high everywhere. Insurance companies have come up with cheap ways to get young people covered in states that don't tie insurers' hands. The answer is not to pass more laws. The answer is to get government out of the way." It is "bad news for older folks, too. Not only do all taxpayers foot hospital bills for uninsured people who can't pay, shoving young people out of insurance pools also raises rates for everyone else. If states truly want people covered, that's something to keep in mind."

Marcus Says Works On Negativity, Disclosure Are "Useful." Ruth Marcus writes in the Washington Post (6/7, A23, 744K) about "assaults on two pillars of the conventional political wisdom: that negative attack ads are bad and that disclosure of campaign finance information is good. Neither argument is ultimately convincing, but both serve as provocative warnings against the complacent repetition of accepted verities." A book by Vanderbilt University political science professor John G. Geer, 'In Defense of Negativity: Attack Ads in Presidential Campaigns,' "disputes the notion that rampant negativity is a new phenomenon. … If negativity's negatives are part of the received wisdom, the value of disclosure is a veritable article of faith. In a recent paper, Democratic election lawyer Robert F. Bauer…takes on the popular view of disclosure as an 'efficient, relatively innocuous method of managing concerns about money in politics.'" Geer and Bauer "proffer useful heresies. Negativity isn't an unadulterated evil. Disclosure isn't a panacea. But when it comes to these tenets, at least, the conventional hymnal contains a good deal of wisdom."

Bush Cautiously Optimistic On Initial Iranian Response To Incentives. President's Bush's guarded optimism over Tehran's preliminary reaction to an incentives

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plan presented to Iranian negotiators by European Union foreign policy chief Javier Solana on Tuesday garners heavy coverage in US print media and was picked up by all three national network news broadcasts last night. ABC World News Tonight (6/6, story 4, 2:20, Gibson, 8.78M) reported, "There are some signs tonight...that a deal to end the deadlock over Iran's nuclear program might be possible. Might be. Iran's chief nuclear negotiator said the latest proposal by the US and other world powers contained some positive steps. President Bush said he was encouraged by that reaction." ABC (Karl) added a "draft copy of the proposal made by the US, Europe, China, and Russia" would give Iran "help building new nuclear power plants and a new facility in Iran to hold a five-year supply of fuel. The deal would also open the door to guarantees for Iran's territorial integrity, words meant to assure Iran there would be no invasion by the US or Israel."

NBC Nightly News (6/6, story 4, 1:30, Williams, 9.87M) reported President Bush "called Iran's initial response to a package of incentives and threats positive." NBC (Mitchell) added, "In Texas, the President called it a positive response and said he wants to solve the issue diplomatically." President Bush: "We will see if the Iranians take our offer seriously. The choice is theirs to make. I have said the United States will come and sit down at the table with them, so long as they are willing to suspend their enrichment in a verifiable way. Sounds like a positive response to me." The CBS Evening News (6/6, story 3, 0:25, Schieffer, 7.66M) reported, "Iran's chief negotiator called parts of the package positive and President Bush echoed that, saying the Iranian response 'sounds like a positive step.'"

Meanwhile, USA Today (6/7, Nichols, 2.31M) characterizes the Bush administration as "cautiously upbeat Tuesday about Iran's initial reaction to incentives aimed at persuading it to freeze its efforts to make nuclear fuel. 'It sounds like a positive step to me,' President Bush told reporters in Texas after visiting a Border Patrol facility."

The AP (6/7, Gearan) goes on to quote the President as saying, "I have said the United States will come and sit down at the table with them so long as they are willing to suspend their enrichment in a verifiable way." The AP notes that the EU's Solana "later told Secretary of State Condoleezza Rice by phone that the Iranians had said they would need time to consider the proposal, State Department spokesman Sean McCormack said. Solana called the discussions 'very useful and constructive,' McCormack said."

Offer Includes Possibility Of Uranium Enrichment Inside Iran, Officials Say. The Washington Post (6/7, A1, Vick, Linzer, 744K) adds, "The confidential diplomatic package backed by Washington and formally presented to Iran on Tuesday leaves open the possibility that Tehran will be able to enrich uranium on its own soil, US and European officials said. That concession, along with a promise of US assistance for an Iranian civilian nuclear energy program, is conditioned on Tehran suspending its current nuclear work until the UN's International Atomic Energy Agency determines with confidence that the program is peaceful." That said, "the Bush administration and its European allies have withdrawn their demand that Iran abandon any hope of enriching uranium for nuclear power, according to several European and US officials with knowledge of the offer. The new position, which has not been acknowledged publicly by the White House, differs significantly from the Bush administration's stated determination to prevent Iran from mastering technology that could be used to develop nuclear weapons." One unnamed US official is quoted as saying, "We are basically now saying that over the long haul, if they restore confidence, that this Iranian regime can have enrichment at home. ... But they have to answer every concern given all that points to a secret weapons program."

The Los Angeles Times (6/7, Rubin, Naji, Richter, 958K) adds that among the incentives "is a guarantee that the United States would facilitate a European offer to provide Iran with a light water reactor and other civilian nuclear technology. Much of the light water nuclear technology originates in the United States and without American government approval, the Europeans could not provide it to Iran. The decision to offer Iran help with a nuclear reactor is bound to be especially controversial because it is possible to harvest spent plutonium from such a plant and use it to manufacture material for an atomic bomb, according to scientists." Former UN weapons inspector David Albright is quoted as saying, "Spent fuel from a light water reactor is harder to process...but nothing is proliferation proof."

According to the Washington Times (6/7, Sands, 90K), State Department spokesman Sean McCormack "declined to comment on whether the United States has offered to share at least some forms of nuclear technology with Iran. 'I've seen a lot of reports flying around the past couple of days about what may or may not be in this package,' he said, cautioning that such reports should be taken 'with a grain of salt.'"

Meanwhile, the Financial Times (6/7, Smyth, Dombey) notes that the package also has a significant trade component, reporting, "The US...has reportedly revived last year's offer to lift a ban on the sale of spare parts for Iran's ageing civilian aircraft which could include components from Boeing and Airbus." That said, "Western diplomats emphasize Iran faces the prospect of 'disincentives' should it decide not to suspend enrichment, which can produce weapons-grade material."

The New York Times (6/7, Fathi, Sciolino, 1.19M) adds, "The United States gave crucial heft to the package by offering to remove certain economic sanctions against Iran that date from more than two decades ago, and to talk directly with Iran if the country agrees to an enrichment

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freeze." Although "the United States has not ruled out military action against Iran," it has instead "committed itself in the incentives package only to support the creation of a vague regional forum to discuss issues of mutual concern, officials said."

Meanwhile, in a story headlined, "US Risks Political Backlash In Iran Nuclear Offer," the Wall Street Journal (6/7, King, Solomon, 2.11M) reports, "Some of the nuclear provisions could stir opposition both on Capitol Hill and among conservatives in President Bush's own party," and "some conservatives also drew parallels to a similar Clinton administration-led effort to stem North Korea's development of nuclear weapons by agreeing to provide Pyongyang with nuclear fuel and advanced reactor technology. That agreement later fell apart as North Korea moved ahead on developing nuclear warheads. 'Having finally killed the reactor deal with Pyongyang, we can't seem to control our urge to cut another similar deal with Iran,' said Henry Sokolski, an expert on the North Korean nuclear program."

Bolton Downplays Iran's Threat To Cut Oil Supplies. John Bolton, US Ambassador to the UN was asked on CNN's The Situation Room (6/6) how concerned he is that the Iranians could stop selling oil on the international market and raise the price per barrel. Bolton said, "I think Secretary Rice addressed that a couple of days ago. This is not something that -- that we see them doing, because of the harm that it would cause themselves. And I must say, I mean, to be completely honest, it is tempting to respond to that kind of rhetoric, but I think to be serious and responsible now, we have put an important proposition to the government of Iran. It's important that we get a definitive response back from that government. And despite the temptation to respond to what this or that Iranian official is saying, I think it's important that we just stay put here for awhile and see what they come back and say."

Once Burgeoning Iranian Reform Movement Falters. The New York Times (6/7, Slackman, 1.19M) profiles Iran's current domestic political situation, which has swung from the cautiously reform-minded era of President Mohammad Khatami during the late 1990s to the current firebrand President Mahmoud Ahmadinejad. The Times reports, "Many people here are now realizing that real reform in Iran, such as it is, will be driven from the bottom up, slowly, stubbornly, no matter how repressive or punitive the rulers choose to be. It is a cliché, for sure, but the phrase on the lips of weary Iranians in Tehran is 'evolution, not revolution.' No one seems to have the stomach for starting over again. The change is glacial in pace but forward moving." Emadedin Baghi, who directs an Iranian prisoners' rights group, is quoted as saying, "It is not possible to make a very big jump. ... Some reformers thought that they could make a big jump. But it is an evolution that will proceed millimeter by millimeter."

Bush Concerned Over Somalia Unrest. The AP (6/7, Pickler) reports President Bush "expressed concern on Tuesday that volatile conditions in Somalia could lead al-Qaeda to use it as a staging ground to plan attacks. 'There's instability in Somalia,' Bush said in Texas where he was traveling. 'The first concern, of course, is to make sure that Somalia does not become an al-Qaeda safe haven.'" The president added that "he talked on Monday with Secretary of State Condoleezza Rice about the instability in Somalia where Islamic militiamen have claimed control of Mogadishu. 'We're watching very carefully the developments there, and we will strategize more when I get back to Washington as to how to best respond to the latest incident there in Somalia,' Bush said."

A separate AP (6/7, Tomlinson) story led with the characterization that "the success of Islamic extremists fighting for control of Somalia's capital is an important setback in the US war on terrorism," and that the "the defeat of a counterterrorism alliance providing hope for militants elsewhere in the region. ... Since the terrorist attacks of Sept. 11, 2001, US officials have expressed concerns that Somalia could become a haven for terrorists, a concern State Department spokesman Sean McCormack repeated on Monday. 'We do have real concerns about the presence of foreign terrorists in Somalia, and that informs an important aspect of our policy with regard to Somalia,' McCormack said in Washington."

Meanwhile, the New York Times (6/7, Lacey, 1.19M) adds, "Tensions remained high in" Mogadishu "as the Islamic militants…vowed to set up a religious state, while thousands of protesters allied with one of the country's largest clans pledged to challenge the effort. The warlords who have been pushed from their strongholds in Mogadishu said they would fight back against the Islamists. ... Bashir Rageh, a warlord who lost control of a key airstrip and port in March, and Muse Sudi Yalahow, another important Mogadishu leader who has lost ground to the Islamic militias, joined thousands of their backers from the Abgal clan at a stadium north of the capital to denounce the Islamic courts and militias that have taken the city." Rageh is quoted as saying, "Our clan has agreed to defend our land, and we will fight the courts hiding under the cloak of Islam and trying to fool our people."

Analyst Alleges US Anti-Terror Policy Bolsters Islamist Militias. Writing in the Washington Post (6/7, A22, 744K), Clinton-era National Security Council analyst John Prendergast takes aim at alleged US support for Somalia's secular warlord alliance. He writes, "In recent trips to the capital, Mogadishu, I have seen evidence of US support to warlord militia leaders in the name of counterterrorism operations. ... Now 'our' warlords -- and by extension our counterterrorism strategy -- have been dealt a crushing defeat by the Islamists, as the latter have consolidated control

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of Mogadishu. Our short-term interest in locating al-Qaeda suspects has thus been undermined, and the risk of a new safe haven being created for international terrorists has been greatly increased." Prendergast goes on to posit that only a "functioning government that could ensure security would be a win-win scenario for Somalis and the United States, enabling the state apparatus to address the criminality and extremism that undermine progress in the country. This would provide a real partner for the war on terrorism in an area that has a track record for exporting trouble."

In an editorial, the New York Times (6/7, 1.19M) agrees that current US policy could be deficient, noting, "The immediate concern among many Somalis is a forcible imposition of harsh Islamic law, Taliban style. The larger international concern is that Mogadishu's new rulers may follow the Taliban's example in another way, sheltering international terrorist operations in a region within tempting striking distance of vulnerable countries on the Arabian peninsula and in East Africa." The Times concludes, "With good luck, perhaps a new battlefront with international terrorism may yet be avoided. Luck, however, is no substitute for a more supple and effective American strategy against a highly mobile foe like multinational Islamist terrorism. Washington needs to develop more agile responses of its own. It especially has to avoid getting drawn into quagmires that force it to fight on the terrorists' terms and timetable."

Extending Deadline, Abbas Asks Hamas To Reconsider Deal. The AP (6/7, Daraghmeh) reports, "Palestinian President Mahmoud Abbas stepped back from a political showdown with his Hamas rivals, giving the Islamic militants several days to recognize Israel or face the voters in a referendum on the idea." Yasser Abed Rabbo, a top officer of the Palestine Liberation Organization, which Abbas also heads, is quoted as saying, "We are giving enough time, about three days, for our brothers in Hamas to reconsider their position." The AP goes on to note, "A new survey released Tuesday showed 77 percent of Palestinians would vote in favor of the proposal. The survey of 1,200 Palestinians was conducted by Bir Zeit University in the West Bank and had a margin of error of 3 percentage points." AFP (6/7) adds, "The White House welcomed Palestinian Authority president Mahmud Abbas' call for holding a referendum on implicitly recognizing Israel. 'Abbas has demonstrated that he's somebody who wants to work toward a two-state solution' to the Middle East conflict, spokesman Tony Snow told reporters. 'I think it's important for Palestinians to wrestle with the issue of whether they want to have a two state solution,' he said."

In its coverage, the Washington Post (6/7, A19, Wilson, 744K) reports, "The delay also reflects the logistical difficulties Abbas would face in staging a referendum that Hamas, now running the Palestinian Authority's day-to-day operations, opposes in principle. Hamas officials have warned that they would not allow the vote to proceed, even though it could give them cover to moderate their hard-line position toward Israel at a time when foreign donors are demanding they do so in return for future aid." The Post goes on to quote chief Palestinian negotiator and Fatah lawmaker Saeb Erekat as saying, "At the end of the day, we are heading toward a vote. ... I think the only option now, even if the date was not set today, is for the Palestinians to vote."

Indonesian Minister Rebukes US Approach To War On Terror. The New York Times (6/7, Gordon, 1.19M) reports, "Indonesia's defense minister warned the Bush administration on Tuesday that its approach to fighting terrorism was perceived as overbearing, and that the United States needed to be sensitive to local concerns. 'It's best that you leave the main responsibility of antiterrorist measures to the local government in question, and not be too overly insistent about immediate results arising from your perception about terrorists,' the minister, Juwono Sudarsono, told reporters as Defense Secretary Donald H. Rumsfeld stood nearby. 'It's important to us because, as the world's largest Muslim country, we are very aware of the perception, or misperception, that the United States is overbearing and overpresent and overwhelming in every sector of life in many nations and cultures." The Times goes on to note, "Mr. Sudarsono's remarks prompted a quick reply by Mr. Rumsfeld, who insisted he had been sensitive to other nations' concerns from the start. 'I have never indicated to any country that they should do something that they were uncomfortable doing,' Mr. Rumsfeld said." According to the Times, "The discussion over political perceptions had affected deliberations over one of the Bush administration's major efforts: the Proliferation Security Initiative, which calls for an international arrangement that would enable the United States and its allies to search cargo ships suspected of transporting biological, chemical and nuclear arms, as well as the missiles to deliver them."

Exercise Suggests Taiwan Could Defend Itself For Two Weeks Without US Help. The Washington Times (6/7, Halloran, 90K) reports, "Taiwan could fend off a concerted attack by China for at least two weeks before it would need help from the United States, according to the results of an unprecedented high-level exercise. For the first time, the Ministry of National Defense ran the weeklong war game for President Chen Shui-Bian of the Republic of China and other political leaders in April to test their ability to respond to a military assault from the mainland." According to the Times, "The findings are important to the United States:

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Under the Taiwan Relations Act, often cited by the Bush administration as the basis for the US posture on Taiwan, the United States would be obliged in most circumstances to come to the island's aid." Meanwhile, the Times notes, "US officials have been in what one called 'a grumpy mood' toward Taipei over what they have seen as a provocative posture toward China and a failure to complete an $18 billion arms purchase from the United States. Bush administration officials have suggested that Taiwan is unwilling to defend itself and relies too much on the United States to prevent it from being seized by China, which claims sovereignty over the island."

Poll Shows Muslim Women Disaffected By US Focus On Western Values. The Washington Times (6/7, Stuhldreher, 90K) reports, "Muslim women are potentially important allies in the war on terrorism, but the United States must avoid pushing Western values to win their support, according to data presented yesterday at the Gallup Organization. The Bush administration has promoted women's rights throughout the Muslim world to gain support in the region, especially in Iraq and Afghanistan. But a worldwide Gallup project found that many Muslim women are not as concerned about changing their status as Westerners might think." The Times goes on to note, "Dalia Mogahed, a Gallup Organization analyst, said a majority of men and women expressed opposition to extremism and terrorism and said they were conscious of the rights that women deserved. The key, she said, is how the United States approaches the issue." Mogahed is quoted as saying, "The imposition of Western values alienates both men and women, because it is strongly associated with colonialism, like the British policies of unveiling in Egypt. ... Westerners need to understand how to reach Muslim women through their own value systems, by using the positive aspects of their own beliefs to encourage increased rights."

Peru's New President Wants To Revisit US Trade Pact. The Wall Street Journal (6/7, 2.11M) reports, "Peruvian President-elect Alan García said he expects to renegotiate a free-trade agreement with the US that was signed by the outgoing president in April but has yet to be ratified. He said he would revise the agreement line by line. The agreement 'is just a first draft, which can be improved and broadened if this government decides to approve it,' Mr. García said. He suggested the pact should include language to discourage the import of subsidized US crops." The Journal goes on to note that during a news conference, "Mr. García said that though he had received congratulatory phone calls from many world leaders, he hadn't heard from President Bush."

US Angling To Prevent Venezuela From Getting Security Council Seat. The Washington Times (6/7, Kralev, 90K) reports, "The United States is urging Latin American nations to deny Venezuela a seat on the UN Security Council when the region chooses a replacement for the rotating seat held by Argentina, whose term expires at the end of the year. Reluctant to campaign openly against Venezuela, the Bush administration instead has been boosting the rival candidacy of Guatemala, a US ally." If Venezuela were to win the seat, "at some point it would chair the council for a month, setting the agenda and giving President Hugo Chavez an opportunity to use the highest UN forum to advance his anti-American agenda. ... Deputy Secretary of State Robert B. Zoellick made an impassioned pitch in support of Guatemala's candidacy at a meeting Monday of the Organization of American States (OAS), but failed to convince several of the region's major players." Zoellick is quoted as saying, "I know that the European democracies are supportive of Guatemala. Many of the East Asian countries are supportive of Guatemala, so we hope that it'll find broad-based support here [in Latin America]."

Mexican Candidates Focus On Middle-Class Voters. The Wall Street Journal (6/7, Lyons, 2.11M) reports, "Poll takers say the 15% of Mexico's voters who have yet to make up their minds -- some 11 million voters in all -- are massed among the lower-middle-class residents of the urban enclaves ringing Mexico City, Guadalajara, Monterrey and other large cities. These are the small businessmen, salesmen and housewives who have climbed a few rungs out of poverty in recent years -- but fear they will lose it all should Mexico stumble into crisis, as it has so often in the past." According to the Journal, "Conservative candidate Felipe Calderón has pulled virtually even with liberal front-runner Andrés Manuel López Obrador by running a sophisticated, high-tech campaign with one primary goal: targeting the burgeoning ranks of the lower-middle class, a long-overlooked group in a nation of extreme wealth and poverty." Moreover, "the outcome of the vote may determine whether Mexico will continue to tie itself tightly to the US and the global economy or follow some other Latin American nations in making a turn leftward."

Oil Concerns May Affect Cuba Trade Policy. The Hill (6/7, Schor) reports, "The imminent release of a new Bush administration status report on US-Cuban relations is re-energizing the anti-embargo lobby, which believes the skyrocketing price of oil could provide a winning angle in its fight to relax trade sanctions on the communist island nation. When the Commission for Assistance to a Free Cuba issued its first policy recommendations at the president's behest two years ago, it resulted in stricter curbs on educational travel

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and Cuban-Americans' ability to send money home. But the National Foreign Trade Council (NFTC), its affiliated business coalition USA Engage and the newly independent Freedom to Travel Campaign are stumping for a milder report this time around." According to the Hill, "The groups have found a new weapon for their campaign to loosen the trade embargo that has stood against Havana since the Kennedy administration. Oil companies from Norway, India, Spain and China (whose government-controlled petroleum group set off protectionist alarms last year with its bid to purchase Unocal) recently have signed drilling deals to explore Cuba's offshore waters." USA Engage director Jake Colvin is quoted as saying, "The embargo has the effect of turning our entire back yard over to other countries — China, India. ... CUPEC [Cuba's state-owned oil company] is certainly looking for partners, and it's better that we are there than that we are not."

European, African Officials Unveil New Plan To Interdict Illegal Migrants. The Washington Times (6/7, 90K) reports, "Authorities in Europe and Africa yesterday drew up a joint plan to fight illegal migration that will combine tougher prevention measures with more aid to persuade young Africans to stay in their homelands. ... Hundreds are thought to die in the perilous sea voyages of more than 600 miles organized from Mauritania and Senegal by traffickers who run a lucrative business carrying would-be migrants seeking a better life in Europe." Top officials "from more than 50 countries of Europe and Africa" are meeting this week in Dakar, Senegal, to finalize an action plan, which is "expected to be adopted by European and African ministers at a summit on migration July 10 and 11 in the Moroccan capital, Rabat. 'This is a political initiative of the highest importance that aims to combine both managing migrant flows and managing development,' said Alvaro Iranzo, a senior Spanish Foreign Ministry official."

THE BIG PICTURE:

Headlines From Today's Front Pages.

Los Angeles Times:
"Angelides Claims Primary Victory."
"GOP Candidate Leads In Pivotal House Race."
"Governor Swiftly Turns Campaigner."
"Slain Teen Was Trying To Protect His Brother."
"Bullied By The Eunuchs."
"In Mexico, Candidates Go Toe To Toe Before Futbol."

USA Today:
"Troops Risk Undetected Brain Injury."
"Circus Gets A Makeover."
"Harvard, Boston Hospital To Attempt Embryo Cloning."
"DeLay: GOP's 'Panic, Depression' Risk Losing Elections."

New York Times:
"Iraqi To Release Detainees In Bid To Ease Tensions."
"Senate Emphasis On Ideology Has Some In G.O.P. Anxious."
"Canada Saw Plot To Seize Officials."
"A Shack, Be It Ever So Humble, Gets A Fancy South Africa Price."
"New Campaign Shows Progress For Homeless."
"Senate Contender In Florida Presses On Despite Doubters."

Washington Post:
"Bomb Plot Allegations Detailed In Canada."
"Data Theft Hit 80% Of Active Military."
"'We Have Your Husband.'"
"Proposal Would Let Iran Enrich Uranium."
"Technology Sharpens The Incumbents' Edge."
"D.C. Mayor Fires Director Of Agency For The Disabled."

Washington Times:
"Upbeat Iran Finds 'Positive Steps' In Offer."
"Public, Bush Split On Illegals."
"Plan Targets African Migration."
"U.S. Tries To Keep Seat From Caracas."
"Fans With World Cup Fever Won't Hesitate To Call In Sick."
"Senate To Consider Letting Hawaiians Pursue Sovereignty."
"Hispanics Flock To Gulf Coast For Work Opportunities."

Detroit Free Press:
"Stockholders Rise Up, Push GM Changes."
"Partying Like Hell."
"Doctor Charged In Wife's 1968 Death."
"Hard To Hide."

Atlanta Journal-Constitution:
"Germans Gripe: This Bud's Not For Us."
"Details Of Plot Shock Canada."
"Stopping To Help? Be Careful."
"Boy, 9, Hacked To Death; Was Right Man Shot?"
"Fragile Digital Data In Danger Of Fading Past History's Reach."

Houston Chronicle:
"Gang Attack Kills Teen Rival In Park."
"Schools Might Get To Make The Call On Cell Phones."
"First-Class Night Down In Class A."
"Baby's Body At The Center Of Alleged Corpse Scam."
"Report: Storms Left New Human Landscape."

Story Lineup From Last Night's Network News:
ABC: 9/11 Commission-Homeland Security; Canada Terror Plot; Bush-Immigration; US-Iranian Nuclear Program; Iraq Violence; Iraq-Displaced Civilians; Illegal Immigrant-Princeton; Stock Markets; Weather Satellite Boondoggle; Preston Obit; June 6, 2006.

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CBS: Canada Terror Plot; Terror Suspects-US Contacts; US-Iranian Nuclear Program; VA Data Theft; Harvard-Stem Cell Research; 50th CD Election; Stock Markets; Bush-Immigration; US Teacher Shortage-Immigrants; Preston Obit; Intermittent Explosive Disorder.
NBC: NBC: Canada Terror Plot; Terror Suspects-US Contacts; VA Data Theft; US-Iranian Nuclear Program; Weather Satellite Boondoggle; Iraqi Orphans; D-Day Anniversary; Stock Markets; Preston Obit; Bush-Immigration; NYC-Immigrants; Illegal Immigrant-Princeton.

Story Lineup From This Morning's Radio News Broadcasts:
ABC: SC-Murder Suspect Captured; VA-Data Theft; Bush-Iran; CA50 Election.
CBS: SC-Murder Suspect Captured; Primary Elections; Canada-Terror Suspects In Court; Car Theft List.
NPR: Primary Elections; Bush-Iran; Senate-Gay Marriage; WI-Storms; Canada-Terror Suspects In Court; Bush-Somalia; Preston Obit.; Wall Street.

WASHINGTON'S SCHEDULE:

Today's Events In Washington.
White House:

PRESIDENT BUSH — Participates in swearing in ceremony for Interior Secretary Kempthorne, White House; visits the Juan Diego Center run by Catholic Charities, Omaha; speaks on immigration reform, Omaha.

VICE PRESIDENT CHENEY — No public schedule.

US Senate: 9 a.m. FOREIGN RELATIONS _ Full Committee. Hearing on the economics of oil. Former FRB Chairman Alan Greenspan. Location: Room 216, Hart.

9:30 a.m. JUDICIARY _ Full Committee. Hearing on S.3274 - Fairness in Asbestos Injury Resolution Act. Location: Room 226, Dirksen.

10 a.m. AGRICULTURE, NUTRITION AND FORESTRY _ Full Committee. Hearing on agriculture conservation programs. Bruce Knight, chief, Natural Resources Conservation Service, USDA; John Johnson, deputy administrator for Farm Programs, Farm Service Agency, USDA; James Earl Kennamer, National Wild Turkey Federation, Edgefield, S.C.; Olin Sims, president elect, National Association of Conservation Districts, McFadden, Wyo.; James O. Andrew, Andrew Farms, Jefferson, Iowa; Randall Spronk, Spronk Brothers III, chairman, Environmental Policy Committee, National Pork Producers Council. Location: Room 328A, Russell.

10 a.m. APPROPRIATIONS _ Commerce, Justice, Science and Related Agencies Subcommittee. Hearing on the 2006 hurricane season. NOAA Administrator Conrad Lautenbacher; National Hurricane Center Director Max Mayfield. Location: Room 192, Dirksen.

2:30 p.m. COMMERCE, SCIENCE AND TRANSPORTATION _ Science and Space Subcommittee. Hearing on the NASA budget and programs. Dr. Roy B. Torbet, Director, Space Science Center; Dr. Peter Vorhees, Professor, MCC Materials Science and Engineering, Northwestern University; Dr. Jim Pawelczyk, Associate Professor of Physiology and Kinesiology, Penn State University; Maj. General Charles Bolden USMC (Ret.), Chief Executive Officer, Jack and Panther, LLC. Location: Room 562, Dirksen.

2:30 p.m. SELECT INTELLIGENCE _ Full Committee. Meeting on pending business. Location: Room 219, Hart.

US House: FLOOR SCHEDULE _ 10 a.m. Meets but immediately adjourns for a security sweep. Reconvenes at 10:40 a.m. for the 11 a.m. Joint Meeting with the Senate for the address by Latvian President Vaira Vike-Freiberga. Highlights: Suspensions (5 bills): 1) H.Con.Res. 421 - Expressing the sense of Congress and support for Greater Opportunities for Science, Technology, Engineering, and Mathematics (GO-STEM) programs; 2) H.Res. 699 - Supporting the goals and ideals of National Entrepreneurship Week and encouraging the implementation of entrepreneurship education programs in elementary and secondary schools and institutions of higher education through the United States; 3) H.R. 5117 - To exempt persons with disabilities from the prohibition against providing section 8 rental assistance to college students; 4) H.Res. 828 - Commending the people of Mongolia, on the 800th anniversary of Mongolian statehood, for building strong, democratic institutions, and expressing the support of the House of Representatives for efforts by the United States to continue to strengthen its partnership with that country; 5) H.Con.Res. 409 - Commemorating the 60th anniversary of the ascension to the throne of His Majesty King Bhumibol Adulyadej ofThailand. H.R. 5521 - Legislative Branch Appropriations Act for Fiscal Year 2007. H.R. 5254 - Refinery Permit Process Schedule Act.

8:30 a.m. APPROPRIATIONS _ Defense Subcommittee. Markup of the defense appropriations bill. Location: Room H-140, Capitol.

9:30 a.m. APPROPRIATIONS _ Labor, HHS, Education and Related Agencies Subcommittee. Markup of the Labor, HHS, Education appropriations bill. Location: Room 2358, Rayburn.

10 a.m. ENERGY AND COMMERCE _ Full Committee. Hearing on legislation providing for a reduction in the number of boutique fuels. Assistant Energy Secretary Karen Harbert; Robert Meyers, EPA; Edward Murphy, American Petroleum Institute; Bob Dinneen, Renewable Fuels Association; Bob Slaughter, National Petrochemical and Refiners Association;

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S. William Becker, State and Territorial Air Pollution Program Administrators/Association of Local Air Pollution Control Officials; Sonja Hubbard, E-Z Mart Stores, Texarkana, Texas. Location: Room 2123, Rayburn.

12:30 p.m. VETERANS AFFAIRS _ Full Committee. Hearing on the VA's medical and prosthetic research programs. VA Undersecretary Jonathan B. Perlin; Joel Kupersmith, chief research and development officer, DVA; Robert L. Ruff, acting director, Rehabilitation Research and Development Service; Matthew J. Friedman, executive director, National Center for Post Traumatic Stress Disorder; Michael S. Watson, American College of Medical Genetics; Carl Blake, Paralyzed Veterans of America; Rick Weidman, Vietnam Veterans of America; Dennis E. Niewoehner, American Thoracic Society. Location: Room 334, Cannon.

1:30 p.m. INTERNATIONAL RELATIONS _ Middle East and Central Asia Subcommittee. Hearing on the Syria Accountability and Lebanese Sovereignty Restoration Act. Theodore Khattouf, president and CEO, Amideast; Farid Ghadry, president, Reform Party of Syria; Fouad Ajami,SAIS. Location: Room 2172, Rayburn.

2 p.m. ENERGY AND COMMERCE _ Commerce, Trade and Consumer Protection Subcommittee. Hearing on protecting children from violent and explicit video games. Location: Room 2322, Rayburn.

2 p.m. GOVERNMENT REFORM _ Energy and Resources Subcommittee. Hearing on maintaining the Gulf oil supply and the current hurricane season. National Weather Service Director Davied Johnson; Energy Information Administration Administrator Guy Caruso; Brigham McCown, Acting Administrator, Pipeline and Hazardous Materials Safety Administration, DOT; Robert Greco, American Petroleum Institute. Location: Room 2203. Rayburn.

2 p.m. GOVERNMENT REFORM _ Government Management, finance and Accountability Subcommittee. Hearing on financial management challenges at the GSA. GSA CFO Kathleen Turco; Assistant Inspector General Eugene Waszily, Jr. Location: Room 2154, Rayburn.

2 p.m. TRANSPORTATION AND INFRASTRUCTURE _ Highways, Transit and Pipelines Subcommittee. Oversight hearing on implementation of SAFETEA LU. Richard Capka - administrator, Federal Highway Administration; Sandra Bushue, acting administrator, Federal Transit Administration; Jacqueline Glassman, acting administrator, National Highway Traffic Safety Administration; John H. Hill, acting administrator, Federal Motor Carrier Safety Administration; Ashok G. Kaveeshwar, administrator, Research and Innovative Technology Administration. Location: Room 2167, Rayburn.

2:30 p.m. SCIENCE _ Full Committee. Markup of pending legislation. Location: Room 2318, Rayburn.

2:30 p.m. SMALL BUSINESS _ Full Committee. Hearing on the ICANN/VeriSign agreement and its impact on small business. John Jeffrey, ICANN; former Rep. Richard White, VeriSign's Internet Advisory Board; W.G. Champion Mitchell, CEO, Network Solutions; Steven DelBianco, NetChoice; attorney J. Bekwith Burr. Location: Room 2360, Rayburn.

3:30 p.m. RULES _ Full Committee. Meeting on rules for floor debate. Location: Room H-313, Capitol.

Other: AFRICA-INVESTMENT _ The inaugural AGOA Investment Summit takes place to discuss investment in Africa. Highlights: 10:30 a.m. World Bank President Paul Wolfowitz discusses opportunities for accelerating private capital flows to Africa. Location: Mandarin Oriental Hotel, 1330 Maryland Ave. SW.

IRAQ _ Iraqi Americans hold events to protest the loss of all Assyrian government ministry positions from their elected representatives. Highlights: 10 a.m. Protest in front of the Iraqi Embassy. 12 p.m. Protest on the West Front of the Capitol. 2 p.m. News conference. National Press Club.

HEALTH IT _ 8:30 a.m. - 1 p.m. Health IT industry leaders participate in the inaugural National Health IT Day. Highlights: 8:30 a.m. Former House Speaker Newt Gingrich. 9:20 a.m. CMMS Administrator Mark McClellan. 10:15 a.m. Keynote address: Carolyn Clancy, Director, Agency for Healthcare Research and Quality. 12:30 p.m. Myrl Weinberg, President, National Health Council. Location: Washington Renaissance Hotel, 999 9th St. NW.

CHINA-INTELLECTUAL PROPERTY _ 8:30 a.m. - 5 p.m. The US-China Economic and Security Review holds a public hearing on ``China's Enforcemenmt of Intellectual Property Rights; and the Dangers of Movement and Counterfeited and Pirated Goods into the United States." Location: Room 385, Russell Senate Office Building.

NATIONAL HEALTH INSURANCE _ 8:30 a.m. - 10 a.m. Sen. John Conyers, D-Mich., hosts the National Health Insurance Day Breakfast And the Kickoff of the New ``National Health Insurance Caucus." Brief presentations on the importance of national health insurance will be given by physicians, economists and grassroots health care leaders. Speakers include: Dr. Harvey Fernbach: Physicians For A National Health Plan; Dr. Jaime Torres: Latinos For National Health Insurance; and Dr. Rudolph Mueller, Author of ``As Sick As It Gets." Location: Room 2226, Rayburn House Office Building.

BLIX-WMD _ 8:30 a.m. - 10:30 a.m. Hans Blix, head of the Swedish government's international, independent WMD Commission, which has spent two years exploring ways to reduce threats posed by biological, chemical, and nuclear weapons, holds a news briefing on the commission's findings and recommendations. Also speaking will be: Robert Einhorn, Senior Advisor, International Security Program at the Center

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for Strategic & International Studies; Jonathan Tucker, Senior Fellow, Monterey Institutes Center for Nonproliferation Studies; and John Burroughs, Executive Director, Lawyers Committee on Nuclear Policy. Location: Choate Room, Carnegie Endowment for International Peace, 1779 Massachusetts, Ave. NW.

BIOFUELS _ 9 a.m. The Worldwatch Institute, the German Development Cooperation, and the Germany government hold an event to discuss the results of the new landmark global study, ``Biofuels for Transportation: Global Potential and Implications for Sustainable Agriculture and Energy in the 21st Century." This report is the first-ever to assess the global potential and implications of the large-scale use of biofuels for transportation. Location: Room 2168, Rayburn. Notes: German Amb. Klaus Scharioth at 9:30 a.m. World Bank President Paul Wolfowitz at 10 a.m.

HOUSE REPUBLICANS _ 9 a.m. Closed meeting of the House GOP Conference. Location: Room HC-5, Capitol.

SAMPSON-AFRICA _ 9 a.m. Commerce Deputy Secretary David Sampson will address the African Growth and Opportunity Act (AGOA) Forum 2006 Opening Plenary Session to discuss how the Department of Commerce has worked to expand commercial ties between the United States and the African nations. Location: State Department, Henderson Auditorium, 500 C St NW. Note: Enter at 23rd Street Entrance.

ECONOMIC OUTLOOK _ 10 a.m. The Business Roundtable holds a telephone briefing to release the results of its latest CEO Economic Outlook Survey, with Hank McKinnell, Chairman of the roundtable and CEO of Pfizer, Inc. Contacts: Jennifer Handt, 202-496-3288.

EMERGECNY PREPARDENESS-DISABLED _ 10 a.m. Department of Homeland Security Officer for Civil Rights and Civil Liberties Dan Sutherland will hold an employer roundtable on emergency preparedness and people with disabilities. Location: Commission Meeting Room, 1801 L St. NW.

ENERGY FUTURE _ 10 a.m. A coalition of farm, forestry and enviornmental groups and companies holds a news conference to announce a new effort to secure the nation's energy future, with Bill Richards of 25 x 25, Sens. Chuck Grassley and Ken Salazar, Reps. Bob Goodlatte and Collin Peterson, others. Location: Room 1300, Longworth.

GIAMBASTIANI-WAR COLLEGE _ 10 a.m. Vice Chairman, Joint Chiefs of Staff, Adm. Edmund Giambastiani addresses the National Defense University, Industrial College of the Armed Forces and the National War College graduation. Location: Fort McNair.

HOUSE DEMOCRATS _ 10 a.m. The House Democratic Leadership holds a news conference directly following their caucus meeting to discuss what they belive are American prioritiesproviding affordable health care, bringing down energy costs, strengthening the economy, and addressing rising war costs and deficits. Location: Cannon Rotunda, outside Room 345.

KOREA TRADE _ 10 a.m. Rep. Dennis Kucinich holds a news conference on the Korean trade agreement. Location: Cannon Terrace.

SECURITY _ 10 a.m. House Republican leadership holds a news briefing on ``securing America's future." Location: Room HC-6, Capitol.

DEMOCRATS-ESTATE TAX _ 10:15 a.m. Democratic Senators Kent Conrad, Joe Lieberman, and Barack Obama will discuss what they say are the wrong priorities of Bush Republicans in pursuing full repeal of the estate tax. Sponsors say the estate tax repeal will provide a $1 trillion tax break to the wealthiest Americans while ignoring the issues facing most average Americans. Location: Senate Radio/TV Gallery.

CHINA TRADE _ 10:30 a.m. Sens. Chuck Schumer, D-N.Y., and Lindsey Graham, R-S.C., meet with U.S. Trade Representative Nominee Susan Schwab to discuss the Administrations willingness to press for reciprocity for financial firms that want to invest in China. Last, week, Schumer objected to the unanimous consent request to approve her nomination without a vote or debate. However, Graham strongly supports the Schwab nomination and has encouraged the Senate to allow a quick vote. Location: Room 313, Hart Senate Office Building.

CENSORSHIP _ 11 a.m. The New America Foundation holds a discussion on policies and technologies to give parents control over children's media consumption, with Sens. Hillary Rodham Clinton, Mary Landrieu and Rick Santorum, and FCC Commissioners Michael Cops and Deborah Taylor Tate. Location: Jordan Conference Center, 1330 G St. NW.

MARKEY-BLIX _ 11 a.m. US Representative Edward J. Markey will be meeting at 11:00am with former UN chief weapons inspector Hans Blix. Location: Markey's office, Room 2108, Rayburn House Office Building.

CITIZENSHIP _ 12 p.m. Reps. Luis Gutierrez, Grace Napolitano, others, hold a news conference to announce National Citizenship Day, a national network of citizenship workshops on July 1. Location: Cannon Terrace.

SERBIA _ 12 p.m. The Center for International Private Enterprise and the International Forum for Democratic Studies holds a discussion, ``Democratic and Economic Transition in Serbia: Capturing Lessons Learned," with Boris Begovic, Vice President, Center for Liberal-Democratic Studies, Belgrade, Serbia. Location: Federal City Council, Suite 600, 1156 15th St. NW.

DEMOCRATS-CONSERVATISM _ 12 p.m. - 2 p.m. The Democratic Leadership Council (DLC) will host Ted Nordhaus and Michael Shellenberger, partners at American Environics, and co-directors of the Breakthrough Institute, to discuss their cutting-edge research into social values trends

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that underlie today's conservative majority. Location: Phoenix Park Hotel, 520 North Capitol St. NW.

LATINO PARTICIPATION _ 12:30 p.m. The Tomas Rivera Policy Institute (TRPI) in conjunction with the Metropolitan Center, Florida International University, will hold a symposium titled ``New Dimensions of Latino Participation.'' The forum will explore the dynamics of Latino political engagement, such as the recent immigrant protests, and the impact on immigration policy and the 2006 and 2008 Latino vote. Sponsorship for this event is provided by the Carnegie Corporation of New York with additional funding provided by Comcast and the Latino Policy Coalition. Attendees include: Sen. Ken Salazar, D-Colo.; Harry Pachon, president, Tomas Rivera Policy Institute at USC; Roberto Suro, director, Pew Hispanic Center; Mark Krikorian, executive director, Center for Immigration Studies; Maria Echaveste, principal, Nueva Vista Group; Robert DePosada, president, The Latino Coalition; Clarissa Martinez de Castro, director of state/local public policy, NCLR; and Joe Garcia, vice president, Hispanic Project, NDN. Location: Hyatt Regency-Washington on Capitol Hill, 400 New Jersey Ave. NW.

ASBESTOS BILL _ 1 p.m. Public Citizen holds a briefing on the amended Specter-Leahy asbestos trust fund bill. Location: Room 512, Hart.

ECONOMIC SECURITY _ 1 p.m. The Center for American Progress holds a presentation, ``Pulling Together: Re-Building Economic Security in the 21st Century,'' with Jared Bernstein of the Economic Policy Institute, Gene Sperling of the center, others. Location: 10th floor, 1333 H St. NW.

HURRICANES-ELECTORATE _ 1 p.m. The National Coalition on Black Civic Participation holds a symposium on questions about the current hurricane season and lessons learned from last year's season, with Rick Pogue of the Red Cross, Steven Jones of the First Response Coalition, Maj. George Hood of the Salvation Army, Janet Johnson of the Weather Channel, others. Location: National Press Club.

FEDERAL SPENDING _ 2 p.m. Rep. Frank Wolf holds a news conference to announce a bill creating a national commission aimed at dealing with federal spending and entitlements. Location: Room 2359, Rayburn.

NATIVE HAWAIIANS _ 2 p.m. Sens. John Cornyn, R-Texas, and Lamar Alexander, R-Tenn., hold a press conference to discuss their opposition to legislation that would create a racially-separate government for native Hawaiians living across the United States, the Native Hawaiian Government Reorganization Act of 2005, S.147. Cornyn and Alexander will be joined by native Hawaiians who are in Washington to express their opposition to the legislation, and the Chairman of the U.S. Commission on Civil Rights, Gerald A. Reynolds. Location: Room S-219, Capitol.

ESTATE TAX _ 2 p.m. - 2:30 p.m. The 60 Plus Assocation delivers ``Kill The Death Tax, Don't Wound It,'' to members of Congress to call for repeal of the Estate Tax. Location: Room SC-4, Capitol.

LIBERALS-TERRORISM _ 2 p.m. - 3:30 p.m. The Brookings Institution hosts a forum, ``The Good Fight: Liberals, Conservatives and the War on Terror.'' Peter Beinart, Brookings nonresident senior fellow and editor-at-large of The New Republic, will present a historical perspective on liberalism and fighting totalitarianism, as well as his views on how today's liberals ought to approach today's fight against terror. Focus is on Beinart's book, ``The Good Fight: Why Liberals -- and Only Liberals -- Can Win the War on Terror and Make America Great Again.'' Tod Lindberg of the Hoover Institution also will participate. Location: The Brookings Institution, Falk Auditorium, 1775 Massachusetts Ave. NW.

FOREIGN POLICY _ 6 p.m. Reps. Mark Kirk and Rick Larsen give the keynote address at the 4th annual U.S. Foreign Policy Colloquium, cosponsored by George Washington University and the National Committee on U.S.-China Relations. Location: Room 213, Harding Auditorium, 1957 E St. NW.

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DEPARTMENT OF JUSTICE *NEWS CLIPS*

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TO: THE ATTORNEY GENERAL AND SENIOR STAFF

DATE: WEDNESDAY, JUNE 7, 2006 7:45 AM EDT

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TERRORISM NEWS:

Senators Won't Grill Phone Companies (USAT)

By John Diamond

USA Today, June 7, 2006

WASHINGTON — A last-minute deal Tuesday with Vice President Cheney averted a possible confrontation between the Senate Judiciary Committee and U.S. telephone companies about the National Security Agency's database of customer calling records.

The deal was announced by Sen. Arlen Specter, R-Pa., the committee chairman, and Sen. Orrin Hatch, R-Utah. They said Cheney, who plays a key role supervising NSA counterterrorism efforts, promised that the Bush administration would consider legislation proposed by Specter that would place a domestic surveillance program under scrutiny of a special federal court.

In return, Specter agreed to postpone indefinitely asking executives from the nation's telecommunication companies to testify about another program in which the NSA collects records of domestic calls.

If passed, Specter's legislation would give the Foreign Intelligence Surveillance Court power to oversee the NSA program and render an opinion on the constitutionality of conducting domestic surveillance without a warrant. The court, established by the 1978 Foreign Intelligence Surveillance Act (FISA), normally considers case-by-case requests by intelligence agencies to conduct surveillance inside the USA.

The deal prompted protests from Democratic lawmakers, who said the Republican-controlled Congress had refused to challenge the administration's expansion of presidential authority. "Why don't we just recess for the rest of the year, and the vice president will just tell the nation what laws we'll have?" said Vermont Sen. Patrick Leahy, ranking Democrat on the committee.

Specter has challenged the administration to justify the legality of intelligence programs inside the country.

After the hearing, Specter said his hand had been forced by the telephone companies' refusal to discuss classified programs. Representatives of more than one company — which ones were not specified in the meeting — agreed to appear, Specter said, but told the panel they would not talk about classified information. Hatch said President Bush "is willing to work with us as long as it doesn't detract from the president's constitutional powers."

At least one Democrat shared Republican concerns about forcing telephone officials to discuss classified programs. "Companies that are trying to be good citizens shouldn't be held out to dry," said Sen. Dianne Feinstein, D-Calif.

Feinstein said there were two programs at issue: the NSA surveillance of international calls with one end in the USA and in which one participant is suspected of terrorist activity; and a program that "does not involve content" of conversations.

The surveillance program was disclosed in December by The New York Times and then acknowledged by the administration. The other program, which has not been formally acknowledged by the White House, was disclosed last month by USA TODAY. The program involves the collection of domestic calling data — the numbers and times of calls — by the NSA for use in tracking calling patterns by people suspected of terrorist activities.

In the wake of the USA TODAY story, Specter, who had proposed legislation to give the FISA court power over NSA's warrantless surveillance program, said he wanted phone company executives to testify about any involvement they had with the NSA.

Specter Won't Ask Telcos To Testify On Taps (CNN)

CNN, June 7, 2006

Senate Judiciary panel chairman backs off from questioning executives on cooperation with secret program, angering Democrats.

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WASHINGTON (CNN) - Senate Judiciary Committee Chairman Arlen Specter reversed course Tuesday, announcing he will not call on phone company executives to testify on their cooperation with the government in a secret eavesdropping program run by the National Security Agency.

The senator from Pennsylvania acknowledged his reversal was forced upon him by his Republican colleagues in a private session prior to the afternoon hearing. The announcement was promptly decried by several Democrats, who accused Specter of caving in to the Bush administration.

"We have abdicated our responsibility," shouted Sen. Edward Kennedy of Massachusetts.

"You have given up the store," complained Sen. Richard Durbin, D-Ill., in denouncing the move. "You're just walking away."

Democrats were unable to muster enough members to force a vote on issuing subpoenas to the telecommunications giants AT&T (Research), Verizon Communications (Research) and Bell South (Research).

The potential for a showdown over subpoenas was averted when Republicans, led by former committee chairman Orrin Hatch of Utah, outmaneuvered Specter in advance of the hearing.

Hatch disclosed he had won assurances from Vice President Cheney that the White House would at least review proposed legislation to restrict aspects of NSA surveillance programs. In exchange, the committee would not press the phone companies to divulge their cooperation with the government.

"We have a good-faith effort they'll work with us on this," Hatch said. "The offer is a good one."

"Why don't we just recess for the rest of the year and Cheney will just tell us what laws this nation will have?" fumed ranking Democrat Patrick Leahy of Vermont.

"I categorically reject the idea I'm backing off," Specter replied.

In a dissent, Sen. Dianne Feinstein, D-Calif., announced she would oppose subpoenas for the phone companies. Feinstein, who is on the Intelligence Committee, said she had been fully briefed on the secret NSA programs and believes if the phone companies should be summoned at all, it should be from the intelligence panel, which conducts its business behind closed doors.

"The phone companies, they're just trying to be good citizens and shouldn't be held out to dry," Feinstein said.

Specter said he would continue to vigorously challenge the White House claims of executive power on several fronts.

Specter announced he had won a promise from Attorney General Alberto Gonzales to testify "within the next two weeks" on a range of hotly debated issues on executive branch powers over which some Republicans and nearly all Democrats on the panel are bitterly at odds with the White House.

Justice Department officials acknowledge they are bracing for a potentially stormy hearing, but probably not as soon as Specter would like.

A senior Justice official who asked not to be identified said it was likely they would be able to arrange for Gonzales to testify before the committee "in the next two months."

Specter Won't Subpoena Telecom Executives (AP)

By Katherine Shrader, The Associated Press

AP, June 7, 2006

WASHINGTON (AP) — Phone company executives won't be grilled by a Senate panel anytime soon about their roles in the Bush administration's eavesdropping program.

Senate Judiciary Committee Chairman Arlen Specter, R-Pa., said Tuesday he will hold off subpoenaing the telecommunications chiefs while he works with the White House on his legislation that would ask a secretive federal court to review the constitutionality of Bush's surveillance operations.

Democrats accused Specter of abdicating Congress' oversight responsibilities.

"Why don't we just recess for the rest of the year?" the committee's top Democrat, Sen. Pat Leahy of Vermont, asked sarcastically. "Vice President Cheney will just tell the nation what laws we'll have."

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Bush has acknowledged that the National Security Agency monitored — without court approval — the communications of terror suspects when one person was in the United States and another was overseas. Until Bush ordered the operations shortly after 9/11, a judge had to sign off on such monitoring.

Following a report last month in USA Today, lawmakers have said the government is also using general information on Americans' telephone calls — such as the number called, and the number dialed from — to analyze calling patterns to detect and track suspected terrorist activity.

Specter had threatened to subpoena executives of the major phone companies to get them to testify about their cooperation with the NSA. But in an informal conversation, one company lawyer told Specter the executives wouldn't be able to testify about any classified information. Specter said Cheney told the committee the restriction would apply to everyone the senators want to question.

"I cannot make them talk," said Specter, who later acknowledged that the executives have access to more information than senators.

In exchange for deferring action on the phone companies, Specter said Cheney has specifically agreed to work with him on his legislation.

Specter rejected suggestions that he was letting the White House dictate the committee's agenda, and he said he plans to have Attorney General Alberto Gonzales before the committee later this month.

"I yield to no man or woman on pressing this administration on these issues," he said.

Bomb Plot Allegations Detailed In Canada (WP)

By Doug Struck

The Washington Post, June 7, 2006

TORONTO, June 6 -- Suspects arrested last weekend in an alleged terrorism plot planned to storm the Canadian Parliament and hold politicians hostage, and at least one wanted to behead the prime minister if demands to withdraw Canada's troops from Afghanistan were not met, according to a summary of prosecutors' allegations read in court Tuesday.

According to authorities, the group also planned to bomb power plants in Ontario and invade the downtown Toronto studios of the Canadian Broadcasting Corp., according to the written statement submitted to the court by defense attorney Gary Batasar and read into the record at his request.

The statement, which the lawyer said was a summary of the government's planned charges, indicated that the men had planned to demand the removal of Canada's 2,300 troops from Afghanistan and the release of all Muslim prisoners held in Afghanistan and Iraq. Politicians including Prime Minister Stephen Harper were to be killed if the demands were refused, according to the government allegations, Batasar told reporters outside the courthouse. Prosecutors did not comment on the statements.

The statements offered the first details of the plot that police and intelligence agencies said they disrupted in a series of raids overnight Friday. Twelve men and five youths were arrested.

Fifteen of the suspects appeared in a courthouse in suburban Brampton on Tuesday morning, shackled together and wearing prison T-shirts. Most were remanded for a bail hearing on Monday.

"The allegations are very serious, including storming and bombing of various buildings," Batasar, who represents Steven Vikash Chand, 25, told reporters outside the courthouse. "There is an allegation apparently that my client personally indicated that he wanted to behead the prime minister of Canada."

In the capital, Ottawa, Harper brushed aside the news with a joke. "I can live with all these threats as long as they are not from my caucus," he quipped as he walked into his office.

The reaction of other lawmakers ranged from disbelief to worry.

"There were certainly some grandiose plans being made," Joseph Cordiano, a Liberal in Ontario's provincial Parliament, told reporters. "I have serious, serious doubts about their capacity to carry it out."

"The plot was a very serious one," said Peter Van Loan, a Conservative in Parliament representing Ontario. "I don't expect this is the only threat out there. The thing we can take comfort in is that Canada's security measures worked."

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The arrests, carried out by hundreds of police officers, have added tension to the issue of U.S.-Canada border security. Canadian politicians have become rankled over comments by some U.S. legislators that the charges are evidence of the danger of terrorism coming south across the long, lightly guarded border.

"I'm very concerned about the amount of play in the U.S. that the threat Canada poses as a 'gateway to terrorism,' " Parliament member Mark Holland, a Liberal representing a Toronto suburb, told CBC television. "It's certainly not true."

Batasar portrayed the sensational allegations as an attempt by the government to frighten the public.

"It appears to me that whether you are in Toronto or Ottawa or Crawford, Texas, or Washington, D.C., what is wanting to be instilled in the public is fear," he said.

Batasar said his client had not spoken to him about the charges. "He said nothing about that. My client retains the right to silence." In the packed courtroom, the accused nodded or waved to relatives, but said little on their own. Several defense attorneys protested that they had been unable to meet their clients individually and that the suspects had not been permitted to see their families.

"Counsel would like to have that right" to talk to their clients personally, not through a plexiglass shield, said defense attorney Donald McLeod.

Several women in black Islamic dress came to watch the proceedings, but would not talk to reporters outside the courthouse. Missing from the hearing was the huge presence of heavily armed police that had guarded the courthouse Saturday when the suspects made an initial appearance.

In announcing the raids, police said the arrests were the result of the largest anti-terrorism investigation in Canada since Sept. 11, 2001. They said the suspects had procured three tons of an explosive fertilizer, intending to set it off at a public target.

Prosecutors: Terror Plot Included Bombs, Beheadings (LAT)

By Carol J. Williams

Los Angeles Times, June 7, 2006

BRAMPTON, Canada — Some of the 17 men and youths arrested in a suspected terrorism plot had planned to storm the nation's Parliament, take politicians hostage and behead Prime Minister Stephen Harper unless their demands for a withdrawal of Canadian troops from Afghanistan and the release of Muslim prisoners were met, prosecutors said Tuesday.

The accusations delivered to several of the defendants' attorneys in a one-page investigation summary included no evidence to substantiate the charges, said the attorney for 25-year-old Steven Vikash Chand.

"There's an allegation, apparently, that my client personally indicated that he wanted to behead the prime minister of Canada," attorney Gary Batasar said of the synopsis of the crown's case against his client, which he had received just minutes before the proceedings.

Batasar complained that he had not been allowed to meet privately with Chand and later said to reporters outside the courthouse: "This is not Guantanamo, this is Toronto, Canada."

In his comments before the judge, Batasar said the prosecution was contending the defendants planned to invade the Parliament building in Ottawa and take hostages to demand that Canadian forces leave Afghanistan; about 2,300 serve under international mandate with the Kabul government's consent. The defendants, according to prosecutors, planned to demand the release of unspecified Muslim prisoners and to bomb the Parliament building and decapitate Harper and other political leaders if their demands were rejected.

The prosecution synopsis mentioned plans to seize or blow up the CBC broadcasting headquarters in Toronto, the attorney said.

Harper brushed off the purported plot against him, joking to reporters, "I can live with these threats as long as they're not from my caucus."

Batasar and two other defense lawyers protested the conditions of their clients' detention. Chand and 21-year-old Ahmad Mustafa Ghany surveyed the courtroom and smirked as the charges were read against them. Their hands were cuffed, and they were each shackled to a third defendant, an 18-year-old who was a juvenile at the time of the alleged crimes and appeared confused about the proceedings.

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A chaotic parade of handcuffed and manacled defendants in white T-shirts and gray trousers was escorted into the small, packed courtroom of Judge Maurice Hudson at the Ontario Court of Justice in this Toronto suburb. Outside, hundreds of reporters swarmed lawyers and defendants' relatives, eager for details of a case that has jolted Canadians and led to criticism of the nation's liberal immigration policies.

Heeding federal prosecutor Jim Leising's appeal for maximum-security confinement, Hudson ordered the 12 adult and five juvenile defendants held in isolation.

Ghany's attorney, Rocco Galati, protested the harsh conditions, saying he had been unable to meet with his client without security guards listening in.

Bail hearings were postponed until later in the month for all 15 defendants who appeared in court. Two of the 17 charged after provincewide raids Friday and Saturday did not appear Tuesday, because they are serving sentences at an Ontario prison for trying in August to smuggle weapons into Canada across the Peace Bridge between Buffalo, N.Y., and Fort Erie.

Few details of the crown's case against the purported terrorist cell have come to light, but the specific plot to attack those in power mentioned by Batasar suggested prosecutors had either clandestinely acquired communications or had an inside source providing information, veteran national-security analyst David Harris said.

"One possibility is that they used bugs or wiretaps," said Harris, former chief of strategic planning for the Canadian Security Intelligence Service and now head of a security think tank. The summary of the prosecution's case might have been deliberately vague to "leave the defense side with questions of what else the prosecutors might know," Harris said.

Hudson ordered the juveniles -- at least one as young as 16 -- held in a facility for youth offenders instead of the Maplehurst prison, where the defendants were taken after their arrests. During the raids, 400 officers of the Royal Canadian Mounted Police and CSIS stormed homes and gathering places frequented by the suspects.

"My client is a very frightened young man," attorney Michael Block said of a 16-year-old defendant, who was not identified because of Canadian law protecting the names of those younger than 18 accused of committing crimes.

Seven of the 17 defendants are teenagers and all but two -- 43-year-old Qayyam Abdul Jamal and 30-year-old Shareef Abdelhaleen -- are 25 or younger.

All 12 adult suspects have been charged with terrorism under a December 2001 amendment to the nation's Criminal Code in reaction to the Sept. 11, 2001, terrorist attacks on the United States. That charge carries a maximum sentence of 10 years.

Nine of the men are charged with training for the purpose of terrorist activity, which can bring another 10-year sentence, and six face accusations that they sought to bomb public targets, which can result in life sentences. Four, including Chand, stand accused of recruiting or training others for terrorism, an offense that also can draw a 10-year term.

Canada Saw Plot To Seize Officials (NYT)

By Anthony DePalma

The New York Times, June 7, 2006

BRAMPTON, Ontario, June 6 — Prosecutors here assert that some of the men charged in a terror plot last week planned a series of violent attacks that included seizing Parliament and beheading Prime Minister Stephen Harper and other lawmakers if Canadian troops were not withdrawn from Afghanistan, a defense lawyer said in court Tuesday.

The accusations were part of a government summary that was given to a lawyer for one of the suspects and other defense lawyers just before preliminary hearings began. The document was not made public, but the lawyer disclosed part of its content because he said he wanted to force the government to disclose its evidence.

Jim Leising, the government prosecutor in the terror case, did not comment on the accusations in the summary.

The new accusations, if true, would disclose a startling new aspect of the case against 12 Muslim men and 5 youths. Previously, investigators have said only that the men intended to use homemade explosives to bomb unidentified targets in southern Ontario.

Although they expressed doubts about the capacity of the suspects to pull off such bold attacks, Canadians, in interviews with various news outlets, said the latest disclosures only heightened their current alarm about the possibility of violence by homegrown terrorists.

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"Canadians have to understand and appreciate that we are citizens of a world where danger is everywhere," Peter Van Loan, a member of Parliament from Ontario, told the Canadian Broadcasting Corporation. "We're not exempt from that, much as we might wish we were."

More than 100 journalists gathered outside the A. Grenville and William Davis Courthouse on Tuesday morning as 10 of the 12 men accused in the terrorist plot appeared in court for preliminary hearings. They were handcuffed and wore white T-shirts and gray prison pants. The five who have been charged as minors also appeared.

All the suspects asked for bail proceedings to be postponed while their lawyers prepared their defense. The bail hearings are not expected to be held for several weeks.

In the Canadian court system, prosecutors in major cases present evidence at the bail hearing as they argue against suspects being released on bail.

Two suspects did not appear in court because they are already serving prison sentences for trying to bring guns into Canada illegally.

Several lawyers complained that extraordinary security had prevented them from speaking to their clients in private. The men, all residents of Canada, have been held in isolation at a maximum-security prison since shortly after they were arrested over the weekend. They have been prohibited from talking to their families or one another.

According to court documents, all have been charged with belonging to a terrorist group. Six are accused of plotting to bomb several unidentified buildings in Canada. Others are charged with running training camps, receiving terrorist training and trying to smuggle weapons across the border from the United States.

On Tuesday, there were details for the first time about another reported plan for an attack, this one intended to cripple Canada's government and disrupt its economy. Gary Batasar, the lawyer for one of the suspects who read the accusations in court, said that if prosecutors were going to make such claims they should disclose their evidence so defense lawyers can respond adequately.

Mr. Batasar said he read the accusations for the first time when he received the government summary on Tuesday morning. He said one page of the eight-page document referred specifically to his client, Steven Vikash Chand, 25, of Toronto. Mr. Chand, who appeared in court with long black hair and a full beard, listened intently to the accusations against him, then rolled his eyes.

Mr. Chand is charged with belonging to a terrorist group and recruiting and training people to join the group. He is not charged with participating in the bomb plot.

Another suspect, Qayyum Abdul Jamal, 43, is the eldest of the men and is considered by the authorities to be their leader. Mr. Jamal, one of those charged with planning the bombings, could be seen directing one of the lawyers to ask the judge for special medical attention for the youth the lawyer represented.

Mr. Batasar said the government papers laid out a plot to storm the Gothic Revival buildings of Parliament in Ottawa and take hostages. The hostages would be beheaded if the terrorists' demands that Canadian troops to be pulled out of Afghanistan were not met.

Mr. Chand was said to have remarked that he would "personally like to behead Prime Minister Stephen Harper," Mr. Batasar said. The document also said the men intended to attack power lines and news media offices, including the CBC building in Toronto.

Mr. Harper, in the main Parliament building, took the threat in stride. "I can live with these threats, as long as they're not from my caucus," he told reporters.

Jack Layton, an opposition leader in Parliament, said the terror investigation had turned up nothing to convince him that it is time to severely restrict access to government buildings or "turn an accessible institution of democracy into a bunker."

Security at Parliament Hill in Ottawa has been tightened since 9/11, but pedestrians still can walk up to most of the buildings without passing through security gates.

Investigators have said little about the evidence they have gathered against the suspects. At a news briefing on Saturday they showed a computer tower, a crude cellphone detonator and other electronic equipment they had seized. They also showed

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a bag of ammonium nitrate fertilizer that they said was like the three tons of material the suspects had planned to use to make bombs.

American officials, who have acknowledged being involved in the yearlong investigation, said Canadian authorities had monitored Internet chat rooms, e-mail messages and telephone conversations to learn of the activities of the suspects.

Defense Lawyers In Canada Fault Terror Case Data (WSJ)

By Elena Cherney

The Wall Street Journal, June 7, 2006

BRAMPTON, Ontario -- Lawyers representing men arrested on terror-related charges last week complained they have been given scant information about their clients' alleged plot, which prosecutors now say included plans to storm Parliament and behead Canada's prime minister.

Lawyers for some of the 17 suspects said at a bail hearing in the Ontario Court of Justice yesterday that they were being given too little information to counter charges against their clients. Government lawyers provided few details about the alleged plot, and little information about the evidence gathered by police and security forces. Defense lawyers were given only a brief "synopsis" of the allegations, which wasn't made public.

Defense lawyers said the synopsis was sketchy and didn't give them enough material to prepare for bail hearings, which were postponed until later this month. "It's a very general document," defense attorney Gary Batasar said of the government summation. "Do they have wiretaps? Do they have video? Do they have informants? When you have bald-faced allegations such as these, obviously, hysteria mounts."

A spokesman for Canada's Department of Justice declined to comment on the complaints, noting that the case is before the court.

The synopsis of the case against Mr. Batasar's client, 25-year-old Steven Vikash Chand, includes a description of a plot to attack Ottawa's Parliament Hill and take politicians hostage in a bid to force Canada to withdraw its troops from Afghanistan and release political prisoners, Mr. Batasar said.

He said one document states that Mr. Chand "has indicated he personally would like to behead Prime Minister Stephen Harper."

Among the formal charges against six of the suspects -- issued under Canada's new antiterror laws -- is "doing anything with intent to cause an explosion of an explosive substance." The men were arrested in police raids Friday night after allegedly attempting to buy three tons of ammonium nitrate -- ostensibly to be used to build a bomb -- and security officials said the group of mostly Canadian-born young men adhered to an ideology "inspired by al Qaeda."

Other charges against the men include participating in terrorist-training activity in the countryside north of Toronto. Smuggling of guns into Canada from the U.S. was also allegedly part of the plot.

Families and friends of the men gathered outside the courtroom, talking to each other, reading the Quran and praying, while outside scores of photographers and reporters clustered around lawyers and anyone wearing a burkha.

Since the arrests, contradictory reports about the accused have surfaced, with some people who know the men and one of the mosques they attended claiming that the oldest of the suspects, Qayyum Abdul Jamal, 43, was an extremist who sought to influence younger men. Others in the community say they are shocked by the arrests because they knew the young men to be focused on working, studying and raising families.

Mr. Jamal and six of the men, including Zakaria Amara and Fahim Ahmad, who are among those facing explosives charges, all prayed at the Al-Rahman center in Mississauga, a bedroom community west of Toronto that is home to many of the greater Toronto area's Muslim community, which numbers more than 250,000. Messrs. Amara, Ahmad and Jamal, along with a few others, were part of a regular Saturday prayer group, said a friend of the men.

The friend described the men as religious, funny and "very smart" -- and not interested in terrorism. Mr. Jamal, who hails from Karachi, Pakistan, "was not a violent person," he added.

Yet other community members say Mr. Jamal was known for his extremist views. "He was totally against association with any non-Muslims," said Fahim Bukhari, director of the Mississauga Muslim Center.

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Mohammad Attique, who several months ago began renting his basement apartment to Mr. Chand -- the man accused of wanting to behead Prime Minister Harper -- said his tenant was "very nice," worked in a nearby restaurant and created no problems, though he acknowledged they haven't talked much. They met at the local mosque in the Scarborough area of Toronto, which was attended by several of the accused. Mr. Chand had changed his faith to Muslim from Hindu some years ago, and goes by the name Abdul Shakur, Mr. Attique said. On Saturday, the day after the suspects were detained, about 10 police cars pulled up to Mr. Attique's house and searched the basement apartment for hours, he said.

Mr. Bukhari and Tarek Fatah, a spokesman for the Muslim Canadian Congress, say their community needs to acknowledge that there are "firebrands" among them. Some mosques don't do enough research when they invite guest speakers to meet with youth and may accidentally be helping the "small fraction" of the community that holds extreme view to win more adherents, Mr. Bukhari said. "The Muslim community has failed to acknowledge or even recognize that we have radicals in our midst," he said. "We have to find out who these guys are."

Prime Minister Said To Be Target (WT/AP)

By Beth Duff-Brown, The Asociated Press

Washington Times, June 7, 2006

BRAMPTON, Ontario -- At least one member of a group of terror suspects plotted to storm Canada's parliament and behead officials, including the prime minister, if Muslim prisoners in Canada and Afghanistan were not released, according to charges made public yesterday.

Authorities also charged that Steven Vikash Chand plotted to take over media outlets such as the Canadian Broadcasting Corp.

"There's an allegation, apparently, that my client personally indicated that he wanted to behead the prime minister of Canada," lawyer Gary Batasar said. "It's a very serious allegation. My client has said nothing about that."

Mr. Chand is a 25-year-old restaurant worker from Toronto. Charges were expected to be read against at least some of the other suspects yesterday.

Mr. Batasar spoke outside the courthouse, where bail hearings for 10 of the 17 suspects were postponed. He said the charges were based on fearmongering by government officials.

"It appears to me that whether you're in Ottawa or Toronto or Crawford, Texas, or Washington, D.C., what is wanting to be instilled in the public is fear," he said.

The Ontario Court of Justice in Brampton, a small city just west of Toronto, said Monday that the suspects faced charges including participating in a terrorist group, importing weapons and planning a bombing. Details of the charges were not made public until yesterday.

Police expect more arrests, and intelligence officers are probing possible ties between the Canadian suspects -- 12 men and five teenagers -- and Islamic terror cells in six nations, including the United States.

A Muslim leader who knew the oldest suspect, 43-year-old Qayyum Abdul Jamal, said his sermons at a local mosque were "filled with hate" against Canada.

"These youth were very fun-loving guys, soccer-loving guys, and then all of sudden they were not associating with guys they used to," said Faheem Bukhari, a director of the Mississauga Muslim Community Center.

He said Mr. Jamal gave hateful, intolerant sermons at a storefront mosque in Mississauga, a city near Toronto, where six of the suspects lived.

"People around him knew he was very extreme," Mr. Bukhari said, adding that Mr. Jamal once told "the audience that the Canadian forces were going to Afghanistan to rape women."

Canada has about 2,300 soldiers in southern Afghanistan to bolster Afghan reconstruction and combat Taliban militants.

The adult suspects all are charged with one count of participating in a terrorist group. Three of them also are charged with importing weapons and ammunition for the purpose of terrorist activity.

Nine face charges of receiving training from a terrorist group, while four are charged with providing training. Six are charged with intending to cause an explosion that could cause serious bodily harm or death.

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No information was released on the five teenagers who were arrested, owing to privacy laws that protect minors.

New Details Of Canadian Terror Charges Come To Light (USAT/AP)

By Beth Duff-Brown, The Asociated Press

USA Today, June 7, 2006

BRAMPTON, Ontario — Some of the 17 Mulsim men accused of plotting terrorist bombings in Canada also planned to storm Parliament, take hostages and behead the prime minister if Muslim prisoners in Canada and Afghanistan were not released, according to charges made public Tuesday.

Authorities also alleged that Steven Vikash Chand — one of 17 suspects in the case — plotted to take over media outlets such as the Canadian Broadcasting Corp.

The new details of the charges added a dramatic dimension to a case that already has prompted tighter security along the U.S.-Canadian border and unsettled Canada's large Muslim community.

Police say they expect more arrests, and intelligence officers are probing possible ties between the Canadian suspects — 12 men and five teenagers — and Islamic terrorist cells in six nations, including the USA.

Chand, 25, a restaurant worker from Toronto, was one of 15 suspects who made brief court appearances Tuesday. They were arrested over the weekend. Bail hearings were postponed until at least Monday.

"There's an allegation apparently that my client personally indicated that he wanted to behead the prime minister of Canada," said Chand's lawyer, Gary Batasar. "My client has said nothing about that."

Batasar said the charges were based on fear-mongering officials. He also suggested that Prime Minister Stephen Harper, who expressed happiness at the arrests, should "keep out of the case."

The Ontario Court of Justice in Brampton, a small city west of Toronto, had said the suspects faced charges that included participating in a terrorist group, importing weapons and planning a bombing.

On Monday, Mike McDonell, deputy commissioner for the Royal Canadian Mounted Police, said there are "foreign connections" but wouldn't elaborate.

A U.S. law enforcement official said investigators were looking for ties between the Canadian detainees and Islamic militants held in the USA, Britain, Bangladesh, Bosnia, Denmark and Sweden.

U.S. authorities have established that two men from the state of Georgia who were charged this year in a terrorism case had been in contact with some of the Canadian suspects via computer, the official said, speaking on condition of anonymity because the investigation is continuing.

The U.S. Border Patrol put agents on high alert along the 4,000-mile border and stepped up inspections of traffic from Canada.

The adults are charged with participating in a terrorist group. Three also are charged with importing weapons and ammunition for terrorist activity.

Nine face charges of receiving training from a terrorist group, while four are charged with providing training. Six are charged with intending to cause an explosion that could cause serious bodily harm or death. No information was released on the five teens because of privacy laws that protect minors.

Praise Canada (WSJ)

The Wall Street Journal, June 7, 2006

Canadians are still digesting the news of the arrest of 17 Muslims caught trying to purchase three tons of ammonium nitrate, the equivalent of three Oklahoma City bombs. Reports suggest that among their targets were the iconic CN Tower in Toronto and the parliament building in Ottawa. Police say they expect to make more arrests, and there appear to be links between the group and at least two Georgia-based U.S. Muslims.

We'll count the milliseconds before somebody tells us this is more evidence of the evils of immigration -- er, never mind, New York Republican Peter King just did that. So instead we'll point out that this terrorist cell seems to have been entirely composed of citizens and legal residents of Canada. As interesting is that the cell was identified through the work of the Canadian Security Intelligence Service, which monitored Internet chat rooms frequented by Islamic extremists. This again

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reminds us of the crucial role electronic surveillance plays in uncovering potentially catastrophic terrorist attacks. Question: Did that surveillance require a warrant? Do you care?

No less telling is that, while 2,000 Canadian soldiers are currently deployed in Afghanistan, Ottawa was a conspicuous dissenter against the war in Iraq and the concept of regime change generally. "If we change every government we don't like in the world, where do we start?" asked then-Prime Minister Jean Chretien in March 2003. This opposition would apparently not have spared Canada from the wrath of these home-grown jihadis, yet when Spain was hit by a terrorist atrocity in 2004 its support for the Iraq war was widely described as the principal reason. Ditto for Britain and the London bombings in 2005.

Meantime, the important thing is to praise the work of Canadian authorities in foiling what could have been another 9/11. We can only hope their American counterparts are as good.

Military Alters The Makeup Of Interrogation Advisers (NYT)

By Neil A. Lewis

New York Times, June 7, 2006

WASHINGTON, June 6 — Pentagon officials said Tuesday that they would try to use only psychologists, and not psychiatrists, to help interrogators devise strategies to get information from detainees at places like Guantánamo Bay, Cuba.

The new policy follows by little more than two weeks an overwhelming vote by the American Psychiatric Association discouraging its members from participating in those efforts.

Dr. William Winkenwerder Jr., assistant secretary of defense for health affairs, told reporters that the new policy favoring the use of psychologists over psychiatrists was a recognition of differing positions taken by their respective professional groups.

The military had been using psychiatrists and psychologists alike on behavioral science consultation teams, called "biscuit" teams because of the acronym, to advise interrogators on how best to obtain information from prisoners.

But Dr. Steven S. Sharfstein, recent past president of the American Psychiatric Association, noted in an interview that the group adopted a policy in May unequivocally stating that its members should not be part of the teams.

The counterpart group for psychologists, the American Psychological Association, has endorsed a different policy. It said last July that its members serving as consultants to interrogations involving national security should be "mindful of factors unique to these roles and contexts that require special ethical consideration."

Stephen Behnke, director of ethics for the organization, said psychologists knew not to participate in activities that harmed detainees. But Dr. Behnke also said the group believed that helping military interrogators made a valuable contribution because it was part of an effort to prevent terrorism.

Former military interrogators at Guantánamo told The New York Times last year that some psychiatrists and psychologists had advised them on how to "break" detainees to make them more cooperative. The former interrogators said they had been counseled on how to use a detainee's fears and longings to increase distress. One example was their taking advantage of a prisoner's fear of the dark, known from his medical records.

Dr. Winkenwerder, the Pentagon official, disputed those assertions Tuesday, saying he did not believe that such counseling had occurred. He said the biscuit teams gave interrogators advice only on how to establish a positive rapport with detainees.

Pentagon Limits Medical Role In Questioning (LAT)

By Julian E. Barnes

Los Angeles Times, June 7, 2006

WASHINGTON — The Pentagon on Tuesday placed new restrictions on how doctors can be involved in interrogations of detainees, but critics deplored any policy that gives medical professionals a role, saying it can lead questioners to use harsher tactics than they would without medical advice.

The military's use of medical professionals in interrogations has drawn fire from human rights groups and medical ethicists. They have charged that doctors have been used unethically at the prison in Guantanamo Bay, Cuba, to force-feed detainees on hunger strikes and provide medical advice to help interrogators.

William Winkenwerder Jr., the assistant secretary of Defense for health affairs who approved the new policy, said it was written to ensure that healthcare professionals play an appropriate role. The policy attempts to draw a clear distinction between

medical personnel who care for the health of detainees and mental health professionals, called "behavioral science consultants," who assist interrogators.

Winkenwerder, in a conference call with reporters, said the "consultants" did not take part in interrogations. They make psychological assessments of prisoners, he said, but are not allowed to shape interrogations with their knowledge of a subject's phobias or medical vulnerabilities.

Leonard S. Rubenstein, executive director of Physicians for Human Rights, said the military should prohibit psychologists or doctors from aiding in the questioning of detainees. "They are using their professional knowledge to hurt people," he said. "The bottom line is health professionals should not be involved in interrogations."

The guidelines are part of a policy directive for medical personnel that was originally due to be released with the Army Field Manual and another directive on the treatment of detainees.

But the Field Manual has been held up by objections from members of Congress, who are worried that it might not go far enough to ensure prisoners are treated humanely. The Times reported Monday that the Pentagon has decided to leave out a key part of the Geneva Convention that bans "humiliating and degrading treatment."

Sen. John F. Kerry (D-Mass.) on Tuesday sent a letter to President Bush, saying such an omission would "make our troops and our country less safe."

"Given the current situation in Afghanistan and Iraq," he wrote, "it is an especially bad time to send a signal to the world that we no longer abide by internationally accepted norms for the treatment of prisoners."

The medical directive released Tuesday also makes no mention of international law or treaties.

"It is outrageous that there is no reference to Geneva," said M. Gregg Bloche, a Georgetown University law professor and one of the first to disclose the work of the behavioral consultants in an article in the New England Journal of Medicine.

The most controversial of the new rules for medical personnel are likely to be those governing the "behavioral science consultants," psychologists or other experts who advise interrogators.

The American Psychiatric Assn.'s guidelines prohibit its members from taking part in interrogations. Professional guidelines for psychologists are less clear.

The new policy notes that physicians, such as psychiatrists, are not ordinarily used as behavioral consultants, "but may be so assigned" when qualified psychologists are unavailable.

Critics have said the consultants give interrogators information that helps them to increase the discomfort, stress or ill-treatment of detainees, giving tacit approval that allows harsher treatment.

Under the guidelines, the consultants are permitted to "make psychological assessments of the character, personality, social interactions, and other behavioral characteristics of detainees." They can also train military personnel on "safe and effective interrogation methods" and advise them on the "potential effects of cultural and ethnic characteristics of subjects."

The rules, however, bar them from "the use of physical or mental health information regarding any detainee in a manner that would result in inhumane treatment or not be in accordance with applicable law."

"These words speak to humane behavior," Winkenwerder said. "And if you have observed our personnel in action … I can tell you they act humanely and they act with humane principle and they are ethical people."

He said the new rules consolidated existing policies and added new details. "They reaffirm what has been a tradition that goes back decades and decades and decades," he said.

Rubenstein, with Physicians for Human Rights, said anything short of a complete ban on the use of psychologists or physicians in interrogations would result in medical personnel helping interrogators use ever-tougher tactics.

"They have adopted the same policy and dressed it up in what purports to be safeguards," he said. "Once you get sucked into interrogations, the likelihood of violating ethical obligations and hurting people is high."

Many doctors and psychologists argue it is ethical to give classes on human behavior or other general instruction to interrogators. But giving advice on how to break an individual subject and make him or her talk crosses an ethical line, they say. The new rules allow such individualized advice, if the interrogators use lawful techniques.

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Stephen Xenakis, a psychiatrist and former Army brigadier general in the medical corps, has criticized the use of doctors and psychologists in interrogations. He said he once supported the kind of wall the Pentagon is trying to create between caring for detainees and aiding in their interrogation.

But he now says such a distinction will be impossible. "You are always a healthcare provider," Xenakis said. "You can't be an interrogator in one job and a doctor in another."

The new guidelines may also tighten the use of medical records. At Guantanamo Bay, there was for a time no restriction on interrogators looking at medical records. The new directive does not restrict access to records but mandates that such disclosures are recorded.

The new rules also offer guidance on force-feeding. They say that medical personnel may assist in force-feeding detainees on a hunger strike "without the consent of the detainee to prevent death or serious harm." The directive says the treatment must be medically necessary.

The International Committee on the Red Cross prohibits force-feeding.

Xenakis argues that doctors should take steps, short of force-feeding, to try to keep patients alive, or persuade them to stop hunger strikes. But he said if patients were mentally competent, and rationally decide to starve themselves, medical personnel must let them do it.

"Patients have the right to exercise autonomy and starve themselves," he said.

Winkenwerder said the new directive adhered to the policy of the Federal Bureau of Prisons: to keep anyone under detention alive.

He said healthcare was provided "with the consent of the detainees," with the exception of those who are refusing nourishment. "We have a policy that is to preserve life," he said. "That policy is an ethical policy," he said.

Md. Teacher Accused Of Aiding Terror Group (WP)

By Matthew Barakat

The Washington Post, June 7, 2006

A third-grade teacher at a Muslim school in Maryland traveled to Pakistan shortly after the Sept. 11 attacks, trained with a terrorist organization there and later served as chauffeur for one of that group's leaders during his U.S. travels, prosecutors say.

Defense attorneys argue that the government has no evidence the man was ever at the terror camp and say he was in Pakistan to arrange his brother's wedding.

Tuesday morning, jurors began their first full day of deliberations in the trial of Ali Asad Chandia, 29, who is charged with providing material support to Lashkar-e-Taiba, an organization that supports Muslim control of the disputed Kashmir territory on the India-Pakistan border.

Prosecutors have said Lashkar was a potential gateway for Americans and others who wanted to join the Taliban in neighboring Afghanistan in its fight against U.S. troops. The U.S. government declared it a terrorist organization in December 2001.

The charges against Chandia stem from a government investigation of what prosecutors called a "Virginia jihad network," a group of young Muslim men who used paintball games in 2000 and 2001 as paramilitary training for holy war around the globe. Ten people have been convicted in that investigation, including the group's spiritual leader, Ali al-Timimi, who was sentenced to life in prison for soliciting treason and urging group members to fight U.S. troops in Afghanistan.

Prosecutors do not allege that Chandia intended to take up arms against U.S. troops, but they say he received jihad training at a Lashkar camp in late 2001. Then, after returning to the U.S. in 2002, they say he helped Lashkar by assisting one of its officers, Mohammed Ajmal Khan, in his U.S. travels.

Specifically, Chandia served as a driver for Khan and picked him up at various airports. He also helped Khan obtain and ship equipment from the United States to Pakistan, including a remote-controlled aircraft and 50,000 paintballs, according to the government.

Prosecutor John Gibbs said the defense sought to portray Khan as an eccentric, largely innocuous character.

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"He is not cute. He is a terrorist," Gibbs said of Khan, who was convicted in Great Britain of supporting Lashkar and sentenced earlier this year to nine years in prison.

Defense attorney Marvin Miller said prosecutors had no evidence that Chandia attended a Lashkar camp, only testimony from a witness who reported seeing Chandia at a Lashkar office in Lahore. Miller said Chandia traveled to Pakistan to help arrange his brother's wedding there in January 2002.

Miller argued that Chandia didn't know of Khan's connections to Lashkar. Chandia only agreed to help Khan because he was asked to by a friend, Masoud Khan of Gaithersburg, Md. Masoud Khan is currently serving a life sentence for his role in the Virginia jihad group.

Prosecutor David Laufman responded by putting a sinister-looking picture of Khan in front of the jury, and ridiculing the idea that Chandia had been an unwitting dupe.

Why More Must Be Done To Protect London (FT)

By Michael Cassidy

Financial Times, June 7, 2006

New thinking is needed on how to protect the public against terrorism. The ordinary citizen is in the front line when it comes to suicide attacks. The first duty of government is to provide that protection and yet, nearly a year on from last July's attacks in London, some simple measures are being sidelined. The London Assembly report into 7/7 reveals communication shortcomings as well as equipment deficiencies and one detects a lack of urgency in responding to these types of concerns. Furthermore, coverage surrounding the arrests in east London highlights the extent to which our transport infrastructure is a prime area of vulnerability.

My own experience in this area is as one who had to deal with the aftermath of the 1993 IRA attack at Bishopsgate in the City in my capacity as chairman of the policy and resources committee at Guildhall. I apply many of the lessons learned in that period to the situation today and find part of the official response inadequate. Then, as with last July, some improvisation was -necessary and volunteer support is always impressive on the day. The police and emergency services undertake heroic efforts in difficult circumstances. Yet a residue of concern permeates one's reaction to recent terrorist incidents.

One feature of the IRA campaign on the mainland was that warnings (not always accurate) were often given. Not so the modern terrorist. The perpetrators then sought to avoid being caught; not so the modern suicide bomber. CCTV is of only limited use in today's circumstances. If you are going to die anyway, what sort of deterrent is a camera at the scene?

The City's response at the time of the IRA campaign was the so-called "ring of steel" – vehicle checks at the eight entry points into the Square Mile. This was radical in its conception, was at the edge of available technology and was in some quarters criticised as an intrusion. In fact, it has proved to be a valuable tool in solving serious crimes. With the capability of tracking and photographing a moving vehicle after an alert given only four seconds after it has passed the entry point, it is an effective and efficient system to protect our principal financial district. But today we need random pedestrian checks in addition to examining vehicles. These should be targeted at what people are carrying rather than their likely ethnic origin. The public will respond positively to sensitive use of stop-and-search powers. However, very few of these have been apparent on the streets of London since July 7.

Most business people welcome baggage checks at stations despite objections in the media last year when we advocated them to protect rail travellers. Technology will evolve to minimise delay to passengers, so that every Underground station will have a "loop" capable of setting off an alert that can be responded to in different ways if explosives are detected. There should also be more sniffer dogs on trains.

There is no adequate reason why police officers should not be required to be in uniform when travelling free on public transport. They can wear an "off-duty" badge if they want to avoid being pestered with trivia. But the main objection is based on possible confusion with British Transport Police. Can this stand in the way of a simple and cheap measure that would reassure the public in a busy metropolis which relies on public transport?

The Chamber of Commerce is working with Scotland Yard to build ties with the Asian business community to improve the flow of information that may frustrate terrorist attacks. On the one hand, the police are showing responsiveness to crimes that

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particularly affect that community and, on the other, business leaders are asked to encourage a better dialogue on likely threats from terrorist sources.

We also support the idea of government grants to give smaller businesses training and advice on resilience to attack. They should be encouraged to have half-day seminars on practical and sensible measures to help swift recovery from an attack, protecting their staff and customers and sustaining their systems. Look at the potential hazards arising from a chemical or biological attack and the imposition of an exclusion zone right where a business is located. Most small business proprietors would not know where to start.

The police have a tough job and resources are limited. But it seems that the political will is lacking to implement some of these practical ideas, despite the very positive response I received at Downing Street last October when they were first mooted.

So, if the politics is not right for new thinking to be brought to bear, let me come to my final thought. We need a government department focused on what has been loosely called "homeland security". Separate this vital responsibility from the rag bag of Home Office duties, some of which involve inherent conflicts when it comes to judging how best to protect the public. That might be more fit for purpose than the present arrangement, which seems bogged down in traditional thinking and is over-reliant on the chancy business of intelligence gathering. People want to see action on the streets and, this time, before the attack and not after it.

The writer is president of the London Chamber of Commerce and Industry

HOMELAND RESPONSE:

New York, You're Still No. 1 (NYT)

By Michael Chertoff

The New York Times, June 7, 2006

Washington

LAST week, the Department of Homeland Security announced $1.7 billion in new spending for state and local governments, including more than $700 million under our Urban Areas Security Initiative. Few readers may know it based on the news media reaction, but these 2006 grants continue a financing stream that places New York and Washington at the very top of the list in terms of money received.

The terrorists who struck us on Sept. 11, 2001, and their allies continue to view New York and Washington as among America's prime targets. Therefore we have put our money where the threat is. Since the creation of my department, the New York and Washington areas, along with Los Angeles, Chicago and the San Francisco Bay Area, have received 45 percent of overall financing from the urban areas initiative.

New York has received more than $528 million of this money, which is more than Los Angeles and Washington combined. The $124 million that New York will receive this year is 50 percent more than the next-highest area, Los Angeles, and represents almost a threefold increase over the $46 million the city received in 2004.

It is true that, in real dollar terms, New York is receiving less this year than in 2005, when it got more than $200 million. Why? In large part because Congress gave us about $600 million less for our grant programs, including approximately $125 million less for the urban areas initiative. Still, this year New York will receive just under 18 percent of the total funds in the urban areas initiative. This falls in line with the city's average over the last three years of receiving 19 percent of the program's funds.

There is a more fundamental point about these security grants. The Urban Areas Security Initiative awards are designed as capacity building investments. We are looking to pay for new equipment and projects that increase the nation's overall preparedness. They are not for routine and recurring operating expenses like salaries and overtime.

Therefore, while New York and Washington will continue to receive the majority of the money because of the heightened threat they face, future grants will also go to other, less populated areas that have not received much help in building even basic security capacities.

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Besides, when we improve the overall level of security nationwide, it helps New York, too. The 2003 blackout clearly demonstrated that loss of critical infrastructure in parts of the country outside New York can have a direct impact on the safety of city residents.

Finally, I would like to clear up two other misunderstandings. First, contrary to news media reports, significant landmarks like the Empire State Building and the Brooklyn Bridge were included in our deliberation over where money would go. It is true that they were not classified as national monuments and icons. Why? To help New York's application.

We purposely placed these structures into other categories: the Empire State Building into the large office building category and the Brooklyn Bridge into the bridges category. We did so because those categories generate a higher complete risk grade for New York's financing proposal than icons like Mount Rushmore that, while important symbolically, would have fewer human and economic consequences in case of an attack.

Second, the Homeland Security Department has made every effort to rely on measurable facts and to take politics out of the process. State and local emergency management agencies — including those in New York — selected more than 100 local homeland security directors, fire chiefs, law enforcement officials and other experts to serve as peer reviewers of applicant-proposed solutions. When surveyed, 96 percent of the local and state agencies agreed that the panels that made the spending decisions included balanced representation, and 83 percent agreed that the peer review resulted in objective scores and results.

New York, Washington and a few other major urban centers face significant risks and rightly get most of the federal investment. But they are not the only cities at risk. Because the federal government cannot equally protect every single American at every moment in every place against every threat, we must manage the risk in the most effective way possible. And while we have significant resources, they are not unlimited. We have the obligation to ensure that those resources are invested wisely and fairly across the entire nation.

Michael Chertoff is the secretary of the Department of Homeland Security.

House Blocks More Funding For New York, Other High-risk Cities (AP)

By Lara Jakes Jordan

The AP, June 7, 2006

WASHINGTON -- House Republicans blocked a vote Tuesday on restoring millions of dollars in counterterror funds to big-city targets, including New York, refusing to bust budget targets over slashed grants to emergency first responders.

New York City-area Democrats pleaded to add $750 million to spending plans to fund the Homeland Security Department in the 2007 fiscal year that begins Oct. 1. But Republicans rejected the measure even as they vowed anew to investigate how Homeland Security could justify cutting funding to New York and Washington _ the two targets of the Sept. 11 attacks _ by 40 percent.

The House approved the overall $32 billion spending blueprint, 389-9, shortly afterward.

"Short memories," said Rep. Nita Lowey, D-Westchester. "Such a cut is unconscionable. ... Reducing funding to New York and Washington, D.C., the two targets of the Sept. 11 attacks, is a slap in the face to every first responder who rushed to the emergency scene that morning and every individual living in those regions."

But Republicans worried about increasing the federal deficit noted that the Democratic plan would have only applied to spending in the 2007 fiscal year beginning in October and would not help this year. Still, they joined Democrats in promising to investigate how Homeland Security divided $710 million among 46 high-threat urban areas nationwide. The department's grant program took a $829 million cut from 2005, although some smaller cities, like Omaha, Neb., saw their funding increase.

"It's tough to understand, considering New York City remains the highest target for terrorism," said Rep. John Sweeney, R-Clifton Park. Rep. Harold Rogers, R-Ky., who chairs the House Appropriations panel that oversees homeland security spending, told lawmakers he supported efforts to "further look into the matter."

Addressing another Homeland Security controversy, lawmakers agreed to shift $4.2 million from a department contract with a limousine company to fund firefighting grants. The owner of Shirlington Limousine has numerous felony convictions, and other clients used the Virginia-based company to chauffeur people to poker parties attended by House members, CIA officials and, allegedly, prostitutes.

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In all, the House bill would give Homeland Security $1.8 billion more in 2007 than this year. It bolsters protections at seaports by $448 million more than in 2006, adds 1,200 Border Patrol agents and boosts the Hurricane Katrina-beleagured Federal Emergency Management Agency by $6.5 billion for disaster preparedness.

For the second straight year, the bill also eliminates a $1.3 billion administration plan to raise fees for airline passengers.

The Senate has yet to write a similar bill.

City Will Not Change Its Strategy For Dealing With Terror (NYT)

By Sewell Chan And Winnie Hu

The New York Times, June 7, 2006

Mayor Michael R. Bloomberg said yesterday that the city would not alter its strategy in future applications for federal antiterror money to comply with the Department of Homeland Security's preference for semipermanent safeguards like new technology over recurring costs like police overtime.

"We're not here to change our strategy to suit anybody," the mayorsaid. "We're going to do what we think is right, and if the burden falls solely on the taxpayers of New York City, that's not good. But in the end, our No. 1 priority is to provide security, and I would argue that the level of expertise in the city, in all of the different first-responder agencies, is as good as anyplace you'll find in the world."

While expressing disappointment about the 40 percent cut in annual antiterror money for the city announced last week, Mr. Bloomberg has made it clear since Sunday that he does not expect Washington to change its mind. "We have a very different philosophy than what the federal government does," he said in a news conference on Staten Island.

"While technology is important," he added, "it's really shoe leather that counts" in fighting crime and terrorism. "And so a very big portion of the monies that we always ask for are to cover labor costs, which typically the federal government does not do," he said. "We think they're wrong in that."

Last night, the House of Representatives approved an appropriations bill for the Department of Homeland Security for the fiscal year starting Oct. 1, after Republicans blocked a vote on a proposal to restore $115 million in grants for New York City and $40 million for Washington, according to The Associated Press.

In a related development, the city's Department of Health and Mental Hygiene, which has received about $14 million in federal funds for health and bioterrorism preparedness, said yesterday that the reduction in federal aid could hurt those efforts.

"This cut is likely to have an effect on our planning for radiation events, including subway detection and response projects, as well as on critical emergency response information systems," the deputy commissioner for disease control, Dr. Isaac B. Weisfuse, said at a budget hearing before the City Council.

He said that the department's request, as part of the city's grant application, included more than $5 million for radiation monitoring, $4.5 million for emergency response computer technology and $1 million on preparations for distributing vaccinations or treatments.

At the hearing, Dr. Weisfuse told Councilman David I. Weprin of Queens that the ultimate effect of the cuts was not yet certain. "Since this has happened relatively recently, we need to regroup and look at all our projects and see how we can attempt to fund them," Dr. Weisfuse said.

Despite Mr. Bloomberg's position, some New York politicians continued to push for the Bush administration to reconsider the grant allocation to New York.

Representative Vito J. Fossella of Staten Island, the only Republican to represent New York City in Congress, said yesterday that he had spoken with the White House chief of staff, Joshua B. Bolten, and urged President Bush to intervene.

"One, it's the right policy to do in the short term," Mr. Fossella said, "but over the long term I think the president really needs to set the example that when it comes to allocating homeland security funding it is going to be truly risk-based, it's going to be threat-based."

Mr. Fossella said that Mr. Bolten had called him in response to a letter the congressman wrote to President Bush on Thursday.

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Mr. Bloomberg, however, stopped short of calling for the president to step in, saying, "I've dealt with the secretary, and I think that's the level that I should be dealing with."

Mr. Bloomberg said that the secretary of homeland security, Michael Chertoff, had promised to help the city to maximize the money that was awarded. The city still needs to document the proper use of the money before it can receive it.

The under secretary for preparedness, George W. Foresman, will try to expedite the process of securing the grant money, said Russ Knocke, a spokesman for the Department of Homeland Security.

Katrina Displaced 400,000, Study Says (WP)

By Peter Whoriskey

The Washington Post, June 7, 2006

Hurricane Katrina displaced more than 400,000 people from the New Orleans area and the Mississippi Gulf Coast, according to a Census Bureau report to be released today, one of the most comprehensive looks at the hurricane-induced migration.

The figures show that the New Orleans metropolitan area, and not just the city, remains vastly shrunken in population four months after the storm, having lost 378,000 people, and that those who remained were more prosperous and were far more likely to be white.

Whereas the population of the New Orleans region was 54 percent non-Hispanic white before the storm, that proportion had grown to 68 percent in the months after the storm, the figures show.

"We knew the city was becoming whiter and less poor, but now we know the entire New Orleans region was," said William H. Frey, a demographer at the Brookings Institution who analyzed the new figures. "This is the first real numbers on this. Everything else has been guesswork."

The figures show that the Gulfport-Biloxi region lost 41,000 people from before Katrina to January, ranking it second among metropolitan areas for population loss.

But in contrast to the New Orleans region, the Mississippi coast has become less white, the figures show. The proportion of non-Hispanic blacks in Mississippi's coastal counties has risen from 17 percent to 27 percent.

Exactly how many people have returned to the hurricane-ravaged areas and who they are has been a matter of intense speculation among public officials and businesses planning the rebuilding effort.

The new figures will not end the debate, however.

Census officials warned that some of the figures are subject to larger than normal margins of error and, moreover, that the figures are already at least five months old.

"The population estimates were from back in January, and back then the situation was a lot more volatile," said David Bowman, a researcher for the Louisiana Recovery Authority.

His estimates suggest that the population of New Orleans has grown from 156,000 in January to 192,000 in May. About 450,000 people lived there before Katrina.

The recovery has been far slower than many had expected, and the new figures only underscored the vast challenges ahead.

"Those who sit and speculate that the city will have 350,000 people next year are doing it on certain innate beliefs -- that people want to return, that there will be jobs," said Rob Couhig, one of the leaders of a rebuilding commission arranged by Mayor C. Ray Nagin.

Couhig said he expects that many who have left will never return.

Storms Also Shifted Demographics, Census Finds (LAT)

By Ann M. Simmons, Times Staff Writer

The Los Angeles Times, June 7, 2006

NEW ORLEANS — In the four months following Hurricanes Katrina and Rita, the population of the New Orleans metropolitan area became substantially whiter, older and less poor, and it shrank to less than half its size, according to statistics released today by the Census Bureau.

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The figures were drawn from estimates of the hurricane-affected areas along the Gulf Coast as of Jan. 1, and cover 117 counties initially designated by the Federal Emergency Management Agency for individual or public assistance. Separate data from the Census Bureau's 2005 American Community Survey, or ACS, analyzed demographic, socioeconomic and housing characteristics of the population in those counties.

Census officials and demographers said the new statistics provided the most comprehensive post-Katrina population and demographic figures to date.

"The data from the ACS provides the first quantitative data in support of anecdotal stories we have read and seen on television for the past nine months," said Lisa Blumerman, deputy chief of the ACS, which typically produces annual estimates of population and housing characteristics after a full year of data collection. This time, however, ACS divided the 2005 data into an eight-month period before Hurricanes Katrina and Rita, and a four-month period after the storms.

Census officials acknowledged that because of the survey's shorter time period, and the smaller sample size because of difficulties in conducting interviews immediately after the storms in flood-ravaged areas such as Orleans and St. Bernard parishes, "the reliability of the estimates is reduced."

Parishes and counties were combined into metropolitan statistical areas, and the margin of sampling error is plus or minus 3 percentage points.

The biggest population loss was experienced in metropolitan New Orleans, which includes seven parishes, and in the Mississippi Gulf Coast counties of Harrison and Hancock, and part of the Gulfport-Biloxi area also in Mississippi.

The population of Orleans fell from 437,186 in July 2005 to 158,353 after the storms. Nearby St. Bernard Parish lost 95% of its residents.

The New Orleans metro area's population was 37% black between January and August 2005 and fell to 22% between September and December 2005. The percentage of white residents grew from 60% to 73%. Households earning between $10,000 and $14,999 annually dropped from 8.3% to 6.5%; while those with a yearly income of between $75,000 and $99,999 rose from 10.5% to 11.4%.

"It's become substantially whiter, less poor, and there is a greater percentage of the area's people who have high-valued homes, or who are paying higher values of rent," said William H. Frey, a demographer and visiting fellow at Washington's Brookings Institution Metropolitan Policy Program, which analyzed the new census figures. "The changes also tend to impact the family structure and household. There is a decline in poverty."

Frey added that the disproportionate out-migration of lower-income and black residents to destinations farther away from New Orleans had likely slowed the return of such residents, because they lacked the finances, did not own their property, or if they did, the property might have been destroyed.

The percentage of households that were renters dropped from 36% to 27%, Frey said.

While population numbers have drastically decreased in Orleans and St. Bernard parishes, a dramatic rise has occurred in cities such as Houston and Baton Rouge, which absorbed large numbers of displaced people.

Harris County, where Houston is located, gained some 92,000 people in the last six months of 2005, according to the Brookings analysis of the census data. East Baton Rouge saw a population spike of about 4% in four months.

"Blacks tended to move to where they had relatives and friends or where they were first evacuated to," Frey said. People who relocated to nearby towns such as Baton Rouge tended to be middle class and own cars.

Blumerman, the census official, said other significant findings for the New Orleans area in the four months after Katrina included: The number of people who were living in a different home rose from 13% a year ago to 21% in January; the median age of residents had increased from 38 to 42; and, in Louisiana's federally designated hurricane-related assistance zones, the number of people in need of food stamps went from 12% to 31%.

Louisiana state officials said that while the data was useful, it was just "a snapshot."

"It's a partial picture of the changes," said Karen Paterson, a demographer at the Louisiana State Census Data Center.

Katrina's Unlearned Lessons (WP)

The Washington Post, June 7, 2006

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LAST WEEK the U.S. Army Corps of Engineers admitted responsibility for much of the destruction of New Orleans. It was not true, as the Corps initially had claimed, that its defenses failed because Congress had authorized only Category 3 protection, with the result that Hurricane Katrina overtopped the city's floodwalls. Rather, Katrina was no stronger than a Category 2 storm by the time it came ashore, and many of the floodwalls let water in because they collapsed, not because they weren't high enough. As the Corps' own inquiry found, the agency committed numerous mistakes of design: Its network of pumps, walls and levees was "a system in name only"; it failed to take into account the gradual sinking of the local soil; it closed its ears when people pointed out these problems. The result was a national tragedy.

You might think that the Corps' mea culpa would fuel efforts to reform the agency. Sens. John McCain (R-Ariz.) and Russell Feingold (D-Wis.) are pushing a measure that would do just that, requiring that future Corps proposals be subject to technical review by an independent agency. But the stronger current in Congress goes in the opposite direction. A measure urged by Louisiana senators and written by Sens. James M. Inhofe (R-Okla.) and Christopher S. Bond (R-Mo.) would loosen oversight of the Corps. Billions of dollars may be spent in ways that ignore the most basic lessons from Katrina.

Congress has already passed laws with language directing the Corps to design a new flood-protection plan for Louisiana. The language encourages the construction of Category 5 protections for the whole state, a project that could cost tens of billions of dollars; it advertises its own profligacy by laying down that the flood-protection plan should be exempt from cost-benefit analysis. The new measure, which is reportedly part of a revised version of a water projects bill that will be unveiled shortly, would lower the bar for congressional approval of whatever Louisiana defenses the Corps sees fit to propose. Rather than requiring full votes in both chambers of Congress, the Corps' plan could be authorized by votes in two committees that tend to rubber-stamp such projects.

In the wake of Katrina, this is almost beyond belief. The Corps' admission of its own technical shortcomings points to the need for tougher oversight, not less. And the New Orleans disaster has illustrated the folly of building flood defenses for vulnerable low land: Some of the worst-hit areas would not have been developed in the first place if the Corps hadn't decided to build "protections" for them. Encouraging the Army Corps of Engineers to build Category 5 defenses for all of Louisiana, including parts that are sparsely populated for good reason, would not merely cost billions that would be better spent on defending urban areas. It would encourage settlement of more flood-prone land and set the stage for the next tragedy.

Hurricane Forecasts: Good Headlines, Bad Science (USAT)

By Debora Wilson

USA Today, June 7, 2006

The 2005 hurricane season was clearly unprecedented and took a huge toll on our country and those whose lives and livelihoods were impacted. The only silver lining was raising the level of awareness among consumers, the news media and policymakers as well as local, state and federal governments.

One byproduct of this growing awareness is a much higher degree of interest among the general public in understanding and predicting what's going to happen this year. Unfortunately, this is spawning a new wave of individuals and organizations who bill themselves as experts, publicly issuing predictions that not only speculate on the number of hurricanes the USA will experience this season but also the specific regions where the storms will make landfall.

The news media love pre-season predictions, but they provide a misdirected focus. The question should not be "How many?" but, instead, "Are you prepared?"

Predictions are fraught with inaccuracy. While there is skill in forecasting whether a particular season will be active overall, there are no definitive scientific methods for predicting the exact number of hurricanes that will form during a particular year. Despite claims to the contrary, no verified means exist to pinpoint an area or region a hurricane will impact. For example, one prediction made shortly before Hurricanes Katrina and Rita devastated the central Gulf Coast claimed the East Coast would be the region most threatened during the peak of the hurricane season.

New predictions

In the past few weeks, another prediction that the Northeast is likely to be hit by a strong hurricane has garnered national headlines. Is the Northeast due for one? Absolutely. In fact, The Weather Channel recently highlighted the possible fallout from a

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Category 3 hurricane striking Manhattan in an episode of It Could Happen Tomorrow. But acknowledging that a potentially disastrous scenario exists is far different from predicting the timing of it.

Although these unfounded predictions do raise awareness in the forecasted areas, they also lull residents in other coastal regions into a false sense of security. None of these claims would pass as legitimate peer-reviewed research in the scientific community.

Is there a way to predict where a hurricane will make landfall?

According to our experts, steering patterns for major hurricane landfalls persist in multiple consecutive years and even tend to be predominant throughout a particular decade, leading to multiple regional strikes — such as the Florida Peninsula in the 1920s and '40s, the East Coast in the '50s, and the western and central Gulf Coast in the '10s and '60s. This would suggest that perhaps, continuing from 2004 and '05, Florida and the central-eastern Gulf Coast are the ones "staring down the barrel of a gun" once again.

Fickle patterns

Nonetheless, hurricanes do not always stick to one particular pattern or region. In the 1930s, hurricanes made landfall in locations spread widely from New England all the way to South Texas.

This is why experts should never jump on the bandwagon to issue seasonal hurricane forecasts. The fact is that nobody knows at this juncture what regions, states and communities will get hit this year. The same logic can be applied to recent claims that global warming is linked to the increased number of hurricanes. Until scientists can study additional hurricane seasons, it is impossible to validate these claims.

So the bottom line for the East Coast, the Gulf Coast and all coastal residents: Until science makes a lot more progress and enables us to credibly home in on who is going to get hit — months in advance — be equally prepared everywhere every year. Period.

Debora Wilson is president of The Weather Channel.

Are Hurricanes Uninsurable? (WSJ)

By Holman W. Jenkins, Jr.

The Wall Street Journal, June 7, 2006

It wasn't so long ago that insurers were pronouncing terrorism "uninsurable." But ask any insurer: Aon's Paul Bassett recently noted that the global war on terror had greatly reduced the threat of megaplots on the scale of Sept. 11, 2001.

Yes, suicide bombers and car bombs remain a threat, but not to the industry's capital base. Hurricanes are the new "uninsurable" now.

Here's a complicated story that only begins with warming ocean temperatures thought to justify an expectation of increased hurricanes. One risk modeler, Risk Management Solutions Inc., chucked out 100 years of hurricane data and brought together four climate scientists who probably wouldn't agree about much else but agreed that the next five years would see a higher-than-average number of hurricanes. Presto, a risk model employed by many insurers to set rates suddenly implies a 40% hike for Gulf Coast property owners.

A second factor: More hurricanes meet more people and property. Regionally speaking, Katrina came ashore in a low-rent neighborhood. Florida, a hurricane highway, represents an agglomeration of coastal property worth $2 trillion. New York City and Long Island offer a similar target. The Texas coast represents about $750 billion worth of bowling pins.

These scenic vicinities experienced building booms in the '70s and '80s, when hurricane activity was at low ebb. Beginning in the early 1990s, a series of devastating storms swept through, especially in Florida. Enter factor three: The willingness of the federal government to rush in with rebuilding aid far above even the billions in subsidized flood insurance already provided to coastal homeowners. Coastal development only quickened when it should have slowed.

Upping the ante were 9/11 and Katrina, which demonstrated to high rollers the federal government was incapable of not shelling out infinite sums to ease personal tragedies when bad things happen on a large scale (if you lose your house or loved one in an everyday mishap, of course, you're still on your own).

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As anyone might have predicted, this dynamic is now unraveling the insurance industry's ability to help society control its risk-taking by properly pricing risk. Lloyd's Julian James put it this way late last year: "It seems to me that with $400,000 per family [paid out in the wake of the terrorist attacks and Katrina], if the government hands out checks, do people need insurance?"

In olden times, robber barons built their seaside mansions a safe distance from the ocean. Today's yuppies build their palaces right on the beach: FEMA reckons that a quarter of coastal dwellings will be destroyed in the next half century. The solution seems obvious: Restore the incentive for yuppies to behave responsibly like the robber barons.

This assumes two things: Insurers would have to be free to charge realistic rates, which is problematic given that rates in most states are approved by elected or appointed insurance commissioners, most of whom have their eyes on higher office.

It also assumes state courts will uphold insurance contracts -- a principle being tested in Mississippi, where Attorney General Jim Hood likens insurers to "Nazis in lockstep" and is pursuing civil and criminal complaints against them for refusing to pay for flood damage explicitly not covered in the policies they sold to homeowners.

The riskiest assumption of all is that property owners would be willing to pay "actuarially sound" rates rather than just skipping insurance and relying on a federal bailout in the wake of a big storm. Here's the real crux of the claim by some industry watchers that hurricanes have become effectively uninsurable.

In this camp is Robert Litan, a Brookings Institution economist who says bailouts have become politically mandatory and property owners expect them. So the only rational course now is to fund them in advance, with taxes borne mainly by those who benefit. Coming to a similar conclusion is Allstate CEO Ed Liddy, a one-man band who's been trying to drum up enthusiasm for a federal disaster insurance program.

He was a voice alone but lately has acquired allies in the form of State Farm and a few others. Mr. Liddy lays out an approach that, he claims, would tap all business and property owners in Florida who presumably benefit from coastal development even if their own property is inland. Folks in Peoria and Dubuque wouldn't be milked, as they are now, to subsidize the lifestyle of beach dwellers.

He also says his plan would mandate realistic insurance rates and impose damage mitigation measures to reduce the cost of hurricanes and discourage high-risk development.

Don't hold your breath for this part. Federal flood insurance was instituted in 1968 with the same good intentions -- to make property owners bear the cost of their own recurrent bailouts. Instead it became a subsidy to increased risk-taking. That program today is $21 billion in the hole, its shortfalls financed by taxpayers in Peoria and Dubuque.

Where's Al Gore when you need him? Mr. Liddy's plan may be a defensible concession to political realities, i.e., the inevitability of the federal government continuing to pay people to rebuild what storms knock down (see New Orleans). But it also makes an undesirable peace with over-development of coastal areas. The harder road of imposing market insurance rates on coastal property owners and ending taxpayer handouts would mean a lot of coastal development would come to a halt -- as it should.

In any case, all agree the debate won't be settled in an election year, and probably not until another hurricane forces the country to face up to how the rest of us have been taxed again and again to subsidize the high-risk lifestyles of those who plant themselves in the paths of hurricanes.

WAR NEWS:

Senate To Hold Hearings On Iraq Massacre (AP)

By Liz Sidoti

AP, June 6, 2006

The Senate will hold hearings soon into an alleged Marine massacre of Iraqi civilians, a committee chairman said Tuesday as Republicans and Democrats voiced serious concerns about the accusations.

"We've got our duty and we'll do it. We'll go wherever the facts lead," Sen. John Warner (news, bio, voting record), the Senate Armed Services Committee chairman, said of the allegations that U.S. Marines killed up to 24 Iraqi civilians last November in the town of Haditha without cause and then engaged in a cover-up.

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The Virginia Republican told reporters he wanted to hold the first of what he expected to be a series of hearings on the allegations as soon as Army Maj. Gen. Eldon A. Bargewell finishes his investigation into whether military personnel lied about what occurred at Haditha. Warner said Bargewell likely would be the first witness called.

Congressional aides say Bargewell's report could be completed within the week but that the military's separate criminal investigation is not expected to be finished anytime soon.

In a letter to Defense Secretary Donald H. Rumsfeld on Tuesday, Warner requested the Pentagon tell him "the earliest possible date that the department could provide witnesses" for the first hearing. Warner stressed that delaying the results of such investigations will mean that "a mixture of information, misinformation and unconfirmed facts will continue to spiral in the public domain."

"We must do everything possible to prevent our military personnel, and indeed the values of all our military services, from being judged on unofficial information in the court of public opinion prior to the conclusion of official investigations," Warner wrote.

His counterpart in the House, Rep. Duncan Hunter (news, bio, voting record), R-Calif., also has pledged to hold hearings in the House Armed Services Committee. But he, too, has said he wants to wait until the military completes its investigations to ensure Congress doesn't interfere with potential criminal proceedings.

Over the past week, more details have emerged about the November incident and a senior U.S. defense official said military investigators have evidence that points toward unprovoked murders by Marines.

Politically, the alleged murders in Haditha — as well as unsubstantiated claims of unprovoked civilian deaths by U.S. troops elsewhere in Iraq — threaten to further drag down support for the Iraq war and could turn into a political problem for President Bush and Republicans five months before congressional elections. Polls show voters increasingly uncomfortable with the direction of the war as well as more inclined to see Democrats leading Congress.

Returning to Washington after a weeklong Memorial Day break, lawmakers expressed grave concerns about Haditha and said the allegations could further tarnish the U.S. image abroad and hurt efforts to curb terrorism worldwide.

But Republicans and Democrats alike in both the House and the Senate also urged caution, saying that Congress and the public still didn't have all the facts and shouldn't prejudge the outcome of the military investigations.

"While it's too early to pass judgment on what happened, things don't look good," said Sen. James Inhofe (news, bio, voting record), R-Okla.

Added Sen. Ben Nelson (news, bio, voting record), D-Neb.: "If the initial reports are true ... clearly it's an atrocity."

"What we do know is pretty ugly stuff," said Rep. Adam Putnam (news, bio, voting record), R-Fla., who returned from Iraq just days ago. "I fear that Haditha can have even greater negative consequences in perception than Abu Ghraib," where U.S. soldiers abused Iraqi prisoners in 2004.

Rep. C.A. "Dutch" Ruppersberger, D-Md., who also recently returned from Iraq, said that if substantiated, what happened at Haditha "hurts our reputation in the world."

Rumsfeld Pressed To Disclose Findings Of Haditha Probe (AFP)

AFP, June 6, 2006

The top US senator on military affairs pressed Defense Secretary Donald Rumsfeld to quickly make public the findings of a probe into the alleged killing of Iraqi civilians by US Marines.

Senate Armed Services Committee chairman John Warner, in a letter to the defense secretary, also vowed to hold a "series of hearings" on the alleged atrocities in the Iraqi town of Haditha on November 19.

"Congress and the American people are entitled to a timely disclosure of the official findings and recommendations of these inquiries," the influential Republican wrote in the June 6 letter.

"Delays in getting out the official findings of fact due to a protracted review process will mean a mixture of information, misinformation and unconfirmed facts will continue to spiral in the public domain," he said.

"Given the alleged seriousness of these events ... these hearings are the first priority of our committee," the senator wrote.

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The Pentagon is investigating whether US Marines killed 24 civilians in Haditha, a town northwest of Baghdad, after a marine was killed by a roadside bomb.

A separate inquiry is looking into whether there was a military coverup of the killings.

Pentagon officials have said the investigations are nearing completion but not given an indication when findings will be released.

Senators Press Pentagon On Haditha Hearings (NYT)

By David S. Cloud And Eric Schmitt

New York Times, June 7, 2006

WASHINGTON, June 6 — The Republican chairman of the Senate Armed Services Committee told the Pentagon on Tuesday that he planned to hold hearings "at the earliest possible date" into the reports of killings of civilians by marines in Haditha, Iraq. Other senators complained that the Defense Department had been slow to share details about the case.

In a letter to Defense Secretary Donald H. Rumsfeld, the chairman, John W. Warner of Virginia, asked the Pentagon to make available Maj. Gen. Eldon A. Bargewell, the Army general who is conducting one of two investigations into the incident. The inquiries are expected to find that marines killed at least some of the 24 civilians slain without provocation after a roadside bomb killed a lance corporal in their squad.

Democrats on the committee expressed growing frustration that the Pentagon was not sharing details about the inquiries since Time magazine published an article in March challenging the military's explanation of the deaths.

"They were very slow in notifying the committee, just like they were very slow in doing everything else," said Senator Carl Levin of Michigan, the committee's senior Democrat. He added that military officials in Iraq "knew there was something amiss" but did not start the two investigations until March 9.

In his letter, Mr. Warner warned Mr. Rumsfeld not to delay making witnesses available to Congress. "Delays in getting out the official findings of fact due to a protracted review process will mean a mixture of information, misinformation and unconfirmed facts will continue to spiral in the public domain," Mr. Warner wrote.

Speaking to reporters after dedicating a new Islamic prayer center at the Marine base in Quantico, Va., the deputy defense secretary, Gordon R. England, and the Marine Corps commandant, Gen. Michael W. Hagee, pledged thorough inquiries. "If we find people who have violated our standards, they'll be held accountable," General Hagee said.

General Bargewell's inquiry is expected to be sent to the second-ranking general in Iraq within the next few days, said a House Republican who received a briefing on Saturday from the officer in Baghdad.

Representative John Kline, a Minnesota Republican and a former marine, said in a telephone interview that he and three other lawmakers were told by the officer, Lt. Gen. Peter W. Chiarelli, that General Bargewell's inquiry was voluminous and "virtually completed."

But General Chiarelli told the lawmakers that before he approved the inquiry's conclusions, he wanted to ensure that it contained any major findings from the criminal inquiry.

Quantico Islamic Center Dedicated (WP)

By Theresa Vargas

The Washington Post, June 7, 2006

In the official speeches, no one mentioned Haditha. But as the Islamic Prayer Center was dedicated yesterday at the Marine Corps Base in Quantico, recent violence in Iraq, including the killing of 24 civilians in the western Iraqi town, allegedly by Marines, was on the mind of some.

Aisha Greenleaf Abdul-Mateen sat in a folding chair behind rows of other folding chairs, listening as Deputy Secretary of Defense Gordon England and Gen. Michael W. Hagee, commandant of the Marine Corps, spoke about the significance of the day -- the first Muslim prayer center for the Marines. She sat there as they pointed to the small white building behind them as a symbol of America's religious tolerance. And she remained there after they finished their speeches, took off their shoes and walked inside the center with a gaggle of journalists in tow.

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"If they would have asked someone like me to say something, they would have got the truth," said Abdul-Mateen, a Muslim and wife of a veteran.

She would have stood at the podium and said that the Islamic Prayer Center was a "beautiful, beautiful thing" but long overdue. She would have said that it shows "equality" and "justice" and "respect," but that those qualities were being lost in the bigger picture of the Iraq war. That the leaders weren't following what God wants.

"If they were," she said, "we wouldn't be in Iraq doing what we're doing -- hurting innocent people, having them take their clothes off and siccing dogs on them, and even what they're doing in Cuba."

Yesterday's ceremony marked the dedication of the building that has been in use by the base's Muslim community since the end of last year. The plan is to build a larger facility by 2009 to serve as a religious activities and family support center. Several who attended the ceremony described it as a positive step in relations with the Muslim community in the United States after a series of reported missteps recently in Iraq, such as the alleged atrocity in Haditha.

"The event was timely," said Ghayth Nur Kashif, an imam who served in the Korean war. "It's not going to be enough, but it's a start."

Lt. Abuhena Saifulislam, a U.S. Navy chaplain and religious adviser to the U.S. Marines, said the idea for the center came last July when he was assigned to the base. Muslim service members and international students came to him for help.

"They started asking me, 'Can we get a place to pray?' " he said, adding that they had been going off the base to Woodbridge and Stafford.

Saifulislam estimates that 30 people use the center, but he's confident that the number will grow.

"As it is known, they will come," he said.

England said 4,000 Muslim Americans are serving in all branches of the U.S. military. He said the center will be not only a space for them but also a place to educate people about Islam. Inside the center, which is mostly a large, empty room, the walls are decorated with educational posters topped with such questions as "Who is Allah?" and "What do Muslims believe?"

"At the end of the day, we are all brothers and sisters," England said.

Hagee said he believes that everyone shares the basic values of respect for human life, for the truth and for personal property.

"The Islamic Prayer center is really an extension of our ethos, this ethos we take care of one another," he said. "We are a family."

Even those at yesterday's ceremony who did not agree with the war and were solemn when talking about recent events under investigation in Haditha agreed that the center was a positive symbol of religious respect.

"This couldn't happen in any other country except America. It wouldn't happen in the Middle East," said Christopher Bell, a Vietnam veteran who started the Muslim-American Veteran Association. "We have our problems, but this is the greatest country as far as freedom goes."

Rumsfeld Is Correct - The Truth Will Get Out (NYT/IHT)

By Roger Cohen

New York Times/International Herald Tribune, June 7, 2006

NEW YORK "Ultimately the truth gets out, notwithstanding people's efforts to the contrary."

This sentence was uttered last week by Donald Rumsfeld, the U.S. defense secretary, during a visit to Singapore. He was irritated at the time, as he often is, by what he regarded as a boneheaded question from a journalist about whether the Pentagon was too obsessed with Iraq to watch China's military.

But of course the words have a wider relevance to the Rumsfeldian universe. Indeed, in the mouth of their author they amount to a gem. The defense secretary, by design or despite himself, and more often the latter, is a master of the bon mot. Alas, he is not a master of self-criticism.

This, after all, is the same man who, back in 2002, tried to argue that the absence of evidence for Iraqi weapons of mass destruction needed some perspective. "Simply because you do not have evidence that something exists does not mean that you have evidence that it doesn't exist," he declared.

Or, as he put it in attempting to elaborate: "Absence of evidence is not evidence of absence." Or, trying again: "There are things we know that we know. There are known unknowns; that is to say there are things that we now know we don't know. But there are also unknown unknowns. There are things we do not know we don't know."

It seems Rumsfeld has a French side. Where is Descartes when you need him?

Unraveling all this was never simple. The unknown unknown: that's deep. But ultimately the truth gets out and lends itself to a simple declarative sentence. There were no Iraqi weapons of mass destruction.

This is also the man who responded to the wholesale looting in the wake of Saddam Hussein's downfall in 2003 by saying, "Freedom's untidy, and free people are free to make mistakes and commit crimes and do bad things." Or, in a more succinct exegesis: "Stuff happens."

Yes, stuff does, and ultimately the truth gets out.

The truth, in this case, that Rumsfeld was so focused on the plan of attack in Iraq and securing Saddam's overthrow with a lean force, he had no time for any plan for the aftermath. So there was no post-invasion plan worth its name, to stop looting or a gathering insurgency.

Nor did Rumsfeld have time for the senior commander who questioned his nonplan. General Eric Shinseki, the former chief of staff of the army, was humiliated after suggesting "several hundred thousand troops" would be needed to secure Iraq. Rumsfeld didn't even bother to attend his retirement ceremony.

All this braggadocio ended up leaving the troops on the ground in Iraq exposed. Staff Sergeant Christopher Bush told me patrols in 2003 were known as "suicide runs." Humvees had no armor or turret shields.

Bush would remove the fiberglass doors so that it was easier to shoot; the doors were useless anyway. "Nobody told us to expect or prepare for that warfare," Bush said.

Least of all the defense secretary, whose lapidary comment was: "As you know, you go to war with the army you have, not the army you might want or wish to have at a later time."

But ultimately the truth gets out. You go to a war of choice, when you are the U.S. military, in the strength you opt to deploy, and if your calculation of that deployment - its nature, challenges and duration - is erroneous, you pay the price in the form of more than 2,400 dead Americans.

Or, as marine Lieutenant General Gregory Newbold, one of the retired generals who called for Rumsfeld's departure earlier this year, put it: decisions were made "with a casualness and swagger that are the special province of those who have never had to execute these missions - or bury the results."

On the subject of such burials, by the way, Rumsfeld has another bon mot: "Death has a tendency to encourage a depressing view of war."

Yes, Mr. Secretary, it does.

Another truth about death is now coming out. It concerns what happened on Nov. 19, 2005, in the farming town of Haditha, in Iraq's troubled Anbar Province. On that day, 24 Iraqi civilians were killed, as first reported by Time magazine.

An initial statement from the marines said 15 had been killed by a roadside bomb, and others by marines returning fire when their convoy was attacked.

It now appears, on the contrary, that a military investigation will confirm that, as Representative John Murtha, Democrat of Pennsylvania, has said, "Our troops overreacted because of the pressure on them, and they killed innocent civilians in cold blood."

Stuff happens. People lose it on Los Angeles freeways or in the New York subway. They lose it more often, and more devastatingly, when they're in a war against a shadowy enemy moving seamlessly through a sympathetic civilian population. We all remember My Lai.

Haditha is not My Lai. But it may resemble it at least in this respect: the suggestion of a cover-up in the aftermath of the killing is strong. Rumsfeld is promising clarity: "There's an investigation going on as to what took place. There's an investigation going as to what took place after whatever took place."

That French side, again.

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I don't doubt Rumsfeld wants a thorough investigation. But there's a problem: when swagger and cavalier lack of preparation and disregard for facts have been your hallmarks, things tend to happen in your image. That's a truth Rumsfeld may ultimately have to face.

He said something else in Singapore, about Iraq. "Suddenly they are going to have a constitution - a piece of paper - that's going to have to hold the country together; not repression by a vicious dictator, but a piece of paper. And that is a big thing."

It sure is. And it needed more nurturing than Rumsfeld had patience for. Which is not a reason to cut and run now. Ultimately the truth gets out.

"Lawfare" Over Haditha (WSJ)

By David B. Rivkin Jr. And Lee A. Casey

Wall Street Journal, June 7, 2006

The unfolding investigation of last November's events in Haditha reveals much more about the Bush administration's critics than it does about the U.S. armed forces. Although the inquiry is ongoing, it appears that 24 unarmed Iraqi civilians were deliberately murdered, allegedly by American Marines seeking revenge for a fallen comrade. If true, the episode was a war crime, something that must be -- and no doubt will be -- severely punished. However, the administration's critics are already cynically leveraging the Haditha killings as a means of undercutting the president, heedless of the effect this may have on American national interests.

Here is an outline of the emerging anti-Bush thesis: Haditha was the fault not of a handful of Marines, but of an administration that has refused to honor international law. As support, critics point to the administration's refusal to grant Geneva Convention rights to al Qaeda or the Taliban, to the use of aggressive interrogation techniques to obtain intelligence from terrorist detainees, and to a determination not to treat these individuals as ordinary criminal defendants. All of this is claimed despite the fact that the most fundamental aspects of administration policy -- that the U.S. is at war, that individuals captured in this war can be held without trial as "enemy combatants" or tried by a military commission -- have been vindicated so far by the courts.

Nevertheless, the killings at Haditha and a handful of other incidents in which U.S. troops have violated the laws of war (and are in the process of being punished) are already being cited as evidence of a systematic problem with American forces abroad and American leadership at home. In fact, although scores of atrocities have been alleged in Iraq and Afghanistan, the vast majority have been false claims. Most recently, for example, charges that U.S. forces executed civilians during a March 15 night-time raid on an al Qaeda safe house in Ishaqi proved to be groundless.

To put things in perspective, it is worth noting that abuses and violations of the laws of war have occurred in every armed conflict in human history, regardless of how well-led or disciplined were the troops involved. Indeed, by the standards of past conflicts, U.S. forces in Iraq and Afghanistan have behaved in exemplary fashion, using force in combat with unprecedented precision, minimizing collateral damage and civilian deaths -- often at risk to themselves and to their mission. In Iraq, this has been the case even though American forces are fighting in the toughest possible urban insurgency environment.

Overall, all U.S. forces, including the Marines, have used deadly force in a proportionate and discriminate manner, fully in accord with the laws and customs of war. By contrast, our enemies engage in war crimes on a daily basis as a matter of policy. For them, targeting civilians is not the exception but the rule -- it is the essence of the "asymmetrical" warfare they practice.

Throughout history, irregular forces have used the surrounding civilian population in two distinct ways. First, guerrilla fighters do not wear uniforms or carry their arms openly -- critical elements of lawful warfare -- so as to hide among the civilian population. In effect, they use civilians as shields. Second, like the insurgents in Iraq, they seek to goad opponents into mistakenly, or deliberately, attacking civilians -- as a means of mobilizing the population against the regulars. The killings at Haditha show how this strategy can work.

However, the advent of modern media coverage -- coupled with a growing and valid concern among democracies about humanitarian norms during warfare -- has provided a new tactical innovation, increasingly known as "lawfare." Al Qaeda and the Iraqi insurgents thus routinely claim that American forces systematically violate the laws of war by targeting civilians and abusing prisoners. These claims are not targeted at the Iraqi people (although similar claims regarding insults to Islamic believers are so directed) but at public and, especially, elite opinion in the U.S. and other democracies. With Vietnam as its model, the Iraqi

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insurgency well understands that it can win only by undermining America's political will to win, and the center of gravity in this conflict lies in Washington, not Baghdad or the Sunni Triangle.

These lawfare tactics have several other important consequences. If the Pentagon's investigation of Haditha was delayed, it was most likely because similar massacre allegations are made virtually every time American forces take to the field. The fact that, in Iraq, IED explosions are so often followed by insurgent attacks launched from civilian structures also clearly gave credence to the initial -- and evidently incorrect -- reports from Haditha. When civilian buildings are used in insurgent operations, civilians often are killed in the crossfire, and so the report that a number of civilians had been killed by small arms in Haditha would not have appeared exceptional to the U.S. commanders.

Ultimately, the Haditha incident must remind American policy makers -- and the American people -- of the challenges of modern warfare. Although the individual actions of U.S. forces on that day may have been exceptional, the surrounding circumstances are not -- and our enemies will look more and more to such irregular tactics. The Pentagon's emphasis on exhaustively training American troops in the laws of war is a good first step. U.S. forces already are the best equipped and trained in history, and it is only through a constant emphasis on duty, discipline and American values that our armed forces will prevail in Iraq and similar conflicts.

At the same time, should the Haditha incident mature into a full-fledged war crimes drama prompting a premature U.S. withdrawal, the damage would not be limited to Iraq. If the U.S. cannot fight and win against a brutal urban insurgency in Iraq today, its ability to defeat any determined foe willing to sacrifice the civilian population in irregular warfare will be in question. This can only benefit the most vicious regimes and movements. The Bush administration's critics should pause a moment, and reflect, on whether this would really be worth it.

Messrs. Rivkin and Casey, lawyers in Washington, served in the Justice Department under Presidents Reagan and George H.W. Bush.

Torture As Defined By The Media (WT)

By Douglas MacKinnon

Washington Times, June 7, 2006

In case you have been the least bit curious as to why al Qaeda and other Islamist terrorist organizations are convinced -- beyond a mushroom-cloud shadow of a doubt -- that they can defeat the United States, the evidence is no further away than your newspaper, radio, network or cable news outlet. If all else fails, the twisted leadership of these evil terrorist organizations know they can always count on the liberals in the mainstream media, as well as the liberals in Congress and Europe, to act as their unquestioning propaganda ministers. To prove that what we once believed to be up is now down, and what we thought to be right is now wrong, we have several examples that embolden al Qaeda with every news report or printed word.

First, is the case of Army Sgt. Santos A. Cardona. Don't recognize the name of this very honorable man? Maybe it will ring a bell if I said he was the "dog handler" recently found guilty of using a dog to unlawfully threaten a former high-ranking Baath Party member. Or, as some liberals in the press have maintained, found guilty of "torture." How hard must murderer Abu Musab Zarqawi be laughing with that news. He brutally beheads Nicholas Berg and then reads that some in our country equate a distinguished soldier holding a barking dog in front of a prisoner with "torture." Of course, let us not forget why Nicholas Berg was killed. Zarqawi said it was to avenge the "abuse" of Iraqi prisoners at Abu Ghraib prison. A story that CBS News proudly broke with apparently no thoughts as to the consequences of its action. Would Nick Berg be alive today had CBS not run the story? No one will ever know. But as a Pentagon source told me with regard to Abu Ghraib, "the liberal media turned what was really nothing more than a fraternity prank gone bad into 'torture,' and as an instrument to dishonor the U.S. military."

Next on the list of "torture" as defined by the liberals in the media, Congress and Europe is something called "waterboarding." Not familiar with this brand of "torture"? It's a method that may be employed by the CIA in which terrorists who harbor information about future attacks against the U.S. or U.S. forces are strapped to a board and dunked into water so as to prod their faulty memories.

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To say the New York Times, The Washington Post, the major networks, and every other liberal news organization is outraged by this alleged treatment of terrorists would be an understatement. Never mind that such tactics may save thousands of lives in the U.S. or hundreds of U.S. troops. As far as the liberals are concerned, it is an evil beyond comprehension.

Again, if dunking a known terrorist into water for a few seconds is "torture," what word would the Times, Post or networks use to describe what the insurgents do to the young Iraqi policemen they capture? Young men who are only trying to feed their families and help their nation. Young men who, before they are shot to death or beheaded, have their teeth ripped out with pliers, have their fingernails torn out, are burned with cigarettes, have their fingers sliced off, and are electrocuted. The liberals in the media don't seem too worked up about this real torture.

Don't take my word for it. Do an online search and compare how many words the New York Times and Washington Post use to condemn our nation and "waterboarding," as opposed to the unthinkable torture these young Iraqi policemen endure.

Finally, we have the case of Haditha -- a town in Iraq where U.S. Marines may have knowingly killed innocent civilians. If in fact this happened, it's a disgrace and those guilty must pay the highest price possible. That said, these Marines are U.S. citizens who deserve every right granted to them under our laws--innocent until proven guilty being paramount.

Of course, as far as the left-of-center media is concerned, these Marines are already war criminals. And, if truth be told, the media could care less about their guilt or innocence. The media are just grateful that they have the Haditha case with which to hammer the Bush administration and tarnish the 99.9 percent of U.S. soldiers who have not only served honorably, but many of whom have lost their lives to save Iraqi civilians. The liberals in the media understand that with each news report on the new My Lai, each case where a U.S. soldier is punished for letting a dog bark in the face of a war prisoner, with every story that equates dunking a terrorist in water with chopping off a human head, they tell these Islamist terrorists that political correctness is weakening our foreign policy and military and robbing us of our will to prosecute the war or defend our nation. They know but don't care. For them, the real enemy is Mr. Bush and conservative beliefs.

Down is now up. Wrong is now right. And the terrorists are not only grateful, but on the way.

Douglas MacKinnon served as press secretary to former Sen. Bob Dole and as a White House and Pentagon official.

Iraqi To Release Detainees In Bid To Ease Tensions (NYT)

By John F. Burns

The New York Times, June 7, 2006

BAGHDAD, Iraq, June 6 — Iraq's new government said Tuesday that it would release 2,500 detainees, nearly 10 percent of those held in Iraqi and American detention centers, and that it would adopt a "national reconciliation" plan to reintegrate former members of Saddam Hussein's ruling Baath Party into society.

Prime Minister Nuri Kamal al-Maliki said the first 500 detainees would be released Wednesday, with others following in the next few days. An American military spokesman said the decision to free the detainees, the largest group to be released in the 38 months since the American-led invasion, had been agreed to in a joint review by Iraqi and American officials. He said those freed would not include any deemed "guilty of serious crimes such as bombings, torture, kidnapping and murder."

Mr. Maliki, in his third week in office, gave few details of the reconciliation program. But he compared it to South Africa's "truth and reconciliation" process in the 1990's, which, he said, "sent some criminals to the courts and reinstated other people in society after promising not to try and rebuild" the country's apartheid system. The Iraqi leader said his government's plan, like South Africa's, would involve a national commission, and others in Iraq's 18 provinces, that would work to "an agreed timetable and program."

At a news conference here, the 56-year-old prime minister drove home the carrot-and-stick approach he outlined in a visit last week to the southern oil city of Basra. There, he vowed to use "an iron fist" to crush Sunni Arab insurgents and sectarian militias terrorizing Basra, but promised that his government would rule in ways that would make a priority of rebuilding Iraq on the basis of justice for the communities of Shiites, Sunni Arabs and Kurds now engaged in a bitter struggle for economic and political power.

On Tuesday, Mr. Maliki's focus was on the Sunni Arab minority that was the mainstay of Mr. Hussein's rule. "We are ready to turn a new page with those who so desire it, and we will respond with force to those who want to pursue violence," he said.

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"Those who want to end the bitterness of the past have the way open through the process of national reconciliation, but those who choose bloodshed will find us ready to deal with them."

The detainee release, though sweeping, seemed likely to fall far short of the demands of Sunni politicians who have joined in the uneasy partnership with the dominant Shiites in the new government, the first with a full, four-year tenure since Mr. Hussein's overthrow. The Interior Ministry said Tuesday that a total of 27,800 people were being held in Iraqi and American prisons across the country — a figure that included criminals and former Baathists as well as insurgents and members of their support network.

A spokesman for the American military command, Lt. Col. Keir-Kevin Curry, said there were about 14,500 detainees in the detention centers run by the American-led forces, including several thousand at Abu Ghraib prison outside Baghdad.

Colonel Curry said the terms of the detainees' release included a pledge to renounce violence "and to be good citizens of Iraq." He added, "All of these detainees selected for release have been found to be relatively low threats."

Similar pledges have been made by other detainees released since Iraq resumed sovereignty after the formal period of American occupation ended two years ago, including a group of nearly 1,000 men who were freed from Abu Ghraib last August. Some of those have since been killed in clashes with American and Iraqi troops, or rearrested on suspicion of involvement in the insurgency. The August release was ordered as a concession to Sunni Arab leaders then engaged in tense negotiations with Shiite and Kurdish leaders over the new Constitution.

Mr. Maliki's message on Tuesday offered assurances to Shiites and Kurds who were Mr. Hussein's principal victims, and, implicitly, to American and Iraqi troops, who with Shiites have borne the brunt of the Sunni-led insurgency that has gripped the heartland of Iraq.

The detainees being freed, he said, "are not Saddamists, terrorists or people with the blood of the Iraqi people on their hands, but people who have committed certain mistakes, cooperated in a certain manner or played some kind of role" in Mr. Hussein's repression and what has followed.

But the Iraqi leader's emphasis on reconciliation, and the detainee releases, seemed to signal a breakthrough for American officials, who have been pressing hard for new measures to placate the Sunni Arab minority. In effect, Mr. Maliki's announcements signaled to Shiites, whose religious parties secured a dominant role in the government after last December's election, that there needs to be a softening in the "de-Baathification" process that has marginalized thousands of Sunni Arabs who worked in Mr. Hussein's government and armed forces.

Strongly backed by Shiite leaders, the process won eager backing from the American occupation authority after the 2003 invasion. But American officials have all but disavowed the process now, seeing it as one of the prime causes of Sunni discontent that feeds the insurgency.

"We know that there are a lot of Baathists who want to put the heavy burden of having joined this ugly party behind them," Mr. Maliki said, and the mechanism for their doing so would lie in the reconciliations commissions and the opportunity to pledge "not to return to the party and rejoin society."

In a move that underscored the tide of violence that has many Iraqis saying they preferred life under Mr. Hussein's harsh dictatorship, the Health Ministry confirmed figures on Tuesday that showed 6,002 bodies, most victims of violence, were delivered to Baghdad's main morgue in the first five months of this year.

The figure for May, 1,375, was more than double the figure for May last year. Morgue officials have said that as many as 20 of the daily average of more than 40 bodies that arrive every day, many of them blindfolded, with tied wrists and showing signs of torture, remain unclaimed.

On Tuesday, police reported at least 25 new victims, most of them in Baghdad and in Diyala Province, east and north of the capital, which has been the center of some of the most brutal sectarian killings involving Sunnis and Shiites in recent weeks.

The death toll in one of the most grisly recent attacks, in the village of Hadid, near the Diyala provincial capital of Baquba, rose to 17 on Tuesday when the police delivered nine severed heads to the Baquba morgue in the fruit boxes in which they were found in the village.

On Saturday, eight other heads were found in the village. Notes found with the bodies indicated that the victims were Sunnis killed in retaliation for the killings of five Shiites, four of them doctors, in a earlier attack.

DOJ_NMG_0032359

On Sunday, 20 people traveling in two minibuses and a car were stopped on a highway near Baquba, pulled from their vehicles and shot. The victims included seven students on their way to final exams in the city. Mr. Maliki, at his news conference, spoke angrily of the "flood of blood" that had been spilled in similar attacks in and around Baghdad since he came to office.

He said his government had approved a plan for a security crackdown by Iraqi and American troops that would concentrate on Baghdad and Diyala, which he described as "a launching pad for terrorists and former regime elements," meaning Baathists, who use the province as a base for attacks in Baghdad.

His comments tallied with those of American military commanders, who have identified Baghdad, Diyala and Anbar Province, to the west of the capital, and particularly the provincial capital of Ramadi, where insurgents have mounted some of their boldest attacks of the war in the past month, as priorities in the next phase of the war.

Mr. Maliki's first weeks as Iraq's leader have been burdened by his failure to win approval from rival factions in the government for nominees to the cabinet's top security posts.

He told reporters that he would try again at a meeting of Parliament on Thursday, and that he would be submitting the same names — Farouk al-Araji, a Shiite who was an officer in Mr. Hussein's army until 1993, as interior minister, and Gen. Abdel Qader Mohammed Jassim, a Sunni who is a commander in the new army, as defense minister. Their names were to have been put to Parliament on Sunday, but disagreement within the government caused the session to be canceled.

Iraq's Premier Planning To Free 2,500 Detainees (WP)

By Omar Fekeiki And Nelson Hernandez

The Washington Post, June 7, 2006

BAGHDAD, June 6 -- The Iraqi prime minister announced Tuesday that he would release 2,500 detainees from jail in an effort to calm tensions between Iraq's sectarian and ethnic groups and head off spreading violence.

Prime Minister Nouri al-Maliki called the move a "positive message and a chance for those who want to rethink their strategy." He specifically excluded detainees connected to violent attacks and supporters of the former government of Saddam Hussein from his amnesty.

The people to be released "are not Saddamists or terrorists," Maliki said at a news conference. "They weren't involved in the bloodshed or imposing the sectarian mentality and cleansing. They are people who made mistakes."

The first group of 500 detainees will be released Wednesday, Maliki said. About 28,700 detainees are being held at U.S. and Iraqi detention facilities in Iraq, according to a U.N. human rights report issued last month.

Iraq's Interior Ministry, which controls the police force, holds about 5,000 of those detainees, even though the ministry is not supposed to keep detainees in custody for a long time. Sunni Arabs critical of the Shiite-dominated police force have regularly demanded the release of detainees, saying they are often tortured in police custody. The U.N. report also reported the accusations.

Leaders of the Association of Muslim Scholars, an influential Sunni Arab organization, said Monday that they wouldn't participate in a broad-based national reconciliation conference on June 20 unless all detainees were released. The Arab League, which is organizing the conference, hopes to attract a broad range of political, religious and tribal leaders, as well as some leaders of armed groups willing to lay down their arms.

Maliki said the planned release of the 2,500 detainees wasn't an answer to the Sunni association's demands. But he said it proved the government's commitment to moving ahead with Iraq's future by creating "a positive environment" for peace.

"It is not a compromise," Maliki said. "Whoever wants to reconcile shouldn't make conditions. They should come to discuss and talk. Conversation is the main factor for reconciliation."

Maliki said the move did not mean Iraq was changing its strategy for dealing with an epidemic of violence that has escalated since his government was formed 2 1/2 weeks ago.

"There is no change," Maliki said. "Using force against the terrorists will continue. Releasing detainees who weren't involved in the shedding of Iraqi blood will continue. And the national reconciliation process will continue."

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So far, however, Maliki's government has been hamstrung by his inability to gain a consensus on who should run three security ministries with control of the police and army. At the news conference, he said the candidates will be presented at the next session of parliament; a session scheduled for last Sunday was postponed because of last-minute bickering.

"The government alone cannot deal with the security issue," Maliki said. "The role of the people is very important in maintaining security."

Meanwhile, military authorities reported Tuesday night that a bomb killed a U.S. soldier of the 49th Military Police Brigade on Monday. Iraqi police and news services also reported the deaths of more than 30 Iraqis, including nine whose severed heads were discovered in Diyala province, north of Baghdad.

Iraq's Tougher Stance Toward US (CSM)

By Howard LaFranchi

Christian Science Monitor, June 7, 2006

WASHINGTON - The Abu Ghraib prison scandal was a contentious topic when Iyad Allawi became Iraq's interim prime minister in June 2004. But Mr. Allawi, appointed by the occupying power, resisted domestic pressure to conduct an Iraqi investigation.

Now, amid charges of violence by US troops against Iraqi civilians, including an alleged massacre in the Sunni village of Haditha, elected Prime Minister Nouri al-Maliki is showing no such reticence. A critic of the US occupation before taking office, he has charged that such violence by coalition forces is a "daily phenomenon" and "a terrible crime," and demanded that the US turn over to Iraqis information on the Haditha case.

Mr. Maliki's tough stance suggests a new assertion of sovereignty by the Iraqi government, something that actually works to the US's favor. But the allegations, coming as the new government tries to demonstrate control, are likely to complicate both US-Iraq relations and Maliki's task of leading the Iraqi people.

Already, some Sunni religious and political leaders, in particular, are criticizing Maliki, a Shiite, for not being strong enough with the Americans. If his response falls short in their eyes, political relations with the minority Sunni population, already fragile, could become more difficult - and anti-American sentiment could intensify.

"Maliki is being hammered by the Sunnis. He has to worry about the rising fortunes of people like [radical Shiite cleric Moqtada] al-Sadr. So he needs to be able to show some sovereignty," says Iraq expert Henri Barkey, a former State Department analyst now at Lehigh University in Bethlehem, Pa. "The trick for the US is to boost this guy, because there may not be another one after him."

A year ago, a minority of members in Iraq's interim national assembly sought a timetable for US troop withdrawal. In the new parliament, Mr. Sadr's supporters are even stronger. That, coupled with the parliamentary presence of a Sunni bloc, has added to pressure for a US withdrawal.

Maliki has a "soft spot" for that viewpoint, says one Iraqi former official who refused to be named because of the sensitive nature of US-Iraq relations. But the prime minister also knows he needs US troops to cope with a worsening security situation in Baghdad and other areas of Iraq, the former official says. As a result, Maliki is likely to seek compromise measures short of withdrawal - including establishing zones that are off limits to US troops and requiring joint US-Iraqi patrols - to try to placate public concerns.

Incidents like the one alleged in Haditha, which can feed Iraqi resentment about living in insecurity, only make Maliki's task harder, some experts say.

"Incidents like Haditha have the effect of widening the gap further between the people and the government, because they leave them feeling like they are totally on their own," says Juan Cole, an Iraq expert at the University of Michigan. Iraqis see their new elected officials operating from inside Baghdad's fortified Green Zone, he says, while they remain "outside" in the crossfire of a counterinsurgency battle and a "civil war."

In that environment, threats to civilians are not uniquely or primarily from US forces. Just this week, more than 50 civilians were kidnapped midday just north of the Green Zone. A Sunni political group accused militias associated with the Shiite-controlled Interior Ministry of carrying out the operation.

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On Tuesday, Maliki pledged to implement a new security plan for Baghdad that he said will address mounting sectarian and militia-generated violence.

With such worries, Maliki can't be too tough with the Americans, Mr. Cole says. "The government is in a difficult position because it's not able to tell the Americans to leave or what to do, but at the same time it needs to mollify a public that accuses it of letting American troops operate around the country marauding at will."

Simply "demanding the Haditha file" from the US "is a symbolic gesture that only reveals his dependence on the American side," Cole says. What could begin to remedy that is a formal status of forces agreement, or SOFA, between the US and Iraq that would lay out the functions and limits of US forces, he adds.

"The problem is they have what is essentially a hung parliament" - unable to fill the key defense and interior minister positions - "and that hardly puts them in a position to demand a SOFA," Cole says.

If the Iraqi public comes to see its government as weak or atrophied, that would spell trouble ahead, especially as officials begin to tackle major constitutional issues.

Divisive matters - including the formation of autonomous regions, the dividing of oil revenues, and the status of the northern oil-rich hub of Kirkuk - are slated to be settled by the end of the year. Resolving them was supposed to be facilitated by the inclusion of Sunnis in the new parliament and government, but mounting Sunni criticism of Maliki is just one indication of how difficult progress will be to achieve.

For one thing, Maliki - and his US backers - are discovering that the proudly proclaimed "national unity government" that represents all major population groups may actually be more unwieldy and less able to act.

In a recent report, Iraq expert Anthony Cordesman of the Center for Strategic and International Studies notes: "Rising participation did not reflect acceptance of the new government or political process, it reflected a steady sharpening of political division along sectarian and ethnic lines."

Some experts calculate that Maliki has fewer than 120 supporters in a 275-seat parliament. "If the Maliki government does not make real headway on security and the constitutional issues," says the former Iraqi official, "then it could go down."

Another Grisly Discovery In Iraq (LAT)

By Louise Roug

The Los Angeles Times, June 7, 2006

BAGHDAD — When they saw the boxes in the street, villagers feared the worst: bombs or props for an ambush. The boxes' content, however, was grisly, not explosive. Inside, officers found the decomposing heads of nine men, each inside a black plastic bag.

The discovery Tuesday was the second of its kind near the city of Baqubah in recent days, according to police.

As Iraqi politicians have continued to bicker over who should be named to the new government's top security jobs, killings and brutality have escalated across the country, claiming thousands of lives since December elections.

In Baqubah, a mixed city north of the capital, slayings and attacks against Iraqi security forces have recently soared. On Saturday, eight other heads were found in banana crates near the city. One of the heads was wrapped like a present. None of the bodies have been found.

But Baghdad continues to be the epicenter of violence.

On Tuesday, authorities reported that a car bomb went off near a funeral in a southwestern neighborhood, killing six people and injuring 18. In a different part of town, a roadside bomb exploded at a bus stop, killing one woman and wounding two men.

Earlier in the day, the principal of Hamza primary school, Amer Azzawi, a Sunni Muslim, was driving with his Shiite Muslim assistant, Suaad Rubaie, when a drive-by gunman killed them. They were slain in the vast Shiite slum of Sadr City in the eastern part of the capital.

On the west side of Baghdad, police found the body of a young woman who had been shot several times.

Meanwhile, the U.S. military announced that an American soldier with the 49th Military Police Brigade was killed Monday evening when insurgents attacked his convoy with an improvised explosive device in the capital.

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In a news conference Tuesday, Prime Minister Nouri Maliki promised to implement a new security plan for Baghdad soon but refused to provide details. Maliki instead focused on the release of 2,500 detainees from Iraqi- and U.S.-run prisons as part of a campaign of "national reconciliation."

However, the country has seemingly continued to splinter since the parliamentary elections.

Basra, a key port city in the south close to the Iranian and Kuwaiti borders, has recently become a problem area, with violence exploding between competing Shiite factions. After a recent visit, Maliki imposed a monthlong state of emergency in the city.

West of Baghdad, in Ramadi, described as the "philosophical heart of the insurgency" by U.S. commanders, insurgents continue to attack U.S. troops on a daily basis. Several neighborhoods are controlled by insurgents, according to residents. The U.S. military recently deployed 1,500 additional troops to Al Anbar province, of which Ramadi is the capital.

On Tuesday, the U.S. military announced that Iraqi soldiers had taken over from American troops in Habbaniya, a town in Al Anbar province between Fallouja and Ramadi.

It was the first division-level transfer of authority in the western province, according to the military.

However, there as elsewhere, American-led troops will continue to provide logistical aid to the Iraqi soldiers, including medical evacuation and aerial support.

Basra's Descent Bodes Poorly For Allied Mission In Iraq (USAT)

USA Today, June 7, 2006

As Basra goes, so goes Iraq?

It certainly, and worryingly, seems that way.

Three years ago, as the initial military victory in Iraq teetered into chaos, the southern, mainly Shiite city of Basra stood out as a hopeful symbol of how the country could recover. The British, who controlled it, put decades of colonial know-how to work.

They made friends with local leaders, patrolled on foot without helmets and fixed problems on the spot.

It seemed to work. Basra was touted as a hopeful showcase for coaxing Iraq into a stable democracy.

Three years later, what's happening in Basra is far more ominous. The British occupiers are no longer so welcome or as much in control. Rival militias duke it out on the streets. There has been ethnic cleansing of Sunnis, who held power when Saddam Hussein was in charge.

Last week, Iraqi Prime Minister Nouri al-Maliki imposed a state of emergency there — but to little effect. Violence since then has included a weekend car bombing that left 28 dead and more than 60 injured.

Major Rob Yuill, a British official who trains Basra's police, told The (London) Times the city was becoming like sectarian Bosnia, and "we're stuck in the middle." Though security forces are being trained, most are loyal to one of the militias.

What happens in Basra could well set the agenda for the rest of the country. The city of 1.3 million people is Iraq's main port and center for the country's 60% Shiite majority. It sits on large oil reserves. Some Shiites want to form a quasi-independent superstate with Basra at its center. They want to abandon the minority Sunnis, leaving them with no oil.

Grand Ayatollah Ali al-Sistani, a revered Shiite cleric, has tried to hold Iraq together and ethnic bloodshed down, but his influence has seemed to wane lately. The elected unity government in Baghdad — the last best hope for quelling the insurgency and a slide into civil war — is so weak it hasn't even managed to appoint ministers of interior and defense, the two most important posts.

The situation in Basra raises a question: Does it make more sense to stay to try to quell increasing sectarian and terrorist violence, or leave and let Iraqis fight it out? British officials have talked of drawing down troops soon — while insisting that their mission has been more success than failure.

Their decision is likely to foreshadow the U.S. endgame in Iraq. Perhaps some uneasy calm can first be achieved. But right now, Basra seems more to reinforce Lawrence of Arabia's cautionary words in 1920 about British involvement in Iraq. Mesopotamia (as Iraq used to be known) was, Lawrence said, "a trap from which it will be hard to escape with dignity and honor."

Salvaging Iraq (WP)

By David Ignatius

DOJ_NMG_0032363

Washington Post, June 7, 2006

The images from Iraq are of hell on earth: On Sunday 12 Iraqi students traveling to Baqubah to take their final exams were dragged from a bus and killed because they practiced the wrong religion. The next day gunmen dressed in police uniforms kidnapped 56 people near the bus station in central Baghdad and hauled them off in pickup trucks.

This is an Iraqi nightmare, and America seems powerless to stop it. What would you think if you were the parent of one of those dead Iraqi children? You would want the United States, the nation that broke the fragile bonds that once held Iraq together, to act more effectively to control this violence. And you would want Iraq's so-called government of national unity to behave like one and stop the killers who are devouring the decent people of Iraq. And if neither the Americans nor the Iraqi government could protect your children, you would turn to the militias.

The American project in Iraq is unraveling. The president continues to talk about staying the course, and the White House still issues upbeat predictions of victory, but the course we are on is not working. The election of Iraq's first permanent government in December was the last good chance to put the pieces together. Nearly seven months after the elections, Iraqi politicians still can't agree on who should run the two key ministries, defense and interior.

An American friend wrote me this week from Iraq: "The civil war rages in Baghdad, regardless of what the PC word currently being used in Washington to describe the killing is these days. Each morning when the sun comes up, the bodies of the killings from the night before are gathered up and sent to the hospitals where they try to figure out who they are. While the new government, all of the ministries, the coalition and the bloated embassy bureaucracy all sit frozen in the Green Zone, this civil war rages on just outside the wire and concrete barriers."

A devastating summary of America's mistakes is contained in the latest installment of the Pentagon's quarterly report to Congress, "Measuring Stability and Security in Iraq." In every part of the country, fewer people than a year ago think the situation is better now than before the war. In the Baghdad area, pollsters found the percentage of optimists had fallen by half since March 2005, to about 30 percent.

And the violence grinds on: The rate of insurgent attacks is higher now than it was in 2004, with an average of more than 600 a week since the new government took over in February. U.S. military commanders talk of their success in splitting the Sunni insurgency, but the attack numbers don't reflect any lessening of its lethality. Meanwhile, the Shiites are fighting back with equal viciousness, and the Pentagon numbers show a sharp rise in sectarian killings over the past year.

What we're seeing in Iraq is a mismatch between ends and means: between a political strategy of unity and the reality of feuding factional leaders; between a military strategy of "clear, hold and build" counterinsurgency and the reality that most American soldiers remain hunkered down every day; between the goal of stabilizing the country and the daily reality of physical intimidation.

What can America do to mitigate the Iraq disaster? Certainly it doesn't need more strategy papers. The political and military strategies now in place talk the right language of unity and counterinsurgency, but this is still mostly Green Zone talk. Marine Capt. Scott A. Cuomo argues in the June edition of Marine Corps Gazette that the U.S. military should make "embedded training teams," living and fighting with the Iraqi security forces, its main effort. He says frankly of his own combat experience in Iraq: "We did very little to truly help indigenous security forces protect the populace from the insurgency."

A bold proposal comes from my friend in Iraq, who knows the security situation there intimately. He argues that Prime Minister Nouri al-Maliki should move his government's 27 ministries, which increasingly are operating in the Green Zone, out into the city. The Iraqi army would protect each outpost of the government, aided by U.S. teams. "The population needs to see there is a government that has the courage to reclaim the city, one district at a time."

My friend likens the current frantic pace in the Green Zone to people in socks trying to run on a slick linoleum floor. "There is a lot of activity, but very little forward motion," he writes. "Hope is not a strategic plan, and the status quo is unacceptable."

Donors Accused Of Spending Aid Outside Iraq (FT)

By Ferry Biedermann

Financial Times, June 7, 2006

DOJ_NMG_0032364

Foreign donors spend too much of their aid to Iraq outside the country and ordinary Iraqis do not feel they are being helped by the international community, the country's new minister of planning has told the Financial Times.

Ali Baban said he would push for a comprehensive review of the way aid to Iraq was being spent. He also warned against pressure from the likes of the International Monetary Fund on his country to scrap subsidies on oil products and food, which currently run at $8bn (€6bn, £4bn) annually.

In one of his first salvos since taking office just over two weeks ago, Mr Baban said: "The donor countries must listen to Iraqi needs and to the views of Iraqi officials."

But he also committed his ministry – responsible for development aid and investment – to creating a special division to woo foreign investors. "We will give them all the guarantees they need," he said in Baghdad.

Some 40 to 50 per cent of all foreign aid ends up outside Iraq, says Mr Baban. He accused donor countries of spending the money on foreign advisers and security personnel "usually from the same country that makes the donation. Iraqi people receive very little."

The donor community has long been familiar with the complaint. But one foreign official in Baghdad said that under the current security situation it was inevitable that much training was done outside the country. Similarly, it could not be helped that every infrastructure project has to spend 30 per cent of its budget on security.

Mr Baban warned that the economy could only improve if the security situation was tackled first. But the security situation alone did not account for the "ineffective" way the aid was being spent, he said. Donors put too much emphasis on training courses and capacity building. "When the Iraqi government and the ministries give a list of their needs and requirements, of equipment, buildings, hardware, often this list will be neglected."

The US, with a current aid programme of more than $18bn, has been responsible for most of the larger infrastructure-related projects. But of the more than $10bn that has already been spent, the largest single outlay has been on security and law enforcement, which has been more than $4bn, according to the Washington-based Brookings Institution.

Donors other than the US had pledged $14bn to Iraq, as of December 2005, notes the report. Of this, just over $3bn has been disbursed.

International institutions, meanwhile, thought the country would need $56bn in reconstruction and stabilisation aid from 2004 to 2007, a number that Brookings says is probably too low.

But rebuilding the country's infrastructure was ultimately up to the Iraqis, said the aid official in Baghdad, noting that the country was potentially very rich. "They have to get their own house in order, with the allocation of oil resources and the priorities for their ministries."

Mr Baban warned that Iraq might not be able to enact economic reform soon, or reduce subsidies as envisioned by the International Monetary Fund.

"I hope the IMF will take into consideration the situation in Iraq and not pressure us to do what will be hard for our people, especially cancelling subsidies," he said.

Iraq spends large amounts on subsidies for oil products and food that is still distributed through a state network.

Mr Baban said that lifting these subsidies now would undermine confidence in the government.

He was worried about the impact on foreign investment of provisions in the country's new federalist constitution that allocate oil resources to regional authorities. "It will make foreign companies hesitate to invest a dollar in new Iraqi fields," he said. He feared it might threaten the future of the Iraqi petroleum industry. The constitution would have to be amended, he said.

'We Have Your Husband' (WP)

By Peter Slevin

The Washington Post, June 7, 2006

LaPORTE, Ind. -- A sign stands outside the KarMel Coffee House.

NEW HOURS

7 AM--5 PM

TUNA SALAD

DOJ_NMG_0032365

$4.25

PRAY FOR

JEFF AKE

Jeffrey J. Ake is 48 now, if he is alive. He is also a husband and son and the father of four children who miss him terribly. He is a storyteller, a Rotarian and a small-business owner who thrived in distant capitals.

He traveled to Iraq, tools in hand, on a private contract to repair machines at a water-bottling plant. Early one morning in April 2005, the telephone rang at a lakeside rambler in LaPorte, 80 miles east of Chicago. An Iraqi man, talking fast in poor English, told Liliana Ake, "We have your husband."

Fourteen months later, nothing is known about his whereabouts, while his family waits and neighbors wonder what to expect after so much silence. No American has been held captive longer in Iraq and come out alive.

Many other kidnappings in Iraq carried political motivations, but the Iraqi man who called LaPorte demanded only money. He said he wanted $1 million and he wanted it the very next day, in Baghdad.

Liliana Ake pleaded for Jeff's life.

"Don't cry, lady," he said. "Everything is fine."

She reacted quickly enough to ask questions that only Jeff -- in Iraq for just three days when he was seized -- could answer, including one about his dog. The man called back with the right answers. But three weeks later, the telephone stopped ringing.

"Nothing at all. For over a year, we haven't heard anything," Liliana Ake explained in her first newspaper interview since her husband's abduction. "We pray every night. My little boy says, 'Bad people in Iraq have my dad. It's not fair.' "

She believes he is alive, perhaps because she must. At the same time, she is bothered by the sense in LaPorte, where people have been supporting her and rooting for her husband, that Jeff is becoming mostly a memory. Signs like the one at the KarMel are fewer. It is as though Jeff Ake is slipping away.

"I pray for his faith, that he is in God's hands and he will be back when it's time," she said. "Maybe he was killed a year ago and we will not find him for 15 years. But if you let yourself ask these questions, there is no hope. These are very practical, cynical questions. I know he will be back."

More than 430 foreigners have been kidnapped in Iraq since the war began in March 2003. Among the most famous, Christian Science Monitor reporter Jill Carroll made it out. So did Roy Hallums, a U.S. contractor who escaped after 10 months. Job seeker Nick Berg did not. His beheading was shown on television.

At last count, at least 13 Americans, including Ake, were among 42 foreigners still missing, their fate unknown. U.S. authorities continue to look for clues, a State Department spokesman said.

When the first call came, Liliana Ake could barely believe her ears. Jeff was the smooth and gregarious world traveler she had met 12 years ago while studying in Chicago, the Midwestern businessman who had willingly moved to her native Russia to be with her and her daughter. When he left for Baghdad, he had carried crayons and coloring books for the children of Iraqi workers.

Al-Jazeera broadcast video images of Ake controlled by men carrying assault rifles. Television crews began to camp outside the family's modest house in LaPorte, population 22,000. Gov. Mitch Daniels (R) helped Liliana's mother come from Kamchatka. Neighbors brought food. Strangers offered to baby-sit.

The churches in town began to prepare a joint prayer vigil, which Mayor Leigh Morris said would be a "community outpouring." But he said the Akes passed word to keep a lower profile lest the kidnappers conclude Jeff Ake was a prominent citizen and raise the stakes.

Morris said, "We didn't want to do anything that could have been disadvantageous to Jeff."

Meanwhile, U.S. investigators were working the case in Baghdad and in LaPorte, focusing on the telephone calls to the Akes' house. As Liliana pleaded for time, a kidnapper, in no mood for delay, named a Baghdad hotel where he expected to collect the money.

"We said, 'We have the money. Just tell us how to get it there,' " said James Ake, Jeff's father, who also lives in LaPorte. "He said, 'That's your problem.' "

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Within an hour of the abduction in Taji, 12 miles north of Baghdad, the U.S. Hostage Working Group was alerted. A team escorted by a U.S. Army patrol interviewed workers at the bottling plant. Group coordinator Dan O'Shea went to Ake's hotel to talk with the staff and gather his belongings.

"We assumed Jeff's kidnapping was criminally motivated by money and not political," O'Shea wrote in an e-mail interview. "There is a hostage-trading market for kidnap victims who are sold up the chain to insurgent groups who are going after significant sums of money or to send a political message. In Jeff's case, the information just went cold relatively early in the case."

The Akes continued to lie low, waiting for word. Following the advice of FBI negotiators, they chose not to speak to the media, contrary to the approach used by Carroll's parents and Hallums's family.

Earlier this year, the Ake family agreed to the posting of fliers in Iraq, offering a $280,000 reward for information. Still nothing.

"You just have to rely on the advice that they're giving you, which is what we did," said James Ake, who said it is "harder and harder to believe" Jeff will return. "Just think of trying to find someone in Chicago who didn't want to be found."

Loretta Ake, Jeff's stepmother, said the youngest Ake son joined the army and recently received deployment orders for Iraq.

"He just told us he was going," she said. "I told him the only good thing to come out of it: Find Jeff."

Morris begins every meeting of the city council and the board of public works with a prayer for Ake. He looks each day at notepaper in a box. One each sheet, his wife has written a date and the corresponding number of days Ake has been missing. The total has passed 400. There are 545 sheets in the box.

"We're hoping to throw many of them away unused," said Morris, who called his fellow Rotarian "just an all-around solid person." He acknowledged that, after so many months, Ake's captivity is "not a front-burner, constant conversational item," but he is not surrendering hope.

"The fact that we have had no definitive bad news may be good news in itself," Morris said. "At least we would prayerfully hope so."

A sign at a LaPorte laundromat still reads "God Bless Jeff Ake and His Family." At the Temple News Agency, a coffee shop, Angela Stone believes Ake is "always in the back of people's minds."

"This is a small town. Nobody is used to having anyone in the national spotlight," Stone said. "It makes people not know how to react. The protocol is really up in the air."

At the KarMel Coffee House, Dianne Allen said the "Pray for Jeff Ake" sign stays out during the week, as a measure of warmth and respect for Liliana, a regular often called Lilly. Customers sometimes ask if there is any fresh news.

"I think the customers are wanting to know something so they can continue their prayers or just move on," Allen said. "People say, 'Because we haven't heard anything in so long, he's gone.' Our thoughts are, 'Well, nobody knows that.' If Lilly knew how much the community cared, she might give a public comment in the paper or a news conference and announce he's still with us or he's not."

Ake said she would give information if she had it.

"The people who know me understand that I don't have any information, except I truly believe Jeff is alive," she said. "I know he's alive. It can be a matter of time."

She follows other cases closely and traded e-mails with Carroll's twin sister.

"When she was released," she said, "I cried with joy."

While she waits, Ake does her best to manage the water-bottling-equipment firm and to pay the bills. She takes strength from fellow parishioners at LaPorte Missionary Church and generous volunteers from the Service League and Rotary Club. She has slept through the night only twice in nearly 14 months, typically waking up in fear at 1 a.m. and not falling asleep again until 5:30. She often sees Jeff in her dreams, where "he is always different, more quiet."

"I don't feel isolated, just that life is going on and it becomes a side issue [for others]. For me, it intensifies. I don't want to cry," Ake said, tears forming. "I'm trying to be strong, but you can't always be strong. I do feel sorry for myself many times. I'm without my husband, and my kids are without their father."

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Ake shuttles her children to their grandparents' house and an array of activities, including dance and piano lessons. She says she wants Jeff to be proud of his children when he sees them again. She keeps a big plastic tub for him, packed with articles about his kidnapping and cards sent by well-wishers.

"Unfortunately, there are not many more cards coming," she said. "Time goes by."

Ake wears a bracelet, given to her by the sister of a fellow church member who died of cancer. It says "Miracles happen."

Baghdad's Wealthy Are Careful To Hide Their Riches (PHI)

By Nancy A. Youssef

The Philadelphia Inquirer, June 7, 2006

BAGHDAD, Iraq - Baghdad's al-Rashid Street, one of the city's oldest, was once full of intellectual and commercial life. Poets and scholars traded ideas over tea in small cafes where men played dominoes. Young men shopped for affordable fashions.

Now, it's desolate, and shops such as Abu Haider's are empty. Most of his customers have fled the country; the rest are afraid to be seen in his shop, where fine suits hang. Walking out could make one susceptible to kidnapping. Only the rich shop there, the kidnappers might conclude.

Indeed, in a country whose populace is undeniably richer now than during Saddam Hussein's regime, keeping up with the Joneses means not showing wealth because kidnapping has become so rampant. Those who can afford the best have replaced their nice cars for clunkers, don plain clothes, carry second-rate cell phones and no longer wear gold jewelry.

"The rich man pays the cost of what he owns," said Abu Haider, who declined to give his full name, instead offering a name he's known by. Abu Haider knows. He commutes to his shop by motorcycle, because only the poorest ride them.

According to police estimates, at least 60 people are kidnapped in Baghdad every day, often by thugs seeking ransom. But paying thousands of dollars doesn't guarantee one's release; many bodies are found daily in alleys and fields, some beheaded. Most were kidnapped.

In a flagrant move even by current standards, about 50 people were kidnapped Monday in central Baghdad, pulled from their cars or off the streets by armed men who everyone suspects were police. Witnesses said those who appeared wealthy were the ones snatched.

Saad al-Qasi, 27, owns a cell phone shop. But he washes the shop's windows himself and helps workers at neighboring shops carry in merchandise so that no one will figure out that he's the owner. Outside his shop sits a beat-up Toyota Corona.

"The kidnappers base how rich you are on your phone and car," al-Qasi said.

Al-Qasi, who comes from an upper-class family, said he knows of 15 people who've been kidnapped, including his father-in-law. All were released, but none for less than $30,000. Because of that, his family worries about him if he isn't home by 7:30 p.m.

Car dealers, such as Ali Nawar, 48, have traded in their BMWs and Mercedes-Benzes for less ostentatious models, and they have customers who've done the same.

Nawar said he bought six cell phones - one for each member of his family, including his young children - so he could keep track of everyone.

"We call each other every hour," said Nawar, who has decided to move his family out of the country in July, when school lets out.

Middle-class parents fear that someone will nab their children for money. Enrollment at some of the more expensive kindergartens, such as the Children of Iraq School in east Baghdad, has dropped because parents fear their children will be snatched. Who else but Baghdad's wealthy would spend $50 a month on school?

Instead, they enroll their children in schools such as Noor Kindergarten, which charges $30 a month.

Shamar Faraj is the Noor headmistress. She wears simple clothes and no gold. Her school is equally modest. All around the neighborhood, there are checkpoints, in part to prevent kidnappings. She said some parents have come to her school out of fear. Despite all the security measures, she can't promise them that their children are safer at her school.

"I am scared to tell them one thing and then something happens. It's a big responsibility," Faraj said.

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Mohammed Hassan al-Kazzaz, chairman of the Iraqi Chamber of Commerce, used to buy a new car every six months and sport fancy clothes. But after a group of men stole his car at gunpoint, he switched to a 1992 Volkswagen. Because he can't resist, he keeps one Mercedes hidden in the garage. His best suits come out only for important meetings. Often, he changes in the car on the way.

"If someone sees me in my nice clothes, they will kill my guards and kidnap me," he said.

Shops in the Baghdad neighborhood of Arasat once served the country's wealthiest, among them Saddam's son Odai, for whom the area was a favorite. Today, most shops are closed, and the others are struggling.

Some shop owners have started selling more conservative clothing or slashing prices. But they said the biggest challenge is getting people to walk through their doors.

At the Simma women's clothing shop, a woman who wanted to be identified only as Umm Ali said she sometimes sells only three pieces of clothing a week. She said she stopped sending her son to school after kidnappers learned she was a shop owner. They kidnapped his friend by mistake.

A few weeks later, a man walked in and demanded money. "I couldn't give him any because I simply didn't have any," she said.

Instead of fretting about his inability to live the good life here, al-Qasi said he's planning a month-long trip to Syria. He said he would rent the best car - maybe a sports car - and buy the best clothes. When he runs out of money, he'll return to Iraq, sans his new purchases. He'll keep them in Syria instead.

"I just want to buy," al-Qasi said.

Al-Kazzaz, whose family lives outside of Iraq, said he remains in the country despite having the resources to leave - and the pleas of his family - for a reason:

"I prefer to stay in my country. Eventually, it will improve. It has to."

Knight Ridder Newspapers special correspondents Huda Ahmed, Shatha al Awsy and Mohammed al Awsy contributed to this report.

Afghanistan: Roadside Blast Kills 2 G.I.'s (NYT/BLOOM)

By Bloomberg News

The New York Times, June 7, 2006

Two American soldiers were killed in a roadside bombing in Nangarhar Province, east of Kabul, a United States military spokeswoman said. A third soldier and an Afghan interpreter were wounded in the blast, she said. The military also said three American soldiers were wounded in a car bombing south of Kabul.

Troops Risk Undetected Brain Injury (USAT)

By Gregg Zoroya

USA Today, June 7, 2006

Thousands of troops in Iraq and Afghanistan may be risking permanent brain damage by returning to combat with relatively minor but undiagnosed concussions, often caused by bomb blasts, military researchers say.

Doctors say they are only now understanding the scope of the problem. Researchers screening returning soldiers and Marines at four military bases found that about 10% suffered at least a minor brain injury during combat. About 20% of troops in front-line infantry units suffered such injuries.

The injuries frequently go undiagnosed because troops have no visible wounds or may not know they suffered a concussion, doctors say. Medics and field doctors often aren't aware of what happened during fighting.

More than 500,000 soldiers and Marines have served in or near Iraq and Afghanistan since Sept. 11, 2001, sometimes more than once.

“This blast group is going to be potentially huge,” says Angela Drake, a neuropsychologist with the Defense and Veterans Brain Injury Center, a research arm of the Department of Veterans Affairs and the Pentagon. “We're looking at thousands of potential patients.”

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Military doctors describe brain injuries as a signature wound of these wars. That's because advances in body armor save soldiers who might have died in previous conflicts, but blast waves from roadside bombs can cause brain damage.

U.S. troops in Iraq are exposed to hundreds of bombings each month. "We've seen patients who have had three deployments and have had some (head) injury on every single one," Drake says.

The damage from multiple concussions can be irreversible. "Repeated concussions can be quite serious and even lethal," says Air Force Maj. Gerald Grant, a neurosurgeon who treated troops in Iraq.

The Brain Injury Center is urging the military to track the number of concussions troops suffer. A handful of military bases use the screening procedures developed by the center, but the Pentagon has declined to mandate the survey.

Pentagon health official Michael Kilpatrick questioned the accuracy of the screening and whether soldiers even remember information they're asked for: "Most people, when they get knocked out, don't really know it."

Military researchers, however, say the two-question survey has proved highly accurate.

"I think they're afraid," Drake says of the Pentagon's decision not to screen for concussions. "The sheer numbers are overwhelming. This is a worrisome thing. It's like opening a can of worms."

The Pentagon is developing a simple mental exam that medics can use on troops who may have suffered a brain injury. If the test shows evidence of a mild concussion, a servicemember could be kept from combat until the injury heals. Kilpatrick says this test could be used in Iraq within a few months.

Even Mild Injuries To Brain Add Up (USAT)

By Gregg Zoroya

USA Today, June 7, 2006

After a land mine exploded under his armored vehicle last October in Barwana, Iraq, Marine Sgt. Devon Bradley remembers a deafening noise and a flash. Then nothing.

Seconds later, when he came to, Bradley grabbed his weapon and went back into the fight. He led his team for the next two months in efforts to clear insurgents from Barwana.

"We're hard dogs, and I kept pushing to be with my Marines," says Bradley, 29, who was on his third combat tour.

But something was wrong. In the weeks that followed the blast, he began forgetting what other Marines had just told him. He struggled to handle more than one task at once. Taste and smell disappeared. Worst of all, so did the name of his soon-to-be-born daughter, Addison. Bradley says he had to dig through letters from home to remember it.

He was eventually flown to a battlefield hospital where he was diagnosed with a concussion — his second in the Iraq war and the third of his life. Bradley learned that what he thought was post-nasal drip was actually leaking spinal fluid. By January, he was back at Camp Pendleton in California. Doctors told him his brain may never fully recover, and his career in the Marine Corps is in doubt.

After more than three years of war in Iraq, where bombs are the biggest threat to U.S. troops, military doctors are seeing a growing number of brain injuries among soldiers and Marines caught too close to a blast. The vast majority are mild concussions that cannot be detected even with a CT scan or MRI.

Mild brain injuries can heal in days or even months. Additional concussions can cause permanent damage. "This is a real issue, and people are … taking it very seriously," says Deborah Warden, director of the Defense and Veterans Brain Injury Center, a research arm of the Department of Veterans Affairs and the Pentagon.

The ramifications are broad. How do field surgeons and medics diagnose a wound they can't see? What can be done when soldiers and Marines try to shake off the blast effects, unaware of the concussion, and keep fighting? Should the Pentagon keep tabs on how many concussions each servicemember suffers? And if so, how many concussions is too many before someone is kept from combat?

"We're not at the Star Trek point where we can run a phaser over everybody and determine their exact problem. Closed-head injuries are very hard to assess," says Michael Kilpatrick, deputy director of deployment health support for the Pentagon.

The number of concussions keeps rising. Almost 30% of the patients admitted to Walter Reed Army Medical Center in Washington, D.C., have brain injuries.

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Doctors fear that thousands of others go undiagnosed. A two-question survey developed by the Brain Injury Center shows that about 10% of troops returning from Iraq and Afghanistan suffered a concussion during their combat tour. About half still had symptoms that could be related to a concussion, including slowed thinking, headaches, memory loss, sleep disturbance, attention and concentration deficits, and irritability, says Air Force Lt. Col. Michael Jaffee, a neurologist with the center. More than 500,000 soldiers and Marines have served in combat since Sept. 11, 2001, many more than once.

During the screening, troops are first asked whether they were hurt in a blast, fall or vehicle accident. Then they are asked whether they felt dazed, were confused or saw "stars" afterward; do not remember what happened; or lost consciousness. If any of those symptoms occurred, the servicemember probably suffered a concussion, Warden says.

The screening offers a way to document brain injuries. The ability to count the injuries also has prompted disagreement about what to do with the information.

Warden urges that all returning troops be screened to build a concussion database. But today the screenings — which began about two years ago — are done at only a few military installations, including the Marine Corps' Camp Pendleton and the Army's Fort Carson in Colorado, Fort Bragg in North Carolina and Fort Irwin in California.

Kilpatrick, the Pentagon official, questions the accuracy of the screening. "Multiple head injuries can lead to permanent brain damage that is irreversible, and you want to avoid that," he says. "But we don't have any criteria today that if you get X number of concussions, that you can't serve anymore."

Neurologist Jaffee says settling on one number that applies to every servicemember is impossible because of the many variables, among them the size of the blast and the severity of the concussion. That's why concussion histories and better battlefield diagnoses are needed, he says.

The military is developing ways to diagnose with tests that examine short-term memory, reaction time and attention deficit, key indicators of concussion. The tests are similar to those used on athletes who suffer head injuries. The Brain Injury Center is also creating a short exam Kilpatrick says could soon be introduced into war zones.

Computerized testing programs, used to monitor combat troops at Fort Bragg, are being tested for the battlefield. In April, the military approved a battlefield study by Air Force neurologist Gerald Grant for developing an online test for troops in Iraq.

During preliminary field tests, about 60 soldiers and Marines exposed to blasts were examined. In one case, a 25-year-old man caught near a roadside bomb struggled to process information and quickly answer questions. Two weeks later, before returning to combat, he continued to score below average or worse in both areas.

A second man, age 37, took the exam 15 hours after a rocket exploded on the other side of the wall from where he was standing guard. He showed attention-deficit problems and scored poorly in short-term memory.

"We need a field test to be able to practically assess the safety of sending people back to duty," Grant says.

Marine Sgt. Bradley says he suffered his first concussion in high school sports. His second concussion came during a rocket-propelled grenade attack in Iraq. After his third brain injury, doctors told him a fourth could kill him. He and his wife, Megan, have three young daughters and say they face an uncertain future leaving the military. Bradley still experiences dizzy spells, bad headaches and back problems.

"Most of them are pretty much every day," he says. "I have one right now."

CORPORATE SCANDALS:

SEC: Investigations Into Options A Concern (AP)

AP, June 7, 2006

SEC Chair: Widening Investigations of Possible Options Backdating Cause for Concern

WASHINGTON (AP) -- The growing number of public companies under investigation for possible backdating of stock options to boost top executives' compensation is a matter of "serious concern" to the Securities and Exchange Commission, its chairman said Tuesday.

The number of public companies being investigated by the SEC or federal prosecutors has grown to more than 30 and executives at several companies have been fired in recent weeks.

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"We've already learned that the problems are more than episodic," the SEC Chairman Christopher Cox told The Associated Press in response to questions. "The apparently widespread nature of the problems is of serious concern" to the agency.

Among the companies that have disclosed receiving subpoenas or SEC requests for documents are big, well-known names like UnitedHealthGroup Inc. and Caremark Rx Inc.

Many are from the high-tech world, where stock options have long been a prized perk and incentive for executives and employees alike: Affiliated Computer Services Inc., Juniper Networks Inc., KLA-Tencor Corp., OpenWave Systems Inc., Vitesse Semiconductor Corp., McAfee Inc., Quest Software Inc., Rambus Inc., Sycamore Networks Inc. and others.

The SEC investigations have been ongoing for several months, and subpoenas have been issued by U.S. attorneys' offices in several cities, including New York.

At issue is whether company insiders manipulated the timing of stock option grants to bring big payoffs to executives by improperly backdating the grants to coincide with low points in stock prices.

Stock options become more valuable as the market price rises above the exercise price, so backdating widens the spread -- and executives' payoff when they eventually sell shares.

Lawmakers Criticize Former Fannie Mae CEO (AP)

By Marcy Gordon, AP Business Writer

AP, June 7, 2006

WASHINGTON — The ousted former chief executive of Fannie Mae, Franklin Raines, was criticized by lawmakers and a federal regulator on Tuesday as a House panel aired government allegations of a six-year accounting fraud at the mortgage giant.

The regulator who oversees Fannie Mae blamed Raines and other senior company officials for the massive accounting failures and alleged manipulations designed to enrich executives. And the chairman of the subcommittee holding Tuesday's hearing, Rep. Richard Baker, R-La., contended that Raines probably lied to Congress when he testified about the debacle in October 2004.

Lawmakers, some of whom had been beneficiaries of Fannie Mae's campaign money, denounced the accounting misconduct, likened the company to Enron Corp. and urged legislative action to tighten the government's hand over Fannie Mae and its smaller government-sponsored sibling, Freddie Mac.

As a huge housing finance company chartered by Congress, "Fannie Mae has a special mandate and position of public trust. The previous management team, led by chairman and chief executive officer Franklin Raines, violated that trust," James B. Lockhart, acting director of the Office of Federal Housing Enterprise Oversight, testified. "By encouraging rapid growth, unconstrained by proper internal controls, risk management and other systems, they did serious harm to Fannie Mae while enriching themselves through earnings manipulation."

Fannie Mae is the largest U.S. buyer and guarantor of home mortgages.

A blistering report issued by the OFHEO examiners last month, the product of a three-year investigation, details what the agency describes as an arrogant and unethical corporate culture, calling the image of company prestige and excellence at Fannie Mae a sham. It said Fannie Mae employees manipulated accounting so senior executives could collect tens of millions in bonuses from 1998 to 2004.

Baker, referring to Raines' 2004 testimony before the panel, the House Financial Services subcommittee on capital markets, said Tuesday, "There seems to be clear evidence to my mind that Mr. Raines perjured himself."

Raines' attorney, Robert Barnett, declined to comment. After the OFHEO report was released last month, Barnett said that "Mr. Raines has repeatedly stated that he never authorized, encouraged or was aware of violations of generally accepted accounting principles at Fannie Mae for the purpose of smoothing earnings, reaching bonus targets or for any other improper reason. The facts on the record and conclusions from previous reports support this statement."

Raines, a prominent Washington figure who was a White House budget director in the Clinton administration, is one of 30 current and former Fannie Mae executives and employees who are being reviewed for possible disciplinary action, termination or forfeiture of their bonuses. Also being reviewed is the current president and CEO, Daniel Mudd.

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The OFHEO regulators in September 2004 first brought to light Fannie Mae's accounting-rule violations and alleged earnings manipulation to meet Wall Street targets - disclosures that stunned the financial markets. That December, the Securities and Exchange Commission ordered the company to restate its earnings back to 2001 - a correction expected to reach $11 billion. The Justice Department has been pursuing a criminal investigation.

In last month's action, Washington-based Fannie Mae was fined $400 million by OFHEO and the SEC_ one of the biggest penalties ever in an accounting fraud case, according to the SEC. The company also agreed to limit the growth of its multibillion-dollar mortgage holdings, at least temporarily, capping them at $727 billion, and to make top-to-bottom changes in its corporate culture, accounting procedures and ways of managing risk.

"Senior management manipulated accounting, reaped maximum, undeserved bonuses and prevented the rest of the world from knowing about it," Lockhart said at Tuesday's hearing. "They co-opted their internal auditors and other managers. They stonewalled OFHEO. The executive compensation program at Fannie Mae sent senior executives the message to focus on increasing earnings rather than controlling risk."

CRIMINAL LAW:

Silence Angers Judiciary Panel (WP)

By Walter Pincus

The Washington Post, June 7, 2006

Senior Republican and Democratic members of the Senate Judiciary Committee sharply criticized a Justice Department official yesterday for refusing to say whether the Bush administration has ever considered prosecuting journalists for publishing leaked national security information.

The senators also bristled when Deputy U.S. Attorney Matthew W. Friedrich declined to answer questions about the rationale for the FBI's attempts to review the papers of the late columnist Jack Anderson.

"You're basically taking what would be called a testifying Fifth Amendment. You should be ashamed of yourself, or your superiors should be ashamed of themselves," Sen. Patrick J. Leahy (D-Vt.) told Friedrich after he declined to answer questions from committee Chairman Arlen Specter (R-Pa.) and Sen. Charles E. Grassley (R-Iowa).

The purpose of the hearing, Specter said in opening the session, was to examine Justice Department efforts to control leaks, explore suggestions that newspapers and their reporters can be prosecuted under the 1917 Espionage Act and take comment on legislation that would protect reporters through a shield law. The law would provide an exception if national security matters were involved.

Friedrich, in his opening statement, confirmed that the Justice Department was prepared to investigate and prosecute leaks, but referred to Attorney General Alberto R. Gonzales's recent statement that the "primary focus is on the leakers of classified information, as opposed to the press."

When Friedrich confirmed that the department thought that journalists or "anyone" could be prosecuted under the Espionage Act for publishing classified information, Specter asked specifically about whether the law could be applied to reporter James Risen of the New York Times, the newspaper that published an article in December about the National Security Agency's warrantless surveillance program.

"Obviously, Senator, I can't comment as to any particular case or specific matter," Friedrich said. He added that espionage laws "do not exempt . . . any class of professional, including reporters, from their reach."

Specter then asked, without specifying a particular case, whether the department, under Gonzales or former attorney general John D. Ashcroft, ever considered prosecuting a newspaper or reporter for publishing leaked classified information.

"I don't think it would be appropriate for me to give an indication one way or another, and I hope people don't read anything into my answer one way or another," Friedrich said. But after a short lecture from Specter, he added that it was his "understanding" that there were historical examples of officials considering whether to prosecute journalists.

"I'm not interested in history this morning," Specter responded. "I'm interested in current events."

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Grassley sought to follow up on questions he had posed to FBI Director Robert S. Mueller III at a hearing last month about the bureau's attempts to access Anderson's files. Friedrich declined to answer but said that "hopefully the bureau will be submitting some type of factual submission to you on that."

Grassley responded: "I would think that the department would send somebody here to testify that could answer our questions if they [had] any respect for this committee whatsoever."

Friedrich told Specter that the department is studying a policy on issuing subpoenas for documents from the estate of a deceased reporter such as Anderson. He also said that Justice continues to maintain that no new legislation is needed to protect reporters, but said he will "take a closer look" at a bill now before the committee that would shift the decision to subpoena journalists from the executive branch to a judge.

Yesterday afternoon, Specter also put off a vote on issuing subpoenas for executives of three telephone companies to testify on whether they cooperated in the NSA warrantless surveillance program by providing records of millions of phone calls.

Senators Question Bush Administration's Openness (KRT)

By Ron Hutcheson And Ely Portillo

Knight Ridder, June 7, 2006

WASHINGTON - Professor Mark Feldstein was stunned when two FBI agents came to his house in March hoping to rummage through files that once belonged to deceased journalist Jack Anderson.

The agents left empty-handed, but the aborted search was one of several incidents that have raised concerns about the Bush administration's efforts to stamp out government leaks. At a Senate hearing Tuesday, administration critics accused the Justice Department of trampling press freedom in its zeal to protect secrets.

At stake is the public's right to know what its government is doing versus the need for secrecy to protect national security. The tension between these principles is as old as the republic.

Senators from both parties vented frustration over the administration's lack of openness. Tensions erupted at the Judiciary Committee hearing when Matthew Friedrich, chief of staff of the Justice Department's criminal division, declined to answer questions about the effort to search Anderson's old files.

"I would think the department would send somebody up here to testify that could answer our questions, if they had any respect for this committee," complained Sen. Charles Grassley, R-Iowa.

"They don't have any respect for this committee," Sen. Patrick Leahy, D-Vt., said to Friedrich. "Why on earth were you sent up here? ... Is there any question you're allowed to answer?"

Friedrich said he couldn't discuss the matter because doing so could hinder efforts to prosecute Steven Rosen and Keith Weissman, pro-Israel lobbyists who have been accused of passing classified information to an Israeli diplomat and a journalist. Their indictment focused on activities from April 1999 to August 2004.

The FBI agents told Feldstein they wanted to look for evidence that Rosen and Weissman had supplied classified documents to Anderson, a muckraking journalist who died in December at age 83.

The explanation made little sense to Feldstein, a George Washington University professor who's writing a book about Anderson, because Anderson scaled back his reporting after he was diagnosed with Parkinson's in 1986. Most of his notable work had been published in previous decades. He relied on assistants to provide fodder for his nationally syndicated column, which was published until July 2004. He donated his files to the university at Feldstein's urging before he died.

"As bizarre as it sounded, I could only conclude that the Justice Department had decided that it wanted to prosecute people who might have whispered national security secrets decades ago to a reporter who is now dead," Feldstein testified.

Kevin Anderson, the columnist's son, said some of his father's sources had expressed fears that their exposure "would result in political, financial and even physical harm."

To Feldstein and other critics, the FBI's interest was part of an administration pattern of intimidating journalists and government whistleblowers. They cited other developments that trouble them:

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-Attorney General Alberto Gonzales suggested last month that the government could prosecute journalists for publishing classified information. Friedrich declined to say whether the department is planning any prosecutions, but said "our primary focus is on the leakers themselves."

-New York Times reporter Judith Miller spent 85 days in jail last year for refusing to reveal the identity of then-confidential source I. Lewis "Scooter" Libby, a top aide to Vice President Dick Cheney. She was freed when Libby released her from their agreement, clearing the way for her testimony in an investigation into a leak that disclosed the identity of CIA employee Valerie Plame.

-CIA analyst Mary O. McCarthy was fired in April because she allegedly had unauthorized contacts with the news media and disclosed classified information.

-Last month, the Supreme Court ruled that the First Amendment doesn't protect government employees who are punished for exposing wrongdoing.

"By itself, what happened with the Anderson papers is a small and I think extreme case," Feldstein said. "But it is troubling because it appears to be part of a larger effort by the government to crack down on the media and the public's right to know."

Not everyone shares that view.

Gabriel Schoenfeld, editor of Commentary magazine, which bills itself as "the intellectual home of the neoconservative movement," said the Justice Department should charge reporters who revealed classified information with espionage.

He called for prosecuting the New York Times reporters who exposed the Bush administration's warrantless eavesdropping.

"It is imperative that our government and our intelligence agencies preserve the ability to conduct counterterrorism operations in secret," Schoenfeld told the committee. "The First Amendment is not a suicide pact."

Anderson, sitting next to Schoenfeld, said he'd rather go to jail than give his father's files to the FBI.

Feldstein said the agents who came to his house offered no clues as to their next move. "We're still waiting in fear to see if they come back," he said.

US Lawmakers Concerned About FBI Probes Of Journalists (VOA)

By Deborah Tate

Voice of America, June 7, 2006

U.S. lawmakers, concerned about recent federal investigations of journalists who publish classified information, are considering legislation to protect reporters from revealing information learned under the promise of confidentiality. The Senate Judiciary Committee is holding a series of hearings on the issue. On Tuesday, the panel focused on the case of the late investigative reporter Jack Anderson, whose archive of papers is being sought by the Federal Bureau of Investigation.

Pulitzer Prize-winning journalist Jack Anderson spent his career exposing corrupt politicians and government scandals, from a CIA plan to assassinate Fidel Castro to the Reagan administration's secret arms-for-hostages deal with Iran.

The FBI has long sought Anderson's papers, saying that any documents that contain classified information belong to the government. Their effort has continued, even after Anderson's death last December at the age of 83.

The FBI probe comes as the federal government is threatening to prosecute journalists who publish classified information and refuse to reveal their sources. The Justice Department is investigating several leaks that led to the publication of a CIA officer's name and news reports that the National Security Agency is wiretapping communications between people in the United States and suspected terrorists overseas.

At a Senate Judiciary Committee hearing, Matthew Friedrich, chief of staff for the criminal division at the Justice Department, defended his agency's actions: "Our primary focus is on prosecuting the leakers as opposed to other options, and our much preferred path would be to attempt to work with reporters voluntarily to convince them not to publish classified information, which could lead to compromise of our most sensitive technologies, harm our young men and women who serve in the service of our country, and cause damage," he said.

But Friedrich refused to discuss the Anderson case, to the anger of Republican and Democratic senators alike.

Senators made their frustration over that refusal clear.

"I would think the department would send somebody here to testify that could answer our questions if they had any respect for this committee whatsoever," said Senator Charles Grassley, an Iowa Republican.

"That basically answers it. They do not have any respect for this committee. Why in heaven's name were you sent up here?," said Senator Patrick Leahy, a Vermont Democrat.

Friedrich said the Senate panel was notified that he would not be able to respond directly to the Anderson probe before the hearing began, but said the FBI is preparing to answer the committee's questions.

Anderson's son Kevin, who is a lawyer in Utah, also testified before the committee. "Dad often said that documents that came across his desk were classified as national security secrets, but he characterized them as really political security secrets. They showed the misdeeds and manipulations of government employees who had abused the public trust, and then tried to sweep the evidence under the secrecy stamp. Such information should not be hidden from the people. Ours is a government of the people. Dad taught us that the people are sovereign. Those who work in government are our servants," he said.

He said he and his mother are prepared to face contempt charges if the FBI's effort to search the papers produces a subpoena or is upheld in court.

Mark Feldstein, the director of the Journalism Program at George Washington University who is writing a book about Jack Anderson, says FBI agents came to his home in search of some 200 boxes containing Anderson's papers on grounds of national security.

Allowing the FBI access to the records, he says, would have what he calls a chilling effect on both journalists and academics. "For journalists, the concern would be that their source notes, confidential sources, would be revealed to law enforcement authorities, and that that would produce a chilling effect, making other whistleblowers reluctant to come forward out of fear that their identities would become known. For academics, historians are always very concerned about trying to keep historical archives in order and not have them rifled through, because often order matters, and also it may discourage people from donating their papers in the future," he said.

The chairman of the Judiciary Committee, Republican Senator Arlen Specter of Pennsylvania, acknowledged that national security must be protected, but he expressed concern about the federal probes of journalists. "The national security interests are enormous. They have to be balanced with the constitutional rights. But when you have a criminal statute where you can send people to jail and have a chilling effect on newspapers, it is really the congressional role to define it, and to establish standards. I think clearly the ball is in our court [the issue is the responsibility of Congress]," he said.

Specter has introduced legislation that would protect journalists and their employers from having to reveal information that a journalist learns under the promise of confidentiality.

Under the bill, a federal prosecutor in a criminal case could not compel a journalist to reveal protected information unless certain criteria are met, including that a court finds clear and convincing evidence that the prosecutor has exhausted alternative sources and that the public interest favors disclosure. The measure would require a journalist to disclose any information that would be needed to prevent an act of terrorism or harm to national security. E-mail This Article

Senators Seek Answers In Probe Of Reporter (AP)

By Laurie Kellman, Associated Press Writer

AP, June 7, 2006

WASHINGTON — The Senate Judiciary Committee gave the Bush administration a new lashing Tuesday over its use of executive power, citing the FBI's posthumous probe of columnist Jack Anderson and questioning the notion that espionage laws might allow the prosecution of journalists who publish classified information.

"It's highly doubtful in my mind that that was ever the intent of Congress," Judiciary Committee Chairman Arlen Specter said.

The World War I-era espionage laws, countered Justice Department criminal division chief Matthew Friedrich, "do not exempt any class of professionals, including reporters, from their reach."

"I believe that's an invitation to Congress to legislate on the subject," replied Specter, R-Pa. "Clearly, the ball is in our court."

Friedrich refused to comment on the Anderson case, in which the FBI is seeking 50 years' worth of papers from the investigative journalist who exposed government scandals and earned a place on President Nixon's "enemies list."

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Friedrich's response echoed deferrals by Attorney General Alberto Gonzales and other Justice Department officials in previous hearings on the administration's domestic wiretapping, phone tapping and other policies. Specter and other committee members grew exasperated.

"Why in heaven's name were you sent up here?" ranking Democrat Patrick Leahy of Vermont fumed. "Are there any questions you guys are allowed to answer other than your title, time of day?"

Friedrich responded that Judiciary Committee was advised of this limit before the hearing opened. He added that the FBI was preparing answers to the committee's questions about the Anderson case.

With the administration considering prosecuting journalists who publish classified information and refuse to reveal their sources, the committee wants the full story of the effort to obtain Anderson's archive months after his death at age 83.

Anderson's son Kevin, a lawyer, told the panel that he and his mother are prepared to face contempt charges if the FBI's effort to search the papers ever produces a subpoena or is upheld in court.

"The family has met and decided that we would not abide by a subpoena if one were issued by the FBI," Anderson said.

Specter asked if Anderson would risk a contempt citation.

"I would and I've spoken with my mother and she would as well," Anderson said.

"It's not an irrelevant question," Specter observed.

Anderson and Mark Feldstein, a former investigative reporter who is writing a book about Anderson, say FBI agents have appeared at their homes seeking the roughly 200 boxes of Anderson's papers to which the family had granted Feldstein access. The agents, Feldstein has said, cited national security concerns.

The FBI has said that if the papers contain classified information, they belong to the government.

The FBI had long sought Anderson's papers after he published stories exposing the Keating Five, a CIA plan to assassinate Fidel Castro and details of the Iran-Contra affair.

Anderson's son said the FBI contacted his mother shortly after his father's funeral, expressing interest in documents that would aid the government's case against two former lobbyists for the American Israel Public Affairs Committee who have been charged with disclosing classified information.

In addition, the agents told the family they planned to remove from the columnist's archive — which had yet to be catalogued — any document they came across that was stamped "secret" or "confidential," or was otherwise classified.

The family refused.

"They flashed their badges and said they needed access to the papers," said Feldstein. Anderson donated his papers to the university, but the family had not yet formally signed them over.

FBI Special Agent Richard Kolko, a spokesman in Washington, said in an April interview that the bureau wants to search the Anderson archive and remove classified materials before they are made available to the public. "It has been determined that, among the papers, there are a number of U.S. government documents containing classified information," Kolko said, declining to say how the FBI knows.

The documents contain information about sources and methods used by U.S. intelligence agencies, he said.

U. Political Scientist Calls Probe 'fishing Expedition' (SLT)

The Salt Lake Tribune

Salt Lake Tribune, June 7, 2006

University of Utah political scientist Tim Chambless, who years ago cataloged 85 boxes of Jack Anderson's papers for use in his research, calls the FBI's demands "a fishing exped- ition." The documents he reviewed included some that "were politically embarrassing to a few people." But he said, "There was nothing in there with regard to national security." Chambless also wonders how much trolling the government has done in Anderson-related documents that had been in the public domain. When he was in Maryland recently, Chambless spent two days at the National Archives looking through declassified documents dealing with Anderson. He said he was concerned to find a number that had been removed from the file. "No reason was given as to why the documents were pulled, no date was given as to when they were pulled or by what agency or individual. This is very troubling to me," Chambless said Tuesday. "I asked specifically [who removed the documents], and that information was not provided to

me." He declined to speculate whether the missing papers were part of a seven-year-old secret program, disclosed in news reports earlier this year, to reclassify thousands of documents at the National Archives. The New York Times reported the effort by the CIA and five other agencies had removed from public access more than 55,000 previously declassified pages. - Robert Gehrke

Getting Stonewalled: Administration Out To Keep Us In The Dark (SLT)

Salt Lake Tribune, June 7, 2006

There are two ways to succeed in government. Do the right thing. Don't let the people know you've done the wrong thing.

In the case of the Bush administration, it is difficult to know if it is doing the right thing or the wrong thing. That's because it is working very hard to make sure we don't know anything.

This desire to sit on the details about what the government is doing does not apply only to the controversial things the Bush administration is up to today. It reaches beyond current questions of secret prisons, indefinite detentions, torture, wiretapping and data mining.

It reaches back about half a century, through CIA plots to kill Fidel Castro, Watergate and the Iran-Contra affair. Those are just a few of the juicy tidbits that would be found in the archives of the late Jack Anderson, investigative reporter extraordinare, papers which the FBI has tried to bully Anderson's blood and literary heirs into surrendering.

Tuesday, when appropriate members of the U.S. Senate wanted to know the reason why, they were thoroughly stonewalled by one of Attorney General Alberto Gonzales' assistants who, as Sen. Patrick Leahy was heard to fume, wasn't allowed to answer questions any more sensitive than his title and the time of day.

Leahy, the ranking Democrat on the Senate Judiciary Committee, is just as frustrated as Chairman Arlen Specter by

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the Justice Department's maddening refrain that it is keeping within the law but that we will just have to take their word for that. Any meaningful questions asked by senators, representatives or anyone else are turned away with the excuse that it would compromise anti-terror intelligence operations.

This is the same argument Gonzales has used to suggest that reporters who performed their constitutional duty by telling the American people about secret prisons, unwarranted wiretaps and the like are potentially subject to prosecution under the 1917 Espionage Act. But Gonzales is way off base, and we can only hope that the Congress will rein him in.

It is espionage to steal secrets and keep them for your own advantage. It is freedom to expose dirty secrets and tell the American people what your government is doing, in your name and with your money.

Documents Point To Bribes Of Nigerian By Congressman (NYT)

By Philip Shenon

The New York Times, June 7, 2006

WASHINGTON, June 6 — The Federal Bureau of Investigation raided the Maryland home of the vice president of Nigeria last summer in search of bribe money that the bureau believed had been paid to him by Representative William Jefferson, according to documents released on Tuesday.

The documents included an affidavit signed by an F.B.I. agent who said that the Nigerian vice president, Atiku Abubakar, now a candidate for president of that oil-rich West African nation, asked for at least half of the profits of a technology company controlled by Mr. Jefferson that was seeking to do business in Nigeria.

About the same time last year, the documents said, Mr. Jefferson told colleagues of his plans to bribe Nigerian officials, including Mr. Abubakar, in exchange for their help in winning business in Nigeria, and that Mr. Abubakar would be paid as much as $500,000 in cash.

The F.B.I. affidavit, which was dated Aug. 2, and other documents were made public over the objections of Mr. Jefferson, a Louisiana Democrat who is the target of a wide-ranging corruption investigation. He has denied wrongdoing and has said the information in the court papers would unfairly damage his reputation.

In the affidavit, an F.B.I. agent, Edward S. Cooper, said cellphone records suggested that Mr. Jefferson visited a home owned by Mr. Abubakar and his wife in Potomac, Md., an affluent suburb of Washington, around midnight last July 31 with the

intention of delivering money to the Nigerian leader while he was on a visit to the United States. The next day, the F.B.I. said, Mr. Jefferson told a confidential informant that he had delivered "African art" — which the agent described as code for a cash payment — and that Mr. Abubakar "was very pleased."

The documents, which were released by a federal court in Greenbelt, Md., do not show what was seized by F.B.I. in the search of the Maryland home, nor do they show if the Nigerian leader ever received any money from Mr. Jefferson. A separate search of Mr. Jefferson's home in Washington in August turned up $90,000 in cash that, F.B.I. documents suggest, had been intended for the Nigerian leader. A bureau affidavit stated that the money had been hidden by Mr. Jefferson in his home freezer.

The Nigerian Embassy in Washington had no comment Tuesday on the disclosures in the documents about Mr. Abubakar, whose name had emerged previously in news reports about the investigation of Mr. Jefferson. The Associated Press quoted a spokesman for Mr. Abubakar in Abuja, the Nigerian capital, as declining comment Tuesday "until we have seen these reports or allegations." Mr. Jefferson's Congressional office referred questions to his lawyer, who has not returned repeated phone calls seeking comment.

Bush administration officials have been reluctant to speculate publicly about the effect of the investigation of Mr. Jefferson on American relations with Nigeria, which is one of largest exporters of oil to the United States.

Mr. Jefferson, an eight-term House member whose district includes most of New Orleans, has refused to discuss the detailed accusations against him in earlier court filings, including why so much money was in his home freezer.

The documents suggest that Mr. Jefferson was aggressive in seeking to lobby officials in Nigeria and other West African nations to promote business for a small technology company in which his family had a stake. A former top aide and the founder of the technology company have already pleaded guilty to criminal charges.

"With regard to the Nigerian business venture, Jefferson has discussed the making of payments to high-ranking government officials there, including the vice president of Nigeria," Mr. Cooper wrote in the affidavit last August intended to persuade a judge to allow the search of Mr. Abubakar's Maryland home.

"The vice president agreed to help secure the necessary approvals for the participants in the Nigerian business venture" in exchange for "at least 50 percent of the profits," it continued, adding that Mr. Jefferson had also discussed "the payment of a substantial monetary sum" to Mr. Abubakar "in the range of up to $500,000."

Affidavit Outlines Alleged Scheme In Jefferson Case (LAT)

By Josh Meyer

The Los Angeles Times, June 7, 2006

WASHINGTON — Rep. William J. Jefferson (D-La.), the target of a federal bribery probe, told an FBI informant that the vice president of Nigeria wanted at least $500,000 upfront and a stake in a lucrative technology venture in that country in order to help it gain approval, according to newly released documents in the investigation.

Jefferson's alleged statements help explain why FBI agents were so eager last summer to search the residence of the congressman and a Potomac, Md., mansion owned by the wife of Nigerian Vice President Atiku Abubakar. Atiku, who visits the United States frequently, had been staying at the Potomac residence and allegedly met with Jefferson there to discuss the deal.

The congressman, who has insisted he is innocent of accepting bribes, allegedly told the FBI informant that in order to secure the Nigerian official's help with the technology project, Jefferson needed to deliver an upfront payment of $100,000 to Atiku while he was in the United States.

Some time after that, the informant provided Jefferson with the cash in a briefcase, according to one of the documents, an affidavit by FBI Special Agent Edward S. Cooper. The congressman later indicated that he had delivered the cash to Atiku on a late-night visit to the Potomac house, Cooper's affidavit said.

"Ah, I gave him the African art that you gave me, and he was very pleased," Jefferson told the informant, according to Cooper's affidavit. In his 39-page affidavit, Cooper said that "African art" was code for the cash payoff. The FBI has said the informant, a Virginia businesswoman, was wearing a microphone.

The affidavit was unsealed Monday by the federal court in Greenbelt, Md., and was made available Tuesday by the Justice Department.

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A Washington lawyer for Atiku on Tuesday strongly denied wrongdoing by his client, who is running for president of Nigeria.

"There is no relationship between the vice president and Congressman Jefferson other than meetings occasioned by the professional courtesy a public official extends to another public official through diplomatic channels," the lawyer, Edward Weidenfeld, said.

"The vice president has done nothing wrong, and we've been cooperating with the Justice Department and the FBI from the beginning" of the long-running investigation, Weidenfeld said.

In one of his conversations with the FBI informant, Jefferson said Atiku had "more deals going than the goddamn man in the moon," the affidavit said. "Jefferson then said, 'He's a very, well, the word might be … corrupt.' "

The affidavit contained extensive new details of the alleged plot by Jefferson to win the Nigerian government's approval of a plan to provide new telecommunications services in the oil-rich African nation. It is alleged that the congressman would have had a large but hidden financial stake in the project.

The informant was described in court documents as a northern Virginia businesswoman identified by law enforcement officials as Lori Mody. Authorities said she went to the FBI in March 2005 when she decided Jefferson and others were defrauding her on the business deal.

During one meeting with Mody, Jefferson allegedly estimated that the telecommunications venture could earn as much as $200 million annually by its fifth year.

It was not clear from the affidavit whether any of the $100,000 in the briefcase had been delivered to the vice president's home, or whether Atiku had engaged in negotiations for a piece of the deal. FBI officials have said, in fact, that nearly all of the $100,000 was subsequently found during a search of Jefferson's home, stashed in his freezer.

But the FBI agent said that Jefferson's cellphone records suggested he had gone to the Nigerian official's home the night he said he had dropped off the cash.

Cooper also said that security cameras at the Potomac mansion probably would have recorded a visit by Jefferson on the night in question, but the affidavit did not say whether agents were successful in obtaining such camera footage.

In a new twist in the case, Cooper said that the security camera was observed by an undercover FBI agent who was posing as Jefferson's driver on one trip to the house.

Some sections of the affidavit remained sealed, and it did not mention Atiku by name. But the document identified the Potomac residence as being owned by Jennifer E. Douglas, Atiku's wife. And Atiku's lawyer confirmed that he was the Nigerian official cited in the court filing. Douglas could not be reached for comment.

Jefferson has said that he never benefited personally from any corrupt deals. But the affidavit suggested that he had taken pains to distance himself from any illegal transactions in part by having payments go to his children.

Jefferson and the informant negotiated what kind of compensation he should receive if the deal were to go through, the affidavit said. At one point, he wrote down a "c," and then said, "the 'c' is like for children," the affidavit said. "I wouldn't show up in there."

"Say that again. I'm sorry," the informant responded, knowing that the conversation was being taped.

"I make a deal for my children. It wouldn't be me," the affidavit said Jefferson replied.

Atiku's involvement began when Jefferson wrote a letter to him dated June 21, 2005, alerting him to "a U.S. company" that wanted to invest $50 million to provide high-speed Internet access in Nigeria using Nigerian telecom company Nitel's lines.

Atiku then met with Jefferson July 18 in Potomac and, according to the congressman, "agreed to help secure the necessary approvals." But in return, he said, Abubakar wanted at least $500,000 for himself.

Jefferson, who represents most of New Orleans, has served in Congress since 1990 and is head of an Africa trade task force.

Rep. Accused Of Trying To Bribe Nigerian (AP)

By Stephen Manning

AP, June 6, 2006

Rep. William Jefferson called the package he allegedly delivered at midnight to the suburban Maryland home of Nigeria's vice president "African art." Authorities say the "art" was meant to be cash — lots of it.

Court documents filed in the bribery probe of the Louisiana Democrat allege that Jefferson told an FBI informant he took the "art," which authorities believe was code for $100,000 in $100 bills, to the Potomac home of Atiku Abubakar on July 31.

The money was allegedly part of $500,000 the Nigerian vice president sought in return for helping smooth the way for a technology venture in Nigeria that was arranged by Jefferson. Abubakar also reportedly wanted a large stake of the profits from the new business.

The day after he was to have delivered the money, provided by an FBI informant, Jefferson was recorded telling the informant: "I gave him the African art that you gave me and he was very pleased."

The conversation and details of the alleged deal were included in an affidavit filed in August in U.S. District Court in Greenbelt to secure a warrant to search Abubakar's house. The affidavit was unsealed Monday.

It is unclear whether any money was given to Abubakar, who is identified only as "the vice president of Nigeria" in the affidavit.

According to another search warrant affidavit for Jefferson's congressional office, released last month in Washington, $90,000 in cash was found in a freezer at Jefferson's Washington home. A briefcase similar to the one Jefferson is alleged to have used to carry the money was found in a later search of his New Orleans home, according to federal court documents filed there.

The 39-page affidavit released Monday in Maryland, some sections of which remain sealed, identifies the Potomac home as the residence of Jennifer Douglas, Abubakar's wife. Although the search of the residence was mentioned in documents previously released by the courts, names and titles were blacked out to keep them secret.

A lawyer for Abubakar, who is running for president of Nigeria, said Abubakar is cooperating with authorities. Edward L. Weidenfeld said Abubakar's relationship with Jefferson did not extend beyond standard diplomatic meetings.

"There is no relationship or any kind of arrangement of any sort between them," Weidenfeld said.

In Nigeria, where Abubakar kicked off his campaign last week, his spokesman Mohammed Yakubu said they have yet to see details of the allegations. "We don't have anything to say until we have seen these reports or allegations," he said by telephone from Abuja.

Jefferson has strongly denied wrongdoing in the alleged scheme.

The informant was a northern Virginia businesswoman identified by law enforcement officials as Lori Mody. She is said to have gone to the FBI when she believed Jefferson and others were defrauding her on the business deal. Jefferson discussed with her the "payment of bribes to high-ranking foreign government officials," including Abubakar, according to the affidavit.

Jefferson approached Abubakar, claiming he wanted to help an American firm invest $50 million to run Internet services over the wires of Nigerian telecom company Nitel. The venture was to include Mody, a Kentucky telecommunications company called iGate Inc., and the Nigerian firm Rosecom.Net.

The affidavit states Jefferson wanted a stake of 5 percent to 7 percent in the Nigerian venture for his five daughters and one of them, lawyer Jamila Jefferson, to be retained to help set it up.

The congressman met July 18 with Abubakar in Potomac and the vice president "agreed to help secure the necessary approvals" for iGate to begin work in Nigeria, Jefferson said. In return, Abubakar wanted at least 50 percent of the profits from Rosecom.Net and a payment of up to $500,000 before the deal was completed, the documents alleged.

Jefferson, who represents most of New Orleans, has served in Congress since 1990. The raid on his Capitol Hill office sparked outrage from congressional leaders who claimed the Bush administration was violating the separation of powers doctrine. President Bush later sealed FBI files on the raid for 45 days.

Former Jefferson aide Brett Pfeffer has pleaded guilty and was given an eight-year term for his role in the bribery scandal. He is cooperating with authorities. Vernon Jackson, chief executive of iGate, also pleaded guilty to paying more than $400,000 in bribes to Jefferson.

Gonzales Defends Jefferson Office Search (AP-Y2)

By M.r. Kropko

AP2, June 6, 2006

Attorney General Alberto Gonzales on Tuesday defended the FBI's search of a congressman's office last month, saying it was an "unusual step" but a necessary one.

Gonzales compared the May 20-21 search of Rep. William Jefferson (news, bio, voting record)'s office to past investigations of federal lawmakers and searches of their homes and vehicles.

The late-night search, part of a months-long bribery investigation of the Louisiana Democrat, was the first time in the history of Congress that a search warrant had been executed on a House member's Washington office.

"There have been searches before by the executive branch of the legislative branch," Gonzales said. "We've searched before the homes of members of Congress. We've searched before the cars of members of Congress, even when they are parked in the garage on Capitol Hill."

Among the lawmakers most recently served with search warrants were then-Sen. Robert Torricelli, D-N.J., in connection with the United Nations oil-for-food program, and then-Rep. Randy "Duke" Cunningham, a California Republican whose homes and boat were searched. In August, the FBI raided Jefferson's homes in Washington and New Orleans, and his personal vehicle.

Last month's search of Jefferson's Capitol Hill office sparked outrage from congressional leaders, who claimed the Bush administration was violating the separation of powers doctrine. President Bush ordered the documents sealed until mid-July to allow congressional leaders and the Justice Department to discuss what to do with them.

Gonzales, in Cleveland to award an anti-gang grant, said the search did not violate the Constitution because there was evidence of a crime in Jefferson's office and FBI agents had obtained a court-issued search warrant.

"I understand this was an unusual step that was taken, but it was an unusual step taken in response to an unusual set of circumstances," Gonzales said. Investigators tried for months to get the evidence in other ways, he said, "and we ultimately concluded that this was something that we needed to do."

FBI agents carted away computer and other records in their pursuit of evidence that Jefferson accepted hundreds of thousands of dollars in exchange for helping set up business deals in Africa. Jefferson, who represents most of New Orleans, has denied any wrongdoing.

"I understand the sensitivities," Gonzales said. "We anticipated that this would create some concerns. We worked hard to allay those concerns in the way the search was conducted."

Hoyer Backs Pelosi, Smacks Rep. Jefferson (HILL)

By Josephine Hearn

The Hill, June 7, 2006

The chances that Rep. William Jefferson (D-La.) will keep his seat on the powerful Ways and Means Committee grew slimmer yesterday as House Minority Whip Steny Hoyer (D-Md.) issued a stinging assessment of the embattled Louisianan's legal situation.

"He sits on a tax-writing committee, and he had $90,000 found in his freezer. I think he's got a tax problem if nothing else," Hoyer said, responding to reporters' questions about whether Democrats would seek to oust Jefferson forcibly from the panel even though he has yet to be charged with a crime.

Jefferson pointedly declined a recent request from House Minority Leader Nancy Pelosi (D-Calif.) for him to step down, reasserting his innocence and implying that she should ask the same of Rep. Alan Mollohan (D-W.Va.) who has faced ethics questions about earmarks he obtained on the Appropriations Committee.

"If members are to be treated equally, I think Mr. Mollohan has an appropriations problem," a Democratic aide sympathetic to Jefferson fumed.

Last night, members of the House Democratic Steering and Policy Committee were expected to discuss Jefferson's dilemma at a members-only meeting. If Pelosi were to remove Jefferson forcibly, she would first have to put the issue to a vote of that body, which has jurisdiction over Democrats' committee assignments. That vote was not expected to occur last night, but she could pursue it at a later date.

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Last night's meeting was convened to discuss Democratic message crafting, with Rep. George Miller (D-Calif.) acting as chairman. Rep. Rosa DeLauro (D-Conn.) typically chairs meetings in which committee assignments are decided.

Hoyer said yesterday that he hoped the committee would seek to oust Jefferson.

"I personally believe that Mr. Jefferson should step down from the Ways and Means Committee, and if he doesn't step down our caucus should take action."

If Democratic leaders do put the issue to a vote, Jefferson will have few allies on the committee. It is stocked with Pelosi loyalists.

Even among the committee's 10 members from the Congressional Black Caucus (CBC), Jefferson would be hard-pressed for friends. Reps. James Clyburn (D-S.C.), chairman of the Democratic caucus, and Rep. Charles Rangel (D-N.Y.), senior Democrat on Ways and Means, have not rushed to his aid.

Several more junior CBC members, however, may speak out on his behalf. Rep. Donald Payne (D-N.J.) has been supportive, even though he occupies one of the 15 slots appointed by Pelosi on the steering committee.

Rep. Gregory Meeks (D-N.Y.) sits on the panel as a regional representative. He may harbor some lingering ill will against Pelosi because she backed Rep. Mike Honda (D-Calif.) when the two were vying to become a vice chairman of the Democratic National Committee.

A spokesperson for Meeks could not immediately comment.

Hoyer's call for Jefferson to step aside marks only the latest time he has vociferously supported a Pelosi decision. The whip has at times been at odds with Pelosi, his onetime leadership rival. Pelosi bested Hoyer in a race for Democratic whip in 2002.

These days, however, Hoyer says he has only unalloyed endorsements for the minority leader and her ability to unify the caucus.

"Nancy has worked harder in my opinion than anybody I have seen in my 26 years in Congress," Hoyer averred yesterday. "[Former Minority Leader] Dick Gephardt [D-Mo.] I thought was the hardest worker I could find. Nancy works harder than Dick. She travels more. She raises more money. She works harder than message. She's doing a wonderful job.

"If we lose, it will not be Nancy Pelosi's fault. She's done everything she possibly could to insure our victory. ... Win, lose or draw, she's going to be our leader."

Hoyer was responding to a recent report that Rep. Rahm Emanuel (D-Ill.), chairman of the Democratic Congressional Campaign Committee, may mount a challenge to Pelosi if Democrats fall short of taking control of the House.

Emanuel said, "Congresswoman Pelosi is the leader. I'm not interested in [challenging her], and I support her."

In a moment of levity, Hoyer quipped that the question may be a "moot point."

"If we don't take back the House after the situation we're in now, we're all going to shoot ourselves in the head!" he quipped, then added, "I didn't mean it literally. Put your hopes aside."

Pelosi is virtually assured of becoming Speaker unopposed if Democrats take control. Despite some concerns among Democrats that she is a poor spokeswoman for the party, the caucus is unlikely to miss the chance to elect the first female Speaker or to reward her for ending a dozen years in the political doldrums.

Even if Democrats do fall short of taking power, it is unclear who would challenge Pelosi. Hoyer has said time and again that he has no desire to take her on again. Emanuel, while seen as hardworking, smart and effective, has little seniority and has engendered ill will in some factions of the caucus with his colorful and direct language.

Separation Hypocrisy (LAT)

The Los Angeles Times, June 7, 2006

CONGRESS CAN BE PERSNICKETY about its prerogatives, real and imagined. But its reverence for the separation of powers, so flagrantly on display in its continuing snit over the FBI's search of a House member's offices, goes by the wayside when it's Congress trespassing on someone else's turf.

Take the repeated attempts by Congress to micromanage the work of the federal courts. Conservatives have tried without success to strip courts of jurisdiction over hot-button issues such as same-sex marriage and the constitutionality of a federal law

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against it. More recently, some members have threatened to prohibit the Supreme Court from citing the decisions of foreign courts in its opinions.

Fortunately, a member of the court who might be expected to welcome the last proposal has come out against it. Justice Antonin Scalia recently delivered a lecture on the separation of powers that applies to other misguided initiatives in Congress.

"No one is more opposed to using foreign law than I am," Scalia told a Capitol Hill luncheon last month. "But I'm darned if I think it's up to Congress to direct the Supreme Court how to make its decisions." He asked Congress to "let us make our mistakes, just as we let you make yours."

Congressional dissatisfaction with the judicial branch is old news in Washington. It ranges from complaints voiced by Sen. Arlen Specter (R-Pa.) that the court has questioned Congress' "method of reasoning" to griping by other members of Congress about requests for judicial pay raises. The latest attempt to muscle the courts is a proposal by Sen. Charles E. Grassley (R-Iowa) to create an inspector general for the judiciary who would watchdog judicial ethics at all levels. A similar House bill by Rep. F. James Sensenbrenner Jr. (R-Wis.) would apply only to lower-court judges. The inspector general idea would unnecessarily entangle the legislative branch in the day-to-day supervision of the judiciary.

The Supreme Court is not above criticism, and Congress has the authority to define the jurisdiction of various federal courts, to decide how much money should be appropriated for their operation and even to impeach and remove judges who abuse their public trust. Congress also is free to regulate or even outlaw some of the practices that have given rise to the inspector general idea — such as the attendance by judges at lavish "seminars" paid for by foundations linked to special-interest groups.

But even in areas in which Congress can set rules for the judicial branch, it's the better part of wisdom for legislators to tread softly. Conservatives in Congress have dismissed that advice when it has come from "good government" groups and liberal lawyers; maybe it will sink in when it comes from their hero, Justice Scalia.

Lobbyist Says Client Paid Half The Cost Of Town House (NYT)

By David D. Kirkpatrick

The New York Times, June 7, 2006

WASHINGTON, June 6 — A former top aide to the House defense appropriations subcommittee acknowledged Tuesday that the president of a military contractor had paid half the cost of a $1 million town house that they bought 11 months after she left the Congressional job.

The former aide, Letitia Hoadley White, now a prominent lobbyist, is already under scrutiny by federal prosecutors investigating the possibility that lawmakers and members of their staffs directed federal money to contractors in exchange for illicit payments. A spokesman for Ms. White said the purchase was a private arrangement between close friends.

Ms. White was for many years the top aide in charge of inserting pet projects, known as earmarks, into spending bills for Representative Jerry Lewis, Republican of California, when he led the House defense appropriations subcommittee.

The person who paid $500,000 toward the purchase of her house was Nicholas Karangelen, president of Trident Systems Inc., one of many companies that benefited from earmarks. In 2002, for example, the company received part of an $8 million joint contract for technology to survey battlefields.

Ms. White left Capitol Hill in January 2003 for a partnership in the lobbying firm of Copeland Lowery Jacques Denton & White. Trident retained her as a lobbyist the next month, and she bought the house with Mr. Karangelen in December of that year. Ms. White reported that Trident paid her firm $80,000 in fees for the year, and the firm continued to receive earmarked money.

If Mr. Karangelen's $500,000 contribution to the house benefited Ms. White as compensation for her services, lobbying laws would require her to disclose his contribution.

Patrick Dorton, a spokesman for Ms. White, said: "She purchased the house as a private citizen. She went in 50-50 with a friend. And it is absolutely not connected to any fee arrangement or work for Trident."

Mr. Karangelen and a Trident spokeswoman did not return calls seeking comment.

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The federal prosecutors looking at Ms. White's work are investigating possible ties between Mr. Lewis, her former boss, and Bill Lowery, her lobbying partner. Mr. Lowery's firm represents many clients who have received money earmarked by the defense subcommittee, and the firm and its clients account for a large part of Mr. Lewis's campaign fund-raising.

Mr. Karangelen and other Trident executives are major contributors to Republicans, to Mr. Lewis and to other members of the House Appropriations Committee.

Friends of Ms. White say she sometimes stays in the town house and uses it for fund-raisers and events related to her lobbying business. A political action committee that Mr. Karangelen runs, Small Biz Tech Pac, also lists the town house as its address.

On Tuesday, a researcher for the liberal Web site Talking Points Memo turned up a deed showing Mr. Karangelen as a second owner of the town house.

Retirement Account Of DeLay's Wife Traced (WP)

By R. Jeffrey Smith

The Washington Post, June 7, 2006

A registered lobbyist opened a retirement account in the late 1990s for the wife of then-House Whip Tom DeLay (R-Tex.) and contributed thousands of dollars to it while also paying her a salary to work for him from her home in Texas, according to sources, documents and DeLay's attorney, Richard Cullen.

The account represents a small portion of the income that DeLay's family received from entities at least partly controlled by lobbyist Edwin A. Buckham. But the disclosure of its origin adds to what was previously known about the benefits DeLay's family received from its association with Buckham, and it brings the total over the past seven years to about half a million dollars.

Buckham was DeLay's chief of staff before he became a lobbyist at the end of 1998, shortly before the account was opened and the flow of funds began. He has come under scrutiny from federal investigators because his lobbying firm received hundreds of thousands of dollars in revenue from clients of indicted Republican lobbyist Jack Abramoff.

Buckham's financial ties to DeLay's family -- and the retirement account in particular -- have recently attracted the interest of FBI agents and others in the federal task force probing public corruption by lawmakers and lobbyists, according to a source who was questioned in the course of the government's investigation.

Cullen said the retirement account was required for Buckham's employees under Internal Revenue Service rules. But investigators are looking at Buckham's role in establishing the account and at whether the lawmaker may have performed official acts in return for any of the income arranged by Buckham, according to the source. DeLay denies any wrongdoing.

Another lawmaker, Rep. John T. Doolittle (R-Calif.), has similarly come under Justice Department scrutiny in the past year because of fees paid to his wife's consulting firm -- in that instance as compensation for soliciting corporate campaign contributions.

Abramoff, who was friendly with both DeLay and Doolittle, put Julie Doolittle's firm on his lobbying firm's payroll to plan a fundraising event for a nonprofit group he created. A nonprofit organization that Buckham created also hired her firm to keep its books; the organization subsidized a $28,000 trip to South Korea by DeLay and his wife.

Laura Blackann, a spokeswoman for John Doolittle, confirmed that a grand jury investigating Abramoff's lobbying activities subpoenaed Julie Doolittle's firm in 2004 to obtain some of its records. In February, the FBI subpoenaed another nonprofit group created by Buckham, seeking records of any dealings with DeLay, his wife and his daughter, according to a copy of the subpoena.

From 1998 until recently, Buckham, an evangelical minister, met regularly with DeLay, occasionally attended staff meetings in his office, made scheduling recommendations or decisions for the office, and served as DeLay's chief political and spiritual adviser, even though he was not formally employed by him. At the time, Buckham's clients included a host of companies with regulatory and legislative business before Congress, and whose interests DeLay supported.

Under congressional ethics rules, lobbyists such as Buckham are barred from providing gifts or gratuities with a total value exceeding $50 to lawmakers in a single year. No similar prohibition exists for payments to a lawmaker's family members, but the

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pay must be a reasonable wage for real work and not be meant to influence a lawmaker's votes. Nothing in pending House and Senate lobbying reform legislation addresses the issue of such lobbyist payments to lawmaker's families.

DeLay, who was indicted in October 2005 on charges of money laundering related to the 2002 elections in Texas, announced in April that he would resign from Congress on June 9. He stepped down as House majority leader after the indictment, relinquishing a post he held from 2002 to 2005. DeLay has not disclosed his future employment plans but has said he plans to continue to promote conservative causes in Washington.

Buckham, who co-owned his lobbying firm with his wife, initially opened the retirement account for Christine DeLay at First Union bank. In 2001, he transferred it to the Charles Schwab & Co. office near his home in Frederick, according to a source with direct knowledge of the matter. From 1999 to 2000, DeLay listed the account as a spousal asset on his financial disclosure forms without specifying its value.

In his 2001 disclosure, DeLay said for the first time that the account was valued at between $15,000 and $50,000. Beginning in 2003, he listed it as a joint asset, though Cullen said in an interview that it remained in Christine DeLay's name and that such a listing was not required. "I believe the IRA has remained in Christine's name since the inception and that [the joint] designation must have been an error," Cullen said.

DeLay's salary from the House during this period ranged from $136,700 to $180,100. He will receive a pension starting at about $56,000 annually, and he is eligible for a defined-contribution retirement program, according to the National Taxpayers Union.

Cullen said that the Schwab account was a routine way for Buckham to contribute to an employee's retirement needs and that Christine DeLay, like others who worked at Buckham's now-defunct lobbying firm, received funds for the account as a percentage of her income during her employment. Charles Wm. McIntyre, a colleague of Cullen's at the McGuireWoods law firm, said DeLay and his office are unaware of any particular interest in the retirement account by federal investigators.

Besides financing the retirement account, Buckham played a role in two other streams of income that indirectly benefited DeLay.

One involved payments to DeLay's family by his principal political action committee, Americans for a Republican Majority (ARMPAC), which drew its largest donations from corporations. Three former DeLay staffers with firsthand knowledge of Buckham's activities have described him as a decision maker for the group, even though it was formally run by its executive director.

An arm of the group paid Buckham a monthly consulting fee, and Buckham in turn employed its executive director as a consultant to his lobbying firm. The two of them shared a single office on the top floor of a townhouse owned by a nonprofit organization that Buckham created and directed. Buckham's role is relevant because from 2001 to Jan. 31, 2006, ARMPAC paid Christine DeLay; DeLay's daughter, Dani DeLay Ferro; and Ferro's Texas firm a total of $350,304 in political consulting fees and expenses, according to public records.

The Washington Post previously disclosed that from 1998 to 2002, Buckham's lobbying firm, Alexander Strategy Group, paid Christine DeLay a monthly salary averaging between $3,200 and $3,400. Cullen initially said the payments were for telephone calls she made periodically to the offices of certain members of Congress seeking the names of their favorite charities. Christine DeLay then forwarded that information to Buckham, along with some information about those charities.

Last week, Cullen said the payments were also for general political consulting Christine DeLay provided to her husband. Cullen said he does not have complete records of the salary payments or the dates when Christine DeLay performed the work from the couple's home in Sugar Land, Tex. But a source familiar with the pay records said the total she received from the Alexander Strategy Group was about $115,000.

Together with the retirement account worth about $25,000, this means the family's total financial benefits from entities at least partly controlled by Buckham exceeded $490,300.

Before being paid by ARMPAC for political consulting, Christine DeLay, a homemaker and advocate for foster care, had not done paid work of that type. That circumstance has figured in government investigations of payments to other lawmakers' spouses, on the grounds that, if the compensation began after a lawmaker's election, it might have been meant to influence official acts.

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Melanie Sloan, executive director of Citizens for Responsibility and Ethics in Washington, a group that has criticized payments to lawmakers' spouses, said that "the real scandal in Washington is what is legal."

"This is a prime example of that," she said. "But there is a distinction between what is legal and what is right. . . . What was DeLay doing for all that money? Even Ed Buckham was not paying DeLay and his family out of the goodness of his heart."

Buckham's lobbying clients during the period in question included Enron, AT&T, the American Bankers Association, the National Association of Convenience Stores, Freddie Mac, Nextel, United Parcel Service, Time Warner, Microsoft, BellSouth, the Pharmaceutical Research and Manufacturers of America and the Coalition to Preserve Dietary Supplements.

Several groups represented by Buckham also helped sponsor lavish overseas travel by DeLay and his family.

"Tom DeLay has never taken an official act that was not based on his strongly held principles," Cullen said. Buckham and his attorney did not return several telephone calls seeking comment.

DeLay: GOP's 'panic, Depression' Risk Losing Elections (USAT)

By Kathy Kiely

USA Today, June 7, 2006

WASHINGTON — Former House majority leader Tom DeLay said he's "disappointed" in three ex-associates who pleaded guilty in a federal probe of political corruption, but he said their admissions "doesn't mean I knew" of their efforts to bribe Congress.

The Texas Republican, who is resigning his House seat Friday, told USA TODAY that he was surprised by revelations that Tony Rudy, a former top aide, and Jack Abramoff, a former lobbyist and longtime political supporter, tried to buy influence with lawmakers.

"The Tony Rudy and Jack Abramoff I'm reading about in the papers are not the people I knew," DeLay said Tuesday. His former press secretary, Michael Scanlon, also pleaded guilty.

Nicknamed "The Hammer" for his hard-charging style, DeLay is leaving Congress with more of a bang than a whimper.

The former No. 2 House leader criticized his Republican colleagues for "panic, depression and woe-is-me-ism," and predicted they will lose control in November "if they continue the attitude they have right now."

DeLay's career embodies the GOP's ascendancy. He was swept into Congress by President Reagan's second-term landslide in 1984 and was a member of the leadership team in 1995 when the GOP took control of the House for the first time in 40 years.

DeLay said the Justice Department has not questioned him in the corruption probe, and he has offered to cooperate.

He blamed his political exit on Ronnie Earle, the Austin district attorney who indicted DeLay on charges of violating state campaign-finance laws. DeLay insists he did nothing wrong, but said Earle, a Democrat, indicted him to force him out of House leadership.

"Their campaign of character assassination and criminalization of politics was effective," he said. Earle denies partisanship.

DeLay, 59, said his plans include establishing a private legal defense fund — unsupervised by the Federal Election Commission — to help pay his lawyers. He said he owes more than $2.5 million. He can also use political contributions to defray the debt. As of March 31, DeLay had $1.4 million in his campaign treasury.

McKinney Deal May Be In Works Lawyer Rejects Talk Of Any Negotiations (AJC)

By Bob Kemper, The Atlanta Journal-constitution

The Atlanta Journal-Constitution, June 7, 2006

WASHINGTON — Federal prosecutors investigating the confrontation between Rep. Cynthia McKinney of Georgia and a Capitol police officer have been talking privately with McKinney's office in hopes of resolving the case without the spectacle of an indictment and trial, officials familiar with the talks say.

Prosecutors for several weeks have been carrying on confidential discussions with the DeKalb County Democrat in what they characterized as an effort to reach a plea agreement, even as they were presenting evidence in the March 29 incident to a grand jury, said the officials, who spoke on condition of anonymity.

The grand jury has not yet decided whether McKinney should be charged, an official familiar with the proceedings said, and no decision is expected this week. The prosecutors have subpoenaed at least six witnesses to appear before the jury over the last two months.

McKinney's office rejected claims that there have been discussions of a plea agreement, saying the congresswoman has not been charged with anything and may never be, so there's no plea to negotiate.

"At this time, I have no comment as I am unaware of any 'legal case' regarding Ms. McKinney and [the] March 29 incident," William Moffitt, one of McKinney's lawyers, said in an e-mailed statement.

A spokesman for U.S. Attorney Ken Wainstein's office and a Justice Department spokesman declined to comment on the talks or even confirm they were occurring.

Negotiated settlements in cases as controversial and politically sensitive as McKinney's are common, according to former federal prosecutors and lawyers with experience in Washington's Superior Court. They said there is often pressure on the prosecutors from higher-ups at the Justice Department and possibly the White House to resolve such cases quickly and quietly.

The Justice Department declined to comment on McKinney's case. A White House spokesman said he had no information on whether McKinney's case had been discussed in the West Wing.

Capitol Hill police said they were dismayed that the investigation into McKinney's confrontation with the police officer is taking so long to resolve. They said failure to charge McKinney would send the message that it is all right to hit a police officer.

The incident occurred as McKinney was entering a House office building and started to skirt a security checkpoint, as members of Congress and their aides are allowed to do. When a police officer who did not recognize McKinney tried to stop her McKinney, struck him in the chest with her fist, according to the police report.

McKinney was not wearing a special lapel pin that would have identified her as a congresswoman, but House members are not required to wear the pins. She also had changed her hairstyle since posing for her official House photo, which guards can consult to confirm her identity.

McKinney and her lawyers said she was acting in self-defense after the officer touched her inappropriately. After the incident, McKinney held a news conference in which she said she was the victim of racial profiling by Capitol police, stopped only because she was a "female, black congresswoman."

Under pressure from fellow Democrats and black lawmakers, McKinney eventually apologized for the incident on the House floor.

— Scott MacFarlane of Cox Broadcasting contributed to this article.

Gambino Captain Convicted Of Racketeering (AP)

By Larry Neumeister

AP, June 7, 2006

NEW YORK -- A Gambino family captain done in by the testimony of an undercover FBI agent and hours of government tapes was convicted Tuesday of racketeering _ a verdict his lawyer said almost guarantees he will die in prison.

Gregory DePalma, 74, had an oxygen tube in his nose and gauze on his face because of a weekend biopsy as the verdict was read in U.S. District Court in Manhattan.

The verdict resulted from a government assault on what remains of the Gambino crime family after the Gotti era appeared to end with the death of John Gotti in 2002 and prosecutions of his brother, Peter Gotti, and son, John "Junior" Gotti.

Joaquin Garcia, an FBI agent who posed as "Big Jack" Falcone, had cozied up to DePalma and recorded thousands of hours of conversations that helped land the mobster.

The FBI planted a cell phone on DePalma that picked up conversations even when it was off. Defense lawyer Martin Geduldig said after the verdict that it "was just too difficult to overcome all of these tapes."

Sentencing was set for Aug. 29. Geduldig said he doubted DePalma would live beyond five years, so anything more would be a life sentence.

Prosecutors depicted DePalma as an energetic hustler from 2003 to 2005, when he extorted restaurants, construction companies and a topless nightclub where he was introduced to the undercover agent.

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DePalma called in favors from anyone who feared his mob muscle. He described getting a former manager for Liza Minnelli to finance a $12,000 trip for mob wives to Las Vegas.

The jury also heard him boast that he made a restaurant owner get an $11,000 bottle of wine and provide as much as $4,000 in free food for two dozen Gambino guests.

U.S. District Judge Alvin K. Hellerstein had rejected defense requests that DePalma rest at trial on a gurney or wheelchair because of his missing lung, heart problems, cancer and diabetes.

Prosecutors told jurors he had boasted after a 1999 racketeering guilty plea that he had duped the judge with an illness act worthy of an Academy Award.

They played tapes of him bragging that he wore an oxygen mask and did not shave for a week before sentencing, leading the judge to say he had never sentenced a man so sick.

Fat Lip Gets Mobster Life (NYDN)

By Thomas Zambito, Daily News Staff Writer

New York Daily News, June 7, 2006

He talked too much.

Motor-mouth mobster Greg DePalma blabbed his way into a life prison sentence yesterday after a jury convicted him of racketeering charges based on hours of incriminating government tapes.

The verdict ended a three-week trial highlighted by the testimony of an undercover FBI agent who got so cozy with the ailing 74-year-old Gambino capo that he earned an invitation to join the Mafia.

DePalma's foul mouth filled more than 5,000 hours of tapes and his trial featured "Sopranos"-like scenes, including grub-gorging goodfellas, bloody beatings and whining wiseguy wives.

As the verdict was read, DePalma, hooked throughout the trial to an oxygen tank, groused about the FBI agents who took him down. He was found guilty on 27 of 36 counts, many involving violent extortion.

"Maybe instead of them buying TVs from P.C. Richards, they should go out and get some terrorists," he told lawyer John Meringolo.

It was a reference to the six "stolen" wide-screen sets given to him by FBI agent Joaquin Garcia, the undercover veteran DePalma was introduced to in the fall of 2002 as Miami jewelry fence "Jack Falcone."

DePalma kept one and passed the others to mob bosses.

Considering his criminal history and failing health, "any sentence of five years or more is probably a life sentence," said Martin Geduldig, another defense lawyer.

DePalma's ghostly pale figure in court was in stark contrast to that of the carefully coiffed man who had Frank Sinatra's arm draped over his shoulder in an infamous 1976 photo.

Garcia was DePalma's constant companion for two years and played such a convincing role that the veteran gangster wanted to put him up for membership in the mob family once headed by the Dapper Don, John Gotti.

Using Gambino family muscle as leverage, DePalma forced the owner of Valbella's, a Greenwich, Conn., restaurant which has attracted the likes of Joe Torre and Regis Philbin, to pick up the tab so two dozen of his mob pals could belly up to a multicourse meal.

Prosecutors say DePalma forced Gary Labriola, Liza Minnelli's former manager, to pay for a $12,000 spending spree at Las Vegas' Venetian Hotel for the wives of his mob bosses in 2003.

And DePalma put the arm on contractors big and small for weekly protection payments of $500 or more as well as a Christmas "tribute." He forced one to buy poorly made suits from a tailor friend and to purchase signed Leroy Neiman prints that cost thousands.

Federal prosecutors Christopher Conniff and Scott Marrah pointed jurors to DePalma's own words, and his attorneys conceded that the tapes were too much to overcome.

"He was a walking bug," Geduldig said.

GABBY CAPO IS KAPUT (NYPOST)

By Kati Cornell

The New York Post, June 7, 2006

Loose-lipped Gambino capo Gregory DePalma will likely spend the rest of his life behind bars after jurors found the sickly gangster guilty of a slew of mob crimes yesterday.

Jurors deliberated three days before convicting DePalma on 27 of the 36 charges he faced at a trial in Manhattan federal court, where prosecutors played numerous tapes of the gangster on his cellphone and blabbing at mob meetings.

The verdict was a notch in the belt of undercover FBI agent Joaquin Garcia, who has been called the "modern-day Donnie Brasco" for his stunning two-year infiltration of the Gambino crime family.

DePalma, 74, who breathes through an oxygen tube, quietly shook his head as the jury foreman announced the verdict on multiple extortions, receipt of stolen property, illegal gambling, racketeering and other charges.

"I think any sentence over five years is a life sentence," defense lawyer Martin Geduldig said outside of court, estimating the sentencing guidelines would call for a prison term of more than 10 years. "It was too difficult to overcome all if these tapes . . . He was a walking bug."

"Greg's been around the block a couple of times. He knew what he was battling here," said Geduldig, who added that he would ask Manhattan federal Judge Alvin Hellerstein for leniency at an Aug. 29 sentencing because of DePalma's poor health.

The ailing wiseguy, who has heart disease, diabetes and is missing a lung due to cancer, relied on the help of EMTs to get in and out of his wheelchair during the trial.

Meanwhile, Assistant U.S. Attorneys Christopher Conniff and Scott Marrah have repeatedly accused DePalma of feigning illness in order to curry favor with the court.

Testifying in a closed courtroom, Garcia told jurors how he ingratiated himself to DePalma by posing as gangster wannabe and jewel thief "Jack Falcone."

The agent, who weighs upwards of 300 pounds, joked that he packed on the weight while secretly recording hundreds of meetings with DePalma at restaurants around the city and in Westchester.

Prior to his March 2005 arrest, DePalma was taped boasting about his influence in the Gambino crime family and supposed brushes with celebrity, including a dinner with pop star Mariah Carey.

He also bragged of strong-arming movie star Armand Assante, who played "Dapper Don" John Gotti in an HBO movie.

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Ex-Tenn. Lawmaker Denies Taking Payoffs (AP)

By Woody Baird, Associated Press Writer

AP, June 7, 2006

(06-06) 18:52 PDT Memphis, Tenn. (AP) -- A former Tennessee legislator charged with extortion took the stand in his own defense Tuesday and denied ever accepting payoffs from two FBI informants.

Former state Sen. Roscoe Dixon testified that he had supported legislation for E-Cycle Management, a bogus company set up by the FBI, as a favor to friends and not for money.

Dixon was the only defense witness, and jurors were to begin deliberations Wednesday.

In final arguments to the jury, defense lawyer Coleman Garrett said Dixon is the victim of a government conspiracy based on a fake company that offered bribes for support of a proposed law that was never intended to pass.

"Don't treat this like it's real," Garrett said. "This is a joke. This man was set up."

Assistant U.S. Attorney Tim DiScenza said Dixon was not pressured into taking bribe money — "He just took it."

Under questioning from his attorney, Dixon said he had long known and tried to help the government's chief witnesses against him, Barry Myers and Tim Willis. Myers was Dixon's assistant at a community development center and Willis had been active in Memphis politics for years.

Dixon, a Democratic lawmaker for 22 years, said he had tried to help the two establish careers as lobbyists.

He acknowledged accepting $1,000 during a meeting that Willis secretly videotaped in 2004 for the FBI. But he said he thought the total of $6,000 that Willis laid out on a table was intended for Myers for helping lobby on behalf of E-Cycle.

On the tape, Dixon tells Myers: "Throw me one of those stacks, man."

He told jurors he thought Myers intended for that money to go to the financially struggling development center where they both worked.

Myers has pleaded guilty to splitting bribes totaling $9,500 with Dixon and is cooperating with the government.

Dixon was one of five sitting or former state lawmakers arrested in 2005 in an investigation the government called Tennessee Waltz and is the first to go to trial. One of the five, Republican Chris Newton, pleaded guilty, resigned his state House seat and is serving a one-year prison term. The other three are awaiting trial.

Dixon Tells Of 'network' (MCA)

By Lawrence Buser

Memphis Commercial Appeal, June 7, 2006

But didn't sell influence, ex-lawmaker testifies

Former state senator Roscoe Dixon acknowledged Tuesday that he accepted cash from a government informant portraying a lobbyist seeking favors, but denied that it was a bribe for his legislative help.

Dixon's testimony came at the end of his six-day federal bribery trial in which he was the only defense witness. The jury will begin deliberating this morning in what is the first local trial in the Tennessee Waltz public corruption investigation.

In his first public comments about the five-count indictment, Dixon was faced with explaining his words and actions on secret audio and video recordings that prosecutors say depict him selling his political influence by accepting cash payments from FBI informant Tim Willis.

"Tim Willis was my friend at the time and he knew he didn't have to pay me to get things done," Dixon told a federal court jury that saw him accepting a $1,500 payment in a tape made March 5, 2004. "I assumed it was to keep me doing the things I could do. I was under financial strain and obligations."

In closing arguments, federal prosecutor Tim DiScenza noted, however, that in the only conversation on the brief tape, Willis reminds Dixon to withdraw legislation for the FBI's undercover company called E-Cycle Management, Inc., which wants it revised.

"Oh, yeah, we'll kill it," Dixon replies as he walks out of E-Cycle's Downtown office with the money. "That's a done deal."

Dixon was charged with conspiracy to commit extortion and bribery by accepting $9,500 in cash payments for handling special legislation for the fictitious E-Cycle company that purportedly wanted to recycle the state's surplus computers.

His attorney, Coleman Garrett, argued that Dixon was "tricked" into accepting money and that government informants and undercover agents entrapped him.

"Why is the government doing this to Senator Dixon?" Garrett said in a voice with the volume and cadence of a fiery preacher. "Tim Willis was the main conspirator. E-Cycle was a lie. E-Cycle wasn't a real company. The government created this scam."

Dixon, 56, resigned from the Senate in January of last year after serving 22 years in the legislature to become the assistant chief administrative officer to Shelby County Mayor A C Wharton. He resigned the $101,856-a-year position when he was indicted five months later.

The Tennessee Waltz investigation netted 10 indictments in all, including four other past or present state lawmakers.

Awaiting trial are John Ford and Kathryn Bowers from Memphis and Ward Crutchfield from Chattanooga.

Former state representative Chris Newton from East Tennessee pleaded guilty to accepting bribes and is serving a one-year prison sentence at a federal facility in Atlanta.

Another guilty plea came from Barry Myers, Dixon's codefendant and former aide who testified last week that he was the former senator's "bag man" who collected payoffs on his behalf.

He said Dixon usually avoided accepting payoffs directly, but instead told suitors to "take care of Barry. Keep Barry happy."

Dixon testified Tuesday that he used the phrase only to encourage Willis to help his aide get consulting work if he could.

"I was just sharing the thought to help someone else out," Dixon said, adding that he tried to promote the careers of both Willis and Myers. "Both of these guys were like children to me. Barry was very, very helpful to me and I couldn't afford to pay him."

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When his attorney suggested the phrase "keep Barry happy" might sound damaging, Dixon agreed. "It was a poor choice of words," he said.

In a video recording made Feb. 12, 2004, at Willis' Mud Island home, Willis places $6,000 cash on a table, Myers counts out six stacks of $1,000 each and Dixon tells Myers to give him one stack. He denied Myers' earlier allegation that he, Myers, took more of the money to Dixon later that evening.

"That was all I needed and I just saw it as a way of Barry giving me money to keep things going," said Dixon, emphasizing his financial strain. "It takes a toll on you."

In May of last year, Dixon agreed to be interviewed by the FBI and denied receiving any money that night in 2004 at Willis' home.

Dixon said his memory was blurred by his nervousness.

"I was scared as heck and kind of lost track of things," Dixon said in explaining the discrepancy between his denial and the video recording. "I get scared if I get stopped for a traffic ticket. I've always had the highest respect for the FBI and for police officers ... but I'm just a human being like anyone else."

U.S. Dist. Court Judge Jon McCalla said he found little evidence of entrapment in the case, but that out of an abundance of caution, he still would give instructions for the jury to consider it as a defense.

Corruption Trial Witness: I Had To Hire A Drunk (CHIT)

By Rudolph Bush And Dan Mihalopoulos, Tribune Staff Reporters

Chicago Tribune, June 7, 2006

Mayor Richard Daley's patronage chief ordered the hiring of a politically connected man who was "somewhat of a drinker," and he repeatedly engineered the promotions of workers with clout over more qualified candidates, the former No. 2 official in the city Water Department testified Tuesday.

Donald Tomczak, a key prosecution witness in the City Hall corruption trial, said he complained vehemently when Daley aide Robert Sorich directed him to accept the transfer of the man with the drinking problem, who had been working for the Transportation Department.

Tomczak said he warned Sorich that the man, a political worker under Ald. Edward Burke (14th), could cause injuries on Water Department job sites as a result of his drinking.

But Tomczak said Sorich insisted: "Work it out, Don." Tomczak hired the man and put him to work near his office at the Jardine Filtration Plant, where he could "keep an eye on him," Tomczak said.

Prosecutors hope the testimony supports their contention that political ties mattered more than ability in many City Hall hiring and promotion decisions. Sorich and three other former Daley administration officials are accused of participating in a scheme to fix personnel decisions in favor of pro-Daley political workers and other applicants favored by the mayor's office.

Under cross-examination, Sorich's defense lawyer prodded Tomczak into conceding that Sorich was only one of several players in the "exact same system" that has existed since Daley became mayor in 1989.

Before Sorich began working in the mayor's office in 1993, Tomczak said then-Daley aides Timothy Degnan and Mike Broderick arranged jobs for pro-Daley political workers. Degnan and Broderick have not been charged with crimes.

"Certainly Robert didn't start this, did he?" attorney Thomas Anthony Durkin asked Tomczak.

"No," Tomczak replied.

In four weeks of testimony, federal prosecutors have presented many of their key witnesses. Tomczak's testimony was very similar to that of former Streets and Sanitation Deputy Commissioner Daniel Katalinic.

Katalinic and Tomczak—who both have admitted taking bribes from city trucking contractors—described how they built campaign forces of city workers who did the bidding of the mayor's office. The patronage armies were sustained through rigged jobs and promotions, they testified.

Former personnel directors in the city's Sewers, Water and Streets and Sanitation Departments told jurors that they received "blessed lists" of political workers from Sorich and Timothy McCarthy, Sorich's aide and co-defendant.

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Two of the directors testified that they falsified ratings forms to ensure the hiring of favored applicants. They and other prosecution witnesses said the city's interview process for many blue-collar union jobs was a charade.

The fraud allegedly was designed to get around decades-old legal restrictions against City Hall patronage. The prosecution is expected to rest in two to three weeks after presenting testimony about hiring in the city's Aviation and Buildings Departments.

McCarthy's lawyer, Patrick Deady, sent a subpoena to the city Monday demanding documents related to the 2004 hiring of two building inspectors who allegedly were hired because their fathers are union leaders. Deady wants memos of meetings involving top Daley administration officials, including Corporation Counsel Mara Georges, former Chief of Staff Sheila O'Grady and retired Personnel Commissioner Glenn Carr.

Defense lawyers have argued that the mayor's office recommended job applicants but that nobody was guaranteed a job or a promotion.

Durkin also has tried to emphasize that Sorich answered to higher-level officials in the mayor's office. Under cross-examination Tuesday, Tomczak acknowledged that former top Daley aides Victor Reyes and John Doerrer had the final say on hires. Neither Doerrer nor Reyes has been charged.

Tomczak agreed with Durkin's assertion that "not one red cent" changed hands in the alleged hiring scheme. Durkin contrasted that point with Tomczak's guilty plea last year, when he admitted taking almost $400,000 in bribes from companies in the city's Hired Truck Program.

"You're not equating taking $400,000 to this hiring nonsense?" Durkin asked Tomczak, who replied that he was not doing so.

Hundreds of jobs in the Water Department were filled with more concern for politics than merit, Tomczak told jurors. Getting promoted as a reward for political campaign work was widely referred to as "getting made," he said.

He said he went to Sorich to arrange the promotion of a political worker who was not the best candidate for a district foreman job. The man's promotion required Tomczak to "bring in an extra person with more experience to back him up," he testified.

Tomczak's testimony blunted another defense argument: that the mayor's office got involved in hiring to promote racial diversity. He said most beneficiaries of the rigged hiring process were white. Some minorities were promoted, he said, because "it would help the political group," which was divided into white, Latino and African-American branches.

Also Tuesday, a former assistant commissioner in the Water Department testified that she regularly met with Sorich from 1993 to 2002 to receive names of people that the mayor's office wanted hired or promoted.

But on cross-examination, Phyllis Bergthold said she told government agents that the names were "recommendations or preferred candidates." Bergthold, who grew up in the Daley family's 11th Ward power base, later acknowledged that the vast majority of people endorsed by the mayor's office were hired or promoted.

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Sorich's Lawyer: 'Not One Red Cent Changed Hands' (CHIST)

By Steve Warmbir And Natasha Korecki, Staff Reporters

Chicago Sun-Times, June 7, 2006

In a burst of courtroom drama, a federal prosecutor and the defense attorney for Mayor Daley's former patronage chief clashed on Tuesday over testimony of the prosecution's star witness in the most fiery day so far in the trial.

Donald Tomczak, the former city Water Department honcho turned government informant, was on the witness stand wrapping up his second day of testimony when Assistant U.S. Attorney Patrick Collins asked how Tomczak rewarded some of the city employees who did political work for Tomczak on the side.

Tomczak said he could decide to award overtime on his own to city employees who took part in his political army. But Tomczak made clear that he did not have final say over hiring or promotions in his department. Final say came from the mayor's Office of Intergovernmental Affairs, or IGA.

HIGHLIGHTS

PROSECUTION: Courtroom fireworks go off as a federal prosecutor and a defense attorney for the mayor's former patronage chief, Robert Sorich, knock heads over the testimony of a star prosecution witness.

DEFENSE: In other testimony, a former personnel director at the city's Water Department says she considered names given to her by the mayor's Office of Intergovernmental Affairs just recommendations for hirings or promotions. But the witness acknowledges that the vast majority of those recommendations got the spots.

UP NEXT: Prosecutors are expected to call a former city transportation worker who ran his own political army.

Clout on Wheels

The scandal of the city's Hired Truck Program - a Chicago Sun-Times investigation.

The mayor's patronage chief, Robert Sorich, who is on trial, was a top IGA official. Sorich and three other men are accused of running a hiring scheme in which officials rigged job interviews to ensure political workers for the Daley organization got city jobs or promotions.

'Pretty odd scheme, isn't it?'

Sorich's attorney, Thomas Durkin, took umbrage over the overtime question and appeared concerned that the prosecution was trying to link Sorich and his three co-defendants to the overtime scam -- although the prosecution never made any direct links.

"Overtime didn't have a thing to do with Robert Sorich or any of the young men at this table, did it?" Durkin asked Tomczak, his voice rising.

"No," Tomczak said.

Durkin also underscored that none of the men on trial ever took any money in exchange for getting people city jobs or promotions.

"Not one red cent changed hands," Durkin asked Tomczak.

"No," Tomczak agreed.

"Pretty odd scheme, isn't it?" Durkin said.

Collins loudly objected to Durkin's remark, and the judge sustained the objection.

Prosecutors say taxpayers were hurt in the scheme because people were hired or promoted in city jobs because of politics, not because they were the best people for the jobs or even qualified. Collins went through example after example with Tomczak on Tuesday where Tomczak said the most qualified person wasn't picked for a job.

Twice, Tomczak was told by Sorich to accept people with drinking problems for Water Department jobs, Tomczak said.

Also Tuesday, a former Water Department personnel director, Phyllis Bergthold, testified that Rosemarie Andolino, now executive director of the O'Hare Modernization Program, was present in some IGA meetings where Bergthold got names from Sorich of political workers who should get jobs or promotions. Andolino worked in IGA then.

Andolino's attorney, Michael Ettinger, declined to comment other than to say that prosecutors have assured him Andolino is not a target of the investigation.

FBI Probing Fumo In Warehouse Sale (PHI)

By Emilie Lounsberry, John Shiffman, Thomas Fitzgerald And Craig R. Mccoy

The Philadelphia Inquirer, June 7, 2006

Federal authorities are exploring whether State Sen. Vincent J. Fumo, to help pay for renovations at his mansion, directed a nonprofit to purchase a warehouse owned by the contractor, sources said.

Fumo's attorney declined to comment yesterday. A lawyer for the nonprofit defended the warehouse purchase, saying the group paid "fair market value" after obtaining an appraisal.

The FBI's new line of inquiry in its sprawling, three-year Fumo investigation began after agents raided electrical contractor Donald "Gus" Dougherty's South Philadelphia home as part of a separate tax-fraud case.

This aspect of the inquiry - whether there is a link between the home renovation and the warehouse purchase - is in its earliest stages.

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In recent days, prosecutors have subpoenaed permits from city records about the work done at Fumo's mansion in the city's Fairmount section, according to City Hall sources.

Investigators have been examining whether Fumo controls the nonprofit organization, Citizens' Alliance for Better Neighborhoods, and, if so, whether he has used it for personal and political gain.

Fumo purchased his 29-room, four-story brownstone on Green Street for $175,000 in 1994 and then embarked on an ambitious five-year effort.

"It was a big job," said Brian Burrows, a city electricians' union official, who said yesterday that he worked on the home and recently was interviewed by FBI agents about it.

He said he began working at the mansion in late 1999. Burrows said he was told that Dougherty pulled out of the job after not being paid. He said the work done by Dougherty's crews, plus his own, probably cost about $100,000, the same estimate given by another source.

"When I got there, it was tying all the odds and ends together on the project - for instance, the dining room was finished, except the chandeliers and wall sconces were coming in from Italy," Burrows said. "We hooked them up."

He says he wired Fumo's hot tub and the lighting and exhaust fans for his basement shooting range. The four-story building also has its own elevator.

Another person familiar with the renovations said that Dougherty's workers spent a year or more toiling within the mansion.

Though a Fumo spokesman declined to comment yesterday, his office told the Philadelphia Daily News earlier this year that Dougherty had done only a "small amount of work" and had been paid for it.

In December 1999, after Dougherty finished working in the mansion, he sold his warehouse at Second and Tasker Streets to Citizens' Alliance for $310,000 - $95,000 more than he had paid for it two years earlier.

The warehouse is about a dozen blocks from the Passyunk Avenue corridor where Citizens' Alliance has concentrated much of its activity, buying and fixing storefronts.

According to someone who took part in the talks over buying the warehouse, Fumo led the purchase negotiations for the nonprofit.

William J. Winning, a lawyer for Citizens' Alliance, said he did not know whether Fumo had directed the warehouse purchase.

Winning said the nonprofit obtained an appraisal that valued the warehouse at $310,000. "Fair market value was set, and that's what it was sold for," Winning said, adding that it's now "probably worth 10 times that much."

He said Citizens' Alliance now rents the warehouse to a limousine service and another tenant.

David Glancey, chairman of the city board that sets real estate assessments, said yesterday that the price paid by Citizens' Alliance seemed fair in light of rising property values in the neighborhood.

Fumo has never held a formal position at Citizens' Alliance.

Nevertheless, in an affidavit released last week, the FBI says that it has obtained e-mails showing that Fumo was "directly involved in and managing and controlling" its operations - including real estate purchases.

"I will decide" which buildings are bought, he wrote in one e-mail. Those e-mails were written after the warehouse purchase.

For a time, prosecutors were rebuffed in their recent attempt to subpoena city records pertaining to Fumo's home.

The subpoena sought all city records on renovations to Fumo's house from 1995 to 2000.

Such permits are normally public records. But city lawyers at first refused to turn them over, citing a 1995 court order obtained by Fumo's family sealing all city records related to the house.

To obtain it, a lawyer for Fumo's then-wife argued that Fumo had received unspecified threats and that release of his records would "seriously jeopardize the personal security of the plaintiff and her family."

The secrecy edict is highly unusual, possibly unprecedented in the city's history. Common Pleas Court Judge Albert W. Sheppard Jr., who issued the order, noted in an interview yesterday that at the time the city lawyers had not opposed it.

Saying that federal law trumped state law, federal prosecutors obtained a new order on Monday from a federal judge ordering the city to turn over the records. The city is expected to comply.

Richard Manieri, a spokesman for the U.S. Attorney's Office, said yesterday he could not comment on an active investigation.

Fumo, an influential Democrat who has served in the state Senate since 1979, has defended Citizens' Alliance's work in the community and suggested the FBI investigation is a Republican vendetta.

Geoffrey Johnson, one of Fumo's lawyers, declined to comment yesterday. Ken Snyder, a Fumo spokesman, referred reporters to Winning.

Fumo has been responsible for the bulk of Citizens' Alliance's funding.

As The Inquirer first disclosed, Fumo reached secret agreements with Peco Energy under which it gave Citizens' Alliance $17 million and Fumo dropped his opposition to Peco's business plans.

Authorities have also opened a parallel investigation into whether Fumo or his aides destroyed e-mails to thwart the federal investigation.

The probe marked a milestone of sorts last week when the FBI arrested two computer technicians on Fumo's legislative payroll and charged them with deleting e-mails to protect Fumo.

The FBI affidavit quotes e-mails in which the workers say Fumo ordered the e-mails destroyed. Fumo has also denied wrongdoing in that matter.

Now the Fumo probe is intersecting with another corruption investigation - the one involving Donald Dougherty's business. Sources have said this probe is examining, in part, whether Dougherty illegally avoided paying payroll taxes and union dues.

They have also been examining Dougherty's ties to John Dougherty, who is leader of Local 98 of the electrical workers' union, and whether officials at the union knew Donald Dougherty was avoiding paying union dues.

Financial dealings between labor leaders and contractors are closely regulated. Among other issues, the authorities have been looking into a sale of a Shore house by Donald Dougherty to John Dougherty, who are unrelated but friends since childhood. John Dougherty has said he paid a fair price.

To complicate matters further, John Dougherty and Fumo are rival political bosses who have an on-again, off-again political feud.

John Dougherty declined to comment yesterday. Donald Dougherty's attorney, Nicholas Nastasi, said this week: "I will not comment on any questions relating to Donald Dougherty."

Feds Say Bureaucrat Fixed Tickets For Tickets (PHI)

By Michael Hinkelman

The Philadelphia Inquirer, June 7, 2006

Federal prosecutors portrayed Molden David Faison yesterday as a man who never met a concert ticket he didn't want - or wasn't willing to fix parking tickets to get.

The feds allege that Faison, a former hearing officer for the Bureau of Administrative Adjudication, used his job in August 2004 to extort $169 worth of tickets to a Prince concert.

Prosecutor Judy Goldstein Smith played damning FBI audiotapes of conversations between Faison and a government informant yesterday at the start of Faison's trial.

On the tapes, the government informant, John Florio, can be overheard giving Faison, who heard parking ticket appeals, the tag numbers and models of the vehicles with parking tickets he wanted dismissed.

The tapes reveal Faison keeping Florio informed about the disposition of the tickets and repeatedly asking him about getting tickets to concerts by Phil Collins, Prince, Barry Manilow and sports events. Florio also thanks Faison for "taking care" of him.

The tapes were played as corroborating evidence to support Florio, who took the stand yesterday as the government's main witness against Faison.

Florio, an admitted drug dealer with a gruff manner and South Philly accent, pleaded guilty on May 26 to three counts of possession of cocaine, crack and heroin with intent to distribute.

He testified that Faison agreed to reduce or dismiss his own parking tickets at a meeting on June 4, 2004, in exchange for $200.

After that meeting, Florio became a cooperating witness and wore a wire during subsequent meetings.

The feds allege the key meeting between Florio and Faison occurred on Aug. 18, 2004.

That day, Florio told Faison in a taped telephone call: "You're gonna be a happy camper. I got you two Prince tickets, up front, seats 1 and 2."

"Oh, man, what a deal," Faison says.

Florio told Faison that a cousin who worked for the plumbing company whose parking tickets Faison allegedly agreed to fix had paid for the concert tickets.

That same day, the feds say, Florio met Faison at a parking lot at 9th and Arch streets and gave him the Prince tickets.

"Oh, you the man... ," Faison tells Florio.

"I'm going to talk to my supervisor... and try to knock 'em all down," Faison says, referring to the plumbing company's parking tickets, but admits he may be able to get only "80 percent" dismissed.

Smith displayed copies of BAA disposition statements for the plumbing company vehicles that showed most of the tickets had either been dismissed or reduced.

During cross-examination, Faison's attorney, Edson A. Bostic, attacked Florio's credibility, getting him to admit that he used at least one and maybe two aliases while he was dealing drugs and that he had been convicted of assault charges in two separate cases.

Florio also confessed that he smokes pot to soothe his nerves and that his recent guilty plea was to a lesser charge than that lodged against him in 2002.

Faison is the second BAA official charged with corruption. He was terminated from his $31,415-a-year job in September 2004 for reasons unrelated to the extortion charge.

A federal jury convicted former bureau Director Joseph F. Hoffman Jr. of mail fraud in February 2005 in connection with a ticket-fixing scheme.

Bolivar Co. Administrator Faces Federal Charges (BSH)

Biloxi Sun Herald, June 7, 2006

CLEVELAND, Miss. - Bolivar County administrator Adrian Brown has been indicted on federal charges of accepting a kickback and tampering with a witness, authorities said Tuesday.

The arrest of Brown, 29, of Cleveland, was announced by the FBI, the U.S. attorney's office and the Bolivar County Sheriff's Department. Brown was indicated May 24 on the charges, officials said.

John G. Raucci, special agent in charge of the FBI in Mississippi, said Brown is accused of soliciting and accepting a kickback for work for Bolivar County, which was to be reimbursed by the Federal Emergency Management Agency. He said Brown is also accused of attempting to intimidate a witness in the investigation.

If convicted, Brown faces a $500,000 fine and 20 years in prison. An initial court appearance was pending.

Brown has been administrator in Bolivar County since April 2004. He previously was project administrator for South Delta Planning and Development District Inc. in Greenville.

Bolivar County Administrator Indicted On Federal Charges (JCL)

The Clarion-Ledger

Jackson Clarion-Ledger, June 7, 2006

Bolivar County Administrator Adrian Brown has been charged with defrauding the federal government and tampering with a witness.

The FBI announced Brown's arrest today, following a federal grand jury indictment on May 24, on one count each of theft or bribery concerning programs receiving federal funds and tampering with a witness.

If convicted, Brown, 29, faces a $500,000 fine and 20 years in federal prison.

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Brown of Cleveland is accused of soliciting and accepting a kickback for work for Bolivar County and the county was to be reimbursed by the U.S. Department of Homeland Security's Federal Emergency Management Agency.

Witness Recovers From Overdose To Describe New Jersey Graft (NYT)

By Laura Mansnerus

The New York Times, June 7, 2006

NEWARK, June 6 — The case of Raymond J. O'Grady is the culmination of years of work by federal investigators, a tale opening a window on small-town graft that brought down more than a dozen public officials in a New Jersey county run by old-fashioned patronage politics.

Now the trial has turned out to be a story of its own: the pivotal government witness — one day into his testimony last week against Mr. O'Grady, a longtime friend from Monmouth County politics — swallowed 60 to 80 blood-pressure pills in a suicide attempt.

But on Tuesday, the government salvaged its case, which a prosecutor, Ricardo Solano, had described in his opening statement last week as "an inside look at how public office is sold."

The prosecution witness, Anthony J. Palughi, took the stand again in Federal District Court here despite objections by the defense to allowing the testimony to continue so soon after what Mr. O'Grady's lawyer called "a miraculous recovery."

Mr. O'Grady, 56, a former committeeman in Middletown Township, N.J., is charged with taking $8,000 in cash to help steer municipal work to contractors, including two men who turned out to be agents from the F.B.I.

Mr. O'Grady was among 15 local officials arrested in February and March 2005 in a continuing investigation called Operation Bid Rig, which started in 1998. He is the first to go to trial; most have pleaded guilty, and two have died.

Mr. Palughi, 70, who recently retired as the Monmouth County superintendent of bridges, agreed to tape conversations with Mr. O'Grady, among other officials, when he was arrested in December 2004. He pleaded guilty in August 2005 to setting up bribes to local officials and pocketing money for himself.

On Tuesday, jurors heard nothing of Mr. Palughi's attempted suicide last Friday morning before he was to resume his testimony. In arguments before Judge William J. Martini, Mr. O'Grady's lawyer, Kevin Roe, said that Mr. Palughi was surrounded in the hospital by F.B.I. agents.

"They had to patch this guy up or their case tanks," Mr. Roe said in a courthouse hallway during a brief break.

But Judge Martini, citing a psychiatrist's report that deemed the crucial witness lucid and able to testify, brought in the jury.

No sooner did Mr. Palughi answer a few questions than he offered an apology for his apparent confusion. "I'm not a professional informant, and not really that bright," he said.

But he forged ahead, testifying about tapes of his conversations with Mr. O'Grady that the prosecutors played for the jury.

Along with other recordings that the jury heard when the trial opened last week, the tapes track the two men discussing their "deals," all in dialogue that could have been lifted from a "Sopranos" script — accents and expletives included.

In the first conversation, which was recorded in October 2004, Mr. Palughi was at Carmela's, a restaurant in Neptune Township, with two federal agents posing as employees of a construction and demolition company. They were conferring about Mr. O'Grady, whom they were about to meet. Mr. Palughi advised them to give him no more than $1,000, adding, "I don't know why I'm telling you this, but I love you guys."

At lunch that day, the agents recorded their conversation with Mr. O'Grady, who was the director of the county motor pool at the time. Mr. O'Grady accepted their offer of "a little early Christmas gift or whatever."

Then, in a taped conversation of a subsequent meeting in February, Mr. O'Grady told the two agents that he would look for small jobs for them, as they had asked, to avoid bidding requirements.

In several tapes played on Tuesday, Mr. O'Grady and Mr. Palughi worried aloud that investigators might be closing in on them, finding out about the payments from the construction company as well as previous dealings involving fake and inflated invoices from a trucking company that Mr. Palughi said had also passed cash to Mr. O'Grady through him.

Mr. Palughi, who was questioned by James Nobile, an assistant United States attorney, also described Mr. O'Grady's badgering of one owner of the trucking company for contributions to the Monmouth County Republican Organization.

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Yet Mr. Palughi volunteered that it was his own idea to call the owner, a man named Matty, to ask for money when he and Mr. O'Grady found themselves broke in Atlantic City one night.

"We wanted to gamble," Mr. Palughi said, "So I said, 'Let's call Matty and see what he can do.' He wired it down to the hotel."

The defense contends that Mr. Palughi lied to investigators and cooperated with them in part to save his county pension.

Under cross-examination by Mr. Roe, Mr. Palughi conceded that with a ninth-grade education he had no apparent qualifications for the county jobs he held for more than 20 years. In his $92,000-a-year job as superintendent of bridges, he said, he worked mostly as a chauffeur for Freeholder Director Harry W. Larrison Jr., one of the two arrested officials who died.

"Basically, my job was driving Mr. Larrison around," he said.

But Mr. Palughi disputed the lawyer's accusations that he had defrauded taxpayers or lied to get his jobs.

"That's how the system worked for years and years, no matter what party was in," he said. "It's a sin that it had to work that way, but it did."

Flemmi Describes Gang's Relationship With The FBI (BOS/AP)

By Denise Lavoie, Associated Press Writer

The Boston Globe, June 7, 2006

BOSTON --Convicted gangster Stephen "The Rifleman" Flemmi, testifying Tuesday in a wrongful death lawsuit against the federal government, described a corrupt relationship of favors, gifts and tip-offs between the FBI and its criminal informants.

Flemmi said he and fugitive crime boss James "Whitey" Bulger gave the FBI information about the Mafia, and in exchange, the FBI protected them from prosecution. Members of the Bulger gang also showered several FBI agents with cash as gifts to make sure that protection continued, Flemmi said.

"It was kind of like a quid pro quo situation," he said.

Flemmi took the stand in a lawsuit by the family of John McIntyre, 32, a fisherman who was killed by Bulger and Flemmi after they learned he was cooperating with authorities. McIntyre's family claims that former FBI Agent John Connolly Jr. tipped off Bulger and Flemmi to McIntyre's identity.

Flemmi's testimony this week is his first since agreeing to cooperate with federal authorities in 2003. Flemmi is serving a life sentence in 10 killings -- including McIntyre's -- as part of a plea deal that spared him the death penalty.

About six weeks before his death, McIntyre had started talking to U.S. Customs agents in an investigation of Bulger and Flemmi's involvement in a failed plan to send guns to the Irish Republican Army aboard a Gloucester fishing boat.

In response to questions from the McIntyre family's attorney, William Christie, Flemmi testified that McIntyre was killed after Connolly told them that one of the two people who were aboard the fishing boat was cooperating with authorities.

In opening statements at the trial Monday, another attorney for the McIntyre family said McIntyre was lured to a party on Nov. 30, 1984, then chained to a chair, interrogated, strangled and shot in the head by Bulger.

Flemmi was asked only a few questions about the McIntyre case.

Instead, Christie asked Flemmi to describe his relationship with the FBI, which began in the 1960s when he first became a criminal informant. Flemmi said his FBI handlers were eager for any information that would help them bring down the Mafia.

"It was the FBI priority," Flemmi said repeatedly.

Flemmi said he and Bulger set up a slush fund that was used to make cash payments to FBI agents and to buy them gifts. Flemmi said Connolly received cash payments totalling about $250,000 during the time they were informants, from 1975 to 1990.

Flemmi said the gifts were given to FBI agents to ensure "good will and protection."

Flemmi said Connolly treated him and Bulger with respect.

"He didn't treat me like a criminal, that's for sure," Flemmi said. "He didn't look down on me as an informant."

Connolly was convicted in 2002 on racketeering and other charges for tipping Bulger that he was about to be indicted. Bulger fled on the eve of his 1995 indictment and remains a fugitive on the FBI's "Most Wanted" list.

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Christie walked Flemmi through a long list of crimes he and Bulger committed while they were FBI informants, including the murders of three other people the McIntyre family claims were killed after Connolly tipped the Bulger gang that they were talking to authorities about the gang's crimes.

Connolly was acquitted of playing any role in those deaths during his racketeering trial.

Gail Marcinkiewicz, a spokeswoman for the Boston FBI office, would not comment on Flemmi's testimony directly, but said the U.S. attorney general and the FBI have revised their guidelines on criminal informants "to minimize the chance that unchecked behavior could occur."

"There have been changes over the course of time and increased oversight," she said.

Flemmi said he was repeatedly assured by Connolly and his FBI supervisors that he and Bulger would not be prosecuted for their crimes.

Flemmi is scheduled to resume his testimony Wednesday.

FBI Handler Treated `me Like An Equal,' Flemmi Testifies (BOS)

By Shelley Murphy, Globe Staff

The Boston Globe, June 7, 2006

Tells of bribes, series of killings

Notorious gangster Stephen ``The Rifleman" Flemmi offered a stark portrait yesterday of the days when he and James ``Whitey" Bulger ruled Boston's underworld, getting away with murder after murder while working as FBI informants.

All the while, one corrupt former FBI supervisor, John Morris, ``treated us like we were FBI agents," Flemmi testified.

His longtime FBI handler, John J. Connolly Jr., ``didn't treat me like I was a criminal, that's for sure. He didn't look down on me because I was an informant. He treated me like an equal, in my eyes."

Flemmi, who turns 72 on Friday and is serving a life sentence for killing 10 people, spent his second day on the stand yesterday in US District Court in Boston, testifying in a $50 million wrongful death suit filed against the government by the family of John McIntyre of Quincy.

The trial marks the first time Flemmi has testified publicly since he began cooperating with federal authorities three years ago, after striking a deal that spared him the death penalty.

Flemmi testified that he and Bulger killed McIntyre on Nov. 30, 1984, because Connolly warned them that McIntyre had implicated them in an unsuccessful effort to ship guns to the Irish Republican Army. He and Bulger also blamed McIntyre for leaks that led to the seizure of the Ramsland, a vessel caught smuggling marijuana into Boston Harbor, he said. He and Bulger would have raked in about $1 million in drug profits, if the Ramsland hadn't been intercepted, he said.

Flemmi testified only briefly about McIntyre, then went through a litany of other murders and bribes given to FBI agents.

He said he and Bulger paid about $250,000 between 1975 and 1990 to Connolly.

New Hampshire lawyer William Christie, who represents McIntyre's mother, Emily, and brother, Christopher, tried to establish a pattern of FBI negligence by questioning Flemmi about his informant relationship that stretched from 1964 to 1990.

Elaborating on claims he made in a deposition last year, Flemmi said that during the 1980s, he and Bulger gave cash payoffs to the following agents, who are now retired: $5,000 to Morris, $5,000 to John Newton, $2,500 to John Cloherty, $2,500 to Nicholas Gianturco, and $2,500 to Michael Buckley.

Morris, who was later granted immunity, admitted to taking bribes from the gangsters. The other agents, who have never been charged, have vehemently denied taking any cash from Bulger and Flemmi.

When the allegations surfaced last year, Gianturco said, ``Years later, it's very easy for these guys to sit in a cell with nothing to lose and make allegations to even the score."

Flemmi testified for the first time yesterday that he and Bulger gave retired FBI agent Dennis Condon a gold ring with his initials on it.

But Boston lawyer Michael Meyer, who represents Condon, flatly denied that allegation. ``It did not happen," he said. He noted that Condon has been dismissed from an unrelated lawsuit filed against the government.

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Flemmi also reiterated his contention yesterday that he and Bulger gave an expensive pipe to James Ring, a retired FBI supervisor.

Boston lawyer Alan Rose, who represents Ring and was in the courtroom, also denied that. ``Jim Ring never received a pipe or anything else" from Bulger or Flemmi, he said.

Rose noted that US District Judge Mark Wolf rejected Flemmi's allegations against Ring as untrue during court hearings in 1998.

The McIntyres' suit is the first of 17 civil suits filed against the government by victims of Flemmi and Bulger to make it trial. Ten have been dismissed. Lawyers representing some of the other victims' families took notes yesterday as Flemmi testified about other slayings.

Describing how he watched Bulger strangle 26-year-old Deborah Hussey with a rope in early 1985, after luring her to a home in South Boston, Flemmi said, ``Bulger is a pretty powerful person. . . . I don't know how long she lasted.

Hussey was the daughter of Marion Hussey, Flemmi's longtime girlfriend who had three children with him.

Flemmi testified that Hussey accused him, in front of her mother, of having a sexual relationship with him when she was a teenager, which he admitted was true.

But Hussey was killed, Flemmi said, because she was involved in drugs and was dropping his name and Bulger's name around town.

``Bulger was the driving force in that because she was using his name, as well as mine, but I'm not diminishing my role in it either," Flemmi said.

He wasn't asked, and didn't volunteer, many details about how he and Bulger killed Flemmi's former girlfriend, Debra Davis, 26, in September 1981. Flemmi agreed under questioning that they strangled her at his mother's South Boston home because she knew too much about their activities.

Flemmi acknowledged that he extracted the teeth from some of his victims after they were dead, to make it difficult to identify them.

He also offered details of other murders, and said Connolly had provoked the 1974 slaying of Richard Castucci and the 1982 murders of Edward ``Brian" Halloran and John Callahan by warning Bulger that they were informants or potential witnesses against Bulger or other members of the Winter Hill Gang.

Roger Wheeler, World Jai Alai president, was gunned down in Tulsa, Okla., in May 1981 because he refused to sell his company to Callahan, a Boston accountant who had promised Bulger's gang they could skim $10,000 a week from one of the company's parking concessions once he acquired the business, according to Flemmi. He said he and Bulger helped arrange the murder.

Connolly, who was convicted in 2002 of racketeering, is serving 10 years in prison in Florida.

Bulger, who fled to evade a 1995 racketeering indictment after being warned in advance by Connolly, remains a fugitive.

Most Popular Flemmi Details Why Victims Had To Go (BOSH)

By Laurel J. Sweet

Boston Herald, June 7, 2006

In the same blase tone he used to describe how lovers and rats were routinely butchered and buried, gangster Stephen Flemmi claimed yesterday that the more blood he spilled with his partner in crime James “Whitey” Bulger, the bigger their FBI fan club grew.

Former Boston FBI supervisor James Ring “was aware of what we were doing. He condoned it,” Flemmi, 72, testified in federal court, explaining how Ring fawned over the two crime bosses, who also were the agency’s prized informants.

Ring’s partner, John Morris, “treated us like we were FBI agents,” the man nicknamed “The Rifleman” added.

As for the crime duo’s longtime handler, John Connolly - the only G-man convicted of blurring the lines with Bulger, Flemmi and the rest of the Winter Hill Gang - he “didn’t treat me like a criminal,” Flemmi boasted. “It’s like we were equals.”

Between 1981 and 1990, Flemmi said Ring, Morris, Connolly and other Boston agents lapped up cash bonuses, jewelry, jukeboxes and cases of wine purchased from the kitty the gangsters kept for that purpose, dubbed “the X fund.”

The gifts, Flemmi explained, bought him and Bulger, 76, on the lam for 11 years now, “protection” from those sworn to sweep their ilk off the streets.

Instead, Flemmi said, murder indictments vanished and those trying to tell authorities what was going on were whacked. And all Flemmi and Bulger had to do in return was help the FBI bring down their North End competitors, the Sicilian Mafia.

“It was a quid-pro-quo situation,” Flemmi said.

Flemmi was the first witness to be called in a $50 million wrongful death suit brought against the federal government by a Quincy mother whose son, John McIntyre, was tortured to death by Bulger and The Rifleman in 1984 for telling the FBI they were trying to smuggle guns to Ireland.

Yesterday, Emily McIntyre’s attorney, William Christie, his voice spiced with contempt, took Flemmi on a lurid trip down memory lane to explain why certain people were executed, including:

Richard Castucci, an FBI informant Connolly warned Bulger had given up the hiding place of two top Winter Hill members. “It was kind of a revenge thing,” Flemmi said.

Roger Wheeler, the Tulsa, Okla., owner of World Jai Alai who refused to sell his company to a Winter Hill associate. “He was a difficult person to deal with,” Flemmi said.

Debra Davis, Flemmi’s longtime girlfriend, who was strangled by Bulger. She knew too much about their intimate arrangement with the FBI.

Brian Halloran, an informant who could implicate Bulger in Wheeler’s slaying. After Halloran’s murder, Flemmi testified, Connolly called Bulger and offered to provide him with an alibi.

Arthur “Bucky” Barrett, a bank robber. Bulger shot Barrett in the back of the head. “Bulger knew he had a lot of money,” Flemmi said, “and he wanted some of it.”

In Galante Garbage Investigation, Surrender Is Not An Option (AP)

By Matt Apuzzo, Associated Press Writer

AP, June 7, 2006

NEW HAVEN (AP) — With the threat of indictments looming in a multistate investigation into organized crime in the garbage industry, the Justice Department recently told one of Connecticut’s largest trash haulers: Don’t come to us. We’ll come to you.

James Galante, a Danbury garbage magnate and the acknowledged target of the FBI racketeering investigation, recently asked prosecutors to let him surrender if indicted, heading off a public arrest, his attorney said.

But prosecutors rejected the request, defense attorney Hugh Keefe said, leaving Galante waiting for a possible visit from the FBI and the region’s garbage haulers wondering whether a series of arrests is imminent.

The industry has been on edge since federal agents raided dozens of homes and businesses in New York and Connecticut last summer, seizing truckloads of documents in an investigation into the so-called "property rights" system. That system, in which garbage companies carve out and enforce exclusive territories, has led to violence and higher prices for customers, prosecutors in similar investigations have said.

With a grand jury meeting this week and attorneys expecting indictments soon, Keefe and others have asked that their clients be allowed to voluntarily show up for court rather than face arrest by the FBI.

"If they want to be cowboys, it’s up to them," said attorney John Pollok, who represents Galante’s former business associate, Thomas Milo, who is named in FBI search records.

Pollok said he does not know whether Milo will be arrested or indicted.

"It’s an outrageous and unnecessary tactic that serves no useful purpose," Keefe said, arguing that Galante has not fled in the year since the case became public.

He said agents want to make a show of Galante’s arrest.

U.S. Attorney Kevin O’Connor, the state’s top federal prosecutor, wouldn’t discuss the case or confirm Keefe’s account. His office prohibits "perp walks" in which defendants are paraded before television cameras.

"Arresting somebody does not equate to a perp walk," O’Connor said.

O’Connor said decisions about arrests are left to FBI agents and the prosecutors running the case.

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"We make those decisions on a case-by-case basis and generally we make the right decision," he said.

Keefe would not recount the specifics of his discussions with prosecutors but said he routinely promises to deliver his clients to court the day of an indictment.

Sometimes, as when former gubernatorial aide Peter Ellef surrendered on corruption charges, prosecutors accept the offer. Other times, like when the FBI chased former Waterbury Mayor Joseph Santopietro through the street, they don't.

NYU Whiz Kid Pleads Guilty In $7 Million Hedge Fund Scam (STAMADV/AP)

Associated Press

The Stamford Advocate, June 7, 2006

NEW HAVEN, Conn. -- A former New York University student pleaded guilty to bank and wire fraud Tuesday, admitting he used his student ID and expertly forged documents to pose as the heir to a billionaire Turkish family and trick investors into pouring millions into a nonexistent hedge fund.

Prosecutors spent hours Tuesday describing how Hakan Yalincak, 22, charmed his way into the exclusive world of Greenwich high finance, shuttled counterfeit checks across the world and brokered deals with a Kuwaiti financier.

Yalincak's fund, the Daedalus Capital Relative Fund I, wasn't a legitimate investment and prosecutors said investors lost more than $7 million - a figure Yalincak said is overstated. Prosecutors say the money was spent on a Porsche, a Tiffany diamond and a $1.25 million donation to NYU.

The donation was used to reassure worried investors that the Yalincaks were investors who could be trusted, prosecutors said. Yalincak's mother, who also faces fraud charges, even persuaded NYU's development director to meet with prospective investors, prosecutors said.

NYU spokesman Josh Taylor said the development director spoke with two investors only to confirm that the Yalincaks had paid the first installment of what was to have been a $21 million gift.

The Kuwaiti businessman told the FBI that Yalincak's mother claimed to be part of one of the world's richest families. Other investors said they received financial statements showing the family's net worth at more than $1 billion.

"This was all an attempt by the Yalincaks to establish their bona fideness to investors as a wealthy Turkish family," prosecutor Calvin Kurimai said.

In reality, most of the money in the Yalincak accounts belonged to investors. When a few got suspicious and demanded their money back, prosecutors said they were paid with other people's investments.

When he came up short, prosecutors said, Yalincak forged multimillion-dollar checks and passed them quickly through banks in Greenwich, New York and Switzerland, hoping to cash out before they caught on. When they froze the accounts, prosecutors said Yalincak blamed it on a mistake by the executor of his family's estate.

"I just want to apologize to my family," Yalincak said in court. "My actions during the course of this thing really hurt my mother, father and my sister."

Yalincak's plea deal with prosecutors does not recommend a specific sentence. He faces up to 50 years in prison when he is sentenced Sept. 19. Yalincak's mother, Ayferafet, is scheduled for a fraud trial next month.

NYU said it will return the donation once a court determines whom the money belongs to.

"True philanthropy, like good business dealings, requires good faith," the university said in a prepared statement. "Clearly that was lacking here."

Yalincak, who has been detained since his arrest last year, was denied bail for a third time Tuesday.

More Sex Offenders Tracked By Satellite (USAT)

By Wendy Koch

USA Today, June 7, 2006

Hundreds of convicted sex offenders will have to wear a two-piece electronic tracking device for the rest of their lives under a new Wisconsin law.

Ankle bracelets and a pager-sized unit, often attached to a belt, will use Global Positioning System (GPS) technology to follow their every step. If they enter restricted areas, such as schools, officials will be alerted.

GPS programs will track 285 offenders the first year, beginning July 2007, and up to 400 by the second year, says Dan Leistikow, spokesman for Wisconsin Gov. Jim Doyle.

In May, Wisconsin joined a rapidly rising number of states using GPS to monitor convicted sex offenders. At least 23 states are doing so, according to a survey in February by the Pennsylvania Board of Probation and Parole. Others have since begun or expanded GPS programs.

"In the last several months, it's been exponential growth," says Steve Chapin, president of Pro-Tech, a Florida-based firm that provides GPS services to 27 statewide agencies. He says his business has doubled in the past three months.

As of January, 13 states had laws requiring or allowing GPS tracking, says the National Conference of State Legislatures.

Aside from Wisconsin, governors in at least six states (Arkansas, Georgia, Kansas, Virginia, Washington and Michigan) have signed such bills this year. New Hampshire Gov. John Lynch plans to do so soon. Similar bills are pending elsewhere.

"It's the law you can't vote against," says Chapin.

Several of the laws are named after Jessica Lunsford, a 9-year-old Florida girl who was kidnapped, raped and killed in February 2005. The man charged with killing her was a convicted sex offender who hadn't reported that he lived across the street from her family. After he fled, it took almost a month to find him.

Even states without specific GPS laws, including Minnesota and Texas, are testing the technology and expanding its use.

Congress may accelerate such efforts. The House and Senate have each passed sex offender bills this year that approve funding for GPS tracking. They need to craft a final bill.

The surge in GPS use coincides with the technology's dramatic advancements. The devices have become smaller and more accurate, often pinpointing a person's position within 30 feet. They are more precise than older devices that use radio frequencies and detect only when the wearer leaves a certain area, such as home if under house arrest.

GPS units can be programmed to have "exclusion zones" where offenders are not allowed and "inclusion zones" where they should be.

States are spending $5 to $10 daily to track each sex offender. Some require offenders, unless indigent, to pay the tab. They can choose the costlier "active" tracking, which gives real-time reports, or "passive" monitoring, which sends one report daily that lists where the offender went that day.

States have tried both:

•California uses GPS to track 430 sex offenders and has funds to follow 2,500 offenders by 2009, says Elaine Jennings of the California Department of Corrections and Rehabilitation.

Since the program began in July 2005, 45 offenders have been arrested for violating parole and no new crimes have been committed, she says.

"It's an excellent supervision tool" but doesn't supplant human supervision, says Jennings.

•Massachusetts has issued eight arrest warrants for violations by the 192 high-risk offenders it has tracked since its "active" GPS program began in May 2005, says Paul Lucci, one of the state's deputy probation commissioners. The state has officers who constantly watch a computer screen recording offenders' whereabouts and who can respond immediately.

•Michigan finished three pilot programs in 2003 and plans this summer to begin tracking up to 1,000 sex offenders, says Steve Bock of the Michigan Department of Corrections' Electronic Monitoring Center.

Bock says the state will use "passive" monitoring, because "active" GPS is too labor-intensive. He says real-time tracking generates "a ton of messages" that necessitate a 24/7 response team. He says it's problematic if offenders are barred from many areas, because GPS allows only a certain number of exclusion zones. "It can become a nightmare to enforce," Bock says.

Jake Goldenflame, 68, a convicted sex offender released 15 years ago, opposes lifetime GPS tracking. "If a man is so dangerous he needs it, he shouldn't be released," he says. Goldenflame says such monitoring may provide a "false sense of security," because it tells where the offender is, not what he's doing.

"It is not an effective way to prevent sexual assaults," says Richard Wright, a professor of criminal justice at Bridgewater State College. He says many serious sex offenders evade police by failing to register and others may re-offend regardless of tracking. He says no definitive study proves GPS deters crime.

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Chapin says GPS reduces recidivism because offenders can't get away as easily. He says a December 2004 analysis by the Florida Department of Corrections found 3.8% of offenders tracked with GPS committed a new felony within two years, compared with 7.7% of those supervised without it.

Offenders tracked by GPS were 90% less likely to abscond or re-offend than those not electronically monitored, says a February study by Florida State University of 75,661 offenders placed on home confinement. GPS did about as well as radio frequency, which costs four times less. “It's not a cost-free device,” says Mark Carey, president of the American Probation and Parole Association. “It's an augmentation of what we do. It's not a replacement.”

Inmate Freed After 18 Years On Basis Of DNA Evidence (NYT)

By William Yardley

The New York Times, June 7, 2006

HARTFORD, June 6 — Eighteen years ago, James Calvin Tillman was arrested on charges of raping and kidnapping a woman after she left a bar in downtown Hartford. For 18 years, he insisted that he was innocent. And on Tuesday, he was freed.

He had refused a plea deal, his family said, and was convicted and sentenced to 45 years in prison. His appeals failed. Distraught, he underwent psychiatric treatment in prison. He read the Bible and urged other inmates to read it, too. And, finally, in February 2005, he wrote to the Connecticut Innocence Project, which helps inmates who claim that they have been wrongly convicted.

The two public defenders who head the Connecticut Innocence Project located the victim's dress and pantyhose, which were collected as evidence in 1988, and had new DNA tests conducted. They found no match between Mr. Tillman and semen on the clothing. Based on that test, a judge in State Superior Court vacated his conviction on Tuesday and ordered a new trial. After the court session, Mr. Tillman's lawyers speculated that the charges would be dropped. The chief state's attorney, Christopher L. Morano, said, "There are still some loose ends that need to be tied up and need to be examined," a reference to an additional DNA test, and would not say whether he thought the case would go to trial again.

Mr. Morano said the case was the first in the state in which DNA evidence had "cast doubt" upon a conviction.

At least for now, Mr. Tillman is out of prison. Less than two hours after Judge Thomas P. Miano ordered that he be released without bail, the elevator doors in the lobby of the criminal courthouse on Lafayette Street opened and there was Mr. Tillman, 44, stepping out slowly, leaning on a cane as he made his way to an ecstatic woman in white, his mother, who called out to him and to Jesus.

"Thank the Lord!" said his mother, Catherine Martin, swallowing Mr. Tillman in her arms in front of his brother, a cousin, a couple of friends, his lawyers and a few reporters. "Thank you, thank you, thank you, Father! Jesus! Thank the Lord!"

Moments later, Mr. Tillman, stocky and bald, with a silver cross hanging from a chain around his neck, walked out of the courthouse and faced a wall of cameras and microphones. The first words he said were: "Praise the Lord. Thank you, Jesus."

Faith, he said, got him from 1988 to 2006. Science, he said, got him out.

"I was innocent all along so I just kept my faith and let science be science," he said, after thanking the public defenders, Karen A. Goodrow and Brian S. Carlow.

Mr. Tillman was arrested after a woman identified him from a photo as the man who abducted her as she was getting into her car not far from the Arch Street Tavern in downtown Hartford. The woman said Mr. Tillman drove her a short way, then stopped the car, beat her, raped her and ran away.

A chemical analysis of semen found on the woman's clothing — done before DNA testing was available — showed a match to certain characteristics of Mr. Tillman's semen, and prosecutors used that to support the victim's account. But the technology is not as sophisticated as DNA testing, Mr. Carlow said Tuesday, noting that the semen could have matched that of up to 20 percent of the male population.

Mr. Tillman protested his innocence. At one point, according to his mother and his brother, Willie Lee Tillman, 45, he rejected a plea deal that would have sent him to prison for eight years. In 1989, Mr. Tillman was convicted and sentenced to 45 years in prison for rape, kidnapping and other charges.

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Mr. Carlow and Ms. Goodrow said it took them several months to track down the evidence collected in 1988. New DNA testing this spring showed no link to Mr. Tillman, although one more test has been ordered on a sample from the dress. Ms. Goodrow said the DNA on the clothing has not been matched to anyone else.

Judge Miano emphasized that the new DNA evidence did not suggest that a crime had not been committed by someone, only that eyewitness accounts can be devastatingly inaccurate.

"The court finds that if this new evidence were proffered in a new trial that it's likely to produce a different result at such trial," the judge said.

The prosecutor in the 1988 case, Edward R. Narus, also represented the state in court on Tuesday. Mr. Morano, the chief state's attorney, praised Mr. Narus for cooperating with the defense by agreeing to the request for a new trial.

Mr. Carlow and Ms. Goodrow did not criticize the way prosecutors handled the case. "In 1988, it was much more compelling evidence then than it is today," Mr. Carlow said of the semen testing.

Leaving the courthouse, Mr. Tillman stepped carefully over curbs and medians on his way to his mother's car, which blasted gospel music the moment she turned the key. His family said that he hurt his leg in prison, and that it became infected.

Asked how the green grass and fully leafed trees looked, after his more than 18 years behind bars, Mr. Tillman said, "Just beautiful."

CIVIL LAW:

Gabelli, Justice Department Settle Suit Over Cellphone Licenses (WSJ)

By Paul Davies And John R. Wilke

The Wall Street Journal, June 7, 2006

The Justice Department has reached a deal with Mario Gabelli in a civil-fraud suit that alleged the famed money manager was at the center of an effort to deceive the Federal Communications Commission in auctions of cellphone licenses.

Assistant U.S. Attorney David Kennedy announced the settlement Tuesday during a hearing before U.S. District Judge Paul Crotty in Manhattan. Terms of the deal weren't disclosed but are expected to include a payment to the government of more $100 million, according to others briefed on the negotiations.

"We have reached a settlement in principle," Mr. Kennedy said. "We are moving forward."

The terms of the deal are expected to be made public during a court hearing on June 29. Mr. Kennedy declined to comment on the amount of the settlement.

Mr. Kennedy also said in court that the government reached a settlement with Russell Taylor III, the private plaintiff who brought the initial civil suit against Mr. Gabelli, Lynch Interactive Corp. and other Gabelli affiliates. Mr. Taylor said he witnessed the alleged fraud while working as a paralegal and attorney at a law firm.

Under the False Claims Act, Mr. Taylor stands to receive about 25% of the settlement. This windfall will be split with his two Washington law firms that worked on the case, Phillips & Cohen LLP, which specializes in whistleblower cases, and the litigation powerhouse Williams & Connolly LLP.

The settlement terms are also expected to permit Mr. Gabelli to continue to own and buy FCC telecommunications licenses, according to people close to the case. Had the suit gone to trial and gone against him, Mr. Gabelli might have lost that right. These and other terms are expected to be finalized at the court hearing at the end of the month.

The Justice Department joined the case in March, backing the allegations in the suit, which was filed under seal in 2001 in Washington, D.C., and later transferred to Manhattan federal court. The suit alleged Mr. Gabelli was at the center of a scheme to defraud the FCC of more than $160 million in bidding credits and other benefits intended for small businesses, and that he then earned profits of more than $205 million in the sale of some of those licenses.

Mr. Gabelli, who wasn't present in court Tuesday, runs Gamco Investors Inc., a mutual-fund empire in Rye, N.Y., that has become one of the best-known brands on Wall Street. Gamco isn't a party to the lawsuit, which focuses on Mr. Gabelli's role as chairman of Lynch Interactive, a telecommunications firm.

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Lanny Breuer, an attorney for Lynch Interactive and other Gabelli affiliates, said that there were a number of parties involved and still some issues to sort out, but he expected the matter to be resolved in the next three weeks. "We remain very optimistic," he said in court. A spokesman for Mr. Gabelli had no comment Tuesday.

The settlement resolves the latest legal headache for Mr. Gabelli. Early last month, Gabelli Group Capital Partners Inc. settled claims by two shareholders that Mr. Gabelli had blocked them from selling shares in the closely held company. That settlement, valued at more than $80 million, resolved a suit by former partners who alleged Mr. Gabelli received exorbitant fees and compensation from the company. His reported earnings in 2005 were $55 million.

Gabelli Reaches Tentative Deal On Cellphone Licenses (USAT)

By Paul Davidson

USA Today, June 7, 2006

Mutual fund mogul Mario Gabelli has reached a tentative settlement in a civil lawsuit charging him with defrauding the federal government of hundreds of millions of dollars in auctions of cellphone licenses, according to the Justice Department.

Critics of the Federal Communications Commission's auction system seized on the case as proof that deep-pocketed bidders set up sham companies to win discounts reserved for small businesses.

A settlement in principle in the Gabelli case was announced Tuesday by Assistant U.S. Attorney David Kennedy at a hearing in New York, said Justice Department spokesman Charles Miller.

Terms of the agreement were not disclosed. Details are expected to be revealed at a June 29 court hearing.

Neither Gabelli nor representatives of his telecom company, Lynch Interactive, could be reached for comment Tuesday.

The deal comes three months after the Justice Department intervened in a civil fraud lawsuit, filed five years ago by a citizen under a law that lets an individual sue on the government's behalf.

The lawsuit alleges Gabelli set up about a dozen sham companies in auctions from 1995 to 2000 to snare airwave licenses. The entities were formed a few days before each auction, often were dissolved shortly afterward and never used the licenses, many of which were later sold for huge profits, the lawsuit claims. The lawsuit seeks up to $370 million in damages.

In previous statements, Lynch has called the lawsuit “frivolous” and said it “adhered to both the letter and spirit” of FCC rules. In a March interview with USA TODAY, Gabelli welcomed the government's participation in the lawsuit, saying he was “delighted to deal with an entity that knows the facts.”

Gabelli is a Wall Street luminary whose money management firm, Gamco Investors, advises private accounts and the Gabelli family of mutual funds. Gamco manages about $28 billion in assets.

The legal battle was largely borne of controversial FCC rules aimed at encouraging small businesses to participate in multibillion-dollar airwave auctions. Because the licenses are so expensive, larger companies might financially back the small players, but they can't control company operations.

The FCC has found it challenging to determine if bigger companies exert control. The lawsuit alleges that fraud in the Gabelli case was blatant, adding that “ ‘bidders' existed on paper only.”

In April, the FCC modified its auction rules in response to critics such as the Minority Media and Telecommunications Council. Small businesses are now barred from leasing or selling their spectrum for 10 years, up from the current five-year holding period.

The council says the new rules go too far and will discourage lenders and investors from backing small businesses.

Gabelli Reaches Pact With Justice Department Over Cell Licenses (BLOOM)

By David Glovin

Bloomberg, June 7, 2006

June 6 (Bloomberg) -- Money manager Mario Gabelli has settled a civil suit alleging he defrauded the U.S. government by using ``sham" companies to win cellular phone licenses.

The settlement, though not the terms, was announced today at a hearing in Manhattan federal court, Heather Tasker, a spokeswoman for U.S. Attorney Michael Garcia, said. Garcia's office recently sought permission to join the suit, which was filed in 2001 by attorney Rufus Taylor III under the federal False Claims Act.

Taylor's suit stemmed from Gabelli's role in Federal Communications Commission auctions in the 1990s. The government set aside cellular phone licenses to be sold to small businesses. Gabelli, 63, bankrolled ``sham'' startups that would qualify under the rules to get access to discounts, the suit claims.

Gabelli's publicly traded Gamco Investors Inc., a Rye-based money manager with $27 billion in assets, isn't a defendant in the suit.

DOJ Announces Settlement In Gabelli Case (AP)

AP, June 7, 2006

DOJ Announces Settlement in Civil Fraud Case Against Money Manager Gabelli

NEW YORK (AP) -- The Justice Department has agreed to settle a civil fraud lawsuit accusing prominent money manager Mario Gabelli in a scheme to gain unfair advantage in cell-phone spectrum auctions, a government spokeswoman said Tuesday.

The deal -- announced at a hearing Tuesday in U.S. District Court -- would include a $100 million payment from Gabelli to the government, The Wall Street Journal reported on its Web site, citing people briefed on the negotiations.

No information about the terms of the settlement were immediately announced, though they may be released at a hearing June 29, said Heather Tasker, the spokeswoman.

The deal came after the government sought to intervene in a 5-year-old lawsuit brought by private parties alleging Gabelli and others should pay hundreds of millions of dollars in damages for their participation in auctions conducted by the Federal Communications Commission between 1995 and 2000.

The lawsuit, initially filed in Washington, accused Gabelli of rigging the system by creating phony companies which bid for wireless phone licenses at a discount under rules favoring minority and small businesses. He then resold the licenses at a profit, according to the government.

Tim Metz, a spokesman for Lynch Interactive Corp., where Gabelli is board chairman, said he did not know terms of the settlement.

He said he also did not know if the deal would permit Gabelli to continue to participate in auctions.

"I know there's an application pending for the client, Lynch Interactive, to continue to participate in these auctions," Metz said.

At a hearing in federal court several weeks ago, Gabelli lawyer William P. Frank said prosecutors were treating his client unfairly.

Frank did not immediately return a call Tuesday seeking comment.

CIVIL RIGHTS:

Use-Of-Deadly-Force Police Shootings Ruled Justifiable (NEWSNET5)

News Net 5, Cleveland, OH, June 7, 2006

Special Prosecutor Says Guidelines Followed In 5 Police Shootings

CLEVELAND -- A special prosecutor ruled that five cases of the use of deadly force by Cleveland police officers were justifiable.

The five fatal shootings took place in 2004 and 2005. The city appointed retired Judge Ellen Connally to investigate the cases and to make a decision about whether they were justified.

Connally ruled that all the officers involved in the shooting followed the guidelines outlined for the use of deadly force, and no charges will be filed in any of the cases, NewsChannel5 reported.

Before making her decision, Connally reviewed the evidence, interviewed witnesses, looked over photographs and talked with the coroner.

She ruled four of the shootings justifiable. But one of the shootings included a confrontation between Cleveland police and 14-year-old Brandon McCloud.

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McCloud was shot and killed by police in his bedroom in August 2005. Police said McCloud, who was suspected in a string of armed robberies, lunged at them with a knife.

Connally called the shooting tragic. She did not use the term "justifiable," but said that it is within the bounds of the use of deadly force guidelines.

Mayor Frank Jackson promised accountability on the streets, and wants all cases of the use of deadly force to be investigated.

All five cases are still being reviewed by the U.S. Justice Department.

The other cases Connally made rulings on were the March 2004 death of Eren Y. Beyah, the September 2005 death of Larry Renshaw, the October 2005 death of David Crenshaw, and the December 2005 death of Angelo Ferguson.

Gay Marriage Amendment Faces Senate Defeat (AP-Y2)

By Laurie Kellman

AP2, June 6, 2006

The constitutional amendment to ban gay marriage is headed toward certain defeat Wednesday despite a fresh appeal for passage by President Bush.

While a majority of Americans oppose gay marriage, an equal majority oppose amending the Constitution to prohibit it, according to a poll this week by ABC News. And, according to one Republican, Americans do not yet buy the warning that traditional marriage is under attack by renegade judges.

"Most Americans are not yet convinced that their elected representatives or the judiciary are likely to expand decisively the definition of marriage to include same sex couples," said Sen. John McCain (news, bio, voting record), R-Ariz., a possible presidential candidate in 2008. He told the Senate on Tuesday he does not support the amendment.

The measure's looming defeat in the Senate is by no means its last stand, said its supporters.

"Whether it passes or not this time, I do not believe the sponsors are going to fall back and cry about it," said Sen. Orrin Hatch (news, bio, voting record), R-Utah. "I think they are going to keep bringing it up."

The House plans a redux next month, said Majority Leader John Boehner, R-Ohio.

"This is an issue that is of significant importance to many Americans," Boehner told reporters. "We have significant numbers of our members who want a vote on this, so we are going to have a vote."

Some of those closely watching the Senate's three-day debate on the proposed amendment are engaging that argument as if the measure stands a chance of passage.

Bush, his popularity sagging and his conservative base dissatisfied with Republicans' efforts on social issues, issued a fresh appeal for passage Tuesday for the third time in as many days.

"The administration believes that the future of marriage in America should be decided through the democratic constitutional amendment process, rather than by the court orders of a few," a White House statement said.

The Vatican also weighed in Tuesday, naming gay marriage as one of the factors threatening the traditional family as never before.

Despite the big names advocating it, the amendment was expected to fail a test vote early Wednesday after three days of floor time in which debate over the definition of marriage touched on issues ranging from child welfare to bigotry.

Democrats, all of whom except Sen. Ben Nelson (news, bio, voting record) of Nebraska oppose the amendment, say the debate is a divisive effort to energize social conservatives this election year.

"The Republican leadership is asking us to spend time writing bigotry into the Constitution," said Sen. Edward Kennedy (news, bio, voting record) of Massachusetts, which legalized gay marriage in 2003. "A vote for it is a vote against civil unions, against domestic partnership, against all other efforts for states to treat gays and lesbians fairly under the law."

More than half of the 100-member Senate is likely to support the amendment on the test vote Wednesday, even if the vote fails to win the required 60 votes, said Hatch.

"Does he really want to suggest that over half of the United States Senate is a crew of bigots?" he fumed.

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More than half of Americans, 58 percent, said in an ABC News poll released Monday that same-sex marriages should be illegal. But only 40 percent said they support amending the Constitution to ban gay marriage. A majority said states should make their own laws on gay marriage.

Forty-five of the 50 states have acted to define traditional marriage in ways that would ban same-sex marriage — 19 with constitutional amendments and 26 with statutes.

The amendment would prohibit states from recognizing same-sex marriages. To become law, it would need two-thirds support in the Senate and House, and then would have to be ratified by at least 38 state legislatures.

Marriage Measure Doomed In Senate (WT)

By Amy Fagan

The Washington Times, June 7, 2006

Senators will vote today on a constitutional marriage amendment that doesn't have enough support to pass, and Democrats yesterday tried to force a vote on gas prices to show that other issues are more pressing and that Republicans are playing politics.

"This is not what the American people want to talk about," Senate Minority Leader Harry Reid said of the marriage amendment, which would define marriage as the union of one man and one woman.

The Nevada Democrat interrupted the marriage debate by trying to call up a bill to prevent price gouging at the gas pumps. He was blocked by Republicans.

Republican leaders and President Bush, facing sagging poll numbers and a restless conservative base, have been pushing hard for the constitutional marriage amendment, which is a top priority for conservative groups. A House vote is expected soon.

Sponsors of the marriage proposal expect about 52 votes today on a motion to cut off debate and force a final vote. The motion would need 60 votes to pass, and the amendment itself would need two-thirds, or 67 votes, to be approved.

"It's not about the preservation of marriage. It's about the preservation of the majority, the Republican majority. That's the 'M' word that's behind this debate," said Sen. Richard J. Durbin, Illinois Democrat. He cited a Gallup Poll in April that found Americans ranked same-sex "marriage" 33rd on a list of most important issues facing the country.

Supporters said it is a fundamental concern when courts are trying to force states to accept same-sex "marriage."

"This issue is going to be defined by either the courts or the legislative bodies, period," said Sen. Sam Brownback, Kansas Republican. "We seek to have it defined by legislative bodies."

In response to Democrats' attack, Senate Majority Leader Bill Frist, Tennessee Republican, issued a statement saying a majority of Americans support traditional marriage and that his party has "a record of accomplishments and meaningful solutions" on the economy, prescription drug coverage and other issues.

Nineteen states have constitutional amendments defining marriage as the union of a man and woman, and 26 states have similar statutes. Nine states face lawsuits challenging their traditional marriage laws. Four of these states have had their laws overturned and are awaiting state Supreme Court decisions.

Polls show a majority of Americans oppose same-sex "marriage." The public is more evenly split on whether a constitutional amendment is the solution. A Gallup Poll released last month shows 50 percent favoring an amendment and 47 percent opposing.

Regardless of the outcome of the vote today, some groups say they will make sure the marriage issue remains a priority in the Senate. The Family Research Council plans to campaign against senators who vote against the proposed amendment. The group has begun attacking Sens. Hillary Rodham Clinton, New York Democrat, and John McCain, Arizona Republican, both of whom are expected to oppose the measure.

For Foes Of Same-Sex Marriage, It's The Thought That Counts (WP)

By Dana Milbank

The Washington Post, June 7, 2006

There's violence in Iraq, corruption in the House and anxiety in the markets. Somebody needs to create a diversion.

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"The gays are aggressive! Gays have called war! Gays are attacking traditional marriage!"

Bishop Harry Jackson was shouting these words outside the Capitol yesterday morning, at a rally for a constitutional amendment banning same-sex marriage.

"Marriage is under attack!" cried out Sen. Wayne Allard (R-Colo.), also at the rally.

"We can have anarchy!" warned Rep. Katherine Harris (R-Fla.).

No doubt Jackson, Allard and Harris are sincere in their views about marriage. But the urgency of their alarm is a bit suspect to anybody with an eye on the electoral calendar.

With President Bush's encouragement, the Senate this week is taking up the marriage amendment even though everybody knows it will be roundly defeated, most likely in a vote today. Proponents are hoping to add perhaps four votes to the 48 they got in 2004 -- at the same time in the previous election cycle. At this pace, it will be 2014 before the amendment has a shot at getting the 67 votes it needs to pass.

What the marriage amendment indisputably does, though, is delight social conservatives, whose turnout in November will be crucial if Republicans are to retain their majorities in the House and Senate. And conservative activists have burst back on the scene to show their gratitude -- even if they know it's a losing cause.

"If we didn't believe in miracles, we wouldn't have spent our vacation money to come here," said Sandra Rodrigues of Utah, who with her family has been standing outside the Russell Senate Office Building all week, shouting at senators and displaying signs urging "Stop Same Sex Marriage: It Endorses Masturbation." "If same-sex marriage is endorsed," she explained, "then you're going to have children think it's just another option to have pleasure."

Rodrigues and family have plenty of allies in their effort to stir up the GOP base. A group backed by the Heritage Foundation and the Family Research Council scheduled an all-day event Monday at the National Press Club featuring Robert Bork and Alan Keyes. Allard has held two events in as many days. And the activists are vying to outdo one another in hysteria.

"This is in many ways the crucial question of our time," Heritage's Matthew Spalding submitted at a Press Club event.

Said Karen England of the Capitol Resource Institute: "We have boys who are going to be in with your girls in the locker room and the restrooms."

Added Exodus International's Alan Chambers, who said he quit homosexuality 14 years ago: "Our children are being raped every day of school by what's being taught. Are you mad? I'm mad. I'm so mad. God have mercy."

Chambers is likely to be angrier still if he checks out the results of last month's Washington Post-ABC News poll. When voters were asked about the most important issue in November's election, they chose the economy, Iraq, immigration, gas prices, terrorism and health care. Same-sex marriage merited only an asterisk, meaning it rated below 0.5 percent of responses.

With that in mind, Senate Democrats have tried furiously to keep the debate on topics more likely to depress Republican turnout in November. Minority Leader Harry Reid (Nev.) brought a list to the floor Monday. "High gas prices, the war in Iraq, the national debt, health care, senior citizens, education, crime, trade policy, stem cell research: Each issue begging for the president's attention, each issue being ignored."

But liberal advocacy groups fell into the conservatives' trap, holding at least four events of their own to treat the doomed amendment as if it were an imminent threat. "It has come to a point in this country," Rabbi Joui Hessel said at a National Press Club event dueling with the conservatives, "where our government is poised to legalize a lesser status to gay and lesbian people."

Poised? It's not the first word that comes to mind when listening to proponents try to explain urgency for a same-sex-marriage ban this week.

When White House press secretary Tony Snow, at Monday's briefing, likened the amendment to efforts to enact civil rights laws, CBS News's Bill Plante challenged him.

"You would equate that with civil rights?" Plante asked.

"No, I'm just saying that I think -- well, I don't know. How do you define civil rights?"

"Up to you," Plante offered.

"Okay," Snow said. "Well, no, it's your question. So I -- if I -- . . . I need to get a more precise definition."

Likewise, Allard held a news conference Monday at which the speakers said they wanted to reduce the "epidemic level of fatherlessness in America."

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"How would outlawing gay marriage encourage heterosexual fathers to stick around?" was the first question.

Allard skirted the question by saying that "laws send a message to our children."

The moderator, Matt Daniels of the Alliance for Marriage, tried to find a question on another subject. But when reporters continued to press Allard on the link between same-sex marriage and deadbeat dads, Daniels blurted out: "All right, you know what? We're going to call this press conference to a close."

Same-sex 'Marriage' Splits Black Leaders (WT)

By Jon Ward

The Washington Times, June 7, 2006

Black pastors and civil rights leaders yesterday held separate rallies on Capitol Hill, staking opposite positions on a constitutional amendment aimed at banning homosexual "marriage."

"This is a moral issue that brings us to the table, and I'm a Democrat. We're not the right-wing Republicans that are just trying to make you do what our political agenda says. We have a legitimate concern about the deterioration of our community," said Bishop Harry Jackson, a pastor from Hope Christian Church in Bowie, who opposes homosexual "marriage."

The Senate is expected to vote on the measure today. The bill is not expected to pass, but opponents of homosexual "marriage" say they will mobilize election votes for or against lawmakers depending on how they vote.

Mr. Jackson's national group, the High Impact Leadership Coalition, organized a morning rally in favor of the amendment, which defines marriage as the union of one man and one woman.

Sen. Sam Brownback, Kansas Republican, and Sen. Wayne Allard, Colorado Republican, the bill's sponsor, spoke to the crowd of about 100 in the park next to the Russell Senate Office Building.

Mr. Jackson and other leaders then descended on the offices of Sen. Hillary Rodham Clinton, New York Democrat; Sen. Barack Obama, Illinois Democrat; and Sen. John McCain, Arizona Republican, to argue their case.

Later in the day, the Human Rights Campaign, the country's top homosexual rights lobbying group, rallied in the same park in opposition to the amendment.

"We must decide if liberty is just for all straight white men, or if in fact God has endowed all persons with the right to enjoy committed, loving relationships," said the Rev. Nathan A. Harris, of Lincoln Congregational Temple, in the District. "As a heterosexual man, as a Christian pastor ... I stand in solidarity with the community of lesbian, gay, bisexual and transgendered persons."

Sen. Edward M. Kennedy, Massachusetts Democrat, and Rep. John Lewis, Georgia Democrat, spoke to the crowd of about 50.

The Rev. William Owens, chairman of the Memphis, Tenn.-based Coalition of African-American Pastors, said the homosexual rights movement is trying to "hijack civil rights." He said he marched for black civil rights in the 1960s.

"I did not march one step for people of the same sex to marry," Mr. Owens said.

Wade Henderson, executive director of the Leadership Conference on Civil Rights, called Mr. Owen's remarks a "somewhat hysterical interpretation of the facts."

"Our fears about cultural changes in this country have been hijacked and portrayed as a legitimate issue of concern," Mr. Henderson said.

Conservative black pastors and civil rights leaders say homosexual "marriage" will further diminish the number of black children without a mom and a dad, in a community that has already felt the negative consequences of single-parent families.

"If we don't do something, we may face an America in 10 years where only one out of every 10 children is born to an intact family. We may face an America where the problems that are in the black community are in every community in the land. We don't want an America like that," Mr. Jackson said.

Liberal black pastors such as Mr. Harris, however, said that "heterosexual marriage has done a good job on its own of falling apart."

Damien, Demons And Dubya (NYT)

By Maureen Dowd

DOJ_NMG_0032412

The New York Times, June 7, 2006

Washington

As I write this on 6-6-06, with a new Damien demonically wheeling through movie theaters trying to kill his mom in a remake of "The Omen," let us now speak of famous bogeymen.

The Bushes have always been good at using bogeymen to their political advantage.

Lee Atwater, the devilish strategist for Bush Senior, turned an obscure criminal named Willie Horton into the Candyman in 1988, whipping up the fear that if Michael Dukakis were elected, hordes of swarthy skels would be freed on weekend parole and swarm into your neighborhood.

W.'s supporters beat back the McCain threat in the 2000 South Carolina primary by spreading gossip that the Arizona senator had fathered a black baby — a creepy distortion of the fact that he and his wife had adopted a little girl from Bangladesh.

Karl Rove, an Atwater acolyte, had a closetful of bogeymen whisking W. past the finish line in 2004: terrorists who might strike again, gays who wanted to get hitched, stem cell research, Darwin, Dan Rather, and a Swift-boated John Kerry.

W. prefers tactical bêtes noires to real ones. (Hillary followed his lead by joining conservatives to support a constitutional ban on flag burning.)

The president had a truly terrifying bogeyman in Osama but instead conjured up a fake nuclear villain in Saddam. He has played down bin Laden, first diverting the resources needed to capture him and now diverting the money needed to protect against his likely targets, letting homeland security funds be moved from New York and Washington. (Jon Stewart has said that Omaha got a lot of homeland security money because it was under threat by the "renowned Midwestern terrorist Omaha bin Laden.")

As Mike Crowley of The New Republic notes, the F.B.I. does not even mention 9/11 in its "Ten Most Wanted Fugitives" profile of Osama. The poster, updated in November 2001, says bin Laden is wanted in the bombings of the United States Embassies in Tanzania and Kenya that killed 200 in 1998, and "is a suspect in other terrorist attacks." No word of the nearly 3,000 killed on Sept. 11.

Fearing that their monopoly on Washington power could be coming to an end, with voters grumpy at Republicans over Iraq, gas prices, Medicare, Social Security, corruption, wild spending and general incompetence, Bush strategists have revived the gay marriage Frankenstein to scare the base into turning out for midterms. (That bride of Frankenstein had better be female.)

Same-sex marriage is far less spooky than the 17 severed heads recently found in a village northeast of Baghdad, or the terror suspect accused of conspiring to behead the Canadian prime minister.

W. ignored the gay marriage issue in the 19 months after he used it to help him stay in the White House. To reprise it now, knowing it has no chance of passing, is so transparent that surely even the most blinkered "values" voters see through it.

When pollsters ask Americans their top priorities, gay marriage does not leap onto the list. In a new ABC News poll, only four in 10 surveyed were in favor of rewriting the Constitution.

Even as W. gave a speech here promoting a constitutional amendment designed to demonize and discriminate against a group of Americans who have done nothing wrong, his heart did not seem in it. A Democratic strategist noted on CNN that the president looked as cowed as "a long-tailed cat in a room full of rocking chairs."

Wrestling with Iraq and Iran have worn down W., and he knows, as we do, that a couple of middle-aged guys who want to tie the knot in Provincetown is not the worst threat America faces.

With our marines needing refresher courses in "core values" and with Dick Cheney promoting values like torture, government snooping and pre-emptive war, it rings hollow to opportunistically proselytize on family values. (Mary Cheney, the gay daughter of the vice president, told interviewers recently that her father opposed the marriage amendment.)

As a Times reader who sometimes e-mails me put it: "The 'values' voters turn out to be opinion voters. They believe that God hates homosexuals, that superstition trumps science every time, that all those foreigners ought to be sent back where they came from, and that all government programs are wasteful and immoral, except, of course, for the government programs which benefit them. Those are opinions, not values, and willfully ignorant opinions at that."

I know Republicans are desperate. But does it make sense to use gay love to hatemonger here when we have so much real hate coming at us from abroad?

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Justice Kennedy's Culture War (WSJ)

The Wall Street Journal, June 7, 2006

The Supreme Court is busy this week, but Justice Anthony Kennedy should take a moment to tune into the Senate debate on gay marriage. As the man who enabled this latest front in the culture wars, it's the least he can do.

That's the most efficient way to think about the Senate debate this week on the Marriage Protection Amendment, which would create a national definition of marriage as a "union of a man and a woman." We remain opposed to federal interference in this issue, believing that issues of family life and law are best settled in state legislatures. Yet given the way activist courts have turned gay marriage into a national issue, it's no surprise that Congress joined the fray.

Senate Majority Leader Bill Frist knows he's unlikely to get many more than the 48 votes he got the last time he brought up this amendment, in 2004. Constitutional amendments require a two-thirds majority, and only one Democrat, Nebraska's Ben Nelson, is publicly on board. So some of this is about rallying a demoralized conservative base.

But the amendment vote can't be understood outside of the anxiety created by activist courts. Justice Kennedy wrote the majority opinion in the 2003 Lawrence case that banned state anti-sodomy laws. So sweeping was his "privacy right" language that it took only a few months for the Massachusetts Supreme Court to use Lawrence to justify its decision to impose a right to gay marriage there. Politicians in New York and San Francisco began issuing gay marriage licenses, never mind state law.

So here we go again with another values issue about to become an endlessly polarizing national debate. Beltway politicians can posture knowing nothing much will change. This is the history of abortion since Roe v. Wade, with both sides at the same barricades 30 years on. The Founders left such thorny social issues to the states precisely to allow the democratic give and take that can reach a rough consensus, as well as adjust as social mores change.

That's what the states have been doing in recent years. Some 19 states now have constitutional amendments protecting "traditional" marriage; another 26 have statutes doing the same. Alabama voters yesterday endorsed such an amendment, and six more states will have the question on November ballots.

States have also devised a range of policies for civil partnerships or other legal rights for gay couples. These innovations reflect the reality that most Americans oppose extending the term "marriage" to gays but are open to other legal arrangements. Colorado voters may face ballot initiatives this fall dealing with both a definition of marriage and domestic partnership rights.

Supporters of the national ban say an amendment is necessary because willful courts won't honor those voter verdicts. They have a point. A federal court struck down Nebraska's ban on gay marriage last year even though 70% of the state's residents voted for it. Bans have been overturned in Washington, California, Maryland and New York.

But it's far from clear that a Constitutional amendment is necessary to stop this just now. Congress passed the Defense of Marriage Act in the 1990s, and sooner or later the Supreme Court will decide if this clashes with the Constitution's "full faith and credit" clause that applies one state's laws to the other 49 (i.e., easy Nevada divorce). If the High Court overturns the Defense of Marriage Act, there'd be a much stronger case for something as rare, and politically difficult, as passing a Constitutional amendment. Meantime, this is another argument for confirming President Bush's judicial nominees (see below).

As for liberals, they might consider that their best chance to change minds is through open state debate, not coercive courts. Polls show Americans are becoming more comfortable with civil unions and other gay rights. In fact, the best thing gay activists could do for themselves at the federal level would be to support repeal of the death tax, since under current law gay couples often lack inheritance rights. That would accomplish more than anything that will emerge from this week's political spectacle over amending the Constitution.

Verizon Bias Suit Deal Sets Record (WP)

By Amy Joyce

The Washington Post, June 6, 2006

Verizon Communications Inc. will pay almost $49 million to 12,326 current and former female employees as part of a landmark class-action lawsuit alleging pregnancy discrimination.

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The U.S. Equal Employment Opportunity Commission reached a settlement in 2002 against Verizon predecessors Nynex Corp. and Bell Atlantic Corp. But the total amount of the settlement was not made public until yesterday, when the EEOC completed its projections of how much would be paid in future benefits.

The final figure makes the case the largest pregnancy discrimination settlement in EEOC history. It covers women in 13 states and the District.

Nynex and Bell Atlantic were accused of violating federal law by denying women pension and other benefit accruals when they spent time on pregnancy or maternity leave.

The total compensation paid thus far is more than $25.3 million. The EEOC told a U.S. District Court in New York yesterday that it projected that an additional $23.6 million would be paid in future benefits. The announcement came after years of calculating which women were denied benefits when on leave.

"This comes out of a different era," said Eric Rabe, a Verizon spokesman. "The people who were here then by and large don't work for the company anymore. We think our record today is exemplary, and this was not an admission of having done anything wrong. It is simply a matter of trying to get this behind us to move on."

The suit alleged that the predecessor companies violated the Civil Rights Act of 1964, the Pregnancy Discrimination Act of 1978 and the Equal Pay Act of 1963 by denying women service credits for leaves of absence taken between July 1965 and April 1979. The companies also denied pension credits for child-care leaves of absence until December 1983.

Pregnancy discrimination claims filed with the EEOC rose by 31 percent from 1992 to 2005, to 4,449 from 3,385. Some of that increase reflects a growing number of women working during and after their pregnancies, but not all of it. In the same period, the percentage of working women with children younger than 18 rose by about 5 percent.

"There really remain tremendous issues concerning pregnancy discrimination in the workplace," said Elizabeth Grossman, regional attorney with the EEOC in New York. "More and more women are continuing to go forward to assert their rights in a way past generations were not. Some employers are getting educated and changing practices, but many are not."

Grossman's office last year sued and won a settlement for a waitress who was removed from a managerial career track, denied work assignments and told to "consider her options" after she revealed she was pregnant. Ultimately, she was fired. The woman received $145,000 in a pregnancy discrimination settlement with her former employer. The same office last month also sued Bed Bath & Beyond Inc. on behalf of a pregnant employee at a Bridgewater, N.J., store who says she was denied modified work assignments that were given to other employees with temporary disabilities.

The EEOC was joined in filing the class-action lawsuit against the phone companies by the International Brotherhood of Electrical Workers and the Communications Workers of America, unions representing Verizon workers. "This case represents an important victory for working women who should not have had to sacrifice their pension benefits because they had children," Christopher M. Shelton, a CWA vice president, said in a statement.

Louisiana Governor Plans To Sign Anti-Abortion Law (NYT)

By Jeremy Alford

The New York Times, June 7, 2006

BATON ROUGE, La., June 6 — Gov. Kathleen Babineaux Blanco's office said Tuesday that she would shortly sign into law a strict ban on abortion that would permit abortion only in the case where a woman's life was threatened by pregnancy.

The bill, approved by both houses of the Legislature and sent to the governor on Monday, would go into effect only if the United States Supreme Court overturned Roe v. Wade, the 1973 decision establishing a constitutional right to abortion, and allowed states to criminalize abortion.

In March, South Dakota enacted a law criminalizing abortion, hoping to create a case that would lead the Supreme Court to overturn Roe. Eleven other states are considering similar measures. Six other states have bans, similar to the Louisiana bill, that would be put into effect by the end of Roe.

A sponsor of the Louisiana bill, Senator Ben Nevers, Democrat of Bogalusa, said he had led the effort because the Supreme Court had grown more conservative and the time was ripe for change.

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"I had a strong belief that we could finally protect the innocent life of an unborn child," Mr. Nevers said. "This is about the U.S. Constitution granting every person the right to life."

Jacqueline Payne, assistant director of government relations for Planned Parenthood, a nationwide provider of abortion services, said the trigger provision allowed the Legislature and Ms. Blanco to inflict policy on future generations they had no authority to represent, since Roe could take several years to overturn, if ever.

"We think Louisiana is hiding behind South Dakota, which took more of a direct affront," Ms. Payne said.

Roderick K. Hawkins, deputy press secretary to the governor, said that the abortion bill had not yet reached Ms. Blanco, but that she planned to sign it as soon as possible.

Although Ms. Blanco, a Democrat, has supported exceptions for rape and incest in the past, Mr. Hawkins said she found solace in the bill's "safety measures" that protect the life of the pregnant woman.

"The governor has always been a pro-life person," Mr. Hawkins said, "and this fits into her beliefs of supporting life and being anti-abortion. Plus, this had overwhelming bipartisan support of the Legislature."

If signed by the governor, Louisiana's measure would allow the prosecution of any person who performed or aided in an abortion. The penalties include up to 10 years in prison and a maximum fine of $100,000.

Transsexual Discrimination Suit Enters Discovery Phase (RC)

By John McArdle

Roll Call, June 7, 2006

A full year after filing a discrimination lawsuit against the Library of Congress, Diane Schroer, who is preparing for surgery to complete her transition as a male-to-female transsexual, has only now seen her civil rights case move into the discovery phase.

But in the 12 months since the case was brought, Schroer's suit already has forced the U.S. District Court to take a hard look at how sexual discrimination laws apply to the Congressional workplace.

While lawyers for Schroer are preparing this week to serve the LOC with its first document requests and interogitories, lawyers with the U.S. Attorney's office, which is representing the Library, have about two weeks left to decide whether to appeal a decision by U.S. District Judge James Robertson denying their initial request to dismiss the case.

"It is unfortunate that litigation moves as slowly as it does, and it's unfortunate that it took Judge Robertson a long time to rule on the motion to dismiss," Arthur Spitzer, a lawyer for the American Civil Liberties Union who is representing Schroer, said this week. "On the other hand it was clear from his opinion that he had done a lot of research and a lot of thinking about the issue, and we were obviously pleased with his opinion."

Born David John, Schroer is a 25-year Army veteran who filed suit against the LOC on June 2, 2005, after being rejected for a position as a terrorism and international crime research analyst with the Congressional Research Service, a division of the LOC, because she was beginning the transition process to become Diane. She expects to complete the transition through surgery later this year.

Schroer brought the case under Title VII of the Civil Rights Act of 1964, which prohibits employment discrimination based on race, color, religion, sex and national origin. But lawyers for the Library argued in their response last fall that transsexual individuals are not considered members "of a 'protected class' as required by Title VII" and thus the case should be dismissed.

Lawyers for the LOC have argued in court filings that applying Title VII to transsexuals would create an improper precedent in the workplace.

"The term 'sex,' as used in Title VII, prohibits discrimination based on the biological state of a male or female," the U.S. Attorney's office argued in its response last fall. "District Courts in this Circuit, as well as in many other circuits, have never held that transsexuals are a protected group under Title VII."

In late March, Robertson denied the LOC's dismissal request, noting in his opinion that "the failure of numerous attempts to broaden Title VII to cover sexual orientation says nothing about Title VII's relationship to sexual identity. ... There are facts that Schroer could prove which would support her claim that the Library refused to hire her solely because of her sexual identity, and that in so doing, the Library discriminated against her 'because of ... sex.'"

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Channing Phillips, a spokesman for the U.S. Attorney's office, said this week that "we are in the process of deciding whether or not to seek to have the case certified to the Court of Appeals for a decision" and that "if we were going to seek an appeal we have to notify Judge Robertson by the 19th of June."

But, Phillips said, "I can't and won't get into what the grounds would be assuming we do seek an appeal."

Spitzer, though, was willing to speculate on what argument the U.S. Attorney's office might use: "Their view is simply that Congress did not intend to cover that back in 1964 when they prohibited discrimination based on sex. That's their basic argument."

However, Spitzer said, "The odds are that there is not going to be an immediate appeal either because the government doesn't ask for it or because Judge Robertson doesn't give them permission or because the Court of Appeals doesn't give them permission. And if there isn't an appeal then the discovery should move forward promptly and hopefully it won't be too many months until we are in a position either to file motions for summary judgment or to schedule a trial."

When Schroer initially interviewed for the job at CRS in October 2004, the name on her application was David J. Schroer and she dressed in traditionally masculine attire. Schroer — a retired colonel who served in the Army Rangers, earned several medals for distinguished service and fought in the war on terror as a member of the Special Operations Command — claims she was told she was the most qualified candidate for the analyst position. She argues that by December of that year the Library had offered her the job and was happy to employ her as a man.

However, she claims, Library officials changed their mind when Schroer informed them that she was under a doctor's care for gender dysphoria and that, in accordance with her doctor's instructions, she would begin using a feminine name and presenting a traditional female appearance by the time she started work as a research analyst.

Senate To Consider Letting Hawaiians Pursue Sovereignty (WT)

By Brian DeBose

The Washington Times, June 7, 2006

Hawaii Sen. Daniel K. Akaka thinks Hawaiians should be allowed to govern themselves as Native Americans and Alaskans do, and after seven years of pushing a bill to start the process, the Senate is expected to take it up this week.

Mr. Akaka says the bill is a way to give "indigenous" Hawaiians a sense of pride and a chance for sovereignty for the first time since 1893, when Queen Liliuokalani was deposed and lands were illegally seized by U.S. Marines and a cadre of sugar-plantation businessmen.

"For the first time, if it passes, Hawaiians will have parity and be able to form a government entity to address their concerns, since the overthrow," Mr. Akaka said.

Republican senators annually have blocked the legislation, saying it would violate the Constitution by establishing a sovereign race-based government. It is only coming up now through a deal worked out between Democratic and Republican leaders to move other bills.

Opponents, including many native Hawaiians, say the bill opens up a "Pandora's box" of new race classifications and called the bill ambiguous as to what benefits it will bring.

The bill calls for an Office of Native Hawaiian Relations in the Department of the Interior, and a Native Hawaiian Interagency Coordinating Group to administer programs, a commission that would certify who are indigenous Hawaiians, and provides a process of reorganization of the Native Hawaiian governing entity.

"The bill will not authorize gaming in Hawaii. The bill will not allow private lands to be taken. The bill will not create a reservation in Hawaii," Mr. Akaka said.

The legislation is supported by both Republican and Democratic senators, primarily those from states with substantial Native American and Eskimo populations, as well as the American Bar Association and Alaska Federation of Natives.

Sen. Jon Kyl, Arizona Republican, who has kept the bill from coming to the floor, said the creation of a native Hawaiian government -- composed only of redefined natives and whose members can only be voted in by native Hawaiians -- could divide Hawaii's people.

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"Unlike reservation Indians, Native Hawaiians do not live in one area of the State that is set aside for Indians; they live in the same cities and neighborhoods and on the same streets, as other Hawaiians do," Mr. Kyl said.

Reservation Indian tribes have the power to tax, regulate and make laws for members. There are an estimated 400,000 Native Hawaiians living throughout the United States.

Native Hawaiians also say it "too narrowly" redefines who is indigenous.

"It is only for people of Native Hawaiian blood," said 'Ehu Kekahu Cardwell, director of the Koani Foundation, a grass-roots group dedicated to restoring the Hawaiian nation.

"We want it to be for any descendants of kingdom nationals who were loyal to the queen during the time she was deposed. We want everyone to be able to have a say in how this turns out," Mr. Cardwell said.

Leon Siu, a Chinese Hawaiian lobbying against the bill on Capitol Hill, said it has already caused division in Hawaii.

"We reject a race issue being brought into our community; the bill will change the definition of who we are," he said. "Native Hawaiian is not a pure bloodline and ... this bill will introduce a new concept of racial apartheid."

Mr. Siu's father fled China in search of a better life and settled in Hawaii 70 years ago, as did hundreds of thousands of foreign nationals from America, Japan, China, Vietnam, and the Philippines who became Hawaiian citizens.

The Hawaiian monarchy historically never kept anyone from participating in its government structure and did not have a race-specific citizenship definition.

One of the most salient points in the debate will be a history lesson on how Hawaii became a U.S. territory and a state, which Native Hawaiians say was an "illegal annexation."

Queen Liliuokalani, the last Hawaiian monarch, was deposed in 1893 by a collection of sugar exporters doing business on the island with the complicity of the U.S. government.

Hawaii became a U.S. territory under a congressional resolution passed in the late 1890s, but the Constitution states that the U.S. can only acquire land held by sovereign foreign nations through a formal treaty.

The treaty authorized by the Safety Commission -- an illegitimate government established by the sugar plantation owners -- failed in Congress after 38,000 of the 40,000 natives living on the island in 1897 petitioned the Congress to reject it.

Congress formally acknowledged that the coup was unlawful in an apology resolution in 1993.

"This is just the next step in that process of acknowledging the wrong committed against the Native Hawaiian people and recognize them as a sovereign entity," said Donalyn Dela Cruz, spokeswoman for Mr. Akaka.

A Chance For Justice In Hawaii (NYT)

The New York Times, June 7, 2006

For Native Hawaiians, the last two centuries have been a struggle against extinction. Not long after Captain Cook sailed up in 1778, disease, poverty and political and economic exploitation began pushing their culture toward the vanishing point. One harsh milestone came in 1893, when American and European businessmen backed by United States marines overthrew the Hawaiian kingdom. Annexation by the United States quickly followed.

Hawaii has since thrived as a multiracial society, and its native language and arts have undergone a rebirth in the last generation or two. But if there is a common theme in this resurgent culture, it is an abiding sense of loss. The wrongs done to Native Hawaiians are a wound that never healed.

A tiny minority in the islands dreams, madly, of correcting this injustice by becoming an independent country. But Hawaii's broad mainstream — its Legislature, its current governor and her three living predecessors, its United States senators and two House members, and a solid majority of residents — has lined up behind something far more sensible.

It's a bill sponsored by Senator Daniel Akaka that would extend federal recognition to Native Hawaiians as indigenous people. It would create a governing body for the estimated 400,000 Native Hawaiians that would negotiate with the state and federal governments over land and other resources.

After languishing for years, the bill is heading for a Senate vote. This has prompted outraged editorials and op-ed articles warning that a Pacific paradise will become a balkanized banana republic.

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Those worries are misplaced. The bill's central aim is protecting money and resources — inoculating programs for Native Hawaiians from race-based legal challenges. It is based on the entirely defensible conviction that Native Hawaiians — who make up 20 percent of the state's population but are disproportionately poor, sick, homeless and incarcerated — have a distinct identity and deserve the same rights as tribal governments on the mainland.

The Akaka bill does not supersede the Constitution or permit Zimbabwe-style land grabs. It explicitly forbids casinos, a touchy subject in Hawaii. Any changes a Hawaiian government seeks would have to be negotiated with state or federal authorities. As has always been the case on those eight little islands, everyone will have to find a way to get along.

D.C. Mayor Fires Director Of Agency For The Disabled (WP)

By Lori Montgomery And Karylyn Barker

The Washington Post, June 7, 2006

D.C. Mayor Anthony A. Williams fired the director of the District agency that cares for the mentally retarded yesterday in hopes of averting a court takeover of the troubled bureaucracy, which is facing fresh allegations of abuse and neglect in city-funded group homes.

After barely a year on the job, Marsha H. Thompson was dismissed as administrator of the city's Mental Retardation and Developmental Disabilities Administration. Williams said it was the first firing of an agency head in years.

In her place, Williams appointed Kathy Elmore Sawyer, retired commissioner of Alabama's mental health department and an experienced advocate for the mentally disabled. Sawyer now serves as a consultant to the D.C. agency. She will work under a six-month contract that ends shortly before Williams (D) leaves office in January.

During a news conference, Williams introduced Sawyer as "a nationally recognized expert who I believe can make an immediate impact on the staff, on the operations, on the mission and strategy of this important agency. . . . We believe she is the ideal, really the perfect person to get this job done."

Williams said he hopes Sawyer's appointment "can reassure the court and the lawyers for our clients that receivership is not the right choice at this time."

Several advocates called Sawyer a respected administrator with a sterling reputation. But the move will not stave off a push to have a receiver take control of the agency, the target of a 1976 class action lawsuit over care of the mentally disabled. University Legal Services, a group representing the plaintiffs, recently asked a federal judge to appoint a receiver, and a hearing is set for June 29.

"It isn't as simple as shuffling people and removing an administrator to fix 30 years of problems," said Sandy Bernstein, legal director of University Legal Services. The agency has had nine administrators in seven years, she said. Sawyer "will be the 10th."

A court takeover of the mental retardation agency would mark a major embarrassment for Williams during his final year in office. When he became mayor in 1999, five agencies were in receivership, including those responsible for housing, child welfare and mental health. Williams made it a priority to regain control, doing so by 2002. The District has not lost control of any city function during his administration.

Problems at the mental retardation agency -- which employs more than 200 people to oversee 90 residential and day program contractors, as well as 360 group homes -- have persisted.

Two weeks ago, as plaintiffs requested a receiver, the U.S. Justice Department urged the judge to hold the District in contempt of court because, it said, the city had not met promises to improve health care and other services at group homes and because of 14 "preventable and questionable" deaths since January 2003. The papers gave vivid and startling details about the extent of the abuse, which ranged from severe scaldings to fatal starvation.

In its court filing, the Justice Department criticized Williams, saying he has known about problems for more than 10 years, dating to his tenure as the city's chief financial officer.

Meanwhile, agency officials reluctantly revealed to council members that they had run out of money to pay the private providers who run the city's network of group homes. Last week, the mayor asked the council to approve an additional $18 million for the fiscal year that ends in September.

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Amid demands for Thompson's firing from Adrian M. Fenty (D-Ward 4), the chairman of the council committee that oversees the agency, Deputy Mayor Brenda Donald Walker, said she approached Sawyer about two weeks ago and asked her to expand her role with the city.

"There was a culmination of issues that signaled serious management deficiencies that could not be overcome," Walker said, adding that her "knees are scarred not just from praying but from begging" a reluctant Sawyer to take the job.

Yesterday, Fenty and council member Vincent C. Gray (D-Ward 7) joined Williams at the news conference to praise the mayor's action and welcome Sawyer to the city.

Sawyer, of Montgomery, Ala., retired last year as commissioner of the Alabama Department of Mental Health and Mental Retardation. During her first year in office, she negotiated the settlement of a 33-year-old lawsuit that established the right of the mentally ill to leave institutions and receive treatment in less-restrictive settings. She has since served as a consultant to several state agencies and was recommended to the District by a court-appointed special master.

She described herself as "an advocate first" and promised to restructure the agency and get a handle on its budget. She starts work June 19. Other details of her contract are being finalized.

Thompson, whom Williams named interim administrator in April 2005, was informed of her dismissal early yesterday. Williams had given her the job outright six months ago, even after a judge warned that people were dying because of poor care in group homes.

Thompson said she expected the mayor to make changes in light of the receivership request, "but I didn't know I was going to get fired." She said that no major progress can take place until the agency has sufficient staff and authority, including the ability to secure federal Medicaid funding for expensive services paid for with local tax money.

Tina Campanella, executive director of Quality Trust for Individuals With Disabilities Inc., an advocacy group, said Sawyer has the background and experience for the job -- but warned that "the fix is bigger than the administrator."

"It's sad we're going to go through another change because this creates a disruption of services and support for people with disabilities," Campanella said.

Comes Now No. 19 (WP)

The Washington Post, June 7, 2006

MARSHA H. Thompson, head of the city's Mental Retardation and Developmental Disabilities Administration (MRDDA), told The Post last month that by her count, she was the agency's 17th or 18th administrator in the past dozen years. Yesterday, having lasted about a year, her tenure came to an abrupt halt with Mayor Anthony A. Williams's announcement that he has appointed Kathy Elmore Sawyer to serve as the MRDDA's acting administrator. By his own admission, the mayor yanked Ms. Thompson and called in Ms. Sawyer because the city faces the prospect of a U.S. District Court judge placing the beleaguered agency in receivership. As he said in a statement, "My hope is that Ms. Sawyer will be able to provide immediate stability to MRDDA and can reassure the court and the lawyers for our clients that receivership is not the right choice at this time."

If the mayor is seeking immediate stability in that agency through the appointment of one individual, albeit a highly qualified professional, his search will more than likely be in vain. The problem at the MRDDA is not that it hasn't been led by a reformer with dedication, compassion and a vision. The problem rests below the agency head. It can be found within the agency and the group homes it oversees. Those places have more than their share of unqualified workers. They should be nowhere near vulnerable people who are mentally retarded or have developmental disabilities. Unless the mayor has the fortitude and is willing to wade in with the MRDDA administrator and stand down the bureaucracy and special interests, i.e., contractors; unless he is prepared to rid the payroll of incompetents, and clean house from top to bottom, then director No. 19 will soon give way to Nos. 20 and 21 and 29.

Look at the record: former group home employees prosecuted for physical and sexual abuse of MRDDA clients; benchmarks in work plans negotiated with the court unmet on every count; vulnerable clients abused and dying in MRDDA's care; the agency's budget overspent by more than $18 million; a new petition pending for federal court receivership. Cleaning up that mess requires more than hiring an outsider with a good reputation. It needs the backing of a mayor who places reform of a critical and much-neglected agency ahead of a trip to South Korea, where Mr. Williams is heading today. It needs a mayor as

dedicated to improving the agency as he is to building a new baseball stadium or traveling the globe. Ms. Sawyer and, more to the point, the people in her care deserve no less. The court, in deciding on receivership, should seek the same assurance.

A Well Of Smiths And Xias (NYT)

By Thomas L. Friedman

The New York Times, June 7, 2006

Muhammad Waqar, Avi Wolfman-Arent, Yiran Xia, Victoria Sandoval, Jacqueline Orellana-Flores, Elizabeth Packer, Ramona Singh, Anuja Shah, Mayra Ramos, Emily-Kate Hannapel, Natasha Perez, Samir Paul, Ekta Taneja, Linden Vongsathorn, Michael Tsai, Nardos Teklebrahan, Matiwos Wondwosen ...

I went to a high school graduation Monday and a United Nations meeting broke out.

The commencement was my daughter Natalie's, the high school was Montgomery Blair in Silver Spring, Md. There were some 700 kids receiving their diplomas, and as I sat there for two hours listening to each one's name pronounced, I became both fascinated and touched by the stunning diversity — race, religion, ethnicity — of the graduating class. I knew my daughter's school was diverse, but I had no idea it was this diverse.

The names above, which I just pulled from the graduation book, were typical of her entire class, which included exactly five people named "Smith." In my high school in Minnesota it seemed like there were only five people not named "Smith."

My daughter told me that the names in her class can be so difficult to pronounce that for graduation the school had all the students write their names phonetically on a card so the announcer would not mangle them in front of family and friends.

There is a lot to be worried about in America today: a war in Iraq that is getting worse not better, an administration whose fiscal irresponsibility we will be paying for for a long time, an education system that is not producing enough young Americans skilled in math and science, and inner cities where way too many black males are failing. We must work harder and get smarter if we want to maintain our standard of living.

But if there is one reason to still be optimistic about America it is represented by the stunning diversity of the Montgomery Blair class of 2006. America is still the world's greatest human magnet. We are not the only country that embraces diversity, but there is something about our free society and free market that still attracts people like no other. Our greatest asset is our ability to still cream off not only the first-round intellectual draft choices from around the world but the low-skilled-high-aspiring ones as well, and that is the main reason that I am not yet ready to cede the 21st century to China. Our Chinese will still beat their Chinese.

This influx of brainy and brawny immigrants is our oil well — one that never runs dry. It is an endless source of renewable human energy and creativity. Congress ought to stop debating gay marriage and finally give us a framework to maintain a free flow of legal immigration.

What is so striking about Blair is that it is just a neighborhood public high school. It was not designed to be diverse. Yes, it has some magnet programs, but for the most part it just reflects its surroundings — about one-third black, one-third Hispanic and one-third Noah's Ark of everyone else.

As I mingled with the other parents afterward, waiting for our kids to emerge from the ceremony, I found myself at one point surrounded by families in which no one was speaking English.

The only familiar voice that came through the din was one that made me laugh — an African-American mom, gripping her child's diploma, saying: "This diploma is mine! I'm keeping this!" She said she had worked as hard as her kid for this day. Bless her heart, as I am sure she spoke for many parents.

It is hard to watch a graduation like this and not think about our enemies in Iraq and Afghanistan — the Taliban, Islamo-totalitarians like bin Laden and Zarqawi, and the retrograde regimes that support them. Their whole mind-set is about how to purify their world from "the other," from diversity, from "infidels." With enough brutality, they may win in Iraq. I still hope not.

But they will never win the future — because as soon as their oil wells run dry, their societies will be as barren, bland and unproductive as their deserts.

Our oil wells, by contrast, will still be pumping. They're right there, hiding in plain sight, in the Blair commencement book:

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Yueyang Li, Kenia Lopez-Reyes, Lucy Fromyer, Raya Steinberg, Zahra Gordon, Sreva Ghosh, Juan-Jesus Louis, Yendil Furcal, Yenusa Eke, Sofonias Frezghi, Yohanes Dejen, Edra Comegys-Brisbane, Yoel Castillio-Ortiz, Elijah Zuares, Placido Zelaya, Mimi Zou. And Jessica Smith.

Georgia Has Changed For The Better, And The Voting Rights Act Should Too (HILL)

By Rep. Lynn Westmoreland (R-Ga.)

The Hill, June 7, 2006

The Voting Rights Act of 1965 worked. It changed Georgia dramatically for the better.

Now, as Congress considers a 25-year extension of the law, we need to modernize the Voting Rights Act to reflect the reality of today — a reality strongly shaped by the successes of the original legislation.

In 1965, the Voting Rights Act overturned the institutionalized discrimination embedded in the laws of Georgia and other Southern states. The law unshackled a significant portion of our state's residents and launched them into the political process by guaranteeing their right to vote. As a result, Georgia today represents a model of voter equality for states with diverse populations.

In fact, an academic study documents that black Georgians vote at higher rates than white Georgians. There are nine black statewide elected officials — most of whom defeated white opponents — including our state attorney general, the labor commissioner and three state Supreme Court justices, one of whom is chief justice. Black representation in statewide offices almost exactly parallels their proportion in the state's population. Four of our state's 13 members of the U.S. House are African-Americans — two of whom represent majority-white districts. It would be difficult to find a state with a more diverse group of elected officials.

Georgia is home to some of the most prosperous majority black communities in the United States. Today, our nation's best and brightest African-Americans flock to Georgia not for Freedom Rides but for great opportunities and a high quality of life.

Yet, despite Georgia's revolutionary strides in voter equality, the Voting Rights Act still treats Georgia as if it's a backward society governed by the laws of Jim Crow.

Let me explain. The original Voting Rights Act created a formula to determine which states were denying minority citizens their right to vote. Congress applied the formula to the 1964 election turnout numbers, and Georgia was one of several states that essentially failed the test. The law allowed the federal government to approve or disapprove all election-law changes, from redistricting to moving voting precincts, in those states.

Since then, Congress has renewed the Voting Rights Act several times without looking at changes in the states affected by the law.

Renewing the law as it is would keep Georgia in the penalty box for 25 more years. It doesn't make sense to subjugate Georgia to the whims of federal bureaucrats until 2031 based on the turnout of an election featuring Barry Goldwater and Lyndon Johnson.

If Georgia's sins can never be forgiven, shouldn't there be an Accused Witch Protection Act that applies only to Massachusetts? Shouldn't our foreign policy treat South Africa as if it's still governed by a racist apartheid regime?

It's not simply a matter of fairness and common sense. There's a legal issue too. The Supreme Court ruled in 1966 that singling out states in the Voting Rights Act was constitutional only because it was narrowly tailored to address a specific problem and "temporary." We're already well past "temporary."

I do think there's a solution that will bring consensus. I'm proposing that Congress modernize the Voting Rights Act by applying the formula to the 2004 election. That way federal oversight would no longer apply to states that have corrected past problems. It would also allow the federal government to expand oversight to states where new problems have developed.

The Voting Rights Act has served our nation well. We dishonor the accomplishments of the law if we pretend nothing's changed since 1965.

Westmoreland represents Georgia's 8th Congressional District.

Block The Vote, Ohio Remix (NYT)

The New York Times, June 7, 2006

If there was ever a sign of a ruling party in trouble, it is a game plan that calls for trying to win by discouraging voting.

The latest sign that Republicans have an election-year strategy to shut down voter registration drives comes from Ohio. As the state gears up for a very competitive election season this fall, its secretary of state, J. Kenneth Blackwell, has put in place "emergency" regulations that could hit voter registration workers with criminal penalties for perfectly legitimate registration practices. The rules are so draconian they could shut down registration drives in Ohio.

Mr. Blackwell, who also happens to be the Republican candidate for governor this year, has a history of this sort of behavior. In 2004, he instructed county boards of elections to reject any registrations on paper of less than 80-pound stock — about the thickness of a postcard. His order was almost certainly illegal, and he retracted it after he came under intense criticism. It was, however, in place long enough to get some registrations tossed out.

This year, Mr. Blackwell's office has issued rules and materials that appear to require that paid registration workers, and perhaps even volunteers, personally take the forms they collect to an election office. Organizations that run registration drives generally have the people who register voters bring the forms back to supervisors, who can then review them for errors. Under Mr. Blackwell's edict, everyone involved could be committing a crime. Mr. Blackwell's rules also appear to prohibit people who register voters from sending the forms in by mail. That rule itself may violate federal elections law.

Mr. Blackwell's rules are interpretations of a law the Republican-controlled Ohio Legislature passed recently. Another of the nation's most famous swing states, Florida, has been the scene of similar consternation and confusion since it recently enacted a law that is so harsh that the Florida League of Women Voters announced that it was stopping all voter registration efforts for the first time in 67 years.

Florida's Legislature, like Ohio's, is controlled by Republicans. Throughout American history both parties have shown a willingness to try to use election law to get results they might otherwise not win at the polls. But right now it is clearly the Republicans who believe they have an interest in keeping the voter base small. Mr. Blackwell and other politicians who insist on making it harder to vote never say, of course, that they are worried that get-out-the-vote drives will bring too many poor and minority voters into the system. They say that they want to reduce fraud. However, there is virtually no evidence that registration drives are leading to fraud at the polls.

But there is one clear way that Ohio's election system is corrupt. Decisions about who can vote are being made by a candidate for governor. Mr. Blackwell should hand over responsibility for elections to a decision maker whose only loyalty is to the voters and the law.

ANTITRUST:

A.C.L.U. Raises Surveillance As Issue In Big Phone Merger (NYT)

By Ken Belson

The New York Times, June 7, 2006

The American Civil Liberties Union asked the Federal Communications Commission yesterday to withhold approval of AT&T's acquisition of BellSouth until it reviews allegations that the companies gave customer records to the government without warrants.

In its filing, the A.C.L.U. cited a provision in the Telecommunications Act that says that in considering a merger, the commission must "weigh the public-interest harms of the proposed transaction against the potential public-interest benefits."

The group said the F.C.C. should determine if AT&T and BellSouth handed over phone records to the National Security Agency's surveillance program and, if so, whether that violated any privacy laws.

The A.C.L.U. action comes after USA Today reported last month that AT&T, BellSouth and Verizon provided the agency with call records on millions of Americans in surveillance done after the Sept. 11 attacks.

"The F.C.C. is in a position to determine whether the USA Today story is true and can bring the companies to the table and figure out whether they are providing customer information to the N.S.A. and what is the lawful authority for doing so," said Barry Steinhardt, director of the technology and liberty project at the A.C.L.U.

Kevin J. Martin, the F.C.C. chairman, said last month that the commission could not investigate reports of the companies' cooperation with the security agency because the agency's activities were classified.

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Mr. Martin made the statement in response to a letter from Representative Edward J. Markey, Democrat of Massachusetts, the ranking minority member of the House Subcommittee on Telecommunications and the Internet. At that time, however, the matter was not linked to AT&T's deal for BellSouth, which was announced in March.

Tamara Lipper, an F.C.C. spokeswoman, declined to comment on the filing.

Selim Bingol, an AT&T spokesman, said, "We don't have anything to say without having seen the paperwork." He also said, "We are vigorous protectors of our customers' privacy and when we're asked to help law enforcement agencies, we do so strictly within the law."

BellSouth has denied providing phone records to the security agency and said the A.C.L.U.'s request did not affect the company. "The claims made in the USA Today story about BellSouth are false, so any assertions by the A.C.L.U. would be moot for BellSouth," said Jeff Battcher, a company spokesman.

In its letter to the commission, the A.C.L.U. noted that BellSouth had denied participating in the surveillance program. But it voiced concern about what would happen if the company linked up to AT&T.

"It would be a cruel irony if BellSouth had not participated in the program but as a result of this merger, BellSouth customers became unwilling surveillance targets," it said.

Telecom Firms Ask FCC To Stop AT&T-BellSouth Merger (SANANTBIZ)

San Antonio Business Journal, June 7, 2006

A group of seven telecommunications companies have filed comments with the Federal Communications Commission asking regulators to block the planned $67 billion merger between AT&T Inc. and BellSouth Corp.

San Antonio-based AT&T (NYSE: T) needs approvals from 18 states, the U.S. Justice Department and the FCC in order to proceed with the merger -- which could close by the end of the year. The merger already has been approved in eight states and two foreign countries.

The group of companies claim the AT&T-BellSouth merger will only create a dominant player that will be able to thwart competition through its increased control over local networks and other communications services.

Through its acquisition of Atlanta-based BellSouth (NYSE: BLS), AT&T -- already the nation's largest provider of local voice, long-distance and broadband DSL services -- will only further move the company toward monopoly status, the companies claim.

The companies that are asking the FCC to block the merger are Cbeyond Communications in Atlanta (NASDAQ: CBEY); Grande Communications in San Marcos; NuVox Communications in Greenville, S.C.; Supra Telecom in Orlando; Talk America (NASDAQ: TALK) in New Hope, Pa.; XO Communications (OTCBB: XOHO) in Reston, Va. and Xspedius Communications LLC in O'Fallon, Mo.

They say the AT&T-BellSouth merger would extend the company's footprint to 22 states and further cement its standing as the nation's largest wireless provider by controlling all the stock of Cingular Wireless.

AT&T already is the incumbent local phone company in 13 states. BellSouth's territory extends to nine states.

However, the company has long maintained that there is sufficient competition in the marketplace.

"There are always those who try to use these proceedings for their own special interests. These are our competitors. What do you expect?" AT&T spokesman Dave Pacholczyk says. "We're confident that the FCC will see through their agenda and grant us a prompt review and speedy approval."

Company officials have also argued that the merger should proceed because the two telephone companies don't compete directly for residential service.

AT&T/BellSouth Opponents Talk Litigation (B&C)

By John Eggerton, Broadcasting & Cable

Broadcasting & Cable, June 7, 2006

Opponents of the proposed merger of AT&T and BellSouth said that if the FCC does not block or put strong conditions on the deal, "some parties" will likely sue.

In a conference call with reporters discussing their filings with the FCC in opposition to the merger, several of the groups argued that, unless the FCC requires AT&T to spin-off wireless company Cingular after the merger and to divest itself of wireless

spectrum they argue has been warehoused, the "best case" scenario from the merger would be an "entrenched DSL cable monopoly for Internet access. That's because they said the merged company would likely sit on spectrum that could be used for wireless Internet access in competition to DSL.

"If the FCC doesn't "do the right thing," said Jonathan Rubin of the American Antitrust Institute, "there is potential for some kind of major litigation."

Jonathan Lee of telco lobby Comptel pointed out that his group was already in litigation against the Justice Department for what it thought were insufficient conditions on the AT&T/SBC and Verizon/MCI mergers.

Andrew Schwartzman of the Media Access Project said his filing on behalf of the Center for Digital Democracy emphasized the threat to net neutrality of the merger, homing in on the issue of removing a potential competitor for wireless Internet access.

Mark Cooper emphasized the issues of 1) net neutrality--"saying that AT&T is "leading the charge to put a toll booth and a tire shredder on the Internet"--2) potential red-lining of video and broadband service (only serving the more profitable areas of a franchise), and 3) the reconstitution of the old Ma Bell that the merger, following AT&T's earlier merger with SBC, suggests. Throw in the issue of phone record privacy, Cooper said, and it will make for "an interesting conversation."

Craig Aaron of anti-consolidation group Free Press said that its Web Site had generated 15,000 comments to the FCC opposing the merger.

June 5 was the deadline in the initial round of comments on the deal, which was announced in March.

Microsoft's Reputation At Stake, EU Says (BLOOM)

BLOOMBERG NEWS

Bloomberg, June 7, 2006

European Competition Commissioner Neelie Kroes said Tuesday that Microsoft Corp. should be concerned about its reputation as well as the financial impact of antitrust rulings.

Kroes, who will decide before the end of July whether to impose daily fines of $2.6 million on Microsoft, said the software maker should take account of its image.

"It's not only a matter of financial aspects in such cases, it's also a matter of reputation," Kroes said at a European Parliament meeting in Brussels, Belgium.

The European Commission, the European Union's antitrust regulator, is threatening to fine Microsoft unless it licenses information on the way its Windows operating system shares printers and files to rival software developers. The regulator says the company hasn't provided "complete and accurate" information to rivals.

Microsoft, whose Windows operating system runs on about 95 percent of the world's personal computers, was fined in March 2004 for abusing its dominant market position by failing to make technical information available and for bundling its media player with Windows.

As part of the antitrust decision, the commission ordered Microsoft to license so-called network protocols, which would allow developers to make competing products. Rivals and the EU have said Microsoft has resisted complying.

Microsoft, which is appealing the antitrust decision, has maintained that it is already meeting the EU's demands.

BAA Backs Ferrovial's Latest Offer (WSJ)

By Keith Johnson And Jason Singer

The Wall Street Journal, June 7, 2006

United Kingdom airports operator BAA PLC approved a £10.1 billion ($18.9 billion) takeover offer from Spanish builder Grupo Ferrovial SA, paving the way for a mammoth European infrastructure deal that highlights investors' appetite for companies with stable returns.

The approval by BAA's board yesterday, after four months of haggling between the two companies, appears to have trumped a rival bid by a consortium led by Goldman Sachs Group Inc.

But questions remain over how Ferrovial can boost profitability at BAA's regulated businesses enough to justify the bid's hefty premium. Some airlines expressed concern that the deal could lead to higher expenses.

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Ferrovial's bid is valued at 950.25 pence a share, including a 15.25-pence-a-share special dividend that BAA promised shareholders in May. BAA rebuffed two earlier approaches by Ferrovial for 810 pence and 900 pence. If the latest bid goes ahead, Ferrovial will be paying 45% more than BAA was valued at when takeover rumors began swirling in February.

In accepting Ferrovial's offer, BAA's board rejected a slightly higher bid by the Goldman consortium, valued at 955 pence a share, because the group would have taken significantly longer to close a deal, said people close to the matter.

Ferrovial hamstrung the rival consortium's efforts with a "dawn raid" purchase of 14% of BAA's shares at 950 pence a share early yesterday. That gives the Spanish group a stake big enough to deter a new rival bid emerging from the Goldman group, because takeovers in the U.K. are typically conditional on receiving 90% or more of the shares.

The Goldman team, which is likely to proceed only with a friendly deal, said it was seriously considering returning with a new bid, possibly slightly higher than its latest offer. Regulators yesterday extended a Friday deadline and gave the Goldman group an extra week, until June 16, to make a formal offer or walk away.

If the U.K. airports operator accepts another bid, Ferrovial will receive a penalty fee of £115.5 million.

The challenge for Ferrovial's consortium -- which includes Caisse de Dépôt et Placement du Québec and a Singapore-based investment fund owned by GIC Special Investments Pte. Ltd. -- will be to squeeze returns out of BAA. BAA operates seven U.K. airports, including Heathrow, Gatwick and Stansted in London, and is heavily regulated. The U.K. Civil Aviation Authority is reviewing prices BAA can charge airlines for the 2008-2013 period.

BAA was advised by N.M. Rothschild & Sons and UBS AG. Ferrovial was advised by Citigroup Inc. and Macquarie Bank Ltd.

Airport Operator Accepts $19 Billion Spanish Bid (NYT)

By Nicola Clark, International Herald Tribune

The New York Times, June 7, 2006

PARIS, June 6 — BAA, the operator of some of the world's busiest airports, said today that it had accepted a new takeover offer from the Spanish construction group Ferrovial, ending a nearly four-month fight to remain independent.

Grupo Ferrovial's latest bid values BAA at about £10.2 billion, or $19 billion. "The board believes that an offer at this level represents an attractive price," BAA said in a statement.

Ferrovial's move appeared to frustrate a possible 11th-hour rival bid from the investment bank Goldman Sachs. During negotiations with BAA on Monday night, Goldman said it had proposed a nonbinding cash offer that would value BAA at £10.3 billion.

BAA acquiesced to Ferrovial's advances late Monday after a consortium led by the Spanish group succeeded in acquiring around 14 percent of BAA's shares on the open market.

The Ferrovial bid valued BAA at 950.24 pence a share, compared with Goldman's proposed offer of 955.25 pence.

A BAA spokesman said the company, which operates Heathrow, Gatwick and Stansted airports, had chosen the bid from Ferrovial over the one from Goldman because it offered the greatest certainty for shareholders in the near term.

"Under Ferrovial's offer, shareholders will get their money sooner," said Duncan Bonfield, a BAA spokesman. "Goldman's has made a proposal. But as long as it is just a proposal, then there are clear risks involved."

Ferrovial's bid, which includes a 15.25-pence-a-share dividend, has already received approval from European Union and British antitrust authorities. The offer from Goldman would likely need two to three months to complete due diligence procedures and secure regulatory approval, according to BAA.

BAA controls two-thirds of Britain's airports, and its dominant position has long been a source of concern for airlines, which complain that the company has the power to set arbitrarily high fees for landing rights and other airport services.

Last month, the British Office of Fair Trading said it was considering an investigation into whether the company has abused its market position to the detriment of consumers.

Robert Milton, chairman of the board of the International Air Transport Association, worried that airlines could be charged even more to use BAA's airports in the near term as the airport operator seeks to recoup its financing costs.

"It's hard to paint a happy picture at this time," Mr. Milton, who is also chief executive of Air Canada, said at an industry conference in Paris.

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BAA's decision to accept Ferrovial's offer followed a series of overtures by the Spanish group that began in March, with a hostile takeover offer valued at 810 pence a share.

BAA's board swiftly rejected that approach, arguing that it significantly undervalued BAA's assets, which include airport stakes in Budapest and Naples, as well as restaurant and retail services concessions at several American airports, including Logan International in Boston. Ferrovial sweetened its bid to 900 pence last week, but BAA insisted that the company was worth at least 940 pence a share.

In a statement, Goldman Sachs urged BAA shareholders to take no action on Ferrovial's offer and said it would make a further announcement in the coming days. British market regulators have given the Goldman Sachs consortium until June 16 to make a firm offer for BAA, extending an earlier deadline by a week.

Mr. Bonfield, the BAA spokesman, said the company would not rule out negotiations with Goldman Sachs if it were to submit a formal bid. "We know our duty to shareholders," he said. "If there were an offer, then we definitely would have to look at it."

Ferrovial has until June 19 to revise its offer, while BAA shareholders have until June 26 to accept or reject the new Ferrovial bid.

BAA has said it plans to spend more than £9.5 billion over the next 10 years upgrading facilities at its three London airports. Major projects include a fifth terminal at Heathrow as well as modifications to runways and terminals to accommodate the new Airbus A380 "superjumbo" jet, which is scheduled to enter commercial service next year.

Given such large investments, combined with the added debt that BAA is expected to take on as a result of the Ferrovial deal, Standard & Poor's cut its credit ratings on the company to BBB+ from A and said it may cut them again.

BAA had £5.34 billion of debt on its books as of March 31, up from £3 billion at the end of 2005.

Street Sleuth Chirac Frowns On NYSE-Euronext (WSJ)

By Alistair MacDonald And Edward Taylor

The Wall Street Journal, June 7, 2006

French President Jacques Chirac said he would rather see financial-exchange operator Euronext NV merge with Deutsche Börse AG than with NYSE Group Inc., giving some heart to the German exchange operator as it seeks to win Euronext despite last week's merger agreement between the European and U.S. exchanges.

Buoyed by Mr. Chirac's remarks, Deutsche Börse Chief Executive Reto Francioni and Chairman Kurt Viermetz are on a lobbying trip to Paris today to sound out ways Deutsche Börse can make its offer "more attractive" to shareholders without making significant changes from what has been offered up until now, a person familiar with the matter said.

Some of the French banks that might play a role in the long-running exchange-consolidation saga are less concerned about having a European outcome. Rather, they want to ensure that if NYSE Group, operator of the New York Stock Exchange, and Euronext merge, they can rest assured that U.S. corporate regulation will stay out of Europe, according to a person familiar with the matter.

To that end, some of these banks want Euronext and NYSE Group, which have agreed to a roughly $20 billion merger, to insert a statute into the combined company's rules that would make it easier for investors to insist on a breakup if U.S. regulation creeps into Europe, according to a person familiar with the matter. How such a proposal might work remains unclear. A Euronext spokesman declined to comment. A group of French banks and a separate loose federation of companies listed on Euronext control more than 15% of Euronext's shares.

While there is disagreement, with some still not wishing to see a U.S. exchange handed the keys to Euronext, many in the French banking and business communities say they believe the NYSE-Euronext combination is attractive.

The banks' concern underscores the challenge NYSE Chief Executive John Thain and Euronext CEO Jean-François Théodore face in convincing some European investors that regulation won't be an issue. Some in Europe fear that a trans-Atlantic exchange merger might lead to European companies being subject to strict corporate regulation such as the Sarbanes-Oxley U.S. corporate-governance law. Indeed, the banks' worries come primarily from their role as trading customers that also list their shares on Euronext. The NYSE-Euronext deal requires the approval of at least half of Euronext shareholders.

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Messrs. Thain and Theodore have said repeatedly that regulation of the various exchanges under the combined company would remain largely unchanged, although the U.S. Securities and Exchange Commission would regulate the parent company, which will be known as NYSE Euronext. "A core aspect of the structure being proposed is complete respect for the federal model of Euronext, which envisions only local regulation of the marketplaces," says David C. Karp, a partner representing NYSE Group at law firm Wachtell, Lipton, Rosen & Katz. "That is the structure being presented to regulators in each of the jurisdictions."

SEC Chairman Christopher Cox said late last month the SEC is in talks with regulators from the Netherlands and France about how to respond to the proposed Euronext-NYSE merger.

Concern about the political and regulatory consequences of the deal may provide Deutsche Börse some hope it can still wrest Euronext away. "The consolidation of the European stock-exchange landscape clearly has a European strategic and therefore political dimension, because it concerns the integration of European financial markets and their efficiency," Mr. Francioni said in an interview with German financial daily Handelsblatt yesterday. "I know that policy makers understand the significance of this -- on both sides."

Mr. Chirac, in Germany with German Chancellor Angela Merkel yesterday, said he favors a Franco-German alliance "out of principle" and that he would "regret if such a solution weren't definitively adopted." Ms. Merkel's government has said already it favors partnerships between European exchanges. Both, however, have acknowledged they don't have the power to influence the decision.

"Euronext is not France...it is four exchanges together," Mr. Chirac said, referring to the fact that Euronext runs the stock exchanges of Paris, Amsterdam, Brussels and Lisbon, as well as a derivatives exchange in London.

Mr. Théodore met with his counterpart at Borsa Italiana, Massimo Capuano, in Milan yesterday to discuss bringing the Italian exchange into Euronext. Borsa Italiana said the meetings had been "extremely positive" and the sides will meet again.

Struggle Over Continental Stock Exchanges Takes Political Turn (NYT)

By James Kanter

The New York Times, June 7, 2006

PARIS, June 6 — The struggle for control over continental stock exchanges took a political turn today, as President Jacques Chirac of France said he preferred an all-European alliance of exchanges over a proposed acquisition of Euronext by the New York Stock Exchange. But he backed away from the overt protectionism that has characterized French economic policy in recent months.

The New York Stock Exchange reached an agreement last week to buy Euronext, a four-country exchange with roots in Paris, for about $10.2 billion. The deal would turn Paris into the headquarters for N.Y.S.E./Euronext share trading in Europe, and close out a rival suitor, Deutsche Börse of Germany.

Speaking in Germany alongside the German chancellor, Angela Merkel, Mr. Chirac said that he preferred a European merger and would "regret if this solution is not adopted in the end."

But he made clear that his priority was to preserve jobs in Paris, even if it meant tying the knot with the Americans rather than Deutsche Börse, based in Frankfurt.

The president also acknowledged that he had only "very limited ways to intervene" in the deal.

Ms. Merkel was even more circumspect, saying that governments like those in France and Germany could not exert influence over merging companies, even if she were "of the opinion that it is good to build up strong economic units within Europe."

Deutsche Börse had no immediate comment on Mr. Chirac's remarks, but officials at the German exchange were likely to be pleased. They are seeking to persuade Euronext shareholders — whose approval is required for either deal — that their offer, spurned by Euronext's management, should nevertheless prevail.

Even so, the comments by Mr. Chirac and Ms. Merkel indicated that European political leaders may be less willing to interfere in cross-border deals involving stock exchanges than they have been recently in the energy and steel industries.

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This year, the French government has helped to block Enel of Italy from buying the French utility Suez, and has expressed opposition to a hostile bid for Arcelor, a giant Luxembourg-based steelmaker with roots in France, by Mittal Steel, a giant rival based in the Netherlands whose roots are in India.

Even the German government has flexed some protectionist muscles, preferring to keep a sonar equipment manufacturer, Atlas Elektronic, in German hands rather than allowing the company to be sold to Thales of France for far more money.

On the other hand, a deal between two telephone equipment makers, Lucent of the United States and Alcatel of France, was arranged with minimal political outcry. The merged companies will have an American chief executive, but be based in Paris.

Likewise, the N.Y.S.E. offer for Euronext calls for Paris to become the combined entity's operational headquarters for equity trading in Europe. By contrast, under the most recent Deutsche Börse offer, most top executives would be obliged to move to Frankfurt.

From France's perspective, that may have made the Deutsche Börse offer much less attractive.

"There are sound economic reasons for having an all-European exchanges deal," said Stefan Jaecklin, a stock exchanges expert and managing director at Mercer Oliver Wyman, a consulting firm. But "integrating potentially competing managements in Germany and France and their operations would be far from a frictionless affair," he said.

In a sign of what Euronext executives say is the preference of other bourses for its business model, talks began in Milan today about bringing Italy into the Euronext club. The chief executive of Euronext, Jean-François Théodore, and a member of the board, Olivier Lefebvre, met with Angelo Tantazzi, president of the Borsa Italiana.

Even Mr. Chirac seemed to say today that Euronext's current business plan was on the right track. "Euronext isn't France," Mr. Chirac said. "It is four exchanges that all work together and decide together."

Who Does Arcelor Belong To? (WSJ)

By Wilbur Ross

The Wall Street Journal, June 7, 2006

It is the dream of the autocrat everywhere. No longer need you seek the support of the electorate to stay in office. Instead, the onus is on the voters to throw you out. And 50% of those voters who turn out is not enough: It would take 50% of the entire electorate. Consider what this might mean if applied to U.S. presidential elections! Yet this autocratic dream might not be so fanciful in one case. For this is the proposal the Luxembourg-based steel company Arcelor is putting to its shareholders as a way of giving consent on its deal with the Russian steel producer, Severstal.

Arcelor has been fiercely resisting Mittal Steel's proposal that the two companies should merge. So far, so conventional. We did not agree with the steps Arcelor was taking to defend itself -- notably promising a huge cash return to shareholders, on a scale which would have threatened the financial stability and growth prospects of the company going forward. But shareholders will get to vote on this proposal, so one must accept that a democratic process is at work here.

What happened on May 26, however, introduced a completely different complexion. Arcelor announced a deal with Severstal whereby Arcelor will issue 295 million shares to take control of all Severstal's mining and steel assets. In exchange, Severstal gets a 32% stake in Arcelor -- rising to 38% after the capital-return exercise. While Arcelor sought to portray this as the culmination of years of cooperation between the two parties, it was clearly motivated by a desire to defeat the Mittal Steel offer.

There are three aspects of this transaction which raise concern. First, the question of price and control. Mittal Steel has made an offer to all Arcelor shareholders which represents a 70% premium over the stock's highest closing price prior to the announcement of our deal on Jan. 27. Naturally, shareholders expect a premium when ceding control, and 70% is by any standard a very generous number. The market apparently agrees: Our very competitive offer has driven up Arcelor's share price from €22 to €32.80. In the Severstal deal, by contrast, Arcelor shareholders are not made any offer at all. Worse, they are effectively ceding control to Severstal and its majority owner, Alexei Mordashov, at a 25% discount to the price Mittal is offering shareholders (based on a one-month average share price).

The second concern is that Mr. Mordashov should be required to make an offer for the entire share capital of Arcelor when his shareholding reaches 33%. However, the self-tender process would enable him to hold 38% without making any such offer to

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minorities. The third point concerns governance. It is one thing to be offered a controversial deal when you are given a say in the outcome. But this is not the case.

At the extraordinary general meeting that Arcelor has scheduled for June 28, the deal will be voted on. But it will pass unless more than 50% of the entire share capital of the company votes against it. This is most unusual. Normally when contemplating such a move, a company would seek the approval of its shareholders, and the threshold would be 66% of the capital either present or represented at the meeting. This is a deliberately prohibitive barrier. The percentage of the capital normally represented at an Arcelor general meeting is below 35%. There has never been a case in which 50% of the shares were represented at such a meeting -- never mind them all voting in the same direction.

So what Arcelor is offering is a vote that appears to offer a choice, but in reality points to only one outcome. This process offends the norms of good corporate governance. That is why Mittal Steel is delighted that the shareholder initiative -- requiring 20% investor support to achieve an orthodox shareholder approval vote -- has got the necessary support. Indeed, the extent of the success of this initiative -- getting around 30% of Arcelor shareholders, in only four days, to petition the Arcelor board to hold a meeting -- must be unprecedented in Europe, and demonstrates their strength of feeling on this issue. Apparently more than 191 million shares were pledged in support of this initiative. That's 19 million more than the number that reelected Arcelor Chairman Joseph Kinsch in April, an event he declared "a vote of confidence and a real mandate."

We must be clear what this vote is about. It is a request by these dissenting shareholders for a proper vote of approval on the Severstal deal. It is not an expression of preference for Mittal, or against Severstal. The opportunity for that will come later. A Mittal/Arcelor combination would have unique strategic advantages, and would fairly compensate Arcelor shareholders. We are more than happy to go to shareholders with this proposition. In the meantime, all we are asking for is a level playing field.

Mr. Ross is a nonexecutive director of Mittal Steel Company and CEO of W.L. Ross and Co.

US Air, After Merger, Wrestles With Frequent Ire (WSJ)

By Melanie Trottman

The Wall Street Journal, June 7, 2006

When road warrior Steve Bessellieu tried to get through to US Airways' customer-service desk for top-status frequent fliers by phone last month, the automated system didn't recognize his personal identification number and transferred his call to the lower-tiered Gold desk after three tries. Frustrated, he sent an email to the airline but has yet to hear back, he said.

"If this is how they're treating me, how are they treating the people who don't have status?" Mr. Bessellieu said.

US Airways Group Inc. faces substantial challenges in integrating operations following last year's merger between the old US Airways and America West Holdings Corp. Among them, it has to keep inevitable technology glitches from alienating its customers. Last month, the merged airline launched a combined Web site and merged frequent-flier programs by migrating more than 10 million records from one airline's technology platform to another. The outcome has been far less than perfect.

"This is one of the things that makes airline mergers really hard," said Travis Christ, US Airways' vice president of sales and marketing. "One of the frustrations that our customers feel sometimes -- and we do, too -- is that this just takes time. You can't measure it in hours and days."

While the merged airline's Web site now appears uniform to users, there are still two separate reservations systems in the backdrop. That means those two systems, both antiquated, must communicate with each other behind the scenes to process bookings properly. Even bigger potential troubles could come from merging the two systems, which is planned for the first quarter of next year.

US Airways officials concede there have been problems with the Web site. It has had trouble booking tickets and doing online check-in, a feature the airline touts as a customer convenience. The site has been slow -- functions like moving from page to page have taken up to twice as long during high-volume periods.

The airline said complaints to its call centers rose the day after the May 21 launch of the new Web site. But airline officials say problems were more the exception than the rule, and have since been largely corrected. On the fifth day after launch, for example, officials addressed slowness issues by reconfiguring servers to run off of some very fast disk drives. That change sped things up online by about 50%, the company said.

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"Every hour, we're finding things and getting them knocked out," US Airways' Mr. Christ said. He said the company purposely opted to do a "soft launch" of the site, which means it didn't announce the unveiling to customers. If it had, the site might have crashed amid traffic overload. Chief Information Officer Joe Beery said a team of 60 to 70 people are onsite near the company's Tempe, Ariz., headquarters managing the process.

Mr. Bessellieu, the frequent flier, complained last week that he still couldn't look up his current frequent-flier account online, something the company says it knew in advance might occur until updates are completed June 9. He had further problems Memorial Day weekend viewing the seat map for a flight he was trying to book, and says airline staffers haven't been much help. "The agents that I've spoken to seem as lost as I do," he said.

Meantime, customer calls are pouring into the airline's 24-hour Internet help desk. On a recent afternoon, a call to the desk required holding for 30 minutes before getting an actual person to pick up the phone. An airline spokesman said many of the calls are from people inquiring about why their frequent-flier accounts aren't updating. Others are customers calling in to get help logging in to the new Web site for the first time, since frequent fliers have to create a new user profile for their accounts. The company said it increased staffing by 20% ahead of launch to handle higher call volume.

For its part, US Airways says it has received compliments on the new site as well. And the site does have some improvements. Users of the old USAirways.com will now have an improved booking engine with a feature that helps them determine which travel days have lower fares, for example. And users of the old America West site will be able to book United Airlines flights online through a code-share agreement.

ENVIRONMENT/INDIAN AFFAIRS:

How To Say Yes To Energy (WT)

By Greg Walden And Marsha Blackburn

The Washington Times, June 7, 2006

You can't say much good about Hurricane Katrina, but maybe it woke up Congress to America's need for energy at prices our people can afford to pay.

The flurry of hearings, markups and energy policy debates that ensued were encouraging, and they produced more than just heat and light. They produced bills that, taken together, contemplate a strategy of energy security.

One of them, legislation to streamline the permitting of refineries, is up today. Another, limiting the complex government requirement for so-called boutique fuels, is on deck.

Here's what we want:

• First, to explore for domestic energy to lessen our dependence on risky foreign sources.

• Second, to conserve energy without harming our economy or disrupting our way of life.

• Third, new technologies for fuels and for vehicle and electric plant design.

• Fourth, commonsense rules that eliminate needless delay in bringing critically needed energy projects on line.

We are pressing ahead with new technologies, from hybrids to plug-ins to hydrogen powered cars. And today's refinery-permitting reform bill may finally crack the barrier to new entrants in the refinery business, whether it's crude oil, coal-to-liquid or biofuels that need refining. In the long run, the "H-prize" may do more than anything else to accelerate the shift to cars that run on hydrogen.

The biggest challenge we face, however, is conquering fear. The country must find ways to unlock the energy that politicians and political activists keep trapped in our own country beneath layers of phobia.

The House is moving to deal with the fear by unlocking our own potential. We recently voted, yet again, to open a sliver of the Alaskan tundra, the Alaskan National Wildlife Refuge, to exploration.

Some of the upcoming Senate debate will be a replay of what we've heard for decades from the anti-energy crowd: The caribou will stop calving, there's no oil in ANWR, there's not enough oil in ANWR, our oil will be pumped into ships headed for Japan. The list of silly, flimsy or fact-free objections goes on and on, and it has the uncanny ability to survive dramatic advances in technology and safety, not to mention repeated applications of truth.

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The caribou will thrive, just as they do all over the Alaskan North Slope oilfields. The oil in ANWR is abundant, and none of it may be exported.

The larger truth is that ANWR could be the single largest conventional energy resource in America. The mean estimate of recoverable oil from 2,000 acres in ANWR is 10.4 billion barrels. That's more than double the proven reserves of Texas and could increase America's total proven reserves -- currently 21 billion barrels -- by nearly 50 percent.

At peak production, development on ANWR's northern coastal plain could deliver an additional 1.5 million barrels of oil per day. That is an amount equal to the daily supply America lost in the Gulf of Mexico due to Hurricane Katrina; it is more than the daily excess supply in today's global market; and it is nearly equal to the amount we import from Saudi Arabia.

ANWR thrives as a political issue instead of an energy source because it is the last stand for those who want us to huddle together in the cold and dark, praying for rescue after we've run out of both resources and ideas. They've been saying no and voting no for nearly 30 years, but it's time that we took charge and started saying yes.

Another big job ahead is to recognize and deal with the fear that originates abroad. Witness after witness before our committee has commented on the percentage of today's crude oil price that is directly caused by "geopolitical risk."

The uncertainty caused by civil unrest in Nigeria and the bellicose, anti-American governments of Venezuela and Iran causes markets to fret that supply disruptions will drive prices higher. The consequence is that traders react by bidding up oil prices as much as 20 percent more than might otherwise be the case.

What if all the products that a barrel of oil produces, especially gasoline, were that much less expensive?

The House majority has said no to fear and politics and yes to providing American energy for American workers at a price they can afford to pay. Now it's the Senate's turn.

Rep. Greg Walden, Oregon Republican and Rep. Marsha Blackburn, Tennessee Republican, are members of the House Energy and Commerce Committee.

Ag Secretary Says Bird Flu Easily Found (AP)

By Lauran Neergaard

AP, June 7, 2006

Scientists have a new test that can tell within four hours if a bird is possibly infected with bird flu — but it still will take about a week to know if that suspect case is really sick with the deadly Asian strain, Agriculture Secretary Mike Johanns said Tuesday.

Bird flu hasn't yet reached North America, but testing of migrating wild birds has begun in an attempt to catch it early if it does. There have been no worrisome discoveries yet, Johanns told The Associated Press.

Four hours also is how long it takes to get preliminary results in people infected with the H5N1 virus, Health and Human Services Secretary Mike Leavitt said in the joint interview. But if bird flu ever begins spreading easily among people, that's too long, he warned.

"If it occurs anywhere in the world, it's just a matter of weeks until it appears in the United States," Leavitt said, stressing U.S. preparations that include research into faster human tests for the disease as well as vaccines and treatments. Previously, officials have said that tests allowed them to tell within a day of testing whether a bird was possibly infected with bird flu.

Bird flu has killed at least 127 people worldwide since it began spreading in Asia in late 2003, and tens of millions of poultry and other birds have died of it or been destroyed to stem outbreaks. It is difficult for people to catch — most infections so far have been linked to close contact with infected birds or their droppings.

But experts fear the virus could mutate into a form easily spread between people, potentially sparking a worldwide outbreak.

It's considered likely that an infected bird eventually will wing its way to North America, perhaps mingling with native birds on breeding grounds in Alaska who then could bring H5N1 south to infect other birds.

An infected bird isn't a threat to the average American: "That will not be a crisis," Leavitt stressed.

Instead, Ag officials will work closely with farmers to protect poultry from getting sick, destroying entire flocks if the disease appears, quarantining farms and ensuring a disease-free perimeter of about six miles, Johanns said.

Indeed, the world got a scare last month when an Indonesian family apparently spread the virus to one another, killing at least six relatives and probably a seventh and sickening one more. There have been a handful of such in-family cases before, but

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this was the largest familial cluster ever counted. Genetic testing showed the virus hasn't mutated, and it didn't spread beyond blood relatives.

But Johanns and Leavitt said the situation illustrates the cultural difficulties in battling bird flu: how to educate impoverished families that the backyard chickens responsible for their livelihoods could sicken, even kill them.

In Cambodia, Leavitt said, a health minister told him it was "difficult to get farmers to think a few dead chickens are a serious problem" when 14,000 people there die of rabies in a given year.

Given such stark realities, what's the chance that health workers could contain a bird flu pandemic in its country of origin?

"We'll do all we can to help other nations," he said. But, "the chance of actually being there when the spark happens so you control it is very low."

Seneca Claim To Island Rebuffed (BUFFNEWS)

By TOM BUCKHAM And ANTHONY CARDINALE, News Staff Reporters

Buffalo News, June 7, 2006

High Court refusal ends 13-year fight

That sound coming from Grand Island was a sigh of relief.

The U.S. Supreme Court on Monday refused to reinstate the Seneca Nation of Indians' claim over the properties of 18,000 residents, ending a 13-year fight that had many residents fearing that they would be forced from their homes.

"Is it finally over?" said Liz AuClair-Smith, who has lived on Love Road for 36 years. "I'm delighted. It's been quite a burden to have that hanging over our heads - whether to sell or to stay. You wouldn't get your price."

"This lawsuit was mischief-making that somebody took seriously and that got entirely out of hand," said Douglas M. Smith, who has lived on Hennepin Road since 1967. "I agree that we have probably given the Indians a bad deal from the beginning. But to try to find a loophole from 250 years ago?"

The Senecas sued in 1993 to "recover" Grand Island and about 40 other islands in the Niagara River, claiming they had been illegally taken in an 1815 treaty with New York State.

U.S. District Judge Richard J. Arcara ruled in 2002 that the Senecas had never lived on the islands and, if they had any right to them, had negotiated them away before 1815. His ruling was upheld by the 2nd U.S. Circuit Court of Appeals in September.

Town Supervisor Peter McMahon applauded Monday's refusal by the Supreme Court to hear the Senecas' last appeal.

"There's no higher court," he said, "so it's over."

McMahon said he found it interesting that the U.S. Justice Department, whose intervention on the Senecas' behalf enabled them to sue in the first place, filed a last-minute brief contending that the appeal had no merit.

But Joseph F. Crangle, who represented the Seneca Nation when the case was filed, said: "I'm disappointed. There is no question that the treaty [of 1815] included islands in the Niagara River, and I think Grand Island is in the Niagara River. This is a good example of how people can rewrite history."

John Blanton, a senior from Grand Island High School, was told the news at Town Hall.

"I was very young when the suit started," he said. "I have very mixed feelings. Being a resident of Grand Island, I have to say they really don't own it. My grandparents were somewhat afraid they were going to lose their house. But I can see the Indians were here [in Western New York] first."

Jim Tomkins, president of the Quality Quest Coalition in Grand Island, an environmental group, said he had ambivalent feelings about the case.

"Historically, the Indians have gotten the short end of the stick for a very long time," said Tomkins, who has lived on West River Road for 44 years. "But from a selfish point of view, if I were trying to sell my property I'd have had a lot different attitude."

When the Senecas filed their land claim in 1993, they said they intended to reclaim all 18,660 acres of Grand Island and evict more than 6,000 homeowners. Later, in some of their public remarks about the case, Seneca leaders softened their stance, saying they had no intention of forcing residents out of their homes.

During settlement talks in 2000, Seneca officials indicated they hoped to receive more than $176 million from the state and federal governments to drop the Grand Island lawsuit.

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FBI/DEA/ATF/USMS:

$2.75 Million Is Poured Into War On Gangs (CLPD)

By Mike Tobin, Plain Dealer Reporter

The Cleveland Plain Dealer, June 7, 2006

Greater Cleveland will get $2.75 million from the Justice Department to help fight street gangs, Attorney General Alberto Gonzales said Tuesday during a visit to the area.

"Obviously, the fact that Cleveland was selected shows there is a gang problem," Gonzales said during a news conference at the U.S. District Courthouse downtown.

Most of the money - $2.5 million - will be spent in Cleveland over three years and focus on prevention, law enforcement and prison re-entry. A committee focused on the gang problem will determine by autumn exactly how the money will be spent.

An additional $250,000 will pay for six suburban police officers to work in schools. The officers will help oversee projects to keep students out of gangs. Chagrin Falls, East Cleveland, Parma and Warrensville Heights were selected for the Gang Resistance Education and Training grants.

"It gives the children a law enforcement officer they can call 24/7," said U.S. Marshal Peter Elliot, whose office started the program in Greater Cleveland. "It helps break down stereotypes and distrust of law enforcement."

In Cleveland, more than 90 gangs are involved in drug dealing and street violence. The gangs are no longer nationally organized, like the Crips and Bloods.

Instead, they are looser groups of kids hanging on the streets, according to the Cleveland Unified Gang Task Force.

Cleveland was selected for the money along with Los Angeles, Milwaukee, Tampa, Dallas and the corridor in Pennsylvania between Lancaster and Easton.

Gonzalez said those cities were chosen because the government felt the money would have the most impact there.

"These are gangs who are involved in very serious crime," Gonzales said. "They are robbing our youth of productive futures."

Assistant U.S. Attorney Craig Morford said law enforcement, community and church groups will meet over the summer to determine how to best spend the money.

That includes determining which neighborhoods to target for enforcement.

"We'll be assessing where there is the greatest problem and where we can make the greatest impact," Morford said.

But keeping kids from joining gangs, and helping former members avoid the gangs after getting out of prison, will also be a focus.

"If done right, this could have an incredible impact on the community," Morford said.

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Santa Rosa Hells Angels Leader Surrenders To FBI (KPIX-TV)

KPIX-TV, June 7, 2006

(CBS 5) SANTA ROSA The leader of the Santa Rosa Hells Angels motorcycle club chapter turned himself into the FBI Tuesday and was placed under arrest for suspicion of drug possession and distribution, officials said.

Federal agents had been searching for 42-year-old Raymond Foakes since last week when law enforcement officers raided six locations around Santa Rosa, including the Hells Angels headquarters there, as part of an ongoing drug probe.

Foakes was previously arrested in 2003 in connection with a violent confrontation between members of the Hells Angels and Mongols motorcycle club at Harrah's Casino in Laughlin, Nevada in 2002.

He was one of 42 Hells Angels members indicted in the United States District Court in Las Vegas on federal racketeering and firearms charges.

Up until Tuesday's arrest, Foakes had been free on bond pending a September trial on the Nevada charges.

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News In Brief From California's North Coast (MERCN)

The San Jose Mercury News, June 7, 2006

SANTA ROSA, Calif. - The president of the Sonoma County chapter of the Hells Angels who was wanted on federal drug charges turned himself into authorities in San Francisco on Tuesday, an FBI spokeswoman said.

Raymond Michael Foakes, 42, had been sought since Friday when federal agents and local officers raided his home and the motorcycle group's clubhouse. He was wanted under a sealed federal warrant alleging illegal possession and distribution of drugs.

Foakes was arrested in 2003 in connection with a violent confrontation between members of the Hells Angels and Mongols motorcycle club at Harrah's Casino in Laughlin, Nev., in April 2002.

Another Hells Angels associate, Michael Vargas, remained at large Tuesday, FBI spokeswoman LaRae Quy said.

Camden Man Sentenced In Drug/murder Operation Case (CAMCP)

Camden Courier Post, June 7, 2006

Bernard Murray of Camden, convicted almost exactly a year ago for his participation in a large-scale drug operation that relied on murder as an enforcement tool, was sentenced today to life plus 85 years in a federal prison.

Representatives of three murder victims spoke at the sentencing hearing, asking for a harsh term for Murray, 29.

In response, U.S. District Judge Robert B. Kugler told them, "I can't solve the problems of Camden, nor can this court. But I will make sure you're safe from people like Murray."

The sentence is the longest that court officials could recall.

According to testimony at the eight-week trial last May and June, Murray and his co-defendants were involved in the killing of Rutgers-Camden student Hiram Rosa in February 2000.

Murray also was a participant in the March 2001 slaying of Kenneth Allen, an associate of their drug operation, and the October 2001 killing of Troy James.

One of the cooperating defendants in the criminal investigation, Enrique Perez, is to be sentenced by Kugler later today.

2 Drug Ring Leaders Sentenced (WPVI-TV)

WPVI-TV, June 7, 2006

Two leaders of a notorious Camden drug distribution ring were sentenced Friday.

29-year-old Bernard Murray was sentenced to life plus 85 years in federal prison on weapons and drug charges and ordered to pay a 250-thousand dollar fine.

Meanwhile, his partner, 39-year-old Enrique Perez, another leader of the gang, got 25 years in prison. He will have to pay a 20-thousand dollar fine.

Perez received a lesser sentence due to his cooperation with authorities.

Feds Hope To 'weed Out' Local Crime (NEWS14)

News 14, Charlotte, NC, June 7, 2006

The federal money will also be used to "seed" economic development in the Central Avenue corridor.

CHARLOTTE, N.C. -- The U.S. Justice Department is committing about $1 million to revitalize a crime-ridden area of east Charlotte.

It is partnering with local businesses and the Charlotte-Mecklenburg Police Department to implement the “Weed and Seed” program in the Central Avenue corridor.

The money will pay for community and faith-based initiatives that are designed to “weed out” crime, gangs and drugs while “seeding” economic development.

The Central Avenue corridor is one of more than 300 "Weed and Seed" sites in the country.

"We're going to measure success if we see a decline of truancy in the schools,” U.S. Attorney Gretchen Shappert said Tuesday. “We’re going to measure success if we see a decrease in gang activity. We’re going to measure success if we see increased economic development."

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The Central Avenue corridor is one of more than 300 “Weed and Seed” sites in the country.

“I hear a lot of people talking about they don’t feel like it’s as safe as it used to be,” one local resident said.

Authorities hope the new program will help change that perception.

Guns, Drugs Are Seized In Reaids (TTNJ)

By Michael Ratcliffe

Trenton Times, June 6, 2006

Guns, ammunition and drugs were seized and three men were arrested on related charges when authorities raided three residences in Trenton and Hamilton on Sunday night, city police announced yesterday.

Those arrested were identified by police as Deon Williams, 29, James McCrary, 28, and Randal Williams, 44-year-old uncle to Deon Williams.

The raids on Indiana Avenue and Washington Street in Trenton and East State Street in Hamilton were the result of a three-month investigation by Trenton detectives, the Mercer County Prosecutor's Office and the federal Drug Enforcement Administration, police said.

Police said the probe began after neighborhood residents tipped authorities to a suspected drug distribution ring operating from the three residences.

Raids were conducted simultaneously about 9:40 p.m. Sunday by federal agents, state troopers and law enforcement officials from throughout Mercer County, police said.

Randal Williams was arrested after officers found a loaded Smith & Wesson .40 caliber pistol, a loaded .25 caliber Beretta pistol, .25 caliber hollow-point ammunition and a large amount of other types of ammunition in a house in the 1600 block of East State Street, police said. In addition to the weapons and ammunition, $150 cash and a sport utility vehicle were seized by authorities, police said.

Police said Deon Williams and McCrary were arrested during the raid of a house in the 1300 block of Indiana Avenue. Officers seized from that home 30 grams of crack cocaine, $628 cash, a digital scale and an SUV, police said.

The raid of a second-floor apartment on Washington Street yielded no arrests but did result in the seizure of a sawed-off shotgun, police said.

Deon Williams is on federal parole and faces a minimum of three years in federal prison for his parole violation alone, said Detective Capt. Carlo Orsini, commander of Trenton police's Special Operations Bureau.

1,000-plus Doses Netted In City Sweep (PPG)

By Jonathan D. Silver, Pittsburgh Post-gazette

Pittsburgh Post-Gazette, June 6, 2006

Pittsburgh police have confiscated more than 1,000 packets of the type of fentanyl-laced heroin suspected of causing up to six overdose deaths in Allegheny County since Sunday, but it was unclear how much of a dent the seizure would put in the supply on the street.

During a news conference yesterday, police revealed few details about their activities -- including a large bust Monday in Hazelwood that netted 1,050 stamp bags of the deadly brand of heroin marked "Get High or Die Trying" -- but said a dramatic slowdown since Monday evening in 911 calls for heroin overdoses might be related.

However, some investigators believe the confiscation of 1,131 stamp bags overall of the potent heroin and two other types that have appeared in recent days might represent only a drop in the bucket of the lethal supply.

Despite the seizures, the street price remains at $10 to $15 a stamp bag, which could indicate that the amount of "Get High or Die Trying" available in Pittsburgh has not dried up.

With intense police scrutiny in Hazelwood and the Hill District, where the heroin has been concentrated, dealers are going underground, making it a bit more complicated for users to score their next fix.

Authorities cannot be certain that any deaths this week are related to overdoses of heroin until toxicology tests are completed to show the presence of drugs in the blood. That process could take weeks.

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However, based on circumstances, it is believed that at least five fatalities among more than 40 people who have overdosed in Allegheny County since Sunday are related to a batch of heroin that police first became aware of Friday.

On Sunday, Joseph Zielinski, 45, of Penn Hills, was found dead in his Greenfield apartment. The next morning, Lynn A. Margavo, 30, was found dead in her home in the 5200 block of Gertrude Street in Hazelwood. An hour later, Dorothy Iannone, 56, of the 5100 block of Roma Way, also in Hazelwood, was found dead.

Yesterday at 12:25 a.m., Diane Pless, 20, of the 4700 block of Centre Avenue in Oakland was found dead by her boyfriend in her apartment. And at 1:20 a.m., Lawrence Jordan, 48, of Ravine Street in Munhall was pronounced dead in his bathroom after being discovered by his girlfriend.

In Mr. Jordan's case, investigators recovered a stamp bag. The name of the brand was unreadable, but it was in red ink, a hallmark of how "Get High or Die Trying" is packaged.

A sixth death in Aspinwall from yesterday was being looked at in connection with the heroin overdoses, but the Allegheny County Police are not convinced the case is linked.

The county's crime lab has concluded that fentanyl -- a painkiller 80 times stronger than morphine -- was present in one sample of "Get High or Die Trying." A sample of another brand called "Dynasty" also linked to recent overdoses tested positive only for heroin, said Dr. Frederick Fochtman, the county's chief toxicologist.

A third brand of heroin has come up in the investigation of the overdoses, but narcotics Cmdr. Maurita Bryant would not name it.

Police yesterday revised the number of suspected heroin overdoses being investigated. As of yesterday afternoon, there were 33 in the city and nine in the rest of Allegheny County. Two more possible cases emerged late yesterday. One involved an inmate at the intake area of the county jail yesterday afternoon. Last night, around 11 p.m., police and paramedics responded to an apartment in the 5700 block of Phillips Avenue in Squirrel Hill for a reported overdose. A white male in his 20s was taken to Mercy Hospital where he was expected to recover, paramedics said.

Overdose cases spreading

Non-fatal overdoses possibly connected to the laced heroin continued to spread to additional communities outside the city, including Clairton, Mt. Oliver and West Homestead. All the victims have been white and between 16 and 56 years old.

In the West Homestead case, a 20-year-old man from Castle Shannon was found Monday at 2:15 a.m. after shooting up in his car in a KFC parking lot on Eighth Avenue, West Homestead police Chief Christopher Deasy said.

The man was hospitalized, and two stamp bags were found. A woman in the car said the heroin was bought in Homestead, Chief Deasy said.

Homestead police Chief Jeff DeSimone said his officers have not encountered any overdose victims from the batch of heroin making the rounds -- yet.

"We're keeping our fingers crossed," Chief DeSimone said. But, he added, "It's kind of inevitable."

Dr. David Murray, senior policy analyst with the Office of National Drug Control Policy in Washington, said the fentanyl-laced heroin has turned up in eight states and caused between 150 to 350 deaths nationwide.

He said the pattern of deaths, which started in Chicago and Philadelphia, is following known routes of heroin distribution.

The drugs flow into major cities like Chicago, which become hubs, and then trail out to smaller cites like spokes on bicycle wheels.

Dr. Murray said it would be hard to say what effect the closing of a drug lab in Mexico, which might be the source of the fentanyl, would have on the current overdose outbreak.

"We are trying to put out as much of a public health alert out there that says 'look there is something very risky out there,' " said Dr. Murray.

Fentanyl side effects

One of the side effects of fentanyl is that the body's muscles often instantaneously stiffen when it is injected into the bloodstream.

"It is so rapid acting that the addict is often found dead with the needle still stuck in their arm," he said.

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Tom McElree, director of the regional Emergency Medical Services Institute, an agency that provides training and other services to emergency medical services in 10 counties in southwestern Pennsylvania, said the Pennsylvania Department of Health received a notice April 25 of "opioid" overdoses that had occurred that month in New Jersey.

Those overdoses involved some heroin and a mixture of fentanyl or methylfentanyl and procaine, a version of the anesthetic lidocaine.

He said his office is working to get a handle on overdoses in the region and statewide so it can help paramedics and emergency service professionals react properly to the outbreak.

Pittsburgh narcotics and homicide detectives on Saturday launched a joint investigation of the new brand of lethal heroin. Detectives are interviewing overdose survivors. Three drug dealers have been arrested, but police would not provide their names.

The U.S. Drug Enforcement Administration is also involved, but DEA Special Agent Rick McGoldrick in Philadelphia declined to provide specifics.

Although there is an awareness among drug users that "Get High or Die Trying" might prove fatal, many are enticed by the prospect of an incredible high rather than scared away by the potentially lethal consequences.

"Individuals who are addicted to heroin are actively seeking this drug," Cmdr. Bryant said. "The word is out on the street that it's pretty much the ultimate high."

Lt. Kevin Kraus said hardcore users seem to be shrugging off efforts to steer them away from the powerful heroin.

"It doesn't seem that any warning is successful at all," Lt. Kraus said. "It's a very addictive drug, and it's in great demand right now."

Heroin addicts often lose the ability to get high on their normal doses and long for the euphoria that first drew them in. The increased potency of the fentanyl-laced heroin is nearly irresistible for serious users, who need more and more of the drug to satisfy their addiction and avoid pain, said Dr. Neil Capretto, medical director of Gateway Rehabilitation Center.

"They're looking for a stronger effect," he said. "Many people say, 'I started using to get high, and now I use to get by.' "

Even after they are treated for an overdose, users will often immediately return to the drug and even overdose again, trying to alleviate the withdrawal symptoms caused by reversal agents.

"It feels like the worse case of the flu you've ever had, times 10," Dr. Capretto said of withdrawal. "It's like having your head in a vise and knives in your stomach."

People who elect to use the new heroin are essentially playing Russian roulette, Dr. Capretto said, because it is impossible to determine whether the heroin has been laced with anything and how strong the drug will be.

"Addiction is not logical," said Dr. Capretto. "People will keep using. They say, 'I know I'll lose my job, my wife, my family, but I just can't stop.'"

Killer Heroin Coursed Through Philadelphia, Too (PPG)

By Bill Toland, Pittsburgh Post-gazette

Pittsburgh Post-Gazette, June 6, 2006

PHILADELPHIA -- In mid-April, dealers dropped shipments of additive-laced heroin on Philadelphia's streets. They might as well have dropped a bomb.

At least eight people were dead of overdoses by April 22, a Saturday night. The next day, city police arranged a news conference to warn users about the killer batch, a haphazard mix of heroin and fentanyl, a powerful painkiller that is like morphine, only many times stronger.

"We wrestled long and hard whether to go on TV," said police Capt. Len Ditchkofsky, head of the city's east division, epicenter for the outbreak. Announcing the existence of heroin so strong that it was killing the people who used it might well serve as free advertising for dealers.

But in the end, "we had a legal and moral obligation to let people know," Capt. Ditchkofsky said.

So police told users to stay away from the Kensington and Port Richmond neighborhoods, northeast of the city center. What came next was a lesson in junkie behavior. Users flocked to the area, buying up the $10 doses. They came from the city, and they came from the suburbs.

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And, in the process, they may have given Pittsburgh a preview of what to expect over the coming days and weeks, as the lethal drug mixture spreads among dealers and users, propelled by the buzz that accompanies sensational overdose deaths and news reports.

"It just brought them down here in droves," the captain said. "They just started dropping like flies ... you're not dealing with normal people here."

Within a month, 30 people in Philadelphia and Camden County, N.J. -- just across the river from Philadelphia -- had been claimed by the potent cocktail. Hundreds more were admitted to hospitals with overdoses, and who knows how many recovered from their overdoses without the benefit of medical treatment.

In the days that followed the news conference, police and federal investigators moved to simultaneously trace and stop the flow. First, they focused on a single strain of the heroin, which came in bags marked "Fefe." Confiscate that strain, and they'd stop some of the flow, they hoped.

But within a week or so, it was apparent that lots of street brands were mixed with fentanyl (and in some cases, investigators now believe, doses contained no heroin at all, just fentanyl).

In the Philadelphia and South Jersey region, "fefe" was complemented by bags labeled "flatline," "exorcist" and "al capone," references to the packages' dangerous contents. In Harrisburg and elsewhere, the bags were labeled "apollo."

It wasn't one dealer, one brand name or one shipment. "It was the whole supply" line, from Chicago to Philadelphia, said Capt. Ditchkofsky.

When an entire supply line is affected, it takes a while for the drugs to run their course. Philadelphia's outbreak began in mid-April, and two months later, straggler doses are probably still on the street, despite a $250,000 seizure that took a half-pound of heroin out of the supply chain. A half-pound, when divided into individual doses, translates into 25,000 packets.

"There's so many ways that heroin can come into a major city like Philadelphia. Same as Pittsburgh," said Capt. Chris Werner, head of Philadelphia's narcotics field unit. "It would be almost impossible to identify one main source of that particular drug."

If they could do it over again, Philadelphia police would have carried out their "moral obligation" by notifying the public that deadly heroin was on the streets, but would have purposely omitted the parts of the city where it was selling. In the same week, Chicago learned the same lesson -- police canvassed the neighborhoods where the heroin was being sold and where overdoses had occurred, passing out informational pamphlets that were supposed to scare away buyers.

But instead of following police advice, addicts followed the heroin to its source.

"What heroin users are looking for is that high that they got when they first used heroin," Capt. Werner said. "But it's almost impossible to find. So they look for stronger types of heroin."

And heroin so strong that it kills -- even if it's the additive that's providing the deadly strength -- is irresistible to some addicts.

Users sought out by The Philadelphia Inquirer confirmed the odd allure. One user told the paper: "If people die, other people think the heroin is good." An addict recovering at a treatment center in Camden told the paper that the deaths are the best kind of advertising. "It's like saying, 'We got the good stuff that's really kicking.'"

"It's a very panicky situation," said Oscar Hernandez, an administrator at My Brother's Keeper, a homeless shelter and drug treatment clinic in Camden. Longtime users can go through eight, 10, even a dozen doses a day, and any one of them could be the high that kills.

But even as longtime addicts seek more intense highs, others are frightened by it. "In the midst of that, there's people that want to get out, want to seek recovery," Mr. Hernandez said. "They said, '100 people are dead, I want to get out ... That's a good time to take the opportunity to reach out."

In Camden, a spokesman for the county prosecutor's office said that some users were scared away when they learned the source of the heroin's potency. Pure heroin is one thing, but an unknown mixture can be scary, even for longtime users.

"I think when word started getting around that there was fentanyl laced into this stuff, people started to realize that it wasn't just really good heroin," said Bill Shralow.

Another way to combat the scourge, at least on the distribution end, is by tacking new penalties onto typical drug charges for anyone caught dealing the more potent mix.

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Philadelphia police threatened dealers with charges of attempted murder, reckless endangerment and risking a catastrophe, in addition to possession and distribution charges. So far, they have yet to make good on that threat, a police spokeswoman said. In Camden, the prosecutor has the ability to charge dealers with a first-degree homicide felony if one of the buyers ends up dead.

But of the eight heroin deaths reported in South Jersey from April 14 until the end of May, none could be traced to a specific dealer.

Camden was caught off guard by the two-week spike in fentanyl-heroin overdoses, unaware of January and February deaths in Chicago. But Pittsburgh, months behind the other outbreaks, can observe the mistakes and successes other cities experienced in dealing with the drug.

And yet it might not matter. Undercover buys, dealer arrests and media publicity about the dangers of the shipment go only so far. If users are warned against a certain label and those warnings begin to hurt sales, dealers with excess stock can easily repackage the heroin and stamp it with a different street name.

So Pittsburgh might have to wait for the bad heroin to flush its way out of the drug pipeline, just as Philadelphia and Camden did. The good, if obvious, news: Eventually, the highly potent supply will be used up. What isn't used in its most potent form will be cut and diluted by lower-level dealers, rendering the heroin -- though still dangerous -- less deadly.

Philadelphia's overdose numbers leveled off by the end of May, and Camden, following the two-week spike, is now seeing normal levels of heroin overdoses -- one every week or so.

Police Claim Bust Slows Heroin Flow (PTR)

By Jill King Greenwood

Pittsburgh Tribune Review, June 7, 2006

Pittsburgh police seized 21 bricks of fentanyl-laced heroin, putting a "serious dent" in the flow of the concoction that city detectives Tuesday blamed for six deaths in Allegheny County.

The seizure Monday night represented about 1,050 of the 1,131 stamp bags marked with "Get high or die trying" seized since the drug surfaced in the city on Friday.

City detectives said four people have died in the city, one in Aspinwall and one in Munhall. Thirty-seven others have overdosed but survived -- including one yesterday in the county jail.

"There's no doubt that seizure (of drugs) probably helped save some lives and prevent overdoses," city police Cmdr. Maurita Bryant said. "That's our goal here."

Police have been working around the clock to find out how large quantities of the drug wound up in Hazelwood, which they believe is the center of the crisis.

"We have detectives working 18- to 20-hour shifts, going home for three or four hours of sleep and then coming back," said city police Lt. Kevin Kraus "It's extremely draining, but we're continuing to run on full tilt."

Narcotics and vice detectives seized the 21 bricks -- each containing 50 stamp bags of the drug -- from someone in Hazelwood. Authorities wouldn't identify those who have been arrested -- both users and dealers -- as they pressure those suspects for information about the source of the drugs, which investigators say likely came from New York City.

Bryant said the increasing police presence in Hazelwood has run some of the drug dealers underground.

"They're not as visible, out on the street, like they were before," she said. "Now it seems to be that if you want some of this heroin, you have to make a phone call and meet somewhere."

Kraus said medical calls for overdose victims have decreased significantly since Monday.

Police are being tight-lipped about their investigation -- refusing to say specifically where each of the city and county overdoses occurred -- other than to note that several city neighborhoods from the North Side to Greenfield have been affected.

Three people died of suspected drug overdoses yesterday, and the Allegheny County Medical Examiner's Office is trying to determine if the same batch of heroin laced with the painkiller fentanyl is responsible.

Diane Pless, 20, was pronounced dead shortly after midnight in her Shadyside apartment. Lawrence Jordan, 48, was found dead shortly after 1 a.m. in his Munhall home. Harold Bradley, 50, died at 2:30 a.m. at his home in Aspinwall.

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The three who died earlier in the week were Dorothy Iannone, 56, of Hazelwood, an ex-waitress; Joseph Zielinski, 45, of Verona, an electrician; and Lynn Morgavo, 30, of Greenfield, who had a history of arrests for drug possession and distribution.

Residue or stamp bags, some without lettering, were found near five of the victims; Bradley had a history of heroin and alcohol abuse.

Betty Zielinski said her son battled a drug problem for years, but she was still shocked when she learned of his overdose.

"I didn't even know he was shooting up," she said.

Her son, who grew up in Greenfield and Squirrel Hill and attended Minadeo Elementary School and Taylor Allderdice High School, began smoking marijuana around age 12, she said.

"As long as he was on drugs, he was in a good mood," she said. "He told me before that he didn't even like to work unless he was on drugs."

Mary Jean Tudi, who lived across the street from the Zielinskis in Greenfield, said she knew Joseph Zielinski had drug problems but that he posed no problems.

"When you think of drug addicts, you think of them hitting people up for money," she said. "He wasn't like that. He was quiet and didn't bother anyone. It's really sad and I feel so bad for his mother."

Jordan was on disability, having suffered three heart attacks since age 26, and struggled with his addiction for years, said his girlfriend, Diane Pristas.

"He would give you the shirt off his back if you needed it. If you needed a place to stay, there was always a spare cot in the house," Pristas said.

Ruth Seybold, 60, of Hazelwood, recounted a phone call she received one day from Iannone.

"I don't know what to do," Iannone told her. "I just want to die."

Heroin Overdoses Decline, New Problem Arises (KDKA)

By Ralph Iannotti

KDKA-TV, June 7, 2006

(KDKA) PITTSBURGH Pittsburgh police say in the past 24 hours, there's been a significant decline in the number heroin overdose cases being reported.

But, now, there's another problem.

Addicts are now purposely seeking out the deadly drug laced with the pain killer Fentanyl.

They want to try it, despite its potential to be lethal.

Meanwhile, police continue to search for the supplier of the drug that has flooded several Pittsburgh neighborhoods.

One of the latest heroin overdoses was at the Allegheny County Jail.

Pittsburgh police say a prisoner in the jail's intake area showed signs of an overdose and was taken to a hospital for treatment.

According to police, investigators believe the inmate somehow got a dose of the "get high, or die trying" heroin.

Hours earlier, police were called to the Centre Tower Apartments in Oakland where 20-year old Diane Pless died from a heroin overdose.

Pless was one of three heroin overdose victims on Tuesday: 49-year old Lawrence Jordan died of an overdose in Munhall; and 50-year old Harold Bradley was found dead in Aspinwall -- heroin was again the suspected killer.

Overall, police say the reports of overdoses have declined.

However, now there's another potential danger.

“A problem that we're having, that we're noticing, is that individuals who are addicted to heroin are actively seeking this drug,” said Commander Maurita Bryant of the Pittsburgh Police. “Word on the street is that it's pretty much the ultimate high, and we have individuals coming in, actually looking for it.”

Nearly 20 city and suburban neighborhoods have reported the potent heroin overdoses.

Police believe there have been six deaths related to the drug: two in Hazelwood and one each in Greenfield, Oakland, Munhall, and what police call a suspected heroin overdose death in Aspinwall.

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A seizure of 21 bricks of heroin by the city narcotics unit may ultimately be cutting down on the overdose numbers.

There's little doubt this investigation is taking a toll on police.

"We've had detectives working 18 or 20 hour shifts," said Lt. Kevin Kraus of the Pittsburgh Police. "They would come back after three or four hours sleep. We're trying to combine resources, from other detective squads in the investigation branch."

Those 21 bricks of heroin seized by police break down into more than 1,000 individual $10 or $15 "get high or die trying" stamp bags.

A news conference has been scheduled for Wednesday by U.S. Attorney Mary Beth Buchanan.

She'll be joined by a DEA official, and Pittsburgh's mayor and police chief.

More Victims Added To Heroin OD Tally (KDKA)

KDKA-TV, June 6, 2006

(KDKA) PITTSBURGH The fourth reported death from a heroin overdose happened in the Oakland section of the city late last night.

A deadly batch of heroin first surfaced over the weekend and has claimed another life and affected dozens of victims.

Four fatalities have been reported among 36 total overdoses - 31 in the city and five outside of the city.

Just after midnight, police were called to an apartment building in the 4700-block of Centre Avenue in Oakland. It was described as another DOA from a drug overdose.

It was the fourth person to die since Saturday in connection with the heroin likely to be laced with the potent painkiller fentanyl.

Police were called to another drug overdose early Tuesday morning at a home on Eleanor Street on the South Side.

The person survived and was taken to South Side hospital for treatment. Police say they found some drugs inside the home.

City police commander Tom Stangrecki says he expects things could get worse before they get better.

"We believe this heroin has been distributed to other dealers in the area," Commander Stangrecki said. "It's going to take more than one arrest to stop this. Until the supply runs out, we may see more over doses."

Allegheny County authorities say a potent form heroin is to blame for more deaths and overdoses in and around Pittsburgh.

Police commander Tom Stangrecki says until the supply runs out, there may be more overdoses.

Police are arresting dealers as they try to find the source of the heroin.

Detroit, Philadelphia, Harrisburg, Chicago and other cities have all seen drug users die from heroin combined with fentanyl, which is considered 80 times more powerful than morphine.

Authorities have confirmed more than 100 deaths because of the fentanyl-laced drugs.

There will be a press briefing at 3:30 pm today.

Names Can Help End Drug Plague (FREEP)

Detroit Free Press, June 7, 2006

Wayne County has a plague on its hands, but county officials are inexplicably refusing to identify its victims.

About 60 people have succumbed since mid-May to a deadly cocktail of heroin and fentanyl, a pain-killing drug developed for cancer patients. The Detroit area has by far the most deaths from this mix of any place in the country. Federal, state and local medical and law enforcement officials have been assembled in Detroit for weeks trying to find the source of the drugs. Public warnings have been issued, but the deaths continue. Yet authorities have not responded to a Free Press request for the names of the victims, other than to ask for more time.

If there is not a master list of the victims, the sleuths charged with tracing the drugs are not doing a very good job, since the list would be the basis for finding commonalities that might lead someplace. If there is a list, keeping it secret serves no useful purpose. Someone might know something about one or more of the victims -- relatives, suspicious acquaintances, usual hangouts -- that could be a lead for investigators.

Beyond that, keeping the victims anonymous serves only to minimize the impact of this epidemic. It makes people care less when they know only that drug users are dying -- nameless, faceless people who made bad choices and were probably a burden.

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The truth is, each of these victims was someone's son or daughter and very likely had friends and family who tried at some point to stop their slide into the hell of addiction. Some kin may not even know of a death; others may have some useful information for police.

The county has no legal basis for withholding the names. It is well-settled law in Michigan that autopsy results are public information. It is well-established investigative procedure that an informed public can be an important source of information. Wayne County is doing a disservice to the public and to the victims of this scourge by failing to release fundamental information about a mounting crisis.

Office Denies Approving Documents' Release (BSUN)

By Michael Dresser, Sun Reporter

The Baltimore Sun, June 7, 2006

The Maryland attorney general's office is denying an assertion that Maryland Transportation Authority Police Chief Gary W. McLhinney received the approval of state lawyers before releasing sensitive security information last month.

The documents McLhinney released included the names of Secret Service agents and other security officers providing executive protection to state and federal officials and their families - details government agencies generally resist disclosing.

The statement that McLhinney had acted on the advice of state lawyers came in an e-mail from another state transportation department law enforcement officer, Maryland Transit Administration Police Chief Douglas DeLeaver, to The Sun's public editor. In it, DeLeaver defended McLhinney, who on May 16 released the documents to the media - an action that was the subject of a May 28 article in The Sun.

DeLeaver wrote: "The Maryland Attorney General's Office reviewed and approved the dissemination of the documents before the release."

But Kevin Enright, a spokesman for Attorney General J. Joseph Curran Jr., denied that McLhinney sought state lawyers' advice.

"If Chief DeLeaver is under the impression that this Office approved Chief McLhinney's document dissemination to The Sun and other news organizations on May 16, he is mistaken," Enright wrote. "As the custodian of the records, Chief McLhinney elected to produce the documents with the knowledge that we did not have the opportunity to perform more than a cursory review and despite our concerns about their contents. That was his right."

DeLeaver and state Transportation Secretary Robert L. Flanagan were at conferences out of the country and did not return calls. McLhinney did not return a call seeking his comment. But Trent Kittleman, executive secretary of the Maryland Transportation Authority, dismissed the matter as "a dead issue."

McLhinney released the documents at a news conference he called to criticize a reporter who sought to speak with one of his officers on an executive protective detail at Baltimore-Washington International Thurgood Marshall Airport.

The Sun had filed a public records request as part of an investigation of the Transportation Authority Police practice of providing armed escorts for celebrities passing through BWI, an unusual perk at a major U.S. airport.

In his e-mail, DeLeaver criticized The Sun for failing to mention in its May 28 article that "the Maryland Public Information Act requires Chief McLhinney to release the requested documents."

The Sun's request stated that it was seeking forms detailing police escorts to "private citizens (non-government employees)." Nevertheless, McLhinney released 305 pages that included details of travel through BWI by U.S. Cabinet secretaries, National Security Agency and Drug Enforcement Administration officials and other officials.

"The Public Information Act does not require the release of records that are not requested or that are excluded from a request," Enright said.

In many cases, the documents show signs that they were not fully reviewed before release. In some cases, information is redacted on one document but disclosed on another. On some, material that is usually withheld - such as cell phone numbers and license plate numbers of cars transporting a protected person - is disclosed.

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In the May 28 article, experts on executive protection and law enforcement criticized McLhinney for what they called a security violation and a breach of the trust between law enforcement agencies. The Transportation Security Administration said he had not broken federal law by releasing its forms.

Stidham Deposition May Help Schwartz (TC)

By A.J. FLICK

Tucson (AZ) Citizen, June 6, 2006

One week after being sentenced to life in prison and having his medical license yanked, Bradley Alan Schwartz was expected in court today for the start of a malpractice trial.

Among the evidence expected to be presented are words from the man Schwartz was convicted of conspiring to kill, Dr. Brian Stidham.

Stidham told attorneys in a deposition that he never saw Schwartz act as if he were impaired by drugs, said Schwartz's civil attorney, Tom Slutes.

"Dr. Stidham almost never saw Dr. Schwartz," said attorney Thomas Zlaket, who represents the family suing Schwartz.

Stidham went to work for Schwartz in October 2001, shortly before Schwartz stopped taking prescription drugs, Zlaket said.

Schwartz, 41, was convicted May 2 of conspiracy to commit first-degree murder in the Oct. 5, 2004, stabbing death of Stidham.

Prosecutors say Schwartz hired Ronald Bruce Bigger, 40, to kill Stidham, 37, over professional jealousy. Bigger has yet to be tried.

Pima County Superior Court Judge Michael Alfred on Monday refused Slutes' request to move the malpractice trial out of town.

Alfred also ruled that Zlaket may introduce testimony and evidence that Schwartz was indicted in federal court for writing illegal prescriptions for Vicodin and Ritalin.

Laurie Espinoza, Schwartz's former office manager, is expected to say that Schwartz appeared drugged at the time he operated on Garrett Hoxie, then a high school student, in November 2001. Espinoza says Schwartz didn't kick his drug habit until early 2002, after learning that the Drug Enforcement Administration was investigating him.

Espinoza was listed as a witness for both the prosecution and defense in Schwartz's criminal trial, but neither called her to the stand.

Slutes said Schwartz kicked his drug habit in September 2001 after he had treatment that relieved the pain for which he self-prescribed Vicodin. He also self-prescribed Ritalin, a stimulant.

After Schwartz was indicted, Slutes said, Espinoza embezzled from his practice. Schwartz's wife, Joan, caught the embezzlement and sued her.

Espinoza settled the case before it went to trial, he said.

Slutes said Schwartz may testify, depending on how the trial goes.

A week ago, Judge Nanette Warner sentenced Schwartz to life in prison with the possibility of parole after 25 years.

Jurors deadlocked on a first-degree murder charge. Warner dismissed the charge without prejudice, meaning prosecutors can refile it.

Schwartz's criminal attorney, Brick P. Storts III, is asking the Arizona Court of Appeals to force Warner either to drop the charge permanently or retry Schwartz immediately on the murder charge.

Another malpractice suit against Schwartz is set for trial in October.

Feds Search House Of Arizona Reliever (AP)

AP, June 7, 2006

SAN FRANCISCO (AP) -- Federal investigators searched Arizona Diamondbacks reliever Jason Grimsley's house Tuesday as part of their investigation of steroid use in baseball.

Thirteen agents searched Grimsley's house in Scottsdale, Ariz., for six hours, according to Internal Revenue Service Agent Mark Lessler, who would not say what they found.

In seeking a judge's permission for the search, investigators who cracked the BALCO steroid scandal here said Grimsley initially cooperated in the probe. He withdrew his assistance in April, but not before he allegedly made "extensive statements" about illegal drug use, "for the purpose of performance enhancement," according to the court documents.

IRS Agent Jeff Novitsky told the federal judge that investigators wanted to search the right-hander's house for "any and all records showing contact or relationship with any and all amateur or professional athletes, athletic coaches or athletic trainers" regarding illicit drug use and purchases.

According to Novitsky, Grimsley told him the names of other players he believed were using, but the names of those players were blacked out of the court records.

"I have no comment about that and no idea about that," Grimsley told the Arizona Republic on Tuesday, hours before the Diamondbacks played the Philadelphia Phillies.

Diamondbacks managing general partner Ken Kendrick said in a statement the team learned of "this situation late this afternoon," but declined further comment.

Grimsley began his big league career with Philadelphia in 1989 and has pitched for Cleveland, California, the New York Yankees, Kansas City, Baltimore and Arizona. He has a career record of 42-58 with a 4.77 ERA.

According to court documents, Grimsley failed a league drug test in 2003. Authorities said when he was cooperating, he admitted to using human growth hormone, amphetamines and steroids.

He added that amphetamine use was prevalent in pro baseball, and that it was placed in coffee in clubhouses, marked "leaded" or "unleaded," Novitsky wrote.

After the BALCO investigation, Major League Baseball toughened its testing program for performance enhancing drugs and included testing for amphetamines for the first time this season.

Word of the Grimsley investigation comes nearly two months after an Illinois-based scientist prominent in the field of sports nutritional supplements pleaded guilty to supplying the Bay Area Laboratory Co-Operative with the performance-enhancing drug known as "the clear."

A federal grand jury in San Francisco is also investigating whether San Francisco Giants slugger Barry Bonds lied under oath about using "the clear." A separate federal grand jury is probing who leaked Bonds' testimony from the BALCO investigation to the San Francisco Chronicle.

So far, the BALCO probe has netted guilty pleas from Illinois-based nutritional supplement scientist Patrick Arnold, BALCO president Victor Conte, Bonds' personal trainer Greg Anderson, BALCO vice president James Valente and track coach Remi Korchemny.

Diamondbacks' Grimsley Implicated In Steroids Probe (AR)

Arizona Republic, June 7, 2006

Arizona Diamondbacks pitcher Jason Grimsley admitted taking illegal performance-enhancing drugs and said that amphetamines were used "like aspirin" in major league clubhouses, according to an affidavit filed by the lead federal investigator in baseball's steroid investigation.

The affidavit, filed in U.S. District Court in Phoenix, said Grimsley agreed to cooperate with U.S. Internal Revenue Service agents after Grimsley received a package containing two kits of human growth hormone April 19 at his Scottsdale home.

The affidavit, obtained by The Arizona Republic, comes nearly four years after the IRS began its probe of BALCO, the Bay Area Laboratory Co-Operative, near San Francisco. The original goal was to investigate a drug ring that distributed steroids and other illegal performance-enhancing drugs to elite athletes.

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Thirteen special federal agents, including 10 from the IRS, searched Grimsley's home for nearly six hours Tuesday. They were seeking performance-enhancing drugs, financial records, address books and phone records, according to Mark Lessler, an IRS special agent.

Lessler, a special agent for criminal investigation in the IRS Oakland, Calif., office, declined to say what was obtained, or why the government waited nearly seven weeks to search Grimsley's home after knowing the pitcher had been in possession of human growth hormone.

It is the first time an Arizona Diamondbacks player has been linked publicly to the scandal, which has implicated San Francisco Giants slugger Barry Bonds, New York Yankees first baseman Jason Giambi and others.

Grimsley provided "extensive statements regarding his receipt and use of anabolic steroids, amphetamines and human growth hormone over the last several years," the affidavit said.

Grimsley also provided "details about his knowledge of other Major League Baseball players" using illegal performance-enhancing drugs, including several close acquaintances.

An hour before Tuesday night's game against Philadelphia, Grimsley told The Republic, "I have no comment about that and no idea about that."

Diamondbacks managing general partner Ken Kendrick released a statement on the matter Tuesday night, saying: "We were first informed of this situation late this afternoon. This is a federal investigation, and as long as it is active and ongoing, we are prohibited from making any further comments."

Jeff Novitzky, the IRS special agent in charge of the BALCO case, filed the affidavit, which also said agents were anticipating the shipment of human growth hormones to Grimsley's home. In a two-hour interview with federal investigators on April 19, Grimsley told investigators:

• Until last year, major league clubhouses had coffee pots labeled "leaded" and "unleaded" for the players, indicating coffee with amphetamines and without. He did not specify how many.

• Latin players were a major source for the amphetamines within baseball.

• Amphetamines also came from players on California teams that could easily go into Mexico and get them.

Names of other players he suspected of using anabolic steroids or human growth hormone were redacted from the document.

In September 2003, the IRS and Food and Drug Administration agents raided the offices of BALCO and at an off-site facility found containers labeled as steroids, testosterone and human-growth hormones, which can make athletes stronger and faster.

No professional athlete has been charged in the BALCO investigation, although Bonds and Giambi testified before a federal grand jury in 2003.

Baseball Commissioner Bud Selig this spring appointed former U.S. Senate Majority Leader George Mitchell to investigate players who were alleged to have used illegal steroids.

Mitchell's appointment came after pressure from Congress and the release this spring of Game of Shadows, a book written by two San Francisco Chronicle reporters who describe how Bonds and other players used illegal performance-enhancing drugs provided by BALCO.

Until 2003, baseball didn't conduct drug tests for steroids. The following year, it began imposing penalties.

Last July, BALCO founder Victor Conte Jr, the central figure in the investigation, pleaded guilty to distributing steroids and money laundering in a plea-bargain deal. He was sentenced to four months in prison and four months of house arrest.

Three others, including Greg Anderson, Bonds' personal trainer, have negotiated deals with federal prosecutors for their roles in providing illegal performance-enhancing drugs to roughly 30 athletes.

Montel To Urge N.J. On Medical Marijuana (AP)

AP, June 7, 2006

TRENTON, N.J. (AP) -- Television personality Montel Williams plans to tell a New Jersey senate panel on Thursday how marijuana relieves his chronic pain caused by multiple sclerosis, and urge New Jersey lawmakers to enact medical marijuana laws, as 11 other states already have.

Williams, 49, who was diagnosed with MS seven years ago, said he turned to marijuana to relieve debilitating knee and foot pain after trying Oxycontin and a variety of other drugs to no avail.

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Williams, a registered medical marijuana user in California, said he became an activist pushing for medical marijuana laws after being stopped at a Detroit airport by an Alcohol Tobacco and Firearms officer for carrying drug paraphernalia. The charge was later dropped.

"For me, marijuana eases the pain in my feet -- on a scale of 1 to 10, brings it from a 6 down to a 4 and keeps it there -- makes it manageable so I can deal with the rest of my day," said Williams. "Why should it not be available?"

Williams also plans to speak Wednesday at a Drug Policy Alliance-sponsored news conference supporting the New Jersey Compassionate Use Medical Marijuana Act. He said he was also hoping to discuss the issue with Gov. Jon S. Corzine, though the governor's office said as of Tuesday Williams hadn't requested a meeting.

Corzine said last year that he would sign a medical marijuana bill into law.

Reiterating the administration's position Tuesday, Corzine spokesman Anthony Coley said, "All individuals should receive the best possible medical care available. If a doctor prescribes medical marijuana, we should honor his or her judgment and do what is in the best interest of the patient."

The proposal would allow certain chronically ill patients to use marijuana medicinally by smoking it, eating it or taking it in tablets. The drug would be prescribed by a doctor and the program would be monitored by the state Health Department. Under the proposal, the amount of marijuana a patient would be allowed to possess would be capped at one ounce and patients would be issued cards identifying them as registered medical marijuana users.

The bill, sponsored by state Sen. Nicholas Scutari, lists cancer, glaucoma, HIV and AIDS, wasting syndrome, chronic pain, severe nausea, seizures and persistent muscle spasms as among the conditions eligible for medical marijuana usage.

Terrence P. Farley, an Ocean County assistant prosecutor and spokesman for two state law enforcement groups, told The Associated Press last month that the bill is a veiled attempt to legalize drugs.

"This is how they're trying to get marijuana legalized," said Farley, who also is director of the county anti-narcotics force.

IMMIGRATION:

Bush Confident Immigration Deal Possible (AP)

By Jennifer Loven

The AP, June 6, 2006

President Bush declared progress Tuesday in tightening the nation's southern border and pushing major immigration changes through Congress despite widespread skepticism that lawmakers can find a compromise.

The president brushed aside bitter divisions over the issue, saying the fact that there is active debate at all is cause for optimism.

"I know when you watch your television or listen to the radio, it seems like there's nothing but disagreement on immigration policy in Washington," Bush said, a blazing sun beating down on him and the barn behind him used to simulate armed encounters in Border Patrol training exercises.

"Yet there's a growing consensus among all parties and all regions of the country that fundamental reforms are needed," he said.

Bush spoke after watching trainees in the dusty heat role-play in ways to protect the U.S.-Mexico border against illegal crossings — boarding buses to check IDs, aiming pretend guns at a vehicle under suspicion, interviewing car occupants at checkpoints and scouring freight cars.

As the Border Patrol's only training ground, the 2,000-acre facility in this unforgiving corner of southeastern New Mexico has been increasingly busy. The number of agents nationwide has grown to nearly 12,000 from 9,000 at the beginning of Bush's presidency, and Bush is proposing to add another 6,000 agents by 2008.

Later Tuesday, the president took in a video surveillance operation at the Border Patrol headquarters in Laredo, Texas, also hot and dry, and a busy crossing point near Nuevo Laredo, Mexico, where warring drug cartels have been blamed for more than 140 murders this year.

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The visuals of Bush's two border-state stops focused on enforcement — a key theme as the president woos recalcitrant conservatives in his party to abandon a get-tough-only approach and support comprehensive reform. Bush says that, to be effective, any legislation should include a path to citizenship for illegal immigrants that meet certain criteria and create a new program allowing legal work permits for foreigners. He has been promoting his seriousness about stepped-up enforcement to sweeten that argument.

But the emphasis of the president's spoken message was agreement.

He claimed "widespread agreement" on broad philosophical points such as the need to better control the border and stiffen penalties on companies that hire illegal immigrants. The implication was that, as congressional negotiators prepare for difficult talks over the radically different bills passed by the House and Senate, there is more to work with than it appears.

"While the differences grab the headlines, the similarities in approaches are striking," Bush said.

He pressed the point again outside the Laredo headquarters. Appearing eager to dispel doubts, Bush engaged in an impromptu question-and-answer session with reporters that extended over an unusually lengthy time despite temperatures over 100 degrees.

With dozens of Border Patrol vehicles behind him, Bush said it is important for congressional negotiations to get started.

"That will give us a pretty good feel for whether or not attitudes are hardened to the point nothing can get done," he said. "I don't think so."

The president's statements belied passionate differences on Capitol Hill, where even routine matters are getting bogged down. The Senate has not yet sent its bill to the House, so that talks can begin, because of a procedural disagreement.

The House bill generally is limited to increased border enforcement, making all illegal immigrants subject to felony charges and advocating extensive fencing along the U.S.-Mexico border. The Senate version includes more money for border security, but it creates a guest worker program that would legally bring in new foreign workers and provides a shot at citizenship for many already here.

Bush acknowledged the sharp divide over the status of the country's estimated 11 million illegal immigrants.

"This is the toughest part of the bill for the Congress," he said.

Bush's appearance is one of a series as he pushes his top domestic priority of the year.

"A photo-op in New Mexico won't make Republicans in Washington, D.C., support comprehensive reform," Senate Minority Leader Harry Reid, D-Nev., said. "The president must convince his party to enact the comprehensive immigration reform our nation deserves."

Also while in Laredo, the former Texas governor made two unscheduled stops to mingle with locals. He shook hands outside an elementary school and pulled up to Cotulla Pit-Style Barbeque, where he greeted surprised diners in Spanish and English and bought nachos for a long table of border agents who just happened to be assembled there.

The president was spending Tuesday night in Omaha, Neb., where he planned on Wednesday to visit a community center that offers bilingual counseling, food aid, legal services and business training to immigrants.

Nation Ahead Of Congress On Immigration, Bush Says (LAT)

By Johanna Neuman

The Los Angeles Times, June 7, 2006

ARTESIA, N.M. — President Bush today sought to minimize the differences that have divided the House and Senate over immigration, and said that consensus was growing across the country for changes in immigration policy, as he focused on the need for strict law enforcement in a speech to Border Patrol recruits.

"It seems like there's nothing but disagreement on immigration policy in Washington," Bush said. "Yet there's a growing consensus among all parties and all regions of the country that fundamental reforms are needed."

"In other words, people are coming to the conclusion we got to do something about a system that isn't working," he said at the Federal Law Enforcement Training Center, in southeastern New Mexico about 100 miles from the Mexican border. "And while the differences grab the headlines, the similarities in approaches are striking."

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The center is a 2,540-acre campus ringed with barbed wire. Recruits undergo a 19 1/2-week training schedule that features intense physical workouts, vehicle pursuits, firearms use, self-defense and Spanish language classes.

"Our failure rate is 30-to-1," said Maria Valencia, spokesperson for the U.S. Border Patrol, explaining that the center graduates one border agent for every 30 applicants.

In May, Bush called for an increase of 6,000 in the Border Patrol by 2008 — a 50% increase over current levels.

The facility here, where all the agents are trained, can graduate 1,700 a year.

With Bush looking on, recruits demonstrated scenarios for capturing illegal immigrants, among them a checkpoint, halting a vehicle, and checking a train.

Recruits use three rail cars, deployed on tracks in the middle of their campus, to learn how to look for illegal immigrants smuggled in boxcars.

With temperatures nearing 100 degrees, Bush emphasized that despite the angry debate over immigration, there was agreement over the need to control the nation's borders "so that every illegal immigrant caught at the border" is sent home.

"We agree that the government needs to crack down on businesses that hire illegal workers," he said. "In other words, in order to help you do your job, we all agree that if someone's hiring somebody who's an illegal immigrant, they've broken the law and we need to crack down on that."

"We agree that it's unacceptable to have millions of illegal immigrants living in our country beyond the reach of law and the protection of law," he said, adding: "And we all agree that immigrants to America must assimilate into our society. They must embrace our values and learn to speak the English language."

With the Congress far from beginning work on reconciling the immigration measures passed by the House and Senate, Bush is seeking to minimize the differences, and encouraging the yet-to-be-named conferees representing each chamber to find common ground.

The House bill focuses exclusively on law enforcement measures; the Senate bill, more to Bush's liking, takes a broader approach, addressing law enforcement efforts as well as paths that could legally approved work in the United States for foreign residents and to eventual citizenship.

Pressing for steps that could appeal to both those favoring a crackdown on illegal border-crossing and those seeking access to the American job market for immigrants, the president noted that he had asked Congress "to increase the number of detention facilities along our borders" and also said the nation needed to acknowledge that it was a magnet for job-seekers.

"It seems to me if we want to protect this border, we ought to recognize they're coming, and give them a temporary worker card," the president said.

Bush Turns To House In Immigration Debate (NYT)

By Sheryl Gay Stolberg

The New York Times, June 7, 2006

ARTESIA, N.M., June 6 — President Bush tried on Tuesday to win back the trust of conservatives who have distanced themselves from him on immigration, promising to "get this border enforced" and warning those who enter the country illegally that "if you get caught, you get sent home."

After weeks of embracing "comprehensive immigration reform" — Washington shorthand for a Senate bill that includes a temporary guest-worker program and a promise of citizenship for some illegal immigrants — Mr. Bush shifted his tone in remarks at the Border Patrol training academy here. Having nudged the Senate into action, Mr. Bush is turning his attention to the House, where Republicans deride the Senate plan as amnesty and are balking at the idea of compromise.

After watching Border Patrol trainees conduct mock security stops under a blistering 100-degree sun, Mr. Bush told the agents "I want the country to pay attention to what you're doing."

He promised to add 6,000 agents by 2008 — bringing the total to 18,000 — to build high-tech fences and new patrol roads, and "to end 'catch and release' once and for all on the southern border of the United States," a reference to the practice of releasing those who enter illegally and are not immediately sent home.

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The image of Mr. Bush, his collar open and his starched blue shirt sleeves rolled up, surrounded by Border Patrol agents and trainees clad in olive drab uniforms in the dusty New Mexico desert, was carefully calibrated to sell the president's plan to the American people — and, by extension, their representatives in Washington.

But the president's tough talk failed to persuade at least one House Republican, Representative Steve Pearce, who represents Artesia. Mr. Pearce said he was "not on board with the comprehensive plan," even after flying here with Mr. Bush on Air Force One — a flight that included a private briefing from the chief of the Border Patrol, David V. Aguilar, with the homeland security secretary, Michael Chertoff, hovering nearby. Mr. Pearce said he was encouraged that "the idea of securing the border is beginning to be a more dominant theme," but he warned that Congress was in danger of repeating a failed 1986 amnesty law.

"I trust him," Mr. Pearce said of the president, "but I'm not going to vote for the bill as it currently stands. Out here, we have a saying, 'Trust your neighbor, but brand your cattle,' and the president will understand that."

Mr. Bush's midday appearance here was the first stop on a two-day three-state swing, and came on the day of New Mexico's primary election. Later, he stopped on the border in Laredo, Tex., where he toured a video surveillance office at the local Border Patrol headquarters.

On Wednesday, Mr. Bush plans to visit a Catholic relief organization in Omaha, where he intends to emphasize that immigrants must learn English and assimilate into American society. Here again, his intent is to assuage conservatives, many of whom were put off by the sight of demonstrators for immigrants rights waving the Mexican flag.

But with more than half the American public disapproving of Mr. Bush's job performance and a midterm election in which Republicans are far more concerned with their own political futures than that of the president, Mr. Bush's powers of persuasion are not what they once were. Even the White House press secretary, Tony Snow, acknowledged that the hurdles to reaching a compromise were high.

"It's going to be a considerable amount of work, yes," Mr. Snow said.

And while Mr. Bush is trying to pitch his plan out in the country, some on Capitol Hill say he needs to get to work behind the scenes in Washington to bring the House and the Senate together.

"This is more than an Oval Office speech, and it's more than going to New Mexico," Senator Arlen Specter, Republican of Pennsylvania and the chairman of the Senate Judiciary Committee, said in an interview on Monday. Mr. Specter added, "I think he's got to get involved in the negotiations, in the nuts and bolts."

Even on that score, Mr. Bush must tread lightly; his relations with Republicans in Congress have soured in recent months over issues like port security and a raid by the Federal Bureau of Investigation on a congressman's office.

"That's a touchy issue," said Senator John Cornyn, Republican of Texas and a member of the Judiciary Committee, who said Mr. Specter told him, too, that the president needed to get involved. "Under the Constitution, the president doesn't write the legislation. Depending on how he were to handle it, I think it could well result in some pushback from members of the House who weren't on the same page."

One House Republican who has been a staunch foe of Mr. Bush on immigration, Representative Tom Tancredo of Colorado, said there was not much the president could do to bring the two sides together. "I don't think there's a thing he can say," Mr. Tancredo said.

But Mr. Bush struck an optimistic note, insisting that there is a "a growing consensus" toward compromise.

"I know when you watch your televisions or listen to the radio it seems like there's nothing but disagreement on immigration policy in Washington," he said. He added, "While the differences grab the headlines, the similarities in approaches are striking."

House Passes Security Budget

By The New York Times

WASHINGTON, June 6 — Spending on port and border security would increase by about 9 percent in the coming year, as part of a $32.08 billion budget for the Department of Homeland Security that the House approved Tuesday by a 389-to-9 vote.

The plan includes money to hire 2,400 new border patrol and immigration agents and screen more ship containers entering the United States for radioactive threats.

Bush Defends Planned Path To Citizenship (HC)

By Julie Mason

Houston Chronicle, June 7, 2006

LAREDO - In a parking lot of the Border Patrol headquarters three miles from the dividing line with Mexico, President Bush on Tuesday accused his opponents in the immigration battle of stirring up fear with false claims about amnesty.

"Look, if you're one of these types of people that basically say, you know, throw them out, then you just use the word 'amnesty,' just toss it around," Bush said. "In order to frighten people, you just say 'amnesty.' "

Standing with Gov. Rick Perry after a tour of the Laredo Border Patrol Sector's video surveillance program, Bush stepped up his criticism of lawmakers back in Washington balking at his call to create a path to citizenship for illegal immigrants who have lived in the country for years.

It was a fine line Bush tried to walk. Earlier in the day, at a tour of the Border Patrol training facility in New Mexico, Bush struck conciliatory tones and said both sides in the debate have more common ground than differences.

"I know when you watch your television or listen to the radio it seems like there's nothing but disagreement on immigration policy in Washington," Bush told Border Patrol agents in Artesia, N.M. "Yet there's a growing consensus ... that fundamental reforms are needed."

Looking for middle ground

Bush was in Laredo as part of a two-day trip highlighting immigration issues, as Congress prepares to iron out the differences between somewhat contradictory measures passed in the House and Senate.

"There's no question this is a difficult issue for some in Washington, D.C., but my job is to continue calling people to account," Bush said.

He supports a Senate bill that includes a guest worker program, tougher border enforcement and a path to citizenship for illegal immigrants who have spent years in the U.S., with a requirement that they pay fines and back taxes and show a proficiency in English.

Both of Texas' Republican senators, Kay Bailey Hutchison and John Cornyn, voted against the legislation.

"The failures of the 1986 amnesty live on today, and we will need to work very hard to avoid a repeat of those mistakes," Cornyn said Tuesday as lawmakers returned to Capitol Hill. "My hope is that this summer we'll find a middle ground solution that controls illegal immigration and addresses the 12 million illegal immigrants without granting amnesty."

Last December, the House passed a bill that would make it a felony to enter the country illegally or to help those that do. The bill would also increase border security and strictly enforce immigration laws.

To build support for his guest worker and citizenship proposals, Bush has taken a tough stand on the law and order aspects of border enforcement, including calling for more walls and fencing along heavily trafficked areas of the border.

Rep. Henry Cuellar, a Democrat from Laredo, said residents in his community want protection — but not a wall.

"I think people feel that, when it comes to border security, we say 'heck yes,' " Cuellar said. "But when the discussion turns to building a wall, that's a big no."

Chatting with the locals

Laredo, with a population that is 94.9 percent Hispanic, is the most Hispanic city in the United States, according to the Census Bureau.

Cuellar said that generally, he hears support from his constituents for a requirement that new immigrants learn English. There is also concern, he says, about a threat to jobs from continued illegal immigration.

"They want a guest worker plan, but with controls," he said. "They want security, but they don't want to see Minutemen."

While in Laredo, Bush made two unscheduled stops, pulling the motorcade over on a main commercial street to visit briefly with schoolchildren, and stopping at a Mexican-style barbecue joint to meet with residents and border guards.

"¿Como estas?" Bush greeted patrons at Cotulla's, a restaurant decorated with deer heads. "You know your governor?" he asked, gesturing at Perry.

"Howdy," Perry said, greeting a family having dinner.

Such encounters, carefully planned but unannounced, are part of a larger White House strategy to remind Americans why they once liked him so much and use his personal popularity to help sell a controversial immigration program.

Ray Keck, president of Texas A&M University International in Laredo, said he supports much of Bush's plan, but thinks more economic help for Mexico also would ease illegal immigration woes.

"We are heartened by the president's plan. We must look for a policy that would allow these people to become legal, tax-paying residents, a profitable part of our national workforce," Keck said.

Bush Visits Laredo To Plug Reform Plan (SAEN)

By Mariano Castillo And Gary Martin

San Antonio Express-News, June 7, 2006

LAREDO — In an effort to push an immigration bill through Congress that would secure the borders and allow for a guest worker program, President Bush toured a Border Patrol facility here during a brief visit Tuesday.

Bush's visit was the first to this city by a U.S. president since Richard Nixon in 1970.

It was part of a three-city tour to promote a bill that would increase security along the border and give undocumented immigrants who've lived in the United States for several years a path to citizenship.

In Laredo, Bush toured a video surveillance facility at Border Patrol headquarters with Homeland Security Secretary Michael Chertoff and Gov. Rick Perry.

In the surveillance room, the president observed more than a dozen screens displaying various points along the border.

"The Guard's going to help Border Patrol agents, so they can get out and do their job," Bush said, referring to 6,000 National Guard troops slated for deployment to the border.

Bush said a long-term solution to reduce the number of illegal crossings is to find work for them in Mexico.

"One of the interesting things about the border here that I don't think a lot of Americans are aware, but I know that those of us who grew up in Texas are aware of it, is that this part of the world used to be really poor," Bush said.

The North American Free Trade Agreement has started the process of producing jobs and wealth on both sides of the border, the president said, making Laredo a "booming town."

Asked by a local reporter if his immigration reform plan included raising the number of immigrants who can legally enter the country, Bush said he would leave that up to Congress.

Bush is trying to build momentum for an immigration bill that passed the Senate with bipartisan support. It faces stiff opposition in the House, which passed its own bill calling for strict border enforcement.

Hundreds of Laredoans lined Bush's motorcade route and gave him a mixed welcome.

"I've been waiting for this for a long time," David Bustamente, 18, said as he and some friends held up black poster boards with pro-gay-rights messages criticizing Bush support for a constitutional amendment to ban same-sex marriage.

Only a few feet away, a group of middle school teachers cheered Bush and his immigration plan.

"Instead of the extreme, he's in the middle," said Nancy Chamberlain, a retired teacher.

Earlier, Bush toured a Border Patrol training facility in Artesia, N.M., reiterating the thin line he weaves between his vision for border enforcement and that of some in his party who want stricter measures, including a provision that would make a first-time undocumented entry a felony.

Bush also traveled to Omaha, Neb., where he was scheduled to visit a Catholic charity and speak at a college.

Bush Sees Support For Immigration Plan (WT)

By Stephen Dinan

The Washington Times, June 7, 2006

ARTESIA, N.M. -- President Bush yesterday said he sees a consensus building in Congress for the major elements of his immigration proposal, including a path to citizenship, and said the gap between the House and Senate is not that broad.

"While the differences grab the headlines, the similarities in approaches are striking," Mr. Bush said. He was speaking at the Federal Law Enforcement Training Center in eastern New Mexico, which is where all U.S. Border Patrol agents train and which is the key to his making good on his promise to hire 6,000 new Border Patrol agents by 2008.

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The president said everyone in the immigration debate agrees that the border needs to be secured, that the government needs to crack down on businesses that hire illegal aliens and that something must be done about the estimated 12 million illegal aliens in the country.

"There's a consensus, and we need to act on that broad consensus and deliver comprehensive reform that makes our system orderly, secure and fair," he said.

House Republicans said Mr. Bush has made headway in convincing them he is serious about border security, but he has failed to sway them on granting citizenship to some illegal aliens.

After Mr. Bush in mid-May announced plans to increase the Border Patrol and deploy the National Guard, Rep. Steve Pearce, whose district includes the training academy, said the president didn't go far enough. But yesterday, after flying with the president on Air Force One and being briefed by Border Patrol Chief David Aguilar, he said he thinks the administration has become serious about border security.

"They actually have begun to develop a comprehensive plan for securing the border, which we haven't been able to see before," Mr. Pearce, New Mexico Republican, said.

Despite Mr. Bush's view that compromise is in the air, Mr. Pearce said he is still adamantly opposed to amnesty, which he described as when illegal aliens are given any path to citizenship.

"Sorry, but that's the wrong message," he said, adding that he would vote against a bill such as the one that came out of the Senate and includes the same path to citizenship Mr. Bush backs.

The Border Patrol academy in Artesia will determine whether Mr. Bush makes good on his pledge to hire 6,000 new Border Patrol agents by 2008. Currently there are about 11,300.

For the past few years, as members of Congress have tried to increase substantially the number of agents, they were told the academy simply couldn't train that many. But the administration has announced it is ramping up operations here to handle Mr. Bush's request, though a spokeswoman couldn't say how much it has asked for in next year's budget.

The academy currently can train 1,700 agents a year, and at peak capacity two years from now plans to be able to train 3,000 agents annually.

Only one in 30 applicants will make it to becoming a Border Patrol agent.

Before speaking yesterday, Mr. Bush reviewed part of the training in the 19½-week course, including mock traffic stops. He then traveled to Laredo, Texas, to visit the Border Patrol sector headquarters there.

Also yesterday Mr. Bush seemed to float the idea of decreasing legal immigration overall by increasing the line for green cards and citizenship.

"If Congress is worried about the number of people getting in, they can decrease the number of green cards," he said.

"You can control the size of the line by the number of green cards you issue. If you want a longer line for people, issue fewer green cards. If you want to shorten the line, issue more green cards," he said.

Bush Pushes Immigration Plan In New Mexico (WP)

By Michael Abramowitz

The Washington Post, June 7, 2006

ARTESIA, N.M., June 6 -- President Bush returned to the U.S.-Mexico border region Tuesday to tout what he described as a growing consensus around proposed immigration reforms and see firsthand how new border agents are being taught to keep people from entering the country illegally.

In Washington, House Republicans are showing little sign of meeting the president's demands on a comprehensive immigration plan. But appearing at the training facility here for border agents, Bush sounded an optimistic note that agreement is possible on plans to increase border security, crack down on employers hiring illegal immigrants and help immigrants assimilate into U.S. society.

"People are coming to the conclusion we got to do something about a system that isn't working," said Bush, clad in shirt sleeves in the searing sun. "And while the differences grab the headlines, the similarities in approaches are striking."

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Bush broke little ground substantively in his speech to border agents and agents in training, repeating many of the same points he had made since announcing his general approach to immigration in a nationally televised address last month. But aides say he is trying to build grass-roots support in advance of negotiations aimed at reconciling House and Senate bills that take sharply different approaches toward undocumented workers.

The president is also trying quiet diplomacy. Joining Bush on Air Force One on the trip from Washington were two New Mexico representatives who have been critical of the president for various aspects of his plan, Democrat Tom Udall and Republican Steve Pearce. During the trip, Pearce said, the two received a briefing from David Aguilar, chief of the Border Patrol, who outlined a more aggressive approach to keeping illegal immigrants from entering New Mexico.

"They actually have begun to develop a comprehensive plan for securing the border which we have not seen before," Pearce said.

A key sticking point for Pearce and other House Republicans is the president's plan for resolving the status of millions of illegal immigrants already in this country. The bill approved by the Senate would allow illegal immigrants who have been here at least five years a way to become citizens if they pay fines and back taxes and learn English; the House plan would make illegal presence in this country a felony.

The president has been supportive of the Senate approach, and in his speech Tuesday indicated that he does not regard such an approach as "amnesty" because illegal immigrants would have to get behind legal immigrants in line for citizenship. He added: "If Congress is worried about the number of people getting in, they can decrease the number of green cards. . . . If you want a longer line for people, issue fewer green cards."

Despite Bush's growing emphasis on border security, House conservatives remain wary of any final bill that would make undocumented immigrants legal. Despite the president's statement, "most Americans" consider his plan to be amnesty, said Rep. Mike Pence (R-Ind.), a leading conservative. "There's just no support at home or in my heart."

But New Mexico's Democratic governor, Bill Richardson, who attended the speech here and met privately with Bush, said the president indicated he would deploy even more assets to overcome such doubts. "I came away with two strong impressions -- that he is sincerely eager to get a comprehensive bill, and that at the appropriate time he will weigh in heavily," Richardson said.

Before his speech here, Bush watched as agents in training staged various scenes depicting what it is like to work on the border. First was a document check of passengers on a bus, followed by agents scrambling over three train cars, yelling statements such as "All clear on the bottom" as lids and doors clanged. Bush also watched as agents staged a routine traffic stop, speaking in Spanish to a suspect who had his hands up while they trained on him what appeared to be plastic guns. He later flew to Laredo, Tex., to visit a regional Border Patrol facility. He watched screens monitoring different points on the border.

Earlier, he made an unannounced stop at Cotulla Style Pit Bar-B-Q, where he greeted diners in Spanish and English before sitting down with a dozen or so border agents around a long table. "Why don't we bring a couple of plates of nachos?" he asked.

Senate Candidates Choose Their Battles On Immigration Debate (HILL)

By Aaron Blake

The Hill, June 7, 2006

In a new radio ad, Republican challenger John Raese criticizes Sen. Robert Byrd (D-W.Va.) for opposing the deployment of troops to secure the U.S. border.

But Byrd's campaign notes that, during debate on the Senate immigration bill two weeks ago, the senator actually voted for an amendment that would have done just that. Raese's camp said the ads are based on an earlier newspaper article in which Byrd expresses reservations about the troops' being overworked.

Raese is one of several Senate candidates across the country using the finer points of the immigration debate as campaign fodder in advertisements and press releases. Their efforts are working to varying degrees of success to differentiate them from their opponents, who are firing back in much the same manner.

Only two Republicans facing tough reelection campaigns — Sens. Lincoln Chafee (R.I.) and Mike DeWine (Ohio) — were among the 23 in their party voting for final passage of the bill, and three of the four Democratic no votes were cast by vulnerable candidates.

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When asked about Byrd's vote on the National Guard amendment, Raese spokesman Gary Abernathy said Byrd's final no vote on the entire immigration package represents an example of a senator voting for a bill before voting against it, a reference to Sen. John Kerry's infamous comments during the 2004 presidential campaign about his voting preliminarily for a bill funding the war in Iraq and Afghanistan and later voting against the measure.

But Abernathy said Raese would also have voted against the overall bill.

The Associated Press article Abernathy is referring to says that Byrd "questioned whether the National Guard is stretched too thin for such duty" and quotes Byrd saying that West Virginia National Guardsmen have "taken on two, three, sometimes four tours of duty in Iraq and Afghanistan."

Byrd spokesman Mark Ferrell said the senator simply wanted to make sure that the troops' mission was clear and that it wasn't a political stunt, and he was satisfied in both regards.

"Anybody with access to the Internet can look up any member of Congress's votes, and I would assume that the Raese campaign has that ability," Ferrell said. "So it beats the heck out of me — I don't know where they're basing that."

Though in recent months several campaign ads have been taken off the air for accuracy reasons, Ferrell said the Byrd campaign would rather get the truth out instead of challenge the ads.

In Rhode Island, Republican primary challenger Steve Laffey has singled out Chafee for being the only Republican to vote for an amendment to the immigration bill that would have allowed 12 million illegal immigrants to remain in the country and streamlined the legalization process.

He said Chafee's votes on that amendment and against another amendment, which would have prevented legalized immigrants from collecting Social Security benefits for work they did as illegal immigrants, show just how far left Chafee has shifted.

Laffey spokeswoman Nachama Soloveichik said Laffey would have voted against the overall bill.

Chafee spokesman Ian Lang countered by noting that Chafee's stance on immigration is similar to President Bush's and that the final bill makes the legalization process sufficiently difficult.

He said Laffey's past actions on immigration contrast with his recent statements, referring specifically to the Cranston, R.I., mayor's support for allowing the use of identification cards issued by the Guatemalan and Mexican embassies — a practice that a Center for Immigration Studies report says is useful only for illegal immigrants. Lang also cited a Providence Journal article from early 2005 in which Laffey advocated having American companies like Wal-Mart set up employment centers at the border to recruit illegal crossers, and then the U.S. government, in turn, give them short-term visas.

Lang said Chafee doesn't outright oppose the foreign-embassy ID cards but has major concerns about them.

Soloveichik pointed out that the Justice Department has permitted the use of the cards, and she said they can be useful for temporary legal immigrants and also for police identifying illegal immigrants. She said the practice of sending recruiters to the border would promote legal immigration, which is consistent with Laffey's stance.

In Arizona, Democratic challenger Jim Pederson criticized Sen. Jon Kyl's (R) no vote on the final bill, charging that the vote was the culmination of his work to kill the legislation. In ads and releases, Pederson cites Arizona Republican colleague Sen. John McCain as saying that Kyl's immigration plan "borders on fantasy."

McCain said he was disappointed that Pederson used him to attack Kyl. Kyl's campaign said his plan is oriented toward striking some middle ground between the Senate and House bills and that Kyl and McCain worked closely together to get the Senate bill through important votes.

In New Jersey, Republican challenger Tom Kean Jr. criticized Sen. Robert Menendez (D) for opposing the amendment that would cut off legalized immigrants from getting Social Security benefits and others amendments that would make English the official language and would build a fence along the Mexican border.

Menendez, who voted for final passage, has charged Kean with flip-flopping by first supporting a path to citizenship and then asking for deportation of all illegal immigrants. Kean clarified his position in the local Herald News that people who are unable to return to their home countries and apply for citizenship should pay fines.

Around the country, other candidates are making emphatic statements as well.

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In Montana, Sen. Conrad Burns (R) has aired an ad that calls out both of his Democratic opponents for not taking firm stances on the immigration debate.

In Pennsylvania, Democratic challenger Bob Casey Jr. said the bill wasn't perfect but noted that he would have voted for it and that it does not provide amnesty, as his opponent, Sen. Rick Santorum (R), contends.

And in Tennessee, all three major Republican candidates running to replace Sen. Bill Frist (R) and the likely Democratic candidate, Rep. Harold Ford, denounced the bill as too lenient because it provides a path to citizenship. Frist voted for the bill.

Public, Bush Split On Illegals (WT)

By Stephen Dinan

The Washington Times, June 7, 2006

ARTESIA, N.M. -- President Bush has been making a strong push for illegal aliens to assimilate as he stumps for passage of a plan to legalize most of them, but a new poll shows that voters actually want less immigration and more security.

And even Mr. Bush's own pollster, in another recent poll, failed to ask about a pathway to citizenship, instead focusing on temporary legal status for illegal aliens -- a concept Mr. Bush no longer endorses.

About half of those surveyed in the new poll by MWR Strategies said the immigration problem facing the U.S. is "too much immigration," while just 29 percent identified the problem as "not enough assimilation."

Michael McKenna, who conducted the poll of 1,000 registered voters, said it suggests that Mr. Bush is moving in the wrong direction by embracing a path to citizenship.

"The practical import of it is, all this yak-yak about path to citizenship -- more than half the population looks at it and says there's just too much. We need less of it," he said.

"If you think the problem is just too much immigration, you don't care about path to citizenship or any of that other stuff."

When asked the best way to address immigration, 36 percent said penalize businesses for hiring illegal aliens, while 35 percent said create a path to citizenship and 17 percent said build a wall.

The Bush administration has been trying to convince skeptical Republicans in Congress that voters prefer a comprehensive solution to immigration and back Mr. Bush, who yesterday said a consensus is building in Congress for the major elements of his immigration proposal, including a path to citizenship.

A recent memo by Matthew Dowd, Mr. Bush's pollster and a senior adviser to the Republican National Committee (RNC), argues that "the comprehensive approach that emphasizes both security and compassion is unifying, not polarizing -- it is supported by Republicans, independents, and Democrats."

But Mr. Dowd didn't ask about a path to citizenship, which opponents call "amnesty," in his most recent survey, taken after Mr. Bush made his Oval Office address to the nation arguing for that proposal. Instead, Mr. Dowd asked about temporary workers, who would return home.

Mr. Dowd is advising Gov. Arnold Schwarzenegger's re-election campaign in California and was unavailable, according to the RNC. But a party official, who asked not to be named, said they simply didn't ask about that part of Mr. Bush's plan.

"The survey clearly asks about a comprehensive approach to immigration. We did not ask support questions regarding path to citizenship in this particular poll," the official said.

Mr. McKenna criticized Mr. Dowd's memo, saying it's "not inaccurate as far as it goes, but it's sure misleading."

"The questions themselves are clearly skewed, don't come to the heart of the issue in any important kind of way and are clearly biased in favor of one side," he said. "The weight of the numbers and the weight of the evidence suggests that people's main concern is border security and they view most of these proposals as amnesty."

Those who support a middle-ground route of giving illegal aliens temporary status but not a path to citizenship said Mr. Dowd's polling actually supports their plan.

"What is clear from this poll is that a work-and-return program, a bill that has not passed the Senate, can receive significant support," said Don Stewart, spokesman for Sen. John Cornyn, the Texas Republican who supports a temporary program but opposes a path to citizenship. "That's the third way in this whole debate."

Dan Bartlett, senior counselor to the president, says the public is behind Mr. Bush.

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In a memo Monday, Mr. Bartlett said proposals to allow long-time illegal aliens a path to citizenship scored 79 percent in a CNN poll taken right after Mr. Bush's speech last month and 77 percent in a CBS News poll.

"The president is leading the country and the Republican Party in a direction he thinks is right, and opinion polls show Americans strongly support a comprehensive approach," he said.

Those who support a path to citizenship have made some headway in public opinion on how voters see the people who are the subject of the debate.

When Mr. McKenna polled in 2004, after Mr. Bush made his first major immigration speech detailing a guest-worker program, 73 percent saw the noncitizens as "illegal aliens," while 25 percent saw them as "undocumented workers." In his new poll, 62 percent said they are "illegal aliens" and 30 percent said they are "undocumented workers."

Sergio Bendixen, considered one of the top pollsters of Hispanic voters and immigration issues, said the difference between asking about "illegal immigrant" and "undocumented worker" can mean a swing of 20 percentage points in the answers.

Mr. Bendixen said Mr. Bush still has a chance to influence the debate but said he's having only a slight impact on the debate.

"I think the president is very weak right now politically. I don't think he's got a lot of credibility," he said.

House GOP Threatens To 'blue-slip' Bill (HILL)

By Jonathan Allen

The Hill, June 7, 2006

Lawmakers are shrouding themselves in a thin slip of blue paper as deep divisions on immigration policy are again being laid bare.

House Republicans have threatened to deliver a "blue slip" rejection of the Senate immigration bill, and Senate Democrats are blocking efforts to circumvent that maneuver.

The result is a procedural paralysis that has prevented the two chambers from even naming conference negotiators, a clear sign of the difficulties facing proponents of an immigration overhaul.

The Senate-written immigration bill contains tax provisions, violating the Constitution's requirement that all revenue measures originate in the House. Any House member could object to the Senate bill on that basis, forcing debate and a vote on whether to reject the measure outright.

Ways and Means Chairman Bill Thomas (R-Calif.) is considered the most likely to raise such an objection, but any number of House conservatives would be happy to kill the Senate bill. To avoid that fate, Senate Republican leaders want to bring up a separate House-passed tax bill, gut it and replace its provisions with the Senate immigration bill. But Senate Minority Leader Harry Reid (D-Nev.) has objected to that maneuver.

Reid said he is concerned that using a House-passed tax vehicle could invite the introduction of unrelated tax cuts into House-Senate conference negotiations. If President Bush wants progress on the bill, he should tell House Republicans, "Don't raise the blue-slip issue," Reid said.

But Republicans say the problem is Reid, not the blue slip.

"Unfortunately, the minority leader over there, Harry Reid, continues to stand in the way," House Majority Leader John Boehner (R-Ohio) said yesterday. "I think he ought to quit playing politics."

As lawmakers engaged a new round of finger-pointing yesterday, one thing remained clear: The immigration bill is stuck.

Conservative Republicans are dead-set against the Senate bill, which would beef up border security, establish a temporary-worker program and allow many of the 11 million to 12 million illegal immigrants in the country now to become citizens eventually.

The House version focuses solely on border security, and many House Republicans say the Senate bill would grant amnesty to millions of immigrants who broke the law to get here.

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But proponents of the Senate bill say the blue-slip threat is merely a distraction, one of a number of tools the bill's critics could use to thwart its progress if they chose to do so. If the will exists to strike a deal, they say, procedural roadblocks will not be a problem.

"Some technical blue slip is not going to stop any resolution that we come to," Sen. John McCain (R-Ariz.), a chief proponent of the Senate bill, said yesterday. "Let's not get caught up in the minutiae and the weeds."

McCain was among the leaders of a bipartisan core of senators who struck a deal on the immigration bill and then shepherded it through the Senate last month. Sixty-two senators, most of them Democrats, voted for the final bill.

The legislation drew harsh criticism from Senate conservatives, many of whom voted against it. Even if Reid were to allow GOP leaders to move forward, there is no guarantee that Republican senators would not use procedural weapons to stop action.

Sen. Jeff Sessions (R-Ala.) tried to kill the bill on its first trip through the Senate.

Sessions sent a "Dear Colleague" letter yesterday in which he urged colleagues to study the details of the immigration bill, particularly the number of legal immigrants it would allow into the country in future years.

"It remains deeply flawed," he wrote.

Republicans hinted yesterday that they have other options for getting around the blue-slip problem.

"There's always a Plan B," said Eric Ueland, chief of staff to Senate Majority Leader Bill Frist (R-Tenn.).

In 2000, House and Senate leaders circumvented a similar problem by appointing "shadow" conferees to a bankruptcy bill and attaching their work product to the conference report on a separate bill, according to Walter J. Oleszek's Congressional Procedures and the Policy Process.

But alternatives and timelines were in short supply yesterday.

"Things can break loose at any time," Ueland said.

Reid Proposes Deal On Reform Bill (WT)

By Charles Hurt

The Washington Times, June 7, 2006

Immigration reform remained mired in the Senate yesterday, but Minority Leader Harry Reid indicated there may be some room for compromise.

Legislation has been stalled for weeks on constitutional grounds that prevent the Senate from writing bills that raise revenue. Because the Senate legislation includes a requirement that illegal aliens pay back taxes, it must originate in the House.

Majority Leader Bill Frist offered a solution by attaching the bill to tax legislation that had already passed the House. Mr. Reid has rejected that solution.

Republicans "think there's a problem because they want a problem," Mr. Reid said yesterday. "They don't want to go to conference."

But, he also added that he's at least willing to consider the idea.

"I've got another idea for them," Mr. Reid told reporters yesterday. "If they want to use another bill, a tax bill, instead of the House-passed immigration bill, then let them come to me with how they're going to not have this as a Christmas tree of tax measures. It's up to them. If they want use a tax bill, let's see what they can come up with to protect the Senate's position on immigration."

House Republican leaders accuse Mr. Reid of sitting on the bill to prevent the Republican Congress for taking credit for reforming the country's immigration laws in an election year.

"Unfortunately, the minority leader over there, Harry Reid, continues to stand in the way of getting to a conference," House Majority Leader John A. Boehner said yesterday. "And I think he ought to quit playing politics with this issue and let us get to work on solving this problem of illegal immigration."

The House, meanwhile, approved an amendment by Rep. Jack Kingston, Georgia Republican, to bar any Department of Homeland Security money from being used to alert the Mexican government about the location or activities of the volunteer Minutemen patrolling the border.

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In a letter to colleagues, Mr. Kingston urged support "in ensuring our U.S. Border Patrol does not tip off the Mexican government about the location of Minutemen Civil Defense Corps patrols. This amendment will send a message that we will not tolerate such actions."

The letter cites press reports from earlier this year suggesting that the Border Patrol had been tipping off Mexican officials about Minutemen activities.

Arizona Governor Vetoes Illegal Immigration Bill (NYT)

By Randal C. Archibold

The New York Times, June 7, 2006

Gov. Janet Napolitano of Arizona has vetoed a bill that would have punished employers who hire illegal immigrants and authorized the police to arrest illegal immigrants on trespassing charges merely for being in the state.

Ms. Napolitano, a Democrat who is running for a second term and is doing well in public opinion polls, said yesterday in a letter to legislators that parts of the bill would have violated the federal government's power to enforce immigration law under the Constitution and were opposed by many law enforcement groups and leaders in border communities.

Ms. Napolitano said that although she supported holding employers accountable for hiring illegal workers, the bill provided "amnesty" because it let them avoid penalties and fines by simply firing the workers after receiving a warning from the state authorities. She said she opposed charging illegal immigrants with trespassing because law enforcement groups and municipal leaders said it would overwhelm the police.

Ms. Napolitano said the determination of lawmakers to push a bill that she had made clear she would reject "confirms that you view this bill more as a political game than as a serious effort to protect our border."

Ms. Napolitano and the Republican-dominated Legislature have had a contentious relationship. This veto was her 115th — a record for an Arizona governor — since taking office in 2003. None have been overturned.

A spokeswoman for the governor, Jeanine L'Ecuyer, said, however, that 26 of the vetoes involved the same legislation offered multiple times by lawmakers. Some of the bills, Ms. L'Ecuyer said, included what the governor considered outrageous ideas, including one that would allow patrons to carry guns in bars and restaurants.

Arizona, where a majority of illegal immigrants crossing from Mexico enter, is one of several states where lawmakers have passed bills or are considering measures to fill in what they view as gaps in the federal enforcement of immigration law.

Ms. Napolitano has sought to appear tough on border issues while not playing into the hands of hard-line Republican legislators.

Last summer, she declared a state of emergency over border security. Last week, she authorized 300 National Guard troops from her state to participate in President Bush's plan to deploy 6,000 of them to the Mexican border by August to help the Border Patrol.

State Representative Russell Pearce, a Mesa Republican and the immigration bill's chief sponsor, said in an interview after the veto that he would try to put a similar measure on the November ballot.

Mr. Pearce said Ms. Napolitano's veto showed that she was not serious about reducing illegal immigration. "She is the best friend an illegal alien has in this country," Mr. Pearce said.

Poll: U.S. Public Warmer Toward Immigrants (AP-Y2)

By Will Lester

AP2, June 6, 2006

Immigration anxiety has been fueling a fierce political debate in the United States, but attitudes about immigrants in this country are considerably more positive than in several European countries, AP-Ipsos polling found.

People in Britain, France, Germany, Italy and Spain are much more inclined than those in the U.S. to think immigrants are likely to get involved in criminal activity.

"Often the immigrants come here and can't find work, they are forced to become criminals," said Leonardo Delogu, a doctor from Sardinia who was visiting Rome.

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More than a third of Germans, Italians and Spaniards say they think immigrants are more likely to be involved in criminal activity than people born in their countries. A fourth in France and Britain feel that way.

Those European countries are about evenly divided on whether immigrants are a good influence. In general, people who make higher incomes and have had more education are more likely to say immigrants are a good influence.

In the U.S., about one in 10 thinks immigrants are more likely to be involved in crimes. And a majority, 52 percent, say they think immigrants are a good influence on the country.

After many years, a steady flow over the Mexican border into the United States has left about 11 million illegal immigrants or more in this country.

Lawmakers are under pressure to bring immigration under control and are trying to agree on legislation that would tighten security on the borders while deciding the legal fate of millions of people in this country illegally.

President Bush was in New Mexico Tuesday trying to build support for his preferred approach of securing the borders, providing a new guest worker program and giving many illegal immigrants a chance at citizenship.

Public support of immigrants often depends on their legal status.

"In a nutshell, legal immigrants are helpful, illegals are not," said Don Bick, a home builder from Pittsburgh, Pa.

Many people in this country are alarmed about the changing ethnic nature of their communities and the added burden illegal immigrants can place on public services like schools and hospitals.

For Europeans, attitudes on immigrants have been shaped by more dramatic experiences.

• In France, young people in depressed suburbs rioted in November, burning thousands of cars and some public buildings.

• Spanish officials are trying to deal with boatloads of destitute Africans arriving at Spain's Canary Islands on rickety fishing boats nearly every day.

• An estimated 30 percent of Italy's prison population is made up of foreigners, often illegal immigrants convicted of crimes.

People in all eight countries in the polling — Australia, Britain, Canada, France, Italy, Germany, Spain and the United States — felt that immigrants work as hard or harder than people born in those countries. The polls, which questioned about 1,000 adults in each country, were conducted between May 1-22 and have a margin of sampling error of plus or minus 3 percentage points.

"Working hard is the only way they're going to survive, isn't it," said Sunny Siddiq, a liquor store owner in London who moved to Britain from Pakistan nine years ago. "They don't have luxuries in their home country, so when they come here, they only have one mission: to work hard and to support families back home."

"The population of immigrants is increasing dramatically," said Fred Bemak, a George Mason University professor who studies the impact of immigration. "When it's the person next door, it changes the tone."

Our Language Unites Us (USAT)

By Sen. James Inhofe

USA Today, June 7, 2006

To our nation's great credit and advantage, we have advanced English worldwide. It is the official language of 51 nations and 27 states in the USA. Last March, a Zogby International poll of likely voters found that 84% support making English the official language of government operations. Among Democrats, 82% supported that idea, and among Hispanics, 71%. This is nothing new: Over the years, many polls reflect similar numbers.

Speaking English well enough for everyday life is a guaranteed way for new immigrants to increase their earning potential, lift academic achievement and enhance their career options. That's the clear, compassionate message we need to send.

My amendment, passed by the Senate last month, clarifies that, unless specified by other laws, there are no entitlements to federal services and documents in foreign languages. This nation decided long ago that you must know English to become a citizen. Thus, there is no reason to offer government's citizen services in foreign languages.

In the same way the Pledge of Allegiance and the National Anthem bring this nation together, English is something we share and should promote. Yet Senate liberals voted against English as our national language and against the will of our constituents. Instead, they kowtowed to radical leftist groups, such as the National Council of La Raza.

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Multilingual entitlements distress American unity and cost billions even though courts have consistently ruled that similar entitlements, provided under one of President Clinton's executive orders, are baseless.

In 2001, the U.S. Supreme Court ruled that Martha Sandoval, who had lived in America for 10 years without learning English, could not sue Alabama because it didn't offer foreign-language driver's license tests. Similarly, federal courts have held that there's no right to foreign-language government forms, deportation notices or civil service exams.

The U.S. courts' position is unmistakable, and America's citizens and immigrants have spoken. Why aren't liberals listening? The message is loud and clear: Unite America behind our proud national language, help new immigrants advance by learning it and save taxpayer dollars by making English the national language. If liberals do not open their ears, people might just stop talking to them.

Sen. James Inhofe, R-Okla., sponsored the English language amendment.

Press 2 For Pointless (USAT)

USA Today, June 7, 2006

Sometimes it may seem that English is under attack. Dial a credit card company, and you're greeted in two languages. Order coffee at a convenience store, and the clerk might not understand you. Hit the wrong button at the ATM, and the screen flashes Spanish.

So should English be designated the USA's "national language"? Sixty-three senators have voted to make it so. They might as well have voted to make apple the national pie or American Idol the national TV show.

In practice, English already is the national language, even among the children of immigrants: 93% of second-generation Hispanic Americans are bilingual or speak primarily English, according to a 2002 national survey by the Pew Hispanic Center and the Kaiser Family Foundation. By the third generation, hardly anyone speaks only Spanish, and just 22% of Latinos are bilingual.

As in earlier generations, today's immigrants recognize that speaking English is their ticket to a better life. There are long waits for English classes — from one month to a couple of years — in cities from Boston to Phoenix. Legislating a "national language" is, at best, meaningless and, at worst, harmful.

Look at Miami-Dade County, which adopted an ordinance in 1980 that barred the county from doing business in any language other than English. Thirteen years later, the county commission unanimously repealed it. According to news accounts, public hospitals couldn't give written instructions in Spanish on how patients should take medications, and the county couldn't print some warning signs in Spanish.

Now Congress, rushing to score political points in the immigration debate roiling the nation, might be inviting similar mischief. The Senate measure, sponsored by Sen. James Inhofe, R-Okla., declares that no one is entitled to federal services or information in a language other than English, except where it's guaranteed by law.

Asked the measure's impact, an Inhofe aide offered this example: The White House website would no longer have to translate presidential speeches into Spanish. Quips about President Bush's command of English aside, leaving newcomers in the dark about presidential pronouncements is hardly a way to help them learn more about their adopted home.

More troubling is the measure's potential impact on other services. The IRS, for example, offers a Spanish version of its website. If the measure became law, immigrants would be discouraged from paying taxes.

It certainly would erect new barriers to citizenship. Currently, an applicant must understand the fundamentals of U.S. history and government. That's as it should be. Inhofe's measure would require that applicants also understand major legislation, court cases, the Federalist Papers and the Emancipation Proclamation. How many of today's Americans would pass that test?

To be sure, employers shouldn't put people who barely speak English into customer service positions. But as the immigration debate rages on, politics is trumping common sense. That's true in any language.

Contributing: This is one of an occasional series of editorials on immigration issues. View the previous editorials at editorialpage.usatoday.com.

Carter-Finley Workers Plead, Will Be Deported (RN&O)

By Jennifer Brevorka, Staff Writer

DOJ_NMG_0032461

Raleigh (NC) News & Observer, June 7, 2006

RALEIGH - Six men arrested by federal immigration agents at Carter-Finley Stadium last month have pleaded guilty to entering the country illegally and will be deported, according to the U.S. Department of Justice.

Federal immigration agents accompanied troopers from the state Highway Patrol to a construction site at the stadium May 23 in hopes of finding a driver who had fled from an auto accident. When federal agents arrived, more than 50 workers in hard hats ran. Seven, including one juvenile, were arrested.

Federal agents later found the suspected driver, Reynalda Guitierres, 28, in Durham and charged him with illegal entry.

Justice Department officials said that the following men pleaded guilty to illegal entry and will remain in federal custody while they undergo the deportation process: Victorino Marquez-Hernandez of Mexico; Antolin Contreras-Maldonado of Honduras; Armando Hernandez-Penaloza of Mexico; Melvin Jovel-Hernandez of Honduras; Omar Miguel Barbosa of Mexico and Demetrio Huerta-Ordonez of Mexico. Agents also charged Marquez-Hernandez with possession of false immigration documents.

A Guatemalan teenager also was charged with illegal entry and possession of false immigration documents, but his case was continued, officials said. They did not release his name.

TAX:

Estate Tax Showdown Is Splitting The G.O.P. (NYT)

By Edmund L. Andrews

The New York Times, June 7, 2006

WASHINGTON, June 6 — Senate Republicans, pushing once again to abolish the estate tax on inherited wealth, are split about whether to push for a full repeal that would probably fail, or seek a more cautious compromise with Democrats that could pass.

Permanently repealing the estate tax, or what Republicans have branded the "death tax," is a priority for President Bush and many Republican lawmakers.

But Senate leaders, vowing to schedule a vote for full repeal on Thursday, have yet to line up the 60 votes they need to prevent a Democratic filibuster. Indeed, with public approval ratings declining for Mr. Bush and the Republicans, party leaders face at least as much opposition from Democrats today as they did last summer.

In what is either a shrewd game of chicken or an effort to inflame the passions of crucial Republican constituencies, the Senate majority leader, Bill Frist of Tennessee, has made little effort to strike a compromise with conservative Democrats that would greatly reduce but not fully abolish the tax.

"Senator Frist is for full repeal, first and foremost," a spokeswoman for Mr. Frist, Carolyn Weyforth, said. "Until we've had the cloture vote, any talk of a compromise is premature."

The strategy has divided Republicans. Senator Charles E. Grassley of Iowa, chairman of the Senate Finance Committee, told reporters on Monday that the Senate could easily pass a bill that eliminated the estate tax for all but a tiny slice of the nation's richest families.

Senator Jon Kyl, Republican of Arizona, has been trying for more than a year to woo Democrats from conservative states.

On Tuesday, Mr. Kyl circulated a proposal that would eliminate the tax for any estate worth less than $5 million and reduce the current rate for bigger estates.

Proponents said that repeal of the tax would promote savings and investment and eventually create jobs, as Americans would have more incentive to build businesses if they could keep the wealth within their families.

Critics say the estate tax as it is now reduces some of the nation's economic inequality, and they insist that its repeal would benefit the very wealthiest families at a time when the government is running large budget deficits.

Most polls show that a slim majority of voters support a repeal of the tax, especially when it is called the "death tax." But the tax affects less than 2 percent of all estates — most of which belong to very rich families — and repeal would be expensive.

Full repeal would cost more than $600 billion over 10 years, according to the Congressional Joint Committee on Taxation, although supporters insist the actual cost would be much lower.

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The full cost would start to hit the Treasury in 2011 — the same year that the nation's oldest baby boomers will turn 65 and start a sharp rise in spending on Social Security and Medicare.

But opponents of the estate tax, including hundreds of thousands of small-business owners and a well-financed national network of grass-roots advocates, are running television ads in states with Democratic senators like Montana, Louisiana and North Dakota. They have also been campaigning in Maine, whose two moderate Republican senators are reluctant to support full repeal.

The issue could be crucial to the political career of Mr. Frist, who is weighing the possibility of running for president in 2008. He vowed to force a vote last summer, but retreated after it became clear that he could not prevent a filibuster.

Mr. Frist now appears to be going for broke: instead of seeking a compromise that might win over a handful of crucial Democrats, he is pushing for a permanent repeal of the estate tax.

Though Republican aides say Mr. Frist has not closed off the possibility of a compromise, the senator has pointedly refused to schedule any floor time for debate about alternatives in the event that his own effort fails.

As part of Mr. Bush's tax cut of 2001, the estate tax is scheduled to gradually phase out and disappear altogether in 2010 but then return in full the very next year.

Mr. Bush has long called for making his tax cuts permanent, but the estate tax has generated an emotional intensity far greater than most other issues.

"The president's position has been clear, and it is that we should eliminate it altogether," said Edward P. Lazear, chairman of the White House Council of Economic Advisers, in an interview on Tuesday.

"Keeping tax rates down on estates is just another way of not impeding the incentives to save and invest," Mr. Lazear said. "We're already consuming at very high rates, and our savings rate is very low. We don't want to bias the system any more than we already are."

Business groups are pushing hard to make the repeal permanent, focusing on a handful of Democratic senators from states that lean Republican.

The targets are the two Democrats from Arkansas, Senator Blanche L. Lincoln and Senator Mark L. Pryor, as well as Senator Mary L. Landrieu of Louisiana and Senator Max Baucus of Montana.

Mr. Baucus, the senior Democrat on the Senate Finance Committee, has offered his own proposal for scaling back the inheritance tax. Under one proposal he circulated — which was rejected by Republicans as too modest — estates worth less than $3.5 million would be exempt from any tax.

Mr. Baucus has been quiet in recent days, but aides said he was still open to proposals for a compromise that he could sell to other Democrats.

A handful of moderate Republican senators are likely to oppose a full and perhaps even a partial repeal of the estate tax. They include John McCain of Arizona, George V. Voinovich of Ohio, Lincoln Chafee of Rhode Island and the two senators from Maine, Olympia Snowe and Susan M. Collins.

Ardent opponents of the estate tax, who have campaigned for more than a decade on the issue, say their time is hand.

"We're going for full repeal and we're pushing hard," said Dick Patten, executive director of the American Family Business Institute. "I'm very optimistic."

Mr. Patten's group, which claims 1,900 members who own family companies, is spending more than $1 million on television ads in 11 states. Some ads try to strike a bipartisan feel, quoting Republicans, Democrats and the economist Milton Friedman on how the estate tax hurts family-owned companies.

Another ad aims to pressure Mr. McCain, who voted against a permanent repeal of the estate tax in 2001.

"American family business owners and farmers are counting on John McCain, counting on him to keep his promise," said one television commercial that was broadcast in Arizona.

Aides to Senator Snowe of Maine said they had been under heavy pressure from both sides. On Tuesday, even as Mr. Patten's group was still running ads in favor of repeal, a group called the Maine People's Alliance brought a giant replica of a silver spoon and staged a news conference opposing repeal just outside her Senate office.

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Frist Wants Estate Tax Repeal On Agenda (AP)

By Mary Dalrymple

The Associated Press, June 6, 2006

WASHINGTON - GOP leaders on Tuesday put abolition of the federal estate tax on the Senate's election-year agenda as other senators weighed ideas to shrink, but not erase, the tax.

President Bush's tax cuts eliminated the estate tax in 2010, but that temporary law expires, and the tax comes back to life, one year later.

Republicans have been unable to maneuver a bill permanently repealing the tax past Democratic objections. That has prompted Sen. Jon Kyl, R-Ariz., and others to broker a compromise aimed at curbing the tax during the next decade.

The effort has attracted interest, and generated a flurry of ideas, from a small group of Republicans and Democrats interested in curbing the tax and getting rid of the quirky law that repeals and resurrects the levy.

"I think it's important that we put this issue to rest so that people will know what the rules are," said Sen. Susan Collins, R-Maine.

Kyl told other GOP senators Tuesday that common ground might be found by increasing the size of an estate exempt from taxation to $5 million per person or $10 million per couple, according to GOP aides familiar with the proposal speaking on condition of anonymity while negotiations continued.

His idea would tax estates between $5 million and $30 million equal to the top tax rate for most capital gains. The remainder of the largest estates would be taxed at 30 percent, those aides said.

Kyl offered the idea as senators, Republican and Democratic, said proposals for progressively taxing estates were gaining more support than plans taxing all estates at one, lower rate.

Sen. Trent Lott, R-Miss., said talks among senators interested in a compromise seemed to be moving toward a structure that includes at least two different estate tax brackets.

Sen. Ben Nelson, D-Neb., said "stair-stepping" the rates "brings on folks who otherwise would think that was too much of a giveaway."

"Of course, the question arises, what are the numbers?" he said.

This year, the first $2 million of a person's estate, or $4 million per couple, is exempt from taxation and the remainder is taxed at rates as high as 46 percent.

The first step toward considering either a complete repeal, or a compromise shrinking the tax, would come Thursday. Senate Majority Leader Bill Frist, R-Tenn., planned a pivotal vote to test support for moving ahead with a bill, already passed by the House, to repeal the tax. He would need 60 votes to succeed.

Vote-counters on both sides express optimism they will prevail but caution that some senators probably will not commit until required to cast a vote.

Proposals to shrink instead of repeal the estate tax have gained some traction among senators worried about budget deficits amid spending on the war in Iraq.

Sen. Mary Landrieu, D-La., who has supported repealing the tax in the past, is interested in a compromise given pressing demands on federal spending, including cleanup and reconstruction after Hurricane Katrina.

At least two GOP senators, George Voinovich of Ohio and Lincoln Chafee of Rhode Island, say the government's finances cannot support any reduction in estate taxes at this time. Both plan to vote against Frist's effort to start debate.

Some groups lobbying to completely repeal the tax say the effort to compromise gives up the fight before testing the waters for abolishing the tax.

"It disappoints me that they want to compromise before we've actually had the vote on repeal," said Dick Patten, executive director of the American Family Business Institute.

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On the Net:

U.S. Senate: http://www.senate.gov

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How Tax Code Change Affects Overseas Workers (WSJ)

The Wall Street Journal, June 7, 2006

In your May 24 editorial "Lost in Taxation," you are confused about how a recent change to the federal tax code will affect some Americans working overseas. The change concerned the foreign earned income exclusion under section 911 of the tax code. You imply 4.1 million Americans could be affected, but according to the most recent available IRS data, 306,393 tax returns claimed the benefits of section 911 in 2003. Of those returns, only 125,894 actually had any U.S. tax liability after the benefits.

Like all U.S. citizens and taxpayers, expatriates are protected from double taxation primarily by the foreign tax credit mechanism. The section 911 exclusion, on which you focus, is secondary. In fact, to gain the benefits of excluding all or a portion of their foreign income from their taxable income in the U.S., section 911 beneficiaries opt out of foreign tax credit relief on the excluded income. For those working in countries that impose little or no tax on this income, section 911 actually allows expatriates to avoid taxes altogether on this income. Prior to the change enacted recently, those working in countries with higher taxes would elect section 911 not to avoid double taxation on their foreign income, but to have their other income, including U.S. income, taxed at lower marginal tax rates than taxpayers living and working in the U.S. with the same economic income.

Expatriates will continue to have a better deal than their domestic counterparts. Through section 911, individuals can still exclude a sizable amount of income that those living and working in the U.S. cannot exclude. Also, American workers abroad who claim section 911 benefits will be taxed at the same rates as domestic workers with the same income. And the subsidy for housing costs is brought in line with other U.S. government-sponsored housing programs.

Sen. Chuck Grassley (R., Iowa)
Chairman, Committee on Finance
Washington

CONGRESS-ADMINISTRATION:

White House Renews Push For Nominees (HILL)

By Alexander Bolton

The Hill, June 7, 2006

White House officials are making a concerted effort to cooperate with outside conservative groups to support and defend President Bush's nominees to the federal bench, and they are also planning to work more closely with the Senate on confirming the nominees.

The greater focus on judges comes in the wake of privately expressed criticism from conservative leaders that the White House and the GOP-controlled Senate were doing little to defend high-profile nominees such as William "Jim" Haynes and Terrence Boyle, both picked for the 4th U.S. Circuit Court of Appeals, from attacks by liberals.

The White House and Senate Republicans offered spirited defenses of prior embattled nominees, such as Priscilla Owen, who now sits on the 5th U.S. Circuit Court of Appeals, and Janice Rogers Brown, who is a member of the D.C. Circuit Court. But since their confirmations and the Supreme Court confirmations of Chief Justice John Roberts and Justice Samuel Alito, GOP leaders have done little to defend other controversial nominees.

The lack of an organized defense of languishing nominees such as Haynes, Boyle and William Myers, a nominee to the 9th Circuit, prompted former clerks of the nominees and conservative activists to take matters into their own hands. Boyle's former clerks, many of whom are now prominent lawyers, joined together on their own accord to defend him from accusations that he acted improperly while a district-court judge.

Conservative activists and intellectual leaders, such as Sean Rushton, executive director of the Committee for Justice, and Professor John Yoo of the University of California at Berkeley, also began laying plans to form committees to defend other embattled nominees. Yoo was in the national spotlight earlier this year during the Alito hearings because of his writings on the legal theory of the unitary executive, which Bush has used to justify his wartime powers.

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But since the Senate confirmation of Brett Kavanaugh to the D.C. Circuit Court of Appeals two weeks ago, the White House has begun to take a more active role in defending the nominees. For example, talking points circulated at the end of last week defending Boyle from accusations that he did not recuse himself from cases where he may have had conflicts of interest were written in the signature style of the White House and its ally the Republican National Committee. And administration officials are also working more closely with conservative activists to defend the nominees. Also, the Department of Justice is crafting a memo on Boyle's conduct as a judge and activists close to the White House such as Edward Whelan, president of the Ethics and Public Policy Center who authored a recent article in the conservative Weekly Standard, are stepping up their advocacy on behalf of the judicial nominees.

"I sense that," said Sen. Jeff Sessions (R-Ala.), a member of the Senate Judiciary Committee, when asked yesterday if he noticed more effort by the White House to support the judicial nominees. He added that he met with Boyle and a White House aide Monday in a meeting he said he assumed was set up by the administration.

"I guess that represents a stepping up and talking about judges," Sessions acknowledged.

Sessions also said that conservatives are right to be concerned about the lack of action by Senate Republicans to defend the nominees, something he attributed to distractions caused by the busy schedule and big political issues such as immigration reform.

"I think it's time to get more serious in defending the nominees," he said.

Sen. Jim DeMint (R-S.C.), a rising star in the upper chamber's conservative circles, said that the White House is working more closely with Senate Majority Leader Bill Frist (R-Tenn.) on the judicial nominees.

"We've got to get moving faster on judicial nominees," said DeMint, who added that Frist has told him judicial nominees are a priority.

A White House official said that several of the nominees have sat in the Senate for a long time and that the administration is asking senators to make a decision about whether to confirm them or not, whether to "fish or cut bait."

The greater cooperation between the White House and conservative groups comes several weeks after White House political adviser Karl Rove and counsel Harriet Miers told conservatives in a private meeting that they would begin sending more judicial nominees to the Hill. But so far few nominees have been sent.

The White House official said that to the extent there is a push on judges it is an effort to wrap up background checks on judicial nominees and send them to the Senate more quickly. The effort is a direct recognition that the window of opportunity for getting nominees confirmed in the Senate may be closing as Election Day and the end of the 109th Congress approaches.

Sen. Lindsey Graham (R-S.C.), a member of the Judiciary Committee, has come under heavy fire from conservatives for blocking Haynes's nomination.

Yesterday, nearly 80 prominent conservative leaders including David Keene, chairman of the American Conservative Union; Paul Weyrich, chairman of Coalitions for America; Manuel Miranda, chairman of the Third Branch Conference; and Saul Anuzis, chairman of the Michigan Republican Party, delivered a letter to Graham rebuking him for "effectively blocking" Haynes's nomination in the Judiciary Committee.

"We understand that you and Senator [John] McCain [R-Ariz.] have concerns about the Bush Administration's policies on prisoners captured in the War on Terror, and about Mr. Haynes's role in implementing those policies at the Defense Department," the conservative leaders wrote.

Graham defended himself yesterday by saying that he is not blocking Haynes in committee and arguing that the conservative leaders who signed the letter do not represent all conservatives. But Graham refused to say whether he would cast a crucial vote to pass Haynes out of committee.

A Different Judicial Battle (WSJ)

Wall Street Journal, June 7, 2006

The Senate is back in session, and we'll soon see if Republicans are serious about confirming President Bush's nominees for the appeals courts. Majority Leader Bill Frist kept his promise to confirm Brett Kavanaugh to the D.C. Circuit before Memorial Day, after he'd waited three years for a vote.

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So who's next? Mr. Frist wanted to move Fourth Circuit nominee Terrence Boyle by Memorial Day too, but no go. A federal judge in North Carolina, Mr. Boyle has the honor of waiting longer than any appeals-court nominee in history for a floor vote. He was in Mr. Bush's first group of nominees announced on May 9, 2001 and was first nominated by Mr. Bush's father in 1991, though Democrats denied him a vote.

Democrats now say they'll filibuster his nomination. They are distorting a couple of Judge Boyle's civil rights decisions and making conflict-of-interest allegations that add up at worst to minor infractions. But Republicans don't want a fight in an election year over race or ethics. And Judge Boyle's onetime Senate champion -- Jesse Helms -- has long since retired. A controversial nominee without an angel to guide him through today's polarized Senate is in trouble.

Which brings us to William "Jim" Haynes II, another stalled Fourth Circuit nominee. Mr. Haynes was named on September 29, 2003, had a hearing two months later, and was voted out of committee in March 2004. But don't blame this delay only on Democrats. Two Republicans -- Senators John McCain and Lindsey Graham -- are also causing the holdup.

Mr. Haynes is the Pentagon's general counsel, and his transgression is to have offered legal advice on the treatment of detainees in the war on terror. The big point of contention is his role in Defense Secretary Donald Rumsfeld's decision in December 2002 to allow "coercive" interrogation techniques against al Qaeda detainees at Guantanamo.

The Pentagon says Mr. Haynes offered legal analysis; his critics distort this to say he was instrumental in forging a policy that could be used to justify "torture." But there is no evidence that anyone condoned torture, and it was the CIA, not the Pentagon, that used "waterboarding" that critics cite as the most coercive sanctioned technique.

In any case, Mr. Rumsfeld rescinded his decision within six weeks after Pentagon lawyers took their concerns to Mr. Haynes, who then took them to Mr. Rumsfeld. Even if you believe the "coercive" techniques policy was a mistake, its reversal was due in no small part to Mr. Haynes, who did his duty of providing legal analysis. Mr. Haynes met with Senator McCain for an hour last month and agreed to answer written questions about the issue.

Senator McCain's anger over the Air Force's tanker deal with Boeing also unfairly extends to Mr. Haynes. As general counsel, Mr. Haynes had the job of reviewing and, in some cases, redacting the small library's worth of documents the Senator demanded. A McCain spokeswoman tells us that the Senator has not made a decision about whether to support the nomination.

It's hard to see how opposing Mr. Haynes would achieve anything except win the Senators some fleeting praise in the establishment media. It wouldn't impress GOP primary voters in Mr. Graham's home state of South Carolina, an important Presidential primary state in 2008 and home to many Haynes supporters. In defeating Mr. Haynes, Mr. McCain would mainly be validating those critics who want to punish anyone associated with the war in Iraq. Is this how a President McCain would treat his appointees who come under political fire for offering honest counsel?

There are 18 vacancies on the appeals-court bench -- 10% of the total -- and not many weeks left to fill them before election-year campaigning makes judicial confirmations next to impossible. Seven nominees are currently waiting for a hearing or vote. With Republicans in danger of losing Senate seats, if not their majority, now is the time to honor one of their campaign pledges from 2004 by confirming Mr. Bush's judicial nominees.

Boom Of The Judicial Canon (WP)

By Eric M. Weiss

The Washington Post, June 7, 2006

In Texas, calling someone a "spokesman" comes close to fighting words.

Take the case of the Honorable Nathan L. Hecht, a justice of the Supreme Court of Texas and a well-known conservative jurist. A longtime friend of White House counsel Harriet Miers, Hecht gave more than 120 media interviews during her failed Supreme Court nomination. Hecht coordinated strategy with White House aides and agreed to take media calls straight from the White House, according to a recent investigation.

He even joked to the Texas Lawyer newspaper that he was acting as "PR for the White House."

But a "spokesman?" No way, he told the Texas State Commission on Judicial Conduct, which last month admonished Hecht for his activities on behalf of Miers. The Texas Code of Judicial Conduct prohibits judges from doing anything to "advance the private interests of the judge or others."

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Hecht said his actions did not promote Miers's nomination. He called a New York Times headline that described him as Miers's "spokesman" inaccurate and misleading, saying he had been "simply providing information to people who called."

(Some in Washington might argue that "providing information" is the opposite of what spokesmen for this administration do.)

Earlier this year, a panel of current federal appellate judges testified before Congress on behalf of then-Supreme Court nominee Samuel A. Alito Jr.

Senate Judiciary Committee Chairman Arlen Specter (R-Pa.) said there was no conflict of interest, even though a future Justice Alito could review the rulings of the same judges. At the time, Specter said Alito and the judges have "a confluence of interests," not a conflict.

Hecht said he will "vigorously contest" the admonition. "I believe that my statements on matters of national public interest did not offend canons of judicial ethics and were fully protected by the First Amendment," he said in a prepared statement.

Hecht, who said he and Miers have dated over the years, told the commission that his close relationship with the top White House lawyer "made it impossible for him to remain silent when asked by reporters to provide factual information about Miers' background, experience and views on religion and abortion."

Hecht told the commission he had not been speaking for his friend but had merely been "swept up in the task of providing information about [Miers] to those who asked for it."

So don't go calling him a "spokesman."

Battle Over Foreign-Aid Spending Heats Up (WSJ)

By Michael M. Phillips And David Rogers

The Wall Street Journal, June 7, 2006

WASHINGTON -- The Bush administration and Congress are headed for a clash over how to spend U.S. aid for the developing world.

President Bush's decision to consolidate billions of dollars in foreign-aid programs under the State Department puts him at odds with Congress's age-old prerogative of earmarking foreign-aid funds for favorite issues, such as immunizing children or encouraging sexual abstinence for AIDS control.

"Both Congress and the executive branch want to decide where the money goes, and there's a struggle between the two," says Steve Radelet, senior fellow at the Center for Global Development, a Washington think tank.

The brewing storm over foreign aid is the latest fight this year between a weakened White House and congressional Republicans eager to show independence going into November's elections. Lawmakers can't be too assertive, since lobbying scandals have called into question the practice of inserting earmarks into spending bills. But because foreign aid helps define the U.S. image overseas, Congress believes it must retain a major say.

At the center of the struggle is Randall Tobias, a former Eli Lilly & Co. chief executive who is now the country's first director of foreign assistance. With marching orders from Secretary of State Condoleezza Rice, Mr. Tobias is remodeling $16.6 billion in U.S. foreign-assistance programs to give the State Department more power to use aid to further American foreign-policy goals.

Under Ms. Rice's plan, State Department officials in Washington will identify their strategic priorities -- such as fighting terrorism and promoting economic growth -- in the 154 countries that receive U.S. aid. The U.S. ambassador in each country will determine which projects the U.S. will fund to achieve those goals. Mr. Tobias plans to have ambassadors in 35 countries test the approach this summer.

The administration is "trying to ensure we're bringing all U.S. government foreign aid into a strategic package," Mr. Tobias says. Right now, he says, foreign-aid decisions seem almost haphazard, a product of mandates from Congress and on-the-ground judgments by half a dozen U.S. agencies and departments.

Lawmakers, however, are loath to cede control. Sen. Sam Brownback (R., Kan.), a member of the Appropriations Committee, is drafting legislation that would require the administration to spend 50% of aid to Africa on such items as water wells, immunizations and teacher training. Mr. Brownback says he became disenchanted with how the administration is delivering foreign aid during a December trip to the Democratic Republic of Congo.

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"It was like you were just taking a lot of money and scattering it around, and there was nothing real at the end of the day," says Mr. Brownback, who is part of a growing pro-aid movement among American Christian conservatives.

Mr. Tobias's team recently assembled a two-page internal analysis of spending patterns in U.S. aid, which jumped to $27.5 billion in fiscal 2005 from $10 billion in fiscal 2000. The patterns, they found, imply that the five major priorities of American policy are promoting security interests in the Middle East, fostering post-Cold War partnerships with Eastern Europe, fighting AIDS in Africa, countering narcotics in the Andes and providing humanitarian relief.

Mr. Tobias and his team say that while those issues are important, together they don't seem to reflect a coherent strategy of leveraging aid into foreign-policy achievements. "Aside from Iraq and Afghanistan, our foreign-assistance priorities haven't changed at all" since the Sept. 11, 2001, attacks, says one administration official. Mr. Tobias says the solution is to concentrate more authority with the executive branch. The administration's overarching goal, according to State Department documents, should be "helping to build and sustain democratic, well-governed states that will respond to the needs of their people and conduct themselves responsibly in the international system."

The administration's approach has rattled the private charities that distribute much U.S. aid in the field. While officials at the charities are careful not to appear opposed to the idea of overhaul, many were upset that Ms. Rice didn't seek their views.

Behind the charities' concern is a suspicion that the administration might direct more aid to foreign allies in the fight against Islamic extremism, and away from the world's neediest. "Poverty alleviation and long-term development approaches should not be the casualties of shorter-term strategic objectives," says Todd Shelton, director of public policy for InterAction, an umbrella group representing more than 160 development charities.

Meantime, prominent lawmakers continue to force the administration's hand by earmarking aid money. Senate Majority Leader Bill Frist (R., Tenn.) helped set aside $200 million this year to be used for drinking-water supply projects, at least $50 million of which must be spent in Africa. Senate Majority Whip Mitch McConnell (R., Ky.) has set aside money for matters such as human-rights and refugee causes in Burma, as well as a small Kentucky-based nonprofit, Voice for Humanity, which has received millions of dollars over the years and is represented by a former McConnell aide.

The practice is a bipartisan one. Sen. Patrick Leahy (D., Vt.), had a hand in setting aside $15 million for "neglected diseases" that get less attention than AIDS, malaria and tuberculosis.

Mr. Tobias, who gets good marks from both parties, says he will gradually win Congress over as he did in his last job, running the president's huge AIDS initiative.

"My hope is Congress will see this strategic approach as a good substitute for a number of the earmarks we're dealing with today," he says.

Advice Is Not Well Taken (HILL)

By Bob Cusack

The Hill, June 7, 2006

Former House Speaker Newt Gingrich (R-Ga.) and a top Bush administration official urged Republican investigators on Capitol Hill to change how they conduct probes of the executive branch in a private meeting earlier this spring.

The unusual request infuriated some of the GOP aides, who countered that the administration has repeatedly failed to cooperate with their requests for information. The staffers expressed outrage that the meeting was even taking place, calling it inappropriate for a White House policymaker to tell investigators how to scrutinize the Bush administration.

“The meeting did not go well,” a GOP source said.

Others thought the forum was somewhat productive, but acknowledged it was bizarre.

While Republican aides expressed different reactions, the pleas by Gingrich and Office of Management and Budget (OMB) representative Clay Johnson have raised new separation-of-powers questions as lawmakers and White House officials iron out their differences over the FBI raid of Rep. William Jefferson’s (D-La.) office last month.

Democrats are seizing on the meeting as proof of the cozy relationship between the GOP-led Congress and the administration.

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Jennifer Crider, spokeswoman for House Minority Leader Nancy Pelosi (D-Calif.), laughed when asked about congressional investigations of the administration, stating, "The GOP-led Congress has completely abdicated its oversight responsibility, and the American people are paying the price."

Gingrich set up the meeting and asked Johnson, OMB's deputy director for management, to attend. The former Speaker, who has not ruled out a presidential bid in 2008, communicates regularly with lawmakers and staffers on a wide range of policy issues.

Some Republicans defend their oversight activities, noting their critical reviews of how the Department of Homeland Security (DHS) reacted in the wake of Hurricane Katrina as well as other investigations that showed poor performances by other federal agencies.

Johnson and Gingrich spoke at length about Congress's important oversight role but stressed that the focus should be on solving problems, not issuing press releases.

A few Capitol Hill officials say it is inconsistent for Gingrich to recommend that investigators move away from a "gotcha" mentality when he, as Speaker, ordered Republican lawmakers to hold rigorous oversight of the Clinton administration, adding that those probes were designed to embarrass the Democratic president.

Gingrich did not comment for this article.

Investigators asked Johnson about the timing of the meeting, but sources say those questions were not directly answered.

Some came away from the meeting believing there was an implied, unstated message: Ease up on oversight this election year.

In an interview yesterday, Johnson said, "It never occurred to me that it would be interpreted that way. We want more oversight, not less. We are for transparency."

But Johnson made clear to The Hill and to GOP aides that he believes oversight activities should be done differently. He favors monthly, collaborative meetings between the OMB and oversight officials instead of lawmakers' holding "gotcha" hearings.

"Let's set up an action plan to solve the problem," Johnson said. "Let's not just leave it at 'I've embarrassed these [administration] people, and that's my only goal.'"

Johnson also took issue with how lawmakers pose questions to administration officials during congressional hearings, saying that some the questions "are not constructive in their wordings."

James Thurber, director of the Center for Congressional and Presidential Studies at American University, called Johnson's advice strange and comical.

"I find it interesting to have an administration official lecturing people that are overseeing what they are doing," Thurber said.

Thurber, a critic of GOP oversight of the administration, said Republican investigators "get nothing out of OMB."

Asked for comment about how aides described his advice as bizarre, Johnson said, "If they took offense, I'm sorry they took offense. … I would suggest they're wrong."

Johnson cited testimony from Comptroller General David Walker criticizing congressional oversight of the executive branch and similar testimony from former House Majority Leader Dick Armey (R-Texas).

Congressional investigators "should talk to Walker and Armey," Johnson said.

Congressional aides say that Johnson meant well but that they are frustrated by what they perceive to be his view that the OMB can adequately oversee the activities of all federal agencies.

"The whole attitude of 'We're good' is annoying," a congressional aide said.

Capitol Hill aides say that if the Bush administration is sensitive about oversight now it could be in for a rude awakening in the 110th Congress. Political analysts predict that there is a decent chance that Democrats may take control of at least one of the chambers in the next Congress and the House is more likely to flip than the Senate.

A Democratic-controlled House is one of the administration's worst fears because Democrats would likely issue dozens, if not hundreds, of subpoenas in the course of their oversight investigations of the Bush administration. The minority party in each chamber lacks subpoena authority.

Republican investigators from the House and Senate attended the Gingrich-Johnson meeting. No lawmakers were present, and Democratic staffers were not invited. Some investigators in both chambers said they were unaware of the meeting.

Staffers for Senate Finance Committee Chairman Chuck Grassley (R-Iowa), regarded as the most aggressive oversight-oriented lawmaker, did not attend the Johnson-Gingrich meeting.

In a 2004 interview with The Hill, Grassley said the administration regularly gets irked by his oversight initiatives: "They see it as a Republican picking on a Republican. It's no different [from] when [former President] Clinton was in. The difference is that when I did it in the Clinton administration, I didn't get help from Democrats. When I do it with a Republican president, I get a lot of help out of Democrats, and that compounds [the administration's anger]."

Democrats Guard Legislative Power (RC)

By Jennifer Yachnin

Roll Call, June 7, 2006

Angered over recent media reports that President Bush has effectively disavowed hundreds of laws enacted during his tenure, a handful of House Democrats are now pushing measures to shore up Congress' legislative authority.

Citing concerns over maintaining a clear Separation of Powers between the legislative and executive branches, Reps. Barney Frank (D-Mass.) and Sheila Jackson Lee (D-Texas) introduced separate bills shortly before Memorial Day.

Both Democrats, as well as Rep. Ed Markey (D-Mass.), who co-authored Frank's bill, have criticized White House use of "signing statements," a practice that allows the president to attach an official declaration to newly enacted laws, and one historically used as a legal interpretation for executive branch agencies.

But in those statements, printed in the Federal Record, Bush also has asserted that he holds the power to ignore provisions of law that he believes are in conflict with the Constitution, essentially setting aside at least portions of those laws.

According to a late-April report in the Boston Globe, Bush has issued more than 750 such statements during his six years in office, more than the total number issued by all other commanders in chief in the nation's history.

On Monday, Frank criticized the use of signing statements and characterized the declarations as "a line-item veto over legislation."

"Bills are often carefully worked out so they modify provisions and how they operate," as well as to win support from lawmakers, Frank said. "What's he's doing is basically saying, 'I'll take the parts that I want, and I'll disregard the other parts.'"

While it is not possible for Congress to prohibit the president from issuing signing statements — under the Constitution the president is charged with the execution of laws — Frank said he would like to curb the process.

"We would like to try and stop them," Frank said. "It is not constitutionally possible for [Congress] to prevent them."

Under the Massachusetts lawmaker's proposal, any time the president issues a signing statement setting aside a newly enacted law, the White House would be required to notify Congress within 10 days and include an explanation for the decision. In addition, the proposal would require the White House to provide lawmakers with the text of those statements issued before the passage of Frank's bill.

The measure also would create a series of expedited procedures for Members to introduce a bill or resolution responding to the signing statement. "If [the president] gets what he wants with modifications ... we should then have a chance to take back what he wants," Frank said.

Members also could request a report from the office of the House general counsel outlining any legal challenges that could be raised by an individual lawmaker.

An alternate proposal introduced by Jackson Lee in late May, the Congressional Lawmaking Authority Protection Act, also aims to reduce the use of signing statements, but it would do so by essentially refusing the proclamations of any authoritative power.

Under the Texas lawmaker's legislation, federal, state and independent agencies, as well as federal and state courts, would be prohibited from giving any legal significance to signing statements when interpreting federal laws.

In addition, the measure would bar the use of federal funds for signing statements that contradict "the intent of Congress" in enacting the law.

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"Presidential signing statements seek to alter Congress' primacy in the legislative process by giving the President's intention in signing the bill equal or greater standing to Congress' intention in enacting the bill," Jackson Lee said in a May statement. "This would be a radical, indeed revolutionary, change to our system of separated powers and checks and balances."

Jackson Lee's measure effectively would force the White House to issue a veto, rather than resort to a signing statement. Bush has yet to issue a veto well into his second term in office.

While Frank's legislation has been assigned to the House Rules and Judiciary panels, and Jackson Lee's measure has been assigned to the House Government Reform Committee, no hearings are scheduled yet on either proposal.

In the Senate, Judiciary Chairman Arlen Specter (R-Pa.) has suggested his panel could hold a hearing on the use of presidential signing statements, but similar legislation has yet to be introduced in that chamber.

Frank noted: "Given the contempt this administration has shown for the process, hearings are a good first step if there's a likelihood they will lead to something."

Data Theft Affected Most In Military (WP)

By Ann Scott Tyson And Christopher Lee

Washington Post, June 7, 2006

Social Security numbers and other personal information for as many as 2.2 million U.S. military personnel -- including nearly 80 percent of the active-duty force -- were among the data stolen from the home of a Department of Veterans Affairs analyst last month, federal officials said yesterday, raising concerns about national security as well as identity theft.

The department announced that personal data for as many as 1.1 million active-duty military personnel, 430,000 National Guard members and 645,000 reserve members may have been included on an electronic file stolen May 3 from a department employee's house in Aspen Hill. The data include names, birth dates and Social Security numbers, VA spokesman Matt Burns said.

Defense officials said the loss is unprecedented and raises concerns about the safety of U.S. military forces. But they cautioned that law enforcement agencies investigating the incident have not found evidence that the stolen information has been used to commit identity theft.

"Anytime there is a theft of personal information, it is concerning and requires us and our members to be vigilant," Pentagon spokesman Bryan Whitman said. He said the loss is "the largest that I am aware of."

Army spokesman Paul Boyce said: "Obviously there are issues associated with identity theft and force protection."

For example, security experts said, the information could be used to find out where military personnel live. "This essentially can create a Zip code for where each of the service members and [their] families live, and if it fell into the wrong hands could potentially put them at jeopardy of being targeted," said David Heyman, director of the homeland security program at the Center for Strategic and International Studies (CSIS).

Another worry is that the information could reach foreign governments and their intelligence services or other hostile forces, allowing them to target service members and their families, the experts said.

"There is a global black market in this sort of information . . . and you suddenly have a treasure trove of information on the U.S. military that is available," said James Lewis, director of technology and public policy at CSIS.

One defense official, speaking on the condition of anonymity because of the sensitivity of the matter, called the extent of the data loss "monumental."

The new revelations significantly increase the potential harm from what was already one of the largest data breaches in U.S. history. On May 22, VA disclosed that an external computer hard drive was stolen May 3 from the home of a VA employee and that it contained unencrypted names and birth dates for as many as 26.5 million veterans who were discharged after 1975 or submitted benefit claims. It also included Social Security numbers for 19.6 million of those veterans, VA officials said.

Initially VA thought that all of the 26.5 million people affected were veterans, but a database comparison revealed that they also included the bulk of active-duty military services, as well as more than 1 million members of the National Guard and reserves.

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Montgomery County police released a description yesterday of the stolen laptop and its external hard drive because they said it may have been purchased by someone who does not realize the value of its content. "It could have shown up at a yard sale or a secondhand store," police spokeswoman Lucille Baur said. "This is a time of the year when parents may be buying computers for kids going to college in the fall."

Montgomery County police are offering a $50,000 reward for information that allows authorities to recover the laptop. The computer is a Hewlett-Packard model zv5360us and the external hard drive is an HP External Personal Media Drive.

The Washington Post is not publishing the name of the career data analyst whose laptop was stolen in response to a request from law enforcement authorities who are investigating its disappearance.

The breach outraged veterans -- even more so because senior VA officials knew about the theft within hours of the crime but did not tell VA Secretary Jim Nicholson until 13 days later. The 60-year-old analyst, who had been taking home sensitive data for at least three years without authorization, has been fired, officials have said. His boss resigned last week and another senior VA official is on administrative leave pending investigations by the FBI, the VA inspector general and Montgomery County police.

A coalition of veterans groups filed a class-action lawsuit against the federal government yesterday, contending that privacy rights were violated and seeking $1,000 in damages for each affected veteran.

The lawsuit, filed in U.S. District Court in the District of Columbia, demands that VA fully disclose who was affected by the theft, and asks a court to prohibit VA workers from using sensitive data until safeguards are in place. Burns said the department does not comment on pending litigation. He said VA has received no reports of stolen data being used for identity theft or other criminal activity.

VA receives records for every new recruit because active-duty personnel, National Guard members and reservists are eligible for certain VA benefits, such as GI Bill educational assistance and the home-loan program.

"The department will continue to make every effort to inform and help protect those potentially affected, and is working with the Department of Defense to notify all affected personnel," Nicholson said.

Rep. Lane Evans (D-Ill.), ranking member of the House Veterans' Affairs Committee, said yesterday that he was "appalled" at the data breach and called for a Government Accountability Office investigation into VA information security practices.

Research shows that it is not unusual for government employees to take home sensitive data on laptops, Lewis said. "The rules we have are either chaotic or nonexistent. . . . We still have a paper rules government when we are a digital nation."

Stolen Computer Had Data On More Troops (USAT)

USA Today, June 7, 2006

A stolen Veterans Affairs laptop computer had personal data on about 2.2 million current members of the military, not just the 50,000 initially reported, the Pentagon said Tuesday. The stolen data include the names, birth dates and Social Security numbers of as many as 1.1 million active-duty troops from all the armed forces and nearly 1.1 million National Guard and Reserves personnel, according to a Pentagon briefing paper distributed to Congress.

The disclosure is the latest revision by the government as to who was affected when burglars took a government laptop and disks from the home of a VA employee on May 3. The VA said when it disclosed the theft May 22 that the data involved up to 26.5 million veterans discharged since 1975, as well as some of their spouses.

Meanwhile, a coalition of veterans groups charged in a federal class-action lawsuit in Washington that their privacy rights were violated by the theft. The suit demands that the VA fully disclose which military personnel are affected and seeks $1,000 in damages for each. VA spokesman Matt Burns declined to comment.

Police in Montgomery County, Md., where the burglary occurred, are offering a $50,000 reward for the return of the stolen Hewlett-Packard computer gear.

Nigerian Vice President Atiku Abubakar sought as much as $500,000 and a stake in a technology venture in his country, Rep. William Jefferson, D-La., told an FBI informant, according to court documents filed in a bribery probe of the congressman. Jefferson allegedly said he delivered “African art,” which authorities say was code for cash, to the Potomac, Md., home of Abubakar's wife late on July 31.

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The details were in an affidavit for a federal court warrant to search the house. The affidavit was filed in August and unsealed Monday.

His lawyer, Edward Weidenfeld, said Abubakar did nothing wrong and is cooperating with authorities.

The FBI said in a different affidavit reported earlier that Jefferson took a $100,000 bribe. Jefferson, who has not been charged, has denied wrongdoing.

House GOP Seeks To Keep Promise On Earmarks (RC)

By Kate Ackley

Roll Call, June 7, 2006

Although House leaders have yet to appoint Members from their chamber to smooth out differences between House and Senate lobbying reform bills, they are working to make good on their pledge to appropriators that any new earmark disclosures apply equally to all committees.

A GOP leadership aide said that Republican leaders are working with each of the relevant committees to find a way to make earmark disclosures uniform for any bill that contains earmarks.

"We need to have that uniform," said this aide. "We are working committee by committee."

In order to get enough support to pass the lobbying and ethics reform legislation, House leaders pledged that any bill would contain disclosure of earmarks, including those in tax-writing and authorizing measures — not just in appropriations bills.

A spokesman for House Majority Leader John Boehner (R-Ohio) said that the commitment on earmarks remains.

"They're committed to ensuring that earmark reform applies to every committee," said Kevin Smith.

Another House GOP leadership aide said that the Speaker's office hasn't fully decided whether conferees from the House will be selected this week but added that discussions are taking place at the staff level.

"They have found a lot of common ground," the aide said. "More common ground than differences."

Several sources in Congress and on K Street said they have not detected a sense of urgency from House leaders on appointing conferees.

Jo Maney, a spokeswoman for House Rules Chairman David Dreier (R-Calif.) said that "things are being discussed at a staff level," but she declined to go into specifics. She also said that since Speaker Dennis Hastert (R-Ill.) is the one who must appoint conferees, she didn't know when that is likely to happen.

Hastert spokesman Ron Bonjean said conferees have not been selected but could come this week.

Fred Wertheimer, president of campaign finance and lobbying watchdog group Democracy 21, said there is much speculation about House leaders not wanting to appoint conferees until the House and Senate have worked out most of their differences between the two bills. Wertheimer added that the two main differences involve reforms of 527 political groups and earmarks.

There is a procedural reason why it may make sense for the House GOP to delay the naming of conferees until the key issues are resolved.

House rules say that 20 calendar days and 10 legislative days after conferees are appointed, Members can file motions to instruct. "That would mean that Democrats could go to the floor as much as they wanted to and pile on" motions, Wertheimer said.

One lobbyist said that such maneuvers can lead to "a series of embarrassing votes for rank-and-file Republican Members. The only way you appoint conferees is when you think you can work out a conference agreement" within that 20-calendar- and 10-legislative-days window.

House leaders, Wertheimer said, "made a commitment to the appropriators" that they would bring a bill to the House floor that includes earmark disclosure for all earmarks.

"Whether they can actually work that out remains to be seen," Wertheimer said. "Who knows where Ways and Means and Transportation" — two of the key committees for tax and authorizing measures — are on the issue. "That probably is the toughest thing they have to work out," he said.

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Ianthe Jackson, spokeswoman for the House Ways and Means Committee, said she had not heard anything about earmark negotiations. A spokesman for the Transportation panel did not return a call seeking comment.

Senate Emphasis On Ideology Has Some In G.O.P. Anxious (NYT)

By Carl Hulse

The New York Times, June 7, 2006

WASHINGTON, June 6 — Though some Republican candidates may relish the Senate's current concentration on same-sex marriage and other ideologically charged topics, Senator Lincoln Chafee of Rhode Island is not among them.

"It may stir up my primary voters a little bit against me," said Mr. Chafee, a centrist Republican up for re-election. He opposes the push for a constitutional amendment to prohibit same-sex marriage and is under intense pressure to back a proposed amendment that would forbid flag burning. "I'm collateral damage."

Other Republicans, including some conservatives, say Mr. Chafee may not be the only potential victim of what they see as a misguided effort to appeal to social conservatives by staging votes intended primarily to make a point about the party's values. They say that voters are more concerned about the economy, health care and immigration, and that replaying the marriage debate in particular could do as much damage as good as Republicans fight to retain control of Congress.

"I don't think the problem is primarily with social conservatives," said Pat Toomey, a former Republican House member who now heads the Club for Growth, a conservative political action committee. "The problem I see is with economic conservatives who see out-of-control spending, huge deficits and that Republicans can't make the tax cuts permanent. The problem is on a different field."

Those who doubt the strategy are up against a long-held belief among Republican leaders that highlighting issues like same-sex marriage, flag desecration and abortion speaks to the party's convictions and carries concrete political benefits.

Proponents of the strategy say bringing up the issues now forces Democrats to cast votes that Republicans can use to demonstrate differences between the parties in an election year. They say the votes are important in re-energizing conservatives who have grown disaffected in the last year or two — a potentially vital step in a midterm election in which turnout is often low and races typically hinge on which side does better in turning out its base.

A poll released Tuesday showed a slide in support for President Bush among members of his party. The survey, by the Pew Research Center for the People and the Press, found Mr. Bush experiencing steep declines among those calling themselves moderate Republicans, with conservatives turning away from him as well, though more slowly.

The poll, based on a survey of 3,204 adults conducted from April 27 to May 22, found that Mr. Bush's support among moderate and liberal Republicans had declined to 56 percent from 81 percent in December 2004, immediately after his re-election, while conservative approval had fallen to 78 percent from 93 percent.

There are multiple reasons why Congress is taking up the issues now. The legislative calendar is relatively thin. The Senate majority leader, Bill Frist of Tennessee, who controls the Senate's schedule, has been trying to convince social conservatives that he is one of them in advance of a potential presidential bid. And while the leadership wants election-year votes on social issues, they do not want them too close to November in case they backfire.

Republicans skeptical of the value of pushing volatile social issues onto the agenda say the calculation is different when it comes to contentious economic issues, especially tax cuts. They say that taxes touch everyone's lives directly and that debating them helps to highlight what is at stake for individuals, in dollars-and-cents terms, in the November election.

As a result, there is much less debate among Republicans about the wisdom of forcing a vote in the Senate this week on the repeal of the federal estate tax, an issue that ranks at or near the top of the wish lists of economic conservatives.

The politics are not so clear-cut when it comes to social issues. Even Republicans who see an advantage in the marriage proposal say it is politically risky in some respects and could complicate the re-election chances of endangered Republican incumbents in the Northeast and in other spots like South Florida.

Yet they defend the fight as necessary to solidifying the party's base before any effort to expand Republican appeal. And they say the issue could be used against Democratic incumbents in conservative states like Georgia and should help drive voters to the polls.

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But the notion that social issues can influence turnout in a substantial way is a matter of some dispute.

Matthew Dowd, who was Mr. Bush's campaign strategist in 2004, said it was a myth that emphasizing same-sex marriage in battleground states like Ohio was critical to Mr. Bush's re-election. He said turnout patterns were comparable in states where same-sex marriage was a chief topic and where it was not.

"If you vote on it, vote on it for principle, because it is going to have little or no benefit in an election cycle," Mr. Dowd said.

Even as they pressed their case Tuesday, Republican advocates of the same-sex marriage ban acknowledged that they were unlikely to prevail Wednesday in a vote to limit debate, effectively killing the marriage amendment for the year. The House is still expected to consider its own version. Senate backers said they were slowly building support.

"There are very few significant issues around here that just come up and are passed in one year," said Senator David Vitter, Republican of Louisiana, who noted the increase since 2004 in the number of Senate Republicans who would vote for the proposed amendment. "It often takes a work in progress over several years to build toward success."

Senator Rick Santorum, Republican of Pennsylvania and a chief proponent of the marriage ban, conceded that the issue was one many Republicans could do without.

"I know in many meetings of our colleagues when the issue of marriage comes up, heads drop," Mr. Santorum said in a floor speech. "It is just an issue that people just feel uncomfortable talking about. It's something that maybe in some respects they feel like, why do we even have to? Why is this even an issue?"

Dismissing the idea that politics had played a role in the timing, he said Senate Republicans had decided to act because the institution of marriage was under threat, and court decisions were slow in coming.

But one Republican strategist, Ed Rollins, said it was a mistake for the president and Senate leaders to focus attention on a marriage ban now, in what could look like a panicked reaction to shrinking public support.

"What the president needs to do is look like a leader, not be somebody who looks like a politician who is overreacting to polls," Mr. Rollins said. "If anything, he is reminding people of what they don't like about the Republican Party."

It was clear that others in the Senate were ready to put the matter behind them, and they appeared to be getting their wish as the leadership set the vote for Wednesday.

"It is the leader's decision as to what the agenda should be," said Senator John McCain, Republican of Arizona, who opposes the amendment. "I just hope we get to the defense authorization bill as soon as possible."

Bush Chats With Children In Twin Cities Suburb (AP)

By Travis Coleman

The Associated Press, June 6, 2006

ST. LOUIS PARK, Minn. - First lady Laura Bush brought her get-involved message to Minnesota on Tuesday, visiting a community center that's been serving at-risk children for years.

Bush spoke to more than 20 children in the library at the Meadowbrook Collaborative, then examined crafts and played a game that gathered people in a circle to flap the edges of a large sheet.

The brief visit was intended to promote the federal program known as Helping America's Youth.

"This is a really great example of what communities can do when they work together," Bush said.

Meadowbrook offers health, education and safety programs to children in the area. That includes homework help, student attendance tracking, and free dental services and immunization clinics. The collaborative, formed in 1993, is credited with reducing crime in its part of this western Twin Cities suburb.

The children introduced themselves to Bush, showed her artwork, and talked about school. Bush capped her visit by sharing refreshments and cookies before heading to a fundraiser for Minnesota GOP Senate candidate Mark Kennedy.

Afterward, 9-year-old Collin Reece said it was the first time he'd ever met someone important. "This was, like, the best thing to ever happen to me," he said excitedly.

Collin's mother, Crystal Harshe, said she is a single parent who works, so she appreciates Meadowbrook for keeping kids safe and helping them with homework.

"It's awesome," she said. "They really take care of the kids."

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Rikardo Thales, 8, said he likes coming to the center for help with his math homework - but also to mix in a little fun.

"I like 100 percent of it," he said.

Earlier Tuesday, Bush promoted the federal program at a gathering in Indianapolis of hundreds of clergy, social workers, teachers and others. It was the first of several regional conferences for Helping America's Youth.

ON THE NET

Helping America's Youth: http://www.helpingamericasyouth.gov

Government Opens Drive To Offer New Hires Flexibility In Work Locations And Schedules (WP)

By Stephen Barr

The Washington Post, June 7, 2006

The president's chief civil service adviser yesterday rolled out a new approach to hiring the next generation of federal workers, part of an effort to help agencies better compete for talent in the labor force as baby boomers leave the government.

Linda M. Springer , director of the Office of Personnel Management, launched a "career patterns" initiative aimed at making the government a more attractive employer by offering increased flexibility and better work-life balance to potential hires who are less interested in the traditional 9-to-5 job and 30-year federal career.

The initiative seeks to take many workplace practices in use across government -- telecommuting, nonstandard work hours, part-time work -- and treat them as natural employment options rather than as exceptions.

The OPM outlined several scenarios in a briefing book on the initiative. Agencies should consider it normal, the OPM said, to hire mid-career technology experts to spend a few years on a breakthrough project and then rotate them back into industry or the nonprofit sector. Or to hire employees to rule on benefit claims who would work from home at any hour of the day or night rather than let their lives be defined by rush-hour commutes to work at a desk in an office.

Springer said a retirement wave across government -- projections show that 40 percent of the federal workforce will retire by 2015 -- will pitch agencies into a war for talent with corporations, consulting firms and other employers.

The career patterns initiative, Springer said, represents "an entirely different approach and entirely different way of thinking about how we go out and market to an increasingly competitive marketplace for talent." She said: "We can't just necessarily go out and do things the way we did in the past. . . . Everybody else is going to be out there very aggressively with new techniques and new methods."

Springer convened a group of federal hiring officials for the launch of the OPM campaign and suggested that in the future, as many as half of the jobs in the government might be suitable for nontraditional work arrangements.

"We've got to be open to thinking about a wide range of arrangements," Springer told the group, which included Dan Blair , the OPM deputy director; Marta Brito PÃ©rez , an OPM associate director; George Nesterczuk , recently named by the president to be vice chairman of the Federal Salary Council, an advisory group on locality pay adjustments; and Max Stier , president of the nonprofit Partnership for Public Service.

Officials from the Patent and Trademark Office, Interior Department and the OPM presented testimonials on how they have managed to reshape jobs to benefit the government and employees.

The PTO, for example, has 4,000 patent examiners and plans to hire 1,000 examiners this year to help reduce a backlog in patent applications, said Vickers B. Meadows , the chief administrative officer. In March, the agency started training examiners on how to work at home, an arrangement offered employees in the trademark division for several years.

About 220 examiners have given up their office space and are working at home four days a week, and officials expect the number working from home to increase to about 3,000 by 2011, Meadows said.

Lauren Ailes , a budget analyst at the PTO, said flexible working hours at the agency had permitted her and her husband to care for a newborn without having to turn to day care.

Springer said the initiative will require agencies to report by Jan. 1 on their workforces and what types of jobs could be recast to appeal to the next generation of federal employees.Veto Threat on FAA Bill

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Any legislation to change the rules for resolving contract disputes at the Federal Aviation Administration is strongly opposed at the White House, the administration said in a written statement. If Congress sends such a bill to the president, senior advisers will recommend a veto, the statement said.

The FAA on Monday, after a 60-day review period ended with no action by Congress, imposed a contract that would limit pay raises for air traffic controllers. A House bill sponsored by Rep. Steven C. LaTourette (R-Ohio) would set aside the statutory deadline and send the FAA and the National Air Traffic Controllers Association back to the bargaining table.

"Legislative intervention now could increase the pay of federal workers who are already on average the highest paid in government, increase pressure on the deficit, and displace funding for modernization of the air traffic control system," the administration said.

Hank's Likely Headaches (WP)

By Robert J. Samuelson

The Washington Post, June 7, 2006

It's hard not to feel some sympathy for departing Treasury Secretary John Snow. He worked tirelessly for President Bush, trudging all over the country to plug the administration's policies. In 2005 Snow spoke at the Detroit Economic Club, the Omaha Chamber of Commerce and the Sony Technology Center in Mount Pleasant, Pa. For all his trouble, Snow earned only perfunctory public gratitude from the president and was subjected to repeated rumors that the White House was unhappy with his performance. Worse, he seemed to have had little effect on policy or the economy.

The same fate may befall Snow's anointed successor, Henry "Hank" Paulson, head of the highly profitable investment banking firm Goldman Sachs. Of course, it's not supposed to be this way. Paulson comes advertised as a Wall Street take-charge guy who will improve public economic confidence and reassert control over policy.

But how is that to happen? Unless he blunders badly, Paulson's role as chief economic spokesman doesn't matter much. Most Americans don't know the name of the Treasury secretary and don't care. What they care about is $3-a-gallon gasoline and 6.5 percent mortgage rates.

It's possible that Paulson will have more influence on policy than Snow had. As economist Roger Kubarych of HVB America points out, there's no shortage of challenges: trying to avert big bankruptcies (GM) in the auto industry; preventing disorderly shifts in global currency rates; curbing federal spending on retirement benefits; fixing the Pension Benefit Guaranty Corp., which insures defined-benefit pensions. The trouble is that Bush's positions on most issues are already set. Even if they weren't, many powerful interests -- Congress, the United Auto Workers, China, AARP -- may limit what Paulson can actually accomplish.

To excel as Treasury secretary, Paulson needs something no one wants: an economic crisis that enables him to act as hero, much as then-Treasury Secretary Robert Rubin (also once head of Goldman Sachs) and then-Federal Reserve Chairman Alan Greenspan did during the 1997-98 Asian financial crisis. Any new upset would spotlight Paulson (assuming the Senate confirms him) along with the new Fed chairman, Ben Bernanke. What are the odds of a crisis? Not great -- but not negligible, either. After three years of strong performance (5.3 million new jobs, 4.6 percent unemployment), the U.S. economy could be at a tipping point. Two problems loom: one traditional, one not.

The traditional problem is inflation. It's increasing, as it often does after a long business expansion. Strong demand allows companies to raise prices. Low unemployment puts upward pressure on wages. In the past 12 months, the consumer price index (CPI) has increased 3.5 percent. It's not just gasoline prices. So-called core inflation -- all items minus food and energy prices -- is 2.3 percent. By contrast, the CPI rose only 1.9 percent in 2003, and core inflation was only 1.5 percent.

All this creates a dilemma for the Fed. Since mid-2004, it has been raising short-term interest rates to stymie inflation by slowing the economy. That might be happening now. Housing construction and sales have weakened; consumer spending could follow. Should the Fed continue raising rates to ensure that inflation subsides? Or would that cause a sharp slowdown, even a recession?

The less traditional problem involves global financial markets -- markets around the world for stocks, bonds and currencies. Since April stock markets have declined. From their recent highs through last evening, the Dow is down 5.5 percent; the Nikkei (Tokyo), 12.4 percent; the Kospi (Seoul), 11.1 percent; and the Bovespa (Sao Paulo), 13 percent. Although these

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declines are not huge, they all happened together. Meanwhile, interest rates on bonds have risen, and the dollar has dropped against the euro and the yen.

It seems that national financial markets, once fairly compartmentalized, are increasingly interconnected and interdependent. Companies such as Goldman Sachs, mutual funds, pension funds and hedge funds (loosely regulated pools from small numbers of wealthy investors) can move money easily across borders and react to the same events.

The danger is that these two developments will interact to create a chain reaction in financial markets that damages the world economy. Investors worry that tighter credit in the United States -- and Europe and Japan -- will imperil expansion and expose speculative investment practices. Or the trigger could be huge trade imbalances (U.S. deficits, Asian surpluses), high oil prices, terrorism or protectionism against China, says economist Desmond Lachman of the American Enterprise Institute. Just last week the European Central Bank warned that hedge funds posed a "major risk" to financial stability.

As Treasury secretary, Paulson may be frustrated by long-standing problems that elude solution. Or he may grapple with a surprising crisis to prevent some greater calamity. With hindsight, people may conclude that Snow was fairly shrewd. He knew when to leave.

Rope-a-Senator (WP)

The Washington Post, June 7, 2006

THE MOST disturbing thing isn't that Sen. Harry M. Reid (D-Nev.) accepted free ringside tickets to Las Vegas boxing matches, worth between several hundred and several thousand dollars each. It's that even when pressed the senator didn't see anything wrong with taking the freebies at the same time he was pushing federal legislation to oversee the industry. "I would be criticized if I didn't go," he said after the Associated Press broke the story. "It's just like going to an Ohio State football game, an Arizona State football game -- in Nevada, boxing is it."

Senate rules, which normally limit gifts to $50, don't bar more valuable presents from state and local governments, and the tickets in this case came from the Nevada Athletic Commission, a state agency. The rules don't even require that such gifts be disclosed, which reflects a problem with the rules, not with Mr. Reid's behavior.

Nor was Mr. Reid doing the athletic commission's bidding; to the contrary, he was pushing legislation it opposed, and there's no indication that he changed his position after attending the fights.

But commission officials were eager for an opportunity to lobby the senator -- and where better than ringside? This is the point of rules on gifts: It's unseemly for lawmakers to be accepting benefits from those who are trying to influence them on legislation. The Senate Ethics Manual cautions that lawmakers "should be wary of accepting any gift where it appears that the gift is motivated by a desire to reward, influence, or elicit favorable official action."

Sen. John McCain (R-Ariz.), who teamed up with Mr. Reid on the boxing legislation, got that point. As reported by the AP's John Solomon, Mr. McCain joined Mr. Reid at a championship fight in 2004 but paid $3,400 for tickets for himself and his wife. Mr. Reid explained the difference this way: "He came here to watch the fight, I came here to work for the state of Nevada and to watch the fight."

Mr. Reid first declared that he would continue to take free tickets, then reversed course the next day "to avoid even the faintest appearance of impropriety." Maybe he got an inkling: It's this culture of entitlement that offends ordinary Americans -- who don't get free ringside seats and who have to settle for pay-per-view.

OTHER NEWS:

Stocks Slide Further After Monday's Sell-Off (NYT)

By John Holusha

The New York Times, June 7, 2006

Stocks slid further today in after a big sell-off on Monday, as investors continued to be nervous about remarks by the Federal Reserve's chairman indicating that interest rates might keep climbing to keep inflation in check.

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The Dow Jones industrial average traded below 11,000 for much of the day for the first time since early March, although it closed barely above that mark.

Investors also remained worried by increasing evidence that economic growth is slowing, said Stuart Freeman, chief equity strategist for A. G. Edwards & Sons.

"We have seen in the week specific data that show that the economy is slowing," he said, citing lower numbers for construction, housing prices and mortgage applications. The housing and construction industries are considered to be particularly sensitive to interest rates.

Asian and European stock markets followed Monday's fall on Wall Street by dropping sharply today. In Tokyo, the Nikkei 225 index fell 1.8 percent, and most other indexes in Asian and Pacific countries lost ground, especially those in Australia and India. Major European markets fell 1.6 percent or more, and the CAC 40 index in Paris dropped 2.4 percent.

In New York, the leading market indexes ended trading lower this afternoon, although some late buying cut their losses. According to preliminary figures, the Dow industrials fell 46.58 points, or 0.4 percent, to close at 11,002.14.

The Standard & Poor's 500-stock index lost 1.44 points, or 0.1 percent, to 1,263.85. And the Nasdaq composite index dropped 6.84 points, or 0.3 percent, to 2,162.78.

On Monday, the Dow fell almost 200 points, or 1.8 percent, after Ben S. Bernanke, the Fed chairman, said the central bank intended to remain vigilant in fighting inflation.

His remarks were interpreted to mean that the Fed would probably increase its benchmark short-term interest rate for a 17th time when its policymaking committee meets at the end of the month. Investors had been hoping for a halt to the rate increases.

Bond prices were modestly higher this afternoon, pushing down their yields, despite the prospect of another Fed rate increase. Still, the dollar gained some strength against the euro, the Japanese yen and the British pound. Commodity prices, meanwhile, moved lower.

Stocks Take Hit As Dow Finishes At 3-Month Low (WSJ)

By E.S. Browning

The Wall Street Journal, June 7, 2006

Following Monday's selloff, investors continued to flee stocks tied most closely to economic growth, but a late-day rebound helped to soften the blow.

After falling 199.15 points on Monday, the Dow Jones Industrial Average was down 122.30 points in the middle of the trading day, well below the 11000 level that it had traded above for most of this year. Then, the late surge pushed the blue-chip average back above the much-watched 11000 benchmark, leaving it down just 46.58 points, or 0.42%, at 11002.14.

The Dow industrials now are down 640.51 points, or 5.5%, since hitting a six-year high of 11642.65 on May 10. Back then, they were fewer than 100 points below their January 2000 record close of 11722.98. Now, they are at a three-month low, although still up 2.7% this year.

For a second day, the main drag on stocks was Federal Reserve Chairman Ben Bernanke's surprisingly blunt warning in a speech Monday that key inflation indicators are running above the level he considers acceptable. His comment was taken as a warning that the Fed may move to slow the economy further by pushing its target short-term interest rate up for a 17th time running, to 5.25%, at its next interest-rate meeting June 28 and 29. Some analysts worried the Fed might raise rates further as the summer progresses. Higher interest rates hurt stocks by slowing economic growth and crimping corporate profits.

Investors continued to flee stocks that had shown the sharpest gains in recent years, those that had been propelled higher by booming world economic growth. Investors now fear that those stocks have risen too far, at a time when central bankers led by Mr. Bernanke seem intent on continuing to raise interest rates and mopping up excess cash in order to snuff out inflationary pressures.

"The economically sensitive stocks were getting banged around," said Todd Clark, director of stock trading at San Francisco money-management and brokerage firm Nollenberger Capital Partners. But late in the day, as the Standard & Poor's

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500-stock index managed to remain above the intraday low it had hit late in May, buyers stepped in and stocks "bounced nicely," he noted.

The S&P 500 finished down just 0.11%, or 1.44 points, at 1263.85, still up 1.3% in 2006. Makers of consumer staples -- daily necessities such as food and household products that are less dependent on economic growth -- actually finished the day with gains. They are heavily represented in the S&P 500. Procter & Gamble rose 0.4% and Colgate-Palmolive gained 1%.

Things looked nasty as the day began. U.S. investors awoke to find foreign stocks down sharply in the wake of Monday's U.S. declines.

Even after the late-day recovery, copper producer Phelps Dodge finished down 1.1%. Construction- and mining-equipment maker Caterpillar fell 1.2%, and aluminum maker Alcoa fell 2.2%. All three have fallen more than 15% since the first half of May. Many banking stocks, whose cost of obtaining money rises when interest rates move higher, continued to decline. J.P. Morgan fell 1.4%, but Citigroup inched up 0.3%.

A wide variety of commodities, which had been soaring amid economic optimism until last month, also continued their pullback, led by copper and gold. Despite continued worries about summer oil supplies and despite export-cutoff threats from Iran, crude-oil futures edged down 10 cents to $72.50 a barrel on the New York Mercantile Exchange. Gold futures fell $13.80 to $629.40 a troy ounce.

Small stocks, which once led the gains, were again among the hardest-hit because small companies are more dependent on bank borrowing than large ones. The Russell 2000 small-stock index fell 0.41% to 710.96, its lowest finish in nearly four months. It is down 9.1% since hitting a record May 5, although it still is up 5.6% this year. The Nasdaq Composite Index fell 0.32%, or 6.84 points, to 2162.78, down 1.9% this year.

The dollar, which becomes more attractive to investors when interest rates are higher, rose again against both the yen and the euro. Although short-term Treasury-note prices fell on the rate fears, pushing yields higher, longer-term notes and bonds moved the opposite way. That reflects in part a flight to safety as investors abandon stocks for bonds, but it also suggests that bond investors may be somewhat less concerned about inflation risks than are stock investors.

Measures of market volatility, based on option trading, moved sharply higher. That reflected fears that markets have entered a period when investors and Fed officials alike will be uncertain of how much higher the Fed will have to raise rates, when such decisions will be made based on what hard-to-predict economic data indicate about inflation risks.

In the short term, investors will be watching to see whether the Dow can hold the 11000 mark, and whether other indexes can remain above recent lows. If the market moves sharply below these much-watched levels, another round of selling could follow.

Three more Fed officials spoke yesterday, offering opinions that weren't always fully in line with Mr. Bernanke's.

William Poole, president of the St. Louis Federal Reserve Bank, and Fed Governor Susan Bies both suggested that higher inflation could force more rate increases, echoing Mr. Bernanke. But Kansas City Fed President Thomas Hoenig said inflation pressures should "taper off" as economic growth moderates, suggesting that he may be less worried about inflation risks.

In major U.S. market action:

Stocks retreated; bond prices gained. The 10-year Treasury note rose 4/32, or $1.25 for each $1,000 invested, pushing the yield down to 5.010%. The 30-year bond was up 14/32 to yield 5.083%.

The dollar strengthened. Late in New York, the currency traded at 113.22 yen, up from 112.17, while the euro fell against the dollar to $1.2838 from $1.2914.

Inflation Fears Mount At Fed As Poole Toughens Rate Posture (WSJ)

By Greg Ip

The Wall Street Journal, June 7, 2006

WASHINGTON -- Inflation alarms at the Federal Reserve rang louder yesterday as a top official said slowing economic growth may not be enough to contain inflation if the public's inflationary psychology intensifies.

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"If inflation turns out to exceed ... our target range, I do not believe we can count on a slowing economy to bring inflation down, by itself, quickly," William Poole, president of the Federal Reserve Bank of St. Louis, said in an interview. If inflation expectations rose in "a persistent way...we could expect to see that show up in measured inflation in fairly short order."

Mr. Poole said to keep expected inflation from rising further, the Fed needs "an upside bias" in setting interest rates.

Mr. Poole, who has held his job since 1998, has long been on the hawkish side of the policy-making Federal Open Market Committee. The FOMC consists of seven Washington-based governors and 12 regional-bank presidents, of whom five vote in a given year.

Nonetheless, Mr. Poole's remarks echoed Fed Chairman Ben Bernanke, who on Monday indicated he is more concerned about the recent rise in inflation than signs of slowing economic growth. Mr. Bernanke's remarks prompted futures markets to sharply increase the odds that the Fed will raise its short-term interest-rate target to 5.25% from 5% at its meeting on June 28-29. Mr. Poole's remarks, made in an interview Monday and published yesterday on WSJ.com and Dow Jones Newswires, caused those odds to rise further, to 80% from 72% Monday and 48% Friday. They also contributed to a decline in stocks yesterday.

When the public expects higher inflation, it may set prices and wages in a way that makes that expectation a reality. Mr. Poole said that effect is more powerful than the "output gap," the idle capacity that exists when the economy is operating below its potential. "If inflation expectations were to rise ... it might take a very long time before the [output gap] would be able to offset what's going on with inflation expectations."

Mr. Poole noted that investors' expectations of inflation, judging from the behavior of inflation-protected Treasury bonds, have risen about 0.2 percentage point this year. "It's not a huge number, but from my perspective, it's going in the wrong direction" because inflation is already "at the upper end of what I would like to see." Many officials say they prefer that inflation, by their favored price index, remain between 1% to 2%, which Mr. Poole called a "fully acceptable range," though he personally would prefer a lower target. By that measure, inflation was 2.1% in April.

Analysts say Mr. Bernanke's speech may in part have been meant to squelch doubts of his willingness to administer tough anti-inflation medicine. If so, he appears to have succeeded.

Macroeconomic Advisers, a forecasting firm, says expected inflation as measured by inflation-protected bonds has dropped almost 0.1 percentage point in the past two days. Brian Sack, an economist there, called that a "vote of confidence" in Mr. Bernanke but cautioned it was conditional on the Fed raising rates later this month.

Other Fed officials delivered more balanced messages. Governor Susan Bies said at a conference in California yesterday that 2.1% inflation "makes me very uncomfortable" but added that the 16 quarter-percentage point interest rate increases the Fed has made over the past two years are still "making their way through the economy." And Kansas City Fed President Thomas Hoenig, at an event in Montrose, Colo., said, "We know that monetary policy acts with a lag ... that the effects could still be ahead of us," and while inflation expectations have ticked higher, that has happened in the past and not been sustained.

Separately, the Federal Reserve Bank of Philadelphia named Charles Plosser, an economics professor at the University of Rochester, its new president effective Aug. 1. He succeeds Anthony Santomero, who resigned March 31.

Michael Feroli, an economist at J.P. Morgan Chase, said Mr. Plosser "likely has a hawkish bent," given his grounding in an economic theory that holds the Fed has little influence on growth and should thus focus exclusively on inflation. Like Mr. Poole before his current job, Mr. Plosser has served on the Shadow Open Market Committee, a group of academics that has often criticized the Fed for being soft on inflation.

Pondering The Bear Necessities (WP)

By Brooke A. Masters

The Washington Post, June 7, 2006

NEW YORK, June 6 -- Now that the Dow Jones industrial average has slid 246 points in two days and shed 5.5 percent since mid-May, it's time to ask the question: How do you distinguish a short-term stock market correction from a full-blown bear market?

You wait awhile, of course. But already there are clues in technical market data, such as who is doing the buying and selling, the price of stocks relative to corporate earnings, inflation data, and the length of time since the last recession.

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Corrections, defined as a drop of 5 percent over a few weeks or a month or two, are pretty common. Since 1900, the Dow has fallen at least that much more than 300 times, or an average of more than three times a year, according to Ned Davis Research Inc. But nine out of 10 such slides bottom out and start rising again. It's the other 10 percent that scare the pants off investors. They turn into bear markets, in which the broad market indicators lose 20 percent or more and take their own sweet time coming back.

Even the professionals have trouble telling the two apart. In 2005, the Dow dropped more than 800 points -- 8 percent -- in March and April before rallying, then dropped an additional 400 points in September and October before climbing some more. In both cases, investors who jumped out prematurely would have suffered losses and missed another good rise.

On the other hand, analysts were full of rosy predictions in 2000 and 2001 that the market was simply resting briefly and would soon resume its dizzying climb. None of the major indicators have ever returned to their early 2000 highs.

"Picking the short-term movement of the stock market is like standing at the roulette table and saying, 'I think red is coming up next' and then congratulating yourself when you are right," said Andrew Smithers, a British economic consultant. Though he published a book in March 2000 that correctly predicted that stocks were overvalued and about to tank, he called the timing "pure luck."

Now, consider today's investing environment.

Federal Reserve Chairman Ben S. Bernanke spooked the equity markets Monday with comments that suggested the central bank is concerned about inflation and is likely to continue to raise interest rates. That prospect in turn raises fears that a significantly tighter money supply could push the already slowing economy into recession. The Dow shed 199 points on Monday and was down as much as 110 points on Tuesday before climbing back to 11,002.14, down 46.58 points for the day.

The Nasdaq composite index dropped 6.84 Tuesday and is down 3.6 percent since the beginning of January. The Standard & Poor's 500-stock index dropped 1.44 Tuesday to finish at 1263.85, down more than 4 percent from its most recent high in May. Even the high-flying Russell 2000, which tracks small stocks and gained 13.9 percent in the first quarter, has given back more than half of its 2006 gains.

"There's some panic in the street," said Al Goldman, chief equity strategist for brokerage firm A.G. Edwards & Sons Inc., "but I don't feel it's justified. . . . We don't have any signs that a recession is at hand, and inflation, although it's up, is still pretty well contained."

George Feiger, who runs Contango Capital Advisors, a wealth-management business, looks at the same signals and sees trouble. "All the technical indicators are showing that we must be getting near the end. The economy is slowing down, the dollar is tanking, people are pulling their money out of equities and putting them in cash, huge amounts of debt have been issued by below-grade [high-risk] issuers," he said. "Where else can it go? The real question is not where will it go but how far."

Interviews with nearly a dozen economists and market analysts turned up widely varying views on whether this particular market correction will develop fur and claws. That's partly because each one looks at different signals to determine where the equity markets are going.

Charles Biderman, chief executive of TrimTabs Investment Research, argues that the real answers lie in mutual fund flows and in whether companies are spending money to buy their own stock or that of other companies as part of a merger. He noted that at the market peak in early 2000, individual investors were piling into equity funds but that companies were net sellers of stock. By contrast, at the bottom of the last bear market from June 2002 to February 2003, individuals pulled $100 billion out of equity funds, while companies were net buyers by $30 billion. "Typically, individual investors are always wrong," Biderman said, "and ever since the mid-1990s, for every year when companies were net buyers of their own shares, the market has gone up."

Right now, Biderman notes, companies are again net buyers -- he calculated that in May, 135 companies announced a total of $63 billion in stock buybacks and $40 billion more in stock purchases as part of takeovers. Meanwhile, individuals pulled money out of equity funds in May. His conclusion: "The economy is doing very well, and the market is underperforming."

James W. Paulsen, chief investment strategist for Wells Capital Management, also predicts good times ahead for stock buyers. He argues that corporate profits and consumer spending are still relatively strong and notes that even though the Federal Reserve has repeatedly raised the benchmark short-term interest rate over the past two years, the current level of 5 percent is still low by historical standards.

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"I think the odds favor us getting over this and going back up to where we were," Paulsen said. "My bet is that we have not shut down the speed of world growth yet."

Some analysts are far less sanguine. Many of them rely on the relationship between a company's share price and its earnings to determine whether it is over- or undervalued, and they say that rapidly rising corporate earnings were the crucial engine behind the stock market's long rise from late 2002 through the first part of this year. S&P 500 companies are trading around 15 times operating earnings, well below where they were at the last market peak in 2000.

But some analysts are worried that high energy prices and the possibility -- also mentioned by Bernanke on Monday -- of a cooling economy could combine to make it harder for companies to post strong earnings growth. "Earnings are going to be a little harder from now on," said Peter Jankovskis, director of research for OakBrook Investments LLC. Though he thinks the current drop is a correction rather than a bear market, he said small investors with extra money in their pockets might do well to put it in a money market fund or high-interest bank account until the current trend becomes clearer. "The market definitely has cycles: Sell in May, stay away. Markets are generally weak in the summer. . . . It won't hurt you to stay on the sidelines for a while."

On the other hand, investors who are already invested in equities shouldn't run for the exits, market watchers said. "The worst thing that can happen is that people panic at the bottom, and it takes them a year or two to get over that panic. By that time, you've missed most of the next bull market," said Ken Tower, chief market strategist for CyberTrader, a Charles Schwab Co. subsidiary that focuses on active traders.

Ben Bernanke: Tough Guy (WP)

By Nell Henderson

The Washington Post, June 7, 2006

Ben S. Bernanke rattled world financial markets Monday with his tough talk about combating inflation, but he also buffed up his image as a strong Federal Reserve chairman committed to the fight, analysts said yesterday.

"He reintroduced testosterone to the inflation-fighting resolve of the Fed," said Diane Swonk, chief economist of Mesirow Financial Inc., an investment management firm. "This is a pure male thing. He said to the markets, 'You think I'm a wimp? Take me on.' "

Gone, during Bernanke's remarks to a bankers' conference, was any mention of a Fed pause in its two-year series of interest rate increases. Gone was any fretting over the danger of pushing interest rates too far and triggering a slump. Instead, he declared that the recent rise in inflation would not be tolerated.

Bernanke, who took over as Fed chief in February, needed to send such a signal to counter the markets' doubts about his anti-inflation resolve, analysts said -- even though it meant jolting the markets with the implication of higher interest rates. He called recent inflation trends "unwelcome," noting that the Labor Department's consumer price index, excluding volatile food and energy items, had risen at a 3.2 percent annual rate over the three months ended in April and at a 2.8 percent pace in the six months ended in April.

When Bernanke told Congress in April that the Fed might pause in its rate increases, "he sent a bad message that the central bank was going to be soft on inflation, and that was the wrong message to send when energy, commodities and raw materials prices were at multi-decade or historic highs," said Richard Yamarone, director of research at Argus Research Corp. "I was pleasantly surprised [Monday]; my beliefs were confirmed that the world's most important central banker was in fact vigilant against inflation. He finally laid that out. I'm surprised he didn't do this earlier."

Bernanke's remarks followed extensive discussion within the central bank about its strategy for communicating with the public. Bernanke has long argued that Fed officials should be more open about their thinking to help the markets anticipate the likely course of interest rates. But that effort may have backfired: Recent attempts to reflect the Fed's internal uncertainty and debate caused some investors to question whether the central bank's commitment to low inflation had weakened with the retirement of former chairman Alan Greenspan.

Most of the Fed's top policymakers believed they were nearly done when they raised their benchmark short-term interest rate to 4.75 percent at their meeting in late March, Bernanke's first as chairman, minutes of that session show. And some of them worried then about the danger of raising the rate too high and causing an economic downturn. But others expressed concern

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about the inflation risks posed by rising prices for energy and raw materials, tightening labor markets, and robust economic growth -- suggesting that more interest rate increases might be needed.

Fed officials again lifted the rate in May, to 5 percent, and left the door open to more increases. But several also spoke more openly in public about the difficulty of knowing when to stop raising interest rates -- the classic dilemma for any central bank and one that the Greenspan Fed faced three times in his 18-year tenure.

The problem is that Fed interest rate changes take effect over many months and even years, as consumers take on new mortgages, car loans and credit card debt and as businesses borrow to expand. Higher interest rates eventually crimp spending, causing the economy to soften and inflation to fall -- but the process takes time.

And, as Bernanke observed in a paper he co-authored in 1995, when interest rates go up, economic growth typically slows many months before inflation falls .

This makes it particularly tricky to decide when to stop. The Fed today is close to reaching that "no-man's land of not knowing if you've gone too far because of the lags," Swonk of Mesirow Financial said.

Inflation rose or stayed high for some months after each time the Greenspan Fed finished a series of interest rate increases, in 1989, 1995 and 2000. Twice, in 1990 and in 2001, the Fed tightenings were followed by recession. Only in 1995 did the Fed achieve the central banker's Holy Grail of a "soft landing," in which an overheating economy cools to a healthy pace of expansion without a painful slump.

Greenspan faced higher inflation than Bernanke faces, and he raised the federal funds rate much higher than it is now before stopping: to nearly 10 percent in 1989, to 6 percent in 1995 and to 6.5 percent in 2000.

The Fed has been steadily raising its benchmark federal funds rate, the overnight interest rate on loans between banks, for two years, from a very low 1 percent in June 2004. With rates so low for so long, the housing market boomed through last year and began to soften only in recent months. Consumer spending remained strong through earlier this year and has just recently started to sag.

Bernanke said Monday that the expected economic slowdown "seems now to be underway," but he expressed more concern about inflation and signaled strongly that interest rates will move higher before he is done.

Financial markets, which have been volatile for weeks because of inflation fears and uncertainty over the Fed's likely action, sold off Monday and yesterday on expectations of more rate increases.

"This happens all the time at the end of a tightening cycle, and everybody is all atwitter because they don't know when it will end," said Mark Gertler, the New York University professor who co-authored the 1995 paper on Fed policy with Bernanke. "Our paper tells you there are lags in the effects of policy but doesn't tell you when to stop."

Fed, Bernanke Take Blistering Flak (USAT)

By Sue Kirchhoff And Adam Shell

USA Today, June 7, 2006

WASHINGTON — Federal Reserve Chairman Ben Bernanke is finding out the hard way that openness is not the same thing as clarity.

Bernanke took office in February promising to make central bank policy more transparent. Four months later, a number of economists and traders say the Fed chairman and other central bank officials have stumbled by making too many contradictory statements, muddying the outlook and spooking markets.

The complaints got louder Monday after Bernanke told a banking group inflation was at an “unwelcome” level, raising the specter of further Fed interest rate increases. That appeared counter to April congressional testimony in which Bernanke suggested the central bank could pause from its two-year campaign of interest rate increases, even if inflation was a risk.

The Dow Jones industrial average fell nearly 200 points Monday and another 47 points Tuesday.

“Give us a break, please. Can we have just one week, or at least one day, without some Fed official obsessing publicly about containing inflation?” says Ed Yardeni, chief investment strategist at Oak Associates. “They are giving us more information than we need.”

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The issue goes beyond language, however. There are a number of reasons the Fed is taking flak as it tries to wind up a drive that has pushed short-term interest rates to 5% from a historic low of 1% in mid-2004:

•The economy is changing. Minutes of the March 27-28 meeting of the Fed's policymaking Open Market Committee show members believed the end of the tightening cycle was near, with some expressing concern the Fed could push rates too high. Bernanke's April testimony echoed those comments. The markets, however, interpreted Bernanke's "pause" statement as soft on inflation. Further, in recent weeks core inflation, which doesn't include food and energy, has been running above the Fed's 2% projection.

As the Fed responded to market concerns and altered conditions, its message necessarily changed.

"The end of tightening cycles are often controversial. We see more disagreement on the Fed committee about what the stopping point is; we see more skittishness in the markets," says Brian Sack of Macroeconomic Advisers, a former Fed economist. "This was a tricky time to have a transition to a new chair."

•There are disagreements on policy. While some analysts applaud Bernanke's emphasis on inflation, others say the central bank is not paying enough attention to economic cooling. They fear the Fed will push rates too high, choking growth. "The Fed is overly concerned with inflationary pressures and less concerned with the slowing of economic activity … the consumer is getting whacked" by rising rates and energy prices, says David Lereah, National Association of Realtors' chief economist.

•There are too many voices. Bernanke doesn't yet have the same control that former chairman Alan Greenspan had over the Open Market Committee. Traders and economists are paying more attention to sometimes conflicting statements of Fed governors and regional bank presidents to try to figure out policy.

"They should really leave it to one spokesman, and that should be the Fed chairman," Yardeni says.

•Bernanke doesn't have Greenspan's inflation-fighting credentials and reputation.

"He needs to quickly realize that the markets around the world care very much about every word that comes out of his mouth," says Gary Kaltbaum, a money manager at Kaltbaum & Associates. "Potentially, it could be a longer-term positive that he is going to stand up to inflation if it is occurring … (it's) better than doing nothing and letting things get out of hand."

Unease Over Fed Policy Has Markets In A Tizzy (USAT)

By Matt Krantz

USA Today, June 7, 2006

The bulls and bears are in a heated game of chicken that has the Dow clinging to 11,000 for dear life.

Puzzlement about what appeared to be a threat Monday from Federal Reserve Chairman Ben Bernanke to head off inflation at any price has Wall Street's mood ranging from nervous to downtrodden. Those fears sent the Dow Jones industrial average below 11,000 for much of Tuesday, before it recovered to close down 47 points at 11,002 — barely extending its longest streak above 11,000 to 61 trading days.

Inflation and the Fed are perplexing investors. "The worry is the Federal Reserve has already made a mistake or … will make a mistake soon," by raising short-term interest rates too high in its efforts to keep inflation in check, says Hugh Johnson, chief investment officer at Johnson Illington Advisors.

Investors have historical reasons to be concerned, says Sam Stovall, market strategist at Standard & Poor's. During the past 36 years, the Fed has had to start cutting interest rates — to help the economy — six months or less after its last rate increase, on average.

"People worry the Fed tightens too much," Stovall says.

Fearing the Fed might be about to dump a bucket of cold water on the economy, investors are running from the risky stocks and assets they were chasing just months ago. Consider how investors have been punishing the riskiest areas of the market since the Dow Jones industrial average topped out this year on May 10, including:

•Emerging market stocks. The biggest losers, by far, have been emerging markets investments in developing nations ranging from Brazil to China. The iShares MSCI Emerging Markets exchange-traded fund, which soared 31% in 2005, has tanked 16.5% since March 10.

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•Companies with small market values. The USA's smallest publicly traded firms, as measured by the Russell 2000 index, have cratered 8.4% since May 10. Meanwhile, less- risky large-company stocks, measured by the S&P 500, are down just 4.5%.

•Former winning industry groups. Industries that investors target when the economy is steaming ahead or is expected to be strong, such as basic materials and semiconductors, have been battered. The iShares Dow Jones U.S. Basic Materials ETF is down 10.7% from May 10. That has cut its 2006 gain to 7.0%, which doesn't look bad until you consider it had been up 20% at its peak for the year.

Meanwhile, defensive stocks such as health care have lived up to their names as investors' hiding places. The iShares Dow Jones U.S. Healthcare Providers ETF is up 1.1% since the Dow topped on May 10.

This reminder of the dangers of owning risky stocks was overdue, because investors were almost blindly buying them, says Jack Ablin of Harris Private Bank: "It makes sense to stay on the safe side of the street."

Economic Rehab (WSJ)

By Brian S. Wesbury

The Wall Street Journal, June 7, 2006

The stock, bond, currency and commodity markets are bouncing around wildly. While there are many crosscurrents, monetary policy and economic data are front and center in day-to-day market volatility. As a result, some market observers are trash-talking the new Federal Reserve Board chairman, Ben Bernanke, and blaming him for all sorts of perceived missteps.

This is unfair. Mr. Bernanke is doing a fine job. The inflationary pressures he is fighting today were baked in the cake before he arrived. Monetary policy was overly accommodative for too long, and even after 16 rate hikes the Fed has not yet reached neutral. Weaning investors, home builders, hedge funds and proprietary trading desks from 50-year low interest rates is like forcing them to quit smoking: It's good for the health of the economy, but it hurts and they are complaining loudly.

There are two forces that cause the economy to grow. One is real, the other is an illusion. The real force -- entrepreneurial innovation and creativity -- comes naturally as long as government policies do not drive it away. The artificial force is easy money. An increased supply of money, by creating an illusion of wealth, can increase spending in the short run, but this eventually turns into inflation. Printing money cannot possibly create wealth; if it could, counterfeiting would be legal.

For monetary policy makers and investors it is important to determine to what extent growth is due to each force. In the late 1990s, when the economy and equity markets were booming, the Greenspan Fed became convinced that monetary policy was largely responsible. But commodity prices were falling and the dollar was strong -- both signs that Fed policy was not the culprit. The Fed hiked interest rates anyway. This was a mistake. The U.S. economy fell into recession and deflation became the No. 1 fear of financial markets and central banks around the world.

The Fed fought this deflation -- by cutting rates 11 times in 2001 -- eventually pushing the federal funds rate down to 1%. In late 2001, commodity prices began to rise, and in early 2002 the dollar began to fall. But because it was so worried about deflation, the Fed ignored these signs of monetary excess and held rates artificially low well into 2004. This policy has finally come home to roost.

Inflation is on the rise. "Core" consumer prices have climbed 3.2% at an annual rate in the past three months, the fastest growth since 1995. Mr. Bernanke said recently that inflation has "reached a level that, if sustained, would be at or above the upper end of the range that many economists, including myself, would consider consistent with price stability and the promotion of maximum long-run growth."

What the market is debating is whether fighting this inflation will hurt the economy. With housing activity down sharply, these fears are palpable. But this is likely an overreaction. Housing was stimulated to extraordinary heights by artificially low interest rates (and the 1997 capital gains tax cut) and is now correcting back to more normal levels. Housing starts may be down 18.4% from their peak, but they are still up 12.3% from 1999 levels. It may be painful for participants in the construction industry and those who thought they could make a fast buck flipping houses, but only a recession could send the housing market into a tailspin.

Historically, housing has been a solid leading indicator of business cycles, but the special circumstances of recent years suggest that this time it is sending a misleading signal. And while some believe that a slowdown in housing will undermine

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consumer spending, this fear is overblown. Cash-out financing (or mortgage equity withdrawal) may have increased spending for those who took advantage of low interest rates to refinance, but every dollar of borrowing was funded with someone else's savings.

With interest rates up and refinance activity down, the savings do not disappear, but instead are used in different ways. Resources that would have been put into housing will be shifted to other sectors of the economy. One area that appears to be benefiting already is business fixed investment. Commercial and industrial loans are up 14.9% at an annual rate during the first four months of this year, and after five years of sluggishness are finally growing at rates similar to those of the late 1990s.

In other words, there is little evidence that rates have reached a level that is detrimental to the economy. The Fed is not tight; it is just less loose. This can be seen in real time by watching market-based indicators. Commodity prices remain elevated and the dollar continues to weaken; both suggest excess money creation. Moreover, the economy has not experienced a recession in over 45 years without the federal funds rate rising above nominal GDP growth. In the past year nominal GDP growth has been 6.9%, so with the federal funds rate at 5%, monetary policy is still accommodative.

Nonetheless, the Fed is very close to a neutral monetary policy. Using nominal GDP as a target, and looking back historically, a neutral rate is likely close to 6%. If the Fed could get rates to this level soon, the economy could continue to grow based on underlying entrepreneurial activity and productivity -- a rate estimated to be 3.5% or 4% per year. A neutral rate would also put a lid on inflation, stabilize the dollar and cap commodity prices, including oil. A 6% federal funds rate would be monetary policy nirvana.

Now that the Fed is close, the future path of short-term interest rates has become less certain. After two predictable years, with a rate hike every six to eight weeks, a great deal of leverage was employed by investors who understood the pattern. Lately, many investors have been betting on an early end to rate hikes, but with Mr. Bernanke remaining vigilant about inflation this leverage has become more risky. The result is volatility. In retrospect, if the Fed had moved rates up faster than it did, it might have been able to stop sooner. Unfortunately, the longer the Fed maintains an accommodative policy stance, the higher the neutral rate becomes.

The good news is that there is no reason to suspect that this volatility is anything more than a short-term phenomenon. During the past two years, the Fed was trying to wean the economy from low rates slowly, so as not to shock the system. But in doing so, it allowed inflationary pressures to accumulate. Ben Bernanke is finishing the job and cleaning up the mess. While this may create some near-term turbulence in financial markets, getting rates to neutral will be a huge benefit to the economy.

Mr. Wesbury is chief economist of First Trust Advisors L.P. in Lisle, Ill.

Realtors Lower Sales Forecast, Seek Pause In Fed Rate Increases (WSJ)

By Campion Walsh

The Wall Street Journal, June 7, 2006

WASHINGTON -- The National Association of Realtors lowered slightly its forecast for existing and new home sales this year, while the group's chief economist called for the Federal Reserve to pause its interest rate increases.

The slowdown from the previously hot housing market is positive because the economy needs a solid housing sector, and slower price appreciation will improve affordability, said NAR Chief Economist David Lereah.

"But this is a time for the Fed to pause rate hikes because we have some interest-sensitive housing markets that have become vulnerable," Mr. Lereah said.

The group lowered slightly its previous forecast for a slowdown this year in home sales and construction. Existing home sales are now projected to decline 6.8% from last year's record to 6.60 million in 2006, while new home sales are seen down 13.4% from last year's record to 1.11 million. Housing starts are forecast to decline 6.2% to 1.94 million this year.

The Realtors' group also lowered slightly its forecast for 30-year fixed mortgage rates. It now expects them to average 6.9% in the second half of the year, a tenth of a percentage point lower than its previous forecast.

The NAR said the housing boom has ended, but it still expects 2006 to be the third-strongest on record for the market. Existing home prices still are expected to grow by slightly more than the historical trend of house appreciation at 1.5 to 2.0 percentage points above inflation, Mr. Lereah said.

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The group forecasts the national median existing home price will rise 5.3% this year to $231,300, while the national median new home price will rise 0.8% to $242,900. It expects inflation measured by the consumer price index to grow 3.1% this year, while the economy grows 3.4%.

In general, rising inventories have eased what was unsustainable home price growth, and for most of the country future home price gains will "be much closer to normal returns we expect from housing," said NAR President Thomas Stevens. Higher interest rates have slowed sales in many high-cost markets, but job growth has boosted sales in some moderately priced areas, Mr. Stevens said.

Gas Prices May Fall A Bit, But Summer Costs Still High (USAT)

By Barbara Hagenbaugh

USA Today, June 7, 2006

WASHINGTON — Although gasoline prices will likely dip a bit in the near-term, families hitting the road this summer will still pay record prices at the pump, the government said Tuesday.

Nationwide, retail gasoline prices will average a record $2.76 a gallon over the April-September summer period for regular. That's up 39 cents from last summer and a nickel higher than the Energy Information Administration, the Energy Department's statistical arm, forecast a month ago.

In April, the EIA estimated that summer gasoline prices would average $2.62 a gallon. But prices early in the season have been higher than anticipated, leading to the increase in the forecast, EIA economist Neil Gamson says.

The U.S. average price for a gallon of gasoline was $2.87 Tuesday, up a penny from the day before, and 76 cents higher than a year ago, according to motor club AAA. Prices exceeded $3 a gallon in 10 states.

The most expensive gasoline was in Hawaii at $3.40 a gallon for regular. The cheapest was in Oklahoma and South Carolina, where the statewide average was $2.64, according to AAA.

EIA said prices will likely fall “somewhat” in the near-term, “barring new, unanticipated supply disruptions.” But analysts at the agency warned that prices could rise midsummer, “if demand growth picks up to higher rates than currently expected or if refinery outages occur at unusual rates.”

Higher gasoline prices have largely been driven by elevated oil costs. Oil accounts for approximately half the cost of gasoline for drivers at the pump.

The price of a barrel of crude oil in New York closed at $72.50 Tuesday, down 10 cents from Monday.

The record high, not adjusted for inflation, was $75.17 on April 21. In inflation-adjusted dollars, the record is $86.99 set in January 1981, according to EIA data.

Oil prices will likely stay high, the EIA said in its monthly report, as the gap between potential supplies and demand remains extremely small, putting oil investors on edge.

“Because of only limited surplus capacity throughout the forecast period, continued concern about potential or existing supply problems in Nigeria, Iran, Iraq, Venezuela and elsewhere, as well as the threat of more hurricane damage and the continued tight supply-demand balance, we expect little change in the current high-price environment,” EIA analysts said.

Federal Reserve Chairman Ben Bernanke on Monday cited high energy prices as a concern for the economy, reducing consumers' non-energy spending power and driving up inflation. “The volatility of these and other commodity prices is such that possible future increases in these prices remain a risk to the inflation outlook,” he said at an American Bankers Association forum.

Bilbray Close To Victory (AP)

By Philip J. Lavelle And Dani Dodge

The Associated Press, June 7, 2006

Republican Brian Bilbray appeared headed toward a win over Democrat Francine Busby last night in the race to replace imprisoned former Rep. Randy “Duke” Cunningham in the 50th Congressional District, a contest seen as a gauge of voter attitudes for the national midterm elections.

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In another closely watched race, Rep. Bob Filner easily defeated Assemblyman Juan Vargas in the 51st Congressional District Democratic primary. It was their third face-off in what has become a long and bitter rivalry.

Bilbray said in an interview that he believed his long focus on illegal immigration would pay off in the race against Busby.

"It's been ignored for too long," said Bilbray, a former congressman-turned-lobbyist. "It's been a simmering problem that's come to a head."

Bilbray also said that running in a heavily Republican district was an advantage, to a degree. "It can also be a big negative, because people were really hurt by Mr. Cunningham. But it was one man's mistake, and we have to remember that," he said.

"I don't think anyone should be writing the epitaph for the Republican Party based on what's happened tonight."

Busby, a Cardiff school board member, was far from conceding late last night.

"Tonight we have made history by sending that message for change ... it's time for Congress to work for us," Busby told cheering supporters at the D Street Bar and Grill in Encinitas. "This will send a message and put the wind in the sails to take us to victory in November.

"We're waiting to see if the people stand up and send a soccer mom from Cardiff to Congress. ... Anyone who writes this off as just being about Cunningham is wrong. This is just the beginning."

Filner said he expected to have the edge because of "25 years of effective representation. My opponent had nothing positive to say."

Vargas could not be reached for comment last night.

The winner in the 50th District will go to Washington and complete the last six months of Cunningham's term, but the campaign will continue. Bilbray and Busby seem certain to face off again in November.

The structure of yesterday's ballot underscored the unusual nature of the election. In addition to the special-election runoff, voters in the 50th cast ballots in the primary for the next two-year term. Busby and Bilbray led their parties in this race, and only Bilbray had nominal opposition because most candidates on the primary ballot agreed not to campaign.

Aside from Filner, none of San Diego County congressional incumbents faced primary opposition and all are expected to cruise to victory in November: Republican Darrell Issa of Vista in the 49th District, Republican Duncan Hunter of Alpine in the 52nd District and Democrat Susan Davis in the 53rd District.

Issa has no Democratic opponent. Hunter will be challenged by Democrat John Rinaldi. Davis will face Republican John Woodrum.

Blake L. Miles won the Republican nomination in Filner's heavily Democratic 51st District.

While Filner and Vargas waged one of the nations's toughest primary campaigns, the Bilbray-Busby race attracted national attention because of the Cunningham scandal and the conventional wisdom that the outcome could foreshadow the midterm elections, when the Democrats hope to win back the House.

In November, a tearful Cunningham, once a brash, swaggering Navy fighter ace in the Vietnam War, resigned his seat after pleading guilty in San Diego federal court to conspiracy and tax evasion for taking more than $2.4 million in bribes from defense contractors. He was sentenced to eight years and four months in federal prison.

Gov. Arnold Schwarzenegger set a special election to fill the seat, which was held April 11. The district – a political subdivision including some of the city of San Diego's northern communities plus much of suburban North County – is heavily Republican.

Eighteen candidates were on the April ballot, including 14 Republicans. No candidate won a majority, so the top voter-getters of each party moved to yesterday's runoff. Bilbray is a political veteran whose career was spent in the South Bay, as mayor of Imperial Beach, as a county supervisor and then as a member of Congress from 1995 to 2001.

After losing his seat to Susan Davis, he became a lobbyist, spending some of his time working for FAIR, an anti-illegal-immigration group. Bilbray moved to his mother's Carlsbad home last year, shortly after Cunningham's troubles were revealed.

Busby is an 18-year Cardiff resident and has served on the Cardiff school board since 2000. She ran against Cunningham in 2004, and after losing by a wide margin, immediately started campaigning for 2006.

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This year's race pitted a Democrat against a Republican seen by many in his own party as too liberal on social issues, including abortion rights, which he supports. There were nasty TV attack ads financed by both Republican and Democratic national parties and visits by high-profile party leaders.

Despite a substantial Republican voter-registration advantage – 44 Republican, 30 percent Democrat and 22 percent independent – polls suggested a dead heat.

Busby focused her campaign on ethics and the "culture of corruption" in Washington – a popular theme among Democratic congressional candidates this year.

But immigration become the defining issue, reflecting its standing atop public opinion surveys in California.

Busby supports the U.S. Senate's immigration bill, which calls for a comprehensive approach to immigration, including a path to citizenship for illegal immigrants along with enforcement measures.

That bill is pushed by Sen. John McCain, R-Ariz., which led to an awkward situation for Bilbray, who has said the bill would lead to "amnesty." McCain and others dispute that characterization and McCain canceled a scheduled appearance at a Bilbray fundraiser last week, though he said he continued to support the Republican candidate.

Bilbray supports the harder-line House immigration bill, focused exclusively on enforcement, and has said he favors building a fence from the Pacific Ocean to the Gulf of Mexico.

Late last week, Busby found herself doing damage control for a verbal blunder – telling a Spanish-speaker at a meeting of mostly Latinos that "You don't need papers for voting." Republicans seized on her comments, and she later said she flubbed her words and did not mean to advocate illegal immigrants voting, but that she wanted to say people not registered to vote could help her campaign.

By Monday, the GOP had launched a radio ad that said, "That's right. Francine Busby says you don't need papers to vote."

In the 51st Congressional District, it was Round Three between Filner and Vargas, who faced each other in 1992 and 1996.

Both candidates were in relative agreement on the issues, and the contest was marked more by personal attacks than policy discussion.

Each candidate argued that he would be the better representative for the district, with a particular focus on Latinos, who make up about 40 percent of the registered voters in the heavily Democratic district. The 51st includes the South Bay and all of Imperial County.

Vargas, a former San Diego City Council member being forced from the Assembly by term limits, hit Filner for paying his wife more than $505,000 in campaign money over the years to be his fundraiser. Filner said the practice is legal.

Vargas describes himself as a moderate-to-conservative Democrat.

Filner criticized Vargas as being out of step with Democratic Party orthodoxy.

He also attacked Vargas for taking more than $335,000 in contributions from the insurance industry and voting with the industry over consumers, particularly on bills favored by victims of San Diego's 2003 wildfires. Vargas is chairman of the Assembly Insurance Committee.

Angelides To Face Schwarzenegger In November (LAT)

By Michael Finnegan And Mark Z. Barabak, Times Staff Writers

The Los Angeles Times, June 7, 2006

Westly Concedes; Brown Wins and Preschool Plan Fails

After months of vitriolic campaigning, state Treasurer Phil Angelides laid claim early today to the Democratic nomination for governor and pledged to turn his candidacy into a "fight for the California of our dreams."

"I will not let you down," Angelides told exuberant supporters in Sacramento.

At 1:15 a.m., rival Steve Westly borrowed an aide's cell phone and called Angelides from Los Angeles to concede the contest and congratulate his erstwhile foe.

Facing no serious opposition, Gov. Arnold Schwarzenegger easily won the Republican nomination for a second term and planned to set out today on a bus trip through the Central Valley as the formal kickoff of his reelection effort.

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In other results Tuesday, Oakland Mayor Jerry Brown won the party nomination for attorney general and voters rejected a universal preschool initiative.

Angelides' victory claim followed a long night of suspense as he opened a small but steady lead that he never relinquished. Speaking after midnight to his supporters in Sacramento, the exuberant candidate said he would "hit the road tomorrow as the Democratic nominee for governor."

Earlier in the evening, Angelides stepped before the same crowd and struck the themes that he has sounded for months.

"I believe we can give hardworking families a chance to climb the ladder of success," he said. "I believe we can give our kids the best education in the world. I believe it is time for a governor that California can count on to stand up for hardworking people."

The climate for Tuesday's election was great voter discontent at the direction of the state and nation, with high gasoline prices, immigration and the Iraq war among the top concerns.

A gauge of the national mood Tuesday — and possible precursor of November's midterm election — was the San Diego County congressional race to fill the seat vacated by former Rep. Randy "Duke" Cunningham, who was convicted in a corruption scandal.

The first wave of returns for the special election showed Republican Brian Bilbray holding a single-digit lead over Democrat Francine Busby in what would have been a romp for the GOP candidate in most years.

In the Democratic primary for attorney general, Brown led Los Angeles City Atty. Rocky Delgadillo, who was making his first run for statewide office, from early in the evening. Delgadillo, who conceded late Tuesday, had faced an uphill fight from the start against the former governor and three-time presidential candidate, a household name to Californians for decades.

"We knew this was going to be a tough race when we got into it, and we gave it our all. But we've come up just a bit short," Delgadillo told supporters at a downtown hotel.

In November, Brown will face Republican nominee Chuck Poochigian, a Fresno state senator who is also little known to most Californians but who has raised enough money to mount a serious campaign against the Oakland mayor.

Another loser in Tuesday's election appeared to be filmmaker Rob Reiner, whose latest ballot measure, Proposition 82, was failing in early returns. It called for raising income taxes on the wealthiest Californians to establish free preschool for all 4-year-olds. Also behind was Proposition 81, a $600-million bond issue to build and repair libraries.

In other races, early returns found that:

• Lt. Gov. Cruz Bustamante was heading to a wide margin of victory in the Democratic contest for insurance commissioner. But rival John Kraft, who ran virtually no campaign, was winning nearly a third of the vote, a sign of potential trouble in Bustamante's fall race against Republican Steve Poizner, a Silicon Valley millionaire.

• State Sen. Debra Bowen of Marina del Rey was leading Sen. Deborah Ortiz of Sacramento in the Democratic primary for secretary of state. The winner will face Republican incumbent Bruce McPherson in November.

• Another cliffhanger was occurring in the Democratic primary for lieutenant governor, as state Sen. Jackie Speier of Hillsborough and Insurance Commissioner John Garamendi were locked in a tight race, and state Sen. Liz Figueroa of Sacramento was trailing badly. The winner will face Republican nominee Tom McClintock, a Thousand Oaks state senator.

• In the GOP primary for controller, no clear front-runner emerged in the match between state Sen. Abel Maldonado of Santa Maria and former Assemblyman Tony Strickland of Moorpark. In the race for the Democratic nomination, Sen. Joe Dunn of Santa Ana was trailing State Board of Equalization member John Chiang.

• State Supt. of Public Instruction Jack T. O'Connell, a Democrat, appeared headed toward reelection, getting more than half of the vote in the nonpartisan race, which is enough to avert a runoff.

• In the Republican race for treasurer, Board of Equalization member Claude Parrish was leading state Assemblyman Keith Richman of Northridge. The winner will face Democratic nominee Bill Lockyer, now attorney general.

The election also set the field for the fall U.S. Senate race, with Democratic incumbent Dianne Feinstein heavily favored over Republican challenger Richard Mountjoy of Monrovia, a former state senator and leader of the state party's conservative wing.

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Across the state, officials reported a few troubles in Tuesday's voting — polling stations that opened late, paper jams in ballot machines and other "standard election day hiccups," said Ashley Snee Giovannettone, a spokeswoman for the secretary of state.

One big glitch was in the Bay Area, where Alameda County was facing an unusually slow ballot count that threatened to delay statewide results until early today. The county, which includes Oakland and the surrounding area, is home to more than 382,000 registered Democrats — about 6% of the party's voters in the state.

The problem was voting machines. The state required the county to scrap its touch-screen machines earlier this year, because they could not produce a paper trail of votes cast, said Guy Ashley, a spokesman for the county's registrar of voters. So the county reverted to optical-scan paper ballots. Tuesday night, the ballots were to be taken from 830 polling stations to a central site to be inserted, one by one, into 60 scanners to tally the vote, Ashley said.

Statewide, turnout was light, although it was too soon to say whether it met projections of a little more than a third of California's 15.7 million registered voters. A huge chunk of the vote came in mail-in ballots, further depleting Tuesday's ranks.

Los Angeles voter Maria Vasquez, 60, surveyed the deserted polling station at the Islamic Center on Vermont Avenue. "There's nobody here," she said.

For many, the election's main draw was the Democratic contest for governor, a race so spiteful that many Californians cringed at the choice they faced.

In TV ads, Westly portrayed his foe as a former developer who polluted Lake Tahoe, bulldozed wetlands and took campaign money from oil firms.

Angelides, in turn, depicted Westly as an untrustworthy politician who broke his vow not to run negative ads, rewarded a corrupt campaign donor with state favors and backed Schwarzenegger's school and healthcare cuts.

Ads by both Democrats were short on context. In some cases, they misled voters, who were forced to sort out accusations by each man that the attacks from the other were dishonest. In the end, the vicious back-and-forth gave Schwarzenegger a head start in defining his Democratic challenger in negative terms.

"It's hurt the Democrats' chance of beating Schwarzenegger in the fall," said Gary C. Jacobson, a UC San Diego political science professor.

The bitter campaign seemed to hurt both candidates Tuesday, with voters expressing no great enthusiasm for either Angelides or Westly, according to a Los Angeles Times exit poll.

Only about half of those who cast ballots said they very strongly or even fairly strongly supported their candidate, the survey found. Angelides had slightly more solid support than Westly. But Westly had a slightly better image among Democratic primary voters.

The mud fight also came at a time of California voter fatigue, brought on mainly by the 2003 recall and last fall's special election, called by Schwarzenegger. With their bland personalities, Angelides and Westly each struggled to captivate voters. The dry nature of their state finance jobs heightened the challenge.

But neither lacked the fierce ambition that any serious candidate for governor requires.

Angelides, 52, spent years laying the groundwork for his campaign. A former Sacramento home builder and state Democratic chairman, he won the job of state treasurer in 1998 and coasted to reelection in 2002.

The post's duties, like overseeing state debt, are obscure, but Angelides still used the job to polish his political credentials.

As a member of state pension fund boards, he worked hard to build his standing on the environment: He pressured big corporations to take steps against global warming and promoted billions of dollars in investments in solar power and other alternative energy sources.

An important turning point for Angelides was Schwarzenegger's victory in the recall. When the governor took office, Angelides immediately staked his ground as Schwarzenegger's loudest critic, even as Westly and other Democrats were more accommodating to a leader who was then immensely popular. Ever since, Angelides has cited his early willingness to stand up to Schwarzenegger as testament to the strength of his principles.

His top assets in the campaign have been organized labor and top elected officials, such as U.S. Sens. Barbara Boxer and Dianne Feinstein. On Tuesday, unions put 5,000 volunteers on the street for Angelides, said the California Labor Federation.

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To counter labor's army of volunteers, Westly's main weapon was money: The former EBay executive, who reported more than $225 million in personal income over the last decade, poured more than $35 million of his fortune into his campaign.

Like Angelides, Westly has spent decades building ties with players in the state Democratic Party. He was vice chairman of the party in the late 1980s.

His base is the Silicon Valley. A former investment banker, Westly, 49, served as a manager at several dot-com companies. The last one, EBay, made him an instant tycoon when its stock went public.

In 2002, Westly left EBay and spent millions of dollars in his campaign for controller, a job he won by a margin of less than 1 percentage point. In the race for governor, he has taken credit for collecting billions of dollars in unpaid taxes as controller.

For months, he has used those efforts — and his pledge to raise taxes only as a "last resort" — to contrast himself with Angelides, who has made his plan to increase taxes on corporations and the wealthy a central focus of his campaign.

It was largely the tax issue that enabled Westly to position himself as the more moderate Democrat in the race. That, in turn, led to a series of polls showing that he would perform better against Schwarzenegger than Angelides would. Westly's campaign used those polls to argue to the end that he was the one candidate who could reclaim the governor's job for Democrats.

CONTRIBUTORS

Also contributing to election night coverage were Times staff writers Jonathan Abrams, Juliet Chung, Lynn Doan, Megan Garvey, Arin Gencer, John M. Glionna, Michelle Keller, Patrick McGreevy, Paul Pringle, Valerie Reitman, Lee Romney, Catherine Saillant, Robert Salladay, Nancy Vogel and Nancy Wride.

On To November (LAT)

The Los Angeles Times, June 7, 2006

NOW THAT CALIFORNIA'S primary season is over, voters have at least one thing to look forward to: silence. And they better enjoy it because it won't last long. The Democrats' shrill and shallow campaign ads may be off the air, but Gov. Arnold Schwarzenegger embarks today on a statewide bus tour. Maybe the winner of Tuesday's Democratic gubernatorial primary can take a few days, a few hours — OK, a few minutes — to pause and consider how to articulate a more positive message about the state's future.

The primary did little to boost the enthusiasm Democrats feel for their state candidates, and voters were also skeptical about two ballot measures to increase public spending on preschool and libraries. Regardless of whether the Democratic gubernatorial candidate is state Treasurer Phil Angelides or state Controller Steve Westly — and the race was too close to call even hours after the polls closed — he will have plenty of work to do before the final contest against Schwarzenegger on Nov. 7.

In the next five months, the Democratic candidate must show that he can repair the damage done to himself, his party and electoral politics in general by the recent weeks of cynical and self-defeating campaigning. If he expects to beat Schwarzenegger, he must rally voters by articulating how he can lead California in meeting a host of challenges. He must inspire confidence in his plans to deal with state finances, housing, transportation, healthcare, immigration and the environment, to name but a few of the state's pressing issues.

It's not enough to be smart, innovative and straightforward. He must also earn the trust of voters who are increasingly wary about where candidates get their campaign money and how they pad their resumes. And he must lay out, in greater detail and more convincing fashion, his plan to deal with the state's structural deficit.

Schwarzenegger, too, has his work cut out for him. He's riding high on the back of unexpectedly rosy revenues, and he now looks like a reliable senior statesman next to the squabbling Angelides and Westly. But if voters are to pick Schwarzenegger for four more years, they must know which version they will get.

Will he be the independent who ousted Gray Davis and called for an end to Sacramento politics as usual? Or the partisan who tried and failed to ram a slate of overreaching ballot measures past voters in a special election? Or the consensus-builder who worked with the Legislature to craft a budget and get a massive rebuilding bond on the November ballot? Or all of the above?

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Political professionals often like it when voters are disgusted. They like targeting their campaigns to relatively small numbers of high-propensity voters, and Tuesday's election was notable for its low turnout. But both the Democrats and Schwarzenegger would do well to remember Davis and the 2003 recall — and to keep in mind the voters' skeptical attitude toward both ballot propositions on Tuesday's ballot. Voter disgust can be hard to control.

State Elections Are A Midterm Bellwether (WP)

By Jonathan Weisman

The Washington Post, June 7, 2006

Alabama Gov. Bob Riley easily won the Republican primary contest last night against former state Supreme Court chief justice Roy S. Moore, once regarded as a formidable challenger because of his support from social conservatives who cheered his refusal to remove a monument to the Ten Commandments from the state judicial building.

Riley probably will face Lt. Gov. Lucy Baxley, who in early returns in the Democratic primary was burying the comeback attempt of former governor Don Siegelman, who hoped to use a November contest against Riley to showcase his contention that his ongoing corruption trial is a political vendetta by the Republican who unseated him.

The results were among the first to come in a night when primaries and special elections across the nation were being closely watched for signs of the broader political environment that will influence races in this fall's midterm elections.

The contest with the most national significance -- the special election in California to replace imprisoned former representative Randy "Duke" Cunningham in a suburban San Diego district -- was too close to call as polls closed last night on the West Coast.

In the final days of the race, polls showed Democrat Francine Busby in a tight contest against Republican Brian P. Bilbray to complete Cunningham's term in a once-solid GOP seat. A Busby victory in a district where Bush won 55 percent of the vote two years ago would be a clear sign of the headwinds confronting Republicans this fall as they try to keep their 12-year control of the House.

In New Jersey, a famous political name -- Tom Kean Jr., the son of a popular former governor -- won a Republican primary for the right to challenge recently appointed Sen. Robert Menendez (D) in the fall. Also in the Garden State, former New Jersey Assembly speaker Albio Sires cruised to a primary victory over Assemblyman Joseph Vas in the 13th Congressional District, all but assuring him a seat in Congress because of the heavily Democratic tilt of the district.

Fearing a damaging, high-profile setback, the National Republican Congressional Committee pumped more than $4.5 million into the California race to help Bilbray, much of it in recent weeks. Busby had scored points by tarring Bilbray, a former congressman from a neighboring district, as a Washington lobbyist. But she hurt her own cause with a verbal blunder last week when she told a largely Latino audience, "You don't need papers for voting."

The former school board member quickly followed that slip by saying, "You don't need to be a registered voter to help" the campaign, but conservative talk show hosts burned up Southern California airwaves this week with charges that Busby was encouraging illegal immigrants to vote.

GOP strategists hoped that would bolster Republican turnout, which may have been depressed by the demoralizing spectacle of their congressman, a decorated Vietnam War pilot, going to prison for bribery. At the very least, Democrats conceded, the gaffe halted Busby's momentum at a critical moment and put her on the defensive.

"She needed a flawless finish to pull this off," said one Democratic Party official in Washington last night, who spoke on the condition of anonymity because the results of the election were hours away.

Democratic voters in the nation's most populous state were also deciding yesterday who will challenge Gov. Arnold Schwarzenegger in the fall. The Democratic establishment's candidate, state Treasurer Phil Angelides, was in a dead-heat contest against telegenic state Controller Steve Westly, whose supporters believe he would be a more formidable opponent to Schwarzenegger. The two candidates have spent a combined $60 million.

In Iowa's gubernatorial race, Secretary of State Chet Culver has said he has the best chance of defeating Rep. Jim Nussle (R) in the fall, but he has tough competition from state Rep. Ed Fallon Jr. and former economic development official Mike Blouin.

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Democrats in Washington, eager to seize the 15 House seats necessary to wrest control from the GOP, had much at stake in yesterday's primaries. The race to succeed Nussle in Iowa's 1st Congressional District -- where Sen. John F. Kerry (D-Mass.) won 53 percent of the vote in 2004 -- is widely seen as one of the Democrats' best chances at a Republican seat. The Democratic Congressional Campaign Committee had backed trial lawyer Bruce Braley against former state legislator Rick Dickinson. But Bill Gluba, the 2004 nominee, was poised to play spoiler yesterday. Under Iowa rules, if a primary contestant cannot win 35 percent of the vote, the winner will be chosen by a convention of local Democrats.

Republicans were choosing their nominee among three candidates who battled over who would be toughest on illegal immigration: state Rep. Bill Dix, Heart of America Restaurants & Inns founder Mike Whalen and lawyer Brian Kennedy.

In California, the DCCC has been boosting Navy veteran and United Airlines pilot Steve Filson as the kind of moderate-to-conservative Democrat who can beat House Resources Committee Chairman Richard W. Pombo, a high-profile target. But first, Filson must beat Jerry McNerney, a more established face in the district's Democratic politics but a candidate who Democratic strategists on Capitol Hill fear cannot win enough votes in the conservative San Joaquin Valley.

The Democrats' chance to seize control of the Senate is considered more of a long shot, but one of their top targets is Sen. Conrad Burns (R-Mont.), who has been mired in allegations of ties to disgraced lobbyist Jack Abramoff. State Auditor John Morrison was once supposed to cruise to the nomination, but revelations of an extramarital affair and an investigation his office had conducted into a company with ties to his onetime paramour turned his contest with state Sen. Jon Tester into a horse race. A Mason-Dixon poll last month showed either candidate ahead of Burns, however.

Senate Race '06-Tester Vs. Burns (AP)

The Associated Press, June 7, 2006

State Senate President Jon Tester has been declared the winner in the Democratic U-S Senate primary.

With 53 percent of the precincts reporting, he was leading 61 percent to State Auditor John Morrison's 36 percent.They were the leading candidates in a field that thinned recently when Paul Richards bowed out to throw his support toTester. Richards, Robert Candee and Kenneth Marcure each had one percent of the Democratic vote.

Tester is a 49-year-old Big Sandy farmer. He maintained he was best able to take on incumbent Senator Conrad Burns on the issue of ethics -- the biggest issue so far as Burns gets attacked for alleged ties to lobbyist Jack Abramoff.

Morrison is the 44-year-old son of a former state Supreme Court Justice Frank Morrison Junior. He handily outraised Tester, and flooded the airwaves in recent days with advertisements promoting change in the "culture" of Washington D-C.

Meanwhile, incumbent Senator Conrad Burns has been declared the winner in the Republican U-S Senate primary. With 52 percent of the precincts reporting, he had 72 percent o fthe vote to 23 percent for the closest challenger, state lawmaker Bob Keenan.

Burns is running for his fourth term in office.

Two other challengers -- Bob Kelleher and Daniel Neste Huffman-- garnered four percent and one percent of the G-O-P vote respectively.

Burns' popularity dropped after reports of his ties to convicted lobbyist Abramoff.

Burns has chalked up the criticism to the "Eastern liberalpress." He's also aired a T-V commercial dismissing the lobbyistas -- quote -- "the guy who ripped off his Indian clients formillions and lied to anybody and everybody."

Keenan, of Bigfork, can't run for the state Senate again becauseof term limits.

Menendez, Kean Win Primary Elections (AP)

By Donna De La Cruz

The Associated Press, June 7, 2006

TRENTON, N.J. (AP) - New Jersey voters will have to decide in November whether they want a veteran Democratic politician or the scion of a well-known Republican family to be their U.S. senator.

Democratic U.S. Sen. Robert Menendez and Republican state Sen. Tom Kean Jr. easily won their primary races on Tuesday, as expected. With 90 percent of precincts reporting, Menendez had 84 percent of the Democratic vote. Kean had about 76 percent of the GOP vote with 95 percent of precincts reporting.

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Low voter turnout helped conservative Republican John Ginty make a decent showing against Kean, a 37-year-old state senator on the moderate side of the GOP who shares his father's name.

A financial data analyst, Ginty, 41, was counting on his supporters voting in droves to show their disapproval of Kean's support of abortion and embryonic stem-cell research. With 95 percent of precincts reporting, Ginty had about 24 percent of the GOP vote.

In a telephone interview, Ginty said he had hoped to do better but wished Kean well. However, Ginty would not say whether he would support Kean in November.

"Mr. Kean is going to have to be able to give conservatives and pro-life voters some incentive to support his candidacy," Ginty said. "That's up to him."

Menendez, 52, had only token opposition in James D. Kelly Jr., 50, who unsuccessfully challenged Corzine in last year's gubernatorial primary.

Menendez laid out his campaign strategy in his speech, constantly linking Kean to President Bush, who lost New Jersey in 2004. A Quinnipiac University poll in March showed that nearly two-thirds of Garden State voters disapproved of the job Bush was doing.

"As George Bush and the status quo in Washington have made the wrong choices for our country, my opponent has joined them time and time again in Trenton," Menendez said. "In five years, he's built a record of siding against New Jerseyans that shows exactly why we can't afford to send him to Washington."

Kean in his campaign will try to convince voters that New Jersey's highest-in-the-nation property taxes and other high levies are Menendez's fault. Kean in a victory speech also addressed Menendez's tactic of linking him to Bush.

"He's not running against President Bush, he's running against Tom Kean," said Kean, who also slammed Menendez as a politician who does not fight for New Jersey's residents.

"Washington is broken," Kean said. "After a decade and a half of Bob Menendez, New Jersey needs to elect a proven reformer that will fight for our security, our families and our values," Kean said.

After hearing his son speak, Thomas Kean said his son has the qualities that make him the best candidate for the job.

"He's thoughtful. He's independent. He's intelligent and he's ethical," Kean Sr. said. "That's what you want in a U.S. senator."

Menendez has a slight edge over Kean in recent polls and a big one in fundraising. As of May 17, Kean had raised $2.97 million, had $1.84 million cash on hand, and a debt of $19,801, according to the Federal Election Commission. Menendez had raised $7.16 million, $6.3 million cash on hand and no debt, according to the FEC.

Several House primaries also were decided Tuesday. In the 13th Congressional District - Menendez's old seat - former Assembly speaker Albio Sires defeated Joseph Vas in the race for the full two-year term. Sires also won the special election for the unexpired term that begins in November.

With about 90 percent of precincts reporting, nearly 16 percent of registered Democrats and Republicans cast ballots - a number that will rise as more returns are recorded. That still beats 2002, the last time a U.S. Senate seat was the main draw, when just 11 percent of the state's registered Democrats and Republicans showed up.

Menendez And Kean Sail Past Primary (NSL)

By Deborah Howlett And Joe Donohue

Newark Star-Ledger (NJ), June 7, 2006

Democratic U.S. Sen. Robert Menendez and Republican state Sen. Tom Kean Jr. shook off their primary challengers last night and immediately took aim at each other in a campaign that has begun to heat up five months before the general election.

Unofficial returns showed Kean beat a conservative opponent by better than 3-to-1 and Menendez defeated a little-known candidate by more than 5-to-1. In acceptance speeches to their supporters, the nominees set out campaign strategies that foretold a long, hot summer of intensely personal and partisan campaigning for a six-year term in the U.S. Senate.

Kean promised to conduct a referendum on ethics and taxes. "New Jersey needs strong leaders who have character and core principles which will not be compromised for personal profit," he told supporters in Mountainside.

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Menendez vowed to stand up to the Bush administration and the status quo in Washington. "Over the next five months, New Jerseyans will have a choice between two candidates with very different visions," he said at a victory celebration in East Brunswick. "The stakes could not be higher."

New Jersey's Senate race will play out against the backdrop of a national battle for control of Congress. Democrats are especially hopeful about making gains in the House, where Republicans hold a 231 to 201 majority, with two vacancies.

One of those vacancies is in New Jersey's 13th Congressional District. Former Assembly Speaker Albio Sires defeated Perth Amboy Mayor Joe Vas yesterday for the Democratic nomination to fill that seat, which Menendez held before his appointment to the Senate. Sires will face Republican John Guarini in the overwhelmingly Democratic district.

In the 5th Congressional District in the state's northwest corner, Republican Rep. Scott Garrett easily won nomination to a third term. He will take on Paul Aronsohn, a former aide to President Bill Clinton and Gov. James E. McGreevey who won the Democratic nomination last night.

Turnout was reported to be light in most parts of the state, although Division of Elections spokesman Jeff Lamb said the total wouldn't be clear until well after vote-counting began.

Slightly more than 2million of the state's 4.8million registered voters are affiliated with a major party, and less than 25 percent of those partisan voters cast ballots in the 2002 midterm primary election. Preliminary results last night indicated an even lower turnout.

Menendez overwhelmed his opponent, James D. Kelly, Jr., a perennial candidate who spent almost no money. With 90 percent of the ballots tallied last night, Menendez had 84 percent of the Democratic vote.

Kean faced a bit tougher challenge from John Ginty, a self-described conservative from Bergen County who was championed by New Jersey Right to Life and other groups he described as "values" voters. With 96 percent of the ballots counted, Kean had 76 percent of the GOP vote.

"I did everything I could," Ginty said at a rally at the Elks Lodge in Edison. "My campaign was brief and I didn't have as many resources as I wished when I first got in, but it's been a pleasure and a privilege to be involved in this process."

The results pit a son of Cuban immigrants, who pushed his way to the top of Hudson County Democratic politics and a 14-year stint in Congress, against a son of a popular former governor, whose term in public office began when he was appointed to fill an Assembly vacancy five years ago.

A GOP win in the Senate race would be a costly upset as Democrats seek to gain seats in Congress. New Jersey has not elected a Republican senator since Clifford Case in 1972.

"This is a Democratic seat. It's very important to the Democrats that they hold it," said Joseph Marbach, the chairman of the political science department at Seton Hall University. "It will be interesting to see what issues comes up -- if Kean runs from the president; if Menendez runs from the governor."

Menendez clearly means to make the Bush administration an issue. He has emphasized his willingness to stand up to President Bush and has sought to portray Kean as a toe-the-line Republican on issues such as stem cell research and the war in Iraq.

In his acceptance speech last night, Menendez referred to Kean by name nine times. The only name he invoked more often -- and not by coincidence -- was the president's.

"This campaign will be about who will side with New Jerseyans against the Bush status quo," Menendez said. "Tom Kean Jr.'s record shows he cannot be trusted to make the right choices. On issue after issue, the facts are clear: Tom Kean Jr. and George Bush are perfect together -- perfectly wrong."

Menendez was joined on the stage by his children Alicia and Rob, both college students, and by Democratic state chairman Joseph Cryan and Assembly Majority Leader Bonnie Watson Coleman.

Menendez also stood with Gov. Jon Corzine, who introduced him to the cheering crowd of about 200 people. Five months ago, Corzine appointed Menendez to finish out his term in the Senate. "Governor, thank you so much for your commitment," Menendez said.

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Kean will make their connection a central theme of his campaign, painting Menendez as a longtime political boss now beholden to Corzine and Democrats in Trenton who are trying to foist tax increases and higher spending on already overburdened New Jerseyans.

In his remarks last night, Kean rebuffed Menendez's effort to link him to the president: "I've got news for Bob Menendez. He's not running against George Bush, he's running against Tom Kean."

He also mentioned Menendez by name nine times, harping on Menendez's 30 years of political affiliation with Hudson County.

"Fourteen years ago, Bob Menendez brought his party-boss tactics to Washington. ... Today he is working to expand that machine across New Jersey," Kean said. "The people of New Jersey can no longer afford party bosses who put politics first and people second."

Kean was introduced to a crowd of about 150 partisans chanting, "Go, Tom, go," by his brother, Reed, who said his sibling is "tough as nails" and the ideal candidate to "reform a broken system."

The level of intensity in both camps is remarkable for this early in the election cycle and is likely to be ratcheted up as Menendez and Kean prepare for unusually early televised debates, scheduled for June 25 and June 26.

Said Marbach, "It's going to get ugly fairly soon."

Menendez, Kean Clear Party Rivals To Face Off (PHI)

By Cynthia Burton

The Philadelphia Inquirer, June 7, 2006

The field is set: The youthful scion of a family with a history of public service and a self-made man who pulled himself up from a Union City tenement to the rarefied air of the U.S. Senate will struggle bitterly against each other until Nov. 7.

In a light turnout yesterday in the U.S. Senate primary, New Jersey voters rubber-stamped the party bosses' choices of Thomas H. Kean Jr. as the Republican nominee and U.S. Sen. Robert Menendez as the Democratic nominee.

Menendez, a former U.S. representative from Hudson County, defeated an opponent, John D. Kelly Jr., who did not campaign. Kean, a Union County state senator, fought off a challenge from John Ginty, a conservative Republican.

Of the 33 U.S. Senate seats up for election in November, Republicans will defend 15 and Democrats 18, counting the seat of Vermont's Jim Jeffords, an Independent who caucuses with the Democrats.

New Jersey has one of five open seats. Menendez, appointed by Gov. Corzine in January to finish Corzine's term, is running for a full term.

Neither Menendez, 52, of Hoboken, nor Kean, 37, of Westfield, has been tested in a statewide race. At the moment, Menendez is better financed, with $7.3 million to Kean's $2.6 million. However, Kean's campaign has been gaining ground, convincing party leaders that it can pick up this seat, which could open the financial floodgates.

Reflecting their close standings in opinion polls, both primary winners came out last night with vitriolic attacks against the other, each positing himself as the only one who can rescue New Jersey from his opponent.

Drawing on a fundamental theme of his campaign against Menendez, Kean told a crowd in a Mountainside catering hall: "Do you want a Hudson County boss or a proven reformer?"

He accused Menendez of being more interested in using power to benefit himself than the citizens.

"Is there anyone who thinks Bob Menendez is fighting for us?" Kean asked. "Bob Menendez lives off the public and not for it. Ladies and gentlemen, enough is enough."

Kean promised to "bring a true moral compass to office" and attacked Menendez for voting against tax cuts.

Taking a page from Corzine's playbook in the 2005 governor's race, Menendez painted Kean as a puppet of the Bush administration in a state where the president has low approval ratings.

At the East Brunswick Hilton, Menendez told the crowd at his victory party: "Tom Kean Jr. may try to portray himself as a different kind of Republican, but when it comes time to choose sides, he always makes the same wrong choices... . Tom Kean Jr. will choose to side with George Bush, and New Jersey needs a senator who will stand up to President Bush - and I will be that senator."

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He said Kean had voted against raising the state's minimum wage while supporting cuts in federal taxes for millionaires and oil companies, supported embryonic stem-cell research but voted against state financing of a research center, and supported the Bush administration's handling of the war in Iraq.

Kean, though, unwilling to cede any turf to Menendez, stated his case for the fall election. He said the country needed to bulk up homeland security, protect its borders, and cut government spending.

Both men also did a little legacy "borrowing" yesterday.

Menendez introduced a bill in the Senate that would award homeland-security money based on terrorism risks. He touted it as a continuation of the work of former Gov. Thomas Kean - the father of his Republican opponent and, most recently, head of the 911 Commission.

Kean Jr. quoted Robert F. Kennedy in the second paragraph of his acceptance speech, using the words of a beloved Democrat to set up a standard for judging Menendez: "The problem of power is... how to get men of power to live for the public rather than off the public."

In his first public statement on the race, Kean Sr. - who watched his son from the front row, and not on the stage - said in an interview: "We need people who are new who have new ideas. This, I think, is the most unified the party's been since I left office."

Menendez also sought to inoculate himself from Kean's attacks.

"The Bush administration and its allies here in New Jersey have their backs to the wall, and they are sure to resort to the same playbook they always use against anyone with the courage to question them," he said.

Seeking to blunt Menendez's populist appeal, Kean said that while voters are paying more to live, "Menendez is running up $80,000 in meal tabs at fancy steak houses - while wining and dining the special interests that fuel his political machine."

Joe Cryan, an assemblyman and the Democratic State Committee chairman, said Kean's attacks could backfire. "People expect a better campaign from a Kean," he said in an interview.

Tom Wilson, chairman of the Republican State Committee, said: "The Menendez strategy is make this race about anybody but Bob Menendez."

Also yesterday, Menendez's former House seat went to Albio Sires, mayor of West New York and a former Assembly speaker. Sires fought off a fierce battle from Joseph Vas, an assemblyman and mayor of Perth Amboy. Sires also won the Democratic primary for a shot at a full term. John Guarini is the Republican nominee.

Viola Thomas-Hughes beat Henry David Marcus in the Democratic primary to face Republican U.S. Rep. Frank LoBiondo to represent the district that covers the southernmost end of the state and the Shore.

The U.S. Senate candidates are scheduled to have their first televised debates at the end of this month.

They've Been Nicked By Scandal, But No Signs Of Bleeding Yet (RC)

By Louis Jacobson

Roll Call, June 7, 2006

Last week, Out There looked at the Members of Congress and governors who are grappling with the most serious ethical allegations this election season. This week, we take up the next tier.

The "risk factor" below is designed to gauge how vulnerable the politician's career is right now, or, if the politician is retiring, how difficult the seat will be for his or her party to hold.

Sen. Conrad Burns (R-Mont.)

Not much new has developed on the ties between Burns and Abramoff. Earlier this year, Burns acknowledged that language favorable to an Abramoff client, the Saginaw Chippewa Tribe of Michigan, was included in a spending bill he was responsible for, though Burns said the language was added without his knowledge.

Risk factor: medium. Burns caught a big break when it was revealed that state Auditor John Morrison, the frontrunner in the Democratic primary, had an extramarital affair that became tangled up in a case his office was involved in. Whether Morrison or state Senate President Jon Tester won Tuesday's Democratic primary (results were too late for Roll Call's deadline) the news about Morrison's past helped take the ethical spotlight off Burns for several weeks. Despite recent Democratic gains in the state, Burns' good-ol'-boy persona has carried him through tough races in the past, and it could again this time.

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Wisconsin Gov. Jim Doyle (D)

For a good-government state, Wisconsin is beset by a number of medium-sized ethical troubles this year. A legislative corruption scandal has produced guilty pleas by former leaders from both parties. Doyle's administration is undergoing state and federal probes over linkages between campaign donations and state travel contracts. And Doyle's use of state planes to attend events with a significant political component has been scrutinized by newspapers in the state; unfortunately for Doyle, it was an issue he rode to victory in 2002 against then-Gov. Scott McCallum (R).

Risk factor: medium. Doyle himself is embattled, but not as much for the ethical questions as for his record as governor and the strong challenge he faces from Rep. Mark Green (R). On the ethics front, he's helped by the fact that the legislative scandals were fully bipartisan and that he hasn't been directly implicated in them.

Illinois Gov. Rod Blagojevich (D)

Blagojevich, a one-time Congressman, won office four years ago by promising a change from the corruption scandals that surrounded outgoing Gov. George Ryan (R). Earlier this year, Ryan was convicted on federal corruption charges, but Blagojevich and members of his administration have themselves been blanketed by federal, state and local subpoenas (a few of them covering the period when Ryan was governor) on such matters as questionable state hiring practices and allegations of "pay to play." The governor has denied any wrongdoing.

Risk factor: medium. Recently, the key investigations have been relatively quiet and as a result, the ethics issue "has faded some in the public mind," said one observer in Springfield. This helped Blagojevich dispatch former Chicago Alderman Edwin Eisendrath in the Democratic primary, and his lavish spending on ads has given his candidacy a boost at a time when his Republican opponent, moderate state Treasurer Judy Baar Topinka, cannot keep pace. Blagojevich still faces a tough race, but at least for now, ethical problems seem less likely to doom his candidacy than they once did.

Sen. Bob Menendez (D-N.J.)

Menendez comes from Hudson County, a jurisdiction known for its old-fashioned machine politics. Attention has focused on former Menendez aide Kay LiCausi, who started a lucrative consulting firm called K.L. Strategies Inc. The firm's clients included a number of Menendez supporters. But no investigations or ethics complaints are known to have been filed against Menendez.

Risk factor: medium-low. While Menendez's vulnerability has risen since he was appointed to the Senate, that has mainly stemmed from a frustration with newly elected Gov. Jon Corzine (D) and the attractiveness of his GOP opponent, state Sen. Tom Kean Jr.

Georgia lieutenant governor candidate Ralph Reed (R)

Reed, the former head of the Christian Coalition, is battling fallout from the Abramoff scandals. According to news reports, Reed acknowledges receiving more than $4 million for cooperating with Abramoff on anti-casino campaigns in Texas, Louisiana and Alabama. But Reed has said he was unaware that those funds were secretly paid by tribes trying to protect their existing gaming businesses from competition by rival tribes.

Risk factor: medium-low. This is one of the few races on the list that has barely changed since December. Though the questions surrounding Reed have enabled state Sen. Casey Cagle (R) to make an unexpectedly strong primary bid, Reed has "avoided indictments, so he has a good chance of winning, because much of the GOP base in Georgia looks at him as a hero," said one Georgia political observer.

This month, former New York City Mayor Rudy Giuliani, arguably the most liberal Republican in the 2008 presidential mix, headlined a fundraiser for Reed. But Reed may have to worry about President Bush's decline in popularity, said another political observer in the state, "because identification with Bush was Reed's strong suit with suburban voters."

Rep. Charles Taylor (R-N.C.)

Taylor has faced a number of ethical questions in the past, most notably during investigations into Blue Ridge Savings Bank, which he founded in 1978. Hayes Martin, the bank's former president, was convicted in 2001 and alleged that Taylor was involved in bank fraud and money laundering. But Taylor vigorously denied those allegations, and he was never questioned, much less charged, in the case.

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Risk factor: medium-low. Taylor, buoyed by personal wealth and a 57 percent Bush district, has consistently won re-election against plausible challengers. Democrats recruited former University of Tennessee star and NFL quarterback Heath Shuler, who, according to Democratic polls, has gained ground as local support for Bush has eroded. Still, Shuler, a political novice, faces an Appropriations member who has delivered big-time to his district — no easy task.

Rep. John Doolittle (R-Calif.)

Aside from an Abramoff-related subpoena to Doolittle's wife, Julie, the questions surrounding Doolittle — who serves on the House Appropriations Committee and as GOP Conference secretary — have remained within the media sphere.

Doolittle wrote letters that advocated positions helpful to clients of Abramoff, who was a major donor. Doolittle also steered federal money toward a company owned by another donor, defense contractor Brent Wilkes, who is being investigated in connection to the bribery case of ex-Rep. Duke Cunningham (R-Calif.). Doolittle's political action committee and re-election campaign committee reportedly paid for baby-sitting services. And Julie Doolittle's home-based fundraising firm, Sierra Dominion Financial Services, has raised eyebrows for receiving close to $200,000 in payments for raising money for Doolittle-linked entities. The practice is legal, but the sums are unusually large. Doolittle has denied any suggestion of wrongdoing.

Risk factor: low. There is little indication so far that Doolittle is a major target of prosecutors in the Abramoff case. Moreover, Doolittle's electoral position seems solid, and his aggressiveness as a fundraiser means he'll have a large war chest. Retired Air Force Lt. Col. Charles Brown was expected to prevail in Tuesday's primary, but winning in November will take an enormous Democratic wave.

Others With Low Risk Factors:

• Rep. Cynthia McKinney (D-Ga.), who allegedly assaulted a Capitol Police officer in the Longworth House Office Building after she was not recognized at a security checkpoint. She later apologized. Despite the current national controversy, she's still favored over two primary challengers due to her loyal base in the solidly Democratic district.

• Rep. Jerry Lewis (R-Calif.), the powerful House Appropriations chairman who has become the latest Member to be linked in media reports to the bribery case involving Cunningham. The Justice Department is looking into the relationship between federal contracts overseen by Lewis and former Rep. Bill Lowery (R-Calif.), a lobbyist whose clients benefited from federal largesse. Subpoenas have been issued to several clients, but Lewis has denied any wrongdoing. For this year, Lewis is free of serious electoral opposition.

• Rep. John Conyers (D-Mich.). Several ex-aides claim that Conyers forced them to perform campaign work on government time, to baby-sit his children and to tutor his wife for law school. Conyers has denied any wrongdoing. The ethics committee has so far shown no interest in probing the case, and he faces only nominal opposition in November.

Technology Sharpens The Incumbents' Edge (WP)

By Jim Vandehei And Charles Babington

The Washington Post, June 7, 2006

In Ohio's 1st Congressional District, Republican incumbent Steve Chabot is running up against his toughest reelection challenge in years. But his Democratic opponent is running up against Chabot's computer.

In one of the lesser-known perks of power on Capitol Hill, lawmakers are using taxpayer-funded databases to cultivate constituents more attentively than ever. Chabot -- a six-term legislator from Cincinnati who finds himself imperiled this year after years of easy races -- has a list of e-mail addresses of people who are most interested in tax cuts. His office recently hit the send button on a personal message to alert them to the congressman's support for extending tax breaks on dividends and capital gains.

Chabot's computer is one factor to keep in mind when assessing the odds that Republicans will get evicted this November from their 12-year majority in the House. Anti-incumbent sentiment, as measured by polls and voter interviews, is stronger than it has been in years. But so, too, are certain structural advantages that overwhelmingly favor incumbents.

Some are well known, such as the superior ability of incumbents to raise campaign funds and the fact that most lawmakers come from districts that have been carefully drawn to favor one party. Other benefits -- including the ways that lawmakers are

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using the latest "micro-targeting" techniques in their official communications -- are more obscure, virtually unheralded beyond the people who use them.

"A major reason fewer incumbents lose is we have perfected the use of information technology," said Rep. Barney Frank (D-Mass.). "As incumbents, we have unlimited access to the most up-to-date technology in the world" free of charge, he said.

One way to think of this midterm election year, analysts say, is a collision between a wave and a wall.

The wave overwhelmingly favors Democrats: an unpopular war in Iraq, job approval ratings for President Bush at record lows, corruption scandals that have engulfed GOP congressional leaders, and polls showing voters favoring Democrats and their positions on the issues by distinct margins.

But Republicans still benefit from the wall: a long-term trend that for years has led to steadily fewer competitive districts.

Democrats are growing increasingly confident that this year the wave will be higher than the wall, but they acknowledge that the challenge of picking up the 15 seats they need to take control is daunting. Analysts have been watching yesterday's special election in California to replace resigned and convicted representative Randy "Duke" Cunningham (R) for an early indicator of the year's trend. The San Diego area district is traditionally Republican, but recent polls have shown Democrats well positioned for an upset. No result was expected until early today Washington time.

Rep. Rahm Emanuel (Ill.), head of the House Democrats' reelection efforts, said that the party faces a "rigged system" and that only a pitched level of public discontent gives them a "fighting chance" to overcome it.

In a memo delivered to House Democrats last week, Emanuel told lawmakers that redistricting could impede their takeover hopes, noting that respected political handicapper Charlie Cook estimates there are 35 truly competitive races -- compared with 100 in 1994.

One way to look at how incumbents have grown entrenched is to compare this election year with 1994 -- the year Newt Gingrich (Ga.) and his "Republican Revolutionaries" roared to victory by picking up 54 House seats. Although Democrats had held the majority for four decades, there was ample evidence long before Election Day of how vulnerable many of them were.

Democrats that year defended 61 seats in which the lawmaker had won no more than 55 percent of the vote in the previous election, a threshold many strategists and political scientists use to identify at-risk incumbents. Democrats lost 29 of the 61 seats.

This year, Republicans are defending only 19 seats in which their House member won 55 percent or less in the previous election.

In 2004, only five of the 404 incumbents seeking reelection lost -- a reelection rate of 99 percent.

In California, all 101 incumbents who ran for reelection in 2002 and 2004 won, and all but two clobbered their opponents by 20 percentage points or more. The story is the same in most states.

At the same time, the polarized electorate tends to reduce fluidity on Capitol Hill, an advantage for the party that benefits from the status quo. Thanks to packed districts and a decline in split-ticket voting, there are fewer districts that vote for a president of one party but elect a member of Congress from the opposite party. Bush carried 255 House districts in the past presidential election, compared with Democratic Sen. John F. Kerry's 180. "There has been a big increase in party-line voting at all levels," said Gary C. Jacobson, a political scientist at the University of California at San Diego who studies political trends.

In many state legislatures, which draw congressional districts, politicians have joined in an unspoken bipartisan alliance to protect incumbents. Often this has been accomplished by packing Democratic-trending voters -- especially African Americans -- into a few urban districts, rather than spreading them in ways that would make more districts truly competitive. Some Democrats, including Rep. Brad Sherman (Calif.), lament the trend. Sherman said he fears that "a majority of those casting votes will vote Democratic in November" but that votes will be distributed in a way that does not necessarily produce a majority of House seats.

Chabot is an illustration of the way lawmakers settle into their seats. He won by campaigning against then-President Bill Clinton's tax increases in 1994, taking 56 percent of the vote. He had tight races in 1996 and 1998. But after the 2000 census, Ohio's Republican governor and the GOP-led state legislature made life easier for him. His new district was shaped to include more Republican neighborhoods. In an interview, Chabot said he estimates the new lines added about five percentage points to his November returns.

Democrat John Cranley, a Cincinnati City Council member, is bidding to change that. He and other Democrats have been hitting Chabot for supporting the Iraq war and an overhaul of Social Security.

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The national winds are gusting in Cranley's direction. A recent Washington Post-ABC News poll found that 56 percent of voters said they want Democrats to control the House, and a majority said they preferred Democrats to handle every domestic and foreign issue they were asked about. But these broad trends in public opinion will not mean much, strategists say, unless Democrats succeed in translating them into an expanded number of truly competitive races.

Chabot said he is not concerned about the toxic political environment because "I know my district very well."

Like all incumbents, he has some important tools in knowing his district, ones not easily replicated by challengers trying to reach the roughly 600,000 people who live in a typical congressional district.

One of these tools is the congressional account each lawmaker can use to communicate with constituents. In the past, this money went mainly for sending newsletters or other mailings to voters, who often turned around and tossed them in the trash. But technology has allowed lawmakers to track the interests of individual voters, file the information into a database and then use e-mails or phone calls to engage directly with voters on issues they know they care about. In essence, this is the traditional "franking" privilege updated -- and made far more powerful -- for the digital age.

There are some restrictions, such as requirements that official office communications are not overly political. But there is a fine line between politics and constituent service, legislators acknowledge.

The practice is so commonplace that a cottage industry of consultants has emerged to assist House members in their micro-targeting strategies. Aris McMahon of Constituent Services Inc. advises several lawmakers on the latest techniques, including increasingly popular "virtual town halls" or "tele-town halls."

Using taxpayers' money, legislators employ a new technology that allows them to call thousands of households simultaneously with a recorded message, asking people in their districts to join in on a conference call with their representative. With the push of a button, the constituent is on the line with the House member -- and often 1,000 or more fellow constituents. More important, the lawmaker knows from the phone numbers where the respondents live and, from what they say on the call, what issues interest them.

At a retreat in St. Michaels, Md., in January, Rep. Daniel E. Lungren (R-Calif.) briefed Republicans on how to host these tele-town halls using their office budget, participants said. Information gathered from the events, as well as e-mails and phone calls from constituents, gets plugged into a database, giving the incumbent something a challenger could only dream of: a detailed list of the specific interests of thousands of would-be voters. E-mail then allows for personal interaction -- and a free reminder of why the incumbent should be reelected.

Senate Contender In Florida Presses On (NYT)

By Mark Leibovich

The New York Times, June 7, 2006

VENICE, Fla. — Undaunted by a run of horrific poll numbers, staff turmoil and public doubts from leaders of her party, Representative Katherine Harris is thinking confidently beyond November.

Once Ms. Harris wins her race for a Senate seat, she says, she plans to travel everywhere with a guide dog.

"Before I hire anyone to work for me in the Senate, I tell them I'm going to do this," said Ms. Harris, the former Florida secretary of state best — or worst — remembered for her role in the state's election recount of 2000.

Ms. Harris explains that she intends to participate in a program that provides guide dogs for volunteers to train. While cynics may assign unflattering symbolism to a politician who is not blind being led around the Capitol by a guide dog, Ms. Harris is undeterred — by this or by the perception that her role in 2000 makes her too divisive to lure the swing voters necessary to defeat the incumbent Democrat, Bill Nelson.

In her insistence on running, Ms. Harris has become something of a pariah among many of the people whose power she indirectly helped ensure five and a half years ago, as overseer of the recount that sealed George W. Bush's victory.

Top White House officials, Republican operatives and Gov. Jeb Bush of Florida have urged her not to run. When Ms. Harris ignored those entreaties, a Who's Who of national Republicans begged a Who's Who of Florida Republicans to oppose her in the primary, to no avail.

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Her campaign has been marked by aides leaving en masse, disclosures of her ties to a contractor caught up in a lobbying scandal and the fund-raising handicaps inherent to any enterprise perceived as a lost cause or, worse, a joke.

Ed Rollins, one of Ms. Harris's many former campaign consultants, claimed she had told him that God wanted her to stay in the race. (Ms. Harris denies making the statement.)

She promised to finance her campaign with $10 million of her own money. Popular wisdom says that will not matter. Mr. Nelson led Ms. Harris by more than 30 points in recent polls.

"She has absolutely no chance of winning," said former Representative Joe Scarborough, a Pensacola Republican who was courted strongly by the National Republican Senatorial Committee to oppose Ms. Harris but declined. Mr. Scarborough, the host of "Scarborough Country" on MSNBC, said Ms. Harris "seems to be detached from reality these days."

Because of her role in the 2000 recount, Ms. Harris still enjoys devotion from many Florida Republicans, enough to make her the likely winner over three little-known opponents for her party's nomination. Her supporters applaud avidly at Republican events and cannot understand her sudden unpopularity among party leaders.

"She acted exactly the way the Republicans wanted her to act," said Stanley Tate, a Miami businessman who serves as her campaign's finance chairman. Mr. Tate said he was "completely confused" by the party establishment's snubbing of Ms. Harris. He tells of a recent Republican dinner in Miami where Ms. Harris received a standing ovation from the crowd yet was not acknowledged in a speech by Governor Bush.

On Memorial Day, Ms. Harris rode in a parade and visited two Veterans of Foreign Wars halls and one American Legion post, and was not audibly jeered or heckled by anyone, a fact that surprises even her, "based on the press I get."

Between stops, Ms. Harris portrays herself as something of a populist under siege from "Washington Republicans" and a liberal news media. "I don't have the Beltway mentality," she said. "And I never go along to get along. So I think it's a little threatening to those in power."

She said that given the difficult environment for incumbent Republicans in November, it could be an asset to be perceived as a nonfavorite of the party establishment.

"O.K., so President Bush does not support her," said Representative John L. Mica, a Florida Republican who is close to Ms. Harris. "President Bush is at 30 percent." Mr. Mica added that Ms. Harris was previously criticized for being "a tool of the Bushes," which should not be a problem anymore.

Even so, the role of anti-establishment figure is unusual for Ms. Harris, the product of a well-to-do Central Florida family and a granddaughter of a cattle and citrus baron. She became a well-known socialite in the Sarasota area and has long been active in the state's Republican Party. She is married to a Swedish businessman, Anders Ebbeson, and they have listed assets of as much as $37 million.

In Congress, Ms. Harris has been a reliable ally of the Bush administration on issues like tax cuts, Iraq and opposition to same-sex marriage. She has done little in her three-and-a-half-year tenure to win notice beyond her district — one exception being a speech in which she spoke of a foiled terrorist plot against the city of Carmel, Ind. (Federal officials said the plot never existed; Ms. Harris later said she had heard of it secondhand.)

The belief among top Republicans was that Ms. Harris's presence in 2006 would galvanize Democrats still eager for revenge after 2000.

"The campaign can't be about her," Governor Bush told reporters last month. "I gave her that exact advice. Since then, it's gotten worse."

Like most politicians who are behind in polls, Ms. Harris says she does not pay attention to them. But she cited her own "internal polls," which she said showed that she could get 53 percent of the vote "if my base turns out."

She says she has moved on from a string of fiascoes early this year, including the disclosure that a military contractor who has pleaded guilty to bribery in the corruption case involving former Representative Randy Cunningham has also admitted to making $32,000 in illegal donations to Ms. Harris's campaign. She has said she had no idea the contributions were illegal; she donated the money to charity.

She has also seen a drain of top aides, campaign managers and consultants, many complaining on the way out the door about her management style and unwillingness to follow their advice (including not to run).

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Ms. Harris says voters are indifferent to stories about staff turnover. What matters, she said, is "my total commitment to Floridians" and "getting the word out about how liberal Bill Nelson is."

In interviews, Ms. Harris projects a somewhat frenetic personality, speaking in rapid-fire cadences, fussing incessantly with her hair and barraging aides with questions and road directions ("We have a detour to Starbucks on the way. ... Quickest way to Venice is down Fruitville"). Sometimes she will burst forth midsentence upon noticing something out the window ("Hey, there's one of my bumper stickers!").

She attributes much of how she is viewed to the "silliness" of the media. This dates from 2000, when Ms. Harris's perceived overapplication of makeup became a recurring punch line.

"They had trucks in Florida bringing the ballots to Tallahassee," Jay Leno said on "The Tonight Show." "In fact, it's the same trucks they used to bring the makeup to Florida Secretary of State Katherine Harris."

Ms. Harris is adamant in her claim that news organizations have doctored photographs to exaggerate the amount of makeup she wears. "I haven't worn blue makeup since seventh grade," she said, referring to photographs she said she had seen of herself on the Internet.

She is especially animated when the topic turns to animals, including the guide dog she plans to train starting in November. She will care for the dog for 18 months, spending nearly all her waking hours with it. "You can't let them sleep in bed with you," Ms. Harris said. "Which is going to be harder on me than the dog."

When a supporter in a Venice veterans hall said he once witnessed Ms. Harris leave her vehicle to escort a turtle across a highway, she became gravely serious.

"All of my life I have stopped for turtles," she said firmly, even defensively, as if someone had challenged her commitment to turtle safety.

As Ms. Harris hugged and hand-shaked her way toward the hall exit, the song "Y.M.C.A." came on. The mostly empty dance floor filled with aging veterans and their wives, one of whom spotted Ms. Harris and summoned her.

She obliged. And then commenced another unforgettable moment, Katherine Harris, arms over her head, dancing to "Y.M.C.A."

His Support Waning, Weld Quits New York Governor's Race (NYT)

By Patrick Healy

The New York Times, June 7, 2006

William F. Weld, the former governor of Massachusetts who undertook a rare bid to lead another state, dropped out of the race for governor of New York yesterday. He had been deserted by Republicans who once supported him as their best hope against Attorney General Eliot Spitzer in the November election.

Mr. Weld, a moderate Republican in the mold of Gov. George E. Pataki, ran a lackluster campaign and was never able to convert his early advantages into real campaign muscle. At the same time, Mr. Pataki's behind-the-scenes effort to help Mr. Weld last month proved too late and too thin to do any good.

Mr. Weld's departure sets the stage for an ideological clash between the presumptive Republican candidate, former Assemblyman John Faso — a conservative intent on cutting taxes — and the likely Democratic nominee, Mr. Spitzer, who is backed by a unified Democratic establishment that is determined to regain the governor's mansion after 12 years.

Mr. Weld dropped out after lengthy debates with his staff on Monday. The central issue was whether he could rebound from recent setbacks and raise enough money to win the Sept. 12 primary, running as a moderate outsider against the party's choice, Mr. Faso, and then go on to beat Mr. Spitzer in November. His decision to withdraw reflected a stunning political defeat for a man considered presidential material by some just a decade ago. [Page B4.]

Several Republican moderates urged Mr. Weld to stay in on Monday; one senior Pataki aide even e-mailed Mr. Weld a quote from the Roman emperor Marcus Aurelius, in Latin, that urges digging in and fighting.

Mr. Weld mulled setting up a new political party, devoted to tax relief, to amplify his call for income tax cuts. And he was even prepared to spend up to $5 million of his own money on the race, according to several of his advisers. Yet his loss of the Independence Party endorsement on Saturday to Mr. Spitzer, the desertion of key supporters in recent days and the realization of

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looming costs convinced Mr. Weld that he would end up losing to Mr. Faso — who corralled the party's support at the Republican convention last week — or to Mr. Spitzer.

"If John and I had been head-to-head between now and Sept. 12, I guarantee you one thing: We would have had a very tired, very broke Republican candidate on Sept. 13, no matter who it was," Mr. Weld said at a news conference yesterday.

Republican concern about contested primaries is so great that the state party chairman, Stephen J. Minarik III, is expected to ask one of two Republicans running for the United States Senate, Kathleen Troia McFarland, to drop out today. Her advisers said last night she planned to say no.

Among the assets Mr. Weld, 60, had coming into the race were tacit support from Mr. Pataki and from a closer, older friend, former Mayor Rudolph W. Giuliani. Mr. Weld had expected their endorsements, the advisers said, but neither was forthcoming. Some Weld advisers accused Mr. Pataki and Mr. Giuliani of caring more about protecting their own presidential ambitions in 2008 than risking their political capital on Mr. Weld, even though he shared their fiscally conservative, socially moderate views.

"I think Pataki and Rudy are constrained — they have a little touch of Potomac fever and they couldn't do anything too overt to help Weld if it could backfire on them," said Arnold L. Burns, a fund-raiser and old friend of Mr. Weld's, who is also chairman of the QuanStar Group.

Four advisers who granted anonymity said that Mr. Weld felt more betrayed by the governor than by the former mayor because he was led to believe that a Pataki endorsement was in the offing this spring.

In mid-May, Mr. Pataki held a dinner at the governor's mansion in Albany with his senior political advisers. According to participants at the dinner, Mr. Pataki said that in order to endorse Mr. Weld, he would have to see more hustle and political momentum from the candidate, such as new endorsements from Republican county leaders. In an effort to show the aggressiveness that Mr. Pataki sought, some members of the dinner group worked with Weld aides later that week to attack some Faso votes in the Assembly as "extremist."

At that time, Republicans close to Mr. Pataki told a reporter that an endorsement was imminent. Yesterday, however, they said that Mr. Pataki never followed up on the mid-May dinner by leading the charge, and that he decided against endorsing Mr. Weld when he realized it would not guarantee a major Weld victory at the convention.

Pataki advisers said Mr. Weld was hobbled most of all by his own problems. He never regained the artful political touch he showed in Massachusetts, and was unable to shake Republican concerns about his leadership of a Kentucky trade school, Decker College. The school is now under federal and state investigation into financial aid fraud.

Mr. Pataki, speaking to reporters yesterday, insisted that his endorsement had not been a crucial issue in the contest. "It was a question of — I said from the beginning — of candidates making the case and going out there and doing the hard work to win," Mr. Pataki said. "The fire in the belly counts for a lot, and John Faso had it."

As for Mr. Giuliani, his spokeswoman issued a statement praising the Republican unity around Mr. Faso; it did not mention Mr. Weld.

The major challenge facing Republicans now is Mr. Faso's money: He had $933,000 on hand in January, the last time fund-raising records were made public, while Mr. Spitzer had $19 million. Mr. Faso focused heavily on courting convention delegates this spring, and the four Weld advisers say they believe Mr. Faso is grappling with raising cash, based on the chatter in the insular world of New York Republican fund-raising.

At a joint news conference yesterday, Mr. Weld and Mr. Faso made a point of emphasizing that Mr. Weld would help his former rival raise money. Still, Cathy Blaney, a Pataki fund-raiser who worked for Mr. Weld, said last night that it was hard to predict if Mr. Faso would raise enough money to have a chance to defeat Mr. Spitzer. "Bill Weld was able to play on a bigger stage, and we raised money that isn't usually available in New York," she said. "What the future holds money-wise for John Faso, I don't know."

Yesterday, at a news conference in Mr. Weld's Manhattan campaign office, Mr. Weld and Mr. Faso complimented each other, professed a lack of ill will, and clasped and raised their hands in a victory pose at one point. Both men said that, with enough in campaign money, Mr. Faso could turn 2006 into a pocketbook race against Mr. Spitzer, who leads the Republican candidate by at least 50 points in public opinion polls.

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"The fact of the matter is, New York cannot take a governorship of Eliot Spitzer, who will raise taxes," Mr. Faso said. "Spitzer has already promised billions in new spending and billions in new borrowing that simply cannot be paid for unless taxes are raised."

In assessing Mr. Weld's campaign, his advisers said that, while he may be an uneven campaigner, he was also the victim of Republicans and conservatives who had been shut out of power by the Pataki camp.

"Our state Republican Party is increasingly under control of the right wing, exclusionary elements of the party, and Bill is really increasingly at odds with those people on social issues," said Mr. Burns, the Weld ally.

Frist Cementing Bush Alliance (RC)

By John Stanton And Erin P. Billings

Roll Call, June 7, 2006

Less than six months before leaving the Senate, Majority Leader Bill Frist (R-Tenn.) has thrown his legacy chips in with President Bush, inextricably aligning himself with the White House on key domestic and international issues, even as many in his own party distance themselves from the unpopular president.

Although his Senate position makes him one of the GOP's four most prominent national leaders, Frist will face significant challenges in winning the 2008 presidential nomination — from Sen. John McCain (R-Ariz.) as well as from such Senators as George Allen (R-Va.) and Sam Brownback (R-Kan.) who are darlings of the conservative movement.

Given the already crowded field of potential GOP White House aspirants, Frist's decision to firmly tie his political fate to Bush's could result in a boon to his presidential hopes, despite Bush's current weakened state.

Frist could benefit if Bush rewards his loyalty by handing off his substantial political and fundraising operations to Frist. In addition, having the backing of Bush — who remains personally popular with much of the GOP's base despite their concerns about how he has handled his job — could be Frist's ticket to undercutting McCain's early frontrunner status and the natural support among conservatives for Allen and Brownback.

GOP sources say that Frist's allegiance to the president is no surprise, given that he arguably owes his rise to Majority Leader to Bush and his operation. Bush was among those who helped propel Frist into the top job in early 2003 after then-Majority Leader Trent Lott (R-Miss.) stepped down in the wake of racially toned remarks he made about the late Sen. Strom Thurmond (R-S.C.).

One Republican Senator, speaking on the condition of anonymity, said that Frist understands Bush is largely responsible for his political fortunes in the Senate. Even with Bush's popularity now at record lows, the lawmaker said that Frist cannot turn his back now on a key ally.

"It's part loyalty, and it's partly because he's so closely hitched himself to this star," the Senator said.

Some Republican insiders suggest that Frist may be banking on Bush to give him the needed support in a prospective 2008 presidential bid. Bush not only has a tested political team but also a fundraising machine unmatched in GOP circles. A source close to Frist acknowledged that should the Majority Leader end up making a run for the White House, his decision to align himself with Bush could put him in the potentially enviable position of inheriting Bush's massive political and money network.

Frist must show that he can manage the Senate at a highly partisan time and when other Senators in his conference are also eyeing White House bids. Although as Majority Leader, Frist has spearheaded a number of significant victories — including the passage of bankruptcy reform, class-action reform, an energy bill, a transportation bill, extensions of several Bush tax cuts and Senate approval of sweeping immigration legislation — Democrats, and critics within his own party, have painted Frist as ineffective, and, to an extent, the label has stuck.

Part of that appearance problem stems from Frist's style, say those close to the lawmaker, arguing that his clinical approach to politics has often left him ineffective at trumpeting his own successes.

Additionally, unlike hot-button issues like gay marriage and judicial reform that appeal to the GOP's core voters, most of Frist's victories have been too dry or technical in nature to be easily translated into sound bites or to engage base voters' passions.

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In an effort to reverse this public perception, Frist has tried to be more aggressive this year both in touting his own agenda and defending the White House from Democratic attacks. Likewise, the White House has been much more cooperative with Frist than it has in the past, Senate aides said.

On issue after issue this year, Frist and Bush have teamed up, including on a spate of judicial and executive nominations, immigration reforms and on how much should be spent in the emergency supplemental spending bill to pay for Hurricane Katrina recovery and the war in Iraq. On the latter, Frist even asked for — and Bush agreed to — a veto pledge if the bill came in too bloated.

A Frist aide points to the recent immigration debate in the Senate as an example of this cooperation.

Unlike last year's disastrous Social Security debate — in which Bush essentially dumped the issue on the laps of Congressional Republicans and did little to help move the political ball forward — the White House agreed to play a supporting role and allow Frist to lead on the issue.

White House officials and Frist's office coordinated the timing and substance of statements by the president on the issue, so that Bush's positions could complement Frist's efforts to nudge conservatives in his party into line.

Similarly, despite the harm the gay marriage debate this week could inflict on endangered moderate Republicans such as Sen. Lincoln Chafee (R.I.), Frist wholeheartedly agreed to take up the amendment again this year.

A close link to Bush could also strengthen Frist's muscle among other Republicans in charting the party's agenda, as well helping advance his own personal platform, once he leaves the Senate.

But there are equally obvious dangers inherent in the strategy, because the entire gambit turns on Bush recovering much of the popular support he has lost in the past year and a half, Republicans acknowledge.

"It's a gamble," said one GOP political operative. "You are gambling that hopefully there will be a rebound of some sort — a steadying of the [president's] approval ratings and popularity going into '08."

Frist's strategy also has required him to be so loyal to the White House that he has increasingly served as one of Bush's few defenders on controversial issues.

For instance, Frist earlier this year quickly released statements praising a National Security Agency wiretapping program, even as Republicans and Democrats in both chambers were blasting the effort as an illegal invasion of privacy.

And Frist has thus far been the only major Republican to defend the Department of Justice's decision to raid the office of Rep. William Jefferson (R-La.) last month. That put Frist in direct conflict with Speaker Dennis Hastert (R-Ill.), who, despite some backlash from members of his conference, has been vocal in criticizing the raid.

In fact, while Frist has often found himself at odds with House leaders this year, he has put up an all-but-united front with the White House. Perhaps the only notable divide between the two came earlier this year when Frist joined scores of other lawmakers in challenging the Bush administration's decision to authorize Dubai Ports World to manage several major U.S. ports.

Frist's decision to keep close to the president "may have an appeal to some people for staying loyal, but if not, you look like you are just more of the same," the operative warned.

Democrats have increasingly looked to tie Republicans in the House and Senate to Bush, constantly referring to them as "Bush Republicans" in statements and press releases and attempting to paint Bush and his political adviser, Karl Rove, as the masterminds of every move Congressional Republicans make.

It appears that Democrats are taking notice of the alignment between Bush and Frist, repeatedly questioning the Majority Leader's motives as he shepherds legislation through the Senate.

Senate Minority Whip Dick Durbin (D-Ill.) said Tuesday that ballot-box hopes are certainly influencing the GOP Senate agenda, but he is unsure of the exact culprit.

"I don't know how much of it is dictated by Frist's '08 ambitions or by [White House adviser] Karl Rove's political strategy," Durbin said, adding that he also couldn't say whether the two were coordinating behind the scenes to set Congressional priorities.

"I don't know what's driving it," Durbin said.

By any measure, Frist must negotiate a difficult path. He is trying to show he is a capable leader despite his lame-duck status in the Senate and his possible presidential ambitions. He must also compete against at least four of his GOP colleagues who are similarly interested in residing at 1600 Pennsylvania Ave.

"It's Frist's job to push the president's agenda forward," the GOP operative noted. "It's a very difficult position to be in."

Still, the Republican source said, Frist might lose by so closely aligning himself with Bush.

"It certainly seems, at least for the short term, that there's not a lot of political risk in distancing yourself, because even the base right now is uncomfortable with where the president is," the source said.

Faith-Based Initiative (WP)

By Libby Copeland

The Washington Post, June 7, 2006

In 1995, Sam Brownback sacrificed part of his body and wound up closer to God. He discovered a melanoma and had to have two surgeries, during which a "big hunk of flesh" was taken out of his side.

"It was a great season in life," the Kansas senator says in his soft lullaby of a voice. "Season" is one of his favorite words. He sometimes sounds as though he's quoting the Bible even when he isn't.

"I can identify now better with people that have cancer, 'cause when you're told that, it's kind of like -- where else? What else is going on in this body?" Brownback says. He is sitting on a couch in an office in the Capitol and once or twice smiles a serene smile. "But that's mind focused on the flesh. That's death. Literally, you almost can worry yourself to death."

Instead of dying, the first-term Republican congressman had a revelation. In a speech once, he likened the melanoma to God pounding on his hardened heart, even bringing a hunk of concrete and an ax onstage to make the point. He says now it produced "a wonderful and radical transformation of focus." When he ran for the Senate the next year, his spiritual awakening gave him the determination to run an aggressive campaign and crush his opponents at the polls.

Everything has its season, and now is the time when presidential aspirants sprout like stalks of tall Kansas wheat. Brownback thinks 2008 might be his moment, though in interviews he emphasizes his humility. He calls himself a "flawed man," and says the longer he pursues his faith, the more he finds his own sin. It seems contradictory -- all that ego and all that modesty.

"I could be the right person with the right message at the right moment. And I could be completely wrong and I'll still be happy about it," he says, sounding way too mellow for a wannabe president.

In the meantime, amid the fundraising and the visits to Iowa and New Hampshire, Brownback is focused on spreading light when he enters a room. He has said he tries to see Jesus in his fellow senators.

Three years ago he gave a speech at the Archdiocese of Denver. He spoke of the need to "convert the culture" by spreading God's love. He posed a question: "When we walk up to the McDonald's counter, what if we looked at that person in the eye . . . and we said, 'God bless you for that Big Mac?!' "

Then Brownback quoted Burt Bacharach.

"What the world needs now," the senator said, "is love, sweet love."A Religious Experience

Four years ago, Brownback -- who'd been a Protestant all his life -- had another spiritual transformation. He decided to become a Catholic.

"Just felt a real deep calling," he says.

He won't talk much about this aspect of his religious life. "It's kind of a divisive issue," he says, perhaps conscious of his many evangelical supporters. "People divide along churches instead of trying to look at how you pull together. Like, okay, this church is better than that church. You can find the Lord in a lot of places if you're willing to look for Him."

Brownback says he felt drawn to Catholicism for several years before he converted. (He had been raised a Methodist, and later belonged to a nondenominational evangelical church.) He describes the decision as an organic process, less a journey away from his faith and more a return to its roots. He doesn't call it a conversion.

"A conversion is if I became a Buddhist," he says. "Joining the Catholic Church was joining the early church. This is the mother church. This is the church out of which orthodoxy and Protestantism came."

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He was sponsored by his friend in the Senate, Rick Santorum (R-Pa.). The ceremony was performed by the Rev. John McCloskey, a member of the controversial and strict Opus Dei sect who has helped convert a number of high-profile people, including columnist Robert Novak and former abortion provider Bernard Nathanson.

Sundays back in Topeka, the senator, who says he is not himself Opus Dei, attends two services. First he goes to Mass by himself, then to his old nondenominational church with his family, who did not convert. His wife, the former Mary Stauffer, comes from a wealthy family that used to own a media conglomerate. They have five children, the two youngest adopted after the Brownbacks applied in China and Guatemala simultaneously and both applications -- unexpectedly -- came through.

He invoked his adopted daughter recently during the Southern Republican Leadership Conference in Memphis, where potential '08 candidates gathered to speechify.

"Tomorrow, because a woman in China saw that abortion was killing a child, Jenna Joy Brownback, my daughter, will have an eighth birthday party," he told the crowd, prompting applause.

Brownback has a folksy, reassuring presence: He might be lamenting Roe v. Wade or he might be tucking you in and reading "The Berenstain Bears." He grew up on a farm and uses agricultural analogies and words like "skedaddle." He keeps a Mother Teresa quote about not judging people on the back door of his home in Topeka.

"So easy to judge people," he says. "I see you coming in the hallway and my mind just automatically goes, 'Okay, reporter, Washington Post, that's a primarily liberal publication, be careful.' Well, now I've automatically judged you. So I've spent my time judging you instead of thinking, 'Oh, here's a great person that I can interact with. I pray to love 'em.' "

Love, sweet love. Brownback examines his soul for hate and tries to excise any malignancies. Some years back, he says, he apologized to Hillary Clinton at a prayer breakfast for having despised her and her husband.

"I'm ashamed to say it but I did. And I felt -- justified in my hate," he says, his tone bitter, as if reliving an ancient betrayal. "I disagree politically but there is no call to hate. And it was wrong, it's a sin, and I went to her and I apologized."

He practices prayer when he finds himself in heated situations, as he did recently during a meeting on a constitutional amendment he supports, which would ban same-sex marriage. (Marriage, he says, is "a man and a woman bonded together for life and grandparents surrounding 'em.")

"Instead of getting angry at somebody for opposing you on something, you're just praying for them," he says. "You just pray blessings on them, blessings on their family."

Because of his emphasis on compassion, Brownback does not fit the stereotype of the angry Christian conservative. This persona was embodied sensationally by "Pitchfork Pat" Buchanan and his talk of America's "religious war," by Sen. Tom Coburn of Oklahoma, who once imagined "rampant" lesbianism in his state's schools, by the Rev. Jerry Falwell, who said abortionists, feminists, gays and pagans helped cause the 9/11 terror attacks. (Falwell later took it back.)

Brownback has teamed up with some of the most liberal members of the Senate to help victims of sex trafficking, and suffering Sudanese. He quotes Bono on the struggles of the poor and encourages college students to take their spring breaks in Africa. He has worked for women's rights in Afghanistan and for North Korean refugees. When the issue of illegal immigration blew up in the Senate earlier this year, Brownback embraced President Bush's plan for comprehensive reform, infuriating some conservatives who see it as too lenient. He has pushed for an African American history museum on the Mall, saying he became committed after a "divine intervention" came to him during prayer.

"It's a consistent kind of a viewpoint that he has that's across the spectrum, and I think a lot of political leaders sort of pick and choose," says Sen. Edward M. Kennedy (D-Mass.).

"The wonderful thing about Sam is yes, he is ambitious, but it doesn't change anything," says David Barron, who coordinates a consortium of environmental groups called the International Conservation Partnership and has worked with Brownback on conservation issues. "He doesn't worry that someone's going to think he's a squishy liberal because he wants to feed people."

It would, in fact, be a grave error to characterize Brownback as squishy.

When he entered the House as part of the Republican sweep of 1994, Brownback argued for dismantling the departments of Commerce, Education, Energy, and Housing and Urban Development as part of an effort to downsize the federal government.

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Some years later he put forward the theory that part of the problem with the Social Security system was abortion, because too few children were growing up to become workers who could pay into the system.

During the 2004 Republican convention, Brownback told a closed-door rally, "We must win this culture war," according to the New York Times. "I say we fight."

"He has this kind of soft physical presence," says Burdett Loomis, a political scientist at the University of Kansas. "I think Sam Brownback is a very tough customer."

Brownback believes that research on embryonic stem cells is immoral. In a hearing in 2000, Sen. Arlen Specter (R-Pa.) argued that research could save lives, and pointed out that the embryos in question were left over from fertility treatments and were going to be discarded anyway.

Brownback compared Specter's argument to the gruesome medical experiments performed on victims of the Holocaust.

"You had the Nazis in World War II saying, of these people, 'They are going to be killed,' " Brownback said. " 'Why do we not experiment on them and find out what happens with these experiments? They are going to die anyway.' "

"But they were living people," said Specter, whose parents were Jewish immigrants.

"These are living embryos," Brownback countered. He then hastened to reassure his opponents that he knew they meant well.

"I do not think our hearts are any different," he told one.A Humble Leader

During visits to Israel, Brownback used to study the Torah with Ariel Sharon, calling it "each of us feeding our souls." Lately he has been reading the Koran. He says Islam's holy book talks a lot about weighing people's good deeds against their bad deeds, and this has made him appreciate Christianity more.

"That's why I love grace so much. And mercy," he says. "Think of the burden that is on a person, that you're going to be weighed. And all of us fall short."

This notion of falling short is a big part of Brownback's identity. He's even humble about his own humility, saying there are others who surpass him in this virtue. Once, years ago, he washed the feet of a staffer at a farewell party to demonstrate respect and humility. When he feels his staffers need guidance, he gives them index cards with Scripture encouraging them to follow Christ's model of servant leadership, or reminding them that "Pride goes before destruction."

He says he struggles "to be really fully committed to the faith -- to die to self," to "pick up His cross daily and carry it." He talks about a visit he made earlier this year to Gospel Rescue Ministries downtown, where he stayed overnight in a room full of men participating in a substance abuse program.

"But for the grace of God," he says three times, "there go I."

Brownback grew up one of four kids on a Kansas farm outside Parker, which had 281 residents in the last census. His childhood friend David Prentice recalls herding cattle with Sam on motorcycles. In high school Brownback was a quarterback ("Wasn't much of one," the senator says), and maintained a lustrous afro he likes to joke about now.

But if the young Sam was, as high school friend Joe Atwood describes him, "extremely overboard humble," he was also highly ambitious. He held leadership positions through law school at the University of Kansas and was state president of Future Farmers of America. At 30, he was appointed the youngest agriculture secretary in Kansas history.

And now, at 49, he's considering a run for president. Across the country, not many people know who Sam Brownback is. His fundraising has been lackluster, though it's still early. Even if he doesn't get close to winning, though, his support in the conservative Christian community may affect what other candidates are talking about.

"One of his major contributions would be to anchor the moral issues in the Republican Party," says Rob Schenck, an evangelical minister and president of the conservative National Clergy Council. "He in a way could hold the evangelical and the traditional Catholic vote hostage if the party began to waver on those issues."

Brownback says his model for the presidential race would be the way he ran for Senate in 1996, after discovering the melanoma.

"If I win, I win. If I lose, I lose," he says. "It's a great liberation. . . . And then you run on the topics that you really feel called to do. And the beauty of it is, is that people really like that. They may not agree with you on things but they really do like that. The purpose-driven life."

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He talks about the presidency with a sense -- as his former chief of staff David Kensinger put it -- that "what is supposed to happen will happen." He believes America is a special place destined for special things, and that it is undergoing a "renewal of the soul."

"If Sam's headed for higher office it's because he thinks the mission is headed for higher office," says Barron, the conservationist.

But how can a person be humble and also believe he should be president of the most powerful country in the world?

"It's one of the most humbling things on Earth," Brownback says, his voice soft. "Look at the nature and the difficulty of that job and the greatness of this country and the need to be humble and wise to serve. Plus it's just, it's like, pride was the first sin and humility's the first grace . . ."

"I think Reagan had it right that you don't pursue the presidency, it pursues you."

But a man who expects a crop must first till the soil. Brownback knows this. He still goes home to his childhood farm for the spring planting and the fall harvest of the wheat.

He used to keep a tennis ball can filled with Kansas dirt in his office as a symbol "of what I physically return to," he says. "It's just a great reminder that you serve for a period, you serve for a season and then you move on."

Brownback says he imagines future generations walking the halls of Congress and nobody knowing who he was. He imagines people passing a "Brownback Room" and someone saying, "Who was he?"

Perhaps someone else might answer that Sam Brownback was a complicated man, who thought himself a servant and a potential president at the same time, who imagined his life forgotten even as he dreamed of a room named after himself.

Harvard, Boston Hospital To Attempt Embryo Cloning (USAT)

By Dan Vergano

USA Today, June 7, 2006

Scientists at Harvard and Children's Hospital Boston announced Tuesday they have the green light to clone human embryos that could generate stem cell lines for specific diseases.

The researchers join a small cadre of scientists worldwide attempting to do what a South Korean scientist claimed to have done, only to have his work unravel when it was exposed as a fraud.

“We are convinced that work with embryonic stem cells holds enormous promise,” Harvard's Steven Hyman said.

Embryonic stem cells are the precursor cells to almost every tissue in the body; growing them could provide replacement tissues for diseases such as diabetes and cancer. In theory, the body would not reject the tissues from cloned embryos. Cloning requires inserting a cell from a patient into an egg and chemically triggering division of their union.

A South Korean team claimed in 2004 to have grown a cloned cell line, or colony, but key members face prosecution for the discredited work.

Opponents call the research immoral because the cells are harvested from embryos that are destroyed in the process. President Bush banned federal funding of stem cell lines created after Aug. 9, 2001, but privately financed work is permissible in many states.

Two research teams led by Douglas Melton and Kevin Eggan of Harvard and George Daley of Children's Hospital will attempt to create cells cloned from patients with juvenile diabetes and blood disorders such as sickle cell anemia.

The Harvard approval, by the institutions' oversight boards, took two years and followed a review process recommended by the National Academy of Sciences. The teams will use eggs collected from unpaid donors and fertility treatments.

“The announcement is important for stem cell science globally and also important for the debate over the ethics of stem cell research,” says British stem cell researcher Michael Whitaker of the University of Newcastle, one of at least four universities making similar attempts. The University of California-San Francisco began a smaller attempt this month.

Any cell treatments, Eggan said, are at least a decade away.

Harvard Joins New U.S. Push In Stem Cells (WSJ)

By Sylvia Pagán Westphal

The Wall Street Journal, June 7, 2006

DOJ_NMG_0032513

Researchers at Harvard University said they are beginning experiments to clone human embryos for making stem cells, a move that lends clout to renewed U.S. efforts to master the technology.

The announcement marked the culmination of lengthy preparations designed to keep the effort within the ethical and legal boundaries of what is considered to be one of the most controversial areas of medical research.

It is illegal to use federal money for research in which human embryos are harmed. Harvard says its effort will be privately funded.

Harvard's effort mirrors that of other U.S.-based researchers who have also announced recent cloning initiatives in the wake of a major scientific scandal in South Korea, where researchers falsely claimed they had created stem cells from cloned embryos. The Korean debacle has renewed U.S. hopes that the country will regain prominence in world-wide efforts to master the difficult technology.

In cloning, a person's cell is introduced into an egg whose own DNA has been stripped. Inside the egg, the cell starts to divide and form an embryo that is genetically identical to the person who donated the cell. At its earliest stages -- when it's only a few dozen cells in size -- the embryo contains special cells known as "stem cells," which have the unique ability to become all the tissues in the body.

The Harvard experiments aim to take cells from patients with diseases such as diabetes and neurodegenerative disorders to create genetically identical embryos. Because stem cells from those embryos carry the genetic defects of people with the diseases, the scientists hope to study the cells to understand how to repair the problems.

Harvard's announcement comes after scientists at the University of California in San Francisco and closely held Advanced Cell Technology in Worcester, Mass., said in May they would also be resuming efforts to clone human embryos for research purposes.

"The science is moving forward in the face of significant hardship," said Arnold Kriegstein, director of the UCSF Institute for Regeneration Medicine, which has started to work on the technology. Scientists in the United Kingdom and Sweden are also working on creating stem cells from cloned embryos.

Richard Doerflinger, deputy director of pro-life activities at the U.S. Conference of Catholic Bishops, said the Harvard effort "will likely be a waste of money and a waste of lives....People think this is some kind of miracle cure around the corner, but for now they'll be exploiting women and killing embryos."

In the type of research planned at Harvard, the embryos created via cloning would be destroyed at an early stage and their stem cells would be extracted. In the laboratory, the scientists would hope to coax the cells into becoming specialized tissue cells, such as insulin-producing pancreatic cells.

One of the Harvard researchers, George Daley, wants to make cloned embryos from patients with blood diseases and derive stem cells from the embryos so he can repair the defect in the laboratory. The cells could then be placed back -- without fear of rejection -- in those people. In similar experiments done in mice, Dr. Daley's team has been able to treat a blood disease using this approach.

But any medical applications of the technology are still many years away. After yesterday's announcement, the Harvard researchers will attempt to take the very first step of the process: getting a human cloned embryo to develop to the stage where stem cells can be extracted from it. It's a goal that has so far proved elusive for several teams around the world.

Harvard said millions of dollars were being devoted to the cloning effort, but declined to be specific. The school said its funding sources include the Howard Hughes Medical Institute, of Chevy Chase, Md.; Boston's Children's Hospital; the New York Stem Cell Foundation, and private individuals.

Douglas Melton, co-director of the Harvard Stem Cell Institute, whose team will be working with cells donated by diabetic patients, maintains a separate facility at Harvard for work he has been doing with human embryonic stem cells derived from IVF embryos. This is where some of the new cloning experiments will take place as well.

Dr. Daley said his laboratory has a separate room where "every single pipette, Petri dish and reagent bottle" has been bought with private money and is marked with a sticker. "We have careful administrative and financial accounting methods in place to insure that none of the experiments that involve [cloning] use any materials purchased with federal funds." At UCSF, the cloning work is also conducted in facilities that receive no federal funds, a spokeswoman said.

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The Harvard experiments were approved after a lengthy review by eight different boards and committees at five different institutions involved in the work. These included two Boston area hospitals, a local IVF clinic and Columbia University, where cells from diabetic patients will be grown for the Harvard experiments.

According to Leonard Zon, director of the stem-cell program at Children's Hospital, the two-year process not only involved an extensive ethics review but also consideration of legal and intellectual-property issues. One of the issues was the risk to women from the hormone treatments used in the process of egg donation. According to Harvard researcher Kevin Eggan, it was decided that women would be given hormone doses tailored toward not producing too many eggs, in order to minimize their risk of side effects.

Massachusetts, where Harvard is located, passed a law last year making it illegal to pay for eggs for stem-cell research. For the Harvard experiments, two of the three teams will procure eggs donated by women. At Dr. Daley's laboratory, as well as the UCSF facility, scientists will instead use leftover eggs from failed in vitro fertilization treatments.

Either strategy has pitfalls. Robert Lanza, vice president of research at Advanced Cell Technology, says the company has, since December 2005, placed "over 100 ads" looking for egg donors. Initially there were many replies, but as women realized the discomfort and risks involved in hormone treatments, the numbers have dwindled to two or three potential candidates. "We don't have a single egg at this point," he says.

On the other hand, eggs from failed IVF treatments are plentiful but their ability to form embryos might be compromised. "It might not even be possible" to use them, says Dr. Lanza. He says the company's experience as well as published research suggests that eggs for cloning should be used within hours of obtaining them. Eggs from failed IVF treatments tend to be one to two days old, he says.

2 New Efforts To Develop Stem Cell Line For Study (NYT)

By Nicholas Wade

The New York Times, June 7, 2006

Scientists at two universities — Harvard and the University of California, San Francisco — will try to develop embryonic stem cells from the adult cells of patients suffering from certain diseases.

Their purposes in creating the cell lines, which require making an early human embryo, are to study how the diseases develop and also to see if replacement cells can be generated to repair the patient's own degenerating tissues. But the field, despite its much emphasized promise, faces many serious uncertainties.

"Clinical applications may be a decade or more away," said George Q. Daley, a Harvard expert on blood diseases.

Harvard announced its plans yesterday at a news conference; the University of California, San Francisco, did so less conspicuously a month ago, resuming a program abandoned in 2001. Both universities, having received required approvals, will at first obtain the human eggs needed for cloning from fertility clinics, starting with eggs deemed too low quality to produce a successful pregnancy. Both programs are privately financed because federal support for human stem cell research is available only for cell lines made before August 9, 2001.

Advanced Cell Technology in Worcester, Mass., also has a human nuclear transfer program "well under way," said Robert Lanza, the company's vice president, but has run into problems in recruiting egg donors. Under guidelines issued by the National Academy of Sciences, which are voluntary but widely observed, donors may not be paid anything beyond expenses.

The new efforts, if successful, would accomplish what the disgraced South Korean scientist Woo-Suk Hwang claimed he had achieved in articles published in Science in 2004 and 2005. Both papers turned out to be based on forged data. But the flaws remained undetected by scientists involved in the cloning field, raising doubts about the rigor and expertise with which the new field was being conducted. The problems came to light not through criticism by scientific peers, but only after a whistle-blower in Dr. Hwang's lab contacted a Seoul television station.

The University of California, San Francisco, said last month that one of its researchers, Renee Reijo Pera, would start the cloning procedure, which involves transferring the nucleus of an adult cell into an unfertilized egg whose own nucleus has been removed.

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A composite egg of this kind should develop in glassware into an early embryo, or blastocyst, from which embryonic stem cells could be isolated. There is no evident reason why this should not work in people as it has already done in several animal species, yet so far no one has succeeded. Dr. Hwang used no less than 2,000 fresh eggs donated by a healthy women but failed to accomplish anything useful.

Dr. Reijo Pera will switch to using donated eggs if those rejected by fertility clinics do not work, a university spokeswoman said. Harvard researchers said yesterday that they too would seek to derive eggs from healthy donors in the future.

Dr. Lanza, of Advanced Cell Technology, said that freshly harvested human eggs were "much better" for nuclear transfer experiments but that a six-month campaign by his company to recruit donors "appears to be a losing effort."

Many women had come forward, saying they would donate their eggs for research without compensation but, after seeing the battery of tests required, "most of the donors change their mind once they realize what's involved," Dr. Lanza said.

If research should establish that replacement tissues can be developed for a patient through the nuclear transfer technique, probably tens or hundreds of donated human eggs would be needed for each operation. Some scientists regard such a requirement as impractical, arguing that researchers should learn how to reprogram an adult cell's nucleus back to embryonic state without the use of human eggs. But this requires a far deeper understanding of human cells than is yet at hand.

Three Harvard scientists described their proposed research yesterday, promising not to discuss it further in public until they had firm results ready to be published. Dr. Daley hopes to develop, via nuclear transfer, embryonic stem cells from patients with blood diseases. He will try to correct the genetic defect behind the disease, then develop blood stem cells that could be engrafted in the patient's marrow.

The two other scientists, Douglas Melton and Kevin Eggan, said they would develop embryonic stem cell lines from diabetic patients, hoping to understand the development of the disease from its earliest moments at the cellular level.

Many Americans Headed For Money Struggles In Retirement (LAT)

By Jonathan Peterson

The Los Angeles Times, June 7, 2006

WASHINGTON — Almost one in two American families are headed toward years of financial struggle in retirement, according to a new report that says workers are unprepared for cuts in pension and Social Security income.

The Boston College study presumes that most people need to replace 65 percent to 85 percent of their annual income in their working years to stay secure in retirement. But 43 percent of U.S. households will fall at least 10 percent short of that range, the study found, using what it said were conservative projections.

The percentage of households at risk of an insecure retirement rises to 66 percent under a less rosy set of assumptions -- for example, if workers retire at age 63 instead of at 65.

"Unless Americans change their ways, many will struggle in retirement," said Alicia H. Munnell, director of the study and a former member of the White House Council of Economic Advisers. "There is no silver bullet," she added. "The answer is saving more and working longer."

Saying it hoped to draw attention to the issue, Boston College unveiled a new National Retirement Risk Index based on survey data from 4,500 households in the Federal Reserve's 2004 Survey of Consumer Finances. Researchers calculated that the risk index has risen from 31 percent in 1983 to 43 percent in 2004.

Baby boomers born between 1946 and 1964 are generally in better shape than members of Generation X, born between 1965 and 1972, the report said. That's primarily because these younger workers face the prospect of diminished Social Security income, and fewer of them will have pensions.

"Americans weaned on post-war affluence have come to expect an extended period of leisure at the end of their work life," the report noted. "And, indeed, the majority of today's retirees are able to afford a decent retirement. However, this group is living in a 'golden age' that will fade as Baby Boomers and Generation Xers reach traditional retirement ages in the coming decades."

The study is the latest addition to a growing body of research that suggests households headed by working-age adults are poorly prepared to meet their financial needs of retirement.

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In April, the Employee Benefit Research Institute cautioned that many Americans "have accumulated only modest retirement savings, under-estimate the share of their pre-retirement income they are likely to need in retirement, and have made no estimate of how much they will need to live comfortably once they retire."

The institute said that people's expectations for retirement are "like a piece of Swiss cheese -- full of holes."

The Boston College report said the grim outlook is being driven by a variety of factors, including:

-- Social Security will replace a smaller share of people's pre-retirement income in the future. The reasons include increased taxation of benefits and higher Medicare premiums. In addition, the retirement age for full benefits will increase to 67 for people born after 1959, up from 65 now.

-- Companies have abandoned costly traditional pensions, which guarantee monthly income for life, in favor of contributions to individual 401(k) plans overseen by the employees themselves. In 2004, the typical older worker nearing retirement had just $60,000 in 401(k) and individual retirement accounts, a sum that would yield less than $400 per month in retirement, according to the researchers.

-- People save too little. "Most of the working age population saves virtually nothing outside of their employer-sponsored pension plan," according to the report.

-- Retirement lasts longer as longevity increases. The price tag of retirement goes up with its increased duration, particularly for health-care expenses. At the same time, future retirees may find it difficult to make their nest eggs grow through investing, the researchers said.

On the hopeful side, the picture can change significantly by working longer and saving more. For example, retiring at 67 instead of 65 reduces a household's risk by 11 percentage points, the report found. Saving more also can help a person's long-term outlook, particularly if the added savings start when a worker is young.

"If workers consistently set aside 6 percent of their paychecks (with a 3 percent employer match) invest prudently, and leave the money alone, they should have enough," the report said.

At the same time, a recent report by consulting firm McKinsey & Co. found that four out of 10 workers are forced to retire earlier than they intended, usually because of health issues or loss of their job.

Meanwhile, those employees still lucky enough to have pensions may get less than they expected.

In a separate report issued Tuesday, financial rating company Standard & Poor's said federal employee programs are short roughly $4.5 trillion of the money they need to make good on their pension promises. In addition, companies in the Standard & Poor's 500 stock index have about $140.4 billion less set aside than the amount they're expected to need, S&P said.

That's an improvement over 2004, when pension plans were $164.3 billion short. However, corporations have fallen further behind in funding so-called "other post retirement benefits" which include retiree health care programs. These programs are now $320.9 billion short of what they need to back promises made to retirees, senior analyst Howard Silverblatt said. That's likely to lead to cutbacks and caps that retirees may not have planned for, he said.

Study: 43% Not Saving Enough To Retire Well (USAT)

By Kathy Chu

USA Today, June 7, 2006

A new retirement study provides further evidence that a growing number of Americans are at risk of a diminished standard of living once they stop working.

The Center for Retirement Research's new retirement-risk index, released Tuesday, shows 43% of working households were in danger in 2004 of having too little income to fund their retirement.

But the study probably understates the proportion of retirees at risk. Its projections assume that people retire at age 65, cash in on their home equity through a “reverse mortgage” and exchange their assets for a stream of income by buying an immediate annuity.

Yet many people retire before 65, according to the center, and don't necessarily buy immediate annuities or take out reverse mortgages. Nor does the research take in account the “wild card” of health care costs — and how these expenses will affect retirees' standards of living, says Alicia Munnell, director of the center at Boston College.

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The percentage of “at risk” households has surged in the past two decades, from 31% in 1983, according to the center's analysis, which was funded by Nationwide Mutual Insurance. Two factors that have raised the risks are the growing uncertainty of Social Security payouts and the increasing burden on employees to save for their own retirements.

The index, which uses data from the Federal Reserve, is part of a stream of recent sobering conclusions about workers' abilities to finance their golden years. The studies come as the first of 79 million baby boomers — the generation born from 1946 to 1964 — are turning 60 this year.

The center's analysis found that nearly half of today's workers, at their current savings rate, will be unable to fund a comfortable retirement. People will need to work longer or save more, Munnell, one of the authors of the research, said in a conference call.

Boston College says its retirement index goes a step beyond other research in taking into account the income that people would get, theoretically, from tapping their home's equity.

The center assumes that households will need 65% to 85% of their pre-retirement income replaced each year once they stop working, to maintain their pre-retirement standard of living. A household whose projected replacement rate fell below 10% of the target rate was considered “at risk.”

Younger households, and those with low income levels or without traditional pensions, are particularly vulnerable to having too little money for retirement, according to the research.

Jack VanDerhei of the Employee Benefit Research Institute says the center's calculations leave a key question unanswered: How much more income do workers need to save? EBRI's own research says that most future retirees must put away 5% to 25% more of their pay each year to cover basic needs, as well as health care expenses, in retirement.

New Campaign Shows Progress For Homeless (NYT)

By Erik Eckholm

The New York Times, June 7, 2006

DENVER — Arthur Sena spent years living in a hole that he had dug near the railroad tracks. He would probably still be there, defying offers of help from social workers and using cardboard to ward off the chill, if Denver had not adopted a radical strategy of putting homeless people into apartments of their own, no strings attached.

The "housing first" policy that this city adopted last year is part of an accelerating national movement that has reduced the numbers of the chronically homeless — the single, troubled men and women who spend years in the streets and shelters — in more than 20 cities.

In this campaign, promoted by a little-known office of the Bush administration, 219 cities, at last count, have started ambitious 10-year plans to end chronic homelessness.

The cities include New York, which is stepping up efforts to house the estimated nearly 4,000 people huddling on sidewalks or sleeping in parks, and Henderson, N.C., population 17,000, which recently counted 91 homeless people, 14 of them chronic cases.

Many of the early starters are reporting turnarounds. In Philadelphia, street dwellers have declined 60 percent over five years. In San Francisco, the number of the chronic homeless is down 28 percent in two years, in Dallas 26 percent and in Raleigh-Durham, N.C., 15 percent.

If it is not always clear who will pay for the plans, the burst of effort has buoyed a field long accustomed to futility.

"I've sensed a new energy in city halls and state houses around the issue of ending homelessness," said Robert V. Hess, who just took over as homeless services commissioner in New York City after years of similar work in Philadelphia. "This is unprecedented in my lifetime."

Part of the credit, Mr. Hess and others said, goes to Philip F. Mangano, a Bush appointee who has spent five years visiting every mayor and governor he can, brandishing successful examples, cost-benefit studies and his own messianic fervor along with modest amounts of federal money.

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"We're conspiring to undo what we'd been told for so many years, that this was an intractable issue," Mr. Mangano told 150 mayors, state and city officials and private leaders here in May. They were gathered for the first "national leadership summit," sponsored by the once-dormant office that Mr. Mangano leads, the United States Interagency Council on Homelessness.

Wherever he goes, Mr. Mangano, 58, who was director of the Massachusetts Housing and Shelter Alliance, emphasizes that it is cheaper to put the chronically homeless right into apartments, and provide medical and addiction treatments there, than to watch them cycle endlessly through shelters, soup kitchens, emergency rooms, detoxification centers and jails.

"Cost-benefit analysis may be the new expression of compassion in our communities," he said at the Denver meeting.

Typically, people in such programs are put into sparsely furnished apartments free. Soon after, as they are helped into jobs or sign up for disability or other government benefits, they are required to pay modest rents.

Outreach workers had spent months persuading Mr. Sena, 69, to move to an efficiency apartment downtown. He finally did in 2005, after injuring an arm. His room still has bare walls, and Mr. Sena, who remarkably retains a head of dark hair, has not lost his crustiness.

"I never had any alcohol addiction," he told a visitor. "I just copped a little shot now and then. As a matter of fact, I was just heading out right now to get a half pint. It's the only thing that helps the pain in my arm."

Mr. Sena refused to disclose more about his history or use of public services. But in a study here, officials found that 25 men were taken into emergency detoxification centers for an average of 80 nights each in one year, at a total cost of $772,000. Officials have found that they can provide housing and most medical and other services for about $15,000 a year per person.

The growing focus on housing the chronically homeless was driven, many officials said, by a study in 1998 by Prof. Dennis P. Culhane, a sociologist at the University of Pennsylvania. Professor Culhane showed that a vast majority of people staying in shelters did so briefly and got on with their lives and that 10 percent were in and out repeatedly for years, accounting for half of total bed use.

National estimates of the chronic homeless run about 200,000, among an estimated total of 750,000 homeless people on any given night that includes families and other people in temporary trouble, said Nan Roman, president of the National Alliance to End Homelessness, a group in Washington.

Some advocates and state officials have questioned the intense focus on chronic cases, fearing that it detracts from programs for families. Mr. Mangano responds that homeless families continue to receive the bulk of public money and are the subject of promising experiments, too.

More important, he said in an interview, visible progress against the most visible face of homelessness will inspire more financing. Already, Mr. Mangano added, documented gains have persuaded the White House and Congress to increase spending. Federal money to work on homelessness has climbed over the last five years to more than $4 billion, from $3 billion.

Mr. Mangano "is great at spin," said Bob Erlenbusch, chairman of the National Coalition for the Homeless, an advocacy group based in Washington. But Mr. Mangano is glossing over the broader trend, Mr. Erlenbusch said, because federal programs for low-income housing, which can prevent homelessness, have languished in the Bush years or been cut.

To start their new plans, cities have combined federal and local public money with foundation and corporate grants. But many officials say a lack of money will hamper the development of needed housing and support teams.

The "housing first" approach was pioneered in the 1990's by a group in New York, Pathways to Housing.

In a first step, confirmed street dwellers are coaxed into rooms of their own, a more attractive proposition to many than the drug treatment programs or transitional group homes they had been offered in the past. Some skittish people take along their shopping carts.

Once drawn into so-called supportive housing, the participants are monitored by social workers and offered psychiatric and other services that might stabilize their lives. But breaking addictions or seeking other needed treatment is not a prerequisite for entry.

New York City, a leader in supportive housing, recently counted 3,843 people living in the streets, a 13 percent decline from the previous year. The state and city governments are also joining to build 9,000 supportive housing units in New York over 10 years.

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Some "tough-love" groups have opposed housing first, saying that without more discipline, addicts will never succeed. But in experiments around the country, 80 percent or more of those housed participants remained in their quarters after a year.

Workers at the Colorado Coalition for the Homeless, which runs Mr. Sena's building, said they knew that some tenants were using drugs or alcohol.

"It's better that they pass out here than in the streets," said John Parvensky, director of the coalition.

In many cities, the approach has also drawn fire from agencies that run shelters and drug treatment programs. Those agencies bristle at the suggestion that their emergency aid just perpetuates problems.

"It was very tough to buck the status quo and tell service providers that we're not going to do it your way anymore," said Angela Alioto, a lawyer and Democratic politician who oversees the 10-year plan in San Francisco on behalf of Mayor Gavin Newsom.

Among some groups, Ms. Alito said, "there was hysteria" when the city said it would stop financing groups that did not send participants to housing. But by the end of 2006, she predicted, 2,200 of the estimated 3,000 chronically homeless will be in apartments.

As much as they talk excitedly about ending homelessness, experts know that change will come in fits and starts, for cities as well as for individuals.

By early 2005, Philadelphia had pushed down the number of homeless in the streets to 250, compared to 824 five years earlier, Mr. Hess said.

After a Live Aid concert there last July, however, the number spiked, for reasons that are not clear to the experts, to more than 400, and the city has been whittling it back down.

In Denver, Deborah Johnson, 52, is more openly grateful than Mr. Sena for her new apartment, saying that after 11 years in shelters and recovery programs "it feels great because I'm an independent person."

But her craving for alcohol is a recurring threat, Ms. Johnson conceded. Two times in the last two years she entered housing but was ejected because of "behavior problems" involving her or her guests, a coalition official said.

After another stay in an addiction center, Ms. Johnson moved to her latest apartment in April. She uses an overturned supermarket basket for a table and keeps a Bible near her mattress. She meets her case manager three times a week, Ms. Johnson said, and hopes some day to resume work as a cook.

C.I.A. Knew Where Eichmann Was Hiding, Documents Show (NYT)

By Scott Shane

The New York Times, June 7, 2006

WASHINGTON, June 6 — The Central Intelligence Agency took no action after learning the pseudonym and whereabouts of the fugitive Holocaust administrator Adolf Eichmann in 1958, according to C.I.A. documents released Tuesday that shed new light on the spy agency's use of former Nazis as informants after World War II.

The C.I.A. was told by West German intelligence that Eichmann was living in Argentina under the name Clemens — a slight variation on his actual alias, Ricardo Klement — but did not share the information with Israel, which had been hunting for him for years, according to Timothy Naftali, a historian who examined the documents. Two years later, Israeli agents abducted Eichmann in Argentina and flew him to Israel, where he was tried and executed in 1962.

The Eichmann papers are among 27,000 newly declassified pages released by the C.I.A. to the National Archives under Congressional pressure to make public files about former officials of Hitler's regime later used as American agents. The material reinforces the view that most former Nazis gave American intelligence little of value and in some cases proved to be damaging double agents for the Soviet K.G.B., according to historians and members of the government panel that has worked to open the long-secret files.

Elizabeth Holtzman, a former congresswoman from New York and member of the panel, the Nazi War Crimes and Japanese Imperial Government Records Interagency Working Group, said the documents showed that the C.I.A "failed to lift a finger" to hunt Eichmann and "force us to confront not only the moral harm but the practical harm" of relying on intelligence from ex-Nazis.

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The United States government, preoccupied with the cold war, had no policy at the time of pursuing Nazi war criminals. The records also show that American intelligence officials protected many former Nazis for their perceived value in combating the Soviet threat.

But Ms. Holtzman, speaking at a news briefing at the National Archives on Tuesday, said information from the former Nazis was often tainted both by their "personal agendas" and their vulnerability to blackmail. "Using bad people can have very bad consequences," Ms. Holtzman said. She and other group members suggested that the findings should be a cautionary tale for intelligence agencies today.

As head of the Gestapo's Jewish affairs office during the war, Eichmann put into effect the policy of extermination of European Jewry, promoting the use of gas chambers and having a hand in the murder of millions of Jews. Captured by the United States Army at the end of the war, he gave a false name and went unrecognized, hiding in Germany and Italy before fleeing to Argentina in 1950.

Israeli agents hunting for Eichmann came to suspect that he was in Argentina but did not know his alias. They temporarily abandoned their search around the time, in March 1958, that West German intelligence told the C.I.A. that Eichmann had been living in Argentina as Clemens, said Mr. Naftali, of the University of Virginia.

The West German government was wary of exposing Eichmann because officials feared what he might reveal about such figures as Hans Globke, a former Nazi government official then serving as a top national security adviser to Chancellor Konrad Adenauer, Mr. Naftali said.

In 1960, also at the request of West Germany, the C.I.A. persuaded Life magazine, which had purchased Eichmann's memoir from his family, to delete a reference to Mr. Globke before publication, the documents show.

Ironically, in view of the information the C.I.A. received in 1958, documents previously released by the C.I.A. showed that it was surprised in May 1960 when the Israelis captured Eichmann. Cables from the time show that Allen Dulles, the C.I.A. director, demanded that officers find out more about the capture.

Since Congress passed the Nazi War Crimes Disclosure Act in 1998, the Interagency Working Group has worked to declassify more than eight million pages of documents.

Norman J. W. Goda, an Ohio University historian who reviewed the C.I.A. material, said it showed in greater detail than previously known how the K.G.B. aggressively recruited former Nazi intelligence officers after the war. In particular, he said, the documents fill in the story of the "catastrophic" Soviet penetration of the Gehlen Organization, the postwar West German intelligence service sponsored by the United States Army and then the C.I.A.

Mr. Goda described the case of Heinz Felfe, a former SS officer who was bitter over the Allied firebombing of his native city, Dresden, and secretly worked for the K.G.B. Mr. Felfe rose in the Gehlen Organization to oversee counterintelligence, a Soviet agent placed in charge of combating Soviet espionage.

The C.I.A. shared much sensitive information with Mr. Felfe, Mr. Goda found. A newly released 1963 C.I.A. damage assessment, written after Mr. Felfe was arrested as a Soviet agent in 1961, found that he had exposed "over 100 C.I.A. staffers" and caused many eavesdropping operations to end with "complete failure or a worthless product."

The documents also provide new information about the case of Tscherim Soobzokov, a former SS officer who was the subject of a much-publicized deportation case in 1979 when he was living as an American citizen in Paterson, N.J. He was charged with having falsified his immigration application to conceal his SS service, which ordinarily would have barred his entry. But the charge was dropped when a C.I.A. document turned up showing that he had disclosed his SS membership.

The newly declassified records show that he was employed by the C.I.A. from 1952 to 1959 despite "clear evidence of a war crimes record," said another historian at the briefing, Richard Breitman of American University.

Because it valued Mr. Soobzokov for his language skills and ties to fellow ethnic Circassians living in the Soviet Union, the C.I.A. deliberately hid details of his Nazi record from the Immigration and Naturalization Service after he moved to the United States in 1955, Mr. Breitman said.

But Mr. Soobzokov ultimately did not escape his past. He died in 1985 after a pipe bomb exploded outside his house. The case has never been solved.

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CIA Ties With Ex-Nazis Shown (WP)

By Christopher Lee

The Washington Post, June 7, 2006

The CIA organized Cold War spy networks that included former Nazis and failed to act on a 1958 report that fugitive Nazi war criminal Adolf Eichmann was living in Argentina, newly released CIA records show.

The records were among 27,000 pages of documents made public yesterday at the National Archives. They shed new light on the secret protection and support given to former Nazi officials and Nazi collaborators by U.S. intelligence agencies as fighting communism became the central aim of American foreign policy in the years after World War II.

"It was not U.S. policy to track Nazi war criminals once the Cold War began," said historian Timothy Naftali of the University of Virginia, a Cold War expert who has studied the new documents.

"The CIA based its decisions about using former SS men or unreconstructed Nazis solely on operational considerations. . . . Hiring these tainted individuals brought little other than operational problems and moral confusion to our government's intelligence community," he added.

The subject of postwar collaboration between U.S. intelligence and former Nazis that the government sought to use in the struggle against the Soviet Union has been documented, but historians said the previously inaccessible documents have enabled them to fill in many blanks in the historical narrative.

About 60,000 pages of CIA records had already been released since 1999, after a 1998 federal law opened up secret government files relating to war crimes by the German and Japanese governments during World War II.

Historians reviewing the records for the government published a 2004 book, "U.S. Intelligence and the Nazis," based on 240,000 pages of FBI records, 419 CIA files and 3,000 pages of U.S. Army information. It detailed the Army's postwar relationship with former officers of the German Wehrmacht's intelligence service, which are available at the National Archives.

The materials released yesterday include operational documents detailing the activities of the CIA and its contacts abroad, historians and other officials said during a news conference at the National Archives.

"It's a rare release of operational files," said Allen Weinstein, head of the National Archives and chairman of the interagency working group overseeing the declassification of records about World War II crimes and criminals. "The files are also more inclusive than any other CIA files made public before. . . . This time, the documents are nearly all without redactions, providing researchers and historians the clearest view yet of the postwar intelligence world."

The release of the records stalled last year with the deadline for the interagency project approaching when the CIA balked at declassifying more detailed documents about the agency's postwar ties to Nazis. But the CIA caved in under pressure from Sen. Mike DeWine (R-Ohio), an author of the original legislation, and other prominent backers of that law. Congress passed a new law extending the life of the interagency panel by two years, to early 2007.

Some of the newly released documents show that between 1949 and 1955, the CIA organized "stay-behind" networks of German agents to provide intelligence from behind enemy lines, should the Soviet Union invade western Germany.

One network included at least two former Nazi SS members -- Staff Sgt. Heinrich Hoffman and Lt. Col. Hans Rues -- and one was run by Lt. Col. Walter Kopp, a former German army officer referred to by the CIA as an "unreconstructed Nazi." The network was disbanded in 1953 amid political concerns that some members' neo-Nazi sympathies would be exposed in the West German press.

In a March 1958 memo to the CIA, the West German foreign intelligence services (BND) wrote that Eichmann, a top Gestapo official who helped orchestrate the mass murder of Jews, "is reported to have lived in Argentina under the alias CLEMENS since 1952." The memo also mentioned a rumor that Eichmann lived in Jerusalem.

In fact, Eichmann was in Argentina and was using the name Ricardo Klement -- but apparently neither the CIA nor the West Germans acted on the information, Naftali said.

"Tragically, at the moment the CIA and the BND had this information the Israelis were temporarily giving up their search for Eichmann in Argentina because they could not figure out his alias," Naftali wrote in an analysis of the documents.

Eventually, Israeli Mossad agents abducted Eichmann in Buenos Aires on May 11, 1960. He was tried in Jerusalem, sentenced to death and hanged on May 31, 1962.

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Robert Wolfe, a former federal archivist and an expert on captured German records, said the new CIA documents illustrate the "sorry results" of recruiting former Nazi intelligence personnel to U.S. efforts to keep the Soviet Union in check.

"The alleged intelligence those recruits peddled was mostly hearsay and gossip designed to tell their American interrogators what they wanted to hear, in the hope of escaping retribution for past crimes, or for mercenary gain, or for political agendas not necessarily compatible with American national interests," Wolfe said.

Health Insurance Doesn't Have To Hurt (USAT)

By Laura Vanderkam

USA Today, June 7, 2006

Like most young people, I like to believe I'm invincible. Every so often, though, an e-mail shows up in my inbox that reminds me I'm not. Another twentysomething acquaintance has suffered a ski accident, appendectomy or electric-saw mishap. The worst reports share a line: "He doesn't have health insurance." Then I know this young person is not only in pain, he's also wincing as his hospital time ticks by at $7,000 per day.

At least these young people can take comfort that they're not alone. A third of Americans ages 21-24 lack health insurance, more than any other demographic. A quarter of those ages 25-34 do without.

Given hospital costs these days, it's not surprising that young people and their families are agitating for government to "do something." Some states are listening. New Jersey legislators, for instance, passed a law this spring that lets certain residents stay on their parents' plans until age 30. In theory, raising the age of dependency could reduce the coverage gap.

In theory. Looking closer, though, I'm reminded of Ronald Reagan's adage: Government is not the solution to our problem. Government is the problem, at least when it comes to health insurance. Well-meaning but misguided states such as New Jersey and Massachusetts have priced young people out of the market by keeping laws on the books that force plans to cover everything, take all comers or treat young and old, healthy and sick, roughly the same. It's nice that legislatures then try to mop up the mess by passing "slacker mandates" that pretend 30-year-olds are dependents, or, in Massachusetts, forcing people to carry coverage. But if this country truly wants to cover the uninsured, we should remember that rates aren't high everywhere. Insurance companies have come up with cheap ways to get young people covered in states that don't tie insurers' hands. The answer is not to pass more laws.

The answer is to get government out of the way.

Sticker shock

Few young people graduating this spring — and leaving their parents' plans or state plans for children — will think much about health insurance as they collect their diplomas. That's one of the reasons such a high percentage wind up uninsured. Most eventually land coverage the way most Americans do — through a full-time job at a big employer. But not all young people can, or want to, work full-time for such places.

Unfortunately, responsible folks who then shop for their own coverage encounter massive sticker shock in some states. The only individual plan available for a 27-year-old New York City woman on eHealthInsurance.com, a website that lets you comparison shop for policies, runs a whopping $365.50 a month — and it doesn't cover office visits. I conducted a similar search in Manhattan a few years ago and finally found a group plan I could join. My monthly rate ran a not-much-lower $286.

Recalling the appendectomy e-mails, I paid (until I got married and joined my husband's plan). But, boy, did I fume about it. I had previously paid about $70 a month in Washington, D.C. Looking online now, I can still find rates that low in states from Illinois to Texas.

So why the four-to-fivefold price difference? The answer stems from a few policies imposed by state legislatures that raise insurance costs considerably:

• Guaranteed issue. In the handful of states with this policy, such as Massachusetts and New Jersey, plans have to take all comers — you and your 58-year-old obese neighbor with a motorcycle-racing hobby alike.

• Community rating. In states, such as New York, with versions of this rule, plans can't notice that you and your neighbor have different risk profiles. So they have to charge you similar amounts (and it's rarely the lower-risk person's rate).

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• Mandates. These are goodies from hair prostheses to massage therapy visits that states force plans to cover. All states have some mandates, though the number and their costs vary widely.

States presumably mean well when they pass these laws. They don't want plans to discriminate against old people or sick people, and they want residents to have all their medical needs covered. But in states where plans have to take all comers, charge them similar rates and cover things such as in vitro fertilization treatments, it's no wonder rates skyrocket beyond young people's ability to pay.

Better models

Insurance doesn't have to cost an arm and a leg, though. In California, for instance, Blue Cross launched a policy in 2004 called TONIK that's aimed specifically at twentysomethings who want coverage for catastrophes but don't need a lot of other care. A plan with a $1,500 deductible and unlimited $40 doctor visits runs $90 a month. A $5,000 deductible plan with four $20 visits is $69. TONIK quickly became the company's second best-selling policy in California. Even better: 70% of buyers were previously uninsured. You can now buy versions of TONIK in low-regulation states from Texas to Illinois.

There is fine print, of course. TONIK doesn't cover maternity benefits (pregnant members get bumped to a different plan). California TONIK policies also don't cover brand-name drugs. But once you expect insurance to cover everything for everybody — as in New Jersey — and when you don't let plans treat people differently based on risk profiles, insurance stops being cheap. When it stops being cheap, young people decide to risk going without.

That choice is bad news for the unlucky young people who then endure expensive ski accidents and appendectomies. But it's bad news for older folks, too. Not only do all taxpayers foot hospital bills for uninsured people who can't pay, shoving young people out of insurance pools also raises rates for everyone else. If states truly want people covered, that's something to keep in mind.

Laura Vanderkam, who lives in New York, is a member of USA TODAY's board of contributors.

A Positive In Going Negative? (WP)

By Ruth Marcus

The Washington Post, June 7, 2006

Economist John Kenneth Galbraith died this year, but he left behind the conventional wisdom. Galbraith coined the phrase in 1958 to denote those comfortable ideas "which are esteemed at any time for their acceptability."

Coincidentally, in the weeks after Galbraith's death, I came across assaults on two pillars of the conventional political wisdom: that negative attack ads are bad and that disclosure of campaign finance information is good. Neither argument is ultimately convincing, but both serve as provocative warnings against the complacent repetition of accepted verities.

The first challenge comes in a book by Vanderbilt University political science professor John G. Geer, "In Defense of Negativity: Attack Ads in Presidential Campaigns." Geer disputes the notion that rampant negativity is a new phenomenon; the writers of the Declaration of Independence, he says, went negative in 70 percent of the document. He argues that, despite media fixation on the subject, modern voters are not "drowning in a sea of negativity." Even in the 2004 presidential race, the most negative one in his analysis, Geer found equal numbers of positive and negative appeals.

In fact, Geer contends, negative advertising is a force for good, sharpening public debate and informing voters. Analyzing presidential campaigns from 1960 through 2004, Geer finds that negative advertising tends to be meatier than gauzy positive spots. Nearly three-quarters of the claims in negative ads involve issues, not attacks on candidates' character or values.

Geer's perspective is a valuable antidote to the usual hand-wringing, but his paean to negativity goes overboard. Geer counts only ads by the candidates themselves, not the rapidly proliferating spots from outside groups -- the Willie Horton ad in 1988 or Swift Boat Veterans' attacks in 2004 -- with more freedom to be vicious. And he shies away from assessing the legitimacy of negative attacks, which may be moored to facts but wrenched entirely out of context.

Nor does he consider how the fear of being the target of a 30-second attack ad can distort policymaking. I attended a lunch with Geer on the very day the House of Representatives approved a sham lobbying reform bill with the help of jittery lawmakers who feared that a vote against the bill would produce ads assailing them as lobbyists' handmaidens.

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The fact that Geer's analysis is limited to presidential campaigns, where negative attacks are somewhat constrained by the scrutiny they are guaranteed to draw, may diminish his damage assessment. Consider North Carolina, where Democratic congressman Brad Miller is the subject of a radio ad attacking his stances on gay rights and immigration. "If Miller had his way, America would be nothing but one big fiesta for illegal aliens and homosexuals," says the ad, to the accompaniment of mariachi music. Hardly the high-toned issue-sharpening of Geer's optimistic depiction.

If negativity's negatives are part of the received wisdom, the value of disclosure is a veritable article of faith. In a recent paper, Democratic election lawyer Robert F. Bauer, my favorite campaign finance sparring partner, takes on the popular view of disclosure as an "efficient, relatively innocuous method of managing concerns about money in politics."

The notion of disclosure as a useful tool for the well-informed voter, he says, is "almost quaint" in a data-drenched world where even the most diligent citizen can't digest all the available information. Rather, disclosure has become the province of journalists and professional do-gooders who mine the data to produce a cynical -- and cynicism-inducing -- narrative of the pernicious influence of money on the political system.

Worst of all, according to Bauer, disclosure is increasingly a mere first step in the relentless march toward an ever-expanding regulatory regime governing political speech: "the stake that the state drives into the ground to mark out new territory."

Bauer's case in point involves 527s, the independent groups that drew attention in 2004, when financier George Soros lavished $24 million on efforts to oust George W. Bush, and when the Swift Boat Veterans for Truth helped defeat John F. Kerry. Perhaps disclosure in those cases produced the cynicism that Bauer laments. But it can't be that the political system would have been better off if such spending had been cloaked in secrecy, as was the case before Congress required reporting in 2000.

In the case of 527s, Bauer correctly argues, those disclosure rules only presaged demands for additional regulation; Congress is now considering legislation that would require these groups to abide by the same campaign finance rules as other players.

This is where Bauer and I part company: Congress was right when it moved to end unlimited "soft money" donations to political parties, and it would be wise -- now that such activity has shifted to 527s -- to act there as well. But the fact that some disclosure rules precede substantive regulation doesn't mean that all such reporting requirements do, or should, lead to more. In some cases, sunlight is sufficient.

Writing nearly half a century ago, Galbraith described the "articulation of the conventional wisdom" as "a religious rite . . . an act of affirmation like reading aloud from Scriptures." In that vein, Geer and Bauer proffer useful heresies. Negativity isn't an unadulterated evil. Disclosure isn't a panacea. But when it comes to these tenets, at least, the conventional hymnal contains a good deal of wisdom.

Bush Optimistic About Iran's Reaction To Nuke Plan (USAT)

By Bill Nichols

USA Today, June 7, 2006

WASHINGTON — The Bush administration was cautiously upbeat Tuesday about Iran's initial reaction to incentives aimed at persuading it to freeze its efforts to make nuclear fuel.

“It sounds like a positive step to me,” President Bush told reporters in Texas after visiting a Border Patrol facility. “We will see if the Iranians take our offer seriously.”

The proposal was finalized last week by diplomats from the United States, Britain, China, France, Germany and Russia.

European Union foreign policy chief Javier Solana presented the incentives package to Iranian officials in Tehran. Top Iranian nuclear negotiator Ali Larijani said the proposals had “positive steps” but said talks were needed to clear up “ambiguities.”

The Iranians told Solana that they would consider the proposal but would need time to review it, State Department spokesman Sean McCormack said. Solana said that he would be in contact with the Iranians in the coming days.

Larijani promised to seriously study the proposals but gave no time frame for a response.

U.S. Secretary of State Condoleezza Rice has said Iran has weeks, not months, to take up the offer. The deal threatens penalties, which have not yet been made public, if Iran does not comply.

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Iran watchers said Larijani's comments, which came after several days of often-contradictory rhetoric about the proposal from leaders in Tehran, mark the first significant sign that Iran is at least taking the offer seriously.

Trita Parsi, an Iran expert at Johns Hopkins University's School of Advanced International Studies, said the fact that Iran did not immediately disclose the contents of the proposal indicated that the prospective deal was enticing.

The administration has offered to take part in talks with Iran about its nuclear program as part of the proposal, a significant U.S. policy shift that is considered to be the primary incentive in the proposal.

Unlike previous European and Russian overtures to Iran, this offer does not require that Tehran give up its nuclear enrichment program — only suspend it.

If Iran rejects the proposal, the United Nations Security Council will consider a resolution threatening sanctions against the nation.

The United States says Iran is using the enrichment program to try to make a nuclear weapon. Iran insists its program is for peaceful purposes.

Administration officials refused to describe the enticements to Iran contained in the proposal.

"I've seen a lot of reports flying around the past couple days about what may or may not be in this package. I would just caution everybody, until we actually are able to discuss what is in the package in public, (to) take reports with a grain of salt," McCormack said.

He said the coalition of diplomatic partners who made the proposal have agreed not to discuss it publicly in order to give Iran "a little bit of space to consider what's in the package, both on the positive as well as the negative side."

The Associated Press, citing anonymous diplomats familiar with the proposal, reported that the United States is offering to provide Iran with some civilian nuclear technology.

The wire service also reported that Washington has agreed to sell Boeing aircraft parts to Iran and that the proposal offers the possibility of Europe selling Tehran new Airbus planes. Boeing spokeswoman Amanda Landers had no comment.

Iran's commercial aircraft fleet is largely made up of Boeing planes purchased before the 1979 revolution. The nation has long complained that U.S. sanctions have created safety hazards for its aircraft.

Bush: Iran's Initial Response Positive (AP)

By Anne Gearan, Ap Diplomatic Writer

AP, June 7, 2006

President Bush said Tuesday that Iran's initial response to a package of incentives and threats on the nuclear impasse "sounds like a positive step to me."

"We will see if the Iranians take our offer seriously," Bush said in Laredo, Texas, where he was speaking about immigration overhaul. "The choice is theirs to make.

"I have said the United States will come and sit down at the table with them so long as they are willing to suspend their enrichment in a verifiable way," Bush said. "So it sounds like a positive response to me."

European Union foreign policy chief Javier Solana laid out the potential rewards and consequences in a visit to Tehran. He later told Secretary of State Condoleezza Rice by phone that the Iranians had said they would need time to consider the proposal, State Department spokesman Sean McCormack said.

Solana called the discussions "very useful and constructive," McCormack said.

Bush said in Laredo that he wanted to resolve the issue with Iran diplomatically.

Earlier in the day, the administration said it would give Iran "a little bit of space" to consider the package but added that the offer was not open-ended.

"It's a matter of weeks, not months," McCormack said, echoing the vague deadline set out by Secretary of State Condoleezza Rice before the package was presented to Tehran.

U.S. officials would not discuss specifics, saying that Iran needed time to review the package and ask questions in private.

"We want to give this every opportunity to succeed," McCormack said. "The diplomacy, I would say, is at a sensitive stage."

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The package includes a promise of Western technical help in developing peaceful civilian nuclear energy if Iran stops enriching uranium, a waiver of U.S. legal restrictions to allow export of some agricultural technology, access to U.S. aircraft parts or new Boeing Co. planes to upgrade Iran's aging fleet and U.S. and European backing for Iran to join the World Trade Organization, diplomats and others said.

The proposal was agreed on last week by the United States, Britain, France, China and Russia — the five veto-wielding members of the U.N. Security Council, plus Germany. Those nations would be expected to move for Security Council sanctions such as travel and financial restrictions on Iranian officials if Tehran does not take the deal or if negotiations fall apart.

Top Iranian nuclear negotiator Ali Larijani said the initiative contains "positive steps" but also some "ambiguities."

"There are robust measures on both sides, both the incentive side as well as the disincentive side," McCormack said. "It presents the Iranian government with a very clear choice on both sides of the road."

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Associated Press writers George Jahn in Vienna and Nedra Pickler in Laredo contributed to this report.

Proposal Would Let Iran Enrich Uranium (WP)

By Karl Vick And Dafna Linzer

The Washington Post, June 7, 2006

TEHRAN, June 6 -- The confidential diplomatic package backed by Washington and formally presented to Iran on Tuesday leaves open the possibility that Tehran will be able to enrich uranium on its own soil, U.S. and European officials said.

That concession, along with a promise of U.S. assistance for an Iranian civilian nuclear energy program, is conditioned on Tehran suspending its current nuclear work until the U.N.'s International Atomic Energy Agency determines with confidence that the program is peaceful. U.S. officials said Iran would also need to satisfy the U.N. Security Council that it is not seeking a nuclear weapon, a benchmark that White House officials believe could take years, if not decades, to achieve.

But the Bush administration and its European allies have withdrawn their demand that Iran abandon any hope of enriching uranium for nuclear power, according to several European and U.S. officials with knowledge of the offer. The new position, which has not been acknowledged publicly by the White House, differs significantly from the Bush administration's stated determination to prevent Iran from mastering technology that could be used to develop nuclear weapons.

"We are basically now saying that over the long haul, if they restore confidence, that this Iranian regime can have enrichment at home," said one U.S. official, who spoke on condition of anonymity. "But they have to answer every concern given all that points to a secret weapons program."

Iran built its nuclear program in secret over 18 years. The effort was exposed by dissidents in 2002, setting off a U.N. investigation that has not found proof of a weapons program but has been unable to rule one out. Iran maintains that the program was designed for nuclear energy, not weapons.

In private discussions among the United States and its allies concerning possible action against Iran, Germany had suggested that Iran could be allowed to continue, under strict U.N. monitoring, its current enrichment research while negotiations commenced. But the Bush administration, as well as the governments of France and Britain, disagreed, arguing that Iran must suspend the program until suspicions regarding its true nature are cleared up.

The list of incentives that European Union foreign policy chief Javier Solana detailed to Iranian officials here on Tuesday was endorsed by the five permanent members of the U.N. Security Council plus Germany. It contains not only the revamped American promises on enrichment but a U.S. offer to join negotiations directly if Iran suspends its program, as well as pledges of European assistance in building additional light-water nuclear power plants and support for Iranian membership in the World Trade Organization.

"We had constructive talks," Iran's chief nuclear negotiator, Ali Larijani, told reporters after the two-hour meeting in the palatial offices of Iran's Supreme National Security Council. "There are some positive steps in it and also some ambiguities."

Larijani did not elaborate, but diplomats said the atmospherics surrounding the meeting appeared to reinforce recent assurances by Iranian officials that the new proposal would be considered seriously. Foreign Minister Manouchehr Mottaki,

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appointed by hard-line President Mahmoud Ahmadinejad, vowed to study "Europe's incentive package," a description that accentuated the proposal's positive elements.

Speaking privately, a senior Iranian official said that the offer appeared to have much worthy of consideration.

European and American diplomats expressed relief.

"Our first aim was already achieved because they didn't reject" the offer, one European diplomat said.

Talking with reporters in Laredo, Tex., President Bush said Larijani's reaction to the proposals "sounds like a positive response to me."

"I want to solve this issue with Iran diplomatically. . . . We will see if the Iranians take our offer seriously. The choice is theirs to make," Bush said.

The new package embodies the "robust diplomacy" that Bush endorsed, according to U.S. officials, in hopes of broadening policy options that had been narrowing to two unattractive options: military strikes on Iran's known nuclear facilities, or acquiescence to an Iranian nuclear program that was only lightly monitored by the IAEA.

Diplomats said the bid also includes elements mentioned in earlier rounds of negotiations: Washington would selectively relax long-standing economic sanctions to allow the sale of spare parts for civilian airliners to Iran, as well as technology for earthquake early-warning systems and meteorological study. Like the American offer to join the talks directly, the moves signal at least the potential for further future engagement between Washington and Tehran.

But a deal will pivot first on Iran's decision whether to suspend enrichment, a move it has repeatedly insisted it will not make. A diplomat said the offer reflected weeks of intense and high-level discussions in Washington and in Tehran aimed at deflecting confrontation.

"Each side has taken a more serious look at what the other wants and how compromise can be reached," a Western diplomat said.

In the Bush administration's view, the possibility for Iran to one day enrich uranium was "a very important part of the deal, and it's what will allow Iran to accept it," said a U.S. official, who spoke on condition of anonymity. "Iran always spun previous offers as an attempt to keep it from exercising its rights to enrich. Now that is explicitly not the case."

The move also reflects a new reality: Iran announced in April that it had made advancements toward industrial-level enrichment of uranium. Iranian officials boasted that the achievement "changed the facts on the ground."

Tehran likely will fight to retain that capability on a small scale. "This will be the big issue, and the Iranians will hold out, since they are already doing it anyway," the U.S. official said.

To allow Iran to proceed with other elements of its nuclear program, such as bringing online a power plant nearing completion at Bushehr on the Persian Gulf, the proposal suggests that Iran import enriched uranium from Russia for the duration of its own enrichment moratorium.

Diplomats in Washington and European capitals now expect weeks of private contacts among European, Iranian, Russian, Chinese and U.S. officials to work out details for negotiations over the package -- talks about talks, since the package is intended to reopen formal negotiations. Officials said the latter could begin as soon as next month, if Iran agrees to take a first step forward by suspending its current research and development work.

"They need time to swallow and actually digest not only the proposal but also the American moves, especially the latter," said a European diplomat resident in Iran who asked not to be identified further.

"The most significant part of the package is that the Americans said they're willing to sit at the table. Everything else, I think, is minor compared to that."

No formal deadline has been announced for Iran's response, although Secretary of State Condoleezza Rice has described a time frame of weeks rather than months. Other diplomats said a "natural deadline" would be the summit of the Group of Eight industrialized nations set to begin July 15 in St. Petersburg.

Diplomacy Moves To The Fore Over Iranian Nuclear Issue (LAT)

By Alissa J. Rubin, Kasra Naji, And Paul Richter

Los Angeles Times, June 7, 2006

DOJ_NMG_0032528

TEHRAN, Iran — The Iranian government suggested Tuesday it would seek changes in the package of incentives offered here on behalf of world powers by European Union Foreign Minister Javier Solana; but comments made by both sides also made clear that for now, diplomacy had replaced confrontation over Iran's nuclear aspirations.

Iran's top nuclear negotiator, Ali Larijani, and Solana, who was accompanied by the political directors for England, France, Germany and Russia, said they would be talking again in the coming days.

"We had constructive talks," said Larijani. Solana "delivered certain proposals that they had been working on. These proposals contain a number of positive steps, and there are also ambiguities that have to be cleared up."

"I hope after we've had a chance to consider the proposals, we could have more talks so that we can reach a balanced and logical outcome," Larijani added.

Speaking to reporters in Laredo, Texas, President Bush described Iran's reaction as "positive."

"We will see if the Iranians take our offer seriously," Bush continued. "The choice is theirs to make."

The world powers are demanding that Iran halt its uranium enrichment related work in return for economic goodies and more intangible support such as backing from the West for Iran's bid to join the World Trade Organization.

Key to the entire offer however, is the United States' commitment, announced last week, to join the Europeans, Russia and China in talks with Iran if the Islamic Republic suspends uranium enrichment related ctivities. Many of the economic offers, some of which the European Union also made nearly a year ago, cannot be delivered without U.S. backing because of legal and treaty requirements.

Among them is a guarantee that the United States would facilitate a European offer to provide Iran with a light water reactor and other civilian nuclear technology. Much of the light water nuclear technology originates in the United States and without American government approval, the Europeans could not provide it to Iran. The decision to offer Iran help with a nuclear reactor is bound to be especially controversial because it is possible to harvest spent plutonium from such a plant and use it to manufacture material for an atomic bomb, according to scientists.

"Spent fuel from a light water reactor is harder to process," for use in a bomb, said David Albright, a former United Nations weapons inspector. "But nothing isproliferation proof."

Western powers are convinced that Iran's nuclear program is aimed at achieving the capability to make bombs. Tehran insists it wants nuclear technology only for civilian purposes.

The United States and the other countries have also committed to help Iran obtain new agricultural technology and to help Iran's "civil aviation" sector, said foreign diplomats. The U.S. currently refuses to sell anything to Iran and the nation's aging fleet has suffered several fatal crashes and Tehran's air authority routinely is forced to cannibalize parts from one plane to keep another running. Because the U.S. owns the licenses to a number of parts, its endorsement is needed for the sale both of parts and planes manufactured in other countries -- such as Airbus, which is manufactured in France. Technical assistance could also be part of the package, diplomats said.

A full list of incentives has yet to be unveiled and vaguer still are the penalties to which Iran might be subject if it does not accept the deal. It is not clear whether Russia and China, which have assiduously resisted economic sanctions, have changed their opposition to them.

Diplomats in Europe and people close to the Iranian government said they expected Iran to fight the demand that in order to obtain the incentives, it halt altogether its centrifuge operation and stop conversion of uranium yellow cake into uranium gas. Uranium in its gaseous form is what is fed into the centrifuges for enrichment which, when highly enriched, can be used in a bomb.

"It's unlikely they are going to give on that," said a European diplomat in Vienna, noting that the last time Iran halted its centrifuge operation, a number of the delicate machines broke.

For the past two weeks, Iran has not been enriching uranium; its cascade of 164 centrifuges have been spinning without any uranium gas in them, according to diplomats close to the International Atomic Energy Agency. However, when centrifuges are stopped altogether, unless the operation is done carefully, and seals are kept and all gaseous material removed, they can break. It is unclear the reason for the Iranians' pause in enrichment but it could be either for technical reasons while they test other parts of their operation or for political ends.

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Furthermore, Iran will almost certainly refuse to halt enrichment before beginning talks, said Iranian commentators -- a precondition of the offer as it is currently formulated.

Upbeat Iran Finds "Positive Steps" In Offer (WT)

By David R. Sands

Washington Times, June 7, 2006

Iran's top negotiator yesterday gave a cautiously upbeat review of a package offered by the United States and five world powers designed to halt Tehran's uranium enrichment program, a package that could allow Iran access to some sensitive U.S. nuclear technology.

In marked contrast to recent defiant comments from Iranian leaders, nuclear negotiator Ali Larijani told a delegation to Tehran headed by European Union foreign policy chief Javier Solana that the offer "had some positive steps," but added there were still "some ambiguities, which should be removed."

U.S. officials have refused to discuss the incentives being offered Tehran for its cooperation, but diplomats in Europe told the Associated Press they include a new concession by the United States that it would share technology for civilian nuclear programs with Iran if Tehran agrees to stop enriching uranium, a critical step in developing a nuclear bomb.

The Bush administration has led the drive to suspend Iran's enrichment programs, saying they are a cover for a vast nuclear weapons program. Iran claims its extensive research programs are for peaceful uses only.

Iran also would be offered a light-water nuclear reactor and a guaranteed source of fuel for civilian nuclear power if it accepts the international offer. The United States agreed to a similar package in the mid-1990s to North Korea, only to discover years later that Pyongyang had secretly pursued a nuclear bomb program anyway.

President Bush told reporters that Tehran's restrained first reaction to the details of the offer was "positive," but U.S. officials declined to comment on the substance of their offer, saying the diplomacy had reached a particularly sensitive stage.

"We want to give the Iranian government some time to consider what is in this package," State Department spokesman Sean McCormack said.

Mr. McCormack declined to comment on whether the United States has offered to share at least some forms of nuclear technology with Iran.

"I've seen a lot of reports flying around the past couple of days about what may or may not be in this package," he said, cautioning that such reports should be taken "with a grain of salt."

Mr. Solana briefed both Secretary of State Condoleezza Rice and German Foreign Minister Frank-Walter Steinmeier on the Tehran discussions. Mr. Steinmeier said afterward he expected an Iranian answer on the offer by the end of June, when foreign ministers of the Group of Eight nations meet ahead of next month's summit in St. Petersburg.

The package also includes trade and other incentives if Iran cooperates. The United States for the first time has agreed to participate in the multilateral talks, but only if Iran halts all uranium enrichment programs.

Wayne White, a lead Middle East analyst for the State Department's Bureau of Intelligence and Research from 2002 to 2005, said Iran's leaders may still be trying to decide whether Washington is genuinely seeking a deal or just laying the diplomatic groundwork for tougher action.

"There was a hot debate in the United States and Europe over whether this was an offer designed to self-destruct," said Mr. White, now an adjunct scholar at the Washington-based Middle East Institute. "I expect the same debate is going on in Iran."

Najmeh Bozorgmehr, an Iranian scholar at the Brookings Institution's Saban Center for Middle East Policy, said Iran was never likely to reject the package outright because it had been endorsed by both Russia and China.

"If this deal does not work out, Iran may need Russian and Chinese help against even tougher measures," she said.

But Ilan Berman, vice president for policy at the American Foreign Policy Council, said Mr. Larijani's comments about "ambiguities" could be preparing the ground for what U.S. opponents of the Iranian offer say will be endless talks while Iran preserves its nuclear programs.

"That should be setting off alarm bells all over the place," Mr. Berman said.

Iran To Study EU Incentive Plan On Nuclear Issue (FT)

DOJ_NMG_0032530

By Gareth Smyth And Daniel Dombey

Financial Times, June 7, 2006

Iran said on Tuesday it would study a package of incentives delivered by Javier Solana, European Union foreign policy chief, designed to entice Tehran to curb its nuclear programme.

"The proposals contain positive steps and also some ambiguities, which must be removed," said Ali Larijani, Iran's top security official, after a two-hour meeting with Mr Solana.

"We hope we will have negotiations and deliberations again after we have carefully studied the proposals to reach a balanced and logical result."

President George W. Bush told reporters in Texas that the initial Iranian response sounded positive. "We will see if the Iranians take our offer seriously," he said, repeating the US offer of joining the negotiations if Iran suspended its uranium enrichment in a verifiable way.

Mr Solana later told Condoleezza Rice, US secretary of state, on his return to Brussels that his talks in Tehran had been "very useful and constructive", the State Department said. Mr Solana said the Iranian government had told him it would need time to consider the proposal and that he would be in contact again in the coming days.

The US repeated that Iran had "weeks, not months" to reply.

Mr Solana called Tuesday's meeting with Mr Larijani "very, very constructive" and said he hoped for "negotiations based on trust, respect and confidence".

While Iran insists its programme is purely peaceful, the US and the EU suspect Tehran is seeking to acquire a nuclear weapons capacity.

Last week, the five permanent UN Security Council members and Germany agreed the package, which focuses on a call for Iran to suspend uranium enrichment, the most sensitive part of its nuclear programme.

For many in Tehran, this remains unacceptable. Hussein Shariatmadari, editor-in-chief of the state-owned Kayhan newspaper, told Fars news agency the "main point" of the package ran against Iran's national interest. "We have already officially and clearly announced we would no way stop uranium enrichment," he said.

The package has not been publicly revealed but includes trade concessions, help in building nuclear reactors and a guaranteed fuel supply. The US, which said last week it would join multilateral talks if Iran stopped enrichment, has re-portedly revived last year's offer to lift a ban on the sale of spare parts for Iran's ageing civilian aircraft which could include components from Boeing and Airbus.

Western diplomats emphasise Iran faces the prospect of "disincentives" should it decide not to suspend enrichment, which can produce weapons-grade material.

Ideas the EU and the US have worked on include travel bans for Iranian officials linked to the country's nuclear programme and restrictions on Iranian financial institutions' activities in Europe.

EU officials also highlighted the contrast with the previous time the EU put forward an offer to Iran – in July and August last year.

On that occasion, Tehran immediately rejected the proposed deal as inadequate and moved ahead with its programme. This time, the Europeans hope that the proposal will lead to negotiations rather than to another deadlock.

The current state of play also echoes an EU memo in March that called for a new package to be put to Iran and for the US to consider joining the talks – both suggestions that Washington resisted at the time.

However, while Russia and China have endorsed the package, they are reluctant to back US and European talk of UN sanctions should Iran not suspend uranium enrichment. Additional reporting by Guy Dinmore in Washington

Iran Open To Incentives On Nuclear Talks, With A Hedge (NYT)

By Nazila Fathi And Elaine Sciolino

The New York Times, June 7, 2006

DOJ_NMG_0032531

TEHRAN, June 6 — Iran on Tuesday welcomed an array of international incentives aimed at persuading the country to freeze crucial nuclear activities, but stressed that there were issues that needed to be resolved before any agreement could be reached.

"We had constructive talks," Ali Larijani, Iran's chief nuclear negotiator, told state television after meeting with Javier Solana, the European Union foreign policy chief. "The proposals contain positive steps and also some ambiguities which should be removed."

He did not elaborate on the ambiguities. But officials with knowledge of the talks in Tehran said they centered on Iran's insistence that it will continue its production of enriched uranium, which can be used to make electricity or weapons.

The offer made by the United States, Russia, China, France, Britain and Germany requires Iran to freeze its uranium enrichment and reprocessing or face an array of possible penalties.

Mr. Larijani is seeking clarifications over the terms, timing and duration of the suspension, the officials added, speaking on condition of anonymity because they are not authorized to divulge details.

Clearly both sides were on their best behavior and determined to nudge each other back to the negotiating table. "Neither side wanted to push the other to the brink today," said one senior Iranian official. "There was no real change in the position of either side, but both sides stressed their points of commonality and not their points of contention."

Mr. Solana, who was accompanied by the political directors of the foreign ministries of France, Britain, Germany and Russia, was also cautiously upbeat after he emerged from the glittery headquarters of Iran's Supreme National Security Council. "The proposal is on the table now," he said before flying to Germany. He added, "We hope that Iranian officials will examine all the aspects carefully, avoid hasty reaction, and reflect on their opinion afterwards."

The package, agreed on in Vienna on Friday, includes specific rewards to Iran like new commercial planes and light-water nuclear reactors if it suspends enrichment and reprocessing activities while talks over the deal are continuing, the officials said. But it does not say just how long the suspension would last, they added.

The United States gave crucial heft to the package by offering to remove certain economic sanctions against Iran that date from more than two decades ago, and to talk directly with Iran if the country agrees to an enrichment freeze.

In Laredo, Tex., President Bush was also upbeat, saying that remarks by Iranian officials sound "like a positive response to me." He repeated his new offer for the United States to "sit down at the table" with the Iranians, but only if "they are willing to suspend their enrichment in a verifiable way."

Several weeks ago, the administration rejected entreaties by the other powers to give Iran explicit security guarantees that the United States would not intervene politically or militarily in Iran's internal affairs, senior officials involved in the negotiations said. The United States has not ruled out military action against Iran.

Instead, it has committed itself in the incentives package only to support the creation of a vague regional forum to discuss issues of mutual concern, officials said.

The Iranian foreign minister, Manouchehr Mottaki, also welcomed the initiative and said after a separate meeting with Mr. Solana that the talks had "ushered in a new prospect," according to Iran's official IRNA news agency.

But he characterized Iran's enrichment program as solely designed for "research," suggesting that it must be allowed. "What is important in giving the incentives is supporting Iran's rights on research in technology," he said. "This issue should be very clear and without any ambiguity in the negotiations."

Iran is still continuing to enrich uranium at its vast site at Natanz, and Mr. Solana told the Iranians they had only "weeks" to decide whether to accept the offer, officials said.

However, he has not ruled out another meeting or even another trip to Iran, the officials added.

Mr. Larijani indicated that the Iranian side was in no rush to decide, saying, "We hope, after we study the proposal in detail, we will have another round of talks and negotiations to reach a balanced and logical conclusion."

Still, it was striking that both sides characterized the talks in positive terms. And in his brief but temperate public response, Mr. Larijani did not repeat Iran's longstanding position that it would never relinquish what it considers its sovereign right to nuclear energy, nor did he automatically reject any demand for a freeze on its enrichment-related activities.

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The crisis over Iran's nuclear program, which Iran insists is for peaceful purposes, reached new urgency in April after Iran announced it had enriched uranium to the low levels needed to fuel a nuclear reactor. But Iran has run into technical difficulties and has made little progress since then, which may make it more willing to slow its program.

France, Germany and Britain announced after the collapse of their 2004 agreement with Iran to freeze its nuclear-related activities that they would be willing to engage in new talks only if Iran returned to a complete freeze of uranium enrichment at Natanz.

The United States is demanding that all enrichment-related activities be suspended before any negotiations start.

So it is unclear what exactly would constitute "negotiations" and whether the Iranians will use talks with Mr. Solana as a way to continue their enrichment activities while seeking even more concessions.

Iran has offered to freeze plans for large-scale enrichment of uranium, which it probably is not technically capable of carrying out. It has tried repeatedly during the negotiations that started in 2003 to continue what it has called "research" involving a limited number of fast-spinning centrifuge machines.

"The trick is to get into a dialogue," said one senior European diplomat involved in the discussions. "Both sides have preconditions for talks and we have to find a way out. We have been asking for suspension of all enrichment-related activities as a precondition for negotiations and that is exactly what they said they cannot do."

U.S. Risks Political Backlash In Iran Nuclear Offer (WSJ)

By Neil King Jr. And Jay Solomon

The Wall Street Journal, June 7, 2006

WASHINGTON -- A package of U.S-backed incentives presented to Iran includes proposals for wide-ranging civilian nuclear cooperation as well as new trade perks such as allowing Tehran to replace its aging fleet of commercial aircraft.

If Iran is willing to abide by international nuclear rules, the deal also calls for sweeping European involvement in Iran's oil and gas industry and for Iran's "full integration into international structures" such as the World Trade Organization, according to a draft of the package whose contents were confirmed by a senior U.S. official.

But if Iran refuses to go along, the document says, the international community would adopt "proportionate" punishments ranging from travel bans on high-ranking officials to a possible arms embargo and "a general freeze of assets of Iranian financial institutions."

Some of the nuclear provisions could stir opposition both on Capitol Hill and among conservatives in President Bush's own party.

In their bid to get Tehran to end its uranium-enrichment program and return to multiparty negotiations, the U.S. and its international partners are offering "state of the art" light-water reactor technologies for electricity generation, including components under U.S. patent but built by European companies, according to U.S. officials. The deal put to Iran also promises to provide "a substantive package" of nuclear research and development cooperation.

Under the deal, which the European Union's foreign policy chief, Javier Solana, presented yesterday to Iranian authorities in Tehran, U.S. officials say they would desist from sanctioning foreign companies that transfer controlled nuclear technology to Iran. The U.S. would also agree, possibly with certain restraints, to allow the sale of certain components containing U.S. technologies. "It's a licensing issue," said one senior Bush administration official.

General Electric Co., for one, could benefit from such an agreement. The company manufactures nuclear reactors, most recently building reactors in Japan and Taiwan. GE is eyeing the market for new reactors in China and India, and is partnering with electric utilities that are looking at building new plants in the U.S., where the market has been dormant for more than two decades.

In a major shift in policy, the Bush administration last week offered to join European-led talks with the Iranian government so long as Iran suspends its uranium-enrichment work.

After meeting with Mr. Solana, Iran's chief nuclear negotiator, Ali Larijani, gave a relatively upbeat assessment that omitted Tehran's usual insistence on its right to enrichment. The international proposals -- presented by the U.S., Britain, France, Russia,

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China and Germany -- contained "some positive steps in them and some ambiguities which should be removed," he said, adding that Iran was prepared to enter "another round of talks and negotiations to achieve a balanced and logical conclusion."

President Bush yesterday said the reaction from Tehran "sounds like a positive response to me."

Sales of U.S.-licensed nuclear technologies to Iran would almost certainly require changes to U.S. law. Suggestions that the U.S. might be prepared to go down that road drew a quick response from one ardent nuclear opponent, Democratic Rep. Edward Markey of Massachusetts, who said in a statement that "the U.S. is barred from exporting nuclear reactors, nuclear materials or nuclear technology to any country that is a state sponsor of terrorism."

Some conservatives also drew parallels to a similar Clinton administration-led effort to stem North Korea's development of nuclear weapons by agreeing to provide Pyongyang with nuclear fuel and advanced reactor technology. That agreement later fell apart as North Korea moved ahead on developing nuclear warheads. "Having finally killed the reactor deal with Pyongyang, we can't seem to control our urge to cut another similar deal with Iran," said Henry Sokolski, an expert on the North Korean nuclear program.

Critics fear the Iran deal could replicate mistakes the Clinton administration made in cutting its arrangement with North Korea. Under that deal, the U.S. agreed to help North Korea build two light-water reactors in return for Pyongyang giving up its pursuit of plutonium-based nuclear fuel. But in 2002, the Bush administration nixed the deal after U.S. intelligence said North Korea was pursuing a separate clandestine nuclear weapons program using highly-enriched uranium.

Others worry that the new U.S. approach toward Iran is still too incremental and too focused on the nuclear issue to be of much effect. Robert Einhorn, a proliferation expert at the Center for Strategic and International Studies, argues that the main issues for Iran are prestige and security. And the only way the U.S. can address those, he said, "is for the administration to hold out the possibility of normalized relations with Iran."

Those Were The Days, When Reform Was In Flower (NYT)

By Michael Slackman

The New York Times, June 7, 2006

TEHRAN — The windowless room was crowded and hot as Mostafa Moin, former reform candidate for president of Iran, worked his way past the folding chairs filled with people applauding his appearance.

Mr. Moin lost his bid for the presidency last year. Actually, he came in fourth, a distant fourth, signaling the collapse of his party, the Islamic Participation Front, once a promising force for change in Iran.

But this was a celebration, marking the day on the Iranian calendar called the Second of Khordad, May 23, when Mohammad Khatami was first elected president in 1997, shocking the status quo and ushering in hope of a kinder, gentler, more democratic Iran. Every year since that historic day, those self-identified as reformers have joined together to celebrate the anniversary.

But the Khatami era has passed, and now this party sits on the sidelines, celebrating — mourning, actually — in a cramped basement, as elements of a new Iran continue to emerge in many ways in spite of those years, not because of them. In the end, it seems, Mr. Khatami and his conservative opponents had the same end in mind: to preserve the theocratic system.

Many people here are now realizing that real reform in Iran, such as it is, will be driven from the bottom up, slowly, stubbornly, no matter how repressive or punitive the rulers choose to be. It is a cliché, for sure, but the phrase on the lips of weary Iranians in Tehran is "evolution, not revolution." No one seems to have the stomach for starting over again.

The change is glacial in pace but forward moving. Political analysts here say the hard-liners of today are promoting ideas introduced by the reform camp two decades ago.

"It is not possible to make a very big jump," said Emadedin Baghi, director of a prisoners' rights group, who studied religion for many years. "Some reformers thought that they could make a big jump. But it is an evolution that will proceed millimeter by millimeter."

At the party meeting, there was music and poetry reading and upbeat talk about looking to the future, even while every speaker seemed to focus on the past, and the whole thing seemed more like a funeral than a pep rally.

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People loitered outside, smoking cigarettes and looking a bit dazed, as though they had just bumped into the former star of the high school baseball team stocking supermarket shelves while telling stories about the glory days gone by.

It was not just Mr. Moin's defeat that shocked the reformers; many sensed that was coming. It was the victory of the un-Khatami, Mahmoud Ahmadinejad, the tough-talking, Holocaust-denying apparatchik who catapulted from obscurity to become the head of state. Reformers insisted that with his less-than-diplomatic approach to diplomacy and his willingness, perhaps eagerness, to antagonize the West, Mr. Ahmadinejad was going to dial back to the earliest days of the revolution.

But even if that was his plan, Mr. Ahmadinejad has been foiled. There has been a tightening of political speech and a general sense of unease around the country as the West confronts Iran over its nuclear program. But in political terms, Iran's opponents have taken a page from one another's books.

Mr. Ahmadinejad has emerged, at least in words, as a defender of women's rights, trying unsuccessfully to allow them into stadiums for the first time since 1979 and refraining from cracking down on women in relatively revealing dress.

For their part, the remnants of the Islamic Participation Front have begun to follow Mr. Ahmadinejad's lead, suggesting that he understood the electorate far better than they did. After recoiling from public life, the reformers have set aside their lofty talk of religious democracy and social freedoms and are instead focusing on the issues that have come to define the president: security, the economy and nuclear development.

"I am looking to the future," insisted Abdullah Ramezanzadeh, Mr. Khatami's former spokesman, as he hurried off after his speech. Asked why there was no talk of democracy or social freedoms during the anniversary, but instead a heavy emphasis on the economy and security, he said, "The public is looking for something like this now."

Yet speaker after speaker said everything was better under the Khatami administration. And they suggested that they would return to power not because of new ideas, but because the new president would ultimately fail on his bread-and-butter programs.

Even on the nuclear confrontation, Mr. Ahmadinejad's signature issue, the reformers said, his combative approach has actually diminished the chances of opening a nuclear power plant anytime soon because of international hostility to Iran.

"We ran the nuclear policy to a very proud spot," said Mohsen Aminzadeh, a former special envoy of President Khatami's. "This policy was damaged, and we hope there will be no more damage done."

But if the reformers are hoping to return to power, they may want to consider plain old pothole politics. It may be a lesson, too, for Mr. Ahmadinejad, as his public waits for him to deliver on his campaign promises of jobs and low-cost bank loans. The reformers still talked at this meeting about participatory democracy; Mr. Ahmadinejad likes to talk about enriching uranium.

Hamid Shahrabi is waiting for a bank loan, and a job.

"I helped Ahmadinejad for 15 days, putting up posters during his campaign," said Mr. Shahrabi, 33, who lives with his wife and two small children in one small, unfurnished room in East Tehran. "But it was no use. Nothing happened for me."

Mr. Shahrabi said he had already given up on clerics, like Mr. Khatami, and had thought that by campaigning for Mr. Ahmadinejad he might at least qualify for a low-cost loan that would help reduce his $14 a month rent, which he has trouble paying. His only source of income is ferrying passengers on his scooter around the traffic-choked streets of Tehran.

His bank loan was denied three times and, for the moment, he has lost faith in the system, but he is open to anyone who will actually help him find a job, pay his medical bills and buy him a chair to sit in.

When asked to identify Iran's primary problem, he replied, "It's the leadership."

Bush Worried About Instability In Somalia (AP)

By Nedra Pickler, Associated Press Writer

AP, June 7, 2006

President Bush expressed concern on Tuesday that volatile conditions in Somalia could lead al-Qaida to use it as a staging ground to plan attacks.

"There's instability in Somalia," Bush said in Texas where he was traveling. "The first concern, of course, is to make sure that Somalia does not become an al-Qaida safe haven — it doesn't become a place from which terrorists can plot and plan."

Bush said he talked on Monday with Secretary of State Condoleezza Rice about the instability in Somalia where Islamic militiamen have claimed control of Mogadishu, the capital.

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"We're watching very carefully the developments there, and we will strategize more when I get back to Washington as to how to best respond to the latest incident there in Somalia," Bush said.

In Washington, the State Department rejected widespread media reports that U.S. policy in Somalia has suffered a severe setback with the militant Islamic group's takeover in Mogadishu.

The situation in Mogadishu is "very fluid" and has been for years, State Department spokesman Sean McCormack said.

Without offering specifics on the nature of U.S. activities in Somalia, McCormack said the United States has a strong interest in fighting foreign terrorists in the Horn of Africa.

He recalled that al-Qaida chieftain Osama bin Laden sought refuge a decade ago in Sudan, located to the west of Somalia, before heading for Afghanistan.

Somalia's Islamic Extremists Set U.S. Back (AP)

By Chris Tomlinson

AP, June 6, 2006

The success of Islamic extremists fighting for control of Somalia's capital is an important setback in the U.S. war on terrorism, with the defeat of a counterterrorism alliance providing hope for militants elsewhere in the region.

Somalia's location in the Horn of Africa and its role as a cultural bridge with the Middle East gives the country strategic importance, so much so that the United States has posted troops in neighboring Djibouti to try to prevent terror groups from taking hold in the Horn of Africa.

But U.S. efforts to influence chaotic, clan-riven Somalia have consistently fallen flat, sometimes with deadly results. The United States has not carried out any direct action in Somalia since the deaths of 18 servicemen there on a humanitarian mission in a 1993 battle in Mogadishu depicted in the film "Black Hawk Down."

Islamic radicals seized control of the Somali capital, Mogadishu, on Monday, defeating U.S.-backed warlords in weeks of fighting that left more than 330 people dead.

Since the terrorist attacks of Sept. 11, 2001, U.S. officials have expressed concerns that Somalia could become a haven for terrorists, a concern State Department spokesman Sean McCormack repeated on Monday.

"We do have real concerns about the presence of foreign terrorists in Somalia, and that informs an important aspect of our policy with regard to Somalia," McCormack said in Washington.

A U.S. official told The Associated Press recently that Islamic leaders in Mogadishu are sheltering three al-Qaida leaders indicted in the 1998 U.S. Embassy bombings in Kenya and Tanzania. The same al-Qaida cell is believed responsible for the 2002 suicide bombing of an Israeli-owned hotel in Kenya, which killed 15 people, and a simultaneous attempt to shoot down an Israeli airliner over Kenya.

Now men willing to shelter al-Qaida suspects have established their authority, if limited to Mogadishu.

The U.S. official, speaking on condition of anonymity because of the sensitivity of the issue, confirmed the U.S. was cooperating with the secular warlords to capture the men. But the warlords took that narrow goal and turned it into a bid to defeat the Islamic leaders who had within two years developed the most powerful militia in Somalia.

The Islamic extremists — some of whom had contacts with al-Qaida leader Osama bin Laden in the 1990s — had co-opted an Islamic court system that provided the only means of justice since Somalia's last effective central government collapsed in 1991.

The Islamic Courts Union portrayed itself to a war-weary public as a neutral, religious organization capable of bringing peace and prosperity. The union's leaders condemned the warlords for being responsible for 16 years of chaos and anarchy and rejected a U.N.-backed government formed in Kenya as being too secular and not authentically Somali.

When the warlords formed the Alliance for the Restoration of Peace and Counterterrorism, the Islamic leaders immediately dismissed it as the work of U.S. agents, who were often seen visiting the alliance's leaders.

Appealing to Somali nationalism, while exploiting public hatred for the warlords and anti-American sentiment common among Muslims across East Africa, the Islamic leaders garnered widespread support.

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Sheikh Sharif Ahmed, chairman of the Islamic Court Union, told supporters on Tuesday that his group would continue fighting until all of Somalia falls under the union's authority. The courts have already made alliances with rebels from outside of Somalia to accomplish their goal.

Residents of Mogadishu, speaking on condition of anonymity for fear of reprisal, have reported seeing hundreds of non-Somali militia — including non-Africans — fighting alongside the Islamic forces. At least 600 Ethiopian rebels from the predominantly Muslim Oromo National Liberation Front have been seen manning checkpoints in Mogadishu.

The Oromo "share the Muslim faith with Somalis and if someone convinced them that this revolution in Somalia will eventually become an Islamic state across the whole region, including the Oromo region of Ethiopia, they will think it is worth fighting for," said Omar Jamal, director of the Somali Justice Advocacy Center in St. Paul, Minn., a hub of expatriate Somalis.

There are Islamic extremist elements in Uganda, Kenya, Tanzania and Eritrea, all watching what is happening in Somalia and how the United States reacts.

"We won the fight against the enemy of Islam. Mogadishu is under control of its people," Ahmed said in a radio broadcast Monday in a veiled reference to the United States and its proxies.

McCormack has said the United States will back the U.N.-sponsored Somali government, now residing in Baidoa, 140 miles northwest of Mogadishu.

Whether that government can defeat or co-opt Islamic radicalism in Somalia is the key question.

Protesters Rally To Challenge Islamists In Somalia (NYT)

By Marc Lacey

New York Times, June 7, 2006

NAIROBI, Kenya, June 6 — Tensions remained high in Somalia's capital, Mogadishu, on Tuesday, as the Islamic militants who seized control of the city the day before vowed to set up a religious state, while thousands of protesters allied with one of the country's largest clans pledged to challenge the effort.

The warlords who have been pushed from their strongholds in Mogadishu said they would fight back against the Islamists, said news agency reports from the capital.

Bashir Rageh, a warlord who lost control of a key airstrip and port in March, and Muse Sudi Yalahow, another important Mogadishu leader who has lost ground to the Islamic militias, joined thousands of their backers from the Abgal clan at a stadium north of the capital to denounce the Islamic courts and militias that have taken the city.

"Our clan has agreed to defend our land, and we will fight the courts hiding under the cloak of Islam and trying to fool our people," said Mr. Rageh, who was protected by heavily armed security men.

As the protesters rallied, the leaders of the alliance of Islamic courts insisted in a letter to American officials and other diplomats that they were not hiding terrorists, as the United States has claimed, and instead were seeking friendly relations with the outside world.

In the letter, Sheik Sharif Ahmed, chairman of the Islamic Courts Union, the alliance that control the militias, accused Americans of fueling the fierce fighting in Mogadishu by backing the warlords who he said have terrorized the country for the last 15 years.

An array of Africa analysts, academics and Somali politicians said Washington had made financial payments to the warlords in recent months in an effort to root out members of Al Qaeda who American officials contend are being sheltered inside Mogadishu by the Islamists.

"We categorically deny and reject any accusation that we are harboring any terrorists or supporters of terrorism in the areas where the courts operate," the sheik wrote.

He welcomed visitors to Mogadishu, which has long been considered too unsafe for international diplomats, to see whether terrorists are operating there. "We have nothing to hide from the international community," he said.

In Washington, a senior Bush administration official said the administration was willing to take the letter at face value. "If they're going to be a credible, legitimate political actor, and not support Al Qaeda and terrorism, then we'd encourage the

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transitional government to work with them," said the official, who could not be identified because he was not authorized to speak publicly about the issue.

Some critics argued that American efforts in Somalia did not add up to a coherent policy, and that recent events had caught policy makers off guard. "The problem is that we don't have any strategy at all," said Sen. Russ Feingold, a Wisconsin Democrat who is the Senate's leading expert on Somalia. "We weren't even paying attention."

Sheik Sharif Ahmed mentioned nothing in the letter about his plans for turning Somalia into an Islamic state, but he raised the topic at a gathering of hundreds of supporters in Mogadishu on Tuesday. "Until we get the Islamic state, we will continue with the Islamic struggle in Somalia," he said, according to news agency reports.

Also left unaddressed by the sheik was whether the Islamic court leaders would work with the new transitional government that is operating in Baidoa, 155 miles from Mogadishu.

The counter-rally, which was held about a mile from positions held by Islamic militias, underscored the challenges that the new rulers of the capital would face in consolidating power after 15 years of anarchy there. Clan allegiance has long been the most powerful force in Somalia, trumping religion. By rallying the Abgal clan, opponents of the Islamists have sought to redefine the conflict.

Our Failure In Somalia (WP)

By John Prendergast

The Washington Post, June 7, 2006

It was before "Black Hawk Down," before Somalia became the only country in the world without a government, that I took my first trip there. It changed my life. This was in the mid-1980s, when the United States was underwriting a warlord dictator in support of our Cold War interests, at the clear expense of basic human rights. As a young, wide-eyed activist-in-training, I couldn't accept the idea that my government would use defenseless Somali civilians as pawns on its strategic chessboard -- in a strategy that ultimately produced only state collapse, civil war and famine.

Twenty years later the enemy has changed, but the plot is hauntingly similar. In recent trips to the capital, Mogadishu, I have seen evidence of U.S. support to warlord militia leaders in the name of counterterrorism operations. Since the beginning of the year, pitched battles between U.S.-backed warlords and Islamist militias in Mogadishu have claimed hundreds of lives and displaced thousands of families.

Now "our" warlords -- and by extension our counterterrorism strategy -- have been dealt a crushing defeat by the Islamists, as the latter have consolidated control of Mogadishu. Our short-term interest in locating al-Qaeda suspects has thus been undermined, and the risk of a new safe haven being created for international terrorists has been greatly increased.

The statelessness in Somalia has already been allowing al-Qaeda and other destructive forces to operate there. The president of a neighboring country told me recently that the "governance vacuum is growing larger, with very negative implications for Somalia. It increases the potential for international terrorists to use the structures that are filling the vacuum for safe haven and logistical purposes."

It was partly from Somali soil that al-Qaeda organized and carried out two serious terrorist attacks, in Kenya and Tanzania, against U.S. embassies and a foreign-owned hotel, and narrowly missed bringing down an Israeli passenger jet with two surface-to-air missiles. A plot to crash an airplane into the U.S. Embassy in Kenya was foiled. "Soft" targets are legion throughout East Africa, and intelligence indicates that new attacks are being planned.

Somalia is an al-Qaeda recruiter's dream -- with rampant unemployment, travel restrictions, and no government or foreign investment -- and young Somalis will turn to terrorism for money and, occasionally, because of shared ideology. Schools run by Islamic charities are graduating large numbers of students, many of whom are being taught in Arabic instead of Somali and who have no prospect of meaningful work. Drug dealers and militias looking to restart conflict over economic interests find easy recruits, further destabilizing the area and sowing the seeds of radicalism.

The U.S. counterterrorism approach in Somalia isn't working: The al-Qaeda leaders sought by the United States there remain at large, and the Islamists who protect them are gaining ground against U.S.-backed militias, as this week's events show.

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With a growing chorus of voices, rightly or wrongly, blaming the United States and the warlords for the fighting, public opinion in Mogadishu has been swinging in favor of the Islamists.

In April the United States tried a different tack, inviting clan and political leaders to Kenya for talks and to enlist their support in dismantling the al-Qaeda safe haven. But fighting broke out as soon as the leaders returned to Mogadishu, making it seem as though one hand of the U.S. government didn't know what the other was doing.

A successful counterterrorism effort would require the United States to pull the political and military threads together into a coherent strategy of broader engagement. U.S. officials and those from other governments throughout the region uniformly have told me that long-term counterterrorism objectives can be achieved only by American investment in the Somali peace process. Yet the State Department has just one full-time political officer working on Somalia -- from neighboring Kenya, and he was just transferred out of the region for dissenting from the policy on proxy warlords. Somalia's ineffectual transitional government remains confined to the shaky central town of Baidoa, where it is still struggling to overcome internal divisions.

A functioning government that could ensure security would be a win-win scenario for Somalis and the United States, enabling the state apparatus to address the criminality and extremism that undermine progress in the country. This would provide a real partner for the war on terrorism in an area that has a track record for exporting trouble.

The continuation of Washington's current approach in Somalia would ensure that U.S. interests and those of other countries in the region remain dangerously vulnerable to terrorist attacks from this collapsed state. Continued fighting between Islamist elements and the U.S.-backed warlord alliance will breed resentment, attract recruits to the extremist cause and provide a training ground for new militants. The United States can no longer afford not to engage more deeply and directly in state reconstruction efforts in Somalia. It is in our national security interest to do so.

The writer is a senior adviser to the International Crisis Group. He worked for the National Security Council during the Clinton administration.

Somalia, Revisited (NYT)

The New York Times, June 7, 2006

Terrorist groups linked to Al Qaeda may just have won a new foothold in the strategic Horn of Africa, as radical Islamist militias captured Somalia's capital, Mogadishu.

The immediate concern among many Somalis is a forcible imposition of harsh Islamic law, Taliban style. The larger international concern is that Mogadishu's new rulers may follow the Taliban's example in another way, sheltering international terrorist operations in a region within tempting striking distance of vulnerable countries on the Arabian peninsula and in East Africa.

The Bush administration wasn't exactly caught looking the other way. But with more than 130,000 American troops tied down in Iraq and some 20,000 more in Afghanistan, and with America's reputation in the Islamic world driven to an all-time low, Washington's ability to respond effectively to a very real danger was severely compromised.

For want of better options, the United States had thrown its support to a different set of warlords with few visible merits beyond their willingness to fight their Islamist rivals. But by some accounts, Washington's support for these warlords only discredited them in the eyes of many Somalis.

The parallels to Afghanistan when the Taliban took power in 1996 are uncanny, and frightening. The sequel, however, does not have to turn out quite as horribly. Mogadishu's new masters claim to be interested mainly in establishing peace, stability and Islamic rule at home. They insist that they are willing to talk with anybody, which at least raises a possibility that they could be talked out of sheltering international terrorists.

With good luck, perhaps a new battlefront with international terrorism may yet be avoided. Luck, however, is no substitute for a more supple and effective American strategy against a highly mobile foe like multinational Islamist terrorism. Washington needs to develop more agile responses of its own. It especially has to avoid getting drawn into quagmires that force it to fight on the terrorists' terms and timetable.

Abbas Extends Hamas Deadline On Israel (AP)

By Mohammed Daraghmeh

DOJ_NMG_0032539

AP, June 6, 2006

Palestinian President Mahmoud Abbas stepped back from a political showdown with his Hamas rivals, giving the Islamic militants several days to recognize Israel or face the voters in a referendum on the idea.

Abbas, a moderate, has been pushing the Hamas-led government to accept a proposal that calls for a Palestinian state alongside Israel, implicitly recognizing the Jewish state. Abbas believes the plan will help lift the economic pressure on the Palestinians and allow him to pursue peace talks with Israel.

Hamas, which is sworn to Israel's destruction, has balked at the plan, demanding changes in the language, calling for more time to discuss it and saying it won't give in to deadlines.

"We are giving enough time, about three days, for our brothers in Hamas to reconsider their position," said Yasser Abed Rabbo, a top official of the Palestine Liberation Organization, which Abbas also heads.

Hamas officials welcomed Abbas' offer to extend their dialogue but repeated their opposition to deadlines on the referendum.

Abbas initially gave Hamas until Tuesday to accept the plan. Officials said Abbas agreed to the delay at the request of unspecified Arab leaders.

Although a referendum would be nonbinding, a vote could deeply embarrass Hamas, putting public pressure on the group to moderate its violent ideology.

A new survey released Tuesday showed 77 percent of Palestinians would vote in favor of the proposal. The survey of 1,200 Palestinians was conducted by Bir Zeit University in the West Bank and had a margin of error of 3 percentage points.

Abbas' Fatah movement says the president will not accept amendments.

The delay gave Hamas some breathing room as it struggled with a devastating international economic boycott and increasingly bloody tensions with Fatah.

In the latest violence, a battle erupted early Wednesday between Hamas and Fatah forces in Gaza City. Hospital officials said one person was seriously wounded by gunfire.

On Tuesday, rocket-propelled grenades were fired at the pro-Fatah Preventive Security compound in the Gaza Strip, wounding three maintenance workers, officials said. Fatah officials accused Hamas of being behind the attack. Prime Minister Ismail Haniyeh of Hamas called the incident "regrettable" and urged restraint by all sides.

Meanwhile, Israeli aircraft fired missiles at a street in northern Gaza and at a building in Gaza City early Wednesday, witnesses said. No one was hurt.

Witnesses said the street targeted was a launching area for rockets aimed at Israel. Less than an hour earlier, Israeli aircraft fired missiles at a facility of the militant Popular Resistance Committees in Gaza City. The PRC claimed responsibility for firing nine rockets at an Israeli town on Tuesday.

Later Israeli aircraft fired three more missiles at empty fields, residents said. Israel often targets launching areas in northern Gaza with artillery and air strikes.

Palestinian officials said the referendum would be held about 45 days after an announcement by Abbas.

"We still have a chance to make this dialogue a success," Haniyeh said in Gaza. "Therefore we ask for more meetings and more dialogue and that we don't use the language of days and time as a threat."

The Palestinian plan was formulated by senior Hamas and Fatah prisoners held by Israel. Prisoners hold great weight in Palestinian society.

Israel opposes key elements of the 18-point document, but is staying on the sidelines during the internal Palestinian debate. At the same time, Israeli Prime Minister Ehud Olmert is making a series of trips abroad to discuss policy.

After visiting the U.S. and Egypt, Olmert is to visit Jordan on Thursday for talks with King Abdullah II, both countries said. A Jordanian official said the king would try to persuade Olmert to drop his plan to set Israel's border unilaterally if talks with the Palestinians fail.

Exiled Hamas leader Mousa Abu-Marzouk told the AP by phone that his group had "accepted" an invitation by President Ali Abdullah Saleh of Yemen to top Hamas and Fatah representatives to continue talks on the prisoners' plan in Yemen.

Abbas politely declined the offer, according officials close to the president.

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Abbas has been involved in an increasingly bloody power struggle with Hamas since the Islamists defeated Fatah in legislative elections early this year. Sixteen people have been killed in clashes between the sides in recent weeks. Abbas was elected separately last year.

The financial crisis has left the government unable to pay the salaries of tens of thousands of civil servants. Israeli military officials said Hamas nonetheless has managed to smuggle hundreds of thousands of dollars into the Gaza Strip in recent weeks.

The money has enabled Hamas to sustain key operations, including charitable activities and operations of its new 3,000-member security force, the officials said.

Asked about the smuggling, government spokesman Ghazi Hamad did not deny it.

"We will look for money everywhere and every place. That is our right," he told Israel's Army Radio, in Hebrew.

US Welcomes Abbas Referendum Proposal (AFP-Y2)

AFP, June 6, 2006

The White House welcomed Palestinian Authority president Mahmud Abbas' call for holding a referendum on implicitly recognizing Israel.

"Abbas has demonstrated that he's somebody who wants to work toward a two-state solution" to the Middle East conflict, spokesman Tony Snow told reporters.

"I think it's important for Palestinians to wrestle with the issue of whether they want to have a two state solution," he said, referring to a US-backed effort to build a Palestinian state at peace with Israel.

Abbas was headed for a showdown with the Hamas government after winning the green light Tuesday to hold the referendum despite fierce opposition from the militant group, which argued that more time was needed for talks to resolve deep differences with Abbas's own Fatah faction.

Azzam al-Ahmed, an aide of the Palestinian leader who has played a key role in cross-party crisis talks over the last 10 days, said Abbas would announce the date of the referendum in a decree on Thursday.

Abbas spokesman Nabil Abu Rudeina said a date for the referendum would be declared within 48 hours -- still leaving open the possibility of a last-minute compromise. Polling would take place 40 days after the announcement, he added.

However, there was little expectation that Hamas is about to change its tune, although a new poll showed the vast majority of Palestinians both back Abbas's call for a referendum and intend to vote in favour of a document first drawn up by a cross-party group of senior militants held in Israeli prisons.

"We're just going to have to wait and see what happens, whether he's able to have a referendum and what happens," Snow said as US President George W. Bush traveled here to push his immigration reform plans.

The document at the centre of the referendum calls for a national unity government, an end to attacks in Israel and the creation of a Palestinian state alongside Israel on land conquered by the Jewish state in 1967.

Such a blueprint would undercut Hamas's long-time platform of refusing to recognise Israel or disavow the use of violence even within the Jewish state's borders.

Abbas Delays Setting Date For Referendum (WP)

By Scott Wilson

The Washington Post, June 7, 2006

JERUSALEM, June 6 - Facing political and practical challenges, Palestinian leader Mahmoud Abbas gave Hamas more time Tuesday to endorse the creation of a future state on all territory occupied by Israel in the 1967 Middle East war before he sets a date for a referendum on the issue.

Abbas's decision to give Hamas until Friday to accept a two-state solution to the conflict, something the radical Islamic movement has rejected since its creation nearly two decades ago, comes in the midst of rising factional tensions in the West Bank and Gaza Strip. A morning mortar attack on the Palestinian preventative security headquarters in Gaza wounded six people, including four officers.

But the delay also reflects the logistical difficulties Abbas would face in staging a referendum that Hamas, now running the Palestinian Authority's day-to-day operations, opposes in principle. Hamas officials have warned that they would not allow the vote

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to proceed, even though it could give them cover to moderate their hard-line position toward Israel at a time when foreign donors are demanding they do so in return for future aid.

Abbas -- who in addition to being president of the Palestinian Authority is head of the Palestine Liberation Organization and the Fatah movement -- met for several hours Tuesday in the West Bank city of Ramallah with the PLO executive committee, which voted to give him the authority to hold the vote.

But he told the committee that he would wait three days before setting a date to allow Hamas more time to endorse what is known as the prisoners' document, an 18-point declaration of principles signed last month by the leaders of Hamas, Fatah and other Palestinian factions being held in Israeli jails.

Yasser Abed Rabbo, a member of the committee, told reporters in Ramallah that "before the end of the week, President Abbas will hold a news conference to announce the holding of the referendum and the beginning of the process for carrying it out." But Abed Rabbo also said negotiations with Hamas would continue even after the date is set, saying the vote could be canceled up until the last moment.

The main element of the prisoners' document calls for the creation of a Palestinian state in the West Bank, Gaza and East Jerusalem. Israel still occupies those areas, although it evacuated troops and settlers from Gaza last year. Hamas calls for a Palestinian state across territory that includes Israel, while Abbas favors its creation alongside the Jewish state.

With opinion polls showing broad support for the proposal, Abbas is hoping that a nonbinding vote on the matter will provide a clear expression of Palestinian desires for a peaceful resolution to the conflict and help revive negotiations with Israel.

A Bir Zeit University poll released Tuesday showed that 77 percent of those questioned would vote in favor of the prisoners' document, which demands internal Palestinian political reforms, the creation of a national unity government, the freeing of Palestinian prisoners and the right of refugees to return to their homes. The document also calls for armed and political opposition to the Israeli occupation to be focused in the territories, rather than inside Israel.

"At the end of the day, we are heading toward a vote," said Saeb Erekat, a Fatah legislator and the chief Palestinian negotiator with Israel. Abbas "must go back to the people if he wants to avoid chaos in the streets. I think the only option now, even if the date was not set today, is for the Palestinians to vote."

Foreign donors suspended most aid to the Palestinian Authority following Hamas's victory over Fatah in January elections that brought the Islamic movement into government for the first time.

Israel also froze the monthly transfer of roughly $55 million in tax revenue it collects for the Palestinian government, an amount equal to nearly half its monthly payroll. Most of the authority's more than 150,000 employees have not been paid in three months, and unemployment and poverty rates are climbing in the territories.

But Abbas has declined to exercise his authority to fire Prime Minister Ismail Haniyeh, a Hamas leader, for refusing to endorse a two-state solution, renounce violence and accept previously signed agreements that implicitly recognize the Jewish state's right to exist. Instead he has chosen the referendum to challenge Hamas, known formally as the Islamic Resistance Movement.

Hamas's imprisoned leaders play an important role in the movement's collective decision-making, along with leaders in exile and those inside the territories. While Hamas's more hard-line exile leadership rejected the document, Haniyeh and others in the government called it a starting point for discussion.

But Hamas prisoners called Tuesday for Abbas to cancel plans for a referendum and allow talks to continue between the two main Palestinian political movements. The six-point statement, posted on the Hamas Web site, states that the vote would be illegal and could cause more bloodshed.

"There's an opportunity for the success of the national dialogue," Haniyeh said after the three-day delay was announced to allow more time for talks. "But we reject the threat of using" deadlines.

Earlier in the day, three 60mm mortar shells were fired at the Palestinian preventative security service headquarters in Gaza. The attack wounded the four Palestinian officers and two maintenance workers.

Also Tuesday morning, Palestinian gunmen fired at least five rockets at the southern Israeli city of Sderot, including one that smashed into a home and another that landed near a school. One Israeli woman was wounded by shrapnel. Sderot's mayor warned the Israeli government that he would evacuate the city if the military did not stop the rocket fire.

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Indonesian Scolds U.S. On Terrorism Fight (NYT)

By Michael R. Gordon

New York Times, June 7, 2006

JAKARTA, Indonesia, June 6 — Indonesia's defense minister warned the Bush administration on Tuesday that its approach to fighting terrorism was perceived as overbearing, and that the United States needed to be sensitive to local concerns.

"It's best that you leave the main responsibility of antiterrorist measures to the local government in question, and not be too overly insistent about immediate results arising from your perception about terrorists," the minister, Juwono Sudarsono, told reporters as Defense Secretary Donald H. Rumsfeld stood nearby.

"It's important to us because, as the world's largest Muslim country, we are very aware of the perception, or misperception, that the United States is overbearing and overpresent and overwhelming in every sector of life in many nations and cultures," he added.

Mr. Rumsfeld arrived here Tuesday to help build the United States' newly restored ties with the Indonesian military. American military aid was gradually phased out after Indonesian security forces fired on civilians who were protesting Indonesian rule in East Timor in 1991.

In rebuilding ties with the Indonesian military, the Bush administration has said it is not only solidifying relations with an ally in its campaign against terrorist groups, but also reinforcing the importance of respecting human rights.

"The U.S. has established fully normal relations, with military-to-military relations with Indonesia," said Mr. Rumsfeld, who met with President Susilo Bambang Yudhoyono; Widodo Adi Sutjipto, a senior minister for security issues; and Mr. Sudarsono.

Some American lawmakers complain, however, that Indonesian officials who were linked to the abuses in East Timor have not been held accountable.

On Tuesday, it was the Indonesians who were free with their advice. One important lesson, Mr. Sudarsono said, was that the United States needed to be attuned to local concerns. Then the minister took the unusual step of repeating the counsel he had given Mr. Rumsfeld in a room packed with Indonesian and Western journalists.

"So I was telling the secretary just recently, just two minutes ago, that your powerful economy and your powerful military does lend to misperception and a sense of threat by many groups right across the world, not just in Indonesia," Mr. Sudarsono said.

Mr. Sudarsono's remarks prompted a quick reply by Mr. Rumsfeld, who insisted he had been sensitive to other nations' concerns from the start. "I have never indicated to any country that they should do something that they were uncomfortable doing," Mr. Rumsfeld said.

The discussion over political perceptions had affected deliberations over one of the Bush administration's major efforts: the Proliferation Security Initiative, which calls for an international arrangement that would enable the United States and its allies to search cargo ships suspected of transporting biological, chemical and nuclear arms, as well as the missiles to deliver them.

The aim of the initiative, announced in 2003, is to keep unconventional weapons and their components out of the hands of terrorist groups and so-called rogue states. But the Indonesian government has been wary, perhaps because it wants to reinforce its claims over nearby waterways, or because it is concerned about public opinion regarding efforts to collaborate with the Bush administration.

Indonesia's Foreign Ministry bluntly rejected the initiative as a threat to Indonesian sovereignty when Secretary of State Condoleezza Rice raised it in a March visit here.

Mr. Sudarsono was somewhat more supportive. In his closed-door meeting with Mr. Rumsfeld, he indicated that the proposal would be studied, and suggested that Indonesia would be willing to carry out some of the activities that are called for under the plan.

Yet at the news conference, Mr. Sudarsono gave a starker assessment, suggesting that the plan might be carried out only if it was limited in scope. "Perhaps we can agree on a limited framework of cooperation on an ad hoc basis.," he said.

Those comments caught Mr. Rumsfeld's team by surprise. It was not immediately clear whether Mr. Sudarsono was trying to balance domestic political considerations with his efforts to work with the Americans, or if there was a more fundamental difference between the sides.

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"Some Indonesian analysts view the United States as focused on the 'search and destroy' aspect of the war against terror, and feel that the United States has not focused sufficient attention to winning the 'hearts and minds' aspect of the struggle," according to a study by the Congressional Research Service.

In resuming American military assistance, the initial emphasis is to improve the Indonesian military's mobility, by providing spare parts for C-130 aircraft and helping to upgrade naval patrol vessels. The Indonesians have also indicated that they are submitting requests for parts for the F-16 warplanes in their arsenal.

A senior American military official said the Pentagon wanted to improve the ability of the Indonesian military to carry out disaster relief operations, to conduct joint operations with the United States, and to secure the Strait of Malacca and other waterways.

War Game Finds Two-week Capability (WT)

By Richard Halloran

Washington Times, June 7, 2006

TAIPEI -- Taiwan could fend off a concerted attack by China for at least two weeks before it would need help from the United States, according to the results of an unprecedented high-level exercise.

For the first time, the Ministry of National Defense ran the weeklong war game for President Chen Shui-bian of the Republic of China and other political leaders in April to test their ability to respond to a military assault from the mainland.

Mr. Chen, Prime Minister Su Tseng-chang, Defense Minister Lee Jye and other Cabinet ministers participated in the exercise, wrestling with a simulated missile attack that severely damaged the island's financial communications.

They sought continuity in government when several leaders were killed or wounded. They mobilized the armed forces to repel an amphibious invasion from the mainland.

"We could defend our country by ourselves for at least two weeks if we were attacked by the [People's Republic of China]," said Abe C. Lin, the ministry's director of strategic planning, referring to the outcome of the exercise and intelligence assessments.

The findings are important to the United States: Under the Taiwan Relations Act, often cited by the Bush administration as the basis for the U.S. posture on Taiwan, the United States would be obliged in most circumstances to come to the island's aid.

Two weeks would give the U.S. ample time to get forces to the Taiwan Strait, especially after plans for a military buildup on Guam have been completed. Three submarines, which would be vital to disrupting an amphibious assault, are there, and more are coming.

U.S. officials have been in what one called "a grumpy mood" toward Taipei over what they have seen as a provocative posture toward China and a failure to complete an $18 billion arms purchase from the United States.

Bush administration officials have suggested that Taiwan is unwilling to defend itself and relies too much on the United States to prevent it from being seized by China, which claims sovereignty over the island.

Civilian officials and military officers in Taiwan argue vigorously that the characterization is unfair. "We have never thought that we would get a free ride from the U.S. We have never planned to rely only on U.S. forces in our defense," Mr. Lin said.

He and several colleagues pointed to the lessons learned from the war game; to Taiwan's first comprehensive national security strategy report, issued in May; to planned increases in defense spending; to forthcoming cuts in military personnel to free funds for investment in weapons; and to a national mobilization law adopted in 2004.

They acknowledged, however, that Taiwan needed to "harden" more of its communications apparatus. The security report called for setting up a hot line between Taipei and Beijing to preclude miscalculation.

Polls suggest that Taiwan's residents are eager, maybe even desperate, to avoid war with China. A survey by the Mainland Affairs Council, which oversees Taiwan's relations with China, found that 88.6 percent of respondents wanted a continuation of the status quo. Only a few chose either independence, which could prompt an attack, or unification with China.

Against this backdrop, the U.S. Pacific Command in Hawaii has been quietly strengthening military ties with Taiwan at the same time it executes the Bush administration's policy of engaging China through exchanges of visits by senior officers.

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Retired Adm. Dennis Blair, a former Pacific commander, has visited Taiwan annually for the past several years to offer advice on a large Taiwanese military exercise. Defense attaches at the American Institute in Taiwan, the de facto U.S. embassy, are serving officers rather than retired officers on contract. Pacific Command officers regularly visit to confer with counterparts.

Even so, Taiwanese military officers and defense officials expressed misgivings about the U.S. engagement with China, saying they fear the United States might succumb to Chinese pressure or cajolery.

"We support [Pacific commander Adm. William Fallon's] policy of engagement," said a Taiwanese admiral, "so long as it is not at our expense."

The chief spokesman for Adm. Fallon, Capt. W. Jeffrey Alderson, said in response to a query: "No one loses here. Our efforts at engagement and transparency are intended to avoid miscalculations and thus maintain peace and stability in the region."

US Values Push Alienates Muslim Women (WT)

By Katie Stuhldreher

Washington Times, June 7, 2006

Muslim women are potentially important allies in the war on terrorism, but the United States must avoid pushing Western values to win their support, according to data presented yesterday at the Gallup Organization.

The Bush administration has promoted women's rights throughout the Muslim world to gain support in the region, especially in Iraq and Afghanistan. But a worldwide Gallup project found that many Muslim women are not as concerned about changing their status as Westerners might think.

In Lebanon and Turkey, 9 percent to 11 percent of women said sexual inequality was a major problem, but negligible concern about the issue was found elsewhere. Jordanian women did not mention it when asked what aspects of society they disliked, and 2 percent of women cited the issue in Egypt and Morocco.

Far more often, Muslim women were worried about the same things as Muslim men -- lack of unity, extremism and political corruption.

Dalia Mogahed, a Gallup Organization analyst, said a majority of men and women expressed opposition to extremism and terrorism and said they were conscious of the rights that women deserved. The key, she said, is how the United States approaches the issue.

"The imposition of Western values alienates both men and women, because it is strongly associated with colonialism, like the British policies of unveiling in Egypt," Mrs. Mogahed said.

"Westerners need to understand how to reach Muslim women through their own value systems, by using the positive aspects of their own beliefs to encourage increased rights."

Mrs. Mogahed noted that Muslim women admired women's legal rights in Western countries, but thought that Western society degrades women by tolerating pornography and encouraging promiscuity. Muslim women do not want to adopt Western values because they think moral decay is present in these societies, she said.

Andrea Rugh, an adjunct scholar at the Middle East Institute, said in a telephone interview: "We need to understand that we have very different concepts of rights than Muslims do.

"In the Muslim world, the focus is on the role within the group, not the individual. A Muslim man will receive more of an inheritance than a woman, for example, but the woman has the right to be taken care of by a man."

Another aspect of the Gallup project highlighted this lack of understanding between the two cultures. When interviewers asked Americans what they most admired about Muslim societies, more than 50 percent answered "Nothing" or "I don't know."

Ms. Rugh said too many Americans rely on outdated information about the Muslim world and have difficulty understanding how those societies work.

"When I worked with Afghan women after the fall of the Taliban, they often said that they didn't understand why we wanted them to go out and work," she said.

"Most of them were not educated, so work meant construction work or hard labor. Improvement in the education system for both males and females should be the focus here, not imposition of our model of right."

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Peru's New President Looks To Renegotiate Trade Pact With U.S. (WSJ)

The Wall Street Journal, June 7, 2006

LIMA, Peru -- Peruvian President-elect Alan García said he expects to renegotiate a free-trade agreement with the U.S. that was signed by the outgoing president in April but has yet to be ratified. He said he would revise the agreement line by line.

The agreement "is just a first draft, which can be improved and broadened if this government decides to approve it," Mr. García said. He suggested the pact should include language to discourage the import of subsidized U.S. crops.

Mr. García, whose 1985-90 presidency ended in economic ruin, won't have a majority in Congress when he takes office on July 28, and will have to work with smaller parties to advance his legislative agenda. Mr. García's Apra party won 36 seats in the 120-seat unicameral legislature that also takes office in July. The alliance of defeated presidential candidate Ollanta Humala gained 45 seats in the April 9 general elections.

In a news conference, Mr. García, 57 years old, suggested he would keep Washington at arm's length. He recalled that he had angered the U.S. and international lenders by unilaterally limiting debt payments during his first term. He had also railed against the U.S. for its 1989 invasion of Panama and its intervention in Nicaragua.

Mr. García said that though he had received congratulatory phone calls from many world leaders, he hadn't heard from President Bush.

US Tries To Keep Seat From Caracas (WT)

By Nicholas Kralev

Washington Times, June 7, 2006

The United States is urging Latin American nations to deny Venezuela a seat on the U.N. Security Council when the region chooses a replacement for the rotating seat held by Argentina, whose term expires at the end of the year.

Reluctant to campaign openly against Venezuela, the Bush administration instead has been boosting the rival candidacy of Guatemala, a U.S. ally.

Even if elected, Venezuela would wield only one vote among 15 on the council and not have veto power. But at some point it would chair the council for a month, setting the agenda and giving President Hugo Chavez an opportunity to use the highest U.N. forum to advance his anti-American agenda. It also could turn close votes against the United States at any time.

Deputy Secretary of State Robert B. Zoellick made an impassioned pitch in support of Guatemala's candidacy at a meeting Monday of the Organization of American States (OAS), but failed to convince several of the region's major players.

Mr. Zoellick cited the United Nations' "important history" in helping Guatemala move from civil war to democracy, and the country's participation in U.N. peacekeeping in Africa, where eight of its soldiers have been killed, said a transcript released yesterday by the State Department.

In addition, he noted at the meeting in the Dominican Republic that Guatemala, with a population of less than 13 million, "was one of the founding members of the U.N. but has never served on the U.N. Security Council."

"I know that the European democracies are supportive of Guatemala. Many of the East Asian countries are supportive of Guatemala, so we hope that it'll find broad-based support here [in Latin America]," Mr. Zoellick said.

Both Guatemala and Venezuela were among the first U.N. members when they joined in November 1945.

Venezuela, a country of more than 26 million people, has been on the Security Council four times, once during each of the past four decades. It was last elected to a two-year term in 1992, more than six years before Mr. Chavez took power.

The council is made up of five permanent members with vetoes -- the United States, Russia, Britain, France and China -- and 10 rotating members elected by region for two-year terms. The rotating members have limited power individually, but can tip a vote when the body is split.

In the spring of 2003, the United States and Britain dropped a much-discussed second resolution on Iraq that would have authorized military action because they were not able to secure the nine votes needed.

In the next couple of years, Washington may need all the support it can muster for tough votes on Iran's nuclear program. But U.S. officials think Venezuela is pursuing cooperation with Tehran on military training, uranium and nuclear technology.

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"When you face issues like we'll be facing, such as Iran, it's good to have a country that has been at the heart of the U.N. system and who appreciates the role that it can play," Mr. Zoellick said at the OAS meeting.

Several of Latin America's most influential countries, led by Brazil and Argentina, said that they will support Venezuela's candidacy. Uruguay also is seen as backing Caracas, while Chile has not made up its mind.

Peru, Colombia, Nicaragua and perhaps Ecuador are expected to vote for Guatemala.

Critics of Guatemala's candidacy say that it is not fit to be a Security Council member because it has a border dispute with Belize. But Mr. Zoellick countered that Venezuela has a border dispute with Guyana.

If the countries from the region cannot agree on a candidate, both Venezuela's and Guatemala's applications will go to the U.N. General Assembly, where one of them will need a two-thirds majority to be elected.

The term of the second Latin American country on the Security Council, Peru, expires next year, so even if Venezuela loses the battle this time, it is likely to try again, diplomats said.

Retail Politics In Mexican Race, 'Wal-Mart' Voters May Hold The Key (WSJ)

By John Lyons

The Wall Street Journal, June 7, 2006

MEXICO CITY -- Wal-Mart Stores Inc. figured there were enough new middle-class residents in the urban sprawl outside Mexico City to build four superstores in the area in the past year. Now those same shoppers could prove to be the X-factor in next month's presidential election.

Conservative candidate Felipe Calderón has pulled virtually even with liberal front-runner Andrés Manuel López Obrador by running a sophisticated, high-tech campaign with one primary goal: targeting the burgeoning ranks of the lower-middle class, a long-overlooked group in a nation of extreme wealth and poverty.

Poll takers say the 15% of Mexico's voters who have yet to make up their minds -- some 11 million voters in all -- are massed among the lower-middle-class residents of the urban enclaves ringing Mexico City, Guadalajara, Monterrey and other large cities. These are the small businessmen, salesmen and housewives who have climbed a few rungs out of poverty in recent years -- but fear they will lose it all should Mexico stumble into crisis, as it has so often in the past.

Six years ago, these voters helped defeat the Institutional Revolutionary Party, or PRI, which ruled Mexico for 70 years. They were strong backers of President Vicente Fox, who promised that free trade, foreign investment and macroeconomic stability would better their lives. But since then, Mexico's gross domestic product has grown only 1.8% a year and created few new jobs, prompting millions of ambitious Mexicans to leave home in search of opportunity in the U.S.

This time around, lower-middle-class voters are skeptical of both left and right. They share the left's anger that Mexico's economy is stacked in favor of the rich. But a message from the right also resonates strongly: concerns that a return to the free-spending ways of the past could produce inflation and disaster.

The outcome of the vote may determine whether Mexico will continue to tie itself tightly to the U.S. and the global economy or follow some other Latin American nations in making a turn leftward. Mr. Calderón, from Mr. Fox's party, is a business-friendly candidate who says he would boost private initiative. Mr. López Obrador, the former mayor of Mexico City, says Mexico's free-market policies have largely failed to help average Mexicans. He wants to create jobs through government spending -- though he isn't advocating nationalization along the lines of Venezuela's Hugo Chávez or Bolivia's Evo Morales.

Largely Unknown

After a slow start, Mr. Calderón, a largely unknown 43-year-old who climbed through the ranks of the National Action Party, or PAN, made a big push to reach lower-middle-class voters. That helped him make up a nine-point deficit against Mr. López Obrador in February. The pair are now in a statistical tie in the most credible polls. Their only televised debate was last night.

In the debate, Mr. López Obrador said a vote for Mr. Calderón meant "more of the same" -- an inequal country where the rich evade taxes and the middle classes get stuck with the bill; Mr. Calderón countered that Mr. López Obrador's spending proposals would ultimately hurt the country's poor by bringing about devaluation, inflation and economic crisis.

Importing electoral techniques from the U.S., the Calderón camp market-tested different strategies with focus groups of lower-middle-class Mexicans. Strategists discovered that while these voters admired the 52-year-old Mr. López Obrador's

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passion, he also reminded them of populist leaders whose largess ultimately wrecked Mexico's economy in the 1970s and 1980s. So the campaign ran a series of negative television and radio ads -- the first significant use of such ads in a Mexican presidential race -- portraying him as a threat to Mexico's hard-won gains.

Mr. Calderón's team also mixed in new media, recognizing that the 20% of Mexicans who now have email accounts -- including many younger people from the lower-middle class -- were a key demographic. Emails from the Calderón camp attacked Mr. López Obrador, and his Democratic Revolution Party, or PRD. A Calderón-campaign Web site has brought in more than 130,000 poll-station monitors, outreach workers and other volunteers.

"The middle and lower-middle are our key groups," says Juan Camilo Mouriño, Mr. Calderón's 34-year-old campaign manager. "These are people who have started to acquire a small patrimony, and see a risk of sliding back down." Mr. Mouriño, a veteran of the 2000 Fox campaign and governors races, hones his tactics at U.S. campaign seminars. He got advice from former Clinton campaign guru Dick Morris, though the consultant doesn't have an official role in the campaign. Neither side would discuss the nature of his advice. Mr. Morris wrote a New York Post op-ed piece, decrying Mr. López Obrador as a danger to Mexico, just as the Calderón negative-ad campaign was getting under way in Mexico.

With less than a month to go before the July 2 ballot, Mr. López Obrador's PRD has an edge over Mr. Calderón's party among the poor, which includes the 40% of heads of households earning less than $4,100 a year. But Mr. Calderón partly offsets that advantage by polling higher among the 15% of households in the upper-middle class and wealthy, broadly defined as those who earn more than $11,000 a year.

That leaves as the key battleground households earning between $4,100 and $11,000 per year. Those lower-middle- and middle-class households grew by about 25% during the first four years of the Fox administration, and now account for about 45% of total Mexican households.

A Concrete Sea

Together, the sprawling cities outside Mexico City, with Aztec names like Tlalnepantla, Ecatepec and Ciudad Nezahualcóyotl look like a concrete sea that overflowed its basin and rushed up the surrounding hills. But there are signs of progress amid the sprawl. In Tecámac, homebuilders have turned cornfields into planned communities of $20,000 townhouses, in a Mexican version of the Levittown of the 1950s. Wal-Mart, which has been in Mexico for about a decade, opened its doors in Ecatepec just last year.

The undecided are people like Vicente Lugo. Six years ago, the 47-year-old aluminum salesman voted for Mr. Fox, hoping the economy would improve. Instead, his sales are down, his salary is stuck and he isn't sure whom he will vote for. Economic stability gives him comfort, but he worries about whether his young children will find jobs when they become adults.

"I thought we'd have better salaries, less crime, less poverty, less migration, less corruption," he says. Mr. Lugo is waiting anxiously to hear if he qualified for a mortgage to buy a town house in Las Americas, a new housing subdivision going up in Ecatepec. "In the end, Fox really didn't do all that well," he says.

Mr. Calderón's latest foray into the lower-middle-class precincts came in late May, when he assembled thousands of flag-waving supporters along the main highway that connects the outlying municipalities like Tlalnepantla to the capital. The campaign supplied a caravan of souped-up Volkswagen Beetles -- the signature vehicle of urban workers -- and a truckload of midriff-baring dancers to keep the crowd entertained until Mr. Calderón wheeled by, waving from a confetti-strewn pickup. He didn't bother to speak that day, letting his cheering followers convey the message to passing motorists.

The Man From Tabasco

His opponent, Mr. López Obrador, 52, a charismatic politician from the southern oil state of Tabasco who has developed an intensely loyal following among the poor, has a deep reservoir of support in the areas Mr. Calderón is targeting. During his term as mayor of Mexico City, he granted cash subsidies to the elderly and single mothers, and built elevated highways and improved the bus system. In March, he stopped by a local park in Ecatepec, to back the PRD's mayoral candidate, José Luis Gutiérrez, who cruised to victory by linking himself to Mr. López Obrador's record in Mexico City.

But the candidate hasn't been back to the lower-middle-class outskirts of Mexico City since. Instead, he tours rural Mexican villages as many as five days a week, figuring that Mexicans have become so jaded by corruption and mediocre economic growth that they will trust only a politician who personally greets them.

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As the election draws closer, Mr. López Obrador, who acts as his own campaign manager, calculates that he has already clinched the lower-middle class outside Mexico City, and his time is better spent in areas where he is weaker, like the North, and in poaching PRI voters in rural areas and labor unions. His campaign is being heavily outspent on national media advertising by Mr. Calderón and has largely eschewed made-in-the-U.S. campaign tactics.

It is a high-stakes bet. Mr. López Obrador "thinks we've already won this area, but votes aren't a sure thing," says Mr. Gutiérrez, the Ecatepec mayor who campaigns for Mr. López Obrador in parts of the city that are so poor that braying donkeys interrupt his speeches. "He can't spend all his time in the villages and skip over the most populous areas."

Diverse Bunch

In Mexico, the lower-middle class is a diverse bunch, ranging from those who can barely afford a television and refrigerator to families that can qualify for a mortgage and own a car. The group was battered by a currency and banking crisis in 1994 and has only recovered its previous economic standing under Mr. Fox, a decade later. Many are frustrated by the mediocre economic performance of the Fox administration and energized by Mr. López Obrador's attacks on the rich, as well as his promises to create jobs by building roads, refineries and high-speed trains.

Mr. Calderón's campaign strategists decided to focus on the party's chief economic achievement: stability. The six years of the Fox administration will mark Mexico's longest stretch without an economic crisis since the 1960s. With inflation tamed, banks began offering 20-year fixed rate mortgages -- unthinkable before Mr. Fox took office -- creating a housing boom.

After a flurry of negative ads trying to link Mr. López Obrador to the bad old days of free-spending Mexican leaders, Mr. Calderón sought to cast himself as a reliable alternative. A diminutive, bespectacled man with a master's degree from Harvard University's Kennedy School of Government, Mr. Calderón was largely unknown to the public until he won an upset victory in the PAN primary late last year. Mr. Calderón's image makers advised him to start displaying his open palms in TV ads and during speeches, to suggest that he'd be entering office with "clean hands."

Mr. Calderón's team cast him as the "Jobs President," the candidate who was most likely to create jobs by making Mexico attractive to private investors. That strategy has worked: In an April poll by Mexico City-based Consulta Mitofsky, 42% of voters associated Mr. Calderón with the word "jobs," compared with 21% for Mr. López Obrador.

Mr. Calderón's campaign is working among voters like Roberto Saldaña, a 26-year-old technician, who lives in one of Ecatepec's rougher sections with his mother and two siblings. He counted himself as a López Obrador supporter after the politician stopped at his free technical college late last year. The politician vowed to force Mexican monopolies to hire based on merit rather than connections, which Mr. Saldaña lacked.

But Mr. Saldaña says he started rethinking his vote after he saw one ad that replayed a speech of Mr. López Obrador condoning a mob-justice lynching of two cops. Mr. Saldaña's father was killed five years ago during a robbery while walking to work, and the young technician began to worry that Mr. López Obrador was soft on crime. Since then, the Calderón campaign has been regularly sending him emails attacking Mr. López Obrador, and he has also received a phone call from Mr. Calderón's telemarketing firm.

Final Switch

He switched his allegiance for good in late March, after landing an $8,000-a-year job at a local unit of Chinese telecommunications-equipment maker Huawei Technologies Co. He is now convinced Mexico's future depends on foreign investment and job creation. "At first I was going to vote for AMLO, because he wants to help people," says Mr. Saldaña, using one of Mr. López Obrador's nicknames. "But now I think it would be a step backwards."

Watching his lead evaporate, Mr. López Obrador is making heavier use of television to reach middle-class voters. Recently, he purchased slots during prime time on several national channels to outline his economic ideas and is doing more TV interviews. He vowed to use subsidies and wage increases to boost the spending power of people making less than $9,500 a year by 20%, a move that targets the lower-middle-class voter. He is also going on the offensive against Mr. Calderón in a series of TV ads that try to link him to Mexico's mid-1990s bank bailout, which many Mexicans believe aided wealthy bank owners and pushed borrowers into bankruptcy.

That argument resonates with voters like Jessica Almaraz, a 22-year-old college student who works as a hostess at the Chili's restaurant in the new Plaza de las Americas shopping mall outside Mexico City. She says the harsh attacks on Mr. López

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Obrador have only strengthened her belief that he is a crusading outsider. "You have no idea how corrupt things are, or how much money gets stolen in Mexico every single day," she says. "We need someone who can make a change."

Oil May Grease Attitudes Toward Cuba Trade Policy (HILL)

By Elana Schor

The Hill, June 7, 2006

The imminent release of a new Bush administration status report on U.S.-Cuban relations is re-energizing the anti-embargo lobby, which believes the skyrocketing price of oil could provide a winning angle in its fight to relax trade sanctions on the communist island nation.

When the Commission for Assistance to a Free Cuba issued its first policy recommendations at the president's behest two years ago, it resulted in stricter curbs on educational travel and Cuban-Americans' ability to send money home. But the National Foreign Trade Council (NFTC), its affiliated business coalition USA Engage and the newly independent Freedom to Travel Campaign are stumping for a milder report this time around.

The groups have found a new weapon for their campaign to loosen the trade embargo that has stood against Havana since the Kennedy administration. Oil companies from Norway, India, Spain and China (whose government-controlled petroleum group set off protectionist alarms last year with its bid to purchase Unocal) recently have signed drilling deals to explore Cuba's offshore waters.

"The embargo has the effect of turning our entire back yard over to other countries — China, India," USA Engage director Jake Colvin said. "Cupec [Cuba's state-owned oil company] is certainly looking for partners, and it's better that we are there than that we are not."

With the appropriations cycle heating up in the House this month, the annual ritual of amendments offered to ease sanctions on Cuba is sure to spark a fierce debate. Rep. Jeff Flake (R-Ariz.), a longtime opponent of the embargo, has raised the stakes with a bill that would allow U.S. oil and gas giants to profit from Cuban reserves and with a release from the House Cuba Working Group, which he co-chairs.

Flake and many on K Street are counting on the fearsome specter of China's quest for oil to raise support for the Cuba drilling bill. Among those backing the Senate version, sponsored by Rep. Larry Craig (R-Idaho), is Energy and Natural Resources Committee Chairman Pete Domenici (R-N.M.), whom NFTC President Bill Reinsch touted as a powerful ally.

Cuban waters contain somewhere between 4.6 billion and 9.3 billion barrels of oil, according to estimates by the U.S. Geological Survey, a figure comparable to the low end of available resources in the GOP-coveted Arctic National Wildlife Refuge (ANWR), in Alaska.

"It defies common sense not to explore our options over in Cuban waters," Flake spokesman Matthew Specht said. "When we get serious about ANWR, why can't we get serious about this?"

Lawmakers working to preserve tight restrictions on Cuban trade and travel remain influential in both chambers, however, particularly in the Florida delegation, and Cuban-Americans committed to isolating Cuban dictator Fidel Castro have revitalized their political activity through the U.S.-Cuba Democracy PAC. Commerce Secretary Carlos Gutierrez, a Cuban émigré who leads the White House's commission along with Secretary of State Condoleezza Rice, has given to the PAC in recent years.

Mauricio Claver-Carone, one of the PAC's 25 directors and a pro-embargo lobbyist for the Cuba Democracy Public Advocacy Corp., dismissed the political value of Cuba's oil wealth as a red herring.

"Energy exploration is a big smokescreen issue," Claver-Carone said. "It has sucked the whole Cuba policy community in, and I think it's something the Jeff Flakes of the world wanted to do on purpose."

Yet Claver-Carone acknowledged the allure of alleviating sky-high gas prices to Republicans. He said anti-Castro activists are not expecting oil exploration to pop up in the administration's new report, which officials had expected to release last week.

"I think it will backfire because the oil industry is pretty radioactive in Congress right now, at least from a lobbying perspective," Claver-Carone said. Instead, he is bracing for the report to address limits on religious travel to Cuba, now regulated more lightly than trips home to visit family members.

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The U.S.-Cuba PAC has already given $347,000 this cycle, including contributions to four senior House Republicans on the appropriations panel with jurisdiction over the Treasury Department, a key enforcer of the embargo. That puts the PAC on pace to more than double its giving for the 2004 elections.

Anti-sanctions lobbyists claim widespread support for the Cuba drilling bill among oil and gas companies, but industry sources were hesitant to confirm this.

"In general, we think it's good when anyone tries to expand energy production," said Bill Bush, a spokesman for the American Petroleum Institute (API), the oil industry's trade association. The API has left the question of a public stance on Cuba drilling to its individual members, several of whom attended a controversial February meeting with Cuban officials in Mexico City that was briefly broken up at the Bush administration's request.

One of those Mexico attendees, ExxonMobil, is "obviously interested in exploring for oil anywhere that U.S. law allows us to," said company spokesman Russ Roberts. "Right now Cuba is a country the U.S. is not doing business in. … I'm not sure we would want to go as far as making a comment on whether we would want the law to change."

Valero, a Texas oil refiner also reportedly present in Mexico, has no position on the Cuba drilling legislation, according to a corporate spokeswoman.

The Freedom to Travel Campaign last month formally split from its parent think tank, the Center for International Policy, and will continue organizing congressional trips to Cuba even as the uncertainty of lobbying-reform negotiations clouds privately sponsored travel. Campaign Director Sarah Stephens said members not usually considered foes of the embargo, "people who never vote with us," are expressing interest in next month's Havana trip.

But Cuban-American members have their own current-events hook to play up in Iranian president Mahmoud Ahmadinejad's coming visit with Castro, whom Ahmadinejad considers a crucial international partner.

"All the problems we're having with Iran right now, and we're going to help one of its proudest allies just 90 miles from our shore?" said Thomas Bean, communications director for Rep. Mario Diaz-Balart (R-Fla.), one of the Capitol's most vocal proponents of strengthening the embargo.

Other pro-sanctions voices include Rep. Lincoln Diaz-Balart (R-Fla.), Rep. Ileana Ros-Lehtinen (R-Fla.), considered the front-runner to chair the House International Relations Committee next year, and Florida Sens. Mel Martinez (R.) and Bill Nelson (D). Nelson and Martinez both have countered the Senate's Cuban drilling bill with measures preventing foreigners involved in Cuban exploration from entering the country.

Plan Targets African Migration (WT)

By From Combined Dispatches

The Washington Times, June 7, 2006

DAKAR, Senegal -- Authorities in Europe and Africa yesterday drew up a joint plan to fight illegal migration that will combine tougher prevention measures with more aid to persuade young Africans to stay in their homelands.

Harrowing images of parched, exhausted young Africans washing ashore in boats on Spain's Canary Islands by the thousands this year have given added urgency to moves to improve international cooperation to combat clandestine emigration.

Hundreds are thought to die in the perilous sea voyages of more than 600 miles organized from Mauritania and Senegal by traffickers who run a lucrative business carrying would-be migrants seeking a better life in Europe.

Starting a two-day meeting in the Senegalese capital, senior officials from more than 50 countries of Europe and Africa worked yesterday on a joint action plan that foresees an integrated multinational strategy on migration.

The plan -- originally drafted by Morocco, Spain and France, three countries in the front line of the immigration problem -- is expected to be adopted by European and African ministers at a summit on migration July 10 and 11 in the Moroccan capital, Rabat.

"This is a political initiative of the highest importance that aims to combine both managing migrant flows and managing development," said Alvaro Iranzo, a senior Spanish Foreign Ministry official.

On Europe's southern flank facing Africa, Spain is the first target of thousands of penniless sub-Saharan Africans seeking entry to Europe, and Madrid has begun a diplomatic offensive in West Africa to try to stanch the flow.

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But while coastal patrols and surveillance can cut illegal departures, European and African experts agree that such short-term measures will be useless unless the unemployment, poverty and conflict that prompt migration from Africa are tackled.

"If we don't go to the root causes, there's not going to be a solution," Moroccan delegation chief Youssef Amrani said.

Delegates said the novelty of the joint European-African migration initiative was that destination, origin and transit countries were coming together to seek solutions.

"This affects us all. We need a global response," Mr. Amrani said.

Although a consensus exists for joint action, delegates said they expected discussions on how to find a balance between improved controls to halt illegal migration and long-term measures to help poor countries whose young people were leaving.

The draft plan calls for aid and trade with Africa to attack the root causes of migration and help keep young Africans in their own countries.

But it also proposes stronger police and security cooperation on land, sea and air to crack down on migrant-smuggling networks, which Senegal Interior Minister Ousmane Ngom condemned as "modern-day slavers."

The draft document also refers to the need for "readmission agreements," which will allow receiving countries to send back illegal or undesirable migrants to their nations of origin.

Senegal last week suspended repatriation flights from the Canaries, saying its migrants had been mistreated by Spanish authorities. Madrid denied this.

In a related development, an Associated Press-Ipsos poll released yesterday showed that despite the fierce political debate in the United States on immigration, American attitudes toward immigrants are considerably more positive than in several European countries.

People in Britain, France, Germany, Italy and Spain are much more inclined than those in the United States to think immigrants are likely to get involved in criminal activity.

"Often the immigrants come here and can't find work; they are forced to become criminals," said Leonardo Delogu, a doctor from Sardinia who was visiting Rome.

More than a third of Germans, Italians and Spaniards think immigrants are more likely to be involved in criminal activity than people born in their countries. A fourth in France and Britain feel that way.

Those European countries are about evenly divided on whether immigrants are a good influence. In general, people who have higher incomes and are more educated are more likely to say immigrants are a good influence.

In the United States, 52 percent think immigrants are a good influence on the country. Only about one in 10 Americans thinks immigrants are more likely to be involved in crime, according to the poll.

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TO: THE ATTORNEY GENERAL AND SENIOR STAFF

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TERRORISM NEWS:

Senators Won't Grill Phone Companies (USAT)

By John Diamond

USA Today, June 7, 2006

WASHINGTON — A last-minute deal Tuesday with Vice President Cheney averted a possible confrontation between the Senate Judiciary Committee and U.S. telephone companies about the National Security Agency's database of customer calling records.

The deal was announced by Sen. Arlen Specter, R-Pa., the committee chairman, and Sen. Orrin Hatch, R-Utah. They said Cheney, who plays a key role supervising NSA counterterrorism efforts, promised that the Bush administration would consider legislation proposed by Specter that would place a domestic surveillance program under scrutiny of a special federal court.

In return, Specter agreed to postpone indefinitely asking executives from the nation's telecommunication companies to testify about another program in which the NSA collects records of domestic calls.

If passed, Specter's legislation would give the Foreign Intelligence Surveillance Court power to oversee the NSA program and render an opinion on the constitutionality of conducting domestic surveillance without a warrant. The court, established by the 1978 Foreign Intelligence Surveillance Act (FISA), normally considers case-by-case requests by intelligence agencies to conduct surveillance inside the USA.

The deal prompted protests from Democratic lawmakers, who said the Republican-controlled Congress had refused to challenge the administration's expansion of presidential authority. “Why don't we just recess for the rest of the year, and the vice president will just tell the nation what laws we'll have?” said Vermont Sen. Patrick Leahy, ranking Democrat on the committee.

Specter has challenged the administration to justify the legality of intelligence programs inside the country.

After the hearing, Specter said his hand had been forced by the telephone companies' refusal to discuss classified programs. Representatives of more than one company — which ones were not specified in the meeting — agreed to appear, Specter said, but told the panel they would not talk about classified information. Hatch said President Bush “is willing to work with us as long as it doesn't detract from the president's constitutional powers.”

At least one Democrat shared Republican concerns about forcing telephone officials to discuss classified programs. “Companies that are trying to be good citizens shouldn't be held out to dry,” said Sen. Dianne Feinstein, D-Calif.

Feinstein said there were two programs at issue: the NSA surveillance of international calls with one end in the USA and in which one participant is suspected of terrorist activity; and a program that “does not involve content” of conversations.

The surveillance program was disclosed in December by The New York Times and then acknowledged by the administration. The other program, which has not been formally acknowledged by the White House, was disclosed last month by USA TODAY. The program involves the collection of domestic calling data — the numbers and times of calls — by the NSA for use in tracking calling patterns by people suspected of terrorist activities.

In the wake of the USA TODAY story, Specter, who had proposed legislation to give the FISA court power over NSA's warrantless surveillance program, said he wanted phone company executives to testify about any involvement they had with the NSA.

Specter Won't Ask Telcos To Testify On Taps (CNN)

CNN, June 7, 2006

Senate Judiciary panel chairman backs off from questioning executives on cooperation with secret program, angering Democrats.

WASHINGTON (CNN) - Senate Judiciary Committee Chairman Arlen Specter reversed course Tuesday, announcing he will not call on phone company executives to testify on their cooperation with the government in a secret eavesdropping program run by the National Security Agency.

The senator from Pennsylvania acknowledged his reversal was forced upon him by his Republican colleagues in a private session prior to the afternoon hearing. The announcement was promptly decried by several Democrats, who accused Specter of caving in to the Bush administration.

"We have abdicated our responsibility," shouted Sen. Edward Kennedy of Massachusetts.

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"You have given up the store," complained Sen. Richard Durbin, D-Ill., in denouncing the move. "You're just walking away."

Democrats were unable to muster enough members to force a vote on issuing subpoenas to the telecommunications giants AT&T (Research), Verizon Communications (Research) and Bell South (Research).

The potential for a showdown over subpoenas was averted when Republicans, led by former committee chairman Orrin Hatch of Utah, outmaneuvered Specter in advance of the hearing.

Hatch disclosed he had won assurances from Vice President Cheney that the White House would at least review proposed legislation to restrict aspects of NSA surveillance programs. In exchange, the committee would not press the phone companies to divulge their cooperation with the government.

"We have a good-faith effort they'll work with us on this," Hatch said. "The offer is a good one."

"Why don't we just recess for the rest of the year and Cheney will just tell us what laws this nation will have?" fumed ranking Democrat Patrick Leahy of Vermont.

"I categorically reject the idea I'm backing off," Specter replied.

In a dissent, Sen. Dianne Feinstein, D-Calif., announced she would oppose subpoenas for the phone companies. Feinstein, who is on the Intelligence Committee, said she had been fully briefed on the secret NSA programs and believes if the phone companies should be summoned at all, it should be from the intelligence panel, which conducts its business behind closed doors.

"The phone companies, they're just trying to be good citizens and shouldn't be held out to dry," Feinstein said.

Specter said he would continue to vigorously challenge the White House claims of executive power on several fronts.

Specter announced he had won a promise from Attorney General Alberto Gonzales to testify "within the next two weeks" on a range of hotly debated issues on executive branch powers over which some Republicans and nearly all Democrats on the panel are bitterly at odds with the White House.

Justice Department officials acknowledge they are bracing for a potentially stormy hearing, but probably not as soon as Specter would like.

A senior Justice official who asked not to be identified said it was likely they would be able to arrange for Gonzales to testify before the committee "in the next two months."

Specter Won't Subpoena Telecom Executives (AP)

By Katherine Shrader, The Associated Press

AP, June 7, 2006

WASHINGTON (AP) — Phone company executives won't be grilled by a Senate panel anytime soon about their roles in the Bush administration's eavesdropping program.

Senate Judiciary Committee Chairman Arlen Specter, R-Pa., said Tuesday he will hold off subpoenaing the telecommunications chiefs while he works with the White House on his legislation that would ask a secretive federal court to review the constitutionality of Bush's surveillance operations.

Democrats accused Specter of abdicating Congress' oversight responsibilities.

"Why don't we just recess for the rest of the year?" the committee's top Democrat, Sen. Pat Leahy of Vermont, asked sarcastically. "Vice President Cheney will just tell the nation what laws we'll have."

Bush has acknowledged that the National Security Agency monitored — without court approval — the communications of terror suspects when one person was in the United States and another was overseas. Until Bush ordered the operations shortly after 9/11, a judge had to sign off on such monitoring.

Following a report last month in USA Today, lawmakers have said the government is also using general information on Americans' telephone calls — such as the number called, and the number dialed from — to analyze calling patterns to detect and track suspected terrorist activity.

Specter had threatened to subpoena executives of the major phone companies to get them to testify about their cooperation with the NSA. But in an informal conversation, one company lawyer told Specter the executives wouldn't be able to testify about any classified information. Specter said Cheney told the committee the restriction would apply to everyone the senators want to question.

"I cannot make them talk," said Specter, who later acknowledged that the executives have access to more information than senators.

In exchange for deferring action on the phone companies, Specter said Cheney has specifically agreed to work with him on his legislation.

Specter rejected suggestions that he was letting the White House dictate the committee's agenda, and he said he plans to have Attorney General Alberto Gonzales before the committee later this month.

"I yield to no man or woman on pressing this administration on these issues," he said.

Bomb Plot Allegations Detailed In Canada (WP)

By Doug Struck

The Washington Post, June 7, 2006

TORONTO, June 6 -- Suspects arrested last weekend in an alleged terrorism plot planned to storm the Canadian Parliament and hold politicians hostage, and at least one wanted to behead the prime minister if demands to withdraw Canada's troops from Afghanistan were not met, according to a summary of prosecutors' allegations read in court Tuesday.

According to authorities, the group also planned to bomb power plants in Ontario and invade the downtown Toronto studios of the Canadian Broadcasting Corp., according to the written statement submitted to the court by defense attorney Gary Batasar and read into the record at his request.

The statement, which the lawyer said was a summary of the government's planned charges, indicated that the men had planned to demand the removal of Canada's 2,300 troops from Afghanistan and the release of all Muslim prisoners held in Afghanistan and Iraq. Politicians including Prime Minister Stephen Harper were to be killed if the demands were refused, according to the government allegations, Batasar told reporters outside the courthouse. Prosecutors did not comment on the statements.

The statements offered the first details of the plot that police and intelligence agencies said they disrupted in a series of raids overnight Friday. Twelve men and five youths were arrested.

Fifteen of the suspects appeared in a courthouse in suburban Brampton on Tuesday morning, shackled together and wearing prison T-shirts. Most were remanded for a bail hearing on Monday.

"The allegations are very serious, including storming and bombing of various buildings," Batasar, who represents Steven Vikash Chand, 25, told reporters outside the courthouse. "There is an allegation apparently that my client personally indicated that he wanted to behead the prime minister of Canada."

In the capital, Ottawa, Harper brushed aside the news with a joke. "I can live with all these threats as long as they are not from my caucus," he quipped as he walked into his office.

The reaction of other lawmakers ranged from disbelief to worry.

"There were certainly some grandiose plans being made," Joseph Cordiano, a Liberal in Ontario's provincial Parliament, told reporters. "I have serious, serious doubts about their capacity to carry it out."

"The plot was a very serious one," said Peter Van Loan, a Conservative in Parliament representing Ontario. "I don't expect this is the only threat out there. The thing we can take comfort in is that Canada's security measures worked."

The arrests, carried out by hundreds of police officers, have added tension to the issue of U.S.-Canada border security. Canadian politicians have become rankled over comments by some U.S. legislators that the charges are evidence of the danger of terrorism coming south across the long, lightly guarded border.

"I'm very concerned about the amount of play in the U.S. that the threat Canada poses as a 'gateway to terrorism,' " Parliament member Mark Holland, a Liberal representing a Toronto suburb, told CBC television. "It's certainly not true."

Batasar portrayed the sensational allegations as an attempt by the government to frighten the public.

"It appears to me that whether you are in Toronto or Ottawa or Crawford, Texas, or Washington, D.C., what is wanting to be instilled in the public is fear," he said.

Batasar said his client had not spoken to him about the charges. "He said nothing about that. My client retains the right to silence." In the packed courtroom, the accused nodded or waved to relatives, but said little on their own. Several defense attorneys protested that they had been unable to meet their clients individually and that the suspects had not been permitted to see their families.

"Counsel would like to have that right" to talk to their clients personally, not through a plexiglass shield, said defense attorney Donald McLeod.

Several women in black Islamic dress came to watch the proceedings, but would not talk to reporters outside the courthouse. Missing from the hearing was the huge presence of heavily armed police that had guarded the courthouse Saturday when the suspects made an initial appearance.

In announcing the raids, police said the arrests were the result of the largest anti-terrorism investigation in Canada since Sept. 11, 2001. They said the suspects had procured three tons of an explosive fertilizer, intending to set it off at a public target.

Prosecutors: Terror Plot Included Bombs, Beheadings (LAT)

By Carol J. Williams

Los Angeles Times, June 7, 2006

DOJ_NMG_0032558

BRAMPTON, Canada — Some of the 17 men and youths arrested in a suspected terrorism plot had planned to storm the nation's Parliament, take politicians hostage and behead Prime Minister Stephen Harper unless their demands for a withdrawal of Canadian troops from Afghanistan and the release of Muslim prisoners were met, prosecutors said Tuesday.

The accusations delivered to several of the defendants' attorneys in a one-page investigation summary included no evidence to substantiate the charges, said the attorney for 25-year-old Steven Vikash Chand.

"There's an allegation, apparently, that my client personally indicated that he wanted to behead the prime minister of Canada," attorney Gary Batasar said of the synopsis of the crown's case against his client, which he had received just minutes before the proceedings.

Batasar complained that he had not been allowed to meet privately with Chand and later said to reporters outside the courthouse: "This is not Guantanamo, this is Toronto, Canada."

In his comments before the judge, Batasar said the prosecution was contending the defendants planned to invade the Parliament building in Ottawa and take hostages to demand that Canadian forces leave Afghanistan; about 2,300 serve under international mandate with the Kabul government's consent. The defendants, according to prosecutors, planned to demand the release of unspecified Muslim prisoners and to bomb the Parliament building and decapitate Harper and other political leaders if their demands were rejected.

The prosecution synopsis mentioned plans to seize or blow up the CBC broadcasting headquarters in Toronto, the attorney said.

Harper brushed off the purported plot against him, joking to reporters, "I can live with these threats as long as they're not from my caucus."

Batasar and two other defense lawyers protested the conditions of their clients' detention. Chand and 21-year-old Ahmad Mustafa Ghany surveyed the courtroom and smirked as the charges were read against them. Their hands were cuffed, and they were each shackled to a third defendant, an 18-year-old who was a juvenile at the time of the alleged crimes and appeared confused about the proceedings.

A chaotic parade of handcuffed and manacled defendants in white T-shirts and gray trousers was escorted into the small, packed courtroom of Judge Maurice Hudson at the Ontario Court of Justice in this Toronto suburb. Outside, hundreds of reporters swarmed lawyers and defendants' relatives, eager for details of a case that has jolted Canadians and led to criticism of the nation's liberal immigration policies.

Heeding federal prosecutor Jim Leising's appeal for maximum-security confinement, Hudson ordered the 12 adult and five juvenile defendants held in isolation.

Ghany's attorney, Rocco Galati, protested the harsh conditions, saying he had been unable to meet with his client without security guards listening in.

Bail hearings were postponed until later in the month for all 15 defendants who appeared in court. Two of the 17 charged after provincewide raids Friday and Saturday did not appear Tuesday, because they are serving sentences at an Ontario prison for trying in August to smuggle weapons into Canada across the Peace Bridge between Buffalo, N.Y., and Fort Erie.

Few details of the crown's case against the purported terrorist cell have come to light, but the specific plot to attack those in power mentioned by Batasar suggested prosecutors had either clandestinely acquired communications or had an inside source providing information, veteran national-security analyst David Harris said.

"One possibility is that they used bugs or wiretaps," said Harris, former chief of strategic planning for the Canadian Security Intelligence Service and now head of a security think tank. The summary of the prosecution's case might have been deliberately vague to "leave the defense side with questions of what else the prosecutors might know," Harris said.

Hudson ordered the juveniles -- at least one as young as 16 -- held in a facility for youth offenders instead of the Maplehurst prison, where the defendants were taken after their arrests. During the raids, 400 officers of the Royal Canadian Mounted Police and CSIS stormed homes and gathering places frequented by the suspects.

"My client is a very frightened young man," attorney Michael Block said of a 16-year-old defendant, who was not identified because of Canadian law protecting the names of those younger than 18 accused of committing crimes.

Seven of the 17 defendants are teenagers and all but two -- 43-year-old Qayyam Abdul Jamal and 30-year-old Shareef Abdelhaleen -- are 25 or younger.

All 12 adult suspects have been charged with terrorism under a December 2001 amendment to the nation's Criminal Code in reaction to the Sept. 11, 2001, terrorist attacks on the United States. That charge carries a maximum sentence of 10 years.

Nine of the men are charged with training for the purpose of terrorist activity, which can bring another 10-year sentence, and six face accusations that they sought to bomb public targets, which can result in life sentences. Four, including Chand, stand accused of recruiting or training others for terrorism, an offense that also can draw a 10-year term.

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Canada Saw Plot To Seize Officials (NYT)

By Anthony DePalma

The New York Times, June 7, 2006

BRAMPTON, Ontario, June 6 — Prosecutors here assert that some of the men charged in a terror plot last week planned a series of violent attacks that included seizing Parliament and beheading Prime Minister Stephen Harper and other lawmakers if Canadian troops were not withdrawn from Afghanistan, a defense lawyer said in court Tuesday.

The accusations were part of a government summary that was given to a lawyer for one of the suspects and other defense lawyers just before preliminary hearings began. The document was not made public, but the lawyer disclosed part of its content because he said he wanted to force the government to disclose its evidence.

Jim Leising, the government prosecutor in the terror case, did not comment on the accusations in the summary.

The new accusations, if true, would disclose a startling new aspect of the case against 12 Muslim men and 5 youths. Previously, investigators have said only that the men intended to use homemade explosives to bomb unidentified targets in southern Ontario.

Although they expressed doubts about the capacity of the suspects to pull off such bold attacks, Canadians, in interviews with various news outlets, said the latest disclosures only heightened their current alarm about the possibility of violence by homegrown terrorists.

"Canadians have to understand and appreciate that we are citizens of a world where danger is everywhere," Peter Van Loan, a member of Parliament from Ontario, told the Canadian Broadcasting Corporation. "We're not exempt from that, much as we might wish we were."

More than 100 journalists gathered outside the A. Grenville and William Davis Courthouse on Tuesday morning as 10 of the 12 men accused in the terrorist plot appeared in court for preliminary hearings. They were handcuffed and wore white T-shirts and gray prison pants. The five who have been charged as minors also appeared.

All the suspects asked for bail proceedings to be postponed while their lawyers prepared their defense. The bail hearings are not expected to be held for several weeks.

In the Canadian court system, prosecutors in major cases present evidence at the bail hearing as they argue against suspects being released on bail.

Two suspects did not appear in court because they are already serving prison sentences for trying to bring guns into Canada illegally.

Several lawyers complained that extraordinary security had prevented them from speaking to their clients in private. The men, all residents of Canada, have been held in isolation at a maximum-security prison since shortly after they were arrested over the weekend. They have been prohibited from talking to their families or one another.

According to court documents, all have been charged with belonging to a terrorist group. Six are accused of plotting to bomb several unidentified buildings in Canada. Others are charged with running training camps, receiving terrorist training and trying to smuggle weapons across the border from the United States.

On Tuesday, there were details for the first time about another reported plan for an attack, this one intended to cripple Canada's government and disrupt its economy. Gary Batasar, the lawyer for one of the suspects who read the accusations in court, said that if prosecutors were going to make such claims they should disclose their evidence so defense lawyers can respond adequately.

Mr. Batasar said he read the accusations for the first time when he received the government summary on Tuesday morning. He said one page of the eight-page document referred specifically to his client, Steven Vikash Chand, 25, of Toronto. Mr. Chand, who appeared in court with long black hair and a full beard, listened intently to the accusations against him, then rolled his eyes.

Mr. Chand is charged with belonging to a terrorist group and recruiting and training people to join the group. He is not charged with participating in the bomb plot.

Another suspect, Qayyum Abdul Jamal, 43, is the eldest of the men and is considered by the authorities to be their leader. Mr. Jamal, one of those charged with planning the bombings, could be seen directing one of the lawyers to ask the judge for special medical attention for the youth the lawyer represented.

Mr. Batasar said the government papers laid out a plot to storm the Gothic Revival buildings of Parliament in Ottawa and take hostages. The hostages would be beheaded if the terrorists' demands that Canadian troops to be pulled out of Afghanistan were not met.

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Mr. Chand was said to have remarked that he would "personally like to behead Prime Minister Stephen Harper," Mr. Batasar said. The document also said the men intended to attack power lines and news media offices, including the CBC building in Toronto.

Mr. Harper, in the main Parliament building, took the threat in stride. "I can live with these threats, as long as they're not from my caucus," he told reporters.

Jack Layton, an opposition leader in Parliament, said the terror investigation had turned up nothing to convince him that it is time to severely restrict access to government buildings or "turn an accessible institution of democracy into a bunker."

Security at Parliament Hill in Ottawa has been tightened since 9/11, but pedestrians still can walk up to most of the buildings without passing through security gates.

Investigators have said little about the evidence they have gathered against the suspects. At a news briefing on Saturday they showed a computer tower, a crude cellphone detonator and other electronic equipment they had seized. They also showed a bag of ammonium nitrate fertilizer that they said was like the three tons of material the suspects had planned to use to make bombs.

American officials, who have acknowledged being involved in the yearlong investigation, said Canadian authorities had monitored Internet chat rooms, e-mail messages and telephone conversations to learn of the activities of the suspects.

Defense Lawyers In Canada Fault Terror Case Data (WSJ)

By Elena Cherney

The Wall Street Journal, June 7, 2006

BRAMPTON, Ontario -- Lawyers representing men arrested on terror-related charges last week complained they have been given scant information about their clients' alleged plot, which prosecutors now say included plans to storm Parliament and behead Canada's prime minister.

Lawyers for some of the 17 suspects said at a bail hearing in the Ontario Court of Justice yesterday that they were being given too little information to counter charges against their clients. Government lawyers provided few details about the alleged plot, and little information about the evidence gathered by police and security forces. Defense lawyers were given only a brief "synopsis" of the allegations, which wasn't made public.

Defense lawyers said the synopsis was sketchy and didn't give them enough material to prepare for bail hearings, which were postponed until later this month. "It's a very general document," defense attorney Gary Batasar said of the government summation. "Do they have wiretaps? Do they have video? Do they have informants? When you have bald-faced allegations such as these, obviously, hysteria mounts."

A spokesman for Canada's Department of Justice declined to comment on the complaints, noting that the case is before the court.

The synopsis of the case against Mr. Batasar's client, 25-year-old Steven Vikash Chand, includes a description of a plot to attack Ottawa's Parliament Hill and take politicians hostage in a bid to force Canada to withdraw its troops from Afghanistan and release political prisoners, Mr. Batasar said.

He said one document states that Mr. Chand "has indicated he personally would like to behead Prime Minister Stephen Harper."

Among the formal charges against six of the suspects -- issued under Canada's new antiterror laws -- is "doing anything with intent to cause an explosion of an explosive substance." The men were arrested in police raids Friday night after allegedly attempting to buy three tons of ammonium nitrate -- ostensibly to be used to build a bomb -- and security officials said the group of mostly Canadian-born young men adhered to an ideology "inspired by al Qaeda."

Other charges against the men include participating in terrorist-training activity in the countryside north of Toronto. Smuggling of guns into Canada from the U.S. was also allegedly part of the plot.

Families and friends of the men gathered outside the courtroom, talking to each other, reading the Quran and praying, while outside scores of photographers and reporters clustered around lawyers and anyone wearing a burkha.

Since the arrests, contradictory reports about the accused have surfaced, with some people who know the men and one of the mosques they attended claiming that the oldest of the suspects, Qayyum Abdul Jamal, 43, was an extremist who sought to influence younger men. Others in the community say they are shocked by the arrests because they knew the young men to be focused on working, studying and raising families.

Mr. Jamal and six of the men, including Zakaria Amara and Fahim Ahmad, who are among those facing explosives charges, all prayed at the Al-Rahman center in Mississauga, a bedroom community west of Toronto that is home to many of the greater Toronto area's Muslim community, which numbers more than 250,000. Messrs. Amara, Ahmad and Jamal, along with a few others, were part of a regular Saturday prayer group, said a friend of the men.

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The friend described the men as religious, funny and "very smart" -- and not interested in terrorism. Mr. Jamal, who hails from Karachi, Pakistan, "was not a violent person," he added.

Yet other community members say Mr. Jamal was known for his extremist views. "He was totally against association with any non-Muslims," said Fahim Bukhari, director of the Mississauga Muslim Center.

Mohammad Attique, who several months ago began renting his basement apartment to Mr. Chand -- the man accused of wanting to behead Prime Minister Harper -- said his tenant was "very nice," worked in a nearby restaurant and created no problems, though he acknowledged they haven't talked much. They met at the local mosque in the Scarborough area of Toronto, which was attended by several of the accused. Mr. Chand had changed his faith to Muslim from Hindu some years ago, and goes by the name Abdul Shakur, Mr. Attique said. On Saturday, the day after the suspects were detained, about 10 police cars pulled up to Mr. Attique's house and searched the basement apartment for hours, he said.

Mr. Bukhari and Tarek Fatah, a spokesman for the Muslim Canadian Congress, say their community needs to acknowledge that there are "firebrands" among them. Some mosques don't do enough research when they invite guest speakers to meet with youth and may accidentally be helping the "small fraction" of the community that holds extreme view to win more adherents, Mr. Bukhari said. "The Muslim community has failed to acknowledge or even recognize that we have radicals in our midst," he said. "We have to find out who these guys are."

Prime Minister Said To Be Target (WT/AP)

By Beth Duff-Brown, The Asociated Press

Washington Times, June 7, 2006

BRAMPTON, Ontario -- At least one member of a group of terror suspects plotted to storm Canada's parliament and behead officials, including the prime minister, if Muslim prisoners in Canada and Afghanistan were not released, according to charges made public yesterday.

Authorities also charged that Steven Vikash Chand plotted to take over media outlets such as the Canadian Broadcasting Corp.

"There's an allegation, apparently, that my client personally indicated that he wanted to behead the prime minister of Canada," lawyer Gary Batasar said. "It's a very serious allegation. My client has said nothing about that."

Mr. Chand is a 25-year-old restaurant worker from Toronto. Charges were expected to be read against at least some of the other suspects yesterday.

Mr. Batasar spoke outside the courthouse, where bail hearings for 10 of the 17 suspects were postponed. He said the charges were based on fearmongering by government officials.

"It appears to me that whether you're in Ottawa or Toronto or Crawford, Texas, or Washington, D.C., what is wanting to be instilled in the public is fear," he said.

The Ontario Court of Justice in Brampton, a small city just west of Toronto, said Monday that the suspects faced charges including participating in a terrorist group, importing weapons and planning a bombing. Details of the charges were not made public until yesterday.

Police expect more arrests, and intelligence officers are probing possible ties between the Canadian suspects -- 12 men and five teenagers -- and Islamic terror cells in six nations, including the United States.

A Muslim leader who knew the oldest suspect, 43-year-old Qayyum Abdul Jamal, said his sermons at a local mosque were "filled with hate" against Canada.

"These youth were very fun-loving guys, soccer-loving guys, and then all of sudden they were not associating with guys they used to," said Faheem Bukhari, a director of the Mississauga Muslim Community Center.

He said Mr. Jamal gave hateful, intolerant sermons at a storefront mosque in Mississauga, a city near Toronto, where six of the suspects lived.

"People around him knew he was very extreme," Mr. Bukhari said, adding that Mr. Jamal once told "the audience that the Canadian forces were going to Afghanistan to rape women."

Canada has about 2,300 soldiers in southern Afghanistan to bolster Afghan reconstruction and combat Taliban militants.

The adult suspects all are charged with one count of participating in a terrorist group. Three of them also are charged with importing weapons and ammunition for the purpose of terrorist activity.

Nine face charges of receiving training from a terrorist group, while four are charged with providing training. Six are charged with intending to cause an explosion that could cause serious bodily harm or death.

No information was released on the five teenagers who were arrested, owing to privacy laws that protect minors.

New Details Of Canadian Terror Charges Come To Light (USAT/AP)

DOJ_NMG_0032562

By Beth Duff-Brown, The Asociated Press

USA Today, June 7, 2006

BRAMPTON, Ontario — Some of the 17 Mulsim men accused of plotting terrorist bombings in Canada also planned to storm Parliament, take hostages and behead the prime minister if Muslim prisoners in Canada and Afghanistan were not released, according to charges made public Tuesday.

Authorities also alleged that Steven Vikash Chand — one of 17 suspects in the case — plotted to take over media outlets such as the Canadian Broadcasting Corp.

The new details of the charges added a dramatic dimension to a case that already has prompted tighter security along the U.S.-Canadian border and unsettled Canada's large Muslim community.

Police say they expect more arrests, and intelligence officers are probing possible ties between the Canadian suspects — 12 men and five teenagers — and Islamic terrorist cells in six nations, including the USA.

Chand, 25, a restaurant worker from Toronto, was one of 15 suspects who made brief court appearances Tuesday. They were arrested over the weekend. Bail hearings were postponed until at least Monday.

“There's an allegation apparently that my client personally indicated that he wanted to behead the prime minister of Canada,” said Chand's lawyer, Gary Batasar. “My client has said nothing about that.”

Batasar said the charges were based on fear-mongering officials. He also suggested that Prime Minister Stephen Harper, who expressed happiness at the arrests, should “keep out of the case.”

The Ontario Court of Justice in Brampton, a small city west of Toronto, had said the suspects faced charges that included participating in a terrorist group, importing weapons and planning a bombing.

On Monday, Mike McDonell, deputy commissioner for the Royal Canadian Mounted Police, said there are “foreign connections” but wouldn't elaborate.

A U.S. law enforcement official said investigators were looking for ties between the Canadian detainees and Islamic militants held in the USA, Britain, Bangladesh, Bosnia, Denmark and Sweden.

U.S. authorities have established that two men from the state of Georgia who were charged this year in a terrorism case had been in contact with some of the Canadian suspects via computer, the official said, speaking on condition of anonymity because the investigation is continuing.

The U.S. Border Patrol put agents on high alert along the 4,000-mile border and stepped up inspections of traffic from Canada.

The adults are charged with participating in a terrorist group. Three also are charged with importing weapons and ammunition for terrorist activity.

Nine face charges of receiving training from a terrorist group, while four are charged with providing training. Six are charged with intending to cause an explosion that could cause serious bodily harm or death. No information was released on the five teens because of privacy laws that protect minors.

Praise Canada (WSJ)

The Wall Street Journal, June 7, 2006

Canadians are still digesting the news of the arrest of 17 Muslims caught trying to purchase three tons of ammonium nitrate, the equivalent of three Oklahoma City bombs. Reports suggest that among their targets were the iconic CN Tower in Toronto and the parliament building in Ottawa. Police say they expect to make more arrests, and there appear to be links between the group and at least two Georgia-based U.S. Muslims.

We'll count the milliseconds before somebody tells us this is more evidence of the evils of immigration -- er, never mind, New York Republican Peter King just did that. So instead we'll point out that this terrorist cell seems to have been entirely composed of citizens and legal residents of Canada. As interesting is that the cell was identified through the work of the Canadian Security Intelligence Service, which monitored Internet chat rooms frequented by Islamic extremists. This again reminds us of the crucial role electronic surveillance plays in uncovering potentially catastrophic terrorist attacks. Question: Did that surveillance require a warrant? Do you care?

No less telling is that, while 2,000 Canadian soldiers are currently deployed in Afghanistan, Ottawa was a conspicuous dissenter against the war in Iraq and the concept of regime change generally. "If we change every government we don't like in the world, where do we start?" asked then-Prime Minister Jean Chretien in March 2003. This opposition would apparently not have spared Canada from the wrath of these home-grown jihadis, yet when Spain was hit by a terrorist atrocity in 2004 its support for the Iraq war was widely described as the principal reason. Ditto for Britain and the London bombings in 2005.

Meantime, the important thing is to praise the work of Canadian authorities in foiling what could have been another 9/11. We can only hope their American counterparts are as good.

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Military Alters The Makeup Of Interrogation Advisers (NYT)

By Neil A. Lewis

New York Times, June 7, 2006

WASHINGTON, June 6 — Pentagon officials said Tuesday that they would try to use only psychologists, and not psychiatrists, to help interrogators devise strategies to get information from detainees at places like Guantánamo Bay, Cuba.

The new policy follows by little more than two weeks an overwhelming vote by the American Psychiatric Association discouraging its members from participating in those efforts.

Dr. William Winkenwerder Jr., assistant secretary of defense for health affairs, told reporters that the new policy favoring the use of psychologists over psychiatrists was a recognition of differing positions taken by their respective professional groups.

The military had been using psychiatrists and psychologists alike on behavioral science consultation teams, called "biscuit" teams because of the acronym, to advise interrogators on how best to obtain information from prisoners.

But Dr. Steven S. Sharfstein, recent past president of the American Psychiatric Association, noted in an interview that the group adopted a policy in May unequivocally stating that its members should not be part of the teams.

The counterpart group for psychologists, the American Psychological Association, has endorsed a different policy. It said last July that its members serving as consultants to interrogations involving national security should be "mindful of factors unique to these roles and contexts that require special ethical consideration."

Stephen Behnke, director of ethics for the organization, said psychologists knew not to participate in activities that harmed detainees. But Dr. Behnke also said the group believed that helping military interrogators made a valuable contribution because it was part of an effort to prevent terrorism.

Former military interrogators at Guantánamo told The New York Times last year that some psychiatrists and psychologists had advised them on how to "break" detainees to make them more cooperative. The former interrogators said they had been counseled on how to use a detainee's fears and longings to increase distress. One example was their taking advantage of a prisoner's fear of the dark, known from his medical records.

Dr. Winkenwerder, the Pentagon official, disputed those assertions Tuesday, saying he did not believe that such counseling had occurred. He said the biscuit teams gave interrogators advice only on how to establish a positive rapport with detainees.

Pentagon Limits Medical Role In Questioning (LAT)

By Julian E. Barnes

Los Angeles Times, June 7, 2006

WASHINGTON — The Pentagon on Tuesday placed new restrictions on how doctors can be involved in interrogations of detainees, but critics deplored any policy that gives medical professionals a role, saying it can lead questioners to use harsher tactics than they would without medical advice.

The military's use of medical professionals in interrogations has drawn fire from human rights groups and medical ethicists. They have charged that doctors have been used unethically at the prison in Guantanamo Bay, Cuba, to force-feed detainees on hunger strikes and provide medical advice to help interrogators.

William Winkenwerder Jr., the assistant secretary of Defense for health affairs who approved the new policy, said it was written to ensure that healthcare professionals play an appropriate role. The policy attempts to draw a clear distinction between medical personnel who care for the health of detainees and mental health professionals, called "behavioral science consultants," who assist interrogators.

Winkenwerder, in a conference call with reporters, said the "consultants" did not take part in interrogations. They make psychological assessments of prisoners, he said, but are not allowed to shape interrogations with their knowledge of a subject's phobias or medical vulnerabilities.

Leonard S. Rubenstein, executive director of Physicians for Human Rights, said the military should prohibit psychologists or doctors from aiding in the questioning of detainees. "They are using their professional knowledge to hurt people," he said. "The bottom line is health professionals should not be involved in interrogations."

The guidelines are part of a policy directive for medical personnel that was originally due to be released with the Army Field Manual and another directive on the treatment of detainees.

But the Field Manual has been held up by objections from members of Congress, who are worried that it might not go far enough to ensure prisoners are treated humanely. The Times reported Monday that the Pentagon has decided to leave out a key part of the Geneva Convention that bans "humiliating and degrading treatment."

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Sen. John F. Kerry (D-Mass.) on Tuesday sent a letter to President Bush, saying such an omission would "make our troops and our country less safe."

"Given the current situation in Afghanistan and Iraq," he wrote, "it is an especially bad time to send a signal to the world that we no longer abide by internationally accepted norms for the treatment of prisoners."

The medical directive released Tuesday also makes no mention of international law or treaties.

"It is outrageous that there is no reference to Geneva," said M. Gregg Bloche, a Georgetown University law professor and one of the first to disclose the work of the behavioral consultants in an article in the New England Journal of Medicine.

The most controversial of the new rules for medical personnel are likely to be those governing the "behavioral science consultants," psychologists or other experts who advise interrogators.

The American Psychiatric Assn.'s guidelines prohibit its members from taking part in interrogations. Professional guidelines for psychologists are less clear.

The new policy notes that physicians, such as psychiatrists, are not ordinarily used as behavioral consultants, "but may be so assigned" when qualified psychologists are unavailable.

Critics have said the consultants give interrogators information that helps them to increase the discomfort, stress or ill-treatment of detainees, giving tacit approval that allows harsher treatment.

Under the guidelines, the consultants are permitted to "make psychological assessments of the character, personality, social interactions, and other behavioral characteristics of detainees." They can also train military personnel on "safe and effective interrogation methods" and advise them on the "potential effects of cultural and ethnic characteristics of subjects."

The rules, however, bar them from "the use of physical or mental health information regarding any detainee in a manner that would result in inhumane treatment or not be in accordance with applicable law."

"These words speak to humane behavior," Winkenwerder said. "And if you have observed our personnel in action … I can tell you they act humanely and they act with humane principle and they are ethical people."

He said the new rules consolidated existing policies and added new details. "They reaffirm what has been a tradition that goes back decades and decades and decades," he said.

Rubenstein, with Physicians for Human Rights, said anything short of a complete ban on the use of psychologists or physicians in interrogations would result in medical personnel helping interrogators use ever-tougher tactics.

"They have adopted the same policy and dressed it up in what purports to be safeguards," he said. "Once you get sucked into interrogations, the likelihood of violating ethical obligations and hurting people is high."

Many doctors and psychologists argue it is ethical to give classes on human behavior or other general instruction to interrogators. But giving advice on how to break an individual subject and make him or her talk crosses an ethical line, they say. The new rules allow such individualized advice, if the interrogators use lawful techniques.

Stephen Xenakis, a psychiatrist and former Army brigadier general in the medical corps, has criticized the use of doctors and psychologists in interrogations. He said he once supported the kind of wall the Pentagon is trying to create between caring for detainees and aiding in their interrogation.

But he now says such a distinction will be impossible. "You are always a healthcare provider," Xenakis said. "You can't be an interrogator in one job and a doctor in another."

The new guidelines may also tighten the use of medical records. At Guantanamo Bay, there was for a time no restriction on interrogators looking at medical records. The new directive does not restrict access to records but mandates that such disclosures are recorded.

The new rules also offer guidance on force-feeding. They say that medical personnel may assist in force-feeding detainees on a hunger strike "without the consent of the detainee to prevent death or serious harm." The directive says the treatment must be medically necessary.

The International Committee on the Red Cross prohibits force-feeding.

Xenakis argues that doctors should take steps, short of force-feeding, to try to keep patients alive, or persuade them to stop hunger strikes. But he said if patients were mentally competent, and rationally decide to starve themselves, medical personnel must let them do it.

"Patients have the right to exercise autonomy and starve themselves," he said.

Winkenwerder said the new directive adhered to the policy of the Federal Bureau of Prisons: to keep anyone under detention alive.

He said healthcare was provided "with the consent of the detainees," with the exception of those who are refusing nourishment. "We have a policy that is to preserve life," he said. "That policy is an ethical policy," he said.

Md. Teacher Accused Of Aiding Terror Group (WP)

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By Matthew Barakat

The Washington Post, June 7, 2006

A third-grade teacher at a Muslim school in Maryland traveled to Pakistan shortly after the Sept. 11 attacks, trained with a terrorist organization there and later served as chauffeur for one of that group's leaders during his U.S. travels, prosecutors say.

Defense attorneys argue that the government has no evidence the man was ever at the terror camp and say he was in Pakistan to arrange his brother's wedding.

Tuesday morning, jurors began their first full day of deliberations in the trial of Ali Asad Chandia, 29, who is charged with providing material support to Lashkar-e-Taiba, an organization that supports Muslim control of the disputed Kashmir territory on the India-Pakistan border.

Prosecutors have said Lashkar was a potential gateway for Americans and others who wanted to join the Taliban in neighboring Afghanistan in its fight against U.S. troops. The U.S. government declared it a terrorist organization in December 2001.

The charges against Chandia stem from a government investigation of what prosecutors called a "Virginia jihad network," a group of young Muslim men who used paintball games in 2000 and 2001 as paramilitary training for holy war around the globe. Ten people have been convicted in that investigation, including the group's spiritual leader, Ali al-Timimi, who was sentenced to life in prison for soliciting treason and urging group members to fight U.S. troops in Afghanistan.

Prosecutors do not allege that Chandia intended to take up arms against U.S. troops, but they say he received jihad training at a Lashkar camp in late 2001. Then, after returning to the U.S. in 2002, they say he helped Lashkar by assisting one of its officers, Mohammed Ajmal Khan, in his U.S. travels.

Specifically, Chandia served as a driver for Khan and picked him up at various airports. He also helped Khan obtain and ship equipment from the United States to Pakistan, including a remote-controlled aircraft and 50,000 paintballs, according to the government.

Prosecutor John Gibbs said the defense sought to portray Khan as an eccentric, largely innocuous character.

"He is not cute. He is a terrorist," Gibbs said of Khan, who was convicted in Great Britain of supporting Lashkar and sentenced earlier this year to nine years in prison.

Defense attorney Marvin Miller said prosecutors had no evidence that Chandia attended a Lashkar camp, only testimony from a witness who reported seeing Chandia at a Lashkar office in Lahore. Miller said Chandia traveled to Pakistan to help arrange his brother's wedding there in January 2002.

Miller argued that Chandia didn't know of Khan's connections to Lashkar. Chandia only agreed to help Khan because he was asked to by a friend, Masoud Khan of Gaithersburg, Md. Masoud Khan is currently serving a life sentence for his role in the Virginia jihad group.

Prosecutor David Laufman responded by putting a sinister-looking picture of Khan in front of the jury, and ridiculing the idea that Chandia had been an unwitting dupe.

Why More Must Be Done To Protect London (FT)

By Michael Cassidy

Financial Times, June 7, 2006

New thinking is needed on how to protect the public against terrorism. The ordinary citizen is in the front line when it comes to suicide attacks. The first duty of government is to provide that protection and yet, nearly a year on from last July's attacks in London, some simple measures are being sidelined. The London Assembly report into 7/7 reveals communication shortcomings as well as equipment deficiencies and one detects a lack of urgency in responding to these types of concerns. Furthermore, coverage surrounding the arrests in east London highlights the extent to which our transport infrastructure is a prime area of vulnerability.

My own experience in this area is as one who had to deal with the aftermath of the 1993 IRA attack at Bishopsgate in the City in my capacity as chairman of the policy and resources committee at Guildhall. I apply many of the lessons learned in that period to the situation today and find part of the official response inadequate. Then, as with last July, some improvisation was -necessary and volunteer support is always impressive on the day. The police and emergency services undertake heroic efforts in difficult circumstances. Yet a residue of concern permeates one's reaction to recent terrorist incidents.

One feature of the IRA campaign on the mainland was that warnings (not always accurate) were often given. Not so the modern terrorist. The perpetrators then sought to avoid being caught; not so the modern suicide bomber. CCTV is of only limited use in today's circumstances. If you are going to die anyway, what sort of deterrent is a camera at the scene?

The City's response at the time of the IRA campaign was the so-called "ring of steel" – vehicle checks at the eight entry points into the Square Mile. This was radical in its conception, was at the edge of available technology and was in some quarters

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criticised as an intrusion. In fact, it has proved to be a valuable tool in solving serious crimes. With the capability of tracking and photographing a moving vehicle after an alert given only four seconds after it has passed the entry point, it is an effective and efficient system to protect our principal financial district. But today we need random pedestrian checks in addition to examining vehicles. These should be targeted at what people are carrying rather than their likely ethnic origin. The public will respond positively to sensitive use of stop-and-search powers. However, very few of these have been apparent on the streets of London since July 7.

Most business people welcome baggage checks at stations despite objections in the media last year when we advocated them to protect rail travellers. Technology will evolve to minimise delay to passengers, so that every Underground station will have a "loop" capable of setting off an alert that can be responded to in different ways if explosives are detected. There should also be more sniffer dogs on trains.

There is no adequate reason why police officers should not be required to be in uniform when travelling free on public transport. They can wear an "off-duty" badge if they want to avoid being pestered with trivia. But the main objection is based on possible confusion with British Transport Police. Can this stand in the way of a simple and cheap measure that would reassure the public in a busy metropolis which relies on public transport?

The Chamber of Commerce is working with Scotland Yard to build ties with the Asian business community to improve the flow of information that may frustrate terrorist attacks. On the one hand, the police are showing responsiveness to crimes that particularly affect that community and, on the other, business leaders are asked to encourage a better dialogue on likely threats from terrorist sources.

We also support the idea of government grants to give smaller businesses training and advice on resilience to attack. They should be encouraged to have half-day seminars on practical and sensible measures to help swift recovery from an attack, protecting their staff and customers and sustaining their systems. Look at the potential hazards arising from a chemical or biological attack and the imposition of an exclusion zone right where a business is located. Most small business proprietors would not know where to start.

The police have a tough job and resources are limited. But it seems that the political will is lacking to implement some of these practical ideas, despite the very positive response I received at Downing Street last October when they were first mooted.

So, if the politics is not right for new thinking to be brought to bear, let me come to my final thought. We need a government department focused on what has been loosely called "homeland security". Separate this vital responsibility from the rag bag of Home Office duties, some of which involve inherent conflicts when it comes to judging how best to protect the public. That might be more fit for purpose than the present arrangement, which seems bogged down in traditional thinking and is over-reliant on the chancy business of intelligence gathering. People want to see action on the streets and, this time, before the attack and not after it.

The writer is president of the London Chamber of Commerce and Industry

HOMELAND RESPONSE:

New York, You're Still No. 1 (NYT)

By Michael Chertoff

The New York Times, June 7, 2006

Washington

LAST week, the Department of Homeland Security announced $1.7 billion in new spending for state and local governments, including more than $700 million under our Urban Areas Security Initiative. Few readers may know it based on the news media reaction, but these 2006 grants continue a financing stream that places New York and Washington at the very top of the list in terms of money received.

The terrorists who struck us on Sept. 11, 2001, and their allies continue to view New York and Washington as among America's prime targets. Therefore we have put our money where the threat is. Since the creation of my department, the New York and Washington areas, along with Los Angeles, Chicago and the San Francisco Bay Area, have received 45 percent of overall financing from the urban areas initiative.

New York has received more than $528 million of this money, which is more than Los Angeles and Washington combined. The $124 million that New York will receive this year is 50 percent more than the next-highest area, Los Angeles, and represents almost a threefold increase over the $46 million the city received in 2004.

It is true that, in real dollar terms, New York is receiving less this year than in 2005, when it got more than $200 million. Why? In large part because Congress gave us about $600 million less for our grant programs, including approximately $125

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million less for the urban areas initiative. Still, this year New York will receive just under 18 percent of the total funds in the urban areas initiative. This falls in line with the city's average over the last three years of receiving 19 percent of the program's funds.

There is a more fundamental point about these security grants. The Urban Areas Security Initiative awards are designed as capacity building investments. We are looking to pay for new equipment and projects that increase the nation's overall preparedness. They are not for routine and recurring operating expenses like salaries and overtime.

Therefore, while New York and Washington will continue to receive the majority of the money because of the heightened threat they face, future grants will also go to other, less populated areas that have not received much help in building even basic security capacities.

Besides, when we improve the overall level of security nationwide, it helps New York, too. The 2003 blackout clearly demonstrated that loss of critical infrastructure in parts of the country outside New York can have a direct impact on the safety of city residents.

Finally, I would like to clear up two other misunderstandings. First, contrary to news media reports, significant landmarks like the Empire State Building and the Brooklyn Bridge were included in our deliberation over where money would go. It is true that they were not classified as national monuments and icons. Why? To help New York's application.

We purposely placed these structures into other categories: the Empire State Building into the large office building category and the Brooklyn Bridge into the bridges category. We did so because those categories generate a higher complete risk grade for New York's financing proposal than icons like Mount Rushmore that, while important symbolically, would have fewer human and economic consequences in case of an attack.

Second, the Homeland Security Department has made every effort to rely on measurable facts and to take politics out of the process. State and local emergency management agencies — including those in New York — selected more than 100 local homeland security directors, fire chiefs, law enforcement officials and other experts to serve as peer reviewers of applicant-proposed solutions. When surveyed, 96 percent of the local and state agencies agreed that the panels that made the spending decisions included balanced representation, and 83 percent agreed that the peer review resulted in objective scores and results.

New York, Washington and a few other major urban centers face significant risks and rightly get most of the federal investment. But they are not the only cities at risk. Because the federal government cannot equally protect every single American at every moment in every place against every threat, we must manage the risk in the most effective way possible. And while we have significant resources, they are not unlimited. We have the obligation to ensure that those resources are invested wisely and fairly across the entire nation.

Michael Chertoff is the secretary of the Department of Homeland Security.

House Blocks More Funding For New York, Other High-risk Cities (AP)

By Lara Jakes Jordan

The AP, June 7, 2006

WASHINGTON -- House Republicans blocked a vote Tuesday on restoring millions of dollars in counterterror funds to big-city targets, including New York, refusing to bust budget targets over slashed grants to emergency first responders.

New York City-area Democrats pleaded to add $750 million to spending plans to fund the Homeland Security Department in the 2007 fiscal year that begins Oct. 1. But Republicans rejected the measure even as they vowed anew to investigate how Homeland Security could justify cutting funding to New York and Washington _ the two targets of the Sept. 11 attacks _ by 40 percent.

The House approved the overall $32 billion spending blueprint, 389-9, shortly afterward.

"Short memories," said Rep. Nita Lowey, D-Westchester. "Such a cut is unconscionable. ... Reducing funding to New York and Washington, D.C., the two targets of the Sept. 11 attacks, is a slap in the face to every first responder who rushed to the emergency scene that morning and every individual living in those regions."

But Republicans worried about increasing the federal deficit noted that the Democratic plan would have only applied to spending in the 2007 fiscal year beginning in October and would not help this year. Still, they joined Democrats in promising to investigate how Homeland Security divided $710 million among 46 high-threat urban areas nationwide. The department's grant program took a $829 million cut from 2005, although some smaller cities, like Omaha, Neb., saw their funding increase.

"It's tough to understand, considering New York City remains the highest target for terrorism," said Rep. John Sweeney, R-Clifton Park. Rep. Harold Rogers, R-Ky., who chairs the House Appropriations panel that oversees homeland security spending, told lawmakers he supported efforts to "further look into the matter."

Addressing another Homeland Security controversy, lawmakers agreed to shift $4.2 million from a department contract with a limousine company to fund firefighting grants. The owner of Shirlington Limousine has numerous felony convictions, and other

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clients used the Virginia-based company to chauffeur people to poker parties attended by House members, CIA officials and, allegedly, prostitutes.

In all, the House bill would give Homeland Security $1.8 billion more in 2007 than this year. It bolsters protections at seaports by $448 million more than in 2006, adds 1,200 Border Patrol agents and boosts the Hurricane Katrina-beleagured Federal Emergency Management Agency by $6.5 billion for disaster preparedness.

For the second straight year, the bill also eliminates a $1.3 billion administration plan to raise fees for airline passengers.

The Senate has yet to write a similar bill.

City Will Not Change Its Strategy For Dealing With Terror (NYT)

By Sewell Chan And Winnie Hu

The New York Times, June 7, 2006

Mayor Michael R. Bloomberg said yesterday that the city would not alter its strategy in future applications for federal antiterror money to comply with the Department of Homeland Security's preference for semipermanent safeguards like new technology over recurring costs like police overtime.

"We're not here to change our strategy to suit anybody," the mayorsaid. "We're going to do what we think is right, and if the burden falls solely on the taxpayers of New York City, that's not good. But in the end, our No. 1 priority is to provide security, and I would argue that the level of expertise in the city, in all of the different first-responder agencies, is as good as anyplace you'll find in the world."

While expressing disappointment about the 40 percent cut in annual antiterror money for the city announced last week, Mr. Bloomberg has made it clear since Sunday that he does not expect Washington to change its mind. "We have a very different philosophy than what the federal government does," he said in a news conference on Staten Island.

"While technology is important," he added, "it's really shoe leather that counts" in fighting crime and terrorism. "And so a very big portion of the monies that we always ask for are to cover labor costs, which typically the federal government does not do," he said. "We think they're wrong in that."

Last night, the House of Representatives approved an appropriations bill for the Department of Homeland Security for the fiscal year starting Oct. 1, after Republicans blocked a vote on a proposal to restore $115 million in grants for New York City and $40 million for Washington, according to The Associated Press.

In a related development, the city's Department of Health and Mental Hygiene, which has received about $14 million in federal funds for health and bioterrorism preparedness, said yesterday that the reduction in federal aid could hurt those efforts.

"This cut is likely to have an effect on our planning for radiation events, including subway detection and response projects, as well as on critical emergency response information systems," the deputy commissioner for disease control, Dr. Isaac B. Weisfuse, said at a budget hearing before the City Council.

He said that the department's request, as part of the city's grant application, included more than $5 million for radiation monitoring, $4.5 million for emergency response computer technology and $1 million on preparations for distributing vaccinations or treatments.

At the hearing, Dr. Weisfuse told Councilman David I. Weprin of Queens that the ultimate effect of the cuts was not yet certain. "Since this has happened relatively recently, we need to regroup and look at all our projects and see how we can attempt to fund them," Dr. Weisfuse said.

Despite Mr. Bloomberg's position, some New York politicians continued to push for the Bush administration to reconsider the grant allocation to New York.

Representative Vito J. Fossella of Staten Island, the only Republican to represent New York City in Congress, said yesterday that he had spoken with the White House chief of staff, Joshua B. Bolten, and urged President Bush to intervene.

"One, it's the right policy to do in the short term," Mr. Fossella said, "but over the long term I think the president really needs to set the example that when it comes to allocating homeland security funding it is going to be truly risk-based, it's going to be threat-based."

Mr. Fossella said that Mr. Bolten had called him in response to a letter the congressman wrote to President Bush on Thursday.

Mr. Bloomberg, however, stopped short of calling for the president to step in, saying, "I've dealt with the secretary, and I think that's the level that I should be dealing with."

Mr. Bloomberg said that the secretary of homeland security, Michael Chertoff, had promised to help the city to maximize the money that was awarded. The city still needs to document the proper use of the money before it can receive it.

The under secretary for preparedness, George W. Foresman, will try to expedite the process of securing the grant money, said Russ Knocke, a spokesman for the Department of Homeland Security.

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Katrina Displaced 400,000, Study Says (WP)

By Peter Whoriskey

The Washington Post, June 7, 2006

Hurricane Katrina displaced more than 400,000 people from the New Orleans area and the Mississippi Gulf Coast, according to a Census Bureau report to be released today, one of the most comprehensive looks at the hurricane-induced migration.

The figures show that the New Orleans metropolitan area, and not just the city, remains vastly shrunken in population four months after the storm, having lost 378,000 people, and that those who remained were more prosperous and were far more likely to be white.

Whereas the population of the New Orleans region was 54 percent non-Hispanic white before the storm, that proportion had grown to 68 percent in the months after the storm, the figures show.

"We knew the city was becoming whiter and less poor, but now we know the entire New Orleans region was," said William H. Frey, a demographer at the Brookings Institution who analyzed the new figures. "This is the first real numbers on this. Everything else has been guesswork."

The figures show that the Gulfport-Biloxi region lost 41,000 people from before Katrina to January, ranking it second among metropolitan areas for population loss.

But in contrast to the New Orleans region, the Mississippi coast has become less white, the figures show. The proportion of non-Hispanic blacks in Mississippi's coastal counties has risen from 17 percent to 27 percent.

Exactly how many people have returned to the hurricane-ravaged areas and who they are has been a matter of intense speculation among public officials and businesses planning the rebuilding effort.

The new figures will not end the debate, however.

Census officials warned that some of the figures are subject to larger than normal margins of error and, moreover, that the figures are already at least five months old.

"The population estimates were from back in January, and back then the situation was a lot more volatile," said David Bowman, a researcher for the Louisiana Recovery Authority.

His estimates suggest that the population of New Orleans has grown from 156,000 in January to 192,000 in May. About 450,000 people lived there before Katrina.

The recovery has been far slower than many had expected, and the new figures only underscored the vast challenges ahead.

"Those who sit and speculate that the city will have 350,000 people next year are doing it on certain innate beliefs -- that people want to return, that there will be jobs," said Rob Couhig, one of the leaders of a rebuilding commission arranged by Mayor C. Ray Nagin.

Couhig said he expects that many who have left will never return.

Storms Also Shifted Demographics, Census Finds (LAT)

By Ann M. Simmons, Times Staff Writer

The Los Angeles Times, June 7, 2006

NEW ORLEANS — In the four months following Hurricanes Katrina and Rita, the population of the New Orleans metropolitan area became substantially whiter, older and less poor, and it shrank to less than half its size, according to statistics released today by the Census Bureau.

The figures were drawn from estimates of the hurricane-affected areas along the Gulf Coast as of Jan. 1, and cover 117 counties initially designated by the Federal Emergency Management Agency for individual or public assistance. Separate data from the Census Bureau's 2005 American Community Survey, or ACS, analyzed demographic, socioeconomic and housing characteristics of the population in those counties.

Census officials and demographers said the new statistics provided the most comprehensive post-Katrina population and demographic figures to date.

"The data from the ACS provides the first quantitative data in support of anecdotal stories we have read and seen on television for the past nine months," said Lisa Blumerman, deputy chief of the ACS, which typically produces annual estimates of population and housing characteristics after a full year of data collection. This time, however, ACS divided the 2005 data into an eight-month period before Hurricanes Katrina and Rita, and a four-month period after the storms.

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Census officials acknowledged that because of the survey's shorter time period, and the smaller sample size because of difficulties in conducting interviews immediately after the storms in flood-ravaged areas such as Orleans and St. Bernard parishes, "the reliability of the estimates is reduced."

Parishes and counties were combined into metropolitan statistical areas, and the margin of sampling error is plus or minus 3 percentage points.

The biggest population loss was experienced in metropolitan New Orleans, which includes seven parishes, and in the Mississippi Gulf Coast counties of Harrison and Hancock, and part of the Gulfport-Biloxi area also in Mississippi.

The population of Orleans fell from 437,186 in July 2005 to 158,353 after the storms. Nearby St. Bernard Parish lost 95% of its residents.

The New Orleans metro area's population was 37% black between January and August 2005 and fell to 22% between September and December 2005. The percentage of white residents grew from 60% to 73%. Households earning between $10,000 and $14,999 annually dropped from 8.3% to 6.5%; while those with a yearly income of between $75,000 and $99,999 rose from 10.5% to 11.4%.

"It's become substantially whiter, less poor, and there is a greater percentage of the area's people who have high-valued homes, or who are paying higher values of rent," said William H. Frey, a demographer and visiting fellow at Washington's Brookings Institution Metropolitan Policy Program, which analyzed the new census figures. "The changes also tend to impact the family structure and household. There is a decline in poverty."

Frey added that the disproportionate out-migration of lower-income and black residents to destinations farther away from New Orleans had likely slowed the return of such residents, because they lacked the finances, did not own their property, or if they did, the property might have been destroyed.

The percentage of households that were renters dropped from 36% to 27%, Frey said.

While population numbers have drastically decreased in Orleans and St. Bernard parishes, a dramatic rise has occurred in cities such as Houston and Baton Rouge, which absorbed large numbers of displaced people.

Harris County, where Houston is located, gained some 92,000 people in the last six months of 2005, according to the Brookings analysis of the census data. East Baton Rouge saw a population spike of about 4% in four months.

"Blacks tended to move to where they had relatives and friends or where they were first evacuated to," Frey said. People who relocated to nearby towns such as Baton Rouge tended to be middle class and own cars.

Blumerman, the census official, said other significant findings for the New Orleans area in the four months after Katrina included: The number of people who were living in a different home rose from 13% a year ago to 21% in January; the median age of residents had increased from 38 to 42; and, in Louisiana's federally designated hurricane-related assistance zones, the number of people in need of food stamps went from 12% to 31%.

Louisiana state officials said that while the data was useful, it was just "a snapshot."

"It's a partial picture of the changes," said Karen Paterson, a demographer at the Louisiana State Census Data Center.

Katrina's Unlearned Lessons (WP)

The Washington Post, June 7, 2006

LAST WEEK the U.S. Army Corps of Engineers admitted responsibility for much of the destruction of New Orleans. It was not true, as the Corps initially had claimed, that its defenses failed because Congress had authorized only Category 3 protection, with the result that Hurricane Katrina overtopped the city's floodwalls. Rather, Katrina was no stronger than a Category 2 storm by the time it came ashore, and many of the floodwalls let water in because they collapsed, not because they weren't high enough. As the Corps' own inquiry found, the agency committed numerous mistakes of design: Its network of pumps, walls and levees was "a system in name only"; it failed to take into account the gradual sinking of the local soil; it closed its ears when people pointed out these problems. The result was a national tragedy.

You might think that the Corps' mea culpa would fuel efforts to reform the agency. Sens. John McCain (R-Ariz.) and Russell Feingold (D-Wis.) are pushing a measure that would do just that, requiring that future Corps proposals be subject to technical review by an independent agency. But the stronger current in Congress goes in the opposite direction. A measure urged by Louisiana senators and written by Sens. James M. Inhofe (R-Okla.) and Christopher S. Bond (R-Mo.) would loosen oversight of the Corps. Billions of dollars may be spent in ways that ignore the most basic lessons from Katrina.

Congress has already passed laws with language directing the Corps to design a new flood-protection plan for Louisiana. The language encourages the construction of Category 5 protections for the whole state, a project that could cost tens of billions of dollars; it advertises its own profligacy by laying down that the flood-protection plan should be exempt from cost-benefit analysis. The new measure, which is reportedly part of a revised version of a water projects bill that will be unveiled shortly, would lower the bar for congressional approval of whatever Louisiana defenses the Corps sees fit to propose. Rather than

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requiring full votes in both chambers of Congress, the Corps' plan could be authorized by votes in two committees that tend to rubber-stamp such projects.

In the wake of Katrina, this is almost beyond belief. The Corps' admission of its own technical shortcomings points to the need for tougher oversight, not less. And the New Orleans disaster has illustrated the folly of building flood defenses for vulnerable low land: Some of the worst-hit areas would not have been developed in the first place if the Corps hadn't decided to build "protections" for them. Encouraging the Army Corps of Engineers to build Category 5 defenses for all of Louisiana, including parts that are sparsely populated for good reason, would not merely cost billions that would be better spent on defending urban areas. It would encourage settlement of more flood-prone land and set the stage for the next tragedy.

Hurricane Forecasts: Good Headlines, Bad Science (USAT)

By Debora Wilson

USA Today, June 7, 2006

The 2005 hurricane season was clearly unprecedented and took a huge toll on our country and those whose lives and livelihoods were impacted. The only silver lining was raising the level of awareness among consumers, the news media and policymakers as well as local, state and federal governments.

One byproduct of this growing awareness is a much higher degree of interest among the general public in understanding and predicting what's going to happen this year. Unfortunately, this is spawning a new wave of individuals and organizations who bill themselves as experts, publicly issuing predictions that not only speculate on the number of hurricanes the USA will experience this season but also the specific regions where the storms will make landfall.

The news media love pre-season predictions, but they provide a misdirected focus. The question should not be "How many?" but, instead, "Are you prepared?"

Predictions are fraught with inaccuracy. While there is skill in forecasting whether a particular season will be active overall, there are no definitive scientific methods for predicting the exact number of hurricanes that will form during a particular year. Despite claims to the contrary, no verified means exist to pinpoint an area or region a hurricane will impact. For example, one prediction made shortly before Hurricanes Katrina and Rita devastated the central Gulf Coast claimed the East Coast would be the region most threatened during the peak of the hurricane season.

New predictions

In the past few weeks, another prediction that the Northeast is likely to be hit by a strong hurricane has garnered national headlines. Is the Northeast due for one? Absolutely. In fact, The Weather Channel recently highlighted the possible fallout from a Category 3 hurricane striking Manhattan in an episode of It Could Happen Tomorrow. But acknowledging that a potentially disastrous scenario exists is far different from predicting the timing of it.

Although these unfounded predictions do raise awareness in the forecasted areas, they also lull residents in other coastal regions into a false sense of security. None of these claims would pass as legitimate peer-reviewed research in the scientific community.

Is there a way to predict where a hurricane will make landfall?

According to our experts, steering patterns for major hurricane landfalls persist in multiple consecutive years and even tend to be predominant throughout a particular decade, leading to multiple regional strikes — such as the Florida Peninsula in the 1920s and '40s, the East Coast in the '50s, and the western and central Gulf Coast in the '10s and '60s. This would suggest that perhaps, continuing from 2004 and '05, Florida and the central-eastern Gulf Coast are the ones "staring down the barrel of a gun" once again.

Fickle patterns

Nonetheless, hurricanes do not always stick to one particular pattern or region. In the 1930s, hurricanes made landfall in locations spread widely from New England all the way to South Texas.

This is why experts should never jump on the bandwagon to issue seasonal hurricane forecasts. The fact is that nobody knows at this juncture what regions, states and communities will get hit this year. The same logic can be applied to recent claims that global warming is linked to the increased number of hurricanes. Until scientists can study additional hurricane seasons, it is impossible to validate these claims.

So the bottom line for the East Coast, the Gulf Coast and all coastal residents: Until science makes a lot more progress and enables us to credibly home in on who is going to get hit — months in advance — be equally prepared everywhere every year. Period.

Debora Wilson is president of The Weather Channel.

Are Hurricanes Uninsurable? (WSJ)

DOJ_NMG_0032572

By Holman W. Jenkins, Jr.

The Wall Street Journal, June 7, 2006

It wasn't so long ago that insurers were pronouncing terrorism "uninsurable." But ask any insurer: Aon's Paul Bassett recently noted that the global war on terror had greatly reduced the threat of megaplots on the scale of Sept. 11, 2001.

Yes, suicide bombers and car bombs remain a threat, but not to the industry's capital base. Hurricanes are the new "uninsurable" now.

Here's a complicated story that only begins with warming ocean temperatures thought to justify an expectation of increased hurricanes. One risk modeler, Risk Management Solutions Inc., chucked out 100 years of hurricane data and brought together four climate scientists who probably wouldn't agree about much else but agreed that the next five years would see a higher-than-average number of hurricanes. Presto, a risk model employed by many insurers to set rates suddenly implies a 40% hike for Gulf Coast property owners.

A second factor: More hurricanes meet more people and property. Regionally speaking, Katrina came ashore in a low-rent neighborhood. Florida, a hurricane highway, represents an agglomeration of coastal property worth $2 trillion. New York City and Long Island offer a similar target. The Texas coast represents about $750 billion worth of bowling pins.

These scenic vicinities experienced building booms in the '70s and '80s, when hurricane activity was at low ebb. Beginning in the early 1990s, a series of devastating storms swept through, especially in Florida. Enter factor three: The willingness of the federal government to rush in with rebuilding aid far above even the billions in subsidized flood insurance already provided to coastal homeowners. Coastal development only quickened when it should have slowed.

Upping the ante were 9/11 and Katrina, which demonstrated to high rollers the federal government was incapable of not shelling out infinite sums to ease personal tragedies when bad things happen on a large scale (if you lose your house or loved one in an everyday mishap, of course, you're still on your own).

As anyone might have predicted, this dynamic is now unraveling the insurance industry's ability to help society control its risk-taking by properly pricing risk. Lloyd's Julian James put it this way late last year: "It seems to me that with $400,000 per family [paid out in the wake of the terrorist attacks and Katrina], if the government hands out checks, do people need insurance?"

In olden times, robber barons built their seaside mansions a safe distance from the ocean. Today's yuppies build their palaces right on the beach: FEMA reckons that a quarter of coastal dwellings will be destroyed in the next half century. The solution seems obvious: Restore the incentive for yuppies to behave responsibly like the robber barons.

This assumes two things: Insurers would have to be free to charge realistic rates, which is problematic given that rates in most states are approved by elected or appointed insurance commissioners, most of whom have their eyes on higher office.

It also assumes state courts will uphold insurance contracts -- a principle being tested in Mississippi, where Attorney General Jim Hood likens insurers to "Nazis in lockstep" and is pursuing civil and criminal complaints against them for refusing to pay for flood damage explicitly not covered in the policies they sold to homeowners.

The riskiest assumption of all is that property owners would be willing to pay "actuarially sound" rates rather than just skipping insurance and relying on a federal bailout in the wake of a big storm. Here's the real crux of the claim by some industry watchers that hurricanes have become effectively uninsurable.

In this camp is Robert Litan, a Brookings Institution economist who says bailouts have become politically mandatory and property owners expect them. So the only rational course now is to fund them in advance, with taxes borne mainly by those who benefit. Coming to a similar conclusion is Allstate CEO Ed Liddy, a one-man band who's been trying to drum up enthusiasm for a federal disaster insurance program.

He was a voice alone but lately has acquired allies in the form of State Farm and a few others. Mr. Liddy lays out an approach that, he claims, would tap all business and property owners in Florida who presumably benefit from coastal development even if their own property is inland. Folks in Peoria and Dubuque wouldn't be milked, as they are now, to subsidize the lifestyle of beach dwellers.

He also says his plan would mandate realistic insurance rates and impose damage mitigation measures to reduce the cost of hurricanes and discourage high-risk development.

Don't hold your breath for this part. Federal flood insurance was instituted in 1968 with the same good intentions -- to make property owners bear the cost of their own recurrent bailouts. Instead it became a subsidy to increased risk-taking. That program today is $21 billion in the hole, its shortfalls financed by taxpayers in Peoria and Dubuque.

Where's Al Gore when you need him? Mr. Liddy's plan may be a defensible concession to political realities, i.e., the inevitability of the federal government continuing to pay people to rebuild what storms knock down (see New Orleans). But it also makes an undesirable peace with over-development of coastal areas. The harder road of imposing market insurance rates on coastal property owners and ending taxpayer handouts would mean a lot of coastal development would come to a halt -- as it should.

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In any case, all agree the debate won't be settled in an election year, and probably not until another hurricane forces the country to face up to how the rest of us have been taxed again and again to subsidize the high-risk lifestyles of those who plant themselves in the paths of hurricanes.

WAR NEWS:

Senate To Hold Hearings On Iraq Massacre (AP)

By Liz Sidoti

AP, June 6, 2006

The Senate will hold hearings soon into an alleged Marine massacre of Iraqi civilians, a committee chairman said Tuesday as Republicans and Democrats voiced serious concerns about the accusations.

"We've got our duty and we'll do it. We'll go wherever the facts lead," Sen. John Warner (news, bio, voting record), the Senate Armed Services Committee chairman, said of the allegations that U.S. Marines killed up to 24 Iraqi civilians last November in the town of Haditha without cause and then engaged in a cover-up.

The Virginia Republican told reporters he wanted to hold the first of what he expected to be a series of hearings on the allegations as soon as Army Maj. Gen. Eldon A. Bargewell finishes his investigation into whether military personnel lied about what occurred at Haditha. Warner said Bargewell likely would be the first witness called.

Congressional aides say Bargewell's report could be completed within the week but that the military's separate criminal investigation is not expected to be finished anytime soon.

In a letter to Defense Secretary Donald H. Rumsfeld on Tuesday, Warner requested the Pentagon tell him "the earliest possible date that the department could provide witnesses" for the first hearing. Warner stressed that delaying the results of such investigations will mean that "a mixture of information, misinformation and unconfirmed facts will continue to spiral in the public domain."

"We must do everything possible to prevent our military personnel, and indeed the values of all our military services, from being judged on unofficial information in the court of public opinion prior to the conclusion of official investigations," Warner wrote.

His counterpart in the House, Rep. Duncan Hunter (news, bio, voting record), R-Calif., also has pledged to hold hearings in the House Armed Services Committee. But he, too, has said he wants to wait until the military completes its investigations to ensure Congress doesn't interfere with potential criminal proceedings.

Over the past week, more details have emerged about the November incident and a senior U.S. defense official said military investigators have evidence that points toward unprovoked murders by Marines.

Politically, the alleged murders in Haditha — as well as unsubstantiated claims of unprovoked civilian deaths by U.S. troops elsewhere in Iraq — threaten to further drag down support for the Iraq war and could turn into a political problem for President Bush and Republicans five months before congressional elections. Polls show voters increasingly uncomfortable with the direction of the war as well as more inclined to see Democrats leading Congress.

Returning to Washington after a weeklong Memorial Day break, lawmakers expressed grave concerns about Haditha and said the allegations could further tarnish the U.S. image abroad and hurt efforts to curb terrorism worldwide.

But Republicans and Democrats alike in both the House and the Senate also urged caution, saying that Congress and the public still didn't have all the facts and shouldn't prejudge the outcome of the military investigations.

"While it's too early to pass judgment on what happened, things don't look good," said Sen. James Inhofe (news, bio, voting record), R-Okla.

Added Sen. Ben Nelson (news, bio, voting record), D-Neb.: "If the initial reports are true ... clearly it's an atrocity."

"What we do know is pretty ugly stuff," said Rep. Adam Putnam (news, bio, voting record), R-Fla., who returned from Iraq just days ago. "I fear that Haditha can have even greater negative consequences in perception than Abu Ghraib," where U.S. soldiers abused Iraqi prisoners in 2004.

Rep. C.A. "Dutch" Ruppersberger, D-Md., who also recently returned from Iraq, said that if substantiated, what happened at Haditha "hurts our reputation in the world."

Rumsfeld Pressed To Disclose Findings Of Haditha Probe (AFP)

AFP, June 6, 2006

The top US senator on military affairs pressed Defense Secretary Donald Rumsfeld to quickly make public the findings of a probe into the alleged killing of Iraqi civilians by US Marines.

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Senate Armed Services Committee chairman John Warner, in a letter to the defense secretary, also vowed to hold a "series of hearings" on the alleged atrocities in the Iraqi town of Haditha on November 19.

"Congress and the American people are entitled to a timely disclosure of the official findings and recommendations of these inquiries," the influential Republican wrote in the June 6 letter.

"Delays in getting out the official findings of fact due to a protracted review process will mean a mixture of information, misinformation and unconfirmed facts will continue to spiral in the public domain," he said.

"Given the alleged seriousness of these events ... these hearings are the first priority of our committee," the senator wrote.

The Pentagon is investigating whether US Marines killed 24 civilians in Haditha, a town northwest of Baghdad, after a marine was killed by a roadside bomb.

A separate inquiry is looking into whether there was a military coverup of the killings.

Pentagon officials have said the investigations are nearing completion but not given an indication when findings will be released.

Senators Press Pentagon On Haditha Hearings (NYT)

By David S. Cloud And Eric Schmitt

New York Times, June 7, 2006

WASHINGTON, June 6 — The Republican chairman of the Senate Armed Services Committee told the Pentagon on Tuesday that he planned to hold hearings "at the earliest possible date" into the reports of killings of civilians by marines in Haditha, Iraq. Other senators complained that the Defense Department had been slow to share details about the case.

In a letter to Defense Secretary Donald H. Rumsfeld, the chairman, John W. Warner of Virginia, asked the Pentagon to make available Maj. Gen. Eldon A. Bargewell, the Army general who is conducting one of two investigations into the incident. The inquiries are expected to find that marines killed at least some of the 24 civilians slain without provocation after a roadside bomb killed a lance corporal in their squad.

Democrats on the committee expressed growing frustration that the Pentagon was not sharing details about the inquiries since Time magazine published an article in March challenging the military's explanation of the deaths.

"They were very slow in notifying the committee, just like they were very slow in doing everything else," said Senator Carl Levin of Michigan, the committee's senior Democrat. He added that military officials in Iraq "knew there was something amiss" but did not start the two investigations until March 9.

In his letter, Mr. Warner warned Mr. Rumsfeld not to delay making witnesses available to Congress. "Delays in getting out the official findings of fact due to a protracted review process will mean a mixture of information, misinformation and unconfirmed facts will continue to spiral in the public domain," Mr. Warner wrote.

Speaking to reporters after dedicating a new Islamic prayer center at the Marine base in Quantico, Va., the deputy defense secretary, Gordon R. England, and the Marine Corps commandant, Gen. Michael W. Hagee, pledged thorough inquiries. "If we find people who have violated our standards, they'll be held accountable," General Hagee said.

General Bargewell's inquiry is expected to be sent to the second-ranking general in Iraq within the next few days, said a House Republican who received a briefing on Saturday from the officer in Baghdad.

Representative John Kline, a Minnesota Republican and a former marine, said in a telephone interview that he and three other lawmakers were told by the officer, Lt. Gen. Peter W. Chiarelli, that General Bargewell's inquiry was voluminous and "virtually completed."

But General Chiarelli told the lawmakers that before he approved the inquiry's conclusions, he wanted to ensure that it contained any major findings from the criminal inquiry.

Quantico Islamic Center Dedicated (WP)

By Theresa Vargas

The Washington Post, June 7, 2006

In the official speeches, no one mentioned Haditha. But as the Islamic Prayer Center was dedicated yesterday at the Marine Corps Base in Quantico, recent violence in Iraq, including the killing of 24 civilians in the western Iraqi town, allegedly by Marines, was on the mind of some.

Aisha Greenleaf Abdul-Mateen sat in a folding chair behind rows of other folding chairs, listening as Deputy Secretary of Defense Gordon England and Gen. Michael W. Hagee, commandant of the Marine Corps, spoke about the significance of the day -- the first Muslim prayer center for the Marines. She sat there as they pointed to the small white building behind them as a symbol of America's religious tolerance. And she remained there after they finished their speeches, took off their shoes and walked inside the center with a gaggle of journalists in tow.

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"If they would have asked someone like me to say something, they would have got the truth," said Abdul-Mateen, a Muslim and wife of a veteran.

She would have stood at the podium and said that the Islamic Prayer Center was a "beautiful, beautiful thing" but long overdue. She would have said that it shows "equality" and "justice" and "respect," but that those qualities were being lost in the bigger picture of the Iraq war. That the leaders weren't following what God wants.

"If they were," she said, "we wouldn't be in Iraq doing what we're doing -- hurting innocent people, having them take their clothes off and siccing dogs on them, and even what they're doing in Cuba."

Yesterday's ceremony marked the dedication of the building that has been in use by the base's Muslim community since the end of last year. The plan is to build a larger facility by 2009 to serve as a religious activities and family support center. Several who attended the ceremony described it as a positive step in relations with the Muslim community in the United States after a series of reported missteps recently in Iraq, such as the alleged atrocity in Haditha.

"The event was timely," said Ghayth Nur Kashif, an imam who served in the Korean war. "It's not going to be enough, but it's a start."

Lt. Abuhena Saifulislam, a U.S. Navy chaplain and religious adviser to the U.S. Marines, said the idea for the center came last July when he was assigned to the base. Muslim service members and international students came to him for help.

"They started asking me, 'Can we get a place to pray?' " he said, adding that they had been going off the base to Woodbridge and Stafford.

Saifulislam estimates that 30 people use the center, but he's confident that the number will grow.

"As it is known, they will come," he said.

England said 4,000 Muslim Americans are serving in all branches of the U.S. military. He said the center will be not only a space for them but also a place to educate people about Islam. Inside the center, which is mostly a large, empty room, the walls are decorated with educational posters topped with such questions as "Who is Allah?" and "What do Muslims believe?"

"At the end of the day, we are all brothers and sisters," England said.

Hagee said he believes that everyone shares the basic values of respect for human life, for the truth and for personal property.

"The Islamic Prayer center is really an extension of our ethos, this ethos we take care of one another," he said. "We are a family."

Even those at yesterday's ceremony who did not agree with the war and were solemn when talking about recent events under investigation in Haditha agreed that the center was a positive symbol of religious respect.

"This couldn't happen in any other country except America. It wouldn't happen in the Middle East," said Christopher Bell, a Vietnam veteran who started the Muslim-American Veteran Association. "We have our problems, but this is the greatest country as far as freedom goes."

Rumsfeld Is Correct - The Truth Will Get Out (NYT/IHT)

By Roger Cohen

New York Times/International Herald Tribune, June 7, 2006

NEW YORK "Ultimately the truth gets out, notwithstanding people's efforts to the contrary."

This sentence was uttered last week by Donald Rumsfeld, the U.S. defense secretary, during a visit to Singapore. He was irritated at the time, as he often is, by what he regarded as a boneheaded question from a journalist about whether the Pentagon was too obsessed with Iraq to watch China's military.

But of course the words have a wider relevance to the Rumsfeldian universe. Indeed, in the mouth of their author they amount to a gem. The defense secretary, by design or despite himself, and more often the latter, is a master of the bon mot. Alas, he is not a master of self-criticism.

This, after all, is the same man who, back in 2002, tried to argue that the absence of evidence for Iraqi weapons of mass destruction needed some perspective. "Simply because you do not have evidence that something exists does not mean that you have evidence that it doesn't exist," he declared.

Or, as he put it in attempting to elaborate: "Absence of evidence is not evidence of absence." Or, trying again: "There are things we know that we know. There are known unknowns; that is to say there are things that we now know we don't know. But there are also unknown unknowns. There are things we do not know we don't know."

It seems Rumsfeld has a French side. Where is Descartes when you need him?

Unraveling all this was never simple. The unknown unknown: that's deep. But ultimately the truth gets out and lends itself to a simple declarative sentence. There were no Iraqi weapons of mass destruction.

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This is also the man who responded to the wholesale looting in the wake of Saddam Hussein's downfall in 2003 by saying, "Freedom's untidy, and free people are free to make mistakes and commit crimes and do bad things." Or, in a more succinct exegesis: "Stuff happens."

Yes, stuff does, and ultimately the truth gets out.

The truth, in this case, that Rumsfeld was so focused on the plan of attack in Iraq and securing Saddam's overthrow with a lean force, he had no time for any plan for the aftermath. So there was no post-invasion plan worth its name, to stop looting or a gathering insurgency.

Nor did Rumsfeld have time for the senior commander who questioned his nonplan. General Eric Shinseki, the former chief of staff of the army, was humiliated after suggesting "several hundred thousand troops" would be needed to secure Iraq. Rumsfeld didn't even bother to attend his retirement ceremony.

All this braggadocio ended up leaving the troops on the ground in Iraq exposed. Staff Sergeant Christopher Bush told me patrols in 2003 were known as "suicide runs." Humvees had no armor or turret shields.

Bush would remove the fiberglass doors so that it was easier to shoot; the doors were useless anyway. "Nobody told us to expect or prepare for that warfare," Bush said.

Least of all the defense secretary, whose lapidary comment was: "As you know, you go to war with the army you have, not the army you might want or wish to have at a later time."

But ultimately the truth gets out. You go to a war of choice, when you are the U.S. military, in the strength you opt to deploy, and if your calculation of that deployment - its nature, challenges and duration - is erroneous, you pay the price in the form of more than 2,400 dead Americans.

Or, as marine Lieutenant General Gregory Newbold, one of the retired generals who called for Rumsfeld's departure earlier this year, put it: decisions were made "with a casualness and swagger that are the special province of those who have never had to execute these missions - or bury the results."

On the subject of such burials, by the way, Rumsfeld has another bon mot: "Death has a tendency to encourage a depressing view of war."

Yes, Mr. Secretary, it does.

Another truth about death is now coming out. It concerns what happened on Nov. 19, 2005, in the farming town of Haditha, in Iraq's troubled Anbar Province. On that day, 24 Iraqi civilians were killed, as first reported by Time magazine.

An initial statement from the marines said 15 had been killed by a roadside bomb, and others by marines returning fire when their convoy was attacked.

It now appears, on the contrary, that a military investigation will confirm that, as Representative John Murtha, Democrat of Pennsylvania, has said, "Our troops overreacted because of the pressure on them, and they killed innocent civilians in cold blood."

Stuff happens. People lose it on Los Angeles freeways or in the New York subway. They lose it more often, and more devastatingly, when they're in a war against a shadowy enemy moving seamlessly through a sympathetic civilian population. We all remember My Lai.

Haditha is not My Lai. But it may resemble it at least in this respect: the suggestion of a cover-up in the aftermath of the killing is strong. Rumsfeld is promising clarity: "There's an investigation going on as to what took place. There's an investigation going as to what took place after whatever took place."

That French side, again.

I don't doubt Rumsfeld wants a thorough investigation. But there's a problem: when swagger and cavalier lack of preparation and disregard for facts have been your hallmarks, things tend to happen in your image. That's a truth Rumsfeld may ultimately have to face.

He said something else in Singapore, about Iraq. "Suddenly they are going to have a constitution - a piece of paper - that's going to have to hold the country together; not repression by a vicious dictator, but a piece of paper. And that is a big thing."

It sure is. And it needed more nurturing than Rumsfeld had patience for. Which is not a reason to cut and run now. Ultimately the truth gets out.

"Lawfare" Over Haditha (WSJ)

By David B. Rivkin Jr. And Lee A. Casey

Wall Street Journal, June 7, 2006

The unfolding investigation of last November's events in Haditha reveals much more about the Bush administration's critics than it does about the U.S. armed forces. Although the inquiry is ongoing, it appears that 24 unarmed Iraqi civilians were deliberately murdered, allegedly by American Marines seeking revenge for a fallen comrade. If true, the episode was a war

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crime, something that must be -- and no doubt will be -- severely punished. However, the administration's critics are already cynically leveraging the Haditha killings as a means of undercutting the president, heedless of the effect this may have on American national interests.

Here is an outline of the emerging anti-Bush thesis: Haditha was the fault not of a handful of Marines, but of an administration that has refused to honor international law. As support, critics point to the administration's refusal to grant Geneva Convention rights to al Qaeda or the Taliban, to the use of aggressive interrogation techniques to obtain intelligence from terrorist detainees, and to a determination not to treat these individuals as ordinary criminal defendants. All of this is claimed despite the fact that the most fundamental aspects of administration policy -- that the U.S. is at war, that individuals captured in this war can be held without trial as "enemy combatants" or tried by a military commission -- have been vindicated so far by the courts.

Nevertheless, the killings at Haditha and a handful of other incidents in which U.S. troops have violated the laws of war (and are in the process of being punished) are already being cited as evidence of a systematic problem with American forces abroad and American leadership at home. In fact, although scores of atrocities have been alleged in Iraq and Afghanistan, the vast majority have been false claims. Most recently, for example, charges that U.S. forces executed civilians during a March 15 night-time raid on an al Qaeda safe house in Ishaqi proved to be groundless.

To put things in perspective, it is worth noting that abuses and violations of the laws of war have occurred in every armed conflict in human history, regardless of how well-led or disciplined were the troops involved. Indeed, by the standards of past conflicts, U.S. forces in Iraq and Afghanistan have behaved in exemplary fashion, using force in combat with unprecedented precision, minimizing collateral damage and civilian deaths -- often at risk to themselves and to their mission. In Iraq, this has been the case even though American forces are fighting in the toughest possible urban insurgency environment.

Overall, all U.S. forces, including the Marines, have used deadly force in a proportionate and discriminate manner, fully in accord with the laws and customs of war. By contrast, our enemies engage in war crimes on a daily basis as a matter of policy. For them, targeting civilians is not the exception but the rule -- it is the essence of the "asymmetrical" warfare they practice.

Throughout history, irregular forces have used the surrounding civilian population in two distinct ways. First, guerrilla fighters do not wear uniforms or carry their arms openly -- critical elements of lawful warfare -- so as to hide among the civilian population. In effect, they use civilians as shields. Second, like the insurgents in Iraq, they seek to goad opponents into mistakenly, or deliberately, attacking civilians -- as a means of mobilizing the population against the regulars. The killings at Haditha show how this strategy can work.

However, the advent of modern media coverage -- coupled with a growing and valid concern among democracies about humanitarian norms during warfare -- has provided a new tactical innovation, increasingly known as "lawfare." Al Qaeda and the Iraqi insurgents thus routinely claim that American forces systematically violate the laws of war by targeting civilians and abusing prisoners. These claims are not targeted at the Iraqi people (although similar claims regarding insults to Islamic believers are so directed) but at public and, especially, elite opinion in the U.S. and other democracies. With Vietnam as its model, the Iraqi insurgency well understands that it can win only by undermining America's political will to win, and the center of gravity in this conflict lies in Washington, not Baghdad or the Sunni Triangle.

These lawfare tactics have several other important consequences. If the Pentagon's investigation of Haditha was delayed, it was most likely because similar massacre allegations are made virtually every time American forces take to the field. The fact that, in Iraq, IED explosions are so often followed by insurgent attacks launched from civilian structures also clearly gave credence to the initial -- and evidently incorrect -- reports from Haditha. When civilian buildings are used in insurgent operations, civilians often are killed in the crossfire, and so the report that a number of civilians had been killed by small arms in Haditha would not have appeared exceptional to the U.S. commanders.

Ultimately, the Haditha incident must remind American policy makers -- and the American people -- of the challenges of modern warfare. Although the individual actions of U.S. forces on that day may have been exceptional, the surrounding circumstances are not -- and our enemies will look more and more to such irregular tactics. The Pentagon's emphasis on exhaustively training American troops in the laws of war is a good first step. U.S. forces already are the best equipped and trained in history, and it is only through a constant emphasis on duty, discipline and American values that our armed forces will prevail in Iraq and similar conflicts.

At the same time, should the Haditha incident mature into a full-fledged war crimes drama prompting a premature U.S. withdrawal, the damage would not be limited to Iraq. If the U.S. cannot fight and win against a brutal urban insurgency in Iraq today, its ability to defeat any determined foe willing to sacrifice the civilian population in irregular warfare will be in question. This can only benefit the most vicious regimes and movements. The Bush administration's critics should pause a moment, and reflect, on whether this would really be worth it.

Messrs. Rivkin and Casey, lawyers in Washington, served in the Justice Department under Presidents Reagan and George H.W. Bush.

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Torture As Defined By The Media (WT)

By Douglas MacKinnon

Washington Times, June 7, 2006

In case you have been the least bit curious as to why al Qaeda and other Islamist terrorist organizations are convinced -- beyond a mushroom-cloud shadow of a doubt -- that they can defeat the United States, the evidence is no further away than your newspaper, radio, network or cable news outlet. If all else fails, the twisted leadership of these evil terrorist organizations know they can always count on the liberals in the mainstream media, as well as the liberals in Congress and Europe, to act as their unquestioning propaganda ministers. To prove that what we once believed to be up is now down, and what we thought to be right is now wrong, we have several examples that embolden al Qaeda with every news report or printed word.

First, is the case of Army Sgt. Santos A. Cardona. Don't recognize the name of this very honorable man? Maybe it will ring a bell if I said he was the "dog handler" recently found guilty of using a dog to unlawfully threaten a former high-ranking Baath Party member. Or, as some liberals in the press have maintained, found guilty of "torture." How hard must murderer Abu Musab Zarqawi be laughing with that news. He brutally beheads Nicholas Berg and then reads that some in our country equate a distinguished soldier holding a barking dog in front of a prisoner with "torture." Of course, let us not forget why Nicholas Berg was killed. Zarqawi said it was to avenge the "abuse" of Iraqi prisoners at Abu Ghraib prison. A story that CBS News proudly broke with apparently no thoughts as to the consequences of its action. Would Nick Berg be alive today had CBS not run the story? No one will ever know. But as a Pentagon source told me with regard to Abu Ghraib, "the liberal media turned what was really nothing more than a fraternity prank gone bad into 'torture,' and as an instrument to dishonor the U.S. military."

Next on the list of "torture" as defined by the liberals in the media, Congress and Europe is something called "waterboarding." Not familiar with this brand of "torture"? It's a method that may be employed by the CIA in which terrorists who harbor information about future attacks against the U.S. or U.S. forces are strapped to a board and dunked into water so as to prod their faulty memories.

To say the New York Times, The Washington Post, the major networks, and every other liberal news organization is outraged by this alleged treatment of terrorists would be an understatement. Never mind that such tactics may save thousands of lives in the U.S. or hundreds of U.S. troops. As far as the liberals are concerned, it is an evil beyond comprehension.

Again, if dunking a known terrorist into water for a few seconds is "torture," what word would the Times, Post or networks use to describe what the insurgents do to the young Iraqi policemen they capture? Young men who are only trying to feed their families and help their nation. Young men who, before they are shot to death or beheaded, have their teeth ripped out with pliers, have their fingernails torn out, are burned with cigarettes, have their fingers sliced off, and are electrocuted. The liberals in the media don't seem too worked up about this real torture.

Don't take my word for it. Do an online search and compare how many words the New York Times and Washington Post use to condemn our nation and "waterboarding," as opposed to the unthinkable torture these young Iraqi policemen endure.

Finally, we have the case of Haditha -- a town in Iraq where U.S. Marines may have knowingly killed innocent civilians. If in fact this happened, it's a disgrace and those guilty must pay the highest price possible. That said, these Marines are U.S. citizens who deserve every right granted to them under our laws--innocent until proven guilty being paramount.

Of course, as far as the left-of-center media is concerned, these Marines are already war criminals. And, if truth be told, the media could care less about their guilt or innocence. The media are just grateful that they have the Haditha case with which to hammer the Bush administration and tarnish the 99.9 percent of U.S. soldiers who have not only served honorably, but many of whom have lost their lives to save Iraqi civilians. The liberals in the media understand that with each news report on the new My Lai, each case where a U.S. soldier is punished for letting a dog bark in the face of a war prisoner, with every story that equates dunking a terrorist in water with chopping off a human head, they tell these Islamist terrorists that political correctness is weakening our foreign policy and military and robbing us of our will to prosecute the war or defend our nation. They know but don't care. For them, the real enemy is Mr. Bush and conservative beliefs.

Down is now up. Wrong is now right. And the terrorists are not only grateful, but on the way.

Douglas MacKinnon served as press secretary to former Sen. Bob Dole and as a White House and Pentagon official.

Iraqi To Release Detainees In Bid To Ease Tensions (NYT)

By John F. Burns

The New York Times, June 7, 2006

BAGHDAD, Iraq, June 6 — Iraq's new government said Tuesday that it would release 2,500 detainees, nearly 10 percent of those held in Iraqi and American detention centers, and that it would adopt a "national reconciliation" plan to reintegrate former members of Saddam Hussein's ruling Baath Party into society.

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Prime Minister Nuri Kamal al-Maliki said the first 500 detainees would be released Wednesday, with others following in the next few days. An American military spokesman said the decision to free the detainees, the largest group to be released in the 38 months since the American-led invasion, had been agreed to in a joint review by Iraqi and American officials. He said those freed would not include any deemed "guilty of serious crimes such as bombings, torture, kidnapping and murder."

Mr. Maliki, in his third week in office, gave few details of the reconciliation program. But he compared it to South Africa's "truth and reconciliation" process in the 1990's, which, he said, "sent some criminals to the courts and reinstated other people in society after promising not to try and rebuild" the country's apartheid system. The Iraqi leader said his government's plan, like South Africa's, would involve a national commission, and others in Iraq's 18 provinces, that would work to "an agreed timetable and program."

At a news conference here, the 56-year-old prime minister drove home the carrot-and-stick approach he outlined in a visit last week to the southern oil city of Basra. There, he vowed to use "an iron fist" to crush Sunni Arab insurgents and sectarian militias terrorizing Basra, but promised that his government would rule in ways that would make a priority of rebuilding Iraq on the basis of justice for the communities of Shiites, Sunni Arabs and Kurds now engaged in a bitter struggle for economic and political power.

On Tuesday, Mr. Maliki's focus was on the Sunni Arab minority that was the mainstay of Mr. Hussein's rule. "We are ready to turn a new page with those who so desire it, and we will respond with force to those who want to pursue violence," he said. "Those who want to end the bitterness of the past have the way open through the process of national reconciliation, but those who choose bloodshed will find us ready to deal with them."

The detainee release, though sweeping, seemed likely to fall far short of the demands of Sunni politicians who have joined in the uneasy partnership with the dominant Shiites in the new government, the first with a full, four-year tenure since Mr. Hussein's overthrow. The Interior Ministry said Tuesday that a total of 27,800 people were being held in Iraqi and American prisons across the country — a figure that included criminals and former Baathists as well as insurgents and members of their support network.

A spokesman for the American military command, Lt. Col. Keir-Kevin Curry, said there were about 14,500 detainees in the detention centers run by the American-led forces, including several thousand at Abu Ghraib prison outside Baghdad.

Colonel Curry said the terms of the detainees' release included a pledge to renounce violence "and to be good citizens of Iraq." He added, "All of these detainees selected for release have been found to be relatively low threats."

Similar pledges have been made by other detainees released since Iraq resumed sovereignty after the formal period of American occupation ended two years ago, including a group of nearly 1,000 men who were freed from Abu Ghraib last August. Some of those have since been killed in clashes with American and Iraqi troops, or rearrested on suspicion of involvement in the insurgency. The August release was ordered as a concession to Sunni Arab leaders then engaged in tense negotiations with Shiite and Kurdish leaders over the new Constitution.

Mr. Maliki's message on Tuesday offered assurances to Shiites and Kurds who were Mr. Hussein's principal victims, and, implicitly, to American and Iraqi troops, who with Shiites have borne the brunt of the Sunni-led insurgency that has gripped the heartland of Iraq.

The detainees being freed, he said, "are not Saddamists, terrorists or people with the blood of the Iraqi people on their hands, but people who have committed certain mistakes, cooperated in a certain manner or played some kind of role" in Mr. Hussein's repression and what has followed.

But the Iraqi leader's emphasis on reconciliation, and the detainee releases, seemed to signal a breakthrough for American officials, who have been pressing hard for new measures to placate the Sunni Arab minority. In effect, Mr. Maliki's announcements signaled to Shiites, whose religious parties secured a dominant role in the government after last December's election, that there needs to be a softening in the "de-Baathification" process that has marginalized thousands of Sunni Arabs who worked in Mr. Hussein's government and armed forces.

Strongly backed by Shiite leaders, the process won eager backing from the American occupation authority after the 2003 invasion. But American officials have all but disavowed the process now, seeing it as one of the prime causes of Sunni discontent that feeds the insurgency.

"We know that there are a lot of Baathists who want to put the heavy burden of having joined this ugly party behind them," Mr. Maliki said, and the mechanism for their doing so would lie in the reconciliations commissions and the opportunity to pledge "not to return to the party and rejoin society."

In a move that underscored the tide of violence that has many Iraqis saying they preferred life under Mr. Hussein's harsh dictatorship, the Health Ministry confirmed figures on Tuesday that showed 6,002 bodies, most victims of violence, were delivered to Baghdad's main morgue in the first five months of this year.

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The figure for May, 1,375, was more than double the figure for May last year. Morgue officials have said that as many as 20 of the daily average of more than 40 bodies that arrive every day, many of them blindfolded, with tied wrists and showing signs of torture, remain unclaimed.

On Tuesday, police reported at least 25 new victims, most of them in Baghdad and in Diyala Province, east and north of the capital, which has been the center of some of the most brutal sectarian killings involving Sunnis and Shiites in recent weeks.

The death toll in one of the most grisly recent attacks, in the village of Hadid, near the Diyala provincial capital of Baquba, rose to 17 on Tuesday when the police delivered nine severed heads to the Baquba morgue in the fruit boxes in which they were found in the village.

On Saturday, eight other heads were found in the village. Notes found with the bodies indicated that the victims were Sunnis killed in retaliation for the killings of five Shiites, four of them doctors, in a earlier attack.

On Sunday, 20 people traveling in two minibuses and a car were stopped on a highway near Baquba, pulled from their vehicles and shot. The victims included seven students on their way to final exams in the city. Mr. Maliki, at his news conference, spoke angrily of the "flood of blood" that had been spilled in similar attacks in and around Baghdad since he came to office.

He said his government had approved a plan for a security crackdown by Iraqi and American troops that would concentrate on Baghdad and Diyala, which he described as "a launching pad for terrorists and former regime elements," meaning Baathists, who use the province as a base for attacks in Baghdad.

His comments tallied with those of American military commanders, who have identified Baghdad, Diyala and Anbar Province, to the west of the capital, and particularly the provincial capital of Ramadi, where insurgents have mounted some of their boldest attacks of the war in the past month, as priorities in the next phase of the war.

Mr. Maliki's first weeks as Iraq's leader have been burdened by his failure to win approval from rival factions in the government for nominees to the cabinet's top security posts.

He told reporters that he would try again at a meeting of Parliament on Thursday, and that he would be submitting the same names — Farouk al-Araji, a Shiite who was an officer in Mr. Hussein's army until 1993, as interior minister, and Gen. Abdel Qader Mohammed Jassim, a Sunni who is a commander in the new army, as defense minister. Their names were to have been put to Parliament on Sunday, but disagreement within the government caused the session to be canceled.

Iraq's Premier Planning To Free 2,500 Detainees (WP)

By Omar Fekeiki And Nelson Hernandez

The Washington Post, June 7, 2006

BAGHDAD, June 6 -- The Iraqi prime minister announced Tuesday that he would release 2,500 detainees from jail in an effort to calm tensions between Iraq's sectarian and ethnic groups and head off spreading violence.

Prime Minister Nouri al-Maliki called the move a "positive message and a chance for those who want to rethink their strategy." He specifically excluded detainees connected to violent attacks and supporters of the former government of Saddam Hussein from his amnesty.

The people to be released "are not Saddamists or terrorists," Maliki said at a news conference. "They weren't involved in the bloodshed or imposing the sectarian mentality and cleansing. They are people who made mistakes."

The first group of 500 detainees will be released Wednesday, Maliki said. About 28,700 detainees are being held at U.S. and Iraqi detention facilities in Iraq, according to a U.N. human rights report issued last month.

Iraq's Interior Ministry, which controls the police force, holds about 5,000 of those detainees, even though the ministry is not supposed to keep detainees in custody for a long time. Sunni Arabs critical of the Shiite-dominated police force have regularly demanded the release of detainees, saying they are often tortured in police custody. The U.N. report also reported the accusations.

Leaders of the Association of Muslim Scholars, an influential Sunni Arab organization, said Monday that they wouldn't participate in a broad-based national reconciliation conference on June 20 unless all detainees were released. The Arab League, which is organizing the conference, hopes to attract a broad range of political, religious and tribal leaders, as well as some leaders of armed groups willing to lay down their arms.

Maliki said the planned release of the 2,500 detainees wasn't an answer to the Sunni association's demands. But he said it proved the government's commitment to moving ahead with Iraq's future by creating "a positive environment" for peace.

"It is not a compromise," Maliki said. "Whoever wants to reconcile shouldn't make conditions. They should come to discuss and talk. Conversation is the main factor for reconciliation."

Maliki said the move did not mean Iraq was changing its strategy for dealing with an epidemic of violence that has escalated since his government was formed 2 1/2 weeks ago.

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"There is no change," Maliki said. "Using force against the terrorists will continue. Releasing detainees who weren't involved in the shedding of Iraqi blood will continue. And the national reconciliation process will continue."

So far, however, Maliki's government has been hamstrung by his inability to gain a consensus on who should run three security ministries with control of the police and army. At the news conference, he said the candidates will be presented at the next session of parliament; a session scheduled for last Sunday was postponed because of last-minute bickering.

"The government alone cannot deal with the security issue," Maliki said. "The role of the people is very important in maintaining security."

Meanwhile, military authorities reported Tuesday night that a bomb killed a U.S. soldier of the 49th Military Police Brigade on Monday. Iraqi police and news services also reported the deaths of more than 30 Iraqis, including nine whose severed heads were discovered in Diyala province, north of Baghdad.

Iraq's Tougher Stance Toward US (CSM)

By Howard LaFranchi

Christian Science Monitor, June 7, 2006

WASHINGTON - The Abu Ghraib prison scandal was a contentious topic when Iyad Allawi became Iraq's interim prime minister in June 2004. But Mr. Allawi, appointed by the occupying power, resisted domestic pressure to conduct an Iraqi investigation.

Now, amid charges of violence by US troops against Iraqi civilians, including an alleged massacre in the Sunni village of Haditha, elected Prime Minister Nouri al-Maliki is showing no such reticence. A critic of the US occupation before taking office, he has charged that such violence by coalition forces is a "daily phenomenon" and "a terrible crime," and demanded that the US turn over to Iraqis information on the Haditha case.

Mr. Maliki's tough stance suggests a new assertion of sovereignty by the Iraqi government, something that actually works to the US's favor. But the allegations, coming as the new government tries to demonstrate control, are likely to complicate both US-Iraq relations and Maliki's task of leading the Iraqi people.

Already, some Sunni religious and political leaders, in particular, are criticizing Maliki, a Shiite, for not being strong enough with the Americans. If his response falls short in their eyes, political relations with the minority Sunni population, already fragile, could become more difficult - and anti-American sentiment could intensify.

"Maliki is being hammered by the Sunnis. He has to worry about the rising fortunes of people like [radical Shiite cleric Moqtada] al-Sadr. So he needs to be able to show some sovereignty," says Iraq expert Henri Barkey, a former State Department analyst now at Lehigh University in Bethlehem, Pa. "The trick for the US is to boost this guy, because there may not be another one after him."

A year ago, a minority of members in Iraq's interim national assembly sought a timetable for US troop withdrawal. In the new parliament, Mr. Sadr's supporters are even stronger. That, coupled with the parliamentary presence of a Sunni bloc, has added to pressure for a US withdrawal.

Maliki has a "soft spot" for that viewpoint, says one Iraqi former official who refused to be named because of the sensitive nature of US-Iraq relations. But the prime minister also knows he needs US troops to cope with a worsening security situation in Baghdad and other areas of Iraq, the former official says. As a result, Maliki is likely to seek compromise measures short of withdrawal - including establishing zones that are off limits to US troops and requiring joint US-Iraqi patrols - to try to placate public concerns.

Incidents like the one alleged in Haditha, which can feed Iraqi resentment about living in insecurity, only make Maliki's task harder, some experts say.

"Incidents like Haditha have the effect of widening the gap further between the people and the government, because they leave them feeling like they are totally on their own," says Juan Cole, an Iraq expert at the University of Michigan. Iraqis see their new elected officials operating from inside Baghdad's fortified Green Zone, he says, while they remain "outside" in the crossfire of a counterinsurgency battle and a "civil war."

In that environment, threats to civilians are not uniquely or primarily from US forces. Just this week, more than 50 civilians were kidnapped midday just north of the Green Zone. A Sunni political group accused militias associated with the Shiite-controlled Interior Ministry of carrying out the operation.

On Tuesday, Maliki pledged to implement a new security plan for Baghdad that he said will address mounting sectarian and militia-generated violence.

With such worries, Maliki can't be too tough with the Americans, Mr. Cole says. "The government is in a difficult position because it's not able to tell the Americans to leave or what to do, but at the same time it needs to mollify a public that accuses it of letting American troops operate around the country marauding at will."

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Simply "demanding the Haditha file" from the US "is a symbolic gesture that only reveals his dependence on the American side," Cole says. What could begin to remedy that is a formal status of forces agreement, or SOFA, between the US and Iraq that would lay out the functions and limits of US forces, he adds.

"The problem is they have what is essentially a hung parliament" - unable to fill the key defense and interior minister positions - "and that hardly puts them in a position to demand a SOFA," Cole says.

If the Iraqi public comes to see its government as weak or atrophied, that would spell trouble ahead, especially as officials begin to tackle major constitutional issues.

Divisive matters - including the formation of autonomous regions, the dividing of oil revenues, and the status of the northern oil-rich hub of Kirkuk - are slated to be settled by the end of the year. Resolving them was supposed to be facilitated by the inclusion of Sunnis in the new parliament and government, but mounting Sunni criticism of Maliki is just one indication of how difficult progress will be to achieve.

For one thing, Maliki - and his US backers - are discovering that the proudly proclaimed "national unity government" that represents all major population groups may actually be more unwieldy and less able to act.

In a recent report, Iraq expert Anthony Cordesman of the Center for Strategic and International Studies notes: "Rising participation did not reflect acceptance of the new government or political process, it reflected a steady sharpening of political division along sectarian and ethnic lines."

Some experts calculate that Maliki has fewer than 120 supporters in a 275-seat parliament. "If the Maliki government does not make real headway on security and the constitutional issues," says the former Iraqi official, "then it could go down."

Another Grisly Discovery In Iraq (LAT)

By Louise Roug

The Los Angeles Times, June 7, 2006

BAGHDAD — When they saw the boxes in the street, villagers feared the worst: bombs or props for an ambush. The boxes' content, however, was grisly, not explosive. Inside, officers found the decomposing heads of nine men, each inside a black plastic bag.

The discovery Tuesday was the second of its kind near the city of Baqubah in recent days, according to police.

As Iraqi politicians have continued to bicker over who should be named to the new government's top security jobs, killings and brutality have escalated across the country, claiming thousands of lives since December elections.

In Baqubah, a mixed city north of the capital, slayings and attacks against Iraqi security forces have recently soared. On Saturday, eight other heads were found in banana crates near the city. One of the heads was wrapped like a present. None of the bodies have been found.

But Baghdad continues to be the epicenter of violence.

On Tuesday, authorities reported that a car bomb went off near a funeral in a southwestern neighborhood, killing six people and injuring 18. In a different part of town, a roadside bomb exploded at a bus stop, killing one woman and wounding two men.

Earlier in the day, the principal of Hamza primary school, Amer Azzawi, a Sunni Muslim, was driving with his Shiite Muslim assistant, Suaad Rubaie, when a drive-by gunman killed them. They were slain in the vast Shiite slum of Sadr City in the eastern part of the capital.

On the west side of Baghdad, police found the body of a young woman who had been shot several times.

Meanwhile, the U.S. military announced that an American soldier with the 49th Military Police Brigade was killed Monday evening when insurgents attacked his convoy with an improvised explosive device in the capital.

In a news conference Tuesday, Prime Minister Nouri Maliki promised to implement a new security plan for Baghdad soon but refused to provide details. Maliki instead focused on the release of 2,500 detainees from Iraqi- and U.S.-run prisons as part of a campaign of "national reconciliation."

However, the country has seemingly continued to splinter since the parliamentary elections.

Basra, a key port city in the south close to the Iranian and Kuwaiti borders, has recently become a problem area, with violence exploding between competing Shiite factions. After a recent visit, Maliki imposed a monthlong state of emergency in the city.

West of Baghdad, in Ramadi, described as the "philosophical heart of the insurgency" by U.S. commanders, insurgents continue to attack U.S. troops on a daily basis. Several neighborhoods are controlled by insurgents, according to residents. The U.S. military recently deployed 1,500 additional troops to Al Anbar province, of which Ramadi is the capital.

On Tuesday, the U.S. military announced that Iraqi soldiers had taken over from American troops in Habbaniya, a town in Al Anbar province between Fallouja and Ramadi.

It was the first division-level transfer of authority in the western province, according to the military.

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However, there as elsewhere, American-led troops will continue to provide logistical aid to the Iraqi soldiers, including medical evacuation and aerial support.

Basra's Descent Bodes Poorly For Allied Mission In Iraq (USAT)

USA Today, June 7, 2006

As Basra goes, so goes Iraq?

It certainly, and worryingly, seems that way.

Three years ago, as the initial military victory in Iraq teetered into chaos, the southern, mainly Shiite city of Basra stood out as a hopeful symbol of how the country could recover. The British, who controlled it, put decades of colonial know-how to work.

They made friends with local leaders, patrolled on foot without helmets and fixed problems on the spot.

It seemed to work. Basra was touted as a hopeful showcase for coaxing Iraq into a stable democracy.

Three years later, what's happening in Basra is far more ominous. The British occupiers are no longer so welcome or as much in control. Rival militias duke it out on the streets. There has been ethnic cleansing of Sunnis, who held power when Saddam Hussein was in charge.

Last week, Iraqi Prime Minister Nouri al-Maliki imposed a state of emergency there — but to little effect. Violence since then has included a weekend car bombing that left 28 dead and more than 60 injured.

Major Rob Yuill, a British official who trains Basra's police, told The (London) Times the city was becoming like sectarian Bosnia, and "we're stuck in the middle." Though security forces are being trained, most are loyal to one of the militias.

What happens in Basra could well set the agenda for the rest of the country. The city of 1.3 million people is Iraq's main port and center for the country's 60% Shiite majority. It sits on large oil reserves. Some Shiites want to form a quasi-independent superstate with Basra at its center. They want to abandon the minority Sunnis, leaving them with no oil.

Grand Ayatollah Ali al-Sistani, a revered Shiite cleric, has tried to hold Iraq together and ethnic bloodshed down, but his influence has seemed to wane lately. The elected unity government in Baghdad — the last best hope for quelling the insurgency and a slide into civil war — is so weak it hasn't even managed to appoint ministers of interior and defense, the two most important posts.

The situation in Basra raises a question: Does it make more sense to stay to try to quell increasing sectarian and terrorist violence, or leave and let Iraqis fight it out? British officials have talked of drawing down troops soon — while insisting that their mission has been more success than failure.

Their decision is likely to foreshadow the U.S. endgame in Iraq. Perhaps some uneasy calm can first be achieved. But right now, Basra seems more to reinforce Lawrence of Arabia's cautionary words in 1920 about British involvement in Iraq. Mesopotamia (as Iraq used to be known) was, Lawrence said, "a trap from which it will be hard to escape with dignity and honor."

Salvaging Iraq (WP)

By David Ignatius

Washington Post, June 7, 2006

The images from Iraq are of hell on earth: On Sunday 12 Iraqi students traveling to Baqubah to take their final exams were dragged from a bus and killed because they practiced the wrong religion. The next day gunmen dressed in police uniforms kidnapped 56 people near the bus station in central Baghdad and hauled them off in pickup trucks.

This is an Iraqi nightmare, and America seems powerless to stop it. What would you think if you were the parent of one of those dead Iraqi children? You would want the United States, the nation that broke the fragile bonds that once held Iraq together, to act more effectively to control this violence. And you would want Iraq's so-called government of national unity to behave like one and stop the killers who are devouring the decent people of Iraq. And if neither the Americans nor the Iraqi government could protect your children, you would turn to the militias.

The American project in Iraq is unraveling. The president continues to talk about staying the course, and the White House still issues upbeat predictions of victory, but the course we are on is not working. The election of Iraq's first permanent government in December was the last good chance to put the pieces together. Nearly seven months after the elections, Iraqi politicians still can't agree on who should run the two key ministries, defense and interior.

An American friend wrote me this week from Iraq: "The civil war rages in Baghdad, regardless of what the PC word currently being used in Washington to describe the killing is these days. Each morning when the sun comes up, the bodies of the killings from the night before are gathered up and sent to the hospitals where they try to figure out who they are. While the new government, all of the ministries, the coalition and the bloated embassy bureaucracy all sit frozen in the Green Zone, this civil war rages on just outside the wire and concrete barriers."

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A devastating summary of America's mistakes is contained in the latest installment of the Pentagon's quarterly report to Congress, "Measuring Stability and Security in Iraq." In every part of the country, fewer people than a year ago think the situation is better now than before the war. In the Baghdad area, pollsters found the percentage of optimists had fallen by half since March 2005, to about 30 percent.

And the violence grinds on: The rate of insurgent attacks is higher now than it was in 2004, with an average of more than 600 a week since the new government took over in February. U.S. military commanders talk of their success in splitting the Sunni insurgency, but the attack numbers don't reflect any lessening of its lethality. Meanwhile, the Shiites are fighting back with equal viciousness, and the Pentagon numbers show a sharp rise in sectarian killings over the past year.

What we're seeing in Iraq is a mismatch between ends and means: between a political strategy of unity and the reality of feuding factional leaders; between a military strategy of "clear, hold and build" counterinsurgency and the reality that most American soldiers remain hunkered down every day; between the goal of stabilizing the country and the daily reality of physical intimidation.

What can America do to mitigate the Iraq disaster? Certainly it doesn't need more strategy papers. The political and military strategies now in place talk the right language of unity and counterinsurgency, but this is still mostly Green Zone talk. Marine Capt. Scott A. Cuomo argues in the June edition of Marine Corps Gazette that the U.S. military should make "embedded training teams," living and fighting with the Iraqi security forces, its main effort. He says frankly of his own combat experience in Iraq: "We did very little to truly help indigenous security forces protect the populace from the insurgency."

A bold proposal comes from my friend in Iraq, who knows the security situation there intimately. He argues that Prime Minister Nouri al-Maliki should move his government's 27 ministries, which increasingly are operating in the Green Zone, out into the city. The Iraqi army would protect each outpost of the government, aided by U.S. teams. "The population needs to see there is a government that has the courage to reclaim the city, one district at a time."

My friend likens the current frantic pace in the Green Zone to people in socks trying to run on a slick linoleum floor. "There is a lot of activity, but very little forward motion," he writes. "Hope is not a strategic plan, and the status quo is unacceptable."

Donors Accused Of Spending Aid Outside Iraq (FT)

By Ferry Biedermann

Financial Times, June 7, 2006

Foreign donors spend too much of their aid to Iraq outside the country and ordinary Iraqis do not feel they are being helped by the international community, the country's new minister of planning has told the Financial Times.

Ali Baban said he would push for a comprehensive review of the way aid to Iraq was being spent. He also warned against pressure from the likes of the International Monetary Fund on his country to scrap subsidies on oil products and food, which currently run at $8bn (€6bn, £4bn) annually.

In one of his first salvos since taking office just over two weeks ago, Mr Baban said: "The donor countries must listen to Iraqi needs and to the views of Iraqi officials."

But he also committed his ministry – responsible for development aid and investment – to creating a special division to woo foreign investors. "We will give them all the guarantees they need," he said in Baghdad.

Some 40 to 50 per cent of all foreign aid ends up outside Iraq, says Mr Baban. He accused donor countries of spending the money on foreign advisers and security personnel "usually from the same country that makes the donation. Iraqi people receive very little."

The donor community has long been familiar with the complaint. But one foreign official in Baghdad said that under the current security situation it was inevitable that much training was done outside the country. Similarly, it could not be helped that every infrastructure project has to spend 30 per cent of its budget on security.

Mr Baban warned that the economy could only improve if the security situation was tackled first. But the security situation alone did not account for the "ineffective" way the aid was being spent, he said. Donors put too much emphasis on training courses and capacity building. "When the Iraqi government and the ministries give a list of their needs and requirements, of equipment, buildings, hardware, often this list will be neglected."

The US, with a current aid programme of more than $18bn, has been responsible for most of the larger infrastructure-related projects. But of the more than $10bn that has already been spent, the largest single outlay has been on security and law enforcement, which has been more than $4bn, according to the Washington-based Brookings Institution.

Donors other than the US had pledged $14bn to Iraq, as of December 2005, notes the report. Of this, just over $3bn has been disbursed.

International institutions, meanwhile, thought the country would need $56bn in reconstruction and stabilisation aid from 2004 to 2007, a number that Brookings says is probably too low.

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But rebuilding the country's infrastructure was ultimately up to the Iraqis, said the aid official in Baghdad, noting that the country was potentially very rich. "They have to get their own house in order, with the allocation of oil resources and the priorities for their ministries."

Mr Baban warned that Iraq might not be able to enact economic reform soon, or reduce subsidies as envisioned by the International Monetary Fund.

"I hope the IMF will take into consideration the situation in Iraq and not pressure us to do what will be hard for our people, especially cancelling subsidies," he said.

Iraq spends large amounts on subsidies for oil products and food that is still distributed through a state network.

Mr Baban said that lifting these subsidies now would undermine confidence in the government.

He was worried about the impact on foreign investment of provisions in the country's new federalist constitution that allocate oil resources to regional authorities. "It will make foreign companies hesitate to invest a dollar in new Iraqi fields," he said. He feared it might threaten the future of the Iraqi petroleum industry. The constitution would have to be amended, he said.

'We Have Your Husband' (WP)

By Peter Slevin

The Washington Post, June 7, 2006

LaPORTE, Ind. -- A sign stands outside the KarMel Coffee House.

NEW HOURS

7 AM--5 PM

TUNA SALAD

$4.25

PRAY FOR

JEFF AKE

Jeffrey J. Ake is 48 now, if he is alive. He is also a husband and son and the father of four children who miss him terribly. He is a storyteller, a Rotarian and a small-business owner who thrived in distant capitals.

He traveled to Iraq, tools in hand, on a private contract to repair machines at a water-bottling plant. Early one morning in April 2005, the telephone rang at a lakeside rambler in LaPorte, 80 miles east of Chicago. An Iraqi man, talking fast in poor English, told Liliana Ake, "We have your husband."

Fourteen months later, nothing is known about his whereabouts, while his family waits and neighbors wonder what to expect after so much silence. No American has been held captive longer in Iraq and come out alive.

Many other kidnappings in Iraq carried political motivations, but the Iraqi man who called LaPorte demanded only money. He said he wanted $1 million and he wanted it the very next day, in Baghdad.

Liliana Ake pleaded for Jeff's life.

"Don't cry, lady," he said. "Everything is fine."

She reacted quickly enough to ask questions that only Jeff -- in Iraq for just three days when he was seized -- could answer, including one about his dog. The man called back with the right answers. But three weeks later, the telephone stopped ringing.

"Nothing at all. For over a year, we haven't heard anything," Liliana Ake explained in her first newspaper interview since her husband's abduction. "We pray every night. My little boy says, 'Bad people in Iraq have my dad. It's not fair.' "

She believes he is alive, perhaps because she must. At the same time, she is bothered by the sense in LaPorte, where people have been supporting her and rooting for her husband, that Jeff is becoming mostly a memory. Signs like the one at the KarMel are fewer. It is as though Jeff Ake is slipping away.

"I pray for his faith, that he is in God's hands and he will be back when it's time," she said. "Maybe he was killed a year ago and we will not find him for 15 years. But if you let yourself ask these questions, there is no hope. These are very practical, cynical questions. I know he will be back."

More than 430 foreigners have been kidnapped in Iraq since the war began in March 2003. Among the most famous, Christian Science Monitor reporter Jill Carroll made it out. So did Roy Hallums, a U.S. contractor who escaped after 10 months. Job seeker Nick Berg did not. His beheading was shown on television.

At last count, at least 13 Americans, including Ake, were among 42 foreigners still missing, their fate unknown. U.S. authorities continue to look for clues, a State Department spokesman said.

When the first call came, Liliana Ake could barely believe her ears. Jeff was the smooth and gregarious world traveler she had met 12 years ago while studying in Chicago, the Midwestern businessman who had willingly moved to her native Russia to

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be with her and her daughter. When he left for Baghdad, he had carried crayons and coloring books for the children of Iraqi workers.

Al-Jazeera broadcast video images of Ake controlled by men carrying assault rifles. Television crews began to camp outside the family's modest house in LaPorte, population 22,000. Gov. Mitch Daniels (R) helped Liliana's mother come from Kamchatka. Neighbors brought food. Strangers offered to baby-sit.

The churches in town began to prepare a joint prayer vigil, which Mayor Leigh Morris said would be a "community outpouring." But he said the Akes passed word to keep a lower profile lest the kidnappers conclude Jeff Ake was a prominent citizen and raise the stakes.

Morris said, "We didn't want to do anything that could have been disadvantageous to Jeff."

Meanwhile, U.S. investigators were working the case in Baghdad and in LaPorte, focusing on the telephone calls to the Akes' house. As Liliana pleaded for time, a kidnapper, in no mood for delay, named a Baghdad hotel where he expected to collect the money.

"We said, 'We have the money. Just tell us how to get it there,' " said James Ake, Jeff's father, who also lives in LaPorte. "He said, 'That's your problem.' "

Within an hour of the abduction in Taji, 12 miles north of Baghdad, the U.S. Hostage Working Group was alerted. A team escorted by a U.S. Army patrol interviewed workers at the bottling plant. Group coordinator Dan O'Shea went to Ake's hotel to talk with the staff and gather his belongings.

"We assumed Jeff's kidnapping was criminally motivated by money and not political," O'Shea wrote in an e-mail interview. "There is a hostage-trading market for kidnap victims who are sold up the chain to insurgent groups who are going after significant sums of money or to send a political message. In Jeff's case, the information just went cold relatively early in the case."

The Akes continued to lie low, waiting for word. Following the advice of FBI negotiators, they chose not to speak to the media, contrary to the approach used by Carroll's parents and Hallums's family.

Earlier this year, the Ake family agreed to the posting of fliers in Iraq, offering a $280,000 reward for information. Still nothing.

"You just have to rely on the advice that they're giving you, which is what we did," said James Ake, who said it is "harder and harder to believe" Jeff will return. "Just think of trying to find someone in Chicago who didn't want to be found."

Loretta Ake, Jeff's stepmother, said the youngest Ake son joined the army and recently received deployment orders for Iraq.

"He just told us he was going," she said. "I told him the only good thing to come out of it: Find Jeff."

Morris begins every meeting of the city council and the board of public works with a prayer for Ake. He looks each day at notepaper in a box. One each sheet, his wife has written a date and the corresponding number of days Ake has been missing. The total has passed 400. There are 545 sheets in the box.

"We're hoping to throw many of them away unused," said Morris, who called his fellow Rotarian "just an all-around solid person." He acknowledged that, after so many months, Ake's captivity is "not a front-burner, constant conversational item," but he is not surrendering hope.

"The fact that we have had no definitive bad news may be good news in itself," Morris said. "At least we would prayerfully hope so."

A sign at a LaPorte laundromat still reads "God Bless Jeff Ake and His Family." At the Temple News Agency, a coffee shop, Angela Stone believes Ake is "always in the back of people's minds."

"This is a small town. Nobody is used to having anyone in the national spotlight," Stone said. "It makes people not know how to react. The protocol is really up in the air."

At the KarMel Coffee House, Dianne Allen said the "Pray for Jeff Ake" sign stays out during the week, as a measure of warmth and respect for Liliana, a regular often called Lilly. Customers sometimes ask if there is any fresh news.

"I think the customers are wanting to know something so they can continue their prayers or just move on," Allen said. "People say, 'Because we haven't heard anything in so long, he's gone.' Our thoughts are, 'Well, nobody knows that.' If Lilly knew how much the community cared, she might give a public comment in the paper or a news conference and announce he's still with us or he's not."

Ake said she would give information if she had it.

"The people who know me understand that I don't have any information, except I truly believe Jeff is alive," she said. "I know he's alive. It can be a matter of time."

She follows other cases closely and traded e-mails with Carroll's twin sister.

"When she was released," she said, "I cried with joy."

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While she waits, Ake does her best to manage the water-bottling-equipment firm and to pay the bills. She takes strength from fellow parishioners at LaPorte Missionary Church and generous volunteers from the Service League and Rotary Club. She has slept through the night only twice in nearly 14 months, typically waking up in fear at 1 a.m. and not falling asleep again until 5:30. She often sees Jeff in her dreams, where "he is always different, more quiet."

"I don't feel isolated, just that life is going on and it becomes a side issue [for others]. For me, it intensifies. I don't want to cry," Ake said, tears forming. "I'm trying to be strong, but you can't always be strong. I do feel sorry for myself many times. I'm without my husband, and my kids are without their father."

Ake shuttles her children to their grandparents' house and an array of activities, including dance and piano lessons. She says she wants Jeff to be proud of his children when he sees them again. She keeps a big plastic tub for him, packed with articles about his kidnapping and cards sent by well-wishers.

"Unfortunately, there are not many more cards coming," she said. "Time goes by."

Ake wears a bracelet, given to her by the sister of a fellow church member who died of cancer. It says "Miracles happen."

Baghdad's Wealthy Are Careful To Hide Their Riches (PHI)

By Nancy A. Youssef

The Philadelphia Inquirer, June 7, 2006

BAGHDAD, Iraq - Baghdad's al-Rashid Street, one of the city's oldest, was once full of intellectual and commercial life. Poets and scholars traded ideas over tea in small cafes where men played dominoes. Young men shopped for affordable fashions.

Now, it's desolate, and shops such as Abu Haider's are empty. Most of his customers have fled the country; the rest are afraid to be seen in his shop, where fine suits hang. Walking out could make one susceptible to kidnapping. Only the rich shop there, the kidnappers might conclude.

Indeed, in a country whose populace is undeniably richer now than during Saddam Hussein's regime, keeping up with the Joneses means not showing wealth because kidnapping has become so rampant. Those who can afford the best have replaced their nice cars for clunkers, don plain clothes, carry second-rate cell phones and no longer wear gold jewelry.

"The rich man pays the cost of what he owns," said Abu Haider, who declined to give his full name, instead offering a name he's known by. Abu Haider knows. He commutes to his shop by motorcycle, because only the poorest ride them.

According to police estimates, at least 60 people are kidnapped in Baghdad every day, often by thugs seeking ransom. But paying thousands of dollars doesn't guarantee one's release; many bodies are found daily in alleys and fields, some beheaded. Most were kidnapped.

In a flagrant move even by current standards, about 50 people were kidnapped Monday in central Baghdad, pulled from their cars or off the streets by armed men who everyone suspects were police. Witnesses said those who appeared wealthy were the ones snatched.

Saad al-Qasi, 27, owns a cell phone shop. But he washes the shop's windows himself and helps workers at neighboring shops carry in merchandise so that no one will figure out that he's the owner. Outside his shop sits a beat-up Toyota Corona.

"The kidnappers base how rich you are on your phone and car," al-Qasi said.

Al-Qasi, who comes from an upper-class family, said he knows of 15 people who've been kidnapped, including his father-in-law. All were released, but none for less than $30,000. Because of that, his family worries about him if he isn't home by 7:30 p.m.

Car dealers, such as Ali Nawar, 48, have traded in their BMWs and Mercedes-Benzes for less ostentatious models, and they have customers who've done the same.

Nawar said he bought six cell phones - one for each member of his family, including his young children - so he could keep track of everyone.

"We call each other every hour," said Nawar, who has decided to move his family out of the country in July, when school lets out.

Middle-class parents fear that someone will nab their children for money. Enrollment at some of the more expensive kindergartens, such as the Children of Iraq School in east Baghdad, has dropped because parents fear their children will be snatched. Who else but Baghdad's wealthy would spend $50 a month on school?

Instead, they enroll their children in schools such as Noor Kindergarten, which charges $30 a month.

Shamar Faraj is the Noor headmistress. She wears simple clothes and no gold. Her school is equally modest. All around the neighborhood, there are checkpoints, in part to prevent kidnappings. She said some parents have come to her school out of fear. Despite all the security measures, she can't promise them that their children are safer at her school.

"I am scared to tell them one thing and then something happens. It's a big responsibility," Faraj said.

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Mohammed Hassan al-Kazzaz, chairman of the Iraqi Chamber of Commerce, used to buy a new car every six months and sport fancy clothes. But after a group of men stole his car at gunpoint, he switched to a 1992 Volkswagen. Because he can't resist, he keeps one Mercedes hidden in the garage. His best suits come out only for important meetings. Often, he changes in the car on the way.

"If someone sees me in my nice clothes, they will kill my guards and kidnap me," he said.

Shops in the Baghdad neighborhood of Arasat once served the country's wealthiest, among them Saddam's son Odai, for whom the area was a favorite. Today, most shops are closed, and the others are struggling.

Some shop owners have started selling more conservative clothing or slashing prices. But they said the biggest challenge is getting people to walk through their doors.

At the Simma women's clothing shop, a woman who wanted to be identified only as Umm Ali said she sometimes sells only three pieces of clothing a week. She said she stopped sending her son to school after kidnappers learned she was a shop owner. They kidnapped his friend by mistake.

A few weeks later, a man walked in and demanded money. "I couldn't give him any because I simply didn't have any," she said.

Instead of fretting about his inability to live the good life here, al-Qasi said he's planning a month-long trip to Syria. He said he would rent the best car - maybe a sports car - and buy the best clothes. When he runs out of money, he'll return to Iraq, sans his new purchases. He'll keep them in Syria instead.

"I just want to buy," al-Qasi said.

Al-Kazzaz, whose family lives outside of Iraq, said he remains in the country despite having the resources to leave - and the pleas of his family - for a reason:

"I prefer to stay in my country. Eventually, it will improve. It has to."

Knight Ridder Newspapers special correspondents Huda Ahmed, Shatha al Awsy and Mohammed al Awsy contributed to this report.

Afghanistan: Roadside Blast Kills 2 G.I.'s (NYT/BLOOM)

By Bloomberg News

The New York Times, June 7, 2006

Two American soldiers were killed in a roadside bombing in Nangarhar Province, east of Kabul, a United States military spokeswoman said. A third soldier and an Afghan interpreter were wounded in the blast, she said. The military also said three American soldiers were wounded in a car bombing south of Kabul.

Troops Risk Undetected Brain Injury (USAT)

By Gregg Zoroya

USA Today, June 7, 2006

Thousands of troops in Iraq and Afghanistan may be risking permanent brain damage by returning to combat with relatively minor but undiagnosed concussions, often caused by bomb blasts, military researchers say.

Doctors say they are only now understanding the scope of the problem. Researchers screening returning soldiers and Marines at four military bases found that about 10% suffered at least a minor brain injury during combat. About 20% of troops in front-line infantry units suffered such injuries.

The injuries frequently go undiagnosed because troops have no visible wounds or may not know they suffered a concussion, doctors say. Medics and field doctors often aren't aware of what happened during fighting.

More than 500,000 soldiers and Marines have served in or near Iraq and Afghanistan since Sept. 11, 2001, sometimes more than once.

“This blast group is going to be potentially huge,” says Angela Drake, a neuropsychologist with the Defense and Veterans Brain Injury Center, a research arm of the Department of Veterans Affairs and the Pentagon. “We're looking at thousands of potential patients.”

Military doctors describe brain injuries as a signature wound of these wars. That's because advances in body armor save soldiers who might have died in previous conflicts, but blast waves from roadside bombs can cause brain damage.

U.S. troops in Iraq are exposed to hundreds of bombings each month. “We've seen patients who have had three deployments and have had some (head) injury on every single one,” Drake says.

The damage from multiple concussions can be irreversible. “Repeated concussions can be quite serious and even lethal,” says Air Force Maj. Gerald Grant, a neurosurgeon who treated troops in Iraq.

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The Brain Injury Center is urging the military to track the number of concussions troops suffer. A handful of military bases use the screening procedures developed by the center, but the Pentagon has declined to mandate the survey.

Pentagon health official Michael Kilpatrick questioned the accuracy of the screening and whether soldiers even remember information they're asked for: "Most people, when they get knocked out, don't really know it."

Military researchers, however, say the two-question survey has proved highly accurate.

"I think they're afraid," Drake says of the Pentagon's decision not to screen for concussions. "The sheer numbers are overwhelming. This is a worrisome thing. It's like opening a can of worms."

The Pentagon is developing a simple mental exam that medics can use on troops who may have suffered a brain injury. If the test shows evidence of a mild concussion, a servicemember could be kept from combat until the injury heals. Kilpatrick says this test could be used in Iraq within a few months.

Even Mild Injuries To Brain Add Up (USAT)

By Gregg Zoroya

USA Today, June 7, 2006

After a land mine exploded under his armored vehicle last October in Barwana, Iraq, Marine Sgt. Devon Bradley remembers a deafening noise and a flash. Then nothing.

Seconds later, when he came to, Bradley grabbed his weapon and went back into the fight. He led his team for the next two months in efforts to clear insurgents from Barwana.

"We're hard dogs, and I kept pushing to be with my Marines," says Bradley, 29, who was on his third combat tour.

But something was wrong. In the weeks that followed the blast, he began forgetting what other Marines had just told him. He struggled to handle more than one task at once. Taste and smell disappeared. Worst of all, so did the name of his soon-to-be-born daughter, Addison. Bradley says he had to dig through letters from home to remember it.

He was eventually flown to a battlefield hospital where he was diagnosed with a concussion — his second in the Iraq war and the third of his life. Bradley learned that what he thought was post-nasal drip was actually leaking spinal fluid. By January, he was back at Camp Pendleton in California. Doctors told him his brain may never fully recover, and his career in the Marine Corps is in doubt.

After more than three years of war in Iraq, where bombs are the biggest threat to U.S. troops, military doctors are seeing a growing number of brain injuries among soldiers and Marines caught too close to a blast. The vast majority are mild concussions that cannot be detected even with a CT scan or MRI.

Mild brain injuries can heal in days or even months. Additional concussions can cause permanent damage. "This is a real issue, and people are … taking it very seriously," says Deborah Warden, director of the Defense and Veterans Brain Injury Center, a research arm of the Department of Veterans Affairs and the Pentagon.

The ramifications are broad. How do field surgeons and medics diagnose a wound they can't see? What can be done when soldiers and Marines try to shake off the blast effects, unaware of the concussion, and keep fighting? Should the Pentagon keep tabs on how many concussions each servicemember suffers? And if so, how many concussions is too many before someone is kept from combat?

"We're not at the Star Trek point where we can run a phaser over everybody and determine their exact problem. Closed-head injuries are very hard to assess," says Michael Kilpatrick, deputy director of deployment health support for the Pentagon.

The number of concussions keeps rising. Almost 30% of the patients admitted to Walter Reed Army Medical Center in Washington, D.C., have brain injuries.

Doctors fear that thousands of others go undiagnosed. A two-question survey developed by the Brain Injury Center shows that about 10% of troops returning from Iraq and Afghanistan suffered a concussion during their combat tour. About half still had symptoms that could be related to a concussion, including slowed thinking, headaches, memory loss, sleep disturbance, attention and concentration deficits, and irritability, says Air Force Lt. Col. Michael Jaffee, a neurologist with the center. More than 500,000 soldiers and Marines have served in combat since Sept. 11, 2001, many more than once.

During the screening, troops are first asked whether they were hurt in a blast, fall or vehicle accident. Then they are asked whether they felt dazed, were confused or saw "stars" afterward; do not remember what happened; or lost consciousness. If any of those symptoms occurred, the servicemember probably suffered a concussion, Warden says.

The screening offers a way to document brain injuries. The ability to count the injuries also has prompted disagreement about what to do with the information.

Warden urges that all returning troops be screened to build a concussion database. But today the screenings — which began about two years ago — are done at only a few military installations, including the Marine Corps' Camp Pendleton and the Army's Fort Carson in Colorado, Fort Bragg in North Carolina and Fort Irwin in California.

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Kilpatrick, the Pentagon official, questions the accuracy of the screening. “Multiple head injuries can lead to permanent brain damage that is irreversible, and you want to avoid that,” he says. “But we don't have any criteria today that if you get X number of concussions, that you can't serve anymore.”

Neurologist Jaffee says settling on one number that applies to every servicemember is impossible because of the many variables, among them the size of the blast and the severity of the concussion. That's why concussion histories and better battlefield diagnoses are needed, he says.

The military is developing ways to diagnose with tests that examine short-term memory, reaction time and attention deficit, key indicators of concussion. The tests are similar to those used on athletes who suffer head injuries. The Brain Injury Center is also creating a short exam Kilpatrick says could soon be introduced into war zones.

Computerized testing programs, used to monitor combat troops at Fort Bragg, are being tested for the battlefield. In April, the military approved a battlefield study by Air Force neurologist Gerald Grant for developing an online test for troops in Iraq.

During preliminary field tests, about 60 soldiers and Marines exposed to blasts were examined. In one case, a 25-year-old man caught near a roadside bomb struggled to process information and quickly answer questions. Two weeks later, before returning to combat, he continued to score below average or worse in both areas.

A second man, age 37, took the exam 15 hours after a rocket exploded on the other side of the wall from where he was standing guard. He showed attention-deficit problems and scored poorly in short-term memory.

“We need a field test to be able to practically assess the safety of sending people back to duty,” Grant says.

Marine Sgt. Bradley says he suffered his first concussion in high school sports. His second concussion came during a rocket-propelled grenade attack in Iraq. After his third brain injury, doctors told him a fourth could kill him. He and his wife, Megan, have three young daughters and say they face an uncertain future leaving the military. Bradley still experiences dizzy spells, bad headaches and back problems.

“Most of them are pretty much every day,” he says. “I have one right now.”

CORPORATE SCANDALS:

SEC: Investigations Into Options A Concern (AP)

AP, June 7, 2006

SEC Chair: Widening Investigations of Possible Options Backdating Cause for Concern

WASHINGTON (AP) -- The growing number of public companies under investigation for possible backdating of stock options to boost top executives' compensation is a matter of "serious concern" to the Securities and Exchange Commission, its chairman said Tuesday.

The number of public companies being investigated by the SEC or federal prosecutors has grown to more than 30 and executives at several companies have been fired in recent weeks.

"We've already learned that the problems are more than episodic," the SEC Chairman Christopher Cox told The Associated Press in response to questions. "The apparently widespread nature of the problems is of serious concern" to the agency.

Among the companies that have disclosed receiving subpoenas or SEC requests for documents are big, well-known names like UnitedHealthGroup Inc. and Caremark Rx Inc.

Many are from the high-tech world, where stock options have long been a prized perk and incentive for executives and employees alike: Affiliated Computer Services Inc., Juniper Networks Inc., KLA-Tencor Corp., OpenWave Systems Inc., Vitesse Semiconductor Corp., McAfee Inc., Quest Software Inc., Rambus Inc., Sycamore Networks Inc. and others.

The SEC investigations have been ongoing for several months, and subpoenas have been issued by U.S. attorneys' offices in several cities, including New York.

At issue is whether company insiders manipulated the timing of stock option grants to bring big payoffs to executives by improperly backdating the grants to coincide with low points in stock prices.

Stock options become more valuable as the market price rises above the exercise price, so backdating widens the spread -- and executives' payoff when they eventually sell shares.

Lawmakers Criticize Former Fannie Mae CEO (AP)

By Marcy Gordon, AP Business Writer

AP, June 7, 2006

DOJ_NMG_0032591

WASHINGTON — The ousted former chief executive of Fannie Mae, Franklin Raines, was criticized by lawmakers and a federal regulator on Tuesday as a House panel aired government allegations of a six-year accounting fraud at the mortgage giant.

The regulator who oversees Fannie Mae blamed Raines and other senior company officials for the massive accounting failures and alleged manipulations designed to enrich executives. And the chairman of the subcommittee holding Tuesday's hearing, Rep. Richard Baker, R-La., contended that Raines probably lied to Congress when he testified about the debacle in October 2004.

Lawmakers, some of whom had been beneficiaries of Fannie Mae's campaign money, denounced the accounting misconduct, likened the company to Enron Corp. and urged legislative action to tighten the government's hand over Fannie Mae and its smaller government-sponsored sibling, Freddie Mac.

As a huge housing finance company chartered by Congress, "Fannie Mae has a special mandate and position of public trust. The previous management team, led by chairman and chief executive officer Franklin Raines, violated that trust," James B. Lockhart, acting director of the Office of Federal Housing Enterprise Oversight, testified. "By encouraging rapid growth, unconstrained by proper internal controls, risk management and other systems, they did serious harm to Fannie Mae while enriching themselves through earnings manipulation."

Fannie Mae is the largest U.S. buyer and guarantor of home mortgages.

A blistering report issued by the OFHEO examiners last month, the product of a three-year investigation, details what the agency describes as an arrogant and unethical corporate culture, calling the image of company prestige and excellence at Fannie Mae a sham. It said Fannie Mae employees manipulated accounting so senior executives could collect tens of millions in bonuses from 1998 to 2004.

Baker, referring to Raines' 2004 testimony before the panel, the House Financial Services subcommittee on capital markets, said Tuesday, "There seems to be clear evidence to my mind that Mr. Raines perjured himself."

Raines' attorney, Robert Barnett, declined to comment. After the OFHEO report was released last month, Barnett said that "Mr. Raines has repeatedly stated that he never authorized, encouraged or was aware of violations of generally accepted accounting principles at Fannie Mae for the purpose of smoothing earnings, reaching bonus targets or for any other improper reason. The facts on the record and conclusions from previous reports support this statement."

Raines, a prominent Washington figure who was a White House budget director in the Clinton administration, is one of 30 current and former Fannie Mae executives and employees who are being reviewed for possible disciplinary action, termination or forfeiture of their bonuses. Also being reviewed is the current president and CEO, Daniel Mudd.

The OFHEO regulators in September 2004 first brought to light Fannie Mae's accounting-rule violations and alleged earnings manipulation to meet Wall Street targets - disclosures that stunned the financial markets. That December, the Securities and Exchange Commission ordered the company to restate its earnings back to 2001 - a correction expected to reach $11 billion. The Justice Department has been pursuing a criminal investigation.

In last month's action, Washington-based Fannie Mae was fined $400 million by OFHEO and the SEC_ one of the biggest penalties ever in an accounting fraud case, according to the SEC. The company also agreed to limit the growth of its multibillion-dollar mortgage holdings, at least temporarily, capping them at $727 billion, and to make top-to-bottom changes in its corporate culture, accounting procedures and ways of managing risk.

"Senior management manipulated accounting, reaped maximum, undeserved bonuses and prevented the rest of the world from knowing about it," Lockhart said at Tuesday's hearing. "They co-opted their internal auditors and other managers. They stonewalled OFHEO. The executive compensation program at Fannie Mae sent senior executives the message to focus on increasing earnings rather than controlling risk."

CRIMINAL LAW:

Silence Angers Judiciary Panel (WP)

By Walter Pincus

The Washington Post, June 7, 2006

Senior Republican and Democratic members of the Senate Judiciary Committee sharply criticized a Justice Department official yesterday for refusing to say whether the Bush administration has ever considered prosecuting journalists for publishing leaked national security information.

The senators also bristled when Deputy U.S. Attorney Matthew W. Friedrich declined to answer questions about the rationale for the FBI's attempts to review the papers of the late columnist Jack Anderson.

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"You're basically taking what would be called a testifying Fifth Amendment. You should be ashamed of yourself, or your superiors should be ashamed of themselves," Sen. Patrick J. Leahy (D-Vt.) told Friedrich after he declined to answer questions from committee Chairman Arlen Specter (R-Pa.) and Sen. Charles E. Grassley (R-Iowa).

The purpose of the hearing, Specter said in opening the session, was to examine Justice Department efforts to control leaks, explore suggestions that newspapers and their reporters can be prosecuted under the 1917 Espionage Act and take comment on legislation that would protect reporters through a shield law. The law would provide an exception if national security matters were involved.

Friedrich, in his opening statement, confirmed that the Justice Department was prepared to investigate and prosecute leaks, but referred to Attorney General Alberto R. Gonzales's recent statement that the "primary focus is on the leakers of classified information, as opposed to the press."

When Friedrich confirmed that the department thought that journalists or "anyone" could be prosecuted under the Espionage Act for publishing classified information, Specter asked specifically about whether the law could be applied to reporter James Risen of the New York Times, the newspaper that published an article in December about the National Security Agency's warrantless surveillance program.

"Obviously, Senator, I can't comment as to any particular case or specific matter," Friedrich said. He added that espionage laws "do not exempt . . . any class of professional, including reporters, from their reach."

Specter then asked, without specifying a particular case, whether the department, under Gonzales or former attorney general John D. Ashcroft, ever considered prosecuting a newspaper or reporter for publishing leaked classified information.

"I don't think it would be appropriate for me to give an indication one way or another, and I hope people don't read anything into my answer one way or another," Friedrich said. But after a short lecture from Specter, he added that it was his "understanding" that there were historical examples of officials considering whether to prosecute journalists.

"I'm not interested in history this morning," Specter responded. "I'm interested in current events."

Grassley sought to follow up on questions he had posed to FBI Director Robert S. Mueller III at a hearing last month about the bureau's attempts to access Anderson's files. Friedrich declined to answer but said that "hopefully the bureau will be submitting some type of factual submission to you on that."

Grassley responded: "I would think that the department would send somebody here to testify that could answer our questions if they [had] any respect for this committee whatsoever."

Friedrich told Specter that the department is studying a policy on issuing subpoenas for documents from the estate of a deceased reporter such as Anderson. He also said that Justice continues to maintain that no new legislation is needed to protect reporters, but said he will "take a closer look" at a bill now before the committee that would shift the decision to subpoena journalists from the executive branch to a judge.

Yesterday afternoon, Specter also put off a vote on issuing subpoenas for executives of three telephone companies to testify on whether they cooperated in the NSA warrantless surveillance program by providing records of millions of phone calls.

Senators Question Bush Administration's Openness (KRT)

By Ron Hutcheson And Ely Portillo

Knight Ridder, June 7, 2006

WASHINGTON - Professor Mark Feldstein was stunned when two FBI agents came to his house in March hoping to rummage through files that once belonged to deceased journalist Jack Anderson.

The agents left empty-handed, but the aborted search was one of several incidents that have raised concerns about the Bush administration's efforts to stamp out government leaks. At a Senate hearing Tuesday, administration critics accused the Justice Department of trampling press freedom in its zeal to protect secrets.

At stake is the public's right to know what its government is doing versus the need for secrecy to protect national security. The tension between these principles is as old as the republic.

Senators from both parties vented frustration over the administration's lack of openness. Tensions erupted at the Judiciary Committee hearing when Matthew Friedrich, chief of staff of the Justice Department's criminal division, declined to answer questions about the effort to search Anderson's old files.

"I would think the department would send somebody up here to testify that could answer our questions, if they had any respect for this committee," complained Sen. Charles Grassley, R-Iowa.

"They don't have any respect for this committee," Sen. Patrick Leahy, D-Vt., said to Friedrich. "Why on earth were you sent up here? ... Is there any question you're allowed to answer?"

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Friedrich said he couldn't discuss the matter because doing so could hinder efforts to prosecute Steven Rosen and Keith Weissman, pro-Israel lobbyists who have been accused of passing classified information to an Israeli diplomat and a journalist. Their indictment focused on activities from April 1999 to August 2004.

The FBI agents told Feldstein they wanted to look for evidence that Rosen and Weissman had supplied classified documents to Anderson, a muckraking journalist who died in December at age 83.

The explanation made little sense to Feldstein, a George Washington University professor who's writing a book about Anderson, because Anderson scaled back his reporting after he was diagnosed with Parkinson's in 1986. Most of his notable work had been published in previous decades. He relied on assistants to provide fodder for his nationally syndicated column, which was published until July 2004. He donated his files to the university at Feldstein's urging before he died.

"As bizarre as it sounded, I could only conclude that the Justice Department had decided that it wanted to prosecute people who might have whispered national security secrets decades ago to a reporter who is now dead," Feldstein testified.

Kevin Anderson, the columnist's son, said some of his father's sources had expressed fears that their exposure "would result in political, financial and even physical harm."

To Feldstein and other critics, the FBI's interest was part of an administration pattern of intimidating journalists and government whistleblowers. They cited other developments that trouble them:

-Attorney General Alberto Gonzales suggested last month that the government could prosecute journalists for publishing classified information. Friedrich declined to say whether the department is planning any prosecutions, but said "our primary focus is on the leakers themselves."

-New York Times reporter Judith Miller spent 85 days in jail last year for refusing to reveal the identity of then-confidential source I. Lewis "Scooter" Libby, a top aide to Vice President Dick Cheney. She was freed when Libby released her from their agreement, clearing the way for her testimony in an investigation into a leak that disclosed the identity of CIA employee Valerie Plame.

-CIA analyst Mary O. McCarthy was fired in April because she allegedly had unauthorized contacts with the news media and disclosed classified information.

-Last month, the Supreme Court ruled that the First Amendment doesn't protect government employees who are punished for exposing wrongdoing.

"By itself, what happened with the Anderson papers is a small and I think extreme case," Feldstein said. "But it is troubling because it appears to be part of a larger effort by the government to crack down on the media and the public's right to know."

Not everyone shares that view.

Gabriel Schoenfeld, editor of Commentary magazine, which bills itself as "the intellectual home of the neoconservative movement," said the Justice Department should charge reporters who revealed classified information with espionage.

He called for prosecuting the New York Times reporters who exposed the Bush administration's warrantless eavesdropping.

"It is imperative that our government and our intelligence agencies preserve the ability to conduct counterterrorism operations in secret," Schoenfeld told the committee. "The First Amendment is not a suicide pact."

Anderson, sitting next to Schoenfeld, said he'd rather go to jail than give his father's files to the FBI.

Feldstein said the agents who came to his house offered no clues as to their next move. "We're still waiting in fear to see if they come back," he said.

US Lawmakers Concerned About FBI Probes Of Journalists (VOA)

By Deborah Tate

Voice of America, June 7, 2006

U.S. lawmakers, concerned about recent federal investigations of journalists who publish classified information, are considering legislation to protect reporters from revealing information learned under the promise of confidentiality. The Senate Judiciary Committee is holding a series of hearings on the issue. On Tuesday, the panel focused on the case of the late investigative reporter Jack Anderson, whose archive of papers is being sought by the Federal Bureau of Investigation.

Pulitzer Prize-winning journalist Jack Anderson spent his career exposing corrupt politicians and government scandals, from a CIA plan to assassinate Fidel Castro to the Reagan administration's secret arms-for-hostages deal with Iran.

The FBI has long sought Anderson's papers, saying that any documents that contain classified information belong to the government. Their effort has continued, even after Anderson's death last December at the age of 83.

The FBI probe comes as the federal government is threatening to prosecute journalists who publish classified information and refuse to reveal their sources. The Justice Department is investigating several leaks that led to the publication of a CIA

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officer's name and news reports that the National Security Agency is wiretapping communications between people in the United States and suspected terrorists overseas.

At a Senate Judiciary Committee hearing, Matthew Friedrich, chief of staff for the criminal division at the Justice Department, defended his agency's actions: "Our primary focus is on prosecuting the leakers as opposed to other options, and our much preferred path would be to attempt to work with reporters voluntarily to convince them not to publish classified information, which could lead to compromise of our most sensitive technologies, harm our young men and women who serve in the service of our country, and cause damage," he said.

But Friedrich refused to discuss the Anderson case, to the anger of Republican and Democratic senators alike.

Senators made their frustration over that refusal clear.

"I would think the department would send somebody here to testify that could answer our questions if they had any respect for this committee whatsoever," said Senator Charles Grassley, an Iowa Republican.

"That basically answers it. They do not have any respect for this committee. Why in heaven's name were you sent up here?," said Senator Patrick Leahy, a Vermont Democrat.

Friedrich said the Senate panel was notified that he would not be able to respond directly to the Anderson probe before the hearing began, but said the FBI is preparing to answer the committee's questions.

Anderson's son Kevin, who is a lawyer in Utah, also testified before the committee. "Dad often said that documents that came across his desk were classified as national security secrets, but he characterized them as really political security secrets. They showed the misdeeds and manipulations of government employees who had abused the public trust, and then tried to sweep the evidence under the secrecy stamp. Such information should not be hidden from the people. Ours is a government of the people. Dad taught us that the people are sovereign. Those who work in government are our servants," he said.

He said he and his mother are prepared to face contempt charges if the FBI's effort to search the papers produces a subpoena or is upheld in court.

Mark Feldstein, the director of the Journalism Program at George Washington University who is writing a book about Jack Anderson, says FBI agents came to his home in search of some 200 boxes containing Anderson's papers on grounds of national security.

Allowing the FBI access to the records, he says, would have what he calls a chilling effect on both journalists and academics. "For journalists, the concern would be that their source notes, confidential sources, would be revealed to law enforcement authorities, and that that would produce a chilling effect, making other whistleblowers reluctant to come forward out of fear that their identities would become known. For academics, historians are always very concerned about trying to keep historical archives in order and not have them rifled through, because often order matters, and also it may discourage people from donating their papers in the future," he said.

The chairman of the Judiciary Committee, Republican Senator Arlen Specter of Pennsylvania, acknowledged that national security must be protected, but he expressed concern about the federal probes of journalists. "The national security interests are enormous. They have to be balanced with the constitutional rights. But when you have a criminal statute where you can send people to jail and have a chilling effect on newspapers, it is really the congressional role to define it, and to establish standards. I think clearly the ball is in our court [the issue is the responsibility of Congress]," he said.

Specter has introduced legislation that would protect journalists and their employers from having to reveal information that a journalist learns under the promise of confidentiality.

Under the bill, a federal prosecutor in a criminal case could not compel a journalist to reveal protected information unless certain criteria are met, including that a court finds clear and convincing evidence that the prosecutor has exhausted alternative sources and that the public interest favors disclosure. The measure would require a journalist to disclose any information that would be needed to prevent an act of terrorism or harm to national security. E-mail This Article

Senators Seek Answers In Probe Of Reporter (AP)

By Laurie Kellman, Associated Press Writer

AP, June 7, 2006

WASHINGTON — The Senate Judiciary Committee gave the Bush administration a new lashing Tuesday over its use of executive power, citing the FBI's posthumous probe of columnist Jack Anderson and questioning the notion that espionage laws might allow the prosecution of journalists who publish classified information.

"It's highly doubtful in my mind that that was ever the intent of Congress," Judiciary Committee Chairman Arlen Specter said.

The World War I-era espionage laws, countered Justice Department criminal division chief Matthew Friedrich, "do not exempt any class of professionals, including reporters, from their reach."

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"I believe that's an invitation to Congress to legislate on the subject," replied Specter, R-Pa. "Clearly, the ball is in our court."

Friedrich refused to comment on the Anderson case, in which the FBI is seeking 50 years' worth of papers from the investigative journalist who exposed government scandals and earned a place on President Nixon's "enemies list."

Friedrich's response echoed deferrals by Attorney General Alberto Gonzales and other Justice Department officials in previous hearings on the administration's domestic wiretapping, phone tapping and other policies. Specter and other committee members grew exasperated.

"Why in heaven's name were you sent up here?" ranking Democrat Patrick Leahy of Vermont fumed. "Are there any questions you guys are allowed to answer other than your title, time of day?"

Friedrich responded that Judiciary Committee was advised of this limit before the hearing opened. He added that the FBI was preparing answers to the committee's questions about the Anderson case.

With the administration considering prosecuting journalists who publish classified information and refuse to reveal their sources, the committee wants the full story of the effort to obtain Anderson's archive months after his death at age 83.

Anderson's son Kevin, a lawyer, told the panel that he and his mother are prepared to face contempt charges if the FBI's effort to search the papers ever produces a subpoena or is upheld in court.

"The family has met and decided that we would not abide by a subpoena if one were issued by the FBI," Anderson said.

Specter asked if Anderson would risk a contempt citation.

"I would and I've spoken with my mother and she would as well," Anderson said.

"It's not an irrelevant question," Specter observed.

Anderson and Mark Feldstein, a former investigative reporter who is writing a book about Anderson, say FBI agents have appeared at their homes seeking the roughly 200 boxes of Anderson's papers to which the family had granted Feldstein access. The agents, Feldstein has said, cited national security concerns.

The FBI has said that if the papers contain classified information, they belong to the government.

The FBI had long sought Anderson's papers after he published stories exposing the Keating Five, a CIA plan to assassinate Fidel Castro and details of the Iran-Contra affair.

Anderson's son said the FBI contacted his mother shortly after his father's funeral, expressing interest in documents that would aid the government's case against two former lobbyists for the American Israel Public Affairs Committee who have been charged with disclosing classified information.

In addition, the agents told the family they planned to remove from the columnist's archive — which had yet to be catalogued — any document they came across that was stamped "secret" or "confidential," or was otherwise classified.

The family refused.

"They flashed their badges and said they needed access to the papers," said Feldstein. Anderson donated his papers to the university, but the family had not yet formally signed them over.

FBI Special Agent Richard Kolko, a spokesman in Washington, said in an April interview that the bureau wants to search the Anderson archive and remove classified materials before they are made available to the public. "It has been determined that, among the papers, there are a number of U.S. government documents containing classified information," Kolko said, declining to say how the FBI knows.

The documents contain information about sources and methods used by U.S. intelligence agencies, he said.

U. Political Scientist Calls Probe 'fishing Expedition' (SLT)

The Salt Lake Tribune

Salt Lake Tribune, June 7, 2006

University of Utah political scientist Tim Chambless, who years ago cataloged 85 boxes of Jack Anderson's papers for use in his research, calls the FBI's demands "a fishing exped- ition." The documents he reviewed included some that "were politically embarrassing to a few people." But he said, "There was nothing in there with regard to national security." Chambless also wonders how much trolling the government has done in Anderson-related documents that had been in the public domain. When he was in Maryland recently, Chambless spent two days at the National Archives looking through declassified documents dealing with Anderson. He said he was concerned to find a number that had been removed from the file. "No reason was given as to why the documents were pulled, no date was given as to when they were pulled or by what agency or individual. This is very troubling to me," Chambless said Tuesday. "I asked specifically [who removed the documents], and that information was not provided to me." He declined to speculate whether the missing papers were part of a seven-year-old secret program, disclosed in news reports earlier this year, to reclassify thousands of documents at the National Archives. The New York Times reported the

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effort by the CIA and five other agencies had removed from public access more than 55,000 previously declassified pages. - Robert Gehrke

Getting Stonewalled: Administration Out To Keep Us In The Dark (SLT)

Salt Lake Tribune, June 7, 2006

There are two ways to succeed in government. Do the right thing. Don't let the people know you've done the wrong thing.

In the case of the Bush administration, it is difficult to know if it is doing the right thing or the wrong thing. That's because it is working very hard to make sure we don't know anything.

This desire to sit on the details about what the government is doing does not apply only to the controversial things the Bush administration is up to today. It reaches beyond current questions of secret prisons, indefinite detentions, torture, wiretapping and data mining.

It reaches back about half a century, through CIA plots to kill Fidel Castro, Watergate and the Iran-Contra affair. Those are just a few of the juicy tidbits that would be found in the archives of the late Jack Anderson, investigative reporter extraordinare, papers which the FBI has tried to bully Anderson's blood and literary heirs into surrendering.

Tuesday, when appropriate members of the U.S. Senate wanted to know the reason why, they were thoroughly stonewalled by one of Attorney General Alberto Gonzales' assistants who, as Sen. Patrick Leahy was heard to fume, wasn't allowed to answer questions any more sensitive than his title and the time of day.

Leahy, the ranking Democrat on the Senate Judiciary Committee, is just as frustrated as Chairman Arlen Specter by

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the Justice Department's maddening refrain that it is keeping within the law but that we will just have to take their word for that. Any meaningful questions asked by senators, representatives or anyone else are turned away with the excuse that it would compromise anti-terror intelligence operations.

This is the same argument Gonzales has used to suggest that reporters who performed their constitutional duty by telling the American people about secret prisons, unwarranted wiretaps and the like are potentially subject to prosecution under the 1917 Espionage Act. But Gonzales is way off base, and we can only hope that the Congress will rein him in.

It is espionage to steal secrets and keep them for your own advantage. It is freedom to expose dirty secrets and tell the American people what your government is doing, in your name and with your money.

Documents Point To Bribes Of Nigerian By Congressman (NYT)

By Philip Shenon

The New York Times, June 7, 2006

WASHINGTON, June 6 — The Federal Bureau of Investigation raided the Maryland home of the vice president of Nigeria last summer in search of bribe money that the bureau believed had been paid to him by Representative William Jefferson, according to documents released on Tuesday.

The documents included an affidavit signed by an F.B.I. agent who said that the Nigerian vice president, Atiku Abubakar, now a candidate for president of that oil-rich West African nation, asked for at least half of the profits of a technology company controlled by Mr. Jefferson that was seeking to do business in Nigeria.

About the same time last year, the documents said, Mr. Jefferson told colleagues of his plans to bribe Nigerian officials, including Mr. Abubakar, in exchange for their help in winning business in Nigeria, and that Mr. Abubakar would be paid as much as $500,000 in cash.

The F.B.I. affidavit, which was dated Aug. 2, and other documents were made public over the objections of Mr. Jefferson, a Louisiana Democrat who is the target of a wide-ranging corruption investigation. He has denied wrongdoing and has said the information in the court papers would unfairly damage his reputation.

In the affidavit, an F.B.I. agent, Edward S. Cooper, said cellphone records suggested that Mr. Jefferson visited a home owned by Mr. Abubakar and his wife in Potomac, Md., an affluent suburb of Washington, around midnight last July 31 with the intention of delivering money to the Nigerian leader while he was on a visit to the United States. The next day, the F.B.I. said, Mr. Jefferson told a confidential informant that he had delivered "African art" — which the agent described as code for a cash payment — and that Mr. Abubakar "was very pleased."

The documents, which were released by a federal court in Greenbelt, Md., do not show what was seized by F.B.I. in the search of the Maryland home, nor do they show if the Nigerian leader ever received any money from Mr. Jefferson. A separate search of Mr. Jefferson's home in Washington in August turned up $90,000 in cash that, F.B.I. documents suggest, had been intended for the Nigerian leader. A bureau affidavit stated that the money had been hidden by Mr. Jefferson in his home freezer.

The Nigerian Embassy in Washington had no comment Tuesday on the disclosures in the documents about Mr. Abubakar, whose name had emerged previously in news reports about the investigation of Mr. Jefferson. The Associated Press quoted a spokesman for Mr. Abubakar in Abuja, the Nigerian capital, as declining comment Tuesday "until we have seen these reports or allegations." Mr. Jefferson's Congressional office referred questions to his lawyer, who has not returned repeated phone calls seeking comment.

Bush administration officials have been reluctant to speculate publicly about the effect of the investigation of Mr. Jefferson on American relations with Nigeria, which is one of largest exporters of oil to the United States.

Mr. Jefferson, an eight-term House member whose district includes most of New Orleans, has refused to discuss the detailed accusations against him in earlier court filings, including why so much money was in his home freezer.

The documents suggest that Mr. Jefferson was aggressive in seeking to lobby officials in Nigeria and other West African nations to promote business for a small technology company in which his family had a stake. A former top aide and the founder of the technology company have already pleaded guilty to criminal charges.

"With regard to the Nigerian business venture, Jefferson has discussed the making of payments to high-ranking government officials there, including the vice president of Nigeria," Mr. Cooper wrote in the affidavit last August intended to persuade a judge to allow the search of Mr. Abubakar's Maryland home.

"The vice president agreed to help secure the necessary approvals for the participants in the Nigerian business venture" in exchange for "at least 50 percent of the profits," it continued, adding that Mr. Jefferson had also discussed "the payment of a substantial monetary sum" to Mr. Abubakar "in the range of up to $500,000."

Affidavit Outlines Alleged Scheme In Jefferson Case (LAT)

By Josh Meyer

The Los Angeles Times, June 7, 2006

WASHINGTON — Rep. William J. Jefferson (D-La.), the target of a federal bribery probe, told an FBI informant that the vice president of Nigeria wanted at least $500,000 upfront and a stake in a lucrative technology venture in that country in order to help it gain approval, according to newly released documents in the investigation.

Jefferson's alleged statements help explain why FBI agents were so eager last summer to search the residence of the congressman and a Potomac, Md., mansion owned by the wife of Nigerian Vice President Atiku Abubakar. Atiku, who visits the United States frequently, had been staying at the Potomac residence and allegedly met with Jefferson there to discuss the deal.

The congressman, who has insisted he is innocent of accepting bribes, allegedly told the FBI informant that in order to secure the Nigerian official's help with the technology project, Jefferson needed to deliver an upfront payment of $100,000 to Atiku while he was in the United States.

Some time after that, the informant provided Jefferson with the cash in a briefcase, according to one of the documents, an affidavit by FBI Special Agent Edward S. Cooper. The congressman later indicated that he had delivered the cash to Atiku on a late-night visit to the Potomac house, Cooper's affidavit said.

"Ah, I gave him the African art that you gave me, and he was very pleased," Jefferson told the informant, according to Cooper's affidavit. In his 39-page affidavit, Cooper said that "African art" was code for the cash payoff. The FBI has said the informant, a Virginia businesswoman, was wearing a microphone.

The affidavit was unsealed Monday by the federal court in Greenbelt, Md., and was made available Tuesday by the Justice Department.

A Washington lawyer for Atiku on Tuesday strongly denied wrongdoing by his client, who is running for president of Nigeria.

"There is no relationship between the vice president and Congressman Jefferson other than meetings occasioned by the professional courtesy a public official extends to another public official through diplomatic channels," the lawyer, Edward Weidenfeld, said.

"The vice president has done nothing wrong, and we've been cooperating with the Justice Department and the FBI from the beginning" of the long-running investigation, Weidenfeld said.

In one of his conversations with the FBI informant, Jefferson said Atiku had "more deals going than the goddamn man in the moon," the affidavit said. "Jefferson then said, 'He's a very, well, the word might be … corrupt.' "

The affidavit contained extensive new details of the alleged plot by Jefferson to win the Nigerian government's approval of a plan to provide new telecommunications services in the oil-rich African nation. It is alleged that the congressman would have had a large but hidden financial stake in the project.

The informant was described in court documents as a northern Virginia businesswoman identified by law enforcement officials as Lori Mody. Authorities said she went to the FBI in March 2005 when she decided Jefferson and others were defrauding her on the business deal.

During one meeting with Mody, Jefferson allegedly estimated that the telecommunications venture could earn as much as $200 million annually by its fifth year.

It was not clear from the affidavit whether any of the $100,000 in the briefcase had been delivered to the vice president's home, or whether Atiku had engaged in negotiations for a piece of the deal. FBI officials have said, in fact, that nearly all of the $100,000 was subsequently found during a search of Jefferson's home, stashed in his freezer.

But the FBI agent said that Jefferson's cellphone records suggested he had gone to the Nigerian official's home the night he said he had dropped off the cash.

Cooper also said that security cameras at the Potomac mansion probably would have recorded a visit by Jefferson on the night in question, but the affidavit did not say whether agents were successful in obtaining such camera footage.

In a new twist in the case, Cooper said that the security camera was observed by an undercover FBI agent who was posing as Jefferson's driver on one trip to the house.

Some sections of the affidavit remained sealed, and it did not mention Atiku by name. But the document identified the Potomac residence as being owned by Jennifer E. Douglas, Atiku's wife. And Atiku's lawyer confirmed that he was the Nigerian official cited in the court filing. Douglas could not be reached for comment.

Jefferson has said that he never benefited personally from any corrupt deals. But the affidavit suggested that he had taken pains to distance himself from any illegal transactions in part by having payments go to his children.

Jefferson and the informant negotiated what kind of compensation he should receive if the deal were to go through, the affidavit said. At one point, he wrote down a "c," and then said, "the 'c' is like for children," the affidavit said. "I wouldn't show up in there."

"Say that again. I'm sorry," the informant responded, knowing that the conversation was being taped.

"I make a deal for my children. It wouldn't be me," the affidavit said Jefferson replied.

Atiku's involvement began when Jefferson wrote a letter to him dated June 21, 2005, alerting him to "a U.S. company" that wanted to invest $50 million to provide high-speed Internet access in Nigeria using Nigerian telecom company Nitel's lines.

Atiku then met with Jefferson July 18 in Potomac and, according to the congressman, "agreed to help secure the necessary approvals." But in return, he said, Abubakar wanted at least $500,000 for himself.

Jefferson, who represents most of New Orleans, has served in Congress since 1990 and is head of an Africa trade task force.

Rep. Accused Of Trying To Bribe Nigerian (AP)

By Stephen Manning

AP, June 6, 2006

Rep. William Jefferson called the package he allegedly delivered at midnight to the suburban Maryland home of Nigeria's vice president "African art." Authorities say the "art" was meant to be cash — lots of it.

Court documents filed in the bribery probe of the Louisiana Democrat allege that Jefferson told an FBI informant he took the "art," which authorities believe was code for $100,000 in $100 bills, to the Potomac home of Atiku Abubakar on July 31.

The money was allegedly part of $500,000 the Nigerian vice president sought in return for helping smooth the way for a technology venture in Nigeria that was arranged by Jefferson. Abubakar also reportedly wanted a large stake of the profits from the new business.

The day after he was to have delivered the money, provided by an FBI informant, Jefferson was recorded telling the informant: "I gave him the African art that you gave me and he was very pleased."

The conversation and details of the alleged deal were included in an affidavit filed in August in U.S. District Court in Greenbelt to secure a warrant to search Abubakar's house. The affidavit was unsealed Monday.

It is unclear whether any money was given to Abubakar, who is identified only as "the vice president of Nigeria" in the affidavit.

According to another search warrant affidavit for Jefferson's congressional office, released last month in Washington, $90,000 in cash was found in a freezer at Jefferson's Washington home. A briefcase similar to the one Jefferson is alleged to have used to carry the money was found in a later search of his New Orleans home, according to federal court documents filed there.

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The 39-page affidavit released Monday in Maryland, some sections of which remain sealed, identifies the Potomac home as the residence of Jennifer Douglas, Abubakar's wife. Although the search of the residence was mentioned in documents previously released by the courts, names and titles were blacked out to keep them secret.

A lawyer for Abubakar, who is running for president of Nigeria, said Abubakar is cooperating with authorities. Edward L. Weidenfeld said Abubakar's relationship with Jefferson did not extend beyond standard diplomatic meetings.

"There is no relationship or any kind of arrangement of any sort between them," Weidenfeld said.

In Nigeria, where Abubakar kicked off his campaign last week, his spokesman Mohammed Yakubu said they have yet to see details of the allegations. "We don't have anything to say until we have seen these reports or allegations," he said by telephone from Abuja.

Jefferson has strongly denied wrongdoing in the alleged scheme.

The informant was a northern Virginia businesswoman identified by law enforcement officials as Lori Mody. She is said to have gone to the FBI when she believed Jefferson and others were defrauding her on the business deal. Jefferson discussed with her the "payment of bribes to high-ranking foreign government officials," including Abubakar, according to the affidavit.

Jefferson approached Abubakar, claiming he wanted to help an American firm invest $50 million to run Internet services over the wires of Nigerian telecom company Nitel. The venture was to include Mody, a Kentucky telecommunications company called iGate Inc., and the Nigerian firm Rosecom.Net.

The affidavit states Jefferson wanted a stake of 5 percent to 7 percent in the Nigerian venture for his five daughters and one of them, lawyer Jamila Jefferson, to be retained to help set it up.

The congressman met July 18 with Abubakar in Potomac and the vice president "agreed to help secure the necessary approvals" for iGate to begin work in Nigeria, Jefferson said. In return, Abubakar wanted at least 50 percent of the profits from Rosecom.Net and a payment of up to $500,000 before the deal was completed, the documents alleged.

Jefferson, who represents most of New Orleans, has served in Congress since 1990. The raid on his Capitol Hill office sparked outrage from congressional leaders who claimed the Bush administration was violating the separation of powers doctrine. President Bush later sealed FBI files on the raid for 45 days.

Former Jefferson aide Brett Pfeffer has pleaded guilty and was given an eight-year term for his role in the bribery scandal. He is cooperating with authorities. Vernon Jackson, chief executive of iGate, also pleaded guilty to paying more than $400,000 in bribes to Jefferson.

Gonzales Defends Jefferson Office Search (AP-Y2)

By M.r. Kropko

AP2, June 6, 2006

Attorney General Alberto Gonzales on Tuesday defended the FBI's search of a congressman's office last month, saying it was an "unusual step" but a necessary one.

Gonzales compared the May 20-21 search of Rep. William Jefferson (news, bio, voting record)'s office to past investigations of federal lawmakers and searches of their homes and vehicles.

The late-night search, part of a months-long bribery investigation of the Louisiana Democrat, was the first time in the history of Congress that a search warrant had been executed on a House member's Washington office.

"There have been searches before by the executive branch of the legislative branch," Gonzales said. "We've searched before the homes of members of Congress. We've searched before the cars of members of Congress, even when they are parked in the garage on Capitol Hill."

Among the lawmakers most recently served with search warrants were then-Sen. Robert Torricelli, D-N.J., in connection with the United Nations oil-for-food program, and then-Rep. Randy "Duke" Cunningham, a California Republican whose homes and boat were searched. In August, the FBI raided Jefferson's homes in Washington and New Orleans, and his personal vehicle.

Last month's search of Jefferson's Capitol Hill office sparked outrage from congressional leaders, who claimed the Bush administration was violating the separation of powers doctrine. President Bush ordered the documents sealed until mid-July to allow congressional leaders and the Justice Department to discuss what to do with them.

Gonzales, in Cleveland to award an anti-gang grant, said the search did not violate the Constitution because there was evidence of a crime in Jefferson's office and FBI agents had obtained a court-issued search warrant.

"I understand this was an unusual step that was taken, but it was an unusual step taken in response to an unusual set of circumstances," Gonzales said. Investigators tried for months to get the evidence in other ways, he said, "and we ultimately concluded that this was something that we needed to do."

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FBI agents carted away computer and other records in their pursuit of evidence that Jefferson accepted hundreds of thousands of dollars in exchange for helping set up business deals in Africa. Jefferson, who represents most of New Orleans, has denied any wrongdoing.

"I understand the sensitivities," Gonzales said. "We anticipated that this would create some concerns. We worked hard to allay those concerns in the way the search was conducted."

Hoyer Backs Pelosi, Smacks Rep. Jefferson (HILL)

By Josephine Hearn

The Hill, June 7, 2006

The chances that Rep. William Jefferson (D-La.) will keep his seat on the powerful Ways and Means Committee grew slimmer yesterday as House Minority Whip Steny Hoyer (D-Md.) issued a stinging assessment of the embattled Louisianan's legal situation.

"He sits on a tax-writing committee, and he had $90,000 found in his freezer. I think he's got a tax problem if nothing else," Hoyer said, responding to reporters' questions about whether Democrats would seek to oust Jefferson forcibly from the panel even though he has yet to be charged with a crime.

Jefferson pointedly declined a recent request from House Minority Leader Nancy Pelosi (D-Calif.) for him to step down, reasserting his innocence and implying that she should ask the same of Rep. Alan Mollohan (D-W.Va.) who has faced ethics questions about earmarks he obtained on the Appropriations Committee.

"If members are to be treated equally, I think Mr. Mollohan has an appropriations problem," a Democratic aide sympathetic to Jefferson fumed.

Last night, members of the House Democratic Steering and Policy Committee were expected to discuss Jefferson's dilemma at a members-only meeting. If Pelosi were to remove Jefferson forcibly, she would first have to put the issue to a vote of that body, which has jurisdiction over Democrats' committee assignments. That vote was not expected to occur last night, but she could pursue it at a later date.

Last night's meeting was convened to discuss Democratic message crafting, with Rep. George Miller (D-Calif.) acting as chairman. Rep. Rosa DeLauro (D-Conn.) typically chairs meetings in which committee assignments are decided.

Hoyer said yesterday that he hoped the committee would seek to oust Jefferson.

"I personally believe that Mr. Jefferson should step down from the Ways and Means Committee, and if he doesn't step down our caucus should take action."

If Democratic leaders do put the issue to a vote, Jefferson will have few allies on the committee. It is stocked with Pelosi loyalists.

Even among the committee's 10 members from the Congressional Black Caucus (CBC), Jefferson would be hard-pressed for friends. Reps. James Clyburn (D-S.C.), chairman of the Democratic caucus, and Rep. Charles Rangel (D-N.Y.), senior Democrat on Ways and Means, have not rushed to his aid.

Several more junior CBC members, however, may speak out on his behalf. Rep. Donald Payne (D-N.J.) has been supportive, even though he occupies one of the 15 slots appointed by Pelosi on the steering committee.

Rep. Gregory Meeks (D-N.Y.) sits on the panel as a regional representative. He may harbor some lingering ill will against Pelosi because she backed Rep. Mike Honda (D-Calif.) when the two were vying to become a vice chairman of the Democratic National Committee.

A spokesperson for Meeks could not immediately comment.

Hoyer's call for Jefferson to step aside marks only the latest time he has vociferously supported a Pelosi decision. The whip has at times been at odds with Pelosi, his onetime leadership rival. Pelosi bested Hoyer in a race for Democratic whip in 2002.

These days, however, Hoyer says he has only unalloyed endorsements for the minority leader and her ability to unify the caucus.

"Nancy has worked harder in my opinion than anybody I have seen in my 26 years in Congress," Hoyer averred yesterday. "[Former Minority Leader] Dick Gephardt [D-Mo.] I thought was the hardest worker I could find. Nancy works harder than Dick. She travels more. She raises more money. She works harder than message. She's doing a wonderful job.

"If we lose, it will not be Nancy Pelosi's fault. She's done everything she possibly could to insure our victory. ... Win, lose or draw, she's going to be our leader."

Hoyer was responding to a recent report that Rep. Rahm Emanuel (D-Ill.), chairman of the Democratic Congressional Campaign Committee, may mount a challenge to Pelosi if Democrats fall short of taking control of the House.

Emanuel said, "Congresswoman Pelosi is the leader. I'm not interested in [challenging her], and I support her."

In a moment of levity, Hoyer quipped that the question may be a “moot point.”

“If we don’t take back the House after the situation we’re in now, we’re all going to shoot ourselves in the head!” he quipped, then added, “I didn’t mean it literally. Put your hopes aside.”

Pelosi is virtually assured of becoming Speaker unopposed if Democrats take control. Despite some concerns among Democrats that she is a poor spokeswoman for the party, the caucus is unlikely to miss the chance to elect the first female Speaker or to reward her for ending a dozen years in the political doldrums.

Even if Democrats do fall short of taking power, it is unclear who would challenge Pelosi. Hoyer has said time and again that he has no desire to take her on again. Emanuel, while seen as hardworking, smart and effective, has little seniority and has engendered ill will in some factions of the caucus with his colorful and direct language.

Separation Hypocrisy (LAT)

The Los Angeles Times, June 7, 2006

CONGRESS CAN BE PERSNICKETY about its prerogatives, real and imagined. But its reverence for the separation of powers, so flagrantly on display in its continuing snit over the FBI's search of a House member's offices, goes by the wayside when it's Congress trespassing on someone else's turf.

Take the repeated attempts by Congress to micromanage the work of the federal courts. Conservatives have tried without success to strip courts of jurisdiction over hot-button issues such as same-sex marriage and the constitutionality of a federal law against it. More recently, some members have threatened to prohibit the Supreme Court from citing the decisions of foreign courts in its opinions.

Fortunately, a member of the court who might be expected to welcome the last proposal has come out against it. Justice Antonin Scalia recently delivered a lecture on the separation of powers that applies to other misguided initiatives in Congress.

"No one is more opposed to using foreign law than I am," Scalia told a Capitol Hill luncheon last month. "But I'm darned if I think it's up to Congress to direct the Supreme Court how to make its decisions." He asked Congress to "let us make our mistakes, just as we let you make yours."

Congressional dissatisfaction with the judicial branch is old news in Washington. It ranges from complaints voiced by Sen. Arlen Specter (R-Pa.) that the court has questioned Congress' "method of reasoning" to griping by other members of Congress about requests for judicial pay raises. The latest attempt to muscle the courts is a proposal by Sen. Charles E. Grassley (R-Iowa) to create an inspector general for the judiciary who would watchdog judicial ethics at all levels. A similar House bill by Rep. F. James Sensenbrenner Jr. (R-Wis.) would apply only to lower-court judges. The inspector general idea would unnecessarily entangle the legislative branch in the day-to-day supervision of the judiciary.

The Supreme Court is not above criticism, and Congress has the authority to define the jurisdiction of various federal courts, to decide how much money should be appropriated for their operation and even to impeach and remove judges who abuse their public trust. Congress also is free to regulate or even outlaw some of the practices that have given rise to the inspector general idea — such as the attendance by judges at lavish "seminars" paid for by foundations linked to special-interest groups.

But even in areas in which Congress can set rules for the judicial branch, it's the better part of wisdom for legislators to tread softly. Conservatives in Congress have dismissed that advice when it has come from "good government" groups and liberal lawyers; maybe it will sink in when it comes from their hero, Justice Scalia.

Lobbyist Says Client Paid Half The Cost Of Town House (NYT)

By David D. Kirkpatrick

The New York Times, June 7, 2006

WASHINGTON, June 6 — A former top aide to the House defense appropriations subcommittee acknowledged Tuesday that the president of a military contractor had paid half the cost of a $1 million town house that they bought 11 months after she left the Congressional job.

The former aide, Letitia Hoadley White, now a prominent lobbyist, is already under scrutiny by federal prosecutors investigating the possibility that lawmakers and members of their staffs directed federal money to contractors in exchange for illicit payments. A spokesman for Ms. White said the purchase was a private arrangement between close friends.

Ms. White was for many years the top aide in charge of inserting pet projects, known as earmarks, into spending bills for Representative Jerry Lewis, Republican of California, when he led the House defense appropriations subcommittee.

The person who paid $500,000 toward the purchase of her house was Nicholas Karangelen, president of Trident Systems Inc., one of many companies that benefited from earmarks. In 2002, for example, the company received part of an $8 million joint contract for technology to survey battlefields.

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Ms. White left Capitol Hill in January 2003 for a partnership in the lobbying firm of Copeland Lowery Jacques Denton & White. Trident retained her as a lobbyist the next month, and she bought the house with Mr. Karangelen in December of that year. Ms. White reported that Trident paid her firm $80,000 in fees for the year, and the firm continued to receive earmarked money.

If Mr. Karangelen's $500,000 contribution to the house benefited Ms. White as compensation for her services, lobbying laws would require her to disclose his contribution.

Patrick Dorton, a spokesman for Ms. White, said: "She purchased the house as a private citizen. She went in 50-50 with a friend. And it is absolutely not connected to any fee arrangement or work for Trident."

Mr. Karangelen and a Trident spokeswoman did not return calls seeking comment.

The federal prosecutors looking at Ms. White's work are investigating possible ties between Mr. Lewis, her former boss, and Bill Lowery, her lobbying partner. Mr. Lowery's firm represents many clients who have received money earmarked by the defense subcommittee, and the firm and its clients account for a large part of Mr. Lewis's campaign fund-raising.

Mr. Karangelen and other Trident executives are major contributors to Republicans, to Mr. Lewis and to other members of the House Appropriations Committee.

Friends of Ms. White say she sometimes stays in the town house and uses it for fund-raisers and events related to her lobbying business. A political action committee that Mr. Karangelen runs, Small Biz Tech Pac, also lists the town house as its address.

On Tuesday, a researcher for the liberal Web site Talking Points Memo turned up a deed showing Mr. Karangelen as a second owner of the town house.

Retirement Account Of DeLay's Wife Traced (WP)

By R. Jeffrey Smith

The Washington Post, June 7, 2006

A registered lobbyist opened a retirement account in the late 1990s for the wife of then-House Whip Tom DeLay (R-Tex.) and contributed thousands of dollars to it while also paying her a salary to work for him from her home in Texas, according to sources, documents and DeLay's attorney, Richard Cullen.

The account represents a small portion of the income that DeLay's family received from entities at least partly controlled by lobbyist Edwin A. Buckham. But the disclosure of its origin adds to what was previously known about the benefits DeLay's family received from its association with Buckham, and it brings the total over the past seven years to about half a million dollars.

Buckham was DeLay's chief of staff before he became a lobbyist at the end of 1998, shortly before the account was opened and the flow of funds began. He has come under scrutiny from federal investigators because his lobbying firm received hundreds of thousands of dollars in revenue from clients of indicted Republican lobbyist Jack Abramoff.

Buckham's financial ties to DeLay's family -- and the retirement account in particular -- have recently attracted the interest of FBI agents and others in the federal task force probing public corruption by lawmakers and lobbyists, according to a source who was questioned in the course of the government's investigation.

Cullen said the retirement account was required for Buckham's employees under Internal Revenue Service rules. But investigators are looking at Buckham's role in establishing the account and at whether the lawmaker may have performed official acts in return for any of the income arranged by Buckham, according to the source. DeLay denies any wrongdoing.

Another lawmaker, Rep. John T. Doolittle (R-Calif.), has similarly come under Justice Department scrutiny in the past year because of fees paid to his wife's consulting firm -- in that instance as compensation for soliciting corporate campaign contributions.

Abramoff, who was friendly with both DeLay and Doolittle, put Julie Doolittle's firm on his lobbying firm's payroll to plan a fundraising event for a nonprofit group he created. A nonprofit organization that Buckham created also hired her firm to keep its books; the organization subsidized a $28,000 trip to South Korea by DeLay and his wife.

Laura Blackann, a spokeswoman for John Doolittle, confirmed that a grand jury investigating Abramoff's lobbying activities subpoenaed Julie Doolittle's firm in 2004 to obtain some of its records. In February, the FBI subpoenaed another nonprofit group created by Buckham, seeking records of any dealings with DeLay, his wife and his daughter, according to a copy of the subpoena.

From 1998 until recently, Buckham, an evangelical minister, met regularly with DeLay, occasionally attended staff meetings in his office, made scheduling recommendations or decisions for the office, and served as DeLay's chief political and spiritual adviser, even though he was not formally employed by him. At the time, Buckham's clients included a host of companies with regulatory and legislative business before Congress, and whose interests DeLay supported.

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Under congressional ethics rules, lobbyists such as Buckham are barred from providing gifts or gratuities with a total value exceeding $50 to lawmakers in a single year. No similar prohibition exists for payments to a lawmaker's family members, but the pay must be a reasonable wage for real work and not be meant to influence a lawmaker's votes. Nothing in pending House and Senate lobbying reform legislation addresses the issue of such lobbyist payments to lawmaker's families.

DeLay, who was indicted in October 2005 on charges of money laundering related to the 2002 elections in Texas, announced in April that he would resign from Congress on June 9. He stepped down as House majority leader after the indictment, relinquishing a post he held from 2002 to 2005. DeLay has not disclosed his future employment plans but has said he plans to continue to promote conservative causes in Washington.

Buckham, who co-owned his lobbying firm with his wife, initially opened the retirement account for Christine DeLay at First Union bank. In 2001, he transferred it to the Charles Schwab & Co. office near his home in Frederick, according to a source with direct knowledge of the matter. From 1999 to 2000, DeLay listed the account as a spousal asset on his financial disclosure forms without specifying its value.

In his 2001 disclosure, DeLay said for the first time that the account was valued at between $15,000 and $50,000. Beginning in 2003, he listed it as a joint asset, though Cullen said in an interview that it remained in Christine DeLay's name and that such a listing was not required. "I believe the IRA has remained in Christine's name since the inception and that [the joint] designation must have been an error," Cullen said.

DeLay's salary from the House during this period ranged from $136,700 to $180,100. He will receive a pension starting at about $56,000 annually, and he is eligible for a defined-contribution retirement program, according to the National Taxpayers Union.

Cullen said that the Schwab account was a routine way for Buckham to contribute to an employee's retirement needs and that Christine DeLay, like others who worked at Buckham's now-defunct lobbying firm, received funds for the account as a percentage of her income during her employment. Charles Wm. McIntyre, a colleague of Cullen's at the McGuireWoods law firm, said DeLay and his office are unaware of any particular interest in the retirement account by federal investigators.

Besides financing the retirement account, Buckham played a role in two other streams of income that indirectly benefited DeLay.

One involved payments to DeLay's family by his principal political action committee, Americans for a Republican Majority (ARMPAC), which drew its largest donations from corporations. Three former DeLay staffers with firsthand knowledge of Buckham's activities have described him as a decision maker for the group, even though it was formally run by its executive director.

An arm of the group paid Buckham a monthly consulting fee, and Buckham in turn employed its executive director as a consultant to his lobbying firm. The two of them shared a single office on the top floor of a townhouse owned by a nonprofit organization that Buckham created and directed. Buckham's role is relevant because from 2001 to Jan. 31, 2006, ARMPAC paid Christine DeLay; DeLay's daughter, Dani DeLay Ferro; and Ferro's Texas firm a total of $350,304 in political consulting fees and expenses, according to public records.

The Washington Post previously disclosed that from 1998 to 2002, Buckham's lobbying firm, Alexander Strategy Group, paid Christine DeLay a monthly salary averaging between $3,200 and $3,400. Cullen initially said the payments were for telephone calls she made periodically to the offices of certain members of Congress seeking the names of their favorite charities. Christine DeLay then forwarded that information to Buckham, along with some information about those charities.

Last week, Cullen said the payments were also for general political consulting Christine DeLay provided to her husband. Cullen said he does not have complete records of the salary payments or the dates when Christine DeLay performed the work from the couple's home in Sugar Land, Tex. But a source familiar with the pay records said the total she received from the Alexander Strategy Group was about $115,000.

Together with the retirement account worth about $25,000, this means the family's total financial benefits from entities at least partly controlled by Buckham exceeded $490,300.

Before being paid by ARMPAC for political consulting, Christine DeLay, a homemaker and advocate for foster care, had not done paid work of that type. That circumstance has figured in government investigations of payments to other lawmakers' spouses, on the grounds that, if the compensation began after a lawmaker's election, it might have been meant to influence official acts.

Melanie Sloan, executive director of Citizens for Responsibility and Ethics in Washington, a group that has criticized payments to lawmakers' spouses, said that "the real scandal in Washington is what is legal."

"This is a prime example of that," she said. "But there is a distinction between what is legal and what is right. . . . What was DeLay doing for all that money? Even Ed Buckham was not paying DeLay and his family out of the goodness of his heart."

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Buckham's lobbying clients during the period in question included Enron, AT&T, the American Bankers Association, the National Association of Convenience Stores, Freddie Mac, Nextel, United Parcel Service, Time Warner, Microsoft, BellSouth, the Pharmaceutical Research and Manufacturers of America and the Coalition to Preserve Dietary Supplements.

Several groups represented by Buckham also helped sponsor lavish overseas travel by DeLay and his family.

"Tom DeLay has never taken an official act that was not based on his strongly held principles," Cullen said. Buckham and his attorney did not return several telephone calls seeking comment.

DeLay: GOP's 'panic, Depression' Risk Losing Elections (USAT)

By Kathy Kiely

USA Today, June 7, 2006

WASHINGTON — Former House majority leader Tom DeLay said he's "disappointed" in three ex-associates who pleaded guilty in a federal probe of political corruption, but he said their admissions "doesn't mean I knew" of their efforts to bribe Congress.

The Texas Republican, who is resigning his House seat Friday, told USA TODAY that he was surprised by revelations that Tony Rudy, a former top aide, and Jack Abramoff, a former lobbyist and longtime political supporter, tried to buy influence with lawmakers.

"The Tony Rudy and Jack Abramoff I'm reading about in the papers are not the people I knew," DeLay said Tuesday. His former press secretary, Michael Scanlon, also pleaded guilty.

Nicknamed "The Hammer" for his hard-charging style, DeLay is leaving Congress with more of a bang than a whimper.

The former No. 2 House leader criticized his Republican colleagues for "panic, depression and woe-is-me-ism," and predicted they will lose control in November "if they continue the attitude they have right now."

DeLay's career embodies the GOP's ascendancy. He was swept into Congress by President Reagan's second-term landslide in 1984 and was a member of the leadership team in 1995 when the GOP took control of the House for the first time in 40 years.

DeLay said the Justice Department has not questioned him in the corruption probe, and he has offered to cooperate.

He blamed his political exit on Ronnie Earle, the Austin district attorney who indicted DeLay on charges of violating state campaign-finance laws. DeLay insists he did nothing wrong, but said Earle, a Democrat, indicted him to force him out of House leadership.

"Their campaign of character assassination and criminalization of politics was effective," he said. Earle denies partisanship.

DeLay, 59, said his plans include establishing a private legal defense fund — unsupervised by the Federal Election Commission — to help pay his lawyers. He said he owes more than $2.5 million. He can also use political contributions to defray the debt. As of March 31, DeLay had $1.4 million in his campaign treasury.

McKinney Deal May Be In Works Lawyer Rejects Talk Of Any Negotiations (AJC)

By Bob Kemper, The Atlanta Journal-constitution

The Atlanta Journal-Constitution, June 7, 2006

WASHINGTON — Federal prosecutors investigating the confrontation between Rep. Cynthia McKinney of Georgia and a Capitol police officer have been talking privately with McKinney's office in hopes of resolving the case without the spectacle of an indictment and trial, officials familiar with the talks say.

Prosecutors for several weeks have been carrying on confidential discussions with the DeKalb County Democrat in what they characterized as an effort to reach a plea agreement, even as they were presenting evidence in the March 29 incident to a grand jury, said the officials, who spoke on condition of anonymity.

The grand jury has not yet decided whether McKinney should be charged, an official familiar with the proceedings said, and no decision is expected this week. The prosecutors have subpoenaed at least six witnesses to appear before the jury over the last two months.

McKinney's office rejected claims that there have been discussions of a plea agreement, saying the congresswoman has not been charged with anything and may never be, so there's no plea to negotiate.

"At this time, I have no comment as I am unaware of any 'legal case' regarding Ms. McKinney and [the] March 29 incident," William Moffitt, one of McKinney's lawyers, said in an e-mailed statement.

A spokesman for U.S. Attorney Ken Wainstein's office and a Justice Department spokesman declined to comment on the talks or even confirm they were occurring.

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Negotiated settlements in cases as controversial and politically sensitive as McKinney's are common, according to former federal prosecutors and lawyers with experience in Washington's Superior Court. They said there is often pressure on the prosecutors from higher-ups at the Justice Department and possibly the White House to resolve such cases quickly and quietly.

The Justice Department declined to comment on McKinney's case. A White House spokesman said he had no information on whether McKinney's case had been discussed in the West Wing.

Capitol Hill police said they were dismayed that the investigation into McKinney's confrontation with the police officer is taking so long to resolve. They said failure to charge McKinney would send the message that it is all right to hit a police officer.

The incident occurred as McKinney was entering a House office building and started to skirt a security checkpoint, as members of Congress and their aides are allowed to do. When a police officer who did not recognize McKinney tried to stop her McKinney, struck him in the chest with her fist, according to the police report.

McKinney was not wearing a special lapel pin that would have identified her as a congresswoman, but House members are not required to wear the pins. She also had changed her hairstyle since posing for her official House photo, which guards can consult to confirm her identity.

McKinney and her lawyers said she was acting in self-defense after the officer touched her inappropriately. After the incident, McKinney held a news conference in which she said she was the victim of racial profiling by Capitol police, stopped only because she was a "female, black congresswoman."

Under pressure from fellow Democrats and black lawmakers, McKinney eventually apologized for the incident on the House floor.

— Scott MacFarlane of Cox Broadcasting contributed to this article.

Gambino Captain Convicted Of Racketeering (AP)

By Larry Neumeister

AP, June 7, 2006

NEW YORK -- A Gambino family captain done in by the testimony of an undercover FBI agent and hours of government tapes was convicted Tuesday of racketeering _ a verdict his lawyer said almost guarantees he will die in prison.

Gregory DePalma, 74, had an oxygen tube in his nose and gauze on his face because of a weekend biopsy as the verdict was read in U.S. District Court in Manhattan.

The verdict resulted from a government assault on what remains of the Gambino crime family after the Gotti era appeared to end with the death of John Gotti in 2002 and prosecutions of his brother, Peter Gotti, and son, John "Junior" Gotti.

Joaquin Garcia, an FBI agent who posed as "Big Jack" Falcone, had cozied up to DePalma and recorded thousands of hours of conversations that helped land the mobster.

The FBI planted a cell phone on DePalma that picked up conversations even when it was off. Defense lawyer Martin Geduldig said after the verdict that it "was just too difficult to overcome all of these tapes."

Sentencing was set for Aug. 29. Geduldig said he doubted DePalma would live beyond five years, so anything more would be a life sentence.

Prosecutors depicted DePalma as an energetic hustler from 2003 to 2005, when he extorted restaurants, construction companies and a topless nightclub where he was introduced to the undercover agent.

DePalma called in favors from anyone who feared his mob muscle. He described getting a former manager for Liza Minnelli to finance a $12,000 trip for mob wives to Las Vegas.

The jury also heard him boast that he made a restaurant owner get an $11,000 bottle of wine and provide as much as $4,000 in free food for two dozen Gambino guests.

U.S. District Judge Alvin K. Hellerstein had rejected defense requests that DePalma rest at trial on a gurney or wheelchair because of his missing lung, heart problems, cancer and diabetes.

Prosecutors told jurors he had boasted after a 1999 racketeering guilty plea that he had duped the judge with an illness act worthy of an Academy Award.

They played tapes of him bragging that he wore an oxygen mask and did not shave for a week before sentencing, leading the judge to say he had never sentenced a man so sick.

Fat Lip Gets Mobster Life (NYDN)

By Thomas Zambito, Daily News Staff Writer

New York Daily News, June 7, 2006

He talked too much.

DOJ_NMG_0032606

Motor-mouth mobster Greg DePalma blabbed his way into a life prison sentence yesterday after a jury convicted him of racketeering charges based on hours of incriminating government tapes.

The verdict ended a three-week trial highlighted by the testimony of an undercover FBI agent who got so cozy with the ailing 74-year-old Gambino capo that he earned an invitation to join the Mafia.

DePalma's foul mouth filled more than 5,000 hours of tapes and his trial featured "Sopranos"-like scenes, including grub-gorging goodfellas, bloody beatings and whining wiseguy wives.

As the verdict was read, DePalma, hooked throughout the trial to an oxygen tank, groused about the FBI agents who took him down. He was found guilty on 27 of 36 counts, many involving violent extortion.

"Maybe instead of them buying TVs from P.C. Richards, they should go out and get some terrorists," he told lawyer John Meringolo.

It was a reference to the six "stolen" wide-screen sets given to him by FBI agent Joaquin Garcia, the undercover veteran DePalma was introduced to in the fall of 2002 as Miami jewelry fence "Jack Falcone."

DePalma kept one and passed the others to mob bosses.

Considering his criminal history and failing health, "any sentence of five years or more is probably a life sentence," said Martin Geduldig, another defense lawyer.

DePalma's ghostly pale figure in court was in stark contrast to that of the carefully coiffed man who had Frank Sinatra's arm draped over his shoulder in an infamous 1976 photo.

Garcia was DePalma's constant companion for two years and played such a convincing role that the veteran gangster wanted to put him up for membership in the mob family once headed by the Dapper Don, John Gotti.

Using Gambino family muscle as leverage, DePalma forced the owner of Valbella's, a Greenwich, Conn., restaurant which has attracted the likes of Joe Torre and Regis Philbin, to pick up the tab so two dozen of his mob pals could belly up to a multicourse meal.

Prosecutors say DePalma forced Gary Labriola, Liza Minnelli's former manager, to pay for a $12,000 spending spree at Las Vegas' Venetian Hotel for the wives of his mob bosses in 2003.

And DePalma put the arm on contractors big and small for weekly protection payments of $500 or more as well as a Christmas "tribute." He forced one to buy poorly made suits from a tailor friend and to purchase signed Leroy Neiman prints that cost thousands.

Federal prosecutors Christopher Conniff and Scott Marrah pointed jurors to DePalma's own words, and his attorneys conceded that the tapes were too much to overcome.

"He was a walking bug," Geduldig said.

GABBY CAPO IS KAPUT (NYPOST)

By Kati Cornell

The New York Post, June 7, 2006

Loose-lipped Gambino capo Gregory DePalma will likely spend the rest of his life behind bars after jurors found the sickly gangster guilty of a slew of mob crimes yesterday.

Jurors deliberated three days before convicting DePalma on 27 of the 36 charges he faced at a trial in Manhattan federal court, where prosecutors played numerous tapes of the gangster on his cellphone and blabbing at mob meetings.

The verdict was a notch in the belt of undercover FBI agent Joaquin Garcia, who has been called the "modern-day Donnie Brasco" for his stunning two-year infiltration of the Gambino crime family.

DePalma, 74, who breathes through an oxygen tube, quietly shook his head as the jury foreman announced the verdict on multiple extortions, receipt of stolen property, illegal gambling, racketeering and other charges.

"I think any sentence over five years is a life sentence," defense lawyer Martin Geduldig said outside of court, estimating the sentencing guidelines would call for a prison term of more than 10 years. "It was too difficult to overcome all if these tapes . . . He was a walking bug."

"Greg's been around the block a couple of times. He knew what he was battling here," said Geduldig, who added that he would ask Manhattan federal Judge Alvin Hellerstein for leniency at an Aug. 29 sentencing because of DePalma's poor health.

The ailing wiseguy, who has heart disease, diabetes and is missing a lung due to cancer, relied on the help of EMTs to get in and out of his wheelchair during the trial.

Meanwhile, Assistant U.S. Attorneys Christopher Conniff and Scott Marrah have repeatedly accused DePalma of feigning illness in order to curry favor with the court.

Testifying in a closed courtroom, Garcia told jurors how he ingratiated himself to DePalma by posing as gangster wannabe and jewel thief "Jack Falcone."

The agent, who weighs upwards of 300 pounds, joked that he packed on the weight while secretly recording hundreds of meetings with DePalma at restaurants around the city and in Westchester.

Prior to his March 2005 arrest, DePalma was taped boasting about his influence in the Gambino crime family and supposed brushes with celebrity, including a dinner with pop star Mariah Carey.

He also bragged of strong-arming movie star Armand Assante, who played "Dapper Don" John Gotti in an HBO movie.

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Ex-Tenn. Lawmaker Denies Taking Payoffs (AP)

By Woody Baird, Associated Press Writer

AP, June 7, 2006

(06-06) 18:52 PDT Memphis, Tenn. (AP) -- A former Tennessee legislator charged with extortion took the stand in his own defense Tuesday and denied ever accepting payoffs from two FBI informants.

Former state Sen. Roscoe Dixon testified that he had supported legislation for E-Cycle Management, a bogus company set up by the FBI, as a favor to friends and not for money.

Dixon was the only defense witness, and jurors were to begin deliberations Wednesday.

In final arguments to the jury, defense lawyer Coleman Garrett said Dixon is the victim of a government conspiracy based on a fake company that offered bribes for support of a proposed law that was never intended to pass.

"Don't treat this like it's real," Garrett said. "This is a joke. This man was set up."

Assistant U.S. Attorney Tim DiScenza said Dixon was not pressured into taking bribe money — "He just took it."

Under questioning from his attorney, Dixon said he had long known and tried to help the government's chief witnesses against him, Barry Myers and Tim Willis. Myers was Dixon's assistant at a community development center and Willis had been active in Memphis politics for years.

Dixon, a Democratic lawmaker for 22 years, said he had tried to help the two establish careers as lobbyists.

He acknowledged accepting $1,000 during a meeting that Willis secretly videotaped in 2004 for the FBI. But he said he thought the total of $6,000 that Willis laid out on a table was intended for Myers for helping lobby on behalf of E-Cycle.

On the tape, Dixon tells Myers: "Throw me one of those stacks, man."

He told jurors he thought Myers intended for that money to go to the financially struggling development center where they both worked.

Myers has pleaded guilty to splitting bribes totaling $9,500 with Dixon and is cooperating with the government.

Dixon was one of five sitting or former state lawmakers arrested in 2005 in an investigation the government called Tennessee Waltz and is the first to go to trial. One of the five, Republican Chris Newton, pleaded guilty, resigned his state House seat and is serving a one-year prison term. The other three are awaiting trial.

Dixon Tells Of 'network' (MCA)

By Lawrence Buser

Memphis Commercial Appeal, June 7, 2006

But didn't sell influence, ex-lawmaker testifies

Former state senator Roscoe Dixon acknowledged Tuesday that he accepted cash from a government informant portraying a lobbyist seeking favors, but denied that it was a bribe for his legislative help.

Dixon's testimony came at the end of his six-day federal bribery trial in which he was the only defense witness. The jury will begin deliberating this morning in what is the first local trial in the Tennessee Waltz public corruption investigation.

In his first public comments about the five-count indictment, Dixon was faced with explaining his words and actions on secret audio and video recordings that prosecutors say depict him selling his political influence by accepting cash payments from FBI informant Tim Willis.

"Tim Willis was my friend at the time and he knew he didn't have to pay me to get things done," Dixon told a federal court jury that saw him accepting a $1,500 payment in a tape made March 5, 2004. "I assumed it was to keep me doing the things I could do. I was under financial strain and obligations."

In closing arguments, federal prosecutor Tim DiScenza noted, however, that in the only conversation on the brief tape, Willis reminds Dixon to withdraw legislation for the FBI's undercover company called E-Cycle Management, Inc., which wants it revised.

"Oh, yeah, we'll kill it," Dixon replies as he walks out of E-Cycle's Downtown office with the money. "That's a done deal."

Dixon was charged with conspiracy to commit extortion and bribery by accepting $9,500 in cash payments for handling special legislation for the fictitious E-Cycle company that purportedly wanted to recycle the state's surplus computers.

His attorney, Coleman Garrett, argued that Dixon was "tricked" into accepting money and that government informants and undercover agents entrapped him.

"Why is the government doing this to Senator Dixon?" Garrett said in a voice with the volume and cadence of a fiery preacher. "Tim Willis was the main conspirator. E-Cycle was a lie. E-Cycle wasn't a real company. The government created this scam."

Dixon, 56, resigned from the Senate in January of last year after serving 22 years in the legislature to become the assistant chief administrative officer to Shelby County Mayor A C Wharton. He resigned the $101,856-a-year position when he was indicted five months later.

The Tennessee Waltz investigation netted 10 indictments in all, including four other past or present state lawmakers.

Awaiting trial are John Ford and Kathryn Bowers from Memphis and Ward Crutchfield from Chattanooga.

Former state representative Chris Newton from East Tennessee pleaded guilty to accepting bribes and is serving a one-year prison sentence at a federal facility in Atlanta.

Another guilty plea came from Barry Myers, Dixon's codefendant and former aide who testified last week that he was the former senator's "bag man" who collected payoffs on his behalf.

He said Dixon usually avoided accepting payoffs directly, but instead told suitors to "take care of Barry. Keep Barry happy."

Dixon testified Tuesday that he used the phrase only to encourage Willis to help his aide get consulting work if he could.

"I was just sharing the thought to help someone else out," Dixon said, adding that he tried to promote the careers of both Willis and Myers. "Both of these guys were like children to me. Barry was very, very helpful to me and I couldn't afford to pay him."

When his attorney suggested the phrase "keep Barry happy" might sound damaging, Dixon agreed. "It was a poor choice of words," he said.

In a video recording made Feb. 12, 2004, at Willis' Mud Island home, Willis places $6,000 cash on a table, Myers counts out six stacks of $1,000 each and Dixon tells Myers to give him one stack. He denied Myers' earlier allegation that he, Myers, took more of the money to Dixon later that evening.

"That was all I needed and I just saw it as a way of Barry giving me money to keep things going," said Dixon, emphasizing his financial strain. "It takes a toll on you."

In May of last year, Dixon agreed to be interviewed by the FBI and denied receiving any money that night in 2004 at Willis' home.

Dixon said his memory was blurred by his nervousness.

"I was scared as heck and kind of lost track of things," Dixon said in explaining the discrepancy between his denial and the video recording. "I get scared if I get stopped for a traffic ticket. I've always had the highest respect for the FBI and for police officers ... but I'm just a human being like anyone else."

U.S. Dist. Court Judge Jon McCalla said he found little evidence of entrapment in the case, but that out of an abundance of caution, he still would give instructions for the jury to consider it as a defense.

Corruption Trial Witness: I Had To Hire A Drunk (CHIT)

By Rudolph Bush And Dan Mihalopoulos, Tribune Staff Reporters

Chicago Tribune, June 7, 2006

Mayor Richard Daley's patronage chief ordered the hiring of a politically connected man who was "somewhat of a drinker," and he repeatedly engineered the promotions of workers with clout over more qualified candidates, the former No. 2 official in the city Water Department testified Tuesday.

Donald Tomczak, a key prosecution witness in the City Hall corruption trial, said he complained vehemently when Daley aide Robert Sorich directed him to accept the transfer of the man with the drinking problem, who had been working for the Transportation Department.

Tomczak said he warned Sorich that the man, a political worker under Ald. Edward Burke (14th), could cause injuries on Water Department job sites as a result of his drinking.

But Tomczak said Sorich insisted: "Work it out, Don." Tomczak hired the man and put him to work near his office at the Jardine Filtration Plant, where he could "keep an eye on him," Tomczak said.

Prosecutors hope the testimony supports their contention that political ties mattered more than ability in many City Hall hiring and promotion decisions. Sorich and three other former Daley administration officials are accused of participating in a scheme to fix personnel decisions in favor of pro-Daley political workers and other applicants favored by the mayor's office.

Under cross-examination, Sorich's defense lawyer prodded Tomczak into conceding that Sorich was only one of several players in the "exact same system" that has existed since Daley became mayor in 1989.

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Before Sorich began working in the mayor's office in 1993, Tomczak said then-Daley aides Timothy Degnan and Mike Broderick arranged jobs for pro-Daley political workers. Degnan and Broderick have not been charged with crimes.

"Certainly Robert didn't start this, did he?" attorney Thomas Anthony Durkin asked Tomczak.

"No," Tomczak replied.

In four weeks of testimony, federal prosecutors have presented many of their key witnesses. Tomczak's testimony was very similar to that of former Streets and Sanitation Deputy Commissioner Daniel Katalinic.

Katalinic and Tomczak—who both have admitted taking bribes from city trucking contractors—described how they built campaign forces of city workers who did the bidding of the mayor's office. The patronage armies were sustained through rigged jobs and promotions, they testified.

Former personnel directors in the city's Sewers, Water and Streets and Sanitation Departments told jurors that they received "blessed lists" of political workers from Sorich and Timothy McCarthy, Sorich's aide and co-defendant.

Two of the directors testified that they falsified ratings forms to ensure the hiring of favored applicants. They and other prosecution witnesses said the city's interview process for many blue-collar union jobs was a charade.

The fraud allegedly was designed to get around decades-old legal restrictions against City Hall patronage. The prosecution is expected to rest in two to three weeks after presenting testimony about hiring in the city's Aviation and Buildings Departments.

McCarthy's lawyer, Patrick Deady, sent a subpoena to the city Monday demanding documents related to the 2004 hiring of two building inspectors who allegedly were hired because their fathers are union leaders. Deady wants memos of meetings involving top Daley administration officials, including Corporation Counsel Mara Georges, former Chief of Staff Sheila O'Grady and retired Personnel Commissioner Glenn Carr.

Defense lawyers have argued that the mayor's office recommended job applicants but that nobody was guaranteed a job or a promotion.

Durkin also has tried to emphasize that Sorich answered to higher-level officials in the mayor's office. Under cross-examination Tuesday, Tomczak acknowledged that former top Daley aides Victor Reyes and John Doerrer had the final say on hires. Neither Doerrer nor Reyes has been charged.

Tomczak agreed with Durkin's assertion that "not one red cent" changed hands in the alleged hiring scheme. Durkin contrasted that point with Tomczak's guilty plea last year, when he admitted taking almost $400,000 in bribes from companies in the city's Hired Truck Program.

"You're not equating taking $400,000 to this hiring nonsense?" Durkin asked Tomczak, who replied that he was not doing so.

Hundreds of jobs in the Water Department were filled with more concern for politics than merit, Tomczak told jurors. Getting promoted as a reward for political campaign work was widely referred to as "getting made," he said.

He said he went to Sorich to arrange the promotion of a political worker who was not the best candidate for a district foreman job. The man's promotion required Tomczak to "bring in an extra person with more experience to back him up," he testified.

Tomczak's testimony blunted another defense argument: that the mayor's office got involved in hiring to promote racial diversity. He said most beneficiaries of the rigged hiring process were white. Some minorities were promoted, he said, because "it would help the political group," which was divided into white, Latino and African-American branches.

Also Tuesday, a former assistant commissioner in the Water Department testified that she regularly met with Sorich from 1993 to 2002 to receive names of people that the mayor's office wanted hired or promoted.

But on cross-examination, Phyllis Bergthold said she told government agents that the names were "recommendations or preferred candidates." Bergthold, who grew up in the Daley family's 11th Ward power base, later acknowledged that the vast majority of people endorsed by the mayor's office were hired or promoted.

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Sorich's Lawyer: 'Not One Red Cent Changed Hands' (CHIST)

By Steve Warmbir And Natasha Korecki, Staff Reporters

Chicago Sun-Times, June 7, 2006

In a burst of courtroom drama, a federal prosecutor and the defense attorney for Mayor Daley's former patronage chief clashed on Tuesday over testimony of the prosecution's star witness in the most fiery day so far in the trial.

Donald Tomczak, the former city Water Department honcho turned government informant, was on the witness stand wrapping up his second day of testimony when Assistant U.S. Attorney Patrick Collins asked how Tomczak rewarded some of the city employees who did political work for Tomczak on the side.

Tomczak said he could decide to award overtime on his own to city employees who took part in his political army. But Tomczak made clear that he did not have final say over hiring or promotions in his department. Final say came from the mayor's Office of Intergovernmental Affairs, or IGA.

HIGHLIGHTS

PROSECUTION: Courtroom fireworks go off as a federal prosecutor and a defense attorney for the mayor's former patronage chief, Robert Sorich, knock heads over the testimony of a star prosecution witness.

DEFENSE: In other testimony, a former personnel director at the city's Water Department says she considered names given to her by the mayor's Office of Intergovernmental Affairs just recommendations for hirings or promotions. But the witness acknowledges that the vast majority of those recommendations got the spots.

UP NEXT: Prosecutors are expected to call a former city transportation worker who ran his own political army.

Clout on Wheels

The scandal of the city's Hired Truck Program - a Chicago Sun-Times investigation.

The mayor's patronage chief, Robert Sorich, who is on trial, was a top IGA official. Sorich and three other men are accused of running a hiring scheme in which officials rigged job interviews to ensure political workers for the Daley organization got city jobs or promotions.

'Pretty odd scheme, isn't it?'

Sorich's attorney, Thomas Durkin, took umbrage over the overtime question and appeared concerned that the prosecution was trying to link Sorich and his three co-defendants to the overtime scam -- although the prosecution never made any direct links.

"Overtime didn't have a thing to do with Robert Sorich or any of the young men at this table, did it?" Durkin asked Tomczak, his voice rising.

"No," Tomczak said.

Durkin also underscored that none of the men on trial ever took any money in exchange for getting people city jobs or promotions.

"Not one red cent changed hands," Durkin asked Tomczak.

"No," Tomczak agreed.

"Pretty odd scheme, isn't it?" Durkin said.

Collins loudly objected to Durkin's remark, and the judge sustained the objection.

Prosecutors say taxpayers were hurt in the scheme because people were hired or promoted in city jobs because of politics, not because they were the best people for the jobs or even qualified. Collins went through example after example with Tomczak on Tuesday where Tomczak said the most qualified person wasn't picked for a job.

Twice, Tomczak was told by Sorich to accept people with drinking problems for Water Department jobs, Tomczak said.

Also Tuesday, a former Water Department personnel director, Phyllis Bergthold, testified that Rosemarie Andolino, now executive director of the O'Hare Modernization Program, was present in some IGA meetings where Bergthold got names from Sorich of political workers who should get jobs or promotions. Andolino worked in IGA then.

Andolino's attorney, Michael Ettinger, declined to comment other than to say that prosecutors have assured him Andolino is not a target of the investigation.

FBI Probing Fumo In Warehouse Sale (PHI)

By Emilie Lounsberry, John Shiffman, Thomas Fitzgerald And Craig R. Mccoy

The Philadelphia Inquirer, June 7, 2006

Federal authorities are exploring whether State Sen. Vincent J. Fumo, to help pay for renovations at his mansion, directed a nonprofit to purchase a warehouse owned by the contractor, sources said.

Fumo's attorney declined to comment yesterday. A lawyer for the nonprofit defended the warehouse purchase, saying the group paid "fair market value" after obtaining an appraisal.

The FBI's new line of inquiry in its sprawling, three-year Fumo investigation began after agents raided electrical contractor Donald "Gus" Dougherty's South Philadelphia home as part of a separate tax-fraud case.

This aspect of the inquiry - whether there is a link between the home renovation and the warehouse purchase - is in its earliest stages.

In recent days, prosecutors have subpoenaed permits from city records about the work done at Fumo's mansion in the city's Fairmount section, according to City Hall sources.

Investigators have been examining whether Fumo controls the nonprofit organization, Citizens' Alliance for Better Neighborhoods, and, if so, whether he has used it for personal and political gain.

Fumo purchased his 29-room, four-story brownstone on Green Street for $175,000 in 1994 and then embarked on an ambitious five-year effort.

"It was a big job," said Brian Burrows, a city electricians' union official, who said yesterday that he worked on the home and recently was interviewed by FBI agents about it.

He said he began working at the mansion in late 1999. Burrows said he was told that Dougherty pulled out of the job after not being paid. He said the work done by Dougherty's crews, plus his own, probably cost about $100,000, the same estimate given by another source.

"When I got there, it was tying all the odds and ends together on the project - for instance, the dining room was finished, except the chandeliers and wall sconces were coming in from Italy," Burrows said. "We hooked them up."

He says he wired Fumo's hot tub and the lighting and exhaust fans for his basement shooting range. The four-story building also has its own elevator.

Another person familiar with the renovations said that Dougherty's workers spent a year or more toiling within the mansion.

Though a Fumo spokesman declined to comment yesterday, his office told the Philadelphia Daily News earlier this year that Dougherty had done only a "small amount of work" and had been paid for it.

In December 1999, after Dougherty finished working in the mansion, he sold his warehouse at Second and Tasker Streets to Citizens' Alliance for $310,000 - $95,000 more than he had paid for it two years earlier.

The warehouse is about a dozen blocks from the Passyunk Avenue corridor where Citizens' Alliance has concentrated much of its activity, buying and fixing storefronts.

According to someone who took part in the talks over buying the warehouse, Fumo led the purchase negotiations for the nonprofit.

William J. Winning, a lawyer for Citizens' Alliance, said he did not know whether Fumo had directed the warehouse purchase.

Winning said the nonprofit obtained an appraisal that valued the warehouse at $310,000. "Fair market value was set, and that's what it was sold for," Winning said, adding that it's now "probably worth 10 times that much."

He said Citizens' Alliance now rents the warehouse to a limousine service and another tenant.

David Glancey, chairman of the city board that sets real estate assessments, said yesterday that the price paid by Citizens' Alliance seemed fair in light of rising property values in the neighborhood.

Fumo has never held a formal position at Citizens' Alliance.

Nevertheless, in an affidavit released last week, the FBI says that it has obtained e-mails showing that Fumo was "directly involved in and managing and controlling" its operations - including real estate purchases.

"I will decide" which buildings are bought, he wrote in one e-mail. Those e-mails were written after the warehouse purchase.

For a time, prosecutors were rebuffed in their recent attempt to subpoena city records pertaining to Fumo's home.

The subpoena sought all city records on renovations to Fumo's house from 1995 to 2000.

Such permits are normally public records. But city lawyers at first refused to turn them over, citing a 1995 court order obtained by Fumo's family sealing all city records related to the house.

To obtain it, a lawyer for Fumo's then-wife argued that Fumo had received unspecified threats and that release of his records would "seriously jeopardize the personal security of the plaintiff and her family."

The secrecy edict is highly unusual, possibly unprecedented in the city's history. Common Pleas Court Judge Albert W. Sheppard Jr., who issued the order, noted in an interview yesterday that at the time the city lawyers had not opposed it.

Saying that federal law trumped state law, federal prosecutors obtained a new order on Monday from a federal judge ordering the city to turn over the records. The city is expected to comply.

Richard Manieri, a spokesman for the U.S. Attorney's Office, said yesterday he could not comment on an active investigation.

Fumo, an influential Democrat who has served in the state Senate since 1979, has defended Citizens' Alliance's work in the community and suggested the FBI investigation is a Republican vendetta.

Geoffrey Johnson, one of Fumo's lawyers, declined to comment yesterday. Ken Snyder, a Fumo spokesman, referred reporters to Winning.

Fumo has been responsible for the bulk of Citizens' Alliance's funding.

As The Inquirer first disclosed, Fumo reached secret agreements with Peco Energy under which it gave Citizens' Alliance $17 million and Fumo dropped his opposition to Peco's business plans.

Authorities have also opened a parallel investigation into whether Fumo or his aides destroyed e-mails to thwart the federal investigation.

The probe marked a milestone of sorts last week when the FBI arrested two computer technicians on Fumo's legislative payroll and charged them with deleting e-mails to protect Fumo.

The FBI affidavit quotes e-mails in which the workers say Fumo ordered the e-mails destroyed. Fumo has also denied wrongdoing in that matter.

Now the Fumo probe is intersecting with another corruption investigation - the one involving Donald Dougherty's business. Sources have said this probe is examining, in part, whether Dougherty illegally avoided paying payroll taxes and union dues.

They have also been examining Dougherty's ties to John Dougherty, who is leader of Local 98 of the electrical workers' union, and whether officials at the union knew Donald Dougherty was avoiding paying union dues.

Financial dealings between labor leaders and contractors are closely regulated. Among other issues, the authorities have been looking into a sale of a Shore house by Donald Dougherty to John Dougherty, who are unrelated but friends since childhood. John Dougherty has said he paid a fair price.

To complicate matters further, John Dougherty and Fumo are rival political bosses who have an on-again, off-again political feud.

John Dougherty declined to comment yesterday. Donald Dougherty's attorney, Nicholas Nastasi, said this week: "I will not comment on any questions relating to Donald Dougherty."

Feds Say Bureaucrat Fixed Tickets For Tickets (PHI)

By Michael Hinkelman

The Philadelphia Inquirer, June 7, 2006

Federal prosecutors portrayed Molden David Faison yesterday as a man who never met a concert ticket he didn't want - or wasn't willing to fix parking tickets to get.

The feds allege that Faison, a former hearing officer for the Bureau of Administrative Adjudication, used his job in August 2004 to extort $169 worth of tickets to a Prince concert.

Prosecutor Judy Goldstein Smith played damning FBI audiotapes of conversations between Faison and a government informant yesterday at the start of Faison's trial.

On the tapes, the government informant, John Florio, can be overheard giving Faison, who heard parking ticket appeals, the tag numbers and models of the vehicles with parking tickets he wanted dismissed.

The tapes reveal Faison keeping Florio informed about the disposition of the tickets and repeatedly asking him about getting tickets to concerts by Phil Collins, Prince, Barry Manilow and sports events. Florio also thanks Faison for "taking care" of him.

The tapes were played as corroborating evidence to support Florio, who took the stand yesterday as the government's main witness against Faison.

Florio, an admitted drug dealer with a gruff manner and South Philly accent, pleaded guilty on May 26 to three counts of possession of cocaine, crack and heroin with intent to distribute.

He testified that Faison agreed to reduce or dismiss his own parking tickets at a meeting on June 4, 2004, in exchange for $200.

After that meeting, Florio became a cooperating witness and wore a wire during subsequent meetings.

The feds allege the key meeting between Florio and Faison occurred on Aug. 18, 2004.

That day, Florio told Faison in a taped telephone call: "You're gonna be a happy camper. I got you two Prince tickets, up front, seats 1 and 2."

"Oh, man, what a deal," Faison says.

Florio told Faison that a cousin who worked for the plumbing company whose parking tickets Faison allegedly agreed to fix had paid for the concert tickets.

That same day, the feds say, Florio met Faison at a parking lot at 9th and Arch streets and gave him the Prince tickets.

"Oh, you the man... ," Faison tells Florio.

"I'm going to talk to my supervisor... and try to knock 'em all down," Faison says, referring to the plumbing company's parking tickets, but admits he may be able to get only "80 percent" dismissed.

Smith displayed copies of BAA disposition statements for the plumbing company vehicles that showed most of the tickets had either been dismissed or reduced.

During cross-examination, Faison's attorney, Edson A. Bostic, attacked Florio's credibility, getting him to admit that he used at least one and maybe two aliases while he was dealing drugs and that he had been convicted of assault charges in two separate cases.

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Florio also confessed that he smokes pot to soothe his nerves and that his recent guilty plea was to a lesser charge than that lodged against him in 2002.

Faison is the second BAA official charged with corruption. He was terminated from his $31,415-a-year job in September 2004 for reasons unrelated to the extortion charge.

A federal jury convicted former bureau Director Joseph F. Hoffman Jr. of mail fraud in February 2005 in connection with a ticket-fixing scheme.

Bolivar Co. Administrator Faces Federal Charges (BSH)

Biloxi Sun Herald, June 7, 2006

CLEVELAND, Miss. - Bolivar County administrator Adrian Brown has been indicted on federal charges of accepting a kickback and tampering with a witness, authorities said Tuesday.

The arrest of Brown, 29, of Cleveland, was announced by the FBI, the U.S. attorney's office and the Bolivar County Sheriff's Department. Brown was indicated May 24 on the charges, officials said.

John G. Raucci, special agent in charge of the FBI in Mississippi, said Brown is accused of soliciting and accepting a kickback for work for Bolivar County, which was to be reimbursed by the Federal Emergency Management Agency. He said Brown is also accused of attempting to intimidate a witness in the investigation.

If convicted, Brown faces a $500,000 fine and 20 years in prison. An initial court appearance was pending.

Brown has been administrator in Bolivar County since April 2004. He previously was project administrator for South Delta Planning and Development District Inc. in Greenville.

Bolivar County Administrator Indicted On Federal Charges (JCL)

The Clarion-Ledger

Jackson Clarion-Ledger, June 7, 2006

Bolivar County Administrator Adrian Brown has been charged with defrauding the federal government and tampering with a witness.

The FBI announced Brown's arrest today, following a federal grand jury indictment on May 24, on one count each of theft or bribery concerning programs receiving federal funds and tampering with a witness.

If convicted, Brown, 29, faces a $500,000 fine and 20 years in federal prison.

Brown of Cleveland is accused of soliciting and accepting a kickback for work for Bolivar County and the county was to be reimbursed by the U.S. Department of Homeland Security's Federal Emergency Management Agency.

Witness Recovers From Overdose To Describe New Jersey Graft (NYT)

By Laura Mansnerus

The New York Times, June 7, 2006

NEWARK, June 6 — The case of Raymond J. O'Grady is the culmination of years of work by federal investigators, a tale opening a window on small-town graft that brought down more than a dozen public officials in a New Jersey county run by old-fashioned patronage politics.

Now the trial has turned out to be a story of its own: the pivotal government witness — one day into his testimony last week against Mr. O'Grady, a longtime friend from Monmouth County politics — swallowed 60 to 80 blood-pressure pills in a suicide attempt.

But on Tuesday, the government salvaged its case, which a prosecutor, Ricardo Solano, had described in his opening statement last week as "an inside look at how public office is sold."

The prosecution witness, Anthony J. Palughi, took the stand again in Federal District Court here despite objections by the defense to allowing the testimony to continue so soon after what Mr. O'Grady's lawyer called "a miraculous recovery."

Mr. O'Grady, 56, a former committeeman in Middletown Township, N.J., is charged with taking $8,000 in cash to help steer municipal work to contractors, including two men who turned out to be agents from the F.B.I.

Mr. O'Grady was among 15 local officials arrested in February and March 2005 in a continuing investigation called Operation Bid Rig, which started in 1998. He is the first to go to trial; most have pleaded guilty, and two have died.

Mr. Palughi, 70, who recently retired as the Monmouth County superintendent of bridges, agreed to tape conversations with Mr. O'Grady, among other officials, when he was arrested in December 2004. He pleaded guilty in August 2005 to setting up bribes to local officials and pocketing money for himself.

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On Tuesday, jurors heard nothing of Mr. Palughi's attempted suicide last Friday morning before he was to resume his testimony. In arguments before Judge William J. Martini, Mr. O'Grady's lawyer, Kevin Roe, said that Mr. Palughi was surrounded in the hospital by F.B.I. agents.

"They had to patch this guy up or their case tanks," Mr. Roe said in a courthouse hallway during a brief break.

But Judge Martini, citing a psychiatrist's report that deemed the crucial witness lucid and able to testify, brought in the jury.

No sooner did Mr. Palughi answer a few questions than he offered an apology for his apparent confusion. "I'm not a professional informant, and not really that bright," he said.

But he forged ahead, testifying about tapes of his conversations with Mr. O'Grady that the prosecutors played for the jury.

Along with other recordings that the jury heard when the trial opened last week, the tapes track the two men discussing their "deals," all in dialogue that could have been lifted from a "Sopranos" script — accents and expletives included.

In the first conversation, which was recorded in October 2004, Mr. Palughi was at Carmela's, a restaurant in Neptune Township, with two federal agents posing as employees of a construction and demolition company. They were conferring about Mr. O'Grady, whom they were about to meet. Mr. Palughi advised them to give him no more than $1,000, adding, "I don't know why I'm telling you this, but I love you guys."

At lunch that day, the agents recorded their conversation with Mr. O'Grady, who was the director of the county motor pool at the time. Mr. O'Grady accepted their offer of "a little early Christmas gift or whatever."

Then, in a taped conversation of a subsequent meeting in February, Mr. O'Grady told the two agents that he would look for small jobs for them, as they had asked, to avoid bidding requirements.

In several tapes played on Tuesday, Mr. O'Grady and Mr. Palughi worried aloud that investigators might be closing in on them, finding out about the payments from the construction company as well as previous dealings involving fake and inflated invoices from a trucking company that Mr. Palughi said had also passed cash to Mr. O'Grady through him.

Mr. Palughi, who was questioned by James Nobile, an assistant United States attorney, also described Mr. O'Grady's badgering of one owner of the trucking company for contributions to the Monmouth County Republican Organization.

Yet Mr. Palughi volunteered that it was his own idea to call the owner, a man named Matty, to ask for money when he and Mr. O'Grady found themselves broke in Atlantic City one night.

"We wanted to gamble," Mr. Palughi said, "So I said, 'Let's call Matty and see what he can do.' He wired it down to the hotel."

The defense contends that Mr. Palughi lied to investigators and cooperated with them in part to save his county pension.

Under cross-examination by Mr. Roe, Mr. Palughi conceded that with a ninth-grade education he had no apparent qualifications for the county jobs he held for more than 20 years. In his $92,000-a-year job as superintendent of bridges, he said, he worked mostly as a chauffeur for Freeholder Director Harry W. Larrison Jr., one of the two arrested officials who died.

"Basically, my job was driving Mr. Larrison around," he said.

But Mr. Palughi disputed the lawyer's accusations that he had defrauded taxpayers or lied to get his jobs.

"That's how the system worked for years and years, no matter what party was in," he said. "It's a sin that it had to work that way, but it did."

Flemmi Describes Gang's Relationship With The FBI (BOS/AP)

By Denise Lavoie, Associated Press Writer

The Boston Globe, June 7, 2006

BOSTON --Convicted gangster Stephen "The Rifleman" Flemmi, testifying Tuesday in a wrongful death lawsuit against the federal government, described a corrupt relationship of favors, gifts and tip-offs between the FBI and its criminal informants.

Flemmi said he and fugitive crime boss James "Whitey" Bulger gave the FBI information about the Mafia, and in exchange, the FBI protected them from prosecution. Members of the Bulger gang also showered several FBI agents with cash as gifts to make sure that protection continued, Flemmi said.

"It was kind of like a quid pro quo situation," he said.

Flemmi took the stand in a lawsuit by the family of John McIntyre, 32, a fisherman who was killed by Bulger and Flemmi after they learned he was cooperating with authorities. McIntyre's family claims that former FBI Agent John Connolly Jr. tipped off Bulger and Flemmi to McIntyre's identity.

Flemmi's testimony this week is his first since agreeing to cooperate with federal authorities in 2003. Flemmi is serving a life sentence in 10 killings -- including McIntyre's -- as part of a plea deal that spared him the death penalty.

About six weeks before his death, McIntyre had started talking to U.S. Customs agents in an investigation of Bulger and Flemmi's involvement in a failed plan to send guns to the Irish Republican Army aboard a Gloucester fishing boat.

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In response to questions from the McIntyre family's attorney, William Christie, Flemmi testified that McIntyre was killed after Connolly told them that one of the two people who were aboard the fishing boat was cooperating with authorities.

In opening statements at the trial Monday, another attorney for the McIntyre family said McIntyre was lured to a party on Nov. 30, 1984, then chained to a chair, interrogated, strangled and shot in the head by Bulger.

Flemmi was asked only a few questions about the McIntyre case.

Instead, Christie asked Flemmi to describe his relationship with the FBI, which began in the 1960s when he first became a criminal informant. Flemmi said his FBI handlers were eager for any information that would help them bring down the Mafia.

"It was the FBI priority," Flemmi said repeatedly.

Flemmi said he and Bulger set up a slush fund that was used to make cash payments to FBI agents and to buy them gifts. Flemmi said Connolly received cash payments totalling about $250,000 during the time they were informants, from 1975 to 1990.

Flemmi said the gifts were given to FBI agents to ensure "good will and protection."

Flemmi said Connolly treated him and Bulger with respect.

"He didn't treat me like a criminal, that's for sure," Flemmi said. "He didn't look down on me as an informant."

Connolly was convicted in 2002 on racketeering and other charges for tipping Bulger that he was about to be indicted. Bulger fled on the eve of his 1995 indictment and remains a fugitive on the FBI's "Most Wanted" list.

Christie walked Flemmi through a long list of crimes he and Bulger committed while they were FBI informants, including the murders of three other people the McIntyre family claims were killed after Connolly tipped the Bulger gang that they were talking to authorities about the gang's crimes.

Connolly was acquitted of playing any role in those deaths during his racketeering trial.

Gail Marcinkiewicz, a spokeswoman for the Boston FBI office, would not comment on Flemmi's testimony directly, but said the U.S. attorney general and the FBI have revised their guidelines on criminal informants "to minimize the chance that unchecked behavior could occur."

"There have been changes over the course of time and increased oversight," she said.

Flemmi said he was repeatedly assured by Connolly and his FBI supervisors that he and Bulger would not be prosecuted for their crimes.

Flemmi is scheduled to resume his testimony Wednesday.

FBI Handler Treated `me Like An Equal,' Flemmi Testifies (BOS)

By Shelley Murphy, Globe Staff

The Boston Globe, June 7, 2006

Tells of bribes, series of killings

Notorious gangster Stephen ``The Rifleman" Flemmi offered a stark portrait yesterday of the days when he and James ``Whitey" Bulger ruled Boston's underworld, getting away with murder after murder while working as FBI informants.

All the while, one corrupt former FBI supervisor, John Morris, ``treated us like we were FBI agents," Flemmi testified.

His longtime FBI handler, John J. Connolly Jr., ``didn't treat me like I was a criminal, that's for sure. He didn't look down on me because I was an informant. He treated me like an equal, in my eyes."

Flemmi, who turns 72 on Friday and is serving a life sentence for killing 10 people, spent his second day on the stand yesterday in US District Court in Boston, testifying in a $50 million wrongful death suit filed against the government by the family of John McIntyre of Quincy.

The trial marks the first time Flemmi has testified publicly since he began cooperating with federal authorities three years ago, after striking a deal that spared him the death penalty.

Flemmi testified that he and Bulger killed McIntyre on Nov. 30, 1984, because Connolly warned them that McIntyre had implicated them in an unsuccessful effort to ship guns to the Irish Republican Army. He and Bulger also blamed McIntyre for leaks that led to the seizure of the Ramsland, a vessel caught smuggling marijuana into Boston Harbor, he said. He and Bulger would have raked in about $1 million in drug profits, if the Ramsland hadn't been intercepted, he said.

Flemmi testified only briefly about McIntyre, then went through a litany of other murders and bribes given to FBI agents.

He said he and Bulger paid about $250,000 between 1975 and 1990 to Connolly.

New Hampshire lawyer William Christie, who represents McIntyre's mother, Emily, and brother, Christopher, tried to establish a pattern of FBI negligence by questioning Flemmi about his informant relationship that stretched from 1964 to 1990.

Elaborating on claims he made in a deposition last year, Flemmi said that during the 1980s, he and Bulger gave cash payoffs to the following agents, who are now retired: $5,000 to Morris, $5,000 to John Newton, $2,500 to John Cloherty, $2,500 to Nicholas Gianturco, and $2,500 to Michael Buckley.

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Morris, who was later granted immunity, admitted to taking bribes from the gangsters. The other agents, who have never been charged, have vehemently denied taking any cash from Bulger and Flemmi.

When the allegations surfaced last year, Gianturco said, ``Years later, it's very easy for these guys to sit in a cell with nothing to lose and make allegations to even the score."

Flemmi testified for the first time yesterday that he and Bulger gave retired FBI agent Dennis Condon a gold ring with his initials on it.

But Boston lawyer Michael Meyer, who represents Condon, flatly denied that allegation. ``It did not happen," he said. He noted that Condon has been dismissed from an unrelated lawsuit filed against the government.

Flemmi also reiterated his contention yesterday that he and Bulger gave an expensive pipe to James Ring, a retired FBI supervisor.

Boston lawyer Alan Rose, who represents Ring and was in the courtroom, also denied that. ``Jim Ring never received a pipe or anything else" from Bulger or Flemmi, he said.

Rose noted that US District Judge Mark Wolf rejected Flemmi's allegations against Ring as untrue during court hearings in 1998.

The McIntyres' suit is the first of 17 civil suits filed against the government by victims of Flemmi and Bulger to make it trial. Ten have been dismissed. Lawyers representing some of the other victims' families took notes yesterday as Flemmi testified about other slayings.

Describing how he watched Bulger strangle 26-year-old Deborah Hussey with a rope in early 1985, after luring her to a home in South Boston, Flemmi said, ``Bulger is a pretty powerful person. . . . I don't know how long she lasted.

Hussey was the daughter of Marion Hussey, Flemmi's longtime girlfriend who had three children with him.

Flemmi testified that Hussey accused him, in front of her mother, of having a sexual relationship with him when she was a teenager, which he admitted was true.

But Hussey was killed, Flemmi said, because she was involved in drugs and was dropping his name and Bulger's name around town.

``Bulger was the driving force in that because she was using his name, as well as mine, but I'm not diminishing my role in it either," Flemmi said.

He wasn't asked, and didn't volunteer, many details about how he and Bulger killed Flemmi's former girlfriend, Debra Davis, 26, in September 1981. Flemmi agreed under questioning that they strangled her at his mother's South Boston home because she knew too much about their activities.

Flemmi acknowledged that he extracted the teeth from some of his victims after they were dead, to make it difficult to identify them.

He also offered details of other murders, and said Connolly had provoked the 1974 slaying of Richard Castucci and the 1982 murders of Edward ``Brian" Halloran and John Callahan by warning Bulger that they were informants or potential witnesses against Bulger or other members of the Winter Hill Gang.

Roger Wheeler, World Jai Alai president, was gunned down in Tulsa, Okla., in May 1981 because he refused to sell his company to Callahan, a Boston accountant who had promised Bulger's gang they could skim $10,000 a week from one of the company's parking concessions once he acquired the business, according to Flemmi. He said he and Bulger helped arrange the murder.

Connolly, who was convicted in 2002 of racketeering, is serving 10 years in prison in Florida.

Bulger, who fled to evade a 1995 racketeering indictment after being warned in advance by Connolly, remains a fugitive.

Most Popular Flemmi Details Why Victims Had To Go (BOSH)

By Laurel J. Sweet

Boston Herald, June 7, 2006

In the same blase tone he used to describe how lovers and rats were routinely butchered and buried, gangster Stephen Flemmi claimed yesterday that the more blood he spilled with his partner in crime James “Whitey” Bulger, the bigger their FBI fan club grew.

Former Boston FBI supervisor James Ring “was aware of what we were doing. He condoned it,” Flemmi, 72, testified in federal court, explaining how Ring fawned over the two crime bosses, who also were the agency’s prized informants.

Ring’s partner, John Morris, “treated us like we were FBI agents,” the man nicknamed “The Rifleman” added.

As for the crime duo’s longtime handler, John Connolly - the only G-man convicted of blurring the lines with Bulger, Flemmi and the rest of the Winter Hill Gang - he “didn’t treat me like a criminal,” Flemmi boasted. “It’s like we were equals.”

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Between 1981 and 1990, Flemmi said Ring, Morris, Connolly and other Boston agents lapped up cash bonuses, jewelry, jukeboxes and cases of wine purchased from the kitty the gangsters kept for that purpose, dubbed “the X fund.”

The gifts, Flemmi explained, bought him and Bulger, 76, on the lam for 11 years now, “protection” from those sworn to sweep their ilk off the streets.

Instead, Flemmi said, murder indictments vanished and those trying to tell authorities what was going on were whacked. And all Flemmi and Bulger had to do in return was help the FBI bring down their North End competitors, the Sicilian Mafia.

“It was a quid-pro-quo situation,” Flemmi said.

Flemmi was the first witness to be called in a $50 million wron ul death suit brought against the federal government by a Quincy mother whose son, John McIntyre, was tortured to death by Bulger and The Rifleman in 1984 for telling the FBI they were trying to smuggle guns to Ireland.

Yesterday, Emily McIntyre’s attorney, William Christie, his voice spiced with contempt, took Flemmi on a lurid trip down memory lane to explain why certain people were executed, including:

Richard Castucci, an FBI informant Connolly warned Bulger had given up the hiding place of two top Winter Hill members. “It was kind of a revenge thing,” Flemmi said.

Roger Wheeler, the Tulsa, Okla., owner of World Jai Alai who refused to sell his company to a Winter Hill associate. “He was a difficult person to deal with,” Flemmi said.

Debra Davis, Flemmi’s longtime girlfriend, who was strangled by Bulger. She knew too much about their intimate arrangement with the FBI.

Brian Halloran, an informant who could implicate Bulger in Wheeler’s slaying. After Halloran’s murder, Flemmi testified, Connolly called Bulger and offered to provide him with an alibi.

Arthur “Bucky” Barrett, a bank robber. Bulger shot Barrett in the back of the head. “Bulger knew he had a lot of money,” Flemmi said, “and he wanted some of it.”

In Galante Garbage Investigation, Surrender Is Not An Option (AP)

By Matt Apuzzo, Associated Press Writer

AP, June 7, 2006

NEW HAVEN (AP) — With the threat of indictments looming in a multistate investigation into organized crime in the garbage industry, the Justice Department recently told one of Connecticut’s largest trash haulers: Don’t come to us. We’ll come to you.

James Galante, a Danbury garbage magnate and the acknowledged target of the FBI racketeering investigation, recently asked prosecutors to let him surrender if indicted, heading off a public arrest, his attorney said.

But prosecutors rejected the request, defense attorney Hugh Keefe said, leaving Galante waiting for a possible visit from the FBI and the region’s garbage haulers wondering whether a series of arrests is imminent.

The industry has been on edge since federal agents raided dozens of homes and businesses in New York and Connecticut last summer, seizing truckloads of documents in an investigation into the so-called "property rights" system. That system, in which garbage companies carve out and enforce exclusive territories, has led to violence and higher prices for customers, prosecutors in similar investigations have said.

With a grand jury meeting this week and attorneys expecting indictments soon, Keefe and others have asked that their clients be allowed to voluntarily show up for court rather than face arrest by the FBI.

"If they want to be cowboys, it’s up to them," said attorney John Pollok, who represents Galante’s former business associate, Thomas Milo, who is named in FBI search records.

Pollok said he does not know whether Milo will be arrested or indicted.

"It’s an outrageous and unnecessary tactic that serves no useful purpose," Keefe said, arguing that Galante has not fled in the year since the case became public.

He said agents want to make a show of Galante’s arrest.

U.S. Attorney Kevin O’Connor, the state’s top federal prosecutor, wouldn’t discuss the case or confirm Keefe’s account. His office prohibits "perp walks" in which defendants are paraded before television cameras.

"Arresting somebody does not equate to a perp walk," O’Connor said.

O’Connor said decisions about arrests are left to FBI agents and the prosecutors running the case.

"We make those decisions on a case-by-case basis and generally we make the right decision," he said.

Keefe would not recount the specifics of his discussions with prosecutors but said he routinely promises to deliver his clients to court the day of an indictment.

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Sometimes, as when former gubernatorial aide Peter Ellef surrendered on corruption charges, prosecutors accept the offer. Other times, like when the FBI chased former Waterbury Mayor Joseph Santopietro through the street, they don't.

NYU Whiz Kid Pleads Guilty In $7 Million Hedge Fund Scam (STAMADV/AP)

Associated Press

The Stamford Advocate, June 7, 2006

NEW HAVEN, Conn. -- A former New York University student pleaded guilty to bank and wire fraud Tuesday, admitting he used his student ID and expertly forged documents to pose as the heir to a billionaire Turkish family and trick investors into pouring millions into a nonexistent hedge fund.

Prosecutors spent hours Tuesday describing how Hakan Yalincak, 22, charmed his way into the exclusive world of Greenwich high finance, shuttled counterfeit checks across the world and brokered deals with a Kuwaiti financier.

Yalincak's fund, the Daedalus Capital Relative Fund I, wasn't a legitimate investment and prosecutors said investors lost more than $7 million - a figure Yalincak said is overstated. Prosecutors say the money was spent on a Porsche, a Tiffany diamond and a $1.25 million donation to NYU.

The donation was used to reassure worried investors that the Yalincaks were investors who could be trusted, prosecutors said. Yalincak's mother, who also faces fraud charges, even persuaded NYU's development director to meet with prospective investors, prosecutors said.

NYU spokesman Josh Taylor said the development director spoke with two investors only to confirm that the Yalincaks had paid the first installment of what was to have been a $21 million gift.

The Kuwaiti businessman told the FBI that Yalincak's mother claimed to be part of one of the world's richest families. Other investors said they received financial statements showing the family's net worth at more than $1 billion.

"This was all an attempt by the Yalincaks to establish their bona fideness to investors as a wealthy Turkish family," prosecutor Calvin Kurimai said.

In reality, most of the money in the Yalincak accounts belonged to investors. When a few got suspicious and demanded their money back, prosecutors said they were paid with other people's investments.

When he came up short, prosecutors said, Yalincak forged multimillion-dollar checks and passed them quickly through banks in Greenwich, New York and Switzerland, hoping to cash out before they caught on. When they froze the accounts, prosecutors said Yalincak blamed it on a mistake by the executor of his family's estate.

"I just want to apologize to my family," Yalincak said in court. "My actions during the course of this thing really hurt my mother, father and my sister."

Yalincak's plea deal with prosecutors does not recommend a specific sentence. He faces up to 50 years in prison when he is sentenced Sept. 19. Yalincak's mother, Ayferafet, is scheduled for a fraud trial next month.

NYU said it will return the donation once a court determines whom the money belongs to.

"True philanthropy, like good business dealings, requires good faith," the university said in a prepared statement. "Clearly that was lacking here."

Yalincak, who has been detained since his arrest last year, was denied bail for a third time Tuesday.

More Sex Offenders Tracked By Satellite (USAT)

By Wendy Koch

USA Today, June 7, 2006

Hundreds of convicted sex offenders will have to wear a two-piece electronic tracking device for the rest of their lives under a new Wisconsin law.

Ankle bracelets and a pager-sized unit, often attached to a belt, will use Global Positioning System (GPS) technology to follow their every step. If they enter restricted areas, such as schools, officials will be alerted.

GPS programs will track 285 offenders the first year, beginning July 2007, and up to 400 by the second year, says Dan Leistikow, spokesman for Wisconsin Gov. Jim Doyle.

In May, Wisconsin joined a rapidly rising number of states using GPS to monitor convicted sex offenders. At least 23 states are doing so, according to a survey in February by the Pennsylvania Board of Probation and Parole. Others have since begun or expanded GPS programs.

"In the last several months, it's been exponential growth," says Steve Chapin, president of Pro-Tech, a Florida-based firm that provides GPS services to 27 statewide agencies. He says his business has doubled in the past three months.

As of January, 13 states had laws requiring or allowing GPS tracking, says the National Conference of State Legislatures.

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Aside from Wisconsin, governors in at least six states (Arkansas, Georgia, Kansas, Virginia, Washington and Michigan) have signed such bills this year. New Hampshire Gov. John Lynch plans to do so soon. Similar bills are pending elsewhere.

"It's the law you can't vote against," says Chapin.

Several of the laws are named after Jessica Lunsford, a 9-year-old Florida girl who was kidnapped, raped and killed in February 2005. The man charged with killing her was a convicted sex offender who hadn't reported that he lived across the street from her family. After he fled, it took almost a month to find him.

Even states without specific GPS laws, including Minnesota and Texas, are testing the technology and expanding its use.

Congress may accelerate such efforts. The House and Senate have each passed sex offender bills this year that approve funding for GPS tracking. They need to craft a final bill.

The surge in GPS use coincides with the technology's dramatic advancements. The devices have become smaller and more accurate, often pinpointing a person's position within 30 feet. They are more precise than older devices that use radio frequencies and detect only when the wearer leaves a certain area, such as home if under house arrest.

GPS units can be programmed to have "exclusion zones" where offenders are not allowed and "inclusion zones" where they should be.

States are spending $5 to $10 daily to track each sex offender. Some require offenders, unless indigent, to pay the tab. They can choose the costlier "active" tracking, which gives real-time reports, or "passive" monitoring, which sends one report daily that lists where the offender went that day.

States have tried both:

·California uses GPS to track 430 sex offenders and has funds to follow 2,500 offenders by 2009, says Elaine Jennings of the California Department of Corrections and Rehabilitation.

Since the program began in July 2005, 45 offenders have been arrested for violating parole and no new crimes have been committed, she says.

"It's an excellent supervision tool" but doesn't supplant human supervision, says Jennings.

·Massachusetts has issued eight arrest warrants for violations by the 192 high-risk offenders it has tracked since its "active" GPS program began in May 2005, says Paul Lucci, one of the state's deputy probation commissioners. The state has officers who constantly watch a computer screen recording offenders' whereabouts and who can respond immediately.

·Michigan finished three pilot programs in 2003 and plans this summer to begin tracking up to 1,000 sex offenders, says Steve Bock of the Michigan Department of Corrections' Electronic Monitoring Center.

Bock says the state will use "passive" monitoring, because "active" GPS is too labor-intensive. He says real-time tracking generates "a ton of messages" that necessitate a 24/7 response team. He says it's problematic if offenders are barred from many areas, because GPS allows only a certain number of exclusion zones. "It can become a nightmare to enforce," Bock says.

Jake Goldenflame, 68, a convicted sex offender released 15 years ago, opposes lifetime GPS tracking. "If a man is so dangerous he needs it, he shouldn't be released," he says. Goldenflame says such monitoring may provide a "false sense of security," because it tells where the offender is, not what he's doing.

"It is not an effective way to prevent sexual assaults," says Richard Wright, a professor of criminal justice at Bridgewater State College. He says many serious sex offenders evade police by failing to register and others may re-offend regardless of tracking. He says no definitive study proves GPS deters crime.

Chapin says GPS reduces recidivism because offenders can't get away as easily. He says a December 2004 analysis by the Florida Department of Corrections found 3.8% of offenders tracked with GPS committed a new felony within two years, compared with 7.7% of those supervised without it.

Offenders tracked by GPS were 90% less likely to abscond or re-offend than those not electronically monitored, says a February study by Florida State University of 75,661 offenders placed on home confinement. GPS did about as well as radio frequency, which costs four times less. "It's not a cost-free device," says Mark Carey, president of the American Probation and Parole Association. "It's an augmentation of what we do. It's not a replacement."

Inmate Freed After 18 Years On Basis Of DNA Evidence (NYT)

By William Yardley

The New York Times, June 7, 2006

HARTFORD, June 6 — Eighteen years ago, James Calvin Tillman was arrested on charges of raping and kidnapping a woman after she left a bar in downtown Hartford. For 18 years, he insisted that he was innocent. And on Tuesday, he was freed.

He had refused a plea deal, his family said, and was convicted and sentenced to 45 years in prison. His appeals failed. Distraught, he underwent psychiatric treatment in prison. He read the Bible and urged other inmates to read it, too. And, finally, in

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February 2005, he wrote to the Connecticut Innocence Project, which helps inmates who claim that they have been wrongly convicted.

The two public defenders who head the Connecticut Innocence Project located the victim's dress and pantyhose, which were collected as evidence in 1988, and had new DNA tests conducted. They found no match between Mr. Tillman and semen on the clothing. Based on that test, a judge in State Superior Court vacated his conviction on Tuesday and ordered a new trial. After the court session, Mr. Tillman's lawyers speculated that the charges would be dropped. The chief state's attorney, Christopher L. Morano, said, "There are still some loose ends that need to be tied up and need to be examined," a reference to an additional DNA test, and would not say whether he thought the case would go to trial again.

Mr. Morano said the case was the first in the state in which DNA evidence had "cast doubt" upon a conviction.

At least for now, Mr. Tillman is out of prison. Less than two hours after Judge Thomas P. Miano ordered that he be released without bail, the elevator doors in the lobby of the criminal courthouse on Lafayette Street opened and there was Mr. Tillman, 44, stepping out slowly, leaning on a cane as he made his way to an ecstatic woman in white, his mother, who called out to him and to Jesus.

"Thank the Lord!" said his mother, Catherine Martin, swallowing Mr. Tillman in her arms in front of his brother, a cousin, a couple of friends, his lawyers and a few reporters. "Thank you, thank you, thank you, Father! Jesus! Thank the Lord!"

Moments later, Mr. Tillman, stocky and bald, with a silver cross hanging from a chain around his neck, walked out of the courthouse and faced a wall of cameras and microphones. The first words he said were: "Praise the Lord. Thank you, Jesus."

Faith, he said, got him from 1988 to 2006. Science, he said, got him out.

"I was innocent all along so I just kept my faith and let science be science," he said, after thanking the public defenders, Karen A. Goodrow and Brian S. Carlow.

Mr. Tillman was arrested after a woman identified him from a photo as the man who abducted her as she was getting into her car not far from the Arch Street Tavern in downtown Hartford. The woman said Mr. Tillman drove her a short way, then stopped the car, beat her, raped her and ran away.

A chemical analysis of semen found on the woman's clothing — done before DNA testing was available — showed a match to certain characteristics of Mr. Tillman's semen, and prosecutors used that to support the victim's account. But the technology is not as sophisticated as DNA testing, Mr. Carlow said Tuesday, noting that the semen could have matched that of up to 20 percent of the male population.

Mr. Tillman protested his innocence. At one point, according to his mother and his brother, Willie Lee Tillman, 45, he rejected a plea deal that would have sent him to prison for eight years. In 1989, Mr. Tillman was convicted and sentenced to 45 years in prison for rape, kidnapping and other charges.

Mr. Carlow and Ms. Goodrow said it took them several months to track down the evidence collected in 1988. New DNA testing this spring showed no link to Mr. Tillman, although one more test has been ordered on a sample from the dress. Ms. Goodrow said the DNA on the clothing has not been matched to anyone else.

Judge Miano emphasized that the new DNA evidence did not suggest that a crime had not been committed by someone, only that eyewitness accounts can be devastatingly inaccurate.

"The court finds that if this new evidence were proffered in a new trial that it's likely to produce a different result at such trial," the judge said.

The prosecutor in the 1988 case, Edward R. Narus, also represented the state in court on Tuesday. Mr. Morano, the chief state's attorney, praised Mr. Narus for cooperating with the defense by agreeing to the request for a new trial.

Mr. Carlow and Ms. Goodrow did not criticize the way prosecutors handled the case. "In 1988, it was much more compelling evidence then than it is today," Mr. Carlow said of the semen testing.

Leaving the courthouse, Mr. Tillman stepped carefully over curbs and medians on his way to his mother's car, which blasted gospel music the moment she turned the key. His family said that he hurt his leg in prison, and that it became infected.

Asked how the green grass and fully leafed trees looked, after his more than 18 years behind bars, Mr. Tillman said, "Just beautiful."

CIVIL LAW:

Gabelli, Justice Department Settle Suit Over Cellphone Licenses (WSJ)

By Paul Davies And John R. Wilke

The Wall Street Journal, June 7, 2006

DOJ_NMG_0032621

The Justice Department has reached a deal with Mario Gabelli in a civil-fraud suit that alleged the famed money manager was at the center of an effort to deceive the Federal Communications Commission in auctions of cellphone licenses.

Assistant U.S. Attorney David Kennedy announced the settlement Tuesday during a hearing before U.S. District Judge Paul Crotty in Manhattan. Terms of the deal weren't disclosed but are expected to include a payment to the government of more $100 million, according to others briefed on the negotiations.

"We have reached a settlement in principle," Mr. Kennedy said. "We are moving forward."

The terms of the deal are expected to be made public during a court hearing on June 29. Mr. Kennedy declined to comment on the amount of the settlement.

Mr. Kennedy also said in court that the government reached a settlement with Russell Taylor III, the private plaintiff who brought the initial civil suit against Mr. Gabelli, Lynch Interactive Corp. and other Gabelli affiliates. Mr. Taylor said he witnessed the alleged fraud while working as a paralegal and attorney at a law firm.

Under the False Claims Act, Mr. Taylor stands to receive about 25% of the settlement. This windfall will be split with his two Washington law firms that worked on the case, Phillips & Cohen LLP, which specializes in whistleblower cases, and the litigation powerhouse Williams & Connolly LLP.

The settlement terms are also expected to permit Mr. Gabelli to continue to own and buy FCC telecommunications licenses, according to people close to the case. Had the suit gone to trial and gone against him, Mr. Gabelli might have lost that right. These and other terms are expected to be finalized at the court hearing at the end of the month.

The Justice Department joined the case in March, backing the allegations in the suit, which was filed under seal in 2001 in Washington, D.C., and later transferred to Manhattan federal court. The suit alleged Mr. Gabelli was at the center of a scheme to defraud the FCC of more than $160 million in bidding credits and other benefits intended for small businesses, and that he then earned profits of more than $205 million in the sale of some of those licenses.

Mr. Gabelli, who wasn't present in court Tuesday, runs Gamco Investors Inc., a mutual-fund empire in Rye, N.Y., that has become one of the best-known brands on Wall Street. Gamco isn't a party to the lawsuit, which focuses on Mr. Gabelli's role as chairman of Lynch Interactive, a telecommunications firm.

Lanny Breuer, an attorney for Lynch Interactive and other Gabelli affiliates, said that there were a number of parties involved and still some issues to sort out, but he expected the matter to be resolved in the next three weeks. "We remain very optimistic," he said in court. A spokesman for Mr. Gabelli had no comment Tuesday.

The settlement resolves the latest legal headache for Mr. Gabelli. Early last month, Gabelli Group Capital Partners Inc. settled claims by two shareholders that Mr. Gabelli had blocked them from selling shares in the closely held company. That settlement, valued at more than $80 million, resolved a suit by former partners who alleged Mr. Gabelli received exorbitant fees and compensation from the company. His reported earnings in 2005 were $55 million.

Gabelli Reaches Tentative Deal On Cellphone Licenses (USAT)

By Paul Davidson

USA Today, June 7, 2006

Mutual fund mogul Mario Gabelli has reached a tentative settlement in a civil lawsuit charging him with defrauding the federal government of hundreds of millions of dollars in auctions of cellphone licenses, according to the Justice Department.

Critics of the Federal Communications Commission's auction system seized on the case as proof that deep-pocketed bidders set up sham companies to win discounts reserved for small businesses.

A settlement in principle in the Gabelli case was announced Tuesday by Assistant U.S. Attorney David Kennedy at a hearing in New York, said Justice Department spokesman Charles Miller.

Terms of the agreement were not disclosed. Details are expected to be revealed at a June 29 court hearing.

Neither Gabelli nor representatives of his telecom company, Lynch Interactive, could be reached for comment Tuesday.

The deal comes three months after the Justice Department intervened in a civil fraud lawsuit, filed five years ago by a citizen under a law that lets an individual sue on the government's behalf.

The lawsuit alleges Gabelli set up about a dozen sham companies in auctions from 1995 to 2000 to snare airwave licenses. The entities were formed a few days before each auction, often were dissolved shortly afterward and never used the licenses, many of which were later sold for huge profits, the lawsuit claims. The lawsuit seeks up to $370 million in damages.

In previous statements, Lynch has called the lawsuit “frivolous” and said it “adhered to both the letter and spirit” of FCC rules. In a March interview with USA TODAY, Gabelli welcomed the government's participation in the lawsuit, saying he was “delighted to deal with an entity that knows the facts.”

Gabelli is a Wall Street luminary whose money management firm, Gamco Investors, advises private accounts and the Gabelli family of mutual funds. Gamco manages about $28 billion in assets.

The legal battle was largely borne of controversial FCC rules aimed at encouraging small businesses to participate in multibillion-dollar airwave auctions. Because the licenses are so expensive, larger companies might financially back the small players, but they can't control company operations.

The FCC has found it challenging to determine if bigger companies exert control. The lawsuit alleges that fraud in the Gabelli case was blatant, adding that " 'bidders' existed on paper only."

In April, the FCC modified its auction rules in response to critics such as the Minority Media and Telecommunications Council. Small businesses are now barred from leasing or selling their spectrum for 10 years, up from the current five-year holding period.

The council says the new rules go too far and will discourage lenders and investors from backing small businesses.

Gabelli Reaches Pact With Justice Department Over Cell Licenses (BLOOM)

By David Glovin

Bloomberg, June 7, 2006

June 6 (Bloomberg) -- Money manager Mario Gabelli has settled a civil suit alleging he defrauded the U.S. government by using ``sham'' companies to win cellular phone licenses.

The settlement, though not the terms, was announced today at a hearing in Manhattan federal court, Heather Tasker, a spokeswoman for U.S. Attorney Michael Garcia, said. Garcia's office recently sought permission to join the suit, which was filed in 2001 by attorney Rufus Taylor III under the federal False Claims Act.

Taylor's suit stemmed from Gabelli's role in Federal Communications Commission auctions in the 1990s. The government set aside cellular phone licenses to be sold to small businesses. Gabelli, 63, bankrolled ``sham'' startups that would qualify under the rules to get access to discounts, the suit claims.

Gabelli's publicly traded Gamco Investors Inc., a Rye-based money manager with $27 billion in assets, isn't a defendant in the suit.

DOJ Announces Settlement In Gabelli Case (AP)

AP, June 7, 2006

DOJ Announces Settlement in Civil Fraud Case Against Money Manager Gabelli

NEW YORK (AP) -- The Justice Department has agreed to settle a civil fraud lawsuit accusing prominent money manager Mario Gabelli in a scheme to gain unfair advantage in cell-phone spectrum auctions, a government spokeswoman said Tuesday.

The deal -- announced at a hearing Tuesday in U.S. District Court -- would include a $100 million payment from Gabelli to the government, The Wall Street Journal reported on its Web site, citing people briefed on the negotiations.

No information about the terms of the settlement were immediately announced, though they may be released at a hearing June 29, said Heather Tasker, the spokeswoman.

The deal came after the government sought to intervene in a 5-year-old lawsuit brought by private parties alleging Gabelli and others should pay hundreds of millions of dollars in damages for their participation in auctions conducted by the Federal Communications Commission between 1995 and 2000.

The lawsuit, initially filed in Washington, accused Gabelli of rigging the system by creating phony companies which bid for wireless phone licenses at a discount under rules favoring minority and small businesses. He then resold the licenses at a profit, according to the government.

Tim Metz, a spokesman for Lynch Interactive Corp., where Gabelli is board chairman, said he did not know terms of the settlement.

He said he also did not know if the deal would permit Gabelli to continue to participate in auctions.

"I know there's an application pending for the client, Lynch Interactive, to continue to participate in these auctions," Metz said.

At a hearing in federal court several weeks ago, Gabelli lawyer William P. Frank said prosecutors were treating his client unfairly.

Frank did not immediately return a call Tuesday seeking comment.

CIVIL RIGHTS:

Use-Of-Deadly-Force Police Shootings Ruled Justifiable (NEWSNET5)

News Net 5, Cleveland, OH, June 7, 2006

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Special Prosecutor Says Guidelines Followed In 5 Police Shootings

CLEVELAND -- A special prosecutor ruled that five cases of the use of deadly force by Cleveland police officers were justifiable.

The five fatal shootings took place in 2004 and 2005. The city appointed retired Judge Ellen Connally to investigate the cases and to make a decision about whether they were justified.

Connally ruled that all the officers involved in the shooting followed the guidelines outlined for the use of deadly force, and no charges will be filed in any of the cases, NewsChannel5 reported.

Before making her decision, Connally reviewed the evidence, interviewed witnesses, looked over photographs and talked with the coroner.

She ruled four of the shootings justifiable. But one of the shootings included a confrontation between Cleveland police and 14-year-old Brandon McCloud.

McCloud was shot and killed by police in his bedroom in August 2005. Police said McCloud, who was suspected in a string of armed robberies, lunged at them with a knife.

Connally called the shooting tragic. She did not use the term "justifiable," but said that it is within the bounds of the use of deadly force guidelines.

Mayor Frank Jackson promised accountability on the streets, and wants all cases of the use of deadly force to be investigated.

All five cases are still being reviewed by the U.S. Justice Department.

The other cases Connally made rulings on were the March 2004 death of Eren Y. Beyah, the September 2005 death of Larry Renshaw, the October 2005 death of David Crenshaw, and the December 2005 death of Angelo Ferguson.

Gay Marriage Amendment Faces Senate Defeat (AP-Y2)

By Laurie Kellman

AP2, June 6, 2006

The constitutional amendment to ban gay marriage is headed toward certain defeat Wednesday despite a fresh appeal for passage by President Bush.

While a majority of Americans oppose gay marriage, an equal majority oppose amending the Constitution to prohibit it, according to a poll this week by ABC News. And, according to one Republican, Americans do not yet buy the warning that traditional marriage is under attack by renegade judges.

"Most Americans are not yet convinced that their elected representatives or the judiciary are likely to expand decisively the definition of marriage to include same sex couples," said Sen. John McCain (news, bio, voting record), R-Ariz., a possible presidential candidate in 2008. He told the Senate on Tuesday he does not support the amendment.

The measure's looming defeat in the Senate is by no means its last stand, said its supporters.

"Whether it passes or not this time, I do not believe the sponsors are going to fall back and cry about it," said Sen. Orrin Hatch (news, bio, voting record), R-Utah. "I think they are going to keep bringing it up."

The House plans a redux next month, said Majority Leader John Boehner, R-Ohio.

"This is an issue that is of significant importance to many Americans," Boehner told reporters. "We have significant numbers of our members who want a vote on this, so we are going to have a vote."

Some of those closely watching the Senate's three-day debate on the proposed amendment are engaging that argument as if the measure stands a chance of passage.

Bush, his popularity sagging and his conservative base dissatisfied with Republicans' efforts on social issues, issued a fresh appeal for passage Tuesday for the third time in as many days.

"The administration believes that the future of marriage in America should be decided through the democratic constitutional amendment process, rather than by the court orders of a few," a White House statement said.

The Vatican also weighed in Tuesday, naming gay marriage as one of the factors threatening the traditional family as never before.

Despite the big names advocating it, the amendment was expected to fail a test vote early Wednesday after three days of floor time in which debate over the definition of marriage touched on issues ranging from child welfare to bigotry.

Democrats, all of whom except Sen. Ben Nelson (news, bio, voting record) of Nebraska oppose the amendment, say the debate is a divisive effort to energize social conservatives this election year.

"The Republican leadership is asking us to spend time writing bigotry into the Constitution," said Sen. Edward Kennedy (news, bio, voting record) of Massachusetts, which legalized gay marriage in 2003. "A vote for it is a vote against civil unions, against domestic partnership, against all other efforts for states to treat gays and lesbians fairly under the law."

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More than half of the 100-member Senate is likely to support the amendment on the test vote Wednesday, even if the vote fails to win the required 60 votes, said Hatch.

"Does he really want to suggest that over half of the United States Senate is a crew of bigots?" he fumed.

More than half of Americans, 58 percent, said in an ABC News poll released Monday that same-sex marriages should be illegal. But only 40 percent said they support amending the Constitution to ban gay marriage. A majority said states should make their own laws on gay marriage.

Forty-five of the 50 states have acted to define traditional marriage in ways that would ban same-sex marriage — 19 with constitutional amendments and 26 with statutes.

The amendment would prohibit states from recognizing same-sex marriages. To become law, it would need two-thirds support in the Senate and House, and then would have to be ratified by at least 38 state legislatures.

Marriage Measure Doomed In Senate (WT)

By Amy Fagan

The Washington Times, June 7, 2006

Senators will vote today on a constitutional marriage amendment that doesn't have enough support to pass, and Democrats yesterday tried to force a vote on gas prices to show that other issues are more pressing and that Republicans are playing politics.

"This is not what the American people want to talk about," Senate Minority Leader Harry Reid said of the marriage amendment, which would define marriage as the union of one man and one woman.

The Nevada Democrat interrupted the marriage debate by trying to call up a bill to prevent price gouging at the gas pumps. He was blocked by Republicans.

Republican leaders and President Bush, facing sagging poll numbers and a restless conservative base, have been pushing hard for the constitutional marriage amendment, which is a top priority for conservative groups. A House vote is expected soon.

Sponsors of the marriage proposal expect about 52 votes today on a motion to cut off debate and force a final vote. The motion would need 60 votes to pass, and the amendment itself would need two-thirds, or 67 votes, to be approved.

"It's not about the preservation of marriage. It's about the preservation of the majority, the Republican majority. That's the 'M' word that's behind this debate," said Sen. Richard J. Durbin, Illinois Democrat. He cited a Gallup Poll in April that found Americans ranked same-sex "marriage" 33rd on a list of most important issues facing the country.

Supporters said it is a fundamental concern when courts are trying to force states to accept same-sex "marriage."

"This issue is going to be defined by either the courts or the legislative bodies, period," said Sen. Sam Brownback, Kansas Republican. "We seek to have it defined by legislative bodies."

In response to Democrats' attack, Senate Majority Leader Bill Frist, Tennessee Republican, issued a statement saying a majority of Americans support traditional marriage and that his party has "a record of accomplishments and meaningful solutions" on the economy, prescription drug coverage and other issues.

Nineteen states have constitutional amendments defining marriage as the union of a man and woman, and 26 states have similar statutes. Nine states face lawsuits challenging their traditional marriage laws. Four of these states have had their laws overturned and are awaiting state Supreme Court decisions.

Polls show a majority of Americans oppose same-sex "marriage." The public is more evenly split on whether a constitutional amendment is the solution. A Gallup Poll released last month shows 50 percent favoring an amendment and 47 percent opposing.

Regardless of the outcome of the vote today, some groups say they will make sure the marriage issue remains a priority in the Senate. The Family Research Council plans to campaign against senators who vote against the proposed amendment. The group has begun attacking Sens. Hillary Rodham Clinton, New York Democrat, and John McCain, Arizona Republican, both of whom are expected to oppose the measure.

For Foes Of Same-Sex Marriage, It's The Thought That Counts (WP)

By Dana Milbank

The Washington Post, June 7, 2006

There's violence in Iraq, corruption in the House and anxiety in the markets. Somebody needs to create a diversion.

"The gays are aggressive! Gays have called war! Gays are attacking traditional marriage!"

Bishop Harry Jackson was shouting these words outside the Capitol yesterday morning, at a rally for a constitutional amendment banning same-sex marriage.

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"Marriage is under attack!" cried out Sen. Wayne Allard (R-Colo.), also at the rally.

"We can have anarchy!" warned Rep. Katherine Harris (R-Fla.).

No doubt Jackson, Allard and Harris are sincere in their views about marriage. But the urgency of their alarm is a bit suspect to anybody with an eye on the electoral calendar.

With President Bush's encouragement, the Senate this week is taking up the marriage amendment even though everybody knows it will be roundly defeated, most likely in a vote today. Proponents are hoping to add perhaps four votes to the 48 they got in 2004 -- at the same time in the previous election cycle. At this pace, it will be 2014 before the amendment has a shot at getting the 67 votes it needs to pass.

What the marriage amendment indisputably does, though, is delight social conservatives, whose turnout in November will be crucial if Republicans are to retain their majorities in the House and Senate. And conservative activists have burst back on the scene to show their gratitude -- even if they know it's a losing cause.

"If we didn't believe in miracles, we wouldn't have spent our vacation money to come here," said Sandra Rodrigues of Utah, who with her family has been standing outside the Russell Senate Office Building all week, shouting at senators and displaying signs urging "Stop Same Sex Marriage: It Endorses Masturbation." "If same-sex marriage is endorsed," she explained, "then you're going to have children think it's just another option to have pleasure."

Rodrigues and family have plenty of allies in their effort to stir up the GOP base. A group backed by the Heritage Foundation and the Family Research Council scheduled an all-day event Monday at the National Press Club featuring Robert Bork and Alan Keyes. Allard has held two events in as many days. And the activists are vying to outdo one another in hysteria.

"This is in many ways the crucial question of our time," Heritage's Matthew Spalding submitted at a Press Club event.

Said Karen England of the Capitol Resource Institute: "We have boys who are going to be in with your girls in the locker room and the restrooms."

Added Exodus International's Alan Chambers, who said he quit homosexuality 14 years ago: "Our children are being raped every day of school by what's being taught. Are you mad? I'm mad. I'm so mad. God have mercy."

Chambers is likely to be angrier still if he checks out the results of last month's Washington Post-ABC News poll. When voters were asked about the most important issue in November's election, they chose the economy, Iraq, immigration, gas prices, terrorism and health care. Same-sex marriage merited only an asterisk, meaning it rated below 0.5 percent of responses.

With that in mind, Senate Democrats have tried furiously to keep the debate on topics more likely to depress Republican turnout in November. Minority Leader Harry Reid (Nev.) brought a list to the floor Monday. "High gas prices, the war in Iraq, the national debt, health care, senior citizens, education, crime, trade policy, stem cell research: Each issue begging for the president's attention, each issue being ignored."

But liberal advocacy groups fell into the conservatives' trap, holding at least four events of their own to treat the doomed amendment as if it were an imminent threat. "It has come to a point in this country," Rabbi Joui Hessel said at a National Press Club event dueling with the conservatives, "where our government is poised to legalize a lesser status to gay and lesbian people."

Poised? It's not the first word that comes to mind when listening to proponents try to explain urgency for a same-sex-marriage ban this week.

When White House press secretary Tony Snow, at Monday's briefing, likened the amendment to efforts to enact civil rights laws, CBS News's Bill Plante challenged him.

"You would equate that with civil rights?" Plante asked.

"No, I'm just saying that I think -- well, I don't know. How do you define civil rights?"

"Up to you," Plante offered.

"Okay," Snow said. "Well, no, it's your question. So I -- if I -- . . . I need to get a more precise definition."

Likewise, Allard held a news conference Monday at which the speakers said they wanted to reduce the "epidemic level of fatherlessness in America."

"How would outlawing gay marriage encourage heterosexual fathers to stick around?" was the first question.

Allard skirted the question by saying that "laws send a message to our children."

The moderator, Matt Daniels of the Alliance for Marriage, tried to find a question on another subject. But when reporters continued to press Allard on the link between same-sex marriage and deadbeat dads, Daniels blurted out: "All right, you know what? We're going to call this press conference to a close."

Same-sex 'Marriage' Splits Black Leaders (WT)

By Jon Ward

The Washington Times, June 7, 2006

DOJ_NMG_0032626

Black pastors and civil rights leaders yesterday held separate rallies on Capitol Hill, staking opposite positions on a constitutional amendment aimed at banning homosexual "marriage."

"This is a moral issue that brings us to the table, and I'm a Democrat. We're not the right-wing Republicans that are just trying to make you do what our political agenda says. We have a legitimate concern about the deterioration of our community," said Bishop Harry Jackson, a pastor from Hope Christian Church in Bowie, who opposes homosexual "marriage."

The Senate is expected to vote on the measure today. The bill is not expected to pass, but opponents of homosexual "marriage" say they will mobilize election votes for or against lawmakers depending on how they vote.

Mr. Jackson's national group, the High Impact Leadership Coalition, organized a morning rally in favor of the amendment, which defines marriage as the union of one man and one woman.

Sen. Sam Brownback, Kansas Republican, and Sen. Wayne Allard, Colorado Republican, the bill's sponsor, spoke to the crowd of about 100 in the park next to the Russell Senate Office Building.

Mr. Jackson and other leaders then descended on the offices of Sen. Hillary Rodham Clinton, New York Democrat; Sen. Barack Obama, Illinois Democrat; and Sen. John McCain, Arizona Republican, to argue their case.

Later in the day, the Human Rights Campaign, the country's top homosexual rights lobbying group, rallied in the same park in opposition to the amendment.

"We must decide if liberty is just for all straight white men, or if in fact God has endowed all persons with the right to enjoy committed, loving relationships," said the Rev. Nathan A. Harris, of Lincoln Congregational Temple, in the District. "As a heterosexual man, as a Christian pastor ... I stand in solidarity with the community of lesbian, gay, bisexual and transgendered persons."

Sen. Edward M. Kennedy, Massachusetts Democrat, and Rep. John Lewis, Georgia Democrat, spoke to the crowd of about 50.

The Rev. William Owens, chairman of the Memphis, Tenn.-based Coalition of African-American Pastors, said the homosexual rights movement is trying to "hijack civil rights." He said he marched for black civil rights in the 1960s.

"I did not march one step for people of the same sex to marry," Mr. Owens said.

Wade Henderson, executive director of the Leadership Conference on Civil Rights, called Mr. Owen's remarks a "somewhat hysterical interpretation of the facts."

"Our fears about cultural changes in this country have been hijacked and portrayed as a legitimate issue of concern," Mr. Henderson said.

Conservative black pastors and civil rights leaders say homosexual "marriage" will further diminish the number of black children without a mom and a dad, in a community that has already felt the negative consequences of single-parent families.

"If we don't do something, we may face an America in 10 years where only one out of every 10 children is born to an intact family. We may face an America where the problems that are in the black community are in every community in the land. We don't want an America like that," Mr. Jackson said.

Liberal black pastors such as Mr. Harris, however, said that "heterosexual marriage has done a good job on its own of falling apart."

Damien, Demons And Dubya (NYT)

By Maureen Dowd

The New York Times, June 7, 2006

Washington

As I write this on 6-6-06, with a new Damien demonically wheeling through movie theaters trying to kill his mom in a remake of "The Omen," let us now speak of famous bogeymen.

The Bushes have always been good at using bogeymen to their political advantage.

Lee Atwater, the devilish strategist for Bush Senior, turned an obscure criminal named Willie Horton into the Candyman in 1988, whipping up the fear that if Michael Dukakis were elected, hordes of swarthy skels would be freed on weekend parole and swarm into your neighborhood.

W.'s supporters beat back the McCain threat in the 2000 South Carolina primary by spreading gossip that the Arizona senator had fathered a black baby — a creepy distortion of the fact that he and his wife had adopted a little girl from Bangladesh.

Karl Rove, an Atwater acolyte, had a closetful of bogeymen whisking W. past the finish line in 2004: terrorists who might strike again, gays who wanted to get hitched, stem cell research, Darwin, Dan Rather, and a Swift-boated John Kerry.

W. prefers tactical bêtes noires to real ones. (Hillary followed his lead by joining conservatives to support a constitutional ban on flag burning.)

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The president had a truly terrifying bogeyman in Osama but instead conjured up a fake nuclear villain in Saddam. He has played down bin Laden, first diverting the resources needed to capture him and now diverting the money needed to protect against his likely targets, letting homeland security funds be moved from New York and Washington. (Jon Stewart has said that Omaha got a lot of homeland security money because it was under threat by the "renowned Midwestern terrorist Omaha bin Laden.")

As Mike Crowley of The New Republic notes, the F.B.I. does not even mention 9/11 in its "Ten Most Wanted Fugitives" profile of Osama. The poster, updated in November 2001, says bin Laden is wanted in the bombings of the United States Embassies in Tanzania and Kenya that killed 200 in 1998, and "is a suspect in other terrorist attacks." No word of the nearly 3,000 killed on Sept. 11.

Fearing that their monopoly on Washington power could be coming to an end, with voters grumpy at Republicans over Iraq, gas prices, Medicare, Social Security, corruption, wild spending and general incompetence, Bush strategists have revived the gay marriage Frankenstein to scare the base into turning out for midterms. (That bride of Frankenstein had better be female.)

Same-sex marriage is far less spooky than the 17 severed heads recently found in a village northeast of Baghdad, or the terror suspect accused of conspiring to behead the Canadian prime minister.

W. ignored the gay marriage issue in the 19 months after he used it to help him stay in the White House. To reprise it now, knowing it has no chance of passing, is so transparent that surely even the most blinkered "values" voters see through it.

When pollsters ask Americans their top priorities, gay marriage does not leap onto the list. In a new ABC News poll, only four in 10 surveyed were in favor of rewriting the Constitution.

Even as W. gave a speech here promoting a constitutional amendment designed to demonize and discriminate against a group of Americans who have done nothing wrong, his heart did not seem in it. A Democratic strategist noted on CNN that the president looked as cowed as "a long-tailed cat in a room full of rocking chairs."

Wrestling with Iraq and Iran have worn down W., and he knows, as we do, that a couple of middle-aged guys who want to tie the knot in Provincetown is not the worst threat America faces.

With our marines needing refresher courses in "core values" and with Dick Cheney promoting values like torture, government snooping and pre-emptive war, it rings hollow to opportunistically proselytize on family values. (Mary Cheney, the gay daughter of the vice president, told interviewers recently that her father opposed the marriage amendment.)

As a Times reader who sometimes e-mails me put it: "The 'values' voters turn out to be opinion voters. They believe that God hates homosexuals, that superstition trumps science every time, that all those foreigners ought to be sent back where they came from, and that all government programs are wasteful and immoral, except, of course, for the government programs which benefit them. Those are opinions, not values, and willfully ignorant opinions at that."

I know Republicans are desperate. But does it make sense to use gay love to hatemonger here when we have so much real hate coming at us from abroad?

Justice Kennedy's Culture War (WSJ)

The Wall Street Journal, June 7, 2006

The Supreme Court is busy this week, but Justice Anthony Kennedy should take a moment to tune into the Senate debate on gay marriage. As the man who enabled this latest front in the culture wars, it's the least he can do.

That's the most efficient way to think about the Senate debate this week on the Marriage Protection Amendment, which would create a national definition of marriage as a "union of a man and a woman." We remain opposed to federal interference in this issue, believing that issues of family life and law are best settled in state legislatures. Yet given the way activist courts have turned gay marriage into a national issue, it's no surprise that Congress joined the fray.

Senate Majority Leader Bill Frist knows he's unlikely to get many more than the 48 votes he got the last time he brought up this amendment, in 2004. Constitutional amendments require a two-thirds majority, and only one Democrat, Nebraska's Ben Nelson, is publicly on board. So some of this is about rallying a demoralized conservative base.

But the amendment vote can't be understood outside of the anxiety created by activist courts. Justice Kennedy wrote the majority opinion in the 2003 Lawrence case that banned state anti-sodomy laws. So sweeping was his "privacy right" language that it took only a few months for the Massachusetts Supreme Court to use Lawrence to justify its decision to impose a right to gay marriage there. Politicians in New York and San Francisco began issuing gay marriage licenses, never mind state law.

So here we go again with another values issue about to become an endlessly polarizing national debate. Beltway politicians can posture knowing nothing much will change. This is the history of abortion since Roe v. Wade, with both sides at the same barricades 30 years on. The Founders left such thorny social issues to the states precisely to allow the democratic give and take that can reach a rough consensus, as well as adjust as social mores change.

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That's what the states have been doing in recent years. Some 19 states now have constitutional amendments protecting "traditional" marriage; another 26 have statutes doing the same. Alabama voters yesterday endorsed such an amendment, and six more states will have the question on November ballots.

States have also devised a range of policies for civil partnerships or other legal rights for gay couples. These innovations reflect the reality that most Americans oppose extending the term "marriage" to gays but are open to other legal arrangements. Colorado voters may face ballot initiatives this fall dealing with both a definition of marriage and domestic partnership rights.

Supporters of the national ban say an amendment is necessary because willful courts won't honor those voter verdicts. They have a point. A federal court struck down Nebraska's ban on gay marriage last year even though 70% of the state's residents voted for it. Bans have been overturned in Washington, California, Maryland and New York.

But it's far from clear that a Constitutional amendment is necessary to stop this just now. Congress passed the Defense of Marriage Act in the 1990s, and sooner or later the Supreme Court will decide if this clashes with the Constitution's "full faith and credit" clause that applies one state's laws to the other 49 (i.e., easy Nevada divorce). If the High Court overturns the Defense of Marriage Act, there'd be a much stronger case for something as rare, and politically difficult, as passing a Constitutional amendment. Meantime, this is another argument for confirming President Bush's judicial nominees (see below).

As for liberals, they might consider that their best chance to change minds is through open state debate, not coercive courts. Polls show Americans are becoming more comfortable with civil unions and other gay rights. In fact, the best thing gay activists could do for themselves at the federal level would be to support repeal of the death tax, since under current law gay couples often lack inheritance rights. That would accomplish more than anything that will emerge from this week's political spectacle over amending the Constitution.

Verizon Bias Suit Deal Sets Record (WP)

By Amy Joyce

The Washington Post, June 6, 2006

Verizon Communications Inc. will pay almost $49 million to 12,326 current and former female employees as part of a landmark class-action lawsuit alleging pregnancy discrimination.

The U.S. Equal Employment Opportunity Commission reached a settlement in 2002 against Verizon predecessors Nynex Corp. and Bell Atlantic Corp. But the total amount of the settlement was not made public until yesterday, when the EEOC completed its projections of how much would be paid in future benefits.

The final figure makes the case the largest pregnancy discrimination settlement in EEOC history. It covers women in 13 states and the District.

Nynex and Bell Atlantic were accused of violating federal law by denying women pension and other benefit accruals when they spent time on pregnancy or maternity leave.

The total compensation paid thus far is more than $25.3 million. The EEOC told a U.S. District Court in New York yesterday that it projected that an additional $23.6 million would be paid in future benefits. The announcement came after years of calculating which women were denied benefits when on leave.

"This comes out of a different era," said Eric Rabe, a Verizon spokesman. "The people who were here then by and large don't work for the company anymore. We think our record today is exemplary, and this was not an admission of having done anything wrong. It is simply a matter of trying to get this behind us to move on."

The suit alleged that the predecessor companies violated the Civil Rights Act of 1964, the Pregnancy Discrimination Act of 1978 and the Equal Pay Act of 1963 by denying women service credits for leaves of absence taken between July 1965 and April 1979. The companies also denied pension credits for child-care leaves of absence until December 1983.

Pregnancy discrimination claims filed with the EEOC rose by 31 percent from 1992 to 2005, to 4,449 from 3,385. Some of that increase reflects a growing number of women working during and after their pregnancies, but not all of it. In the same period, the percentage of working women with children younger than 18 rose by about 5 percent.

"There really remain tremendous issues concerning pregnancy discrimination in the workplace," said Elizabeth Grossman, regional attorney with the EEOC in New York. "More and more women are continuing to go forward to assert their rights in a way past generations were not. Some employers are getting educated and changing practices, but many are not."

Grossman's office last year sued and won a settlement for a waitress who was removed from a managerial career track, denied work assignments and told to "consider her options" after she revealed she was pregnant. Ultimately, she was fired. The woman received $145,000 in a pregnancy discrimination settlement with her former employer. The same office last month also sued Bed Bath & Beyond Inc. on behalf of a pregnant employee at a Bridgewater, N.J., store who says she was denied modified work assignments that were given to other employees with temporary disabilities.

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The EEOC was joined in filing the class-action lawsuit against the phone companies by the International Brotherhood of Electrical Workers and the Communications Workers of America, unions representing Verizon workers. "This case represents an important victory for working women who should not have had to sacrifice their pension benefits because they had children," Christopher M. Shelton, a CWA vice president, said in a statement.

Louisiana Governor Plans To Sign Anti-Abortion Law (NYT)

By Jeremy Alford

The New York Times, June 7, 2006

BATON ROUGE, La., June 6 — Gov. Kathleen Babineaux Blanco's office said Tuesday that she would shortly sign into law a strict ban on abortion that would permit abortion only in the case where a woman's life was threatened by pregnancy.

The bill, approved by both houses of the Legislature and sent to the governor on Monday, would go into effect only if the United States Supreme Court overturned Roe v. Wade, the 1973 decision establishing a constitutional right to abortion, and allowed states to criminalize abortion.

In March, South Dakota enacted a law criminalizing abortion, hoping to create a case that would lead the Supreme Court to overturn Roe. Eleven other states are considering similar measures. Six other states have bans, similar to the Louisiana bill, that would be put into effect by the end of Roe.

A sponsor of the Louisiana bill, Senator Ben Nevers, Democrat of Bogalusa, said he had led the effort because the Supreme Court had grown more conservative and the time was ripe for change.

"I had a strong belief that we could finally protect the innocent life of an unborn child," Mr. Nevers said. "This is about the U.S. Constitution granting every person the right to life."

Jacqueline Payne, assistant director of government relations for Planned Parenthood, a nationwide provider of abortion services, said the trigger provision allowed the Legislature and Ms. Blanco to inflict policy on future generations they had no authority to represent, since Roe could take several years to overturn, if ever.

"We think Louisiana is hiding behind South Dakota, which took more of a direct affront," Ms. Payne said.

Roderick K. Hawkins, deputy press secretary to the governor, said that the abortion bill had not yet reached Ms. Blanco, but that she planned to sign it as soon as possible.

Although Ms. Blanco, a Democrat, has supported exceptions for rape and incest in the past, Mr. Hawkins said she found solace in the bill's "safety measures" that protect the life of the pregnant woman.

"The governor has always been a pro-life person," Mr. Hawkins said, "and this fits into her beliefs of supporting life and being anti-abortion. Plus, this had overwhelming bipartisan support of the Legislature."

If signed by the governor, Louisiana's measure would allow the prosecution of any person who performed or aided in an abortion. The penalties include up to 10 years in prison and a maximum fine of $100,000.

Transsexual Discrimination Suit Enters Discovery Phase (RC)

By John McArdle

Roll Call, June 7, 2006

A full year after filing a discrimination lawsuit against the Library of Congress, Diane Schroer, who is preparing for surgery to complete her transition as a male-to-female transsexual, has only now seen her civil rights case move into the discovery phase.

But in the 12 months since the case was brought, Schroer's suit already has forced the U.S. District Court to take a hard look at how sexual discrimination laws apply to the Congressional workplace.

While lawyers for Schroer are preparing this week to serve the LOC with its first document requests and interogitories, lawyers with the U.S. Attorney's office, which is representing the Library, have about two weeks left to decide whether to appeal a decision by U.S. District Judge James Robertson denying their initial request to dismiss the case.

"It is unfortunate that litigation moves as slowly as it does, and it's unfortunate that it took Judge Robertson a long time to rule on the motion to dismiss," Arthur Spitzer, a lawyer for the American Civil Liberties Union who is representing Schroer, said this week. "On the other hand it was clear from his opinion that he had done a lot of research and a lot of thinking about the issue, and we were obviously pleased with his opinion."

Born David John, Schroer is a 25-year Army veteran who filed suit against the LOC on June 2, 2005, after being rejected for a position as a terrorism and international crime research analyst with the Congressional Research Service, a division of the LOC, because she was beginning the transition process to become Diane. She expects to complete the transition through surgery later this year.

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Schroer brought the case under Title VII of the Civil Rights Act of 1964, which prohibits employment discrimination based on race, color, religion, sex and national origin. But lawyers for the Library argued in their response last fall that transsexual individuals are not considered members "of a 'protected class' as required by Title VII" and thus the case should be dismissed.

Lawyers for the LOC have argued in court filings that applying Title VII to transsexuals would create an improper precedent in the workplace.

"The term 'sex,' as used in Title VII, prohibits discrimination based on the biological state of a male or female," the U.S. Attorney's office argued in its response last fall. "District Courts in this Circuit, as well as in many other circuits, have never held that transsexuals are a protected group under Title VII."

In late March, Robertson denied the LOC's dismissal request, noting in his opinion that "the failure of numerous attempts to broaden Title VII to cover sexual orientation says nothing about Title VII's relationship to sexual identity. ... There are facts that Schroer could prove which would support her claim that the Library refused to hire her solely because of her sexual identity, and that in so doing, the Library discriminated against her 'because of ... sex.'"

Channing Phillips, a spokesman for the U.S. Attorney's office, said this week that "we are in the process of deciding whether or not to seek to have the case certified to the Court of Appeals for a decision" and that "if we were going to seek an appeal we have to notify Judge Robertson by the 19th of June."

But, Phillips said, "I can't and won't get into what the grounds would be assuming we do seek an appeal."

Spitzer, though, was willing to speculate on what argument the U.S. Attorney's office might use: "Their view is simply that Congress did not intend to cover that back in 1964 when they prohibited discrimination based on sex. That's their basic argument."

However, Spitzer said, "The odds are that there is not going to be an immediate appeal either because the government doesn't ask for it or because Judge Robertson doesn't give them permission or because the Court of Appeals doesn't give them permission. And if there isn't an appeal then the discovery should move forward promptly and hopefully it won't be too many months until we are in a position either to file motions for summary judgment or to schedule a trial."

When Schroer initially interviewed for the job at CRS in October 2004, the name on her application was David J. Schroer and she dressed in traditionally masculine attire. Schroer — a retired colonel who served in the Army Rangers, earned several medals for distinguished service and fought in the war on terror as a member of the Special Operations Command — claims she was told she was the most qualified candidate for the analyst position. She argues that by December of that year the Library had offered her the job and was happy to employ her as a man.

However, she claims, Library officials changed their mind when Schroer informed them that she was under a doctor's care for gender dysphoria and that, in accordance with her doctor's instructions, she would begin using a feminine name and presenting a traditional female appearance by the time she started work as a research analyst.

Senate To Consider Letting Hawaiians Pursue Sovereignty (WT)

By Brian DeBose

The Washington Times, June 7, 2006

Hawaii Sen. Daniel K. Akaka thinks Hawaiians should be allowed to govern themselves as Native Americans and Alaskans do, and after seven years of pushing a bill to start the process, the Senate is expected to take it up this week.

Mr. Akaka says the bill is a way to give "indigenous" Hawaiians a sense of pride and a chance for sovereignty for the first time since 1893, when Queen Liliuokalani was deposed and lands were illegally seized by U.S. Marines and a cadre of sugar-plantation businessmen.

"For the first time, if it passes, Hawaiians will have parity and be able to form a government entity to address their concerns, since the overthrow," Mr. Akaka said.

Republican senators annually have blocked the legislation, saying it would violate the Constitution by establishing a sovereign race-based government. It is only coming up now through a deal worked out between Democratic and Republican leaders to move other bills.

Opponents, including many native Hawaiians, say the bill opens up a "Pandora's box" of new race classifications and called the bill ambiguous as to what benefits it will bring.

The bill calls for an Office of Native Hawaiian Relations in the Department of the Interior, and a Native Hawaiian Interagency Coordinating Group to administer programs, a commission that would certify who are indigenous Hawaiians, and provides a process of reorganization of the Native Hawaiian governing entity.

"The bill will not authorize gaming in Hawaii. The bill will not allow private lands to be taken. The bill will not create a reservation in Hawaii," Mr. Akaka said.

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The legislation is supported by both Republican and Democratic senators, primarily those from states with substantial Native American and Eskimo populations, as well as the American Bar Association and Alaska Federation of Natives.

Sen. Jon Kyl, Arizona Republican, who has kept the bill from coming to the floor, said the creation of a native Hawaiian government -- composed only of redefined natives and whose members can only be voted in by native Hawaiians -- could divide Hawaii's people.

"Unlike reservation Indians, Native Hawaiians do not live in one area of the State that is set aside for Indians; they live in the same cities and neighborhoods and on the same streets, as other Hawaiians do," Mr. Kyl said.

Reservation Indian tribes have the power to tax, regulate and make laws for members. There are an estimated 400,000 Native Hawaiians living throughout the United States.

Native Hawaiians also say it "too narrowly" redefines who is indigenous.

"It is only for people of Native Hawaiian blood," said 'Ehu Kekahu Cardwell, director of the Koani Foundation, a grass-roots group dedicated to restoring the Hawaiian nation.

"We want it to be for any descendants of kingdom nationals who were loyal to the queen during the time she was deposed. We want everyone to be able to have a say in how this turns out," Mr. Cardwell said.

Leon Siu, a Chinese Hawaiian lobbying against the bill on Capitol Hill, said it has already caused division in Hawaii.

"We reject a race issue being brought into our community; the bill will change the definition of who we are," he said. "Native Hawaiian is not a pure bloodline and ... this bill will introduce a new concept of racial apartheid."

Mr. Siu's father fled China in search of a better life and settled in Hawaii 70 years ago, as did hundreds of thousands of foreign nationals from America, Japan, China, Vietnam, and the Philippines who became Hawaiian citizens.

The Hawaiian monarchy historically never kept anyone from participating in its government structure and did not have a race-specific citizenship definition.

One of the most salient points in the debate will be a history lesson on how Hawaii became a U.S. territory and a state, which Native Hawaiians say was an "illegal annexation."

Queen Liliuokalani, the last Hawaiian monarch, was deposed in 1893 by a collection of sugar exporters doing business on the island with the complicity of the U.S. government.

Hawaii became a U.S. territory under a congressional resolution passed in the late 1890s, but the Constitution states that the U.S. can only acquire land held by sovereign foreign nations through a formal treaty.

The treaty authorized by the Safety Commission -- an illegitimate government established by the sugar plantation owners -- failed in Congress after 38,000 of the 40,000 natives living on the island in 1897 petitioned the Congress to reject it.

Congress formally acknowledged that the coup was unlawful in an apology resolution in 1993.

"This is just the next step in that process of acknowledging the wrong committed against the Native Hawaiian people and recognize them as a sovereign entity," said Donalyn Dela Cruz, spokeswoman for Mr. Akaka.

A Chance For Justice In Hawaii (NYT)

The New York Times, June 7, 2006

For Native Hawaiians, the last two centuries have been a struggle against extinction. Not long after Captain Cook sailed up in 1778, disease, poverty and political and economic exploitation began pushing their culture toward the vanishing point. One harsh milestone came in 1893, when American and European businessmen backed by United States marines overthrew the Hawaiian kingdom. Annexation by the United States quickly followed.

Hawaii has since thrived as a multiracial society, and its native language and arts have undergone a rebirth in the last generation or two. But if there is a common theme in this resurgent culture, it is an abiding sense of loss. The wrongs done to Native Hawaiians are a wound that never healed.

A tiny minority in the islands dreams, madly, of correcting this injustice by becoming an independent country. But Hawaii's broad mainstream — its Legislature, its current governor and her three living predecessors, its United States senators and two House members, and a solid majority of residents — has lined up behind something far more sensible.

It's a bill sponsored by Senator Daniel Akaka that would extend federal recognition to Native Hawaiians as indigenous people. It would create a governing body for the estimated 400,000 Native Hawaiians that would negotiate with the state and federal governments over land and other resources.

After languishing for years, the bill is heading for a Senate vote. This has prompted outraged editorials and op-ed articles warning that a Pacific paradise will become a balkanized banana republic.

Those worries are misplaced. The bill's central aim is protecting money and resources — inoculating programs for Native Hawaiians from race-based legal challenges. It is based on the entirely defensible conviction that Native Hawaiians — who make

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up 20 percent of the state's population but are disproportionately poor, sick, homeless and incarcerated — have a distinct identity and deserve the same rights as tribal governments on the mainland.

The Akaka bill does not supersede the Constitution or permit Zimbabwe-style land grabs. It explicitly forbids casinos, a touchy subject in Hawaii. Any changes a Hawaiian government seeks would have to be negotiated with state or federal authorities. As has always been the case on those eight little islands, everyone will have to find a way to get along.

D.C. Mayor Fires Director Of Agency For The Disabled (WP)

By Lori Montgomery And Karylyn Barker

The Washington Post, June 7, 2006

D.C. Mayor Anthony A. Williams fired the director of the District agency that cares for the mentally retarded yesterday in hopes of averting a court takeover of the troubled bureaucracy, which is facing fresh allegations of abuse and neglect in city-funded group homes.

After barely a year on the job, Marsha H. Thompson was dismissed as administrator of the city's Mental Retardation and Developmental Disabilities Administration. Williams said it was the first firing of an agency head in years.

In her place, Williams appointed Kathy Elmore Sawyer, retired commissioner of Alabama's mental health department and an experienced advocate for the mentally disabled. Sawyer now serves as a consultant to the D.C. agency. She will work under a six-month contract that ends shortly before Williams (D) leaves office in January.

During a news conference, Williams introduced Sawyer as "a nationally recognized expert who I believe can make an immediate impact on the staff, on the operations, on the mission and strategy of this important agency. . . . We believe she is the ideal, really the perfect person to get this job done."

Williams said he hopes Sawyer's appointment "can reassure the court and the lawyers for our clients that receivership is not the right choice at this time."

Several advocates called Sawyer a respected administrator with a sterling reputation. But the move will not stave off a push to have a receiver take control of the agency, the target of a 1976 class action lawsuit over care of the mentally disabled. University Legal Services, a group representing the plaintiffs, recently asked a federal judge to appoint a receiver, and a hearing is set for June 29.

"It isn't as simple as shuffling people and removing an administrator to fix 30 years of problems," said Sandy Bernstein, legal director of University Legal Services. The agency has had nine administrators in seven years, she said. Sawyer "will be the 10th."

A court takeover of the mental retardation agency would mark a major embarrassment for Williams during his final year in office. When he became mayor in 1999, five agencies were in receivership, including those responsible for housing, child welfare and mental health. Williams made it a priority to regain control, doing so by 2002. The District has not lost control of any city function during his administration.

Problems at the mental retardation agency -- which employs more than 200 people to oversee 90 residential and day program contractors, as well as 360 group homes -- have persisted.

Two weeks ago, as plaintiffs requested a receiver, the U.S. Justice Department urged the judge to hold the District in contempt of court because, it said, the city had not met promises to improve health care and other services at group homes and because of 14 "preventable and questionable" deaths since January 2003. The papers gave vivid and startling details about the extent of the abuse, which ranged from severe scaldings to fatal starvation.

In its court filing, the Justice Department criticized Williams, saying he has known about problems for more than 10 years, dating to his tenure as the city's chief financial officer.

Meanwhile, agency officials reluctantly revealed to council members that they had run out of money to pay the private providers who run the city's network of group homes. Last week, the mayor asked the council to approve an additional $18 million for the fiscal year that ends in September.

Amid demands for Thompson's firing from Adrian M. Fenty (D-Ward 4), the chairman of the council committee that oversees the agency, Deputy Mayor Brenda Donald Walker, said she approached Sawyer about two weeks ago and asked her to expand her role with the city.

"There was a culmination of issues that signaled serious management deficiencies that could not be overcome," Walker said, adding that her "knees are scarred not just from praying but from begging" a reluctant Sawyer to take the job.

Yesterday, Fenty and council member Vincent C. Gray (D-Ward 7) joined Williams at the news conference to praise the mayor's action and welcome Sawyer to the city.

Sawyer, of Montgomery, Ala., retired last year as commissioner of the Alabama Department of Mental Health and Mental Retardation. During her first year in office, she negotiated the settlement of a 33-year-old lawsuit that established the right of the

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mentally ill to leave institutions and receive treatment in less-restrictive settings. She has since served as a consultant to several state agencies and was recommended to the District by a court-appointed special master.

She described herself as "an advocate first" and promised to restructure the agency and get a handle on its budget. She starts work June 19. Other details of her contract are being finalized.

Thompson, whom Williams named interim administrator in April 2005, was informed of her dismissal early yesterday. Williams had given her the job outright six months ago, even after a judge warned that people were dying because of poor care in group homes.

Thompson said she expected the mayor to make changes in light of the receivership request, "but I didn't know I was going to get fired." She said that no major progress can take place until the agency has sufficient staff and authority, including the ability to secure federal Medicaid funding for expensive services paid for with local tax money.

Tina Campanella, executive director of Quality Trust for Individuals With Disabilities Inc., an advocacy group, said Sawyer has the background and experience for the job -- but warned that "the fix is bigger than the administrator."

"It's sad we're going to go through another change because this creates a disruption of services and support for people with disabilities," Campanella said.

Comes Now No. 19 (WP)

The Washington Post, June 7, 2006

MARSHA H. Thompson, head of the city's Mental Retardation and Developmental Disabilities Administration (MRDDA), told The Post last month that by her count, she was the agency's 17th or 18th administrator in the past dozen years. Yesterday, having lasted about a year, her tenure came to an abrupt halt with Mayor Anthony A. Williams's announcement that he has appointed Kathy Elmore Sawyer to serve as the MRDDA's acting administrator. By his own admission, the mayor yanked Ms. Thompson and called in Ms. Sawyer because the city faces the prospect of a U.S. District Court judge placing the beleaguered agency in receivership. As he said in a statement, "My hope is that Ms. Sawyer will be able to provide immediate stability to MRDDA and can reassure the court and the lawyers for our clients that receivership is not the right choice at this time."

If the mayor is seeking immediate stability in that agency through the appointment of one individual, albeit a highly qualified professional, his search will more than likely be in vain. The problem at the MRDDA is not that it hasn't been led by a reformer with dedication, compassion and a vision. The problem rests below the agency head. It can be found within the agency and the group homes it oversees. Those places have more than their share of unqualified workers. They should be nowhere near vulnerable people who are mentally retarded or have developmental disabilities. Unless the mayor has the fortitude and is willing to wade in with the MRDDA administrator and stand down the bureaucracy and special interests, i.e., contractors; unless he is prepared to rid the payroll of incompetents, and clean house from top to bottom, then director No. 19 will soon give way to Nos. 20 and 21 and 29.

Look at the record: former group home employees prosecuted for physical and sexual abuse of MRDDA clients; benchmarks in work plans negotiated with the court unmet on every count; vulnerable clients abused and dying in MRDDA's care; the agency's budget overspent by more than $18 million; a new petition pending for federal court receivership. Cleaning up that mess requires more than hiring an outsider with a good reputation. It needs the backing of a mayor who places reform of a critical and much-neglected agency ahead of a trip to South Korea, where Mr. Williams is heading today. It needs a mayor as dedicated to improving the agency as he is to building a new baseball stadium or traveling the globe. Ms. Sawyer and, more to the point, the people in her care deserve no less. The court, in deciding on receivership, should seek the same assurance.

A Well Of Smiths And Xias (NYT)

By Thomas L. Friedman

The New York Times, June 7, 2006

Muhammad Waqar, Avi Wolfman-Arent, Yiran Xia, Victoria Sandoval, Jacqueline Orellana-Flores, Elizabeth Packer, Ramona Singh, Anuja Shah, Mayra Ramos, Emily-Kate Hannapel, Natasha Perez, Samir Paul, Ekta Taneja, Linden Vongsathorn, Michael Tsai, Nardos Teklebrahan, Matiwos Wondwosen ...

I went to a high school graduation Monday and a United Nations meeting broke out.

The commencement was my daughter Natalie's, the high school was Montgomery Blair in Silver Spring, Md. There were some 700 kids receiving their diplomas, and as I sat there for two hours listening to each one's name pronounced, I became both fascinated and touched by the stunning diversity — race, religion, ethnicity — of the graduating class. I knew my daughter's school was diverse, but I had no idea it was this diverse.

The names above, which I just pulled from the graduation book, were typical of her entire class, which included exactly five people named "Smith." In my high school in Minnesota it seemed like there were only five people not named "Smith."

My daughter told me that the names in her class can be so difficult to pronounce that for graduation the school had all the students write their names phonetically on a card so the announcer would not mangle them in front of family and friends.

There is a lot to be worried about in America today: a war in Iraq that is getting worse not better, an administration whose fiscal irresponsibility we will be paying for for a long time, an education system that is not producing enough young Americans skilled in math and science, and inner cities where way too many black males are failing. We must work harder and get smarter if we want to maintain our standard of living.

But if there is one reason to still be optimistic about America it is represented by the stunning diversity of the Montgomery Blair class of 2006. America is still the world's greatest human magnet. We are not the only country that embraces diversity, but there is something about our free society and free market that still attracts people like no other. Our greatest asset is our ability to still cream off not only the first-round intellectual draft choices from around the world but the low-skilled-high-aspiring ones as well, and that is the main reason that I am not yet ready to cede the 21st century to China. Our Chinese will still beat their Chinese.

This influx of brainy and brawny immigrants is our oil well — one that never runs dry. It is an endless source of renewable human energy and creativity. Congress ought to stop debating gay marriage and finally give us a framework to maintain a free flow of legal immigration.

What is so striking about Blair is that it is just a neighborhood public high school. It was not designed to be diverse. Yes, it has some magnet programs, but for the most part it just reflects its surroundings — about one-third black, one-third Hispanic and one-third Noah's Ark of everyone else.

As I mingled with the other parents afterward, waiting for our kids to emerge from the ceremony, I found myself at one point surrounded by families in which no one was speaking English.

The only familiar voice that came through the din was one that made me laugh — an African-American mom, gripping her child's diploma, saying: "This diploma is mine! I'm keeping this!" She said she had worked as hard as her kid for this day. Bless her heart, as I am sure she spoke for many parents.

It is hard to watch a graduation like this and not think about our enemies in Iraq and Afghanistan — the Taliban, Islamo-totalitarians like bin Laden and Zarqawi, and the retrograde regimes that support them. Their whole mind-set is about how to purify their world from "the other," from diversity, from "infidels." With enough brutality, they may win in Iraq. I still hope not.

But they will never win the future — because as soon as their oil wells run dry, their societies will be as barren, bland and unproductive as their deserts.

Our oil wells, by contrast, will still be pumping. They're right there, hiding in plain sight, in the Blair commencement book:

Yueyang Li, Kenia Lopez-Reyes, Lucy Fromyer, Raya Steinberg, Zahra Gordon, Sreva Ghosh, Juan-Jesus Louis, Yendil Furcal, Yenusa Eke, Sofonias Frezghi, Yohanes Dejen, Edra Comegys-Brisbane, Yoel Castillio-Ortiz, Elijah Zuares, Placido Zelaya, Mimi Zou. And Jessica Smith.

Georgia Has Changed For The Better, And The Voting Rights Act Should Too (HILL)

By Rep. Lynn Westmoreland (R-Ga.)

The Hill, June 7, 2006

The Voting Rights Act of 1965 worked. It changed Georgia dramatically for the better.

Now, as Congress considers a 25-year extension of the law, we need to modernize the Voting Rights Act to reflect the reality of today — a reality strongly shaped by the successes of the original legislation.

In 1965, the Voting Rights Act overturned the institutionalized discrimination embedded in the laws of Georgia and other Southern states. The law unshackled a significant portion of our state's residents and launched them into the political process by guaranteeing their right to vote. As a result, Georgia today represents a model of voter equality for states with diverse populations.

In fact, an academic study documents that black Georgians vote at higher rates than white Georgians. There are nine black statewide elected officials — most of whom defeated white opponents — including our state attorney general, the labor commissioner and three state Supreme Court justices, one of whom is chief justice. Black representation in statewide offices almost exactly parallels their proportion in the state's population. Four of our state's 13 members of the U.S. House are African-Americans — two of whom represent majority-white districts. It would be difficult to find a state with a more diverse group of elected officials.

Georgia is home to some of the most prosperous majority black communities in the United States. Today, our nation's best and brightest African-Americans flock to Georgia not for Freedom Rides but for great opportunities and a high quality of life.

Yet, despite Georgia's revolutionary strides in voter equality, the Voting Rights Act still treats Georgia as if it's a backward society governed by the laws of Jim Crow.

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Let me explain. The original Voting Rights Act created a formula to determine which states were denying minority citizens their right to vote. Congress applied the formula to the 1964 election turnout numbers, and Georgia was one of several states that essentially failed the test. The law allowed the federal government to approve or disapprove all election-law changes, from redistricting to moving voting precincts, in those states.

Since then, Congress has renewed the Voting Rights Act several times without looking at changes in the states affected by the law.

Renewing the law as it is would keep Georgia in the penalty box for 25 more years. It doesn't make sense to subjugate Georgia to the whims of federal bureaucrats until 2031 based on the turnout of an election featuring Barry Goldwater and Lyndon Johnson.

If Georgia's sins can never be forgiven, shouldn't there be an Accused Witch Protection Act that applies only to Massachusetts? Shouldn't our foreign policy treat South Africa as if it's still governed by a racist apartheid regime?

It's not simply a matter of fairness and common sense. There's a legal issue too. The Supreme Court ruled in 1966 that singling out states in the Voting Rights Act was constitutional only because it was narrowly tailored to address a specific problem and "temporary." We're already well past "temporary."

I do think there's a solution that will bring consensus. I'm proposing that Congress modernize the Voting Rights Act by applying the formula to the 2004 election. That way federal oversight would no longer apply to states that have corrected past problems. It would also allow the federal government to expand oversight to states where new problems have developed.

The Voting Rights Act has served our nation well. We dishonor the accomplishments of the law if we pretend nothing's changed since 1965.

Westmoreland represents Georgia's 8th Congressional District.

Block The Vote, Ohio Remix (NYT)

The New York Times, June 7, 2006

If there was ever a sign of a ruling party in trouble, it is a game plan that calls for trying to win by discouraging voting.

The latest sign that Republicans have an election-year strategy to shut down voter registration drives comes from Ohio. As the state gears up for a very competitive election season this fall, its secretary of state, J. Kenneth Blackwell, has put in place "emergency" regulations that could hit voter registration workers with criminal penalties for perfectly legitimate registration practices. The rules are so draconian they could shut down registration drives in Ohio.

Mr. Blackwell, who also happens to be the Republican candidate for governor this year, has a history of this sort of behavior. In 2004, he instructed county boards of elections to reject any registrations on paper of less than 80-pound stock — about the thickness of a postcard. His order was almost certainly illegal, and he retracted it after he came under intense criticism. It was, however, in place long enough to get some registrations tossed out.

This year, Mr. Blackwell's office has issued rules and materials that appear to require that paid registration workers, and perhaps even volunteers, personally take the forms they collect to an election office. Organizations that run registration drives generally have the people who register voters bring the forms back to supervisors, who can then review them for errors. Under Mr. Blackwell's edict, everyone involved could be committing a crime. Mr. Blackwell's rules also appear to prohibit people who register voters from sending the forms in by mail. That rule itself may violate federal elections law.

Mr. Blackwell's rules are interpretations of a law the Republican-controlled Ohio Legislature passed recently. Another of the nation's most famous swing states, Florida, has been the scene of similar consternation and confusion since it recently enacted a law that is so harsh that the Florida League of Women Voters announced that it was stopping all voter registration efforts for the first time in 67 years.

Florida's Legislature, like Ohio's, is controlled by Republicans. Throughout American history both parties have shown a willingness to try to use election law to get results they might otherwise not win at the polls. But right now it is clearly the Republicans who believe they have an interest in keeping the voter base small. Mr. Blackwell and other politicians who insist on making it harder to vote never say, of course, that they are worried that get-out-the-vote drives will bring too many poor and minority voters into the system. They say that they want to reduce fraud. However, there is virtually no evidence that registration drives are leading to fraud at the polls.

But there is one clear way that Ohio's election system is corrupt. Decisions about who can vote are being made by a candidate for governor. Mr. Blackwell should hand over responsibility for elections to a decision maker whose only loyalty is to the voters and the law.

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ANTITRUST:

A.C.L.U. Raises Surveillance As Issue In Big Phone Merger (NYT)

By Ken Belson

The New York Times, June 7, 2006

The American Civil Liberties Union asked the Federal Communications Commission yesterday to withhold approval of AT&T's acquisition of BellSouth until it reviews allegations that the companies gave customer records to the government without warrants.

In its filing, the A.C.L.U. cited a provision in the Telecommunications Act that says that in considering a merger, the commission must "weigh the public-interest harms of the proposed transaction against the potential public-interest benefits."

The group said the F.C.C. should determine if AT&T and BellSouth handed over phone records to the National Security Agency's surveillance program and, if so, whether that violated any privacy laws.

The A.C.L.U. action comes after USA Today reported last month that AT&T, BellSouth and Verizon provided the agency with call records on millions of Americans in surveillance done after the Sept. 11 attacks.

"The F.C.C. is in a position to determine whether the USA Today story is true and can bring the companies to the table and figure out whether they are providing customer information to the N.S.A. and what is the lawful authority for doing so," said Barry Steinhardt, director of the technology and liberty project at the A.C.L.U.

Kevin J. Martin, the F.C.C. chairman, said last month that the commission could not investigate reports of the companies' cooperation with the security agency because the agency's activities were classified.

Mr. Martin made the statement in response to a letter from Representative Edward J. Markey, Democrat of Massachusetts, the ranking minority member of the House Subcommittee on Telecommunications and the Internet. At that time, however, the matter was not linked to AT&T's deal for BellSouth, which was announced in March.

Tamara Lipper, an F.C.C. spokeswoman, declined to comment on the filing.

Selim Bingol, an AT&T spokesman, said, "We don't have anything to say without having seen the paperwork." He also said, "We are vigorous protectors of our customers' privacy and when we're asked to help law enforcement agencies, we do so strictly within the law."

BellSouth has denied providing phone records to the security agency and said the A.C.L.U.'s request did not affect the company. "The claims made in the USA Today story about BellSouth are false, so any assertions by the A.C.L.U. would be moot for BellSouth," said Jeff Battcher, a company spokesman.

In its letter to the commission, the A.C.L.U. noted that BellSouth had denied participating in the surveillance program. But it voiced concern about what would happen if the company linked up to AT&T.

"It would be a cruel irony if BellSouth had not participated in the program but as a result of this merger, BellSouth customers became unwilling surveillance targets," it said.

Telecom Firms Ask FCC To Stop AT&T-BellSouth Merger (SANANTBIZ)

San Antonio Business Journal, June 7, 2006

A group of seven telecommunications companies have filed comments with the Federal Communications Commission asking regulators to block the planned $67 billion merger between AT&T Inc. and BellSouth Corp.

San Antonio-based AT&T (NYSE: T) needs approvals from 18 states, the U.S. Justice Department and the FCC in order to proceed with the merger -- which could close by the end of the year. The merger already has been approved in eight states and two foreign countries.

The group of companies claim the AT&T-BellSouth merger will only create a dominant player that will be able to thwart competition through its increased control over local networks and other communications services.

Through its acquisition of Atlanta-based BellSouth (NYSE: BLS), AT&T -- already the nation's largest provider of local voice, long-distance and broadband DSL services -- will only further move the company toward monopoly status, the companies claim.

The companies that are asking the FCC to block the merger are Cbeyond Communications in Atlanta (NASDAQ: CBEY); Grande Communications in San Marcos; NuVox Communications in Greenville, S.C.; Supra Telecom in Orlando; Talk America (NASDAQ: TALK) in New Hope, Pa.; XO Communications (OTCBB: XOHO) in Reston, Va. and Xspedius Communications LLC in O'Fallon, Mo.

They say the AT&T-BellSouth merger would extend the company's footprint to 22 states and further cement its standing as the nation's largest wireless provider by controlling all the stock of Cingular Wireless.

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AT&T already is the incumbent local phone company in 13 states. BellSouth's territory extends to nine states.

However, the company has long maintained that there is sufficient competition in the marketplace.

"There are always those who try to use these proceedings for their own special interests. These are our competitors. What do you expect?" AT&T spokesman Dave Pacholczyk says. "We're confident that the FCC will see through their agenda and grant us a prompt review and speedy approval."

Company officials have also argued that the merger should proceed because the two telephone companies don't compete directly for residential service.

AT&T/BellSouth Opponents Talk Litigation (B&C)

By John Eggerton, Broadcasting & Cable

Broadcasting & Cable, June 7, 2006

Opponents of the proposed merger of AT&T and BellSouth said that if the FCC does not block or put strong conditions on the deal, "some parties" will likely sue.

In a conference call with reporters discussing their filings with the FCC in opposition to the merger, several of the groups argued that, unless the FCC requires AT&T to spin-off wireless company Cingular after the merger and to divest itself of wireless spectrum they argue has been warehoused, the "best case" scenario from the merger would be an "entrenched DSL cable monopoly for Internet access. That's because they said the merged company would likely sit on spectrum that could be used for wireless Internet access in competition to DSL.

"If the FCC doesn't "do the right thing," said Jonathan Rubin of the American Antitrust Institute, "there is potential for some kind of major litigation."

Jonathan Lee of telco lobby Comptel pointed out that his group was already in litigation against the Justice Department for what it thought were insufficient conditions on the AT&T/SBC and Verizon/MCI mergers.

Andrew Schwartzman of the Media Access Project said his filing on behalf of the Center for Digital Democracy emphasized the threat to net neutrality of the merger, homing in on the issue of removing a potential competitor for wireless Internet access.

Mark Cooper emphasized the issues of 1) net neutrality--"saying that AT&T is "leading the charge to put a toll booth and a tire shredder on the Internet"--2) potential red-lining of video and broadband service (only serving the more profitable areas of a franchise), and 3) the reconstitution of the old Ma Bell that the merger, following AT&T's earlier merger with SBC, suggests. Throw in the issue of phone record privacy, Cooper said, and it will make for "an interesting conversation."

Craig Aaron of anti-consolidation group Free Press said that its Web Site had generated 15,000 comments to the FCC opposing the merger.

June 5 was the deadline in the initial round of comments on the deal, which was announced in March.

Microsoft's Reputation At Stake, EU Says (BLOOM)

BLOOMBERG NEWS

Bloomberg, June 7, 2006

European Competition Commissioner Neelie Kroes said Tuesday that Microsoft Corp. should be concerned about its reputation as well as the financial impact of antitrust rulings.

Kroes, who will decide before the end of July whether to impose daily fines of $2.6 million on Microsoft, said the software maker should take account of its image.

"It's not only a matter of financial aspects in such cases, it's also a matter of reputation," Kroes said at a European Parliament meeting in Brussels, Belgium.

The European Commission, the European Union's antitrust regulator, is threatening to fine Microsoft unless it licenses information on the way its Windows operating system shares printers and files to rival software developers. The regulator says the company hasn't provided "complete and accurate" information to rivals.

Microsoft, whose Windows operating system runs on about 95 percent of the world's personal computers, was fined in March 2004 for abusing its dominant market position by failing to make technical information available and for bundling its media player with Windows.

As part of the antitrust decision, the commission ordered Microsoft to license so-called network protocols, which would allow developers to make competing products. Rivals and the EU have said Microsoft has resisted complying.

Microsoft, which is appealing the antitrust decision, has maintained that it is already meeting the EU's demands.

BAA Backs Ferrovial's Latest Offer (WSJ)

By Keith Johnson And Jason Singer

DOJ_NMG_0032638

The Wall Street Journal, June 7, 2006

United Kingdom airports operator BAA PLC approved a £10.1 billion ($18.9 billion) takeover offer from Spanish builder Grupo Ferrovial SA, paving the way for a mammoth European infrastructure deal that highlights investors' appetite for companies with stable returns.

The approval by BAA's board yesterday, after four months of haggling between the two companies, appears to have trumped a rival bid by a consortium led by Goldman Sachs Group Inc.

But questions remain over how Ferrovial can boost profitability at BAA's regulated businesses enough to justify the bid's hefty premium. Some airlines expressed concern that the deal could lead to higher expenses.

Ferrovial's bid is valued at 950.25 pence a share, including a 15.25-pence-a-share special dividend that BAA promised shareholders in May. BAA rebuffed two earlier approaches by Ferrovial for 810 pence and 900 pence. If the latest bid goes ahead, Ferrovial will be paying 45% more than BAA was valued at when takeover rumors began swirling in February.

In accepting Ferrovial's offer, BAA's board rejected a slightly higher bid by the Goldman consortium, valued at 955 pence a share, because the group would have taken significantly longer to close a deal, said people close to the matter.

Ferrovial hamstrung the rival consortium's efforts with a "dawn raid" purchase of 14% of BAA's shares at 950 pence a share early yesterday. That gives the Spanish group a stake big enough to deter a new rival bid emerging from the Goldman group, because takeovers in the U.K. are typically conditional on receiving 90% or more of the shares.

The Goldman team, which is likely to proceed only with a friendly deal, said it was seriously considering returning with a new bid, possibly slightly higher than its latest offer. Regulators yesterday extended a Friday deadline and gave the Goldman group an extra week, until June 16, to make a formal offer or walk away.

If the U.K. airports operator accepts another bid, Ferrovial will receive a penalty fee of £115.5 million.

The challenge for Ferrovial's consortium -- which includes Caisse de Dépôt et Placement du Québec and a Singapore-based investment fund owned by GIC Special Investments Pte. Ltd. -- will be to squeeze returns out of BAA. BAA operates seven U.K. airports, including Heathrow, Gatwick and Stansted in London, and is heavily regulated. The U.K. Civil Aviation Authority is reviewing prices BAA can charge airlines for the 2008-2013 period.

BAA was advised by N.M. Rothschild & Sons and UBS AG. Ferrovial was advised by Citigroup Inc. and Macquarie Bank Ltd.

Airport Operator Accepts $19 Billion Spanish Bid (NYT)

By Nicola Clark, International Herald Tribune

The New York Times, June 7, 2006

PARIS, June 6 — BAA, the operator of some of the world's busiest airports, said today that it had accepted a new takeover offer from the Spanish construction group Ferrovial, ending a nearly four-month fight to remain independent.

Grupo Ferrovial's latest bid values BAA at about £10.2 billion, or $19 billion. "The board believes that an offer at this level represents an attractive price," BAA said in a statement.

Ferrovial's move appeared to frustrate a possible 11th-hour rival bid from the investment bank Goldman Sachs. During negotiations with BAA on Monday night, Goldman said it had proposed a nonbinding cash offer that would value BAA at £10.3 billion.

BAA acquiesced to Ferrovial's advances late Monday after a consortium led by the Spanish group succeeded in acquiring around 14 percent of BAA's shares on the open market.

The Ferrovial bid valued BAA at 950.24 pence a share, compared with Goldman's proposed offer of 955.25 pence.

A BAA spokesman said the company, which operates Heathrow, Gatwick and Stansted airports, had chosen the bid from Ferrovial over the one from Goldman because it offered the greatest certainty for shareholders in the near term.

"Under Ferrovial's offer, shareholders will get their money sooner," said Duncan Bonfield, a BAA spokesman. "Goldman's has made a proposal. But as long as it is just a proposal, then there are clear risks involved."

Ferrovial's bid, which includes a 15.25-pence-a-share dividend, has already received approval from European Union and British antitrust authorities. The offer from Goldman would likely need two to three months to complete due diligence procedures and secure regulatory approval, according to BAA.

BAA controls two-thirds of Britain's airports, and its dominant position has long been a source of concern for airlines, which complain that the company has the power to set arbitrarily high fees for landing rights and other airport services.

Last month, the British Office of Fair Trading said it was considering an investigation into whether the company has abused its market position to the detriment of consumers.

Robert Milton, chairman of the board of the International Air Transport Association, worried that airlines could be charged even more to use BAA's airports in the near term as the airport operator seeks to recoup its financing costs.

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"It's hard to paint a happy picture at this time," Mr. Milton, who is also chief executive of Air Canada, said at an industry conference in Paris.

BAA's decision to accept Ferrovial's offer followed a series of overtures by the Spanish group that began in March, with a hostile takeover offer valued at 810 pence a share.

BAA's board swiftly rejected that approach, arguing that it significantly undervalued BAA's assets, which include airport stakes in Budapest and Naples, as well as restaurant and retail services concessions at several American airports, including Logan International in Boston. Ferrovial sweetened its bid to 900 pence last week, but BAA insisted that the company was worth at least 940 pence a share.

In a statement, Goldman Sachs urged BAA shareholders to take no action on Ferrovial's offer and said it would make a further announcement in the coming days. British market regulators have given the Goldman Sachs consortium until June 16 to make a firm offer for BAA, extending an earlier deadline by a week.

Mr. Bonfield, the BAA spokesman, said the company would not rule out negotiations with Goldman Sachs if it were to submit a formal bid. "We know our duty to shareholders," he said. "If there were an offer, then we definitely would have to look at it."

Ferrovial has until June 19 to revise its offer, while BAA shareholders have until June 26 to accept or reject the new Ferrovial bid.

BAA has said it plans to spend more than £9.5 billion over the next 10 years upgrading facilities at its three London airports. Major projects include a fifth terminal at Heathrow as well as modifications to runways and terminals to accommodate the new Airbus A380 "superjumbo" jet, which is scheduled to enter commercial service next year.

Given such large investments, combined with the added debt that BAA is expected to take on as a result of the Ferrovial deal, Standard & Poor's cut its credit ratings on the company to BBB+ from A and said it may cut them again.

BAA had £5.34 billion of debt on its books as of March 31, up from £3 billion at the end of 2005.

Street Sleuth Chirac Frowns On NYSE-Euronext (WSJ)

By Alistair MacDonald And Edward Taylor

The Wall Street Journal, June 7, 2006

French President Jacques Chirac said he would rather see financial-exchange operator Euronext NV merge with Deutsche Börse AG than with NYSE Group Inc., giving some heart to the German exchange operator as it seeks to win Euronext despite last week's merger agreement between the European and U.S. exchanges.

Buoyed by Mr. Chirac's remarks, Deutsche Börse Chief Executive Reto Francioni and Chairman Kurt Viermetz are on a lobbying trip to Paris today to sound out ways Deutsche Börse can make its offer "more attractive" to shareholders without making significant changes from what has been offered up until now, a person familiar with the matter said.

Some of the French banks that might play a role in the long-running exchange-consolidation saga are less concerned about having a European outcome. Rather, they want to ensure that if NYSE Group, operator of the New York Stock Exchange, and Euronext merge, they can rest assured that U.S. corporate regulation will stay out of Europe, according to a person familiar with the matter.

To that end, some of these banks want Euronext and NYSE Group, which have agreed to a roughly $20 billion merger, to insert a statute into the combined company's rules that would make it easier for investors to insist on a breakup if U.S. regulation creeps into Europe, according to a person familiar with the matter. How such a proposal might work remains unclear. A Euronext spokesman declined to comment. A group of French banks and a separate loose federation of companies listed on Euronext control more than 15% of Euronext's shares.

While there is disagreement, with some still not wishing to see a U.S. exchange handed the keys to Euronext, many in the French banking and business communities say they believe the NYSE-Euronext combination is attractive.

The banks' concern underscores the challenge NYSE Chief Executive John Thain and Euronext CEO Jean-François Théodore face in convincing some European investors that regulation won't be an issue. Some in Europe fear that a trans-Atlantic exchange merger might lead to European companies being subject to strict corporate regulation such as the Sarbanes-Oxley U.S. corporate-governance law. Indeed, the banks' worries come primarily from their role as trading customers that also list their shares on Euronext. The NYSE-Euronext deal requires the approval of at least half of Euronext shareholders.

Messrs. Thain and Theodore have said repeatedly that regulation of the various exchanges under the combined company would remain largely unchanged, although the U.S. Securities and Exchange Commission would regulate the parent company, which will be known as NYSE Euronext. "A core aspect of the structure being proposed is complete respect for the federal model of Euronext, which envisions only local regulation of the marketplaces," says David C. Karp, a partner representing NYSE Group at law firm Wachtell, Lipton, Rosen & Katz. "That is the structure being presented to regulators in each of the jurisdictions."

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SEC Chairman Christopher Cox said late last month the SEC is in talks with regulators from the Netherlands and France about how to respond to the proposed Euronext-NYSE merger.

Concern about the political and regulatory consequences of the deal may provide Deutsche Börse some hope it can still wrest Euronext away. "The consolidation of the European stock-exchange landscape clearly has a European strategic and therefore political dimension, because it concerns the integration of European financial markets and their efficiency," Mr. Francioni said in an interview with German financial daily Handelsblatt yesterday. "I know that policy makers understand the significance of this -- on both sides."

Mr. Chirac, in Germany with German Chancellor Angela Merkel yesterday, said he favors a Franco-German alliance "out of principle" and that he would "regret if such a solution weren't definitively adopted." Ms. Merkel's government has said already it favors partnerships between European exchanges. Both, however, have acknowledged they don't have the power to influence the decision.

"Euronext is not France...it is four exchanges together," Mr. Chirac said, referring to the fact that Euronext runs the stock exchanges of Paris, Amsterdam, Brussels and Lisbon, as well as a derivatives exchange in London.

Mr. Théodore met with his counterpart at Borsa Italiana, Massimo Capuano, in Milan yesterday to discuss bringing the Italian exchange into Euronext. Borsa Italiana said the meetings had been "extremely positive" and the sides will meet again.

Struggle Over Continental Stock Exchanges Takes Political Turn (NYT)

By James Kanter

The New York Times, June 7, 2006

PARIS, June 6 — The struggle for control over continental stock exchanges took a political turn today, as President Jacques Chirac of France said he preferred an all-European alliance of exchanges over a proposed acquisition of Euronext by the New York Stock Exchange. But he backed away from the overt protectionism that has characterized French economic policy in recent months.

The New York Stock Exchange reached an agreement last week to buy Euronext, a four-country exchange with roots in Paris, for about $10.2 billion. The deal would turn Paris into the headquarters for N.Y.S.E./Euronext share trading in Europe, and close out a rival suitor, Deutsche Börse of Germany.

Speaking in Germany alongside the German chancellor, Angela Merkel, Mr. Chirac said that he preferred a European merger and would "regret if this solution is not adopted in the end."

But he made clear that his priority was to preserve jobs in Paris, even if it meant tying the knot with the Americans rather than Deutsche Börse, based in Frankfurt.

The president also acknowledged that he had only "very limited ways to intervene" in the deal.

Ms. Merkel was even more circumspect, saying that governments like those in France and Germany could not exert influence over merging companies, even if she were "of the opinion that it is good to build up strong economic units within Europe."

Deutsche Börse had no immediate comment on Mr. Chirac's remarks, but officials at the German exchange were likely to be pleased. They are seeking to persuade Euronext shareholders — whose approval is required for either deal — that their offer, spurned by Euronext's management, should nevertheless prevail.

Even so, the comments by Mr. Chirac and Ms. Merkel indicated that European political leaders may be less willing to interfere in cross-border deals involving stock exchanges than they have been recently in the energy and steel industries.

This year, the French government has helped to block Enel of Italy from buying the French utility Suez, and has expressed opposition to a hostile bid for Arcelor, a giant Luxembourg-based steelmaker with roots in France, by Mittal Steel, a giant rival based in the Netherlands whose roots are in India.

Even the German government has flexed some protectionist muscles, preferring to keep a sonar equipment manufacturer, Atlas Elektronic, in German hands rather than allowing the company to be sold to Thales of France for far more money.

On the other hand, a deal between two telephone equipment makers, Lucent of the United States and Alcatel of France, was arranged with minimal political outcry. The merged companies will have an American chief executive, but be based in Paris.

Likewise, the N.Y.S.E. offer for Euronext calls for Paris to become the combined entity's operational headquarters for equity trading in Europe. By contrast, under the most recent Deutsche Börse offer, most top executives would be obliged to move to Frankfurt.

From France's perspective, that may have made the Deutsche Börse offer much less attractive.

"There are sound economic reasons for having an all-European exchanges deal," said Stefan Jaecklin, a stock exchanges expert and managing director at Mercer Oliver Wyman, a consulting firm. But "integrating potentially competing managements in Germany and France and their operations would be far from a frictionless affair," he said.

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In a sign of what Euronext executives say is the preference of other bourses for its business model, talks began in Milan today about bringing Italy into the Euronext club. The chief executive of Euronext, Jean-François Théodore, and a member of the board, Olivier Lefebvre, met with Angelo Tantazzi, president of the Borsa Italiana.

Even Mr. Chirac seemed to say today that Euronext's current business plan was on the right track. "Euronext isn't France," Mr. Chirac said. "It is four exchanges that all work together and decide together."

Who Does Arcelor Belong To? (WSJ)

By Wilbur Ross

The Wall Street Journal, June 7, 2006

It is the dream of the autocrat everywhere. No longer need you seek the support of the electorate to stay in office. Instead, the onus is on the voters to throw you out. And 50% of those voters who turn out is not enough: It would take 50% of the entire electorate. Consider what this might mean if applied to U.S. presidential elections! Yet this autocratic dream might not be so fanciful in one case. For this is the proposal the Luxembourg-based steel company Arcelor is putting to its shareholders as a way of giving consent on its deal with the Russian steel producer, Severstal.

Arcelor has been fiercely resisting Mittal Steel's proposal that the two companies should merge. So far, so conventional. We did not agree with the steps Arcelor was taking to defend itself -- notably promising a huge cash return to shareholders, on a scale which would have threatened the financial stability and growth prospects of the company going forward. But shareholders will get to vote on this proposal, so one must accept that a democratic process is at work here.

What happened on May 26, however, introduced a completely different complexion. Arcelor announced a deal with Severstal whereby Arcelor will issue 295 million shares to take control of all Severstal's mining and steel assets. In exchange, Severstal gets a 32% stake in Arcelor -- rising to 38% after the capital-return exercise. While Arcelor sought to portray this as the culmination of years of cooperation between the two parties, it was clearly motivated by a desire to defeat the Mittal Steel offer.

There are three aspects of this transaction which raise concern. First, the question of price and control. Mittal Steel has made an offer to all Arcelor shareholders which represents a 70% premium over the stock's highest closing price prior to the announcement of our deal on Jan. 27. Naturally, shareholders expect a premium when ceding control, and 70% is by any standard a very generous number. The market apparently agrees: Our very competitive offer has driven up Arcelor's share price from €22 to €32.80. In the Severstal deal, by contrast, Arcelor shareholders are not made any offer at all. Worse, they are effectively ceding control to Severstal and its majority owner, Alexei Mordashov, at a 25% discount to the price Mittal is offering shareholders (based on a one-month average share price).

The second concern is that Mr. Mordashov should be required to make an offer for the entire share capital of Arcelor when his shareholding reaches 33%. However, the self-tender process would enable him to hold 38% without making any such offer to minorities. The third point concerns governance. It is one thing to be offered a controversial deal when you are given a say in the outcome. But this is not the case.

At the extraordinary general meeting that Arcelor has scheduled for June 28, the deal will be voted on. But it will pass unless more than 50% of the entire share capital of the company votes against it. This is most unusual. Normally when contemplating such a move, a company would seek the approval of its shareholders, and the threshold would be 66% of the capital either present or represented at the meeting. This is a deliberately prohibitive barrier. The percentage of the capital normally represented at an Arcelor general meeting is below 35%. There has never been a case in which 50% of the shares were represented at such a meeting -- never mind them all voting in the same direction.

So what Arcelor is offering is a vote that appears to offer a choice, but in reality points to only one outcome. This process offends the norms of good corporate governance. That is why Mittal Steel is delighted that the shareholder initiative -- requiring 20% investor support to achieve an orthodox shareholder approval vote -- has got the necessary support. Indeed, the extent of the success of this initiative -- getting around 30% of Arcelor shareholders, in only four days, to petition the Arcelor board to hold a meeting -- must be unprecedented in Europe, and demonstrates their strength of feeling on this issue. Apparently more than 191 million shares were pledged in support of this initiative. That's 19 million more than the number that reelected Arcelor Chairman Joseph Kinsch in April, an event he declared "a vote of confidence and a real mandate."

We must be clear what this vote is about. It is a request by these dissenting shareholders for a proper vote of approval on the Severstal deal. It is not an expression of preference for Mittal, or against Severstal. The opportunity for that will come later. A Mittal/Arcelor combination would have unique strategic advantages, and would fairly compensate Arcelor shareholders. We are more than happy to go to shareholders with this proposition. In the meantime, all we are asking for is a level playing field.

Mr. Ross is a nonexecutive director of Mittal Steel Company and CEO of W.L. Ross and Co.

US Air, After Merger, Wrestles With Frequent Ire (WSJ)

DOJ_NMG_0032642

By Melanie Trottman
The Wall Street Journal, June 7, 2006

When road warrior Steve Bessellieu tried to get through to US Airways' customer-service desk for top-status frequent fliers by phone last month, the automated system didn't recognize his personal identification number and transferred his call to the lower-tiered Gold desk after three tries. Frustrated, he sent an email to the airline but has yet to hear back, he said.

"If this is how they're treating me, how are they treating the people who don't have status?" Mr. Bessellieu said.

US Airways Group Inc. faces substantial challenges in integrating operations following last year's merger between the old US Airways and America West Holdings Corp. Among them, it has to keep inevitable technology glitches from alienating its customers. Last month, the merged airline launched a combined Web site and merged frequent-flier programs by migrating more than 10 million records from one airline's technology platform to another. The outcome has been far less than perfect.

"This is one of the things that makes airline mergers really hard," said Travis Christ, US Airways' vice president of sales and marketing. "One of the frustrations that our customers feel sometimes -- and we do, too -- is that this just takes time. You can't measure it in hours and days."

While the merged airline's Web site now appears uniform to users, there are still two separate reservations systems in the backdrop. That means those two systems, both antiquated, must communicate with each other behind the scenes to process bookings properly. Even bigger potential troubles could come from merging the two systems, which is planned for the first quarter of next year.

US Airways officials concede there have been problems with the Web site. It has had trouble booking tickets and doing online check-in, a feature the airline touts as a customer convenience. The site has been slow -- functions like moving from page to page have taken up to twice as long during high-volume periods.

The airline said complaints to its call centers rose the day after the May 21 launch of the new Web site. But airline officials say problems were more the exception than the rule, and have since been largely corrected. On the fifth day after launch, for example, officials addressed slowness issues by reconfiguring servers to run off of some very fast disk drives. That change sped things up online by about 50%, the company said.

"Every hour, we're finding things and getting them knocked out," US Airways' Mr. Christ said. He said the company purposely opted to do a "soft launch" of the site, which means it didn't announce the unveiling to customers. If it had, the site might have crashed amid traffic overload. Chief Information Officer Joe Beery said a team of 60 to 70 people are onsite near the company's Tempe, Ariz., headquarters managing the process.

Mr. Bessellieu, the frequent flier, complained last week that he still couldn't look up his current frequent-flier account online, something the company says it knew in advance might occur until updates are completed June 9. He had further problems Memorial Day weekend viewing the seat map for a flight he was trying to book, and says airline staffers haven't been much help. "The agents that I've spoken to seem as lost as I do," he said.

Meantime, customer calls are pouring into the airline's 24-hour Internet help desk. On a recent afternoon, a call to the desk required holding for 30 minutes before getting an actual person to pick up the phone. An airline spokesman said many of the calls are from people inquiring about why their frequent-flier accounts aren't updating. Others are customers calling in to get help logging in to the new Web site for the first time, since frequent fliers have to create a new user profile for their accounts. The company said it increased staffing by 20% ahead of launch to handle higher call volume.

For its part, US Airways says it has received compliments on the new site as well. And the site does have some improvements. Users of the old USAirways.com will now have an improved booking engine with a feature that helps them determine which travel days have lower fares, for example. And users of the old America West site will be able to book United Airlines flights online through a code-share agreement.

ENVIRONMENT/INDIAN AFFAIRS:

How To Say Yes To Energy (WT)

By Greg Walden And Marsha Blackburn
The Washington Times, June 7, 2006

You can't say much good about Hurricane Katrina, but maybe it woke up Congress to America's need for energy at prices our people can afford to pay.

The flurry of hearings, markups and energy policy debates that ensued were encouraging, and they produced more than just heat and light. They produced bills that, taken together, contemplate a strategy of energy security.

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One of them, legislation to streamline the permitting of refineries, is up today. Another, limiting the complex government requirement for so-called boutique fuels, is on deck.

Here's what we want:

· First, to explore for domestic energy to lessen our dependence on risky foreign sources.

· Second, to conserve energy without harming our economy or disrupting our way of life.

· Third, new technologies for fuels and for vehicle and electric plant design.

· Fourth, commonsense rules that eliminate needless delay in bringing critically needed energy projects on line.

We are pressing ahead with new technologies, from hybrids to plug-ins to hydrogen powered cars. And today's refinery-permitting reform bill may finally crack the barrier to new entrants in the refinery business, whether it's crude oil, coal-to-liquid or biofuels that need refining. In the long run, the "H-prize" may do more than anything else to accelerate the shift to cars that run on hydrogen.

The biggest challenge we face, however, is conquering fear. The country must find ways to unlock the energy that politicians and political activists keep trapped in our own country beneath layers of phobia.

The House is moving to deal with the fear by unlocking our own potential. We recently voted, yet again, to open a sliver of the Alaskan tundra, the Alaskan National Wildlife Refuge, to exploration.

Some of the upcoming Senate debate will be a replay of what we've heard for decades from the anti-energy crowd: The caribou will stop calving, there's no oil in ANWR, there's not enough oil in ANWR, our oil will be pumped into ships headed for Japan. The list of silly, flimsy or fact-free objections goes on and on, and it has the uncanny ability to survive dramatic advances in technology and safety, not to mention repeated applications of truth.

The caribou will thrive, just as they do all over the Alaskan North Slope oilfields. The oil in ANWR is abundant, and none of it may be exported.

The larger truth is that ANWR could be the single largest conventional energy resource in America. The mean estimate of recoverable oil from 2,000 acres in ANWR is 10.4 billion barrels. That's more than double the proven reserves of Texas and could increase America's total proven reserves -- currently 21 billion barrels -- by nearly 50 percent.

At peak production, development on ANWR's northern coastal plain could deliver an additional 1.5 million barrels of oil per day. That is an amount equal to the daily supply America lost in the Gulf of Mexico due to Hurricane Katrina; it is more than the daily excess supply in today's global market; and it is nearly equal to the amount we import from Saudi Arabia.

ANWR thrives as a political issue instead of an energy source because it is the last stand for those who want us to huddle together in the cold and dark, praying for rescue after we've run out of both resources and ideas. They've been saying no and voting no for nearly 30 years, but it's time that we took charge and started saying yes.

Another big job ahead is to recognize and deal with the fear that originates abroad. Witness after witness before our committee has commented on the percentage of today's crude oil price that is directly caused by "geopolitical risk."

The uncertainty caused by civil unrest in Nigeria and the bellicose, anti-American governments of Venezuela and Iran causes markets to fret that supply disruptions will drive prices higher. The consequence is that traders react by bidding up oil prices as much as 20 percent more than might otherwise be the case.

What if all the products that a barrel of oil produces, especially gasoline, were that much less expensive?

The House majority has said no to fear and politics and yes to providing American energy for American workers at a price they can afford to pay. Now it's the Senate's turn.

Rep. Greg Walden, Oregon Republican and Rep. Marsha Blackburn, Tennessee Republican, are members of the House Energy and Commerce Committee.

Ag Secretary Says Bird Flu Easily Found (AP)

By Lauran Neergaard

AP, June 7, 2006

Scientists have a new test that can tell within four hours if a bird is possibly infected with bird flu — but it still will take about a week to know if that suspect case is really sick with the deadly Asian strain, Agriculture Secretary Mike Johanns said Tuesday.

Bird flu hasn't yet reached North America, but testing of migrating wild birds has begun in an attempt to catch it early if it does. There have been no worrisome discoveries yet, Johanns told The Associated Press.

Four hours also is how long it takes to get preliminary results in people infected with the H5N1 virus, Health and Human Services Secretary Mike Leavitt said in the joint interview. But if bird flu ever begins spreading easily among people, that's too long, he warned.

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"If it occurs anywhere in the world, it's just a matter of weeks until it appears in the United States," Leavitt said, stressing U.S. preparations that include research into faster human tests for the disease as well as vaccines and treatments. Previously, officials have said that tests allowed them to tell within a day of testing whether a bird was possibly infected with bird flu.

Bird flu has killed at least 127 people worldwide since it began spreading in Asia in late 2003, and tens of millions of poultry and other birds have died of it or been destroyed to stem outbreaks. It is difficult for people to catch — most infections so far have been linked to close contact with infected birds or their droppings.

But experts fear the virus could mutate into a form easily spread between people, potentially sparking a worldwide outbreak.

It's considered likely that an infected bird eventually will wing its way to North America, perhaps mingling with native birds on breeding grounds in Alaska who then could bring H5N1 south to infect other birds.

An infected bird isn't a threat to the average American: "That will not be a crisis," Leavitt stressed.

Instead, Ag officials will work closely with farmers to protect poultry from getting sick, destroying entire flocks if the disease appears, quarantining farms and ensuring a disease-free perimeter of about six miles, Johanns said.

Indeed, the world got a scare last month when an Indonesian family apparently spread the virus to one another, killing at least six relatives and probably a seventh and sickening one more. There have been a handful of such in-family cases before, but this was the largest familial cluster ever counted. Genetic testing showed the virus hasn't mutated, and it didn't spread beyond blood relatives.

But Johanns and Leavitt said the situation illustrates the cultural difficulties in battling bird flu: how to educate impoverished families that the backyard chickens responsible for their livelihoods could sicken, even kill them.

In Cambodia, Leavitt said, a health minister told him it was "difficult to get farmers to think a few dead chickens are a serious problem" when 14,000 people there die of rabies in a given year.

Given such stark realities, what's the chance that health workers could contain a bird flu pandemic in its country of origin?

"We'll do all we can to help other nations," he said. But, "the chance of actually being there when the spark happens so you control it is very low."

Seneca Claim To Island Rebuffed (BUFFNEWS)

By TOM BUCKHAM And ANTHONY CARDINALE, News Staff Reporters

Buffalo News, June 7, 2006

High Court refusal ends 13-year fight

That sound coming from Grand Island was a sigh of relief.

The U.S. Supreme Court on Monday refused to reinstate the Seneca Nation of Indians' claim over the properties of 18,000 residents, ending a 13-year fight that had many residents fearing that they would be forced from their homes.

"Is it finally over?" said Liz AuClair-Smith, who has lived on Love Road for 36 years. "I'm delighted. It's been quite a burden to have that hanging over our heads - whether to sell or to stay. You wouldn't get your price."

"This lawsuit was mischief-making that somebody took seriously and that got entirely out of hand," said Douglas M. Smith, who has lived on Hennepin Road since 1967. "I agree that we have probably given the Indians a bad deal from the beginning. But to try to find a loophole from 250 years ago?"

The Senecas sued in 1993 to "recover" Grand Island and about 40 other islands in the Niagara River, claiming they had been illegally taken in an 1815 treaty with New York State.

U.S. District Judge Richard J. Arcara ruled in 2002 that the Senecas had never lived on the islands and, if they had any right to them, had negotiated them away before 1815. His ruling was upheld by the 2nd U.S. Circuit Court of Appeals in September.

Town Supervisor Peter McMahon applauded Monday's refusal by the Supreme Court to hear the Senecas' last appeal.

"There's no higher court," he said, "so it's over."

McMahon said he found it interesting that the U.S. Justice Department, whose intervention on the Senecas' behalf enabled them to sue in the first place, filed a last-minute brief contending that the appeal had no merit.

But Joseph F. Crangle, who represented the Seneca Nation when the case was filed, said: "I'm disappointed. There is no question that the treaty [of 1815] included islands in the Niagara River, and I think Grand Island is in the Niagara River. This is a good example of how people can rewrite history."

John Blanton, a senior from Grand Island High School, was told the news at Town Hall.

"I was very young when the suit started," he said. "I have very mixed feelings. Being a resident of Grand Island, I have to say they really don't own it. My grandparents were somewhat afraid they were going to lose their house. But I can see the Indians were here [in Western New York] first."

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Jim Tomkins, president of the Quality Quest Coalition in Grand Island, an environmental group, said he had ambivalent feelings about the case.

"Historically, the Indians have gotten the short end of the stick for a very long time," said Tomkins, who has lived on West River Road for 44 years. "But from a selfish point of view, if I were trying to sell my property I'd have had a lot different attitude."

When the Senecas filed their land claim in 1993, they said they intended to reclaim all 18,660 acres of Grand Island and evict more than 6,000 homeowners. Later, in some of their public remarks about the case, Seneca leaders softened their stance, saying they had no intention of forcing residents out of their homes.

During settlement talks in 2000, Seneca officials indicated they hoped to receive more than $176 million from the state and federal governments to drop the Grand Island lawsuit.

FBI/DEA/ATF/USMS:

$2.75 Million Is Poured Into War On Gangs (CLPD)

By Mike Tobin, Plain Dealer Reporter

The Cleveland Plain Dealer, June 7, 2006

Greater Cleveland will get $2.75 million from the Justice Department to help fight street gangs, Attorney General Alberto Gonzales said Tuesday during a visit to the area.

"Obviously, the fact that Cleveland was selected shows there is a gang problem," Gonzales said during a news conference at the U.S. District Courthouse downtown.

Most of the money - $2.5 million - will be spent in Cleveland over three years and focus on prevention, law enforcement and prison re-entry. A committee focused on the gang problem will determine by autumn exactly how the money will be spent.

An additional $250,000 will pay for six suburban police officers to work in schools. The officers will help oversee projects to keep students out of gangs. Chagrin Falls, East Cleveland, Parma and Warrensville Heights were selected for the Gang Resistance Education and Training grants.

"It gives the children a law enforcement officer they can call 24/7," said U.S. Marshal Peter Elliot, whose office started the program in Greater Cleveland. "It helps break down stereotypes and distrust of law enforcement."

In Cleveland, more than 90 gangs are involved in drug dealing and street violence. The gangs are no longer nationally organized, like the Crips and Bloods.

Instead, they are looser groups of kids hanging on the streets, according to the Cleveland Unified Gang Task Force.

Cleveland was selected for the money along with Los Angeles, Milwaukee, Tampa, Dallas and the corridor in Pennsylvania between Lancaster and Easton.

Gonzalez said those cities were chosen because the government felt the money would have the most impact there.

"These are gangs who are involved in very serious crime," Gonzales said. "They are robbing our youth of productive futures."

Assistant U.S. Attorney Craig Morford said law enforcement, community and church groups will meet over the summer to determine how to best spend the money.

That includes determining which neighborhoods to target for enforcement.

"We'll be assessing where there is the greatest problem and where we can make the greatest impact," Morford said.

But keeping kids from joining gangs, and helping former members avoid the gangs after getting out of prison, will also be a focus.

"If done right, this could have an incredible impact on the community," Morford said.

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Santa Rosa Hells Angels Leader Surrenders To FBI (KPIX-TV)

KPIX-TV, June 7, 2006

(CBS 5) SANTA ROSA The leader of the Santa Rosa Hells Angels motorcycle club chapter turned himself into the FBI Tuesday and was placed under arrest for suspicion of drug possession and distribution, officials said.

Federal agents had been searching for 42-year-old Raymond Foakes since last week when law enforcement officers raided six locations around Santa Rosa, including the Hells Angels headquarters there, as part of an ongoing drug probe.

Foakes was previously arrested in 2003 in connection with a violent confrontation between members of the Hells Angels and Mongols motorcycle club at Harrah's Casino in Laughlin, Nevada in 2002.

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He was one of 42 Hells Angels members indicted in the United States District Court in Las Vegas on federal racketeering and firearms charges.

Up until Tuesday's arrest, Foakes had been free on bond pending a September trial on the Nevada charges.

News In Brief From California's North Coast (MERCN)

The San Jose Mercury News, June 7, 2006

SANTA ROSA, Calif. - The president of the Sonoma County chapter of the Hells Angels who was wanted on federal drug charges turned himself into authorities in San Francisco on Tuesday, an FBI spokeswoman said.

Raymond Michael Foakes, 42, had been sought since Friday when federal agents and local officers raided his home and the motorcycle group's clubhouse. He was wanted under a sealed federal warrant alleging illegal possession and distribution of drugs.

Foakes was arrested in 2003 in connection with a violent confrontation between members of the Hells Angels and Mongols motorcycle club at Harrah's Casino in Laughlin, Nev., in April 2002.

Another Hells Angels associate, Michael Vargas, remained at large Tuesday, FBI spokeswoman LaRae Quy said.

Camden Man Sentenced In Drug/murder Operation Case (CAMCP)

Camden Courier Post, June 7, 2006

Bernard Murray of Camden, convicted almost exactly a year ago for his participation in a large-scale drug operation that relied on murder as an enforcement tool, was sentenced today to life plus 85 years in a federal prison.

Representatives of three murder victims spoke at the sentencing hearing, asking for a harsh term for Murray, 29.

In response, U.S. District Judge Robert B. Kugler told them, "I can't solve the problems of Camden, nor can this court. But I will make sure you're safe from people like Murray."

The sentence is the longest that court officials could recall.

According to testimony at the eight-week trial last May and June, Murray and his co-defendants were involved in the killing of Rutgers-Camden student Hiram Rosa in February 2000.

Murray also was a participant in the March 2001 slaying of Kenneth Allen, an associate of their drug operation, and the October 2001 killing of Troy James.

One of the cooperating defendants in the criminal investigation, Enrique Perez, is to be sentenced by Kugler later today.

2 Drug Ring Leaders Sentenced (WPVI-TV)

WPVI-TV, June 7, 2006

Two leaders of a notorious Camden drug distribution ring were sentenced Friday.

29-year-old Bernard Murray was sentenced to life plus 85 years in federal prison on weapons and drug charges and ordered to pay a 250-thousand dollar fine.

Meanwhile, his partner, 39-year-old Enrique Perez, another leader of the gang, got 25 years in prison. He will have to pay a 20-thousand dollar fine.

Perez received a lesser sentence due to his cooperation with authorities.

Feds Hope To 'weed Out' Local Crime (NEWS14)

News 14, Charlotte, NC, June 7, 2006

The federal money will also be used to "seed" economic development in the Central Avenue corridor.

CHARLOTTE, N.C. -- The U.S. Justice Department is committing about $1 million to revitalize a crime-ridden area of east Charlotte.

It is partnering with local businesses and the Charlotte-Mecklenburg Police Department to implement the “Weed and Seed” program in the Central Avenue corridor.

The money will pay for community and faith-based initiatives that are designed to “weed out” crime, gangs and drugs while “seeding” economic development.

The Central Avenue corridor is one of more than 300 "Weed and Seed" sites in the country.

"We're going to measure success if we see a decline of truancy in the schools,” U.S. Attorney Gretchen Shappert said Tuesday. “We’re going to measure success if we see a decrease in gang activity. We’re going to measure success if we see increased economic development."

The Central Avenue corridor is one of more than 300 “Weed and Seed” sites in the country.

“I hear a lot of people talking about they don’t feel like it’s as safe as it used to be,” one local resident said.

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Authorities hope the new program will help change that perception.

Guns, Drugs Are Seized In Reaids (TTNJ)

By Michael Ratcliffe

Trenton Times, June 6, 2006

Guns, ammunition and drugs were seized and three men were arrested on related charges when authorities raided three residences in Trenton and Hamilton on Sunday night, city police announced yesterday.

Those arrested were identified by police as Deon Williams, 29, James McCrary, 28, and Randal Williams, 44-year-old uncle to Deon Williams.

The raids on Indiana Avenue and Washington Street in Trenton and East State Street in Hamilton were the result of a three-month investigation by Trenton detectives, the Mercer County Prosecutor's Office and the federal Drug Enforcement Administration, police said.

Police said the probe began after neighborhood residents tipped authorities to a suspected drug distribution ring operating from the three residences.

Raids were conducted simultaneously about 9:40 p.m. Sunday by federal agents, state troopers and law enforcement officials from throughout Mercer County, police said.

Randal Williams was arrested after officers found a loaded Smith & Wesson .40 caliber pistol, a loaded .25 caliber Beretta pistol, .25 caliber hollow-point ammunition and a large amount of other types of ammunition in a house in the 1600 block of East State Street, police said. In addition to the weapons and ammunition, $150 cash and a sport utility vehicle were seized by authorities, police said.

Police said Deon Williams and McCrary were arrested during the raid of a house in the 1300 block of Indiana Avenue. Officers seized from that home 30 grams of crack cocaine, $628 cash, a digital scale and an SUV, police said.

The raid of a second-floor apartment on Washington Street yielded no arrests but did result in the seizure of a sawed-off shotgun, police said.

Deon Williams is on federal parole and faces a minimum of three years in federal prison for his parole violation alone, said Detective Capt. Carlo Orsini, commander of Trenton police's Special Operations Bureau.

1,000-plus Doses Netted In City Sweep (PPG)

By Jonathan D. Silver, Pittsburgh Post-gazette

Pittsburgh Post-Gazette, June 6, 2006

Pittsburgh police have confiscated more than 1,000 packets of the type of fentanyl-laced heroin suspected of causing up to six overdose deaths in Allegheny County since Sunday, but it was unclear how much of a dent the seizure would put in the supply on the street.

During a news conference yesterday, police revealed few details about their activities -- including a large bust Monday in Hazelwood that netted 1,050 stamp bags of the deadly brand of heroin marked "Get High or Die Trying" -- but said a dramatic slowdown since Monday evening in 911 calls for heroin overdoses might be related.

However, some investigators believe the confiscation of 1,131 stamp bags overall of the potent heroin and two other types that have appeared in recent days might represent only a drop in the bucket of the lethal supply.

Despite the seizures, the street price remains at $10 to $15 a stamp bag, which could indicate that the amount of "Get High or Die Trying" available in Pittsburgh has not dried up.

With intense police scrutiny in Hazelwood and the Hill District, where the heroin has been concentrated, dealers are going underground, making it a bit more complicated for users to score their next fix.

Authorities cannot be certain that any deaths this week are related to overdoses of heroin until toxicology tests are completed to show the presence of drugs in the blood. That process could take weeks.

However, based on circumstances, it is believed that at least five fatalities among more than 40 people who have overdosed in Allegheny County since Sunday are related to a batch of heroin that police first became aware of Friday.

On Sunday, Joseph Zielinski, 45, of Penn Hills, was found dead in his Greenfield apartment. The next morning, Lynn A. Margavo, 30, was found dead in her home in the 5200 block of Gertrude Street in Hazelwood. An hour later, Dorothy Iannone, 56, of the 5100 block of Roma Way, also in Hazelwood, was found dead.

Yesterday at 12:25 a.m., Diane Pless, 20, of the 4700 block of Centre Avenue in Oakland was found dead by her boyfriend in her apartment. And at 1:20 a.m., Lawrence Jordan, 48, of Ravine Street in Munhall was pronounced dead in his bathroom after being discovered by his girlfriend.

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In Mr. Jordan's case, investigators recovered a stamp bag. The name of the brand was unreadable, but it was in red ink, a hallmark of how "Get High or Die Trying" is packaged.

A sixth death in Aspinwall from yesterday was being looked at in connection with the heroin overdoses, but the Allegheny County Police are not convinced the case is linked.

The county's crime lab has concluded that fentanyl -- a painkiller 80 times stronger than morphine -- was present in one sample of "Get High or Die Trying." A sample of another brand called "Dynasty" also linked to recent overdoses tested positive only for heroin, said Dr. Frederick Fochtman, the county's chief toxicologist.

A third brand of heroin has come up in the investigation of the overdoses, but narcotics Cmdr. Maurita Bryant would not name it.

Police yesterday revised the number of suspected heroin overdoses being investigated. As of yesterday afternoon, there were 33 in the city and nine in the rest of Allegheny County. Two more possible cases emerged late yesterday. One involved an inmate at the intake area of the county jail yesterday afternoon. Last night, around 11 p.m., police and paramedics responded to an apartment in the 5700 block of Phillips Avenue in Squirrel Hill for a reported overdose. A white male in his 20s was taken to Mercy Hospital where he was expected to recover, paramedics said.

Overdose cases spreading

Non-fatal overdoses possibly connected to the laced heroin continued to spread to additional communities outside the city, including Clairton, Mt. Oliver and West Homestead. All the victims have been white and between 16 and 56 years old.

In the West Homestead case, a 20-year-old man from Castle Shannon was found Monday at 2:15 a.m. after shooting up in his car in a KFC parking lot on Eighth Avenue, West Homestead police Chief Christopher Deasy said.

The man was hospitalized, and two stamp bags were found. A woman in the car said the heroin was bought in Homestead, Chief Deasy said.

Homestead police Chief Jeff DeSimone said his officers have not encountered any overdose victims from the batch of heroin making the rounds -- yet.

"We're keeping our fingers crossed," Chief DeSimone said. But, he added, "It's kind of inevitable."

Dr. David Murray, senior policy analyst with the Office of National Drug Control Policy in Washington, said the fentanyl-laced heroin has turned up in eight states and caused between 150 to 350 deaths nationwide.

He said the pattern of deaths, which started in Chicago and Philadelphia, is following known routes of heroin distribution.

The drugs flow into major cities like Chicago, which become hubs, and then trail out to smaller cites like spokes on bicycle wheels.

Dr. Murray said it would be hard to say what effect the closing of a drug lab in Mexico, which might be the source of the fentanyl, would have on the current overdose outbreak.

"We are trying to put out as much of a public health alert out there that says 'look there is something very risky out there,' " said Dr. Murray.

Fentanyl side effects

One of the side effects of fentanyl is that the body's muscles often instantaneously stiffen when it is injected into the bloodstream.

"It is so rapid acting that the addict is often found dead with the needle still stuck in their arm," he said.

Tom McElree, director of the regional Emergency Medical Services Institute, an agency that provides training and other services to emergency medical services in 10 counties in southwestern Pennsylvania, said the Pennsylvania Department of Health received a notice April 25 of "opioid" overdoses that had occurred that month in New Jersey.

Those overdoses involved some heroin and a mixture of fentanyl or methylfentanyl and procaine, a version of the anesthetic lidocaine.

He said his office is working to get a handle on overdoses in the region and statewide so it can help paramedics and emergency service professionals react properly to the outbreak.

Pittsburgh narcotics and homicide detectives on Saturday launched a joint investigation of the new brand of lethal heroin. Detectives are interviewing overdose survivors. Three drug dealers have been arrested, but police would not provide their names.

The U.S. Drug Enforcement Administration is also involved, but DEA Special Agent Rick McGoldrick in Philadelphia declined to provide specifics.

Although there is an awareness among drug users that "Get High or Die Trying" might prove fatal, many are enticed by the prospect of an incredible high rather than scared away by the potentially lethal consequences.

"Individuals who are addicted to heroin are actively seeking this drug," Cmdr. Bryant said. "The word is out on the street that it's pretty much the ultimate high."

Lt. Kevin Kraus said hardcore users seem to be shrugging off efforts to steer them away from the powerful heroin.

"It doesn't seem that any warning is successful at all," Lt. Kraus said. "It's a very addictive drug, and it's in great demand right now."

Heroin addicts often lose the ability to get high on their normal doses and long for the euphoria that first drew them in. The increased potency of the fentanyl-laced heroin is nearly irresistible for serious users, who need more and more of the drug to satisfy their addiction and avoid pain, said Dr. Neil Capretto, medical director of Gateway Rehabilitation Center.

"They're looking for a stronger effect," he said. "Many people say, 'I started using to get high, and now I use to get by.' "

Even after they are treated for an overdose, users will often immediately return to the drug and even overdose again, trying to alleviate the withdrawal symptoms caused by reversal agents.

"It feels like the worse case of the flu you've ever had, times 10," Dr. Capretto said of withdrawal. "It's like having your head in a vise and knives in your stomach."

People who elect to use the new heroin are essentially playing Russian roulette, Dr. Capretto said, because it is impossible to determine whether the heroin has been laced with anything and how strong the drug will be.

"Addiction is not logical," said Dr. Capretto. "People will keep using. They say, 'I know I'll lose my job, my wife, my family, but I just can't stop.'"

Killer Heroin Coursed Through Philadelphia, Too (PPG)

By Bill Toland, Pittsburgh Post-gazette

Pittsburgh Post-Gazette, June 6, 2006

PHILADELPHIA -- In mid-April, dealers dropped shipments of additive-laced heroin on Philadelphia's streets. They might as well have dropped a bomb.

At least eight people were dead of overdoses by April 22, a Saturday night. The next day, city police arranged a news conference to warn users about the killer batch, a haphazard mix of heroin and fentanyl, a powerful painkiller that is like morphine, only many times stronger.

"We wrestled long and hard whether to go on TV," said police Capt. Len Ditchkofsky, head of the city's east division, epicenter for the outbreak. Announcing the existence of heroin so strong that it was killing the people who used it might well serve as free advertising for dealers.

But in the end, "we had a legal and moral obligation to let people know," Capt. Ditchkofsky said.

So police told users to stay away from the Kensington and Port Richmond neighborhoods, northeast of the city center. What came next was a lesson in junkie behavior. Users flocked to the area, buying up the $10 doses. They came from the city, and they came from the suburbs.

And, in the process, they may have given Pittsburgh a preview of what to expect over the coming days and weeks, as the lethal drug mixture spreads among dealers and users, propelled by the buzz that accompanies sensational overdose deaths and news reports.

"It just brought them down here in droves," the captain said. "They just started dropping like flies ... you're not dealing with normal people here."

Within a month, 30 people in Philadelphia and Camden County, N.J. -- just across the river from Philadelphia -- had been claimed by the potent cocktail. Hundreds more were admitted to hospitals with overdoses, and who knows how many recovered from their overdoses without the benefit of medical treatment.

In the days that followed the news conference, police and federal investigators moved to simultaneously trace and stop the flow. First, they focused on a single strain of the heroin, which came in bags marked "Fefe." Confiscate that strain, and they'd stop some of the flow, they hoped.

But within a week or so, it was apparent that lots of street brands were mixed with fentanyl (and in some cases, investigators now believe, doses contained no heroin at all, just fentanyl).

In the Philadelphia and South Jersey region, "fefe" was complemented by bags labeled "flatline," "exorcist" and "al capone," references to the packages' dangerous contents. In Harrisburg and elsewhere, the bags were labeled "apollo."

It wasn't one dealer, one brand name or one shipment. "It was the whole supply" line, from Chicago to Philadelphia, said Capt. Ditchkofsky.

When an entire supply line is affected, it takes a while for the drugs to run their course. Philadelphia's outbreak began in mid-April, and two months later, straggler doses are probably still on the street, despite a $250,000 seizure that took a half-pound of heroin out of the supply chain. A half-pound, when divided into individual doses, translates into 25,000 packets.

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"There's so many ways that heroin can come into a major city like Philadelphia. Same as Pittsburgh," said Capt. Chris Werner, head of Philadelphia's narcotics field unit. "It would be almost impossible to identify one main source of that particular drug."

If they could do it over again, Philadelphia police would have carried out their "moral obligation" by notifying the public that deadly heroin was on the streets, but would have purposely omitted the parts of the city where it was selling. In the same week, Chicago learned the same lesson -- police canvassed the neighborhoods where the heroin was being sold and where overdoses had occurred, passing out informational pamphlets that were supposed to scare away buyers.

But instead of following police advice, addicts followed the heroin to its source.

"What heroin users are looking for is that high that they got when they first used heroin," Capt. Werner said. "But it's almost impossible to find. So they look for stronger types of heroin."

And heroin so strong that it kills -- even if it's the additive that's providing the deadly strength -- is irresistible to some addicts.

Users sought out by The Philadelphia Inquirer confirmed the odd allure. One user told the paper: "If people die, other people think the heroin is good." An addict recovering at a treatment center in Camden told the paper that the deaths are the best kind of advertising. "It's like saying, 'We got the good stuff that's really kicking.'"

"It's a very panicky situation," said Oscar Hernandez, an administrator at My Brother's Keeper, a homeless shelter and drug treatment clinic in Camden. Longtime users can go through eight, 10, even a dozen doses a day, and any one of them could be the high that kills.

But even as longtime addicts seek more intense highs, others are frightened by it. "In the midst of that, there's people that want to get out, want to seek recovery," Mr. Hernandez said. "They said, '100 people are dead, I want to get out ... That's a good time to take the opportunity to reach out."

In Camden, a spokesman for the county prosecutor's office said that some users were scared away when they learned the source of the heroin's potency. Pure heroin is one thing, but an unknown mixture can be scary, even for longtime users.

"I think when word started getting around that there was fentanyl laced into this stuff, people started to realize that it wasn't just really good heroin," said Bill Shralow.

Another way to combat the scourge, at least on the distribution end, is by tacking new penalties onto typical drug charges for anyone caught dealing the more potent mix.

Philadelphia police threatened dealers with charges of attempted murder, reckless endangerment and risking a catastrophe, in addition to possession and distribution charges. So far, they have yet to make good on that threat, a police spokeswoman said. In Camden, the prosecutor has the ability to charge dealers with a first-degree homicide felony if one of the buyers ends up dead.

But of the eight heroin deaths reported in South Jersey from April 14 until the end of May, none could be traced to a specific dealer.

Camden was caught off guard by the two-week spike in fentanyl-heroin overdoses, unaware of January and February deaths in Chicago. But Pittsburgh, months behind the other outbreaks, can observe the mistakes and successes other cities experienced in dealing with the drug.

And yet it might not matter. Undercover buys, dealer arrests and media publicity about the dangers of the shipment go only so far. If users are warned against a certain label and those warnings begin to hurt sales, dealers with excess stock can easily repackage the heroin and stamp it with a different street name.

So Pittsburgh might have to wait for the bad heroin to flush its way out of the drug pipeline, just as Philadelphia and Camden did. The good, if obvious, news: Eventually, the highly potent supply will be used up. What isn't used in its most potent form will be cut and diluted by lower-level dealers, rendering the heroin -- though still dangerous -- less deadly.

Philadelphia's overdose numbers leveled off by the end of May, and Camden, following the two-week spike, is now seeing normal levels of heroin overdoses -- one every week or so.

Police Claim Bust Slows Heroin Flow (PTR)

By Jill King Greenwood

Pittsburgh Tribune Review, June 7, 2006

Pittsburgh police seized 21 bricks of fentanyl-laced heroin, putting a "serious dent" in the flow of the concoction that city detectives Tuesday blamed for six deaths in Allegheny County.

The seizure Monday night represented about 1,050 of the 1,131 stamp bags marked with "Get high or die trying" seized since the drug surfaced in the city on Friday.

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City detectives said four people have died in the city, one in Aspinwall and one in Munhall. Thirty-seven others have overdosed but survived -- including one yesterday in the county jail.

"There's no doubt that seizure (of drugs) probably helped save some lives and prevent overdoses," city police Cmdr. Maurita Bryant said. "That's our goal here."

Police have been working around the clock to find out how large quantities of the drug wound up in Hazelwood, which they believe is the center of the crisis.

"We have detectives working 18- to 20-hour shifts, going home for three or four hours of sleep and then coming back," said city police Lt. Kevin Kraus "It's extremely draining, but we're continuing to run on full tilt."

Narcotics and vice detectives seized the 21 bricks -- each containing 50 stamp bags of the drug -- from someone in Hazelwood. Authorities wouldn't identify those who have been arrested -- both users and dealers -- as they pressure those suspects for information about the source of the drugs, which investigators say likely came from New York City.

Bryant said the increasing police presence in Hazelwood has run some of the drug dealers underground.

"They're not as visible, out on the street, like they were before," she said. "Now it seems to be that if you want some of this heroin, you have to make a phone call and meet somewhere."

Kraus said medical calls for overdose victims have decreased significantly since Monday.

Police are being tight-lipped about their investigation -- refusing to say specifically where each of the city and county overdoses occurred -- other than to note that several city neighborhoods from the North Side to Greenfield have been affected.

Three people died of suspected drug overdoses yesterday, and the Allegheny County Medical Examiner's Office is trying to determine if the same batch of heroin laced with the painkiller fentanyl is responsible.

Diane Pless, 20, was pronounced dead shortly after midnight in her Shadyside apartment. Lawrence Jordan, 48, was found dead shortly after 1 a.m. in his Munhall home. Harold Bradley, 50, died at 2:30 a.m. at his home in Aspinwall.

The three who died earlier in the week were Dorothy Iannone, 56, of Hazelwood, an ex-waitress; Joseph Zielinski, 45, of Verona, an electrician; and Lynn Morgavo, 30, of Greenfield, who had a history of arrests for drug possession and distribution.

Residue or stamp bags, some without lettering, were found near five of the victims; Bradley had a history of heroin and alcohol abuse.

Betty Zielinski said her son battled a drug problem for years, but she was still shocked when she learned of his overdose.

"I didn't even know he was shooting up," she said.

Her son, who grew up in Greenfield and Squirrel Hill and attended Minadeo Elementary School and Taylor Allderdice High School, began smoking marijuana around age 12, she said.

"As long as he was on drugs, he was in a good mood," she said. "He told me before that he didn't even like to work unless he was on drugs."

Mary Jean Tudi, who lived across the street from the Zielinskis in Greenfield, said she knew Joseph Zielinski had drug problems but that he posed no problems.

"When you think of drug addicts, you think of them hitting people up for money," she said. "He wasn't like that. He was quiet and didn't bother anyone. It's really sad and I feel so bad for his mother."

Jordan was on disability, having suffered three heart attacks since age 26, and struggled with his addiction for years, said his girlfriend, Diane Pristas.

"He would give you the shirt off his back if you needed it. If you needed a place to stay, there was always a spare cot in the house," Pristas said.

Ruth Seybold, 60, of Hazelwood, recounted a phone call she received one day from Iannone.

"I don't know what to do," Iannone told her. "I just want to die."

Heroin Overdoses Decline, New Problem Arises (KDKA)

By Ralph Iannotti

KDKA-TV, June 7, 2006

(KDKA) PITTSBURGH Pittsburgh police say in the past 24 hours, there's been a significant decline in the number heroin overdose cases being reported.

But, now, there's another problem.

Addicts are now purposely seeking out the deadly drug laced with the pain killer Fentanyl.

They want to try it, despite its potential to be lethal.

Meanwhile, police continue to search for the supplier of the drug that has flooded several Pittsburgh neighborhoods.

One of the latest heroin overdoses was at the Allegheny County Jail.

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Pittsburgh police say a prisoner in the jail's intake area showed signs of an overdose and was taken to a hospital for treatment.

According to police, investigators believe the inmate somehow got a dose of the "get high, or die trying" heroin.

Hours earlier, police were called to the Centre Tower Apartments in Oakland where 20-year old Diane Pless died from a heroin overdose.

Pless was one of three heroin overdose victims on Tuesday: 49-year old Lawrence Jordan died of an overdose in Munhall; and 50-year old Harold Bradley was found dead in Aspinwall -- heroin was again the suspected killer.

Overall, police say the reports of overdoses have declined.

However, now there's another potential danger.

"A problem that we're having, that we're noticing, is that individuals who are addicted to heroin are actively seeking this drug," said Commander Maurita Bryant of the Pittsburgh Police. "Word on the street is that it's pretty much the ultimate high, and we have individuals coming in, actually looking for it."

Nearly 20 city and suburban neighborhoods have reported the potent heroin overdoses.

Police believe there have been six deaths related to the drug: two in Hazelwood and one each in Greenfield, Oakland, Munhall, and what police call a suspected heroin overdose death in Aspinwall.

A seizure of 21 bricks of heroin by the city narcotics unit may ultimately be cutting down on the overdose numbers.

There's little doubt this investigation is taking a toll on police.

"We've had detectives working 18 or 20 hour shifts," said Lt. Kevin Kraus of the Pittsburgh Police. "They would come back after three or four hours sleep. We're trying to combine resources, from other detective squads in the investigation branch."

Those 21 bricks of heroin seized by police break down into more than 1,000 individual $10 or $15 "get high or die trying" stamp bags.

A news conference has been scheduled for Wednesday by U.S. Attorney Mary Beth Buchanan.

She'll be joined by a DEA official, and Pittsburgh's mayor and police chief.

More Victims Added To Heroin OD Tally (KDKA)

KDKA-TV, June 6, 2006

(KDKA) PITTSBURGH The fourth reported death from a heroin overdose happened in the Oakland section of the city late last night.

A deadly batch of heroin first surfaced over the weekend and has claimed another life and affected dozens of victims.

Four fatalities have been reported among 36 total overdoses - 31 in the city and five outside of the city.

Just after midnight, police were called to an apartment building in the 4700-block of Centre Avenue in Oakland. It was described as another DOA from a drug overdose.

It was the fourth person to die since Saturday in connection with the heroin likely to be laced with the potent painkiller fentanyl.

Police were called to another drug overdose early Tuesday morning at a home on Eleanor Street on the South Side.

The person survived and was taken to South Side hospital for treatment. Police say they found some drugs inside the home.

City police commander Tom Stangrecki says he expects things could get worse before they get better.

"We believe this heroin has been distributed to other dealers in the area," Commander Stangrecki said. "It's going to take more than one arrest to stop this. Until the supply runs out, we may see more over doses."

Allegheny County authorities say a potent form heroin is to blame for more deaths and overdoses in and around Pittsburgh.

Police commander Tom Stangrecki says until the supply runs out, there may be more overdoses.

Police are arresting dealers as they try to find the source of the heroin.

Detroit, Philadelphia, Harrisburg, Chicago and other cities have all seen drug users die from heroin combined with fentanyl, which is considered 80 times more powerful than morphine.

Authorities have confirmed more than 100 deaths because of the fentanyl-laced drugs.

There will be a press briefing at 3:30 pm today.

Names Can Help End Drug Plague (FREEP)

Detroit Free Press, June 7, 2006

Wayne County has a plague on its hands, but county officials are inexplicably refusing to identify its victims.

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About 60 people have succumbed since mid-May to a deadly cocktail of heroin and fentanyl, a pain-killing drug developed for cancer patients. The Detroit area has by far the most deaths from this mix of any place in the country. Federal, state and local medical and law enforcement officials have been assembled in Detroit for weeks trying to find the source of the drugs. Public warnings have been issued, but the deaths continue. Yet authorities have not responded to a Free Press request for the names of the victims, other than to ask for more time.

If there is not a master list of the victims, the sleuths charged with tracing the drugs are not doing a very good job, since the list would be the basis for finding commonalities that might lead someplace. If there is a list, keeping it secret serves no useful purpose. Someone might know something about one or more of the victims -- relatives, suspicious acquaintances, usual hangouts -- that could be a lead for investigators.

Beyond that, keeping the victims anonymous serves only to minimize the impact of this epidemic. It makes people care less when they know only that drug users are dying -- nameless, faceless people who made bad choices and were probably a burden. The truth is, each of these victims was someone's son or daughter and very likely had friends and family who tried at some point to stop their slide into the hell of addiction. Some kin may not even know of a death; others may have some useful information for police.

The county has no legal basis for withholding the names. It is well-settled law in Michigan that autopsy results are public information. It is well-established investigative procedure that an informed public can be an important source of information. Wayne County is doing a disservice to the public and to the victims of this scourge by failing to release fundamental information about a mounting crisis.

Office Denies Approving Documents' Release (BSUN)

By Michael Dresser, Sun Reporter

The Baltimore Sun, June 7, 2006

The Maryland attorney general's office is denying an assertion that Maryland Transportation Authority Police Chief Gary W. McLhinney received the approval of state lawyers before releasing sensitive security information last month.

The documents McLhinney released included the names of Secret Service agents and other security officers providing executive protection to state and federal officials and their families - details government agencies generally resist disclosing.

The statement that McLhinney had acted on the advice of state lawyers came in an e-mail from another state transportation department law enforcement officer, Maryland Transit Administration Police Chief Douglas DeLeaver, to The Sun's public editor. In it, DeLeaver defended McLhinney, who on May 16 released the documents to the media - an action that was the subject of a May 28 article in The Sun.

DeLeaver wrote: "The Maryland Attorney General's Office reviewed and approved the dissemination of the documents before the release."

But Kevin Enright, a spokesman for Attorney General J. Joseph Curran Jr., denied that McLhinney sought state lawyers' advice.

"If Chief DeLeaver is under the impression that this Office approved Chief McLhinney's document dissemination to The Sun and other news organizations on May 16, he is mistaken," Enright wrote. "As the custodian of the records, Chief McLhinney elected to produce the documents with the knowledge that we did not have the opportunity to perform more than a cursory review and despite our concerns about their contents. That was his right."

DeLeaver and state Transportation Secretary Robert L. Flanagan were at conferences out of the country and did not return calls. McLhinney did not return a call seeking his comment. But Trent Kittleman, executive secretary of the Maryland Transportation Authority, dismissed the matter as "a dead issue."

McLhinney released the documents at a news conference he called to criticize a reporter who sought to speak with one of his officers on an executive protective detail at Baltimore-Washington International Thurgood Marshall Airport.

The Sun had filed a public records request as part of an investigation of the Transportation Authority Police practice of providing armed escorts for celebrities passing through BWI, an unusual perk at a major U.S. airport.

In his e-mail, DeLeaver criticized The Sun for failing to mention in its May 28 article that "the Maryland Public Information Act requires Chief McLhinney to release the requested documents."

The Sun's request stated that it was seeking forms detailing police escorts to "private citizens (non-government employees)." Nevertheless, McLhinney released 305 pages that included details of travel through BWI by U.S. Cabinet secretaries, National Security Agency and Drug Enforcement Administration officials and other officials.

"The Public Information Act does not require the release of records that are not requested or that are excluded from a request," Enright said.

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In many cases, the documents show signs that they were not fully reviewed before release. In some cases, information is redacted on one document but disclosed on another. On some, material that is usually withheld - such as cell phone numbers and license plate numbers of cars transporting a protected person - is disclosed.

In the May 28 article, experts on executive protection and law enforcement criticized McLhinney for what they called a security violation and a breach of the trust between law enforcement agencies. The Transportation Security Administration said he had not broken federal law by releasing its forms.

Stidham Deposition May Help Schwartz (TC)

By A.J. FLICK

Tucson (AZ) Citizen, June 6, 2006

One week after being sentenced to life in prison and having his medical license yanked, Bradley Alan Schwartz was expected in court today for the start of a malpractice trial.

Among the evidence expected to be presented are words from the man Schwartz was convicted of conspiring to kill, Dr. Brian Stidham.

Stidham told attorneys in a deposition that he never saw Schwartz act as if he were impaired by drugs, said Schwartz's civil attorney, Tom Slutes.

"Dr. Stidham almost never saw Dr. Schwartz," said attorney Thomas Zlaket, who represents the family suing Schwartz.

Stidham went to work for Schwartz in October 2001, shortly before Schwartz stopped taking prescription drugs, Zlaket said.

Schwartz, 41, was convicted May 2 of conspiracy to commit first-degree murder in the Oct. 5, 2004, stabbing death of Stidham.

Prosecutors say Schwartz hired Ronald Bruce Bigger, 40, to kill Stidham, 37, over professional jealousy. Bigger has yet to be tried.

Pima County Superior Court Judge Michael Alfred on Monday refused Slutes' request to move the malpractice trial out of town.

Alfred also ruled that Zlaket may introduce testimony and evidence that Schwartz was indicted in federal court for writing illegal prescriptions for Vicodin and Ritalin.

Laurie Espinoza, Schwartz's former office manager, is expected to say that Schwartz appeared drugged at the time he operated on Garrett Hoxie, then a high school student, in November 2001. Espinoza says Schwartz didn't kick his drug habit until early 2002, after learning that the Drug Enforcement Administration was investigating him.

Espinoza was listed as a witness for both the prosecution and defense in Schwartz's criminal trial, but neither called her to the stand.

Slutes said Schwartz kicked his drug habit in September 2001 after he had treatment that relieved the pain for which he self-prescribed Vicodin. He also self-prescribed Ritalin, a stimulant.

After Schwartz was indicted, Slutes said, Espinoza embezzled from his practice. Schwartz's wife, Joan, caught the embezzlement and sued her.

Espinoza settled the case before it went to trial, he said.

Slutes said Schwartz may testify, depending on how the trial goes.

A week ago, Judge Nanette Warner sentenced Schwartz to life in prison with the possibility of parole after 25 years.

Jurors deadlocked on a first-degree murder charge. Warner dismissed the charge without prejudice, meaning prosecutors can refile it.

Schwartz's criminal attorney, Brick P. Storts III, is asking the Arizona Court of Appeals to force Warner either to drop the charge permanently or retry Schwartz immediately on the murder charge.

Another malpractice suit against Schwartz is set for trial in October.

Feds Search House Of Arizona Reliever (AP)

AP, June 7, 2006

SAN FRANCISCO (AP) -- Federal investigators searched Arizona Diamondbacks reliever Jason Grimsley's house Tuesday as part of their investigation of steroid use in baseball.

Thirteen agents searched Grimsley's house in Scottsdale, Ariz., for six hours, according to Internal Revenue Service Agent Mark Lessler, who would not say what they found.

In seeking a judge's permission for the search, investigators who cracked the BALCO steroid scandal here said Grimsley initially cooperated in the probe. He withdrew his assistance in April, but not before he allegedly made "extensive statements" about illegal drug use, "for the purpose of performance enhancement," according to the court documents.

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IRS Agent Jeff Novitsky told the federal judge that investigators wanted to search the right-hander's house for "any and all records showing contact or relationship with any and all amateur or professional athletes, athletic coaches or athletic trainers" regarding illicit drug use and purchases.

According to Novitsky, Grimsley told him the names of other players he believed were using, but the names of those players were blacked out of the court records.

"I have no comment about that and no idea about that," Grimsley told the Arizona Republic on Tuesday, hours before the Diamondbacks played the Philadelphia Phillies.

Diamondbacks managing general partner Ken Kendrick said in a statement the team learned of "this situation late this afternoon," but declined further comment.

Grimsley began his big league career with Philadelphia in 1989 and has pitched for Cleveland, California, the New York Yankees, Kansas City, Baltimore and Arizona. He has a career record of 42-58 with a 4.77 ERA.

According to court documents, Grimsley failed a league drug test in 2003. Authorities said when he was cooperating, he admitted to using human growth hormone, amphetamines and steroids.

He added that amphetamine use was prevalent in pro baseball, and that it was placed in coffee in clubhouses, marked "leaded" or "unleaded," Novitsky wrote.

After the BALCO investigation, Major League Baseball toughened its testing program for performance enhancing drugs and included testing for amphetamines for the first time this season.

Word of the Grimsley investigation comes nearly two months after an Illinois-based scientist prominent in the field of sports nutritional supplements pleaded guilty to supplying the Bay Area Laboratory Co-Operative with the performance-enhancing drug known as "the clear."

A federal grand jury in San Francisco is also investigating whether San Francisco Giants slugger Barry Bonds lied under oath about using "the clear." A separate federal grand jury is probing who leaked Bonds' testimony from the BALCO investigation to the San Francisco Chronicle.

So far, the BALCO probe has netted guilty pleas from Illinois-based nutritional supplement scientist Patrick Arnold, BALCO president Victor Conte, Bonds' personal trainer Greg Anderson, BALCO vice president James Valente and track coach Remi Korchemny.

Diamondbacks' Grimsley Implicated In Steroids Probe (AR)

Arizona Republic, June 7, 2006

Arizona Diamondbacks pitcher Jason Grimsley admitted taking illegal performance-enhancing drugs and said that amphetamines were used "like aspirin" in major league clubhouses, according to an affidavit filed by the lead federal investigator in baseball's steroid investigation.

The affidavit, filed in U.S. District Court in Phoenix, said Grimsley agreed to cooperate with U.S. Internal Revenue Service agents after Grimsley received a package containing two kits of human growth hormone April 19 at his Scottsdale home.

The affidavit, obtained by The Arizona Republic, comes nearly four years after the IRS began its probe of BALCO, the Bay Area Laboratory Co-Operative, near San Francisco. The original goal was to investigate a drug ring that distributed steroids and other illegal performance-enhancing drugs to elite athletes.

advertisement

Thirteen special federal agents, including 10 from the IRS, searched Grimsley's home for nearly six hours Tuesday. They were seeking performance-enhancing drugs, financial records, address books and phone records, according to Mark Lessler, an IRS special agent.

Lessler, a special agent for criminal investigation in the IRS Oakland, Calif., office, declined to say what was obtained, or why the government waited nearly seven weeks to search Grimsley's home after knowing the pitcher had been in possession of human growth hormone.

It is the first time an Arizona Diamondbacks player has been linked publicly to the scandal, which has implicated San Francisco Giants slugger Barry Bonds, New York Yankees first baseman Jason Giambi and others.

Grimsley provided "extensive statements regarding his receipt and use of anabolic steroids, amphetamines and human growth hormone over the last several years," the affidavit said.

Grimsley also provided "details about his knowledge of other Major League Baseball players" using illegal performance-enhancing drugs, including several close acquaintances.

An hour before Tuesday night's game against Philadelphia, Grimsley told The Republic, "I have no comment about that and no idea about that."

Diamondbacks managing general partner Ken Kendrick released a statement on the matter Tuesday night, saying: "We were first informed of this situation late this afternoon. This is a federal investigation, and as long as it is active and ongoing, we are prohibited from making any further comments."

Jeff Novitzky, the IRS special agent in charge of the BALCO case, filed the affidavit, which also said agents were anticipating the shipment of human growth hormones to Grimsley's home. In a two-hour interview with federal investigators on April 19, Grimsley told investigators:

· Until last year, major league clubhouses had coffee pots labeled "leaded" and "unleaded" for the players, indicating coffee with amphetamines and without. He did not specify how many.

· Latin players were a major source for the amphetamines within baseball.

· Amphetamines also came from players on California teams that could easily go into Mexico and get them.

Names of other players he suspected of using anabolic steroids or human growth hormone were redacted from the document.

In September 2003, the IRS and Food and Drug Administration agents raided the offices of BALCO and at an off-site facility found containers labeled as steroids, testosterone and human-growth hormones, which can make athletes stronger and faster.

No professional athlete has been charged in the BALCO investigation, although Bonds and Giambi testified before a federal grand jury in 2003.

Baseball Commissioner Bud Selig this spring appointed former U.S. Senate Majority Leader George Mitchell to investigate players who were alleged to have used illegal steroids.

Mitchell's appointment came after pressure from Congress and the release this spring of Game of Shadows, a book written by two San Francisco Chronicle reporters who describe how Bonds and other players used illegal performance-enhancing drugs provided by BALCO.

Until 2003, baseball didn't conduct drug tests for steroids. The following year, it began imposing penalties.

Last July, BALCO founder Victor Conte Jr, the central figure in the investigation, pleaded guilty to distributing steroids and money laundering in a plea-bargain deal. He was sentenced to four months in prison and four months of house arrest.

Three others, including Greg Anderson, Bonds' personal trainer, have negotiated deals with federal prosecutors for their roles in providing illegal performance-enhancing drugs to roughly 30 athletes.

Montel To Urge N.J. On Medical Marijuana (AP)

AP, June 7, 2006

TRENTON, N.J. (AP) -- Television personality Montel Williams plans to tell a New Jersey senate panel on Thursday how marijuana relieves his chronic pain caused by multiple sclerosis, and urge New Jersey lawmakers to enact medical marijuana laws, as 11 other states already have.

Williams, 49, who was diagnosed with MS seven years ago, said he turned to marijuana to relieve debilitating knee and foot pain after trying Oxycontin and a variety of other drugs to no avail.

Williams, a registered medical marijuana user in California, said he became an activist pushing for medical marijuana laws after being stopped at a Detroit airport by an Alcohol Tobacco and Firearms officer for carrying drug paraphernalia. The charge was later dropped.

"For me, marijuana eases the pain in my feet -- on a scale of 1 to 10, brings it from a 6 down to a 4 and keeps it there -- makes it manageable so I can deal with the rest of my day," said Williams. "Why should it not be available?"

Williams also plans to speak Wednesday at a Drug Policy Alliance-sponsored news conference supporting the New Jersey Compassionate Use Medical Marijuana Act. He said he was also hoping to discuss the issue with Gov. Jon S. Corzine, though the governor's office said as of Tuesday Williams hadn't requested a meeting.

Corzine said last year that he would sign a medical marijuana bill into law.

Reiterating the administration's position Tuesday, Corzine spokesman Anthony Coley said, "All individuals should receive the best possible medical care available. If a doctor prescribes medical marijuana, we should honor his or her judgment and do what is in the best interest of the patient."

The proposal would allow certain chronically ill patients to use marijuana medicinally by smoking it, eating it or taking it in tablets. The drug would be prescribed by a doctor and the program would be monitored by the state Health Department. Under the proposal, the amount of marijuana a patient would be allowed to possess would be capped at one ounce and patients would be issued cards identifying them as registered medical marijuana users.

The bill, sponsored by state Sen. Nicholas Scutari, lists cancer, glaucoma, HIV and AIDS, wasting syndrome, chronic pain, severe nausea, seizures and persistent muscle spasms as among the conditions eligible for medical marijuana usage.

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Terrence P. Farley, an Ocean County assistant prosecutor and spokesman for two state law enforcement groups, told The Associated Press last month that the bill is a veiled attempt to legalize drugs.

"This is how they're trying to get marijuana legalized," said Farley, who also is director of the county anti-narcotics force.

IMMIGRATION:

Bush Confident Immigration Deal Possible (AP)

By Jennifer Loven

The AP, June 6, 2006

President Bush declared progress Tuesday in tightening the nation's southern border and pushing major immigration changes through Congress despite widespread skepticism that lawmakers can find a compromise.

The president brushed aside bitter divisions over the issue, saying the fact that there is active debate at all is cause for optimism.

"I know when you watch your television or listen to the radio, it seems like there's nothing but disagreement on immigration policy in Washington," Bush said, a blazing sun beating down on him and the barn behind him used to simulate armed encounters in Border Patrol training exercises.

"Yet there's a growing consensus among all parties and all regions of the country that fundamental reforms are needed," he said.

Bush spoke after watching trainees in the dusty heat role-play in ways to protect the U.S.-Mexico border against illegal crossings — boarding buses to check IDs, aiming pretend guns at a vehicle under suspicion, interviewing car occupants at checkpoints and scouring freight cars.

As the Border Patrol's only training ground, the 2,000-acre facility in this unforgiving corner of southeastern New Mexico has been increasingly busy. The number of agents nationwide has grown to nearly 12,000 from 9,000 at the beginning of Bush's presidency, and Bush is proposing to add another 6,000 agents by 2008.

Later Tuesday, the president took in a video surveillance operation at the Border Patrol headquarters in Laredo, Texas, also hot and dry, and a busy crossing point near Nuevo Laredo, Mexico, where warring drug cartels have been blamed for more than 140 murders this year.

The visuals of Bush's two border-state stops focused on enforcement — a key theme as the president woos recalcitrant conservatives in his party to abandon a get-tough-only approach and support comprehensive reform. Bush says that, to be effective, any legislation should include a path to citizenship for illegal immigrants that meet certain criteria and create a new program allowing legal work permits for foreigners. He has been promoting his seriousness about stepped-up enforcement to sweeten that argument.

But the emphasis of the president's spoken message was agreement.

He claimed "widespread agreement" on broad philosophical points such as the need to better control the border and stiffen penalties on companies that hire illegal immigrants. The implication was that, as congressional negotiators prepare for difficult talks over the radically different bills passed by the House and Senate, there is more to work with than it appears.

"While the differences grab the headlines, the similarities in approaches are striking," Bush said.

He pressed the point again outside the Laredo headquarters. Appearing eager to dispel doubts, Bush engaged in an impromptu question-and-answer session with reporters that extended over an unusually lengthy time despite temperatures over 100 degrees.

With dozens of Border Patrol vehicles behind him, Bush said it is important for congressional negotiations to get started.

"That will give us a pretty good feel for whether or not attitudes are hardened to the point nothing can get done," he said. "I don't think so."

The president's statements belied passionate differences on Capitol Hill, where even routine matters are getting bogged down. The Senate has not yet sent its bill to the House, so that talks can begin, because of a procedural disagreement.

The House bill generally is limited to increased border enforcement, making all illegal immigrants subject to felony charges and advocating extensive fencing along the U.S.-Mexico border. The Senate version includes more money for border security, but it creates a guest worker program that would legally bring in new foreign workers and provides a shot at citizenship for many already here.

Bush acknowledged the sharp divide over the status of the country's estimated 11 million illegal immigrants.

"This is the toughest part of the bill for the Congress," he said.

Bush's appearance is one of a series as he pushes his top domestic priority of the year.

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"A photo-op in New Mexico won't make Republicans in Washington, D.C., support comprehensive reform," Senate Minority Leader Harry Reid, D-Nev., said. "The president must convince his party to enact the comprehensive immigration reform our nation deserves."

Also while in Laredo, the former Texas governor made two unscheduled stops to mingle with locals. He shook hands outside an elementary school and pulled up to Cotulla Pit-Style Barbeque, where he greeted surprised diners in Spanish and English and bought nachos for a long table of border agents who just happened to be assembled there.

The president was spending Tuesday night in Omaha, Neb., where he planned on Wednesday to visit a community center that offers bilingual counseling, food aid, legal services and business training to immigrants.

Nation Ahead Of Congress On Immigration, Bush Says (LAT)

By Johanna Neuman

The Los Angeles Times, June 7, 2006

ARTESIA, N.M. — President Bush today sought to minimize the differences that have divided the House and Senate over immigration, and said that consensus was growing across the country for changes in immigration policy, as he focused on the need for strict law enforcement in a speech to Border Patrol recruits.

"It seems like there's nothing but disagreement on immigration policy in Washington," Bush said. "Yet there's a growing consensus among all parties and all regions of the country that fundamental reforms are needed."

"In other words, people are coming to the conclusion we got to do something about a system that isn't working," he said at the Federal Law Enforcement Training Center, in southeastern New Mexico about 100 miles from the Mexican border. "And while the differences grab the headlines, the similarities in approaches are striking."

The center is a 2,540-acre campus ringed with barbed wire. Recruits undergo a 19 1/2-week training schedule that features intense physical workouts, vehicle pursuits, firearms use, self-defense and Spanish language classes.

"Our failure rate is 30-to-1," said Maria Valencia, spokesperson for the U.S. Border Patrol, explaining that the center graduates one border agent for every 30 applicants.

In May, Bush called for an increase of 6,000 in the Border Patrol by 2008 — a 50% increase over current levels.

The facility here, where all the agents are trained, can graduate 1,700 a year.

With Bush looking on, recruits demonstrated scenarios for capturing illegal immigrants, among them a checkpoint, halting a vehicle, and checking a train.

Recruits use three rail cars, deployed on tracks in the middle of their campus, to learn how to look for illegal immigrants smuggled in boxcars.

With temperatures nearing 100 degrees, Bush emphasized that despite the angry debate over immigration, there was agreement over the need to control the nation's borders "so that every illegal immigrant caught at the border" is sent home.

"We agree that the government needs to crack down on businesses that hire illegal workers," he said. "In other words, in order to help you do your job, we all agree that if someone's hiring somebody who's an illegal immigrant, they've broken the law and we need to crack down on that."

"We agree that it's unacceptable to have millions of illegal immigrants living in our country beyond the reach of law and the protection of law," he said, adding: "And we all agree that immigrants to America must assimilate into our society. They must embrace our values and learn to speak the English language."

With the Congress far from beginning work on reconciling the immigration measures passed by the House and Senate, Bush is seeking to minimize the differences, and encouraging the yet-to-be-named conferees representing each chamber to find common ground.

The House bill focuses exclusively on law enforcement measures; the Senate bill, more to Bush's liking, takes a broader approach, addressing law enforcement efforts as well as paths that could legally approved work in the United States for foreign residents and to eventual citizenship.

Pressing for steps that could appeal to both those favoring a crackdown on illegal border-crossing and those seeking access to the American job market for immigrants, the president noted that he had asked Congress "to increase the number of detention facilities along our borders" and also said the nation needed to acknowledge that it was a magnet for job-seekers.

"It seems to me if we want to protect this border, we ought to recognize they're coming, and give them a temporary worker card," the president said.

Bush Turns To House In Immigration Debate (NYT)

By Sheryl Gay Stolberg

The New York Times, June 7, 2006

DOJ_NMG_0032659

ARTESIA, N.M., June 6 — President Bush tried on Tuesday to win back the trust of conservatives who have distanced themselves from him on immigration, promising to "get this border enforced" and warning those who enter the country illegally that "if you get caught, you get sent home."

After weeks of embracing "comprehensive immigration reform" — Washington shorthand for a Senate bill that includes a temporary guest-worker program and a promise of citizenship for some illegal immigrants — Mr. Bush shifted his tone in remarks at the Border Patrol training academy here. Having nudged the Senate into action, Mr. Bush is turning his attention to the House, where Republicans deride the Senate plan as amnesty and are balking at the idea of compromise.

After watching Border Patrol trainees conduct mock security stops under a blistering 100-degree sun, Mr. Bush told the agents "I want the country to pay attention to what you're doing."

He promised to add 6,000 agents by 2008 — bringing the total to 18,000 — to build high-tech fences and new patrol roads, and "to end 'catch and release' once and for all on the southern border of the United States," a reference to the practice of releasing those who enter illegally and are not immediately sent home.

The image of Mr. Bush, his collar open and his starched blue shirt sleeves rolled up, surrounded by Border Patrol agents and trainees clad in olive drab uniforms in the dusty New Mexico desert, was carefully calibrated to sell the president's plan to the American people — and, by extension, their representatives in Washington.

But the president's tough talk failed to persuade at least one House Republican, Representative Steve Pearce, who represents Artesia. Mr. Pearce said he was "not on board with the comprehensive plan," even after flying here with Mr. Bush on Air Force One — a flight that included a private briefing from the chief of the Border Patrol, David V. Aguilar, with the homeland security secretary, Michael Chertoff, hovering nearby. Mr. Pearce said he was encouraged that "the idea of securing the border is beginning to be a more dominant theme," but he warned that Congress was in danger of repeating a failed 1986 amnesty law.

"I trust him," Mr. Pearce said of the president, "but I'm not going to vote for the bill as it currently stands. Out here, we have a saying, 'Trust your neighbor, but brand your cattle,' and the president will understand that."

Mr. Bush's midday appearance here was the first stop on a two-day three-state swing, and came on the day of New Mexico's primary election. Later, he stopped on the border in Laredo, Tex., where he toured a video surveillance office at the local Border Patrol headquarters.

On Wednesday, Mr. Bush plans to visit a Catholic relief organization in Omaha, where he intends to emphasize that immigrants must learn English and assimilate into American society. Here again, his intent is to assuage conservatives, many of whom were put off by the sight of demonstrators for immigrants rights waving the Mexican flag.

But with more than half the American public disapproving of Mr. Bush's job performance and a midterm election in which Republicans are far more concerned with their own political futures than that of the president, Mr. Bush's powers of persuasion are not what they once were. Even the White House press secretary, Tony Snow, acknowledged that the hurdles to reaching a compromise were high.

"It's going to be a considerable amount of work, yes," Mr. Snow said.

And while Mr. Bush is trying to pitch his plan out in the country, some on Capitol Hill say he needs to get to work behind the scenes in Washington to bring the House and the Senate together.

"This is more than an Oval Office speech, and it's more than going to New Mexico," Senator Arlen Specter, Republican of Pennsylvania and the chairman of the Senate Judiciary Committee, said in an interview on Monday. Mr. Specter added, "I think he's got to get involved in the negotiations, in the nuts and bolts."

Even on that score, Mr. Bush must tread lightly; his relations with Republicans in Congress have soured in recent months over issues like port security and a raid by the Federal Bureau of Investigation on a congressman's office.

"That's a touchy issue," said Senator John Cornyn, Republican of Texas and a member of the Judiciary Committee, who said Mr. Specter told him, too, that the president needed to get involved. "Under the Constitution, the president doesn't write the legislation. Depending on how he were to handle it, I think it could well result in some pushback from members of the House who weren't on the same page."

One House Republican who has been a staunch foe of Mr. Bush on immigration, Representative Tom Tancredo of Colorado, said there was not much the president could do to bring the two sides together. "I don't think there's a thing he can say," Mr. Tancredo said.

But Mr. Bush struck an optimistic note, insisting that there is a "a growing consensus" toward compromise.

"I know when you watch your televisions or listen to the radio it seems like there's nothing but disagreement on immigration policy in Washington," he said. He added, "While the differences grab the headlines, the similarities in approaches are striking."

House Passes Security Budget

By The New York Times

DOJ_NMG_0032660

WASHINGTON, June 6 — Spending on port and border security would increase by about 9 percent in the coming year, as part of a $32.08 billion budget for the Department of Homeland Security that the House approved Tuesday by a 389-to-9 vote.

The plan includes money to hire 2,400 new border patrol and immigration agents and screen more ship containers entering the United States for radioactive threats.

Bush Defends Planned Path To Citizenship (HC)

By Julie Mason

Houston Chronicle, June 7, 2006

LAREDO - In a parking lot of the Border Patrol headquarters three miles from the dividing line with Mexico, President Bush on Tuesday accused his opponents in the immigration battle of stirring up fear with false claims about amnesty.

"Look, if you're one of these types of people that basically say, you know, throw them out, then you just use the word 'amnesty,' just toss it around," Bush said. "In order to frighten people, you just say 'amnesty.' "

Standing with Gov. Rick Perry after a tour of the Laredo Border Patrol Sector's video surveillance program, Bush stepped up his criticism of lawmakers back in Washington balking at his call to create a path to citizenship for illegal immigrants who have lived in the country for years.

It was a fine line Bush tried to walk. Earlier in the day, at a tour of the Border Patrol training facility in New Mexico, Bush struck conciliatory tones and said both sides in the debate have more common ground than differences.

"I know when you watch your television or listen to the radio it seems like there's nothing but disagreement on immigration policy in Washington," Bush told Border Patrol agents in Artesia, N.M. "Yet there's a growing consensus ... that fundamental reforms are needed."

Looking for middle ground

Bush was in Laredo as part of a two-day trip highlighting immigration issues, as Congress prepares to iron out the differences between somewhat contradictory measures passed in the House and Senate.

"There's no question this is a difficult issue for some in Washington, D.C., but my job is to continue calling people to account," Bush said.

He supports a Senate bill that includes a guest worker program, tougher border enforcement and a path to citizenship for illegal immigrants who have spent years in the U.S., with a requirement that they pay fines and back taxes and show a proficiency in English.

Both of Texas' Republican senators, Kay Bailey Hutchison and John Cornyn, voted against the legislation.

"The failures of the 1986 amnesty live on today, and we will need to work very hard to avoid a repeat of those mistakes," Cornyn said Tuesday as lawmakers returned to Capitol Hill. "My hope is that this summer we'll find a middle ground solution that controls illegal immigration and addresses the 12 million illegal immigrants without granting amnesty."

Last December, the House passed a bill that would make it a felony to enter the country illegally or to help those that do. The bill would also increase border security and strictly enforce immigration laws.

To build support for his guest worker and citizenship proposals, Bush has taken a tough stand on the law and order aspects of border enforcement, including calling for more walls and fencing along heavily trafficked areas of the border.

Rep. Henry Cuellar, a Democrat from Laredo, said residents in his community want protection — but not a wall.

"I think people feel that, when it comes to border security, we say 'heck yes,' " Cuellar said. "But when the discussion turns to building a wall, that's a big no."

Chatting with the locals

Laredo, with a population that is 94.9 percent Hispanic, is the most Hispanic city in the United States, according to the Census Bureau.

Cuellar said that generally, he hears support from his constituents for a requirement that new immigrants learn English. There is also concern, he says, about a threat to jobs from continued illegal immigration.

"They want a guest worker plan, but with controls," he said. "They want security, but they don't want to see Minutemen."

While in Laredo, Bush made two unscheduled stops, pulling the motorcade over on a main commercial street to visit briefly with schoolchildren, and stopping at a Mexican-style barbecue joint to meet with residents and border guards.

"¿Como estas?" Bush greeted patrons at Cotulla's, a restaurant decorated with deer heads. "You know your governor?" he asked, gesturing at Perry.

"Howdy," Perry said, greeting a family having dinner.

Such encounters, carefully planned but unannounced, are part of a larger White House strategy to remind Americans why they once liked him so much and use his personal popularity to help sell a controversial immigration program.

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Ray Keck, president of Texas A&M University International in Laredo, said he supports much of Bush's plan, but thinks more economic help for Mexico also would ease illegal immigration woes.

"We are heartened by the president's plan. We must look for a policy that would allow these people to become legal, tax-paying residents, a profitable part of our national workforce," Keck said.

Bush Visits Laredo To Plug Reform Plan (SAEN)

By Mariano Castillo And Gary Martin

San Antonio Express-News, June 7, 2006

LAREDO — In an effort to push an immigration bill through Congress that would secure the borders and allow for a guest worker program, President Bush toured a Border Patrol facility here during a brief visit Tuesday.

Bush's visit was the first to this city by a U.S. president since Richard Nixon in 1970.

It was part of a three-city tour to promote a bill that would increase security along the border and give undocumented immigrants who've lived in the United States for several years a path to citizenship.

In Laredo, Bush toured a video surveillance facility at Border Patrol headquarters with Homeland Security Secretary Michael Chertoff and Gov. Rick Perry.

In the surveillance room, the president observed more than a dozen screens displaying various points along the border.

"The Guard's going to help Border Patrol agents, so they can get out and do their job," Bush said, referring to 6,000 National Guard troops slated for deployment to the border.

Bush said a long-term solution to reduce the number of illegal crossings is to find work for them in Mexico.

"One of the interesting things about the border here that I don't think a lot of Americans are aware, but I know that those of us who grew up in Texas are aware of it, is that this part of the world used to be really poor," Bush said.

The North American Free Trade Agreement has started the process of producing jobs and wealth on both sides of the border, the president said, making Laredo a "booming town."

Asked by a local reporter if his immigration reform plan included raising the number of immigrants who can legally enter the country, Bush said he would leave that up to Congress.

Bush is trying to build momentum for an immigration bill that passed the Senate with bipartisan support. It faces stiff opposition in the House, which passed its own bill calling for strict border enforcement.

Hundreds of Laredoans lined Bush's motorcade route and gave him a mixed welcome.

"I've been waiting for this for a long time," David Bustamente, 18, said as he and some friends held up black poster boards with pro-gay-rights messages criticizing Bush support for a constitutional amendment to ban same-sex marriage.

Only a few feet away, a group of middle school teachers cheered Bush and his immigration plan.

"Instead of the extreme, he's in the middle," said Nancy Chamberlain, a retired teacher.

Earlier, Bush toured a Border Patrol training facility in Artesia, N.M., reiterating the thin line he weaves between his vision for border enforcement and that of some in his party who want stricter measures, including a provision that would make a first-time undocumented entry a felony.

Bush also traveled to Omaha, Neb., where he was scheduled to visit a Catholic charity and speak at a college.

Bush Sees Support For Immigration Plan (WT)

By Stephen Dinan

The Washington Times, June 7, 2006

ARTESIA, N.M. -- President Bush yesterday said he sees a consensus building in Congress for the major elements of his immigration proposal, including a path to citizenship, and said the gap between the House and Senate is not that broad.

"While the differences grab the headlines, the similarities in approaches are striking," Mr. Bush said. He was speaking at the Federal Law Enforcement Training Center in eastern New Mexico, which is where all U.S. Border Patrol agents train and which is the key to his making good on his promise to hire 6,000 new Border Patrol agents by 2008.

The president said everyone in the immigration debate agrees that the border needs to be secured, that the government needs to crack down on businesses that hire illegal aliens and that something must be done about the estimated 12 million illegal aliens in the country.

"There's a consensus, and we need to act on that broad consensus and deliver comprehensive reform that makes our system orderly, secure and fair," he said.

House Republicans said Mr. Bush has made headway in convincing them he is serious about border security, but he has failed to sway them on granting citizenship to some illegal aliens.

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After Mr. Bush in mid-May announced plans to increase the Border Patrol and deploy the National Guard, Rep. Steve Pearce, whose district includes the training academy, said the president didn't go far enough. But yesterday, after flying with the president on Air Force One and being briefed by Border Patrol Chief David Aguilar, he said he thinks the administration has become serious about border security.

"They actually have begun to develop a comprehensive plan for securing the border, which we haven't been able to see before," Mr. Pearce, New Mexico Republican, said.

Despite Mr. Bush's view that compromise is in the air, Mr. Pearce said he is still adamantly opposed to amnesty, which he described as when illegal aliens are given any path to citizenship.

"Sorry, but that's the wrong message," he said, adding that he would vote against a bill such as the one that came out of the Senate and includes the same path to citizenship Mr. Bush backs.

The Border Patrol academy in Artesia will determine whether Mr. Bush makes good on his pledge to hire 6,000 new Border Patrol agents by 2008. Currently there are about 11,300.

For the past few years, as members of Congress have tried to increase substantially the number of agents, they were told the academy simply couldn't train that many. But the administration has announced it is ramping up operations here to handle Mr. Bush's request, though a spokeswoman couldn't say how much it has asked for in next year's budget.

The academy currently can train 1,700 agents a year, and at peak capacity two years from now plans to be able to train 3,000 agents annually.

Only one in 30 applicants will make it to becoming a Border Patrol agent.

Before speaking yesterday, Mr. Bush reviewed part of the training in the 19½-week course, including mock traffic stops. He then traveled to Laredo, Texas, to visit the Border Patrol sector headquarters there.

Also yesterday Mr. Bush seemed to float the idea of decreasing legal immigration overall by increasing the line for green cards and citizenship.

"If Congress is worried about the number of people getting in, they can decrease the number of green cards," he said.

"You can control the size of the line by the number of green cards you issue. If you want a longer line for people, issue fewer green cards. If you want to shorten the line, issue more green cards," he said.

Bush Pushes Immigration Plan In New Mexico (WP)

By Michael Abramowitz

The Washington Post, June 7, 2006

ARTESIA, N.M., June 6 -- President Bush returned to the U.S.-Mexico border region Tuesday to tout what he described as a growing consensus around proposed immigration reforms and see firsthand how new border agents are being taught to keep people from entering the country illegally.

In Washington, House Republicans are showing little sign of meeting the president's demands on a comprehensive immigration plan. But appearing at the training facility here for border agents, Bush sounded an optimistic note that agreement is possible on plans to increase border security, crack down on employers hiring illegal immigrants and help immigrants assimilate into U.S. society.

"People are coming to the conclusion we got to do something about a system that isn't working," said Bush, clad in shirt sleeves in the searing sun. "And while the differences grab the headlines, the similarities in approaches are striking."

Bush broke little ground substantively in his speech to border agents and agents in training, repeating many of the same points he had made since announcing his general approach to immigration in a nationally televised address last month. But aides say he is trying to build grass-roots support in advance of negotiations aimed at reconciling House and Senate bills that take sharply different approaches toward undocumented workers.

The president is also trying quiet diplomacy. Joining Bush on Air Force One on the trip from Washington were two New Mexico representatives who have been critical of the president for various aspects of his plan, Democrat Tom Udall and Republican Steve Pearce. During the trip, Pearce said, the two received a briefing from David Aguilar, chief of the Border Patrol, who outlined a more aggressive approach to keeping illegal immigrants from entering New Mexico.

"They actually have begun to develop a comprehensive plan for securing the border which we have not seen before," Pearce said.

A key sticking point for Pearce and other House Republicans is the president's plan for resolving the status of millions of illegal immigrants already in this country. The bill approved by the Senate would allow illegal immigrants who have been here at least five years a way to become citizens if they pay fines and back taxes and learn English; the House plan would make illegal presence in this country a felony.

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The president has been supportive of the Senate approach, and in his speech Tuesday indicated that he does not regard such an approach as "amnesty" because illegal immigrants would have to get behind legal immigrants in line for citizenship. He added: "If Congress is worried about the number of people getting in, they can decrease the number of green cards. . . . If you want a longer line for people, issue fewer green cards."

Despite Bush's growing emphasis on border security, House conservatives remain wary of any final bill that would make undocumented immigrants legal. Despite the president's statement, "most Americans" consider his plan to be amnesty, said Rep. Mike Pence (R-Ind.), a leading conservative. "There's just no support at home or in my heart."

But New Mexico's Democratic governor, Bill Richardson, who attended the speech here and met privately with Bush, said the president indicated he would deploy even more assets to overcome such doubts. "I came away with two strong impressions -- that he is sincerely eager to get a comprehensive bill, and that at the appropriate time he will weigh in heavily," Richardson said.

Before his speech here, Bush watched as agents in training staged various scenes depicting what it is like to work on the border. First was a document check of passengers on a bus, followed by agents scrambling over three train cars, yelling statements such as "All clear on the bottom" as lids and doors clanged. Bush also watched as agents staged a routine traffic stop, speaking in Spanish to a suspect who had his hands up while they trained on him what appeared to be plastic guns. He later flew to Laredo, Tex., to visit a regional Border Patrol facility. He watched screens monitoring different points on the border.

Earlier, he made an unannounced stop at Cotulla Style Pit Bar-B-Q, where he greeted diners in Spanish and English before sitting down with a dozen or so border agents around a long table. "Why don't we bring a couple of plates of nachos?" he asked.

Senate Candidates Choose Their Battles On Immigration Debate (HILL)

By Aaron Blake

The Hill, June 7, 2006

In a new radio ad, Republican challenger John Raese criticizes Sen. Robert Byrd (D-W.Va.) for opposing the deployment of troops to secure the U.S. border.

But Byrd's campaign notes that, during debate on the Senate immigration bill two weeks ago, the senator actually voted for an amendment that would have done just that. Raese's camp said the ads are based on an earlier newspaper article in which Byrd expresses reservations about the troops' being overworked.

Raese is one of several Senate candidates across the country using the finer points of the immigration debate as campaign fodder in advertisements and press releases. Their efforts are working to varying degrees of success to differentiate them from their opponents, who are firing back in much the same manner.

Only two Republicans facing tough reelection campaigns — Sens. Lincoln Chafee (R.I.) and Mike DeWine (Ohio) — were among the 23 in their party voting for final passage of the bill, and three of the four Democratic no votes were cast by vulnerable candidates.

When asked about Byrd's vote on the National Guard amendment, Raese spokesman Gary Abernathy said Byrd's final no vote on the entire immigration package represents an example of a senator voting for a bill before voting against it, a reference to Sen. John Kerry's infamous comments during the 2004 presidential campaign about his voting preliminarily for a bill funding the war in Iraq and Afghanistan and later voting against the measure.

But Abernathy said Raese would also have voted against the overall bill.

The Associated Press article Abernathy is referring to says that Byrd "questioned whether the National Guard is stretched too thin for such duty" and quotes Byrd saying that West Virginia National Guardsmen have "taken on two, three, sometimes four tours of duty in Iraq and Afghanistan."

Byrd spokesman Mark Ferrell said the senator simply wanted to make sure that the troops' mission was clear and that it wasn't a political stunt, and he was satisfied in both regards.

"Anybody with access to the Internet can look up any member of Congress's votes, and I would assume that the Raese campaign has that ability," Ferrell said. "So it beats the heck out of me — I don't know where they're basing that."

Though in recent months several campaign ads have been taken off the air for accuracy reasons, Ferrell said the Byrd campaign would rather get the truth out instead of challenge the ads.

In Rhode Island, Republican primary challenger Steve Laffey has singled out Chafee for being the only Republican to vote for an amendment to the immigration bill that would have allowed 12 million illegal immigrants to remain in the country and streamlined the legalization process.

He said Chafee's votes on that amendment and against another amendment, which would have prevented legalized immigrants from collecting Social Security benefits for work they did as illegal immigrants, show just how far left Chafee has shifted.

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Laffey spokeswoman Nachama Soloveichik said Laffey would have voted against the overall bill.

Chafee spokesman Ian Lang countered by noting that Chafee's stance on immigration is similar to President Bush's and that the final bill makes the legalization process sufficiently difficult.

He said Laffey's past actions on immigration contrast with his recent statements, referring specifically to the Cranston, R.I., mayor's support for allowing the use of identification cards issued by the Guatemalan and Mexican embassies — a practice that a Center for Immigration Studies report says is useful only for illegal immigrants. Lang also cited a Providence Journal article from early 2005 in which Laffey advocated having American companies like Wal-Mart set up employment centers at the border to recruit illegal crossers, and then the U.S. government, in turn, give them short-term visas.

Lang said Chafee doesn't outright oppose the foreign-embassy ID cards but has major concerns about them.

Soloveichik pointed out that the Justice Department has permitted the use of the cards, and she said they can be useful for temporary legal immigrants and also for police identifying illegal immigrants. She said the practice of sending recruiters to the border would promote legal immigration, which is consistent with Laffey's stance.

In Arizona, Democratic challenger Jim Pederson criticized Sen. Jon Kyl's (R) no vote on the final bill, charging that the vote was the culmination of his work to kill the legislation. In ads and releases, Pederson cites Arizona Republican colleague Sen. John McCain as saying that Kyl's immigration plan "borders on fantasy."

McCain said he was disappointed that Pederson used him to attack Kyl. Kyl's campaign said his plan is oriented toward striking some middle ground between the Senate and House bills and that Kyl and McCain worked closely together to get the Senate bill through important votes.

In New Jersey, Republican challenger Tom Kean Jr. criticized Sen. Robert Menendez (D) for opposing the amendment that would cut off legalized immigrants from getting Social Security benefits and others amendments that would make English the official language and would build a fence along the Mexican border.

Menendez, who voted for final passage, has charged Kean with flip-flopping by first supporting a path to citizenship and then asking for deportation of all illegal immigrants. Kean clarified his position in the local Herald News that people who are unable to return to their home countries and apply for citizenship should pay fines.

Around the country, other candidates are making emphatic statements as well.

In Montana, Sen. Conrad Burns (R) has aired an ad that calls out both of his Democratic opponents for not taking firm stances on the immigration debate.

In Pennsylvania, Democratic challenger Bob Casey Jr. said the bill wasn't perfect but noted that he would have voted for it and that it does not provide amnesty, as his opponent, Sen. Rick Santorum (R), contends.

And in Tennessee, all three major Republican candidates running to replace Sen. Bill Frist (R) and the likely Democratic candidate, Rep. Harold Ford, denounced the bill as too lenient because it provides a path to citizenship. Frist voted for the bill.

Public, Bush Split On Illegals (WT)

By Stephen Dinan

The Washington Times, June 7, 2006

ARTESIA, N.M. -- President Bush has been making a strong push for illegal aliens to assimilate as he stumps for passage of a plan to legalize most of them, but a new poll shows that voters actually want less immigration and more security.

And even Mr. Bush's own pollster, in another recent poll, failed to ask about a pathway to citizenship, instead focusing on temporary legal status for illegal aliens -- a concept Mr. Bush no longer endorses.

About half of those surveyed in the new poll by MWR Strategies said the immigration problem facing the U.S. is "too much immigration," while just 29 percent identified the problem as "not enough assimilation."

Michael McKenna, who conducted the poll of 1,000 registered voters, said it suggests that Mr. Bush is moving in the wrong direction by embracing a path to citizenship.

"The practical import of it is, all this yak-yak about path to citizenship -- more than half the population looks at it and says there's just too much. We need less of it," he said.

"If you think the problem is just too much immigration, you don't care about path to citizenship or any of that other stuff."

When asked the best way to address immigration, 36 percent said penalize businesses for hiring illegal aliens, while 35 percent said create a path to citizenship and 17 percent said build a wall.

The Bush administration has been trying to convince skeptical Republicans in Congress that voters prefer a comprehensive solution to immigration and back Mr. Bush, who yesterday said a consensus is building in Congress for the major elements of his immigration proposal, including a path to citizenship.

DOJ_NMG_0032665

A recent memo by Matthew Dowd, Mr. Bush's pollster and a senior adviser to the Republican National Committee (RNC), argues that "the comprehensive approach that emphasizes both security and compassion is unifying, not polarizing -- it is supported by Republicans, independents, and Democrats."

But Mr. Dowd didn't ask about a path to citizenship, which opponents call "amnesty," in his most recent survey, taken after Mr. Bush made his Oval Office address to the nation arguing for that proposal. Instead, Mr. Dowd asked about temporary workers, who would return home.

Mr. Dowd is advising Gov. Arnold Schwarzenegger's re-election campaign in California and was unavailable, according to the RNC. But a party official, who asked not to be named, said they simply didn't ask about that part of Mr. Bush's plan.

"The survey clearly asks about a comprehensive approach to immigration. We did not ask support questions regarding path to citizenship in this particular poll," the official said.

Mr. McKenna criticized Mr. Dowd's memo, saying it's "not inaccurate as far as it goes, but it's sure misleading."

"The questions themselves are clearly skewed, don't come to the heart of the issue in any important kind of way and are clearly biased in favor of one side," he said. "The weight of the numbers and the weight of the evidence suggests that people's main concern is border security and they view most of these proposals as amnesty."

Those who support a middle-ground route of giving illegal aliens temporary status but not a path to citizenship said Mr. Dowd's polling actually supports their plan.

"What is clear from this poll is that a work-and-return program, a bill that has not passed the Senate, can receive significant support," said Don Stewart, spokesman for Sen. John Cornyn, the Texas Republican who supports a temporary program but opposes a path to citizenship. "That's the third way in this whole debate."

Dan Bartlett, senior counselor to the president, says the public is behind Mr. Bush.

In a memo Monday, Mr. Bartlett said proposals to allow long-time illegal aliens a path to citizenship scored 79 percent in a CNN poll taken right after Mr. Bush's speech last month and 77 percent in a CBS News poll.

"The president is leading the country and the Republican Party in a direction he thinks is right, and opinion polls show Americans strongly support a comprehensive approach," he said.

Those who support a path to citizenship have made some headway in public opinion on how voters see the people who are the subject of the debate.

When Mr. McKenna polled in 2004, after Mr. Bush made his first major immigration speech detailing a guest-worker program, 73 percent saw the noncitizens as "illegal aliens," while 25 percent saw them as "undocumented workers." In his new poll, 62 percent said they are "illegal aliens" and 30 percent said they are "undocumented workers."

Sergio Bendixen, considered one of the top pollsters of Hispanic voters and immigration issues, said the difference between asking about "illegal immigrant" and "undocumented worker" can mean a swing of 20 percentage points in the answers.

Mr. Bendixen said Mr. Bush still has a chance to influence the debate but said he's having only a slight impact on the debate.

"I think the president is very weak right now politically. I don't think he's got a lot of credibility," he said.

House GOP Threatens To 'blue-slip' Bill (HILL)

By Jonathan Allen

The Hill, June 7, 2006

Lawmakers are shrouding themselves in a thin slip of blue paper as deep divisions on immigration policy are again being laid bare.

House Republicans have threatened to deliver a "blue slip" rejection of the Senate immigration bill, and Senate Democrats are blocking efforts to circumvent that maneuver.

The result is a procedural paralysis that has prevented the two chambers from even naming conference negotiators, a clear sign of the difficulties facing proponents of an immigration overhaul.

The Senate-written immigration bill contains tax provisions, violating the Constitution's requirement that all revenue measures originate in the House. Any House member could object to the Senate bill on that basis, forcing debate and a vote on whether to reject the measure outright.

Ways and Means Chairman Bill Thomas (R-Calif.) is considered the most likely to raise such an objection, but any number of House conservatives would be happy to kill the Senate bill. To avoid that fate, Senate Republican leaders want to bring up a separate House-passed tax bill, gut it and replace its provisions with the Senate immigration bill. But Senate Minority Leader Harry Reid (D-Nev.) has objected to that maneuver.

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Reid said he is concerned that using a House-passed tax vehicle could invite the introduction of unrelated tax cuts into House-Senate conference negotiations. If President Bush wants progress on the bill, he should tell House Republicans, “Don’t raise the blue-slip issue,” Reid said.

But Republicans say the problem is Reid, not the blue slip.

“Unfortunately, the minority leader over there, Harry Reid, continues to stand in the way,” House Majority Leader John Boehner (R-Ohio) said yesterday. “I think he ought to quit playing politics.”

As lawmakers engaged a new round of finger-pointing yesterday, one thing remained clear: The immigration bill is stuck.

Conservative Republicans are dead-set against the Senate bill, which would beef up border security, establish a temporary-worker program and allow many of the 11 million to 12 million illegal immigrants in the country now to become citizens eventually.

The House version focuses solely on border security, and many House Republicans say the Senate bill would grant amnesty to millions of immigrants who broke the law to get here.

But proponents of the Senate bill say the blue-slip threat is merely a distraction, one of a number of tools the bill’s critics could use to thwart its progress if they chose to do so. If the will exists to strike a deal, they say, procedural roadblocks will not be a problem.

“Some technical blue slip is not going to stop any resolution that we come to,” Sen. John McCain (R-Ariz.), a chief proponent of the Senate bill, said yesterday. “Let’s not get caught up in the minutiae and the weeds.”

McCain was among the leaders of a bipartisan core of senators who struck a deal on the immigration bill and then shepherded it through the Senate last month. Sixty-two senators, most of them Democrats, voted for the final bill.

The legislation drew harsh criticism from Senate conservatives, many of whom voted against it. Even if Reid were to allow GOP leaders to move forward, there is no guarantee that Republican senators would not use procedural weapons to stop action.

Sen. Jeff Sessions (R-Ala.) tried to kill the bill on its first trip through the Senate.

Sessions sent a “Dear Colleague” letter yesterday in which he urged colleagues to study the details of the immigration bill, particularly the number of legal immigrants it would allow into the country in future years.

“It remains deeply flawed,” he wrote.

Republicans hinted yesterday that they have other options for getting around the blue-slip problem.

“There’s always a Plan B,” said Eric Ueland, chief of staff to Senate Majority Leader Bill Frist (R-Tenn.).

In 2000, House and Senate leaders circumvented a similar problem by appointing “shadow” conferees to a bankruptcy bill and attaching their work product to the conference report on a separate bill, according to Walter J. Oleszek’s Congressional Procedures and the Policy Process.

But alternatives and timelines were in short supply yesterday.

“Things can break loose at any time,” Ueland said.

Reid Proposes Deal On Reform Bill (WT)

By Charles Hurt

The Washington Times, June 7, 2006

Immigration reform remained mired in the Senate yesterday, but Minority Leader Harry Reid indicated there may be some room for compromise.

Legislation has been stalled for weeks on constitutional grounds that prevent the Senate from writing bills that raise revenue. Because the Senate legislation includes a requirement that illegal aliens pay back taxes, it must originate in the House.

Majority Leader Bill Frist offered a solution by attaching the bill to tax legislation that had already passed the House. Mr. Reid has rejected that solution.

Republicans "think there's a problem because they want a problem," Mr. Reid said yesterday. "They don't want to go to conference."

But, he also added that he's at least willing to consider the idea.

"I've got another idea for them," Mr. Reid told reporters yesterday. "If they want to use another bill, a tax bill, instead of the House-passed immigration bill, then let them come to me with how they're going to not have this as a Christmas tree of tax measures. It's up to them. If they want use a tax bill, let's see what they can come up with to protect the Senate's position on immigration."

House Republican leaders accuse Mr. Reid of sitting on the bill to prevent the Republican Congress for taking credit for reforming the country's immigration laws in an election year.

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"Unfortunately, the minority leader over there, Harry Reid, continues to stand in the way of getting to a conference," House Majority Leader John A. Boehner said yesterday. "And I think he ought to quit playing politics with this issue and let us get to work on solving this problem of illegal immigration."

The House, meanwhile, approved an amendment by Rep. Jack Kingston, Georgia Republican, to bar any Department of Homeland Security money from being used to alert the Mexican government about the location or activities of the volunteer Minutemen patrolling the border.

In a letter to colleagues, Mr. Kingston urged support "in ensuring our U.S. Border Patrol does not tip off the Mexican government about the location of Minutemen Civil Defense Corps patrols. This amendment will send a message that we will not tolerate such actions."

The letter cites press reports from earlier this year suggesting that the Border Patrol had been tipping off Mexican officials about Minutemen activities.

Arizona Governor Vetoes Illegal Immigration Bill (NYT)

By Randal C. Archibold

The New York Times, June 7, 2006

Gov. Janet Napolitano of Arizona has vetoed a bill that would have punished employers who hire illegal immigrants and authorized the police to arrest illegal immigrants on trespassing charges merely for being in the state.

Ms. Napolitano, a Democrat who is running for a second term and is doing well in public opinion polls, said yesterday in a letter to legislators that parts of the bill would have violated the federal government's power to enforce immigration law under the Constitution and were opposed by many law enforcement groups and leaders in border communities.

Ms. Napolitano said that although she supported holding employers accountable for hiring illegal workers, the bill provided "amnesty" because it let them avoid penalties and fines by simply firing the workers after receiving a warning from the state authorities. She said she opposed charging illegal immigrants with trespassing because law enforcement groups and municipal leaders said it would overwhelm the police.

Ms. Napolitano said the determination of lawmakers to push a bill that she had made clear she would reject "confirms that you view this bill more as a political game than as a serious effort to protect our border."

Ms. Napolitano and the Republican-dominated Legislature have had a contentious relationship. This veto was her 115th — a record for an Arizona governor — since taking office in 2003. None have been overturned.

A spokeswoman for the governor, Jeanine L'Ecuyer, said, however, that 26 of the vetoes involved the same legislation offered multiple times by lawmakers. Some of the bills, Ms. L'Ecuyer said, included what the governor considered outrageous ideas, including one that would allow patrons to carry guns in bars and restaurants.

Arizona, where a majority of illegal immigrants crossing from Mexico enter, is one of several states where lawmakers have passed bills or are considering measures to fill in what they view as gaps in the federal enforcement of immigration law.

Ms. Napolitano has sought to appear tough on border issues while not playing into the hands of hard-line Republican legislators.

Last summer, she declared a state of emergency over border security. Last week, she authorized 300 National Guard troops from her state to participate in President Bush's plan to deploy 6,000 of them to the Mexican border by August to help the Border Patrol.

State Representative Russell Pearce, a Mesa Republican and the immigration bill's chief sponsor, said in an interview after the veto that he would try to put a similar measure on the November ballot.

Mr. Pearce said Ms. Napolitano's veto showed that she was not serious about reducing illegal immigration. "She is the best friend an illegal alien has in this country," Mr. Pearce said.

Poll: U.S. Public Warmer Toward Immigrants (AP-Y2)

By Will Lester

AP2, June 6, 2006

Immigration anxiety has been fueling a fierce political debate in the United States, but attitudes about immigrants in this country are considerably more positive than in several European countries, AP-Ipsos polling found.

People in Britain, France, Germany, Italy and Spain are much more inclined than those in the U.S. to think immigrants are likely to get involved in criminal activity.

"Often the immigrants come here and can't find work, they are forced to become criminals," said Leonardo Delogu, a doctor from Sardinia who was visiting Rome.

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More than a third of Germans, Italians and Spaniards say they think immigrants are more likely to be involved in criminal activity than people born in their countries. A fourth in France and Britain feel that way.

Those European countries are about evenly divided on whether immigrants are a good influence. In general, people who make higher incomes and have had more education are more likely to say immigrants are a good influence.

In the U.S., about one in 10 thinks immigrants are more likely to be involved in crimes. And a majority, 52 percent, say they think immigrants are a good influence on the country.

After many years, a steady flow over the Mexican border into the United States has left about 11 million illegal immigrants or more in this country.

Lawmakers are under pressure to bring immigration under control and are trying to agree on legislation that would tighten security on the borders while deciding the legal fate of millions of people in this country illegally.

President Bush was in New Mexico Tuesday trying to build support for his preferred approach of securing the borders, providing a new guest worker program and giving many illegal immigrants a chance at citizenship.

Public support of immigrants often depends on their legal status.

"In a nutshell, legal immigrants are helpful, illegals are not," said Don Bick, a home builder from Pittsburgh, Pa.

Many people in this country are alarmed about the changing ethnic nature of their communities and the added burden illegal immigrants can place on public services like schools and hospitals.

For Europeans, attitudes on immigrants have been shaped by more dramatic experiences.

· In France, young people in depressed suburbs rioted in November, burning thousands of cars and some public buildings.

· Spanish officials are trying to deal with boatloads of destitute Africans arriving at Spain's Canary Islands on rickety fishing boats nearly every day.

· An estimated 30 percent of Italy's prison population is made up of foreigners, often illegal immigrants convicted of crimes.

People in all eight countries in the polling — Australia, Britain, Canada, France, Italy, Germany, Spain and the United States — felt that immigrants work as hard or harder than people born in those countries. The polls, which questioned about 1,000 adults in each country, were conducted between May 1-22 and have a margin of sampling error of plus or minus 3 percentage points.

"Working hard is the only way they're going to survive, isn't it," said Sunny Siddiq, a liquor store owner in London who moved to Britain from Pakistan nine years ago. "They don't have luxuries in their home country, so when they come here, they only have one mission: to work hard and to support families back home."

"The population of immigrants is increasing dramatically," said Fred Bemak, a George Mason University professor who studies the impact of immigration. "When it's the person next door, it changes the tone."

Our Language Unites Us (USAT)

By Sen. James Inhofe

USA Today, June 7, 2006

To our nation's great credit and advantage, we have advanced English worldwide. It is the official language of 51 nations and 27 states in the USA. Last March, a Zogby International poll of likely voters found that 84% support making English the official language of government operations. Among Democrats, 82% supported that idea, and among Hispanics, 71%. This is nothing new: Over the years, many polls reflect similar numbers.

Speaking English well enough for everyday life is a guaranteed way for new immigrants to increase their earning potential, lift academic achievement and enhance their career options. That's the clear, compassionate message we need to send.

My amendment, passed by the Senate last month, clarifies that, unless specified by other laws, there are no entitlements to federal services and documents in foreign languages. This nation decided long ago that you must know English to become a citizen. Thus, there is no reason to offer government's citizen services in foreign languages.

In the same way the Pledge of Allegiance and the National Anthem bring this nation together, English is something we share and should promote. Yet Senate liberals voted against English as our national language and against the will of our constituents. Instead, they kowtowed to radical leftist groups, such as the National Council of La Raza.

Multilingual entitlements distress American unity and cost billions even though courts have consistently ruled that similar entitlements, provided under one of President Clinton's executive orders, are baseless.

In 2001, the U.S. Supreme Court ruled that Martha Sandoval, who had lived in America for 10 years without learning English, could not sue Alabama because it didn't offer foreign-language driver's license tests. Similarly, federal courts have held that there's no right to foreign-language government forms, deportation notices or civil service exams.

The U.S. courts' position is unmistakable, and America's citizens and immigrants have spoken. Why aren't liberals listening? The message is loud and clear: Unite America behind our proud national language, help new immigrants advance by

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learning it and save taxpayer dollars by making English the national language. If liberals do not open their ears, people might just stop talking to them.

Sen. James Inhofe, R-Okla., sponsored the English language amendment.

Press 2 For Pointless (USAT)

USA Today, June 7, 2006

Sometimes it may seem that English is under attack. Dial a credit card company, and you're greeted in two languages. Order coffee at a convenience store, and the clerk might not understand you. Hit the wrong button at the ATM, and the screen flashes Spanish.

So should English be designated the USA's "national language"? Sixty-three senators have voted to make it so. They might as well have voted to make apple the national pie or American Idol the national TV show.

In practice, English already is the national language, even among the children of immigrants: 93% of second-generation Hispanic Americans are bilingual or speak primarily English, according to a 2002 national survey by the Pew Hispanic Center and the Kaiser Family Foundation. By the third generation, hardly anyone speaks only Spanish, and just 22% of Latinos are bilingual.

As in earlier generations, today's immigrants recognize that speaking English is their ticket to a better life. There are long waits for English classes — from one month to a couple of years — in cities from Boston to Phoenix. Legislating a "national language" is, at best, meaningless and, at worst, harmful.

Look at Miami-Dade County, which adopted an ordinance in 1980 that barred the county from doing business in any language other than English. Thirteen years later, the county commission unanimously repealed it. According to news accounts, public hospitals couldn't give written instructions in Spanish on how patients should take medications, and the county couldn't print some warning signs in Spanish.

Now Congress, rushing to score political points in the immigration debate roiling the nation, might be inviting similar mischief. The Senate measure, sponsored by Sen. James Inhofe, R-Okla., declares that no one is entitled to federal services or information in a language other than English, except where it's guaranteed by law.

Asked the measure's impact, an Inhofe aide offered this example: The White House website would no longer have to translate presidential speeches into Spanish. Quips about President Bush's command of English aside, leaving newcomers in the dark about presidential pronouncements is hardly a way to help them learn more about their adopted home.

More troubling is the measure's potential impact on other services. The IRS, for example, offers a Spanish version of its website. If the measure became law, immigrants would be discouraged from paying taxes.

It certainly would erect new barriers to citizenship. Currently, an applicant must understand the fundamentals of U.S. history and government. That's as it should be. Inhofe's measure would require that applicants also understand major legislation, court cases, the Federalist Papers and the Emancipation Proclamation. How many of today's Americans would pass that test?

To be sure, employers shouldn't put people who barely speak English into customer service positions. But as the immigration debate rages on, politics is trumping common sense. That's true in any language.

Contributing: This is one of an occasional series of editorials on immigration issues. View the previous editorials at editorialpage.usatoday.com.

Carter-Finley Workers Plead, Will Be Deported (RN&O)

By Jennifer Brevorka, Staff Writer

Raleigh (NC) News & Observer, June 7, 2006

RALEIGH - Six men arrested by federal immigration agents at Carter-Finley Stadium last month have pleaded guilty to entering the country illegally and will be deported, according to the U.S. Department of Justice.

Federal immigration agents accompanied troopers from the state Highway Patrol to a construction site at the stadium May 23 in hopes of finding a driver who had fled from an auto accident. When federal agents arrived, more than 50 workers in hard hats ran. Seven, including one juvenile, were arrested.

Federal agents later found the suspected driver, Reynalda Guitierres, 28, in Durham and charged him with illegal entry.

Justice Department officials said that the following men pleaded guilty to illegal entry and will remain in federal custody while they undergo the deportation process: Victorino Marquez-Hernandez of Mexico; Antolin Contreras-Maldonado of Honduras; Armando Hernandez-Penaloza of Mexico; Melvin Jovel-Hernandez of Honduras; Omar Miguel Barbosa of Mexico and Demetrio Huerta-Ordonez of Mexico. Agents also charged Marquez-Hernandez with possession of false immigration documents.

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A Guatemalan teenager also was charged with illegal entry and possession of false immigration documents, but his case was continued, officials said. They did not release his name.

TAX:

Estate Tax Showdown Is Splitting The G.O.P. (NYT)

By Edmund L. Andrews

The New York Times, June 7, 2006

WASHINGTON, June 6 — Senate Republicans, pushing once again to abolish the estate tax on inherited wealth, are split about whether to push for a full repeal that would probably fail, or seek a more cautious compromise with Democrats that could pass.

Permanently repealing the estate tax, or what Republicans have branded the "death tax," is a priority for President Bush and many Republican lawmakers.

But Senate leaders, vowing to schedule a vote for full repeal on Thursday, have yet to line up the 60 votes they need to prevent a Democratic filibuster. Indeed, with public approval ratings declining for Mr. Bush and the Republicans, party leaders face at least as much opposition from Democrats today as they did last summer.

In what is either a shrewd game of chicken or an effort to inflame the passions of crucial Republican constituencies, the Senate majority leader, Bill Frist of Tennessee, has made little effort to strike a compromise with conservative Democrats that would greatly reduce but not fully abolish the tax.

"Senator Frist is for full repeal, first and foremost," a spokeswoman for Mr. Frist, Carolyn Weyforth, said. "Until we've had the cloture vote, any talk of a compromise is premature."

The strategy has divided Republicans. Senator Charles E. Grassley of Iowa, chairman of the Senate Finance Committee, told reporters on Monday that the Senate could easily pass a bill that eliminated the estate tax for all but a tiny slice of the nation's richest families.

Senator Jon Kyl, Republican of Arizona, has been trying for more than a year to woo Democrats from conservative states.

On Tuesday, Mr. Kyl circulated a proposal that would eliminate the tax for any estate worth less than $5 million and reduce the current rate for bigger estates.

Proponents said that repeal of the tax would promote savings and investment and eventually create jobs, as Americans would have more incentive to build businesses if they could keep the wealth within their families.

Critics say the estate tax as it is now reduces some of the nation's economic inequality, and they insist that its repeal would benefit the very wealthiest families at a time when the government is running large budget deficits.

Most polls show that a slim majority of voters support a repeal of the tax, especially when it is called the "death tax." But the tax affects less than 2 percent of all estates — most of which belong to very rich families — and repeal would be expensive.

Full repeal would cost more than $600 billion over 10 years, according to the Congressional Joint Committee on Taxation, although supporters insist the actual cost would be much lower.

The full cost would start to hit the Treasury in 2011 — the same year that the nation's oldest baby boomers will turn 65 and start a sharp rise in spending on Social Security and Medicare.

But opponents of the estate tax, including hundreds of thousands of small-business owners and a well-financed national network of grass-roots advocates, are running television ads in states with Democratic senators like Montana, Louisiana and North Dakota. They have also been campaigning in Maine, whose two moderate Republican senators are reluctant to support full repeal.

The issue could be crucial to the political career of Mr. Frist, who is weighing the possibility of running for president in 2008. He vowed to force a vote last summer, but retreated after it became clear that he could not prevent a filibuster.

Mr. Frist now appears to be going for broke: instead of seeking a compromise that might win over a handful of crucial Democrats, he is pushing for a permanent repeal of the estate tax.

Though Republican aides say Mr. Frist has not closed off the possibility of a compromise, the senator has pointedly refused to schedule any floor time for debate about alternatives in the event that his own effort fails.

As part of Mr. Bush's tax cut of 2001, the estate tax is scheduled to gradually phase out and disappear altogether in 2010 but then return in full the very next year.

Mr. Bush has long called for making his tax cuts permanent, but the estate tax has generated an emotional intensity far greater than most other issues.

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"The president's position has been clear, and it is that we should eliminate it altogether," said Edward P. Lazear, chairman of the White House Council of Economic Advisers, in an interview on Tuesday.

"Keeping tax rates down on estates is just another way of not impeding the incentives to save and invest," Mr. Lazear said. "We're already consuming at very high rates, and our savings rate is very low. We don't want to bias the system any more than we already are."

Business groups are pushing hard to make the repeal permanent, focusing on a handful of Democratic senators from states that lean Republican.

The targets are the two Democrats from Arkansas, Senator Blanche L. Lincoln and Senator Mark L. Pryor, as well as Senator Mary L. Landrieu of Louisiana and Senator Max Baucus of Montana.

Mr. Baucus, the senior Democrat on the Senate Finance Committee, has offered his own proposal for scaling back the inheritance tax. Under one proposal he circulated — which was rejected by Republicans as too modest — estates worth less than $3.5 million would be exempt from any tax.

Mr. Baucus has been quiet in recent days, but aides said he was still open to proposals for a compromise that he could sell to other Democrats.

A handful of moderate Republican senators are likely to oppose a full and perhaps even a partial repeal of the estate tax. They include John McCain of Arizona, George V. Voinovich of Ohio, Lincoln Chafee of Rhode Island and the two senators from Maine, Olympia Snowe and Susan M. Collins.

Ardent opponents of the estate tax, who have campaigned for more than a decade on the issue, say their time is hand.

"We're going for full repeal and we're pushing hard," said Dick Patten, executive director of the American Family Business Institute. "I'm very optimistic."

Mr. Patten's group, which claims 1,900 members who own family companies, is spending more than $1 million on television ads in 11 states. Some ads try to strike a bipartisan feel, quoting Republicans, Democrats and the economist Milton Friedman on how the estate tax hurts family-owned companies.

Another ad aims to pressure Mr. McCain, who voted against a permanent repeal of the estate tax in 2001.

"American family business owners and farmers are counting on John McCain, counting on him to keep his promise," said one television commercial that was broadcast in Arizona.

Aides to Senator Snowe of Maine said they had been under heavy pressure from both sides. On Tuesday, even as Mr. Patten's group was still running ads in favor of repeal, a group called the Maine People's Alliance brought a giant replica of a silver spoon and staged a news conference opposing repeal just outside her Senate office.

Frist Wants Estate Tax Repeal On Agenda (AP)

By Mary Dalrymple

The Associated Press, June 6, 2006

WASHINGTON - GOP leaders on Tuesday put abolition of the federal estate tax on the Senate's election-year agenda as other senators weighed ideas to shrink, but not erase, the tax.

President Bush's tax cuts eliminated the estate tax in 2010, but that temporary law expires, and the tax comes back to life, one year later.

Republicans have been unable to maneuver a bill permanently repealing the tax past Democratic objections. That has prompted Sen. Jon Kyl, R-Ariz., and others to broker a compromise aimed at curbing the tax during the next decade.

The effort has attracted interest, and generated a flurry of ideas, from a small group of Republicans and Democrats interested in curbing the tax and getting rid of the quirky law that repeals and resurrects the levy.

"I think it's important that we put this issue to rest so that people will know what the rules are," said Sen. Susan Collins, R-Maine.

Kyl told other GOP senators Tuesday that common ground might be found by increasing the size of an estate exempt from taxation to $5 million per person or $10 million per couple, according to GOP aides familiar with the proposal speaking on condition of anonymity while negotiations continued.

His idea would tax estates between $5 million and $30 million equal to the top tax rate for most capital gains. The remainder of the largest estates would be taxed at 30 percent, those aides said.

Kyl offered the idea as senators, Republican and Democratic, said proposals for progressively taxing estates were gaining more support than plans taxing all estates at one, lower rate.

Sen. Trent Lott, R-Miss., said talks among senators interested in a compromise seemed to be moving toward a structure that includes at least two different estate tax brackets.

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Sen. Ben Nelson, D-Neb., said "stair-stepping" the rates "brings on folks who otherwise would think that was too much of a giveaway."

"Of course, the question arises, what are the numbers?" he said.

This year, the first $2 million of a person's estate, or $4 million per couple, is exempt from taxation and the remainder is taxed at rates as high as 46 percent.

The first step toward considering either a complete repeal, or a compromise shrinking the tax, would come Thursday. Senate Majority Leader Bill Frist, R-Tenn., planned a pivotal vote to test support for moving ahead with a bill, already passed by the House, to repeal the tax. He would need 60 votes to succeed.

Vote-counters on both sides express optimism they will prevail but caution that some senators probably will not commit until required to cast a vote.

Proposals to shrink instead of repeal the estate tax have gained some traction among senators worried about budget deficits amid spending on the war in Iraq.

Sen. Mary Landrieu, D-La., who has supported repealing the tax in the past, is interested in a compromise given pressing demands on federal spending, including cleanup and reconstruction after Hurricane Katrina.

At least two GOP senators, George Voinovich of Ohio and Lincoln Chafee of Rhode Island, say the government's finances cannot support any reduction in estate taxes at this time. Both plan to vote against Frist's effort to start debate.

Some groups lobbying to completely repeal the tax say the effort to compromise gives up the fight before testing the waters for abolishing the tax.

"It disappoints me that they want to compromise before we've actually had the vote on repeal," said Dick Patten, executive director of the American Family Business Institute.

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On the Net:

U.S. Senate: http://www.senate.gov

How Tax Code Change Affects Overseas Workers (WSJ)

The Wall Street Journal, June 7, 2006

In your May 24 editorial "Lost in Taxation," you are confused about how a recent change to the federal tax code will affect some Americans working overseas. The change concerned the foreign earned income exclusion under section 911 of the tax code. You imply 4.1 million Americans could be affected, but according to the most recent available IRS data, 306,393 tax returns claimed the benefits of section 911 in 2003. Of those returns, only 125,894 actually had any U.S. tax liability after the benefits.

Like all U.S. citizens and taxpayers, expatriates are protected from double taxation primarily by the foreign tax credit mechanism. The section 911 exclusion, on which you focus, is secondary. In fact, to gain the benefits of excluding all or a portion of their foreign income from their taxable income in the U.S., section 911 beneficiaries opt out of foreign tax credit relief on the excluded income. For those working in countries that impose little or no tax on this income, section 911 actually allows expatriates to avoid taxes altogether on this income. Prior to the change enacted recently, those working in countries with higher taxes would elect section 911 not to avoid double taxation on their foreign income, but to have their other income, including U.S. income, taxed at lower marginal tax rates than taxpayers living and working in the U.S. with the same economic income.

Expatriates will continue to have a better deal than their domestic counterparts. Through section 911, individuals can still exclude a sizable amount of income that those living and working in the U.S. cannot exclude. Also, American workers abroad who claim section 911 benefits will be taxed at the same rates as domestic workers with the same income. And the subsidy for housing costs is brought in line with other U.S. government-sponsored housing programs.

Sen. Chuck Grassley (R., Iowa)

Chairman, Committee on Finance

Washington

CONGRESS-ADMINISTRATION:

White House Renews Push For Nominees (HILL)

By Alexander Bolton

The Hill, June 7, 2006

DOJ_NMG_0032673

White House officials are making a concerted effort to cooperate with outside conservative groups to support and defend President Bush's nominees to the federal bench, and they are also planning to work more closely with the Senate on confirming the nominees.

The greater focus on judges comes in the wake of privately expressed criticism from conservative leaders that the White House and the GOP-controlled Senate were doing little to defend high-profile nominees such as William "Jim" Haynes and Terrence Boyle, both picked for the 4th U.S. Circuit Court of Appeals, from attacks by liberals.

The White House and Senate Republicans offered spirited defenses of prior embattled nominees, such as Priscilla Owen, who now sits on the 5th U.S. Circuit Court of Appeals, and Janice Rogers Brown, who is a member of the D.C. Circuit Court. But since their confirmations and the Supreme Court confirmations of Chief Justice John Roberts and Justice Samuel Alito, GOP leaders have done little to defend other controversial nominees.

The lack of an organized defense of languishing nominees such as Haynes, Boyle and William Myers, a nominee to the 9th Circuit, prompted former clerks of the nominees and conservative activists to take matters into their own hands. Boyle's former clerks, many of whom are now prominent lawyers, joined together on their own accord to defend him from accusations that he acted improperly while a district-court judge.

Conservative activists and intellectual leaders, such as Sean Rushton, executive director of the Committee for Justice, and Professor John Yoo of the University of California at Berkeley, also began laying plans to form committees to defend other embattled nominees. Yoo was in the national spotlight earlier this year during the Alito hearings because of his writings on the legal theory of the unitary executive, which Bush has used to justify his wartime powers.

But since the Senate confirmation of Brett Kavanaugh to the D.C. Circuit Court of Appeals two weeks ago, the White House has begun to take a more active role in defending the nominees. For example, talking points circulated at the end of last week defending Boyle from accusations that he did not recuse himself from cases where he may have had conflicts of interest were written in the signature style of the White House and its ally the Republican National Committee. And administration officials are also working more closely with conservative activists to defend the nominees. Also, the Department of Justice is crafting a memo on Boyle's conduct as a judge and activists close to the White House such as Edward Whelan, president of the Ethics and Public Policy Center who authored a recent article in the conservative Weekly Standard, are stepping up their advocacy on behalf of the judicial nominees.

"I sense that," said Sen. Jeff Sessions (R-Ala.), a member of the Senate Judiciary Committee, when asked yesterday if he noticed more effort by the White House to support the judicial nominees. He added that he met with Boyle and a White House aide Monday in a meeting he said he assumed was set up by the administration.

"I guess that represents a stepping up and talking about judges," Sessions acknowledged.

Sessions also said that conservatives are right to be concerned about the lack of action by Senate Republicans to defend the nominees, something he attributed to distractions caused by the busy schedule and big political issues such as immigration reform.

"I think it's time to get more serious in defending the nominees," he said.

Sen. Jim DeMint (R-S.C.), a rising star in the upper chamber's conservative circles, said that the White House is working more closely with Senate Majority Leader Bill Frist (R-Tenn.) on the judicial nominees.

"We've got to get moving faster on judicial nominees," said DeMint, who added that Frist has told him judicial nominees are a priority.

A White House official said that several of the nominees have sat in the Senate for a long time and that the administration is asking senators to make a decision about whether to confirm them or not, whether to "fish or cut bait."

The greater cooperation between the White House and conservative groups comes several weeks after White House political adviser Karl Rove and counsel Harriet Miers told conservatives in a private meeting that they would begin sending more judicial nominees to the Hill. But so far few nominees have been sent.

The White House official said that to the extent there is a push on judges it is an effort to wrap up background checks on judicial nominees and send them to the Senate more quickly. The effort is a direct recognition that the window of opportunity for getting nominees confirmed in the Senate may be closing as Election Day and the end of the 109th Congress approaches.

Sen. Lindsey Graham (R-S.C.), a member of the Judiciary Committee, has come under heavy fire from conservatives for blocking Haynes's nomination.

Yesterday, nearly 80 prominent conservative leaders including David Keene, chairman of the American Conservative Union; Paul Weyrich, chairman of Coalitions for America; Manuel Miranda, chairman of the Third Branch Conference; and Saul Anuzis, chairman of the Michigan Republican Party, delivered a letter to Graham rebuking him for "effectively blocking" Haynes's nomination in the Judiciary Committee.

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"We understand that you and Senator [John] McCain [R-Ariz.] have concerns about the Bush Administration's policies on prisoners captured in the War on Terror, and about Mr. Haynes's role in implementing those policies at the Defense Department," the conservative leaders wrote.

Graham defended himself yesterday by saying that he is not blocking Haynes in committee and arguing that the conservative leaders who signed the letter do not represent all conservatives. But Graham refused to say whether he would cast a crucial vote to pass Haynes out of committee.

A Different Judicial Battle (WSJ)

Wall Street Journal, June 7, 2006

The Senate is back in session, and we'll soon see if Republicans are serious about confirming President Bush's nominees for the appeals courts. Majority Leader Bill Frist kept his promise to confirm Brett Kavanaugh to the D.C. Circuit before Memorial Day, after he'd waited three years for a vote.

So who's next? Mr. Frist wanted to move Fourth Circuit nominee Terrence Boyle by Memorial Day too, but no go. A federal judge in North Carolina, Mr. Boyle has the honor of waiting longer than any appeals-court nominee in history for a floor vote. He was in Mr. Bush's first group of nominees announced on May 9, 2001 and was first nominated by Mr. Bush's father in 1991, though Democrats denied him a vote.

Democrats now say they'll filibuster his nomination. They are distorting a couple of Judge Boyle's civil rights decisions and making conflict-of-interest allegations that add up at worst to minor infractions. But Republicans don't want a fight in an election year over race or ethics. And Judge Boyle's onetime Senate champion -- Jesse Helms -- has long since retired. A controversial nominee without an angel to guide him through today's polarized Senate is in trouble.

Which brings us to William "Jim" Haynes II, another stalled Fourth Circuit nominee. Mr. Haynes was named on September 29, 2003, had a hearing two months later, and was voted out of committee in March 2004. But don't blame this delay only on Democrats. Two Republicans -- Senators John McCain and Lindsey Graham -- are also causing the holdup.

Mr. Haynes is the Pentagon's general counsel, and his transgression is to have offered legal advice on the treatment of detainees in the war on terror. The big point of contention is his role in Defense Secretary Donald Rumsfeld's decision in December 2002 to allow "coercive" interrogation techniques against al Qaeda detainees at Guantanamo.

The Pentagon says Mr. Haynes offered legal analysis; his critics distort this to say he was instrumental in forging a policy that could be used to justify "torture." But there is no evidence that anyone condoned torture, and it was the CIA, not the Pentagon, that used "waterboarding" that critics cite as the most coercive sanctioned technique.

In any case, Mr. Rumsfeld rescinded his decision within six weeks after Pentagon lawyers took their concerns to Mr. Haynes, who then took them to Mr. Rumsfeld. Even if you believe the "coercive" techniques policy was a mistake, its reversal was due in no small part to Mr. Haynes, who did his duty of providing legal analysis. Mr. Haynes met with Senator McCain for an hour last month and agreed to answer written questions about the issue.

Senator McCain's anger over the Air Force's tanker deal with Boeing also unfairly extends to Mr. Haynes. As general counsel, Mr. Haynes had the job of reviewing and, in some cases, redacting the small library's worth of documents the Senator demanded. A McCain spokeswoman tells us that the Senator has not made a decision about whether to support the nomination.

It's hard to see how opposing Mr. Haynes would achieve anything except win the Senators some fleeting praise in the establishment media. It wouldn't impress GOP primary voters in Mr. Graham's home state of South Carolina, an important Presidential primary state in 2008 and home to many Haynes supporters. In defeating Mr. Haynes, Mr. McCain would mainly be validating those critics who want to punish anyone associated with the war in Iraq. Is this how a President McCain would treat his appointees who come under political fire for offering honest counsel?

There are 18 vacancies on the appeals-court bench -- 10% of the total -- and not many weeks left to fill them before election-year campaigning makes judicial confirmations next to impossible. Seven nominees are currently waiting for a hearing or vote. With Republicans in danger of losing Senate seats, if not their majority, now is the time to honor one of their campaign pledges from 2004 by confirming Mr. Bush's judicial nominees.

Boom Of The Judicial Canon (WP)

By Eric M. Weiss

The Washington Post, June 7, 2006

In Texas, calling someone a "spokesman" comes close to fighting words.

Take the case of the Honorable Nathan L. Hecht, a justice of the Supreme Court of Texas and a well-known conservative jurist. A longtime friend of White House counsel Harriet Miers, Hecht gave more than 120 media interviews during her failed

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Supreme Court nomination. Hecht coordinated strategy with White House aides and agreed to take media calls straight from the White House, according to a recent investigation.

He even joked to the Texas Lawyer newspaper that he was acting as "PR for the White House."

But a "spokesman?" No way, he told the Texas State Commission on Judicial Conduct, which last month admonished Hecht for his activities on behalf of Miers. The Texas Code of Judicial Conduct prohibits judges from doing anything to "advance the private interests of the judge or others."

Hecht said his actions did not promote Miers's nomination. He called a New York Times headline that described him as Miers's "spokesman" inaccurate and misleading, saying he had been "simply providing information to people who called."

(Some in Washington might argue that "providing information" is the opposite of what spokesmen for this administration do.)

Earlier this year, a panel of current federal appellate judges testified before Congress on behalf of then-Supreme Court nominee Samuel A. Alito Jr.

Senate Judiciary Committee Chairman Arlen Specter (R-Pa.) said there was no conflict of interest, even though a future Justice Alito could review the rulings of the same judges. At the time, Specter said Alito and the judges have "a confluence of interests," not a conflict.

Hecht said he will "vigorously contest" the admonition. "I believe that my statements on matters of national public interest did not offend canons of judicial ethics and were fully protected by the First Amendment," he said in a prepared statement.

Hecht, who said he and Miers have dated over the years, told the commission that his close relationship with the top White House lawyer "made it impossible for him to remain silent when asked by reporters to provide factual information about Miers' background, experience and views on religion and abortion."

Hecht told the commission he had not been speaking for his friend but had merely been "swept up in the task of providing information about [Miers] to those who asked for it."

So don't go calling him a "spokesman."

Battle Over Foreign-Aid Spending Heats Up (WSJ)

By Michael M. Phillips And David Rogers

The Wall Street Journal, June 7, 2006

WASHINGTON -- The Bush administration and Congress are headed for a clash over how to spend U.S. aid for the developing world.

President Bush's decision to consolidate billions of dollars in foreign-aid programs under the State Department puts him at odds with Congress's age-old prerogative of earmarking foreign-aid funds for favorite issues, such as immunizing children or encouraging sexual abstinence for AIDS control.

"Both Congress and the executive branch want to decide where the money goes, and there's a struggle between the two," says Steve Radelet, senior fellow at the Center for Global Development, a Washington think tank.

The brewing storm over foreign aid is the latest fight this year between a weakened White House and congressional Republicans eager to show independence going into November's elections. Lawmakers can't be too assertive, since lobbying scandals have called into question the practice of inserting earmarks into spending bills. But because foreign aid helps define the U.S. image overseas, Congress believes it must retain a major say.

At the center of the struggle is Randall Tobias, a former Eli Lilly & Co. chief executive who is now the country's first director of foreign assistance. With marching orders from Secretary of State Condoleezza Rice, Mr. Tobias is remodeling $16.6 billion in U.S. foreign-assistance programs to give the State Department more power to use aid to further American foreign-policy goals.

Under Ms. Rice's plan, State Department officials in Washington will identify their strategic priorities -- such as fighting terrorism and promoting economic growth -- in the 154 countries that receive U.S. aid. The U.S. ambassador in each country will determine which projects the U.S. will fund to achieve those goals. Mr. Tobias plans to have ambassadors in 35 countries test the approach this summer.

The administration is "trying to ensure we're bringing all U.S. government foreign aid into a strategic package," Mr. Tobias says. Right now, he says, foreign-aid decisions seem almost haphazard, a product of mandates from Congress and on-the-ground judgments by half a dozen U.S. agencies and departments.

Lawmakers, however, are loath to cede control. Sen. Sam Brownback (R., Kan.), a member of the Appropriations Committee, is drafting legislation that would require the administration to spend 50% of aid to Africa on such items as water wells, immunizations and teacher training. Mr. Brownback says he became disenchanted with how the administration is delivering foreign aid during a December trip to the Democratic Republic of Congo.

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"It was like you were just taking a lot of money and scattering it around, and there was nothing real at the end of the day," says Mr. Brownback, who is part of a growing pro-aid movement among American Christian conservatives.

Mr. Tobias's team recently assembled a two-page internal analysis of spending patterns in U.S. aid, which jumped to $27.5 billion in fiscal 2005 from $10 billion in fiscal 2000. The patterns, they found, imply that the five major priorities of American policy are promoting security interests in the Middle East, fostering post-Cold War partnerships with Eastern Europe, fighting AIDS in Africa, countering narcotics in the Andes and providing humanitarian relief.

Mr. Tobias and his team say that while those issues are important, together they don't seem to reflect a coherent strategy of leveraging aid into foreign-policy achievements. "Aside from Iraq and Afghanistan, our foreign-assistance priorities haven't changed at all" since the Sept. 11, 2001, attacks, says one administration official. Mr. Tobias says the solution is to concentrate more authority with the executive branch. The administration's overarching goal, according to State Department documents, should be "helping to build and sustain democratic, well-governed states that will respond to the needs of their people and conduct themselves responsibly in the international system."

The administration's approach has rattled the private charities that distribute much U.S. aid in the field. While officials at the charities are careful not to appear opposed to the idea of overhaul, many were upset that Ms. Rice didn't seek their views.

Behind the charities' concern is a suspicion that the administration might direct more aid to foreign allies in the fight against Islamic extremism, and away from the world's neediest. "Poverty alleviation and long-term development approaches should not be the casualties of shorter-term strategic objectives," says Todd Shelton, director of public policy for InterAction, an umbrella group representing more than 160 development charities.

Meantime, prominent lawmakers continue to force the administration's hand by earmarking aid money. Senate Majority Leader Bill Frist (R., Tenn.) helped set aside $200 million this year to be used for drinking-water supply projects, at least $50 million of which must be spent in Africa. Senate Majority Whip Mitch McConnell (R., Ky.) has set aside money for matters such as human-rights and refugee causes in Burma, as well as a small Kentucky-based nonprofit, Voice for Humanity, which has received millions of dollars over the years and is represented by a former McConnell aide.

The practice is a bipartisan one. Sen. Patrick Leahy (D., Vt.), had a hand in setting aside $15 million for "neglected diseases" that get less attention than AIDS, malaria and tuberculosis.

Mr. Tobias, who gets good marks from both parties, says he will gradually win Congress over as he did in his last job, running the president's huge AIDS initiative.

"My hope is Congress will see this strategic approach as a good substitute for a number of the earmarks we're dealing with today," he says.

Advice Is Not Well Taken (HILL)

By Bob Cusack

The Hill, June 7, 2006

Former House Speaker Newt Gingrich (R-Ga.) and a top Bush administration official urged Republican investigators on Capitol Hill to change how they conduct probes of the executive branch in a private meeting earlier this spring.

The unusual request infuriated some of the GOP aides, who countered that the administration has repeatedly failed to cooperate with their requests for information. The staffers expressed outrage that the meeting was even taking place, calling it inappropriate for a White House policymaker to tell investigators how to scrutinize the Bush administration.

“The meeting did not go well,” a GOP source said.

Others thought the forum was somewhat productive, but acknowledged it was bizarre.

While Republican aides expressed different reactions, the pleas by Gingrich and Office of Management and Budget (OMB) representative Clay Johnson have raised new separation-of-powers questions as lawmakers and White House officials iron out their differences over the FBI raid of Rep. William Jefferson’s (D-La.) office last month.

Democrats are seizing on the meeting as proof of the cozy relationship between the GOP-led Congress and the administration.

Jennifer Crider, spokeswoman for House Minority Leader Nancy Pelosi (D-Calif.), laughed when asked about congressional investigations of the administration, stating, “The GOP-led Congress has completely abdicated its oversight responsibility, and the American people are paying the price.”

Gingrich set up the meeting and asked Johnson, OMB’s deputy director for management, to attend. The former Speaker, who has not ruled out a presidential bid in 2008, communicates regularly with lawmakers and staffers on a wide range of policy issues.

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Some Republicans defend their oversight activities, noting their critical reviews of how the Department of Homeland Security (DHS) reacted in the wake of Hurricane Katrina as well as other investigations that showed poor performances by other federal agencies.

Johnson and Gingrich spoke at length about Congress's important oversight role but stressed that the focus should be on solving problems, not issuing press releases.

A few Capitol Hill officials say it is inconsistent for Gingrich to recommend that investigators move away from a "gotcha" mentality when he, as Speaker, ordered Republican lawmakers to hold rigorous oversight of the Clinton administration, adding that those probes were designed to embarrass the Democratic president.

Gingrich did not comment for this article.

Investigators asked Johnson about the timing of the meeting, but sources say those questions were not directly answered.

Some came away from the meeting believing there was an implied, unstated message: Ease up on oversight this election year.

In an interview yesterday, Johnson said, "It never occurred to me that it would be interpreted that way. We want more oversight, not less. We are for transparency."

But Johnson made clear to The Hill and to GOP aides that he believes oversight activities should be done differently. He favors monthly, collaborative meetings between the OMB and oversight officials instead of lawmakers' holding "gotcha" hearings.

"Let's set up an action plan to solve the problem," Johnson said. "Let's not just leave it at 'I've embarrassed these [administration] people, and that's my only goal.'"

Johnson also took issue with how lawmakers pose questions to administration officials during congressional hearings, saying that some the questions "are not constructive in their wordings."

James Thurber, director of the Center for Congressional and Presidential Studies at American University, called Johnson's advice strange and comical.

"I find it interesting to have an administration official lecturing people that are overseeing what they are doing," Thurber said.

Thurber, a critic of GOP oversight of the administration, said Republican investigators "get nothing out of OMB."

Asked for comment about how aides described his advice as bizarre, Johnson said, "If they took offense, I'm sorry they took offense. … I would suggest they're wrong."

Johnson cited testimony from Comptroller General David Walker criticizing congressional oversight of the executive branch and similar testimony from former House Majority Leader Dick Armey (R-Texas).

Congressional investigators "should talk to Walker and Armey," Johnson said.

Congressional aides say that Johnson meant well but that they are frustrated by what they perceive to be his view that the OMB can adequately oversee the activities of all federal agencies.

"The whole attitude of 'We're good' is annoying," a congressional aide said.

Capitol Hill aides say that if the Bush administration is sensitive about oversight now it could be in for a rude awakening in the 110th Congress. Political analysts predict that there is a decent chance that Democrats may take control of at least one of the chambers in the next Congress and the House is more likely to flip than the Senate.

A Democratic-controlled House is one of the administration's worst fears because Democrats would likely issue dozens, if not hundreds, of subpoenas in the course of their oversight investigations of the Bush administration. The minority party in each chamber lacks subpoena authority.

Republican investigators from the House and Senate attended the Gingrich-Johnson meeting. No lawmakers were present, and Democratic staffers were not invited. Some investigators in both chambers said they were unaware of the meeting.

Staffers for Senate Finance Committee Chairman Chuck Grassley (R-Iowa), regarded as the most aggressive oversight-oriented lawmaker, did not attend the Johnson-Gingrich meeting.

In a 2004 interview with The Hill, Grassley said the administration regularly gets irked by his oversight initiatives: "They see it as a Republican picking on a Republican. It's no different [from] when [former President] Clinton was in. The difference is that when I did it in the Clinton administration, I didn't get help from Democrats. When I do it with a Republican president, I get a lot of help out of Democrats, and that compounds [the administration's anger]."

Democrats Guard Legislative Power (RC)

By Jennifer Yachnin

Roll Call, June 7, 2006

Angered over recent media reports that President Bush has effectively disavowed hundreds of laws enacted during his tenure, a handful of House Democrats are now pushing measures to shore up Congress' legislative authority.

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Citing concerns over maintaining a clear Separation of Powers between the legislative and executive branches, Reps. Barney Frank (D-Mass.) and Sheila Jackson Lee (D-Texas) introduced separate bills shortly before Memorial Day.

Both Democrats, as well as Rep. Ed Markey (D-Mass.), who co-authored Frank's bill, have criticized White House use of "signing statements," a practice that allows the president to attach an official declaration to newly enacted laws, and one historically used as a legal interpretation for executive branch agencies.

But in those statements, printed in the Federal Record, Bush also has asserted that he holds the power to ignore provisions of law that he believes are in conflict with the Constitution, essentially setting aside at least portions of those laws.

According to a late-April report in the Boston Globe, Bush has issued more than 750 such statements during his six years in office, more than the total number issued by all other commanders in chief in the nation's history.

On Monday, Frank criticized the use of signing statements and characterized the declarations as "a line-item veto over legislation."

"Bills are often carefully worked out so they modify provisions and how they operate," as well as to win support from lawmakers, Frank said. "What's he's doing is basically saying, 'I'll take the parts that I want, and I'll disregard the other parts.'"

While it is not possible for Congress to prohibit the president from issuing signing statements — under the Constitution the president is charged with the execution of laws — Frank said he would like to curb the process.

"We would like to try and stop them," Frank said. "It is not constitutionally possible for [Congress] to prevent them."

Under the Massachusetts lawmaker's proposal, any time the president issues a signing statement setting aside a newly enacted law, the White House would be required to notify Congress within 10 days and include an explanation for the decision. In addition, the proposal would require the White House to provide lawmakers with the text of those statements issued before the passage of Frank's bill.

The measure also would create a series of expedited procedures for Members to introduce a bill or resolution responding to the signing statement. "If [the president] gets what he wants with modifications ... we should then have a chance to take back what he wants," Frank said.

Members also could request a report from the office of the House general counsel outlining any legal challenges that could be raised by an individual lawmaker.

An alternate proposal introduced by Jackson Lee in late May, the Congressional Lawmaking Authority Protection Act, also aims to reduce the use of signing statements, but it would do so by essentially refusing the proclamations of any authoritative power.

Under the Texas lawmaker's legislation, federal, state and independent agencies, as well as federal and state courts, would be prohibited from giving any legal significance to signing statements when interpreting federal laws.

In addition, the measure would bar the use of federal funds for signing statements that contradict "the intent of Congress" in enacting the law.

"Presidential signing statements seek to alter Congress' primacy in the legislative process by giving the President's intention in signing the bill equal or greater standing to Congress' intention in enacting the bill," Jackson Lee said in a May statement. "This would be a radical, indeed revolutionary, change to our system of separated powers and checks and balances."

Jackson Lee's measure effectively would force the White House to issue a veto, rather than resort to a signing statement. Bush has yet to issue a veto well into his second term in office.

While Frank's legislation has been assigned to the House Rules and Judiciary panels, and Jackson Lee's measure has been assigned to the House Government Reform Committee, no hearings are scheduled yet on either proposal.

In the Senate, Judiciary Chairman Arlen Specter (R-Pa.) has suggested his panel could hold a hearing on the use of presidential signing statements, but similar legislation has yet to be introduced in that chamber.

Frank noted: "Given the contempt this administration has shown for the process, hearings are a good first step if there's a likelihood they will lead to something."

Data Theft Affected Most In Military (WP)

By Ann Scott Tyson And Christopher Lee

Washington Post, June 7, 2006

Social Security numbers and other personal information for as many as 2.2 million U.S. military personnel -- including nearly 80 percent of the active-duty force -- were among the data stolen from the home of a Department of Veterans Affairs analyst last month, federal officials said yesterday, raising concerns about national security as well as identity theft.

The department announced that personal data for as many as 1.1 million active-duty military personnel, 430,000 National Guard members and 645,000 reserve members may have been included on an electronic file stolen May 3 from a department

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employee's house in Aspen Hill. The data include names, birth dates and Social Security numbers, VA spokesman Matt Burns said.

Defense officials said the loss is unprecedented and raises concerns about the safety of U.S. military forces. But they cautioned that law enforcement agencies investigating the incident have not found evidence that the stolen information has been used to commit identity theft.

"Anytime there is a theft of personal information, it is concerning and requires us and our members to be vigilant," Pentagon spokesman Bryan Whitman said. He said the loss is "the largest that I am aware of."

Army spokesman Paul Boyce said: "Obviously there are issues associated with identity theft and force protection."

For example, security experts said, the information could be used to find out where military personnel live. "This essentially can create a Zip code for where each of the service members and [their] families live, and if it fell into the wrong hands could potentially put them at jeopardy of being targeted," said David Heyman, director of the homeland security program at the Center for Strategic and International Studies (CSIS).

Another worry is that the information could reach foreign governments and their intelligence services or other hostile forces, allowing them to target service members and their families, the experts said.

"There is a global black market in this sort of information . . . and you suddenly have a treasure trove of information on the U.S. military that is available," said James Lewis, director of technology and public policy at CSIS.

One defense official, speaking on the condition of anonymity because of the sensitivity of the matter, called the extent of the data loss "monumental."

The new revelations significantly increase the potential harm from what was already one of the largest data breaches in U.S. history. On May 22, VA disclosed that an external computer hard drive was stolen May 3 from the home of a VA employee and that it contained unencrypted names and birth dates for as many as 26.5 million veterans who were discharged after 1975 or submitted benefit claims. It also included Social Security numbers for 19.6 million of those veterans, VA officials said.

Initially VA thought that all of the 26.5 million people affected were veterans, but a database comparison revealed that they also included the bulk of active-duty military services, as well as more than 1 million members of the National Guard and reserves.

Montgomery County police released a description yesterday of the stolen laptop and its external hard drive because they said it may have been purchased by someone who does not realize the value of its content. "It could have shown up at a yard sale or a secondhand store," police spokeswoman Lucille Baur said. "This is a time of the year when parents may be buying computers for kids going to college in the fall."

Montgomery County police are offering a $50,000 reward for information that allows authorities to recover the laptop. The computer is a Hewlett-Packard model zv5360us and the external hard drive is an HP External Personal Media Drive.

The Washington Post is not publishing the name of the career data analyst whose laptop was stolen in response to a request from law enforcement authorities who are investigating its disappearance.

The breach outraged veterans -- even more so because senior VA officials knew about the theft within hours of the crime but did not tell VA Secretary Jim Nicholson until 13 days later. The 60-year-old analyst, who had been taking home sensitive data for at least three years without authorization, has been fired, officials have said. His boss resigned last week and another senior VA official is on administrative leave pending investigations by the FBI, the VA inspector general and Montgomery County police.

A coalition of veterans groups filed a class-action lawsuit against the federal government yesterday, contending that privacy rights were violated and seeking $1,000 in damages for each affected veteran.

The lawsuit, filed in U.S. District Court in the District of Columbia, demands that VA fully disclose who was affected by the theft, and asks a court to prohibit VA workers from using sensitive data until safeguards are in place. Burns said the department does not comment on pending litigation. He said VA has received no reports of stolen data being used for identity theft or other criminal activity.

VA receives records for every new recruit because active-duty personnel, National Guard members and reservists are eligible for certain VA benefits, such as GI Bill educational assistance and the home-loan program.

"The department will continue to make every effort to inform and help protect those potentially affected, and is working with the Department of Defense to notify all affected personnel," Nicholson said.

Rep. Lane Evans (D-Ill.), ranking member of the House Veterans' Affairs Committee, said yesterday that he was "appalled" at the data breach and called for a Government Accountability Office investigation into VA information security practices.

Research shows that it is not unusual for government employees to take home sensitive data on laptops, Lewis said. "The rules we have are either chaotic or nonexistent. . . . We still have a paper rules government when we are a digital nation."

Stolen Computer Had Data On More Troops (USAT)

USA Today, June 7, 2006

A stolen Veterans Affairs laptop computer had personal data on about 2.2 million current members of the military, not just the 50,000 initially reported, the Pentagon said Tuesday. The stolen data include the names, birth dates and Social Security numbers of as many as 1.1 million active-duty troops from all the armed forces and nearly 1.1 million National Guard and Reserves personnel, according to a Pentagon briefing paper distributed to Congress.

The disclosure is the latest revision by the government as to who was affected when burglars took a government laptop and disks from the home of a VA employee on May 3. The VA said when it disclosed the theft May 22 that the data involved up to 26.5 million veterans discharged since 1975, as well as some of their spouses.

Meanwhile, a coalition of veterans groups charged in a federal class-action lawsuit in Washington that their privacy rights were violated by the theft. The suit demands that the VA fully disclose which military personnel are affected and seeks $1,000 in damages for each. VA spokesman Matt Burns declined to comment.

Police in Montgomery County, Md., where the burglary occurred, are offering a $50,000 reward for the return of the stolen Hewlett-Packard computer gear.

Nigerian Vice President Atiku Abubakar sought as much as $500,000 and a stake in a technology venture in his country, Rep. William Jefferson, D-La., told an FBI informant, according to court documents filed in a bribery probe of the congressman. Jefferson allegedly said he delivered "African art," which authorities say was code for cash, to the Potomac, Md., home of Abubakar's wife late on July 31.

The details were in an affidavit for a federal court warrant to search the house. The affidavit was filed in August and unsealed Monday.

His lawyer, Edward Weidenfeld, said Abubakar did nothing wrong and is cooperating with authorities.

The FBI said in a different affidavit reported earlier that Jefferson took a $100,000 bribe. Jefferson, who has not been charged, has denied wrongdoing.

House GOP Seeks To Keep Promise On Earmarks (RC)

By Kate Ackley

Roll Call, June 7, 2006

Although House leaders have yet to appoint Members from their chamber to smooth out differences between House and Senate lobbying reform bills, they are working to make good on their pledge to appropriators that any new earmark disclosures apply equally to all committees.

A GOP leadership aide said that Republican leaders are working with each of the relevant committees to find a way to make earmark disclosures uniform for any bill that contains earmarks.

"We need to have that uniform," said this aide. "We are working committee by committee."

In order to get enough support to pass the lobbying and ethics reform legislation, House leaders pledged that any bill would contain disclosure of earmarks, including those in tax-writing and authorizing measures — not just in appropriations bills.

A spokesman for House Majority Leader John Boehner (R-Ohio) said that the commitment on earmarks remains.

"They're committed to ensuring that earmark reform applies to every committee," said Kevin Smith.

Another House GOP leadership aide said that the Speaker's office hasn't fully decided whether conferees from the House will be selected this week but added that discussions are taking place at the staff level.

"They have found a lot of common ground," the aide said. "More common ground than differences."

Several sources in Congress and on K Street said they have not detected a sense of urgency from House leaders on appointing conferees.

Jo Maney, a spokeswoman for House Rules Chairman David Dreier (R-Calif.) said that "things are being discussed at a staff level," but she declined to go into specifics. She also said that since Speaker Dennis Hastert (R-Ill.) is the one who must appoint conferees, she didn't know when that is likely to happen.

Hastert spokesman Ron Bonjean said conferees have not been selected but could come this week.

Fred Wertheimer, president of campaign finance and lobbying watchdog group Democracy 21, said there is much speculation about House leaders not wanting to appoint conferees until the House and Senate have worked out most of their differences between the two bills. Wertheimer added that the two main differences involve reforms of 527 political groups and earmarks.

There is a procedural reason why it may make sense for the House GOP to delay the naming of conferees until the key issues are resolved.

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House rules say that 20 calendar days and 10 legislative days after conferees are appointed, Members can file motions to instruct. “That would mean that Democrats could go to the floor as much as they wanted to and pile on” motions, Wertheimer said.

One lobbyist said that such maneuvers can lead to “a series of embarrassing votes for rank-and-file Republican Members. The only way you appoint conferees is when you think you can work out a conference agreement” within that 20-calendar- and 10-legislative-days window.

House leaders, Wertheimer said, “made a commitment to the appropriators” that they would bring a bill to the House floor that includes earmark disclosure for all earmarks.

“Whether they can actually work that out remains to be seen,” Wertheimer said. “Who knows where Ways and Means and Transportation” — two of the key committees for tax and authorizing measures — are on the issue. “That probably is the toughest thing they have to work out,” he said.

Ianthe Jackson, spokeswoman for the House Ways and Means Committee, said she had not heard anything about earmark negotiations. A spokesman for the Transportation panel did not return a call seeking comment.

Senate Emphasis On Ideology Has Some In G.O.P. Anxious (NYT)

By Carl Hulse

The New York Times, June 7, 2006

WASHINGTON, June 6 — Though some Republican candidates may relish the Senate's current concentration on same-sex marriage and other ideologically charged topics, Senator Lincoln Chafee of Rhode Island is not among them.

"It may stir up my primary voters a little bit against me," said Mr. Chafee, a centrist Republican up for re-election. He opposes the push for a constitutional amendment to prohibit same-sex marriage and is under intense pressure to back a proposed amendment that would forbid flag burning. "I'm collateral damage."

Other Republicans, including some conservatives, say Mr. Chafee may not be the only potential victim of what they see as a misguided effort to appeal to social conservatives by staging votes intended primarily to make a point about the party's values. They say that voters are more concerned about the economy, health care and immigration, and that replaying the marriage debate in particular could do as much damage as good as Republicans fight to retain control of Congress.

"I don't think the problem is primarily with social conservatives," said Pat Toomey, a former Republican House member who now heads the Club for Growth, a conservative political action committee. "The problem I see is with economic conservatives who see out-of-control spending, huge deficits and that Republicans can't make the tax cuts permanent. The problem is on a different field."

Those who doubt the strategy are up against a long-held belief among Republican leaders that highlighting issues like same-sex marriage, flag desecration and abortion speaks to the party's convictions and carries concrete political benefits.

Proponents of the strategy say bringing up the issues now forces Democrats to cast votes that Republicans can use to demonstrate differences between the parties in an election year. They say the votes are important in re-energizing conservatives who have grown disaffected in the last year or two — a potentially vital step in a midterm election in which turnout is often low and races typically hinge on which side does better in turning out its base.

A poll released Tuesday showed a slide in support for President Bush among members of his party. The survey, by the Pew Research Center for the People and the Press, found Mr. Bush experiencing steep declines among those calling themselves moderate Republicans, with conservatives turning away from him as well, though more slowly.

The poll, based on a survey of 3,204 adults conducted from April 27 to May 22, found that Mr. Bush's support among moderate and liberal Republicans had declined to 56 percent from 81 percent in December 2004, immediately after his re-election, while conservative approval had fallen to 78 percent from 93 percent.

There are multiple reasons why Congress is taking up the issues now. The legislative calendar is relatively thin. The Senate majority leader, Bill Frist of Tennessee, who controls the Senate's schedule, has been trying to convince social conservatives that he is one of them in advance of a potential presidential bid. And while the leadership wants election-year votes on social issues, they do not want them too close to November in case they backfire.

Republicans skeptical of the value of pushing volatile social issues onto the agenda say the calculation is different when it comes to contentious economic issues, especially tax cuts. They say that taxes touch everyone's lives directly and that debating them helps to highlight what is at stake for individuals, in dollars-and-cents terms, in the November election.

As a result, there is much less debate among Republicans about the wisdom of forcing a vote in the Senate this week on the repeal of the federal estate tax, an issue that ranks at or near the top of the wish lists of economic conservatives.

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The politics are not so clear-cut when it comes to social issues. Even Republicans who see an advantage in the marriage proposal say it is politically risky in some respects and could complicate the re-election chances of endangered Republican incumbents in the Northeast and in other spots like South Florida.

Yet they defend the fight as necessary to solidifying the party's base before any effort to expand Republican appeal. And they say the issue could be used against Democratic incumbents in conservative states like Georgia and should help drive voters to the polls.

But the notion that social issues can influence turnout in a substantial way is a matter of some dispute.

Matthew Dowd, who was Mr. Bush's campaign strategist in 2004, said it was a myth that emphasizing same-sex marriage in battleground states like Ohio was critical to Mr. Bush's re-election. He said turnout patterns were comparable in states where same-sex marriage was a chief topic and where it was not.

"If you vote on it, vote on it for principle, because it is going to have little or no benefit in an election cycle," Mr. Dowd said.

Even as they pressed their case Tuesday, Republican advocates of the same-sex marriage ban acknowledged that they were unlikely to prevail Wednesday in a vote to limit debate, effectively killing the marriage amendment for the year. The House is still expected to consider its own version. Senate backers said they were slowly building support.

"There are very few significant issues around here that just come up and are passed in one year," said Senator David Vitter, Republican of Louisiana, who noted the increase since 2004 in the number of Senate Republicans who would vote for the proposed amendment. "It often takes a work in progress over several years to build toward success."

Senator Rick Santorum, Republican of Pennsylvania and a chief proponent of the marriage ban, conceded that the issue was one many Republicans could do without.

"I know in many meetings of our colleagues when the issue of marriage comes up, heads drop," Mr. Santorum said in a floor speech. "It is just an issue that people just feel uncomfortable talking about. It's something that maybe in some respects they feel like, why do we even have to? Why is this even an issue?"

Dismissing the idea that politics had played a role in the timing, he said Senate Republicans had decided to act because the institution of marriage was under threat, and court decisions were slow in coming.

But one Republican strategist, Ed Rollins, said it was a mistake for the president and Senate leaders to focus attention on a marriage ban now, in what could look like a panicked reaction to shrinking public support.

"What the president needs to do is look like a leader, not be somebody who looks like a politician who is overreacting to polls," Mr. Rollins said. "If anything, he is reminding people of what they don't like about the Republican Party."

It was clear that others in the Senate were ready to put the matter behind them, and they appeared to be getting their wish as the leadership set the vote for Wednesday.

"It is the leader's decision as to what the agenda should be," said Senator John McCain, Republican of Arizona, who opposes the amendment. "I just hope we get to the defense authorization bill as soon as possible."

Bush Chats With Children In Twin Cities Suburb (AP)

By Travis Coleman

The Associated Press, June 6, 2006

ST. LOUIS PARK, Minn. - First lady Laura Bush brought her get-involved message to Minnesota on Tuesday, visiting a community center that's been serving at-risk children for years.

Bush spoke to more than 20 children in the library at the Meadowbrook Collaborative, then examined crafts and played a game that gathered people in a circle to flap the edges of a large sheet.

The brief visit was intended to promote the federal program known as Helping America's Youth.

"This is a really great example of what communities can do when they work together," Bush said.

Meadowbrook offers health, education and safety programs to children in the area. That includes homework help, student attendance tracking, and free dental services and immunization clinics. The collaborative, formed in 1993, is credited with reducing crime in its part of this western Twin Cities suburb.

The children introduced themselves to Bush, showed her artwork, and talked about school. Bush capped her visit by sharing refreshments and cookies before heading to a fundraiser for Minnesota GOP Senate candidate Mark Kennedy.

Afterward, 9-year-old Collin Reece said it was the first time he'd ever met someone important. "This was, like, the best thing to ever happen to me," he said excitedly.

Collin's mother, Crystal Harshe, said she is a single parent who works, so she appreciates Meadowbrook for keeping kids safe and helping them with homework.

"It's awesome," she said. "They really take care of the kids."

Rikardo Thales, 8, said he likes coming to the center for help with his math homework - but also to mix in a little fun.

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"I like 100 percent of it," he said.

Earlier Tuesday, Bush promoted the federal program at a gathering in Indianapolis of hundreds of clergy, social workers, teachers and others. It was the first of several regional conferences for Helping America's Youth.

ON THE NET

Helping America's Youth: http://www.helpingamericasyouth.gov

Government Opens Drive To Offer New Hires Flexibility In Work Locations And Schedules (WP)

By Stephen Barr

The Washington Post, June 7, 2006

The president's chief civil service adviser yesterday rolled out a new approach to hiring the next generation of federal workers, part of an effort to help agencies better compete for talent in the labor force as baby boomers leave the government.

Linda M. Springer , director of the Office of Personnel Management, launched a "career patterns" initiative aimed at making the government a more attractive employer by offering increased flexibility and better work-life balance to potential hires who are less interested in the traditional 9-to-5 job and 30-year federal career.

The initiative seeks to take many workplace practices in use across government -- telecommuting, nonstandard work hours, part-time work -- and treat them as natural employment options rather than as exceptions.

The OPM outlined several scenarios in a briefing book on the initiative. Agencies should consider it normal, the OPM said, to hire mid-career technology experts to spend a few years on a breakthrough project and then rotate them back into industry or the nonprofit sector. Or to hire employees to rule on benefit claims who would work from home at any hour of the day or night rather than let their lives be defined by rush-hour commutes to work at a desk in an office.

Springer said a retirement wave across government -- projections show that 40 percent of the federal workforce will retire by 2015 -- will pitch agencies into a war for talent with corporations, consulting firms and other employers.

The career patterns initiative, Springer said, represents "an entirely different approach and entirely different way of thinking about how we go out and market to an increasingly competitive marketplace for talent." She said: "We can't just necessarily go out and do things the way we did in the past. . . . Everybody else is going to be out there very aggressively with new techniques and new methods."

Springer convened a group of federal hiring officials for the launch of the OPM campaign and suggested that in the future, as many as half of the jobs in the government might be suitable for nontraditional work arrangements.

"We've got to be open to thinking about a wide range of arrangements," Springer told the group, which included Dan Blair , the OPM deputy director; Marta Brito PÃ©rez , an OPM associate director; George Nesterczuk , recently named by the president to be vice chairman of the Federal Salary Council, an advisory group on locality pay adjustments; and Max Stier , president of the nonprofit Partnership for Public Service.

Officials from the Patent and Trademark Office, Interior Department and the OPM presented testimonials on how they have managed to reshape jobs to benefit the government and employees.

The PTO, for example, has 4,000 patent examiners and plans to hire 1,000 examiners this year to help reduce a backlog in patent applications, said Vickers B. Meadows , the chief administrative officer. In March, the agency started training examiners on how to work at home, an arrangement offered employees in the trademark division for several years.

About 220 examiners have given up their office space and are working at home four days a week, and officials expect the number working from home to increase to about 3,000 by 2011, Meadows said.

Lauren Ailes , a budget analyst at the PTO, said flexible working hours at the agency had permitted her and her husband to care for a newborn without having to turn to day care.

Springer said the initiative will require agencies to report by Jan. 1 on their workforces and what types of jobs could be recast to appeal to the next generation of federal employees.Veto Threat on FAA Bill

Any legislation to change the rules for resolving contract disputes at the Federal Aviation Administration is strongly opposed at the White House, the administration said in a written statement. If Congress sends such a bill to the president, senior advisers will recommend a veto, the statement said.

The FAA on Monday, after a 60-day review period ended with no action by Congress, imposed a contract that would limit pay raises for air traffic controllers. A House bill sponsored by Rep. Steven C. LaTourette (R-Ohio) would set aside the statutory deadline and send the FAA and the National Air Traffic Controllers Association back to the bargaining table.

"Legislative intervention now could increase the pay of federal workers who are already on average the highest paid in government, increase pressure on the deficit, and displace funding for modernization of the air traffic control system," the administration said.

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Hank's Likely Headaches (WP)

By Robert J. Samuelson

The Washington Post, June 7, 2006

It's hard not to feel some sympathy for departing Treasury Secretary John Snow. He worked tirelessly for President Bush, trudging all over the country to plug the administration's policies. In 2005 Snow spoke at the Detroit Economic Club, the Omaha Chamber of Commerce and the Sony Technology Center in Mount Pleasant, Pa. For all his trouble, Snow earned only perfunctory public gratitude from the president and was subjected to repeated rumors that the White House was unhappy with his performance. Worse, he seemed to have had little effect on policy or the economy.

The same fate may befall Snow's anointed successor, Henry "Hank" Paulson, head of the highly profitable investment banking firm Goldman Sachs. Of course, it's not supposed to be this way. Paulson comes advertised as a Wall Street take-charge guy who will improve public economic confidence and reassert control over policy.

But how is that to happen? Unless he blunders badly, Paulson's role as chief economic spokesman doesn't matter much. Most Americans don't know the name of the Treasury secretary and don't care. What they care about is $3-a-gallon gasoline and 6.5 percent mortgage rates.

It's possible that Paulson will have more influence on policy than Snow had. As economist Roger Kubarych of HVB America points out, there's no shortage of challenges: trying to avert big bankruptcies (GM) in the auto industry; preventing disorderly shifts in global currency rates; curbing federal spending on retirement benefits; fixing the Pension Benefit Guaranty Corp., which insures defined-benefit pensions. The trouble is that Bush's positions on most issues are already set. Even if they weren't, many powerful interests -- Congress, the United Auto Workers, China, AARP -- may limit what Paulson can actually accomplish.

To excel as Treasury secretary, Paulson needs something no one wants: an economic crisis that enables him to act as hero, much as then-Treasury Secretary Robert Rubin (also once head of Goldman Sachs) and then-Federal Reserve Chairman Alan Greenspan did during the 1997-98 Asian financial crisis. Any new upset would spotlight Paulson (assuming the Senate confirms him) along with the new Fed chairman, Ben Bernanke. What are the odds of a crisis? Not great -- but not negligible, either. After three years of strong performance (5.3 million new jobs, 4.6 percent unemployment), the U.S. economy could be at a tipping point. Two problems loom: one traditional, one not.

The traditional problem is inflation. It's increasing, as it often does after a long business expansion. Strong demand allows companies to raise prices. Low unemployment puts upward pressure on wages. In the past 12 months, the consumer price index (CPI) has increased 3.5 percent. It's not just gasoline prices. So-called core inflation -- all items minus food and energy prices -- is 2.3 percent. By contrast, the CPI rose only 1.9 percent in 2003, and core inflation was only 1.5 percent.

All this creates a dilemma for the Fed. Since mid-2004, it has been raising short-term interest rates to stymie inflation by slowing the economy. That might be happening now. Housing construction and sales have weakened; consumer spending could follow. Should the Fed continue raising rates to ensure that inflation subsides? Or would that cause a sharp slowdown, even a recession?

The less traditional problem involves global financial markets -- markets around the world for stocks, bonds and currencies. Since April stock markets have declined. From their recent highs through last evening, the Dow is down 5.5 percent; the Nikkei (Tokyo), 12.4 percent; the Kospi (Seoul), 11.1 percent; and the Bovespa (Sao Paulo), 13 percent. Although these declines are not huge, they all happened together. Meanwhile, interest rates on bonds have risen, and the dollar has dropped against the euro and the yen.

It seems that national financial markets, once fairly compartmentalized, are increasingly interconnected and interdependent. Companies such as Goldman Sachs, mutual funds, pension funds and hedge funds (loosely regulated pools from small numbers of wealthy investors) can move money easily across borders and react to the same events.

The danger is that these two developments will interact to create a chain reaction in financial markets that damages the world economy. Investors worry that tighter credit in the United States -- and Europe and Japan -- will imperil expansion and expose speculative investment practices. Or the trigger could be huge trade imbalances (U.S. deficits, Asian surpluses), high oil prices, terrorism or protectionism against China, says economist Desmond Lachman of the American Enterprise Institute. Just last week the European Central Bank warned that hedge funds posed a "major risk" to financial stability.

As Treasury secretary, Paulson may be frustrated by long-standing problems that elude solution. Or he may grapple with a surprising crisis to prevent some greater calamity. With hindsight, people may conclude that Snow was fairly shrewd. He knew when to leave.

Rope-a-Senator (WP)

DOJ_NMG_0032685

The Washington Post, June 7, 2006

THE MOST disturbing thing isn't that Sen. Harry M. Reid (D-Nev.) accepted free ringside tickets to Las Vegas boxing matches, worth between several hundred and several thousand dollars each. It's that even when pressed the senator didn't see anything wrong with taking the freebies at the same time he was pushing federal legislation to oversee the industry. "I would be criticized if I didn't go," he said after the Associated Press broke the story. "It's just like going to an Ohio State football game, an Arizona State football game -- in Nevada, boxing is it."

Senate rules, which normally limit gifts to $50, don't bar more valuable presents from state and local governments, and the tickets in this case came from the Nevada Athletic Commission, a state agency. The rules don't even require that such gifts be disclosed, which reflects a problem with the rules, not with Mr. Reid's behavior.

Nor was Mr. Reid doing the athletic commission's bidding; to the contrary, he was pushing legislation it opposed, and there's no indication that he changed his position after attending the fights.

But commission officials were eager for an opportunity to lobby the senator -- and where better than ringside? This is the point of rules on gifts: It's unseemly for lawmakers to be accepting benefits from those who are trying to influence them on legislation. The Senate Ethics Manual cautions that lawmakers "should be wary of accepting any gift where it appears that the gift is motivated by a desire to reward, influence, or elicit favorable official action."

Sen. John McCain (R-Ariz.), who teamed up with Mr. Reid on the boxing legislation, got that point. As reported by the AP's John Solomon, Mr. McCain joined Mr. Reid at a championship fight in 2004 but paid $3,400 for tickets for himself and his wife. Mr. Reid explained the difference this way: "He came here to watch the fight, I came here to work for the state of Nevada and to watch the fight."

Mr. Reid first declared that he would continue to take free tickets, then reversed course the next day "to avoid even the faintest appearance of impropriety." Maybe he got an inkling: It's this culture of entitlement that offends ordinary Americans -- who don't get free ringside seats and who have to settle for pay-per-view.

OTHER NEWS:

Stocks Slide Further After Monday's Sell-Off (NYT)

By John Holusha

The New York Times, June 7, 2006

Stocks slid further today in after a big sell-off on Monday, as investors continued to be nervous about remarks by the Federal Reserve's chairman indicating that interest rates might keep climbing to keep inflation in check.

The Dow Jones industrial average traded below 11,000 for much of the day for the first time since early March, although it closed barely above that mark.

Investors also remained worried by increasing evidence that economic growth is slowing, said Stuart Freeman, chief equity strategist for A. G. Edwards & Sons.

"We have seen in the week specific data that show that the economy is slowing," he said, citing lower numbers for construction, housing prices and mortgage applications. The housing and construction industries are considered to be particularly sensitive to interest rates.

Asian and European stock markets followed Monday's fall on Wall Street by dropping sharply today. In Tokyo, the Nikkei 225 index fell 1.8 percent, and most other indexes in Asian and Pacific countries lost ground, especially those in Australia and India. Major European markets fell 1.6 percent or more, and the CAC 40 index in Paris dropped 2.4 percent.

In New York, the leading market indexes ended trading lower this afternoon, although some late buying cut their losses. According to preliminary figures, the Dow industrials fell 46.58 points, or 0.4 percent, to close at 11,002.14.

The Standard & Poor's 500-stock index lost 1.44 points, or 0.1 percent, to 1,263.85. And the Nasdaq composite index dropped 6.84 points, or 0.3 percent, to 2,162.78.

On Monday, the Dow fell almost 200 points, or 1.8 percent, after Ben S. Bernanke, the Fed chairman, said the central bank intended to remain vigilant in fighting inflation.

His remarks were interpreted to mean that the Fed would probably increase its benchmark short-term interest rate for a 17th time when its policymaking committee meets at the end of the month. Investors had been hoping for a halt to the rate increases.

Bond prices were modestly higher this afternoon, pushing down their yields, despite the prospect of another Fed rate increase. Still, the dollar gained some strength against the euro, the Japanese yen and the British pound. Commodity prices, meanwhile, moved lower.

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Stocks Take Hit As Dow Finishes At 3-Month Low (WSJ)

By E.S. Browning

The Wall Street Journal, June 7, 2006

Following Monday's selloff, investors continued to flee stocks tied most closely to economic growth, but a late-day rebound helped to soften the blow.

After falling 199.15 points on Monday, the Dow Jones Industrial Average was down 122.30 points in the middle of the trading day, well below the 11000 level that it had traded above for most of this year. Then, the late surge pushed the blue-chip average back above the much-watched 11000 benchmark, leaving it down just 46.58 points, or 0.42%, at 11002.14.

The Dow industrials now are down 640.51 points, or 5.5%, since hitting a six-year high of 11642.65 on May 10. Back then, they were fewer than 100 points below their January 2000 record close of 11722.98. Now, they are at a three-month low, although still up 2.7% this year.

For a second day, the main drag on stocks was Federal Reserve Chairman Ben Bernanke's surprisingly blunt warning in a speech Monday that key inflation indicators are running above the level he considers acceptable. His comment was taken as a warning that the Fed may move to slow the economy further by pushing its target short-term interest rate up for a 17th time running, to 5.25%, at its next interest-rate meeting June 28 and 29. Some analysts worried the Fed might raise rates further as the summer progresses. Higher interest rates hurt stocks by slowing economic growth and crimping corporate profits.

Investors continued to flee stocks that had shown the sharpest gains in recent years, those that had been propelled higher by booming world economic growth. Investors now fear that those stocks have risen too far, at a time when central bankers led by Mr. Bernanke seem intent on continuing to raise interest rates and mopping up excess cash in order to snuff out inflationary pressures.

"The economically sensitive stocks were getting banged around," said Todd Clark, director of stock trading at San Francisco money-management and brokerage firm Nollenberger Capital Partners. But late in the day, as the Standard & Poor's 500-stock index managed to remain above the intraday low it had hit late in May, buyers stepped in and stocks "bounced nicely," he noted.

The S&P 500 finished down just 0.11%, or 1.44 points, at 1263.85, still up 1.3% in 2006. Makers of consumer staples -- daily necessities such as food and household products that are less dependent on economic growth -- actually finished the day with gains. They are heavily represented in the S&P 500. Procter & Gamble rose 0.4% and Colgate-Palmolive gained 1%.

Things looked nasty as the day began. U.S. investors awoke to find foreign stocks down sharply in the wake of Monday's U.S. declines.

Even after the late-day recovery, copper producer Phelps Dodge finished down 1.1%. Construction- and mining-equipment maker Caterpillar fell 1.2%, and aluminum maker Alcoa fell 2.2%. All three have fallen more than 15% since the first half of May. Many banking stocks, whose cost of obtaining money rises when interest rates move higher, continued to decline. J.P. Morgan fell 1.4%, but Citigroup inched up 0.3%.

A wide variety of commodities, which had been soaring amid economic optimism until last month, also continued their pullback, led by copper and gold. Despite continued worries about summer oil supplies and despite export-cutoff threats from Iran, crude-oil futures edged down 10 cents to $72.50 a barrel on the New York Mercantile Exchange. Gold futures fell $13.80 to $629.40 a troy ounce.

Small stocks, which once led the gains, were again among the hardest-hit because small companies are more dependent on bank borrowing than large ones. The Russell 2000 small-stock index fell 0.41% to 710.96, its lowest finish in nearly four months. It is down 9.1% since hitting a record May 5, although it still is up 5.6% this year. The Nasdaq Composite Index fell 0.32%, or 6.84 points, to 2162.78, down 1.9% this year.

The dollar, which becomes more attractive to investors when interest rates are higher, rose again against both the yen and the euro. Although short-term Treasury-note prices fell on the rate fears, pushing yields higher, longer-term notes and bonds moved the opposite way. That reflects in part a flight to safety as investors abandon stocks for bonds, but it also suggests that bond investors may be somewhat less concerned about inflation risks than are stock investors.

Measures of market volatility, based on option trading, moved sharply higher. That reflected fears that markets have entered a period when investors and Fed officials alike will be uncertain of how much higher the Fed will have to raise rates, when such decisions will be made based on what hard-to-predict economic data indicate about inflation risks.

In the short term, investors will be watching to see whether the Dow can hold the 11000 mark, and whether other indexes can remain above recent lows. If the market moves sharply below these much-watched levels, another round of selling could follow.

Three more Fed officials spoke yesterday, offering opinions that weren't always fully in line with Mr. Bernanke's.

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William Poole, president of the St. Louis Federal Reserve Bank, and Fed Governor Susan Bies both suggested that higher inflation could force more rate increases, echoing Mr. Bernanke. But Kansas City Fed President Thomas Hoenig said inflation pressures should "taper off" as economic growth moderates, suggesting that he may be less worried about inflation risks.

In major U.S. market action:

Stocks retreated; bond prices gained. The 10-year Treasury note rose 4/32, or $1.25 for each $1,000 invested, pushing the yield down to 5.010%. The 30-year bond was up 14/32 to yield 5.083%.

The dollar strengthened. Late in New York, the currency traded at 113.22 yen, up from 112.17, while the euro fell against the dollar to $1.2838 from $1.2914.

Inflation Fears Mount At Fed As Poole Toughens Rate Posture (WSJ)

By Greg Ip

The Wall Street Journal, June 7, 2006

WASHINGTON -- Inflation alarms at the Federal Reserve rang louder yesterday as a top official said slowing economic growth may not be enough to contain inflation if the public's inflationary psychology intensifies.

"If inflation turns out to exceed ... our target range, I do not believe we can count on a slowing economy to bring inflation down, by itself, quickly," William Poole, president of the Federal Reserve Bank of St. Louis, said in an interview. If inflation expectations rose in "a persistent way...we could expect to see that show up in measured inflation in fairly short order."

Mr. Poole said to keep expected inflation from rising further, the Fed needs "an upside bias" in setting interest rates.

Mr. Poole, who has held his job since 1998, has long been on the hawkish side of the policy-making Federal Open Market Committee. The FOMC consists of seven Washington-based governors and 12 regional-bank presidents, of whom five vote in a given year.

Nonetheless, Mr. Poole's remarks echoed Fed Chairman Ben Bernanke, who on Monday indicated he is more concerned about the recent rise in inflation than signs of slowing economic growth. Mr. Bernanke's remarks prompted futures markets to sharply increase the odds that the Fed will raise its short-term interest-rate target to 5.25% from 5% at its meeting on June 28-29. Mr. Poole's remarks, made in an interview Monday and published yesterday on WSJ.com and Dow Jones Newswires, caused those odds to rise further, to 80% from 72% Monday and 48% Friday. They also contributed to a decline in stocks yesterday.

When the public expects higher inflation, it may set prices and wages in a way that makes that expectation a reality. Mr. Poole said that effect is more powerful than the "output gap," the idle capacity that exists when the economy is operating below its potential. "If inflation expectations were to rise ... it might take a very long time before the [output gap] would be able to offset what's going on with inflation expectations."

Mr. Poole noted that investors' expectations of inflation, judging from the behavior of inflation-protected Treasury bonds, have risen about 0.2 percentage point this year. "It's not a huge number, but from my perspective, it's going in the wrong direction" because inflation is already "at the upper end of what I would like to see." Many officials say they prefer that inflation, by their favored price index, remain between 1% to 2%, which Mr. Poole called a "fully acceptable range," though he personally would prefer a lower target. By that measure, inflation was 2.1% in April.

Analysts say Mr. Bernanke's speech may in part have been meant to squelch doubts of his willingness to administer tough anti-inflation medicine. If so, he appears to have succeeded.

Macroeconomic Advisers, a forecasting firm, says expected inflation as measured by inflation-protected bonds has dropped almost 0.1 percentage point in the past two days. Brian Sack, an economist there, called that a "vote of confidence" in Mr. Bernanke but cautioned it was conditional on the Fed raising rates later this month.

Other Fed officials delivered more balanced messages. Governor Susan Bies said at a conference in California yesterday that 2.1% inflation "makes me very uncomfortable" but added that the 16 quarter-percentage point interest rate increases the Fed has made over the past two years are still "making their way through the economy." And Kansas City Fed President Thomas Hoenig, at an event in Montrose, Colo., said, "We know that monetary policy acts with a lag ... that the effects could still be ahead of us," and while inflation expectations have ticked higher, that has happened in the past and not been sustained.

Separately, the Federal Reserve Bank of Philadelphia named Charles Plosser, an economics professor at the University of Rochester, its new president effective Aug. 1. He succeeds Anthony Santomero, who resigned March 31.

Michael Feroli, an economist at J.P. Morgan Chase, said Mr. Plosser "likely has a hawkish bent," given his grounding in an economic theory that holds the Fed has little influence on growth and should thus focus exclusively on inflation. Like Mr. Poole before his current job, Mr. Plosser has served on the Shadow Open Market Committee, a group of academics that has often criticized the Fed for being soft on inflation.

Pondering The Bear Necessities (WP)

DOJ_NMG_0032688

By Brooke A. Masters

The Washington Post, June 7, 2006

NEW YORK, June 6 -- Now that the Dow Jones industrial average has slid 246 points in two days and shed 5.5 percent since mid-May, it's time to ask the question: How do you distinguish a short-term stock market correction from a full-blown bear market?

You wait awhile, of course. But already there are clues in technical market data, such as who is doing the buying and selling, the price of stocks relative to corporate earnings, inflation data, and the length of time since the last recession.

Corrections, defined as a drop of 5 percent over a few weeks or a month or two, are pretty common. Since 1900, the Dow has fallen at least that much more than 300 times, or an average of more than three times a year, according to Ned Davis Research Inc. But nine out of 10 such slides bottom out and start rising again. It's the other 10 percent that scare the pants off investors. They turn into bear markets, in which the broad market indicators lose 20 percent or more and take their own sweet time coming back.

Even the professionals have trouble telling the two apart. In 2005, the Dow dropped more than 800 points -- 8 percent -- in March and April before rallying, then dropped an additional 400 points in September and October before climbing some more. In both cases, investors who jumped out prematurely would have suffered losses and missed another good rise.

On the other hand, analysts were full of rosy predictions in 2000 and 2001 that the market was simply resting briefly and would soon resume its dizzying climb. None of the major indicators have ever returned to their early 2000 highs.

"Picking the short-term movement of the stock market is like standing at the roulette table and saying, 'I think red is coming up next' and then congratulating yourself when you are right," said Andrew Smithers, a British economic consultant. Though he published a book in March 2000 that correctly predicted that stocks were overvalued and about to tank, he called the timing "pure luck."

Now, consider today's investing environment.

Federal Reserve Chairman Ben S. Bernanke spooked the equity markets Monday with comments that suggested the central bank is concerned about inflation and is likely to continue to raise interest rates. That prospect in turn raises fears that a significantly tighter money supply could push the already slowing economy into recession. The Dow shed 199 points on Monday and was down as much as 110 points on Tuesday before climbing back to 11,002.14, down 46.58 points for the day.

The Nasdaq composite index dropped 6.84 Tuesday and is down 3.6 percent since the beginning of January. The Standard & Poor's 500-stock index dropped 1.44 Tuesday to finish at 1263.85, down more than 4 percent from its most recent high in May. Even the high-flying Russell 2000, which tracks small stocks and gained 13.9 percent in the first quarter, has given back more than half of its 2006 gains.

"There's some panic in the street," said Al Goldman, chief equity strategist for brokerage firm A.G. Edwards & Sons Inc., "but I don't feel it's justified. . . . We don't have any signs that a recession is at hand, and inflation, although it's up, is still pretty well contained."

George Feiger, who runs Contango Capital Advisors, a wealth-management business, looks at the same signals and sees trouble. "All the technical indicators are showing that we must be getting near the end. The economy is slowing down, the dollar is tanking, people are pulling their money out of equities and putting them in cash, huge amounts of debt have been issued by below-grade [high-risk] issuers," he said. "Where else can it go? The real question is not where will it go but how far."

Interviews with nearly a dozen economists and market analysts turned up widely varying views on whether this particular market correction will develop fur and claws. That's partly because each one looks at different signals to determine where the equity markets are going.

Charles Biderman, chief executive of TrimTabs Investment Research, argues that the real answers lie in mutual fund flows and in whether companies are spending money to buy their own stock or that of other companies as part of a merger. He noted that at the market peak in early 2000, individual investors were piling into equity funds but that companies were net sellers of stock. By contrast, at the bottom of the last bear market from June 2002 to February 2003, individuals pulled $100 billion out of equity funds, while companies were net buyers by $30 billion. "Typically, individual investors are always wrong," Biderman said, "and ever since the mid-1990s, for every year when companies were net buyers of their own shares, the market has gone up."

Right now, Biderman notes, companies are again net buyers -- he calculated that in May, 135 companies announced a total of $63 billion in stock buybacks and $40 billion more in stock purchases as part of takeovers. Meanwhile, individuals pulled money out of equity funds in May. His conclusion: "The economy is doing very well, and the market is underperforming."

James W. Paulsen, chief investment strategist for Wells Capital Management, also predicts good times ahead for stock buyers. He argues that corporate profits and consumer spending are still relatively strong and notes that even though the Federal Reserve has repeatedly raised the benchmark short-term interest rate over the past two years, the current level of 5 percent is still low by historical standards.

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"I think the odds favor us getting over this and going back up to where we were," Paulsen said. "My bet is that we have not shut down the speed of world growth yet."

Some analysts are far less sanguine. Many of them rely on the relationship between a company's share price and its earnings to determine whether it is over- or undervalued, and they say that rapidly rising corporate earnings were the crucial engine behind the stock market's long rise from late 2002 through the first part of this year. S&P 500 companies are trading around 15 times operating earnings, well below where they were at the last market peak in 2000.

But some analysts are worried that high energy prices and the possibility -- also mentioned by Bernanke on Monday -- of a cooling economy could combine to make it harder for companies to post strong earnings growth. "Earnings are going to be a little harder from now on," said Peter Jankovskis, director of research for OakBrook Investments LLC. Though he thinks the current drop is a correction rather than a bear market, he said small investors with extra money in their pockets might do well to put it in a money market fund or high-interest bank account until the current trend becomes clearer. "The market definitely has cycles: Sell in May, stay away. Markets are generally weak in the summer. . . . It won't hurt you to stay on the sidelines for a while."

On the other hand, investors who are already invested in equities shouldn't run for the exits, market watchers said. "The worst thing that can happen is that people panic at the bottom, and it takes them a year or two to get over that panic. By that time, you've missed most of the next bull market," said Ken Tower, chief market strategist for CyberTrader, a Charles Schwab Co. subsidiary that focuses on active traders.

Ben Bernanke: Tough Guy (WP)

By Nell Henderson

The Washington Post, June 7, 2006

Ben S. Bernanke rattled world financial markets Monday with his tough talk about combating inflation, but he also buffed up his image as a strong Federal Reserve chairman committed to the fight, analysts said yesterday.

"He reintroduced testosterone to the inflation-fighting resolve of the Fed," said Diane Swonk, chief economist of Mesirow Financial Inc., an investment management firm. "This is a pure male thing. He said to the markets, 'You think I'm a wimp? Take me on.' "

Gone, during Bernanke's remarks to a bankers' conference, was any mention of a Fed pause in its two-year series of interest rate increases. Gone was any fretting over the danger of pushing interest rates too far and triggering a slump. Instead, he declared that the recent rise in inflation would not be tolerated.

Bernanke, who took over as Fed chief in February, needed to send such a signal to counter the markets' doubts about his anti-inflation resolve, analysts said -- even though it meant jolting the markets with the implication of higher interest rates. He called recent inflation trends "unwelcome," noting that the Labor Department's consumer price index, excluding volatile food and energy items, had risen at a 3.2 percent annual rate over the three months ended in April and at a 2.8 percent pace in the six months ended in April.

When Bernanke told Congress in April that the Fed might pause in its rate increases, "he sent a bad message that the central bank was going to be soft on inflation, and that was the wrong message to send when energy, commodities and raw materials prices were at multi-decade or historic highs," said Richard Yamarone, director of research at Argus Research Corp. "I was pleasantly surprised [Monday]; my beliefs were confirmed that the world's most important central banker was in fact vigilant against inflation. He finally laid that out. I'm surprised he didn't do this earlier."

Bernanke's remarks followed extensive discussion within the central bank about its strategy for communicating with the public. Bernanke has long argued that Fed officials should be more open about their thinking to help the markets anticipate the likely course of interest rates. But that effort may have backfired: Recent attempts to reflect the Fed's internal uncertainty and debate caused some investors to question whether the central bank's commitment to low inflation had weakened with the retirement of former chairman Alan Greenspan.

Most of the Fed's top policymakers believed they were nearly done when they raised their benchmark short-term interest rate to 4.75 percent at their meeting in late March, Bernanke's first as chairman, minutes of that session show. And some of them worried then about the danger of raising the rate too high and causing an economic downturn. But others expressed concern about the inflation risks posed by rising prices for energy and raw materials, tightening labor markets, and robust economic growth -- suggesting that more interest rate increases might be needed.

Fed officials again lifted the rate in May, to 5 percent, and left the door open to more increases. But several also spoke more openly in public about the difficulty of knowing when to stop raising interest rates -- the classic dilemma for any central bank and one that the Greenspan Fed faced three times in his 18-year tenure.

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The problem is that Fed interest rate changes take effect over many months and even years, as consumers take on new mortgages, car loans and credit card debt and as businesses borrow to expand. Higher interest rates eventually crimp spending, causing the economy to soften and inflation to fall -- but the process takes time.

And, as Bernanke observed in a paper he co-authored in 1995, when interest rates go up, economic growth typically slows many months before inflation falls .

This makes it particularly tricky to decide when to stop. The Fed today is close to reaching that "no-man's land of not knowing if you've gone too far because of the lags," Swonk of Mesirow Financial said.

Inflation rose or stayed high for some months after each time the Greenspan Fed finished a series of interest rate increases, in 1989, 1995 and 2000. Twice, in 1990 and in 2001, the Fed tightenings were followed by recession. Only in 1995 did the Fed achieve the central banker's Holy Grail of a "soft landing," in which an overheating economy cools to a healthy pace of expansion without a painful slump.

Greenspan faced higher inflation than Bernanke faces, and he raised the federal funds rate much higher than it is now before stopping: to nearly 10 percent in 1989, to 6 percent in 1995 and to 6.5 percent in 2000.

The Fed has been steadily raising its benchmark federal funds rate, the overnight interest rate on loans between banks, for two years, from a very low 1 percent in June 2004. With rates so low for so long, the housing market boomed through last year and began to soften only in recent months. Consumer spending remained strong through earlier this year and has just recently started to sag.

Bernanke said Monday that the expected economic slowdown "seems now to be underway," but he expressed more concern about inflation and signaled strongly that interest rates will move higher before he is done.

Financial markets, which have been volatile for weeks because of inflation fears and uncertainty over the Fed's likely action, sold off Monday and yesterday on expectations of more rate increases.

"This happens all the time at the end of a tightening cycle, and everybody is all atwitter because they don't know when it will end," said Mark Gertler, the New York University professor who co-authored the 1995 paper on Fed policy with Bernanke. "Our paper tells you there are lags in the effects of policy but doesn't tell you when to stop."

Fed, Bernanke Take Blistering Flak (USAT)

By Sue Kirchhoff And Adam Shell

USA Today, June 7, 2006

WASHINGTON — Federal Reserve Chairman Ben Bernanke is finding out the hard way that openness is not the same thing as clarity.

Bernanke took office in February promising to make central bank policy more transparent. Four months later, a number of economists and traders say the Fed chairman and other central bank officials have stumbled by making too many contradictory statements, muddying the outlook and spooking markets.

The complaints got louder Monday after Bernanke told a banking group inflation was at an “unwelcome” level, raising the specter of further Fed interest rate increases. That appeared counter to April congressional testimony in which Bernanke suggested the central bank could pause from its two-year campaign of interest rate increases, even if inflation was a risk.

The Dow Jones industrial average fell nearly 200 points Monday and another 47 points Tuesday.

“Give us a break, please. Can we have just one week, or at least one day, without some Fed official obsessing publicly about containing inflation?” says Ed Yardeni, chief investment strategist at Oak Associates. “They are giving us more information than we need.”

The issue goes beyond language, however. There are a number of reasons the Fed is taking flak as it tries to wind up a drive that has pushed short-term interest rates to 5% from a historic low of 1% in mid-2004:

·The economy is changing. Minutes of the March 27-28 meeting of the Fed's policymaking Open Market Committee show members believed the end of the tightening cycle was near, with some expressing concern the Fed could push rates too high. Bernanke's April testimony echoed those comments. The markets, however, interpreted Bernanke's “pause” statement as soft on inflation. Further, in recent weeks core inflation, which doesn't include food and energy, has been running above the Fed's 2% projection.

As the Fed responded to market concerns and altered conditions, its message necessarily changed.

“The end of tightening cycles are often controversial. We see more disagreement on the Fed committee about what the stopping point is; we see more skittishness in the markets,” says Brian Sack of Macroeconomic Advisers, a former Fed economist. “This was a tricky time to have a transition to a new chair.”

·There are disagreements on policy. While some analysts applaud Bernanke's emphasis on inflation, others say the central bank is not paying enough attention to economic cooling. They fear the Fed will push rates too high, choking growth. “The Fed is

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overly concerned with inflationary pressures and less concerned with the slowing of economic activity … the consumer is getting whacked" by rising rates and energy prices, says David Lereah, National Association of Realtors' chief economist.

·There are too many voices. Bernanke doesn't yet have the same control that former chairman Alan Greenspan had over the Open Market Committee. Traders and economists are paying more attention to sometimes conflicting statements of Fed governors and regional bank presidents to try to figure out policy.

"They should really leave it to one spokesman, and that should be the Fed chairman," Yardeni says.

·Bernanke doesn't have Greenspan's inflation-fighting credentials and reputation.

"He needs to quickly realize that the markets around the world care very much about every word that comes out of his mouth," says Gary Kaltbaum, a money manager at Kaltbaum & Associates. "Potentially, it could be a longer-term positive that he is going to stand up to inflation if it is occurring … (it's) better than doing nothing and letting things get out of hand."

Unease Over Fed Policy Has Markets In A Tizzy (USAT)

By Matt Krantz

USA Today, June 7, 2006

The bulls and bears are in a heated game of chicken that has the Dow clinging to 11,000 for dear life.

Puzzlement about what appeared to be a threat Monday from Federal Reserve Chairman Ben Bernanke to head off inflation at any price has Wall Street's mood ranging from nervous to downtrodden. Those fears sent the Dow Jones industrial average below 11,000 for much of Tuesday, before it recovered to close down 47 points at 11,002 — barely extending its longest streak above 11,000 to 61 trading days.

Inflation and the Fed are perplexing investors. "The worry is the Federal Reserve has already made a mistake or … will make a mistake soon," by raising short-term interest rates too high in its efforts to keep inflation in check, says Hugh Johnson, chief investment officer at Johnson Illington Advisors.

Investors have historical reasons to be concerned, says Sam Stovall, market strategist at Standard & Poor's. During the past 36 years, the Fed has had to start cutting interest rates — to help the economy — six months or less after its last rate increase, on average.

"People worry the Fed tightens too much," Stovall says.

Fearing the Fed might be about to dump a bucket of cold water on the economy, investors are running from the risky stocks and assets they were chasing just months ago. Consider how investors have been punishing the riskiest areas of the market since the Dow Jones industrial average topped out this year on May 10, including:

·Emerging market stocks. The biggest losers, by far, have been emerging markets investments in developing nations ranging from Brazil to China. The iShares MSCI Emerging Markets exchange-traded fund, which soared 31% in 2005, has tanked 16.5% since March 10.

·Companies with small market values. The USA's smallest publicly traded firms, as measured by the Russell 2000 index, have cratered 8.4% since May 10. Meanwhile, less- risky large-company stocks, measured by the S&P 500, are down just 4.5%.

·Former winning industry groups. Industries that investors target when the economy is steaming ahead or is expected to be strong, such as basic materials and semiconductors, have been battered. The iShares Dow Jones U.S. Basic Materials ETF is down 10.7% from May 10. That has cut its 2006 gain to 7.0%, which doesn't look bad until you consider it had been up 20% at its peak for the year.

Meanwhile, defensive stocks such as health care have lived up to their names as investors' hiding places. The iShares Dow Jones U.S. Healthcare Providers ETF is up 1.1% since the Dow topped on May 10.

This reminder of the dangers of owning risky stocks was overdue, because investors were almost blindly buying them, says Jack Ablin of Harris Private Bank: "It makes sense to stay on the safe side of the street."

Economic Rehab (WSJ)

By Brian S. Wesbury

The Wall Street Journal, June 7, 2006

The stock, bond, currency and commodity markets are bouncing around wildly. While there are many crosscurrents, monetary policy and economic data are front and center in day-to-day market volatility. As a result, some market observers are trash-talking the new Federal Reserve Board chairman, Ben Bernanke, and blaming him for all sorts of perceived missteps.

This is unfair. Mr. Bernanke is doing a fine job. The inflationary pressures he is fighting today were baked in the cake before he arrived. Monetary policy was overly accommodative for too long, and even after 16 rate hikes the Fed has not yet reached neutral. Weaning investors, home builders, hedge funds and proprietary trading desks from 50-year low interest rates is like forcing them to quit smoking: It's good for the health of the economy, but it hurts and they are complaining loudly.

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There are two forces that cause the economy to grow. One is real, the other is an illusion. The real force -- entrepreneurial innovation and creativity -- comes naturally as long as government policies do not drive it away. The artificial force is easy money. An increased supply of money, by creating an illusion of wealth, can increase spending in the short run, but this eventually turns into inflation. Printing money cannot possibly create wealth; if it could, counterfeiting would be legal.

For monetary policy makers and investors it is important to determine to what extent growth is due to each force. In the late 1990s, when the economy and equity markets were booming, the Greenspan Fed became convinced that monetary policy was largely responsible. But commodity prices were falling and the dollar was strong -- both signs that Fed policy was not the culprit. The Fed hiked interest rates anyway. This was a mistake. The U.S. economy fell into recession and deflation became the No. 1 fear of financial markets and central banks around the world.

The Fed fought this deflation -- by cutting rates 11 times in 2001 -- eventually pushing the federal funds rate down to 1%. In late 2001, commodity prices began to rise, and in early 2002 the dollar began to fall. But because it was so worried about deflation, the Fed ignored these signs of monetary excess and held rates artificially low well into 2004. This policy has finally come home to roost.

Inflation is on the rise. "Core" consumer prices have climbed 3.2% at an annual rate in the past three months, the fastest growth since 1995. Mr. Bernanke said recently that inflation has "reached a level that, if sustained, would be at or above the upper end of the range that many economists, including myself, would consider consistent with price stability and the promotion of maximum long-run growth."

What the market is debating is whether fighting this inflation will hurt the economy. With housing activity down sharply, these fears are palpable. But this is likely an overreaction. Housing was stimulated to extraordinary heights by artificially low interest rates (and the 1997 capital gains tax cut) and is now correcting back to more normal levels. Housing starts may be down 18.4% from their peak, but they are still up 12.3% from 1999 levels. It may be painful for participants in the construction industry and those who thought they could make a fast buck flipping houses, but only a recession could send the housing market into a tailspin.

Historically, housing has been a solid leading indicator of business cycles, but the special circumstances of recent years suggest that this time it is sending a misleading signal. And while some believe that a slowdown in housing will undermine consumer spending, this fear is overblown. Cash-out financing (or mortgage equity withdrawal) may have increased spending for those who took advantage of low interest rates to refinance, but every dollar of borrowing was funded with someone else's savings.

With interest rates up and refinance activity down, the savings do not disappear, but instead are used in different ways. Resources that would have been put into housing will be shifted to other sectors of the economy. One area that appears to be benefiting already is business fixed investment. Commercial and industrial loans are up 14.9% at an annual rate during the first four months of this year, and after five years of sluggishness are finally growing at rates similar to those of the late 1990s.

In other words, there is little evidence that rates have reached a level that is detrimental to the economy. The Fed is not tight; it is just less loose. This can be seen in real time by watching market-based indicators. Commodity prices remain elevated and the dollar continues to weaken; both suggest excess money creation. Moreover, the economy has not experienced a recession in over 45 years without the federal funds rate rising above nominal GDP growth. In the past year nominal GDP growth has been 6.9%, so with the federal funds rate at 5%, monetary policy is still accommodative.

Nonetheless, the Fed is very close to a neutral monetary policy. Using nominal GDP as a target, and looking back historically, a neutral rate is likely close to 6%. If the Fed could get rates to this level soon, the economy could continue to grow based on underlying entrepreneurial activity and productivity -- a rate estimated to be 3.5% or 4% per year. A neutral rate would also put a lid on inflation, stabilize the dollar and cap commodity prices, including oil. A 6% federal funds rate would be monetary policy nirvana.

Now that the Fed is close, the future path of short-term interest rates has become less certain. After two predictable years, with a rate hike every six to eight weeks, a great deal of leverage was employed by investors who understood the pattern. Lately, many investors have been betting on an early end to rate hikes, but with Mr. Bernanke remaining vigilant about inflation this leverage has become more risky. The result is volatility. In retrospect, if the Fed had moved rates up faster than it did, it might have been able to stop sooner. Unfortunately, the longer the Fed maintains an accommodative policy stance, the higher the neutral rate becomes.

The good news is that there is no reason to suspect that this volatility is anything more than a short-term phenomenon. During the past two years, the Fed was trying to wean the economy from low rates slowly, so as not to shock the system. But in doing so, it allowed inflationary pressures to accumulate. Ben Bernanke is finishing the job and cleaning up the mess. While this may create some near-term turbulence in financial markets, getting rates to neutral will be a huge benefit to the economy.

Mr. Wesbury is chief economist of First Trust Advisors L.P. in Lisle, Ill.

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Realtors Lower Sales Forecast, Seek Pause In Fed Rate Increases (WSJ)

By Campion Walsh

The Wall Street Journal, June 7, 2006

WASHINGTON -- The National Association of Realtors lowered slightly its forecast for existing and new home sales this year, while the group's chief economist called for the Federal Reserve to pause its interest rate increases.

The slowdown from the previously hot housing market is positive because the economy needs a solid housing sector, and slower price appreciation will improve affordability, said NAR Chief Economist David Lereah.

"But this is a time for the Fed to pause rate hikes because we have some interest-sensitive housing markets that have become vulnerable," Mr. Lereah said.

The group lowered slightly its previous forecast for a slowdown this year in home sales and construction. Existing home sales are now projected to decline 6.8% from last year's record to 6.60 million in 2006, while new home sales are seen down 13.4% from last year's record to 1.11 million. Housing starts are forecast to decline 6.2% to 1.94 million this year.

The Realtors' group also lowered slightly its forecast for 30-year fixed mortgage rates. It now expects them to average 6.9% in the second half of the year, a tenth of a percentage point lower than its previous forecast.

The NAR said the housing boom has ended, but it still expects 2006 to be the third-strongest on record for the market. Existing home prices still are expected to grow by slightly more than the historical trend of house appreciation at 1.5 to 2.0 percentage points above inflation, Mr. Lereah said.

The group forecasts the national median existing home price will rise 5.3% this year to $231,300, while the national median new home price will rise 0.8% to $242,900. It expects inflation measured by the consumer price index to grow 3.1% this year, while the economy grows 3.4%.

In general, rising inventories have eased what was unsustainable home price growth, and for most of the country future home price gains will "be much closer to normal returns we expect from housing," said NAR President Thomas Stevens. Higher interest rates have slowed sales in many high-cost markets, but job growth has boosted sales in some moderately priced areas, Mr. Stevens said.

Gas Prices May Fall A Bit, But Summer Costs Still High (USAT)

By Barbara Hagenbaugh

USA Today, June 7, 2006

WASHINGTON — Although gasoline prices will likely dip a bit in the near-term, families hitting the road this summer will still pay record prices at the pump, the government said Tuesday.

Nationwide, retail gasoline prices will average a record $2.76 a gallon over the April-September summer period for regular. That's up 39 cents from last summer and a nickel higher than the Energy Information Administration, the Energy Department's statistical arm, forecast a month ago.

In April, the EIA estimated that summer gasoline prices would average $2.62 a gallon. But prices early in the season have been higher than anticipated, leading to the increase in the forecast, EIA economist Neil Gamson says.

The U.S. average price for a gallon of gasoline was $2.87 Tuesday, up a penny from the day before, and 76 cents higher than a year ago, according to motor club AAA. Prices exceeded $3 a gallon in 10 states.

The most expensive gasoline was in Hawaii at $3.40 a gallon for regular. The cheapest was in Oklahoma and South Carolina, where the statewide average was $2.64, according to AAA.

EIA said prices will likely fall “somewhat” in the near-term, “barring new, unanticipated supply disruptions.” But analysts at the agency warned that prices could rise midsummer, “if demand growth picks up to higher rates than currently expected or if refinery outages occur at unusual rates.”

Higher gasoline prices have largely been driven by elevated oil costs. Oil accounts for approximately half the cost of gasoline for drivers at the pump.

The price of a barrel of crude oil in New York closed at $72.50 Tuesday, down 10 cents from Monday.

The record high, not adjusted for inflation, was $75.17 on April 21. In inflation-adjusted dollars, the record is $86.99 set in January 1981, according to EIA data.

Oil prices will likely stay high, the EIA said in its monthly report, as the gap between potential supplies and demand remains extremely small, putting oil investors on edge.

“Because of only limited surplus capacity throughout the forecast period, continued concern about potential or existing supply problems in Nigeria, Iran, Iraq, Venezuela and elsewhere, as well as the threat of more hurricane damage and the continued tight supply-demand balance, we expect little change in the current high-price environment,” EIA analysts said.

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Federal Reserve Chairman Ben Bernanke on Monday cited high energy prices as a concern for the economy, reducing consumers' non-energy spending power and driving up inflation. “The volatility of these and other commodity prices is such that possible future increases in these prices remain a risk to the inflation outlook,” he said at an American Bankers Association forum.

Bilbray Close To Victory (AP)

By Philip J. Lavelle And Dani Dodge

The Associated Press, June 7, 2006

Republican Brian Bilbray appeared headed toward a win over Democrat Francine Busby last night in the race to replace imprisoned former Rep. Randy “Duke” Cunningham in the 50th Congressional District, a contest seen as a gauge of voter attitudes for the national midterm elections.

In another closely watched race, Rep. Bob Filner easily defeated Assemblyman Juan Vargas in the 51st Congressional District Democratic primary. It was their third face-off in what has become a long and bitter rivalry.

Bilbray said in an interview that he believed his long focus on illegal immigration would pay off in the race against Busby.

“It's been ignored for too long,” said Bilbray, a former congressman-turned-lobbyist. “It's been a simmering problem that's come to a head.”

Bilbray also said that running in a heavily Republican district was an advantage, to a degree. “It can also be a big negative, because people were really hurt by Mr. Cunningham. But it was one man's mistake, and we have to remember that,” he said.

“I don't think anyone should be writing the epitaph for the Republican Party based on what's happened tonight.”

Busby, a Cardiff school board member, was far from conceding late last night.

“Tonight we have made history by sending that message for change ... it's time for Congress to work for us,” Busby told cheering supporters at the D Street Bar and Grill in Encinitas. “This will send a message and put the wind in the sails to take us to victory in November.

“We're waiting to see if the people stand up and send a soccer mom from Cardiff to Congress. ... Anyone who writes this off as just being about Cunningham is wrong. This is just the beginning.”

Filner said he expected to have the edge because of “25 years of effective representation. My opponent had nothing positive to say.”

Vargas could not be reached for comment last night.

The winner in the 50th District will go to Washington and complete the last six months of Cunningham's term, but the campaign will continue. Bilbray and Busby seem certain to face off again in November.

The structure of yesterday's ballot underscored the unusual nature of the election. In addition to the special-election runoff, voters in the 50th cast ballots in the primary for the next two-year term. Busby and Bilbray led their parties in this race, and only Bilbray had nominal opposition because most candidates on the primary ballot agreed not to campaign.

Aside from Filner, none of San Diego County congressional incumbents faced primary opposition and all are expected to cruise to victory in November: Republican Darrell Issa of Vista in the 49th District, Republican Duncan Hunter of Alpine in the 52nd District and Democrat Susan Davis in the 53rd District.

Issa has no Democratic opponent. Hunter will be challenged by Democrat John Rinaldi. Davis will face Republican John Woodrum.

Blake L. Miles won the Republican nomination in Filner's heavily Democratic 51st District.

While Filner and Vargas waged one of the nations's toughest primary campaigns, the Bilbray-Busby race attracted national attention because of the Cunningham scandal and the conventional wisdom that the outcome could foreshadow the midterm elections, when the Democrats hope to win back the House.

In November, a tearful Cunningham, once a brash, swaggering Navy fighter ace in the Vietnam War, resigned his seat after pleading guilty in San Diego federal court to conspiracy and tax evasion for taking more than $2.4 million in bribes from defense contractors. He was sentenced to eight years and four months in federal prison.

Gov. Arnold Schwarzenegger set a special election to fill the seat, which was held April 11. The district – a political subdivision including some of the city of San Diego's northern communities plus much of suburban North County – is heavily Republican.

Eighteen candidates were on the April ballot, including 14 Republicans. No candidate won a majority, so the top voter-getters of each party moved to yesterday's runoff. Bilbray is a political veteran whose career was spent in the South Bay, as mayor of Imperial Beach, as a county supervisor and then as a member of Congress from 1995 to 2001.

After losing his seat to Susan Davis, he became a lobbyist, spending some of his time working for FAIR, an anti-illegal-immigration group. Bilbray moved to his mother's Carlsbad home last year, shortly after Cunningham's troubles were revealed.

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Busby is an 18-year Cardiff resident and has served on the Cardiff school board since 2000. She ran against Cunningham in 2004, and after losing by a wide margin, immediately started campaigning for 2006.

This year's race pitted a Democrat against a Republican seen by many in his own party as too liberal on social issues, including abortion rights, which he supports. There were nasty TV attack ads financed by both Republican and Democratic national parties and visits by high-profile party leaders.

Despite a substantial Republican voter-registration advantage – 44 Republican, 30 percent Democrat and 22 percent independent – polls suggested a dead heat.

Busby focused her campaign on ethics and the "culture of corruption" in Washington – a popular theme among Democratic congressional candidates this year.

But immigration become the defining issue, reflecting its standing atop public opinion surveys in California.

Busby supports the U.S. Senate's immigration bill, which calls for a comprehensive approach to immigration, including a path to citizenship for illegal immigrants along with enforcement measures.

That bill is pushed by Sen. John McCain, R-Ariz., which led to an awkward situation for Bilbray, who has said the bill would lead to "amnesty." McCain and others dispute that characterization and McCain canceled a scheduled appearance at a Bilbray fundraiser last week, though he said he continued to support the Republican candidate.

Bilbray supports the harder-line House immigration bill, focused exclusively on enforcement, and has said he favors building a fence from the Pacific Ocean to the Gulf of Mexico.

Late last week, Busby found herself doing damage control for a verbal blunder – telling a Spanish-speaker at a meeting of mostly Latinos that "You don't need papers for voting." Republicans seized on her comments, and she later said she flubbed her words and did not mean to advocate illegal immigrants voting, but that she wanted to say people not registered to vote could help her campaign.

By Monday, the GOP had launched a radio ad that said, "That's right. Francine Busby says you don't need papers to vote."

In the 51st Congressional District, it was Round Three between Filner and Vargas, who faced each other in 1992 and 1996.

Both candidates were in relative agreement on the issues, and the contest was marked more by personal attacks than policy discussion.

Each candidate argued that he would be the better representative for the district, with a particular focus on Latinos, who make up about 40 percent of the registered voters in the heavily Democratic district. The 51st includes the South Bay and all of Imperial County.

Vargas, a former San Diego City Council member being forced from the Assembly by term limits, hit Filner for paying his wife more than $505,000 in campaign money over the years to be his fundraiser. Filner said the practice is legal.

Vargas describes himself as a moderate-to-conservative Democrat.

Filner criticized Vargas as being out of step with Democratic Party orthodoxy.

He also attacked Vargas for taking more than $335,000 in contributions from the insurance industry and voting with the industry over consumers, particularly on bills favored by victims of San Diego's 2003 wildfires. Vargas is chairman of the Assembly Insurance Committee.

Angelides To Face Schwarzenegger In November (LAT)

By Michael Finnegan And Mark Z. Barabak, Times Staff Writers

The Los Angeles Times, June 7, 2006

Westly Concedes; Brown Wins and Preschool Plan Fails

After months of vitriolic campaigning, state Treasurer Phil Angelides laid claim early today to the Democratic nomination for governor and pledged to turn his candidacy into a "fight for the California of our dreams."

"I will not let you down," Angelides told exuberant supporters in Sacramento.

At 1:15 a.m., rival Steve Westly borrowed an aide's cell phone and called Angelides from Los Angeles to concede the contest and congratulate his erstwhile foe.

Facing no serious opposition, Gov. Arnold Schwarzenegger easily won the Republican nomination for a second term and planned to set out today on a bus trip through the Central Valley as the formal kickoff of his reelection effort.

In other results Tuesday, Oakland Mayor Jerry Brown won the party nomination for attorney general and voters rejected a universal preschool initiative.

Angelides' victory claim followed a long night of suspense as he opened a small but steady lead that he never relinquished. Speaking after midnight to his supporters in Sacramento, the exuberant candidate said he would "hit the road tomorrow as the Democratic nominee for governor."

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Earlier in the evening, Angelides stepped before the same crowd and struck the themes that he has sounded for months.

"I believe we can give hardworking families a chance to climb the ladder of success," he said. "I believe we can give our kids the best education in the world. I believe it is time for a governor that California can count on to stand up for hardworking people."

The climate for Tuesday's election was great voter discontent at the direction of the state and nation, with high gasoline prices, immigration and the Iraq war among the top concerns.

A gauge of the national mood Tuesday — and possible precursor of November's midterm election — was the San Diego County congressional race to fill the seat vacated by former Rep. Randy "Duke" Cunningham, who was convicted in a corruption scandal.

The first wave of returns for the special election showed Republican Brian Bilbray holding a single-digit lead over Democrat Francine Busby in what would have been a romp for the GOP candidate in most years.

In the Democratic primary for attorney general, Brown led Los Angeles City Atty. Rocky Delgadillo, who was making his first run for statewide office, from early in the evening. Delgadillo, who conceded late Tuesday, had faced an uphill fight from the start against the former governor and three-time presidential candidate, a household name to Californians for decades.

"We knew this was going to be a tough race when we got into it, and we gave it our all. But we've come up just a bit short," Delgadillo told supporters at a downtown hotel.

In November, Brown will face Republican nominee Chuck Poochigian, a Fresno state senator who is also little known to most Californians but who has raised enough money to mount a serious campaign against the Oakland mayor.

Another loser in Tuesday's election appeared to be filmmaker Rob Reiner, whose latest ballot measure, Proposition 82, was failing in early returns. It called for raising income taxes on the wealthiest Californians to establish free preschool for all 4-year-olds. Also behind was Proposition 81, a $600-million bond issue to build and repair libraries.

In other races, early returns found that:

· Lt. Gov. Cruz Bustamante was heading to a wide margin of victory in the Democratic contest for insurance commissioner. But rival John Kraft, who ran virtually no campaign, was winning nearly a third of the vote, a sign of potential trouble in Bustamante's fall race against Republican Steve Poizner, a Silicon Valley millionaire.

· State Sen. Debra Bowen of Marina del Rey was leading Sen. Deborah Ortiz of Sacramento in the Democratic primary for secretary of state. The winner will face Republican incumbent Bruce McPherson in November.

· Another cliffhanger was occurring in the Democratic primary for lieutenant governor, as state Sen. Jackie Speier of Hillsborough and Insurance Commissioner John Garamendi were locked in a tight race, and state Sen. Liz Figueroa of Sacramento was trailing badly. The winner will face Republican nominee Tom McClintock, a Thousand Oaks state senator.

· In the GOP primary for controller, no clear front-runner emerged in the match between state Sen. Abel Maldonado of Santa Maria and former Assemblyman Tony Strickland of Moorpark. In the race for the Democratic nomination, Sen. Joe Dunn of Santa Ana was trailing State Board of Equalization member John Chiang.

· State Supt. of Public Instruction Jack T. O'Connell, a Democrat, appeared headed toward reelection, getting more than half of the vote in the nonpartisan race, which is enough to avert a runoff.

· In the Republican race for treasurer, Board of Equalization member Claude Parrish was leading state Assemblyman Keith Richman of Northridge. The winner will face Democratic nominee Bill Lockyer, now attorney general.

The election also set the field for the fall U.S. Senate race, with Democratic incumbent Dianne Feinstein heavily favored over Republican challenger Richard Mountjoy of Monrovia, a former state senator and leader of the state party's conservative wing.

Across the state, officials reported a few troubles in Tuesday's voting — polling stations that opened late, paper jams in ballot machines and other "standard election day hiccups," said Ashley Snee Giovannettone, a spokeswoman for the secretary of state.

One big glitch was in the Bay Area, where Alameda County was facing an unusually slow ballot count that threatened to delay statewide results until early today. The county, which includes Oakland and the surrounding area, is home to more than 382,000 registered Democrats — about 6% of the party's voters in the state.

The problem was voting machines. The state required the county to scrap its touch-screen machines earlier this year, because they could not produce a paper trail of votes cast, said Guy Ashley, a spokesman for the county's registrar of voters. So the county reverted to optical-scan paper ballots. Tuesday night, the ballots were to be taken from 830 polling stations to a central site to be inserted, one by one, into 60 scanners to tally the vote, Ashley said.

Statewide, turnout was light, although it was too soon to say whether it met projections of a little more than a third of California's 15.7 million registered voters. A huge chunk of the vote came in mail-in ballots, further depleting Tuesday's ranks.

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Los Angeles voter Maria Vasquez, 60, surveyed the deserted polling station at the Islamic Center on Vermont Avenue. "There's nobody here," she said.

For many, the election's main draw was the Democratic contest for governor, a race so spiteful that many Californians cringed at the choice they faced.

In TV ads, Westly portrayed his foe as a former developer who polluted Lake Tahoe, bulldozed wetlands and took campaign money from oil firms.

Angelides, in turn, depicted Westly as an untrustworthy politician who broke his vow not to run negative ads, rewarded a corrupt campaign donor with state favors and backed Schwarzenegger's school and healthcare cuts.

Ads by both Democrats were short on context. In some cases, they misled voters, who were forced to sort out accusations by each man that the attacks from the other were dishonest. In the end, the vicious back-and-forth gave Schwarzenegger a head start in defining his Democratic challenger in negative terms.

"It's hurt the Democrats' chance of beating Schwarzenegger in the fall," said Gary C. Jacobson, a UC San Diego political science professor.

The bitter campaign seemed to hurt both candidates Tuesday, with voters expressing no great enthusiasm for either Angelides or Westly, according to a Los Angeles Times exit poll.

Only about half of those who cast ballots said they very strongly or even fairly strongly supported their candidate, the survey found. Angelides had slightly more solid support than Westly. But Westly had a slightly better image among Democratic primary voters.

The mud fight also came at a time of California voter fatigue, brought on mainly by the 2003 recall and last fall's special election, called by Schwarzenegger. With their bland personalities, Angelides and Westly each struggled to captivate voters. The dry nature of their state finance jobs heightened the challenge.

But neither lacked the fierce ambition that any serious candidate for governor requires.

Angelides, 52, spent years laying the groundwork for his campaign. A former Sacramento home builder and state Democratic chairman, he won the job of state treasurer in 1998 and coasted to reelection in 2002.

The post's duties, like overseeing state debt, are obscure, but Angelides still used the job to polish his political credentials.

As a member of state pension fund boards, he worked hard to build his standing on the environment: He pressured big corporations to take steps against global warming and promoted billions of dollars in investments in solar power and other alternative energy sources.

An important turning point for Angelides was Schwarzenegger's victory in the recall. When the governor took office, Angelides immediately staked his ground as Schwarzenegger's loudest critic, even as Westly and other Democrats were more accommodating to a leader who was then immensely popular. Ever since, Angelides has cited his early willingness to stand up to Schwarzenegger as testament to the strength of his principles.

His top assets in the campaign have been organized labor and top elected officials, such as U.S. Sens. Barbara Boxer and Dianne Feinstein. On Tuesday, unions put 5,000 volunteers on the street for Angelides, said the California Labor Federation.

To counter labor's army of volunteers, Westly's main weapon was money: The former EBay executive, who reported more than $225 million in personal income over the last decade, poured more than $35 million of his fortune into his campaign.

Like Angelides, Westly has spent decades building ties with players in the state Democratic Party. He was vice chairman of the party in the late 1980s.

His base is the Silicon Valley. A former investment banker, Westly, 49, served as a manager at several dot-com companies. The last one, EBay, made him an instant tycoon when its stock went public.

In 2002, Westly left EBay and spent millions of dollars in his campaign for controller, a job he won by a margin of less than 1 percentage point. In the race for governor, he has taken credit for collecting billions of dollars in unpaid taxes as controller.

For months, he has used those efforts — and his pledge to raise taxes only as a "last resort" — to contrast himself with Angelides, who has made his plan to increase taxes on corporations and the wealthy a central focus of his campaign.

It was largely the tax issue that enabled Westly to position himself as the more moderate Democrat in the race. That, in turn, led to a series of polls showing that he would perform better against Schwarzenegger than Angelides would. Westly's campaign used those polls to argue to the end that he was the one candidate who could reclaim the governor's job for Democrats.

CONTRIBUTORS

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On To November (LAT)

The Los Angeles Times, June 7, 2006

NOW THAT CALIFORNIA'S primary season is over, voters have at least one thing to look forward to: silence. And they better enjoy it because it won't last long. The Democrats' shrill and shallow campaign ads may be off the air, but Gov. Arnold Schwarzenegger embarks today on a statewide bus tour. Maybe the winner of Tuesday's Democratic gubernatorial primary can take a few days, a few hours — OK, a few minutes — to pause and consider how to articulate a more positive message about the state's future.

The primary did little to boost the enthusiasm Democrats feel for their state candidates, and voters were also skeptical about two ballot measures to increase public spending on preschool and libraries. Regardless of whether the Democratic gubernatorial candidate is state Treasurer Phil Angelides or state Controller Steve Westly — and the race was too close to call even hours after the polls closed — he will have plenty of work to do before the final contest against Schwarzenegger on Nov. 7.

In the next five months, the Democratic candidate must show that he can repair the damage done to himself, his party and electoral politics in general by the recent weeks of cynical and self-defeating campaigning. If he expects to beat Schwarzenegger, he must rally voters by articulating how he can lead California in meeting a host of challenges. He must inspire confidence in his plans to deal with state finances, housing, transportation, healthcare, immigration and the environment, to name but a few of the state's pressing issues.

It's not enough to be smart, innovative and straightforward. He must also earn the trust of voters who are increasingly wary about where candidates get their campaign money and how they pad their resumes. And he must lay out, in greater detail and more convincing fashion, his plan to deal with the state's structural deficit.

Schwarzenegger, too, has his work cut out for him. He's riding high on the back of unexpectedly rosy revenues, and he now looks like a reliable senior statesman next to the squabbling Angelides and Westly. But if voters are to pick Schwarzenegger for four more years, they must know which version they will get.

Will he be the independent who ousted Gray Davis and called for an end to Sacramento politics as usual? Or the partisan who tried and failed to ram a slate of overreaching ballot measures past voters in a special election? Or the consensus-builder who worked with the Legislature to craft a budget and get a massive rebuilding bond on the November ballot? Or all of the above?

Political professionals often like it when voters are disgusted. They like targeting their campaigns to relatively small numbers of high-propensity voters, and Tuesday's election was notable for its low turnout. But both the Democrats and Schwarzenegger would do well to remember Davis and the 2003 recall — and to keep in mind the voters' skeptical attitude toward both ballot propositions on Tuesday's ballot. Voter disgust can be hard to control.

State Elections Are A Midterm Bellwether (WP)

By Jonathan Weisman

The Washington Post, June 7, 2006

Alabama Gov. Bob Riley easily won the Republican primary contest last night against former state Supreme Court chief justice Roy S. Moore, once regarded as a formidable challenger because of his support from social conservatives who cheered his refusal to remove a monument to the Ten Commandments from the state judicial building.

Riley probably will face Lt. Gov. Lucy Baxley, who in early returns in the Democratic primary was burying the comeback attempt of former governor Don Siegelman, who hoped to use a November contest against Riley to showcase his contention that his ongoing corruption trial is a political vendetta by the Republican who unseated him.

The results were among the first to come in a night when primaries and special elections across the nation were being closely watched for signs of the broader political environment that will influence races in this fall's midterm elections.

The contest with the most national significance -- the special election in California to replace imprisoned former representative Randy "Duke" Cunningham in a suburban San Diego district -- was too close to call as polls closed last night on the West Coast.

In the final days of the race, polls showed Democrat Francine Busby in a tight contest against Republican Brian P. Bilbray to complete Cunningham's term in a once-solid GOP seat. A Busby victory in a district where Bush won 55 percent of the vote two years ago would be a clear sign of the headwinds confronting Republicans this fall as they try to keep their 12-year control of the House.

In New Jersey, a famous political name -- Tom Kean Jr., the son of a popular former governor -- won a Republican primary for the right to challenge recently appointed Sen. Robert Menendez (D) in the fall. Also in the Garden State, former New Jersey

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Assembly speaker Albio Sires cruised to a primary victory over Assemblyman Joseph Vas in the 13th Congressional District, all but assuring him a seat in Congress because of the heavily Democratic tilt of the district.

Fearing a damaging, high-profile setback, the National Republican Congressional Committee pumped more than $4.5 million into the California race to help Bilbray, much of it in recent weeks. Busby had scored points by tarring Bilbray, a former congressman from a neighboring district, as a Washington lobbyist. But she hurt her own cause with a verbal blunder last week when she told a largely Latino audience, "You don't need papers for voting."

The former school board member quickly followed that slip by saying, "You don't need to be a registered voter to help" the campaign, but conservative talk show hosts burned up Southern California airwaves this week with charges that Busby was encouraging illegal immigrants to vote.

GOP strategists hoped that would bolster Republican turnout, which may have been depressed by the demoralizing spectacle of their congressman, a decorated Vietnam War pilot, going to prison for bribery. At the very least, Democrats conceded, the gaffe halted Busby's momentum at a critical moment and put her on the defensive.

"She needed a flawless finish to pull this off," said one Democratic Party official in Washington last night, who spoke on the condition of anonymity because the results of the election were hours away.

Democratic voters in the nation's most populous state were also deciding yesterday who will challenge Gov. Arnold Schwarzenegger in the fall. The Democratic establishment's candidate, state Treasurer Phil Angelides, was in a dead-heat contest against telegenic state Controller Steve Westly, whose supporters believe he would be a more formidable opponent to Schwarzenegger. The two candidates have spent a combined $60 million.

In Iowa's gubernatorial race, Secretary of State Chet Culver has said he has the best chance of defeating Rep. Jim Nussle (R) in the fall, but he has tough competition from state Rep. Ed Fallon Jr. and former economic development official Mike Blouin.

Democrats in Washington, eager to seize the 15 House seats necessary to wrest control from the GOP, had much at stake in yesterday's primaries. The race to succeed Nussle in Iowa's 1st Congressional District -- where Sen. John F. Kerry (D-Mass.) won 53 percent of the vote in 2004 -- is widely seen as one of the Democrats' best chances at a Republican seat. The Democratic Congressional Campaign Committee had backed trial lawyer Bruce Braley against former state legislator Rick Dickinson. But Bill Gluba, the 2004 nominee, was poised to play spoiler yesterday. Under Iowa rules, if a primary contestant cannot win 35 percent of the vote, the winner will be chosen by a convention of local Democrats.

Republicans were choosing their nominee among three candidates who battled over who would be toughest on illegal immigration: state Rep. Bill Dix, Heart of America Restaurants & Inns founder Mike Whalen and lawyer Brian Kennedy.

In California, the DCCC has been boosting Navy veteran and United Airlines pilot Steve Filson as the kind of moderate-to-conservative Democrat who can beat House Resources Committee Chairman Richard W. Pombo, a high-profile target. But first, Filson must beat Jerry McNerney, a more established face in the district's Democratic politics but a candidate who Democratic strategists on Capitol Hill fear cannot win enough votes in the conservative San Joaquin Valley.

The Democrats' chance to seize control of the Senate is considered more of a long shot, but one of their top targets is Sen. Conrad Burns (R-Mont.), who has been mired in allegations of ties to disgraced lobbyist Jack Abramoff. State Auditor John Morrison was once supposed to cruise to the nomination, but revelations of an extramarital affair and an investigation his office had conducted into a company with ties to his onetime paramour turned his contest with state Sen. Jon Tester into a horse race. A Mason-Dixon poll last month showed either candidate ahead of Burns, however.

Senate Race '06-Tester Vs. Burns (AP)

The Associated Press, June 7, 2006

State Senate President Jon Tester has been declared the winner in the Democratic U-S Senate primary.

With 53 percent of the precincts reporting, he was leading 61 percent to State Auditor John Morrison's 36 percent.They were the leading candidates in a field that thinned recently when Paul Richards bowed out to throw his support toTester. Richards, Robert Candee and Kenneth Marcure each had one percent of the Democratic vote.

Tester is a 49-year-old Big Sandy farmer. He maintained he was best able to take on incumbent Senator Conrad Burns on the issue of ethics -- the biggest issue so far as Burns gets attacked for alleged ties to lobbyist Jack Abramoff.

Morrison is the 44-year-old son of a former state Supreme Court Justice Frank Morrison Junior. He handily outraised Tester, and flooded the airwaves in recent days with advertisements promoting change in the "culture" of Washington D-C.

Meanwhile, incumbent Senator Conrad Burns has been declared the winner in the Republican U-S Senate primary. With 52 percent of the precincts reporting, he had 72 percent o fthe vote to 23 percent for the closest challenger, state lawmaker Bob Keenan.

Burns is running for his fourth term in office.

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Two other challengers -- Bob Kelleher and Daniel Neste Huffman-- garnered four percent and one percent of the G-O-P vote respectively.

Burns' popularity dropped after reports of his ties to convicted lobbyist Abramoff.

Burns has chalked up the criticism to the "Eastern liberalpress." He's also aired a T-V commercial dismissing the lobbyistas -- quote -- "the guy who ripped off his Indian clients formillions and lied to anybody and everybody."

Keenan, of Bigfork, can't run for the state Senate again becauseof term limits.

Menendez, Kean Win Primary Elections (AP)

By Donna De La Cruz

The Associated Press, June 7, 2006

TRENTON, N.J. (AP) - New Jersey voters will have to decide in November whether they want a veteran Democratic politician or the scion of a well-known Republican family to be their U.S. senator.

Democratic U.S. Sen. Robert Menendez and Republican state Sen. Tom Kean Jr. easily won their primary races on Tuesday, as expected. With 90 percent of precincts reporting, Menendez had 84 percent of the Democratic vote. Kean had about 76 percent of the GOP vote with 95 percent of precincts reporting.

Low voter turnout helped conservative Republican John Ginty make a decent showing against Kean, a 37-year-old state senator on the moderate side of the GOP who shares his father's name.

A financial data analyst, Ginty, 41, was counting on his supporters voting in droves to show their disapproval of Kean's support of abortion and embryonic stem-cell research. With 95 percent of precincts reporting, Ginty had about 24 percent of the GOP vote.

In a telephone interview, Ginty said he had hoped to do better but wished Kean well. However, Ginty would not say whether he would support Kean in November.

"Mr. Kean is going to have to be able to give conservatives and pro-life voters some incentive to support his candidacy," Ginty said. "That's up to him."

Menendez, 52, had only token opposition in James D. Kelly Jr., 50, who unsuccessfully challenged Corzine in last year's gubernatorial primary.

Menendez laid out his campaign strategy in his speech, constantly linking Kean to President Bush, who lost New Jersey in 2004. A Quinnipiac University poll in March showed that nearly two-thirds of Garden State voters disapproved of the job Bush was doing.

"As George Bush and the status quo in Washington have made the wrong choices for our country, my opponent has joined them time and time again in Trenton," Menendez said. "In five years, he's built a record of siding against New Jerseyans that shows exactly why we can't afford to send him to Washington."

Kean in his campaign will try to convince voters that New Jersey's highest-in-the-nation property taxes and other high levies are Menendez's fault. Kean in a victory speech also addressed Menendez's tactic of linking him to Bush.

"He's not running against President Bush, he's running against Tom Kean," said Kean, who also slammed Menendez as a politician who does not fight for New Jersey's residents.

"Washington is broken," Kean said. "After a decade and a half of Bob Menendez, New Jersey needs to elect a proven reformer that will fight for our security, our families and our values," Kean said.

After hearing his son speak, Thomas Kean said his son has the qualities that make him the best candidate for the job.

"He's thoughtful. He's independent. He's intelligent and he's ethical," Kean Sr. said. "That's what you want in a U.S. senator."

Menendez has a slight edge over Kean in recent polls and a big one in fundraising. As of May 17, Kean had raised $2.97 million, had $1.84 million cash on hand, and a debt of $19,801, according to the Federal Election Commission. Menendez had raised $7.16 million, $6.3 million cash on hand and no debt, according to the FEC.

Several House primaries also were decided Tuesday. In the 13th Congressional District - Menendez's old seat - former Assembly speaker Albio Sires defeated Joseph Vas in the race for the full two-year term. Sires also won the special election for the unexpired term that begins in November.

With about 90 percent of precincts reporting, nearly 16 percent of registered Democrats and Republicans cast ballots - a number that will rise as more returns are recorded. That still beats 2002, the last time a U.S. Senate seat was the main draw, when just 11 percent of the state's registered Democrats and Republicans showed up.

Menendez And Kean Sail Past Primary (NSL)

By Deborah Howlett And Joe Donohue

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Newark Star-Ledger (NJ), June 7, 2006

Democratic U.S. Sen. Robert Menendez and Republican state Sen. Tom Kean Jr. shook off their primary challengers last night and immediately took aim at each other in a campaign that has begun to heat up five months before the general election.

Unofficial returns showed Kean beat a conservative opponent by better than 3-to-1 and Menendez defeated a little-known candidate by more than 5-to-1. In acceptance speeches to their supporters, the nominees set out campaign strategies that foretold a long, hot summer of intensely personal and partisan campaigning for a six-year term in the U.S. Senate.

Kean promised to conduct a referendum on ethics and taxes. "New Jersey needs strong leaders who have character and core principles which will not be compromised for personal profit," he told supporters in Mountainside.

Menendez vowed to stand up to the Bush administration and the status quo in Washington. "Over the next five months, New Jerseyans will have a choice between two candidates with very different visions," he said at a victory celebration in East Brunswick. "The stakes could not be higher."

New Jersey's Senate race will play out against the backdrop of a national battle for control of Congress. Democrats are especially hopeful about making gains in the House, where Republicans hold a 231 to 201 majority, with two vacancies.

One of those vacancies is in New Jersey's 13th Congressional District. Former Assembly Speaker Albio Sires defeated Perth Amboy Mayor Joe Vas yesterday for the Democratic nomination to fill that seat, which Menendez held before his appointment to the Senate. Sires will face Republican John Guarini in the overwhelmingly Democratic district.

In the 5th Congressional District in the state's northwest corner, Republican Rep. Scott Garrett easily won nomination to a third term. He will take on Paul Aronsohn, a former aide to President Bill Clinton and Gov. James E. McGreevey who won the Democratic nomination last night.

Turnout was reported to be light in most parts of the state, although Division of Elections spokesman Jeff Lamb said the total wouldn't be clear until well after vote-counting began.

Slightly more than 2million of the state's 4.8million registered voters are affiliated with a major party, and less than 25 percent of those partisan voters cast ballots in the 2002 midterm primary election. Preliminary results last night indicated an even lower turnout.

Menendez overwhelmed his opponent, James D. Kelly, Jr., a perennial candidate who spent almost no money. With 90 percent of the ballots tallied last night, Menendez had 84 percent of the Democratic vote.

Kean faced a bit tougher challenge from John Ginty, a self-described conservative from Bergen County who was championed by New Jersey Right to Life and other groups he described as "values" voters. With 96 percent of the ballots counted, Kean had 76 percent of the GOP vote.

"I did everything I could," Ginty said at a rally at the Elks Lodge in Edison. "My campaign was brief and I didn't have as many resources as I wished when I first got in, but it's been a pleasure and a privilege to be involved in this process."

The results pit a son of Cuban immigrants, who pushed his way to the top of Hudson County Democratic politics and a 14-year stint in Congress, against a son of a popular former governor, whose term in public office began when he was appointed to fill an Assembly vacancy five years ago.

A GOP win in the Senate race would be a costly upset as Democrats seek to gain seats in Congress. New Jersey has not elected a Republican senator since Clifford Case in 1972.

"This is a Democratic seat. It's very important to the Democrats that they hold it," said Joseph Marbach, the chairman of the political science department at Seton Hall University. "It will be interesting to see what issues comes up -- if Kean runs from the president; if Menendez runs from the governor."

Menendez clearly means to make the Bush administration an issue. He has emphasized his willingness to stand up to President Bush and has sought to portray Kean as a toe-the-line Republican on issues such as stem cell research and the war in Iraq.

In his acceptance speech last night, Menendez referred to Kean by name nine times. The only name he invoked more often -- and not by coincidence -- was the president's.

"This campaign will be about who will side with New Jerseyans against the Bush status quo," Menendez said. "Tom Kean Jr.'s record shows he cannot be trusted to make the right choices. On issue after issue, the facts are clear: Tom Kean Jr. and George Bush are perfect together -- perfectly wrong."

Menendez was joined on the stage by his children Alicia and Rob, both college students, and by Democratic state chairman Joseph Cryan and Assembly Majority Leader Bonnie Watson Coleman.

Menendez also stood with Gov. Jon Corzine, who introduced him to the cheering crowd of about 200 people. Five months ago, Corzine appointed Menendez to finish out his term in the Senate. "Governor, thank you so much for your commitment," Menendez said.

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Kean will make their connection a central theme of his campaign, painting Menendez as a longtime political boss now beholden to Corzine and Democrats in Trenton who are trying to foist tax increases and higher spending on already overburdened New Jerseyans.

In his remarks last night, Kean rebuffed Menendez's effort to link him to the president: "I've got news for Bob Menendez. He's not running against George Bush, he's running against Tom Kean."

He also mentioned Menendez by name nine times, harping on Menendez's 30 years of political affiliation with Hudson County.

"Fourteen years ago, Bob Menendez brought his party-boss tactics to Washington. ... Today he is working to expand that machine across New Jersey," Kean said. "The people of New Jersey can no longer afford party bosses who put politics first and people second."

Kean was introduced to a crowd of about 150 partisans chanting, "Go, Tom, go," by his brother, Reed, who said his sibling is "tough as nails" and the ideal candidate to "reform a broken system."

The level of intensity in both camps is remarkable for this early in the election cycle and is likely to be ratcheted up as Menendez and Kean prepare for unusually early televised debates, scheduled for June 25 and June 26.

Said Marbach, "It's going to get ugly fairly soon."

Menendez, Kean Clear Party Rivals To Face Off (PHI)

By Cynthia Burton

The Philadelphia Inquirer, June 7, 2006

The field is set: The youthful scion of a family with a history of public service and a self-made man who pulled himself up from a Union City tenement to the rarefied air of the U.S. Senate will struggle bitterly against each other until Nov. 7.

In a light turnout yesterday in the U.S. Senate primary, New Jersey voters rubber-stamped the party bosses' choices of Thomas H. Kean Jr. as the Republican nominee and U.S. Sen. Robert Menendez as the Democratic nominee.

Menendez, a former U.S. representative from Hudson County, defeated an opponent, John D. Kelly Jr., who did not campaign. Kean, a Union County state senator, fought off a challenge from John Ginty, a conservative Republican.

Of the 33 U.S. Senate seats up for election in November, Republicans will defend 15 and Democrats 18, counting the seat of Vermont's Jim Jeffords, an Independent who caucuses with the Democrats.

New Jersey has one of five open seats. Menendez, appointed by Gov. Corzine in January to finish Corzine's term, is running for a full term.

Neither Menendez, 52, of Hoboken, nor Kean, 37, of Westfield, has been tested in a statewide race. At the moment, Menendez is better financed, with $7.3 million to Kean's $2.6 million. However, Kean's campaign has been gaining ground, convincing party leaders that it can pick up this seat, which could open the financial floodgates.

Reflecting their close standings in opinion polls, both primary winners came out last night with vitriolic attacks against the other, each positing himself as the only one who can rescue New Jersey from his opponent.

Drawing on a fundamental theme of his campaign against Menendez, Kean told a crowd in a Mountainside catering hall: "Do you want a Hudson County boss or a proven reformer?"

He accused Menendez of being more interested in using power to benefit himself than the citizens.

"Is there anyone who thinks Bob Menendez is fighting for us?" Kean asked. "Bob Menendez lives off the public and not for it. Ladies and gentlemen, enough is enough."

Kean promised to "bring a true moral compass to office" and attacked Menendez for voting against tax cuts.

Taking a page from Corzine's playbook in the 2005 governor's race, Menendez painted Kean as a puppet of the Bush administration in a state where the president has low approval ratings.

At the East Brunswick Hilton, Menendez told the crowd at his victory party: "Tom Kean Jr. may try to portray himself as a different kind of Republican, but when it comes time to choose sides, he always makes the same wrong choices... . Tom Kean Jr. will choose to side with George Bush, and New Jersey needs a senator who will stand up to President Bush - and I will be that senator."

He said Kean had voted against raising the state's minimum wage while supporting cuts in federal taxes for millionaires and oil companies, supported embryonic stem-cell research but voted against state financing of a research center, and supported the Bush administration's handling of the war in Iraq.

Kean, though, unwilling to cede any turf to Menendez, stated his case for the fall election. He said the country needed to bulk up homeland security, protect its borders, and cut government spending.

Both men also did a little legacy "borrowing" yesterday.

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Menendez introduced a bill in the Senate that would award homeland-security money based on terrorism risks. He touted it as a continuation of the work of former Gov. Thomas Kean - the father of his Republican opponent and, most recently, head of the 911 Commission.

Kean Jr. quoted Robert F. Kennedy in the second paragraph of his acceptance speech, using the words of a beloved Democrat to set up a standard for judging Menendez: "The problem of power is... how to get men of power to live for the public rather than off the public."

In his first public statement on the race, Kean Sr. - who watched his son from the front row, and not on the stage - said in an interview: "We need people who are new who have new ideas. This, I think, is the most unified the party's been since I left office."

Menendez also sought to inoculate himself from Kean's attacks.

"The Bush administration and its allies here in New Jersey have their backs to the wall, and they are sure to resort to the same playbook they always use against anyone with the courage to question them," he said.

Seeking to blunt Menendez's populist appeal, Kean said that while voters are paying more to live, "Menendez is running up $80,000 in meal tabs at fancy steak houses - while wining and dining the special interests that fuel his political machine."

Joe Cryan, an assemblyman and the Democratic State Committee chairman, said Kean's attacks could backfire. "People expect a better campaign from a Kean," he said in an interview.

Tom Wilson, chairman of the Republican State Committee, said: "The Menendez strategy is make this race about anybody but Bob Menendez."

Also yesterday, Menendez's former House seat went to Albio Sires, mayor of West New York and a former Assembly speaker. Sires fought off a fierce battle from Joseph Vas, an assemblyman and mayor of Perth Amboy. Sires also won the Democratic primary for a shot at a full term. John Guarini is the Republican nominee.

Viola Thomas-Hughes beat Henry David Marcus in the Democratic primary to face Republican U.S. Rep. Frank LoBiondo to represent the district that covers the southernmost end of the state and the Shore.

The U.S. Senate candidates are scheduled to have their first televised debates at the end of this month.

They've Been Nicked By Scandal, But No Signs Of Bleeding Yet (RC)

By Louis Jacobson

Roll Call, June 7, 2006

Last week, Out There looked at the Members of Congress and governors who are grappling with the most serious ethical allegations this election season. This week, we take up the next tier.

The "risk factor" below is designed to gauge how vulnerable the politician's career is right now, or, if the politician is retiring, how difficult the seat will be for his or her party to hold.

Sen. Conrad Burns (R-Mont.)

Not much new has developed on the ties between Burns and Abramoff. Earlier this year, Burns acknowledged that language favorable to an Abramoff client, the Saginaw Chippewa Tribe of Michigan, was included in a spending bill he was responsible for, though Burns said the language was added without his knowledge.

Risk factor: medium. Burns caught a big break when it was revealed that state Auditor John Morrison, the frontrunner in the Democratic primary, had an extramarital affair that became tangled up in a case his office was involved in. Whether Morrison or state Senate President Jon Tester won Tuesday's Democratic primary (results were too late for Roll Call's deadline) the news about Morrison's past helped take the ethical spotlight off Burns for several weeks. Despite recent Democratic gains in the state, Burns' good-ol'-boy persona has carried him through tough races in the past, and it could again this time.

Wisconsin Gov. Jim Doyle (D)

For a good-government state, Wisconsin is beset by a number of medium-sized ethical troubles this year. A legislative corruption scandal has produced guilty pleas by former leaders from both parties. Doyle's administration is undergoing state and federal probes over linkages between campaign donations and state travel contracts. And Doyle's use of state planes to attend events with a significant political component has been scrutinized by newspapers in the state; unfortunately for Doyle, it was an issue he rode to victory in 2002 against then-Gov. Scott McCallum (R).

Risk factor: medium. Doyle himself is embattled, but not as much for the ethical questions as for his record as governor and the strong challenge he faces from Rep. Mark Green (R). On the ethics front, he's helped by the fact that the legislative scandals were fully bipartisan and that he hasn't been directly implicated in them.

Illinois Gov. Rod Blagojevich (D)

Blagojevich, a one-time Congressman, won office four years ago by promising a change from the corruption scandals that surrounded outgoing Gov. George Ryan (R). Earlier this year, Ryan was convicted on federal corruption charges, but Blagojevich

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and members of his administration have themselves been blanketed by federal, state and local subpoenas (a few of them covering the period when Ryan was governor) on such matters as questionable state hiring practices and allegations of "pay to play." The governor has denied any wrongdoing.

Risk factor: medium. Recently, the key investigations have been relatively quiet and as a result, the ethics issue "has faded some in the public mind," said one observer in Springfield. This helped Blagojevich dispatch former Chicago Alderman Edwin Eisendrath in the Democratic primary, and his lavish spending on ads has given his candidacy a boost at a time when his Republican opponent, moderate state Treasurer Judy Baar Topinka, cannot keep pace. Blagojevich still faces a tough race, but at least for now, ethical problems seem less likely to doom his candidacy than they once did.

Sen. Bob Menendez (D-N.J.)

Menendez comes from Hudson County, a jurisdiction known for its old-fashioned machine politics. Attention has focused on former Menendez aide Kay LiCausi, who started a lucrative consulting firm called K.L. Strategies Inc. The firm's clients included a number of Menendez supporters. But no investigations or ethics complaints are known to have been filed against Menendez.

Risk factor: medium-low. While Menendez's vulnerability has risen since he was appointed to the Senate, that has mainly stemmed from a frustration with newly elected Gov. Jon Corzine (D) and the attractiveness of his GOP opponent, state Sen. Tom Kean Jr.

Georgia lieutenant governor candidate Ralph Reed (R)

Reed, the former head of the Christian Coalition, is battling fallout from the Abramoff scandals. According to news reports, Reed acknowledges receiving more than $4 million for cooperating with Abramoff on anti-casino campaigns in Texas, Louisiana and Alabama. But Reed has said he was unaware that those funds were secretly paid by tribes trying to protect their existing gaming businesses from competition by rival tribes.

Risk factor: medium-low. This is one of the few races on the list that has barely changed since December. Though the questions surrounding Reed have enabled state Sen. Casey Cagle (R) to make an unexpectedly strong primary bid, Reed has "avoided indictments, so he has a good chance of winning, because much of the GOP base in Georgia looks at him as a hero," said one Georgia political observer.

This month, former New York City Mayor Rudy Giuliani, arguably the most liberal Republican in the 2008 presidential mix, headlined a fundraiser for Reed. But Reed may have to worry about President Bush's decline in popularity, said another political observer in the state, "because identification with Bush was Reed's strong suit with suburban voters."

Rep. Charles Taylor (R-N.C.)

Taylor has faced a number of ethical questions in the past, most notably during investigations into Blue Ridge Savings Bank, which he founded in 1978. Hayes Martin, the bank's former president, was convicted in 2001 and alleged that Taylor was involved in bank fraud and money laundering. But Taylor vigorously denied those allegations, and he was never questioned, much less charged, in the case.

Risk factor: medium-low. Taylor, buoyed by personal wealth and a 57 percent Bush district, has consistently won re-election against plausible challengers. Democrats recruited former University of Tennessee star and NFL quarterback Heath Shuler, who, according to Democratic polls, has gained ground as local support for Bush has eroded. Still, Shuler, a political novice, faces an Appropriations member who has delivered big-time to his district — no easy task.

Rep. John Doolittle (R-Calif.)

Aside from an Abramoff-related subpoena to Doolittle's wife, Julie, the questions surrounding Doolittle — who serves on the House Appropriations Committee and as GOP Conference secretary — have remained within the media sphere.

Doolittle wrote letters that advocated positions helpful to clients of Abramoff, who was a major donor. Doolittle also steered federal money toward a company owned by another donor, defense contractor Brent Wilkes, who is being investigated in connection to the bribery case of ex-Rep. Duke Cunningham (R-Calif.). Doolittle's political action committee and re-election campaign committee reportedly paid for baby-sitting services. And Julie Doolittle's home-based fundraising firm, Sierra Dominion Financial Services, has raised eyebrows for receiving close to $200,000 in payments for raising money for Doolittle-linked entities. The practice is legal, but the sums are unusually large. Doolittle has denied any suggestion of wrongdoing.

Risk factor: low. There is little indication so far that Doolittle is a major target of prosecutors in the Abramoff case. Moreover, Doolittle's electoral position seems solid, and his aggressiveness as a fundraiser means he'll have a large war chest. Retired Air Force Lt. Col. Charles Brown was expected to prevail in Tuesday's primary, but winning in November will take an enormous Democratic wave.

Others With Low Risk Factors:

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· Rep. Cynthia McKinney (D-Ga.), who allegedly assaulted a Capitol Police officer in the Longworth House Office Building after she was not recognized at a security checkpoint. She later apologized. Despite the current national controversy, she's still favored over two primary challengers due to her loyal base in the solidly Democratic district.

· Rep. Jerry Lewis (R-Calif.), the powerful House Appropriations chairman who has become the latest Member to be linked in media reports to the bribery case involving Cunningham. The Justice Department is looking into the relationship between federal contracts overseen by Lewis and former Rep. Bill Lowery (R-Calif.), a lobbyist whose clients benefited from federal largesse. Subpoenas have been issued to several clients, but Lewis has denied any wrongdoing. For this year, Lewis is free of serious electoral opposition.

· Rep. John Conyers (D-Mich.). Several ex-aides claim that Conyers forced them to perform campaign work on government time, to baby-sit his children and to tutor his wife for law school. Conyers has denied any wrongdoing. The ethics committee has so far shown no interest in probing the case, and he faces only nominal opposition in November.

Technology Sharpens The Incumbents' Edge (WP)

By Jim Vandehei And Charles Babington

The Washington Post, June 7, 2006

In Ohio's 1st Congressional District, Republican incumbent Steve Chabot is running up against his toughest reelection challenge in years. But his Democratic opponent is running up against Chabot's computer.

In one of the lesser-known perks of power on Capitol Hill, lawmakers are using taxpayer-funded databases to cultivate constituents more attentively than ever. Chabot -- a six-term legislator from Cincinnati who finds himself imperiled this year after years of easy races -- has a list of e-mail addresses of people who are most interested in tax cuts. His office recently hit the send button on a personal message to alert them to the congressman's support for extending tax breaks on dividends and capital gains.

Chabot's computer is one factor to keep in mind when assessing the odds that Republicans will get evicted this November from their 12-year majority in the House. Anti-incumbent sentiment, as measured by polls and voter interviews, is stronger than it has been in years. But so, too, are certain structural advantages that overwhelmingly favor incumbents.

Some are well known, such as the superior ability of incumbents to raise campaign funds and the fact that most lawmakers come from districts that have been carefully drawn to favor one party. Other benefits -- including the ways that lawmakers are using the latest "micro-targeting" techniques in their official communications -- are more obscure, virtually unheralded beyond the people who use them.

"A major reason fewer incumbents lose is we have perfected the use of information technology," said Rep. Barney Frank (D-Mass.). "As incumbents, we have unlimited access to the most up-to-date technology in the world" free of charge, he said.

One way to think of this midterm election year, analysts say, is a collision between a wave and a wall.

The wave overwhelmingly favors Democrats: an unpopular war in Iraq, job approval ratings for President Bush at record lows, corruption scandals that have engulfed GOP congressional leaders, and polls showing voters favoring Democrats and their positions on the issues by distinct margins.

But Republicans still benefit from the wall: a long-term trend that for years has led to steadily fewer competitive districts.

Democrats are growing increasingly confident that this year the wave will be higher than the wall, but they acknowledge that the challenge of picking up the 15 seats they need to take control is daunting. Analysts have been watching yesterday's special election in California to replace resigned and convicted representative Randy "Duke" Cunningham (R) for an early indicator of the year's trend. The San Diego area district is traditionally Republican, but recent polls have shown Democrats well positioned for an upset. No result was expected until early today Washington time.

Rep. Rahm Emanuel (Ill.), head of the House Democrats' reelection efforts, said that the party faces a "rigged system" and that only a pitched level of public discontent gives them a "fighting chance" to overcome it.

In a memo delivered to House Democrats last week, Emanuel told lawmakers that redistricting could impede their takeover hopes, noting that respected political handicapper Charlie Cook estimates there are 35 truly competitive races -- compared with 100 in 1994.

One way to look at how incumbents have grown entrenched is to compare this election year with 1994 -- the year Newt Gingrich (Ga.) and his "Republican Revolutionaries" roared to victory by picking up 54 House seats. Although Democrats had held the majority for four decades, there was ample evidence long before Election Day of how vulnerable many of them were.

Democrats that year defended 61 seats in which the lawmaker had won no more than 55 percent of the vote in the previous election, a threshold many strategists and political scientists use to identify at-risk incumbents. Democrats lost 29 of the 61 seats.

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This year, Republicans are defending only 19 seats in which their House member won 55 percent or less in the previous election.

In 2004, only five of the 404 incumbents seeking reelection lost -- a reelection rate of 99 percent.

In California, all 101 incumbents who ran for reelection in 2002 and 2004 won, and all but two clobbered their opponents by 20 percentage points or more. The story is the same in most states.

At the same time, the polarized electorate tends to reduce fluidity on Capitol Hill, an advantage for the party that benefits from the status quo. Thanks to packed districts and a decline in split-ticket voting, there are fewer districts that vote for a president of one party but elect a member of Congress from the opposite party. Bush carried 255 House districts in the past presidential election, compared with Democratic Sen. John F. Kerry's 180. "There has been a big increase in party-line voting at all levels," said Gary C. Jacobson, a political scientist at the University of California at San Diego who studies political trends.

In many state legislatures, which draw congressional districts, politicians have joined in an unspoken bipartisan alliance to protect incumbents. Often this has been accomplished by packing Democratic-trending voters -- especially African Americans -- into a few urban districts, rather than spreading them in ways that would make more districts truly competitive. Some Democrats, including Rep. Brad Sherman (Calif.), lament the trend. Sherman said he fears that "a majority of those casting votes will vote Democratic in November" but that votes will be distributed in a way that does not necessarily produce a majority of House seats.

Chabot is an illustration of the way lawmakers settle into their seats. He won by campaigning against then-President Bill Clinton's tax increases in 1994, taking 56 percent of the vote. He had tight races in 1996 and 1998. But after the 2000 census, Ohio's Republican governor and the GOP-led state legislature made life easier for him. His new district was shaped to include more Republican neighborhoods. In an interview, Chabot said he estimates the new lines added about five percentage points to his November returns.

Democrat John Cranley, a Cincinnati City Council member, is bidding to change that. He and other Democrats have been hitting Chabot for supporting the Iraq war and an overhaul of Social Security.

The national winds are gusting in Cranley's direction. A recent Washington Post-ABC News poll found that 56 percent of voters said they want Democrats to control the House, and a majority said they preferred Democrats to handle every domestic and foreign issue they were asked about. But these broad trends in public opinion will not mean much, strategists say, unless Democrats succeed in translating them into an expanded number of truly competitive races.

Chabot said he is not concerned about the toxic political environment because "I know my district very well."

Like all incumbents, he has some important tools in knowing his district, ones not easily replicated by challengers trying to reach the roughly 600,000 people who live in a typical congressional district.

One of these tools is the congressional account each lawmaker can use to communicate with constituents. In the past, this money went mainly for sending newsletters or other mailings to voters, who often turned around and tossed them in the trash. But technology has allowed lawmakers to track the interests of individual voters, file the information into a database and then use e-mails or phone calls to engage directly with voters on issues they know they care about. In essence, this is the traditional "franking" privilege updated -- and made far more powerful -- for the digital age.

There are some restrictions, such as requirements that official office communications are not overly political. But there is a fine line between politics and constituent service, legislators acknowledge.

The practice is so commonplace that a cottage industry of consultants has emerged to assist House members in their micro-targeting strategies. Aris McMahon of Constituent Services Inc. advises several lawmakers on the latest techniques, including increasingly popular "virtual town halls" or "tele-town halls."

Using taxpayers' money, legislators employ a new technology that allows them to call thousands of households simultaneously with a recorded message, asking people in their districts to join in on a conference call with their representative. With the push of a button, the constituent is on the line with the House member -- and often 1,000 or more fellow constituents. More important, the lawmaker knows from the phone numbers where the respondents live and, from what they say on the call, what issues interest them.

At a retreat in St. Michaels, Md., in January, Rep. Daniel E. Lungren (R-Calif.) briefed Republicans on how to host these tele-town halls using their office budget, participants said. Information gathered from the events, as well as e-mails and phone calls from constituents, gets plugged into a database, giving the incumbent something a challenger could only dream of: a detailed list of the specific interests of thousands of would-be voters. E-mail then allows for personal interaction -- and a free reminder of why the incumbent should be reelected.

Senate Contender In Florida Presses On (NYT)

By Mark Leibovich

The New York Times, June 7, 2006

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VENICE, Fla. — Undaunted by a run of horrific poll numbers, staff turmoil and public doubts from leaders of her party, Representative Katherine Harris is thinking confidently beyond November.

Once Ms. Harris wins her race for a Senate seat, she says, she plans to travel everywhere with a guide dog.

"Before I hire anyone to work for me in the Senate, I tell them I'm going to do this," said Ms. Harris, the former Florida secretary of state best — or worst — remembered for her role in the state's election recount of 2000.

Ms. Harris explains that she intends to participate in a program that provides guide dogs for volunteers to train. While cynics may assign unflattering symbolism to a politician who is not blind being led around the Capitol by a guide dog, Ms. Harris is undeterred — by this or by the perception that her role in 2000 makes her too divisive to lure the swing voters necessary to defeat the incumbent Democrat, Bill Nelson.

In her insistence on running, Ms. Harris has become something of a pariah among many of the people whose power she indirectly helped ensure five and a half years ago, as overseer of the recount that sealed George W. Bush's victory.

Top White House officials, Republican operatives and Gov. Jeb Bush of Florida have urged her not to run. When Ms. Harris ignored those entreaties, a Who's Who of national Republicans begged a Who's Who of Florida Republicans to oppose her in the primary, to no avail.

Her campaign has been marked by aides leaving en masse, disclosures of her ties to a contractor caught up in a lobbying scandal and the fund-raising handicaps inherent to any enterprise perceived as a lost cause or, worse, a joke.

Ed Rollins, one of Ms. Harris's many former campaign consultants, claimed she had told him that God wanted her to stay in the race. (Ms. Harris denies making the statement.)

She promised to finance her campaign with $10 million of her own money. Popular wisdom says that will not matter. Mr. Nelson led Ms. Harris by more than 30 points in recent polls.

"She has absolutely no chance of winning," said former Representative Joe Scarborough, a Pensacola Republican who was courted strongly by the National Republican Senatorial Committee to oppose Ms. Harris but declined. Mr. Scarborough, the host of "Scarborough Country" on MSNBC, said Ms. Harris "seems to be detached from reality these days."

Because of her role in the 2000 recount, Ms. Harris still enjoys devotion from many Florida Republicans, enough to make her the likely winner over three little-known opponents for her party's nomination. Her supporters applaud avidly at Republican events and cannot understand her sudden unpopularity among party leaders.

"She acted exactly the way the Republicans wanted her to act," said Stanley Tate, a Miami businessman who serves as her campaign's finance chairman. Mr. Tate said he was "completely confused" by the party establishment's snubbing of Ms. Harris. He tells of a recent Republican dinner in Miami where Ms. Harris received a standing ovation from the crowd yet was not acknowledged in a speech by Governor Bush.

On Memorial Day, Ms. Harris rode in a parade and visited two Veterans of Foreign Wars halls and one American Legion post, and was not audibly jeered or heckled by anyone, a fact that surprises even her, "based on the press I get."

Between stops, Ms. Harris portrays herself as something of a populist under siege from "Washington Republicans" and a liberal news media. "I don't have the Beltway mentality," she said. "And I never go along to get along. So I think it's a little threatening to those in power."

She said that given the difficult environment for incumbent Republicans in November, it could be an asset to be perceived as a nonfavorite of the party establishment.

"O.K., so President Bush does not support her," said Representative John L. Mica, a Florida Republican who is close to Ms. Harris. "President Bush is at 30 percent." Mr. Mica added that Ms. Harris was previously criticized for being "a tool of the Bushes," which should not be a problem anymore.

Even so, the role of anti-establishment figure is unusual for Ms. Harris, the product of a well-to-do Central Florida family and a granddaughter of a cattle and citrus baron. She became a well-known socialite in the Sarasota area and has long been active in the state's Republican Party. She is married to a Swedish businessman, Anders Ebbeson, and they have listed assets of as much as $37 million.

In Congress, Ms. Harris has been a reliable ally of the Bush administration on issues like tax cuts, Iraq and opposition to same-sex marriage. She has done little in her three-and-a-half-year tenure to win notice beyond her district — one exception being a speech in which she spoke of a foiled terrorist plot against the city of Carmel, Ind. (Federal officials said the plot never existed; Ms. Harris later said she had heard of it secondhand.)

The belief among top Republicans was that Ms. Harris's presence in 2006 would galvanize Democrats still eager for revenge after 2000.

"The campaign can't be about her," Governor Bush told reporters last month. "I gave her that exact advice. Since then, it's gotten worse."

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Like most politicians who are behind in polls, Ms. Harris says she does not pay attention to them. But she cited her own "internal polls," which she said showed that she could get 53 percent of the vote "if my base turns out."

She says she has moved on from a string of fiascoes early this year, including the disclosure that a military contractor who has pleaded guilty to bribery in the corruption case involving former Representative Randy Cunningham has also admitted to making $32,000 in illegal donations to Ms. Harris's campaign. She has said she had no idea the contributions were illegal; she donated the money to charity.

She has also seen a drain of top aides, campaign managers and consultants, many complaining on the way out the door about her management style and unwillingness to follow their advice (including not to run).

Ms. Harris says voters are indifferent to stories about staff turnover. What matters, she said, is "my total commitment to Floridians" and "getting the word out about how liberal Bill Nelson is."

In interviews, Ms. Harris projects a somewhat frenetic personality, speaking in rapid-fire cadences, fussing incessantly with her hair and barraging aides with questions and road directions ("We have a detour to Starbucks on the way. ... Quickest way to Venice is down Fruitville"). Sometimes she will burst forth midsentence upon noticing something out the window ("Hey, there's one of my bumper stickers!").

She attributes much of how she is viewed to the "silliness" of the media. This dates from 2000, when Ms. Harris's perceived overapplication of makeup became a recurring punch line.

"They had trucks in Florida bringing the ballots to Tallahassee," Jay Leno said on "The Tonight Show." "In fact, it's the same trucks they used to bring the makeup to Florida Secretary of State Katherine Harris."

Ms. Harris is adamant in her claim that news organizations have doctored photographs to exaggerate the amount of makeup she wears. "I haven't worn blue makeup since seventh grade," she said, referring to photographs she said she had seen of herself on the Internet.

She is especially animated when the topic turns to animals, including the guide dog she plans to train starting in November. She will care for the dog for 18 months, spending nearly all her waking hours with it. "You can't let them sleep in bed with you," Ms. Harris said. "Which is going to be harder on me than the dog."

When a supporter in a Venice veterans hall said he once witnessed Ms. Harris leave her vehicle to escort a turtle across a highway, she became gravely serious.

"All of my life I have stopped for turtles," she said firmly, even defensively, as if someone had challenged her commitment to turtle safety.

As Ms. Harris hugged and hand-shaked her way toward the hall exit, the song "Y.M.C.A." came on. The mostly empty dance floor filled with aging veterans and their wives, one of whom spotted Ms. Harris and summoned her.

She obliged. And then commenced another unforgettable moment, Katherine Harris, arms over her head, dancing to "Y.M.C.A."

His Support Waning, Weld Quits New York Governor's Race (NYT)

By Patrick Healy

The New York Times, June 7, 2006

William F. Weld, the former governor of Massachusetts who undertook a rare bid to lead another state, dropped out of the race for governor of New York yesterday. He had been deserted by Republicans who once supported him as their best hope against Attorney General Eliot Spitzer in the November election.

Mr. Weld, a moderate Republican in the mold of Gov. George E. Pataki, ran a lackluster campaign and was never able to convert his early advantages into real campaign muscle. At the same time, Mr. Pataki's behind-the-scenes effort to help Mr. Weld last month proved too late and too thin to do any good.

Mr. Weld's departure sets the stage for an ideological clash between the presumptive Republican candidate, former Assemblyman John Faso — a conservative intent on cutting taxes — and the likely Democratic nominee, Mr. Spitzer, who is backed by a unified Democratic establishment that is determined to regain the governor's mansion after 12 years.

Mr. Weld dropped out after lengthy debates with his staff on Monday. The central issue was whether he could rebound from recent setbacks and raise enough money to win the Sept. 12 primary, running as a moderate outsider against the party's choice, Mr. Faso, and then go on to beat Mr. Spitzer in November. His decision to withdraw reflected a stunning political defeat for a man considered presidential material by some just a decade ago. [Page B4.]

Several Republican moderates urged Mr. Weld to stay in on Monday; one senior Pataki aide even e-mailed Mr. Weld a quote from the Roman emperor Marcus Aurelius, in Latin, that urges digging in and fighting.

Mr. Weld mulled setting up a new political party, devoted to tax relief, to amplify his call for income tax cuts. And he was even prepared to spend up to $5 million of his own money on the race, according to several of his advisers. Yet his loss of the

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Independence Party endorsement on Saturday to Mr. Spitzer, the desertion of key supporters in recent days and the realization of looming costs convinced Mr. Weld that he would end up losing to Mr. Faso — who corralled the party's support at the Republican convention last week — or to Mr. Spitzer.

"If John and I had been head-to-head between now and Sept. 12, I guarantee you one thing: We would have had a very tired, very broke Republican candidate on Sept. 13, no matter who it was," Mr. Weld said at a news conference yesterday.

Republican concern about contested primaries is so great that the state party chairman, Stephen J. Minarik III, is expected to ask one of two Republicans running for the United States Senate, Kathleen Troia McFarland, to drop out today. Her advisers said last night she planned to say no.

Among the assets Mr. Weld, 60, had coming into the race were tacit support from Mr. Pataki and from a closer, older friend, former Mayor Rudolph W. Giuliani. Mr. Weld had expected their endorsements, the advisers said, but neither was forthcoming. Some Weld advisers accused Mr. Pataki and Mr. Giuliani of caring more about protecting their own presidential ambitions in 2008 than risking their political capital on Mr. Weld, even though he shared their fiscally conservative, socially moderate views.

"I think Pataki and Rudy are constrained — they have a little touch of Potomac fever and they couldn't do anything too overt to help Weld if it could backfire on them," said Arnold L. Burns, a fund-raiser and old friend of Mr. Weld's, who is also chairman of the QuanStar Group.

Four advisers who granted anonymity said that Mr. Weld felt more betrayed by the governor than by the former mayor because he was led to believe that a Pataki endorsement was in the offing this spring.

In mid-May, Mr. Pataki held a dinner at the governor's mansion in Albany with his senior political advisers. According to participants at the dinner, Mr. Pataki said that in order to endorse Mr. Weld, he would have to see more hustle and political momentum from the candidate, such as new endorsements from Republican county leaders. In an effort to show the aggressiveness that Mr. Pataki sought, some members of the dinner group worked with Weld aides later that week to attack some Faso votes in the Assembly as "extremist."

At that time, Republicans close to Mr. Pataki told a reporter that an endorsement was imminent. Yesterday, however, they said that Mr. Pataki never followed up on the mid-May dinner by leading the charge, and that he decided against endorsing Mr. Weld when he realized it would not guarantee a major Weld victory at the convention.

Pataki advisers said Mr. Weld was hobbled most of all by his own problems. He never regained the artful political touch he showed in Massachusetts, and was unable to shake Republican concerns about his leadership of a Kentucky trade school, Decker College. The school is now under federal and state investigation into financial aid fraud.

Mr. Pataki, speaking to reporters yesterday, insisted that his endorsement had not been a crucial issue in the contest. "It was a question of — I said from the beginning — of candidates making the case and going out there and doing the hard work to win," Mr. Pataki said. "The fire in the belly counts for a lot, and John Faso had it."

As for Mr. Giuliani, his spokeswoman issued a statement praising the Republican unity around Mr. Faso; it did not mention Mr. Weld.

The major challenge facing Republicans now is Mr. Faso's money: He had $933,000 on hand in January, the last time fund-raising records were made public, while Mr. Spitzer had $19 million. Mr. Faso focused heavily on courting convention delegates this spring, and the four Weld advisers say they believe Mr. Faso is grappling with raising cash, based on the chatter in the insular world of New York Republican fund-raising.

At a joint news conference yesterday, Mr. Weld and Mr. Faso made a point of emphasizing that Mr. Weld would help his former rival raise money. Still, Cathy Blaney, a Pataki fund-raiser who worked for Mr. Weld, said last night that it was hard to predict if Mr. Faso would raise enough money to have a chance to defeat Mr. Spitzer. "Bill Weld was able to play on a bigger stage, and we raised money that isn't usually available in New York," she said. "What the future holds money-wise for John Faso, I don't know."

Yesterday, at a news conference in Mr. Weld's Manhattan campaign office, Mr. Weld and Mr. Faso complimented each other, professed a lack of ill will, and clasped and raised their hands in a victory pose at one point. Both men said that, with enough in campaign money, Mr. Faso could turn 2006 into a pocketbook race against Mr. Spitzer, who leads the Republican candidate by at least 50 points in public opinion polls.

"The fact of the matter is, New York cannot take a governorship of Eliot Spitzer, who will raise taxes," Mr. Faso said. "Spitzer has already promised billions in new spending and billions in new borrowing that simply cannot be paid for unless taxes are raised."

In assessing Mr. Weld's campaign, his advisers said that, while he may be an uneven campaigner, he was also the victim of Republicans and conservatives who had been shut out of power by the Pataki camp.

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"Our state Republican Party is increasingly under control of the right wing, exclusionary elements of the party, and Bill is really increasingly at odds with those people on social issues," said Mr. Burns, the Weld ally.

Frist Cementing Bush Alliance (RC)

By John Stanton And Erin P. Billings

Roll Call, June 7, 2006

Less than six months before leaving the Senate, Majority Leader Bill Frist (R-Tenn.) has thrown his legacy chips in with President Bush, inextricably aligning himself with the White House on key domestic and international issues, even as many in his own party distance themselves from the unpopular president.

Although his Senate position makes him one of the GOP's four most prominent national leaders, Frist will face significant challenges in winning the 2008 presidential nomination — from Sen. John McCain (R-Ariz.) as well as from such Senators as George Allen (R-Va.) and Sam Brownback (R-Kan.) who are darlings of the conservative movement.

Given the already crowded field of potential GOP White House aspirants, Frist's decision to firmly tie his political fate to Bush's could result in a boon to his presidential hopes, despite Bush's current weakened state.

Frist could benefit if Bush rewards his loyalty by handing off his substantial political and fundraising operations to Frist. In addition, having the backing of Bush — who remains personally popular with much of the GOP's base despite their concerns about how he has handled his job — could be Frist's ticket to undercutting McCain's early frontrunner status and the natural support among conservatives for Allen and Brownback.

GOP sources say that Frist's allegiance to the president is no surprise, given that he arguably owes his rise to Majority Leader to Bush and his operation. Bush was among those who helped propel Frist into the top job in early 2003 after then-Majority Leader Trent Lott (R-Miss.) stepped down in the wake of racially toned remarks he made about the late Sen. Strom Thurmond (R-S.C.).

One Republican Senator, speaking on the condition of anonymity, said that Frist understands Bush is largely responsible for his political fortunes in the Senate. Even with Bush's popularity now at record lows, the lawmaker said that Frist cannot turn his back now on a key ally.

"It's part loyalty, and it's partly because he's so closely hitched himself to this star," the Senator said.

Some Republican insiders suggest that Frist may be banking on Bush to give him the needed support in a prospective 2008 presidential bid. Bush not only has a tested political team but also a fundraising machine unmatched in GOP circles. A source close to Frist acknowledged that should the Majority Leader end up making a run for the White House, his decision to align himself with Bush could put him in the potentially enviable position of inheriting Bush's massive political and money network.

Frist must show that he can manage the Senate at a highly partisan time and when other Senators in his conference are also eyeing White House bids. Although as Majority Leader, Frist has spearheaded a number of significant victories — including the passage of bankruptcy reform, class-action reform, an energy bill, a transportation bill, extensions of several Bush tax cuts and Senate approval of sweeping immigration legislation — Democrats, and critics within his own party, have painted Frist as ineffective, and, to an extent, the label has stuck.

Part of that appearance problem stems from Frist's style, say those close to the lawmaker, arguing that his clinical approach to politics has often left him ineffective at trumpeting his own successes.

Additionally, unlike hot-button issues like gay marriage and judicial reform that appeal to the GOP's core voters, most of Frist's victories have been too dry or technical in nature to be easily translated into sound bites or to engage base voters' passions.

In an effort to reverse this public perception, Frist has tried to be more aggressive this year both in touting his own agenda and defending the White House from Democratic attacks. Likewise, the White House has been much more cooperative with Frist than it has in the past, Senate aides said.

On issue after issue this year, Frist and Bush have teamed up, including on a spate of judicial and executive nominations, immigration reforms and on how much should be spent in the emergency supplemental spending bill to pay for Hurricane Katrina recovery and the war in Iraq. On the latter, Frist even asked for — and Bush agreed to — a veto pledge if the bill came in too bloated.

A Frist aide points to the recent immigration debate in the Senate as an example of this cooperation.

Unlike last year's disastrous Social Security debate — in which Bush essentially dumped the issue on the laps of Congressional Republicans and did little to help move the political ball forward — the White House agreed to play a supporting role and allow Frist to lead on the issue.

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White House officials and Frist's office coordinated the timing and substance of statements by the president on the issue, so that Bush's positions could complement Frist's efforts to nudge conservatives in his party into line.

Similarly, despite the harm the gay marriage debate this week could inflict on endangered moderate Republicans such as Sen. Lincoln Chafee (R.I.), Frist wholeheartedly agreed to take up the amendment again this year.

A close link to Bush could also strengthen Frist's muscle among other Republicans in charting the party's agenda, as well helping advance his own personal platform, once he leaves the Senate.

But there are equally obvious dangers inherent in the strategy, because the entire gambit turns on Bush recovering much of the popular support he has lost in the past year and a half, Republicans acknowledge.

"It's a gamble," said one GOP political operative. "You are gambling that hopefully there will be a rebound of some sort — a steadying of the [president's] approval ratings and popularity going into '08."

Frist's strategy also has required him to be so loyal to the White House that he has increasingly served as one of Bush's few defenders on controversial issues.

For instance, Frist earlier this year quickly released statements praising a National Security Agency wiretapping program, even as Republicans and Democrats in both chambers were blasting the effort as an illegal invasion of privacy.

And Frist has thus far been the only major Republican to defend the Department of Justice's decision to raid the office of Rep. William Jefferson (R-La.) last month. That put Frist in direct conflict with Speaker Dennis Hastert (R-Ill.), who, despite some backlash from members of his conference, has been vocal in criticizing the raid.

In fact, while Frist has often found himself at odds with House leaders this year, he has put up an all-but-united front with the White House. Perhaps the only notable divide between the two came earlier this year when Frist joined scores of other lawmakers in challenging the Bush administration's decision to authorize Dubai Ports World to manage several major U.S. ports.

Frist's decision to keep close to the president "may have an appeal to some people for staying loyal, but if not, you look like you are just more of the same," the operative warned.

Democrats have increasingly looked to tie Republicans in the House and Senate to Bush, constantly referring to them as "Bush Republicans" in statements and press releases and attempting to paint Bush and his political adviser, Karl Rove, as the masterminds of every move Congressional Republicans make.

It appears that Democrats are taking notice of the alignment between Bush and Frist, repeatedly questioning the Majority Leader's motives as he shepherds legislation through the Senate.

Senate Minority Whip Dick Durbin (D-Ill.) said Tuesday that ballot-box hopes are certainly influencing the GOP Senate agenda, but he is unsure of the exact culprit.

"I don't know how much of it is dictated by Frist's '08 ambitions or by [White House adviser] Karl Rove's political strategy," Durbin said, adding that he also couldn't say whether the two were coordinating behind the scenes to set Congressional priorities.

"I don't know what's driving it," Durbin said.

By any measure, Frist must negotiate a difficult path. He is trying to show he is a capable leader despite his lame-duck status in the Senate and his possible presidential ambitions. He must also compete against at least four of his GOP colleagues who are similarly interested in residing at 1600 Pennsylvania Ave.

"It's Frist's job to push the president's agenda forward," the GOP operative noted. "It's a very difficult position to be in."

Still, the Republican source said, Frist might lose by so closely aligning himself with Bush.

"It certainly seems, at least for the short term, that there's not a lot of political risk in distancing yourself, because even the base right now is uncomfortable with where the president is," the source said.

Faith-Based Initiative (WP)

By Libby Copeland

The Washington Post, June 7, 2006

In 1995, Sam Brownback sacrificed part of his body and wound up closer to God. He discovered a melanoma and had to have two surgeries, during which a "big hunk of flesh" was taken out of his side.

"It was a great season in life," the Kansas senator says in his soft lullaby of a voice. "Season" is one of his favorite words. He sometimes sounds as though he's quoting the Bible even when he isn't.

"I can identify now better with people that have cancer, 'cause when you're told that, it's kind of like -- where else? What else is going on in this body?" Brownback says. He is sitting on a couch in an office in the Capitol and once or twice smiles a serene smile. "But that's mind focused on the flesh. That's death. Literally, you almost can worry yourself to death."

Instead of dying, the first-term Republican congressman had a revelation. In a speech once, he likened the melanoma to God pounding on his hardened heart, even bringing a hunk of concrete and an ax onstage to make the point. He says now it

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produced "a wonderful and radical transformation of focus." When he ran for the Senate the next year, his spiritual awakening gave him the determination to run an aggressive campaign and crush his opponents at the polls.

Everything has its season, and now is the time when presidential aspirants sprout like stalks of tall Kansas wheat. Brownback thinks 2008 might be his moment, though in interviews he emphasizes his humility. He calls himself a "flawed man," and says the longer he pursues his faith, the more he finds his own sin. It seems contradictory -- all that ego and all that modesty.

"I could be the right person with the right message at the right moment. And I could be completely wrong and I'll still be happy about it," he says, sounding way too mellow for a wannabe president.

In the meantime, amid the fundraising and the visits to Iowa and New Hampshire, Brownback is focused on spreading light when he enters a room. He has said he tries to see Jesus in his fellow senators.

Three years ago he gave a speech at the Archdiocese of Denver. He spoke of the need to "convert the culture" by spreading God's love. He posed a question: "When we walk up to the McDonald's counter, what if we looked at that person in the eye . . . and we said, 'God bless you for that Big Mac?!' "

Then Brownback quoted Burt Bacharach.

"What the world needs now," the senator said, "is love, sweet love."A Religious Experience

Four years ago, Brownback -- who'd been a Protestant all his life -- had another spiritual transformation. He decided to become a Catholic.

"Just felt a real deep calling," he says.

He won't talk much about this aspect of his religious life. "It's kind of a divisive issue," he says, perhaps conscious of his many evangelical supporters. "People divide along churches instead of trying to look at how you pull together. Like, okay, this church is better than that church. You can find the Lord in a lot of places if you're willing to look for Him."

Brownback says he felt drawn to Catholicism for several years before he converted. (He had been raised a Methodist, and later belonged to a nondenominational evangelical church.) He describes the decision as an organic process, less a journey away from his faith and more a return to its roots. He doesn't call it a conversion.

"A conversion is if I became a Buddhist," he says. "Joining the Catholic Church was joining the early church. This is the mother church. This is the church out of which orthodoxy and Protestantism came."

He was sponsored by his friend in the Senate, Rick Santorum (R-Pa.). The ceremony was performed by the Rev. John McCloskey, a member of the controversial and strict Opus Dei sect who has helped convert a number of high-profile people, including columnist Robert Novak and former abortion provider Bernard Nathanson.

Sundays back in Topeka, the senator, who says he is not himself Opus Dei, attends two services. First he goes to Mass by himself, then to his old nondenominational church with his family, who did not convert. His wife, the former Mary Stauffer, comes from a wealthy family that used to own a media conglomerate. They have five children, the two youngest adopted after the Brownbacks applied in China and Guatemala simultaneously and both applications -- unexpectedly -- came through.

He invoked his adopted daughter recently during the Southern Republican Leadership Conference in Memphis, where potential '08 candidates gathered to speechify.

"Tomorrow, because a woman in China saw that abortion was killing a child, Jenna Joy Brownback, my daughter, will have an eighth birthday party," he told the crowd, prompting applause.

Brownback has a folksy, reassuring presence: He might be lamenting Roe v. Wade or he might be tucking you in and reading "The Berenstain Bears." He grew up on a farm and uses agricultural analogies and words like "skedaddle." He keeps a Mother Teresa quote about not judging people on the back door of his home in Topeka.

"So easy to judge people," he says. "I see you coming in the hallway and my mind just automatically goes, 'Okay, reporter, Washington Post, that's a primarily liberal publication, be careful.' Well, now I've automatically judged you. So I've spent my time judging you instead of thinking, 'Oh, here's a great person that I can interact with. I pray to love 'em.' "

Love, sweet love. Brownback examines his soul for hate and tries to excise any malignancies. Some years back, he says, he apologized to Hillary Clinton at a prayer breakfast for having despised her and her husband.

"I'm ashamed to say it but I did. And I felt -- justified in my hate," he says, his tone bitter, as if reliving an ancient betrayal. "I disagree politically but there is no call to hate. And it was wrong, it's a sin, and I went to her and I apologized."

He practices prayer when he finds himself in heated situations, as he did recently during a meeting on a constitutional amendment he supports, which would ban same-sex marriage. (Marriage, he says, is "a man and a woman bonded together for life and grandparents surrounding 'em.")

"Instead of getting angry at somebody for opposing you on something, you're just praying for them," he says. "You just pray blessings on them, blessings on their family."

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Because of his emphasis on compassion, Brownback does not fit the stereotype of the angry Christian conservative. This persona was embodied sensationally by "Pitchfork Pat" Buchanan and his talk of America's "religious war," by Sen. Tom Coburn of Oklahoma, who once imagined "rampant" lesbianism in his state's schools, by the Rev. Jerry Falwell, who said abortionists, feminists, gays and pagans helped cause the 9/11 terror attacks. (Falwell later took it back.)

Brownback has teamed up with some of the most liberal members of the Senate to help victims of sex trafficking, and suffering Sudanese. He quotes Bono on the struggles of the poor and encourages college students to take their spring breaks in Africa. He has worked for women's rights in Afghanistan and for North Korean refugees. When the issue of illegal immigration blew up in the Senate earlier this year, Brownback embraced President Bush's plan for comprehensive reform, infuriating some conservatives who see it as too lenient. He has pushed for an African American history museum on the Mall, saying he became committed after a "divine intervention" came to him during prayer.

"It's a consistent kind of a viewpoint that he has that's across the spectrum, and I think a lot of political leaders sort of pick and choose," says Sen. Edward M. Kennedy (D-Mass.).

"The wonderful thing about Sam is yes, he is ambitious, but it doesn't change anything," says David Barron, who coordinates a consortium of environmental groups called the International Conservation Partnership and has worked with Brownback on conservation issues. "He doesn't worry that someone's going to think he's a squishy liberal because he wants to feed people."

It would, in fact, be a grave error to characterize Brownback as squishy.

When he entered the House as part of the Republican sweep of 1994, Brownback argued for dismantling the departments of Commerce, Education, Energy, and Housing and Urban Development as part of an effort to downsize the federal government. Some years later he put forward the theory that part of the problem with the Social Security system was abortion, because too few children were growing up to become workers who could pay into the system.

During the 2004 Republican convention, Brownback told a closed-door rally, "We must win this culture war," according to the New York Times. "I say we fight."

"He has this kind of soft physical presence," says Burdett Loomis, a political scientist at the University of Kansas. "I think Sam Brownback is a very tough customer."

Brownback believes that research on embryonic stem cells is immoral. In a hearing in 2000, Sen. Arlen Specter (R-Pa.) argued that research could save lives, and pointed out that the embryos in question were left over from fertility treatments and were going to be discarded anyway.

Brownback compared Specter's argument to the gruesome medical experiments performed on victims of the Holocaust.

"You had the Nazis in World War II saying, of these people, 'They are going to be killed,' " Brownback said. " 'Why do we not experiment on them and find out what happens with these experiments? They are going to die anyway.' "

"But they were living people," said Specter, whose parents were Jewish immigrants.

"These are living embryos," Brownback countered. He then hastened to reassure his opponents that he knew they meant well.

"I do not think our hearts are any different," he told one.A Humble Leader

During visits to Israel, Brownback used to study the Torah with Ariel Sharon, calling it "each of us feeding our souls." Lately he has been reading the Koran. He says Islam's holy book talks a lot about weighing people's good deeds against their bad deeds, and this has made him appreciate Christianity more.

"That's why I love grace so much. And mercy," he says. "Think of the burden that is on a person, that you're going to be weighed. And all of us fall short."

This notion of falling short is a big part of Brownback's identity. He's even humble about his own humility, saying there are others who surpass him in this virtue. Once, years ago, he washed the feet of a staffer at a farewell party to demonstrate respect and humility. When he feels his staffers need guidance, he gives them index cards with Scripture encouraging them to follow Christ's model of servant leadership, or reminding them that "Pride goes before destruction."

He says he struggles "to be really fully committed to the faith -- to die to self," to "pick up His cross daily and carry it." He talks about a visit he made earlier this year to Gospel Rescue Ministries downtown, where he stayed overnight in a room full of men participating in a substance abuse program.

"But for the grace of God," he says three times, "there go I."

Brownback grew up one of four kids on a Kansas farm outside Parker, which had 281 residents in the last census. His childhood friend David Prentice recalls herding cattle with Sam on motorcycles. In high school Brownback was a quarterback ("Wasn't much of one," the senator says), and maintained a lustrous afro he likes to joke about now.

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But if the young Sam was, as high school friend Joe Atwood describes him, "extremely overboard humble," he was also highly ambitious. He held leadership positions through law school at the University of Kansas and was state president of Future Farmers of America. At 30, he was appointed the youngest agriculture secretary in Kansas history.

And now, at 49, he's considering a run for president. Across the country, not many people know who Sam Brownback is. His fundraising has been lackluster, though it's still early. Even if he doesn't get close to winning, though, his support in the conservative Christian community may affect what other candidates are talking about.

"One of his major contributions would be to anchor the moral issues in the Republican Party," says Rob Schenck, an evangelical minister and president of the conservative National Clergy Council. "He in a way could hold the evangelical and the traditional Catholic vote hostage if the party began to waver on those issues."

Brownback says his model for the presidential race would be the way he ran for Senate in 1996, after discovering the melanoma.

"If I win, I win. If I lose, I lose," he says. "It's a great liberation. . . . And then you run on the topics that you really feel called to do. And the beauty of it is, is that people really like that. They may not agree with you on things but they really do like that. The purpose-driven life."

He talks about the presidency with a sense -- as his former chief of staff David Kensinger put it -- that "what is supposed to happen will happen." He believes America is a special place destined for special things, and that it is undergoing a "renewal of the soul."

"If Sam's headed for higher office it's because he thinks the mission is headed for higher office," says Barron, the conservationist.

But how can a person be humble and also believe he should be president of the most powerful country in the world?

"It's one of the most humbling things on Earth," Brownback says, his voice soft. "Look at the nature and the difficulty of that job and the greatness of this country and the need to be humble and wise to serve. Plus it's just, it's like, pride was the first sin and humility's the first grace . . ."

"I think Reagan had it right that you don't pursue the presidency, it pursues you."

But a man who expects a crop must first till the soil. Brownback knows this. He still goes home to his childhood farm for the spring planting and the fall harvest of the wheat.

He used to keep a tennis ball can filled with Kansas dirt in his office as a symbol "of what I physically return to," he says. "It's just a great reminder that you serve for a period, you serve for a season and then you move on."

Brownback says he imagines future generations walking the halls of Congress and nobody knowing who he was. He imagines people passing a "Brownback Room" and someone saying, "Who was he?"

Perhaps someone else might answer that Sam Brownback was a complicated man, who thought himself a servant and a potential president at the same time, who imagined his life forgotten even as he dreamed of a room named after himself.

Harvard, Boston Hospital To Attempt Embryo Cloning (USAT)

By Dan Vergano

USA Today, June 7, 2006

Scientists at Harvard and Children's Hospital Boston announced Tuesday they have the green light to clone human embryos that could generate stem cell lines for specific diseases.

The researchers join a small cadre of scientists worldwide attempting to do what a South Korean scientist claimed to have done, only to have his work unravel when it was exposed as a fraud.

“We are convinced that work with embryonic stem cells holds enormous promise,” Harvard's Steven Hyman said.

Embryonic stem cells are the precursor cells to almost every tissue in the body; growing them could provide replacement tissues for diseases such as diabetes and cancer. In theory, the body would not reject the tissues from cloned embryos. Cloning requires inserting a cell from a patient into an egg and chemically triggering division of their union.

A South Korean team claimed in 2004 to have grown a cloned cell line, or colony, but key members face prosecution for the discredited work.

Opponents call the research immoral because the cells are harvested from embryos that are destroyed in the process. President Bush banned federal funding of stem cell lines created after Aug. 9, 2001, but privately financed work is permissible in many states.

Two research teams led by Douglas Melton and Kevin Eggan of Harvard and George Daley of Children's Hospital will attempt to create cells cloned from patients with juvenile diabetes and blood disorders such as sickle cell anemia.

The Harvard approval, by the institutions' oversight boards, took two years and followed a review process recommended by the National Academy of Sciences. The teams will use eggs collected from unpaid donors and fertility treatments.

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"The announcement is important for stem cell science globally and also important for the debate over the ethics of stem cell research," says British stem cell researcher Michael Whitaker of the University of Newcastle, one of at least four universities making similar attempts. The University of California-San Francisco began a smaller attempt this month.

Any cell treatments, Eggan said, are at least a decade away.

Harvard Joins New U.S. Push In Stem Cells (WSJ)

By Sylvia Pagán Westphal

The Wall Street Journal, June 7, 2006

Researchers at Harvard University said they are beginning experiments to clone human embryos for making stem cells, a move that lends clout to renewed U.S. efforts to master the technology.

The announcement marked the culmination of lengthy preparations designed to keep the effort within the ethical and legal boundaries of what is considered to be one of the most controversial areas of medical research.

It is illegal to use federal money for research in which human embryos are harmed. Harvard says its effort will be privately funded.

Harvard's effort mirrors that of other U.S.-based researchers who have also announced recent cloning initiatives in the wake of a major scientific scandal in South Korea, where researchers falsely claimed they had created stem cells from cloned embryos. The Korean debacle has renewed U.S. hopes that the country will regain prominence in world-wide efforts to master the difficult technology.

In cloning, a person's cell is introduced into an egg whose own DNA has been stripped. Inside the egg, the cell starts to divide and form an embryo that is genetically identical to the person who donated the cell. At its earliest stages -- when it's only a few dozen cells in size -- the embryo contains special cells known as "stem cells," which have the unique ability to become all the tissues in the body.

The Harvard experiments aim to take cells from patients with diseases such as diabetes and neurodegenerative disorders to create genetically identical embryos. Because stem cells from those embryos carry the genetic defects of people with the diseases, the scientists hope to study the cells to understand how to repair the problems.

Harvard's announcement comes after scientists at the University of California in San Francisco and closely held Advanced Cell Technology in Worcester, Mass., said in May they would also be resuming efforts to clone human embryos for research purposes.

"The science is moving forward in the face of significant hardship," said Arnold Kriegstein, director of the UCSF Institute for Regeneration Medicine, which has started to work on the technology. Scientists in the United Kingdom and Sweden are also working on creating stem cells from cloned embryos.

Richard Doerflinger, deputy director of pro-life activities at the U.S. Conference of Catholic Bishops, said the Harvard effort "will likely be a waste of money and a waste of lives....People think this is some kind of miracle cure around the corner, but for now they'll be exploiting women and killing embryos."

In the type of research planned at Harvard, the embryos created via cloning would be destroyed at an early stage and their stem cells would be extracted. In the laboratory, the scientists would hope to coax the cells into becoming specialized tissue cells, such as insulin-producing pancreatic cells.

One of the Harvard researchers, George Daley, wants to make cloned embryos from patients with blood diseases and derive stem cells from the embryos so he can repair the defect in the laboratory. The cells could then be placed back -- without fear of rejection -- in those people. In similar experiments done in mice, Dr. Daley's team has been able to treat a blood disease using this approach.

But any medical applications of the technology are still many years away. After yesterday's announcement, the Harvard researchers will attempt to take the very first step of the process: getting a human cloned embryo to develop to the stage where stem cells can be extracted from it. It's a goal that has so far proved elusive for several teams around the world.

Harvard said millions of dollars were being devoted to the cloning effort, but declined to be specific. The school said its funding sources include the Howard Hughes Medical Institute, of Chevy Chase, Md.; Boston's Children's Hospital; the New York Stem Cell Foundation, and private individuals.

Douglas Melton, co-director of the Harvard Stem Cell Institute, whose team will be working with cells donated by diabetic patients, maintains a separate facility at Harvard for work he has been doing with human embryonic stem cells derived from IVF embryos. This is where some of the new cloning experiments will take place as well.

Dr. Daley said his laboratory has a separate room where "every single pipette, Petri dish and reagent bottle" has been bought with private money and is marked with a sticker. "We have careful administrative and financial accounting methods in

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place to insure that none of the experiments that involve [cloning] use any materials purchased with federal funds." At UCSF, the cloning work is also conducted in facilities that receive no federal funds, a spokeswoman said.

The Harvard experiments were approved after a lengthy review by eight different boards and committees at five different institutions involved in the work. These included two Boston area hospitals, a local IVF clinic and Columbia University, where cells from diabetic patients will be grown for the Harvard experiments.

According to Leonard Zon, director of the stem-cell program at Children's Hospital, the two-year process not only involved an extensive ethics review but also consideration of legal and intellectual-property issues. One of the issues was the risk to women from the hormone treatments used in the process of egg donation. According to Harvard researcher Kevin Eggan, it was decided that women would be given hormone doses tailored toward not producing too many eggs, in order to minimize their risk of side effects.

Massachusetts, where Harvard is located, passed a law last year making it illegal to pay for eggs for stem-cell research. For the Harvard experiments, two of the three teams will procure eggs donated by women. At Dr. Daley's laboratory, as well as the UCSF facility, scientists will instead use leftover eggs from failed in vitro fertilization treatments.

Either strategy has pitfalls. Robert Lanza, vice president of research at Advanced Cell Technology, says the company has, since December 2005, placed "over 100 ads" looking for egg donors. Initially there were many replies, but as women realized the discomfort and risks involved in hormone treatments, the numbers have dwindled to two or three potential candidates. "We don't have a single egg at this point," he says.

On the other hand, eggs from failed IVF treatments are plentiful but their ability to form embryos might be compromised. "It might not even be possible" to use them, says Dr. Lanza. He says the company's experience as well as published research suggests that eggs for cloning should be used within hours of obtaining them. Eggs from failed IVF treatments tend to be one to two days old, he says.

2 New Efforts To Develop Stem Cell Line For Study (NYT)

By Nicholas Wade

The New York Times, June 7, 2006

Scientists at two universities — Harvard and the University of California, San Francisco — will try to develop embryonic stem cells from the adult cells of patients suffering from certain diseases.

Their purposes in creating the cell lines, which require making an early human embryo, are to study how the diseases develop and also to see if replacement cells can be generated to repair the patient's own degenerating tissues. But the field, despite its much emphasized promise, faces many serious uncertainties.

"Clinical applications may be a decade or more away," said George Q. Daley, a Harvard expert on blood diseases.

Harvard announced its plans yesterday at a news conference; the University of California, San Francisco, did so less conspicuously a month ago, resuming a program abandoned in 2001. Both universities, having received required approvals, will at first obtain the human eggs needed for cloning from fertility clinics, starting with eggs deemed too low quality to produce a successful pregnancy. Both programs are privately financed because federal support for human stem cell research is available only for cell lines made before August 9, 2001.

Advanced Cell Technology in Worcester, Mass., also has a human nuclear transfer program "well under way," said Robert Lanza, the company's vice president, but has run into problems in recruiting egg donors. Under guidelines issued by the National Academy of Sciences, which are voluntary but widely observed, donors may not be paid anything beyond expenses.

The new efforts, if successful, would accomplish what the disgraced South Korean scientist Woo-Suk Hwang claimed he had achieved in articles published in Science in 2004 and 2005. Both papers turned out to be based on forged data. But the flaws remained undetected by scientists involved in the cloning field, raising doubts about the rigor and expertise with which the new field was being conducted. The problems came to light not through criticism by scientific peers, but only after a whistle-blower in Dr. Hwang's lab contacted a Seoul television station.

The University of California, San Francisco, said last month that one of its researchers, Renee Reijo Pera, would start the cloning procedure, which involves transferring the nucleus of an adult cell into an unfertilized egg whose own nucleus has been removed.

A composite egg of this kind should develop in glassware into an early embryo, or blastocyst, from which embryonic stem cells could be isolated. There is no evident reason why this should not work in people as it has already done in several animal species, yet so far no one has succeeded. Dr. Hwang used no less than 2,000 fresh eggs donated by a healthy women but failed to accomplish anything useful.

Dr. Reijo Pera will switch to using donated eggs if those rejected by fertility clinics do not work, a university spokeswoman said. Harvard researchers said yesterday that they too would seek to derive eggs from healthy donors in the future.

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Dr. Lanza, of Advanced Cell Technology, said that freshly harvested human eggs were "much better" for nuclear transfer experiments but that a six-month campaign by his company to recruit donors "appears to be a losing effort."

Many women had come forward, saying they would donate their eggs for research without compensation but, after seeing the battery of tests required, "most of the donors change their mind once they realize what's involved," Dr. Lanza said.

If research should establish that replacement tissues can be developed for a patient through the nuclear transfer technique, probably tens or hundreds of donated human eggs would be needed for each operation. Some scientists regard such a requirement as impractical, arguing that researchers should learn how to reprogram an adult cell's nucleus back to embryonic state without the use of human eggs. But this requires a far deeper understanding of human cells than is yet at hand.

Three Harvard scientists described their proposed research yesterday, promising not to discuss it further in public until they had firm results ready to be published. Dr. Daley hopes to develop, via nuclear transfer, embryonic stem cells from patients with blood diseases. He will try to correct the genetic defect behind the disease, then develop blood stem cells that could be engrafted in the patient's marrow.

The two other scientists, Douglas Melton and Kevin Eggan, said they would develop embryonic stem cell lines from diabetic patients, hoping to understand the development of the disease from its earliest moments at the cellular level.

Many Americans Headed For Money Struggles In Retirement (LAT)

By Jonathan Peterson

The Los Angeles Times, June 7, 2006

WASHINGTON — Almost one in two American families are headed toward years of financial struggle in retirement, according to a new report that says workers are unprepared for cuts in pension and Social Security income.

The Boston College study presumes that most people need to replace 65 percent to 85 percent of their annual income in their working years to stay secure in retirement. But 43 percent of U.S. households will fall at least 10 percent short of that range, the study found, using what it said were conservative projections.

The percentage of households at risk of an insecure retirement rises to 66 percent under a less rosy set of assumptions -- for example, if workers retire at age 63 instead of at 65.

"Unless Americans change their ways, many will struggle in retirement," said Alicia H. Munnell, director of the study and a former member of the White House Council of Economic Advisers. "There is no silver bullet," she added. "The answer is saving more and working longer."

Saying it hoped to draw attention to the issue, Boston College unveiled a new National Retirement Risk Index based on survey data from 4,500 households in the Federal Reserve's 2004 Survey of Consumer Finances. Researchers calculated that the risk index has risen from 31 percent in 1983 to 43 percent in 2004.

Baby boomers born between 1946 and 1964 are generally in better shape than members of Generation X, born between 1965 and 1972, the report said. That's primarily because these younger workers face the prospect of diminished Social Security income, and fewer of them will have pensions.

"Americans weaned on post-war affluence have come to expect an extended period of leisure at the end of their work life," the report noted. "And, indeed, the majority of today's retirees are able to afford a decent retirement. However, this group is living in a 'golden age' that will fade as Baby Boomers and Generation Xers reach traditional retirement ages in the coming decades."

The study is the latest addition to a growing body of research that suggests households headed by working-age adults are poorly prepared to meet their financial needs of retirement.

In April, the Employee Benefit Research Institute cautioned that many Americans "have accumulated only modest retirement savings, under-estimate the share of their pre-retirement income they are likely to need in retirement, and have made no estimate of how much they will need to live comfortably once they retire."

The institute said that people's expectations for retirement are "like a piece of Swiss cheese -- full of holes."

The Boston College report said the grim outlook is being driven by a variety of factors, including:

-- Social Security will replace a smaller share of people's pre-retirement income in the future. The reasons include increased taxation of benefits and higher Medicare premiums. In addition, the retirement age for full benefits will increase to 67 for people born after 1959, up from 65 now.

-- Companies have abandoned costly traditional pensions, which guarantee monthly income for life, in favor of contributions to individual 401(k) plans overseen by the employees themselves. In 2004, the typical older worker nearing retirement had just $60,000 in 401(k) and individual retirement accounts, a sum that would yield less than $400 per month in retirement, according to the researchers.

-- People save too little. "Most of the working age population saves virtually nothing outside of their employer-sponsored pension plan," according to the report.

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-- Retirement lasts longer as longevity increases. The price tag of retirement goes up with its increased duration, particularly for health-care expenses. At the same time, future retirees may find it difficult to make their nest eggs grow through investing, the researchers said.

On the hopeful side, the picture can change significantly by working longer and saving more. For example, retiring at 67 instead of 65 reduces a household's risk by 11 percentage points, the report found. Saving more also can help a person's long-term outlook, particularly if the added savings start when a worker is young.

"If workers consistently set aside 6 percent of their paychecks (with a 3 percent employer match) invest prudently, and leave the money alone, they should have enough," the report said.

At the same time, a recent report by consulting firm McKinsey & Co. found that four out of 10 workers are forced to retire earlier than they intended, usually because of health issues or loss of their job.

Meanwhile, those employees still lucky enough to have pensions may get less than they expected.

In a separate report issued Tuesday, financial rating company Standard & Poor's said federal employee programs are short roughly $4.5 trillion of the money they need to make good on their pension promises. In addition, companies in the Standard & Poor's 500 stock index have about $140.4 billion less set aside than the amount they're expected to need, S&P said.

That's an improvement over 2004, when pension plans were $164.3 billion short. However, corporations have fallen further behind in funding so-called "other post retirement benefits" which include retiree health care programs. These programs are now $320.9 billion short of what they need to back promises made to retirees, senior analyst Howard Silverblatt said. That's likely to lead to cutbacks and caps that retirees may not have planned for, he said.

Study: 43% Not Saving Enough To Retire Well (USAT)

By Kathy Chu

USA Today, June 7, 2006

A new retirement study provides further evidence that a growing number of Americans are at risk of a diminished standard of living once they stop working.

The Center for Retirement Research's new retirement-risk index, released Tuesday, shows 43% of working households were in danger in 2004 of having too little income to fund their retirement.

But the study probably understates the proportion of retirees at risk. Its projections assume that people retire at age 65, cash in on their home equity through a “reverse mortgage” and exchange their assets for a stream of income by buying an immediate annuity.

Yet many people retire before 65, according to the center, and don't necessarily buy immediate annuities or take out reverse mortgages. Nor does the research take in account the “wild card” of health care costs — and how these expenses will affect retirees' standards of living, says Alicia Munnell, director of the center at Boston College.

The percentage of “at risk” households has surged in the past two decades, from 31% in 1983, according to the center's analysis, which was funded by Nationwide Mutual Insurance. Two factors that have raised the risks are the growing uncertainty of Social Security payouts and the increasing burden on employees to save for their own retirements.

The index, which uses data from the Federal Reserve, is part of a stream of recent sobering conclusions about workers' abilities to finance their golden years. The studies come as the first of 79 million baby boomers — the generation born from 1946 to 1964 — are turning 60 this year.

The center's analysis found that nearly half of today's workers, at their current savings rate, will be unable to fund a comfortable retirement. People will need to work longer or save more, Munnell, one of the authors of the research, said in a conference call.

Boston College says its retirement index goes a step beyond other research in taking into account the income that people would get, theoretically, from tapping their home's equity.

The center assumes that households will need 65% to 85% of their pre-retirement income replaced each year once they stop working, to maintain their pre-retirement standard of living. A household whose projected replacement rate fell below 10% of the target rate was considered “at risk.”

Younger households, and those with low income levels or without traditional pensions, are particularly vulnerable to having too little money for retirement, according to the research.

Jack VanDerhei of the Employee Benefit Research Institute says the center's calculations leave a key question unanswered: How much more income do workers need to save? EBRI's own research says that most future retirees must put away 5% to 25% more of their pay each year to cover basic needs, as well as health care expenses, in retirement.

New Campaign Shows Progress For Homeless (NYT)

DOJ_NMG_0032719

By Erik Eckholm

The New York Times, June 7, 2006

DENVER — Arthur Sena spent years living in a hole that he had dug near the railroad tracks. He would probably still be there, defying offers of help from social workers and using cardboard to ward off the chill, if Denver had not adopted a radical strategy of putting homeless people into apartments of their own, no strings attached.

The "housing first" policy that this city adopted last year is part of an accelerating national movement that has reduced the numbers of the chronically homeless — the single, troubled men and women who spend years in the streets and shelters — in more than 20 cities.

In this campaign, promoted by a little-known office of the Bush administration, 219 cities, at last count, have started ambitious 10-year plans to end chronic homelessness.

The cities include New York, which is stepping up efforts to house the estimated nearly 4,000 people huddling on sidewalks or sleeping in parks, and Henderson, N.C., population 17,000, which recently counted 91 homeless people, 14 of them chronic cases.

Many of the early starters are reporting turnarounds. In Philadelphia, street dwellers have declined 60 percent over five years. In San Francisco, the number of the chronic homeless is down 28 percent in two years, in Dallas 26 percent and in Raleigh-Durham, N.C., 15 percent.

If it is not always clear who will pay for the plans, the burst of effort has buoyed a field long accustomed to futility.

"I've sensed a new energy in city halls and state houses around the issue of ending homelessness," said Robert V. Hess, who just took over as homeless services commissioner in New York City after years of similar work in Philadelphia. "This is unprecedented in my lifetime."

Part of the credit, Mr. Hess and others said, goes to Philip F. Mangano, a Bush appointee who has spent five years visiting every mayor and governor he can, brandishing successful examples, cost-benefit studies and his own messianic fervor along with modest amounts of federal money.

"We're conspiring to undo what we'd been told for so many years, that this was an intractable issue," Mr. Mangano told 150 mayors, state and city officials and private leaders here in May. They were gathered for the first "national leadership summit," sponsored by the once-dormant office that Mr. Mangano leads, the United States Interagency Council on Homelessness.

Wherever he goes, Mr. Mangano, 58, who was director of the Massachusetts Housing and Shelter Alliance, emphasizes that it is cheaper to put the chronically homeless right into apartments, and provide medical and addiction treatments there, than to watch them cycle endlessly through shelters, soup kitchens, emergency rooms, detoxification centers and jails.

"Cost-benefit analysis may be the new expression of compassion in our communities," he said at the Denver meeting.

Typically, people in such programs are put into sparsely furnished apartments free. Soon after, as they are helped into jobs or sign up for disability or other government benefits, they are required to pay modest rents.

Outreach workers had spent months persuading Mr. Sena, 69, to move to an efficiency apartment downtown. He finally did in 2005, after injuring an arm. His room still has bare walls, and Mr. Sena, who remarkably retains a head of dark hair, has not lost his crustiness.

"I never had any alcohol addiction," he told a visitor. "I just copped a little shot now and then. As a matter of fact, I was just heading out right now to get a half pint. It's the only thing that helps the pain in my arm."

Mr. Sena refused to disclose more about his history or use of public services. But in a study here, officials found that 25 men were taken into emergency detoxification centers for an average of 80 nights each in one year, at a total cost of $772,000. Officials have found that they can provide housing and most medical and other services for about $15,000 a year per person.

The growing focus on housing the chronically homeless was driven, many officials said, by a study in 1998 by Prof. Dennis P. Culhane, a sociologist at the University of Pennsylvania. Professor Culhane showed that a vast majority of people staying in shelters did so briefly and got on with their lives and that 10 percent were in and out repeatedly for years, accounting for half of total bed use.

National estimates of the chronic homeless run about 200,000, among an estimated total of 750,000 homeless people on any given night that includes families and other people in temporary trouble, said Nan Roman, president of the National Alliance to End Homelessness, a group in Washington.

Some advocates and state officials have questioned the intense focus on chronic cases, fearing that it detracts from programs for families. Mr. Mangano responds that homeless families continue to receive the bulk of public money and are the subject of promising experiments, too.

More important, he said in an interview, visible progress against the most visible face of homelessness will inspire more financing. Already, Mr. Mangano added, documented gains have persuaded the White House and Congress to increase spending. Federal money to work on homelessness has climbed over the last five years to more than $4 billion, from $3 billion.

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Mr. Mangano "is great at spin," said Bob Erlenbusch, chairman of the National Coalition for the Homeless, an advocacy group based in Washington. But Mr. Mangano is glossing over the broader trend, Mr. Erlenbusch said, because federal programs for low-income housing, which can prevent homelessness, have languished in the Bush years or been cut.

To start their new plans, cities have combined federal and local public money with foundation and corporate grants. But many officials say a lack of money will hamper the development of needed housing and support teams.

The "housing first" approach was pioneered in the 1990's by a group in New York, Pathways to Housing.

In a first step, confirmed street dwellers are coaxed into rooms of their own, a more attractive proposition to many than the drug treatment programs or transitional group homes they had been offered in the past. Some skittish people take along their shopping carts.

Once drawn into so-called supportive housing, the participants are monitored by social workers and offered psychiatric and other services that might stabilize their lives. But breaking addictions or seeking other needed treatment is not a prerequisite for entry.

New York City, a leader in supportive housing, recently counted 3,843 people living in the streets, a 13 percent decline from the previous year. The state and city governments are also joining to build 9,000 supportive housing units in New York over 10 years.

Some "tough-love" groups have opposed housing first, saying that without more discipline, addicts will never succeed. But in experiments around the country, 80 percent or more of those housed participants remained in their quarters after a year.

Workers at the Colorado Coalition for the Homeless, which runs Mr. Sena's building, said they knew that some tenants were using drugs or alcohol.

"It's better that they pass out here than in the streets," said John Parvensky, director of the coalition.

In many cities, the approach has also drawn fire from agencies that run shelters and drug treatment programs. Those agencies bristle at the suggestion that their emergency aid just perpetuates problems.

"It was very tough to buck the status quo and tell service providers that we're not going to do it your way anymore," said Angela Alioto, a lawyer and Democratic politician who oversees the 10-year plan in San Francisco on behalf of Mayor Gavin Newsom.

Among some groups, Ms. Alito said, "there was hysteria" when the city said it would stop financing groups that did not send participants to housing. But by the end of 2006, she predicted, 2,200 of the estimated 3,000 chronically homeless will be in apartments.

As much as they talk excitedly about ending homelessness, experts know that change will come in fits and starts, for cities as well as for individuals.

By early 2005, Philadelphia had pushed down the number of homeless in the streets to 250, compared to 824 five years earlier, Mr. Hess said.

After a Live Aid concert there last July, however, the number spiked, for reasons that are not clear to the experts, to more than 400, and the city has been whittling it back down.

In Denver, Deborah Johnson, 52, is more openly grateful than Mr. Sena for her new apartment, saying that after 11 years in shelters and recovery programs "it feels great because I'm an independent person."

But her craving for alcohol is a recurring threat, Ms. Johnson conceded. Two times in the last two years she entered housing but was ejected because of "behavior problems" involving her or her guests, a coalition official said.

After another stay in an addiction center, Ms. Johnson moved to her latest apartment in April. She uses an overturned supermarket basket for a table and keeps a Bible near her mattress. She meets her case manager three times a week, Ms. Johnson said, and hopes some day to resume work as a cook.

C.I.A. Knew Where Eichmann Was Hiding, Documents Show (NYT)

By Scott Shane

The New York Times, June 7, 2006

WASHINGTON, June 6 — The Central Intelligence Agency took no action after learning the pseudonym and whereabouts of the fugitive Holocaust administrator Adolf Eichmann in 1958, according to C.I.A. documents released Tuesday that shed new light on the spy agency's use of former Nazis as informants after World War II.

The C.I.A. was told by West German intelligence that Eichmann was living in Argentina under the name Clemens — a slight variation on his actual alias, Ricardo Klement — but did not share the information with Israel, which had been hunting for him for years, according to Timothy Naftali, a historian who examined the documents. Two years later, Israeli agents abducted Eichmann in Argentina and flew him to Israel, where he was tried and executed in 1962.

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The Eichmann papers are among 27,000 newly declassified pages released by the C.I.A. to the National Archives under Congressional pressure to make public files about former officials of Hitler's regime later used as American agents. The material reinforces the view that most former Nazis gave American intelligence little of value and in some cases proved to be damaging double agents for the Soviet K.G.B., according to historians and members of the government panel that has worked to open the long-secret files.

Elizabeth Holtzman, a former congresswoman from New York and member of the panel, the Nazi War Crimes and Japanese Imperial Government Records Interagency Working Group, said the documents showed that the C.I.A "failed to lift a finger" to hunt Eichmann and "force us to confront not only the moral harm but the practical harm" of relying on intelligence from ex-Nazis.

The United States government, preoccupied with the cold war, had no policy at the time of pursuing Nazi war criminals. The records also show that American intelligence officials protected many former Nazis for their perceived value in combating the Soviet threat.

But Ms. Holtzman, speaking at a news briefing at the National Archives on Tuesday, said information from the former Nazis was often tainted both by their "personal agendas" and their vulnerability to blackmail. "Using bad people can have very bad consequences," Ms. Holtzman said. She and other group members suggested that the findings should be a cautionary tale for intelligence agencies today.

As head of the Gestapo's Jewish affairs office during the war, Eichmann put into effect the policy of extermination of European Jewry, promoting the use of gas chambers and having a hand in the murder of millions of Jews. Captured by the United States Army at the end of the war, he gave a false name and went unrecognized, hiding in Germany and Italy before fleeing to Argentina in 1950.

Israeli agents hunting for Eichmann came to suspect that he was in Argentina but did not know his alias. They temporarily abandoned their search around the time, in March 1958, that West German intelligence told the C.I.A. that Eichmann had been living in Argentina as Clemens, said Mr. Naftali, of the University of Virginia.

The West German government was wary of exposing Eichmann because officials feared what he might reveal about such figures as Hans Globke, a former Nazi government official then serving as a top national security adviser to Chancellor Konrad Adenauer, Mr. Naftali said.

In 1960, also at the request of West Germany, the C.I.A. persuaded Life magazine, which had purchased Eichmann's memoir from his family, to delete a reference to Mr. Globke before publication, the documents show.

Ironically, in view of the information the C.I.A. received in 1958, documents previously released by the C.I.A. showed that it was surprised in May 1960 when the Israelis captured Eichmann. Cables from the time show that Allen Dulles, the C.I.A. director, demanded that officers find out more about the capture.

Since Congress passed the Nazi War Crimes Disclosure Act in 1998, the Interagency Working Group has worked to declassify more than eight million pages of documents.

Norman J. W. Goda, an Ohio University historian who reviewed the C.I.A. material, said it showed in greater detail than previously known how the K.G.B. aggressively recruited former Nazi intelligence officers after the war. In particular, he said, the documents fill in the story of the "catastrophic" Soviet penetration of the Gehlen Organization, the postwar West German intelligence service sponsored by the United States Army and then the C.I.A.

Mr. Goda described the case of Heinz Felfe, a former SS officer who was bitter over the Allied firebombing of his native city, Dresden, and secretly worked for the K.G.B. Mr. Felfe rose in the Gehlen Organization to oversee counterintelligence, a Soviet agent placed in charge of combating Soviet espionage.

The C.I.A. shared much sensitive information with Mr. Felfe, Mr. Goda found. A newly released 1963 C.I.A. damage assessment, written after Mr. Felfe was arrested as a Soviet agent in 1961, found that he had exposed "over 100 C.I.A. staffers" and caused many eavesdropping operations to end with "complete failure or a worthless product."

The documents also provide new information about the case of Tscherim Soobzokov, a former SS officer who was the subject of a much-publicized deportation case in 1979 when he was living as an American citizen in Paterson, N.J. He was charged with having falsified his immigration application to conceal his SS service, which ordinarily would have barred his entry. But the charge was dropped when a C.I.A. document turned up showing that he had disclosed his SS membership.

The newly declassified records show that he was employed by the C.I.A. from 1952 to 1959 despite "clear evidence of a war crimes record," said another historian at the briefing, Richard Breitman of American University.

Because it valued Mr. Soobzokov for his language skills and ties to fellow ethnic Circassians living in the Soviet Union, the C.I.A. deliberately hid details of his Nazi record from the Immigration and Naturalization Service after he moved to the United States in 1955, Mr. Breitman said.

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But Mr. Soobzokov ultimately did not escape his past. He died in 1985 after a pipe bomb exploded outside his house. The case has never been solved.

CIA Ties With Ex-Nazis Shown (WP)

By Christopher Lee

The Washington Post, June 7, 2006

The CIA organized Cold War spy networks that included former Nazis and failed to act on a 1958 report that fugitive Nazi war criminal Adolf Eichmann was living in Argentina, newly released CIA records show.

The records were among 27,000 pages of documents made public yesterday at the National Archives. They shed new light on the secret protection and support given to former Nazi officials and Nazi collaborators by U.S. intelligence agencies as fighting communism became the central aim of American foreign policy in the years after World War II.

"It was not U.S. policy to track Nazi war criminals once the Cold War began," said historian Timothy Naftali of the University of Virginia, a Cold War expert who has studied the new documents.

"The CIA based its decisions about using former SS men or unreconstructed Nazis solely on operational considerations. . . . Hiring these tainted individuals brought little other than operational problems and moral confusion to our government's intelligence community," he added.

The subject of postwar collaboration between U.S. intelligence and former Nazis that the government sought to use in the struggle against the Soviet Union has been documented, but historians said the previously inaccessible documents have enabled them to fill in many blanks in the historical narrative.

About 60,000 pages of CIA records had already been released since 1999, after a 1998 federal law opened up secret government files relating to war crimes by the German and Japanese governments during World War II.

Historians reviewing the records for the government published a 2004 book, "U.S. Intelligence and the Nazis," based on 240,000 pages of FBI records, 419 CIA files and 3,000 pages of U.S. Army information. It detailed the Army's postwar relationship with former officers of the German Wehrmacht's intelligence service, which are available at the National Archives.

The materials released yesterday include operational documents detailing the activities of the CIA and its contacts abroad, historians and other officials said during a news conference at the National Archives.

"It's a rare release of operational files," said Allen Weinstein, head of the National Archives and chairman of the interagency working group overseeing the declassification of records about World War II crimes and criminals. "The files are also more inclusive than any other CIA files made public before. . . . This time, the documents are nearly all without redactions, providing researchers and historians the clearest view yet of the postwar intelligence world."

The release of the records stalled last year with the deadline for the interagency project approaching when the CIA balked at declassifying more detailed documents about the agency's postwar ties to Nazis. But the CIA caved in under pressure from Sen. Mike DeWine (R-Ohio), an author of the original legislation, and other prominent backers of that law. Congress passed a new law extending the life of the interagency panel by two years, to early 2007.

Some of the newly released documents show that between 1949 and 1955, the CIA organized "stay-behind" networks of German agents to provide intelligence from behind enemy lines, should the Soviet Union invade western Germany.

One network included at least two former Nazi SS members -- Staff Sgt. Heinrich Hoffman and Lt. Col. Hans Rues -- and one was run by Lt. Col. Walter Kopp, a former German army officer referred to by the CIA as an "unreconstructed Nazi." The network was disbanded in 1953 amid political concerns that some members' neo-Nazi sympathies would be exposed in the West German press.

In a March 1958 memo to the CIA, the West German foreign intelligence services (BND) wrote that Eichmann, a top Gestapo official who helped orchestrate the mass murder of Jews, "is reported to have lived in Argentina under the alias CLEMENS since 1952." The memo also mentioned a rumor that Eichmann lived in Jerusalem.

In fact, Eichmann was in Argentina and was using the name Ricardo Klement -- but apparently neither the CIA nor the West Germans acted on the information, Naftali said.

"Tragically, at the moment the CIA and the BND had this information the Israelis were temporarily giving up their search for Eichmann in Argentina because they could not figure out his alias," Naftali wrote in an analysis of the documents.

Eventually, Israeli Mossad agents abducted Eichmann in Buenos Aires on May 11, 1960. He was tried in Jerusalem, sentenced to death and hanged on May 31, 1962.

Robert Wolfe, a former federal archivist and an expert on captured German records, said the new CIA documents illustrate the "sorry results" of recruiting former Nazi intelligence personnel to U.S. efforts to keep the Soviet Union in check.

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"The alleged intelligence those recruits peddled was mostly hearsay and gossip designed to tell their American interrogators what they wanted to hear, in the hope of escaping retribution for past crimes, or for mercenary gain, or for political agendas not necessarily compatible with American national interests," Wolfe said.

Health Insurance Doesn't Have To Hurt (USAT)

By Laura Vanderkam

USA Today, June 7, 2006

Like most young people, I like to believe I'm invincible. Every so often, though, an e-mail shows up in my inbox that reminds me I'm not. Another twentysomething acquaintance has suffered a ski accident, appendectomy or electric-saw mishap. The worst reports share a line: "He doesn't have health insurance." Then I know this young person is not only in pain, he's also wincing as his hospital time ticks by at $7,000 per day.

At least these young people can take comfort that they're not alone. A third of Americans ages 21-24 lack health insurance, more than any other demographic. A quarter of those ages 25-34 do without.

Given hospital costs these days, it's not surprising that young people and their families are agitating for government to "do something." Some states are listening. New Jersey legislators, for instance, passed a law this spring that lets certain residents stay on their parents' plans until age 30. In theory, raising the age of dependency could reduce the coverage gap.

In theory. Looking closer, though, I'm reminded of Ronald Reagan's adage: Government is not the solution to our problem. Government is the problem, at least when it comes to health insurance. Well-meaning but misguided states such as New Jersey and Massachusetts have priced young people out of the market by keeping laws on the books that force plans to cover everything, take all comers or treat young and old, healthy and sick, roughly the same. It's nice that legislatures then try to mop up the mess by passing "slacker mandates" that pretend 30-year-olds are dependents, or, in Massachusetts, forcing people to carry coverage. But if this country truly wants to cover the uninsured, we should remember that rates aren't high everywhere. Insurance companies have come up with cheap ways to get young people covered in states that don't tie insurers' hands. The answer is not to pass more laws.

The answer is to get government out of the way.

Sticker shock

Few young people graduating this spring — and leaving their parents' plans or state plans for children — will think much about health insurance as they collect their diplomas. That's one of the reasons such a high percentage wind up uninsured. Most eventually land coverage the way most Americans do — through a full-time job at a big employer. But not all young people can, or want to, work full-time for such places.

Unfortunately, responsible folks who then shop for their own coverage encounter massive sticker shock in some states. The only individual plan available for a 27-year-old New York City woman on eHealthInsurance.com, a website that lets you comparison shop for policies, runs a whopping $365.50 a month — and it doesn't cover office visits. I conducted a similar search in Manhattan a few years ago and finally found a group plan I could join. My monthly rate ran a not-much-lower $286.

Recalling the appendectomy e-mails, I paid (until I got married and joined my husband's plan). But, boy, did I fume about it. I had previously paid about $70 a month in Washington, D.C. Looking online now, I can still find rates that low in states from Illinois to Texas.

So why the four-to-fivefold price difference? The answer stems from a few policies imposed by state legislatures that raise insurance costs considerably:

· Guaranteed issue. In the handful of states with this policy, such as Massachusetts and New Jersey, plans have to take all comers — you and your 58-year-old obese neighbor with a motorcycle-racing hobby alike.

· Community rating. In states, such as New York, with versions of this rule, plans can't notice that you and your neighbor have different risk profiles. So they have to charge you similar amounts (and it's rarely the lower-risk person's rate).

· Mandates. These are goodies from hair prostheses to massage therapy visits that states force plans to cover. All states have some mandates, though the number and their costs vary widely.

States presumably mean well when they pass these laws. They don't want plans to discriminate against old people or sick people, and they want residents to have all their medical needs covered. But in states where plans have to take all comers, charge them similar rates and cover things such as in vitro fertilization treatments, it's no wonder rates skyrocket beyond young people's ability to pay.

Better models

Insurance doesn't have to cost an arm and a leg, though. In California, for instance, Blue Cross launched a policy in 2004 called TONIK that's aimed specifically at twentysomethings who want coverage for catastrophes but don't need a lot of other care. A plan with a $1,500 deductible and unlimited $40 doctor visits runs $90 a month. A $5,000 deductible plan with four $20

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visits is $69. TONIK quickly became the company's second best-selling policy in California. Even better: 70% of buyers were previously uninsured. You can now buy versions of TONIK in low-regulation states from Texas to Illinois.

There is fine print, of course. TONIK doesn't cover maternity benefits (pregnant members get bumped to a different plan). California TONIK policies also don't cover brand-name drugs. But once you expect insurance to cover everything for everybody — as in New Jersey — and when you don't let plans treat people differently based on risk profiles, insurance stops being cheap. When it stops being cheap, young people decide to risk going without.

That choice is bad news for the unlucky young people who then endure expensive ski accidents and appendectomies. But it's bad news for older folks, too. Not only do all taxpayers foot hospital bills for uninsured people who can't pay, shoving young people out of insurance pools also raises rates for everyone else. If states truly want people covered, that's something to keep in mind.

Laura Vanderkam, who lives in New York, is a member of USA TODAY's board of contributors.

A Positive In Going Negative? (WP)

By Ruth Marcus

The Washington Post, June 7, 2006

Economist John Kenneth Galbraith died this year, but he left behind the conventional wisdom. Galbraith coined the phrase in 1958 to denote those comfortable ideas "which are esteemed at any time for their acceptability."

Coincidentally, in the weeks after Galbraith's death, I came across assaults on two pillars of the conventional political wisdom: that negative attack ads are bad and that disclosure of campaign finance information is good. Neither argument is ultimately convincing, but both serve as provocative warnings against the complacent repetition of accepted verities.

The first challenge comes in a book by Vanderbilt University political science professor John G. Geer, "In Defense of Negativity: Attack Ads in Presidential Campaigns." Geer disputes the notion that rampant negativity is a new phenomenon; the writers of the Declaration of Independence, he says, went negative in 70 percent of the document. He argues that, despite media fixation on the subject, modern voters are not "drowning in a sea of negativity." Even in the 2004 presidential race, the most negative one in his analysis, Geer found equal numbers of positive and negative appeals.

In fact, Geer contends, negative advertising is a force for good, sharpening public debate and informing voters. Analyzing presidential campaigns from 1960 through 2004, Geer finds that negative advertising tends to be meatier than gauzy positive spots. Nearly three-quarters of the claims in negative ads involve issues, not attacks on candidates' character or values.

Geer's perspective is a valuable antidote to the usual hand-wringing, but his paean to negativity goes overboard. Geer counts only ads by the candidates themselves, not the rapidly proliferating spots from outside groups -- the Willie Horton ad in 1988 or Swift Boat Veterans' attacks in 2004 -- with more freedom to be vicious. And he shies away from assessing the legitimacy of negative attacks, which may be moored to facts but wrenched entirely out of context.

Nor does he consider how the fear of being the target of a 30-second attack ad can distort policymaking. I attended a lunch with Geer on the very day the House of Representatives approved a sham lobbying reform bill with the help of jittery lawmakers who feared that a vote against the bill would produce ads assailing them as lobbyists' handmaidens.

The fact that Geer's analysis is limited to presidential campaigns, where negative attacks are somewhat constrained by the scrutiny they are guaranteed to draw, may diminish his damage assessment. Consider North Carolina, where Democratic congressman Brad Miller is the subject of a radio ad attacking his stances on gay rights and immigration. "If Miller had his way, America would be nothing but one big fiesta for illegal aliens and homosexuals," says the ad, to the accompaniment of mariachi music. Hardly the high-toned issue-sharpening of Geer's optimistic depiction.

If negativity's negatives are part of the received wisdom, the value of disclosure is a veritable article of faith. In a recent paper, Democratic election lawyer Robert F. Bauer, my favorite campaign finance sparring partner, takes on the popular view of disclosure as an "efficient, relatively innocuous method of managing concerns about money in politics."

The notion of disclosure as a useful tool for the well-informed voter, he says, is "almost quaint" in a data-drenched world where even the most diligent citizen can't digest all the available information. Rather, disclosure has become the province of journalists and professional do-gooders who mine the data to produce a cynical -- and cynicism-inducing -- narrative of the pernicious influence of money on the political system.

Worst of all, according to Bauer, disclosure is increasingly a mere first step in the relentless march toward an ever-expanding regulatory regime governing political speech: "the stake that the state drives into the ground to mark out new territory."

Bauer's case in point involves 527s, the independent groups that drew attention in 2004, when financier George Soros lavished $24 million on efforts to oust George W. Bush, and when the Swift Boat Veterans for Truth helped defeat John F. Kerry. Perhaps disclosure in those cases produced the cynicism that Bauer laments. But it can't be that the political system would have been better off if such spending had been cloaked in secrecy, as was the case before Congress required reporting in 2000.

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In the case of 527s, Bauer correctly argues, those disclosure rules only presaged demands for additional regulation; Congress is now considering legislation that would require these groups to abide by the same campaign finance rules as other players.

This is where Bauer and I part company: Congress was right when it moved to end unlimited "soft money" donations to political parties, and it would be wise -- now that such activity has shifted to 527s -- to act there as well. But the fact that some disclosure rules precede substantive regulation doesn't mean that all such reporting requirements do, or should, lead to more. In some cases, sunlight is sufficient.

Writing nearly half a century ago, Galbraith described the "articulation of the conventional wisdom" as "a religious rite . . . an act of affirmation like reading aloud from Scriptures." In that vein, Geer and Bauer proffer useful heresies. Negativity isn't an unadulterated evil. Disclosure isn't a panacea. But when it comes to these tenets, at least, the conventional hymnal contains a good deal of wisdom.

Bush Optimistic About Iran's Reaction To Nuke Plan (USAT)

By Bill Nichols

USA Today, June 7, 2006

WASHINGTON — The Bush administration was cautiously upbeat Tuesday about Iran's initial reaction to incentives aimed at persuading it to freeze its efforts to make nuclear fuel.

"It sounds like a positive step to me," President Bush told reporters in Texas after visiting a Border Patrol facility. "We will see if the Iranians take our offer seriously."

The proposal was finalized last week by diplomats from the United States, Britain, China, France, Germany and Russia.

European Union foreign policy chief Javier Solana presented the incentives package to Iranian officials in Tehran. Top Iranian nuclear negotiator Ali Larijani said the proposals had "positive steps" but said talks were needed to clear up "ambiguities."

The Iranians told Solana that they would consider the proposal but would need time to review it, State Department spokesman Sean McCormack said. Solana said that he would be in contact with the Iranians in the coming days.

Larijani promised to seriously study the proposals but gave no time frame for a response.

U.S. Secretary of State Condoleezza Rice has said Iran has weeks, not months, to take up the offer. The deal threatens penalties, which have not yet been made public, if Iran does not comply.

Iran watchers said Larijani's comments, which came after several days of often-contradictory rhetoric about the proposal from leaders in Tehran, mark the first significant sign that Iran is at least taking the offer seriously.

Trita Parsi, an Iran expert at Johns Hopkins University's School of Advanced International Studies, said the fact that Iran did not immediately disclose the contents of the proposal indicated that the prospective deal was enticing.

The administration has offered to take part in talks with Iran about its nuclear program as part of the proposal, a significant U.S. policy shift that is considered to be the primary incentive in the proposal.

Unlike previous European and Russian overtures to Iran, this offer does not require that Tehran give up its nuclear enrichment program — only suspend it.

If Iran rejects the proposal, the United Nations Security Council will consider a resolution threatening sanctions against the nation.

The United States says Iran is using the enrichment program to try to make a nuclear weapon. Iran insists its program is for peaceful purposes.

Administration officials refused to describe the enticements to Iran contained in the proposal.

"I've seen a lot of reports flying around the past couple days about what may or may not be in this package. I would just caution everybody, until we actually are able to discuss what is in the package in public, (to) take reports with a grain of salt," McCormack said.

He said the coalition of diplomatic partners who made the proposal have agreed not to discuss it publicly in order to give Iran "a little bit of space to consider what's in the package, both on the positive as well as the negative side."

The Associated Press, citing anonymous diplomats familiar with the proposal, reported that the United States is offering to provide Iran with some civilian nuclear technology.

The wire service also reported that Washington has agreed to sell Boeing aircraft parts to Iran and that the proposal offers the possibility of Europe selling Tehran new Airbus planes. Boeing spokeswoman Amanda Landers had no comment.

Iran's commercial aircraft fleet is largely made up of Boeing planes purchased before the 1979 revolution. The nation has long complained that U.S. sanctions have created safety hazards for its aircraft.

Bush: Iran's Initial Response Positive (AP)

DOJ_NMG_0032726

By Anne Gearan, Ap Diplomatic Writer

AP, June 7, 2006

President Bush said Tuesday that Iran's initial response to a package of incentives and threats on the nuclear impasse "sounds like a positive step to me."

"We will see if the Iranians take our offer seriously," Bush said in Laredo, Texas, where he was speaking about immigration overhaul. "The choice is theirs to make.

"I have said the United States will come and sit down at the table with them so long as they are willing to suspend their enrichment in a verifiable way," Bush said. "So it sounds like a positive response to me."

European Union foreign policy chief Javier Solana laid out the potential rewards and consequences in a visit to Tehran. He later told Secretary of State Condoleezza Rice by phone that the Iranians had said they would need time to consider the proposal, State Department spokesman Sean McCormack said.

Solana called the discussions "very useful and constructive," McCormack said.

Bush said in Laredo that he wanted to resolve the issue with Iran diplomatically.

Earlier in the day, the administration said it would give Iran "a little bit of space" to consider the package but added that the offer was not open-ended.

"It's a matter of weeks, not months," McCormack said, echoing the vague deadline set out by Secretary of State Condoleezza Rice before the package was presented to Tehran.

U.S. officials would not discuss specifics, saying that Iran needed time to review the package and ask questions in private.

"We want to give this every opportunity to succeed," McCormack said. "The diplomacy, I would say, is at a sensitive stage."

The package includes a promise of Western technical help in developing peaceful civilian nuclear energy if Iran stops enriching uranium, a waiver of U.S. legal restrictions to allow export of some agricultural technology, access to U.S. aircraft parts or new Boeing Co. planes to upgrade Iran's aging fleet and U.S. and European backing for Iran to join the World Trade Organization, diplomats and others said.

The proposal was agreed on last week by the United States, Britain, France, China and Russia — the five veto-wielding members of the U.N. Security Council, plus Germany. Those nations would be expected to move for Security Council sanctions such as travel and financial restrictions on Iranian officials if Tehran does not take the deal or if negotiations fall apart.

Top Iranian nuclear negotiator Ali Larijani said the initiative contains "positive steps" but also some "ambiguities."

"There are robust measures on both sides, both the incentive side as well as the disincentive side," McCormack said. "It presents the Iranian government with a very clear choice on both sides of the road."

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Associated Press writers George Jahn in Vienna and Nedra Pickler in Laredo contributed to this report.

Proposal Would Let Iran Enrich Uranium (WP)

By Karl Vick And Dafna Linzer

The Washington Post, June 7, 2006

TEHRAN, June 6 -- The confidential diplomatic package backed by Washington and formally presented to Iran on Tuesday leaves open the possibility that Tehran will be able to enrich uranium on its own soil, U.S. and European officials said.

That concession, along with a promise of U.S. assistance for an Iranian civilian nuclear energy program, is conditioned on Tehran suspending its current nuclear work until the U.N.'s International Atomic Energy Agency determines with confidence that the program is peaceful. U.S. officials said Iran would also need to satisfy the U.N. Security Council that it is not seeking a nuclear weapon, a benchmark that White House officials believe could take years, if not decades, to achieve.

But the Bush administration and its European allies have withdrawn their demand that Iran abandon any hope of enriching uranium for nuclear power, according to several European and U.S. officials with knowledge of the offer. The new position, which has not been acknowledged publicly by the White House, differs significantly from the Bush administration's stated determination to prevent Iran from mastering technology that could be used to develop nuclear weapons.

"We are basically now saying that over the long haul, if they restore confidence, that this Iranian regime can have enrichment at home," said one U.S. official, who spoke on condition of anonymity. "But they have to answer every concern given all that points to a secret weapons program."

Iran built its nuclear program in secret over 18 years. The effort was exposed by dissidents in 2002, setting off a U.N. investigation that has not found proof of a weapons program but has been unable to rule one out. Iran maintains that the program was designed for nuclear energy, not weapons.

In private discussions among the United States and its allies concerning possible action against Iran, Germany had suggested that Iran could be allowed to continue, under strict U.N. monitoring, its current enrichment research while negotiations

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commenced. But the Bush administration, as well as the governments of France and Britain, disagreed, arguing that Iran must suspend the program until suspicions regarding its true nature are cleared up.

The list of incentives that European Union foreign policy chief Javier Solana detailed to Iranian officials here on Tuesday was endorsed by the five permanent members of the U.N. Security Council plus Germany. It contains not only the revamped American promises on enrichment but a U.S. offer to join negotiations directly if Iran suspends its program, as well as pledges of European assistance in building additional light-water nuclear power plants and support for Iranian membership in the World Trade Organization.

"We had constructive talks," Iran's chief nuclear negotiator, Ali Larijani, told reporters after the two-hour meeting in the palatial offices of Iran's Supreme National Security Council. "There are some positive steps in it and also some ambiguities."

Larijani did not elaborate, but diplomats said the atmospherics surrounding the meeting appeared to reinforce recent assurances by Iranian officials that the new proposal would be considered seriously. Foreign Minister Manouchehr Mottaki, appointed by hard-line President Mahmoud Ahmadinejad, vowed to study "Europe's incentive package," a description that accentuated the proposal's positive elements.

Speaking privately, a senior Iranian official said that the offer appeared to have much worthy of consideration.

European and American diplomats expressed relief.

"Our first aim was already achieved because they didn't reject" the offer, one European diplomat said.

Talking with reporters in Laredo, Tex., President Bush said Larijani's reaction to the proposals "sounds like a positive response to me."

"I want to solve this issue with Iran diplomatically. . . . We will see if the Iranians take our offer seriously. The choice is theirs to make," Bush said.

The new package embodies the "robust diplomacy" that Bush endorsed, according to U.S. officials, in hopes of broadening policy options that had been narrowing to two unattractive options: military strikes on Iran's known nuclear facilities, or acquiescence to an Iranian nuclear program that was only lightly monitored by the IAEA.

Diplomats said the bid also includes elements mentioned in earlier rounds of negotiations: Washington would selectively relax long-standing economic sanctions to allow the sale of spare parts for civilian airliners to Iran, as well as technology for earthquake early-warning systems and meteorological study. Like the American offer to join the talks directly, the moves signal at least the potential for further future engagement between Washington and Tehran.

But a deal will pivot first on Iran's decision whether to suspend enrichment, a move it has repeatedly insisted it will not make. A diplomat said the offer reflected weeks of intense and high-level discussions in Washington and in Tehran aimed at deflecting confrontation.

"Each side has taken a more serious look at what the other wants and how compromise can be reached," a Western diplomat said.

In the Bush administration's view, the possibility for Iran to one day enrich uranium was "a very important part of the deal, and it's what will allow Iran to accept it," said a U.S. official, who spoke on condition of anonymity. "Iran always spun previous offers as an attempt to keep it from exercising its rights to enrich. Now that is explicitly not the case."

The move also reflects a new reality: Iran announced in April that it had made advancements toward industrial-level enrichment of uranium. Iranian officials boasted that the achievement "changed the facts on the ground."

Tehran likely will fight to retain that capability on a small scale. "This will be the big issue, and the Iranians will hold out, since they are already doing it anyway," the U.S. official said.

To allow Iran to proceed with other elements of its nuclear program, such as bringing online a power plant nearing completion at Bushehr on the Persian Gulf, the proposal suggests that Iran import enriched uranium from Russia for the duration of its own enrichment moratorium.

Diplomats in Washington and European capitals now expect weeks of private contacts among European, Iranian, Russian, Chinese and U.S. officials to work out details for negotiations over the package -- talks about talks, since the package is intended to reopen formal negotiations. Officials said the latter could begin as soon as next month, if Iran agrees to take a first step forward by suspending its current research and development work.

"They need time to swallow and actually digest not only the proposal but also the American moves, especially the latter," said a European diplomat resident in Iran who asked not to be identified further.

"The most significant part of the package is that the Americans said they're willing to sit at the table. Everything else, I think, is minor compared to that."

No formal deadline has been announced for Iran's response, although Secretary of State Condoleezza Rice has described a time frame of weeks rather than months. Other diplomats said a "natural deadline" would be the summit of the Group of Eight industrialized nations set to begin July 15 in St. Petersburg.

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Diplomacy Moves To The Fore Over Iranian Nuclear Issue (LAT)

By Alissa J. Rubin, Kasra Naji, And Paul Richter

Los Angeles Times, June 7, 2006

TEHRAN, Iran — The Iranian government suggested Tuesday it would seek changes in the package of incentives offered here on behalf of world powers by European Union Foreign Minister Javier Solana; but comments made by both sides also made clear that for now, diplomacy had replaced confrontation over Iran's nuclear aspirations.

Iran's top nuclear negotiator, Ali Larijani, and Solana, who was accompanied by the political directors for England, France, Germany and Russia, said they would be talking again in the coming days.

"We had constructive talks," said Larijani. Solana "delivered certain proposals that they had been working on. These proposals contain a number of positive steps, and there are also ambiguities that have to be cleared up."

"I hope after we've had a chance to consider the proposals, we could have more talks so that we can reach a balanced and logical outcome," Larijani added.

Speaking to reporters in Laredo, Texas, President Bush described Iran's reaction as "positive."

"We will see if the Iranians take our offer seriously," Bush continued. "The choice is theirs to make."

The world powers are demanding that Iran halt its uranium enrichment related work in return for economic goodies and more intangible support such as backing from the West for Iran's bid to join the World Trade Organization.

Key to the entire offer however, is the United States' commitment, announced last week, to join the Europeans, Russia and China in talks with Iran if the Islamic Republic suspends uranium enrichment related ctivities. Many of the economic offers, some of which the European Union also made nearly a year ago, cannot be delivered without U.S. backing because of legal and treaty requirements.

Among them is a guarantee that the United States would facilitate a European offer to provide Iran with a light water reactor and other civilian nuclear technology. Much of the light water nuclear technology originates in the United States and without American government approval, the Europeans could not provide it to Iran. The decision to offer Iran help with a nuclear reactor is bound to be especially controversial because it is possible to harvest spent plutonium from such a plant and use it to manufacture material for an atomic bomb, according to scientists.

"Spent fuel from a light water reactor is harder to process," for use in a bomb, said David Albright, a former United Nations weapons inspector. "But nothing isproliferation proof."

Western powers are convinced that Iran's nuclear program is aimed at achieving the capability to make bombs. Tehran insists it wants nuclear technology only for civilian purposes.

The United States and the other countries have also committed to help Iran obtain new agricultural technology and to help Iran's "civil aviation" sector, said foreign diplomats. The U.S. currently refuses to sell anything to Iran and the nation's aging fleet has suffered several fatal crashes and Tehran's air authority routinely is forced to cannibalize parts from one plane to keep another running. Because the U.S. owns the licenses to a number of parts, its endorsement is needed for the sale both of parts and planes manufactured in other countries -- such as Airbus, which is manufactured in France. Technical assistance could also be part of the package, diplomats said.

A full list of incentives has yet to be unveiled and vaguer still are the penalties to which Iran might be subject if it does not accept the deal. It is not clear whether Russia and China, which have assiduously resisted economic sanctions, have changed their opposition to them.

Diplomats in Europe and people close to the Iranian government said they expected Iran to fight the demand that in order to obtain the incentives, it halt altogether its centrifuge operation and stop conversion of uranium yellow cake into uranium gas. Uranium in its gaseous form is what is fed into the centrifuges for enrichment which, when highly enriched, can be used in a bomb.

"It's unlikely they are going to give on that," said a European diplomat in Vienna, noting that the last time Iran halted its centrifuge operation, a number of the delicate machines broke.

For the past two weeks, Iran has not been enriching uranium; its cascade of 164 centrifuges have been spinning without any uranium gas in them, according to diplomats close to the International Atomic Energy Agency. However, when centrifuges are stopped altogether, unless the operation is done carefully, and seals are kept and all gaseous material removed, they can break. It is unclear the reason for the Iranians' pause in enrichment but it could be either for technical reasons while they test other parts of their operation or for political ends.

Furthermore, Iran will almost certainly refuse to halt enrichment before beginning talks, said Iranian commentators -- a precondition of the offer as it is currently formulated.

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Upbeat Iran Finds "Positive Steps" In Offer (WT)

By David R. Sands

Washington Times, June 7, 2006

Iran's top negotiator yesterday gave a cautiously upbeat review of a package offered by the United States and five world powers designed to halt Tehran's uranium enrichment program, a package that could allow Iran access to some sensitive U.S. nuclear technology.

In marked contrast to recent defiant comments from Iranian leaders, nuclear negotiator Ali Larijani told a delegation to Tehran headed by European Union foreign policy chief Javier Solana that the offer "had some positive steps," but added there were still "some ambiguities, which should be removed."

U.S. officials have refused to discuss the incentives being offered Tehran for its cooperation, but diplomats in Europe told the Associated Press they include a new concession by the United States that it would share technology for civilian nuclear programs with Iran if Tehran agrees to stop enriching uranium, a critical step in developing a nuclear bomb.

The Bush administration has led the drive to suspend Iran's enrichment programs, saying they are a cover for a vast nuclear weapons program. Iran claims its extensive research programs are for peaceful uses only.

Iran also would be offered a light-water nuclear reactor and a guaranteed source of fuel for civilian nuclear power if it accepts the international offer. The United States agreed to a similar package in the mid-1990s to North Korea, only to discover years later that Pyongyang had secretly pursued a nuclear bomb program anyway.

President Bush told reporters that Tehran's restrained first reaction to the details of the offer was "positive," but U.S. officials declined to comment on the substance of their offer, saying the diplomacy had reached a particularly sensitive stage.

"We want to give the Iranian government some time to consider what is in this package," State Department spokesman Sean McCormack said.

Mr. McCormack declined to comment on whether the United States has offered to share at least some forms of nuclear technology with Iran.

"I've seen a lot of reports flying around the past couple of days about what may or may not be in this package," he said, cautioning that such reports should be taken "with a grain of salt."

Mr. Solana briefed both Secretary of State Condoleezza Rice and German Foreign Minister Frank-Walter Steinmeier on the Tehran discussions. Mr. Steinmeier said afterward he expected an Iranian answer on the offer by the end of June, when foreign ministers of the Group of Eight nations meet ahead of next month's summit in St. Petersburg.

The package also includes trade and other incentives if Iran cooperates. The United States for the first time has agreed to participate in the multilateral talks, but only if Iran halts all uranium enrichment programs.

Wayne White, a lead Middle East analyst for the State Department's Bureau of Intelligence and Research from 2002 to 2005, said Iran's leaders may still be trying to decide whether Washington is genuinely seeking a deal or just laying the diplomatic groundwork for tougher action.

"There was a hot debate in the United States and Europe over whether this was an offer designed to self-destruct," said Mr. White, now an adjunct scholar at the Washington-based Middle East Institute. "I expect the same debate is going on in Iran."

Najmeh Bozorgmehr, an Iranian scholar at the Brookings Institution's Saban Center for Middle East Policy, said Iran was never likely to reject the package outright because it had been endorsed by both Russia and China.

"If this deal does not work out, Iran may need Russian and Chinese help against even tougher measures," she said.

But Ilan Berman, vice president for policy at the American Foreign Policy Council, said Mr. Larijani's comments about "ambiguities" could be preparing the ground for what U.S. opponents of the Iranian offer say will be endless talks while Iran preserves its nuclear programs.

"That should be setting off alarm bells all over the place," Mr. Berman said.

Iran To Study EU Incentive Plan On Nuclear Issue (FT)

By Gareth Smyth And Daniel Dombey

Financial Times, June 7, 2006

Iran said on Tuesday it would study a package of incentives delivered by Javier Solana, European Union foreign policy chief, designed to entice Tehran to curb its nuclear programme.

“The proposals contain positive steps and also some ambiguities, which must be removed,” said Ali Larijani, Iran’s top security official, after a two-hour meeting with Mr Solana.

“We hope we will have negotiations and deliberations again after we have carefully studied the proposals to reach a balanced and logical result.”

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President George W. Bush told reporters in Texas that the initial Iranian response sounded positive. “We will see if the Iranians take our offer seriously,” he said, repeating the US offer of joining the negotiations if Iran suspended its uranium enrichment in a verifiable way.

Mr Solana later told Condoleezza Rice, US secretary of state, on his return to Brussels that his talks in Tehran had been “very useful and constructive”, the State Department said. Mr Solana said the Iranian government had told him it would need time to consider the proposal and that he would be in contact again in the coming days.

The US repeated that Iran had “weeks, not months” to reply.

Mr Solana called Tuesday’s meeting with Mr Larijani “very, very constructive” and said he hoped for “negotiations based on trust, respect and confidence”.

While Iran insists its programme is purely peaceful, the US and the EU suspect Tehran is seeking to acquire a nuclear weapons capacity.

Last week, the five permanent UN Security Council members and Germany agreed the package, which focuses on a call for Iran to suspend uranium enrichment, the most sensitive part of its nuclear programme.

For many in Tehran, this remains unacceptable. Hussein Shariatmadari, editor-in-chief of the state-owned Kayhan newspaper, told Fars news agency the “main point” of the package ran against Iran’s national interest. “We have already officially and clearly announced we would no way stop uranium enrichment,” he said.

The package has not been publicly revealed but includes trade concessions, help in building nuclear reactors and a guaranteed fuel supply. The US, which said last week it would join multilateral talks if Iran stopped enrichment, has re-portedly revived last year’s offer to lift a ban on the sale of spare parts for Iran’s ageing civilian aircraft which could include components from Boeing and Airbus.

Western diplomats emphasise Iran faces the prospect of “disincentives” should it decide not to suspend enrichment, which can produce weapons-grade material.

Ideas the EU and the US have worked on include travel bans for Iranian officials linked to the country’s nuclear programme and restrictions on Iranian financial institutions’ activities in Europe.

EU officials also highlighted the contrast with the previous time the EU put forward an offer to Iran – in July and August last year.

On that occasion, Tehran immediately rejected the proposed deal as inadequate and moved ahead with its programme. This time, the Europeans hope that the proposal will lead to negotiations rather than to another deadlock.

The current state of play also echoes an EU memo in March that called for a new package to be put to Iran and for the US to consider joining the talks – both suggestions that Washington resisted at the time.

However, while Russia and China have endorsed the package, they are reluctant to back US and European talk of UN sanctions should Iran not suspend uranium enrichment. Additional reporting by Guy Dinmore in Washington

Iran Open To Incentives On Nuclear Talks, With A Hedge (NYT)

By Nazila Fathi And Elaine Sciolino

The New York Times, June 7, 2006

TEHRAN, June 6 — Iran on Tuesday welcomed an array of international incentives aimed at persuading the country to freeze crucial nuclear activities, but stressed that there were issues that needed to be resolved before any agreement could be reached.

"We had constructive talks," Ali Larijani, Iran's chief nuclear negotiator, told state television after meeting with Javier Solana, the European Union foreign policy chief. "The proposals contain positive steps and also some ambiguities which should be removed."

He did not elaborate on the ambiguities. But officials with knowledge of the talks in Tehran said they centered on Iran's insistence that it will continue its production of enriched uranium, which can be used to make electricity or weapons.

The offer made by the United States, Russia, China, France, Britain and Germany requires Iran to freeze its uranium enrichment and reprocessing or face an array of possible penalties.

Mr. Larijani is seeking clarifications over the terms, timing and duration of the suspension, the officials added, speaking on condition of anonymity because they are not authorized to divulge details.

Clearly both sides were on their best behavior and determined to nudge each other back to the negotiating table. "Neither side wanted to push the other to the brink today," said one senior Iranian official. "There was no real change in the position of either side, but both sides stressed their points of commonality and not their points of contention."

Mr. Solana, who was accompanied by the political directors of the foreign ministries of France, Britain, Germany and Russia, was also cautiously upbeat after he emerged from the glittery headquarters of Iran's Supreme National Security Council.

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"The proposal is on the table now," he said before flying to Germany. He added, "We hope that Iranian officials will examine all the aspects carefully, avoid hasty reaction, and reflect on their opinion afterwards."

The package, agreed on in Vienna on Friday, includes specific rewards to Iran like new commercial planes and light-water nuclear reactors if it suspends enrichment and reprocessing activities while talks over the deal are continuing, the officials said. But it does not say just how long the suspension would last, they added.

The United States gave crucial heft to the package by offering to remove certain economic sanctions against Iran that date from more than two decades ago, and to talk directly with Iran if the country agrees to an enrichment freeze.

In Laredo, Tex., President Bush was also upbeat, saying that remarks by Iranian officials sound "like a positive response to me." He repeated his new offer for the United States to "sit down at the table" with the Iranians, but only if "they are willing to suspend their enrichment in a verifiable way."

Several weeks ago, the administration rejected entreaties by the other powers to give Iran explicit security guarantees that the United States would not intervene politically or militarily in Iran's internal affairs, senior officials involved in the negotiations said. The United States has not ruled out military action against Iran.

Instead, it has committed itself in the incentives package only to support the creation of a vague regional forum to discuss issues of mutual concern, officials said.

The Iranian foreign minister, Manouchehr Mottaki, also welcomed the initiative and said after a separate meeting with Mr. Solana that the talks had "ushered in a new prospect," according to Iran's official IRNA news agency.

But he characterized Iran's enrichment program as solely designed for "research," suggesting that it must be allowed. "What is important in giving the incentives is supporting Iran's rights on research in technology," he said. "This issue should be very clear and without any ambiguity in the negotiations."

Iran is still continuing to enrich uranium at its vast site at Natanz, and Mr. Solana told the Iranians they had only "weeks" to decide whether to accept the offer, officials said.

However, he has not ruled out another meeting or even another trip to Iran, the officials added.

Mr. Larijani indicated that the Iranian side was in no rush to decide, saying, "We hope, after we study the proposal in detail, we will have another round of talks and negotiations to reach a balanced and logical conclusion."

Still, it was striking that both sides characterized the talks in positive terms. And in his brief but temperate public response, Mr. Larijani did not repeat Iran's longstanding position that it would never relinquish what it considers its sovereign right to nuclear energy, nor did he automatically reject any demand for a freeze on its enrichment-related activities.

The crisis over Iran's nuclear program, which Iran insists is for peaceful purposes, reached new urgency in April after Iran announced it had enriched uranium to the low levels needed to fuel a nuclear reactor. But Iran has run into technical difficulties and has made little progress since then, which may make it more willing to slow its program.

France, Germany and Britain announced after the collapse of their 2004 agreement with Iran to freeze its nuclear-related activities that they would be willing to engage in new talks only if Iran returned to a complete freeze of uranium enrichment at Natanz.

The United States is demanding that all enrichment-related activities be suspended before any negotiations start.

So it is unclear what exactly would constitute "negotiations" and whether the Iranians will use talks with Mr. Solana as a way to continue their enrichment activities while seeking even more concessions.

Iran has offered to freeze plans for large-scale enrichment of uranium, which it probably is not technically capable of carrying out. It has tried repeatedly during the negotiations that started in 2003 to continue what it has called "research" involving a limited number of fast-spinning centrifuge machines.

"The trick is to get into a dialogue," said one senior European diplomat involved in the discussions. "Both sides have preconditions for talks and we have to find a way out. We have been asking for suspension of all enrichment-related activities as a precondition for negotiations and that is exactly what they said they cannot do."

U.S. Risks Political Backlash In Iran Nuclear Offer (WSJ)

By Neil King Jr. And Jay Solomon

The Wall Street Journal, June 7, 2006

WASHINGTON -- A package of U.S-backed incentives presented to Iran includes proposals for wide-ranging civilian nuclear cooperation as well as new trade perks such as allowing Tehran to replace its aging fleet of commercial aircraft.

If Iran is willing to abide by international nuclear rules, the deal also calls for sweeping European involvement in Iran's oil and gas industry and for Iran's "full integration into international structures" such as the World Trade Organization, according to a draft of the package whose contents were confirmed by a senior U.S. official.

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But if Iran refuses to go along, the document says, the international community would adopt "proportionate" punishments ranging from travel bans on high-ranking officials to a possible arms embargo and "a general freeze of assets of Iranian financial institutions."

Some of the nuclear provisions could stir opposition both on Capitol Hill and among conservatives in President Bush's own party.

In their bid to get Tehran to end its uranium-enrichment program and return to multiparty negotiations, the U.S. and its international partners are offering "state of the art" light-water reactor technologies for electricity generation, including components under U.S. patent but built by European companies, according to U.S. officials. The deal put to Iran also promises to provide "a substantive package" of nuclear research and development cooperation.

Under the deal, which the European Union's foreign policy chief, Javier Solana, presented yesterday to Iranian authorities in Tehran, U.S. officials say they would desist from sanctioning foreign companies that transfer controlled nuclear technology to Iran. The U.S. would also agree, possibly with certain restraints, to allow the sale of certain components containing U.S. technologies. "It's a licensing issue," said one senior Bush administration official.

General Electric Co., for one, could benefit from such an agreement. The company manufactures nuclear reactors, most recently building reactors in Japan and Taiwan. GE is eyeing the market for new reactors in China and India, and is partnering with electric utilities that are looking at building new plants in the U.S., where the market has been dormant for more than two decades.

In a major shift in policy, the Bush administration last week offered to join European-led talks with the Iranian government so long as Iran suspends its uranium-enrichment work.

After meeting with Mr. Solana, Iran's chief nuclear negotiator, Ali Larijani, gave a relatively upbeat assessment that omitted Tehran's usual insistence on its right to enrichment. The international proposals -- presented by the U.S., Britain, France, Russia, China and Germany -- contained "some positive steps in them and some ambiguities which should be removed," he said, adding that Iran was prepared to enter "another round of talks and negotiations to achieve a balanced and logical conclusion."

President Bush yesterday said the reaction from Tehran "sounds like a positive response to me."

Sales of U.S.-licensed nuclear technologies to Iran would almost certainly require changes to U.S. law. Suggestions that the U.S. might be prepared to go down that road drew a quick response from one ardent nuclear opponent, Democratic Rep. Edward Markey of Massachusetts, who said in a statement that "the U.S. is barred from exporting nuclear reactors, nuclear materials or nuclear technology to any country that is a state sponsor of terrorism."

Some conservatives also drew parallels to a similar Clinton administration-led effort to stem North Korea's development of nuclear weapons by agreeing to provide Pyongyang with nuclear fuel and advanced reactor technology. That agreement later fell apart as North Korea moved ahead on developing nuclear warheads. "Having finally killed the reactor deal with Pyongyang, we can't seem to control our urge to cut another similar deal with Iran," said Henry Sokolski, an expert on the North Korean nuclear program.

Critics fear the Iran deal could replicate mistakes the Clinton administration made in cutting its arrangement with North Korea. Under that deal, the U.S. agreed to help North Korea build two light-water reactors in return for Pyongyang giving up its pursuit of plutonium-based nuclear fuel. But in 2002, the Bush administration nixed the deal after U.S. intelligence said North Korea was pursuing a separate clandestine nuclear weapons program using highly-enriched uranium.

Others worry that the new U.S. approach toward Iran is still too incremental and too focused on the nuclear issue to be of much effect. Robert Einhorn, a proliferation expert at the Center for Strategic and International Studies, argues that the main issues for Iran are prestige and security. And the only way the U.S. can address those, he said, "is for the administration to hold out the possibility of normalized relations with Iran."

Those Were The Days, When Reform Was In Flower (NYT)

By Michael Slackman

The New York Times, June 7, 2006

TEHRAN — The windowless room was crowded and hot as Mostafa Moin, former reform candidate for president of Iran, worked his way past the folding chairs filled with people applauding his appearance.

Mr. Moin lost his bid for the presidency last year. Actually, he came in fourth, a distant fourth, signaling the collapse of his party, the Islamic Participation Front, once a promising force for change in Iran.

But this was a celebration, marking the day on the Iranian calendar called the Second of Khordad, May 23, when Mohammad Khatami was first elected president in 1997, shocking the status quo and ushering in hope of a kinder, gentler, more democratic Iran. Every year since that historic day, those self-identified as reformers have joined together to celebrate the anniversary.

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But the Khatami era has passed, and now this party sits on the sidelines, celebrating — mourning, actually — in a cramped basement, as elements of a new Iran continue to emerge in many ways in spite of those years, not because of them. In the end, it seems, Mr. Khatami and his conservative opponents had the same end in mind: to preserve the theocratic system.

Many people here are now realizing that real reform in Iran, such as it is, will be driven from the bottom up, slowly, stubbornly, no matter how repressive or punitive the rulers choose to be. It is a cliché, for sure, but the phrase on the lips of weary Iranians in Tehran is "evolution, not revolution." No one seems to have the stomach for starting over again.

The change is glacial in pace but forward moving. Political analysts here say the hard-liners of today are promoting ideas introduced by the reform camp two decades ago.

"It is not possible to make a very big jump," said Emadedin Baghi, director of a prisoners' rights group, who studied religion for many years. "Some reformers thought that they could make a big jump. But it is an evolution that will proceed millimeter by millimeter."

At the party meeting, there was music and poetry reading and upbeat talk about looking to the future, even while every speaker seemed to focus on the past, and the whole thing seemed more like a funeral than a pep rally.

People loitered outside, smoking cigarettes and looking a bit dazed, as though they had just bumped into the former star of the high school baseball team stocking supermarket shelves while telling stories about the glory days gone by.

It was not just Mr. Moin's defeat that shocked the reformers; many sensed that was coming. It was the victory of the un-Khatami, Mahmoud Ahmadinejad, the tough-talking, Holocaust-denying apparatchik who catapulted from obscurity to become the head of state. Reformers insisted that with his less-than-diplomatic approach to diplomacy and his willingness, perhaps eagerness, to antagonize the West, Mr. Ahmadinejad was going to dial back to the earliest days of the revolution.

But even if that was his plan, Mr. Ahmadinejad has been foiled. There has been a tightening of political speech and a general sense of unease around the country as the West confronts Iran over its nuclear program. But in political terms, Iran's opponents have taken a page from one another's books.

Mr. Ahmadinejad has emerged, at least in words, as a defender of women's rights, trying unsuccessfully to allow them into stadiums for the first time since 1979 and refraining from cracking down on women in relatively revealing dress.

For their part, the remnants of the Islamic Participation Front have begun to follow Mr. Ahmadinejad's lead, suggesting that he understood the electorate far better than they did. After recoiling from public life, the reformers have set aside their lofty talk of religious democracy and social freedoms and are instead focusing on the issues that have come to define the president: security, the economy and nuclear development.

"I am looking to the future," insisted Abdullah Ramezanzadeh, Mr. Khatami's former spokesman, as he hurried off after his speech. Asked why there was no talk of democracy or social freedoms during the anniversary, but instead a heavy emphasis on the economy and security, he said, "The public is looking for something like this now."

Yet speaker after speaker said everything was better under the Khatami administration. And they suggested that they would return to power not because of new ideas, but because the new president would ultimately fail on his bread-and-butter programs.

Even on the nuclear confrontation, Mr. Ahmadinejad's signature issue, the reformers said, his combative approach has actually diminished the chances of opening a nuclear power plant anytime soon because of international hostility to Iran.

"We ran the nuclear policy to a very proud spot," said Mohsen Aminzadeh, a former special envoy of President Khatami's. "This policy was damaged, and we hope there will be no more damage done."

But if the reformers are hoping to return to power, they may want to consider plain old pothole politics. It may be a lesson, too, for Mr. Ahmadinejad, as his public waits for him to deliver on his campaign promises of jobs and low-cost bank loans. The reformers still talked at this meeting about participatory democracy; Mr. Ahmadinejad likes to talk about enriching uranium.

Hamid Shahrabi is waiting for a bank loan, and a job.

"I helped Ahmadinejad for 15 days, putting up posters during his campaign," said Mr. Shahrabi, 33, who lives with his wife and two small children in one small, unfurnished room in East Tehran. "But it was no use. Nothing happened for me."

Mr. Shahrabi said he had already given up on clerics, like Mr. Khatami, and had thought that by campaigning for Mr. Ahmadinejad he might at least qualify for a low-cost loan that would help reduce his $14 a month rent, which he has trouble paying. His only source of income is ferrying passengers on his scooter around the traffic-choked streets of Tehran.

His bank loan was denied three times and, for the moment, he has lost faith in the system, but he is open to anyone who will actually help him find a job, pay his medical bills and buy him a chair to sit in.

When asked to identify Iran's primary problem, he replied, "It's the leadership."

Bush Worried About Instability In Somalia (AP)

By Nedra Pickler, Associated Press Writer

DOJ_NMG_0032734

AP, June 7, 2006

President Bush expressed concern on Tuesday that volatile conditions in Somalia could lead al-Qaida to use it as a staging ground to plan attacks.

"There's instability in Somalia," Bush said in Texas where he was traveling. "The first concern, of course, is to make sure that Somalia does not become an al-Qaida safe haven — it doesn't become a place from which terrorists can plot and plan."

Bush said he talked on Monday with Secretary of State Condoleezza Rice about the instability in Somalia where Islamic militiamen have claimed control of Mogadishu, the capital.

"We're watching very carefully the developments there, and we will strategize more when I get back to Washington as to how to best respond to the latest incident there in Somalia," Bush said.

In Washington, the State Department rejected widespread media reports that U.S. policy in Somalia has suffered a severe setback with the militant Islamic group's takeover in Mogadishu.

The situation in Mogadishu is "very fluid" and has been for years, State Department spokesman Sean McCormack said.

Without offering specifics on the nature of U.S. activities in Somalia, McCormack said the United States has a strong interest in fighting foreign terrorists in the Horn of Africa.

He recalled that al-Qaida chieftain Osama bin Laden sought refuge a decade ago in Sudan, located to the west of Somalia, before heading for Afghanistan.

Somalia's Islamic Extremists Set U.S. Back (AP)

By Chris Tomlinson

AP, June 6, 2006

The success of Islamic extremists fighting for control of Somalia's capital is an important setback in the U.S. war on terrorism, with the defeat of a counterterrorism alliance providing hope for militants elsewhere in the region.

Somalia's location in the Horn of Africa and its role as a cultural bridge with the Middle East gives the country strategic importance, so much so that the United States has posted troops in neighboring Djibouti to try to prevent terror groups from taking hold in the Horn of Africa.

But U.S. efforts to influence chaotic, clan-riven Somalia have consistently fallen flat, sometimes with deadly results. The United States has not carried out any direct action in Somalia since the deaths of 18 servicemen there on a humanitarian mission in a 1993 battle in Mogadishu depicted in the film "Black Hawk Down."

Islamic radicals seized control of the Somali capital, Mogadishu, on Monday, defeating U.S.-backed warlords in weeks of fighting that left more than 330 people dead.

Since the terrorist attacks of Sept. 11, 2001, U.S. officials have expressed concerns that Somalia could become a haven for terrorists, a concern State Department spokesman Sean McCormack repeated on Monday.

"We do have real concerns about the presence of foreign terrorists in Somalia, and that informs an important aspect of our policy with regard to Somalia," McCormack said in Washington.

A U.S. official told The Associated Press recently that Islamic leaders in Mogadishu are sheltering three al-Qaida leaders indicted in the 1998 U.S. Embassy bombings in Kenya and Tanzania. The same al-Qaida cell is believed responsible for the 2002 suicide bombing of an Israeli-owned hotel in Kenya, which killed 15 people, and a simultaneous attempt to shoot down an Israeli airliner over Kenya.

Now men willing to shelter al-Qaida suspects have established their authority, if limited to Mogadishu.

The U.S. official, speaking on condition of anonymity because of the sensitivity of the issue, confirmed the U.S. was cooperating with the secular warlords to capture the men. But the warlords took that narrow goal and turned it into a bid to defeat the Islamic leaders who had within two years developed the most powerful militia in Somalia.

The Islamic extremists — some of whom had contacts with al-Qaida leader Osama bin Laden in the 1990s — had co-opted an Islamic court system that provided the only means of justice since Somalia's last effective central government collapsed in 1991.

The Islamic Courts Union portrayed itself to a war-weary public as a neutral, religious organization capable of bringing peace and prosperity. The union's leaders condemned the warlords for being responsible for 16 years of chaos and anarchy and rejected a U.N.-backed government formed in Kenya as being too secular and not authentically Somali.

When the warlords formed the Alliance for the Restoration of Peace and Counterterrorism, the Islamic leaders immediately dismissed it as the work of U.S. agents, who were often seen visiting the alliance's leaders.

Appealing to Somali nationalism, while exploiting public hatred for the warlords and anti-American sentiment common among Muslims across East Africa, the Islamic leaders garnered widespread support.

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Sheikh Sharif Ahmed, chairman of the Islamic Court Union, told supporters on Tuesday that his group would continue fighting until all of Somalia falls under the union's authority. The courts have already made alliances with rebels from outside of Somalia to accomplish their goal.

Residents of Mogadishu, speaking on condition of anonymity for fear of reprisal, have reported seeing hundreds of non-Somali militia — including non-Africans — fighting alongside the Islamic forces. At least 600 Ethiopian rebels from the predominantly Muslim Oromo National Liberation Front have been seen manning checkpoints in Mogadishu.

The Oromo "share the Muslim faith with Somalis and if someone convinced them that this revolution in Somalia will eventually become an Islamic state across the whole region, including the Oromo region of Ethiopia, they will think it is worth fighting for," said Omar Jamal, director of the Somali Justice Advocacy Center in St. Paul, Minn., a hub of expatriate Somalis.

There are Islamic extremist elements in Uganda, Kenya, Tanzania and Eritrea, all watching what is happening in Somalia and how the United States reacts.

"We won the fight against the enemy of Islam. Mogadishu is under control of its people," Ahmed said in a radio broadcast Monday in a veiled reference to the United States and its proxies.

McCormack has said the United States will back the U.N.-sponsored Somali government, now residing in Baidoa, 140 miles northwest of Mogadishu.

Whether that government can defeat or co-opt Islamic radicalism in Somalia is the key question.

Protesters Rally To Challenge Islamists In Somalia (NYT)

By Marc Lacey

New York Times, June 7, 2006

NAIROBI, Kenya, June 6 — Tensions remained high in Somalia's capital, Mogadishu, on Tuesday, as the Islamic militants who seized control of the city the day before vowed to set up a religious state, while thousands of protesters allied with one of the country's largest clans pledged to challenge the effort.

The warlords who have been pushed from their strongholds in Mogadishu said they would fight back against the Islamists, said news agency reports from the capital.

Bashir Rageh, a warlord who lost control of a key airstrip and port in March, and Muse Sudi Yalahow, another important Mogadishu leader who has lost ground to the Islamic militias, joined thousands of their backers from the Abgal clan at a stadium north of the capital to denounce the Islamic courts and militias that have taken the city.

"Our clan has agreed to defend our land, and we will fight the courts hiding under the cloak of Islam and trying to fool our people," said Mr. Rageh, who was protected by heavily armed security men.

As the protesters rallied, the leaders of the alliance of Islamic courts insisted in a letter to American officials and other diplomats that they were not hiding terrorists, as the United States has claimed, and instead were seeking friendly relations with the outside world.

In the letter, Sheik Sharif Ahmed, chairman of the Islamic Courts Union, the alliance that control the militias, accused Americans of fueling the fierce fighting in Mogadishu by backing the warlords who he said have terrorized the country for the last 15 years.

An array of Africa analysts, academics and Somali politicians said Washington had made financial payments to the warlords in recent months in an effort to root out members of Al Qaeda who American officials contend are being sheltered inside Mogadishu by the Islamists.

"We categorically deny and reject any accusation that we are harboring any terrorists or supporters of terrorism in the areas where the courts operate," the sheik wrote.

He welcomed visitors to Mogadishu, which has long been considered too unsafe for international diplomats, to see whether terrorists are operating there. "We have nothing to hide from the international community," he said.

In Washington, a senior Bush administration official said the administration was willing to take the letter at face value. "If they're going to be a credible, legitimate political actor, and not support Al Qaeda and terrorism, then we'd encourage the transitional government to work with them," said the official, who could not be identified because he was not authorized to speak publicly about the issue.

Some critics argued that American efforts in Somalia did not add up to a coherent policy, and that recent events had caught policy makers off guard. "The problem is that we don't have any strategy at all," said Sen. Russ Feingold, a Wisconsin Democrat who is the Senate's leading expert on Somalia. "We weren't even paying attention."

Sheik Sharif Ahmed mentioned nothing in the letter about his plans for turning Somalia into an Islamic state, but he raised the topic at a gathering of hundreds of supporters in Mogadishu on Tuesday. "Until we get the Islamic state, we will continue with the Islamic struggle in Somalia," he said, according to news agency reports.

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Also left unaddressed by the sheik was whether the Islamic court leaders would work with the new transitional government that is operating in Baidoa, 155 miles from Mogadishu.

The counter-rally, which was held about a mile from positions held by Islamic militias, underscored the challenges that the new rulers of the capital would face in consolidating power after 15 years of anarchy there. Clan allegiance has long been the most powerful force in Somalia, trumping religion. By rallying the Abgal clan, opponents of the Islamists have sought to redefine the conflict.

Our Failure In Somalia (WP)

By John Prendergast

The Washington Post, June 7, 2006

It was before "Black Hawk Down," before Somalia became the only country in the world without a government, that I took my first trip there. It changed my life. This was in the mid-1980s, when the United States was underwriting a warlord dictator in support of our Cold War interests, at the clear expense of basic human rights. As a young, wide-eyed activist-in-training, I couldn't accept the idea that my government would use defenseless Somali civilians as pawns on its strategic chessboard -- in a strategy that ultimately produced only state collapse, civil war and famine.

Twenty years later the enemy has changed, but the plot is hauntingly similar. In recent trips to the capital, Mogadishu, I have seen evidence of U.S. support to warlord militia leaders in the name of counterterrorism operations. Since the beginning of the year, pitched battles between U.S.-backed warlords and Islamist militias in Mogadishu have claimed hundreds of lives and displaced thousands of families.

Now "our" warlords -- and by extension our counterterrorism strategy -- have been dealt a crushing defeat by the Islamists, as the latter have consolidated control of Mogadishu. Our short-term interest in locating al-Qaeda suspects has thus been undermined, and the risk of a new safe haven being created for international terrorists has been greatly increased.

The statelessness in Somalia has already been allowing al-Qaeda and other destructive forces to operate there. The president of a neighboring country told me recently that the "governance vacuum is growing larger, with very negative implications for Somalia. It increases the potential for international terrorists to use the structures that are filling the vacuum for safe haven and logistical purposes."

It was partly from Somali soil that al-Qaeda organized and carried out two serious terrorist attacks, in Kenya and Tanzania, against U.S. embassies and a foreign-owned hotel, and narrowly missed bringing down an Israeli passenger jet with two surface-to-air missiles. A plot to crash an airplane into the U.S. Embassy in Kenya was foiled. "Soft" targets are legion throughout East Africa, and intelligence indicates that new attacks are being planned.

Somalia is an al-Qaeda recruiter's dream -- with rampant unemployment, travel restrictions, and no government or foreign investment -- and young Somalis will turn to terrorism for money and, occasionally, because of shared ideology. Schools run by Islamic charities are graduating large numbers of students, many of whom are being taught in Arabic instead of Somali and who have no prospect of meaningful work. Drug dealers and militias looking to restart conflict over economic interests find easy recruits, further destabilizing the area and sowing the seeds of radicalism.

The U.S. counterterrorism approach in Somalia isn't working: The al-Qaeda leaders sought by the United States there remain at large, and the Islamists who protect them are gaining ground against U.S.-backed militias, as this week's events show. With a growing chorus of voices, rightly or wrongly, blaming the United States and the warlords for the fighting, public opinion in Mogadishu has been swinging in favor of the Islamists.

In April the United States tried a different tack, inviting clan and political leaders to Kenya for talks and to enlist their support in dismantling the al-Qaeda safe haven. But fighting broke out as soon as the leaders returned to Mogadishu, making it seem as though one hand of the U.S. government didn't know what the other was doing.

A successful counterterrorism effort would require the United States to pull the political and military threads together into a coherent strategy of broader engagement. U.S. officials and those from other governments throughout the region uniformly have told me that long-term counterterrorism objectives can be achieved only by American investment in the Somali peace process. Yet the State Department has just one full-time political officer working on Somalia -- from neighboring Kenya, and he was just transferred out of the region for dissenting from the policy on proxy warlords. Somalia's ineffectual transitional government remains confined to the shaky central town of Baidoa, where it is still struggling to overcome internal divisions.

A functioning government that could ensure security would be a win-win scenario for Somalis and the United States, enabling the state apparatus to address the criminality and extremism that undermine progress in the country. This would provide a real partner for the war on terrorism in an area that has a track record for exporting trouble.

The continuation of Washington's current approach in Somalia would ensure that U.S. interests and those of other countries in the region remain dangerously vulnerable to terrorist attacks from this collapsed state. Continued fighting between

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Islamist elements and the U.S.-backed warlord alliance will breed resentment, attract recruits to the extremist cause and provide a training ground for new militants. The United States can no longer afford not to engage more deeply and directly in state reconstruction efforts in Somalia. It is in our national security interest to do so.

The writer is a senior adviser to the International Crisis Group. He worked for the National Security Council during the Clinton administration.

Somalia, Revisited (NYT)

The New York Times, June 7, 2006

Terrorist groups linked to Al Qaeda may just have won a new foothold in the strategic Horn of Africa, as radical Islamist militias captured Somalia's capital, Mogadishu.

The immediate concern among many Somalis is a forcible imposition of harsh Islamic law, Taliban style. The larger international concern is that Mogadishu's new rulers may follow the Taliban's example in another way, sheltering international terrorist operations in a region within tempting striking distance of vulnerable countries on the Arabian peninsula and in East Africa.

The Bush administration wasn't exactly caught looking the other way. But with more than 130,000 American troops tied down in Iraq and some 20,000 more in Afghanistan, and with America's reputation in the Islamic world driven to an all-time low, Washington's ability to respond effectively to a very real danger was severely compromised.

For want of better options, the United States had thrown its support to a different set of warlords with few visible merits beyond their willingness to fight their Islamist rivals. But by some accounts, Washington's support for these warlords only discredited them in the eyes of many Somalis.

The parallels to Afghanistan when the Taliban took power in 1996 are uncanny, and frightening. The sequel, however, does not have to turn out quite as horribly. Mogadishu's new masters claim to be interested mainly in establishing peace, stability and Islamic rule at home. They insist that they are willing to talk with anybody, which at least raises a possibility that they could be talked out of sheltering international terrorists.

With good luck, perhaps a new battlefront with international terrorism may yet be avoided. Luck, however, is no substitute for a more supple and effective American strategy against a highly mobile foe like multinational Islamist terrorism. Washington needs to develop more agile responses of its own. It especially has to avoid getting drawn into quagmires that force it to fight on the terrorists' terms and timetable.

Abbas Extends Hamas Deadline On Israel (AP)

By Mohammed Daraghmeh

AP, June 6, 2006

Palestinian President Mahmoud Abbas stepped back from a political showdown with his Hamas rivals, giving the Islamic militants several days to recognize Israel or face the voters in a referendum on the idea.

Abbas, a moderate, has been pushing the Hamas-led government to accept a proposal that calls for a Palestinian state alongside Israel, implicitly recognizing the Jewish state. Abbas believes the plan will help lift the economic pressure on the Palestinians and allow him to pursue peace talks with Israel.

Hamas, which is sworn to Israel's destruction, has balked at the plan, demanding changes in the language, calling for more time to discuss it and saying it won't give in to deadlines.

"We are giving enough time, about three days, for our brothers in Hamas to reconsider their position," said Yasser Abed Rabbo, a top official of the Palestine Liberation Organization, which Abbas also heads.

Hamas officials welcomed Abbas' offer to extend their dialogue but repeated their opposition to deadlines on the referendum.

Abbas initially gave Hamas until Tuesday to accept the plan. Officials said Abbas agreed to the delay at the request of unspecified Arab leaders.

Although a referendum would be nonbinding, a vote could deeply embarrass Hamas, putting public pressure on the group to moderate its violent ideology.

A new survey released Tuesday showed 77 percent of Palestinians would vote in favor of the proposal. The survey of 1,200 Palestinians was conducted by Bir Zeit University in the West Bank and had a margin of error of 3 percentage points.

Abbas' Fatah movement says the president will not accept amendments.

The delay gave Hamas some breathing room as it struggled with a devastating international economic boycott and increasingly bloody tensions with Fatah.

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In the latest violence, a battle erupted early Wednesday between Hamas and Fatah forces in Gaza City. Hospital officials said one person was seriously wounded by gunfire.

On Tuesday, rocket-propelled grenades were fired at the pro-Fatah Preventive Security compound in the Gaza Strip, wounding three maintenance workers, officials said. Fatah officials accused Hamas of being behind the attack. Prime Minister Ismail Haniyeh of Hamas called the incident "regrettable" and urged restraint by all sides.

Meanwhile, Israeli aircraft fired missiles at a street in northern Gaza and at a building in Gaza City early Wednesday, witnesses said. No one was hurt.

Witnesses said the street targeted was a launching area for rockets aimed at Israel. Less than an hour earlier, Israeli aircraft fired missiles at a facility of the militant Popular Resistance Committees in Gaza City. The PRC claimed responsibility for firing nine rockets at an Israeli town on Tuesday.

Later Israeli aircraft fired three more missiles at empty fields, residents said. Israel often targets launching areas in northern Gaza with artillery and air strikes.

Palestinian officials said the referendum would be held about 45 days after an announcement by Abbas.

"We still have a chance to make this dialogue a success," Haniyeh said in Gaza. "Therefore we ask for more meetings and more dialogue and that we don't use the language of days and time as a threat."

The Palestinian plan was formulated by senior Hamas and Fatah prisoners held by Israel. Prisoners hold great weight in Palestinian society.

Israel opposes key elements of the 18-point document, but is staying on the sidelines during the internal Palestinian debate. At the same time, Israeli Prime Minister Ehud Olmert is making a series of trips abroad to discuss policy.

After visiting the U.S. and Egypt, Olmert is to visit Jordan on Thursday for talks with King Abdullah II, both countries said. A Jordanian official said the king would try to persuade Olmert to drop his plan to set Israel's border unilaterally if talks with the Palestinians fail.

Exiled Hamas leader Mousa Abu-Marzouk told the AP by phone that his group had "accepted" an invitation by President Ali Abdullah Saleh of Yemen to top Hamas and Fatah representatives to continue talks on the prisoners' plan in Yemen.

Abbas politely declined the offer, according officials close to the president.

Abbas has been involved in an increasingly bloody power struggle with Hamas since the Islamists defeated Fatah in legislative elections early this year. Sixteen people have been killed in clashes between the sides in recent weeks. Abbas was elected separately last year.

The financial crisis has left the government unable to pay the salaries of tens of thousands of civil servants. Israeli military officials said Hamas nonetheless has managed to smuggle hundreds of thousands of dollars into the Gaza Strip in recent weeks.

The money has enabled Hamas to sustain key operations, including charitable activities and operations of its new 3,000-member security force, the officials said.

Asked about the smuggling, government spokesman Ghazi Hamad did not deny it.

"We will look for money everywhere and every place. That is our right," he told Israel's Army Radio, in Hebrew.

US Welcomes Abbas Referendum Proposal (AFP-Y2)

AFP, June 6, 2006

The White House welcomed Palestinian Authority president Mahmud Abbas' call for holding a referendum on implicitly recognizing Israel.

"Abbas has demonstrated that he's somebody who wants to work toward a two-state solution" to the Middle East conflict, spokesman Tony Snow told reporters.

"I think it's important for Palestinians to wrestle with the issue of whether they want to have a two state solution," he said, referring to a US-backed effort to build a Palestinian state at peace with Israel.

Abbas was headed for a showdown with the Hamas government after winning the green light Tuesday to hold the referendum despite fierce opposition from the militant group, which argued that more time was needed for talks to resolve deep differences with Abbas's own Fatah faction.

Azzam al-Ahmed, an aide of the Palestinian leader who has played a key role in cross-party crisis talks over the last 10 days, said Abbas would announce the date of the referendum in a decree on Thursday.

Abbas spokesman Nabil Abu Rudeina said a date for the referendum would be declared within 48 hours -- still leaving open the possibility of a last-minute compromise. Polling would take place 40 days after the announcement, he added.

However, there was little expectation that Hamas is about to change its tune, although a new poll showed the vast majority of Palestinians both back Abbas's call for a referendum and intend to vote in favour of a document first drawn up by a cross-party group of senior militants held in Israeli prisons.

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"We're just going to have to wait and see what happens, whether he's able to have a referendum and what happens," Snow said as US President George W. Bush traveled here to push his immigration reform plans.

The document at the centre of the referendum calls for a national unity government, an end to attacks in Israel and the creation of a Palestinian state alongside Israel on land conquered by the Jewish state in 1967.

Such a blueprint would undercut Hamas's long-time platform of refusing to recognise Israel or disavow the use of violence even within the Jewish state's borders.

Abbas Delays Setting Date For Referendum (WP)

By Scott Wilson

The Washington Post, June 7, 2006

JERUSALEM, June 6 - Facing political and practical challenges, Palestinian leader Mahmoud Abbas gave Hamas more time Tuesday to endorse the creation of a future state on all territory occupied by Israel in the 1967 Middle East war before he sets a date for a referendum on the issue.

Abbas's decision to give Hamas until Friday to accept a two-state solution to the conflict, something the radical Islamic movement has rejected since its creation nearly two decades ago, comes in the midst of rising factional tensions in the West Bank and Gaza Strip. A morning mortar attack on the Palestinian preventative security headquarters in Gaza wounded six people, including four officers.

But the delay also reflects the logistical difficulties Abbas would face in staging a referendum that Hamas, now running the Palestinian Authority's day-to-day operations, opposes in principle. Hamas officials have warned that they would not allow the vote to proceed, even though it could give them cover to moderate their hard-line position toward Israel at a time when foreign donors are demanding they do so in return for future aid.

Abbas -- who in addition to being president of the Palestinian Authority is head of the Palestine Liberation Organization and the Fatah movement -- met for several hours Tuesday in the West Bank city of Ramallah with the PLO executive committee, which voted to give him the authority to hold the vote.

But he told the committee that he would wait three days before setting a date to allow Hamas more time to endorse what is known as the prisoners' document, an 18-point declaration of principles signed last month by the leaders of Hamas, Fatah and other Palestinian factions being held in Israeli jails.

Yasser Abed Rabbo, a member of the committee, told reporters in Ramallah that "before the end of the week, President Abbas will hold a news conference to announce the holding of the referendum and the beginning of the process for carrying it out." But Abed Rabbo also said negotiations with Hamas would continue even after the date is set, saying the vote could be canceled up until the last moment.

The main element of the prisoners' document calls for the creation of a Palestinian state in the West Bank, Gaza and East Jerusalem. Israel still occupies those areas, although it evacuated troops and settlers from Gaza last year. Hamas calls for a Palestinian state across territory that includes Israel, while Abbas favors its creation alongside the Jewish state.

With opinion polls showing broad support for the proposal, Abbas is hoping that a nonbinding vote on the matter will provide a clear expression of Palestinian desires for a peaceful resolution to the conflict and help revive negotiations with Israel.

A Bir Zeit University poll released Tuesday showed that 77 percent of those questioned would vote in favor of the prisoners' document, which demands internal Palestinian political reforms, the creation of a national unity government, the freeing of Palestinian prisoners and the right of refugees to return to their homes. The document also calls for armed and political opposition to the Israeli occupation to be focused in the territories, rather than inside Israel.

"At the end of the day, we are heading toward a vote," said Saeb Erekat, a Fatah legislator and the chief Palestinian negotiator with Israel. Abbas "must go back to the people if he wants to avoid chaos in the streets. I think the only option now, even if the date was not set today, is for the Palestinians to vote."

Foreign donors suspended most aid to the Palestinian Authority following Hamas's victory over Fatah in January elections that brought the Islamic movement into government for the first time.

Israel also froze the monthly transfer of roughly $55 million in tax revenue it collects for the Palestinian government, an amount equal to nearly half its monthly payroll. Most of the authority's more than 150,000 employees have not been paid in three months, and unemployment and poverty rates are climbing in the territories.

But Abbas has declined to exercise his authority to fire Prime Minister Ismail Haniyeh, a Hamas leader, for refusing to endorse a two-state solution, renounce violence and accept previously signed agreements that implicitly recognize the Jewish state's right to exist. Instead he has chosen the referendum to challenge Hamas, known formally as the Islamic Resistance Movement.

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Hamas's imprisoned leaders play an important role in the movement's collective decision-making, along with leaders in exile and those inside the territories. While Hamas's more hard-line exile leadership rejected the document, Haniyeh and others in the government called it a starting point for discussion.

But Hamas prisoners called Tuesday for Abbas to cancel plans for a referendum and allow talks to continue between the two main Palestinian political movements. The six-point statement, posted on the Hamas Web site, states that the vote would be illegal and could cause more bloodshed.

"There's an opportunity for the success of the national dialogue," Haniyeh said after the three-day delay was announced to allow more time for talks. "But we reject the threat of using" deadlines.

Earlier in the day, three 60mm mortar shells were fired at the Palestinian preventative security service headquarters in Gaza. The attack wounded the four Palestinian officers and two maintenance workers.

Also Tuesday morning, Palestinian gunmen fired at least five rockets at the southern Israeli city of Sderot, including one that smashed into a home and another that landed near a school. One Israeli woman was wounded by shrapnel. Sderot's mayor warned the Israeli government that he would evacuate the city if the military did not stop the rocket fire.

Indonesian Scolds U.S. On Terrorism Fight (NYT)

By Michael R. Gordon

New York Times, June 7, 2006

JAKARTA, Indonesia, June 6 — Indonesia's defense minister warned the Bush administration on Tuesday that its approach to fighting terrorism was perceived as overbearing, and that the United States needed to be sensitive to local concerns.

"It's best that you leave the main responsibility of antiterrorist measures to the local government in question, and not be too overly insistent about immediate results arising from your perception about terrorists," the minister, Juwono Sudarsono, told reporters as Defense Secretary Donald H. Rumsfeld stood nearby.

"It's important to us because, as the world's largest Muslim country, we are very aware of the perception, or misperception, that the United States is overbearing and overpresent and overwhelming in every sector of life in many nations and cultures," he added.

Mr. Rumsfeld arrived here Tuesday to help build the United States' newly restored ties with the Indonesian military. American military aid was gradually phased out after Indonesian security forces fired on civilians who were protesting Indonesian rule in East Timor in 1991.

In rebuilding ties with the Indonesian military, the Bush administration has said it is not only solidifying relations with an ally in its campaign against terrorist groups, but also reinforcing the importance of respecting human rights.

"The U.S. has established fully normal relations, with military-to-military relations with Indonesia," said Mr. Rumsfeld, who met with President Susilo Bambang Yudhoyono; Widodo Adi Sutjipto, a senior minister for security issues; and Mr. Sudarsono.

Some American lawmakers complain, however, that Indonesian officials who were linked to the abuses in East Timor have not been held accountable.

On Tuesday, it was the Indonesians who were free with their advice. One important lesson, Mr. Sudarsono said, was that the United States needed to be attuned to local concerns. Then the minister took the unusual step of repeating the counsel he had given Mr. Rumsfeld in a room packed with Indonesian and Western journalists.

"So I was telling the secretary just recently, just two minutes ago, that your powerful economy and your powerful military does lend to misperception and a sense of threat by many groups right across the world, not just in Indonesia," Mr. Sudarsono said.

Mr. Sudarsono's remarks prompted a quick reply by Mr. Rumsfeld, who insisted he had been sensitive to other nations' concerns from the start. "I have never indicated to any country that they should do something that they were uncomfortable doing," Mr. Rumsfeld said.

The discussion over political perceptions had affected deliberations over one of the Bush administration's major efforts: the Proliferation Security Initiative, which calls for an international arrangement that would enable the United States and its allies to search cargo ships suspected of transporting biological, chemical and nuclear arms, as well as the missiles to deliver them.

The aim of the initiative, announced in 2003, is to keep unconventional weapons and their components out of the hands of terrorist groups and so-called rogue states. But the Indonesian government has been wary, perhaps because it wants to reinforce its claims over nearby waterways, or because it is concerned about public opinion regarding efforts to collaborate with the Bush administration.

Indonesia's Foreign Ministry bluntly rejected the initiative as a threat to Indonesian sovereignty when Secretary of State Condoleezza Rice raised it in a March visit here.

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Mr. Sudarsono was somewhat more supportive. In his closed-door meeting with Mr. Rumsfeld, he indicated that the proposal would be studied, and suggested that Indonesia would be willing to carry out some of the activities that are called for under the plan.

Yet at the news conference, Mr. Sudarsono gave a starker assessment, suggesting that the plan might be carried out only if it was limited in scope. "Perhaps we can agree on a limited framework of cooperation on an ad hoc basis.," he said.

Those comments caught Mr. Rumsfeld's team by surprise. It was not immediately clear whether Mr. Sudarsono was trying to balance domestic political considerations with his efforts to work with the Americans, or if there was a more fundamental difference between the sides.

"Some Indonesian analysts view the United States as focused on the 'search and destroy' aspect of the war against terror, and feel that the United States has not focused sufficient attention to winning the 'hearts and minds' aspect of the struggle," according to a study by the Congressional Research Service.

In resuming American military assistance, the initial emphasis is to improve the Indonesian military's mobility, by providing spare parts for C-130 aircraft and helping to upgrade naval patrol vessels. The Indonesians have also indicated that they are submitting requests for parts for the F-16 warplanes in their arsenal.

A senior American military official said the Pentagon wanted to improve the ability of the Indonesian military to carry out disaster relief operations, to conduct joint operations with the United States, and to secure the Strait of Malacca and other waterways.

War Game Finds Two-week Capability (WT)

By Richard Halloran

Washington Times, June 7, 2006

TAIPEI -- Taiwan could fend off a concerted attack by China for at least two weeks before it would need help from the United States, according to the results of an unprecedented high-level exercise.

For the first time, the Ministry of National Defense ran the weeklong war game for President Chen Shui-bian of the Republic of China and other political leaders in April to test their ability to respond to a military assault from the mainland.

Mr. Chen, Prime Minister Su Tseng-chang, Defense Minister Lee Jye and other Cabinet ministers participated in the exercise, wrestling with a simulated missile attack that severely damaged the island's financial communications.

They sought continuity in government when several leaders were killed or wounded. They mobilized the armed forces to repel an amphibious invasion from the mainland.

"We could defend our country by ourselves for at least two weeks if we were attacked by the [People's Republic of China]," said Abe C. Lin, the ministry's director of strategic planning, referring to the outcome of the exercise and intelligence assessments.

The findings are important to the United States: Under the Taiwan Relations Act, often cited by the Bush administration as the basis for the U.S. posture on Taiwan, the United States would be obliged in most circumstances to come to the island's aid.

Two weeks would give the U.S. ample time to get forces to the Taiwan Strait, especially after plans for a military buildup on Guam have been completed. Three submarines, which would be vital to disrupting an amphibious assault, are there, and more are coming.

U.S. officials have been in what one called "a grumpy mood" toward Taipei over what they have seen as a provocative posture toward China and a failure to complete an $18 billion arms purchase from the United States.

Bush administration officials have suggested that Taiwan is unwilling to defend itself and relies too much on the United States to prevent it from being seized by China, which claims sovereignty over the island.

Civilian officials and military officers in Taiwan argue vigorously that the characterization is unfair. "We have never thought that we would get a free ride from the U.S. We have never planned to rely only on U.S. forces in our defense," Mr. Lin said.

He and several colleagues pointed to the lessons learned from the war game; to Taiwan's first comprehensive national security strategy report, issued in May; to planned increases in defense spending; to forthcoming cuts in military personnel to free funds for investment in weapons; and to a national mobilization law adopted in 2004.

They acknowledged, however, that Taiwan needed to "harden" more of its communications apparatus. The security report called for setting up a hot line between Taipei and Beijing to preclude miscalculation.

Polls suggest that Taiwan's residents are eager, maybe even desperate, to avoid war with China. A survey by the Mainland Affairs Council, which oversees Taiwan's relations with China, found that 88.6 percent of respondents wanted a continuation of the status quo. Only a few chose either independence, which could prompt an attack, or unification with China.

Against this backdrop, the U.S. Pacific Command in Hawaii has been quietly strengthening military ties with Taiwan at the same time it executes the Bush administration's policy of engaging China through exchanges of visits by senior officers.

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Retired Adm. Dennis Blair, a former Pacific commander, has visited Taiwan annually for the past several years to offer advice on a large Taiwanese military exercise. Defense attaches at the American Institute in Taiwan, the de facto U.S. embassy, are serving officers rather than retired officers on contract. Pacific Command officers regularly visit to confer with counterparts.

Even so, Taiwanese military officers and defense officials expressed misgivings about the U.S. engagement with China, saying they fear the United States might succumb to Chinese pressure or cajolery.

"We support [Pacific commander Adm. William Fallon's] policy of engagement," said a Taiwanese admiral, "so long as it is not at our expense."

The chief spokesman for Adm. Fallon, Capt. W. Jeffrey Alderson, said in response to a query: "No one loses here. Our efforts at engagement and transparency are intended to avoid miscalculations and thus maintain peace and stability in the region."

US Values Push Alienates Muslim Women (WT)

By Katie Stuhldreher

Washington Times, June 7, 2006

Muslim women are potentially important allies in the war on terrorism, but the United States must avoid pushing Western values to win their support, according to data presented yesterday at the Gallup Organization.

The Bush administration has promoted women's rights throughout the Muslim world to gain support in the region, especially in Iraq and Afghanistan. But a worldwide Gallup project found that many Muslim women are not as concerned about changing their status as Westerners might think.

In Lebanon and Turkey, 9 percent to 11 percent of women said sexual inequality was a major problem, but negligible concern about the issue was found elsewhere. Jordanian women did not mention it when asked what aspects of society they disliked, and 2 percent of women cited the issue in Egypt and Morocco.

Far more often, Muslim women were worried about the same things as Muslim men -- lack of unity, extremism and political corruption.

Dalia Mogahed, a Gallup Organization analyst, said a majority of men and women expressed opposition to extremism and terrorism and said they were conscious of the rights that women deserved. The key, she said, is how the United States approaches the issue.

"The imposition of Western values alienates both men and women, because it is strongly associated with colonialism, like the British policies of unveiling in Egypt," Mrs. Mogahed said.

"Westerners need to understand how to reach Muslim women through their own value systems, by using the positive aspects of their own beliefs to encourage increased rights."

Mrs. Mogahed noted that Muslim women admired women's legal rights in Western countries, but thought that Western society degrades women by tolerating pornography and encouraging promiscuity. Muslim women do not want to adopt Western values because they think moral decay is present in these societies, she said.

Andrea Rugh, an adjunct scholar at the Middle East Institute, said in a telephone interview: "We need to understand that we have very different concepts of rights than Muslims do.

"In the Muslim world, the focus is on the role within the group, not the individual. A Muslim man will receive more of an inheritance than a woman, for example, but the woman has the right to be taken care of by a man."

Another aspect of the Gallup project highlighted this lack of understanding between the two cultures. When interviewers asked Americans what they most admired about Muslim societies, more than 50 percent answered "Nothing" or "I don't know."

Ms. Rugh said too many Americans rely on outdated information about the Muslim world and have difficulty understanding how those societies work.

"When I worked with Afghan women after the fall of the Taliban, they often said that they didn't understand why we wanted them to go out and work," she said.

"Most of them were not educated, so work meant construction work or hard labor. Improvement in the education system for both males and females should be the focus here, not imposition of our model of right."

Peru's New President Looks To Renegotiate Trade Pact With U.S. (WSJ)

The Wall Street Journal, June 7, 2006

LIMA, Peru -- Peruvian President-elect Alan García said he expects to renegotiate a free-trade agreement with the U.S. that was signed by the outgoing president in April but has yet to be ratified. He said he would revise the agreement line by line.

The agreement "is just a first draft, which can be improved and broadened if this government decides to approve it," Mr. García said. He suggested the pact should include language to discourage the import of subsidized U.S. crops.

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Mr. García, whose 1985-90 presidency ended in economic ruin, won't have a majority in Congress when he takes office on July 28, and will have to work with smaller parties to advance his legislative agenda. Mr. García's Apra party won 36 seats in the 120-seat unicameral legislature that also takes office in July. The alliance of defeated presidential candidate Ollanta Humala gained 45 seats in the April 9 general elections.

In a news conference, Mr. García, 57 years old, suggested he would keep Washington at arm's length. He recalled that he had angered the U.S. and international lenders by unilaterally limiting debt payments during his first term. He had also railed against the U.S. for its 1989 invasion of Panama and its intervention in Nicaragua.

Mr. García said that though he had received congratulatory phone calls from many world leaders, he hadn't heard from President Bush.

US Tries To Keep Seat From Caracas (WT)

By Nicholas Kralev

Washington Times, June 7, 2006

The United States is urging Latin American nations to deny Venezuela a seat on the U.N. Security Council when the region chooses a replacement for the rotating seat held by Argentina, whose term expires at the end of the year.

Reluctant to campaign openly against Venezuela, the Bush administration instead has been boosting the rival candidacy of Guatemala, a U.S. ally.

Even if elected, Venezuela would wield only one vote among 15 on the council and not have veto power. But at some point it would chair the council for a month, setting the agenda and giving President Hugo Chavez an opportunity to use the highest U.N. forum to advance his anti-American agenda. It also could turn close votes against the United States at any time.

Deputy Secretary of State Robert B. Zoellick made an impassioned pitch in support of Guatemala's candidacy at a meeting Monday of the Organization of American States (OAS), but failed to convince several of the region's major players.

Mr. Zoellick cited the United Nations' "important history" in helping Guatemala move from civil war to democracy, and the country's participation in U.N. peacekeeping in Africa, where eight of its soldiers have been killed, said a transcript released yesterday by the State Department.

In addition, he noted at the meeting in the Dominican Republic that Guatemala, with a population of less than 13 million, "was one of the founding members of the U.N. but has never served on the U.N. Security Council."

"I know that the European democracies are supportive of Guatemala. Many of the East Asian countries are supportive of Guatemala, so we hope that it'll find broad-based support here [in Latin America]," Mr. Zoellick said.

Both Guatemala and Venezuela were among the first U.N. members when they joined in November 1945.

Venezuela, a country of more than 26 million people, has been on the Security Council four times, once during each of the past four decades. It was last elected to a two-year term in 1992, more than six years before Mr. Chavez took power.

The council is made up of five permanent members with vetoes -- the United States, Russia, Britain, France and China -- and 10 rotating members elected by region for two-year terms. The rotating members have limited power individually, but can tip a vote when the body is split.

In the spring of 2003, the United States and Britain dropped a much-discussed second resolution on Iraq that would have authorized military action because they were not able to secure the nine votes needed.

In the next couple of years, Washington may need all the support it can muster for tough votes on Iran's nuclear program. But U.S. officials think Venezuela is pursuing cooperation with Tehran on military training, uranium and nuclear technology.

"When you face issues like we'll be facing, such as Iran, it's good to have a country that has been at the heart of the U.N. system and who appreciates the role that it can play," Mr. Zoellick said at the OAS meeting.

Several of Latin America's most influential countries, led by Brazil and Argentina, said that they will support Venezuela's candidacy. Uruguay also is seen as backing Caracas, while Chile has not made up its mind.

Peru, Colombia, Nicaragua and perhaps Ecuador are expected to vote for Guatemala.

Critics of Guatemala's candidacy say that it is not fit to be a Security Council member because it has a border dispute with Belize. But Mr. Zoellick countered that Venezuela has a border dispute with Guyana.

If the countries from the region cannot agree on a candidate, both Venezuela's and Guatemala's applications will go to the U.N. General Assembly, where one of them will need a two-thirds majority to be elected.

The term of the second Latin American country on the Security Council, Peru, expires next year, so even if Venezuela loses the battle this time, it is likely to try again, diplomats said.

Retail Politics In Mexican Race, 'Wal-Mart' Voters May Hold The Key (WSJ)

By John Lyons

DOJ_NMG_0032744

The Wall Street Journal, June 7, 2006

MEXICO CITY -- Wal-Mart Stores Inc. figured there were enough new middle-class residents in the urban sprawl outside Mexico City to build four superstores in the area in the past year. Now those same shoppers could prove to be the X-factor in next month's presidential election.

Conservative candidate Felipe Calderón has pulled virtually even with liberal front-runner Andrés Manuel López Obrador by running a sophisticated, high-tech campaign with one primary goal: targeting the burgeoning ranks of the lower-middle class, a long-overlooked group in a nation of extreme wealth and poverty.

Poll takers say the 15% of Mexico's voters who have yet to make up their minds -- some 11 million voters in all -- are massed among the lower-middle-class residents of the urban enclaves ringing Mexico City, Guadalajara, Monterrey and other large cities. These are the small businessmen, salesmen and housewives who have climbed a few rungs out of poverty in recent years -- but fear they will lose it all should Mexico stumble into crisis, as it has so often in the past.

Six years ago, these voters helped defeat the Institutional Revolutionary Party, or PRI, which ruled Mexico for 70 years. They were strong backers of President Vicente Fox, who promised that free trade, foreign investment and macroeconomic stability would better their lives. But since then, Mexico's gross domestic product has grown only 1.8% a year and created few new jobs, prompting millions of ambitious Mexicans to leave home in search of opportunity in the U.S.

This time around, lower-middle-class voters are skeptical of both left and right. They share the left's anger that Mexico's economy is stacked in favor of the rich. But a message from the right also resonates strongly: concerns that a return to the free-spending ways of the past could produce inflation and disaster.

The outcome of the vote may determine whether Mexico will continue to tie itself tightly to the U.S. and the global economy or follow some other Latin American nations in making a turn leftward. Mr. Calderón, from Mr. Fox's party, is a business-friendly candidate who says he would boost private initiative. Mr. López Obrador, the former mayor of Mexico City, says Mexico's free-market policies have largely failed to help average Mexicans. He wants to create jobs through government spending -- though he isn't advocating nationalization along the lines of Venezuela's Hugo Chávez or Bolivia's Evo Morales.

Largely Unknown

After a slow start, Mr. Calderón, a largely unknown 43-year-old who climbed through the ranks of the National Action Party, or PAN, made a big push to reach lower-middle-class voters. That helped him make up a nine-point deficit against Mr. López Obrador in February. The pair are now in a statistical tie in the most credible polls. Their only televised debate was last night.

In the debate, Mr. López Obrador said a vote for Mr. Calderón meant "more of the same" -- an inequal country where the rich evade taxes and the middle classes get stuck with the bill; Mr. Calderón countered that Mr. López Obrador's spending proposals would ultimately hurt the country's poor by bringing about devaluation, inflation and economic crisis.

Importing electoral techniques from the U.S., the Calderón camp market-tested different strategies with focus groups of lower-middle-class Mexicans. Strategists discovered that while these voters admired the 52-year-old Mr. López Obrador's passion, he also reminded them of populist leaders whose largess ultimately wrecked Mexico's economy in the 1970s and 1980s. So the campaign ran a series of negative television and radio ads -- the first significant use of such ads in a Mexican presidential race -- portraying him as a threat to Mexico's hard-won gains.

Mr. Calderón's team also mixed in new media, recognizing that the 20% of Mexicans who now have email accounts -- including many younger people from the lower-middle class -- were a key demographic. Emails from the Calderón camp attacked Mr. López Obrador, and his Democratic Revolution Party, or PRD. A Calderón-campaign Web site has brought in more than 130,000 poll-station monitors, outreach workers and other volunteers.

"The middle and lower-middle are our key groups," says Juan Camilo Mouriño, Mr. Calderón's 34-year-old campaign manager. "These are people who have started to acquire a small patrimony, and see a risk of sliding back down." Mr. Mouriño, a veteran of the 2000 Fox campaign and governors races, hones his tactics at U.S. campaign seminars. He got advice from former Clinton campaign guru Dick Morris, though the consultant doesn't have an official role in the campaign. Neither side would discuss the nature of his advice. Mr. Morris wrote a New York Post op-ed piece, decrying Mr. López Obrador as a danger to Mexico, just as the Calderón negative-ad campaign was getting under way in Mexico.

With less than a month to go before the July 2 ballot, Mr. López Obrador's PRD has an edge over Mr. Calderón's party among the poor, which includes the 40% of heads of households earning less than $4,100 a year. But Mr. Calderón partly offsets that advantage by polling higher among the 15% of households in the upper-middle class and wealthy, broadly defined as those who earn more than $11,000 a year.

That leaves as the key battleground households earning between $4,100 and $11,000 per year. Those lower-middle- and middle-class households grew by about 25% during the first four years of the Fox administration, and now account for about 45% of total Mexican households.

A Concrete Sea

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Together, the sprawling cities outside Mexico City, with Aztec names like Tlalnepantla, Ecatepec and Ciudad Nezahualcóyotl look like a concrete sea that overflowed its basin and rushed up the surrounding hills. But there are signs of progress amid the sprawl. In Tecámac, homebuilders have turned cornfields into planned communities of $20,000 townhouses, in a Mexican version of the Levittown of the 1950s. Wal-Mart, which has been in Mexico for about a decade, opened its doors in Ecatepec just last year.

The undecided are people like Vicente Lugo. Six years ago, the 47-year-old aluminum salesman voted for Mr. Fox, hoping the economy would improve. Instead, his sales are down, his salary is stuck and he isn't sure whom he will vote for. Economic stability gives him comfort, but he worries about whether his young children will find jobs when they become adults.

"I thought we'd have better salaries, less crime, less poverty, less migration, less corruption," he says. Mr. Lugo is waiting anxiously to hear if he qualified for a mortgage to buy a town house in Las Americas, a new housing subdivision going up in Ecatepec. "In the end, Fox really didn't do all that well," he says.

Mr. Calderón's latest foray into the lower-middle-class precincts came in late May, when he assembled thousands of flag-waving supporters along the main highway that connects the outlying municipalities like Tlalnepantla to the capital. The campaign supplied a caravan of souped-up Volkswagen Beetles -- the signature vehicle of urban workers -- and a truckload of midriff-baring dancers to keep the crowd entertained until Mr. Calderón wheeled by, waving from a confetti-strewn pickup. He didn't bother to speak that day, letting his cheering followers convey the message to passing motorists.

The Man From Tabasco

His opponent, Mr. López Obrador, 52, a charismatic politician from the southern oil state of Tabasco who has developed an intensely loyal following among the poor, has a deep reservoir of support in the areas Mr. Calderón is targeting. During his term as mayor of Mexico City, he granted cash subsidies to the elderly and single mothers, and built elevated highways and improved the bus system. In March, he stopped by a local park in Ecatepec, to back the PRD's mayoral candidate, José Luis Gutiérrez, who cruised to victory by linking himself to Mr. López Obrador's record in Mexico City.

But the candidate hasn't been back to the lower-middle-class outskirts of Mexico City since. Instead, he tours rural Mexican villages as many as five days a week, figuring that Mexicans have become so jaded by corruption and mediocre economic growth that they will trust only a politician who personally greets them.

As the election draws closer, Mr. López Obrador, who acts as his own campaign manager, calculates that he has already clinched the lower-middle class outside Mexico City, and his time is better spent in areas where he is weaker, like the North, and in poaching PRI voters in rural areas and labor unions. His campaign is being heavily outspent on national media advertising by Mr. Calderón and has largely eschewed made-in-the-U.S. campaign tactics.

It is a high-stakes bet. Mr. López Obrador "thinks we've already won this area, but votes aren't a sure thing," says Mr. Gutiérrez, the Ecatepec mayor who campaigns for Mr. López Obrador in parts of the city that are so poor that braying donkeys interrupt his speeches. "He can't spend all his time in the villages and skip over the most populous areas."

Diverse Bunch

In Mexico, the lower-middle class is a diverse bunch, ranging from those who can barely afford a television and refrigerator to families that can qualify for a mortgage and own a car. The group was battered by a currency and banking crisis in 1994 and has only recovered its previous economic standing under Mr. Fox, a decade later. Many are frustrated by the mediocre economic performance of the Fox administration and energized by Mr. López Obrador's attacks on the rich, as well as his promises to create jobs by building roads, refineries and high-speed trains.

Mr. Calderón's campaign strategists decided to focus on the party's chief economic achievement: stability. The six years of the Fox administration will mark Mexico's longest stretch without an economic crisis since the 1960s. With inflation tamed, banks began offering 20-year fixed rate mortgages -- unthinkable before Mr. Fox took office -- creating a housing boom.

After a flurry of negative ads trying to link Mr. López Obrador to the bad old days of free-spending Mexican leaders, Mr. Calderón sought to cast himself as a reliable alternative. A diminutive, bespectacled man with a master's degree from Harvard University's Kennedy School of Government, Mr. Calderón was largely unknown to the public until he won an upset victory in the PAN primary late last year. Mr. Calderón's image makers advised him to start displaying his open palms in TV ads and during speeches, to suggest that he'd be entering office with "clean hands."

Mr. Calderón's team cast him as the "Jobs President," the candidate who was most likely to create jobs by making Mexico attractive to private investors. That strategy has worked: In an April poll by Mexico City-based Consulta Mitofsky, 42% of voters associated Mr. Calderón with the word "jobs," compared with 21% for Mr. López Obrador.

Mr. Calderón's campaign is working among voters like Roberto Saldaña, a 26-year-old technician, who lives in one of Ecatepec's rougher sections with his mother and two siblings. He counted himself as a López Obrador supporter after the politician stopped at his free technical college late last year. The politician vowed to force Mexican monopolies to hire based on merit rather than connections, which Mr. Saldaña lacked.

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But Mr. Saldaña says he started rethinking his vote after he saw one ad that replayed a speech of Mr. López Obrador condoning a mob-justice lynching of two cops. Mr. Saldaña's father was killed five years ago during a robbery while walking to work, and the young technician began to worry that Mr. López Obrador was soft on crime. Since then, the Calderón campaign has been regularly sending him emails attacking Mr. López Obrador, and he has also received a phone call from Mr. Calderón's telemarketing firm.

Final Switch

He switched his allegiance for good in late March, after landing an $8,000-a-year job at a local unit of Chinese telecommunications-equipment maker Huawei Technologies Co. He is now convinced Mexico's future depends on foreign investment and job creation. "At first I was going to vote for AMLO, because he wants to help people," says Mr. Saldaña, using one of Mr. López Obrador's nicknames. "But now I think it would be a step backwards."

Watching his lead evaporate, Mr. López Obrador is making heavier use of television to reach middle-class voters. Recently, he purchased slots during prime time on several national channels to outline his economic ideas and is doing more TV interviews. He vowed to use subsidies and wage increases to boost the spending power of people making less than $9,500 a year by 20%, a move that targets the lower-middle-class voter. He is also going on the offensive against Mr. Calderón in a series of TV ads that try to link him to Mexico's mid-1990s bank bailout, which many Mexicans believe aided wealthy bank owners and pushed borrowers into bankruptcy.

That argument resonates with voters like Jessica Almaraz, a 22-year-old college student who works as a hostess at the Chili's restaurant in the new Plaza de las Americas shopping mall outside Mexico City. She says the harsh attacks on Mr. López Obrador have only strengthened her belief that he is a crusading outsider. "You have no idea how corrupt things are, or how much money gets stolen in Mexico every single day," she says. "We need someone who can make a change."

Oil May Grease Attitudes Toward Cuba Trade Policy (HILL)

By Elana Schor

The Hill, June 7, 2006

The imminent release of a new Bush administration status report on U.S.-Cuban relations is re-energizing the anti-embargo lobby, which believes the skyrocketing price of oil could provide a winning angle in its fight to relax trade sanctions on the communist island nation.

When the Commission for Assistance to a Free Cuba issued its first policy recommendations at the president's behest two years ago, it resulted in stricter curbs on educational travel and Cuban-Americans' ability to send money home. But the National Foreign Trade Council (NFTC), its affiliated business coalition USA Engage and the newly independent Freedom to Travel Campaign are stumping for a milder report this time around.

The groups have found a new weapon for their campaign to loosen the trade embargo that has stood against Havana since the Kennedy administration. Oil companies from Norway, India, Spain and China (whose government-controlled petroleum group set off protectionist alarms last year with its bid to purchase Unocal) recently have signed drilling deals to explore Cuba's offshore waters.

"The embargo has the effect of turning our entire back yard over to other countries — China, India," USA Engage director Jake Colvin said. "Cupec [Cuba's state-owned oil company] is certainly looking for partners, and it's better that we are there than that we are not."

With the appropriations cycle heating up in the House this month, the annual ritual of amendments offered to ease sanctions on Cuba is sure to spark a fierce debate. Rep. Jeff Flake (R-Ariz.), a longtime opponent of the embargo, has raised the stakes with a bill that would allow U.S. oil and gas giants to profit from Cuban reserves and with a release from the House Cuba Working Group, which he co-chairs.

Flake and many on K Street are counting on the fearsome specter of China's quest for oil to raise support for the Cuba drilling bill. Among those backing the Senate version, sponsored by Rep. Larry Craig (R-Idaho), is Energy and Natural Resources Committee Chairman Pete Domenici (R-N.M.), whom NFTC President Bill Reinsch touted as a powerful ally.

Cuban waters contain somewhere between 4.6 billion and 9.3 billion barrels of oil, according to estimates by the U.S. Geological Survey, a figure comparable to the low end of available resources in the GOP-coveted Arctic National Wildlife Refuge (ANWR), in Alaska.

"It defies common sense not to explore our options over in Cuban waters," Flake spokesman Matthew Specht said. "When we get serious about ANWR, why can't we get serious about this?"

Lawmakers working to preserve tight restrictions on Cuban trade and travel remain influential in both chambers, however, particularly in the Florida delegation, and Cuban-Americans committed to isolating Cuban dictator Fidel Castro have revitalized

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their political activity through the U.S.-Cuba Democracy PAC. Commerce Secretary Carlos Gutierrez, a Cuban émigré who leads the White House's commission along with Secretary of State Condoleezza Rice, has given to the PAC in recent years.

Mauricio Claver-Carone, one of the PAC's 25 directors and a pro-embargo lobbyist for the Cuba Democracy Public Advocacy Corp., dismissed the political value of Cuba's oil wealth as a red herring.

"Energy exploration is a big smokescreen issue," Claver-Carone said. "It has sucked the whole Cuba policy community in, and I think it's something the Jeff Flakes of the world wanted to do on purpose."

Yet Claver-Carone acknowledged the allure of alleviating sky-high gas prices to Republicans. He said anti-Castro activists are not expecting oil exploration to pop up in the administration's new report, which officials had expected to release last week.

"I think it will backfire because the oil industry is pretty radioactive in Congress right now, at least from a lobbying perspective," Claver-Carone said. Instead, he is bracing for the report to address limits on religious travel to Cuba, now regulated more lightly than trips home to visit family members.

The U.S.-Cuba PAC has already given $347,000 this cycle, including contributions to four senior House Republicans on the appropriations panel with jurisdiction over the Treasury Department, a key enforcer of the embargo. That puts the PAC on pace to more than double its giving for the 2004 elections.

Anti-sanctions lobbyists claim widespread support for the Cuba drilling bill among oil and gas companies, but industry sources were hesitant to confirm this.

"In general, we think it's good when anyone tries to expand energy production," said Bill Bush, a spokesman for the American Petroleum Institute (API), the oil industry's trade association. The API has left the question of a public stance on Cuba drilling to its individual members, several of whom attended a controversial February meeting with Cuban officials in Mexico City that was briefly broken up at the Bush administration's request.

One of those Mexico attendees, ExxonMobil, is "obviously interested in exploring for oil anywhere that U.S. law allows us to," said company spokesman Russ Roberts. "Right now Cuba is a country the U.S. is not doing business in. … I'm not sure we would want to go as far as making a comment on whether we would want the law to change."

Valero, a Texas oil refiner also reportedly present in Mexico, has no position on the Cuba drilling legislation, according to a corporate spokeswoman.

The Freedom to Travel Campaign last month formally split from its parent think tank, the Center for International Policy, and will continue organizing congressional trips to Cuba even as the uncertainty of lobbying-reform negotiations clouds privately sponsored travel. Campaign Director Sarah Stephens said members not usually considered foes of the embargo, "people who never vote with us," are expressing interest in next month's Havana trip.

But Cuban-American members have their own current-events hook to play up in Iranian president Mahmoud Ahmadinejad's coming visit with Castro, whom Ahmadinejad considers a crucial international partner.

"All the problems we're having with Iran right now, and we're going to help one of its proudest allies just 90 miles from our shore?" said Thomas Bean, communications director for Rep. Mario Diaz-Balart (R-Fla.), one of the Capitol's most vocal proponents of strengthening the embargo.

Other pro-sanctions voices include Rep. Lincoln Diaz-Balart (R-Fla.), Rep. Ileana Ros-Lehtinen (R-Fla.), considered the front-runner to chair the House International Relations Committee next year, and Florida Sens. Mel Martinez (R.) and Bill Nelson (D). Nelson and Martinez both have countered the Senate's Cuban drilling bill with measures preventing foreigners involved in Cuban exploration from entering the country.

Plan Targets African Migration (WT)

By From Combined Dispatches

The Washington Times, June 7, 2006

DAKAR, Senegal -- Authorities in Europe and Africa yesterday drew up a joint plan to fight illegal migration that will combine tougher prevention measures with more aid to persuade young Africans to stay in their homelands.

Harrowing images of parched, exhausted young Africans washing ashore in boats on Spain's Canary Islands by the thousands this year have given added urgency to moves to improve international cooperation to combat clandestine emigration.

Hundreds are thought to die in the perilous sea voyages of more than 600 miles organized from Mauritania and Senegal by traffickers who run a lucrative business carrying would-be migrants seeking a better life in Europe.

Starting a two-day meeting in the Senegalese capital, senior officials from more than 50 countries of Europe and Africa worked yesterday on a joint action plan that foresees an integrated multinational strategy on migration.

The plan -- originally drafted by Morocco, Spain and France, three countries in the front line of the immigration problem -- is expected to be adopted by European and African ministers at a summit on migration July 10 and 11 in the Moroccan capital, Rabat.

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"This is a political initiative of the highest importance that aims to combine both managing migrant flows and managing development," said Alvaro Iranzo, a senior Spanish Foreign Ministry official.

On Europe's southern flank facing Africa, Spain is the first target of thousands of penniless sub-Saharan Africans seeking entry to Europe, and Madrid has begun a diplomatic offensive in West Africa to try to stanch the flow.

But while coastal patrols and surveillance can cut illegal departures, European and African experts agree that such short-term measures will be useless unless the unemployment, poverty and conflict that prompt migration from Africa are tackled.

"If we don't go to the root causes, there's not going to be a solution," Moroccan delegation chief Youssef Amrani said.

Delegates said the novelty of the joint European-African migration initiative was that destination, origin and transit countries were coming together to seek solutions.

"This affects us all. We need a global response," Mr. Amrani said.

Although a consensus exists for joint action, delegates said they expected discussions on how to find a balance between improved controls to halt illegal migration and long-term measures to help poor countries whose young people were leaving.

The draft plan calls for aid and trade with Africa to attack the root causes of migration and help keep young Africans in their own countries.

But it also proposes stronger police and security cooperation on land, sea and air to crack down on migrant-smuggling networks, which Senegal Interior Minister Ousmane Ngom condemned as "modern-day slavers."

The draft document also refers to the need for "readmission agreements," which will allow receiving countries to send back illegal or undesirable migrants to their nations of origin.

Senegal last week suspended repatriation flights from the Canaries, saying its migrants had been mistreated by Spanish authorities. Madrid denied this.

In a related development, an Associated Press-Ipsos poll released yesterday showed that despite the fierce political debate in the United States on immigration, American attitudes toward immigrants are considerably more positive than in several European countries.

People in Britain, France, Germany, Italy and Spain are much more inclined than those in the United States to think immigrants are likely to get involved in criminal activity.

"Often the immigrants come here and can't find work; they are forced to become criminals," said Leonardo Delogu, a doctor from Sardinia who was visiting Rome.

More than a third of Germans, Italians and Spaniards think immigrants are more likely to be involved in criminal activity than people born in their countries. A fourth in France and Britain feel that way.

Those European countries are about evenly divided on whether immigrants are a good influence. In general, people who have higher incomes and are more educated are more likely to say immigrants are a good influence.

In the United States, 52 percent think immigrants are a good influence on the country. Only about one in 10 Americans thinks immigrants are more likely to be involved in crime, according to the poll.

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Miller, Charles S

From: Miller, Charles S
Sent: Wednesday, June 07, 2006 12:09 PM
To: Agarwal, Asheesh (CIV); Ames, Andrew; Baxter, Felix (CIV); Blomquist, Kathleen M; Branda, Joyce (CIV); Brody, Stephen (CIV); Bucholtz, Jeffrey (CIV); Bukvics, Jennifer (CIV); Claterbos, Barbara (CIV); Cohen, David M. (CIV); Cohn, Jonathan (CIV); Davidson, Jeanne (CIV); Davis, Dan (CIV); Fargo, John (CIV); Fielding, Gabrielle (CIV); Figley, Paul (CIV); Flentje, August (CIV); Frost, Peter (CIV); Garren, Timothy (CIV); Glynn, J.Patrick (CIV); Gorsuch, Neil M; Hertz, Michael (CIV); Hollis, Robert (CIV); Hunt, Jody (CIV); Hussey, Thom (CIV); Jeweler, James (CIV); Katsas, Gregory (CIV); Keisler, Peter D (CIV); Kohn, Chris (CIV); Kopp, Robert (CIV); Letter, Douglas (CIV); Levine, Larry (EOIR); Lindemann, Michael (CIV); Magnuson, Cynthia; McCallum, Robert (SMO); Miller, Charles S; Nichols, Carl (CIV); Nowacki, John; Pyles, Phyllis (CIV); Riley, Sharon (CIV); Rivera, Jennifer (CIV); Roehrkasse, Brian; Schiffer, Stuart (CIV); Scolinos, Tasia; Seidel, Rebecca; Senger, Jeffrey M; Spellberg, Dianne (CIV); Swenson, Lily F; Thirolf, Eugene; Wilson, Karen L; Zwick, Ken (CIV)
Subject: 6/7/06 Civil Division News

Gabelli reaches tentative deal on cellphone licenses

Gabelli Settles Federal Suit" Accusing Him of Deceit on Wireless Licenses

Coast Guard denies fault in deadly boat accident

UTC agrees on hefty settlement

FBI handler treated `me like an equal,' Flemmi testifies; Tells of bribes, series of killings

Michigan ACLU lawsuit will challenge wiretaps

USA Today

6/6/2006 10:32 PM ET

Gabelli reaches tentative deal on cellphone licenses

By Paul Davidson, USA TODAY

Mutual fund mogul Mario Gabelli has reached a tentative settlement in a civil lawsuit charging him with defrauding the federal government of hundreds of millions of dollars in auctions of cellphone licenses, according to the Justice Department.

Critics of the Federal Communications Commission's auction system seized on the case as proof that deep-pocketed bidders set up sham companies to win discounts reserved for small businesses.

A settlement in principle in the Gabelli case was announced Tuesday by Assistant U.S. Attorney David

Kennedy at a hearing in New York, said Justice Department spokesman Charles Miller.

Terms of the agreement were not disclosed. Details are expected to be revealed at a June 29 court hearing.

Neither Gabelli nor representatives of his telecom company, Lynch Interactive, could be reached for comment Tuesday.

The deal comes three months after the Justice Department intervened in a civil fraud lawsuit, filed five years ago by a citizen under a law that lets an individual sue on the government's behalf.

The lawsuit alleges Gabelli set up about a dozen sham companies in auctions from 1995 to 2000 to snare airwave licenses. The entities were formed a few days before each auction, often were dissolved shortly afterward and never used the licenses, many of which were later sold for huge profits, the lawsuit claims. The lawsuit seeks up to $370 million in damages.

In previous statements, Lynch has called the lawsuit "frivolous" and said it "adhered to both the letter and spirit" of FCC rules. In a March interview with USA TODAY, Gabelli welcomed the government's participation in the lawsuit, saying he was "delighted to deal with an entity that knows the facts."

Gabelli is a Wall Street luminary whose money management firm, Gamco Investors, advises private accounts and the Gabelli family of mutual funds. Gamco manages about $28 billion in assets.

The legal battle was largely borne of controversial FCC rules aimed at encouraging small businesses to participate in multibillion-dollar airwave auctions. Because the licenses are so expensive, larger companies might financially back the small players, but they can't control company operations.

The FCC has found it challenging to determine if bigger companies exert control. The lawsuit alleges that fraud in the Gabelli case was blatant, adding that " 'bidders' existed on paper only."

In April, the FCC modified its auction rules in response to critics such as the Minority Media and Telecommunications Council. Small businesses are now barred from leasing or selling their spectrum for 10 years, up from the current five-year holding period.

The council says the new rules go too far and will discourage lenders and investors from backing small businesses.

END

New York Times (NY)

June 7, 2006

Gabelli Settles Federal Suit" Accusing Him of Deceit on Wireless Licenses

JULIE CRESWELL

The Justice Department said yesterday that it had reached a settlement in a civil-fraud-claims lawsuit with Mario J. Gabelli, the money manager, over accusations that he orchestrated a scheme to deceive the Federal Communications Commission in its auction of wireless spectrum licenses several years ago.

The settlement was disclosed in Federal District Court in Manhattan yesterday. The terms of the deal were not announced, but several reports yesterday said that Mr. Gabelli was expected to pay the

government more than $100 million.

Details of the settlement are expected to be disclosed during a court hearing on June 29, according to a spokeswoman in the office of the United States attorney in Manhattan.

A call to one of Mr. Gabelli's lawyers, Lanny A. Breuer, was not returned. A spokesman for Mr. Gabelli confirmed a settlement had been reached, but he could not comment on the terms.

A settlement could signal that the feisty Mr. Gabelli is trying to wipe his legal slate clean.

Last month, Mr. Gabelli reached a deal to end a long-running and contentious legal fight with his first investor, agreeing to pay him and another investor more than $100 million. The agreement followed years of battles and debate about the value of the investment in Mr. Gabelli's mutual fund empire.

The lawsuit was brought by Frederick J. Mancheski, 79, who was Mr. Gabelli's first investor in 1976, and David M. Perlmutter, a former lawyer for Mr. Gabelli.

Both men argued that Mr. Gabelli prevented them from selling, at fair market value, their stake in his private company, Gabelli Group Capital Partners. That company is the controlling shareholder of Gamco Investors, which is Mr. Gabelli's publicly traded mutual fund company.

In late March, the judge in the case issued a partial summary judgment in favor of the two investors. Since then, Mr. Gabelli has agreed to give the two men cash along with 2.1 million shares in Gamco worth about $80 million, which would correspond with their stake in Gabelli Group Capital Partners.

Mr. Gabelli has been fighting the lawsuit involving the wireless spectrum licenses for several years as well.

In 2001, Russell Taylor III, a lawyer involved in the wireless-spectrum auction, filed a lawsuit accusing Mr. Gabelli and other Gabelli affiliates of creating a series of sham companies that bid for F.C.C. licenses at a discount under a program that favored minorities and small businesses.

The lawsuit was filed under the False Claims Act, a Civil War-era law that is intended to uncover fraud against the government and allows for the imposition of awards three times actual damages. If the case is successful, Mr. Taylor could receive 15 to 25 percent of the amount recovered. He is studying for a doctorate at Oxford University, his lawyers have said in the past. They would not comment on the case yesterday.

The lawsuit contended that most of the Gabelli-backed companies that bid for licenses were actually fronted by friends and associates of Mr. Gabelli who had little to no experience in the telecommunications industry. Most never began companies to sell cellphone or other communications-related services to customers, according to the lawsuit, which was filed in 2001.

Instead, the companies resold the licenses at a substantial profit, with Mr. Gabelli pocketing much of the gains, according to the lawsuit.

The Justice Department initially opted not to join the lawsuit, a point that Mr. Gabelli used to suggest that the lawsuit lacked merit. In March, however, the federal government moved to take over the case.

Bidding for wireless frequencies through these companies, Mr. Gabelli and his partners qualified for $160 million in federal discounts and financing on loans.

"The damages they faced could have been trebled, or about $480 million, so it's likely they've settled for a number that's considerably lower than that," said James Moorman, president of Taxpayers Against Fraud, an organization that promotes use of the False Claims Act.

END

AP

June 6, 2006

Coast Guard denies fault in deadly boat accident

ALBANY, N.Y._The U-S- Coast Guard says in court papers it bears no responsibility for the capsizing of a tour boat that killed 20 elderly tourists -- including 19 from Michigan.

It's denying that it inspected, certified or regulated the Ethan Allen, which sank in October in Lake George in New York.

The Coast Guard's attorneys made the arguments in a brief filed yesterday in U-S- District Court in Albany.

Other defendants in the civil suit cited in the Coast Guard brief are boat owner and operator Shoreline Cruises, boat captain Richard Paris, Canadian tour operator Shoreline Tours and the Lake George Steamboat.

END

Manchester, CT, Journal Inquirer

6/6/06

UTC agrees on hefty settlement

By: Howard French, Journal Inquirer

Hartford-based United Technologies Corp. has entered into an agreement with the U.S. Defense Department to pay $283 million to settle a government contract accounting lawsuit, UTC officials said today, ending a dispute stretching back more than 20 years.

"The agreement ends the previously reported litigation over Pratt & Whitney's cost accounting for engine parts on commercial engine collaboration programs from 1984 through 2004," UTC spokesman Paul Jackson said in a company statement.

The longstanding accounting disagreement had centered on the allocation of overhead costs between commercial and government programs.
"Since Jan. 1, 2005, Pratt & Whitney has used an alternative method for allocating overhead costs, which is based on the value added by Pratt & Whitney in the manufacturing process," Jackson said, adding that the new method "has been approved by the government."

In 2001, the Armed Services Board of Contract Appeals ruled in UTC's favor, but the U.S. Court of Appeals for the Federal Circuit reversed the decision in 2003 and remanded the case to the ASBCA to determine the appropriate accounting, according to details included in a February filing by UTC with the

Securities and Exchange Commission.

The U.S. Supreme Court declined to review the decision, and in November 2003, the Defense Department supplemented its claim to add damages and interest for the period after 1996, the filing discloses, bringing total claims to about $367 million in damages through 2002, with an additional $388 million in interest through 2001.

UTC has set aside reserves relating to the lawsuit that exceed the amount of the settlement, he said. And UTC reaffirms its expectations that net earnings per share for the full year will be in the range of $3.50 to $3.60 and cash flow from operations after capital expenditures will be equal to net income.

END

Boston Globe

June 7, 2006

FBI handler treated `me like an equal,' Flemmi testifies; Tells of bribes, series of killings

By Shelley Murphy, Globe Staff

Notorious gangster Stephen ``The Rifleman" Flemmi offered a stark portrait yesterday of the days when he and James ``Whitey" Bulger ruled Boston's underworld, getting away with murder after murder while working as FBI informants.

All the while, one corrupt former FBI supervisor, John Morris, ``treated us like we were FBI agents," Flemmi testified.

His longtime FBI handler, John J. Connolly Jr., ``didn't treat me like I was a criminal, that's for sure. He didn't look down on me because I was an informant. He treated me like an equal, in my eyes."

Flemmi, who turns 72 on Friday and is serving a life sentence for killing 10 people, spent his second day on the stand yesterday in US District Court in Boston, testifying in a $50 million wrongful death suit filed against the government by the family of John McIntyre of Quincy.

The trial marks the first time Flemmi has testified publicly since he began cooperating with federal authorities three years ago, after striking a deal that spared him the death penalty.

Flemmi testified that he and Bulger killed McIntyre on Nov. 30, 1984, because Connolly warned them that McIntyre had implicated them in an unsuccessful effort to ship guns to the Irish Republican Army. He and Bulger also blamed McIntyre for leaks that led to the seizure of the Ramsland, a vessel caught smuggling marijuana into Boston Harbor, he said. He and Bulger would have raked in about $1 million in drug profits, if the Ramsland hadn't been intercepted, he said.

Flemmi testified only briefly about McIntyre, then went through a litany of other murders and bribes given to FBI agents.

He said he and Bulger paid about $250,000 between 1975 and 1990 to Connolly.

New Hampshire lawyer William Christie, who represents McIntyre's mother, Emily, and brother, Christopher, tried to establish a pattern of FBI negligence by questioning Flemmi about his informant relationship that stretched from 1964 to 1990.

Elaborating on claims he made in a deposition last year, Flemmi said that during the 1980s, he and

Bulger gave cash payoffs to the following agents, who are now retired: $5,000 to Morris, $5,000 to John Newton, $2,500 to John Cloherty, $2,500 to Nicholas Gianturco, and $2,500 to Michael Buckley.

Morris, who was later granted immunity, admitted to taking bribes from the gangsters. The other agents, who have never been charged, have vehemently denied taking any cash from Bulger and Flemmi.

When the allegations surfaced last year, Gianturco said, ``Years later, it's very easy for these guys to sit in a cell with nothing to lose and make allegations to even the score."

Flemmi testified for the first time yesterday that he and Bulger gave retired FBI agent Dennis Condon a gold ring with his initials on it.

But Boston lawyer Michael Meyer, who represents Condon, flatly denied that allegation. ``It did not happen," he said. He noted that Condon has been dismissed from an unrelated lawsuit filed against the government.

Flemmi also reiterated his contention yesterday that he and Bulger gave an expensive pipe to James Ring, a retired FBI supervisor.

Boston lawyer Alan Rose, who represents Ring and was in the courtroom, also denied that. ``Jim Ring never received a pipe or anything else" from Bulger or Flemmi, he said.

Rose noted that US District Judge Mark Wolf rejected Flemmi's allegations against Ring as untrue during court hearings in 1998.

The McIntyres' suit is the first of 17 civil suits filed against the government by victims of Flemmi and Bulger to make it trial. Ten have been dismissed. Lawyers representing some of the other victims' families took notes yesterday as Flemmi testified about other slayings.

Describing how he watched Bulger strangle 26-year-old Deborah Hussey with a rope in early 1985, after luring her to a home in South Boston, Flemmi said, ``Bulger is a pretty powerful person. . . . I don't know how long she lasted.

Hussey was the daughter of Marion Hussey, Flemmi's longtime girlfriend who had three children with him.

Flemmi testified that Hussey accused him, in front of her mother, of having a sexual relationship with him when she was a teenager, which he admitted was true.

But Hussey was killed, Flemmi said, because she was involved in drugs and was dropping his name and Bulger's name around town.

``Bulger was the driving force in that because she was using his name, as well as mine, but I'm not diminishing my role in it either," Flemmi said.

He wasn't asked, and didn't volunteer, many details about how he and Bulger killed Flemmi's former girlfriend, Debra Davis, 26, in September 1981. Flemmi agreed under questioning that they strangled her at his mother's South Boston home because she knew too much about their activities.

Flemmi acknowledged that he extracted the teeth from some of his victims after they were dead, to make it difficult to identify them.

He also offered details of other murders, and said Connolly had provoked the 1974 slaying of Richard Castucci and the 1982 murders of Edward ``Brian" Halloran and John Callahan by warning Bulger that they were informants or potential witnesses against Bulger or other members of the Winter Hill Gang.

Roger Wheeler, World Jai Alai president, was gunned down in Tulsa, Okla., in May 1981 because he refused to sell his company to Callahan, a Boston accountant who had promised Bulger's gang they could skim $10,000 a week from one of the company's parking concessions once he acquired the business,

according to Flemmi. He said he and Bulger helped arrange the murder.

Connolly, who was convicted in 2002 of racketeering, is serving 10 years in prison in Florida.

Bulger, who fled to evade a 1995 racketeering indictment after being warned in advance by Connolly, remains a fugitive.

END

Central Michigan Life

6/7/06

Michigan ACLU lawsuit will challenge wiretaps

By Mike Ellis
Staff Reporter

Students concerned about ongoing allegations of government wiretapping may get some answers when an American Civil Liberties Union lawsuit commences Monday in Detroit.

ACLU officials filed the suit against the National Security Administration in January after the New York Times published a Dec. 16 article revealing an intelligence gathering program – Terrorist Surveillance Program – that monitors telephone data.

The ACLU lawsuit holds the New York Times knew about the program for more than a year before releasing the story.

Theodore Bolema, business and law professor at CMU and former U.S. Justice Department lawyer, said it's difficult to balance security concerns against individual privacy rights.

"Personally I'm uncomfortable with some of this," he said, referring to the government possibly being able to eavesdrop on citizens' phone calls.

The Terrorist Surveillance Program allows the NSA to collect phone data – including length of call, time of call, medium of call and location of call – but not the actual words or sounds made during the call.

President George W. Bush spoke to the nation the day after the article was published and assured that "one end of the communication must be outside the United States" when dealing with the TSP.

"So far, the law as it currently exists appears to be on the side of the NSA, and the only recourse by opponents of what the NSA has been doing is probably to change the current laws," Bolema said.

The ACLU is arguing the NSA is tapping calls not just of potential terrorists, but of regular citizens and residents as well.

"People are scared, upset and losing trust in their government," said Rana Elmir, communications director for the ACLU. "We are asking concerned citizens to contact their legislators."

With wiretaps, Elmir said, the government is throwing the people's trust out the window.

Bolema said the 1978 FISA law and the 2001 Congressional authorization for war provide plenty of legal ground for the TSP.

FISA, the Foreign Intelligence Surveillance Act of 1978, requires the government to get permission from a

special FISA court or a warrant before listening to domestic conversations.

“There are a lot of people who say (wiretapping) is OK because of security reasons,” Elmir said.

One of those people is U.S. Rep. Pete Hoekstra, R-Michigan, chairman of the House Permanent Select Committee on Intelligence. Hoekstra has served on the committee since 2001 and was informed of the existence of the program after becoming chairman in 2004.

“I have been briefed on this program and its usage several times since (becoming chairman) and have no doubt it only targets those with links to al-Qaeda terrorists. The program is a legal, effective, necessary and critical tool in protecting the security of the United States and its people,” Hoekstra said in a statement Monday.

He said “unless you’re holding conversations with al-Qaeda, you have nothing to worry about with the Terrorist Surveillance Program.”

Intercepted communications include telephone and Internet information, according to the ACLU lawsuit.

Elmir said the violations happened “through the NSA program, which wiretaps U.S. citizens and residents as well as non-citizens and non-residents without a proper search warrant, which is needed.”

Congress passed the act in response to a Supreme Court case brought by an east Michigan district court. FISA established a process that agencies such as the FBI and NSA must go through in order to gather intelligence on American soil.

Aside from FISA, Elmir said, the Fourth Amendment gives citizens protection from unreasonable search and seizure.

The Congressional vote authorizing presidential powers in the war on terrorism has been cited frequently by the White House as giving the president authority to extend his power to authorize such programs outside the authority of FISA.

The NSA is the world’s largest spy agency, one of 16 American agencies overseen by Director of Intelligence John Negroponte, according to the Washington Post.

Plaintiffs with the ACLU in the lawsuit against the NSA/Central Security Service include the Council on American-Islamic Relations, Greenpeace Inc. and the National Association of Criminal Defense Lawyers.

John Dean, former legal counsel to former President Richard Nixon and Ann Beeson, ACLU associate legal director and lead counsel for the ACLU v. NSA suit, will host town hall meetings Saturday and Sunday in Grand Rapids and Ann Arbor in preparation of Monday’s hearing.

END

USDOJ- Office of Public Affairs

From:	USDOJ- Office of Public Affairs
Sent:	Friday, June 9, 2006 8:03 AM
To:	USDOJ- Office of Public Affairs
Subject:	Attorney General's News Briefing for Friday, June 09, 2006
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THE ATTORNEY GENERAL'S NEWS BRIEFING

PREPARED FOR THE OFFICE OF PUBLIC AFFAIRS, U.S. DEPARTMENT OF JUSTICE

TO: THE ATTORNEY GENERAL AND SENIOR STAFF

DATE: FRIDAY, JUNE 9, 2006 7:45 AM EDT

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TERRORISM NEWS:

Cheney Willing To Work With Specter On NSA Surveillance. Fox News' Special Report (6/8, Hume) reported, "The chairman of the Senate Judiciary Committee seems to have the idea that it is improper for the elected President of the Senate to speak to members of his committee without his permission. That was the gist of a letter Sen. Arlen Specter sent to Vice President Cheney this week. Mr. Cheney has tried to smooth the Senator's ruffled feathers." Fox (Angle) added, "Today the Vice President responded to Specter with his own 2 ½ page letter in which he explained that he only called other members after White House Chief of Staff Josh Bolten had talked with Specter about the same issues. Noting he is also a President of the Senate, Cheney wrote that 'I have frequent contact with Senators both at their initiative and mine. The respectful and candid exchange of views is something to be encouraged rather than avoided. These communications are not unusual. They are the government at work.'"

CNN's The Situation Room (6/8, Koppel) reported that Chairman Specter "said that he had read and received the Vice President's letter and suggested a willingness to let things play out for a little while they try to work out some sort of legislative compromise over this NSA warrantless wiretapping program."

CNN's The Situation Room (6/8, Todd) reported, "Cheney and other White House officials are concerned that if telecom executives testify, it might compromise sensitive information. To Specter's complaint that he was not told Cheney had gone through other Republican senators to block the telecom officials' testimony, Cheney wrote, 'These communications are not unusual. They are the government at work.'"

The AP (6/9) reports Cheney told Specter "he is willing to work with Congress on new rules governing the White House's eavesdropping program. But Cheney stopped short of promising any action as he responded to a terse letter from Sen. Arlen Specter, R-Pa., the day before."

The New York Times (6/9, Stolberg) reports Specter "was not mollified. 'He does not face head on; he does not deal with his not having taken it up with the chairman,' the senator said in an interview. 'This isn't me personally; this is institutional. This is not the way government works, to deal with a committee without going through the chairman.'"

The Washington Post (6/9, A4, Fletcher) reports Cheney "defended his actions in a letter to Specter yesterday, saying his intention was to avert testimony that may involve 'extremely sensitive classified information.' While Cheney lobbied other members of the committee, White House Chief of Staff Joshua B. Bolten reached out to Specter himself to discuss the matter, the letter said."

Specter Agrees To Provision Expanding Bush Power Over NSA Surveillance. CQ (6/8, Perine) reports Chairman Specter "made a tactical retreat Thursday on an intelligence bill, agreeing — for now — to a change that would bolster President Bush's claim of broad executive authority over a secret warrantless surveillance program." Specter said Thursday "that he was conceding to other committee Republicans, particularly Jon Kyl of Arizona, only temporarily, to win enough votes from them to move his bill (S 2453) out of the 18-member Judiciary Committee. But he said he would seek to amend the measure on the Senate floor."

Judge Admits Chicago Terror Suspect's Statements. The AP (6/9, Robinson) reports, "A federal judge ruled Thursday that prosecutors may use statements made to Israeli authorities a dozen years ago by a Chicago man when he comes to trial on charges of laundering hundreds of thousands of dollars for the Palestinian militant group Hamas." The AP continues, "U.S. District Judge Amy J. St. Eve said in her 138-page opinion that federal prosecutors had proven in 13 days of hearings that began in March that Muhammad Salah had made most of the statements voluntarily and not after being tortured as he claimed. … St. Eve, a former federal prosecutor, said that 'the law enforcement conduct on the record before the court does not shock the conscience.'" The AP adds, "Salah, 53, is one of three men charged in the indictment with taking part in a racketeering conspiracy that included funneling cash to Hamas to commit murders, bombings and other violence. … The indictment was announced in August 2004 by then Attorney General John Ashcroft who said at a news conference that the three operated 'a U.S.-based terrorist recruiting and financing cell.' … The evidence prosecutors plan to use at the trial, which is scheduled for October, includes statements Salah made after his January 1993

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arrest in Israel on terrorism financing charges. He served five years in Israeli prisons before returning to Chicago."

The Chicago Tribune (6/9, Coen) reports, "Lawyers for Muhammad Salah had argued the incriminating statements, which are central to the government's case, were coerced through physical and psychological abuse over weeks. … Israeli agents tortured Salah after he was arrested at a checkpoint between the Gaza Strip and Israel, they argued, forcing him to sit hooded in a tiny chair for hours, threatening his family and having other detainees beat him." The Tribune adds, "In their attempt to keep the material from being suppressed, prosecutors in March presented the testimony of two Israeli officers who questioned Salah about his links to the militant Islamic group Hamas. Testifying under code names, Maj. 'Haim' and Capt. 'Nadav' of the Israeli Security Agency, the two denied Salah had been tortured. … U.S. District Judge Amy St. Eve said in her ruling that she found the officers to be extremely credible, and that Salah's statements were given voluntarily."

Cole Deploys To Persian Gulf. ABC World News Tonight (6/8, story 9, 1:05, Gibson) reported, "Finally tonight, a little bit of irony on this day that Abu Musab al Zarqawi is killed. A guided missile destroyer set sail from Norfolk, headed for the Persian Gulf today. Nothing remarkable in that. But this is the USS Cole, headed for the Gulf for the first time since al Qaeda blew a hold in the side of the ship and killed 17 sailors 6 years ago. And another coincidence of timing." Commander Bradley Roberson, USS Cole commanding officer: "I think it's appropriate that a ship like Cole goes out today. Today happens to be the tenth birthday of the ship, too. Talk about more irony." Gibson: "There are 17 stars on the floor of the ship's dining hall. The 17 that were killed were in that area of the ship."

The Washington Times/AP (6/9, Barisic) reports sailors "in the current crew of 320, including many who asked to be assigned to the Cole, say they are unafraid to deploy to that region." The Cole "is one of six ships and a submarine with 6,000 sailors and Marines leaving the East Coast this week to conduct security operations in support of the war on terrorism."

HOMELAND RESPONSE:

Critics Continue To Attack DHS Distribution Of Anti-Terror Grants. Under the headline "Uproar Unmuffled Over Anti-terror Money," USA Today (6/9, Hall) reports a week after announcing this year's distribution of urban areas initiative grants, Secretary Chertoff "and his department are struggling to defend funding cuts for New York City and Washington and increases for smaller cities such as Omaha and Charlotte." Chertoff said in January that "he didn't care" about the "heat" he'd likely get over DHS' attempts to "eliminate wasteful spending" in its grants, but the changes "yielded an uproar — especially in New York, where funds were cut 40% — that caught the department off guard." Meanwhile, Chertoff's defense of this year's distribution of funds, which includes the fact that "New York still gets more money than any other city," has "done little to calm critics."

Task Force Studies Canadian Border Security. The Washington Times (6/9, Seper) reports a "task force of former U.S. Border Patrol agents, ex-military personnel, academics and congressional staffers, who last year called for 36,000 National Guard troops to be deployed on the Mexican border, has begun a tour of the Canadian border to study 'options' to better secure the nation's northern frontier." Conclusions from "the three-week mission will be submitted to the House Homeland Security and Armed Services committees and to the Congressional Immigration Reform Caucus on July 4 for consideration for legislation."

California Intelligence Official Blames Demotion On Clash With DHS, FBI. The AP (6/9, Marquez) reports former California Department of Justice criminal intelligence chief Edward Manavian "said in a personnel complaint that he was demoted after questioning the legality of federal and state intelligence-gathering methods, but authorities dispute the claims. … The board pulled out of talks to share intelligence with the federal Department of Homeland Security last year because of Manavian's concerns that sharing criminal information in the department's system would violate privacy laws, according to his complaint." He also alleges that "his decision to pull out of an FBI operation to infiltrate the Earth Liberation Front and Animal Liberation Front…by planting a state DOJ agent in their meetings on a university campus" was a factor in his ouster. "An FBI spokeswoman said the bureau 'strongly questions' Manavian's allegations, but declined to comment further. The FBI has successfully infiltrated the ELF in the past."

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Judge Rules Against WTC Leaseholder's Bid For Defense Costs. The New York Law Journal (6/9, Hamblett) reports, "World Trade Center leaseholder Larry Silverstein has lost his second attempt to have insurance companies cover the costs of defending him in suits over the Sept. 11, 2001, terror attacks." The Journal continues, "Southern District of New York Judge Alvin K. Hellerstein ruled Thursday that the terms of insurance binders that governed coverage for the Trade Center before the attacks, as well as other evidence produced in discovery, show clearly the parties did not intend Silverstein be compensated for defense costs." The Journal adds, "The judge said the evidence was 'overwhelming' that lead insurer, Zurich American Insurance Co., had 'refused, in the absence of adequate loss history data, to issue a policy that included defense cost coverage.' … 'To now impose a defense obligation would give a windfall to Silverstein and subject Zurich to a liability that it was unable to calculate or prepare for by an appropriate premium, and thus would work a manifest injustice,' the judge said in In Re September 11th Liability Insurance Coverage Cases, 03 Civ. 00332. … The judge's decision applied in equal measure to both the primary policy and the umbrella policy issued by Zurich. Both policies were finalized in the months following the attacks, but the binder controlled as to the intent of the parties prior to them."

GAO Says FEMA, Red Cross Yet To Resolve Differences. A number of articles this morning are reporting on the results of a GAO investigation released Thursday that found FEMA and the Red Cross had difficulty working together during last year's hurricanes. The AP (6/9, Jordan) reports the two "squabbled over chain of command issues…hampering relief efforts," according to the GAO. "As of two weeks ago, there still was confusion about how the Federal Emergency Management Agency and the Red Cross would work together in the hurricane season that began June 1, according to the report."

The Washington Post (6/9, A5, Salmon) reports, "FEMA officials complained that Red Cross staffers assigned to coordinate the charity's relief effort with FEMA rotated too quickly -- every two to three weeks, according to the report. Red Cross officials, on the other hand, were frustrated by FEMA's propensity to lose their requests for food, cots and other supplies."

The New York Times (6/9, Strom) reports, "Critics said the two agencies should have put aside their differences by now. 'The report leaves the impression that when the next hurricane hits, leaving people hungry and homeless, FEMA and the Red Cross will be haggling over who's supposed to provide food and shelter,' Senator Charles E. Grassley…said in a statement about the report." Armond T. Mascelli, vice president for response operations at the Red Cross, said "efforts to define roles had begun and cited a meeting yesterday between logisticians from both groups to determine what supplies were needed and when and where they were needed."

Paulison Sworn In As FEMA Director. The AP (6/9) reports that a his swearing-in as FEMA director Thursday, R. David Paulison "promised 'to make America proud'" and "sought to rally agency workers as they prepare for this year's hurricane season that began June 1. 'These are tough times for you, I know,' Paulison told them. 'You hold your head high.'"

Study Finds Race Affects View Of Government Assistance For Katrina Victims. The Washington Post (6/9, A2, Morin) reports an "online study by The Washington Post, washingtonpost.com and Shanto Iyengar, director of the Political Communication Lab at Stanford University," has found "Americans are more willing to provide extended government assistance to white victims of Hurricane Katrina than to African Americans and other minorities -- particularly blacks with darker skin. … More than 2,300 individuals participated in the latest experiment, which tested how much subconscious racial bias shapes attitudes toward disaster relief." For African Americans, the average duration of assistance was a month shorter than for whites, "while the amount of aid was nearly the same, meaning that blacks would collect about $1,000 less than white victims."

Oil Companies Take New Precautions In Gulf Of Mexico. The Washington Post (6/9, D1, Mufson) reports oil companies are "taking new precautions" with platforms in the Gulf of Mexico in an effort "aimed at heading off a repeat of last year's disaster, when platforms were wrecked, oil and gas supplies disrupted and prices sent soaring." Meanwhile, "drilling rig owners, at the urging of the Coast Guard and the Interior Department's Minerals Management Service, are also taking precautions by increasing the number of mooring lines."

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WAR NEWS:

US Officials Warn Zarqawi's Death Won't End Violence In Iraq. Al Qaeda terrorist Abu Musab al Zarqawi was killed in a US air strike on a safe house near Baquba. The story dominated the evening network news last night, accounting for a total of just over 45 minutes of broadcast time. Zarqawi's death also dominated cable news channels throughout the day Thursday, with little else penetrating the coverage. On CNN alone, Anderson Cooper 360 (6/8, 10:00 p.m.) aired a special edition entitled "Taking Out a Terrorist," Larry King Live (6/8) spent the full hour on the killing of "the most wanted terrorist in Iraq," and daytime shows stayed with the story throughout their broadcasts.

Knight Ridder (6/9, Hutcheson) reports White House spokesman Tony Snow "said Bush first learned of the airstrike that killed Zarqawi at about 4:35 p.m. Wednesday, minutes after his hour-long meeting with members of Congress. National security adviser Stephen Hadley, who left the session with the lawmakers to respond to urgent messages on his BlackBerry, delivered the news to the president in the Oval Office. 'That would be a good thing,' Bush replied, according to Snow."

Media coverage of Zarqawi's killing describes it as a victory for President Bush and the US-led war on terror -- the Wall Street Journal (6/9, Fassihi, Solomon, Shishkin), for example, speaks of "psychological boost after months of seemingly endless bad news – but most reports also emphasize that Bush and other top US officials took a markedly cautious tone yesterday, warning the master terrorist's demise will not immediately end violence in Iraq. A number of stories contrast Bush's tone yesterday with his "Mission Accomplished" televised speech in 2003. For example, the AP (6/9, Hunt) reports there were "no 'Mission Accomplished' banners or joyous celebrations at the White House," and the New York Times (6/9, Rutenberg) headlines its story "Bush Responds To The Killing Of A Terrorist With Caution," and says the President "struck a particularly solemn note, even as he called the killing a blow to Al Qaeda that would build 'renewed confidence' in the war effort." The tone "was starkly different from Mr. Bush's exuberant speech beneath a 'Mission Accomplished' banner on an aircraft carrier in the spring of 2003." But "the handling of Mr. Zarqawi's death was in keeping with a new White House approach: admit mistakes, manage expectations and exude a sense of reality, with optimism."

On NBC Nightly News (6/8, story 6, 1:20, Williams), Washington bureau chief Tim Russert said, "The White House realizes that there may be a point or two up in the public opinion polls, but they fully expect more violence to continue and this monster named al Qaeda to find a new head. Secondly…we did not hear the President talk about mission accomplished or bring it on. He realizes this is going to be a long and difficult process. The best the President can do is buy some patience, buy some time from the American people, so that in a month or two months or three months, sometime before the midterm elections, the Iraqis have trained enough troops to secure the country and bring some American troops home. They realize that that and only that will have a real political effect here in the United States."

ABC World News Tonight (6/8, lead story, 4:35, Gibson) reported Zarqawi's death is "a tremendous boost in morale for those who tracked him, for troops in Iraq, and, perhaps, for the US as a whole." However, added ABC (Raddatz), when the President addressed the issue in remarks at the White House, his remarks "were very measured. What he does not want to do is raise people's expectations that the violence in Iraq will soon disappear." The CBS Evening News (6/8, story 3, 2:05, Schieffer) said "a White House that has been too often burned by overly optimistic battlefield assessments hung out no mission accomplished signs today. Even so, this was the kind of news the Administration has been looking for, and the President was anxious to talk about it." CBS (Axelrod) added that "as one senior Administration official told me 'We're not delusional. Real challenges lie ahead.' Which explains the sober, measured tone of President Bush this morning." Bush was shown saying, "Zarqawi is dead, but the difficult and necessary mission in Iraq continues."

NBC Nightly News (6/8, story 5, 1:45, Williams) reported, "The reaction from the President on down seemed today designed not to raise public expectations about the future of this war in Iraq." NBC (Gregory) added, "In the Rose Garden, the President appeared subdued, even as he described the killing of Zarqawi as a major blow against terrorists in Iraq." President Bush: "Now Zarqawi has met his end. And this violent man will never murder again." Gregory: "First reports of Zarqawi's death reached the White House yesterday afternoon about 3:45 when the President was meeting with members of Congress just back from Iraq. Press Secretary Tony Snow recalled the suggestion from one." Tony Snow:

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"That things would be better if somebody would get Zarqawi -- there was a little snickering in the room at the time -- little did we know." Gregory: "An hour later, the news reached the President. Not since the capture of Saddam Hussein in December of 2003 has the White House achieved such a victory in Iraq," but "the President was careful not to overreact."

On ABC World News Tonight (6/8, story 4, 3:50, Gibson), chief Washington correspondent George Stephanopoulos said, "Everyone was being cautious. At the White House, there is hope what they call a circuit breaker that will open people's minds up to the idea of progress in Iraq. But they know events have to follow on the ground." Newsweek International editor Fareed Zakaria added, "When the President did speak, he said this is a victory for the global war on terror. He did not say this is a victory in establishing stability or peace in Iraq, or allowing our troops to leave."

CNN's The Situation Room (6/8, Henry) said Bush was "very careful as he stepped up to the podium in the Rose Garden to not be celebrating and doing any victory dancing. He walked a very fine line." CNN's Anderson Cooper 360 (6/8, 10:08 p.m.) noted Bush "had a warning -- we can expect the terrorists and insurgents to carry on without him."

On its website, Time (6/9, Allen) runs a piece titled "For a Beleaguered President, a Victory," in which it says Bush "was one of the few Administration officials who wasn't smiling. Having learned the hazards of gloating, he maintained a deliberately somber mien." Time adds, "At least for a day, competence problems had been banished. The break came when the President needed it most -- as the daily parade of horribles from Iraq was eroding confidence in his handling of the war, even among conservatives."

USA Today (6/9, Jackson, Benedetto) notes Bush's "subdued approach to Zarqawi's death," and that of "members of his staff," while the Washington Times (6/9, Dinan, Curl) says "the White House took pains to try to temper the news with a sobering look at the challenges that remain." Similarly, the Los Angeles Times (6/9, A1, McManus, Gerstenzang) reports, "It was -- or should have been -- a moment of triumph," but Bush's tone "was noticeably reserved."

The Wall Street Journal (6/9, Cummings, Dreazen) reports that "as White House officials prepared for yesterday's announcement of the Zarqawi news, they were mindful that car bombs and kidnappings likely will continue, another senior aide said, and concluded 'there was no reason to overstate today's event when it largely speaks for itself -- a ruthless murderer met justice.' Events proved their caution well-founded, as dozens were reported killed across Iraq by a series of bombings."

Bush To Assess Situation In Iraq With Key Advisors, Military Leaders. The Chicago Tribune (6/9, Silva) reports the President "will attempt to capitalize on the moment, summoning his national security advisers and key Cabinet members to meetings Monday and Tuesday at Camp David, Md., on 'the way forward' in Iraq. US military leaders in Iraq will join via teleconference Monday, and Iraqi leaders will join the next day. … Assessing the course ahead, Bush will be joined at Camp David by Secretary of Defense Donald Rumsfeld, Secretary of State Condoleezza Rice, Chairman of the Joint Chiefs of Staff Gen. Peter Pace, National Intelligence Director John Negroponte, CIA Director Michael Hayden and other advisers. Iraq's prime minister and newly seated Cabinet members will call in Tuesday."

The Washington Post (6/9, A18, Abramowitz, Kessler) reports, "Administration officials said a range of issues will be on the table, including developing a new security plan for violence-ridden Baghdad, spurring reconciliation between warring Sunni and Shiite populations -- perhaps with some kind of amnesty plan for insurgents -- and the possibility of new international economic assistance for Iraq." The Post adds, "Past opportunities to change the story in Iraq, such as the capture of Saddam Hussein in December 2003, have proved fleeting. Support for Bush on Iraq bumped up after that news, but it quickly receded."

Bush No Longer Keeps Check List Of Terrorists. The CBS Evening News (6/8, story 3, 2:05, Axelrod) reported, "Mr. Bush once told CBS News that he kept little pictures of major terrorists in his desk and put a little check next to each one as they were put on the of business. I asked today if Zarqawi's picture now had a little check and was told the President no longer has those pictures. Well, pictures or not, there's a big name still to be checked off, the biggest, in fact -- Osama bin Laden."

Chertoff Says There Are No Plans No Raise Terror Alert In US. The AP (6/9, Gearan) reports, "Homeland Security Secretary Michael Chertoff said Thursday night that there were no plans to raise the nation's terror alert because al-Zarqawi's death 'does not, in itself, directly increase the threat to the homeland.'"

Rumsfeld Appears At Odds With Khalizad On Whether Killing Will Trigger Upsurge In Violence. In

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Brussels, Secretary Rumsfeld "said Zarqawi's death should slow down the insurgency," CNN (6/8, 10:08 p.m.) added. CNN (6/8, 12:06 p.m.) reported earlier that Rumsfeld said Zarqawi "personified evil and his death marks a victory in the world's fight against terrorism," but as MSNBC (6/8, 12:38 p.m.) reported, Rumsfeld was "a little out of position" by being at the NATO meeting, and offered a "somewhat muted" and "matter-of-fact" first reaction.

His later comments on his flight back from Belgium were shown during a report aired during Fox News' O'Reilly Factor (6/8, 8:34 p.m., Centanni), with Fox News then saying Rumsfeld said "it could take al Qaeda in Iraq some time to recover from the loss of its leader. … Rumsfeld also said he expects no upsurge in violence. He says if there is an upsurge it could be the results of attacks that were already in the planning pipeline and not a violent backlash to the death of Zarqawi." The Baltimore Sun (6/9, Richissin) notes Rumnsfeld also said of Zarqawi, "Over the past several years, no single person on this planet has had the blood of more innocent men, women and children on his hands."

The AP (6/9, Baldor) reports Rumsfeld told reporters, "Given the nature of the terrorist networks, really a network of networks, the death of Zarqawi, while enormously important, will not mean the end of all violence in that country." At the same time, he "discounted as 'utter nonsense' suggestions that Zarqawi's death will trigger a spike in violence. 'You can have an upswing in violence that has nothing to do with his death,' said Rumsfeld."

But on CNN's The Situation Room (6/8), US Ambassador to Iraq Zalmay Khalilzad said the "killing of Zarqawi was a very important step," but added, "I believe that in the coming few days there is a danger of escalation by the terrorists to demonstrate that they're still relevant and that they might take revenge." On the CBS Evening News (6/8, story 4, 1:00, Schieffer), Khalilzad said, "I think it has done significant damage to al Qaeda, in Iraq in particular because this man was the architect, the mastermind of this movement here, but there is still the organization is able to do harm. And I anticipate they will try to demonstrate that they are still able to do damage, and I expect them to express them to express themselves in the coming hours and days."

The Chicago Tribune (6/9, Sly) notes "Bush, US Ambassador Zalmay Khalilzad and Gen. George Casey, the top US commander in Iraq, echoed the expectation that further violence could be expected, in stark contrast with the euphoria that greeted the capture of Hussein."

Also, USA Today (6/9, Diamond, Soriano) quotes Maj. Tom Hobbs, "executive officer for 3rd Battalion, 8th Marine Regiment in Ramadi," a city in western Iraq, saying, "Revenge for the martyred Zarqawi may also lead to increased attacks."

Meanwhile, USA Today (6/9, Jackson, Benedetto) quotes Tony Snow saying, "Does this mean that happy days are here again? Of course not." Snow "said that while there could be 'very positive ramifications,' there may also be an upsurge in violence by terrorists who want to prove they haven't been intimidated by Zarqawi's death."

Newsweek's Wolffe Says Death Could "Remove" Rumsfeld's Job Security. On MSNBC's Countdown (6/8, 8:21 p.m., Olbermann), Newsweek's Richard Wolffe said Zarqawi's death could "actually remove job security" from Rumsfeld. Wolffe said Bush "was looking closely at getting rid of Donald Rumsfeld up to the point where everybody was leaning on him to get rid of Donald Rumsfeld. Now that Rumsfeld got this success under his belt, the pressure will decline in terms of saying, 'I think there may be a second look taken here at his position. People have been saying for a long time the President and many people in the White House are not happy with his performance."

ABC Scooped Competition With Early Report On Zarqawi Death. The New York Times/AP (6/9) reports, "Thanks to a reporter jolted out of a vacation — if not sleep — ABC News scored a beat on its competitors yesterday when it was the first to broadcast news of Abu Musab al-Zarqawi's death." ABC "broke into regular programming at 2:38 a.m. to say it had confirmed Mr. Zarqawi's death in an American bombing. NBC News issued its report at 3:16, and CBS News at 3:40. The ABC News report was based on a tip phoned from a source to Martha Raddatz."

Picture Of Dead Zarqawi Said To Have Potential To Backfire. The Washington Post (6/9, C1, Kennicott) reports when the picture used to document Zarqawi's death "was displayed at a U.S. military news briefing, Zarqawi's face was seen inside what appeared to be a professional photographic mat job, with a large frame, as if it were something one might preserve and hang on the wall next to other family portraits." So "will this image, given a strange dignity by its prominent frame, be a defining image of the war? Not likely. Its primary function is forensic. It proves, in an age of skepticism (heightened by a three-year history of official claims about the war turning out to be false), that Zarqawi is indeed dead. But beyond that, the image has little power. Indeed, as with so many images in this war, it is loaded with the potential to

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backfire." The "framed image of a head also has a disturbing sense of the trophy to it -- proof of another small victory brought home from battle -- which connects it to what might be called the ultimate self-destructing image of victory: the 'Mission Accomplished' photo-op staged on an aircraft carrier on May 1, 2003."

USA Today (6/9, Stone) reports Zarqawi's "death at 39 ends a nearly three-year reign of terror that played on ethnic and religious divisions and helped push Iraq to the edge of civil war. But with militant websites declaring him a martyr, the myth of Zarqawi seems destined to grow." Ironically, "the myth was created by the United States, says Vali Nasr, a Middle East expert at the Council on Foreign Relations." Nasr said, "We made him bigger than he was. We overemphasized him, and it fed into this mystique. We helped make him."

More Commentary. USA Today (6/9) editorializes, "Bush struck the right tone Thursday. Zarqawi's death offers a chance to 'turn the tide' but won't end the violence, Bush said. The realism is a welcome change from the premature triumphalism of the past."

The Washington Post (6/9, A22), in an editorial titled "A Good Day In Iraq," says that "it was a little unnerving, in the middle of yesterday's celebrations, to hear President Bush speak of plans to hold high-profile consultations early next week on 'how to best deploy America's resources in Iraq.'" Officials from both countries "were unanimous in predicting yesterday that the challenge from the insurgency will continue to be severe. Perhaps U.S. troops can be drawn down without worsening that threat; but it would be tragic if, after so much suffering, Iraq's first democratic government were denied the means to succeed."

The Wall Street Journal (6/9) editorializes, "Zarqawi's death Wednesday in a U.S. airstrike near Baqubah is about as big a victory as you get. Only 9/11 mastermind Khalid Sheihk Mohamed rivals Zarqawi in importance among the al Qaeda leaders who've been captured or killed. No single terrorist has more innocent blood on his hands." Yet "as important as his death is, no one should be overconfident that this is the turning point for Iraq."

The New York Times (6/9) editorializes, "It is good news for Washington, and even better news for Iraq." But "as Americans discovered earlier…it will take far more than the elimination of a handful of iconic leaders to stem the tide of the Iraqi insurgency and reverse the country's alarming slide into civil war." Moreover, "Zarqawi's relationships with home-grown leaders of that insurgency and with top Al Qaeda leaders around Osama bin Laden were, in fact, often troubled. The circumstances of his death, however, could well erase all recollection of those differences in order to enshrine him as a useful martyr. In that new role, his memory could continue to haunt Iraq for some time to come."

The Los Angeles Times (6/9) says in an editorial that Zarqawi's death "may not have been the most important news from Iraq on Thursday. That designation may fall to the appointment of three new security ministers, giving Iraq a complete government for the first time since elections last December. Without Zarqawi, as even President Bush noted in the Rose Garden, the insurgency and attacks in Iraq will continue. Without a competent government, however, there is no hope for an end to the violence."

In an editorial, the Atlanta Journal-Constitution (6/9) writes that Zarqawi's death "should provide a much-needed boost of morale in Iraq as well, among our own troops and among the Iraqi people." However, "as Rumsfeld, President Bush and others noted in celebrating al-Zarqawi's demise, this success may not have immense impact on the long-term direction of affairs in Iraq."

In his Dallas Morning News (6/9) column, Carl P. Leubsdorf writes that Zarqawi's death "gives President Bush a much-needed psychological boost at a time he is struggling to convince Americans it's worth staying the course in Iraq." Leubsdorf writes, "In a sense, the impact of the killing of Abu Musab al-Zarqawi will be more symbolic than substantive."

In a Wall Street Journal op-ed (6/9), Eliot Cohen, Robert E. Osgood Professor of Strategic Studies at Johns Hopkins University's School of Advanced International Studies, says, "Counterinsurgency is not chiefly about killing -- but killing is essential to it, and by terminating the career of Abu Musab al-Zarqawi, American forces have not only delivered justice, but made real, if limited, progress."

In his Wall Street Journal column (6/9), Daniel Henninger says, "Zarqawi understood that promising to make constant murder a phenomenon of the world's life, and proving he could deliver on that promise, would corrode the possibility of normal human relationships everywhere -- among Iraqis, between Iraqis and coalition forces, and in the U.S. between supporters of the Iraq war and those opponents of the war who abhor terrorism but have simply gone numb before Zarqawi's limitless capacity to kill. Western Europe has been made supine. Now he has been killed, and this should rightly be called a moral victory."

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In his New York Times column (6/9), Thomas Friedman says, "Zarqawi was finally tracked down because someone in his organization or in the Sunni community in Iraq turned against him. We need more of that, because Iraq will only work if more Sunnis turn against the terrorists and join the government. Second, Al Qaeda can talk all it wants about replacing Zarqawi, but he is not so easily replaced, because he was a world-class, first-team all-star terrorist. For three years he terrorized Iraq, while eluding the U.S. Army, Marine Corps, Navy, Air Force and C.I.A. Bad guys like him don't grow on trees. But his death will be a turning point only if it leads more Iraqis to come together into a coherent government and army. Ultimately, that is all that matters."

In a New York Times op-ed (6/9), Daniel Benjamin and Steven Simon say that by killing Zarqawi, "the United States has struck its most important blow in the war on terrorism since driving Al Qaeda out of Afghanistan. Easily the deadliest terrorist at work over the last three years, Mr. Zarqawi was probably responsible for more deaths than Osama bin Laden and leaves behind a jihadist movement that has been drastically changed in no small part by his actions."

In his Washington Post column (6/9, A23), David Ignatius says the "opening provided by Zarqawi's death" is that it "raised the lid of fear a few inches so that Iraq could take a breath. It destroyed the worst of the worst, making life a little safer for everyone else. It offered a too-rare example in modern Iraq that the killers don't always succeed and that the culture of death isn't the only one left for the country. Most of all, his death allows the new Iraqi government to reach a truce with the insurgents who have been cowed or awed into backing Zarqawi."

Long-Term Effects Of Zarqawi's Demise Downplayed. Most media analyses last night and this morning downplayed the long-term effects of al Qaeda leader Abu Musab al Zarqawi's death on the Iraq conflict and the broader war on terror. For example, ABC World News Tonight (6/8, story 2, 2:50, Ross) reported, "Even the Ambassador" Zalmay Khalilzad "concedes Zarqawi's death will not dramatically change the nature of the insurgency. Despite his international influence, Zarqawi controlled only 1 of 14 major insurgent groups." NBC Nightly News (6/8, story 2, 1:50, Maceda) reported that "while US officials and Iraqi analysts tell NBC News that Zarqawi's death is a blow to al Qaeda in Iraq, the organization with hundreds of loyal fighters is capable of coming back."

Typical of the coverage is a San Francisco Chronicle (6/9, Sandalow) analysis, which begins, "The United States did not go to war in Iraq to kill Abu Musab al-Zarqawi. … Many cautioned that, by itself, the episode does not bring the United States closer to victory, justify the 2,486 American deaths or seem likely to turn around public opinion."

The Los Angeles Times (6/9, Roug) headlines its analysis "Few Expect Violence to End With Zarqawi's Death." In a second story titled "He Was More Symbol Than Sweeping Leader," the Los Angeles Times (6/9, Stack) says Zarqawi was "mostly a looming image, a man whose contribution to the war derived largely from his symbolic value. As a military commander, he held sway over just a fraction of a fraction of the fighters who daily sow bloodshed in Iraq."

Knight Ridder (6/9, Lasseter) says Iraq "remains a nation beset by deeply rooted problems that threaten to push it deeper into chaos. There are few expectations that Zarqawi's death will change that." Another Knight Ridder piece (6/9, Strobel, Landay, Walcott) says Zarqawi's death is "unlikely to have a significant impact on the struggle against al-Qaida." Likewise, the Financial Times (6/9, Biedermann, Alden) titles its report "Zarqawi's Death 'Will Not End Insurgency,'"

The New York Times (6/9, Filkins) reports, "While his death could erode the ability of his group, Al Qaeda in Mesopotamia, to carry out suicide and car bomb attacks — and possibly set off a violent struggle to succeed him -- the insurgency and the sectarian war he helped ignite will go on without him." The Washington Post (6/9, A1, Knickmeyer) also reports, "Analysts and military spokesmen said Thursday that the death of…al-Zarqawi…will not extinguish the sectarian conflict that he helped foment."

The Washington Times (6/9, Behn) takes says Zarqawi's killing, "combined with the selection of a defense minister who has credibility with the Sunnis, has provided the best chance in months for progress against the insurgency, Iraqi officials said yesterday." But "the sectarian killings in Baghdad and southern Iraq are unlikely to end anytime soon, they added."

Similar stories appear in the New York Times (6/9, Burns), which notes "American officials themselves offered an immediate warning against overstating the impact that the death of Mr. Zarqawi," USA Today (6/9, Diamond, Soriano),

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which quotes Maj. Tom Hobbs, executive officer for 3rd Battalion, 8th Marine Regiment in Ramadi, a city in western Iraq, saying, "Things will remain the same, or get worse as insurgent leaders conduct attacks to make a name for themselves and become the next top dog."

An exception to the general tenor of the coverage was New York Times columnist Thomas Friedman, who appeared on the CBS Evening News (6/8, story 6, 2:20, Schieffer). He said, "This is the all-star of all-stars of terrorism. And the al Qaeda people can say, 'Oh, we'll replace him with somebody else.' This is a guy who eluded, the Army, Navy, Air Force, Marine Corps, CIA, NSA; British Intelligence for three years. A guy like that they don't replace really quickly. We have not won by this one-day event, not at all. But it's a good step. It's one day of good news after so many unremitting days of bad." Former CIA intelligence official Michael Scheuer said, "Zarqawi was really off the reservation for al Qaeda in terms of his willingness or eagerness to fight Shias, and with him out of the way, I suspect the next al Qaeda leader in Iraq will focus more on American forces and the Iraqi government than actually just fighting against the Shi'a." Likewise, the Washington Times (6/9, Gertz) calls Zarqawi "a key strategic planner of deadly suicide bombings and gruesome execution-style slayings, and his death is a major setback for Islamist extremists in Iraq and elsewhere," according to "US counterterrorism officials said." One "official" told the Times, "He was leading the charge and was the jihadists' driving force in both planning and operations, and in raising money."

McCain Says Zarqawi's Death Is Not "Defining Event." On CNN's The Situation Room (6/8), Sen. John McCain said Zarqawi's death "was an important event but not a defining event. … This is a significant day but it really doesn't change the long-term challenges we face, as the President I think very well stated this morning."

Murtha Says Impact Of Zarqawi's Death Should Not Be Overestimated. Rep. John Murtha said on CNN's The Situation Room (6/8) that "the encouraging thing about what happened today is, you had information from the Iraqis go to the Iraqis, then go to the Americans. Now, this is a significant event, there's no question about it, to have gotten the top leader of al Qaeda. You have got to remember, though, al Qaeda is a very small part of what is going on in Iraq. And you have got to be careful not to overestimate the impact this is going to have."

Some Democrats Say Zarqawi's Killing Not Significant. The Washington Times (6/9, Fagan) reports, "Some Democrats, breaking ranks with their leadership yesterday, said the death of terrorist leader Abu Musab Zarqawi in Iraq wasn't significant and is being used to divert attention from an unpopular, unsuccessful war that should be ended. 'This is just to cover Bush's [rear] so he doesn't have to answer' for Iraqi civilians being killed by the US military, and his own sagging poll numbers, said Rep. Pete Stark, California Democrat. … 'This insurgency is such a confused mess that one person, dead or alive at this point, is hardly significant,' said Rep. Jim McDermott, Washington Democrat. 'Our troops are no safer today than they were yesterday. And no American is safer today.'" Rep. Dennis J. Kucinich "said Zarqawi was a small part of 'a growing anti-American insurgency' and that it's time to get out of Iraq. 'We're there for all the wrong reasons,' he said."

Oil Prices Fall On Word Of Zarqawi Death. The CBS Evening News (6/8, story 7, 1:45, Schieffer) reported, "The price of oil fell today after word of Zarqawi's death. How much of a ripple did this news have on the markets?" CBS (Mason) added, "The oil markets celebrated al-Zarqawi's death." Ray Carbone, trader: "Psychologically, it is good news for oil." Mason: "On the New York Mercantile Exchange, crude dropped below $70 a barrel for the first time in two weeks. It recovered some, but still closed down nearly half a dollar on the day as traders like Ray Carbone saw a blow to the insurgency that's disrupted critical oil supplies." Carbone: "And perhaps leading to some resurgence of the Iraqi exports coming out of Basra and the north of Iraq." Mason: "Iran, OPEC's second largest oil producer also had goes good news for markets. Iran's president said he's willing to discuss Iran's nuclear program with the west to 'resolve misunderstandings.' By some estimates, the troubles in Iraq and Iran have added a $5 to $10 terror premium to the price of every barrel of crude."

Iraqis Skeptical About Positive Effect Of Zarqawi's Death. ABC World News Tonight (6/8, story 3, 2:20, Gibson) reported, "Iraqi reaction to Zarqawi's death ranged from jubilation to skepticism." ABC (Marquez) added, "Iraq's government TV declared Zarqawi's death would bring peace and unity." Ishael Zayer, Al Sabah newspaper: "This might be the beginning of the end of the terrorism in Iraq." Marquez: "Zarqawi's death was the lead story on the major Arab television networks. But they questioned whether his end

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would be the end of attacks on civilians and sectarian violence here."

NBC Nightly News (6/8, story 3, 1:10, Boettcher) reported, "On the streets, it was pretty muted. People did not believe that the death of one man would make a difference, although there were celebrations by police, most of them Shiite, but they want to see the proof that something is going to happen here to secure the situation. Things have been bad. They've gotten worse over the past few months and they don't believe that the death of one man, Abu Musab al-Zarqawi, is going to change that."

The New York Times (6/9, Tavernise) reports, "As news of Mr. Zarqawi's death settled into homes across the country, Iraqis at lunch tables and in living rooms found themselves wondering what, if anything, would be different. … The skepticism springs from how Iraqis see the violence. Mr. Zarqawi is part of a larger galaxy of gangs and criminal groups that kill and kidnap with virtual impunity as the state watches helplessly."

USA Today (6/9, Sabah, Soriano) also reports "most" Iraqis said Zarqawi's death "would do little to slow the pace of insurgent violence and sectarian killings."

The Washington Post (6/9, A18, Hernandez, Nouri), meanwhile, runs a story titled "Joy In The Streets: 'A Day Of Festivity,'" saying "many Iraqis greeted the news with cheers, applause, ululation, celebratory gunfire and feasting." But "Zarqawi's death came as ominous news to other Iraqis who saw him as a fearless defender of the country's Sunni minority against foreign occupiers, Shiite death squads and Iranian agents."

Reaction To Zarqawi's Death Across Middle East Said To Be Mixed. The Washington Post (6/9, A19, Shadid) reports that in the Middle East, "a region roiling with resentment over U.S. policy and fear of its repercussions, Zarqawi's death was greeted much as his life was: with confusion and suspicion. Some in Tripoli and elsewhere in the Arab world hailed him as a hero, as they might anyone fighting the United States. Others expressed relief and joy at the death of a man blamed for killing hundreds of innocent Iraqis. But often heard Thursday was a sense of wariness -- no one was quite sure who Zarqawi was, or what his death meant."

Identification Of Zarqawi Spiritual Adviser Was Key Point In Operation. The Washington Post (6/9, A1, Finer) reports a "crucial breakthrough in the hunt" for Zarqawi "came last month when Jordanian intelligence officers captured one of Zarqawi's mid-level operatives near the Iraqi border, according to the official. Employed by the Iraqi government as a customs clearance officer in Rutbah, along the main road from Amman to Baghdad, the operative identified himself as Ziad Khalaf al-Kerbouly. Kerbouly said in a statement broadcast by Jordanian television on May 23 that he used his position to help Zarqawi smuggle cash and materiel for the insurgency." Kerbouly also "told Jordanian interrogators something that they did not broadcast: The identity and contacts for Zarqawi's new 'spiritual adviser,' Sheik Abdel Rahman."

ABC World News Tonight (6/8, lead story, 4:35, Raddatz) reported, "A special operations team, Task Force 145, had been zeroing in on Zarqawi for months. Tracking his lieutenants and bombmakers. Getting ever-closer to Zarqawi himself." Gen. George Casey: "Tips and intelligence from Iraqi senior leaders from his network, led our forces to Zarqawi and some of his associates, who were conducting a meeting, approximately eight kilometers north of Baquba, when the operation was launched." Raddatz: "Officials tell ABC News the operation began three days ago when Task Force 145 learned that Zarqawi's so-called spiritual adviser, Sheik Rahman, would attending a meeting with Zarqawi."

USA Today (6/9, Nichols, Kelley) reports US military spokesman Maj. Gen. William Caldwell "didn't specify how U.S. officials knew for sure that al-Iraqi would meet with Zarqawi, but he indicated that al-Iraqi had been watched for weeks and was considered key to Zarqawi's whereabouts." Caldwell said, "Somebody inside the al-Zarqawi network [had identified al-Iraqi]. It truly was a very long, painstaking, deliberate exploitation of intelligence, information gathering, human sources, electronics, signal intelligence that was done over a period of time — many, many weeks."

The New York Times (6/9, Filkins, Mazzetti, Oppel) reports, "What the Americans had always lacked was someone from inside Mr. Zarqawi's network, Al Qaeda in Mesopotamia, who would betray him — someone close enough and trusted enough to show the Americans where he was. According to a Pentagon official, the Americans finally got one." The official "said that an Iraqi informant inside Al Qaeda in Mesopotamia provided the critical piece of intelligence about Mr. Rahman's meeting with Mr. Zarqawi. The source's identity was not clear — nor was it clear how that source was able to pinpoint Mr. Zarqawi's location

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without getting killed himself." A Jordanian official "close to the investigation said the mission that killed Mr. Zarqawi was a joint operation conducted by the Americans and Jordanian intelligence. The source inside Mr. Zarqawi's group, the Jordanian official said, had been cultivated at least in part by Jordanian intelligence agents."

The Washington Times (6/9, Scarborough) reports that after identifying Zarqawi's location, "An attack was planned, but with a twist. Commanders did not use ground troops because Zarqawi had eluded coalition forces before, having been tipped off that armored vehicles were headed his way. Commanders instead decided on a quick air strike, giving Zarqawi's lookouts no time to tip off the man responsible for thousands of deaths in Iraq."

The CBS Evening News (6/8, lead story, 2:55, Martin) reported, "The final moments of Zarqawi's violent life were played out in a remote farmhouse amid a grove of palm trees. Isolation, he felt, protected him from prying eyes, but in fact made him a sitting duck." Iraqi police "pulled his body from the rubble and cleaned him up for his final mug shot. Fingerprints proved who it was. There were six bodies in all, including a woman and child, possibly Zarqawi's wife and baby, and this man, Sheik Abn al-Rahman." While American "and Iraqi troops picked through the rubble, other soldiers were going after the rest of Zarqawi's network, raiding 17 of his safe houses in and around Baghdad. They'd been holding off on hitting these safe houses, because they didn't want to spook Zarqawi just as they were closing in on him. The US military says these raids have already yielded a treasure trove of intelligence."

NBC Nightly News (6/8, lead story, 4:05, Williams) reported, "Today, the US allowed the Iraqi prime minister to break this news to the world. A giant framed picture of the dead terrorist was shown and tonight a huge question remains." NBC (Engel) added, "Two US F-16 jets on patrol over Iraq like these were scrambled last evening as part of an intense six-week manhunt for Iraq's most wanted terrorist." When US Special Forces "confirmed Zarqawi was inside, they fired two 500-pound bombs. US military officials who swept the area after the attack say Zarqawi, Rahman, and four others were killed instantly."

US Military Says Al-Masri Likely Successor To Zarqawi. USA Today/AFP (6/9) reports US military officials said Zarqawi "would be succeeded by an Egyptian-born lieutenant known as Abu al-Masri." Maj. Gen. William Caldwell said, "It would probably be Abu al-Masri if you had to pick someone who would be the person that would try to occupy the position that Zarqawi had."

Zarqawi Called "Godfather" Of Terrorism In Iraq. The Washington Post (6/9, A1, Finer) reports in a front page story that US commanders and officials "have consistently called Zarqawi's al-Qaeda in Iraq organization the top threat to the country's security and made eliminating Zarqawi a priority. U.S. Ambassador Zalmay Khalilzad called him 'the godfather of sectarian killing and terrorism in Iraq.' Some outside analysts, however, have said U.S. officials have long overemphasized his role, which by their account further waned in recent months during a growing rift between Iraqi and foreign-born insurgents."

ABC World News Tonight (6/8, story 2, 2:50, Ross) reported, "Zarqawi was one of many insurgent leaders in Iraq. But at the age of 39, he became public enemy number one for the US in Iraq. And today, he was remembered as the godfather of terror. Zarqawi was a teenage street thug in Jordan. Sent to prison for petty crimes, before joining al Qaeda in Afghanistan in 1989. He achieved his prominence running al Qaeda in Iraq because what he did was so ruthless and provided dramatic pictures."

The CBS Evening News (6/8, story 5, 2:00, Dozier) reported, "Zarqawi claimed responsibility for some of the worst violence this country has seen, including the massive attack on the United Nations compound in 2003, hauntingly caught on film by a CBS cameraman at a press conference. Zarqawi also attacked Shiite targets, his stated goal to turn Sunni Muslims against Shiites and turn Iraq into a militant fundamentalist state. Zarqawi started the trend of grisly kidnappings and beheading, with American Nicholas Berg his first victim."

The New York Times (6/9, Gettleman) reports Zarqawi "was always something of a phantom, to the American military, to the Iraqi people he was supposedly fighting for and even to the men and women who grew up with him in his native Jordan." As the Iraqi "insurgency increased, American military officials increasingly blamed Mr. Zarqawi for the bloodshed. Military officials portrayed him as a global threat on the scale of Osama bin Laden and shared letters they say he wrote urging sectarian war in Iraq. However, several people who knew Mr. Zarqawi well, including former cellmates, voiced doubts about his ability to be an insurgent leader, or the leader of anything."

Zarqawi Said To Be First To Fully Exploit Internet For Terrorist Organizing. The New York Times (6/9,

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Shane) reports, "Over the last two years, Abu Musab al-Zarqawi established the Web as a powerful tool of the global jihad, mobilizing computer-savvy allies who inspired extremists in Iraq and beyond with lurid video clips of the bombings and beheadings his group carried out." Yesterday, the "electronic network that he helped to build was abuzz with commentary about his death, with supporters posting eulogies, praising what they called his martyrdom and vowing to continue his fight." The "flood of Web tributes, their tone more defiant than sorrowful, reached an audience that Mr. Zarqawi had greatly expanded. While other militants, from the Chechen separatists to Hamas Palestinians, had built Web sites to spread their message, Mr. Zarqawi and his aides were the first to take full advantage of the technology." Zarqawi's "Web propaganda generated and probably embellished his reputation in the Iraqi insurgency. But it also helped secure the Internet as a center of terrorist recruitment and instruction, partly supplanting the role of old Qaeda training camps in Afghanistan, according to counterterrorism officials and analysts."

Iraqi Parliament Approves Three Top Security Officials. USA Today/AP (6/9) reports Iraq's parliament "approved three key security officials Thursday. Their approval ended an impasse that had threatened Prime Minister Nouri al-Maliki's plan for Iraqi forces to gradually take over security from U.S. and other foreign troops." The three were "sworn in just minutes after al-Maliki in a separate event announced that U.S. forces had killed Abu Musab al-Zarqawi." Efforts to "install defense, interior and national security ministers had been held up by squabbling among the Shiite, Sunni Arab and Kurdish parties in the unity government that took office May 20." Iraq's new defense minister "is Gen. Abdul-Qader Mohammed Jassim al-Mifarji, a Sunni Arab," and the "other two ministers are from the Shiite majority: Interior Minister Jawad al-Bolani and Sherwan al-Waili, minister of state for national security."

Maliki Outlines Plan For Democratic Iraq. In a Washington Post (6/9) op-ed, Iraqi Prime Minister Nouri al-Maliki writes, "The completion of the national unity government Thursday in Iraq marks the starting point for repaying Iraqis' commitment to and thirst for democracy. He writes that Iraq's national unity government will pursue "an uncompromising agenda to deliver security and services to the Iraqi people and to combat rampant corruption." Maliki writes, "Iraqis have elected a national unity government that will always put national interests ahead of sectarian or ethnic agendas. This government will support the judiciary in relentlessly pursuing the murderers and kidnappers who have blighted Iraqi society. With the help of the international community and regional partners, we will be able to defeat the terrorist groups in Iraq." Maliki promises that his government will "persevere to make Iraq a prosperous democracy."

Little Chance Seen That US Will Reduce Troops Levels To 100,000. The New York Times (6/9, Shanker, Sanger) reports senior Administration "and military officials now acknowledge that there is little chance the United States can reach the milestone of reducing American troop levels in Iraq to 100,000 by December, a goal that earlier in the year had seemed within reach." The subject "of future troop levels is certain to be an important part of President Bush's two-day war cabinet meeting, which will start Monday at Camp David." In preparation, military planners "in Iraq and at the Pentagon have been refining troop-rotation proposals that, in the best case, would reduce levels to 110,000 to 120,000 troops by the end of December, from current levels of about 130,000, administration and military officials said." Any decision "to delay the informal timetable of reducing American troops to 100,000 would signal that the field commanders responsible for securing and stabilizing specific regions across Iraq had prevailed in the military's intense internal discussions of the road ahead."

NATO Reaffirms Expansion Of Role In Southern Afghanistan. The New York Times (6/9, Gordon) reports NATO defense ministers meeting in Brussels "on Thursday reaffirmed their plans to expand the alliance's control of southern Afghanistan in the face of increased resistance by Taliban fighters and drug traffickers." NATO has been "progressively increasing the number of its troops and its reach in Afghanistan. That operation has emerged as a major test of the alliance's ability to respond to new security challenges far from Europe." The plans "for Afghanistan were a main subject at the meeting, which also dealt with plans to establish a NATO Response Force to deal with new crises, among other initiatives that are to be formally ratified when allied leaders hold a summit meeting in November in Riga, Latvia."

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US Releases 33 Afghan Detainees From Bagram Air Base. The New York Times (6/9, Gall, Khapalwak) reports the United States military "on Thursday released 33 Afghans from detention at Bagram Air Base and handed them over to the Afghan authorities." The detainees "were given some clothing and money by the Afghan authorities and freed as part of the country's reconciliation program." Several detainees "interviewed after their release complained of harsh treatment in a newly built wing of the detention center. They said there were frequent protests by detainees, which were sometimes put down with tear gas. They also said conditions in the old wing of the detention center were more bearable."

School Performance Of Military Children Falls. NBC Nightly News (6/8, story 12, 2:10, Williams) reported, "In many ways Killeen, Texas, is the ultimate company town. The company happens it's to be the US Army. Fort Hood, Texas, home of 3 Corps, the 4th Infantry, and the 1st Cav. The military is part of the fabric of so many lives there. It's very visible at the local high school where the students study away for finals while so many parents are away in the fight." NBC (Teague) added, "Take two steps through the front entrance of Shoemaker High School in Killeen, Texas, and the price of war becomes impossible to ignore. Seven gold stars hang above the doors, honoring seven parents killed in Iraq." For "most teenagers, simply going to high school is stressful enough, but imagine going to a school where almost 90% of the students have parents in the military and many of those parents are fighting overseas. Teachers say the stress leads to falling grades and disciplinary problems."

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SG Clement Lauded By Peers, Scalia. The Legal Times (6/9, Mauro) reports, "Paul Clement has been solicitor general of the United States for less than a year, so he was suspicious when he heard that Georgetown University Law Center's Supreme Court Institute wanted to honor him at its annual reception recently. It sounded valedictory, Clement said. … But judging by the accolades, Clement has substantial job security. Predecessor Theodore Olson said that Clement has already met a '24 karat gold' standard for advocacy. In the way of Washington, Clement was even praised by someone who was his adversary less than a month earlier: Georgetown professor Neal Katyal, who argued against Clement in the Guantánamo Bay detainee case of Hamdan v. Rumsfeld. … But the warmest words came from Justice Antonin Scalia, for whom Clement clerked in 1993 and 1994. Scalia said that Clement, who had shown his talents as deputy solicitor general before being promoted, was 'the sentimental favorite' among justices for the post. 'I am so glad he is solicitor general, because he makes my job easier.'" The Legal Times continues, "But Scalia mystified the audience somewhat by revealing one complaint he had about Clement: the black vest he wears to the Court with the customary swallow-tail morning coat as solicitor general. … Scalia insisted the vest should be a pearl gray, and he thought Clement had broken with tradition. … But the justice said he had the Court curator look up the history of the outfit, and, sure enough, Clement was right; black is the proper and traditional color for the SG's vest."

CORPORATE SCANDALS:

5th Circuit Frees Two Convicted Merrill Bankers Pending Enron Appeal. The Wall Street Journal (6/9, Koppel) reports, "The Enron Task Force was dealt a blow as the Fifth U.S. Circuit Court of Appeals released from prison two former bankers at Merrill Lynch & Co. who were convicted of fraud in 2004 for helping Enron Corp. artificially inflate its profit." The Journal continues, "The circuit ruled that Daniel Bayly, Merrill's onetime investment-banking chief, and Robert Furst, the Enron relationship manager for Merrill, could be released on bail while they appeal their fraud convictions in connection with a barge transaction." The Journal adds, "In 1999, Merrill invested in Enron electricity-generating power barges, allowing Enron to book $12 million in earnings. The government argued that because Enron guaranteed Merrill's profit in the deal, Enron had improperly booked the earnings and overstated its profit. Mr. Bayly was sentenced to 30 months in prison, while Mr. Furst received a 37-month sentence. … The court didn't reverse the convictions, but its ruling was a good sign for the defendants, lawyers said. 'It is hard to imagine why they would order defendants released from prison, unless the court was going to reverse their convictions,' said David Spears, who represents another former Merrill executive, William Fuhs, who also was convicted in the Enron barge matter and later released on bail by the Fifth Circuit."

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Ruling Gives Lay, Skilling Hope. USA Today (6/9, Farrell) reports, "There may be hope for Ken Lay yet. … A federal appeals court Thursday ordered two former Merrill Lynch bankers released from prison while they appeal their convictions in an Enron-related fraud case. They could be freed as soon as today." USA continues, "The 5th Circuit Court of Appeals' decision to grant bail to Daniel Bayly and Robert Furst indicates their 2004 convictions are likely to be overturned, say lawyers who have followed the case. … The decision has sparked hope among lawyers for former Enron CEOs Ken Lay and Jeff Skilling, convicted two weeks ago of conspiring to hide the company's financial condition from investors. Their sentencing is set for Sept. 11, and each faces more than two decades in prison." USA adds, "Mike Ramsey, Lay's lead attorney, said his client was 'elated by the news.' During the trial, Ramsey accused prosecutors of overreaching. … 'It means the 5th Circuit is taking the task force seriously, grading their papers seriously,' Ramsey said. 'They're looking seriously at their conduct, the way they investigated this case and their theories of prosecution.'" USA notes, "It wouldn't be the first reversal for the Enron Task Force. Last year, the Supreme Court overturned the obstruction of justice conviction of Arthur Andersen, Enron's former auditor."

Milberg Weiss' Expert Witness Feeling Pressure From Federal Prosecutors. The California Recorder (6/9, Scheck) reports, "As the star expert for the plaintiff firm Milberg Weiss, John Torkelsen became a legend for his ability to cap an all-night binge with a crack performance in a deposition the next morning. … But his latest hangover won't be so easy to shake. As Torkelsen gets ready to start a five-year federal prison sentence -- he pleaded guilty last year in a scheme to defraud the government of investment cash -- he's feeling the squeeze of L.A. federal prosecutors." The Recorder continues, "They indicted Milberg Weiss Bershad & Schulman and two of its name partners last month on charges of paying illegal kickbacks to clients, and sources close to the case say they're looking deeper into Torkelsen, hoping to generate new charges against the firm -- and to continue their pursuit of William Lerach, Milberg Weiss' former star partner, who now heads his own firm in San Diego." The Recorder adds, "While Torkelsen has long been of interest to the Milberg prosecutors, his presence could underscore plaintiffs lawyers' criticism that the prosecution is politically convenient for the Bush administration. Milberg Weiss is a huge Democratic booster and scourge of Republican supporters, and prosecutors' probe of whether Torkelsen used money from Milberg to make donations could add fuel to that argument. … Of course, like much else in the six-year Milberg probe, the prosecutors' focus is far from new: Torkelsen has long been accused by securities defense lawyers -- and the business press -- of essentially being paid on contingency. That's a particularly stinging charge, given his job was to establish the value of shareholder losses in suits, and since he and the lawyers who employed him told courts that he was paid an hourly rate. That criticism gained steam after a 1998 deposition by L.A. defense lawyer Marshall Grossman, in which Torkelsen admitted he received more than his hourly rate in some cases, and no payment in ones where Milberg didn't get fees."

Michaels Stores To Miss SEC Deadline Due To Stock Options Review. The Wall Street Journal (6/9, Maremont) reports, "Crafts retailer Michaels Stores Inc. became the latest company to report trouble with its past stock-options grants, saying it will be unable to file its latest quarterly report on time because the audit committee of its board of directors had initiated a review of its historical stock-options practices." The Journal continues, "The Irving, Texas, company, which operates more than 1,000 stores, said its board had started the review on a 'proactive basis,' due to media reports about problems with options-granting practices at other companies. … In a filing late yesterday, Michaels said the review was primarily focused on the period from 1990 to 2001. In a tacit admission that it might have serious issues, the company said during that period it had 'principally' granted options with exercise prices 'that generally preceded the date' on which the company's board had approved the grants by executing 'unanimous consent resolutions.'"

The Fort Worth Star-Telegram (6/9, Fuquay) reports, "Such options backdating, which frequently involves picking a day when the company's stock was at or near a low for the period, has become an issue for the SEC, Justice Department and Internal Revenue Service. The practice has the effect of maximizing the value of the options, which allow executives to buy shares of company stock at a set price. … More than two dozen public companies reportedly are being investigated. They include Affiliated Computer Services of Dallas, which on March 6 said the SEC was examining its

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options awards, and Caremark Rx, which has a Fort Worth pharmacy operation."

Cyberonics Latest Company Accused Of Stock Option Violations. The New York Times (6/9, Feder) reports, "New accusations of corporate stock option abuse were leveled yesterday, this time against Cyberonics, a medical device maker that is no stranger to controversy." The Times continues, "The company's board approved stock option grants for top executives one evening in June 2004, a few hours after receiving positive news about the regulatory prospects for a promising product. When trading began the next morning, Cyberonics shares soared, and along with them, the value of the options." The Times adds, "Yesterday, Cyberonics shares plunged nearly 16 percent when trading began, after Amit Hazan, a device industry analyst for SunTrust Robinson Humphrey, published an investor advisory about his concerns over the timing of those stock options, which were granted to Robert P. Cummins, Cyberonics' chairman and chief executive, and two of his lieutenants. … The analyst's report criticized the option grant, saying it gave Mr. Cummins an instant paper profit of $2.3 million, and profit of $150,000 each for the other two executives, but did nothing for other shareholders. … Mr. Cummins and the company countered that because the option grant had been immediately reported to the public and that he and the other men had not yet exercised any of the options, there was no cause for controversy. By the end of regular trading yesterday, the stock had regained most of its losses, closing down 20 cents at $23.59."

CRIMINAL LAW:

Dixon Convicted Of Bribery, But Still Alleges Entrapment, Racism By FBI. In a widely-distributed story, the AP (6/9, Baird) reports former Tennessee State Sen. Roscoe Dixon "was convicted Thursday of extortion for taking payoffs from a fake company set up by the FBI to catch corrupt lawmakers. … After the verdict, Dixon told reporters he had been tricked by the federal government and the men who gave him money. Dixon, who is black, also said the charges were an attempt to weaken black political power in Memphis. He said he had not decided whether to appeal and refused to comment on whether he might cooperate with prosecutors to get a lighter sentence." The Memphis Commercial Appeal (6/9, Conley) adds that Dixon, "who contended he was set up by the FBI and former associates, said he was disappointed, but that he accepts the jury's verdict. He said he is prepared to 'take my medicine,' but vowed to 'resurrect myself from the ashes.' … He said the indictments have 'decimated the African-American power base in this community,' but that the setback would be only temporary." But US Attorney David Kustoff "said the evidence in the case was strong. 'The audio and video evidence, the testimony of the government's witnesses and Mr. Dixon's own statements proved beyond a reasonable doubt that the defendant broke the law and violated the trust that the public had entrusted him as an elected official of the State of Tennessee,' Kustoff said."

WPTY-TV Memphis (6/8) reports, "Even in defeat Dixon insists his conviction along with the indictments of other past and present lawmakers was entrapment on the part of the FBI. The now convicted Dixon believes it's an effort to break up the African-American Powerbase in Shelby County. … Federal prosecutors see it as laughable saying Dixon in his own words admitted to taking the money and pointed to the video evidence as proof. 'That is very compelling evidence,' said Tim DiScenza lead prosecutor for the US Attorney, 'I would think for a jury and it's compelling for us as we put the case together.' The question now, what message does this send others indicted. Leslie Ballen, whose client the Barry Myers the accused bagman, says this verdict should make others accused think twice about trial." WMC-TV Memphis (6/8) notes that the guilty verdict "is probably weighing heavily on the minds of four defendants still awaiting trial on Tennessee Waltz corruption charges. Political analyst Susan Adler Thorpe says, 'As long as it took the jury to come to that verdict it was a day and a half of deliberations tells an observer that the jury took its time and took each count very seriously.'"

The Chattanoogan (6/9) reports on the conviction and notes, "Republican gubernatorial candidate Sen. Jim Bryson said, 'When elected officials destroy the public trust they will be severely punished. That is why I led the effort to not allow indicted Sens. Bowers…and Crutchfield…to participate in the ethics special session. Gov. Bredesen was silent on that issue and he defended Sen. Ophelia Ford…when she was removed from the Senate due to a stolen election. Tennessee deserves a government worthy of the people of this state and that requires a governor willing to demand honest, ethical behavior from members of his own party.'"

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Former New Jersey Municipal Official Convicted Of Taking Bribes. The AP (6/9) reports, "A federal jury took about three hours to convict a former municipal official on corruption charges after hearing him brag to undercover FBI agents that he 'could smell a cop a mile away.' Raymond J. O'Grady, once an elected member of the Middletown Township Committee, was convicted of all five corruption charges he faced for taking of more than $10,000 in cash bribes." US District Judge William J. Martini "ordered O'Grady, who had been free on bail, be placed under house arrest until" his sentencing on Sept. 12. The AP notes, "O'Grady was among 11 current and former elected officials in Monmouth County who were arrested in February 2005 following a corruption sting operation." The New York Times (6/9, 1.19M) adds that O'Grady "was found guilty of accepting payments from undercover F.B.I. agents posing as vendors trying to obtain municipal contracts," and he "faces up to 71 months in federal prison."

The Newark Star-Ledger (6/9, Martin, 420K) notes that during the trial, "jurors watched and listened to FBI recordings in which O'Grady took $6,000 from undercover agents posing as contractors and another $2,000 that he believed was from a trucking company doing business with the county. … He was among nearly 20 public officials and contractors charged last year in FBI probes of corruption in Monmouth County. Several suspects have since pleaded guilty to charges, but O'Grady was the first to make the government prove its case before a jury." Assistant US Attorney James Nobile "said he hoped the verdict would send a message to not only the other defendants but 'anyone thinking of doing the kind of things that Mr. O'Grady did.'" The Asbury Park Press (6/9, Alexander) notes Judge Martini said that "the evidence in the case was overwhelming, and that O'Grady was a person 'who has no regard for the integrity of the system.' The judge said he did not believe O'Grady 'had any sense what he did was wrong.'"

New Jersey Agency Documents Subpoenaed In Ongoing UMDNJ Probe. The Newark Star-Ledger (6/9, Margolin, Sherman, 420K) reports, "Federal investigators have subpoenaed records from a powerful bistate agency as part of a widening criminal probe into a former administrator at the University of Medicine and Dentistry of New Jersey and a prominent state senator, according to two people who have been briefed on the case. The subpoena, served on the Delaware River & Bay Authority last month, seeks records relating to community contributions made by the DRBA, along with expense reports for agency Chairman Warren Wallace and documents related to legal work done by the firm of Sen. Wayne Bryant." DRBA Commissioner Gary Simmerman said yesterday, "I think they're just checking things to make sure they are legitimate. As far as I'm concerned, in this case, they are." The AP (6/9) notes, "Federal prosecutors in New Jersey and Delaware and an FBI spokesman would not comment on the ongoing investigation."

Suburban-Chicago Mayor Arrested On Bribery Charges. In a widely-distributed story, the AP (6/9, Robinson) reports, "Nicholas Blase, mayor of Niles for 45 years, was arrested as he left his house on his 78th birthday" yesterday, charged with "steering business to a friend's insurance agency in return for bribes over almost two decades. According to court documents, Blase threatened to withhold liquor licenses and business licenses from restaurant owners unless they bought insurance from the agency once owned by his late friend Ralph Weiner and now run by Weiner's sons." The Chicago Tribune (6/9, O'Connor, Keilman, 643K) notes, "Two insiders in the Weiner agency as well as an employee in Blase's law firm have provided crucial help to the FBI, the complaint states. Two of them secretly recorded conversations with the mayor. The Weiner agency secretly kicked back 20 percent of its commissions from Niles businesses to a shell company effectively controlled by the mayor, the charge alleges." The Tribune adds, "Len Reinebach, who tried without success to unseat Blase in the 2001 election, said he had heard rumors about business owners being pressured to buy insurance from a friend of the mayor's. He said he relayed the stories to the FBI that year, but never heard back from the agency. 'This was pre-[U.S. Atty.] Patrick Fitzgerald,' Reinebach said. 'They said, "You got proof? You got the goods?" I said, "No, I don't own a business. I know this from asking around."'"

The Chicago Sun-Times (6/9, Korecki, Main, Herman) reports, "On his way out of court, Blase vowed to fight the charges and denied wrongdoing. When asked if he would step down as mayor he blurted out 'No' and later said: 'I'm going to stay in office. I haven't been convicted of anything.' Blase said he was truthful during an FBI interview earlier this week. 'Oh yes, as a lawyer you know that you have to tell the truth,' said Blase, whose law license will be at risk if convicted." The Skokie Review (6/9, Johnson, Schneider) notes, "The charges were filed after a 4 1/2 year FBI investigation," which "began based on complaints from Niles

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businesses, Shapiro said. 'We received information from people who believed they were being pushed to buy insurance they didn't need or want,' he said." The Des Plaines Journal (6/9), WBBM-TV Chicago (6/8, Hartman), WLS-TV Chicago (6/8, Meincke) and WMAQ-TV Chicago (6/8, Martinez) also report on Blase's arrest.

Sorich Lawyer Criticizes Circumstances Of FBI Interview With Daley. The Chicago Tribune (6/8, Bush, Mihalopoulos, 643K) reports , "The FBI has conducted more than 1,000 interviews during its investigation of Mayor Richard Daley's administration, but Daley alone had a court reporter present to transcribe his statement to investigators, an FBI agent testified Thursday. … The content of that interview has not been made public, but Daley's arrangement with prosecutors became an issue Thursday in the trial of Daley's former patronage chief Robert Sorich and three other former city officials." FBI Special Agent John Hauser testified former Streets and Sanitation Department Managing Deputy Commissioner John Sullivan "told federal investigators that he did not know about preferential treatment in hiring for members of HDO and the other pro-Daley group, led by Streets and Sanitation official Daniel Katalinic. On cross-examination, Sullivan's attorney, Cynthia Giacchetti, said her client, unlike Daley, did not have the benefit of a verbatim transcript of his three question-and-answer sessions with the FBI. 'He never asked for it ahead of time, and that's what makes it different from Mayor Daley's interview,' Hauser said."

The Chicago Sun-Times (6/9, Warmbir, Korecki) reports on Giancchetti's criticism and notes, "While the defense suggested that prosecutors gave Daley a concession, that would seem to run contrary to an earlier defense suggestion that prosecutors want to unseat Daley. Daley did get benefits by testifying in a deposition-style setting rather than the grand jury. … But the investigators who interviewed Daley -- assistant U.S. attorneys Patrick Collins and Barry Miller and FBI agent John Hauser -- also would appear to get advantages as well. The investigators got a sworn statement from Daley," and "such a document is much more difficult to attack by a defense attorney if the matter ever came to court."

Defense Lawyer Claims Prosecutors Trying To Isolate, Intimidate Fumo Aide. The Philadelphia Inquirer (6/9, Shiffman, 423K) reports, "A lawyer for a former aide to State Sen. Vincent J. Fumo complained yesterday that prosecutors have sought to intimidate and isolate his client, cutting him off from a network of friends and colleagues as a condition of bail." Leonard Luchko "is prohibited from speaking to four dozen people who are witnesses or suspects in the FBI's wide-ranging investigation of the Philadelphia Democrat and a South Philadelphia charity, Citizens' Alliance for Better Neighborhoods." Defense Lawyer James C. Schwartzman said yesterday, "It's just not done this way. What the government is hoping to gain, I don't know." Expressing outrage about Luchko's arrest, Schwartzman added, "I made it clear to the government for 18 months, that with a phone call, I would bring him in. Instead, they made a show for the public and perhaps for the fear factor."

State Senate Paying Legal Fees Of Subpoenaed, But Not Indicted, Employees. The Philadelphia Daily News (6/9, Hinkelman) reports, "State taxpayers may have been picking up the legal tab for the state Senate employees who have been subpoenaed in the federal grand-jury probe of Sen. Vincent Fumo. Senate Chief Clerk W. Russell Faber said yesterday 'legal representation [paid by the Senate] is available' for employees who testify before the grand jury." However, "Faber said the state Senate doesn't pay legal bills for employees who are charged with a crime or are targets of the probe."

Florida Prisons Suspend Contract Of Vendor Raided By FBI. The AP (6/9) reports, "The Florida Department of Corrections suspended the contract Thursday of a company which sells snacks and drinks to people who visit Florida prisons on weekends after state and federal agents raided its offices. Agents seized business records of American Institutional Services and were at the company all day Wednesday, FBI spokesman Jeff Westcott said Thursday. There were no arrests and the search warrant remains sealed, he said." The AP notes, "The FBI and the Florida Department of Law Enforcement are continuing a two-year investigation into the Corrections Department. The investigation led to the ouster of Secretary James Crosby in February and several other key administrators have lost their jobs after James McDonough took over as interim secretary." The Miami Herald (6/9, 323K) also reports on the contract suspension in "Florida Briefs."

Gubernatorial Candidates Returning AIS-Connected Political Contributions. The Miami Herald

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(6/9, Reinhard, 323K) reports, "Two candidates for governor are returning donations from a prison contractor whose Gainesville offices were raided by the FBI. Democratic state Sen. Rod Smith said Thursday that he will send $2,500 back to American Institutional Services. Republican state Attorney General Charlie Crist said he will return $500. His GOP rival, state Chief Financial Officer Tom Gallagher, is considering what to do with a $500 donation from AIS President Edward Dugger." The St. Petersburg Times (6/9, Liberto) notes that the FBI raid "cast a shadow on the gubernatorial aspirations" of Smith. "Although Smith returned some campaign money associated with Dugger, his gubernatorial bid still stands to benefit from the longtime friendship between the two. Dugger's AIS is the top contributor, at $30,000, to a political committee supporting Smith's campaign."

Alleged Cuban Agent Bases Dismissal Motion On FBI Interrogation Transcripts. Under the headline "How The FBI Coaxed Cuba 'Confession'," the Miami Herald (6/9, Corral, 323K) reports lawyers for alleged Cuban agent Carlos Alvarez "are arguing that the indictment against Alvarez should be dismissed because 'he was promised that he would not be prosecuted so long as he provided government investigators with truthful information in response to their questions.' They want his confession thrown out." According to "declassified transcripts of the FBI's meetings" with Alvarez filed with the defense motion to dismiss, "the FBI peppered its interrogation with veiled threats and warnings. Alvarez wept as the FBI pressed him for more. 'Here, here, here,' an agent consoled Alvarez, 'everything is going to turn out fine. . . . There are no problems here. . . . Nobody will know that you spoke with us.'" The Herald adds, "FBI spokesman Michael Leverock said Thursday he could not comment on an ongoing case. … After reviewing the transcripts, some legal observers believe the FBI was employing techniques to try to flip Alvarez to cooperate and turn in his alleged Cuban intelligence handlers."

Pennsylvania Attorney Indicted On Embezzlement Charges. The Legal Intelligencer (6/9, Duffy) reports, "An Allentown, Pa., lawyer was indicted Thursday on charges of embezzling more than $1.5 million from the heirs of estates he was handling and real estate clients by transferring their funds to his own personal bank account -- sometimes forging his clients' signatures on checks." The LI continues, "Prosecutors claimed attorney Michael D. Kasprenski, 43, used some of the stolen money to buy a vacation home in Nova Scotia and to pay boarding costs for his horse. … The indictment charges Kasprenski with 11 counts of wire fraud, nine counts of mail fraud, one count of bank fraud and three counts of filing false federal income tax returns." The LI adds, "In addition to his law practice, Kasprenski was president of Turtle Abstract Co. and a sales agent for Lawyers Title Insurance Corp. The 20 instances of alleged embezzlement charged in the indictment range from $8,000 to nearly $500,000. … Kasprenski was arrested in February and was ordered to undergo a psychiatric evaluation by U.S. Magistrate Judge Arnold C. Rapoport. According to Kasprenski's lawyer, John J. Waldron of Huber & Waldron in Allentown, Kasprenski was found incompetent to stand trial. … Since then, Assistant U.S. Attorney Seth Weber and Waldron have filed several joint motions asking for extensions of the ordinary 30-day time limit in which to file an indictment. … In an interview Thursday, Waldron said Kasprenski is currently free on bail and living at home but is undergoing 'competency restoration' treatment with a psychiatrist and a psychologist. Waldron said he couldn't comment on the charges or any possible defenses because he has been unable to work with Kasprenski due to his psychiatric problems."

Bulger Associate Testifies FBI Handler Never Asked About Murders. The Boston Globe (6/9, Murphy, 484K) reports that at the "$50 million wrongful death suit filed against the federal government by the family of John McIntyre" yesterday, "convicted killer Stephen 'The Rifleman' Flemmi testified…his FBI handler," John J. Connelly "never asked him or fellow informant James 'Whitey' Bulger if they killed anyone. And they didn't tell." The Globe adds, "Another former Bulger associate-turned-government witness, Kevin J. Weeks, took the stand yesterday and corroborated Flemmi's testimony. Weeks, now free after serving five years in prison for his role in five murders, including McIntyre's, said Connolly warned Bulger that 'one of the two people that were stopped coming off the Valhalla was cooperating.'" Meanwhile, the Boston Herald (6/9, Sweet, 220K) reports that Weeks "said he turned on his crew because his bosses bedded down with the FBI," and the Herald notes, "The gruesome memories of the former legbreaker and corpse-remover are being used against the FBI in a wrongful-death trial intended to make the feds pay for

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the very first time for letting Bulger and Flemmi get away with murder."

Virginia Governor's Decision To Delay Execution Sparks Criticism. The Washington Post (6/9, A1, Rondeaux, Shear) reports that Virginia Gov. Timothy M. Kaine (D) "delayed the execution of triple-killer Percy Levar Walton yesterday, a move that political adversaries said renews questions about the governor's commitment to enforce the death penalty. In a statement issued a little more than an hour before Walton's scheduled execution, Kaine said he would conduct an independent inquiry to determine whether Walton is too mentally ill to be put to death. 'Due to the history of judicial concern about his mental status, the claims in Walton's clemency petition are entitled to serious consideration,'" Kaine "wrote, ordering a new execution date in six months. 'It would be imprudent to either proceed with the execution or grant clemency without further review.'" Kaine's "critics said the governor's decision to delay the execution is a slap at the judicial system that convicted Walton, sentenced him to die and later allowed that punishment to stand through years of appeals. 'During the campaign in 2005, a lot of people questioned the governor's commitment to enforcing the death penalty,' said Lt. Gov. Bill Bolling (R). '[Kaine's decision] is going to renew the debate about this governor's willingness to enforce the death penalty when it's clearly in order.'"

Virginia High Court Overturns Death Sentence. The Washington Post (6/9, A8, George) reports, "The Virginia Supreme Court yesterday threw out the death sentence of a man whose case had led to a federal ban on executions of the mentally retarded, in a decision that was widely seen as creating new areas of death-penalty law." The Post continues, "In its 24-page opinion, the court ruled that a jury should not have been told that Daryl Atkins had been handed a death sentence by an earlier panel of jurors. The disclosure, the court wrote, "prejudiced his right to a fair trial on the issue of his mental retardation." … The court ordered a new trial on the single question of whether Atkins, 28, is mentally retarded. His IQ has been measured at various times as 59, 67, 74 and 76. Atkins was convicted eight years ago in the carjacking and murder of Eric Nesbitt, 21, an Air Force mechanic."

The New York Times (6/9, Liptak) reports, "In 1996, Mr. Atkins, then 18, and another man abducted Eric Nesbitt, 21, an airman from Langley Air Force Base, forced him to withdraw money from an A.T.M. and then shot him eight times, killing him. Prosecutors have contended that the crime itself is evidence that Mr. Atkins is not retarded. … In yesterday's decision, the Virginia Supreme Court said the trial judge, N. Prentis Smiley Jr., of the York County-Poquoson Circuit Court in Yorktown, had made two mistakes in the trial, which was held last year and was limited to the question of whether Mr. Atkins is retarded. … Judge Smiley should not have told the jury that Mr. Atkins had been sentenced to death by another jury, the State Supreme Court ruled. 'In other words,' Justice Cynthia D. Kinser wrote for the unanimous court, 'the jury knew that, if it found Atkins mentally retarded, it would in effect be nullifying another jury's verdict.' … Judge Smiley's second error, Justice Kinser wrote, was to allow testimony from an expert witness who was unqualified."

Gillespie Testimony Sought In Phone-Jamming Suit. New Hampshire Democrats are asking a judge to force former RNC Chairman Ed Gillespie and other RNC operatives to answer questions under oath about a plot that jammed get-out-the-vote telephone lines on Election Day 2002. The AP (6/9) reports, "State Democratic Party officials say they are making deposition requests based on evidence from the criminal trial of former Bush campaign official James Tobin, of Bangor, Maine, who was sentenced last month to 10 months in prison on charges he helped plan the phone jamming. … Democrats are suing New Hampshire Republicans to find out how far up the chain of command the phone jamming plot reached, which tied up Democratic and a nonpartisan get-out-the-vote and ride-to-the-polls phone lines for more than an hour on Nov. 5, 2002, before Republicans called it off. The motion includes a request for White House phone and cell phone records."

North Dakota College Student Pleads Guilty To Child Porn Charges. The AP (6/9) reports, "A University of North Dakota student has pleaded guilty to distributing and possessing child pornography, the U.S. attorney says. James Russell Jackson of Grand Forks pleaded guilty on Thursday to one count of distribution of material involving the sexual exploitation of minors, and one count of possession of materials involving the sexual exploitation of minors, U.S. Attorney Drew Wrigley said. … Authorities said Jackson distributed child pornography over the Internet to an FBI undercover special agent," and "the FBI said it executed a search warrant for Jackson's dormitory

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room at the school and found hundreds of still images and videos of young children involved in sexually explicit conduct, many of which depicted 'sadistic and masochistic conduct.'"

Matalin To Host Fundraiser For Libby Defense Fund. The Wall Street Journal (6/9, Harwood) reports in its "Washington Wire" column, "Ex-Cheney aide Mary Matalin hosts $500-a-head June 20 reception for Libby's defense fund. A flier for the event says $5,000 co-hosts include former Commerce Secretary Don Evans, former Energy Secretary Spence Abraham, and Bush political ad-man Mark McKinnon."

Second Dancer's Statement Disputes Duke Rape Allegations. The New York Times (6/9, Wilson) reports, "A stripper at a Duke University lacrosse team party has contradicted statements by another dancer who says she was raped at the party, and by the detective who described the matter to a judge, defense lawyers said in a court filing Thursday." The Times continues, "The lawyers also said medical evidence did not support the charge of rape by the woman, a 27-year-old student and mother of two who worked for an escort service." The Times adds, "Three Duke students have been charged with rape, kidnapping and assault in the case. They have pleaded innocent. A preliminary court hearing is set for June 22. Benjamin W. Himan, the lead detective on the case for the Durham police, filed a sworn statement on March 23 with Ronald L. Stephens, a Durham County judge, saying the woman had been raped and assaulted for about 30 minutes. The affidavit led the judge to order 46 lacrosse team members to submit to photographs and DNA testing. … But documents in the court filing show that the second dancer, Kim M. Pittman, 32, of Durham, told the police on March 20 and March 22 that she had been with the woman who has said she was raped for all but five minutes of the night of the party, March 13, and that any accusation of sexual assault was 'a crock.' … Ms. Pittman has more recently said in news media interviews that she is not sure what happened." USA Today/AP (6/9) also reports this story.

Judge Denies Vatican's Motion To Dismiss In Sex Abuse Case. The AP (6/9, McCall) reports, "A federal judge has ruled that a sex abuse lawsuit against the Vatican can move forward with the claim that the Holy See bears responsibility for a priest who was transferred from city to city even though he was known to be a molester." The AP continues, "U.S. District Judge Michael Mosman said in his decision Wednesday that there are exceptions to the Foreign Sovereign Immunity Act, under which the Vatican is typically immune from the jurisdiction of U.S. courts. … Rejecting the Vatican's bid to dismiss the case, Mosman ruled that there was enough of a connection between the Vatican and the priest, who died in 1970, for him to be considered a Vatican employee under Oregon law." The AP adds, "No one has ever successfully sued the Vatican over molestation by Roman Catholic priests and some legal experts have dismissed such lawsuits as publicity stunts. … The lawsuit filed in 2002 by a Seattle-area man claims the Vatican, the Archdiocese of Portland and the archbishop of Chicago conspired to protect the Rev. Andrew Ronan by moving him from Ireland to Chicago to Portland despite a history of abuse. … In the ruling, Mosman noted that Ronan admitted to sexual abuse at the Archdiocese of Armagh in Ireland before he was moved to St. Philip's High School in Chicago, where he admitted to abusing three boys. Ronan was then placed at St. Albert's Church in Portland, where the plaintiff claims Ronan repeatedly abused him in the late 1960s."

LATimes Says Online Gambling Should Be Legal. An editorial in the Los Angeles Times (6/9) urges Congress to reject efforts to ban online gambling. The Times notes, "Doesn't the federal government have better things to do than try to block people from going online to make a wager on the Super Bowl or the Final Four?" The Times adds, "Legalizing online gambling and regulating the industry -- as Britain has done -- is the best way to toughen protections against gambling by minors, identify problem gamblers and ensure that online sites are more scrupulous than the back-alley bookie. … Moralistic members of Congress should not be allowed to thwart online freedoms. It's unlikely they will succeed anyway. The issue is whether Washington is to have any leverage over the burgeoning online gambling world, or whether that world will remain beyond the reach of U.S. law."

CIVIL RIGHTS:

FBI Probing Louisiana Inmates' Abuse Allegations. The Shreveport Times (6/9, Welborn) reports, "The FBI is investigating some Bayou Dorcheat Correctional Center inmates' claims that they have been mistreated at at the hands of the Webster Parish prison's

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warden, Sheriff Gary Sexton and the FBI confirmed today." The Times continues, "FBI investigators questioned inmates, prison staff members and Warden Steve Risner on Monday. Their report, when completed, will be submitted to the U.S. Justice Department for review, said Sexton, who was briefed by investigators Monday. … Meanwhile, the sheriff said he is standing firmly behind Risner. 'I'm running a prison, not a day-care center. I stand behind (Risner) 365 days, and we'll go to court 365 days if we have to.'" The Times adds, "FBI Senior Agent Mike Kinder is uncertain how long the investigation initiated this week will take. 'We're looking into it to see if allegations are credible or not.' Allegations came from 'several inmates,' he added. … The inquiry stems from inmates who allege their civil rights were violated when they were sprayed with chemical mace and another inmate claiming he was shot with the Taser, Sexton said."

Senate Blocks Bill Giving Hawaiians Native American Status. The AP (6/9, Abrams) reports, "The Senate on Thursday dashed efforts to give native Hawaiians some of the same powers of self-governance granted to American Indians. Critics argued that the measure could lead to race-based privileges in a state known for its diversity." A procedural vote "fell four short of the 60 votes needed to keep the bill on the Senate floor. With that, the legislation, promoted by Sen. Daniel Akaka, D-Hawaii, over the past seven years, was effectively dead for this session of Congress." The vote was "56-41 in favor of proceeding with the Native Hawaiian Government Reorganization Act. All 41 no votes were cast by Republicans. Thirteen Republicans and one independent joined 42 Democrats in supporting further action on the bill."

The New York Times (6/9, Files) notes the Justice Department "sent a letter this week to the majority leader, Senator Bill Frist of Tennessee, saying that it opposed the bill because it went against the nation's tradition of assimilation and would divide people by race." The United States Commission on Civil Rights "voted last year to recommend that Congress not pass the bill, contending that it would 'discriminate on the basis of race or national origin and further subdivide the American people into discrete subgroups accorded varying degrees of privilege.'"

The Washington Times (6/9, Debose) reports "thirteen Republicans -- including, Sen. Jon Kyl of Arizona, one of the bill's chief opponents -- voted for a floor debate. Mr. Kyl would not elaborate on why he voted for cloture except to say, 'I made a commitment, and I honor my commitments.' Two Democrats, Sens. Charles E. Schumer of New York and John D. Rockefeller IV of West Virginia, did not vote." USA Today (6/9) also reports the story.

Krauthammer Says Gay Marriage Amendment Not Needed. Charles Krauthammer writes in the Washington Post (6/9, A23) that the Senate debate on gay marriage "revolved around the two possible grounds for the so-called Marriage Protection Amendment: federalism and popular sovereignty. Federalism. … Congress's Defense of Marriage Act (DOMA) explicitly prevents the state-to-state export of gay marriage. … The Marriage Protection Amendment is therefore superfluous. … Popular Sovereignty. Gay marriage is a legitimate social issue to be decided democratically. The problem is that imperial judges are legislating their personal preferences, striking down popular will and calling it constitutional law." Krauthammer adds that "there is no need (yet) to disfigure the U.S. Constitution with a policy amendment."

ANTITRUST:

House Passes Telecom Bill. The Wall Street Journal (6/9, Schatz) reports, "House lawmakers took a step toward the first major rewrite of the nation's telecommunications laws in a decade, approving a bill that makes it easier for phone companies to get into the cable-television business." The measure, which passed on a 321-101 vote, "establishes a national video franchise that would allow phone companies including AT&T Inc. and Verizon Communications Inc. to bypass local governments when seeking to offer pay TV service. It extends similar rights to cable companies." It also "authorizes the Federal Communications Commission to enforce "net neutrality" principles, which require Internet providers to allow consumers to use the Internet as they choose." The Washington Post (6/9, D2, Mohammed) calls the vote "a defeat for the cable industry." House passage "shifts attention to the Senate, where telecom analysts believe it will be harder to pass similar legislation this year."

CNET News (6/9, McCullagh) reports, "The U.S. House of Representatives definitively rejected the concept of Net neutrality on Thursday, dealing a bitter blow to Internet companies like Amazon.com, eBay and Google that had engaged in a last-minute lobbying campaign to support it."

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CNET continues, "By a 269-152 vote that fell largely along party lines, the House Republican leadership mustered enough votes to reject a Democrat-backed amendment that would have enshrined stiff Net neutrality regulations into federal law and prevented broadband providers from treating some Internet sites differently from others." CNET adds, "Of the 421 House members who participated in the vote that took place around 6:30 p.m. PT, the vast majority of Net neutrality supporters were Democrats. Republicans represented most of the opposition. … The vote on the amendment came after nearly a full day of debate on the topic, which prominent Democrats predicted would come to represent a turning point in the history of the Internet. … At issue is a lengthy measure called the Communications Opportunity, Promotion, and Enhancement (COPE) Act, which a House committee approved in April. Its Republican backers, along with broadband providers such as Verizon and AT&T, say it has sufficient Net neutrality protections for consumers, and more extensive rules would discourage investment in wiring American homes with higher-speed connections."

FTC Gives Antitrust Nod To Lucent-Alcatel Merger. The AP (6/9) reports, "Telecommunications equipment maker Lucent Technologies Inc. said in a regulatory filing Thursday that its $13.4-billion merger with France's Alcatel SA received antitrust clearance." The AP continues, "The Federal Trade Commission on Wednesday granted the companies early termination of the waiting period required under the Hart-Scott-Rodino antitrust law. … The transaction remains subject to additional customary regulatory and governmental reviews in the U.S., Europe and elsewhere, as well as the approval by shareholders of both Lucent and Alcatel and other conditions, Lucent said in a filing with the Securities and Exchange Commission." The AP adds, "Under the deal announced in March, shareholders of New Jersey-based Lucent will get 0.1952 Alcatel American depositary shares for each Lucent share held."

General Dynamics Receives FTC Approve For Anteon Buy. Dow Jones (6/9) reports, "General Dynamics Corp. received antitrust clearance from the Federal Trade Commission for its $2.2 billion acquisition of Anteon International Corp." Dow Jones continues, "The agency said Thursday that it granted early termination Wednesday of the waiting period required under the Hart-Scott-Rodino Antitrust Improvements Act. … As reported, Anteon will be combined with the General Dynamics Network Systems business unit to form a new organization known as General Dynamics Information Technology, which will be based in Fairfax, Va."

Microsoft Says It Offered Concessions In Adobe Dispute. InformationWeek (6/8, Ricadela) reports, "Microsoft said Wednesday it had offered multiple concessions to Adobe Systems, including shipping Adobe's Flash and Shockwave software with Windows Vista, to try to resolve their dispute over document formats." IW continues, "Adobe confronted Microsoft earlier this year over the planned ability for Microsoft's upcoming Office 2007 software to create files in the Portable Document Format, a technology Adobe developed. Adobe also complained about Microsoft's development of technology called the XML Paper Specification, a potential alternative to PDF, and its integration with the upcoming Windows Vista operating system." IW adds, "Microsoft agreed to remove functions for saving documents in PDF and XPS formats from Office 2007, due early next year, and to offer the features as separate downloads. The dispute became public last week when Microsoft's lead attorney said in a report in the Wall Street Journal that Adobe was preparing to file an antitrust lawsuit in Europe over the matter. … Microsoft has said publicly that in addition to agreeing to separate the PDF- and XPS-creation features from Office, it offered to give PC makers the choice not to include XPS viewing and printing technology with installations of Vista on their machines. The Vista operating system is due early next year. A Microsoft spokeswoman said Wednesday the company had also offered to ship Flash and Shockwave, which let PC users view multimedia files, with Vista."

Canadian Antitrust Regulators Clear Mittal Steel's Bid For Arcelor. AFP (6/9) reports, "Mittal Steel, the world's largest steel producer, said that Canadian antitrust regulators have given a green light to its bid to acquire European rival Arcelor. … 'Mittal Steel today announces that the Canadian Competition Bureau (CCB) has confirmed that it will not challenge the bid by Mittal Steel to acquire Arcelor,' Mittal said in a statement received here. 'This clearance is a further positive and important step towards the successful completion of Mittal's bid,' it said. Mittal added that the CCB clearance was 'unconditional'."

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AFP adds, "The company's 25.8-billion-euro (32.94-billion-dollar) bid for Arcelor has already been approved by European and US regulators. After the start of Mittal's offer to shareholders in Europe, Arcelor announced plans to acquire Russian steel producer Severstal in a bid to scupper Mittal's ambitions. … Executives from Arcelor and Mittal Steel are to meet for the first time between now and the weekend to discuss the unsolicited takeover bid, Arcelor had said Wednesday. But Arcelor has stressed that the meeting was to discuss a business plan submitted by Mittal detailing its future projects and insisted that the talks did not constitute friendly takeover negotiations."

Falconbridge, Inco Agree To Sell Norwegian Nickel Refinery. Bloomberg (6/9, Donville) reports, "Inco Ltd. and Falconbridge Ltd., seeking regulatory approval for the biggest mining merger ever, agreed to sell a Norwegian nickel refinery to LionOre Mining International Ltd. for $650 million in cash and stock." Bloomberg continues, "LionOre will pay $400 million in cash and $250 million in shares for the Falconbridge-owned Nikkelverk plant, Inco and Falconbridge, both based in Toronto, said today in a statement. The transaction is intended to address antitrust concerns of U.S. and European regulators, the companies said." Bloomberg adds, "Colin Steyn, LionOre's chief executive officer, said in an interview the purchase of the Norwegian refinery would raise his company's 2006 per-share earnings by as much as 45 cents. LionOre last year had earnings from continuing operations of 29 cents a share, according to Bloomberg data. … Inco has offered C$19.1 billion ($17.1 billion) in cash and stock for Falconbridge to create the world's largest nickel producer and one of the biggest in copper. Inco rejected an unsolicited takeover offer by Teck Cominco Ltd., and Falconbridge has turned down a hostile bid by Xstrata Plc. Both rival bids are still pending."

Cathay Pacific To Gain Control Of Dragonair. The Wall Street Journal (6/9, Stanley, Santini, Ng) reports, "Cathay Pacific Airways said it has reached an 8.22 billion Hong Kong dollar (US$1.06 billion) deal to buy out Hong Kong Dragon Airlines, in a deal that will give it control of a smaller Hong Kong counterpart and an unmatched presence in mainland China's booming aviation market." The Journal continues, "Cathay will buy the 82.2% of Dragonair that it and Cathay parent Swire Pacific Ltd. don't already own by taking over shares held by two mainland companies and a small minority shareholder stake. Cathay said it would pay Dragonair holders HK$820 million in cash, with the rest funded by new Cathay shares.Chinese flag carrier Air China will take a 17.5% stake in Cathay, while Cathay will double its 10% stake in Air China to 20%." The Journal adds, "The deal, completed after 18 months of negotiations, combines Cathay's strengths in premium long-haul service with Air China's dense domestic network. … Cathay and Air China will operate 'essentially as a joint venture' in China, according to one person knowledgeable about it. Air China and Cathay will share revenue and costs on all the routes where they and Dragonair overlap inside China. Air China will be responsible for sales and marketing in the mainland for all three carriers; Cathay will do the same in Hong Kong, Macau and Taiwan. Dragonair will remain an independent brand for six years. … Cathay and Dragonair also plan to establish a joint-venture cargo airline based in Shanghai. Air China will own 51%, and Cathay the rest."

ENVIRONMENT:

Judge Fines Detroit Metro Airport Authority For River Pollution. The Detroit Free Press (6/9, Ashenfelter) reports, "A federal judge on Thursday fined the authority that runs Detroit Metropolitan Airport $75,000 and sentenced the body to four years of probation for failing to report the dumping of 25 million gallons of polluted water in May 2001 into a drain that empties into the Detroit River." The Free Press continues, "U.S. District Judge George Steeh also ordered the Wayne County Airport Authority to build an $8.5-million sanitary sewer hookup so polluted water from one pond in particular that collects runoff from airplane deicing fluid in the winter can be sent to the Detroit Water and Sewerage Department for treatment. The project is well under way." The Free Press adds, "Steeh sentenced the authority under the terms of a plea agreement worked out by Justice Department lawyers Kris Dighe and James Morgulec and James Robinson, the authority's Washington D.C.-based lawyer. … The agreement also requires the authority to contribute $25,000 to the Friends of the Detroit River, a non-profit environmental group."

BP Receives Subpoena In Alaska Oil Spill Probe. The AP (6/9) reports, "British oil company BP PLC confirmed Thursday it had received a subpoena from a U.S. grand jury investigating a massive oil leak in Alaska." The AP

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continues, "BP blamed the incident at Prudhoe Bay field in March, the largest ever spill on Alaska's North Slope region, on a small hole caused by corrosion in a pipeline. … 'We are fully cooperating with the investigation and we are carrying out our own investigation into what caused the corrosion,' BP spokesman David Nicholas said. 'We believe that our actions were at all times proper.'" The AP adds, "Up to 267,000 gallons were believed to have spilled onto the frozen ground from a 34-inch diameter pipeline in the tundra about 250 miles above the Arctic Circle. … BP discovered and plugged the leak on March 2. … A report prepared by a team of BP and state investigators found that a pipeline leak-detection system sounded warnings on four straight days in the week leading up to the spill, but field workers interpreted the signals as false alarms."

Florida To Remove Manatee From Endangered Species List. The New York Times (6/9, Aguayo) reports, "The Florida Fish and Wildlife Conservation Commission voted unanimously on Wednesday to remove the Florida manatee from the state's endangered species list. The move is already creating controversy among environmental groups that say manatees will not get the protection they need. … 'The commissioners are very much being pressured by development interests and to some extent boating interests that depend on consuming Florida wildlife and habitat,' said Patrick Rose, a biologist with the Save the Manatee Club." The Times continues, "The commission voted 7 to 0 to reclassify the manatee as a threatened species. The reclassification means that while the species is still at a high risk of extinction, the commission no longer considers it to be in imminent danger." The Times adds, "On the federal level, the United States Fish and Wildlife Service is re-evaluating the manatee's designation in the Endangered Species Act. … The process to reclassify the manatee in Florida began in 2001, when boating and development groups began a campaign against restrictions intended to protect the mammals. Since then, scientists working for the commission and others conducted studies and reviewed literature before advising commissioners that manatees no longer meet the criteria for listing as an endangered species. … The decision was based on several factors, including an increase in the manatee population to more than 3,000 this year from about 1,000 in the late 1970's."

Appeals Court Ruling Allows Oregon Logging-Rights Auction. The New York Times (6/9, Barringer) reports, "A legal struggle over logging in two roadless tracts of a national forest in Oregon ravaged by fire four years ago is coming to a conclusion as logging rights on more than 400 acres will be auctioned off by the Forest Service on Friday." The Times continues, "A federal appeals court ruled Wednesday that the sale could proceed. The timber sales, on two small tracts inside 500,000 fire-blighted acres, would not usually attract much attention — and indeed, it is unclear how much demand there will be for the timber, most of which has been dead and prey to insects and rot for four years. … But Oregon has long been the central battleground for environmental groups opposed to any logging anywhere on the 500,000 acres." The Times adds, "The objection is that logging could set back the regeneration of the forest by damaging fragile new growth, and that it would set a precedent for logging in an area that, under the currently approved plan for the Rogue River-Siskiyou National Forest, was supposed to remain roadless. .. Opening a roadless area at a time when governors are still drawing up proposals to indicate their preferences for where roads should and should not be built in the federal forests, drew the governors of Oregon, Washington, California and New Mexico to oppose these two sales."

CDC Says States Should Aim To Contain Bird Flu. The AP (6/9, Donald) reports, "States preparing for a possible bird flu outbreak should focus on how to contain the virus because a vaccine will be unavailable for several months," the head of the Centers for Disease Control and Prevention said Wednesday. "Out of the starting gate there won't be any vaccine, it'll take some time," Dr. Julie Gerberding told the AP. "So we've got to look at old-fashioned ways of slowing the virus down," she added.

CDC Urged To Broaden Scope Of Seasonal Flu Vaccines To Combat Bird Flu. CQ Homeland Security (6/9, Berger) reports scientists and medical experts are calling on the CDC to "expand recommendations for who should be vaccinated against the seasonal flu this fall because of potential benefits against an outbreak of an avian flu pandemic." Robert Webster, an influenza specialist at St. Jude's Children's Research Hospital in Memphis, told congressional aides Wednesday that the "current vaccine that is available will give you some basic immunity from the (avian flu) virus." Curtis Allen, a CDC spokesman, said the advisory

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committee "will discuss later this month whether to expand the recommendations further."

Senate Seen As Unlikely To Debate New Energy Legislation Soon. CQ (6/9, Tollefson) reports, "There was a time when Republicans in both chambers were eyeing June as a showcase month for energy legislation, but those hopes are fading rapidly in the Senate." Although Republican leaders are "leaving the door open," CQ says, "don't look for them to bring a comprehensive energy bill to the floor anytime soon." Senate Energy and Natural Resources Chairman Pete Domenici, R-N.M., is "expected to hold hearings on some kind of bipartisan energy legislation this month, but even targeted measures are unlikely to move before the July Fourth recess."

Campaign Seeks To Increase US Energy Independence. The Christian Science Monitor (6/9, Knickerbocker) reports, "In Washington this week, a bipartisan group of lawmakers, industry leaders (including the three Detroit automakers), farm groups, governors, county officials, and environmentalists launched an effort to have the nation get 25 percent of its total energy from renewable sources by 2025." The proposal, which as been dubbed "25x'25," goes "well beyond what Congress and the White House have enacted so far, and it's likely to encounter environmental and economic speed bumps along the way," the Monitor says. Boosters believe "a critical mass of public support has developed that puts a strong political wind at their backs." Meanwhile, a recent poll by Public Opinion Strategies of Alexandria, Va., "shows that 98 percent see shifting to domestically-produced renewable energy sources as important for the country" with 74 percent agreeing that it is "very important."

Vermont Yankee License Review May Be Widened After 9th Circuit Decision. The Vermont Guardian (6/9, Avard, Casa) reports, "In earlier meetings with local groups, NRC officials said nuclear waste storage; emergency planning and existing problems at Vermont Yankee would be excluded from the review." However, a recent 9th Circuit appeals court decision "ordered the NRC to assess potential effects of a terrorist strike at the Diablo Canyon reactor near San Luis Obispo in the scope of an environmental review of dry cask storage at that plant." NRC environmental project manager for the VY application, Rick Emch, "said he didn't want to speculate as to how the 9th Circuit decision might affect the VY process," but "NRC environmental branch division chief Rani Franovich said the decision could have 'broad-reaching implications' for all licenses currently under review."

Ruling May Affect Skull Valley Storage Site Appeal. The Salt Lake Tribune (6/9, Fahys) reports that in the 9th Circuit Court of Appeals decision, the judges "Several times…mentioned the commission's arguments against undertaking a similar study for the proposed" Skull Valley Nuclear Waste Storage site in Utah – that a terrorist strike was too unlikely to be considered. The NRC "rebuffed Utah's requests to examine terrorist risks" three times. Now, "Assistant Utah Attorney General Denise Chancellor said Wednesday the commission's reasoning in both cases was identical, and she hinted that the Washington, D.C., appeals court judges now considering the state's appeal of the Skull Valley license might have a similar outcome."

Radioactive Water Spilled At Arkansas Nuclear One. The Arkansas Democrat-Gazette (6/9, Elliott) reports, "Between 500 and 1000 gallons of slightly radioactive water spilled from a pool inside Arkansas Nuclear One on May 30" after "a miscalculation…meant too much water was poured into a 'tilt pit.'" The overflow "was contained in the Russellville power plant and never endangered plant employees or the public." Still, Nuclear Regulatory Commission spokesman Victor Dricks said resident inspectors "will conduct a follow-up review in the next few weeks to look at what steps Entergy has taken to identify the cause of the spill."

FBI/DEA/ATF/USMS:

Maryland Man Charged In Plot To Bomb Abortion Clinic. The Baltimore Sun (6/9, Fuller) reports, "A Prince George's County man who authorities say was planning to attack an abortion clinic was arrested on charges of manufacturing an explosive device, a pipe bomb that detonated in a friend's house as authorities tried to disable it." The Sun continues, "Robert F. Weiler Jr., 25, who had a loaded gun at the time of his arrest, surrendered to police early Thursday at a Garrett County highway rest stop, authorities said. … Weiler was charged with possessing an illegal explosive device, making an illegal explosive device, illegally possessing a firearm with a previous felony conviction and possessing a stolen firearm." The Sun adds, "Police said

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that the target was a College Park abortion clinic and doctors who performed the procedures. … The bomb -- made with black powder, galvanized pipe, nails, seven feet of fuse and one-inch-diameter end caps -- was discovered in the closet of a friend's home in Riverdale and detonated about 3:30 a.m., after Prince George's police bomb technicians were unable to disable it, said Mike Campbell, a spokesman for the federal Bureau of Alcohol, Tobacco, Firearms and Explosives."

The Washington Post (6/9, B1, Klein, Rich) reports that Weiler "admitted planning the attack and also told investigators that he intended to 'shoot doctors who perform abortions,' according to a law enforcement affidavit." The Post continues, "Weiler, a convicted felon, was arrested at a rest stop in Western Maryland early yesterday and charged with unlawful possession of the pipe bomb and other offenses. He was expected to appear today in U.S. District Court in Greenbelt. … According to the affidavit, which was signed by two agents from the Bureau of Alcohol, Tobacco, Firearms and Explosives, authorities learned Wednesday that Weiler had told associates he planned to bomb an abortion clinic. As investigators pursued leads that evening, Weiler contacted them by phone, saying he was at the rest stop in Garrett County and wanted to surrender, the agents wrote. … Weiler also said he had concealed the pipe bomb at a house in the 5700 block of 67th Avenue in the Riverdale Heights area, agents Christopher Hermann and Matthew M. Baccio wrote."

The AP (6/9) reports, "Weiler was charged in U.S. District Court on four counts that included making a destructive device and possessing an illegal handgun. He was being held Thursday afternoon at the Garrett County Detention Center. … Weiler had earlier stolen money from his parents and told friends that he had a gun and bomb for his attack, according to the affidavit. On Wednesday night, some of those friends revealed his plans to the ATF and Prince George's County police. … After Weiler called the ATF later that night, Maryland state troopers arrested him without incident. In his car was the handgun and a magazine with ammunition."

Congress Suggests MLB Tests Players For Use Of Growth Hormone. The Washington Post (6/9, Bryant) reports, "Fifteen months after a seminal confrontation with Major League Baseball over its drug-testing policy, members of Congress expressed disappointment yesterday over the inability of the sport to deter the use of performance-enhancing drugs and suggested that baseball consider instituting regular blood testing of its players for human growth hormone. The reaction came two days after more than a dozen federal agents raided the home of released Arizona Diamondbacks pitcher Jason Grimsley, who federal investigators say admitted to using growth hormone, anabolic steroids and amphetamines and also implicated other major league players."

In the Wall Street Journal (6/8), Carl Bialik and Jason Fry write, "There was good news of a sort for baseball…Mr. Grimsley said he stopped using steroids after baseball put a new testing regimen in place, and his detailing of the amphetamine culture was past-tense. But that just puts HGH even more squarely in the spotlight: At this point urine tests won't detect HGH -- only blood testing has a chance to do that, and baseball's current testing plan doesn't include blood tests."

In the Arizona Republic (6/9), Joseph A. Reaves notes, "A now-famous affidavit by a federal agent that The Arizona Republic obtained this week has a troubling paragraph that begins: 'Grimsley stated that ...' The word after that is redacted, one of 29 black marks between pages 12 and 15 of the affidavit that have created a world of suspicion and angst."

Mike Lopresti writes in USA Today's sports section (6/9), "Baseball might be weary of its closets being explored for drugs, but clearly, the feds are not weary of looking."

USA Today (6/8, Nightengale) also reports MLB vice president Rob Manfred said, "Human growth hormone, however, is a problem for all sports because there is no universally accepted and validated test — either blood or urine. No governing body in any sport has ever been able to discipline an athlete for the use of HGH. Major League Baseball understands that its policy must continue to evolve to keep pace with scientific development."

For the AP (6/9), sports columnist Jim Litke writes, "Less important than who used performance-enhancers is how many, because it's the only way to begin gauging how much of the offensive barrage we just witnessed was simply better hitting through chemistry."

Former Companion Of Bonds Advised Not To Cooperate With Mitchell Investigation. The New York Times (6/9, Curry, Chass) today reports, "The lawyer for Kimberly Bell, Barry Bonds's former companion, told George Mitchell yesterday that she has been advised by federal authorities not to cooperate with Mitchell's investigation into

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steroid use in baseball because of 'the pending criminal proceeding.' While the lawyer, Martin Garbus, did not specify a proceeding, in all likelihood he was referring to the investigation of Bonds and the question of whether he committed perjury while testifying in the Bay Area Laboratory Co-Operative steroid distribution case. … Because federal investigators asked Bell to avoid Mitchell, it is a strong indication that they are actively pursuing perjury charges and possibly additional charges of financial malfeasance against Bonds."

More Heroin Overdoses Reported In Pennsylvania, 4 Arrested In Raid. The Pittsburgh Tribune-Review (6/9, Greenwood) reports two more people "died Thursday after overdosing on heroin, bringing the death toll in Allegheny County to at least eight since a potent strain of the drug hit the streets last week. Pittsburgh police raided two Hazelwood homes hours after the deaths, arresting four people and seizing 40 stamp bags of heroin and an alligator."

The Pittsburgh Post-Gazette (6/9, Silver) reports, "Police would not identify those arrested or indicate the charges pending against them, citing the integrity of their investigation into the source of the heroin that might have caused 48 overdoses, eight of them fatal, since Saturday. Narcotics Cmdr. Maurita Bryant said during a news conference that the stamp bags seized yesterday were marked differently from a batch called 'Get High or Die Trying' that has tested positive for the powerful painkiller fentanyl."

KDKA-TV, Pittsburgh (6/8) reports on its Web site, "The latest deaths make eight fatalities, among dozens of non-fatal overdoses in Pittsburgh and Allegheny County."

Local TV Coverage. WNPA-TV, Pittsburgh (6/8, 10:00 p.m.) reported, "Today is day six of the overdose outbreak in southwestern Pennsylvania, and that batch of lethal heroin continues to cause both concern and heartache in our area. This three foot alligator was one of the items seized when Pittsburgh narcotics detectives showed up at two homes on Flowers Avenue and Hazelwood, a neighborhood where police have been especially active because of two fatal and several nonfatal heroin overdoses in recent days. Four men were taken into custody."

WPXI-TV, Pittsburgh (6/8, 6:00 p.m.) reported, "More people dying to get high. Two more deaths, bringing the total to 10 on the deadly heroin. … Police arrested four possible heroin suspects in Hazelwood today. Seven have been arrested since last Friday."

WTAE-TV, Pittsburgh (6/8, 5:00 p.m.) reported, "New developments in the deadly heroin that's killing people. Today we learned of two more fatal overdoses. … Pittsburgh police led an army of law enforcement personnel to break up the distribution of heroin called Get High or Die Trying. … It is striking that two more heroin deaths were recorded today. Right now investigators with Pittsburgh police say the two deaths are not connected or at least the heroin found on the two people are not connected to that fatal batch of Get High or Die Trying."

Health Alert Issued About Heroin Mixture. USA Today (6/9, Leinwand, Keen) reports, "Nearly two months after unusually potent heroin began killing scores of people in Chicago and several eastern cities, the federal Substance Abuse and Mental Health Services Administration on Thursday issued an alert to rehab centers and addiction specialists. … Heroin sold illegally in the USA typically is diluted with common household substances such as sugar, flour, quinine or starch. The mixing of heroin with a powerful drug such as fentanyl is highly unusual, according to the federal Drug Enforcement Administration. The DEA is investigating whether a fentanyl lab in Guadalajara that was shut down last month by Mexican officials is linked to the deaths."

Overdose Suspected In Death Of Illinois Deputy Police Chief's Son. The Chicago Sun-Times (6/8) reports, "The son of a suburban deputy police chief was found dead in Chicago this week from an apparent drug overdose, and authorities are checking to see if his death is linked to fentanyl. … Six tin foil packets containing a white substance were found near his body, and the suspected drugs have been sent for testing, sources said."

WMAQ-TV, Chicago (6/8) also reported on the death of the deputy police chief's son.

DEA Lab Analyzing Heroin. On its Web site, WLS-TV, Chicago (6/8) reports, "Undercover agents from the Drug Enforcement Administration are now buying heroin off the streets of Chicago and other cities and bringing it back to this downtown lab for analysis. 'The heroin that's used on the street comes in very, very small amounts,' said Jim DeFranchesco, a DEA forensic chemist. Through his work and that of others, the feds have been able to trace some of Fentanyl back to a clandestine lab in Mexico. They also think

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it's possible that dealers are stealing legitimate supplies of the painkiller then using it to 'hype' their heroin."

WLS-TV (6/8) also has posted overdose statistics on its Web site.

The McKeesport (IL) Daily News (6/8) reports U.S. Attorney Mary Beth Buchanan said, "I'm astounded that there are people in this region whose addiction is so strong, they are willing to die just to get high."

Michigan Authorities Warn Public About Fentanyl-Laced Heroin. The Grand Rapids (MI) Press (6/8) says authorities are preparing for the possible arrival of fentanyl-laced heroin in Grand Rapids and are trying to head-off trouble by warning the public about it.

For Addicts, Fentanyl Possibly Easier To Obtain Than OxyContin. The Bluefield (WV) Daily Telegraph (6/8) reports the use of fentanyl "has been on the increase since intense media attention brought the OxyContin plague into the spotlight." It is possible fentanyl "is being used by hard-core addicts who have moved on to fentanyl from OxyContin because it may be easier to obtain."

Proposed End Of Army Support In U.S.-Bahamas Anti-Drug Effort Questioned. The AP (6/8, Anderson) reports U.S. lawmakers and Bahamian officials "say the proposed withdrawal of Army air support from a U.S.-Bahamas anti-drug effort could entice cocaine and marijuana smugglers to return to the islands and undo more than two decades of progress. … Defense Secretary Donald Rumsfeld, citing war needs elsewhere, said in a letter last month that he intends to withdraw seven Army Blackhawk helicopters and their crews from Operation Bahamas, Turks and Caicos _ known as OPBAT for short." Joshua Sears, the Bahamas' ambassador to the U.S. said, "The traffickers obviously would see that as a signal to increase their activity."

Officials Say Escaped DC Inmates Had Accomplice. The Washington Post (6/9, B4, Cauvin, Dvorak) reports, "It began as a remarkably executed escape. In a matter of minutes, Ricardo Jones, 25, and Joseph Leaks, 32, were racing across 19th Street SE and onto a Metro shuttle bus that took them across the Anacostia River. But within hours, authorities were closing in, thanks largely to a system kept by the D.C. Department of Corrections that records calls made by the jail's approximately 1,800 inmates." The Post continues, "Authorities listened to recordings in which at least one of the inmates talked in code about the escape plan, law enforcement officials said. Records of the calls eventually led them to a man they identified as Harold Hines, who appeared to be in on the plot, the officials said." The Post adds, "The role of Hines was among the new details to emerge about how Jones and Leaks engineered the escape and how they were caught the next day. Hines, officials said, got Leaks the Fairfax County motel room where he was found and arrested. .. Saturday morning, Jones and Leaks broke into the warden's unoccupied office, used a heavy-duty floor-buffing machine to smash the window and then slid down a canopy to flee the D.C. jail and Southeast Washington. … Less than 10 hours later, Hines showed up at the Virginia Lodge on Richmond Highway in Fairfax County, told an employee that he had a couple of friends who were going to need a room for the night and paid the $77.85 bill upfront. … It was probably the last Hines thought he would see of the Virginia Lodge. But early the next morning, he was back, and this time he wasn't alone. Federal marshals and other investigators had found Hines, along with Leaks's brother, and persuaded Hines to aid in their investigation by leading them to the motel."

Connecticut Drug Operation Nets 43 Arrests. The AP (6/9) reports, "A yearlong undercover investigation resulted in arrest warrants Thursday charging 43 people with dealing drugs in the borough of Naugatuck (CT)." The AP continues, "Thirty-six suspects were in custody. Five others were either already in prison on other charges or hospitalized, said police Lt. Robert W. Harrison Jr." The AP adds, "The undercover operation, dubbed 'Save Our Streets,' began last year after Naugatuck authorities noticed an increase in drug overdoses, and several drug-related deaths, he said. … 'Undercover police started making undercover buys and that led to these charges,' he said. … The investigation was conducted by Naugatuck and Waterbury police, the Waterbury state's attorney's office, the U.S. Bureau of Alcohol, Tobacco, Firearms and Explosives, U.S. marshals, the state Correction Department and the state Office of Adult Probation."

US Charges Two Illinois Men With Avoiding Tobacco Tax. The Daily Southtown (IL) (6/8, Hack) reports, "Two brothers from Burbank were arrested Wednesday on federal charges they sold truckloads of chewing tobacco, cigars and pipe tobacco here without paying the state's high excise tax." The Southtown continues,

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"Omar Dahla, 41, and Faride Dahla, 44 — who live in different houses in the 5700 block of West 83rd Street — were charged along with a third brother, Samer Dahla, of Lakeland, Fla." The Southtown adds, "According to federal authorities, the brothers ran a wholesale tobacco distribution business called United Brothers Five — which operated an office and two warehouses in Bedford Park — as well as another tobacco distribution business in Florida. They're accused of buying products classified as 'other tobacco products,' which doesn't include cigarettes and importing them to Illinois. … Wholesale tobacco distributors are responsible for collecting an 18 percent excise tax from retailers and turning over the money to the state. The brothers are accused of 'grossly underreporting' taxable sales of their products to Illinois retailers."

IMMIGRATION:

FBI Arrests Border Patrol Agent On Smuggling Bribery Charges. The San Diego Union-Tribune (6/9, Soto, 353K) reports, "For the second time this week, a border inspector was arrested and charged with waiving smugglers into the country in exchange for bribes. Customs and Border Protection Inspector Richard Elizalda of Chula Vista was indicted Friday, along with seven other people, on conspiracy and other charges," and Inspector Michael Gilliland "was brought into San Diego federal court Wednesday on similar charges. … 'These inspectors betrayed the trust of their countrymen,' said Stewart Roberts, the second highest-ranking agent at the San Diego FBI office. He said Elizalda collected $500 to $700 for every immigrant he illegally allowed to enter the country and Gilliland charged $1,500 per smuggled alien." The Los Angeles Times (6/9, Marosi, 958K) adds, "This week's cases, though unrelated, underline continuing corruption at the ports of entry despite efforts to curtail it. … 'The amount of money is tempting for someone who is not an honest individual,' said FBI Special Agent Andrew P. Black, who supervises the Border Corruption Task Force." The AP (6/9, Hoffman) also notes SAC Roberts said, "In both cases the inspectors betrayed the trust of their countrymen by accepting bribes from illegal alien smuggling organizations."

GOP May Split Immigration Reform Into Two Phases. The White House Bulletin/US News reports, "Republican strategists have a new scenario for passing an immigration bill this year. What's being discussed by senior GOP leaders around Washington is a two-stage plan under which the House and Senate would agree on a tough border-enforcement measure, to be followed by a guest-worker program after the enforcement provisions are put in place." The details have "yet to be worked out but a senior Republican says, 'A two-stage approach is do-able. It depends on George W. Bush. He needs to have members of Congress into the Oval Office one on one, the old-fashioned way, to twist arms. The issue cuts 435 different ways. It's different in Arizona and New Mexico than it is in Minnesota. There are so many cross currents that we'll need not only presidential leadership but presidential wisdom.'" But House conservatives are "so dug in with their support for tough border security and their opposition to 'amnesty' that only a concerted effort by Bush can turn things around, the strategists say. But they add a two-stage process might be the answer."

The Wall Street Journal (6/9, Harwood), meanwhile, reports in its "Washington Wire" column, "Immigration debate drifts away from Bush. Even before [Rep.-elect Brian] Bilbray's tough talk helped him win San Diego House seat, lawmakers felt rising constituent pressure to crack down on border security. Republicans in both House and Senate mull possibility of passing security-only bill before midterm elections."

Powell Says Wall Won't Solve Illegal Immigration Problem. The AP (6/8) reports, "Former Secretary of State Colin Powell said Thursday that extending walls along the U.S.-Mexico border will not solve the problem of illegal immigration." Speaking at a business conference in Mexico City, Powell said that "a wall alone is not the answer." Powell also said that "any new barriers should include gates and other entrances to provide easy-access between both countries."

Immigrants Applying For Citizenship In Record Numbers. Immigrants nationwide are applying for US citizenship in record numbers in what the Wall Street Journal (6/9, Raghavan, Brulliard) calls "a move to protect themselves at a time of political uncertainty." Many immigrants "fear that laws could toughen, preventing them from becoming naturalized or from bringing relatives into the United States; others appear to be motivated by the chance to obtain more rights and boost their political clout through voting." The Journal adds, "Between January and April, immigrants filed 251,385 applications, an 18 percent increase from the same

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period last year, immigration officials said yesterday. They also report a record surge in petitions to sponsor relatives for residency, also up 18 percent for the time period."

Texas To Put Video Cameras Along Mexican Border. Texas Gov. Rick Perry has announced a $5 million plan to install night-vision cameras on private land along the US-Mexican border. Perry would also put the live video on the Internet, so that anyone who spots illegal immigrants can report it on a toll-free hotline. The AP (6/9, Caldwell) reports, "The plan marks a political about-face for Perry, a Republican seeking re-election, who has long argued that security along the state's 1,200-mile border with Mexico is strictly a federal responsibility. This week, he said cuts in federal homeland security funding, a rise in reports of border violence and the crossing of Mexican soldiers into Texas about two years ago have demonstrated that 'Texas cannot wait for Washington, D.C., to act.'"

Trevio Says Spanish Language Will Persist In US. Writer Marisa Trevio says in a USA Today (6/9) op-ed that the only common ground lawmakers have found in the immigration debate is that "the border must be secured and the insistence that English should be the national language. Though lawmakers suggest the English amendment would be symbolic, there is an unspoken hope that it would significantly alter the use of Spanish in this country." Trevio adds, "Even though English-only proponents are working toward the day when Spanish is rarely heard, they shouldn't hold their breath. … Proficiency might vary with each generation, but the need to keep Spanish alive will persist, no matter what is declared the national language."

TAX:

Senate GOP Falls Short In Effort Hold Up-Or-Down Vote On Estate Tax Repeal. NBC Nightly News (6/8, story 10, 0:35, Williams) reported, "The Senate today voted down an effort to abolish the estate tax, sometimes called the death tax, on inherited wealth. President Bush has already cut it, but those cuts are due to expire in five years. The vote today fell three senators short. Majority Leader Frist, who calls the tax unfair, says the Senate will vote on it again this year. Democrats said they'll oppose it again as a budget-busting giveaway to the wealthiest Americans."

The AP (6/9, Dalrymple) notes Senators "voted 57-41 to advance the bill, but that was three votes short of the 60 needed to overcome objections from a majority of Democrats and a pair of Republicans." Those opposed to the bill "said it would deliver an unwise tax cut when the government needed more money to balance its budget and to wage war." Republicans "staged the vote knowing they did not have the 60 votes to prevail on repealing the tax, a top priority of many GOP voters. Some of the tax's biggest critics had hoped they could attract a few extra votes by extending a cooperative hand to Democrats."

The Wall Street Journal (6/9, Mullins, Matthews) notes "two Republicans voted against the estate-tax repeal, Sens. Lincoln Chafee of Rhode Island and George Voinovich of Ohio. Four Democrats voted with Republicans: Sens. Max Baucus of Montana, Bill Nelson of Florida, Ben Nelson of Nebraska and Blanche Lincoln of Arkansas. Mr. Voinovich said that he didn't want to vote for further tax cuts at a time when the government is in deficit." The Democrats "voted for the legislation because they believe the estate tax unfairly punishes farmers and small-business owners."

Bloomberg (6/9, Donmoyer) reports Senate Minority Leader Harry Reid "said Republicans were focusing on a tax that affects less than 1 percent of the population while ignoring higher priority items such as gas prices, uninsured workers, a rising national debt, and an outdated minimum wage." The vote "leaves in question the fate of an alternative proposal championed by Republican Senator Jon Kyl of Arizona and Finance Committee Chairman Charles Grassley of Iowa that has gained some support from Democrats. That proposal would only tax estates valued at more than $10 million at rates of between 15 percent and 30 percent."

USA Today (6/9, Wolf) says that "by blocking repeal, most Senate Democrats and two Republicans dealt a blow to Bush's top domestic priority: making the tax cuts passed in 2001 and 2003 permanent," while the New York Times (6/9, Andrews) reports Republicans "are now debating whether to give up on their goal and attack Democrats in the coming midterm elections as obstructionists on a measure that they say has considerable support, or settle for a bipartisan measure that would stop short of eliminating the tax entirely."

The Washington Post (6/9, A6, Birnbaum) reports, "According to the staff of the congressional Joint Committee on Taxation, repealing the estate tax would cost the government $71.6 billion a year by 2015. The Treasury Department estimated the revenue loss at $65.8 billion that year. … Not many people are forced to pay the estate tax. According to the Internal Revenue Service, only 1.17 percent

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of people who died in 2002 left a taxable estate." The House, "acting at the urging of President Bush, has already voted overwhelmingly to permanently repeal the estate tax."

The Washington Times (6/9, Hurt) says Democrats "filibustered yet another attempt to eliminate the so-called 'death tax,' which Republicans say unfairly taxes already-taxed money and is crippling family farms and small businesses." Sen. Edward M. Kennedy "defended the tax as necessary to keep up with government spending." The Los Angeles Times (6/9, Simon) also reports the story.

WSJournal Criticizes Democratic "Flip-Floppers." The Wall Street Journal (6/9) editorializes, "The only two Republicans to oppose repeal were George Voinovich of Ohio and Lincoln Chafee of Rhode Island, who sometimes seems to want to lose his primary this year." But "special credit belongs to four Democratic Senators who voted against repeal yesterday after they'd run for office pledging the opposite. They are Evan Bayh of Indiana, who perhaps had in mind Democratic Presidential primary voters, not the home folks who elected him; Mary Landrieu of Louisiana; Mark Pryor of Arkansas; and Ron Wyden of Oregon. These flip-floppers voted not only to retain the tax but to increase it -- from zero in 2010 back to 55% in 2011 and forever after."

More Commentary. The New York Times (6/9) editorializes, "Any day in which the House or Senate refrains from doing something destructive is about as good as it gets in Washington lately. Yesterday, the Senate cleared that low bar when it rejected efforts to repeal the estate tax. The nation is at war and the budget is so wildly out of balance that the government cannot pay its bills without borrowing money from foreign investors. The idea that this is a good moment to repeal a tax on people who inherit multimillion-dollar estates is mind-boggling."

CONGRESS-ADMINISTRATION:

House, Senate Reach Agreement On Spending Bill For War, Katrina Recovery. The Washington Post (6/9, A6, Murray) reports, "House and Senate negotiators reached agreement last night on a $94.5 billion package to pay for Iraq war and hurricane recovery costs, after shaving numerous extraneous provisions that the Senate had wanted to stuff into the bill." The bill, which is "expected to reach President Bush's desk next week," would designate "$65.8 billion to the Pentagon to cover troop pay, provide recruiting incentives, buy new body armor and fund continued operations of the wars in Iraq and Afghanistan, among other items. Diplomacy projects in the region would receive $3.9 billion in new funding." The bill would also "provide $19.8 billion in hurricane relief, exactly what President Bush had requested, but nearly $9 billion less than the Senate had sought."

After Veto Threat, Final Product Lower Than Bush's Original Request. The Washington Post (6/9, A6, Murray) reports "some Republicans in the Senate, including Appropriations Committee Chairman Thad Cochran, who represents storm-ravaged Mississippi, had viewed the must-pass bill as an opportunity to address other pressing needs. The Senate bill wound up exceeding Bush's original $92.2 billion request by $14 billion." But "a White House veto threat dampened the mood, and Republican leaders in both chambers worried that the appearance of out-of-control spending could hurt them in the November elections. They touted the final product -- even lower than what Bush was willing to accept -- as a victory for their cause."

Bush Makes Pitch For Line-Item Veto. CNN's The Situation Room (6/8, Blitzer) reported, "President Bush made another pitch today that he and other future presidents should have the ability to make line-item vetoes. To make his point, Mr. Bush called in some of the nation's governors, many of whom do have such power in their own states."

Senate Approves Cox, Luddington Judicial Nominations. The AP (6/9) reports, "The Senate on Thursday confirmed Wayne County, Mich., Circuit Judge Sean Cox and Midland County, Mich., Circuit Judge Thomas Ludington to serve on the federal bench, ending a nomination process that had stalled for years." The Senate "unanimously approved both judges, who had stressed their respect for judicial restraint and legal precedent during a hearing before the Senate Judiciary Committee earlier this spring."

Schwab Confirmed As US Trade Representative. The AP (6/9, Crutsinger) reports, "Susan Schwab won Senate confirmation on Thursday to be President Bush's top trade negotiator." Schwab "was approved as the new US trade representative by voice vote. She succeeds Rob Portman, who was picked by the president in April to be the new White House budget director." The AFP (6/9) notes Schwab "said she was 'honoured.'"

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CBC Opposes Effort To Strip Jefferson Of Committee Post. The Congressional Black Caucus has opposed efforts by the Democratic leadership to strip Rep. William Jefferson of his committee post. The AP (6/9, Espo) reports that the Caucus "said the Louisiana lawmaker deserves a 'presumption of innocence.'" Jefferson "has not been indicted and has denied all wrongdoing in connection with a federal bribery investigation that has netted two convictions."

CQ (6/8, Ferrechio) reported that the CBC "thwarted House Minority Leader Nancy Pelosi's effort to oust embattled Rep. William J. Jefferson from the Ways and Means Committee. The House Democratic Steering and Policy Committee voted to recommend the involuntary removal of the Louisiana Democrat from the powerful tax-writing panel, but a rule challenge from the Congressional Black Caucus prevented a vote on the matter by the entire Democratic Caucus until next week."

The Los Angeles Times (6/9, Hennessy-Fiske) reports that efforts to oust Jefferson from his committee post appear "headed for a vote by all of the House's Democrats, setting up a debate over Jefferson, who is being investigated by federal officials in a bribery case. … Democratic rank-and-file members are expected to vote on the recommendation at a meeting likely to take place next week. Ultimately, a vote by the full House -- including Republicans -- would be required to force Jefferson from the committee."

Average Age Of Congress Rising. USA Today (6/9, Kiely) reports that the average age of members of the Senate in January 2005 "60.4 years old. That's the oldest it has ever been, according to the Senate Historical Office. The House's average age is 55, the oldest since at least 1949. The national median age in 2004 was 36.2."

Congress Said To Have Cleared Way For Foreign Control Of Domestic Airlines. One of the few non-Zarqawi stories to win broadcast time last night appeared on CNN's Lou Dobbs Tonight (6/8, 6:22 p.m.), with host Dobbs saying foreign investors "are poised to take over another crucial piece of American infrastructure. And again, the White House, the Defense Department, and Department of Homeland Security are doing absolutely nothing to stop it." CNN (Tucker) reported, "The outrage over foreign ownership of U.S. ports apparently taught many in Washington nothing. Congress has just cleared the way to give foreign investors functional control of domestic airlines, removing any roadblocks to the Department of Transportation's changing of a 65-year-old rule prohibiting foreign control of America's airlines. … How this would affect the Department of Defense's relationship with the airlines, which ferry troops and equipment in the time of war, is not clear. While the Department of Defense has verbally okayed the deal, the DOD has refused to put that okay in writing. And in the eyes of critics, it's one more industry where the United States is relinquishing its role."

38.7 Million Have Signed Up For Medicare Drug Benefit. The AP (6/8, Freking) reported, "About 11.5 million elderly and disabled people signed up for the new Medicare drug benefit by the May 15 enrollment deadline, bringing the number of beneficiaries with drug coverage to 38.7 million, officials said Thursday." Health and Human Services Secretary Mike Leavitt "said an analysis of the enrollment numbers showed that people chose plans that charged the lowest premiums -- $23 on average versus original estimates of $37. … The numbers are in line with what the Bush administration projected in January 2005."

Bush Approval Rating Rebounds to 33% In Harris Interactive Poll. The Wall Street Journal (6/8) reported on its web site, "President Bush's job approval rating rebounded in the latest Harris Interactive poll. Of 1,001 U.S. adults surveyed in a telephone poll June 2-5, 33% think Mr. Bush is doing an 'excellent or pretty good' job as president, up from 29% -- the lowest mark of his presidency -- in the previous poll conducted in May." The poll "was conducted before the death of Iraqi insurgent leader Abu Musab al Zarqawi. Following the capture of former Iraqi president Saddam Hussein, Mr. Bush's approval numbers climbed."

Nicholson Says Stolen VA Data May Have Been Erased. The AP (6/9, Yen) reports that Veterans Affairs Secretary Jim Nicholson said yesterday that stolen personal data for 26.5 million veterans and military personnel "may have been erased by teenagers who sold the computer equipment, Veterans Affairs Secretary Jim Nicholson said Thursday." Nicholson "explained that the burglary occurred in an Aspen Hill, Md., neighborhood in which there had been a pattern of thefts by young burglars who took computer equipment, wiped them clean of the data and then sold them on college campus or high schools. … Lawmakers were

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skeptical. They noted that the committee and the Government Accountability Office, Congress' investigative arm, had warned the VA for years that security was lax."

Measure Would Help Insurers Get Share Of Personal Injury Suits. The Wall Street Journal (6/9, Francis) reports that some lawmakers and employee advocates say a provision of the pension bill under negotiation right now "could make it easier for employers and health insurers to gain a share of money that workers win in personal injury suits. The House and Senate passed different versions of the pension legislation last year, and are negotiating to reconcile them, in a process expected to continue for weeks. The Senate bill doesn't include a similar provision on benefit-plan recoveries." The bill "would let insurers step ahead of injured employees when it comes to divvying up a legal settlement or judgment."

Panel Says Communication Policies Jeopardize Scientific Findings. An independent group of scientists that advises Congress and the White House says that inconsistent policies for communicating scientific findings to the public are jeopardizing the quality and credibility of government research. The New York Times (6/9, Revkin) reports, "The group, the National Science Board, examined the issue at the request of Senator John McCain, Republican of Arizona. Mr. McCain sought the review in February after Civil Service workers and scientists at the National Aeronautics and Space Administration and other agencies complained publicly that political appointees had interfered with efforts to discuss global warming and other controversial issues."

WPost Says Congress Should Regulate 527s. An editorial in the Washington Post (6/9, A22) says, "The independent political groups known as 527s are a new force in American politics." The FEC has "washed its hands of any attempt to write rules governing their behavior. Broad regulation, the FEC said, was 'inadvisable'; instead, it would rely on case-by-case adjudication of whether the 527s were so immersed in federal campaigns that they had to comply with campaign finance laws. Not surprisingly for anyone familiar with the glacial pace of FEC operations, that has resulted in almost no enforcement at all." The Post adds, "The FEC's foot-dragging underscores the need for congressional action on the subject, something Republicans are pushing and Democrats are fighting because of perceived partisan advantage."

OTHER NEWS:

White House Forecasts 3.6% GDP Growth In 2006. The Wall Street Journal (6/9) reports, "The White House raised its forecast for both economic growth and consumer-price inflation this year, while indicating both would be slower in 2007. … Inflation-adjusted gross domestic product is now expected to increase 3.6% this year, up two-tenths of a percentage point from the Bush administration's previous forecast, which was released in December. That would be a slight increase from the 3.5% expansion in 2005." GDP "is seen slowing to 3.3% next year and slowing slightly more in following years to a rate at or above 3% a year through 2011, according to the new White House forecast." For inflation, the White House "raised its forecast for overall consumer-price-index growth in 2006 by six-tenths of a percentage point to 3%, compared with 3.7% CPI growth last year."

The AP (6/9, Aversa) says "the upgraded forecast comes despite a rise in energy prices and mostly reflects the big growth spurt in the opening quarter of this year. 'We continue to see signs that the U.S. economy is strong,' Treasury Secretary John Snow said." The White House also "expects the jobless rate for all of 2006 to drop to 4.7 percent, compared with its previous forecast of 5 percent." But "in 2007 the rate would inch up to 4.8 percent and to 4.9 percent in 2008, according to the new forecast. Still, that would be better than the old forecast, which had the jobless rates in 2007 and 2008 at 5 percent."

US Stock Markets Mixed As Foreign Exchanges Drop. USA Today (6/9, Krantz) reports, "Stocks dodged a collision with another nasty down day Thursday after several major indexes fought off getting plunged into correction territory." The Nasdaq "ended the day down 6.48 points to 2145.32. … The Standard & Poor's 500 index closed up 1.78 points to 1257.93, even after being down nearly 21 points earlier in the session," and "the Dow Jones industrial average completely reversed its early-day decline of 173 points to rise 7.92 points to 10,938.82. The Dow is up 2.1% this year." NBC Nightly News (6/8, story 11, 0:15, Williams) also noted the US stock numbers, noting major indexes "finished narrowly mixed."

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The Financial Times (6/9, Guha, Brown-Humes, Tassell), meanwhile, says "global markets plunged on Thursday as central banks around the world lined up to raise interest rates amid mounting concern over inflation and growth. … The European Central Bank as well as banks in South Korea, India, Denmark and South Africa, all increased rates." The Washington Post (6/9, D1, Masters, Henderson) headlines a similar story "Global Markets Suffer A Hit," while the Wall Street Journal (6/9, Browning) titles its report "As Foreign Stocks Slide, US Holds Ground."

Household Debt Up In First Quarter 2006. The Wall Street Journal (6/9, Conkey) reports, "American households increased their borrowing in the first quarter a bit faster than they did in the fourth quarter, but a robust economy and rising home values led to a gain in net worth, quarterly data from the Federal Reserve show. Despite expectations that consumers would begin to scale back borrowing, household debt grew at an 11.6% annual rate in the first quarter, up from 11.1% in the fourth quarter." Mortgage debt "rose by more than $250 billion during the period." The Journal adds, "Many economists thought household borrowing would decline in the first quarter because of rising interest rates, which make mortgages, home-equity lines and other loans more expensive"

DC Sues InPhonic Over Restrictive Rebate Procedures. The Washington Post (6/9, D4, Shin) reports, "The D.C. attorney general is suing InPhonic Inc., accusing it of failing to deliver on rebates after the District-based retailer of wireless services and cellphones racked up more than 2,000 consumer complaints over the past three years." The Post continues, "In a suit filed yesterday in D.C. Superior Court, the attorney general's office alleges the company imposes 'unusually restrictive conditions' on its rebates, making it 'difficult or impossible' for consumers to obtain them. … In addition, some consumers who contacted the company for assistance in obtaining rebates were routed to automated messages or to live representatives who were not helpful, the complaint said." The Post adds, "As a result of such policies, a majority of consumers who purchase wireless phones and plans through InPhonic either 'never receive the advertised rebates' or are able to secure them only after following 'onerous procedures,' the complaint said."

Frustrated Judge Orders Lawyers To End Squabble With Child's Game. The New York Times (6/9, Liptak) reports, "Fed up with the inability of two lawyers to agree on a trivial issue in an insurance lawsuit, a federal judge in Florida this week ordered them to 'convene at a neutral site' and 'engage in one (1) game of "rock, paper, scissors"' to settle the matter." The Times continues, "Childish lawyers are commonplace, but the use of children's games to resolve litigation disputes is apparently a new development. The judge, Gregory A. Presnell of Federal District Court in Orlando, wrote that his innovation was 'a new form of alternative dispute resolution.'" The Times adds, "The proximate cause of Judge Presnell's ruling, issued Tuesday, was a motion saying the two lawyers in the case could not agree about where to conduct the deposition of a witness. The choices were the building where they both work, four floors apart, or a court reporter's office down the street. … Judge Presnell's order indicated that deciding such things was not part of the job of a federal judge. Still, wary that the lawyers would start a new battle over where to conduct the rock-paper-scissors showdown, Judge Presnell gave them a default site: the front steps of the federal courthouse in Tampa. … That will not be necessary, said David J. Pettinato, a lawyer for the plaintiff. He and his adversary have agreed to meet on June 30, Mr. Pettinato said, at 'an undisclosed location.'"

Federal Judge Benefits From Connections To Old Friend. The Los Angeles Times (6/9, Goodman, Rempel) runs a lengthy investigative piece on US District Judge James C. Mahan and his relationship with businessman George Swarts. The Times reports, "Without help from a friend, James Mahan might never have become a Las Vegas state judge. Certainly he wouldn't have gotten one of the top judicial jobs in town: a lifetime appointment to the federal bench. … Then again, without Mahan, his friend George Swarts would never have gotten to run an Internet porn business, a hotel-casino hair salon or a Southern California software company. Indeed, the careers of Judge James C. Mahan, 62, and his friend George C. Swarts, also 62, whom he appointed again and again as a receiver to manage troubled businesses, might be the ultimate example of how juice replaces justice in Las Vegas courtrooms." The Times continues, "In this town, people speak reverently of having juice, or an 'in,' and Mahan — bearded, likable but sometimes caustic — has made it a striking feature in his courtroom. First as a state judge and now as a federal judge, he has approved more than $4.8 million in judgments and

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fees during more than a dozen cases in which a recent search of court records found no statement that he disclosed his relationships with those who benefited from his decisions." The Times adds, "On the state bench for three years, and since his appointment as a U.S. District Court judge four years ago by President Bush, Mahan has approved many of these fees for Swarts, a certified public accountant who had served as his judicial campaign treasurer and whose political connections got him appointed. Mahan approved additional fees for Frank A. Ellis III, 51, a former law partner with whom the judge still owned property and participated in a profit-sharing plan. Ellis also provided free legal services for Mahan's family and for his executive judicial assistant. … Mahan, like a number of Las Vegas judges, has taken on cases despite state and federal prohibitions against such apparent conflicts. Some Las Vegas judges have ruled in cases involving their friends, even those to whom they owe money."

Panel Calls For Guaranteed Health Care By 2012. A non partisan advisory panel created by Congress has recommended that the federal government guarantee a core set of health benefits for all Americans by 2012. The Los Angeles Times (6/9, Alonso-Zaldivar) reports that the recommendation is notable because "the legislation that created the 15-member Citizens' Health Care Working Group requires the president to comment and five congressional committees to hold hearings." The recommendations "call for immediate and long-range changes. In the near term, all Americans should have protection against catastrophic healthcare expenses, either through a government program or a private insurance plan, the panel recommended."

DeLay Touts Principled Partisanship. The AP (6/9, Gamboa) reports, "Former Majority Leader Tom DeLay, bowing to legal and ethical troubles, said goodbye to the House on Thursday with a parting shot at his liberal opponents. Some Democrats walked out during the farewell. The 11-term Republican from Texas, said it is customary for departing lawmakers to 'reminisce about the 'good old days' of political harmony and across-the-aisle camaraderie.' 'I can't do that,' he said. 'For all its faults, it is partisanship -- based on core principles -- that clarifies our debates, that prevents one party from straying too far from the mainstream and that constantly refreshes our politics with new ideas and new leaders,' DeLay said." The AP adds, "A Democrat could be heard telling colleagues to walk out of the House chamber as DeLay criticized liberals, who he said stand for 'more government, more taxation, more control over people's lives and decisions and wallets.' At least two dozen Democratic lawmakers rose and left."

The Washington Post (6/9, A3, Grunwald) headlines its report "DeLay Pulls No Punches In Final Speech To House," and says that Democrats who skipped the speech "missed a classic performance by the Hammer. It wasn't all fire-breathing; DeLay, a foster parent, spoke eloquently about the nation's dysfunctional child-welfare system. He also waxed lyrical about his newfound appreciation for Washington's landmarks, now that he has had some free time to explore them after his ouster as majority leader." But "it was surely no accident that what really stood out for him at the Lincoln Memorial was that Honest Abe's left hand was clenched into a fist. DeLay has never been much for 'malice towards none.'"

The Washington Times (6/9, Bellantoni) quotes DeLay saying, "If conservatives don't stand up to liberalism, no one will." He said so "to hissing from the opposite side of the aisle."

The Los Angeles Times (6/9, Reynolds) notes DeLay said "true statesmen 'are not defined by what they compromise, but what they don't.'" Republicans "greeted DeLay with a standing ovation as he opened his speech, as did the Democrats in the chamber." But "as his remarks became more incendiary and Democrats exited, the Republicans largely held their applause -- except when DeLay introduced his wife, who was in the gallery, and praised the Capitol Police." The Times adds, "One Democrat who stayed to the end was Rep. Jesse Jackson Jr., D-Ill. He also was one of the few Democrats who crossed to the Republican side of the chamber after the speech, giving DeLay a hug." Jackson "said that while he does not share DeLay's priorities, he thought walking out was 'not in the best interests of class.'"

The New York Times (6/9, Hulse) reports, "To Mr. DeLay's critics, who include Democrats and some Republicans, the day should have come sooner. They say Mr. DeLay represents, and is responsible for, much that is wrong with the current Congress. Detractors say that in alliance with Speaker J. Dennis Hastert of Illinois, the man he handpicked for the top post in 1998, Mr. DeLay trampled legislative traditions in the House and fostered an environment of loose ethical standards that resulted in the growing corruption scandals on Capitol Hill." The Times adds, "Appropriately

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enough, Democrats and Republicans bickered one last time on Thursday over Mr. DeLay." Democrats "resisted a Republican plan to allow him to deliver his valedictory from the House floor. But Mr. DeLay crossed them up by submitting his resignation from the Appropriations Committee on the floor, providing an opening for his speech celebrating political discord."

CNN's The Situation Room (6/8, Crowley) reported that Rep. Tom DeLay "ends his two-decade-long Washington career in Tom DeLay fashion." Asked what he is proudest of, DeLay said, "Pushing the conservative cause. Changing the culture of this town. Bringing the conservative world view into the mainstream." Asked what he most regrets, DeLay said, "I don't have any regrets." CNN added, "The significant chance that Democrats might retake the House has dampened Republican spirits as they head into fall elections. In a private goodbye, DeLay told colleagues to snap out of it."

DeLay Aide Took Trips "Indirectly" Funded By Firms With Business Before Congress. The Washington Post (6/9, A4, Smith) reports, "A former chief of staff to then-House Majority Whip Tom DeLay (R-Tex.) was described yesterday in a nonprofit groups' study as one of the top two recipients of privately financed travel among congressional staff from 2000 to 2005, including some trips paid indirectly by companies with business pending before Congress." Susan Hirschmann, DeLay's chief of staff from 1997 "until she became a Washington lobbyist in 2002," took "18 trips from 2000 to 2002 -- many with her husband -- at a cost to others of more than $85,000, according to a tally by the Center for Public Integrity, American Public Media and Northwestern University's Medill News Service." That "put her in a close second place behind Brian Gaston, whose 39 trips over the five-year period studied by the groups cost $87,000. Gaston is now the chief of staff to House Majority Whip Roy Blunt (R-Mo.)."

Krugman Blasts "DeLay Principle." Columnist Paul Krugman writes in the New York Times (6/9) that DeLay "has since been dethroned, but the DeLay Principle lives on." The "DeLay Principle isn't really that hard to understand: it's just like the Roosevelt Principle, but the other way around. These days, the state — or rather, the political coalition that controls the state, and depends on campaign contributions to maintain that control -- owes a peculiar obligation to men of great wealth. And nothing is more important than cutting these men's taxes, even in the face of a war."

Texas Republicans Jockey For Candidate To Replace DeLay.. The Christian Science Monitor (6/9, Axtman) reports that the race to replace Rep. Tom DeLay as the Republican nominee on the November ballot is heating up. Democrats "in his suburban Houston district hope that DeLay has tarnished his party enough to give them a victory." The Monitor adds, "To find his replacement, the four counties that make up District 22 will each hold Republican caucuses this summer and select a precinct chair. Those four will then each cast a vote to choose the candidate for the ballot." The district "is heavily Republican, and a Democratic win is a long shot - even for the well-financed and well-known former Congressman Nick Lampson, say political scientists."

Rumsfeld Praises Summers' Support For ROTC. The Washington Times (6/9, Gertz, Scarborough) reports in its "Inside the Ring" column, "Defense Secretary Donald H. Rumsfeld has sent a letter to outgoing Harvard President Lawrence H. Summers praising the educator's support for the Reserve Officers' Training Corps (ROTC). Harvard is not always a friendly place for the U.S. military. … But Mr. Summers openly embraced Harvard's 50 or so ROTC students, a move that did little to ingratiate himself to the university's overwhelming liberal faculty, which worked to force his resignation, effective June 30."

Dionne Calls Election Results "Sobering" For California Liberals. E.J. Dionne writes in the Washington Post (6/9, A23) that "the truly sobering news" for California liberals in this week's voting "was in the statewide voting. Proposition 82, the ballot measure that would have guaranteed access to preschool for all of California's 4-year-olds, went down to resounding defeat, 61 to 39 percent. Not only that, voters also rejected a $600 million bond measure for the state's libraries. A vote against libraries ? Yes, the bonds went down 53 to 47 percent. … It gives me no joy to say these things, since I wish both California propositions had passed. But realism is not the enemy of idealism, and taxpayers aren't being selfish when they place a heavy burden on those who would ask them to part with some of their money. Advocates of public action need to meet that test."

NYTimes Praises Universities' Efforts On Stem Cell Research. The New York Times (6/9) editorializes, "Hats off to Harvard and the University of California at San Francisco for undertaking stem cell

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research that the Bush administration is trying to discourage and political leaders in Washington seem unwilling to support. Both institutions have started programs to clone human embryos and extract stem cells from them, thus creating stem cell lines tailor-made to study specific diseases." The Times adds that "the potential is enormous, and it is fortunate that these two institutions, and a handful of other laboratories around the world, are getting started."

IAEA Says Iran Resumed Uranium Processing After West Offered Deal. The Los Angeles Times (6/9, Rubin) reports, "Iran began to enrich a second batch of uranium in its research plant this week on the same day that world powers delivered a negotiating offer to Tehran conditioned on its suspension of nuclear activities, according to a report released Thursday by the International Atomic Energy Agency. The timing of the nuclear work, which Western diplomats suggested was politically calculated, appeared to signal that Iran would fight to continue enriching uranium despite the demands by the international community."

The New York Times (6/9, Sciolino) reports an IAEA report claims that, "on Tuesday, Iran restarted the pouring of a raw form of uranium into a set of 164 centrifuge machines to produce enriched uranium." The Times adds, "That same day," EU foreign policy chief Javier Solana "was in Tehran, where he presented Iranian leaders with an international package of incentives to help resolve the crisis caused by the country's nuclear program. There was no explanation for Iran's decision. But it seemed to underscore its often stated determination not to be bullied into accepting any deal requiring it to end activities related to uranium enrichment." The Times opines, "The revelation is likely to stiffen the resolve of the United States and the Europeans in particular that a complete freeze of uranium enrichment and reprocessing activities is a condition for formal negotiations."

The Financial Times (6/9, Dombey, Peel) adds the IAEA claims "Iran resumed sensitive nuclear work this week, just as the world's big powers presented it with an offer aimed at halting such activities." The IAEA report "says that Tehran has just increased the scale of uranium enrichment, the most sensitive part of its nuclear programme, after scaling it back two months ago." The new information, coming "after several days in which western officials have struck an upbeat note about the prospects of negotiations, highlight how difficult it will be for the world's big powers to persuade Tehran to suspend enrichment."

The Washington Post (6/9, A16, Vick, Linzer)'s reporting on Iran mentions the IAEA report but focuses on President Ahmadinejad's comments, saying he "signaled Iran's readiness to renew negotiations 'to resolve misunderstandings in the international arena. On behalf of the Iranian nation, I'm announcing that the Iranian nation will never hold negotiations about its definite rights with anybody, but we are for talks about mutual concerns.'" The Post calls his comments "the most straightforward indication so far of Iran's willingness to engage six world powers, including the United States, in discussions aimed at avoiding confrontation over its nuclear program. But he did not say whether Iran would agree to the only precondition set for the talks: that the country put its program on hold during negotiations."

Ahmadinejad Says He's Willing To Talk, Blasts Suggestion Of Sanctions. ABC World News Tonight (6/8, story 5, 1:05, Gibson) reported, "Iran's president has weighed in, for the first time, on the incentives offered by the US and other world powers, to convince Iran to abandon its nuclear ambitions." ABC (Karl) added, "Today, Iran's president made, perhaps, his most conciliatory gesture yet. 'We are for talks to resolve misunderstandings,' he told a crowd of several thousand. But in the same speech, he lashed out at those threatening sanctions, and said his country would never negotiate its fundamental rights." The Washington Times and USA Today runs a similar AP story (6/9, Dareini).

House Rejects Move To Cut Aid To Egypt. The Wall Street Journal (6/9, Rogers) reports, "Amid conflicting signals from the Bush administration, the Republican-led House narrowly rejected a bid to cut $100 million from U.S. aid to Egypt as a protest of its suppression of political dissent." The 225-198 vote "came as the House pushed toward passage today of a $21.3 billion foreign-aid budget that already rescinds $200 million from prior economic aid for Cairo."

Israeli Airstrike Kills Commander In Hamas Government. The New York Times (6/9, Erlanger) reports, "In an airstrike against a militant training camp in southern Gaza on Thursday night, Israeli forces killed Jamal Abu Samhadana, a senior commander in the Hamas government, but said he was not the target of their attack." The attack "occurred just hours after Prime Minister Ehud

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Olmert of Israel promised King Abdullah of Jordan that he would make every effort for progress on a negotiated settlement before moving unilaterally to remove some Israeli settlers from the West Bank."

The Washington Post (6/9, A17, Wilson) says Samhadanah "oversaw various branches of the 70,000-member Palestinian security services, including a 3,000-member force deployed on the streets of Gaza last month." The Post adds, "Soon after the airstrike, which occurred just before midnight and wounded at least 10 others, scores of armed men stormed the hospital in Rafah. Many of them vowed to exact revenge for Samhadanah's death as they kissed his body and carried it on their shoulders through Rafah's streets in a raucous procession."

House Panel Will Decide On India Nuclear Deal This Month. The House International Relations Committee will decide this month on a controversial civilian nuclear deal with India. AFP (6/9, Parameswaran) reports that a congressional aide said the panel "will 'in the later half' of June decide whether to endorse or give conditional approval to the deal." The panel's findings "would then be submitted to the full House for consideration."

Administration Urged To Pursue Trade Sanctions Against China. The AFL-CIO and Reps. Benjamin Cardin and Chris Smith yesterday urged the Bush Administration to pursue trade sanctions against China. The AP (6/9, Crutsinger) reports, "The group alleged that China's labor practices violate U.S. trade law, which makes repression of workers' rights a violation that would be subject to economic sanctions if the U.S. wins a case on the issue before the World Trade Organization. The petition was an effort to turn up the heat on the administration in an election year over record trade deficits with China, which hit an all-time high of $202 billion last year."

The Wall Street Journal (6/9, Maher) reports, "The labor federation's petition states that the repression of workers' rights in China constitutes a violation of U.S. trade law. It cites evidence from U.S. government reports that show workers in China frequently are paid less than the country's minimum wage, denied overtime pay, denied collective-bargaining rights and often subjected to abusive treatment. Violations of China's labor laws have led to illegally depressed wages that have contributed to the loss of 1.2 million U.S. jobs, including 930,000 in manufacturing, the petition says."

Bush Meets With Chilean President. The AP (6/9, Gedda) reports that President Bush met with Chile's new President Michelle Bachelet at the White House yesterday. The AP adds, "Neither Bush nor Bachelet publicly acknowledged the Bush administration's strong push to get Chile and other governments in the region to support Guatemala's bid" for a seat on the UN Security Council. Venezuela is also vying for the seat.

Bachelet Urged Not To Let Fear Guide Her Decision On UN Vote. Mary Anastasia O'Grady writes in the Wall Street Journal (6/9) that on the UN vote, Chile will feel pressure from "Chilean extremists, along with neighboring Argentina and friends like Fidel Castro" and Venezuelan President Hugo Chávez. O'Grady adds, "Let's hope that fear or political expediency do not drive her decision. That would be a tragedy for regional stability and for Chile's global prestige."

Bush To Visit Budapest. President Bush will visit Budapest later this month to mark the 50th anniversary of the Hungarian revolution. The AP (6/9) reports, "The visit will come after a stop in Vienna, Austria, on June 20-21 for a summit with European Union leaders. Bush originally had planned to travel from Austria to Kiev, Ukraine, but that was put aside because of Ukraine's difficulty in forming a new government. The Kiev visit was never officially announced by the White House although officials had talked privately about Bush stopping there."

Putin's United Russia Party Consolidating Power. The Washington Post (6/9, A14, Finn) reports that Russian President Vladimir Putin's United Russia party "is consolidating its power to a level that critics compare to the Communists' political monopoly in Soviet days. In March, United Russia announced that it had 1 million members and planned to recruit another million before parliamentary elections in 2007, numbers that dwarf every other party's. Regional governors, business leaders and key bureaucrats, seeing where political power lies, have been flocking to its ranks."

Neuarth Calls Putin "Cool Character." Al Neuarth writes in USA Today (6/9) that Putin is a "'cool' character who took criticism calmly and is unlikely to shoot from the hip, a la Bush. … When Bush meets Putin again next month in St. Petersburg, Russia, at the Group of Eight summit of leading

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industrial nations, he needs to look into those eyes less innocently and more realistically."

Some Nations Slow In Providing Pledges Of Anti-Poverty Aid. The New York Times (6/9, Dugger) reports that an analysis of giving by the world's richest nations shows that despite pledges to increase aid to combat global poverty in 2010, "several got off to a slow start. Based on their own official statistics, three of the nations — Britain, Germany and France — actually decreased their aid to developing countries in 2005 from 2004, according to the analysis, which was conducted by Oxfam and released Wednesday. In contrast, Oxfam found that development assistance from Italy, Canada and Japan grew substantially during the same period, with Italy registering the largest increase in aid, 46 percent. Giving by the United States grew 16 percent, though after increased aid to Iraq and Afghanistan was subtracted from the total, American giving fell by 4 percent."

Official Says UN Must Stay Engaged In East Timor. Jose Ramos-Horta, Senior Minister and Minister for Foreign Affairs and Cooperation for East Timor, writes in the Wall Street Journal (6/9), "The capital of our impoverished country, East Timor, is once again the scene of riots, looting, arson and gunfire. … I believe East Timor can recover. This process may require a political change, perhaps in the form of a government of national unity." Ramos-Horta adds, "It is essential that the U.N. stay engaged in East Timor for at least a decade. U.N. management of the 2007 elections is crucial to their success. In close cooperation with my president, I shall seek continued U.N. engagement in East Timor. It's in no one's interest to let another poor country become a failed state."

WSJournal Criticizes UN Official's Speech. An editorial in the Wall Street Journal (6/9) says, "When U.N. Secretary General Kofi Annan named Mark Malloch Brown as his deputy, we breathed a sigh of relief. The Briton had distinguished himself as head of the U.N.'s Development Program, and his promotion seemed to promise adult-hour at an institution reeling from the Oil for Food scandal. Well, we're not infallible, and on Tuesday Mr. Malloch Brown gave a speech in which he went out of his way to prove us wrong." The Journal adds, "In a press conference Wednesday, U.S. Ambassador John Bolton described Mr. Malloch Brown's speech as 'the worst mistake by a senior U.N. official that I have seen,' adding that 'even though the target of the speech was the United States, the victim, I fear, will be the United Nations.' He's right. If Mr. Malloch Brown's speech serves any purpose, it is to remind American taxpayers of everything they don't like about the U.N."

THE BIG PICTURE:

Headlines From Today's Front Pages.

Los Angeles Times:

"For A Vegas Judge And His Friends, One Good Turn Led To Another."
"Yes, He Does Digress."
"He Was More Symbol Than Sweeping Leader."
"U.S. Tracks Aide To Zarqawi's Doom; Bush Says The War Is Far From Over."
"Wealth, Poverty, Anger Live Together In Venice."
"Bush Takes Measured Tone On Zarqawi, War."

USA Today:

"Inside The Takedown."
"First-Ever Cancer Vaccine Approved."
"Tobacco Giants Test Smoke-Free Products."

New York Times:

"After Long Hunt, U.S. Bombs Kill Al Qaeda Leader In Iraq."
"Hatred He Bred Is Sure To Survive Terrorist's Death."
"U.S. Approves Use Of Vaccine For Cervical Cancer."
"How Surveillance And Betrayal Led To A Hunt's End."
"In The Bayou, 100-Ton Symbols Of A Recovery Still Suspended."

Washington Post:

"After Zarqawi, No Clear Path In Weary Iraq."
"The Young Apprentice."
"How U.S. Forces Found Iraq's Most-Wanted Man."
"FDA Approves Vaccine That Should Prevent Most Cervical Cancers."
"Kaine Delays Execution Of Inmate For 6 Months."

Washington Times:

"'Out Of Business.'"
"Democrats Halt Move To Kill Off 'Death Tax.'"
"Sotheby's To Auction King's Papers, Library."

Detroit Free Press:

"Takeout Of Terror Boss leaves Iraq Still Torn."
"Grandma's Little Sunshine."
"Detroit A Hidden 'Cars' Costar."

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Atlanta Journal-Constitution:
"Iraq's Master Terrorist Dead."
"Writings Of MLK Bound For Auction."
"Help Pours In For Veteran Who Fought Attackers."
"Cervical Cancer Vaccine Gets FDA Approval."

Houston Chronicle:
"U.S. Gets Iraq's Most Wanted."
"'Sweet Girl' Had No Prior Arrests."
"'The Hammer' Strikes In Departure Speech."
"World Cup Is The Start Of A New Chapter For Germany."

Story Lineup From Last Night's Network News:
ABC: Zarqawi Killed; Iraqi Insurgency; Iraqi Reaction; Zarqawi Analysis; Iranian Nuclear Program; Cervical Cancer Vaccine; Wendy's Fries; Mt. Merapi Erupts; USS Cole-Persian Gulf.
CBS: Zarqawi Killed; Iraqi Reaction; Zarqawi's Death-Bush; Zarqawi's Death-Khalilzad; Zarqawi Profile; Zarqawi Analysis; Oil Prices; Cervical Cancer Vaccine; Zarqawi Recap; Zarqawi's Death-Terror Victims.
NBC: Zarqawi Killed; Iraqi Insurgency; Iraqi Reaction; Zarqawi-Special Forces Team; Zarqawi's Death-Bush; Bush's Reaction-Analysis; Zarqawi's Death-Jordan; Zarqawi's Death-Al Qaeda; Cervical Cancer Vaccine; Senate-Estate Tax; Stock Markets; Military Families-High School.

Story Lineup From This Morning's Radio News Broadcasts:
ABC: Zarqawi Killed; Cervical Cancer Vaccine.
CBS: Zarqawi killed; Oil Prices; Cervical Cancer Vaccine; House-Internet Neutrality.
NPR: Zarqawi Killed; Senate-Estate Tax; DeLay-Final Day In Congress; Congress-Iraq Spending Bill; MO-Gay Foster Parents; China-Landslides.

WASHINGTON'S SCHEDULE:

Today's Events In Washington.

White House:

PRESIDENT BUSH — President and Mrs. Bush participate in arrival ceremony for Danish Prime Minister Anders Fogh Rasmussen, Camp David; joint press availability with Prime Minister Rasmussen, Camp David.

VICE PRESIDENT CHENEY — No public schedule.

US Senate: No Scheduled Events.

US House: FLOOR SCHEDULE _ 9 a.m. Meets for legislative business. Highlights: H.5252-Communications Opportunity, Promotion and Enhancement Act of 2006.

10 a.m. ENERGY AND COMMERCE _ Oversight and Investigations Subcommittee. Hearing on cyber security challenges in the Energy Department. Energy Department Inspector General Gregory Friedman; Glenn Podonsky, Energy Department; Tom Pyke, CIO, Energy Department; Linton Brooks, Administrator, National Nuclear Security Administration; Undersecretary of Energy David Garman. Location: Room 2123, Rayburn.

Other: PRIME MINISTER ANDERS FOGH RASMUSSEN OF DENMARK _ Highlights: 8:30 a.m. Arrives at Camp David for meetings with President Bush. 10:10 a.m. Holds joint media availability with President Bush. Camp David. 4:45 p.m. Holds news conference for the Danish media. Four Seasons Hotel. 7 p.m. Private dinner at the Danish Embassy.

MENTAL HEALTH _ Annual meeting of the National Mental Health Association. Highlights: 8:30 a.m. Plenary session on mental health today, with Newt Gingrich. Location: Hyatt Regency-Washington on Capitol Hill, 400 New Jersey Ave. NW.

CHINA-TECHNOLOGY _ 9 a.m. The Center for Strategic and International Studies holds a discussion with Commerce Undersecretary David McCormick on high tech and strategic trade with China, while safeguarding U.S. national security. Location: B-1 conference level, 1800 K St. NW.

IMMIGRATION-EDUCATION _ 9 a.m. The Population Resource Center, others, hold a briefing on immigration and the U.S. education system, with David Shreve of the National Conference of State Legislatures, Sylvia Martinex of the University of Chicago, others. Location: Room HC-6, Capitol.

FCC-KATRINA _ 10 a.m. There will be a meeting of the Federal Communications Commission Independent Panel Reviewing the Impact of Hurricane Katrina on Communications Networks. Location: Commission Meeting Room (TW-C305), FCC headquarters, 445 12th St. SW.

GOP BRIEFING _ 10 a.m. National Republican Congressional Committee Chairman Rep. Tom Reynolds holds a pen and pad briefing to discuss the midterm elections. Location: 320 1st St. SE.

ENERGY OUTLOOK _ 12 p.m. The National Economists Club holds a luncheon with Deutsche Bank AG (New York) Chief Energy Economist Adam Sieminski on the

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oil and natural gas outlook. Location: Chinatown Garden Restaurant, 618 H St. NW.

POLITICAL FINANCE _ 2 p.m. IFES holds a discussion on the role of money in politics of 8 post-conflict countries, including Iraq, Afghanistan, Liberia and Haiti. Location: IFES, 3rd floor, 1101 15th St. NW.

AYALON _ 4 p.m. Israeli Amb. Daniel Ayalon holds an Afternoon Newsmaker news conference on Mideast developments. Location: National Press Club.

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THE ATTORNEY GENERAL'S NEWS BRIEFING

PREPARED FOR THE OFFICE OF PUBLIC AFFAIRS, U.S. DEPARTMENT OF JUSTICE

TO: THE ATTORNEY GENERAL AND SENIOR STAFF

DATE: FRIDAY, JUNE 9, 2006 7:45 AM EDT

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TERRORISM NEWS:

Cheney Willing To Work With Specter On NSA Surveillance. Fox News' Special Report (6/8, Hume) reported, "The chairman of the Senate Judiciary Committee seems to have the idea that it is improper for the elected President of the Senate to speak to members of his committee without his permission. That was the gist of a letter Sen. Arlen Specter sent to Vice President Cheney this week. Mr. Cheney has tried to smooth the Senator's ruffled feathers." Fox (Angle) added, "Today the Vice President responded to Specter with his own 2 ½ page letter in which he explained that he only called other members after White House Chief of Staff Josh Bolten had talked with Specter about the same issues. Noting he is also a President of the Senate, Cheney wrote that 'I have frequent contact with Senators both at their initiative and mine. The respectful and candid exchange of views is something to be encouraged rather than avoided. These communications are not unusual. They are the government at work.'"

CNN's The Situation Room (6/8, Koppel) reported that Chairman Specter "said that he had read and received the Vice President's letter and suggested a willingness to let things play out for a little while they try to work out some sort of legislative compromise over this NSA warrantless wiretapping program."

CNN's The Situation Room (6/8, Todd) reported, "Cheney and other White House officials are concerned that if telecom executives testify, it might compromise sensitive information. To Specter's complaint that he was not told Cheney had gone through other Republican senators to block the telecom officials' testimony, Cheney wrote, 'These communications are not unusual. They are the government at work.'"

The AP (6/9) reports Cheney told Specter "he is willing to work with Congress on new rules governing the White House's eavesdropping program. But Cheney stopped short of promising any action as he responded to a terse letter from Sen. Arlen Specter, R-Pa., the day before."

The New York Times (6/9, Stolberg) reports Specter "was not mollified. 'He does not face head on; he does not deal with his not having taken it up with the chairman,' the senator said in an interview. 'This isn't me personally; this is institutional. This is not the way government works, to deal with a committee without going through the chairman.'"

The Washington Post (6/9, A4, Fletcher) reports Cheney "defended his actions in a letter to Specter yesterday, saying his intention was to avert testimony that may involve 'extremely sensitive classified information.' While Cheney lobbied other members of the committee, White House Chief of Staff Joshua B. Bolten reached out to Specter himself to discuss the matter, the letter said."

Specter Agrees To Provision Expanding Bush Power Over NSA Surveillance. CQ (6/8, Perine) reports Chairman Specter "made a tactical retreat Thursday on an intelligence bill, agreeing — for now — to a change that would bolster President Bush's claim of broad executive authority over a secret warrantless surveillance program." Specter said Thursday "that he was conceding to other committee Republicans, particularly Jon Kyl of Arizona, only temporarily, to win enough votes from them to move his bill (S 2453) out of the 18-member Judiciary Committee. But he said he would seek to amend the measure on the Senate floor."

Judge Admits Chicago Terror Suspect's Statements. The AP (6/9, Robinson) reports, "A federal judge ruled Thursday that prosecutors may use statements made to Israeli authorities a dozen years ago by a Chicago man when he comes to trial on charges of laundering hundreds of thousands of dollars for the Palestinian militant group Hamas." The AP continues, "U.S. District Judge Amy J. St. Eve said in her 138-page opinion that federal prosecutors had proven in 13 days of hearings that began in March that Muhammad Salah had made most of the statements voluntarily and not after being tortured as he claimed. … St. Eve, a former federal prosecutor, said that 'the law enforcement conduct on the record before the court does not shock the conscience.'" The AP adds, "Salah, 53, is one of three men charged in the indictment with taking part in a racketeering conspiracy that included funneling cash to Hamas to commit murders, bombings and other violence. … The indictment was announced in August 2004 by then Attorney General John Ashcroft who said at a news conference that the three operated 'a U.S.-based terrorist recruiting and financing cell.' … The evidence prosecutors plan to use at the trial, which is scheduled for October, includes statements Salah made after his January 1993 arrest in Israel on terrorism financing charges. He served five years in Israeli prisons before returning to Chicago."

The Chicago Tribune (6/9, Coen) reports, "Lawyers for Muhammad Salah had argued the incriminating statements, which are central to the government's case, were coerced through physical and psychological abuse over weeks. … Israeli agents tortured Salah after he was arrested at a checkpoint between the Gaza Strip and Israel, they argued, forcing him to sit hooded in a tiny chair for hours, threatening his family and having other detainees beat him." The Tribune adds, "In their attempt to keep the material from being suppressed, prosecutors in March presented the testimony of two Israeli officers who questioned Salah about his links to

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the militant Islamic group Hamas. Testifying under code names, Maj. 'Haim' and Capt. 'Nadav' of the Israeli Security Agency, the two denied Salah had been tortured. … U.S. District Judge Amy St. Eve said in her ruling that she found the officers to be extremely credible, and that Salah's statements were given voluntarily."

Cole Deploys To Persian Gulf. ABC World News Tonight (6/8, story 9, 1:05, Gibson) reported, "Finally tonight, a little bit of irony on this day that Abu Musab al Zarqawi is killed. A guided missile destroyer set sail from Norfolk, headed for the Persian Gulf today. Nothing remarkable in that. But this is the USS Cole, headed for the Gulf for the first time since al Qaeda blew a hold in the side of the ship and killed 17 sailors 6 years ago. And another coincidence of timing." Commander Bradley Roberson, USS Cole commanding officer: "I think it's appropriate that a ship like Cole goes out today. Today happens to be the tenth birthday of the ship, too. Talk about more irony." Gibson: "There are 17 stars on the floor of the ship's dining hall. The 17 that were killed were in that area of the ship."

The Washington Times/AP (6/9, Barisic) reports sailors "in the current crew of 320, including many who asked to be assigned to the Cole, say they are unafraid to deploy to that region." The Cole "is one of six ships and a submarine with 6,000 sailors and Marines leaving the East Coast this week to conduct security operations in support of the war on terrorism."

HOMELAND RESPONSE:

Critics Continue To Attack DHS Distribution Of Anti-Terror Grants. Under the headline "Uproar Unmuffled Over Anti-terror Money," USA Today (6/9, Hall) reports a week after announcing this year's distribution of urban areas initiative grants, Secretary Chertoff "and his department are struggling to defend funding cuts for New York City and Washington and increases for smaller cities such as Omaha and Charlotte." Chertoff said in January that "he didn't care" about the "heat" he'd likely get over DHS' attempts to "eliminate wasteful spending" in its grants, but the changes "yielded an uproar — especially in New York, where funds were cut 40% — that caught the department off guard." Meanwhile, Chertoff's defense of this year's distribution of funds, which includes the fact that "New York still gets more money than any other city," has "done little to calm critics."

Task Force Studies Canadian Border Security. The Washington Times (6/9, Seper) reports a "task force of former U.S. Border Patrol agents, ex-military personnel, academics and congressional staffers, who last year called for 36,000 National Guard troops to be deployed on the Mexican border, has begun a tour of the Canadian border to study 'options' to better secure the nation's northern frontier." Conclusions from "the three-week mission will be submitted to the House Homeland Security and Armed Services committees and to the Congressional Immigration Reform Caucus on July 4 for consideration for legislation."

California Intelligence Official Blames Demotion On Clash With DHS, FBI. The AP (6/9, Marquez) reports former California Department of Justice criminal intelligence chief Edward Manavian "said in a personnel complaint that he was demoted after questioning the legality of federal and state intelligence-gathering methods, but authorities dispute the claims. … The board pulled out of talks to share intelligence with the federal Department of Homeland Security last year because of Manavian's concerns that sharing criminal information in the department's system would violate privacy laws, according to his complaint." He also alleges that "his decision to pull out of an FBI operation to infiltrate the Earth Liberation Front and Animal Liberation Front…by planting a state DOJ agent in their meetings on a university campus" was a factor in his ouster. "An FBI spokeswoman said the bureau 'strongly questions' Manavian's allegations, but declined to comment further. The FBI has successfully infiltrated the ELF in the past."

Judge Rules Against WTC Leaseholder's Bid For Defense Costs. The New York Law Journal (6/9, Hamblett) reports, "World Trade Center leaseholder Larry Silverstein has lost his second attempt to have insurance companies cover the costs of defending him in suits over the Sept. 11, 2001, terror attacks." The Journal continues, "Southern District of New York Judge Alvin K. Hellerstein ruled Thursday that the terms of insurance binders that governed coverage for the Trade Center before the attacks, as well as other evidence produced in discovery, show clearly the parties did not intend Silverstein be compensated for defense costs." The Journal adds, "The judge said the evidence was 'overwhelming' that lead insurer, Zurich American Insurance Co., had 'refused, in the absence of adequate loss history data, to issue a policy that included defense cost coverage.' … 'To now impose a defense obligation would give a windfall to Silverstein and subject Zurich to a liability that it was unable to calculate or prepare for by an appropriate premium, and thus would work a manifest injustice,' the judge said in In Re September 11th Liability Insurance Coverage Cases, 03 Civ. 00332. … The judge's decision applied in equal measure to both the primary policy and the umbrella policy issued by Zurich. Both policies were finalized in the months following the attacks, but the binder controlled as to the intent of the parties prior to them."

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GAO Says FEMA, Red Cross Yet To Resolve Differences. A number of articles this morning are reporting on the results of a GAO investigation released Thursday that found FEMA and the Red Cross had difficulty working together during last year's hurricanes. The AP (6/9, Jordan) reports the two "squabbled over chain of command issues…hampering relief efforts," according to the GAO. "As of two weeks ago, there still was confusion about how the Federal Emergency Management Agency and the Red Cross would work together in the hurricane season that began June 1, according to the report."

The Washington Post (6/9, A5, Salmon) reports, "FEMA officials complained that Red Cross staffers assigned to coordinate the charity's relief effort with FEMA rotated too quickly -- every two to three weeks, according to the report. Red Cross officials, on the other hand, were frustrated by FEMA's propensity to lose their requests for food, cots and other supplies."

The New York Times (6/9, Strom) reports, "Critics said the two agencies should have put aside their differences by now. 'The report leaves the impression that when the next hurricane hits, leaving people hungry and homeless, FEMA and the Red Cross will be haggling over who's supposed to provide food and shelter,' Senator Charles E. Grassley…said in a statement about the report." Armond T. Mascelli, vice president for response operations at the Red Cross, said "efforts to define roles had begun and cited a meeting yesterday between logisticians from both groups to determine what supplies were needed and when and where they were needed."

Paulison Sworn In As FEMA Director. The AP (6/9) reports that a his swearing-in as FEMA director Thursday, R. David Paulison "promised 'to make America proud'" and "sought to rally agency workers as they prepare for this year's hurricane season that began June 1. 'These are tough times for you, I know,' Paulison told them. 'You hold your head high.'"

Study Finds Race Affects View Of Government Assistance For Katrina Victims. The Washington Post (6/9, A2, Morin) reports an "online study by The Washington Post, washingtonpost.com and Shanto Iyengar, director of the Political Communication Lab at Stanford University," has found "Americans are more willing to provide extended government assistance to white victims of Hurricane Katrina than to African Americans and other minorities -- particularly blacks with darker skin. … More than 2,300 individuals participated in the latest experiment, which tested how much subconscious racial bias shapes attitudes toward disaster relief." For African Americans, the average duration of assistance was a month shorter than for whites, "while the amount of aid was nearly the same, meaning that blacks would collect about $1,000 less than white victims."

Oil Companies Take New Precautions In Gulf Of Mexico. The Washington Post (6/9, D1, Mufson) reports oil companies are "taking new precautions" with platforms in the Gulf of Mexico in an effort "aimed at heading off a repeat of last year's disaster, when platforms were wrecked, oil and gas supplies disrupted and prices sent soaring." Meanwhile, "drilling rig owners, at the urging of the Coast Guard and the Interior Department's Minerals Management Service, are also taking precautions by increasing the number of mooring lines."

WAR NEWS:

US Officials Warn Zarqawi's Death Won't End Violence In Iraq. Al Qaeda terrorist Abu Musab al Zarqawi was killed in a US air strike on a safe house near Baquba. The story dominated the evening network news last night, accounting for a total of just over 45 minutes of broadcast time. Zarqawi's death also dominated cable news channels throughout the day Thursday, with little else penetrating the coverage. On CNN alone, Anderson Cooper 360 (6/8, 10:00 p.m.) aired a special edition entitled "Taking Out a Terrorist," Larry King Live (6/8) spent the full hour on the killing of "the most wanted terrorist in Iraq," and daytime shows stayed with the story throughout their broadcasts.

Knight Ridder (6/9, Hutcheson) reports White House spokesman Tony Snow "said Bush first learned of the airstrike that killed Zarqawi at about 4:35 p.m. Wednesday, minutes after his hour-long meeting with members of Congress. National security adviser Stephen Hadley, who left the session with the lawmakers to respond to urgent messages on his BlackBerry, delivered the news to the president in the Oval Office. 'That would be a good thing,' Bush replied, according to Snow."

Media coverage of Zarqawi's killing describes it as a victory for President Bush and the US-led war on terror -- the Wall Street Journal (6/9, Fassihi, Solomon, Shishkin), for example, speaks of "psychological boost after months of seemingly endless bad news – but most reports also emphasize that Bush and other top US officials took a markedly cautious tone yesterday, warning the master terrorist's demise will not immediately end violence in Iraq. A number of stories contrast Bush's tone yesterday with his "Mission Accomplished" televised speech in 2003. For example, the AP (6/9, Hunt) reports there were "no 'Mission Accomplished' banners or joyous celebrations at the White House," and the New York Times (6/9, Rutenberg) headlines its story "Bush Responds To The Killing Of A Terrorist With Caution," and says the President "struck a particularly solemn note, even as he called the killing a blow to Al Qaeda that would build 'renewed confidence' in the war effort." The tone "was starkly different from Mr. Bush's exuberant speech

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beneath a 'Mission Accomplished' banner on an aircraft carrier in the spring of 2003." But "the handling of Mr. Zarqawi's death was in keeping with a new White House approach: admit mistakes, manage expectations and exude a sense of reality, with optimism."

On NBC Nightly News (6/8, story 6, 1:20, Williams), Washington bureau chief Tim Russert said, "The White House realizes that there may be a point or two up in the public opinion polls, but they fully expect more violence to continue and this monster named al Qaeda to find a new head. Secondly…we did not hear the President talk about mission accomplished or bring it on. He realizes this is going to be a long and difficult process. The best the President can do is buy some patience, buy some time from the American people, so that in a month or two months or three months, sometime before the midterm elections, the Iraqis have trained enough troops to secure the country and bring some American troops home. They realize that that and only that will have a real political effect here in the United States."

ABC World News Tonight (6/8, lead story, 4:35, Gibson) reported Zarqawi's death is "a tremendous boost in morale for those who tracked him, for troops in Iraq, and, perhaps, for the US as a whole." However, added ABC (Raddatz), when the President addressed the issue in remarks at the White House, his remarks "were very measured. What he does not want to do is raise people's expectations that the violence in Iraq will soon disappear." The CBS Evening News (6/8, story 3, 2:05, Schieffer) said "a White House that has been too often burned by overly optimistic battlefield assessments hung out no mission accomplished signs today. Even so, this was the kind of news the Administration has been looking for, and the President was anxious to talk about it." CBS (Axelrod) added that "as one senior Administration official told me 'We're not delusional. Real challenges lie ahead.' Which explains the sober, measured tone of President Bush this morning." Bush was shown saying, "Zarqawi is dead, but the difficult and necessary mission in Iraq continues."

NBC Nightly News (6/8, story 5, 1:45, Williams) reported, "The reaction from the President on down seemed today designed not to raise public expectations about the future of this war in Iraq." NBC (Gregory) added, "In the Rose Garden, the President appeared subdued, even as he described the killing of Zarqawi as a major blow against terrorists in Iraq." President Bush: "Now Zarqawi has met his end. And this violent man will never murder again." Gregory: "First reports of Zarqawi's death reached the White House yesterday afternoon about 3:45 when the President was meeting with members of Congress just back from Iraq. Press Secretary Tony Snow recalled the suggestion from one." Tony Snow: "That things would be better if somebody would get Zarqawi -- there was a little snickering in the room at the time -- little did we know." Gregory: "An hour later, the news reached the President. Not since the capture of Saddam Hussein in December of 2003 has the White House achieved such a victory in Iraq," but "the President was careful not to overreact."

On ABC World News Tonight (6/8, story 4, 3:50, Gibson), chief Washington correspondent George Stephanopoulos said, "Everyone was being cautious. At the White House, there is hope what they call a circuit breaker that will open people's minds up to the idea of progress in Iraq. But they know events have to follow on the ground." Newsweek International editor Fareed Zakaria added, "When the President did speak, he said this is a victory for the global war on terror. He did not say this is a victory in establishing stability or peace in Iraq, or allowing our troops to leave."

CNN's The Situation Room (6/8, Henry) said Bush was "very careful as he stepped up to the podium in the Rose Garden to not be celebrating and doing any victory dancing. He walked a very fine line." CNN's Anderson Cooper 360 (6/8, 10:08 p.m.) noted Bush "had a warning -- we can expect the terrorists and insurgents to carry on without him."

On its website, Time (6/9, Allen) runs a piece titled "For a Beleaguered President, a Victory," in which it says Bush "was one of the few Administration officials who wasn't smiling. Having learned the hazards of gloating, he maintained a deliberately somber mien." Time adds, "At least for a day, competence problems had been banished. The break came when the President needed it most -- as the daily parade of horribles from Iraq was eroding confidence in his handling of the war, even among conservatives."

USA Today (6/9, Jackson, Benedetto) notes Bush's "subdued approach to Zarqawi's death," and that of "members of his staff," while the Washington Times (6/9, Dinan, Curl) says "the White House took pains to try to temper the news with a sobering look at the challenges that remain." Similarly, the Los Angeles Times (6/9, A1, McManus, Gerstenzang) reports, "It was -- or should have been -- a moment of triumph," but Bush's tone "was noticeably reserved."

The Wall Street Journal (6/9, Cummings, Dreazen) reports that "as White House officials prepared for yesterday's announcement of the Zarqawi news, they were mindful that car bombs and kidnappings likely will continue, another senior aide said, and concluded 'there was no reason to overstate today's event when it largely speaks for itself -- a ruthless murderer met justice.' Events proved their caution well-founded, as dozens were reported killed across Iraq by a series of bombings."

Bush To Assess Situation In Iraq With Key Advisors, Military Leaders. The Chicago Tribune (6/9, Silva) reports the President "will attempt to capitalize on the moment, summoning his national security advisers and key Cabinet members to meetings Monday and Tuesday at Camp David, Md., on 'the way forward' in Iraq. US military

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leaders in Iraq will join via teleconference Monday, and Iraqi leaders will join the next day. … Assessing the course ahead, Bush will be joined at Camp David by Secretary of Defense Donald Rumsfeld, Secretary of State Condoleezza Rice, Chairman of the Joint Chiefs of Staff Gen. Peter Pace, National Intelligence Director John Negroponte, CIA Director Michael Hayden and other advisers. Iraq's prime minister and newly seated Cabinet members will call in Tuesday."

The Washington Post (6/9, A18, Abramowitz, Kessler) reports, "Administration officials said a range of issues will be on the table, including developing a new security plan for violence-ridden Baghdad, spurring reconciliation between warring Sunni and Shiite populations -- perhaps with some kind of amnesty plan for insurgents -- and the possibility of new international economic assistance for Iraq." The Post adds, "Past opportunities to change the story in Iraq, such as the capture of Saddam Hussein in December 2003, have proved fleeting. Support for Bush on Iraq bumped up after that news, but it quickly receded."

Bush No Longer Keeps Check List Of Terrorists. The CBS Evening News (6/8, story 3, 2:05, Axelrod) reported, "Mr. Bush once told CBS News that he kept little pictures of major terrorists in his desk and put a little check next to each one as they were put on the of business. I asked today if Zarqawi's picture now had a little check and was told the President no longer has those pictures. Well, pictures or not, there's a big name still to be checked off, the biggest, in fact -- Osama bin Laden."

Chertoff Says There Are No Plans No Raise Terror Alert In US. The AP (6/9, Gearan) reports, "Homeland Security Secretary Michael Chertoff said Thursday night that there were no plans to raise the nation's terror alert because al-Zarqawi's death 'does not, in itself, directly increase the threat to the homeland.'"

Rumsfeld Appears At Odds With Khalizad On Whether Killing Will Trigger Upsurge In Violence. In Brussels, Secretary Rumsfeld "said Zarqawi's death should slow down the insurgency," CNN (6/8, 10:08 p.m.) added. CNN (6/8, 12:06 p.m.) reported earlier that Rumsfeld said Zarqawi "personified evil and his death marks a victory in the world's fight against terrorism," but as MSNBC (6/8, 12:38 p.m.) reported, Rumsfeld was "a little out of position" by being at the NATO meeting, and offered a "somewhat muted" and "matter-of-fact" first reaction.

His later comments on his flight back from Belgium were shown during a report aired during Fox News' O'Reilly Factor (6/8, 8:34 p.m., Centanni), with Fox News then saying Rumsfeld said "it could take al Qaeda in Iraq some time to recover from the loss of its leader. … Rumsfeld also said he expects no upsurge in violence. He says if there is an upsurge it could be the results of attacks that were already in the planning pipeline and not a violent backlash to the death of Zarqawi." The Baltimore Sun (6/9, Richissin) notes Rumnsfeld also said of Zarqawi, "Over the past several years, no single person on this planet has had the blood of more innocent men, women and children on his hands."

The AP (6/9, Baldor) reports Rumsfeld told reporters, "Given the nature of the terrorist networks, really a network of networks, the death of Zarqawi, while enormously important, will not mean the end of all violence in that country." At the same time, he "discounted as 'utter nonsense' suggestions that Zarqawi's death will trigger a spike in violence. 'You can have an upswing in violence that has nothing to do with his death,' said Rumsfeld."

But on CNN's The Situation Room (6/8), US Ambassador to Iraq Zalmay Khalilzad said the "killing of Zarqawi was a very important step," but added, "I believe that in the coming few days there is a danger of escalation by the terrorists to demonstrate that they're still relevant and that they might take revenge." On the CBS Evening News (6/8, story 4, 1:00, Schieffer), Khalilzad said, "I think it has done significant damage to al Qaeda, in Iraq in particular because this man was the architect, the mastermind of this movement here, but there is still the organization is able to do harm. And I anticipate they will try to demonstrate that they are still able to do damage, and I expect them to express them to express themselves in the coming hours and days."

The Chicago Tribune (6/9, Sly) notes "Bush, US Ambassador Zalmay Khalilzad and Gen. George Casey, the top US commander in Iraq, echoed the expectation that further violence could be expected, in stark contrast with the euphoria that greeted the capture of Hussein."

Also, USA Today (6/9, Diamond, Soriano) quotes Maj. Tom Hobbs, "executive officer for 3rd Battalion, 8th Marine Regiment in Ramadi," a city in western Iraq, saying, "Revenge for the martyred Zarqawi may also lead to increased attacks."

Meanwhile, USA Today (6/9, Jackson, Benedetto) quotes Tony Snow saying, "Does this mean that happy days are here again? Of course not." Snow "said that while there could be 'very positive ramifications,' there may also be an upsurge in violence by terrorists who want to prove they haven't been intimidated by Zarqawi's death."

Newsweek's Wolffe Says Death Could "Remove" Rumsfeld's Job Security. On MSNBC's Countdown (6/8, 8:21 p.m., Olbermann), Newsweek's Richard Wolffe said Zarqawi's death could "actually remove job security" from Rumsfeld. Wolffe said Bush "was looking closely at getting rid of Donald Rumsfeld up to the point where everybody was leaning on him to get rid of Donald Rumsfeld. Now that Rumsfeld got this success under his belt, the pressure will decline in terms of saying, 'I think there may be a second look taken here at his position. People have been saying for a long time the President and many people in the White House are not happy with his performance."

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ABC Scooped Competition With Early Report On Zarqawi Death. The New York Times/AP (6/9) reports, "Thanks to a reporter jolted out of a vacation — if not sleep — ABC News scored a beat on its competitors yesterday when it was the first to broadcast news of Abu Musab al-Zarqawi's death." ABC "broke into regular programming at 2:38 a.m. to say it had confirmed Mr. Zarqawi's death in an American bombing. NBC News issued its report at 3:16, and CBS News at 3:40. The ABC News report was based on a tip phoned from a source to Martha Raddatz."

Picture Of Dead Zarqawi Said To Have Potential To Backfire. The Washington Post (6/9, C1, Kennicott) reports when the picture used to document Zarqawi's death "was displayed at a U.S. military news briefing, Zarqawi's face was seen inside what appeared to be a professional photographic mat job, with a large frame, as if it were something one might preserve and hang on the wall next to other family portraits." So "will this image, given a strange dignity by its prominent frame, be a defining image of the war? Not likely. Its primary function is forensic. It proves, in an age of skepticism (heightened by a three-year history of official claims about the war turning out to be false), that Zarqawi is indeed dead. But beyond that, the image has little power. Indeed, as with so many images in this war, it is loaded with the potential to backfire." The "framed image of a head also has a disturbing sense of the trophy to it -- proof of another small victory brought home from battle -- which connects it to what might be called the ultimate self-destructing image of victory: the 'Mission Accomplished' photo-op staged on an aircraft carrier on May 1, 2003."

USA Today (6/9, Stone) reports Zarqawi's "death at 39 ends a nearly three-year reign of terror that played on ethnic and religious divisions and helped push Iraq to the edge of civil war. But with militant websites declaring him a martyr, the myth of Zarqawi seems destined to grow." Ironically, "the myth was created by the United States, says Vali Nasr, a Middle East expert at the Council on Foreign Relations." Nasr said, "We made him bigger than he was. We overemphasized him, and it fed into this mystique. We helped make him."

More Commentary. USA Today (6/9) editorializes, "Bush struck the right tone Thursday. Zarqawi's death offers a chance to 'turn the tide' but won't end the violence, Bush said. The realism is a welcome change from the premature triumphalism of the past."

The Washington Post (6/9, A22), in an editorial titled "A Good Day In Iraq," says that "it was a little unnerving, in the middle of yesterday's celebrations, to hear President Bush speak of plans to hold high-profile consultations early next week on 'how to best deploy America's resources in Iraq.'" Officials from both countries "were unanimous in predicting yesterday that the challenge from the insurgency will continue to be severe. Perhaps U.S. troops can be drawn down without worsening that threat; but it would be tragic if, after so much suffering, Iraq's first democratic government were denied the means to succeed."

The Wall Street Journal (6/9) editorializes, "Zarqawi's death Wednesday in a U.S. airstrike near Baqubah is about as big a victory as you get. Only 9/11 mastermind Khalid Sheihk Mohamed rivals Zarqawi in importance among the al Qaeda leaders who've been captured or killed. No single terrorist has more innocent blood on his hands." Yet "as important as his death is, no one should be overconfident that this is the turning point for Iraq."

The New York Times (6/9) editorializes, "It is good news for Washington, and even better news for Iraq." But "as Americans discovered earlier…it will take far more than the elimination of a handful of iconic leaders to stem the tide of the Iraqi insurgency and reverse the country's alarming slide into civil war." Moreover, "Zarqawi's relationships with home-grown leaders of that insurgency and with top Al Qaeda leaders around Osama bin Laden were, in fact, often troubled. The circumstances of his death, however, could well erase all recollection of those differences in order to enshrine him as a useful martyr. In that new role, his memory could continue to haunt Iraq for some time to come."

The Los Angeles Times (6/9) says in an editorial that Zarqawi's death "may not have been the most important news from Iraq on Thursday. That designation may fall to the appointment of three new security ministers, giving Iraq a complete government for the first time since elections last December. Without Zarqawi, as even President Bush noted in the Rose Garden, the insurgency and attacks in Iraq will continue. Without a competent government, however, there is no hope for an end to the violence."

In an editorial, the Atlanta Journal-Constitution (6/9) writes that Zarqawi's death "should provide a much-needed boost of morale in Iraq as well, among our own troops and among the Iraqi people." However, "as Rumsfeld, President Bush and others noted in celebrating al-Zarqawi's demise, this success may not have immense impact on the long-term direction of affairs in Iraq."

In his Dallas Morning News (6/9) column, Carl P. Leubsdorf writes that Zarqawi's death "gives President Bush a much-needed psychological boost at a time he is struggling to convince Americans it's worth staying the course in Iraq." Leubsdorf writes, "In a sense, the impact of the killing of Abu Musab al-Zarqawi will be more symbolic than substantive."

In a Wall Street Journal op-ed (6/9), Eliot Cohen, Robert E. Osgood Professor of Strategic Studies at Johns Hopkins University's School of Advanced International Studies, says, "Counterinsurgency is not chiefly about killing -- but killing is essential to it, and by terminating the career of Abu Musab al-Zarqawi, American forces have not only delivered justice, but made real, if limited, progress."

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In his Wall Street Journal column (6/9), Daniel Henninger says, "Zarqawi understood that promising to make constant murder a phenomenon of the world's life, and proving he could deliver on that promise, would corrode the possibility of normal human relationships everywhere -- among Iraqis, between Iraqis and coalition forces, and in the U.S. between supporters of the Iraq war and those opponents of the war who abhor terrorism but have simply gone numb before Zarqawi's limitless capacity to kill. Western Europe has been made supine. Now he has been killed, and this should rightly be called a moral victory."

In his New York Times column (6/9), Thomas Friedman says, "Zarqawi was finally tracked down because someone in his organization or in the Sunni community in Iraq turned against him. We need more of that, because Iraq will only work if more Sunnis turn against the terrorists and join the government. Second, Al Qaeda can talk all it wants about replacing Zarqawi, but he is not so easily replaced, because he was a world-class, first-team all-star terrorist. For three years he terrorized Iraq, while eluding the U.S. Army, Marine Corps, Navy, Air Force and C.I.A. Bad guys like him don't grow on trees. But his death will be a turning point only if it leads more Iraqis to come together into a coherent government and army. Ultimately, that is all that matters."

In a New York Times op-ed (6/9), Daniel Benjamin and Steven Simon say that by killing Zarqawi, "the United States has struck its most important blow in the war on terrorism since driving Al Qaeda out of Afghanistan. Easily the deadliest terrorist at work over the last three years, Mr. Zarqawi was probably responsible for more deaths than Osama bin Laden and leaves behind a jihadist movement that has been drastically changed in no small part by his actions."

In his Washington Post column (6/9, A23), David Ignatius says the "opening provided by Zarqawi's death" is that it "raised the lid of fear a few inches so that Iraq could take a breath. It destroyed the worst of the worst, making life a little safer for everyone else. It offered a too-rare example in modern Iraq that the killers don't always succeed and that the culture of death isn't the only one left for the country. Most of all, his death allows the new Iraqi government to reach a truce with the insurgents who have been cowed or awed into backing Zarqawi."

Long-Term Effects Of Zarqawi's Demise Downplayed. Most media analyses last night and this morning downplayed the long-term effects of al Qaeda leader Abu Musab al Zarqawi's death on the Iraq conflict and the broader war on terror. For example, ABC World News Tonight (6/8, story 2, 2:50, Ross) reported, "Even the Ambassador" Zalmay Khalilzad "concedes Zarqawi's death will not dramatically change the nature of the insurgency. Despite his international influence, Zarqawi controlled only 1 of 14 major insurgent groups." NBC Nightly News (6/8, story 2, 1:50, Maceda) reported that "while US officials and Iraqi analysts tell NBC News that Zarqawi's death is a blow to al Qaeda in Iraq, the organization with hundreds of loyal fighters is capable of coming back."

Typical of the coverage is a San Francisco Chronicle (6/9, Sandalow) analysis, which begins, "The United States did not go to war in Iraq to kill Abu Musab al-Zarqawi. … Many cautioned that, by itself, the episode does not bring the United States closer to victory, justify the 2,486 American deaths or seem likely to turn around public opinion."

The Los Angeles Times (6/9, Roug) headlines its analysis "Few Expect Violence to End With Zarqawi's Death." In a second story titled "He Was More Symbol Than Sweeping Leader," the Los Angeles Times (6/9, Stack) says Zarqawi was "mostly a looming image, a man whose contribution to the war derived largely from his symbolic value. As a military commander, he held sway over just a fraction of a fraction of the fighters who daily sow bloodshed in Iraq."

Knight Ridder (6/9, Lasseter) says Iraq "remains a nation beset by deeply rooted problems that threaten to push it deeper into chaos. There are few expectations that Zarqawi's death will change that." Another Knight Ridder piece (6/9, Strobel, Landay, Walcott) says Zarqawi's death is "unlikely to have a significant impact on the struggle against al-Qaida." Likewise, the Financial Times (6/9, Biedermann, Alden) titles its report "Zarqawi's Death 'Will Not End Insurgency,'"

The New York Times (6/9, Filkins) reports, "While his death could erode the ability of his group, Al Qaeda in Mesopotamia, to carry out suicide and car bomb attacks — and possibly set off a violent struggle to succeed him -- the insurgency and the sectarian war he helped ignite will go on without him." The Washington Post (6/9, A1, Knickmeyer) also reports, "Analysts and military spokesmen said Thursday that the death of…al-Zarqawi…will not extinguish the sectarian conflict that he helped foment."

The Washington Times (6/9, Behn) takes says Zarqawi's killing, "combined with the selection of a defense minister who has credibility with the Sunnis, has provided the best chance in months for progress against the insurgency, Iraqi officials said yesterday." But "the sectarian killings in Baghdad and southern Iraq are unlikely to end anytime soon, they added."

Similar stories appear in the New York Times (6/9, Burns), which notes "American officials themselves offered an immediate warning against overstating the impact that the death of Mr. Zarqawi," USA Today (6/9, Diamond, Soriano), which quotes Maj. Tom Hobbs, executive officer for 3rd Battalion, 8th Marine Regiment in Ramadi, a city in western Iraq, saying, "Things will remain the same, or get worse as

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insurgent leaders conduct attacks to make a name for themselves and become the next top dog."

An exception to the general tenor of the coverage was New York Times columnist Thomas Friedman, who appeared on the CBS Evening News (6/8, story 6, 2:20, Schieffer). He said, "This is the all-star of all-stars of terrorism. And the al Qaeda people can say, 'Oh, we'll replace him with somebody else.' This is a guy who eluded, the Army, Navy, Air Force, Marine Corps, CIA, NSA; British Intelligence for three years. A guy like that they don't replace really quickly. We have not won by this one-day event, not at all. But it's a good step. It's one day of good news after so many unremitting days of bad." Former CIA intelligence official Michael Scheuer said, "Zarqawi was really off the reservation for al Qaeda in terms of his willingness or eagerness to fight Shias, and with him out of the way, I suspect the next al Qaeda leader in Iraq will focus more on American forces and the Iraqi government than actually just fighting against the Shi'a." Likewise, the Washington Times (6/9, Gertz) calls Zarqawi "a key strategic planner of deadly suicide bombings and gruesome execution-style slayings, and his death is a major setback for Islamist extremists in Iraq and elsewhere," according to "US counterterrorism officials said." One "official" told the Times, "He was leading the charge and was the jihadists' driving force in both planning and operations, and in raising money."

McCain Says Zarqawi's Death Is Not "Defining Event." On CNN's The Situation Room (6/8), Sen. John McCain said Zarqawi's death "was an important event but not a defining event. … This is a significant day but it really doesn't change the long-term challenges we face, as the President I think very well stated this morning."

Murtha Says Impact Of Zarqawi's Death Should Not Be Overestimated. Rep. John Murtha said on CNN's The Situation Room (6/8) that "the encouraging thing about what happened today is, you had information from the Iraqis go to the Iraqis, then go to the Americans. Now, this is a significant event, there's no question about it, to have gotten the top leader of al Qaeda. You have got to remember, though, al Qaeda is a very small part of what is going on in Iraq. And you have got to be careful not to overestimate the impact this is going to have."

Some Democrats Say Zarqawi's Killing Not Significant. The Washington Times (6/9, Fagan) reports, "Some Democrats, breaking ranks with their leadership yesterday, said the death of terrorist leader Abu Musab Zarqawi in Iraq wasn't significant and is being used to divert attention from an unpopular, unsuccessful war that should be ended. 'This is just to cover Bush's [rear] so he doesn't have to answer' for Iraqi civilians being killed by the US military, and his own sagging poll numbers, said Rep. Pete Stark, California Democrat. … 'This insurgency is such a confused mess that one person, dead or alive at this point, is hardly significant,' said Rep. Jim McDermott, Washington Democrat. 'Our troops are no safer today than they were yesterday. And no American is safer today.'" Rep. Dennis J. Kucinich "said Zarqawi was a small part of 'a growing anti-American insurgency' and that it's time to get out of Iraq. 'We're there for all the wrong reasons,' he said."

Oil Prices Fall On Word Of Zarqawi Death. The CBS Evening News (6/8, story 7, 1:45, Schieffer) reported, "The price of oil fell today after word of Zarqawi's death. How much of a ripple did this news have on the markets?" CBS (Mason) added, "The oil markets celebrated al-Zarqawi's death." Ray Carbone, trader: "Psychologically, it is good news for oil." Mason: "On the New York Mercantile Exchange, crude dropped below $70 a barrel for the first time in two weeks. It recovered some, but still closed down nearly half a dollar on the day as traders like Ray Carbone saw a blow to the insurgency that's disrupted critical oil supplies." Carbone: "And perhaps leading to some resurgence of the Iraqi exports coming out of Basra and the north of Iraq." Mason: "Iran, OPEC's second largest oil producer also had goes good news for markets. Iran's president said he's willing to discuss Iran's nuclear program with the west to 'resolve misunderstandings.' By some estimates, the troubles in Iraq and Iran have added a $5 to $10 terror premium to the price of every barrel of crude."

Iraqis Skeptical About Positive Effect Of Zarqawi's Death. ABC World News Tonight (6/8, story 3, 2:20, Gibson) reported, "Iraqi reaction to Zarqawi's death ranged from jubilation to skepticism." ABC (Marquez) added, "Iraq's government TV declared Zarqawi's death would bring peace and unity." Ishael Zayer, Al Sabah newspaper: "This might be the beginning of the end of the terrorism in Iraq." Marquez: "Zarqawi's death was the lead story on the major Arab television networks. But they questioned whether his end would be the end of attacks on civilians and sectarian violence here."

NBC Nightly News (6/8, story 3, 1:10, Boettcher) reported, "On the streets, it was pretty muted. People did not believe that the death of one man would make a difference, although there were celebrations by police, most of them Shiite, but they want to see the proof that something is going to happen here to secure the situation. Things have been bad. They've gotten worse over the past few months and they don't believe that the death of one man, Abu Musab al-Zarqawi, is going to change that."

The New York Times (6/9, Tavernise) reports, "As news of Mr. Zarqawi's death settled into homes across the country, Iraqis at lunch tables and in living rooms found themselves wondering what, if anything, would be different. … The skepticism springs from how Iraqis see the violence. Mr. Zarqawi is part of a larger galaxy of gangs and criminal groups that kill and kidnap with virtual impunity as the state watches helplessly."

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USA Today (6/9, Sabah, Soriano) also reports "most" Iraqis said Zarqawi's death "would do little to slow the pace of insurgent violence and sectarian killings."

The Washington Post (6/9, A18, Hernandez, Nouri), meanwhile, runs a story titled "Joy In The Streets: 'A Day Of Festivity,'" saying "many Iraqis greeted the news with cheers, applause, ululation, celebratory gunfire and feasting." But "Zarqawi's death came as ominous news to other Iraqis who saw him as a fearless defender of the country's Sunni minority against foreign occupiers, Shiite death squads and Iranian agents."

Reaction To Zarqawi's Death Across Middle East Said To Be Mixed. The Washington Post (6/9, A19, Shadid) reports that in the Middle East, "a region roiling with resentment over U.S. policy and fear of its repercussions, Zarqawi's death was greeted much as his life was: with confusion and suspicion. Some in Tripoli and elsewhere in the Arab world hailed him as a hero, as they might anyone fighting the United States. Others expressed relief and joy at the death of a man blamed for killing hundreds of innocent Iraqis. But often heard Thursday was a sense of wariness -- no one was quite sure who Zarqawi was, or what his death meant."

Identification Of Zarqawi Spiritual Adviser Was Key Point In Operation. The Washington Post (6/9, A1, Finer) reports a "crucial breakthrough in the hunt" for Zarqawi "came last month when Jordanian intelligence officers captured one of Zarqawi's mid-level operatives near the Iraqi border, according to the official. Employed by the Iraqi government as a customs clearance officer in Rutbah, along the main road from Amman to Baghdad, the operative identified himself as Ziad Khalaf al-Kerbouly. Kerbouly said in a statement broadcast by Jordanian television on May 23 that he used his position to help Zarqawi smuggle cash and materiel for the insurgency." Kerbouly also "told Jordanian interrogators something that they did not broadcast: The identity and contacts for Zarqawi's new 'spiritual adviser,' Sheik Abdel Rahman."

ABC World News Tonight (6/8, lead story, 4:35, Raddatz) reported, "A special operations team, Task Force 145, had been zeroing in on Zarqawi for months. Tracking his lieutenants and bombmakers. Getting ever-closer to Zarqawi himself." Gen. George Casey: "Tips and intelligence from Iraqi senior leaders from his network, led our forces to Zarqawi and some of his associates, who were conducting a meeting, approximately eight kilometers north of Baquba, when the operation was launched." Raddatz: "Officials tell ABC News the operation began three days ago when Task Force 145 learned that Zarqawi's so-called spiritual adviser, Sheik Rahman, would attending a meeting with Zarqawi."

USA Today (6/9, Nichols, Kelley) reports US military spokesman Maj. Gen. William Caldwell "didn't specify how U.S. officials knew for sure that al-Iraqi would meet with Zarqawi, but he indicated that al-Iraqi had been watched for weeks and was considered key to Zarqawi's whereabouts." Caldwell said, "Somebody inside the al-Zarqawi network [had identified al-Iraqi]. It truly was a very long, painstaking, deliberate exploitation of intelligence, information gathering, human sources, electronics, signal intelligence that was done over a period of time — many, many weeks."

The New York Times (6/9, Filkins, Mazzetti, Oppel) reports, "What the Americans had always lacked was someone from inside Mr. Zarqawi's network, Al Qaeda in Mesopotamia, who would betray him — someone close enough and trusted enough to show the Americans where he was. According to a Pentagon official, the Americans finally got one." The official "said that an Iraqi informant inside Al Qaeda in Mesopotamia provided the critical piece of intelligence about Mr. Rahman's meeting with Mr. Zarqawi. The source's identity was not clear — nor was it clear how that source was able to pinpoint Mr. Zarqawi's location without getting killed himself." A Jordanian official "close to the investigation said the mission that killed Mr. Zarqawi was a joint operation conducted by the Americans and Jordanian intelligence. The source inside Mr. Zarqawi's group, the Jordanian official said, had been cultivated at least in part by Jordanian intelligence agents."

The Washington Times (6/9, Scarborough) reports that after identifying Zarqawi's location, "An attack was planned, but with a twist. Commanders did not use ground troops because Zarqawi had eluded coalition forces before, having been tipped off that armored vehicles were headed his way. Commanders instead decided on a quick air strike, giving Zarqawi's lookouts no time to tip off the man responsible for thousands of deaths in Iraq."

The CBS Evening News (6/8, lead story, 2:55, Martin) reported, "The final moments of Zarqawi's violent life were played out in a remote farmhouse amid a grove of palm trees. Isolation, he felt, protected him from prying eyes, but in fact made him a sitting duck." Iraqi police "pulled his body from the rubble and cleaned him up for his final mug shot. Fingerprints proved who it was. There were six bodies in all, including a woman and child, possibly Zarqawi's wife and baby, and this man, Sheik Abn al-Rahman." While American "and Iraqi troops picked through the rubble, other soldiers were going after the rest of Zarqawi's network, raiding 17 of his safe houses in and around Baghdad. They'd been holding off on hitting these safe houses, because they didn't want to spook Zarqawi just as they were closing in on him. The US military says these raids have already yielded a treasure trove of intelligence."

NBC Nightly News (6/8, lead story, 4:05, Williams) reported, "Today, the US allowed the Iraqi prime minister to

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break this news to the world. A giant framed picture of the dead terrorist was shown and tonight a huge question remains." NBC (Engel) added, "Two US F-16 jets on patrol over Iraq like these were scrambled last evening as part of an intense six-week manhunt for Iraq's most wanted terrorist." When US Special Forces "confirmed Zarqawi was inside, they fired two 500-pound bombs. US military officials who swept the area after the attack say Zarqawi, Rahman, and four others were killed instantly."

US Military Says Al-Masri Likely Successor To Zarqawi. USA Today/AFP (6/9) reports US military officials said Zarqawi "would be succeeded by an Egyptian-born lieutenant known as Abu al-Masri." Maj. Gen. William Caldwell said, "It would probably be Abu al-Masri if you had to pick someone who would be the person that would try to occupy the position that Zarqawi had."

Zarqawi Called "Godfather" Of Terrorism In Iraq. The Washington Post (6/9, A1, Finer) reports in a front page story that US commanders and officials "have consistently called Zarqawi's al-Qaeda in Iraq organization the top threat to the country's security and made eliminating Zarqawi a priority. U.S. Ambassador Zalmay Khalilzad called him 'the godfather of sectarian killing and terrorism in Iraq.' Some outside analysts, however, have said U.S. officials have long overemphasized his role, which by their account further waned in recent months during a growing rift between Iraqi and foreign-born insurgents."

ABC World News Tonight (6/8, story 2, 2:50, Ross) reported, "Zarqawi was one of many insurgent leaders in Iraq. But at the age of 39, he became public enemy number one for the US in Iraq. And today, he was remembered as the godfather of terror. Zarqawi was a teenage street thug in Jordan. Sent to prison for petty crimes, before joining al Qaeda in Afghanistan in 1989. He achieved his prominence running al Qaeda in Iraq because what he did was so ruthless and provided dramatic pictures."

The CBS Evening News (6/8, story 5, 2:00, Dozier) reported, "Zarqawi claimed responsibility for some of the worst violence this country has seen, including the massive attack on the United Nations compound in 2003, hauntingly caught on film by a CBS cameraman at a press conference. Zarqawi also attacked Shiite targets, his stated goal to turn Sunni Muslims against Shiites and turn Iraq into a militant fundamentalist state. Zarqawi started the trend of grisly kidnappings and beheading, with American Nicholas Berg his first victim."

The New York Times (6/9, Gettleman) reports Zarqawi "was always something of a phantom, to the American military, to the Iraqi people he was supposedly fighting for and even to the men and women who grew up with him in his native Jordan." As the Iraqi "insurgency increased, American military officials increasingly blamed Mr. Zarqawi for the bloodshed. Military officials portrayed him as a global threat on the scale of Osama bin Laden and shared letters they say he wrote urging sectarian war in Iraq. However, several people who knew Mr. Zarqawi well, including former cellmates, voiced doubts about his ability to be an insurgent leader, or the leader of anything."

Zarqawi Said To Be First To Fully Exploit Internet For Terrorist Organizing. The New York Times (6/9, Shane) reports, "Over the last two years, Abu Musab al-Zarqawi established the Web as a powerful tool of the global jihad, mobilizing computer-savvy allies who inspired extremists in Iraq and beyond with lurid video clips of the bombings and beheadings his group carried out." Yesterday, the "electronic network that he helped to build was abuzz with commentary about his death, with supporters posting eulogies, praising what they called his martyrdom and vowing to continue his fight." The "flood of Web tributes, their tone more defiant than sorrowful, reached an audience that Mr. Zarqawi had greatly expanded. While other militants, from the Chechen separatists to Hamas Palestinians, had built Web sites to spread their message, Mr. Zarqawi and his aides were the first to take full advantage of the technology." Zarqawi's "Web propaganda generated and probably embellished his reputation in the Iraqi insurgency. But it also helped secure the Internet as a center of terrorist recruitment and instruction, partly supplanting the role of old Qaeda training camps in Afghanistan, according to counterterrorism officials and analysts."

Iraqi Parliament Approves Three Top Security Officials. USA Today/AP (6/9) reports Iraq's parliament "approved three key security officials Thursday. Their approval ended an impasse that had threatened Prime Minister Nouri al-Maliki's plan for Iraqi forces to gradually take over security from U.S. and other foreign troops." The three were "sworn in just minutes after al-Maliki in a separate event announced that U.S. forces had killed Abu Musab al-Zarqawi." Efforts to "install defense, interior and national security ministers had been held up by squabbling among the Shiite, Sunni Arab and Kurdish parties in the unity government that took office May 20." Iraq's new defense minister "is Gen. Abdul-Qader Mohammed Jassim al-Mifarji, a Sunni Arab," and the "other two ministers are from the Shiite majority: Interior Minister Jawad al-Bolani and Sherwan al-Waili, minister of state for national security."

Maliki Outlines Plan For Democratic Iraq. In a Washington Post (6/9) op-ed, Iraqi Prime Minister Nouri al-Maliki writes, "The completion of the national unity government Thursday in Iraq marks the starting point for repaying Iraqis' commitment to and thirst for democracy. He writes that Iraq's national unity government will pursue "an uncompromising agenda to deliver security and services to the Iraqi people and to combat rampant corruption." Maliki

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writes, "Iraqis have elected a national unity government that will always put national interests ahead of sectarian or ethnic agendas. This government will support the judiciary in relentlessly pursuing the murderers and kidnappers who have blighted Iraqi society. With the help of the international community and regional partners, we will be able to defeat the terrorist groups in Iraq." Maliki promises that his government will "persevere to make Iraq a prosperous democracy."

Little Chance Seen That US Will Reduce Troops Levels To 100,000. The New York Times (6/9, Shanker, Sanger) reports senior Administration "and military officials now acknowledge that there is little chance the United States can reach the milestone of reducing American troop levels in Iraq to 100,000 by December, a goal that earlier in the year had seemed within reach." The subject "of future troop levels is certain to be an important part of President Bush's two-day war cabinet meeting, which will start Monday at Camp David." In preparation, military planners "in Iraq and at the Pentagon have been refining troop-rotation proposals that, in the best case, would reduce levels to 110,000 to 120,000 troops by the end of December, from current levels of about 130,000, administration and military officials said." Any decision "to delay the informal timetable of reducing American troops to 100,000 would signal that the field commanders responsible for securing and stabilizing specific regions across Iraq had prevailed in the military's intense internal discussions of the road ahead."

NATO Reaffirms Expansion Of Role In Southern Afghanistan. The New York Times (6/9, Gordon) reports NATO defense ministers meeting in Brussels "on Thursday reaffirmed their plans to expand the alliance's control of southern Afghanistan in the face of increased resistance by Taliban fighters and drug traffickers." NATO has been "progressively increasing the number of its troops and its reach in Afghanistan. That operation has emerged as a major test of the alliance's ability to respond to new security challenges far from Europe." The plans "for Afghanistan were a main subject at the meeting, which also dealt with plans to establish a NATO Response Force to deal with new crises, among other initiatives that are to be formally ratified when allied leaders hold a summit meeting in November in Riga, Latvia."

US Releases 33 Afghan Detainees From Bagram Air Base. The New York Times (6/9, Gall, Khapalwak) reports the United States military "on Thursday released 33 Afghans from detention at Bagram Air Base and handed them over to the Afghan authorities." The detainees "were given some clothing and money by the Afghan authorities and freed as part of the country's reconciliation program." Several detainees "interviewed after their release complained of harsh treatment in a newly built wing of the detention center. They said there were frequent protests by detainees, which were sometimes put down with tear gas. They also said conditions in the old wing of the detention center were more bearable."

School Performance Of Military Children Falls. NBC Nightly News (6/8, story 12, 2:10, Williams) reported, "In many ways Killeen, Texas, is the ultimate company town. The company happens it's to be the US Army. Fort Hood, Texas, home of 3 Corps, the 4th Infantry, and the 1st Cav. The military is part of the fabric of so many lives there. It's very visible at the local high school where the students study away for finals while so many parents are away in the fight." NBC (Teague) added, "Take two steps through the front entrance of Shoemaker High School in Killeen, Texas, and the price of war becomes impossible to ignore. Seven gold stars hang above the doors, honoring seven parents killed in Iraq." For "most teenagers, simply going to high school is stressful enough, but imagine going to a school where almost 90% of the students have parents in the military and many of those parents are fighting overseas. Teachers say the stress leads to falling grades and disciplinary problems."

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SG Clement Lauded By Peers, Scalia. The Legal Times (6/9, Mauro) reports, "Paul Clement has been solicitor general of the United States for less than a year, so he was suspicious when he heard that Georgetown University Law Center's Supreme Court Institute wanted to honor him at its annual reception recently. It sounded valedictory, Clement said. … But judging by the accolades, Clement has substantial job security. Predecessor Theodore Olson said that Clement has already met a '24 karat gold' standard for advocacy. In the way of Washington, Clement was even praised by someone who was his adversary less than a month earlier: Georgetown professor Neal Katyal, who argued against Clement in the Guantánamo Bay detainee case of Hamdan v. Rumsfeld. … But the warmest words came from Justice Antonin Scalia, for whom Clement clerked in 1993 and 1994. Scalia said that Clement, who had shown his talents as deputy solicitor general before being promoted, was 'the sentimental favorite' among justices for the post. 'I am so glad he is solicitor general, because he makes my job easier.'" The Legal Times continues, "But Scalia mystified the audience somewhat by revealing one complaint he had about Clement: the black vest he wears to the Court with the customary swallow-tail morning coat as solicitor general. … Scalia insisted the vest should be a pearl gray, and he

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thought Clement had broken with tradition. … But the justice said he had the Court curator look up the history of the outfit, and, sure enough, Clement was right; black is the proper and traditional color for the SG's vest."

CORPORATE SCANDALS:

5th Circuit Frees Two Convicted Merrill Bankers Pending Enron Appeal. The Wall Street Journal (6/9, Koppel) reports, "The Enron Task Force was dealt a blow as the Fifth U.S. Circuit Court of Appeals released from prison two former bankers at Merrill Lynch & Co. who were convicted of fraud in 2004 for helping Enron Corp. artificially inflate its profit." The Journal continues, "The circuit ruled that Daniel Bayly, Merrill's onetime investment-banking chief, and Robert Furst, the Enron relationship manager for Merrill, could be released on bail while they appeal their fraud convictions in connection with a barge transaction." The Journal adds, "In 1999, Merrill invested in Enron electricity-generating power barges, allowing Enron to book $12 million in earnings. The government argued that because Enron guaranteed Merrill's profit in the deal, Enron had improperly booked the earnings and overstated its profit. Mr. Bayly was sentenced to 30 months in prison, while Mr. Furst received a 37-month sentence. … The court didn't reverse the convictions, but its ruling was a good sign for the defendants, lawyers said. 'It is hard to imagine why they would order defendants released from prison, unless the court was going to reverse their convictions,' said David Spears, who represents another former Merrill executive, William Fuhs, who also was convicted in the Enron barge matter and later released on bail by the Fifth Circuit."

Ruling Gives Lay, Skilling Hope. USA Today (6/9, Farrell) reports, "There may be hope for Ken Lay yet. … A federal appeals court Thursday ordered two former Merrill Lynch bankers released from prison while they appeal their convictions in an Enron-related fraud case. They could be freed as soon as today." USA continues, "The 5th Circuit Court of Appeals' decision to grant bail to Daniel Bayly and Robert Furst indicates their 2004 convictions are likely to be overturned, say lawyers who have followed the case. … The decision has sparked hope among lawyers for former Enron CEOs Ken Lay and Jeff Skilling, convicted two weeks ago of conspiring to hide the company's financial condition from investors. Their sentencing is set for Sept. 11, and each faces more than two decades in prison." USA adds, "Mike Ramsey, Lay's lead attorney, said his client was 'elated by the news.' During the trial, Ramsey accused prosecutors of overreaching. … 'It means the 5th Circuit is taking the task force seriously, grading their papers seriously,' Ramsey said. 'They're looking seriously at their conduct, the way they investigated this case and their theories of prosecution.'" USA notes, "It wouldn't be the first reversal for the Enron Task Force. Last year, the Supreme Court overturned the obstruction of justice conviction of Arthur Andersen, Enron's former auditor."

Milberg Weiss' Expert Witness Feeling Pressure From Federal Prosecutors. The California Recorder (6/9, Scheck) reports, "As the star expert for the plaintiff firm Milberg Weiss, John Torkelsen became a legend for his ability to cap an all-night binge with a crack performance in a deposition the next morning. … But his latest hangover won't be so easy to shake. As Torkelsen gets ready to start a five-year federal prison sentence -- he pleaded guilty last year in a scheme to defraud the government of investment cash -- he's feeling the squeeze of L.A. federal prosecutors." The Recorder continues, "They indicted Milberg Weiss Bershad & Schulman and two of its name partners last month on charges of paying illegal kickbacks to clients, and sources close to the case say they're looking deeper into Torkelsen, hoping to generate new charges against the firm -- and to continue their pursuit of William Lerach, Milberg Weiss' former star partner, who now heads his own firm in San Diego." The Recorder adds, "While Torkelsen has long been of interest to the Milberg prosecutors, his presence could underscore plaintiffs lawyers' criticism that the prosecution is politically convenient for the Bush administration. Milberg Weiss is a huge Democratic booster and scourge of Republican supporters, and prosecutors' probe of whether Torkelsen used money from Milberg to make donations could add fuel to that argument. … Of course, like much else in the six-year Milberg probe, the prosecutors' focus is far from new: Torkelsen has long been accused by securities defense lawyers -- and the business press -- of essentially being paid on contingency. That's a particularly stinging charge, given his job was to establish the value of shareholder losses in suits, and since he and the lawyers who employed him told courts that he was paid an hourly rate. That criticism gained steam after a 1998 deposition by L.A. defense lawyer Marshall Grossman, in which Torkelsen admitted he received more than his hourly rate in some cases, and no payment in ones where Milberg didn't get fees."

Michaels Stores To Miss SEC Deadline Due To Stock Options Review. The Wall Street Journal (6/9, Maremont) reports, "Crafts retailer Michaels Stores Inc. became the latest company to report trouble with its past stock-options grants, saying it will be unable to file its latest quarterly report on time because the audit committee of its board of directors had initiated a review of its historical stock-options practices." The Journal continues, "The Irving, Texas, company, which operates more than 1,000 stores, said its

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board had started the review on a 'proactive basis,' due to media reports about problems with options-granting practices at other companies. … In a filing late yesterday, Michaels said the review was primarily focused on the period from 1990 to 2001. In a tacit admission that it might have serious issues, the company said during that period it had 'principally' granted options with exercise prices 'that generally preceded the date' on which the company's board had approved the grants by executing 'unanimous consent resolutions.'"

The Fort Worth Star-Telegram (6/9, Fuquay) reports, "Such options backdating, which frequently involves picking a day when the company's stock was at or near a low for the period, has become an issue for the SEC, Justice Department and Internal Revenue Service. The practice has the effect of maximizing the value of the options, which allow executives to buy shares of company stock at a set price. … More than two dozen public companies reportedly are being investigated. They include Affiliated Computer Services of Dallas, which on March 6 said the SEC was examining its options awards, and Caremark Rx, which has a Fort Worth pharmacy operation."

Cyberonics Latest Company Accused Of Stock Option Violations. The New York Times (6/9, Feder) reports, "New accusations of corporate stock option abuse were leveled yesterday, this time against Cyberonics, a medical device maker that is no stranger to controversy." The Times continues, "The company's board approved stock option grants for top executives one evening in June 2004, a few hours after receiving positive news about the regulatory prospects for a promising product. When trading began the next morning, Cyberonics shares soared, and along with them, the value of the options." The Times adds, "Yesterday, Cyberonics shares plunged nearly 16 percent when trading began, after Amit Hazan, a device industry analyst for SunTrust Robinson Humphrey, published an investor advisory about his concerns over the timing of those stock options, which were granted to Robert P. Cummins, Cyberonics' chairman and chief executive, and two of his lieutenants. … The analyst's report criticized the option grant, saying it gave Mr. Cummins an instant paper profit of $2.3 million, and profit of $150,000 each for the other two executives, but did nothing for other shareholders. … Mr. Cummins and the company countered that because the option grant had been immediately reported to the public and that he and the other men had not yet exercised any of the options, there was no cause for controversy. By the end of regular trading yesterday, the stock had regained most of its losses, closing down 20 cents at $23.59."

CRIMINAL LAW:

Dixon Convicted Of Bribery, But Still Alleges Entrapment, Racism By FBI. In a widely-distributed story, the AP (6/9, Baird) reports former Tennessee State Sen. Roscoe Dixon "was convicted Thursday of extortion for taking payoffs from a fake company set up by the FBI to catch corrupt lawmakers. … After the verdict, Dixon told reporters he had been tricked by the federal government and the men who gave him money. Dixon, who is black, also said the charges were an attempt to weaken black political power in Memphis. He said he had not decided whether to appeal and refused to comment on whether he might cooperate with prosecutors to get a lighter sentence." The Memphis Commercial Appeal (6/9, Conley) adds that Dixon, "who contended he was set up by the FBI and former associates, said he was disappointed, but that he accepts the jury's verdict. He said he is prepared to 'take my medicine,' but vowed to 'resurrect myself from the ashes.' … He said the indictments have 'decimated the African-American power base in this community,' but that the setback would be only temporary." But US Attorney David Kustoff "said the evidence in the case was strong. 'The audio and video evidence, the testimony of the government's witnesses and Mr. Dixon's own statements proved beyond a reasonable doubt that the defendant broke the law and violated the trust that the public had entrusted him as an elected official of the State of Tennessee,' Kustoff said."

WPTY-TV Memphis (6/8) reports, "Even in defeat Dixon insists his conviction along with the indictments of other past and present lawmakers was entrapment on the part of the FBI. The now convicted Dixon believes it's an effort to break up the African-American Powerbase in Shelby County. … Federal prosecutors see it as laughable saying Dixon in his own words admitted to taking the money and pointed to the video evidence as proof. 'That is very compelling evidence,' said Tim DiScenza lead prosecutor for the US Attorney, 'I would think for a jury and it's compelling for us as we put the case together.' The question now, what message does this send others indicted. Leslie Ballen, whose client the Barry Myers the accused bagman, says this verdict should make others accused think twice about trial." WMC-TV Memphis (6/8) notes that the guilty verdict "is probably weighing heavily on the minds of four defendants still awaiting trial on Tennessee Waltz corruption charges. Political analyst Susan Adler Thorpe says, 'As long as it took the jury to come to that verdict it was a day and a half of deliberations tells an observer that the jury took its time and took each count very seriously.'"

The Chattanoogan (6/9) reports on the conviction and notes, "Republican gubernatorial candidate Sen. Jim Bryson

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said, 'When elected officials destroy the public trust they will be severely punished. That is why I led the effort to not allow indicted Sens. Bowers…and Crutchfield…to participate in the ethics special session. Gov. Bredesen was silent on that issue and he defended Sen. Ophelia Ford…when she was removed from the Senate due to a stolen election. Tennessee deserves a government worthy of the people of this state and that requires a governor willing to demand honest, ethical behavior from members of his own party.'"

Former New Jersey Municipal Official Convicted Of Taking Bribes. The AP (6/9) reports, "A federal jury took about three hours to convict a former municipal official on corruption charges after hearing him brag to undercover FBI agents that he 'could smell a cop a mile away.' Raymond J. O'Grady, once an elected member of the Middletown Township Committee, was convicted of all five corruption charges he faced for taking of more than $10,000 in cash bribes." US District Judge William J. Martini "ordered O'Grady, who had been free on bail, be placed under house arrest until" his sentencing on Sept. 12. The AP notes, "O'Grady was among 11 current and former elected officials in Monmouth County who were arrested in February 2005 following a corruption sting operation." The New York Times (6/9, 1.19M) adds that O'Grady "was found guilty of accepting payments from undercover F.B.I. agents posing as vendors trying to obtain municipal contracts," and he "faces up to 71 months in federal prison."

The Newark Star-Ledger (6/9, Martin, 420K) notes that during the trial, "jurors watched and listened to FBI recordings in which O'Grady took $6,000 from undercover agents posing as contractors and another $2,000 that he believed was from a trucking company doing business with the county. … He was among nearly 20 public officials and contractors charged last year in FBI probes of corruption in Monmouth County. Several suspects have since pleaded guilty to charges, but O'Grady was the first to make the government prove its case before a jury." Assistant US Attorney James Nobile "said he hoped the verdict would send a message to not only the other defendants but 'anyone thinking of doing the kind of things that Mr. O'Grady did.'" The Asbury Park Press (6/9, Alexander) notes Judge Martini said that "the evidence in the case was overwhelming, and that O'Grady was a person 'who has no regard for the integrity of the system.' The judge said he did not believe O'Grady 'had any sense what he did was wrong.'"

New Jersey Agency Documents Subpoenaed In Ongoing UMDNJ Probe. The Newark Star-Ledger (6/9, Margolin, Sherman, 420K) reports, "Federal investigators have subpoenaed records from a powerful bistate agency as part of a widening criminal probe into a former administrator at the University of Medicine and Dentistry of New Jersey and a prominent state senator, according to two people who have been briefed on the case. The subpoena, served on the Delaware River & Bay Authority last month, seeks records relating to community contributions made by the DRBA, along with expense reports for agency Chairman Warren Wallace and documents related to legal work done by the firm of Sen. Wayne Bryant." DRBA Commissioner Gary Simmerman said yesterday, "I think they're just checking things to make sure they are legitimate. As far as I'm concerned, in this case, they are." The AP (6/9) notes, "Federal prosecutors in New Jersey and Delaware and an FBI spokesman would not comment on the ongoing investigation."

Suburban-Chicago Mayor Arrested On Bribery Charges. In a widely-distributed story, the AP (6/9, Robinson) reports, "Nicholas Blase, mayor of Niles for 45 years, was arrested as he left his house on his 78th birthday" yesterday, charged with "steering business to a friend's insurance agency in return for bribes over almost two decades. According to court documents, Blase threatened to withhold liquor licenses and business licenses from restaurant owners unless they bought insurance from the agency once owned by his late friend Ralph Weiner and now run by Weiner's sons." The Chicago Tribune (6/9, O'Connor, Keilman, 643K) notes, "Two insiders in the Weiner agency as well as an employee in Blase's law firm have provided crucial help to the FBI, the complaint states. Two of them secretly recorded conversations with the mayor. The Weiner agency secretly kicked back 20 percent of its commissions from Niles businesses to a shell company effectively controlled by the mayor, the charge alleges." The Tribune adds, "Len Reinebach, who tried without success to unseat Blase in the 2001 election, said he had heard rumors about business owners being pressured to buy insurance from a friend of the mayor's. He said he relayed the stories to the FBI that year, but never heard back from the agency. 'This was pre-[U.S. Atty.] Patrick Fitzgerald,' Reinebach said. 'They said, "You got proof? You got the goods?" I said, "No, I don't own a business. I know this from asking around."'"

The Chicago Sun-Times (6/9, Korecki, Main, Herman) reports, "On his way out of court, Blase vowed to fight the charges and denied wrongdoing. When asked if he would step down as mayor he blurted out 'No' and later said: 'I'm going to stay in office. I haven't been convicted of anything.' Blase said he was truthful during an FBI interview earlier this week. 'Oh yes, as a lawyer you know that you have to tell the truth,' said Blase, whose law license will be at risk if convicted." The Skokie Review (6/9, Johnson, Schneider) notes, "The charges were filed after a 4 1/2 year FBI investigation," which "began based on complaints from Niles businesses, Shapiro said. 'We received information from people who believed they were being pushed to buy

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insurance they didn't need or want,' he said." The Des Plaines Journal (6/9), WBBM-TV Chicago (6/8, Hartman), WLS-TV Chicago (6/8, Meincke) and WMAQ-TV Chicago (6/8, Martinez) also report on Blase's arrest.

Sorich Lawyer Criticizes Circumstances Of FBI Interview With Daley. The Chicago Tribune (6/8, Bush, Mihalopoulos, 643K) reports , "The FBI has conducted more than 1,000 interviews during its investigation of Mayor Richard Daley's administration, but Daley alone had a court reporter present to transcribe his statement to investigators, an FBI agent testified Thursday. … The content of that interview has not been made public, but Daley's arrangement with prosecutors became an issue Thursday in the trial of Daley's former patronage chief Robert Sorich and three other former city officials." FBI Special Agent John Hauser testified former Streets and Sanitation Department Managing Deputy Commissioner John Sullivan "told federal investigators that he did not know about preferential treatment in hiring for members of HDO and the other pro-Daley group, led by Streets and Sanitation official Daniel Katalinic. On cross-examination, Sullivan's attorney, Cynthia Giacchetti, said her client, unlike Daley, did not have the benefit of a verbatim transcript of his three question-and-answer sessions with the FBI. 'He never asked for it ahead of time, and that's what makes it different from Mayor Daley's interview,' Hauser said."

The Chicago Sun-Times (6/9, Warmbir, Korecki) reports on Giancchetti's criticism and notes, "While the defense suggested that prosecutors gave Daley a concession, that would seem to run contrary to an earlier defense suggestion that prosecutors want to unseat Daley. Daley did get benefits by testifying in a deposition-style setting rather than the grand jury. … But the investigators who interviewed Daley -- assistant U.S. attorneys Patrick Collins and Barry Miller and FBI agent John Hauser -- also would appear to get advantages as well. The investigators got a sworn statement from Daley," and "such a document is much more difficult to attack by a defense attorney if the matter ever came to court."

Defense Lawyer Claims Prosecutors Trying To Isolate, Intimidate Fumo Aide. The Philadelphia Inquirer (6/9, Shiffman, 423K) reports, "A lawyer for a former aide to State Sen. Vincent J. Fumo complained yesterday that prosecutors have sought to intimidate and isolate his client, cutting him off from a network of friends and colleagues as a condition of bail." Leonard Luchko "is prohibited from speaking to four dozen people who are witnesses or suspects in the FBI's wide-ranging investigation of the Philadelphia Democrat and a South Philadelphia charity, Citizens' Alliance for Better Neighborhoods." Defense Lawyer James C. Schwartzman said yesterday, "It's just not done this way. What the government is hoping to gain, I don't know." Expressing outrage about Luchko's arrest, Schwartzman added, "I made it clear to the government for 18 months, that with a phone call, I would bring him in. Instead, they made a show for the public and perhaps for the fear factor."

State Senate Paying Legal Fees Of Subpoenaed, But Not Indicted, Employees. The Philadelphia Daily News (6/9, Hinkelman) reports, "State taxpayers may have been picking up the legal tab for the state Senate employees who have been subpoenaed in the federal grand-jury probe of Sen. Vincent Fumo. Senate Chief Clerk W. Russell Faber said yesterday 'legal representation [paid by the Senate] is available' for employees who testify before the grand jury." However, "Faber said the state Senate doesn't pay legal bills for employees who are charged with a crime or are targets of the probe."

Florida Prisons Suspend Contract Of Vendor Raided By FBI. The AP (6/9) reports, "The Florida Department of Corrections suspended the contract Thursday of a company which sells snacks and drinks to people who visit Florida prisons on weekends after state and federal agents raided its offices. Agents seized business records of American Institutional Services and were at the company all day Wednesday, FBI spokesman Jeff Westcott said Thursday. There were no arrests and the search warrant remains sealed, he said." The AP notes, "The FBI and the Florida Department of Law Enforcement are continuing a two-year investigation into the Corrections Department. The investigation led to the ouster of Secretary James Crosby in February and several other key administrators have lost their jobs after James McDonough took over as interim secretary." The Miami Herald (6/9, 323K) also reports on the contract suspension in "Florida Briefs."

Gubernatorial Candidates Returning AIS-Connected Political Contributions. The Miami Herald (6/9, Reinhard, 323K) reports, "Two candidates for governor are returning donations from a prison contractor whose Gainesville offices were raided by the FBI. Democratic state Sen. Rod Smith said Thursday that he will send $2,500 back to American Institutional Services. Republican state Attorney General Charlie Crist said he will return $500. His GOP rival, state Chief Financial Officer Tom Gallagher, is considering what to do with a $500 donation from AIS President Edward Dugger." The St. Petersburg Times (6/9, Liberto) notes that the FBI raid "cast a shadow on the gubernatorial aspirations" of Smith. "Although Smith returned some campaign money associated with Dugger, his gubernatorial bid still stands to benefit from the longtime friendship between the two. Dugger's AIS is the top contributor, at $30,000, to a political committee supporting Smith's campaign."

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Alleged Cuban Agent Bases Dismissal Motion On FBI Interrogation Transcripts. Under the headline "How The FBI Coaxed Cuba 'Confession'," the Miami Herald (6/9, Corral, 323K) reports lawyers for alleged Cuban agent Carlos Alvarez "are arguing that the indictment against Alvarez should be dismissed because 'he was promised that he would not be prosecuted so long as he provided government investigators with truthful information in response to their questions.' They want his confession thrown out." According to "declassified transcripts of the FBI's meetings" with Alvarez filed with the defense motion to dismiss, "the FBI peppered its interrogation with veiled threats and warnings. Alvarez wept as the FBI pressed him for more. 'Here, here, here,' an agent consoled Alvarez, 'everything is going to turn out fine. . . . There are no problems here. . . . Nobody will know that you spoke with us.'" The Herald adds, "FBI spokesman Michael Leverock said Thursday he could not comment on an ongoing case. … After reviewing the transcripts, some legal observers believe the FBI was employing techniques to try to flip Alvarez to cooperate and turn in his alleged Cuban intelligence handlers."

Pennsylvania Attorney Indicted On Embezzlement Charges. The Legal Intelligencer (6/9, Duffy) reports, "An Allentown, Pa., lawyer was indicted Thursday on charges of embezzling more than $1.5 million from the heirs of estates he was handling and real estate clients by transferring their funds to his own personal bank account -- sometimes forging his clients' signatures on checks." The LI continues, "Prosecutors claimed attorney Michael D. Kasprenski, 43, used some of the stolen money to buy a vacation home in Nova Scotia and to pay boarding costs for his horse. … The indictment charges Kasprenski with 11 counts of wire fraud, nine counts of mail fraud, one count of bank fraud and three counts of filing false federal income tax returns." The LI adds, "In addition to his law practice, Kasprenski was president of Turtle Abstract Co. and a sales agent for Lawyers Title Insurance Corp. The 20 instances of alleged embezzlement charged in the indictment range from $8,000 to nearly $500,000. … Kasprenski was arrested in February and was ordered to undergo a psychiatric evaluation by U.S. Magistrate Judge Arnold C. Rapoport. According to Kasprenski's lawyer, John J. Waldron of Huber & Waldron in Allentown, Kasprenski was found incompetent to stand trial. … Since then, Assistant U.S. Attorney Seth Weber and Waldron have filed several joint motions asking for extensions of the ordinary 30-day time limit in which to file an indictment. … In an interview Thursday, Waldron said Kasprenski is currently free on bail and living at home but is undergoing 'competency restoration' treatment with a psychiatrist and a psychologist. Waldron said he couldn't comment on the charges or any possible defenses because he has been unable to work with Kasprenski due to his psychiatric problems."

Bulger Associate Testifies FBI Handler Never Asked About Murders. The Boston Globe (6/9, Murphy, 484K) reports that at the "$50 million wrongful death suit filed against the federal government by the family of John McIntyre" yesterday, "convicted killer Stephen 'The Rifleman' Flemmi testified…his FBI handler," John J. Connelly "never asked him or fellow informant James 'Whitey' Bulger if they killed anyone. And they didn't tell." The Globe adds, "Another former Bulger associate-turned-government witness, Kevin J. Weeks, took the stand yesterday and corroborated Flemmi's testimony. Weeks, now free after serving five years in prison for his role in five murders, including McIntyre's, said Connolly warned Bulger that 'one of the two people that were stopped coming off the Valhalla was cooperating.'" Meanwhile, the Boston Herald (6/9, Sweet, 220K) reports that Weeks "said he turned on his crew because his bosses bedded down with the FBI," and the Herald notes, "The gruesome memories of the former legbreaker and corpse-remover are being used against the FBI in a wrongful-death trial intended to make the feds pay for the very first time for letting Bulger and Flemmi get away with murder."

Virginia Governor's Decision To Delay Execution Sparks Criticism. The Washington Post (6/9, A1, Rondeaux, Shear) reports that Virginia Gov. Timothy M. Kaine (D) "delayed the execution of triple-killer Percy Levar Walton yesterday, a move that political adversaries said renews questions about the governor's commitment to enforce the death penalty. In a statement issued a little more than an hour before Walton's scheduled execution, Kaine said he would conduct an independent inquiry to determine whether Walton is too mentally ill to be put to death. 'Due to the history of judicial concern about his mental status, the claims in Walton's clemency petition are entitled to serious consideration,'" Kaine "wrote, ordering a new execution date in six months. 'It would be imprudent to either proceed with the execution or grant clemency without further review.'" Kaine's "critics said the governor's decision to delay the execution is a slap at the judicial system that convicted Walton, sentenced him to die and later allowed that punishment to stand through years of appeals. 'During the campaign in 2005, a lot of people questioned the governor's commitment to enforcing the death penalty,' said Lt. Gov. Bill Bolling (R). '[Kaine's decision] is going to renew the debate about this governor's willingness to enforce the death penalty when it's clearly in order.'"

Virginia High Court Overturns Death Sentence. The Washington Post (6/9, A8, George) reports, "The Virginia Supreme Court yesterday threw out the death sentence of a

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man whose case had led to a federal ban on executions of the mentally retarded, in a decision that was widely seen as creating new areas of death-penalty law." The Post continues, "In its 24-page opinion, the court ruled that a jury should not have been told that Daryl Atkins had been handed a death sentence by an earlier panel of jurors. The disclosure, the court wrote, "prejudiced his right to a fair trial on the issue of his mental retardation." … The court ordered a new trial on the single question of whether Atkins, 28, is mentally retarded. His IQ has been measured at various times as 59, 67, 74 and 76. Atkins was convicted eight years ago in the carjacking and murder of Eric Nesbitt, 21, an Air Force mechanic."

The New York Times (6/9, Liptak) reports, "In 1996, Mr. Atkins, then 18, and another man abducted Eric Nesbitt, 21, an airman from Langley Air Force Base, forced him to withdraw money from an A.T.M. and then shot him eight times, killing him. Prosecutors have contended that the crime itself is evidence that Mr. Atkins is not retarded. … In yesterday's decision, the Virginia Supreme Court said the trial judge, N. Prentis Smiley Jr., of the York County-Poquoson Circuit Court in Yorktown, had made two mistakes in the trial, which was held last year and was limited to the question of whether Mr. Atkins is retarded. … Judge Smiley should not have told the jury that Mr. Atkins had been sentenced to death by another jury, the State Supreme Court ruled. 'In other words,' Justice Cynthia D. Kinser wrote for the unanimous court, 'the jury knew that, if it found Atkins mentally retarded, it would in effect be nullifying another jury's verdict.' … Judge Smiley's second error, Justice Kinser wrote, was to allow testimony from an expert witness who was unqualified."

Gillespie Testimony Sought In Phone-Jamming Suit. New Hampshire Democrats are asking a judge to force former RNC Chairman Ed Gillespie and other RNC operatives to answer questions under oath about a plot that jammed get-out-the-vote telephone lines on Election Day 2002. The AP (6/9) reports, "State Democratic Party officials say they are making deposition requests based on evidence from the criminal trial of former Bush campaign official James Tobin, of Bangor, Maine, who was sentenced last month to 10 months in prison on charges he helped plan the phone jamming. … Democrats are suing New Hampshire Republicans to find out how far up the chain of command the phone jamming plot reached, which tied up Democratic and a nonpartisan get-out-the-vote and ride-to-the-polls phone lines for more than an hour on Nov. 5, 2002, before Republicans called it off. The motion includes a request for White House phone and cell phone records."

North Dakota College Student Pleads Guilty To Child Porn Charges. The AP (6/9) reports, "A University of North Dakota student has pleaded guilty to distributing and possessing child pornography, the U.S. attorney says. James Russell Jackson of Grand Forks pleaded guilty on Thursday to one count of distribution of material involving the sexual exploitation of minors, and one count of possession of materials involving the sexual exploitation of minors, U.S. Attorney Drew Wrigley said. … Authorities said Jackson distributed child pornography over the Internet to an FBI undercover special agent," and "the FBI said it executed a search warrant for Jackson's dormitory room at the school and found hundreds of still images and videos of young children involved in sexually explicit conduct, many of which depicted 'sadistic and masochistic conduct.'"

Matalin To Host Fundraiser For Libby Defense Fund. The Wall Street Journal (6/9, Harwood) reports in its "Washington Wire" column, "Ex-Cheney aide Mary Matalin hosts $500-a-head June 20 reception for Libby's defense fund. A flier for the event says $5,000 co-hosts include former Commerce Secretary Don Evans, former Energy Secretary Spence Abraham, and Bush political ad-man Mark McKinnon."

Second Dancer's Statement Disputes Duke Rape Allegations. The New York Times (6/9, Wilson) reports, "A stripper at a Duke University lacrosse team party has contradicted statements by another dancer who says she was raped at the party, and by the detective who described the matter to a judge, defense lawyers said in a court filing Thursday." The Times continues, "The lawyers also said medical evidence did not support the charge of rape by the woman, a 27-year-old student and mother of two who worked for an escort service." The Times adds, "Three Duke students have been charged with rape, kidnapping and assault in the case. They have pleaded innocent. A preliminary court hearing is set for June 22. Benjamin W. Himan, the lead detective on the case for the Durham police, filed a sworn statement on March 23 with Ronald L. Stephens, a Durham County judge, saying the woman had been raped and assaulted for about 30 minutes. The affidavit led the judge to order 46 lacrosse team members to submit to photographs and DNA testing. … But documents in the court filing show that the second dancer, Kim M. Pittman, 32, of Durham, told the police on March 20 and March 22 that she had been with the woman who has said she was raped for all but five minutes of the night of the party, March 13, and that any accusation of sexual assault was 'a crock.' … Ms. Pittman has more recently said in news media interviews that she is not sure what happened." USA Today/AP (6/9) also reports this story.

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Judge Denies Vatican's Motion To Dismiss In Sex Abuse Case. The AP (6/9, McCall) reports, "A federal judge has ruled that a sex abuse lawsuit against the Vatican can move forward with the claim that the Holy See bears responsibility for a priest who was transferred from city to city even though he was known to be a molester." The AP continues, "U.S. District Judge Michael Mosman said in his decision Wednesday that there are exceptions to the Foreign Sovereign Immunity Act, under which the Vatican is typically immune from the jurisdiction of U.S. courts. … Rejecting the Vatican's bid to dismiss the case, Mosman ruled that there was enough of a connection between the Vatican and the priest, who died in 1970, for him to be considered a Vatican employee under Oregon law." The AP adds, "No one has ever successfully sued the Vatican over molestation by Roman Catholic priests and some legal experts have dismissed such lawsuits as publicity stunts. … The lawsuit filed in 2002 by a Seattle-area man claims the Vatican, the Archdiocese of Portland and the archbishop of Chicago conspired to protect the Rev. Andrew Ronan by moving him from Ireland to Chicago to Portland despite a history of abuse. … In the ruling, Mosman noted that Ronan admitted to sexual abuse at the Archdiocese of Armagh in Ireland before he was moved to St. Philip's High School in Chicago, where he admitted to abusing three boys. Ronan was then placed at St. Albert's Church in Portland, where the plaintiff claims Ronan repeatedly abused him in the late 1960s."

LATimes Says Online Gambling Should Be Legal. An editorial in the Los Angeles Times (6/9) urges Congress to reject efforts to ban online gambling. The Times notes, "Doesn't the federal government have better things to do than try to block people from going online to make a wager on the Super Bowl or the Final Four?" The Times adds, "Legalizing online gambling and regulating the industry -- as Britain has done -- is the best way to toughen protections against gambling by minors, identify problem gamblers and ensure that online sites are more scrupulous than the back-alley bookie. … Moralistic members of Congress should not be allowed to thwart online freedoms. It's unlikely they will succeed anyway. The issue is whether Washington is to have any leverage over the burgeoning online gambling world, or whether that world will remain beyond the reach of U.S. law."

CIVIL RIGHTS:

FBI Probing Louisiana Inmates' Abuse Allegations. The Shreveport Times (6/9, Welborn) reports, "The FBI is investigating some Bayou Dorcheat Correctional Center inmates' claims that they have been mistreated at at the hands of the Webster Parish prison's warden, Sheriff Gary Sexton and the FBI confirmed today." The Times continues, "FBI investigators questioned inmates, prison staff members and Warden Steve Risner on Monday. Their report, when completed, will be submitted to the U.S. Justice Department for review, said Sexton, who was briefed by investigators Monday. … Meanwhile, the sheriff said he is standing firmly behind Risner. 'I'm running a prison, not a day-care center. I stand behind (Risner) 365 days, and we'll go to court 365 days if we have to.'" The Times adds, "FBI Senior Agent Mike Kinder is uncertain how long the investigation initiated this week will take. 'We're looking into it to see if allegations are credible or not.' Allegations came from 'several inmates,' he added. … The inquiry stems from inmates who allege their civil rights were violated when they were sprayed with chemical mace and another inmate claiming he was shot with the Taser, Sexton said."

Senate Blocks Bill Giving Hawaiians Native American Status. The AP (6/9, Abrams) reports, "The Senate on Thursday dashed efforts to give native Hawaiians some of the same powers of self-governance granted to American Indians. Critics argued that the measure could lead to race-based privileges in a state known for its diversity." A procedural vote "fell four short of the 60 votes needed to keep the bill on the Senate floor. With that, the legislation, promoted by Sen. Daniel Akaka, D-Hawaii, over the past seven years, was effectively dead for this session of Congress." The vote was "56-41 in favor of proceeding with the Native Hawaiian Government Reorganization Act. All 41 no votes were cast by Republicans. Thirteen Republicans and one independent joined 42 Democrats in supporting further action on the bill."

The New York Times (6/9, Files) notes the Justice Department "sent a letter this week to the majority leader, Senator Bill Frist of Tennessee, saying that it opposed the bill because it went against the nation's tradition of assimilation and would divide people by race." The United States Commission on Civil Rights "voted last year to recommend that Congress not pass the bill, contending that it would 'discriminate on the basis of race or national origin and further subdivide the American people into discrete subgroups accorded varying degrees of privilege.'"

The Washington Times (6/9, Debose) reports "thirteen Republicans -- including, Sen. Jon Kyl of Arizona, one of the bill's chief opponents -- voted for a floor debate. Mr. Kyl would not elaborate on why he voted for cloture except to say, 'I made a commitment, and I honor my commitments.' Two Democrats, Sens. Charles E. Schumer of New York and John D. Rockefeller IV of West Virginia, did not vote." USA Today (6/9) also reports the story.

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Krauthammer Says Gay Marriage Amendment Not Needed. Charles Krauthammer writes in the Washington Post (6/9, A23) that the Senate debate on gay marriage "revolved around the two possible grounds for the so-called Marriage Protection Amendment: federalism and popular sovereignty. Federalism. … Congress's Defense of Marriage Act (DOMA) explicitly prevents the state-to-state export of gay marriage. … The Marriage Protection Amendment is therefore superfluous. … Popular Sovereignty. Gay marriage is a legitimate social issue to be decided democratically. The problem is that imperial judges are legislating their personal preferences, striking down popular will and calling it constitutional law." Krauthammer adds that "there is no need (yet) to disfigure the U.S. Constitution with a policy amendment."

ANTITRUST:

House Passes Telecom Bill. The Wall Street Journal (6/9, Schatz) reports, "House lawmakers took a step toward the first major rewrite of the nation's telecommunications laws in a decade, approving a bill that makes it easier for phone companies to get into the cable-television business." The measure, which passed on a 321-101 vote, "establishes a national video franchise that would allow phone companies including AT&T Inc. and Verizon Communications Inc. to bypass local governments when seeking to offer pay TV service. It extends similar rights to cable companies." It also "authorizes the Federal Communications Commission to enforce "net neutrality" principles, which require Internet providers to allow consumers to use the Internet as they choose." The Washington Post (6/9, D2, Mohammed) calls the vote "a defeat for the cable industry." House passage "shifts attention to the Senate, where telecom analysts believe it will be harder to pass similar legislation this year."

CNET News (6/9, McCullagh) reports, "The U.S. House of Representatives definitively rejected the concept of Net neutrality on Thursday, dealing a bitter blow to Internet companies like Amazon.com, eBay and Google that had engaged in a last-minute lobbying campaign to support it." CNET continues, "By a 269-152 vote that fell largely along party lines, the House Republican leadership mustered enough votes to reject a Democrat-backed amendment that would have enshrined stiff Net neutrality regulations into federal law and prevented broadband providers from treating some Internet sites differently from others." CNET adds, "Of the 421 House members who participated in the vote that took place around 6:30 p.m. PT, the vast majority of Net neutrality supporters were Democrats. Republicans represented most of the opposition. … The vote on the amendment came after nearly a full day of debate on the topic, which prominent Democrats predicted would come to represent a turning point in the history of the Internet. … At issue is a lengthy measure called the Communications Opportunity, Promotion, and Enhancement (COPE) Act, which a House committee approved in April. Its Republican backers, along with broadband providers such as Verizon and AT&T, say it has sufficient Net neutrality protections for consumers, and more extensive rules would discourage investment in wiring American homes with higher-speed connections."

FTC Gives Antitrust Nod To Lucent-Alcatel Merger. The AP (6/9) reports, "Telecommunications equipment maker Lucent Technologies Inc. said in a regulatory filing Thursday that its $13.4-billion merger with France's Alcatel SA received antitrust clearance." The AP continues, "The Federal Trade Commission on Wednesday granted the companies early termination of the waiting period required under the Hart-Scott-Rodino antitrust law. … The transaction remains subject to additional customary regulatory and governmental reviews in the U.S., Europe and elsewhere, as well as the approval by shareholders of both Lucent and Alcatel and other conditions, Lucent said in a filing with the Securities and Exchange Commission." The AP adds, "Under the deal announced in March, shareholders of New Jersey-based Lucent will get 0.1952 Alcatel American depositary shares for each Lucent share held."

General Dynamics Receives FTC Approve For Anteon Buy. Dow Jones (6/9) reports, "General Dynamics Corp. received antitrust clearance from the Federal Trade Commission for its $2.2 billion acquisition of Anteon International Corp." Dow Jones continues, "The agency said Thursday that it granted early termination Wednesday of the waiting period required under the Hart-Scott-Rodino Antitrust Improvements Act. … As reported, Anteon will be combined with the General Dynamics Network Systems business unit to form a new organization known as General Dynamics Information Technology, which will be based in Fairfax, Va."

Microsoft Says It Offered Concessions In Adobe Dispute. InformationWeek (6/8, Ricadela) reports, "Microsoft said Wednesday it had offered multiple concessions to Adobe Systems, including shipping Adobe's Flash and Shockwave software with Windows Vista, to try to resolve their dispute over document formats." IW continues, "Adobe confronted Microsoft earlier this year over the planned ability for Microsoft's upcoming Office 2007 software to create files in the Portable Document Format, a technology Adobe developed. Adobe also complained about Microsoft's development of technology called the XML Paper Specification, a potential alternative to PDF, and its

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integration with the upcoming Windows Vista operating system." IW adds, "Microsoft agreed to remove functions for saving documents in PDF and XPS formats from Office 2007, due early next year, and to offer the features as separate downloads. The dispute became public last week when Microsoft's lead attorney said in a report in the Wall Street Journal that Adobe was preparing to file an antitrust lawsuit in Europe over the matter. … Microsoft has said publicly that in addition to agreeing to separate the PDF- and XPS-creation features from Office, it offered to give PC makers the choice not to include XPS viewing and printing technology with installations of Vista on their machines. The Vista operating system is due early next year. A Microsoft spokeswoman said Wednesday the company had also offered to ship Flash and Shockwave, which let PC users view multimedia files, with Vista."

Canadian Antitrust Regulators Clear Mittal Steel's Bid For Arcelor. AFP (6/9) reports, "Mittal Steel, the world's largest steel producer, said that Canadian antitrust regulators have given a green light to its bid to acquire European rival Arcelor. … 'Mittal Steel today announces that the Canadian Competition Bureau (CCB) has confirmed that it will not challenge the bid by Mittal Steel to acquire Arcelor,' Mittal said in a statement received here. 'This clearance is a further positive and important step towards the successful completion of Mittal's bid,' it said. Mittal added that the CCB clearance was 'unconditional'." AFP adds, "The company's 25.8-billion-euro (32.94-billion-dollar) bid for Arcelor has already been approved by European and US regulators. After the start of Mittal's offer to shareholders in Europe, Arcelor announced plans to acquire Russian steel producer Severstal in a bid to scupper Mittal's ambitions. … Executives from Arcelor and Mittal Steel are to meet for the first time between now and the weekend to discuss the unsolicited takeover bid, Arcelor had said Wednesday. But Arcelor has stressed that the meeting was to discuss a business plan submitted by Mittal detailing its future projects and insisted that the talks did not constitute friendly takeover negotiations."

Falconbridge, Inco Agree To Sell Norwegian Nickel Refinery. Bloomberg (6/9, Donville) reports, "Inco Ltd. and Falconbridge Ltd., seeking regulatory approval for the biggest mining merger ever, agreed to sell a Norwegian nickel refinery to LionOre Mining International Ltd. for $650 million in cash and stock." Bloomberg continues, "LionOre will pay $400 million in cash and $250 million in shares for the Falconbridge-owned Nikkelverk plant, Inco and Falconbridge, both based in Toronto, said today in a statement. The transaction is intended to address antitrust concerns of U.S. and European regulators, the companies said." Bloomberg adds, "Colin Steyn, LionOre's chief executive officer, said in an interview the purchase of the Norwegian refinery would raise his company's 2006 per-share earnings by as much as 45 cents. LionOre last year had earnings from continuing operations of 29 cents a share, according to Bloomberg data. … Inco has offered C$19.1 billion ($17.1 billion) in cash and stock for Falconbridge to create the world's largest nickel producer and one of the biggest in copper. Inco rejected an unsolicited takeover offer by Teck Cominco Ltd., and Falconbridge has turned down a hostile bid by Xstrata Plc. Both rival bids are still pending."

Cathay Pacific To Gain Control Of Dragonair. The Wall Street Journal (6/9, Stanley, Santini, Ng) reports, "Cathay Pacific Airways said it has reached an 8.22 billion Hong Kong dollar (US$1.06 billion) deal to buy out Hong Kong Dragon Airlines, in a deal that will give it control of a smaller Hong Kong counterpart and an unmatched presence in mainland China's booming aviation market." The Journal continues, "Cathay will buy the 82.2% of Dragonair that it and Cathay parent Swire Pacific Ltd. don't already own by taking over shares held by two mainland companies and a small minority shareholder stake. Cathay said it would pay Dragonair holders HK$820 million in cash, with the rest funded by new Cathay shares.Chinese flag carrier Air China will take a 17.5% stake in Cathay, while Cathay will double its 10% stake in Air China to 20%." The Journal adds, "The deal, completed after 18 months of negotiations, combines Cathay's strengths in premium long-haul service with Air China's dense domestic network. … Cathay and Air China will operate 'essentially as a joint venture' in China, according to one person knowledgeable about it. Air China and Cathay will share revenue and costs on all the routes where they and Dragonair overlap inside China. Air China will be responsible for sales and marketing in the mainland for all three carriers; Cathay will do the same in Hong Kong, Macau and Taiwan. Dragonair will remain an independent brand for six years. … Cathay and Dragonair also plan to establish a joint-venture cargo airline based in Shanghai. Air China will own 51%, and Cathay the rest."

ENVIRONMENT:

Judge Fines Detroit Metro Airport Authority For River Pollution. The Detroit Free Press (6/9, Ashenfelter) reports, "A federal judge on Thursday fined the authority that runs Detroit Metropolitan Airport $75,000 and sentenced the body to four years of probation for failing to report the dumping of 25 million gallons of polluted water in May 2001 into a drain that empties into the Detroit River." The Free Press continues, "U.S. District Judge George Steeh also ordered the Wayne County Airport Authority to build an $8.5-

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million sanitary sewer hookup so polluted water from one pond in particular that collects runoff from airplane deicing fluid in the winter can be sent to the Detroit Water and Sewerage Department for treatment. The project is well under way." The Free Press adds, "Steeh sentenced the authority under the terms of a plea agreement worked out by Justice Department lawyers Kris Dighe and James Morgulec and James Robinson, the authority's Washington D.C.-based lawyer. … The agreement also requires the authority to contribute $25,000 to the Friends of the Detroit River, a non-profit environmental group."

BP Receives Subpoena In Alaska Oil Spill Probe. The AP (6/9) reports, "British oil company BP PLC confirmed Thursday it had received a subpoena from a U.S. grand jury investigating a massive oil leak in Alaska." The AP continues, "BP blamed the incident at Prudhoe Bay field in March, the largest ever spill on Alaska's North Slope region, on a small hole caused by corrosion in a pipeline. … 'We are fully cooperating with the investigation and we are carrying out our own investigation into what caused the corrosion,' BP spokesman David Nicholas said. 'We believe that our actions were at all times proper.'" The AP adds, "Up to 267,000 gallons were believed to have spilled onto the frozen ground from a 34-inch diameter pipeline in the tundra about 250 miles above the Arctic Circle. … BP discovered and plugged the leak on March 2. … A report prepared by a team of BP and state investigators found that a pipeline leak-detection system sounded warnings on four straight days in the week leading up to the spill, but field workers interpreted the signals as false alarms."

Florida To Remove Manatee From Endangered Species List. The New York Times (6/9, Aguayo) reports, "The Florida Fish and Wildlife Conservation Commission voted unanimously on Wednesday to remove the Florida manatee from the state's endangered species list. The move is already creating controversy among environmental groups that say manatees will not get the protection they need. … 'The commissioners are very much being pressured by development interests and to some extent boating interests that depend on consuming Florida wildlife and habitat,' said Patrick Rose, a biologist with the Save the Manatee Club." The Times continues, "The commission voted 7 to 0 to reclassify the manatee as a threatened species. The reclassification means that while the species is still at a high risk of extinction, the commission no longer considers it to be in imminent danger." The Times adds, "On the federal level, the United States Fish and Wildlife Service is re-evaluating the manatee's designation in the Endangered Species Act. … The process to reclassify the manatee in Florida began in 2001, when boating and development groups began a campaign against restrictions intended to protect the mammals. Since then, scientists working for the commission and others conducted studies and reviewed literature before advising commissioners that manatees no longer meet the criteria for listing as an endangered species. … The decision was based on several factors, including an increase in the manatee population to more than 3,000 this year from about 1,000 in the late 1970's."

Appeals Court Ruling Allows Oregon Logging-Rights Auction. The New York Times (6/9, Barringer) reports, "A legal struggle over logging in two roadless tracts of a national forest in Oregon ravaged by fire four years ago is coming to a conclusion as logging rights on more than 400 acres will be auctioned off by the Forest Service on Friday." The Times continues, "A federal appeals court ruled Wednesday that the sale could proceed. The timber sales, on two small tracts inside 500,000 fire-blighted acres, would not usually attract much attention — and indeed, it is unclear how much demand there will be for the timber, most of which has been dead and prey to insects and rot for four years. … But Oregon has long been the central battleground for environmental groups opposed to any logging anywhere on the 500,000 acres." The Times adds, "The objection is that logging could set back the regeneration of the forest by damaging fragile new growth, and that it would set a precedent for logging in an area that, under the currently approved plan for the Rogue River-Siskiyou National Forest, was supposed to remain roadless. .. Opening a roadless area at a time when governors are still drawing up proposals to indicate their preferences for where roads should and should not be built in the federal forests, drew the governors of Oregon, Washington, California and New Mexico to oppose these two sales."

CDC Says States Should Aim To Contain Bird Flu. The AP (6/9, Donald) reports, "States preparing for a possible bird flu outbreak should focus on how to contain the virus because a vaccine will be unavailable for several months," the head of the Centers for Disease Control and Prevention said Wednesday. "Out of the starting gate there won't be any vaccine, it'll take some time," Dr. Julie Gerberding told the AP. "So we've got to look at old-fashioned ways of slowing the virus down," she added.

CDC Urged To Broaden Scope Of Seasonal Flu Vaccines To Combat Bird Flu. CQ Homeland Security (6/9, Berger) reports scientists and medical experts are calling on the CDC to "expand recommendations for who should be vaccinated against the seasonal flu this fall because of potential benefits against an outbreak of an avian flu pandemic." Robert Webster, an influenza specialist at St. Jude's Children's Research Hospital in Memphis, told

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congressional aides Wednesday that the "current vaccine that is available will give you some basic immunity from the (avian flu) virus." Curtis Allen, a CDC spokesman, said the advisory committee "will discuss later this month whether to expand the recommendations further."

Senate Seen As Unlikely To Debate New Energy Legislation Soon. CQ (6/9, Tollefson) reports, "There was a time when Republicans in both chambers were eyeing June as a showcase month for energy legislation, but those hopes are fading rapidly in the Senate." Although Republican leaders are "leaving the door open," CQ says, "don't look for them to bring a comprehensive energy bill to the floor anytime soon." Senate Energy and Natural Resources Chairman Pete Domenici, R-N.M., is "expected to hold hearings on some kind of bipartisan energy legislation this month, but even targeted measures are unlikely to move before the July Fourth recess."

Campaign Seeks To Increase US Energy Independence. The Christian Science Monitor (6/9, Knickerbocker) reports, "In Washington this week, a bipartisan group of lawmakers, industry leaders (including the three Detroit automakers), farm groups, governors, county officials, and environmentalists launched an effort to have the nation get 25 percent of its total energy from renewable sources by 2025." The proposal, which as been dubbed "25x'25," goes "well beyond what Congress and the White House have enacted so far, and it's likely to encounter environmental and economic speed bumps along the way," the Monitor says. Boosters believe "a critical mass of public support has developed that puts a strong political wind at their backs." Meanwhile, a recent poll by Public Opinion Strategies of Alexandria, Va., "shows that 98 percent see shifting to domestically-produced renewable energy sources as important for the country" with 74 percent agreeing that it is "very important."

Vermont Yankee License Review May Be Widened After 9th Circuit Decision. The Vermont Guardian (6/9, Avard, Casa) reports, "In earlier meetings with local groups, NRC officials said nuclear waste storage; emergency planning and existing problems at Vermont Yankee would be excluded from the review." However, a recent 9th Circuit appeals court decision "ordered the NRC to assess potential effects of a terrorist strike at the Diablo Canyon reactor near San Luis Obispo in the scope of an environmental review of dry cask storage at that plant." NRC environmental project manager for the VY application, Rick Emch, "said he didn't want to speculate as to how the 9th Circuit decision might affect the VY process," but "NRC environmental branch division chief Rani Franovich said the decision could have 'broad-reaching implications' for all licenses currently under review."

Ruling May Affect Skull Valley Storage Site Appeal. The Salt Lake Tribune (6/9, Fahys) reports that in the 9th Circuit Court of Appeals decision, the judges "Several times…mentioned the commission's arguments against undertaking a similar study for the proposed" Skull Valley Nuclear Waste Storage site in Utah – that a terrorist strike was too unlikely to be considered. The NRC "rebuffed Utah's requests to examine terrorist risks" three times. Now, "Assistant Utah Attorney General Denise Chancellor said Wednesday the commission's reasoning in both cases was identical, and she hinted that the Washington, D.C., appeals court judges now considering the state's appeal of the Skull Valley license might have a similar outcome."

Radioactive Water Spilled At Arkansas Nuclear One. The Arkansas Democrat-Gazette (6/9, Elliott) reports, "Between 500 and 1000 gallons of slightly radioactive water spilled from a pool inside Arkansas Nuclear One on May 30" after "a miscalculation…meant too much water was poured into a 'tilt pit.'" The overflow "was contained in the Russellville power plant and never endangered plant employees or the public." Still, Nuclear Regulatory Commission spokesman Victor Dricks said resident inspectors "will conduct a follow-up review in the next few weeks to look at what steps Entergy has taken to identify the cause of the spill."

FBI/DEA/ATF/USMS:

Maryland Man Charged In Plot To Bomb Abortion Clinic. The Baltimore Sun (6/9, Fuller) reports, "A Prince George's County man who authorities say was planning to attack an abortion clinic was arrested on charges of manufacturing an explosive device, a pipe bomb that detonated in a friend's house as authorities tried to disable it." The Sun continues, "Robert F. Weiler Jr., 25, who had a loaded gun at the time of his arrest, surrendered to police early Thursday at a Garrett County highway rest stop, authorities said. … Weiler was charged with possessing an illegal explosive device, making an illegal explosive device, illegally possessing a firearm with a previous felony conviction and possessing a stolen firearm." The Sun adds, "Police said that the target was a College Park abortion clinic and doctors who performed the procedures. … The bomb -- made with black powder, galvanized pipe, nails, seven feet of fuse and one-inch-diameter end caps -- was discovered in the closet of a friend's home in Riverdale and detonated about 3:30 a.m., after Prince George's police bomb technicians were unable to disable it, said Mike Campbell, a spokesman for the federal Bureau of Alcohol, Tobacco, Firearms and Explosives."

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The Washington Post (6/9, B1, Klein, Rich) reports that Weiler "admitted planning the attack and also told investigators that he intended to 'shoot doctors who perform abortions,' according to a law enforcement affidavit." The Post continues, "Weiler, a convicted felon, was arrested at a rest stop in Western Maryland early yesterday and charged with unlawful possession of the pipe bomb and other offenses. He was expected to appear today in U.S. District Court in Greenbelt. … According to the affidavit, which was signed by two agents from the Bureau of Alcohol, Tobacco, Firearms and Explosives, authorities learned Wednesday that Weiler had told associates he planned to bomb an abortion clinic. As investigators pursued leads that evening, Weiler contacted them by phone, saying he was at the rest stop in Garrett County and wanted to surrender, the agents wrote. … Weiler also said he had concealed the pipe bomb at a house in the 5700 block of 67th Avenue in the Riverdale Heights area, agents Christopher Hermann and Matthew M. Baccio wrote."

The AP (6/9) reports, "Weiler was charged in U.S. District Court on four counts that included making a destructive device and possessing an illegal handgun. He was being held Thursday afternoon at the Garrett County Detention Center. … Weiler had earlier stolen money from his parents and told friends that he had a gun and bomb for his attack, according to the affidavit. On Wednesday night, some of those friends revealed his plans to the ATF and Prince George's County police. … After Weiler called the ATF later that night, Maryland state troopers arrested him without incident. In his car was the handgun and a magazine with ammunition."

Congress Suggests MLB Tests Players For Use Of Growth Hormone. The Washington Post (6/9, Bryant) reports, "Fifteen months after a seminal confrontation with Major League Baseball over its drug-testing policy, members of Congress expressed disappointment yesterday over the inability of the sport to deter the use of performance-enhancing drugs and suggested that baseball consider instituting regular blood testing of its players for human growth hormone. The reaction came two days after more than a dozen federal agents raided the home of released Arizona Diamondbacks pitcher Jason Grimsley, who federal investigators say admitted to using growth hormone, anabolic steroids and amphetamines and also implicated other major league players."

In the Wall Street Journal (6/8), Carl Bialik and Jason Fry write, "There was good news of a sort for baseball…Mr. Grimsley said he stopped using steroids after baseball put a new testing regimen in place, and his detailing of the amphetamine culture was past-tense. But that just puts HGH even more squarely in the spotlight: At this point urine tests won't detect HGH -- only blood testing has a chance to do that, and baseball's current testing plan doesn't include blood tests."

In the Arizona Republic (6/9), Joseph A. Reaves notes, "A now-famous affidavit by a federal agent that The Arizona Republic obtained this week has a troubling paragraph that begins: 'Grimsley stated that ...' The word after that is redacted, one of 29 black marks between pages 12 and 15 of the affidavit that have created a world of suspicion and angst."

Mike Lopresti writes in USA Today's sports section (6/9), "Baseball might be weary of its closets being explored for drugs, but clearly, the feds are not weary of looking."

USA Today (6/8, Nightengale) also reports MLB vice president Rob Manfred said, "Human growth hormone, however, is a problem for all sports because there is no universally accepted and validated test — either blood or urine. No governing body in any sport has ever been able to discipline an athlete for the use of HGH. Major League Baseball understands that its policy must continue to evolve to keep pace with scientific development."

For the AP (6/9), sports columnist Jim Litke writes, "Less important than who used performance-enhancers is how many, because it's the only way to begin gauging how much of the offensive barrage we just witnessed was simply better hitting through chemistry."

Former Companion Of Bonds Advised Not To Cooperate With Mitchell Investigation. The New York Times (6/9, Curry, Chass) today reports, "The lawyer for Kimberly Bell, Barry Bonds's former companion, told George Mitchell yesterday that she has been advised by federal authorities not to cooperate with Mitchell's investigation into steroid use in baseball because of 'the pending criminal proceeding.' While the lawyer, Martin Garbus, did not specify a proceeding, in all likelihood he was referring to the investigation of Bonds and the question of whether he committed perjury while testifying in the Bay Area Laboratory Co-Operative steroid distribution case. … Because federal investigators asked Bell to avoid Mitchell, it is a strong indication that they are actively pursuing perjury charges and possibly additional charges of financial malfeasance against Bonds."

More Heroin Overdoses Reported In Pennsylvania, 4 Arrested In Raid. The Pittsburgh Tribune-Review (6/9, Greenwood) reports two more people "died Thursday after overdosing on heroin, bringing the death toll in Allegheny County to at least eight since a potent strain of the drug hit the streets last week. Pittsburgh police raided two Hazelwood homes hours after the deaths, arresting four people and seizing 40 stamp bags of heroin and an alligator."

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The Pittsburgh Post-Gazette (6/9, Silver) reports, "Police would not identify those arrested or indicate the charges pending against them, citing the integrity of their investigation into the source of the heroin that might have caused 48 overdoses, eight of them fatal, since Saturday. Narcotics Cmdr. Maurita Bryant said during a news conference that the stamp bags seized yesterday were marked differently from a batch called 'Get High or Die Trying' that has tested positive for the powerful painkiller fentanyl."

KDKA-TV, Pittsburgh (6/8) reports on its Web site, "The latest deaths make eight fatalities, among dozens of non-fatal overdoses in Pittsburgh and Allegheny County."

Local TV Coverage. WNPA-TV, Pittsburgh (6/8, 10:00 p.m.) reported, "Today is day six of the overdose outbreak in southwestern Pennsylvania, and that batch of lethal heroin continues to cause both concern and heartache in our area. This three foot alligator was one of the items seized when Pittsburgh narcotics detectives showed up at two homes on Flowers Avenue and Hazelwood, a neighborhood where police have been especially active because of two fatal and several nonfatal heroin overdoses in recent days. Four men were taken into custody."

WPXI-TV, Pittsburgh (6/8, 6:00 p.m.) reported, "More people dying to get high. Two more deaths, bringing the total to 10 on the deadly heroin. … Police arrested four possible heroin suspects in Hazelwood today. Seven have been arrested since last Friday."

WTAE-TV, Pittsburgh (6/8, 5:00 p.m.) reported, "New developments in the deadly heroin that's killing people. Today we learned of two more fatal overdoses. … Pittsburgh police led an army of law enforcement personnel to break up the distribution of heroin called Get High or Die Trying. … It is striking that two more heroin deaths were recorded today. Right now investigators with Pittsburgh police say the two deaths are not connected or at least the heroin found on the two people are not connected to that fatal batch of Get High or Die Trying."

Health Alert Issued About Heroin Mixture. USA Today (6/9, Leinwand, Keen) reports, "Nearly two months after unusually potent heroin began killing scores of people in Chicago and several eastern cities, the federal Substance Abuse and Mental Health Services Administration on Thursday issued an alert to rehab centers and addiction specialists. … Heroin sold illegally in the USA typically is diluted with common household substances such as sugar, flour, quinine or starch. The mixing of heroin with a powerful drug such as fentanyl is highly unusual, according to the federal Drug Enforcement Administration. The DEA is investigating whether a fentanyl lab in Guadalajara that was shut down last month by Mexican officials is linked to the deaths."

Overdose Suspected In Death Of Illinois Deputy Police Chief's Son. The Chicago Sun-Times (6/8) reports, "The son of a suburban deputy police chief was found dead in Chicago this week from an apparent drug overdose, and authorities are checking to see if his death is linked to fentanyl. … Six tin foil packets containing a white substance were found near his body, and the suspected drugs have been sent for testing, sources said."

WMAQ-TV, Chicago (6/8) also reported on the death of the deputy police chief's son.

DEA Lab Analyzing Heroin. On its Web site, WLS-TV, Chicago (6/8) reports, "Undercover agents from the Drug Enforcement Administration are now buying heroin off the streets of Chicago and other cities and bringing it back to this downtown lab for analysis. 'The heroin that's used on the street comes in very, very small amounts,' said Jim DeFranchesco, a DEA forensic chemist. Through his work and that of others, the feds have been able to trace some of Fentanyl back to a clandestine lab in Mexico. They also think it's possible that dealers are stealing legitimate supplies of the painkiller then using it to 'hype' their heroin."

WLS-TV (6/8) also has posted overdose statistics on its Web site.

The McKeesport (IL) Daily News (6/8) reports U.S. Attorney Mary Beth Buchanan said, "I'm astounded that there are people in this region whose addiction is so strong, they are willing to die just to get high."

Michigan Authorities Warn Public About Fentanyl-Laced Heroin. The Grand Rapids (MI) Press (6/8) says authorities are preparing for the possible arrival of fentanyl-laced heroin in Grand Rapids and are trying to head-off trouble by warning the public about it.

For Addicts, Fentanyl Possibly Easier To Obtain Than OxyContin. The Bluefield (WV) Daily Telegraph (6/8) reports the use of fentanyl "has been on the increase since intense media attention brought the OxyContin plague into the spotlight." It is possible fentanyl "is being used by hard-core addicts who have moved on to fentanyl from OxyContin because it may be easier to obtain."

Proposed End Of Army Support In U.S.-Bahamas Anti-Drug Effort Questioned. The AP (6/8, Anderson) reports U.S. lawmakers and Bahamian officials "say the proposed withdrawal of Army air support from a U.S.-Bahamas anti-drug effort could entice cocaine and marijuana smugglers to return to the islands and undo more than two decades of progress. … Defense Secretary Donald Rumsfeld, citing war needs elsewhere, said in a letter last month that he intends to withdraw seven Army Blackhawk helicopters and their crews from Operation Bahamas, Turks and Caicos _ known as OPBAT for short." Joshua Sears, the Bahamas' ambassador to the U.S. said, "The traffickers obviously would see that as a signal to increase their activity."

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Officials Say Escaped DC Inmates Had Accomplice. The Washington Post (6/9, B4, Cauvin, Dvorak) reports, "It began as a remarkably executed escape. In a matter of minutes, Ricardo Jones, 25, and Joseph Leaks, 32, were racing across 19th Street SE and onto a Metro shuttle bus that took them across the Anacostia River. But within hours, authorities were closing in, thanks largely to a system kept by the D.C. Department of Corrections that records calls made by the jail's approximately 1,800 inmates." The Post continues, "Authorities listened to recordings in which at least one of the inmates talked in code about the escape plan, law enforcement officials said. Records of the calls eventually led them to a man they identified as Harold Hines, who appeared to be in on the plot, the officials said." The Post adds, "The role of Hines was among the new details to emerge about how Jones and Leaks engineered the escape and how they were caught the next day. Hines, officials said, got Leaks the Fairfax County motel room where he was found and arrested. .. Saturday morning, Jones and Leaks broke into the warden's unoccupied office, used a heavy-duty floor-buffing machine to smash the window and then slid down a canopy to flee the D.C. jail and Southeast Washington. … Less than 10 hours later, Hines showed up at the Virginia Lodge on Richmond Highway in Fairfax County, told an employee that he had a couple of friends who were going to need a room for the night and paid the $77.85 bill upfront. … It was probably the last Hines thought he would see of the Virginia Lodge. But early the next morning, he was back, and this time he wasn't alone. Federal marshals and other investigators had found Hines, along with Leaks's brother, and persuaded Hines to aid in their investigation by leading them to the motel."

Connecticut Drug Operation Nets 43 Arrests. The AP (6/9) reports, "A yearlong undercover investigation resulted in arrest warrants Thursday charging 43 people with dealing drugs in the borough of Naugatuck (CT)." The AP continues, "Thirty-six suspects were in custody. Five others were either already in prison on other charges or hospitalized, said police Lt. Robert W. Harrison Jr." The AP adds, "The undercover operation, dubbed 'Save Our Streets,' began last year after Naugatuck authorities noticed an increase in drug overdoses, and several drug-related deaths, he said. … 'Undercover police started making undercover buys and that led to these charges,' he said. … The investigation was conducted by Naugatuck and Waterbury police, the Waterbury state's attorney's office, the U.S. Bureau of Alcohol, Tobacco, Firearms and Explosives, U.S. marshals, the state Correction Department and the state Office of Adult Probation."

US Charges Two Illinois Men With Avoiding Tobacco Tax. The Daily Southtown (IL) (6/8, Hack) reports, "Two brothers from Burbank were arrested Wednesday on federal charges they sold truckloads of chewing tobacco, cigars and pipe tobacco here without paying the state's high excise tax." The Southtown continues, "Omar Dahla, 41, and Faride Dahla, 44 — who live in different houses in the 5700 block of West 83rd Street — were charged along with a third brother, Samer Dahla, of Lakeland, Fla." The Southtown adds, "According to federal authorities, the brothers ran a wholesale tobacco distribution business called United Brothers Five — which operated an office and two warehouses in Bedford Park — as well as another tobacco distribution business in Florida. They're accused of buying products classified as 'other tobacco products,' which doesn't include cigarettes and importing them to Illinois. … Wholesale tobacco distributors are responsible for collecting an 18 percent excise tax from retailers and turning over the money to the state. The brothers are accused of 'grossly underreporting' taxable sales of their products to Illinois retailers."

IMMIGRATION:

FBI Arrests Border Patrol Agent On Smuggling Bribery Charges. The San Diego Union-Tribune (6/9, Soto, 353K) reports, "For the second time this week, a border inspector was arrested and charged with waiving smugglers into the country in exchange for bribes. Customs and Border Protection Inspector Richard Elizalda of Chula Vista was indicted Friday, along with seven other people, on conspiracy and other charges," and Inspector Michael Gilliland "was brought into San Diego federal court Wednesday on similar charges. … 'These inspectors betrayed the trust of their countrymen,' said Stewart Roberts, the second highest-ranking agent at the San Diego FBI office. He said Elizalda collected $500 to $700 for every immigrant he illegally allowed to enter the country and Gilliland charged $1,500 per smuggled alien." The Los Angeles Times (6/9, Marosi, 958K) adds, "This week's cases, though unrelated, underline continuing corruption at the ports of entry despite efforts to curtail it. … 'The amount of money is tempting for someone who is not an honest individual,' said FBI Special Agent Andrew P. Black, who supervises the Border Corruption Task Force." The AP (6/9, Hoffman) also notes SAC Roberts said, "In both cases the inspectors betrayed the trust of their countrymen by accepting bribes from illegal alien smuggling organizations."

GOP May Split Immigration Reform Into Two Phases. The White House Bulletin/US News reports,

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"Republican strategists have a new scenario for passing an immigration bill this year. What's being discussed by senior GOP leaders around Washington is a two-stage plan under which the House and Senate would agree on a tough border-enforcement measure, to be followed by a guest-worker program after the enforcement provisions are put in place." The details have "yet to be worked out but a senior Republican says, 'A two-stage approach is do-able. It depends on George W. Bush. He needs to have members of Congress into the Oval Office one on one, the old-fashioned way, to twist arms. The issue cuts 435 different ways. It's different in Arizona and New Mexico than it is in Minnesota. There are so many cross currents that we'll need not only presidential leadership but presidential wisdom.'" But House conservatives are "so dug in with their support for tough border security and their opposition to 'amnesty' that only a concerted effort by Bush can turn things around, the strategists say. But they add a two-stage process might be the answer."

The Wall Street Journal (6/9, Harwood), meanwhile, reports in its "Washington Wire" column, "Immigration debate drifts away from Bush. Even before [Rep.-elect Brian] Bilbray's tough talk helped him win San Diego House seat, lawmakers felt rising constituent pressure to crack down on border security. Republicans in both House and Senate mull possibility of passing security-only bill before midterm elections."

Powell Says Wall Won't Solve Illegal Immigration Problem. The AP (6/8) reports, "Former Secretary of State Colin Powell said Thursday that extending walls along the U.S.-Mexico border will not solve the problem of illegal immigration." Speaking at a business conference in Mexico City, Powell said that "a wall alone is not the answer." Powell also said that "any new barriers should include gates and other entrances to provide easy-access between both countries."

Immigrants Applying For Citizenship In Record Numbers. Immigrants nationwide are applying for US citizenship in record numbers in what the Wall Street Journal (6/9, Raghavan, Brulliard) calls "a move to protect themselves at a time of political uncertainty." Many immigrants "fear that laws could toughen, preventing them from becoming naturalized or from bringing relatives into the United States; others appear to be motivated by the chance to obtain more rights and boost their political clout through voting." The Journal adds, "Between January and April, immigrants filed 251,385 applications, an 18 percent increase from the same period last year, immigration officials said yesterday. They also report a record surge in petitions to sponsor relatives for residency, also up 18 percent for the time period."

Texas To Put Video Cameras Along Mexican Border. Texas Gov. Rick Perry has announced a $5 million plan to install night-vision cameras on private land along the US-Mexican border. Perry would also put the live video on the Internet, so that anyone who spots illegal immigrants can report it on a toll-free hotline. The AP (6/9, Caldwell) reports, "The plan marks a political about-face for Perry, a Republican seeking re-election, who has long argued that security along the state's 1,200-mile border with Mexico is strictly a federal responsibility. This week, he said cuts in federal homeland security funding, a rise in reports of border violence and the crossing of Mexican soldiers into Texas about two years ago have demonstrated that 'Texas cannot wait for Washington, D.C., to act.'"

Trevio Says Spanish Language Will Persist In US. Writer Marisa Trevio says in a USA Today (6/9) op-ed that the only common ground lawmakers have found in the immigration debate is that "the border must be secured and the insistence that English should be the national language. Though lawmakers suggest the English amendment would be symbolic, there is an unspoken hope that it would significantly alter the use of Spanish in this country." Trevio adds, "Even though English-only proponents are working toward the day when Spanish is rarely heard, they shouldn't hold their breath. … Proficiency might vary with each generation, but the need to keep Spanish alive will persist, no matter what is declared the national language."

TAX:

Senate GOP Falls Short In Effort Hold Up-Or-Down Vote On Estate Tax Repeal. NBC Nightly News (6/8, story 10, 0:35, Williams) reported, "The Senate today voted down an effort to abolish the estate tax, sometimes called the death tax, on inherited wealth. President Bush has already cut it, but those cuts are due to expire in five years. The vote today fell three senators short. Majority Leader Frist, who calls the tax unfair, says the Senate will vote on it again this year. Democrats said they'll oppose it again as a budget-busting giveaway to the wealthiest Americans."

The AP (6/9, Dalrymple) notes Senators "voted 57-41 to advance the bill, but that was three votes short of the 60 needed to overcome objections from a majority of Democrats and a pair of Republicans." Those opposed to the bill "said it would deliver an unwise tax cut when the government needed more money to balance its budget and to wage war." Republicans "staged the vote knowing they did not have the 60 votes to prevail on repealing the tax, a top priority of many GOP voters. Some of the tax's biggest critics had hoped they could attract a few extra votes by extending a cooperative hand to Democrats."

The Wall Street Journal (6/9, Mullins, Matthews) notes "two Republicans voted against the estate-tax repeal, Sens. Lincoln Chafee of Rhode Island and George Voinovich of

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Ohio. Four Democrats voted with Republicans: Sens. Max Baucus of Montana, Bill Nelson of Florida, Ben Nelson of Nebraska and Blanche Lincoln of Arkansas. Mr. Voinovich said that he didn't want to vote for further tax cuts at a time when the government is in deficit." The Democrats "voted for the legislation because they believe the estate tax unfairly punishes farmers and small-business owners."

Bloomberg (6/9, Donmoyer) reports Senate Minority Leader Harry Reid "said Republicans were focusing on a tax that affects less than 1 percent of the population while ignoring higher priority items such as gas prices, uninsured workers, a rising national debt, and an outdated minimum wage." The vote "leaves in question the fate of an alternative proposal championed by Republican Senator Jon Kyl of Arizona and Finance Committee Chairman Charles Grassley of Iowa that has gained some support from Democrats. That proposal would only tax estates valued at more than $10 million at rates of between 15 percent and 30 percent."

USA Today (6/9, Wolf) says that "by blocking repeal, most Senate Democrats and two Republicans dealt a blow to Bush's top domestic priority: making the tax cuts passed in 2001 and 2003 permanent," while the New York Times (6/9, Andrews) reports Republicans "are now debating whether to give up on their goal and attack Democrats in the coming midterm elections as obstructionists on a measure that they say has considerable support, or settle for a bipartisan measure that would stop short of eliminating the tax entirely."

The Washington Post (6/9, A6, Birnbaum) reports, "According to the staff of the congressional Joint Committee on Taxation, repealing the estate tax would cost the government $71.6 billion a year by 2015. The Treasury Department estimated the revenue loss at $65.8 billion that year. … Not many people are forced to pay the estate tax. According to the Internal Revenue Service, only 1.17 percent of people who died in 2002 left a taxable estate." The House, "acting at the urging of President Bush, has already voted overwhelmingly to permanently repeal the estate tax."

The Washington Times (6/9, Hurt) says Democrats "filibustered yet another attempt to eliminate the so-called 'death tax,' which Republicans say unfairly taxes already-taxed money and is crippling family farms and small businesses." Sen. Edward M. Kennedy "defended the tax as necessary to keep up with government spending." The Los Angeles Times (6/9, Simon) also reports the story.

WSJournal Criticizes Democratic "Flip-Floppers." The Wall Street Journal (6/9) editorializes, "The only two Republicans to oppose repeal were George Voinovich of Ohio and Lincoln Chafee of Rhode Island, who sometimes seems to want to lose his primary this year." But "special credit belongs to four Democratic Senators who voted against repeal yesterday after they'd run for office pledging the opposite. They are Evan Bayh of Indiana, who perhaps had in mind Democratic Presidential primary voters, not the home folks who elected him; Mary Landrieu of Louisiana; Mark Pryor of Arkansas; and Ron Wyden of Oregon. These flip-floppers voted not only to retain the tax but to increase it -- from zero in 2010 back to 55% in 2011 and forever after."

More Commentary. The New York Times (6/9) editorializes, "Any day in which the House or Senate refrains from doing something destructive is about as good as it gets in Washington lately. Yesterday, the Senate cleared that low bar when it rejected efforts to repeal the estate tax. The nation is at war and the budget is so wildly out of balance that the government cannot pay its bills without borrowing money from foreign investors. The idea that this is a good moment to repeal a tax on people who inherit multimillion-dollar estates is mind-boggling."

CONGRESS-ADMINISTRATION:

House, Senate Reach Agreement On Spending Bill For War, Katrina Recovery. The Washington Post (6/9, A6, Murray) reports, "House and Senate negotiators reached agreement last night on a $94.5 billion package to pay for Iraq war and hurricane recovery costs, after shaving numerous extraneous provisions that the Senate had wanted to stuff into the bill." The bill, which is "expected to reach President Bush's desk next week," would designate "$65.8 billion to the Pentagon to cover troop pay, provide recruiting incentives, buy new body armor and fund continued operations of the wars in Iraq and Afghanistan, among other items. Diplomacy projects in the region would receive $3.9 billion in new funding." The bill would also "provide $19.8 billion in hurricane relief, exactly what President Bush had requested, but nearly $9 billion less than the Senate had sought."

After Veto Threat, Final Product Lower Than Bush's Original Request. The Washington Post (6/9, A6, Murray) reports "some Republicans in the Senate, including Appropriations Committee Chairman Thad Cochran, who represents storm-ravaged Mississippi, had viewed the must-pass bill as an opportunity to address other pressing needs. The Senate bill wound up exceeding Bush's original $92.2 billion request by $14 billion." But "a White House veto threat dampened the mood, and Republican leaders in both chambers worried that the appearance of out-of-control spending could hurt them in the November elections. They touted the final product -- even lower than what Bush was willing to accept -- as a victory for their cause."

Bush Makes Pitch For Line-Item Veto. CNN's The Situation Room (6/8, Blitzer) reported, "President Bush made another pitch today that he and other future presidents should have the ability to make line-item vetoes. To make his point, Mr. Bush called in some of the nation's governors, many of whom do have such power in their own states."

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Senate Approves Cox, Luddington Judicial Nominations. The AP (6/9) reports, "The Senate on Thursday confirmed Wayne County, Mich., Circuit Judge Sean Cox and Midland County, Mich., Circuit Judge Thomas Ludington to serve on the federal bench, ending a nomination process that had stalled for years." The Senate "unanimously approved both judges, who had stressed their respect for judicial restraint and legal precedent during a hearing before the Senate Judiciary Committee earlier this spring."

Schwab Confirmed As US Trade Representative. The AP (6/9, Crutsinger) reports, "Susan Schwab won Senate confirmation on Thursday to be President Bush's top trade negotiator." Schwab "was approved as the new US trade representative by voice vote. She succeeds Rob Portman, who was picked by the president in April to be the new White House budget director." The AFP (6/9) notes Schwab "said she was 'honoured.'"

CBC Opposes Effort To Strip Jefferson Of Committee Post. The Congressional Black Caucus has opposed efforts by the Democratic leadership to strip Rep. William Jefferson of his committee post. The AP (6/9, Espo) reports that the Caucus "said the Louisiana lawmaker deserves a 'presumption of innocence.'" Jefferson "has not been indicted and has denied all wrongdoing in connection with a federal bribery investigation that has netted two convictions."

CQ (6/8, Ferrechio) reported that the CBC "thwarted House Minority Leader Nancy Pelosi's effort to oust embattled Rep. William J. Jefferson from the Ways and Means Committee. The House Democratic Steering and Policy Committee voted to recommend the involuntary removal of the Louisiana Democrat from the powerful tax-writing panel, but a rule challenge from the Congressional Black Caucus prevented a vote on the matter by the entire Democratic Caucus until next week."

The Los Angeles Times (6/9, Hennessy-Fiske) reports that efforts to oust Jefferson from his committee post appear "headed for a vote by all of the House's Democrats, setting up a debate over Jefferson, who is being investigated by federal officials in a bribery case. … Democratic rank-and-file members are expected to vote on the recommendation at a meeting likely to take place next week. Ultimately, a vote by the full House -- including Republicans -- would be required to force Jefferson from the committee."

Average Age Of Congress Rising. USA Today (6/9, Kiely) reports that the average age of members of the Senate in January 2005 "60.4 years old. That's the oldest it has ever been, according to the Senate Historical Office. The House's average age is 55, the oldest since at least 1949. The national median age in 2004 was 36.2."

Congress Said To Have Cleared Way For Foreign Control Of Domestic Airlines. One of the few non-Zarqawi stories to win broadcast time last night appeared on CNN's Lou Dobbs Tonight (6/8, 6:22 p.m.), with host Dobbs saying foreign investors "are poised to take over another crucial piece of American infrastructure. And again, the White House, the Defense Department, and Department of Homeland Security are doing absolutely nothing to stop it." CNN (Tucker) reported, "The outrage over foreign ownership of U.S. ports apparently taught many in Washington nothing. Congress has just cleared the way to give foreign investors functional control of domestic airlines, removing any roadblocks to the Department of Transportation's changing of a 65-year-old rule prohibiting foreign control of America's airlines. … How this would affect the Department of Defense's relationship with the airlines, which ferry troops and equipment in the time of war, is not clear. While the Department of Defense has verbally okayed the deal, the DOD has refused to put that okay in writing. And in the eyes of critics, it's one more industry where the United States is relinquishing its role."

38.7 Million Have Signed Up For Medicare Drug Benefit. The AP (6/8, Freking) reported, "About 11.5 million elderly and disabled people signed up for the new Medicare drug benefit by the May 15 enrollment deadline, bringing the number of beneficiaries with drug coverage to 38.7 million, officials said Thursday." Health and Human Services Secretary Mike Leavitt "said an analysis of the enrollment numbers showed that people chose plans that charged the lowest premiums -- $23 on average versus original estimates of $37. … The numbers are in line with what the Bush administration projected in January 2005."

Bush Approval Rating Rebounds to 33% In Harris Interactive Poll. The Wall Street Journal (6/8) reported on its web site, "President Bush's job approval rating rebounded in the latest Harris Interactive poll. Of 1,001 U.S. adults surveyed in a telephone poll June 2-5, 33% think Mr. Bush is doing an 'excellent or pretty good' job as president, up from 29% -- the lowest mark of his presidency -- in the previous poll conducted in May." The poll "was conducted before the death of Iraqi insurgent leader Abu Musab al Zarqawi. Following the capture of former Iraqi president Saddam Hussein, Mr. Bush's approval numbers climbed."

Nicholson Says Stolen VA Data May Have Been Erased. The AP (6/9, Yen) reports that Veterans Affairs Secretary Jim Nicholson said yesterday that stolen personal

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data for 26.5 million veterans and military personnel "may have been erased by teenagers who sold the computer equipment, Veterans Affairs Secretary Jim Nicholson said Thursday." Nicholson "explained that the burglary occurred in an Aspen Hill, Md., neighborhood in which there had been a pattern of thefts by young burglars who took computer equipment, wiped them clean of the data and then sold them on college campus or high schools. … Lawmakers were skeptical. They noted that the committee and the Government Accountability Office, Congress' investigative arm, had warned the VA for years that security was lax."

Measure Would Help Insurers Get Share Of Personal Injury Suits. The Wall Street Journal (6/9, Francis) reports that some lawmakers and employee advocates say a provision of the pension bill under negotiation right now "could make it easier for employers and health insurers to gain a share of money that workers win in personal injury suits. The House and Senate passed different versions of the pension legislation last year, and are negotiating to reconcile them, in a process expected to continue for weeks. The Senate bill doesn't include a similar provision on benefit-plan recoveries." The bill "would let insurers step ahead of injured employees when it comes to divvying up a legal settlement or judgment."

Panel Says Communication Policies Jeopardize Scientific Findings. An independent group of scientists that advises Congress and the White House says that inconsistent policies for communicating scientific findings to the public are jeopardizing the quality and credibility of government research. The New York Times (6/9, Revkin) reports, "The group, the National Science Board, examined the issue at the request of Senator John McCain, Republican of Arizona. Mr. McCain sought the review in February after Civil Service workers and scientists at the National Aeronautics and Space Administration and other agencies complained publicly that political appointees had interfered with efforts to discuss global warming and other controversial issues."

WPost Says Congress Should Regulate 527s. An editorial in the Washington Post (6/9, A22) says, "The independent political groups known as 527s are a new force in American politics." The FEC has "washed its hands of any attempt to write rules governing their behavior. Broad regulation, the FEC said, was 'inadvisable'; instead, it would rely on case-by-case adjudication of whether the 527s were so immersed in federal campaigns that they had to comply with campaign finance laws. Not surprisingly for anyone familiar with the glacial pace of FEC operations, that has resulted in almost no enforcement at all." The Post adds, "The FEC's foot-dragging underscores the need for congressional action on the subject, something Republicans are pushing and Democrats are fighting because of perceived partisan advantage."

OTHER NEWS:

White House Forecasts 3.6% GDP Growth In 2006. The Wall Street Journal (6/9) reports, "The White House raised its forecast for both economic growth and consumer-price inflation this year, while indicating both would be slower in 2007. … Inflation-adjusted gross domestic product is now expected to increase 3.6% this year, up two-tenths of a percentage point from the Bush administration's previous forecast, which was released in December. That would be a slight increase from the 3.5% expansion in 2005." GDP "is seen slowing to 3.3% next year and slowing slightly more in following years to a rate at or above 3% a year through 2011, according to the new White House forecast." For inflation, the White House "raised its forecast for overall consumer-price-index growth in 2006 by six-tenths of a percentage point to 3%, compared with 3.7% CPI growth last year."

The AP (6/9, Aversa) says "the upgraded forecast comes despite a rise in energy prices and mostly reflects the big growth spurt in the opening quarter of this year. 'We continue to see signs that the U.S. economy is strong,' Treasury Secretary John Snow said." The White House also "expects the jobless rate for all of 2006 to drop to 4.7 percent, compared with its previous forecast of 5 percent." But "in 2007 the rate would inch up to 4.8 percent and to 4.9 percent in 2008, according to the new forecast. Still, that would be better than the old forecast, which had the jobless rates in 2007 and 2008 at 5 percent."

US Stock Markets Mixed As Foreign Exchanges Drop. USA Today (6/9, Krantz) reports, "Stocks dodged a collision with another nasty down day Thursday after several major indexes fought off getting plunged into correction territory." The Nasdaq "ended the day down 6.48 points to 2145.32. … The Standard & Poor's 500 index closed up 1.78 points to 1257.93, even after being down nearly 21 points earlier in the session," and "the Dow Jones industrial average completely reversed its early-day decline of 173 points to rise 7.92 points to 10,938.82. The Dow is up 2.1% this year." NBC Nightly News (6/8, story 11, 0:15, Williams) also noted the US stock numbers, noting major indexes "finished narrowly mixed."

The Financial Times (6/9, Guha, Brown-Humes, Tassell), meanwhile, says "global markets plunged on Thursday as central banks around the world lined up to raise interest rates amid mounting concern over inflation and growth. … The European Central Bank as well as banks in South Korea, India, Denmark and South Africa, all increased

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rates." The Washington Post (6/9, D1, Masters, Henderson) headlines a similar story "Global Markets Suffer A Hit," while the Wall Street Journal (6/9, Browning) titles its report "As Foreign Stocks Slide, US Holds Ground."

Household Debt Up In First Quarter 2006. The Wall Street Journal (6/9, Conkey) reports, "American households increased their borrowing in the first quarter a bit faster than they did in the fourth quarter, but a robust economy and rising home values led to a gain in net worth, quarterly data from the Federal Reserve show. Despite expectations that consumers would begin to scale back borrowing, household debt grew at an 11.6% annual rate in the first quarter, up from 11.1% in the fourth quarter." Mortgage debt "rose by more than $250 billion during the period." The Journal adds, "Many economists thought household borrowing would decline in the first quarter because of rising interest rates, which make mortgages, home-equity lines and other loans more expensive"

DC Sues InPhonic Over Restrictive Rebate Procedures. The Washington Post (6/9, D4, Shin) reports, "The D.C. attorney general is suing InPhonic Inc., accusing it of failing to deliver on rebates after the District-based retailer of wireless services and cellphones racked up more than 2,000 consumer complaints over the past three years." The Post continues, "In a suit filed yesterday in D.C. Superior Court, the attorney general's office alleges the company imposes 'unusually restrictive conditions' on its rebates, making it 'difficult or impossible' for consumers to obtain them. … In addition, some consumers who contacted the company for assistance in obtaining rebates were routed to automated messages or to live representatives who were not helpful, the complaint said." The Post adds, "As a result of such policies, a majority of consumers who purchase wireless phones and plans through InPhonic either 'never receive the advertised rebates' or are able to secure them only after following 'onerous procedures,' the complaint said."

Frustrated Judge Orders Lawyers To End Squabble With Child's Game. The New York Times (6/9, Liptak) reports, "Fed up with the inability of two lawyers to agree on a trivial issue in an insurance lawsuit, a federal judge in Florida this week ordered them to 'convene at a neutral site' and 'engage in one (1) game of "rock, paper, scissors"' to settle the matter." The Times continues, "Childish lawyers are commonplace, but the use of children's games to resolve litigation disputes is apparently a new development. The judge, Gregory A. Presnell of Federal District Court in Orlando, wrote that his innovation was 'a new form of alternative dispute resolution.'" The Times adds, "The proximate cause of Judge Presnell's ruling, issued Tuesday, was a motion saying the two lawyers in the case could not agree about where to conduct the deposition of a witness. The choices were the building where they both work, four floors apart, or a court reporter's office down the street. … Judge Presnell's order indicated that deciding such things was not part of the job of a federal judge. Still, wary that the lawyers would start a new battle over where to conduct the rock-paper-scissors showdown, Judge Presnell gave them a default site: the front steps of the federal courthouse in Tampa. … That will not be necessary, said David J. Pettinato, a lawyer for the plaintiff. He and his adversary have agreed to meet on June 30, Mr. Pettinato said, at 'an undisclosed location.'"

Federal Judge Benefits From Connections To Old Friend. The Los Angeles Times (6/9, Goodman, Rempel) runs a lengthy investigative piece on US District Judge James C. Mahan and his relationship with businessman George Swarts. The Times reports, "Without help from a friend, James Mahan might never have become a Las Vegas state judge. Certainly he wouldn't have gotten one of the top judicial jobs in town: a lifetime appointment to the federal bench. … Then again, without Mahan, his friend George Swarts would never have gotten to run an Internet porn business, a hotel-casino hair salon or a Southern California software company. Indeed, the careers of Judge James C. Mahan, 62, and his friend George C. Swarts, also 62, whom he appointed again and again as a receiver to manage troubled businesses, might be the ultimate example of how juice replaces justice in Las Vegas courtrooms." The Times continues, "In this town, people speak reverently of having juice, or an 'in,' and Mahan — bearded, likable but sometimes caustic — has made it a striking feature in his courtroom. First as a state judge and now as a federal judge, he has approved more than $4.8 million in judgments and fees during more than a dozen cases in which a recent search of court records found no statement that he disclosed his relationships with those who benefited from his decisions." The Times adds, "On the state bench for three years, and since his appointment as a U.S. District Court judge four years ago by President Bush, Mahan has approved many of these fees for Swarts, a certified public accountant who had served as his judicial campaign treasurer and whose political connections got him appointed. Mahan approved additional fees for Frank A. Ellis III, 51, a former law partner with whom the judge still owned property and participated in a profit-sharing plan. Ellis also provided free legal services for Mahan's family and for his executive judicial assistant. … Mahan, like a number of Las Vegas judges, has taken on cases despite state and federal prohibitions against such apparent conflicts. Some Las Vegas judges have ruled in cases involving their friends, even those to whom they owe money."

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Panel Calls For Guaranteed Health Care By 2012. A non partisan advisory panel created by Congress has recommended that the federal government guarantee a core set of health benefits for all Americans by 2012. The Los Angeles Times (6/9, Alonso-Zaldivar) reports that the recommendation is notable because "the legislation that created the 15-member Citizens' Health Care Working Group requires the president to comment and five congressional committees to hold hearings." The recommendations "call for immediate and long-range changes. In the near term, all Americans should have protection against catastrophic healthcare expenses, either through a government program or a private insurance plan, the panel recommended."

DeLay Touts Principled Partisanship. The AP (6/9, Gamboa) reports, "Former Majority Leader Tom DeLay, bowing to legal and ethical troubles, said goodbye to the House on Thursday with a parting shot at his liberal opponents. Some Democrats walked out during the farewell. The 11-term Republican from Texas, said it is customary for departing lawmakers to 'reminisce about the 'good old days' of political harmony and across-the-aisle camaraderie.' 'I can't do that,' he said. 'For all its faults, it is partisanship -- based on core principles -- that clarifies our debates, that prevents one party from straying too far from the mainstream and that constantly refreshes our politics with new ideas and new leaders,' DeLay said." The AP adds, "A Democrat could be heard telling colleagues to walk out of the House chamber as DeLay criticized liberals, who he said stand for 'more government, more taxation, more control over people's lives and decisions and wallets.' At least two dozen Democratic lawmakers rose and left."

The Washington Post (6/9, A3, Grunwald) headlines its report "DeLay Pulls No Punches In Final Speech To House," and says that Democrats who skipped the speech "missed a classic performance by the Hammer. It wasn't all fire-breathing; DeLay, a foster parent, spoke eloquently about the nation's dysfunctional child-welfare system. He also waxed lyrical about his newfound appreciation for Washington's landmarks, now that he has had some free time to explore them after his ouster as majority leader." But "it was surely no accident that what really stood out for him at the Lincoln Memorial was that Honest Abe's left hand was clenched into a fist. DeLay has never been much for 'malice towards none.'"

The Washington Times (6/9, Bellantoni) quotes DeLay saying, "If conservatives don't stand up to liberalism, no one will." He said so "to hissing from the opposite side of the aisle."

The Los Angeles Times (6/9, Reynolds) notes DeLay said "true statesmen 'are not defined by what they compromise, but what they don't.'" Republicans "greeted DeLay with a standing ovation as he opened his speech, as did the Democrats in the chamber." But "as his remarks became more incendiary and Democrats exited, the Republicans largely held their applause -- except when DeLay introduced his wife, who was in the gallery, and praised the Capitol Police." The Times adds, "One Democrat who stayed to the end was Rep. Jesse Jackson Jr., D-Ill. He also was one of the few Democrats who crossed to the Republican side of the chamber after the speech, giving DeLay a hug." Jackson "said that while he does not share DeLay's priorities, he thought walking out was 'not in the best interests of class.'"

The New York Times (6/9, Hulse) reports, "To Mr. DeLay's critics, who include Democrats and some Republicans, the day should have come sooner. They say Mr. DeLay represents, and is responsible for, much that is wrong with the current Congress. Detractors say that in alliance with Speaker J. Dennis Hastert of Illinois, the man he handpicked for the top post in 1998, Mr. DeLay trampled legislative traditions in the House and fostered an environment of loose ethical standards that resulted in the growing corruption scandals on Capitol Hill." The Times adds, "Appropriately enough, Democrats and Republicans bickered one last time on Thursday over Mr. DeLay." Democrats "resisted a Republican plan to allow him to deliver his valedictory from the House floor. But Mr. DeLay crossed them up by submitting his resignation from the Appropriations Committee on the floor, providing an opening for his speech celebrating political discord."

CNN's The Situation Room (6/8, Crowley) reported that Rep. Tom DeLay "ends his two-decade-long Washington career in Tom DeLay fashion." Asked what he is proudest of, DeLay said, "Pushing the conservative cause. Changing the culture of this town. Bringing the conservative world view into the mainstream." Asked what he most regrets, DeLay said, "I don't have any regrets." CNN added, "The significant chance that Democrats might retake the House has dampened Republican spirits as they head into fall elections. In a private goodbye, DeLay told colleagues to snap out of it."

DeLay Aide Took Trips "Indirectly" Funded By Firms With Business Before Congress. The Washington Post (6/9, A4, Smith) reports, "A former chief of staff to then-House Majority Whip Tom DeLay (R-Tex.) was described yesterday in a nonprofit groups' study as one of the top two recipients of privately financed travel among congressional staff from 2000 to 2005, including some trips paid indirectly by companies with business pending before Congress." Susan Hirschmann, DeLay's chief of staff from 1997 "until she became a Washington lobbyist in 2002," took "18 trips from 2000 to 2002 -- many with her husband -- at a cost to others of more than $85,000, according to a tally by the Center for Public Integrity, American Public Media and Northwestern University's Medill News Service." That "put

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her in a close second place behind Brian Gaston, whose 39 trips over the five-year period studied by the groups cost $87,000. Gaston is now the chief of staff to House Majority Whip Roy Blunt (R-Mo.)."

Krugman Blasts "DeLay Principle." Columnist Paul Krugman writes in the New York Times (6/9) that DeLay "has since been dethroned, but the DeLay Principle lives on." The "DeLay Principle isn't really that hard to understand: it's just like the Roosevelt Principle, but the other way around. These days, the state — or rather, the political coalition that controls the state, and depends on campaign contributions to maintain that control -- owes a peculiar obligation to men of great wealth. And nothing is more important than cutting these men's taxes, even in the face of a war."

Texas Republicans Jockey For Candidate To Replace DeLay.. The Christian Science Monitor (6/9, Axtman) reports that the race to replace Rep. Tom DeLay as the Republican nominee on the November ballot is heating up. Democrats "in his suburban Houston district hope that DeLay has tarnished his party enough to give them a victory." The Monitor adds, "To find his replacement, the four counties that make up District 22 will each hold Republican caucuses this summer and select a precinct chair. Those four will then each cast a vote to choose the candidate for the ballot." The district "is heavily Republican, and a Democratic win is a long shot - even for the well-financed and well-known former Congressman Nick Lampson, say political scientists."

Rumsfeld Praises Summers' Support For ROTC. The Washington Times (6/9, Gertz, Scarborough) reports in its "Inside the Ring" column, "Defense Secretary Donald H. Rumsfeld has sent a letter to outgoing Harvard President Lawrence H. Summers praising the educator's support for the Reserve Officers' Training Corps (ROTC). Harvard is not always a friendly place for the U.S. military. … But Mr. Summers openly embraced Harvard's 50 or so ROTC students, a move that did little to ingratiate himself to the university's overwhelming liberal faculty, which worked to force his resignation, effective June 30."

Dionne Calls Election Results "Sobering" For California Liberals. E.J. Dionne writes in the Washington Post (6/9, A23) that "the truly sobering news" for California liberals in this week's voting "was in the statewide voting. Proposition 82, the ballot measure that would have guaranteed access to preschool for all of California's 4-year-olds, went down to resounding defeat, 61 to 39 percent. Not only that, voters also rejected a $600 million bond measure for the state's libraries. A vote against libraries ? Yes, the bonds went down 53 to 47 percent. … It gives me no joy to say these things, since I wish both California propositions had passed. But realism is not the enemy of idealism, and taxpayers aren't being selfish when they place a heavy burden on those who would ask them to part with some of their money. Advocates of public action need to meet that test."

NYTimes Praises Universities' Efforts On Stem Cell Research. The New York Times (6/9) editorializes, "Hats off to Harvard and the University of California at San Francisco for undertaking stem cell research that the Bush administration is trying to discourage and political leaders in Washington seem unwilling to support. Both institutions have started programs to clone human embryos and extract stem cells from them, thus creating stem cell lines tailor-made to study specific diseases." The Times adds that "the potential is enormous, and it is fortunate that these two institutions, and a handful of other laboratories around the world, are getting started."

IAEA Says Iran Resumed Uranium Processing After West Offered Deal. The Los Angeles Times (6/9, Rubin) reports, "Iran began to enrich a second batch of uranium in its research plant this week on the same day that world powers delivered a negotiating offer to Tehran conditioned on its suspension of nuclear activities, according to a report released Thursday by the International Atomic Energy Agency. The timing of the nuclear work, which Western diplomats suggested was politically calculated, appeared to signal that Iran would fight to continue enriching uranium despite the demands by the international community."

The New York Times (6/9, Sciolino) reports an IAEA report claims that, "on Tuesday, Iran restarted the pouring of a raw form of uranium into a set of 164 centrifuge machines to produce enriched uranium." The Times adds, "That same day," EU foreign policy chief Javier Solana "was in Tehran, where he presented Iranian leaders with an international package of incentives to help resolve the crisis caused by the country's nuclear program. There was no explanation for Iran's decision. But it seemed to underscore its often stated determination not to be bullied into accepting any deal requiring it to end activities related to uranium enrichment." The Times opines, "The revelation is likely to stiffen the resolve of the United States and the Europeans in particular that a complete freeze of uranium enrichment and reprocessing activities is a condition for formal negotiations."

The Financial Times (6/9, Dombey, Peel) adds the IAEA claims "Iran resumed sensitive nuclear work this week, just as the world's big powers presented it with an offer aimed at halting such activities." The IAEA report "says that Tehran has just increased the scale of uranium enrichment, the most sensitive part of its nuclear programme, after scaling it back two months ago." The new information, coming "after several

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days in which western officials have struck an upbeat note about the prospects of negotiations, highlight how difficult it will be for the world's big powers to persuade Tehran to suspend enrichment."

The Washington Post (6/9, A16, Vick, Linzer)'s reporting on Iran mentions the IAEA report but focuses on President Ahmadinejad's comments, saying he "signaled Iran's readiness to renew negotiations 'to resolve misunderstandings in the international arena. On behalf of the Iranian nation, I'm announcing that the Iranian nation will never hold negotiations about its definite rights with anybody, but we are for talks about mutual concerns.'" The Post calls his comments "the most straightforward indication so far of Iran's willingness to engage six world powers, including the United States, in discussions aimed at avoiding confrontation over its nuclear program. But he did not say whether Iran would agree to the only precondition set for the talks: that the country put its program on hold during negotiations."

Ahmadinejad Says He's Willing To Talk, Blasts Suggestion Of Sanctions. ABC World News Tonight (6/8, story 5, 1:05, Gibson) reported, "Iran's president has weighed in, for the first time, on the incentives offered by the US and other world powers, to convince Iran to abandon its nuclear ambitions." ABC (Karl) added, "Today, Iran's president made, perhaps, his most conciliatory gesture yet. 'We are for talks to resolve misunderstandings,' he told a crowd of several thousand. But in the same speech, he lashed out at those threatening sanctions, and said his country would never negotiate its fundamental rights." The Washington Times and USA Today runs a similar AP story (6/9, Dareini).

House Rejects Move To Cut Aid To Egypt. The Wall Street Journal (6/9, Rogers) reports, "Amid conflicting signals from the Bush administration, the Republican-led House narrowly rejected a bid to cut $100 million from U.S. aid to Egypt as a protest of its suppression of political dissent." The 225-198 vote "came as the House pushed toward passage today of a $21.3 billion foreign-aid budget that already rescinds $200 million from prior economic aid for Cairo."

Israeli Airstrike Kills Commander In Hamas Government. The New York Times (6/9, Erlanger) reports, "In an airstrike against a militant training camp in southern Gaza on Thursday night, Israeli forces killed Jamal Abu Samhadana, a senior commander in the Hamas government, but said he was not the target of their attack." The attack "occurred just hours after Prime Minister Ehud Olmert of Israel promised King Abdullah of Jordan that he would make every effort for progress on a negotiated settlement before moving unilaterally to remove some Israeli settlers from the West Bank."

The Washington Post (6/9, A17, Wilson) says Samhadanah "oversaw various branches of the 70,000-member Palestinian security services, including a 3,000-member force deployed on the streets of Gaza last month." The Post adds, "Soon after the airstrike, which occurred just before midnight and wounded at least 10 others, scores of armed men stormed the hospital in Rafah. Many of them vowed to exact revenge for Samhadanah's death as they kissed his body and carried it on their shoulders through Rafah's streets in a raucous procession."

House Panel Will Decide On India Nuclear Deal This Month. The House International Relations Committee will decide this month on a controversial civilian nuclear deal with India. AFP (6/9, Parameswaran) reports that a congressional aide said the panel "will 'in the later half' of June decide whether to endorse or give conditional approval to the deal." The panel's findings "would then be submitted to the full House for consideration."

Administration Urged To Pursue Trade Sanctions Against China. The AFL-CIO and Reps. Benjamin Cardin and Chris Smith yesterday urged the Bush Administration to pursue trade sanctions against China. The AP (6/9, Crutsinger) reports, "The group alleged that China's labor practices violate U.S. trade law, which makes repression of workers' rights a violation that would be subject to economic sanctions if the U.S. wins a case on the issue before the World Trade Organization. The petition was an effort to turn up the heat on the administration in an election year over record trade deficits with China, which hit an all-time high of $202 billion last year."

The Wall Street Journal (6/9, Maher) reports, "The labor federation's petition states that the repression of workers' rights in China constitutes a violation of U.S. trade law. It cites evidence from U.S. government reports that show workers in China frequently are paid less than the country's minimum wage, denied overtime pay, denied collective-bargaining rights and often subjected to abusive treatment. Violations of China's labor laws have led to illegally depressed wages that have contributed to the loss of 1.2 million U.S. jobs, including 930,000 in manufacturing, the petition says."

Bush Meets With Chilean President. The AP (6/9, Gedda) reports that President Bush met with Chile's new President Michelle Bachelet at the White House yesterday. The AP adds, "Neither Bush nor Bachelet publicly acknowledged the Bush administration's strong push to get Chile and other governments in the region to support Guatemala's bid" for a seat on the UN Security Council. Venezuela is also vying for the seat.

Bachelet Urged Not To Let Fear Guide Her Decision On UN Vote. Mary Anastasia O'Grady writes in the Wall

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Street Journal (6/9) that on the UN vote, Chile will feel pressure from "Chilean extremists, along with neighboring Argentina and friends like Fidel Castro" and Venezuelan President Hugo Chávez. O'Grady adds, "Let's hope that fear or political expediency do not drive her decision. That would be a tragedy for regional stability and for Chile's global prestige."

Bush To Visit Budapest. President Bush will visit Budapest later this month to mark the 50th anniversary of the Hungarian revolution. The AP (6/9) reports, "The visit will come after a stop in Vienna, Austria, on June 20-21 for a summit with European Union leaders. Bush originally had planned to travel from Austria to Kiev, Ukraine, but that was put aside because of Ukraine's difficulty in forming a new government. The Kiev visit was never officially announced by the White House although officials had talked privately about Bush stopping there."

Putin's United Russia Party Consolidating Power. The Washington Post (6/9, A14, Finn) reports that Russian President Vladimir Putin's United Russia party "is consolidating its power to a level that critics compare to the Communists' political monopoly in Soviet days. In March, United Russia announced that it had 1 million members and planned to recruit another million before parliamentary elections in 2007, numbers that dwarf every other party's. Regional governors, business leaders and key bureaucrats, seeing where political power lies, have been flocking to its ranks."

Neuarth Calls Putin "Cool Character." Al Neuarth writes in USA Today (6/9) that Putin is a "'cool' character who took criticism calmly and is unlikely to shoot from the hip, a la Bush. … When Bush meets Putin again next month in St. Petersburg, Russia, at the Group of Eight summit of leading industrial nations, he needs to look into those eyes less innocently and more realistically."

Some Nations Slow In Providing Pledges Of Anti-Poverty Aid. The New York Times (6/9, Dugger) reports that an analysis of giving by the world's richest nations shows that despite pledges to increase aid to combat global poverty in 2010, "several got off to a slow start. Based on their own official statistics, three of the nations — Britain, Germany and France — actually decreased their aid to developing countries in 2005 from 2004, according to the analysis, which was conducted by Oxfam and released Wednesday. In contrast, Oxfam found that development assistance from Italy, Canada and Japan grew substantially during the same period, with Italy registering the largest increase in aid, 46 percent. Giving by the United States grew 16 percent, though after increased aid to Iraq and Afghanistan was subtracted from the total, American giving fell by 4 percent."

Official Says UN Must Stay Engaged In East Timor. Jose Ramos-Horta, Senior Minister and Minister for Foreign Affairs and Cooperation for East Timor, writes in the Wall Street Journal (6/9), "The capital of our impoverished country, East Timor, is once again the scene of riots, looting, arson and gunfire. … I believe East Timor can recover. This process may require a political change, perhaps in the form of a government of national unity." Ramos-Horta adds, "It is essential that the U.N. stay engaged in East Timor for at least a decade. U.N. management of the 2007 elections is crucial to their success. In close cooperation with my president, I shall seek continued U.N. engagement in East Timor. It's in no one's interest to let another poor country become a failed state."

WSJournal Criticizes UN Official's Speech. An editorial in the Wall Street Journal (6/9) says, "When U.N. Secretary General Kofi Annan named Mark Malloch Brown as his deputy, we breathed a sigh of relief. The Briton had distinguished himself as head of the U.N.'s Development Program, and his promotion seemed to promise adult-hour at an institution reeling from the Oil for Food scandal. Well, we're not infallible, and on Tuesday Mr. Malloch Brown gave a speech in which he went out of his way to prove us wrong." The Journal adds, "In a press conference Wednesday, U.S. Ambassador John Bolton described Mr. Malloch Brown's speech as 'the worst mistake by a senior U.N. official that I have seen,' adding that 'even though the target of the speech was the United States, the victim, I fear, will be the United Nations.' He's right. If Mr. Malloch Brown's speech serves any purpose, it is to remind American taxpayers of everything they don't like about the U.N."

THE BIG PICTURE:

Headlines From Today's Front Pages.

Los Angeles Times:

"For A Vegas Judge And His Friends, One Good Turn Led To Another."
"Yes, He Does Digress."
"He Was More Symbol Than Sweeping Leader."
"U.S. Tracks Aide To Zarqawi's Doom; Bush Says The War Is Far From Over."
"Wealth, Poverty, Anger Live Together In Venice."
"Bush Takes Measured Tone On Zarqawi, War."

USA Today:

"Inside The Takedown."

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"First-Ever Cancer Vaccine Approved."
"Tobacco Giants Test Smoke-Free Products."

New York Times:
"After Long Hunt, U.S. Bombs Kill Al Qaeda Leader In Iraq."
"Hatred He Bred Is Sure To Survive Terrorist's Death."
"U.S. Approves Use Of Vaccine For Cervical Cancer."
"How Surveillance And Betrayal Led To A Hunt's End."
"In The Bayou, 100-Ton Symbols Of A Recovery Still Suspended."

Washington Post:
"After Zarqawi, No Clear Path In Weary Iraq."
"The Young Apprentice."
"How U.S. Forces Found Iraq's Most-Wanted Man."
"FDA Approves Vaccine That Should Prevent Most Cervical Cancers."
"Kaine Delays Execution Of Inmate For 6 Months."

Washington Times:
"'Out Of Business.'"
"Democrats Halt Move To Kill Off 'Death Tax.'"
"Sotheby's To Auction King's Papers, Library."

Detroit Free Press:
"Takeout Of Terror Boss leaves Iraq Still Torn."
"Grandma's Little Sunshine."
"Detroit A Hidden 'Cars' Costar."

Atlanta Journal-Constitution:
"Iraq's Master Terrorist Dead."
"Writings Of MLK Bound For Auction."
"Help Pours In For Veteran Who Fought Attackers."
"Cervical Cancer Vaccine Gets FDA Approval."

Houston Chronicle:
"U.S. Gets Iraq's Most Wanted."
"'Sweet Girl' Had No Prior Arrests."
"'The Hammer' Strikes In Departure Speech."
"World Cup Is The Start Of A New Chapter For Germany."

Story Lineup From Last Night's Network News:
ABC: Zarqawi Killed; Iraqi Insurgency; Iraqi Reaction; Zarqawi Analysis; Iranian Nuclear Program; Cervical Cancer Vaccine; Wendy's Fries; Mt. Merapi Erupts; USS Cole-Persian Gulf.
CBS: Zarqawi Killed; Iraqi Reaction; Zarqawi's Death-Bush; Zarqawi's Death-Khalilzad; Zarqawi Profile; Zarqawi Analysis; Oil Prices; Cervical Cancer Vaccine; Zarqawi Recap; Zarqawi's Death-Terror Victims.
NBC: Zarqawi Killed; Iraqi Insurgency; Iraqi Reaction; Zarqawi-Special Forces Team; Zarqawi's Death-Bush; Bush's Reaction-Analysis; Zarqawi's Death-Jordan; Zarqawi's Death-Al Qaeda; Cervical Cancer Vaccine; Senate-Estate Tax; Stock Markets; Military Families-High School.

Story Lineup From This Morning's Radio News Broadcasts:
ABC: Zarqawi Killed; Cervical Cancer Vaccine.
CBS: Zarqawi killed; Oil Prices; Cervical Cancer Vaccine; House-Internet Neutrality.
NPR: Zarqawi Killed; Senate-Estate Tax; DeLay-Final Day In Congress; Congress-Iraq Spending Bill; MO-Gay Foster Parents; China-Landslides.

WASHINGTON'S SCHEDULE:

Today's Events In Washington.

White House:

PRESIDENT BUSH — President and Mrs. Bush participate in arrival ceremony for Danish Prime Minister Anders Fogh Rasmussen, Camp David; joint press availability with Prime Minister Rasmussen, Camp David.

VICE PRESIDENT CHENEY — No public schedule.

US Senate: No Scheduled Events.

US House: FLOOR SCHEDULE _ 9 a.m. Meets for legislative business. Highlights: H.5252-Communications Opportunity, Promotion and Enhancement Act of 2006.

10 a.m. ENERGY AND COMMERCE _ Oversight and Investigations Subcommittee. Hearing on cyber security challenges in the Energy Department. Energy Department Inspector General Gregory Friedman; Glenn Podonsky, Energy Department; Tom Pyke, CIO, Energy Department; Linton Brooks, Administrator, National Nuclear Security Administration; Undersecretary of Energy David Garman. Location: Room 2123, Rayburn.

Other: PRIME MINISTER ANDERS FOGH RASMUSSEN OF DENMARK _ Highlights: 8:30 a.m. Arrives at Camp David for meetings with President Bush. 10:10 a.m. Holds joint media availability with President Bush. Camp David. 4:45 p.m. Holds news conference for the Danish media. Four Seasons Hotel. 7 p.m. Private dinner at the Danish Embassy.

MENTAL HEALTH _ Annual meeting of the National Mental Health Association. Highlights: 8:30 a.m. Plenary session on mental health today, with Newt Gingrich. Location: Hyatt Regency-Washington on Capitol Hill, 400 New Jersey Ave. NW.

CHINA-TECHNOLOGY _ 9 a.m. The Center for Strategic and International Studies holds a discussion with Commerce Undersecretary David McCormick on high tech and strategic trade with China, while safeguarding U.S. national security. Location: B-1 conference level, 1800 K St. NW.

IMMIGRATION-EDUCATION _ 9 a.m. The Population Resource Center, others, hold a briefing on immigration and the U.S. education system, with David Shreve of the National

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Conference of State Legislatures, Sylvia Martinex of the University of Chicago, others. Location: Room HC-6, Capitol.

FCC-KATRINA _ 10 a.m. There will be a meeting of the Federal Communications Commission Independent Panel Reviewing the Impact of Hurricane Katrina on Communications Networks. Location: Commission Meeting Room (TW-C305), FCC headquarters, 445 12th St. SW.

GOP BRIEFING _ 10 a.m. National Republican Congressional Committee Chairman Rep. Tom Reynolds holds a pen and pad briefing to discuss the midterm elections. Location: 320 1st St. SE.

ENERGY OUTLOOK _ 12 p.m. The National Economists Club holds a luncheon with Deutsche Bank AG (New York) Chief Energy Economist Adam Sieminski on the oil and natural gas outlook. Location: Chinatown Garden Restaurant, 618 H St. NW.

POLITICAL FINANCE _ 2 p.m. IFES holds a discussion on the role of money in politics of 8 post-conflict countries, including Iraq, Afghanistan, Liberia and Haiti. Location: IFES, 3rd floor, 1101 15th St. NW.

AYALON _ 4 p.m. Israeli Amb. Daniel Ayalon holds an Afternoon Newsmaker news conference on Mideast developments. Location: National Press Club.

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THE ATTORNEY GENERAL'S NEWS BRIEFING

PREPARED FOR THE OFFICE OF PUBLIC AFFAIRS, U.S. DEPARTMENT OF JUSTICE

TO: THE ATTORNEY GENERAL AND SENIOR STAFF

DATE: MONDAY, JUNE 12, 2006 7:45 AM EDT

TODAY'S EDITION

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TERRORISM NEWS:

Guantanamo Under Scrutiny After Three Detainees Commit Suicide. NBC Nightly News (6/11, story 4, 0:30, Seigenthaler, 9.87M) reported, "The US detention facility at Guantanamo Bay, Cuba is coming under more scrutiny tonight after three suicides there on Saturday. The US military says the bodies of two Saudis and a man from Yemen were found in their cells hanging from nooses made from bed sheets and clothing. The military says all three left suicide notes. But an attorney for the victims' relatives says he believes there was a crime committed and says he plans to sue the US Government."

The CBS Evening News (6/11, story 2, 2:10, Mitchell, 7.66M) reported, "Yesterday we reported on the suicides of terror suspects at Guantanamo Bay. Is that issue expected to be on the table at all at" President Bush's war cabinet summit? CBS (Chen) added, "This summit is supposed to be fairly focused on the way forward as White House calls it for Iraq, but clearly there's going to be a lot of pressure on the President to resolve the Guantanamo situation as well."

The New York Times (6/12, Cloud, Lewis, 1.19M) reports, "Though the Bush administration has been under pressure -- from the United Nations, European countries and the International Committee of the Red Cross -- about the Guantánamo detention center, White House officials did not indicate that they viewed the suicides as a major political problem." The State Department "alerted American embassies in Europe and the Middle East, and asked them to contact government officials. But White House officials said Mr. Bush did not make calls to world leaders. 'We haven't heard much response,' one senior official said." The United Nations was "also notified of the suicides, the White House said."

The Christian Science Monitor (6/12, Richey, Feldmann, 61K) says "the deaths point up a growing dilemma for the Bush administration as it seeks to maintain an array of options in fighting the war on terror in the face of rising domestic and international criticism." Critics of Guantánamo "say the Bush administration appears to have miscalculated. America's tough policies have generated intense criticism among human rights activists both at home and abroad. US allies in Europe as well as the United Nations Committee Against Torture are calling on the US to close the detention camp." The US Supreme Court "is expected this month to rule on whether the administration's plan for military trials at Guantánamo comports with constitutional safeguards and international treaty obligations." The suicides "inject a sense of urgency into questions about US antiterror tactics."

Knight Ridder (6/12, Clark) reports "a key ally of the Bush administration and staunch supporter of the war in Iraq said Sunday that failing to close the Guantanamo Bay prison would compromise the administration's efforts to fight a global war on terror. The assessment from Anders Fogh Rasmussen, the Prime Minister of Denmark, came the day after the first reported suicides of detainees at the post-Sept. 11 prison camp and followed Rasmussen's trip to Camp David with President Bush." In an interview with CNN, Rasmussen "said keeping prisoners behind bars 'without legal proceedings' contradicts US principles."

The AP (6/12, Selsky) reports the Department of Defense "identified the three as Saudi Arabians Mani Shaman Turki al-Habardi Al-Utaybi and Yassar Talal Al-Zahrani and Yemeni Ali Abdullah Ahmed. The two Saudis were also identified earlier by Saudi officials. … None of the three had been formally charged. … Only 10 detainees have been charged with crimes and face military tribunals ordered by President Bush." The Washington Post (6/12, Ricks, 744K) runs a similar report.

Knight Ridder (6/12, Rosenberg) says "the quality of the evidence that the government has on the three has never been tested in court." Rather, "the Pentagon's brief descriptions are what has qualified them for indefinite detention as so-called 'enemy combatants,' a war-on-terror category created by the Bush administration. It is not a designation covered by the Geneva Conventions, international agreements on the treatment of prisoners of war."

USA Today (6/12, Walton, 2.31M) notes "the three prisoners found dead at the Guantanamo prison camp Saturday were the first to succeed at suicide, but about two dozen others have tried to kill themselves at the remote US naval base in southeast Cuba. Before Saturday, there had been 41 suicide attempts by 25 prisoners and no deaths since the United States began using the base to house enemy combatants in January 2002, according to Navy Cmdr. J.D. Gordon, a Pentagon spokesman." The prison camp's

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commander, Navy Rear Adm. Harry Harris, "said the suicides were acts of 'asymmetrical warfare' linked to a 'mystical' belief that the deaths of three detainees would bring the release of the rest."

However, the AP (6/11, Dodds) reports, "Dispirited and desperate prisoners at Guantanamo Bay look to suicide as a way out of a hopeless situation, and not because they seek martyrdom, say three British Muslims once held there. 'There is no hope in Guantanamo. The only thing that goes through your mind day after day is how to get justice or how to kill yourself,' said Shafiq Rasul, 29, who waged a hunger strike while at the camp to protest alleged beatings. 'It is the despair -- not the thought of martyrdom -- that consumes you there.'"

Cheney's Office Blocked Efforts To Close Guantanamo. Newsweek (6/19) reports in its "Periscope" column that a plan to shut down the Guantanamo prison "had quietly picked up support last year from Pentagon officials, including Deputy Defense Secretary Gordon England, but was blocked by Dick Cheney's office. Cheney and others in the White House feared closing Gitmo would be seen as a capitulation to critics. But even before the suicide hangings of the two Saudis and one Yemeni last week, there were signs that Bush himself was having second thoughts."

Time (6/19, Corliss, Zagorin) reports that President Bush "says he wants to 'empty' the Gitmo facility but can't do so until another country agrees to take the inmates without torturing or freeing them. Yet authorities are currently constructing a new, $30 million prison at Gitmo, where they plan to consolidate many of the camp's maximum- and medium-security inmates"

Reed Says Prison Should Be Closed. The Los Angeles Times (6/12, A1, Williams, 958K) also reports on the "the international clamor against the prison continued," and notesone US senator said "it should be closed as soon as possible." Democratic Sen. Jack Reed "said the facility should be closed 'as quickly as possible,' noting that 'as long as Guantanamo exists, it's a source of international attention and concern.'" Senate Judiciary Committee Chairman Arlen Specter, meanwhile, "said detainees were 'just out there in limbo, and that creates a very difficult situation.' He concluded, 'Where we have evidence, they ought to be tried, and if convicted, they ought to be sentenced.'"

Saudis Allege Dead Detainees Were Tortured. The AP (6/12, Shihri) reports, "The reported suicides of two Saudi detainees at Guantanamo Bay intensified Saudi anger at the camp, drawing questions Sunday about whether the men really killed themselves or were driven to it by torture. The detention of more than 130 Saudis at the U.S. jail has long grated on people in the kingdom, and there was marked skepticism that the prisoners committed suicide. … The kingdom's semiofficial human rights organization called for an independent investigation into the deaths of the two Saudis, who were identified Sunday by Saudi officials as Mani bin Shaman bin Turki al Habradi and Yasser Talal Abdullah Yahya al Zahrani. … Many Saudis denounced the suicide claim as a fabrication, and some accused US authorities of complicity in the inmates' deaths." Saleh al-Khathlan, "director of monitoring at the rights group, explicitly accused Guantanamo officials of torturing detainees."

NYTimes Says Guantanamo Prison "Beyond The Laws Of Civilized Nations." The New York Times (6/12, 1.19M) editorializes, "The news that three inmates at Guantánamo Bay hanged themselves should not have surprised anyone who has paid the slightest attention to the twisted history of the camp that President Bush built for selected prisoners from Afghanistan and antiterrorist operations." It was "the inevitable result of creating a netherworld of despair beyond the laws of civilized nations, where men were to be held without any hope of decent treatment, impartial justice or, in so many cases, even eventual release."

Specter Says He Could Force Phone Companies To Testify About NSA Surveillance. USA Today (6/12, 2.31M) reports, "Senate Judiciary Chairman Arlen Specter, R-Pa., said Sunday that he's ready to force telephone company officials to testify about the National Security Agency warrantless-surveillance program if the Bush administration doesn't cooperate in drafting rules on what's allowable. 'If we don't get some results, I'm prepared to go back to demand hearings and issue subpoenas, if necessary,' Specter said on CNN's Late Edition." Specter "had threatened to subpoena phone company executives to testify about their cooperation with the NSA." But "he said that after talking with Vice President Cheney last week, he's hopeful that hearings and subpoenas can be avoided. Cheney indicated he was willing to work with Congress on new rules governing eavesdropping." The AP (6/12) says Cheney "indicated he was willing to work with Congress on new rules governing eavesdropping." But "he

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stopped short of promising any action and said a final decision on the bill would be up to President Bush."

Meanwhile, in an editorial titled "NSA Train Wreck," the Washington Post (6/12, A20, 744K) says that "many key lawmakers, including Mr. Specter, have not been briefed fully on what the NSA is doing, so it is way too early to be legislating -- and all the more dangerous not just to tinker but to fundamentally alter the rules."

Specter Says Cheney Phone Call About Wire Taps Was "Step Forward." Appearing on CNN's Late Edition (6/11, Blitzer), Specter said, "Let's make one thing plain. The Foreign Intelligence Surveillance Act provides the exclusive remedy for domestic wiretapping. There's no doubt that law has been violated. Whether the president has inherent Article Two power, constitutionally, which supersedes or trumps the statute, remains to be seen." Asked about his exchange of letters with Vice President Cheney over warrantless wiretapping, Specter said that he is "searching for a way of bringing this matter to a head." He said the Vice President's Thursday phone call to him was "a step forward." Specter said, "[W]e're talking. But if the talks aren't productive, I'm prepared to go back to the hearings and I'm prepared to go back to the subpoenas if necessary."

Specter Won't Give "Amnesty" Over Wiretaps. Specter, asked on CNN's Late Edition (6/11, Blitzer) about a Friday Washington Post (6/9, Pincus, 744K) report that he is ready to give a "blanket amnesty" to anyone who authorized warrantless surveillance, replied, "Absolutely not. That was an erroneous report. If anybody has violated the law, they'll be held accountable, both as to criminal conduct and as to civil conduct. … Take a look at my bill, Wolf. It just doesn't say that."

Judge To Hear ACLU Challenge To NSA Program. The Los Angeles Times (6/12, Weinstein, 958K) reports, "The National Security Agency's controversial domestic surveillance program faces its first major court test today before a veteran federal judge in Detroit. In January, groups including the American Civil Liberties Union and the Michigan branch of the Council on American-Islamic Relations as well as several individuals, who said they feared the government was spying on them, filed a 60-page lawsuit seeking to have the warrantless wiretapping program declared unconstitutional. Among the individuals is James Bamford, author of two books on the NSA." The suit in Detroit, "like one filed in New York by the Center for Constitutional Rights, asserts that the NSA's eavesdropping program has violated free-speech and privacy rights and has had a chilling effect on the communications of potential surveillance targets." The Times adds, "None of the plaintiffs have offered proof they were spied on. Rather, they maintain that the simple existence of the program has impeded their ability to perform their jobs as journalists and lawyers."

NSA Case Centers On Security-Privacy Debate. The Atlanta Journal-Constitution (6/12, Deans) reports, "The Bush administration's domestic surveillance program will be challenged in federal court in Detroit Monday when lawyers from the American Civil Liberties Union argue that wiretapping without warrants violates the U.S. Constitution." The AJC continues, "It will be the first time a federal court has reviewed the legality of National Security Agency eavesdropping on phone calls between people in the United States and others overseas with suspected links to terrorist groups." The AJC adds, "The case pits constitutional protection of personal freedoms against tactics employed by President Bush to protect the country against terrorist attack. Whatever decision the district court reaches probably will be appealed and the case is expected to reach the U.S. Supreme Court. … The Justice Department sought to have the case dismissed on the grounds that the legal proceedings have the potential to expose national security secrets. But U.S. District Judge Anna Diggs Taylor, who will preside over today's oral argument, dismissed the government's contention."

Defense Attorneys Shut Out As Courtroom Secrecy In Terror Cases Grows. The AP (6/12, Robinson) reports, "Witnesses used bogus names, the public was barred from the courtroom and part of the hearing was behind closed doors in the judge's chambers -- with defense lawyers shut out. … 'I don't know what took place back there,' grumbled Michael E. Deutsch, chief defense lawyer for Muhammad Salah, a Chicago man charged with laundering hundreds of thousands of dollars to pay for murders, bombings and other acts of terrorism by the Palestinian militant group Hamas." The AP continues, "Court secrecy is getting tighter across the nation as the government wages war on terrorism, and the recent hearings in Salah's case, set for trial Oct. 12, are just one example, attorneys say. … In Maryland, a federal judge last month dismissed a lawsuit filed by a German man, Khaled al-Masri, who claimed to have been illegally detained and tortured in overseas prisons run by the CIA. After receiving a secret written CIA briefing, the judge

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ruled that going ahead with a civil trial in the al-Masri case would have exposed state secrets." The AP adds, "The New York Civil Liberties Union is asking an appeals court to order a federal judge in Albany to unseal his decision refusing to toss out charges against alleged money launderers Yassin Aref and Mohammed Hossain. They say they may have been targets of a warrantless wiretap. The judge's decision came two hours after the government submitted a secret court document. … In Chicago, attorneys for Sami Latchin, a man accused of serving as a 'sleeper agent' in the United States for the Saddam Hussein regime, have asked U.S. District Judge Rebecca R. Pallmeyer whether the National Security Agency eavesdropped on his telephone conversations. … Prosecutors say a representative of the Justice Department in Washington will answer the question -- but only in the judge's chambers with defense attorneys not allowed. … Such secret procedures, once rare in American courts, have become more common since the Sept. 11 terrorist attacks. Prosecutors say they need secrecy to protect undercover agents, informants and witnesses from terrorist reprisals and keep critical information pipelines from being shut down. … But defense attorneys say the right of defendants to confront their accusers, guaranteed by the 6th Amendment to the Constitution, is being worn away under the guise of national security."

Media Said To Be Downplaying Links Between Canadian Suspects, Networks. In the Weekly Standard (6/19), Dan Darling says despite "all the uncertainties, a number of media outlets and terrorism analysts, taking a cue from Canadian police, rushed to declare the entire affair the work of homegrown terrorists operating independently of any broader network or organization." Yet "there are good reasons to doubt this view." The "nature of the relationship among the Canadian suspects, their Atlanta counterparts, and any additional accomplices requires further elucidation, as does the nature of any relationship between the younger Abdelhaleen and Mahjoub." With "so many questions unanswered, it is far too soon to rule out connections between the Canadian conspiracy and terrorists abroad. Certainly, much evidence has come to light challenging the view that homegrown terrorism is an entirely insular phenomenon."

PATRIOT ACT:

SEC, Treasury Mull How To Apply Patriot Act To Hedge Funds. Business Week (6/19, Der Hovanesian) reports when "drug runners and terrorists want to park illicit cash, there may be no better haven than hedge funds. Despite tough new anti-money laundering standards put out by U.S. regulators for banks, mutual fund companies, insurers, and money transmitters, the highly secretive hedge fund industry has no restrictions whatsoever." For "more than three years, the Securities & Exchange Commission and the Treasury Dept. have been discussing how to include hedge funds in the USA Patriot Act, the 2001 legislation designed to protect against terrorism. Yet during that time, the $1.3 trillion hedge fund industry has collected record amounts of cash, some of which could well be from questionable sources."

HOMELAND RESPONSE:

Fake ID Used To Enter DHS Headquarters. The Washington Times (6/12, Dinan, 90K) reports Bruce DeCell, a member of 9/11 Families for a Secure America, used "a fake Matricula Consular card as identification" to enter DHS headquarters for a meeting with officials Wednesday. The card, which "federal rules…say…is not valid ID at government buildings," lists DeCell's "address as '123 Fraud Blvd.' on an incorrectly spelled 'Staton Island, NY.'" DHS spokesman Jarrod Agen "said the department shouldn't have allowed the ID to be used for entry to its headquarters," but that "DeCell's group went through metal detectors and other routine security screening and had an escort at all times while in the building."

Study Finds Arab-Americans Mistrust Police Since 9/11. The New York Times (6/12, Elliott, 1.19M) reports, "In the aftermath of Sept. 11, Arab-Americans have a greater fear of racial profiling and immigration enforcement than of falling victim to hate crimes, according to a national study financed by the Justice Department." The study also "concluded that local police officers and federal agents were straining under the pressure to fight terrorism, and that new federal policies in this effort were poorly defined and inconsistently applied." The Times adds, "The two-year study, released today by the Vera Institute of Justice, explored the changed relationship between Arab-Americans and law

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enforcement in the years since the 2001 terrorist attacks. The Vera Institute is a nonprofit policy research center based in New York. … Both Arab-American community leaders and law enforcement officials interviewed in the study said that cooperation between both groups had suffered from a lack of trust."

"Technicalities" Leaving New Orleans Homeowners Without Enough To Rebuild. The AP (6/12, Callimachi) reports that in an "all-too-common" situation for New Orleans homeowners whose houses were "disemboweled nine months ago by Hurricane Katrina," some "are finding that technicalities are keeping them from securing enough from their insurers to rebuild." Consumer advocates say the industry has used "numerous exclusions to reduce payouts," leaving homeowners with "two choices: Give up and leave, or else rebuild by hand, using their savings to pay for labor and materials." And while politicians had blamed New Orleans residents for not purchasing "federal flood insurance on top of their homeowners policies," Gulf Coast recovery czar Donald Powell's office has "found few communities were better insured against flooding."

Tropical Storm Alberto "Could Indicate A Repeat Of Last Year's Pattern." USA Today (6/12, Kasindorf, 2.31M) reports Tropical Storm Alberto, the first "since the devastating 2005 hurricane season," has placed much of Florida's Gulf Coast under a tropical storm watch, with the National Hurricane Center forecasting "up to 10 inches of rain…over the area through Tuesday. Alberto could make landfall over western Florida on Tuesday or could weaken and dissipate at sea, hurricane center forecaster Richard Pasch said." USA Today adds that the storm, "which occurred early, could indicate a repeat of last year's pattern, when Tropical Storm Arlene formed June 9 and Bret on June 28."

Storm Unlikely To Strengthen. The CBS Evening News (6/11, story 5, 0:20, Mitchell, 7.66M) reported, "The fringes of tropical storm Alberto are beginning to sweep across south Florida. Top winds at 45 miles per hour and Alberto is not expected to strengthen into a hurricane."

New Model To Help Scientists Predict Storm Intensity. The Washington Post (6/12, A19, Whoriskey, 744K) reports, "Scientists at the National Hurricane Center" in Miami are hoping to improve "their record in predicting storm intensity" with what has been "described as 'next generation' in tropical storm forecasting." The Hurricane Weather Research and Forecast Model "will envision the full three-dimensional hurricane, the circulation at its core and the varying winds from its bottom to its top, several miles up." The Post adds, "Predicting storm intensity is considered a critical challenge among forecasters because so many people depend upon forecasts of intensity to determine whether to flee an oncoming storm."

WAR NEWS:

White House Convenes War Cabinet Summit On Iraq. President Bush meets at Camp David today and on Tuesday with members of the war cabinet and other Administration officials to reexamine the US strategy in Iraq. The CBS Evening News (6/11, story 2, 2:10, Mitchell, 7.66M) reported, "Tonight the White House is moving quickly to make the most of last week's good news out of Iraq. With Zarqawi's death the Bush Administration is gearing up to talk strategy hosting a two-day summit that gets underway tomorrow." CBS (Chen) added, "The President made a quick stop at White House before heading back to Camp David where he spent most weekend prepping for a low-profile high-stakes summit on Iraq capped off by a joint US-Iraqi cabinet meeting through video hookup with Baghdad." The President is "walking a fine line capitalizing on the latest successes in Iraq while trying to persuade Americans US forces are still needed there." This is "a critical moment for both Baghdad and Washington. One official here is quoted as saying today this is a last best chance to get things right but clearly, Russ, that's not an easy job."

NBC Nightly News (6/11, story 2, 2:50, Seigenthaler, 9.87M) reported, "The question is whether the President is considering a plan that would reduce the number of US troops there." NBC (Corke) added, "US troop levels among the many topics to be discussed this week as the President looks to his closest advisors for a progress report on the war. With al-Zarqawi dead and the new Iraqi government in place, the President this week is calling together his war advisors to chart the course in Iraq. On the table, troop reductions."

Knight Ridder (6/12, Hutcheson) reports on President Bush and his team's upcoming two-day session at Camp David "to plan their next moves in Iraq." The article says that the conference "is not expected to produce any policy shifts or major new initiatives. The issue of troop withdrawals isn't even on the agenda." Gen. George Casey says that he might

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ask, though he is not planning to do so, for additional troops if "he concludes they are needed to get control of" Baghdad.

Congress Keeping Watch On President's Iraq Summit. NBC Nightly News (6/11, story 2, 2:50, Corke, 9.87M) reported, "And as the President and his advisors map out a military plan, some wonder whether there's another way." Rep. Jane Harman, California: "My bottom line is this is a political problem now, it's not a military problem. The US military presence is part of the problem. It's not part of the solution." Corke: "And as we head into this very important meeting, Democrats and Republicans on the Hill will be watching very closely to see which direction the Administration takes to address the problems on the ground in Iraq. And keep in mind this week the Senate will decide whether to authorize more war spending, and of course the House will also debate this issue."

DNSA O'Sullivan Called Central To Bush's Thinking. The New York Times (6/12, Bumiller, 1.19M) profiles Deputy National Security Adviser Meghan O'Sullivan, "who is largely unknown outside the administration, but who colleagues say is instrumental in shaping" President Bush's "views" on stabilization efforts in Iraq and Afghanistan. With NSA Hadley, O'Sullivan "briefs the president in person on Iraq up to several times a week. … She coordinates the political, security and reconstruction efforts for Iraq throughout the agencies of the government. Not least, she briefs the president before all of his phone calls and meetings with Iraqi leaders. Although Ms. O'Sullivan does not make major decisions — the administration's policy is run by" Ambassador Khalilzad and Secretary Rice — "she is important because of her closeness to the president and her role in helping to form his thinking." The Times continues, "Colleagues say that Ms. O'Sullivan holds to the view, reflected in the president's public statements, that rebuilding Iraq's civic institutions and persuading Iraqis to accommodate one another politically is a way out of the sectarian violence. She is more optimistic about the political process than others in the administration. … The question that even her supporters raise is whether she is too close to see the landscape of problems."

Top General In Iraq Predicts Coalition Will Be Able To Reduce Troop Level In Iraq. On CBS's Face the Nation, Gen. George Casey predicted that the US and its coalition partners would gradually be able to reduce troop levels in Iraq, notwithstanding Administration efforts to lower expectations for bringing the troops home. The CBS Evening News (6/11, story 2, 2:10, Chen, 7.66M) reported, "Ahead of the summit the White House has firmly slapped down suggestions it could lead to troop drawdown even as top military officials signal growing confidence in Iraqi forces." Gen. George Casey: "We think by summer 57% of the Iraqi brigades will be in the lead and we think by the end of the year almost all the Iraqi divisions will be capable of leading."

NBC Nightly News (6/11, story 2, 2:50, Corke, 9.87M) quoted Gen. Casey: "I think that as long as the Iraqi security forces continue to progress and as long as this national unity government continues to operate that way and move the country forward, I think we're going to be able to see continued gradual reductions of Coalition forces over the coming months and into next year." Corke: "But the President appeared to be trying to lower expectations when it comes to bringing troops home."

The Los Angeles Times (6/12, Barnes, Stack, 958K) reports "Casey's comments on televised public-affairs shows underscored an inherent tension in the military's position." The United States "suddenly finds itself with a chance to build on its military blow against al-Qaida in Iraq at the same time it could take advantage of the political stability offered by Iraq's new government to reduce the US presence. … For months, the Pentagon has suggested that Casey would be in a position this spring to recommend further cuts in the U.S. troop deployment, reductions that began last December when orders for two brigades were canceled." But "the long wrangling over who would become Iraq's prime minister and who would fill the posts of defense and interior minister, along with continued violence in Iraq, forced Casey and Pentagon officials to put off decisions about whether to hold back additional brigades." The AP (6/11, Pickler) also reports the story.

Iraqi National Security Adviser Says Most Foreign Troops Will Be Gone By 2009. The Washington Times (6/12, Pfeiffer, 90K) notes "Iraqi National Security Adviser Mowaffak Rubaie went further, giving both a number and a prediction of how soon most US troops will have left his country." Appearing on CNN's Late Edition (6/11, Blitzer), Mowaffak al-Rubaie said that by the end of this year, "I believe that the number of the multinational forces will be probably less than 100,000 in this country." He also predicted, "by the middle of 2008, we will not see a lot of visibility" of the multinational forces in the cities or towns." He said "the overwhelming majority of the multinational forces will leave, probably before the before the middle of 2008." Asked about al-Rubaie's prediction of troop reductions before the end of

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the year, Army Brigadier General Mark Kimmitt, the deputy director for plans and policy of the US military's Central Command, said, "If we continue to make progress militarily, if this new unity government comes together and is able to bring in more and more of the disinfected Iraqis that have not felt part of this process, I can see a plausible scenario where the numbers could go down, perhaps as much as Mowaffak has said."

McCaffrey Says Current Pace Of Iraq Deployment Risks "Breaking The Force." Appearing on NBC's Meet the Press (6/11, Russert), NBC News analyst and retired General Barry McCaffrey said the US does not have "an adequate military to sustain this operational pace" in Iraq. McCaffrey said, "the Army is 80,000 soldiers short; the Marines are 25,000 people short. SOCOM is under huge stress, and we aren't resourced to continue this effort. And we've got to make up our mind: Do we want to pay for the kind of strategy that we're prosecuting or not?" McCaffrey said "we've got to draw down and pretty soon, maybe 50,000 to 100,000 troops by next summer" and that "otherwise we risk breaking the force."

Harman Calls For Rumsfeld's Ouster, Redeployment Of Forces Out Of Iraq. Rep. Jane Harman, on Fox News Sunday (6/11, Wallace), said that Bush should fire Rumsfeld and announce "that he is going to start now asking the generals to redeploy our troops because going forward the U.S. objectives -- and we have at least three of them -- can best be achieved politically, not militarily." Harman said the US should start to move its forces out of Iraq and put "some into Kuwait and Jordan." She said "while we're part of the political solution, we're also part of the military problem." Harman called Zarqawi's death "a great achievement, wonderful police work." However, she said, "It won't reduce the insurgency, I don't believe."

Batiste Assails Rumsfeld. In a Knight Ridder op-ed (6/11), retired Gen. John Batiste criticizes Secretary Rumsfeld for "poor decisions and bad judgment in 2003 and 2004." Specifically, he faults Rumsfeld for using too few troops to secure the country and defeat the insurgency, an error compounded by shutting down the Iraqi military, which "gave the insurgency" manpower, weapons, and ammunition. Batiste argues, "The secretary of defense does not understand the human dimension of warfare ... Based upon all the above, the secretary of defense is not a competent wartime leader. He knows everything, except how to win. He surrounds himself with like-minded and compliant subordinates who do not grasp the importance of the principles of war, the complexities of Iraq or the human dimension of warfare."

Kristol Calls For Bush To Challenge Casey, Abizaid. On Fox News Sunday (6/11, Wallace), the Weekly Standard's Bill Kristol said, "if General Abizaid and General Casey say we've got it under control, steady as usual, I think the president needs to say I want you to rethink that. He needs to get other generals to second- guess them, because that's what all successful presidents have done in war. I have nothing against Abizaid and Casey, but it cannot be steady as it goes." Kristol said he hopes that at Camp David Bush "really rethinks the war, rethinks troop levels, and challenges Abizaid and Casey to really give him a strategy for victory."

Administration Strikes Tone Of "Tempered Optimism" In Wake Of Zarqawi's Death. Newsweek (6/19, Wolffe, Bailey) reports that the death of terrorist leader Abu Musab al Zarqawi's is "the first good news about the insurgency in months, and the President and his advisers know they risk squandering it if they were to gloat. … Announcing Zarqawi's death at the White House, Bush was solemn." Newsweek adds, "The new cautious, low-key approach is part of a larger White House strategy to win back voters' trust in Bush's Iraq plan -- and in Bush himself, whose public-approval ratings are languishing in the basement."

As part of its cover package, Time (6/19, Carney, Allen) reports "as White House speechwriters went to work on the remarks the President would deliver from the Rose Garden" following Abu Musab al Zarqawi's death, "they tried to strike a tone of 'tempered optimism,' according to an aide who worked on the speech. When Bush appeared before the cameras, he sounded muted, speaking of his hope that the death of Abu Mousab al-Zarqawi would allow Iraq's infant government to 'turn the tide' of a war that could still mar Bush's presidency." Bush "wisely shunned any predictions about how much good would come from al-Zarqawi's elimination. But the sense of elation in the US command was impossible to contain."

Zarqawi's Death Exposes "Messy Breech" Among Bush Aides. As part of its cover package, Time (6/19, Carney, Allen) reports that Zarqawi's death "has forced the Administration to confront a messy breach emerging among top aides. While some officials believe the US should maintain its troop strength for the foreseeable future, others have argued that the Administration should capitalize on any improvements in the situation to accelerate the handover to Iraqis. Administration aides tell TIME that West Wing officials

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had hoped to reduce the number of troops in Iraq from today's 129,000 to about 100,000 by the end of the year, and possibly before the midterm congressional elections. But the country's slide toward an all-out civil war in recent months had begun to convince them that a drawdown anytime soon would not be feasible."

Officials Note Dissension Among Zarqawi Followers. Time (6/19, MacLeod, Powell) reports in its cover package that a Jordanian security official says that in the wake of the attack, "members of al-Zarqawi's organization in Iraq launched a series of interrogations in search of those who sold out their leader, leading Jordanian officials to hope that the hit is already causing dissension in jihadist ranks."

Zarqawi Death Unlikely To Stop Flow Of Jihadists Into Iraq. In a separate story, U.S. News and World Report (6/19, Kaplan) reports, "Zarqawi's lasting legacy may be his role as lightning rod to the global jihad movement. … Although Zarqawi is history, few experts believe the flow of jihadists into Iraq will cease. Worse, they warn, these new foreign legionnaires are gaining skills in urban war fighting and terrorism -- skills they will take with them when they return home."

Khalilzad Suggests US May Negotiate With Some Insurgent Leaders. Newsweek (6/19, Nordland, Hirsh) reports that Zalmay Khalilzad, the American ambassador in Iraq, "sees a 'big opportunity'" in Zarqawi's death. Khalilzad's "implicit message to Iraq's Sunni insurgents and sympathizers is this: it's safe to come out now, and maybe even act civilly toward your fellow Iraqis among the Shiites. … In an interview with NEWSWEEK, Khalilzad went further than he has before in suggesting that the US administration and new Iraqi government are willing to negotiate directly with some insurgent leaders. 'The elements of reconciliation are there,' Khalilzad said."

Lawmakers See Domestic Political Opportunity In Zarqawi's Death. Newsweek (6/19, Wolffe, Bailey) reports that lawmakers "saw a domestic political opening in Zarqawi's death, and unlike Bush they didn't waste much time trying to find just the right words to express their feelings." Democrats were sure to lace their comments about Zarqawi with praise for the soldiers who killed him -- and reluctant credit for Bush. But Republicans don't intend to let the triumphant moment pass without using it to their advantage."

Extent Of Benefit From Zarqawi's Death Questioned. U.S. News and World Report (6/19, Whitelaw) reports that the airstrike that killed Zarqawi was "the culmination of one of the longest, most intense manhunts ever conducted by the US military. … Working under U.S. Special Forces Command, hundreds of operatives and analysts from the nation's most elite military and intelligence units…worked around the clock to find Zarqawi." However, US News notes that the "level of effort that went into tracking down Zarqawi… belies the extent of the benefit that may result from his death." Zarqawi "was responsible for some of the most horrific attacks in Iraq since the US invasion," but "his followers were only a small part of the predominantly indigenous insurgency that has been impeding the US effort to rebuild Iraq."

Newsweek (6/19, Thomas, Nordland) reports in its cover story that Zarqawi's death "may turn out to be a turning point in the long, frustrating war on terror. … But no one expects the Iraqi insurgency to miraculously vanish, or even significantly abate, in the weeks ahead. If anything, Zarqawi's martyrdom may cause a new surge of killing."

Zarqawi Briefly Survived Bombing. Newsweek (6/19, Thomas, Nordland) reports in its cover story that when US and Iraqi troops located Zarqawi after the safe house in which he was hiding was bombed, "Zarqawi was still alive." He "was still breathing, barely, and muttering prayers."

Time (6/19, MacLeod, Powell) reports in its cover package, "A special-ops exploitation team trained to glean intelligence from raids arrived with photos, fingerprint smudges and descriptions of the scars and tattoos on his body, much of which had been supplied by Jordanian intelligence. As the team began examining him, according to Caldwell, al-Zarqawi muttered something and tried to 'turn away off the stretcher.' He was quickly 'resecured' and died of his wounds shortly thereafter."

Zarqawi Said To Have Created "New Type Of Terrorist." As part of its cover package, Time (6/19, Ghosh) reports that Zarqawi "had not only rewritten the history of the insurgency in Iraq but also bequeathed to the world a deadly new type of terrorist. While Osama bin Laden and Ayman al-Zawahiri issued impotent threats from their hideouts, al-Zarqawi got his hands bloody in Iraq, turning it into the holy war's primary battlefield. … As the insurgency unfolded, al-Zarqawi articulated and then acted upon an ideology more forbidding and toxic than even bin Laden may have imagined."

Zarqawi Autopsy Results Withheld. The AP (6/11, Quinn) reports the completion of the autopsy on

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Zarqawi; however, it notes that "officials were awaiting the results of a DNA test" before releasing the autopsy results. The article notes the initial confusion about how long Zarqawi lived after the airstrike and the uncorroborated claim by a local named "Mohammad" that "he saw U.S. soldiers after the airstrike beating an injured man who resembled the dead terrorist leader until blood flowed from his nose." It quotes Gen. George Casey as calling the allegation "ludicrous." The New York Times (6/12, Oppel, 1.19M) quotes Gen. Casey, this time calling it "baloney." It also cites a second Arab witness who spoke to Al Jazeera and "suggested that American soldiers tore open [Zarqawi's] clothing in what appeared an effort to revive him."

Asked on Fox News Sunday (6/11, Wallace) about an Iraqi man's claim that he saw Zarqawi being beaten before he died, Casey said, "That's baloney, and we've already gone back, looked at it. Our soldiers who came on the scene found him being put in an ambulance by Iraqi police. They took him off, rendered first aid, and he expired. And so he died while American soldiers were attempting to save his life."

Iran Says It Welcomes Zarqawi's Death. Another AP article (6/12, Quinn) reports, "Iran denied it had helped American forces to find Zarqawi. The Islamic republic welcomed his death, though, because it has close ties to the Shi'ite parties now dominating Iraq's government, which Zarqawi had sought to topple." It quotes Maj. Gen. William Caldwell as saying that the US government though the questions about Zarqawi's death urgent enough that "that we grabbed two people in the last 48 hours and told them pack up and move to Iraq."

Iraqi Official Describes Breakthrough Leading To Airstrike. USA Today (6/12, Soriano, 2.31M) reports, "The airstrike that killed al-Qaeda in Iraq leader Abu Musab al-Zarqawi was made possible by a breakthrough in penetrating his secretive group, Iraq's national security adviser said Sunday. A shakedown of the organization continues, he said." Mouwafak al-Rubaie called killing Zarqawi a "paradigm shift" in the Iraq war and "said credit for the operation goes to Iraq's intelligence service and information-sharing between U.S. and Iraqi forces."

Antiterror Forces Will Tackle Zarqawi's Global Web Next. The Christian Science Monitor (6/12, Peterson, 61K) reports in a positively toned piece that the "treasure trove" found in the ruins of Zarqawi's safe house will enable authorities to reach as far as Europe: "the information could potentially be in league with that gleaned from the fall of Kabul in 2001 or the capture of Al Qaeda operational mastermind Khalid Sheikh Mohammed in Pakistan in 2003, experts say." It quotes a Singaporean expert as saying, "Zarqawi had penetrated at least 20 European countries, Canada, ... and even established cells in Southeast Asia."

Bremer Says US Should Use "Whatever Force Necessary" To Capitalize On Zarqawi's Death. The CBS Evening News (6/11, story 2, 2:10, Chen, 7.66M) reported, "With the momentum created by Zarqawi's death some question whether the time is right to stamp out Iraqi insurgency with more US troops. The former top US diplomat in Baghdad today said US military commanders should have whatever force is necessary to get the job done." Paul Bremer, former Coalition Administrator in Iraq: "Whether that means more or fewer troops or where we deploy the troops, I don't know, but I do believe it's important that that be the outcome."

Administration Strategy Of Personalizing Insurgency Seen As Masking Its Scope. NBC Nightly News (6/11, story 2, 2:50, Corke, 9.87M) reported the Iraqi insurgency was "dealt a severe, though far from lethal, blow with the death of al Qaeda's al-Zarqawi." Roger Cressey, NBC News terrorism analyst: "The Administration tried to personalize the issues in Iraq and with al Qaeda in terms of individuals, making bin Laden, Saddam and Zarqawi the symbol of what we are dealing with, when in fact the real challenge is a movement in terms of al Qaeda and a broader insurgency well beyond what Zarqawi's capability is."

Al Qaeda In Iraq Vows To Continue. The CBS Evening News (6/11, lead story, 2:50, Mitchell, 7.66M) reported, "Four days after US forces killed Abu Musab al-Zarqawi there are new threats this evening from those loyal to the terrorist leader. While those threats include more violence, US military officials insist the insurgency is 'hurting.'" CBS (Palmer) added, "Abu Musab al-Zarqawi's organization promised 'more earth-shattering operations that would convulse the enemy and rob him of his sleep.'"

NBC Nightly News (6/11, lead story, 2:30, Seigenthaler, 9.87M) reported, "A new warning from al Qaeda in Iraq tonight: The terror group released a statement on the Internet declaring its allegiance to Osama bin Laden and threatening more attacks. Despite the death of terrorist leader Abu Musab al-Zarqawi, al Qaeda claimed his death would not stop their operations." NBC (Maceda) added, "Four days after Abu Musab al-Zarqawi's death, more drive-by shootings, roadside and car bombs, the violence perhaps lacking Zarqawi's

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hallmark brutality, but at least another 30 Iraqis were killed today. Meanwhile, two US military forensic specialists in lethal blast wounds completed an autopsy on Zarqawi. Results are expected to be made public here tomorrow. This evening, an alleged member of the al Qaeda network called into to Al-Jazeera TV to confirm that so far a successor to Zarqawi has yet to be named. But there was a vow of more major attacks."

The Washington Post (6/12, Partlow, 744K) reports, "Al-Qaeda in Iraq reiterated its faith in Osama bin Laden on Sunday and vowed to carry out attacks that would "shake the earth underneath the enemy.'" The article notes Gen. George Casey's view that the Zarqawi group was "hurt badly" by its leader's death, but it reports, "Four car bombs exploded in Baghdad over a four-hour period in a fiery reminder of the insurgents' capabilities." It also states, "Some terrorism experts had predicted an upsurge in retaliatory killing by members of al-Qaeda in Iraq after Zarqawi's assassination."

Kristol Says Retreat From Iraq Would Give Zarqawi Posthumous Victory. In his Weekly Standard column (6/19), William Kristol asks, "what are the implications for the war in Iraq" of the killing of Abu Musab al Zarqawi? That "depends on some factors that we can't yet know with any confidence -- the resilience of al Qaeda's leadership in Iraq, for one thing, and the true sentiment among the Sunnis of Iraq. But it also depends on what we do. Do we take advantage of this opportunity politically and militarily? Do we pursue the enemy aggressively now when it may be rattled and divided? Or do we do look on this as an excuse to begin to get out--as John Kerry and many others are already advocating? If we do the latter, we will give Zarqawi a victory in death that he could not achieve in life." What "needs to be done now seems clear: a renewed offensive to wipe out what remains of Zarqawi's organization and to defeat the insurgency."

Media Said To Largely Ignore Zarqawi's Pre-2003 Operations In Baathist Iraq. In the Weekly Standard (6/19), Stephen Hayes says, "Many news stories" about Zarqawi's death "simply left out the fact that Zarqawi and his associates were operating openly in Baathist Iraq for months before the U.S. invasion in March 2003. Others went further. Associated Press writer Patrick Quinn suggested that Bush administration claims that Zarqawi was a link between Iraq and al Qaeda were deceptive. 'The myth-building around al Zarqawi began even before the war started in March 2003,' he wrote. 'A month earlier, then-Secretary of State Colin Powell told the U.N. Security Council that al Zarqawi's presence in Iraq was proof of Saddam Hussein's links to al Qaeda. That claim was later debunked by U.S. intelligence officials.'" Hayes adds, "That's wrong. Not only was the claim never 'debunked,' it was confirmed by the Senate Intelligence Committee's July 2004 review of pre-Iraq war intelligence."

Defense Lawyers Defend Haditha Marines' Actions. NBC Nightly News (6/11, story 3, 1:20, Seigenthaler, 9.87M) reported, "For the first time, a sergeant in charge on the ground in Haditha that day is revealing his version of the events. Staff Sgt. Frank Wuterich's attorney, in an interview with the Washington Post, said Marines did follow the rules of engagement and he says the civilian deaths were the result of a house-to-house hunt that went tragically wrong and not a vengeful massacre." Attorney Neal A. Puckett,: "I can tell you that the method by which they cleared the houses, the first two houses that they went inside, were according to their training. Basically, the houses had been declared a hostile environment, and in a hostile environment, you assume that the bad guys are inside, and you're allowed to protect yourself by any means necessary. They felt that bad guys were on the other side of the door. They bust the door down, throw a grenade inside, and then go in shooting. And that's what happened in two rooms, one in each of two houses, and unfortunately, it resulted in civilian deaths."

The Los Angeles Times (6/11, Perry, 958K) reports that the Haditha suspects' attorneys "said Sunday their clients did nothing wrong and were only following the military's rules on how to combat armed insurgents hiding inside of homes." The attorneys say both that their clients upheld rules of engagement and that perhaps the rules are questionable for the intense situation the Marines encountered: "'I believe the real question is not whether the conduct of these young guys was appropriate,' said Gary Myers ..., 'but rather if those who established the rules of engagement acted appropriately in defining those rules.'" The article, though quotes locals who dispute that version: "Iraqis in Haditha insist the Marines were screaming in anger when they stormed the houses and that they gunned down children, women and an elderly man in a wheelchair, knowing that they posed no threat." It also reports, "Pictures of the dead bodies taken by a Marine intelligence unit have convinced investigators that the Iraqis were shot at close-range, some 'execution style.'"

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Anbar, Haditha Challenges To Marines Described. The Washington Times (6/12, Scarborough, 90K) reports on the difficulties and dangers of patrolling Anbar province. In a piece favoring the Marines' perspective, it states, "Anbar's Sunni Muslim residents mostly have been hospitable to these bands of jihadis led by Abu Musab Zarqawi, who was killed Wednesday in a U.S. air strike in Diyala province. The locals provided the terrorists with a garage or spare bedroom to hide and make their bombs, and to lay in wait for patrolling Marines." It also contends that Marines in Anbar have to fight an enemy willing to kill its own children in order to kill Americans. The Times reports "strict rules of engagement" controlling the Marines and quotes an officer who says, "Marines today have to fill out more paperwork and statements after they use force than cops on the streets of Philadelphia."

In Wake Of Haditha Killings, Military Implements Ethics, Values Training. U.S. News and World Report (6/19, Mulrine) reports that "any allegations of US military misconduct -- most notably the reported execution-style killing of 24 civilians at Haditha by several marines -- set back efforts to win the confidence of ordinary Iraqis." US News adds that the US military, which is implementing "a remedial program of ethics and values training" is trying to turn Haditha "into a teachable moment." American trainers at the Iraqi Center for Military Values, Principles, and Leadership "are preparing to launch a new academy to instruct Iraqi officers in leadership. A list of principles, posted for the benefit of the Iraqi officers who will be attending the institute starting next month, hangs on the wall."

House Will Debate Iraq. Roll Call (6/12, Pershing) reports, "The House will gear up this week for what could be one of its most significant debates in several years, as the chamber spends much of Thursday considering a Republican-crafted resolution on Iraq." Observers say that the resolution will seek to tie Iraq and the war on terror: "The resolution's language linking the two issues makes it likely that many Democrats will vote against it, though some may be hesitant to vote against any measure that calls for supporting the troops."

Reid Seeks More Intelligence Oversight On Iran Policy. The AP (6/11, Ritter) reports, "Senate Democratic Leader Harry Reid made a pitch Saturday to enlist bloggers as a Democratic force in upcoming elections, and said he'll ask Congress for stiffer reporting requirements for the president and the intelligence community." It describes his planned bill: "Reid's proposed bill, called the Iran Intelligence Oversight Act, would require an updated national intelligence estimate on Iran, with an unclassified summary made public. It also would require the president to report to Congress his objectives and strategies for Iran. The administration's national intelligence director would have to show Congress that he has a process in place for reviewing administration officials' statements and ensuring they are consistent with the work of professional intelligence analysts."

Iraqi Government Releases Second Batch Of Prisoners From Abu Ghraib. The CBS Evening News (6/11, lead story, 2:50, Palmer, 7.66M) reported, "The second batch of prisoners to be released in a week boarded buses at infamous Abu Ghraib jail bound for home. For many this is their first taste of freedom in months. For some years. Most of these men are Sunnis, arrested on suspicion of involvement in the insurgency but never charged. Their release is a peace offering by Iraq's government anxious to win the support of hard-line Sunnis." USA Today (6/12, 2.31M) and the AP (6/11, Gamel) also report the story.

Krugman Defends Democrats Who Opposed Iraq War. In the New York Times (6/12, 1.19M), Paul Krugman disputes the existence of much-derided "Some Democrats," who he argues are unjustly attacked by Republicans and pundits as "anti-American" and "weak on national security." Krugman argues that actual Democrats who made allegedly inflammatory statements cannot be found and that in any case the critics of the Iraq war were right: "They're ... misrepresenting the views and motives of those who had the good sense and courage to oppose this war."

Karzai Says Tribesmen Will Be Recruited To Fight Taliban. USA Today (6/12, 2.31M) reports, "Afghan President Hamid Karzai said Sunday that his government will recruit local tribesmen to fight the biggest increase in Taliban violence in years. 'We just want to strengthen the districts to safeguard them from terrorist attack,' Karzai said." Karim Rahimi, Karzai's spokesman, "said the plan will not fuel factional fighting because the recruits will be 'community police' loyal to the government."

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The Washington Post (6/12, A15, Shah, 744K) reports Karzai said, "We just want to strengthen the districts to safeguard them from terrorist attack." The Post adds, "Western diplomats briefed on the plan expressed concern that the effort could fuel factional fighting by arming forces loyal to warlords with long histories of factional disputes. The diplomats spoke on condition of anonymity because of the sensitivity of the topic."

UK Soldier Killed In Afghanistan As Taliban Resurgence Continues. The CBS Evening News (6/11, story 3, 1:40, Mitchell, 7.66M) reported, "In Afghanistan a British soldier was killed today as a Taliban offense in the south refocuses attention on that war. More than 500 people, mostly militants, died over three weeks since mid-May in the worst fighting since the Taliban's fall in 2001. US forces launched 750 air strikes last month. That's a big jump since last year. Not long ago the US thought it had the Taliban on the ropes, what's going on?" CBS (van Dyke) added, "What happened is the United States started to focus on Iraq instead of Afghanistan. We went in with 30,000 soldiers after 9/11 and went primarily to hunt for al-Qaeda, to a lesser degree the Taliban. After that the US and its allies and Japan began to put billions of dollars into Afghanistan. The trouble is there's a lot of corruption, security became an issue and the Taliban watched from the side. They never changed their ideology and have started to come back." NBC Nightly News (6/11, story 8, 0:40, Seigenthaler, 9.87M) also reported on the violence in Afghanistan.

Humvee Armor Linked to Rollovers. The AP (6/12) reports, "Thousands of pounds of armor added to military Humvees in Iraq have made the vehicles more likely to roll over and kill or injure soldiers, a newspaper reported. 'I believe the up-armoring has caused more deaths than it has saved,' Scott Badenoch, a former Delphi Corp. vehicle dynamics expert, told the Dayton Daily News for its Sunday editions." The Dayton Daily News stated that the M1114 was the most dangerous Humvee: "An analysis of the Army's ground-accident database, which includes records from March 2003 through November 2005, found that 60 of the 85 soldiers who died in Humvee accidents in Iraq -- or about 70 percent -- were killed when the vehicle rolled, the newspaper said."

Author Decries Demonstrators Outside Military Hospitals, Funerals. In a New York Times (6/12, 1.19M) op-ed, author Karen Spears Zacharias asks antiwar demonstrators to show mourners "some respect." She pleads, "March to the steps of Congress and the White House. Shout your protests at the president who drummed up this war. But grant some peace to the men and women trying to heal in our military hospitals, and the families grieving at funerals and memorials. Haven't we earned a moment of silence?"

Critics Say Military Incentives For Immigrant Enlistment Are Exploitative. NBC Nightly News (6/11, story 7, 2:40, Seigenthaler, 9.87M) reported, "'How far is too far when it comes to military recruiting? With US forces stretched thin around the globe, critics say immigrants are being exploited by tempting offers of citizenship." NBC (Mullen) added, "Fernandos Juarez Del Salar never supported the war in Iraq, but he was proud when his son, Jesus, joined the Marines. After all, the recruiters promised money for college, a bright future for his son, and citizenship for family." But when Corporal Suarez "was killed in Iraq in 2003, his father became active against recruiting in the Latino community." Juarez Del Salar: "I believe the recruiting system in United States is very strong against the immigrant community." Mullen: "Of the more than 2400 US casualties in Iraq since 2003, 270 have been Latino. Staff Sergeant Rodrigo Lopez, a US Army recruiter, works the schools in South Central Los Angeles, armed with new benefits." Staff Sergeant Rodrigo Lopez, US Army recruiter: "A lot of non-citizen, green card-holding applicants have actually asked about the expedited citizenship process." Mullen: "An executive order issued by the White House allows non-citizens serving in the US military to apply for citizenship after only one day of active duty. Hispanics make up 13% of all new recruits. In the last four years, nearly 24,000 active duty soldiers were made US citizens."

DOJ:

DOJ Attorney Returns To Hunton & Williams. The Washington Post (6/12, D04) reports, "Hunton & Williams LLP said Wendell L. Taylor rejoined the firm's D.C. office as a partner in the global competition practice group after a stint at the Justice Department." The Post continues, "Since leaving the firm in 2004, Taylor had served as counsel to the deputy attorney general -- with responsibilities including the antitrust division, the tax division and the civil division -- and then

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handled criminal trials as special assistant U.S. attorney in the District, the firm said."

CORPORATE SCANDALS:

Democrats Defend Indicted Law Firm. Four House Democrats last week released a statement condemning last month's indictment of the securities class action law firm Milberg Weiss Bershad & Schulman. The New York Times (6/12, Creswell, 1.19M) reports that the statement, signed by Reps. Charles Rangel, Carolyn McCarthy, Gary Ackerman and Robert Wexler, says, "The Justice Department's crusade against trial lawyers, the first line in the average citizen's protection against corporate greed, has taken a new low in the indictment of an entire leading law firm in the plaintiffs' bar."

Former Milberg Weiss Partners Seek Capital, Unpaid Fees. The New York Law Journal (6/12, Lin) reports, "As the legal community ponders whether the criminal indictment of Milberg Weiss Bershad & Schulman will eventually lead to that firm's dissolution, two of its former partners are arguing that the firm actually dissolved two years ago at the time of its bi-coastal split. They claim they are now owed millions of dollars in returned capital and unpaid fees as a result." The Journal continues, "If the timing of the claims is awkward, the identity of the ex-partners making them is more so. They are Alan Schulman and Robert P. Sugarman, both of whom have been widely reported to be key cooperating witnesses in the prosecution's case against the firm over the alleged payment of kickbacks to class action plaintiffs." The Journal adds, "It is unclear if and how the two matters will proceed together. The lawyers representing the two sides in the monetary dispute both said Friday they were not aware of their clients' strategies in the criminal case. But one source close to the investigation said the ex-partners' claims showed they had a strong financial interest in 'bringing the whole firm down.' … The survival of the firm has indeed been called into question by the indictment last month of the firm and individual partners David J. Bershad and Steven G. Schulman, who is not related to Alan Schulman. Several lawyers and clients have left the firm since the announcement of criminal charges, increasing parallels with accounting firm Arthur Andersen, which was obliterated by defections months before its trial on criminal charges relating to work it performed for Enron Corp. .. Both Alan Schulman and Sugarman have been cooperating with federal prosecutors in Los Angeles for some time, said the source close to the investigation. The two partners first raised the money issue with the firm in February 2005."

CRIMINAL LAW:

Top Lewis Aide Received $2 Million Buyout From Former Lobbying Firm. Roll Call (6/12, Kane, Bresnahan) reports Jeff Shockey, a top aide to House Appropriations Chairman Jerry Lewis (R-Calif.), "received almost $2 million last year in a buyout package from his old lobbying firm, which specializes in placing earmarks in annual spending bills and is now under federal investigation." Shockey's attorneys "said his buyout from the firm, now known as Copeland, Lowery, Jacquez, Denton & White, met all ethical and legal guidelines applicable to House staffers. They added that Shockey's current position on the Appropriations Committee staff does not directly involve him in the approval of earmarks for any Members, or for his former clients." The attorneys "revealed the new buyout figures — more than triple the total previously disclosed to the media — in a conference call with reporters Friday morning, releasing the 2005 personal financial disclosure form for Shockey several days before it was required."

Novak Says Hastert's Reaction To FBI Raid Upset Many GOP Constituents. Syndicated columnist Robert Novak (6/12) writes that FL5 Rep. Ginny Brown-Waite (R) "last Thursday introduced a resolution repudiating the stand of her leader, Speaker J. Dennis Hastert. It avows that a 'Congressional office may be subject to searches and seizures' in an 'ongoing criminal investigation' of a House member." Over the Memorial Day recess, voters in Brown-Waite's district, "she told me, 'were irate' over Hastert's criticism of the FBI raiding" LA2 Rep. William Jefferson's (D) offices. Brown-Waite "found fellow Republican House members also had been 'read the riot act' by constituents. … Nobody escapes from this episode untarnished, including" President Bush's "decision to seal for 45 days the evidence obtained from Jefferson's office under court approval." Heading "into the weekend, Brown-Waite had collected 20 Republican co-sponsors…and had not yet circulated it among Democrats." Novak notes, "When I asked for the Speaker's view of the Brown-Waite amendment…a spokesman said: 'We agree with it, and believe it should be done in a constitutional way. We are working on that

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process.' If Hastert had said that a week earlier, he would have saved himself and his party from more embarrassment in a difficult period."

Prosecutor's Silence In Duke Rape Case Raises Questions. The New York Times (6/12, Wilson, Glater) reports, "When a woman hired to dance at a Duke University lacrosse team party claimed that members of the team raped her, Michael B. Nifong, the district attorney for Durham County, responded with an aggressive, unflinching and very public investigation. … 'There's no doubt in my mind that she was raped and assaulted at this location,' Mr. Nifong said on national television after the case surfaced in March. Mr. Nifong called other lacrosse players 'hooligans' who had aided, abetted or covered up for the rapists. Local police officers seemed equally certain that they had a horrific crime to solve. … But in the intervening months, the case has come to appear far less robust. Three players have been indicted, but evidence that has surfaced, much of it turned over to defense lawyers by prosecutors and then filed in court with defense motions, has thrown the woman's claims into doubt. Mr. Nifong, so vocal at first, has refused to speak publicly about the case since the beginning of April." The Times adds, "The result is a growing perception of a case in trouble. Increasingly, the onus is on the district attorney. People in Durham are asking what Mr. Nifong is up to, whether his prosecution was influenced by politics — he was in the midst of a campaign when the case began — and what other evidence he might have. … Mr. Nifong's silence makes it impossible to evaluate the case as a whole. Certainly some evidence has not been revealed — the next hearing is set for June 22 — and the defense has released evidence selectively, presumably showing only those parts that strengthen its public position."

Suspect In Clemson Rape-Murder Confesses To More Sex Crimes. The Washington Times (6/12, Price) reports, "The suspect charged in the May 26 kidnapping, rape and murder of a 20-year-old Clemson University student has also confessed to committing two other sex crimes at about that time, and like most sex offenders, he has a long criminal history involving sex abuse." The Times continues, "DNA has linked Jerry Buck Inman, 35 -- described as a 'serial sexual predator' by South Carolina authorities -- to the abduction, rape and strangling of Tiffany Souers, a junior at Clemson." The Times adds, "Based on confessions Inman reportedly made after his arrest, the district attorney of Sevier County, Tenn., is also seeking charges of aggravated rape and aggravated burglary against him in a May 22 assault there. Inman also has been charged with burglary and attempted rape in a May 23 incident in Rainsville, Ala. … More than 5 percent of convicted sex offenders are rearrested for another sex crime within three years of their release from prison, according to a comprehensive study by the U.S. Department of Justice's Bureau of Justice Statistics. That makes them four times more likely than people who are not sex offenders to be arrested for sex crimes after their prison discharge. … What's more, the federal research showed that of the released sex offenders who commit another sex crime, 40 percent perpetrate the new offense within a year of their release. … The Justice Department (DOJ) study found that sex offenders with the highest rate of committing another sex crime were those who had a history of prior arrests for various offenses. Inman also meets that qualification."

Two Elderly California Women Suspected In Insurance Fraud Scheme. The New York Times (6/12, Chang) reports, "Dwight Emile says his neighbor Olga Rutterschmidt always had a thing for get-rich-quick schemes. … 'She'd say, "Dwight, do you want to make some extra money?"' said Mr. Emile, a music producer and songwriter who lives in Hollywood. 'I'd say, "No, if it's not legal."' … Mr. Emile said he would invite Ms. Rutterschmidt into his apartment to play Debussy and Mozart on his keyboards, but he said he had nagging suspicions about her. … 'I always used to say to her that one day I'd see her on the 11 o'clock news,' Mr. Emile said. … Now he has." The Times adds, "Ms. Rutterschmidt, 73, and another woman, Helen Golay, 75, pleaded not guilty last week to federal charges of mail fraud and submitting false insurance applications. According to the authorities, the two women extended helping hands to two homeless men, getting them off the streets and putting them up in apartments, while at the same time plotting their deaths. … Posing as aunts, fiancées or cousins, they took out numerous life insurance policies on the men, Paul Vados and Kenneth McDavid, with themselves as the beneficiaries, collecting over $2.2 million after the men died in separate hit-and-run traffic cases, the authorities said. … The women have not been charged in the deaths, but the police said they were the main suspects. Ms. Rutterschmidt, who is from

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Hungary, met Mr. Vados, also born in Hungary, at a local Hungarian church, the authorities said."

Former Fumo Aide Resigns From Charity Under FBI, IRS Scrutiny. The Philadelphia Inquirer (6/10, Shiffman, 423K) reported, "The executive director of the charity at the center of the FBI and IRS investigation of State Sen. Vincent J. Fumo…has stepped down from her post. Ruth Arnao, who also worked for Fumo's Senate staff from 1984 to 2004, helped the senator form Citizens Alliance for Better Neighborhoods…in 1991." The Inquirer notes, "The new, interim executive director is Christian A. DiCicco, a Philadelphia lawyer who serves on the SEPTA board and is a longtime Citizens Alliance board member. Christian DiCicco's father is Philadelphia City Councilman Frank DiCicco." The Philadelphia Daily News (6/11, Davies) added, "Arnao is being investigated for possible obstruction of justice in connection with the deletion of e-mails from Citizens Alliance computers which were sought by the FBI. State Senate aides Leonard Luchko and Mark Eister were charged 10 days ago with destroying e-mails and other electronic evidence in order to hide them from the FBI." The AP (6/11) also reported on Arnao's resignation.

29 Indicted In FBI Probe Of Connecticut Garbage Hauling Industry. In a widely-distributed story, the AP (6/10, Apuzzo) reported, "A reputed mob boss, a former mayor and the owner of a trash-hauling business were among 29 people charged Friday in a federal investigation into the mob's influence over the region's trash-hauling industry. The indictment alleges that companies owned by James Galante paid a 'mob tax' to Matthew Ianniello, the reputed boss of the Genovese crime family. The payments were part of a scheme in which trash haulers carved out routes and agreed not to steal each other's customers, according to the indictment. … 'Organized crime's stranglehold on the citizens of Connecticut through its control of the trash industry has been broken,' said Kimberly Mertz, the state's top FBI agent." The AP noted, "Ianniello, known as 'Matty the Horse,' was released on $1 million bond and sent home, where he was under house arrest in an unrelated case." Joseph Santopietro "was released on $200,000 bond," and "Galante was held without bond." The Connecticut Post (6/10, Mayko) added, "The federal investigation also ensnared law enforcement officers, including a federal drug agent and a state trooper who once ran Danny's Drive-In in Stratford and was recently selected to star in a TV pilot. … The probe also uncovered fraud in the operation of the Danbury Trashers, the team that nearly captured the United Hockey League title this year."

The New York Daily News (6/11, Connor, 729K) reported, "He might be 85 years old, but the mob apparently hasn't put Matty the Horse out to pasture yet." On Friday, Ianello "was indicted in Connecticut…for collecting half a million dollars in 'tributes' from a corrupt trash hauler, prosecutors said. … But if the old-time wiseguy is feeling the heat, he didn't show it as he was sent home on $1 million bond following a hearing in New Haven. 'What can I say, right? Nothing,' Ianniello said, smiling broadly and shaking hands with marshals and FBI agents at the courthouse." The Danbury News-Times (6/10, Gold) noted, "The federal government now runs Automated Waste Disposal. As the government froze the bank records and assets of James Galante's Danbury garbage company, U.S. Marshals spent Friday figuring out how many companies they need to hire to run different parts of AWD and several of Galante's other trash firms." The Danbury Times (6/10) also lists all 29 defendants and the charges against them.

Pellicano Assails FBI Probe, Vows Never To "Rat Out" Clients. The Los Angeles Times (6/11, Philips, 958K) reported, "In his first interview in three years, jailed private eye Anthony Pellicano accused federal authorities of exaggerating the strength of their case against him, which he predicted would soon fizzle out like a box-office flop. Speaking by telephone from the federal Metropolitan Detention Center in Los Angeles one morning last week, a defiant Pellicano insisted that he would never cooperate with authorities or testify against a bevy of A-list lawyers, Hollywood executives, business moguls and celebrities who have hired him over the years to dig up dirt on their adversaries." Pellicano declared, "You're not going to see me take the stand against the clients and employees and other people that are going to be testifying against me. I didn't rat them out. … I am never going to besmirch a client or any other person that I gave my trust to or who gave their trust to me." Pellicano added, "The federal government has purposely tried to make this thing larger than life — like a Hollywood movie. To me, these are the acts of overzealous FBI agents and prosecutors who have never really accomplished anything in their careers. They are trying to use my name and reputation to build something better for themselves."

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The AP (6/11) reported, "He also said it was ironic that the federal government is accusing him of wiretapping at a time when it is under fire for authorizing the National Security Agency to monitor Americans' telephone calls without court warrants in search of terrorist connections. 'If the American public had any idea of all the surveillance, wiretapping and illegal things that our own government actually does, they would be shocked,' Pellicano said. 'Chasing terrorists is what the FBI is supposed to be doing. I've got to tell you, if instead of keeping me behind bars here, they gave me the job of finding Osama bin Laden, I guarantee you I would find him.'"

Arizona AG To Seek Federal Task Force In Jeffs Case. The Salt Lake Tribune (6/12, Adams) reports, "Arizona Attorney General Terry Goddard will make a pitch today to FBI officials for a federal task force to oversee the hunt for fugitive polygamous leader Warren S. Jeffs, saying the effort so far has 'not been optimal.' Goddard specifically criticized 'local law enforcement' for a lack of coordination and failure to pass along information in a timely manner to federal authorities. … But Goddard is getting no backing from Utah officials in his call for a federal task force. Utah Attorney General Mark Shurtleff has said coordination with FBI here is 'excellent.'" In DC "to discuss with the Department of Justice gas prices and possible antitrust violations by oil companies," Goddard is "scheduled the stop at the FBI, where he'll meet with a deputy director and an investigations chief." He "said a 'spotty' relationship with FBI staff in Arizona has impeded progress, though that may improve since a new person has assumed the special agent-in-charge post." The Tribune notes, "FBI Director Robert Mueller discussed his agency's ramped up effort to find Jeffs during a visit to Utah last week. 'Always in a situation like this, it takes time,' Mueller said. 'My expectation is, we will catch him.'"

The Deseret Morning News (6/10, Winslow) reported that in an interview with the paper on Friday, "Goddard criticized the FBI for not using state and local investigators enough in the manhunt for the polygamist leader. … 'They're not being taken sufficient advantage of.' … 'I've seen too many examples where the lack of coordination has been a benefit to Mr. Jeffs and his efforts to stay on the lam,' he said." However, "The Utah Attorney General's Office said it has had 'tremendous' communication with the FBI's Salt Lake City office," and "others say it appears the FBI has taken a heightened interest in Jeffs since the polygamist leader was added to the agency's Ten Most Wanted list last month. FBI Director Robert Mueller was in Salt Lake City Wednesday and was briefed on the manhunt efforts."

Utah, Arizona Authorities Belief Jeffs Recently Performed More Child Marriages. The Deseret Morning News (6/10, Winslow) also reported, "Authorities believe…Jeffs has recently been in the polygamous border town of Colorado City, Ariz., performing more child-bride marriages. 'I've heard from a number of different sources who said he's been here,' Arizona Attorney General Terry Goddard told the Deseret Morning News Friday. 'They said he's performed marriages, and (they) pointed out a mobile home they said was the wedding chapel.' Some living in the polygamous border towns of Hildale, Utah, and Colorado City said they have also heard that Jeffs has been there within the past 1 1/2 months. The Utah Attorney General's Office said it has heard from credible sources that Jeffs continues to exercise his religious authority."

USAT Warns That Rising Prison Problems Affect Society. USA Today (6/12) editorializes, "It's difficult for most people to muster any sympathy for the 2.2 million people serving time in the nation's overcrowded prisons and jails, half of them for violent crimes. … Sexual assaults, gang violence, lack of rehabilitation and shoddy medical care are shrugged off as givens, or even deserved. Comedians joke about what'll happen to former Enron CEO Ken Lay once he's behind bars. Most people feel that what goes on in prisons doesn't affect them. … That attitude couldn't be more wrong." USA continues, "What happens in prisons returns to the community with a vengeance. Over the course of a year, 13.5 million people spend time in jails or prisons, and 95% of them are eventually released back into society. Many return as more hardened felons eager to commit new crimes and responsible for spreading infectious diseases — such as HIV, hepatitis and tuberculosis — that went untreated while they were incarcerated." USA notes, "A report released Thursday by the independent blue ribbon Commission on Safety and Abuse in America's Prisons, established by the non-profit Vera Institute of Justice in New York, is a scathing indictment of the nation's correctional system. … Congress and states passed get-tough-on-crime laws without providing funding and resources to allow prisons to cope with new inmates, the report says. As a result, too many prisons and jails are unsafe, unhealthy or inhumane, and their failures spill over into the community."

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Corrections Official Responds. In an op-ed in USA Today (6/12), James A. Gondles Jr., the executive director of the American Correctional Association, writes, "USA TODAY ought to be thanking the 750,000 dedicated professional men and women who work in our correctional systems for maintaining public safety. It is big news when a riot, an escape, an injury or death occurs within a facility — because it rarely happens." Gondles continues, "Inmates are the only group of Americans with the constitutional right to adequate health care, while more than 45 million Americans have no health insurance. … Correctional facilities have more oversight than nearly any other governmental agency. Our 'watchers' include the U.S. Department of Justice Civil Rights Division, federal and state courts, the American Civil Liberties Union, fire marshals, health inspectors, ombudsmen, inspector generals, and thousands of U.S. citizens serving as volunteers. There is little doubt we are the most transparent system in the world. Many nations never open their correctional systems to any visitor." Gondles adds, "For more than 40 years, the American Correctional Association has maintained standards and accreditation of our jails and prisons. The Commission on Safety and Abuse in America's Prisons even urged all facilities to become ACA-accredited. Countries worldwide look to our standards as a benchmark of professionally administered systems. … Can we do more? Of course we can, but we need county, state and federal governments to step up to the plate and fund treatment, education, job skills training for inmates and adequate pay for our workers. Public health has let this nation down. The 350,000-plus inmates with serious mental illness were that way when they entered our systems. Corrections cannot be blamed for a lack of treatment. Inmates are our brothers and sisters and our sons and daughters, and nearly every one of them will return to our communities. We need to treat their diseases, mental and physical, to help them turn the corner on living a productive, positive life."

Prison Rehab Program Ruling Raises Questions About Faith-Based Programs. A federal judge in Iowa ruled on June 2 that an evangelical Christian prison rehabilitation program paid for by tax dollars is unconstitutional. The Christian Science Monitor (6/12, Paulson, 61K) calls the decision "a major victory for those who believe America has gone too far in supporting religious or semireligious activities using public money. But given the broad spectrum of faith-based organizations that offer programs tackling social ills from substance dependency to illiteracy, the decision also raises questions over where to draw the line of demarcation when it comes to mixing religion and social services, and whether there's a right way and a wrong way for the government to encourage the involvement of faith-based groups."

CIVIL LAW:

Firms Seek Dismissal Of Thousands Of Asbestos Cases. The Legal Intelligencer (6/12, Duffy) reports, "In a bold and unprecedented move that could drastically alter the nature of asbestos litigation, a coalition of 47 companies last week asked a federal judge to dismiss tens of thousands of pending cases, alleging that the vast majority of them are premised on flawed or fraudulent medical diagnoses." The LI continues, "In the motion, defense lawyers say they are targeting claims that stem from "mass medical screening enterprises' which, they say, have clogged the courts with thousands of bogus asbestos claims." The LI adds, "The motion was filed before U.S. District Judge James T. Giles, who is presiding over a case known as MDL 875, the name for the multidistrict litigation in which all pending federal asbestos claims were consolidated. In the motion, the asbestos defendants are asking Giles to do two things. … First, they want the judge to exclude all expert testimony from six doctors who the companies say either have taken the Fifth Amendment against self-incrimination when asked to testify about their methods or have disavowed diagnoses attributed to them. … According to court papers, a federal grand jury in the Southern District of New York is currently looking into asbestos doctors and screening companies. Since the probe began, some of the doctors have begun invoking the Fifth Amendment when asked to testify. The brief says that since 2002, the six doctors have authored more than 140,000 medical reports for asbestos claimants." The LI notes, "The second request is that Giles 'dismiss without prejudice all nonmalignant cases' in MDL 875 "subject to reinstatement upon production by plaintiffs ... of diagnosing documents by a doctor other than the six doctors."

Allen Vows To Filibuster Attempt To Crack Down On 527s. Roll Call (6/12, Newmyer, Ackley) reports in its "K Street Files" column, "Senate Majority Leader Bill Frist (R-Tenn.) faces a strong challenge on his right if he brings to the floor a lobbying reform package that cracks

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down on the independent political groups known as 527s. Sen. George Allen (R-Va.) plans to send a letter to Frist this week threatening to filibuster the bill if it includes the provision, which was approved by the House but is absent from the Senate version of the lobbying rules overhaul. The letter is so far co-signed by GOP Sens. Sam Brownback (Kan.), Tom Coburn (Okla.), Jim DeMint (S.C.), Mike Enzi (Wyo.), John Sununu (N.H.) and David Vitter (La.)."

Contribution Caps Said To Benefit Challengers. Deborah Goldberg, who directs the Democracy Program at the Brennan Center for Justice at NYU School of Law, writes in Roll Call (6/12) that three new studies on campaign contribution limits, "one published in Public Choice, a second forthcoming in Political Research Quarterly, and the third to be published by the Brookings Institution in The Marketplace of Democracy," offer "empirical evidence to quell that familiar but flawed argument" that caps on political contributions are an incumbent-protection device." In their Public Choice article, economists Thomas Stratmann and Francisco Aparicio-Castillo "found that contribution limits appear to help challengers in state Assembly elections. … Two forthcoming studies focusing on gubernatorial elections reached similar conclusions. … These recent statistical analyses of the empirical data comport with common sense."

CIVIL RIGHTS:

WSJournal Says Voting Rights Act Provision Likely Will Be Renewed. An editorial in the Wall Street Journal (6/12, 2.11M) says "you can be fairly certain that the coming debate over updating the Voting Rights Act will sidestep what's really at stake, which isn't the right to vote but rather the power of politicians to pick their voters through gerrymandering. Unless Republican backbones miraculously stiffen, expect the expiring penalty provisions of the Voting Rights Act to be renewed this year for another quarter-century." Congress "could reassure Americans that the most important provisions of the Voting Rights Act -- the bans on poll taxes and literacy tests and grandfather clauses -- are permanently enshrined in law and thus not in need of renewal. But the political reality is that an embattled GOP Congress has no interest in allowing Democrats to use opposition to something called the Voting Rights Act against Republican candidates in November."

ANTITRUST:

Arcelor Rejects Hostile Bid By Mittal Steel. The Financial Times (6/12, Marsh) reports Luxembourg steelmaker Arcelor has formally rejected a bid for the company made last month by Mittal Steel. Arcelor "reiterated that it planned to go ahead with an agreed merger with Severstal of Russia to form the world's biggest steel producer." The FT says Arcelor's "rejection of the hostile offer from Mittal, controlled by Lakshmi Mittal, will disappoint the Indian steel magnate but is expected to put fierce pressure on him to increase his bid within the next few weeks."

European Shareholder Activists Making Moves On US Firms. The Wall Street Journal (6/12, B1, Lublin) writes, "Here's some bad news for U.S. executives frustrated by American shareholder activists: The Europeans are invading, with plans to stir up more trouble. Big European institutional investors with sizable U.S. portfolios are pursuing quiet diplomacy, lobbying regulators and breaking with home-country tradition by filing shareholder lawsuits," as well as "backing efforts to give shareholders a voice in executive-pay decisions, akin to practices in the United Kingdom and Australia." Wal-Mart is one of the "biggest U.S. companies to feel the foreign heat. Five European institutions were among seven big investors who faulted Wal-Mart directors last month for not appointing a special committee to investigate possible weaknesses in legal and regulatory controls. A core group of four U.S. and British funds first sought creation of the panel in May 2005."

AXA In Talks To Purchase Credit Suisse Unit. The Wall Street Journal (6/12, Singer, Taylor) reports, "French insurance giant AXA SA is in exclusive talks to buy Credit Suisse Group's Winterthur insurance unit, a person familiar with the matter said. A potential sale could be valued in excess of 10 billion Swiss francs, or about $8 billion." The Journal continues, "The development comes amid preparations by Credit Suisse to float Winterthur this year and as the Swiss banking giant focuses on its core businesses of corporate and investment banking, retail and private banking, and asset management." The Journal adds, "Last week AXA gained exclusive negotiating rights to purchase Winterthur, a person familiar with the matter said. AXA is unlikely to buy all of Winterthur's operations, as Credit Suisse will likely retain

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some parts, the person said. … Credit Suisse in 2004 began putting out feelers to U.S. and European banks for potential bids, but there was no serious interest in the 130-year-old business, say people familiar with the matter. Finding buyers for Winterthur was tough because of its size and because insurers were recovering from a patch of poor performance and credit-ratings concerns. Credit Suisse forged ahead with plans for an initial public offering of shares set to take place this year, but didn't rule out a sale."

Forbes Criticizes Net Neutrality Legislation. Steve Forbes, president and CEO of Forbes, Inc., writes in the Wall Street Journal (6/12, 2.11M) that in Congress right now, "well-financed lobbyists are pushing for Net Neutrality legislation. According to their benign-sounding definition of Net Neutrality, it simply means that Internet network operators like the phone and cable companies would have to give equal treatment to all traffic on their networks, without giving anybody's content preference in handling. But scratch the surface of what the Net Neutrality crowd is really asking for and Net Neutrality shifts from benign to ominous." Forbes adds, "Passing Network Neutrality legislation would be a re-run of the disastrous Telecom Act of 1996 which forced telecom companies to provide network access to competitors at below market prices. That certainly put a chill on network innovation."

WPost Warns Against Preemptive Government Regulation Of Internet. An editorial in the Washington Post (6/12, A20, 744K) says, "The advocates of neutrality suggest, absurdly, that a non-neutral Internet would resemble cable TV: a medium through which only corporate content is delivered. This analogy misses the fact that the market for Internet connections, unlike that for cable television, is competitive." The Post adds, "It seems unlikely that broadband providers will degrade Web services that people want and far more likely that they will use non-neutrality to charge for upgrading services that depend on fast and reliable delivery, such as streaming high-definition video or relaying data from heart monitors. If this proves wrong, the government should step in. But it should not burden the Internet with preemptive regulation."

WSJournal Says Spectrum Auctions Should Proceed Without Interference. An editorial in the Wall Street Journal (6/12, 2.11M) says, "The Justice Department settled its spat with money manager Mario Gabelli over cellphone licenses last week, but that's not all, folks. The story behind this story is a government process of auctioning telecom spectrum that invites the kind of political gamesmanship that tripped up Mr. Gabelli. … This policy introduces all manner of inefficiencies." The Journal adds that "policy makers would be better off simply allowing these auctions to proceed without interference. And so would consumers."

ENVIRONMENT/INDIAN AFFAIRS:

Western Governors Say States Need To Take Lead On Global Warming. The Los Angeles Times (6/12, Wilson, Nicholas, 958K) reports a "bipartisan group of western governors on Sunday formally acknowledged that greenhouse gases are on the rise and said their states need to take action to reduce global warming while meeting growing energy demand." The Western Governors' Assn. unanimously passed a resolution calling on states and cities to reduce human-caused greenhouse gases, but it contained no specifics on what action should be taken." Though the resolution "was a major step, especially for governors of states with power plants or major coal and oil reserves, its language was carefully nuanced. Gov. Arnold Schwarzenegger had urged his fellow governors just before the vote to take an even stronger stand."

Mercury Fears Add To Tribe's Woes. The Washington Post (6/12, Lydersen) reports, "Tina and Rick Van Zile are members of the Mole Lake Ojibwe tribe here (in Mole Lake) in northern Wisconsin. Each spring for more than 15 years, they have gone spearfishing together, engaging in a tradition for their tribe and gathering food that is vital to their diet. … But in recent years they have added something new to the old ways -- they consult a color-coded map that tells them which of the more than 50 lakes in the region have the highest mercury levels." The Post continues, "According to the Environmental Protection Agency, 22 states including Wisconsin have statewide mercury advisories, and 23 more have advisories for specific bodies of water. Typical advisories warn children and women of childbearing age against eating more than one game fish per month. The mercury in the fish can cause neurological damage in children and fetuses as well as health problems in adults. … Because fishing is so central to the traditions, social life and economic sustenance of many Indian tribes, the warnings

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have special significance for them. … 'Fishing is a big part of what we eat and how we eat; it ties back to the culture and traditions of who we are as a people,' said Mole Lake tribal leader Wayne LaBine. … He describes mercury as an organ of 'Mother Earth's body' that has been turned into a toxin through exploitation of natural resources such as coal. Mercury is emitted from coal-burning power plants, paper mills and older chlorine plants. … 'Fossil fuels were not intended to be burned like this, so the balance of the Earth is thrown off and mercury is misplaced,' LaBine said."

NYTimes Says Washington Should Encourage Green Investments By Business. An editorial in the New York Times (6/12, 1.19M) notes that Goldman Sachs is among "a growing number of investment and manufacturing enterprises chasing emerging technologies that could help provide the alternative energy sources that politicians from President Bush on down say they want and that the country will certainly need in years to come. Meanwhile, more and more companies — including heavyweights like DuPont, Johnson & Johnson and United Technologies — have been busily cleaning up their own acts, using less energy by making themselves more efficient. Over time, these efforts could place the United States in the forefront of an emerging global market for cleaner technologies. … If Washington is smart, it will throw its weight behind these efforts by providing the necessary incentives, whether as loans, direct grants or targeted tax breaks."

FBI/DEA/ATF/USMS:

NJ Man Sentenced To 15 Years For Violent Hijacking Of FBI Employee's Vehicle. The Newark Star-Ledger (6/10, Martin, 420K) reported Jimmy K. White of Elizabeth, N.J., was sentenced on Friday to 188 months "in prison…for carjacking and badly injuring a Good Samaritan who tried to stop him during a mugging in Jersey City last year." White "bit the victim's hand and face as she struggled for control of her sport utility vehicle, then ran over her during his getaway. He was arrested after the FBI lab matched his DNA to samples from bite marks he left on the woman, an employee for the FBI in Newark." The Star-Ledger noted, "The victim drove her Jeep into the parking lot of a Jersey City bagel store on May 15, 2005, and saw White trying to rob a man of his wallet, according to documents filed in the case." The Jersey Journal (6/10, Herman, 27K) added, "As the victim was hospitalized for her injuries, the FBI extracted DNA samples from the wounds on her face and hand and flew them by helicopter to its lab in Quantico, Va. Within four days, they found a match from a database of offenders and arrested White. The victim spent three days in the hospital and then missed four months of work. Because of White's criminal history -- which includes a 1995 sexual assault, a 1997 violent robbery and a number of disorderly persons offenses -- he qualified as a career offender eligible for the stiff prison sentence of 188 months." The AP (6/10) also reported on the sentencing.

In New Orleans, Doctor Pleads Guilty In Prescription Scheme. The New Orleans Times-Picayune (6/9, Perlstein) reports Dr. Joseph Guenther "pleaded guilty Wednesday to four felony counts of prescribing narcotics without a legitimate medical reason and one count of conspiracy. In his plea…Guenther admitted that he issued hundreds of preprinted prescriptions for an addictive drug cocktail consisting of hydrocodone, Xanax and Soma. … The DEA, aided by the FBI, the Internal Revenue Service, the U.S. attorney's office and local police agencies, confiscated more than $10 million in assets in the case."

Man Facing Meth Charges Also Accused In Hawaii Jewelry Heist. The Honolulu Advertiser (6/11, Boylan) reports the recent armed robbery of a salesman "carrying $2 million in jewelry in the parking lot of a Waipahu restaurant is highly unusual for Hawaii, state and federal law enforcement officials said. … Two men have been charged in connection with the jewelry heist in the parking lot of the Golden Coin restaurant in Waipahu. Bryan T. Higa, 25, was arrested June 1, and Marvin Quemado Jr., 31, was arrested June 5. … Higa was charged in federal court for his alleged role in a methamphetamine smuggling ring. … He is accused of working as a middleman for a narcotics distributor arrested by agents of the Drug Enforcement Administration."

Accused Gang Members Arrested In Illinois On Drug Charges. The Rockford (IL) Register Star (6/11) reports police "arrested two known gang members on multiple drug charges Friday, ending a month-long criminal investigation. Jamie Spates, 30, and Michael Jones, 22, both of Rockford, are each charged with two felony counts of unlawful delivery of crack cocaine and two felony counts of

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criminal drug conspiracy." The Register Star notes the DEA's involvement in the investigation.

Interim Haitian Prime Minister Claims "Unequaled" Cooperation With DEA. The New York Daily News (6/11, Meek) writes, "Unlike most former Haitian leaders, [Gerard] Latortue left Port-au-Prince last month on two feet and without an armed gang in hot pursuit. The New York Daily News joined Latortue, 71, on Friday as his turbulent, 26-month term as Haiti's leader ended quietly. … Among the accomplishments Latortue cites were firing corrupt customs officers and police and taking steps to help free the civil service of political cronyism. He claimed unequaled cooperation with the U.S. Drug Enforcement Administration on counternarcotics efforts."

MLB Considering Suspending Grimsley For Admission Of Drug Use. According to the Los Angeles Times (6/9, Brown), Major League Baseball "is strongly considering suspending former Arizona pitcher Jason Grimsley for admitting to federal authorities he used performance-enhancing drugs, which would set a precedent for future cases. Grimsley's agent said Thursday the pitcher will retire. MLB would pursue the penalty, however, if only to ensure Grimsley is penalized if he reconsiders retirement."

Grimsley's Amphetamines Claim Not Backed By Players. The Los Angeles Times (6/10, Shaikin) reports, "Although Jason Grimsley told federal agents an equipment salesman distributed amphetamines within the Angels' clubhouse in 1996, three players on that team said Friday they had no recollection of such an individual." An affidavit "included this sentence: 'Grimsley stated that while he was with the California Angels, an individual who sold bats and gloves would come around the clubhouse with a supply of two-toned green amphetamines, or 'greenies.'"

Grimsley Seeks Remainder Of Salary. The Los Angeles Times (6/11, Reports) reports Jason Grimsley "plans to fight the Arizona Diamondbacks' decision to withhold the remainder of his $825,000 salary. … The reliever was given his release Wednesday, a day after federal agents searched Grimsley's home in an investigation into performance-enhancing drugs."

Bonds To Cooperate With Investigator, Drops Lawsuit Against Reporters. The AP (6/11) reports Barry Bonds "wants to cooperate with special investigator George Mitchell, but will only talk to him if he is assured the information won't be given to federal prosecutors. Bonds also dropped his lawsuit against two San Francisco Chronicle reporters who published a book claiming the Giants slugger used steroids and other performance-enhancing drugs. … A federal grand jury in San Francisco is now investigating whether Bonds lied under oath about using the performance-enhancing drug known as "the clear" during that grand jury testimony."

In its "NL Notebook," the Washington Post (6/11) reports Bonds "sued…Penguin Group Inc.'s Gotham Books and others, claiming the authors illegally obtained his secret grand jury testimony from a U.S. criminal case against Bay Area Laboratory Co-Operative, or Balco."

Ex-Girlfriend Said To Be Potential Trouble For Bonds In Investigation. The AP (6/10) reports FBI agents "asked Barry Bonds' ex-girlfriend not to cooperate in Major League Baseball's steroid probe while a federal grand jury investigates whether the Giants slugger lied under oath about drug use."

In a separate column for the AP (6/10), Tim Dahlberg writes, "There are few things in life worse than a scorned mistress who talks too much. Barry Bonds knows that better than most. A woman named Kimberly Bell is a big part of the reason he may soon find himself in some serious trouble with the law. … By various accounts, Bell has spilled the beans about both alleged steroid use by Bonds and a reported $80,000 in allegedly undeclared income the slugger gave her to buy a house in Arizona."

Mitchell Seen As Facing Roadblocks In MLB Investigation. In the Arizona Republic (6/10), Joseph A. Reaves writes, "While the federal government ramps up its investigation of baseball's ugly drug mess by playing hardball with the likes of Jason Grimsley, a separate, independent probe led by former Sen. George J. Mitchell is running into serious roadblocks that threaten to undermine any chance of uncovering the scope of the scandal this year. Reluctant witnesses and a hard-line stand by the players' union are seriously hampering Mitchell, who was hired in March by Commissioner Bud Selig to conduct a comprehensive investigation for Major League Baseball."

Current HGH Test Considered Impractical, Unreliable. In USA Today (6/9), Dick Patrick and Bob Nightengale write that Major League Baseball doesn't test for human growth hormone. The International Olympic Committee "brags it has had an HGH test since before the 2004 Olympics, but that is semantics. Yes, there is a blood

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test for HGH. But because antibodies necessary for the process are in such short supply, virtually no HGH testing is conducted. In addition, the test only detects HGH right after injection so it's impractical for in-competition testing."

The Washington Post (6/10) reports the NFL does not intend to "implement blood testing of its players for human growth hormone. Gene Upshaw, the executive director of the NFL Players Association, said that he and other league leaders doubt the reliability of a blood test for growth hormone first used at the 2004 Athens Olympics."

In the New York Times "Week in Review" section (6/11) Ian Austen writes, "The hormone can be uncovered in a blood test, which was introduced on a limited basis by the World Anti-Doping Agency at the 2004 Olympics. But amid concerns about the invasiveness of blood testing, Major League Baseball is financing research at the University of California at Los Angeles to create a urine test."

Network TV Coverage. The CBS Evening News (6/11, story 7, 3:10, Mitchell) reported, "Barry Bonds is willing to cooperate with the steroids investigation if the terms are right. Bonds' attorney told the New York Daily News he will talk but only if he is assured his information won't be passed onto Federal prosecutors. You can add human growth hormone to the list of suspect drugs in baseball. Following revelations this week following Arizona Diamondback Jason Grimsley and that's tonight's 'Sunday Cover,' the investigation into HGH and the race to find a foolproof test." HGH is "produced by the pitutary gland to stimulate normal development. Athletes looking for an edge inject HGH to shed fat and increase muscle regeneration." Since it's "undetectable in urine none of the four major American sports leagues test for it." The International Olympic Committee "used a blood test for HGH. But it's not definitive. It also requires frequent testing and few believe American pro players will ever agree to it."

California Wrestling Coach Charged With Steroid Possession. The Los Angeles Times (6/10, Lin) reports, "A Tustin High School wrestling coach has been charged with possession of steroids and counterfeit money, prosecutors said Friday. Tustin Unified School District officials said there were no indications that Ramon Hernandez Serrano distributed the muscle-building drugs to students. He has been placed on administrative leave."

IMMIGRATION:

EU-Style Passport-Free Zone Seen Alternative For US-Canadian Border. In a New York Times op-ed (6/12), Stephen Handelman says "the most high-profile solution" to the security problem on the US-Canadian border "would complicate the lives of millions of Canadians and Americans, and perhaps seriously damage their closely linked economies. That solution comes out of laws passed by Congress in response to 9/11 mandating that next year Americans and Canadians crossing the border by airplane will need passports or other federal government-approved identification to get through United States customs. In 2008 similar requirements will be imposed at the 140 land-border crossings between the United States and Canada." Business owners "in both countries say the added security provided by the jumped-up ID requirements won't compensate for the loss of tourism and consumer revenue." There are "smarter options. Europeans have created a passport-free zone of 13 member states of the European Union along with Norway and Iceland, called the Schengen system. They agreed in 1985 to draw a 'virtual' border around countries that had agreed to harmonize visa rules. The Schengen frontier is policed by the customs authorities of each participating country, but everyone plugs into a shared intelligence database that stays alert to outside threats and tracks suspected felons, drug smugglers and terrorists inside the zone."

Latino Assimilation More Prevalent Than Assumed. In a Washington Post op-ed (6/12, A21), Tyler Cowen, professor of economics at George Mason University and general director of its Mercatus Center, and Daniel M. Rothschild, associate director of the Global Prosperity Initiative at the Mercatus Center, say, "Beneath the surface of the immigration debate is a debate about shared values. If we look at just three of those values -- the English language, family and hard work -- we see a higher level of Latino assimilation than is often presumed."

Border Patrol Group Wants Parole Denied For Killer Of Two Agents. The Washington Times (6/12, Seper, 90K) reports the National Border Patrol Council, "which represents all 10,500 of the U.S. Border Patrol's nonsupervisory agents, has asked the U.S. Parole Board Commission to deny parole to a man convicted in the killing of two Border Patrol agents." Florencio Lopes Mationg, "who

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was convicted with three other men in the June 1967 murder of agents Theodore L. Newton Jr., 25, and George F. Azrak, 21, is scheduled for a parole hearing this week." Border Patrol Agent Ronald Zermeno, "who has coordinated an effort to keep Mationg in prison, said that a petition with 4,000 signatures was presented to the commission and that several law-enforcement authorities and family members will attend the hearing tomorrow at the federal prison in Florence, Colo."

Immigration Policy Seen As Creating Quandary For Domestic Partners. In a Washington Post op-ed (6/12, A21), Susan Laurel Hodges explains the difficulties in arranging for an H-1B visa for her domestic partner, a German physician with skills highly sought after in her own country. A US employer "must be willing to jump through hoops to sponsor her, and until that happens, no visa can be issued. Among the hoops: extensive advertising to find an American citizen who can fill the job before it is given to an outsider, and retaining an attorney who can competently navigate and file the blizzard of forms that must be filled out by the potential employer and potential employee."

Public Opinion Said To Back Both Pro-Enforcement, Pro-Immigrant Bill. In the Weekly Standard (6/19), Jeffrey Bell says, "What voters do not like is an immigration system that increasingly relies on, and winks at, breaking the law. Voters never liked this, but they became especially unfavorable to it after 9/11. They want greater control of our borders, and more enforcement of immigration laws inside our borders." Political elites, "Republican and Democratic alike, often seem to operate on the assumption that voters are either pro-immigrant or pro-enforcement, but not both. In fact, most voters see no contradiction between the two. Nor is there a huge difference between rank-and-file Republicans and rank-and-file Democrats. Solid, but by no means unanimous, majorities in each party favor both immigration -- including a path to legalization for those already here -- and increased enforcement of immigration laws."

Immigration Is Key Issue In Competitive AZ5 Race. The Washington Post (6/12, A4, Slevin, 744K) reports that in Arizona's 5th CD, Republican Rep. J.D. Hayworth "is a firebrand by disposition and design." Democrat Harry Mitchell is "so low-key his advisers make a point of saying he really is energetic." Hayworth "is an immigration hawk who favors cracking down on illegal immigrants and wrote a book called 'Whatever It Takes.' The Democrat calls himself an immigration realist who would combine tighter border controls with a path toward legal status." Hayworth is "running hard for reelection, describing himself to GOP campaign workers as 'not real subtle, and you know exactly where I stand.' Mitchell is a local political legend who contends that Hayworth 'has a lot of explaining to do,' not least about his ties to disgraced lobbyist Jack Abramoff." The CD race is "considered competitive for the first time in a decade. Analysts point to troubles in the White House and Congress, as well as Hayworth's outsize profile on immigration. It all makes for an intriguing contest in an unpredictable state where pollsters see a shift to the center." Amy Walter of the Cook Political Report "believes Hayworth has the edge in a district that has eight registered Republicans for every five registered Democrats. But the district's substantial slice of independents complicates the picture, as does the image of local Republicans as more moderate and temperate than their congressman."

Schwarzenegger Faces Difficult Balance On Immigration. The Wall Street Journal (6/12, Cooper, 2.11M) reports Gov. Arnold Schwarzenegger's "frequent invocation of his achievements as a foreign national -- millionaire status, megacelebrity and a swift rise to a pinnacle of American politics -- is a major element of his strategy for navigating the issue of immigration in a tight re-election campaign in a state roiled more than any other by the different poles in the debate." On "specifics like border enforcement and benefits for the estimated three million illegal immigrants in his state, he tries to walk a middle ground. But often he tries to avoid the specifics altogether." California Republican Party Chairman Duf Sundheim "believes that the governor, in coupling a mix of personal anecdotes with a moderate policy stance, may be able to win support from moderates and the expanding Latino electorate on the issue without offending his deeply conservative base, which would like to see a tough crackdown on illegal immigrants."

TAX:

Democrats Said To Be Laying Ground Work For Tax Hike. Stephen Moore writes in the Wall Street Journal (6/12, 2.11M) that many congressional Republicans "want to negotiate a blockbuster budget deal to tackle the stampeding cost of entitlements. Meanwhile, Democrats and left-leaning think tanks are already laying the groundwork to

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build a Washington tax-hike consensus." Moore adds, "Tax increases anywhere near 25% of GDP would cripple the rate of economic growth and slow the rate of capital accumulation and the build-up of national wealth -- leaving future generations worse off." Moore concludes, "For 25 years, virtually every bipartisan budget deal has meant higher taxes, higher spending and political carnage for the GOP. … Republicans forget this lesson of history at their own peril."

CONGRESS-ADMINISTRATION:

Administration Launches Effort To Enroll Medicare Drug Beneficiaries. The Bush Administration today will begin an effort to locate and sign up low income people on Medicare who are not receiving prescription drug coverage. USA Today (6/12, Wolf, 2.31M) reports, "The Social Security Administration will start by sending out 500,000 applications to a select group of seniors age 79 and up. The applications will also target seniors in low-income neighborhoods, people with disabilities, Hispanics and those who do not handle their own financial affairs." The effort is "the latest in a series of attempts by the government and private groups to lure those seniors who stand to benefit the most from Medicare's prescription-drug program -- but who are most likely to have missed out on the coverage."

Business Lobby Pushes GOP On Competitiveness Agenda. The business lobby is using the competitiveness agenda proposed by congressional Democrats as leverage against Republicans, who they feel are not pushing the issue hard enough. Roll Call (6/12, Rasmussen) reports, "Business groups want to see action on President Bush's American Competitiveness Initiative," but "the proposal -- unveiled in Bush's 2006 State of the Union address -- has languished in the GOP-controlled Congress. … Lobbyists have grown increasingly worried that Congress, riven by bitter partisan infighting, does not share their feelings of urgency on the issue, and that Congress might go to recess in August without passing major parts of the initiative."

Budget Panels To Take Up Line-Item Veto Proposals. Roll Call (6/12, Yachnin) reports that the House and Senate budget committees are preparing to move forward with legislation to establish a presidential line item veto. According to Roll Call, "both panels have indicated they intend to overhaul the measure proposed by the Bush Administration and produce a bill that provides significantly less license than the executive branch had sought." While Senate Budget Committee Chairman Judd Gregg "did not expand on his plans to amend the bill, introduced by Senate Majority Leader Bill Frist (R-Tenn.) in March, he previously had suggested that the measure should be tailored more narrowly to prevent abuse by the executive branch, as well as to give Congress more flexibility to respond to line-item veto activity." In the House, Rep. Paul Ryan "said he believes the legislation should include time limitations restricting the period in which the president may propose rescissions for specific legislation."

Hoyer, Murtha To Seek Leadership Posts If Democrats Win House. Roll Call (6/12, Kornacki) reports that House Minority Whip Steny and Rep. John Murtha have both indicated that they will seek the Majority Leader's post if Democrats take control of the House in November. Roll Call notes, "The unusually timed competition…was triggered on Friday when Murtha, the Pennsylvania appropriator whose change of heart on the Iraq war last year made him one of the most recognized faces in Congress, stunned his colleagues by circulating a letter announcing his bid." Hoyer "strongly affirmed Friday afternoon his plans to seek a promotion to Majority Leader, a job, he suggests, that he would have earned by virtue of Democratic successes at the polls this fall." Roll Call also notes, "Murtha's move immediately raised questions about [Minority Leader Nancy] Pelosi's role, since he is one of her closest allies in the House and Hoyer, as the No. 2 Democrat, is the most obvious threat to Pelosi's position among the current crop of Democratic leaders."

Time (6/19, Tumulty) reports in its "Notebook" column that a "nasty fight" has broken out in the House Democratic caucus. Vocal Iraq war critic Rep. John Murtha, "sent a two-sentence letter last week to his Democratic colleagues notifying them that he plans to run for majority leader if his party wins back the House. That's a direct challenge to the man who would be in line for the job, Democratic whip Steny Hoyer, a moderate who supported the war." Murtha managed Rep. Nancy Pelosi's successful campaign against Hoyer for Minority Leader. She and Murtha "have stayed tight. But sources close to Pelosi say she had nothing to do with

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Murtha's surprising announcement; sources close to Hoyer suggest they don't believe that."

Poll Finds Reid Approval Rating At 48%. Senate Minority Leader Harry Reid received what the Washington Times (6/12, Hurt, 90K) calls "raucous applause" from a gathering of liberal bloggers in Las Vegas. But, "outside the convention hall, the Nevadans who sent Mr. Reid to Washington aren't quite so thrilled with the job he's doing. A poll conducted last month for the Reno Gazette Journal found just 48 percent of Nevadans approving of the job he's doing, compared with 41 percent who disapprove. … What's more, the poll by Research 2000 found that Nevadans don't think much of the job Mr. Reid is doing for the national Democratic Party either. Asked whether 'Democrats under Harry Reid's leadership have a workable agenda,' 35 percent of state voters said 'yes,' while 43 percent said 'no.' And by a 46 percent to 36 percent margin, his constituents said Mr. Reid doesn't have the 'leadership qualities' to guide Democrats to control of the Senate this year. The survey polled 600 likely Nevada voters last month and has a margin of error of 4 percentage points."

House Makes Emailing Offices More Difficult. The Washington Post (6/12, D1, Birnbaum, 744K) reports, "Congress to Lobby Groups: Drop Dead! That could be the headline on the latest development from the House of Representatives. Last month the House quietly began to make it harder for interest groups to send large numbers of e-mails to lawmakers." Increasingly, citizens "are being forced to demonstrate a basic knowledge of mathematics to have any chance of communicating electronically with their congressional offices." At the end of May, "the House started to offer congressmen the chance to add an extra obstacle -- the completion of a math problem -- to their already difficult-to-penetrate e-mail systems. The purpose, officials said, was to cut down on the deluge of messages they receive." Even with "many impediments, lawmakers still bellyache that the torrent of e-mails they get every day is more than their staffs can handle. According to a recent study, electronic messages to the House doubled to 99 million from 2000 to 2004. In the Senate, the number of e-mails more than tripled to 83 million during the same period." The math problem idea "is to ensure that only actual people -- and not mass-mailing computers of the kind often used by interest groups -- will send e-mails to the House from now on."

OPM To Reexamine Bids To Provide Dental, Vision Benefits. The Washington Post (6/12, D4, Barr, 744K) reports in its "Federal Diary" column, "One of the biggest benefit programs planned for federal employees and retirees in years -- enhanced dental and vision benefits -- is having trouble getting off the drawing boards. Last month, the Office of Personnel Management announced it had selected 10 vendors for the new Federal Employee Dental and Vision Program, scheduled to start Dec. 31. Last week, the OPM quietly informed congressional committees that it had decided to take a fresh look at the bids. … The reassessment of the bids was triggered by a protest filed by Blue Cross and Blue Shield at the Government Accountability Office, a congressional auditing agency that often handles contractor complaints. … In a statement, the OPM said it reopened the vendor selection process 'to reaffirm the integrity of the procurement process' and to put OPM in the best possible position to negotiate for reasonably priced dental benefits."

Bush Personal Aide Profiled. Time (6/19, Allen) profiles Blake Gottesman, personal aide to President Bush. Gottesman "has blossomed into a systems analyst, gatekeeper and diplomat who serves as the membrane between the President and the rest of the staff." Time adds, "White House Counselor to the President Dan Bartlett calls Gottesman 'a walking mood ring,' the unquestioned authority on whom the President wants in his limo, what member of Congress he may accept in his office on Air Force One and whether it is wise for a top aide to bring up a particular topic at a particular time."

Administration Seeks To Take Focus Off Bush Poll Numbers. U.S. News and World Report (6/19, Walsh) reports that in the wake of terrorist leader Abu Musab al Zarqawi's death and Republican Rep.-elect Brian Bilbray's victory in the CA50 special election, "things are looking brighter for President Bush." Aides "hope Bush's Camp David summit this week to plan the next phase of the Iraqi occupation will generate more positive momentum." US News adds that Bush "is building on his upward bounce by showing a new receptivity to fresh ideas and a willingness to change the way he does business. Critics say it's long overdue, but the president and his inner circle have begun a concerted effort to 'change the conversation,' according to one senior official, and take the focus off his job-approval ratings, which have lingered in the low to mid-30s."

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Conservative Intellectuals Said To Be Rejecting Bush. In the New Republic (6/19), Jonathan Chait says, "Not long ago, conservatives hailed" George W. Bush "as a fearless leader in the war on terrorism, a great man of history, Reagan's son. Long after the patriotic upsurge following September 11 had crested, the conservative base held him in awe." But now, "his former acolytes are furiously denouncing him." Conservative "intellectuals and activists, the right's ideological vanguard, have decided that Bush is not Reagan's son after all. Indeed, they have discovered that he is not, and never has been, a conservative, but rather that he is a fraud masquerading as one."

Marcus Calls DeLay's Farewell Speech "Sneering, Belligerent." Ruth Marcus writes in the Washington Post (6/12, A21, 744K) that Rep. Tom DeLay's farewell address on the House floor last week was "stunning for its sneering, belligerent partisans hip. … DeLay made clear that he wanted to leave the way he behaved throughout his 22 years in Washington -- contemptuous of the opposition and unrepentant about his cutthroat tactics." Marcus adds, "There is a place for partisanship, and an honor in hewing to principles that divide the parties. But DeLay's zero-sum politics diminishes the capacity of government to solve difficult problems."

NYTimes Says State Department Should Cover Programs To Train Foreign Militaries. The New York Times (6/12, 1.19M) editorializes, "The Senate plans to begin consideration today of the defense authorization bill for the coming year. One particularly distressing section of the package would reauthorize the Pentagon to arm and train foreign militaries, something it was first authorized to do for 2006. … Congress should return these programs to State Department supervision. If it cannot summon the will to do that, it should at least mandate that the programs financed by the Pentagon conform to the same democratic and human rights standards that apply when they are run by the State Department."

WSJournal Praises FAA Handling Of NATCA Contract. An editorial in the Wall Street Journal (6/12, 2.11M) offers congratulations to Federal Aviation Administrator Marion Blakey for her winning battle "over the latest contract for federal air traffic controllers. The National Air Traffic Controllers Association is one of the few federal labor unions accorded the right to negotiate its contract terms, with the caveat that should discussions reach an impasse -- and Congress not act -- the FAA could impose a contract." The Journal adds, "No word yet from Natca if it intends to strike, but it may have learned its lesson in 1981 when President Reagan fired controllers for walking off the job. With an air traffic control system in need of costly upgrades to reduce delays and cancelled flights, it's especially good to see a majority of Republicans defy union intimidation."

OTHER NEWS:

Fed Keeping Close Eye On Inflation Expectations. The Wall Street Journal (6/12, Conkey, 2.11M) reports that the Federal Reserve is closely watching the inflation expectations of consumers and markets. Inflation expectations "have become increasingly important to monetary policy in recent years. When people anticipate a rising inflation rate, the prevailing theory goes, they are likely to behave in ways that will bring about higher prices. … Preventing this kind of inflationary spiral is what Fed Chairman Ben Bernanke had in mind last week when he said the central bank will be 'vigilant' in combating the recent upward trend in prices."

USA Today (6/12, Kirchhoff, 2.31M) reports that the two inflation reports this week from the government "could determine whether the Federal Reserve keeps raising interest rates or stands aside. Traders and economists are anxiously awaiting Tuesday's wholesale price report and Wednesday's consumer price index, as they try to regroup from last week's stock market dive. The question for the markets is whether the inflation measures will jump, inducing the Fed at its June 28-29 meeting to boost its target for short-term rates above the current 5% level to tamp down price pressures."

Gasoline Prices Expected To Decline Further. The Christian Science Monitor (6/12, Scherer, 61K) reports that relief from rising gas prices may be on the way. After the price of oil hit a high of $75.17 a barrel last month, "demand in the United States dipped a few percentage points. Demand by other big developed economies has also eased in recent months, reaching a level that's actually lower than a year ago. Oil markets started to factor in some of these supply-and-demand dynamics last week: The price of crude oil fell below $70 a barrel on

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Thursday." The lower prices "are a good sign for consumers -- and the price of the hydrocarbon could stabilize or drop more if, as widely expected, both the US and global economies grow at a slower pace for the rest of the year."

Energy Firms Betting East Coast Gasoline Terminals Won't Be Built. The Wall Street Journal (6/12, Gold, 2.11M) reports, "Several energy companies are making big bets that new tanker terminals for importing natural gas along the East Coast won't be built, a turn of events that could put upward pressure on consumer heating and electricity bills there." Several companies "plan to build natural-gas pipelines to bring gas to the region over land from other parts of the country. … Earlier this year, Kinder Morgan Energy Partners LP and Sempra Energy said they were teaming up to build a $4 billion, 1,300-mile gas pipeline from the Rockies to Ohio. Combined, the new pipelines should deliver as much as 3.5 billion cubic feet a day into the East Coast market by 2009. Neither pipeline project would be moving ahead unless the companies felt confident the less-expensive, brand-new LNG terminals wouldn't be there to compete, said Bernard J. Picchi, energy research director at Foresight Research Solutions LLC."

States Move To Transform Medicaid. A front page story in the Washington Post (6/12, A1, Goldstein, 744K) reports that "states are moving aggressively to transform the nation's largest public health insurance program, adding fees, restricting benefits and creating incentives for patients to take responsibility for their health. … Starting July 1, West Virginia will phase in a redesigned form of Medicaid that requires patients to sign a 'member agreement,' promising that they will keep doctors' appointments, take prescribed medicine and not overuse hospital emergency rooms. Patients who refuse to sign or to follow the rules will be eligible for less care. Kentucky is dividing its Medicaid patients into four categories, depending on their health and their age, with different benefits for each group. … Florida, meanwhile, will privatize part of its Medicaid system in September, directing patients in Jacksonville and Broward County to pick from 19 health plans, each offering different services."

NYTimes Calls New York Effort To Combat Medicaid Fraud "A Disgrace." An editorial in the New York Times (6/12, 1.19M) says New York state's "efforts to weed out Medicaid fraud have been a disgrace. … New York needs more staff members to investigate Medicaid fraud. The state must have a chief Medicaid inspector who is not a political hack, and a workable whistle-blower or false-claims law. The biggest Medicaid program in the country should also strive to be the cleanest."

Democrats Lose Ground In Gubernatorial Races. USA Today (6/12, Page, 2.31M) reports the "political landscape has gotten friendlier for congressional Democrats over the past six months, but the party's prospects for scoring big gains in governors' races now look more difficult." In Michigan, "Gov. Jennifer Granholm — the darling of Democrats when she was elected in 2002 — is now in a dead heat with Republican challenger Dick DeVos. A statewide poll last month by EPIC-MRA put him at 46%, her at 45%. Last fall, she had held a 23-point lead." In Wisconsin, "Democratic Gov. Jim Doyle is increasingly vulnerable, in part because of ethics controversies in his administration. In a statewide Strategic Vision poll in April, Doyle was at 45%; U.S. Rep. Mark Green, a Republican hopeful, was at 43%." Among the nation's "10 biggest states, Democratic prospects since the beginning of the year have gotten tougher in four — California, Georgia, Michigan and Pennsylvania — and better in one, New York." The GOP "has more governorships at risk this year. Among 36 races on the ballot, 22 are for Republican-held seats, 14 for Democratic-held ones." Since 1994, Republicans "have held a majority of governorships — now 28 states to Democrats' 22. Democrats hope to turn that around this year by picking up at least four of them." USA Today (6/12, 2.31M) also runs a table listing information on the races in six of the most populous 10 races, and a brief caption for the table.

Reynolds Says CA50 Result Shows Corruption Won't Be Issue In November. Roll Call (6/12, Kurtz) reports, "Fresh off a special election in which the corruption issue did not carry the Democratic candidate to victory, National Republican Congressional Committee Chairman Tom Reynolds (N.Y.) predicted Friday that corruption would not be a factor in the race to succeed Rep. Tom DeLay (R-Texas), and he reiterated his belief that the Democrats will not be able to use the issue to their advantage in the midterm elections." Reynolds said "last week's special election to succeed incarcerated ex-Rep. Duke Cunningham (R-Calif.) was a perfect opportunity to test the 'culture of corruption' message that Democrats have pounded throughout the election cycle."

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Emanuel Says GOP Avoided "Disaster" With Bilbray Win. Appearing on ABC's This Week (6/11, Stephanopoulos), Rep. Rahm Emanuel, chairman of the Democratic Congressional Campaign Committee, said that with Republican Brian Bilbray's victory in the special election to fill the seat of Randy "Duke" Cunningham, what Republicans "really did was avoid a disaster." Emanuel said, "The Republican Party spent $5 million, the most they've ever spent, in an overwhelming Republican district and eked out a victory with less than 50 percent of the vote. And the only way Congressman Bilbray did that was by attacking the president of the United States, of his own party." Emanuel's Republican counterpart, also appearing on This Week, said it appeared that Bilbray's Democratic opponent, Francine Busby, "got no more than what Kerry got in that district."

Republicans' Good News May Not Affect Long-Term Political Environment. In his Roll Call column (6/12), Stuart Rothenberg says, "California's 50th district special election. The death of terrorist leader Abu Musab al-Zarqawi in Iraq. The foiling of a major terrorist plot in Canada. A cooling of tensions over Iran. The unemployment rate down to 4.6 percent. After a 17-month string of virtually unbroken bad news, Republicans suddenly find themselves confronting something they could not have expected, and may now no longer recognize: good news. How will they handle it?" Republican partisans "should not kid themselves about the political environment," as "more bad news from" the Middle East is "probably around the corner (if it hasn't already happened)." Second, "the public's mood already is sour, so many Americans may discount good news, just the way they have ignored the strength of the economy." Third, Republicans "need to understand that while they dodged a bullet in California's 50th district, that result guarantees nothing about November." Democrat Francine Busby "has been described as a 'mediocre' candidate so often that it might as well be her middle name. But Democratic nominees in Connecticut's 2nd and 4th districts, Indiana's 8th and 9th districts and Florida's 22nd district— just to mention a handful of contests — are much stronger than Busby and much more likely to have appeal to general election voters."

Several Clinton Administration Alumni Seeking Elective Office. The AP (6/12, Johnson) reports Clinton administration alumni "are taking their turn in the political spotlight while their former leader cheers from the sidelines." Former President Clinton said, "I am pleased and proud that so many of them have run or are running for office." The AP adds, "Nowhere is the Clinton class more evident than in New York, where the ex-president and Sen. Hillary Rodham Clinton now live. Four of five Democrats hoping to succeed Eliot Spitzer as New York's attorney general served in the Clinton administration." One Clinton alumnus "is Charlie King, a candidate for state attorney general." The Clinton class "also includes: Kirsten Gillibrand, a former HUD lawyer under Andrew Cuomo. She is running for Congress in the New York's 20th District, which stretches north from Albany's suburbs. Sheldon Whitehouse, a former U.S. attorney. He is running for the U.S. Senate in Rhode Island. Tom Perez, a former deputy U.S. attorney. He is running for attorney general in Maryland. Bill Halter, Clinton's deputy Social Security commissioner. He advanced last month to Tuesday's Democratic runoff for the nomination for lieutenant governor in Arkansas." The "crowded field for New York attorney general also features Sean Patrick Maloney, an aide in the Clinton White House aide. In addition, Denise O'Donnell, the former U.S. attorney in Buffalo, dropped out of the race on June 3."

Byrd, In Tough Race, Faces Scrutiny For Votes On Social Issues. Roll Call (6/12, Whittington) reports when Sen. Robert Byrd (W.Va.) "was one of two Democrats last week to vote to invoke cloture and force an up-or-down vote on a federal amendment banning gay marriage — a position that plays well with the socially conservative voters back home — Republicans wasted little time in blasting the move." Byrd has said "he is against gay marriage, but he opposes a constitutional measure banning it because he believes the matter should be left up to each state and he would have voted no on the underlying bill." But the "most recent vote illustrates the potentially perilous line that Byrd, who today becomes the chamber's longest-serving Senator, must walk as he seeks re-election to an unprecedented 9th term this November." Byrd "faces millionaire businessman John Raese (R) in what is expected to be his toughest race yet." But Democratic strategists "scoff at the notion that Byrd's recent actions — including supporting President Bush's Supreme Court nominees and proposing a constitutional amendment to allow voluntary prayer in public schools — amount to any sort of election-year conversion or pandering to conservatives."

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Edwards Leads Clinton In Iowa Caucus Poll. The Des Moines Register (6/11, 166K) ran the results of an Iowa Poll on the 2008 Democratic caucuses taken May 29 to June 1. John Edwards leads with 30%, with Sen. Hillary Clinton next at 26%. However, the poll has a 4.9% margin of error. Sen. John Kerry was a distant third at 12%, followed by Gov. Tom Vilsack 10%, Tom Daschle 3%, Sen. Russ Feingold 3%, Mark Warner 3%, Sen. Evan Bayh 2%, and Wesley Clark 2%.

Herbert Says Ohio Was "Hijacked" From Kerry In 2004. Bob Herbert writes in the New York Times (6/12, 1.19M), "Republicans, and even a surprising number of Democrats, have been anxious to leave the 2004 Ohio election debacle behind. But [Robert F. Kennedy, Jr.], in his long, heavily footnoted article ('Was the 2004 Election Stolen?'), leaves no doubt that the democratic process was trampled and left for dead in the Buckeye State. [Sen. John] Kerry almost certainly would have won Ohio if all of his votes had been counted, and if all of the eligible voters who tried to vote for him had been allowed to cast their ballots." Herbert adds, "No one has been able to prove that the election in Ohio was hijacked. But whenever it is closely scrutinized, the range of problems and dirty tricks that come to light is shocking."

Local TV Stations Losing, Viewers, Revenue To Internet. The Wall Street Journal (6/12, A1, Barnes, 2.11M) reports that the internet is drawing viewers and revenue away from local TV stations, which for decades have been "a fount of cash for some of the industry's biggest players such as Viacom Inc., News Corp. and General Electric Co.'s NBC. Newspaper publishers such as Tribune Co. and Gannett Co., also diversified into television. For many of these companies, steady profits from their stations funded expansion into other businesses." The Journal adds, "The picture has changed. Total local broadcast revenue fell 9% in 2005 to $16.8 billion, according to the Television Bureau of Advertising. The chief culprit: Big advertisers cutting back budgets or moving to the Web."

Growing Number Of Students Finish College Over $100,000 In Debt. USA Today (6/12, A1m Block, 2.31M) reports, "After years of rising college costs and shrinking financial aid, it's come to this: Some graduates are now leaving college with student-loan debt in the six figures. Graduates with more than $100,000 in debt still account for a small subset of borrowers. But their numbers are rising. And the proportion who are leaving college with some level of unmanageable debt -- debt they can't repay without significant hardship -- is swelling. … The rise in unmanageable debt has raised concerns that many graduates won't be able to pursue careers in fields that have traditionally paid modest salaries."

NYTimes Says American Workers Are Downbeat. The New York Times (6/12, 1.19M) editorializes, "It comes as little surprise to anyone nowadays that the deep bonds between company and company town are only as strong as the former's share price, measured by fiscal quarters rather than generations. Still, there is something sad about the spurned affection of a community for its company, the way residents of Newton, Iowa, feel about Maytag. … Shoppers probably won't notice, but Newton and the laid-off Maytag workers everywhere will feel a void. The economy is growing fast, but American workers are downbeat, and Maytag helps explain why. Jobs can be replaced, but the sense of safety and security cannot. The brand lives on, but the identity is gone."

Iran Wants Talks, But Balks At Immediate Enrichment Freeze. The New York Times (6/12, Sciolino, 1.19M) reports, "Iran has begun a public campaign that appears to be aimed at nudging the six nations that have offered a package of incentives into negotiations over its nuclear program without first freezing its efforts to make nuclear fuel." During "a hastily planned trip to Cairo, apparently to drum up international support for Iran's stand, Tehran's chief nuclear negotiator rejected any preconditions for opening negotiations over the fate of its nuclear program. In the clearest response from Iranian officials to the incentives package, Ali Larijani, the chief negotiator, told reporters on Sunday, 'We have already said that we would not accept any preconditions and that we are supporting negotiations without prior conditions.'"

The Financial Times (6/12, Smyth) adds, "Hamid-Reza Asefi, the foreign ministry spokesman, said on Sunday that Iran would take 'as long as is necessary' before replying, and echoed Saturday's announcement from Manouchehr Mottaki, the foreign minister, that it might submit counter-proposals. Mr. Mottaki spoke of 'shuttle diplomacy' in which Iran would send 'a genuine proposal...or counter-package' to

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the Europeans. He did not elaborate on what might be contained in the proposals." USA Today/AP (6/12, Dareini) and Washington Post (6/12, A17, Dareini, 744K) also report the story.

US, Europe Push IAEA Members On Draft Ahead Of Monday Meeting. The AP (6/12, Dareini) reports, "In two position papers shown to the AP, the United States and Europe were lobbying hard for support of the package from members of the" IAEA Board "before a Monday meeting of the body. 'We are...encouraging all board members to make firm statements to call on Iran' to negotiate on the six-power offer, the US position paper said. If Tehran declines, the text warned that the five permanent Security Council members plus Germany 'have agreed to pursue measures…(to) pressure the Iranian regime to change course.'"

US Will Seek UN Sanctions If Iran Refuses To Suspend Uranium Enrichment. Time (6/19, Shannon) reports in its "Notebook" column, "Iran's resumption of uranium enrichment last week could not have come at a better time for the Bush Administration. The US sees Iran's defiance…as new ammunition in its battle to persuade the European powers, Russia and China that only harsh sanctions can impede Iran's quest for the Bomb. If, as US officials anticipate, Iran refuses to suspend enrichment and return to the negotiating table, Secretary of State Condoleezza Rice will demand sanctions from the UN Security Council. Russia and China have pledged not to veto if Iran refuses to cooperate."

Conservatives Said To Be Upset About Iran Proposal. The Los Angeles Times (6/12, Richter, 958K) reports, "Last month, as Rice rolled out the Iran proposal, her senior staff contacted influential conservative editors and pundits in hopes that a full explanation of the deal would head off criticism from the right." The effort "helped mute reactions, commentators said." But "the new initiative has drawn criticism, if not wholesale condemnation, from conservative opinion leaders such as the Wall Street Journal editorial page and the National Review magazine, and conservative stalwarts such as American Enterprise Institute scholar Michael Rubin and former Reagan administration official Frank J. Gaffney Jr., among others. So far, only a few conservative members of Congress have joined the conservative foreign policy experts' complaints — in public, at least. This is partly because they believe Bush has a weak hand and few options, said Wittmann, now with the centrist Progressive Policy Institute. " Nevertheless, "the discontent marks a challenge for Bush at a time when he is trying to rebuild conservative support."

Iranian Official Says US Should Rebuke MEK. In a letter to the Wall Street Journal (6/12, 2.11M), M.A. Mohammadi, press secretary for Mission of Iran to the UN, writes, "The US Congress shouldn't support a terrorist organization that has committed atrocities in Iran, including the assassination of a president, a prime minister and more than 70 lawmakers ('Iranian Exile Group Aims to Build Bridges; Some in Congress See a Role for an Organization Formally Listed as a Terrorist Group,' May 22). How do such actions correspond to the values defended by Congress? The European Union has recognized the Mujahedeen-e Khalq, or People's Mujahedeen of Iran, as a terrorist organization, and even a recent report by the U.S. government has acknowledged that the MEK 'has been launching attacks on Western and Iranian targets since the 1970s.' Instead of condoning acts of terrorism against Iran, US lawmakers should respect Iran's sovereignty and international law and prove their goodwill toward the Iranian nation by rebuking the MEK."

Latest Gaza Violence Could Derail Both Leaders' Plans. In wrap-up coverage of a weekend of violence in Israel and the Palestinian territories, the Wall Street Journal (6/12, Leggett, 2.11M) reports, "Escalating Israel-Palestinian tension soon may imperil political initiatives being pushed by their leaders and possibly spark a new phase of armed confrontation." Following shelling on Friday that killed eight civilians on a Gaza beach, Hamas ended what had been a longstanding ceasefire, and "left unchecked, the violence could return to the pitched levels of 2002, with implications for both sides and the broader region. Already, Hamas's armed wing has suggested it may resume dispatching suicide bombers into Israel. Senior Israeli military officials said they aren't ruling out a major ground offensive in Gaza, which would be the first since Israel withdrew from that area last summer, and said Israel could target Hamas political officials if Hamas rocket fire continues."

The New York Times (6/12, Azar, 1.19M) also runs a story titled "Errant Shell Turns Girl Into Palestinian Icon," which reports on Huda Ghaliya, "the sixth-grade student whose horrified screams on Friday as she knelt by her dead family on a Gaza beach were televised around the world."

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She "has quickly become an icon of the Palestinian struggle against Israeli might."

Hamas Vows To Block Abbas's Referendum. Meanwhile, the New York Times (6/12, Erlanger, 1.19M) reports, "The militant faction Hamas announced its intent on Sunday to block" the July 26 referendum "after failing to reach an agreement in talks with him." According to the Times, Prime Minister Ismail Haniya "urged Mr. Abbas in a letter on Friday and in a three-hour meeting in Gaza late Saturday night, to abandon the referendum as a divisive mechanism at a time of crisis, when Palestinians must remain united, and to continue dialogue instead to reach agreement. … A planned meeting between Mr. Abbas and the exiled Hamas political leader Khaled Mashal in Yemen, which has been trying, like Egypt, to find common ground between Fatah and Hamas, was also scrapped."

The Washington Post (6/12, A14, Wilson, 744K) reports, "In a statement released Sunday, the imprisoned Hamas leader who signed the document, Abdel Khaleq al-Natsheh, said he no longer supported it. He asked Abbas...to cancel the public vote on the document, which was meant to serve as a basis for negotiation between the two leading Palestinian political movements." The Washington Times (6/12, Mitnick, 90K) also runs a story about the Palestinian split and the violence it is engendering.

Olmert May Find Himself In Hot Seat On European Trip. The Financial Times (6/12, Morris) adds Israeli Prime Minister Ehud Olmert "begins a European tour today in which he will likely be obliged to justify his country's military tactics in the territories before he is allowed to turn the focus towards promoting his controversial and potentially unilateral plans for the West Bank. The UK and France, his hosts this week, both condemned Friday's incident in which seven Palestinians were killed during a beach picnic, apparently victims of stray Israeli shelling," and "the deteriorating situation posed a further threat to efforts by the international quartet – the US, European Union, United Nations and Russia – to get its moribund 'road map' peace plan back on track via renewed negotiations between the antagonists."

Major North Korean Missile Test Could Be Imminent. The Financial Times (6/12, Sevastopulo, Fidler, Fifield) reports, "North Korea is preparing for a possible test of an intercontinental ballistic missile with the potential to hit the US, according to Washington officials. A senior official said there were 'enough indications' to suggest that Pyongyang was getting ready to fire a Taepodong-2 missile from a launch pad in eastern North Korea." The Times calls current planning "far more advanced than on previous occasions," and says U.S. intelligence is "monitoring the launch site" for signs of missile assembly. The Times notes, "Pyongyang…could be bluffing. Kim Jong-Il…has a history of performing eye-catching stunts when he feels he is being ignored, which has happened recently as Washington focuses on resolving nuclear tensions with Iran." North Korea has not conducted a significant missile test since it test-fired its intermediate-range Taepodong-1 in 1998.

Domenici Makes Case For India Nuclear Agreement. In a letter to the Wall Street Journal (6/12, 2.11M), Sen. Pete Domenici writes, "Former Sen. Nunn and I have worked closely together to promote our shared nonproliferation goals, but he is wrong when he argues that Congress should impose additional conditions to the U.S.-India agreement. … I consider that partnership vital to the future of our nonproliferation regime. … I believe this agreement can serve as a catalyst to strengthening an eroding nonproliferation regime, a regime that has brighter prospects with India than without her."

Turkish EU Accession Talks In Jeopardy. The Financial Times (6/12, Dombey, Parker, Boland) reports EU foreign ministers "will seek" today "to prevent a huge setback to Turkey's entry bid that could leave Ankara empty-handed eight months after it agreed to begin" accession talks. The discussions in Luxembourg and the participation of Turkish Foreign Minister Abdullah Gul "are in doubt because Cyprus has objects to the EU's plans. On Sunday Mr Gul said he would not go unless ministers rejected Greek Cypriot demands over accession negotiations." Nicosia "insists the EU should make clear reference throughout negotiations to the need for Turkey to recognize" the Greek Cypriot government and establish diplomatic relations. The Times notes, "If the opening of the negotiations is delayed, Turkey's membership bid could be left in limbo," but also adds that similar difficulties preceded last fall's agreement to begin accession discussions. More ominously, the Times notes, "EU officials and governments also have misgivings about the progress of reform in Turkey and the prospects for enlargement of the EU in general. Concerns have been heightened by political and economic instability in Turkey."

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Iraq War Casts Pall In Lebanon, Other Middle Eastern Countries. The Washington Post (6/12, A1, Shadid, 744K) reports former Iraqi Insurgent Abu Haritha sits in the northern city of Tripoli, "Lebanon's second-largest," waiting "for what he believes will be a more expansive war beyond Iraq, a struggle he casts in the most cataclysmic of terms." The war in Iraq "has generated some of the most startling images in the Middle East today: a dictator's fall, elections in defiance of insurgent threats and carnage on a scale rarely witnessed. Less visibly, though, the war is building a profound legacy across the Arab world: fear and suspicion over Iraq's repercussions, a generation that casts the Bush administration's policy as an unquestioned war on Islam, and a subterranean reserve of men who, like Abu Haritha, declare that the fight against the United States in Iraq is a model for the future." Tripoli "is one of the most visible manifestations of the war, a rough-and-tumble city being transformed by growing radicalism and religious fervor that may long outlast the death of Zarqawi and the U.S. presence in Iraq, now in its fourth year. Here, and elsewhere, that militancy may prove to be the inheritance of both the war and the Bush administration's professed aim of bringing democratic reform to the region."

Somali Warlord Vows To Contest Islamic Militia's Control Of Mogadishu. The AP (6/12, Hassan) reports Muse Sudi Yalahow, "one of the secular warlords who lost control of Somalia's capital to an Islamic militia, vowed Sunday that the battle for Mogadishu was not over — an ominous warning for a city devastated by years of bloodshed and anarchy." But it was "unclear how many fighters and weapons the defeated alliance had, and many of the U.S.-backed warlords remain in hiding." The "threat came a day after Islamic fighters stopped showings of the World Cup soccer tournament, one of the first signs that the fundamentalist force now controlling nearly all of southern Somalia could install strict Islamic rule." Yalahow said "his group of secular warlords is regrouping to fight the Islamic militia, whom he accused of having ties to al-Qaida."

Annan Says US Use Of Financial Leverage Could Hurt Reform. In a Financial Times op-ed (6/12), UN Secretary General Kofi Annan says, "A minor storm broke out last week when Mark Malloch Brown, my deputy, made a speech suggesting that the US should engage more fully and wholeheartedly with other members of the UN to bring about reform. That is absolutely right, but he and I believe the same message needs to be heard in many other countries besides the US." The US "is trying to use the power of the purse to force through badly needed management reforms and these tactics have provoked a reaction among developing countries. Most of these are well aware of the need to reform – not least because it is in those countries that the UN provides vital services from peacekeeping and peace-building through emergency relief to strengthening human rights, helping organise elections and fighting infectious disease. That means they are the ones who have most to gain from a well-managed UN that really gives value for money. Their quarrel is much less with the detail of proposed reforms than with what they see as the overwhelming influence of a few rich countries."

The Financial Times (6/12, Turner) reports that while Annan says "the US use of 'the power of the purse' to force through reforms at the United Nations is lessening the chance of those reforms succeeding," he "calls on all countries, including the developing world, to 'turn down their rhetoric' and take a constructive attitude towards this month's UN budget negotiations, which threaten to pit rich against poor in a battle with potentially damaging consequences." Anan's comments "follow last week's high-profile dispute between John Bolton, the US ambassador, and Mark Malloch Brown, the UN deputy secretary-general, after the British official called for better US engagement with the world body."

Bolton Criticized For Blocking UN Management Reforms. In his Washington Post (6/12, A21, 744K), Sebastian Mallaby says US Ambassador to the UN, John R. Bolton, "has a rich history of losing friends and failing to influence people." Bolton has "blundered into U.N. management reform, an issue that may soon precipitate a crisis. The top U.N. officials, led by Secretary General Kofi Annan, had laid out a menu of radical changes, designed to eliminate useless conferences and reports and to move staff to departments that most needed them. Bolton added his own brand of bluster to this plan: If poor countries carried on resisting management reforms, rich countries would stop paying for the organization. The deadline for agreeing on reform is the end of this month, but no breakthrough is in sight. Officials are wondering what to do if U.N. checks start bouncing."

G-8 Ministers Say China, Emerging Economic Powers Overloading Poor

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Countries With Debt. The Wall Street Journal (6/12, Phillips, 2.11M) reports the US "and its allies are worried that China and other up-and-coming economic powers may be overloading the world's poorest nations with high-priced debt." At their St. Petersburg meeting, "finance ministers from the Group of Eight leading nations warned China, India, Brazil and South Korea not to promote their exports to poor countries by pushing trade credits the borrowers can ill-afford." The G-8 ministers "find the situation especially troubling because just last year they engineered a write-off of as much as $60 billion in World Bank, International Monetary Fund and other loans for as many as 42 of the world's poorest nations. Now, G-8 officials fear some of those same countries may be slipping back into debt trouble."

Chinese Ambassador Makes Goodwill Tour Of Midwest. USA Today (6/12, Lynch, 2.31M) reports it is "somewhat out of the ordinary, however, for a foreign diplomat to ditch Embassy Row for the flyover states. Yet, there was Chinese Ambassador Zhou Wenzhong earlier this month venerating the 'heartland' and happily pressing the flesh in appearances here and in Kansas City, Mo." Zhou's "two-day Midwestern swing, which included speeches to business groups, local media interviews and even an incongruous stroll amid a flock of penguins, was all part of China's emerging campaign to overhaul a remote and sometimes threatening image. The ambassador's affable style also reflects the growing sophistication of Chinese diplomacy as a once-insular nation adjusts to a newly prominent role in global affairs."

Blogger's Stand Against Chinese Real Estate Market Makes Waves. The Wall Street Journal (6/12, Browne, 2.11M) reports Zou Tao "has become an unlikely hero in this profit-driven city of half-built apartment complexes and luxury villas: He is calling for a boycott of the real-estate market." It is "a daring grass-roots campaign, designed to tamp down overheated property prices" in Shenzhen, China, that "he says has gotten him in trouble with police and attracted threats -- but also the backing of people across the country." Zou "has evidently tapped into a deep resentment against powerful real-estate developers and their local-government backers. They have helped push prices so high that many city residents can't afford to buy, even while numerous units held by speculators remain empty."

Disarming Janjaweed Seen As Key To Reaching Peace In Darfur. The New York Times (6/12, Polgreen, 1.19M) reports Musa Hilal, "the sheik who the State Department and human rights organizations say is an architect and perhaps the key leader of the fearsome Arab militias that have unleashed a torrent of misery in Darfur, laughed softly at the question of who these armed men" were who file around the town of Mistariha, Sudan. Hilal says, "They are soldiers. Just regular soldiers." The Times adds the "commander of the African Union peacekeeping base two dozen miles away, Col. John Bosco Mulisa, said there was little doubt who these men really were." Col. Mulisa says, "They are janjaweed. This town is their headquarters." The Times adds "whoever their commander is and whatever they are called, these men and the weapons they carry will determine whether, after three years of conflict that has left at least 200,000 dead, the fragile efforts to bring peace to this shattered region will succeed or fail." The "first and most critical step of that agreement, signed in May between the government in Khartoum and the largest rebel faction, is the disarmament of the janjaweed. The government pledged to submit a plan to disarm the militias of their heavy weaponry one month after signing the agreement and to finish the job before the end of October. But how do you disarm a phantom army whose sponsors and leaders deny its existence?"

Negotiators Debate Russian Investment In US, European Energy Infrastructure. The New York Times (6/12, Weisman, 1.19M) reports, "Russian, American, European and Japanese officials are negotiating over whether Russia should be allowed greater latitude to invest in utilities, pipelines, natural gas facilities and other infrastructure in the United States and Europe." In a "draft declaration for endorsement at a Group of 8 summit meeting next month in St. Petersburg, Russia, broadened Russian access is paired with something the West wants: endorsement of market principles and greater access for foreign investment in the energy industry of Russia, one of the biggest oil and natural gas producers in the world."

Slovakian Neo-Liberal Government Seen As Likely To Lose Elections. In a Wall Street Journal (6/12, 2.11M) op-ed, Robin Shepherd of the German Marshall Fund of the United States says, "Imagine you're the leader of a country where economic growth is running at 6.3%, your government has been praised by the World Bank

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as the best market reformer in the world, unemployment has fallen to a record low of 10.6% from around 20% in just four years and your flat 19% corporate, value added and income tax rate led Steve Forbes to call your country an 'investors' paradise.' Imagine, also, that your country has seen foreign investment sky-rocket to the point at which it will shortly become the world's biggest per capita car maker, and where your people's feelings about their sense of national worth have gone from shame to something approaching pride. Oh, and as icing on the cake, imagine too that you got your country into the European Union and NATO." With this "record in mind, now consider that you face parliamentary elections this Saturday at which, unless the opinion polls change dramatically, you risk annihilation by a leftist opposition party with no experience of government and a policy agenda filled with populist rhetoric. Welcome to the world of Mikulas Dzurinda, prime minister of Slovakia, who for the past eight years has led what can reasonably claim to have been the most successful neo-liberal government of the 21st century so far."

THE BIG PICTURE:

Headlines From Today's Front Pages.

Los Angeles Times:
"Lawyers Defend Marines In Raid."
"Disney's Low-Key Superhero."
"A Force Of Nature In Chile."
"Details On Detainee Suicides Emerging."
"Old-Style Taint Shadows Election In Mexico."
"Fido Party Of Four, Your Table Is Ready."

USA Today:
"Dems Slipping In State Races."
"In Debt Before You Start."
"'06 Storm Season Off To Early Start."

New York Times:
"Prisoners' Ruse Is Inquiry Focus At Guantánamo."
"U.A.W. Facing Tough Choices, Leader Warns."
"Over Tea, Sheik Denies Stirring Darfur's Torment."
"A Ring Tone Meant To Fall On Deaf Ears."
"Russia Bargains For Bigger Stake In West's Energy."
"In Diabetes, One More Burden For The Mentally Ill."

Washington Post:
"States' Changes Reshape Medicaid."
"Annapolis Publisher Remains Missing."
"Smoke Of Iraq War 'Drifting Over Lebanon.'"
"Ft. Belvoir Job Shift To Alter Commutes."
"For Wal-Mart, Fair Trade May Be More Than A Hill Of Beans."
"Breathing New Rhythm Into Tired Streets."

Washington Times:
"U.S. General Sees Troops Leaving Iraq."
"Deadly Anbar Harbors 'Rat Lines.'"
"Wuerl A 'Teaching Bishop.'"
"Newspaper Publisher Merrill Missing."
"Homeland Security Accepts Fake ID."
"Palestinians Ready To Enjoy Gaza Shoreline."
"These Hacks Won't Leave You Up In The Air."

Detroit Free Press:
"UAW Boss: The Worst Is Upon Us."
"Kids Reach For Own Phones."
"Gettelfinger's Bind: Do More With Less."
"Battle Over Wiretaps To Begin Today."

Atlanta Journal-Constitution:
"Fernbank Hopes To Uncover Lost Spanish Mission."
"NSA Case In Court Today."
"Atlanta's Mexicans Revel In Cup Win."
"Shoe Leather, Little Else Fuel Campaign."

Houston Chronicle:
"Three Dead Detainees Identified."
"National Congress Looks For Respect."
"Mexico And Its Fans Having A Soccer Ball."
"Alberto No Big Deal In Florida."
"Round Rock Teens' Protests Head To Court."

Story Lineup From Last Night's Network News:
ABC: Preempted By Golf.
CBS: Al Qaeda Statement; Iraq Troop Levels; Taliban Resurgence; Early American Flags; Tropical Storm Alberto; Hollywood Private Eye; Baseball HGH Scandal; China-European-Style Architecture.
NBC: Al Qaeda Statement; Iraq Troop Levels; Haditha Killings-Marine's Attorney; Gitmo Suicides; Tropical Storm Alberto; Alberto-Florida; Military Recruiting-Immigrants; Afghanistan Violence; Taiwan-Heavy Rain; Florida-Aging Levee; US World Cup Soccer Team.

Story Lineup From This Morning's Radio News Broadcasts:
ABC: Tropical Storm Alberto; AZ-Wildfire; National Guard On NM border; Zarqawi Autopsy.

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CBS: Bush-Camp David Meeting; Iraq Bombing; Tropical Storm Alberto; Warrantless Wiretapping; Gitmo Suicides; Gas Prices; Tony Awards; Wall Street.
NPR: Tropical Storm Alberto; China-Amnesty International Report; Afghanistan-Bombing; Kashmir-Bus Station Grenade Attack; Infant Mortality; Iraq-Bombings; Bush-Camp David Meeting; World Cup-Sex Trafficking; Tony Awards.

WASHINGTON'S SCHEDULE:

Today's Events In Washington.

White House:

PRESIDENT BUSH — Participates in a meeting with the Interagency Team on Iraq, Camp David.

VICE PRESIDENT CHENEY — No public schedule.

LAURA BUSH —Speaks at the Susan G. Komen Breast Cancer Foundation 2006 Mission Conference. Crystal Gateway Marriott, 1700 Jefferson Davis Highway, Arlington. Speaks and hosts entertainment provided by the Jersey Boys at the Senate Spouses luncheon. East Room.

US Senate: FLOOR SCHEDULE _ 3 p.m. Meets to debate the defense authorization bill. No votes scheduled.

2:30 p.m. ENERGY AND NATURAL RESOURCES _ Full Committee. Hearing on implementation of the Energy Policy Act of 2005. Assistant Energy Secretary Dennis Spurgeon; Douglas Chapin MPR Associates; Tom Christopher, Chief Executive Officer, Areva, Inc. Lynchburg, Va.; Lawrence Burns, General Motors; Regis Matzie, Westinghouse Electric Company; Jeff Serfass, National Hydrogen Association; Dan Keuter, Entergy Nuclear, Jackson, Miss. Location: Room 366, Dirksen.

3 p.m. FOREIGN RELATIONS _ Full Committee. Hearing on the investment treaty with Uruguay. Location: Room 419, Dirksen.

US House: FLOOR SCHEDULE _ 12:30 p.m. The House meets for morning hour debate, and at 2 p.m. will turn to legislative business. Votes will be postponed until 6:30 p.m. Highlights: Conference Report on H.R. 4939 - Emergency Supplemental Appropriations Act for Defense, the Global War on Terror, and Hurricane Recovery, 2006. Suspensions (12 bills): 1) H.R. 4013 - To amend the Reclamation Projects Authorization and Adjustment Act of 1992 to provide for conjunctive use of surface and groundwater in Juab County, Utah. 2) H.R. 4162 - Los Padres National Forest Land Exchange Act of 2005. 3) H.R. 3967 - Pactola Reservoir Reallocation Authorization Act of 2005. 4) H.Con.Res. 368 - Expressing the sense of the Congress with respect to honoring the goals and ideals of Alex`s Lemonade Stand Days, June 9 through 11, 2006. 5) H.Con.Res. 338 - Expressing the sense of Congress regarding the activities of Islamist terrorist organizations in the Western Hemisphere. 6) H.Res. 794 - Recognizing the 17th anniversary of the massacre in Tiananmen Square, Beijing, in the People`s Republic of China, and for other purposes. 7) H.Res. 804 - Condemning the unauthorized, inappropriate, and coerced ordination of Catholic bishops by the People`s Republic of China. 8) H.Con.Res. 408 - Commending the Government of Canada for its renewed commitment to the Global War on Terror. 9) H.Res. 608 - Condemning the escalating levels of religious persecution in the People`s Republic of China. 10) H.Res. 792 - Recognizing the 40th anniversary of the independence of Guyana and extending best wishes to Guyana for peace and further progress, development, and prosperity. 11) H.R. 5169 - Wilfred Edward `Cousin Willie` Sieg, Sr. Post Office Designation Act . 12) S. 1445 - William H. Emery Post Office Designation Act.

5:30 p.m. RULES _ Full Committee. Hearing on On H.Res. ___ - Declaring that the United States will complete the mission in Iraq and prevail in the Global War on Terror, the struggle to protect freedom from the terrorist adversary; H.R. ____ - Transportation, Treasury, HUD, Judiciary, DC, Appropriations Act for 2007. Location: Room H-313, Capitol.

Other: LATIN AMERICAN DEVELOPMENT _ The Inter-American Development Bank holds a conference on a new initiative to deal with Latin American development. Highlights: 6 p.m. Session on ``Redefining the Possible," with former President Bill Clinton. Location: IADB, 1330 New York Ave. NW.

SPARK CONFERENCE _ The Society of Professional Administrators and Recordkeepers holds its 2006 National Conference. Highlights: 10:15 a.m. Former Sen. Tom Daschle, D-S.D., speaks on ``Washington Perspectives." 1 p.m. - 2 p.m. Ask the CEOs session with Phil Lussier of CitiStreet and Joe Ready of Wachovia. Location: Renaissance Mayflower Hotel, 1127 Connecticut Ave. NW.

ACCOUNTING OVERSIGHT _ 9 a.m. - 12:30 p.m. The Public Company Accounting Oversight Board has scheduled a Standing Advisory Group meeting. The advisory group will discuss topics related to audits of internal control over financial reporting as well as other standards-setting topics. Location: Army and Navy Club, 901 17th St. NW.

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ENERGY POLICY _ 10 a.m. The National Commission on Energy Policy holds a briefing to release a White Paper on energy needs and challenges. Location: Room 2123, Rayburn.

JOHANNS _ 10:45 a.m. Agriculture Secretary Johanns speaksa to the Financial Women's Association. Location: Morgan Lewis Bockius law firm, 1111 Pennsylvania Ave. NW.

KURDS-IRAQ _ 11:30 a.m. The Center for Strategic and International Studies holds an event with Qubad Talabany, Representative of the Patriot Union of Kurdistan, discussing Iraq's new government. Location: B-1 conference level, 1800 K St. NW.

BANKRUPTCY-PENSIONS _ 12 p.m. American Bankruptcy Institute holds a briefing on pension issues in bankruptcy with Bankruptcy Judge Eugene Wedoff, Chief Judge of the Northern District of Illinois and presiding judge over the United Airlines bankruptcy case. Location: Room 2226, Rayburn.

FUTURE ENERGY SOURCES _ 12 p.m. The Foundation for Nuclear Studies and the Congress and Science Program of the American Chemical Society host a Senate Nuclear Caucus a luncheon discussion, ``Climate Change: What Is The Role of Next Generation Nuclear Energy and Hydrogen? Participants are: Sen. Larry Craig, R-Idaho; Vice Admiral John J. Grossenbacher (Ret.), Laboratory Director, Idaho National Laboratory; Joseph Romm, author of ``The Hype About Hydrogen: Fact and Fiction in the Race to Save the Climate; and former Acting Assistant Secretary of Energy Ambassador John Ritch, Director General, World Nuclear Association, former U.S. Ambassador to UN Organizations in Vienna. Location: Room 418, Russell Senate Office Building.

PORT SECURITY _ 12 p.m. - 1:30 p.m. Senator Chafee sponsors a congressional brieifng focusing on port security and cargo screening technologies. Panel members include: Elainec Dezenski, former assistant secretary for policy, Department of Homeland Security; David Schanzer, director of the Center for Homeland Security Studies, Duke University; and Peter Kant, vice president of government affairs, Rapiscan Systems. Location: Room 188, Russell Senate Office Building.

MEDICARE SAVINGS _ 12:15 p.m. The Commonwealth Fund and the Alliance for Health Reform hold a briefing Medicare savings programs, with Jack Ebeler, who chaired the National Academy of Social Insurance panel that made the program recommendations, others. Location: Room 325, Russell.

REID-ENERGY INDEPENDENCE _ 12:30 p.m. Senate Democratic Leader Harry Reid will keynote the opening lunch of the Campaign for Americas Futures Take Back America 2006 conference. The lunch session, “Apollo: New Energy, New Jobs, New Independence for America, will focus on new initiatives to make America energy independent." From high gas prices to the rising costs of middle-class life, Americans face serious challenges. Location: Washington Hilton, International Ballroom, 1919 Connecticut Ave. NW.

POLITICS-DISASTER POLL _ 1 p.m. There will be a teleconference on release of a new poll (to be released on Monday) that will show a significant differences among Democratic, Republican and Independent voters with regard to how unprepared the nation is to deal with a flu pandemic, a major terrorist attack, global warming or collision with an asteroid. The poll was conducted for SCI FI Channel and NBC News Productions by Bill McInturff with Public Opinion Strategies and Anna Greenberg with Greenberg Quinlan Rosner Research. Contacts: Ed Rothschild, 202-879-9317. Notes: Call-in number is: 800 216-1258. Passcode - 202 879-9339.

BIES _ 3 p.m. Federal Reserve Board Governor Susan Schmidt Bies speaks to the Financial Women's Association Washington Briefing Conference. Location: Room 121, Cannon.

IMMIGRATION-WILSON _ 4 p.m. The Hudson Institute holds an event with former California Gov. Pete Wilson discussing immigration policy. Location: 6th floor, 1015 15th St. NW.

BERNANKE _ 7:30 p.m. Federal Reserve Board Chairman Ben Bernanke speaks to the American Bankers Association Stonier Graduate School of Banking speakers program on bank supervision. Location: Gaston Hall, Healy Building, Georgetown University.

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THE ATTORNEY GENERAL'S *NEWS BRIEFING*

PREPARED FOR THE OFFICE OF PUBLIC AFFAIRS, U.S. DEPARTMENT OF JUSTICE

TO: THE ATTORNEY GENERAL AND SENIOR STAFF

DATE: MONDAY, JUNE 12, 2006 7:45 AM EDT

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TERRORISM NEWS:

Guantanamo Under Scrutiny After Three Detainees Commit Suicide. NBC Nightly News (6/11, story 4, 0:30, Seigenthaler, 9.87M) reported, "The US detention facility at Guantanamo Bay, Cuba is coming under more scrutiny tonight after three suicides there on Saturday. The US military says the bodies of two Saudis and a man from Yemen were found in their cells hanging from nooses made from bed sheets and clothing. The military says all three left suicide notes. But an attorney for the victims' relatives says he believes there was a crime committed and says he plans to sue the US Government."

The CBS Evening News (6/11, story 2, 2:10, Mitchell, 7.66M) reported, "Yesterday we reported on the suicides of terror suspects at Guantanamo Bay. Is that issue expected to be on the table at all at" President Bush's war cabinet summit? CBS (Chen) added, "This summit is supposed to be fairly focused on the way forward as White House calls it for Iraq, but clearly there's going to be a lot of pressure on the President to resolve the Guantanamo situation as well."

The New York Times (6/12, Cloud, Lewis, 1.19M) reports, "Though the Bush administration has been under pressure -- from the United Nations, European countries and the International Committee of the Red Cross -- about the Guantánamo detention center, White House officials did not indicate that they viewed the suicides as a major political problem." The State Department "alerted American embassies in Europe and the Middle East, and asked them to contact government officials. But White House officials said Mr. Bush did not make calls to world leaders. 'We haven't heard much response,' one senior official said." The United Nations was "also notified of the suicides, the White House said."

The Christian Science Monitor (6/12, Richey, Feldmann, 61K) says "the deaths point up a growing dilemma for the Bush administration as it seeks to maintain an array of options in fighting the war on terror in the face of rising domestic and international criticism." Critics of Guantánamo "say the Bush administration appears to have miscalculated. America's tough policies have generated intense criticism among human rights activists both at home and abroad. US allies in Europe as well as the United Nations Committee Against Torture are calling on the US to close the detention camp." The US Supreme Court "is expected this month to rule on whether the administration's plan for military trials at Guantánamo comports with constitutional safeguards and international treaty obligations." The suicides "inject a sense of urgency into questions about US antiterror tactics."

Knight Ridder (6/12, Clark) reports "a key ally of the Bush administration and staunch supporter of the war in Iraq said Sunday that failing to close the Guantanamo Bay prison would compromise the administration's efforts to fight a global war on terror. The assessment from Anders Fogh Rasmussen, the Prime Minister of Denmark, came the day after the first reported suicides of detainees at the post-Sept. 11 prison camp and followed Rasmussen's trip to Camp David with President Bush." In an interview with CNN, Rasmussen "said keeping prisoners behind bars 'without legal proceedings' contradicts US principles."

The AP (6/12, Selsky) reports the Department of Defense "identified the three as Saudi Arabians Mani Shaman Turki al-Habardi Al-Utaybi and Yassar Talal Al-Zahrani and Yemeni Ali Abdullah Ahmed. The two Saudis were also identified earlier by Saudi officials. … None of the three had been formally charged. … Only 10 detainees have been charged with crimes and face military tribunals ordered by President Bush." The Washington Post (6/12, Ricks, 744K) runs a similar report.

Knight Ridder (6/12, Rosenberg) says "the quality of the evidence that the government has on the three has never been tested in court." Rather, "the Pentagon's brief descriptions are what has qualified them for indefinite detention as so-called 'enemy combatants,' a war-on-terror category created by the Bush administration. It is not a designation covered by the Geneva Conventions, international agreements on the treatment of prisoners of war."

USA Today (6/12, Walton, 2.31M) notes "the three prisoners found dead at the Guantanamo prison camp Saturday were the first to succeed at suicide, but about two dozen others have tried to kill themselves at the remote US naval base in southeast Cuba. Before Saturday, there had been 41 suicide attempts by 25 prisoners and no deaths since the United States began using the base to house enemy combatants in January 2002, according to Navy Cmdr. J.D. Gordon, a Pentagon spokesman." The prison camp's commander, Navy Rear Adm. Harry Harris, "said the suicides were acts of 'asymmetrical warfare' linked to a 'mystical' belief that the deaths of three detainees would bring the release of the rest."

However, the AP (6/11, Dodds) reports, "Dispirited and desperate prisoners at Guantanamo Bay look to suicide as a way out of a hopeless situation, and not because they seek martyrdom, say three British Muslims once held there. 'There is no hope in Guantanamo. The only thing that goes through your mind day after day is how to get justice or how to kill yourself,' said Shafiq Rasul, 29, who waged a hunger strike while at the camp to protest alleged beatings. 'It is the

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despair -- not the thought of martyrdom -- that consumes you there.'"

Cheney's Office Blocked Efforts To Close Guantanamo. Newsweek (6/19) reports in its "Periscope" column that a plan to shut down the Guantanamo prison "had quietly picked up support last year from Pentagon officials, including Deputy Defense Secretary Gordon England, but was blocked by Dick Cheney's office. Cheney and others in the White House feared closing Gitmo would be seen as a capitulation to critics. But even before the suicide hangings of the two Saudis and one Yemeni last week, there were signs that Bush himself was having second thoughts."

Time (6/19, Corliss, Zagorin) reports that President Bush "says he wants to 'empty' the Gitmo facility but can't do so until another country agrees to take the inmates without torturing or freeing them. Yet authorities are currently constructing a new, $30 million prison at Gitmo, where they plan to consolidate many of the camp's maximum- and medium-security inmates"

Reed Says Prison Should Be Closed. The Los Angeles Times (6/12, A1, Williams, 958K) also reports on the "the international clamor against the prison continued," and notesone US senator said "it should be closed as soon as possible." Democratic Sen. Jack Reed "said the facility should be closed 'as quickly as possible,' noting that 'as long as Guantanamo exists, it's a source of international attention and concern.'" Senate Judiciary Committee Chairman Arlen Specter, meanwhile, "said detainees were 'just out there in limbo, and that creates a very difficult situation.' He concluded, 'Where we have evidence, they ought to be tried, and if convicted, they ought to be sentenced.'"

Saudis Allege Dead Detainees Were Tortured. The AP (6/12, Shihri) reports, "The reported suicides of two Saudi detainees at Guantanamo Bay intensified Saudi anger at the camp, drawing questions Sunday about whether the men really killed themselves or were driven to it by torture. The detention of more than 130 Saudis at the U.S. jail has long grated on people in the kingdom, and there was marked skepticism that the prisoners committed suicide. … The kingdom's semiofficial human rights organization called for an independent investigation into the deaths of the two Saudis, who were identified Sunday by Saudi officials as Mani bin Shaman bin Turki al Habradi and Yasser Talal Abdullah Yahya al Zahrani. … Many Saudis denounced the suicide claim as a fabrication, and some accused US authorities of complicity in the inmates' deaths." Saleh al-Khathlan, "director of monitoring at the rights group, explicitly accused Guantanamo officials of torturing detainees."

NYTimes Says Guantanamo Prison "Beyond The Laws Of Civilized Nations." The New York Times (6/12, 1.19M) editorializes, "The news that three inmates at Guantánamo Bay hanged themselves should not have surprised anyone who has paid the slightest attention to the twisted history of the camp that President Bush built for selected prisoners from Afghanistan and antiterrorist operations." It was "the inevitable result of creating a netherworld of despair beyond the laws of civilized nations, where men were to be held without any hope of decent treatment, impartial justice or, in so many cases, even eventual release."

Specter Says He Could Force Phone Companies To Testify About NSA Surveillance.

USA Today (6/12, 2.31M) reports, "Senate Judiciary Chairman Arlen Specter, R-Pa., said Sunday that he's ready to force telephone company officials to testify about the National Security Agency warrantless-surveillance program if the Bush administration doesn't cooperate in drafting rules on what's allowable. 'If we don't get some results, I'm prepared to go back to demand hearings and issue subpoenas, if necessary,' Specter said on CNN's Late Edition." Specter "had threatened to subpoena phone company executives to testify about their cooperation with the NSA." But "he said that after talking with Vice President Cheney last week, he's hopeful that hearings and subpoenas can be avoided. Cheney indicated he was willing to work with Congress on new rules governing eavesdropping." The AP (6/12) says Cheney "indicated he was willing to work with Congress on new rules governing eavesdropping." But "he stopped short of promising any action and said a final decision on the bill would be up to President Bush."

Meanwhile, in an editorial titled "NSA Train Wreck," the Washington Post (6/12, A20, 744K) says that "many key lawmakers, including Mr. Specter, have not been briefed fully on what the NSA is doing, so it is way too early to be legislating -- and all the more dangerous not just to tinker but to fundamentally alter the rules."

Specter Says Cheney Phone Call About Wire Taps Was "Step Forward." Appearing on CNN's Late Edition (6/11, Blitzer), Specter said, "Let's make one thing plain. The Foreign Intelligence Surveillance Act provides the exclusive remedy for domestic wiretapping. There's no doubt that law has been violated. Whether the president has inherent Article Two power, constitutionally, which supersedes or trumps the statute, remains to be seen." Asked about his exchange of letters with Vice President Cheney over warrantless wiretapping, Specter said that he is "searching for a way of bringing this matter to a head." He said the Vice President's Thursday phone call to him was "a step forward." Specter said, "[W]e're talking. But if the talks aren't productive, I'm prepared to go back to the hearings and I'm prepared to go back to the subpoenas if necessary."

Specter Won't Give "Amnesty" Over Wiretaps. Specter, asked on CNN's Late Edition (6/11, Blitzer) about a Friday Washington Post (6/9, Pincus, 744K) report that he is ready to give a "blanket amnesty" to anyone who authorized

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warrantless surveillance, replied, "Absolutely not. That was an erroneous report. If anybody has violated the law, they'll be held accountable, both as to criminal conduct and as to civil conduct. … Take a look at my bill, Wolf. It just doesn't say that."

Judge To Hear ACLU Challenge To NSA Program. The Los Angeles Times (6/12, Weinstein, 958K) reports, "The National Security Agency's controversial domestic surveillance program faces its first major court test today before a veteran federal judge in Detroit. In January, groups including the American Civil Liberties Union and the Michigan branch of the Council on American-Islamic Relations as well as several individuals, who said they feared the government was spying on them, filed a 60-page lawsuit seeking to have the warrantless wiretapping program declared unconstitutional. Among the individuals is James Bamford, author of two books on the NSA." The suit in Detroit, "like one filed in New York by the Center for Constitutional Rights, asserts that the NSA's eavesdropping program has violated free-speech and privacy rights and has had a chilling effect on the communications of potential surveillance targets." The Times adds, "None of the plaintiffs have offered proof they were spied on. Rather, they maintain that the simple existence of the program has impeded their ability to perform their jobs as journalists and lawyers."

NSA Case Centers On Security-Privacy Debate. The Atlanta Journal-Constitution (6/12, Deans) reports, "The Bush administration's domestic surveillance program will be challenged in federal court in Detroit Monday when lawyers from the American Civil Liberties Union argue that wiretapping without warrants violates the U.S. Constitution." The AJC continues, "It will be the first time a federal court has reviewed the legality of National Security Agency eavesdropping on phone calls between people in the United States and others overseas with suspected links to terrorist groups." The AJC adds, "The case pits constitutional protection of personal freedoms against tactics employed by President Bush to protect the country against terrorist attack. Whatever decision the district court reaches probably will be appealed and the case is expected to reach the U.S. Supreme Court. … The Justice Department sought to have the case dismissed on the grounds that the legal proceedings have the potential to expose national security secrets. But U.S. District Judge Anna Diggs Taylor, who will preside over today's oral argument, dismissed the government's contention."

Defense Attorneys Shut Out As Courtroom Secrecy In Terror Cases Grows. The AP (6/12, Robinson) reports, "Witnesses used bogus names, the public was barred from the courtroom and part of the hearing was behind closed doors in the judge's chambers -- with defense lawyers shut out. … 'I don't know what took place back there,' grumbled Michael E. Deutsch, chief defense lawyer for Muhammad Salah, a Chicago man charged with laundering hundreds of thousands of dollars to pay for murders, bombings and other acts of terrorism by the Palestinian militant group Hamas." The AP continues, "Court secrecy is getting tighter across the nation as the government wages war on terrorism, and the recent hearings in Salah's case, set for trial Oct. 12, are just one example, attorneys say. … In Maryland, a federal judge last month dismissed a lawsuit filed by a German man, Khaled al-Masri, who claimed to have been illegally detained and tortured in overseas prisons run by the CIA. After receiving a secret written CIA briefing, the judge ruled that going ahead with a civil trial in the al-Masri case would have exposed state secrets." The AP adds, "The New York Civil Liberties Union is asking an appeals court to order a federal judge in Albany to unseal his decision refusing to toss out charges against alleged money launderers Yassin Aref and Mohammed Hossain. They say they may have been targets of a warrantless wiretap. The judge's decision came two hours after the government submitted a secret court document. … In Chicago, attorneys for Sami Latchin, a man accused of serving as a 'sleeper agent' in the United States for the Saddam Hussein regime, have asked U.S. District Judge Rebecca R. Pallmeyer whether the National Security Agency eavesdropped on his telephone conversations. … Prosecutors say a representative of the Justice Department in Washington will answer the question -- but only in the judge's chambers with defense attorneys not allowed. … Such secret procedures, once rare in American courts, have become more common since the Sept. 11 terrorist attacks. Prosecutors say they need secrecy to protect undercover agents, informants and witnesses from terrorist reprisals and keep critical information pipelines from being shut down. … But defense attorneys say the right of defendants to confront their accusers, guaranteed by the 6th Amendment to the Constitution, is being worn away under the guise of national security."

Media Said To Be Downplaying Links Between Canadian Suspects, Networks. In the Weekly Standard (6/19), Dan Darling says despite "all the uncertainties, a number of media outlets and terrorism analysts, taking a cue from Canadian police, rushed to declare the entire affair the work of homegrown terrorists operating independently of any broader network or organization." Yet "there are good reasons to doubt this view." The "nature of the relationship among the Canadian suspects, their Atlanta counterparts, and any additional accomplices requires further elucidation, as does the nature of any relationship between the younger Abdelhaleen and Mahjoub." With "so many questions unanswered, it is far too soon to rule out connections between the Canadian

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conspiracy and terrorists abroad. Certainly, much evidence has come to light challenging the view that homegrown terrorism is an entirely insular phenomenon."

PATRIOT ACT:

SEC, Treasury Mull How To Apply Patriot Act To Hedge Funds. Business Week (6/19, Der Hovanesian) reports when "drug runners and terrorists want to park illicit cash, there may be no better haven than hedge funds. Despite tough new anti-money laundering standards put out by U.S. regulators for banks, mutual fund companies, insurers, and money transmitters, the highly secretive hedge fund industry has no restrictions whatsoever." For "more than three years, the Securities & Exchange Commission and the Treasury Dept. have been discussing how to include hedge funds in the USA Patriot Act, the 2001 legislation designed to protect against terrorism. Yet during that time, the $1.3 trillion hedge fund industry has collected record amounts of cash, some of which could well be from questionable sources."

HOMELAND RESPONSE:

Fake ID Used To Enter DHS Headquarters. The Washington Times (6/12, Dinan, 90K) reports Bruce DeCell, a member of 9/11 Families for a Secure America, used "a fake Matricula Consular card as identification" to enter DHS headquarters for a meeting with officials Wednesday. The card, which "federal rules…say…is not valid ID at government buildings," lists DeCell's "address as '123 Fraud Blvd.' on an incorrectly spelled 'Staton Island, NY.'" DHS spokesman Jarrod Agen "said the department shouldn't have allowed the ID to be used for entry to its headquarters," but that "DeCell's group went through metal detectors and other routine security screening and had an escort at all times while in the building."

Study Finds Arab-Americans Mistrust Police Since 9/11. The New York Times (6/12, Elliott, 1.19M) reports, "In the aftermath of Sept. 11, Arab-Americans have a greater fear of racial profiling and immigration enforcement than of falling victim to hate crimes, according to a national study financed by the Justice Department." The study also "concluded that local police officers and federal agents were straining under the pressure to fight terrorism, and that new federal policies in this effort were poorly defined and inconsistently applied." The Times adds, "The two-year study, released today by the Vera Institute of Justice, explored the changed relationship between Arab-Americans and law enforcement in the years since the 2001 terrorist attacks. The Vera Institute is a nonprofit policy research center based in New York. … Both Arab-American community leaders and law enforcement officials interviewed in the study said that cooperation between both groups had suffered from a lack of trust."

"Technicalities" Leaving New Orleans Homeowners Without Enough To Rebuild. The AP (6/12, Callimachi) reports that in an "all-too-common" situation for New Orleans homeowners whose houses were "disemboweled nine months ago by Hurricane Katrina," some "are finding that technicalities are keeping them from securing enough from their insurers to rebuild." Consumer advocates say the industry has used "numerous exclusions to reduce payouts," leaving homeowners with "two choices: Give up and leave, or else rebuild by hand, using their savings to pay for labor and materials." And while politicians had blamed New Orleans residents for not purchasing "federal flood insurance on top of their homeowners policies," Gulf Coast recovery czar Donald Powell's office has "found few communities were better insured against flooding."

Tropical Storm Alberto "Could Indicate A Repeat Of Last Year's Pattern." USA Today (6/12, Kasindorf, 2.31M) reports Tropical Storm Alberto, the first "since the devastating 2005 hurricane season," has placed much of Florida's Gulf Coast under a tropical storm watch, with the National Hurricane Center forecasting "up to 10 inches of rain…over the area through Tuesday. Alberto could make landfall over western Florida on Tuesday or could weaken and dissipate at sea, hurricane center forecaster Richard Pasch said." USA Today adds that the storm, "which occurred early, could indicate a repeat of last year's pattern, when Tropical Storm Arlene formed June 9 and Bret on June 28."

Storm Unlikely To Strengthen. The CBS Evening News (6/11, story 5, 0:20, Mitchell, 7.66M) reported, "The fringes of tropical storm Alberto are beginning to sweep across south Florida. Top winds at 45 miles per hour and Alberto is not expected to strengthen into a hurricane."

New Model To Help Scientists Predict Storm Intensity. The Washington Post (6/12, A19, Whoriskey, 744K) reports, "Scientists at the National Hurricane Center" in Miami are hoping to improve "their record in predicting storm intensity" with what has been "described as 'next generation' in tropical storm forecasting." The Hurricane Weather Research and Forecast Model "will envision the full three-dimensional hurricane, the circulation at its core and the varying winds from its bottom to its top, several miles up." The Post adds, "Predicting storm intensity is considered a critical challenge among forecasters because so many people depend upon forecasts of intensity to determine whether to flee an oncoming storm."

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WAR NEWS:

White House Convenes War Cabinet Summit On Iraq. President Bush meets at Camp David today and on Tuesday with members of the war cabinet and other Administration officials to reexamine the US strategy in Iraq. The CBS Evening News (6/11, story 2, 2:10, Mitchell, 7.66M) reported, "Tonight the White House is moving quickly to make the most of last week's good news out of Iraq. With Zarqawi's death the Bush Administration is gearing up to talk strategy hosting a two-day summit that gets underway tomorrow." CBS (Chen) added, "The President made a quick stop at White House before heading back to Camp David where he spent most weekend prepping for a low-profile high-stakes summit on Iraq capped off by a joint US-Iraqi cabinet meeting through video hookup with Baghdad." The President is "walking a fine line capitalizing on the latest successes in Iraq while trying to persuade Americans US forces are still needed there." This is "a critical moment for both Baghdad and Washington. One official here is quoted as saying today this is a last best chance to get things right but clearly, Russ, that's not an easy job."

NBC Nightly News (6/11, story 2, 2:50, Seigenthaler, 9.87M) reported, "The question is whether the President is considering a plan that would reduce the number of US troops there." NBC (Corke) added, "US troop levels among the many topics to be discussed this week as the President looks to his closest advisors for a progress report on the war. With al-Zarqawi dead and the new Iraqi government in place, the President this week is calling together his war advisors to chart the course in Iraq. On the table, troop reductions."

Knight Ridder (6/12, Hutcheson) reports on President Bush and his team's upcoming two-day session at Camp David "to plan their next moves in Iraq." The article says that the conference "is not expected to produce any policy shifts or major new initiatives. The issue of troop withdrawals isn't even on the agenda." Gen. George Casey says that he might ask, though he is not planning to do so, for additional troops if "he concludes they are needed to get control of" Baghdad.

Congress Keeping Watch On President's Iraq Summit. NBC Nightly News (6/11, story 2, 2:50, Corke, 9.87M) reported, "And as the President and his advisors map out a military plan, some wonder whether there's another way." Rep. Jane Harman, California: "My bottom line is this is a political problem now, it's not a military problem. The US military presence is part of the problem. It's not part of the solution." Corke: "And as we head into this very important meeting, Democrats and Republicans on the Hill will be watching very closely to see which direction the Administration takes to address the problems on the ground in Iraq. And keep in mind this week the Senate will decide whether to authorize more war spending, and of course the House will also debate this issue."

DNSA O'Sullivan Called Central To Bush's Thinking. The New York Times (6/12, Bumiller, 1.19M) profiles Deputy National Security Adviser Meghan O'Sullivan, "who is largely unknown outside the administration, but who colleagues say is instrumental in shaping" President Bush's "views" on stabilization efforts in Iraq and Afghanistan. With NSA Hadley, O'Sullivan "briefs the president in person on Iraq up to several times a week. … She coordinates the political, security and reconstruction efforts for Iraq throughout the agencies of the government. Not least, she briefs the president before all of his phone calls and meetings with Iraqi leaders. Although Ms. O'Sullivan does not make major decisions — the administration's policy is run by" Ambassador Khalilzad and Secretary Rice — "she is important because of her closeness to the president and her role in helping to form his thinking." The Times continues, "Colleagues say that Ms. O'Sullivan holds to the view, reflected in the president's public statements, that rebuilding Iraq's civic institutions and persuading Iraqis to accommodate one another politically is a way out of the sectarian violence. She is more optimistic about the political process than others in the administration. … The question that even her supporters raise is whether she is too close to see the landscape of problems."

Top General In Iraq Predicts Coalition Will Be Able To Reduce Troop Level In Iraq. On CBS's Face the Nation, Gen. George Casey predicted that the US and its coalition partners would gradually be able to reduce troop levels in Iraq, notwithstanding Administration efforts to lower expectations for bringing the troops home. The CBS Evening News (6/11, story 2, 2:10, Chen, 7.66M) reported, "Ahead of the summit the White House has firmly slapped down suggestions it could lead to troop drawdown even as top military officials signal growing confidence in Iraqi forces." Gen. George Casey: "We think by summer 57% of the Iraqi brigades will be in the lead and we think by the end of the year almost all the Iraqi divisions will be capable of leading."

NBC Nightly News (6/11, story 2, 2:50, Corke, 9.87M) quoted Gen. Casey: "I think that as long as the Iraqi security forces continue to progress and as long as this national unity government continues to operate that way and move the country forward, I think we're going to be able to see continued gradual reductions of Coalition forces over the coming months and into next year." Corke: "But the President appeared to be trying to lower expectations when it comes to bringing troops home."

The Los Angeles Times (6/12, Barnes, Stack, 958K) reports "Casey's comments on televised public-affairs shows underscored an inherent tension in the military's position." The United States "suddenly finds itself with a chance to build

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on its military blow against al-Qaida in Iraq at the same time it could take advantage of the political stability offered by Iraq's new government to reduce the US presence. … For months, the Pentagon has suggested that Casey would be in a position this spring to recommend further cuts in the U.S. troop deployment, reductions that began last December when orders for two brigades were canceled." But "the long wrangling over who would become Iraq's prime minister and who would fill the posts of defense and interior minister, along with continued violence in Iraq, forced Casey and Pentagon officials to put off decisions about whether to hold back additional brigades." The AP (6/11, Pickler) also reports the story.

Iraqi National Security Adviser Says Most Foreign Troops Will Be Gone By 2009. The Washington Times (6/12, Pfeiffer, 90K) notes "Iraqi National Security Adviser Mowaffak Rubaie went further, giving both a number and a prediction of how soon most US troops will have left his country." Appearing on CNN's Late Edition (6/11, Blitzer), Mowaffak al-Rubaie said that by the end of this year, "I believe that the number of the multinational forces will be probably less than 100,000 in this country." He also predicted, "by the middle of 2008, we will not see a lot of visibility" of the multinational forces in the cities or towns." He said "the overwhelming majority of the multinational forces will leave, probably before the before the middle of 2008." Asked about al-Rubaie's prediction of troop reductions before the end of the year, Army Brigadier General Mark Kimmitt, the deputy director for plans and policy of the US military's Central Command, said, "If we continue to make progress militarily, if this new unity government comes together and is able to bring in more and more of the disinfected Iraqis that have not felt part of this process, I can see a plausible scenario where the numbers could go down, perhaps as much as Mowaffak has said."

McCaffrey Says Current Pace Of Iraq Deployment Risks "Breaking The Force." Appearing on NBC's Meet the Press (6/11, Russert), NBC News analyst and retired General Barry McCaffrey said the US does not have "an adequate military to sustain this operational pace" in Iraq. McCaffrey said, "the Army is 80,000 soldiers short; the Marines are 25,000 people short. SOCOM is under huge stress, and we aren't resourced to continue this effort. And we've got to make up our mind: Do we want to pay for the kind of strategy that we're prosecuting or not?" McCaffrey said "we've got to draw down and pretty soon, maybe 50,000 to 100,000 troops by next summer" and that "otherwise we risk breaking the force."

Harman Calls For Rumsfeld's Ouster, Redeployment Of Forces Out Of Iraq. Rep. Jane Harman, on Fox News Sunday (6/11, Wallace), said that Bush should fire Rumsfeld and announce "that he is going to start now asking the generals to redeploy our troops because going forward the U.S. objectives -- and we have at least three of them -- can best be achieved politically, not militarily." Harman said the US should start to move its forces out of Iraq and put "some into Kuwait and Jordan." She said "while we're part of the political solution, we're also part of the military problem." Harman called Zarqawi's death "a great achievement, wonderful police work." However, she said, "It won't reduce the insurgency, I don't believe."

Batiste Assails Rumsfeld. In a Knight Ridder op-ed (6/11), retired Gen. John Batiste criticizes Secretary Rumsfeld for "poor decisions and bad judgment in 2003 and 2004." Specifically, he faults Rumsfeld for using too few troops to secure the country and defeat the insurgency, an error compounded by shutting down the Iraqi military, which "gave the insurgency" manpower, weapons, and ammunition. Batiste argues, "The secretary of defense does not understand the human dimension of warfare ... Based upon all the above, the secretary of defense is not a competent wartime leader. He knows everything, except how to win. He surrounds himself with like-minded and compliant subordinates who do not grasp the importance of the principles of war, the complexities of Iraq or the human dimension of warfare."

Kristol Calls For Bush To Challenge Casey, Abizaid. On Fox News Sunday (6/11, Wallace), the Weekly Standard's Bill Kristol said, "if General Abizaid and General Casey say we've got it under control, steady as usual, I think the president needs to say I want you to rethink that. He needs to get other generals to second- guess them, because that's what all successful presidents have done in war. I have nothing against Abizaid and Casey, but it cannot be steady as it goes." Kristol said he hopes that at Camp David Bush "really rethinks the war, rethinks troop levels, and challenges Abizaid and Casey to really give him a strategy for victory."

Administration Strikes Tone Of "Tempered Optimism" In Wake Of Zarqawi's Death. Newsweek (6/19, Wolffe, Bailey) reports that the death of terrorist leader Abu Musab al Zarqawi's is "the first good news about the insurgency in months, and the President and his advisers know they risk squandering it if they were to gloat. … Announcing Zarqawi's death at the White House, Bush was solemn." Newsweek adds, "The new cautious, low-key approach is part of a larger White House strategy to win back voters' trust in Bush's Iraq plan -- and in Bush himself, whose public-approval ratings are languishing in the basement."

As part of its cover package, Time (6/19, Carney, Allen) reports "as White House speechwriters went to work on the remarks the President would deliver from the Rose Garden" following Abu Musab al Zarqawi's death, "they tried to strike a tone of 'tempered optimism,' according to an aide who worked on the speech. When Bush appeared before the cameras, he sounded muted, speaking of his hope that the death of Abu Mousab al-Zarqawi would allow Iraq's infant

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government to 'turn the tide' of a war that could still mar Bush's presidency." Bush "wisely shunned any predictions about how much good would come from al-Zarqawi's elimination. But the sense of elation in the US command was impossible to contain."

Zarqawi's Death Exposes "Messy Breech" Among Bush Aides. As part of its cover package, Time (6/19, Carney, Allen) reports that Zarqawi's death "has forced the Administration to confront a messy breach emerging among top aides. While some officials believe the US should maintain its troop strength for the foreseeable future, others have argued that the Administration should capitalize on any improvements in the situation to accelerate the handover to Iraqis. Administration aides tell TIME that West Wing officials had hoped to reduce the number of troops in Iraq from today's 129,000 to about 100,000 by the end of the year, and possibly before the midterm congressional elections. But the country's slide toward an all-out civil war in recent months had begun to convince them that a drawdown anytime soon would not be feasible."

Officials Note Dissension Among Zarqawi Followers. Time (6/19, MacLeod, Powell) reports in its cover package that a Jordanian security official says that in the wake of the attack, "members of al-Zarqawi's organization in Iraq launched a series of interrogations in search of those who sold out their leader, leading Jordanian officials to hope that the hit is already causing dissension in jihadist ranks."

Zarqawi Death Unlikely To Stop Flow Of Jihadists Into Iraq. In a separate story, U.S. News and World Report (6/19, Kaplan) reports, "Zarqawi's lasting legacy may be his role as lightning rod to the global jihad movement. … Although Zarqawi is history, few experts believe the flow of jihadists into Iraq will cease. Worse, they warn, these new foreign legionnaires are gaining skills in urban war fighting and terrorism -- skills they will take with them when they return home."

Khalilzad Suggests US May Negotiate With Some Insurgent Leaders. Newsweek (6/19, Nordland, Hirsh) reports that Zalmay Khalilzad, the American ambassador in Iraq, "sees a 'big opportunity'" in Zarqawi's death. Khalilzad's "implicit message to Iraq's Sunni insurgents and sympathizers is this: it's safe to come out now, and maybe even act civilly toward your fellow Iraqis among the Shiites. … In an interview with NEWSWEEK, Khalilzad went further than he has before in suggesting that the US administration and new Iraqi government are willing to negotiate directly with some insurgent leaders. 'The elements of reconciliation are there,' Khalilzad said."

Lawmakers See Domestic Political Opportunity In Zarqawi's Death. Newsweek (6/19, Wolffe, Bailey) reports that lawmakers "saw a domestic political opening in Zarqawi's death, and unlike Bush they didn't waste much time trying to find just the right words to express their feelings." Democrats were sure to lace their comments about Zarqawi with praise for the soldiers who killed him -- and reluctant credit for Bush. But Republicans don't intend to let the triumphant moment pass without using it to their advantage."

Extent Of Benefit From Zarqawi's Death Questioned. U.S. News and World Report (6/19, Whitelaw) reports that the airstrike that killed Zarqawi was "the culmination of one of the longest, most intense manhunts ever conducted by the US military. … Working under U.S. Special Forces Command, hundreds of operatives and analysts from the nation's most elite military and intelligence units…worked around the clock to find Zarqawi." However, US News notes that the "level of effort that went into tracking down Zarqawi… belies the extent of the benefit that may result from his death." Zarqawi "was responsible for some of the most horrific attacks in Iraq since the US invasion," but "his followers were only a small part of the predominantly indigenous insurgency that has been impeding the US effort to rebuild Iraq."

Newsweek (6/19, Thomas, Nordland) reports in its cover story that Zarqawi's death "may turn out to be a turning point in the long, frustrating war on terror. … But no one expects the Iraqi insurgency to miraculously vanish, or even significantly abate, in the weeks ahead. If anything, Zarqawi's martyrdom may cause a new surge of killing."

Zarqawi Briefly Survived Bombing. Newsweek (6/19, Thomas, Nordland) reports in its cover story that when US and Iraqi troops located Zarqawi after the safe house in which he was hiding was bombed, "Zarqawi was still alive." He "was still breathing, barely, and muttering prayers."

Time (6/19, MacLeod, Powell) reports in its cover package, "A special-ops exploitation team trained to glean intelligence from raids arrived with photos, fingerprint smudges and descriptions of the scars and tattoos on his body, much of which had been supplied by Jordanian intelligence. As the team began examining him, according to Caldwell, al-Zarqawi muttered something and tried to 'turn away off the stretcher.' He was quickly 'resecured' and died of his wounds shortly thereafter."

Zarqawi Said To Have Created "New Type Of Terrorist." As part of its cover package, Time (6/19, Ghosh) reports that Zarqawi "had not only rewritten the history of the insurgency in Iraq but also bequeathed to the world a deadly new type of terrorist. While Osama bin Laden and Ayman al-Zawahiri issued impotent threats from their hideouts, al-Zarqawi got his hands bloody in Iraq, turning it into the holy war's primary battlefield. … As the insurgency unfolded, al-Zarqawi articulated and then acted upon an ideology more forbidding and toxic than even bin Laden may have imagined."

Zarqawi Autopsy Results Withheld. The AP (6/11, Quinn) reports the completion of the autopsy on Zarqawi;

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however, it notes that "officials were awaiting the results of a DNA test" before releasing the autopsy results. The article notes the initial confusion about how long Zarqawi lived after the airstrike and the uncorroborated claim by a local named "Mohammad" that "he saw U.S. soldiers after the airstrike beating an injured man who resembled the dead terrorist leader until blood flowed from his nose." It quotes Gen. George Casey as calling the allegation "ludicrous." The New York Times (6/12, Oppel, 1.19M) quotes Gen. Casey, this time calling it "baloney." It also cites a second Arab witness who spoke to Al Jazeera and "suggested that American soldiers tore open [Zarqawi's] clothing in what appeared an effort to revive him."

Asked on Fox News Sunday (6/11, Wallace) about an Iraqi man's claim that he saw Zarqawi being beaten before he died, Casey said, "That's baloney, and we've already gone back, looked at it. Our soldiers who came on the scene found him being put in an ambulance by Iraqi police. They took him off, rendered first aid, and he expired. And so he died while American soldiers were attempting to save his life."

Iran Says It Welcomes Zarqawi's Death. Another AP article (6/12, Quinn) reports, "Iran denied it had helped American forces to find Zarqawi. The Islamic republic welcomed his death, though, because it has close ties to the Shi'ite parties now dominating Iraq's government, which Zarqawi had sought to topple." It quotes Maj. Gen. William Caldwell as saying that the US government though the questions about Zarqawi's death urgent enough that "that we grabbed two people in the last 48 hours and told them pack up and move to Iraq."

Iraqi Official Describes Breakthrough Leading To Airstrike. USA Today (6/12, Soriano, 2.31M) reports, "The airstrike that killed al-Qaeda in Iraq leader Abu Musab al-Zarqawi was made possible by a breakthrough in penetrating his secretive group, Iraq's national security adviser said Sunday. A shakedown of the organization continues, he said." Mouwafak al-Rubaie called killing Zarqawi a "paradigm shift" in the Iraq war and "said credit for the operation goes to Iraq's intelligence service and information-sharing between U.S. and Iraqi forces."

Antiterror Forces Will Tackle Zarqawi's Global Web Next. The Christian Science Monitor (6/12, Peterson, 61K) reports in a positively toned piece that the "treasure trove" found in the ruins of Zarqawi's safe house will enable authorities to reach as far as Europe: "the information could potentially be in league with that gleaned from the fall of Kabul in 2001 or the capture of Al Qaeda operational mastermind Khalid Sheikh Mohammed in Pakistan in 2003, experts say." It quotes a Singaporean expert as saying, "Zarqawi had penetrated at least 20 European countries, Canada, ... and even established cells in Southeast Asia."

Bremer Says US Should Use "Whatever Force Necessary" To Capitalize On Zarqawi's Death. The CBS Evening News (6/11, story 2, 2:10, Chen, 7.66M) reported, "With the momentum created by Zarqawi's death some question whether the time is right to stamp out Iraqi insurgency with more US troops. The former top US diplomat in Baghdad today said US military commanders should have whatever force is necessary to get the job done." Paul Bremer, former Coalition Administrator in Iraq: "Whether that means more or fewer troops or where we deploy the troops, I don't know, but I do believe it's important that that be the outcome."

Administration Strategy Of Personalizing Insurgency Seen As Masking Its Scope. NBC Nightly News (6/11, story 2, 2:50, Corke, 9.87M) reported the Iraqi insurgency was "dealt a severe, though far from lethal, blow with the death of al Qaeda's al-Zarqawi." Roger Cressey, NBC News terrorism analyst: "The Administration tried to personalize the issues in Iraq and with al Qaeda in terms of individuals, making bin Laden, Saddam and Zarqawi the symbol of what we are dealing with, when in fact the real challenge is a movement in terms of al Qaeda and a broader insurgency well beyond what Zarqawi's capability is."

Al Qaeda In Iraq Vows To Continue. The CBS Evening News (6/11, lead story, 2:50, Mitchell, 7.66M) reported, "Four days after US forces killed Abu Musab al-Zarqawi there are new threats this evening from those loyal to the terrorist leader. While those threats include more violence, US military officials insist the insurgency is 'hurting.'" CBS (Palmer) added, "Abu Musab al-Zarqawi's organization promised 'more earth-shattering operations that would convulse the enemy and rob him of his sleep.'"

NBC Nightly News (6/11, lead story, 2:30, Seigenthaler, 9.87M) reported, "A new warning from al Qaeda in Iraq tonight: The terror group released a statement on the Internet declaring its allegiance to Osama bin Laden and threatening more attacks. Despite the death of terrorist leader Abu Musab al-Zarqawi, al Qaeda claimed his death would not stop their operations." NBC (Maceda) added, "Four days after Abu Musab al-Zarqawi's death, more drive-by shootings, roadside and car bombs, the violence perhaps lacking Zarqawi's hallmark brutality, but at least another 30 Iraqis were killed today. Meanwhile, two US military forensic specialists in lethal blast wounds completed an autopsy on Zarqawi. Results are expected to be made public here tomorrow. This evening, an alleged member of the al Qaeda network called into to Al-Jazeera TV to confirm that so far a successor to Zarqawi has yet to be named. But there was a vow of more major attacks."

The Washington Post (6/12, Partlow, 744K) reports, "Al-Qaeda in Iraq reiterated its faith in Osama bin Laden on Sunday and vowed to carry out attacks that would "shake the earth underneath the enemy.'" The article notes Gen. George Casey's view that the Zarqawi group was "hurt badly" by its leader's death, but it reports, "Four car bombs exploded

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in Baghdad over a four-hour period in a fiery reminder of the insurgents' capabilities." It also states, "Some terrorism experts had predicted an upsurge in retaliatory killing by members of al-Qaeda in Iraq after Zarqawi's assassination."

Kristol Says Retreat From Iraq Would Give Zarqawi Posthumous Victory. In his Weekly Standard column (6/19), William Kristol asks, "what are the implications for the war in Iraq" of the killing of Abu Musab al Zarqawi? That "depends on some factors that we can't yet know with any confidence -- the resilience of al Qaeda's leadership in Iraq, for one thing, and the true sentiment among the Sunnis of Iraq. But it also depends on what we do. Do we take advantage of this opportunity politically and militarily? Do we pursue the enemy aggressively now when it may be rattled and divided? Or do we do look on this as an excuse to begin to get out--as John Kerry and many others are already advocating? If we do the latter, we will give Zarqawi a victory in death that he could not achieve in life." What "needs to be done now seems clear: a renewed offensive to wipe out what remains of Zarqawi's organization and to defeat the insurgency."

Media Said To Largely Ignore Zarqawi's Pre-2003 Operations In Baathist Iraq. In the Weekly Standard (6/19), Stephen Hayes says, "Many news stories" about Zarqawi's death "simply left out the fact that Zarqawi and his associates were operating openly in Baathist Iraq for months before the U.S. invasion in March 2003. Others went further. Associated Press writer Patrick Quinn suggested that Bush administration claims that Zarqawi was a link between Iraq and al Qaeda were deceptive. 'The myth-building around al Zarqawi began even before the war started in March 2003,' he wrote. 'A month earlier, then-Secretary of State Colin Powell told the U.N. Security Council that al Zarqawi's presence in Iraq was proof of Saddam Hussein's links to al Qaeda. That claim was later debunked by U.S. intelligence officials.'" Hayes adds, "That's wrong. Not only was the claim never 'debunked,' it was confirmed by the Senate Intelligence Committee's July 2004 review of pre-Iraq war intelligence."

Defense Lawyers Defend Haditha Marines' Actions. NBC Nightly News (6/11, story 3, 1:20, Seigenthaler, 9.87M) reported, "For the first time, a sergeant in charge on the ground in Haditha that day is revealing his version of the events. Staff Sgt. Frank Wuterich's attorney, in an interview with the Washington Post, said Marines did follow the rules of engagement and he says the civilian deaths were the result of a house-to-house hunt that went tragically wrong and not a vengeful massacre." Attorney Neal A. Puckett,: "I can tell you that the method by which they cleared the houses, the first two houses that they went inside, were according to their training. Basically, the houses had been declared a hostile environment, and in a hostile environment, you assume that the bad guys are inside, and you're allowed to protect yourself by any means necessary. They felt that bad guys were on the other side of the door. They bust the door down, throw a grenade inside, and then go in shooting. And that's what happened in two rooms, one in each of two houses, and unfortunately, it resulted in civilian deaths."

The Los Angeles Times (6/11, Perry, 958K) reports that the Haditha suspects' attorneys "said Sunday their clients did nothing wrong and were only following the military's rules on how to combat armed insurgents hiding inside of homes." The attorneys say both that their clients upheld rules of engagement and that perhaps the rules are questionable for the intense situation the Marines encountered: "'I believe the real question is not whether the conduct of these young guys was appropriate,' said Gary Myers ..., 'but rather if those who established the rules of engagement acted appropriately in defining those rules.'" The article, though quotes locals who dispute that version: "Iraqis in Haditha insist the Marines were screaming in anger when they stormed the houses and that they gunned down children, women and an elderly man in a wheelchair, knowing that they posed no threat." It also reports, "Pictures of the dead bodies taken by a Marine intelligence unit have convinced investigators that the Iraqis were shot at close-range, some 'execution style.'"

Anbar, Haditha Challenges To Marines Described. The Washington Times (6/12, Scarborough, 90K) reports on the difficulties and dangers of patrolling Anbar province. In a piece favoring the Marines' perspective, it states, "Anbar's Sunni Muslim residents mostly have been hospitable to these bands of jihadis led by Abu Musab Zarqawi, who was killed Wednesday in a U.S. air strike in Diyala province. The locals provided the terrorists with a garage or spare bedroom to hide and make their bombs, and to lay in wait for patrolling Marines." It also contends that Marines in Anbar have to fight an enemy willing to kill its own children in order to kill Americans. The Times reports "strict rules of engagement" controlling the Marines and quotes an officer who says, "Marines today have to fill out more paperwork and statements after they use force than cops on the streets of Philadelphia."

In Wake Of Haditha Killings, Military Implements Ethics, Values Training. U.S. News and World Report (6/19, Mulrine) reports that "any allegations of US military misconduct -- most notably the reported execution-style killing of 24 civilians at Haditha by several marines -- set back efforts to win the confidence of ordinary Iraqis." US News adds that the US military, which is implementing "a remedial program of ethics and values training" is trying to turn Haditha "into a teachable moment." American trainers at the Iraqi Center for Military Values, Principles, and Leadership "are preparing to launch a new academy to instruct Iraqi officers in leadership. A list of principles, posted for the benefit of the

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Iraqi officers who will be attending the institute starting next month, hangs on the wall."

House Will Debate Iraq. Roll Call (6/12, Pershing) reports, "The House will gear up this week for what could be one of its most significant debates in several years, as the chamber spends much of Thursday considering a Republican-crafted resolution on Iraq." Observers say that the resolution will seek to tie Iraq and the war on terror: "The resolution's language linking the two issues makes it likely that many Democrats will vote against it, though some may be hesitant to vote against any measure that calls for supporting the troops."

Reid Seeks More Intelligence Oversight On Iran Policy. The AP (6/11, Ritter) reports, "Senate Democratic Leader Harry Reid made a pitch Saturday to enlist bloggers as a Democratic force in upcoming elections, and said he'll ask Congress for stiffer reporting requirements for the president and the intelligence community." It describes his planned bill: "Reid's proposed bill, called the Iran Intelligence Oversight Act, would require an updated national intelligence estimate on Iran, with an unclassified summary made public. It also would require the president to report to Congress his objectives and strategies for Iran. The administration's national intelligence director would have to show Congress that he has a process in place for reviewing administration officials' statements and ensuring they are consistent with the work of professional intelligence analysts."

Iraqi Government Releases Second Batch Of Prisoners From Abu Ghraib. The CBS Evening News (6/11, lead story, 2:50, Palmer, 7.66M) reported, "The second batch of prisoners to be released in a week boarded buses at infamous Abu Ghraib jail bound for home. For many this is their first taste of freedom in months. For some years. Most of these men are Sunnis, arrested on suspicion of involvement in the insurgency but never charged. Their release is a peace offering by Iraq's government anxious to win the support of hard-line Sunnis." USA Today (6/12, 2.31M) and the AP (6/11, Gamel) also report the story.

Krugman Defends Democrats Who Opposed Iraq War. In the New York Times (6/12, 1.19M), Paul Krugman disputes the existence of much-derided "Some Democrats," who he argues are unjustly attacked by Republicans and pundits as "anti-American" and "weak on national security." Krugman argues that actual Democrats who made allegedly inflammatory statements cannot be found and that in any case the critics of the Iraq war were right: "They're ... misrepresenting the views and motives of those who had the good sense and courage to oppose this war."

Karzai Says Tribesmen Will Be Recruited To Fight Taliban. USA Today (6/12, 2.31M) reports, "Afghan President Hamid Karzai said Sunday that his government will recruit local tribesmen to fight the biggest increase in Taliban violence in years. 'We just want to strengthen the districts to safeguard them from terrorist attack,' Karzai said." Karim Rahimi, Karzai's spokesman, "said the plan will not fuel factional fighting because the recruits will be 'community police' loyal to the government."

The Washington Post (6/12, A15, Shah, 744K) reports Karzai said, "We just want to strengthen the districts to safeguard them from terrorist attack." The Post adds, "Western diplomats briefed on the plan expressed concern that the effort could fuel factional fighting by arming forces loyal to warlords with long histories of factional disputes. The diplomats spoke on condition of anonymity because of the sensitivity of the topic."

UK Soldier Killed In Afghanistan As Taliban Resurgence Continues. The CBS Evening News (6/11, story 3, 1:40, Mitchell, 7.66M) reported, "In Afghanistan a British soldier was killed today as a Taliban offense in the south refocuses attention on that war. More than 500 people, mostly militants, died over three weeks since mid-May in the worst fighting since the Taliban's fall in 2001. US forces launched 750 air strikes last month. That's a big jump since last year. Not long ago the US thought it had the Taliban on the ropes, what's going on?" CBS (van Dyke) added, "What happened is the United States started to focus on Iraq instead of Afghanistan. We went in with 30,000 soldiers after 9/11 and went primarily to hunt for al-Qaeda, to a lesser degree the Taliban. After that the US and its allies and Japan began to put billions of dollars into Afghanistan. The trouble is there's a lot of corruption, security became an issue and the Taliban watched from the side. They never changed their ideology and have started to come back." NBC Nightly News (6/11, story 8, 0:40, Seigenthaler, 9.87M) also reported on the violence in Afghanistan.

Humvee Armor Linked to Rollovers. The AP (6/12) reports, "Thousands of pounds of armor added to military Humvees in Iraq have made the vehicles more likely to roll over and kill or injure soldiers, a newspaper reported. 'I believe the up-armoring has caused more deaths than it has saved,' Scott Badenoch, a former Delphi Corp. vehicle dynamics expert, told the Dayton Daily News for its Sunday editions." The Dayton Daily News stated that the M1114 was the most dangerous Humvee: "An analysis of the Army's ground-accident database, which includes records from March 2003 through November 2005, found that 60 of the 85 soldiers who died in Humvee accidents in Iraq -- or about 70 percent -- were killed when the vehicle rolled, the newspaper said."

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Author Decries Demonstrators Outside Military Hospitals, Funerals. In a New York Times (6/12, 1.19M) op-ed, author Karen Spears Zacharias asks antiwar demonstrators to show mourners "some respect." She pleads, "March to the steps of Congress and the White House. Shout your protests at the president who drummed up this war. But grant some peace to the men and women trying to heal in our military hospitals, and the families grieving at funerals and memorials. Haven't we earned a moment of silence?"

Critics Say Military Incentives For Immigrant Enlistment Are Exploitative. NBC Nightly News (6/11, story 7, 2:40, Seigenthaler, 9.87M) reported, "'How far is too far when it comes to military recruiting? With US forces stretched thin around the globe, critics say immigrants are being exploited by tempting offers of citizenship." NBC (Mullen) added, "Fernandos Juarez Del Salar never supported the war in Iraq, but he was proud when his son, Jesus, joined the Marines. After all, the recruiters promised money for college, a bright future for his son, and citizenship for family." But when Corporal Suarez "was killed in Iraq in 2003, his father became active against recruiting in the Latino community." Juarez Del Salar: "I believe the recruiting system in United States is very strong against the immigrant community." Mullen: "Of the more than 2400 US casualties in Iraq since 2003, 270 have been Latino. Staff Sergeant Rodrigo Lopez, a US Army recruiter, works the schools in South Central Los Angeles, armed with new benefits." Staff Sergeant Rodrigo Lopez, US Army recruiter: "A lot of non-citizen, green card-holding applicants have actually asked about the expedited citizenship process." Mullen: "An executive order issued by the White House allows non-citizens serving in the US military to apply for citizenship after only one day of active duty. Hispanics make up 13% of all new recruits. In the last four years, nearly 24,000 active duty soldiers were made US citizens."

DOJ:

DOJ Attorney Returns To Hunton & Williams. The Washington Post (6/12, D04) reports, "Hunton & Williams LLP said Wendell L. Taylor rejoined the firm's D.C. office as a partner in the global competition practice group after a stint at the Justice Department." The Post continues, "Since leaving the firm in 2004, Taylor had served as counsel to the deputy attorney general -- with responsibilities including the antitrust division, the tax division and the civil division -- and then handled criminal trials as special assistant U.S. attorney in the District, the firm said."

CORPORATE SCANDALS:

Democrats Defend Indicted Law Firm. Four House Democrats last week released a statement condemning last month's indictment of the securities class action law firm Milberg Weiss Bershad & Schulman. The New York Times (6/12, Creswell, 1.19M) reports that the statement, signed by Reps. Charles Rangel, Carolyn McCarthy, Gary Ackerman and Robert Wexler, says, "The Justice Department's crusade against trial lawyers, the first line in the average citizen's protection against corporate greed, has taken a new low in the indictment of an entire leading law firm in the plaintiffs' bar."

Former Milberg Weiss Partners Seek Capital, Unpaid Fees. The New York Law Journal (6/12, Lin) reports, "As the legal community ponders whether the criminal indictment of Milberg Weiss Bershad & Schulman will eventually lead to that firm's dissolution, two of its former partners are arguing that the firm actually dissolved two years ago at the time of its bi-coastal split. They claim they are now owed millions of dollars in returned capital and unpaid fees as a result." The Journal continues, "If the timing of the claims is awkward, the identity of the ex-partners making them is more so. They are Alan Schulman and Robert P. Sugarman, both of whom have been widely reported to be key cooperating witnesses in the prosecution's case against the firm over the alleged payment of kickbacks to class action plaintiffs." The Journal adds, "It is unclear if and how the two matters will proceed together. The lawyers representing the two sides in the monetary dispute both said Friday they were not aware of their clients' strategies in the criminal case. But one source close to the investigation said the ex-partners' claims showed they had a strong financial interest in 'bringing the whole firm down.' … The survival of the firm has indeed been called into question by the indictment last month of the firm and individual partners David J. Bershad and Steven G. Schulman, who is not related to Alan Schulman. Several lawyers and clients have left the firm since the announcement of criminal charges, increasing parallels with accounting firm Arthur Andersen, which was obliterated by defections months before its trial on criminal charges relating to work it performed for Enron Corp. .. Both Alan Schulman and Sugarman have been cooperating with federal prosecutors in Los Angeles for some time, said the source close to the investigation. The two partners first raised the money issue with the firm in February 2005."

CRIMINAL LAW:

Top Lewis Aide Received $2 Million Buyout From Former Lobbying Firm. Roll Call (6/12, Kane,

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Bresnahan) reports Jeff Shockey, a top aide to House Appropriations Chairman Jerry Lewis (R-Calif.), "received almost $2 million last year in a buyout package from his old lobbying firm, which specializes in placing earmarks in annual spending bills and is now under federal investigation." Shockey's attorneys "said his buyout from the firm, now known as Copeland, Lowery, Jacquez, Denton & White, met all ethical and legal guidelines applicable to House staffers. They added that Shockey's current position on the Appropriations Committee staff does not directly involve him in the approval of earmarks for any Members, or for his former clients." The attorneys "revealed the new buyout figures — more than triple the total previously disclosed to the media — in a conference call with reporters Friday morning, releasing the 2005 personal financial disclosure form for Shockey several days before it was required."

Novak Says Hastert's Reaction To FBI Raid Upset Many GOP Constituents. Syndicated columnist Robert Novak (6/12) writes that FL5 Rep. Ginny Brown-Waite (R) "last Thursday introduced a resolution repudiating the stand of her leader, Speaker J. Dennis Hastert. It avows that a 'Congressional office may be subject to searches and seizures' in an 'ongoing criminal investigation' of a House member." Over the Memorial Day recess, voters in Brown-Waite's district, "she told me, 'were irate' over Hastert's criticism of the FBI raiding" LA2 Rep. William Jefferson's (D) offices. Brown-Waite "found fellow Republican House members also had been 'read the riot act' by constituents. … Nobody escapes from this episode untarnished, including" President Bush's "decision to seal for 45 days the evidence obtained from Jefferson's office under court approval." Heading "into the weekend, Brown-Waite had collected 20 Republican co-sponsors…and had not yet circulated it among Democrats." Novak notes, "When I asked for the Speaker's view of the Brown-Waite amendment…a spokesman said: 'We agree with it, and believe it should be done in a constitutional way. We are working on that process.' If Hastert had said that a week earlier, he would have saved himself and his party from more embarrassment in a difficult period."

Prosecutor's Silence In Duke Rape Case Raises Questions. The New York Times (6/12, Wilson, Glater) reports, "When a woman hired to dance at a Duke University lacrosse team party claimed that members of the team raped her, Michael B. Nifong, the district attorney for Durham County, responded with an aggressive, unflinching and very public investigation. … 'There's no doubt in my mind that she was raped and assaulted at this location,' Mr. Nifong said on national television after the case surfaced in March. Mr. Nifong called other lacrosse players 'hooligans' who had aided, abetted or covered up for the rapists. Local police officers seemed equally certain that they had a horrific crime to solve. … But in the intervening months, the case has come to appear far less robust. Three players have been indicted, but evidence that has surfaced, much of it turned over to defense lawyers by prosecutors and then filed in court with defense motions, has thrown the woman's claims into doubt. Mr. Nifong, so vocal at first, has refused to speak publicly about the case since the beginning of April." The Times adds, "The result is a growing perception of a case in trouble. Increasingly, the onus is on the district attorney. People in Durham are asking what Mr. Nifong is up to, whether his prosecution was influenced by politics — he was in the midst of a campaign when the case began — and what other evidence he might have. … Mr. Nifong's silence makes it impossible to evaluate the case as a whole. Certainly some evidence has not been revealed — the next hearing is set for June 22 — and the defense has released evidence selectively, presumably showing only those parts that strengthen its public position."

Suspect In Clemson Rape-Murder Confesses To More Sex Crimes. The Washington Times (6/12, Price) reports, "The suspect charged in the May 26 kidnapping, rape and murder of a 20-year-old Clemson University student has also confessed to committing two other sex crimes at about that time, and like most sex offenders, he has a long criminal history involving sex abuse." The Times continues, "DNA has linked Jerry Buck Inman, 35 -- described as a 'serial sexual predator' by South Carolina authorities -- to the abduction, rape and strangling of Tiffany Souers, a junior at Clemson." The Times adds, "Based on confessions Inman reportedly made after his arrest, the district attorney of Sevier County, Tenn., is also seeking charges of aggravated rape and aggravated burglary against him in a May 22 assault there. Inman also has been charged with burglary and attempted rape in a May 23 incident in Rainsville, Ala. … More than 5 percent of convicted sex offenders are rearrested for another sex crime within three years of their release from prison, according to a comprehensive study by the U.S. Department of Justice's Bureau of Justice Statistics. That makes them four times more likely than people who are not sex offenders to be arrested for sex crimes after their prison discharge. … What's more, the federal research showed that of the released sex offenders who commit another sex crime, 40 percent perpetrate the new offense within a year of their release. … The Justice Department (DOJ) study found that sex offenders with the highest rate of committing another sex crime were those who had a history of prior arrests for various offenses. Inman also meets that qualification."

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Two Elderly California Women Suspected In Insurance Fraud Scheme. The New York Times (6/12, Chang) reports, "Dwight Emile says his neighbor Olga Rutterschmidt always had a thing for get-rich-quick schemes. … 'She'd say, "Dwight, do you want to make some extra money?"' said Mr. Emile, a music producer and songwriter who lives in Hollywood. 'I'd say, "No, if it's not legal."' … Mr. Emile said he would invite Ms. Rutterschmidt into his apartment to play Debussy and Mozart on his keyboards, but he said he had nagging suspicions about her. … 'I always used to say to her that one day I'd see her on the 11 o'clock news,' Mr. Emile said. … Now he has." The Times adds, "Ms. Rutterschmidt, 73, and another woman, Helen Golay, 75, pleaded not guilty last week to federal charges of mail fraud and submitting false insurance applications. According to the authorities, the two women extended helping hands to two homeless men, getting them off the streets and putting them up in apartments, while at the same time plotting their deaths. … Posing as aunts, fiancées or cousins, they took out numerous life insurance policies on the men, Paul Vados and Kenneth McDavid, with themselves as the beneficiaries, collecting over $2.2 million after the men died in separate hit-and-run traffic cases, the authorities said. … The women have not been charged in the deaths, but the police said they were the main suspects. Ms. Rutterschmidt, who is from Hungary, met Mr. Vados, also born in Hungary, at a local Hungarian church, the authorities said."

Former Fumo Aide Resigns From Charity Under FBI, IRS Scrutiny. The Philadelphia Inquirer (6/10, Shiffman, 423K) reported, "The executive director of the charity at the center of the FBI and IRS investigation of State Sen. Vincent J. Fumo…has stepped down from her post. Ruth Arnao, who also worked for Fumo's Senate staff from 1984 to 2004, helped the senator form Citizens Alliance for Better Neighborhoods…in 1991." The Inquirer notes, "The new, interim executive director is Christian A. DiCicco, a Philadelphia lawyer who serves on the SEPTA board and is a longtime Citizens Alliance board member. Christian DiCicco's father is Philadelphia City Councilman Frank DiCicco." The Philadelphia Daily News (6/11, Davies) added, "Arnao is being investigated for possible obstruction of justice in connection with the deletion of e-mails from Citizens Alliance computers which were sought by the FBI. State Senate aides Leonard Luchko and Mark Eister were charged 10 days ago with destroying e-mails and other electronic evidence in order to hide them from the FBI." The AP (6/11) also reported on Arnao's resignation.

29 Indicted In FBI Probe Of Connecticut Garbage Hauling Industry. In a widely-distributed story, the AP (6/10, Apuzzo) reported, "A reputed mob boss, a former mayor and the owner of a trash-hauling business were among 29 people charged Friday in a federal investigation into the mob's influence over the region's trash-hauling industry. The indictment alleges that companies owned by James Galante paid a 'mob tax' to Matthew Ianniello, the reputed boss of the Genovese crime family. The payments were part of a scheme in which trash haulers carved out routes and agreed not to steal each other's customers, according to the indictment. … 'Organized crime's stranglehold on the citizens of Connecticut through its control of the trash industry has been broken,' said Kimberly Mertz, the state's top FBI agent." The AP noted, "Ianniello, known as 'Matty the Horse,' was released on $1 million bond and sent home, where he was under house arrest in an unrelated case." Joseph Santopietro "was released on $200,000 bond," and "Galante was held without bond." The Connecticut Post (6/10, Mayko) added, "The federal investigation also ensnared law enforcement officers, including a federal drug agent and a state trooper who once ran Danny's Drive-In in Stratford and was recently selected to star in a TV pilot. … The probe also uncovered fraud in the operation of the Danbury Trashers, the team that nearly captured the United Hockey League title this year."

The New York Daily News (6/11, Connor, 729K) reported, "He might be 85 years old, but the mob apparently hasn't put Matty the Horse out to pasture yet." On Friday, Ianello "was indicted in Connecticut…for collecting half a million dollars in 'tributes' from a corrupt trash hauler, prosecutors said. … But if the old-time wiseguy is feeling the heat, he didn't show it as he was sent home on $1 million bond following a hearing in New Haven. 'What can I say, right? Nothing,' Ianniello said, smiling broadly and shaking hands with marshals and FBI agents at the courthouse." The Danbury News-Times (6/10, Gold) noted, "The federal government now runs Automated Waste Disposal. As the government froze the bank records and assets of James Galante's Danbury garbage company, U.S. Marshals spent Friday figuring out how many companies they need to hire to run different parts of AWD and several of Galante's other trash firms." The Danbury Times (6/10) also lists all 29 defendants and the charges against them.

Pellicano Assails FBI Probe, Vows Never To "Rat Out" Clients. The Los Angeles Times (6/11, Philips, 958K) reported, "In his first interview in three years, jailed private eye Anthony Pellicano accused federal authorities of exaggerating the strength of their case against him, which he predicted would soon fizzle out like a box-office flop. Speaking by telephone from the federal Metropolitan Detention Center in Los Angeles one morning last week, a defiant Pellicano insisted that he would never cooperate with authorities or testify against a bevy of A-list lawyers,

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Hollywood executives, business moguls and celebrities who have hired him over the years to dig up dirt on their adversaries." Pellicano declared, "You're not going to see me take the stand against the clients and employees and other people that are going to be testifying against me. I didn't rat them out. … I am never going to besmirch a client or any other person that I gave my trust to or who gave their trust to me." Pellicano added, "The federal government has purposely tried to make this thing larger than life — like a Hollywood movie. To me, these are the acts of overzealous FBI agents and prosecutors who have never really accomplished anything in their careers. They are trying to use my name and reputation to build something better for themselves."

The AP (6/11) reported, "He also said it was ironic that the federal government is accusing him of wiretapping at a time when it is under fire for authorizing the National Security Agency to monitor Americans' telephone calls without court warrants in search of terrorist connections. 'If the American public had any idea of all the surveillance, wiretapping and illegal things that our own government actually does, they would be shocked,' Pellicano said. 'Chasing terrorists is what the FBI is supposed to be doing. I've got to tell you, if instead of keeping me behind bars here, they gave me the job of finding Osama bin Laden, I guarantee you I would find him.'"

Arizona AG To Seek Federal Task Force In Jeffs Case. The Salt Lake Tribune (6/12, Adams) reports, "Arizona Attorney General Terry Goddard will make a pitch today to FBI officials for a federal task force to oversee the hunt for fugitive polygamous leader Warren S. Jeffs, saying the effort so far has 'not been optimal.' Goddard specifically criticized 'local law enforcement' for a lack of coordination and failure to pass along information in a timely manner to federal authorities. … But Goddard is getting no backing from Utah officials in his call for a federal task force. Utah Attorney General Mark Shurtleff has said coordination with FBI here is 'excellent.'" In DC "to discuss with the Department of Justice gas prices and possible antitrust violations by oil companies," Goddard is "scheduled the stop at the FBI, where he'll meet with a deputy director and an investigations chief." He "said a 'spotty' relationship with FBI staff in Arizona has impeded progress, though that may improve since a new person has assumed the special agent-in-charge post." The Tribune notes, "FBI Director Robert Mueller discussed his agency's ramped up effort to find Jeffs during a visit to Utah last week. 'Always in a situation like this, it takes time,' Mueller said. 'My expectation is, we will catch him.'"

The Deseret Morning News (6/10, Winslow) reported that in an interview with the paper on Friday, "Goddard criticized the FBI for not using state and local investigators enough in the manhunt for the polygamist leader. … 'They're not being taken sufficient advantage of.' … 'I've seen too many examples where the lack of coordination has been a benefit to Mr. Jeffs and his efforts to stay on the lam,' he said." However, "The Utah Attorney General's Office said it has had 'tremendous' communication with the FBI's Salt Lake City office," and "others say it appears the FBI has taken a heightened interest in Jeffs since the polygamist leader was added to the agency's Ten Most Wanted list last month. FBI Director Robert Mueller was in Salt Lake City Wednesday and was briefed on the manhunt efforts."

Utah, Arizona Authorities Belief Jeffs Recently Performed More Child Marriages. The Deseret Morning News (6/10, Winslow) also reported, "Authorities believe…Jeffs has recently been in the polygamous border town of Colorado City, Ariz., performing more child-bride marriages. 'I've heard from a number of different sources who said he's been here,' Arizona Attorney General Terry Goddard told the Deseret Morning News Friday. 'They said he's performed marriages, and (they) pointed out a mobile home they said was the wedding chapel.' Some living in the polygamous border towns of Hildale, Utah, and Colorado City said they have also heard that Jeffs has been there within the past 1 1/2 months. The Utah Attorney General's Office said it has heard from credible sources that Jeffs continues to exercise his religious authority."

USAT Warns That Rising Prison Problems Affect Society. USA Today (6/12) editorializes, "It's difficult for most people to muster any sympathy for the 2.2 million people serving time in the nation's overcrowded prisons and jails, half of them for violent crimes. … Sexual assaults, gang violence, lack of rehabilitation and shoddy medical care are shrugged off as givens, or even deserved. Comedians joke about what'll happen to former Enron CEO Ken Lay once he's behind bars. Most people feel that what goes on in prisons doesn't affect them. … That attitude couldn't be more wrong." USA continues, "What happens in prisons returns to the community with a vengeance. Over the course of a year, 13.5 million people spend time in jails or prisons, and 95% of them are eventually released back into society. Many return as more hardened felons eager to commit new crimes and responsible for spreading infectious diseases — such as HIV, hepatitis and tuberculosis — that went untreated while they were incarcerated." USA notes, "A report released Thursday by the independent blue ribbon Commission on Safety and Abuse in America's Prisons, established by the non-profit Vera Institute of Justice in New York, is a scathing indictment of the nation's correctional system. … Congress and states passed get-tough-on-crime laws without providing funding and resources to allow prisons to cope with new inmates, the report says. As a result, too

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many prisons and jails are unsafe, unhealthy or inhumane, and their failures spill over into the community."

Corrections Official Responds. In an op-ed in USA Today (6/12), James A. Gondles Jr., the executive director of the American Correctional Association, writes, "USA TODAY ought to be thanking the 750,000 dedicated professional men and women who work in our correctional systems for maintaining public safety. It is big news when a riot, an escape, an injury or death occurs within a facility — because it rarely happens." Gondles continues, "Inmates are the only group of Americans with the constitutional right to adequate health care, while more than 45 million Americans have no health insurance. … Correctional facilities have more oversight than nearly any other governmental agency. Our 'watchers' include the U.S. Department of Justice Civil Rights Division, federal and state courts, the American Civil Liberties Union, fire marshals, health inspectors, ombudsmen, inspector generals, and thousands of U.S. citizens serving as volunteers. There is little doubt we are the most transparent system in the world. Many nations never open their correctional systems to any visitor." Gondles adds, "For more than 40 years, the American Correctional Association has maintained standards and accreditation of our jails and prisons. The Commission on Safety and Abuse in America's Prisons even urged all facilities to become ACA-accredited. Countries worldwide look to our standards as a benchmark of professionally administered systems. … Can we do more? Of course we can, but we need county, state and federal governments to step up to the plate and fund treatment, education, job skills training for inmates and adequate pay for our workers. Public health has let this nation down. The 350,000-plus inmates with serious mental illness were that way when they entered our systems. Corrections cannot be blamed for a lack of treatment. Inmates are our brothers and sisters and our sons and daughters, and nearly every one of them will return to our communities. We need to treat their diseases, mental and physical, to help them turn the corner on living a productive, positive life."

Prison Rehab Program Ruling Raises Questions About Faith-Based Programs. A federal judge in Iowa ruled on June 2 that an evangelical Christian prison rehabilitation program paid for by tax dollars is unconstitutional. The Christian Science Monitor (6/12, Paulson, 61K) calls the decision "a major victory for those who believe America has gone too far in supporting religious or semireligious activities using public money. But given the broad spectrum of faith-based organizations that offer programs tackling social ills from substance dependency to illiteracy, the decision also raises questions over where to draw the line of demarcation when it comes to mixing religion and social services, and whether there's a right way and a wrong way for the government to encourage the involvement of faith-based groups."

CIVIL LAW:

Firms Seek Dismissal Of Thousands Of Asbestos Cases. The Legal Intelligencer (6/12, Duffy) reports, "In a bold and unprecedented move that could drastically alter the nature of asbestos litigation, a coalition of 47 companies last week asked a federal judge to dismiss tens of thousands of pending cases, alleging that the vast majority of them are premised on flawed or fraudulent medical diagnoses." The LI continues, "In the motion, defense lawyers say they are targeting claims that stem from "mass medical screening enterprises' which, they say, have clogged the courts with thousands of bogus asbestos claims." The LI adds, "The motion was filed before U.S. District Judge James T. Giles, who is presiding over a case known as MDL 875, the name for the multidistrict litigation in which all pending federal asbestos claims were consolidated. In the motion, the asbestos defendants are asking Giles to do two things. … First, they want the judge to exclude all expert testimony from six doctors who the companies say either have taken the Fifth Amendment against self-incrimination when asked to testify about their methods or have disavowed diagnoses attributed to them. … According to court papers, a federal grand jury in the Southern District of New York is currently looking into asbestos doctors and screening companies. Since the probe began, some of the doctors have begun invoking the Fifth Amendment when asked to testify. The brief says that since 2002, the six doctors have authored more than 140,000 medical reports for asbestos claimants." The LI notes, "The second request is that Giles 'dismiss without prejudice all nonmalignant cases' in MDL 875 "subject to reinstatement upon production by plaintiffs ... of diagnosing documents by a doctor other than the six doctors."

Allen Vows To Filibuster Attempt To Crack Down On 527s. Roll Call (6/12, Newmyer, Ackley) reports in its "K Street Files" column, "Senate Majority Leader Bill Frist (R-Tenn.) faces a strong challenge on his right if he brings to the floor a lobbying reform package that cracks down on the independent political groups known as 527s. Sen. George Allen (R-Va.) plans to send a letter to Frist this week threatening to filibuster the bill if it includes the provision, which was approved by the House but is absent from the Senate version of the lobbying rules overhaul. The letter is so far co-signed by GOP Sens. Sam Brownback (Kan.), Tom Coburn (Okla.), Jim DeMint (S.C.), Mike Enzi (Wyo.), John Sununu (N.H.) and David Vitter (La.)."

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Contribution Caps Said To Benefit Challengers. Deborah Goldberg, who directs the Democracy Program at the Brennan Center for Justice at NYU School of Law, writes in Roll Call (6/12) that three new studies on campaign contribution limits, "one published in Public Choice, a second forthcoming in Political Research Quarterly, and the third to be published by the Brookings Institution in The Marketplace of Democracy," offer "empirical evidence to quell that familiar but flawed argument" that caps on political contributions are an incumbent-protection device." In their Public Choice article, economists Thomas Stratmann and Francisco Aparicio-Castillo "found that contribution limits appear to help challengers in state Assembly elections. … Two forthcoming studies focusing on gubernatorial elections reached similar conclusions. … These recent statistical analyses of the empirical data comport with common sense."

CIVIL RIGHTS:

WSJournal Says Voting Rights Act Provision Likely Will Be Renewed. An editorial in the Wall Street Journal (6/12, 2.11M) says "you can be fairly certain that the coming debate over updating the Voting Rights Act will sidestep what's really at stake, which isn't the right to vote but rather the power of politicians to pick their voters through gerrymandering. Unless Republican backbones miraculously stiffen, expect the expiring penalty provisions of the Voting Rights Act to be renewed this year for another quarter-century." Congress "could reassure Americans that the most important provisions of the Voting Rights Act -- the bans on poll taxes and literacy tests and grandfather clauses -- are permanently enshrined in law and thus not in need of renewal. But the political reality is that an embattled GOP Congress has no interest in allowing Democrats to use opposition to something called the Voting Rights Act against Republican candidates in November."

ANTITRUST:

Arcelor Rejects Hostile Bid By Mittal Steel. The Financial Times (6/12, Marsh) reports Luxembourg steelmaker Arcelor has formally rejected a bid for the company made last month by Mittal Steel. Arcelor "reiterated that it planned to go ahead with an agreed merger with Severstal of Russia to form the world's biggest steel producer." The FT says Arcelor's "rejection of the hostile offer from Mittal, controlled by Lakshmi Mittal, will disappoint the Indian steel magnate but is expected to put fierce pressure on him to increase his bid within the next few weeks."

European Shareholder Activists Making Moves On US Firms. The Wall Street Journal (6/12, B1, Lublin) writes, "Here's some bad news for U.S. executives frustrated by American shareholder activists: The Europeans are invading, with plans to stir up more trouble. Big European institutional investors with sizable U.S. portfolios are pursuing quiet diplomacy, lobbying regulators and breaking with home-country tradition by filing shareholder lawsuits," as well as "backing efforts to give shareholders a voice in executive-pay decisions, akin to practices in the United Kingdom and Australia." Wal-Mart is one of the "biggest U.S. companies to feel the foreign heat. Five European institutions were among seven big investors who faulted Wal-Mart directors last month for not appointing a special committee to investigate possible weaknesses in legal and regulatory controls. A core group of four U.S. and British funds first sought creation of the panel in May 2005."

AXA In Talks To Purchase Credit Suisse Unit. The Wall Street Journal (6/12, Singer, Taylor) reports, "French insurance giant AXA SA is in exclusive talks to buy Credit Suisse Group's Winterthur insurance unit, a person familiar with the matter said. A potential sale could be valued in excess of 10 billion Swiss francs, or about $8 billion." The Journal continues, "The development comes amid preparations by Credit Suisse to float Winterthur this year and as the Swiss banking giant focuses on its core businesses of corporate and investment banking, retail and private banking, and asset management." The Journal adds, "Last week AXA gained exclusive negotiating rights to purchase Winterthur, a person familiar with the matter said. AXA is unlikely to buy all of Winterthur's operations, as Credit Suisse will likely retain some parts, the person said. … Credit Suisse in 2004 began putting out feelers to U.S. and European banks for potential bids, but there was no serious interest in the 130-year-old business, say people familiar with the matter. Finding buyers for Winterthur was tough because of its size and because insurers were recovering from a patch of poor performance and credit-ratings concerns. Credit Suisse forged ahead with plans for an initial public offering of shares set to take place this year, but didn't rule out a sale."

Forbes Criticizes Net Neutrality Legislation. Steve Forbes, president and CEO of Forbes, Inc., writes in the Wall Street Journal (6/12, 2.11M) that in Congress right now, "well-financed lobbyists are pushing for Net Neutrality legislation. According to their benign-sounding definition of Net Neutrality, it simply means that Internet network operators like the phone and cable companies would have to give equal treatment to all traffic on their networks, without giving anybody's content preference in handling. But scratch the surface of what the Net Neutrality crowd is really asking

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for and Net Neutrality shifts from benign to ominous." Forbes adds, "Passing Network Neutrality legislation would be a re-run of the disastrous Telecom Act of 1996 which forced telecom companies to provide network access to competitors at below market prices. That certainly put a chill on network innovation."

WPost Warns Against Preemptive Government Regulation Of Internet. An editorial in the Washington Post (6/12, A20, 744K) says, "The advocates of neutrality suggest, absurdly, that a non-neutral Internet would resemble cable TV: a medium through which only corporate content is delivered. This analogy misses the fact that the market for Internet connections, unlike that for cable television, is competitive." The Post adds, "It seems unlikely that broadband providers will degrade Web services that people want and far more likely that they will use non-neutrality to charge for upgrading services that depend on fast and reliable delivery, such as streaming high-definition video or relaying data from heart monitors. If this proves wrong, the government should step in. But it should not burden the Internet with preemptive regulation."

WSJournal Says Spectrum Auctions Should Proceed Without Interference. An editorial in the Wall Street Journal (6/12, 2.11M) says, "The Justice Department settled its spat with money manager Mario Gabelli over cellphone licenses last week, but that's not all, folks. The story behind this story is a government process of auctioning telecom spectrum that invites the kind of political gamesmanship that tripped up Mr. Gabelli. … This policy introduces all manner of inefficiencies." The Journal adds that "policy makers would be better off simply allowing these auctions to proceed without interference. And so would consumers."

ENVIRONMENT/INDIAN AFFAIRS:

Western Governors Say States Need To Take Lead On Global Warming. The Los Angeles Times (6/12, Wilson, Nicholas, 958K) reports a "bipartisan group of western governors on Sunday formally acknowledged that greenhouse gases are on the rise and said their states need to take action to reduce global warming while meeting growing energy demand." The Western Governors' Assn. unanimously passed a resolution calling on states and cities to reduce human-caused greenhouse gases, but it contained no specifics on what action should be taken." Though the resolution "was a major step, especially for governors of states with power plants or major coal and oil reserves, its language was carefully nuanced. Gov. Arnold Schwarzenegger had urged his fellow governors just before the vote to take an even stronger stand."

Mercury Fears Add To Tribe's Woes. The Washington Post (6/12, Lydersen) reports, "Tina and Rick Van Zile are members of the Mole Lake Ojibwe tribe here (in Mole Lake) in northern Wisconsin. Each spring for more than 15 years, they have gone spearfishing together, engaging in a tradition for their tribe and gathering food that is vital to their diet. … But in recent years they have added something new to the old ways -- they consult a color-coded map that tells them which of the more than 50 lakes in the region have the highest mercury levels." The Post continues, "According to the Environmental Protection Agency, 22 states including Wisconsin have statewide mercury advisories, and 23 more have advisories for specific bodies of water. Typical advisories warn children and women of childbearing age against eating more than one game fish per month. The mercury in the fish can cause neurological damage in children and fetuses as well as health problems in adults. … Because fishing is so central to the traditions, social life and economic sustenance of many Indian tribes, the warnings have special significance for them. … 'Fishing is a big part of what we eat and how we eat; it ties back to the culture and traditions of who we are as a people,' said Mole Lake tribal leader Wayne LaBine. … He describes mercury as an organ of 'Mother Earth's body' that has been turned into a toxin through exploitation of natural resources such as coal. Mercury is emitted from coal-burning power plants, paper mills and older chlorine plants. … 'Fossil fuels were not intended to be burned like this, so the balance of the Earth is thrown off and mercury is misplaced,' LaBine said."

NYTimes Says Washington Should Encourage Green Investments By Business. An editorial in the New York Times (6/12, 1.19M) notes that Goldman Sachs is among "a growing number of investment and manufacturing enterprises chasing emerging technologies that could help provide the alternative energy sources that politicians from President Bush on down say they want and that the country will certainly need in years to come. Meanwhile, more and more companies — including heavyweights like DuPont, Johnson & Johnson and United Technologies — have been busily cleaning up their own acts, using less energy by making themselves more efficient. Over time, these efforts could place the United States in the forefront of an emerging global market for cleaner technologies. … If Washington is smart, it will throw its weight behind these efforts by providing the necessary incentives, whether as loans, direct grants or targeted tax breaks."

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FBI/DEA/ATF/USMS:

NJ Man Sentenced To 15 Years For Violent Hijacking Of FBI Employee's Vehicle. The Newark Star-Ledger (6/10, Martin, 420K) reported Jimmy K. White of Elizabeth, N.J., was sentenced on Friday to 188 months "in prison…for carjacking and badly injuring a Good Samaritan who tried to stop him during a mugging in Jersey City last year." White "bit the victim's hand and face as she struggled for control of her sport utility vehicle, then ran over her during his getaway. He was arrested after the FBI lab matched his DNA to samples from bite marks he left on the woman, an employee for the FBI in Newark." The Star-Ledger noted, "The victim drove her Jeep into the parking lot of a Jersey City bagel store on May 15, 2005, and saw White trying to rob a man of his wallet, according to documents filed in the case." The Jersey Journal (6/10, Herman, 27K) added, "As the victim was hospitalized for her injuries, the FBI extracted DNA samples from the wounds on her face and hand and flew them by helicopter to its lab in Quantico, Va. Within four days, they found a match from a database of offenders and arrested White. The victim spent three days in the hospital and then missed four months of work. Because of White's criminal history -- which includes a 1995 sexual assault, a 1997 violent robbery and a number of disorderly persons offenses -- he qualified as a career offender eligible for the stiff prison sentence of 188 months." The AP (6/10) also reported on the sentencing.

In New Orleans, Doctor Pleads Guilty In Prescription Scheme. The New Orleans Times-Picayune (6/9, Perlstein) reports Dr. Joseph Guenther "pleaded guilty Wednesday to four felony counts of prescribing narcotics without a legitimate medical reason and one count of conspiracy. In his plea…Guenther admitted that he issued hundreds of preprinted prescriptions for an addictive drug cocktail consisting of hydrocodone, Xanax and Soma. … The DEA, aided by the FBI, the Internal Revenue Service, the U.S. attorney's office and local police agencies, confiscated more than $10 million in assets in the case."

Man Facing Meth Charges Also Accused In Hawaii Jewelry Heist. The Honolulu Advertiser (6/11, Boylan) reports the recent armed robbery of a salesman "carrying $2 million in jewelry in the parking lot of a Waipahu restaurant is highly unusual for Hawaii, state and federal law enforcement officials said. … Two men have been charged in connection with the jewelry heist in the parking lot of the Golden Coin restaurant in Waipahu. Bryan T. Higa, 25, was arrested June 1, and Marvin Quemado Jr., 31, was arrested June 5. … Higa was charged in federal court for his alleged role in a methamphetamine smuggling ring. … He is accused of working as a middleman for a narcotics distributor arrested by agents of the Drug Enforcement Administration."

Accused Gang Members Arrested In Illinois On Drug Charges. The Rockford (IL) Register Star (6/11) reports police "arrested two known gang members on multiple drug charges Friday, ending a month-long criminal investigation. Jamie Spates, 30, and Michael Jones, 22, both of Rockford, are each charged with two felony counts of unlawful delivery of crack cocaine and two felony counts of criminal drug conspiracy." The Register Star notes the DEA's involvement in the investigation.

Interim Haitian Prime Minister Claims "Unequaled" Cooperation With DEA. The New York Daily News (6/11, Meek) writes, "Unlike most former Haitian leaders, [Gerard] Latortue left Port-au-Prince last month on two feet and without an armed gang in hot pursuit. The New York Daily News joined Latortue, 71, on Friday as his turbulent, 26-month term as Haiti's leader ended quietly. … Among the accomplishments Latortue cites were firing corrupt customs officers and police and taking steps to help free the civil service of political cronyism. He claimed unequaled cooperation with the U.S. Drug Enforcement Administration on counternarcotics efforts."

MLB Considering Suspending Grimsley For Admission Of Drug Use. According to the Los Angeles Times (6/9, Brown), Major League Baseball "is strongly considering suspending former Arizona pitcher Jason Grimsley for admitting to federal authorities he used performance-enhancing drugs, which would set a precedent for future cases. Grimsley's agent said Thursday the pitcher will retire. MLB would pursue the penalty, however, if only to ensure Grimsley is penalized if he reconsiders retirement."

Grimsley's Amphetamines Claim Not Backed By Players. The Los Angeles Times (6/10, Shaikin) reports, "Although Jason Grimsley told federal agents an equipment salesman distributed amphetamines within the Angels' clubhouse in 1996, three players on that team said Friday they had no recollection of such an individual." An affidavit "included this sentence: 'Grimsley stated that while he was with the California Angels, an individual who sold bats and gloves would come around the clubhouse with a supply of two-toned green amphetamines, or 'greenies.'"

Grimsley Seeks Remainder Of Salary. The Los Angeles Times (6/11, Reports) reports Jason Grimsley "plans to fight the Arizona Diamondbacks' decision to withhold the remainder of his $825,000 salary. … The reliever was given his release Wednesday, a day after federal agents searched

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Grimsley's home in an investigation into performance-enhancing drugs."

Bonds To Cooperate With Investigator, Drops Lawsuit Against Reporters. The AP (6/11) reports Barry Bonds "wants to cooperate with special investigator George Mitchell, but will only talk to him if he is assured the information won't be given to federal prosecutors. Bonds also dropped his lawsuit against two San Francisco Chronicle reporters who published a book claiming the Giants slugger used steroids and other performance-enhancing drugs. … A federal grand jury in San Francisco is now investigating whether Bonds lied under oath about using the performance-enhancing drug known as "the clear" during that grand jury testimony."

In its "NL Notebook," the Washington Post (6/11) reports Bonds "sued…Penguin Group Inc.'s Gotham Books and others, claiming the authors illegally obtained his secret grand jury testimony from a U.S. criminal case against Bay Area Laboratory Co-Operative, or Balco."

Ex-Girlfriend Said To Be Potential Trouble For Bonds In Investigation. The AP (6/10) reports FBI agents "asked Barry Bonds' ex-girlfriend not to cooperate in Major League Baseball's steroid probe while a federal grand jury investigates whether the Giants slugger lied under oath about drug use."

In a separate column for the AP (6/10), Tim Dahlberg writes, "There are few things in life worse than a scorned mistress who talks too much. Barry Bonds knows that better than most. A woman named Kimberly Bell is a big part of the reason he may soon find himself in some serious trouble with the law. … By various accounts, Bell has spilled the beans about both alleged steroid use by Bonds and a reported $80,000 in allegedly undeclared income the slugger gave her to buy a house in Arizona."

Mitchell Seen As Facing Roadblocks In MLB Investigation. In the Arizona Republic (6/10), Joseph A. Reaves writes, "While the federal government ramps up its investigation of baseball's ugly drug mess by playing hardball with the likes of Jason Grimsley, a separate, independent probe led by former Sen. George J. Mitchell is running into serious roadblocks that threaten to undermine any chance of uncovering the scope of the scandal this year. Reluctant witnesses and a hard-line stand by the players' union are seriously hampering Mitchell, who was hired in March by Commissioner Bud Selig to conduct a comprehensive investigation for Major League Baseball."

Current HGH Test Considered Impractical, Unreliable. In USA Today (6/9), Dick Patrick and Bob Nightengale write that Major League Baseball doesn't test for human growth hormone. The International Olympic Committee "brags it has had an HGH test since before the 2004 Olympics, but that is semantics. Yes, there is a blood test for HGH. But because antibodies necessary for the process are in such short supply, virtually no HGH testing is conducted. In addition, the test only detects HGH right after injection so it's impractical for in-competition testing."

The Washington Post (6/10) reports the NFL does not intend to "implement blood testing of its players for human growth hormone. Gene Upshaw, the executive director of the NFL Players Association, said that he and other league leaders doubt the reliability of a blood test for growth hormone first used at the 2004 Athens Olympics."

In the New York Times "Week in Review" section (6/11) Ian Austen writes, "The hormone can be uncovered in a blood test, which was introduced on a limited basis by the World Anti-Doping Agency at the 2004 Olympics. But amid concerns about the invasiveness of blood testing, Major League Baseball is financing research at the University of California at Los Angeles to create a urine test."

Network TV Coverage. The CBS Evening News (6/11, story 7, 3:10, Mitchell) reported, "Barry Bonds is willing to cooperate with the steroids investigation if the terms are right. Bonds' attorney told the New York Daily News he will talk but only if he is assured his information won't be passed onto Federal prosecutors. You can add human growth hormone to the list of suspect drugs in baseball. Following revelations this week following Arizona Diamondback Jason Grimsley and that's tonight's 'Sunday Cover,' the investigation into HGH and the race to find a foolproof test." HGH is "produced by the pitutary gland to stimulate normal development. Athletes looking for an edge inject HGH to shed fat and increase muscle regeneration." Since it's "undetectable in urine none of the four major American sports leagues test for it." The International Olympic Committee "used a blood test for HGH. But it's not definitive. It also requires frequent testing and few believe American pro players will ever agree to it."

California Wrestling Coach Charged With Steroid Possession. The Los Angeles Times (6/10, Lin) reports, "A Tustin High School wrestling coach has been charged with possession of steroids and counterfeit money, prosecutors said Friday. Tustin Unified School District officials said there were no indications that Ramon Hernandez Serrano distributed the muscle-building drugs to students. He has been placed on administrative leave."

IMMIGRATION:

EU-Style Passport-Free Zone Seen Alternative For US-Canadian Border. In a New York Times op-ed (6/12), Stephen Handelman says "the most high-profile solution" to the security problem on the US-Canadian border "would complicate the lives of millions of Canadians and Americans, and perhaps seriously damage their closely

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linked economies. That solution comes out of laws passed by Congress in response to 9/11 mandating that next year Americans and Canadians crossing the border by airplane will need passports or other federal government-approved identification to get through United States customs. In 2008 similar requirements will be imposed at the 140 land-border crossings between the United States and Canada." Business owners "in both countries say the added security provided by the jumped-up ID requirements won't compensate for the loss of tourism and consumer revenue." There are "smarter options. Europeans have created a passport-free zone of 13 member states of the European Union along with Norway and Iceland, called the Schengen system. They agreed in 1985 to draw a 'virtual' border around countries that had agreed to harmonize visa rules. The Schengen frontier is policed by the customs authorities of each participating country, but everyone plugs into a shared intelligence database that stays alert to outside threats and tracks suspected felons, drug smugglers and terrorists inside the zone."

Latino Assimilation More Prevalent Than Assumed. In a Washington Post op-ed (6/12, A21), Tyler Cowen, professor of economics at George Mason University and general director of its Mercatus Center, and Daniel M. Rothschild, associate director of the Global Prosperity Initiative at the Mercatus Center, say, "Beneath the surface of the immigration debate is a debate about shared values. If we look at just three of those values -- the English language, family and hard work -- we see a higher level of Latino assimilation than is often presumed."

Border Patrol Group Wants Parole Denied For Killer Of Two Agents. The Washington Times (6/12, Seper, 90K) reports the National Border Patrol Council, "which represents all 10,500 of the U.S. Border Patrol's nonsupervisory agents, has asked the U.S. Parole Board Commission to deny parole to a man convicted in the killing of two Border Patrol agents." Florencio Lopes Mationg, "who was convicted with three other men in the June 1967 murder of agents Theodore L. Newton Jr., 25, and George F. Azrak, 21, is scheduled for a parole hearing this week." Border Patrol Agent Ronald Zermeno, "who has coordinated an effort to keep Mationg in prison, said that a petition with 4,000 signatures was presented to the commission and that several law-enforcement authorities and family members will attend the hearing tomorrow at the federal prison in Florence, Colo."

Immigration Policy Seen As Creating Quandary For Domestic Partners. In a Washington Post op-ed (6/12, A21), Susan Laurel Hodges explains the difficulties in arranging for an H-1B visa for her domestic partner, a German physician with skills highly sought after in her own country. A US employer "must be willing to jump through hoops to sponsor her, and until that happens, no visa can be issued. Among the hoops: extensive advertising to find an American citizen who can fill the job before it is given to an outsider, and retaining an attorney who can competently navigate and file the blizzard of forms that must be filled out by the potential employer and potential employee."

Public Opinion Said To Back Both Pro-Enforcement, Pro-Immigrant Bill. In the Weekly Standard (6/19), Jeffrey Bell says, "What voters do not like is an immigration system that increasingly relies on, and winks at, breaking the law. Voters never liked this, but they became especially unfavorable to it after 9/11. They want greater control of our borders, and more enforcement of immigration laws inside our borders." Political elites, "Republican and Democratic alike, often seem to operate on the assumption that voters are either pro-immigrant or pro-enforcement, but not both. In fact, most voters see no contradiction between the two. Nor is there a huge difference between rank-and-file Republicans and rank-and-file Democrats. Solid, but by no means unanimous, majorities in each party favor both immigration -- including a path to legalization for those already here -- and increased enforcement of immigration laws."

Immigration Is Key Issue In Competitive AZ5 Race. The Washington Post (6/12, A4, Slevin, 744K) reports that in Arizona's 5th CD, Republican Rep. J.D. Hayworth "is a firebrand by disposition and design." Democrat Harry Mitchell is "so low-key his advisers make a point of saying he really is energetic." Hayworth "is an immigration hawk who favors cracking down on illegal immigrants and wrote a book called 'Whatever It Takes.' The Democrat calls himself an immigration realist who would combine tighter border controls with a path toward legal status." Hayworth is "running hard for reelection, describing himself to GOP campaign workers as 'not real subtle, and you know exactly where I stand.' Mitchell is a local political legend who contends that Hayworth 'has a lot of explaining to do,' not least about his ties to disgraced lobbyist Jack Abramoff." The CD race is "considered competitive for the first time in a decade. Analysts point to troubles in the White House and Congress, as well as Hayworth's outsize profile on immigration. It all makes for an intriguing contest in an unpredictable state where pollsters see a shift to the center." Amy Walter of the Cook Political Report "believes Hayworth has the edge in a district that has eight registered Republicans for every five registered Democrats. But the district's substantial slice of independents complicates the picture, as does the image of local Republicans as more moderate and temperate than their congressman."

Schwarzenegger Faces Difficult Balance On Immigration. The Wall Street Journal (6/12, Cooper, 2.11M) reports Gov. Arnold Schwarzenegger's "frequent invocation of his achievements as a foreign national --

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millionaire status, megacelebrity and a swift rise to a pinnacle of American politics -- is a major element of his strategy for navigating the issue of immigration in a tight re-election campaign in a state roiled more than any other by the different poles in the debate." On "specifics like border enforcement and benefits for the estimated three million illegal immigrants in his state, he tries to walk a middle ground. But often he tries to avoid the specifics altogether." California Republican Party Chairman Duf Sundheim "believes that the governor, in coupling a mix of personal anecdotes with a moderate policy stance, may be able to win support from moderates and the expanding Latino electorate on the issue without offending his deeply conservative base, which would like to see a tough crackdown on illegal immigrants."

TAX:

Democrats Said To Be Laying Ground Work For Tax Hike. Stephen Moore writes in the Wall Street Journal (6/12, 2.11M) that many congressional Republicans "want to negotiate a blockbuster budget deal to tackle the stampeding cost of entitlements. Meanwhile, Democrats and left-leaning think tanks are already laying the groundwork to build a Washington tax-hike consensus." Moore adds, "Tax increases anywhere near 25% of GDP would cripple the rate of economic growth and slow the rate of capital accumulation and the build-up of national wealth -- leaving future generations worse off." Moore concludes, "For 25 years, virtually every bipartisan budget deal has meant higher taxes, higher spending and political carnage for the GOP. … Republicans forget this lesson of history at their own peril."

CONGRESS-ADMINISTRATION:

Administration Launches Effort To Enroll Medicare Drug Beneficiaries. The Bush Administration today will begin an effort to locate and sign up low income people on Medicare who are not receiving prescription drug coverage. USA Today (6/12, Wolf, 2.31M) reports, "The Social Security Administration will start by sending out 500,000 applications to a select group of seniors age 79 and up. The applications will also target seniors in low-income neighborhoods, people with disabilities, Hispanics and those who do not handle their own financial affairs." The effort is "the latest in a series of attempts by the government and private groups to lure those seniors who stand to benefit the most from Medicare's prescription-drug program -- but who are most likely to have missed out on the coverage."

Business Lobby Pushes GOP On Competitiveness Agenda. The business lobby is using the competitiveness agenda proposed by congressional Democrats as leverage against Republicans, who they feel are not pushing the issue hard enough. Roll Call (6/12, Rasmussen) reports, "Business groups want to see action on President Bush's American Competitiveness Initiative," but "the proposal -- unveiled in Bush's 2006 State of the Union address -- has languished in the GOP-controlled Congress. … Lobbyists have grown increasingly worried that Congress, riven by bitter partisan infighting, does not share their feelings of urgency on the issue, and that Congress might go to recess in August without passing major parts of the initiative."

Budget Panels To Take Up Line-Item Veto Proposals. Roll Call (6/12, Yachnin) reports that the House and Senate budget committees are preparing to move forward with legislation to establish a presidential line item veto. According to Roll Call, "both panels have indicated they intend to overhaul the measure proposed by the Bush Administration and produce a bill that provides significantly less license than the executive branch had sought." While Senate Budget Committee Chairman Judd Gregg "did not expand on his plans to amend the bill, introduced by Senate Majority Leader Bill Frist (R-Tenn.) in March, he previously had suggested that the measure should be tailored more narrowly to prevent abuse by the executive branch, as well as to give Congress more flexibility to respond to line-item veto activity." In the House, Rep. Paul Ryan "said he believes the legislation should include time limitations restricting the period in which the president may propose rescissions for specific legislation."

Hoyer, Murtha To Seek Leadership Posts If Democrats Win House. Roll Call (6/12, Kornacki) reports that House Minority Whip Steny and Rep. John Murtha have both indicated that they will seek the Majority Leader's post if Democrats take control of the House in November. Roll Call notes, "The unusually timed competition…was triggered on Friday when Murtha, the Pennsylvania appropriator whose change of heart on the Iraq war last year made him one of the most recognized faces in Congress, stunned his colleagues by circulating a letter announcing his bid." Hoyer "strongly affirmed Friday afternoon his plans to seek a promotion to Majority Leader, a job, he suggests, that he would have earned by virtue of Democratic successes at the polls this fall." Roll Call also notes, "Murtha's move immediately raised questions about [Minority Leader Nancy] Pelosi's role, since he is one of her closest allies in the House and Hoyer, as the No. 2 Democrat,

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is the most obvious threat to Pelosi's position among the current crop of Democratic leaders."

Time (6/19, Tumulty) reports in its "Notebook" column that a "nasty fight" has broken out in the House Democratic caucus. Vocal Iraq war critic Rep. John Murtha, "sent a two-sentence letter last week to his Democratic colleagues notifying them that he plans to run for majority leader if his party wins back the House. That's a direct challenge to the man who would be in line for the job, Democratic whip Steny Hoyer, a moderate who supported the war." Murtha managed Rep. Nancy Pelosi's successful campaign against Hoyer for Minority Leader. She and Murtha "have stayed tight. But sources close to Pelosi say she had nothing to do with Murtha's surprising announcement; sources close to Hoyer suggest they don't believe that."

Poll Finds Reid Approval Rating At 48%. Senate Minority Leader Harry Reid received what the Washington Times (6/12, Hurt, 90K) calls "raucous applause" from a gathering of liberal bloggers in Las Vegas. But, "outside the convention hall, the Nevadans who sent Mr. Reid to Washington aren't quite so thrilled with the job he's doing. A poll conducted last month for the Reno Gazette Journal found just 48 percent of Nevadans approving of the job he's doing, compared with 41 percent who disapprove. … What's more, the poll by Research 2000 found that Nevadans don't think much of the job Mr. Reid is doing for the national Democratic Party either. Asked whether 'Democrats under Harry Reid's leadership have a workable agenda,' 35 percent of state voters said 'yes,' while 43 percent said 'no.' And by a 46 percent to 36 percent margin, his constituents said Mr. Reid doesn't have the 'leadership qualities' to guide Democrats to control of the Senate this year. The survey polled 600 likely Nevada voters last month and has a margin of error of 4 percentage points."

House Makes Emailing Offices More Difficult. The Washington Post (6/12, D1, Birnbaum, 744K) reports, "Congress to Lobby Groups: Drop Dead! That could be the headline on the latest development from the House of Representatives. Last month the House quietly began to make it harder for interest groups to send large numbers of e-mails to lawmakers." Increasingly, citizens "are being forced to demonstrate a basic knowledge of mathematics to have any chance of communicating electronically with their congressional offices." At the end of May, "the House started to offer congressmen the chance to add an extra obstacle -- the completion of a math problem -- to their already difficult-to-penetrate e-mail systems. The purpose, officials said, was to cut down on the deluge of messages they receive." Even with "many impediments, lawmakers still bellyache that the torrent of e-mails they get every day is more than their staffs can handle. According to a recent study, electronic messages to the House doubled to 99 million from 2000 to 2004. In the Senate, the number of e-mails more than tripled to 83 million during the same period." The math problem idea "is to ensure that only actual people -- and not mass-mailing computers of the kind often used by interest groups -- will send e-mails to the House from now on."

OPM To Reexamine Bids To Provide Dental, Vision Benefits. The Washington Post (6/12, D4, Barr, 744K) reports in its "Federal Diary" column, "One of the biggest benefit programs planned for federal employees and retirees in years -- enhanced dental and vision benefits -- is having trouble getting off the drawing boards. Last month, the Office of Personnel Management announced it had selected 10 vendors for the new Federal Employee Dental and Vision Program, scheduled to start Dec. 31. Last week, the OPM quietly informed congressional committees that it had decided to take a fresh look at the bids. … The reassessment of the bids was triggered by a protest filed by Blue Cross and Blue Shield at the Government Accountability Office, a congressional auditing agency that often handles contractor complaints. … In a statement, the OPM said it reopened the vendor selection process 'to reaffirm the integrity of the procurement process' and to put OPM in the best possible position to negotiate for reasonably priced dental benefits."

Bush Personal Aide Profiled. Time (6/19, Allen) profiles Blake Gottesman, personal aide to President Bush. Gottesman "has blossomed into a systems analyst, gatekeeper and diplomat who serves as the membrane between the President and the rest of the staff." Time adds, "White House Counselor to the President Dan Bartlett calls Gottesman 'a walking mood ring,' the unquestioned authority on whom the President wants in his limo, what member of Congress he may accept in his office on Air Force One and whether it is wise for a top aide to bring up a particular topic at a particular time."

Administration Seeks To Take Focus Off Bush Poll Numbers. U.S. News and World Report (6/19, Walsh) reports that in the wake of terrorist leader Abu Musab al Zarqawi's death and Republican Rep.-elect Brian Bilbray's victory in the CA50 special election, "things are looking brighter for President Bush." Aides "hope Bush's Camp David summit this week to plan the next phase of the Iraqi occupation will generate more positive momentum." US News adds that Bush "is building on his upward bounce by showing a new receptivity to fresh ideas and a willingness to change the way he does business. Critics say it's long overdue, but the president and his inner circle have begun a concerted effort to 'change the conversation,' according to

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one senior official, and take the focus off his job-approval ratings, which have lingered in the low to mid-30s."

Conservative Intellectuals Said To Be Rejecting Bush. In the New Republic (6/19), Jonathan Chait says, "Not long ago, conservatives hailed" George W. Bush "as a fearless leader in the war on terrorism, a great man of history, Reagan's son. Long after the patriotic upsurge following September 11 had crested, the conservative base held him in awe." But now, "his former acolytes are furiously denouncing him." Conservative "intellectuals and activists, the right's ideological vanguard, have decided that Bush is not Reagan's son after all. Indeed, they have discovered that he is not, and never has been, a conservative, but rather that he is a fraud masquerading as one."

Marcus Calls DeLay's Farewell Speech "Sneering, Belligerent." Ruth Marcus writes in the Washington Post (6/12, A21, 744K) that Rep. Tom DeLay's farewell address on the House floor last week was "stunning for its sneering, belligerent partisans hip. … DeLay made clear that he wanted to leave the way he behaved throughout his 22 years in Washington -- contemptuous of the opposition and unrepentant about his cutthroat tactics." Marcus adds, "There is a place for partisanship, and an honor in hewing to principles that divide the parties. But DeLay's zero-sum politics diminishes the capacity of government to solve difficult problems."

NYTimes Says State Department Should Cover Programs To Train Foreign Militaries. The New York Times (6/12, 1.19M) editorializes, "The Senate plans to begin consideration today of the defense authorization bill for the coming year. One particularly distressing section of the package would reauthorize the Pentagon to arm and train foreign militaries, something it was first authorized to do for 2006. … Congress should return these programs to State Department supervision. If it cannot summon the will to do that, it should at least mandate that the programs financed by the Pentagon conform to the same democratic and human rights standards that apply when they are run by the State Department."

WSJournal Praises FAA Handling Of NATCA Contract. An editorial in the Wall Street Journal (6/12, 2.11M) offers congratulations to Federal Aviation Administrator Marion Blakey for her winning battle "over the latest contract for federal air traffic controllers. The National Air Traffic Controllers Association is one of the few federal labor unions accorded the right to negotiate its contract terms, with the caveat that should discussions reach an impasse -- and Congress not act -- the FAA could impose a contract." The Journal adds, "No word yet from Natca if it intends to strike, but it may have learned its lesson in 1981 when President Reagan fired controllers for walking off the job. With an air traffic control system in need of costly upgrades to reduce delays and cancelled flights, it's especially good to see a majority of Republicans defy union intimidation."

OTHER NEWS:

Fed Keeping Close Eye On Inflation Expectations. The Wall Street Journal (6/12, Conkey, 2.11M) reports that the Federal Reserve is closely watching the inflation expectations of consumers and markets. Inflation expectations "have become increasingly important to monetary policy in recent years. When people anticipate a rising inflation rate, the prevailing theory goes, they are likely to behave in ways that will bring about higher prices. … Preventing this kind of inflationary spiral is what Fed Chairman Ben Bernanke had in mind last week when he said the central bank will be 'vigilant' in combating the recent upward trend in prices."

USA Today (6/12, Kirchhoff, 2.31M) reports that the two inflation reports this week from the government "could determine whether the Federal Reserve keeps raising interest rates or stands aside. Traders and economists are anxiously awaiting Tuesday's wholesale price report and Wednesday's consumer price index, as they try to regroup from last week's stock market dive. The question for the markets is whether the inflation measures will jump, inducing the Fed at its June 28-29 meeting to boost its target for short-term rates above the current 5% level to tamp down price pressures."

Gasoline Prices Expected To Decline Further. The Christian Science Monitor (6/12, Scherer, 61K) reports that relief from rising gas prices may be on the way. After the price of oil hit a high of $75.17 a barrel last month, "demand in the United States dipped a few percentage points. Demand by other big developed economies has also eased in recent months, reaching a level that's actually lower than a year ago. Oil markets started to factor in some of these supply-and-demand dynamics last week: The price of crude oil fell below $70 a barrel on Thursday." The lower prices "are a good sign for consumers -- and the price of the hydrocarbon could stabilize or drop more if, as widely expected, both the US and global economies grow at a slower pace for the rest of the year."

Energy Firms Betting East Coast Gasoline Terminals Won't Be Built. The Wall Street Journal (6/12, Gold, 2.11M) reports, "Several energy companies are making big bets that new tanker terminals for importing natural gas along the East Coast won't be built, a turn of events that

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could put upward pressure on consumer heating and electricity bills there." Several companies "plan to build natural-gas pipelines to bring gas to the region over land from other parts of the country. … Earlier this year, Kinder Morgan Energy Partners LP and Sempra Energy said they were teaming up to build a $4 billion, 1,300-mile gas pipeline from the Rockies to Ohio. Combined, the new pipelines should deliver as much as 3.5 billion cubic feet a day into the East Coast market by 2009. Neither pipeline project would be moving ahead unless the companies felt confident the less-expensive, brand-new LNG terminals wouldn't be there to compete, said Bernard J. Picchi, energy research director at Foresight Research Solutions LLC."

States Move To Transform Medicaid. A front page story in the Washington Post (6/12, A1, Goldstein, 744K) reports that "states are moving aggressively to transform the nation's largest public health insurance program, adding fees, restricting benefits and creating incentives for patients to take responsibility for their health. … Starting July 1, West Virginia will phase in a redesigned form of Medicaid that requires patients to sign a 'member agreement,' promising that they will keep doctors' appointments, take prescribed medicine and not overuse hospital emergency rooms. Patients who refuse to sign or to follow the rules will be eligible for less care. Kentucky is dividing its Medicaid patients into four categories, depending on their health and their age, with different benefits for each group. … Florida, meanwhile, will privatize part of its Medicaid system in September, directing patients in Jacksonville and Broward County to pick from 19 health plans, each offering different services."

NYTimes Calls New York Effort To Combat Medicaid Fraud "A Disgrace." An editorial in the New York Times (6/12, 1.19M) says New York state's "efforts to weed out Medicaid fraud have been a disgrace. … New York needs more staff members to investigate Medicaid fraud. The state must have a chief Medicaid inspector who is not a political hack, and a workable whistle-blower or false-claims law. The biggest Medicaid program in the country should also strive to be the cleanest."

Democrats Lose Ground In Gubernatorial Races. USA Today (6/12, Page, 2.31M) reports the "political landscape has gotten friendlier for congressional Democrats over the past six months, but the party's prospects for scoring big gains in governors' races now look more difficult." In Michigan, "Gov. Jennifer Granholm — the darling of Democrats when she was elected in 2002 — is now in a dead heat with Republican challenger Dick DeVos. A statewide poll last month by EPIC-MRA put him at 46%, her at 45%. Last fall, she had held a 23-point lead." In Wisconsin, "Democratic Gov. Jim Doyle is increasingly vulnerable, in part because of ethics controversies in his administration. In a statewide Strategic Vision poll in April, Doyle was at 45%; U.S. Rep. Mark Green, a Republican hopeful, was at 43%." Among the nation's "10 biggest states, Democratic prospects since the beginning of the year have gotten tougher in four — California, Georgia, Michigan and Pennsylvania — and better in one, New York." The GOP "has more governorships at risk this year. Among 36 races on the ballot, 22 are for Republican-held seats, 14 for Democratic-held ones." Since 1994, Republicans "have held a majority of governorships — now 28 states to Democrats' 22. Democrats hope to turn that around this year by picking up at least four of them." USA Today (6/12, 2.31M) also runs a table listing information on the races in six of the most populous 10 races, and a brief caption for the table.

Reynolds Says CA50 Result Shows Corruption Won't Be Issue In November. Roll Call (6/12, Kurtz) reports, "Fresh off a special election in which the corruption issue did not carry the Democratic candidate to victory, National Republican Congressional Committee Chairman Tom Reynolds (N.Y.) predicted Friday that corruption would not be a factor in the race to succeed Rep. Tom DeLay (R-Texas), and he reiterated his belief that the Democrats will not be able to use the issue to their advantage in the midterm elections." Reynolds said "last week's special election to succeed incarcerated ex-Rep. Duke Cunningham (R-Calif.) was a perfect opportunity to test the 'culture of corruption' message that Democrats have pounded throughout the election cycle."

Emanuel Says GOP Avoided "Disaster" With Bilbray Win. Appearing on ABC's This Week (6/11, Stephanopoulos), Rep. Rahm Emanuel, chairman of the Democratic Congressional Campaign Committee, said that with Republican Brian Bilbray's victory in the special election to fill the seat of Randy "Duke" Cunningham, what Republicans "really did was avoid a disaster." Emanuel said, "The Republican Party spent $5 million, the most they've ever spent, in an overwhelming Republican district and eked out a victory with less than 50 percent of the vote. And the only way Congressman Bilbray did that was by attacking the president of the United States, of his own party." Emanuel's Republican counterpart, also appearing on This Week, said it appeared that Bilbray's Democratic opponent, Francine Busby, "got no more than what Kerry got in that district."

Republicans' Good News May Not Affect Long-Term Political Environment. In his Roll Call column (6/12), Stuart Rothenberg says, "California's 50th district special election. The death of terrorist leader Abu Musab al-Zarqawi in Iraq. The foiling of a major terrorist plot in Canada. A cooling of tensions over Iran. The unemployment rate down to 4.6 percent. After a 17-month string of virtually unbroken bad news, Republicans suddenly find themselves confronting something they could not have expected, and may now no

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longer recognize: good news. How will they handle it?" Republican partisans "should not kid themselves about the political environment," as "more bad news from" the Middle East is "probably around the corner (if it hasn't already happened)." Second, "the public's mood already is sour, so many Americans may discount good news, just the way they have ignored the strength of the economy." Third, Republicans "need to understand that while they dodged a bullet in California's 50th district, that result guarantees nothing about November." Democrat Francine Busby "has been described as a 'mediocre' candidate so often that it might as well be her middle name. But Democratic nominees in Connecticut's 2nd and 4th districts, Indiana's 8th and 9th districts and Florida's 22nd district— just to mention a handful of contests — are much stronger than Busby and much more likely to have appeal to general election voters."

Several Clinton Administration Alumni Seeking Elective Office. The AP (6/12, Johnson) reports Clinton administration alumni "are taking their turn in the political spotlight while their former leader cheers from the sidelines." Former President Clinton said, "I am pleased and proud that so many of them have run or are running for office." The AP adds, "Nowhere is the Clinton class more evident than in New York, where the ex-president and Sen. Hillary Rodham Clinton now live. Four of five Democrats hoping to succeed Eliot Spitzer as New York's attorney general served in the Clinton administration." One Clinton alumnus "is Charlie King, a candidate for state attorney general." The Clinton class "also includes: Kirsten Gillibrand, a former HUD lawyer under Andrew Cuomo. She is running for Congress in the New York's 20th District, which stretches north from Albany's suburbs. Sheldon Whitehouse, a former U.S. attorney. He is running for the U.S. Senate in Rhode Island. Tom Perez, a former deputy U.S. attorney. He is running for attorney general in Maryland. Bill Halter, Clinton's deputy Social Security commissioner. He advanced last month to Tuesday's Democratic runoff for the nomination for lieutenant governor in Arkansas." The "crowded field for New York attorney general also features Sean Patrick Maloney, an aide in the Clinton White House aide. In addition, Denise O'Donnell, the former U.S. attorney in Buffalo, dropped out of the race on June 3."

Byrd, In Tough Race, Faces Scrutiny For Votes On Social Issues. Roll Call (6/12, Whittington) reports when Sen. Robert Byrd (W.Va.) "was one of two Democrats last week to vote to invoke cloture and force an up-or-down vote on a federal amendment banning gay marriage — a position that plays well with the socially conservative voters back home — Republicans wasted little time in blasting the move." Byrd has said "he is against gay marriage, but he opposes a constitutional measure banning it because he believes the matter should be left up to each state and he would have voted no on the underlying bill." But the "most recent vote illustrates the potentially perilous line that Byrd, who today becomes the chamber's longest-serving Senator, must walk as he seeks re-election to an unprecedented 9th term this November." Byrd "faces millionaire businessman John Raese (R) in what is expected to be his toughest race yet." But Democratic strategists "scoff at the notion that Byrd's recent actions — including supporting President Bush's Supreme Court nominees and proposing a constitutional amendment to allow voluntary prayer in public schools — amount to any sort of election-year conversion or pandering to conservatives."

Edwards Leads Clinton In Iowa Caucus Poll. The Des Moines Register (6/11, 166K) ran the results of an Iowa Poll on the 2008 Democratic caucuses taken May 29 to June 1. John Edwards leads with 30%, with Sen. Hillary Clinton next at 26%. However, the poll has a 4.9% margin of error. Sen. John Kerry was a distant third at 12%, followed by Gov. Tom Vilsack 10%, Tom Daschle 3%, Sen. Russ Feingold 3%, Mark Warner 3%, Sen. Evan Bayh 2%, and Wesley Clark 2%.

Herbert Says Ohio Was "Hijacked" From Kerry In 2004. Bob Herbert writes in the New York Times (6/12, 1.19M), "Republicans, and even a surprising number of Democrats, have been anxious to leave the 2004 Ohio election debacle behind. But [Robert F. Kennedy, Jr.], in his long, heavily footnoted article ('Was the 2004 Election Stolen?'), leaves no doubt that the democratic process was trampled and left for dead in the Buckeye State. [Sen. John] Kerry almost certainly would have won Ohio if all of his votes had been counted, and if all of the eligible voters who tried to vote for him had been allowed to cast their ballots." Herbert adds, "No one has been able to prove that the election in Ohio was hijacked. But whenever it is closely scrutinized, the range of problems and dirty tricks that come to light is shocking."

Local TV Stations Losing, Viewers, Revenue To Internet. The Wall Street Journal (6/12, A1, Barnes, 2.11M) reports that the internet is drawing viewers and revenue away from local TV stations, which for decades have been "a fount of cash for some of the industry's biggest players such as Viacom Inc., News Corp. and General Electric Co.'s NBC. Newspaper publishers such as Tribune Co. and Gannett Co., also diversified into television. For many of these companies, steady profits from their stations funded expansion into other businesses." The Journal adds, "The picture has changed. Total local broadcast revenue fell 9% in 2005 to $16.8 billion, according to the Television

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Bureau of Advertising. The chief culprit: Big advertisers cutting back budgets or moving to the Web."

Growing Number Of Students Finish College Over $100,000 In Debt. USA Today (6/12, A1m Block, 2.31M) reports, "After years of rising college costs and shrinking financial aid, it's come to this: Some graduates are now leaving college with student-loan debt in the six figures. Graduates with more than $100,000 in debt still account for a small subset of borrowers. But their numbers are rising. And the proportion who are leaving college with some level of unmanageable debt -- debt they can't repay without significant hardship -- is swelling. … The rise in unmanageable debt has raised concerns that many graduates won't be able to pursue careers in fields that have traditionally paid modest salaries."

NYTimes Says American Workers Are Downbeat. The New York Times (6/12, 1.19M) editorializes, "It comes as little surprise to anyone nowadays that the deep bonds between company and company town are only as strong as the former's share price, measured by fiscal quarters rather than generations. Still, there is something sad about the spurned affection of a community for its company, the way residents of Newton, Iowa, feel about Maytag. … Shoppers probably won't notice, but Newton and the laid-off Maytag workers everywhere will feel a void. The economy is growing fast, but American workers are downbeat, and Maytag helps explain why. Jobs can be replaced, but the sense of safety and security cannot. The brand lives on, but the identity is gone."

Iran Wants Talks, But Balks At Immediate Enrichment Freeze. The New York Times (6/12, Sciolino, 1.19M) reports, "Iran has begun a public campaign that appears to be aimed at nudging the six nations that have offered a package of incentives into negotiations over its nuclear program without first freezing its efforts to make nuclear fuel." During "a hastily planned trip to Cairo, apparently to drum up international support for Iran's stand, Tehran's chief nuclear negotiator rejected any preconditions for opening negotiations over the fate of its nuclear program. In the clearest response from Iranian officials to the incentives package, Ali Larijani, the chief negotiator, told reporters on Sunday, 'We have already said that we would not accept any preconditions and that we are supporting negotiations without prior conditions.'"

The Financial Times (6/12, Smyth) adds, "Hamid-Reza Asefi, the foreign ministry spokesman, said on Sunday that Iran would take 'as long as is necessary' before replying, and echoed Saturday's announcement from Manouchehr Mottaki, the foreign minister, that it might submit counter-proposals. Mr. Mottaki spoke of 'shuttle diplomacy' in which Iran would send 'a genuine proposal...or counter-package' to the Europeans. He did not elaborate on what might be contained in the proposals." USA Today/AP (6/12, Dareini) and Washington Post (6/12, A17, Dareini, 744K) also report the story.

US, Europe Push IAEA Members On Draft Ahead Of Monday Meeting. The AP (6/12, Dareini) reports, "In two position papers shown to the AP, the United States and Europe were lobbying hard for support of the package from members of the" IAEA Board "before a Monday meeting of the body. 'We are...encouraging all board members to make firm statements to call on Iran' to negotiate on the six-power offer, the US position paper said. If Tehran declines, the text warned that the five permanent Security Council members plus Germany 'have agreed to pursue measures…(to) pressure the Iranian regime to change course.'"

US Will Seek UN Sanctions If Iran Refuses To Suspend Uranium Enrichment. Time (6/19, Shannon) reports in its "Notebook" column, "Iran's resumption of uranium enrichment last week could not have come at a better time for the Bush Administration. The US sees Iran's defiance…as new ammunition in its battle to persuade the European powers, Russia and China that only harsh sanctions can impede Iran's quest for the Bomb. If, as US officials anticipate, Iran refuses to suspend enrichment and return to the negotiating table, Secretary of State Condoleezza Rice will demand sanctions from the UN Security Council. Russia and China have pledged not to veto if Iran refuses to cooperate."

Conservatives Said To Be Upset About Iran Proposal. The Los Angeles Times (6/12, Richter, 958K) reports, "Last month, as Rice rolled out the Iran proposal, her senior staff contacted influential conservative editors and pundits in hopes that a full explanation of the deal would head off criticism from the right." The effort "helped mute reactions, commentators said." But "the new initiative has drawn criticism, if not wholesale condemnation, from conservative opinion leaders such as the Wall Street Journal editorial page and the National Review magazine, and conservative stalwarts such as American Enterprise Institute scholar Michael Rubin and former Reagan administration official Frank J. Gaffney Jr., among others. So far, only a few conservative members of Congress have joined the conservative foreign policy experts' complaints — in public, at least. This is partly because they believe Bush has a weak hand and few options, said Wittmann, now with the centrist Progressive Policy Institute. " Nevertheless, "the discontent marks a challenge for Bush at a time when he is trying to rebuild conservative support."

Iranian Official Says US Should Rebuke MEK. In a letter to the Wall Street Journal (6/12, 2.11M), M.A. Mohammadi, press secretary for Mission of Iran to the UN,

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writes, "The US Congress shouldn't support a terrorist organization that has committed atrocities in Iran, including the assassination of a president, a prime minister and more than 70 lawmakers ('Iranian Exile Group Aims to Build Bridges; Some in Congress See a Role for an Organization Formally Listed as a Terrorist Group,' May 22). How do such actions correspond to the values defended by Congress? The European Union has recognized the Mujahedeen-e Khalq, or People's Mujahedeen of Iran, as a terrorist organization, and even a recent report by the U.S. government has acknowledged that the MEK 'has been launching attacks on Western and Iranian targets since the 1970s.' Instead of condoning acts of terrorism against Iran, US lawmakers should respect Iran's sovereignty and international law and prove their goodwill toward the Iranian nation by rebuking the MEK."

Latest Gaza Violence Could Derail Both Leaders' Plans. In wrap-up coverage of a weekend of violence in Israel and the Palestinian territories, the Wall Street Journal (6/12, Leggett, 2.11M) reports, "Escalating Israel-Palestinian tension soon may imperil political initiatives being pushed by their leaders and possibly spark a new phase of armed confrontation." Following shelling on Friday that killed eight civilians on a Gaza beach, Hamas ended what had been a longstanding ceasefire, and "left unchecked, the violence could return to the pitched levels of 2002, with implications for both sides and the broader region. Already, Hamas's armed wing has suggested it may resume dispatching suicide bombers into Israel. Senior Israeli military officials said they aren't ruling out a major ground offensive in Gaza, which would be the first since Israel withdrew from that area last summer, and said Israel could target Hamas political officials if Hamas rocket fire continues."

The New York Times (6/12, Azar, 1.19M) also runs a story titled "Errant Shell Turns Girl Into Palestinian Icon," which reports on Huda Ghaliya, "the sixth-grade student whose horrified screams on Friday as she knelt by her dead family on a Gaza beach were televised around the world." She "has quickly become an icon of the Palestinian struggle against Israeli might."

Hamas Vows To Block Abbas's Referendum. Meanwhile, the New York Times (6/12, Erlanger, 1.19M) reports, "The militant faction Hamas announced its intent on Sunday to block" the July 26 referendum "after failing to reach an agreement in talks with him." According to the Times, Prime Minister Ismail Haniya "urged Mr. Abbas in a letter on Friday and in a three-hour meeting in Gaza late Saturday night, to abandon the referendum as a divisive mechanism at a time of crisis, when Palestinians must remain united, and to continue dialogue instead to reach agreement. … A planned meeting between Mr. Abbas and the exiled Hamas political leader Khaled Mashal in Yemen, which has been trying, like Egypt, to find common ground between Fatah and Hamas, was also scrapped."

The Washington Post (6/12, A14, Wilson, 744K) reports, "In a statement released Sunday, the imprisoned Hamas leader who signed the document, Abdel Khaleq al-Natsheh, said he no longer supported it. He asked Abbas...to cancel the public vote on the document, which was meant to serve as a basis for negotiation between the two leading Palestinian political movements." The Washington Times (6/12, Mitnick, 90K) also runs a story about the Palestinian split and the violence it is engendering.

Olmert May Find Himself In Hot Seat On European Trip. The Financial Times (6/12, Morris) adds Israeli Prime Minister Ehud Olmert "begins a European tour today in which he will likely be obliged to justify his country's military tactics in the territories before he is allowed to turn the focus towards promoting his controversial and potentially unilateral plans for the West Bank. The UK and France, his hosts this week, both condemned Friday's incident in which seven Palestinians were killed during a beach picnic, apparently victims of stray Israeli shelling," and "the deteriorating situation posed a further threat to efforts by the international quartet – the US, European Union, United Nations and Russia – to get its moribund 'road map' peace plan back on track via renewed negotiations between the antagonists."

Major North Korean Missile Test Could Be Imminent. The Financial Times (6/12, Sevastopulo, Fidler, Fifield) reports, "North Korea is preparing for a possible test of an intercontinental ballistic missile with the potential to hit the US, according to Washington officials. A senior official said there were 'enough indications' to suggest that Pyongyang was getting ready to fire a Taepodong-2 missile from a launch pad in eastern North Korea." The Times calls current planning "far more advanced than on previous occasions," and says U.S. intelligence is "monitoring the launch site" for signs of missile assembly. The Times notes, "Pyongyang…could be bluffing. Kim Jong-Il…has a history of performing eye-catching stunts when he feels he is being ignored, which has happened recently as Washington focuses on resolving nuclear tensions with Iran." North Korea has not conducted a significant missile test since it test-fired its intermediate-range Taepodong-1 in 1998.

Domenici Makes Case For India Nuclear Agreement. In a letter to the Wall Street Journal (6/12, 2.11M), Sen. Pete Domenici writes, "Former Sen. Nunn and I have worked closely together to promote our shared nonproliferation goals, but he is wrong when he argues that Congress should impose additional conditions to the U.S.-India agreement. … I consider that partnership vital to the

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future of our nonproliferation regime. … I believe this agreement can serve as a catalyst to strengthening an eroding nonproliferation regime, a regime that has brighter prospects with India than without her."

Turkish EU Accession Talks In Jeopardy. The Financial Times (6/12, Dombey, Parker, Boland) reports EU foreign ministers "will seek" today "to prevent a huge setback to Turkey's entry bid that could leave Ankara empty-handed eight months after it agreed to begin" accession talks. The discussions in Luxembourg and the participation of Turkish Foreign Minister Abdullah Gul "are in doubt because Cyprus has objects to the EU's plans. On Sunday Mr Gul said he would not go unless ministers rejected Greek Cypriot demands over accession negotiations." Nicosia "insists the EU should make clear reference throughout negotiations to the need for Turkey to recognize" the Greek Cypriot government and establish diplomatic relations. The Times notes, "If the opening of the negotiations is delayed, Turkey's membership bid could be left in limbo," but also adds that similar difficulties preceded last fall's agreement to begin accession discussions. More ominously, the Times notes, "EU officials and governments also have misgivings about the progress of reform in Turkey and the prospects for enlargement of the EU in general. Concerns have been heightened by political and economic instability in Turkey."

Iraq War Casts Pall In Lebanon, Other Middle Eastern Countries. The Washington Post (6/12, A1, Shadid, 744K) reports former Iraqi Insurgent Abu Haritha sits in the northern city of Tripoli, "Lebanon's second-largest," waiting "for what he believes will be a more expansive war beyond Iraq, a struggle he casts in the most cataclysmic of terms." The war in Iraq "has generated some of the most startling images in the Middle East today: a dictator's fall, elections in defiance of insurgent threats and carnage on a scale rarely witnessed. Less visibly, though, the war is building a profound legacy across the Arab world: fear and suspicion over Iraq's repercussions, a generation that casts the Bush administration's policy as an unquestioned war on Islam, and a subterranean reserve of men who, like Abu Haritha, declare that the fight against the United States in Iraq is a model for the future." Tripoli "is one of the most visible manifestations of the war, a rough-and-tumble city being transformed by growing radicalism and religious fervor that may long outlast the death of Zarqawi and the U.S. presence in Iraq, now in its fourth year. Here, and elsewhere, that militancy may prove to be the inheritance of both the war and the Bush administration's professed aim of bringing democratic reform to the region."

Somali Warlord Vows To Contest Islamic Militia's Control Of Mogadishu. The AP (6/12, Hassan) reports Muse Sudi Yalahow, "one of the secular warlords who lost control of Somalia's capital to an Islamic militia, vowed Sunday that the battle for Mogadishu was not over — an ominous warning for a city devastated by years of bloodshed and anarchy." But it was "unclear how many fighters and weapons the defeated alliance had, and many of the U.S.-backed warlords remain in hiding." The "threat came a day after Islamic fighters stopped showings of the World Cup soccer tournament, one of the first signs that the fundamentalist force now controlling nearly all of southern Somalia could install strict Islamic rule." Yalahow said "his group of secular warlords is regrouping to fight the Islamic militia, whom he accused of having ties to al-Qaida."

Annan Says US Use Of Financial Leverage Could Hurt Reform. In a Financial Times op-ed (6/12), UN Secretary General Kofi Annan says, "A minor storm broke out last week when Mark Malloch Brown, my deputy, made a speech suggesting that the US should engage more fully and wholeheartedly with other members of the UN to bring about reform. That is absolutely right, but he and I believe the same message needs to be heard in many other countries besides the US." The US "is trying to use the power of the purse to force through badly needed management reforms and these tactics have provoked a reaction among developing countries. Most of these are well aware of the need to reform – not least because it is in those countries that the UN provides vital services from peacekeeping and peace-building through emergency relief to strengthening human rights, helping organise elections and fighting infectious disease. That means they are the ones who have most to gain from a well-managed UN that really gives value for money. Their quarrel is much less with the detail of proposed reforms than with what they see as the overwhelming influence of a few rich countries."

The Financial Times (6/12, Turner) reports that while Annan says "the US use of 'the power of the purse' to force through reforms at the United Nations is lessening the chance of those reforms succeeding," he "calls on all countries, including the developing world, to 'turn down their rhetoric' and take a constructive attitude towards this month's UN budget negotiations, which threaten to pit rich against poor in a battle with potentially damaging consequences." Anan's comments "follow last week's high-profile dispute between John Bolton, the US ambassador, and Mark Malloch Brown, the UN deputy secretary-general, after the British official called for better US engagement with the world body."

Bolton Criticized For Blocking UN Management Reforms. In his Washington Post (6/12, A21, 744K), Sebastian Mallaby says US Ambassador to the UN, John R. Bolton, "has a rich history of losing friends and failing to influence people." Bolton has "blundered into U.N.

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management reform, an issue that may soon precipitate a crisis. The top U.N. officials, led by Secretary General Kofi Annan, had laid out a menu of radical changes, designed to eliminate useless conferences and reports and to move staff to departments that most needed them. Bolton added his own brand of bluster to this plan: If poor countries carried on resisting management reforms, rich countries would stop paying for the organization. The deadline for agreeing on reform is the end of this month, but no breakthrough is in sight. Officials are wondering what to do if U.N. checks start bouncing."

G-8 Ministers Say China, Emerging Economic Powers Overloading Poor Countries With Debt. The Wall Street Journal (6/12, Phillips, 2.11M) reports the US "and its allies are worried that China and other up-and-coming economic powers may be overloading the world's poorest nations with high-priced debt." At their St. Petersburg meeting, "finance ministers from the Group of Eight leading nations warned China, India, Brazil and South Korea not to promote their exports to poor countries by pushing trade credits the borrowers can ill-afford." The G-8 ministers "find the situation especially troubling because just last year they engineered a write-off of as much as $60 billion in World Bank, International Monetary Fund and other loans for as many as 42 of the world's poorest nations. Now, G-8 officials fear some of those same countries may be slipping back into debt trouble."

Chinese Ambassador Makes Goodwill Tour Of Midwest. USA Today (6/12, Lynch, 2.31M) reports it is "somewhat out of the ordinary, however, for a foreign diplomat to ditch Embassy Row for the flyover states. Yet, there was Chinese Ambassador Zhou Wenzhong earlier this month venerating the 'heartland' and happily pressing the flesh in appearances here and in Kansas City, Mo." Zhou's "two-day Midwestern swing, which included speeches to business groups, local media interviews and even an incongruous stroll amid a flock of penguins, was all part of China's emerging campaign to overhaul a remote and sometimes threatening image. The ambassador's affable style also reflects the growing sophistication of Chinese diplomacy as a once-insular nation adjusts to a newly prominent role in global affairs."

Blogger's Stand Against Chinese Real Estate Market Makes Waves. The Wall Street Journal (6/12, Browne, 2.11M) reports Zou Tao "has become an unlikely hero in this profit-driven city of half-built apartment complexes and luxury villas: He is calling for a boycott of the real-estate market." It is "a daring grass-roots campaign, designed to tamp down overheated property prices" in Shenzhen, China, that "he says has gotten him in trouble with police and attracted threats -- but also the backing of people across the country." Zou "has evidently tapped into a deep resentment against powerful real-estate developers and their local-government backers. They have helped push prices so high that many city residents can't afford to buy, even while numerous units held by speculators remain empty."

Disarming Janjaweed Seen As Key To Reaching Peace In Darfur. The New York Times (6/12, Polgreen, 1.19M) reports Musa Hilal, "the sheik who the State Department and human rights organizations say is an architect and perhaps the key leader of the fearsome Arab militias that have unleashed a torrent of misery in Darfur, laughed softly at the question of who these armed men" were who file around the town of Mistariha, Sudan. Hilal says, "They are soldiers. Just regular soldiers." The Times adds the "commander of the African Union peacekeeping base two dozen miles away, Col. John Bosco Mulisa, said there was little doubt who these men really were." Col. Mulisa says, "They are janjaweed. This town is their headquarters." The Times adds "whoever their commander is and whatever they are called, these men and the weapons they carry will determine whether, after three years of conflict that has left at least 200,000 dead, the fragile efforts to bring peace to this shattered region will succeed or fail." The "first and most critical step of that agreement, signed in May between the government in Khartoum and the largest rebel faction, is the disarmament of the janjaweed. The government pledged to submit a plan to disarm the militias of their heavy weaponry one month after signing the agreement and to finish the job before the end of October. But how do you disarm a phantom army whose sponsors and leaders deny its existence?"

Negotiators Debate Russian Investment In US, European Energy Infrastructure. The New York Times (6/12, Weisman, 1.19M) reports, "Russian, American, European and Japanese officials are negotiating over whether Russia should be allowed greater latitude to invest in utilities, pipelines, natural gas facilities and other infrastructure in the United States and Europe." In a "draft declaration for endorsement at a Group of 8 summit meeting next month in St. Petersburg, Russia, broadened Russian access is paired with something the West wants: endorsement of market principles and greater access for foreign investment in the energy industry of Russia, one of the biggest oil and natural gas producers in the world."

Slovakian Neo-Liberal Government Seen As Likely To Lose Elections. In a Wall Street Journal (6/12, 2.11M) op-ed, Robin Shepherd of the German Marshall Fund of the United States says, "Imagine you're the leader of

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a country where economic growth is running at 6.3%, your government has been praised by the World Bank as the best market reformer in the world, unemployment has fallen to a record low of 10.6% from around 20% in just four years and your flat 19% corporate, value added and income tax rate led Steve Forbes to call your country an 'investors' paradise.' Imagine, also, that your country has seen foreign investment sky-rocket to the point at which it will shortly become the world's biggest per capita car maker, and where your people's feelings about their sense of national worth have gone from shame to something approaching pride. Oh, and as icing on the cake, imagine too that you got your country into the European Union and NATO." With this "record in mind, now consider that you face parliamentary elections this Saturday at which, unless the opinion polls change dramatically, you risk annihilation by a leftist opposition party with no experience of government and a policy agenda filled with populist rhetoric. Welcome to the world of Mikulas Dzurinda, prime minister of Slovakia, who for the past eight years has led what can reasonably claim to have been the most successful neo-liberal government of the 21st century so far."

THE BIG PICTURE:

Headlines From Today's Front Pages.

Los Angeles Times:
"Lawyers Defend Marines In Raid."
"Disney's Low-Key Superhero."
"A Force Of Nature In Chile."
"Details On Detainee Suicides Emerging."
"Old-Style Taint Shadows Election In Mexico."
"Fido Party Of Four, Your Table Is Ready."

USA Today:
"Dems Slipping In State Races."
"In Debt Before You Start."
"'06 Storm Season Off To Early Start."

New York Times:
"Prisoners' Ruse Is Inquiry Focus At Guantánamo."
"U.A.W. Facing Tough Choices, Leader Warns."
"Over Tea, Sheik Denies Stirring Darfur's Torment."
"A Ring Tone Meant To Fall On Deaf Ears."
"Russia Bargains For Bigger Stake In West's Energy."
"In Diabetes, One More Burden For The Mentally Ill."

Washington Post:
"States' Changes Reshape Medicaid."
"Annapolis Publisher Remains Missing."
"Smoke Of Iraq War 'Drifting Over Lebanon.'"
"Ft. Belvoir Job Shift To Alter Commutes."
"For Wal-Mart, Fair Trade May Be More Than A Hill Of Beans."
"Breathing New Rhythm Into Tired Streets."

Washington Times:
"U.S. General Sees Troops Leaving Iraq."
"Deadly Anbar Harbors 'Rat Lines.'"
"Wuerl A 'Teaching Bishop.'"
"Newspaper Publisher Merrill Missing."
"Homeland Security Accepts Fake ID."
"Palestinians Ready To Enjoy Gaza Shoreline."
"These Hacks Won't Leave You Up In The Air."

Detroit Free Press:
"UAW Boss: The Worst Is Upon Us."
"Kids Reach For Own Phones."
"Gettelfinger's Bind: Do More With Less."
"Battle Over Wiretaps To Begin Today."

Atlanta Journal-Constitution:
"Fernbank Hopes To Uncover Lost Spanish Mission."
"NSA Case In Court Today."
"Atlanta's Mexicans Revel In Cup Win."
"Shoe Leather, Little Else Fuel Campaign."

Houston Chronicle:
"Three Dead Detainees Identified."
"National Congress Looks For Respect."
"Mexico And Its Fans Having A Soccer Ball."
"Alberto No Big Deal In Florida."
"Round Rock Teens' Protests Head To Court."

Story Lineup From Last Night's Network News:
ABC: Preempted By Golf.
CBS: Al Qaeda Statement; Iraq Troop Levels; Taliban Resurgence; Early American Flags; Tropical Storm Alberto; Hollywood Private Eye; Baseball HGH Scandal; China-European-Style Architecture.
NBC: Al Qaeda Statement; Iraq Troop Levels; Haditha Killings-Marine's Attorney; Gitmo Suicides; Tropical Storm Alberto; Alberto-Florida; Military Recruiting-Immigrants; Afghanistan Violence; Taiwan-Heavy Rain; Florida-Aging Levee; US World Cup Soccer Team.

Story Lineup From This Morning's Radio News Broadcasts:
ABC: Tropical Storm Alberto; AZ-Wildfire; National Guard On NM border; Zarqawi Autopsy.
CBS: Bush-Camp David Meeting; Iraq Bombing; Tropical Storm Alberto; Warrantless Wiretapping; Gitmo Suicides; Gas Prices; Tony Awards; Wall Street.
NPR: Tropical Storm Alberto; China-Amnesty International Report; Afghanistan-Bombing; Kashmir-Bus Station Grenade Attack; Infant Mortality; Iraq-Bombings; Bush-Camp David Meeting; World Cup-Sex Trafficking; Tony Awards.

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WASHINGTON'S SCHEDULE:

Today's Events In Washington.

White House:

PRESIDENT BUSH — Participates in a meeting with the Interagency Team on Iraq, Camp David.

VICE PRESIDENT CHENEY — No public schedule.

LAURA BUSH —Speaks at the Susan G. Komen Breast Cancer Foundation 2006 Mission Conference. Crystal Gateway Marriott, 1700 Jefferson Davis Highway, Arlington. Speaks and hosts entertainment provided by the Jersey Boys at the Senate Spouses luncheon. East Room.

US Senate: FLOOR SCHEDULE _ 3 p.m. Meets to debate the defense authorization bill. No votes scheduled.

2:30 p.m. ENERGY AND NATURAL RESOURCES _ Full Committee. Hearing on implementation of the Energy Policy Act of 2005. Assistant Energy Secretary Dennis Spurgeon; Douglas Chapin MPR Associates; Tom Christopher, Chief Executive Officer, Areva, Inc. Lynchburg, Va.; Lawrence Burns, General Motors; Regis Matzie, Westinghouse Electric Company; Jeff Serfass, National Hydrogen Association; Dan Keuter, Entergy Nuclear, Jackson, Miss. Location: Room 366, Dirksen.

3 p.m. FOREIGN RELATIONS _ Full Committee. Hearing on the investment treaty with Uruguay. Location: Room 419, Dirksen.

US House: FLOOR SCHEDULE _ 12:30 p.m. The House meets for morning hour debate, and at 2 p.m. will turn to legislative business. Votes will be postponed until 6:30 p.m. Highlights: Conference Report on H.R. 4939 - Emergency Supplemental Appropriations Act for Defense, the Global War on Terror, and Hurricane Recovery, 2006. Suspensions (12 bills): 1) H.R. 4013 - To amend the Reclamation Projects Authorization and Adjustment Act of 1992 to provide for conjunctive use of surface and groundwater in Juab County, Utah. 2) H.R. 4162 - Los Padres National Forest Land Exchange Act of 2005. 3) H.R. 3967 - Pactola Reservoir Reallocation Authorization Act of 2005. 4) H.Con.Res. 368 - Expressing the sense of the Congress with respect to honoring the goals and ideals of Alex`s Lemonade Stand Days, June 9 through 11, 2006. 5) H.Con.Res. 338 - Expressing the sense of Congress regarding the activities of Islamist terrorist organizations in the Western Hemisphere. 6) H.Res. 794 - Recognizing the 17th anniversary of the massacre in Tiananmen Square, Beijing, in the People`s Republic of China, and for other purposes. 7) H.Res. 804 - Condemning the unauthorized, inappropriate, and coerced ordination of Catholic bishops by the People`s Republic of China. 8) H.Con.Res. 408 - Commending the Government of Canada for its renewed commitment to the Global War on Terror. 9) H.Res. 608 - Condemning the escalating levels of religious persecution in the People`s Republic of China. 10) H.Res. 792 - Recognizing the 40th anniversary of the independence of Guyana and extending best wishes to Guyana for peace and further progress, development, and prosperity. 11) H.R. 5169 - Wilfred Edward `Cousin Willie` Sieg, Sr. Post Office Designation Act . 12) S. 1445 - William H. Emery Post Office Designation Act.

5:30 p.m. RULES _ Full Committee. Hearing on On H.Res. ___ - Declaring that the United States will complete the mission in Iraq and prevail in the Global War on Terror, the struggle to protect freedom from the terrorist adversary; H.R. ____ - Transportation, Treasury, HUD, Judiciary, DC, Appropriations Act for 2007. Location: Room H-313, Capitol.

Other: LATIN AMERICAN DEVELOPMENT _ The Inter-American Development Bank holds a conference on a new initiative to deal with Latin American development. Highlights: 6 p.m. Session on ``Redefining the Possible," with former President Bill Clinton. Location: IADB, 1330 New York Ave. NW.

SPARK CONFERENCE _ The Society of Professional Administrators and Recordkeepers holds its 2006 National Conference. Highlights: 10:15 a.m. Former Sen. Tom Daschle, D-S.D., speaks on ``Washington Perspectives." 1 p.m. - 2 p.m. Ask the CEOs session with Phil Lussier of CitiStreet and Joe Ready of Wachovia. Location: Renaissance Mayflower Hotel, 1127 Connecticut Ave. NW.

ACCOUNTING OVERSIGHT _ 9 a.m. - 12:30 p.m. The Public Company Accounting Oversight Board has scheduled a Standing Advisory Group meeting. The advisory group will discuss topics related to audits of internal control over financial reporting as well as other standards-setting topics. Location: Army and Navy Club, 901 17th St. NW.

ENERGY POLICY _ 10 a.m. The National Commission on Energy Policy holds a briefing to release a White Paper on energy needs and challenges. Location: Room 2123, Rayburn.

JOHANNS _ 10:45 a.m. Agriculture Secretary Johanns speaksa to the Financial Women's Association. Location: Morgan Lewis Bockius law firm, 1111 Pennsylvania Ave. NW.

KURDS-IRAQ _ 11:30 a.m. The Center for Strategic and International Studies holds an event with Qubad Talabany, Representative of the Patriot Union of Kurdistan, discussing Iraq's new government. Location: B-1 conference level, 1800 K St. NW.

BANKRUPTCY-PENSIONS _ 12 p.m. American Bankruptcy Institute holds a briefing on pension issues in bankruptcy with Bankruptcy Judge Eugene Wedoff, Chief Judge of the Northern District of Illinois and presiding judge over the United Airlines bankruptcy case. Location: Room 2226, Rayburn.

FUTURE ENERGY SOURCES _ 12 p.m. The Foundation for Nuclear Studies and the Congress and

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Science Program of the American Chemical Society host a Senate Nuclear Caucus a luncheon discussion, ``Climate Change: What Is The Role of Next Generation Nuclear Energy and Hydrogen? Participants are: Sen. Larry Craig, R-Idaho; Vice Admiral John J. Grossenbacher (Ret.), Laboratory Director, Idaho National Laboratory; Joseph Romm, author of ``The Hype About Hydrogen: Fact and Fiction in the Race to Save the Climate; and former Acting Assistant Secretary of Energy Ambassador John Ritch, Director General, World Nuclear Association, former U.S. Ambassador to UN Organizations in Vienna. Location: Room 418, Russell Senate Office Building.

PORT SECURITY _ 12 p.m. - 1:30 p.m. Senator Chafee sponsors a congressional brieifng focusing on port security and cargo screening technologies. Panel members include: Elainec Dezenski, former assistant secretary for policy, Department of Homeland Security; David Schanzer, director of the Center for Homeland Security Studies, Duke University; and Peter Kant, vice president of government affairs, Rapiscan Systems. Location: Room 188, Russell Senate Office Building.

MEDICARE SAVINGS _ 12:15 p.m. The Commonwealth Fund and the Alliance for Health Reform hold a briefing Medicare savings programs, with Jack Ebeler, who chaired the National Academy of Social Insurance panel that made the program recommendations, others. Location: Room 325, Russell.

REID-ENERGY INDEPENDENCE _ 12:30 p.m. Senate Democratic Leader Harry Reid will keynote the opening lunch of the Campaign for Americas Futures Take Back America 2006 conference. The lunch session, “Apollo: New Energy, New Jobs, New Independence for America, will focus on new initiatives to make America energy independent." From high gas prices to the rising costs of middle-class life, Americans face serious challenges. Location: Washington Hilton, International Ballroom, 1919 Connecticut Ave. NW.

POLITICS-DISASTER POLL _ 1 p.m. There will be a teleconference on release of a new poll (to be released on Monday) that will show a significant differences among Democratic, Republican and Independent voters with regard to how unprepared the nation is to deal with a flu pandemic, a major terrorist attack, global warming or collision with an asteroid. The poll was conducted for SCI FI Channel and NBC News Productions by Bill McInturff with Public Opinion Strategies and Anna Greenberg with Greenberg Quinlan Rosner Research. Contacts: Ed Rothschild, 202-879-9317. Notes: Call-in number is: 800 216-1258. Passcode - 202 879-9339.

BIES _ 3 p.m. Federal Reserve Board Governor Susan Schmidt Bies speaks to the Financial Women's Association Washington Briefing Conference. Location: Room 121, Cannon.

IMMIGRATION-WILSON _ 4 p.m. The Hudson Institute holds an event with former California Gov. Pete Wilson discussing immigration policy. Location: 6th floor, 1015 15th St. NW.

BERNANKE _ 7:30 p.m. Federal Reserve Board Chairman Ben Bernanke speaks to the American Bankers Association Stonier Graduate School of Banking speakers program on bank supervision. Location: Gaston Hall, Healy Building, Georgetown University.

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Gorsuch, Neil M

From: Gorsuch, Neil M
Sent: Monday, June 12, 2006 9:18 AM
To: Friedrich, Matthew; Hertling, Richard
Subject: NSLs

Does one of you happen to have tps on NSLs? I'm looking for tps that make the pt that NSLs are not a creation of the Bush Administration; are long recognized and used law enforcement tools that predate Patriot, etc.

Gorsuch, Neil M

From: Gorsuch, Neil M
Sent: Monday, June 12, 2006 9:54 AM
To: Hertling, Richard
Subject: RE: NSLs

Thanks, Richard.

From: Hertling, Richard
Sent: Monday, June 12, 2006 9:45 AM
To: Gorsuch, Neil M
Subject: RE: NSLs

I have forwarded this to Brent McIntosh in OLP, as he handles our national security issues.

From: Gorsuch, Neil M
Sent: Monday, June 12, 2006 9:18 AM
To: Friedrich, Matthew; Hertling, Richard
Subject: NSLs

Does one of you happen to have tps on NSLs? I'm looking for tps that make the pt that NSLs are not a creation of the Bush Administration; are long recognized and used law enforcement tools that predate Patriot, etc.

McIntosh, Brent

From: McIntosh, Brent
Sent: Monday, June 12, 2006 10:14 AM
To: Gorsuch, Neil M
Cc: Hertling, Richard; Friedrich, Matthew
Subject: RE: NSLs
Attachments: National Security Letters 2.pdf; NSL.Specter.11.23.05.pdf

I've attached talkers on NSLs and the changes wrought by both PATRIOT and PATRIOT reauth. I've also attached our letter to the Hill following last year's Washington Post front-page NSL hit piece, which captures nicely our responses to lots of myths about NSLs.

From: Hertling, Richard
Sent: Monday, June 12, 2006 9:44 AM
To: McIntosh, Brent
Subject: FW: NSLs

I will let you reply.

From: Gorsuch, Neil M
Sent: Monday, June 12, 2006 9:18 AM
To: Friedrich, Matthew; Hertling, Richard
Subject: NSLs

Does one of you happen to have tps on NSLs? I'm looking for tps that make the pt that NSLs are not a creation of the Bush Administration; are long recognized and used law enforcement tools that predate Patriot, etc.

National Security Letters

- National security letters ("NSLs") are **similar to administrative subpoenas** and may be used by the FBI to obtain specified information from specified companies in **international terrorism and espionage investigations**. NSLs are generally used to obtain:

  - Billing and transactional records maintained by telephone companies and Internet service providers;

  - Credit reports and other consumer information maintained by consumer reporting agencies; and

  - Financial information maintained by financial institutions.

- Recipients of NSLs can be prohibited from informing others that they have received these requests for information in order to safeguard the integrity of the sensitive terrorism and espionage investigations in which national security letters are used. But that prohibition only attaches if the FBI or DOJ certifies that certain enumerated harms — such as harm to the national security or diplomatic relations — would result from disclosure.

- In *Doe v. Ashcroft*, a federal district judge in the Southern District of New York struck down as unconstitutional 18 U.S.C. § 2709, one of five statutes giving federal investigators the power to issue NSLs.

- 18 U.S.C. § 2709, which was based on language offered by Senator Leahy, authorizes the FBI to issue NSLs in order to obtain billing and transactional records from telephone companies and Internet service providers and was passed as part of the Electronic Communications Privacy Act of 1986.

- **This court ruling did not strike down any provision of the USA PATRIOT Act.** Rather, the part of the statute invalidated by the court was part of the Electronic Communications Privacy Act of 1986 ("ECPA").

  - Section 505 of the **USA PATRIOT Act did amend 18 U.S.C. § 2709 and other NSL statutes to eliminate the requirement that the FBI identify specific and articulable facts that information sought through an NSL pertained to a foreign power or an agent of a foreign power, such as a terrorist or spy.**

  - Section 505 substituted the requirement that information sought through an NSL **must be relevant to an authorized international terrorism or espionage investigation**, **the same relevance standard that is used in the context of grand jury subpoenas.**

- The difference between the pre-PATRIOT Act "specific and articulable facts" standard and the post-PATRIOT Act "relevance standard" did not play a key role in the decision of the federal district judge in the Southern District of New York to strike down 18 U.S.C. § 2709 as unconstitutional.

- Rather, as stated above, that decision was based on the perceived inability of an NSL recipient to challenge the NSL request in court and the permanent and blanket prohibition on the recipient of an NSL disclosing that it had received the request.

- The legislative reauthorizing the USA PATRIOT Act remedied these concerns by providing for challenges to NSLs and their attendant nondisclosure requirements. The reauthorization legislation:

  - Makes clear that an NSL recipient can challenge an NSL in court and that a court can modify or set aside the NSL if compliance would be unreasonable or oppressive.

  - Makes clear that the Attorney General may seek judicial enforcement of NSLs when recipients refuse to reply with the request for information.

  - Makes clear that an NSL recipient may disclose the existence of the NSL in the course of seeking legal advice from an attorney or obtaining assistance from those whose help is necessary to comply with the request for information.

  - Provides that the nondisclosure requirement only applies to an NSL in instances where a government officer certifies that disclosure of the NSL may result in: (1) a danger to the national security of the United States; (2) interference with a criminal, counterterrorism, or counterintelligence investigation; (3) interference with diplomatic relations; or (4) danger to the life or physical safety of any person.

  - Requires that any NSL subject to a nondisclosure requirement contain notification of that nondisclosure requirement.

  - Imposes criminal liability on those who knowingly violate NSL non-disclosure requirements, but only as a specific-intent crime.

  - Allow for NSL recipients to challenge a nondisclosure requirement and for a court to modify or set aside such a requirement.

U.S. Department of Justice

Office of Legislative Affairs

Office of the Assistant Attorney General

Washington, D.C. 20530

November 23, 2005

The Honorable Arlen Specter
Chairman
Committee on the Judiciary
United States Senate
Washington, D.C. 20510

Dear Mr. Chairman:

On Sunday, November 6, the *Washington Post* published a feature article by Barton Gellman titled "The FBI's Secret Scrutiny: In Hunt for Terrorists, Bureau Examines Records of Ordinary Americans." The article presents a materially misleading portrayal of the FBI's use of National Security Letters (NSLs), which are a long-standing and important tool for preventing terrorist attacks and espionage. Contrary to the impression created by the *Post*'s article, NSLs do not empower the FBI to spy on ordinary Americans, to listen to phone calls or read emails, or to review what books Americans read or web sites they visit. Rather, NSLs empower the FBI to conduct national security investigations by requesting very specific categories of information critical in tracking the activities of terrorists and spies and determining whether a person is a terrorist or spy.

While many of the distortions and factual errors in the *Post*'s article can be debunked only through classified information, other flaws in the article's discussion are revealed on the face of public records and of the laws passed by the Congress. Indeed, some are revealed in the article's own internal inconsistencies. We have already briefed your staffs on many of the article's distortions and falsehoods, including those for which the underlying facts are classified. This letter is intended to provide you an account of the facts regarding certain inaccuracies that can be rebutted in an unclassified format. We have therefore listed a number of those errors and explained the truth regarding those errors.

1. **As a general theme, the *Post* claims that the FBI uses NSLs to spy on law-abiding Americans. This is simply false: The FBI cannot and does not use NSLs outside of authorized national security investigations.**

   Claims: "The PATRIOT Act, and the Bush administration guidelines for its use, transformed those [national security] letters by permitting clandestine scrutiny of U.S. residents and visitors who are not alleged to be terrorists or spies."; "Career investigators and Bush administration officials emphasized, in congressional testimony and interviews for this story, that national security letters are for hunting terrorists, not fishing through the private lives of the innocent. The distinction is not as clear in practice."

Fact: **By law and in practice, NSLs cannot be and are not used to spy on law-abiding Americans or to investigate ordinary crimes or even domestic terrorism — they are limited to requests for information relevant to authorized investigations of international terrorism and espionage.** To be sure, some people whose records are produced in response to an NSL may not be terrorists or spies or associated with terrorists or spies. But in these vital investigations, the FBI needs to be able to check out every tip and track down every lead. As the attacks of 9/11 taught us all, even the slightest lead must be aggressively pursued. NSLs allow the FBI use of an efficient tool for determining the seriousness of the threat posed by suspected terrorists or spies and their associates — including the ability to cull unwitting acquaintances from complicit and dangerous co-conspirators.

2. **The *Post* insinuates that the FBI uses NSLs to seek library patrons' check-out records and monitor visits to disfavored websites. But the statutes authorizing NSLs do not authorize the FBI to request information on "the books [library patrons] borrow" or to monitor traffic on websites, and the FBI complies with those statutes.**

Claims: "[T]he vendors of the software he operates said their databases can reveal . . . the books they borrow. [The purported NSL recipient] refused to hand over those records . . . ."; "If the government monitors the Web sites that people visit and the books that they read, people will stop visiting disfavored Web sites and stop reading disfavored books."

Fact: **The FBI by law cannot, and in practice does not, request that an NSL recipient disclose e-mail contents or library checkout records.** The NSL statutes strictly limit what information may be requested, and from whom. The NSL in the Connecticut case was issued under 18 U.S.C. § 2709, which does not authorize requests for book borrowing records. Indeed, despite the *Post*'s insinuation, the *Post*'s own description of the NSL at issue in the Connecticut case (the accuracy of which can only be discussed in a classified setting) does not suggest that the FBI sought check-out records. Justice Ginsburg's opinion denying emergency relief in that case confirms this, characterizing the NSL as requesting "'subscriber information, billing information[,] and access logs'" — not book check-out records. *Doe v. Gonzales*, 546 U.S. ___, No. 05A295 (Oct. 7, 2005) (Ginsburg, J., in chambers). As for websites, tracking visits to websites cannot be done under an NSL.

3. **The *Post* implies that NSLs are left entirely to the FBI's discretion. In doing so, the *Post* ignores robust mechanisms for checking misuse.**

Claim: "They [NSLs] receive no review after the fact by the Justice Department or Congress."

Fact: **FBI NSL usage is subject to Justice Department and Congressional oversight.** First, no NSL may be issued except in an authorized national security investigation, and no national security investigation may be authorized without notice to the Justice Department's Office of Intelligence Policy and Review and its Criminal Division. Second, should there be an allegation of wrongdoing involving an NSL, the Justice Department's Inspector General is empowered to investigate, and any misuse must be reported to the Intelligence Oversight Board. Third, all but one of the statutes authorizing use of NSLs require the FBI to "fully inform" Congress regarding the FBI's use of NSLs.

4. **The *Post* fundamentally mischaracterizes a recent Executive Order to claim that it requires the FBI to share private records of innocent Americans with entities outside the federal government.**

Claim: "Late last month, President Bush signed Executive Order 13388, expanding access to those files for 'state, local and tribal' governments and for 'appropriate private sector entities,' which are not defined."

Fact: **Executive Order 13388 does not give state, local, tribal, or private entities access to information gleaned from NSLs.** The Executive Order's reference to those entities directs that they be included in a federal project to bolster the "interchange of terrorism information" insofar as it is consistent with "the freedom, information privacy, and other legal rights of Americans." E.O. 13388 § 1. This policy directive implements section 1016 of the Intelligence Reform and Terrorism Prevention Act of 2004, which requires the sharing of terrorism information with "all appropriate Federal, State, local, and tribal entities, and the private sector." The information-sharing project includes policies and procedures to determine who is an appropriate recipient of what information, and to safeguard privacy and civil liberties. For instance, including private sector entities in the "interchange of terrorism information" will allow terror threat information to be shared, as appropriate, with business and critical infrastructure entities. There is no requirement that those entities be given access to information on innocent Americans.

5. **The *Post* implies that the FBI can use an NSL to compel production of private records without the intervention of a court, and that PATRIOT Act conferees are set to expand that authority. Neither contention has any basis in fact.**

Claim: "House and Senate conferees are poised again to amplify the FBI's power to compel the secret surrender of private records."

Fact: **The FBI cannot compel compliance with an NSL without seeking judicial intervention.** An NSL is not a court order or a grand jury subpoena; it is a request for records. In the event a recipient objects to the request, production can only be "compelled" by a court. Neither the House nor the Senate reauthorization bill contains language that would "amplify" existing NSL authorities. The changes supported by the Administration will create significant additional oversight and explicit procedures for judicial review — facts literally ignored by the *Post*.

6. **The *Post* implies that Congressional oversight of NSLs is inadequate and that, in any event, the Justice Department has failed to report how many NSLs it uses. To the contrary, the Justice Department provides Congress information on NSL usage in a number of forms, including reporting, briefings, and testimony.**

Claim: "The Justice Department has offered Congress no concrete information, even in classified form, save for a partial count of the number of letters delivered."; "As national security letters have grown in number and importance, oversight has not kept up."

Fact: **The Department of Justice has complied with thorough Congressional oversight of NSL use.** In addition to providing to Congress all information required by the numerous statutory reporting requirements regarding NSLs, the Department has participated in multiple hearings that addressed NSL authorities, responded to numerous written congressional queries, and conducted several classified briefings. It is simply false to suggest that the Justice Department has offered Congress "no concrete information" on NSL usage or that Congress has ignored its oversight responsibilities. Moreover, the article's denigration of the oversight the Congress can provide based on numbers of NSLs issued is unwarranted. The Department reports both the total number of NSLs issued and, most important, the number of different U.S. persons whose records the FBI has requested through NSLs. Those statistics permit Congress to see if there have been significant increases in the use of NSL authority. By way of example, if the *Post* is correct that NSLs were used during the Las Vegas investigation (a point we can neither confirm nor deny in an unclassified setting), our reports to Congress would include a huge number of U.S. persons, which would undoubtedly attract Congressional attention.

7. **The *Post* draws misleading and erroneous distinctions between NSLs and their criminal investigative counterpart, grand jury subpoenas.**

Claim: "Grand juries tend to have a narrower focus because they investigate past conduct, not the speculative threat of unknown future attacks. Recipients of grand jury subpoenas are generally free to discuss the subpoenas publicly."

Fact: **The distinctions the *Post* is attempting to draw between grand jury subpoenas and NSLs appear to be based on a fundamental misunderstanding of the grand jury process.** First, a grand jury subpoena certainly could be used to investigate "the speculative threat of unknown future attacks": grand juries are fully empowered to investigate ongoing conspiracies. Second, while grand jury subpoenas are available to investigate a wide range of criminal activities, NSLs are available only in authorized national security investigations, in which confidentiality is often a paramount concern. Finally, courts have repeatedly recognized that individuals do not have a First Amendment right to disclose information learned only by virtue of participation in an investigation, particularly where the national security is implicated.

8. **The *Post* incorrectly implies that then-Attorney General Ashcroft empowered the FBI to investigate terrorism without regard to Americans' civil rights and civil liberties.**

Claim: "He gave overriding priority to preventing attacks by any means available."

Fact: **The FBI must and does conduct its investigations within the bounds of our Constitution, statutes, strict internal guidelines, and Executive Orders.** Attorney General Ashcroft did not authorize, and could not have authorized, the FBI to disregard those constraints. It is simply false to suggest that there are no legal restrictions on the FBI's investigations, even of terrorism.

9. **The *Post* asserts that because subjects are not notified of the issuance of an NSL, no one can challenge that issuance. This contention is wrong, given the availability of various oversight mechanisms and judicial review.**

Claim: "Because recipients are permanently barred from disclosing the letters, outsiders can make no assessment of their relevance . . . ."

Fact: **Recipients can challenge NSLs in court. Moreover, they can notify the Justice Department's Inspector General about perceived abuses. And NSL usage is subject to extensive Congressional oversight.** Any recipient can challenge the NSL it receives, and the courts and the Justice Department's Inspector General are all available to address those challenges. The Department takes the position that the nondisclosure requirement does not bar *all* disclosure but rather allows disclosure to an attorney. Moreover, NSLs are not self-enforcing; the FBI cannot compel compliance absent a federal court order. Finally, Congress conducts rigorous oversight over NSL usage. In short, the idea that there is no outside oversight of the FBI's NSL usage is simply wrong.

10. The *Post* erroneously implies that the permanent nondisclosure requirements do not serve a legitimate national security purpose.

Claim: "[N]ational security seldom requires that the secret be kept forever."

Fact: **Protecting the secrecy and integrity of national security investigations, techniques, and methods is critical to our ability to protect Americans from terrorist attacks and espionage.** The nondisclosure requirement serves two ends in national security investigations: (1) it prevents the target of an investigation from being tipped off; and (2) it ensures that we are not revealing too much information about our investigative capabilities and techniques to our enemies. It is the second reason in particular that the *Post* essentially ignores. There are many parties around the world who employ sophisticated techniques for gauging our intelligence and counterterrorism capabilities. Courts have repeatedly recognized the danger of publicly revealing information that in isolation appears harmless but when combined with other information provides our enemies insights into our capabilities and techniques. The nondisclosure requirement ensures that it is the FBI or the Justice Department that makes the determination whether information can be disclosed without harm to the national security or ongoing investigations. That decision is not one properly given to the recipient of an NSL, who will almost never be in a position to make that determination accurately.

11. The *Post* implies that the standard governing NSL use is toothless, ignoring the robust, binding legal guidance that informs that standard.

Claim: "To establish the 'relevance' of the information they seek, agents face a test so basic it is hard to come up with a plausible way to fail."

Fact: **By law, NSLs are limited to requests for information relevant to international terrorism and espionage investigations, and the FBI does not use them except in those authorized circumstances.** NSLs are not available to investigate ordinary criminal activity or even domestic terrorism. Moreover, the term "relevance" is one that has been employed in the law for generations — in fact, it is the standard for the issuance of a grand jury subpoena. It is simply false to suggest that "relevance" is an undefined or limitless concept.

12. The *Post* peddles the notion that the existence of the authority to use NSLs is itself an "abuse," regardless of how lawfully they are used. But the lawful use of a Congressionally authorized investigative tool is not an abuse.

Claim: "What the Bush administration means by abuse is unauthorized use of surveillance data — for example, to blackmail an enemy or track an estranged spouse. Critics are focused elsewhere . . . 'the abuse is in the power itself.'"

Fact: **The Department of Justice takes seriously the limits on its authorities and fully understands that unlawful use of an authority is an abuse. But lawful use is by definition not abuse.** Contrary to the *Post*'s assertion, we do not limit our understanding of abuse to the egregious, such as blackmail or stalking. On the other hand, we do not agree — and neither should Members of Congress — that lawful and prudent use in appropriate circumstances of a duly authorized investigative authority itself constitutes "abuse."

13. **The *Post* implies that the nondisclosure requirement attaching to an NSL would prohibit the recipient from consulting an attorney, in spite of the Department's repeatedly stated position that the nondisclosure requirement does *not* prevent a recipient from seeking counsel.**

Claim: "He wanted to fight the FBI but feared calling a lawyer because the letter said he could not disclose its existence to 'any person.'"

Fact: **The NSL statute at issue in the Connecticut case allows disclosure of receipt to an "agent," which would include an attorney.** In practice, and in litigation, the Justice Department has repeatedly maintained that the nondisclosure requirement allows disclosure to an attorney. Moreover, the recipient *did* consult an attorney and *did* challenge the NSL, as evidenced by the *Post*'s own discussion of the lawsuit. The *Post* further ignores that the Department has expressed public support for legislation making explicit that a recipient may consult an attorney.

14. **The *Post* claims that the Department of Justice has hidden from the courts the facts underlying the Connecticut NSL case. This claim is simply baseless.**

Claim: "The central facts remain opaque, even to the judges, because the FBI is not obliged to describe what it is looking for, or why."

Fact: **The Department of Justice has fully complied with the courts' requests for the facts underlying the Connecticut case.** A comprehensive explanation was filed under seal; although the explanation is not publicly available, the judges have been fully informed. It is simply false to state that the FBI has withheld from the courts information on what the FBI is looking for and why. Moreover, with knowledge of the reason for the FBI's request, the District Court has not determined that the FBI's request is unreasonable or unwarranted; rather, the court only ruled that the law requires the availability of a challenge and prohibits a permanent nondisclosure provision. Neither of these rulings casts any doubt on the underlying validity of the FBI's request.

15. The *Post* incorrectly implies that a claim that businesses face dire consequences for noncompliance with government requests was directed to NSL requests.

Claim: The Post attributes to one expert the position that failure to comply with an NSL could mean that "a business could face criminal prosecution, 'a "death sentence" for certain kinds of companies.'"

Fact: **The Post failed to provide a single instance of the government prosecuting a business for failing to comply with a national security investigation.** This is unsurprising, as the government has never prosecuted any individual or company for failing to comply with an NSL. The Justice Department is not looking to impose the economic "death sentence" on businesses that fail to comply with NSLs, and the Post's suggestion to the contrary is irresponsible. The statements on which the Post bases its claim are taken out of context and did not, when made, refer to compliance with NSLs.

16. The *Post* incorrectly asserts that businesses have complained about the burden imposed by NSL requests.

Claim: "National security letters, [major business groups] wrote, have begun to impose an 'expensive and time-consuming burden' on business."

Fact: **The letter to which the *Post* refers did not single out NSLs as burdensome but instead indicated in general that "document requests from the government" can pose an "expensive and time-consuming burden."** There exist a variety of investigative tools with which the government can request documents from businesses, including the familiar grand jury subpoena. Many of these tools can impose substantial compliance burdens on businesses. But the *Post*'s misrepresentation that businesses groups singled out NSLs as expensive or time-consuming is simply false. Indeed, in the Justice Department's experience, NSLs are much *less* "expensive and time-consuming" for recipients than some other investigative tools, and nothing in the business groups' letter contradicts that understanding.

17. The *Post* also erroneously insinuates that there is no internal oversight of NSL usage.

Claim: "In the executive branch, no FBI or Justice Department official audits the use of national security letters to assess whether they are appropriately targeted, lawfully applied or contribute important facts to an investigation."

Fact: **The use of NSLs, like the use of any authority, is subject to significant internal oversight and checks.** As an initial matter, an NSL must be approved by a field office's Special Agent in Charge (SAC) or one of a handful of senior FBI headquarters officials — all members of the Senior Executive Service,

totaling fewer than 100 nationally. Before an NSL request even gets to the desk of an SAC, it will go through at least two levels of oversight, including legal compliance. After the fact, any misuse of an NSL is subject to significant oversight as part of the FBI's reports to the Intelligence Oversight Board. Finally, the Department of Justice Inspector General is empowered to investigate any allegations of abuse.

In addition to these corrections, we have provided classified briefings to your staffs, as well as to certain Members who requested them, regarding the following erroneous claims:

- "The FBI now issues more than 30,000 national security letters a year, . . . a hundredfold increase over historic norms."

- "The Bush administration . . . has offered no example in which the use of a national security letter helped disrupt a terrorist plot."

- "In late 2003, the Bush administration reversed a long-standing policy requiring agents to destroy their files on innocent American citizens, companies and residents when investigations closed."

- "Criticized for failure to detect the Sept. 11 plot, the bureau now casts a much wider net, using national security letters to generate leads as well as to pursue them."

- "Agents commonly use the letters now in 'preliminary investigations' and in the 'threat assessments' that precede a decision whether to launch an investigation."

- "Ashcroft remained bound by Executive Order 12333, which requires the use of the 'least intrusive means' in domestic intelligence investigations. But his new interpretation came close to upending the mandate."

- "Two years ago, Ashcroft rescinded a 1995 guideline directing that information obtained through a national security letter about a U.S. citizen or resident 'shall be destroyed by the FBI and not further disseminated' if it proves 'not relevant to the purposes for which it was collected.' Ashcroft's new order was that 'the FBI shall retain' all records it collects and 'may disseminate' them freely among federal agencies."

- "[T]he FBI had served national security letters on [Las Vegas casinos]. In an interview for this article, one former casino executive confirmed the use of a national security letter."

The Department of Justice is committed to protecting civil liberties and to using all investigative tools judiciously and within the bounds of the law. This includes NSLs, which are one of the important tools Congress provided the Department to help us secure our nation. We urge the Congress not to let a distorted and misleading portrayal of the FBI's use of this vital investigative tool skew the debate over how best to ensure our national security.

If we can be of further assistance, please do not hesitate to contact this office.

Sincerely,

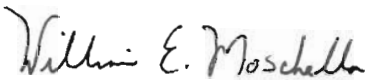

William E. Moschella
Assistant Attorney General

cc: The Honorable Patrick J. Leahy
Ranking Minority Member

Miller, Charles S

From: Miller, Charles S
Sent: Monday, June 12, 2006 10:48 AM
To: Agarwal, Asheesh (CRT); Ames, Andrew; Baxter, Felix (CIV); Blomquist, Kathleen M; Branda, Joyce (CIV); Brody, Stephen (CIV); Bucholtz, Jeffrey (CIV); Bukvics, Jennifer (CIV); Claterbos, Barbara (CIV); Cohen, David M. (CIV); Cohn, Jonathan (CIV); Davidson, Jeanne (CIV); Davis, Dan (CIV); Fargo, John (CIV); Fielding, Gabrielle (CIV); Figley, Paul (CIV); Flentje, August (CIV); Frost, Peter (CIV); Garren, Timothy (CIV); Glynn, J.Patrick (CIV); Gorsuch, Neil M; Hertz, Michael (CIV); Hollis, Robert (CIV); Hunt, Jody (CIV); Hussey, Thom (CIV); Jeweler, James (CIV); Katsas, Gregory (CIV); Keisler, Peter D (CIV); Kohn, Chris (CIV); Kopp, Robert (CIV); Letter, Douglas (CIV); Levine, Larry (EOIR); Lindemann, Michael (CIV); Magnuson, Cynthia; McCallum, Robert (SMO); Miller, Charles S; Nichols, Carl (CIV); Nowacki, John; Pyles, Phyllis (CIV); Riley, Sharon (CIV); Rivera, Jennifer (CIV); Roehrkasse, Brian; Schiffer, Stuart (CIV); Scolinos, Tasia; Seidel, Rebecca; Senger, Jeffrey M; Spellberg, Dianne (CIV); Swenson, Lily F; Thirolf, Eugene; Wilson, Karen L; Zwick, Ken (CIV)
Subject: 6/12/06 Civil Division News

Domestic Spying Program Comes Under Legal Scrutiny; A federal judge will hear the ACLU's arguments today against the National Security Agency's warrantless anti-terror surveillance

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The Debate Over Plan B

Union City private school settles meal fraud case

Piedmont Hospital to pay $3 million to settle whistleblower lawsuit

Lincare Holdings Agrees to Settle Whistleblower Suit

Brockovich has new target; Activist of film fame is suing health firms

Is the 9th Circuit Bound by Its Earlier Pledge Ruling?

Los Angeles Times

June 12, 2006

Domestic Spying Program Comes Under Legal Scrutiny; A federal judge will hear the ACLU's arguments today against the National Security Agency's warrantless anti-terror surveillance

By Henry Weinstein

Times Staff Writer

The National Security Agency's controversial domestic surveillance program faces its first major court test today before a veteran federal judge in Detroit.

In January, groups including the American Civil Liberties Union and the Michigan branch of the Council on American-Islamic Relations as well as several individuals, who said they feared the government was spying on them, filed a 60-page lawsuit seeking to have the warrantless wiretapping program declared unconstitutional. Among the individuals is James Bamford, author of two books on the NSA.

Under the program, launched after the Sept. 11 terrorist attacks, the NSA listens in on phone calls and obtains e-mails into and out of the U.S. involving suspected terrorist affiliates. The program bypasses the Foreign Intelligence Surveillance Court, which was created after government spying scandals in the 1970s to approve warrants in some intelligence- and terrorism-related investigations.

The suit in Detroit, like one filed in New York by the Center for Constitutional Rights, asserts that the NSA's eavesdropping program has violated free-speech and privacy rights and has had a chilling effect on the communications of potential surveillance targets.

None of the plaintiffs have offered proof they were spied on. Rather, they maintain that the simple existence of the program has impeded their ability to perform their jobs as journalists and lawyers.

"The program is causing concrete and specific injury to plaintiffs and others," the ACLU said in a motion in March, asking U.S. District Judge Anna Diggs Taylor to declare the program illegal and to order its immediate halt.

A brief by Ann Beeson and other ACLU attorneys said the program was disrupting plaintiffs' ability "to talk with sources, locate witnesses, conduct scholarship, engage in advocacy and engage in other activity protected by the 1st Amendment."

The ACLU attorneys contend that because President Bush and several Cabinet members, including Atty. Gen. Alberto R. Gonzales, have publicly acknowledged the existence of the program, Taylor has sufficient evidence to rule on the legality of the program without further fact-finding.

The Justice Department sharply disagrees and seeks dismissal of the cases in Detroit and New York on the grounds that they violate the "state secrets" doctrine.

First recognized by the Supreme Court 53 years ago in U.S. vs. Reynolds, the "state secrets" privilege bars disclosure of information in court proceedings when "there is a reasonable danger that compulsion of the evidence will expose military matters which, in the interest of national security, should not be divulged."

The privilege has been used most often by officials in the executive branch of government, said William G. Weaver, an attorney and a political science professor at the University of Texas, El Paso, who has co-written a scholarly article on the subject.

"It is the most powerful privilege available to the president," Weaver said. "If it is properly invoked, it wins every single time."

Before the Sept. 11 attacks, Weaver said, government lawyers generally used the privilege at the instigation of mid-level officials who did not want a program's operational details revealed.

In recent years, though, it has become "a top-down enterprise," he said. "The privilege has been transformed into a political device to protect the president from embarrassment."

On May 26, Justice Department attorneys, led by Andrew H. Tannenbaum, filed a motion urging Taylor to not even consider the plaintiffs' motion.

The government lawyers maintain in court papers that the NSA program is "essential to meeting a continuing and grave foreign terrorist threat" and is "well within lawful bounds," that the plaintiffs had no standing to bring the case because they had not demonstrated any injury from the NSA program.

On May 31, Taylor rebuffed the government's contention that she had to consider the "state secrets" issue before considering anything else. She said she would consider the ACLU's motion today, and scheduled a July 10 hearing on the government's motion.

Justice Department lawyers filed a new motion June 2 asking the judge to clarify her order and to once again consider their arguments on standing and "state secrets" before considering any other issue. Taylor is expected to respond at today's hearing.

If the plaintiffs overcome the government's argument, it will be highly unusual. Justice Department attorneys almost always prevail when they invoke the "state secrets" privilege, even when judges acknowledge a plaintiff raises serious issues.

Last month, U.S. District Judge T.S. Ellis III in Alexandria, Va., dismissed a lawsuit filed by a German citizen who alleged he was kidnapped and beaten by the CIA.

Khaled El-Masri sued former CIA Director George J. Tenet, other officials and three private companies. The suit alleged that Tenet violated U.S. and international human rights laws by permitting agents to kidnap El-Masri in Macedonia in 2003, beat him, drug him and transport him to a secret CIA prison in Afghanistan.

Five months later, according to the suit, El-Masri was released at night in Albania without being charged with a crime.

Ellis said that "if El-Masri's allegations are true or essentially true, then all fair-minded people, including those who believe that state secrets must be protected … must also agree that El-Masri has suffered injuries as a result of our country's mistake and deserves a remedy."

Nonetheless, Ellis sided with government attorneys, saying that if the case went forward it "would present a grave risk of injury to national security."

"El-Masri's private interests must give way to the national interest," he ruled.

"In times of war," he said, "our country, chiefly through the executive branch, must often take exceptional steps to thwart the enemy."

END

Detroit Free Press

June 12, 2006

Battle over wiretaps to begin today; Suit asks Detroit judge to stop U.S.

BY DAVID ASHENFELTER
FREE PRESS STAFF WRITER

The opening salvo of what is sure to be a closely watched and potentially landmark case over whether the U.S. government has the right to eavesdrop on thousands -- and potentially millions -- of telephone and e-mail communications will be fired in federal court in Detroit today.

The American Civil Liberties Union, which filed the lawsuit in January, will ask U.S. District Judge Anna Diggs Taylor to abolish the Bush administration's program of intercepting international phone calls in its fight against terrorism, saying it violates Americans' free speech and privacy rights.

The Justice Department, which represents the National Security Agency, is expected to argue that the program is legal and a key weapon in the administration's war on terror.

Although neither side expects Taylor to rule today, courtroom observers said she might reveal hints on how she will decide the case.

"Perhaps no other government action poses more of a threat to our democracy than spying on Americans' telephone calls without first obtaining a court order," Michigan ACLU lawyer Michael Steinberg said Friday. He will be on hand when national ACLU lawyer Ann Beeson argues the case.

Senate Judiciary Committee Chairman Arlen Specter, R-Pa., said that he will force the executives of telephone companies that have given their customers' phone records to the government to testify about the eavesdropping program if the Bush administration doesn't fully cooperate with drafting new rules on what's allowed.

"If we don't get some results, I'm prepared to go back to demand hearings and issue subpoenas if necessary," Specter said Sunday on CNN's "Late Edition."

Specter said he was more hopeful, after talking Thursday with Vice President Dick Cheney, that committee hearings and subpoenas can be avoided.

Specter had threatened to subpoena executives of major phone companies to get them to testify about their cooperation with the NSA.

But one company lawyer has told Specter the executives wouldn't be able to testify about any classified information.

Cheney indicated he was willing to work with Congress on new rules governing eavesdropping, but he stopped short of promising any action and said a final decision on the bill would be up to President George W. Bush.

Meanwhile, U.S. Justice Department spokesman Charles Miller said department lawyers will attend today's hearing in Detroit, but it's unclear what they might say.

He said they expect Judge Taylor to review secret documents they filed recently to persuade Taylor to allow the program to proceed.

The ACLU sued the NSA on Jan. 17 on behalf of itself and a group of journalists, scholars, lawyers and national nonprofit groups whose members often communicate with people in the Middle East and Asia by telephone and e-mail.

The ACLU alleges that the program has had a chilling effect on plaintiffs' ability to confer with sources, conduct research and engage in other activities.

The Center for Constitutional Rights in New York filed a similar suit in U.S. District Court in Manhattan the same day the ACLU filed in Detroit. No hearings have been scheduled in that suit.

The New York Times disclosed the program in December, triggering protests from civil liberties groups, as well as opposition from liberals and conservatives.

The newspaper reported that the NSA had eavesdropped on international telephone and e-mail conversations involving suspected terrorists without obtaining warrants from the Foreign Intelligence Surveillance Court, a secret court in Washington, D.C.

The ACLU charges that the NSA has been sifting through millions of calls and e-mails of ordinary Americans without any probable cause.

On May 11, USA Today reported AT&T, Verizon and BellSouth had disclosed phone records to the NSA without customer or court approval to aid the administration's war on terror.

Bush, who authorized the program after the Sept. 11, 2001, terrorist attacks, has insisted that the program is legal and vital to national interests.

He says Congress authorized the program after the terrorist attacks when it passed a resolution granting him the power to fight terrorism.

Administration officials have said the program targets people they suspect of having contact with members of Al Qaeda, not ordinary Americans.

The plaintiffs have offered no proof that they were spied upon, but said the government probably had listened in on confidential conversations between lawyers and clients, and researchers and reporters, or researchers and their information sources.

In March, the ACLU asked Taylor to summarily rule in the ACLU's favor on the grounds that the program violates federal law.

Although the government never filed a formal answer to the ACLU complaint, it asked Taylor in late May to dismiss the ACLU suit, invoking a military and state secrets privilege. It says the ACLU can't proceed unless the government divulges information that would compromise national security.

The government also filed secret information in hopes of persuading Taylor to side with the government.

Taylor denied the Justice Department's request to postpone a decision on the ACLU's motion to summarily rule against the government.

Even though the government hasn't filed a formal answer to the complaint, she said it could attend today's hearing and argue its case.

Taylor has allowed several individuals and groups -- including the National Association for the Advancement of Colored People, the American-Arab Anti-Discrimination Committee, the Asian American Legal Defense and members of Congress -- to file briefs on the case.

Taylor, 74, a senior judge who handles half the caseload of a regular judge, was appointed in 1979 by President Jimmy Carter.

Lawyers described her as smart, fair and liberal.

As a black woman who lived through the civil rights struggles of the 1960s, they said she likely will be skeptical of government assurances that the program operates within the law.

END

CHICAGO TRIBUNE

June 11, 2006

Judge gives ACLU phone suit go-ahead

A federal judge on Friday declined to stay the proceedings in a lawsuit filed by the American Civil Liberties Union against AT&T that challenges the company's release of phone records to the federal government.

Author Studs Terkel is among the well-known local residents who have agreed to serve as plaintiffs in the case, which alleges AT&T released customer information to the National Security Agency without a warrant and seeks to block those disclosures. AT&T had sought a stay pending decisions to transfer similar cases around the country to one federal district court.

U.S. District Judge Matthew Kennelly noted that the harm the plaintiffs claim is serious if proven to be true.

"The Terkel plaintiffs contend that information in which they have a significant statutory privacy interest has been and is still being disclosed," Kennelly wrote in his decision. The judge gave AT&T until later this month to file a response.

END

Reuters

June 10, 2006

U.S. Court Backs Government Broadband Wiretap Access; The court concluded that the FCC requirement is a "reasonable policy choice," even though information services are exempted from the government's wiretapping authority.

WASHINGTON - A U.S. appeals court Friday upheld the government's authority to force high-speed Internet service providers to give law enforcement authorities access for surveillance purposes.

The U.S. Court of Appeals for the District of Columbia Circuit rejected a petition aimed at overturning a decision by regulators requiring facilities-based broadband providers and those that offer Internet telephone service to comply with U.S. wiretap laws.

The court concluded that the FCC requirement was a "reasonable policy choice" even though information services are exempted from the government's wiretapping authority.

The FCC has set a May 14, 2007 deadline for compliance.

"I am pleased that the Court agreed with the Commission's finding, which will ensure that law enforcement agencies' ability to conduct lawful court-ordered electronic surveillance will keep pace with new communication technologies," FCC chairman Kevin Martin said in a statement after the ruling.

The ruling comes at a time when critics have voiced concerned that the Bush administration's surveillance program violates civil liberties. The administration argues it needs the program, which allows the National Security Agency to monitor international telephone calls of U.S. citizens, as part of its broader war on terrorism.

Authorities are concerned the growth of Internet communications could allow criminals to circumvent wiretaps by using e-mail and Internet phone services instead of traditional telephone services.

Private networks would not be subject to the wiretap requirements, but those connected with a public network would have to comply with the law.

The FCC decision has prompted an appeal by universities and libraries. The groups, including the American Library Association and Association of American Universities, challenged the agency's authority to extend such requirements to high-speed Internet services.

The FCC has long considered broadband Internet in the category of an "information service."

But in an opinion written by Judge David Sentelle, the appeals court said the same words could be defined differently by the FCC in applying the wiretapping laws.

In a dissenting opinion, one of the judges, Harry Edwards, called the argument "convoluted."

"The agency has simply abandoned the well-understood meaning of 'information services' without offering any coherent alternative interpretation in its place," Edwards wrote.

END

The Age

June 11, 2006

Envoy under tobacco cloud

William Birnbauer

THE man President George Bush wants as the next US ambassador to Australia took "aggressive actions" to destroy a multibillion-dollar fraud case against tobacco companies, according to the US Government's top prosecutor in the case.

Robert McCallum, the US Associate Attorney-General, was said to have undermined the case once it became apparent that prosecutors could win.

The claims were made by Sharon Eubanks, who led the US Justice Department's nine-month prosecution against the tobacco firms. Last week an internal Justice Department inquiry found no wrongdoing by Mr McCallum, clearing the way for him to become the US ambassador in Canberra.

Controversy has dogged Mr McCallum over his role in slashing the penalty the Justice Department sought to impose on tobacco companies from $US130 billion ($A174 billion) to $US10 billion. He was also accused of pressuring three witnesses to tone down their testimony in relation to the penalty.

In an exclusive interview, Ms Eubanks said: "Robert McCallum definitely was not supportive of the trial team's efforts ? He took aggressive actions to destroy our efforts when it became clear that we had firm legal bases for seeking much more meaningful remedies from the court.

"I should be clear about this: Robert McCallum directed the position taken on remedies sought by the United States. It did not matter to him what the evidence actually demonstrated and supported, rather, it was only the bottom line that mattered to him ? the lower the better."

Ms Eubanks, who has not spoken publicly about Mr McCallum's role previously, made her comments to The Sunday Age and a TV documentary team consisting of Melbourne filmmaker Terry Carlyon and this journalist. A second former Justice Department lawyer, Brett Spiegel, backed Ms Eubank's version of events.

Mr McCallum was appointed to a senior Justice Department post by Mr Bush and had oversight of the tobacco case.

Mr Spiegel said the department's political appointees had undermined the trial team.

"We were working under an administration whose inaugural ball was paid for by (tobacco company) Philip Morris. You're getting some mixed signals when you have that situation."

The comments are set to increase scrutiny and criticism of Mr McCallum in the US and Australia, despite his being cleared by the Justice Department's Office of Professional Responsibility. The office found that he did not "engage in professional misconduct or exercise poor judgement".

The US ambassador's position has been vacant for about 18 months following the departure of Tom Schieffer.

Mr McCallum, nominated as ambassador by his friend Mr Bush in March, faces questioning about his role in the fraud trial. Last week, a US District Court judge ordered him to answer questions about the penalty reduction. His nomination also must go through the Senate's Foreign Relations Committee and the full Senate.

Ms Eubanks resigned from the department late last year after 22 years of service. At the end of the case, Mr McCallum thanked her for her "tireless efforts". He denied political interference in the case, saying the remedy sought by the Government was downgraded on legal grounds. Before his Justice Department appointment, he was a lawyer at an Atlanta law firm that worked for a tobacco company.

The US Government's case against tobacco giants including Philip Morris, British American Tobacco and RJ Reynolds wrapped up last June. Judge Gladys Kessler is yet to rule on it. During the trial, a senior lawyer for Philip Morris said the penalty reduction proved the Government's case was a "house of cards".

Judge Kessler responded that the downgrade could suggest there were "some additional influences being brought to bear on what was the Government's case".

The Justice Department case, filed in 1999 when Bill Clinton was president, initially sought forfeiture of $US280 billion of profits from tobacco companies to recover the costs of treating smoking-related disease. It was one of the biggest civil suits filed in the US.

Cigarette makers successfully appealed against the health-cost recovery claim but the Justice Department proceeded with a racketeering fraud case, alleging a 50-year conspiracy by the companies to deceive the public about the risks of smoking.

END

Indianz.Com.

Monday, June 12, 2006

Appeals court blocks critical trust fund reports

Three reports that criticized the Bush administration's trust reform efforts were suppressed by a federal appeals court on Friday.

The reports were produced by the special master in the Cobell trust fund case. One detailed how negative information about an accounting system was removed from a court-ordered report while the other two questioned whether the Interior Department was meeting its obligation to preserve trust records.

But in a unanimous decision, the D.C. Circuit Court of Appeals threw out the reports as "tainted." A three-judge panel said the special master -- who resigned under pressure from the administration -- erred by hiring an individual whose private-sector company was in a contract dispute over the Trust Asset and Accounting Management System (TAAMS).

The individual, an employee of a Native-owned firm called Native American Industrial Distributors, "stood to gain financially from a finding of misconduct" regarding the TAAMS contract, the court said, so he shouldn't have been involved with the Cobell case.

Any reports prepared after the hiring of the individual must be suppressed as well, whether or not they were related to TAAMS, the D.C. Circuit panel added. "If those reports have not been used against the [Interior] department and are not presently part of the record before the district court, then so much the better," wrote Judge Donald H. Ginsburg for the majority.

The decision is the first to bear new Interior Secretary Dirk Kempthorne's name. The former governor of Idaho took office earlier this month with an interest in settling the nine-year-old case, according to tribal leaders who met with him in private.

But Cobell v. Kempthorne, as the lawsuit is now known, is far from over. The D.C. Circuit is still weighing a decision on three more matters that the administration considers central to its trust reform initiatives.

The first is a preliminary injunction that requires the disconnection of trust fund systems from the Internet; the second is a notice the government is required to send to all Indian beneficiaries that warns them of "unreliable" trust data; and the third is an unprecedented motion to remove Judge Royce Lamberth from the case by assigning it to another judge.

Oral arguments were held in April. It isn't known when a decision might be issued but Interior officials are hoping for a victory in a case that has seen the department painted as the "morally and culturally oblivious hand-me-down of a disgracefully racist and imperialist government that should have been buried a century ago," in the words of Lamberth.

The three reports that are now suppressed added more fire to the government's failure to account for billions in money owed to hundreds of thousands of individual Indians across the country. Even though Lamberth had never adopted them into the record, the appeals court judges said they needed to be removed out of concern for the "public's confidence in the judicial process."

Although the TAAMS report can't be cited as evidence in the case, many in Indian Country view the $40 million system as a waste of resources that could have been better used for other purposes. Tex Hall, an Indian account holder who serves as chairman of the Mandan, Hidatsa and Arikara Nation in North Dakota, said the trust fund remains broken despite the Bush administration's claims that progress is being made.

"You will receive a check and not know what it's for," he said at a forum in Washington, D.C., in April. "The system needs to be fixed. It is a broken system."

The other two reports -- in the form of site visits to Interior locations -- detailed poor record-keeping that is no stranger to Indian Country. The Clinton administration was held in contempt for destroying 162 boxes

of trust fund records despite court orders against doing so.

In related Cobell news, Keith Harper, one of the attorneys on the case, is leaving the Native American Rights Fund next month. He will be joining the law firm of Kilpatrick Stockton, the firm where the other members of the litigation team are based.

Harper, a member of the Cherokee Nation, will continue to work on Cobell but he also plans to pursue other cases on behalf of tribes and individual Indians. He spent more than 10 years at NARF, a non-profit organization founded in 1970.

John Echohawk, the executive director of NARF, remains as co-counsel in the case. He will continue to serve as a chief lobbyist on legislation to settle Cobell. A bill is pending before the Senate Indian Affairs Committee and the House Resources Committee.

END

60 Minutes

June 11, 2006

The Debate Over Plan B

Did the Bush White House pressure the Food and Drug Administration to block the "Morning After Pill," known as Plan B, from being sold over-the-counter at your local drug store? That question is the focus of a hearing in federal court on June 13, where birth control advocates have sued the FDA to make the drug available without a prescription.

Millions of women have used Plan B as an emergency contraceptive to prevent a pregnancy in situations like a condom break or a rape. Right now, it's only available by prescription, but because it must be taken within 72 hours, the drug's manufacturer asked FDA for permission to sell Plan B over-the-counter.

That was three years ago. And, even though the drug is considered totally safe, the FDA has repeatedly postponed a decision, including taking no action since ***60 Minutes*** aired this story in the Fall of 2005.

Plan B's problems began when it was targeted by anti-abortion-rights groups and became part of a wider debate over whether religious beliefs are encroaching on scientific decision-making.

Correspondent Lesley Stahl reports.

Until last August, Dr. Susan Wood headed the FDA's Office of Women's Health and was one of the scientists inside the agency arguing that Plan B should be available without a prescription. "If it's safe, and it is, and effective, it's more effective the quicker you have it. This is why it needs to be over-the-counter," she says.

"If you need it on Saturday morning, Monday morning is too late. Getting to a physician to get a prescription, getting that prescription to a pharmacy and getting it filled takes time, as we all know. Then what are you going to do?" says Wood.

That's a question a woman named Evelyn faced in 2004, when she was raped at a New York nightclub.

Evelyn, 22 at the time, was rushed to St. Vincent's hospital, the nearest emergency room.

She says the hospital did not offer her an emergency contraceptive.

"It was something that they were supposed to offer," says Evelyn's mother, Sandi. "In the situation as my daughter's, as Evelyn's situation, they were supposed to offer, you know, and let the person make the decision as to whether or not they wanted it. I didn't know that it was optional."

Sandi says she knew about a New York law that says all hospitals must offer rape victims emergency contraception like Plan B.

Sandi called the nurse who had treated Evelyn at St. Vincent's. "I said, 'Why did you not give it to her?' And she very rudely said to me, 'Well, we're a Catholic hospital. We don't do birth control.' At which point, I told them what they could do with being a Catholic hospital and their views on birth control — I'd rather not say that on the air," she recalls. "I was absolutely livid."

Because of Evelyn's case, St. Vincent's is under investigation by the state of New York. The hospital told ***60 Minutes*** it is now complying with the law.

Evelyn finally got a prescription for Plan B, and took it 10 hours after the rape. Had she not gotten Plan B and had gotten pregnant, Evelyn says she would have had an abortion. "I'm glad that that didn't have to happen, I never had to experience that," she says.

The Catholic Church opposes Plan B not just because it's birth control, but because it considers use of Plan B to be, in Cardinal Egan of New York's words, "a chemical abortion."

But Wood says this is not an abortion pill. "There is an abortion pill called RU-486, and this is not it," she says. "An abortion pill interrupts an established pregnancy. This product is contraception. It does not interrupt an established pregnancy."

She says even if you took it and were already pregnant, it would not end the pregnancy. "The only connection this product has with abortion is that it can prevent them by preventing an unintended pregnancy," says Wood.

There is some debate about that interpretation. Most of the time, Plan B works by stopping ovulation so that a pregnancy cannot occur. In a small percentage of cases, when a woman is ovulating on the day she has unprotected sex, a fertilized egg could form. In that case, Plan B might prevent the egg from implanting in her uterus.

While most doctors do not consider that an abortion, anti-abortion-rights doctors do, such as David Hager, a gynecologist from Lexington, Ky., who won't prescribe Plan B for his own patients.

"One of the mechanisms of action can be to inhibit implantation, which means that it may act as an abortifacient," says Dr. Hager. He says abortifacient means it causes an abortion and that this medication may act to inhibit implantation.

In 2002, Dr. Hager got a call from the Bush White House asking him to serve on the FDA advisory committee charged with reviewing Plan B's over-the-counter application along with two other anti-abortion-rights physicians. But when Hager argued against Plan B at committee meetings, he didn't talk about abortion.

"I was concerned about 10, 11, 12-year-old girls buying this product," says Hager.

He raised moral questions. "I'm not in favor of promotion of a product that would increase sexual activity among teenagers," he says.

Hager speculated about an increase in sexually-transmitted diseases. "I'm saying that it is possible that with the use of Plan B the individual may put herself at greater risk," he says.

But the advisory panel reviewed 40 studies that refuted his objections and showed that Plan B does not lead to more cases of sexually transmitted disease, or more risky sexual behavior.

Even Dr. Hager admits Plan B is totally safe. The FDA says there have been no deaths, no heart attacks, no strokes and no evidence of misuse or abuse.

But he says one of his major concerns is that young women wouldn't go to their doctors if such a drug were readily available.

"If we approve this for over-the-counter sale, then what is that going to do as far as what I call access to medical care for younger adolescent women?" Hager asks.

Wood disputes that view. "Is this cutting the doctor out? Would it cut out their relationship?" she asks. "Well, in fact, I think there's strong argument that the physicians themselves want this product to be over the counter."

Wood says the American Academy of Pediatrics, the American College of Obstetricians and Gynecologists, and the American Medical Association have all endorsed making this product available over the counter. That includes pediatrics, meaning younger girls.

If Plan B is sold over the counter anyone — any age — could buy it easily in a drugstore, like cough syrup or bubble bath. A big part of this issue is whether pharmacies will stock it. What if they refuse to carry Plan B?

In a survey of drugstores in Kentucky, Dr. Hager's home state, the American Civil Liberties Union found that most pharmacies didn't carry Plan B; 83 of them said they would even refuse to order it for women with prescriptions. These include Wal-Mart, which has a nationwide policy against dispensing Plan B.

The American Civil Liberties Union got a prescription for a woman named Fran, and sent her to five pharmacies undercover. ***60 Minutes*** went along with a hidden camera to see what would happen.

Only one pharmacy, Kmart, had Plan B in stock; another drug store offered to order it, but the pharmacist told Fran it would take several days before they could possibly get it.

Remember, it has to be taken within 72 hours.

At another store, Fran was turned down by a pharmacist who explained that she believes it's an abortion pill. "The morning after pill is after you have that fertilized egg, and that is a baby. You are not allowing it to implant. So it is considered abortive," the pharmacist said.

The next day, Fran and ***60 Minutes*** went back to that pharmacy together and found the same pharmacist.

"Anyone can walk in off the street and we can refuse to fill a prescription," the pharmacists said. Asked whether a prescription could be refused on religious grounds, the pharmacists said, "On any grounds. Personal preference. Any reason, we can refuse to fill a prescription."

But the Kentucky state pharmacy board told ***60 Minutes*** that pharmacists must have a professional medical reason, not simply a personal preference, to turn away a prescription for Plan B or anything else.

The pharmacy did offer birth control but the pharmacist did not consider Plan B birth control.

So, with Plan B mired in the abortion debate, the FDA advisory committee took its vote on recommending whether it should be sold over the counter.

Dr. Hager voted “no.” But his colleagues on the committee rejected his arguments, voting 23 to four in favor of offering the drug over the counter.

Such a lop-sided vote should have meant the application would sail through. But then the saga of Plan B took a strange turn.

Dr. Hager says someone at the FDA — he won’t say who — asked him to write a “minority report” in which he asked for more studies and more data on the use of Plan B by young girls.

A few months later something totally unexpected happened: The FDA ignored the committee’s overwhelming vote and rejected the proposal to sell Plan B over the counter, citing the very concerns in Hager’s report.

Some people believe Hager raised these objections because of his religious beliefs, but that’s something he denies. “The religious aspect did not enter into that decision for me,” he says.

But in to a speech he gave to a Christian college, he seemed to admit his role was all about religion. "God has used me to stand in the breach for the cause of the kingdom," Hager said at the time.

He was talking about Plan B.

"But I argued it from a scientific perspective. And God took that information and He used it through this minority report to influence a decision. You don't have to wave your bible to have an effect as a Christian in the public arena," Hager told the audience.

Hager says he did not mean to suggest that God wanted Plan B to fail, and that he was His instrument. "I thought that God used me, He'd used my individual gifts of, whatever, in an individual way to be able to express my opinion."

But with the speech, Hager may have fueled the fire of those who say that all he did was try to cloak religious beliefs in scientific language.

“If the idea in the population of this country is that a person can’t be a person of faith and also be a person of science, I strongly disagree with that,” says Hager.

Should agencies like the FDA be completely divorced from the debates that go on in society?

“Again, the question the agency has to deal with is, is it safe? And is it safe for teens? Yes, it is,” says Wood. “Have we asked that question about other contraceptive methods? Are we going to label, take condoms behind the counter? Make them prescription? I don't think we should.

“I think most Americans would like to leave those decisions as private decisions, and decisions within the family,” says Wood.

Plan B’s manufacturer, Barr Pharmaceuticals, submitted a new application to the FDA with an age cut-off, so that girls 16 and younger would still need a prescription to get the drug. This seemed to address Hager’s objections and those of the anti-abortion rights lobby.

But last August, then-FDA Commissioner Lester Crawford surprised just about everyone when he announced that the agency had postponed a decision on the new application for what could be months or years. He took the unprecedented step of overruling his own scientific staff.

“I think the Plan B decision to cut the scientists out is sort of a poster child of this concern about science and politics,” says Wood.

She’s talking about fears that religious forces are hijacking government decision-making. Wood was so

outraged by the FDA postponement that she promptly resigned as director of the Office of Women's Health in protest.

"What I saw was the science being ignored. That the scientific and medical staff (was) being cut out of decision making," says Wood.

President Bush's latest nominee to head the troubled FDA, Andrew Eschenbach, says he has no idea when a decision on Plan B might be made.

But since this story aired, several states have taken action on their own, pressuring pharmacies to honor Plan B prescriptions. One result: Wal-Mart, the nation's largest pharmacy chain, has reversed its long-standing policy and now carries Plan B.

END

AP

June 10, 2006

Union City private school settles meal fraud case

UNION CITY, N.J. - A nonprofit corporation that runs a private school in Union City paid the federal government $469,000 to settle allegations it had wrongly charged the National School Lunch Program for meals it never served, U.S. Attorney Christopher Christie said Friday.

The payment was made Tuesday by Mesivta Sanz of Hudson County. It resolves allegations that the corporation violated the federal False Claims Act.

"Misappropriating money from the school lunch program defrauds our government and hurts the children who most need this program," Christie said. "We will continue to work to protect programs which help our most vulnerable citizens."

According to the settlement agreement, between 2001 and 2006, Mesivta Sanz allegedly submitted false information and statements to the U.S. Department of Agriculture. The government alleged that Mesivta Sanz wrongfully reported that school breakfasts and lunches were served on various days on which no classes were in session, namely weekend and religious holy days.

END

AP

June 10, 2006

Piedmont Hospital to pay $3 million to settle whistleblower lawsuit

Piedmont Hospital has agreed to pay more than $3 million to resolve a whistleblower lawsuit that it violated federal law, federal officials said Friday.

The hospital has agreed to pay $3.039 million to the government and accept an agreement requiring the hospital to adhere to policies and procedures to comply with the rules concerning federal health care funds, according to a statement from the U.S. Attorney's Office.

The whistleblower, vascular technologist Patricia J. Quinnelly, will receive $354,390 for shedding light on the case, the statement said.

Acting U.S. Attorney Sally Yates said the settlement demonstrates the federal government's commitment to protecting federal money from fraud and abuse.

"Ensuring the integrity of the Medicare program continues to be a priority of the federal government," she said in the statement.

The lawsuit claimed that the hospital violated the federal False Claims Act by submitting claims to federal health care programs for services that weren't eligible for reimbursement. In addition, the lawsuit claimed the hospital failed to properly execute contracts with doctors who provided professional services there, the statement said.

In the lawsuit, Quinnelly alleged that the hospital submitted claims for a doctor's interpretation of vascular lab tests even though the doctor's analysis had not been performed.

She also said that one of the lab's doctors routinely failed to conduct an independent review of the vascular test data, and instead just approved the technicians' interpretations and proposed diagnoses.

A subsequent investigation found that the hospital failed to execute contractual agreements with the physicians performing services at the vascular laboratory, as required by certain Social Security Act provisions, the statement said.

END

AP

June 12, 2006

Lincare Holdings Agrees to Settle Whistleblower Suit

The Associated Press

Lincare Holdings Inc., a supplier of home oxygen equipment, has agreed to pay $526,000 to end a federal "whistleblower" lawsuit that claimed three of the company's Massachusetts facilities overbilled Medicare, authorities said last week.

Authorities had claimed that Clearwater, Fla.-based Lincare's facilities in Marlborough, Dudley and Leicester, Mass., overbilled between January 1999 and March 2004, U.S. Attorney Michael J. Sullivan said.

The settlement agreement states that the payment is not an admission of liability by Lincare. The company did not return phone messages seeking comment.

The government's claims were based on allegations by former Lincare sales representative Susan Smith of Holyoke, Mass. She worked for Lincare for seven months in 2002.

Smith will receive $96,680 of Lincare's payment, as part of the federal government's whistleblower law. Lincare also agreed to pay her attorney $16,890.

Lincare, with more than 800 locations nationwide, is one of the nation's largest providers of oxygen and other respiratory therapy services to patients in the home.

Last month, Lincare agreed to pay $12 million to resolve federal allegations that it gave kickbacks to

providers sometime between January 1993 through December 2000. Under that agreement, Lincare did not admit any wrongdoing.

Shares of Lincare rose 3 cents to close at $37.89 on the Nasdaq.

END

Baltimore Sun

6/10/06

Brockovich has new target; Activist of film fame is suing health firms

By Daniel Yi

LOS ANGELES

Erin Brockovich has a famous name, Hollywood good looks, an agent and a new cause: Medicare.

The one-time legal assistant, whose environmental crusade against a utility company inspired a hit movie starring Julia Roberts, has lent her name as plaintiff in lawsuits against several California hospitals and convalescent homes. The suits allege that the defendants pocketed millions in taxpayer dollars while covering up their own mistakes.

Her seven lawsuits, filed last week in Los Angeles Superior Court, are among dozens filed across the country targeting health care providers but using other plaintiffs, her lawyer said.

The lawsuits allege that health care companies are charging Medicare, the federally financed health plan for seniors, to treat illnesses they helped cause through medical error or neglect. The lawsuits do not involve specific allegations of wrongdoing by defendants, but seek instead to find evidence of such treatments, arguing Medicare should be reimbursed.

One defendant called the lawsuits a publicity stunt by a "celebrity plaintiff."

"These are the kinds of baseless lawsuits that contribute to the high cost of health care today," said David Langness, a spokesman for Tenet California, a division of hospital operator Tenet Healthcare Corp., a target of Brockovich's lawsuits.

Along with reimbursing Medicare, Brockovich and her attorneys could potentially win millions of dollars if the lawsuits are successful.

"This is what I do," the 45-year-old Brockovich said. "I am an advocate. It would be as odd for me to turn down a cause as it would be for Julia Roberts to not do another movie."

Brockovich is suing on behalf of the United States under a law that allows citizens to bring grievances in the government's name. Her attorneys also have filed lawsuits in New Jersey and Florida using other citizens as plaintiffs, said attorney James L. Wilkes of Wilkes & McHugh, one of two law firms behind the legal effort.

The other defendants in California include Adventist Health, Country Villa Service Corp., Catholic Healthcare West, Kindred Healthcare Inc., Longwood Management Corp. and Mariner Health Care Inc.

The allegations focus on reports by the federal government that medical errors increase costs for Medicare.

For example, if a hospital operates on a wrong body part, Medicare may end up paying for it as well as the surgery on the correct body part. Medicare may also foot the bill if a patient becomes dehydrated or contracts an infection in the hospital or convalescent home.

Federal health officials estimate medical errors may account for more than $9 billion in health care costs annually and are pushing for quality control measures to curb such expenses.

Medicare officials declined to comment this week on Brockovich's lawsuits.

Since the 2000 movie that earned Roberts an Oscar, Brockovich has made the rounds of various public forums, including TV shows. William Morris Agency manages her public relations talent, while law firms manage her legal cachet.

She served as a consultant in a lawsuit against Pacific Gas & Electric, which settled in February for $295 million over allegations that it contaminated groundwater in and around the town of Hinkley, Calif.

The tiny, windblown community 125 miles northeast of Los Angeles was the setting of separate 1996 lawsuit over a similar issue that led to a $333 million payment by the utility company and inspired the Universal Studios movie.

Brockovich is based at Masry & Vititoe, the Los Angeles law firm founded by the late Ed Masry. He helped file the lawsuits against PG&E and was featured in the movie.

Brockovich and Masry also filed a lawsuit three years ago against various oil companies on behalf of former Beverly Hills High School students who allegedly were exposed to cancer-causing chemicals left on campus from oil operations. The trial is scheduled for October.

Brockovich said she was moved to action on the Medicare lawsuits because she was concerned about rising health care costs. She also was concerned about being pigeonholed as an environmental activist.

END

Law.com

June 12, 2006

Is the 9th Circuit Bound by Its Earlier Pledge Ruling?

Howard J. Bashman
Special to Law.com

A challenge spearheaded by Michael A. Newdow to the words "under God" in the Pledge of Allegiance is once again pending before the 9th U.S. Circuit Court of Appeals. Unlike when Newdow's earlier Pledge challenge came before the 9th Circuit, and Newdow was the lone plaintiff, this time Newdow is serving as the attorney for two sets of parents and their minor children who object to the current wording of the Pledge.

In 2002, the 9th Circuit ruled in Newdow's initial challenge to the Pledge of Allegiance that "the school district's policy and practice of teacher-led recitation of the Pledge, with the inclusion of the added words 'under God,' violates the Establishment Clause." Thereafter, in 2003, over the recorded dissents of nine of its judges, the 9th Circuit denied rehearing en banc in the case. In 2004, the U.S. Supreme Court reversed the 9th Circuit's ruling by means of a majority opinion holding that Newdow lacked prudential standing to challenge the school district's Pledge of Allegiance policy in federal court.

Surprisingly, once a randomly selected three-judge 9th Circuit panel is assigned to hear the pending appeal in Newdow's current Pledge of Allegiance case, the first question confronting the panel will be the binding effect, if any, of the 9th Circuit's decision in Newdow's favor in the earlier case. Unlike when Newdow's first case came before the 9th Circuit and he was the party who had lost in federal district court, this time Newdow reaches the 9th Circuit on the winning side.

The reason Newdow is now on the winning side is that a federal district court ruled in September 2005 that the 9th Circuit's 2002 decision in Newdow's favor remains binding law despite the Supreme Court's 2004 decision that Newdow lacked prudential standing.

Many observers await with great interest the news of which three judges have been assigned to hear and decide Newdow's pending 9th Circuit appeal, because a panel with a substantially different outlook on Establishment Clause issues from the three judges who decided Newdow's original appeal could hold that recitation in school of the words "under God" in the Pledge is not unconstitutional, thereby reaching a result opposite from the one the original panel reached in 2002.

But the composition of the 9th Circuit panel that will hear the pending appeal would be irrelevant if the district court were correct in holding that the 9th Circuit's 2002 pro-Newdow decision remains binding. This is because in the 9th Circuit, as elsewhere, earlier three-judge panel rulings bind later three-judge panels unless the earlier decision has been overturned by the court en banc or by the U.S. Supreme Court.

In the Supreme Court's 2004 ruling in Newdow's case, a majority of the Court did not address the merits of the 9th Circuit's holding that the school district's practice of teacher-led recitation of the Pledge, with the inclusion of the words "under God," violates the Establishment Clause. Nevertheless, for reasons that I now turn to explain, the Supreme Court's reversal of the 9th Circuit's ruling deprives the 9th Circuit's earlier ruling on the merits of any precedential effect.

The federal district court's ruling, now on appeal before the 9th Circuit, treats the Supreme Court's ruling as though it reversed the 9th Circuit in part. In the district court's view, the Supreme Court disagreed only with the 9th Circuit's conclusion that Newdow possessed standing to receive a ruling on the merits but did not disagree (or agree) with the 9th Circuit's resolution on the merits.

The district court's conclusion is wrong in two respects. First, the Supreme Court's reversal of the 9th Circuit's judgment was not a reversal in part, as evidenced by the fact that the three justices who disagreed with the majority's prudential standing decision nevertheless concurred in the judgment based on their view that recitation of the Pledge was not unconstitutional. The remaining three justices could not have concurred in the reversal of the case unless the Supreme Court's judgment had the effect of erasing the 9th Circuit's resolution of the merits.

Second, the Supreme Court's majority's ruling was not a reversal in part. A typical reversal in part comes in a case where the court of appeals has issued two unrelated holdings: The color blue is more visually pleasing than the color red, and the number two is greater than the number four. If the Supreme Court grants certiorari to review the mathematical holding and thereafter reverses, holding that four is greater than two, the court of appeals' holding concerning which color is more pleasing survives undisturbed.

However, in Newdow's earlier case, the 9th Circuit's ability to reach the merits depended on Newdow's satisfaction of both Article III and prudential standing requirements. Because Newdow couldn't satisfy the prudential standing requirement, the 9th Circuit should not have resolved the merits, and thus the Supreme Court's decision rendered a nullity the 9th Circuit's resolution of the merits.

The federal district court ruling in Newdow's favor cites precedents for the proposition that a court may reach the merits where the existence of prudential standing is especially difficult to resolve. But the district court's decision severely misapplied those precedents. A more accurate statement of these precedents is that if the question of whether a plaintiff satisfies prudential standing requirements is especially difficult to decide, but on the merits a ruling against the plaintiff is relatively easy, the court may resolve the case against the plaintiff on the merits without ever having to decide the question of standing.

I am unfamiliar with any precedent, other than the district court's ruling in Newdow's case, that holds that where the plaintiff's ability to satisfy prudential standing requirements is too difficult to decide, the court can sidestep the standing question and rule against the defendant on the merits. Yet, that is the effect of the district court's ruling.

Moreover, if the district court were correct that the 9th Circuit's ruling in Newdow's earlier case remained binding law even after having been reversed by the Supreme Court, then every public school within the 9th Circuit's nine states and two territories should no longer be reciting the Pledge of Allegiance in its current form. Except for a lone federal district judge, no one understands that to be the actual state of the law today within the 9th Circuit.

The district court considering Newdow's current case could still have reached the same result without concluding that the 9th Circuit's now-reversed ruling in Newdow's earlier case remained binding precedent. All the district court had to do was issue a ruling that contained the following reasoning:

First, the district court, because it is based in California, is bound by the 9th Circuit's case law. Second, although the Supreme Court's reversal in Newdow's earlier suit deprives the 9th Circuit's earlier ruling of any precedential value, a majority on the Supreme Court failed to address on the merits the correctness of the 9th Circuit's Establishment Clause holding. Third, the 9th Circuit's earlier decision in Newdow's case reflects the 9th Circuit's likely resolution of the identical legal issue presented in the new case, given that a majority on the first three-judge panel found an Establishment Clause violation and then the full 9th Circuit failed to grant rehearing en banc of that decision. Fourth and finally, the district court could have said that no intervening 9th Circuit or Supreme Court decision calls into doubt the result on the merits reached by the original 9th Circuit panel.

That four-step process of reasoning would have allowed the federal district court considering Newdow's latest lawsuit to reach the same result as the 9th Circuit reached in Newdow's first lawsuit without erroneously holding that the 9th Circuit's earlier, reversed ruling remains binding precedent. I predict that the 9th Circuit will reject the district court's holding that the 9th Circuit's decision on the merits in Newdow's first case remains binding precedent even after the Supreme Court reversed the 9th Circuit's judgment. How the new 9th Circuit panel will rule on the merits will depend on which three judges are assigned to that panel, something which is impossible to predict at this time.

END

Miller, Charles S

From: Miller, Charles S
Sent: Monday, June 12, 2006 4:01 PM
To: Agarwal, Asheesh (CRT); Ames, Andrew; Baxter, Felix (CIV); Blomquist, Kathleen M; Branda, Joyce (CIV); Brody, Stephen (CIV); Bucholtz, Jeffrey (CIV); Bukvics, Jennifer (CIV); Claterbos, Barbara (CIV); Cohen, David M. (CIV); Cohn, Jonathan (CIV); Davidson, Jeanne (CIV); Davis, Dan (CIV); Fargo, John (CIV); Fielding, Gabrielle (CIV); Figley, Paul (CIV); Flentje, August (CIV); Frost, Peter (CIV); Garren, Timothy (CIV); Glynn, J.Patrick (CIV); Gorsuch, Neil M; Hertz, Michael (CIV); Hollis, Robert (CIV); Hunt, Jody (CIV); Hussey, Thom (CIV); Jeweler, James (CIV); Katsas, Gregory (CIV); Keisler, Peter D (CIV); Kohn, Chris (CIV); Kopp, Robert (CIV); Letter, Douglas (CIV); Levine, Larry (EOIR); Lindemann, Michael (CIV); Magnuson, Cynthia; McCallum, Robert (SMO); Miller, Charles S; Nichols, Carl (CIV); Nowacki, John; Pyles, Phyllis (CIV); Riley, Sharon (CIV); Rivera, Jennifer (CIV); Roehrkasse, Brian; Schiffer, Stuart (CIV); Scolinos, Tasia; Seidel, Rebecca; Senger, Jeffrey M; Spellberg, Dianne (CIV); Swenson, Lily F; Thirolf, Eugene; Wilson, Karen L; Zwick, Ken (CIV)
Subject: U.S. Asks Judge to Drop Suit on N.S.A. Spying

NY Times

June 12, 2006

U.S. Asks Judge to Drop Suit on N.S.A. Spying

By ADAM LIPTAK

DETROIT, June 12 — A National Security Agency program that listens in on international communications involving people in the United States is both vital to national security and permitted by the Constitution, a government lawyer told a judge here today in the first major court argument on the program.

But, the lawyer went on, addressing Judge Anna Diggs Taylor of the Federal District Court, "the evidence we need to demonstrate to you that it lawful cannot be disclosed without that process itself causing grave harm to United States national security."

The only solution to this impasse, the lawyer, Anthony J. Coppolino, said, was for Judge Taylor to dismiss the lawsuit before her, an American Civil Liberties Union challenge to the eavesdropping program, under the state secrets privilege. The privilege can limit and even extinguish cases that would reveal national security information, and it is fast becoming one of the Justice Department's favorite tools in defending court challenges to its efforts to combat terrorism.

The Detroit case was filed in January on behalf of journalists, scholars, lawyers and nonprofit organizations who contended that the possibility of government eavesdropping interfered with their work. In remarks to reporters after the 90-minute argument, Anthony D. Romero, the A.C.L.U.'s executive director, called the government's invocation of the state secrets privilege "Orwellian doublespeak."

"They argued essentially that the N.S.A. program was off-limits to judicial review," Mr. Romero said.

The small courtroom was jammed for the argument, with a dozen people standing in the aisles and journalists sitting in the jury box.

In her presentation, Ann Beeson, the A.C.L.U.'s associate legal director, asked Judge Taylor to shut down the surveillance program based on publicly available information.

The case boiled down to two legal questions, Ms. Beeson said. The first is whether the plaintiffs have suffered the sort of direct injury necessary to establish that they have standing to bring suit. The second is whether President Bush was authorized by Congress or by the Constitution to violate the Foreign Intelligence Surveillance Act, a 1978 law that forbids surveillance of people inside the United States without a warrant.

The Bush administration has acknowledged that it has not complied with the law but has said that a Congressional authorization in 2001 to use military force against Al Qaeda and the president's inherent constitutional powers allowed him to violate it.

The government's main argument today, repeated numerous times, was that more facts are required in the case but that more facts cannot be disclosed. Judge Taylor asked few questions but at one point appeared frustrated by this approach.

"You have conceded, have you not, that a program has been authorized?" she asked Mr. Coppolino. He responded that the administration's public defense of the program has been too general to serve as the basis for judicial adjudication. "There is very much a difference," Mr. Coppolino said, "between the existence of an activity and the details of that activity."

Even portions of the government's brief that were said to demonstrate why further information about the program cannot be disclosed have not been filed in court. Instead, the government "lodged" the brief and other classified papers at the Justice Department in Washington, inviting Judge Taylor to make arrangements to see them. At today's hearing, she shook her head no when Mr. Coppolino asked her whether she had "had a chance to review our classified submission."

Judge Taylor has scheduled a separate argument next month to consider the government's motion to dismiss the case based on the state secrets privilege. While she could theoretically rule on the plaintiffs' request to block the program before then, she is more likely to consider the two motions simultaneously.

Calling the plaintiffs' position extreme, Mr. Coppolino said the 1978 law cannot constitutionally constrain the president when the nation's safety is at risk.

"The president's constitutional power doesn't simply disappear when Congress enacts a statute," Mr. Coppolino said. "Surveillance of an enemy is indeed a necessary incident of war."

Ms. Beeson said the 1978 law, often called FISA, gave the president all the flexibility he needed. "If FISA didn't work," she said, "the proper procedure under our constitutional system was for the president to go back to Congress and ask it to amend the law."

"Our constitutional system was set up to require the president to follow the law just like anyone else," she added. "If our view of the separation of powers is extreme, then the Constitution is extreme."

Mr. Coppolino also argued that the plaintiffs were not entitled to sue in the first place because they cannot show they have been injured. "You don't get standing," he said, "simply because you say the president has a program and I think it might cover me."

Ms. Beeson countered that her clients have suffered concrete harms. "Journalists' sources have dried up," she said. And lawyers for people suspected of terrorism have had to resort to alternatives to phone calls and e-mails to ensure the confidentiality of their communications, she said. "They have had to make expensive oversees trips to gather evidence," Ms. Beeson said.

Mr. Coppolino said the government is not able clarify whether the plaintiffs' fears are justified. "The

government cannot confirm or deny whether a particular individual is subject to surveillance or what the criteria is," he said. "Indicating that someone is not subject to surveillance is itself revealing."

Mr. Coppolino indicated that some plaintiffs may have more reason to be concerned than others. Lawyers who represent suspected terrorists, he said, "come closer to being in the ballpark of the terrorist surveillance program."

But here too, he said, "the critical facts necessary to adjudicate" the standing question "are subject to the state secrets privilege."

As Ms. Beeson concluded her argument, which had been uninterrupted by questions, Judge Taylor called her back to the lectern. "Talk about standing some more," Judge Taylor said, perhaps identifying the part of the plaintiffs' case she considered the most difficult.

END

Gorsuch, Neil M

From: Gorsuch, Neil M
Sent: Monday, June 12, 2006 5:04 PM
To: Todd, Gordon (SMO)
Subject: Fw: NSLs
Attachments: National Security Letters 2.pdf; NSL.Specter.11.23.05.pdf

-----Original Message-----
From: McIntosh, Brent
To: Gorsuch, Neil M
CC: Hertling, Richard; Friedrich, Matthew
Sent: Mon Jun 12 10:14:16 2006
Subject: RE: NSLs

I've attached talkers on NSLs and the changes wrought by both PATRIOT and PATRIOT reauth. I've also attached our letter to the Hill following last year's Washington Post front-page NSL hit piece, which captures nicely our responses to lots of myths about NSLs.

From: Hertling, Richard
Sent: Monday, June 12, 2006 9:44 AM
To: McIntosh, Brent
Subject: FW: NSLs

I will let you reply.

From: Gorsuch, Neil M
Sent: Monday, June 12, 2006 9:18 AM
To: Friedrich, Matthew; Hertling, Richard
Subject: NSLs

Does one of you happen to have tps on NSLs? I'm looking for tps that make the pt that NSLs are not a creation of the Bush Administration; are long recognized and used law enforcement tools that predate Patriot, etc.

National Security Letters

- National security letters ("NSLs") are **similar to administrative subpoenas** and may be used by the FBI to obtain specified information from specified companies in **international terrorism and espionage investigations**. NSLs are generally used to obtain:
    - Billing and transactional records maintained by telephone companies and Internet service providers;
    - Credit reports and other consumer information maintained by consumer reporting agencies; and
    - Financial information maintained by financial institutions.
- Recipients of NSLs can be prohibited from informing others that they have received these requests for information in order to safeguard the integrity of the sensitive terrorism and espionage investigations in which national security letters are used. But that prohibition only attaches if the FBI or DOJ certifies that certain enumerated harms — such as harm to the national security or diplomatic relations — would result from disclosure.
- In *Doe v. Ashcroft*, a federal district judge in the Southern District of New York struck down as unconstitutional 18 U.S.C. § 2709, one of five statutes giving federal investigators the power to issue NSLs.
- 18 U.S.C. § 2709, which was based on language offered by Senator Leahy, authorizes the FBI to issue NSLs in order to obtain billing and transactional records from telephone companies and Internet service providers and was passed as part of the Electronic Communications Privacy Act of 1986.
- **This court ruling did not strike down any provision of the USA PATRIOT Act.** Rather, the part of the statute invalidated by the court was part of the Electronic Communications Privacy Act of 1986 ("ECPA").
    - Section 505 of the **USA PATRIOT Act did amend 18 U.S.C. § 2709 and other NSL statutes to eliminate the requirement that the FBI identify specific and articulable facts that information sought through an NSL pertained to a foreign power or an agent of a foreign power, such as a terrorist or spy.**
    - Section 505 substituted the requirement that information sought through an NSL **must be relevant to an authorized international terrorism or espionage investigation**, **the same relevance standard that is used in the context of grand jury subpoenas.**

- The difference between the pre-PATRIOT Act "specific and articulable facts" standard and the post-PATRIOT Act "relevance standard" did not play a key role in the decision of the federal district judge in the Southern District of New York to strike down 18 U.S.C. § 2709 as unconstitutional.

- Rather, as stated above, that decision was based on the perceived inability of an NSL recipient to challenge the NSL request in court and the permanent and blanket prohibition on the recipient of an NSL disclosing that it had received the request.

- The legislative reauthorizing the USA PATRIOT Act remedied these concerns by providing for challenges to NSLs and their attendant nondisclosure requirements. The reauthorization legislation:

  - Makes clear that an NSL recipient can challenge an NSL in court and that a court can modify or set aside the NSL if compliance would be unreasonable or oppressive.

  - Makes clear that the Attorney General may seek judicial enforcement of NSLs when recipients refuse to reply with the request for information.

  - Makes clear that an NSL recipient may disclose the existence of the NSL in the course of seeking legal advice from an attorney or obtaining assistance from those whose help is necessary to comply with the request for information.

  - Provides that the nondisclosure requirement only applies to an NSL in instances where a government officer certifies that disclosure of the NSL may result in: (1) a danger to the national security of the United States; (2) interference with a criminal, counterterrorism, or counterintelligence investigation; (3) interference with diplomatic relations; or (4) danger to the life or physical safety of any person.

  - Requires that any NSL subject to a nondisclosure requirement contain notification of that nondisclosure requirement.

  - Imposes criminal liability on those who knowingly violate NSL non-disclosure requirements, but only as a specific-intent crime.

  - Allow for NSL recipients to challenge a nondisclosure requirement and for a court to modify or set aside such a requirement.

U.S. Department of Justice

Office of Legislative Affairs

Office of the Assistant Attorney General

Washington, D.C. 20530

November 23, 2005

The Honorable Arlen Specter
Chairman
Committee on the Judiciary
United States Senate
Washington, D.C. 20510

Dear Mr. Chairman:

On Sunday, November 6, the *Washington Post* published a feature article by Barton Gellman titled "The FBI's Secret Scrutiny: In Hunt for Terrorists, Bureau Examines Records of Ordinary Americans." The article presents a materially misleading portrayal of the FBI's use of National Security Letters (NSLs), which are a long-standing and important tool for preventing terrorist attacks and espionage. Contrary to the impression created by the *Post*'s article, NSLs do not empower the FBI to spy on ordinary Americans, to listen to phone calls or read emails, or to review what books Americans read or web sites they visit. Rather, NSLs empower the FBI to conduct national security investigations by requesting very specific categories of information critical in tracking the activities of terrorists and spies and determining whether a person is a terrorist or spy.

While many of the distortions and factual errors in the *Post*'s article can be debunked only through classified information, other flaws in the article's discussion are revealed on the face of public records and of the laws passed by the Congress. Indeed, some are revealed in the article's own internal inconsistencies. We have already briefed your staffs on many of the article's distortions and falsehoods, including those for which the underlying facts are classified. This letter is intended to provide you an account of the facts regarding certain inaccuracies that can be rebutted in an unclassified format. We have therefore listed a number of those errors and explained the truth regarding those errors.

1. **As a general theme, the *Post* claims that the FBI uses NSLs to spy on law-abiding Americans. This is simply false: The FBI cannot and does not use NSLs outside of authorized national security investigations.**

   Claims: "The PATRIOT Act, and the Bush administration guidelines for its use, transformed those [national security] letters by permitting clandestine scrutiny of U.S. residents and visitors who are not alleged to be terrorists or spies."; "Career investigators and Bush administration officials emphasized, in congressional testimony and interviews for this story, that national security letters are for hunting terrorists, not fishing through the private lives of the innocent. The distinction is not as clear in practice."

Fact: **By law and in practice, NSLs cannot be and are not used to spy on law-abiding Americans or to investigate ordinary crimes or even domestic terrorism — they are limited to requests for information relevant to authorized investigations of international terrorism and espionage.** To be sure, some people whose records are produced in response to an NSL may not be terrorists or spies or associated with terrorists or spies. But in these vital investigations, the FBI needs to be able to check out every tip and track down every lead. As the attacks of 9/11 taught us all, even the slightest lead must be aggressively pursued. NSLs allow the FBI use of an efficient tool for determining the seriousness of the threat posed by suspected terrorists or spies and their associates — including the ability to cull unwitting acquaintances from complicit and dangerous co-conspirators.

2. **The *Post* insinuates that the FBI uses NSLs to seek library patrons' check-out records and monitor visits to disfavored websites. But the statutes authorizing NSLs do not authorize the FBI to request information on "the books [library patrons] borrow" or to monitor traffic on websites, and the FBI complies with those statutes.**

Claims: "[T]he vendors of the software he operates said their databases can reveal . . . the books they borrow. [The purported NSL recipient] refused to hand over those records . . . ."; "If the government monitors the Web sites that people visit and the books that they read, people will stop visiting disfavored Web sites and stop reading disfavored books."

Fact: **The FBI by law cannot, and in practice does not, request that an NSL recipient disclose e-mail contents or library checkout records.** The NSL statutes strictly limit what information may be requested, and from whom. The NSL in the Connecticut case was issued under 18 U.S.C. § 2709, which does not authorize requests for book borrowing records. Indeed, despite the *Post*'s insinuation, the *Post*'s own description of the NSL at issue in the Connecticut case (the accuracy of which can only be discussed in a classified setting) does not suggest that the FBI sought check-out records. Justice Ginsburg's opinion denying emergency relief in that case confirms this, characterizing the NSL as requesting "'subscriber information, billing information[,] and access logs'" — not book check-out records. *Doe v. Gonzales*, 546 U.S. ___, No. 05A295 (Oct. 7, 2005) (Ginsburg, J., in chambers). As for websites, tracking visits to websites cannot be done under an NSL.

3. **The *Post* implies that NSLs are left entirely to the FBI's discretion. In doing so, the *Post* ignores robust mechanisms for checking misuse.**

Claim: "They [NSLs] receive no review after the fact by the Justice Department or Congress."

Fact: **FBI NSL usage is subject to Justice Department and Congressional oversight.** First, no NSL may be issued except in an authorized national security investigation, and no national security investigation may be authorized without notice to the Justice Department's Office of Intelligence Policy and Review and its Criminal Division. Second, should there be an allegation of wrongdoing involving an NSL, the Justice Department's Inspector General is empowered to investigate, and any misuse must be reported to the Intelligence Oversight Board. Third, all but one of the statutes authorizing use of NSLs require the FBI to "fully inform" Congress regarding the FBI's use of NSLs.

4. **The *Post* fundamentally mischaracterizes a recent Executive Order to claim that it requires the FBI to share private records of innocent Americans with entities outside the federal government.**

Claim: "Late last month, President Bush signed Executive Order 13388, expanding access to those files for 'state, local and tribal' governments and for 'appropriate private sector entities,' which are not defined."

Fact: **Executive Order 13388 does not give state, local, tribal, or private entities access to information gleaned from NSLs.** The Executive Order's reference to those entities directs that they be included in a federal project to bolster the "interchange of terrorism information" insofar as it is consistent with "the freedom, information privacy, and other legal rights of Americans." E.O. 13388 § 1. This policy directive implements section 1016 of the Intelligence Reform and Terrorism Prevention Act of 2004, which requires the sharing of terrorism information with "all appropriate Federal, State, local, and tribal entities, and the private sector." The information-sharing project includes policies and procedures to determine who is an appropriate recipient of what information, and to safeguard privacy and civil liberties. For instance, including private sector entities in the "interchange of terrorism information" will allow terror threat information to be shared, as appropriate, with business and critical infrastructure entities. There is no requirement that those entities be given access to information on innocent Americans.

5. **The *Post* implies that the FBI can use an NSL to compel production of private records without the intervention of a court, and that PATRIOT Act conferees are set to expand that authority. Neither contention has any basis in fact.**

Claim: "House and Senate conferees are poised again to amplify the FBI's power to compel the secret surrender of private records."

Fact: **The FBI cannot compel compliance with an NSL without seeking judicial intervention.** An NSL is not a court order or a grand jury subpoena; it is a request for records. In the event a recipient objects to the request, production can only be "compelled" by a court. Neither the House nor the Senate reauthorization bill contains language that would "amplify" existing NSL authorities. The changes supported by the Administration will create significant additional oversight and explicit procedures for judicial review — facts literally ignored by the *Post*.

6. **The *Post* implies that Congressional oversight of NSLs is inadequate and that, in any event, the Justice Department has failed to report how many NSLs it uses. To the contrary, the Justice Department provides Congress information on NSL usage in a number of forms, including reporting, briefings, and testimony.**

Claim: "The Justice Department has offered Congress no concrete information, even in classified form, save for a partial count of the number of letters delivered."; "As national security letters have grown in number and importance, oversight has not kept up."

Fact: **The Department of Justice has complied with thorough Congressional oversight of NSL use.** In addition to providing to Congress all information required by the numerous statutory reporting requirements regarding NSLs, the Department has participated in multiple hearings that addressed NSL authorities, responded to numerous written congressional queries, and conducted several classified briefings. It is simply false to suggest that the Justice Department has offered Congress "no concrete information" on NSL usage or that Congress has ignored its oversight responsibilities. Moreover, the article's denigration of the oversight the Congress can provide based on numbers of NSLs issued is unwarranted. The Department reports both the total number of NSLs issued and, most important, the number of different U.S. persons whose records the FBI has requested through NSLs. Those statistics permit Congress to see if there have been significant increases in the use of NSL authority. By way of example, if the *Post* is correct that NSLs were used during the Las Vegas investigation (a point we can neither confirm nor deny in an unclassified setting), our reports to Congress would include a huge number of U.S. persons, which would undoubtedly attract Congressional attention.

7. **The *Post* draws misleading and erroneous distinctions between NSLs and their criminal investigative counterpart, grand jury subpoenas.**

Claim: "Grand juries tend to have a narrower focus because they investigate past conduct, not the speculative threat of unknown future attacks. Recipients of grand jury subpoenas are generally free to discuss the subpoenas publicly."

Fact: **The distinctions the *Post* is attempting to draw between grand jury subpoenas and NSLs appear to be based on a fundamental misunderstanding of the grand jury process.** First, a grand jury subpoena certainly could be used to investigate "the speculative threat of unknown future attacks": grand juries are fully empowered to investigate ongoing conspiracies. Second, while grand jury subpoenas are available to investigate a wide range of criminal activities, NSLs are available only in authorized national security investigations, in which confidentiality is often a paramount concern. Finally, courts have repeatedly recognized that individuals do not have a First Amendment right to disclose information learned only by virtue of participation in an investigation, particularly where the national security is implicated.

8. **The *Post* incorrectly implies that then-Attorney General Ashcroft empowered the FBI to investigate terrorism without regard to Americans' civil rights and civil liberties.**

Claim: "He gave overriding priority to preventing attacks by any means available."

Fact: **The FBI must and does conduct its investigations within the bounds of our Constitution, statutes, strict internal guidelines, and Executive Orders.** Attorney General Ashcroft did not authorize, and could not have authorized, the FBI to disregard those constraints. It is simply false to suggest that there are no legal restrictions on the FBI's investigations, even of terrorism.

9. **The *Post* asserts that because subjects are not notified of the issuance of an NSL, no one can challenge that issuance. This contention is wrong, given the availability of various oversight mechanisms and judicial review.**

Claim: "Because recipients are permanently barred from disclosing the letters, outsiders can make no assessment of their relevance . . . ."

Fact: **Recipients can challenge NSLs in court. Moreover, they can notify the Justice Department's Inspector General about perceived abuses. And NSL usage is subject to extensive Congressional oversight.** Any recipient can challenge the NSL it receives, and the courts and the Justice Department's Inspector General are all available to address those challenges. The Department takes the position that the nondisclosure requirement does not bar *all* disclosure but rather allows disclosure to an attorney. Moreover, NSLs are not self-enforcing; the FBI cannot compel compliance absent a federal court order. Finally, Congress conducts rigorous oversight over NSL usage. In short, the idea that there is no outside oversight of the FBI's NSL usage is simply wrong.

10. The *Post* erroneously implies that the permanent nondisclosure requirements do not serve a legitimate national security purpose.

Claim: "[N]ational security seldom requires that the secret be kept forever."

Fact: **Protecting the secrecy and integrity of national security investigations, techniques, and methods is critical to our ability to protect Americans from terrorist attacks and espionage.** The nondisclosure requirement serves two ends in national security investigations: (1) it prevents the target of an investigation from being tipped off; and (2) it ensures that we are not revealing too much information about our investigative capabilities and techniques to our enemies. It is the second reason in particular that the *Post* essentially ignores. There are many parties around the world who employ sophisticated techniques for gauging our intelligence and counterterrorism capabilities. Courts have repeatedly recognized the danger of publicly revealing information that in isolation appears harmless but when combined with other information provides our enemies insights into our capabilities and techniques. The nondisclosure requirement ensures that it is the FBI or the Justice Department that makes the determination whether information can be disclosed without harm to the national security or ongoing investigations. That decision is not one properly given to the recipient of an NSL, who will almost never be in a position to make that determination accurately.

11. The *Post* implies that the standard governing NSL use is toothless, ignoring the robust, binding legal guidance that informs that standard.

Claim: "To establish the 'relevance' of the information they seek, agents face a test so basic it is hard to come up with a plausible way to fail."

Fact: **By law, NSLs are limited to requests for information relevant to international terrorism and espionage investigations, and the FBI does not use them except in those authorized circumstances.** NSLs are not available to investigate ordinary criminal activity or even domestic terrorism. Moreover, the term "relevance" is one that has been employed in the law for generations — in fact, it is the standard for the issuance of a grand jury subpoena. It is simply false to suggest that "relevance" is an undefined or limitless concept.

12. The *Post* peddles the notion that the existence of the authority to use NSLs is itself an "abuse," regardless of how lawfully they are used. But the lawful use of a Congressionally authorized investigative tool is not an abuse.

Claim: "What the Bush administration means by abuse is unauthorized use of surveillance data — for example, to blackmail an enemy or track an estranged spouse. Critics are focused elsewhere . . . 'the abuse is in the power itself.'"

Fact: **The Department of Justice takes seriously the limits on its authorities and fully understands that unlawful use of an authority is an abuse. But lawful use is by definition not abuse.** Contrary to the *Post*'s assertion, we do not limit our understanding of abuse to the egregious, such as blackmail or stalking. On the other hand, we do not agree — and neither should Members of Congress — that lawful and prudent use in appropriate circumstances of a duly authorized investigative authority itself constitutes "abuse."

13. **The *Post* implies that the nondisclosure requirement attaching to an NSL would prohibit the recipient from consulting an attorney, in spite of the Department's repeatedly stated position that the nondisclosure requirement does *not* prevent a recipient from seeking counsel.**

Claim: "He wanted to fight the FBI but feared calling a lawyer because the letter said he could not disclose its existence to 'any person.'"

Fact: **The NSL statute at issue in the Connecticut case allows disclosure of receipt to an "agent," which would include an attorney.** In practice, and in litigation, the Justice Department has repeatedly maintained that the nondisclosure requirement allows disclosure to an attorney. Moreover, the recipient *did* consult an attorney and *did* challenge the NSL, as evidenced by the *Post*'s own discussion of the lawsuit. The *Post* further ignores that the Department has expressed public support for legislation making explicit that a recipient may consult an attorney.

14. **The *Post* claims that the Department of Justice has hidden from the courts the facts underlying the Connecticut NSL case. This claim is simply baseless.**

Claim: "The central facts remain opaque, even to the judges, because the FBI is not obliged to describe what it is looking for, or why."

Fact: **The Department of Justice has fully complied with the courts' requests for the facts underlying the Connecticut case.** A comprehensive explanation was filed under seal; although the explanation is not publicly available, the judges have been fully informed. It is simply false to state that the FBI has withheld from the courts information on what the FBI is looking for and why. Moreover, with knowledge of the reason for the FBI's request, the District Court has not determined that the FBI's request is unreasonable or unwarranted; rather, the court only ruled that the law requires the availability of a challenge and prohibits a permanent nondisclosure provision. Neither of these rulings casts any doubt on the underlying validity of the FBI's request.

15. The *Post* incorrectly implies that a claim that businesses face dire consequences for noncompliance with government requests was directed to NSL requests.

Claim: The Post attributes to one expert the position that failure to comply with an NSL could mean that "a business could face criminal prosecution, 'a "death sentence" for certain kinds of companies.'"

Fact: **The Post failed to provide a single instance of the government prosecuting a business for failing to comply with a national security investigation.** This is unsurprising, as the government has never prosecuted any individual or company for failing to comply with an NSL. The Justice Department is not looking to impose the economic "death sentence" on businesses that fail to comply with NSLs, and the Post's suggestion to the contrary is irresponsible. The statements on which the Post bases its claim are taken out of context and did not, when made, refer to compliance with NSLs.

16. The *Post* incorrectly asserts that businesses have complained about the burden imposed by NSL requests.

Claim: "National security letters, [major business groups] wrote, have begun to impose an 'expensive and time-consuming burden' on business."

Fact: **The letter to which the *Post* refers did not single out NSLs as burdensome but instead indicated in general that "document requests from the government" can pose an "expensive and time-consuming burden."** There exist a variety of investigative tools with which the government can request documents from businesses, including the familiar grand jury subpoena. Many of these tools can impose substantial compliance burdens on businesses. But the *Post*'s misrepresentation that businesses groups singled out NSLs as expensive or time-consuming is simply false. Indeed, in the Justice Department's experience, NSLs are much *less* "expensive and time-consuming" for recipients than some other investigative tools, and nothing in the business groups' letter contradicts that understanding.

17. The *Post* also erroneously insinuates that there is no internal oversight of NSL usage.

Claim: "In the executive branch, no FBI or Justice Department official audits the use of national security letters to assess whether they are appropriately targeted, lawfully applied or contribute important facts to an investigation."

Fact: **The use of NSLs, like the use of any authority, is subject to significant internal oversight and checks.** As an initial matter, an NSL must be approved by a field office's Special Agent in Charge (SAC) or one of a handful of senior FBI headquarters officials — all members of the Senior Executive Service,

totaling fewer than 100 nationally. Before an NSL request even gets to the desk of an SAC, it will go through at least two levels of oversight, including legal compliance. After the fact, any misuse of an NSL is subject to significant oversight as part of the FBI's reports to the Intelligence Oversight Board. Finally, the Department of Justice Inspector General is empowered to investigate any allegations of abuse.

In addition to these corrections, we have provided classified briefings to your staffs, as well as to certain Members who requested them, regarding the following erroneous claims:

- "The FBI now issues more than 30,000 national security letters a year, . . . a hundredfold increase over historic norms."

- "The Bush administration . . . has offered no example in which the use of a national security letter helped disrupt a terrorist plot."

- "In late 2003, the Bush administration reversed a long-standing policy requiring agents to destroy their files on innocent American citizens, companies and residents when investigations closed."

- "Criticized for failure to detect the Sept. 11 plot, the bureau now casts a much wider net, using national security letters to generate leads as well as to pursue them."

- "Agents commonly use the letters now in 'preliminary investigations' and in the 'threat assessments' that precede a decision whether to launch an investigation."

- "Ashcroft remained bound by Executive Order 12333, which requires the use of the 'least intrusive means' in domestic intelligence investigations. But his new interpretation came close to upending the mandate."

- "Two years ago, Ashcroft rescinded a 1995 guideline directing that information obtained through a national security letter about a U.S. citizen or resident 'shall be destroyed by the FBI and not further disseminated' if it proves 'not relevant to the purposes for which it was collected.' Ashcroft's new order was that 'the FBI shall retain' all records it collects and 'may disseminate' them freely among federal agencies."

- "[T]he FBI had served national security letters on [Las Vegas casinos]. In an interview for this article, one former casino executive confirmed the use of a national security letter."

The Department of Justice is committed to protecting civil liberties and to using all investigative tools judiciously and within the bounds of the law. This includes NSLs, which are one of the important tools Congress provided the Department to help us secure our nation. We urge the Congress not to let a distorted and misleading portrayal of the FBI's use of this vital investigative tool skew the debate over how best to ensure our national security.

If we can be of further assistance, please do not hesitate to contact this office.

Sincerely,

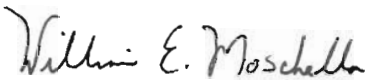

William E. Moschella
Assistant Attorney General

cc: The Honorable Patrick J. Leahy
Ranking Minority Member

Charles.Schott@do.treas.gov

From: Charles.Schott@do.treas.gov
Sent: Monday, June 12, 2006 6:55 PM
To: Gorsuch, Neil M
Subject: Fw: Leaving Treasury

Neil:

Attached is an announcement we received today. Jean Card is a wonderful person and wordsmith. You will enjoy getting to know her.

Charlie

Sent from my BlackBerry Wireless Handheld

-----Original Message-----
From: Card, Jean
To: _DL_WHL
Sent: Mon Jun 12 18:25:02 2006
Subject: Leaving Treasury

Dear Colleagues,

After two and a half incredible years here, Iâ??ll walk down the granite steps of Treasury for the last time this Friday, June 16th.

Next Monday, Iâ??ll start my new job as Senior Speechwriter to Attorney General Gonzales at the Department of Justice.

As much as I look forward to this exciting new opportunity, I will miss the Treasury team so very much. I hope you all know how much I have enjoyed these years at 1500 Pennsylvania Avenue, and how much I value all that I have learned from you, my brilliant colleagues!

Of course, I canâ??t be gotten rid of that easily â?? Iâ??ll remain a proud part of the larger team that serves our President and I look forward to seeing you all around town.

All the best,

Jean Card

Senior Writer

Office of Public Affairs

My new contact information (as of Monday, June 19th) will be:

Jean.card@usdoj.gov

(202) 353-1561

Gorsuch, Neil M

From: Gorsuch, Neil M
Sent: Tuesday, June 13, 2006 8:13 AM
To: [redacted]@do.treas.gov'
Subject: RE: Leaving Treasury

[redacted] Thanks for this heads up. I look forward to working with Jean and will search her out. Having written remarks for the AG previously, I am certain Jean will enjoy working with him. Warmest regards, Neil

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All the best,

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Senior Writer

Office of Public Affairs

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Jean.card@usdoj.gov

Gorsuch, Neil M

From: Gorsuch, Neil M
Sent: Tuesday, June 13, 2006 8:14 AM
To: Scolinos, Tasia
Subject: FW: Leaving Treasury

Some warm and unsolicited words about your new speech writer from one of her colleagues at Treas.

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Sent: Tuesday, June 13, 2006 8:13 AM
To: [redacted]@do.treas.gov'
Subject: RE: Leaving Treasury

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Senior Writer

Office of Public Affairs

My new contact information (as of Monday, June 19th) will be:

Jean.card@usdoj.gov

USDOJ- Office of Public Affairs

From:	USDOJ- Office of Public Affairs
Sent:	Tuesday, June 13, 2006 8:28 AM
To:	USDOJ- Office of Public Affairs
Subject:	Attorney General's News Briefing for Tuesday, June 13, 2006
Attachments:	agnb060613.pdf; agnb060613.doc

THE ATTORNEY GENERAL'S NEWS BRIEFING

PREPARED FOR THE OFFICE OF PUBLIC AFFAIRS, U.S. DEPARTMENT OF JUSTICE

TO: THE ATTORNEY GENERAL AND SENIOR STAFF

DATE: TUESDAY, JUNE 13, 2006 7:45 AM EDT

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TERRORISM NEWS:

DOJ Defends Domestic Surveillance Program In Detroit Courtroom. The AP (6/13, Karush) reports, "The U.S. government defended warrantless domestic surveillance in court for the first time Monday, saying the program is well within the president's authority but arguing that it would require revealing state secrets to prove that point." The AP continues, "U.S. District Judge Anna Diggs Taylor in Detroit heard arguments in a case brought by the American Civil Liberties Union against the National Security Agency. The ACLU is asking for an immediate halt to the program, arguing that it violates the rights to free speech and privacy. … The Bush administration has asked Taylor to dismiss the lawsuit on state-secrets grounds. … The ACLU says the Bush administration already has publicly revealed enough information about the program for Taylor to rule it is illegal. … But government attorney Anthony J. Coppolino told Taylor on Monday that the case cannot be decided based on a 'scant public record.' … 'This case does not involve easy questions,' he said. 'It's a case that requires a robust factual record.' … Coppolino alluded several times to a classified court filing, which Taylor indicated she had not yet reviewed. In that brief, 'we demonstrate that it (the program) is narrowly and specifically focused on al-Qaida,' he said. … The plaintiffs do not have access to the classified brief, and Taylor would have to make a special request and travel to Washington to read it, said Ann Beeson, the ACLU's associate legal director and the lead attorney for the plaintiffs."

The New York Times (6/13, Liptak) reports, "A National Security Agency program that listens in on international communications involving people in the United States is both vital to national security and permitted by the Constitution, a government lawyer told a judge here today in the first major court argument on the program. … But, the lawyer went on …, 'the evidence we need to demonstrate to you that it lawful cannot be disclosed without that process itself causing grave harm to United States national security.' … The only solution to this impasse, the lawyer, Anthony J. Coppolino, said, was for Judge Taylor to dismiss the lawsuit before her, an American Civil Liberties Union challenge to the eavesdropping program, under the state secrets privilege. The privilege can limit and even extinguish cases that would reveal national security information, and it is fast becoming one of the Justice Department's favorite tools in defending court challenges to its efforts to combat terrorism." The Times notes, "The Detroit case was filed in January on behalf of journalists, scholars, lawyers and nonprofit organizations who contended that the possibility of government eavesdropping interfered with their work. In remarks to reporters after the 90-minute argument, Anthony D. Romero, the A.C.L.U.'s executive director, called the government's invocation of the state secrets privilege 'Orwellian doublespeak.' … 'They argued essentially that the N.S.A. program was off-limits to judicial review,' Mr. Romero said."

Knight Ridder distributes a Detroit Free Press article (6/13, Warikoo) that reports, "In vigorous arguments that offered clashing views on the limits of state authority, the U.S. Justice Department and civil rights advocates squared off in a packed Detroit courtroom for a hearing on whether the government's domestic surveillance program violates the U.S. Constitution." The Free Press continues, "The talk inside U.S. District Court on Monday morning went to the core of what should define American government and was followed across the country by legislators and citizens debating an essential question: How much power should the president have? … Making its case in court for the first time, the government argued that the president needs as much power as necessary to secure the country, especially as al-Qaida continues to threaten the United States with terrorist attacks. But an attorney with the American Civil Liberties Union said that President Bush can't violate the law while trying to protect the country." Judge Taylor "set July 10 as the next court date to address the government's state secret arguments. Taylor did not say when she might make a ruling."

UPI (6/13) also reports on the courtroom arguments.

2nd Circuit Panel Presses CIA Attorney Over Withheld Documents. The New York Times (6/13, Hartocollis) reports, "A federal appeals court panel in Manhattan questioned a lawyer for the federal government yesterday as to whether the Central Intelligence Agency had a legitimate national security interest in refusing to confirm or deny the existence of documents authorizing it to detain and interrogate terrorism suspects overseas." The Times continues, "The tough questioning came in oral arguments by the American Civil Liberties Union and lawyers for the C.I.A.

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before the United States Court of Appeals for the Second Circuit. The civil liberties group is trying to force the C.I.A. to disclose how much authority it has been given to interrogate detainees since the attacks of Sept. 11, 2001." The Times adds, "Through the Freedom of Information Act, the A.C.L.U. is seeking documents, including a directive said to have been signed by President Bush, giving the agency the authority to set up detention sites outside the United States and to interrogate prisoners. In its lawsuit, the group says the existence of these documents has been hinted at in news reports. … But the government has refused to confirm or deny the documents' existence, saying that to do so would jeopardize national security by revealing C.I.A. methods and activities. Last September, Judge Alvin K. Hellerstein of Federal District Court upheld that position, and yesterday's hearing was part of the A.C.L.U.'s appeal of his ruling. … The three-judge appeals panel seemed divided on the issue, with Judge John Gleeson asking the most forceful questions of the government lawyer, Peter Skinner. Judge Gleeson seemed to be trying to determine whether the A.C.L.U. was right in contending that the agency was acting to avoid political embarrassment, rather than out of national security interest."

Administration Backs Away From Official's Remarks On Guantanamo Suicides. The AP (6/13, Gearan) reports the Administration "distanced itself Monday from remarks by a U.S. diplomat that the weekend suicides of three Arab detainees at the Guantanamo Bay military prison were a 'good P.R. move.'" Assistant Secretary McCormack is quoted saying, "I would just point out in public that we would not say that it was a P.R. stunt. We have serious concerns anytime anybody takes their own life." The AP says Deputy Assistant Secretary Colleen Graffy "told the" BBC "that the deaths at the US-run camp in Cuba were a 'good P.R. move to draw attention'" and 'a tactic to further the jihadi cause.'" The AP notes, "Graffy's unscripted remarks threw a monkey wrench in the administration's careful plan to demonstrate concern over the deaths and respond to rising criticism of the U.S. operation of the prison. [President] Bush expressed 'serious concern' Saturday over the suicides, and he directed an aggressive effort by his administration to reach out diplomatically while it investigates."

Knight Ridder (6/13, Rosenberg, Clark) notes Graffy's job as the "deputy assistant secretary of state for public diplomacy…involves improving US public relations, especially in the Muslim world." The New York Times (6/13, Cloud, 1.19M) runs a similar report.

Military To Review Rules For Guantanamo Detainees In Wake Of Suicides. The CBS Evening News (6/12, story 7, 0:25, Schieffer, 7.66M) reported after three Guantanamo Bay detainees committed suicide over the weekend, "US military officials announced they will review the rules for handling and monitoring detainees at the prison camp. This will be an internal review separate from the Navy's criminal investigation."

Meanwhile, Knight Ridder (6/13, Rosenberg, Clark) reports "military pathologists have completed clinical autopsies of the three captives who hanged themselves over the weekend." Navy Cmdr. Robert Durand, prison spokesman, said, "'Now it's the analytical part of the autopsy, compiling the report and making conclusions," adding "the team of medical examiners from the Armed Forces Institute of Pathology arrived Saturday and departed Sunday."

Detainee Has Been Cleared For Transfer. The AP (6/12, Selsky) reports, "One of the Guantanamo detainees who committed suicide had been cleared for transfer to another country, a second allegedly was involved in an Afghanistan prison uprising in which a CIA agent died, and a third had ties to al-Qaida." The Defense Department on Sunday "identified the three as Mani Shaman Turki al-Habardi Al-Utaybi, Yassar Talal Al-Zahrani and Ali Abdullah Ahmed of Yemen." Al-Utaybi "had been recommended for transfer to another country for continued detention, though the Defense Department did not specify where."

Groups Call For Independent Probe. The Washington Post (6/13, A4, White, 744K) reports, "Human rights groups and defense lawyers yesterday called for an independent investigation into the three detainee suicides at the US detention facility at Guantanamo Bay, Cuba, questioning the military's preliminary explanation of how the men killed themselves and the way US officials have characterized the deaths." Amnesty International "officials said yesterday that an independent investigation 'is a matter of absolute urgency.'"

US Continues To Search For Country To Take Chinese Detainees. The Washington Times (6/13, Konviser, 90K) reports, "Authorities are looking for a new home for five Chinese Muslims who have been held in a refugee camp in a diplomatic limbo since being transferred to Albania from the US prison at Guantanamo Bay, Cuba, last month." Albanian officials "say they see no viable future for the men in one of Europe's poorest countries, where no one

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speaks their language and the culture is fundamentally alien to their central Asian background."

More Commentary. Douglas W. Kmiec, professor of constitutional law at Pepperdine University and former constitutional legal counsel to Presidents Ronald Reagan and George H.W. Bush, writes in USA Today (6/13, 2.31M), "Some foreign leaders posture as if Guantanamo's doors should just fly open. Residents of Madrid and London might dissent. Even so, the international criticism should not be dismissed. It should be seen as implied willingness to share the cost and burden of detention. If we can't try all the detainees, serious thought ought be given to having the UN convene an ad hoc international court."

USA Today (6/13, 2.31M) editorializes, "President Bush insists he 'would like to end' Guantanamo but needs first to wait for the Supreme Court ruling. That won't do. What Guantanamo represents needs changing, and immediately. It's time to lay out the evidence against those who need to be charged and release those who don't."

The Wall Street Journal (6/13, 2.11M) editorializes, "If there's any scandal here, it's that anti-U.S. activists have made it so difficult to handle al Qaeda prisoners in a more efficient manner. On the one hand they complain of the 'incredible despair' (Human Rights Watch) of indefinite detention. On the other, they have done their best to prevent the U.S. from processing them through the military court system that President Bush authorized in late 2001. … The activists shouldn't be allowed to have it both ways. Either the Gitmo detainees are legitimate prisoners of war, in which case they can't be prosecuted but can be held for the duration of the conflict as in all previous wars. Or they are unlawful combatants (because they fought out of uniform and targeted civilians), in which case there should be no issue at all about moving ahead and trying them in military tribunals."

Religious Leaders Call On US To Ban Torture. Twenty-seven religious leaders have signed a statement urging the US to abolish torture. The Washington Post (6/13, A4, Cooperman, 744K) reports that the statement, which was signed by megachurch pastor Rick Warren, Nobel laureate Elie Wiesel and Cardinal Theodore E. McCarrick of Washington, among others, is "being published in newspaper advertisements starting today." It is "the opening salvo of a new organization called the National Religious Campaign Against Torture, which has formed in response to allegations of human rights abuse at U.S. detention centers in Iraq, Afghanistan and Guantanamo Bay, Cuba." The Post adds, "The signers come from a broad range of denominations and include notable religious conservatives, such as the Rev. Ted Haggard, president of the National Association of Evangelicals; Archbishop Demetrios, primate of the Greek Orthodox Archdiocese of America; and the Rev. William J. Byron, former president of Catholic University."

Canadian Terror Suspects Allegedly Trained Near US Border. The CBS Evening News (6/12, story 8, 2:45, Schieffer, 7.66M) reported, "Most of the 17 men arrested in an alleged terror plot in Canada were in court there today for a bail hearing. No one was granted bail." CBS (Keteyian) added, "It was here in these remote wooded grounds north of Toronto where prosecutors say terrorists talk turned to action. According to the government's charges reviewed by CBS News, 13 of the 17 suspects now in custody were here just a few hours from the US border attending a terrorist training camp just before last Christmas. Wearing camouflage clothing, they allegedly engaged in marches and survival training, took turns on guard duty and practiced firing a 9-millimeter semiautomatic pistol and pellet gun. What the group didn't know is they were being watched by authorities the whole time."

Defense Lawyers Terror Suspects Were Beaten. Defense lawyers representing several of the men being held in an Ontario prison on terrorism charges say their clients have been beaten by guards, threatened and held in isolation. The New York Times (6/13, Depalma, 1.19M) reports, "The lawyers made the accusations outside the courtroom here as preliminary bail hearings were about to begin for the 17 suspects arrested June 3. … A spokeswoman for the prison where most of the men are being held said the accusations were being investigated."

Arrests Raise Concerns About Influence Of Fundamentalist Imams In Canada. The Wall Street Journal (6/13, Cherney, 2.11M) reports that the terror arrests in Canada have "lifted the lid on a simmering controversy among Canada's Muslims: A segment of this growing community worries that an increasing number of mosques have come under the sway of fundamentalist imams." The arrests "have given worried congregants an opportunity to raise a red flag. They say the messages delivered in some mosques -- such as the Al-Rahman Islamic Center here -- may help explain why police believe the 17 men and youths might have been drawn into a group that allegedly conspired

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to blow up buildings in the Toronto area and schemed about taking politicians hostage in Ottawa."

HOMELAND RESPONSE:

Technology Association Study Criticizes VoIP Wiretapping Rules. CNET News.com (6/12, Broache, McCullagh) reports, "Federal regulations saying that police must be able to tap into Internet phone conversations with ease are coming under renewed attack from academics, engineers and one of the Net's founding fathers." An Information Technology Association of America study to be released today "says that because VoIP relies on a fundamentally different network architecture from that of traditional phone lines, such a mandate would pose 'enormous costs' to the industry and could even introduce significant security risks." The study adds that "allowing full access by law enforcement would almost certainly require overhauling inherently decentralized networks to allow for certain points where interception would take place," which could "arguably make it easier for hackers to capture identity information and passwords, engage in 'man-in-the-middle alteration of data,' or potentially spoof the communications going on."

Air Marshals Say Ammunition Not Safe For Use In Air. The Washington Times (6/13, Hudson, 90K) reports air marshals testifying "in a recently completed House Judiciary Committee investigation of policies marshals deemed dangerous" said "their guns are loaded with bullets capable of running through more than one person, metal doors and thick glass -- too much firepower for an airplane." They "say their bullets can penetrate most of the material in planes, leaving pilots and the plane's hydraulics and flight-control system vulnerable if a weapon is discharged." The Times adds that the TSA's response to the ammunition concerns was redacted from the House Judiciary report released last week.

Kelly Says Lower Manhattan Initiative Put On Hold Due To Reduced Funding. The New York Times (6/13, Baker, Chan, 1.19M) reports New York City's plan "to install a sprawling security camera system in the Wall Street area" this year "is being rethought since the Department of Homeland Security cut the city's security grant to $124.5 million this year from $207.6 million last year, Police Commissioner Raymond W. Kelly said yesterday" in testimony before a City Council hearing on the impact of the reduction. Kelly said afterwards that the plan, called the Lower Manhattan Security Initiative, had "been put on hold until we can take a look at the funding stream." DHS spokesman Russ Knocke said yesterday that "an undersecretary would work closely with the city to help expedite the flow of dollars from Washington. But he said it fell to city officials to prioritize which projects to pay for."

Author Says DHS Allowed To Act Like "Keystone Stasi." Ray LeMoine, coauthor of "Babylon by Bus," which records his experiences working for the Coalition Provisional Authority in Iraq, in an op-ed in the Los Angeles Times (6/13, 958K) writes that upon arrival at JFK from Dubai recently, he was stopped "at customs by an officer from the Department of Homeland Security and directed to a drab backroom filled with Arabs, South Asians and Africans." LeMoine writes that he had "just spent six months working and traveling in the Islamic world," and thought it "was just protocol." Instead, LeMoine writes that he was questioned about selling T-shirts outside sporting events and an NYPD bench warrant from 2004. LeMoine continues, "Homeland Security, the $40-billion-a-year agency set up to combat terrorism after 9/11, has been given universal jurisdiction and can hold anyone on Earth for crimes unrelated to national security — even me for a court date I missed while I was in Iraq helping America deter terror — without asking what I had been doing in Pakistan among Islamic extremists the agency is designated to stop." DHS is "scarily bringing the words 'police' and 'state' closer together. As long as we allow Homeland Security to act like a Keystone Stasi, terrorism will continue to win in destroying our freedom."

Evacuations Ordered In Florida As Alberto Approaches Landfall. Alberto, the first named storm of the 2006 hurricane season, gained intensity Monday, prompting evacuations along Florida's Gulf Coast and heavy media coverage throughout the nation. ABC World News Tonight (6/12, lead story, 1:35, Gibson, 8.78M) reports, "We knew they'd come often this year. We didn't know they'd come this early." When Alberto "hits Florida's Gulf Coast tomorrow, it could well be at hurricane strength. Not a major hurricane, perhaps, but the state of Florida is taking this storm very seriously."

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In a second story, ABC World News Tonight (6/12, story 2, 2:20, Gibson, 8.78M) reports, "What seemed like an ordinary storm just last night is now generating winds close to 75 miles per hour. A sudden shift that forced Florida's Governor to issue those mandatory evacuations." Gov. Jeb Bush: "If you're ordered to evacuate, you really should do it. Don't think you can ride out a storm. It's not worth losing one's life." ABC (Cuomo): "With Alberto still 150 miles from expected landfall, FEMA is mobilizing 96 trucks with food, water and ice, in the Gulf states. And Coast Guard aircraft are tracking the storm."

The AP (6/13, Stacy) reports, "More than 20,000 people along Florida's Gulf Coast were ordered to clear out Monday as Alberto…unexpectedly picked up steam and threatened to come ashore as a hurricane. … Gov. Jeb Bush signed a declaration of emergency allowing him to call up the National Guard and put laws against price gouging into effect." Max Mayfield, director of the National Hurricane Center, said Alberto is "not a Katrina or a Wilma, but storm surge and flooding could still cause loss of life."

The Tallahassee Democrat (6/13, Cotterell, 51K) reports that in "a hastily-called evening briefing," Bush told residents that if they were planning to evacuate, they needed to do so "tonight, not tomorrow morning. Tonight is the night to do this."

The CBS Evening News (6/12, lead story, 2:20, Schieffer, 7.66M) reported Alberto is "barreling toward Florida's Gulf Coast tonight with heavy rain, winds near 70 miles an hour, hurricane warnings are up along the coast, best estimates are the storm will hit land tomorrow and could reach hurricane strength and even if it doesn't, it could bring a storm surge ten feet tall." CBS (Acosta) added, "That was all Florida officials needed to see to issue a mandatory evacuation order across 100 miles of the state's Gulf Coast." Gov. Jeb Bush, Florida: "If you're ordered to evacuate, you should do it. Don't think you can ride out a storm. It's not worth losing one's life."

CNN's The Situation Room (6/12, Candioti) reported that Florida Gov. Jeb Bush has "issued a State of Emergency and has ordered mandatory evacuations for several counties in low-lying areas. Also he just said that 17 shelters will be opening up shortly, again, for people in areas where they are expecting inland flooding because of the rain. We are expecting anywhere from 8-10 inches and storm surges that could go maybe 8-10 feet above normal." Bush "also said that they were doing a hurricane prep exercise just this very day, and now he's admitting that they might have to push things back, as we are obviously getting storms earlier and earlier in the hurricane season."

NBC Nightly News (6/12, lead story, 2:45, Williams, 9.87M) reported, "Coming off last hurricane season, this is a cruel, early arrival and so it's being taken seriously tonight in the state of Florida, where a state of emergency has been declared and 20,000 people have been ordered evacuated along 200 miles of Florida coastline." NBC (Potter) added, "Although Alberto is still a tropical storm, officials are worried about storm-surge flooding along the Florida Gulf Coast, in some areas, up to 10 feet." NBC (Potter): "Joining with state emergency managers, FEMA officials say they too are prepared and will be sending in nearly 100 trucks with food, water and ice for those hardest hit if needed."

FEMA Ready With Buses, Supplies. In an article appearing on at least 48 news websites, the AP (6/13, Jordan) reports FEMA spokesman Aaron Walker said that while Florida "has indicated that they have the situation well under control," the agency had buses and supplies ready "should Tropical Storm Alberto take a nasty turn into regions still left vulnerable by Hurricane Katrina, including Louisiana, Mississippi and Alabama. Those supplies, warehoused in Louisiana and Alabama, could be sent to Florida if necessary, he said." Meanwhile, Secretary Chertoff "postponed a weeklong trip to Europe to monitor the storm, said spokesman Russ Knocke. Chertoff also called Florida Gov. Jeb Bush to offer help, but the Republican governor said his state did not have any immediate needs from Washington."

The Miami Herald/KRT (6/13, Merzer, Fineout) reports, "State officials said that local communities were gearing up to deal with the storm and that 17 shelters would open. An estimated 7,500 National Guard were on alert and ready to be deployed if needed." The Herald adds, "Alberto grew out of the year's first tropical depression Sunday, an ominous sign of things to come during the hurricane season -- which was only 11 days old."

USA Today (6/13, Leinwand, 2.31M) reports hurricane center forecaster Eric Blake said the storm is expected "to grow to Category 1 hurricane speeds by the time it reaches land but they do not expect it to intensify much further." The Orlando Sentinel (6/13, Stratton, Hollis, 265K) notes, "If Alberto comes ashore as a hurricane, it would be the earliest in 40 years to hit the United States, forecasters said."

The New York Times (6/13, Aguayo, 1.19M) reports Florida's emergency management chief Craig Fugate "and

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other state officials said they remained worried that Tropical Storm Alberto might prove to be a repeat of a storm that struck the East Coast in March 1993 and left more than 40 people dead in Florida. That 1993 storm was not a hurricane, but it pushed an enormous wall of water into the same areas now in Tropical Storm Alberto's path. Ten people died in Taylor County, part of which was ordered evacuated on Monday."

The Washington Post (6/13, A3, Whoriskey, 744K) reports, "Along the coast on Monday, tourists headed out, and news crews rushed in to capture what may be the first hurricane after Hurricane Katrina. … Officials with the Federal Emergency Management Agency said they were meeting with state emergency managers and 'mobilizing' 96 trucks with food, water and ice."

Paulison Says FEMA Ready For Alberto. On Fox News' Big Story (6/12, Napolitano) Paulison was asked whether FEMA was ready for Alberto. Paulison: "We're ready. I think what this storm shows us is how unpredictable hurricanes are. We thought it would be nothing but a rain storm, now here it is almost a hurricane." Paulison added, "Right now we're very lucky that this first hurricane of the season is going to a state like Florida who is very well prepared. We're working with the state, we have people in the state EOC, but frankly the state really does have their arms around this and they are ready for this. We have, however, prepositioned supplies all along the Gulf Coast, just to be ready to move in case Florida does need assistance from FEMA." Paulison was also asked if his agency is ready for "the next Katrina." He said, "We are as ready as we can be for the next Katrina. That was an overwhelming storm, obviously, and so we have done quite a bit to make sure that FEMA is much better prepared this year than we were last year, mainly with logistics, with communications, with situational awareness, and also victim registration. So we have taken all those lessons learned, we've picked up after Katrina, Rita, Wilma also, and applied those in place so we can be ready if we do get another major hurricane in this country."

Appearing on Bloomberg After Hours (6/12), Paulison said, "The communications right now is working very well. I talked personally to Craig Fugate. I know Secretary Chertoff has talked personally to the governor. We have people at the state emergency management office and people at the hurricane center to make sure we keep the lines of communications open and that we go into the hurricane and storm as partners and not waiting for one to be overwhelmed before we step in."

Insurance Regulators Call On Congress For Help Dealing With Disasters. USA Today (6/13, Adams, 2.31M) reports the National Association of Insurance Commissioners, who are urging Congress "to investigate ways to help states, insurers and homeowners to better deal with disasters such as Hurricane Katrina," have adopted "a resolution proposing a Federal Natural Catastrophe Preparedness Commission." Following losses from last year's hurricanes "and forecasts of more powerful storms, insurance companies are refusing to renew hundreds of thousands of coastal homeowners' policies in Florida, Texas, New York, Massachusetts and other states. … State regulators worry that a shortage of private insurance and the lack of an overall federal catastrophe strategy will put more pressure on individual states and their taxpayers when disaster strikes."

Spellings Announces Grants For New Orleans Charter Schools. The New York Times (6/13, Saulny, 1.19M) reports Education Secretary Margaret Spellings announced a $24 million grant Monday that is "likely to cement the role of New Orleans — where the public school system is barely functional — as the nation's pre-eminent laboratory for the widespread use of charter schools." The city's "school system is now dominated by charter operators. Eighteen of the 25 schools open in New Orleans are charter schools, receiving public financing but operating independently." Spellings said "charter schools are the best way to jump-start the state's education recovery," echoing "the Bush administration's support for such schools across the nation."

New Orleans Police Department Struggling To Recover From Katrina. The New York Times (6/13, Drew, 1.19M) reports that "as residents return and another hurricane season begins" in New Orleans, "the police force is still struggling to recover from the calamity of Hurricane Katrina, which knocked out its headquarters, overwhelmed its ability to maintain control and prompted desertions that tarnished the force's reputation. Now, as the department tries to fight its way back, sharp budget cuts — and a recent spike in drug-related killings in the city — are adding to fears that years of overhauls and modernization may be undone, and that New Orleans could return to its former notoriety as one of the nation's murder capitals." Meanwhile, "For some residents, the sense that the city is on edge and the department's future uncertain has brought echoes of the days when the local

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police were considered among the least competent and most racist and brutal in the nation."

AFL-CIO Investment May Provide New Orleans "Development Boom." USA Today (6/13, Konigsmark, 2.31M) reports, "In what may be the start of the city's development boom, the AFL-CIO plans to invest $1 billion to develop 10,000 affordable homes and a new downtown hotel. The investment "is one of the largest yet for New Orleans and seeks to bring new housing to a city where Hurricane Katrina destroyed more than 100,000 homes." USA Today adds, "Development activity is picking up for several reasons, not the least of which is that billions in federal dollars to buy people out of their flood-damaged homes is set to begin flowing this summer."

Katrina Continues To Take Emotional Toll On Children. The Washington Post (6/13, A1, Cass, 744K) reports that in New Orleans, Hurricane Katrina's "emotional effect on children is proving to be long and lasting. Two studies of children affected by the hurricane have found high rates of depression, anxiety, behavioral problems and post-traumatic stress disorder." Irwin Redlener, director of Columbia University's National Center for Disaster Preparedness and president of the Children's Health Fund, said that while children affected by the Oklahoma City bombing or 9/11 "could go to a place of normalcy," Katrina was different because of "the scope of devastation" and "the prolonged dislocation with an uncertain timeline."

Clinton Says Global Warming Will Lead To More Hurricanes. The AP (6/12, Farrington) reports that speaking at a fundraiser for the Florida Democratic Party Monday, former President Clinton "predicted…that Republican environmental policies will lead to more severe storms." Clinton said that while he and Al Gore "were ridiculed" for their views on global warming, it is "a serious problem" that will "lead to more hurricanes." The Palm Beach Post (FL) (6/13, 160K) reports that "Clinton railed against the Republican decision to invade Iraq and their stance on the national deficit, health care, lobbyists and environmental regulations during a wide-ranging speech."

WAR NEWS:

Bush Meets With National Security Team On Iraq. President Bush yesterday met his national security team at Camp David to discuss the US policy in Iraq. The Los Angeles Times (6/13, Gerstenzang, 958K) reports that "among those joining Bush were Vice President Dick Cheney, Secretary of State Condoleezza Rice, Defense Secretary Donald H. Rumsfeld, John Negroponte, the director of national intelligence, Gen. Michael V. Hayden, director of the Central Intelligence Agency, and Gen. Peter Pace of the Marine Corps, chairman of the Joint Chiefs of Staff." White House counselor Dan Bartlett, who took part in the meetings, "said the sessions were organized because Iraq was facing a 'fundamental break point.'" The Atlanta Journal-Constitution (6/13, Herman, Deans, 430K) notes that today, Bush "will meet Iraq's new leaders…in a teleconference."

Much of the media coverage places the meeting in the context of domestic politics, as part of an Administration effort to bolster congressional Republicans for the midterm elections. The New York Times (6/13, Sanger, Rutenberg, 1.19M), for example, reports the meeting "came as Republicans began a new effort to use last week's events to turn the war to their political advantage after months of anxiety, and to sharpen attacks against Democrats. On Monday night, the president's top political strategist, Karl Rove, told supporters in New Hampshire that if the Democrats had their way, Iraq would fall to terrorists and Abu Musab al-Zarqawi would not have been killed." Democrats "countered Monday that the Republicans were playing partisan politics with the war. 'Apparently, the American people will still have to wait for a serious debate on Iraq that is aimed at correcting bad policies instead of bad poll numbers,' said Representative Rahm Emanuel, an Illinois Democrat." Similarly, the Washington Times (6/13, Dinan, 90K) reports the meetings "were scheduled even before Zarqawi was killed last week, but that news has given the administration a window to make a case to voters that U.S. forces have made progress."

NBC Nightly News (6/12, story 4, 2:15, Gregory, 9.87M), for example, reported, "With the war a growing political liability for the President and his party, the White House is trying hard to appear more pragmatic about the conflict and more open to outside advice. The President today avoided overselling progress after a briefing by his ambassador in Baghdad." President Bush: "I thought your assessment of the situation in Iraq was very realistic."

On the CBS Evening News (6/12, story 6, 1:35, Axelrod, 7.66M), Bush was shown saying, "Success in Iraq will depend upon the capacity of the new government to provide for its people. We recognize that." Axelrod: "The Administration says a new government creates a crucial opportunity for the

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Iraqis, but with the number of military dead now approaching 2,500, the injured 18,000 and the cost at more than $300 billion and rising, the Administration may be approaching a make-or-break point with the American people, and that may explain the President's call for more countries to share the financial burden."

ABC World News Tonight (6/12, story 3, 2:30, Tapper, 8.78M) reported, "The President is under tremendous political pressure, with low poll numbers and his own party worrying about what effect this unpopular war will have on midterm elections." But the White House "cautioned that this meeting will not lead to announcement of reductions in the 126,000 US troops in Iraq." Fox News' Special Report (6/12, Hume) also said the meeting "created some speculation before hand but no major shake-ups or new strategy would emerge."

The Financial Times (6/13, Dinmore) reports, "Confronted by growing discontent with the cost of the Iraq war among Americans in the run-up to congressional mid-term elections, Mr Bush repeatedly declared at a brief news conference: 'The stakes are worth it.'"

CNN's The Situation Room (6/12, Henry) reported that President Bush "sees some momentum from Iraq with the death of al-Zarqawi."

Bush Seeks Input From Critics. Knight Ridder (6/13, Hutcheson) reports, "Looking for new ideas on Iraq…Bush sought advice from his critics Monday at an unusual two-day war council," as "at least one of the experts who met with Bush has advocated sending 77,000 more service members to join the 130,000 who are already in Iraq. 'It may be that the fastest way to turn Iraq over to the Iraqis and draw down American forces is not a steady decline of troop numbers. Instead, the fastest possible "exit strategy" may require one last surge effort,' military historian Frederick Kagan, a scholar at the conservative American Enterprise Institute, wrote last year." After he left the Camp David briefing, Kagan "declined to comment on what was said there beyond, 'It was a good discussion.'" Knight Ridder adds, "All four of the experts who were invited to join Bush at his hideaway in Maryland's Catoctin Mountains supported the Iraq invasion, but they haven't always been pleased with its prosecution. In addition to Kagan, Bush heard from Eliot Cohen, a professor of strategic studies at Johns Hopkins University; journalist Robert Kaplan; and former CIA officer Michael Vickers, who's now with the Center for Strategic and Budgetary Assessments."

The Washington Post (6/13, A1, Partlow, Abramowitz, 744K) also reports "the four have in the past been critical of how the Bush administration has handled Iraq, though not necessarily from the same perspective." Vickers "has argued that the United States ought to have a smaller, more effective presence in Iraq, with more emphasis on developing advisers for the nascent Iraqi security forces. Kagan, by contrast, recently wrote in the Weekly Standard that the United States should consider deploying more troops and prosecuting the battle against insurgents more aggressively. Cohen has also questioned the vigor with which the military has pursued the war, as well as the competence of the administration."

The Boston Globe (6/13, Klein, 484K) reports the "unusual Iraq war summit…reflects a new White House attitude that includes a willingness to consider dissenting views and take a more deliberate approach to policy questions, a style change for a president known to keep close counsel, according to political observers and Republican lawmakers." The "shifts" are "largely credited to new White House chief of staff Joshua Bolten." They "suggest Bush desperately wants to shed his image as a stubborn partisan who listens to few outside voices, said" Texas professor Bruce Buchanan, "who has followed the president closely since Bush was governor of Texas." Buchanan said, "He's reaching out for a little empathy. It's an effort to get people to acknowledge that he is at least trying and needs their support, and at least soften their opposition."

Rove Says Republicans Should Not Avoid Iraq On Campaign Trail. The AP (6/13, Love) reports that during his appearance at a fundraising dinner for New Hampshire Republicans, Rove said "that Republicans facing midterm elections should campaign on the economy's strength and discuss the war in Iraq with no qualms." Rove said, "We have no excuses to make for it." War supporters "need not apologize for removing the threat of Saddam Hussein, and with so much work left to do, now is not the time to talk about leaving Iraq, he said." He added that Democrats "pushing for the withdrawal of American troops should be the ones facing tough questions for wanting to 'cut and run.' He targeted Massachusetts Sen. John Kerry and Pennsylvania Rep. John Murtha, both Democrats and vocal supporters of getting out of Iraq."

PoliticsNH.com (6/13, Pindell) reports Rove was "hoping to encourage state Republicans the election year won't be as bad as some pundits say." But his "keynote at a State Republican Committee fund-raiser also motivated

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Democrats and other like-mined organizations. About 75 protestors held signs like 'Karl: 666' and 'No More Roving Jam Sessions,' in response to Republican operatives who jammed Democrats get out the vote phone lines in 2002." It is the "phone jamming scandal, which has criminally convicted three Republican operatives, which helped to deplete state party resources to $700 cash on hand last month. Beyond money, the Democrats have leveraged the issue into one they use every chance they can in hopes it puts Republicans on the defensive." And while "the 500 people who bought tickets helped the state party raise an estimated $55,000-$60,000 at the dinner, it did not help that Rove's own office has now been linked to the scandal." The Washington Post (6/13, A7, Farenthold, 744K) runs a similar story under the headline "Rove's Speech to N.H. Republicans Keeps to Partisan Line."

Gallup Poll Shows Bush's Approval Up To 38%, 47% Say Things "Going Well" In Iraq. USA Today (6/13, Nichols, 2.31M) reports, "In the wake of terrorist leader Abu Musab al-Zarqawi's death, President Bush is seeing improvement in public confidence that the Iraq war is winnable, a USA TODAY/Gallup Poll shows. The new poll found that 48% believe the United States probably or definitely will win the war, up from 39% in April. It also found that 47% believe things are going well in Iraq, up from 38% in March." The survey, taken Friday to Sunday and released Monday, also "showed Bush's approval rating going up to 38% from 36% earlier this month and an all-time low of 31% in May. The poll news came as Bush and members of his Cabinet met at Camp David to discuss ways to help the recently formed government in Iraq. … Still, 51% say the war was a mistake."

In CNN Poll, 43% Say Things "Going Well." CNN's The Situation Room (6/12, Blitzer) reported, "Our latest CNN poll shows the death of Abu Musab al-Zarqawi naturally have boosted Americans' optimism about the war, at least modestly in this new CNN poll taken after the terror leader was killed. Forty-three percent now say things are 'going well' for the United States. That's up five percentage points from March. But 54 percent still say things are going badly."

Bush Gets No Bounce After Zarqawi In CBS News Poll. The CBS Evening News (6/12, story 5, 0:25, Schieffer, 7.66M) reported, "Eliminating Zarqawi may have been a significant military achievement, but it did not seem to help the President from the standpoint of domestic politics. In a CBS News poll out tonight, only 33% of those polled said that they approve of the job the President is doing. That is about the same as last month."

House To Debate GOP Iraq War Resolution. The Washington Times (6/13, Bellantoni, 90K) reports, "The House of Representatives this week will engage in a rare election-year debate on the Iraq war, with Republicans hoping to showcase the good news on the ground and Democrats fractured on whether the United States should begin withdrawing troops." Lawmakers "are tentatively scheduled to begin debating the Republican-authored resolution Thursday. A vote on the measure, called 'Declaring that the United States will prevail in the global war on terror, the struggle to protect freedom from the terrorist adversary,' is slated for Friday."

CNN's The Situation Room (6/12, Koppel) that the GOP resolution's purpose "is to build on what you just mentioned there, the success in killing al Zarqawi and also to try to build some momentum going into November. In particular, on the Iraq war." CNN noted that there are ""a couple of red flags that are going to jump out at Democrats if they stay in this draft language. One that has to do with declaring that it is not in the national security interests of the United States to set an arbitrary date for the withdrawal or redeployment of United States armed forces from Iraq. Another red flag declares that the United States is committed to the completion of the mission to create a sovereign, free, secure and united Iraq. These two graphs in particular are designed to try to flush out some of the Democrats who are going to be painted as not supporting US troops in Iraq."

The Christian Science Monitor (6/13, Feldmann, 61K) reports that "members, including antiwar Republicans and Democrats, also welcome a debate, as long as the terms are fair, they say. At time of writing, the text of the resolution to be debated had not been released, but congressional sources indicated that it would frame the Iraq war as part of the broader war on terror, a point of controversy." The Monitor adds, "At a highly politicized time, with the fall midterm elections approaching and future control of Congress in question, some political analysts see risks for both parties in an Iraq debate. Public support for the war has been on a long, downward slide, and Bush's own job approval rating and policy agenda have been damaged by Iraq more than anything else."

Senate Democrats To Offer Amendments Calling For US Withdrawal From Iraq. CNN's The Situation Room (6/12, Koppel) reported that in the Senate, "we are expecting

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three Democratic amendments to be offered this week, all of them calling for the withdrawal of U.S. troops from Iraq by the end of the war. Two of the names won't surprise you, John Kerry and Russ Feingold. But the third should. It's Carl Levin of Michigan, who is one of the senior members of the Democratic Caucus, who is not seen -- he -- first of all, he's not throwing his hat into the presidential ring. And, so, what he says will carry weight, and could also complicate Harry Reid, the Democratic leader's efforts to try to beat the Republicans at their own game, to try to show his caucus as being united on Iraq."

Reid Says Iraq War An "Intractable Conflict," Calls For Exit Strategy. The AP (6/12, Riechmann) reports "Senate Democratic leader Harry Reid, in a speech in Washington, called the war in Iraq an 'intractable conflict' and said Americans deserve a plan from the president that provides troops with an exit strategy. 'It is no longer sufficient to say "we will stand down as the Iraqis stand up,"' Reid said, quoting a Bush refrain."

The Washington Times (6/13, Pfeiffer, 90K) reports Reid "told a gathering of Democratic and liberal activists in Washington yesterday that 'we have to start bringing our troops home.'" Reid "opened his remarks at the Take Back America 2006 Conference by criticizing the Bush administration's handling of the war in Iraq. The conference is hosted by the Campaign for America's Future (CAF), a liberal advocacy organization." Reid said, "Our troops deserve an exit strategy." Reid "seemed to make a more direct call for withdrawal of troops than his previous remarks, but the senator's office disagreed." A Democratic aide "in attendance, who because of the staffer's ongoing relations with Mr. Reid asked to remain anonymous, said the senator gave a similar, less pointed speech in Nevada during the weekend. 'But at the end of the speech, people in the crowd started chanting, 'Bring them home,' the staffer said."

The Washington Post (6/13, Milbank, 744K) reports the "liberal activists assembled for the annual 'Campaign for America's Future' conference were so hungry yesterday, in fact, that it was difficult to hear Senate Minority Leader Harry Reid (D-Nev.) speak over the din of forks clinking on salad plates. That's too bad, because he was telling the lefties what they like to hear." Reid said, "I don't know how many times we have heard the president say: 'We will stand down as Iraqis stand up.' I don't want to hear that anymore. It seems to me that that mantra no longer stands. That is, we have to start bringing our troops home." The Post adds, "The activists -- at least those who could hear him -- applauded Reid's unexpected and unscripted call for withdrawal." That Reid, "an antiabortion Mormon who voted to authorize force in Iraq, would be breaking bread at all with the liberal activists speaks to a different hunger. Interest groups, hoping for a win in the November midterms, have toned down their fratricidal attacks on elected Democrats. And Democratic lawmakers, emboldened by President Bush's slump, aren't as afraid to be seen with the lefties who make up their 'base.'"

US, Iraqi Forces Launched 200 Raids Against Insurgents Since Zarqawi's Death.

USA Today (6/13, Soriano, 2.31M) reports, "US and Iraqi forces have launched 200 raids against insurgents since killing Abu Musab al-Zarqawi last week, dealing a blow to his terrorist organization, al-Qaeda in Iraq, US and Iraqi officials said Monday." The raids "have led to the capture of more than 200 suspected insurgents and 33 deaths. … The intelligence that led up to the bombing and the raids may be the best chance of cracking the terrorist group dominated by foreign fighters."

Al Qaeda In Iraq Names Zarqawi Successor. The AP (6/12, El-Magd) reports, "Al-Qaida in Iraq named a successor Monday to Abu Musab al-Zarqawi and said he would stick to the slain leader's path — attacks on Shiites as well as on U.S. and Iraqi forces. The new leader, identified by the nom de guerre Abu Hamza al-Muhajer in a statement posted on the Web, appeared to be a foreign Arab, like his predecessor." But "otherwise he is an unknown. The name has not appeared in previous al-Qaida in Iraq propaganda or on U.S. lists of terrorists with rewards on their heads, suggesting he is a lower-level figure or someone more prominent who has taken a new pseudonym." President Bush "said Monday that al-Muhajer would join the ranks of those sought by the US. 'I think the successor to Zarqawi is going to be on our list to bring to justice,' Bush said."

The New York Times (6/13, Burns, Filkins, 1.19M) also says Muhajir "is something of a mystery," and "senior Iraqi officials said they were unfamiliar with anyone by that name. One clue was that the word 'muhajir' usually refers to an Islamic militant who has traveled beyond his own country to fight for his faith. 'He is not an Iraqi -- that is my first impression,' said the Iraqi national security adviser, Mowaffak al-Rubaie, adding that he had not heard of Mr. Muhajir."

US Military Releases Zarqawi Autopsy. The US military released the autopsy report on Abu Musab al Zarqawi

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to prevent or limit the spread of misinformation or conspiracy theories about his death. NBC Nightly News (6/12, story 3, 2:45, Williams, 9.87M) reported, "Today an FBI DNA test positively ID'd Zarqawi and the US military revealed in detail the results of his autopsy to dispel any questions, conspiracy theories or propaganda about how he died. There were no signs of gunshot wounds, nor was Zarqawi torn apart by the air strike. Instead, the report said he was killed by the bomb's crushing blast wave that caused his lungs to expand like balloons and bleed in his chest." The autopsy "said Zarqawi was in the house when it was bombed and also suffered a broken leg and shrapnel wounds." Also "surviving the blast, Zarqawi's diary, phone numbers, and computer files. The US military used that intelligence to launch 11 raids in the last 48 hours on al Qaeda suspects in the Baghdad area, even as two more car bombs exploded here as insurgents promised to avenge Zarqawi's death."

The CBS Evening News (6/12, story 4, 2:50, Schieffer, 7.66M) quoted Col. Stephen Jones, chief surgeon, Multinational Force: "The injuries to his lungs were not survivable, that's what killed him."

ABC World News Tonight (6/12, story 5, :25, Gibson, 8.78M) reports the military "said US troops reached Zarqawi 28 minutes after the bombing and provided first aid before he died 52 minutes after the attack. The autopsy found he died from catastrophic lung injuries. There was no evidence he was beaten or shot. And the military says, information from Zarqawi's safe house has led to the arrest or capture of 210 suspected terrorists."

The Washington Post (6/13, A1, Partlow, Abramowitz, 744K) reports Zarqawi "lived for 52 minutes, in and out of consciousness, before he succumbed to massive internal injuries caused by the concussive blasts from two 500-pound bombs dropped by a U.S. fighter jet, U.S. military officials in Baghdad said Monday."

Jordanian Officials Played Role In Zarqawi Hunt. The Los Angeles Times (6/13, Daragahi, Meyer, 958K) reports, "Shocked into action by violence on their own soil, Jordan officials months ago began an intensive campaign of spying on insurgents in neighboring Iraq, a gambit that ultimately helped lead to the death of militant leader Abu Musab al-Zarqawi, Jordan's top spies said Monday." Maj. Gen. Muhammed Dahabi, director of Jordan's General Intelligence Department, and Col. Ali Burjaq, his chief of counterterrorism, "said in a rare interview Monday that a splashy video tape al-Zarqawi released earlier this spring helped Jordanian intelligence pinpoint his approximate location at the time, a key lead that ultimately led to al-Zarqawi's death in a U.S. aerial bombing attack last week." The Times adds, "Al-Zarqawi's need to micromanage all aspects of his al-Qaida in Iraq organization, from finances to operations, also made him vulnerable to discovery, the two intelligence officials said."

Castro Calls Zarqawi Bombing "A Barbarity." Fox News' Special Report (6/12, Hume) reported, "Fidel Castro called the air strike that killed Zarqawi 'a barbarity' saying he should have been captured and tried."

More Commentary. In his Wall Street Journal column (6/13), Bret Stephens writes that "the most significant fact here isn't that Zarqawi was killed -- he could have met his end in any number of ways. It's that he was found. Pause a minute to consider what this means. Plenty has been written about the shortcomings of US war-fighting, political and counterinsurgency strategies in Iraq, and some of it is true. Comparably little has been written about the insurgents' shortcomings. Yet Zarqawi was located because he and his spiritual adviser, Abdul Rahman, were betrayed by someone in their own camp, someone close enough to track their movements exactly. Therein must lie a tale." The insurgency's "aura has been dimmed, its organizational structure cracked and its internal fissures exposed. That's something the US and the new Iraqi government can capitalize on by launching sustained offensive operations in the Sunni Triangle and doing their utmost to secure Baghdad. Doing so will take another 30,000 troops. But having mostly squandered the initiative against the insurgents in the first year of the war, this is the administration's rare chance to even the score. It must seize it."

Insurgent Attacks Kill More Than 50 In Baghdad. The CBS Evening News (6/12, story 4, 2:50, Schieffer, 7.66M) reported, "This was another bad day in Iraq. Bombs killed more than 50 Iraqis as attacks continued into the night." CBS (Palmer) added, "Baghdad had been anxiously waiting for Zarqawi's followers to strike and tonight the capital was shaken by a series of bombings aimed at civilians." But "the killing of the most-wanted terrorist in Iraq last Thursday, Abu Musab al-Zarqawi, has meant a wartime windfall for the Coalition forces. In the past 48 hours, the US Military announced it's carried out 140 major operations, killed 32 insurgents, and detained 178, including one described as a high-value target with a $50,000 price tag on

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his head. But today a US raid on a house near where Zarqawi died was both a military victory and a human tragedy. American forces killed seven more men they call terrorists linked to al Qaeda but two children also died in the attack and another one was injured."

Bloggers Illustrate Life In Iraq. The New York Times (6/13, 1.19M) editorializes on the window into Iraqi life provided by the country's bloggers: "Reading the bloggers has helped to fill one of the big gaps in Americans' view of the war in Iraq. Danger in the streets and security fears for anyone seen speaking with Western reporters has made it increasingly hard to get real glimpses of what it's like for the people who have to live there." Bloggers have written of changes in society throughout 2006: "There was less talk of shoddy infrastructure and running for cover from American soldiers, and more fear of radical Islamists and the Sunni and Shiite death squads bringing terror to their neighborhoods. The watershed they referred to repeatedly was the destruction of the golden dome of the Askariya mosque in Samarra, a revered Shiite shrine, on Feb. 22. The bloggers also wrote more about the increasing presence of Taliban-like Islamists."

US Army Officer Helps Iraqi Convict. The Wall Street Journal (6/13, Jaffe, 2.11M) reports on Capt. Philip Carter, who is trying to obtain the release of a convicted Iraqi killer, Hamid Abboud. Carter's work reflects a new strategy of trying to have Iraqis fix their own system: he "could demand Mr. Abboud's release and the Iraqis would likely comply. But he doesn't. Instead he prods judges and prosecutors in this province an hour's drive from Baghdad to uphold Iraqi law and set Mr. Abboud free on their own." The Journal says the case illustrates both "how the American strategy has changed" into one of devolving power to Iraqis and "how painful and halting progress in Iraq can be."

Basra Spiraling Into Corruption. The New York Times (6/13, Tavernise, Mizher, 1.19M) reports that "oil, politics, and bloodshed" have corrupted Basra. Initially one of the cities "most receptive" to the 2003 invasion, Basra is "is being pulled apart by Shiite political parties that want to control the region and its biggest prize, oil. But in today's Iraq, politics and power flow from the guns of militias." The Times reports, "Basra has a soaring murder rate (the 85 killings in May were nearly triple the number in January), a tattered oil industry and a terrified population."

Hussein Witnesses Admit Perjury. The Los Angeles Times (6/13, Roug, 958K) reports, "The trial of Saddam Hussein reached a moment of high drama today when four defense witnesses recanted previous testimony, swearing in written statements that Hussein's lawyers had bribed them to lie in court." The witnesses say they were promised "life-long salaries" by attorney Khalil Dulaymi if they "testified that scores of executed prisoners ... were alive and well."

Funeral Held For CBS Cameraman Killed In Iraq. The CBS Evening News (6/12, story 12, 1:45, Schieffer, 7.66M) reported, "It was two weeks ago today, Memorial Day, that CBS News cameraman Paul Douglas and soundman James Brolan were killed and correspondent Kimberly Dozier was critically wounded by a car bomb in Iraq. Today in Bedford, England, 500 of Paul's friends and family said goodbye."

37 Taliban Members Killed In Battles. USA Today (6/13, 2.31M) reports, "Afghan and U.S.-led coalition forces fought Taliban militants in three battles, killing 37 fighters, including a relative of Taliban leader Mullah Omar, an Afghan army general said Monday."

Afghan Drug Trade Described. The Christian Science Monitor (6/13, Baldauf, 61K) reports on four corrupt Afghan law enforcers who have trafficked in drugs. It writes, "Top Afghan officials privately admit that perhaps 80 percent of the personnel at the Ministry of Interior, Afghanistan's chief law-enforcement agency - from local police chiefs up to the top bureaucrats - may be benefiting from the drug trade. ... The result is a government that is either incapable or unwilling to prevent a trade that is rapidly undermining the country's rule of law and the Afghan people's faith in their leadership."

NATO Seen As Increasing Role In War On Terror. In the Wall Street Journal, columnist Melanie Kirkpatrick optimistically relates an interview with NATO Secretary General Jaap de Hoop Scheffer in which they discuss NATO's increasing activity outside Europe: "Afghanistan is NATO's first mission outside Europe and a crucial test of the alliance's relevance in a post-Cold War world. Defense ministers meeting in Brussels voted Thursday to proceed with a plan to increase alliance forces in Afghanistan to 17,000 from 9,000 and to expand into the

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violence-plagued south." Kirkpatrick notes problems that NATO has, such as insufficient spending by most members and a near-total lack of airlift capacity, but she concludes, "That 25,000-soldier rapid response force should be up and running by Riga. The Afghanistan mission and the potential acquisition of airlift are also signs of progress. NATO isn't fully 'transformed' yet, but it's getting there."

Congress Gives Pentagon More Budgetary Authority. The Wall Street Journal (6/13, Rogers, 2.11M) reports, "Congress is giving the Pentagon unusual authority to shift money in its budget to cope with an anticipated multibillion-dollar payroll shortfall that could have an impact on ground troops in Iraq." The move is meant to "avoid any pay disruption before the end of this fiscal year on Sept. 30" and increases the Pentagon's "existing authority" by one-third; without it, the Army could have a year-end shortfall of "$1.4 billion for active personnel." The Journal attributes the "persistent scramble for funds" of the Army and Marines to the cost of "a prolonged overseas deployment" of a professional military.

Army Changes Pain Treatment For Wounded Soldiers. The Wall Street Journal (6/13, McGough, 2.11M) reports on the work of Sorenson Medical, the manufacturer of an "infusion pump" that has "helped transform how the Army treats and transports wounded soldiers." Its product reduces the suffering of injured troops: "Injected anesthetics are eliminated quickly from the body, so they deaden nerves for only a few hours. Pumps that infuse anesthetics, performing what are known as 'continuous peripheral nerve blocks,' can hold off pain for days at a time, helping outpatients in particular. That allows patients to cut back on or eliminate opioid pain medicines like Vicodin, which affect the entire body, and can cause nausea, vomiting and intestinal blockage." Sorenson is parlaying its success in military usage to the slower-moving civilian market.

Rival US Labs Compete To Build Safer Nuclear Bomb. The Los Angeles Times (6/13, Vartabedian, 958K) reports, "Scientists at Los Alamos National Laboratory in New Mexico are locked in an intense competition with rivals at Lawrence Livermore National Laboratory in the Bay Area to design the nation's first new nuclear bomb in two decades." The bomb is meant to ensure the "long-term reliability" of the aging American arsenal. The article describes the objections of detractors: "But some veterans of nuclear arms development are strongly opposed, contending that building new weapons could trigger another arms race with Russia and China, as well as undermine arguments to stop nuclear developments in Iran, North Korea and elsewhere. And, the critics say, It would eventually increase pressure to resume underground nuclear testing, which the U.S. halted 14 years ago."

CORPORATE SCANDALS:

Former Interspeed Official Convicted Of Fraud. The Wall Street Journal (6/13, Bulkeley) reports, "Arthur Goodwin, former senior vice president for sales of the now-defunct Interspeed Inc., was convicted of eight-counts of fraud in connection with inflating the sales of the Internet equipment company." The Journal continues, "Mr. Goodwin, 45, was convicted by a jury in the courtroom of U.S. District Judge Richard G. Stearns. He is scheduled for sentencing on Oct. 5." The Journal adds, "The U.S. attorney's office said that evidence in the case established that Mr. Goodwin falsely overstated sales by $9 million, which was 60% of the company's reported revenue in 1999. … The overstatement made it appear that Interspeed, North Andover, Mass., was meeting growth targets. He accomplished the overstatement by fraudulent acts including giving customers secret side-letters that allowed them to return the equipment. He also altered a key contract on what was said to be the largest sales in company history to make it acceptable to the company's finance department."

US Subpoenas Monster In Widening Options Probe. The Wall Street Journal (6/13, Bulkeley) reports, "Monster Worldwide Inc. said it received a U.S. attorney's subpoena for information on its stock-option grants, as investigations into possible options backdating widened." The Journal continues, L"Monster, an online job-search and advertising firm based in New York, issued a series of options between 1997 and 2001 in a pattern that was favorable to executives receiving the grants, including James J. Treacy, its former president. The odds of so favorable a pattern occurring randomly are about nine million to one, according to a Wall Street Journal analysis1 published in yesterday's edition. Monster shares slid $3.40, or 8.1%, to $38.60 in 4 p.m. composite trading yesterday on the Nasdaq Stock Market." The Journal adds, "Monster, which is conducting an

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internal inquiry into the options, said it will cooperate with the inquiry and subpoena, issued by the U.S. attorney in Manhattan. Mr. Treacy, who no longer works for Monster, has said he didn't have anything to do with the timing of the grants, which were authorized by the board. … Two other high-tech concerns, Comverse Technology Inc. and Applied Micro Circuits Corp., announced delays in filings of financial reports due to options investigations. In addition, Applied Micro Circuits, Sunnyvale, Calif., and two other companies said they had received informal inquiries for information on the timing of stock-options grants from the Securities and Exchange Commission. The newly identified companies bring to at least 43 the number of firms that have acknowledged internal or external inquiries into their stock-option timing."

Pension Funds Sue Amid Widening Options Probe. The Financial Times (6/13, Grant) reports, "Shareholder anger over US executive compensation practices spilled into the open on Monday as two big US pension funds sued companies involved in an investigation into the timing of stock-option awards." The Times continues, "Darren Robbins, a partner at Lerach Coughlin, said his San Diego law firm was also representing pension funds in Europe and Australia that were preparing similar action. … 'People are very upset about this. There have been at least five pension funds that have filed cases in the last 72 business hours in court houses from California to Boston,' he told the Financial Times." The Times adds, "McAfee, a software security maker, was sued on Monday in federal court in the Northern District of California by the Heavy & General Laborers' Pension and Annuity Funds, alleging 'constructive fraud' through the backdating of stock options. … Juniper Networks, a technology company, was hit with a similar complaint by the Employer-Teamsters Pension Health and Welfare Funds. … Four separate companies revealed on Monday that they were being investigated by regulators over their options grants. More than 40 companies have become ensnared in one of the widest criminal and regulatory investigations into white-collar compensation in recent years. The probe is emerging as a test of years of executive compensation practices and has started to draw the anger of unions."

Manne Argues Case For Insider Trading. In an op-ed in the Wall Street Journal (6/13), Henry Manne, dean emeritus of George Mason University School of Law, writes, "Behavioral finance, a developing field of academic research that emphasizes investor irrationality (and ignorance) and the inefficiency of markets, has been hailed by defenders of the SEC as offering a solid economic rationalization for our vast scheme of federal securities regulations. Even apart from the obvious implications for the regulatory system of ignorance and irrationality on the part of regulators, a closer examination of the logic of behavioral finance leaves little for the pro-regulation crowd to crow about." Manne continues, "The literature on prediction markets makes clear that the more participants in a contest and the better informed they are, the more likely is the weighted average of their guesses to be the correct one. … We should rethink any current policies based on a view of pricing in which we exclude the best-informed traders and discard the wisdom of the many. … Since such trading clearly makes the market process work more efficiently, it aids capital allocation decisions and informs business executives through market-price feedback of the best predictions about the value of new plans."

Bill Would Limit Use Of Pension Accounting Benefit. The Wall Street Journal (6/13, Jones, 2.11M) reports, "The balances of public-company pension plans had been improving until the stock market swooned again. Congressional action could deal many of these funds another setback. The House and Senate both have passed versions of a bill that could limit the use of a key pension-accounting benefit. The legislation would affect dozens of companies in the automotive, aerospace and basic-materials industries. At issue are credit balances, which companies accumulate by putting more money into a plan than required in a given year to meet obligations to retirees."

CRIMINAL LAW:

FBI Reports First Rise In Violent Crime In Five Years. The FBI yesterday released the preliminary Annual Uniform Crime Report, which found that the US violent-crime index increased in 2005, the first rise in five years. The murder rate led the way – with a 5% increase – and, among the four categories in the index, only the number of rapes declined.

The story was covered by all three network news broadcasts, with CBS characterizing the rise as "disturbing" and NBC calling it "troubling," while ABC focused on speculation about factors fuelling the rise. The CBS Evening News (6/12, story 9, 0:30, Schieffer, 7.66M) noted, "The FBI

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says that violent crime in this country was up 2.5% last year. While that is not a huge increase, it is the first increase since 2001. Murder led the way. … By far, the biggest increase in murders, up more than 12%, was in mid-sized cities, cities with populations under a quarter of a million." NBC Nightly News (6/12, story 5, 0:30, Williams, 9.87M) similarly reported, "The overall increase nationwide was modest, 2.5%, but that was the largest increase since 1991. … Murder was up 4.8% last year. Across the country, big cities bore the brunt of the increase, we're told. Houston's murder rate was up 23% last year, Philadelphia, up 14%, Las Vegas, up 10%."

In its "A Closer Look" segment, ABC World News Tonight (6/12, story 8, 2:30, Gibson, 8.78M) reported, "For the first time in five years, there has been a significant rise in the violent crime rate." ABC (Thomas) added, "Why the surge?" Northeastern University Prof. James Fox: "We've seen gang activity making a great resurgence. … We see more guns floating on to the street." Thomas: "Criminologists say large numbers of violent, career criminals are getting out of prison," and "the nation is paying a price for slashing successful effort efforts, such as community policing and crime prevention programs -- programs they say led to a decade-long decline in crime." LAPD Chief William Bratton: "Unfortunately, starting after 9/11, we diverted the money to terrorism -- which was important -- but we started neglecting old-fashion crime. You have to fight both wars at the same time."

The major dailies all cover the FBI report prominently, with speculation about the causes echoing the ABC story: gangs, cuts in federal funds, and criminals completing 1990s prison terms. USA Today (6/13, Johnson, 2.31M) notes, "The FBI report also is renewing the debate over whether the U.S. government's dropping of an ambitious police-hiring program — along with many law enforcement agencies' new emphasis on preventing terrorism — have made crime prevention more difficult. … 'This should be a loud wake-up call for the country to get back to doing what worked in the 1990s,' Fox says," referring "in part to the Bush administration's phasing out of a Clinton-era program aimed at putting 100,000 new cops on U.S. streets. Police chiefs nationwide have called for renewing the program to offset local cutbacks." USA adds, "Justice Department officials cautioned against reading too much into the FBI report. 'The crime rate is so low in some communities that relatively modest increases can result in what appear to be fairly stark increases,' says Richard Hertling, deputy assistant attorney general for the Office of Legal Policy."

In a front-page story, the Washington Post (6/13, Eggen, 744K) reports, "The jump could also represent a lingering effect of the Sept. 11, 2001, attacks, some experts said, because governments at all levels have diverted resources away from traditional crime fighting in favor of anti-terrorism and homeland security programs." Hertling "said the FBI statistics are 'a yellow flag' but do not represent a trend, in part because the numbers are preliminary and do not include full reports from all jurisdictions." In a widely-distributed story, the AP (6/13, Sherman) notes, "The FBI data, compiled from reports by more than 12,000 law enforcement agencies, does not contain overall crime numbers in any category nor does it offer any explanation for the changes. The FBI's final annual crime report comes out in the fall. Criminal justice experts said the statistics reflect the nation's complacency in fighting crime, a product of dramatic declines in the 1990s and the abandonment of effective programs that emphasized prevention, putting more police officers on the street and controlling the spread of guns."

The New York Times (6/13, Newman, 1.19M) reports, "Law enforcement officials and other experts on crime cautioned that this latest report did not necessarily mean crime would start to run rampant again." Carnegie Mellon University criminologist Alfred Blumstein said, "I want to be careful to not overstate a one-year trend as the start of something much bigger, because it could well go in the other direction next year." The Financial Times (6/13, Kirchgaessner) adds, "Justice Department officials on Monday said it was too soon to attribute the increases to a wider trend in violent crime and that it was too early to determine the cause of the spikes, although they acknowledged that the migration of gang activity from large to smaller cities was a possibility." The FT notes that Hertling "said it was unclear whether a 23 per cent increase in the number of murders that was reported in Houston, Texas, was linked to the influx of people into the city after Hurricane Katrina…or whether the increase was something that 'played out' over the course of the year."

NPR's All Things Considered (6/12, Sullivan) reported, "Justice Department officials say crime-fighting has been a priority of the Bush administration for the past six years and point to millions of dollars the Justice Department has spent on anti-gang initiatives and community programs such as Project Safe Neighborhoods." The Los Angeles Times (6/13, Havemann, 958K), Washington Times (6/13, Seper, Cella, 90K) and UPI also report on the FBI preliminary statistics.

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North Carolina City Bucks Trend With Experimental Program. The CBS Evening News (6/12, story 10, 2:30, Schieffer, 7.66M) reported High Point, N.C., "is bucking the trend. Crime there is actually going down." CBS (Pitts) added, "High Point…was once so violent police wouldn't get out of their patrol cars in some neighborhoods, but not now. … What's going on is a model for cities from Chicago to Tucson. … Suspected drug dealers are called into police headquarters. First they're verbally strip searched…then given one last chance. Community leaders like Reverend Quentin Boger provide the carrot." Boger: "We have partnered with the police department to say enough is enough." CBS noted, "In the two years of the program, the violent crime rate on the rise in other parts of the country has dropped 20% in High Point."

FBI Data Receives Heavy Local TV, Newspaper Coverage. The FBI data also was reported widely by local TV news and newspapers in communities all across the country, which focused on their local statistics. Some examples: The Philadelphia Inquirer (6/13, Moran, 423K) reports, "Philadelphia suffered one of the worst increases in homicides among major cities last year, the FBI reported yesterday. … Deputy Police Commissioner Richard J. Ross said Philadelphia is facing an 'uphill battle' trying to control the flood of illegal guns in the city and the street mentality that makes it easy to pull the trigger. … More weapons in the hands of immature youths has resulted in more 'craziness,' Ross said."

The AP (6/13, de la Cruz) reports, "Jersey City saw increases in all of its violent crime indexes, except for forcible rape. The murder rate increased 65.2 percent with 38 murders in 2005 compared with 23 in 2004. … Criminal justice experts said the statistics reflect the nation's complacency in fighting crime, a product of dramatic declines in the 1990s and the abandonment of effective programs that emphasized prevention, putting more police officers on the street and controlling the spread of guns. In New Jersey, Michael Wagers, executive director of the Police Institute at Rutgers-Newark, attributed the bulk of violence to the availability of guns."

The Miami Herald (6/13, Vasquez, DeMarzo, 323K) reports, "The number of murders, robberies and aggravated assaults rose nationally in 2005," but "FBI data for South Florida's biggest cities told a different story: In six out of eight cities, violent crime was down. … 'We've obviously been very aggressive,' Miami Police Chief John Timoney said. 'The whole idea of crime and quality of life has been our number one priority here.' Regarding the higher crime figures in other parts of the country, Timoney called it 'cause for concern' but urged caution in analyzing the data."

The Dayton Daily News (6/13, Wynn) All violent crimes in the city fell last year except rape, according to the FBI's 2005 preliminary Annual Uniform Crime Report. Rapes in Dayton increased to 140 in 2005 from 127 in 2004." Dayton Police Lt. John Huber "said when police turned in their information to the state they reported 33 homicides in 2004 and 32 homicides in 2005, but the FBI listed 32 for both years. Huber said he didn't know how the mistake occurred. No one at the FBI national press office could be reached for comment."

WRTV-TV Indianapolis (6/12) reports, "In Indianapolis, there were 7,948 violent crimes reported in 2005, up almost 900 from 2004. The number of murders in Indy actually declined slightly, from 109 murders in 2004 to 108 in 2005, but other crimes were up substantially."

The Minneapolis Star-Tribune (6/13, Gordon, Chanen, Padilla) reports, "The FBI released data Monday indicating that violent crime surged 35.5 percent in Minneapolis last year, but the city's Police Department said a computer glitch grossly exaggerated what was actually a 15 percent jump from 2004. A 15 percent increase is still six times the 2.5 percent national rise," but "the volume of violent crime in Minneapolis is about 30 percent below levels in the mid-1990s." The Star-Tribune notes, "An FBI spokeswoman said she expects the bureau to accept Minneapolis' revisions."

The Coloradoan (6/13) reports, "Overall violent crime…was up 23 percent in Fort Collins, the second-highest increase in Colorado behind Westminster among cities with more than 100,000 people, according to the FBI report. The picture was better in property crime…which declined by 5 percent in Fort Collins."

KTVT-TV Dallas-Fort Worth (6/12, Richie) reports, "Eleven people were shot in downtown Dallas early Saturday morning. There have been 78 murders in the first five months of the year. But violent crime in Dallas is actually plummeting. … Violent crime in Dallas was down nearly 5 percent from 2004 to 2005. Murders were down 19 percent."

KIRO-TV Seattle (6/12) reports, "The FBI's latest crime statistics show a drop in rapes in Bellevue, Seattle, and Tacoma, Wash.," but overall, "crime in Seattle and Tacoma continues to rise. Burglaries have dropped by 14 percent in Seattle but that was the only decrease noted among crimes

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listed in the report. Violent crime has declined in Tacoma but like the other cities, crimes involving theft and robberies have increased."

"Most Wanted" Houston Katrina Evacuee Arrested For Murder. In a widely-distributed story, the AP (6/13) reports, "A Hurricane Katrina evacuee who police called one of the Houston area's 'most wanted killers,' has been arrested in Louisiana on charges of killing a fellow evacuee" while robbing him for his FEMA relief funds. "Ricardo Irvin, 18, told the Houston officers who picked him up from authorities in New Iberia, La., that 'he got tired of running from the law' and admitted killing fellow evacuee Gregory Sartain." The AP notes, "Katrina evacuees have been involved in more than two dozen killings, either as suspects or victims, since about 150,000 Louisiana evacuees arrived last September, police said. FBI crime data released Monday showed a 23 percent spike in murders in Houston in the past year."

Libby Lawyers May Call Memory Expert. In its "Washington Wire" column on its web site, the Wall Street Journal (6/12, 2.11M), "The defense team for former Vice Presidential Chief of Staff I. Lewis Libby said it is considering calling a memory expert to testify at his trial early next year. … Attorneys representing Libby have said in court filings that any erroneous statements made to Federal Bureau of Investigation agents or the grand jury were the result of a faulty memory, and not intentional lies. It isn't clear if the federal judge hearing the case would allow such testimony."

Judge Dismisses Part Of Charge Against Safavian As Trial Goes To Jury. The AP (6/13, Yost) reports US District Judge Paul Friedman "dismissed part of one criminal charge against a former official in the Bush administration Monday, as the first trial in the Jack Abramoff influence-peddling scandal moved toward a conclusion." Friedman's decision "represented a small courtroom victory for defendant David Safavian, who is accused of five felony charges that he concealed Abramoff's efforts to acquire two pieces of government property." The judge "threw out language from the indictment that said Safavian lied by telling a GSA ethics officer Abramoff had no business with the GSA and was not seeking to do business with the agency. There was no evidence during the trial that Safavian ever made such statements to the GSA, Friedman said."

The Washington Post (6/13, A6, Birnbaum, 744K) reports the Safavian trial "went to the jury yesterday, as a prosecutor in closing arguments accused him of lying to federal investigators to conceal the fact that he was 'doing Jack Abramoff's bidding.'" In response, Safavian's attorney "said that the government's case was weak because Abramoff, a disgraced lobbyist who pleaded guilty in January to conspiring to corrupt public officials, did not testify at the three-week trial." Federal prosecutor Nathaniel B. Edmonds "told the jury in his closing argument that Safavian maintained a 'secret, inappropriate and unethical relationship' with Abramoff, his former boss, when Safavian became the deputy chief of staff and then chief of staff of the General Services Administration, the U.S. government's landlord agency."

The New York Times (6/13, Shenon, 1.19M) reports Judge Friedman "handed a small victory to" Safavian, who is "on trial for lying about his ties to the Republican lobbyist Jack Abramoff, dismissing a specific charge in the indictment." But "other, larger charges against the former aide, David H. Safavian, were left intact for the jury, which is scheduled to begin deliberations on Tuesday in the first trial to result from the influence-peddling scandals centered on Mr. Abramoff."

Shadegg Circulates Article Linking Lewis, Earmark Corruption. The Hill (6/13, O'Connor) reports Rep. John Shadegg, "a leading fiscal conservative in the House has stoked debate over pork by circulating a newspaper story linking Rep. Jerry Lewis (R-Calif.) to 'the inherent risk of corruption at the heart of the congressional earmark process.'" Rep. Shadegg, "who ran for the majority leadership on a platform of fiscal retrenchment, sent reelection supporters an opinion piece on the federal investigation surrounding the House Appropriations Committee chairman." The Journal piece "condenses newspaper reports about connections among Lewis, a political action committee run by his stepdaughter and the lobbying firm of a close friend and former colleague." The questions "surrounding Lewis, his staff and the lobbying firm, Copeland Lowery Jacquez Denton & White, are not directly connected to the bitter dispute between conservatives and Appropriations Committee members over earmarks, the special projects inserted into the annual spending bills." But some conservatives "argue that the news stories refocus attention on reform just as the guilty pleas of former Rep. Randy 'Duke' Cunningham (R-Calif.) and disgraced Republican lobbyist Jack Abramoff fade from the headlines."

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McCain Says Earmarking System Is Broken. Sen. John McCain said on Fox News' On the Record with Greta Van Susteren (6/12), "I think we have a broken system here it is called earmarking in which good people do bad things sometimes. People are able to divert tens of millions of dollars. And they haven't had the scrutiny and competition." McCain added, "When you see a Duke Cunningham do what he did the first question is why. Why would an individual betray his people and oath of office and his nation that way? The second question is how, how did he get away with it just one congressman and one lobbyist? It means that there is a broken system here that he was able to get away with that."

SCOTUS Ruling Sends Texas Death Penalty Case Back For Possible Fourth Trial. The AP (6/13, Graczyk) reports, "One of the longest and most contentious death penalty cases in Texas is heading back for yet another trial." The AP continues, "The U.S. Supreme Court, acting Monday on an appeal from the Texas Attorney General's Office, refused to reinstate the death sentence of Johnny Paul Penry, clearing the way for another jury to consider punishment for a fourth time. Penry was convicted of raping and fatally stabbing a woman at her home in Livingston in 1979. … Penry turned 50 last month and has spent more than half of his life on death row for the slaying of 22-year-old Pamela Moseley Carpenter. He confessed to attacking the woman and stabbing her with scissors, but his attorneys have contended Penry, who says he believes in Santa Claus, has the reasoning capacity of a 7-year-old." The AP adds, "While psychological tests have put Penry's IQ between 50 and 60, at least five juries have found Penry to be legally competent to stand trial or have rejected defenses based on mental retardation. The high court in 2002 ruled mentally retarded people, generally considered having an IQ below 70, may not be executed. … The Texas Court of Criminal Appeals last October, in a 5-4 ruling, sent Penry's death sentence back for another punishment hearing, citing what judges said were improper instructions that prevented jurors from considering the full scope of Penry's retardation claims. It was that decision the attorney general's office appealed to the high court."

Utah Professor Has Anderson Documents, But Will Keep Them From FBI. KSL-TV Salt Lake City (6/12, Dunnreports on its Web site, "Over the last few months, the FBI has turned to Jack Anderson's papers," and "KSL Newsradio has learned that thousands of pages of those documents are right here in Salt Lake City," collected by University of Utah Professor Tim Chambless. "Chambless says when FBI Director Robert Mueller visited Salt Lake City last week, he wanted to come clean about his six boxes full of papers, and wanted to tell the bureau why it will never see them. 'I believe in the First Amendment. Jack Anderson believed in the First Amendment,' Chambless says. Chambless sent a letter through his lawyer to Mueller, asking him to announce the end of the pursuit of the papers," and "attorney Pat Shea says the papers are now hidden where no one will find them."

The Deseret Morning News (6/13, Winslow) notes, "Initially, Chambless provided the FBI with a catalog of what the papers said. Now, he fears the FBI may come with subpoenas demanding everything," prompting him "and his lawyer fired off a letter Monday to FBI Director Robert Mueller, telling him to back off." Chambless "suggested the FBI wanted them because 'political security' was threatened." The Morning News adds, "Some have suggested the Anderson papers are a stepping stone for a Bush administration crackdown on reporters who publish classified documents and refuse to reveal sources. While in Utah last week, Mueller denied those accusations. 'We're trying to determine whether or not national security would be adversely impacted by the disclosure of these documents. … 'I hardly think that is an assault on the press.'"

Supreme Court Issues Two Restrictive Death Penalty Rulings. ABC World News Tonight (6/12, story 6, 1:55, Gibson, 8.78M) reports, "The Supreme Court issued two significant decisions today involving the death penalty. The rulings signal a new caution on capital punishment. One decision could delay many executions. The other could give those facing capital punishment a better chance for a new trial." ABC (Cochran) added the court's ruling in the case of cop killer Clarence Hill "means Hill and more than 3,000 other condemned killers will have more leeway to argue that those injections are cruel and unusual punishment, and therefore unconstitutional." In the second case, "the court ruled that Paul House, who has been on death row for 20 years, can use new DNA evidence as he argues that he did not rape and kill Caroline Muncie. The court said if evidence is truly important, it can be used."

The AP (6/13, Locy) reports, "Kennedy said jurors could find reasonable doubt because DNA evidence points to

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Muncey's husband as a suspect and because small blood stains found on House's jeans may have spilled on the pants from vials of blood taken from Muncey during an autopsy. … House, who was on parole for a sex offense in Utah, was convicted of luring Muncey from her home by telling her that her husband, Hubert, had been hurt in a car accident. Her body was found the next afternoon in an area where witnesses had seen House. … His original lawyer failed to locate several witnesses who said years later that Hubert Muncey had abused his wife, had fought with her the night of her murder and had confessed later to killing her."

The Legal Times (6/13, Mauro) reports, "Peter Neufeld, co-director of the Innocence Project, said that House 'recognizes that scientific advances have transformed our criminal justice system and must be weighed heavily in determining whether innocent people have been wrongly convicted.' The ruling, the first dealing directly with DNA evidence as a factor in reopening a death penalty case, will have a broad impact, Neufeld said."

This morning, the Washington Post (6/13, A20, 744K) editorializes on the House case, saying, "Given how many innocents have been wrongly convicted and later freed from death row and lengthy prison terms, opening the door for review makes a great deal of sense." And the Los Angeles Times (6/13, 958K) editorializes, "Welcome as this decision is, the best way to prevent unjust impositions of the death penalty is to do away with capital punishment altogether, as other civilized societies have done. Unfortunately, as the Supreme Court grows ever more uneasy with the death penalty, elected officials agitate ever more aggressively for it."

The Financial Times (6/13, Waldmeir) says the court "chipped away at the edifice of capital punishment in America, issuing two rulings that give prisoners on death row more power to challenge their sentences." USA Today (6/13, Biskupic, 2.31M) runs a similar story titled "High Court Rulings Chip At Death Penalty." The Los Angeles Times (6/13, Savage, 958K), meanwhile, headlines its report "Supreme Court Assists Death Row Challengers."

The Christian Science Monitor (6/13, Richey, 61K) reports that "in a 9-0 decision announced Monday, the US Supreme Court left the door propped open for a significant number of condemned prisoners to sue to force an examination of whether lethal injection is a humane method of capital punishment." Such method-of-execution suits "have become the most active area of capital punishment litigation in recent years. Many states and the Bush administration had expressed concern that to allow such challenges might create another layer of delay in carrying out executions." The case, Hill v. McDonough, "did not test the constitutionality of lethal injection. Instead, it raised a technical issue: whether such legal challenges had to be filed under the more restrictive habeas statute or could be pursued as a civil rights matter. The high court said inmates could file appeals under the civil rights law." The Washington Post (6/13, A3, Lane, 744K) notes "earlier this year, an Atlanta-based federal appeals court threw out Hill's case, ruling that it was a disguised attack on his death sentence." The New York Times (6/13, Greenhouse, 1.19M) runs a similar story.

Death Penalty Seen As "Tumbling Down." Annette Fuentes, adjunct professor at the Columbia University Graduate School of Journalism, writes in USA Today (6/13, 2.31M), "In addition to Hill's case, nine other executions have been stayed this year because of the lethal injection issue, according to Richard Dieter of the Death Penalty Information Center, a group opposed to capital punishment. And in California, federal courts have effectively imposed a moratorium on the death penalty while that state studies the issue. The heightened debate about lethal injections, which are used in 37 states, raises a larger question: Can there ever be a right way to execute someone? … It seems inevitable, and just, that slowly but surely capital punishment will come tumbling down under the weight of its own injustices, uselessness and immorality."

Former FBI Boston SAC Testifies At Wrongful Death Trial. The Boston Globe (6/13, Murphy, 484K) reports, "A retired FBI official who has been critical of the agency's handling of gangsters James 'Whitey' Bulger and Stephen 'The Rifleman' Flemmi testified yesterday that the FBI coined a phrase for agents who got too cozy with their informants: 'Going native.'" Robert Fitzpatrick said that "when he arrived as second-in-command of the FBI's Boston office in 1981, there was a high-level, internal investigation underway into whether Bulger's FBI handlers had leaked him information that compromised a State Police investigation of Bulger and other underworld leaders." The Globe adds that Fitzpatrick "said the FBI's priority at the time was targeting members of La Cosa Nostra, commonly known as the Mafia. Cultivating organized crime informants was critical to that mission, he said." The Boston Herald (6/13, Sweet, 220K) also reports, "The FBI called it 'going native' - a humiliating label for G-men who became enamored of their

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mobster informants," and Fitzpatrick said that "when he came to Boston…he heard a lot of talk by then-Special-Agent-in-Charge Lawrence Sarhatt about agents suspected of turning rotten." However, "Fitzpatrick said it was 'a high priority' of the FBI to keep the identities of informants…confidential for the sake of their well-being. It was expected of agents, he said, that 'You adhere to the law, you adhere to the guidelines and you do what is correct and true.'"

Nevada Judge Shot In Courthouse By Sniper. ABC World News Tonight (6/12, story 7, :20, Gibson) reports, "And in Reno, Nevada, today, a sniper shot and seriously wound a judge at the local courthouse. Police sealed off a six-block area as they hunted for the sniper who fired at family court Judge Chuck Weller, hitting him in the chest as he stood near a third floor courthouse window. The injuries are not considered to be life threatening."

The AP (6/13, Sonner) reports, "A family court judge was shot and wounded as he stood near a third-floor courthouse window Monday, and police were looking for man suspected in a slaying across town who had appeared before the judge in a divorce case." The AP continues, "Investigators said Darren Roy Mack, a suspect in a killing reported at a Reno, Nev., apartment building was a 'person of interest' in the shooting at the courthouse earlier in the day, Reno Deputy Police Chief Jim Johns said." The AP adds, "Judge Chuck Weller was hit in the chest around midday by a shot or shots that came through his office window at the Mills B. Lane Justice Center, and police sealed off the area and searched nearby parking garages for a sniper. … Police also reported that a bomb-sniffing dog had alerted officers to the judge's car in the court's parking garage and that a bomb squad was investigating."

The New York Times (6/13, Reed) reports, "Johns said Mr. Mack 'had recent dealings with the judge and court.' … 'The suspect,' Chief Johns said, 'is known to have access to firearms.'" The Times adds, "Court documents show that a hearing in a contested divorce between Mr. Mack and Charla M. Mack is scheduled for Sept. 7 before Judge Weller. … The case involves children. … The police would not release the name of the victim of the homicide or the victim's relationship to Mr. Mack."

Wisconsin Procurement Official Convicted Of Contract Fraud. The Milwaukee Journal-Sentinel (6/13, Schultze) reports Wisconsin purchasing supervisor Georgia Thompson yesterday was convicted "of fixing a travel contract for a contributor to Gov. Jim Doyle's campaign, adding a potentially explosive issue to the race for governor this fall. … U.S. Attorney Steven Biskupic said after the verdict that the case was about 'Georgia Thompson and Georgia Thompson alone.'" Still, State Republican Party Chairman Rick Graber…was quick to go on the attack. He said Thompson's trial 'showed how far this administration is willing to go to reward political cronies and campaign donors.'" The AP (6/13, Foley) notes, "Prosecutors accused Thompson…of steering a contract to book state travel to Adelman Travel Group last year. The firm's CEO gave $10,000 to Doyle before and after winning the contract, worth an estimated $750,000. Prosecutors used e-mails and other records to paint a cozy relationship between Doyle's administration and Adelman."

Witness Testifies Daley Aide Told Him To Lie To Press About Political Hire. The Chicago Sun-Times (6/13, Korecki, Warmbir, Spielman) reports, "A Mayor Daley press aide told a deputy commissioner to lie to the public and say the city hired a 19-year-old building inspector without knowing he was the son of a clout-heavy union official, a witness testified in the City Hall hiring trial Monday." Deputy commissioner Christopher Kozicki "also testified Monday that the FBI asked him about John Daley in three different interviews, leading a defense lawyer to call Daley a 'mooch' who bummed rides off of people." The Sun-Times notes that Andy Ryan "was hired as a building inspector even though the city requires all inspectors to have completed a four-year apprenticeship and have two years work experience. Ryan is the son of Tom Ryan, the secretary-treasurer of Carpenters Local 13," which "was Mayor Daley's largest campaign contributor in 2003. Kozicki testified that Breelyn Pete, former spokeswoman for the city Buildings and Procurement Services Department, told Kozicki to tell the press he didn't know about Ryan's connections."

The Chicago Tribune (6/13, Bush, Mihalopoulos, 643K) reports, "Three times this year, federal prosecutors have questioned a high-ranking city official and prominent member of the 11th Ward Democratic Organization about Mayor Richard Daley's brother, John Daley, it was revealed in court Monday." Former Buildings Department managing deputy Christopher Kozicki "did not detail what prosecutors wanted to know about Cook County Commissioner John Daley as he testified in the trial of the mayor's former

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patronage chief, Robert Sorich." But defense lawyer Thomas Anthony Durkin "suggested to Kozicki that prosecutors 'wanted to try to indict Mayor Daley and his brother John.' U.S. District Judge David Coar sustained prosecutors' objections to that and similar questions." The Tribune adds, "Also Monday, a former city computer technician testified that he removed a program from Sorich's laptop computer in 2002. The program tracked city job seekers by their race and political affiliation, according to witness Ben Campney. … 'Robert joked that, after this was over, we would throw the hard drives in Lake Michigan,' Campney said."

Former Pennsylvania Police Chief Pleads Guilty To Drug, Obstruction Charges. The Pittsburgh Post-Gazette (6/13, Silver, Ward, 261K) reports, "Former West Mifflin Police Chief Frank Diener pleaded guilty yesterday to federal drug charges and was presented with a new 19-count criminal complaint from the Allegheny County district attorney's office alleging that he created a slush fund and stole thousands of dollars of borough and private property. … The complaint stems from an 18-month investigation by the state police organized crime unit and the FBI." The Post-Gazette adds that Diener "also pleaded guilty to instructing witnesses to lie and destroy evidence. On March 9, when Mr. Diener learned that there was an ongoing FBI investigation, he gave a paint can containing 25 grams of cocaine and 387 grams of marijuana to one of the cooperating witnesses so it wouldn't be found in any search of his home." The Pittsburgh Tribune-Review (6/13) notes, "Investigators said in court paperwork that Diener took numerous items -- including a video gambling machine, narcotics, tools, firearms and ammunition -- from the police department and its evidence room. Investigators also contend that Diener instructed officers to fix cases. He resigned the chief's post in October 2005." The AP (6/13) also reports on Diener's plea.

Fake Precious Metals Traders Caught In FBI Sting Face Sentencing. The Miami Herald (6/13, Santiago, 323K) reports, "They claimed to handle gold and silver, but after Monday, the only metal objects these two convicted Broward con artists could be seeing are iron prison bars." Charles Paul Hoffecker of Pompano Beach and Charles Edward Meyers of Fort Lauderdale "could face up to 10 years in federal prison when they are sentenced June 19 before U.S. District Judge Katherine Hayden in Newark." The Herald notes, "The two had been the focus of a lengthy investigation by the FBI and U.S. Postal Inspection Service that started in 1996. To nab them, the FBI and postal officials set up their own faux boiler room…in 1997 in East Brunswick, N.J."

FBI Interested In Tape Of West Bank Man's Interview In Michigan MySpace Case. The AP (6/13, Charlton) reports, "The FBI and local investigators said Monday that they are interested in a television station's tape of a purported interview with a West Bank man who says he paid for a 16-year-old American girl to fly to the Middle East after meeting her on the internet." The AP continues, "Katherine R. Lester disappeared June 5 from her home in rural Michigan. After the FBI helped track her to the airport in Amman, Jordan, U.S authorities persuaded her to board a return flight. She returned home Friday night. … Authorities have said the girl apparently planned to visit a man who describes himself as a 25-year-old from Jericho on his account with MySpace.com, a social networking Web site where the two met." The AP adds, "WNEM-TV in Saginaw broadcast a telephone interview with a man who said he actually was 20 and only identified himself as Abdullah. … In the interview Saturday, he said he was a wealthy businessman who met Lester online seven months ago. He said he wanted to marry her and sent her money for a plane ticket to visit him. … The station said it got the man's MySpace identity from Lester's sister, Mary, who found it on a computer they share. WNEM said it messaged him on MySpace and asked him for his cell phone number for an interview. … 'We're aware of the existence of the tape,' Tuscola County sheriff's Sgt. Michael Pine said. 'We're talking to the FBI. It's part of the investigation.' … Neither he nor FBI spokesman Terry Booth would say whether they had requested the tape from the station or whether they believed the man was who he said he was."

Virginia Sex Offenders To Be Monitored By GPS Technology. The Washington Times (6/13, Bomey) reports, "Sex offenders in Virginia will be monitored more closely via Global Positioning System (GPS) technology and an upgraded registry, state officials announced yesterday." The Times continues, "The changes that are to take effect July 1 will broaden the number of offenders eligible to be listed in the statewide online registry. The names and photos of nonviolent sex offenders will be accessible, expanding the registry to about 13,000 names." The Times

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adds, "Two similar bills making their way through the General Assembly would authorize administrative personnel and state troopers to help monitor sex offenders and enforce state law, Attorney General Robert F. McDonnell said in an interview yesterday. … Technological upgrades and the hiring of about 50 troopers and six administrative workers to maintain the registry would cost about $10.5 million, said Mr. McDonnell, a Republican." The Times notes, "The revamped registry Web site, (sex-offender.vsp.virginia.gov), is maintained by the Virginia State Police and allows users to locate the residences of offenders on a map. Its search engine can sort by city, county, ZIP code and name. … The list of offenses that require a criminal's name to be in the registry will be expanded to include, for example, those convicted of possessing child pornography on the first offense." The Washington Post (6/13, Stockwell) also reports this story.

Pellicano Lawyers Say Prosecutors Slow To Turn Over Evidence. In a widely-distributed story, the AP (6/13, Risling) reports that at a hearing before US District Judge Dale Fischer yesterday, defense lawyers for Hollywood private investigator Anthony Pellicano "scolded federal prosecutors…for not turning over evidence. 'It's their obligation to provide us what we need to exonerate our clients,' said Terree Bowers…who said the process has been 'like pulling teeth.'" But "prosecutors said part of the delay has come from difficulty decrypting about 1,300 audio files made by Pellicano of his telephone conversations with clients and others." Referring to Pellicano, Assistant US Attorney Daniel Saunders said that "if defense attorneys 'are so eager to get the tapes decrypted, the one man who has the password is sitting right over there." The New York Times (6/13, Halbfinger, Weiner, 1.19M) adds that "the nearly four-year federal investigation…has turned up only a single recording in which two people were unknowingly wiretapped," and "barring a last-minute break in the investigation, the government's case will be based far more on circumstantial evidence and witnesses' testimony than on direct evidence of illegal wiretapping." The Times notes that at yesterday's hearing, "Mr. Bowers pleaded with the court to order the government to provide a breakdown of all the recordings prosecutors had not turned over, detailing what they contain and the government's reason for withholding them from the defense. Judge Fisher agreed, ordering that an outside referee be appointed to review the government's evidence and decide whether it should be turned over to the defense."

The Los Angeles Times (6/13, Krikorian, 958K) reports, "Saunders did not provide details on the techniques used by the FBI to decode the encrypted recordings but acknowledged that the methods were not ones that the government would want to share in open court. Other law enforcement sources have said for months that the FBI brought in encryption experts from other federal agencies to help crack the codes allegedly used by Pellicano to safeguard his recordings. … Last week, one person close to the federal investigation said it was possible that the government will never decipher the remaining recordings because Pellicano's encryption methods 'are that good.'" But the unnamed source added, "We're going to keep moving forward, but we've already got plenty of evidence."

Los Angeles Private Eye Says Work Has Cooled Since Pellicano Indictment. The Los Angeles Times (6/13, Abramowitz) reports, "It's 10 p.m., and John Nazarian, a burly 53-year-old private eye, is hurtling around Beverly Hills in his immaculate red Scion looking for garbage. Nazarian treats trash as his private archeological site, the detritus of human existence that exposes all our hidden vulnerabilities — financial documents, prescription bottles, booze bottles and anything, anything, that might sport DNA." The Times continues, "Yes, it's a dirty job being a private investigator, but Nazarian is prepared to do it. As he likes to say over and over again, he is one of the most expensive private eyes in L.A., charging $10,000 to $20,000 on retainer and $400 an hour for his services. He's racked up a number of celebrity clients, including singer Peggy Lee (whom he assiduously protected from the paparazzi to preserve the public's memory of her as a blond bombshell), Dean Martin, kooky billionaire Doris Duke and her butler, Bernard Lafferty. He's caught stalkers for CBS Chairman Les Moonves and former 'NYPD Blue' star Andrea Thompson. … And then there are the 20 or so unnamed Hollywood wives with philandering husbands for whom Nazarian and his crew of 22 ex-cops and sundry specialists seem to be working in perpetuity." The Times adds, "Nazarian is part of a long, not particularly illustrious tradition of Hollywood private eyes, from fictional antiheroes, such as Sam Spade and 'Chinatown's' Jake Gittes, to real-life swaggerer Fred Otash, the investigator for the scandal sheet Confidential Magazine, and Anthony Pellicano, the infamous gumshoe who sits in jail awaiting trial on more than 100 counts of wiretapping and witness intimidation. … This is why Nazarian keeps no records. Nothing. … Things have

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cooled down in Nazarian's line of work since the Pellicano indictment."

CIVIL LAW:

High Court Rulings Curb Use Of Civil RICO. The National Law Journal (6/13, Coyle) reports, "Although the U.S. Supreme Court last week ducked the questions everyone expected it to answer in two unrelated challenges under RICO, the justices did tighten the reins on the law generally viewed by the business community as a legal plague." The Journal continues, "Even though the Court on Monday turned aside E.I. du Pont de Nemours & Co.'s petition in a Benlate case, the issues not resolved last week -- the scope of the 'enterprise' definition in RICO and whether 'reliance' is required in RICO mail and wire fraud claims -- will continue to divide the lower courts and inevitably return to the Supreme Court, according to RICO litigators and scholars. … But those watching the high court's RICO cases last week viewed the outcome basically as a victory for anti-civil RICO forces." The Journal adds, "In Anza v. Ideal Steel Supply Corp., No. 04-433, a challenge involving two competing businesses, the justices essentially said they meant what they said in a 1992 decision: The alleged RICO violation must be the proximate cause of the plaintiff's injuries. The law does not permit suits by parties who have been injured only indirectly, wrote Justice Anthony M. Kennedy for the 7-2 majority. … And, in Mohawk Industries v. Williams, No. 05-465, the high court delivered a blow to a RICO class action arising out of claims that Mohawk and its outside recruiting agents hired illegal aliens to depress wages for its legal workers. The justices, in an unsigned decision, vacated the workers' favorable judgment by the 11th U.S. Circuit Court of Appeals and directed that appellate court to reconsider in light of its proximate cause ruling in Anza. … 'I think the Court remains concerned about the potential sweep of civil RICO litigation,' said Gene C. Schaerr of the Washington office of Chicago's Winston & Strawn, who filed an amicus brief in Anza on behalf of the U.S. Chamber of Commerce. 'The statute was passed originally to allow people to seek damages for harm as a result of mob activity. In the years since it was passed, it has gradually metamorphosed into a general purpose, business tort statute that gets raised in all kinds of business litigation where there is any allegation of fraud or dishonesty of any kind.'"

CIVIL RIGHTS:

11th Circuit Upholds Dismissal Of Florida Deputies Who Appeared In Online Porn. The Miami Daily Business Review (6/13, Jones) reports, "The Palm Beach, Fla., Sheriff's Office did not violate the U.S. Constitution when it fired two deputies for appearing in pornography distributed on the Internet, a federal appeals court has decided." The Review continues, "A three-judge panel of the 11th U.S. Circuit Court of Appeals unanimously held late last month that the deputies' online escapades were not constitutionally protected because government employees may be limited in their speech if that speech has a negative or detrimental effect on the integrity of the government." The Review adds, "In an opinion written by Judge Stanley F. Birch Jr., the 11th Circuit panel said former Deputies Ronald Thaeter and Timothy Moran were not engaged in a protected form of speech when they appeared in the pornographic photos and videos. Furthermore, since government employees can have their free speech restricted more than that of other Americans, the panel found that U.S. District Judge Daniel T.K. Hurley was right to dismiss the deputies' civil rights lawsuit against the sheriff's office. … West Palm Beach attorney Fred H. Gelston, who served as outside counsel for the sheriff's office, said deputies and other government employees are free to take part in whatever sexual activities they want. But 'it's when they put it on the [Internet] that it becomes a problem,' Gelston said. 'And that's what the lawyers on the other side didn't understand.' … One of the deputies' attorneys said he plans to appeal the 11th Circuit's decision, either by filing a petition for rehearing or asking for a writ of certiorari from the U.S. Supreme Court."

Senate One Vote Away From Passing Flag Desecration Amendment. USA Today (6/13, Stone, 2.31M) reports, "The Senate is one vote away from passing a constitutional amendment that would ban desecration of the US flag, the closest that amendment supporters have been to passage." The American Legion, which supports the amendment, and the American Civil Liberties Union, "which opposes it, both say there are 66 votes to pass it. Whether advocates can find the 67th vote to send the flag amendment to the states for ratification remains unclear. A Senate vote is set for the week of June 26."

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ANTITRUST:

Former Energy Trader Pleads Guilty To Manipulating Natural Gas Prices. The AP (6/10) reported, "A former trader at Williams Energy Marketing & Trading pleaded guilty in federal court to manipulating natural gas prices, authorities said Friday." Daryl Russell Brown "admitted that between 1998 and 2002, he conspired with others at the Tulsa trading company to report fictitious trades to two industry newsletters," which "provided traders with bogus information that gas was trading at levels higher than it actually was – forcing natural gas prices to rise."

AGs Ask DOJ To Crack Down On Rising Gas Prices. The AP (6/13, Miga) reports, "Massachusetts Attorney General Tom Reilly says the Bush administration needs to deliver a tough new message to big oil companies about rising gas prices: enough already." The AP continues, "Reilly emerged from a meeting with (US Attorney General Alberto Gonzales) on Monday saying oil companies deserve a 'very good tongue-lashing' from top administration officials warning that unless 'price gouging' stops, the government will crack down. … 'This administration is going to have to get tough with them, call them in,' said Reilly, a Democratic candidate for governor. 'This administration can reign them in by calling them in and saying, "Listen, enough is enough, the American people have had enough, you either do this or we are going to do this for you".'" The AP adds, "Reilly and attorneys general from Connecticut and several other states met for about an hour at the Justice Department with (Gonzales) and Federal Trade Commission Chairwoman Deborah Platt Majoras. … Connecticut Attorney General Richard Blumenthal said he proposed a joint federal-state investigation and prosecution against any illegal practices by the oil industry that are increasing gasoline prices." The AP notes, "The Justice Department said it was working with states on the issue. … 'We are focusing on doing our part to look at this issue and we are encouraging the states to do the same,' said Justice Department spokeswoman Tasia Scolinos. 'Today's meeting was part of an ongoing dialogue with them to insure that all appropriate steps are being taken.'"

Barr Pharma Settles Novartis Suit. The AP (6/13) reports, "Drug maker Barr Pharmaceuticals Inc. said Monday it agreed to pay $22.5 million to settle a lawsuit with a unit of Novartis, and said the payout will lower profit for the June quarter by 13 cents per share." The AP continues, "The litigation stems from a suit Invamed Inc. and Apothecon Inc. filed in 1998 charging Barr with violating antitrust laws and illegally blocking access to the raw material source for warfarin sodium, a drug that prevents blood clots. An appeals court in October 2004 reversed a lower court's ruling and found the two plaintiffs raised issues of material fact on their antitrust claims. The trial was scheduled to start on Monday."

Mittal Will Not Raise Arcelor Bid. The AP (6/13, White) reports, "Steelmaker Arcelor SA rejected a revised offer from Mittal Steel Co., which refused again Monday to raise its 25.8 billion euros ($33 billion) bid for its rival and criticized the value of the company's deal with Russia's OAO Severstal as 'entirely fictitious.' … But Arcelor left the door open for Mittal, saying the Severstal transaction did not preclude an offer by Mittal and it was ready to meet Mittal again to explore a better deal." The AP continues, "Arcelor said Mittal's current offer 'is inadequate as it continues to undervalue' the company and called the Severstal transaction 'a more attractive alternative from a strategic, financial and social point of view.'" The AP adds, "Arcelor valued itself at 44 euros ($55.70) a share in an offer to buy back up to a quarter of its capital — the same price Severstal Chairman Alexei Mordashov is paying to buy 32 percent of the company. … Mittal and Arcelor representatives met last week for the first time since Mittal made its surprise offer in January. Arcelor had previously refused Mittal's overtures, saying they could meet only when Mittal furnished a standalone business plan — which it did on June 2, the same day it got EU antitrust clearance."

EU Moves Toward Inclusion Of Turkey, Croatia. The New York Times (6/13, Kanter) reports, "The European Union pushed forward with enlargement plans today, conducting a first round of membership negotiations with Turkey and Croatia and signing a premembership agreement with Albania." The Times continues, "The talks with Turkey proceeded after a compromise was reached over a demand by Cyprus, a European Union member, that Ankara put into effect a protocol it signed with Europe last year and open up its ports and airports to trade with new member states, including Cyprus. What Cyprus got was a message from European Union foreign ministers meeting in Luxembourg asking Turkey to do just that, or face delays in 'the overall progress in the negotiations.' … Cyprus then

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dropped its objections to the start of talks and Foreign Minister Abdullah Gul of Turkey departed for Luxembourg to join the meeting." The Times adds, "The foreign ministers' talks today, on science and research , were the first of 35 rounds of negotiations to be held with Turkey in the accession process, which is expected to take at least a decade. … The moves toward further enlargement are continuing despite doubts among some in Europe after the last round of enlargement — to 25 from 15 countries — two years ago. There is also concern about absorbing not just Turkey, which would be the first mainly Muslim country to enter the union, but also countries in the Balkans. … Even so, the enlargement process still is proceeding, despite the huge financial commitments involved in integrating such economies, because of the European Union's central belief that every citizen has the right to benefit from the continent's growth. European Union states formally set the process in motion in October. Policy makers say that the criteria required for enlargement can make for stable, prosperous, Western-oriented neighbors — even if circumstances change and candidate states do not eventually join the bloc."

Mirant Withdraws Bid For NRG. The Wall Street Journal (6/13, Murti) reports, "Mirant Corp. withdrew its $7.9 billion hostile bid for rival power company NRG Energy Inc. following opposition from its own shareholders, saying it was disappointed NRG was unwilling to discuss the proposal." The Journal continues, "The withdrawal ends a bitter takeover battle involving the two power companies as well as Goldman Sachs Group Inc., which initially advised Mirant before it stepped down amid allegations from NRG that it shared nonpublic information about the company with Mirant. The battle marks the increased value seen in power-generation assets after a tough period in the industry, during which both companies sought bankruptcy-court protection." The Journal adds, "Mirant said a long and contested pursuit isn't in the best interests of the Atlanta company and its shareholders and that it will continue its efforts to create value for shareholders. NRG said the rise in its share price during the past 24 months showed the market recognized the soundness of the Princeton, N.J., company's strategy."

Zale Ends Merger Discussions With Signet. The Wall Street Journal (6/13, Hudson) reports, "Zale Corp. said it ended tentative merger talks with chief rival Signet Group PLC, abandoning one of its options as it scrambles to recover from a poor holiday season and three years of losing ground to other jewelry sellers in the U.S." The Journal continues, "Had a deal been struck, it would have combined the two leading specialty-jewelry retailers in the U.S., but it also would have resulted in significant overlap of their store bases. London-based Signet operates 1,837 stores, including 1,246 in the U.S., under the Kay Jewelers and Jared brands. Zale, based in Irving, Texas, operates 2,345 stores, including 2,100 in the U.S., mostly under its flagship Zales Jewelers brand." The Journal adds, "Zale has struggled after its strategy last year to shift its merchandise assortment and advertising to appeal to a more fashionable, upscale clientele resulted in lost sales and a sharp profit drop in its Christmas quarter. The retailer subsequently ousted its top management and scrapped much of the overhaul. It now faces an accounting investigation by the Securities and Exchange Commission, while its search for a new chief executive officer continues. … Meanwhile, Signet's U.S. division last year surpassed Zale in U.S. sales for the first time. Zale's total revenue in the fiscal year ended July 21, 2005, was $2.38 billion. Signet had revenue of £1.75 billion, or $3.22 billion, in the fiscal year ended Jan. 28, 2006."

BBVA Set To Enter Market For US-To-Mexico Payments. The Wall Street Journal (6/13, Mollenkamp, Johnson) reports, "Banco Bilbao Vizcaya Argentaria SA's Texas spending spree -- including the $2.2 billion purchase of Texas Regional Bancshares Inc. and the $480 million purchase of State National Bancshares -- sets the stage for the big Spanish bank to become a major player in the competitive market for remittances between the U.S. and Mexico and could lead to further acquisitions." The Journal continues, "Under a deal announced yesterday, BBVA, Spain's second-largest bank in terms of market value, after Grupo Santander SA, said it would pay $2.16 billion for Texas Regional, whose branches stretch along the Rio Grande Valley. The acquisition is expected to close in the fourth quarter after shareholder and regulatory approval. Separately, BBVA also said it would buy State National, a Fort Worth bank with 44 branches and a sizable El Paso presence. The acquisitions give BBVA ownership of branches along the Texas-Mexico border stretching from El Paso eastward to McAllen, where Texas Regional is based. … The purchase could allow BBVA to gain a larger share of the remittance business that flows between the U.S. and Mexico."

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RIAA Head Says Illegal Song-Sharing "Contained." USA Today (6/13, Graham) reports, "Nearly a year after the Supreme Court issued a landmark ruling against online music file-sharing services, the CEO of the Recording Industry Association of America says unauthorized song swapping has been 'contained.' … 'The problem has not been eliminated,' says association CEO Mitch Bainwol. 'But we believe digital downloads have emerged into a growing, thriving business, and file-trading is flat.'" USA continues, "That's an optimistic view from an industry that saw its numbers slide to near oblivion after the launch of the original Napster in 1999. CD sales fell as much as 30%, and the RIAA pressed Congress and the courts for relief against what it said was rampant piracy. … After the Supreme Court ruled that the services could be liable for piracy by their users, the RIAA sent cease-and-desist letters to several firms. Most — including BearShare, WinMX and Grokster — shut down. EDonkey and others said they would switch to a licensed, paid model. … EDonkey, which along with BitTorrent is one of the most-used file-sharing services, has yet to make the switch." USA adds, "Even with Grokster and WinMX shut down, their software programs still exist. Eric Garland, CEO of Internet measurement firm BigChampagne, says that more people than ever are using file-sharing networks. 'Nearly 10 million people are online, swapping media, at any given time,' he says. That May figure is up from 8.7 million people in 2005, he says. … Garland says the RIAA has made some inroads. 'They have removed the profiteers from online piracy,' he says. 'They've also embarked on a very successful education campaign. Kids now know about copyright, and the consequences.'"

German Antitrust Authorities Scrutinize Web Rights Deal. The AP (6/13) reports, "Germany's antitrust authority said Monday it is examining the compromise deal between the German soccer league and Deutsche Telekom AG for Internet broadcasting rights after receiving complaints." The AP continues, "The Federal Cartel Office said it had received complaints from rival Internet service providers that Deutsche Telekom is abusing its dominant position." The AP adds, "Under the agreement reached last Wednesday with the German soccer league, or DFL, the telecom will broadcast Bundesliga soccer games online and provide content to its T-Mobile subscribers' cell phones. … Deutsche Telekom -- which won the rights to broadcast German soccer league matches via the Internet in an auction last December -- will not, however, distribute the Internet signal through its cable and satellite operations, both companies said in a statement. In return, Deutsche Telekom agreed to pay less for the Internet rights than originally agreed. … At the same time, it was announced that pay-TV company Arena, which won the television broadcasting rights, will no longer have the right to broadcast over the Internet or to sublicense its Internet broadcasting rights."

ENVIRONMENT:

Pipe Company Official Sentenced To Prison For Rigging Pollution Tests. The AP (6/13) reports, "An executive for a cast-iron pipe foundry in Provo was sentenced Monday to a year in prison for rigging a pollution test." The AP continues, "Charles Matlock, who was vice president and general manager of Pacific States Cast Iron Pipe Co., also was fined $20,000 by U.S. District Judge Dee Benson. … Matlock pleaded guilty in February to violating the Clean Air Act by manipulating an emissions test at Pacific States, a division of Birmingham, Ala.-based McWane Inc." The AP adds, "At issue was a furnace stack test conducted in 2000. An indictment accused the company of feeding crude iron instead of its usual supply of contaminated automobile scrap into the foundry to cover up pollution violations. … The 2000 test was used to file emissions reports to government regulators in 2001, 2002 and 2003. McWane paid a $3 million fine for falsifying the test. … 'When senior corporate executives cheat on required tests, public health and the environment suffer,' said David Uhlmann, chief of the environmental crimes section of the U.S. Department of Justice. … Matlock's sentencing 'is further proof of the McWane legacy: a repeat offender that committed years of environmental and worker safety violations at facilities across the country,' Uhlmann said in a statement."

EPA Rule Loosened After Texas Oil Exec Lobbied Rove. The Los Angeles Times (6/13, Hamburger, Wallsten, 958K) reports a rule "designed by the Environmental Protection Agency to keep groundwater clean near oil drilling sites and other construction zones was loosened after White House officials rejected it amid complaints by energy companies that it was too restrictive and after a well-connected Texas oil executive appealed to White House senior advisor Karl Rove." The new rule, "which

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took effect Monday, came after years of intense industry pressure, including court battles and behind-the-scenes agency lobbying." But environmentalists "vowed Monday that the fight was not over, distributing internal White House documents that they said portrayed the new rule as a political payoff to an industry long aligned with the Republican Party and President Bush."

McCain Says There Will Be "Heavy Price" For Failing To Act On Climate Change. Sen. John McCain said on Fox News' On The Record with Greta Van Susteren (6/12) that "we are going to pay a very heavy price for" failing to act sooner on climate change. McCain added, "We have an opportunity now in my view because of the high energy costs to move the ethanol and hydrogen and go back to nuclear power and really combine an effort to be much greener with financial incentives to do so. When oil is $10 a barrel I don't think much of ethanol. When it is $70 a barrel it is a very viable energy source."

NYTimes Urges Kempthorne To "Resurrect" Interior's "Stewardship Of Public Lands." The New York Times (6/13, 1.19M) editorializes, "Dirk Kempthorne's chief task as the new secretary of the interior is to resurrect his department's long tradition of responsible stewardship of the public lands. … As she was going out the door, Ms. Norton resolved a long and complicated dispute over who controls thousands of miles of ancient cowpaths and other trails throughout the West in favor of state and local interests. Many of these trails run through national parks, wildlife refuges and monuments, and as things stand now, there is little to prevent the states from paving them and using them to promote commerce. Mr. Kempthorne should revisit this decision. If he does not, Congress should revisit it for him."

FBI/DEA/ATF/USMS:

Four Face Drug Charges In Connecticut Following Three-Month Investigation. In Manchester, the Hartford (CT) Courant (6/12, Marteka) reports a three-month police investigation "has resulted in the arrests of four men on drug charges, including two who were on parole. … The program was part of Operation SNAG, also known as 'spring-narcotics-arrest and grab,' according to Manchester police Sgt. Sandy Ficara. … During the operation, East Central Narcotics along with the assistance of federal Drug Enforcement Administration agents arrested Daniel Cote on charges of illegally manufacturing steroids and selling them online."

"Pill-Popping" Parties Become Popular As More Teens Abuse Prescription Drugs. USA Today (6/13, Leinwand) reports drug counselors across the USA "are beginning to hear about…pill-popping parties, which are part of a rapidly developing underground culture that surrounds the rising abuse of prescription drugs by teens and young adults. It's a culture with its own lingo: Bowls and baggies of random pills often are called 'trail mix,' and on Internet chat sites, collecting pills from the family medicine cabinet is called 'pharming.' … To try to reduce the supply of prescription drugs on the black market, authorities have shut down several 'pill mills' — where doctors prescribe inordinate amounts of narcotics — as well as Internet pharmacies that ship drugs with little medical consultation, says Catherine Harnett, chief of demand reduction for the Drug Enforcement Administration (DEA)."

Tennessee Ranked Nation's Third-Highest State Encountering Meth "Scourge." In a story titled, "The Ground War Against Meth," Adweek (6/12) writes, "Methamphetamines have hit Tennessee hard. Incidents at labs where the drug is cooked using ingredients found at the nearest pharmacy reached 850 last year, including explosions and seizures, making the state the third highest in the country to experience the scourge, according to Drug Enforcement Administration figures. When the Partnership for a Drug-Free America asked The Buntin Group, a small Nashville agency, to develop a pro-bono campaign to fight meth, shop officials there knew they needed more powerful weapons than just TV and print ads to reach the state's more rural areas."

MLB Suspends Grimsley For Using Human Growth Hormone. The AP (6/13) reports pitcher Jason Grimsley "was suspended 50 games by Major League Baseball on Monday, less than a week after federal agents raided his home during an investigation into performance-enhancing drugs. Commissioner Bud Selig's office suspended Grimsley for violating baseball's Joint Drug Prevention and Treatment Program, based on his statements to authorities regarding human growth hormone."

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Diamondbacks "Infuriated." USA Today (6/12, Nightengale) reports the Arizona Diamondbacks, "infuriated and embarrassed by reliever Jason Grimsley's involvement with steroids and human growth hormone, vow to release any player caught using illegal performance-enhancing drugs in the future," Diamondbacks managing general partner Ken Kendrick said. "Particularly unsettling, Kendrick said, was that Grimsley never informed the team he was being targeted as part of a probe into illegal drug use."

Nearly 2 Percent Of American Indian Population Said To Be Using Meth. The AP (6/12) reports, "Statistics on Indian meth use are scarce, but [a] survey found in 2004 that almost 2 percent of the American Indian population was using meth. Robert McSwain, deputy director of the Indian Health Service, told a congressional panel earlier this month that the rate of Indians using meth appears to have dramatically increased in the past five years. This poses a major problem for states and Indian reservations, Barton said, as some states have passed laws that essentially punish property owners for meth contamination. Some landlords -- including Indian housing authorities -- have been forced to pay for cleanup of meth labs, which can cost thousands of dollars."

Afghanistan Seen As "Narco-State." In a story about the Afghan drug trade, the Christian Science Monitor (6/13, Baldauf) writes from Kabul, "Afghan officials and foreign diplomats increasingly call this central Asian country a 'narco-state,' as top officials find it more profitable to flout laws than enforce them. Very few major Afghan officials have been removed for involvement in drug trafficking, in part because of the lack of evidence, and in part because the country has only recently created special tribunals to handle major drug cases."

Some Violence In Afghanistan Seen As Attempt To Undermine Anti-Narcotics Campaign. The AP (6/12) reports from Kandahar that a "surge in fighting has killed about 550 people, mostly militants, since mid-May." U.S. Ambassador Ronald Neumann "said the rebels have stepped up attacks to scare away NATO. … Neumann said he also believes some of the violence is being caused by drug barons inciting fighting in an effort to destabilize the region and undermine the government's U.S.-backed counternarcotics campaign."

On its Web site, Voice of America (6/12) writes Neumann "told reporters that drug lords, mostly in Southern Afghanistan, hope the insurgency will effectively incapacitate Afghan President Hamid Karzai's counter-narcotics program. 'This year, President Karzai led a very strong policy to eradicate poppy. There were efforts by drug-dealers and terrorists together to prevent that,' he said."

Marshals Service Takes Over Operation Of Connecticut Trash Hauling Business. The AP (6/13, Apuzzo) reports, "After allegedly operating for years with the Mafia as its silent partner, southern Connecticut's largest garbage-hauling conglomerate started work this week backed by some new muscle: federal marshals." The AP continues, "In the largest federal business takeover in Connecticut history, authorities seized control Friday of 25 companies suspected of helping carve out mob-controlled garbage routes. Now marshals must lawfully run a business in an industry that prosecutors say has been dirty since the 1980s … 'We seize assets all the time, but running a business is something new for us here,' said U.S. Marshal John Bardelli." The AP adds, "Marshals spent the weekend at the Danbury compound that's home to businessman James Galante's trash empire. With Galante in prison and locked out of his more than 60 business and personal bank accounts, authorities must keep the trucks running and avoid letting the garbage pile up. … Galante's companies serve about 20 southern Connecticut and eastern New York towns. His transfer station handles about 80 percent of the region's garbage and his pickup businesses are among the most dominant in the area. … Federal prosecutors say the Genovese crime family ensured that dominance in exchange for quarterly payments of $30,000. … The companies are required by a court order to maintain their service. The marshals are there to ensure that happens, institute new accounting standards and sign off on every financial transaction the companies make."

Suspect In Abortion Clinic Bomb Plot Appears In Court. The Washington Post (6/13, B9, Castaneda) reports, "The Prince George's man charged with building a pipe bomb he allegedly wanted to use to attack a Greenbelt abortion clinic appeared in federal court yesterday wearing an antiabortion T-shirt." The Post continues, "On the front of Robert Weiler Jr.'s green shirt were the words 'Help Cure Abortion.' On the back was 'ABORTION: The leading

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cause of death in America,' as well as writing that said abortion claims 1,200,000 lives annually." The Post adds, "Weiler, 25, said little during his initial court appearance in Greenbelt before U.S. Magistrate Judge Charles B. Day. Assistant U.S. Attorney Bryan E. Foreman asked Day to order Weiler to remain in custody, saying the serious charges against him make him a flight risk. … Weiler did not enter a plea, and his attorney, Assistant Public Defender Michael Citara Manis, said Weiler waived his right to a detention hearing. Day scheduled a preliminary hearing for June 22, and until then Weiler will remain in custody. … Weiler is charged with four federal offenses, including possession of an unregistered destructive device and possession of a stolen firearm. Each carries a maximum penalty of 10 years in prison."

IMMIGRATION:

Sensenbrenner, Tancredo Criticize Senate Immigration Bill. The Washington Times (6/13, Hurt, 90K) reports, "The Senate's immigration-reform bill grants broad amnesty to illegal aliens and is even worse than previously thought, say House Republicans who have read the 850-page Senate bill and must approve any final legislation that Congress sends President Bush." House Judiciary Committee Chairman F. James Sensenbrenner Jr., "said of the bill that was largely penned by Sens. Edward M. Kennedy, Massachusetts Democrat, and John McCain," Arizona Republican, "The more people see of this Senate bill, the less they like it." He also said "allowing illegals to collect Social Security benefits based on past illegal work, for instance, is 'outrageous.'" Also, Rep. Tom Tancredo "said he met last week with a group of hotel executives from Marriott International Inc. who favor increased immigration to bring them more cheap labor to work as hotel maids. He told them about the consultation requirement."

Court Nixes Colorado Immigration Ballot Initiative. USA Today (6/13, Kenworthy, 2.31M) reports Colorado "had been planning a showdown over a ballot initiative to prohibit illegal immigrants from receiving some government services. But the Colorado Supreme Court on Monday rejected the controversial measure, ruling 5-2 that it violates a constitutional requirement that initiatives deal with just one subject." Even "without the measure on the November ballot, Colorado voters are likely to remain at the center of the USA's boisterous immigration debate. The contentious issue could be a factor in competitive elections here for governor, Congress and control of the Legislature." GOP consultant Katy Atkinson said, "It's an issue that kind of exploded here. This will still be an issue, especially in federal races and the governor's race."

TAX:

Nevada Man Sentenced To 4 Years In Prison For Tax Fraud. WebCPA.com (6/12) reports, "More than 2,000 false income and trust tax returns later, a Nevada man has been sentenced to four-and-a-half years in prison. R. Scot Stokes, of Henderson, Nev., was sentenced to 54 months for conspiring to defraud the United States and conspiring to commit mail and wire fraud, in connection with the promotion of a tax and investment fraud scheme, the Department of Justice and the Internal Revenue Service announced." WebCPA notes, "In February 2005, he pleaded guilty to conspiracy and admitted that the filing of false returns had resulted in a loss of federal tax revenue between $7 million and $10 million." Stokes also "said that he participated in fraudulent investment schemes that caused customers to lose between $2.5 million and $5 million."

Sloan Says Estate Tax Repeal Would Hurt The "Small Rich." In his "Deals" column in the Washington Post (6/13, D2, 744K), Allan Sloan writes, "When the Senate turned down President Bush's bid to repeal the estate tax permanently last week, it actually did a favor for tens of thousands of moderately well-off households -- the 'small rich,' if you prefer. That's because such households would be worse off under the full repeal scheduled for 2010 (which Bush wants to make permanent) than they would be under the 2009 rules, which are more favorable for estates than today's rules." Sloan adds that lawmakers should not "benefit a handful of very rich people by eliminating the estate tax 2010-style at the expense of the small rich and everyone else. We've already made a major mistake by allowing the alternative minimum tax…to hit the middle and upper-middle classes but not the truly wealthy. Let's try not to make that same mistake with the estate tax."

WPost Laments Need For Wolf's Proposed Tax Code Commission. An editorial in the Washington Post (6/13, A20, 744K) says, "The political system is proving itself incapable of addressing hard budgetary

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questions even as the time to act grows shorter. … Into this standoff comes Rep. Frank R. Wolf (R-Va.) with a proposal for a base-closure-style commission to beat all commissions. It would look at the tax code and the array of entitlement programs and produce a set of recommendations, decided by a two-thirds vote, to put them on a fiscally sustainable course. … Its recommendations would come before Congress for an up-or-down vote, although the president or either chamber's budget committee would also be able to submit alternatives." The Post says the Wolf proposal "is laudable in some ways, disturbing in others." The Post says lawmakers "should look at Mr. Wolf's proposal and feel embarrassed that it has come to this."

CONGRESS-ADMINISTRATION:

House Expected To Approve $94.5 Billion Supplemental Spending Bill. The Washington Post (6/13, Weisman, Murray, 744K) reports the House "is expected to approve a record-breaking $94.5 billion emergency spending bill today to fund the wars in Iraq and Afghanistan, Gulf Coast hurricane relief, border security and avian flu preparation. With Senate passage expected later in the week, the bill would push the cost of the Iraq war to nearly $320 billion, according to the nonpartisan Congressional Research Service." The "cost of the war may be escalating, but don't expect many lawmakers to stand against a measure to fund military operations." The real debates "will begin after the spending bill is on its way to Bush. On Thursday, the House will get to a long-delayed day of discussions on Iraq and the fight against terrorism, taking up a resolution to urge 'continued resolve by the United States as it moves forward toward achievement of' stability in Iraq." The Senate, "as it considers its annual defense policy bill, will be having a similar discussion, thanks to an amendment by Sen. John F. Kerry (D-Mass.) calling for Bush to reach agreement with Iraq on a schedule for troop withdrawals this year."

Schwab Says US Eager For WTO Agreement, Not "Watered-Down" Compromise. On her first day as US trade representative, the Washington Post (6/13, D1, Blustein, 744K) reports Susan Schwab "promptly made it clear that she views her appointment in much different terms than Washington's chattering classes," who have "dismissed her as something of a caretaker because of the way President Bush nominated her." In an interview with the Post, Schwab said, "The fact that the president chose to announce my nomination the same day as Ambassador Portman's was announced was evidence that the president wanted to send a message—that he wanted a seamless transition and continued high priority on trade." To "underscore the point," she emphasized that she plans "to stick resolutely to the position Portman staked out" at the ongoing Doha round of the World Trade Organization. The administration is "eager for an agreement that would sharply lower trade barriers" among the WTO's members, especially in farm products, and "is not interested in a watered-down compromise of the sort some countries are pushing," Schwab told the Post.

Conservatives Pressure Bush To End Probe Of OSC Official. The Hill (6/13, Bolton) reports a "group of prominent conservatives have signed a letter to President Bush aimed at calling off an investigation of Scott Bloch, the administration official tasked with protecting the rights of federal workers." Clay Johnson III, "the deputy director for management at the Office of Management and Budget (OMB), ordered the Office of Personnel Management (OPM) to investigate Bloch in response to a complaint filed last year by several anonymous career employees at the Office of Special Counsel, which Bloch heads." Several conservatives "behind the letter to Bush say that administration officials are trying to pressure Bloch to resign his post because he doesn't believe that sexual orientation should be considered akin to race and religion as a class of civil-rights protection and this view has sparked controversy within his office and Congress." The "potential dispute between social-conservative leaders and the Bush administration comes at a time when GOP strategists are trying to boost support among the conservative wing of the party in preparation for the midterm election." Among the conservative leaders who signed the letter were Tony Perkins, Paul Weyrich, and the Rev. Louis Sheldon.

Before Joining White House Staff, Zinsmeister Blasted Clintons, Gore. The Washington Post (6/13, A19, Baker, 744K) reports, "Bill Clinton is a 'virtuoso deceiver' and Hillary Rodham Clinton a 'true chameleon' guilty of 'self-serving behavior, comparative radicalism, and dubious personal morality.' Al Gore is a 'mad dog' known to 'foam at the mouth.' John McCain is given to 'showboating.' And Jacques Chirac, Nelson Mandela, Gerhard Schroeder and Kofi Annan are all 'feckless fools.' Says who? President Bush's new chief domestic policy

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adviser." The Post adds, "While most White House aides carefully trim their public commentary, they can't take back what they said before arriving in the West Wing, and few in this day and age arrive with a more provocative paper trail than Karl Zinsmeister, who started his new job yesterday. For a dozen years until his appointment, Zinsmeister held forth on all manner of issues and personalities as editor in chief of the American Enterprise Institute's magazine. … A review of years of articles reveals a formidable thinker with a powerful sense of what he considers right and wrong." For example, "as Zinsmeister sees it, racial profiling by the police makes sense; the military, if anything, treats terrorist suspects too gently; and casual sex has led to wrecked cities, violence and 'endless human misery.' … Although Zinsmeister wrote admiringly of Bush, his future boss was not exempt from remonstration when he seemed to stray." Zinsmeister "chided candidate Bush for promising he would make it easier for legal immigrants to bring in relatives and questioned whether incumbent Bush 'actually has a soft spot for big government.'"

Budget Deficit Down 16.6% From Last Year. The Wall Street Journal (6/13, Solomon, Walsh, 2.11M) reports, "Surging individual and corporate income-tax receipts in May continued to help the federal government shrink the budget deficit to $227 billion for the first eight months of the fiscal year, down 16.6% from the same period a year earlier." The Federal government "did run a larger monthly budget deficit of $42.8 billion in May, widening 21% from $35.4 billion a year earlier." However, "economists said that increase was a quirk of the calendar that shifted some federal program payments into May and from accounting changes that increased the cost of subsidized student loans."

Lobby Firms Paid For 90 Congressional Trips Over 2000-05. The Hill (6/13, Snyder) reports, "Lobbying firms and lobbyists were listed as paying all or part of the costs for 90 congressional trips taken between 2000 and 2005, according to a new report by the Center for Public Integrity, Northwestern University's Medill News Service and American Public Media." Lobbyists and lobbying firms "are not allowed under congressional ethics rules to pay for congressional travel." The "total cost of the trips was roughly $145,000."

NYTimes Says Congress Won't Reform Abuse Of Free Trips. The New York Times (6/13, 1.19M) editorializes that even "in Congress's own sloppy paperwork, the bottom line for junketeering looks shameful: Over just five and a half years, lawmakers and members of their staffs went off on 23,000 'fact-finding' trips worth almost $50 million, with the tab picked up by private sponsors intent on capturing legislative access and favors. Expense-paid fact finding proved particularly irresistible in Paris, the destination of more than 200 trips, Hawaii (150) and Italy (140)." The Times adds, "Unfortunately, this Congress will soon reaffirm its addiction to special-interest junketeering when it strikes a cosmetic deal on ethics reform that does little to end the all-too-clear abuses."

Pelosi Takes Case For Ousting Jefferson From Key Panel To Black Media. Roll Call (6/13, Kornacki) reports the "fight over the Ways and Means Committee seat held by Rep. William Jefferson (D-La.) is now playing out on the airwaves and in the pages of publications aimed at blacks, as House Minority Leader Nancy Pelosi (D-Calif.) seeks to dispel the notion that she's enforcing a double standard by demanding that Jefferson step down prior to any criminal charges being filed against him." Unless Jefferson "changes course and leaves Ways and Means on his own, the Louisianan is expected to be booted from the exclusive committee Thursday night — an extraordinary step encouraged by Pelosi, who first called on Jefferson to leave the tax-writing panel three weeks ago 'in the interest of upholding the high ethical standards of the Democratic Caucus.'" Pelosi "appeared on the radio show of Joe Madison, who calls himself 'the Black Eagle.' She also hosted a conference call with black reporters and sat for a one-on-one session with a nationally known black columnist."

Wickham Says Jefferson Should Step Down From Ways And Means Panel. DeWayne Wickham writes in USA Today (6/13, 2.31M) that the Congressional Black Caucus' expected defense of Rep. William Jefferson as the House Democratic Caucus meets Thursday to decide whether he should be stripped of his seat on the Ways and Means Committee "is a fight that shouldn't happen." The CBC has "denounced the effort to oust Jefferson from the committee, saying such a move against an unindicted member of Congress is unprecedented. As defenses go, that's a pretty weak one." Wickham adds that Jefferson "should acquiesce to Pelosi's demand that he step down from the committee whose membership he is accused of abusing. If such a request is unprecedented, it is also long overdue."

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Supporters Rally To Hoyer In Wake Of Murtha Challenge. The Hill (6/13, Hearn) reports allies of Rep. Steny Hoyer (D-Md.) "rushed to his defense Monday as the minority whip faced a challenge from Rep. Jack Murtha (D-Pa.) for the post of majority leader, should Democrats win control of the House in November." Hoyer's backers "expressed concern that the race would hurt their ability to reach voters on policy issues." Rep. Barney Frank said, "I regret that we're going to have this contest. It will be portrayed in the media as a sign of Democratic disorder. It will distract attention from Democrats' efforts to win back the House." The Hill adds a Democratic member "who is backing Hoyer said that the whip was surprised by Murtha's announcement and had been 'playing catch-up' all weekend by calling colleagues." Many Democrats "were curious what role House Minority Leader Nancy Pelosi (D-Calif.) may have had in Murtha's decision. Murtha and Pelosi are close allies."

Roll Call (6/13, Kornacki) reports "there are no signs that Minority Leader Nancy Pelosi (Calif.) will take any steps — publicly or privately — to steer her party away from a potentially divisive leadership fight as a crucial election approaches." Pelosi is "considered the only Democrat with the clout to back Murtha off his challenge, but on Monday she remained unavailable for comment, the same approach she took Friday, when Murtha floored his colleagues by declaring his intention to challenge Hoyer for Majority Leader if the party takes back the House."

Murtha Says He Would Provide "Change In Direction" As Leader. Rep. John Murtha said on MSNBC's Hardball (6/12), "I believe that the public -- Democrats in particular throughout the country -- have been way ahead of the Congress, and some of the members have kind of hung back for one reason or another. I think it's absolutely imperative -- there's no more important issue to this country than the war. That's why I got involved in the majority leader's race." Murtha added, "I think the American public want to change the direction. That's what I'm hearing. They don't want to go down this same road and just hear the same rhetoric over and over and over again. They want a change in direction, and a change in direction means some changes at the top so that these folks have something to look forward to."

Congressional Democrats To Host Town Hall Meeting On 2006 Platform. Roll Call (6/13, Billings) reports congressional Democratic leaders "on Wednesday afternoon will return to the issues that have largely defined their party over the past decade, hosting a town hall meeting to highlight the domestic priorities of their 2006 platform." Senate Minority Leader Harry Reid (D-Nev.) and House Minority Leader Nancy Pelosi (D-Calif.) "will headline the forum with other Congressional leaders at the Kennedy Recreation Center in Northwest Washington, D.C. The leaders are taking a different approach to laying out the third component of their platform, holding an issues discussion rather than a ceremonial event designed to energize the party faithful." Sources said "the leaders plan to promote Democratic plans on health care, energy, the economy and education, while challenging what they argue are the failed policies of the Bush administration and the GOP-led Congress."

Pelosi Says Time To Roll Out Democratic Agenda Has Arrived. The Hill (6/13, Hearn) reports with Republicans "seeking to define Democrats by their votes on such hot-button issues as gay marriage, the estate tax and flag burning," House Minority Leader Pelosi (D-Calif.) is arguing that Democrats need to tell voters about themselves before Republicans succeed in doing it for them." Pelosi said the "the time to criticize the Republicans' 'culture of corruption,' a Democratic refrain for nearly a year, is at an end," and Democrats "need to begin promoting their own vision of America." Pelosi said, "Now it's time to talk about us. Enough of the Republicans. It's time for us to talk about what are the priorities we'd like to see addressed, if we have the opportunity." The Hill adds Democrats "have been struggling for months to devise a unified message to take to voters, debating whether to be general or detailed, to come out early or late, or to present a succinct list of points like the GOP's 1994 Contract With America. Pelosi has been seen as favoring an early message, while Rep. Rahm Emanuel (D-Ill.) and Sen. Charles Schumer (D-N.Y.), who head up the campaign committees for House and Senate Democrats, have argued for focusing on Republican misdeeds." Pelosi "outlined three areas where Democrats would seek to differentiate themselves from Republicans: integrity, civility and accountability. If Democrats were to take control of the House in November, their first actions would focus on promoting those values, she said." The "three themes are similar to the message Democrats ran on in 2004, when they lost two House seats in part because of redistricting in Texas that defeated five Democratic incumbents." But "perhaps more important, Pelosi is vowing to run the House — a body

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of Congress marked by intense partisanship for decades — in a bipartisan fashion."

Energy Department Informs 1,500 Workers Hacker May Have Accessed Personal ID. The AP (6/13, Hebert) reports Energy Department officials "have informed nearly 1,500 individuals that their Social Security numbers and other information may have been compromised when a hacker gained entry to a department computer system eight months ago, a spokesman said Monday." The workers, "mostly contract employees, worked for the National Nuclear Security Administration, a semiautonomous agency within the department that deals with the government's nuclear weapons programs." The computer theft "occurred last September, but Energy Secretary Samuel Bodman and his deputy, Clay Sell, were not informed of it until last week."

Voinovich Bill Aimed At Strengthening Performance Appraisal System. The Washington Post (6/13, D4, Barr, 744K) reports in its "Federal Diary" column that Sen. George Voinovich today plans to offer a bill that would "require federal managers to provide their employees with a written performance evaluation each year and would prohibit pay raises for employees rated as less than successful." Voinovich "said his bill would strengthen the employee performance appraisal system and help lay the foundation for an overhaul of federal pay." The Post adds, "Voinovich's bill appears designed to find middle ground between proponents and opponents of performance-based pay for the federal workforce."

Byrd Becomes Longest-Serving Senator. Sen. Robert Byrd yesterday became the longest serving senator in US history. The Washington Post (6/13, A6, Babington, 744K) reports that Byrd "marked his 17,327th day in the Senate by visiting his wife's grave and then listening to several colleagues praise his career." Byrd "left the floor without speaking, struggling to maintain his composure." ABC World News Tonight (6/12, story 12, :35, Gibson, 8.78M) and NBC Nightly News (6/12, story 9, 2:35, Reid, 9.87M) also reported on Byrd.

Bush Daughter Moving To Manhattan. The Washington Post (6/13, Argetsinger, Roberts, 744K) reports in its "The Reliable Source" column that President Bush's daughter Barbara "has pulled up stakes for Manhattan, sources confirmed yesterday. What the First Daughter has planned for NYC remains unknown; the White House maintains a firm policy of not commenting about the twins' personal lives."

Pentagon's Small Institute Of Heraldry Creates All Presidential Seals, Plaques. The New York Times (6/13, Eckholm, 1.19M) reports on the Institute of Heraldry, the government's chief guardian of insignia and heraldic tradition. The Institute of Heraldry, "located for historical reasons within the Army, has a budget of $2.3 million and 24 employees, including four well-schooled 'heraldic designers.' But the handiwork of this little office has had an outsize influence on the public face of the military and the government. All plaques bearing presidential or vice-presidential seals, as seen on news conference lecterns and the bulkhead of Air Force One, are hand-sculpted and painted here."

WSJournal Criticizes Hayden Testimony. An editorial in the Wall Street Journal (6/13, 2.11M) says "newly minted CIA Director Michael Hayden" has "done the Bush Administration a huge disservice by reinforcing the Democrats' 'Bush lied' theme in his confirmation testimony." Hayden's testimony, "along with his subsequent failure to follow through on promises to correct the record, do not make for an auspicious, truth-telling start at CIA."

OTHER NEWS:

Stocks Continue Slump On Interest Rate, Growth Worries. ABC World News Tonight (6/12, story 9, :15, Gibson, 8.78M) reports, "On Wall Street today, investor worries about rising interest rates and economic growth pushed stocks down, again as last week's sell-off continued. The Dow Jones Industrial Average was down another 99 points to close at 10,792. On the Nasdaq, stocks were down nearly 44 points [to close at 2091.32.]"

Also, says the New York Times (6/13, Bajaj, Peters, 1.19M), the Standard & Poor's 500-stock "index fell 1.3 percent, erasing all of its gains for the year and closing at its lowest level since November." But the damage was far worse in some other parts of the world. Trading at the Colombian stock exchange was briefly halted after its benchmark index fell more than 10 percent. Mexico's benchmark stock index fell 4.3 percent, its biggest one-day decline in more than three years. Markets in India, Brazil and Hungary also tumbled.'"

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The Wall Street Journal (6/13, Browning, 2.11M), Washington Post (6/13, Masters, 744K) and USA Today (6/13, Krantz, 2.31M), among other sources, also report on the market.

Fed Officials Continue To Sound "Inflation Alarms." USA Today (6/13, Hagenbaugh, 2.31M) reports, "Federal Reserve policymakers continued to sound inflation alarms Monday, strengthening expectations that they will raise interest rates for a 17th-straight time when they meet this month. 'The recent news on inflation troubles me,' Cleveland Fed President Sandra Pianalto said in a speech to members of the Broadcast Cable Financial Management Association in Orlando." She "noted the so-called core consumer price index, which excludes volatile food and energy prices, rose more than 3% at an annual pace during the first three months of 2006." Board Gov. Susan Bies also "said inflation data have been coming in high. She said the economy is growing rapidly, while energy prices are high -- factors that could add to already elevated price pressures."

Dummar Takes Another Shot At Claiming Hughes Estate. The Wall Street Journal (6/13, Karp) reports, "Melvin Dummar had long since given up on getting a share of the late billionaire Howard Hughes's fortune. And for good reason: In 1978, Mr. Dummar became a national joke when a Las Vegas jury ruled that the basis for his claim -- a handwritten will that surfaced mysteriously -- was fake. … 'I've never really gotten over it,' Mr. Dummar says. 'For 30 years, everybody just laughed at me and treated me like some kind of criminal, a forger. Until a few months ago, I thought it was a lost cause.' … But now Mr. Dummar is back, seeking another day in court and what he considers his rightful share of Mr. Hughes's estate. In a lawsuit filed yesterday, Mr. Dummar claims to have new evidence and a compelling new witness: a pilot who says he flew the late Mr. Hughes to a brothel near where Mr. Dummar claims he happened on to him." The Journal continues, "With the suit filed yesterday in federal district court in Salt Lake City, Mr. Dummar began another chapter in one of the wildest estate battles in U.S. history. … When the eccentric billionaire died in 1976, Mr. Dummar (pronounced Doo-MAR) emerged as an improbable heir. He said a will delivered to a gas station he ran in Utah entitled him to $156 million, a reward for the night in 1967 when he said he had found a dazed man face down on a desert road and drove him to Las Vegas. That man, Mr. Dummar claimed, told him he was Howard Hughes. … But Mr. Dummar's tale fell apart at trial. And he got nothing but a dubious place in history, folklore and Hollywood, thanks to the Oscar-winning 1980 film 'Melvin and Howard.' … Now 61 years old and eking out a living delivering meat along those same desolate Nevada roads, Mr. Dummar is hoping for a real-life sequel. His co-stars this time include an author who once was a Federal Bureau of Investigation agent; a former Hughes pilot who is breaking his silence; a prostitute with a diamond-encrusted tooth; and a lawyer who has a weekly radio show about estate planning. … The lawsuit is based on new evidence that purportedly corroborates Mr. Dummar's claim that Mr. Hughes indeed was in the desert that late-December 1967 night. The defendants are two elderly Hughes beneficiaries: William Lummis, the main family heir, and Frank Gay, a former Hughes executive. Mr. Dummar alleges fraud, unjust enrichment and racketeering during the probate case, and requests $156 million, plus interest since 1978, and punitive damages."

Conflict Questions Raised About Getty Book Deal. The Los Angeles Times (6/13, Frammolino, Felch) reports, "Former J. Paul Getty Trust chief Barry Munitz agreed to pay retired Getty board Chairman David Gardner nearly $300,000 to write a coffee-table book after Gardner left the foundation's board in 2004. … Gardner was hired to write the book just months after he intervened on Munitz's behalf to help the chief executive secure a five-year contract rather than the one-year extension some board members favored." The Times continues, "The book deal came after years of pressure from Gardner on Munitz and other Getty officials to find a way to compensate him for his service on the board, records and interviews show. The will of J. Paul Getty, whose oil fortune financed the educational trust that bears his name, specifically stipulates that board members are to serve without pay. … Plans for the book, which was to commemorate the Getty's 25th anniversary, were canceled in March, a month after Munitz resigned amid turmoil at the nonprofit foundation — but not before Gardner had collected $178,000 over 19 months for little work." The Times adds, "Gardner says he produced a rough outline during that time but did not conduct interviews or begin writing. He blamed his lack of progress on the trust, which he said did not provide the necessary cooperation. … Internal Getty documents show that Munitz and his staff were discussing a book deal for Gardner in 2003, while Gardner was chairman and Munitz was negotiating his own contract. Around the same time, Munitz also spoke directly to Gardner about writing a book

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after he stepped down as chairman, according to two former Getty officials familiar with the discussions. Citing ongoing investigations of the Getty, the officials asked not to be identified. … Munitz and Gardner, a former president of the University of California, deny any impropriety in the book deal. .. Several experts on the laws governing nonprofits, however, said that discussions of the book deal while Gardner was chair created a potential conflict of interest, because both men stood to benefit personally from the official actions of the other."

Webb, Miller Stump For Votes On Eve Of Virginia Senate Primary. Virginia voters will go to the polls today to decide a winner in the U.S. Senate primary race between Democrats James Webb and Harris Miller. The winner will take on Virginia Sen. George Allen (R) in November. The Washington Post (6/13, B1, Shear, Jenkins, 744K) reports that Massachusetts Sen. John Kerry (D) appeared at a rally with Webb yesterday in Arlington County, VA. Appearing before "about 250 people," Kerry "heartily endorsed Webb, President Ronald Reagan's former Navy secretary, saying that the Senate needs the 'confident leadership' and 'independent thinking' that Webb has offered during the campaign." Miller, meanwhile, "spent the afternoon making last-minute phone calls to prospective voters and later held a rally at his Northern Virginia headquarters in McLean." The candidates "continued to run campaign ads touting their ability to defeat" Allen. Miller's spots, "made possible by his investing $1 million of his personal wealth, hammer Webb on his Republican past."

USA Today (6/13, Lawrence, 2.31M) relates that a number of Senate Democrats, including Kerry, Senate Minority Leader Harry Reid, DSCC Chairman Charles Schumer and Illinois Sen. Barack Obama, have said that Webb "is their 'best hope' to gain a seat and hobble Allen's White House ambitions. Mark Plotkin, a political analyst for Washington's WTOP-radio, calls the senators' intervention 'unprecedented.' In Webb's Renaissance-man résumé, his GOP past and his macho persona, Plotkin says, top Democrats see 'political nirvana' -- the return of white, male, rural and military voters to the Democratic Party." Miller, meanwhile, has been endorsed by The Washington Post's editorial board, which "called him 'better-briefed, better-focused and more thoughtful' than Webb." The candidates "disagree on a few issues, but the main contrast between them is style. Webb drives a camouflage-painted Jeep and campaigns in combat boots that belong to his son, a Marine bound for Iraq in fall." Miller says of himself: "I've been accused of being a policy wonk. … I plead guilty. U.S. senators are supposed to talk about policy."

The Christian Science Monitor (6/13, Chaddock, 61K) reports that while Senate Democratic leaders such as Schumer have backed Webb, "it's not clear that Virginia Democrats expected to turn out in Tuesday's primary election got the memo. At an annual dinner on Friday, not a hint of applause from Arlington County Democrats greeted Mr. Webb's announcement that 13 Democratic senators had 'stood up and endorsed my candidacy.'" Miller, "who was chairing the Fairfax County Democratic Committee when Mr. Webb, a Reagan Democrat, joined the Reagan administration," has the backing of many of the rank-and-file state Democrats, including Margaret Whipple, "who chairs the state Senate Democratic Caucus." Whipple said, "I've known [Mr. Harris] for 20-plus years. He's a Democrat whose values I share." But "if Webb were to pull off a primary victory, he could expect a surge of national funding to defeat Senator Allen, who is also a probable 2008 presidential contender."

The Hill (6/13, Blake) notes that Schumer's "rare, last-minute backing of" Webb "is seen as an indication that Webb would receive more national attention and help than Miller would in the Democrats' quest to unseat Allen. Indeed, national Democrats aren't saying Webb is the better candidate so much as that he is the candidate better able to defeat Allen. A Rasmussen poll from April shows Webb trailing Allen by 20 points, while an earlier Zogby poll showed him behind by seven. Webb was closer than Miller in both polls." The Cook Political Report's Jennifer Duffy "said the decisionmakers at the DSCC 'are sticking their neck out' for Webb." Miller "touts support from dozens of state lawmakers, mayors and council members and said that, while national Democrats throw their support to Webb, local politicians have been hitting the ground for him. 'Chuck Schumer's a good senator for New York City, and Harry Reid's a nice senator for Las Vegas,' Miller said. 'But I have the support of the people here in Virginia, and those are the people that count.'"

Schumer's Endorsement Of Webb Rankles Some Democratic Fundraisers. The Washington Post (6/13, A9, Cillizza, 744K) reports that while it's unclear whether Schumer's backing of Webb "will help move votes," it "did move money -- away from Schumer and the" DSCC. The Post relates, "The most immediate fallout of Schumer's endorsement was the relocation of a post-primary fundraiser

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for the DSCC that was scheduled to be at the home of former lieutenant governor Donald S. Beyer Jr. and his wife, Megan. The longtime Democratic fundraisers are Miller supporters. The Beyers begged off after Schumer's move, for which they received no advance notice. The event will be at another venue, but is likely to bring in considerably less money as irritated Miller backers join the Beyers in taking a pass on helping the DSCC." Beyer "said the DSCC should have stayed out. 'They've dug a hole that was unnecessary,' he said. 'If Harris wins, they are going to look ridiculous. They will have irritated an awful lot of people.'"

Allen Will Hold Huge Fundraising Lead Over Democratic Winner. The Washington Times (6/13, McLaughlin, 90K) notes, "Both campaigns have scrambled to raise money. As of May 25, Mr. Miller had raised $1.2 million -- of which $675,000 is his own money -- and Mr. Webb has raised $547,000 -- which includes a $100,000 loan. The winner of today's primary will face an uphill battle against Mr. Allen, who has more than $7 million in his campaign war chest."

GOP Seen As Profiting From Good News Week. In his Roll Call column (6/13), David Winston says, "That sound you heard all over Washington, D.C., last Wednesday morning was Republicans breathing a huge collective sigh of relief that Republican Brian Bilbray had defeated Democrat Francine Busby in the special election to fill California's 50th district House seat. That GOP victory, however, was just the first in a series of political and policy events that challenged the prevailing conventional wisdom and sent Democrats scurrying to their spin doctors for something — anything — positive to say about what quickly turned into a 72-hour political nightmare." The "loss of the special election was only the beginning of a bad week for Democrats. By Thursday, they once again found themselves on the defensive when good news arrived from Iraq — news too big to be ignored. Abu Musab al-Zarqawi, the most wanted terrorist in Iraq, had been killed by U.S. military air strikes on the same day that the new Iraqi government had filled its last and most important cabinet posts, Defense and Interior." But if Thursday "was bad for Democrats, by Friday, things had gotten even worse. Rumors of serious rifts in the House Democratic leadership burst into the open Friday as an apparently clairvoyant Murtha announced his intention to seek the Majority Leader's job if Democrats win the House in November."

Bell Seen As Having Uphill Struggle In Texas Gubernatorial Race. The Washington Times (6/13, Aynesworth, 90K) reports Texas Democrats "emerged from their convention here over the weekend with conviction and verve, but they still face an uphill battle to take back the governor's mansion." Former Rep. Chris Bell, "who was gerrymandered out of his district in 2002, is the party's choice to oppose Republican Gov. Rick Perry." Bell "said he could win if the party faithful would stick together. The Houston Democrat certainly needs that, but his own campaign workers concede that few voters have ever heard of Mr. Bell, making name recognition a dominant theme in the campaign."

Eleven Senators May Run for Presidency In '08. Roll Call (6/13, Billings) reports with "an extraordinary 11 sitting Senators seriously eyeing a bid for the White House in 2008, both parties are already dealing with logistical and personality headaches as the lawmakers use the chamber as a testing ground for their competing agendas." At least "five Republican and six Democratic Senators are currently looking at the idea of mounting presidential campaigns — the most in recent memory. And, at least one other Member of Congress, Rep. Tom Tancredo (R-Colo.), is considered a possible candidate." On the Democratic side, "Sens. Evan Bayh (Ind.), Joseph Biden (Del.), Hillary Rodham Clinton (N.Y.), Chris Dodd (Conn.), Russ Feingold (Wis.) and John Kerry (Mass.) already are viewed as committed contenders. Despite his protests, Sen. Barack Obama (Ill.) is also seen by some observers as a possible candidate, although many believe he is disinclined to run in 2008." The early Republican field "includes Senate Majority Leader Bill Frist (Tenn.), who is retiring after this Congress, as well as Sens. John McCain (Ariz.), Chuck Hagel (Neb.), Sam Brownback (Kan.) and George Allen (Va.)." Aides and Senators "from both parties said managing the presidential hopefuls' egos will be tricky at a time when both parties are banking on heightened unity to gain an election-year advantage on the issues of the day. But those sources are quick to note that personalities always play a role in the Senate regardless of whether a lawmaker is aspiring for another office."

Kansas GOP Split Could Foreshadow 2008 Presidential Primary. The Los Angeles Times (6/13, Riccardi, 958K) reports former state Republican chairman Mark Parkinson "announced he was running for lieutenant

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governor — as a Democrat. He said he no longer felt welcome in the increasingly conservative Kansas Republican Party." Parkinson "became the third Republican politician in the last nine months to startle this red state by switching to the minority party. The other two are targeting GOP incumbents in the attorney general's office and in the state House of Representatives." Political observers "say the fracture within the Kansas GOP may foreshadow the future for the national party. The division between moderates and social conservatives is expected to define the contest for the party's 2008 presidential nomination." Moderates who "emphasize economic development and religious conservatives concerned with limiting abortion and gay rights have battled for more than a decade for control of the Kansas Republican Party, which dominates the state with 48% of registered voters. The remaining voters are split evenly between Democratic and Independent registration."

Laura Bush To Raise Funds For Santorum, Kean. The Philadelphia Inquirer (6/13, 423K) reports as Republican candidates "around the country avoid appearances with President Bush or Vice President Cheney, two in the Philadelphia area - U.S. Sen. Rick Santorum in Pennsylvania and Senate challenger Thomas H. Kean Jr. in New Jersey - welcome visiting Laura Bush today with open war chests." People "don't blame her for the war in Iraq, rising gasoline prices, or unpopular administration policies." Laura Bush is "scheduled to appear this morning at a fund-raising breakfast for Santorum at the Appleford Estate in Villanova. Santorum is hoping for 300 attendees and $400,000, according to spokeswoman Virginia Davis." Bush also is "to attend an afternoon reception for Kean at a law office in Lakewood, N.J., where the Kean campaign expects as many as 500 guests and at least $500,000 in contributions, which it will split with the New Jersey Republican Committee."

Study Finds Volunteerism Rising. The Washington Times (6/13, Hausner, 90K) reports that a recent study found that volunteerism is on the rise. A "federal study on state volunteerism, released yesterday by the Corporation for National and Community Service (CNCS)," found that "65.4 million (28.8 percent) of American adults volunteered last year. In every region and state, women volunteered at a higher rate than men and married people were more likely to donate time and resources than single people. The study also showed that more Americans 35 to 44 years old volunteered than any other age group."

WSJournal Says 2003 Principle Should Apply When Justices Hear Punitive Damages Case. An editorial in the Wall Street Journal (6/13, 2.11M) says that when the Supreme Court laid down a marker on excessive punitive damages in the 2003 State Farm case, "we suggested it might take more than one try before courts at the lower level got the message. The high court has now agreed to hear an appeal in an Oregon case in which Philip Morris was dinged for punitive damages 97 times greater than the compensatory damages awarded in a smoker's death." The Supreme Court "acknowledged in State Farm that punitive damages may play a role to deter bad conduct. But it was also clear that they're not intended to cover damages to non-parties to these cases or to take account of the losing party's net worth. … The same would seem to apply here; the question is whether the new cast of players at the High Court will see it the same way."

El-Baradei Criticizes Iranian Data Gaps. While Iran continues to mull its response to an international incentives package in exchange for nuclear cubs, the New York Times (6/13, Sciolino, 1.19M) reports, "The chief of the International Atomic Energy Agency on Monday faulted Iran for failing to provide information crucial to understanding fully the nature and intent of its nuclear program." Mohamed El-Baradei said publicly that "his agency 'has not made much progress in resolving outstanding verification issues.' He added, 'I would continue to urge Iran to provide the cooperation needed to resolve these issues.'" El-Baradei "kept his comments on Iran short and declined to take questions from reporters. Still, he made it clear that he welcomed the initiative by the six nations, calling it a way 'to reach a comprehensive agreement that would address the need of the international community to establish confidence in the exclusively peaceful nature of Iran's nuclear program, while also simultaneously addressing Iran's security, technology and economic needs.'"

Meanwhile, Bloomberg (6/13, Tirone) notes, "El-Baradei said a US offer to join direct talks with Iran about security issues may provide an end to the stalemate over the Islamic Republic's atomic program."

Japan Skeptical About Sanctions Proposal. The Washington Post (6/13, A14, Faiola, Linzer, 744K) reports,

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"Despite months of pressure from Washington, Japan has become increasingly reluctant to join a Bush administration plan for sanctions against Iran if negotiations fail to resolve concerns over the country's nuclear program." Tokyo has hinted they "may not join in punitive measures unless there is a broad international consensus along the lines of a UN Security Council resolution or other measure backed by nations now reluctant to impose sanctions, such as China." The Post says a financial sanctions regime "depends strongly on Japanese participation. Without it, administration officials have calculated, the impact would significantly decrease." The Post goes on to report Secretary Rice and Japanese Foreign Minister Taro Aso "discussed the Iranian situation by telephone, agreeing to cooperate in resolving the standoff."

China Opposes Joint Statement; Russia Could Follow. The AP (6/13, Jahn) reports Beijing and Moscow "are holding back from a united message with Western powers to insist that Tehran halt uranium enrichment, a stance that could encourage Iranian defiance, diplomats said Monday." China is said to be "opposed to signing a joint statement and Russia was leaning against participating."

Iran Plan Said To Mirror Clinton-Era Pyongyang Overture. In an analytical piece, the Wall Street Journal (6/13, Solomon, 2.11M) reports, "As President Bush contemplates the possibility of nonproliferation talks with Iran, he runs some of the same risks he said the Clinton administration took when dealing with North Korea. Mr. Bush and his top aides were critical five years ago of the Clinton team's negotiating tactics with the regime in Pyongyang," and "now the Bush team has opened the door to the possibility of holding similar talks with Iran." According to the Journal, "Many counterproliferation experts support this evolving US approach, saying it is a more realistic and potentially sustainable than avoiding direct talks. They also see the White House's diplomatic U-turn as an unstated recognition of the limits of unilateral American power." The Carnegie Endowment's George Perkovich is quoted saying, "They were in the bunker at the White House, thinking, eventually, these countries would have to succumb to our power. ... But it turns out we can't do everything out there alone."

Christopher Sees Parallels To Iranian Hostage Talks. Former Secretary of State Warren Christopher writes in the New York Times (6/13, 1.19M), "The welcome recent announcement that the United States is willing to join face-to-face talks with Iran rekindled memories of my own experiences, 25 years ago, as chief negotiator in the Iranian hostage crisis. The subject of that negotiation was the 52 American diplomats who were taken hostage in Tehran on Nov. 4, 1979. The result was their release, 444 days later, on the day of Ronald Reagan's inauguration in 1981. Since that day we have had no diplomatic relations and virtually no direct dialogue with Iran." He adds "there are lessons from our 1979-81 negotiations with Iran that can inform our efforts in 2006. First, we must be sure we are talking with the right people. One of the most frustrating dead ends we encountered in the hostage negotiations was learning that despite prolonged efforts to forge a settlement with President Abolhassan Bani-Sadr, he did not even have the power to move the hostages from one location to another, much less cause their release. If our 2006 negotiators study the vectors of power in Iran, they may be able to avoid such frustrations. … As in the hostage crisis, a military solution is unwise and probably infeasible."

Hamas, Fatah Gunmen Go On Rampage In Palestinian Territories. The New York Times (6/13, Erlanger, 1.19M) reports, "Hundreds of Palestinian security personnel loyal to" President Mahmoud Abbas "went on a rampage Monday night in the West Bank town of Ramallah, attacking the parliament and cabinet buildings controlled by his rivals in the Hamas-led government. The attack…came after Hamas gunmen attacked the Gaza headquarters of the Fatah-dominated security forces with rockets and grenades." According to the Times, "Mr. Abbas declared a state of emergency and ordered people off the streets on a chaotic and violent day."

Meanwhile, the Financial Times (6/13, Morris, Ben Hall) reports, "Hamas on Monday deferred a parliamentary motion to outlaw a national referendum called by Mr. Abbas for July 26 that would ask the electorate to vote on proposals that implicitly recognize Israel. Hamas...has declared the referendum illegal." The AP (6/12, Daraghmeh), Chicago Tribune (6/13, Greenberg, 643K) and Washington Post (6/13, A14, Wilson, 744K) run similar reports.

Rockets Lobbed At Israeli Towns; Generals Recommend Gaza Invasion. The Washington Times (6/13, Mitnick, 90K) reports, "Israel and Hamas seemed on the brink of abandoning a 17-month calm on Wednesday as Islamic militants lobbed rockets at Israeli towns and Israeli generals reportedly recommended an invasion of Gaza to snuff out the salvos, but officials and analysts think both sides will honor the informal cease-fire. … Both Israel and the

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Palestinian Authority face growing domestic pressure to launch retaliatory attacks. Seven Palestinians from one family were killed on a Gaza beach by an errant explosive, and the southern Israeli city of Sderot has come under frequent attack by Qassam rockets. So far, political leaders have resisted the temptation."

Israel Says Palestinians Not Killed By Israeli Shells. NBC Nightly News (6/12, story 6, 2:30, Williams, 9.87M) reported on the deaths of seven Palestinians on a Gaza Beach after an Israeli-Palestinian military confrontation. NBC (Fletcher) added the "shocking pictures" have turned Huda Ghaliya "into a Palestinian symbol around the world. President Mahmud Abbas called her the daughter of the Palestinian people. But there is confusion as to what really happened. Friday afternoon, the Israeli army and Palestinian militants from Hamas had been exchanging rocket fire. Hamas immediately blamed Israel for the tragedy and called off a 16-month truce, swearing revenge. Israel said it regretted the loss of life and brought Huda's two wounded sisters and her brother to an Israeli hospital for treatment. But tonight, Israeli military sources tell NBC News they have examined shrapnel taken from Huda's siblings and they've confirmed that the shrapnel does not come from an Israeli artillery shell."

Blair, Olmert Push For "Negotiated" Solution. The Financial Times (6/13, Ben Hall) reports British Prime Minister Tony Blair "on Monday urged Israelis and Palestinians to pursue a negotiated settlement of their conflict, but did not endorse a unilateral Israeli solution in the event of a stalemate. Speaking in Downing Street after talks with" Israeli Premier Ehud Olmert, "Mr. Blair promised to give 'every support and every impetus we can from the international community' to ensure that talks could begin." For his part, Olmert "reiterated his willingness to work towards a negotiated solution, which he said was based on 'a generous compromise' by Israel. He would 'go a long way' to convincing the Palestinians that it was worthwhile entering talks, under conditions set out in the international road map. 'We are not impatient, therefore we are willing to give it some time,' Mr Olmert said, revealing that he would be meeting Mr Abbas within the next few weeks."

However, says the AP (6/12, Weizman), Olmert also said that "he would make 'every possible effort' to negotiate peace with the Palestinians but will act unilaterally without an agreement."

Expert Says North Korea Trying To Get US Attention. AFP (6/12, Parameswaran) reports, "North Korea's preparations for possible long-range missile tests -- its first in nearly a decade -- may be an attempt to grab the attention of a US government distracted by its nuclear row with Iran, experts said." A senior US official said in a weekend report that there were "'enough indications' to suggest that the Stalinist state was getting ready to test-fire an intercontinental ballistic missile, eight years after sending a missile over northern Japan. Current test preparations are reportedly far more advanced than on previous occasions when North Korea appeared to be gearing up for a missile launch."

Coburn Meets With UN Deputy Secretary General. The Washington Times (6/13, Pisik, 90K) reports that Sen. Tom Coburn visited UN Deputy Secretary General Malloch Brown yesterday "to explain that Middle America does appreciate the work of the world body, they just want to see it better managed." Coburn met with brown "to rebut what he considered unfair criticism of the American people. 'I expressed disappointment on the lack of insight that was displayed in the speech given last week,' Mr. Coburn told reporters after meeting in Mr. Malloch Brown's office. 'The vast majority of Oklahomans believe in the function of the U.N. and recognize the positive contributions.' However, he added, the international organization still suffers from a lack of transparency and accountability."

Cuba Cuts Power To US Mission In Havana. The AP (6/12) reports that the State Department said yesterday that the Cuban government cut off electricity to the US diplomatic mission in Havana and "US requests for power to be restored have gone unanswered." The facility "has been operating with generator power." The AP adds, "Work at the mission continues, including interviews of refugees and outreach programs for the Cuban people, State Department spokesman Sean McCormack said."

The Washington Times (6/13, Carter, 90K) reports, "The State Department called the power cut part of a campaign of harassment of US diplomats by the Cuban government. … The State Department said the harassment is thought to be the Cuban response to the U.S. Interests Section's 'outreach' on behalf of the Cuban people."

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Islamic Leader In Somalia Seeks "Understanding" With US. Knight Ridder (6/13, Allam) reports that Somalian Islamic leader Sheik Sherif Ahmed said yesterday that he seeks "am understanding" with the US. Ahmed, whose Islamic Courts Union militia seized control of Mogadishu last week also "denied that his group is sheltering al-Qaida terrorists." Ahmed "told Knight Ridder that he doesn't plan full ties with the United States, and he dodged questions about his views on al-Qaida."

Roberts Says State Department's Disclosure Of Covert Program Made Somalia Efforts More Difficult. John B. Roberts II, who served in the Reagan White House, writes in the Washington Times (6/13, 90K) that under presidential authority, Washington "launched a covert action program relying on a coalition of secular Somali warlords called the Alliance for the Restoration of Peace and Counter-Terrorism" to contain al Qaeda in Somalia. Roberts adds that the success of these CIA-backed warlords in containing al Qaeda has been made more difficult "by State Department disclosure of the covert program. How CIA Director Michael Hayden and Deputy Director Steve Kappes handle the Nairobi station chief will be closely watched by CIA officers, especially in operations. This is the acid test of whether the new CIA is a risk-averse agency where creativity and daring will be rewarded." To send a message throughout CIA, Messrs. Hayden and Kappes should promote the Nairobi station chief instead of sacrificing him to appease critics in other agencies or Congress."

World Bank Says Indonesia Lacks Funds To Fight Bird Flu. The AP (6/13) reports Indonesia's fight against bird flu is "under-funded and poorly coordinated," the World Bank said, "urging the government to be more aggressive in culling fowl in infected areas." The bank, in a report to be released today to Indonesia's biggest aid donors, also said the Indonesian government needed to "improve surveillance of poultry stocks to better detect outbreaks of the disease and to modify its vaccination program." Indonesia estimated it will need $900 million over the next three years to fight the H5N1 virus, but has budgeted only $59 million for 2006.

Chinese Officials Divided Over Booming Auto Market. A front page story in the Wall Street Journal (6/13, Fairclough, Oster, 2.11M) reports on china's auto market, noting that nearly 1,000 new cars hit the streets of Beijing each day, "crowding a city already choked with pollution. Levels of nitrogen dioxide currently exceed the World Health Organization's clean-air guidelines by 78%." The Journal adds, "The rise of the automobile highlights the wrenching balancing act China faces as it tries to join the ranks of modern consumer societies: improving living standards and creating jobs for the country's 1.3 billion people while keeping pollution and oil demand under control. Officials from China's central government are divided over how to proceed."

Russian TV Show Promises Seats In Parliament To Young People. A front page story in the Washington Post (6/13, A1, Finn, 744K) reports on a Russian television show called Political Factory on which a group of potential legislators, picked from obscurity, will compete to "join the Russian ruling class by October." In April, the Supreme Council of United Russia, the political party which controls legislatures at both the federal and regional levels, "decided that 20 percent of all candidates on party lists in future elections must be between 21 and 28 years of age. The move is part of efforts to broaden the party's membership beyond the stolid bureaucrats and businessmen who currently stuff its ranks -- many of them inspired not by ideological fervor but by the party's almost complete electoral dominance." On June 4," the original field of 60 was cut to 20, half of whom had no previous affiliation with United Russia or Young Guard, according to their questionnaires. … On June 27, five final winners will be chosen in Lipetsk and added to the party list. Three of those will almost certainly end up in parliament."

US Urged To Avoid "Public Spitting Match" With Egypt. Jon B. Alterman, who directs the Middle East Program at the Center for Strategic and International Studies in Washington, writes in the Washington Post (6/13, A21, 744K), "There are many in Washington who think that Egyptian politics turned around last spring because of President Bush's demonstrated resolve to promote political change in that country. They further believe that the leadership in Cairo reverted to its bad old ways when Bush's attention strayed. They are wrong on both counts. Profound change was never in the air in Egypt." The US "needs to continue to press for greater openness and participation in Egypt. … Our role should be to encourage and prod. Getting

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into a public spitting match with the Egyptian government would have precisely the opposite effect."

Kristof Calls For Debate On Effectiveness Of Foreign Aid. Nicholas Kristof writes in the New York Times (6/13, 1.19M) that Americans should not "shy away from a conversation about the effectiveness of [foreign] aid. The problems are real, but so are the millions of people alive today who wouldn't be if not for aid. In the end, if we have tough conversations about foreign aid, then I believe Americans will acknowledge the challenges -- and then, clear-eyed, agree to dig more deeply than ever, for that is simply the best way we have of asserting our own humanity."

THE BIG PICTURE:

Headlines From Today's Front Pages.

Los Angeles Times:
"Zarqawi Attack Put Jordan Hot On His Trail."
"Getty Book Deal Led To Questions Of Conflict."
"He's No Angel, He's A P.I."
"Rival U.S. Labs In Arms Race To Build Safer Nuclear Bomb."
"L.A. Convention Center To Get Major Hotel Tower."
"In Kansas, A Troubling Fissure For GOP."
"High Court Scrutinizing Capital Cases."

USA Today:
"Poll Sees A Boost For Bush, Iraq War."
"Prescription Drugs Find Place In Teen Culture."
"AFL-CIO Plans New Orleans Boom."

New York Times:
"Violence Erupts Among Factions Of Palestinians."
"Prisoners Gain In Suit Attacking Lethal Injection."
"U.S. Muslims Confront Taboo On Nursing Homes."
"Police Struggles In New Orleans Raise Old Fears."
"Dogs And Discriminating Noses Are Following New Career Paths."
"Oil, Politics And Bloodshed Corrupt An Iraqi City."

Washington Post:
"Violent Crime Rises In U.S."
"Hope Has Faded For Md. Publisher."
"Rail Car Problems Delay Metro Relief."
"Russian Party Asks Young: Who Wants To Be A Deputy?"
"Officials Detail Zarqawi's Last Hour."
"For Many Of Katrina's Young Victims, The Scars Are More Than Skin Deep."

Washington Times:
"Zarqawi Successor The New Target."
"Church Revisits Views On Gays."
"Air Marshals Warn Their Bullets Are Too Powerful."
"Ex-Morales Backer Decries Party Betrayal."
"Chinese Muslims Search For Sanctuary."
"The Social Butterflies Drawn To The Polo Match."

Detroit Free Press:
"Optimism In Tough Times."
"Wiretap Suit All About Power."
"NWA, Flight Attendants Ease Strike Fear With Talks."

Atlanta Journal-Constitution:
"Students' Scores Highlight Disparity."
"Water Squeeze Brings First ban."
"Guard's Arrival At Border Stifles Illegal Crossings."
"Worries Not For The Lack Of Rain."
"Court Bows To Science, Allows New Execution Appeals."

Houston Chronicle:
"Mystery Man Takes Al-Zarqawi's Place."
"Violent Crimes Rise 2.5% In '05."
"Jurors Complain Of Push To Convict."
"Pollutant Study Gives The County A Cleanup 'To-Do' List, Mayor Says."
"Tijuana's Poor Adore Flamboyant Mayor."

Story Lineup From Last Night's Network News:
ABC: Tropical Storm Alberto; Alberto Preparations; Bush-War Cabinet; Zarqawi Replacement; Zarqawi Autopsy; Supreme Court-Death Penalty; NV-Judge Shot; Violent Crime; Stock Markets; US Soccer Team; Steelers QB Accident; Byrd-Longest Senate Tenure; Zoo Elephants.
CBS: Tropical Storm Alberto; Alberto Forecast; Zarqawi's Replacement; Iraq Violence; Bush-Approval Ratings; Bush-War Cabinet; Gitmo Suicides; Canadian Terror Plot; Violent Crime; NC-Anti-Crime Program; Steelers QB Accident; Funeral-CBS Cameraman.
NBC: Tropical Storm Alberto; Alberto Preparations; Zarqawi Autopsy; Bush-War Cabinet; Violent Crime; Gaza-Palestinian Family; Steelers QB Accident; Type 2 Diabetes; Byrd-Longest Senate Tenure.

Story Lineup From This Morning's Radio News Broadcasts:
ABC: Tropical Storm Alberto; Bush-Camp David Meeting; Zarqawi Successor Named; NV-Judge Shooting.

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CBS: Tropical Storm Alberto; Iraq Bombs; Iraq-CBS News Poll; Zarqawi Autopsy; Roethlisberger-Motorcycle Accident; Real Estate Prices.
NPR: Tropical Storm Alberto; ACLU-Warrantless Wiretap Suit; Zarqawi Successor Named; Wall Street; Dallas-Setser Convicted; Monster.Com-Stock Options.

WASHINGTON'S SCHEDULE:

Today's Events In Washington.

White House:

PRESIDENT BUSH — Holds a video teleconference with the Iraqi Cabinet in Baghdad, Camp David; holds press availability, Rose Garden.

VICE PRESIDENT CHENEY — No public schedule.

LAURA BUSH — Speaks at a Santorum Victory Committee breakfast, Appleford Estate, Villanova, Pa.; speaks at a Kean-NJ Victory '06 Committee reception, Bathgate, Wegener and wolf, Lakewood, N.J.

US Senate: FLOOR SCHEDULE _ 9:45 a.m. -- Meets for morning business. Highlights: After morning business, resumes consideration of S. 2766, Defense Authorization and pending amendment on successful mission to eliminate Zarqawi. 12:15 p.m. Roll call vote on Zarqawi Amendment. 3:30 p.m. Vote on motion to invoke cloture on nomination of Richard Stickler to be assistant secretary of labor for mine safety and health.

9:30 a.m. FOREIGN RELATIONS _ Full Committee. Hearing on counterterrorism. State Department Counterterrorism Coordinator Henry A. Crumpton; retired Vice Adm. John Scott Redd, director, National Counterterrorism Center; John E. McLaughlin, School of Advanced International Studies; Daniel Benjamin, Center for Strategic and International Studies. Location: Room 419, Dirksen.

9:30 a.m. JUDICIARY _ Constitution, Civil Rights and Property Rights Subcommittee. Hearing on the need for Section 203 provisions for limited English speakers. John Transvina, Mexican American Legal Defense and Education Fund, Los Angeles; Margaret Fung, Asian American Legal Defense and Education Fund, New York; Mauro E. Mujica, U.S. English; Deborah Wright, California Department of Registrar-Recorder; Peter N. Kirsanow, National Labor Relations Board. Location: Room 226, Dirksen.

10 a.m. AGRICULTURE, NUTRITION AND FORESTRY _ Full Committee. Oversight hearing on USDA farm loan programs. Glenn Keppy, associate administrator for programs, Farm Service Agency; Carolyn Cooksie, deputy administrator for farm loan programs, FSA; Dennis A. Everson, president, Agribusiness Division, First Dakota National Bank, Yankton, S.D.; Betsy Senter, National Association of Credit Specialists; Karen Krub, Farmers' Legal Action Group Inc., St. Paul. Location: Room 328A, Russell.

10 a.m. COMMERCE, SCIENCE AND TRANSPORTATION _ Full Committee. Hearing on a substitute version of S.2686, the Communications Act of 2006. Location: Room 106, Dirksen.

10 a.m. FINANCE _ Full Committee. Hearing on corporate tax issues. IRS Commissioner Mark Everson, Comptroller General David Walker, Assistant Attorney General eileen O'Connor; George Pleski, University of Connecticut; attorney Edward Kleinbard; tax analyst Martin Sullivan. Location: Room 215, Dirksen.

2:30 p.m. ARMED SERVICES _ Readiness and Management Support Subcommittee. Hearing on the FY07 budget for business systems modernization and financial management. Comptroller General David Walker; Undersecretary of Defense Kenneth Kreig; Principal Deputy Undersecretary of Defense J. Davide Patterson. Location: Room 222, Russell.

2:30 p.m. HOMELAND SECURITY AND GOVERNMENTAL AFFAIRS _ Federal Financial Management, Government Information, and International Security Subcommittee. Hearing on autopilot budgeting. Clay Johnson III, OMB; Eileen Norcross, George Mason University; Adam Hughes, OMB Watch. Location: Room 342, Dirksen.

2:30 p.m. SELECT INTELLIGENCE _ Full Committee. Meeting on pending business. Closed. Location: Room 219, Hart.

3 p.m. JUDICIARY _ Administrative Oversight and the Courts Subcommittee. Hearing on H.R. 1038 - Multidistrict Litigation Jurisdiction. Location: Room 226, Dirksen.

US House: FLOOR SCHEDULE _ 9:30 a.m. FLOOR SCHEDULE _ Meets for morning hour and at 11 a.m. for legislative business. At 11:25 Rep-elect Brian Bilbray will be sworn in on the House floor. At about 11:35 a.m. there will be a mock swearing in photo opportunity in H-210, Capitol. Highlights: Suspensions (3 bills): 1) H.Con.Res. 372 - Recognizing the 50th Anniversary of the Interstate Highway System; 2) H.R. 5117 - To exempt persons with disabilities from the prohibition against providing section 8 rental assistance to college students; 3) H.Res. 318 - Supporting

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responsible fatherhood, promoting marriage, and encouraging greater involvement of fathers in the lives of their children, especially on Father's Day. H.R. 5576 - Transportation, Treasury, Housing and Urban Development, the Judiciary, the District of Columbia, and Independent Agencies Appropriations Act for Fiscal Year 2007.

9:30 a.m. JUDICIARY _ Crime, Terrorism and Homeland Security Subcommittee. Hearing on improving restitution for crime victims. Testimony from the National Crime Victim Law Institute, Lewis and Clark Law School; Parents of Murdered Children, Inc.; and the Committee on Corrections and Sentencing, American Bar Association. Location: Room 2141, Rayburn.

10 a.m. FINANCIAL SERVICES _ financial Institutions and Consumer Credit Subcommittee. Hearing on the Home Mortgage Disclosure Act. Location: Room 2128, Rayburn.

10 a.m. TRANSPORTATION AND INFRASTRUCTURE _ Railroads Subcommittee. Hearing on issues in rail transportation of hazardous materials. Witnesses include Joseph Boardman, Administrator, Federal Railroad Administration; Robert Chipkevich, Director, NTSB, Office of Railroad Investigations; Edward Hamberger, CEO, Association of American Railroads; Richard Timmons, President, American Short Line and Regional Railroad Assoc.; Thomas Pontolillo, Brotherhood of Locomotive Engineers and Trainmen; the American Chemistry Council; Augusta Fire Department; American Trial Lawyers Assoc.; others. Location: Room 2167, Rayburn.

10:30 a.m. EDUCATION AND THE WORKFORCE _ Full Committee. Hearing on minority test scores and the No Child Left Behind law. Deputy Education Secretary Raymond Simon; Cynthia Kuhlman, principal, Centennial Place Elementary, Atlanta; Deputy Maryland State Education Superintendent Ronald Peiffer. Location: Room 2175, Rayburn.

10:30 a.m. SCIENCE _ Space and Aeronautics Subcommittee. Hearing on the NASA worlforce, retention and reinforcing the workforce. Assistant Administrator Toni Dawsey, David Black, National Research Council; Gregory Junemann, International Federation of Progessional and Technical Engineers; John Douglass, Aerospace Industries Association. Location: Room 2318, Rayburn.

1 p.m. ARMED SERVICES _ Full Committee. Hearing on H.R. 5200 - National Defense Enhancement and National Guard Empowerment Act of 2006. Adm. Edmund P. Giambastiani - vice chairman, Joint Chiefs of Staff; Deputy Defense Secretary Gordon R. England; Gen. Richard Cody, vice chief of staff, Army; Gen. John D.W. Corley, vice chief of staff, Air Force; retired Air Force Brig. Gen. Stephen Koper, president, National Guard Association of the U.S.; Maj. Gen. Roger P. Lempke, president, Adjutants General Association of the United States. Location: Room 2118, Rayburn.

2 p.m. ENERGY AND COMMERCE _ Oversight and Investigations Subcommittee. Hearing on NIH research policies regarding human tissue samples. Witness scheduled: Dr. Susan Molchan, Neuroscience and Neuropsychology of Aging Program, National Institute on Aging, Bethesda, Md. Location: Room 2123, Rayburn.

2 p.m. GOVERNMENT REFORM _ Federal Workforce and Agency Organization Subcommittee. Hearing on information technology in the federal employees health benefits program. Dan Green, Deputy Associate Director, Center for Employee and Family Support Policy, OPM; Charles Fallis, President, National Active and Retired Federal Employees Association; Colleen Kelley, National President, National Treasury Employees Union; Jacqueline Simon, Director of Public Policy, American Federation of Government Employees; Archelle Georgion, MD, Executive VP, Strategic Relations, Specialized Care Services, UnitedHealth Group; Stephen W. Gammarino, Senior Vice President, National Programs, Blue Cross and Blue Shield Association; Joe Witkowski, Vice President, Government Employees Hospital Association, Inc. Location: Room 2154, Rayburn.

2 p.m. GOVERNMENT REFORM _ National Security, Emerging threats and International Relations Subcommittee. Hearing on private security firms on the battlefield.William Solis, GAO; Greg Starr, State Department; James Undar, USAID; Chris Taylor, Blackwater USA; retired Maj. Gen. Robert Rosenkranz, DynCorp International; Ignacio Balderas, Triple Canopy; Doug Brooks, International Peace Operations Association. Location: Room 2247, Rayburn.

2 p.m. RULES _ Full Committee. Meeting to set rules for floor debate on H.Res. ___ - Declaring that the U.S. will complete the mission in Iraq and prevail in the Global War on Terror, the struggle to protect freedom from the terrorist adversary. Location: Room H-313, Capitol.

3 p.m. JUDICIARY _ Commercial and Administrative Law Subcommittee. Hearing on state taxation of interstate telecommunications services. Location: Room 2141, Rayburn.

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Other: LATIN AMERICAN DEVELOPMENT _ The Inter-American Development Bank holds a conference on a new initiative to deal with Latin American development. Highlights: 9 a.m. Former President Bill Clinton. Location: IADB, 1330 New York Ave. NW.

REPRODUCTIVE HEALTH _ Annual meeting of the National Family Planning and Reproductive Health Association. Highlights: 12 p.m. Sen. Hillary Rodham Clinton delivers the keynote address. Sewall-Belmont House, 1444 Constitution Ave. NW. Location: Omni Shoreham Hotel, 2500 Calvert St. NW, unless otherwise noted.

KATRINA-PROTEST _ Survivors of hurricane Katrina and Rita hold demonstrations to protest FEMA's decision to end housing benefits. Highlights: 10 a.m. Demonstration outside FEMA, 500 C St. SW. 12 p.m. News conference. Holiday Inn, 550 C St. SW. 3 p.m. Presentation at Katrina housing series congressional forum. room 2200, Rayburn.

REGIONAL LEADERS _ 8 a.m. Rep. Ruben Hinojosa hosts the 5th Regional Leaders Conference for local elected officials, education administrators, municipal representatives others. Highlights: 9 a.m. Rep. Chet Edwards on improving health care access for veterans. 11 a.m. Federal Reserve Board Chairman Ben Bernanke. 11:30 a.m. Rep. Charles Gonzales on reauthorization of the Voting Rights Act. 12 p.m. Sen. Kay Bailey Hutchison. Location: Jefferson Building, Library of Congress.

VILSACK-FOREIGN POLICY _ 8:30 a.m. - 10 a.m. The Johns Hopkins Paul H. Nitze School of Advanced International Studies (SAIS) Ceter for Transatlantic Relations hosts a foreign policy briefing, ``Foreign Policy: A Governor's View." Governor Tom Vilsack, D-Iowa, will give the keynote remarks. Other panelists include Chrystia Freeland, U.S. managing editor of the Financial Times, and Robert Guttman, editor-in-chief of Transatlantic magazine at SAIS. Location: Room 500, Bernstein-Offit Building, 1717 Massachusetts Ave. NW.

REAL ESTATE _ 9:30 a.m. Assistant Treasury Secretary Emil Henry, Jr., speaks on the economy at the Real Estate Roundtable.

IRS _ 10:30 a.m. President Colleen Kelley of the National Treasury Employees Union and Rep. Steven Rothman hold a media briefing by telephone to discuss their joint effort to prevent the Internal Revenue Service from hiring private sector debt collectors. Contacts: Dina Long, 202-572-5500. Notes: Callin number: 888-296-1938; passcode: 953743.

TEACHING AWARD _ 11 a.m. Education Secretary Spellings speaks at the National Kinder Excellence Teaching Award news conference. Location: Willard Inter-Continental Hotel, 1401 Pennsylvania Ave. NW.

BOEHNER _ 11:30 a.m. House Majority Leader Rep. John Boehner holds a pen and pad only briefing. Location: Room H-107, Capitol.

DISASTER PREPAREDNESS _ 11:45 a.m. - 1:30 p.m. The SCI FI channel hosts a media roundtable, ``Are We Prepared? For Pandemic, Nuclear Terrorism or Asteroid Collision?," exploring how prepared the US government is to deal with the potential catastrophic dangers posed by a flu pandemic, nuclear terrorism and collision with a near-Earth object. Participants include Reps. Rep. Nita Lowey, D-N.Y., James Langevin, D-R.I., and Dana Rohrabacher, R-Calif., and Irwin Redlener, Associate Dean for Public Health Advocacy and Preparedness, and Director of its National Center for Disaster Preparedness, joseph L. Mailman School of Public Health, Columbia University; Joe Cirincione, Senior Vice President for National Security and International Policy at the Center for American Progress in Washington, D.C.; and Ed Lu, NASA Shuttle astronaut, astrophysicist. Location: Room S-120, Capitol.

HOYER _ 12:30 a.m. House Democratic Whip Rep. Steny Hoyer holds a pen and pad only briefing. Location: Room H-306, Capitol.

CHINA _ 12 p.m. The Carnegie Endowment for International Peace holds a discussion with Joshua Kurlantzick about the rise of China's soft power. Location: 1779 Massachusetts Ave. NW.

FOUNDERS-RELIGION _ 12 p.m. Inaugural luncheon of the Reese Roundtable, a forum of Christian conservatives, with James Hutson of the Library of Congress discussing his book on the religious beliefs of the Founding Fathers. Location: Room B-340, Rayburn.

MUSLIMS-KOSOVO _ 1 p.m. Reps. Eliot Engel and Joseph Crowley hold a news conference to respond to a published anti-Muslim ad regarding Kosovo. Location: Cannon Terrace.

HIV-DRUG USERS _ 2 p.m. Rep. Raul Grijalva and the HIV Prevention Action Committee of the Federal AIDS policy Partnership hold a briefing on HIV prevention among drug-using populations, with don Des Jarlais of Beth Israel Medical Center, Nabila El-Bassel of Columbia University School of Social Work, Baltimore Health Commissioner Joshua

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Sharstein, and Ron Daniels of Prevention Works in D.C. Location: Room 2168, Rayburn.

US FOREIGN POLICY _ 2 p.m. - 3:30 p.m. There will be a Brookings-Pew Research Center briefing. ``Global Attitudes Toward U.S. Foreign Policy.'' Participants are: Andrew Kohut, president, Pew Research Center; director, Pew Global Attitudes Project; Carlos Pascual, vice president and director, Foreign Policy Studies, The Brookings Institution; William Kristol, editor, The Weekly Standard; and Susan E. Rice, senior fellow, The Brookings Institution. Location: Brookings Institution, Saul/Zilkha Room, 1775 Massachusetts Ave. NW.

US-VIETNAM _ 3:30 p.m. USTR Susan Schwab participates in the U.S.-Vietnam WTO Coalition Congressional rollout for Vietnam's PNTR. Location: Room HC-5, Capitol.

DEMOCRATIC FUNDRAISER _ 5:30 p.m. DNC Chairman Howard Dean attends the DNC Washington Grassroots Fundraiser. Location: Presidential Ballroom, Capital Hilton, 16th and K Sts. NW.

IRAQ FILM _ 5:30 p.m. Showing of a Showtime film, ``Home Front,'' about a blinded Iraq veteran and his experiences since returning home. Location: Room 418, Russell.

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THE ATTORNEY GENERAL'S NEWS BRIEFING

PREPARED FOR THE OFFICE OF PUBLIC AFFAIRS, U.S. DEPARTMENT OF JUSTICE

TO: THE ATTORNEY GENERAL AND SENIOR STAFF

DATE: TUESDAY, JUNE 13, 2006 7:45 AM EDT

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TERRORISM NEWS:

DOJ Defends Domestic Surveillance Program In Detroit Courtroom. The AP (6/13, Karush) reports, "The U.S. government defended warrantless domestic surveillance in court for the first time Monday, saying the program is well within the president's authority but arguing that it would require revealing state secrets to prove that point." The AP continues, "U.S. District Judge Anna Diggs Taylor in Detroit heard arguments in a case brought by the American Civil Liberties Union against the National Security Agency. The ACLU is asking for an immediate halt to the program, arguing that it violates the rights to free speech and privacy. … The Bush administration has asked Taylor to dismiss the lawsuit on state-secrets grounds. … The ACLU says the Bush administration already has publicly revealed enough information about the program for Taylor to rule it is illegal. … But government attorney Anthony J. Coppolino told Taylor on Monday that the case cannot be decided based on a 'scant public record.' … 'This case does not involve easy questions,' he said. 'It's a case that requires a robust factual record.' … Coppolino alluded several times to a classified court filing, which Taylor indicated she had not yet reviewed. In that brief, 'we demonstrate that it (the program) is narrowly and specifically focused on al-Qaida,' he said. … The plaintiffs do not have access to the classified brief, and Taylor would have to make a special request and travel to Washington to read it, said Ann Beeson, the ACLU's associate legal director and the lead attorney for the plaintiffs."

The New York Times (6/13, Liptak) reports, "A National Security Agency program that listens in on international communications involving people in the United States is both vital to national security and permitted by the Constitution, a government lawyer told a judge here today in the first major court argument on the program. … But, the lawyer went on …, 'the evidence we need to demonstrate to you that it lawful cannot be disclosed without that process itself causing grave harm to United States national security.' … The only solution to this impasse, the lawyer, Anthony J. Coppolino, said, was for Judge Taylor to dismiss the lawsuit before her, an American Civil Liberties Union challenge to the eavesdropping program, under the state secrets privilege. The privilege can limit and even extinguish cases that would reveal national security information, and it is fast becoming one of the Justice Department's favorite tools in defending court challenges to its efforts to combat terrorism." The Times notes, "The Detroit case was filed in January on behalf of journalists, scholars, lawyers and nonprofit organizations who contended that the possibility of government eavesdropping interfered with their work. In remarks to reporters after the 90-minute argument, Anthony D. Romero, the A.C.L.U.'s executive director, called the government's invocation of the state secrets privilege 'Orwellian doublespeak.' … 'They argued essentially that the N.S.A. program was off-limits to judicial review,' Mr. Romero said."

Knight Ridder distributes a Detroit Free Press article (6/13, Warikoo) that reports, "In vigorous arguments that offered clashing views on the limits of state authority, the U.S. Justice Department and civil rights advocates squared off in a packed Detroit courtroom for a hearing on whether the government's domestic surveillance program violates the U.S. Constitution." The Free Press continues, "The talk inside U.S. District Court on Monday morning went to the core of what should define American government and was followed across the country by legislators and citizens debating an essential question: How much power should the president have? … Making its case in court for the first time, the government argued that the president needs as much power as necessary to secure the country, especially as al-Qaida continues to threaten the United States with terrorist attacks. But an attorney with the American Civil Liberties Union said that President Bush can't violate the law while trying to protect the country." Judge Taylor "set July 10 as the next court date to address the government's state secret arguments. Taylor did not say when she might make a ruling."

UPI (6/13) also reports on the courtroom arguments.

2nd Circuit Panel Presses CIA Attorney Over Withheld Documents. The New York Times (6/13, Hartocollis) reports, "A federal appeals court panel in Manhattan questioned a lawyer for the federal government yesterday as to whether the Central Intelligence Agency had a legitimate national security interest in refusing to confirm or deny the existence of documents authorizing it to detain and interrogate terrorism suspects overseas." The Times continues, "The tough questioning came in oral arguments by the American Civil Liberties Union and lawyers for the C.I.A. before the United States Court of Appeals for the Second Circuit. The civil liberties group is trying to force the C.I.A. to disclose how much authority it has been given to interrogate detainees since the attacks of Sept. 11, 2001." The Times adds, "Through the Freedom of Information Act, the A.C.L.U. is seeking documents, including a directive said to have been signed by President Bush, giving the agency the authority to set up detention sites outside the United States and to interrogate prisoners. In its lawsuit, the group says the existence of these documents has been hinted at in news reports. … But the government has refused to confirm or

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deny the documents' existence, saying that to do so would jeopardize national security by revealing C.I.A. methods and activities. Last September, Judge Alvin K. Hellerstein of Federal District Court upheld that position, and yesterday's hearing was part of the A.C.L.U.'s appeal of his ruling. … The three-judge appeals panel seemed divided on the issue, with Judge John Gleeson asking the most forceful questions of the government lawyer, Peter Skinner. Judge Gleeson seemed to be trying to determine whether the A.C.L.U. was right in contending that the agency was acting to avoid political embarrassment, rather than out of national security interest."

Administration Backs Away From Official's Remarks On Guantanamo Suicides. The AP (6/13, Gearan) reports the Administration "distanced itself Monday from remarks by a U.S. diplomat that the weekend suicides of three Arab detainees at the Guantanamo Bay military prison were a 'good P.R. move.'" Assistant Secretary McCormack is quoted saying, "I would just point out in public that we would not say that it was a P.R. stunt. We have serious concerns anytime anybody takes their own life." The AP says Deputy Assistant Secretary Colleen Graffy "told the" BBC "that the deaths at the US-run camp in Cuba were a 'good P.R. move to draw attention'" and 'a tactic to further the jihadi cause.'" The AP notes, "Graffy's unscripted remarks threw a monkey wrench in the administration's careful plan to demonstrate concern over the deaths and respond to rising criticism of the U.S. operation of the prison. [President] Bush expressed 'serious concern' Saturday over the suicides, and he directed an aggressive effort by his administration to reach out diplomatically while it investigates."

Knight Ridder (6/13, Rosenberg, Clark) notes Graffy's job as the "deputy assistant secretary of state for public diplomacy…involves improving US public relations, especially in the Muslim world." The New York Times (6/13, Cloud, 1.19M) runs a similar report.

Military To Review Rules For Guantanamo Detainees In Wake Of Suicides. The CBS Evening News (6/12, story 7, 0:25, Schieffer, 7.66M) reported after three Guantanamo Bay detainees committed suicide over the weekend, "US military officials announced they will review the rules for handling and monitoring detainees at the prison camp. This will be an internal review separate from the Navy's criminal investigation."

Meanwhile, Knight Ridder (6/13, Rosenberg, Clark) reports "military pathologists have completed clinical autopsies of the three captives who hanged themselves over the weekend." Navy Cmdr. Robert Durand, prison spokesman, said, "'Now it's the analytical part of the autopsy, compiling the report and making conclusions," adding "the team of medical examiners from the Armed Forces Institute of Pathology arrived Saturday and departed Sunday."

Detainee Has Been Cleared For Transfer. The AP (6/12, Selsky) reports, "One of the Guantanamo detainees who committed suicide had been cleared for transfer to another country, a second allegedly was involved in an Afghanistan prison uprising in which a CIA agent died, and a third had ties to al-Qaida." The Defense Department on Sunday "identified the three as Mani Shaman Turki al-Habardi Al-Utaybi, Yassar Talal Al-Zahrani and Ali Abdullah Ahmed of Yemen." Al-Utaybi "had been recommended for transfer to another country for continued detention, though the Defense Department did not specify where."

Groups Call For Independent Probe. The Washington Post (6/13, A4, White, 744K) reports, "Human rights groups and defense lawyers yesterday called for an independent investigation into the three detainee suicides at the US detention facility at Guantanamo Bay, Cuba, questioning the military's preliminary explanation of how the men killed themselves and the way US officials have characterized the deaths." Amnesty International "officials said yesterday that an independent investigation 'is a matter of absolute urgency.'"

US Continues To Search For Country To Take Chinese Detainees. The Washington Times (6/13, Konviser, 90K) reports, "Authorities are looking for a new home for five Chinese Muslims who have been held in a refugee camp in a diplomatic limbo since being transferred to Albania from the US prison at Guantanamo Bay, Cuba, last month." Albanian officials "say they see no viable future for the men in one of Europe's poorest countries, where no one speaks their language and the culture is fundamentally alien to their central Asian background."

More Commentary. Douglas W. Kmiec, professor of constitutional law at Pepperdine University and former constitutional legal counsel to Presidents Ronald Reagan and George H.W. Bush, writes in USA Today (6/13, 2.31M), "Some foreign leaders posture as if Guantanamo's doors should just fly open. Residents of Madrid and London might dissent. Even so, the international criticism should not be dismissed. It should be seen as implied willingness to share the cost and burden of detention. If we can't try all the detainees, serious thought ought be given to having the UN convene an ad hoc international court."

USA Today (6/13, 2.31M) editorializes, "President Bush insists he 'would like to end' Guantanamo but needs first to wait for the Supreme Court ruling. That won't do. What Guantanamo represents needs changing, and immediately. It's time to lay out the evidence against those who need to be charged and release those who don't."

The Wall Street Journal (6/13, 2.11M) editorializes, "If there's any scandal here, it's that anti-U.S. activists have made it so difficult to handle al Qaeda prisoners in a more

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efficient manner. On the one hand they complain of the 'incredible despair' (Human Rights Watch) of indefinite detention. On the other, they have done their best to prevent the U.S. from processing them through the military court system that President Bush authorized in late 2001. … The activists shouldn't be allowed to have it both ways. Either the Gitmo detainees are legitimate prisoners of war, in which case they can't be prosecuted but can be held for the duration of the conflict as in all previous wars. Or they are unlawful combatants (because they fought out of uniform and targeted civilians), in which case there should be no issue at all about moving ahead and trying them in military tribunals."

Religious Leaders Call On US To Ban Torture. Twenty-seven religious leaders have signed a statement urging the US to abolish torture. The Washington Post (6/13, A4, Cooperman, 744K) reports that the statement, which was signed by megachurch pastor Rick Warren, Nobel laureate Elie Wiesel and Cardinal Theodore E. McCarrick of Washington, among others, is "being published in newspaper advertisements starting today." It is "the opening salvo of a new organization called the National Religious Campaign Against Torture, which has formed in response to allegations of human rights abuse at U.S. detention centers in Iraq, Afghanistan and Guantanamo Bay, Cuba." The Post adds, "The signers come from a broad range of denominations and include notable religious conservatives, such as the Rev. Ted Haggard, president of the National Association of Evangelicals; Archbishop Demetrios, primate of the Greek Orthodox Archdiocese of America; and the Rev. William J. Byron, former president of Catholic University."

Canadian Terror Suspects Allegedly Trained Near US Border. The CBS Evening News (6/12, story 8, 2:45, Schieffer, 7.66M) reported, "Most of the 17 men arrested in an alleged terror plot in Canada were in court there today for a bail hearing. No one was granted bail." CBS (Keteyian) added, "It was here in these remote wooded grounds north of Toronto where prosecutors say terrorists talk turned to action. According to the government's charges reviewed by CBS News, 13 of the 17 suspects now in custody were here just a few hours from the US border attending a terrorist training camp just before last Christmas. Wearing camouflage clothing, they allegedly engaged in marches and survival training, took turns on guard duty and practiced firing a 9-millimeter semiautomatic pistol and pellet gun. What the group didn't know is they were being watched by authorities the whole time."

Defense Lawyers Terror Suspects Were Beaten. Defense lawyers representing several of the men being held in an Ontario prison on terrorism charges say their clients have been beaten by guards, threatened and held in isolation. The New York Times (6/13, Depalma, 1.19M) reports, "The lawyers made the accusations outside the courtroom here as preliminary bail hearings were about to begin for the 17 suspects arrested June 3. … A spokeswoman for the prison where most of the men are being held said the accusations were being investigated."

Arrests Raise Concerns About Influence Of Fundamentalist Imams In Canada. The Wall Street Journal (6/13, Cherney, 2.11M) reports that the terror arrests in Canada have "lifted the lid on a simmering controversy among Canada's Muslims: A segment of this growing community worries that an increasing number of mosques have come under the sway of fundamentalist imams." The arrests "have given worried congregants an opportunity to raise a red flag. They say the messages delivered in some mosques -- such as the Al-Rahman Islamic Center here -- may help explain why police believe the 17 men and youths might have been drawn into a group that allegedly conspired to blow up buildings in the Toronto area and schemed about taking politicians hostage in Ottawa."

HOMELAND RESPONSE:

Technology Association Study Criticizes VoIP Wiretapping Rules. CNET News.com (6/12, Broache, McCullagh) reports, "Federal regulations saying that police must be able to tap into Internet phone conversations with ease are coming under renewed attack from academics, engineers and one of the Net's founding fathers." An Information Technology Association of America study to be released today "says that because VoIP relies on a fundamentally different network architecture from that of traditional phone lines, such a mandate would pose 'enormous costs' to the industry and could even introduce significant security risks." The study adds that "allowing full access by law enforcement would almost certainly require overhauling inherently decentralized networks to allow for certain points where interception would take place," which could "arguably make it easier for hackers to capture identity information and passwords, engage in 'man-in-the-middle alteration of data,' or potentially spoof the communications going on."

Air Marshals Say Ammunition Not Safe For Use In Air. The Washington Times (6/13, Hudson, 90K) reports air marshals testifying "in a recently completed House Judiciary Committee investigation of policies marshals deemed dangerous" said "their guns are loaded with bullets capable of running through more than one person, metal doors and thick glass -- too much firepower for an airplane." They "say their bullets can penetrate most of the material in planes, leaving pilots and the plane's hydraulics and flight-control system vulnerable if a weapon is discharged." The

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Times adds that the TSA's response to the ammunition concerns was redacted from the House Judiciary report released last week.

Kelly Says Lower Manhattan Initiative Put On Hold Due To Reduced Funding. The New York Times (6/13, Baker, Chan, 1.19M) reports New York City's plan "to install a sprawling security camera system in the Wall Street area" this year "is being rethought since the Department of Homeland Security cut the city's security grant to $124.5 million this year from $207.6 million last year, Police Commissioner Raymond W. Kelly said yesterday" in testimony before a City Council hearing on the impact of the reduction. Kelly said afterwards that the plan, called the Lower Manhattan Security Initiative, had "been put on hold until we can take a look at the funding stream." DHS spokesman Russ Knocke said yesterday that "an undersecretary would work closely with the city to help expedite the flow of dollars from Washington. But he said it fell to city officials to prioritize which projects to pay for."

Author Says DHS Allowed To Act Like "Keystone Stasi." Ray LeMoine, coauthor of "Babylon by Bus," which records his experiences working for the Coalition Provisional Authority in Iraq, in an op-ed in the Los Angeles Times (6/13, 958K) writes that upon arrival at JFK from Dubai recently, he was stopped "at customs by an officer from the Department of Homeland Security and directed to a drab backroom filled with Arabs, South Asians and Africans." LeMoine writes that he had "just spent six months working and traveling in the Islamic world," and thought it "was just protocol." Instead, LeMoine writes that he was questioned about selling T-shirts outside sporting events and an NYPD bench warrant from 2004. LeMoine continues, "Homeland Security, the $40-billion-a-year agency set up to combat terrorism after 9/11, has been given universal jurisdiction and can hold anyone on Earth for crimes unrelated to national security — even me for a court date I missed while I was in Iraq helping America deter terror — without asking what I had been doing in Pakistan among Islamic extremists the agency is designated to stop." DHS is "scarily bringing the words 'police' and 'state' closer together. As long as we allow Homeland Security to act like a Keystone Stasi, terrorism will continue to win in destroying our freedom."

Evacuations Ordered In Florida As Alberto Approaches Landfall. Alberto, the first named storm of the 2006 hurricane season, gained intensity Monday, prompting evacuations along Florida's Gulf Coast and heavy media coverage throughout the nation. ABC World News Tonight (6/12, lead story, 1:35, Gibson, 8.78M) reports, "We knew they'd come often this year. We didn't know they'd come this early." When Alberto "hits Florida's Gulf Coast tomorrow, it could well be at hurricane strength. Not a major hurricane, perhaps, but the state of Florida is taking this storm very seriously."

In a second story, ABC World News Tonight (6/12, story 2, 2:20, Gibson, 8.78M) reports, "What seemed like an ordinary storm just last night is now generating winds close to 75 miles per hour. A sudden shift that forced Florida's Governor to issue those mandatory evacuations." Gov. Jeb Bush: "If you're ordered to evacuate, you really should do it. Don't think you can ride out a storm. It's not worth losing one's life." ABC (Cuomo): "With Alberto still 150 miles from expected landfall, FEMA is mobilizing 96 trucks with food, water and ice, in the Gulf states. And Coast Guard aircraft are tracking the storm."

The AP (6/13, Stacy) reports, "More than 20,000 people along Florida's Gulf Coast were ordered to clear out Monday as Alberto…unexpectedly picked up steam and threatened to come ashore as a hurricane. … Gov. Jeb Bush signed a declaration of emergency allowing him to call up the National Guard and put laws against price gouging into effect." Max Mayfield, director of the National Hurricane Center, said Alberto is "not a Katrina or a Wilma, but storm surge and flooding could still cause loss of life."

The Tallahassee Democrat (6/13, Cotterell, 51K) reports that in "a hastily-called evening briefing," Bush told residents that if they were planning to evacuate, they needed to do so "tonight, not tomorrow morning. Tonight is the night to do this."

The CBS Evening News (6/12, lead story, 2:20, Schieffer, 7.66M) reported Alberto is "barreling toward Florida's Gulf Coast tonight with heavy rain, winds near 70 miles an hour, hurricane warnings are up along the coast, best estimates are the storm will hit land tomorrow and could reach hurricane strength and even if it doesn't, it could bring a storm surge ten feet tall." CBS (Acosta) added, "That was all Florida officials needed to see to issue a mandatory evacuation order across 100 miles of the state's Gulf Coast." Gov. Jeb Bush, Florida: "If you're ordered to evacuate, you should do it. Don't think you can ride out a storm. It's not worth losing one's life."

CNN's The Situation Room (6/12, Candioti) reported that Florida Gov. Jeb Bush has "issued a State of Emergency and has ordered mandatory evacuations for several counties in low-lying areas. Also he just said that 17 shelters will be opening up shortly, again, for people in areas where they are expecting inland flooding because of the rain. We are expecting anywhere from 8-10 inches and storm surges that could go maybe 8-10 feet above normal." Bush "also said that they were doing a hurricane prep exercise just this very day, and now he's admitting that they might have to push

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things back, as we are obviously getting storms earlier and earlier in the hurricane season."

NBC Nightly News (6/12, lead story, 2:45, Williams, 9.87M) reported, "Coming off last hurricane season, this is a cruel, early arrival and so it's being taken seriously tonight in the state of Florida, where a state of emergency has been declared and 20,000 people have been ordered evacuated along 200 miles of Florida coastline." NBC (Potter) added, "Although Alberto is still a tropical storm, officials are worried about storm-surge flooding along the Florida Gulf Coast, in some areas, up to 10 feet." NBC (Potter): "Joining with state emergency managers, FEMA officials say they too are prepared and will be sending in nearly 100 trucks with food, water and ice for those hardest hit if needed."

FEMA Ready With Buses, Supplies. In an article appearing on at least 48 news websites, the AP (6/13, Jordan) reports FEMA spokesman Aaron Walker said that while Florida "has indicated that they have the situation well under control," the agency had buses and supplies ready "should Tropical Storm Alberto take a nasty turn into regions still left vulnerable by Hurricane Katrina, including Louisiana, Mississippi and Alabama. Those supplies, warehoused in Louisiana and Alabama, could be sent to Florida if necessary, he said." Meanwhile, Secretary Chertoff "postponed a weeklong trip to Europe to monitor the storm, said spokesman Russ Knocke. Chertoff also called Florida Gov. Jeb Bush to offer help, but the Republican governor said his state did not have any immediate needs from Washington."

The Miami Herald/KRT (6/13, Merzer, Fineout) reports, "State officials said that local communities were gearing up to deal with the storm and that 17 shelters would open. An estimated 7,500 National Guard were on alert and ready to be deployed if needed." The Herald adds, "Alberto grew out of the year's first tropical depression Sunday, an ominous sign of things to come during the hurricane season -- which was only 11 days old."

USA Today (6/13, Leinwand, 2.31M) reports hurricane center forecaster Eric Blake said the storm is expected "to grow to Category 1 hurricane speeds by the time it reaches land but they do not expect it to intensify much further." The Orlando Sentinel (6/13, Stratton, Hollis, 265K) notes, "If Alberto comes ashore as a hurricane, it would be the earliest in 40 years to hit the United States, forecasters said."

The New York Times (6/13, Aguayo, 1.19M) reports Florida's emergency management chief Craig Fugate "and other state officials said they remained worried that Tropical Storm Alberto might prove to be a repeat of a storm that struck the East Coast in March 1993 and left more than 40 people dead in Florida. That 1993 storm was not a hurricane, but it pushed an enormous wall of water into the same areas now in Tropical Storm Alberto's path. Ten people died in Taylor County, part of which was ordered evacuated on Monday."

The Washington Post (6/13, A3, Whoriskey, 744K) reports, "Along the coast on Monday, tourists headed out, and news crews rushed in to capture what may be the first hurricane after Hurricane Katrina. … Officials with the Federal Emergency Management Agency said they were meeting with state emergency managers and 'mobilizing' 96 trucks with food, water and ice."

Paulison Says FEMA Ready For Alberto. On Fox News' Big Story (6/12, Napolitano) Paulison was asked whether FEMA was ready for Alberto. Paulison: "We're ready. I think what this storm shows us is how unpredictable hurricanes are. We thought it would be nothing but a rain storm, now here it is almost a hurricane." Paulison added, "Right now we're very lucky that this first hurricane of the season is going to a state like Florida who is very well prepared. We're working with the state, we have people in the state EOC, but frankly the state really does have their arms around this and they are ready for this. We have, however, prepositioned supplies all along the Gulf Coast, just to be ready to move in case Florida does need assistance from FEMA." Paulison was also asked if his agency is ready for "the next Katrina." He said, "We are as ready as we can be for the next Katrina. That was an overwhelming storm, obviously, and so we have done quite a bit to make sure that FEMA is much better prepared this year than we were last year, mainly with logistics, with communications, with situational awareness, and also victim registration. So we have taken all those lessons learned, we've picked up after Katrina, Rita, Wilma also, and applied those in place so we can be ready if we do get another major hurricane in this country."

Appearing on Bloomberg After Hours (6/12), Paulison said, "The communications right now is working very well. I talked personally to Craig Fugate. I know Secretary Chertoff has talked personally to the governor. We have people at the state emergency management office and people at the hurricane center to make sure we keep the lines of communications open and that we go into the hurricane and storm as partners and not waiting for one to be overwhelmed before we step in."

Insurance Regulators Call On Congress For Help Dealing With Disasters. USA Today (6/13, Adams, 2.31M) reports the National Association of Insurance Commissioners, who are urging Congress "to investigate ways to help states, insurers and homeowners to better deal with disasters such as Hurricane Katrina," have adopted "a resolution proposing a Federal Natural Catastrophe Preparedness Commission." Following losses from last year's hurricanes "and forecasts of more powerful storms, insurance companies are refusing to renew hundreds of thousands of coastal homeowners' policies in Florida, Texas,

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New York, Massachusetts and other states. … State regulators worry that a shortage of private insurance and the lack of an overall federal catastrophe strategy will put more pressure on individual states and their taxpayers when disaster strikes."

Spellings Announces Grants For New Orleans Charter Schools. The New York Times (6/13, Saulny, 1.19M) reports Education Secretary Margaret Spellings announced a $24 million grant Monday that is "likely to cement the role of New Orleans — where the public school system is barely functional — as the nation's pre-eminent laboratory for the widespread use of charter schools." The city's "school system is now dominated by charter operators. Eighteen of the 25 schools open in New Orleans are charter schools, receiving public financing but operating independently." Spellings said "charter schools are the best way to jump-start the state's education recovery," echoing "the Bush administration's support for such schools across the nation."

New Orleans Police Department Struggling To Recover From Katrina. The New York Times (6/13, Drew, 1.19M) reports that "as residents return and another hurricane season begins" in New Orleans, "the police force is still struggling to recover from the calamity of Hurricane Katrina, which knocked out its headquarters, overwhelmed its ability to maintain control and prompted desertions that tarnished the force's reputation. Now, as the department tries to fight its way back, sharp budget cuts — and a recent spike in drug-related killings in the city — are adding to fears that years of overhauls and modernization may be undone, and that New Orleans could return to its former notoriety as one of the nation's murder capitals." Meanwhile, "For some residents, the sense that the city is on edge and the department's future uncertain has brought echoes of the days when the local police were considered among the least competent and most racist and brutal in the nation."

AFL-CIO Investment May Provide New Orleans "Development Boom." USA Today (6/13, Konigsmark, 2.31M) reports, "In what may be the start of the city's development boom, the AFL-CIO plans to invest $1 billion to develop 10,000 affordable homes and a new downtown hotel. The investment "is one of the largest yet for New Orleans and seeks to bring new housing to a city where Hurricane Katrina destroyed more than 100,000 homes." USA Today adds, "Development activity is picking up for several reasons, not the least of which is that billions in federal dollars to buy people out of their flood-damaged homes is set to begin flowing this summer."

Katrina Continues To Take Emotional Toll On Children. The Washington Post (6/13, A1, Cass, 744K) reports that in New Orleans, Hurricane Katrina's "emotional effect on children is proving to be long and lasting. Two studies of children affected by the hurricane have found high rates of depression, anxiety, behavioral problems and post-traumatic stress disorder." Irwin Redlener, director of Columbia University's National Center for Disaster Preparedness and president of the Children's Health Fund, said that while children affected by the Oklahoma City bombing or 9/11 "could go to a place of normalcy," Katrina was different because of "the scope of devastation" and "the prolonged dislocation with an uncertain timeline."

Clinton Says Global Warming Will Lead To More Hurricanes. The AP (6/12, Farrington) reports that speaking at a fundraiser for the Florida Democratic Party Monday, former President Clinton "predicted…that Republican environmental policies will lead to more severe storms." Clinton said that while he and Al Gore "were ridiculed" for their views on global warming, it is "a serious problem" that will "lead to more hurricanes." The Palm Beach Post (FL) (6/13, 160K) reports that "Clinton railed against the Republican decision to invade Iraq and their stance on the national deficit, health care, lobbyists and environmental regulations during a wide-ranging speech."

WAR NEWS:

Bush Meets With National Security Team On Iraq. President Bush yesterday met his national security team at Camp David to discuss the US policy in Iraq. The Los Angeles Times (6/13, Gerstenzang, 958K) reports that "among those joining Bush were Vice President Dick Cheney, Secretary of State Condoleezza Rice, Defense Secretary Donald H. Rumsfeld, John Negroponte, the director of national intelligence, Gen. Michael V. Hayden, director of the Central Intelligence Agency, and Gen. Peter Pace of the Marine Corps, chairman of the Joint Chiefs of Staff." White House counselor Dan Bartlett, who took part in the meetings, "said the sessions were organized because Iraq was facing a 'fundamental break point.'" The Atlanta Journal-Constitution (6/13, Herman, Deans, 430K) notes that today, Bush "will meet Iraq's new leaders…in a teleconference."

Much of the media coverage places the meeting in the context of domestic politics, as part of an Administration effort to bolster congressional Republicans for the midterm elections. The New York Times (6/13, Sanger, Rutenberg, 1.19M), for example, reports the meeting "came as Republicans began a new effort to use last week's events to turn the war to their political advantage after months of anxiety, and to sharpen attacks against Democrats. On Monday night, the president's top political strategist, Karl Rove, told supporters in New Hampshire that if the Democrats had their way, Iraq would fall to terrorists and Abu Musab al-Zarqawi would not have been killed." Democrats "countered Monday that the Republicans were playing

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partisan politics with the war. 'Apparently, the American people will still have to wait for a serious debate on Iraq that is aimed at correcting bad policies instead of bad poll numbers,' said Representative Rahm Emanuel, an Illinois Democrat." Similarly, the Washington Times (6/13, Dinan, 90K) reports the meetings "were scheduled even before Zarqawi was killed last week, but that news has given the administration a window to make a case to voters that U.S. forces have made progress."

NBC Nightly News (6/12, story 4, 2:15, Gregory, 9.87M), for example, reported, "With the war a growing political liability for the President and his party, the White House is trying hard to appear more pragmatic about the conflict and more open to outside advice. The President today avoided overselling progress after a briefing by his ambassador in Baghdad." President Bush: "I thought your assessment of the situation in Iraq was very realistic."

On the CBS Evening News (6/12, story 6, 1:35, Axelrod, 7.66M), Bush was shown saying, "Success in Iraq will depend upon the capacity of the new government to provide for its people. We recognize that." Axelrod: "The Administration says a new government creates a crucial opportunity for the Iraqis, but with the number of military dead now approaching 2,500, the injured 18,000 and the cost at more than $300 billion and rising, the Administration may be approaching a make-or-break point with the American people, and that may explain the President's call for more countries to share the financial burden."

ABC World News Tonight (6/12, story 3, 2:30, Tapper, 8.78M) reported, "The President is under tremendous political pressure, with low poll numbers and his own party worrying about what effect this unpopular war will have on midterm elections." But the White House "cautioned that this meeting will not lead to announcement of reductions in the 126,000 US troops in Iraq." Fox News' Special Report (6/12, Hume) also said the meeting "created some speculation before hand but no major shake-ups or new strategy would emerge."

The Financial Times (6/13, Dinmore) reports, "Confronted by growing discontent with the cost of the Iraq war among Americans in the run-up to congressional mid-term elections, Mr Bush repeatedly declared at a brief news conference: 'The stakes are worth it.'"

CNN's The Situation Room (6/12, Henry) reported that President Bush "sees some momentum from Iraq with the death of al-Zarqawi."

Bush Seeks Input From Critics. Knight Ridder (6/13, Hutcheson) reports, "Looking for new ideas on Iraq…Bush sought advice from his critics Monday at an unusual two-day war council," as "at least one of the experts who met with Bush has advocated sending 77,000 more service members to join the 130,000 who are already in Iraq. 'It may be that the fastest way to turn Iraq over to the Iraqis and draw down American forces is not a steady decline of troop numbers. Instead, the fastest possible "exit strategy" may require one last surge effort,' military historian Frederick Kagan, a scholar at the conservative American Enterprise Institute, wrote last year." After he left the Camp David briefing, Kagan "declined to comment on what was said there beyond, 'It was a good discussion.'" Knight Ridder adds, "All four of the experts who were invited to join Bush at his hideaway in Maryland's Catoctin Mountains supported the Iraq invasion, but they haven't always been pleased with its prosecution. In addition to Kagan, Bush heard from Eliot Cohen, a professor of strategic studies at Johns Hopkins University; journalist Robert Kaplan; and former CIA officer Michael Vickers, who's now with the Center for Strategic and Budgetary Assessments."

The Washington Post (6/13, A1, Partlow, Abramowitz, 744K) also reports "the four have in the past been critical of how the Bush administration has handled Iraq, though not necessarily from the same perspective." Vickers "has argued that the United States ought to have a smaller, more effective presence in Iraq, with more emphasis on developing advisers for the nascent Iraqi security forces. Kagan, by contrast, recently wrote in the Weekly Standard that the United States should consider deploying more troops and prosecuting the battle against insurgents more aggressively. Cohen has also questioned the vigor with which the military has pursued the war, as well as the competence of the administration."

The Boston Globe (6/13, Klein, 484K) reports the "unusual Iraq war summit…reflects a new White House attitude that includes a willingness to consider dissenting views and take a more deliberate approach to policy questions, a style change for a president known to keep close counsel, according to political observers and Republican lawmakers." The "shifts" are "largely credited to new White House chief of staff Joshua Bolten." They "suggest Bush desperately wants to shed his image as a stubborn partisan who listens to few outside voices, said" Texas professor Bruce Buchanan, "who has followed the president closely since Bush was governor of Texas." Buchanan said, "He's reaching out for a little empathy. It's an effort to get people to acknowledge that he is at least trying and needs their support, and at least soften their opposition."

Rove Says Republicans Should Not Avoid Iraq On Campaign Trail. The AP (6/13, Love) reports that during his appearance at a fundraising dinner for New Hampshire Republicans, Rove said "that Republicans facing midterm elections should campaign on the economy's strength and discuss the war in Iraq with no qualms." Rove said, "We have no excuses to make for it." War supporters "need not apologize for removing the threat of Saddam Hussein, and with so much work left to do, now is not the time to talk about leaving Iraq, he said." He added that Democrats "pushing for the withdrawal of American troops should be the ones facing tough questions for wanting to 'cut and run.' He targeted

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Massachusetts Sen. John Kerry and Pennsylvania Rep. John Murtha, both Democrats and vocal supporters of getting out of Iraq."

PoliticsNH.com (6/13, Pindell) reports Rove was "hoping to encourage state Republicans the election year won't be as bad as some pundits say." But his "keynote at a State Republican Committee fund-raiser also motivated Democrats and other like-mined organizations. About 75 protestors held signs like 'Karl: 666' and 'No More Roving Jam Sessions,' in response to Republican operatives who jammed Democrats get out the vote phone lines in 2002." It is the "phone jamming scandal, which has criminally convicted three Republican operatives, which helped to deplete state party resources to $700 cash on hand last month. Beyond money, the Democrats have leveraged the issue into one they use every chance they can in hopes it puts Republicans on the defensive." And while "the 500 people who bought tickets helped the state party raise an estimated $55,000-$60,000 at the dinner, it did not help that Rove's own office has now been linked to the scandal." The Washington Post (6/13, A7, Farenthold, 744K) runs a similar story under the headline "Rove's Speech to N.H. Republicans Keeps to Partisan Line."

Gallup Poll Shows Bush's Approval Up To 38%, 47% Say Things "Going Well" In Iraq. USA Today (6/13, Nichols, 2.31M) reports, "In the wake of terrorist leader Abu Musab al-Zarqawi's death, President Bush is seeing improvement in public confidence that the Iraq war is winnable, a USA TODAY/Gallup Poll shows. The new poll found that 48% believe the United States probably or definitely will win the war, up from 39% in April. It also found that 47% believe things are going well in Iraq, up from 38% in March." The survey, taken Friday to Sunday and released Monday, also "showed Bush's approval rating going up to 38% from 36% earlier this month and an all-time low of 31% in May. The poll news came as Bush and members of his Cabinet met at Camp David to discuss ways to help the recently formed government in Iraq. … Still, 51% say the war was a mistake."

In CNN Poll, 43% Say Things "Going Well." CNN's The Situation Room (6/12, Blitzer) reported, "Our latest CNN poll shows the death of Abu Musab al-Zarqawi naturally have boosted Americans' optimism about the war, at least modestly in this new CNN poll taken after the terror leader was killed. Forty-three percent now say things are 'going well' for the United States. That's up five percentage points from March. But 54 percent still say things are going badly."

Bush Gets No Bounce After Zarqawi In CBS News Poll. The CBS Evening News (6/12, story 5, 0:25, Schieffer, 7.66M) reported, "Eliminating Zarqawi may have been a significant military achievement, but it did not seem to help the President from the standpoint of domestic politics. In a CBS News poll out tonight, only 33% of those polled said that they approve of the job the President is doing. That is about the same as last month."

House To Debate GOP Iraq War Resolution. The Washington Times (6/13, Bellantoni, 90K) reports, "The House of Representatives this week will engage in a rare election-year debate on the Iraq war, with Republicans hoping to showcase the good news on the ground and Democrats fractured on whether the United States should begin withdrawing troops." Lawmakers "are tentatively scheduled to begin debating the Republican-authored resolution Thursday. A vote on the measure, called 'Declaring that the United States will prevail in the global war on terror, the struggle to protect freedom from the terrorist adversary,' is slated for Friday."

CNN's The Situation Room (6/12, Koppel) that the GOP resolution's purpose "is to build on what you just mentioned there, the success in killing al Zarqawi and also to try to build some momentum going into November. In particular, on the Iraq war." CNN noted that there are ""a couple of red flags that are going to jump out at Democrats if they stay in this draft language. One that has to do with declaring that it is not in the national security interests of the United States to set an arbitrary date for the withdrawal or redeployment of United States armed forces from Iraq. Another red flag declares that the United States is committed to the completion of the mission to create a sovereign, free, secure and united Iraq. These two graphs in particular are designed to try to flush out some of the Democrats who are going to be painted as not supporting US troops in Iraq."

The Christian Science Monitor (6/13, Feldmann, 61K) reports that "members, including antiwar Republicans and Democrats, also welcome a debate, as long as the terms are fair, they say. At time of writing, the text of the resolution to be debated had not been released, but congressional sources indicated that it would frame the Iraq war as part of the broader war on terror, a point of controversy." The Monitor adds, "At a highly politicized time, with the fall midterm elections approaching and future control of Congress in question, some political analysts see risks for both parties in an Iraq debate. Public support for the war has been on a long, downward slide, and Bush's own job approval rating and policy agenda have been damaged by Iraq more than anything else."

Senate Democrats To Offer Amendments Calling For US Withdrawal From Iraq. CNN's The Situation Room (6/12, Koppel) reported that in the Senate, "we are expecting three Democratic amendments to be offered this week, all of them calling for the withdrawal of U.S. troops from Iraq by the end of the war. Two of the names won't surprise you, John Kerry and Russ Feingold. But the third should. It's Carl Levin of Michigan, who is one of the senior members of the Democratic Caucus, who is not seen -- he -- first of all, he's not throwing his hat into the presidential ring. And, so, what

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he says will carry weight, and could also complicate Harry Reid, the Democratic leader's efforts to try to beat the Republicans at their own game, to try to show his caucus as being united on Iraq."

Reid Says Iraq War An "Intractable Conflict," Calls For Exit Strategy. The AP (6/12, Riechmann) reports "Senate Democratic leader Harry Reid, in a speech in Washington, called the war in Iraq an 'intractable conflict' and said Americans deserve a plan from the president that provides troops with an exit strategy. 'It is no longer sufficient to say "we will stand down as the Iraqis stand up,"' Reid said, quoting a Bush refrain."

The Washington Times (6/13, Pfeiffer, 90K) reports Reid "told a gathering of Democratic and liberal activists in Washington yesterday that 'we have to start bringing our troops home.'" Reid "opened his remarks at the Take Back America 2006 Conference by criticizing the Bush administration's handling of the war in Iraq. The conference is hosted by the Campaign for America's Future (CAF), a liberal advocacy organization." Reid said, "Our troops deserve an exit strategy." Reid "seemed to make a more direct call for withdrawal of troops than his previous remarks, but the senator's office disagreed." A Democratic aide "in attendance, who because of the staffer's ongoing relations with Mr. Reid asked to remain anonymous, said the senator gave a similar, less pointed speech in Nevada during the weekend. 'But at the end of the speech, people in the crowd started chanting, 'Bring them home,' the staffer said."

The Washington Post (6/13, Milbank, 744K) reports the "liberal activists assembled for the annual 'Campaign for America's Future' conference were so hungry yesterday, in fact, that it was difficult to hear Senate Minority Leader Harry Reid (D-Nev.) speak over the din of forks clinking on salad plates. That's too bad, because he was telling the lefties what they like to hear." Reid said, "I don't know how many times we have heard the president say: 'We will stand down as Iraqis stand up.' I don't want to hear that anymore. It seems to me that that mantra no longer stands. That is, we have to start bringing our troops home." The Post adds, "The activists -- at least those who could hear him -- applauded Reid's unexpected and unscripted call for withdrawal." That Reid, "an antiabortion Mormon who voted to authorize force in Iraq, would be breaking bread at all with the liberal activists speaks to a different hunger. Interest groups, hoping for a win in the November midterms, have toned down their fratricidal attacks on elected Democrats. And Democratic lawmakers, emboldened by President Bush's slump, aren't as afraid to be seen with the lefties who make up their 'base.'"

US, Iraqi Forces Launched 200 Raids Against Insurgents Since Zarqawi's Death. USA Today (6/13, Soriano, 2.31M) reports, "US and Iraqi forces have launched 200 raids against insurgents since killing Abu Musab al-Zarqawi last week, dealing a blow to his terrorist organization, al-Qaeda in Iraq, US and Iraqi officials said Monday." The raids "have led to the capture of more than 200 suspected insurgents and 33 deaths. … The intelligence that led up to the bombing and the raids may be the best chance of cracking the terrorist group dominated by foreign fighters."

Al Qaeda In Iraq Names Zarqawi Successor. The AP (6/12, El-Magd) reports, "Al-Qaida in Iraq named a successor Monday to Abu Musab al-Zarqawi and said he would stick to the slain leader's path — attacks on Shiites as well as on U.S. and Iraqi forces. The new leader, identified by the nom de guerre Abu Hamza al-Muhajer in a statement posted on the Web, appeared to be a foreign Arab, like his predecessor." But "otherwise he is an unknown. The name has not appeared in previous al-Qaida in Iraq propaganda or on U.S. lists of terrorists with rewards on their heads, suggesting he is a lower-level figure or someone more prominent who has taken a new pseudonym." President Bush "said Monday that al-Muhajer would join the ranks of those sought by the US. 'I think the successor to Zarqawi is going to be on our list to bring to justice,' Bush said."

The New York Times (6/13, Burns, Filkins, 1.19M) also says Muhajir "is something of a mystery," and "senior Iraqi officials said they were unfamiliar with anyone by that name. One clue was that the word 'muhajir' usually refers to an Islamic militant who has traveled beyond his own country to fight for his faith. 'He is not an Iraqi -- that is my first impression,' said the Iraqi national security adviser, Mowaffak al-Rubaie, adding that he had not heard of Mr. Muhajir."

US Military Releases Zarqawi Autopsy. The US military released the autopsy report on Abu Musab al Zarqawi to prevent or limit the spread of misinformation or conspiracy theories about his death. NBC Nightly News (6/12, story 3, 2:45, Williams, 9.87M) reported, "Today an FBI DNA test positively ID'd Zarqawi and the US military revealed in detail the results of his autopsy to dispel any questions, conspiracy theories or propaganda about how he died. There were no signs of gunshot wounds, nor was Zarqawi torn apart by the air strike. Instead, the report said he was killed by the bomb's crushing blast wave that caused his lungs to expand like balloons and bleed in his chest." The autopsy "said Zarqawi was in the house when it was bombed and also suffered a broken leg and shrapnel wounds." Also "surviving the blast, Zarqawi's diary, phone numbers, and computer files. The US military used that intelligence to launch 11 raids in the last 48 hours on al Qaeda suspects in the Baghdad area, even as two more car bombs exploded here as insurgents promised to avenge Zarqawi's death."

The CBS Evening News (6/12, story 4, 2:50, Schieffer, 7.66M) quoted Col. Stephen Jones, chief surgeon,

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Multinational Force: "The injuries to his lungs were not survivable, that's what killed him."

ABC World News Tonight (6/12, story 5, :25, Gibson, 8.78M) reports the military "said US troops reached Zarqawi 28 minutes after the bombing and provided first aid before he died 52 minutes after the attack. The autopsy found he died from catastrophic lung injuries. There was no evidence he was beaten or shot. And the military says, information from Zarqawi's safe house has led to the arrest or capture of 210 suspected terrorists."

The Washington Post (6/13, A1, Partlow, Abramowitz, 744K) reports Zarqawi "lived for 52 minutes, in and out of consciousness, before he succumbed to massive internal injuries caused by the concussive blasts from two 500-pound bombs dropped by a U.S. fighter jet, U.S. military officials in Baghdad said Monday."

Jordanian Officials Played Role In Zarqawi Hunt. The Los Angeles Times (6/13, Daragahi, Meyer, 958K) reports, "Shocked into action by violence on their own soil, Jordan officials months ago began an intensive campaign of spying on insurgents in neighboring Iraq, a gambit that ultimately helped lead to the death of militant leader Abu Musab al-Zarqawi, Jordan's top spies said Monday." Maj. Gen. Muhammed Dahabi, director of Jordan's General Intelligence Department, and Col. Ali Burjaq, his chief of counterterrorism, "said in a rare interview Monday that a splashy video tape al-Zarqawi released earlier this spring helped Jordanian intelligence pinpoint his approximate location at the time, a key lead that ultimately led to al-Zarqawi's death in a U.S. aerial bombing attack last week." The Times adds, "Al-Zarqawi's need to micromanage all aspects of his al-Qaida in Iraq organization, from finances to operations, also made him vulnerable to discovery, the two intelligence officials said."

Castro Calls Zarqawi Bombing "A Barbarity." Fox News' Special Report (6/12, Hume) reported, "Fidel Castro called the air strike that killed Zarqawi 'a barbarity' saying he should have been captured and tried."

More Commentary. In his Wall Street Journal column (6/13), Bret Stephens writes that "the most significant fact here isn't that Zarqawi was killed -- he could have met his end in any number of ways. It's that he was found. Pause a minute to consider what this means. Plenty has been written about the shortcomings of US war-fighting, political and counterinsurgency strategies in Iraq, and some of it is true. Comparably little has been written about the insurgents' shortcomings. Yet Zarqawi was located because he and his spiritual adviser, Abdul Rahman, were betrayed by someone in their own camp, someone close enough to track their movements exactly. Therein must lie a tale." The insurgency's "aura has been dimmed, its organizational structure cracked and its internal fissures exposed. That's something the US and the new Iraqi government can capitalize on by launching sustained offensive operations in the Sunni Triangle and doing their utmost to secure Baghdad. Doing so will take another 30,000 troops. But having mostly squandered the initiative against the insurgents in the first year of the war, this is the administration's rare chance to even the score. It must seize it."

Insurgent Attacks Kill More Than 50 In Baghdad. The CBS Evening News (6/12, story 4, 2:50, Schieffer, 7.66M) reported, "This was another bad day in Iraq. Bombs killed more than 50 Iraqis as attacks continued into the night." CBS (Palmer) added, "Baghdad had been anxiously waiting for Zarqawi's followers to strike and tonight the capital was shaken by a series of bombings aimed at civilians." But "the killing of the most-wanted terrorist in Iraq last Thursday, Abu Musab al-Zarqawi, has meant a wartime windfall for the Coalition forces. In the past 48 hours, the US Military announced it's carried out 140 major operations, killed 32 insurgents, and detained 178, including one described as a high-value target with a $50,000 price tag on his head. But today a US raid on a house near where Zarqawi died was both a military victory and a human tragedy. American forces killed seven more men they call terrorists linked to al Qaeda but two children also died in the attack and another one was injured."

Bloggers Illustrate Life In Iraq. The New York Times (6/13, 1.19M) editorializes on the window into Iraqi life provided by the country's bloggers: "Reading the bloggers has helped to fill one of the big gaps in Americans' view of the war in Iraq. Danger in the streets and security fears for anyone seen speaking with Western reporters has made it increasingly hard to get real glimpses of what it's like for the people who have to live there." Bloggers have written of changes in society throughout 2006: "There was less talk of shoddy infrastructure and running for cover from American soldiers, and more fear of radical Islamists and the Sunni and Shiite death squads bringing terror to their neighborhoods. The watershed they referred to repeatedly was the destruction of the golden dome of the Askariya mosque in Samarra, a revered Shiite shrine, on Feb. 22. The bloggers also wrote more about the increasing presence of Taliban-like Islamists."

US Army Officer Helps Iraqi Convict. The Wall Street Journal (6/13, Jaffe, 2.11M) reports on Capt. Philip Carter, who is trying to obtain the release of a convicted Iraqi killer, Hamid Abboud. Carter's work reflects a new strategy of trying to have Iraqis fix their own system: he "could demand Mr. Abboud's release and the Iraqis would likely comply. But he doesn't. Instead he prods judges and prosecutors in this province an hour's drive from Baghdad to uphold Iraqi law and set Mr. Abboud free on their own." The Journal says the case illustrates both "how the American strategy has

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changed" into one of devolving power to Iraqis and "how painful and halting progress in Iraq can be."

Basra Spiraling Into Corruption. The New York Times (6/13, Tavernise, Mizher, 1.19M) reports that "oil, politics, and bloodshed" have corrupted Basra. Initially one of the cities "most receptive" to the 2003 invasion, Basra is "is being pulled apart by Shiite political parties that want to control the region and its biggest prize, oil. But in today's Iraq, politics and power flow from the guns of militias." The Times reports, "Basra has a soaring murder rate (the 85 killings in May were nearly triple the number in January), a tattered oil industry and a terrified population."

Hussein Witnesses Admit Perjury. The Los Angeles Times (6/13, Roug, 958K) reports, "The trial of Saddam Hussein reached a moment of high drama today when four defense witnesses recanted previous testimony, swearing in written statements that Hussein's lawyers had bribed them to lie in court." The witnesses say they were promised "life-long salaries" by attorney Khalil Dulaymi if they "testified that scores of executed prisoners ... were alive and well."

Funeral Held For CBS Cameraman Killed In Iraq. The CBS Evening News (6/12, story 12, 1:45, Schieffer, 7.66M) reported, "It was two weeks ago today, Memorial Day, that CBS News cameraman Paul Douglas and soundman James Brolan were killed and correspondent Kimberly Dozier was critically wounded by a car bomb in Iraq. Today in Bedford, England, 500 of Paul's friends and family said goodbye."

37 Taliban Members Killed In Battles. USA Today (6/13, 2.31M) reports, "Afghan and U.S.-led coalition forces fought Taliban militants in three battles, killing 37 fighters, including a relative of Taliban leader Mullah Omar, an Afghan army general said Monday."

Afghan Drug Trade Described. The Christian Science Monitor (6/13, Baldauf, 61K) reports on four corrupt Afghan law enforcers who have trafficked in drugs. It writes, "Top Afghan officials privately admit that perhaps 80 percent of the personnel at the Ministry of Interior, Afghanistan's chief law-enforcement agency - from local police chiefs up to the top bureaucrats - may be benefiting from the drug trade. ... The result is a government that is either incapable or unwilling to prevent a trade that is rapidly undermining the country's rule of law and the Afghan people's faith in their leadership."

NATO Seen As Increasing Role In War On Terror. In the Wall Street Journal, columnist Melanie Kirkpatrick optimistically relates an interview with NATO Secretary General Jaap de Hoop Scheffer in which they discuss NATO's increasing activity outside Europe: "Afghanistan is NATO's first mission outside Europe and a crucial test of the alliance's relevance in a post-Cold War world. Defense ministers meeting in Brussels voted Thursday to proceed with a plan to increase alliance forces in Afghanistan to 17,000 from 9,000 and to expand into the violence-plagued south." Kirkpatrick notes problems that NATO has, such as insufficient spending by most members and a near-total lack of airlift capacity, but she concludes, "That 25,000-soldier rapid response force should be up and running by Riga. The Afghanistan mission and the potential acquisition of airlift are also signs of progress. NATO isn't fully 'transformed' yet, but it's getting there."

Congress Gives Pentagon More Budgetary Authority. The Wall Street Journal (6/13, Rogers, 2.11M) reports, "Congress is giving the Pentagon unusual authority to shift money in its budget to cope with an anticipated multibillion-dollar payroll shortfall that could have an impact on ground troops in Iraq." The move is meant to "avoid any pay disruption before the end of this fiscal year on Sept. 30" and increases the Pentagon's "existing authority" by one-third; without it, the Army could have a year-end shortfall of "$1.4 billion for active personnel." The Journal attributes the "persistent scramble for funds" of the Army and Marines to the cost of "a prolonged overseas deployment" of a professional military.

Army Changes Pain Treatment For Wounded Soldiers. The Wall Street Journal (6/13, McGough, 2.11M) reports on the work of Sorenson Medical, the manufacturer of an "infusion pump" that has "helped transform how the Army treats and transports wounded soldiers." Its product reduces the suffering of injured troops: "Injected anesthetics are eliminated quickly from the body, so they deaden nerves for only a few hours. Pumps that infuse anesthetics, performing what are known as 'continuous peripheral nerve blocks,' can hold off pain for days at a time, helping outpatients in particular. That allows patients to cut back on or eliminate opioid pain medicines like Vicodin, which affect the entire body, and can cause nausea, vomiting and intestinal blockage." Sorenson is parlaying its success in military usage to the slower-moving civilian market.

Rival US Labs Compete To Build Safer Nuclear Bomb. The Los Angeles Times (6/13, Vartabedian, 958K) reports, "Scientists at Los Alamos National Laboratory in New Mexico are locked in an intense competition with rivals at Lawrence Livermore National Laboratory in the Bay Area to design the nation's first new nuclear bomb in two decades." The bomb is meant to ensure the "long-term reliability" of the

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aging American arsenal. The article describes the objections of detractors: "But some veterans of nuclear arms development are strongly opposed, contending that building new weapons could trigger another arms race with Russia and China, as well as undermine arguments to stop nuclear developments in Iran, North Korea and elsewhere. And, the critics say, It would eventually increase pressure to resume underground nuclear testing, which the U.S. halted 14 years ago."

CORPORATE SCANDALS:

Former Interspeed Official Convicted Of Fraud. The Wall Street Journal (6/13, Bulkeley) reports, "Arthur Goodwin, former senior vice president for sales of the now-defunct Interspeed Inc., was convicted of eight-counts of fraud in connection with inflating the sales of the Internet equipment company." The Journal continues, "Mr. Goodwin, 45, was convicted by a jury in the courtroom of U.S. District Judge Richard G. Stearns. He is scheduled for sentencing on Oct. 5." The Journal adds, "The U.S. attorney's office said that evidence in the case established that Mr. Goodwin falsely overstated sales by $9 million, which was 60% of the company's reported revenue in 1999. … The overstatement made it appear that Interspeed, North Andover, Mass., was meeting growth targets. He accomplished the overstatement by fraudulent acts including giving customers secret side-letters that allowed them to return the equipment. He also altered a key contract on what was said to be the largest sales in company history to make it acceptable to the company's finance department."

US Subpoenas Monster In Widening Options Probe. The Wall Street Journal (6/13, Bulkeley) reports, "Monster Worldwide Inc. said it received a U.S. attorney's subpoena for information on its stock-option grants, as investigations into possible options backdating widened." The Journal continues, L"Monster, an online job-search and advertising firm based in New York, issued a series of options between 1997 and 2001 in a pattern that was favorable to executives receiving the grants, including James J. Treacy, its former president. The odds of so favorable a pattern occurring randomly are about nine million to one, according to a Wall Street Journal analysis1 published in yesterday's edition. Monster shares slid $3.40, or 8.1%, to $38.60 in 4 p.m. composite trading yesterday on the Nasdaq Stock Market." The Journal adds, "Monster, which is conducting an internal inquiry into the options, said it will cooperate with the inquiry and subpoena, issued by the U.S. attorney in Manhattan. Mr. Treacy, who no longer works for Monster, has said he didn't have anything to do with the timing of the grants, which were authorized by the board. … Two other high-tech concerns, Comverse Technology Inc. and Applied Micro Circuits Corp., announced delays in filings of financial reports due to options investigations. In addition, Applied Micro Circuits, Sunnyvale, Calif., and two other companies said they had received informal inquiries for information on the timing of stock-options grants from the Securities and Exchange Commission. The newly identified companies bring to at least 43 the number of firms that have acknowledged internal or external inquiries into their stock-option timing."

Pension Funds Sue Amid Widening Options Probe. The Financial Times (6/13, Grant) reports, "Shareholder anger over US executive compensation practices spilled into the open on Monday as two big US pension funds sued companies involved in an investigation into the timing of stock-option awards." The Times continues, "Darren Robbins, a partner at Lerach Coughlin, said his San Diego law firm was also representing pension funds in Europe and Australia that were preparing similar action. … 'People are very upset about this. There have been at least five pension funds that have filed cases in the last 72 business hours in court houses from California to Boston,' he told the Financial Times." The Times adds, "McAfee, a software security maker, was sued on Monday in federal court in the Northern District of California by the Heavy & General Laborers' Pension and Annuity Funds, alleging 'constructive fraud' through the backdating of stock options. … Juniper Networks, a technology company, was hit with a similar complaint by the Employer-Teamsters Pension Health and Welfare Funds. … Four separate companies revealed on Monday that they were being investigated by regulators over their options grants. More than 40 companies have become ensnared in one of the widest criminal and regulatory investigations into white-collar compensation in recent years. The probe is emerging as a test of years of executive compensation practices and has started to draw the anger of unions."

Manne Argues Case For Insider Trading. In an op-ed in the Wall Street Journal (6/13), Henry Manne, dean emeritus of George Mason University School of Law, writes, "Behavioral finance, a developing field of academic research that emphasizes investor irrationality (and ignorance) and the inefficiency of markets, has been hailed by defenders of the SEC as offering a solid economic rationalization for our vast scheme of federal securities regulations. Even apart from the obvious implications for the regulatory system of ignorance and irrationality on the part of regulators, a closer examination of the logic of behavioral finance leaves little for the pro-regulation crowd to crow about." Manne continues, "The literature on prediction markets makes clear that the more participants in a contest and the better informed they are, the more likely is the weighted average of their guesses to be the correct one. … We should rethink any current policies based on a view of pricing in which we exclude the best-informed

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traders and discard the wisdom of the many. … Since such trading clearly makes the market process work more efficiently, it aids capital allocation decisions and informs business executives through market-price feedback of the best predictions about the value of new plans."

Bill Would Limit Use Of Pension Accounting Benefit. The Wall Street Journal (6/13, Jones, 2.11M) reports, "The balances of public-company pension plans had been improving until the stock market swooned again. Congressional action could deal many of these funds another setback. The House and Senate both have passed versions of a bill that could limit the use of a key pension-accounting benefit. The legislation would affect dozens of companies in the automotive, aerospace and basic-materials industries. At issue are credit balances, which companies accumulate by putting more money into a plan than required in a given year to meet obligations to retirees."

CRIMINAL LAW:

FBI Reports First Rise In Violent Crime In Five Years. The FBI yesterday released the preliminary Annual Uniform Crime Report, which found that the US violent-crime index increased in 2005, the first rise in five years. The murder rate led the way – with a 5% increase – and, among the four categories in the index, only the number of rapes declined.

The story was covered by all three network news broadcasts, with CBS characterizing the rise as "disturbing" and NBC calling it "troubling," while ABC focused on speculation about factors fuelling the rise. The CBS Evening News (6/12, story 9, 0:30, Schieffer, 7.66M) noted, "The FBI says that violent crime in this country was up 2.5% last year. While that is not a huge increase, it is the first increase since 2001. Murder led the way. … By far, the biggest increase in murders, up more than 12%, was in mid-sized cities, cities with populations under a quarter of a million." NBC Nightly News (6/12, story 5, 0:30, Williams, 9.87M) similarly reported, "The overall increase nationwide was modest, 2.5%, but that was the largest increase since 1991. … Murder was up 4.8% last year. Across the country, big cities bore the brunt of the increase, we're told. Houston's murder rate was up 23% last year, Philadelphia, up 14%, Las Vegas, up 10%."

In its "A Closer Look" segment, ABC World News Tonight (6/12, story 8, 2:30, Gibson, 8.78M) reported, "For the first time in five years, there has been a significant rise in the violent crime rate." ABC (Thomas) added, "Why the surge?" Northeastern University Prof. James Fox: "We've seen gang activity making a great resurgence. … We see more guns floating on to the street." Thomas: "Criminologists say large numbers of violent, career criminals are getting out of prison," and "the nation is paying a price for slashing successful effort efforts, such as community policing and crime prevention programs -- programs they say led to a decade-long decline in crime." LAPD Chief William Bratton: "Unfortunately, starting after 9/11, we diverted the money to terrorism -- which was important -- but we started neglecting old-fashion crime. You have to fight both wars at the same time."

The major dailies all cover the FBI report prominently, with speculation about the causes echoing the ABC story: gangs, cuts in federal funds, and criminals completing 1990s prison terms. USA Today (6/13, Johnson, 2.31M) notes, "The FBI report also is renewing the debate over whether the U.S. government's dropping of an ambitious police-hiring program — along with many law enforcement agencies' new emphasis on preventing terrorism — have made crime prevention more difficult. … 'This should be a loud wake-up call for the country to get back to doing what worked in the 1990s,' Fox says," referring "in part to the Bush administration's phasing out of a Clinton-era program aimed at putting 100,000 new cops on U.S. streets. Police chiefs nationwide have called for renewing the program to offset local cutbacks." USA adds, "Justice Department officials cautioned against reading too much into the FBI report. 'The crime rate is so low in some communities that relatively modest increases can result in what appear to be fairly stark increases,' says Richard Hertling, deputy assistant attorney general for the Office of Legal Policy."

In a front-page story, the Washington Post (6/13, Eggen, 744K) reports, "The jump could also represent a lingering effect of the Sept. 11, 2001, attacks, some experts said, because governments at all levels have diverted resources away from traditional crime fighting in favor of anti-terrorism and homeland security programs." Hertling "said the FBI statistics are 'a yellow flag' but do not represent a trend, in part because the numbers are preliminary and do not include full reports from all jurisdictions." In a widely-distributed story, the AP (6/13, Sherman) notes, "The FBI data, compiled from reports by more than 12,000 law enforcement agencies, does not contain overall crime numbers in any category nor does it offer any explanation for the changes. The FBI's final annual crime report comes out in the fall. Criminal justice experts said the statistics reflect the nation's complacency in fighting crime, a product of dramatic declines in the 1990s and the abandonment of effective programs that emphasized prevention, putting more police officers on the street and controlling the spread of guns."

The New York Times (6/13, Newman, 1.19M) reports, "Law enforcement officials and other experts on crime cautioned that this latest report did not necessarily mean crime would start to run rampant again." Carnegie Mellon University criminologist Alfred Blumstein said, "I want to be

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careful to not overstate a one-year trend as the start of something much bigger, because it could well go in the other direction next year." The Financial Times (6/13, Kirchgaessner) adds, "Justice Department officials on Monday said it was too soon to attribute the increases to a wider trend in violent crime and that it was too early to determine the cause of the spikes, although they acknowledged that the migration of gang activity from large to smaller cities was a possibility." The FT notes that Hertling "said it was unclear whether a 23 per cent increase in the number of murders that was reported in Houston, Texas, was linked to the influx of people into the city after Hurricane Katrina…or whether the increase was something that 'played out' over the course of the year."

NPR's All Things Considered (6/12, Sullivan) reported, "Justice Department officials say crime-fighting has been a priority of the Bush administration for the past six years and point to millions of dollars the Justice Department has spent on anti-gang initiatives and community programs such as Project Safe Neighborhoods." The Los Angeles Times (6/13, Havemann, 958K), Washington Times (6/13, Seper, Cella, 90K) and UPI also report on the FBI preliminary statistics.

North Carolina City Bucks Trend With Experimental Program. The CBS Evening News (6/12, story 10, 2:30, Schieffer, 7.66M) reported High Point, N.C., "is bucking the trend. Crime there is actually going down." CBS (Pitts) added, "High Point…was once so violent police wouldn't get out of their patrol cars in some neighborhoods, but not now. … What's going on is a model for cities from Chicago to Tucson. … Suspected drug dealers are called into police headquarters. First they're verbally strip searched…then given one last chance. Community leaders like Reverend Quentin Boger provide the carrot." Boger: "We have partnered with the police department to say enough is enough." CBS noted, "In the two years of the program, the violent crime rate on the rise in other parts of the country has dropped 20% in High Point."

FBI Data Receives Heavy Local TV, Newspaper Coverage. The FBI data also was reported widely by local TV news and newspapers in communities all across the country, which focused on their local statistics. Some examples: The Philadelphia Inquirer (6/13, Moran, 423K) reports, "Philadelphia suffered one of the worst increases in homicides among major cities last year, the FBI reported yesterday. … Deputy Police Commissioner Richard J. Ross said Philadelphia is facing an 'uphill battle' trying to control the flood of illegal guns in the city and the street mentality that makes it easy to pull the trigger. … More weapons in the hands of immature youths has resulted in more 'craziness,' Ross said."

The AP (6/13, de la Cruz) reports, "Jersey City saw increases in all of its violent crime indexes, except for forcible rape. The murder rate increased 65.2 percent with 38 murders in 2005 compared with 23 in 2004. … Criminal justice experts said the statistics reflect the nation's complacency in fighting crime, a product of dramatic declines in the 1990s and the abandonment of effective programs that emphasized prevention, putting more police officers on the street and controlling the spread of guns. In New Jersey, Michael Wagers, executive director of the Police Institute at Rutgers-Newark, attributed the bulk of violence to the availability of guns."

The Miami Herald (6/13, Vasquez, DeMarzo, 323K) reports, "The number of murders, robberies and aggravated assaults rose nationally in 2005," but "FBI data for South Florida's biggest cities told a different story: In six out of eight cities, violent crime was down. … 'We've obviously been very aggressive,' Miami Police Chief John Timoney said. 'The whole idea of crime and quality of life has been our number one priority here.' Regarding the higher crime figures in other parts of the country, Timoney called it 'cause for concern' but urged caution in analyzing the data."

The Dayton Daily News (6/13, Wynn) All violent crimes in the city fell last year except rape, according to the FBI's 2005 preliminary Annual Uniform Crime Report. Rapes in Dayton increased to 140 in 2005 from 127 in 2004." Dayton Police Lt. John Huber "said when police turned in their information to the state they reported 33 homicides in 2004 and 32 homicides in 2005, but the FBI listed 32 for both years. Huber said he didn't know how the mistake occurred. No one at the FBI national press office could be reached for comment."

WRTV-TV Indianapolis (6/12) reports, "In Indianapolis, there were 7,948 violent crimes reported in 2005, up almost 900 from 2004. The number of murders in Indy actually declined slightly, from 109 murders in 2004 to 108 in 2005, but other crimes were up substantially."

The Minneapolis Star-Tribune (6/13, Gordon, Chanen, Padilla) reports, "The FBI released data Monday indicating that violent crime surged 35.5 percent in Minneapolis last year, but the city's Police Department said a computer glitch grossly exaggerated what was actually a 15 percent jump from 2004. A 15 percent increase is still six times the 2.5 percent national rise," but "the volume of violent crime in Minneapolis is about 30 percent below levels in the mid-1990s." The Star-Tribune notes, "An FBI spokeswoman said she expects the bureau to accept Minneapolis' revisions."

The Coloradoan (6/13) reports, "Overall violent crime…was up 23 percent in Fort Collins, the second-highest increase in Colorado behind Westminster among cities with more than 100,000 people, according to the FBI report. The picture was better in property crime…which declined by 5 percent in Fort Collins."

KTVT-TV Dallas-Fort Worth (6/12, Richie) reports, "Eleven people were shot in downtown Dallas early Saturday morning. There have been 78 murders in the first five months

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of the year. But violent crime in Dallas is actually plummeting. … Violent crime in Dallas was down nearly 5 percent from 2004 to 2005. Murders were down 19 percent."

KIRO-TV Seattle (6/12) reports, "The FBI's latest crime statistics show a drop in rapes in Bellevue, Seattle, and Tacoma, Wash.," but overall, "crime in Seattle and Tacoma continues to rise. Burglaries have dropped by 14 percent in Seattle but that was the only decrease noted among crimes listed in the report. Violent crime has declined in Tacoma but like the other cities, crimes involving theft and robberies have increased."

"Most Wanted" Houston Katrina Evacuee Arrested For Murder. In a widely-distributed story, the AP (6/13) reports, "A Hurricane Katrina evacuee who police called one of the Houston area's 'most wanted killers,' has been arrested in Louisiana on charges of killing a fellow evacuee" while robbing him for his FEMA relief funds. "Ricardo Irvin, 18, told the Houston officers who picked him up from authorities in New Iberia, La., that 'he got tired of running from the law' and admitted killing fellow evacuee Gregory Sartain." The AP notes, "Katrina evacuees have been involved in more than two dozen killings, either as suspects or victims, since about 150,000 Louisiana evacuees arrived last September, police said. FBI crime data released Monday showed a 23 percent spike in murders in Houston in the past year."

Libby Lawyers May Call Memory Expert. In its "Washington Wire" column on its web site, the Wall Street Journal (6/12, 2.11M), "The defense team for former Vice Presidential Chief of Staff I. Lewis Libby said it is considering calling a memory expert to testify at his trial early next year. … Attorneys representing Libby have said in court filings that any erroneous statements made to Federal Bureau of Investigation agents or the grand jury were the result of a faulty memory, and not intentional lies. It isn't clear if the federal judge hearing the case would allow such testimony."

Judge Dismisses Part Of Charge Against Safavian As Trial Goes To Jury. The AP (6/13, Yost) reports US District Judge Paul Friedman "dismissed part of one criminal charge against a former official in the Bush administration Monday, as the first trial in the Jack Abramoff influence-peddling scandal moved toward a conclusion." Friedman's decision "represented a small courtroom victory for defendant David Safavian, who is accused of five felony charges that he concealed Abramoff's efforts to acquire two pieces of government property." The judge "threw out language from the indictment that said Safavian lied by telling a GSA ethics officer Abramoff had no business with the GSA and was not seeking to do business with the agency. There was no evidence during the trial that Safavian ever made such statements to the GSA, Friedman said."

The Washington Post (6/13, A6, Birnbaum, 744K) reports the Safavian trial "went to the jury yesterday, as a prosecutor in closing arguments accused him of lying to federal investigators to conceal the fact that he was 'doing Jack Abramoff's bidding.'" In response, Safavian's attorney "said that the government's case was weak because Abramoff, a disgraced lobbyist who pleaded guilty in January to conspiring to corrupt public officials, did not testify at the three-week trial." Federal prosecutor Nathaniel B. Edmonds "told the jury in his closing argument that Safavian maintained a 'secret, inappropriate and unethical relationship' with Abramoff, his former boss, when Safavian became the deputy chief of staff and then chief of staff of the General Services Administration, the U.S. government's landlord agency."

The New York Times (6/13, Shenon, 1.19M) reports Judge Friedman "handed a small victory to" Safavian, who is "on trial for lying about his ties to the Republican lobbyist Jack Abramoff, dismissing a specific charge in the indictment." But "other, larger charges against the former aide, David H. Safavian, were left intact for the jury, which is scheduled to begin deliberations on Tuesday in the first trial to result from the influence-peddling scandals centered on Mr. Abramoff."

Shadegg Circulates Article Linking Lewis, Earmark Corruption. The Hill (6/13, O'Connor) reports Rep. John Shadegg, "a leading fiscal conservative in the House has stoked debate over pork by circulating a newspaper story linking Rep. Jerry Lewis (R-Calif.) to 'the inherent risk of corruption at the heart of the congressional earmark process.'" Rep. Shadegg, "who ran for the majority leadership on a platform of fiscal retrenchment, sent reelection supporters an opinion piece on the federal investigation surrounding the House Appropriations Committee chairman." The Journal piece "condenses newspaper reports about connections among Lewis, a political action committee run by his stepdaughter and the lobbying firm of a close friend and former colleague." The questions "surrounding Lewis, his staff and the lobbying firm, Copeland Lowery Jacquez Denton & White, are not directly connected to the bitter dispute between conservatives and Appropriations Committee members over earmarks, the special projects inserted into the annual spending bills." But some conservatives "argue that the news stories refocus attention on reform just as the guilty pleas of former Rep. Randy 'Duke' Cunningham (R-Calif.) and disgraced Republican lobbyist Jack Abramoff fade from the headlines."

McCain Says Earmarking System Is Broken. Sen. John McCain said on Fox News' On the Record with Greta Van Susteren (6/12), "I think we have a broken system here it is called earmarking in which good people do bad things sometimes. People are able to divert tens of millions of

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dollars. And they haven't had the scrutiny and competition." McCain added, "When you see a Duke Cunningham do what he did the first question is why. Why would an individual betray his people and oath of office and his nation that way? The second question is how, how did he get away with it just one congressman and one lobbyist? It means that there is a broken system here that he was able to get away with that."

SCOTUS Ruling Sends Texas Death Penalty Case Back For Possible Fourth Trial. The AP (6/13, Graczyk) reports, "One of the longest and most contentious death penalty cases in Texas is heading back for yet another trial." The AP continues, "The U.S. Supreme Court, acting Monday on an appeal from the Texas Attorney General's Office, refused to reinstate the death sentence of Johnny Paul Penry, clearing the way for another jury to consider punishment for a fourth time. Penry was convicted of raping and fatally stabbing a woman at her home in Livingston in 1979. … Penry turned 50 last month and has spent more than half of his life on death row for the slaying of 22-year-old Pamela Moseley Carpenter. He confessed to attacking the woman and stabbing her with scissors, but his attorneys have contended Penry, who says he believes in Santa Claus, has the reasoning capacity of a 7-year-old." The AP adds, "While psychological tests have put Penry's IQ between 50 and 60, at least five juries have found Penry to be legally competent to stand trial or have rejected defenses based on mental retardation. The high court in 2002 ruled mentally retarded people, generally considered having an IQ below 70, may not be executed. … The Texas Court of Criminal Appeals last October, in a 5-4 ruling, sent Penry's death sentence back for another punishment hearing, citing what judges said were improper instructions that prevented jurors from considering the full scope of Penry's retardation claims. It was that decision the attorney general's office appealed to the high court."

Utah Professor Has Anderson Documents, But Will Keep Them From FBI. KSL-TV Salt Lake City (6/12, Dunnreports on its Web site, "Over the last few months, the FBI has turned to Jack Anderson's papers," and "KSL Newsradio has learned that thousands of pages of those documents are right here in Salt Lake City," collected by University of Utah Professor Tim Chambless. "Chambless says when FBI Director Robert Mueller visited Salt Lake City last week, he wanted to come clean about his six boxes full of papers, and wanted to tell the bureau why it will never see them. 'I believe in the First Amendment. Jack Anderson believed in the First Amendment,' Chambless says. Chambless sent a letter through his lawyer to Mueller, asking him to announce the end of the pursuit of the papers," and "attorney Pat Shea says the papers are now hidden where no one will find them."

The Deseret Morning News (6/13, Winslow) notes, "Initially, Chambless provided the FBI with a catalog of what the papers said. Now, he fears the FBI may come with subpoenas demanding everything," prompting him "and his lawyer fired off a letter Monday to FBI Director Robert Mueller, telling him to back off." Chambless "suggested the FBI wanted them because 'political security' was threatened." The Morning News adds, "Some have suggested the Anderson papers are a stepping stone for a Bush administration crackdown on reporters who publish classified documents and refuse to reveal sources. While in Utah last week, Mueller denied those accusations. 'We're trying to determine whether or not national security would be adversely impacted by the disclosure of these documents. … 'I hardly think that is an assault on the press.'"

Supreme Court Issues Two Restrictive Death Penalty Rulings. ABC World News Tonight (6/12, story 6, 1:55, Gibson, 8.78M) reports, "The Supreme Court issued two significant decisions today involving the death penalty. The rulings signal a new caution on capital punishment. One decision could delay many executions. The other could give those facing capital punishment a better chance for a new trial." ABC (Cochran) added the court's ruling in the case of cop killer Clarence Hill "means Hill and more than 3,000 other condemned killers will have more leeway to argue that those injections are cruel and unusual punishment, and therefore unconstitutional." In the second case, "the court ruled that Paul House, who has been on death row for 20 years, can use new DNA evidence as he argues that he did not rape and kill Caroline Muncie. The court said if evidence is truly important, it can be used."

The AP (6/13, Locy) reports, "Kennedy said jurors could find reasonable doubt because DNA evidence points to Muncey's husband as a suspect and because small blood stains found on House's jeans may have spilled on the pants from vials of blood taken from Muncey during an autopsy. … House, who was on parole for a sex offense in Utah, was convicted of luring Muncey from her home by telling her that her husband, Hubert, had been hurt in a car accident. Her body was found the next afternoon in an area where witnesses had seen House. … His original lawyer failed to locate several witnesses who said years later that Hubert Muncey had abused his wife, had fought with her the night of her murder and had confessed later to killing her."

The Legal Times (6/13, Mauro) reports, "Peter Neufeld, co-director of the Innocence Project, said that House 'recognizes that scientific advances have transformed our criminal justice system and must be weighed heavily in determining whether innocent people have been wrongly

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convicted.' The ruling, the first dealing directly with DNA evidence as a factor in reopening a death penalty case, will have a broad impact, Neufeld said."

This morning, the Washington Post (6/13, A20, 744K) editorializes on the House case, saying, "Given how many innocents have been wrongly convicted and later freed from death row and lengthy prison terms, opening the door for review makes a great deal of sense." And the Los Angeles Times (6/13, 958K) editorializes, "Welcome as this decision is, the best way to prevent unjust impositions of the death penalty is to do away with capital punishment altogether, as other civilized societies have done. Unfortunately, as the Supreme Court grows ever more uneasy with the death penalty, elected officials agitate ever more aggressively for it."

The Financial Times (6/13, Waldmeir) says the court "chipped away at the edifice of capital punishment in America, issuing two rulings that give prisoners on death row more power to challenge their sentences." USA Today (6/13, Biskupic, 2.31M) runs a similar story titled "High Court Rulings Chip At Death Penalty." The Los Angeles Times (6/13, Savage, 958K), meanwhile, headlines its report "Supreme Court Assists Death Row Challengers."

The Christian Science Monitor (6/13, Richey, 61K) reports that "in a 9-0 decision announced Monday, the US Supreme Court left the door propped open for a significant number of condemned prisoners to sue to force an examination of whether lethal injection is a humane method of capital punishment." Such method-of-execution suits "have become the most active area of capital punishment litigation in recent years. Many states and the Bush administration had expressed concern that to allow such challenges might create another layer of delay in carrying out executions." The case, Hill v. McDonough, "did not test the constitutionality of lethal injection. Instead, it raised a technical issue: whether such legal challenges had to be filed under the more restrictive habeas statute or could be pursued as a civil rights matter. The high court said inmates could file appeals under the civil rights law." The Washington Post (6/13, A3, Lane, 744K) notes "earlier this year, an Atlanta-based federal appeals court threw out Hill's case, ruling that it was a disguised attack on his death sentence." The New York Times (6/13, Greenhouse, 1.19M) runs a similar story.

Death Penalty Seen As "Tumbling Down." Annette Fuentes, adjunct professor at the Columbia University Graduate School of Journalism, writes in USA Today (6/13, 2.31M), "In addition to Hill's case, nine other executions have been stayed this year because of the lethal injection issue, according to Richard Dieter of the Death Penalty Information Center, a group opposed to capital punishment. And in California, federal courts have effectively imposed a moratorium on the death penalty while that state studies the issue. The heightened debate about lethal injections, which are used in 37 states, raises a larger question: Can there ever be a right way to execute someone? … It seems inevitable, and just, that slowly but surely capital punishment will come tumbling down under the weight of its own injustices, uselessness and immorality."

Former FBI Boston SAC Testifies At Wrongful Death Trial. The Boston Globe (6/13, Murphy, 484K) reports, "A retired FBI official who has been critical of the agency's handling of gangsters James 'Whitey' Bulger and Stephen 'The Rifleman' Flemmi testified yesterday that the FBI coined a phrase for agents who got too cozy with their informants: 'Going native.'" Robert Fitzpatrick said that "when he arrived as second-in-command of the FBI's Boston office in 1981, there was a high-level, internal investigation underway into whether Bulger's FBI handlers had leaked him information that compromised a State Police investigation of Bulger and other underworld leaders." The Globe adds that Fitzpatrick "said the FBI's priority at the time was targeting members of La Cosa Nostra, commonly known as the Mafia. Cultivating organized crime informants was critical to that mission, he said." The Boston Herald (6/13, Sweet, 220K) also reports, "The FBI called it 'going native' - a humiliating label for G-men who became enamored of their mobster informants," and Fitzpatrick said that "when he came to Boston…he heard a lot of talk by then-Special-Agent-in-Charge Lawrence Sarhatt about agents suspected of turning rotten." However, "Fitzpatrick said it was 'a high priority' of the FBI to keep the identities of informants…confidential for the sake of their well-being. It was expected of agents, he said, that 'You adhere to the law, you adhere to the guidelines and you do what is correct and true.'"

Nevada Judge Shot In Courthouse By Sniper. ABC World News Tonight (6/12, story 7, :20, Gibson) reports, "And in Reno, Nevada, today, a sniper shot and seriously wound a judge at the local courthouse. Police sealed off a six-block area as they hunted for the sniper who fired at family court Judge Chuck Weller, hitting him in the chest as he stood near a third floor courthouse window. The injuries are not considered to be life threatening."

The AP (6/13, Sonner) reports, "A family court judge was shot and wounded as he stood near a third-floor courthouse window Monday, and police were looking for man suspected in a slaying across town who had appeared before the judge in a divorce case." The AP continues, "Investigators said Darren Roy Mack, a suspect in a killing reported at a Reno, Nev., apartment building was a 'person of interest' in the shooting at the courthouse earlier in the day, Reno Deputy Police Chief Jim Johns said." The AP adds, "Judge Chuck Weller was hit in the chest around midday by a shot or shots that came through his office window at the Mills B. Lane Justice Center, and police sealed off the area and searched nearby parking garages for a sniper. … Police also reported

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that a bomb-sniffing dog had alerted officers to the judge's car in the court's parking garage and that a bomb squad was investigating."

The New York Times (6/13, Reed) reports, "Johns said Mr. Mack 'had recent dealings with the judge and court.' … 'The suspect,' Chief Johns said, 'is known to have access to firearms.'" The Times adds, "Court documents show that a hearing in a contested divorce between Mr. Mack and Charla M. Mack is scheduled for Sept. 7 before Judge Weller. … The case involves children. … The police would not release the name of the victim of the homicide or the victim's relationship to Mr. Mack."

Wisconsin Procurement Official Convicted Of Contract Fraud. The Milwaukee Journal-Sentinel (6/13, Schultze) reports Wisconsin purchasing supervisor Georgia Thompson yesterday was convicted "of fixing a travel contract for a contributor to Gov. Jim Doyle's campaign, adding a potentially explosive issue to the race for governor this fall. … U.S. Attorney Steven Biskupic said after the verdict that the case was about 'Georgia Thompson and Georgia Thompson alone.'" Still, State Republican Party Chairman Rick Graber…was quick to go on the attack. He said Thompson's trial 'showed how far this administration is willing to go to reward political cronies and campaign donors.'" The AP (6/13, Foley) notes, "Prosecutors accused Thompson…of steering a contract to book state travel to Adelman Travel Group last year. The firm's CEO gave $10,000 to Doyle before and after winning the contract, worth an estimated $750,000. Prosecutors used e-mails and other records to paint a cozy relationship between Doyle's administration and Adelman."

Witness Testifies Daley Aide Told Him To Lie To Press About Political Hire. The Chicago Sun-Times (6/13, Korecki, Warmbir, Spielman) reports, "A Mayor Daley press aide told a deputy commissioner to lie to the public and say the city hired a 19-year-old building inspector without knowing he was the son of a clout-heavy union official, a witness testified in the City Hall hiring trial Monday." Deputy commissioner Christopher Kozicki "also testified Monday that the FBI asked him about John Daley in three different interviews, leading a defense lawyer to call Daley a 'mooch' who bummed rides off of people." The Sun-Times notes that Andy Ryan "was hired as a building inspector even though the city requires all inspectors to have completed a four-year apprenticeship and have two years work experience. Ryan is the son of Tom Ryan, the secretary-treasurer of Carpenters Local 13," which "was Mayor Daley's largest campaign contributor in 2003. Kozicki testified that Breelyn Pete, former spokeswoman for the city Buildings and Procurement Services Department, told Kozicki to tell the press he didn't know about Ryan's connections."

The Chicago Tribune (6/13, Bush, Mihalopoulos, 643K) reports, "Three times this year, federal prosecutors have questioned a high-ranking city official and prominent member of the 11th Ward Democratic Organization about Mayor Richard Daley's brother, John Daley, it was revealed in court Monday." Former Buildings Department managing deputy Christopher Kozicki "did not detail what prosecutors wanted to know about Cook County Commissioner John Daley as he testified in the trial of the mayor's former patronage chief, Robert Sorich." But defense lawyer Thomas Anthony Durkin "suggested to Kozicki that prosecutors 'wanted to try to indict Mayor Daley and his brother John.' U.S. District Judge David Coar sustained prosecutors' objections to that and similar questions." The Tribune adds, "Also Monday, a former city computer technician testified that he removed a program from Sorich's laptop computer in 2002. The program tracked city job seekers by their race and political affiliation, according to witness Ben Campney. … 'Robert joked that, after this was over, we would throw the hard drives in Lake Michigan,' Campney said."

Former Pennsylvania Police Chief Pleads Guilty To Drug, Obstruction Charges. The Pittsburgh Post-Gazette (6/13, Silver, Ward, 261K) reports, "Former West Mifflin Police Chief Frank Diener pleaded guilty yesterday to federal drug charges and was presented with a new 19-count criminal complaint from the Allegheny County district attorney's office alleging that he created a slush fund and stole thousands of dollars of borough and private property. … The complaint stems from an 18-month investigation by the state police organized crime unit and the FBI." The Post-Gazette adds that Diener "also pleaded guilty to instructing witnesses to lie and destroy evidence. On March 9, when Mr. Diener learned that there was an ongoing FBI investigation, he gave a paint can containing 25 grams of cocaine and 387 grams of marijuana to one of the cooperating witnesses so it wouldn't be found in any search of his home." The Pittsburgh Tribune-Review (6/13) notes, "Investigators said in court paperwork that Diener took numerous items -- including a video gambling machine, narcotics, tools, firearms and ammunition -- from the police department and its evidence room. Investigators also contend that Diener instructed officers to fix cases. He resigned the chief's post in October 2005." The AP (6/13) also reports on Diener's plea.

Fake Precious Metals Traders Caught In FBI Sting Face Sentencing. The Miami Herald (6/13, Santiago, 323K) reports, "They claimed to handle gold and silver, but after Monday, the only metal objects these two

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convicted Broward con artists could be seeing are iron prison bars." Charles Paul Hoffecker of Pompano Beach and Charles Edward Meyers of Fort Lauderdale "could face up to 10 years in federal prison when they are sentenced June 19 before U.S. District Judge Katherine Hayden in Newark." The Herald notes, "The two had been the focus of a lengthy investigation by the FBI and U.S. Postal Inspection Service that started in 1996. To nab them, the FBI and postal officials set up their own faux boiler room…in 1997 in East Brunswick, N.J."

FBI Interested In Tape Of West Bank Man's Interview In Michigan MySpace Case. The AP (6/13, Charlton) reports, "The FBI and local investigators said Monday that they are interested in a television station's tape of a purported interview with a West Bank man who says he paid for a 16-year-old American girl to fly to the Middle East after meeting her on the internet." The AP continues, "Katherine R. Lester disappeared June 5 from her home in rural Michigan. After the FBI helped track her to the airport in Amman, Jordan, U.S authorities persuaded her to board a return flight. She returned home Friday night. … Authorities have said the girl apparently planned to visit a man who describes himself as a 25-year-old from Jericho on his account with MySpace.com, a social networking Web site where the two met." The AP adds, "WNEM-TV in Saginaw broadcast a telephone interview with a man who said he actually was 20 and only identified himself as Abdullah. … In the interview Saturday, he said he was a wealthy businessman who met Lester online seven months ago. He said he wanted to marry her and sent her money for a plane ticket to visit him. … The station said it got the man's MySpace identity from Lester's sister, Mary, who found it on a computer they share. WNEM said it messaged him on MySpace and asked him for his cell phone number for an interview. … 'We're aware of the existence of the tape,' Tuscola County sheriff's Sgt. Michael Pine said. 'We're talking to the FBI. It's part of the investigation.' … Neither he nor FBI spokesman Terry Booth would say whether they had requested the tape from the station or whether they believed the man was who he said he was."

Virginia Sex Offenders To Be Monitored By GPS Technology. The Washington Times (6/13, Bomey) reports, "Sex offenders in Virginia will be monitored more closely via Global Positioning System (GPS) technology and an upgraded registry, state officials announced yesterday." The Times continues, "The changes that are to take effect July 1 will broaden the number of offenders eligible to be listed in the statewide online registry. The names and photos of nonviolent sex offenders will be accessible, expanding the registry to about 13,000 names." The Times adds, "Two similar bills making their way through the General Assembly would authorize administrative personnel and state troopers to help monitor sex offenders and enforce state law, Attorney General Robert F. McDonnell said in an interview yesterday. … Technological upgrades and the hiring of about 50 troopers and six administrative workers to maintain the registry would cost about $10.5 million, said Mr. McDonnell, a Republican." The Times notes, "The revamped registry Web site, (sex-offender.vsp.virginia.gov), is maintained by the Virginia State Police and allows users to locate the residences of offenders on a map. Its search engine can sort by city, county, ZIP code and name. … The list of offenses that require a criminal's name to be in the registry will be expanded to include, for example, those convicted of possessing child pornography on the first offense." The Washington Post (6/13, Stockwell) also reports this story.

Pellicano Lawyers Say Prosecutors Slow To Turn Over Evidence. In a widely-distributed story, the AP (6/13, Risling) reports that at a hearing before US District Judge Dale Fischer yesterday, defense lawyers for Hollywood private investigator Anthony Pellicano "scolded federal prosecutors…for not turning over evidence. 'It's their obligation to provide us what we need to exonerate our clients,' said Terree Bowers…who said the process has been 'like pulling teeth.'" But "prosecutors said part of the delay has come from difficulty decrypting about 1,300 audio files made by Pellicano of his telephone conversations with clients and others." Referring to Pellicano, Assistant US Attorney Daniel Saunders said that "if defense attorneys 'are so eager to get the tapes decrypted, the one man who has the password is sitting right over there." The New York Times (6/13, Halbfinger, Weiner, 1.19M) adds that "the nearly four-year federal investigation…has turned up only a single recording in which two people were unknowingly wiretapped," and "barring a last-minute break in the investigation, the government's case will be based far more on circumstantial evidence and witnesses' testimony than on direct evidence of illegal wiretapping." The Times notes that at yesterday's hearing, "Mr. Bowers pleaded with the court to order the government to provide a breakdown of all the recordings prosecutors had not turned over, detailing what they contain and the government's reason for withholding them from the defense. Judge Fisher agreed, ordering that an outside referee be appointed to review the government's evidence and decide whether it should be turned over to the defense."

The Los Angeles Times (6/13, Krikorian, 958K) reports, "Saunders did not provide details on the techniques used by the FBI to decode the encrypted recordings but acknowledged that the methods were not ones that the government would want to share in open court. Other law

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enforcement sources have said for months that the FBI brought in encryption experts from other federal agencies to help crack the codes allegedly used by Pellicano to safeguard his recordings. … Last week, one person close to the federal investigation said it was possible that the government will never decipher the remaining recordings because Pellicano's encryption methods 'are that good.'" But the unnamed source added, "We're going to keep moving forward, but we've already got plenty of evidence."

Los Angeles Private Eye Says Work Has Cooled Since Pellicano Indictment. The Los Angeles Times (6/13, Abramowitz) reports, "It's 10 p.m., and John Nazarian, a burly 53-year-old private eye, is hurtling around Beverly Hills in his immaculate red Scion looking for garbage. Nazarian treats trash as his private archeological site, the detritus of human existence that exposes all our hidden vulnerabilities — financial documents, prescription bottles, booze bottles and anything, anything, that might sport DNA." The Times continues, "Yes, it's a dirty job being a private investigator, but Nazarian is prepared to do it. As he likes to say over and over again, he is one of the most expensive private eyes in L.A., charging $10,000 to $20,000 on retainer and $400 an hour for his services. He's racked up a number of celebrity clients, including singer Peggy Lee (whom he assiduously protected from the paparazzi to preserve the public's memory of her as a blond bombshell), Dean Martin, kooky billionaire Doris Duke and her butler, Bernard Lafferty. He's caught stalkers for CBS Chairman Les Moonves and former 'NYPD Blue' star Andrea Thompson. … And then there are the 20 or so unnamed Hollywood wives with philandering husbands for whom Nazarian and his crew of 22 ex-cops and sundry specialists seem to be working in perpetuity." The Times adds, "Nazarian is part of a long, not particularly illustrious tradition of Hollywood private eyes, from fictional antiheroes, such as Sam Spade and 'Chinatown's' Jake Gittes, to real-life swaggerer Fred Otash, the investigator for the scandal sheet Confidential Magazine, and Anthony Pellicano, the infamous gumshoe who sits in jail awaiting trial on more than 100 counts of wiretapping and witness intimidation. … This is why Nazarian keeps no records. Nothing. … Things have cooled down in Nazarian's line of work since the Pellicano indictment."

CIVIL LAW:

High Court Rulings Curb Use Of Civil RICO. The National Law Journal (6/13, Coyle) reports, "Although the U.S. Supreme Court last week ducked the questions everyone expected it to answer in two unrelated challenges under RICO, the justices did tighten the reins on the law generally viewed by the business community as a legal plague." The Journal continues, "Even though the Court on Monday turned aside E.I. du Pont de Nemours & Co.'s petition in a Benlate case, the issues not resolved last week -- the scope of the 'enterprise' definition in RICO and whether 'reliance' is required in RICO mail and wire fraud claims -- will continue to divide the lower courts and inevitably return to the Supreme Court, according to RICO litigators and scholars. … But those watching the high court's RICO cases last week viewed the outcome basically as a victory for anti-civil RICO forces." The Journal adds, "In Anza v. Ideal Steel Supply Corp., No. 04-433, a challenge involving two competing businesses, the justices essentially said they meant what they said in a 1992 decision: The alleged RICO violation must be the proximate cause of the plaintiff's injuries. The law does not permit suits by parties who have been injured only indirectly, wrote Justice Anthony M. Kennedy for the 7-2 majority. … And, in Mohawk Industries v. Williams, No. 05-465, the high court delivered a blow to a RICO class action arising out of claims that Mohawk and its outside recruiting agents hired illegal aliens to depress wages for its legal workers. The justices, in an unsigned decision, vacated the workers' favorable judgment by the 11th U.S. Circuit Court of Appeals and directed that appellate court to reconsider in light of its proximate cause ruling in Anza. … 'I think the Court remains concerned about the potential sweep of civil RICO litigation,' said Gene C. Schaerr of the Washington office of Chicago's Winston & Strawn, who filed an amicus brief in Anza on behalf of the U.S. Chamber of Commerce. 'The statute was passed originally to allow people to seek damages for harm as a result of mob activity. In the years since it was passed, it has gradually metamorphosed into a general purpose, business tort statute that gets raised in all kinds of business litigation where there is any allegation of fraud or dishonesty of any kind.'"

CIVIL RIGHTS:

11th Circuit Upholds Dismissal Of Florida Deputies Who Appeared In Online Porn. The Miami Daily Business Review (6/13, Jones) reports, "The Palm Beach, Fla., Sheriff's Office did not violate the U.S. Constitution when it fired two deputies for appearing in pornography distributed on the Internet, a federal appeals court has decided." The Review continues, "A three-judge panel of the 11th U.S. Circuit Court of Appeals unanimously held late last month that the deputies' online escapades were not constitutionally protected because government employees may be limited in their speech if that speech has a negative or detrimental effect on the integrity of the government." The Review adds, "In an opinion written by Judge Stanley F. Birch Jr., the 11th Circuit panel said former Deputies Ronald Thaeter and Timothy Moran were not engaged in a protected form of speech when they appeared

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in the pornographic photos and videos. Furthermore, since government employees can have their free speech restricted more than that of other Americans, the panel found that U.S. District Judge Daniel T.K. Hurley was right to dismiss the deputies' civil rights lawsuit against the sheriff's office. … West Palm Beach attorney Fred H. Gelston, who served as outside counsel for the sheriff's office, said deputies and other government employees are free to take part in whatever sexual activities they want. But 'it's when they put it on the [Internet] that it becomes a problem,' Gelston said. 'And that's what the lawyers on the other side didn't understand.' … One of the deputies' attorneys said he plans to appeal the 11th Circuit's decision, either by filing a petition for rehearing or asking for a writ of certiorari from the U.S. Supreme Court."

Senate One Vote Away From Passing Flag Desecration Amendment. USA Today (6/13, Stone, 2.31M) reports, "The Senate is one vote away from passing a constitutional amendment that would ban desecration of the US flag, the closest that amendment supporters have been to passage." The American Legion, which supports the amendment, and the American Civil Liberties Union, "which opposes it, both say there are 66 votes to pass it. Whether advocates can find the 67th vote to send the flag amendment to the states for ratification remains unclear. A Senate vote is set for the week of June 26."

ANTITRUST:

Former Energy Trader Pleads Guilty To Manipulating Natural Gas Prices. The AP (6/10) reported, "A former trader at Williams Energy Marketing & Trading pleaded guilty in federal court to manipulating natural gas prices, authorities said Friday." Daryl Russell Brown "admitted that between 1998 and 2002, he conspired with others at the Tulsa trading company to report fictitious trades to two industry newsletters," which "provided traders with bogus information that gas was trading at levels higher than it actually was – forcing natural gas prices to rise."

AGs Ask DOJ To Crack Down On Rising Gas Prices. The AP (6/13, Miga) reports, "Massachusetts Attorney General Tom Reilly says the Bush administration needs to deliver a tough new message to big oil companies about rising gas prices: enough already." The AP continues, "Reilly emerged from a meeting with (US Attorney General Alberto Gonzales) on Monday saying oil companies deserve a 'very good tongue-lashing' from top administration officials warning that unless 'price gouging' stops, the government will crack down. … 'This administration is going to have to get tough with them, call them in,' said Reilly, a Democratic candidate for governor. 'This administration can reign them in by calling them in and saying, "Listen, enough is enough, the American people have had enough, you either do this or we are going to do this for you".'" The AP adds, "Reilly and attorneys general from Connecticut and several other states met for about an hour at the Justice Department with (Gonzales) and Federal Trade Commission Chairwoman Deborah Platt Majoras. … Connecticut Attorney General Richard Blumenthal said he proposed a joint federal-state investigation and prosecution against any illegal practices by the oil industry that are increasing gasoline prices." The AP notes, "The Justice Department said it was working with states on the issue. … 'We are focusing on doing our part to look at this issue and we are encouraging the states to do the same,' said Justice Department spokeswoman Tasia Scolinos. 'Today's meeting was part of an ongoing dialogue with them to insure that all appropriate steps are being taken.'"

Barr Pharma Settles Novartis Suit. The AP (6/13) reports, "Drug maker Barr Pharmaceuticals Inc. said Monday it agreed to pay $22.5 million to settle a lawsuit with a unit of Novartis, and said the payout will lower profit for the June quarter by 13 cents per share." The AP continues, "The litigation stems from a suit Invamed Inc. and Apothecon Inc. filed in 1998 charging Barr with violating antitrust laws and illegally blocking access to the raw material source for warfarin sodium, a drug that prevents blood clots. An appeals court in October 2004 reversed a lower court's ruling and found the two plaintiffs raised issues of material fact on their antitrust claims. The trial was scheduled to start on Monday."

Mittal Will Not Raise Arcelor Bid. The AP (6/13, White) reports, "Steelmaker Arcelor SA rejected a revised offer from Mittal Steel Co., which refused again Monday to raise its 25.8 billion euros ($33 billion) bid for its rival and criticized the value of the company's deal with Russia's OAO Severstal as 'entirely fictitious.' … But Arcelor left the door open for Mittal, saying the Severstal transaction did not preclude an offer by Mittal and it was ready to meet Mittal again to explore a better deal." The AP continues, "Arcelor said Mittal's current offer 'is inadequate as it continues to undervalue' the company and called the Severstal transaction 'a more attractive alternative from a strategic, financial and social point of view.'" The AP adds, "Arcelor valued itself at 44 euros ($55.70) a share in an offer to buy back up to a quarter of its capital — the same price Severstal Chairman Alexei Mordashov is paying to buy 32 percent of the company. … Mittal and Arcelor representatives met last week for the first time since Mittal made its surprise offer in January. Arcelor had previously refused Mittal's overtures, saying they could meet only when Mittal furnished a

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standalone business plan — which it did on June 2, the same day it got EU antitrust clearance."

EU Moves Toward Inclusion Of Turkey, Croatia. The New York Times (6/13, Kanter) reports, "The European Union pushed forward with enlargement plans today, conducting a first round of membership negotiations with Turkey and Croatia and signing a premembership agreement with Albania." The Times continues, "The talks with Turkey proceeded after a compromise was reached over a demand by Cyprus, a European Union member, that Ankara put into effect a protocol it signed with Europe last year and open up its ports and airports to trade with new member states, including Cyprus. What Cyprus got was a message from European Union foreign ministers meeting in Luxembourg asking Turkey to do just that, or face delays in 'the overall progress in the negotiations.' … Cyprus then dropped its objections to the start of talks and Foreign Minister Abdullah Gul of Turkey departed for Luxembourg to join the meeting." The Times adds, "The foreign ministers' talks today, on science and research , were the first of 35 rounds of negotiations to be held with Turkey in the accession process, which is expected to take at least a decade. … The moves toward further enlargement are continuing despite doubts among some in Europe after the last round of enlargement — to 25 from 15 countries — two years ago. There is also concern about absorbing not just Turkey, which would be the first mainly Muslim country to enter the union, but also countries in the Balkans. … Even so, the enlargement process still is proceeding, despite the huge financial commitments involved in integrating such economies, because of the European Union's central belief that every citizen has the right to benefit from the continent's growth. European Union states formally set the process in motion in October. Policy makers say that the criteria required for enlargement can make for stable, prosperous, Western-oriented neighbors — even if circumstances change and candidate states do not eventually join the bloc."

Mirant Withdraws Bid For NRG. The Wall Street Journal (6/13, Murti) reports, "Mirant Corp. withdrew its $7.9 billion hostile bid for rival power company NRG Energy Inc. following opposition from its own shareholders, saying it was disappointed NRG was unwilling to discuss the proposal." The Journal continues, "The withdrawal ends a bitter takeover battle involving the two power companies as well as Goldman Sachs Group Inc., which initially advised Mirant before it stepped down amid allegations from NRG that it shared nonpublic information about the company with Mirant. The battle marks the increased value seen in power-generation assets after a tough period in the industry, during which both companies sought bankruptcy-court protection." The Journal adds, "Mirant said a long and contested pursuit isn't in the best interests of the Atlanta company and its shareholders and that it will continue its efforts to create value for shareholders. NRG said the rise in its share price during the past 24 months showed the market recognized the soundness of the Princeton, N.J., company's strategy."

Zale Ends Merger Discussions With Signet. The Wall Street Journal (6/13, Hudson) reports, "Zale Corp. said it ended tentative merger talks with chief rival Signet Group PLC, abandoning one of its options as it scrambles to recover from a poor holiday season and three years of losing ground to other jewelry sellers in the U.S." The Journal continues, "Had a deal been struck, it would have combined the two leading specialty-jewelry retailers in the U.S., but it also would have resulted in significant overlap of their store bases. London-based Signet operates 1,837 stores, including 1,246 in the U.S., under the Kay Jewelers and Jared brands. Zale, based in Irving, Texas, operates 2,345 stores, including 2,100 in the U.S., mostly under its flagship Zales Jewelers brand." The Journal adds, "Zale has struggled after its strategy last year to shift its merchandise assortment and advertising to appeal to a more fashionable, upscale clientele resulted in lost sales and a sharp profit drop in its Christmas quarter. The retailer subsequently ousted its top management and scrapped much of the overhaul. It now faces an accounting investigation by the Securities and Exchange Commission, while its search for a new chief executive officer continues. … Meanwhile, Signet's U.S. division last year surpassed Zale in U.S. sales for the first time. Zale's total revenue in the fiscal year ended July 21, 2005, was $2.38 billion. Signet had revenue of £1.75 billion, or $3.22 billion, in the fiscal year ended Jan. 28, 2006."

BBVA Set To Enter Market For US-To-Mexico Payments. The Wall Street Journal (6/13, Mollenkamp, Johnson) reports, "Banco Bilbao Vizcaya Argentaria SA's Texas spending spree -- including the $2.2 billion purchase of Texas Regional Bancshares Inc. and the $480 million purchase of State National Bancshares -- sets the stage for the big Spanish bank to become a major player in the competitive market for remittances between the U.S. and Mexico and could lead to further acquisitions." The Journal continues, "Under a deal announced yesterday, BBVA, Spain's second-largest bank in terms of market value, after Grupo Santander SA, said it would pay $2.16 billion for Texas Regional, whose branches stretch along the Rio Grande Valley. The acquisition is expected to close in the fourth quarter after shareholder and regulatory approval. Separately, BBVA also said it would buy State National, a Fort Worth bank with 44 branches and a sizable El Paso presence. The acquisitions give BBVA ownership of branches along the Texas-Mexico border stretching from El Paso eastward to McAllen, where Texas Regional is based. …

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The purchase could allow BBVA to gain a larger share of the remittance business that flows between the U.S. and Mexico."

RIAA Head Says Illegal Song-Sharing "Contained." USA Today (6/13, Graham) reports, "Nearly a year after the Supreme Court issued a landmark ruling against online music file-sharing services, the CEO of the Recording Industry Association of America says unauthorized song swapping has been 'contained.' … 'The problem has not been eliminated,' says association CEO Mitch Bainwol. 'But we believe digital downloads have emerged into a growing, thriving business, and file-trading is flat.'" USA continues, "That's an optimistic view from an industry that saw its numbers slide to near oblivion after the launch of the original Napster in 1999. CD sales fell as much as 30%, and the RIAA pressed Congress and the courts for relief against what it said was rampant piracy. … After the Supreme Court ruled that the services could be liable for piracy by their users, the RIAA sent cease-and-desist letters to several firms. Most — including BearShare, WinMX and Grokster — shut down. EDonkey and others said they would switch to a licensed, paid model. … EDonkey, which along with BitTorrent is one of the most-used file-sharing services, has yet to make the switch." USA adds, "Even with Grokster and WinMX shut down, their software programs still exist. Eric Garland, CEO of Internet measurement firm BigChampagne, says that more people than ever are using file-sharing networks. 'Nearly 10 million people are online, swapping media, at any given time,' he says. That May figure is up from 8.7 million people in 2005, he says. … Garland says the RIAA has made some inroads. 'They have removed the profiteers from online piracy,' he says. 'They've also embarked on a very successful education campaign. Kids now know about copyright, and the consequences.'"

German Antitrust Authorities Scrutinize Web Rights Deal. The AP (6/13) reports, "Germany's antitrust authority said Monday it is examining the compromise deal between the German soccer league and Deutsche Telekom AG for Internet broadcasting rights after receiving complaints." The AP continues, "The Federal Cartel Office said it had received complaints from rival Internet service providers that Deutsche Telekom is abusing its dominant position." The AP adds, "Under the agreement reached last Wednesday with the German soccer league, or DFL, the telecom will broadcast Bundesliga soccer games online and provide content to its T-Mobile subscribers' cell phones. … Deutsche Telekom -- which won the rights to broadcast German soccer league matches via the Internet in an auction last December -- will not, however, distribute the Internet signal through its cable and satellite operations, both companies said in a statement. In return, Deutsche Telekom agreed to pay less for the Internet rights than originally agreed. … At the same time, it was announced that pay-TV company Arena, which won the television broadcasting rights, will no longer have the right to broadcast over the Internet or to sublicense its Internet broadcasting rights."

ENVIRONMENT:

Pipe Company Official Sentenced To Prison For Rigging Pollution Tests. The AP (6/13) reports, "An executive for a cast-iron pipe foundry in Provo was sentenced Monday to a year in prison for rigging a pollution test." The AP continues, "Charles Matlock, who was vice president and general manager of Pacific States Cast Iron Pipe Co., also was fined $20,000 by U.S. District Judge Dee Benson. … Matlock pleaded guilty in February to violating the Clean Air Act by manipulating an emissions test at Pacific States, a division of Birmingham, Ala.-based McWane Inc." The AP adds, "At issue was a furnace stack test conducted in 2000. An indictment accused the company of feeding crude iron instead of its usual supply of contaminated automobile scrap into the foundry to cover up pollution violations. … The 2000 test was used to file emissions reports to government regulators in 2001, 2002 and 2003. McWane paid a $3 million fine for falsifying the test. … 'When senior corporate executives cheat on required tests, public health and the environment suffer,' said David Uhlmann, chief of the environmental crimes section of the U.S. Department of Justice. … Matlock's sentencing 'is further proof of the McWane legacy: a repeat offender that committed years of environmental and worker safety violations at facilities across the country,' Uhlmann said in a statement."

EPA Rule Loosened After Texas Oil Exec Lobbied Rove. The Los Angeles Times (6/13, Hamburger, Wallsten, 958K) reports a rule "designed by the Environmental Protection Agency to keep groundwater clean near oil drilling sites and other construction zones was loosened after White House officials rejected it amid complaints by energy companies that it was too restrictive and after a well-connected Texas oil executive appealed to White House senior advisor Karl Rove." The new rule, "which took effect Monday, came after years of intense industry pressure, including court battles and behind-the-scenes agency lobbying." But environmentalists "vowed Monday that the fight was not over, distributing internal White House documents that they said portrayed the new rule as a political payoff to an industry long aligned with the Republican Party and President Bush."

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McCain Says There Will Be "Heavy Price" For Failing To Act On Climate Change. Sen. John McCain said on Fox News' On The Record with Greta Van Susteren (6/12) that "we are going to pay a very heavy price for" failing to act sooner on climate change. McCain added, "We have an opportunity now in my view because of the high energy costs to move the ethanol and hydrogen and go back to nuclear power and really combine an effort to be much greener with financial incentives to do so. When oil is $10 a barrel I don't think much of ethanol. When it is $70 a barrel it is a very viable energy source."

NYTimes Urges Kempthorne To "Resurrect" Interior's "Stewardship Of Public Lands." The New York Times (6/13, 1.19M) editorializes, "Dirk Kempthorne's chief task as the new secretary of the interior is to resurrect his department's long tradition of responsible stewardship of the public lands. … As she was going out the door, Ms. Norton resolved a long and complicated dispute over who controls thousands of miles of ancient cowpaths and other trails throughout the West in favor of state and local interests. Many of these trails run through national parks, wildlife refuges and monuments, and as things stand now, there is little to prevent the states from paving them and using them to promote commerce. Mr. Kempthorne should revisit this decision. If he does not, Congress should revisit it for him."

FBI/DEA/ATF/USMS:

Four Face Drug Charges In Connecticut Following Three-Month Investigation. In Manchester, the Hartford (CT) Courant (6/12, Marteka) reports a three-month police investigation "has resulted in the arrests of four men on drug charges, including two who were on parole. … The program was part of Operation SNAG, also known as 'spring-narcotics-arrest and grab,' according to Manchester police Sgt. Sandy Ficara. … During the operation, East Central Narcotics along with the assistance of federal Drug Enforcement Administration agents arrested Daniel Cote on charges of illegally manufacturing steroids and selling them online."

"Pill-Popping" Parties Become Popular As More Teens Abuse Prescription Drugs. USA Today (6/13, Leinwand) reports drug counselors across the USA "are beginning to hear about…pill-popping parties, which are part of a rapidly developing underground culture that surrounds the rising abuse of prescription drugs by teens and young adults. It's a culture with its own lingo: Bowls and baggies of random pills often are called 'trail mix,' and on Internet chat sites, collecting pills from the family medicine cabinet is called 'pharming.' … To try to reduce the supply of prescription drugs on the black market, authorities have shut down several 'pill mills' — where doctors prescribe inordinate amounts of narcotics — as well as Internet pharmacies that ship drugs with little medical consultation, says Catherine Harnett, chief of demand reduction for the Drug Enforcement Administration (DEA)."

Tennessee Ranked Nation's Third-Highest State Encountering Meth "Scourge." In a story titled, "The Ground War Against Meth," Adweek (6/12) writes, "Methamphetamines have hit Tennessee hard. Incidents at labs where the drug is cooked using ingredients found at the nearest pharmacy reached 850 last year, including explosions and seizures, making the state the third highest in the country to experience the scourge, according to Drug Enforcement Administration figures. When the Partnership for a Drug-Free America asked The Buntin Group, a small Nashville agency, to develop a pro-bono campaign to fight meth, shop officials there knew they needed more powerful weapons than just TV and print ads to reach the state's more rural areas."

MLB Suspends Grimsley For Using Human Growth Hormone. The AP (6/13) reports pitcher Jason Grimsley "was suspended 50 games by Major League Baseball on Monday, less than a week after federal agents raided his home during an investigation into performance-enhancing drugs. Commissioner Bud Selig's office suspended Grimsley for violating baseball's Joint Drug Prevention and Treatment Program, based on his statements to authorities regarding human growth hormone."

Diamondbacks "Infuriated." USA Today (6/12, Nightengale) reports the Arizona Diamondbacks, "infuriated and embarrassed by reliever Jason Grimsley's involvement with steroids and human growth hormone, vow to release any player caught using illegal performance-enhancing drugs in the future," Diamondbacks managing general partner Ken Kendrick said. "Particularly unsettling, Kendrick said, was that Grimsley never informed the team he was being targeted as part of a probe into illegal drug use."

Nearly 2 Percent Of American Indian Population Said To Be Using Meth. The AP (6/12) reports, "Statistics on Indian meth use are scarce, but [a] survey found in 2004 that almost 2 percent of the American Indian population was using meth. Robert McSwain, deputy director of the Indian Health Service, told a congressional panel earlier this month that the rate of Indians using meth appears to have dramatically increased in the past five years. This poses a major problem for states and Indian

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reservations, Barton said, as some states have passed laws that essentially punish property owners for meth contamination. Some landlords -- including Indian housing authorities -- have been forced to pay for cleanup of meth labs, which can cost thousands of dollars."

Afghanistan Seen As "Narco-State." In a story about the Afghan drug trade, the Christian Science Monitor (6/13, Baldauf) writes from Kabul, "Afghan officials and foreign diplomats increasingly call this central Asian country a 'narco-state,' as top officials find it more profitable to flout laws than enforce them. Very few major Afghan officials have been removed for involvement in drug trafficking, in part because of the lack of evidence, and in part because the country has only recently created special tribunals to handle major drug cases."

Some Violence In Afghanistan Seen As Attempt To Undermine Anti-Narcotics Campaign. The AP (6/12) reports from Kandahar that a "surge in fighting has killed about 550 people, mostly militants, since mid-May." U.S. Ambassador Ronald Neumann "said the rebels have stepped up attacks to scare away NATO. … Neumann said he also believes some of the violence is being caused by drug barons inciting fighting in an effort to destabilize the region and undermine the government's U.S.-backed counternarcotics campaign."

On its Web site, Voice of America (6/12) writes Neumann "told reporters that drug lords, mostly in Southern Afghanistan, hope the insurgency will effectively incapacitate Afghan President Hamid Karzai's counter-narcotics program. 'This year, President Karzai led a very strong policy to eradicate poppy. There were efforts by drug-dealers and terrorists together to prevent that,' he said."

Marshals Service Takes Over Operation Of Connecticut Trash Hauling Business. The AP (6/13, Apuzzo) reports, "After allegedly operating for years with the Mafia as its silent partner, southern Connecticut's largest garbage-hauling conglomerate started work this week backed by some new muscle: federal marshals." The AP continues, "In the largest federal business takeover in Connecticut history, authorities seized control Friday of 25 companies suspected of helping carve out mob-controlled garbage routes. Now marshals must lawfully run a business in an industry that prosecutors say has been dirty since the 1980s … 'We seize assets all the time, but running a business is something new for us here,' said U.S. Marshal John Bardelli." The AP adds, "Marshals spent the weekend at the Danbury compound that's home to businessman James Galante's trash empire. With Galante in prison and locked out of his more than 60 business and personal bank accounts, authorities must keep the trucks running and avoid letting the garbage pile up. … Galante's companies serve about 20 southern Connecticut and eastern New York towns. His transfer station handles about 80 percent of the region's garbage and his pickup businesses are among the most dominant in the area. … Federal prosecutors say the Genovese crime family ensured that dominance in exchange for quarterly payments of $30,000. … The companies are required by a court order to maintain their service. The marshals are there to ensure that happens, institute new accounting standards and sign off on every financial transaction the companies make."

Suspect In Abortion Clinic Bomb Plot Appears In Court. The Washington Post (6/13, B9, Castaneda) reports, "The Prince George's man charged with building a pipe bomb he allegedly wanted to use to attack a Greenbelt abortion clinic appeared in federal court yesterday wearing an antiabortion T-shirt." The Post continues, "On the front of Robert Weiler Jr.'s green shirt were the words 'Help Cure Abortion.' On the back was 'ABORTION: The leading cause of death in America,' as well as writing that said abortion claims 1,200,000 lives annually." The Post adds, "Weiler, 25, said little during his initial court appearance in Greenbelt before U.S. Magistrate Judge Charles B. Day. Assistant U.S. Attorney Bryan E. Foreman asked Day to order Weiler to remain in custody, saying the serious charges against him make him a flight risk. … Weiler did not enter a plea, and his attorney, Assistant Public Defender Michael Citara Manis, said Weiler waived his right to a detention hearing. Day scheduled a preliminary hearing for June 22, and until then Weiler will remain in custody. … Weiler is charged with four federal offenses, including possession of an unregistered destructive device and possession of a stolen firearm. Each carries a maximum penalty of 10 years in prison."

IMMIGRATION:

Sensenbrenner, Tancredo Criticize Senate Immigration Bill. The Washington Times (6/13, Hurt, 90K) reports, "The Senate's immigration-reform bill grants broad amnesty to illegal aliens and is even worse than previously thought, say House Republicans who have read the 850-page Senate bill and must approve any final legislation that Congress sends President Bush." House Judiciary Committee Chairman F. James Sensenbrenner Jr., "said of the bill that was largely penned by Sens. Edward M. Kennedy, Massachusetts Democrat, and John McCain," Arizona Republican, "The more people see of this Senate bill, the less they like it." He also said "allowing illegals to collect Social Security benefits based on past illegal work, for instance, is 'outrageous.'" Also, Rep. Tom Tancredo "said he met last week with a group of hotel executives from Marriott International Inc. who favor increased immigration to bring

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them more cheap labor to work as hotel maids. He told them about the consultation requirement."

Court Nixes Colorado Immigration Ballot Initiative. USA Today (6/13, Kenworthy, 2.31M) reports Colorado "had been planning a showdown over a ballot initiative to prohibit illegal immigrants from receiving some government services. But the Colorado Supreme Court on Monday rejected the controversial measure, ruling 5-2 that it violates a constitutional requirement that initiatives deal with just one subject." Even "without the measure on the November ballot, Colorado voters are likely to remain at the center of the USA's boisterous immigration debate. The contentious issue could be a factor in competitive elections here for governor, Congress and control of the Legislature." GOP consultant Katy Atkinson said, "It's an issue that kind of exploded here. This will still be an issue, especially in federal races and the governor's race."

TAX:

Nevada Man Sentenced To 4 Years In Prison For Tax Fraud. WebCPA.com (6/12) reports, "More than 2,000 false income and trust tax returns later, a Nevada man has been sentenced to four-and-a-half years in prison. R. Scot Stokes, of Henderson, Nev., was sentenced to 54 months for conspiring to defraud the United States and conspiring to commit mail and wire fraud, in connection with the promotion of a tax and investment fraud scheme, the Department of Justice and the Internal Revenue Service announced." WebCPA notes, "In February 2005, he pleaded guilty to conspiracy and admitted that the filing of false returns had resulted in a loss of federal tax revenue between $7 million and $10 million." Stokes also "said that he participated in fraudulent investment schemes that caused customers to lose between $2.5 million and $5 million."

Sloan Says Estate Tax Repeal Would Hurt The "Small Rich." In his "Deals" column in the Washington Post (6/13, D2, 744K), Allan Sloan writes, "When the Senate turned down President Bush's bid to repeal the estate tax permanently last week, it actually did a favor for tens of thousands of moderately well-off households -- the 'small rich,' if you prefer. That's because such households would be worse off under the full repeal scheduled for 2010 (which Bush wants to make permanent) than they would be under the 2009 rules, which are more favorable for estates than today's rules." Sloan adds that lawmakers should not "benefit a handful of very rich people by eliminating the estate tax 2010-style at the expense of the small rich and everyone else. We've already made a major mistake by allowing the alternative minimum tax…to hit the middle and upper-middle classes but not the truly wealthy. Let's try not to make that same mistake with the estate tax."

WPost Laments Need For Wolf's Proposed Tax Code Commission. An editorial in the Washington Post (6/13, A20, 744K) says, "The political system is proving itself incapable of addressing hard budgetary questions even as the time to act grows shorter. … Into this standoff comes Rep. Frank R. Wolf (R-Va.) with a proposal for a base-closure-style commission to beat all commissions. It would look at the tax code and the array of entitlement programs and produce a set of recommendations, decided by a two-thirds vote, to put them on a fiscally sustainable course. … Its recommendations would come before Congress for an up-or-down vote, although the president or either chamber's budget committee would also be able to submit alternatives." The Post says the Wolf proposal "is laudable in some ways, disturbing in others." The Post says lawmakers "should look at Mr. Wolf's proposal and feel embarrassed that it has come to this."

CONGRESS-ADMINISTRATION:

House Expected To Approve $94.5 Billion Supplemental Spending Bill. The Washington Post (6/13, Weisman, Murray, 744K) reports the House "is expected to approve a record-breaking $94.5 billion emergency spending bill today to fund the wars in Iraq and Afghanistan, Gulf Coast hurricane relief, border security and avian flu preparation. With Senate passage expected later in the week, the bill would push the cost of the Iraq war to nearly $320 billion, according to the nonpartisan Congressional Research Service." The "cost of the war may be escalating, but don't expect many lawmakers to stand against a measure to fund military operations." The real debates "will begin after the spending bill is on its way to Bush. On Thursday, the House will get to a long-delayed day of discussions on Iraq and the fight against terrorism, taking up a resolution to urge 'continued resolve by the United States as it moves forward toward achievement of' stability in Iraq." The Senate, "as it considers its annual defense policy bill, will be having a similar discussion, thanks to an amendment by Sen. John F. Kerry (D-Mass.) calling for Bush to reach agreement with Iraq on a schedule for troop withdrawals this year."

Schwab Says US Eager For WTO Agreement, Not "Watered-Down" Compromise. On her first day as US trade representative, the Washington Post (6/13, D1, Blustein, 744K) reports Susan Schwab "promptly made it clear that she views her appointment in much different terms than Washington's chattering classes," who have "dismissed

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her as something of a caretaker because of the way President Bush nominated her." In an interview with the Post, Schwab said, "The fact that the president chose to announce my nomination the same day as Ambassador Portman's was announced was evidence that the president wanted to send a message—that he wanted a seamless transition and continued high priority on trade." To "underscore the point," she emphasized that she plans "to stick resolutely to the position Portman staked out" at the ongoing Doha round of the World Trade Organization. The administration is "eager for an agreement that would sharply lower trade barriers" among the WTO's members, especially in farm products, and "is not interested in a watered-down compromise of the sort some countries are pushing," Schwab told the Post.

Conservatives Pressure Bush To End Probe Of OSC Official. The Hill (6/13, Bolton) reports a "group of prominent conservatives have signed a letter to President Bush aimed at calling off an investigation of Scott Bloch, the administration official tasked with protecting the rights of federal workers." Clay Johnson III, "the deputy director for management at the Office of Management and Budget (OMB), ordered the Office of Personnel Management (OPM) to investigate Bloch in response to a complaint filed last year by several anonymous career employees at the Office of Special Counsel, which Bloch heads." Several conservatives "behind the letter to Bush say that administration officials are trying to pressure Bloch to resign his post because he doesn't believe that sexual orientation should be considered akin to race and religion as a class of civil-rights protection and this view has sparked controversy within his office and Congress." The "potential dispute between social-conservative leaders and the Bush administration comes at a time when GOP strategists are trying to boost support among the conservative wing of the party in preparation for the midterm election." Among the conservative leaders who signed the letter were Tony Perkins, Paul Weyrich, and the Rev. Louis Sheldon.

Before Joining White House Staff, Zinsmeister Blasted Clintons, Gore. The Washington Post (6/13, A19, Baker, 744K) reports, "Bill Clinton is a 'virtuoso deceiver' and Hillary Rodham Clinton a 'true chameleon' guilty of 'self-serving behavior, comparative radicalism, and dubious personal morality.' Al Gore is a 'mad dog' known to 'foam at the mouth.' John McCain is given to 'showboating.' And Jacques Chirac, Nelson Mandela, Gerhard Schroeder and Kofi Annan are all 'feckless fools.' Says who? President Bush's new chief domestic policy adviser." The Post adds, "While most White House aides carefully trim their public commentary, they can't take back what they said before arriving in the West Wing, and few in this day and age arrive with a more provocative paper trail than Karl Zinsmeister, who started his new job yesterday. For a dozen years until his appointment, Zinsmeister held forth on all manner of issues and personalities as editor in chief of the American Enterprise Institute's magazine. … A review of years of articles reveals a formidable thinker with a powerful sense of what he considers right and wrong." For example, "as Zinsmeister sees it, racial profiling by the police makes sense; the military, if anything, treats terrorist suspects too gently; and casual sex has led to wrecked cities, violence and 'endless human misery.' … Although Zinsmeister wrote admiringly of Bush, his future boss was not exempt from remonstration when he seemed to stray." Zinsmeister "chided candidate Bush for promising he would make it easier for legal immigrants to bring in relatives and questioned whether incumbent Bush 'actually has a soft spot for big government.'"

Budget Deficit Down 16.6% From Last Year. The Wall Street Journal (6/13, Solomon, Walsh, 2.11M) reports, "Surging individual and corporate income-tax receipts in May continued to help the federal government shrink the budget deficit to $227 billion for the first eight months of the fiscal year, down 16.6% from the same period a year earlier." The Federal government "did run a larger monthly budget deficit of $42.8 billion in May, widening 21% from $35.4 billion a year earlier." However, "economists said that increase was a quirk of the calendar that shifted some federal program payments into May and from accounting changes that increased the cost of subsidized student loans."

Lobby Firms Paid For 90 Congressional Trips Over 2000-05. The Hill (6/13, Snyder) reports, "Lobbying firms and lobbyists were listed as paying all or part of the costs for 90 congressional trips taken between 2000 and 2005, according to a new report by the Center for Public Integrity, Northwestern University's Medill News Service and American Public Media." Lobbyists and lobbying firms "are not allowed under congressional ethics rules to pay for congressional travel." The "total cost of the trips was roughly $145,000."

NYTimes Says Congress Won't Reform Abuse Of Free Trips. The New York Times (6/13, 1.19M) editorializes that even "in Congress's own sloppy paperwork, the bottom line for junketeering looks shameful: Over just five and a half years, lawmakers and members of their staffs went off on 23,000 'fact-finding' trips worth almost $50 million, with the tab picked up by private sponsors intent on capturing legislative access and favors. Expense-paid fact finding proved particularly irresistible in Paris, the destination of more than 200 trips, Hawaii (150) and Italy (140)." The Times adds, "Unfortunately, this Congress will soon reaffirm its addiction to special-interest junketeering when it strikes a

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cosmetic deal on ethics reform that does little to end the all-too-clear abuses."

Pelosi Takes Case For Ousting Jefferson From Key Panel To Black Media. Roll Call (6/13, Kornacki) reports the "fight over the Ways and Means Committee seat held by Rep. William Jefferson (D-La.) is now playing out on the airwaves and in the pages of publications aimed at blacks, as House Minority Leader Nancy Pelosi (D-Calif.) seeks to dispel the notion that she's enforcing a double standard by demanding that Jefferson step down prior to any criminal charges being filed against him." Unless Jefferson "changes course and leaves Ways and Means on his own, the Louisianan is expected to be booted from the exclusive committee Thursday night — an extraordinary step encouraged by Pelosi, who first called on Jefferson to leave the tax-writing panel three weeks ago 'in the interest of upholding the high ethical standards of the Democratic Caucus.'" Pelosi "appeared on the radio show of Joe Madison, who calls himself 'the Black Eagle.' She also hosted a conference call with black reporters and sat for a one-on-one session with a nationally known black columnist."

Wickham Says Jefferson Should Step Down From Ways And Means Panel. DeWayne Wickham writes in USA Today (6/13, 2.31M) that the Congressional Black Caucus' expected defense of Rep. William Jefferson as the House Democratic Caucus meets Thursday to decide whether he should be stripped of his seat on the Ways and Means Committee "is a fight that shouldn't happen." The CBC has "denounced the effort to oust Jefferson from the committee, saying such a move against an unindicted member of Congress is unprecedented. As defenses go, that's a pretty weak one." Wickham adds that Jefferson "should acquiesce to Pelosi's demand that he step down from the committee whose membership he is accused of abusing. If such a request is unprecedented, it is also long overdue."

Supporters Rally To Hoyer In Wake Of Murtha Challenge. The Hill (6/13, Hearn) reports allies of Rep. Steny Hoyer (D-Md.) "rushed to his defense Monday as the minority whip faced a challenge from Rep. Jack Murtha (D-Pa.) for the post of majority leader, should Democrats win control of the House in November." Hoyer's backers "expressed concern that the race would hurt their ability to reach voters on policy issues." Rep. Barney Frank said, "I regret that we're going to have this contest. It will be portrayed in the media as a sign of Democratic disorder. It will distract attention from Democrats' efforts to win back the House." The Hill adds a Democratic member "who is backing Hoyer said that the whip was surprised by Murtha's announcement and had been 'playing catch-up' all weekend by calling colleagues." Many Democrats "were curious what role House Minority Leader Nancy Pelosi (D-Calif.) may have had in Murtha's decision. Murtha and Pelosi are close allies."

Roll Call (6/13, Kornacki) reports "there are no signs that Minority Leader Nancy Pelosi (Calif.) will take any steps — publicly or privately — to steer her party away from a potentially divisive leadership fight as a crucial election approaches." Pelosi is "considered the only Democrat with the clout to back Murtha off his challenge, but on Monday she remained unavailable for comment, the same approach she took Friday, when Murtha floored his colleagues by declaring his intention to challenge Hoyer for Majority Leader if the party takes back the House."

Murtha Says He Would Provide "Change In Direction" As Leader. Rep. John Murtha said on MSNBC's Hardball (6/12), "I believe that the public -- Democrats in particular throughout the country -- have been way ahead of the Congress, and some of the members have kind of hung back for one reason or another. I think it's absolutely imperative -- there's no more important issue to this country than the war. That's why I got involved in the majority leader's race." Murtha added, "I think the American public want to change the direction. That's what I'm hearing. They don't want to go down this same road and just hear the same rhetoric over and over and over again. They want a change in direction, and a change in direction means some changes at the top so that these folks have something to look forward to."

Congressional Democrats To Host Town Hall Meeting On 2006 Platform. Roll Call (6/13, Billings) reports congressional Democratic leaders "on Wednesday afternoon will return to the issues that have largely defined their party over the past decade, hosting a town hall meeting to highlight the domestic priorities of their 2006 platform." Senate Minority Leader Harry Reid (D-Nev.) and House Minority Leader Nancy Pelosi (D-Calif.) "will headline the forum with other Congressional leaders at the Kennedy Recreation Center in Northwest Washington, D.C. The leaders are taking a different approach to laying out the third component of their platform, holding an issues discussion rather than a ceremonial event designed to energize the party faithful." Sources said "the leaders plan to promote Democratic plans on health care, energy, the economy and education, while challenging what they argue are the failed policies of the Bush administration and the GOP-led Congress."

Pelosi Says Time To Roll Out Democratic Agenda Has Arrived. The Hill (6/13, Hearn) reports with Republicans "seeking to define Democrats by their votes on such hot-button issues as gay marriage, the estate tax and flag burning," House Minority Leader Pelosi (D-Calif.) is arguing that Democrats need to tell voters about themselves before Republicans succeed in doing it for them." Pelosi said the

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"the time to criticize the Republicans' 'culture of corruption,' a Democratic refrain for nearly a year, is at an end," and Democrats "need to begin promoting their own vision of America." Pelosi said, "Now it's time to talk about us. Enough of the Republicans. It's time for us to talk about what are the priorities we'd like to see addressed, if we have the opportunity." The Hill adds Democrats "have been struggling for months to devise a unified message to take to voters, debating whether to be general or detailed, to come out early or late, or to present a succinct list of points like the GOP's 1994 Contract With America. Pelosi has been seen as favoring an early message, while Rep. Rahm Emanuel (D-Ill.) and Sen. Charles Schumer (D-N.Y.), who head up the campaign committees for House and Senate Democrats, have argued for focusing on Republican misdeeds." Pelosi "outlined three areas where Democrats would seek to differentiate themselves from Republicans: integrity, civility and accountability. If Democrats were to take control of the House in November, their first actions would focus on promoting those values, she said." The "three themes are similar to the message Democrats ran on in 2004, when they lost two House seats in part because of redistricting in Texas that defeated five Democratic incumbents." But "perhaps more important, Pelosi is vowing to run the House — a body of Congress marked by intense partisanship for decades — in a bipartisan fashion."

Energy Department Informs 1,500 Workers Hacker May Have Accessed Personal ID. The AP (6/13, Hebert) reports Energy Department officials "have informed nearly 1,500 individuals that their Social Security numbers and other information may have been compromised when a hacker gained entry to a department computer system eight months ago, a spokesman said Monday." The workers, "mostly contract employees, worked for the National Nuclear Security Administration, a semiautonomous agency within the department that deals with the government's nuclear weapons programs." The computer theft "occurred last September, but Energy Secretary Samuel Bodman and his deputy, Clay Sell, were not informed of it until last week."

Voinovich Bill Aimed At Strengthening Performance Appraisal System. The Washington Post (6/13, D4, Barr, 744K) reports in its "Federal Diary" column that Sen. George Voinovich today plans to offer a bill that would "require federal managers to provide their employees with a written performance evaluation each year and would prohibit pay raises for employees rated as less than successful." Voinovich "said his bill would strengthen the employee performance appraisal system and help lay the foundation for an overhaul of federal pay." The Post adds, "Voinovich's bill appears designed to find middle ground between proponents and opponents of performance-based pay for the federal workforce."

Byrd Becomes Longest-Serving Senator. Sen. Robert Byrd yesterday became the longest serving senator in US history. The Washington Post (6/13, A6, Babington, 744K) reports that Byrd "marked his 17,327th day in the Senate by visiting his wife's grave and then listening to several colleagues praise his career." Byrd "left the floor without speaking, struggling to maintain his composure." ABC World News Tonight (6/12, story 12, :35, Gibson, 8.78M) and NBC Nightly News (6/12, story 9, 2:35, Reid, 9.87M) also reported on Byrd.

Bush Daughter Moving To Manhattan. The Washington Post (6/13, Argetsinger, Roberts, 744K) reports in its "The Reliable Source" column that President Bush's daughter Barbara "has pulled up stakes for Manhattan, sources confirmed yesterday. What the First Daughter has planned for NYC remains unknown; the White House maintains a firm policy of not commenting about the twins' personal lives."

Pentagon's Small Institute Of Heraldry Creates All Presidential Seals, Plaques. The New York Times (6/13, Eckholm, 1.19M) reports on the Institute of Heraldry, the government's chief guardian of insignia and heraldic tradition. The Institute of Heraldry, "located for historical reasons within the Army, has a budget of $2.3 million and 24 employees, including four well-schooled 'heraldic designers.' But the handiwork of this little office has had an outsize influence on the public face of the military and the government. All plaques bearing presidential or vice-presidential seals, as seen on news conference lecterns and the bulkhead of Air Force One, are hand-sculpted and painted here."

WSJournal Criticizes Hayden Testimony. An editorial in the Wall Street Journal (6/13, 2.11M) says "newly minted CIA Director Michael Hayden" has "done the Bush Administration a huge disservice by reinforcing the Democrats' 'Bush lied' theme in his confirmation testimony." Hayden's testimony, "along with his subsequent failure to follow through on promises to correct the record, do not make for an auspicious, truth-telling start at CIA."

OTHER NEWS:

Stocks Continue Slump On Interest Rate, Growth Worries. ABC World News Tonight (6/12, story 9, :15, Gibson, 8.78M) reports, "On Wall Street today, investor worries about rising interest rates and economic

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growth pushed stocks down, again as last week's sell-off continued. The Dow Jones Industrial Average was down another 99 points to close at 10,792. On the Nasdaq, stocks were down nearly 44 points [to close at 2091.32.]"

Also, says the New York Times (6/13, Bajaj, Peters, 1.19M), the Standard & Poor's 500-stock "index fell 1.3 percent, erasing all of its gains for the year and closing at its lowest level since November." But the damage was far worse in some other parts of the world. Trading at the Colombian stock exchange was briefly halted after its benchmark index fell more than 10 percent. Mexico's benchmark stock index fell 4.3 percent, its biggest one-day decline in more than three years. Markets in India, Brazil and Hungary also tumbled.'" The Wall Street Journal (6/13, Browning, 2.11M), Washington Post (6/13, Masters, 744K) and USA Today (6/13, Krantz, 2.31M), among other sources, also report on the market.

Fed Officials Continue To Sound "Inflation Alarms." USA Today (6/13, Hagenbaugh, 2.31M) reports, "Federal Reserve policymakers continued to sound inflation alarms Monday, strengthening expectations that they will raise interest rates for a 17th-straight time when they meet this month. 'The recent news on inflation troubles me,' Cleveland Fed President Sandra Pianalto said in a speech to members of the Broadcast Cable Financial Management Association in Orlando." She "noted the so-called core consumer price index, which excludes volatile food and energy prices, rose more than 3% at an annual pace during the first three months of 2006." Board Gov. Susan Bies also "said inflation data have been coming in high. She said the economy is growing rapidly, while energy prices are high -- factors that could add to already elevated price pressures."

Dummar Takes Another Shot At Claiming Hughes Estate. The Wall Street Journal (6/13, Karp) reports, "Melvin Dummar had long since given up on getting a share of the late billionaire Howard Hughes's fortune. And for good reason: In 1978, Mr. Dummar became a national joke when a Las Vegas jury ruled that the basis for his claim -- a handwritten will that surfaced mysteriously -- was fake. … 'I've never really gotten over it,' Mr. Dummar says. 'For 30 years, everybody just laughed at me and treated me like some kind of criminal, a forger. Until a few months ago, I thought it was a lost cause.' … But now Mr. Dummar is back, seeking another day in court and what he considers his rightful share of Mr. Hughes's estate. In a lawsuit filed yesterday, Mr. Dummar claims to have new evidence and a compelling new witness: a pilot who says he flew the late Mr. Hughes to a brothel near where Mr. Dummar claims he happened on to him." The Journal continues, "With the suit filed yesterday in federal district court in Salt Lake City, Mr. Dummar began another chapter in one of the wildest estate battles in U.S. history. … When the eccentric billionaire died in 1976, Mr. Dummar (pronounced Doo-MAR) emerged as an improbable heir. He said a will delivered to a gas station he ran in Utah entitled him to $156 million, a reward for the night in 1967 when he said he had found a dazed man face down on a desert road and drove him to Las Vegas. That man, Mr. Dummar claimed, told him he was Howard Hughes. … But Mr. Dummar's tale fell apart at trial. And he got nothing but a dubious place in history, folklore and Hollywood, thanks to the Oscar-winning 1980 film 'Melvin and Howard.' … Now 61 years old and eking out a living delivering meat along those same desolate Nevada roads, Mr. Dummar is hoping for a real-life sequel. His co-stars this time include an author who once was a Federal Bureau of Investigation agent; a former Hughes pilot who is breaking his silence; a prostitute with a diamond-encrusted tooth; and a lawyer who has a weekly radio show about estate planning. … The lawsuit is based on new evidence that purportedly corroborates Mr. Dummar's claim that Mr. Hughes indeed was in the desert that late-December 1967 night. The defendants are two elderly Hughes beneficiaries: William Lummis, the main family heir, and Frank Gay, a former Hughes executive. Mr. Dummar alleges fraud, unjust enrichment and racketeering during the probate case, and requests $156 million, plus interest since 1978, and punitive damages."

Conflict Questions Raised About Getty Book Deal. The Los Angeles Times (6/13, Frammolino, Felch) reports, "Former J. Paul Getty Trust chief Barry Munitz agreed to pay retired Getty board Chairman David Gardner nearly $300,000 to write a coffee-table book after Gardner left the foundation's board in 2004. … Gardner was hired to write the book just months after he intervened on Munitz's behalf to help the chief executive secure a five-year contract rather than the one-year extension some board members favored." The Times continues, "The book deal came after years of pressure from Gardner on Munitz and other Getty officials to find a way to compensate him for his service on the board, records and interviews show. The will of J. Paul Getty, whose oil fortune financed the educational trust that bears his name, specifically stipulates that board members are to serve without pay. … Plans for the book, which was to commemorate the Getty's 25th anniversary, were canceled in March, a month after Munitz resigned amid turmoil at the nonprofit foundation — but not before Gardner had collected $178,000 over 19 months for little work." The Times adds, "Gardner says he produced a rough outline during that time but did not conduct interviews or begin writing. He blamed his lack of progress on the trust, which he said did not provide the necessary cooperation. … Internal Getty documents show that Munitz and his staff were discussing a book deal for Gardner in 2003, while Gardner was chairman and Munitz

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was negotiating his own contract. Around the same time, Munitz also spoke directly to Gardner about writing a book after he stepped down as chairman, according to two former Getty officials familiar with the discussions. Citing ongoing investigations of the Getty, the officials asked not to be identified. … Munitz and Gardner, a former president of the University of California, deny any impropriety in the book deal. .. Several experts on the laws governing nonprofits, however, said that discussions of the book deal while Gardner was chair created a potential conflict of interest, because both men stood to benefit personally from the official actions of the other."

Webb, Miller Stump For Votes On Eve Of Virginia Senate Primary. Virginia voters will go to the polls today to decide a winner in the U.S. Senate primary race between Democrats James Webb and Harris Miller. The winner will take on Virginia Sen. George Allen (R) in November. The Washington Post (6/13, B1, Shear, Jenkins, 744K) reports that Massachusetts Sen. John Kerry (D) appeared at a rally with Webb yesterday in Arlington County, VA. Appearing before "about 250 people," Kerry "heartily endorsed Webb, President Ronald Reagan's former Navy secretary, saying that the Senate needs the 'confident leadership' and 'independent thinking' that Webb has offered during the campaign." Miller, meanwhile, "spent the afternoon making last-minute phone calls to prospective voters and later held a rally at his Northern Virginia headquarters in McLean." The candidates "continued to run campaign ads touting their ability to defeat" Allen. Miller's spots, "made possible by his investing $1 million of his personal wealth, hammer Webb on his Republican past."

USA Today (6/13, Lawrence, 2.31M) relates that a number of Senate Democrats, including Kerry, Senate Minority Leader Harry Reid, DSCC Chairman Charles Schumer and Illinois Sen. Barack Obama, have said that Webb "is their 'best hope' to gain a seat and hobble Allen's White House ambitions. Mark Plotkin, a political analyst for Washington's WTOP-radio, calls the senators' intervention 'unprecedented.' In Webb's Renaissance-man résumé, his GOP past and his macho persona, Plotkin says, top Democrats see 'political nirvana' -- the return of white, male, rural and military voters to the Democratic Party." Miller, meanwhile, has been endorsed by The Washington Post's editorial board, which "called him 'better-briefed, better-focused and more thoughtful' than Webb." The candidates "disagree on a few issues, but the main contrast between them is style. Webb drives a camouflage-painted Jeep and campaigns in combat boots that belong to his son, a Marine bound for Iraq in fall." Miller says of himself: "I've been accused of being a policy wonk. … I plead guilty. U.S. senators are supposed to talk about policy."

The Christian Science Monitor (6/13, Chaddock, 61K) reports that while Senate Democratic leaders such as Schumer have backed Webb, "it's not clear that Virginia Democrats expected to turn out in Tuesday's primary election got the memo. At an annual dinner on Friday, not a hint of applause from Arlington County Democrats greeted Mr. Webb's announcement that 13 Democratic senators had 'stood up and endorsed my candidacy.'" Miller, "who was chairing the Fairfax County Democratic Committee when Mr. Webb, a Reagan Democrat, joined the Reagan administration," has the backing of many of the rank-and-file state Democrats, including Margaret Whipple, "who chairs the state Senate Democratic Caucus." Whipple said, "I've known [Mr. Harris] for 20-plus years. He's a Democrat whose values I share." But "if Webb were to pull off a primary victory, he could expect a surge of national funding to defeat Senator Allen, who is also a probable 2008 presidential contender."

The Hill (6/13, Blake) notes that Schumer's "rare, last-minute backing of" Webb "is seen as an indication that Webb would receive more national attention and help than Miller would in the Democrats' quest to unseat Allen. Indeed, national Democrats aren't saying Webb is the better candidate so much as that he is the candidate better able to defeat Allen. A Rasmussen poll from April shows Webb trailing Allen by 20 points, while an earlier Zogby poll showed him behind by seven. Webb was closer than Miller in both polls." The Cook Political Report's Jennifer Duffy "said the decisionmakers at the DSCC 'are sticking their neck out' for Webb." Miller "touts support from dozens of state lawmakers, mayors and council members and said that, while national Democrats throw their support to Webb, local politicians have been hitting the ground for him. 'Chuck Schumer's a good senator for New York City, and Harry Reid's a nice senator for Las Vegas,' Miller said. 'But I have the support of the people here in Virginia, and those are the people that count.'"

Schumer's Endorsement Of Webb Rankles Some Democratic Fundraisers. The Washington Post (6/13, A9, Cillizza, 744K) reports that while it's unclear whether Schumer's backing of Webb "will help move votes," it "did move money -- away from Schumer and the" DSCC. The Post relates, "The most immediate fallout of Schumer's endorsement was the relocation of a post-primary fundraiser for the DSCC that was scheduled to be at the home of former lieutenant governor Donald S. Beyer Jr. and his wife, Megan. The longtime Democratic fundraisers are Miller supporters. The Beyers begged off after Schumer's move, for which they received no advance notice. The event will be at another venue, but is likely to bring in considerably less money as irritated Miller backers join the Beyers in taking a pass on helping the DSCC." Beyer "said the DSCC should have stayed out. 'They've dug a hole that was unnecessary,' he said. 'If Harris wins, they are going to look ridiculous. They will have irritated an awful lot of people.'"

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Allen Will Hold Huge Fundraising Lead Over Democratic Winner. The Washington Times (6/13, McLaughlin, 90K) notes, "Both campaigns have scrambled to raise money. As of May 25, Mr. Miller had raised $1.2 million -- of which $675,000 is his own money -- and Mr. Webb has raised $547,000 -- which includes a $100,000 loan. The winner of today's primary will face an uphill battle against Mr. Allen, who has more than $7 million in his campaign war chest."

GOP Seen As Profiting From Good News Week. In his Roll Call column (6/13), David Winston says, "That sound you heard all over Washington, D.C., last Wednesday morning was Republicans breathing a huge collective sigh of relief that Republican Brian Bilbray had defeated Democrat Francine Busby in the special election to fill California's 50th district House seat. That GOP victory, however, was just the first in a series of political and policy events that challenged the prevailing conventional wisdom and sent Democrats scurrying to their spin doctors for something — anything — positive to say about what quickly turned into a 72-hour political nightmare." The "loss of the special election was only the beginning of a bad week for Democrats. By Thursday, they once again found themselves on the defensive when good news arrived from Iraq — news too big to be ignored. Abu Musab al-Zarqawi, the most wanted terrorist in Iraq, had been killed by U.S. military air strikes on the same day that the new Iraqi government had filled its last and most important cabinet posts, Defense and Interior." But if Thursday "was bad for Democrats, by Friday, things had gotten even worse. Rumors of serious rifts in the House Democratic leadership burst into the open Friday as an apparently clairvoyant Murtha announced his intention to seek the Majority Leader's job if Democrats win the House in November."

Bell Seen As Having Uphill Struggle In Texas Gubernatorial Race. The Washington Times (6/13, Aynesworth, 90K) reports Texas Democrats "emerged from their convention here over the weekend with conviction and verve, but they still face an uphill battle to take back the governor's mansion." Former Rep. Chris Bell, "who was gerrymandered out of his district in 2002, is the party's choice to oppose Republican Gov. Rick Perry." Bell "said he could win if the party faithful would stick together. The Houston Democrat certainly needs that, but his own campaign workers concede that few voters have ever heard of Mr. Bell, making name recognition a dominant theme in the campaign."

Eleven Senators May Run for Presidency In '08. Roll Call (6/13, Billings) reports with "an extraordinary 11 sitting Senators seriously eyeing a bid for the White House in 2008, both parties are already dealing with logistical and personality headaches as the lawmakers use the chamber as a testing ground for their competing agendas." At least "five Republican and six Democratic Senators are currently looking at the idea of mounting presidential campaigns — the most in recent memory. And, at least one other Member of Congress, Rep. Tom Tancredo (R-Colo.), is considered a possible candidate." On the Democratic side, "Sens. Evan Bayh (Ind.), Joseph Biden (Del.), Hillary Rodham Clinton (N.Y.), Chris Dodd (Conn.), Russ Feingold (Wis.) and John Kerry (Mass.) already are viewed as committed contenders. Despite his protests, Sen. Barack Obama (Ill.) is also seen by some observers as a possible candidate, although many believe he is disinclined to run in 2008." The early Republican field "includes Senate Majority Leader Bill Frist (Tenn.), who is retiring after this Congress, as well as Sens. John McCain (Ariz.), Chuck Hagel (Neb.), Sam Brownback (Kan.) and George Allen (Va.)." Aides and Senators "from both parties said managing the presidential hopefuls' egos will be tricky at a time when both parties are banking on heightened unity to gain an election-year advantage on the issues of the day. But those sources are quick to note that personalities always play a role in the Senate regardless of whether a lawmaker is aspiring for another office."

Kansas GOP Split Could Foreshadow 2008 Presidential Primary. The Los Angeles Times (6/13, Riccardi, 958K) reports former state Republican chairman Mark Parkinson "announced he was running for lieutenant governor — as a Democrat. He said he no longer felt welcome in the increasingly conservative Kansas Republican Party." Parkinson "became the third Republican politician in the last nine months to startle this red state by switching to the minority party. The other two are targeting GOP incumbents in the attorney general's office and in the state House of Representatives." Political observers "say the fracture within the Kansas GOP may foreshadow the future for the national party. The division between moderates and social conservatives is expected to define the contest for the party's 2008 presidential nomination." Moderates who "emphasize economic development and religious conservatives concerned with limiting abortion and gay rights have battled for more than a decade for control of the Kansas Republican Party, which dominates the state with 48% of registered voters. The remaining voters are split evenly between Democratic and Independent registration."

Laura Bush To Raise Funds For Santorum, Kean. The Philadelphia Inquirer (6/13, 423K) reports as Republican candidates "around the country avoid appearances with President Bush or Vice President Cheney, two in the Philadelphia area - U.S. Sen. Rick Santorum in Pennsylvania and Senate challenger Thomas H. Kean Jr. in

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New Jersey - welcome visiting Laura Bush today with open war chests." People "don't blame her for the war in Iraq, rising gasoline prices, or unpopular administration policies." Laura Bush is "scheduled to appear this morning at a fund-raising breakfast for Santorum at the Appleford Estate in Villanova. Santorum is hoping for 300 attendees and $400,000, according to spokeswoman Virginia Davis." Bush also is "to attend an afternoon reception for Kean at a law office in Lakewood, N.J., where the Kean campaign expects as many as 500 guests and at least $500,000 in contributions, which it will split with the New Jersey Republican Committee."

Study Finds Volunteerism Rising. The Washington Times (6/13, Hausner, 90K) reports that a recent study found that volunteerism is on the rise. A "federal study on state volunteerism, released yesterday by the Corporation for National and Community Service (CNCS)," found that "65.4 million (28.8 percent) of American adults volunteered last year. In every region and state, women volunteered at a higher rate than men and married people were more likely to donate time and resources than single people. The study also showed that more Americans 35 to 44 years old volunteered than any other age group."

WSJournal Says 2003 Principle Should Apply When Justices Hear Punitive Damages Case. An editorial in the Wall Street Journal (6/13, 2.11M) says that when the Supreme Court laid down a marker on excessive punitive damages in the 2003 State Farm case, "we suggested it might take more than one try before courts at the lower level got the message. The high court has now agreed to hear an appeal in an Oregon case in which Philip Morris was dinged for punitive damages 97 times greater than the compensatory damages awarded in a smoker's death." The Supreme Court "acknowledged in State Farm that punitive damages may play a role to deter bad conduct. But it was also clear that they're not intended to cover damages to non-parties to these cases or to take account of the losing party's net worth. … The same would seem to apply here; the question is whether the new cast of players at the High Court will see it the same way."

El-Baradei Criticizes Iranian Data Gaps. While Iran continues to mull its response to an international incentives package in exchange for nuclear cubs, the New York Times (6/13, Sciolino, 1.19M) reports, "The chief of the International Atomic Energy Agency on Monday faulted Iran for failing to provide information crucial to understanding fully the nature and intent of its nuclear program." Mohamed El-Baradei said publicly that "his agency 'has not made much progress in resolving outstanding verification issues.' He added, 'I would continue to urge Iran to provide the cooperation needed to resolve these issues.'" El-Baradei "kept his comments on Iran short and declined to take questions from reporters. Still, he made it clear that he welcomed the initiative by the six nations, calling it a way 'to reach a comprehensive agreement that would address the need of the international community to establish confidence in the exclusively peaceful nature of Iran's nuclear program, while also simultaneously addressing Iran's security, technology and economic needs.'"

Meanwhile, Bloomberg (6/13, Tirone) notes, "El-Baradei said a US offer to join direct talks with Iran about security issues may provide an end to the stalemate over the Islamic Republic's atomic program."

Japan Skeptical About Sanctions Proposal. The Washington Post (6/13, A14, Faiola, Linzer, 744K) reports, "Despite months of pressure from Washington, Japan has become increasingly reluctant to join a Bush administration plan for sanctions against Iran if negotiations fail to resolve concerns over the country's nuclear program." Tokyo has hinted they "may not join in punitive measures unless there is a broad international consensus along the lines of a UN Security Council resolution or other measure backed by nations now reluctant to impose sanctions, such as China." The Post says a financial sanctions regime "depends strongly on Japanese participation. Without it, administration officials have calculated, the impact would significantly decrease." The Post goes on to report Secretary Rice and Japanese Foreign Minister Taro Aso "discussed the Iranian situation by telephone, agreeing to cooperate in resolving the standoff."

China Opposes Joint Statement; Russia Could Follow. The AP (6/13, Jahn) reports Beijing and Moscow "are holding back from a united message with Western powers to insist that Tehran halt uranium enrichment, a stance that could encourage Iranian defiance, diplomats said Monday." China is said to be "opposed to signing a joint statement and Russia was leaning against participating."

Iran Plan Said To Mirror Clinton-Era Pyongyang Overture. In an analytical piece, the Wall Street Journal (6/13, Solomon, 2.11M) reports, "As President Bush contemplates the possibility of nonproliferation talks with Iran, he runs some of the same risks he said the Clinton administration took when dealing with North Korea. Mr. Bush and his top aides were critical five years ago of the Clinton team's negotiating tactics with the regime in Pyongyang," and "now the Bush team has opened the door to the possibility of holding similar talks with Iran." According to the Journal, "Many counterproliferation experts support this evolving US approach, saying it is a more realistic and potentially sustainable than avoiding direct talks. They also see the White House's diplomatic U-turn as an unstated recognition of the limits of unilateral American power." The Carnegie Endowment's George Perkovich is quoted saying, "They were in the bunker at the White House, thinking, eventually,

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these countries would have to succumb to our power. ... But it turns out we can't do everything out there alone."

Christopher Sees Parallels To Iranian Hostage Talks. Former Secretary of State Warren Christopher writes in the New York Times (6/13, 1.19M), "The welcome recent announcement that the United States is willing to join face-to-face talks with Iran rekindled memories of my own experiences, 25 years ago, as chief negotiator in the Iranian hostage crisis. The subject of that negotiation was the 52 American diplomats who were taken hostage in Tehran on Nov. 4, 1979. The result was their release, 444 days later, on the day of Ronald Reagan's inauguration in 1981. Since that day we have had no diplomatic relations and virtually no direct dialogue with Iran." He adds "there are lessons from our 1979-81 negotiations with Iran that can inform our efforts in 2006. First, we must be sure we are talking with the right people. One of the most frustrating dead ends we encountered in the hostage negotiations was learning that despite prolonged efforts to forge a settlement with President Abolhassan Bani-Sadr, he did not even have the power to move the hostages from one location to another, much less cause their release. If our 2006 negotiators study the vectors of power in Iran, they may be able to avoid such frustrations. … As in the hostage crisis, a military solution is unwise and probably infeasible."

Hamas, Fatah Gunmen Go On Rampage In Palestinian Territories. The New York Times (6/13, Erlanger, 1.19M) reports, "Hundreds of Palestinian security personnel loyal to" President Mahmoud Abbas "went on a rampage Monday night in the West Bank town of Ramallah, attacking the parliament and cabinet buildings controlled by his rivals in the Hamas-led government. The attack…came after Hamas gunmen attacked the Gaza headquarters of the Fatah-dominated security forces with rockets and grenades." According to the Times, "Mr. Abbas declared a state of emergency and ordered people off the streets on a chaotic and violent day."

Meanwhile, the Financial Times (6/13, Morris, Ben Hall) reports, "Hamas on Monday deferred a parliamentary motion to outlaw a national referendum called by Mr. Abbas for July 26 that would ask the electorate to vote on proposals that implicitly recognize Israel. Hamas...has declared the referendum illegal." The AP (6/12, Daraghmeh), Chicago Tribune (6/13, Greenberg, 643K) and Washington Post (6/13, A14, Wilson, 744K) run similar reports.

Rockets Lobbed At Israeli Towns; Generals Recommend Gaza Invasion. The Washington Times (6/13, Mitnick, 90K) reports, "Israel and Hamas seemed on the brink of abandoning a 17-month calm on Wednesday as Islamic militants lobbed rockets at Israeli towns and Israeli generals reportedly recommended an invasion of Gaza to snuff out the salvos, but officials and analysts think both sides will honor the informal cease-fire. … Both Israel and the Palestinian Authority face growing domestic pressure to launch retaliatory attacks. Seven Palestinians from one family were killed on a Gaza beach by an errant explosive, and the southern Israeli city of Sderot has come under frequent attack by Qassam rockets. So far, political leaders have resisted the temptation."

Israel Says Palestinians Not Killed By Israeli Shells. NBC Nightly News (6/12, story 6, 2:30, Williams, 9.87M) reported on the deaths of seven Palestinians on a Gaza Beach after an Israeli-Palestinian military confrontation. NBC (Fletcher) added the "shocking pictures" have turned Huda Ghaliya "into a Palestinian symbol around the world. President Mahmud Abbas called her the daughter of the Palestinian people. But there is confusion as to what really happened. Friday afternoon, the Israeli army and Palestinian militants from Hamas had been exchanging rocket fire. Hamas immediately blamed Israel for the tragedy and called off a 16-month truce, swearing revenge. Israel said it regretted the loss of life and brought Huda's two wounded sisters and her brother to an Israeli hospital for treatment. But tonight, Israeli military sources tell NBC News they have examined shrapnel taken from Huda's siblings and they've confirmed that the shrapnel does not come from an Israeli artillery shell."

Blair, Olmert Push For "Negotiated" Solution. The Financial Times (6/13, Ben Hall) reports British Prime Minister Tony Blair "on Monday urged Israelis and Palestinians to pursue a negotiated settlement of their conflict, but did not endorse a unilateral Israeli solution in the event of a stalemate. Speaking in Downing Street after talks with" Israeli Premier Ehud Olmert, "Mr. Blair promised to give 'every support and every impetus we can from the international community' to ensure that talks could begin." For his part, Olmert "reiterated his willingness to work towards a negotiated solution, which he said was based on 'a generous compromise' by Israel. He would 'go a long way' to convincing the Palestinians that it was worthwhile entering talks, under conditions set out in the international road map. 'We are not impatient, therefore we are willing to give it some time,' Mr Olmert said, revealing that he would be meeting Mr Abbas within the next few weeks."

However, says the AP (6/12, Weizman), Olmert also said that "he would make 'every possible effort' to negotiate peace with the Palestinians but will act unilaterally without an agreement."

Expert Says North Korea Trying To Get US Attention. AFP (6/12, Parameswaran) reports, "North Korea's preparations for possible long-range missile tests -- its first in nearly a decade -- may be an attempt to grab the attention of a US government distracted by its nuclear row with Iran, experts said." A senior US official said in a

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weekend report that there were "'enough indications' to suggest that the Stalinist state was getting ready to test-fire an intercontinental ballistic missile, eight years after sending a missile over northern Japan. Current test preparations are reportedly far more advanced than on previous occasions when North Korea appeared to be gearing up for a missile launch."

Coburn Meets With UN Deputy Secretary General. The Washington Times (6/13, Pisik, 90K) reports that Sen. Tom Coburn visited UN Deputy Secretary General Malloch Brown yesterday "to explain that Middle America does appreciate the work of the world body, they just want to see it better managed." Coburn met with brown "to rebut what he considered unfair criticism of the American people. 'I expressed disappointment on the lack of insight that was displayed in the speech given last week,' Mr. Coburn told reporters after meeting in Mr. Malloch Brown's office. 'The vast majority of Oklahomans believe in the function of the U.N. and recognize the positive contributions.' However, he added, the international organization still suffers from a lack of transparency and accountability."

Cuba Cuts Power To US Mission In Havana. The AP (6/12) reports that the State Department said yesterday that the Cuban government cut off electricity to the US diplomatic mission in Havana and "US requests for power to be restored have gone unanswered." The facility "has been operating with generator power." The AP adds, "Work at the mission continues, including interviews of refugees and outreach programs for the Cuban people, State Department spokesman Sean McCormack said."

The Washington Times (6/13, Carter, 90K) reports, "The State Department called the power cut part of a campaign of harassment of US diplomats by the Cuban government. … The State Department said the harassment is thought to be the Cuban response to the U.S. Interests Section's 'outreach' on behalf of the Cuban people."

Islamic Leader In Somalia Seeks "Understanding" With US. Knight Ridder (6/13, Allam) reports that Somalian Islamic leader Sheik Sherif Ahmed said yesterday that he seeks "am understanding" with the US. Ahmed, whose Islamic Courts Union militia seized control of Mogadishu last week also "denied that his group is sheltering al-Qaida terrorists." Ahmed "told Knight Ridder that he doesn't plan full ties with the United States, and he dodged questions about his views on al-Qaida."

Roberts Says State Department's Disclosure Of Covert Program Made Somalia Efforts More Difficult. John B. Roberts II, who served in the Reagan White House, writes in the Washington Times (6/13, 90K) that under presidential authority, Washington "launched a covert action program relying on a coalition of secular Somali warlords called the Alliance for the Restoration of Peace and Counter-Terrorism" to contain al Qaeda in Somalia. Roberts adds that the success of these CIA-backed warlords in containing al Qaeda has been made more difficult "by State Department disclosure of the covert program. How CIA Director Michael Hayden and Deputy Director Steve Kappes handle the Nairobi station chief will be closely watched by CIA officers, especially in operations. This is the acid test of whether the new CIA is a risk-averse agency where creativity and daring will be rewarded." To send a message throughout CIA, Messrs. Hayden and Kappes should promote the Nairobi station chief instead of sacrificing him to appease critics in other agencies or Congress."

World Bank Says Indonesia Lacks Funds To Fight Bird Flu. The AP (6/13) reports Indonesia's fight against bird flu is "under-funded and poorly coordinated," the World Bank said, "urging the government to be more aggressive in culling fowl in infected areas." The bank, in a report to be released today to Indonesia's biggest aid donors, also said the Indonesian government needed to "improve surveillance of poultry stocks to better detect outbreaks of the disease and to modify its vaccination program." Indonesia estimated it will need $900 million over the next three years to fight the H5N1 virus, but has budgeted only $59 million for 2006.

Chinese Officials Divided Over Booming Auto Market. A front page story in the Wall Street Journal (6/13, Fairclough, Oster, 2.11M) reports on china's auto market, noting that nearly 1,000 new cars hit the streets of Beijing each day, "crowding a city already choked with pollution. Levels of nitrogen dioxide currently exceed the World Health Organization's clean-air guidelines by 78%." The Journal adds, "The rise of the automobile highlights the wrenching balancing act China faces as it tries to join the ranks of modern consumer societies: improving living standards and creating jobs for the country's 1.3 billion people while keeping pollution and oil demand under control. Officials from China's central government are divided over how to proceed."

Russian TV Show Promises Seats In Parliament To Young People. A front page story in the Washington Post (6/13, A1, Finn, 744K) reports on a Russian television show called Political Factory on which a group of potential legislators, picked from obscurity, will compete to "join the Russian ruling class by October." In April, the Supreme Council of United Russia, the political party which controls legislatures at both the federal and regional levels, "decided that 20 percent of all candidates on party lists in future elections must be between 21 and 28 years of age. The

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move is part of efforts to broaden the party's membership beyond the stolid bureaucrats and businessmen who currently stuff its ranks -- many of them inspired not by ideological fervor but by the party's almost complete electoral dominance." On June 4," the original field of 60 was cut to 20, half of whom had no previous affiliation with United Russia or Young Guard, according to their questionnaires. … On June 27, five final winners will be chosen in Lipetsk and added to the party list. Three of those will almost certainly end up in parliament."

US Urged To Avoid "Public Spitting Match" With Egypt. Jon B. Alterman, who directs the Middle East Program at the Center for Strategic and International Studies in Washington, writes in the Washington Post (6/13, A21, 744K), "There are many in Washington who think that Egyptian politics turned around last spring because of President Bush's demonstrated resolve to promote political change in that country. They further believe that the leadership in Cairo reverted to its bad old ways when Bush's attention strayed. They are wrong on both counts. Profound change was never in the air in Egypt." The US "needs to continue to press for greater openness and participation in Egypt. … Our role should be to encourage and prod. Getting into a public spitting match with the Egyptian government would have precisely the opposite effect."

Kristof Calls For Debate On Effectiveness Of Foreign Aid. Nicholas Kristof writes in the New York Times (6/13, 1.19M) that Americans should not "shy away from a conversation about the effectiveness of [foreign] aid. The problems are real, but so are the millions of people alive today who wouldn't be if not for aid. In the end, if we have tough conversations about foreign aid, then I believe Americans will acknowledge the challenges -- and then, clear-eyed, agree to dig more deeply than ever, for that is simply the best way we have of asserting our own humanity."

THE BIG PICTURE:

Headlines From Today's Front Pages.

Los Angeles Times:
"Zarqawi Attack Put Jordan Hot On His Trail."
"Getty Book Deal Led To Questions Of Conflict."
"He's No Angel, He's A P.I."
"Rival U.S. Labs In Arms Race To Build Safer Nuclear Bomb."
"L.A. Convention Center To Get Major Hotel Tower."
"In Kansas, A Troubling Fissure For GOP."
"High Court Scrutinizing Capital Cases."

USA Today:
"Poll Sees A Boost For Bush, Iraq War."
"Prescription Drugs Find Place In Teen Culture."
"AFL-CIO Plans New Orleans Boom."

New York Times:
"Violence Erupts Among Factions Of Palestinians."
"Prisoners Gain In Suit Attacking Lethal Injection."
"U.S. Muslims Confront Taboo On Nursing Homes."
"Police Struggles In New Orleans Raise Old Fears."
"Dogs And Discriminating Noses Are Following New Career Paths."
"Oil, Politics And Bloodshed Corrupt An Iraqi City."

Washington Post:
"Violent Crime Rises In U.S."
"Hope Has Faded For Md. Publisher."
"Rail Car Problems Delay Metro Relief."
"Russian Party Asks Young: Who Wants To Be A Deputy?"
"Officials Detail Zarqawi's Last Hour."
"For Many Of Katrina's Young Victims, The Scars Are More Than Skin Deep."

Washington Times:
"Zarqawi Successor The New Target."
"Church Revisits Views On Gays."
"Air Marshals Warn Their Bullets Are Too Powerful."
"Ex-Morales Backer Decries Party Betrayal."
"Chinese Muslims Search For Sanctuary."
"The Social Butterflies Drawn To The Polo Match."

Detroit Free Press:
"Optimism In Tough Times."
"Wiretap Suit All About Power."
"NWA, Flight Attendants Ease Strike Fear With Talks."

Atlanta Journal-Constitution:
"Students' Scores Highlight Disparity."
"Water Squeeze Brings First ban."
"Guard's Arrival At Border Stifles Illegal Crossings."
"Worries Not For The Lack Of Rain."
"Court Bows To Science, Allows New Execution Appeals."

Houston Chronicle:
"Mystery Man Takes Al-Zarqawi's Place."
"Violent Crimes Rise 2.5% In '05."
"Jurors Complain Of Push To Convict."
"Pollutant Study Gives The County A Cleanup 'To-Do' List, Mayor Says."
"Tijuana's Poor Adore Flamboyant Mayor."

Story Lineup From Last Night's Network News:
ABC: Tropical Storm Alberto; Alberto Preparations; Bush-War Cabinet; Zarqawi Replacement; Zarqawi Autopsy; Supreme Court-Death Penalty; NV-Judge Shot; Violent Crime; Stock Markets; US Soccer Team; Steelers QB Accident; Byrd-Longest Senate Tenure; Zoo Elephants.

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CBS: Tropical Storm Alberto; Alberto Forecast; Zarqawi's Replacement; Iraq Violence; Bush-Approval Ratings; Bush-War Cabinet; Gitmo Suicides; Canadian Terror Plot; Violent Crime; NC-Anti-Crime Program; Steelers QB Accident; Funeral-CBS Cameraman.
NBC: Tropical Storm Alberto; Alberto Preparations; Zarqawi Autopsy; Bush-War Cabinet; Violent Crime; Gaza-Palestinian Family; Steelers QB Accident; Type 2 Diabetes; Byrd-Longest Senate Tenure.

Story Lineup From This Morning's Radio News Broadcasts:
ABC: Tropical Storm Alberto; Bush-Camp David Meeting; Zarqawi Successor Named; NV-Judge Shooting.
CBS: Tropical Storm Alberto; Iraq Bombs; Iraq-CBS News Poll; Zarqawi Autopsy; Roethlisberger-Motorcycle Accident; Real Estate Prices.
NPR: Tropical Storm Alberto; ACLU-Warrantless Wiretap Suit; Zarqawi Successor Named; Wall Street; Dallas-Setser Convicted; Monster.Com-Stock Options.

WASHINGTON'S SCHEDULE:

Today's Events In Washington.
White House:

PRESIDENT BUSH — Holds a video teleconference with the Iraqi Cabinet in Baghdad, Camp David; holds press availability, Rose Garden.

VICE PRESIDENT CHENEY — No public schedule.

LAURA BUSH — Speaks at a Santorum Victory Committee breakfast, Appleford Estate, Villanova, Pa.; speaks at a Kean-NJ Victory '06 Committee reception, Bathgate, Wegener and wolf, Lakewood, N.J.

US Senate: FLOOR SCHEDULE _ 9:45 a.m. -- Meets for morning business. Highlights: After morning business, resumes consideration of S. 2766, Defense Authorization and pending amendment on successful mission to eliminate Zarqawi. 12:15 p.m. Roll call vote on Zarqawi Amendment. 3:30 p.m. Vote on motion to invoke cloture on nomination of Richard Stickler to be assistant secretary of labor for mine safety and health.

9:30 a.m. FOREIGN RELATIONS _ Full Committee. Hearing on counterterrorism. State Department Counterterrorism Coordinator Henry A. Crumpton; retired Vice Adm. John Scott Redd, director, National Counterterrorism Center; John E. McLaughlin, School of Advanced International Studies; Daniel Benjamin, Center for Strategic and International Studies. Location: Room 419, Dirksen.

9:30 a.m. JUDICIARY _ Constitution, Civil Rights and Property Rights Subcommittee. Hearing on the need for Section 203 provisions for limited English speakers. John Transvina, Mexican American Legal Defense and Education Fund, Los Angeles; Margaret Fung, Asian American Legal Defense and Education Fund, New York; Mauro E. Mujica, U.S. English; Deborah Wright, California Department of Registrar-Recorder; Peter N. Kirsanow, National Labor Relations Board. Location: Room 226, Dirksen.

10 a.m. AGRICULTURE, NUTRITION AND FORESTRY _ Full Committee. Oversight hearing on USDA farm loan programs. Glenn Keppy, associate administrator for programs, Farm Service Agency; Carolyn Cooksie, deputy administrator for farm loan programs, FSA; Dennis A. Everson, president, Agribusiness Division, First Dakota National Bank, Yankton, S.D.; Betsy Senter, National Association of Credit Specialists; Karen Krub, Farmers' Legal Action Group Inc., St. Paul. Location: Room 328A, Russell.

10 a.m. COMMERCE, SCIENCE AND TRANSPORTATION _ Full Committee. Hearing on a substitute version of S.2686, the Communications Act of 2006. Location: Room 106, Dirksen.

10 a.m. FINANCE _ Full Committee. Hearing on corporate tax issues. IRS Commissioner Mark Everson, Comptroller General David Walker, Assistant Attorney General eileen O'Connor; George Pleski, University of Connecticut; attorney Edward Kleinbard; tax analyst Martin Sullivan. Location: Room 215, Dirksen.

2:30 p.m. ARMED SERVICES _ Readiness and Management Support Subcommittee. Hearing on the FY07 budget for business systems modernization and financial management. Comptroller General David Walker; Undersecretary of Defense Kenneth Kreig; Principal Deputy Undersecretary of Defense J. Davide Patterson. Location: Room 222, Russell.

2:30 p.m. HOMELAND SECURITY AND GOVERNMENTAL AFFAIRS _ Federal Financial Management, Government Information, and International Security Subcommittee. Hearing on autopilot budgeting. Clay Johnson III, OMB; Eileen Norcross, George Mason University; Adam Hughes, OMB Watch. Location: Room 342, Dirksen.

2:30 p.m. SELECT INTELLIGENCE _ Full Committee. Meeting on pending business. Closed. Location: Room 219, Hart.

3 p.m. JUDICIARY _ Administrative Oversight and the Courts Subcommittee. Hearing on H.R. 1038 - Multidistrict Litigation Jurisdiction. Location: Room 226, Dirksen.

US House: FLOOR SCHEDULE _ 9:30 a.m. FLOOR SCHEDULE _ Meets for morning hour and at 11 a.m. for legislative business. At 11:25 Rep-elect Brian Bilbray will be sworn in on the House floor. At about 11:35 a.m. there will be a mock swearing in photo opportunity in H-210, Capitol. Highlights: Suspensions (3 bills): 1) H.Con.Res. 372 - Recognizing the 50th Anniversary of the Interstate Highway

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System; 2) H.R. 5117 - To exempt persons with disabilities from the prohibition against providing section 8 rental assistance to college students; 3) H.Res. 318 - Supporting responsible fatherhood, promoting marriage, and encouraging greater involvement of fathers in the lives of their children, especially on Father's Day. H.R. 5576 - Transportation, Treasury, Housing and Urban Development, the Judiciary, the District of Columbia, and Independent Agencies Appropriations Act for Fiscal Year 2007.

9:30 a.m. JUDICIARY _ Crime, Terrorism and Homeland Security Subcommittee. Hearing on improving restitution for crime victims. Testimony from the National Crime Victim Law Institute, Lewis and Clark Law School; Parents of Murdered Children, Inc.; and the Committee on Corrections and Sentencing, American Bar Association. Location: Room 2141, Rayburn.

10 a.m. FINANCIAL SERVICES _ financial Institutions and Consumer Credit Subcommittee. Hearing on the Home Mortgage Disclosure Act. Location: Room 2128, Rayburn.

10 a.m. TRANSPORTATION AND INFRASTRUCTURE _ Railroads Subcommittee. Hearing on issues in rail transportation of hazardous materials. Witnesses include Joseph Boardman, Administrator, Federal Railroad Administration; Robert Chipkevich, Director, NTSB, Office of Railroad Investigations; Edward Hamberger, CEO, Association of American Railroads; Richard Timmons, President, American Short Line and Regional Railroad Assoc.; Thomas Pontolillo, Brotherhood of Locomotive Engineers and Trainmen; the American Chemistry Council; Augusta Fire Department; American Trial Lawyers Assoc.; others. Location: Room 2167, Rayburn.

10:30 a.m. EDUCATION AND THE WORKFORCE _ Full Committee. Hearing on minority test scores and the No Child Left Behind law. Deputy Education Secretary Raymond Simon; Cynthia Kuhlman, principal, Centennial Place Elementary, Atlanta; Deputy Maryland State Education Superintendent Ronald Peiffer. Location: Room 2175, Rayburn.

10:30 a.m. SCIENCE _ Space and Aeronautics Subcommittee. Hearing on the NASA worlforce, retention and reinforcing the workforce. Assistant Administrator Toni Dawsey, David Black, National Research Council; Gregory Junemann, International Federation of Progessional and Technical Engineers; John Douglass, Aerospace Industries Association. Location: Room 2318, Rayburn.

1 p.m. ARMED SERVICES _ Full Committee. Hearing on H.R. 5200 - National Defense Enhancement and National Guard Empowerment Act of 2006. Adm. Edmund P. Giambastiani - vice chairman, Joint Chiefs of Staff; Deputy Defense Secretary Gordon R. England; Gen. Richard Cody, vice chief of staff, Army; Gen. John D.W. Corley, vice chief of staff, Air Force; retired Air Force Brig. Gen. Stephen Koper, president, National Guard Association of the U.S.; Maj. Gen. Roger P. Lempke, president, Adjutants General Association of the United States. Location: Room 2118, Rayburn.

2 p.m. ENERGY AND COMMERCE _ Oversight and Investigations Subcommittee. Hearing on NIH research policies regarding human tissue samples. Witness scheduled: Dr. Susan Molchan, Neuroscience and Neuropsychology of Aging Program, National Institute on Aging, Bethesda, Md. Location: Room 2123, Rayburn.

2 p.m. GOVERNMENT REFORM _ Federal Workforce and Agency Organization Subcommittee. Hearing on information technology in the federal employees health benefits program. Dan Green, Deputy Associate Director, Center for Employee and Family Support Policy, OPM; Charles Fallis, President, National Active and Retired Federal Employees Association; Colleen Kelley, National President, National Treasury Employees Union; Jacqueline Simon, Director of Public Policy, American Federation of Government Employees; Archelle Georgion, MD, Executive VP, Strategic Relations, Specialized Care Services, UnitedHealth Group; Stephen W. Gammarino, Senior Vice President, National Programs, Blue Cross and Blue Shield Association; Joe Witkowski, Vice President, Government Employees Hospital Association, Inc. Location: Room 2154, Rayburn.

2 p.m. GOVERNMENT REFORM _ National Security, Emerging threats and International Relations Subcommittee. Hearing on private security firms on the battlefield.William Solis, GAO; Greg Starr, State Department; James Undar, USAID; Chris Taylor, Blackwater USA; retired Maj. Gen. Robert Rosenkranz, DynCorp International; Ignacio Balderas, Triple Canopy; Doug Brooks, International Peace Operations Association. Location: Room 2247, Rayburn.

2 p.m. RULES _ Full Committee. Meeting to set rules for floor debate on H.Res. ___ - Declaring that the U.S. will complete the mission in Iraq and prevail in the Global War on Terror, the struggle to protect freedom from the terrorist adversary. Location: Room H-313, Capitol.

3 p.m. JUDICIARY _ Commercial and Administrative Law Subcommittee. Hearing on state taxation of interstate telecommunications services. Location: Room 2141, Rayburn.

Other: LATIN AMERICAN DEVELOPMENT _ The Inter-American Development Bank holds a conference on a new initiative to deal with Latin American development.
Highlights: 9 a.m. Former President Bill Clinton. Location: IADB, 1330 New York Ave. NW.

REPRODUCTIVE HEALTH _ Annual meeting of the National Family Planning and Reproductive Health Association. Highlights: 12 p.m. Sen. Hillary Rodham Clinton delivers the keynote address. Sewall-Belmont House, 1444 Constitution Ave. NW. Location: Omni Shoreham Hotel, 2500 Calvert St. NW, unless otherwise noted.

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KATRINA-PROTEST _ Survivors of hurricane Katrina and Rita hold demonstrations to protest FEMA's decision to end housing benefits. Highlights: 10 a.m. Demonstration outside FEMA, 500 C St. SW. 12 p.m. News conference. Holiday Inn, 550 C St. SW. 3 p.m. Presentation at Katrina housing series congressional forum. room 2200, Rayburn.

REGIONAL LEADERS _ 8 a.m. Rep. Ruben Hinojosa hosts the 5th Regional Leaders Conference for local elected officials, education administrators, municipal representatives others. Highlights: 9 a.m. Rep. Chet Edwards on improving health care access for veterans. 11 a.m. Federal Reserve Board Chairman Ben Bernanke. 11:30 a.m. Rep. Charles Gonzales on reauthorization of the Voting Rights Act. 12 p.m. Sen. Kay Bailey Hutchison. Location: Jefferson Building, Library of Congress.

VILSACK-FOREIGN POLICY _ 8:30 a.m. - 10 a.m. The Johns Hopkins Paul H. Nitze School of Advanced International Studies (SAIS) Ceter for Transatlantic Relations hosts a foreign policy briefing, ``Foreign Policy: A Governor's View." Governor Tom Vilsack, D-Iowa, will give the keynote remarks. Other panelists include Chrystia Freeland, U.S. managing editor of the Financial Times, and Robert Guttman, editor-in-chief of Transatlantic magazine at SAIS. Location: Room 500, Bernstein-Offit Building, 1717 Massachusetts Ave. NW.

REAL ESTATE _ 9:30 a.m. Assistant Treasury Secretary Emil Henry, Jr., speaks on the economy at the Real Estate Roundtable.

IRS _ 10:30 a.m. President Colleen Kelley of the National Treasury Employees Union and Rep. Steven Rothman hold a media briefing by telephone to discuss their joint effort to prevent the Internal Revenue Service from hiring private sector debt collectors. Contacts: Dina Long, 202-572-5500. Notes: Callin number: 888-296-1938; passcode: 953743.

TEACHING AWARD _ 11 a.m. Education Secretary Spellings speaks at the National Kinder Excellence Teaching Award news conference. Location: Willard Inter-Continental Hotel, 1401 Pennsylvania Ave. NW.

BOEHNER _ 11:30 a.m. House Majority Leader Rep. John Boehner holds a pen and pad only briefing. Location: Room H-107, Capitol.

DISASTER PREPAREDNESS _ 11:45 a.m. - 1:30 p.m. The SCI FI channel hosts a media roundtable, ``Are We Prepared? For Pandemic, Nuclear Terrorism or Asteroid Collision?," exploring how prepared the US government is to deal with the potential catastrophic dangers posed by a flu pandemic, nuclear terrorism and collision with a near-Earth object. Participants include Reps. Rep. Nita Lowey, D-N.Y., James Langevin, D-R.I., and Dana Rohrabacher, R-Calif., and Irwin Redlener, Associate Dean for Public Health Advocacy and Preparedness, and Director of its National Center for Disaster Preparedness, joseph L. Mailman School of Public Health, Columbia University; Joe Cirincione, Senior Vice President for National Security and International Policy at the Center for American Progress in Washington, D.C.; and Ed Lu, NASA Shuttle astronaut, astrophysicist. Location: Room S-120, Capitol.

HOYER _ 12:30 a.m. House Democratic Whip Rep. Steny Hoyer holds a pen and pad only briefing. Location: Room H-306, Capitol.

CHINA _ 12 p.m. The Carnegie Endowment for International Peace holds a discussion with Joshua Kurlantzick about the rise of China's soft power. Location: 1779 Massachusetts Ave. NW.

FOUNDERS-RELIGION _ 12 p.m. Inaugural luncheon of the Reese Roundtable, a forum of Christian conservatives, with James Hutson of the Library of Congress discussing his book on the religious beliefs of the Founding Fathers. Location: Room B-340, Rayburn.

MUSLIMS-KOSOVO _ 1 p.m. Reps. Eliot Engel and Joseph Crowley hold a news conference to respond to a published anti-Muslim ad regarding Kosovo. Location: Cannon Terrace.

HIV-DRUG USERS _ 2 p.m. Rep. Raul Grijalva and the HIV Prevention Action Committee of the Federal AIDS policy Partnership hold a briefing on HIV prevention among drug-using populations, with don Des Jarlais of Beth Israel Medical Center, Nabila El-Bassel of Columbia University School of Social Work, Baltimore Health Commissioner Joshua Sharstein, and Ron Daniels of Prevention Works in D.C. Location: Room 2168, Rayburn.

US FOREIGN POLICY _ 2 p.m. - 3:30 p.m. There will be a Brookings-Pew Research Center briefing. ``Global Attitudes Toward U.S. Foreign Policy." Participants are: Andrew Kohut, president, Pew Research Center; director, Pew Global Attitudes Project; Carlos Pascual, vice president and director, Foreign Policy Studies, The Brookings Institution; William Kristol, editor, The Weekly Standard; and Susan E. Rice, senior fellow, The Brookings Institution. Location: Brookings Institution, Saul/Zilkha Room, 1775 Massachusetts Ave. NW.

US-VIETNAM _ 3:30 p.m. USTR Susan Schwab participates in the U.S.-Vietnam WTO Coalition Congressional rollout for Vietnam's PNTR. Location: Room HC-5, Capitol.

DEMOCRATIC FUNDRAISER _ 5:30 p.m. DNC Chairman Howard Dean attends the DNC Washington Grassroots Fundraiser. Location: Presidential Ballroom, Capital Hilton, 16th and K Sts. NW.

IRAQ FILM _ 5:30 p.m. Showing of a Showtime film, ``Home Front," about a blinded Iraq veteran and his experiences since returning home. Location: Room 418, Russell.

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DEPARTMENT OF JUSTICE *NEWS CLIPS*

PREPARED FOR THE OFFICE OF PUBLIC AFFAIRS, US DEPARTMENT OF JUSTICE

TO: THE ATTORNEY GENERAL AND SENIOR STAFF

DATE: TUESDAY, JUNE 13, 2006 7:45 AM EDT

TODAY'S EDITION

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TERRORISM NEWS:

U.S. Government Defends Domestic Spying In Court In Detroit (FINDLAW/AP)

By Sarah Karush, Associated Press Writer

AP, June 13, 2006

(AP) - DETROIT-The U.S. government defended warrantless domestic surveillance in court for the first time Monday, saying the program is well within the president's authority but arguing that it would require revealing state secrets to prove that point.

U.S. District Judge Anna Diggs Taylor in Detroit heard arguments in a case brought by the American Civil Liberties Union against the National Security Agency. The ACLU is asking for an immediate halt to the program, arguing that it violates the rights to free speech and privacy.

The Bush administration has asked Taylor to dismiss the lawsuit on state-secrets grounds.

The ACLU says the Bush administration already has publicly revealed enough information about the program for Taylor to rule it is illegal.

But government attorney Anthony J. Coppolino told Taylor on Monday that the case cannot be decided based on a "scant public record."

"This case does not involve easy questions," he said. "It's a case that requires a robust factual record."

Coppolino alluded several times to a classified court filing, which Taylor indicated she had not yet reviewed. In that brief, "we demonstrate that it (the program) is narrowly and specifically focused on al-Qaida," he said.

The plaintiffs do not have access to the classified brief, and Taylor would have to make a special request and travel to Washington to read it, said Ann Beeson, the ACLU's associate legal director and the lead attorney for the plaintiffs.

The administration has acknowledged eavesdropping on Americans' international communications without first seeking court approval. President George W. Bush has said the eavesdropping is legal because of a congressional resolution passed after the Sept. 11, 2001, attacks that authorized him to use force in the fight against terrorism.

The parties in the ACLU lawsuit, who include journalists, scholars and lawyers, say the program has hampered their ability to do their jobs because it has made international contacts, such as sources and potential witnesses, wary of sharing information over the phone.

Monday's hearing was the first time the issues were argued in court. A similar lawsuit has filed in federal court in New York by the Center for Constitutional Rights, but no hearings have been held there yet.

U.S. Asks Judge To Drop Suit On N.S.A. Spying (NYT)

By Adam Liptak

The New York Times, June 13, 2006

DETROIT, June 12 — A National Security Agency program that listens in on international communications involving people in the United States is both vital to national security and permitted by the Constitution, a government lawyer told a judge here today in the first major court argument on the program.

But, the lawyer went on, addressing Judge Anna Diggs Taylor of the Federal District Court, "the evidence we need to demonstrate to you that it lawful cannot be disclosed without that process itself causing grave harm to United States national security."

The only solution to this impasse, the lawyer, Anthony J. Coppolino, said, was for Judge Taylor to dismiss the lawsuit before her, an American Civil Liberties Union challenge to the eavesdropping program, under the state secrets privilege. The privilege

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can limit and even extinguish cases that would reveal national security information, and it is fast becoming one of the Justice Department's favorite tools in defending court challenges to its efforts to combat terrorism.

The Detroit case was filed in January on behalf of journalists, scholars, lawyers and nonprofit organizations who contended that the possibility of government eavesdropping interfered with their work. In remarks to reporters after the 90-minute argument, Anthony D. Romero, the A.C.L.U.'s executive director, called the government's invocation of the state secrets privilege "Orwellian doublespeak."

"They argued essentially that the N.S.A. program was off-limits to judicial review," Mr. Romero said.

The small courtroom was jammed for the argument, with a dozen people standing in the aisles and journalists sitting in the jury box.

In her presentation, Ann Beeson, the A.C.L.U.'s associate legal director, asked Judge Taylor to shut down the surveillance program based on publicly available information.

The case boiled down to two legal questions, Ms. Beeson said. The first is whether the plaintiffs have suffered the sort of direct injury necessary to establish that they have standing to bring suit. The second is whether President Bush was authorized by Congress or by the Constitution to violate the Foreign Intelligence Surveillance Act, a 1978 law that forbids surveillance of people inside the United States without a warrant.

The Bush administration has acknowledged that it has not complied with the law but has said that a Congressional authorization in 2001 to use military force against Al Qaeda and the president's inherent constitutional powers allowed him to violate it.

The government's main argument today, repeated numerous times, was that more facts are required in the case but that more facts cannot be disclosed. Judge Taylor asked few questions but at one point appeared frustrated by this approach.

"You have conceded, have you not, that a program has been authorized?" she asked Mr. Coppolino. He responded that the administration's public defense of the program has been too general to serve as the basis for judicial adjudication. "There is very much a difference," Mr. Coppolino said, "between the existence of an activity and the details of that activity."

Even portions of the government's brief that were said to demonstrate why further information about the program cannot be disclosed have not been filed in court. Instead, the government "lodged" the brief and other classified papers at the Justice Department in Washington, inviting Judge Taylor to make arrangements to see them. At today's hearing, she shook her head no when Mr. Coppolino asked her whether she had "had a chance to review our classified submission."

Judge Taylor has scheduled a separate argument next month to consider the government's motion to dismiss the case based on the state secrets privilege. While she could theoretically rule on the plaintiffs' request to block the program before then, she is more likely to consider the two motions simultaneously.

Calling the plaintiffs' position extreme, Mr. Coppolino said the 1978 law cannot constitutionally constrain the president when the nation's safety is at risk.

"The president's constitutional power doesn't simply disappear when Congress enacts a statute," Mr. Coppolino said. "Surveillance of an enemy is indeed a necessary incident of war."

Ms. Beeson said the 1978 law, often called FISA, gave the president all the flexibility he needed. "If FISA didn't work," she said, "the proper procedure under our constitutional system was for the president to go back to Congress and ask it to amend the law."

"Our constitutional system was set up to require the president to follow the law just like anyone else," she added. "If our view of the separation of powers is extreme, then the Constitution is extreme."

Mr. Coppolino also argued that the plaintiffs were not entitled to sue in the first place because they cannot show they have been injured. "You don't get standing," he said, "simply because you say the president has a program and I think it might cover me."

Ms. Beeson countered that her clients have suffered concrete harms. "Journalists' sources have dried up," she said. And lawyers for people suspected of terrorism have had to resort to alternatives to phone calls and e-mails to ensure the confidentiality of their communications, she said. "They have had to make expensive oversees trips to gather evidence," Ms. Beeson said.

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Mr. Coppolino said the government is not able clarify whether the plaintiffs' fears are justified. "The government cannot confirm or deny whether a particular individual is subject to surveillance or what the criteria is," he said. "Indicating that someone is not subject to surveillance is itself revealing."

Mr. Coppolino indicated that some plaintiffs may have more reason to be concerned than others. Lawyers who represent suspected terrorists, he said, "come closer to being in the ballpark of the terrorist surveillance program."

But here too, he said, "the critical facts necessary to adjudicate" the standing question "are subject to the state secrets privilege."

As Ms. Beeson concluded her argument, which had been uninterrupted by questions, Judge Taylor called her back to the lectern. "Talk about standing some more," Judge Taylor said, perhaps identifying the part of the plaintiffs' case she considered the most difficult.

Wiretap Suit All About Power (KRT)

By Niraj Warikoo, Detroit Free Press

Knight Ridder, June 13, 2006

DETROIT - In vigorous arguments that offered clashing views on the limits of state authority, the U.S. Justice Department and civil rights advocates squared off in a packed Detroit courtroom for a hearing on whether the government's domestic surveillance program violates the U.S. Constitution.

The talk inside U.S. District Court on Monday morning went to the core of what should define American government and was followed across the country by legislators and citizens debating an essential question: How much power should the president have?

Making its case in court for the first time, the government argued that the president needs as much power as necessary to secure the country, especially as al-Qaida continues to threaten the United States with terrorist attacks. But an attorney with the American Civil Liberties Union said that President Bush can't violate the law while trying to protect the country.

The federal judge hearing the case, U.S. District Judge Anna Diggs Taylor, set July 10 as the next court date to address the government's state secret arguments. Taylor did not say when she might make a ruling.

An attorney with the Justice Department, Tony Coppolino, cited the actions of past presidents during war as precedents.

He told the court that a congressional resolution approved following the Sept. 11, 2001, attacks allowed Bush to authorize wiretaps. But Coppolino stopped short of describing how the program operates, saying that doing so would reveal national security secrets and help the country's enemies. Thus, he said Monday, the case should be dismissed.

Bush is permitted to take "all necessary and appropriate means" to defend Americans, Coppolino said. Referring to the actions of former Presidents Woodrow Wilson and Franklin D. Roosevelt during World Wars I and II, Coppolino added: "You need to know what the enemy is doing in the United States."

Coppolino repeatedly referred to al-Qaida during his 50-minute talk, saying that the terrorist group "attacked and killed thousands" and "threatens to attack us again."

For that reason, he said, the U.S. government must be allowed to eavesdrop on the phone calls and e-mails of Americans in some cases.

He stressed that any surveillance is "narrowly and specifically focused on al-Qaida."

It was standing room only inside the courtroom, as attorneys, civil rights advocates, local Muslims and journalists crowded inside for a hearing that advocates say is the first on the constitutionality of the National Security Agency's eavesdropping program. The program has come under fire from a number of civil liberties groups.

In January, the American Civil Liberties Unions, local Muslims and a host of other groups and individuals filed a suit against the federal agency for eavesdropping on Americans without court approval. They argue that the government must seek approval for eavesdropping from courts under the Foreign Intelligence Surveillance Act.

The act was passed in 1978 following criticism of the Nixon administration for how it used executive powers during Watergate and the Vietnam War.

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Speaking first in court Monday, Ann Beeson, associate legal director for the ACLU, said that the government has the right to conduct surveillance under FISA, as long as it gets court approval.

But instead of following FISA, Bush "broke the law" and allowed a new program that violated the Constitution.

In her arguments, Beeson said that "electronic surveillance is akin to a dragnet."

Both sides invoked American history in its arguments. While Coppolino said that previous U.S. presidents used domestic surveillance, Beeson said that the country's founding fathers would be opposed to Bush's plan.

Beeson cited the abuses of British King George III in the 18th century in arguing that the government often misuses blanket authority "to spy on political dissenters."

Beeson argued partly on behalf of local Muslims, who say they fear that their communications are being monitored.

Nazih Hassan of Ypsilanti, Mich., is a plaintiff in the case and a member of the Michigan chapter of the Council on American-Islamic Relations, which also is part of the suit.

Hassan, who attended the hearing, criticized the government's stance at a news conference held by the ACLU outside the courthouse. Attorneys spoke to a throng of media outlets about their concerns.

Hassan has said that he fears the government may be targeting him because he was friends with Rabih Haddad, an Ann Arbor, Mich., Muslim leader who the government says associated with al-Qaida while spending time in Pakistan. The government never filed terrorism charges against Haddad but deported him to Lebanon in 2003 on immigration violations.

The government said Monday that the lawsuit can't be fully addressed in open court because it would require a full airing of facts. But doing that would reveal national security secrets. The government has filed a classified brief in the case, which Coppolino would not disclose. According to ACLU attorneys, the filing is in a secret location in Washington, D.C.

Judge Hears Arguments On Domestic Spying (UPI)

UPI, June 13, 2006

A U.S. Justice Department lawyer argued Monday in Detroit that the Bush administration's domestic wiretapping is too sensitive to be defended in open court.

U.S. District Judge Anna Diggs Taylor heard arguments in a suit over the controversial National Security Administration program, The New York Times reported. The American Civil Liberties Union argues that the program violates the 1978 Foreign Intelligence Surveillance Act, which set up a procedure for judicial oversight of wiretaps in sensitive security cases, provides adequate protection for law enforcement and the public.

Anthony Coppolino, a lawyer with the department's civil division, said that the government's inability to provide public evidence to defend the program is an argument for dismissal, the Times reported. The Justice Department has not filed classified portions of its briefs with the court, saying that the judge must make special arrangements to read them.

The evidence that would demonstrate the program is legal is so sensitive that it "cannot be disclosed without that process itself causing grave harm to United States national security," Coppolino said.

The judge scheduled a hearing for July.

Judges Press C.I.A. Lawyer Over Withheld Documents (NYT)

By Anemona Hartocollis

The New York Times, June 13, 2006

A federal appeals court panel in Manhattan questioned a lawyer for the federal government yesterday as to whether the Central Intelligence Agency had a legitimate national security interest in refusing to confirm or deny the existence of documents authorizing it to detain and interrogate terrorism suspects overseas.

The tough questioning came in oral arguments by the American Civil Liberties Union and lawyers for the C.I.A. before the United States Court of Appeals for the Second Circuit. The civil liberties group is trying to force the C.I.A. to disclose how much authority it has been given to interrogate detainees since the attacks of Sept. 11, 2001.

Through the Freedom of Information Act, the A.C.L.U. is seeking documents, including a directive said to have been signed by President Bush, giving the agency the authority to set up detention sites outside the United States and to interrogate prisoners. In its lawsuit, the group says the existence of these documents has been hinted at in news reports.

But the government has refused to confirm or deny the documents' existence, saying that to do so would jeopardize national security by revealing C.I.A. methods and activities. Last September, Judge Alvin K. Hellerstein of Federal District Court upheld that position, and yesterday's hearing was part of the A.C.L.U.'s appeal of his ruling.

The three-judge appeals panel seemed divided on the issue, with Judge John Gleeson asking the most forceful questions of the government lawyer, Peter Skinner. Judge Gleeson seemed to be trying to determine whether the A.C.L.U. was right in contending that the agency was acting to avoid political embarrassment, rather than out of national security interest.

The judge asked Mr. Skinner whether the C.I.A.'s position had "shifted a little bit" during the litigation. Initially, Judge Gleeson said, the government seemed to be refusing to disclose even whether the C.I.A. had an "interest" in the questioning of detainees abroad.

Now, he said, the C.I.A. seemed to be admitting it had an interest in helping other agencies question detainees. The government was arguing, he said, that the C.I.A. wanted to safeguard information about whether it had been granted any independent authority to set up detention centers and interrogate prisoners.

"Independent engagement as opposed to helping out other agencies," Judge Gleeson said.

Mr. Skinner denied that the government had shifted its argument, though he suggested that it had clarified it. The C.I.A., he said, acknowledged all along that it had helped other agencies in interrogations and that when it did so, it was governed by Justice Department rules.

But, Mr. Skinner said, the agency "never acknowledged an interest or ability to go beyond those legal limitations" and was not going to do so now.

Megan Lewis, the lawyer for the A.C.L.U., argued that any information that would be revealed by merely acknowledging the existence of the documents would be so general that it would not jeopardize national security or betray specific intelligence-gathering methods. To argue otherwise, Ms. Lewis said, is "tantamount to the C.I.A. attempting to deny its interest in spying."

Outside court later, she said the documents, if they existed — "and I believe they do" — might be revealing, but "that's another fight for another day."

The A.C.L.U. seeks disclosure of two documents. One is said to be a Justice Department memorandum "specifying interrogation methods that the C.I.A. may use against top Al Qaeda members." The second is the directive said to be signed by Mr. Bush authorizing the agency to set up detention facilities outside the United States "and/or outlining interrogation methods that may be used against detainees."

Although oral arguments in the appeals court are often delivered in legal shorthand, yesterday's seemed even more opaque than usual. Almost apologetically, Mr. Skinner told the judges he was "somewhat constrained" in his ability to explain his argument and "connect the dots" because some of the C.I.A.'s reasoning in the case was classified.

The agency has submitted papers to the court that even the plaintiffs have not been allowed to see.

As the hearing came to a close, Judge Joseph M. McLaughlin made a joke about the obscurity, quoting a Jesuit logician, Father John Gerard, who in 1597 told a British interrogator: "I do not know where he is. But if I did, I could not and would not tell you."

The Jesuit doctrine of equivocation, Judge McLaughlin said, "lives on."

U.S. Distances Itself From Gitmo Remarks (AP)

By Anne Gearan

AP, June 12, 2006

The Bush administration distanced itself Monday from remarks by a U.S. diplomat that the weekend suicides of three Arab detainees at the Guantanamo Bay military prison were a "good P.R. move."

"I would just point out in public that we would not say that it was a P.R. stunt," State Department spokesman Sean McCormack said, using the abbreviation for public relations. "We have serious concerns anytime anybody takes their own life."

Colleen Graffy, deputy assistant U.S. secretary of state for public diplomacy, told the British Broadcasting Corp. that the deaths at the U.S.-run camp in Cuba were a "good P.R. move to draw attention."

Graffy also told the BBC the deaths were "a tactic to further the jihadi cause."

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Graffy's unscripted remarks threw a monkey wrench in the administration's careful plan to demonstrate concern over the deaths and respond to rising criticism of the U.S. operation of the prison.

Bush expressed "serious concern" Saturday over the suicides, and he directed an aggressive effort by his administration to reach out diplomatically while it investigates.

"He wants to make sure that this thing is done right from all points of view," White House press secretary Tony Snow said Saturday evening.

Graffy's boss, Undersecretary of State Karen Hughes, is charged with improving the U.S. image in the Arab world. The former White House communications adviser and longtime Bush aide heads an office at the State Department that monitors and quickly responds to inaccurate or distorted portrayals of U.S. views and actions in the Arab media.

Graffy's remarks were quickly picked up in the Arab press.

"Her comments quickly appeared to be bad P.R. moves for the U.S. administration," an article on the Web site of Lebanon's The Daily Star newspaper said.

Two Saudis and one Yemeni hanged themselves Saturday, the first successful suicides at the base after dozens of attempts.

Military officials said the suicides were coordinated acts of protest, but human rights activists and defense attorneys said the deaths signaled the desperation of many of the 460 detainees held on suspicion of links to al-Qaida and the Taliban.

Only 10 detainees have been charged with crimes after more than four years behind bars. The Supreme Court is expected to rule this month on whether President Bush overstepped his power in setting up war crimes trials for those detainees.

The administration's controversial detentions at Guantanamo Bay are a point of contention between the United States and many of its allies in Europe and the Mideast, and the suicides renewed international pressure to shut the prison.

The European Union on Monday called the Guantanamo Bay detention center an "anomaly," and said it would urge Bush to shut it down when he comes to Europe for a trans-Atlantic summit next week.

"Humanitarian standards and human rights have to be observed" in the fight against terrorism, Austrian Foreign Minister Ursula Plassnik told reporters. "For the United States, a country committed to freedom, the rule of law and due process, this is an anomaly."

A group of prominent religious leaders endorsed a statement, which is set to appear in The New York Times on Tuesday, protesting any American use of torture as "morally intolerable." The White House has said the U.S. does not condone or practice torture.

"Nothing less is at stake in the torture abuse crisis than the soul of our nation," the ad reads. "Let America abolish torture now — without exceptions."

Among the signers to the statement are the Rev. Ted Haggard, president of the National Association of Evangelicals; the Rev. Rick Warren, author of "The Purpose Driven Life"; and retiring Roman Catholic Cardinal Theodore McCarrick. Organizers say former President Jimmy Carter has also signed onto the ad, along with several Jewish, Muslim and black leaders.

Also, the American Medical Association said Monday the direct involvement of doctors in prisoner interrogation is unethical and violates their oath to do no harm.

"Physicians in all circumstances must never be involved in activities that are physically or mentally coercive. If physicians engage in such activities, the whole profession is tainted," according to the new policy adopted by delegates at the AMA's annual meeting.

The suicides prompted an extraordinary round of global outreach by officials from the White House's National Security Council, the State Department and Bush's congressional liaisons.

Within hours of the deaths, the Bush administration had contacted the United Nations, the European Union, most European nations individually, the embassies of Mideast and near-Mideast countries, the International Committee of the Red Cross, bipartisan members of the congressional leadership and the ranking Republican and Democratic members of the House and Senate Foreign Relations and Intelligence committees, Snow said.

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Graffy's remarks were sharper than those of other U.S. officials, but not entirely off-message. The camp commander at Guantanamo, Rear Adm. Harry Harris, told reporters Sunday that the detainees "have no regard for human life, neither ours nor their own."

"I believe this was not an act of desperation but an act of asymmetric warfare against us," Harris said.

State Department Tries To Distance Itself From Guantanamo Remark (KRT)

By Carol Rosenberg, Lesley Clark

Knight Ridder, June 12, 2006

GUANTANAMO BAY NAVY BASE, Cuba - The State Department attempted to distance itself Monday from one of its own officials, who called the suicides by three detainees at the U.S. terror prison "a good PR move to draw attention."

Colleen Graffy, the deputy assistant secretary of state for public diplomacy, whose job involves improving U.S. public relations, especially in the Muslim world, made the comment Sunday in a British Broadcasting Corp. interview.

She called the suicides "a tactic to further the jihadi cause," the BBC reported.

"I would not characterize it as a PR stunt," State Department spokesman Sean McCormack said Monday in reply to a reporter's question at the daily news briefing. "We have serious concern any time anybody takes their own life."

Even before the suicides, the European Union and individual countries, including Britain, had called on the United States to close the prison. About 460 prisoners are in custody at Guantanamo as "enemy combatants," a category that the Bush administration created and isn't covered by international agreements on the treatment of prisoners of war.

Civilian defense lawyers have described Guantanamo captives held for more than four years as increasingly desperate. They say the detainees have few ways, other than to harm themselves, to protest their indefinite confinement.

Ali Abdullah Ahmed of Yemen and Mani Shaman Turki al-Habardi al-Utaybi and Yassar Talal al-Zahrani of Saudi Arabia hanged themselves at the remote island prison early Saturday.

The Pentagon said in a news release Monday that Ahmed was "a mid- to high-level al-Qaida operative," Utaybi was a member of the al-Qaida-linked militant group Jama'at Tabligh and other Islamist terrorist groups, and Zahrani was a Taliban fighter.

The prison camp's spokesman said a team of military pathologists had completed autopsies of the three men on Sunday.

"The bodies are now in the morgue at the naval hospital in Guantanamo, and they are being handled with great reverence and respect and observance of the Islamic rules with regard to the handling of the deceased," said the spokesman, Navy Cmdr. Robert Durand.

A Muslim chaplain, Navy Lt. Abuhena Saiful Islam, said the bodies would be washed, wrapped in white shrouds and placed in coffins facing the direction of Mecca. Prayers would be said.

U.S. diplomats were negotiating with Saudi Arabia and Yemen on whether the bodies would be sent to their homelands for burial. Military sources said repatriation was likely.

It wasn't known whether the three men were among the 25 percent of detainees being regularly interrogated at this remote, offshore Navy base.

The military said none of the three men who killed themselves had lawyers, and none had been charged with war crimes.

Also, none had "ongoing psychological illness" or was taking prescription drugs, said the Pentagon's top medical professional, Dr. William Winkenwerder Jr., the assistant secretary of defense for health affairs.

The deaths added fuel to international calls that the Bush administration close the offshore detention and interrogation center.

Attorneys at the Center for Constitutional Rights, which represents many of the detainees, argued that the interrogation methods and the indeterminate detentions were causing the men to try to kill themselves.

They presented reporters with a timeline of efforts they made to see that the detainees received some sort of physical or psychiatric medical care.

The Bush administration rejected most of the efforts, attorney Gitanjali Gutierrez said.

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"The deaths over the weekend came as absolutely no surprises to the attorneys," she said, adding that the center has been working since February 2002 "to get the military to concern itself with mental health and living conditions."

"The notion that (the detainees) had the ability to protest, to raise concerns, is unfounded," she said. Lawyers had met with 130 of the detainees as of January and the "vast majority have no access to any outside counsel."

"They are entering their fifth year of imprisonment, held in isolation," she said. "The amount of psychiatric stress cannot be underestimated." She called the uncertainty over their fates "unacceptable" under U.S. law and basic civil rights.

The American Civil Liberties Union called for an independent investigation of the detainees' suicides and conditions at the prison.

"The shroud of secrecy surrounding Guantanamo Bay must be lifted, with independent access to and monitoring of the facilities on an ongoing basis," said ACLU Executive Director Anthony Romero. "This monitoring should include the medical treatment of detainees, especially those who have chosen to engage in hunger-striking as a way to draw attention to their conditions of confinement."

Leonard Rubenstein, the director of Physicians for Human Rights, said his group had asked the government to allow for independent medical evaluations - "the kind we conduct in all kinds of other countries" - but the request was ignored.

Josh Colangelo-Bryan, an attorney for detainee Jumah Al Dossari, who has repeatedly attempted suicide, said Dossari was often despondent and held in isolation for extended times.

Dossari had described being interrogated while wrapped in an Israeli flag and questioned as a female interrogator wiped menstrual blood on his face, he said.

At one point, Colangelo-Bryan said his client asked him, "What do I do to keep myself from going crazy here?"

State Dept. Disavows Statement On Suicides (NYT)

By David S. Cloud

The New York Times, June 13, 2006

WASHINGTON, June 12 — The Bush administration distanced itself on Monday from comments by a State Department official that the suicides of three prisoners at the military prison at Guantánamo Bay, Cuba, were a "good P.R. move."

The official, Colleen P. Graffy, deputy assistant secretary of state for public diplomacy, made the comments in an interview on the British Broadcasting Corporation program "Newshour" on Sunday, a day after two Saudis and a Yemeni hanged themselves in their cells.

"Taking their own lives was not necessary, but it certainly is a good P.R. move," Ms. Graffy said. "It does sound like this is part of a strategy — in that they don't value their own lives, and they certainly don't value ours; and they use suicide bombings as a tactic."

But the State Department spokesman, Sean McCormack, told reporters at the department's daily briefing on Monday, "I would just point out in public that we would not say that it was a P.R. stunt."

Mr. McCormack noted that President Bush had said he "had serious concerns about what had happened."

Ms. Graffy, a former law professor at Pepperdine University, works in the Bureau of European and Eurasian Affairs at the State Department with Karen P. Hughes, under secretary of state for public diplomacy, on improving the United States' image abroad, especially in Islamic countries, according to her biography on the State Department Web site.

Officials said it was unlikely Ms. Graffy would be reprimanded.

Her comments parallel those made by some White House officials, who portrayed the suicides in recent days as the acts of unrepentant jihadists, and Rear Adm. Harry Harris, the commander of the prison camp, who told reporters on Saturday that the suicides were acts of "asymmetric warfare."

He added, "They carry out individual acts of violence against others when they can and against themselves, in the name of jihad."

Barbara Olshansky, a lawyer with the Center for Constitutional Rights, which represents many Guantánamo prisoners, said Monday, "When somebody has no recourse at all, they have no way of talking to anybody and the only statement they can make is to take their own life, I can't imagine that is a P.R. stunt."

State Department officials are talking with the Saudi and Yemeni governments about arrangements for returning the bodies. The Pentagon said that there had been 41 suicide attempts by about 25 detainees before this weekend, but that American medical personnel were able to save them.

Gitmo: Autopsies Complete, Analysis Underway (KRT)

By Carol Rosenberg And Lesley Clark

Knight Ridder, June 12, 2006

GUANTANAMO BAY NAVY BASE, Cuba -- Military pathologists have completed clinical autopsies of the three captives who hanged themselves over the weekend inside their cells at this offshore detention center, the military announced this afternoon.

"Now it's the analytical part of the autopsy, compiling the report and making conclusions," said Navy Cmdr. Robert Durand, prison spokesman, adding the team of medical examiners from the Armed Forces Institute of Pathology arrived Saturday and departed Sunday.

Army Gen. Bantz Craddock, commander of the U.S. Southern Command based in Miami, toured the terror prison here on Sunday and declared the autopsies underway, as well as an internal examination by the Navy Criminal Investigative Services.

Guards found two Saudis and a Yemeni hanging in their cells at Camp 1 long before dawn on Saturday, officials said. The military said they fashioned nooses from their bedsheets in what the prison camps commander, Rear Adm. Harry Harris, called ``an act of asymmetrical warfare waged against us."

Civilian defense lawyers have described increasing desperation by captives held for more than four years here. They say the detainees have few ways -- other than to harm themselves -- to protest their indefinite confinement.

"The deaths over the weekend came as absolutely no surprises to the attorneys," Gitanjali Gutierrez of the Center for Constitutional Rights told reporters in Washington.

She said the center, which coordinates some captives' federal habeas corpus petitions, has worked since February 2002 ``to get the military to concern itself with mental health and living conditions."

Lawyers for some of the detainees held a news conference in Washington to urge closure of this prison camp in light of the weekend suicides.

No timeline was available today on when the autopsy results might be made public.

A Muslim Navy cleric arrived from Quantico, Va., Sunday and as of today was working with other Muslim military employees to make sure the bodies of the deceased captives were receiving proper Muslim rites and preparation.

"The bodies are now in the morgue at the naval hospital in Guantánamo and they are being handled with great reverence and respect and observance of the Islamic rules with regard to the handling of the deceased," said Durand.

At the same time, U.S. diplomats were negotiating with Saudi Arabia and Yemen on whether they would be sent to their homelands for burial.

Military sources say repatriation is likely.

The Muslim chaplain, Navy Lt. Abuhena Saiful Islam, said the bodies would be washed, wrapped in white shrouds and placed in a coffin here, facing the direction of Mecca. Prayers would also be said, according to Saiful Islam, who is an imam , a Muslim prayer leader.

Commanders would decide whether fellow detainees would be able to participate in the prayers, he added.

Sunday night, the Pentagon issued a release that described the three men as captured in Afghanistan, two with ties to al Qaeda and the third as a Taliban fighter.

One, Ali Abdullah Ahmed, was described as an al Qaeda operative with alleged links to the now U.S.-held al Qaeda mastermind known as Abu Zubaydeh. Another, Mani Shaman Turki al Habardi al Utaybi, had been cleared for release from the prison, so long as he was transferred to detention elsewhere.

The alleged Taliban fighter is Yassar Talal al Zahrani, a 21-year-old Saudi who would have been captured and brought here as a teenager.

It is not yet known if the three men were among the 25 percent of detainees being regularly interrogated at this remote, offshore Navy base.

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None had previously attempted suicide, Durand said.

He did not know if the Saudi cleared for release had been intended to be aboard a May 18 Saudi Airways flight that left this base with 15 detainees, for continued investigation and possible trial in their oil-rich kingdom.

The Saudi foreign minister had announced the deal in mid-May, saying the kingdom had arranged to take 16 citizens from this remote, offshore detention center. In the end, though, the U.S. military released only 15.

The military said none of the three men who killed themselves had lawyers, and none faced war-crimes charges.

Also, none had "ongoing psychological illness," said the Pentagon's top medical professional, Dr. William Winkenwerder Jr., who accompanied the general on Sunday's visit. Moreover, none of the three were on prescription drugs, said Winkenwerder, assistant secretary of defense for health affairs.

According to the Center for Constitutional Rights, lawyers had by January met with only 130 of the detainees here.

A "vast majority have no access to any outside counsel," Gutierrez said. ``They are entering their fifth year of imprisonment, held in isolation. The amount of psychiatric stress cannot be underestimated."

Gitmo Detainee Was Cleared For Transfer (AP)

By Andrew Selsky

AP, June 12, 2006

One of the Guantanamo detainees who committed suicide had been cleared for transfer to another country, a second allegedly was involved in an Afghanistan prison uprising in which a CIA agent died, and a third had ties to al-Qaida.

The Defense Department on Sunday identified the three as Mani Shaman Turki al-Habardi Al-Utaybi, Yassar Talal Al-Zahrani and Ali Abdullah Ahmed of Yemen.

The U.S. military said the bodies of the two Saudis and one Yemeni were found in their cells on Saturday, hanging from sheets and clothing. Officials said all three left suicide notes, the contents of which have not been made public.

Their deaths touched off new scrutiny and criticism of the prison, with human rights groups and foreign officials demanding the facility be closed.

An influential U.S. senator called for the government to move faster in determining the fate of hundreds of Guantanamo detainees who have been imprisoned for up to 4 1/2 years.

President Bush, who was spending the weekend at Camp David, expressed "serious concern" about the incident, White House press secretary Tony Snow said.

His immediate concerns were making sure that an investigation was being conducted and that the bodies were "treated humanely and with cultural sensitivity," Snow said.

About 460 people are being held on suspicion of links to al-Qaida and the Taliban at the isolated U.S. military base in southeastern Cuba.

The military maintains the detainees pose a danger to the United States and its allies. But only 10 detainees have been charged, and many claim they were not involved in al-Qaida or were low-level Taliban members who never intended to harm the United States.

None of the three who committed suicide had been formally charged. Al-Utaybi and Al-Zahrani were identified earlier by Saudi authorities.

U.S. authorities allege Ahmed, 28, was a mid- to high-level al-Qaida operative with ties to key al-Qaida facilitators and senior membership. He had been noncompliant and hostile to guards throughout his time in Guantanamo and participated in a hunger strike from late 2005 to May 2006, the Defense Department said. Ahmed was born in Shebwa, Yemen.

Al-Zahrani, 21, was accused of being a front-line fighter for the Taliban who facilitated weapons purchases for Taliban offensives against U.S. and coalition forces. Born in Yenbo, Saudi Arabia, he was allegedly involved in a 2001 prison uprising in Mazar-e-Sharif, Afghanistan, that resulted in the death of CIA officer Johnny Michael Spann.

The U.S. military accused al-Utaybi, 30, of being a member of a militant missionary group, Jama'at Al Tablighi. He was born in Al-Qarara, Saudi Arabia, according to a Defense Department list of Guantanamo detainees.

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Al-Utaybi had been recommended for transfer to another country for continued detention, though the Defense Department did not specify where. Navy Cmdr. Robert Durand, a spokesman for the Guantanamo detention center, said he did not know whether al-Utaybi had been informed about the transfer recommendation before he killed himself.

Though the military termed the deaths apparent suicides, the Navy was investigating to establish the official cause of death. Military medical experts completed autopsies on the men on Sunday afternoon, Durand said. He did not know when the autopsy report would be issued.

The detainees tried to prevent guards from seeing them commit suicide, The New York Times reported Monday, raising questions about long it took military guards to discover them. The newspaper quoted Durand as saying one of the prisoners hanged himself behind laundry drying from the ceiling of his cell and had arranged to make his bed look as if he were still in it. He said the two other detainees took similar steps.

Navy Lt. Abuhena M. Saiful-Islam, an imam, was brought to the base to ensure that the bodies were handled according to Islamic rites, and Guantanamo officials were prepared to perform an Islamic burial at the base if needed, Durand said.

While U.S. officials argued the suicides were political acts aimed at hurting the United States' standing in the world, defense lawyers, human rights activists and former detainees said prisoners are desperate after years in captivity and some view suicide as the only way out — even though Islam forbids it.

"A stench of despair hangs over Guantanamo," said Mark Denbeaux, a law professor at Seton Hall University in New Jersey who along with his son, Joshua, represents two Tunisians at Guantanamo. "Everyone is shutting down and quitting."

International demands to close the prison grew over the weekend.

Danish Prime Minister Anders Fogh Rasmussen, who supported President Bush in the Iraq war, said the detention center's procedures violate "the very principle of the rule of law" and weaken the fight against terrorism.

Swedish Foreign Minister Jan Eliasson said the deaths underlined the need to close the camp and bring detainees to trial or free them. Eliasson said the 25-nation European Union believes the facility should be closed.

The suicides hit a sore point with Saudis, who are angry that more than 130 of their countrymen are at Guantanamo. The country's semiofficial human rights organization demanded an independent investigation, questioning whether torture drove the men to suicide.

"There are no independent monitors at the detention camp so it is easy to pin the crime on the prisoners, considering it is possible they were tortured," said Mufleh al-Qahtani, the group's deputy director.

Senate Judiciary Committee Chairman Arlen Specter, R-Pa., said he would like to see the detainees' cases judged more quickly.

"Where we have evidence they ought to be tried, and if convicted they ought to be sentenced," he said on CNN's "Late Edition."

Specter said that without charges, many of the prisoners are "just out there in limbo."

U.S. authorities said they were considering suspending hearings by military tribunals pending a Supreme Court ruling on whether Bush overstepped his authority in setting up the tribunals.

Until the deaths, officials reported 41 unsuccessful suicide attempts by 25 detainees since the U.S. began taking prisoners to the base in January 2002. Defense lawyers contend the number of suicide attempts is higher.

Independent Probe Urged For Suicides Of Detainees (WP)

By Josh White

The Washington Post, June 13, 2006

Human rights groups and defense lawyers yesterday called for an independent investigation into the three detainee suicides at the U.S. detention facility at Guantanamo Bay, Cuba, questioning the military's preliminary explanation of how the men killed themselves and the way U.S. officials have characterized the deaths.

Since the detainees used makeshift nooses in their cells early Saturday, U.S. officials have called the three deaths an act of "asymmetric warfare" and a public relations move aimed at riling the international community. Military commanders said the

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men -- described as having terrorist ties -- used creative methods to surreptitiously kill themselves while seeking martyrdom, and dismissed assertions that the suicides were the desperate acts of depressed captives.

Amnesty International officials said yesterday that an independent investigation "is a matter of absolute urgency" and is the only way to find out what happened in the detainees' cells. In a written statement, the officials said an ongoing Naval Criminal Investigative Service probe will not be sufficient in light of comments U.S. officials have made.

The International Committee of the Red Cross, which has open and regular access to the Guantanamo Bay facility, plans to send a delegation in coming days to look into the suicides. The group made a similar assessment there last month, when there was a riot after a series of suicide attempts.

"This is no inquiry or investigation; it's a follow-up to find out what happened, to assess the mood in the camp," said Simon Schorno, an ICRC spokesman in Washington. "It's routine."

The Bush administration sought to distance itself from comments Colleen Graffy, deputy assistant U.S. secretary of state for public diplomacy, made to the BBC, in which she called the suicides a "good P.R. move." Sean McCormack, a State Department spokesman, said yesterday that the department would not characterize the deaths that way and said that U.S. officials "have serious concerns anytime anybody takes their own life."

Pentagon officials have provided some details about the deaths, saying that the detainees secretly fashioned nooses out of clothes and bedsheets, then evaded the guards' attention long enough to take their lives.

David Remes, a defense lawyer for 17 Yemeni detainees at Guantanamo Bay, said he is skeptical of the military's version.

"There's no way to verify anything that the military says down there because as usual, their stance is: 'Trust us,' " Remes said. "We have to take their word for it. What's really needed is an independent investigation."

Chinese Muslims Search For Sanctuary (WT)

By Bruce I. Konviser

The Washington Times, June 13, 2006

TIRANA, Albania -- Authorities are looking for a new home for five Chinese Muslims who have been held in a refugee camp in a diplomatic limbo since being transferred to Albania from the U.S. prison at Guantanamo Bay, Cuba, last month.

Albanian officials say they see no viable future for the men in one of Europe's poorest countries, where no one speaks their language and the culture is fundamentally alien to their central Asian background.

The five ethnic Uighurs, from western China, arrived here a month ago after the U.S. administration brokered a deal for them to be given political asylum. The Bush administration released them after determining that they did not pose a terrorist threat but will not allow them to resettle in the United States and fears they will be tortured or executed if they are returned to China.

Beijing considers the men terrorists for advocating independence and is demanding that they be repatriated. Albanian officials insist that the men will not be sent to China in spite of intense pressure from Beijing but say they should not remain permanently in Albania.

"Their future is not here," said Argita Totozani, the national commissioner for refugees. "There is not a Uighur community. They don't speak any Albanian. They don't speak any Chinese. There is no integration possibility for them here."

The United States hoped that the men -- who had asked to go to a European country after being told they could not live in the United States -- would readily assimilate in Albania, which shares their Muslim faith. But the Uighurs' distinct language is not spoken in Albania.

Albanian officials made it nearly impossible to interview the men, even when arrangements were made in advance with their attorney.

Mrs. Totozani said arrangements to meet the five should be made through Ali Rasha, the director of the refugee camp where they are being held. But Mr. Rasha said he could not help, insisting, "I don't have the authority."

Regardless of religious persuasion or cultural background, Albania is a grim place to live. Fewer than 100 people have sought long-term resettlement here in the past 10 years, according to Albanian and U.N. officials.

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"Albania is a transit country," said Hossein Kheradmand of the United Nations Commission on Human Rights. "People don't come here for asylum because of the economic situation. They come from the east and try to cross Albania to get into Western Europe. When they are intercepted by police because of illegal entry, then they apply for asylum."

The per capita income of Albania's 3.5 million people is a little more than $2,000 a year, according to the World Bank. The official unemployment rate is 16 percent, but in reality, it is probably higher than 30 percent.

The CIA Web site reports that more than 50 percent of the country's road network remains unpaved. And there are only eight phone lines per 100 people, the lowest line density in Europe.

The five Uighurs were apparently swept up by bounty hunters in Pakistan and delivered to U.S. forces in the aftermath of the September 11 attacks on the United States.

"After these men were determined not to be enemy combatants, the United States reached out to over 100 countries to try to arrange for their resettlement," a senior State Department official said in an exchange of e-mails. The official said an "administrative decision" had been made not to offer them asylum in the United States.

The administration has not publicly explained why the men cannot resettle in the United States, but Mrs. Totozani said her government understood that "because of the atmosphere and the September 11 story, the Americans would not really want Guantanamo Bay ex-prisoners to be part of their society."

An American attorney is actively looking for a new home for the men, Mrs. Totozani said.

"They are trying to find a resettlement somewhere else -- in America or Canada," she said. "I've heard they have relatives in Canada. There is a good community in Canada for Uighurs."

Suicides Change Nothing (USAT)

By Douglas W. Kmiec

USA Today, June 13, 2006

In 2004, the U.S. Supreme Court ruled that "the capture, detention and trial of unlawful combatants" is important in war for the purpose of preventing "captured individuals from returning to the field of battle and taking up arms once again."

The unfortunate suicides of three Guantanamo Bay detainees do not change this.

We are fighting an unprovoked war on terror that began in the 1990s with the radical Islamic jihad "to kill Americans wherever found." It has included assaults on our military personnel in Somalia, the 1993 World Trade Center bombings, the destruction of U.S. Embassies in Africa, the 2000 bombing of the USS Cole, and the unrequited murder of nearly 3,000 civilians on 9/11.

Most Guantanamo detainees were captured in Afghanistan. The president ordered them treated "humanely." While each has been interrogated for information to forestall future attacks, each has also had chances to explain perceived assistance to al-Qaeda.

These status reviews were intended to fulfill Geneva standards. With its Detainee Treatment Act, Congress implicitly recognized and improved their fairness, providing for appeal to the U.S. Court of Appeals for the District of Columbia. This respected court will also review war crime trials before military commissions. If the Supreme Court OKs the commissions, Osama bin Laden's driver and others can then face trial in the support of terrorist actions.

In earlier wars, detainees were held for years with no thought of trial. That said, the Janus-faced peace that uneasily coexists with a terror war perplexes us, and so it was right to release about 300 Guantanamo detainees, even as some rejoined enemy ranks.

Some foreign leaders posture as if Guantanamo's doors should just fly open. Residents of Madrid and London might dissent. Even so, the international criticism should not be dismissed. It should be seen as implied willingness to share the cost and burden of detention. If we can't try all the detainees, serious thought ought be given to having the U.N. convene an ad hoc international court. As mother used to say, "It's easy to criticize."

Douglas W. Kmiec, professor of constitutional law at Pepperdine University, is a former constitutional legal counsel to Presidents Ronald Reagan and George H.W. Bush.

Guantanamo Deaths Deepen Harm To U.S. Image Abroad (USAT)

USA Today, June 13, 2006

Over the weekend, three detainees at the U.S. prison camp at Guantanamo Bay, Cuba, did what many had failed to do before them: They committed suicide. That might not seem like a big deal when set against the scores who die violently in Iraq and elsewhere every week.

The camp commander, Rear Adm. Harry Harris, said the suicides were "not an act of desperation, but an act of asymmetrical warfare waged against us" that proves the detainees "have no regard for life."

So, is it all right to say good riddance, pronounce the deaths yet more regrettable casualties of an ugly war, and move on?

Unfortunately, no.

Most of those still held at Guantanamo Bay are undoubtedly opposed to everything America represents, and conditions at Guantanamo have given them a weapon in the battle to persuade Muslims that we are a nation that preaches ideals for others but fails to live by them ourselves.

The Founding Fathers created the USA as a new and different nation, one based on rights and laws. Guantanamo Bay achieves the opposite. The inmates are being kept in a Kafkaesque legal limbo. When the prison opened in January 2002, the Bush administration officially declared them "enemy combatants" and said they were not protected under the Geneva Conventions.

Since then, the administration has been secretive about who the detainees are, what their alleged crimes are and what conditions they are being kept in. Reports from the United Nations and others allege treatment tantamount to torture.

There has been some minor relief. The United States has quietly released about 300 prisoners — it holds more than 400 now — and admitted that some should never have been held. Under pressure, it said it would abide by Geneva Conventions' guidelines and in April released the detainees' names.

After the U.S. Supreme Court ruled in 2004 that the Guantanamo prisoners were entitled to due process, the administration said it would revive World War II military tribunals in which standards are lower and much of the evidence is secret. Only 10 cases have been brought, though, and none tried. The high court is expected to rule soon on a case, involving Osama bin Laden's former driver, that will determine whether the tribunals are sufficient.

The United States cannot be naive about people it captures. In their initial months in custody, some might provide useful intelligence — though it's hard to believe any of those still at Guantanamo do now.

But every day that Guantanamo remains a symbol of un-American behavior, it inspires more al-Qaeda recruits and more terrorism. International calls for its closure have reached a deafening crescendo, including, recently, from close ally Britain.

Reports of hunger strikes and suicides add to the sense that the prison has become more of a liability than an asset in the war on terrorism. A poll last year by the Pew Research Center indicated as much, as it recorded widespread international resentment of the United States.

President Bush insists he "would like to end" Guantanamo but needs first to wait for the Supreme Court ruling. That won't do. What Guantanamo represents needs changing, and immediately. It's time to lay out the evidence against those who need to be charged and release those who don't.

The Gitmo Suicides (WSJ)

The Wall Street Journal, June 13, 2006

The suicide of three prisoners at Guantanamo Bay has elicited another chorus of anti-U.S. rhetoric from the self-styled "human rights" crowd. Sigh.

The dead men were among the most irredeemable jihadists, which is why they were still there this long after the fall of the Taliban regime in Afghanistan. One of them participated in the Mazar-e-Sharif prison uprising in which CIA officer Johnny "Mike" Spann was killed. Another was an al Qaeda recruiter. The third was an al Qaeda operative who had lately been engaging in hunger strikes and other disruptive behavior.

Many other Gitmo detainees have long since been released, although getting other countries to accept their return hasn't been as easy as their champions would have you believe. Guantanamo guards have also gone to extraordinary lengths to keep

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many of these people alive, force-feeding hunger strikers and thwarting what the press has reported to be 41 suicide attempts already.

If there's any scandal here, it's that anti-U.S. activists have made it so difficult to handle al Qaeda prisoners in a more efficient manner. On the one hand they complain of the "incredible despair" (Human Rights Watch) of indefinite detention. On the other, they have done their best to prevent the U.S. from processing them through the military court system that President Bush authorized in late 2001. The Supreme Court is due to rule on one of these challenges -- Hamdan v. Rumsfeld -- later this month.

The activists shouldn't be allowed to have it both ways. Either the Gitmo detainees are legitimate prisoners of war, in which case they can't be prosecuted but can be held for the duration of the conflict as in all previous wars. Or they are unlawful combatants (because they fought out of uniform and targeted civilians), in which case there should be no issue at all about moving ahead and trying them in military tribunals.

Religious Leaders Urge U.S. To Ban Torture (WP)

By Alan Cooperman

The Washington Post, June 13, 2006

Twenty-seven religious leaders, including megachurch pastor Rick Warren, Nobel laureate Elie Wiesel and Cardinal Theodore E. McCarrick of Washington, have signed a statement urging the United States to "abolish torture now -- without exceptions."

The statement, being published in newspaper advertisements starting today, is the opening salvo of a new organization called the National Religious Campaign Against Torture, which has formed in response to allegations of human rights abuse at U.S. detention centers in Iraq, Afghanistan and Guantanamo Bay, Cuba.

Titled "Torture is a Moral Issue," the statement says that torture "violates the basic dignity of the human person" and "contradicts our nation's most cherished values." "Nothing less is at stake in the torture abuse crisis than the soul of our nation. What does it signify if torture is condemned in word but allowed in deed?" it asks.

The signers come from a broad range of denominations and include notable religious conservatives, such as the Rev. Ted Haggard, president of the National Association of Evangelicals; Archbishop Demetrios, primate of the Greek Orthodox Archdiocese of America; and the Rev. William J. Byron, former president of Catholic University.

By suggesting that recent abuse of prisoners may not be just an aberration but a reflection of U.S. policy, the statement contains an implicit challenge to the Bush administration, according to some signers.

"I'm not persuaded that this issue has been put to bed yet by the Bush administration," said David P. Gushee, a philosophy professor at Union University in Tennessee who wrote an influential article against torture this year in Christianity Today, an evangelical magazine. "I'm worried that we still don't truly know what is going on in all our detention centers around the world."

Deputy White House press secretary Dana Perino said the administration has "the utmost respect for all these religious leaders." But, she said, "I'll simply repeat what the president has said many times, which is that this government does not torture, and we adhere to the international conventions against torture. That is our policy, and it will remain our policy."

On its Web site, the National Religious Campaign Against Torture urges Congress and the president to "remove all ambiguities" by prohibiting secret U.S. prisons around the world, ending the rendition of suspects to countries that use torture, granting the Red Cross access to all detainees and not exempting any arm of the government from human rights standards.

McCarrick said last night that he had signed on to "the general principle" that torture is unacceptable but had not seen the new organization's specific proposals. Gushee said he is "not sure that everyone who signed the statement would concur with that platform," though he said he, personally, does.

Terror Suspects Charge Abuse In Canada Prison (NYT)

By Anthony DePalma

The New York Times, June 13, 2006

BRAMPTON, Ontario, June 12 — Defense lawyers representing several of the men held on terrorism charges in an Ontario maximum security prison say their clients have been beaten by guards, threatened by other inmates and held in isolation.

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The lawyers made the accusations outside the courtroom here as preliminary bail hearings were about to begin for the 17 suspects arrested June 3.

Two were reprimanded in the courtroom when they shouted that they had been abused. "These wounds speak for themselves," one of them yelled from the prisoner box, as they held up shackled hands.

A spokeswoman for the prison where most of the men are being held said the accusations were being investigated.

Several hours after the lawyers repeated the abuse accusations in court, the presiding justice issued a publication ban on the bail hearings for all 17 suspects, at the request of the prosecutor and one of the suspects.

The ban prohibits reporting on evidence presented in court during the bail proceedings. Proceedings involving the five suspects charged as young offenders were already subject to a ban. Because the lawyers initially made the abuse accusations outside court on Monday, those statements were not covered by the ban.

Bail proceedings in Canada are routinely subject to such bans, which are intended to keep potential jurors from being tainted by news reports.

Several defense lawyers objected to the gag order, saying the charges that the men plotted to terrorize Canada with truck bombs and other kidnappings were baseless and should be subjected to public scrutiny.

"I want the public to know exactly the allegations against my client," said Rocco Galati, who represents Ahmad Mustafa Ghany, 21, of Mississauga, Ontario, who is accused of participating in a terrorist group. "Up to now, the public has seen only what the police want them to see by filtering and selecting information."

Lawyers also hoped to speak freely about the conditions under which the suspects were being detained.

David Kolinsky, who represents Zakaria Amara, 20, said his client was pinned to the ground a few days ago by a guard who poked his finger into Mr. Amara's cheek and flicked him in the eye. "His face is still sore," Mr. Kolansky said.

Most of the suspects have been held at the Maplehurst Correctional Center in Milton, Ontario, west of Toronto. The maximum-security prison, one of the largest in Canada, holds about 1,100 inmates, said Julia Noonan, the prison's spokeswoman.

"We take any allegations that come forward very seriously, and we look into them," she said. But she said the prison had received no reports of any abuse before Monday.

Ms. Noonan said it was common at Maplehurst to keep cell lights on 24 hours a day. At night those lights are dimmed, but the corridors remain fully lighted, she said.

A 20-minute exercise period is standard, and inmates are monitored by video camera outside their cells to protect them from attacks by other inmates, she said.

Canada's Social Stance Is Tested By Arrests (WSJ)

By Elena Cherney

The Wall Street Journal, June 13, 2006

MISSISSAUGA, Ontario -- The recent arrest of 17 Ontario suspects on terrorism-related charges has lifted the lid on a simmering controversy among Canada's Muslims: A segment of this growing community worries that an increasing number of mosques have come under the sway of fundamentalist imams.

While the validity of the allegations -- from planned bombings to hostage-taking -- remains to be seen, the arrests in themselves have given worried congregants an opportunity to raise a red flag. They say the messages delivered in some mosques -- such as the Al-Rahman Islamic Center here -- may help explain why police believe the 17 men and youths might have been drawn into a group that allegedly conspired to blow up buildings in the Toronto area and schemed about taking politicians hostage in Ottawa. Most of those arrested, age 15 to 43 years old, have spent all or most of their lives in Canada.

News of an alleged homegrown terrorist plot has shocked Canadians and stirred questions about the country's liberal immigration program and its policy of multiculturalism. Even on the left, some Canadians are now questioning whether the country's "mosaic" approach to cultural communities has encouraged some to resist embracing values broadly shared by other Canadians.

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The men, handcuffed and shackled at the ankles, appeared yesterday in court in Brampton, west of Toronto. Bail hearings were postponed until later this week, with some hearings delayed until later in the month.

Some defense lawyers argued that their clients' solitary confinement in small cells, with the lights on 24 hours a day, violates their rights. One lawyer told the court his client was beaten by a guard, while another said a guard threatened one suspect with gang rape; prosecutors responded that prisoner treatment isn't within their office's jurisdiction. With details about the government's case still sketchy, defense lawyer Rocco Galati demanded that the hearings be broadcast live from the courtroom "to counteract the frenzy" that he says is resulting from "misinformation" that is being leaked selectively.

Justice Keith Currie of the Ontario Court of Justice granted the crown prosecutor's request for a publication ban, meaning there will be a media blackout on details at least until the trial. Lawyers for at least two media outlets are expected to challenge the ban.

Critics of the mosques say that few imams -- if any -- overtly advocate violence. But by telling worshippers that Islam is under siege and that Muslims are being victimized in North America, these spiritual leaders, many of whom are schooled overseas before arriving in Canada, may foster a breeding ground for Canadian extremists, the critics say.

While most of Canada's estimated 750,000 Muslims don't share the views of these imams, few are willing to stand up and object to their clerics, some moderates say. "Extremists have not only penetrated the community, they dominate the community," says Salim Mansur, a political science professor at the University of Western Ontario. "This storm that has hit Canada has been brewing throughout Canada for at least a decade."

Other community leaders question whether extremists have gained broad influence over Muslim communities. At most prayer services, "the message is love, peace, harmony, respect for your fellow man," says Shafiq Qaadri, a member of the Ontario legislature whose constituency includes an area with many Muslim voters. Mr. Qaadri says he believes "there are perhaps some radical elements. No doubt they exist." But he adds that their message is delivered to "a subselection of people" at small study groups.

Senior officials of the new Conservative government in Ottawa say the recent arrests show the country's efforts to combat terrorism are working. Most of those arrested are Canadian citizens, they note. And cooperation from the Muslim community has been instrumental in helping authorities' anti-terrorism efforts, officials say.

Other observers say it is mistaken to blame multiculturalism for creating enclaves. "Multiculturalism celebrates diversity," says Colin Kenny, chairman of the Canadian Senate's committee on national security.

Seven of the arrested men were regulars at the Al-Rahman Islamic Center in a Mississauga strip mall, including the oldest, Qayyum Abdul Jamal, 43, and Fahim Ahmad, 21, both of whom face explosives charges. Messrs. Jamal and Ahmad, along with five others, were part of a Quran study group that also met for activities such as soccer and Chinese meals, according to a friend of the group.

One of the religious leaders at the storefront mosque is a Saudi-educated imam. He declined a request for an interview through the mosque's lawyer, Tariq Shah. Al-Rahman sermons didn't seek to stir worshippers to jihad, Mr. Shah says.

Anjum Ahmed, who owns the Hasty Market convenience store next to the mosque, says he prayed there on Fridays. When he saw the news reports of the arrests among his fellow worshippers, he says, "I was shocked." The men sometimes popped into his store "to buy pop, ice cream. They seemed like normal people."

Mr. Jamal wasn't a leader at the mosque but rather a dedicated volunteer who "was always willing to come forward and put the garbage out. He would change the toilet paper," says his lawyer, Mr. Shah. Despite the high-profile arrests, he added, "most of the Muslims, they love the country they live in."

But Munir Sami, a director of the Muslim Canadian Congress, says multiculturalism has helped foster "ghettoes" of middle-class Muslims in places such as Mississauga, a city of more than 500,000 west of Toronto where most of the arrested men lived with their families and attended mosques.

Aly Hindy, the imam of one of the two mosques frequented by members of the group, rejects suggestions that he or his congregants are extremists. Mr. Hindy says the allegations against the 17 are trumped up by Canadian security officials to justify their budgets.

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Many Canadian imams are educated at Saudi universities and follow an extreme fundamentalist version of the religion, says Tarek Fatah, a spokesman for the Muslim Canadian Congress, a self-described "grassroots" group that favors a modern approach to Islam.

Until now, many moderates stayed quiet, some observers say. "They have been pretty well intimidated" by the fundamentalists, says Martin Collacott, a former Canadian ambassador to the Middle East who wrote a recent report for the Fraser Institute, a think tank, on Canada's response to terrorism. "They are going to have to speak up."

HOMELAND RESPONSE:

Technologists Assail Federal Net-tapping Rules (CNET)

By Anne Broache And Declan McCullagh, Staff Writer, CNET News.com

CNET News.com, June 13, 2006

Federal regulations saying that police must be able to tap into Internet phone conversations with ease are coming under renewed attack from academics, engineers and one of the Net's founding fathers.

A 21-page study to be released Tuesday says it's impossible for the government to expect all products that use voice over Internet protocol, or VoIP, to comply with the Federal Communications Commission's September 2005 requirement mandating wiretapping backdoors for government surveillance. That requirement is backed by the Bush administration.

The study, organized by the Information Technology Association of America, says that because VoIP relies on a fundamentally different network architecture from that of traditional phone lines, such a mandate would pose "enormous costs" to the industry and could even introduce significant security risks.

The nine contributors included Vint Cerf, Google's chief Internet evangelist and one of the Net's founding fathers; Steven Bellovin and Matt Blaze, both prominent computer security professors who specialize in security; Clinton Brooks, a former National Security Agency official; and engineers from Sun Microsystems and Intel.

The report follows a ruling Friday by a federal appeals court in Washington, D.C., that upheld the legality of the FCC's wiretapping regulations. Librarians, community colleges, and companies including Sun had challenged the rules, saying the FCC did not have the authority to extend the Communications Assistance for Law Enforcement Act, or CALEA, to the Internet. (The decision may be appealed.)

Even without the FCC rules that are scheduled to take effect in May 2007, police have the legal authority to conduct Internet wiretaps--that's precisely what the FBI's Carnivore system was designed to do. Still, the FBI has claimed, the need for "standardized broadband intercept capabilities is especially urgent in light of today's heightened threats to homeland security and the ongoing tendency of criminals to use the most clandestine modes of communication."

The controversy over the FCC mandatory wiretapping regulations comes as the Bush administration is facing increasing congressional pressure, especially from Sen. Arlen Specter, a Pennsylvania Republican, over its telephone and Internet surveillance program overseen by the National Security Agency. AT&T is being sued in a separate case in San Francisco over allegations that it cooperated in a way that violated federal privacy laws.

The nature of VoIP could also elevate the risk that authorities aren't eavesdropping on the person they originally had in mind, the ITAA report's authors argue. Because it's theoretically simple for an individual to acquire multiple VoIP phone numbers, "recognizing and tracking the multiple identities that are so natural to the Internet lifestyle would be taxing."

In addition, the study says, allowing full access by law enforcement would almost certainly require overhauling inherently decentralized networks to allow for certain points where interception would take place--and open up new security risks in the process. That's because such an arrangement would arguably make it easier for hackers to capture identity information and passwords, engage in "man-in-the-middle alteration of data," or potentially spoof the communications going on.

"It's sort of like if you were chasing someone and you knew they had to go over a particular bridge," said Mark Uncapher, a senior vice president at ITAA.

Though there may be some security concerns, the benefits of mandating wiretapping access outweigh the costs, said Tim Richardson, senior legislative liaison for the Fraternal Order of Police. (Many police organizations, including the National Sheriffs'

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Association, the Police Executive Research Forum, the Illinois State Police and the Tennessee Bureau of Investigation petitioned the FCC in favor of the wiretapping rules.)

"If that was going to increase the propensity for crime, that's something that law enforcement would take a look at," Richardson said. "But the adaptability of technology is so great in this day and age that I have a high degree of faith in the initiative that (companies would employ to find something) that's not as costly and doesn't compromise the security of their networks."

Complexities involved in meeting such a mandate exist on a number of levels, the ITAA report said. One problem is that, in contrast to traditional telephones, whose calls can virtually always be traced to a centralized switching location, VoIP users are often nomadic.

"The paradigm of VoIP intercept difficulty is a call between two road warriors who constantly change locations and who, for example, may call from a cafe in Boston to a hotel room in Paris and an hour later from an office in Cambridge to a gift shop at the Louvre," the report says, and adds that building in mandatory wiretapping hubs for real-time interception is so expensive that it could put smaller companies out of business.

Air Marshals Warn Their Bullets Are Too Powerful (WT)

By Audrey Hudson

The Washington Times, June 13, 2006

Federal air marshals say their guns are loaded with bullets capable of running through more than one person, metal doors and thick glass -- too much firepower for an airplane.

"Not only is the person getting shot in danger, but everyone on the plane is because of the distance it travels," said one air marshal who testified in a recently completed House Judiciary Committee investigation of policies marshals deemed dangerous.

Several marshals say their bullets can penetrate most of the material in planes, leaving pilots and the plane's hydraulics and flight-control system vulnerable if a weapon is discharged. Cockpit doors have been hardened with steel, but the walls on either side of the door have not.

Another marshal told the House committee agents should be issued ammunition loaded with frangible bullets, which break into smaller pieces on impact and thus have limited power to exit the target and continue.

"An aircraft is made up of composites, plastics, and aluminum. If a round were to penetrate through the front plastic/composite windshield of the aircraft, the results would be catastrophic at 500 miles per hour. We should be using frangible ammunition. It's a no-brainer," the Nov. 27 memo said.

The House Judiciary report, released last week, included the committee's concerns about the ammunition, but the Transportation Security Administration's response was redacted from the report.

Federal Air Marshal Service Director Dana Brown is reviewing the agency's use of a .357-caliber handgun and Speer Gold Dot .357 SIG round, nonfrangible ammunition, said FAMS spokesman Conan Bruce.

Mr. Bruce said air marshals used to use frangible ammunition but switched weapons and ammunition after researching testing by outside groups. The change was approved by former FAMS Director Thomas Quinn, a former Secret Service agent.

Massad Ayoob, a ballistics authority and director of the Lethal Force Institute, calls the ammunition "an excellent load" that the Secret Service uses to protect the president. The bullet is designed to expand in the body to cause greater physical harm.

"If you get a peripheral hit in the arm, it has enough power to keep going and kill whoever it hits," said Mr. Ayoob, who explained that the bullet moves 1,350 feet per second.

"It's no trick to change the ammunition load they are using now to 1,500 feet per second to get a 10-inch, very substantial wound, and it would minimize the likelihood of an exit," Mr. Ayoob said. "That would reduce penetration by a few inches and widen the wound, which brings about a faster cessation of the action."

Federal air marshals have tough shooting requirements and "are among the best shooters in law enforcement," Mr. Ayoob says.

Don Strange, former special agent in charge of the FAMS Atlanta field office, said the ammunition FAMS agents use is good for the Secret Service and other law enforcement but not in the "tube of an airplane."

"It would penetrate at least the first body, but it can also penetrate a second and possibly third body," Mr. Strange said.

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Mr. Strange has more than 30 years of federal law-enforcement experience but says he was fired from FAMS by Mr. Quinn for criticizing the agency's choice of ammunition, dress code and other policies.

When Mr. Strange informed officials at FAMS headquarters of his concern about the weapon's load, "I told them I hoped the reason we were using it was not because Quinn wants us to, and they said that is the reason."

Philip Van Cleave, a former deputy sheriff and president of the Virginia Citizens Defense League, said he was surprised to learn the marshals are not using frangible firepower.

"It's ironic that the very people who are carrying the guns are complaining, that tells you something there -- they don't want to be underarmed, but they want to be able to protect passengers," Mr. Van Cleave said.

Several thousand pilots are trained to carry guns to protect the cockpit, however David Mackett, president of the Airline Pilots Security Alliance, declined to say what kind of weapons or ammunition are used by federal flight-deck officers.

"The federal air marshals are competent and experienced law enforcement, and I would take any recommendations they would make very seriously," Mr. Mackett said.

The House investigation said in its report released last week that policies dictating dress and boarding procedures in sight of passengers undermine the marshals' anonymity and suggested that any marshal who initiated changes fell victim to retaliation.

In its response to the committee, the Transportation Security Administration, which manages FAMS, said the policies have been changed. Air marshals who spoke to panel lawyers disagreed with the TSA's claims in interviews with The Washington Times.

City Rethinking Security Plan After Cut In Homeland Aid (NYT)

By Al Baker And Sewell Chan

The New York Times, June 13, 2006

The Bloomberg administration wanted to spend $111 million in the coming year to install a sprawling security camera system in the Wall Street area. To be modeled on London's so-called Ring of Steel, the plan involved placing video cameras at half of the 535 intersections south of Canal Street and installing surveillance equipment capable of zeroing in on details as small as a license plate.

It also included beefing up police patrols and using officers specially trained to handle truck and car bombs, as well as employing mobile barriers to protect bridges, tunnels and streets, police officials said.

But the plan, the Lower Manhattan Security Initiative, is being rethought since the Department of Homeland Security cut the city's security grant to $124.5 million this year from $207.6 million last year, Police Commissioner Raymond W. Kelly said yesterday. He was testifying at a City Council hearing on the impact of the reduction.

"The immediate impact — the biggest impact — will be a cessation of the Lower Manhattan Security Initiative," Mr. Kelly said. "We're going to have to regroup and take a very hard look at that plan."

When questioned after the hearing, he said, "This program right now has been put on hold until we can take a look at the funding stream."

The commissioner's testimony seemed to strike a different tone from city officials' public declarations two weeks ago, when they learned of the cutbacks. Many had said the city would find a way to plug any financial holes itself. They also said no programs would be noticeably altered.

The cuts have prompted officials of both parties to question the Department of Homeland Security. Last week, leaders in New York's financial services industry, including Goldman Sachs, sent a letter to Michael Chertoff, the homeland security secretary, calling for the money to be restored.

Yesterday, Russ Knocke, a department spokesman, said an undersecretary would work closely with the city to help expedite the flow of dollars from Washington. But he said it fell to city officials to prioritize which projects to pay for.

The city asked for about $450 million in grants this year. Its application included a request for $219.7 million for police initiatives, including $81.5 million toward the Lower Manhattan Security Initiative.

The government said the city had done a poor job articulating how the money it sought would help reduce risk in the city, and rated some highly publicized counterterrorism measures as below average in how they could be sustained financially.

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Now, with several city agencies vying for a smaller pot of federal aid, it is not just the police programs that are in jeopardy, a spokesman for Mayor Michael R. Bloomberg said. The spokesman, Jordan Barowitz, said the city's counterterrorism measures spanned the Police, Fire and Health Departments. "We have difficult decisions to make," he said.

Stuart A. Klein, first deputy director of the city's Office of Management and Budget, said no final decisions had been made about which projects, within the $124.5 million, the city would pursue.

"Since we were recently notified of the reduction, we're going through a process now, analyzing the projects, working with the mayor's office and the other agencies, including Commissioner Kelly," Mr. Klein said in response to questions from Council members at the hearing. "And when a decision is made, we will forward the review of that to Homeland Security."

The Police Department's counterterrorism efforts had previously been praised by federal officials. The F.B.I. director, Robert S. Mueller III, has called its programs "models for the nation."

Police officials pointed out that in 2004, after a plot to sabotage some city financial assets was exposed, Tom Ridge, the former Department of Homeland Security secretary, came to New York and said that he doubted whether any other city had done more to prevent another terrorist attack.

Terrorist In A Bootleg T-shirt (LAT)

By Ray Lemoine, Ray Lemoine Is Coauthor, With Jeff Neumann And Donovan Webster, Of "Babylon By Bus," An Account Of L

The Los Angeles Times, June 13, 2006

The author mingled at madrasas and hung with Hezbollah, but that's not why Homeland Security picked him up.

Arriving at JFK from Dubai recently, I was stopped at customs by an officer from the Department of Homeland Security and directed to a drab backroom filled with Arabs, South Asians and Africans. I wasn't surprised, really, having just spent six months working and traveling in the Islamic world — Turkey, Lebanon, Egypt and Pakistan. If ever there were a DHS red-flag candidate,

I was it, and I assumed this was just protocol.

Four of those months were in Pakistan, and I had just spent a week with a journalist friend going to different madrasas, including one Islamic school visited by one of the bombers in the July 2005 attacks in London. Possibly I caught their attention by poking around the Karachi Marriot's parking lot, across from the U.S. consulate, where a suicide bomber's attack had killed a U.S. diplomat just two months before.

How about the hundreds of phone calls I made from Pakistan to friends and family back home that inevitably mentioned the Taliban's resurgence and criticized President Bush. Was I wiretapped? Certainly Homeland Security, whose stated mission is to "lead the unified national effort to secure America … prevent and deter terrorist attacks and protect against and respond to threats and hazards to the nation," had detained me for such a reason.

Or maybe officers had questions about the Jamaat-ud-Dawa rally I'd witnessed in Kashmir. The group was protesting against the United States because it recently had been added to the State Department's list of groups designated as terrorist organizations. Then there was Lebanon, where I'd traveled deep into the Hezbollah-held south.

If only.

No, these frontline warriors in the global war on terrorism at Homeland Security had far more pressing issues to question me about. "Why did you infringe on the Boston Celtics' copyright in Boston in 2003?" asked my case officer, Malik — ironically a Pakistani — from behind his high desk. Uh, because I used to sell T-shirts outside sporting events, I said, wondering what this had to do with national security.

"You've got a long record," he said. Sure, for peddling "Yankees Suck" T-shirts — sans permit, which isn't a crime but a code violation — not for promoting "Bin Laden Rulz!" DVDs or the "Idiot's Guide to Suicide Bombing."

"You know, we could have you sent up to Boston for the unresolved T-shirt infractions," Malik said. "But what we're holding you for is an NYPD bench warrant from 2004. You were in a fight with a parking attendant, found not guilty and then missed a court date." All true. But how and why does Homeland Security share the NYPD's jurisdiction in cases unrelated to counter-terrorism? A fight over a parking space hardly counts as terrorism.

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"We're calling NYPD to come to pick you up," Malik told me, without asking a single question about Pakistan, terrorism, Islam or madrasas.

So I sat and waited. Four DHS officers working two cases — a Senegalese guy who was caught with $100,000 in a suitcase and mine — couldn't even get the NYPD on the phone. A debate then broke out among Malik, his co-worker and their boss about how to call the NYPD. Six hours later, the DHS still hadn't gotten word from the NYPD. A shift change was coming up, and officers aren't allowed to leave until finishing all their cases.

Instead of protecting the homeland from such a dangerous T-shirt-selling, off-road-rager like me, Malik set me free, so he could get home in time to watch Mike and the Mad Dog ("Eh, is Pedro pitchin' tonight?" I overheard an officer ask). As he closed out my paperwork, Malik asked, "So, ah, Mr. LeMoine, why did you miss that court date anyway?"

"I was in Iraq."

"Doing what? Like a contractor, soldier?"

"No. I had volunteered to run a humanitarian program for the Coalition Provisional Authority but left when they started killing Westerners."

"Damn terrorists. Take care of that warrant. And welcome home."

Welcome home indeed.

Homeland Security, the $40-billion-a-year agency set up to combat terrorism after 9/11, has been given universal jurisdiction and can hold anyone on Earth for crimes unrelated to national security — even me for a court date I missed while I was in Iraq helping America deter terror — without asking what I had been doing in Pakistan among Islamic extremists the agency is designated to stop. Instead, some of its actions are erasing the lines of jurisdiction between local police and the federal state, scarily bringing the words "police" and "state" closer together. As long as we allow Homeland Security to act like a Keystone Stasi, terrorism will continue to win in destroying our freedom.

Alberto Prompts Evacuation On Fla. Coast (AP)

By Mitch Stacy

The AP, June 12, 2006

More than 20,000 people along Florida's Gulf Coast were ordered to clear out Monday as Alberto — the very first tropical storm of the new hurricane season — unexpectedly picked up steam and threatened to come ashore as a hurricane.

Forecasters posted a hurricane warning for the Gulf Coast and a tropical storm warning from north of Daytona Beach to the Georgia-South Carolina line, saying Alberto could begin battering the coast early Tuesday. Gov. Jeb Bush signed a declaration of emergency allowing him to call up the National Guard and put laws against price gouging into effect.

"We're talking about powerful forces of nature," Bush said. "People need to take this very seriously."

If Alberto came ashore as a hurricane, it would be the earliest hurricane in 40 years to hit the United States, according to the National Hurricane Center. The earliest on record is Alma, which in 1966 struck the Florida Panhandle on June 9 — the ninth day of the hurricane season.

Alberto started as a tropical depression on Saturday, and forecasters over the weekend were confident it would not become a hurricane. But the storm's winds accelerated with startling speed from 50 mph to 70 mph in just three hours Monday morning. The minimum for a hurricane is 74 mph.

"We were surprised, but we've been surprised before," said Richard Pasch of the hurricane center. "The center in disorganized storms can re-form and jump."

Florida homeowners stocked up on chain saws, plywood and other emergency supplies. Employees at a marina in St. Petersburg said they planned to work through the night securing more than 600 boats against the wind and waves.

"This is a little earlier that I expected," said marina manager Walter Miller. "But we've had a bad couple of years, so it's not entirely unexpected."

Forecasters said Alberto would probably become only a weak Category 1 hurricane, meaning winds of 74 mph to 95 mph, because the warm water from which hurricanes draw their strength is not particularly deep in the area.

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At 5 p.m. EDT, Alberto was centered about 145 miles southwest of Cedar Key and was moving northeast at about 10 mph. Its top sustained winds remained at 70 mph.

"We don't want to overdo it. It's not a Katrina or a Wilma, but storm surge and flooding could still cause loss of life," said Max Mayfield, director of the National Hurricane Center.

Evacuation orders were posted for people in mobile homes or low-lying areas in at least five coastal counties stretching more than 100 miles. Those ordered to leave included about 21,000 residents of Citrus, Levy and Taylor counties.

Alberto was expected to blow ashore anywhere from north of Tampa to the Panhandle. Forecasters said it could bring 4 to 10 inches of rain to central Florida and southeastern Georgia. Rain already was falling Monday and at least two tornados had formed, but there were no immediate reports of any injuries or damage.

Dick Grier, a retiree from Homosassa, said he planned to gas up his car and bring in law chairs. But "at this point I don't think it's the kind of thing that we worry about," he said.

Alberto also prevented the crew of space shuttle Discovery from flying to the Kennedy Space Center from Houston for several days of dress rehearsals for their expected launch in July.

On Monday, Alberto drenched western Cuba after a weekend of heavy rains prompted evacuations, caused some dilapidated buildings to collapse and flooded low-lying areas in Havana. There were no reports of other major damage or injuries.

More than 12 inches of rain fell in some rural areas over the weekend, the official Prensa Latina news agency reported.

Scientists say the 2006 season could produce as many as 16 named storms, six of them major hurricanes. Last year's hurricane season was the most destructive on record and the busiest in 154 years of storm tracking, with a record 28 named storms and a record 15 hurricanes.

The first named storm of 2005, Tropical Storm Arlene, formed June 9 and came ashore just west of Pensacola in the Florida Panhandle.

'The Storm Has Accelerated;' Landfall Expected At 8 A.m. (TALLDEM)

By Bill Cotterell

Tallahassee Democrat, June 13, 2006

Governor Jeb Bush urged coastal residents to evacuate immediately if their homes are in low-lying areas of the Big Bend and central Gulf Coast threatened by a strengthening, accelerating Tropical Storm Alberto.

At a hastily-called evening briefing, Bush and state meteorologist Ben Nelson said the storm is expected to come ashore by about 8 a.m. in Taylor County. They said the Dixie, Levy and Taylor County area is the most threatened by storm surges of 7 to 10 feet and winds currently projected at 70 miles an hour — just four short of hurricane strength.

"The storm has accelerated," Bush said. "This brings the added problem of high tide, so we want to make sure people take this very, very seriously."

He said there are 26 shelters open in 16 counties.

"If you were planning to evacuate, you need to do it tonight, not tomorrow morning," said Bush. "Tonight is the night to do this."

Nelson said Alberto was caught by a steering current that did not affect is size or strength but moved it faster toward the Big Bend. He said hurricane warnings are posted from the Ocholockonee River to Longboat Key — from Wakulla to Manatee counties — and that there is a thunderstorm warning for Franklin County.

Bush said mandatory evacuation orders have been issued for Wakulla County in the Panacea, Ochlockonee Bay and St. Marks areas, as well as low-lying and coastal regions. Also under evacuation orders are low-lying coastal areas from the Aucilla River to Steinhatchee in Taylor County, and parts of Levy, Dixie, Citrus and Franklin County.

That includes Alligator Point and low-lying coastal areas of Franklin County.

FEMA Stockpiles Supplies Ahead Of Alberto (AP)

By Lara Jakes Jordan

The AP, June 12, 2006

DOJ_NMG_0033090

The nation's disaster response agency said Monday that evacuation buses and truckloads of food, water and ice were standing by for the year's first big tropical storm. But state officials across the Gulf Coast hadn't asked for any immediate help from Washington.

The Federal Emergency Management Agency did not stockpile supplies in Florida because the state "has indicated that they have the situation well under control," said FEMA spokesman Aaron Walker. But he said buses and supplies were ready should Tropical Storm Alberto take a nasty turn into regions still left vulnerable by Hurricane Katrina, including Louisiana, Mississippi and Alabama. Those supplies, warehoused in Louisiana and Alabama, could be sent to Florida if necessary, he said.

Additionally, the U.S. Army Corps of Engineers stockpiled tens of thousands of tons of concrete, stone and sandbags to safeguard against any levee breaches around Florida's Lake Okeechobee.

Florida emergency director Craig Fugate said state and local responders "were managing to keep an even keel here." Any federal help — like damage assessments and reimbursements — might be needed after the storm passed, he said.

"We're not in a situation where we need any federal assistance for the response phase," Fugate told The Associated Press. "We're looking at the federal impact after the storm if it would warrant any assistance financially."

However, FEMA officials were monitoring the storm from Florida's emergency operations center in Tallahassee. The agency also put its regional response coordination office in Atlanta on alert, and ordered its Washington headquarters to be staffed around the clock to answer any incoming calls for aid.

Homeland Security Secretary Michael Chertoff, whose department oversees FEMA, postponed a weeklong trip to Europe to monitor the storm, said spokesman Russ Knocke. Chertoff also called Florida Gov. Jeb Bush to offer help, but the Republican governor said his state did not have any immediate needs from Washington.

Similarly, the governors of Alabama, Mississippi and Louisiana have not asked for any federal assistance. But FEMA dispatched 96 truckloads of food, ice and water to holding points in Selma, Ala., and Montgomery, Ala., ready to go to disaster areas in those three states if needed, Walker said.

Additionally, 50 buses and 100 drivers were standing by in Carville, La., to help evacuate potential victims, he said.

Despite lessening concerns about Lake Okeechobee's levees, Army Corps spokeswoman Nanciann Regalado said the agency stockpiled 35,000 tons of concrete, stone and sandbags and ordered another 65,000 tons delivered. However, lake levels were still six feet below where levees might be expected to crack, Regalado said.

The Coast Guard also is warning at-sea mariners and boaters to stay away from coastal waters. Officials are reviewing plans to move aircraft at the region's air stations inland and out of the way of storm.

So far there have been no active duty deployments for Alberto through U.S. Northern Command, which oversees military units in the United States.

"There will be minimal or no need for active duty forces because the state of Florida, its first responders, and its state militia are well prepared to assist citizens of Florida," said Northern Command spokesman Michael Kucharek.

The command has asked the military services to be prepared to respond and provide needed supplies, equipment or the use of Defense Department installations.

Swift Evacuations Urged As Alberto Approaches (KRT)

By Martin Merzer And Gary Fineout

Knight Ridder, June 12, 2006

Tropical Storm Alberto, pushing a dome of sea water toward shore, quickened its assault on North Florida this evening. Officials urged coastal residents to swiftly evacuate the area.

"Its arrival on our shores will be much quicker than we were anticipating a few hours ago," Gov. Jeb Bush said shortly after 5:30 p.m. ``They need to get to high ground and they need to get safe."

The 2006 hurricane season is just 12 days old.

"Good God, who would have thunk it," Bush said.

During the past two seasons, eight hurricanes struck or brushed Florida.

Meanwhile, South Floridians were advised to expect heavy rain and gusty winds as squalls roam through the area.

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Farther north, forecasters hurriedly issued a precautionary hurricane warning from Longboat Key near Sarasota through the Big Bend area to the Ochlockonee River south of Tallahassee. That means hurricane conditions -- wind stronger than 74 mph and heavy rain -- are expected within 24 hours.

The greatest danger: an eight- to 10-foot storm surge, the dome of water that rushes ashore as the storm's center approaches.

"It's the storm surge that will be a problem," said Stanley Bair, owner of The Island Hotel on Cedar Key, an island just off Florida's Big Bend. ``It won't get into the hotel, but it will surround it, and people won't be able to get on or off the island."

Bair said every room is booked, largely by news crews, and ``we'll have rollaways in the lobby."

The hotel was built in 1859 and has survived every hurricane since.

Officials in six coastal counties, from Franklin County to Citrus County, told more than 20,000 residents to leave.

"It's not worth losing your life . . .," Bush said earlier today. ``Property can be rebuilt."

Several of those counties, including Wakulla, Taylor and Dixie, have been hit in the past with flooding due to storm surge from large storms.

Last year, Hurricane Dennis unexpectedly created a backwash of water into Wakulla County, while the infamous no-name storm of 1993 killed unsuspecting residents of Taylor County in the middle of the night.

"This is a part of the state where it doesn't take a big storm to cause a significant amount of flooding," said Craig Fugate, the state's emergency management chief.

Fortunately, the area is sparsely populated and can be quickly evacuated.

State officials said that local communities were gearing up to deal with the storm and that 17 shelters would open. An estimated 7,500 National Guard were on alert and ready to be deployed if needed.

"We're used to catching those first storms here in North Florida," said Chris Floyd, emergency services director of the Capital Area Chapter of the Red Cross in Tallahassee. ``We've got a lot of experience. Not that we necessarily want it to happen here, but I believe we're as prepared as we can be."

The 5 p.m. EDT forecast called for the center of Alberto to make landfall in the Big Bend area Tuesday morning as a borderline Category 1 hurricane with winds of about 75 mph, but most of its weather reached land long ahead of the center.

Isolated tornadoes were possible throughout much of the state, particularly in Central Florida and the Panhandle.

"Preparations to protect life and property should be rushed to completion," said forecaster Richard Pasch of the National Hurricane Center in West Miami-Dade County.

Bush issued a state of emergency for the entire state, an action that triggers laws against price gouging and gives him the power to waive tolls, activate the National Guard and close state facilities.

"This is a serious storm and we're taking it seriously," he said.

In South Florida, commuters traveled to work under gray skies, occasional showers and a heavy blanket of humidity. They were advised to expect soaking rain later in the day.

Forecasters also reinstated concerns over the possibility of severe thunderstorms, waterspouts and tornadoes, particularly in Central Florida and along the lower Gulf Coast, but also possibly in and near Miami-Dade and Broward counties.

A tornado watch was issued for Glades, Hendry and Collier counties.

Alberto grew out of the year's first tropical depression Sunday, an ominous sign of things to come during the hurricane season -- which was only 11 days old.

The storm initially struggled to keep itself together, but it coalesced and grew stronger overnight.

"The storm has been interacting with the warm Gulf of Mexico loop current, which has likely been a contributor to the intensification," Pasch said.

It then moved over cooler water and encountered hostile crosswinds, two factors that inhibited significant additional strengthening, he said.

Portions of Central and North Florida could absorb eight to 10 inches of rain, a prospect welcomed by firefighters who have been battling wildfires in those regions.

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Farther south, Alberto produced 10 to 20 inches of rain over the western half of Cuba, with isolated totals of 30 inches over higher terrain

The six-month hurricane season, which began June 1 and ends Nov. 30, is expected to be another unusually active one.

The government's official outlook calls for 13 to 16 tropical storms that would become eight to 10 hurricanes, including four to six intense hurricanes with winds above 110 mph. Government experts expect two to four hurricanes to hit the United States this year.

Fla. Braces Itself As Alberto Rolls In (USAT)

By Donna Leinwand

USA Today, June 13, 2006

TAMPA — An unexpectedly strong Tropical Storm Alberto on Monday threatened to become the first hurricane of the season as it bore down on Florida's northern Gulf Coast, prompting an evacuation order for 20,000 people.

Florida prepared for heavy rains and possible flooding from Alberto, which was due to come ashore early today during high tide somewhere between Tampa and the Panhandle.

Late Monday, the storm had sustained winds of 70 mph, just shy of the 74 mph threshold for a hurricane.

Forecasters issued hurricane warnings after Alberto shot up from 50 mph in three hours.

If it becomes a hurricane, Alberto would be the earliest hurricane of the season to strike land since Alma in 1966, the National Weather Service said.

Florida Gov. Jeb Bush urged people in low-lying parts of the coast to get out. “The storm has accelerated,” he said. “This brings the added problem of high tide, so we want to make sure people take this very, very seriously.”

Bush said there are 26 shelters open in 16 counties.

“If you were planning to evacuate, you need to do it tonight, not tomorrow morning,” he said.

More than 20,000 residents in low-lying areas along a 100-mile stretch of Citrus, Levy and Taylor counties were told to evacuate. An alert issued by the state emergency center warned that Alberto could come ashore at high tide, creating a 5- to 8-foot storm surge.

At the National Hurricane Center in Miami, forecaster Eric Blake said Alberto “went from a modest tropical storm to a strong tropical storm very quickly.” Blake said forecasters expect the storm to grow to Category 1 hurricane speeds by the time it reaches land but they do not expect it to intensify much further.

In Tampa, where a light drizzle fell Monday evening, most residents were not too worried about the storm. Windows remained free of plywood. Stores displayed full stocks of batteries, water and flashlights. Restaurants and bars buzzed with business.

“It's just not going to be a big wind event,” said Laura McCoy, 41, a bookkeeper and massage therapist who lives near the beach in Largo. “We have a generator. We have stuff left over from last year.

“I'm not worried about this one,” she said. “I'm a little worried about what the season holds ahead.”

Jill Jones, 41, a nurse from Tampa, made her hurricane preparations before the season began June 1. She has checked with her insurer to be sure she's fully covered, and she had her trees trimmed.

“My freezer is filled with ice. There's gas for the grill and a plan for the pets. I have a tarp if the roof blows off and plenty of candles,” Jones says.

Alberto formed off the coast of Cuba on Saturday, about 40 miles from Key West. Tropical-storm-force winds stretched 230 miles from its center, the National Hurricane Center reported.

Forecasters said 4 to 10 inches of rain could fall across Florida through today. Much of the rain is welcome in areas where wildfires have been common this spring, such as Volusia County on the Atlantic coast.

“We're looking forward to the moisture it is going to drop on us,” said Pat Kuehn, a spokeswoman for Volusia County Fire Services.

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Last year's hurricane season was the most destructive on record with 28 named storms and a record 15 hurricanes. Hurricane Katrina devastated Louisiana and Mississippi and was blamed for more than 1,570 deaths among Louisiana residents alone.

Florida On Alert As Alberto Revs Up (ORS)

By Jim Stratton And Mark Hollis

The Orlando Sentinel, June 13, 2006

The first named storm of the hurricane season rumbled through the Gulf of Mexico on Monday, bringing much-needed rain to kindling-dry Central Florida but leaving low-lying coastal communities along the state's Big Bend region facing the specter of floods.

Tropical Storm Alberto strengthened in the Gulf and was expected to make landfall sometime early today. Late Monday, the storm had winds of near 70 mph, just 4 mph short of becoming a hurricane.

The state ordered 20,000 people living in low-lying areas along the Gulf to flee. Residents there could see a storm surge of 8 to 10 feet, enough to swamp homes, businesses and roads.

"The rain and the storm surge is a huge concern," said Daryll Gunter, commission chairman in the Gulf Coast area of Taylor County. "So much of the county is so low, even just a foot or two will be enough to cause major problems."

Mandatory evacuation orders were in place for low-lying areas in Taylor, Dixie, Levy, Franklin, Wakulla and Citrus counties. The National Hurricane Center posted a hurricane warning from Longboat Key near Sarasota to the Ochlockonee River near Tallahassee.

"We don't want to overdo it. It's not a Katrina or a Wilma, but storm surge and flooding could still cause loss of life," said Max Mayfield, director of the center west of Miami.

If Alberto comes ashore as a hurricane, it would be the earliest in 40 years to hit the United States, forecasters said. The earliest on record is Hurricane Alma, which, in 1966, hit the Florida Panhandle on June?9 -- the ninth day of the hurricane season.

"Good God...Who would have thunk it?" said Gov. Jeb Bush, who signed an order placing Florida under a state of emergency. "This could potentially be a hurricane. It has a wide impact for a lot of people in our state." Most at risk appeared those living in the flood-prone areas along Florida's Big Bend. At least 17 shelters were opened in 11 counties along the Gulf.

Forecasters said the biggest concern was storm surge because the shallow waters in the Gulf allow the water to travel long distances without dissipating.

Even so, on Cedar Key, a popular tourist destination at the end of State Road 24, residents were generally unimpressed by Alberto, with many saying they planned to stay put.

"I can't change what's happening," said Ronnie Beckham, 54, a fisherman. "We'll just have to wait to see what happens tomorrow."

Beckham, however, did plan to move his 24-foot clam boat to higher ground.

The National Hurricane Center warned that Alberto could pick up strength throughout the night.

"Tuesday is a washout," said State Meteorologist Ben Nelson, "especially for the northern part of the state."

In Central Florida, Alberto spawned heavy downpours throughout Monday dumping almost 2 inches of rain at Orlando International Airport. Daytona Beach received 2 1/2 inches of rain. Today, Alberto is expected produce thunderstorms that might be accompanied by heavy downpours.

The storm is expected generate winds of 25 to 30 mph in and around Orlando by early today. North of the city -- in parts of Lake and western Volusia counties -- winds could reach 40?mph with gusts of 50 mph.

Monday, Alberto caused a handful of problems throughout the region.

Volusia County officials reported that wind gusts or a small tornado caused by the storm damaged two Enterprise homes on the shore of Little Lake. One home lost half its roof; the other had its chimney blown off.

The burst, which occurred a little after 1p.m., also pushed a boat parked in a driveway into a van parked nearby. No one was injured.

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Resident Robert Evans said he heard "trees breaking" and "snapping metal," then he saw his neighbor's roof come off.

The neighbor, 67-year-old Cille Morris, is in Ireland where she lives half the year and does not know about the damage to her home, said friends who gathered in front of her house and watched as six firefighters pulled a blue tarp over the exposed roof. Her lawn was littered with scattered pieces of aluminum strips filled with nails and tufts of yellow insulation.

The home was outfitted with hurricane shutters.

"They took great care to have the place storm ready," said Carolyn Creech, who used to live up the road. "It's so sad." In Kissimmee, a giant osprey nest was blown from the top of a high-voltage utility pole onto the power lines below. The 300-pound nest, which appeared to contain no eggs or birds, knocked out power to more than 1,300 Kissimmee Utility Authority customers for more than an hour.

But in many ways, Alberto was a welcome visitor in parts of Central Florida.

Wildfires have smoldered for weeks in some counties, and the storm brought a heavy rain that officials hoped would finally let them get the upper hand.

"It's certainly going to help," said Orlando Dominguez, spokesman for Brevard County Fire Rescue. "This is the type of rain we need to soak into the ground."

In Brevard, smoke and flames from brush fires have caused numerous traffic accidents and forced officials to periodically shut down Interstate 95 and other major roads during the past several weeks.

In Volusia County, wildfires have burned more than 25,000 acres, said Timber Weller of the State Division of Forestry. Though county officials said all the fires have been contained, the bone-dry conditions have kept firefighters on alert.

"When the woods are as dry as they have been, fires just won't die," Weller said. "We have to keep going out there and monitoring them or at the least mopping them down."

In Osceola County, the rain was expected to help contain a 250-acre muck fire near U.S. Highway 192 and State Road 429. Friday, smoke from the underground fire had shut down a half-mile stretch of the area's busy tourist corridor. The road reopened Monday, but officials continued to monitor the fire, which, in some places, is burning 2 feet under the surface.

"It's like a big cigar out there smoldering," said Tom Donohoe of the Division of Forestry. "It takes quite a bit of rainfall to totally extinguish that thing."

That rain could come in the future, but it might not be nearly as innocuous as the soaking provided by Alberto.

Forecasters expect another busy hurricane season, predicting up to 17 named storms with up to nine hurricanes. Of those, up to six could be become major storms.

Storm Nears Hurricane Strength And The Gulf Coast Of Florida (NYT)

By Terry Aguayo

The New York Times, June 13, 2006

MIAMI, June 12 — A hurricane warning was issued on Monday and evacuations were ordered for parts of the Florida Gulf Coast as the season's first tropical storm intensified on a path that could bring it ashore as a hurricane.

The National Hurricane Center put out the warning for a 300-mile stretch from Longboat Key, near Sarasota, to Ochlockonee Bay, south of Tallahassee.

Early Monday evening, the storm, named Alberto, had winds of 70 miles per hour, just 4 m.p.h. shy of hurricane speed. Landfall is expected Tuesday.

"We're forecasting the worst-case scenario just to be sure everyone is prepared in case a minor fluctuation does occur," said Michelle Mainelli, at the hurricane center.

Forecasters were mostly concerned with an expected four to six inches of rain and flooding from storm surges along parts of the coast, Ms. Mainelli said.

"We're really stressing those as our main concerns," she said. "Some isolated areas may even see up to 10 inches of rainfall."

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Gov. Jeb Bush told reporters at an afternoon briefing at the state's Emergency Operations Center in Tallahassee that evacuation orders had been issued for residents in low-lying areas in six counties between Tampa and Tallahassee along the Gulf coast.

"If you are ordered to evacuate, you should really do it," Mr. Bush said. "Don't think you can ride out a storm. It's not worth losing one's life."

The governor said that 17 shelters in 11 counties were ready to open. He declared a state of emergency for the state, giving him the power to enforce price-gouging laws and activate 7,500 National Guard troops.

The areas singled out for evacuation are less populated than many other areas of Florida, and Craig Fugate, the emergency management chief, said that because they were not in major media markets, it might be harder to get the word out.

Mr. Fugate and other state officials said they remained worried that Tropical Storm Alberto might prove to be a repeat of a storm that struck the East Coast in March 1993 and left more than 40 people dead in Florida.

That 1993 storm was not a hurricane, but it pushed an enormous wall of water into the same areas now in Tropical Storm Alberto's path. Ten people died in Taylor County, part of which was ordered evacuated on Monday.

The Federal Emergency Management Agency said it was "coordinating with state and local officials as they make decisions for their communities on evacuations and response activities."

Gulf Coast residents were making their own preparations. At a Home Depot in St. Petersburg, Frances Musgrave, 79, shopped for sandbags.

"I always keep a little dried milk, boil my eggs and make sure I have bread and sandwich meats," Ms. Musgrave said.

The storm began as a tropical depression on Saturday, nine days into the hurricane season, which ends Nov. 30. Before threatening Florida, it caused flooding in Cuba and prompted the evacuation of 25,000 people in Pinar del Rio province, the Cuban newspaper Granma reported.

Government forecasters have predicted that 13 to 16 tropical storms will form in the Atlantic Ocean this season. Of those, 8 to 10 are likely to become hurricanes, they say, and as many as 6 may be Category 3 strength or higher, carrying winds stronger than 111 m.p.h.

Florida Braces For Early-Arriving Alberto (WP)

By Peter Whoriskey

The Washington Post, June 13, 2006

MIAMI -- Thousands of residents along Florida's Gulf Coast were ordered to evacuate Monday as Tropical Storm Alberto, which had intensified unexpectedly, threatened to become the state's earliest hurricane in decades to make landfall.

Gov. Jeb Bush declared a state of emergency and urged residents of low-lying coastal areas, where the storm surge is estimated to be as high as 10 feet, to evacuate. He also expressed the widespread sense of surprise at the possibility of Alberto reaching land so soon after the June 1 start of the hurricane season.

"Good God. Who would have thunk it?" he said. "This potentially could be a hurricane."

Hurricane aircraft reconnaissance on Monday showed that Alberto had almost reached hurricane strength, with winds of nearly 70 mph. The storm evolved from a tropical depression that formed in the northwestern Caribbean on Saturday. It then drew strength from the warm waters of the "loop current" in the Gulf of Mexico.

The storm is large, with tropical storm-force winds extending 230 miles from its center, and hurricane warnings were in effect for a long stretch of Florida's Gulf Coast. Storms are deemed hurricanes once sustained winds reach 74 mph.

"We're getting everyone out now," said Maj. Bill Poole of the Wakulla County Sheriff's Office. "The National Weather Service predicts that we should have a possible 10-foot surge at 4:47 a.m. That could put us close to the same situation we had in Hurricane Dennis."

The surge from Dennis caused widespread flooding and damage in the area, he said.

Along the coast on Monday, tourists headed out, and news crews rushed in to capture what may be the first hurricane after Hurricane Katrina.

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Grocery stores filled with residents seeking supplies; marinas were busy with sailors hauling their boats out; and cars lined up at gas stations as people topped off their tanks.

Officials with the Federal Emergency Management Agency said they were meeting with state emergency managers and "mobilizing" 96 trucks with food, water and ice.

"The tourists are gone," said Stanley Bair, the owner of the historic Island Hotel on Cedar Key. "If it hits at high tide, which it's predicted to, we could get some severe flooding."

Eric Blake, a meteorologist at the National Hurricane Center, said that if Alberto makes landfall as a hurricane, it would be the earliest a hurricane has struck the state in 40 years.

"Hurricanes making landfall in June are few and far between," he said.

Many residents read the early arrival of Alberto as a portent of a rough hurricane season. the National Hurricane Center has warned that storm activity will be above normal, possibly producing as many as 16 named storms. Last year was the busiest on record.

But Blake played down Alberto's value as an omen.

"Early-season storms of this type don't tell us much," he said.

Moreover, it was still not clear whether Alberto would attain hurricane status and maintain it through landfall early Tuesday morning.

Forecasters were predicting that Alberto's winds would reach 75 mph before landfall, but hurricane intensity is notoriously difficult to predict.

By the 5 p.m. report from the National Hurricane Center, Alberto had passed by the warm water of the loop current that had helped it intensify earlier, and there was some doubt that its winds would reach the 74-mph mark of a hurricane.

"After the sudden strengthening episode observed earlier today, the storm has leveled off in intensity," the National Hurricane Center forecasters said. "The cloud pattern has become rather elongated. . . . Nonetheless, slight strengthening is still possible before landfall."

Insurance Regulators Get Busy (USAT)

By Marilyn Adams

USA Today, June 13, 2006

WASHINGTON — The nation's insurance regulators are calling on Congress to investigate ways to help states, insurers and homeowners to better deal with disasters such as Hurricane Katrina.

The National Association of Insurance Commissioners, state officials who regulate the property insurance industry, adopted at a quarterly meeting here a resolution proposing a Federal Natural Catastrophe Preparedness Commission.

Among the proposals the regulators want the panel to consider: a national catastrophe fund to backstop private insurance companies to encourage them to stay in the market.

The resolution comes in the wake of nearly $60 billion in hurricane-related property insurance losses last year. The first named storm of the 2006 hurricane season, Alberto, is expected to hit Florida's Gulf Coast today.

Alarmed by their recent hurricane losses and forecasts of more powerful storms, insurance companies are refusing to renew hundreds of thousands of coastal homeowners' policies in Florida, Texas, New York, Massachusetts and other states.

Insurance premiums for windstorm insurance coverage in many coastal areas have skyrocketed.

Last week, Allstate, the USA's second-biggest property insurer, announced it's dropping earthquake coverage for 352,000 policyholders nationwide — 86% of all earthquake policies it has issued — to cut its risk of catastrophe losses.

Maine Insurance Superintendent Alessandro Iuppa, who heads the NAIC, said that a federally coordinated program is the best way to address threats from hurricanes, earthquakes and floods.

“No place in the country is immune to natural disaster,” Iuppa said.

State regulators worry that a shortage of private insurance and the lack of an overall federal catastrophe strategy will put more pressure on individual states and their taxpayers when disaster strikes.

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In Florida, for example, the state legislature just voted to spend $1.2 billion in tax funds to bolster its state-run insurer and improve hurricane preparedness.

Florida's state-run insurance company, which sells policies to homeowners when they can't get coverage in the private market, is expected to become the state's biggest property insurer. That's because private companies have dropped so many policies.

Because of the huge storm losses last year, private insurance companies are also paying more for reinsurance, the insurance they buy to protect themselves from unexpectedly high claims.

And it's harder to get. Demand for reinsurance far exceeds supply, Bradley Kading, the president of a trade association representing reinsurers, told an NAIC committee on Monday. Laws regulating building codes, storm preparedness and insurance coverage vary by state. Among the issues the NAIC wants the proposed commission to consider:

•Incentives for states to adopt stronger building codes that would make buildings more resistant to disaster damage.

•Incentives for property owners to retrofit existing homes and buildings to harden them against storms and earthquakes.

•Allowing private insurers nationwide to accumulate reserves tax-deferred so they have sufficient cash for insurance claims after a disaster.

U.S. Gives Charter Schools A Big Push In New Orleans (NYT)

By Susan Saulny

The New York Times, June 13, 2006

NEW ORLEANS, June 12 — Education Secretary Margaret Spellings announced Monday that $24 million in federal aid had been awarded to Louisiana for the development of charter schools, more than doubling what the state has already received to help create such schools in the aftermath of Hurricane Katrina.

The grant is likely to cement the role of New Orleans — where the public school system is barely functional — as the nation's pre-eminent laboratory for the widespread use of charter schools. The schools are paid for with public money but are usually operated by nonprofit groups or parent organizations.

There are at least 45 charter schools in Louisiana, with most having opened since Hurricane Katrina. The highest concentration is in New Orleans, where the school system is now dominated by charter operators. Eighteen of the 25 schools open in New Orleans are charter schools, receiving public financing but operating independently.

With the arrival of so many charter schools so quickly, a majority of the city's students will be part of the experiment, whether they want to be or not, because the number of traditional public schools has dwindled to seven.

Ms. Spellings spoke at a school in rural, flood-ruined Plaquemines Parish, south of New Orleans along the Mississippi River, where only three of nine public schools survived.

Given similar widespread devastation across the state after Hurricane Katrina and then Hurricane Rita, she said, charter schools are the best way to jump-start the state's education recovery. Her comments echoed the Bush administration's support for such schools across the nation.

The city's public school system was already in chaos and considered among the most abysmal in the nation before the storm. After Hurricane Katrina, it suffered a near total collapse and has not even begun to bounce back, though the state has taken control of most of New Orleans's schools.

"Just the fact that the charter schools are the ones that are open is testament to their ability to cut through red tape and be responsive to families where and when they need them," Ms. Spellings said in an interview.

So far, it is difficult to judge the schools academically. Those evaluations are expected sometime this summer.

"We'll keep a watchful eye on that," Ms. Spellings said. "But so far, so good."

She said she hoped the infusion of money would help expand existing charter schools and open 20 to 30 more across the state.

The expansion is prompting debate in New Orleans and elsewhere about whether this is the right path to follow. At least one large national study due to be released next month suggests that classroom instruction is no better in the city's charter schools and that the schools are hampered by logistical problems and a lack of citywide coherence.

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"That's part of the puzzle that no one's addressing yet, and it worries me over the long run," said Michael Casserly, executive director of the Council of the Great City Schools, a lobbying group for urban districts that conducted the study. "The grand intent to remake teaching and schools so far only extends to a conversation of who gets to run them, not what gets taught in them."

"Nobody is quite rushing to say let's model ourselves after New Orleans," Mr. Casserly said, "because it's not clear at this early point whether this strategy is likely to work."

Officials of the charter schools, however, expressed enthusiasm about Ms. Spellings's visit and the additional grant money.

"We're proud that the federal government continues to support charter schools," said David Grubb, the communications director for the Algiers Charter Schools Association, which operates six schools in New Orleans. "This can go a long way to restructure and rehabilitate what has been a hard-hit educational system."

Police Struggles In New Orleans Raise Old Fears (NYT)

By Christopher Drew

The New York Times, June 13, 2006

NEW ORLEANS, June 9 — Within the Police Department here, the SWAT team is known as The Final Option. Before Hurricane Katrina, it was assigned to the city's worst crimes, and as residents return, it is once again kicking in the doors at the worst drug dens and engaging in shootouts with violent offenders.

But the team is also running dangerously low on firepower. Flooding ruined 300 of its guns, its bullet-resistant shields and the bulk of its ammunition, none of which have been replaced more than nine months after the hurricane. The 40-man team has had to borrow body armor from suburban forces, and the Police Department is lining up corporate sponsors to contribute more.

"I tell you what: we're hurting," said the team's commander, Capt. Jeffrey Winn.

The SWAT unit's difficulties reflect how far from normal many police operations remain here, as residents return and another hurricane season begins. Like the rest of the city, the police force is still struggling to recover from the calamity of Hurricane Katrina, which knocked out its headquarters, overwhelmed its ability to maintain control and prompted desertions that tarnished the force's reputation.

Now, as the department tries to fight its way back, sharp budget cuts — and a recent spike in drug-related killings in the city — are adding to fears that years of overhauls and modernization may be undone, and that New Orleans could return to its former notoriety as one of the nation's murder capitals.

There is also concern that the department's own notoriety could resurface. For some residents, the sense that the city is on edge and the department's future uncertain has brought echoes of the days when the local police were considered among the least competent and most racist and brutal in the nation.

"Given where they are mentally and emotionally, we've gotten more citizen complaints about the way the police are treating people than we have in a long time," said Oliver M. Thomas Jr., the City Council president. "Over the last two years, they'd been getting better and more professional. But I've been hearing lots of complaints about verbal abuse."

The blunt-talking new police superintendent, Warren J. Riley, insists he will not let the drug dealers and "gutter punks" take over again. Mr. Riley says many officers have not gotten the credit they deserve for "standing tall" during the storm, and he is determined to restore discipline and a sense of professionalism among the others. He has also formed an intelligence unit to track the most ruthless crime suspects and built strong ties with federal authorities to help catch them. But in other areas, problems abound.

More than 200 officers deserted during the storm and were fired or suspended. Many veteran officers retired, and some of the youngest officers quit and left town. As a result, the size of the force has dropped to about 1,400 officers on the street now, from nearly 1,700 before the hurricane. Recruiting replacements is difficult, partly because it is hard for candidates to find affordable housing, Mr. Riley said.

Because of the deterioration of the city's finances, he said, the department's budget has been slashed by 19 percent, from $124 million in 2005 to $100 million this year. It has received federal or state aid to replace many of the 300 patrol cars lost to flooding, buy new uniforms and restore its communications system. But it is awaiting federal assistance to replace other gear, like the SWAT team's weapons.

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With the police headquarters still shuttered, Mr. Riley and his top commanders are working out of trailers. And while forensic experts are making progress in restoring many of the items from the flooded police evidence room, newly gathered evidence is being stored in rental trucks parked at what was once a motor-vehicle inspection station.

The storm has also left a lingering emotional toll. More than 80 percent of the officers lost their homes, and some have had to double up with other officers or move to distant suburbs to find housing they can afford on their salaries of $35,000 to $50,000. Many who were heroes in the storm, plucking victims out of the floodwaters, are also resentful that their actions were overshadowed by those who abandoned their posts.

And with many residents here under stress, the police say they are also receiving more back talk from people stopped for even minor violations. "Since the storm, you have a lot of displaced anger among many people, and it seems that police officers always get the brunt of that displaced anger," said Capt. Kevin B. Anderson, the police commander in the French Quarter.

But in the end, nearly everyone here realizes that what defines the Police Department is how well it handles crime, particularly in terms of the murder rate. Before the storm, the city averaged 250 to 300 murders a year, always placing it at, or near, the top spot in the nation on a per-capita basis. So far this year, there have been 45 murders — most of them in the last two months — compared with 114 at this time in 2005, when the city's population was at least twice what it is now.

Superintendent Riley — who was promoted from the department's No. 2 job after his more flamboyant predecessor, Edwin P. Compass III, resigned after criticism over the police response to the hurricane — appeared on radio talk shows recently to outline his crime-fighting plans. They include repeated raids in the poorer neighborhoods that have been resettled, where he said drug dealers who had lived in different parts of the city were converging and killing one another over turf.

The superintendent also urged residents to band together to demand a toughening of the city's criminal justice system, where jury trials resumed only recently. Drug dealers who evacuated to Houston are returning home because it is much easier here to avoid jail, Mr. Riley said, through the "revolving door" of the New Orleans court system.

The courts have long been criticized as relying on plea bargains and setting lenient bail. And since the hurricane, the public defender system has been so short of money and staffing that one judge, Arthur L. Hunter Jr., recently moved to let some people already in custody back onto the streets.

Mr. Riley said, for instance, that police officers were in a shootout last month with one man who had been roaming a deserted neighborhood while wearing an ankle bracelet. He was supposed to be under house arrest while awaiting trial on a burglary charge, but the authorities had apparently not responded to the bracelet monitoring system.

"Obviously, the murder risk factors are coming back," said Peter Scharf, a criminologist at the University of New Orleans, "and this creates incredible challenges." Whether a growing nervousness about the murder rate gives way again to a feeling of being under siege could end up determining if many people return home and tourists start coming back.

Captain Anderson, the French Quarter commander, said there had been only two murders there this year, along with several stabbings among construction workers carousing on Bourbon Street. He also said the SWAT team had been called in for undercover patrols after groups of youths had accosted people.

James F. Scott, the deputy police superintendent, said the department's intelligence bureau had focused on 112 drug dealers and murder suspects, and 30 had since been captured. Mr. Scott said some drug dealers who evacuated to Houston were killed in turf wars with gangs there, while others were now moving back and forth between the two cities, almost like commuters.

He added that federal prosecutors here were now bringing charges in smaller drug-sale and gun-possession cases to help get criminals off the street. "Since the storm, that is one of the most positive things that has happened to the Police Department," Mr. Scott said.

The department has also worked with the Louisiana National Guard to avoid a repeat of last year's disastrous storm response. Superintendent Riley said 3,000 troops could be in the city ahead of a storm, with high-water trucks and satellite communications gear positioned to assist each police district. There will also be more boats on hand for search-and-rescue operations.

Barring another disaster, Mr. Riley said, "Katrina has given us an opportunity to refocus our educational system, our economic system and our law-enforcement efforts, and change the culture of this city."

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"If we're able to change it," he said, "that would give us a silver lining."

AFL-CIO Plans New Orleans Boom (USAT)

By Anne Rochell Konigsmark

USA Today, June 13, 2006

NEW ORLEANS — In what may be the start of the city's development boom, the AFL-CIO plans to invest $1 billion to develop 10,000 affordable homes and a new downtown hotel.

The investment, confirmed Monday by the AFL-CIO, is the labor coalition's most ambitious funding project ever. It also is one of the largest yet for New Orleans and seeks to bring new housing to a city where Hurricane Katrina destroyed more than 100,000 homes.

The money will come from the AFL-CIO's 40-year-old Housing Investment Trust, which invests worker pensions in affordable housing and requires union labor on the projects.

"So little has been done," AFL-CIO President John Sweeney says, referring to the dearth of new development in the nine months since the storm. "It feels like this is the city that America forgot, and I hope our investment will jump-start other investments."

After months of sluggish recovery, there has been a flurry of development news in recent weeks in New Orleans, including plans for a $700 million jazz district downtown. There are several affordable housing plans in the works: Enterprise Community Partners wants to build 6,500 affordable units in partnership with the Archdiocese of New Orleans. Habitat for Humanity soon will begin building 10 houses every two weeks with a goal of building 1,500 in the next three to five years.

The AFL-CIO plans to begin by buying 200 blighted or abandoned properties owned by the city in the historic Treme, a working-class, mostly black neighborhood that saw minor damage from Katrina. The plan also calls for construction of a high-rise hotel along the Mississippi River.

Jim Kelly of Catholic Charities, which is working with Enterprise and the AFL-CIO, says the city needs all the affordable housing it can get. "We were a poor city prior to Katrina," he says.

Development activity is picking up for several reasons, not the least of which is that billions in federal dollars to buy people out of their flood-damaged homes is set to begin flowing this summer.

Some developers are worried that because of tax incentives, there will be too much affordable housing and not enough mixed income developments.

"You can overload the city with affordable housing," local developer Pres Kabakoff says. "It's important we don't end up with concentratedly poor neighborhoods."

For Many Of Katrina's Young Victims, The Scars Are More Than Skin Deep (WP)

By Julia Cass

The Washington Post, June 13, 2006

NEW ORLEANS -- This year's hurricane season has just begun, and already it is producing a new surge of anxiety in Gulf Coast children.

Children at a day-care center in Gautier, Miss., ask their caregivers every day: "Did you watch the Weather Channel? What does the Weather Channel say?" In a New Orleans trailer park, a 12-year-old boy who spent five days outside the convention center after Hurricane Katrina and saw a woman in a wheelchair slowly die pleads with his mother to buy a car so they can escape the next big one. An 8-year-old girl is convinced that another hurricane will hit New Orleans -- she is even sure it will be on June 15 and a Category 8 (a rating that doesn't exist).

Ten months after Katrina, its emotional effect on children is proving to be long and lasting. Two studies of children affected by the hurricane have found high rates of depression, anxiety, behavioral problems and post-traumatic stress disorder.

A Louisiana State University mental health screening of nearly 5,000 children in schools and temporary housing in the state found that 96 percent saw hurricane damage to their homes or neighborhoods, 22 percent had relatives or friends who were injured, 14 percent had relatives or friends who died, and 35 percent lost pets. Thirty-four percent were separated from their primary caregivers at some point; 9 percent still are.

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The concern for the Katrina children is not just the immediate trauma from the storm, but that so much of their lives remains disrupted.

A report prepared for Congress last November estimated that 189,000 children were dislocated by Katrina; about 110,000 still do not live where they did nine months ago. Some children have attended as many as nine schools since August. Those who have returned to school in New Orleans often do not attend the same schools with the same students or teachers as before.

"Disasters like Oklahoma City and 9/11 were time-limited," said Irwin Redlener, director of Columbia University's National Center for Disaster Preparedness and president of the Children's Health Fund, an advocacy group and care provider for medically underserved children. "The children who were affected psychologically could go to a place of normalcy. The difference here is not only the scope of devastation but the prolonged dislocation with an uncertain timeline. The trauma has not yet ended."

Justyn Green, 12, and his brother Jaleel, 8, spent six days at the Louisiana Superdome in New Orleans with their mother and father -- hot, hungry, thirsty, dirty and frightened. They heard gunfire and saw dead people. They got out at one point, only to be forced to return when police in a nearby town turned away thousands of evacuees at gunpoint. When they finally boarded a bus to leave -- after enduring a line so long they could barely stand -- they thought the horror was over, but it wasn't. The bus flipped over near Opelousas, and their father was killed.

The boys "didn't say a word" at the Superdome, said their mother, Joy Green. "They looked so lost and scared. There was no security at all. You were on your own."

The boys still don't talk much. In their ranch-style brick home in Algiers, which in the end suffered no storm damage, they sit at the kitchen table and draw pictures. They have been drawing for months, encouraged by a psychiatrist as a way to express themselves and describe their experiences.

"At first, they drew a lot of coffins," said the psychiatrist, Barbara Hamm. "Now they draw the Dome and men with guns." She and their mother attribute their obsession with guns and what they call "Army men" to having guns pointed at them and to their perception of the military men in the Superdome as menacing rather than protective.

The boys' 17-year-old brother, James, who was named after their father, evacuated to Arkansas with friends. Although he didn't experience the horrors of the Superdome, he has dropped out of school and won't go for counseling with his mother and siblings. "He won't talk about it, so I'm not sure what's going on with him," Joy Green said. "He did say one time that he shouldn't have told us to evacuate. He said, 'If I hadn't have told you to go, Daddy would still be alive.' "

Many children are having difficulties adjusting after Katrina. The screening by LSU found that more than 30 percent of them showed symptoms of depression or post-traumatic stress disorder.

In a study by Columbia University and the Children's Health Fund of 665 displaced families, nearly half of the parents reported that at least one child in their household had emotional or behavioral difficulties that were not present before the hurricane. Symptoms involve feeling sad or depressed, being nervous or afraid, and having problems sleeping or getting along with others. Compared with children surveyed in Louisiana in 2003, Katrina's victims were more than twice as likely to have behavioral or conduct problems; the same was true of depression and anxiety, the survey found.

Patterns are beginning to emerge. "The younger children lack the cognitive ability to grasp the idea of a once-in-a-hundred-year storm," said Elmore Rigamer, a psychiatrist who is medical director of Catholic Charities Archdiocese of New Orleans. "For them, if it happened once, the world is an unsafe place."

Elementary and middle school children can be both more withdrawn and more aggressive, and their anxiety often comes out in physical symptoms such as headaches and stomachaches. Rigamer described a 6-year-old boy from hurricane-devastated St. Bernard Parish. "He's a meticulous boy who'd started to collect stamps and toy soldiers. Now, they're all gone," she said. "His mother brought him to me because he's punching kids at school, he quit learning to read and he's hoarding food."

Rainy days frighten the weather-obsessed children at Gautier Academy Child Development Center in Gautier, near Pascagoula. "When it's cloudy, they don't want to go outside," said Cynthia Matthews, the academy's owner. "It's as if they're afraid of the sky."

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Teenagers seem affected most by social isolation. Joy Osofsky, an LSU professor of pediatrics and psychiatry, said that when she worked with a group of young people in a shelter in rural Louisiana about a week after the storm, she expected to hear stories of terrible experiences; some of them had been in the Superdome or were rescued from rooftops.

"Some talked about that, but what they talked about more was missing friends," she said. "They used to be in constant touch by e-mail or cellphones, and they felt very isolated."

The older children, while suffering, often show strength, said Howard Osofsky, chairman of LSU's psychiatry department, who with his wife is leading the university's screening of Katrina children.

"One reason our clinicians work around the clock and are so dedicated is how inspiring these kids can be. They really do have symptoms of mental distress," he said. "Yet when you ask their first concerns, so many say they want to help their parents or help in the rebuilding."

Younger children can be especially resilient, Joy Osofsky said. "If their parents are able to give them support and stability, most will bounce back and do what children do -- play," she said.

For this reason, experts say that efforts to help Katrina children should focus not just on them but on their families. A number of charities and nonprofit organizations have established or are raising money for programs such as free family mental health screening, trauma counseling in schools, and summer programs for children who have fallen behind in school or who live in Federal Emergency Management Agency trailer parks, which have no playgrounds.

Some advocates, including the Children's Health Fund, have called on the federal government to allocate $100 million to send a force of pediatricians, family doctors, specially trained mental health workers and mobile medical vans to the Gulf Coast. The Children's Defense Fund, another advocacy group, likewise is calling for emergency health and mental health services.

For parents, their children's well-being has become one of their biggest concerns in trying to return to a normal life.

Joy Green hasn't yet returned to her job at the Zatarain's plant, which packages rice, because of her worries about her three sons. "I can't hardly focus. It's depressing. The only thing that keeps me going are my kids," she said. "I'm afraid for them."

Clinton Links GOP Policies To More Storms (AP)

By Brendan Farrington

The AP, June 12, 2006

As Tropical Storm Alberto threatened to strengthen into the ninth hurricane in 22 months to affect Florida, former President Clinton predicted Monday that Republican environmental policies will lead to more severe storms.

"It is now generally recognized that while Al Gore and I were ridiculed, we were right about global warming," Clinton said at a fundraiser for the Florida Democratic Party. "It's a serious problem. It's going to lead to more hurricanes."

Gore's documentary, "An Inconvenient Truth," chronicles the former vice president's efforts to educate the public about global warming. It's in limited release around the country.

In his critique of the GOP, Clinton also touched on the war in Iraq, the rising federal deficit and high health care costs. The crowd of about 500 greeted him with loud applause and shouts of "We love you, Bill!" and "Four more years!"

Jeff Sadosky, spokesman for the state Republican Party, decried Clinton's rhetoric. "Bill Clinton's class warfare and race-baiting message gets us no closer to solutions for the issues he brings up," he said.

Sadosky referred in part to Clinton's comments earlier this month in Arizona. At that event, Clinton characterized Republican Party leaders as right-wing, white Southerners.

President Clinton Slams GOP In Orlando Speech (PALMBEACHP)

By Alan Gomez

Palm Beach Post (FL), June 13, 2006

ORLANDO — President Clinton railed against the Republican decision to invade Iraq and their stance on the national deficit, health care, lobbyists and environmental regulations during a wide-ranging speech Monday.

But his core message to a group of about 500 Democrats was a plea to unify their message during the upcoming elections.

"We believe in equal opportunity and shared responsibilities and an inclusive American community," Clinton said, repeating the phrase three times during his speech.

By contrast, he said Republicans stood only for concentrating wealth and power in the hands of those who agree with them.

"Those are their values," he said. "They think they're good people and they're better than we are and that America works better when they run everything."

Clinton's speech came during his second Florida stop in as many days.

On Sunday, he helped raise over $500,000 for U.S. Sen. Bill Nelson in his bid to win reelection over a crowded Republican field led by U.S. Rep. Katherine Harris. On Monday, he headlined a Florida Democratic Party event that was supposed to feature both Democratic gubernatorial candidates — U.S. Rep. Jim Davis of Tampa and state Sen. Rod Smith of Alachua.

Smith didn't show due to the harsh weather caused by Tropical Storm Alberto, while Davis took full advantage of the solo appearance by shaking hands and offering a fiery speech to the crowd.

But the main draw of the event was clear even before Clinton even spoke a word. People raced into the convention room to line up along the path he took to the podium and a man garnered a loud ovation when he yelled out "four more years" as Clinton took the stage.

Party spokesman Mark Bubriski said the event netted over $250,000, with tickets starting at $200 and about 75 people taking advantage of a $2,000 offer to snap a photo with Clinton.

But hearing how clearly Clinton was able to offer not just a scalding of the Republican-led administration but an articulate alternative was both exciting and depressing for some in attendance.

"I really wish we could get someone who could speak as clearly as him," said Jeff Dearmin, 52, an Orlando computer programmer.

Dearmin said he will wait until the September primary before deciding whether to vote for Davis or Smith, who appear to be in a dead heat to win the Democratic nomination. Dearmin said he will vote for whoever is up in the polls at that time, since neither of them have been able to make it clear to Floridians who is the better choice.

That sentiment was echoed often in the Orlando convention hall.

"Either of them would be acceptable," said Chris Goff, 54, of Winter Park.

When told that her comment sounded far from a glowing endorsement of either candidate, Goff amended her thought.

"Ok. Either of them would be a drastic improvement over what we have now," she said. "It's time for the Bushes to go away."

While Clinton opened his comments explaining that his current role as world-traveling humanitarian kept him out of the political arena, he quickly embarked on a long diatribe against the Republican-led institutions in Washington.

When speaking about the federal government's inability to provide adequate health care to Americans and the confusing mess that they've made of the Medicare drug plan for seniors, he quickly pointed to the work his wife, Sen. Hillary Rodham Clinton, is doing in New York.

He said he agreed with U.S. Sen. Bob Graham that America should have finished the job in Afghanistan and given United Nations inspectors more time in Iraq before going after Saddam Hussein.

"We believe we should act with others whenever we can and act alone only when we're forced to, and they believe it the other way around -- they should act alone when they can and work with others only when they're forced to," Clinton said.

Above all, Clinton said, Democrats must offer an alternative to the Republicans rather than simply focusing on their struggles in recent years.

He urged the group to explain their values and principles to other voters in the upcoming elections instead of simply pointing out Republican flaws.

"We're going to do just fine," he said.

WAR NEWS:

Bush: Zarqawi's Death "A Major Blow To Al Qaeda" (LAT)

By James Gerstenzang

Los Angeles Times, June 13, 2006

DOJ_NMG_0033104

WASHINGTON — President Bush said today the death of Abu Musab Zarqawi would not end the war in Iraq, but "it was a major blow to Al Qaeda" and its allies.

Bush spoke during a day-long series of meetings at Camp David with his top national security advisors assessing the progress of the war and looking at prospects for success in coming months.

The president summoned cabinet members to the presidential retreat in Maryland's Catoctin Mountains for the meetings today. On Tuesday, they will be joined in a video conference with the leaders of the new Iraqi government reporting from Baghdad.

With reporters and photographers present for a three-minute photo session after a briefing by Gen. John Abizaid, the commander of the Central Command, and Gen. George Casey, the commander of U.S. forces in Iraq, Bush praised the military officers and Zalmay Khalilzad, the U.S. ambassador to Iraq, for what he said was realistic assessment of the situation there.

"Your recommendations are valid," he said. Officials did not disclose details of the talks.

Bush also asked them to relay his congratulations to the troops who worked on the ground "bringing Zarqawi to justice."

"I fully recognize that's not going to end the war," the president said. "On the other hand, it was a major blow to Al Qaeda and the killers and terrorists that are trying to spread violence and suffering, and stop the emergence of a new democracy."

The sessions took place at the Laurel lodge. Among those joining Bush were Vice President Dick Cheney, Secretary of State Condoleezza Rice, Defense Secretary Donald H. Rumsfeld, John Negroponte, the director of national intelligence, Gen. Michael V. Hayden, director of the Central Intelligence Agency, and Gen. Peter Pace of the Marine Corps, chairman of the Joint Chiefs of Staff.

An afternoon session was to include a discussion with non-governmental experts on Iraq, terrorism and the Middle East.

White House counselor Dan Bartlett, who took part in the meetings, said the sessions were organized because Iraq was facing a "fundamental break point."

"The post-Zarqawi climate is still viewed as serious and vexing.....It's still too early to tell," he said of what may happen in the period after the death, as the result of a U.S. air raid, of the Al Qaeda leader in Iraq.

Bartlett said Bush and Casey did not talk about troop levels, and administration officials have said for several days that the meetings were not scheduled to consider such details as how many troops were needed in Iraq.

Rather, Bartlett said, the group talked about "bolstering the Baghdad area, how intelligence is developing....and how to act on that intelligence."

Bush Confers Today With Iraqi Leaders (AJC)

By Ken Herman, Bob Deans

Atlanta Journal-Constitution, June 13, 2006

After a day of talks with his advisers and critics of his strategy in Iraq, President Bush will meet Iraq's new leaders today in a teleconference.

"Success in Iraq will depend upon the capacity of the new government to provide for its people," Bush said after the private sessions at Camp David, Md.

Despite last week's bombing of terrorist leader Abu Musab al-Zarqawi, public opinion remains negative on Bush's handling of the war. Monday night, CBS released poll results showing the president's approval rating had actually declined since May, from 35 percent to 33 percent.

On Capitol Hill, Sen. John Kerry (D-Mass.) launched what is expected to be a week of debate in the Senate on Iraq. He introduced a plan that would require Bush to bring all U.S. combat troops out of Iraq by year's end, leaving behind only a small team to fight insurgents and enough soldiers to train Iraqi security forces.

To help end the bloodshed in Iraq, Kerry called for a global summit modeled after the Dayton, Ohio, diplomacy that helped bring an end to fighting in Bosnia a decade ago.

Kerry's measure was an amendment to a bill that would authorize $509 billion in military spending for the next fiscal year. In a speech opening debate on the bill, Sen. Saxby Chambliss (R-Ga.) denounced any call for mandated troop withdrawals.

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"I believe that there might be some amendments filed to this bill that seek to immediately withdraw troops or set a timetable for troop withdrawal," Chambliss said. "Clearly, both these approaches are extremely unwise."

The House will debate Iraq policy on Thursday as part of a GOP election-year strategy to draw distinctions between parties. "There are clear differences between Republicans and Democrats on how best to confront the global war on terror," House Majority Leader John Boehner (R-Ohio) said.

Bush, at Camp David, made no move toward troop withdrawals. But his guest list for the session there indicated the White House is more willing than in the past to hear from naysayers. The four invited experts all supported the invasion of Iraq, but have accused Bush of incompetence.

The experts were Fred Kagan of the American Enterprise Institute, Eliot Cohen of Johns Hopkins University's Nitze School of Advanced International Studies, journalist and Middle East expert Robert Kaplan and Michael Vickers of the Center for Strategic and Budgetary Assessments.

Cohen has written about "cockamamie schemes" by the White House and reassessed his support of the war in July 2005 as his son prepared to deploy to Iraq. "What I did not know then that I do know now is just how incompetent we would be at carrying out that task," he wrote.

In an August 2005 online chat with The Washington Post, Kagan agreed with Bush that early troop withdrawals were not the way to go. But he was critical of past tactics.

"We went into Iraq with too few troops and an insufficiently developed plan for the post-war situation," Kagan said.

He said the administration made a "terrible mistake" in disbanding the Iraqi army after the invasion. The result, said Kagan, left ex-soldiers armed, "shamed and unemployed."

Vickers wrote in June 2004 that the effort in Iraq was hamstrung by "unrealistic expectations and flawed political and military strategies." Kaplan has warned against "lust to implement democracy overnight in a country with no tradition of it."

Bush said he convened the Camp David meeting with Vice President Dick Cheney and a dozen top national security officials to map steps to bolster the newly installed Iraqi government of Prime Minister Nouri al-Maliki.

White House counselor Dan Bartlett said Bush's goal was "to accomplish our mission as quickly as possible so our troops can come home," adding: "That's what the president has pledged to the American people, but I don't think the American people want us to do it in a premature way in which we don't complete the mission."

White House Hones A Strategy For Post-Zarqawi Era (NYT)

By David E. Sanger, Jim Rutenberg

The New York Times, June 13, 2006

THURMONT, Md., June 12 — President Bush gathered top aides at Camp David here on Monday to calibrate the best way forward in Iraq during what the administration described as a critical juncture, following the death last week of the most-wanted terrorist in Iraq and the final formation of a unity government there.

The meeting was as much a media event as it was a high-level strategy session, devised to send a message that this is "an important break point for the Iraqi people and for our mission in Iraq from the standpoint of the American people," in the words of the White House counselor, Dan Bartlett.

It came as Republicans began a new effort to use last week's events to turn the war to their political advantage after months of anxiety, and to sharpen attacks against Democrats. On Monday night, the president's top political strategist, Karl Rove, told supporters in New Hampshire that if the Democrats had their way, Iraq would fall to terrorists and Abu Musab al-Zarqawi would not have been killed.

"When it gets tough, and when it gets difficult, they fall back on that party's old pattern of cutting and running," Mr. Rove said at a state Republican Party gathering in Manchester.

Speaking with reporters at the end of the first day of a two-day war summit meeting, Mr. Bush began to shift responsibility for Iraq's future to its new government. "Success in Iraq will depend upon the capacity of the new government to provide for its people — we recognize that," said Mr. Bush, who was flanked by Vice President Dick Cheney, Defense Secretary Donald H. Rumsfeld and several other cabinet secretaries. The message to the Iraqi government, he said, "is that we stand with you."

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Mr. Bush did not address the question of when American troops might begin to come home. But he emphasized efforts to build loyalty to the government of the new prime minister, Nuri Kamal al-Maliki, something he said could be done in part by creating a fund to help Iraqis share in Iraq's oil revenues.

The proposal represented a new twist on the administration's optimistic prewar projections, which suggested that oil revenues might foot the bill for Iraqi reconstruction.

On Capitol Hill, leading Republicans in the House were preparing for a week of legislative maneuvers meant to portray them as better equipped to fight terrorism and Democrats as blanching in the face of a tough enemy.

Leaders in the House and the Senate have scheduled several debates and votes intended to shore up public support for the war, culminating Thursday with a House vote on a resolution declaring Iraq a central part of "the global war on terror" and criticizing any move to set "an arbitrary date" for the withdrawal of American forces. In a statement, Representative John A. Boehner of Ohio, the House majority leader, said the debate and vote would show Americans that "there are clear differences between Republicans and Democrats on how best to confront the global war on terror."

The resolution and debate seemed intended to force Democrats to take a stand on setting a date for the withdrawal of American troops, a divisive issue. Taken together, the steps underscored how Republicans are pouncing on the first positive developments in months in Iraq to reverse a steep slide in support for the war.

The decline in public approval for the war — and a corresponding drop for the president — has emerged as the single biggest cloud over the Republicans' prospects for elections this year.

Democrats countered Monday that the Republicans were playing partisan politics with the war. "Apparently, the American people will still have to wait for a serious debate on Iraq that is aimed at correcting bad policies instead of bad poll numbers," said Representative Rahm Emanuel, an Illinois Democrat.

Democrats were planning to capitalize on displeasure with the war this week with their own maneuvers, like as a proposed amendment by Senator John Kerry of Massachusetts setting a timetable for the withdrawal of most American combat troops from Iraq this year.

Mr. Kerry scoffed at Republican charges that withdrawals were a strategy of "cut and run," which he described as a "simplistic knee-jerk expression used to avoid the realities of war in Iraq."

Even so, Democrats are far from united, and party leaders were consulting across the caucus to seek a consensus position.

"Everyone supports responsible redeployment," said Jim Manley, spokesman for Senator Harry Reid of Nevada, the minority leader. "Everyone supports resolving sectarian differences and revitalizing reconstruction efforts. The question is, given the intractable nature of this war, how do we proceed from here?"

In his address on Monday night, Mr. Rove highlighted what Republicans see as Democratic vulnerabilities in calling for a troop withdrawal, specifically skewering Mr. Kerry and Representative John P. Murtha of Pennsylvania, a retired Marine colonel who fought in Vietnam and has become a leading war critic and proponent of redeployment.

"If Murtha had his way, American troops would have been gone by the end of April, and we wouldn't have gotten Zarqawi," Mr. Rove said.

Both sides agree that the politics of Iraq are far from clear. A CBS News opinion poll conducted over the weekend and released Monday suggested that the killing of Mr. Zarqawi had done little to change public perceptions about the war in Iraq, or about Mr. Bush.

Stan Greenberg, a Democratic pollster, said that the latest Republican moves could help galvanize core voters who may be conflicted about the war now, but that the effort "all falls away if sectarian violence continues and Iraq continues to be ground down in a war that has no sign of success."

Representative Christopher Shays, Republican of Connecticut, said in an interview, "The public is going to have a wait-and-see approach."

Administration officials have acknowledged that they have learned from the past, and they were careful again on Monday not to overplay the significance of the killing of Mr. Zarqawi at the risk of having it followed by a new round of mayhem.

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Reporters were ushered into the president's meeting to hear a brief fragment of his conversation with the American ambassador in Baghdad, Zalmay Khalilzad. At one point, Mr. Bush said that the killing of Mr. Zarqawi was "not going to end the war."

Zarqawi Successor The New Target (WT)

By Stephen Dinan

The Washington Times, June 13, 2006

President Bush said yesterday that U.S. forces will now hunt down the next leader of al Qaeda in Iraq, Abu Hamza al-Muhajer, who was named by a Web site as the replacement for slain terrorist Abu Musab Zarqawi.

"The successor to Zarqawi is going to be on our list to bring to justice," Mr. Bush said after spending the day discussing strategy with U.S. officials at Camp David, the presidential retreat in Maryland.

Al-Muhajer was not among the names that U.S. intelligence officials reportedly expected as successors. His name was posted on a Web site used by al Qaeda in Iraq, which called him "a beloved brother with jihadi experience and a strong footing in knowledge," according to the Associated Press.

The administration argues that with Zarqawi dead and a new government in Iraq, the nation has a chance to prove that it can succeed. Mr. Bush said yesterday that Iraq's neighbors must step up to help out.

Mr. Bush also repeated his pledge to let the level of U.S. troops in Iraq be based on "conditions on the ground." White House officials said troop levels were not a part of Mr. Bush's discussion with his team during yesterday morning's session.

Vice President Dick Cheney, Defense Secretary Donald H. Rumsfeld, Secretary of State Condoleezza Rice, National Security Adviser Stephen J. Hadley and top intelligence officials met yesterday at Camp David and were joined in a teleconference yesterday by U.S. military officials in Iraq and the U.S. ambassador to Iraq, Zalmay Khalilzad.

Today, Mr. Bush and members of his Cabinet will have a teleconference with Iraqi Prime Minister Nouri al-Maliki and members of his Cabinet to figure out ways that the United States can help Iraqi leaders achieve their goals.

The meetings were scheduled even before Zarqawi was killed last week, but that news has given the administration a window to make a case to voters that U.S. forces have made progress.

The Iraq debate promises to heat up in Congress this week. The House is scheduled to debate a Republican-written resolution that praised the U.S. efforts in Iraq, Afghanistan and other fronts in the war on terror and opposes setting a date for troop withdrawal.

In the Senate, Sen. John Kerry, Massachusetts Democrat, said he will introduce an amendment to the defense bill on the Senate floor this week calling for U.S. troops to be pulled out by the end of this year.

Mr. Kerry wants to couple troop withdrawals with a political settlement he said could be achieved by convening a summit of Iraq's new government, leaders from the nations that border it and representatives of international organizations such as the United Nations' Security Council and the European Union.

Sen. Joseph R. Biden Jr., Delaware Democrat, said that the administration must make a policy change and that Zarqawi's death and the new government present such an opportunity.

"Right now, the administration does not have a strategy for victory in Iraq -- it has a strategy to prevent defeat," Mr. Biden said. "I hope that will begin to change at Camp David."

Mr. Bush also said Iraq's neighbors "ought to do more" to help the nation stabilize.

"We're constantly working with our friends in the neighborhood to encourage them to support this new democracy," he said, adding that nations that have pledged about $13 billion to help must stick to their commitments.

He said one problem is religion -- Iraq has a Shi'ite prime minister and most neighboring nations are led by Sunni governments. But he said those other countries should see Iraq's constitution as a model for unity.

White House counselor Dan Bartlett said Mr. Bush and his advisers did talk about Zarqawi's death and his new successor, though he said it's too early to tell what his death will mean. Mr. Bartlett said the group talked about whether groups will try to take advantage of a leadership vacuum.

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Last week, asked whether Zarqawi's location could have been tipped off by someone looking to take his place, White House press secretary Tony Snow said that would have been a dumb move.

"That would be a really stupid terrorist, because the life expectancy of people who have been succeeding these guys and the life expectancy of being Zarqawi's number two has not been very good," Mr. Snow said.

Bush In Drive To Back Iraq Government (FT)

By Guy Dinmore

Financial Times, June 13, 2006

President George W. Bush launched a strategic reassessment of US policy in Iraq on Monday, joined by his cabinet and military commanders at a "breakpoint" two-day meeting in Camp David that focused on how to help implement the new Iraqi government's "Maliki plan".

A senior White House official said the aim of the military discussions was not how to reduce US troop numbers but rather the implementation of specific operations – in Baghdad, the insurgent stronghold of Ramadi, and in the southern city of Basra, where British troops are based.

Nuri al-Maliki, the Iraqi prime minister, is scheduled to join the strategy session on Tuesday by secure video link-up from Baghdad. Discussions yesterday also focused on economic development and how to boost oil production.

US military commanders and the US ambassador to Baghdad, Zalmay Khalilzad, were also connected by video from Baghdad's Green Zone.

Confronted by growing discontent with the cost of the Iraq war among Americans in the run-up to congressional mid-term elections, Mr Bush repeatedly declared at a brief news conference: "The stakes are worth it."

Commenting on reports that al-Qaeda in Iraq had appointed a successor to Abu Musab al-Zarqawi, their leader killed last week in a US airstrike, Mr Bush said the new name would be added to "our list to bring to justice". Earlier he had asked his generals to thank US forces for bringing Zarqawi "to justice" last Wednesday.

A website used by Iraq's al-Qaeda claimed the group had appointed the previously unknown Abu Hamza al-Muhajer as its new leader. Some Iraqi officials, however, suggested that Mr Muhajer – whose name means "the immigrant" – might be a pseudonym for Abu al-Masri, an Egyptian who, according to US military officials, had been designated by Zarqawi as his successor. Dan Bartlett, White House counsellor, described the formation of the Iraqi government of national unity and the Camp David strategic assessment as a "fundamental breakpoint" for the Iraqi people and the US mission in Iraq.

Camp David was a "soup-to-nuts look across all government agencies" to help the new government. Mr Bartlett said that on the military side, much of the focus was on "bolstering" Iraqi security forces in Baghdad under what he called the "Maliki plan", aimed at preventing suicide attacks and stopping the growing sectarian violence by dealing with militias. Qubad Talabani, representative to the US of the Iraqi Kurdish regional government and son of the Iraqi president, yesterday urged Washington not to transfer to Iraq its domestic political battles between Republicans and Democrats.

"We don't need the US fighting its internal battle on our turf," he said, appealing for continued support for the new government from the Bush administration. "We can't do it on our own," he said, addressing the Center for Strategic and International Studies.

Bush Invites His Critics To A War Council At Camp David (KRT)

By Ron Hutcheson

Knight Ridder, June 12, 2006

THURMONT, Md. - Looking for new ideas on Iraq, President Bush sought advice from his critics Monday at an unusual two-day war council.

Closeted with his senior advisers at the presidential retreat at Camp David, Bush opened the conclave with a three-and-a-half hour briefing from top U.S. officials in Baghdad before having lunch with outside experts who've criticized his handling of the war.

He joined his aides for more talks in the afternoon and over dinner. On Tuesday, the president and his advisers will participate in a video conference with Iraqi Prime Minister Nouri al-Maliki and his Cabinet in Baghdad.

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Administration officials said the sessions were focused on improving security in Iraq and helping Maliki's new government succeed, not setting a timetable for reducing U.S. troop levels. In fact, at least one of the experts who met with Bush has advocated sending 77,000 more service members to join the 130,000 who are already in Iraq.

"It may be that the fastest way to turn Iraq over to the Iraqis and draw down American forces is not a steady decline of troop numbers. Instead, the fastest possible `exit strategy' may require one last surge effort," military historian Frederick Kagan, a scholar at the conservative American Enterprise Institute, wrote last year.

After he left the Camp David briefing Monday, Kagan declined to comment on what was said there beyond, "It was a good discussion."

With his popularity declining and support for the war fading, Bush has a made an effort to reach beyond his tight-knit circle of advisers headed by Vice President Dick Cheney. Still, it isn't clear how much influence outsiders have had on the president's thinking.

All four of the experts who were invited to join Bush at his hideaway in Maryland's Catoctin Mountains supported the Iraq invasion, but they haven't always been pleased with its prosecution.

In addition to Kagan, Bush heard from Eliot Cohen, a professor of strategic studies at Johns Hopkins University; journalist Robert Kaplan; and former CIA officer Michael Vickers, who's now with the Center for Strategic and Budgetary Assessments.

Cohen, whose son was deployed to Iraq with the Army Rangers, has acknowledged second thoughts about his support for the war.

"What I did not know then that I do know now is just how incompetent we would be at carrying out that task," he wrote last summer in a guest column for The Washington Post. "If we fail in Iraq - and I don't think we will - it won't be because the American people lack heart, but because leaders and institutions have failed."

Kaplan has faulted Bush for failing to resolve disputes between the State Department and the Defense Department over postwar planning.

"The failure thus far to secure Iraq raises the issue - despite the incompetence of the administration - of whether the invasion was a flawed idea to begin with," he wrote in April for the Los Angeles Times. "Those whose task it was to plan the invasion and occupation of Iraq not only spoke in idealistic terms about the Iraqis, they apparently believed their own rhetoric to the exclusion of other, more troubling realities."

Kagan has accused Secretary of Defense Donald Rumsfeld of "failing to focus on the war at hand" in his zeal to streamline the military.

"Claims that there are no serious problems with military policy in Iraq and Afghanistan, or with the equipment our soldiers have, or with the number of troops available, are childish and damaging to efforts to identify and solve real problems," he wrote in January 2005.

"These problems don't result from the liberal media or the antiwar crowd making a ruckus about nothing. They result from Rumsfeld's stubborn adherence to a wrongheaded policy."

Bush didn't mention his lunchtime conversation with the outside experts when he summarized the day's events for reporters. He warned Americans to expect more violence in Iraq, although he said he remained confident that it could become a stable democracy.

"Ultimately, the Iraqi people are going to have to make up their mind: Do they want to live in terror or do they want to live in peace?" he said. "There's no question the fighting is tough. There is no question the enemy is violent and mean. But the enemy doesn't stand for anything."

Officials Detail Zarqawi's Last Hour (WP)

By Joshua Partlow And Michael Abramowitz

The Washington Post, June 13, 2006

BAGHDAD, June 12 -- Insurgent leader Abu Musab al-Zarqawi lived for 52 minutes, in and out of consciousness, before he succumbed to massive internal injuries caused by the concussive blasts from two 500-pound bombs dropped by a U.S. fighter jet, U.S. military officials in Baghdad said Monday.

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In an attempt to end speculation on the circumstances of Zarqawi's death last Wednesday, the U.S. military provided charts, skeleton diagrams and descriptions by forensic pathologists of his autopsy to explain the last hour of Zarqawi's violent life.

At the same time, President Bush opened a two-day retreat at Camp David aimed at assessing where the United States stands in Iraq and how to bolster the new government of Prime Minister Nouri al-Maliki. Bush and his top advisers, including Vice President Cheney, were briefed in the morning by video conference from Baghdad by Gen. George W. Casey Jr., the top U.S. commander in Iraq, Gen. John P. Abizaid, the head of U.S. Central Command, and Zalmay Khalilzad, the U.S. ambassador to Iraq.

The president was joined in the afternoon by members of his cabinet to discuss other challenges in Iraq, such as how to do a better job providing electricity and protecting the country's oil infrastructure, administration officials said.

On Zarqawi's death, Col. Stephen Jones, command surgeon for multinational forces in Iraq, said the shock waves from the bombs, ricocheting inside the hideout north of Baghdad, burst Zarqawi's blood vessels in his lungs and ears. When an American medic cleared his airway, blood flowed from Zarqawi's mouth.

Zarqawi died because his lungs failed to take in oxygen, military pathologists said. His broken right leg and scratches and cuts "were likely due to flying debris or Zarqawi being thrown against a hard object by the force of the blast," Jones said.

"No evidence of beating and no evidence of any firearm injuries," said a forensic pathologist who took part in the autopsy and spoke to reporters by phone from the United States, on condition he not be identified. A team of five people performed the autopsy Saturday; it involved body X-rays, toxicology tests and internal organ exams.

A statement on a Web site used by the organization al-Qaeda in Iraq claimed Monday to name Zarqawi's successor, Abu Hamza al-Muhajer, and pledged to carry on his violent legacy. Muhajer is the fourth highest-ranking member of al-Qaeda in Iraq and oversees the religious court that sentences those captured by the organization, said another al-Qaeda in Iraq official, who goes by the nom de guerre Abu Jihad.

Two women, a girl and two other men, including Zarqawi's spiritual adviser, Sheik Abdel Rahman, were also killed in the bombing. Rahman's skull was broken in the left temporal area, as well as several ribs and his left arm, as if he were thrown against the wall, Jones said. "Death was instantaneous," he said.

After the 6:12 p.m. airstrike, Iraqi police were the first to arrive, followed by U.S. forces at about 6:40 p.m., said Maj. Gen. William B. Caldwell IV, the senior American spokesman in Iraq. He would not reveal which military unit was the first to respond. He said Zarqawi's body was treated with respect.

"He was treated better in death than he treated others in life," Caldwell said.

The results of DNA tests performed by the FBI confirmed that Zarqawi died from the bombing, Caldwell said.

Finding Zarqawi's location, near Baqubah, involved the help of "Jordanian assets," said Caldwell, after days of reports that Jordanian intelligence played a crucial role. "Jordan was extremely important and very informative in helping us establish and be able to prosecute this operation," he said.

Zarqawi, a native of Jordan, had asserted responsibility for three hotel bombings that killed 60 people, plus three bombers, in Amman, that country's capital. "Zarqawi was a wanted man in Jordan as he is wanted in Iraq," Jordanian government spokesman Nasir Judah said. "There was a continuous flow of information between Iraq and Jordan that has been ongoing for a while."

At Camp David, the president was joined by four nongovernment military experts who have generally supported the war in Iraq but have criticized different elements of U.S. efforts: author Robert Kaplan, Eliot A. Cohen of Johns Hopkins University, Frederick W. Kagan of the American Enterprise Institute and Michael Vickers of the Center for Strategic and Budgetary Assessments.

The four have in the past been critical of how the Bush administration has handled Iraq, though not necessarily from the same perspective. Vickers has argued that the United States ought to have a smaller, more effective presence in Iraq, with more emphasis on developing advisers for the nascent Iraqi security forces. Kagan, by contrast, recently wrote in the Weekly Standard that the United States should consider deploying more troops and prosecuting the battle against insurgents more aggressively. Cohen has also questioned the vigor with which the military has pursued the war, as well as the competence of the administration.

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Bush appeared outside one of the cabins at the presidential retreat and told reporters that success in Iraq "will depend upon the capacity of the new government to provide for its people. . . . We're encouraged by the formation of a unity government, and we recognize our responsibilities to help that new government."

Bush and White House aides declined to offer many details of what had been discussed, although they indicated no imminent plan to reduce the level of U.S. ground troops in Iraq, now at about 130,000. "This is a process of getting to know . . . the Iraqi capabilities, particularly the command and control structure, and what we need to do to help them achieve victory," the president said.

Bush urged Iraq's neighbors to do more to speed the reconstruction of the country and said he and his advisers spent considerable time discussing how to boost oil production. "The government ought to use the oil as a way to unite the country and ought to think about having a tangible fund for the people, so the people have faith in central government," Bush said.

In Iraq, U.S.-led forces raided 140 locations in the past two days -- 11 of which emerged directly from intelligence gathered from the bomb site -- in an attempt to further dismantle al-Qaeda in Iraq's network, officials announced. American forces killed 32 insurgents, detained 178 people and captured a "high value" individual who had a $50,000 bounty on his head, Caldwell said.

During one operation in Baqubah, U.S. forces came under gunfire from a rooftop and responded by killing nine people including two young boys, military officials said. Caldwell said seven were insurgents and offered his "deepest condolences" for the boys, one less than a year old and the other about 4 years old.

The nine dead were all members of a well-known family in the village of Arab Nazzal who began shooting to repel American forces they mistook for insurgents, said Warrant Officer Zaidan Salem of the 2nd Battalion of the Iraqi army.

Elsewhere, 31 people were killed in violence across the country, according to Iraqi police officials. Two car bombs exploded in quick succession in downtown Balad, north of Baghdad, about 6:30 p.m., said 1st Lt. Raeid Abdul Mahdi of the Balad police. The two explosions, within five minutes of each other, killed six people and injured 50 others, said Zagid Hussein, a physician in the emergency room at Balad General Hospital.

Ten Oil Ministry employees were killed and 12 more wounded when men ambushed their bus with rocket-propelled grenades as it drove to an oil refinery in the Dora area in Baghdad, Gen. Saad al-Dulaimi said from the Interior Ministry operations room. A third car bomb detonated near a Shiite mosque in Baghdad's Shula neighborhood about 9 a.m., killing six people and wounding five others, he said.

In Amarah, a Shiite city in the south, British forces clashed with armed protesters for one hour, Dulaimi said, leaving eight civilians dead and 20 wounded.

A U.S. soldier from the 34th Infantry Division's 1st Brigade Combat Team was killed Friday night by a roadside bomb while on patrol near Diwaniyah, the military said in a statement yesterday. The soldier's name was being withheld pending notification of his next of kin.

The trial of former Iraqi president Saddam Hussein also continued Monday with four defense witnesses who admitted they had lied on the stand. One witness, who worked in Hussein's security services, said one of the defense attorneys, Khalil al-Dulaimi, and one of the president's former bodyguards said they would give him a permanent job in Syria if he testified in Hussein's defense and kill his family if he didn't, according to the witness's statement that was read in court. The witness said he was paid $500.

"They made me defend Saddam in my testimony," he said.

Hussein responded that the four witnesses had been investigated in "an atmosphere of threats" and that there were too many conspiracies in Iraq.

Bush Reaches Out In Bid To Shed Go-it-alone Image (BOS)

By Rick Klein

The Boston Globe, June 13, 2006

WASHINGTON -- The unusual Iraq war summit President Bush is hosting at Camp David this week reflects a new White House attitude that includes a willingness to consider dissenting views and take a more deliberate approach to policy questions, a style change for a president known to keep close counsel, according to political observers and Republican lawmakers.

The two-day conference that ends today seems designed to show Bush personally grappling with Iraq war policy along with his top aides and outside experts. The high-profile meetings of the president's ``war council'' -- along with a revamped policy team and a more nimble communications operation -- could revive his low standing with the public and help rehabilitate his strained relationship with Congress, said Bruce Buchanan, a government professor at the University of Texas.

The shifts -- largely credited to new White House chief of staff Joshua Bolten -- suggest Bush desperately wants to shed his image as a stubborn partisan who listens to few outside voices, said Buchanan, who has followed the president closely since Bush was governor of Texas.

``He's reaching out for a little empathy,'' he said. ``It's an effort to get people to acknowledge that he is at least trying and needs their support, and at least soften their opposition.''

The changes haven't lifted the president's near-record-low approval ratings, though, and considering new ideas doesn't mean the White House will use them. But last Wednesday's killing of Abu Musab al-Zarqawi could offer Bush a chance to change perceptions of the war in Iraq, one of the biggest drags on his popularity, White House allies say.

Signs of the new approach under Bolten abound. Instead of Bush's customary defense of the Guantanamo Bay detention facility, the White House expressed concern over three suicides there this past weekend. Bush, who once challenged foes in Iraq to ``bring 'em on,'' announced Zarqawi's death last week with a subdued address that warned of future violence there.

Recently, Bush surprised observers by acknowledging that his ``tough talk'' as US forces fought in Iraq and Afghanistan ``sent the wrong signal to people,'' especially that taunt to Iraqi insurgents and his ``wanted -- dead or alive'' declaration about Osama bin Laden.

Some of the administration's toughest Iraq war critics, including former secretary of state Madeleine K. Albright and retired Army general Barry McCaffrey, have been invited to Oval Office meetings with Bush himself. And, under Bolten, the White House is consulting more often with Congress and hosting more informal gatherings for lawmakers from both parties.

``It's more give and take, rather than, `Here's what I'm trying to sell,' '' said Candida Wolff, the head of Bush's legislative affairs office. ``Where Congress is at this point, you can't simply say, `This is what we're thinking, we hope you can pass it.' . . . We're doing much more outreach.''

Wolff said the congressional get-togethers helped convince the president to send the National Guard to the US-Mexico border after several members of Congress suggested it as a bold step to help stop illegal immigration. Bush announced the decision in a prime-time televised speech from the Oval Office, trading the campaign rally-style events he favors for a more statesmanlike setting.

Bush's new openness with Congress bespeaks Bolten's more personal approach, observers say. Unlike Andrew H. Card Jr., Bush's first chief of staff whom he replaced in April, Bolten nurtured his relationships with members of Congress as he rose through the ranks of the administration, and that has served him well in his current post, said Senator John E. Sununu, a New Hampshire Republican whose father was chief of staff for President George H. W. Bush.

``He has a lot of recent experience working very closely with members on sort of basic, nuts-and-bolts issues that cut across the entire scope of federal government,'' Sununu said.

It remains to be seen whether the changes will ultimately transform the White House and its policies. The president is still pushing his conservative agenda, and he hasn't publicly changed course on the war; meanwhile, the probable loss of GOP House seats in November's mid-term elections could drain more of his diminished political capital. Some critics say his abysmal public opinion poll numbers have forced Bush to adjust his style to preserve his power.

But the style makeover has already had visible effects.

Last month, when legislative leaders from both parties objected to FBI agents raiding the office of Representative William J. Jefferson, a Louisiana Democrat suspected of taking bribes, Bush quickly sealed the seized records for a 45-day cooling-off period. The move undercut Attorney General Alberto R. Gonzales, but it averted a potentially embarrassing showdown with the House.

When some lawmakers publicly raised doubts about Air Force General Michael Hayden -- overseer of the president's controversial domestic eavesdropping program and Bush's choice to lead the CIA -- the White House surprised Congress by

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giving members what they had demanded for months: more details about that top-secret program. Within days, the Senate approved Hayden's nomination quickly and decisively.

The strategy in that case appears to reflect Vice President Dick Cheney's diminished influence in the White House. Cheney, considered the most powerful vice president in US history, had insisted that Congress didn't need to be informed, said Representative John F. Tierney, a Salem, Mass., Democrat who serves on the House intelligence committee.

``Cheney's been a little bit dinged by some of the things going on around him, with the CIA leak investigation," Tierney said, referring to the federal investigation of the leaking of the name of an undercover CIA agent, which has led to the indictment of Cheney's former chief of staff , Lewis Libby .

If the White House is sincere about changing, Tierney said, it would consult Congress even more and use more ideas from Capitol Hill. ``They still have a long distance to go before they get to that point," he said.

Still, the changes have been greeted warmly in Congress, where lawmakers from both parties are still smarting from the February clash over a Dubai-controlled company's bid to take over operations of several US ports -- a deal that the administration approved without input from lawmakers.

The uproar over that deal marked a nadir in relations between Bush and GOP leaders in Congress, who largely delivered on Bush's priorities in his first term.

Wolff, Bush's legislative affairs chief, called it the ``straw that broke the camel's back," and said it underscored the need for the changes in how the White House works with Congress. It was also a catalyst to shake up a badly fatigued staff that had barely changed since Bush took office in 2001.

Earlier this year, Bush aides ``were in a position where they were just trying to stop shots on goal, and that just encouraged people to try to score on them," said Grover Norquist, an antitax activist with close ties to the White House. ``Now they can play offense rather than defense. [Revamping the staff] wasn't a panicked set of moves, but it's making a difference."

Rove: Republicans Should Address Iraq War (AP)

By Norma Love

The Associated Press, June 13, 2006

MANCHESTER, N.H. —

White House adviser Karl Rove said Monday that Republicans facing midterm elections should campaign on the economy's strength and discuss the war in Iraq with no qualms.

"We have no excuses to make for it," Rove said during a fundraising dinner for New Hampshire Republicans. War supporters need not apologize for removing the threat of Saddam Hussein, and with so much work left to do, now is not the time to talk about leaving Iraq, he said.

Rove said Democrats pushing for the withdrawal of American troops should be the ones facing tough questions for wanting to "cut and run." He targeted Massachusetts Sen. John Kerry and Pennsylvania Rep. John Murtha, both Democrats and vocal supporters of getting out of Iraq.

"They are profoundly wrong," he said.

More than 400 people paid $100 to have dinner and hear Rove rally the faithful to work to retain Republican dominance in a state now viewed as a swing state in presidential elections. Dinner and a private reception with Rove cost $250.

Democrats won New Hampshire in three of the last four presidential elections _ only narrowly losing in 2000. Also, Democrats have won four of the last five gubernatorial elections.

The shift at the top has raised hopes among Democrats and concerns among Republicans about eventual parity in the state House and Senate _ long Republican bastions.

Some are concerned President Bush's poor approval ratings will hurt Republicans in state races this fall.

At an event last month, Rove blamed the war in Iraq for hurting Bush's job approval ratings in national polls. Rove said people like Bush but don't like the war.

About two dozen to three dozen protesters gathered Monday across the street from the Center of New Hampshire, where the event was being held. Democratic protesters said New Hampshire Republicans needed a big draw like Rove to help pay

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legal fees in a phone jamming case. Three GOP officials have been convicted of charges stemming from the jamming of Democratic get-out-the-vote lines on Election Day 2002.

"Americans don't like cheaters, these people cheated," said Herb Moyer, 60, a Democrat from Exeter. The sign he carried read, "Karl Rove and New Hampshire GOP: Where criminals congregate."

State Democrats have sued Republicans, partly to try to force disclosure of who among national GOP officials might have had knowledge of the plot. Republicans insist the operation was strictly local.

State GOP Chairman Wayne Semprini said Friday the party will use half or more of Monday's proceeds to help candidates this fall. The rest of the money will pay for operating expenses, including legal fees racked up defending the Democratic lawsuit.

Rove Defends Primary, And Says NH Still 'a Red State' (PNH)

By James W. Pindell

PoliticsNH.com, June 13, 2006

MANCHESTER – President Bush's trusted political mind Karl Rove spoke in New Hampshire for the first time in three years Monday night hoping to encourage state Republicans the election year won't be as bad as some pundits say.

His keynote at a State Republican Committee fund-raiser also motivated Democrats and other like-mined organizations. About 75 protestors held signs like "Karl: 666" and "No More Roving Jam Sessions," in response to Republican operatives who jammed Democrats get out the vote phone lines in 2002.

It is the phone jamming scandal, which has criminally convicted three Republican operatives, which helped to deplete state party resources to $700 cash on hand last month. Beyond money, the Democrats have leveraged the issue into one they use every chance they can in hopes it puts Republicans on the defensive.

And while the 500 people who bought tickets helped the state party raise an estimated $55,000-$60,000 at the dinner, it did not help that Rove's own office has now been linked to the scandal. It was learned in the Spring that phone calls from one of those convicted where placed to Rove's department in the White House.

Republican lawyer Ovide Lamontagne repeated his insistence that of course calls where going to the White House about the high profile U.S. Senate race that year.

"[The protestors] are just a continuation of a party that is bankrupt," Lamontagne said using a play on words. "The Democrats are bankrupt on ideas so they keep talking about this."

Rove said he came to the Granite State with two messages. First, he thanked the Republican audience for teaching President Bush a valuable lesson when he was handily defeated here in the 2000 presidential primary and second that despite recent voting trends New Hampshire is still a "red" state.

On issues, Rove said that while each Congressional and Senatorial seat will be influenced on local issues, he believes there are two national issues that will be at play: the economy and terrorism.

Rove said President Bush's tax cuts have created the strongest economy in the world and a shorter recession that was expected. On the war he talked about U.S. Sen. John Kerry (D-Mass) and U.S. Rep. John Murtha (D-Pa.) who have been critical of the Iraq war.

"Like too many Democrats it strikes me that they are ready to give the green light to go to war, but when it gets tough and when it gets difficult they fall back on that party's pattern of cutting and running," Rove said. "They are wrong and they are profoundly in their approach."

It was the first event Rove has attended in New Hampshire since the final days of the 2004 election and the first public speech since 2003.

Rove's Speech To N.H. Republicans Keeps To Partisan Line (WP)

By David A. Farenthold

The Washington Post, June 13, 2006

MANCHESTER, N.H., June 12 -- The Bush administration is said to have a new playbook, with a more inclusive attitude toward critics and an openness to skeptical debate.

Karl Rove, apparently, still has his copy of the old playbook.

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In a speech to New Hampshire Republican officials here Monday night, the White House deputy chief of staff attacked Democrats who have criticized the U.S. war effort in Iraq, such as Sen. John F. Kerry (Mass.) and Rep. John P. Murtha (Pa.), who he said advocate "cutting and running."

"They may be with you for the first shots," Rove said of such opponents. "But they're not going . . . to be with you for the tough battles."

President Bush's approval ratings have plummeted amid concerns about the war, and Rove touched on two standard elements of his rhetorical sales pitch for the 2006 elections. He talked about the economy, ascribing its health to a combination of Republican tax cuts and fiscal restraint, and he talked about national security and the war.

Bush has called for a compromise on immigration and recently appointed a Treasury secretary who disagrees with him on the environment. But it was difficult to hear in this speech any signs of a more conciliatory White House.

Instead, Rove's speech was about sharpening the differences between the GOP and its opponents.

"They're for higher taxes. We're for lower taxes," he said during his description of the economy. "They're for more spending. We're for less spending."

Rove made similarly blunt points about the war. He defended the administration's decision to invade Iraq by laying out Saddam Hussein's "vital interest" in acquiring advanced weapons technology.

"We were absolutely right" to remove him, Rove said of the former leader. He added, "We have no excuses to make for it."

Rove singled out Kerry by reading quotes from before the war in which the senator expressed support for an invasion, and then making a joke about him being for the invasion before he was against it.

He also returned several times to Murtha, a Marine veteran who said last fall that troops should be withdrawn from Iraq. Rove said a precipitous departure would leave the United States weakened and a terrorist-friendly regime in Baghdad.

"It would provide a launching pad for the terrorists to strike the United States and the West," he said.

Rove's speech came at a critical point for Republicans, both nationally and in the Granite State, where Bush's approval ratings have mirrored their fall nationally.

The state Republican Party has been hit by a scandal that began when GOP operatives used computerized phone calls to jam the lines at get-out-the-vote operations run by Democrats and labor unions on Election Day in 2002. That scandal has resulted in three convictions and huge legal bills for the party. The state party chairman estimated that 10 to 15 percent of the receipts from Monday night's dinner will go to pay legal bills.

Rove did not spend much time on the party's difficulties, but they may have been reflected in his final point, which was less about the Bush administration's triumphs than its day-to-day perseverance.

He told the story about a friend from Texas who gave him a photo of President Lyndon B. Johnson in despair as he read over a list of Vietnam War casualties. Rove said the friend meant it as a sign that the presidency could break a person. He promised that Bush will not be broken.

And then Rove referenced what he said was his favorite presidential quote, from Warren G. Harding.

"This damn job will kill you," he quoted Harding as saying.

"But it will not this man," Rove said, meaning Bush.

Poll Sees A Boost For Bush, Iraq War (USAT)

By Bill Nichols

USA Today, June 13, 2006

WASHINGTON — In the wake of terrorist leader Abu Musab al-Zarqawi's death, President Bush is seeing improvement in public confidence that the Iraq war is winnable, a USA TODAY/Gallup Poll shows.

The new poll found that 48% believe the United States probably or definitely will win the war, up from 39% in April. It also found that 47% believe things are going well in Iraq, up from 38% in March.

The survey, taken Friday to Sunday and released Monday, also showed Bush's approval rating going up to 38% from 36% earlier this month and an all-time low of 31% in May. The poll news came as Bush and members of his Cabinet met at Camp David to discuss ways to help the recently formed government in Iraq.

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"Good news makes people feel better," says political analyst Stuart Rothenberg, editor of the non-partisan Rothenberg Political Report. "This is the first break the president has gotten in about 18 months."

Still, 51% say the war was a mistake. Rothenberg and other analysts cautioned that long-term public confidence will grow only if the death of Zarqawi is followed up by increasing Iraq's stability.

"Unless there is clear, sustainable progress in Iraq, these numbers will be just a brief blip," says Ted Galen Carpenter, a foreign policy analyst at the libertarian Cato Institute think tank.

Rothenberg said that even minor improvements in Bush's poll numbers create an "openness" that may allow the White House to press its message more successfully. "It's hard to deliver good news with the public in a foul mood," he said.

At the presidential retreat in Maryland, Bush and his aides discussed redeveloping Iraq's oil industry, tracking down the remnants of Zarqawi's network and pressuring nations to follow through on $13 billion in aid. Bush declined to make predictions about U.S. troop withdrawals. "Whatever we do will be based on the conditions on the ground," he said.

Also this week, the House of Representatives is scheduled to hold its first full-scale debate about the war since it began in 2003. The debate, scheduled to begin Thursday, will center on a Republican resolution stating that the United States must prevail in Iraq and in the global war on terrorism.

Other poll highlights:

•Fifty-three percent said the killing of Zarqawi was a "major achievement."

•Twenty percent said Zarqawi's death will reduce insurgent attacks in Iraq; 30% said insurgent attacks will increase.

Rare House Debate To Focus On Iraq War (WT)

By Christina Bellantoni

The Washington Times, June 13, 2006

The House of Representatives this week will engage in a rare election-year debate on the Iraq war, with Republicans hoping to showcase the good news on the ground and Democrats fractured on whether the United States should begin withdrawing troops.

Lawmakers are tentatively scheduled to begin debating the Republican-authored resolution Thursday. A vote on the measure, called "Declaring that the United States will prevail in the global war on terror, the struggle to protect freedom from the terrorist adversary," is slated for Friday.

"There are clear differences between Republicans and Democrats on how best to confront the global war on terror," said Majority Leader John A. Boehner of Ohio, who pushed getting the resolution on the floor.

Mr. Boehner said the debate will address the question of whether the United States defeats or retreats.

"It will be instructional and educational for the public," Mr. Boehner said, and will allow members to highlight "success stories that no one ever hears about."

However, some Democrats attacked the resolution as not really allowing for a genuine discussion of the issues, since Republicans wrote it and today will set parameters for debate.

"We promised and owe the American people a focused and dedicated debate about our policy and the future of American commitment in Iraq," Rep. Ike Skelton of Missouri wrote yesterday in a letter to Mr. Boehner.

Mr. Skelton, the ranking Democrat on the House Armed Services Committee, said the resolution fails to provide such a forum. He said he was "distressed" the substance of the measure primarily focuses on the war on terrorism, with references to Libya and Afghanistan.

"I think you well understand that the war in Iraq is a separate conflict, an insurgency with terrorist elements and sectarian violence," he said.

The resolution states that Iraqi dictator Saddam Hussein was a threat against global peace and security, and also declares the United States is committed to "the completion of the mission to create a sovereign, free, secure and united Iraq."

"It is not in the national security interest of the United States to set an arbitrary date for the withdrawal or redeployment" of troops, states the resolution, written by Republican leaders on the International Relations, Armed Services and intelligence committees.

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Friday's vote on the resolution could be used this fall, when the entire House is up for re-election and Democrats have high hopes for capturing at least the 15 seats needed to win back a majority.

Political observers note that both parties must walk a fine line on the war, since the majority of Americans now say it was a mistake, but lawmakers do not want to appear unsupportive of the troops in Iraq.

"Democrats are not in lock step on this issue," said House Minority Whip Steny H. Hoyer of Maryland.

He said he thinks the war was "the right thing to do and we did it in the wrong way," particularly by not sending enough troops. He anticipates some Democrats will argue the country was misled by President Bush and the United States should never have gone to Iraq in the first place.

The resolution also praises the formation of the Iraqi government and the writing of the constitution, and applauds the troops on their work and for killing terrorist Abu Musab Zarqawi.

The debate marks the first discussion on the war since November, when Rep. John P. Murtha, a decorated veteran, called for starting a six-month withdrawal of U.S. troops in Iraq.

After the Pennsylvania Democrat's call, Republicans pushed another resolution, which called for immediate pullout, to the floor for a vote in hopes to embarrass Democrats, who called the move "shameful." It was rejected on a vote of 403-3 following a raucous debate.

The Iraq War Debate Reopens In Washington (CSM)

By Linda Feldmann

Christian Science Monitor, June 13, 2006

WASHINGTON

The No. 1 issue for American voters - the future of the Iraq war - moves to the fore this week, both among President Bush's wartime advisers and on the floor of Congress.

For supporters of the war, long thirsting for signs of progress, the timing seems fortuitous. Last week, US forces killed Iraq's most wanted terrorist, Abu Musab al-Zarqawi, and the Iraqi prime minister finally completed his national-unity government. Monday, at Camp David, the president gathered his war cabinet and outside experts for a two-day strategy session, and Wednesday he meets at the White House with the bipartisan Iraq Study Group. In Congress, both houses are set to vote for supplemental war funding.

But it is the full-day debate on Iraq on the floor of the House of Representatives, scheduled for Thursday, that is the least predictable of the forums. The last time the House took to debating Iraq, last November, the scene deteriorated into recriminations over a resolution calling for immediate withdrawal that Democrats called a political stunt. House majority leader John Boehner (R) of Ohio, who has long planned for this week's debate, hopes to match the serious, dignified tone of deliberation that preceded the Gulf war, in 1991. Most of his GOP colleagues support the idea.

"The House is a debating society in the best sense of the word," says Rep. Henry Hyde (R) of Illinois, chairman of the International Relations Committee. "Everyone that listens with an open mind will find an aspect to this that they hadn't thought of."

Other members, including antiwar Republicans and Democrats, also welcome a debate, as long as the terms are fair, they say. At time of writing, the text of the resolution to be debated had not been released, but congressional sources indicated that it would frame the Iraq war as part of the broader war on terror, a point of controversy. Many war critics argue that the US role in Iraq has deflected attention from the larger war on terror, and thus antiwar members may feel compelled to vote against the resolution. But that may prove politically risky, as the resolution will also express support for American troops, and no member wants to be seen opposing the men and women in harm's way.

At a highly politicized time, with the fall midterm elections approaching and future control of Congress in question, some political analysts see risks for both parties in an Iraq debate. Public support for the war has been on a long, downward slide, and Bush's own job approval rating and policy agenda have been damaged by Iraq more than anything else.

"I don't think the floor is the place to have a debate on Iraq - ours is not a parliamentary system," says GOP strategist Ed Rollins, who argues that such discussion is better handled by members in their districts. "If you get into a big all-out debate, it

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becomes a referendum on whether the president is right or whether those who voted for it are right. It's not a pretty thing for the public to watch, especially for our troops in the field."

Other Republicans say that with public opinion on the war so low, Bush and his supporters have nowhere to go but up.

The debate could also serve to highlight divisions among Democrats over the war. Until now, Republicans have suffered most of the political pain over Iraq, and Democrats have managed to keep their differences away from broad public scrutiny.

For some Republicans who strongly support the US role in Iraq, political expediency or risk are beside the point: A sober, public debate on how to proceed in Iraq, at a critical turning point in that country's development, is an important way for elected representatives to help shape the future.

"It's the right thing to do," says Rep. Christopher Shays (R) of Connecticut, who has been to Iraq 12 times, more than any other member. "There's a logic in debating an issue that has not turned out like any of us hoped, and then determine why that's the case."

Still, he remains hopeful about what the US can accomplish in Iraq, and sees congressional debate as useful to advancing the public dialogue. "My big fear about Iraq is not that we're going to lose the Iraqi war in Iraq, but that we would lose the Iraqi war here at home," says Mr. Shays, who is locked in a tough reelection battle. "I think members should have an opportunity to say what they want to say - to ... have everybody on the record."

Rep. Walter Jones of North Carolina, a conservative Republican known for his highly publicized turn against the war, also views the coming debate hopefully, as long as it is "fair and open" and the rule allows for "adequate division of time" among opponents and proponents of the war.

Democratic Rep. Marcy Kaptur of Ohio also welcomes the debate: "The American people are wondering what course will lead us to redeploying our forces out of Iraq. This debate allows us to focus on a strategic discussion of what's ahead, rather than just a few people briefed at the highest levels. The American people expect Congress to assume its rightful authority in warmaking...."

Bush: US Ready To Help New Iraq Gov't (AP)

By Deb Riechmann

AP, June 12, 2006

President Bush reassured Iraqis on Monday that the United States stands ready to help their new government, but said success in Iraq largely depends on Baghdad's ability to secure the nation and care for its citizens.

Beginning a two-day strategy session on Iraq at Camp David, Bush also said Iraq's neighbors should be doing more to help. He said the United States expects countries that have promised $13 billion in financial assistance to make good on their pledges.

Bush's huddle with top advisers was a chance to outline ways the U.S. government can best help Iraq, where the power runs sporadically and Iraqi civilian and U.S. troop deaths are mounting. White House advisers said the U.S. mission in Iraq was at a breakpoint, rhetoric that suggests the administration is anxious to shift responsibility for the future of Iraq to the Iraqis.

"The best way to win this war against an insurgency is to stand up a unity government which is capable of defending itself, but also providing tangible benefits to the people," Bush said, standing outside a cabin at the secluded, wooded presidential retreat with his national security team and members of his Cabinet.

"Ultimately, the Iraqi people are going to have to make up their mind. Do they want to live in terror, or do they want to live in peace?" he said.

Now in its fourth year, the war also was an issue Monday on Capitol Hill.

The Senate opened debate on a military policy bill, and John Kerry, D-Mass., intended to offer a plan to withdraw U.S. combat troops from Iraq by the end of the year. The White House has long opposed setting deadlines in Iraq, and Kerry's amendment is expected to be defeated in a vote later this week.

Senate Democratic leader Harry Reid, in a speech in Washington, called the war in Iraq an "intractable conflict" and said Americans deserve a plan from the president that provides troops with an exit strategy. "It is no longer sufficient to say 'we will stand down as the Iraqis stand up,'" Reid said, quoting a Bush refrain.

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The House and Senate are poised to deal with a $94.5 billion measure to fund Iraq and provide additional aid for the hurricane-ravaged Gulf Coast. The bill should receive easy approval, even as impatience is growing with the Iraq war and its $8 billion monthly tab.

On Thursday, the House will vote on a resolution supporting the U.S. mission in Iraq.

The Camp David meeting came as the Bush administration was trying to capitalize on momentum generated by last week's swearing-in of key Iraqi national security officials and the U.S. airstrike that killed Abu Musab al-Zarqawi, al-Qaida's leader in Iraq.

Al-Qaida named a successor Monday to al-Zarqawi and said he would stick to the slain leader's path — attacks on Shiites as well as on U.S. and Iraqi forces. Bush warned, "I think the successor to Zarqawi is going to be on our list to bring to justice."

The highlight of the Camp David work session is Tuesday's secured video teleconference with new Iraqi Prime Minister Nouri al-Maliki and members of his cabinet. During the first day of meetings, Bush and his advisers addressed violence in Iraq, especially in Baghdad and Basra, as well as the Iraqi economy and oil.

Bush suggested that the Iraqi government use the nation's vast supply of oil as a way to unite the country, perhaps creating a fund for the Iraqi people to restore their faith in the new unified central government.

The war is weighing down Bush's approval rating at home, and Republicans are worried about losing control of Congress in November's midterm elections. Only a third of respondents to an Associated Press-Ipsos poll in early June supported Bush's handling of the situation — an all-time low.

"I keep reminding the American people that the stakes are worth it," Bush said. "It is worth it to help Iraq succeed. It is worth it to have a democracy in the Middle East."

Gen. George Casey, the top U.S. commander in Baghdad, said he thinks it will be possible to withdraw some of the 130,000 U.S. forces in the months ahead as long as Iraq's government and security forces make progress.

But Bush, who noted that Iraq's new defense minister was just sworn in last week, made no predictions about U.S. troop withdrawals. He said Casey would make recommendations after assessing the Iraqis' ability to take the fight to the enemy and secure the country.

"Whatever we do will be based upon the conditions on the ground," Bush said.

Reid Tells Liberal Activists Troops Must Come Home (WT)

By Eric Pfeiffer

The Washington Times, June 13, 2006

Senate Minority Leader Harry Reid told a gathering of Democratic and liberal activists in Washington yesterday that "we have to start bringing our troops home."

The Nevada Democrat opened his remarks at the Take Back America 2006 Conference by criticizing the Bush administration's handling of the war in Iraq. The conference is hosted by the Campaign for America's Future (CAF), a liberal advocacy organization.

"As we meet here today, the president is meeting with his Cabinet to talk about Iraq. As well he should," Mr. Reid said to applause.

President Bush has stated his position repeatedly: " 'As Iraqi forces stand up, American forces will stand down.' "

"I don't want to hear that anymore," Mr. Reid said. "Our troops deserve an exit strategy."

Mr. Reid seemed to make a more direct call for withdrawal of troops than his previous remarks, but the senator's office disagreed.

"It's consistent with the Democrats proposal for a responsible redeployment of troops," Reid spokesman Jim Manley said. "And it's in line with the bill that passed the Senate last year with bipartisan support calling for a 'significant transition' of troops from Iraq in 2006."

In his speech, Mr. Reid made repeated reference to the Senate bill as "law" that Mr. Bush must follow.

One Democratic staffer in attendance, who because of the staffer's ongoing relations with Mr. Reid asked to remain anonymous, said the senator gave a similar, less pointed speech in Nevada during the weekend.

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"But at the end of the speech, people in the crowd started chanting, 'Bring them home,' " the staffer said.

Mr. Reid spoke on the first day of CAF's three-day conference. Admission to the week's speeches, workshops and a gala dinner cost $125 to $410.

Other prominent Democrats, including Sen. Hillary Rodham Clinton of New York, House Minority Leader Nancy Pelosi of California and Sen. John Kerry of Massachusetts are scheduled to appear today.

Participating groups include the American Civil Liberties Union, Wal-Mart Watch and the Truman National Security Project.

CAF says its goals for the conference are to "educate, inspire and engage" progressive activists.

As Mr. Reid criticized the administration, he received hisses of agreement from the crowd. "Distract, distort, divide. That's what this administration has done," Mr. Reid said. "We can't continue to be bogged down in Iraq."

Most in attendance seemed to approve of the speech by the soft-spoken senator.

"I'd like to give him some of whatever they gave Bruce Banner to become the Incredible Hulk," said Charles Bright of Alexandria. "But after his speech, I felt like calling myself a Democrat, instead of an independent liberal, which is how I've described myself the last several years."

The Liberals' Lunch Special: Democratic Harmony (WP)

By Dana Milbank

The Washington Post, June 13, 2006

The left-wingers are hungry.

The liberal activists assembled for the annual "Campaign for America's Future" conference were so hungry yesterday, in fact, that it was difficult to hear Senate Minority Leader Harry Reid (D-Nev.) speak over the din of forks clinking on salad plates. That's too bad, because he was telling the lefties what they like to hear.

"I don't know how many times we have heard the president say: 'We will stand down as Iraqis stand up.' I don't want to hear that anymore," Reid told the luncheon crowd at the Washington Hilton. "It seems to me that that mantra no longer stands. That is, we have to start bringing our troops home."

The activists -- at least those who could hear him -- applauded Reid's unexpected and unscripted call for withdrawal.

That Reid, an antiabortion Mormon who voted to authorize force in Iraq, would be breaking bread at all with the liberal activists speaks to a different hunger. Interest groups, hoping for a win in the November midterms, have toned down their fratricidal attacks on elected Democrats. And Democratic lawmakers, emboldened by President Bush's slump, aren't as afraid to be seen with the lefties who make up their "base."

"Senator Harry Reid gets it!" exulted environmentalist Jerome Ringo, the luncheon's emcee.

Last year, only two members of Congress -- both backbenchers from the liberal fringe -- were on the program. This year, the conference is getting the full Monty from Democratic leaders and presidential aspirants: Reid and House Minority Leader Nancy Pelosi (Calif.), Sens. Hillary Rodham Clinton (N.Y.), John Kerry (Mass.), Russ Feingold (Wis.) and Barack Obama (Ill.); Govs. Tom Vilsack (Iowa) and Ed Rendell (Pa.); and 10 members of the House. Sen. Debbie Stabenow (Mich.) wasn't on the program but came anyway for lunch.

As they did last year, event organizers made efforts to display harmony within the Democratic Party. The first booth at the entrance to the exhibit hall featured a new publication called "The Democratic Strategist," a joint venture by party liberals and moderates. A few booths down was a movement to draft Al Gore -- a charter member of the centrist Democratic Leadership Council. The opening luncheon put leaders of the normally feuding labor and environmental movements together on the stage to promote an energy policy.

Despite this choreography, participants had not entirely shed their antipathy toward elected Democrats. Pollster Stan Greenberg, married to a Democratic member of Congress, said GOP poll numbers gave Democrats "an immense opportunity, if anybody had an idea what the Democrats stood for." As Greenberg described the ideal candidate's positions, Leo Gerard, president of the steelworkers union, blurted out: "Not one of the [expletive] presidential candidates fits that."

The Nation's Katrina Vanden Heuvel won whoops and cheers for decrying Democratic leadership as "hapless" and "timid," and "often too fearful of its own shadow."

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It was potentially hostile terrain. But Reid, who has scored points with liberals over the past year, was not about to let those descriptions stick to him; taking a page from George W. Bush's strategy, he was playing to the base. Arriving at the Hilton, he sat down for a radio interview with the "Jon Elliott Show" (slogan: "The most dangerous liberal in America"). Trailed by two beefy bodyguards, Reid went next to Ellen Ratner of Talk Radio News Service. "Democrats, of course, are together" on Iraq, he said. "It's time that we started bringing our people home."

At lunch, the liberal diners were not sure how to greet Reid. About a quarter of the audience rose to give him a standing ovation; the rest remained planted. Reid began to speak, but was barely audible.

"We can't hear you!" audience members called out. Reid adjusted the microphone, with little effect.

What the minority leader lacked in audibility, he had in embellishment. His prepared text said "close to 2,500 U.S. troops killed" in Iraq; he made it "about 2,500." His text said the war is "costing over $8 billion per month"; Reid made that "costing us $10 billion a month." The text described as "good news" the killing of Abu Musab al-Zarqawi and the forming of an Iraqi cabinet; Reid left that out entirely.

Instead, he called for the start of a troop withdrawal, which wasn't in the text. "Iraq is not a matter for future presidents, as President Bush has said," he charged. "It's his war and it's his responsibility."

If Reid wasn't quite "Give 'Em Hell, Harry," he was certainly "Give 'Em a Hard Time, Harry." The senator spoke of the "rubber-stamp Congress," the "overall incompetence of this administration" and a Bush strategy to "distort, distract, divide." He warned that "the ice caps are melting on both ends of the Earth," and alluded to this year's first tropical storm, Alberto, which he renamed. "I personally have to say that Alfredo has proven to me again that global warming's here," he said. He attacked Condoleezza Rice for allowing Chevron to name an oil tanker after her, and he led the audience in a responsive chant:

"How many subpoenas has any committee issued on spying? You got it: Zero."

"How many subpoenas have they issued on the price gouging, these gas prices? Zero."

"How many subpoenas have they issued on the war in Iraq? Zero."

Nobody attempted another standing ovation when he finished. But the applause was liberal.

Blitz Against Al-Qaeda In Iraq Continues (USAT)

By César G. Soriano

USA Today, June 13, 2006

BAGHDAD — U.S. and Iraqi forces have launched 200 raids against insurgents since killing Abu Musab al-Zarqawi last week, dealing a blow to his terrorist organization, al-Qaeda in Iraq, U.S. and Iraqi officials said Monday.

The raids have led to the capture of more than 200 suspected insurgents and 33 deaths.

“We are cautiously optimistic that we have been very successful thus far in the ongoing operations,” military spokesman Maj. Gen. William Caldwell said.

Zarqawi was killed when an F-16 dropped two 500-pound bombs on his hide-out Wednesday. The U.S. military and Iraqi government knew Zarqawi was in the house because of a tip that allowed coalition forces a look inside Zarqawi's tight band of followers.

“We have managed to infiltrate al-Qaeda in Iraq,” said Mouwafak al-Rubaie, Iraq's national security adviser. He declined to elaborate.

The intelligence that led up to the bombing and the raids may be the best chance of cracking the terrorist group dominated by foreign fighters.

Even if the raids do lasting damage to the organization, Iraq will have to deal with violence from other sources, including sectarian militias and insurgent cells that continue to function.

“We know this is not going to end the insurgency. It will take the people of Iraq to make that decision with their Iraqi security forces,” Caldwell said.

“The more the Iraqi people take control of their destiny,” he said, “that will be the key to success and ending the insurgency in Iraq.”

Bombings and other violence killed more than 50 people across Iraq on Monday, the Associated Press reported.

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Eleven raids by U.S. and Iraqi forces over the weekend were based directly on intelligence coalition troops gleaned by combing through the rubble of Zarqawi's hide-out in Hibhib north of Baghdad, Caldwell said.

In a raid Monday, coalition troops attacked an insurgent cell in Baqouba, not far from where Zarqawi was killed. Coalition forces killed seven people with suspected ties to al-Qaeda in Iraq leaders, the U.S. military said in a statement.

Two children were killed in the firefight. The insurgents had children with them when they fired on coalition troops from the rooftop of a building, Caldwell said.

The intelligence breakthrough represented by Zarqawi's death and the raids is among the most encouraging developments of the three-year battle against the insurgency, some military experts said.

"This was not one big break. If you look back six months, there has been a consistent improvement in U.S. intelligence targeting," said Anthony Cordesman of the Center for Strategic and International Studies. "We've seen one report after another of senior al-Qaeda people being captured or killed in the last six months."

By contrast, the capture of Saddam Hussein in December 2003 was a propaganda victory for coalition forces but led to no improvement in intelligence, said Daniel Byman of the Brookings Institution.

The raids have led to the biggest intelligence boon in years, said Edward O'Connell, a defense analyst for the RAND Corp. think tank. "It's been a long time coming," he said. "It takes hard-core detective work … to infiltrate the enemy."

An Internet statement attributed to al-Qaeda in Iraq named Sheik Abu Hamza al-Muhajir to replace Zarqawi. The statement, which was posted on a militant website, could not be verified.

The name — a pseudonym, as most militants are known by — apparently was not on any U.S. lists of terrorists who have rewards on their heads, the Associated Press reported.

President Bush said al-Muhajir probably will be added to the wanted roster. "I think the successor to Zarqawi is going to be on our list to bring to justice," Bush said.

Al-Qaida In Iraq Names New Leader (AP)

By Nadia Abou El-magd

AP, June 12, 2006

Al-Qaida in Iraq named a successor Monday to Abu Musab al-Zarqawi and said he would stick to the slain leader's path — attacks on Shiites as well as on U.S. and Iraqi forces.

The new leader, identified by the nom de guerre Abu Hamza al-Muhajer in a statement posted on the Web, appeared to be a foreign Arab, like his predecessor.

But otherwise he is an unknown. The name has not appeared in previous al-Qaida in Iraq propaganda or on U.S. lists of terrorists with rewards on their heads, suggesting he is a lower-level figure or someone more prominent who has taken a new pseudonym.

President Bush said Monday that al-Muhajer would join the ranks of those sought by the U.S. "I think the successor to Zarqawi is going to be on our list to bring to justice," Bush said.

The lack of detail appeared to reflect a new emphasis on secrecy by the group. U.S. forces have launched a series of raids against al-Qaida in Iraq based on intelligence found in the safehouse where al-Zarqawi was killed by an American airstrike Wednesday. The group may fear infiltration or that al-Zarqawi's public stance led to his downfall.

"Al-Qaida in Iraq's council has agreed on Sheik Abu Hamza al-Muhajer to be the successor of Abu Musab al-Zarqawi in the leadership of the organization," the group said.

The authenticity of the statement could not be independently confirmed. It was posted on an Islamic militant Web forum where al-Qaida in Iraq often posts messages.

The posting said al-Muhajer was "a beloved brother with jihadi (holy war) experience and a strong footing in knowledge.

"We ask Almighty God to strengthen him that he may accomplish what Abu Musab al-Zarqawi, God have mercy on his soul, began," it said.

That could mean he will continue the strategy the Jordanian-born al-Zarqawi followed: a campaign of brutal attacks on Shiite civilians, aimed at sparking a Sunni-Shiite civil war.

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The attacks sparked tensions between al-Zarqawi's group and some Iraqi insurgents who felt the bloodshed hurt the image of their resistance against U.S. forces. They wanted to focus attacks on American and Iraqi troops.

Iraqi insurgents loyal to Saddam Hussein made a rare public acknowledgment of disputes with al-Zarqawi in a condolence letter posted on the same Web site.

"Although there were many matters we differed with him on and him with us, ... what united us was something greater," said the statement by the Fedayeen Saddam. It said the group had "the honor" of fighting alongside al-Zarqawi and that "our determination is only increased for waging jihad."

Al-Zarqawi's death raised speculation the group might turn to an Iraqi leader to smooth over the differences with Iraqis. Al-Zarqawi's deputy is an Iraqi known as Abu Abdul-Rahman al-Iraqi. The U.S. military told The Associated Press on Monday that he was not a man identified as "Abdul-Rahman" who was killed with al-Zarqawi.

The name al-Muhajer, Arabic for "immigrant," suggested the new leader was not Iraqi. The name is often used by foreign Arab militants, referring to the "muhajereen," Islam's early converts who fled persecution in Mecca to join the Prophet Muhammad in Medina.

Rohan Gunaratna, a terror expert at Singapore's Institute of Defense and Strategic Studies, said the choice of a non-Iraqi means the group is "likely to continue the foreign operations."

Al-Zarqawi had sought to expand his campaign beyond Iraq, including a triple suicide bombing against hotels in Jordan last November that killed 60 people.

Al-Zarqawi also had links to al-Qaida's branch in Saudi Arabia, which in a statement Monday thanked him for helping its fight against the kingdom's rulers. "We will not forget his favors to jihad and the mujahedeen in the prophet's peninsula," the group said.

The U.S. military had predicted a militant named Abu Ayyub al-Masri would become al-Qaida in Iraq's leader. Al-Masri, an Egyptian associate of al-Zarqawi, has a $50,000 reward on his head.

Militants usually adopt a pseudonym made up of a nickname called a "kunya" in Arabic — "Abu," meaning "father of," plus a name that sometimes refers to an actual child of the militant. The second part of the pseudonym is usually an adjective denoting the militant's nationality.

Al-Zarqawi was born Ahmad Fadhil Nazzal al-Khalayleh, but took a pseudonym from Zarqa, his hometown in Jordan. He had a child named Musab, so took the kunya of "Abu Musab."

The secrecy surrounding the new leader could hurt the group's ability to carry out attacks, said Egyptian analyst Diaa Rashwan. Al-Zarqawi built a reputation as a holy warrior, helping draw foreign militants to carry out suicide bombings.

"Al-Zarqawi's charisma was very important factor for many to join his organization," Rashwan said. "All al-Zarqawi had was car bombs and people ready to blow themselves up."

"My feeling is that they are going to have establish a persona for him," said Evan Kohlmann, a New York-based terror consultant and founder of globalterroralert.com. "They're going to have to introduce this fellow to the world."

A Jihadist Web Site Says Zarqawi's Group In Iraq Has A New Leader In Place (NYT)

By John F. Burns And Dexter Filkins

The New York Times, June 13, 2006

BAGHDAD, Iraq, June 12 — An Islamic militant Web site said Monday that a new leader had been named to replace Abu Musab al-Zarqawi, the Jordanian terrorist killed last week, as the head of Al Qaeda in Mesopotamia.

The statement, which appeared on the jihadi Web site Al Hesba, announced that a man named Abu Hamza al-Muhajir would replace Mr. Zarqawi, who was killed in an American airstrike in the village of Hibhib, about 35 miles north of Baghdad.

Mr. Muhajir is something of a mystery; his name does not appear on any of the charts of wanted leaders of Al Qaeda previously issued by the American command, or on any of the dozens of previous statements by Al Qaeda in Mesopotamia posted on the Internet. Senior Iraqi officials said they were unfamiliar with anyone by that name.

One clue was that the word "muhajir" usually refers to an Islamic militant who has traveled beyond his own country to fight for his faith.

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"He is not an Iraqi — that is my first impression," said the Iraqi national security adviser, Mowaffak al-Rubaie, adding that he had not heard of Mr. Muhajir.

The group that made the statement is called the Council of Freedom Fighters, an umbrella organization whose formation was announced in January and which Al Qaeda in Mesopotamia claimed to have joined.

The council is said to be run by an Iraqi named Abdullah al-Rashid al-Baghdadi. At the time, Mr. Zarqawi was said to be under pressure to turn over more power to Iraqis. Many terrorism experts regarded the council as a fiction or, at best, a front organization that appeared to give local control to Iraqis while leaving Mr. Zarqawi in charge.

"Sheik Abu Hamza al-Muhajir, may God preserve him, a good brother, has previous jihadi experience and a deep foot in the pool of knowledge," the statement said. "We ask God to guide him and to continue what Sheik Abu Musab started by his hands."

A three-hour autopsy conducted over the weekend on the body of Mr. Zarqawi showed that he died of extensive "tearing and bruising" of his lungs caused by the blast wave from the two 500-pound bombs dropped on the safe house where he was hiding last Wednesday, American military officials and medical specialists said Monday.

The chief spokesman for the American military command in Iraq, Maj. Gen. William B. Caldwell IV, said Mr. Zarqawi, 39, died 52 minutes after the airstrike. That was when an American military medic, who had gone to his aid when the first American troops arrived, "realized that Zarqawi was dead," General Caldwell said.

The general said the American troops, arriving at the scene by helicopter 28 minutes after the bombing, "took possession" of Mr. Zarqawi from the Iraqi police, who were first on the scene. He said that the American medic found that Mr. Zarqawi's breathing was "shallow and labored," and that he had a barely detectable pulse that "quickly deteriorated." Even though the medic tried to revive Mr. Zarqawi's breathing and heartbeat, he realized that "that Zarqawi's death was imminent."

"The medic registered no pulse or respirations, and at 7:04 p.m. on June 7 realized that Zarqawi was dead," General Caldwell said. "This was approximately 24 minutes after the coalition forces arrived, or approximately 52 minutes after the first airstrike on the safe house" in Hibhib.

"The injuries to his lungs were not survivable," Col. Stephen Jones, command surgeon for the American military in Iraq, said at a news conference here. Colonel Jones said the extent of Mr. Zarqawi's blast injuries, which had virtually exploded his lungs, were characteristic of "enclosed space" wounds suffered by bombing victims.

The injuries indicated that Mr. Zarqawi was inside the house, not running for cover in the palm grove outside, as some reports had suggested, when the bombs struck, Colonel Jones said.

At the news conference, which General Caldwell said had been called to dispel some of the "propaganda and misinformation" that had swirled around Mr. Zarqawi's death, one of two American forensic pathologists who participated in the autopsy said there was "no evidence of beating and no evidence of firearm injuries."

That appeared aimed at countering news accounts that had quoted Iraqi villagers who claimed to have seen American troops beating Mr. Zarqawi. One villager reporting seeing a soldier hit him with a rifle butt.

General Caldwell said tests made of Mr. Zarqawi's DNA also confirmed that he was the person killed in the bombing. When Mr. Zarqawi was found by American forces, he was wearing his signature black outfit, the general added.

Sheik Abd al-Rahman, Mr. Zarqawi's spiritual adviser and one of those killed in the airstrike, died from "blast injuries caused by flying shrapnel, flying debris and being thrown against a hard object by the force of the blast," also inside the house, said Colonel Jones, the command surgeon.

Mr. Rahman's injuries included a skull fracture that caused extensive internal bleeding, severe bleeding into his left lung and lacerations of his liver. Colonel Jones said Mr. Rahman's death, unlike Mr. Zarqawi's was "instantaneous."

In addition to Mr. Zarqawi and Mr. Rahman, the American command said, a third man, two women and a girl of about 5 or 6 were killed in the airstrike. The bodies of the women and the girl were turned over to the local hospital, General Caldwell said, while the body of the third man, who was not identified, remained in American custody.

General Caldwell said the Americans were discussing with Iraqi officials what to do with the bodies of Mr. Zarqawi and Mr. Rahman, whom some officials have described as a non-Iraqi.

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General Caldwell's news conference did not dispel all of the questions surrounding the operation that killed Mr. Zarqawi, however, particularly questions about whether American commandos were in the area before the attack.

General Caldwell said there were no "coalition forces" on the ground in the vicinity of the house at the time of the strike.

"Coalition forces include all forces operating in the country of Iraq," he said.

But one senior military official and one senior Pentagon adviser, both speaking on the condition of anonymity because they were not authorized to comment publicly, said there were a number of Special Operations troops near the safe house before the strike. At least two Iraqis living near the house described seeing American commandos sliding down ropes from helicopters and encircling the house before the bombs landed.

A series of raids that began after Mr. Zarqawi was killed continued over the weekend, General Caldwell said, with American troops carrying out 140 operations in the past 48 hours. Those raids killed 32 insurgents and captured 178 others, he said. He added that 11 of the raids had resulted directly from intelligence gathered at Mr. Zarqawi's safe house.

Two Iraqi boys, one 6 months old, the other 4 years old, were killed Monday during an operation near Baquba, when American forces came under machine-gun fire from a rooftop, the military said.

Missiles, car bombs and roadside explosives killed at least 18 other Iraqi civilians and wounded 101 around the country on Monday, the military said.

And the military said an American soldier had been killed Friday by a roadside bomb while on a logistics patrol in Ad Diwaniya. No other details were released.

Jordan Details Its Role In Finding Al-Zarqawi (LAT)

By Borzou Daragahi And Josh Meyer

Los Angeles Times, June 13, 2006

AMMAN, Jordan -- Shocked into action by violence on their own soil, Jordan officials months ago began an intensive campaign of spying on insurgents in neighboring Iraq, a gambit that ultimately helped lead to the death of militant leader Abu Musab al-Zarqawi, Jordan's top spies said Monday.

Maj. Gen. Muhammed Dahabi, director of Jordan's General Intelligence Department, and Col. Ali Burjaq, his chief of counterterrorism, said in a rare interview Monday that a splashy video tape al-Zarqawi released earlier this spring helped Jordanian intelligence pinpoint his approximate location at the time, a key lead that ultimately led to al-Zarqawi's death in a U.S. aerial bombing attack last week.

Al-Zarqawi's need to micromanage all aspects of his al-Qaida in Iraq organization, from finances to operations, also made him vulnerable to discovery, the two intelligence officials said.

"We knew him personally," Burjaq said of the Jordanian-born militant, who spent part of the 1990s in Jordanian prisons on terrorism charges.

"We knew how he behaves," the spy continued, speaking at the Jordanian intelligence agency's mountaintop complex in Amman. "He was vicious, mean -- a dictator in his decisions. He didn't allow anyone else to question his decisions."

Until November 2005, when al-Zarqawi operatives allegedly blew up three hotels in Amman, killing more than 60 people, Jordan had barely operated in Iraq.

After the hotel bombings, Iraq became and remains Amman's primary security worry, though Jordan also abuts the simmering troubles in neighboring Israel and the Palestinian territories.

The bombings, the two intelligence officials said, served as a wake-up call for Jordanians, forcing them to seek a more active role in combating Iraq's troubles.

The hotel bombings also showed a skeptical Iraqi government, suspicious of its neighbors' security forces, that al-Zarqawi was training Iraqis for cross-border operations in Jordan, one source close to Jordanian intelligence officials said.

With the permission of Iraq's fledgling government, Jordanian intelligence operatives flooded the war-torn country, cultivating informants and working the periphery of the al-Zarqawi network to find ways into the organization, according to a Jordanian official and intelligence experts.

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The Jordanian GID set up so-called spy bureaus in Iraq, and began working with the Dulaimis, a large, mostly Sunni Arab tribe, some of whose members are closely tied to the insurgency, to gather information about anyone associating with al-Zarqawi and others in militant groups.

For Jordanian intelligence, it marked a watershed. In the past, "we always pursued a defensive policy," against terrorism, Dahabi said. "But ever since I became chief, we started to think of external operations. We wanted to do more daring operations and do external operations."

U.S. military officials have said they managed to track al-Zarqawi's spiritual adviser, Sheikh Abdul Rahman, to the village of Hibhib, north of the provincial capital of Baqouba, where they dropped two 500-pound bombs that led to the al-Qaida leader's death in what has been called a dramatic step in efforts to stabilize Iraq. But Jordan also played a key role in ferreting out al-Zarqawi, U.S. and Jordanian officials have said, providing critical human intelligence which apparently corroborated information the Americans were getting from within the insurgency movement itself.

Jordanian security and intelligence authorities were involved in the hunt for al-Zarqawi from the start, helping trace locations where alZarqawi and his group frequently stayed, said Jordanian government spokesman Nasser Juddeh.

Dahabi and Burjaq, emerging briefly from the shadowy world of surveillance and infiltration, provided the Los Angeles Times with a rare public account of the role their spy service, which is trained, supplied and funded by the U.S., played in hunting al-Zarqawi down.

They also voiced their nation's strong commitment to U.S.-led efforts to stem terrorist attacks, noting Jordan had been among the first to recognize the danger of al-Qaida fighters returning from Afghanistan in the 1990s after fighting against Soviet invaders. The intelligence chiefs said they had a keen understanding of the way al-Qaida militants think, operate, and counter the moves of their enemies.

"Because we started early we gained experience early," said Burjaq, 46.

"Many Americans are advanced in combating certain kinds of operations," said Dahabi, 45, a mild-mannered graduate of the University of Sussex in the Britain who has headed the intelligence service since December 20. "We understand al-Qaida's mentality as Arabs."

The interview took place in Dahabi's spacious office, decorated with a huge, recently completed painting showing Arab tribesman on horseback fighting against Ottoman soldiers during their war for independence at the end of World War I. The faces of King Abdullah bin Hussein, Jordan's monarch, and his two young sons hover over the fiery scene.

In the past, Jordanian intelligence agents have provided the U.S. intelligence that was used to infiltrate terrorist organizations and stop attacks, including their foiling of a plot to blow up sites in the U.S. on New Year's Eve 2000.

Jordan arrested at least 14 suspected al-Qaida operatives in the months leading up to that holiday and provided American officials vast amounts of intelligence used in part to pursue threads in the U.S.

Dahabi and Burjaq, who joined Jordan's spy service in 1983 and helped break up the notorious Abu Nidhal terror ring that purported to fight for the Palestinian cause, said they had been aggressively trailing al-Zarqawi and his adherents for years.

Counterterrorism experts say the influx of Jordanian intelligence assets in Iraq produced results almost immediately, with the number of arrests of key al-Qaida operatives jumping noticably. Americans' understanding of al-Zarqawi's network and its role in the insurgency and terrorist attacks outside Iraq also picked up, officials said.

"The Jordanians are top drawer, probably the best counterterrorism force in the world," said Alexis Debat, a former French defense ministry official who is now a counterterrorism consultant and senior fellow for national security and terrorism at the Nixon Center in Washington. "Any network they put their mind to destroying is gone."

In April, when al-Zarqawi showed up in a highly publicized online propaganda film boasting of his group's prowess, Jordanian analysts scrutinized the surrounding scenery as well as his blustery talk.

The tape confirmed suspicions that al-Zarqawi must be in the Yusifiya area, a volatile insurgent stronghold south of Baghdad, and made it the focus of U.S. and Jordanian intelligence efforts, Burjaq said. Throughout the spring, U.S. military officials, too, were publicly identifying the area south of Baghdad as a likely al-Zarqawi stronghold.

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"At a certain stage, more intelligence (resources) were being devoted to Yusifiya," Burjaq said, noting that Jordan's familiarity with the region and human intelligence networks played a key role in monitoring al-Zarqawi's movements there. "It's not an easy area to get in and out of."

The two declined to confirm whether they had turned any of al-Zarqawi's followers against him. But Dahabi noted, "Some of the people I arrest, I recruit. Some those who were in my jails helped me to carry out operations."

"Sources," Burjaq added, "to us, this is the tool."

Once it became clear the Yusifiya information was accurate, the Jordanians became more confident of their sources. Then when information was received about al-Zarqawi being in the area of Baqouba, northeast of Baghdad, they were confident that he had moved there.

"We started to locate him and the Americans started to locate him," said Burjaq.

Several sources, including a U.S. counterterrorism official, credited both U.S. and Jordanian intelligence with developing information that led to the targeted hit on al-Zarqawi and subsequent raids in at least 17 locations.

"At a certain point, some of the sources connected," said Dahabi.

The Americans say it was a U.S.-recruited human intelligence asset that ultimately led them to the specific house where al-Zarqawi was hiding, allowing warplanes to blow it up. One U.S. official said the CIA recruited someone who identified al-Zarqawi's spiritual adviser Rahman, allowing U.S. authorities to intercept his communications with al-Zarqawi and learn that two would be meeting Wednesday.

From there, the spiritual adviser was followed by an unmanned U.S. aerial vehicle, a Predator, as he entered the house. "When all the intelligence came together, all indications were that this man was in a particular place," said Dahabi.

"The Americans sent F-16s, and they did a good job."

Zarqawi Is Dead. What Now? (WSJ)

By Bret Stephens

The Wall Street Journal, June 13, 2006

It will be months, perhaps longer, before we'll be able to gauge the precise impact of Abu Musab al-Zarqawi's death last week on the nature, effectiveness and direction of the insurgency in Iraq. But the most significant fact here isn't that Zarqawi was killed -- he could have met his end in any number of ways. It's that he was found.

Pause a minute to consider what this means. Plenty has been written about the shortcomings of U.S. war-fighting, political and counterinsurgency strategies in Iraq, and some of it is true. Comparably little has been written about the insurgents' shortcomings. Yet Zarqawi was located because he and his spiritual adviser, Abdul Rahman, were betrayed by someone in their own camp, someone close enough to track their movements exactly. Therein must lie a tale.

"Zarqawi had become a liability to al Qaeda in Iraq," says Matti Steinberg, an Israeli terrorism expert. He recalls last year's intercepted letter from Ayman Zawahiri, in which the al Qaeda No. 2 begged Zarqawi to tone down his tactics, stop killing Shiites, and strive to broaden his base of public support. "I repeat the warning against separating from the masses, whatever the danger," Zawahiri wrote.

Zarqawi did not pay heed. In September, he formally declared open season on Shiites. In November, he ordered the bombing of three hotels in Amman, Jordan, killing 63 Muslims, most if not all Sunnis, and enraging Arab public opinion that had been previously sympathetic to the insurgents. By December, he was being described by an Iraqi insurgent as "an American, Israeli and Iranian agent who is trying to keep our country unstable so the Sunnis will keep facing occupation."

In January, Zarqawi submerged his organization in the Mujahadeen Shura [consultative] Council -- the insurgents' umbrella group -- and apparently agreed to relinquish his public role to focus on military operations. Within a few months, however, he released his clumsy home video, and the self-publicity probably didn't go down well with the rest of the council. Zarqawi was cut loose.

There's an irony here, since by killing him the U.S. was, in effect, doing the bidding of Zarqawi's enemies within the insurgency. No doubt they have better uses for him as a martyr in Paradise than as a terror on Earth, and this may help them

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reclaim some lost luster. But it also suggests that the nature of the insurgency will change, perhaps radically, and likely to America's advantage.

First, the insurgency's sponsorship of terrorism outside of Iraq may end. The bombings in Amman reflected Zarqawi's personal loathing of King Abdullah's Hashemite rule: Their only effect, other than grief, was to provoke the Jordanian mukhabarat into waging its own dedicated campaign against the insurgency. Iraq's neighbors would generally be happy to see the U.S. project in Iraq fail, but not at the price Zarqawi was proposing.

Second, the sectarian violence that was Zarqawi's trademark may abate. Zarqawi's fanatical hatred of Shiites, common among Arab Sunnis outside Iraq, is somewhat alien to Iraqi Sunnis, or was until quite recently. Zawahiri also counseled against a sectarian strategy: "Does this conflict with the Shia lift the burden from the Americans by diverting the mujahadeen to the Shia?" he asked rhetorically. Long term, the Sunni interest in Iraq may be to reassert national dominance. Near term, however, it's to avoid Shiite reprisals; to the extent that the insurgents incite them, they risk losing the popular Sunni support on which they ultimately depend.

Third, Zarqawi's departure may precipitate organizational changes and a concomitant leadership struggle, all of which will take time to sort out. "The insurgents have been able to deal with the fact that we've eliminated hundreds of their operatives, including first-, second- and third-tier leadership," says Jeff White, a 34-year veteran of the Defense Intelligence Agency who is now at the Washington Institute for Near East Policy. "On the other hand, Zarqawi was the personification of the movement. His philosophy, commitment, connections, experience, all these things made him a disproportionately significant player."

A personal contest may yet be shaping up between Abdullah Rashid al-Baghdadi, the (apparently) Iraqi "emir" of the Shura Council, and Abu Ayyub al-Masri, an Egyptian. Hardly anything is publicly known about either man or about their relationship. Yet as long as the insurgency lacks an undisputed leader, it will also lack the unity of command that is a basic precept of successful guerrilla warfare. Recall that the Kurdish PKK and Peru's Shining Path both collapsed almost immediately following the capture of their respective leaders, Abdullah Ocalan and Abimael Guzmán.

Finally, the insurgency must contend with a much more experienced and effective U.S. military. "The first year, we were in over our heads," says Mr. White. Since then, however, "there's been a much more powerful and integrated effort to put all the intelligence together in a package, including all sources, all classifications, and then pushing it down to the units that can use it." The military got some lucky breaks in its hunt for Zarqawi. But the fact that it was able to find him at all reflects a broad and serious effort to master the cultural terrain of clans, tribes, kinship networks and political factions in which the insurgency has flourished.

Iraqis will now brace for a large round of terror attacks, which aim to show the insurgency hasn't been dented by Zarqawi's demise. Maybe it hasn't. But its aura has been dimmed, its organizational structure cracked and its internal fissures exposed. That's something the U.S. and the new Iraqi government can capitalize on by launching sustained offensive operations in the Sunni Triangle and doing their utmost to secure Baghdad. Doing so will take another 30,000 troops. But having mostly squandered the initiative against the insurgents in the first year of the war, this is the administration's rare chance to even the score. It must seize it.

Life During Wartime (NYT)

The New York Times, June 13, 2006

About the time the 2006 New Year's confetti was being swept away from Times Square, a small group of Iraqi bloggers began posting for The Times. "It is a new year, but it is not a happy one," said a 57-year-old doctor who called himself Truth Teller.

Reading the bloggers has helped to fill one of the big gaps in Americans' view of the war in Iraq. Danger in the streets and security fears for anyone seen speaking with Western reporters has made it increasingly hard to get real glimpses of what it's like for the people who have to live there.

At the beginning of the year, the bloggers' complaints were less about car bombs than power failures, black-market fuel and a curfew that didn't allow for much, if any, celebrating. But not always. In January, Zeyad, a Baghdad dentist, wrote: "Over the past two years, I have crawled away from two armed clashes and one carjacking incident; I have witnessed two people being

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shot in the head and one young kid who had been sprayed by bullets begging my friends and me to take him to the hospital ... and just recently, an American sniper shot right at me and missed on a Baghdad highway for no apparent reason when we pulled over behind their convoy. My taxi driver tried to comfort me by saying it was probably just a rubber bullet."

In May, when three of the bloggers returned — joined by one Iraqi-American writer — their postings had changed. There was less talk of shoddy infrastructure and running for cover from American soldiers, and more fear of radical Islamists and the Sunni and Shiite death squads bringing terror to their neighborhoods. The watershed they referred to repeatedly was the destruction of the golden dome of the Askariya mosque in Samarra, a revered Shiite shrine, on Feb. 22. The bloggers also wrote more about the increasing presence of Taliban-like Islamists, violently imposing restrictions on the Baghdad residents. "These are people who are enforcing their rules by death threats," Hassan, a college student, wrote in May.

Hassan wrote of his 6-year-old sister, who was not allowed to go out to play because her family feared she would be kidnapped or killed. His sister "has never gone to a zoo" and "has only gone to a playground once." Zeyad told the harrowing tale of witnessing the execution of a local generator operator: "When I tried to turn him over so they could carry him into a car, my hands touched his blood-soaked shirt. I could now see that he was shot four times in the chest. There was also a bag nearby with a box of peaches, medication and a Pepsi bottle; he was obviously going to take that home to his kids. I stared in his anguished face again, then at my bloody hands. And that was when I momentarily lost it."

Bloggers, who cannot be fact-checked in normal ways, are no substitute for journalists. But the Iraqis' voices are hypnotic — troubling, fascinating and a critical reminder of the quirky individual humanity of those at the center of what the invasion has unleashed. "[A]midst the blackness of time and the wounds of fate, Iraqis still find a way to crack a smile, even if it hurts," wrote Konfused Kid, a Baghdad college student, at the beginning of the year. "Despite my cynicism, I believe in God (or Allah or whatever you care to name Him), and I pray for the well-being of this country every day. And every day I listen to Metallica and read Philip K. Dick."

"Day to Day in Iraq" can be read online at daytodayiniraq.blogs.nytimes.com.

Legal Maneuver To Make A Point, An Army Officer Helps Iraqi Convict (WSJ)

By Greg Jaffe

The Wall Street Journal, June 13, 2006

BAQUBAH, Iraq -- Capt. Phillip Carter visits the filthy, overcrowded prison here at least twice a week to meet with the warden and police officers who oversee the facility. Each time he stops by, the warmest greeting he receives comes from a burly 46-year-old convicted murderer.

Hamid Abboud was found guilty in 1998 of killing a man in a fight and sentenced to 20 years in prison. He was released and granted amnesty in 2002. Under Iraqi law, he should now be free. But he was mysteriously re-arrested in 2004 on the old charges and remains incarcerated, ordered to serve out the rest of his sentence.

Capt. Carter, a 30-year-old military police soldier who is a lawyer in civilian life, could demand Mr. Abboud's release and the Iraqis would likely comply. But he doesn't. Instead he prods judges and prosecutors in this province an hour's drive from Baghdad to uphold Iraqi law and set Mr. Abboud free on their own.

"I have faith because of your work," Mr. Abboud told Capt. Carter in late May, when the temperature had risen above 100 degrees and the stench in the prison, crammed to four times its legal capacity, was almost unbearable. "My fate is in your hands."

Why a U.S. Army captain took on the case of a convicted murderer speaks volumes about how the American strategy has changed in Iraq in the past six months, as the U.S. tries to turn control back to the Iraqis. It also shows how painful and halting progress in Iraq can be.

Capt. Carter hopes to use the case to make a larger point: that the Iraqi judicial system, dominated by personal and sectarian grudges, needs to follow its own rules. "It appeared like the perfect test case, because it would show that the result should be dictated by Iraqi law and not by the whim of any individual," he says.

He became interested in the case this spring, when he and fellow officers saw rapidly deteriorating conditions at the jail in Baqubah, a city of about 300,000, about five miles from the spot where notorious terrorist Abu Musab al-Zarqawi was killed last

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week. The jail's population surged to 475 prisoners in March, up from 350 just two months earlier. The facility was so overcrowded that some prisoners had to lie on their sides at night to fit in the jail's four small cells.

Many prisoners were being held without any charges, say U.S. and Iraqi officials. Others said they had been beaten into confessing to crimes they didn't commit, and bore bruises and scars that seemed to lend credence to their stories, U.S. military officers say. Running the police department's counterterrorism unit was a colonel known to fellow officers as "Ali the Cable," for his history of beating confessions out of suspects with a cable.

Faced with such a problem a year ago, the Americans would have taken over the prison and run it for the Iraqis. Now, the push from the Pentagon is to reduce the U.S. presence in Iraq. "It is all about allowing Iraqi solutions to Iraqi problems that are solved with Iraqi resources," Gen. George Casey, the top military officer in Iraq, says he tells all incoming commanders. "We are here to help them win it; not win it for them. That is the flat-ass rule."

That guidance led Capt. Carter to Mr. Abboud.

Mr. Abboud was among those granted amnesty in 2002 when Saddam Hussein, just before the U.S. invasion, freed tens of thousands of prisoners in Iraq.

Following the fall of Mr. Hussein in 2003, the U.S. decided to honor the amnesty. The decision was made largely out of necessity: It would have been too hard to round up all the prisoners, and then figure out who had been imprisoned legitimately and who had been incarcerated for political reasons, say U.S. officials familiar with the decision. The Iraqi government has let the amnesty stand. So under Iraqi law, prisoners released in 2002 should be free today.

Capt. Carter figured that if he could persuade judges in Baqubah to follow their own rules and release a guilty man, maybe they would be more likely to respect the law in other cases, where the inmates appeared to be innocent. "If we can solve this case according to the law, we can solve all the cases in the jail," he says.

Capt. Carter came to Baqubah in November via an unusual route. After dropping out of high school in Santa Monica, Calif., he earned a graduation-equivalency degree and attended community college. He did well enough to get into the University of California, Los Angeles and, after graduating, became an Army officer.

He spent four years with the military police, leaving the Army to attend UCLA law school, where he graduated in 2004. Last fall, he was practicing at a big law firm in Los Angeles. During that time, he had an Internet blog and wrote occasional opinion pieces in U.S. magazines criticizing the U.S. decision not to follow the Geneva Conventions at its prison in Guantanamo Bay, Cuba.

By last year, the Army, desperately short of military police, was calling such officers back. Capt. Carter volunteered to return. He was assigned to a police transition team run by 38-year-old Lt. Col. William Benson.

Technically, the 70-soldier team wasn't supposed to have anything to do with the jail or court system. Its job was to build an Iraqi police force that could stand up to insurgents. The U.S. soldiers helped build a practice range for marksmanship, walked patrols with the Iraqis and taught them to fight as a team. The efforts paid off when insurgents launched a major attack on a police station in Baqubah in March. The Iraqi police, who had fled past assaults, stood and fought, this time driving off insurgents.

After seeing conditions in the jail, Col. Benson concluded that just training the police to fight wasn't enough. "We realized we had a big hole in our campaign strategy," he says. The jail, which has a capacity of about 150, housed about 475 inmates. Some had been held without charges for more than a year. "The perception among the public was that the only way to get out was to bribe someone," Col. Benson says.

Staff Sgt. Bradley Greer, a military-police soldier from Birmingham, Ala., began reading files of about 150 prisoners. "Most of the cases looked like total bull crap. There was no evidence, no information about the incident that led to their arrest. Nothing," he says. When he ventured into the prison, gaunt-looking inmates showed him scars they said came from beatings by the Iraqi Army. Many said they had no idea why they had been arrested. "It just chilled me to see them living like that," he says.

Sgt. Greer says he wanted to confront the chief judge in the province. "I wanted to go in and say, 'You need to let these guys go today!' " he recalls. "That never happened."

Capt. Carter and his boss, Col. Benson, opted for a less-direct approach. They decided to focus attention on all aspects of the legal process, from arrest through imprisonment, and pressure the Iraqis to fix problems on their own.

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Imbuing Baqubah's security forces with a respect for the rule of law, Col. Benson believed, would help stem sectarian violence in the city, which is 50% Shiite, 40% Sunni and 10% Kurd. As long as Sunnis believed the Shiite-dominated security forces could imprison them indefinitely, sectarian fighting would only grow worse. "We as Americans get tied around democracy, democracy, democracy. But the rule of law is really at the heart of stopping the violence here," Col. Benson says.

As a start, Col. Benson's team persuaded the chief judge in the province to teach basic law classes to the police so they would understand what kind of evidence they needed to get a conviction.

Capt. Carter and his Iraqi interpreter also began searching through case files. One of the first was Mr. Abboud's. The file consisted of dozens of handwritten pages bound with string.

Capt. Carter's interpreter, known as "Doc" for his doctorates in political science and law, studied the case. The 42-year-old interpreter, who spent 13 years as a defense attorney in Baqubah, tutored Capt. Carter in intricacies of Iraqi law and engaged him in philosophical debates on legal matters. He also liked to quote Robert Frost and play American country music on his lute. Because of the dangers interpreters face in Iraq, Capt. Carter asked that Doc not be named.

After he reviewed Mr. Abboud's case, Doc says he told Capt. Carter: "This man should be released."

Capt. Carter asked the warden if he could meet with Mr. Abboud. A few minutes later, a barrel-chested man with a black mustache that hangs over his lower lip was escorted into the room.

Mr. Abboud says he was arrested in 1998 after trying to intervene in a fight outside a fish shop he owned. Soon after he arrived, one man stabbed another. Though he says he didn't stab the man who died, he acknowledges participating in the fight. He was sentenced to 20 years in prison.

Freed in 2002, he enjoyed postamnesty freedom for about two years. Then, in June 2004, he was arrested again and thrown back in jail to finish the remaining 18 years of his sentence. He blames a "fat woman in the general prosecutor's office" for his incarceration. "She has a grudge against me because she is related to the man who was stabbed," he says.

Capt. Carter listened to Mr. Abboud's story. "The facts of his crime were almost immaterial," he says. "Under Iraqi law, he should have been released."

Capt. Carter began meeting with judges, prosecutors, detectives and prison officials to talk about problems in the judicial system. The jail's deputy warden, who was assassinated in April, told him shortly before his death that, by his estimate, only about 100 of the 475 inmates actually deserved to be there, Capt. Carter says.

Each time he met with Iraqi officials, he raised Mr. Abboud's case. In April, Capt. Carter told the chief judge in Baqubah about his suspicion that a woman in the general prosecutor's office was blocking Mr. Abboud's release.

The prosecutor's office is supposed to deliver case files to court once a week, so a judge can read them and certify prisoners for release. For some reason, Mr. Abboud's file was never in the stack that went to the judge. Capt. Carter told the judge that he believed the "fat woman" with the "grudge" was removing Mr. Abboud's file each week.

The chief judge promised to make sure Mr. Abboud's file would be in the stack that went for review the next week, according to Capt. Carter's notes from the meeting.

Finally, Mr. Abboud's case seemed unstuck; at least he was going to get a hearing. Capt. Carter and Col. Benson also noticed a broader impact of their inquiries: The provincial governor in April asked four council members to study problems in the prison and judicial system. The deputy governor began making trips to the jail to interview prisoners and suggested bringing in local reporters. "We need to bring media to the prison and document the conditions," Emad Jaleel Abdullah, the deputy governor, told Capt. Carter.

The Iraqis were starting to release inmates -- though not always the ones the Americans recommended. Initially, Capt. Carter and Col. Benson pressed the Iraqis on about 75 cases where there seemed to be a lack of evidence or no charges. Yet only three of those prisoners were released. Capt. Carter says at least one judge openly worried that some of the long-term prisoners on the Americans' list, embittered by incarceration, would be more likely to turn into insurgents if released.

By April 17, the prison population had fallen to about 372. While still far over capacity, the numbers were dropping. "All of our questions seemed like they were unstopping the system," Capt. Carter says.

In rare cases, U.S. advisers will still usurp Iraqi commanders' authority and demand a problem be fixed. In May, Capt. Carter was visiting the prison when he was told that the Iraqi police's counterterrorism unit had a day earlier picked up a man

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named Muslim, who claimed to have worked with U.S. forces. No one could say exactly why he was being held. The charges were "suspicious activity."

When Capt. Carter met Muslim, who is in his 20s, the man was trembling with anger and fear. He said Iraqi police had destroyed his home and beaten his pregnant wife so badly that she had a miscarriage. "I need to be released so that I can take my wife to the hospital," he pleaded. "They killed my baby and now my wife is in danger."

Capt. Carter recognized the man from the U.S. base. He sought out the Iraqi police colonel who heads the terrorism unit. "I know this detainee you have. He is a very brave man. We would like to see him released immediately as a favor to the coalition," Capt. Carter said.

The Iraqi colonel called a judge. They chatted and then he handed his cellphone to Doc, who knew the judge from his days as a defense attorney. A few minutes later, Muslim was released.

"Justice by cellphone," Capt. Carter joked.

By May 22, the jail population had dropped to 298, according to the daily tally in the warden's office. Capt. Carter continued to plug away at Mr. Abboud's case, making regular visits to the prison.

He noticed Mr. Abboud seemed to act almost as a member of the prison staff. The inmate often wore a sweatsuit instead of the orange jumpsuit most inmates were required to wear. When the warden had guests, Mr. Abboud was summoned to make tea. In May, the prison transferred 25 of its most violent convicts -- six of whom had been sentenced to death -- to a long-term detention facility in Baghdad. Mr. Abboud rounded up the inmates for the warden, calling their names in a guttural growl.

Sometimes Mr. Abboud would stop Capt. Carter to inquire about his case or chat about his wife and six children. The warden had taken such a shine to him that he had hired one of Mr. Abboud's sons as a prison guard.

"There is something moving and haunting about him," says Capt. Carter of the Iraqi inmate. "It sounds so unsophisticated, but he is kind of a spokesperson for redemption. He acknowledges his crime and has made a commitment to grow beyond it."

Late last month, Mr. Abboud got word that his file had finally made it out of the prosecutor's office to the judge who could approve his release. There was just one problem. All inmates must take a class on morality and religion before they can be released. Although Mr. Abboud took the class -- along with virtually every prisoner in the jail -- there was no record of it in his file. Capt. Carter arranged for the warden and other prison employees to sign a statement that Mr. Abboud had taken the class.

"He is your client," joked the warden. The warden was confident Mr. Abboud would soon be released. "I think by next week he will probably be free," he said on May 24.

For all of the grinding progress that Capt. Carter and Col. Benson have made in eight months in Iraq, there are stark reminders of how far they have to go. Some members of the Iraqi police still believe it is all right to abuse prisoners to secure a conviction. Last month, Col. Benson was discussing "Ali the Cable," the head of the police's counterterrorism unit, with another Iraqi police officer. "If the terrorists don't confess to their crimes, the judge will set them free. The only way to deal with these people is with the cable," said Col. Mustafa Mohammed Alwan, who heads the police department's rapid-reaction force, defending his Iraqi colleague.

"The way you are talking is Saddam's way," Col. Benson told his Iraqi counterpart.

The next day, Capt. Carter returned to the jail to take pictures of eight men who were detained by the Iraqi Army in October and accused of attacking a checkpoint. They included a school headmaster, a farmer, a construction worker, a high-school student, and a taxi driver. Each bore scars from where they said they had been whipped with a cable. Most had burn marks on their legs where they said an Iraqi Army major had placed electrodes and shocked them.

The youngest of the men said he was picked up on Oct. 3 and, after 12 hours of beatings, gave his torturers the names of the first seven people he could think of from his town, including his school headmaster. "He needs names so I gave him names," the teenager said.

The others were arrested on Oct. 4 between 3 a.m. and 4 a.m. The men, all Sunnis, said they were beaten, shocked and urinated on by the Iraqi Army major, who is a Shiite.

They told Capt. Carter they had been tortured for about a week at an Iraqi Army base. Then they were taken to a police station and beaten again until they agreed to sign confessions. They had been languishing in Iraqi prisons ever since, they said. Capt. Carter snapped pictures of their scars and praised them for coming forward before they were taken back to the jail.

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"When there is no rule of law, there is the rule of force. This is what we are trying to change," he said.

In the past two months, the U.S. has documented seven other cases in which Sunni detainees said they were tortured by the same Shiite Iraqi major and his troops. Alyssa Schwenk, an Army lawyer in the region, said the Americans are working with the Iraqi Army to investigate, but progress has been slow. "I am not sure what the outcome will be," she says. One concern is that the prisoners' complaints are now seven months old, making it harder to obtain evidence and track down witnesses.

By May 28, the prison was down to 281 detainees. Mr. Abboud's case, however, was still languishing in the court system. His file, with the letters certifying that he completed his religious classes, finally made it to the felony-court judge. But the judge declined, without explanation, to release him.

Capt. Carter promised Mr. Abboud he will keep pressing the case.

Oil, Politics And Bloodshed Corrupt An Iraqi City (NYT)

By Sabrina Tavernise And Qais Mizher

The New York Times, June 13, 2006

BASRA, Iraq — Politics, once seen as a solution to the problems of a society broken by years of brutal single-party rule, has paralyzed the heart of Iraq's south.

This once-quiet city of riverside promenades was among the most receptive to the American invasion. Now, three years later, it is being pulled apart by Shiite political parties that want to control the region and its biggest prize, oil. But in today's Iraq, politics and power flow from the guns of militias, and negotiating has been a bloody process.

"We're into political porridge, that's what's changed," said Brig. James Everard, commander of the British forces in Basra. "It's mafia-type politics down here."

Police reports from the past five months read like war chronicles: Eight oil company employees murdered. Twenty caches of Russian rockets discovered, including a pile in the back of an ambulance. A tank of stolen oil found in a fake mosque. Shootouts reported between a politician's militia and the police, and between police officers.

Now, after two years of relative calm, Basra has a soaring murder rate (the 85 killings in May were nearly triple the number in January), a tattered oil industry and a terrified population.

"I cannot talk with you," said Sajid Saad Hassan, a professor at Basra University's agriculture college. "I haven't joined a party and no militia is protecting me."

The story of Basra's descent traces the arc of the war itself. People here, mostly Shiites whom Saddam Hussein oppressed, embraced the invasion. But for the next three years, Baghdad put its resources into fighting insurgents in central and western Iraq, leaving the quiet Shiite south to find its own way.

But the rules have fallen away along with the end of Mr. Hussein's rule, leaving a broken landscape of empty state institutions.

"So much of the state melted after Saddam fell," an American official said. A primordial soup of political parties, their militias and tribes filled the void. They formed morals patrols at the university, commanded entire units of the flimsy police force, and moved into positions of power in the company that controls the vast oil-processing and transportation network.

Now, with provincial elections still many months away, a bloody power grab has ensued. It is a battle being waged from inside Basra's institutions and will be particularly difficult for the prime minister, Nuri Kamal al-Maliki, to stop. Indeed, three days after he vowed to crack down with an "iron fist" and imposed a state of emergency, a bomb killed 27 in a market here.

In the shadowy world of Shiite politics, the fight is over power. One party, Fadhila, is currently on top. Its members include the governor and the chairman of the Provincial Council. Fadhila has close ties to Moktada al-Sadr, the anti-American cleric whose grass-roots militia is among the most powerful here.

Aqeel Talib, a senior member of the party, argues that a disagreement over federalism is one of the issues dividing the parties. The party and its two main competitors — the Supreme Council of Islamic Revolution in Iraq and the Dawa Party — all had different visions for a southern Shiite region.

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In Fadhila's model, Basra Province, the only one it controls, would stand on its own. "We as Fadhila, we want to make our province our own region," Mr. Talib said. "We have two million people, an airport, a port and oil — everything we need to be a state."

Qadim al-Muqdadi, a professor in Baghdad University's media college, explained: "Each political party believes he is better than the other at running the country. They don't rely on the power of thought; they rely on the power of the gun and the tribe."

At the heart of much of the fighting is oil. The fields in this province are the richest in Iraq, and the crude oil they pump makes up all of Iraq's current exports, which in turn pay civil servants' salaries. Officials in Baghdad say the parties and their militias play a major role in rampant theft.

"If you don't understand what's happening there, follow the dollar sign," said Mowaffak al-Rubaie, the national security adviser. "There is a 6,000-barrel-per-day difference between the level of production for export and the level of actual export. It goes into the pockets of these warlords, militias, organized crime, political parties."

Fadhila, the dominant political party, controls the guard force that protects the vast network run by the state-owned Southern Oil Company.

Fadhila says it has helped keep the oil flowing in hard times; its political opponents argue that it is perfectly positioned to profit. A senior party official in Baghdad denies any profiteering.

The guards "have weapons," said Hassan al-Rashid, the former governor and an opponent of Fadhila, and "these weapons are not in honest hands."

Few in Basra would agree to speak openly about oil, and the industry has been impenetrable to Western officials in Basra, who said they could not even identify the major players.

"It's not just one party, so everyone keeps silent," said a provincial council member, who asked for anonymity out of concern for his safety. "If you tell about me, I tell about you."

Whatever the case, violence has spilled into the industry. From May 5 to May 9, two oil company officials and a harbor official were killed, according to the police reports. In early March a bomb exploded in the office of Aqil Abdel Samad, a senior oil company official, wounding him.

"The violence we're seeing on the street, it is a big turf war," said a Western official, who asked not to be identified because he was not authorized to speak with the media. Basra's police have been unable to separate the warring parties or stop graft because the force, stacked with men who are affiliated with the parties, is part of the problem.

The city's current chaos, in fact, can be traced in part to the formation of the new police force. British military officers acknowledge that the early background checks, which they oversaw, were poor to nonexistent, and the major political parties took the opportunity to pack their people onto the force. A weak-willed police chief allowed himself to be bullied into accepting party loyalists, the current chief said.

"The parties embarrassed him," said the chief, Maj. Gen. Hassan Swadi al-Saad. "Everyone came to him with names and he employed them."

One result is a force that has 37,000 members, 50 percent more than authorized, spread across the four provinces patrolled by the British in southeast Iraq, according to Col. Sundey Sunderland, who is in charge of logistics planning for the British military. (Also, the Facilities Protection Service, which guards schools, oil rigs and mosques and has been heavily infiltrated by militias, numbers 25,000.)

There have been skirmishes among corrupt police units, particularly those dealing with major crimes, internal affairs and criminal investigations.

Some of those forces captured and held two British officers last fall, and the British military has begun to purge them. "They were assassins going around killing people," said Laszlo Szomoru, a British senior police adviser in Basra.

The police reports are illustrative. On May 22, officers from the intelligence unit, one of the more heavily political divisions, raided a Southern Oil Company building, and on April 25, two guards from the oil protection force were charged with breaking into an auto store, killing a guard there, and stealing two cars.

The police have also apparently done nothing in the face of sectarian killings of Sunni Arabs, whose portion of the population has shrunk rapidly over the past year. Some Sunnis suspect the police of carrying out most of the killings.

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The parties' power inside the police complicates law enforcement for the British. In January, for example, they identified several men suspected of running death squads, siphoning oil and shooting at British soldiers. Soldiers arrested them, and for the next three months, the local government refused to speak to the British.

"You arrest someone, and the next day you're on the phone to the governor, to the chief of police," said Brigadier Everard. "We say, 'We know he's yours, but we did it for the following reason.' "

The province has also sunk into political paralysis as the governor, Muhammad al-Waeli, tried but failed to fire General Saad, the police chief. The provincial council has tried, also unsuccessfully, to remove Mr. Waeli, but has not been able to garner the two-thirds majority it needs. The only thing they could all agree on, it seemed, was to refuse all contact with the British.

Baghdad is also powerless to remove provincial officials, who are protected from the central government under Iraqi law.

Basra's troubles would be fewer were it not for the influence of neighboring countries, particularly Iran.

Although the British military is skeptical, General Saad says many of the parties derive their strength from Iran. The parties themselves accuse one another of being Iranian stooges.

"Every day I have reports of 190 pilgrims coming from Iran," he said. "Are they pilgrims or are they intelligence officers?"

Illegal crossings appear to be common. On Feb. 1, the Basra border police arrested 23 Iranians who said they were pilgrims crossing illegally at Chlat, according to a police report. Just five days later, they arrested a man whom they identified as Hadi Dalqi Bukhtyar, a colonel in the Iranian Revolutionary Guard Corps.

Weapons that have not been seen since the Iran-Iraq war in the 1980's abound, and local police officials say they believe many are coming from Iran. The police noted finds of 106 Russian-made Katyusha rockets and 35 antitank missiles, also Russian, over five months beginning in January.

"Most people here are asking themselves, is this Basra?" Professor Hassan said helplessly.

Hussein Defense Witnesses Admit Lying (LAT)

By Louise Roug

Los Angeles Times, June 13, 2006

BAGHDAD — The trial of Saddam Hussein reached a moment of high drama today when four defense witnesses recanted previous testimony, swearing in written statements that Hussein's lawyers had bribed them to lie in court.

The witnesses testified that Khalil Dulaymi, one of the lead defense attorneys, had paid hundreds of dollars and promised life-long salaries to the witnesses if they testified that several of executed prisoners, in fact, were alive and well.

During clandestine meetings in Syria, as well as Hussein's hometown of Tikrit, Dulaymi and others had conspired with the witnesses, telling them what to say in court, the witnesses now say. The new allegations against the defense team — and counter-allegations from the defense charging the court with intimidation and threats — were not the only surprises on today.

Appearing in court for the first time, an American attorney for the defense said the court was violating the rights of the defendants.

"As I'm sure any experienced judge will know, it is highly improper for anyone other than the defense lawyers to speak to the defense witnesses," said Curt Doebbler, responding to the new and explosive testimony by the defense witnesses. "We find it quite unfortunate that anybody is speaking with them, even if they are authorized by the court, when it is not in open court."

37 Taliban Militants Killed In Afghanistan (USAT)

USA Today, June 13, 2006

Afghan and U.S.-led coalition forces fought Taliban militants in three battles, killing 37 fighters, including a relative of Taliban leader Mullah Omar, an Afghan army general said Monday.

Omar's brother-in-law, Mullah Amanullah, was among 15 men killed in one of the battles in southern Afghanistan's Uruzgan province, army commander Gen. Rehmatullah Raufi said. Troops stormed the area late Sunday after a tip from tribesmen.

Coalition military spokesman Maj. Quentin Innis could not confirm if Amanullah had been killed.

Six suspected Taliban members were captured and several assault rifles and rocket launchers seized in the village, Raufi said. No Afghan or coalition troops were hurt. In a second raid early Monday, Afghan and coalition troops killed 12 suspected Taliban in southern Kandahar province's Saidan village, Raufi said.

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Ten Taliban militants were killed in neighboring Helmand province in a battle involving British and Afghan forces, Raufi said.

Iranian police officers with batons and shields beat women's rights demonstrators in a downtown Tehran square. The protest by about 200 women was organized by a previously unknown group calling itself the Labor and Communist Party. An invitation delivered to the Associated Press demanded equal rights for women and the nullification of a law allowing Iranian men to have four wives.

“We are women, we are human, but we don't have any rights!” the women chanted.

About 100 police officers, including female officers, attacked the demonstrators and dispersed them about an hour after the protest began.

Cuba has cut electricity to the U.S. diplomatic mission in Havana, a U.S. official said.

“This is the same type of harassment that the Cuban people have had to live with on a daily basis,” State Department spokesman Sean McCormack told reporters.

Mission spokesman Drew Blakeney said the power was cut June 5 to the United States Interests Section in Havana. Requests to the Cuban government to restore power have gone unanswered, he said. The mission is running on generator power.

The mission complained that the cutoff was bullying but vowed to continue business as usual.

Inside The Afghan Drug Trade (CSM)

By Scott Baldauf

Christian Science Monitor, June 13, 2006

The Afghan police chief doesn't realize his voice is being taped. So pardon him if he brags about his life as a drug trafficker.

In a friendly conversation recorded in his home last summer, he tells of his quarrels with another drug-dealing police commander in the country's northern Takhar Province; about driving through a rival's police checkpoint with 500 kilos of heroin in his car; and his adventures in rescuing three heroin-smuggling friends from the clutches of Tajik policemen. It's just another part of the job, he says.

"If my adventure were filmed, it would be a very exciting movie," chuckles the commander, referred to hereafter as "Ahmed Noor." On the tape, he laughs. "The UN should give me an award."

But on one point the former mujahideen commander is certain: "Even if all the world were to come to Afghanistan, they will not be able to stop smuggling."

In relative terms, Mr. Noor is a small player in an illegal business that generates $2.7 billion a year, more than half the value of the country's legal economy. Afghan officials and foreign diplomats increasingly call this central Asian country a "narco-state," as top officials find it more profitable to flout laws than enforce them.

Very few major Afghan officials have been removed for involvement in drug trafficking, in part because of the lack of evidence, and in part because the country has only recently created special tribunals to handle major drug cases.

For this reason, the Monitor launched its own investigation in a province known for trafficking, to see how prevalent the drug trade is among police chiefs and what evidence could be found. Sending an investigative unit with a hidden minidisk recorder to the northern province of Takhar - where Afghanistan's medium and low-grade heroin is trafficked into Tajikistan, and on toward Europe - the Monitor recorded four police commanders.

All of the names in this story have been changed. The Monitor deemed it too dangerous for our investigators to confront each of these commanders with the taped evidence, and too unfair to their reputations to release their names without giving them a chance to defend themselves. But the statements in these tapes - gathered by investigators who have excellent reputations collecting testimony for the Afghan Independent Human Rights Commission, among others - provide a rare inside view of how drug corruption has trickled down to the front lines in the country's faltering war on drugs. Commander Dost

"Commander Dost" is commander of a border police unit that patrols a large swath of the border with Tajikistan. In his taped conversation, Dost reveals how widespread the drug trade has become, as police commanders compete with each other to dominate the drug trade in Takhar Province.

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"For one year I did the smuggling," he says, on the lawn of his home. "It was not hidden from anybody. It was obvious to everybody. I put my RPG (rocket-propelled grenade launcher) on my shoulder.... I became a dangerous smuggler."

But increasingly, Dost finds himself being run out of the drug business by a group of more powerful police commanders. These commanders have been shutting out all other competitors in the drug trafficking business, says Commander Dost.

A few years back, one of these commanders sent eight men to ambush Commander Dost. "Fortunately I had 25 of my [tribesmen] with me," says Dost. "I used the RPG and fired at the enemy in front of us, and behind us. Finally I made about $70,000 for myself from the drug money."

But at one point, he was captured with $370,000 worth of heroin, and had to sell everything he had - including his Swiss Rado watches and most of his heavy weapons - in order to pay back the owners of that drug. In another instance, Dost was captured by his chief competitor, another police commander.

The commander "caught me once with 56 kg of drugs. He asked me, 'Will you do it again?' and I told him that I would never do that again. Right after I promised him that I would not do that again, I came home and took another 100 kilos of drug and put it in my Russian jeep and took it to sell."

"These persecutors do it themselves, like 300 kilos to 400 kilos each time," Dost complains. These days, "all the smuggling is now in the hands" of these commanders, "and no one can do anything without [their] permission. Except me. When I do it, I tell my boys, 'Anybody who wants to stop you, you should kill them.' " Commander Nasir

"Commander Nasir" is the police commander of a border district in Takhar Province. Like Commander Dost, Nasir is a relatively small player in the drug trade, but he gives an inside picture of how some of the bigger police commanders - both in Afghanistan and in neighboring Tajikistan - punish drug-trafficking competitors to burnish their law-enforcement credentials, or take bribes from those willing to pay for favorable treatment.

"One day I counted how much I had given" a top police commander, says Nasir, who was a longtime commander during the Russian war, fighting alongside Northern Alliance commander Ahmed Shah Masood. From drug sales and fees, "it was $680,000, just in cash." Nasir pauses. "$680,000! A lot of money, isn't it? But believe me, he [the commander] never had any intention to do anything good for me in return, ever."

Nasir says all the big smuggling these days is being conducted by relatives of this top commander, some of whom are police commanders in Takhar. One relative "takes $50 per kilo to carry it from this side to that side of the border near Tajikistan. And if he catches somebody else smuggling, he takes $5,000 to $10,000 each time."

Nasir says he has stopped taking drugs across the border himself, because he is too well known, but he continues to send his men to do the job instead. Instead of paying his men immediately after a successful mission, now he pays them a week later, so that competing police commanders don't discover his smuggling until it's over.

"When I was a big smuggler, I had relations with the Tajik officers on the other side of the border. But my competitor has relations with the Russian KGB," he says. "[His] people have damaged my business a lot. Once I lost $500,000 of heroin, another time $600,000, another time $700,000, another time $900,000, another time $1.1 million because of [his] people." Nasir laughs. "My opponents have knocked out my 32 teeth."

But as bad as things are with the powerful commander - and after an assassination attempt by the top commander against Nasir, relations are pretty bad - Nasir says he wants to be practical and keep the peace, for now.

"I have a lot of proof and evidence against [the commander]," he says, "but I want to keep my relations good with him." Ahmed Noor

"Ahmed Noor" is the police commander of a market town along the Afghan-Tajik border in Takhar Province. In the tape, Mr. Noor admits that he's involved in drug trafficking, and gives an up-to-date breakdown of how much profit corrupt police officials make per kilo in the drug trade. But Noor notes with chagrin that other, more powerful commanders are making much more money than he is.

Mentioning one police commander by name, Noor says, "[He] is not happy with $20,000 a night from drug money," he says. "He charged $40 per kilo to transport it to the other side of the border. [He] himself is at home, resting and watching movies, and he plays cards with friends."

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This commander moves more than 600 kilos every night, and at $40 a kilo, that's a hefty profit, Noor says. "Believe me, I know he did this six times a week."

But while big players like this commander are able to move large quantities of heroin through Takhar Province, and even through Noor's own district, Noor says that this powerful commander won't share this business with other commanders.

Once, Noor says, this commander warned Noor to stop trafficking in drugs. Noor refused. So the commander started setting up checkpoints to try to catch Noor in the act of smuggling. At one such checkpoint, Noor was driving the car himself, and rather than stop at the checkpoint, he floored the accelerator and attempted to run over an armed soldier blocking the road.

"I had 500 kilos of drugs with me, and I was not going to give up that easily," he says. "So I drove fast to run over the soldier. The soldier runs away and shoots in the air. After I unloaded the car at the border, I came back to the commander of the checkpoint, and asked him why his soldier wanted to stop me. [The checkpoint commander] told me it was the order of [the top commander]. So I warned [the checkpoint commander] and told him that the drug money goes to [the commander's] pocket, but why he is stopping other people's cars. I told him, 'the next time you try to stop me, I will shoot your head to pieces with bullets.' "

Noor admits that the drug business is getting more difficult, and his business partners are becoming less trustworthy. "One day, I took 60 kilos of drugs to the other side of the border to Dushanbe, but the Tajik smuggler took it and did not pay me," he says. "No one can do anything to Tajik smugglers on their soil."

Noor blames the incident on his own sense of trust. "I believed one of my Afghan friends, who told me that this Tajik guy pays better than the others. I believed him." Commander Bilal

"Commander Bilal" is a senior administrator in the provincial Takhar police force, and a former police commander of a border district along the Tajik border. In his tape, Bilal complains that police discipline is breaking down, and the trafficking has become so fractured that even low-level cops are starting to skim profits. More important, he reveals that drug corruption has infiltrated deep within the Ministry of Interior, the chief law- enforcement organization, as top officials take bribes to appoint corrupt drug dealers into top police positions.

On paper, Bilal is one of the most powerful police commanders in his province, with many district commanders under him. But in reality, with district commanders deeply involved in the drug trade, few of the police officials in Takhar pay attention to him. Things were better, Bilal says, when he was a district police commander.

But even then, it wasn't so good. As a trafficking point, his border town was highly overrated.

"What have they seen [about that town]?" he asks. "There is only one bridge, and anyone you send - even your brother - will not bring any smuggler to you. If some one is caught there and brought to me, I will get $10,000 from him [in bribes]. But that poor soldier standing there will accept $200 from the smuggler [to let him pass through] instead of bringing him to me. I can't stand there myself on the bridge, because it is shameful."

In any case, Bilal says his relations with the drug smugglers was never very warm. "I don't know why, but the smugglers did not trust us," says Bilal.

He thinks for a moment, and then continues. One of his colleagues in the police department in the border town, "was playing games with the smugglers. [This commander] is the kind of person who cut a deal with smugglers, takes money from them, and further on up the road, stops and seizes their drugs, too. That was the reason the smugglers did not trust us. "

Bilal says almost all the police commanders in Takhar have paid officials at the Ministry of Interior to get their jobs, and nowadays, commanders have to pay increasing amounts just to keep their jobs.

"Every three months the commanders are pushed a little bit or they are told that they may be replaced. Then everybody rushes toward the ministry with $10,000."

But Bilal says he likes his job. It's not the responsibilities that he likes the most, though. It's the access to the drug trade. "It is a good position," he says. "I pay $1,000 and get $20,000 in profit."

"It has some advantages," he says. At the Ministry of Interior, little effort - or ability - to end a corrosive trade

Top Afghan officials privately admit that perhaps 80 percent of the personnel at the Ministry of Interior, Afghanistan's chief law-enforcement agency - from local police chiefs up to the top bureaucrats - may be benefiting from the drug trade. At a press conference announcing his resignation last fall, Interior Minister Ali Jalali said that the ministry had a list of 100 top officials who

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were being watched for evidence of drug trafficking. The result is a government that is either incapable or unwilling to prevent a trade that is rapidly undermining the country's rule of law and the Afghan people's faith in their leadership.

"The wrong elements can be a sapling in our society, and if we act now, we can remove it with less damage," says Habibullah Qaderi, Afghan minister for counternarcotics, a government agency that is separate from the Ministry of Interior. "But if it becomes a tree, there will be more destruction when you remove it."

Already the corrupt sapling is becoming a tree, Mr. Qaderi says, adding that Afghanistan cannot afford to wait for the proof of guilt. "If we had removed these people one by one, the country would have been much much better." The Afghan people need to trust that their government is working in the national interest. "People have to be close with their government. The day there is a distance, that becomes very dangerous."

A note on how we reported this story

The Monitor used a reporting device in this story that it normally avoids: The key interviews, all taped, were with sources who did not realize they were speaking to the press. This presents a risk to fairness and privacy, in that the interviewees might speak more casually and loosely than they would if they knew they were speaking to a reporter. We decided to go forward for several reasons. The subjects in these interviews are all public officials, not private citizens, discussing what should be public business. The issue of drug trafficking, illegal in Afghanistan as nearly everywhere else, is critically important to the future of that country and others. We could find no other safe way to collect direct evidence of this official corruption. But because we could not directly confront these police chiefs without endangering the lives of reporters or interpreters, we decided to withhold their names.

- The editors

NATO Goes Global (WSJ)

By Melanie Kirkpatrick

The Wall Street Journal, June 13, 2006

BRUSSELS -- The World Cup has opened in Germany, and NATO is there, out in force. No, war hasn't broken out between soccer rivals France and Germany. The trans-Atlantic defense alliance is present at the invitation of Germany, which is worried about the threat of a terrorist attack. NATO planes are patrolling the skies during the monthlong tournament, just as they did during the pope's visit to Poland last month and at the Olympics in Italy in February. Post-9/11 such deployments -- more than 30 to date -- are part of the alliance's contribution to the defense against global terrorism.

NATO's mission in the age of terror was the subject of a chat last week with Secretary-General Jaap de Hoop Scheffer at NATO's rambling headquarters here. The lanky Dutchman sprawled on a sofa in his office for an interview with Matthew Kaminski, editor of the Journal Europe's editorial page, and me. If there's a word that can sum up our conversation, it's "global." Mr. Scheffer, who has led NATO for two years, is thinking far beyond the borders of the alliance's 26 member countries.

"If you look at the threats and challenges coming to NATO," he says, "these are of a global nature. Terrorism is of a global nature. Weapons of mass destruction proliferation is a global threat. Failed and failing states are happening on a global scale. . . . NATO needs global partners to face those challenges." As if to prove his point, on an easel in a corner of his office a large map of Afghanistan nearly obscures the map of Europe behind it.

Afghanistan is NATO's first mission outside Europe and a crucial test of the alliance's relevance in a post-Cold War world. Defense ministers meeting in Brussels voted Thursday to proceed with a plan to increase alliance forces in Afghanistan to 17,000 from 9,000 and to expand into the violence-plagued south. "We are going into complicated territory in the south," Mr. Scheffer says. "Taliban heartland. The Taliban is testing us -- playing on public opinion in the nations committing forces." He doesn't demur when I mention that a retired U.S. general told me he believes insurgents had deliberately targeted the four Canadians who were killed in April with the aim of getting Ottawa to withdraw its troops.

Do the allies have the stomach for a fight? "I'm convinced there is the resolve," he says. Consider what would happen "if we were to lose Afghanistan again to the Taliban. . . . That country would be the net exporter of terrorism to the world once again. Where would the consequences of that terrorism land? On U.S. doorsteps and on European doorsteps."

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At the same time, Mr. Scheffer is quick to concede that he's had little success in persuading member nations to spend more on defense. Only seven countries meet NATO's informal requirement that member states spend at least 2% of GDP on defense -- and two of those, Turkey and Greece, target much of their spending for a possible conflict with each other. "The situation is bad," Mr. Scheffer says. "I have no other word for it."

In an age of far-flung deployments, airlift -- NATO has next to none -- is a particularly tough problem. "We need to be able to get [NATO] forces where we need them. That means we need strategic lift, heavy transport aircraft. Those are in short supply." NATO has plenty of helicopters, but no easy way to transport them to Afghanistan.

NATO currently depends on the Yanks and the Brits to take its troops and equipment where they need to be, or it leases planes from the Ukrainians or the Russians. Mr. Scheffer supports a U.S. proposal to encourage some NATO allies to form a consortium to purchase eight C-17s at $225 million apiece. He displays a model of a C-17 in his office, and -- like the professional diplomat he is -- he also displays an A400-M, an Airbus plane that won't come on the market until 2012. "In my ideal world," he says, NATO would buy a combination of the American and European planes. Translation: Let's spread the arms money around.

Mr. Scheffer stresses the need to work more closely with non-NATO countries. In Afghanistan, NATO leads a coalition of 37 nations, including Australia and New Zealand, whose defense ministers attended last week's ministerial meeting for the first time (as did the Afghan defense minister). In the Mediterranean, two Russian warships are joining NATO in a maritime counterterrorism operation; other partners include Tunisia, Algeria, Morocco and Israel. The sec-gen speaks enthusiastically about the officer training academy NATO wants to open in the Middle East. It already trains soldiers in Iraq, a mission Mr. Scheffer hopes to expand.

NATO is even tackling the touchy issue of missile defense. It just completed a 10,000-page initial study concluding that a missile defense is both necessary and viable. "Where that might lead to is of course another matter," he says. "But [NATO] should not shy from debate."

All these subjects are on the agenda for the NATO heads of state meeting in Riga, Latvia, in November. The last meeting -- Prague in 2002 -- was the "transformation" summit, when NATO signed on to the proposition that it needed an expeditionary force capable of responding quickly in the world's hotspots. That 25,000-soldier rapid response force should be up and running by Riga. The Afghanistan mission and the potential acquisition of airlift are also signs of progress. NATO isn't fully "transformed" yet, but it's getting there. Under Mr. Scheffer's leadership, Riga may become known as the "global" summit.

Ms. Kirkpatrick is a deputy editor of The Wall Street Journal's editorial page.

Congress Yields To Pentagon On Army Pay Crunch (WSJ)

By David Rogers

The Wall Street Journal, June 13, 2006

WASHINGTON -- Congress is giving the Pentagon unusual authority to shift money in its budget to cope with an anticipated multibillion-dollar payroll shortfall that could have an impact on ground troops in Iraq.

The Army estimates its year-end shortfall could be as large as $1.4 billion for active personnel, and $1.9 billion when counting the National Guard and reserves. The Marines face less of a shortfall, about $116.5 million, but are a far smaller force and more vulnerable to disruptions to personnel accounts.

The Army's situation is serious enough that lawmakers agreed last week to approve expanded transfer authority of as much as $5 billion for the Defense Department as part of a $92.2 billion wartime spending bill, expected to clear Congress as early as today. The increase represents a one-third rise in the Pentagon's existing authority, and is designed to avoid any pay disruption before the end of this fiscal year on Sept. 30.

The persistent scramble for funds reflects the immense cost pressures of financing a prolonged overseas deployment of the all-volunteer professional military in Iraq, especially when compared with the draftees who provided so much manpower in Vietnam.

Significant bonuses are being paid to retain personnel and recruit new soldiers, adding hundreds of millions of dollars to annual costs. As the mix of personnel has become more tilted toward more senior soldiers, the Pentagon must pay even more.

All the services were affected in the winter when Congress and the White House agreed to a 1% across-the-board cut from fiscal 2006 appropriations without exempting military personnel accounts. In the Army's case, it began about $860 million in the hole, and had never budgeted for some of the recruitment incentives its top command actively promoted.

The added payments, some of which were authorized as late as December, are projected to add about $560 million, officials said. An additional $224 million stems from higher-than-anticipated housing allowances and the cost of paying increasingly senior soldiers. The frequency -- and cost -- of moving soldiers and their families to new stations in anticipation of deployment overseas has increased, adding as much as $100 million to personnel expenditures.

For the Army and the Marines, the situation is complicated by the fact that the two services not only have borne the brunt of the fighting in Iraq but also must lobby Congress for extra money to replace worn equipment.

This has created an implicit competition between personnel and procurement needs. Thus, the Navy had its personnel request increased by $558 million when the emergency supplemental spending bill was negotiated last week. By comparison, the Army and Marine requests were increased modestly, while lawmakers put aside more money for them to buy extra planes and armor.

With less than four months remaining in the current fiscal year, the additional transfer authority is hugely important, and Deputy Defense Secretary Gordon England himself intervened with the House Appropriations Committee leadership to help secure the flexibility.

The administration, which has been permitted to transfer as much as $3.75 billion for this fiscal year, proposed in the winter to raise the cap by $1.25 billion to $5 billion -- a 33% increase, The appropriations committees typically are reluctant to give this much power to the executive branch, and the House denied the request in March. The Senate later allowed a $600 million increase in May, but as the personnel-funding crisis became more evident, both houses agreed to go beyond their initial bills.

For the Army, this last portion of the fiscal year is especially important in terms of recruitment. Running low on personnel funds at this juncture would mean trouble, as officials say the service typically signs up about half of its total in the last four months of the fiscal year, after recruits have come out of school.

The House, which took up the funding bill yesterday evening, is expected to complete passage today, and the Senate anticipates sending it on to President Bush soon after. About $65.8 billion would go the Pentagon to replenish accounts strained by the cost of military operations in Iraq and Afghanistan and an additional $19.8 billion is provided for hurricane recovery efforts on the Gulf Coast.

Also included, but not reflected in the $92.2 billion total, is an additional $2.3 billion to help prepare the nation for the threat of avian flu.

Pain Pump Tested In Battle (WSJ)

By Robert McGough

The Wall Street Journal, June 13, 2006

When Lt. Col. Chester "Trip" Buckenmaier III was deployed to Iraq three years ago, he was allowed to carry only two bags. His first contained personal effects; what he packed in his second would begin to change the way the Army treats pain.

Lt. Col. Buckenmaier, an Army anesthesiologist, filled one of his two allotted bags with portable infusion pumps made by Sorenson Medical Inc. The pumps, which are about the size of a large tube of toothpaste, deliver a constant infusion of local anesthetic that blocks the pain experienced by soldiers with grievous wounds to their arms and legs. The Sorenson "ambIT" pumps have computer chips that regulate the delivery of anesthetic. The pumps hadn't yet been approved for use by the military, but the Army Surgeon General said if Lt. Col. Buckenmaier wanted to employ them, he could bring them into the field himself.

War has always been a crucible for medical technology. For Sorenson Medical, a small, closely held company outside Salt Lake City, the battlefield has been a proving ground for its infusion pump. Lt. Col. Buckenmaier's bag of pumps has helped transform how the Army treats and transports wounded soldiers.

Sorenson is one of the smaller companies offering post-operative pain-control pumps. Lazard Capital Markets estimates the market for such devices, including those for nerve blocks and wound infusion, is about $115 million a year. So far, Sorenson

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has been able to parlay the use of its pumps by Lt. Col. Buckenmaier into a two-year contract to be one of two suppliers of such pumps to the military, and into a higher profile in the civilian market than it would otherwise have achieved. In civilian medical care, pain pumps are still just gaining physician acceptance and frequently face hurdles in terms of reimbursement.

Physicians specializing in regional anesthesia have known for years how to inject local anesthetics near networks of nerves in order to block pain from an arm, leg or joint. The problem, says Kevin Sanborn, an anesthesiologist and nerve-block advocate at St. Luke's-Roosevelt Hospital Center in New York, is that injected anesthetics are eliminated quickly from the body, so they deaden nerves for only a few hours. Pumps that infuse anesthetics, performing what are known as "continuous peripheral nerve blocks," can hold off pain for days at a time, helping outpatients in particular. That allows patients to cut back on or eliminate opioid pain medicines like Vicodin, which affect the entire body, and can cause nausea, vomiting and intestinal blockage.

Sorenson's aim was to create a pump that costs less than institutional models used for hospital inpatients, but retain much of their flexibility in dosing. Mr. Sorenson says it has taken about $20 million to get its current pumps designed and on the market. Sorenson's ambIT pump sells for about $300.

James Lee Sorenson, 55 years old, founded Sorenson Medical in 1999. His father is a serial entrepreneur who is also known for starting the Sorenson Molecular Genealogy Foundation, which can provide genealogical information based on a DNA sample. The younger Mr. Sorenson was interested in medicine-infusion technology, and bought a company that made an infusion device. Problems with cost and patents on the device led Sorenson to develop on its own a portable infusion pump that could, among other things, be used to treat pain by infusing anesthetic to block nerve pathways.

The company has benefited from its connection to the Sorenson family, which was willing to invest money and wait awhile before it began to earn any return. The company just recently turned profitable, Mr. Sorenson says. The company's sales are running at an annual rate of about $10 million, but are more than doubling each quarter, he says, with orders from the military accounting for about 30% of sales.

Although the continuous nerve blocks were developed in the civilian world and their use is growing there, the technology faces hurdles on the home front. Medicare, the government insurance program for the elderly, doesn't reimburse either the extra time physicians require to treat patients with the devices, or the cost of the devices themselves. Many insurers won't reimburse for the use of pumps to infuse anesthetic directly into wounds; more will pay for their use as continuous nerve blocks, but there, too, reimbursement is at times spotty.

Moreover, anesthesiologists require special training to perform continuous nerve blocks. Often the nerves are dangerously close to blood vessels, and care must be taken not to damage the nerves themselves. Surgeons often are reluctant to introduce a new procedure, with the attendant risks and time demands, into operations they perform.

Sorenson is just one of several companies that have developed a range of portable pain pumps, and it faces several larger competitors in a challenging market. The largest player is I-Flow Corp., a Lake Forest, Calif. public company that makes a disposable pump costing less than $200. Like Sorenson, the large orthopedic-device maker Stryker Corp. is making pumps that use computer chips to regulate dosing. Both companies dwarf Sorenson in the sales forces and other resources they can put behind their devices.

So getting noticed and used by the military was an important plus for Sorenson, even though it is a much smaller market. Continuous peripheral nerve blocks are rapidly being adopted by the military because they are so well suited to treating the severe pain caused by wounded arms and legs. When used in operations, the blocks don't require as much medical infrastructure as general anesthesia -- a big advantage in spartan battlefield hospitals. Their use is growing as the military keeps training anesthesiologists in the technique.

Lt. Col. Buckenmaier deployed to Iraq in 2003. He had studied continuous peripheral nerve blocks at Duke University. Lt. Col. Buckenmaier, a physician at Walter Reed Army Medical Center, comes from a long line of soldiers -- he was named after one of Teddy Roosevelt's Rough Riders. He first came across a Sorenson pump at a company display at a medical professional meeting. It wasn't the current pump, but a predecessor version. He favored pumps with computer chips because he valued their flexible dosing, and felt they would deliver a consistent volume of anesthetic even on aircraft, with their attendant changes in air pressure and temperature.

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Lt. Col. Buckenmaier's first patient was Spc. Brian Wilhelm, a 21-year-old soldier who had a large portion of his left calf blown off by shrapnel from a rocket-propelled grenade. In a case report published in "Regional Anesthesia and Pain Medicine," Lt. Col. Buckenmaier described how administering two nerve blocks on major nerves running into the leg changed the soldier's evaluation of his pain from 10 on a 10-point scale -- "the worst pain imaginable" -- to zero. The nerve blocks remained in place for 15 days, and the soldier remained largely pain-free, while he was flown to Germany and then to Walter Reed in Washington for medical care. The pump described in the article was the Sorenson ambIT.

Based on the ambIT pump's use in Iraq, the military contacted Sorenson and sought a contract to supply pumps for two years. Sorenson sent its top engineer to work with military testers who wanted to make sure it would function in vibrating helicopters, and in evacuation planes at altitude (one test: explosive decompression). Sorenson produces pumps for the military with special coloring, and with key military uses easily programmed by pushing buttons on the device. Sorenson's current contract is temporary and the company is in negotiations for another, longer-term pact. Currently, the military uses Sorenson pumps as nerve blocks at Walter Reed and for general pain control on evacuation flights; Stryker pumps are also widely used in Iraq as nerve blocks.

Sorenson Medical must tread carefully in parlaying its military business into sales back home. To avoid tripping over Pentagon rules, it can't say the military endorses its product, only that Sorenson supplies infusion pumps to the military. But mentions of the company's ambIT pump, in the medical-journal article and in broader press articles, can be handed out by the sales force and provided at trade shows. The company can say its pump passed airworthiness trials for the military, suggesting its robustness for use outside the hospital. A nurse and nurse practitioner working for the company sometimes make general presentations about pain management during hospital "grand rounds," and they work in a reference to the company's pumps and their use by the military.

Race Is On For Next Generation Of Nuclear Weapons (LAT)

By Ralph Vartabedian

Los Angeles Times, June 13, 2006

In the Cold War arms race, scientists rushed to build thousands of warheads to counter the Soviet Union. Today, those scientists are racing once again, but this time to rebuild an aging nuclear stockpile.

Scientists at Los Alamos National Laboratory in New Mexico are locked in an intense competition with rivals at Lawrence Livermore National Laboratory in the San Francisco Bay Area to design the nation's first new nuclear bomb in two decades.

Since the 1950s, the two labs have fiercely competed in the bomb trade with technologies as different as Microsoft and Apple.

The new weapon, under development for about a year, is intended to ensure the long-term reliability of the nation's inventory of bombs. Program backers say that with greater confidence in the quality of its weapons the nation could draw down its stockpile, estimated at about 6,000 warheads.

Scientists also intend for the new weapons to be less vulnerable to accidental detonation and to be so secure that any stolen or lost weapon would be unusable.

By law, the new weapons would pack the same explosive power as existing warheads and be suitable only for the same kinds of military targets as the weapons they replace. As a result, unlike past proposals for new atomic weapons, the current project has captured bipartisan support in Congress.

But some veterans of nuclear arms development are strongly opposed, arguing that building new weapons could trigger another arms race with Russia and China, as well as undermine arguments to stop nuclear developments in Iran, North Korea and elsewhere. And, the critics say, it would eventually increase pressure to resume underground nuclear testing, which the U.S. halted 15 years ago.

Inside the labs, however, emotions and enthusiasm for the new designs are running high.

"I have had people working nights and weekends," said Joseph Martz, the head of the Los Alamos design team. "I have to tell them to go home. I can't keep them out of the office. This is a chance to exercise skills that we have not had a chance to use for 20 years."

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A thousand miles away at Livermore, Bruce Goodwin, associate director for nuclear weapons, describes a similar picture: The lab is running supercomputer simulations around the clock and teams of scientific experts working on all phases of the project "are extremely excited."

Building the new bomb, known as the reliable replacement warhead, or RRW, was approved by Congress in 2005 as part of a defense spending bill. The design work is being supervised by the National Nuclear Security Administration, which is part of the Energy Department.

The laboratories submitted detailed design proposals at the end of March that run more than a thousand pages each to the Nuclear Weapons Council, the secretive federal panel that oversees the nation's nuclear weapons. A winner will be declared later this year.

If the program is implemented, it would require an expensive remobilization of the nation's nuclear weapons complex, creating a capacity to turn out bombs at the rate of three or more a week.

Proponents of the project foresee a time when nuclear deterrence will increasingly rest on the capacity of the U.S. to build new bombs, rather than on maintaining a massive stockpile.

The proposal comes as Russia and the United States have agreed to further reduce nuclear stockpiles. The Moscow Treaty signed in 2002 by President Bush and Russian President Vladimir Putin calls for the two countries to each cut inventories to between 1,700 to 2,200 warheads by 2012.

Without the reliable replacement warhead, U.S. scientists say the nation will end up with old and potentially unreliable bombs within the next 15 years, allowing future adversaries to challenge U.S. supremacy and erode the nation's so called "strategic deterrent."

The new bomb "is one way of ensuring that our capability is second to none," said Paul Hommert, a physicist who heads X Division, the Los Alamos unit that built the first atomic bomb during World War II. "Not only today, but in 2025."

But critics say the program could plant the seeds of a new arms race.

The existing stockpile will be safe and reliable for decades to come, according to defense experts and nuclear scientists who have long supported strategic weapons. Rather than making the nation safer, the program will squander resources, broadcast the message that arms control is dead and even undermine the reliability of U.S. weapons, they say.

The new bomb would have to be built and deployed without testing. The U.S. last conducted an underground test in Nevada in 1991 and has since imposed a moratorium on new testing.

But without a single test, doubts about the new bomb's reliability will eventually grow, said Sydney Drell, former director of the Stanford Linear Accelerator and a longtime advisor to the Energy Department.

"If anybody thinks we are going to be designing new warheads and not doing testing, I don't know what they are smoking," Drell said. "I don't know of a general, an admiral, a president or anybody in responsibility who would take an untested new weapon that is different from the ones in our stockpile and rely on it without resuming testing."

If the U.S. breaks the international moratorium on testing, then Russia, China, India and Pakistan, if not Great Britain and France, would also conduct tests, said Phillip Coyle, former assistant secretary of defense and former deputy director of Livermore. All of those countries would gain more information from testing than would the U.S., which has invested heavily in scientific research as a surrogate to testing.

Richard Garwin, the physicist who helped design the first H-bomb in 1952 and remains a leading authority on nuclear weapons, opposes the new bomb and is worried it will lead to new testing. "We don't need it," he said. "No science will be able to keep these political doubts away."

Linton Brooks, chief of the National Nuclear Security Administration, disagrees, saying warheads based on modern technology and advanced electronics will be clearly more reliable.

"We are more likely to face a problem if we stick with the existing stockpile," Brooks said. "It is easy to overstate the degree to which the current stockpile (has been) tested," he adds.

The stockpile includes thousands of weapons held in reserve as a hedge in case a defect is discovered. Each year, some of those weapons are disassembled and cut apart for inspection. The U.S. could significantly reduce the reserve if it had greater confidence in the reliability of its warheads, Brooks said.

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The driving force for developing the new weapon has come from the scientific community and members of Congress. Although the Defense Department did not initiate the program, it has won wide support within the military as well as the Bush administration.

Democrats who are closely involved in nuclear weapons issues, including Rep. Ellen O. Tauscher, D-Calif., Rep. John M. Spratt, D-S.C., and Rep. Ike Skelton, D-Mo., have also given the program support, according to their spokesmen.

Tauscher and the other lawmakers say they support the effort if it is accompanied by a reduction in the total number of U.S. nuclear weapons and if no testing is involved -- precisely the policy set up by Rep. Dave Hobson, R-Ohio, who has been a primary proponent of the program in Congress.

In the past, a wide range of proposals for new bombs fizzled politically, including the neutron bomb, the bunker-busting "mini-nuke" and the "Robust Nuclear Earth Penetrator." Each represented weapons envisioned for specific military missions, triggering fears that they might be used preemptively rather than to deter an attack.

The reliable replacement warhead has dodged such opposition, largely because it is not intended for a new military mission.

Actual production would require approval by Congress and construction of new manufacturing facilities -- all of which is at least several years off.

Meanwhile, the Los Alamos and Livermore labs are rewing up their culture of one-upmanship.

During the Cold War, the scientists adhered to a motto that the Soviet Union was the rival, but the competing lab was "the enemy." Still, it is a scholarly competition with few fighting words.

"I feel we have a great design for the country," said Martz, 41, the Los Alamos program manager who began working at the lab as an 18-year-old undergraduate. "Ours is better without a doubt."

But Goodwin, 55, counters: "We have chosen a particularly effective design. I believe we have done the better job."

Brooks, the federal nuclear weapons chief, gives no hint about whose bomb he favors, saying only that both "are very good designs, very responsive to what we are trying to do."

Since the end of the Cold War, the labs' top priority has been to maintain existing weapons. The labs predict that the plutonium components in existing weapons have a life of 45 to 60 years, meaning that in the next 15 years some will begin to deteriorate and replacements will be needed.

Christopher Paine, a program critic and nuclear weapons specialist at the Natural Resources Defense Council, contends the labs have everything to gain from these kinds of assessments -- generating funds for a new program even though older weapons remain in perfect condition.

But the labs say their actions are subject to outside oversight by government agencies and independent boards. "We take the integrity of our job pretty seriously," adds Hommert, the Los Alamos division chief.

While the labs say they're still working on cost estimates, they believe the reliable replacement warhead will save money over time. They aren't providing any details.

On average, the U.S. has spent an estimated $6 million per warhead since World War II, according to Steven Schwartz, author of Atomic Audit, the authoritative history of strategic weapons costs. Based on that, replacing all of the nation's 6,000 nuclear weapons could cost $36 billion.

So far a fraction of the ultimate cost of the program has been spent -- Congress approved funding of $25 million this fiscal year.

A portion of the cost involves engineering designed to make the bombs more secure. In charge of that is Sandia National Laboratory, which has vowed to make sure terrorists could never use a stolen or lost weapon.

"We are setting the goal of absolute control -- that you always know where the weapon is and what state it is in and that you have absolute control over its state," said Joan B. Woodard, executive vice president at Sandia. "People will say you can break the bank achieving that goal, but it is the right goal to set."

CORPORATE SCANDALS:

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Former Interspeed Executive Convicted Of Fraud Charges (WSJ)

By William M. Bulkeley

The Wall Street Journal, June 13, 2006

BOSTON -- Arthur Goodwin, former senior vice president for sales of the now-defunct Interspeed Inc., was convicted of eight-counts of fraud in connection with inflating the sales of the Internet equipment company.

Mr. Goodwin, 45, was convicted by a jury in the courtroom of U.S. District Judge Richard G. Stearns. He is scheduled for sentencing on Oct. 5.

The U.S. attorney's office said that evidence in the case established that Mr. Goodwin falsely overstated sales by $9 million, which was 60% of the company's reported revenue in 1999.

The overstatement made it appear that Interspeed, North Andover, Mass., was meeting growth targets. He accomplished the overstatement by fraudulent acts including giving customers secret side-letters that allowed them to return the equipment. He also altered a key contract on what was said to be the largest sales in company history to make it acceptable to the company's finance department.

Interspeed's board of directors fired Mr. Goodwin in September 2000 after discovering his actions. Attorneys for Mr. Goodwin couldn't be reached for comment.

In 2003, William J. Burke, a former Interspeed financial executive, was sentenced to three years' probation, after pleading guilty one-count of falsification of Interspeed's books and records.

Monster Gets U.S. Subpoena In Widening Options Inquiry (WSJ)

By William M. Bulkeley

The Wall Street Journal, June 13, 2006

Monster Worldwide Inc. said it received a U.S. attorney's subpoena for information on its stock-option grants, as investigations into possible options backdating widened.

Monster, an online job-search and advertising firm based in New York, issued a series of options between 1997 and 2001 in a pattern that was favorable to executives receiving the grants, including James J. Treacy, its former president. The odds of so favorable a pattern occurring randomly are about nine million to one, according to a Wall Street Journal analysis1 published in yesterday's edition. Monster shares slid $3.40, or 8.1%, to $38.60 in 4 p.m. composite trading yesterday on the Nasdaq Stock Market.

Monster, which is conducting an internal inquiry into the options, said it will cooperate with the inquiry and subpoena, issued by the U.S. attorney in Manhattan. Mr. Treacy, who no longer works for Monster, has said he didn't have anything to do with the timing of the grants, which were authorized by the board.

Two other high-tech concerns, Comverse Technology Inc. and Applied Micro Circuits Corp., announced delays in filings of financial reports due to options investigations. In addition, Applied Micro Circuits, Sunnyvale, Calif., and two other companies said they had received informal inquiries for information on the timing of stock-options grants from the Securities and Exchange Commission. The newly identified companies bring to at least 43 the number of firms that have acknowledged internal or external inquiries into their stock-option timing.

Comverse, a Woodbury, N.Y., maker of telecommunications billing systems, said it expects the Nasdaq Stock Market to warn it that its tardiness may cause it to be delisted. Comverse, which has said it is in the process of preparing restatements for five years of financial reports due to options-dating problems, yesterday fell 13%, or $3.09, to $20.48 on the Nasdaq.

Options give holders the right to buy a stock at a strike price, typically the market value on the day of the award. The options are supposed to give executives incentive to boost the company's stock price so that they will benefit along with other shareholders. But if companies choose dates before the award date when the stock was particularly low, it undermines the incentive because the executives' options are already profitable. Moreover, backdated options affect the tax and accounting treatment of the options, and if they weren't disclosed, they raise the potential for criminal fraud charges.

If firms find options were backdated, accounting rules require them to review all the years in which the grants were made for possible restatements and higher tax bills. Such accounting changes are time-consuming, explaining Comverse's delay.

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Comverse said it plans to file results for its fiscal year 2006 ended Jan. 31 and its first quarter ended April 30, in addition to prior years, "as soon as practicable." The company was subpoenaed in May in connection with the issuance of stock-option grants. Its chief executive, Kobi Alexander, and two other officials subsequently resigned.

The firms that said the SEC had issued informal inquiries are Broadcom Corp., an Irvine, Calif., maker of communications chips, Applied Micro Circuits, a computer-networking hardware maker, and Equinix Inc., a Foster City, Calif., firm that provides data centers for online services.

All three were among 32 firms cited as potential options trouble spots in a study issued last month by the Center for Financial Research and Analysis, Rockville, Md. Each of the three yesterday said it started an internal investigation after the CFRA report was issued. The study looked at options grant dates for the 100 companies that issued options heavily before changes in reporting requirements in 2002 made backdating more difficult.

Applied Micro Circuits said that because its internal investigation of stock-option timing hasn't been completed, it won't be able to file its annual report with the SEC by June 14 as scheduled and expects to request a delay.

Broadcom said its internal investigation covered all its option grants since its initial public offering in 1998. Spokesman Bill Blanning said that 95% of Broadcom's options during that period were made to employees below the ranks of top executives. CFRA's report listed three dates in 2000 and 2002 when options were granted at points close to the stock's low in a 40-day period.

Equinix said that its board's audit committee is investigating its options timing. Margie Backaus, chief business officer, said that the grant noted by CFRA in 2001 came at a period when Equinix stock was at 38 cents. She said the date coincided with a major layoff and the options were designed "to retain and motivate the employees who were left." The next year, Equinix had a 1-for-32 reverse split, giving the options a exercise price of $12.16.

Funds Sue Amid Probe Into Timing Of Options (FT)

By Jeremy Grant

Financial Times, June 13, 2006

Shareholder anger over US executive compensation practices spilled into the open on Monday as two big US pension funds sued companies involved in an investigation into the timing of stock-option awards.

Darren Robbins, a partner at Lerach Coughlin, said his San Diego law firm was also representing pension funds in Europe and Australia that were preparing similar action.

“People are very upset about this. There have been at least five pension funds that have filed cases in the last 72 business hours in court houses from California to Boston,” he told the Financial Times.

McAfee, a software security maker, was sued on Monday in federal court in the Northern District of California by the Heavy & General Laborers’ Pension and Annuity Funds, alleging “constructive fraud” through the backdating of stock options.

Juniper Networks, a technology company, was hit with a similar complaint by the Employer-Teamsters Pension Health and Welfare Funds. Neither McAfee nor Juniper were immediately available for comment.

Mr Robbins said his firm had been directed to take similar action by clients “in at least 34 different situations”.

Four separate companies revealed on Monday that they were being investigated by regulators over their options grants. More than 40 companies have become ensnared in one of the widest criminal and regulatory investigations into white-collar compensation in recent years. The probe is emerging as a test of years of executive compensation practices and has started to draw the anger of unions.

The AFL-CIO said last week that the stock option backdating scandal “shares many similarities to the after-hours trading of mutual funds, where favoured insiders received preferential terms that were hidden from public investors”.

Four companies – Broadcom, Equinix, Applied Micro Circuits and Cyberonics – said they were the subject of investigations by the Securities and Exchange Commission.

Monster Worldwide, the operator of an online recruitment site, said it had formed an independent committee of directors to conduct an internal review of all stock options grants made by the company.

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Investigations are focusing on the award of stock options to executives on dates that immediately preceded a sharp rise in the companies' share prices.

Such a move would immediately have put the options “in the money”, requiring proper disclosure to shareholders. Some companies have been hit with class-action lawsuits from public pension funds alleging that no such disclosure was made and that shareholders were defrauded.

The focus of investigations is in the years before 2002, when tough Sarbanes-Oxley corporate governance rules limited the scope for backdating of options.

New accounting rules requiring options expensing were introduced last year.

Efficient Markets The Welfare Of American Investors (WSJ)

By Henry G. Manne

The Wall Street Journal, June 13, 2006

Behavioral finance, a developing field of academic research that emphasizes investor irrationality (and ignorance) and the inefficiency of markets, has been hailed by defenders of the SEC as offering a solid economic rationalization for our vast scheme of federal securities regulations. Even apart from the obvious implications for the regulatory system of ignorance and irrationality on the part of regulators, a closer examination of the logic of behavioral finance leaves little for the pro-regulation crowd to crow about.

Initially, behavioral finance emerged as an academic antidote to a claim of substantial market perfection in the finance field, the well-known "efficient market" theory of stock prices. Numerous "anomalies" or irrationalities were discovered in the market for securities, such as various kinds of over- or under-reactions to new information, herding behavior, endowment effects, January effects, weekend effects, small-firm or distressed-firm effects, bubbles and crashes -- to name a few.

Faulty Data

Most of these alleged peculiarities proved in time to be far less anomalous than was first thought. The data on which they were based were often faulty, or the econometric models were measuring the wrong thing, or various kinds of relevant transactions costs were ignored. The effects of irrational or uninformed behavior were often canceled out by opposite forces, and much of it was simply irrelevant. Furthermore, the behavioralists did not -- and do not -- have a general theory that can explain why financial markets work as well as they do. Some close approximation of the efficient market theory is still the most accurate and useful model of the stock market that we have.

Still, some of the behavioralists' criticisms stuck, especially in regard to crashes and bubbles, events that arguably should not occur in perfectly efficient markets. In this connection the efficient market theorists had no choice but to reexamine and refine their own models, which they have now done with some success. Perhaps the most important behavioralist contribution to economics has been their reminder that the market-model claim of rationality often does not comport with actual human behavior.

Economists frequently failed to qualify economic pronouncements as being limited in application to aggregate behavior. Too many assumed that if markets in the aggregate behave rationally, it must be because the "marginal" participant -- the trader who has the correct information about what a price should be -- was himself a perfectly rational maximizer. This better-informed and rational trader would always arbitrage away any discrepancies from efficiency that a market displayed.

But there is a vast difference between economics and psychology, and we can thank the behavioralists for forcing economics back into its correct posture of dealing with aggregate behavior. We can also thank the behavioralists for demonstrating that the marginal trader/arbitrage theory cannot explain all price formation, since we have no way, a priori, of knowing that this hypothetical individual will be rational. Nor can we any longer assume that the arbitrageur (apart from a purchaser of 100% of the securities of a given company) will have all the information necessary to set the correct price.

That discovery left a serious gap in economic theory. The efficient market mavens were indeed correct in their conclusions about aggregate market behavior -- but how could they explain this near perfection of functioning markets while irrational and less-than-fully informed individuals (so-called "noise" traders) were known to abound?

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Traditional economics did contain the start of an answer to this question, most notably in F.A. Hayek's classic "The Use of Knowledge in Society" (1945). There, Hayek (addressing the then-pressing problem of countering socialist doctrine) made the astute observation that centralized or socialist planning can never be economically efficient because it was impossible for a central planner to accumulate all the information needed for correct economic decisions ("correct" in the sense of displaying efficient market allocations of goods). The critical information, he noted, is too scattered in bits and pieces throughout the population ever to be assembled in one person's mind (or computer). Diffused markets, on the other hand, function well because the totality of relevant information, even subjective preferences, can be aggregated through the price mechanism into a correct market valuation.

This insight of Hayek's has been a mainstay of market theory ever since it was advanced, but it remains merely an observation and a conclusion. It does not detail how new information gets so effectively impacted into the prices of goods and services. In other words, how does this "weighted averaging" get done? And why should we assume that the impact of rational participants would dominate that of irrational ones in markets?

Similarly, the efficient market theory was based almost entirely on empirical observations and did not offer a theory of how the market came to be so efficient. Subsequent literature examined the mechanisms of market efficiency (including insider trading), but these were again observational and descriptive works that did not even recognize the absence of a good theory of how new information gets properly integrated into a price. The implicit and often explicit theory of price formation was always the "arbitrage" notion, with the marginal trader calling the shots.

Enter now financial journalist James Suroweicki and his charming and insightful book, "The Wisdom of Crowds" (2004). The book opens with the story of a contest at a county fair in England in 1906 to guess the weight of an ox on display after slaughter and dressing. There were about 800 guesses entered in the contest both by knowledgeable people and by those who had no expertise in such matters. We are not told what the winning guess was, but we are told that the average of all the guesses (1,197 pounds) was virtually identical to the actual weight (1,198 pounds).

Similar results show up regularly in the relatively new use of so-called "prediction" or "virtual" markets, primarily employed today in predicting outcomes of political elections, sporting events, new product introductions or new movies. Though there are still some problems with the technique, these "markets" have proved in the main to be much more accurate than traditional interview polls. And these various illustrations of the wisdom of crowds suggest a solution to the problem of how correct prices are formed in financial markets beset by irrational and poorly informed traders. * * *

Weighted-average results are similar to "correct prices," since informed investors can be assumed to invest more money if their confidence in the validity of their information -- or the intensity of their desire for the product -- is higher, thus imparting a weighted average element to each price. And while the actual weight of an ox is a more objective measure than the "correct" price of a security, the main difference may be between a static and a dynamic figure with the "correct price" of a stock being a kind of moving target.

The literature on prediction markets makes clear that the more participants in a contest and the better informed they are, the more likely is the weighted average of their guesses to be the correct one. That is true, ironically, even though the additional participants have even less knowledge than the earlier ones. The only requirements for these markets to work well are that the various traders be diverse and that their judgments be independent of one another. Clearly, there is still a lot more work of a statistical and mathematical nature to be done before the idea of the wisdom of crowds is turned into a full-fledged theory of price formation, but at least we have identified the problem and made a start towards a solution.

'Wisdom of Crowds'

The implications of what we already know of this "wisdom of crowds" approach to price formation, as against the traditional marginal pricing/arbitrage approach, are apt to be startling. We should rethink any current policies based on a view of pricing in which we exclude the best-informed traders and discard the wisdom of the many. For instance, we now have a new and more powerful argument than we had in the past for legalizing most insider or informed trading.

Since such trading clearly makes the market process work more efficiently, it aids capital allocation decisions and informs business executives through market-price feedback of the best predictions about the value of new plans. Furthermore, the Supreme Court's "fraud on the market" theory of civil liability under the federal securities laws and Congress's ideas of correct

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civil damage claims for insider trading no longer have any intellectual merit. The same is true of any other part of our securities laws implicitly based on the notion of the marginal trader as a rational arbitrageur of price.

The new approach would suggest that it is undesirable to have laws discouraging stock trading by anyone who has any knowledge relevant to the valuation of a security. Thus, assembly-line workers, administrative assistants, office boys, accountants, lawyers, salespeople, competitors, financial analysts and, of course, corporate executives (government officials are another story) should all be encouraged to buy or sell stocks based on any new information they might have. Only those privately enjoined by contract or other legal duty from trading should be excluded. The "wisdom of crowds" can do far more for the welfare of American investors than all the mandated disclosures and insider trading laws that the SEC and Congress can think up.

Mr. Manne, a resident of Naples, Fla., is dean emeritus of George Mason University School of Law. This is the first of a two-part series.

Outside Audit Big Pension Plans Are At Risk Of Losing Accounting Benefit (WSJ)

By Steven D. Jones

The Wall Street Journal, June 13, 2006

The balances of public-company pension plans had been improving until the stock market swooned again. Congressional action could deal many of these funds another setback.

The House and Senate both have passed versions of a bill that could limit the use of a key pension-accounting benefit. The legislation would affect dozens of companies in the automotive, aerospace and basic-materials industries.

At issue are credit balances, which companies accumulate by putting more money into a plan than required in a given year to meet obligations to retirees.

Stashing extra money sounds like the very model of corporate responsibility. But the accounting associated with this practice can create big problems: Pension-plan administrators are allowed to use an assumed rate of interest -- a rate that may differ from the actual return. Securities filings show that a number of companies are assuming rates of return on their credit balances that are well above what is currently available in stocks and bonds.

The upshot is that a pension plan can technically be considered flush when it is in shortfall.

For example, UAL Corp., operator of United Airlines, relied on credit balances from 1996 to 2004 to meet its annual contributions to a pilots' pension. When the airline slid into bankruptcy, however, it turned out that the program was really underfunded by $3 billion.

The debate about credit balances is separate from the larger brouhaha over the assumptions that companies make about their overall pensions and the impact on earnings. For years, companies have been able to use estimates when calculating the returns on the overall plans. Many have used historical rates of return of about 10% even in years when the stock market was falling. That has often resulted in "overfunded" pensions that in turn allowed companies to lower their annual pension expense and thus increase net income.

President Bush and other critics of pension accounting see the rules for credit balances as a growing threat, and some limits on their use seem certain to be in a final bill that could emerge from a conference committee before Congress's July 4 recess, according to leaders of both houses.

"Companies that built large credit balances can grow and sustain them at an assumed interest rate chosen by the plan actuary, regardless of how the plan assets have performed," says Greg Kelly, a government-affairs analyst at Susquehanna Financial in Bala Cynwyd, Pa. "We believe Congress is going to limit their use."

Mr. Kelly says Congress is considering compelling companies to contribute to their pensions whenever they fall below 80% funded, at which point they would face strict limits on use of credit balances in their funding calculations.

Credit balances reside inside the pension plan itself, not on the company balance sheet, so the balances are often invisible to investors. The only place companies regularly disclose the amount of credit balances is on pension-plan filings made with the Internal Revenue Service.

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Big companies continue to rely on credit balances. General Motors Corp. won't make a cash contribution to the pension plan for its U.S. hourly workers this year, drawing instead on its credit balance of more than $50 billion. GM says its domestic pension plans are well-funded, but that isn't the case for every company that relies on credit balances. * * *

BIG BOARD GORED: Shares of U.S. stock-exchange operators took a beating yesterday, leading some investors and strategists to wonder if NYSE Group Inc.'s mostly share-based deal to merge with Euronext NV will need to be sweetened.

Shares in NYSE Group, the owner of the New York Stock Exchange, fell $4.53 or 7.9%, to $52.62, a 4½-month low that takes the Big Board operator's ticker below where it was when the exchange merged with Archipelago Holdings Inc. to become a public company.

Other exchange stocks also fell, but the plunge in NYSE Group's stock has implications for what would be a historic merger to create the first trans-Atlantic stock exchange. Euronext operates equity exchanges in European cities and a bustling derivatives marketplace in London.

When the deal was unveiled June 2, the NYSE's rising stock implied a slight premium to Euronext's market value at the time.

Big Board shares are off 18% since then, while Euronext shares have shed only 2% over the same period, implying a price for Euronext about €4 ($5.05) share below the company's current value.

The NYSE's stock is suffering with the broader U.S. market, but stocks of merger partners typically move in tandem when investors are certain a deal is likely to be completed.

CRIMINAL LAW:

Gang Activity Cited For Jump In U.S. Homicides (USAT)

By Kevin Johnson

USA Today, June 13, 2006

WASHINGTON — The nation's violent-crime rate increased in 2005 for the first time in five years, the FBI said Monday in a report that reflected in part what crime analysts say is a resurgence in gang activity, particularly in the Midwest.

READ THE REPORT: Full data on spike

Of the four crime categories that make up the FBI's violent-crime index — murder, rape, robbery and aggravated assault — only rape declined in the national figures.

In some cities, the increase in violence has led to crime rates that are in line with those posted in the years before the historically low rates that began in the mid-1990s.

The reported jump in homicides — nearly 5% nationwide — was the largest annual increase in the past 15 years. Some of the biggest increases were in Milwaukee, Oklahoma City, Omaha, St. Louis and other Midwestern cities.

Oklahoma City police cited fighting among rival gangs as a major factor in the jump in homicides there, from 39 in 2004 to 54 last year. As a result, police Sgt. Paco Balderrama says, the department is beefing up its anti-gang units: "We're working gangs every night."

Gangs from the East and West coasts "are branching out to smaller cities, where there is still money to be made and turf to be ruled," says James Alan Fox, criminal justice professor at Northeastern University in Boston.

In Omaha, homicides jumped from 20 in 2004 to 31 in 2005. Police Chief Thomas Warren said the city averaged 30-32 homicides a year before a low point in 2004. Despite the rise in homicides, the city recorded an overall decline in violent crime in 2005, a development Warren attributes to the city's aggressive stance against the "ongoing and persistent problem" with criminal gangs.

The FBI report also is renewing the debate over whether the U.S. government's dropping of an ambitious police-hiring program — along with many law enforcement agencies' new emphasis on preventing terrorism — have made crime prevention more difficult.

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"This should be a loud wake-up call for the country to get back to doing what worked in the 1990s," Fox says. "When you look back at the 1990s, we were expanding police forces and pouring more money into after-school programs. Now, we're seeing just the reverse."

Fox was referring in part to the Bush administration's phasing out of a Clinton-era program aimed at putting 100,000 new cops on U.S. streets. Police chiefs nationwide have called for renewing the program to offset local cutbacks.

Despite the popularity of the Community Oriented Policing Services program among police and crime analysts, a USA TODAY review of the program last year found little evidence that it was a big factor in reducing crime.

Justice Department officials cautioned against reading too much into the FBI report. "The crime rate is so low in some communities that relatively modest increases can result in what appear to be fairly stark increases," says Richard Hertling, deputy assistant attorney general for the Office of Legal Policy.

Violent Crime Rises In U.S. (WP)

By Dan Eggen

The Washington Post, June 13, 2006

Violent crime in 2005 increased at the highest rate in 15 years, driven in large part by a surge of killings and other attacks in many Midwestern cities, the FBI reported yesterday.

The FBI's preliminary annual crime report showed an overall jump of 2.5 percent for violent offenses, including increases in homicide, robbery and assault. It was the first rise of any note since 2001, and rape was the only category in which the number of crimes declined.

In the District, a 14.6 percent jump in the number of robberies caused a 5 percent rise in overall violent crime, more than offsetting a drop in the number of homicides, rapes and assaults. The decrease was particularly dramatic for rapes, which were down 24 percent.

In Baltimore, violent crime dropped about 3.6 percent overall, with decreases in all categories. The city of Alexandria reported a 22 percent increase in violent crime, although the total number of offenses -- 462 -- remained small. The FBI's preliminary report does not include breakdowns for many large suburban jurisdictions, such as Fairfax, Montgomery and Prince George's counties.

The rise in violent offenses nationally represents the largest overall crime increase since 1991. Violent crime peaked in 1992, before beginning to plummet to its lowest levels in three decades.

Overall property crime -- including burglary, theft and arson -- decreased 1.6 percent from 2004.

Criminal justice experts said there were a number of possible explanations for the increase, including an influx of gangs into medium-size cities and a predicted surge in the number of inmates released from U.S. prisons. The jump could also represent a lingering effect of the Sept. 11, 2001, attacks, some experts said, because governments at all levels have diverted resources away from traditional crime fighting in favor of anti-terrorism and homeland security programs.

"One possibility for the rise overall that we will want to watch is whether the shifting of law enforcement priorities to various kinds of homeland security duties accounts for any of this," said David A. Harris, a University of Toledo law professor who studies homeland security and criminal justice issues.

James Alan Fox, a criminal justice professor at Northeastern University in Boston, said the increase should serve as a "wake-up call in Washington." Lawmakers and the Bush administration have cut back many law enforcement programs popular during the 1990s.

"We have to worry about not just homeland security but also hometown security," Fox said. "High-crime areas have been relatively ignored over the last five years so we can deploy officers to fight terrorism."

Justice Department officials in Washington urged caution in interpreting crime statistics from a single year and noted that the crime rate -- measured on a per-capita basis and not reflected in yesterday's FBI report -- is still low by historical standards.

Richard A. Hertling, a principal deputy assistant attorney general, said the FBI statistics are "a yellow flag" but do not represent a trend, in part because the numbers are preliminary and do not include full reports from all jurisdictions.

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"We don't think these numbers are terribly useful for helping to figure out what is happening on a national level," Hertling said. "That being said, they can be very useful for individual communities to see what their record is and what needs attention."

Attorney General Alberto R. Gonzales and other Justice officials have frequently cited record-low crime rates as evidence of success. Gonzales also has unveiled programs focused on combating gangs and gun crime in many urban areas.

The FBI statistics are taken from reports submitted by more than 12,000 police departments and other law enforcement agencies nationwide. A final report, including more detailed statistics and reports from a larger number of police agencies, will be issued in the fall. Government officials and criminal justice experts said trends in the FBI's final reports usually do not differ widely from conclusions in the preliminary studies.

Cities with more than 1 million residents were the only FBI population category to show a decline in violent crime, though some individual large cities -- such as Phoenix and Houston -- posted increases. Crime reports fell again in New York.

The trend was different for smaller to medium-size cities, which experienced marked increases in most categories of violent crime.

Among violent crimes, the biggest rise in 2005 came in the number of homicides, which leapt 4.8 percent, to nearly 17,000. Some of the hardest-hit cities included Milwaukee (up 40 percent), Cleveland (38 percent), Houston (23 percent) and Phoenix (9 percent).

On a regional basis, the increase disproportionately hit the Midwest. Total violent crime reports there surged 5.7 percent -- at least three times the rate in the Northeast, South or West.

The District's 5 percent increase in violent crime was due to a jump in the number of reported robberies, which rose from 3,057 in 2004 to 3,502 in 2005.

D.C. Police Chief Charles H. Ramsey said the upward trend for robberies appears to be continuing in 2006, particularly among juveniles. Street officers say that more juveniles are holding up people and that they are more often using guns, Ramsey said.

"Four out of every 10 people arrested for robbery this year have been juveniles," Ramsey said. "That's a heck a lot of it right there, that juvenile crime is up."

In Baltimore, reports of violent crime dropped from 2004 by about 3.6 percent, to 11,248 incidents. That nearly returned the city to its 2003 level of 11,183.

Baltimore Police Commissioner Leonard Hamm said he is cautiously pleased with the drop in crime in the city, which has a reputation for violent, drug-filled street corners in some neighborhoods. "We're not having a party yet," Hamm said. "We still have a lot of work to do."

Violent Crime Up For 1st Time In 5 Years (WP)

By Mark Sherman

The Washington Post, June 13, 2006

WASHINGTON -- Murders, robberies and aggravated assaults in the United States increased last year, spurring an overall rise in violent crime for the first time since 2001, according to FBI data.

Murders rose 4.8 percent, meaning there were more than 16,900 victims in 2005. That would be the most since 1998 and the largest percentage increase in 15 years.

Murders jumped from 272 to 334 in Houston, a 23 percent spike; from 330 to 377 in Philadelphia, a 14 percent rise; and from 131 to 144 in Las Vegas, a 10 percent increase.

Despite the national numbers, Detroit, Los Angeles and New York were among several large cities that saw the number of murders drop.

The overall increase in violent crime was modest, 2.5 percent, which equates to more than 1.4 million crimes. Nevertheless, that was the largest percentage increase since 1991.

The FBI data, compiled from reports by more than 12,000 law enforcement agencies, does not contain overall crime numbers in any category nor does it offer any explanation for the changes. The FBI's final annual crime report comes out in the fall.

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Criminal justice experts said the statistics reflect the nation's complacency in fighting crime, a product of dramatic declines in the 1990s and the abandonment of effective programs that emphasized prevention, putting more police officers on the street and controlling the spread of guns.

"We see that budgets for policing are being slashed and the federal government has gotten out of that business," said James Alan Fox, a criminal justice professor at Northeastern University in Boston. "Funding for prevention at the federal level and many localities are down and the (National Rifle Association) has renewed strength."

Still, Fox said, "We're still far better off than we were during the double-digit crime inflation we saw in the 1970s."

Robberies were up 4.5 percent and aggravated assaults 1.9 percent, according to preliminary data. Alone among violent crime categories, the number of rapes fell 1.9 percent.

Violent crimes peaked at 1.9 million in 1992 and fell steadily through the end of that decade. The number has been relatively stable for the past six years.

Crime last year increased in all regions, although the 5.7 percent rise in the Midwest was at least three times any other region's. These states make up the Midwest: Illinois, Indiana, Iowa, Kansas, Michigan, Minnesota, Missouri, Nebraska, North Dakota, Ohio, South Dakota and Wisconsin.

Fox cautioned against reading too much into year-to-year changes in individual cities, saying some differences result from random variation and marked swings the previous year. Also, some large statistical increases result from some small numerical changes.

In Hartford, Conn. for example, murders jumped more than 50 percent, from 16 to 25.

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On the Net:

FBI: http://www.fbi.gov/

Violent Crime Rose In '05, With Murders Up By 4.8% (NYT)

By Maria Newman

The New York Times, June 13, 2006

Violent crime increased in the United States for the first time in four years, up 2.5 percent in 2005 from the year before, with the biggest increases in murder coming in medium-size cities and in the Midwest.

A preliminary 2005 crime report issued yesterday by the Federal Bureau of Investigation shows that the total number of murders in the country went up 4.8 percent from the year before. St. Louis, Houston, Philadelphia and Milwaukee saw an increase in murders, while other cities including New York, Los Angeles and Miami saw a drop.

Among violent crimes, the only decrease was in rapes, which fell 1.9 percent. Robberies increased over all by 4.5 percent.

Cities with populations of more than 500,000 had the biggest rise in violent crime, 8.3 percent. In the Midwest, violent crimes increased by 5.7 percent.

The data are considered preliminary until the final statistics are released in October.

The increases in violent crime over all come after years of crime reduction efforts all over the country in the 1990's that are credited with lowering crime rates almost everywhere, especially in the larger urban areas. Law enforcement officials and other experts on crime cautioned that this latest report did not necessarily mean crime would start to run rampant again.

James Alan Fox, a professor of criminal justice at Northeastern University, said that after the sharp decreases during the 1990's, the crime rate over all from 2000 to 2004 was "essentially flat."

"We squeezed all the air out of the balloon after having seven good years of crime decline," Mr. Fox said. "That ended when the 1990's ended. Now the challenge isn't so much to make the crime rate go down more, because that's not necessarily realistic, but the challenge is to make sure that the small blip doesn't become a big one."

Mr. Fox pointed out that some of the cities where murders rose in 2005 had seen small fluctuations in recent years.

Houston, for example, which reported 334 murders in 2005, had 272 in 2004 and 278 the year before.

In Memphis, there were 136 murders in 2005, 107 in 2004 and 126 in 2003.

"I don't think we'd be too obsessed with the day-to-day changes in the stock market," Mr. Fox said.

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The 2005 figures are not necessarily the beginning of a trend upward for everyone, he said, but "the potential does exist."

The annual F.B.I. report is drawn from numbers gathered by state and local law enforcement agencies. They measure four violent offenses (murder, rape, robbery and aggravated assault) and four property crimes (burglary, larceny, auto theft and arson). The report does not measure drug crimes.

The report showed that cities with populations of 100,000 to 249,999 had the greatest increase in murders, up 12.5 percent. Cities with 500,000 to 999,999 inhabitants had the greatest increases in both robbery, 9.9 percent, and aggravated assault, 8.5 percent. The number of rapes fell in all city population groups except in those cities with fewer than 10,000 residents; there, the number of rapes was up 1.5 percent from the 2004 level.

Alfred Blumstein, a criminologist at Carnegie Mellon University in Pittsburgh, said an increase in crime in the last couple of years in some places could be a result of police efforts' being diverted to fighting terrorism, budget cuts that have reduced social services and prisons, and fewer job opportunities for young people in poorer communities.

"I want to be careful to not overstate a one-year trend as the start of something much bigger, because it could well go in the other direction next year," Mr. Blumstein said. "In places that had a good rise in crime, the chances are good that they could see a good fall next year as they pay more attention to the issue."

Murder Rate Up In Small US Cities (FT)

By Stephanie Kirchgaessner

Financial Times, June 13, 2006

Small cities in the US saw a surge in murders last year, contributing to the first overall increase in violent crime in the US since 2001, according to preliminary data released by the Federal Bureau of Investigation on Monday.

While the largest cities in the US – including New York and Los Angeles – saw an overall decline of 0.4 per cent in violent crime in 2005 and a 0.5 per cent increase in murder, cities with populations of between 50,000 and 250,000 saw a more than 12 per cent jump in the number of murders. Violent crime in cities with populations ranging from 500,000 to 1m increased 8.3 per cent.

“Smaller cities are getting substantially more dangerous – that is very significant. What we are seeing in smaller jurisdictions across the country is that they are now dealing with the drug market, gangs and street violence issues that you used to only see in big cities,” said David Kennedy, director of the centre for crime prevention and control at John Jay College of Criminal Justice in Manhattan.

Justice Department officials on Monday said it was too soon to attribute the increases to a wider trend in violent crime and that it was too early to determine the cause of the spikes, although they acknowledged that the migration of gang activity from large to smaller cities was a possibility. The figures could also reflect the impact former prison inmates have on crime rates when they return to their communities, officials said.

Richard Hertling, deputy assistant attorney-general for legal policy, said it was unclear whether a 23 per cent increase in the number of murders that was reported in Houston, Texas, was linked to the influx of people into the city after Hurricane Katrina, when the city opened its doors to victims of the natural disaster, or whether the increase was something that “played out” over the course of the year.

Officials at the Justice Department warned against taking the figures out of context. A steady decline in violent crime over the past 15 years due to tough law enforcement meant that any increase would appear to be “fairly stark”.

U.S. Violent Crime Rises At Pace Unseen In 10 Years (NPR)

By Laura Sullivan

NPR's All Things Considered, June 13, 2006

Preliminary figures for 2005 indicate a 2.5 percent increase in the number of violent crimes compared with 2004. Click to see previous years' figures.

The nation's four regions all saw increases in violent crime in 2005. The Midwest experienced the steepest jump, 5.7 percent.

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All Things Considered, June 12, 2006 · Violent crime across the nation is up. For the first time since 2001, there are more murders, rapes and assaults, according to the FBI.

But violent crime didn't just rise last year. According to the numbers, it jumped 2.5 percent. That's the biggest increase since 1991, when the country was battling gangs and the crack epidemic.

According to the report, cities with less than a quarter-million people had the largest increases -- homicides alone were up 12 percent last year.

Criminologist speculate that there are several reasons for the rise in violent crime: cutbacks in federal law enforcement grants, a focus on terrorism, a nationwide resurgence in gang activity and signs of increasing youth violence as children born in the 1990s become teenagers.

Justice Department officials say crime-fighting has been a priority of the Bush administration for the past six years and point to millions of dollars the Justice Department has spent on anti-gang initiatives and community programs such as Project Safe Neighborhoods.

The report wasn't all bad. Some of the nation's largest cities, including Los Angeles and New York, continue to show a drop in violent crime. The complete report will be released this fall.

Crime Drops In L.A., Rises Nationally (LAT)

By Joel Havemann

The Los Angeles Times, June 13, 2006

WASHINGTON — Violent crime, on the downswing for three years, skipped back up by 2.5% nationally last year but declined in most categories in Los Angeles, the FBI reported today.

Los Angeles had fewer murders, forcible rapes and robberies in 2005 than 2004, the FBI said. But because figures in 2005 for the fourth category of violent crime — aggravated assault — were not yet available, the FBI could not be sure that violent crime as a whole declined.

Among other Southern California cities with more than 100,000 people, violent crime also fell in Burbank, Downey, El Monte, Fontana, Fullerton, Long Beach, Moreno Valley, Norwalk, Oceanside, Ontario, Orange, Rialto, San Bernardino, San Diego, Santa Ana, Simi Valley, South Gate and West Covina.

But it rose in Anaheim, Chula Vista, Corona, Costa Mesa, Escondido, Garden Grove. Glendale, Huntington Beach, Inglewood, Irvine, Lancaster, Oxnard, Palmdale, Pasadena, Pomona, Rancho Cucamonga, Riverside, Santa Clarita, Thousand Oaks, Torrance and Ventura.

Although violent crime rose nationally in 2005, crime against property fell by 1.6%, the third consecutive year of declines in this category. In Los Angeles, crime against property fell by 6.3%.

Among categories of violent crime, Los Angeles registered declines in murders (from 518 in 2004 to 489 last year), forcible rapes (1,131 to 1,105) and robberies (14,181 to 13,797).

Only New York, with 539, registered more murders. In the category of robberies, Los Angeles trailed both New York and Chicago.

In property crimes, Houston crept ahead of Los Angeles last year, leaving Los Angeles fourth behind also New York and Chicago. The FBI counted 117,285 cases of property crime in Los Angeles in 2005, down from 125,200 in 2004.

But the FBI figures showed Los Angeles to be the arson capital of the United States. Its 2,229 reported cases of arson, up from 1,926 in 2004, led the nation, although the FBI did not have complete figures for New York for either 2004 or 2005.

Violent Crime Increases In U.S. (WT)

By Jerry Seper And Matt Cella

The Washington Times, June 13, 2006

Violent crime in the United States increased last year for the first time in five years, led by murders with 16,900 victims or more than 46 a day -- the most since 1998 and the largest percentage increase in reported homicides in 15 years, says the FBI.

DOJ_NMG_0033157

The FBI's Preliminary Annual Uniform Crime Report for 2005, released yesterday, said the number of murders and non-negligent manslaughters rose by 4.8 percent, while robberies increased by 4.5 percent and aggravated assaults were up 1.9 percent.

The number of murders dropped in Washington from 198 in 2004 to 195 last year, in Baltimore from 276 to 269 and in Richmond from 93 to 84, but rose in Alexandria from 2 to 3.

Among the nation's largest cities -- those with populations greater than 1 million -- Atlanta, Dallas, Denver, Detroit, Los Angeles and New York were among those that experienced declines in number of murders.

New York, with 8.1 million residents, ranked last among the nation's 10 largest cities with 2,680 crimes committed per 100,000 residents. Dallas, with a population of 1.21 million, ranked as the most dangerous, with 8,496 crimes per 100,000 residents.

According to the FBI report, forcible rape was the only offense among the four violent crimes -- murder, rape, robbery and assault -- that decreased in volume in 2005, down 1.9 percent from 2004. The report said the overall number of violent-crime offenses rose 2.5 percent.

The report also said the number of reported property crime decreased by 1.6 percent over 2004, including incidences of burglary, larceny-theft and motor vehicle theft. For 2005, it said, the number of larceny-theft offenses was down 2.5 percent, and motor-vehicle thefts showed no significant change from the previous year. But the number of reported incidents of burglary rose by 0.6 percent, the report said.

The FBI based the report on numbers collected by 12,485 law-enforcement agencies nationwide.

According to the report:

• All city population groups experienced increases in violent crime when compared with data reported for the previous year, with the exception of the nation's largest cities with more than 1 million in population, where the number of violent crimes was down 0.4 percent.

•Cities with populations from 500,000 to 999,999 saw the greatest increase in violent crime, a rise of 8.3 percent. Cities with populations of 10,000 to 24,999 saw the smallest increase at 0.5 percent.

•In the nation's metropolitan counties, violent crime was up 2.1 percent, and in nonmetropolitan counties, it increased by 1 percent.

According to the FBI report, the nation's four regions all saw increases in violent crime in 2005. The Midwest experienced the steepest increase at 5.7 percent; the West climbed 1.9 percent over 2004; the South by 1.8 percent; and the Northeast by 1.4 percent. The report said all four regions had increases in murder, robbery and aggravated assault, and contrary to the other three violent-crime offenses, the number of forcible rapes declined in each region.

FBI: Violent Crime Up Last Year In U.S. (UPI/UPI)

United Press International, June 13, 2006

WASHINGTON, June 12 (UPI) -- The number of violent crimes reported in the United States rose 2.5 percent last year with the number of homicides up almost 5 percent.

Almost 17,000 homicides were reported, the FBI said. The number of property crimes dropped 1.6 percent.

Violent crime dipped slightly in the largest cities, those with a population of 1 million or more, the FBI said in its Preliminary Annual Uniform Crime Report for 2005. There were increases in all other categories of cities with the biggest, 8.3 percent, in those with a population between 500,000 and 999,999.

Violent crime dropped sharply in the late 1990s and had remained flat since 2001. One expert suggested that the increase last year could be partly the result of the long sentences that became common in the 1980s as well as a consequence of demographic shifts.

"There is an 'echo boom,' with an increasing number of late adolescents, particularly blacks and Latinos," James Fox, a criminal justice expert at Northeastern University, told CNN. "Also, more people incarcerated in the '80s are now being released to their neighborhoods, and some are back to their old ways and old gangs."

FBI: Violent Crime Up In Majority Of NJ's Biggest Cities (NSDY/AP)

DOJ_NMG_0033158

By Donna De La Cruz, Associated Press Writer

Long Island Newsday, June 13, 2006

WASHINGTON -- Murders, rapes, robberies and other violent crimes measured by the FBI rose in the majority of New Jersey's six largest cities in 2005, according to FBI statistics released Monday.

The FBI measures statistics in cities with a population of 100,000 or more.

Jersey City saw increases in all of its violent crime indexes, except for forcible rape. The murder rate increased 65.2 percent with 38 murders in 2005 compared with 23 in 2004.

Beside Jersey City, the cities whose statistics were released were Newark, Paterson, Woodbridge Township, Edison Township and Elizabeth. The violent crimes measured were murder, forcible rape, robbery, aggravated assault, property crime, burglary, larceny theft, motor vehicle theft and arson.

Of the six cities, Jersey City's statistics were the worst, Woodbridge's the best.

Newark, the state's largest city, saw its overall violent crime index decline, with decreases in robberies, property crimes, burglaries, larceny thefts and motor vehicle thefts. But the murder rate increased 15.5 percent with 97 murders in 2005, compared to 84 in 2004, and forcible rapes were up 13.7 percent.

The FBI data, compiled from reports by more than 12,000 law enforcement agencies, does not contain overall crime numbers in any category nor does it offer any explanation for the changes. The FBI's final annual crime report comes out in the fall.

Criminal justice experts said the statistics reflect the nation's complacency in fighting crime, a product of dramatic declines in the 1990s and the abandonment of effective programs that emphasized prevention, putting more police officers on the street and controlling the spread of guns.

In New Jersey, Michael Wagers, executive director of the Police Institute at Rutgers-Newark, attributed the bulk of violence to the availability of guns.

"Nine out of 10 homicides in Newark were committed with a gun, compared with the national average of 6 or 7 homicides," Wagers said. "It's alarming to see a number of cities in New Jersey see an uptick in violent crime."

Overall violent crime increased in Paterson, Edison and Elizabeth. Paterson and Elizabeth also saw their murder rates and forcible rapes increase.

Edison had no murders in 2005, compared to two in 2004. The city also saw a decline in its forcible rapes _ 6 in 2005 and 7 in 2004. But an increase in robberies, aggravated assaults, burglaries and arsons increased the city's overall violent crimes total.

Woodbridge had the best statistics with its overall violent crime totals down. The city had two murders last year compared with four in 2004, and decreased property crimes, aggravated assaults, burglaries and arsons. But forcible rapes and robberies were way up _ the city saw a 70 percent increase in rapes with 17 in 2005 compared to 10 in 2004, and a 40 percent increase in robberies with 81 in 2005, compared to 58 in 2004.

Violent Crime Rises In U.S., But S. Florida Fares Better (MH)

By Michael Vasquez And Wanda J. Demarzo

The Miami Herald, June 13, 2006

The number of murders, robberies and aggravated assaults rose nationally in 2005 -- triggering the first overall jump in U.S. violent crime since 2001, according to preliminary annual crime statistics released by the FBI on Monday.

But FBI data for South Florida's biggest cities told a different story: In six out of eight cities, violent crime was down.

In the city of Miami, for example, the number of murders dropped from 69 to 54 (nearly 22 percent) from 2004 to 2005, even as they increased nationally by 4.8 percent -- the largest jump in 15 years.

"We've obviously been very aggressive," Miami Police Chief John Timoney said. ``The whole idea of crime and quality of life has been our number one priority here."

Regarding the higher crime figures in other parts of the country, Timoney called it "cause for concern" but urged caution in analyzing the data.

DOJ_NMG_0033159

"There's never any one answer to these things, and you shouldn't base conclusions on one year or two," Timoney said.

Criminal justice experts said the statistics reflect the nation's complacency in fighting crime, a product of dramatic declines in the 1990s and the abandonment of effective programs that emphasized prevention, putting more police officers on the street and controlling the spread of guns.

"We see that budgets for policing are being slashed and the federal government has gotten out of that business," said James Alan Fox, a criminal justice professor at Northeastern University in Boston. ``Funding for prevention at the federal level and many localities are down and the [National Rifle Association] has renewed strength."

Still, Fox said, ``We're still far better off than we were during the double-digit crime inflation we saw in the 1970s."

Hialeah Police Chief Rolando Bolaños said his department is anything but complacent, and in fact earlier this year launched a 13-member Community Response Team to target high-crime areas. Hialeah's crime numbers were mostly down for 2005, but Bolaños said good police work didn't deserve all the credit -- South Florida has some other advantages.

"To a great extent crime is a function of economics," Bolaños said. ``South Florida, in comparison to other regions of the country, we are doing far better economically."

But 2005 wasn't all good news for local police departments. Fort Lauderdale's violent crime totals inched up about 3 percent, to 1,470. Miramar's went up nearly 5 percent, and that southwest Broward city had three murders in 2005 -- up from two the year before.

After one murder in 2004, Pembroke Pines recorded six in 2005. But three of those homicides occurred during one incident, according to Pembroke Pines spokesman Cmdr. Dave Golt.

On Jan. 30, 2005, Golt said, Adolph Jones, 58, attempted suicide within a day of killing his wife and two stepdaughters. Jones, who was charged with the three homicides, has not been tried for the killings after a Broward Circuit Judge ruled him incompetent to stand trial.

"We did see a slight increase in burglaries and larcenies, thefts, but oddly the number of car thefts we saw bucked the national trend and we were actually lower in 2005 than in the previous year," Golt said.

Miami-Dade police, meanwhile, have coped with a string of homicides in unincorporated parts of the county during the first half of 2006, some apparently gang-related. Up-to-date homicide numbers from the Miami-Dade County police force were not immediately available Monday.

The FBI's preliminary report listed cities larger than 100,000 in population but did not provide county-by-county breakdowns.

It was based on data provided by local law enforcement agencies.

This report was supplemented with material from The Associated Press.

Rapes Increase In Dayton, FBI Report Says (DDN)

By Kelli Wynn, Staff Writer

Dayton Daily News, June 13, 2006

City bucks national trend with decrease in other types of violent crimes.

DAYTON — All violent crimes in the city fell last year except rape, according to the FBI's 2005 preliminary Annual Uniform Crime Report.

Rapes in Dayton increased to 140 in 2005 from 127 in 2004, according to the report, which focused on cities with populations of 100,000 or more.

"As far as having somebody walking down the street being abducted, thrown in the bushes and raped, that's not what is driving these statistics," said Dayton Police Lt. John Huber. In most of the city's rapes, the victims know their attackers, he said.

Huber said when police turned in their information to the state they reported 33 homicides in 2004 and 32 homicides in 2005, but the FBI listed 32 for both years.

Huber said he didn't know how the mistake occurred. No one at the FBI national press office could be reached for comment.

DOJ_NMG_0033160

Nationally, homicides increased 4.8 percent, robberies increased 4.5 percent and aggravated assaults increased 1.9 percent. Rape was the only offense that decreased in 2005, down 1.9 percent from 2004, the FBI said.

The Midwest experienced a 5.7 percent increase in violent crimes, compared with 1.9 percent in the West, 1.8 percent in the South, and 1.4 percent in the Northeast.

Indy Crime Rate Mirrors Midwest Increases (WRTV-TV)

WRTV-TV, June 13, 2006

INDIANAPOLIS -- Murders, robberies and aggravated assaults in the United States increased last year, leading to an overall rise in violent crime for the first time since 2001, according to figures released by the FBI on Monday.

In Indianapolis, there were 7,948 violent crimes reported in 2005, up almost 900 from 2004.

The number of murders in Indy actually declined slightly, from 109 murders in 2004 to 108 in 2005, but other c rimes were up substantially.

Here's a year-to-year breakdown of other crimes:

The number of reported rapes climbed from 479 in 2004 to 527 in 2005.

The number of reported robberies jumped from 2,763 in 2004 to 3,274 in 2005.

Aggravated assault reports increased from 3,716 in 2004 to 4,039 in 2005.

Reported property crimes increased by more than 3,000, from 46,998 to 50,081 from 2004 to 2005.

Burglaries climbed from 10,920 in 2004 to 11,548 in 2005.

Larceny and theft reports jumped from 28,364 in 2004 to 29,541 in 2005.

Reported motor-vehicle thefts increased significantly from 7,714 in 2004 to 8,992 in 2005.

The number of arsons declined from 441 in 2004 to 374 in 2005.

Indianapolis' crime trend climb mirrors that of other Midwest communities.

The nation's four regions all saw increases in violent crime in 2005. The Midwest experienced the steepest increase, 5.7 percent.

However Tallied, Minneapolis Crime Is Up (MINNST)

By Greg Gordon, David Chanen And Howie Padilla, Star Tribune

Minneapolis Star Tribune, June 13, 2006

Police data show violent crime rose 15 percent last year, but it still doesn't approach the levels of the mid-1990s.

The FBI released data Monday indicating that violent crime surged 35.5 percent in Minneapolis last year, but the city's Police Department said a computer glitch grossly exaggerated what was actually a 15 percent jump from 2004.

A 15 percent increase is still six times the 2.5 percent national rise in murders, rapes, robberies and aggravated assaults in 2005, figures disclosed in preliminary data from the FBI's Uniform Crime Report. Still, the volume of violent crime in Minnea polis is about 30 percent below levels in the mid-1990s, when the number of annual murders nearly hit triple digits.

The nationwide increase in violent crime reversed a five-year downward trend, but these crimes are more than 25 percent below the numbers reported in 1992, the start of a years-long decline.

On the downside, violent crime in Minneapolis has increased in every year since 2001. And the data come as the city has grappled with two high-profile homicides in the Downtown and Uptown areas, spreading anxiety among some residents and leaders.

Alfred Blumstein, a Carnegie Mellon University professor who specializes in criminology, said the data "raise a concern about whether we're seeing a turn up in the crime rate," but it's too early to draw meaningful conclusions.

Blumstein said crime increases could be fueled by cutbacks in social services, a diversion of police to fighting terrorism, reductions in police manpower, declining job opportunities for teenagers and the release of 600,000 convicts from prison this year.

The FBI report relies on data reported by 12,000 law enforcement agencies.

DOJ_NMG_0033161

A 35.5 percent increase in violent crime in Minneapolis would have marked the biggest rise among U.S. cities with populations in the range of 350,000 to 400,000. Interim Police Chief Tim Dolan attributed that error to a tight FBI reporting deadline that did not leave time for a department analyst to cross-check the data.

"Obviously we had some sort of computer glitch when we ran the numbers, and we are working to correct that," Dolan said. "Unfortunately, we made a mistake."

The Police Department said the surge in violent crime in Minneapolis resulted largely from a 15 percent rise in robberies and a 19 percent jump in aggravated assaults. No raw numbers were made public.

Murders fall in Minneapolis

Minneapolis' single bright spot in the report was an 11.3 percent drop in murders, from 53 in 2004 to 47 last year, while law enforcement agencies across the country reported an average 4.8 percent rise, to a total of more than 16,900 homicide victims.

Murders rose 76 percent in Birmingham, Ala., 51 percent in St. Louis, 42 percent in Kansas City, Mo., and about 40 percent in Milwaukee.

Despite a national property crime decrease of 1.6 percent, the FBI reported that Minneapolis property crime surged by 11.9 percent over 2004, including an 18 percent rise in burglaries. It was unclear whether the department will seek to revise those figures as well.

An FBI spokeswoman said she expects the bureau to accept Minneapolis' revisions.

Minneapolis' surge helped drive up violent crime in the Midwest by 5.7 percent, the steepest increase of any region. Several other Midwestern cities also reported sizable increases in violent offenses: Milwaukee's incidence rose by 32.5 percent and Detroit's by 31.6 percent.

Robberies rose by 4.5 percent nationally and aggravated assaults increased by 1.9 percent, but the number of rapes declined by 1.9 percent.

The scene in St. Paul

In contrast, violent crime in St. Paul in 2005 rose by a modest 1.5 percent, though the number of murders increased 20 percent, from 20 to 24. Property crimes in St. Paul were 5 percent above 2004.

St. Paul Police Chief John Harrington said that he learned a long time ago not to get too caught up in the numbers. He was taught, he said, that someone willing to take too much credit in the good times will have to take blame when the numbers aren't favorable.

"The community's sense of their well-being and their safety is probably a better indicator of how safe a city is," Harrington said.

St. Paul Council Member Dan Bostrom, a former police officer, said he's confident that Minneapolis officials are addressing the crime issues and worries that St. Paul could pay for their success.

"People that do these crimes," Bostrom said, "will go where there is the least resistance."

Dolan said comparisons with St. Paul aren't fair, because Minneapolis has more economic disparity and greater problems involving juveniles, with the highest ratio of high school dropouts in the state. Gang members also have become younger and more violent, and gangs have become more fragmented, he said. The resulting unequal access to the drug market has forced more gangs to turn to robbery for revenue, Dolan said.

Centralizing the department's juvenile unit is a key strategy to tackle the youth crimes. Department officials hope the eight-officer unit will increase the number of investigations of juvenile crime, which shrank when the unit disappeared three years ago, Dolan said.

Resources are stretched to the limit, Dolan said, because of funding cuts over the past two years, but he said a bigger factor may be the department's failure to move quickly enough to implement crime-fighting strategies in the past year.

A daily battle on the streets

Police introduced the STOP unit -- a 50-officer team that responds to crime hot spots around the city -- last year to combat violent crime and move officers throughout the city as crime necessitated.

Shortly after 8 p.m. Monday, STOP officers Brandon Kitzerow and Jeff Kading responded to a call of "shots fired" on Oliver Avenue N. at the corner of the highly traveled Golden Valley Road.

"He shot me! He shot me!" the man on the ground was yelling, referring to the man sitting on him.

Kitzerow arrested the suspect, and Kading tended to the victim, whose white T-shirt was covered in blood. The officers shooed away kids on bicycles who happened by.

Earlier, two other STOP unit officers patrolled known drug spots and busted a man with marijuana and ticketed a driver with a suspended license.

Staff writer Chao Xiong contributed to this report. Greg Gordon is a correspondent in the Star Tribune Washington Bureau. dchanen@startribune.com • 612-673-4465 hpadilla@startribune.com • 651-298-1551

Violent Crime Jumps In Fort Collins (COLO)

By Coloradoan Staff

The Coloradoan, June 13, 2006

Violent crime increased dramatically in Fort Collins in 2005, though property crimes decreased, according to FBI crime statistics released today.

Fort Collins police received 4,876 reports of serious crimes in 2005, down 3 percent from the previous year, according to the FBI's Preliminary Uniform Crime Report for 2005.

However, the number of robberies reported to police more than doubled, while the number of aggravated assaults were up by 32 percent. Rapes were down 9 percent.

Overall violent crime – murder, rape, robbery and aggravated assault – was up 23 percent in Fort Collins, the second-highest increase in Colorado behind Westminster among cities with more than 100,000 people, according to the FBI report.

The picture was better in property crime – burglary, larceny-theft and motor vehicle theft – which declined by 5 percent in Fort Collins.

The biggest decrease in crime in Fort Collins was in larceny-theft, down 13 percent. However, auto thefts jumped 67 percent, to 431, according to the report.

Nationally, reported violent crimes increased by 2.5 percent in 2005 over the previous year. Property crimes declined by 1.6 percent, according to the FBI report.

Complete details in Tuesday's Coloradoan.

See the FBI report at http://www.fbi.gov/ucr/2005preliminary/index.htm

Violent Crime Up Across Texas, But Down In Dallas (KTVT-TV)

By Brooke Richie

KTVT-TV, June 13, 2006

(CBS 11 News) DALLAS Violent crime is up across the country and in every large North Texas city - except Dallas. That's according to the FBI's preliminary crime report for 2005. So what are different cities doing in the fight against crime?

Eleven people were shot in downtown Dallas early Saturday morning. There have been 78 murders in the first five months of the year. But violent crime in Dallas is actually plummeting.

"Dallas has been known for several years as having one of the highest crime rates in the nation for a population of a million or a more, but now with the crime rate coming down, it's good," said Dallas Police Department spokesperson Lt. Rick Watson.

Violent crime in Dallas was down nearly 5 percent from 2004 to 2005. Murders were down 19 percent - from 248 in 2004 to 202 in 2005. With Dallas in the national spotlight these days, those numbers may be good for business.

"With the NBA finals here, it makes people feel like they're more secure and safer coming to Dallas," Lt. Watson said.

Officials in other cities say - not so fast. They stress the importance of examining the crime rate per capita. And while Fort Worth and Arlington's crime statistics are up, so are both cities' populations.

"Marginal increases, when you take into consideration that we've added 37,000 people to our population last year alone," said Lt. Dean Sullivan of the Fort Worth Police Department.

Both Fort Worth and Arlington saw increases in their violent crime and murder rates. Arlington's murder rate increased 71 percent, from 14 murders to 24. Both cities say they've taken steps to improve. But even Dallas officials say when it comes to crime - no number is low enough.

Rapes On Decline In Seattle Area (KIRO-TV)

KIRO-TV, June 13, 2006

SEATTLE -- The FBI's latest crime statistics show a drop in rapes in Bellevue, Seattle, and Tacoma, Wash.

As far as other crimes reported in the 2005 FBI Uniform Crime Report, results vary.

Bellevue has seen an increase in murders and aggravated assault but theft and robberies have declined.

Crime in Seattle and Tacoma continues to rise.

Burglaries have dropped by 14 percent in Seattle but that was the only decrease noted among crimes listed in the report.

Violent crime has declined in Tacoma but like the other cities, crimes involving theft and robberies have increased.

Katrina Evacuee Arrested In Killing (NSDY/AP)

By Associated Press, June 12, 2006, 10:06 Pm Edt

Long Island Newsday, June 13, 2006

Ricardo Irvin, 18, told the Houston officers who picked him up from authorities in New Iberia, La., that "he got tired of running from the law" and admitted killing fellow evacuee Gregory Sartain, 19, and wounding another man, police spokesman Alvin Wright said.

Police said Irvin and Richard Foster, 17, robbed the two men of money they had received from the Federal Emergency Management Agency.

A tip led to Irvin's arrest in Baton Rouge, La., on June 6. He was transferred to New Iberia, where he also is charged in a murder, before being turned over to Houston officers, authorities said.

Foster was arrested in New Orleans on May 15. The men could face the death penalty if convicted of the Houston murder.

Katrina evacuees have been involved in more than two dozen killings, either as suspects or victims, since about 150,000 Louisiana evacuees arrived last September, police said. FBI crime data released Monday showed a 23 percent spike in murders in Houston in the past year.

Washington Wire (WSJ)

Wall Street Journal, June 12, 2006

Libby Defense Team Considers Memory Expert

The defense team for former Vice Presidential Chief of Staff I. Lewis Libby said it is considering calling a memory expert to testify at his trial early next year.

Libby is charged with five counts of lying to federal investigators and the grand jury and obstructing an investigation into whether Bush administration officials wrongfully disclosed the identity of a CIA agent. He has pleaded not guilty.

Attorneys representing Libby have said in court filings that any erroneous statements made to Federal Bureau of Investigation agents or the grand jury were the result of a faulty memory, and not intentional lies. It isn't clear if the federal judge hearing the case would allow such testimony. At a status hearing Monday, Libby's attorneys said they would notify the judge by July 17 if they plan to call such a witness, and the government could then object. – Anne Marie Squeo

Part Of Charge Vs. Ex-Bush Official Tossed (AP-Y2)

By Pete Yost

AP2, June 12, 2006

A judge dismissed part of one criminal charge against a former official in the Bush administration Monday, as the first trial in the Jack Abramoff influence-peddling scandal moved toward a conclusion.

The decision by U.S. District Judge Paul Friedman represented a small courtroom victory for defendant David Safavian, who is accused of five felony charges that he concealed Abramoff's efforts to acquire two pieces of government property.

Safavian was chief of staff at the General Services Administration when he supplied the lobbyist information about government land in Maryland and the Old Post Office, a downtown Washington landmark.

The judge threw out language from the indictment that said Safavian lied by telling a GSA ethics officer Abramoff had no business with the GSA and was not seeking to do business with the agency. There was no evidence during the trial that Safavian

ever made such statements to the GSA, Friedman said. The judge left intact the remainder of the count that Safavian concealed his assistance to Abramoff, and deletion of the language was expected to have little substantive impact.

According to testimony, Abramoff used his typically aggressive tactics on an old friend, Safavian, who now faces a lengthy prison term if convicted of covering up his assistance to the influence peddler.

The prosecution and defense were to make final arguments to the jury Monday afternoon.

During the trial, prosecutors depicted the former top procurement official in the government as a liar who improperly capitalized on his position. Defense lawyers described him as an honest public servant who simply confused the details of his dealings with Abramoff.

Toppled from his White House post last year, Safavian's fate is about to be placed in the hands of a jury that has heard a week of testimony about two pieces of government real estate the lobbyist wanted for himself or his clients.

One of them is the Old Post Office, a Washington landmark that Abramoff envisioned as a redevelopment project for his Indian tribal clients.

Safavian, once the chief of staff at the General Services Administration, acknowledged giving advice and some "nonpublic information" to the lobbyist and admitted to some lapses of judgment and memory, while insisting he hadn't intentionally misled GSA and Senate investigators.

Safavian said he told an FBI agent he had advised Abramoff on two GSA properties in the fall of 2002, rather than — as actually happened — in the weeks before he took a luxury-filled golf trip to Scotland that Abramoff arranged in August 2002.

"I was just mistaken about the time frame," Safavian testified last week.

If Safavian is acquitted, the prosecution's decision not to put Abramoff on the witness stand would turn out to have been a mistake by the government.

A conviction would follow a trial in which the star witness was not a person, but rather hundreds of e-mails in which Abramoff detailed what he wanted and Safavian responded.

Safavian is accused of two counts of obstruction and three counts of making false statements regarding his statements to the GSA's ethics officer, the Inspector General's office at the agency and a Senate committee chaired by Sen. John McCain (news, bio, voting record), R-Ariz. Each count carries a maximum term of five years in prison.

Safavian Case Goes To Jurors (WP)

By Jeffrey H. Birnbaum

The Washington Post, June 13, 2006

The trial of former federal procurement official David H. Safavian went to the jury yesterday, as a prosecutor in closing arguments accused him of lying to federal investigators to conceal the fact that he was "doing Jack Abramoff's bidding."

In response, Safavian's attorney said that the government's case was weak because Abramoff, a disgraced lobbyist who pleaded guilty in January to conspiring to corrupt public officials, did not testify at the three-week trial.

Safavian is the first person to go to trial for Abramoff-related charges, although four others have pleaded guilty to various allegations. Abramoff is cooperating with prosecutors in what has been a spreading Washington scandal.

Federal prosecutor Nathaniel B. Edmonds told the jury in his closing argument that Safavian maintained a "secret, inappropriate and unethical relationship" with Abramoff, his former boss, when Safavian became the deputy chief of staff and then chief of staff of the General Services Administration, the U.S. government's landlord agency.

Abramoff bestowed on Safavian a long list of favors, including a heavily subsidized golfing trip to Scotland and London on a private jet in the summer of 2002, Edmonds said. In exchange, he added, Safavian offered Abramoff "access, he offered connections, he offered power."

In particular, Edmonds said, Safavian arranged high-level meetings at the GSA and gave Abramoff insider information about two valuable properties that the GSA controlled and that the lobbyist coveted: a parcel of land in White Oak and the Old Post Office Pavilion building, on Pennsylvania Avenue between the White House and Capitol Hill.

Abramoff wanted to relocate a Hebrew academy he founded to White Oak, and he hoped to transform the Old Post Office into a five-star hotel.

DOJ_NMG_0033165

The two men had a "two-way relationship," Edmonds said. When Safavian had the choice of acting on the public's behalf or helping the private interests of Abramoff, he asserted, Safavian chose Abramoff every time. Safavian is charged with lying about and preventing the government from learning about his aid to Abramoff and the expensive golfing trip that Abramoff bankrolled around the same time.

Edmonds also contended that it was merely a matter of "common sense" that Abramoff had "business before" the GSA and that Safavian was misleading investigators and ethics officers when he told them otherwise from 2002 onward. Neil G. Volz, a onetime lobbyist and former staff member for Rep. Robert W. Ney (R-Ohio), testified during the trial that Abramoff's team considered Safavian one of the "champions" of its causes inside government.

Safavian's attorney Barbara Van Gelder, said there were "many reasons to doubt the government's evidence." In particular, she asked, "Where's Jack?" -- referring to Abramoff. She said many of the e-mails between Abramoff and Safavian discussed during the trial were weakened as evidence because "Jack Abramoff was not here to answer the questions" that might have arisen about them.

Later, after a private conference with the judge and prosecutors, Van Gelder acknowledged that she could have called Abramoff to the stand, as the prosecutors could have, but chose not to.

She portrayed Safavian's omissions of fact to investigators as "innocent errors" that should not be judged as crimes by the jury because he acted "in good faith." Van Gelder characterized Safavian as "open, courteous, trying to do the right thing" and said he answered any question or requests put to him by investigators.

"There isn't a wrongful, depraved, evil bone in his body," she said. She told members of the jury that they could have witnessed that for themselves when Safavian took the stand in his defense last week, an act that she said he did not have to do.

She also said that Safavian did not assist Abramoff in doing business with the GSA because Abramoff did not have any actual business before the agency. He was not a "contractor," she said.

Besides, she asked, "What did David Safavian do for Jack Abramoff? Nothing." She asserted that Safavian did not have the power to grant Abramoff's wishes on either of the properties.

Judge Lets Stand Major Charges Against Ex-Aide (NYT)

By Philip Shenon

The New York Times, June 13, 2006

WASHINGTON, June 12 — A federal judge on Monday handed a small victory to a former White House aide on trial for lying about his ties to the Republican lobbyist Jack Abramoff, dismissing a specific charge in the indictment.

But other, larger charges against the former aide, David H. Safavian, were left intact for the jury, which is scheduled to begin deliberations on Tuesday in the first trial to result from the influence-peddling scandals centered on Mr. Abramoff.

In closing arguments in the district court here, a federal prosecutor, Nathaniel Edmonds, accused Mr. Safavian of abandoning his responsibilities as a public servant to "act in Jack Abramoff's interests" and of lying repeatedly when questioned by government investigators about his August 2002 golf trip to Scotland with the lobbyist.

Mr. Safavian, who worked at the time for the General Services Administration, the government's real estate manager, sought approval for the trip by telling colleagues that Mr. Abramoff had no business before the agency.

In fact, prosecutors said, Mr. Safavian was quietly helping Mr. Abramoff obtain information that summer about two real estate properties controlled by the G.S.A. that the lobbyist wanted to acquire.

Mr. Safavian's lawyer, Barbara Van Gelder, described her client as an honest government worker who had gone out of his way to avoid the appearance of conflict of interest in joining the Scotland trip, for which he reimbursed Mr. Abramoff $3,100.

The charge dismissed Monday by the trial judge, Paul L. Friedman, involved accusations that Mr. Safavian had lied to a G.S.A. ethics officer about Mr. Abramoff and his lobbyist business. The judge left the rest of the indictment in place, however, including the larger charges of obstruction of justice and false statements.

Shadegg's Memo Stokes Fight On Pork (HILL)

By Patrick O'Connor

The Hill, June 13, 2006

A leading fiscal conservative in the House has stoked debate over pork by circulating a newspaper story linking Rep. Jerry Lewis (R-Calif.) to "the inherent risk of corruption at the heart of the congressional earmark process."

Rep. John Shadegg (R-Ariz.), who ran for the majority leadership on a platform of fiscal retrenchment, sent reelection supporters an opinion piece on the federal investigation surrounding the House Appropriations Committee chairman.

To build momentum for reform, he wrote, "The debate continues on earmark reform … and, in my ongoing effort to illustrate the potential for abuse in the congressional spending process, created by unlimited earmarks, you may find the following commentary by John Fund at the Wall Street Journal informative."

A potential investigation of Lewis, one of his staff members and a lobbying firm with close ties to the lawmaker have thus become grist for internecine fights and policy disputes among members of the GOP conference.

The Journal piece condenses newspaper reports about connections among Lewis, a political action committee run by his stepdaughter and the lobbying firm of a close friend and former colleague.

Faced with mounting questions, Lewis is being represented by lawyers from the California-based firm of Gibson, Dunn & Crutcher. Rob Bonner, a former U.S. attorney, and Joe Warin, in the firm's Washington office, have taken the lead. His lawyers have brought in Barbara Comstock of Blank Rome Government Relations to handle press inquiries. Comstock assisted former Rep. Tom DeLay (R-Texas) after he was indicted in Texas on campaign-finance charges.

Lewis denies wrongdoing, and his Republican colleagues appeared to support him last week. House Majority Leader John Boehner (R-Ohio) backed him during a televised press briefing Thursday, and a handful of Republicans interviewed said they had seen no sign that members would pressure him to step aside.

The questions surrounding Lewis, his staff and the lobbying firm, Copeland Lowery Jacquez Denton & White, are not directly connected to the bitter dispute between conservatives and Appropriations Committee members over earmarks, the special projects inserted into the annual spending bills.

But some conservatives argue that the news stories refocus attention on reform just as the guilty pleas of former Rep. Randy "Duke" Cunningham (R-Calif.) and disgraced Republican lobbyist Jack Abramoff fade from the headlines.

The Shadegg e-mail sets up a potentially rancorous debate this week on the House floor over an appropriations bill to fund the Departments of Transportation, the Treasury and Housing and Urban Development (TTHUD).

Rep. Jeb Hensarling (R-Texas), who handles budget and spending issues for the conservative Republican Study Committee (RSC), circulated a newsletter last week to RSC colleagues questioning whether outlays listed in the bill were a legitimate reallocation of taxpayer money. The outlays come from unspent highway money allocated in prior legislation; therefore, the Congressional Budget Office (CBO) does not recognize them as savings. The money was redistributed so that the spending bill would not exceed its preset price tag under the budget.

"It strikes me as a budget gimmick," Hensarling said. While he concedes that this accounting method "comports with budget rules," it "breaks with the spirit" of those laws.

Because the bill does not violate budget rules, conservatives in the House cannot raise procedural objections to it or its sections and must vote against the rule for the bill, offer an amendment to reduce the $2.3 billion listed as "un-obligated balances," or vote against the bill itself.

Debate is expected to begin today, and RSC members had not decided on a strategy by press time yesterday. Rule votes are often the best opportunity for Republicans to derail legislation because Democrats usually oppose the rule en masse.

Appropriators argue that offsets are commonly used to fund projects in other bills and that RSC members have proposed similar reallocations in the past to fund previous spending bills.

"CBO says we're at our budget, and that's the end of the discussion," said Appropriations Committee spokesman John Scofield.

Appropriations members have already vowed to fight any move to strip spending from the bill. "I'm not going to take their crap," Rep. Ray LaHood (R-Ill.) said last week. The Illinois appropriator said he included several projects for his district and would fight to keep them all.

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"They think they've gotten a little steam building, and we're going to have to shoot them down," LaHood said. He ripped RSC members this year on the House floor for successfully stripping $507 million in construction projects from a military spending bill.

In addition to fighting over outlays, Rep. Jeff Flake (R-Ariz.) is expected to introduce amendments to block several earmarks, as he did on other appropriations bills this year.

The complete list of those projects was not yet available by press time, but it included $500,000 to the city of Yucaipa, Calif., "for the design and construction of a multipurpose athletic facility at Crafton Hills College" and $1.5 million for construction of a William Faulkner Museum at the University of Mississippi in Oxford, Miss., where the author attended college.

With stories about Cunningham and Abramoff on the decline, stories surrounding Lewis are driving reform, two conservative Republicans said last week on the condition of anonymity.

Boehner publicly supports sweeping earmark reform, and his office included it as part of a report on oversight expected to be released today. The leader and House Speaker Dennis Hastert (R-Ill.) promised Republicans on the Appropriations Committee that they would not bring a lobbying reform bill to the floor that does not apply the earmark language to each of the authorizing and tax committees.

The Speaker is expected to name conferees this week. They will work out the details of broader earmark reforms with Senate conferees, Boehner spokesman Kevin Madden said yesterday.

Asked whether press reports about the chairman's connection with lobbyists seeking projects from his committee had any effect on the passage of appropriations bills this year, LaHood said, "It hasn't so far. … The committee is working together."

Texas Death Penalty Case Headed For Possible Fourth Trial (AP)

By Michael Graczyk, Associated Press

AP, June 13, 2006

One of the longest and most contentious death penalty cases in Texas is heading back for yet another trial.

The U.S. Supreme Court, acting Monday on an appeal from the Texas Attorney General's Office, refused to reinstate the death sentence of Johnny Paul Penry, clearing the way for another jury to consider punishment for a fourth time. Penry was convicted of raping and fatally stabbing a woman at her home in Livingston in 1979.

Penry turned 50 last month and has spent more than half of his life on death row for the slaying of 22-year-old Pamela Moseley Carpenter. He confessed to attacking the woman and stabbing her with scissors, but his attorneys have contended Penry, who says he believes in Santa Claus, has the reasoning capacity of a 7-year-old.

While psychological tests have put Penry's IQ between 50 and 60, at least five juries have found Penry to be legally competent to stand trial or have rejected defenses based on mental retardation. The high court in 2002 ruled mentally retarded people, generally considered having an IQ below 70, may not be executed.

The Texas Court of Criminal Appeals last October, in a 5-4 ruling, sent Penry's death sentence back for another punishment hearing, citing what judges said were improper instructions that prevented jurors from considering the full scope of Penry's retardation claims. It was that decision the attorney general's office appealed to the high court.

"That's good news for us," said John Wright, of Huntsville, who has been one of Penry's lawyers since the beginning of his case. "We're looking at another trial — if we can't settle it. And I would think by now we could."

"There have been so many disappointments in regard to this case, you kind of become conditioned to adversity," said William Lee Hon, the Polk County assistant prosecutor who has been handling the case for more than two decades. "So you take these blows as they come, and you do the best you can."

Hon said he was anticipating Penry's lawyers would suggest an agreement to a sentence less than death to avoid another trial but said there were "a whole lot of considerations to look at" before deciding for a fourth time to seek a death sentence.

"The parole eligibility is huge and he might very well be parole eligible," Hon said. "Is there any guarantee to keep him in prison if we choose to seek a life sentence? I don't know. That's one of the big questions to resolve in the process."

He also said the relatives of the victim, whose brother is former Washington Redskins kicker Mark Moseley, would be consulted.

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Penry was on parole about three months after serving two years of a five-year rape conviction when he was arrested for the 1979 attack on Carpenter, who lived long enough to identify him as her assailant.

He was arrested later that day and has been in custody since. He's among the longest-serving of the 399 inmates on death row in Texas.

"Why don't they just lock me up and throw away the key," Penry told The Associated Press in 2001. "That's all I want."

In 2000, he got within about three hours of execution when the justices halted the punishment.

The Supreme Court first agreed to hear Penry's case in 1988, and the following year overturned his death sentence on 5-4 vote. In that same decision, justices clashed over whether mentally retarded people can be executed. More than decade later, in a North Carolina case, justices took the issue up again and barred capital punishment for retarded killers.

Penry was resentenced to death and in 2001 the Supreme Court on a 6-3 vote voided that death sentence too. Both times the high court reasoned the jury was not allowed to properly weigh Penry's alleged retardation.

A new trial in 2002 led to the death sentence that was reversed last year by the Court of Criminal Appeals.

Hon said depending on the court's schedule, it was possible a new punishment trial could be held by late this year. Wright speculated a trial wasn't likely until next year.

U Of U Professor Knows Location Of Documents FBI Wants (KSL-TV)

By Jon Dunn

KSL-TV, June 13, 2006

Over the last few months, the FBI has turned to Jack Anderson's papers — papers the deceased investigative journalist amassed over the years in his work. KSL Newsradio has learned that thousands of pages of those documents are right here in Salt Lake City.

University of Utah Professor Tim Chambless befriended Anderson over the years, and has built his own collection of papers by writing about the columnist.

"The FBI was informed by the Anderson family that I was a person who knew more than anyone else," Chambless says.

Chambless says when FBI Director Robert Mueller visited Salt Lake City last week, he wanted to come clean about his six boxes full of papers, and wanted to tell the bureau why it will never see them.

"I believe in the First Amendment. Jack Anderson believed in the First Amendment," Chambless says.

Chambless sent a letter through his lawyer to Mueller, asking him to announce the end of the pursuit of the papers. Attorney Pat Shea says the papers are now hidden where no one will find them.

Utahn Keeps Watch Over Jack Anderson Papers (DESERET)

By Ben Winslow, Deseret Morning News

Deseret Morning News, June 13, 2006

U. professor fends off FBI's efforts to obtain documents

Six boxes of Jack Anderson's papers that a University of Utah professor has been keeping are safe from the FBI's reach for now.

Michael Brandy, Deseret Morning News

University of Utah professor Tim Chambless has given collection of Jack Anderson's papers to attorney Pat Shea, in the background. The FBI wants the papers of the late muckraking journalist because it believes some of the documents in the collection contain classified information dealing with national security.

University of Utah political science professor Tim Chambless, who wrote a dissertation on Anderson, has collected the documents for years. Anderson, who died last year at 83, gave him many of the documents.

Initially, Chambless provided the FBI with a catalog of what the papers said. Now, he fears the FBI may come with subpoenas demanding everything.

His worry that he might be asked to provide more information came after the FBI contacted the Anderson family this spring, wanting to look at approximately 200 boxes of the journalist's papers at George Washington University in Washington, D.C. During a congressional hearing last week, Anderson's son said his family would defy an FBI subpoena.

In Utah, Chambless took a similar stance, and his lawyer fired off a letter Monday to FBI Director Robert Mueller, telling him to back off.

"The Anderson papers Professor Chambless has will not be released to any third parties, including the FBI," Pat Shea wrote in the letter. During a news conference at his law office, Shea said Chambless had given him the boxes.

Chambless said he just wants to continue writing a book about Anderson and the many government scandals he uncovered.

"I share with Jack Anderson a strong view of the First Amendment," Chambless said.

Chambless said nothing in the documents threatens American national security. He suggested the FBI wanted them because "political security" was threatened.

"Certainly administrations would prefer not to have their mistakes made known to the working press," Chambless said. Some have suggested the Anderson papers are a stepping stone for a Bush administration crackdown on reporters who publish classified documents and refuse to reveal sources.

While in Utah last week, Mueller denied those accusations.

"We're trying to determine whether or not national security would be adversely impacted by the disclosure of these documents. That's our sole intent," he said on Wednesday. "I hardly think that is an assault on the press."

Supreme Court Allows Fresh Evidence In Death Case (FINDLAW/AP)

By Toni Locy, Associated Press Writer

AP, June 13, 2006

(AP) - WASHINGTON-A death-row inmate can use DNA evidence to attempt to show his innocence 20 years after he was convicted of murdering a neighbor, the Supreme Court ruled Monday.

The high court's decision is significant because numerous exonerations in recent years of death-row and other criminal defendants through DNA testing have raised concerns among civil libertarians, prosecutors and Supreme Court Justice John Paul Stevens that an innocent person may be executed, or already has been.

Justice Anthony M. Kennedy, writing for the court, said the evidence in the case was a "close" call for a jury. But he said that inmate Paul Gregory House could proceed with a lawsuit in federal court claiming innocence for the murder of Carolyn Muncey, a young mother of two, in the state of Tennessee in July 1985.

Twenty years after his conviction, DNA testing revealed that semen found on the murder victim's nightgown and underwear belonged to her husband, not House.

"This is not a case of conclusive exoneration," Kennedy wrote on behalf of himself and four other justices.

Chief Justice John Roberts and Justices Antonin Scalia and Clarence Thomas dissented. Justice Samuel Alito did not participate in the case because it was argued before he joined the high court.

Kennedy said jurors could find reasonable doubt because DNA evidence points to Muncey's husband as a suspect and because small blood stains found on House's jeans may have spilled on the pants from vials of blood taken from Muncey during an autopsy.

House, who was on parole for a sex offense in Utah, was convicted of luring Muncey from her home by telling her that her husband, Hubert, had been hurt in a car accident. Her body was found the next afternoon in an area where witnesses had seen House.

His original lawyer failed to locate several witnesses who said years later that Hubert Muncey had abused his wife, had fought with her the night of her murder and had confessed later to killing her.

Supreme Court Allows Challenges To Lethal Injections (LAW)

By Tony Mauro, Legal Times

Legal Times, June 13, 2006

In a pair of opinions written by Justice Anthony Kennedy, the Supreme Court on Monday kept alive the appeals of death row inmates in Florida and Tennessee, adding new fuel to the debate over the death penalty.

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In the Florida case, Hill v. McDonough, the Court ruled unanimously that inmate Clarence Hill is entitled to challenge the state's lethal injection method as a Section 1983 federal civil rights action, rather than being limited to the more restricted habeas corpus route. But the Court, citing the interest of the state and crime victims in "timely enforcement of a sentence," cautioned that its ruling should not be read to encourage automatic stays or long delays in executions.

In the Tennessee decision, House v. Bell, unusual for its extensive discussion of the trial evidence, a more divided Court said that DNA evidence offered by defendant Paul House years after his conviction entitled him to habeas review in federal court.

Both rulings were hailed by death penalty critics, and both highlighted Kennedy's pivotal role in the new Roberts Court. In the House case the vote was 5-3, with Chief Justice John Roberts Jr. and Justices Antonin Scalia and Clarence Thomas in dissent. Justice Samuel Alito Jr. did not participate because the case was argued before he joined the Court.

Peter Neufeld, co-director of the Innocence Project, said that House "recognizes that scientific advances have transformed our criminal justice system and must be weighed heavily in determining whether innocent people have been wrongly convicted." The ruling, the first dealing directly with DNA evidence as a factor in reopening a death penalty case, will have a broad impact, Neufeld said.

The Hill decision, though not a ruling for or against lethal injections, may hasten the day when the Supreme Court will consider one of a growing number of claims that the combination of drugs used in lethal injections can cause excruciating pain, violating the Eighth Amendment bar against "cruel and unusual punishments." In May, however, the Court denied review in a Tennessee case that would have presented the issue directly.

Lethal injections, required in 19 states and available in 37 of 38 death penalty states, came into vogue in the past decade as a more humane method than electrocution. But human rights groups have questioned that premise in recent years, and during oral argument in the Hill case, Justice John Paul Stevens noted that veterinary groups have deemed the method as too cruel to use in euthanizing pets.

In the procedure the inmate is injected with three drugs in sequence that first lead to rapid unconsciousness, then muscle paralysis of the lungs and diaphragm, and, finally, cardiac arrest. Critics say that if the initial anesthetic does not take hold quickly enough, the inmate can suffer extreme pain and a feeling of suffocation.

Clarence Hill, convicted of murder in 1983, has challenged his death sentence ever since, with some success -- it was vacated twice. But in 1995 the Florida Supreme Court reimposed the death penalty. He kept appealing, and when Florida adopted lethal injections in 2000, Hill filed requests seeking details on the chemicals and the procedure to be used. He finally sued under Section 1983, but state and federal courts ruled that it was the functional equivalent of a successive habeas petition, which is foreclosed under existing law.

Kennedy's ruling reversed the 11th U.S. Circuit Court of Appeals. Because it is a challenge to the specific method of execution, not an attack on the sentence itself, Kennedy said it could proceed under Section 1983. Noting that other lethal injection methods are possible, Kennedy wrote that "Hill's action if successful would not necessarily prevent the state from executing him by lethal injection." Some states have developed different procedures and sequences for administering the drugs.

In House v. Bell, the defendant has also been claiming innocence and challenging his conviction for more than 20 years. At his trial, the prosecution used blood and semen evidence to connect House with the rape and murder of Carolyn Muncey.

After failing in several post-conviction appeals, House won a hearing in federal court to determine if his case fell into an "actual innocence" exception that allows further appeals that ordinarily would be procedurally barred. Using modern DNA evidence and other testimony, House alleged that the victim's husband committed the murder. The 6th U.S. Circuit Court of Appeals returned the case to Tennessee courts for further review. The Tennessee Supreme Court declined, and on further review the 6th Circuit upheld the denial of habeas relief.

Kennedy's majority opinion said that House's case fits under the rule announced in the 1995 case Schlup v. Delo, which allows innocence claims to reopen appeals if, in light of new evidence, "it is more likely than not that no reasonable juror would have found petitioner guilty."

After assessing the new evidence, Kennedy concluded that "this is not a case of conclusive exoneration." But because the new evidence called into question the blood and semen testimony, the Schlup standard was met. But he said House's case does

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not rise to the level of another precedent, Herrera v. Collins, which lays out procedures for handling "truly persuasive" innocence claims.

Roberts' dissent agreed with the majority on the Herrera issue but argued that despite the new evidence, "the case against House remains substantially unaltered from the case presented to the jury." As a result, Roberts said, the Schlup standard is not met because "I do not find it probable that no reasonable juror would vote to convict him."

Widening The Gateway (WP)

The Washington Post, June 13, 2006

OF ALL THE cases of possibly innocent people in state prisons, Paul House's hardly seems the most compelling. Convicted and sentenced to die in Tennessee for the murder of a woman two decades ago, Mr. House has mustered some considerable new evidence suggesting his innocence. But his claim is hardly overpowering. Ironically, that is exactly what makes the Supreme Court's decision yesterday allowing federal review of his conviction significant.

Oftentimes, serious legal deficiencies in state convictions, including capital convictions, escape federal review because of technical errors that prevented them from being raised in state courts first. Normally, the federal courts' attitude is that this is the inmate's tough luck. In recent years, however, the courts have acknowledged that in cases where an inmate has a particularly strong claim of innocence, those procedural barriers sometimes have to give way to prevent a miscarriage of justice. Yet clearing this hurdle requires an especially demanding showing -- so in practice, it doesn't offer much hope. The question in Mr. House's case was whether his showing of innocence was strong enough to let him proceed with a challenge that would otherwise be barred. The court voted 5 to 3 that it was.

Mr. House's claim seems powerful on its face. He has produced DNA evidence that semen stains left on the victim's clothing were not his but her husband's. He has offered indications that the victim's blood left on his pants might be the result of lab spillage, and not from the crime scene. And two witnesses have come forward -- years after the fact -- alleging that the victim's husband confessed to the crime. Yet as Chief Justice John G. Roberts Jr. argued in dissent -- joined by Justices Antonin Scalia and Clarence Thomas -- significant evidence of Mr. House's guilt remains, and the judge who considered his new evidence up close did not find it persuasive. In other words, to let Mr. House into court, the justices have had to widen significantly the gateway for review in such cases.

But this is not, as the dissenters imply, a problem; rather, it is a good development and overdue. It does not mean that inmates will go free on inconclusive showings of innocence; Mr. House still has a long way to go to get his conviction overturned. It means only that inmates who can raise a serious factual question about their guilt should have a somewhat easier time getting into the courthouse in the first place. Given how many innocents have been wrongly convicted and later freed from death row and lengthy prison terms, opening the door for review makes a great deal of sense.

Lifesaving Evidence (LAT)

The Los Angeles Times, June 13, 2006

EVEN MANY SUPPORTERS OF capital punishment probably assume that a death row inmate is guaranteed another day in court if new evidence, especially DNA evidence, emerges that undermines the original case against him. Until Monday, they would have been wrong.

That was when the Supreme Court, by a 5-3 vote, ordered a federal district judge to provide a new habeas corpus hearing for Paul G. House, a Tennessee man who was sentenced to death in the 1985 kidnapping and murder of a young mother. Unlike some of the court's fact-specific death penalty decisions, this one could have wide application as more convicted defendants seek exoneration through DNA evidence. That's because the decision requires a judge considering a convicted defendant's habeas corpus petition to view the jury deliberations at his trial as part of a "holistic" process — one in which one sort of evidence affects how a jury views other evidence.

In asking jurors to sentence House to death, prosecutors suggested that he had sexually assaulted Carolyn Muncey and then killed her because she resisted or because he wanted to cover up his deed. But later, DNA testing indicated that semen found on Muncey's nightgown did not come from House.

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Justice Anthony M. Kennedy's majority opinion calls the belated DNA evidence a "new disclosure of central importance" in the way jurors would look at the case. In a 1995 case, the high court ruled that prisoners who otherwise had exhausted their appeals could pursue a writ of habeas corpus if, in light of new evidence, it was more probable than not that "no juror, acting reasonably, would have voted to find him guilty beyond a reasonable doubt." House met that test, Kennedy concluded.

Chief Justice John G. Roberts Jr., joined in dissent by justices Antonin Scalia and Clarence Thomas, disagreed. "The question," Roberts wrote, "is not whether House was prejudiced at his trial because the jurors were not aware of the new evidence but whether all the evidence, considered together, proves that House was actually innocent, so that no reasonable juror would vote to convict him."

At first glance, the outcome of this case — while obviously good news for House — might seem to offer little encouragement to other death row inmates seeking to challenge their convictions. After all, both Kennedy and Roberts purported to be applying the same legal standard to a specific set of facts. But Kennedy's "holistic" approach sends a clear signal to lower-court judges: Henceforth, they must take a generous view of the way new evidence, scientific and otherwise, might undermine convictions.

From now on, a defendant need not offer evidence disputing each piece of evidence offered against him. It will be enough to cast doubt on information that affected how jurors weighed the credibility of nonscientific evidence. For example, if a juror believes that flawed DNA evidence establishes a defendant's presence at a murder scene, she is more likely to credit an eyewitness identification.

Welcome as this decision is, the best way to prevent unjust impositions of the death penalty is to do away with capital punishment altogether, as other civilized societies have done. Unfortunately, as the Supreme Court grows ever more uneasy with the death penalty, elected officials agitate ever more aggressively for it.

Death Row Inmates Can Pursue Appeals (FT)

By Patti Waldmeir

Financial Times, June 13, 2006

The US Supreme Court on Monday chipped away at the edifice of capital punishment in America, issuing two rulings that give prisoners on death row more power to challenge their sentences.

In one case, the court ruled that a Tennessee man should get a second chance to prove his innocence, since DNA and other evidence cast serious doubt on whether he was guilty. The second case gave death-row inmates more avenues to challenge and possibly delay their execution, by using civil rights laws.

"Today's decisions are further evidence of the Supreme Court's increasing discomfort with many aspects of the death penalty system and further evidence of the growing national concern about executing innocent people by mistake," the American Civil Liberties Union (ACLU) said.

In recent years, the court has issued several rulings reining in the administration of the death penalty. Several rulings have dealt with the problem of incompetent counsel and racial bias by juries. The court has also issued controversial rulings abolishing the death penalty for juveniles and the mentally retarded.

The rulings come amid a marked decline in US executions. "Prosecutors aren't seeking [the death penalty] as often, juries aren't imposing it as often. Certainly, everybody is giving it a second look," says Ron Weich, a death penalty specialist who is senior counsel to Harry Reid, the top Democrat in the Senate. He predicts a "gradual withering away" of capital punishment over time.

Monday's DNA case, which was decided 5-3 in the Supreme Court, was a "rare case where – had the jury heard all the conflicting testimony – it is more likely than not that no reasonable juror would have found the petitioner guilty beyond a reasonable doubt", Justice Anthony Kennedy wrote for the majority. Chief Justice John Roberts dissented.

The Tennessee man, Paul Gregory House, was convicted of murdering a woman in 1986. But DNA evidence now proves that semen stains on her clothing did not come from him, and incriminating bloodstains may have been planted. But the court did not order him immediately freed: Mr House will have to pursue his claims before a federal district court, which could find that there are other procedural hurdles to his release.

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Stephen Kissinger, Mr House's attorney, welcomed the ruling, saying it "gives a road map" to other prisoners who want to challenge their convictions. He called on the Tennessee governor to grant clemency to Mr House, since he is gravely ill, and further legal proceedings could take years.

In the other case, decided unanimously, the court gave death-row inmates another avenue to challenge lethal injection, the method used by almost all death penalty states. Inmates who have exhausted their usual appeals can use federal civil rights law to challenge this method, which medical studies have shown may inflict severe and unnecessary pain.

The ruling made it relatively hard to bring such challenges and did not answer the underlying question of whether lethal injection executions are constitutional.

High Court Rulings Chip At Death Penalty (USAT)

By Joan Biskupic

USA Today, June 13, 2006

WASHINGTON — In two death-penalty cases Monday, the Supreme Court opened the door to new challenges of state lethal injection methods and ruled that a Tennessee prisoner offering DNA evidence that he might be innocent should get a new hearing.

The latter case, decided by a 5-3 vote over a dissent by Chief Justice John Roberts, was the court's first ruling involving DNA testing, which has been used to exonerate scores of prisoners in recent years. The ruling was focused narrowly on the Tennessee inmate's case. But supporters of DNA testing programs, including the New York-based Innocence Project, took it as a signal that the court's majority is open to prisoners using new scientific evidence to appeal their cases from death row.

Both decisions were written by Justice Anthony Kennedy, who is at the ideological center of the divided, nine-member court and has seen his profile increased by the retirement of moderate Justice Sandra Day O'Connor. The rulings also reinforced a trend in which the court has tried to ensure states have adequate safeguards in imposing the death penalty.

Voting 9-0, the court allowed inmates who have exhausted their regular appeals to invoke a civil rights law to challenge the drugs and procedures used for injection. That execution method, used by almost all of the 38 states that allow capital punishment, has been targeted in lawsuits as "cruel and unusual punishment" that should be deemed unconstitutional.

In Monday's case, Clarence Hill, who was convicted in the shooting death of a police officer in Pensacola, Fla., in 1983, asserts that the three-drug cocktail Florida uses in executions could cause needless pain. Hill says inmates may not be fully anesthetized before the last drug — potassium chloride — is administered to stop the heart.

The justices reversed an appeals court ruling that denied Hill's claim. That court said it was an improper challenge to the constitutionality of his sentence, rather than a civil rights claim.

The justices did not address the merits of arguments against lethal injections. Kennedy said the decision allowing Hill a hearing should not lead judges to routinely postpone executions of prisoners who challenge lethal injection.

The more divisive ruling linked to DNA evidence permits Paul Gregory House, who was convicted of the 1985 murder of a neighbor, to go before a U.S. judge to assert that his trial was constitutionally flawed. Based on new scientific evidence and witness testimony that House says cast suspicion on the victim's husband, the court said jurors likely would not have found House guilty beyond a reasonable doubt.

The justices reversed a ruling that had barred House from bringing a claim that his trial lawyer was ineffective, because House had exhausted his regular appeals. Kennedy said House qualified for an exception to the usual rules based on his possible innocence. If House is successful in arguing that his case was constitutionally flawed because of ineffective counsel, he could get a new trial.

Dissenting in the House case were Roberts and Justices Antonin Scalia and Clarence Thomas. They noted that a lower-court judge who had reviewed the new information found that it did not sufficiently undermine "the larger web of evidence" against House. Justice Samuel Alito, who was not on the court when the case was argued in January, did not participate.

Supreme Court Assists Death Row Challengers (LAT)

By David G. Savage

The Los Angeles Times, June 13, 2006

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WASHINGTON — The Supreme Court opened the doors of the federal courts today to state death row inmates who wish to challenge their convictions based on new DNA evidence or to claim that a poorly administered lethal injection would cause them great pain.

The court's two rulings were narrow and procedural, and they are not likely to affect a large number of convicted murderers. In neither case did the justices say the inmate deserved to win. Rather, they said only that his claim deserved a full hearing.

Nonetheless, the high court made it clear again that the death penalty was special and said federal judges should reopen old cases when "new reliable evidence" raises real doubts about the defendant's guilt.

DNA evidence has already freed scores of prisoners, including some who were on death row. Lawyers for the New York-based Innocence Project predicted today's ruling would have a broad national impact by removing a barrier to having some of these cases heard in federal court.

In the past decade, Congress and the Supreme Court have all but barred federal judges from reopening the cases of long-serving state prisoners.

The court announced two exceptions to that rule today: one for powerful new evidence and the other involving the method of carrying out an execution.

Justice Anthony M. Kennedy delivered both decisions for the court. With the retirement of Justice Sandra Day O'Connor, he has assumed the center spot when the court is closely split along ideological lines.

The DNA case was decided on a 5-3 vote, with new Chief Justice John G. Roberts Jr. in dissent.

In 1986, Paul House, a paroled rapist and a newcomer to a rural east Tennessee town, was convicted of abducting and murdering a neighbor woman, and he was sentenced to die. But DNA tests a decade later showed the semen stains on her nightgown had come from her husband, not from House, as the jury was told.

Kennedy said the new evidence did not prove House was innocent. He had lied about his whereabouts on the night of the murder, and blood stains from the victim were found on his jeans.

Still, he said, the DNA evidence undercut the prosecution's claim that House had sexually assaulted the victim. "We conclude that this is the rare case where — had the jury heard all the conflicting testimony — it is more likely than not that no reasonable juror" would have voted to convict House, Kennedy said.

In the second case, Kennedy spoke for a unanimous court in saying federal judges should hear claims that a lethal injection may cause an excruciating death if officials do not use a sufficient amount of anesthesia.

Last year, the Lancet, the British medical journal, published a study by four doctors who said some executed men may felt intense, burning pain from the drugs that contracted the muscles of their lungs and heart because they were not given enough of the anesthetic, sodium pentothal.

In response, lawyers for inmates facing execution cited the study and urged judges to intervene. Some did so. U.S. District Judge Jeremy Fogel in San Jose stopped the execution of Michael Morales and scheduled a hearing for the fall to review California's method of carrying out lethal executions.

Other federal judges said they were barred from reopening these state cases on the eve of an execution.

In today's decision, the high court agreed a federal judge in Florida may hold a hearing to consider the claims of Clarence Hill that another mixture of drugs should be used for his execution.

Kennedy stressed that Hill was not challenging the state's plan to execute him, only its method of doing so.

High Court Keeps Door Open To Death-penalty Lawsuits (CSM)

By Warren Richey

The Christian Science Monitor, June 13, 2006

WASHINGTON

Death-row inmates can rely on civil rights law to challenge the use of lethal injection in their executions, even after they have exhausted all their allowable appeals.

In a 9-0 decision announced Monday, the US Supreme Court left the door propped open for a significant number of condemned prisoners to sue to force an examination of whether lethal injection is a humane method of capital punishment.

Such method-of-execution suits have become the most active area of capital punishment litigation in recent years. Many states and the Bush administration had expressed concern that to allow such challenges might create another layer of delay in carrying out executions.

The case, Hill v. McDonough, did not test the constitutionality of lethal injection. Instead, it raised a technical issue: whether such legal challenges had to be filed under the more restrictive habeas statute or could be pursued as a civil rights matter. The high court said inmates could file appeals under the civil rights law.

Writing for the court, Justice Anthony Kennedy said such civil rights suits are different from habeas suits in cases involving the death penalty because they challenge only the way an execution is carried out, not the merits of the underlying conviction.

"Any incidental delay caused by allowing [the death row inmate] to file suit does not cast on his sentence the kind of negative legal implication that would require him to proceed in a habeas action," Justice Kennedy writes.

But Kennedy also warned that the high court's ruling was not a license for death-row inmates to file last-minute challenges to stall an execution. "A stay of execution is an equitable remedy," Kennedy writes. "It is not available as a matter of right."

The decision comes in the case of Florida death-row inmate Clarence Hill, sentenced to die for the 1983 shooting death of a police officer. Hill had used up all his allowable appeals, but as his execution date drew nearer, he adopted a new strategy. Rather than challenging his conviction and death sentence, he sued under a federal civil rights statute challenging the constitutionality of Florida's use of lethal injection. Citing scientific studies, Hill argued that the state's procedure created an unreasonably high risk that he would suffer excruciating pain.

Justices Open Door For Injection Case (WP)

By Charles Lane

The Washington Post, June 13, 2006

The Supreme Court gave the green light for a Florida death row inmate to challenge that state's lethal-injection procedures through a federal civil rights lawsuit, in a unanimous ruling that underscored the pivotal role of Justice Anthony M. Kennedy in the court's death-penalty jurisprudence.

Clarence E. Hill, convicted in 1982 of murdering a police officer, did not claim that lethal injection, in and of itself, is cruel and unusual punishment. Instead, he asserted that Florida's method of executing inmates -- which, like that of most other states, employs three chemicals in sequence -- could subject him to excruciating but undetected pain, in violation of his civil rights.

Earlier this year, an Atlanta-based federal appeals court threw out Hill's case, ruling that it was a disguised attack on his death sentence.

But in a 10-page opinion written by Kennedy, the court said Hill's suit was a good-faith challenge that might delay his execution without "necessarily" foreclosing it, because the state has other lethal-injection options. The court sent the case back to the lower courts to rule on the merits of Hill's claim.

The narrow ruling, which Kennedy said hinged on the circumstances of Hill's case, was something of an anticlimax to one of the most closely watched cases of the term. It did not settle the legal question that has divided the courts for years and that the justices seemingly set out to address: whether, and under what circumstances, inmates generally can use civil rights law to challenge states' methods of execution.

Still, legal analysts said the ruling would help death penalty opponents. It left open a legal option for death row inmates that states, with the apparent support of conservatives on the Supreme Court, have long been eager to shut. Opponents of method-of-execution challenges argue that inmates can pursue them indefinitely, postponing execution forever.

"It's discouraging," said Kevin C. Newsom, solicitor general of Alabama, which supported Florida in the case. "The floodgates are, to a certain extent, open."

At the same time, Kennedy warned that "federal courts can and should protect States from dilatory or speculative suits." He offered little guidance on how lower courts should evaluate Hill's claim, leaving room for conservative federal courts in the South,

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where the death penalty is concentrated, to continue denying stays of execution based on alleged constitutional problems with lethal injection, legal analysts said.

At oral arguments on April 26, the justices seemed deeply divided along ideological lines. The court's four liberal members emphasized the risk of pain to inmates and the need to give them a day in court to prevent it. Its four conservatives suggested that inmates would use repeated lethal-injection challenges to evade execution.

Kennedy, an appointee of President Ronald Reagan who usually votes with the conservatives but has often sided with the liberals on social issues, did not tip his hand.

Yesterday's ruling may have been unanimous because it effectively papered over these differences, offering a little something for everyone on the court. In recent weeks, Chief Justice John G. Roberts Jr. has spoken publicly of the need for the court to speak with a single voice on controversial issues, even if that means it must rule narrowly.

And the court seems unlikely to return to the issue soon. It recently turned down a lethal-injection appeal by a Tennessee death row inmate that did not pose procedural issues as Hill's did, but directly challenged lethal injection in that state as cruel and unusual punishment.

Kennedy's decisive role was more obvious in yesterday's other death penalty case, House v. Bell , No. 04-8990, in which he also wrote the majority opinion.

Voting 5 to 3, the court gave Paul Gregory House of Tennessee a new chance to challenge the fairness of his 1986 capital murder trial because DNA tests and other new evidence have created doubt that he is guilty.

Liberals Stephen G. Breyer, Ruth Bader Ginsburg, David H. Souter and John Paul Stevens joined Kennedy. Roberts and fellow conservative Justices Antonin Scalia and Clarence Thomas dissented. Justice Samuel A. Alito Jr. did not vote because the court heard the case in January, before he joined the court.

If Kennedy had sided with the conservatives, the 4 to 4 tie would have affirmed a federal appeals court's ruling against House.

The court's ruling favored death penalty opponents, but not quite as much as they had hoped. House and his supporters had wanted the court to rule that death row inmates with particularly strong claims of innocence should be allowed to raise them in court even if they have no other legal claims or have exhausted their appeals.

But the court, leaving House's conviction and sentence intact, at least for now, refused to go that far. Kennedy noted that "this is not a case of conclusive exoneration" but rather a case in which House had raised new evidence that, taken together, makes it more likely than not that jurors would have reasonable doubt as to his guilt.

By meeting that standard, which the court set in a 1995 ruling, House won the right to a hearing in federal court on his claim that he was denied effective legal aid at trial.

Prisoners Gain In Suit Attacking Lethal Injection (NYT)

By Linda Greenhouse

The New York Times, June 13, 2006

WASHINGTON, June 12 — The Supreme Court opened the door Monday for death-row inmates to challenge the way most states carry out executions by lethal injection.

In its unanimous opinion, the court expressed no view on the constitutionality either of lethal injection in general or of the specific procedures and combination of chemicals that a Florida inmate, Clarence E. Hill, and numerous others around the country have recently challenged in federal court.

The justices addressed themselves solely to the procedural route that such lawsuits must take, and chose the route that is by far the more inmate-friendly from the two options that the case presented.

Nonetheless, it was the tight focus of the case, an appeal by Mr. Hill of a ruling by the federal appeals court in Atlanta, that probably enabled the justices to maintain their unanimity. It remains to be seen how they would rule on the underlying constitutional question of whether the disputed lethal injection method violates the Eighth Amendment's prohibition on cruel and unusual punishment.

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Just three weeks ago the court turned down, without comment, a case from Tennessee, Abdur'Rahman v. Bredesen, that presented that issue directly. The justices have also permitted several executions to be carried out by lethal injection, without intervening, while the Florida case was pending.

Federal courts around the country have begun wrestling with the issue, which opponents of the death penalty have brought to the fore in recent months on the basis of a report last year in a British medical journal, The Lancet.

The focus of concern is two of the three chemicals that make up the lethal cocktail used by most states. One is sodium pentothal, an anesthetic, which Mr. Hill argues in his lawsuit is insufficient to make the procedure painless.

The second is pancuronium bromide, which causes muscle paralysis but does not block pain or interfere with consciousness. Studies indicate that while inmates who receive this drug look calm and peaceful as the third chemical, potassium chloride, is administered to stop the heart, they can actually feel intense pain without being able to express themselves.

Mr. Hill's suit maintains that Florida's procedure for administering these three drugs presents a "foreseeable risk of gratuitous and unnecessary pain."

Having been convicted in 1983 of killing a police officer, Mr. Hill had long since run through the ordinary appeals process by the time he filed his suit in state court last December, with his execution set for Jan. 24. After the Florida courts threw the case out, and with the clock running, he turned to federal court with an equally poor result. He was strapped to a gurney, intravenous lines to administer the chemicals already inserted, when Justice Anthony M. Kennedy issued a stay nearly five months ago.

The case was filed under the Civil Rights Act of 1871, a Reconstruction-era law usually referred to as Section 1983, for its placement in the compilation of federal statutes. Section 1983 permits suits against government officials for violation of rights guaranteed by the Constitution or federal laws.

The lower federal courts dismissed the suit, however, on the ground that the only way for an inmate to challenge the method by which he is to be executed is through a petition for a writ of habeas corpus.

While such a petition, like a Section 1983 case, can raise constitutional issues, there is a major problem: both Congress and the Supreme Court have placed high hurdles in the path of inmates seeking habeas corpus. For example, it is almost impossible for an inmate who has filed an initial habeas corpus petition to receive permission to file another one, and Mr. Hill had filed one years earlier. Declaring that his Section 1983 suit was the equivalent of a new habeas corpus petition, the lower courts declared that it was barred.

In his opinion for the Supreme Court on Monday, Justice Kennedy said this analysis was mistaken. He said that while a habeas corpus petition was the only way to challenge the constitutionality of a sentence, Mr. Hill was challenging not his "lethal injection sentence as a general matter," but only the way in which the sentence was to be carried out.

Justice Kennedy noted that if Mr. Hill eventually won his case, Florida would not be barred from executing him by lethal injection but would simply have to use a different protocol.

Mr. Hill is now entitled to pursue his Section 1983 suit in the Federal District Court in Tallahassee, where he filed it in January.

When the case, Hill v. McDonough, No. 05-8794, was argued in April, there was considerable debate over whether Mr. Hill should be required to demonstrate his sincerity by specifying a method acceptable to him. Chief Justice John G. Roberts Jr. was among the justices who appeared to endorse such a requirement. But the justices evidently decided to set that argument aside for now, for the sake of unanimity.

The precedent for the ruling on Monday was a 2004 decision in which the court permitted an inmate to use Section 1983 to challenge a surgical procedure that Alabama proposed to use to gain access to his collapsed veins for the purpose of administering a lethal injection.

A 'Right' Way To Kill Someone? (USAT)

By Annette Fuentes

USA Today, June 13, 2006

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When North Carolina executed death row inmate John Daniels in 2003, his end was hardly quick and painless. His attorney later described the terrible scene she witnessed after Daniels received the lethal injections. Daniels started to convulse violently, then sat up and gagged. Witnesses watching through a window heard and saw him sit up and gag and choke again, his arms struggling to move. He appeared to be in pain until finally he lay down and was still.

The details of Daniels' execution and other similarly gruesome descriptions were included in a lawsuit challenging North Carolina's capital punishment method. Across the country, lethal injection executions are being challenged by death row inmates and their advocates as a violation of the Eighth Amendment's protection against cruel and unusual punishment.

On Monday, the U.S. Supreme Court ruled that a death row inmate — in this case Clarence Hill in Florida — could file a last-minute appeal to lethal injections even after all regular appeals have been exhausted. The court, however, did not rule on the use of injections.

Other executions stayed

In addition to Hill's case, nine other executions have been stayed this year because of the lethal injection issue, according to Richard Dieter of the Death Penalty Information Center, a group opposed to capital punishment. And in California, federal courts have effectively imposed a moratorium on the death penalty while that state studies the issue.

The heightened debate about lethal injections, which are used in 37 states, raises a larger question: Can there ever be a right way to execute someone?

Doctors have played a large role in the debate. A study in the medical journal Lancet found that "methods of lethal injection anesthesia are flawed, and some inmates might experience awareness and suffering during execution."

Lethal injections usually use a three-drug combination: sodium thiopental, an anesthesia to induce unconsciousness, pancuronium bromide to cause paralysis and potassium chloride to stop the heart. If the anesthesia isn't administered in a sufficient dose, the person could be conscious when the painful final shot is given.

In the Lancet study, the physicians reviewed blood tests from 49 inmates executed in Arizona, Georgia, North Carolina and South Carolina and found that in 43, the anesthesia level was lower than that used for surgery. In 21 instances, the amount of anesthesia was "consistent with awareness." The authors concluded, "It is possible that some of these inmates were fully aware during their executions. We certainly cannot conclude that these inmates were unconscious and insensate. However, with no monitoring and with use of the paralytic agent, any suffering of the inmate would be undetectable."

But here's a Catch-22 for states. The best person to guarantee that an inmate is fully unconscious is a physician, who must follow the Hippocratic oath to "do no harm." The American Medical Association's ethical guidelines prohibit physicians from participating in executions, except to pronounce death afterward.

A California judge stumbled on this problem in the case of death row inmate Michael Morales, who challenged his lethal injection execution on the ground that it violates the Eighth Amendment. U.S. District Court Judge Jeremy Fogel ordered the state to employ two anesthesiologists. But the doctors refused to participate. Morales' execution has been put on hold until a September hearing.

The debate about lethal injections and doctors' role might pose important medical questions about the least painful method to kill a human. But, in the end, no method can be humane. While the doctors' revolt against assisting in executions is worthy, it should only serve to spotlight the barbarity of the death penalty.

Moratorium stirred reviews

Six years ago, then-Illinois governor George Ryan made headlines by imposing a moratorium on executions after revelations that innocent people were on death row in his state. Ryan's action deserves to be front and center again in our public discussion of crime and punishment. When the Illinois moratorium was enacted, it caused many states to reconsider their death penalty laws. New Jersey now has a moratorium. Kansas' death penalty law was declared unconstitutional. Americans reacted viscerally to the idea that innocent people could not only be imprisoned for crimes they didn't commit, they could also be executed for them.

According to the federal Bureau of Justice Statistics, the number of death sentences imposed each year has dropped dramatically from 1999 through 2004 — from 276 to 125. One reason is juries are giving more life sentences. Our collective

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appetite for retribution has diminished. Public support for capital punishment has plummeted from 80% in 1994 to 65% this year, according to a Gallup poll.

With Monday's Supreme Court ruling, more states will grapple with the constitutionality of lethal injections. Just as the Ryan moratorium and the innocence issue exposed one weakness of the death penalty system, lethal injections have spotlighted yet another.

It seems inevitable, and just, that slowly but surely capital punishment will come tumbling down under the weight of its own injustices, uselessness and immorality.

Annette Fuentes is adjunct professor at the Columbia University Graduate School of Journalism.

Ex-FBI Agent Tells Of '81 Probe (BOS)

By Shelley Murphy, Globe Staff

The Boston Globe, June 13, 2006

Agency was wary of Bulger, he says

A retired FBI official who has been critical of the agency's handling of gangsters James ``Whitey'' Bulger and Stephen ``The Rifleman'' Flemmi testified yesterday that the FBI coined a phrase for agents who got too cozy with their informants: ``Going native.''

Robert Fitzpatrick , who taught a course for FBI agents on the psychology of informants, said ``going native'' is when an agent becomes friends with an informant, loses objectivity, and ``might be sharing information they shouldn't.''

In fact, Fitzpatrick said, when he arrived as second-in-command of the FBI's Boston office in 1981, there was a high-level, internal investigation underway into whether Bulger's FBI handlers had leaked him information that compromised a State Police investigation of Bulger and other underworld leaders.

Fitzpatrick wasn't asked whether there were concerns in the FBI in the 1980s that Bulger's handlers were ``going native.''

Fitzpatrick was called to testify yesterday in US District Court in Boston in a $50 million wrongful death suit that the family of Quincy fisherman John McIntyre has filed against the government. He's expected to resume testifying today. McIntyre's mother, Emily, and brother, Christopher, assert the government was negligent because of the FBI's mishandling of Bulger and Flemmi.

Last week, Flemmi testified that he and Bulger killed McIntyre on Nov. 30, 1984, because their handler, former FBI agent John J. Connolly Jr., warned them that McIntyre was cooperating against them. McIntyre had been involved in an unsuccessful plot by Bulger and his associates to ship seven tons of weapons to the outlawed Irish Republican Army and began cooperating with the US Customs Service and the FBI about six weeks before his slaying.

Connolly is serving a 10-year sentence for his 2002 racketeering conviction. He was found guilty of warning Bulger to flee just before the gangster's 1995 indictment on racketeering and extortion charges. Bulger remains a fugitive.

Fitzpatrick, who served as special agent-in-charge of the FBI's Boston office from 1981 to 1986, said the FBI's priority at the time was targeting members of La Cosa Nostra, commonly known as the Mafia. Cultivating organized crime informants was critical to that mission, he said.

Fitzpatrick testified that he was advised in 1981 by the top agent in the FBI's Boston office ``that he was handling an internal investigation that was sensitive, confidential, and handled at the highest level,'' involving a dispute between the State Police and the FBI over Bulger.

The State Police had been bugging a garage on Lancaster Street, near the old Boston Garden, where Bulger did business with drug dealers, bookmakers, and local Mafia leaders. But, when Bulger abruptly stopped talking inside the building, the State Police, who suspected Bulger was an FBI informant, accused the FBI of tipping off the gangster.

``The accusation was that Bulger was getting and giving information against their investigation,'' Fitzpatrick said.

In his testimony last week, Flemmi said the tip had actually come from retired Massachusetts State Police lieutenant Richard Schneiderhan , who was convicted in 2003 of obstruction of justice. Schneiderhan was found guilty of warning a Bulger associate in 1999 that the FBI was monitoring the telephones of Bulger's brothers, William and John, in a bid to capture the fugitive gangster.

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Flemmi is serving a life sentence for killing McIntyre and nine other people. He began cooperating with the government three years ago .

Though Bulger has been touted as a valuable informant, Fitzpatrick said, Bulger ``wasn't giving us information he could have been giving us."

FBI Knew Agents Had Mob Pals (BOSH)

By Laurel J. Sweet

Boston Herald, June 13, 2006

The FBI called it "going native" - a humiliating label for G-men who became enamored of their mobster informants.

G-men like John "Zip" Connolly. Top-echelon rats like James "Whitey" Bulger and Stephen "The Rifleman" Flemmi.

"We used to call it 'going native' - an agent who would perhaps become friends with the informant and not be as objective as he should be. I heard it. More than once," said Robert Fitzpatrick, former second-in-command of the FBI's Boston office, who testified yesterday in U.S. District Court.

In fact, said Fitzpatrick, when he came to Boston in 1981, he heard a lot of talk by then-Special-Agent-in-Charge Lawrence Sarhatt about agents suspected of turning rotten.

Fitzpatrick is a defendant in the $50 million wrongful-death lawsuit filed against the FBI by the family of John McIntyre, 32, of Quincy, a government witness Bulger and Flemmi tortured and murdered in 1984. The civil trial is now in its second week.

Last week, Flemmi testified it was Connolly, his former handler, who tipped off him and Bulger that a crewman on the fishing boat Valhalla was going to tell the feds their gang tried to ship guns to the Irish Republican Army. Flemmi and Bulger tricked McIntyre into admitting he was the snitch and then shot him to death. His body was not found for 16 years.

McIntyre's mother, Emily McIntyre, 77, openly sobbed as she appeared in court for the first time yesterday.

Fitzpatrick said it was "a high priority" of the FBI to keep the identities of informants, also known as 137s, confidential for the sake of their well-being.

It was expected of agents, he said, that "You adhere to the law, you adhere to the guidelines and you do what is correct and true."

Police Seek Suspect In Shooting Of Nevada Judge, Later Slaying Across Town (LAW/AP)

By Scott Sonner, The Associated Press

AP, June 13, 2006

A family court judge was shot and wounded as he stood near a third-floor courthouse window Monday, and police were looking for man suspected in a slaying across town who had appeared before the judge in a divorce case.

Investigators said Darren Roy Mack, a suspect in a killing reported at a Reno, Nev., apartment building was a "person of interest" in the shooting at the courthouse earlier in the day, Reno Deputy Police Chief Jim Johns said.

Judge Chuck Weller was hit in the chest around midday by a shot or shots that came through his office window at the Mills B. Lane Justice Center, and police sealed off the area and searched nearby parking garages for a sniper.

Police also reported that a bomb-sniffing dog had alerted officers to the judge's car in the court's parking garage and that a bomb squad was investigating.

Weller, 53, was taken by ambulance to a hospital, where he was reported in serious but stable condition.

"He is conscious and talking with his family," police spokesman Steve Frady said.

Mack, a Reno businessman, had a connection to both the judge and the family court, through a recent divorce case, Johns said.

"We do not have enough information to say he is a suspect" in the shooting of Weller, Johns said.

"He had recent dealings with the judge and the family court section. ... It is an obvious connection we are obviously going to investigate," he said.

The victim in the homicide had not been identified.

Weller was shot in the chest "at least once" by a "high velocity projectile, possibly a rifle," Johns said.

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Judge Is Hurt In Shooting At A Court In Nevada (NYT)

By Kathryn Reed

The New York Times, June 13, 2006

RENO, Nev., June 12 — A family court judge standing at a third floor window of his downtown court building here was shot in the chest shortly before noon on Monday.

The police said that the judge, Chuck Weller, 53, who was elected to the bench in 2004, was conscious and speaking to family members.

Darren R. Mack, who owns Palace Jewelry and Loan downtown, was sought by the authorities in a killing on Monday at an apartment in Reno as well as for questioning in Judge Weller's shooting.

Deputy Police Chief Jim Johns said Mr. Mack "had recent dealings with the judge and court."

"The suspect," Chief Johns said, "is known to have access to firearms."

Court documents show that a hearing in a contested divorce between Mr. Mack and Charla M. Mack is scheduled for Sept. 7 before Judge Weller.

The case involves children.

The police would not release the name of the victim of the homicide or the victim's relationship to Mr. Mack.

Chief Johns said it was possible that the judge was shot before the homicide was called in at 3 p.m.

Judge Weller was shot one to five times, Chief Johns said.

The judge was listed in serious to critical condition at the Washoe Medical Center.

His family requested that no further information be released.

The authorities would not speculate on a motive, though they said family court cases could be volatile.

"We are looking into his caseload and past cases," a spokesman for the police, Steve Frady, said.

Mr. Frady said he was not aware of threats against Judge Weller.

Also injured in the shooting, at 11:15, was a woman, whose identity remained unclear.

The woman had superficial wounds to the left arm, left neck area and right hip, Mr. Frady said, although it was not known what had struck her. Mr. Frady said he did not know whether the hospital had admitted her.

Floyd Pearson of Lake Head, Calif., said he and his partner pulled into a parking garage structure about 500 yards across the Truckee River from the courthouse about 11:10 and had just locked their vehicle when a sound startled them.

"We heard a very large noise," Mr. Pearson said. "I thought a big transformer blew up. I didn't see anyone outside."

Boyd Cox, who owns Antiques and Treasures, said he locked his store's doors for hours because he is close to the courthouse.

"I didn't want anyone to come in and take hostages," Mr. Cox said.

He fed the 20 people in his shop hot dogs and sodas.

Mr. Frady said some nearby buildings were evacuated, while people in other buildings across a three-by-five-block area cordoned off by police tape were told to remain inside.

Officers scoured the area for clues. Mr. Frady did not say whether any had been found.

Official Convicted In Travel Deal (MJS)

By Steve Schultze Sschultze@journalsentienl.com

Milwaukee Journal Sentinel, June 13, 2006

She acted on own, Doyle says, but case may be election issue

A federal jury on Monday convicted a state procurement official of fixing a travel contract for a contributor to Gov. Jim Doyle's campaign, adding a potentially explosive issue to the race for governor this fall.

Doyle and his top aides stressed that the two felony convictions represented an isolated instance.

"It is clear that Georgia Thompson acted on her own, and that no other state employee was involved," Doyle said in a statement.

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"As I have stated before, I have zero tolerance for ethical lapses in government. When public servants abuse the public's trust, they forfeit their rights to continue in the state's employ."

Thompson will likely be fired, pending a required review of her case, Doyle officials said.

U.S. Attorney Steven Biskupic said after the verdict that the case was about "Georgia Thompson and Georgia Thompson alone." She was found guilty of manipulating the travel bidding to "cause political advantage for her supervisors" and bolster her own job security.

Biskupic said the team that investigated the case, which included him, Attorney General Peg Lautenschlager and Dane County District Attorney Brian Blanchard, would meet soon to discuss matters.

He declined to say whether any other Doyle administration officials or others would now be targeted.

"I don't want people to read too much into it, other than we are trying to be careful in what we do," said Biskupic, an appointee of President Bush's.

Like Doyle, Lautenschlager and Blanchard are Democrats.

Steve Bablitch, Doyle's top government aide, said at the federal courthouse in Milwaukee that his own in-house inquiry into what Republicans dubbed "Travelgate" found no evidence that any of Thompson's bosses at the Administration Department urged her to steer a $750,000 contract to Adelman Travel Group of Glendale last year. Doyle canceled the contract after Thompson's indictment in January.

State Republican Party Chairman Rick Graber, however, was quick to go on the attack. He said Thompson's trial "showed how far this administration is willing to go to reward political cronies and campaign donors."

U.S. Rep. Mark Green, Doyle's Republican opponent, refrained from direct criticism of Doyle and renewed his support for a ban on campaign contributions from officials of companies seeking state contracts. No 'play for pay' allegations

The case against Thompson, 56, of Waunakee, did not include any direct allegations of "pay to play" - that the contract was a reward for contributions. Still, Biskupic noted in court Monday that the thousands of dollars given by Adelman executives around the time the contract was awarded were part of an overall picture.

Adelman executives donated $20,000 to Doyle's campaign in the months around the March 2005 contract award.

Graber said Doyle owes voters a better explanation of his involvement and that of Marc Marotta, the former administration secretary who is Doyle's re-election campaign chairman. Marotta said last week that he would be out of the country on business Monday and unreachable for comment.

Testimony at the trial showed that Doyle and Marotta had separate meetings with Adelman executives before the contract was awarded, and that Marotta's office was in phone contact with Adelman officials when key issues on the contract were being decided.

Bablitch, however, said no evidence was presented "that the governor had anything to do with this."

He predicted that the case would have little impact on voters, who he said would pay more attention to Doyle's record on cutting the state deficit without raising taxes, improving education and improving the state's business climate.

Charles Franklin, a University of Wisconsin-Madison political scientist, said the trial could contribute to a perception problem for Doyle.

"I think Doyle has a problem in that tainted money has been coming up for him repeatedly," Franklin said. "Some of that has been fair and some of that hasn't been fair, but politics isn't about fair."

Franklin said any damage was minimized in that nothing in the trial implicated Doyle or any of his political appointees.

Thompson was a civil service hire in 2001 under then-Republican Gov. Scott McCallum. She has been described as somewhat apolitical. She testified that no one pressured her to help Adelman win the contract and that the process employed to select Adelman saved the state money.

Thompson appeared shaken after the verdict and declined to speak to reporters. Her attorney, Stephen Hurley, also would not comment on the outcome. Biskupic said he expected Hurley to appeal the convictions.

Thompson's sentencing was scheduled for Sept. 22. She faces up to 20 years in prison, but federal guidelines will likely recommend a far lesser term, Biskupic said.

During closing arguments Monday, Biskupic labeled Thompson a liar.

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"She lied; we know she lied," Biskupic said, noting that Thompson's story in court differed from what several prosecution witnesses recalled her saying.

Thompson used political considerations to alter the process to steer the contract to Adelman, according to Biskupic. Although she was one of seven members of a committee that evaluated proposals, she engineered a move to take "best and final" offers that resulted in a reversal of the outcome, Biskupic said. No charges against Adelman

Omega World Travel of Fairfax, Va., had initially scored higher than Adelman.

"It couldn't have worked better (for Adelman) if they had had one of their own employees on that committee," Biskupic told jurors.

No one from Adelman has been charged in the case.

Hurley said no direct evidence proving Thompson had rigged the contract had been presented at her trial, which began a week ago before U.S. District Judge Rudolph Randa.

Several witnesses testified that after Omega appeared to be the winning bidder, Thompson said that would pose political problems. She also feared having to tell her bosses the winner wasn't Adelman and that the result should be different, according to trial testimony.

Hurley said none of those witnesses, however, could remember exactly what was said. State travel consultant Ian Thomas, who testified that Thompson had said, "I don't know how I'm going to tell my bosses it's not Adelman," later testified that Thompson might have said something about wanting a "local company" to win the contract.

The prosectors' case against Thompson boiled down to "bits and pieces" that misinterpreted events in the most damning light, Hurley said. A common-sense reading of all the facts presented shows she was not guilty, Hurley said.

"Proof is required, not a suspicion," he said.

Doyle campaign aide Anson Kaye said Monday that Doyle would not return the Adelman contributions because only Thompson was involved in wrongdoing.

Patrick Marley and Jesse Garza of the Journal Sentinel staff contributed to this report.

From the June 13, 2006 editions of the Milwaukee Journal Sentinel

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Jury Convicts Wisonsin Official Of Fraud (STPPP)

By Ryan J. Foley

The St. Paul Pioneer-Press, June 13, 2006

MILWAUKEE - Jurors convicted a state purchasing official of fraud charges Monday, agreeing with federal prosecutors that she illegally steered a contract to a company with ties to Gov. Jim Doyle.

Jurors found Georgia Thompson guilty of causing a misapplication of state funds and participating in a scheme to defraud the state. The charges carry up to 20 years in prison, but prosecutors said she would receive less.

Prosecutors accused Thompson, a Department of Administration purchasing supervisor, of steering a contract to book state travel to Adelman Travel Group last year.

The firm's CEO gave $10,000 to Doyle before and after winning the contract, worth an estimated $750,000. Prosecutors used e-mails and other records to paint a cozy relationship between Doyle's administration and Adelman.

But Thompson, a 56-year-old civil servant who took the stand in her own defense, contended she was under no pressure from Doyle aides to give the contract to Adelman and was unaware of the campaign donations.

She showed no emotion when the verdict was read, but two of her supporters in the gallery broke into tears.

Thompson and her lawyer, Stephen Hurley, declined comment as they left the courtroom.

Sentencing was scheduled for Sept. 22.

The state Republican Party said the case was evidence that Doyle, a Democrat running for re-election, rewarded campaign contributors with state work. Doyle has denied those claims.

Doyle has acknowledged being longtime friends with the Adelman family. The governor canceled the contract after Thompson was indicted but has retained the campaign contributions from Adelman and an additional $10,000 from a Milwaukee businessman on the company's board.

He issued a statement Monday saying trial testimony and evidence showed Thompson "acted on her own and that no other state employee was involved."

Witness: City Aide Told Me To Lie (CHIST)

By NATASHA KORECKI, STEVE WARMBIR AND FRAN SPIELMAN, Staff Reporters

Chicago Sun-Times, June 13, 2006

A Mayor Daley press aide told a deputy commissioner to lie to the public and say the city hired a 19-year-old building inspector without knowing he was the son of a clout-heavy union official, a witness testified in the City Hall hiring trial Monday.

The deputy commissioner, Christopher Kozicki, a onetime secretary in John Daley's 11th Ward political organization, also testified Monday that the FBI asked him about John Daley in three different interviews, leading a defense lawyer to call Daley a "mooch" who bummed rides off of people.

Also, prosecutors said they plan to call City Corporation Counsel Mara Georges to the stand today to ask her about 2005 interviews with Robert Sorich and Tim McCarthy, who are now on trial. At the time, Georges questioned them about the Office of Intergovernmental Affairs' role in city hiring, prosecutors say.

In September 2004, Sun-Times columnist Carol Marin reported that Andy Ryan, 19, was hired as a building inspector even though the city requires all inspectors to have completed a four-year apprenticeship and have two years work experience. Ryan is the son of Tom Ryan, the secretary-treasurer of Carpenters Local 13. The union was Mayor Daley's largest campaign contributor in 2003.

Kozicki testified that Breelyn Pete, former spokeswoman for the city Buildings and Procurement Services Department, told Kozicki to tell the press he didn't know about Ryan's connections.

"You were given orders to effectively lie to the press?" defense lawyer Tom Durkin asked.

Kozicki said yes.

'I never advised him to lie'

Durkin represents Daley patronage chief Sorich, on trial along with his IGA assistant McCarthy and two others for allegedly rigging the city's hiring system to give jobs to political favorites.

Reached Monday, Pete flatly denied the accusation.

"He was told by me? Never at any time did that conversation take place," said Pete, who left City Hall to join the Children's Museum. "I never advised him to lie to the media or to anyone else about Andy Ryan and his father."

At the time, the mayor blamed then-Building Commissioner Stan Kaderbek for the hiring. In a sidebar outside of the jury's presence, Durkin referenced a "damage control" meeting suggesting higher-ups steered the decision to lie about Ryan. The mayor's chief of staff, press secretary, Kaderbek and Georges, were among those in attendance, Durkin said.

"It was decided that Kozicki would tell the press that story," Durkin said.

Kozicki wasn't present for that alleged conversation and couldn't testify to it. Prosecutors want to block Durkin from asking Georges today about that alleged conversation.

While prosecutors called Kozicki to the stand, they treated him as a "hostile witness" saying he all along said that IGA, Timothy McCarthy, former Daley aide John Doerrer and Kaderbek were all involved in rigging Ryan's hiring. Kozicki later testified though that Kaderbek was the "driving force" behind the hiring.

Prosecutors said he "exaggerated the role of Kaderbek ... and minimized the role of IGA in hiring generally ... in a manner inconsistent with his previous grand jury testimony." He did it, Assistant U.S. Attorney Philip Guentert suggested in questioning, to take the blame off his friend and fellow 11th warder McCarthy. But Kozicki lawyer Ted Poulos said his client has been consistent in his dealings with the government all along.

John Daley called a ride 'mooch'

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Meanwhile, Durkin suggested that prosecutors questioned Kozicki because they "wanted to try to indict Mayor Daley and his brother John based on this evidence," and asked if prosecutors were trying to link John Daley to criminal activity. Kozicki said he was asked about John Daley during three different interviews. He acknowledged he sometimes drove John Daley downtown if he asked for a ride and that Daley helped him get his job with the city. A source with knowledge of Kozicki's government interviews said their questions about John Daley were innocuous.

Kozicki agreed when Durkin asked if Daley was just a "mooch" who asked other people -- including Sorich -- for rides.

"Did John Daley in your rides downtown ever attempt to influence the performance of your official duties?" Durkin asked.

"No," he said.

Witness: FBI Asked About Mayor's Brother (CHIT)

By Rudolph Bush And Dan Mihalopoulos, Tribune Staff Reporters

Chicago Tribune, June 13, 2006

Three times this year, federal prosecutors have questioned a high-ranking city official and prominent member of the 11th Ward Democratic Organization about Mayor Richard Daley's brother, John Daley, it was revealed in court Monday.

Witness Christopher Kozicki, a former managing deputy in the Buildings Deparment, did not detail what prosecutors wanted to know about Cook County Commissioner John Daley as he testified in the trial of the mayor's former patronage chief, Robert Sorich.

But Sorich's attorney, Thomas Anthony Durkin, suggested to Kozicki that prosecutors "wanted to try to indict Mayor Daley and his brother John." U.S. District Judge David Coar sustained prosecutors' objections to that and similar questions.

Prosecutors charge that Sorich and three other former city officials rigged hiring and promotions for many blue-collar city jobs in favor of people who campaigned for groups loyal to the mayor.

The trial has put a spotlight on the mayor's administration and included testimony from several current and former top city officials. The prosecution could call City Corporation Counsel Mara Georges as early as Tuesday.

John Daley's name surfaced as prosecutors sought to treat Kozicki, whom they called to the stand, as a hostile witness.

Prosecutors were surprised by Kozicki's testimony last week that former Buildings Commissioner Stan Kaderbek, and not the mayor's office, was mainly responsible for the 2004 hiring of a young, unqualified building inspector. The testimony Thursday deviated from a sworn statement Kozicki made in February, prosecutors charged.

Prosecutors allege that pressure from Sorich aide Timothy McCarthy and another top Office of Intergovernmental Affairs official prompted the hiring of Andrew Ryan, then 19.

Ryan was hired because his father is a top official in Carpenters' Union Local 13 and despite his lack of experience, Kozicki testified. He said he rigged a job interview to ensure Ryan's hiring.

Kozicki received immunity from prosecution for his cooperation with the government.

But Kozicki's testimony last week was "entirely consistent" with defense arguments in the trial, prosecutors asserted in a court filing Monday.

"Kozicki exaggerated the role of Kaderbek in the hiring of Andrew Ryan and minimized the role of [Intergovernmental Affairs] in hiring generally," prosecutors charged.

Back in court Monday, Kozicki insisted that he has consistently told prosecutors that Kaderbek was the "driving force" behind Ryan's hiring.

Prosecutors suggested that Kozicki's political allegiances colored his testimony. Assistant U.S. Atty. Philip Guentert asked Kozicki about those connections on the stand, particularly his work as secretary to the Democratic organization in the Daley family's traditional 11th Ward power base. John Daley leads the 11th Ward Democratic Organization, whose members include Sorich and McCarthy, a co-defendant.

Kozicki acknowledged that, like Sorich, he used to drive John Daley from his home in the Bridgeport neighborhood to his office downtown.

"While you were working for John Daley, that was also one of your responsibilities?" Guentert asked.

"It was not a responsibility, but I did it," Kozicki responded.

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On cross-examination, Kozicki said he would give John Daley a ride whenever he asked and Kozicki happened to be leaving for work at the same time.

"John Daley's kind of a mooch in that regard?" Durkin asked.

"Yes," Kozicki said.

The hiring of Ryan and another unqualified son of a union official embarrassed the Daley administration. Officials fired Ryan and the other building inspector in September 2004, contending publicly that they had been duped into hiring them.

After the scandal broke, Kozicki said, Buildings Department spokeswoman Breelyn Pete instructed him to tell reporters that he was unaware Ryan's father was a top union official.

"You were given orders to effectively lie to the press?" Durkin asked.

"Yes," Kozicki replied.

Pete, who is now vice president at the Chicago Children's Museum, said when reached by telephone that she never gave Kozicki that instruction.

Kozicki recently was reassigned to a high-level post in the city Planning Department.

After his testimony, jurors heard from a man who said he unsuccessfully applied for the building inspector openings in 2004. Jeffrey Harness said the city rejected him for the $50,000-a-year post despite a résumé that listed 17 years of experience in the building trades and familiarity with the city building code.

Harness later told reporters that he was "a little angry" that he was passed over in favor of a teenager.

"At that age, you're not really qualified to be in a position where people's lives are at stake," Harness said.

Also Monday, a former city computer technician testified that he removed a program from Sorich's laptop computer in 2002. The program tracked city job seekers by their race and political affiliation, according to witness Ben Campney.

He said he created the program after Daley was elected mayor in 1989 at the request of top Daley political aide Timothy Degnan.

Campney said that, during a 2002 meeting in Sorich's office, he deleted the program and its files from Sorich's laptop at his request.

"Robert joked that, after this was over, we would throw the hard drives in Lake Michigan," Campney said.

Campney testified that he did not talk about the 2002 meeting with Sorich when federal investigators first interviewed him last year. He only told them about it in April.

"I felt it was the right thing to do," Campney said.

Under cross-examination by Durkin, Campney said he did not deliberately lie to authorities in his first meeting with them but had 'needed more time to think about it.'"

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Former West Mifflin Police Chief Pleads Guilty To Drug Charges (PPG)

By Jonathan D. Silver And Paula Reed Ward, Pittsburgh Post-gazette

Pittsburgh Post-Gazette, June 13, 2006

New complaint accuses him of theft

Former West Mifflin Police Chief Frank Diener pleaded guilty yesterday to federal drug charges and was presented with a new 19-count criminal complaint from the Allegheny County district attorney's office alleging that he created a slush fund and stole thousands of dollars of borough and private property.

The complaint and affidavit against Mr. Diener, 57, of Saniel Drive in West Mifflin, also accuses him of obstructing investigations, peddling guns and voiding traffic tickets.

Investigators allege the crimes took place from 1994 to 2006, while Mr. Diener was chief. The complaint stems from an 18-month investigation by the state police organized crime unit and the FBI.

Over the years, according to the complaint, Mr. Diener stole a range of items, including a video poker machine, two trailers, tools, a generator, a pair of police computers, borough shredders and ammunition.

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Police also said Mr. Diener took possession of a piece of excavation equipment called a skid loader and sold a deceased officer's pistol to a Munhall man without completing the proper paperwork.

Mr. Diener created a $4,962 slush fund in 2000 by fabricating a portion of an order for bulletproof vests, investigators said. He used the money to buy guns and equipment for himself and other West Mifflin police officers, according to the complaint.

The district attorney's office said the investigation is continuing and will result in more arrests.

Mr. Diener was arraigned yesterday and held on $5,000 straight bond for the county charges. A preliminary hearing was scheduled for Thursday.

Mr. Diener and his attorney, Robert Stewart, declined comment in federal court, where Mr. Diener pleaded guilty to possession with intent to distribute cocaine, possession with intent to distribute marijuana and obstruction of justice.

According to Assistant U.S. Attorney Stephen S. Stallings, Mr. Diener was caught stealing drugs from his department's evidence room when several cooperating witnesses made undercover recordings.

U.S. Attorney Mary Beth Buchanan said prosecutors are not aware of any cases from West Mifflin being compromised by the theft of the drugs from the evidence locker.

"This is not a reflection of the West Mifflin Police Department as a whole," state police Maj. Frank Monaco said.

The former chief also pleaded guilty to instructing witnesses to lie and destroy evidence.

On March 9, when Mr. Diener learned that there was an ongoing FBI investigation, he gave a paint can containing 25 grams of cocaine and 387 grams of marijuana to one of the cooperating witnesses so it wouldn't be found in any search of his home, Mr. Stallings said.

Eight days later, when the witness asked Mr. Diener what he should do with the drugs, the chief told him to destroy them, Mr. Stallings said.

Mr. Diener is to be sentenced Oct. 13 on the federal charges.

In October, Mr. Diener resigned following a series of suspensions over allegations that he used a borough vehicle for personal reasons, allowed officers without proper qualifications to carry firearms and engaged in conduct unbecoming a law enforcement officer.

Former Police Chief Pleads Guilty To Drug Charges (PTR)

Pittsburgh Tribune-Review, June 13, 2006

Former West Mifflin police Chief Frank Diener plead guilty in federal court Monday on two felony drug charges and one count of obstruction of justice.

Immediately following his appearance before U.S. District Judge Joy Flowers Conti, Diener, 58, of West Mifflin, was taken by Pennsylvania State Police officers to Pittsburgh Municipal Court where he was arraigned on 19 state charges, including theft by deception.

Investigators said in court paperwork that Diener took numerous items -- including a video gambling machine, narcotics, tools, firearms and ammunition -- from the police department and its evidence room.

Investigators also contend that Diener instructed officers to fix cases. He resigned the chief's post in October 2005.

Diener is scheduled to be sentenced Oct. 13 in U.S. District court. Diener's preliminary hearing on the state charges is scheduled for Thursday before Brookline District Judge Charles McLaughlin. Robert Stewart, Diener's attorney, said that hearing will likely be postponed.

Suburban Pittsburgh Police Chief Pleads Guilty To Drug Charges (TLPA)

Times Leader (NE PA), June 13, 2006

PITTSBURGH - A suburban police chief who resigned after being repeatedly suspended pleaded guilty Monday to federal drug charges.

Former West Mifflin Police Chief Frank Diener, 57, pleaded guilty to possession of cocaine and marijuana with intent to distribute as well as obstruction of justice, U.S. Attorney Mary Beth Buchanan said.

Diener resigned in October after being suspended for using a borough vehicle for personal reasons and allowing officers to carry firearms without proper qualifications.

He faces a maximum penalty of 35 years in prison and a fine of as much as $1.75 million when he is sentenced October 13.

Two Sentenced For Fraudulent Gold-silver Sales Scam (MH)

By Roberto Santiago

The Miami Herald, June 13, 2006

They claimed to handle gold and silver, but after Monday, the only metal objects these two convicted Broward con artists could be seeing are iron prison bars.

Charles Paul Hoffecker, 53, of Pompano Beach and Charles Edward Meyers, 66, of Fort Lauderdale could face up to 10 years in federal prison when they are sentenced June 19 before U.S. District Judge Katherine Hayden in Newark.

Their sentencing caps nearly a 10-year investigation that was scripted like a Hollywood caper movie. The scam, similar to the plot of the 2000 film Boiler Room, involved smooth-talking salesmen who ran an elaborate telemarketing scheme from rented offices around the country, with the largest operation in Fort Lauderdale.

Authorities, who cracked the case by setting up their own phony boiler room in New Jersey, said the hustlers ultimately fleeced more than 1,000 investors across the nation out of more than $14 million.

Four victims who testified at the trial said they were bilked of anywhere from $40,000 to $120,000.

The duo claimed they ran Amitex Investment Services Ltd., a Bahamian company that bought and stored precious commodities like gold and silver.

Amitex was actually a one-room office in the Bahamas. The money-generating sales pitches were done in boiler rooms they ran in New York, Nevada, California, Georgia and Florida, according to New Jersey's Robert Kirsch, an assistant U.S. attorney who helped prosecute the case.

"The largest Amitex boiler room was located in Fort Lauderdale on Commercial Boulevard," said Kirsch, who said the operation was in an office.

A boiler room is a base of operations from which con artists run phony telemarketing schemes from a secret location -- often a rented office or basement in a home -- where they set up a bank of telephones and make cold calls.

The two were found guilty in March after a three-month jury trial. They were each convicted on several counts of mail and wire fraud.

Since the conviction, Hoffecker has been held in the Passaic County jail.

Myers is being transported to Newark from the Miami Correctional Facility by the U.S. Marshal Service.

As part of a deal, Meyers was allowed to return to his home in Fort Lauderdale, under 24-hour house arrest, to await sentencing.

He was taken into custody after authorities learned that he sold his house.

The two had been the focus of a lengthy investigation by the FBI and U.S. Postal Inspection Service that started in 1996.

To nab them, the FBI and postal officials set up their own faux boiler room -- called Commodities Investors Corp. -- in 1997 in East Brunswick, N.J..

A press release from New Jersey Attorney's office said that Hoffecker tried to ``recruit the operators of CIC to sell the Amitex investment."

The two were indicted in 2003 and had a trial that ended in a hung jury in 2004.

Retried this year, they were found guilty three months ago.

Hoffecker got into the phony offshore commodities sales business after he was banned in 1991 from selling commodities on credit in the United States by a U.S. District judge in Florida.

He built a fortune using smooth-talking, unscrupulous telemarketers.

"Hoffecker and Meyers are experienced in telemarketing and they knew well that most -- if not the overwhelming majority of those -- that are called with regards to promoting these sorts of investments hang up," Kirsch said.

"But they also know that a percentage, however small, who are most vulnerable and most naive, fall prey to smooth-talking fraudsters," Kirsch said.

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FBI Eyes Purported Tape Of American Teen's West Bank Boyfriend (FINDLAW/AP)

By Brian Charlton, Associated Press Writer

AP, June 13, 2006

(AP) - CARO, Michigan-The FBI and local investigators said Monday that they are interested in a television station's tape of a purported interview with a West Bank man who says he paid for a 16-year-old American girl to fly to the Middle East after meeting her on the internet.

Katherine R. Lester disappeared June 5 from her home in rural Michigan. After the FBI helped track her to the airport in Amman, Jordan, U.S authorities persuaded her to board a return flight. She returned home Friday night.

Authorities have said the girl apparently planned to visit a man who describes himself as a 25-year-old from Jericho on his account with MySpace.com, a social networking Web site where the two met.

WNEM-TV in Saginaw broadcast a telephone interview with a man who said he actually was 20 and only identified himself as Abdullah.

In the interview Saturday, he said he was a wealthy businessman who met Lester online seven months ago. He said he wanted to marry her and sent her money for a plane ticket to visit him.

The station said it got the man's MySpace identity from Lester's sister, Mary, who found it on a computer they share. WNEM said it messaged him on MySpace and asked him for his cell phone number for an interview.

The Associated Press also messaged him and called the number, but he declined comment.

"We're aware of the existence of the tape," Tuscola County sheriff's Sgt. Michael Pine said. "We're talking to the FBI. It's part of the investigation."

Neither he nor FBI spokesman Terry Booth would say whether they had requested the tape from the station or whether they believed the man was who he said he was.

"I haven't seen the tape, so I can't comment on the accuracy," Booth said from Detroit.

Authorities were trying to determine whether any laws were broken. The age of sexual consent in Michigan is 16.

The girl was in seclusion to escape the attention surrounding her travels, an attorney for the girl's family said Monday.

"Katherine does not want the media attention. The parents don't want the media attention on their daughter," lawyer Renee Wood said.

Tuscola County Sheriff Tom Kern said the girl did not want to return home when authorities approached her at the airport in Amman, but once they realized she was 16 and her mother wanted her back, they seized her passport.

MySpace.com, owned by News Corp., has more than 72 million members that lets users post photos, Web logs and journals. Its popularity with teenagers has raised concerns, and there have been scattered accounts of sexual predators targeting minors they met through the site.

GPS Will Track Sex Offenders (WT)

By Nathan Bomey

The Washington Times, June 13, 2006

Sex offenders in Virginia will be monitored more closely via Global Positioning System (GPS) technology and an upgraded registry, state officials announced yesterday.

The changes that are to take effect July 1 will broaden the number of offenders eligible to be listed in the statewide online registry. The names and photos of nonviolent sex offenders will be accessible, expanding the registry to about 13,000 names.

Two similar bills making their way through the General Assembly would authorize administrative personnel and state troopers to help monitor sex offenders and enforce state law, Attorney General Robert F. McDonnell said in an interview yesterday.

Technological upgrades and the hiring of about 50 troopers and six administrative workers to maintain the registry would cost about $10.5 million, said Mr. McDonnell, a Republican.

The revamped registry Web site, (sex-offender.vsp.virginia.gov), is maintained by the Virginia State Police and allows users to locate the residences of offenders on a map. Its search engine can sort by city, county, ZIP code and name.

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The list of offenses that require a criminal's name to be in the registry will be expanded to include, for example, those convicted of possessing child pornography on the first offense.

"There's dramatic new resources going into monitoring these offenders, so we know exactly where they are," Mr. McDonnell said. "And we think it's going to work more accurately with these new resources employed."

The changes come after Gov. Timothy M. Kaine in April signed a dozen bills aimed at cracking down on sexual predators.

GPS technology will be used to track sex offenders convicted of major crimes from three years to life after they are released from prison. Offenders who fail to register promptly will have to wear a tracking bracelet.

Mr. McDonnell said GPS technology is ready to be used in law enforcement. "It has been used in your golf cart and your car for about 10 years for commercial purposes," he said.

Col. W. Steven Flaherty, superintendent of the Virginia State Police, said the "opportunity to track these people in their neighborhoods" is invaluable.

"We have more people paying attention, making sure that people who have to register are registering accurately and that they aren't in places where they shouldn't be," Col. Flaherty said.

Improvements In Registry Announced (WP)

By Jamie Stockwell

The Washington Post, June 13, 2006

Upgrades have been made to Virginia's online sex offender registry, including mapping features that allow users to pinpoint where offenders live and work in their neighborhoods, officials said yesterday.

The enhancements, part of a $10.5 million effort to improve the registry, were announced in Richmond at a news conference held by Attorney General Robert F. McDonnell and Col. W. Steven Flaherty, superintendent of the Virginia State Police. The changes, they said, were a result of legislation intended to provide more rigorous supervision of the state's nearly 13,000 sexual predators.

"We want to make it a bit tougher for them here," said Lt. Col. H.C. Davis in a telephone interview yesterday. "All of the changes will help us more actively monitor the offenders."

As part of the upgrades, the registry, launched in 1999, now enables visitors to search by name, Zip code, city or county or to use a map to search the area around a specific address. Users can view a list of incarcerated offenders, offenders living nearby and those wanted by authorities for failing to register. Virtual thumbtacks appear on a map, and when a user clicks on one,a photograph of the offender appears on the screen along with the name, aliases, address and offense.

Beginning July 1, the database will include all of the state's nonviolent sex offenders. Until the changes in state law, the list of nonviolent offenders was known only to law enforcement officials. Visitors to the Web site also will be able to see where nonviolent offenders live and work, said Lt. Tommy Turner of the state police.

Work addresses were necessary, Turner said, because "offenders learned to circumvent the system."

"It doesn't help if you have a guy who lives in downtown Manassas but spends all day in Fairfax County working at a plumbing company," Turner said. He said part of the money allocated for registry improvements will be used to hire officers who will be responsible for checking on offenders who fail to re-register with the state.

Under the omnibus bill signed into law this spring, violent sex offenders -- including those convicted of such crimes as murder, rape and child molestation -- are now required to register with the state every 30 days, instead of every 90 days. Those classified as nonviolent will have to register every six months, Davis said.

Should the offenders not register, Davis said, they will be flagged on the registry. If they fail to register more than twice , or if they are convicted of another sex crime while on the registry, they will be required to wear GPS monitors under the new law.

Davis said an unknown number of offenders are unaccounted for or have failed to register on time. The changes to the registry, he said, should make it much easier to find them.

As of July 1, Davis also said, offenders convicted of certain violent sex acts against children younger than 13 will face a mandatory minimum sentence of 25 years. Under the old law, they have faced a sentence of five years to life.

Defense In Hollywood Wiretaps Case Demands Prosecution Evidence (CCT)

By Greg Risling

The Contra Costa Times, June 13, 2006

LOS ANGELES - Defense attorneys in a Hollywood wiretapping case scolded federal prosecutors on Monday for not turning over evidence.

"It's their obligation to provide us what we need to exonerate our clients," said Terree Bowers, a defense attorney who said the process has been "like pulling teeth."

Defense attorneys pointed out that the 112-count indictment against private investigator Anthony Pellicano was unsealed in February after an investigation that lasted more than three years.

Prosecutors alleged that Pellicano tapped the phones of Hollywood stars such as Sylvester Stallone; and paid two police officers to run names, including comedians Garry Shandling and Kevin Nealon, through a government database.

A total of 14 people have been charged, including Pellicano. Six have pleaded guilty to a variety of charges, including conspiracy and wiretapping.

Pellicano's trial is scheduled for Oct. 24.

More than 23,000 pages of documents have been provided by federal prosecutors, but defense attorneys argue the process has moved too slowly and they have yet to receive all of the evidence.

Prosecutors turned over some evidence to defense attorneys before Monday's hearing. Defense attorney Chad Hummel said he plans to file a motion that would ask U.S. District Court Judge Dale Fischer to throw out any evidence offered by prosecutors in the future.

Fischer ordered that a special master be appointed to review the evidence and determine what defense attorneys should be allowed to see.

Prosecutors said part of the delay has come from difficulty decrypting about 1,300 audio files made by Pellicano of his telephone conversations with clients and others. More than 350 audio files have been given to defense attorneys, but others haven't because the material isn't relevant to the case or doesn't rise to the level of filing criminal charges, said Assistant U.S. Attorney Daniel Saunders.

If defense attorneys "are so eager to get the tapes decrypted, the one man who has the password is sitting right over there," said Saunders, referring to Pellicano.

Saunders added a "select few" files deal with an ongoing investigation, but he didn't elaborate. Prosecutors have promised more charges are forthcoming.

Meanwhile, Fischer ordered prosecutors to hand over the remaining confidential FBI documents to defense attorneys. Some of the summaries, which cited interviews with top Hollywood power brokers, were leaked to the media and prompted an investigation into who may have released the information.

Defense attorneys maintained in court Monday that they were not responsible for the leaks.

Dispute Over Evidence In Pellicano Wiretap Case (NYT)

By David M. Halbfinger And Allison Hope Weiner

The New York Times, June 13, 2006

LOS ANGELES, June 12 — The nearly four-year federal investigation of Anthony Pellicano, the Hollywood private eye accused of masterminding a sprawling eavesdropping operation, has turned up only a single recording in which two people were unknowingly wiretapped, prosecutors said in court on Monday.

Even code-crackers from unspecified government agencies have failed so far to decipher the passwords Mr. Pellicano may have used to stash away many more surreptitiously recorded phone calls in his computer drives, prosecutors said.

Defense lawyers, meanwhile, are questioning whether even the single wiretap the government claims to have discovered is really that, or something else entirely.

The government said its evidence included hundreds of recorded calls in which Mr. Pellicano can be heard boasting of his wiretaps, describing them in detail, and even playing back portions of them for his clients. The detective routinely recorded his own calls, and the government has not faced the same encryption problems with those.

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The disclosures mean that, barring a last-minute break in the investigation, the government's case will be based far more on circumstantial evidence and witnesses' testimony than on direct evidence of illegal wiretapping.

The developments came in a contentious court hearing over evidence that defense lawyers have been waiting for since the indictments of Mr. Pellicano and seven other people on wiretapping and conspiracy charges in February. Defense lawyers complained Monday that prosecutors had turned over too little, too late, missing a Friday deadline and continuing to withhold a large amount of important evidence.

For example, prosecutors said they still would not turn over some 250 recorded phone calls and other evidence that remain the focus of the ongoing investigation. The lead prosecutor, Daniel A. Saunders, an assistant United States attorney, has said that more indictments are forthcoming.

Mr. Saunders and another prosecutor, Kevin M. Lally, said they had turned over some 22,000 pages of written evidence and would soon provide another 100,000 pages of case files from underlying legal matters that Mr. Pellicano was investigating. The government charges that Mr. Pellicano put his wiretapping to work on behalf of corrupt lawyers seeking an illegal and unfair advantage in litigation — much of it involving the entertainment industry, but also including divorces and criminal cases.

What has not been publicly disclosed are the details of the single recording in the government's possession that it says is an illegal wiretap. According to written summaries of F.B.I. interviews seen by The New York Times, the recording concerns events that led to the divorce of a Los Angeles billionaire, Alec E. Gores, from his wife, Lisa A. Gores, in 2001.

If the government fails to crack Mr. Pellicano's passwords and turn up other direct evidence of wiretaps, that means the prosecution's star witnesses could be forced to make their painful private drama public.

Mr. Gores, principal of the private equity firm Gores Technology Group, admitted hiring Mr. Pellicano in 2000 to investigate his suspicions that his wife was cheating on him with his younger brother, Thomas T. Gores, another billionaire investor, according to summaries of F.B.I. interviews with all three family members. (A third brother, Sam Gores, runs the Paradigm talent agency.)

Mr. Pellicano installed wiretaps on both Lisa and Tom Gores's telephones, the summaries show, and confirmed Alec Gores's suspicions that the two had become inappropriately involved. Alec Gores admitted to the F.B.I. that he listened to Mr. Pellicano's wiretaps on several occasions, the summaries show. Alec Gores has not been charged, and has been assured he is only a witness in the case, said his lawyer, Louis Miller, who is also known as Skip.

The sole recording the government says was a wiretap contains a conversation that occurred the evening of Jan. 8, 2001, as Lisa and Tom Gores spoke on the phone hours after they had met at the Beverly Hills Hotel. Last November, F.B.I. summaries show, Lisa Gores listened to the recording and confirmed for investigators that the voices on it were hers and Tom Gores's.

But defense lawyers dispute whether the recording is really a wiretap. "Just because they say it, doesn't mean it's true," said Steven F. Gruel, Mr. Pellicano's lawyer. "It could be anything."

Defense lawyers said that Mr. Pellicano routinely taped his own phone calls, and that he frequently played previously recorded conversations for his clients over the phone, rather than in person. Thus, they say, the recording of Lisa and Tom Gores could actually have been a second-generation recording, rather than an original wiretap.

"Pellicano's position has been, all along, there are no wiretaps," Mr. Gruel said.

With a trial set for Oct. 24 and the federal investigation far from complete, both the strengths and the weaknesses of the government's case were on full display Monday.

Beyond whether the Gores recording is an original wiretapped recording, for example, there is the question of how strong a witness Alec Gores will be, given his own admissions that he knew of Mr. Pellicano's illegal activity. In his F.B.I. interview, Alec Gores said he paid Mr. Pellicano at least $50,000, lent him at least $50,000 more that was never repaid, and paid for a Hawaii vacation for Mr. Pellicano's whole family as a bonus for his work. He said Mr. Pellicano had worked for him for five to six months. And he said that "on at least two occasions, and possibly a third, Pellicano played Gores recordings of Lisa and Tom Gores talking on the telephone."

Mr. Miller, Alec Gores's lawyer, insisted that his client "has done absolutely nothing wrong." Asked about the summaries of Mr. Gores's statements to the F.B.I., Mr. Miller said he wished he could "comment to correct and/or clarify some of the information" contained in them, but "since my client is a witness, I cannot do so."

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Even without a single undisputed wiretap to play for a jury, Mr. Saunders and Mr. Lally argued in court that they had plenty of ammunition with which to convict Mr. Pellicano and his co-defendants. They said they had "dozens of witnesses" who listened to wiretaps or even helped implement them, and "hundreds of calls" in which Mr. Pellicano played previously wiretapped conversations. In many of those recordings, the prosecutors said, Mr. Pellicano boasted to clients of what he had heard on his wiretaps — often reporting that he had eavesdropped on their legal adversaries discussing their litigation strategy.

Defense lawyers on Monday made much of the government's failure thus far to break the password protection on many of Mr. Pellicano's audio files. Prosecutors said they could at least provide a breakdown of the call times, participants and subject matter, because Mr. Pellicano incorporated that information into his computer file names.

But defense lawyers complained to Judge Dale S. Fischer of United States District Court that Mr. Pellicano's still-encrypted files could contain vital exculpatory evidence. "We're just wandering in the fog right now, without much clarity," said Terree A. Bowers, who is defending Terry N. Christensen, the lead partner in a Century City law firm, who is charged with wiretapping and conspiracy.

Mr. Saunders retorted that "passwords don't change the content" of Mr. Pellicano's digital recordings. "They don't make Terry Christensen say, 'Oh, please wiretap her, when he said, 'No, please don't wiretap her,' " he said.

Mr. Bowers pleaded with the court to order the government to provide a breakdown of all the recordings prosecutors had not turned over, detailing what they contain and the government's reason for withholding them from the defense. Judge Fischer agreed, ordering that an outside referee be appointed to review the government's evidence and decide whether it should be turned over to the defense.

Mr. Bowers scolded the prosecutors, saying they had moved ahead with indictments while still unprepared for trial.

"We need to know what they're withholding and why they're withholding it," Mr. Bowers said of the government. "We urged the government not to go into this prematurely. Here we are still waiting for the tapes to be decoded."

Mr. Saunders, in response, said that if defense lawyers were so eager to crack the code, they could simply consult Mr. Pellicano, who sat opposite the government's table, in chains and a green jailhouse jacket. "The man with the passwords, your honor, is sitting right there across the courtroom," Mr. Saunders said.

Many Of Pellicano's Recordings Still Secret (LAT)

By Greg Krikorian, Times Staff Writer

The Los Angeles Times, June 13, 2006

Hundreds of the private eye's tapes have not been decoded, U.S. lawyers say. Defense says feds are withholding evidence.

Federal prosecutors said Monday that they were still trying to unravel more than 275 encrypted recordings made by Hollywood private eye Anthony Pellicano.

Although the exact nature of the contents of the tapes will only be known if government cryptographers successfully break the powerful encryption software that Pellicano used to scramble the conversations, they could provide new evidence in the case against Pellicano and his six co-defendants or other Pellicano clients and associates not yet indicted.

Prosecutors disclosed the existence of the still-encrypted recordings at the outset of an acrimonious hearing before U.S. District Judge Dale S. Fischer as they clashed with defense attorneys who alleged the government was intentionally withholding evidence that might exonerate their clients.

Assistant U.S. Atty. Kevin Lally told the crowded courtroom that authorities recovered about 1,300 audio files from Pellicano's offices and have turned over 367 of them to defense lawyers. As many as 400 other Pellicano recordings are considered privileged communications, primarily between Pellicano and his attorneys, and are not part of the case. About 250 recordings relate to the government's ongoing probe but are not relevant to any of the named defendants, Lally said.

That leaves just over 275 recordings that have yet to be decoded. Commercially available encryption software enables computer users to protect digital information using mathematical formulas, or algorithms, that require powerful computers to break.

In addition to the recordings that have been turned over to defense attorneys, Lally said the government has to date turned over 100,000 additional pages of documents in the case.

Lally's statement triggered a sharp reaction from defense attorneys, who suggested that authorities are purposely dragging their feet. "It is clear we have a major problem," said attorney Chad Hummel, who represents Mark Arneson, a former Los Angeles Police Department sergeant accused of participating in Pellicano's alleged conspiracy to wiretap and intimidate others on behalf of the private eye's clients.

"I have great concerns at this point," added Terree Bowers, who represents another defendant, prominent entertainment attorney Terry Christensen.

"We are still waiting, astonishingly, for discovery of a great number of tapes…. I don't see how we are in that position this late in the game," Bowers added, referring to the scheduled October start of the trial. "We need to know what they are withholding and why they are withholding it."

Lally and co-prosecutor Daniel Saunders disagreed with the contention that they had purposely withheld evidence from defense attorneys. To the contrary, Saunders told the judge, authorities have turned over huge volumes of evidence and have been stymied in producing more tape-recordings because of the complexity of Pellicano's encryption methods.

If defense attorneys "are so desperate to get those files … ," Saunders said, glancing at Pellicano, "the man with the password is sitting right there."

The private eye, who grinned often during the courtroom discussion about evidence in the case, has been in federal custody for three years — first for pleading guilty to possession of illegal explosives and, since February, on the current charges that he directed a racketeering enterprise that included wiretapping, witness tampering and other crimes.

During his time behind bars, federal authorities have been poring over tens of thousands of documents taken from his Sunset Boulevard offices, as well as the 1,300 recordings seized by FBI agents.

At Monday's court hearing, prosecutor Saunders alleged the recordings include "at least one" illegally intercepted conversation as well as "hundreds of calls" in which Pellicano allegedly spoke to clients about wiretaps. Saunders also said there was evidence from dozens of witnesses alleging that Pellicano had engaged in wiretapping.

Saunders did not provide details on the techniques used by the FBI to decode the encrypted recordings but acknowledged that the methods were not ones that the government would want to share in open court.

Other law enforcement sources have said for months that the FBI brought in encryption experts from other federal agencies to help crack the codes allegedly used by Pellicano to safeguard his recordings.

Whether authorities will ever decode all of the alleged evidence remains a mystery.

Last week, one person close to the federal investigation said it was possible that the government will never decipher the remaining recordings because Pellicano's encryption methods "are that good." But the same person considered that possibility insignificant in the overall scheme of the case.

"We're going to keep moving forward, but we've already got plenty of evidence," said the source, who declined to be identified because of an ongoing protective order in the case.

Steven Gruel, Pellicano's attorney, took umbrage at the government's suggestion that Pellicano himself holds the key to evidence sought by the defense.

"They have had almost four years to do this," Gruel said, referring to the time since the FBI's first search of Pellicano's office in late 2002. "And Mr. Pellicano is not going to make their job any easier."

Before the end of Monday's hearing, the judge told attorneys for both sides that she would authorize a special master, possibly a retired federal judge, to help expedite disputes over evidence still being sought in the case.

Outside court, prosecutor Saunders rejected the suggestion by defense attorneys that the government was moving slowly, because it is still putting its case together. "We are prepared to go to trial tomorrow if that is what the defense really wants," he said.

He's No Angel, He's A Private Investigator (LAT)

By Rachel Abramowitz, Times Staff Writer

The Los Angeles Times, June 13, 2006

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John Nazarian shares Pellicano's profession, but his reputation is cleaner. Even if he does dig for DNA in rich people's trash.

It's 10 p.m., and John Nazarian, a burly 53-year-old private eye, is hurtling around Beverly Hills in his immaculate red Scion looking for garbage. Nazarian treats trash as his private archeological site, the detritus of human existence that exposes all our hidden vulnerabilities — financial documents, prescription bottles, booze bottles and anything, anything, that might sport DNA.

"I would love to find condoms," he said, and cackled. "It's kind of disgusting to be pawing around other people's personal waste."

Yes, it's a dirty job being a private investigator, but Nazarian is prepared to do it. As he likes to say over and over again, he is one of the most expensive private eyes in L.A., charging $10,000 to $20,000 on retainer and $400 an hour for his services. He's racked up a number of celebrity clients, including singer Peggy Lee (whom he assiduously protected from the paparazzi to preserve the public's memory of her as a blond bombshell), Dean Martin, kooky billionaire Doris Duke and her butler, Bernard Lafferty. He's caught stalkers for CBS Chairman Les Moonves and former "NYPD Blue" star Andrea Thompson.

And then there are the 20 or so unnamed Hollywood wives with philandering husbands for whom Nazarian and his crew of 22 ex-cops and sundry specialists seem to be working in perpetuity.

Nazarian is part of a long, not particularly illustrious tradition of Hollywood private eyes, from fictional antiheroes, such as Sam Spade and "Chinatown's" Jake Gittes, to real-life swaggerer Fred Otash, the investigator for the scandal sheet Confidential Magazine, and Anthony Pellicano, the infamous gumshoe who sits in jail awaiting trial on more than 100 counts of wiretapping and witness intimidation.

This is why Nazarian keeps no records. Nothing. Tonight's game plan merely consists of a 3-by-5 card with an address.

"The D.A.s get furious with me," he said in a broad Boston accent. "We've had our documents requested, and I said I don't have 'em."

For this particular jaunt around Beverly Hills and Bel-Air, Nazarian has opted for a black muscle shirt and black sweats. He is officially dressed down, having left much of what he calls his costume at home. That includes a hat, oversize designer shades and bling — most notably his trademark rings, two hunks of gold and platinum that look like smashed golf balls. He designed them himself, as he did the idiosyncratic cut of his dyed black beard. It looks as if his goatee sprouted two slender butterfly wings. He shaves what's left of his hair, like Kojak. The general look suggests menace, and that's the point.

"As a private detective, the more bad things you say about me, the more valuable my trade becomes," he said.

Pellicano Fallout

Things have cooled down in Nazarian's line of work since the Pellicano indictment.

"I said to the lawyers, all the good wire guys, they've all gone to Chicago for the summer. Anybody who goes out and wiretaps and does bugging now, they've got to be out of their minds."

Nazarian said he didn't bug because "I'm too old to go to jail." As a former cop, he insisted he knew how to push the boundaries without going over the line.

"I have a huge amount of sympathy for Anthony," he said as he zipped through the canyons looking for the house. "If I was his office manager, I would have made sure that none of that happened." As for the lawyers who employed Pellicano, he groaned theatrically. "I feel horrible for those guys. A lawyer always trusts me to do the right thing. Not that we break the law, but a private eye, by the mere fact of what we do, it's not like we're a bunch of choirboys. We're not."

Nazarian is almost compulsively upfront about the people who don't like him — the California Assn. of Licensed Investigators, for one, which recently suspended him from its e-mail list serve for 30 days after he sent a nasty e-mail. Nazarian thinks most private investigators are "clowns" who rack up bills and don't deliver.

"I saw what all those other private eyes were doing, and I thought I shared nothing in common … that's why I don't associate with any of them." Nazarian owns a cream-colored Bentley and a Rolls-Royce, and, as he said, 'I don't go to their conferences, because where am I going to park this Bentley in a parking lot full of Camrys?"

He also brings up a case from the early '90s, when he was working as a private eye in San Francisco. Police suspected a ring of Gypsies was swindling elderly victims out of their savings, then poisoning them with digitalis. Nazarian, something of a

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Gypsy specialist, began investigating on his own. He was later accused of scheming to sell a confidential police affidavit to Hollywood and then to the defense.

Nazarian adamantly denies trying to peddle the affidavit to the defense and says it's not his fault that the police file fell into his lap. "How do I force a police inspector to give me something? What size gun was I pointing at him?"

He did, however, register the information with the Writers Guild of America. Nazarian was never charged with any wrongdoing.

Nazarian unabashedly loves the limelight and has just wrapped his first film role, essentially playing a version of himself opposite Anthony Hopkins in "Fracture," directed by Gregory Hoblit. (Nazarian once found someone who had been stalking Hoblit's wife, actress Debrah Farentino). He's worked for the tabloid show "Extra," which last week sent him to Mexico, with a camera in tow, to hunt for Olivia Newton-John's longtime boyfriend, Patrick McDermott, who disappeared a year ago.

Nazarian employs his team of experts to do what he can't: a former Beverly Hills cop for handwriting analysis, a forensic accountant, a lab guy, tech guys for debugging or to apply Global Positioning System tracking devices to cars (the latest way to follow spouses), a European detective to handle cases that go Continental. For people worried about wiretapping, he offers simple advice: Buy a bag of disposable cellphones.

Nazarian says he tries to work with the police, particularly the Los Angeles Police Department's Threat Management Unit, which deals with celebrities and stalking.

"I always tell my clients whenever I have the police involved, if you're lying to me and they pull out a big ugly skeleton, I'm getting up and leaving you there," Nazarian said.

Det. Jeff Dunn of the Threat Management Unit declined to comment.

Former "NYPD Blue" star Thompson worked with Nazarian and the Threat Management Unit when she had a menacing and persistent stalker.

"John saved my life and my son's life," said Thompson, explaining that Nazarian not only set up surveillance at her house and kept an armed guard there at nights, but he also helped her learn skills such as hand-to-hand combat and defensive driving.

Although he does a smattering of criminal cases, family law accounts for about 70% of his business.

He is the only investigator used by 79-year-old attorney Sorrell Trope — often referred to as the dean of L.A. divorce lawyers. Trope, who has represented Cary Grant and Nicole Kidman, among other stars, has employed Nazarian to serve subpoenas and to get background information to facilitate in searches for hidden assets. "The principal thing is, he's honest," Trope said. "He's legitimate."

Family law attorney Lisa Helfend Meyer says she tried a lot of private eyes before she met Nazarian in the courthouse. "I wasn't happy because most of them are flaky.... I trust John, and I don't trust the majority of private investigators I've worked with."

In one Meyer case, Nazarian tracked down a husband who'd gone to Mexico with his wife to try to reconcile their marital differences but then vanished after five days. (Nazarian found the faithless husband with his girlfriend). In another case, a doctor claimed that he couldn't pay his child support because he was too ill to work; he was healthy enough to treat Nazarian, though, when he came in posing as a patient.

Attorney Cary Goldstein, who specializes in palimony cases, uses Nazarian "for questioned documents and handwriting analysis, surveillance."

"Investigators are kind of interesting characters," Goldstein said. "What they do is sell information, and sometimes you just want to know things about people and you don't want it to be the same kind of baloney that anyone can pull off a Google search. You want to know the real stuff.... John has a web of operatives and a way ... of casually obtaining relevant information about people. That's what you pay for with someone like Nazarian."

What's notable these days about Trope, Meyer and Goldstein is that none of their names has surfaced among the widening ring of pricey L.A. attorneys who used Pellicano. However, all of them have battled with Pellicano's employers, most notably Dennis Wasser, Tom Cruise's divorce attorney, and celebrity litigator Bert Fields, both of whom have been officially notified by the U.S. attorney's office that they're "subjects of interest" in the inquiry. (Wasser and Fields have denied any wrongdoing.)

Nazarian believes — but can't prove — that he tangled with Pellicano during the acrimonious palimony battle between former Miss USA Shanna Moakler and boxer Oscar De La Hoya.

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A few hours after Moakler aired her grievances against De La Hoya on Court TV in October 2000, a crew of burly paramilitary-style operatives barged into the home she once shared with De La Hoya. According to court documents and the police report, they also ringed the perimeter and harassed friends who were trying to enter. Moakler had called Nazarian, who arrived with his crew to protect her before police came and dispersed De La Hoya's operatives. Fields represented De La Hoya at the time. Stephen Espinoza, a former attorney for Fields' firm who was working on De La Hoya's behalf, insists that the men who arrived at Moakler's house were not Pellicano's but from a different security firm employed by De La Hoya.

Nazarian definitely butted heads with Pellicano after the wife of Pellicano's former accountant sued Nazarian for several million dollars. "She wanted her husband's horses killed, and I balked at it. She sued me for breach of contract. Six months later she came back to me, asking for my help," Nazarian said.

In the interim, the former client allegedly hired Pellicano to investigate Nazarian.

"He couldn't do much. He sent a packet to my home demanding all my files, all my records. Don't contact her. Don't do this. I have power of attorney. I basically laughed at him."

Not everybody admires Nazarian's methods.

One family law attorney, Lynn Soodik, says Nazarian tried to intimidate her while she took his deposition in a case.

"He sent me a greeting card at home. On the surface, it was not threatening, but you knew he was saying, 'I know where you live.' I just thought it was unprofessional," Soodik said.

Nazarian said he also went through her trash, just to unnerve her.

"I think it's funny Lynn Soodik would say something that I did was unprofessional," he said with a smirk. "You know the difference between a private eye and a lawyer? They have a nicer office."

Determination Pays Off

Nazarian pulls up in front of a red brick house. The light in the garage is on, and the trash is, unfortunately, sitting at the side of the house behind a gate. His language turns blue. "Again there's no trash," he said.

This is the second time Nazarian has hit this house, and he's frustrated, but the night is still young. He decides to come back later, and scoots over to Bel-Air to check on a husband who his client thinks is cheating on her.

"Trust me. Just like Bugs Bunny gets a carrot, I'll get my … trash." (Indeed, a couple of weeks later, he reported finding enough blood to get a pregnancy test, as well as enough bottles of alcohol to suggest massive consumption.) Nazarian is vague about exactly what he's trying to prove, saying only that it's a family law case.

Nazarian dabbled in many professions before he became a private eye. His past incarnations include mortician, prison guard (at the Californian Institution for Women, where he got to know the Manson women), a heavy-equipment operator, the owner of a lawn business, a sheriff's deputy in San Francisco and a small-town cop in Mendota, Calif., where he worked with juveniles.

He was well known as one of the first openly gay cops in San Francisco. Nazarian says he's actually bisexual, although he generally doesn't discuss his sex life. "To classify myself, I would never say gay, but I consider myself fairly happy. I'm an across-the-board lover of trees, women, men, dogs, horses," he said. When he started out as a private eye, he worked often for people who were dying of AIDS and wanted to find lost loved ones. "All my friends who came on the department with me died of AIDS. It was a big part of the reason I left San Francisco. I lost all my friends when I was in my 30s."

Now infidelity pays the bills.

He's driving up to a client's house in Bel-Air, a $12-million mansion surrounded by foliage and mostly obscured from the street except for a portico with cars. Nazarian gets very excited because one is gone, the BMW that belongs to the spouse he's keeping tabs on.

He calls his client only to learn that the missing husband is not missing at all … but with her.

"She was laughing. 'My God, you're doing a good job of keeping track of him,' " said Nazarian, who seemed at least pleased to prove to his employer that he was working hard on her case. In the next week, he did the trash at this house and discovered that the spouse dined on TV dinners while his wife was away. "I'll never understand an unhappy multimillionaire who doesn't eat well," Nazarian said.

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The majority of Nazarian's clients are women, and it's easy to see why. While Pellicano oozed a kind of predatory, oleaginous charm, Nazarian is more like a pit bull — ferocious to strangers, but deeply loyal and solicitous to his masters.

"Women gravitate toward him because they feel comfortable with him," Meyer said. "It's hard when a woman goes through a divorce. They've relied on their husbands, and now they're adrift. John comes through for them."

Nazarian also caters to the wealthy women who don't want to give up the Jaguars and the Beverly Hills mansion — they just want to know where their husbands are sleeping.

"They basically want to keep track of the flavor of the month," Nazarian said as he cruised back to the Beverly Hills house to see if the trash was out. "The men think they're in charge, but the women are always in charge."

Nazarian earns a lot of money because of men who can't stay faithful. He loves to find people's secrets, and he reels off some recent discoveries like a hunter bragging about his kills — the wealthy couple's box of sex toys, the nude photographs that had been shredded but that his team managed to piece back together.

"It's not an honorable profession," he said, sighing.

But he's no Pellicano, the disgraced avatar of Hollywood gumshoes.

"Some of the stuff Pellicano did was overboard," Nazarian said. "It was like putting too much garlic in the sauce. He didn't need to do that."

CIVIL LAW:

High Court Reins In RICO (LAW)

By Marcia Coyle, The National Law Journal

National Law Journal, June 13, 2006

Although the U.S. Supreme Court last week ducked the questions everyone expected it to answer in two unrelated challenges under RICO, the justices did tighten the reins on the law generally viewed by the business community as a legal plague.

Even though the Court on Monday turned aside E.I. du Pont de Nemours & Co.'s petition in a Benlate case, the issues not resolved last week -- the scope of the "enterprise" definition in RICO and whether "reliance" is required in RICO mail and wire fraud claims -- will continue to divide the lower courts and inevitably return to the Supreme Court, according to RICO litigators and scholars.

But those watching the high court's RICO cases last week viewed the outcome basically as a victory for anti-civil RICO forces.

In Anza v. Ideal Steel Supply Corp., No. 04-433, a challenge involving two competing businesses, the justices essentially said they meant what they said in a 1992 decision: The alleged RICO violation must be the proximate cause of the plaintiff's injuries. The law does not permit suits by parties who have been injured only indirectly, wrote Justice Anthony M. Kennedy for the 7-2 majority.

And, in Mohawk Industries v. Williams, No. 05-465, the high court delivered a blow to a RICO class action arising out of claims that Mohawk and its outside recruiting agents hired illegal aliens to depress wages for its legal workers. The justices, in an unsigned decision, vacated the workers' favorable judgment by the 11th U.S. Circuit Court of Appeals and directed that appellate court to reconsider in light of its proximate cause ruling in Anza.

"I think the Court remains concerned about the potential sweep of civil RICO litigation," said Gene C. Schaerr of the Washington office of Chicago's Winston & Strawn, who filed an amicus brief in Anza on behalf of the U.S. Chamber of Commerce. "The statute was passed originally to allow people to seek damages for harm as a result of mob activity. In the years since it was passed, it has gradually metamorphosed into a general purpose, business tort statute that gets raised in all kinds of business litigation where there is any allegation of fraud or dishonesty of any kind."

The Supreme Court has been making it more difficult for plaintiffs to bring civil RICO cases since the early 1990s, said Kevin P. Roddy of Wilentz, Goldman & Spitzer in Woodbridge, N.J., counsel to Ideal Steel.

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"I think the Court doesn't like the statute," he said, adding, "The work that the [U.S.] Chamber has done over the last 20 years has borne fruit. They're very concerned about business being targeted with RICO cases, and that has finally resonated with the Court. But there's roughly the same number of RICO cases that are filed each year as there are antitrust cases, and I've never heard anyone say antitrust liability has run amok."

RICO prohibits certain conduct involving a "pattern of racketeering activity." The statute, which permits the award of treble damages and attorney fees, provides a private right of action under §1964(c) to any person "injured in his business or property by reason of a violation" of the act's substantive provisions.

Ideal Steel Supply Corp. sells steel mill products, supplies and services, and operates stores in the New York City boroughs of Queens and the Bronx. National Steel Supply, owned by Joseph and Vincent Anza, is Ideal's principal competitor and also operates stores in Queens and in the Bronx.

Ideal sued National under §1964(c), charging that National had engaged in an unlawful pattern of racketeering activity by failing to charge New York sales tax to cash-paying customers and fraudulently concealing the practice from the state. Ideal alleged that this practice allowed National to reduce its prices without affecting its profit margin, and thus put Ideal at a competitive disadvantage.

The district court dismissed Ideal's complaint, but the 2nd Circuit reversed.

FRAUDULENT-CONDUCT RELIANCE

The high court originally granted review to decide whether a party seeking damages under RICO for mail or wire fraud had to prove that it had relied on the fraudulent conduct and that the reliance had resulted in injury.

"The issue most burning for the bar is where a plaintiff says, 'I didn't rely on this but my customers relied on it or the bank relied on it.' Must you always have reliance in a RICO case predicated on mail or wire fraud?" said Jeffrey E. Grell of Ricoact.com, a law firm in Edina, Minn.

"For years, lower courts and parties have been struggling with what degree, if any, reliance is required," he said. "You've got three different standards relating to reliance. I was hoping [the justices] would at least advance that debate," said Grell, who teaches civil RICO at the University of Minnesota Law School.

But, instead, the high court on June 5 said its analysis "begins ... and largely ends" with its 1992 decision in Holmes v. Securities Investor Protection Corp., 503 U.S. 258. In Holmes, the justices held that §1964(c) requires proof of "some direct relation between the injury asserted and the injurious conduct alleged."

Writing for the majority, Kennedy said Ideal had not satisfied the proximate cause requirement of Holmes. The direct victim of the alleged RICO violation, he said, was the state of New York: "It was the state that was being defrauded and the state that lost tax revenue as a result."

Ideal's asserted harms, he said, were caused by a set of actions -- National's offering of lower prices -- "entirely distinct" from the alleged RICO violation, defrauding the state.

The "directness requirement" is necessary because of the difficulty that courts may have when trying to determine damages caused by some remote action, he said. There is also an appreciable risk of duplicative recoveries without it.

"A RICO plaintiff cannot circumvent the proximate-cause requirement simply by claiming that the defendant's aim was to increase market share at a competitor's expense," wrote Kennedy. In evaluating a RICO claim for proximate causation, he said, "the central question" a court must ask is "whether the alleged violation led directly to the plaintiff's injuries."

But Justice Clarence Thomas, in dissent, said the majority's "restrictive proximate-cause test" would prevent an honest businessman from recovering for competitive injuries inflicted by an organized crime group using threats of violence on a supplier to get goods at cost that it could then resell at lower prices than its competitor. And that kind of organized crime, he wrote, was the principal concern of RICO.

In Mohawk, the justices agreed to decide whether the carpet manufacturer, working with outside hiring agencies to employ illegal aliens, was an association-in-fact enterprise under RICO. But the justices sent the case back to the 11th Circuit for further consideration in light of the Anza decision.

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"Those of us who watch this were surprised when the Court granted cert in Mohawk not on the issue of causation but on a different issue," said Ideal Steel counsel Roddy. "I suspect when the court heard argument in Anza on March 27 and later in Mohawk, it realized there was a connecting thread, which is causation.

"I think Justice Thomas got it right in Anza," he added. "We had an extensive discussion in our brief that if you went back to the '50s and '60s and the organized crime commission reports, there was recognition that one of the ways organized criminals do business is they evade their taxes. These competitor versus competitor cases do not arise very often and now there is another set of fence-posts for plaintiffs."

Plaintiffs now will have a higher pleading burden to show direct injury in order to overcome a defendant's motion to dismiss or for summary judgment, he and others said.

With the Anza decision, "The Supreme Court is saying, 'We need to circumscribe the application of civil RICO and we're going to do so through the proximate-cause vehicle,'" said Mohawk counsel Juan P. Morillo of the Washington office of Sidley Austin. "It is requiring the lower courts to more strictly apply the direct injury requirement and to pay attention to the related issue of the speculative nature of damages."

The Court's concern, said Morillo, is "how tenuous the link is" between the alleged RICO activity (in Anza, defrauding the state, and in Mohawk, hiring illegal aliens) and the alleged injury (in Anza, lowering prices, and in Mohawk, the effect on wages). "The two situations are perfectly analogous," he said.

But Morillo's high court opponent doesn't see it that way.

"Anza says the direct victim is the state," said Howard Foster of Chicago's Johnson & Bell. "In my case, I assume Mohawk would argue the U.S. government is really the party that has been injured because illegal immigrants have been hired. But the government has not suffered a monetary injury in my case, and I don't think it could bring a lawsuit for money damages. There is no Anza problem. So the extensive analysis of proximate causation which 11th Circuit has already done would not be affected."

Since the 11th Circuit found that there was proximate cause, "You could read into the tea leaves [of what the Supreme Court did in Mohawk] that there was something wrong in the 11th Circuit's analysis," suggested Grell of Ricoact.com.

But, he added, "The courts are all very respectful of their respective authority. The 11th Circuit can make up its own mind and it tends to be more RICO plaintiff-friendly than some of the other circuits, like the 7th Circuit, which is very anti-RICO plaintiff."

Foster does agree that the Supreme Court is "reining in" RICO. Anza, he said, cut back on business competitors' standing to sue.

The Anza decision closes the door on RICO suits based on indirect injuries, said Winston & Strawn's Schaerr.

"From the standpoint of a business litigator, it's a good thing," he added. "You don't want to have some vaguely phrased exception that every plaintiff is going to argue he falls within. What the Court did is very important in ensuring the RICO statute, at least in the civil arena, goes back to being confined to cases closer to what Congress had in mind."

CIVIL RIGHTS:

11th Circuit Upholds Firing Of Fla. Deputies Who Appeared In Online Porn (LAW)

By Carl Jones, Daily Business Review

Miami Daily Business Review, June 13, 2006

The Palm Beach, Fla., Sheriff's Office did not violate the U.S. Constitution when it fired two deputies for appearing in pornography distributed on the Internet, a federal appeals court has decided.

A three-judge panel of the 11th U.S. Circuit Court of Appeals unanimously held late last month that the deputies' online escapades were not constitutionally protected because government employees may be limited in their speech if that speech has a negative or detrimental effect on the integrity of the government.

In an opinion written by Judge Stanley F. Birch Jr., the 11th Circuit panel said former Deputies Ronald Thaeter and Timothy Moran were not engaged in a protected form of speech when they appeared in the pornographic photos and videos. Furthermore, since government employees can have their free speech restricted more than that of other Americans, the panel found that U.S. District Judge Daniel T.K. Hurley was right to dismiss the deputies' civil rights lawsuit against the sheriff's office.

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Judges Phyllis A. Kravitch and Richard D. Cudahy, sitting by designation, concurred.

West Palm Beach attorney Fred H. Gelston, who served as outside counsel for the sheriff's office, said deputies and other government employees are free to take part in whatever sexual activities they want. But "it's when they put it on the [Internet] that it becomes a problem," Gelston said. "And that's what the lawyers on the other side didn't understand."

One of the deputies' attorneys said he plans to appeal the 11th Circuit's decision, either by filing a petition for rehearing or asking for a writ of certiorari from the U.S. Supreme Court.

"We're very disappointed that the 11th Circuit thinks that they can monitor police officers' nonobscene conduct outside the office," said Fort Lauderdale solo attorney Richard L. Rosenbaum. Fort Lauderdale Daniel A. Aaronson also represented the deputies at trial and on appeal.

In 2000, deputy sheriffs Thaeter and Moran were asked by the wife of a fellow deputy, Jack Maxwell, to appear, along with their wives, in online pornography available to the public for pay. Deputy Maxwell and his wife also participated in the porn session.

During a single shoot, still photos and some video of the deputies engaged in group sex were shot. Eventually, those images were posted on several pay-per-view Internet sites. The three deputies had requested that their faces be blurred, but their faces were reportedly recognizable in a handful of the images.

In October 2000, an anonymous tip led officials at the sheriff's office to Web sites featuring the images of the three deputies. An investigator found the photos and video, but concluded the photos had no explicit connection to the sheriff's office unless someone happened to recognize the men as sheriff's deputies in the few photos where their faces were available. An image showing a nude woman, which turned out to be Elizabeth Maxwell, posing in front of a sheriff's office patrol car also was found, but Maxwell's body blocked the name of the county on the car.

Still, the sheriff's office pursued a variety of ethics charges against the three deputies. They were accused of failing to obtain authorization for off-duty employment and violating a pledge that states: "I will keep my private life unsullied as an example to all."

During the first phase of the investigation, Maxwell, without knowing about the investigation, resigned to open a nutrition food store. After a series of findings and appeals by the sheriff's office, then-Sheriff Ed Bieluch approved the termination of Thaeter and Moran.

In May 2002, Thaeter and Moran then filed a federal suit, claiming that the sheriff's office violated their First and 14th Amendment rights. In 2003, Judge Hurley granted a motion by the sheriff's office to dismiss the suit for failure to state a claim that could be resolved by the court. The fired deputies appealed.

The appellate panel noted that there was no dispute that Thaeter and Moran had not sought prior authorization to accept the outside employment as porn actors.

As to the free speech controversy, the court said the deputies' speech was not protected because it did not involve matters of great public interest. That holding was based on a 2004 opinion by the U.S. Supreme Court, which found that a San Diego police officer was not protected by the First Amendment when he sold on eBay a pornographic video of himself performing various sex acts.

In that case, the officer wore a generic police uniform in the video, which he sold along with genuine San Diego police gear under the same online moniker. That decision, City of San Diego v. Roe, was issued the day before the parties in the Palm Beach County case presented oral arguments before the 11th Circuit.

As in Roe, the 11th Circuit said that Thaeter and Moran were not advancing a protected form of speech.

But Rosenbaum said the firing of the two deputies and the 11th Circuit ruling mark government over-reaching into people's personal lives. As long as the conduct is not illegal, he said, "what you do on your own time is your own business."

He also criticized the sheriff's office required pledge that officers must keep their private life "unsullied." Rosenbaum said, "I've tried as best as I can to figure what [unsullied] means, and if I don't know, I don't know how a regular police officer can be put on notice about what he can and can't do."

Gelston responded that "there's nothing in the canon of ethics that says you can't murder people either. But law enforcement officers don't need to be told that."

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Flag-desecration Amendment Needs 1 More Vote (USAT)

By Andrea Stone

USA Today, June 13, 2006

WASHINGTON — The Senate is one vote away from passing a constitutional amendment that would ban desecration of the U.S. flag, the closest that amendment supporters have been to passage.

The American Legion, which supports the amendment, and the American Civil Liberties Union, which opposes it, both say there are 66 votes to pass it.

Whether advocates can find the 67th vote to send the flag amendment to the states for ratification remains unclear. A Senate vote is set for the week of June 26.

Elections, post-9/11 patriotism and the Iraq war have improved the measure's prospects since the Senate last voted in 2000, says Patrick Brady of the Citizens Flag Alliance. "We're very hopeful we'll get it," he says.

The House of Representatives last year approved the flag amendment 286-130. It was the seventh time it had done so since the U.S. Supreme Court overturned a Texas law banning flag burning in 1989. The next year, the court ruled that the federal Flag Protection Act violated the First Amendment's free speech guarantee.

"The American flag is a unique symbol that should be protected," said Sen. Orrin Hatch, R-Utah, the chief sponsor.

Paul McMasters of the non-partisan First Amendment Center, which works to protect that amendment's freedoms, says the Senate is trying to provide "a radical solution to a non-problem. It's unwise, unnecessary and un-American."

Four times in the Senate, the flag measure has failed to receive the two-thirds majority required of constitutional amendments. In 2000, the amendment came up four votes short with 63.

But as Flag Day approaches Wednesday, advocates on both sides of the issue say momentum has shifted. Reasons:

•Republican gains. Sens. George Allen of Virginia, John Thune of South Dakota, John Ensign of Nevada and Richard Burr of North Carolina, all supporters of an amendment, replaced Democrats who opposed one.

•Supportive Democrats. Minority Leader Harry Reid of Nevada and at least 13 other Democrats have voted for or voiced support for the amendment. New Jersey's Robert Menendez voted for it as a House member, and his spokesman, Allyn Brooks-LaSure, says his "current intention" is to do so as a senator. Menendez replaced now-Gov. Jon Corzine, who had opposed it.

•State resolutions. All 50 states have approved non-binding resolutions endorsing an amendment. "That is unprecedented and shouldn't be ignored," American Legion legislative director Steve Robertson says. "We will see if the senators are listening to their constituents or not."

Thirty-eight, or three-fourths, of the 50 states must ratify the measure to make it the 28th Amendment.

It took a record 202 years for states to ratify the 27th Amendment, which says a congressional pay raise can't take effect until after the next election has been held. The 26th Amendment, guaranteeing 18-year-olds the right to vote, was the quickest to be ratified: It took 100 days in 1971.

For now, enough senators — including three Republicans — remain opposed to the flag amendment to keep it from getting to the states. Sen. Robert Bennett of Utah wants to write a law instead of rewriting the Constitution. Majority Whip Mitch McConnell of Kentucky objects to altering the First Amendment. Lincoln Chafee of Rhode Island also voted no in 2000.

John Vile, a constitutional law expert at Middle Tennessee State University, says some believe that the amendment "would be the first in U.S. history to restrict the Bill of Rights."

Despite ads by the Citizens Flag Alliance urging his support, Sen. Kent Conrad, D-N.D., has no plans to vote yes and does not believe his re-election will be affected. Says spokesman Chris Thorne: "This is not an issue that people are talking to us about."

ANTITRUST:

Third Trader Pleads Guilty To Manipulating Natural Gas Price (SDUT/AP)

Associated Press

The San Diego Union-Tribune, June 13, 2006

DOJ_NMG_0033203

SAN FRANCISCO – A former trader at Williams Energy Marketing & Trading pleaded guilty in federal court to manipulating natural gas prices, authorities said Friday.

Daryl Russell Brown, 36, pleaded guilty in federal court to conspiracy to manipulate natural gas prices over approximately four years.

Brown admitted that between 1998 and 2002, he conspired with others at the Tulsa trading company to report fictitious trades to two industry newsletters – "Inside FERC's Gas Market Report" and the "Bidweek Survey."

The false reports, which were published, provided traders with bogus information that gas was trading at levels higher than it actually was – forcing natural gas prices to rise.

Brown was a trader and manager of operations at the Williams Companies' subsidiary based in Tulsa, Okla. He is the third Williams trader to be convicted of the conspiracy.

"Mr. Brown admitted that approximately 75 percent of the trades he reported to industry newsletters were deliberately fabricated," said U.S. Attorney Kevin V. Ryan.

Brown faces a maximum five years imprisonment.

AGs Want Bush Administration To Get Tough On Gas Prices (AP)

By Andrew Miga, Associated Press Writer

AP, June 13, 2006

WASHINGTON -- Massachusetts Attorney General Tom Reilly says the Bush administration needs to deliver a tough new message to big oil companies about rising gas prices: enough already.

Reilly emerged from a meeting with U.S. Attorney General Alberto Gonzalez on Monday saying oil companies deserve a "very good tongue-lashing" from top administration officials warning that unless "price gouging" stops, the government will crack down.

"This administration is going to have to get tough with them, call them in," said Reilly, a Democratic candidate for governor. "This administration can reign them in by calling them in and saying, 'Listen, enough is enough, the American people have had enough, you either do this or we are going to do this for you'."

Reilly and attorneys general from Connecticut and several other states met for about an hour at the Justice Department with Gonzalez and Federal Trade Commission Chairwoman Deborah Platt Majoras.

Connecticut Attorney General Richard Blumenthal said he proposed a joint federal-state investigation and prosecution against any illegal practices by the oil industry that are increasing gasoline prices.

"As a first step, this conversation was encouraging, although the test will be whether there is real information sharing and joint efforts to investigate and prosecute anti-trust and price-gouging violations," Blumenthal said.

The Justice Department said it was working with states on the issue.

"We are focusing on doing our part to look at this issue and we are encouraging the states to do the same," said Justice Department spokeswoman Tasia Scolinos. "Today's meeting was part of an ongoing dialogue with them to insure that all appropriate steps are being taken."

President Bush has urged America to reduce its dependence on foreign oil by improving conservation, expanding domestic production and developing alternative energy sources such as ethanol.

Reilly says Bush officials have dismissed recent increases as market fluctuations in the wake of hurricanes Katrina and Rita last year. But Reilly says large refiners, not retail gas stations, were behind the steep price increases.

Federal officials should use antitrust laws to break the oil companies' grip over consumers, Reilly said.

"They have market control, they have concentration of power and they are exploiting that power on the backs of consumers, an obscene amount of profit," Reilly said at a news conference on a sidewalk outside the Justice Department.

"If we have to change the laws, then let's change the laws and deal with these companies right now," he said. "If these laws are insufficient, let's work to change these laws."

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Gasoline prices, meanwhile, were up for a second week in a row in Massachusetts, with self-serve regular unleaded averaging $2.99 per gallon, up three cents from last week and back to where it was a month ago, according to AAA Southern New England. One year ago, the price was $2.12.

In Connecticut, the average price for a gallon of regular gas was $3.14 Monday, compared with $3.06 a month ago and $2.22 a year ago, according to AAA.

Barr Settles Novartis Suit, Sees Charge (AP)

AP, June 13, 2006

Barr Pharmaceuticals Settles Lawsuit With Novartis Unit, Sees Charge in June Quarter

WOODCLIFF LAKE, N.J. (AP) -- Drug maker Barr Pharmaceuticals Inc. said Monday it agreed to pay $22.5 million to settle a lawsuit with a unit of Novartis, and said the payout will lower profit for the June quarter by 13 cents per share.

The litigation stems from a suit Invamed Inc. and Apothecon Inc. filed in 1998 charging Barr with violating antitrust laws and illegally blocking access to the raw material source for warfarin sodium, a drug that prevents blood clots. An appeals court in October 2004 reversed a lower court's ruling and found the two plaintiffs raised issues of material fact on their antitrust claims. The trial was scheduled to start on Monday.

Both Invamed and Apothecon have been acquired by Swiss drug maker Novartis AG since they filed the suit. Barr said it thought the lawsuit was without merit, but decided to settle to avoid further expense.

Barr said it would record a one-time payment of $22.5 million for the quarter ending June 30.

Mittal Refuses To Raise Arcelor Bid Staff And Agencies (AP)

By Aoife White, AP Business Writer

AP, June 13, 2006

BRUSSELS, Belgium - Steelmaker Arcelor SA rejected a revised offer from Mittal Steel Co., which refused again Monday to raise its 25.8 billion euros ($33 billion) bid for its rival and criticized the value of the company's deal with Russia's OAO Severstal as "entirely fictitious."

But Arcelor left the door open for Mittal, saying the Severstal transaction did not preclude an offer by Mittal and it was ready to meet Mittal again to explore a better deal.

Arcelor said Mittal's current offer "is inadequate as it continues to undervalue" the company and called the Severstal transaction "a more attractive alternative from a strategic, financial and social point of view."

Arcelor valued itself at 44 euros ($55.70) a share in an offer to buy back up to a quarter of its capital — the same price Severstal Chairman Alexei Mordashov is paying to buy 32 percent of the company.

"We have made a very compelling offer to shareholders offering a 70 percent premium to the pre-offer all-time-high share price of Arcelor," Mittal said. "The idea that the Severstal transaction values Arcelor at 44 euros is entirely fictitious and without market substantiation."

They will also decide if Arcelor can go ahead with plans for the share buyback. Arcelor's board seemed to ease off its battle against Mittal by saying it would not launch the self-tender offer until after Mittal announces how many shares it has bought.

Georges Ugeux, chairman and CEO of Galileo Global Advisors, said Arcelor shareholders are confronted with a very complicated financial transaction.

Mittal and Arcelor representatives met last week for the first time since Mittal made its surprise offer in January. Arcelor had previously refused Mittal's overtures, saying they could meet only when Mittal furnished a standalone business plan — which it did on June 2, the same day it got EU antitrust clearance.

Financier Romain Zaleski — who recently bought 5 percent of Arcelor, making him one of the largest shareholders — told Dow Jones Newswires in Italy that he believed Mittal could raise its offer again.

Dexia analyst Mickael Van den Hauwe said the Arcelor board was doing everything it could to push the valuation up, while Edmund Shing of Kepler Equities in Paris said Arcelor knows the deal is crucial for Mittal.

"They're saying, we can negotiate, but you have to pay us more," Shing said. "For Mittal, there's no comparable deal of size or fit. Mittal is saying, 'We either stay as we are or do the big deal, even if it's more expensive. It's the imperative deal."

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However, Ugeux said Mittal simply could not afford to take on more debt to make a much higher.

"They have more tons but the profitability and revenues are not as good as Arcelor. There is a limit of what he can do," he said.

European Union Takes First Steps To Include Turkey And Croatia (NYT)

By James Kanter, International Herald Tribune

The New York Times, June 13, 2006

BRUSSELS, June 12 — The European Union pushed forward with enlargement plans today, conducting a first round of membership negotiations with Turkey and Croatia and signing a premembership agreement with Albania.

The talks with Turkey proceeded after a compromise was reached over a demand by Cyprus, a European Union member, that Ankara put into effect a protocol it signed with Europe last year and open up its ports and airports to trade with new member states, including Cyprus. What Cyprus got was a message from European Union foreign ministers meeting in Luxembourg asking Turkey to do just that, or face delays in "the overall progress in the negotiations."

Cyprus then dropped its objections to the start of talks and Foreign Minister Abdullah Gul of Turkey departed for Luxembourg to join the meeting.

The foreign ministers' talks today, on science and research , were the first of 35 rounds of negotiations to be held with Turkey in the accession process, which is expected to take at least a decade.

The talks with Turkey and Croatia remain on target, Krisztina Nagy, the spokeswoman for Olli Rehn, the European Union enlargement commissioner, said today. "We welcome the fact that a compromise could be made."

The moves toward further enlargement are continuing despite doubts among some in Europe after the last round of enlargement — to 25 from 15 countries — two years ago. There is also concern about absorbing not just Turkey, which would be the first mainly Muslim country to enter the union, but also countries in the Balkans.

Even so, the enlargement process still is proceeding, despite the huge financial commitments involved in integrating such economies, because of the European Union's central belief that every citizen has the right to benefit from the continent's growth. European Union states formally set the process in motion in October. Policy makers say that the criteria required for enlargement can make for stable, prosperous, Western-oriented neighbors — even if circumstances change and candidate states do not eventually join the bloc.

"The political price of stopping the process of enlargement now is very large," said Katinka Barysch, chief economist at the Center for European Reform, in London.

Another important factor is that "the process of accession can virtually transform a country," Ms. Barysch said, using as examples the transformation of the economy in Poland and other East European countries.

In addition to formally opening membership talks with Croatia, the European Union today recognized Montenegro as Europe's newest sovereign state. The agreement with Albania commits the formerly Stalinist country to intensify economic and political reforms in exchange for greater trade withEurope, but offers no entry date.

European leaders have grown wary about enlarging the European Union following the rejection by French and Dutch voters of a European constitution last spring. The votes were seen as a 'no' vote to a larger union after eight formerly Communist countries joined the bloc two years ago, along with Cyprus and Malta.

Chancellor Angela Merkel of Germany has backed a partnership with Turkey, rather than full membership.

In France, Interior Minister Nicolas Sarkozy has said that further enlargement of the European Union should be limited to Romania and Bulgaria, which are set join by January 2008 at the latest.

Such views show "deep concern within the E.U. about not enlarging too far or too fast," Michael Emerson, a senior research fellow at the European Center for Policy Studies, in Brussels, said today.

For Turkey, and Prime Minister Recip Tayyip Erdogan, the stakes are high. Mr. Erdogan's popularity has slumped amid accelerating inflation and a drop in the value of the Turkish lira, making the prospect of European Union membership even more important in boosting standards of living, foreign investment and employment.

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Even so, Mr. Erdogan wants to avoid being seen as a hostage to European interests or being humiliated if the Union changes its view and puts new obstacles in the way of membership. In a pointed warning today, Mr. Erdogan said his enthusiasm for the European Union could wane "if politics becomes involved in this process."

European Union diplomats warned that developments today could be a harbinger of obstacles ahead, including a larger showdown between Cyprus and Turkey — still in a

standoff over control of Cyprus.The government of the Greek Cypriot south of the island is the internationally recognized administration, while the Turkish north is recognized only by Turkey.

"I think there are difficult questions about what this means for the future if even today progress was so hard to achieve," one European Union diplomat said. "That's a bit strange, and suggests that we don't quite know where we are going."

The compromise today allowed Turkey to proceed with additional steps toward reaching European Union standards. The membership process requires candidate countries to put in place reforms in a wide range of areas — culture and education probably are next — and to overhaul policies in such technical areas as trade law and antitrust law.

Croatia hopes to join the union by 2009, but experts like Mr. Emerson say 2010 is a more likely date.

Few people expect Turkey, even if negotiations stay on track, to be a member until about 2016. As for Albania, the European Union urged Tirana to make improvements in public sector governance, media freedoms, property restitution and minority rights, The Associated Press reported.

Mirant Rescinds Unsolicited Bid To Acquire NRG (WSJ)

By Bhattiprolu Murti

The Wall Street Journal, June 13, 2006

Mirant Corp. withdrew its $7.9 billion hostile bid for rival power company NRG Energy Inc. following opposition from its own shareholders, saying it was disappointed NRG was unwilling to discuss the proposal.

The withdrawal ends a bitter takeover battle involving the two power companies as well as Goldman Sachs Group Inc., which initially advised Mirant before it stepped down amid allegations from NRG that it shared nonpublic information about the company with Mirant. The battle marks the increased value seen in power-generation assets after a tough period in the industry, during which both companies sought bankruptcy-court protection.

At 4 p.m. in New York Stock Exchange composite trading, shares of NRG fell $3.93, or 7.7%, to $46.92, while Mirant's shares slipped seven cents to $24.38.

Mirant said a long and contested pursuit isn't in the best interests of the Atlanta company and its shareholders and that it will continue its efforts to create value for shareholders. NRG said the rise in its share price during the past 24 months showed the market recognized the soundness of the Princeton, N.J., company's strategy.

Earlier yesterday, hedge fund Pirate Capital LLC, run by activist investor Thomas R. Hudson Jr., sent a letter to Mirant's independent directors, saying if Mirant didn't publicly abandon its bid to acquire NRG by tomorrow and announce the hiring of an investment bank for the sale of the company, it would seek a special shareholder meeting. In the letter, filed with the Securities and Exchange Commission, Pirate Capital told Mirant's independent directors that if they didn't take appropriate action, it plans to solicit support to meet the 40% threshold to call a special stockholder meeting seeking to increase the board's size and remove some incumbent directors.

Pirate Capital is the beneficial owner of about five million Mirant shares, or 1.6% of its common stock.

Mirant, which emerged from bankruptcy protection in January, made a hostile, or unsolicited, bid in late May to acquire NRG for about $7.9 billion. Mirant subsequently sued NRG over its rejection, saying that decision was based on a false claim that Mirant had improperly obtained confidential information about NRG through independent adviser Goldman Sachs. Goldman Sachs, which resigned from the assignment, has said it did nothing wrong and provided advice based only on public information.

Pirate Capital, Omega Advisors and Jana Partners LLC sent letters to Mirant earlier this month asking the company to abandon its plans to buy NRG. Together, the three entities own 3.6% of Mirant's stock.

Zale Ends Merger Talks With Signet (WSJ)

By Kris Hudson

DOJ_NMG_0033207

The Wall Street Journal, June 13, 2006

Zale Corp. said it ended tentative merger talks with chief rival Signet Group PLC, abandoning one of its options as it scrambles to recover from a poor holiday season and three years of losing ground to other jewelry sellers in the U.S.

Had a deal been struck, it would have combined the two leading specialty-jewelry retailers in the U.S., but it also would have resulted in significant overlap of their store bases. London-based Signet operates 1,837 stores, including 1,246 in the U.S., under the Kay Jewelers and Jared brands. Zale, based in Irving, Texas, operates 2,345 stores, including 2,100 in the U.S., mostly under its flagship Zales Jewelers brand.

Zale has struggled after its strategy last year to shift its merchandise assortment and advertising to appeal to a more fashionable, upscale clientele resulted in lost sales and a sharp profit drop in its Christmas quarter. The retailer subsequently ousted its top management and scrapped much of the overhaul. It now faces an accounting investigation by the Securities and Exchange Commission, while its search for a new chief executive officer continues.

Meanwhile, Signet's U.S. division last year surpassed Zale in U.S. sales for the first time. Zale's total revenue in the fiscal year ended July 21, 2005, was $2.38 billion. Signet had revenue of £1.75 billion, or $3.22 billion, in the fiscal year ended Jan. 28, 2006.

The merger talks were reported by Britain's Mail on Sunday. After initially declining to comment, Signet issued a statement early yesterday morning confirming the "preliminary discussions" of a merger with Zale but noting the uncertainty of the outcome. By midday, Signet announced the talks had ended.

Zale followed in the afternoon with its own statement, explaining that Signet had approached it about a merger, but the Zale board decided against the combination. Zale's directors "concluded that its shareholders are best served by continuing as an independent company," according to the statement.

Zale also said in its statement that it anticipates introducing a new CEO "within the next several weeks." Interim CEO Mary "Betsy" Burton, who doesn't aspire to keep the job permanently, said late last month that Zale had narrowed the search to two outside candidates.

News of the merger talks boosted Zale's stock by as much as 16% to $27.75 yesterday before it was announced negotiations had ended. In 4 p.m. composite trading on the New York Stock Exchange, Zale shares were up 3.5% to $24.70. Signet's American depositary shares gained 3.6% to $18.11 on the NYSE.

BBVA Carves Out Niche In U.S.-to-Mexico Payments (WSJ)

By Carrick Mollenkamp And Keith Johnson

The Wall Street Journal, June 13, 2006

Banco Bilbao Vizcaya Argentaria SA's Texas spending spree -- including the $2.2 billion purchase of Texas Regional Bancshares Inc. and the $480 million purchase of State National Bancshares -- sets the stage for the big Spanish bank to become a major player in the competitive market for remittances between the U.S. and Mexico and could lead to further acquisitions.

Under a deal announced yesterday, BBVA, Spain's second-largest bank in terms of market value, after Grupo Santander SA, said it would pay $2.16 billion for Texas Regional, whose branches stretch along the Rio Grande Valley. The acquisition is expected to close in the fourth quarter after shareholder and regulatory approval. Separately, BBVA also said it would buy State National, a Fort Worth bank with 44 branches and a sizable El Paso presence. The acquisitions give BBVA ownership of branches along the Texas-Mexico border stretching from El Paso eastward to McAllen, where Texas Regional is based.

The purchase could allow BBVA to gain a larger share of the remittance business that flows between the U.S. and Mexico.

Though a huge business -- some 40 million remittance transactions sent money to Mexico from the U.S. in 2003, according to a Pew Hispanic Center report -- big banks such as Citigroup Inc., Bank of America Corp., and Wells Fargo & Co. have won only a small part of that business. Much of the rest is done by wire-transfer services.

BBVA, which made another acquisition in Texas last year, has had investment bankers in Houston scoping out potential bids as part of Chairman Francisco González's ambitions to turn BBVA into one of the world's largest banking companies by 2008.

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After bulking up the bank through acquisitions in Latin America in the 1990s, Mr. González has said BBVA needs more muscle in the U.S., Europe and Asia. BBVA tried and failed to acquire an Italian lender, Banco Nazionale di Lavoro, last year. BBVA may now seek to link up its new U.S. presence with its Mexican unit, Bancomer, to make a direct play on the remittance market, potentially giving it an advantage against larger U.S. banks. For the past two years, the Madrid-based bank has focused U.S. expansion on border areas ripe for remittance business in Texas and California.

By contrast, its main domestic rival and Spain's largest bank, Santander has sought to grab a piece of the mainstream U.S. retail market. This spring, the bank got regulatory approval for the purchase of a 20% stake in Philadelphia-based Sovereign Bancorp Inc., giving it entry into the cutthroat northeastern U.S. banking market.

Texas Regional shares have risen 47% in the past year amid speculation the bank was an acquisition target. BBVA's offer values Texas Regional's stock at $38.90 a share. The stock yesterday rose $3.50, or 10%, to $37.70 in Nasdaq Stock Market composite trading. In 4 p.m. New York Stock Exchange composite trading, BBVA's American depositary receipts fell 21 cents, or 1.1%, $18.98. Keefe, Bruyette & Woods advised Texas Regional with legal advice from Rogers & Whitley. Morgan Stanley acted as BBVA's adviser in both purchases. Law firm Sullivan & Cromwell advised on the Texas Regional purchase while Cleary Gottlieb Steen & Hamilton handled the State National deal.

Though little known outside of Texas bank circles, Texas Regional, the parent of Texas State Bank, has built a powerhouse bank in the Rio Grande Valley, located in deep south Texas bordering Mexico. The bank is led by Glen Roney, a 75-year-old Texas bank veteran who also has expanded Texas Regional into cities such as Houston.

BBVA already owns Laredo National Bancshares Inc. Laredo, also located along the U.S.-Mexican border, is northwest of McAllen. Its latest acquisition will pit the Spanish bank against J.P. Morgan Chase & Co. and a host of independent banks operating in the Rio Grande Valley and in Texas as well as banks such as Wachovia Corp. that have expanded in the state.

Under Mr. Roney, Texas Regional worked through the Texan bank crisis of the 1980s and ultimately gathered more than $6 billion in assets, according to Keefe, Bruyette and research firm SNL Financial.

Still, the 73-branch bank has struggled like other banks against a narrowing between short- and long-term interest rates that has cut into profits. Texas Regional also has fought to keep down souring loans; last year, Mr. Roney and the executives at the bank said they wouldn't pay bonuses until nonperforming loans were halved, Keefe, Bruyette said in a report. In fact, yesterday's announcement said Texas Regional shareholders may receive a special dividend of as much as 10 cents a share if the bank can collect on a souring loan to one business client.

RIAA Chief Says Illegal Song-sharing 'contained' (USAT)

By Jefferson Graham

USA Today, June 13, 2006

LOS ANGELES — Nearly a year after the Supreme Court issued a landmark ruling against online music file-sharing services, the CEO of the Recording Industry Association of America says unauthorized song swapping has been "contained."

"The problem has not been eliminated," says association CEO Mitch Bainwol. "But we believe digital downloads have emerged into a growing, thriving business, and file-trading is flat."

That's an optimistic view from an industry that saw its numbers slide to near oblivion after the launch of the original Napster in 1999. CD sales fell as much as 30%, and the RIAA pressed Congress and the courts for relief against what it said was rampant piracy.

After the Supreme Court ruled that the services could be liable for piracy by their users, the RIAA sent cease-and-desist letters to several firms. Most — including BearShare, WinMX and Grokster — shut down. EDonkey and others said they would switch to a licensed, paid model.

EDonkey, which along with BitTorrent is one of the most-used file-sharing services, has yet to make the switch.

Even with Grokster and WinMX shut down, their software programs still exist. Eric Garland, CEO of Internet measurement firm BigChampagne, says that more people than ever are using file-sharing networks. "Nearly 10 million people are online, swapping media, at any given time," he says. That May figure is up from 8.7 million people in 2005, he says.

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Garland says the RIAA has made some inroads. “They have removed the profiteers from online piracy,” he says. “They've also embarked on a very successful education campaign. Kids now know about copyright, and the consequences.”

The RIAA has sued just over 18,000 individuals for sharing songs online, with 4,500 settling for about $4,000 per case.

Album sales are still down — about 3% this year. But Bainwol says digital sales — up 77% — make up for the shortfall.

The wide availability of legitimate alternatives to file-sharing services has helped wean computer users away, says Russ Crupnick, president of the music group for market tracker NPD Group.

Apple's iTunes has sold more than 1 billion songs to consumers, and online stores Rhapsody and Napster are gaining traction. Crupnick says digital store purchases have “almost doubled” while file-sharing is flat among computer users in 12,000 homes in an NPD survey.

Meanwhile, the RIAA is suing XM Satellite Radio, which introduced a portable $399 player (from Pioneer and Samsung) that lets subscribers record songs.

Bainwol says he doesn't mind consumers acquiring songs on the device — it's just that XM hasn't licensed the songs for download.

“We love the technology and think it's cool, but if you want to be an iTunes clone, you should pay for it,” he says. XM has called the RIAA lawsuit a “negotiating” tactic.

About 1.5 billion songs are available for free swapping at any given time on file-sharing networks, says Garland, a mix of current hits and songs from such artists as the Beatles and Led Zeppelin that have yet to be released to the digital music stores.

That number is huge but hasn't grown substantially, while video piracy has. “The music industry isn't seeing double-digit growth in piracy anymore, but Hollywood is,” Garland says.

German Authorities Examine Web Rights Deal (AP)

AP, June 13, 2006

German Antitrust Authorities Examine Internet-Rights Deal Between Soccer League and Deutsche Telekom

BERLIN (AP) -- Germany's antitrust authority said Monday it is examining the compromise deal between the German soccer league and Deutsche Telekom AG for Internet broadcasting rights after receiving complaints.

The Federal Cartel Office said it had received complaints from rival Internet service providers that Deutsche Telekom is abusing its dominant position.

Under the agreement reached last Wednesday with the German soccer league, or DFL, the telecom will broadcast Bundesliga soccer games online and provide content to its T-Mobile subscribers' cell phones.

Deutsche Telekom -- which won the rights to broadcast German soccer league matches via the Internet in an auction last December -- will not, however, distribute the Internet signal through its cable and satellite operations, both companies said in a statement. In return, Deutsche Telekom agreed to pay less for the Internet rights than originally agreed.

At the same time, it was announced that pay-TV company Arena, which won the television broadcasting rights, will no longer have the right to broadcast over the Internet or to sublicense its Internet broadcasting rights.

Smaller internet service providers had hoped that they could receive a license from Arena to offer German soccer games to their customers over the Internet.

T-Online is Europe's largest Internet service provider, with some 13.5 million subscribers. Besides Germany, T-Online owns Club Internet in France and Ya.com in Spain.

Shares of Deutsche Telekom were down 0.6 percent to euro12.93 (US$16.37) in Frankfurt trading.

ENVIRONMENT:

Pipe Company Executive Gets Prison For Rigging Pollution Test (AP)

AP, June 13, 2006

SALT LAKE CITY -- An executive for a cast-iron pipe foundry in Provo was sentenced Monday to a year in prison for rigging a pollution test.

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Charles Matlock, who was vice president and general manager of Pacific States Cast Iron Pipe Co., also was fined $20,000 by U.S. District Judge Dee Benson.

Matlock pleaded guilty in February to violating the Clean Air Act by manipulating an emissions test at Pacific States, a division of Birmingham, Ala.-based McWane Inc.

At issue was a furnace stack test conducted in 2000. An indictment accused the company of feeding crude iron instead of its usual supply of contaminated automobile scrap into the foundry to cover up pollution violations.

The 2000 test was used to file emissions reports to government regulators in 2001, 2002 and 2003. McWane paid a $3 million fine for falsifying the test.

"When senior corporate executives cheat on required tests, public health and the environment suffer," said David Uhlmann, chief of the environmental crimes section of the U.S. Department of Justice.

Matlock's sentencing "is further proof of the McWane legacy: a repeat offender that committed years of environmental and worker safety violations at facilities across the country," Uhlmann said in a statement.

The Justice Department said it had obtained convictions against McWane foundries for Clean Air Act violations at Anniston, Ala.; Birmingham, Ala. Phillipsburg, N.J., and Tyler, Texas. It was at Birmingham where McWane in December was ordered to pay a $5 million fine for discharging industrial waste.

In a statement, McWane, a family-owned company, insisted it never did harm to the environment or its workers. Long before the federal investigation began, the Provo foundry upgraded its emissions control system, reducing carbon monoxide emissions by 95 percent and volatile organic compounds by nearly half, the company said.

The Provo foundry casts water and sewer pipes, fire hydrants and fittings.

EPA Rule Loosened After Oil Chief's Letter To Rove (LAT)

By Tom Hamburger And Peter Wallsten

The Los Angeles Times, June 13, 2006

WASHINGTON — A rule designed by the Environmental Protection Agency to keep groundwater clean near oil drilling sites and other construction zones was loosened after White House officials rejected it amid complaints by energy companies that it was too restrictive and after a well-connected Texas oil executive appealed to White House senior advisor Karl Rove.

The new rule, which took effect Monday, came after years of intense industry pressure, including court battles and behind-the-scenes agency lobbying. But environmentalists vowed Monday that the fight was not over, distributing internal White House documents that they said portrayed the new rule as a political payoff to an industry long aligned with the Republican Party and President Bush.

In 2002, a Texas oilman and longtime Republican activist, Ernest Angelo, wrote a letter to Rove complaining that an early version of the rule was causing many in the oil industry to "openly express doubt as to the merit of electing Republicans when we wind up with this type of stupidity."

Rove responded by forwarding the letter to top White House environmental advisors and scrawling a handwritten note directing an aide to talk to those advisors and "get a response ASAP."

Rove later wrote to Angelo, assuring him that there was a "keen awareness" within the administration of addressing not only environmental issues but also the "economic, energy and small business impacts" of the rule.

Environmentalists pointed to the Rove correspondence as evidence that the Bush White House, more than others, has mixed politics with policy decisions that are traditionally left to scientists and career regulators. At the time, Rove oversaw the White House political office and was directing strategy for the 2002 midterm elections.

Angelo had been mayor of Midland, Texas, when Bush ran an oil firm there. He is also a longtime hunting partner of Rove's. The two men first worked together when Angelo managed Ronald Reagan's 1980 presidential campaign in Texas.

In an interview Monday, Angelo welcomed the new groundwater rule and said his letter might have made a difference in how it was written. But he waved off environmentalists' questions about Rove's involvement.

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"I'm sure that his forwarding my letter to people that were in charge of it might have had some impression on them," Angelo said. "It seems to me that it was a totally proper thing to do. I can't see why anybody's upset about it, except of course that it was effective."

Asked why he wrote to Rove and not the Environmental Protection Agency or to some other official more directly associated with the matter, Angelo replied: "Karl and I have been close friends for 25 years. So, why wouldn't I write to him? He's the guy I know best in the administration."

White House spokesmen said Monday that the rule was revised as part of the federal government's standard rule-making process. They said the EPA was simply directed by White House budget officials to make the rule comply with requirements laid out by Congress in a sweeping new energy law passed last year.

The issue has been a focus of lobbying by the oil and gas industry for years, ever since Clinton administration regulators first announced their intent to require special EPA permits for construction sites smaller than five acres, including oil and gas drilling sites, as a way to discourage water pollution.

Energy executives, who have long complained of being stifled by federal regulations limiting drilling and exploration, sought and received a delay in that permit requirement in 2003. Eventually, Congress granted a permanent exemption that was written into the 2005 energy legislation.

The EPA rule issued Monday adds fine print to that broad exception in ways that critics, including six members of the Senate, say exceeds what Congress intended.

For example, the new rule generally exempts sediment — pieces of dirt and other particles that can gum up otherwise clear streams — from regulations governing runoff that may flow from oil and gas production or construction sites.

Sen. James M. Jeffords (I-Vt.), who joined five Democrats in objecting to the rule, wrote in March that there was nothing in the energy law suggesting that such an exclusion of sediment "had even entered the mind of any member of Congress as it considered the Energy Policy Act of 2005." Moreover, Jeffords wrote, the rule violated the intentions of Congress when it passed the Clean Water Act 19 years ago.

White House and administration officials disagreed.

At the EPA, Assistant Administrator Benjamin H. Grumbles said the rule responded directly to congressional action. He cited a letter from Sen. James M. Inhofe (R-Okla.), chairman of the Senate Environment and Public Works Committee, endorsing it. He added that the rule still allows states to regulate pollution, and that it continues to regulate sediment that contains "toxic" ingredients.

Lisa Miller, a spokeswoman for another senior lawmaker, Rep. Joe L. Barton (R-Texas), chairman of the House Energy and Commerce Committee, said Monday that the rule was designed to hold oil companies accountable for putting toxic substances in the soil, but not for dirt that results from storms.

"When it rains, storm water gets muddy, regardless of whether there's an oil well in the neighborhood," Miller said. "Congress told EPA to do this, and now they have. If there's oil in the water, a producer has to clean it up. If it's nature, they don't."

The change in the rule occurred last year when staffers in the White House Office of Management and Budget began editing an early version drafted by EPA technical staff. The Office of Management and Budget oversees another division, the Office of Information and Regulatory Policy, which critics complain has served as a central hub in the Bush White House for making government regulations more business-friendly.

A spokesman for the White House budget office, Scott Milburn, said Monday that the White House's involvement in making rules was intended to "ensure that agencies issue regulations that follow the law."

White House spokeswoman Dana Perino rejected the suggestion that Rove was involved in the rule change. Rove frequently receives requests, she said, and that he tries to reply and direct those requests to the appropriate people. She said that for environmentalists to accuse Rove of manipulating the EPA rule was a "typical overreach" by administration critics.

"That is quite an overreach, when it was the United States Congress that passed the Energy Act in a bipartisan way to ask the EPA to undertake this rulemaking," she said.

In their March letter, Jeffords and his Democratic colleagues asked EPA officials whether the correspondence with Rove influenced the final rule.

A response written by Grumbles did not directly address the Rove question. But the Natural Resources Defense Council and other environmental groups assert that they know the answer.

"We can't say that Karl Rove walked over to OMB and demanded these changes," said Sharon Buccino, director of the Natural Resources Defense Council's land program. "But it is clear that there was direction coming from the top of the White House, and this was a result of the thinking of the White House as opposed to environmental experts at EPA."

Buccino called the rule "yet another example of the Bush administration rewarding their friends in the oil and gas industry at the expense of the environment and the public's health."

In his letter to Rove, Angelo did not hide his political feelings. He thanked Rove for "all you do," and added words of encouragement on another topic: "The president has the opposition on the run on the Iraq issue."

His letter appeared to gain notice at the highest levels of the administration. Three months after Angelo sent it, a top EPA official wrote to tell him that the agency had decided to impose the temporary delay on the construction permitting rule for oil and gas companies.

The letter was copied to Rove, White House environmental advisor James L. Connaughton and then-EPA Administrator Christine Todd Whitman.

Dirk Kempthorne Arrives (NYT)

The New York Times, June 13, 2006

Dirk Kempthorne's chief task as the new secretary of the interior is to resurrect his department's long tradition of responsible stewardship of the public lands. That guiding philosophy has been seriously breached only twice, during the dismal Reagan years and again during the tenure of Gale Norton, the person Mr. Kempthorne succeeds.

With Vice President Dick Cheney cheering from the sidelines, Ms. Norton replaced the department's conservation ethic with policies that favored commercial exploitation of the vast publicly owned resources the department manages, which amount to one-fifth of the nation's land. Redressing the balance will not only bring praise from the usual suspects in the environmental community, it will also win the admiration of many of Mr. Kempthorne's fellow Republicans.

Unless he has been sound asleep during his years as Idaho's governor, Mr. Kempthorne must surely know that the administration's headlong rush to drill for oil and gas throughout the Rocky Mountain West ignited rebellious feelings among legions of President Bush's natural constituents, including ranchers worried about the impact on their land and water, and hunters and anglers who feared the destruction of landscapes rich with wildlife.

Conservationists do not dispute the need to look for oil and gas. The question is where. Fully 85 percent of the oil and gas deposits on federal lands are already open for development, and over the last two years the Interior Department has granted more new leases than the industry knows what to do with. At issue, really, are scraps of land, places the Wilderness Society once called "too wild to drill." What's being asked for is a measured approach honoring the claims of nature generally and of these rare landscapes in particular.

Ms. Norton has left a bleak legacy in other places, as well. One is the national park system, which has taken a beating. In addition to chronic financial shortfalls, which have affected everything from policing the parks to interpreting them for visitors, the administration embarked on a disastrous effort to rewrite the management policies that govern the parks. Despite moderating changes, the rewrite still tilts in favor of recreation and commercial use over preservation. The new secretary would do everyone a favor — and give the National Park Service a huge morale boost — by setting it aside.

There's one more balance issue. As she was going out the door, Ms. Norton resolved a long and complicated dispute over who controls thousands of miles of ancient cowpaths and other trails throughout the West in favor of state and local interests. Many of these trails run through national parks, wildlife refuges and monuments, and as things stand now, there is little to prevent the states from paving them and using them to promote commerce. Mr. Kempthorne should revisit this decision. If he does not, Congress should revisit it for him.

FBI/DEA/ATF/USMS:

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Four Face Drug Charges (HARTC)

By Peter Marteka, Courant Staff Writer

The Hartford Courant, June 12, 2006

Two Of The Men Already On Parole

MANCHESTER -- A three-month police investigation has resulted in the arrests of four men on drug charges, including two who were on parole.

Members of the East Central Narcotics regional task force arrested the four men Thursday and Friday on arrest and search warrants. The program was part of Operation SNAG, also known as "spring-narcotics-arrest and grab," according to Manchester police Sgt. Sandy Ficara.

German Gortiz, 22, of 506 Burnside Ave., East Hartford, was arrested without incident in a McDonald's restaurant parking lot off Burnside Avenue in East Hartford. Officer Richard Boyle and his canine partner Marco found 1.5 ounces of crack cocaine and 20 bundles of heroin from inside Gortiz's car, police said.

Gortiz, who was on parole and wearing an electronic ankle bracelet at the time of his arrest, was charged with possession of heroin, possession of heroin with intent to sell, possession of cocaine and possession of cocaine with intent to sell over 1 ounce. Bail for Gortiz was set at $250,000.

Orlando Morales, 35, of 435 Burnside Avenue, Apt. 2, East Hartford, was arrested on warrants charging him with selling cocaine to an undercover officer in the area of East Hartford, Vernon and Manchester. Morales had 1.5 ounces of powder cocaine, $217 in cash and two counterfeit $100 bills at the time of his arrest, police said. Police also found marijuana, drug paraphernalia and a scale with cocaine residue in his apartment.

Morales, who police said was on probation, was charged with possession of cocaine, possession of cocaine with intent to sell over 1 ounce, possession of marijuana, first-degree forgery, operating a drug factory and possession of drug paraphernalia. Morales was also charged in warrants with possession of cocaine and sale of cocaine. His bail was set at $400,000.

Brandon Rolax, 19, of 64 Elida Court, East Hartford - also on parole - was arrested on warrants charging him with the sale of crack cocaine to an undercover officer in Manchester, police said. Police apprehended Rolax as he fled from officers on West Middle Turnpike, along the way tossing 21 grams of crack cocaine on the street, police said.

Police charged Rolax with four counts each of possession of cocaine, sale of cocaine, possession of cocaine within 1,500 feet of a school and possession of cocaine with intent to sell within 1,500 feet of a school. His bail was set at $400,000.

During the operation, East Central Narcotics along with the assistance of federal Drug Enforcement Administration agents arrested Daniel Cote on charges of illegally manufacturing steroids and selling them online.

Cote, 35, of 5 Ridgewood St., Manchester, was charged with possession of a controlled substance, possession of drug paraphernalia, possession with intent to sell and operating a drug factory. Police said officers found a large amount of drugs and equipment in Cote's home. His bail was $250,000.

All four will be arraigned in Superior Court in Manchester today.

Prescription Drugs Find Place In Teen Culture (USAT)

By Donna Leinwand

USA Today, June 13, 2006

When a teenager in Jan Sigerson's office mentioned a “pharm party” in February, Sigerson thought the youth was talking about a keg party out on a farm.

“Pharm,” it turned out, was short for pharmaceuticals, such as the powerful painkillers Vicodin and OxyContin. Sigerson, program director for Journeys, a teen drug treatment program in Omaha, soon learned that area youths were organizing parties to down fistfuls of prescription drugs. Since February, several more youths at Journeys have mentioned that they attended pharm parties, Sigerson says.

“When you start to see a pattern, you know it's becoming pretty widespread,” she says. “I expect it to get worse before it gets better.”

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Drug counselors across the USA are beginning to hear about similar pill-popping parties, which are part of a rapidly developing underground culture that surrounds the rising abuse of prescription drugs by teens and young adults.

It's a culture with its own lingo: Bowls and baggies of random pills often are called "trail mix," and on Internet chat sites, collecting pills from the family medicine cabinet is called "pharming."

Carol Falkowski, director of research communications for the Hazelden Foundation, says young abusers of prescription drugs also have begun using the Internet to share "recipes" for getting high. Some websites are so simplistic, she says, that they refer to pills by color, rather than their brand names, content or potency.

That, Falkowski says, could help explain why emergency rooms are reporting that teens and young adults increasingly are showing up overdosed on bizarre and potentially lethal combinations of pills.

Overdoses of prescription and over-the-counter drugs accounted for about one-quarter of the 1.3 million drug-related emergency room admissions in 2004, the federal Substance Abuse and Mental Health Services Administration reported last month.

The abuse of prescription and over-the-counter drugs — which barely registered a blip in drug-use surveys a decade ago — is escalating at what Falkowski and other analysts say is an alarming rate.

In a 2005 survey by the Partnership for a Drug-Free America, 19% of U.S. teenagers — roughly 4.5 million youths — reported having taken prescription painkillers such as Vicodin or OxyContin or stimulants such as Ritalin or Adderall to get high.

Vicodin has been particularly popular in recent years; a study by the University of Michigan in 2005 found that nearly 10% of 12th-graders had used it in the previous year. About 5.5% said they had used OxyContin. Both drugs are now more popular among high school seniors than Ecstasy and cocaine.

Marijuana is still the most popular drug by far; about one-third of the 12th-graders surveyed said they had used it in the previous year.

Falkowski, whose foundation is a treatment center based in Center City, Minn., says prescription pills have become popular among youths because they are easy to get and represent a more socially acceptable way of getting high than taking street drugs.

Some kids, she says, are self-medicating undiagnosed depression or anxiety, while others are using stimulants to try to get an edge on tests and studying.

Falkowski says prescription drugs are familiar mood-altering substances for a generation that grew up as prescriptions soared for Ritalin and other stimulants to treat maladies such as attention-deficit disorder. "Five million kids take prescription drugs every day for behavior disorders," she says.

"It's not unusual for kids to share pills with their friends. There have been incidents where kids bring a Ziploc baggie full of pills to school and share them with other kids."

Pharm parties, she says, are "simply everyone pooling whatever pills they have together and having a good time on a Saturday night. Kids … don't think about the consequences."

Lisa Cappiello, 39, of Brooklyn, N.Y., says that seemed to be the case with her son, Eddie. She says she knew that he had tried marijuana at 15 and sneaked beers at school.

But it wasn't until after he graduated from high school and took a year off before college that Cappiello realized the extent of her son's drug use — and the hold prescription drugs had on him.

"In what seemed like the blink of an eye, it went from marijuana and an occasional beer to so much Xanax that (one day) my husband had to pick him up when he feel asleep on a street corner waiting for some friends," she said. "He hid his drug use from me so well."

The next day, Eddie Cappiello admitted to his parents that he had taken 15 pills of Xanax, a brand name for benzodiazepine that acts as a sedative. He told his parents Xanax helped him deal with anxiety and depression.

Eddie rejected professional help and vowed to stop taking pills, his mother says. He was clean for 10 months, she says, before he was hospitalized in July 2005 after overdosing.

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Two months later, he entered a 28-day treatment program, his mother says. After he was discharged, he stayed clean for about two months — then relapsed into weekend binging: 40 to 50 pills and a quart of Jack Daniel's, sometimes by himself, sometimes with friends, Lisa Cappiello says.

Eddie Cappiello, 22, died in his bed on Feb. 17 after overdosing on a mix of pharmaceuticals. He left behind a girlfriend and two young children.

A toxicology report said he had 134 milligrams of Xanax — the equivalent of 67 pills — and an opioid derivative in his system, his mother says.

"Before four years ago, I never even heard the word Xanax," Lisa Cappiello says. "Now … I know kids as young as 12 are using it. Then I found out that Vicodin was a very big party drug. Before school, after school, at parties. Kids mixed them with alcohol and Ecstasy. It was baffling to me."

Cappiello says police, teachers and parents are so fixated on street drugs such as marijuana, cocaine and Ecstasy that they are missing the start of an epidemic.

"Eddie was not the first kid to die in this neighborhood from prescription drugs," she says.

In recent months, federal anti-drug officials have acknowledged that they didn't anticipate the quick escalation of prescription-drug abuse. Most government-sponsored drug prevention programs focus on marijuana, tobacco, alcohol and methamphetamine.

"We were taken by surprise when we started to see a high instance of abuse of prescription drugs," says Nora Volkow, director of the National Institute of Drug Abuse (NIDA), which is collecting information about how teens perceive, get and use prescription drugs so it can try to craft an effective prevention campaign.

In a bulletin last year, NIDA called the increase in pharmaceutical drug abuse among teens "disturbing" and said pharm parties were a "troubling trend."

The increasing availability of prescription drugs is a big reason for the rise in their abuse, Volkow and other drug specialists say.

Pharmaceutical companies' production of two often-abused prescription drugs — hydrocodone and oxycodone, the active ingredients in drugs such as Vicodin and OxyContin — has risen dramatically as the drugs' popularity for legitimate uses has increased. Drug companies made 29 million doses of oxycodone in 2004, up from 15 million four years earlier. Hydrocodone doses rose from 14 million in 2000 to 24 million in 2004.

The 2005 Partnership survey found that more than three in five teens can easily get prescription painkillers from their parents' medicine cabinets. And as Falkowski says, the rising number of youths being treated with stimulants has made it easier for kids to use such drugs illicitly. About 3% of children are treated with a stimulant such as Adderall or Ritalin, up from less than 1% in 1987.

Almost all of the 13 youths at Phoenix House's intensive outpatient treatment program on New York City's Upper West Side have dabbled in prescription drugs, director Tessa Vining says.

"There's definitely easy access," she says. "Maybe a parent had some surgery and took one or two painkillers from a bottle of 10, and the rest are just hanging out in the medicine cabinet."

After her son died, Cappiello says she wondered how kids in her area were getting pills. She says she learned from police that one local dealer got Xanax from his mother, who had been given a prescription for the drug. Instead of taking the pills, she gave them to her son to sell for $2 to $3 each.

Paul Michaud, 18, of Boston, says he got his first taste of OxyContin pills — he calls them OCs — from a friend during his freshman year in high school.

Until then, Michaud says, he had smoked marijuana daily and taken a Percocet pill occasionally. Michaud's father had recently died of cancer, and Michaud says he was depressed and feeling like an outsider at school. The prescription painkiller made him feel like nothing could faze him, he recalls.

"The first time I did it, I was hooked," says Michaud, who is four months into a yearlong drug treatment program at Phoenix House in Springfield, Mass. He says he quickly became a daily OxyContin user, breaking apart the time-release capsules, crushing pills and snorting the powder from five 80-milligram pills a day.

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"They're not very hard to get. I could find OCs easier than I could find pot," Michaud says. "There were plenty of people who sold them," including some dealers who got pills illicitly by mail order.

To try to reduce the supply of prescription drugs on the black market, authorities have shut down several "pill mills" — where doctors prescribe inordinate amounts of narcotics — as well as Internet pharmacies that ship drugs with little medical consultation, says Catherine Harnett, chief of demand reduction for the Drug Enforcement Administration (DEA).

Last September, DEA agents arrested 18 people allegedly responsible for 4,600 such pharmacies.

A tricky part of the prescription-drug problem, Harnett says, is addressing the perception among youths that pills are safe because they are "medicine." Many teens don't equate taking such pills with using drugs such as heroin or cocaine, she says.

"If you start with pills, it seems fairly sanitary and legitimate," she says. "Kids have been lulled into believing that good medicine can be used recreationally."

Two in five teens in the Partnership study said prescription medicines, even if they are not prescribed by a doctor, are "much safer" to use than illegal drugs.

Phil Bauer of York, Pa., believes his son, Mark, 18, an avid weight lifter, started using prescription drugs to relieve chronic back pain and didn't appreciate the potential risks of taking the drugs.

Bauer says his son never behaved as he imagined a drug addict would. "He wasn't hanging out all night. He had parents who wouldn't let him do that."

Mark Bauer died of an overdose on May 28, 2004. The toxicology report found morphine, oxycodone and acetaminophen — the active ingredient in Tylenol but also an ingredient in Vicodin — in his system, Phil Bauer says.

Before his son's death, "we didn't see a bleary-eyed guy. He wasn't slurring his words," the father says. "He seemed to have a lot to live for. I did not know prescription-drug abuse was a problem. There's so much guilt in that. I don't know if I stuck my head in the ground. I did not see this coming."

Michaud says he didn't equate his OxyContin addiction with hard-core drug abuse. "Where I come from, OC is a rich boys' drug," he says. "I thought, heroin abuse, that's pretty low. I'd never stick a needle in my arm."

However, Michaud says he eventually switched to heroin. "I sniffed it and a week later, I was shooting," he says. "I thought I wasn't like other people doing heroin. I wasn't that low. Come to figure out, it all leads to the same place."

The Ground War Against Meth (ADW)

By Wendy Melillo

Adweek, June 12, 2006

Methamphetamines have hit Tennessee hard. Incidents at labs where the drug is cooked using ingredients found at the nearest pharmacy reached 850 last year, including explosions and seizures, making the state the third highest in the country to experience the scourge, according to Drug Enforcement Administration figures.

When the Partnership for a Drug-Free America asked The Buntin Group, a small Nashville agency, to develop a pro-bono campaign to fight meth, shop officials there knew they needed more powerful weapons than just TV and print ads to reach the state's more rural areas. "We wanted to turn entire towns into messages about the effects of meth to rally the community against the drug," says agency president and ecd Jeffrey Buntin Jr. "Our [research] led us to realize the collateral damage meth does not just to the user, but to the air, the water, the school system, the real estate market and the police force. This stuff can do wholesale damage, if not shut down entire communities."

The elements the agency crafted, which will begin appearing in Tennessee communities in July, take a guerrilla-style, in-your-face, everyone-is-affected approach. Picture a shack in the middle of a school parking lot with a sign that says: "If you can read this, you're already dead. ... The total number of meth labs is unknown. What we do know is that they can be anywhere and often explode."

There is an estimated $250,000 in donated media time and production costs for the campaign, according to the PDFA. The Buntin Group will place 210 displays around the state, including cardboard images of police officers in parks, with copy that reads: "This is a cardboard cutout of someone who could help you. But we have to spend millions on meth addicts and related damages. It's infecting you right now." And a spray-painted, graffiti-style mural will be placed on the side of a building where

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garbage is kept. The nose of the character in the picture is strategically placed near the real garbage on the ground so it looks like the trash is being snorted, one way users take meth.

The campaign's tagline, "Infected by meth," will appear along with a biohazard sign. The biohazard theme will be picked up in other displays that show how drinking water becomes polluted when meth cooks dump toxic waste on the ground. "Advertising works when the message is put in the place that is the most relevant to the product," says Buntin cd Pat Harris. "It was important for us to imagine ourselves in these communities and to put ourselves in their daily lives. How am I, at this point in time, being affected by meth whether I have anything to do with the drug or not?"

The campaign includes TV, print and radio ads by Buntin that show the effects of the drug. In one radio spot, a high truck driver plows through a restaurant. It's also part of a national anti-meth effort launched by the Partnership last November, with work from JWT New York and Leo Burnett Chicago. Meth is a growing problem, with nationwide treatment admissions rising 11 percent in 2004, according to the Substance Abuse and Mental Health Services Administration.

Mike Townsend, the Partnership's evp and director of meth demand reduction programs, says the drug is as addictive as crack cocaine and heroin, with typical users between 18 and 25. One in four teens report they have friends who use meth, one in five have been offered it and only half see a risk in trying it once or twice, according to Partnership data.

"The worrisome thing is we are now seeing meth creeping into the teen party scene the way ecstasy did," Townsend says. "Meth was once pigeonholed as a poor person's drug that teens wouldn't bother using, but now there are signs it is becoming more accepted."

Christine Rasmuson, the Partnership's deputy director of creative development, says her group had expected a more traditional out-of-home, billboard and bus-shelter type of campaign from the Nashville agency. "But when they came to us with their first round [of work], they blew the doors off the Creative Review Committee," Rasmuson says. "I never saw a CRC meeting where there were 30-plus creative ideas presented and the committee just kept saying, 'Great, keep going.' They came in with their Southern charm and wowed a group of mostly New York elite creative minds."

Ruth Wooden, president of New York-based public opinion research group Public Agenda and former Ad Council president, says it is very difficult to communicate the idea that there are serious consequences for communities when resources are diverted to problems caused by drugs. "This approach really makes the point quickly, and with huge impact," Wooden says. "It will definitely create a word-of-mouth buzz that will bring people to look right at it. I also imagine it will generate tons of free press in newspapers and other mainstream media. But mostly, it is a community message right in the middle of where people live—like getting a sermon right in church."

Baseball Suspends Grimsley For 50 Games (AP)

AP, June 13, 2006

NEW YORK (AP) -- Embattled pitcher Jason Grimsley was suspended 50 games by Major League Baseball on Monday, less than a week after federal agents raided his home during an investigation into performance-enhancing drugs.

Commissioner Bud Selig's office suspended Grimsley for violating baseball's Joint Drug Prevention and Treatment Program, based on his statements to authorities regarding human growth hormone.

"I think he earned it," Arizona Diamondbacks managing general partner Ken Kendrick said. "I think it sends a message and an appropriate message."

"He violated the agreement. Obviously MLB feels that he did. That's Bud's decision and I think it's the right decision and I applaud him for it," he said.

The Diamondbacks released the reliever last Wednesday -- they don't intend to pay him, either -- and his agent said he did not expect Grimsley to pitch again. If Grimsley returns, the penalty would take effect when he's placed on a 40-man roster.

"Nothing's changed," agent Joe Bick said Monday.

Last Tuesday, 13 agents searched Grimsley's Arizona home following his admission he had used HGH, steroids and amphetamines.

According to court documents, authorities tracked a package containing two "kits" of HGH -- about a season's worth -- that was delivered at Grimsley's house on April 19. He failed a baseball drug test in 2003, documents showed.

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Acting on those documents, MLB suspended him for his alleged possession, admitted use and intended use of HGH. Baseball toughened its drug program and penalties this season, but there is no test for HGH.

"He's retired. It's a moot point," Detroit Tigers closer Todd Jones said. "He didn't test positive, but because he said he did, they're going to suspend him?

"It's kind of like giving a speeding ticket to a guy that got killed in a car wreck," he said.

The 38-year-old Grimsley was 1-2 with a 4.88 ERA in 19 games as a long reliever this season, his first with Arizona.

"The suspension will become effective only if Jason chooses to continue his playing career," said Michael Weiner, general counsel to the players union. "The association will confer with Jason as to whether, under the circumstances, he wishes to grieve the suspension."

Grimsley and the Diamondbacks are currently in a dispute over payment of the remainder of his $825,000 salary.

Grimsley asked for his release last week and Arizona granted it. At the time, Bick said there had been no negotiation about money and added, "Released players get paid."

But the team later said it did not intend to pay him the rest, and filed a notice of termination Monday.

"This guy did no less than steal from us," Kendrick said Saturday night.

Bick responded by saying Grimsley would contest the Diamondbacks' decision, and Weiner said the union would soon file a grievance.

"The Diamondbacks' release of Jason is a clear violation of the Basic Agreement," Weiner said.

AP Baseball Writer Ronald Blum and AP Sports Writers Bob Baum in Phoenix and Larry Lage in Detroit contributed to this report.

D'backs Issue No-tolerance Stand On Grimsley Flap (USAT)

By Bob Nightengale, Usa Today

USA Today, June 12, 2006

The Arizona Diamondbacks, infuriated and embarrassed by reliever Jason Grimsley's involvement with steroids and human growth hormone, vow to release any player caught using illegal performance-enhancing drugs in the future, Diamondbacks managing general partner Ken Kendrick told USA TODAY.

"I don't think this should even be part of the collective bargaining agreement," Kendrick said Sunday by telephone. "This is something we all need to get our hands around. There's no limit as leaders to what we should do or where we should go. We want to make it clear that we do not condone or accept the kind of behavior Jason Grimsley has admittedly engaged in for a lot of years.

"We will not be rewarding bad behavior. I don't want anybody on our team involved in this. If they do, and we find out, we will act in the same way no matter whether it's a player with a three-year guaranteed contract with millions of dollars coming or anyone else."

"They will, in no way, play another game in an Arizona Diamondbacks uniform."

The Diamondbacks released Grimsley on Wednesday and informed his agent, Joe Bick, Friday he will be not be paid the remainder of his $825,000 contract. Kendrick, who said he plans to file termination papers today with Major League Baseball, contends Grimsley should forfeit the remaining $527,490 owed to him because he violated the terms of a standard player's contract. He was unfit to perform, Kendrick said, after Grimsley admitted to federal agents he used steroids, HGH and illegal performance-enhancing drugs.

"This guy's behavior was egregious," Kendrick said. "He's a representative of the culture of cheating. To financially reward him in the future for that is wrong."

Particularly unsettling, Kendrick said, was that Grimsley never informed the team he was being targeted as part of a probe into illegal drug use. According to court records, Grimsley told federal agents on April 19 — after being caught accepting $3,200 worth of HGH delivered to his home — that he has used illegal performance-enhancing drugs throughout his 11-year major league career. He also identified other major leaguers who used steroids, HGH and amphetamines. Federal agents raided his

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Scottsdale, Ariz., home for six hours on Tuesday. He never informed the Diamondbacks of the raid until the news broke during their game that night.

"Here's a guy who has known about this whole set of circumstances for six weeks," Kendrick said. "He spent the day with 13 federal agents. They broke his door down to get into his house. They told him that this was going to be made public. He still comes to the ballpark and still doesn't tell his agent, his manager or his teammates. We had no warning whatsoever. We all have to learn about this during the game from news reports.

"What kind of person is that? I think he was mentally impaired. He cheated us. He cheated his teammates."

Meanwhile, former Sen. George Mitchell has requested an interview with San Francisco Giants slugger Barry Bonds as part of their steroid investigation. Bonds' attorney, Michael Rains, told the New York Daily News that Bonds won't talk unless he can be assured his statements won't later be used against him in a federal perjury investigation.

In other news, Bonds' lawsuit against two San Francisco Chronicle reporters who published parts of his grand jury testimony in the best-selling book Game of Shadows was dismissed.

Meth Takes A Toll On Indian Reservations (AP)

AP, June 13, 2006

WASHINGTON (AP) -- Leah Fyten believes every family on her South Dakota reservation has been affected by methamphetamine use. The drug has torn apart these families, led to increases in crime and bumped mortality rates. And now, the director of the Flandreau Santee Sioux Housing Authority says, it's affecting the reservation's already desperate housing situation.

Housing is not only ruined by meth labs, which are highly poisonous and often difficult to spot, but also by the destructive habits that often accompany drug use. The housing authority on the Flandreau reservation has spent countless dollars fixing up holes in the walls, broken windows, ruined appliances and other damage wrought by the violent habits of drug users, Fyten said.

"We have a small budget that decreases every year and families are growing," she said. "Housing gets worse every year. And to try to repair houses that are damaged by alcohol and drug abuse puts a strain on your budget."

Last year, Fyten's reservation recruited Jay Barton to help alleviate the problem. Barton, an Oklahoma police officer who also works for the National American Indian Housing Council, is traveling around the country teaching Indian housing officials what the drug does and how to spot it. Fyten and others say the council's seminars are breaking through in communities that have so far ignored and denied the problem, helping reservations lessen meth's collateral damage.

Barton likes to say he is shocking his students out of complacency.

"The response has been tremendous," he said. "Especially with the funding cuts that tribes have received, this is really important."

Barton teaches his students all about the drug -- its effects, its origins, its market and its chemistry. He shows them pictures of users with their teeth rotting out and tells them about the drug's poisonous effect on children who come anywhere near it.

Statistics on Indian meth use are scarce, but an administration survey found in 2004 that almost 2 percent of the American Indian population was using meth. Robert McSwain, deputy director of the Indian Health Service, told a congressional panel earlier this month that the rate of Indians using meth appears to have dramatically increased in the past five years.

This poses a major problem for states and Indian reservations, Barton said, as some states have passed laws that essentially punish property owners for meth contamination. Some landlords -- including Indian housing authorities -- have been forced to pay for cleanup of meth labs, which can cost thousands of dollars.

In addition, few states have published standards for cleanup. Congress is pushing the Environmental Protection Agency to develop federal guidelines, as there is still some confusion about the effects of chemicals involved in producing the drug.

Because it is often up to the reservations to pick up the work and also the tab, and because most of these reservations have dramatic housing shortages, Barton said there is a critical need for education about meth.

Indian housing has been a problem for decades. According to a 2003 survey, an estimated 200,000 housing units are needed immediately in Indian country and approximately 90,000 Indian families are homeless or "under-housed."

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"If we can make them aware of the costs and also the people that are abusing meth, then hopefully we can cut down on the costs," Barton said.

His seminars have led to at least one drug bust in Juneau, Alaska, where a maintenance worker who had attended a seminar identified a meth lab in his hotel.

Ron Peltier, director of the Turtle Mountain Housing Authority in North Dakota, said he hopes Barton, who gave a seminar there in early May, will be able to similarly help his reservation.

"We have a lot of workers who are unaware of how meth labs look, and we have a feeling that some of our units are being used," Peltier said. "We hear a lot of rumors. But when we go there, we don't know what to look for."

Joe Shirley Jr., president of the Navajo Nation in Arizona, says training people to spot the drug is paramount because meth is "cutting into the kinship we have as Navajo people."

"If you can't catch them there's no way to treat them," he said.

Despite their success, federal cuts to Indian programs have threatened Barton's seminars. He conducted about 50 last year, but he said fewer are scheduled in 2006 because of less federal money allocated for the National American Indian Housing Council, a quasi-government organization. After that, Barton said, organizers will have to come up with some sort of alternative.

The meth problem in Indian country has shown few signs of slowing, however. At the congressional hearing earlier this year, McSwain said the situation could be described in a single word: "crisis."

"I think what we are seeing now is that if communities don't take action it's going to get a whole lot worse," said Fyten. "It's very sad and it's very scary. People have to wake up. There's a lot of people that don't understand meth and how to detect it."

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On the Net:

National American Indian Housing Council: http://naihc.net/

Indian Health Service: http://www.ihs.gov/

Suspected Militants Killed In Afghanistan (AP)

AP, June 12, 2006

KANDAHAR, Afghanistan (AP) -- Security forces raided a southern Afghan village and killed 15 suspected militants, including a relative of Taliban leader Mullah Omar, while fighting and attacks elsewhere left 25 people dead, an army general said Monday.

The violence extends three weeks of the fiercest battles since the Taliban's fall in 2001, and U.S. Ambassador Ronald Neumann said the insurgents are proving to be better organized and greater in numbers than expected.

Neumann predicted there would be no letup in the offensive against the Taliban when thousands of British, Canadian and Dutch troops deploy to the volatile south by next month to take over for U.S. troops.

"I think you will now see a very strong press-back," he told reporters in Kabul. "I think a lot of unfortunate people who believe the Taliban and fight with them are going to die."

Mullah Omar's brother-in-law, Mullah Amanullah, was killed along with 14 other insurgents in Siachave village, Uruzgan province, when troops stormed the area late Sunday after a tip from tribesmen, said Afghan army commander Gen. Rehmatullah Raufi.

Amanullah, whose body was recovered from the village, was the Taliban commander in the province's Dihrawud district and responsible for numerous rebel attacks, Raufi said.

It was not clear how close Amanullah was to Omar, who is believed hiding in mountains along Afghanistan's rugged border with Pakistan.

Coalition military spokesman Sgt. Chris Miller said the military was looking into the report that Amanullah had been killed.

Six other suspected militants were captured and several assault rifles and rocket launchers seized in the raid on the village, 50 miles north of Kandahar city, Raufi said.

Two Canadian soldiers were wounded Monday in a battle with the Taliban outside Kandahar, Canadian media reported. Canadian Press said the soldiers were in serious condition.

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In a second raid early Monday, Afghan and coalition troops killed 12 suspected militants in southern Kandahar province's Saidan village, Raufi said.

The rebels were discovered hiding in a shop selling dried fruit, sparking a fierce gunbattle that followed a two-day operation tracking the insurgents.

Ten other militants were killed in neighboring Helmand province's Sangin district late Sunday in a battle involving Afghan and British forces, the Afghan general said. One British solider was killed and two were seriously wounded, Raufi said.

The British Defense Ministry reported the death Sunday and said British soldiers were on mobile patrol when the firefight broke out.

Two civilians were killed and six others wounded when a bomb hit their car as it was crossing a bridge in eastern Paktia province, said local police chief Abdulanan Raufi. It was not clear why they were targeted.

The surge in fighting has killed about 550 people, mostly militants, since mid-May. Neumann said the rebels have stepped up attacks to scare away NATO.

"They are making a major effort, believing wrongly that the European, Canadian forces will not have the will to fight," he said.

The new troops are part of a NATO force that is assuming responsibility for security in the south from the U.S.-led coalition. The number of foreign combat soldiers in the region will double once the transition is complete.

Neumann said he also believes some of the violence is being caused by drug barons inciting fighting in an effort to destabilize the region and undermine the government's U.S.-backed counternarcotics campaign.

Neumann said a campaign by President Hamid Karzai's administration to forcibly eradicate poppies prompted the drug lords to take action.

"President Karzai led a very strong policy to have governors eradicate poppy and to tell people not to grow," the ambassador said. "There were efforts by drug dealers and terrorists together to prevent that. Now they are trying to use the violence to guard their wealth."

Afghanistan supplies nearly 90 percent of the world's opium and heroin, and some of the drug profits have long been believed to fund the Taliban.

Associated Press correspondent Daniel Cooney in Kabul contributed to this report.

US Says Drug Lords Fuel Afghan Insurgency (VOA)

Voice of America, June 12, 2006

US Ambassador to Afghanistan Ronald Neumann speaks to media during a press conference at his embassy in KabulU.S. officials in Afghanistan say the country's powerful drug cartels are fueling the region's violent insurgency, in order to protect their own illegal opium networks. The allegations come amid a sharp rise in insurgent attacks in recent weeks.

U.S. Ambassador Ronald Neumann told reporters that drug lords, mostly in Southern Afghanistan, hope the insurgency will effectively incapacitate Afghan President Hamid Karzai's counter-narcotics program.

"This year, President Karzai led a very strong policy to eradicate poppy. There were efforts by drug-dealers and terrorists together to prevent that," he said. "They did not prevent it, and, I think, now, they are trying to use the violence to guard their wealth."

The U.N. says roughly two-thirds of the world's opium supply is cultivated in Afghanistan.

The illegal harvest produces billions-of-dollars every year, most of which is controlled by a relatively small group of powerful drug barons.

The largest harvests are found in Southern Afghanistan in Helmand and Kandahar provinces, which are also the Taleban's traditional strongholds.

Violence throughout the region has surged in recent weeks, as Taleban militants stage a series of deadly anti-government attacks.

The insurgent offensive comes as NATO gets ready to take over security operations in Southern Afghanistan.

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By the end of July, U.S. forces in the region will be replaced by NATO peacekeepers, primarily British, Dutch and Canadian troops.

Ambassador Neumann says the Taleban are apparently trying to intimidate the less experienced NATO troops, who are arriving in Afghanistan.

"This is being proved wrong, and I think that a lot of people who believe the Taleban fight with them are going to die, because these forces will fight very strongly," noted Neumann.

U.S. and NATO forces say they have already responded to the Taleban attacks with their own string of powerful counter-strikes.

In the past month, more than 500 people have been killed, most of them militants.

Afghan officials say local and U.S.-led coalition forces in Southern Afghanistan killed another 37 suspected insurgents, including a brother-in-law of the Taleban's fugitive leader Mullah Mohammad Omar.

Feds Run Trash Hauling In Largest-ever Conn. Business Takeover (AP)

By Matt Apuzzo, Associated Press Writer

AP, June 13, 2006

NEW HAVEN, Conn. -- After allegedly operating for years with the Mafia as its silent partner, southern Connecticut's largest garbage-hauling conglomerate started work this week backed by some new muscle: federal marshals.

In the largest federal business takeover in Connecticut history, authorities seized control Friday of 25 companies suspected of helping carve out mob-controlled garbage routes. Now marshals must lawfully run a business in an industry that prosecutors say has been dirty since the 1980s.

"We seize assets all the time, but running a business is something new for us here," said U.S. Marshal John Bardelli.

Marshals spent the weekend at the Danbury compound that's home to businessman James Galante's trash empire. With Galante in prison and locked out of his more than 60 business and personal bank accounts, authorities must keep the trucks running and avoid letting the garbage pile up.

"We had a couple calls this morning from residents that were a little anxious," Danbury Mayor Mark Boughton said. "But we haven't had any complaints. I was out this morning and trucks were driving around doing their pickups.

Galante's companies serve about 20 southern Connecticut and eastern New York towns. His transfer station handles about 80 percent of the region's garbage and his pickup businesses are among the most dominant in the area.

Federal prosecutors say the Genovese crime family ensured that dominance in exchange for quarterly payments of $30,000.

The companies are required by a court order to maintain their service. The marshals are there to ensure that happens, institute new accounting standards and sign off on every financial transaction the companies make.

Leonard Briskman, who supervises these types of business operations for the U.S. Marshals Service, said marshals prepare for months before leading up to an indictment, researching companies and industries. Briskman's teams have seized control of casinos, horse farms, supermarkets, gas stations and, now, trash companies.

"In many cases, the businesses end up more efficient," he said. "There's a second set of eyes and many of the illegal activities have stopped, so more cash is being retained."

Cheryl D. Reedy, director of the Housatonic Resources Recovery Authority, the public agency that oversees trash pickup in the region, said she plans to meet with federal authorities this week to find out how things are working.

"Garbage and recyclables need to keep moving through that place and payments need to keep moving," she said.

It's a daunting task, Bardelli said, one that marshals are still trying to grasp. Experienced officials arrived from Washington last week to oversee the takeover and, in the coming weeks, a management company likely will be hired to run operations in the year or more until trial.

"If everything goes according to plan, the customer will not notice any difference," Bardelli said.

Bomb Suspect's Shirt Does The Talking (WP)

By Ruben Castaneda

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The Washington Post, June 13, 2006

The Prince George's man charged with building a pipe bomb he allegedly wanted to use to attack a Greenbelt abortion clinic appeared in federal court yesterday wearing an antiabortion T-shirt.

On the front of Robert Weiler Jr.'s green shirt were the words "Help Cure Abortion." On the back was "ABORTION: The leading cause of death in America," as well as writing that said abortion claims 1,200,000 lives annually.

Weiler, 25, said little during his initial court appearance in Greenbelt before U.S. Magistrate Judge Charles B. Day. Assistant U.S. Attorney Bryan E. Foreman asked Day to order Weiler to remain in custody, saying the serious charges against him make him a flight risk.

Weiler did not enter a plea, and his attorney, Assistant Public Defender Michael Citara Manis, said Weiler waived his right to a detention hearing. Day scheduled a preliminary hearing for June 22, and until then Weiler will remain in custody.

Weiler is charged with four federal offenses, including possession of an unregistered destructive device and possession of a stolen firearm. Each carries a maximum penalty of 10 years in prison.

He was taken into custody at a rest stop in Western Maryland early Thursday. By dawn that day, the bomb he had allegedly built and stored at a friend's home in the Riverdale Heights area had been partially detonated by bomb squad technicians.

Weiler's father, Robert F. Weiler Sr., told The Washington Post on Friday that he and his wife turned his son in to authorities. He said that although he opposes abortion, he felt he had no choice but to turn in his son.

In the interview, he said he and his wife, Catherine, contacted Prince George's police June 4 to report their suspicions.

According to a sworn affidavit signed by two agents with the federal Bureau of Alcohol, Tobacco, Firearms and Explosives, the younger Weiler admitted planning to attack the clinic and said he intended to "shoot doctors who provided abortions." A loaded gun was found in the glove box of his car when he was arrested, the affidavit says.

IMMIGRATION:

House Republicans Hit Senate Immigration Bill (WT)

By Charles Hurt

The Washington Times, June 13, 2006

The Senate's immigration-reform bill grants broad amnesty to illegal aliens and is even worse than previously thought, say House Republicans who have read the 850-page Senate bill and must approve any final legislation that Congress sends President Bush.

"The more people see of this Senate bill, the less they like it," House Judiciary Committee Chairman F. James Sensenbrenner Jr., Wisconsin Republican, said of the bill that was largely penned by Sens. Edward M. Kennedy, Massachusetts Democrat, and John McCain, Arizona Republican.

Allowing illegals to collect Social Security benefits based on past illegal work, for instance, is "outrageous," said Mr. Sensenbrenner.

But few provisions of the Senate bill have caused more head-scratching among opponents than a last-minute amendment that requires the U.S. to consult with Mexican officials before commencement of any fence construction along the border.

"I don't know what they were thinking on that one," Mr. Sensenbrenner said.

Rep. Tom Tancredo, Colorado Republican, said he met last week with a group of hotel executives from Marriott International Inc. who favor increased immigration to bring them more cheap labor to work as hotel maids. He told them about the consultation requirement.

"People in the front of the room were saying, 'No. No. That's not possible,' " he recounted. "Really," he told them. "I'm not making this up."

The provision was inserted in the bill moments before it was voted on at the behest of Sen. Christopher J. Dodd, Connecticut Democrat. It says soliciting views "of affected communities lessen tensions and foster greater understanding."

"It is simply common sense and common courtesy to consult those individuals in our own communities and in affected communities on the other side of the border before constructing a fence," Mr. Dodd said.

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The consultation amendment, he said, would "foster the kind of cooperation that is vital if we are going to once and for all secure our borders."

But, Mr. Sensenbrenner said, there are far more serious problems with the Senate bill.

For instance, the bill allows for the discounted in-state tuition rates at state colleges and universities for illegal aliens who reside in those states. Meanwhile, legal immigrants and citizens who reside outside that state must still pay the full price.

And while proponents of the bill cringe whenever people say it grants "amnesty" to illegal aliens, they don't dispute that the bill grants complete amnesty to employers who have illegally hired the millions of aliens and provided the magnet that drew them here in the first place.

And while aliens will be fined $2,000 before obtaining citizenship, opponents say it's hardly comparable punishment for the array of crimes the illegals have committed while working here. In addition to sneaking across the border, many have counterfeited documentation, committed Social Security fraud and cheated on taxes.

"An American who commits Social Security fraud ends up going to jail. An American who fails to pay taxes for two years ends up in the federal penitentiary," Mr. Sensenbrenner said. "An illegal alien who does this gets citizenship."

Mr. Tancredo said he is amazed at how little senators know about illegal entry, considering the importance Americans give it.

"They'll just trust Ted Kennedy to put this thing together for them," Mr. Tancredo said.

The president's prime-time speech last month essentially endorsing the Senate plan and arguing that it does not amount to "amnesty" caused Mr. Tancredo to do a double take.

"It's all so Clintonesque. It was horrible," he said, referring to former President Bill Clinton's penchant for parsing words. "I was listening to President Bush speak on the border, and I'm thinking to myself, 'I'm listening to Bill Clinton reworking every word, reworking every definition.' "

Immigration Takes Center Stage In Colorado (USAT)

By Tom Kenworthy

USA Today, June 13, 2006

DENVER — When 75,000 people marched on the Colorado Capitol six weeks ago for immigrant rights, it showed how big the issue of immigration is in this non-border state.

Some of the state's politicians are leading the drive for immigration changes nationwide. And the state had been planning a showdown over a ballot initiative to prohibit illegal immigrants from receiving some government services.

But the Colorado Supreme Court on Monday rejected the controversial measure, ruling 5-2 that it violates a constitutional requirement that initiatives deal with just one subject.

Even without the measure on the November ballot, Colorado voters are likely to remain at the center of the USA's boisterous immigration debate. The contentious issue could be a factor in competitive elections here for governor, Congress and control of the Legislature.

“It's an issue that kind of exploded here,” says Katy Atkinson, a Republican consultant in Denver. “This will still be an issue, especially in federal races and the governor's race.”

Dick Lamm, a former three-term governor who was helping lead the group pushing the initiative, Defend Colorado Now, called the ruling “outrageous judicial activism.” He conceded that the chances of resurrecting the measure this year “are dim.”

Federico Pea, a former Denver mayor who chairs the group opposing the measure, Keep Colorado Safe, hailed the ruling as “a victory for all of Colorado.” Pea, who was a Cabinet secretary in the Clinton administration, said Hispanics in Colorado “feel under attack.”

Hispanic influence in Colorado is longstanding, dating to land grants issued by Spain, when it controlled southern Colorado as part of its New Mexico Territory. The land-grant system was continued by Mexico after it won independence from Spain in 1821. Land grants fostered early immigration from Mexico, particularly in southern Colorado's San Luis Valley.

Today, immigration is a major issue here for several reasons:

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•The state's Hispanic population is growing — up to 19% in 2004 from 5.8% in 1980, according to the Census. Colorado has been a magnet because of economic opportunity and "a very strong multi-generational Hispanic base," Pea said.

•Two national leaders in the drive to crack down on illegal immigration hail from Colorado: U.S. Rep. Tom Tancredo, a Republican and a high-profile spokesman for tougher measures, and Lamm, co-director of a public policy institute at the University of Denver who has long argued that illegal immigration depresses U.S. wages.

•A history of tension includes a 2002 ballot effort to end bilingual education and the 2005 murder of a Denver police officer, allegedly by an illegal immigrant from Mexico who will stand trial in September.

The ballot measure would have limited the "provision of non-emergency services" by state and local governments to U.S. citizens and immigrants lawfully residing here. It would not apply to federally mandated services such as public education and emergency medical care, or major state services such as welfare and food stamps that illegal immigrants already cannot receive.

Democratic political consultant Rick Ridder says that even without the ballot measure, "immigration will still be an issue. Whether or not it is front and center is yet to be seen."

In November, Colorado voters decide who will replace Republican Gov. Bill Owens, who can't run again because of term limits. Also at stake is whether Democrats keep control of the Legislature, which they captured in 2004 for the first time in 40 years. There's an open U.S. House seat now held by Rep. Bob Beauprez, a Republican who is running for governor.

Democratic candidate for governor Bill Ritter, a former Denver district attorney, opposed the ballot initiative, calling it a "symbolic" response to a problem that can only be solved in Washington. Beauprez, his most likely opponent in the November election, favored it. Beauprez also voted for the tough House bill passed in December that would make illegal immigration a felony and emphasizes border security.

Eric Sondermann, a Denver political analyst who is non-partisan, says immigration "poses tricky dynamics to both candidates, but is a slightly greater challenge to Ritter." Blue-collar Democrats could defect to the GOP if they perceive Beauprez as tougher on immigration, he said.

Ritter predicts many voters will see immigration as a federal issue with no connection to state races.

Nonetheless, he says, "it will be part of the conversation" and could pose problems for all Republican candidates.

The death of the ballot initiative should lead to a more decorous debate on immigration, says political consultant Manolo Gonzalez-Estay, lead plaintiff in the suit decided by Monday. "Now we can have an educated, rational discussion about how we find real solutions," he says.

TAX:

Nevada Man Gets 54 Months For Trust Scheme (WEBCPA)

WebCPA.com, June 13, 2006

Washington (June 12, 2006) - More than 2,000 false income and trust tax returns later, a Nevada man has been sentenced to four-and-a-half years in prison.

R. Scot Stokes, of Henderson, Nev., was sentenced to 54 months for conspiring to defraud the United States and conspiring to commit mail and wire fraud, in connection with the promotion of a tax and investment fraud scheme, the Department of Justice and the Internal Revenue Service announced.

Stokes will serve three years of supervised release upon the completion of jail time.

In February 2005, he pleaded guilty to conspiracy and admitted that the filing of false returns had resulted in a loss of federal tax revenue between $7 million and $10 million. Piled on to that admission, Stokes said that he participated in fraudulent investment schemes that caused customers to lose between $2.5 million and $5 million.

He is one of 11 individuals who have pleaded guilty in this case, including four attorneys and one CPA.

According to papers filed with the court, Stokes admitted that between 1994 and 2004, he and his conspirators -- under the business names Advanta Strategies, World Contractual Services and CornerStone West -- marketed and sold a fraudulent trust scheme to over 300 clients through domestic and offshore seminars, promotional material and opinion letters.

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Estate-Tax Repeal Would Hurt The 'Small Rich' (WP)

By Allan Sloan

The Washington Post, June 13, 2006

When the Senate turned down President Bush's bid to repeal the estate tax permanently last week, it actually did a favor for tens of thousands of moderately well-off households -- the "small rich," if you prefer. That's because such households would be worse off under the full repeal scheduled for 2010 (which Bush wants to make permanent) than they would be under the 2009 rules, which are more favorable for estates than today's rules. According to a study by Congress's nonpartisan Joint Committee on Taxation, 7,500 estates would be better off under full repeal in 2010 than under the 2009 rules -- but more than 60,000 would be worse off.

This isn't exactly what you heard during last week's debate, is it? How on earth could the beneficiary of any estate be better off under the 2009 rules than under the 2010 version of permanent repeal? The answer gets a little complicated -- but please bear with me. It has to do with the difference between so-called stepped-up tax basis and carry-over tax basis.

Under current law, when you die your heirs get stepped-up tax basis. That means the assets you bequeath are valued for income-tax purposes at what they were worth the day you died -- not what you originally paid for them. Say you paid $50,000 for stock that's worth $500,000 when you die. Your heirs can sell it for $500,000 and owe no tax on the $450,000 gain. As long as your total estate doesn't exceed the exemption limits, there's no estate tax, either.

Now watch. Under the 2009 rules, estates of up to $3.5 million ($7 million for a married couple) would be exempt from federal estate tax. The tax rate on assets above that level would be 45 percent. Inheritors would be able to step up the basis of $3.5 million (or $7 million) of inherited assets to their value the day they inherit them. Fast-forward to 2010, when the estate tax is repealed. Yes, the estate tax would be gone. But heirs would be able to step up only $1.3 million in assets to their value on the day of death. (Don't ask why; that's just how it is.)

Assets beyond $1.3 million would be valued for tax purposes at carry-over basis -- their cost (for income-tax purposes) for the person who died. So any estate with $1.3 million to $3.5 million in assets ($2.6 million to $7 million for a married couple) is worse off under full repeal in 2010 than it would be in 2009. Inheritors in the $1.3 million-to-$3.5 million range would face higher taxes if they sold inherited assets than they would under the 2009 rules. At the very least, they would have complicated paperwork to deal with. They'd be much better off inheriting in 2009 than in 2010. But if you're dealing with an estate of $3.5 billion rather than $3.5 million, you'd be far better off inheriting in 2010.

How many estates are we talking about? To answer that, let's consult the aforementioned study by the Joint Committee on Taxation. The study, requested by John Buckley, chief Democratic tax counsel for the House Ways and Means Committee, projects that 7,500 people who die in 2009 will have an estate-tax liability -- remember, that's estates of more than $3.5 million. The study also projects that 71,400 people will leave estates of $1.3 million or more. This means that 63,900 people -- 71,400 less 7,500 -- will leave estates of $1.3 million to $3.5 million. As I've shown, such estates are better off in 2009 than in 2010. "There are lots more losers than winners under full repeal compared to the 2009 rules," says Buckley, who used the study for a 2005 paper in Tax Notes, a professional journal. Yes, Buckley's a partisan. But it doesn't make him wrong -- the numbers are the numbers.

Under current law, the estate-tax exemption drops to $1 million in 2011. (The Bushies built that into their 2001 tax cut to make its total cost seem more reasonable.) This would subject broad swaths of the middle and upper-middle classes to the estate tax -- which is one reason the "eliminate the death tax" crowd got so much political traction in the first place. The original idea of an estate tax was to assess a handful of very rich people to avoid excessive concentrations of wealth while helping to finance the system that made that wealth possible.

It seems to me that adopting the 2009 rules, indexing the exemption for inflation and allowing stepped-up basis would get us back to the original intent of the estate tax. Taxing 7,500 estates a year doesn't seem unfair. And it would generate significant revenue.

What we shouldn't do is benefit a handful of very rich people by eliminating the estate tax 2010-style at the expense of the small rich and everyone else. We've already made a major mistake by allowing the alternative minimum tax, originally designed

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to make sure that tax-dodging rich people paid at least something to the IRS, to hit the middle and upper-middle classes but not the truly wealthy. Let's try not to make that same mistake with the estate tax.

Sloan is Newsweek's Wall Street editor. His e-mail address issloan@panix.com.

The Everything Commission (WP)

The Washington Post, June 13, 2006

THE POLITICAL system is proving itself incapable of addressing hard budgetary questions even as the time to act grows shorter. President Bush tried -- and failed -- on Social Security, the easiest of the three big entitlement programs to "fix." His efforts on tax reform fizzled -- though less spectacularly, since the president never put his energy into the issue in the first place. Congress had such a hard time agreeing on small cuts in Medicare and Medicaid last year that it abandoned any pretense of trying again this time around. And Mr. Bush's proposal for a bipartisan commission to examine the costly health-care programs has foundered as Democrats balked at signing up for any examination that put taxes off the table.

Into this standoff comes Rep. Frank R. Wolf (R-Va.) with a proposal for a base-closure-style commission to beat all commissions. It would look at the tax code and the array of entitlement programs and produce a set of recommendations, decided by a two-thirds vote, to put them on a fiscally sustainable course. Its 15 members would be appointed by the president (three members) and the congressional leadership (three each for the House and Senate majority and minority leaders). Its recommendations would come before Congress for an up-or-down vote, although the president or either chamber's budget committee would also be able to submit alternatives.

Mr. Wolf's proposal is laudable in some ways, disturbing in others. The congressman, who supported all of Mr. Bush's tax cuts, deserves credit for being explicitly willing to put tax increases on the table. New revenue is a necessary part of any solution, a reality Mr. Bush and his fellow tax-cutters have been unwilling to acknowledge. As Mr. Wolf said in announcing his plan last week, "Given the enormity of the challenge, the commission needs to be able to look at every component of our fiscal policy to fairly assess where we stand and how we can best move toward a sound fiscal future."

Mr. Wolf's big-picture approach also has much to recommend it. These issues are complex on their own but they are also interrelated, with trade-offs to be made that can't be addressed if each program is considered individually. Chipping away problem by problem might be easier -- though even that approach has proved all but impossible -- but it would avoid an urgently needed discussion of national priorities.

What gives us pause is the acknowledgment, implicit in Mr. Wolf's base-closing-commission approach, that the political system is so broken it must outsource these fundamental policy questions. Perhaps that is true; certainly, the evidence supports this gloomy assessment. But rewriting the tax code, restructuring Social Security and reshaping government-paid health care are not parochial matters like military bases that call for a special process to overcome elected officials' geographic and political self-interest. They are the bedrock questions of government and the job of elected officials, who should look at Mr. Wolf's proposal and feel embarrassed that it has come to this.

CONGRESS-ADMINISTRATION:

Necessary Spending Or Political Trap? (WP)

By Jonathan Weisman And Shailagh Murray

The Washington Post, June 13, 2006

Both sides of the Capitol will be ringing with debate on the war in Iraq this week, first on its cost, then on its course -- with a healthy dose of election-year politics mixed in.

The House is expected to approve a record-breaking $94.5 billion emergency spending bill today to fund the wars in Iraq and Afghanistan, Gulf Coast hurricane relief, border security and avian flu preparation. With Senate passage expected later in the week, the bill would push the cost of the Iraq war to nearly $320 billion, according to the nonpartisan Congressional Research Service. Military and diplomatic costs in Iraq this fiscal year will have reached $101.8 billion, up from $87.3 billion in 2005, $77.3 billion in 2004 and $51 billion in 2003, the year of the invasion, congressional analysts said.

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The House will act first on the emergency measure, with final passage scheduled for today. Nearly $66 billion would go to the Pentagon to pay for military operations in Iraq and Afghanistan, and an additional $4 billion would be spent on foreign assistance, including $66 million to promote democracy in neighboring Iran.

Congress delivered the dollar total that President Bush had requested in war funding. But lawmakers made several key changes, including adding $725 million to ensure that Army tracked combat vehicles such as Abrams tanks are upgraded and available to National Guard units. They also added $480 million for newer Humvees, for a total investment of $890 million, to replace retrofitted models.

The bill also would provide $2 billion to develop countermeasures to the makeshift bombs that kill many U.S. troops. But the measure knocked down Bush's request for training funds, providing $4.85 billion to prepare Iraqi and Afghan troops -- about $1 billion less than what Bush had sought.

The package also includes nearly $20 billion to help the Federal Emergency Management Agency and other local, state and federal entities continue disaster recovery and relief efforts in Louisiana and Mississippi. And Congress tucked in numerous unrelated items, including $500 million in agricultural assistance; $2.3 billion to prepare for an avian flu outbreak; and $1.9 billion to bolster security along the U.S. border, including by hiring 1,000 more border agents and adding 4,000 detention beds.

The cost of the war may be escalating, but don't expect many lawmakers to stand against a measure to fund military operations.

The real debates will begin after the spending bill is on its way to Bush. On Thursday, the House will get to a long-delayed day of discussions on Iraq and the fight against terrorism, taking up a resolution to urge "continued resolve by the United States as it moves forward toward achievement of" stability in Iraq.

The Senate, as it considers its annual defense policy bill, will be having a similar discussion, thanks to an amendment by Sen. John F. Kerry (D-Mass.) calling for Bush to reach agreement with Iraq on a schedule for troop withdrawals this year.

The House debate has been brewing for months, pushed in part by a bipartisan petition to devote the House floor to a resolution requiring Bush to develop and implement a withdrawal plan. House Majority Leader John A. Boehner (R-Ohio) announced this spring that he would schedule a daylong debate on the war, but the timing is proving fortuitous: With the death of al-Qaeda in Iraq leader Abu Musab al-Zarqawi, Republican leaders think momentum is on their side.

To help spur the outcome GOP leaders want, the resolution was drafted to put the Iraq conflict firmly within the larger fight against terrorism, a war few politicians could oppose.

"The war on Iraq is a critical element in the broader war on terror," Boehner said last week. "There is a fundamental question here that I hope becomes the issue of this debate, and that is: What do we do about terrorists?"

Such pronouncements have made Democrats -- and some Republicans -- leery of a political trap. Five House Republicans -- Howard Coble (N.C.), Wayne T. Gilchrest (Md.), Walter B. Jones Jr. (N.C.), Jim Leach (Iowa) and Ron Paul (Tex.) -- have broken with their leaders and signed on to a petition by Democrats to debate a withdrawal plan. Jones said the group will meet today to discuss whether Thursday's session is the open and honest debate they called for or another political stunt. If it is the latter, they probably will denounce it tomorrow, then decline to participate.

"If this is just to say we support winning the war on terror, we all support that. That's a political statement, not a policy statement," said Jones, who garnered headlines in the run-up to the war, when he renamed the french fries on the House dining room menu "freedom fries."

"I would hope those who are making these decisions are smarter than that," he added. "The American people have the right, and we have the duty, to have an open and honest debate."

Dealt A Difficult Hand, Trade Official Presses On (WP)

By Paul Blustein

The Washington Post, June 13, 2006

Tuesday, June 13, 2006; Yesterday was Susan C. Schwab's first full day as U.S. trade representative, and she promptly made it clear that she views her appointment in much different terms than Washington's chattering classes.

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Yes, she knows that pundits have dismissed her as something of a caretaker because of the way President Bush nominated her in April to replace Rob Portman, who was named White House budget director. Yes, she recognizes that because the job shuffle came as global trade talks are in serious trouble, with a major deadline looming, her promotion to Portman's post has deepened skepticism that the talks will lead to a dramatic revision in international trade rules.

But the truth, Schwab said in an interview, is that she has been charged with aggressively advancing Bush's trade agenda. "The fact that the president chose to announce my nomination the same day as Ambassador Portman's was announced was evidence that the president wanted to send a message -- that he wanted a seamless transition and continued high priority on trade," she said.

To underscore the point, she emphasized that she plans to stick resolutely to the position Portman staked out in the global talks, which are known as the Doha round for the Qatari capital where they were launched at a World Trade Organization meeting in 2001. The administration is eager for an agreement that would sharply lower trade barriers among the WTO's 149 member countries, especially in farm products, and is not interested in a watered-down compromise of the sort some countries are pushing, Schwab said. And, though the United States hopes to avoid a collapse in the negotiations, it will not strike a deal that stops short of opening major new export opportunities for nations around the world, she added, declaring that a weak accord "wastes a once-in-a-lifetime opportunity."

The comments were delivered in the pleasant but steely tone Schwab has honed over nearly three decades in the trade field, most recently as one of Portman's deputies but, before that, as a Senate staffer, top Commerce Department official, academic specialist and business executive. The Senate confirmed her Thursday night, and she was sworn in Friday afternoon.

"I'll match credentials with anybody," she said, betraying a trace of irritation at the naysaying about her selection.

Schwab's training in dealing with foreigners came early -- as the daughter of a foreign service officer, moving with her parents to Togo, Nigeria, Sierra Leone, Tunisia and Thailand and spending 14 of her first 18 years abroad before attending college in the United States.

"When you're a foreign service brat, you grow up feeling that your job is to represent the United States of America, even if you're a 5- or 6-year-old kindergartner in Lome, Togo, even if you're the only American kid in the local American school -- which I was," she said. "We were in Togo during independence; we used to go out and sing the French national anthem, until one day we were singing the Togolese national anthem. I needed to show my fellow classmates that I could sing the American national anthem."

She started as an economist at the trade representative's office in the mid-1970s, trying to open the Japanese market for U.S. beef and citrus products, and also worked on trade issues at the U.S. Embassy in Tokyo. Her influence soared in the 1980s when she moved to Capitol Hill, where she joined the staff of John C. Danforth, then a senator from Missouri and the chairman of the Finance Committee's international trade subcommittee, and became a powerful shaper of U.S. trade policy as a key drafter of landmark trade legislation in 1984 and 1988. A profile published in The Washington Post in 1987 noted that her critics viewed her as a "closet protectionist" for her get-tough stance on foreign trading practices, but her admirers called her a "hard-nosed pragmatist, well versed in arcane trade economics, and a dazzling strategist and negotiator."

Schwab served as assistant secretary of commerce during President George H.W. Bush's administration, heading a department unit that promotes U.S. exports from embassies and consulates around the world. After a stint at Motorola Inc., she got her PhD and became dean of the University of Maryland School of Public Policy. Late last year, she was named one of Portman's deputies, with ambassadorial rank and responsibility for issues including U.S. relations with Europe and the Americas as well as the WTO.

The big question is whether all this experience will help her forge a meaningful agreement in the Doha talks, which are ostensibly aimed at making rules governing WTO members much more beneficial to developing countries.

An enormous gap separates the United States from the European Union on the politically sensitive issue of farm trade. Washington argues that the only way to help poor, largely agrarian countries is to slash agricultural tariffs, so it has proposed to cut them by about two-thirds while leaving only a handful of "sensitive" products exempt from such cuts. The Europeans, whose farmers are accustomed to extensive government protection, have offered cuts of less than 40 percent and insist on keeping

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many more sensitive products sheltered from foreign competition. An alliance of developing countries is in between the two points of view, though closer to the U.S. position.

Late this month, Schwab will go to WTO headquarters in Geneva for a meeting that has been billed as make-or-break for the Doha round, with the aim of crafting the broad outlines of a pact. Failure at that meeting could doom the round because Bush's congressional authority to negotiate new trade deals expires in July 2007, leaving little time for the extensive drafting required before an agreement can be submitted to Capitol Hill for approval.

Schwab said that because of her duties as deputy trade representative, she knows the ministers from other WTO countries and has been interacting with them. But, she acknowledged, "the disheartening thing is that there are a number of countries that think some minimalist outcome is going to be satisfactory. But that is not an outcome that will be satisfactory to the United States."

Bush Is Told To Defend Bloch's Back (HILL)

By Alexander Bolton

The Hill, June 13, 2006

A group of prominent conservatives have signed a letter to President Bush aimed at calling off an investigation of Scott Bloch, the administration official tasked with protecting the rights of federal workers.

Clay Johnson III, the deputy director for management at the Office of Management and Budget (OMB), ordered the Office of Personnel Management (OPM) to investigate Bloch in response to a complaint filed last year by several anonymous career employees at the Office of Special Counsel, which Bloch heads. Johnson attended Yale University with Bush and is one of his oldest friends.

Several conservatives behind the letter to Bush say that administration officials are trying to pressure Bloch to resign his post because he doesn't believe that sexual orientation should be considered akin to race and religion as a class of civil-rights protection and this view has sparked controversy within his office and Congress.

The potential dispute between social-conservative leaders and the Bush administration comes at a time when GOP strategists are trying to boost support among the conservative wing of the party in preparation for the midterm election. Political observers viewed last week's Senate vote on a constitutional amendment to ban gay marriage as a direct appeal to Republicans' conservative base.

Twenty-four conservative leaders signed the letter to Bush, which is dated June 9, including Tony Perkins, president of the Family Research Council, one of the nation's largest Christian conservative advocacy groups; Paul Weyrich, a founding father of the modern conservative movement and chairman of Coalitions for America; Jim Backlin, vice president of legislative affairs for the Christian Coalition; and the Rev. Louis Sheldon, chairman of the Traditional Values Coalition, according to a copy obtained by The Hill.

After Bloch took office in January 2004, he reversed his Democratic-appointed predecessor's interpretation of the statute that governs federal employment. Bloch favored an interpretation of the policy that made it more difficult for gay employees to allege discrimination, said Elaine Kaplan, Bloch's predecessor, who served in the position from 1998 to 2003.

Bloch set off a firestorm by removing statements regarding job discrimination on the basis of sexual orientation from the Office of Special Counsel's website.

"The special counsel looks forward to having his name cleared and we are looking forward to an expedited conclusion to the investigation," said Loren Smith, the director of congressional and public affairs at the Office of Special Counsel. In response to Kaplan's statement defending her interpretation of statute, Smith said that the office "honors the law as written."

Several Office of Special Counsel employees later filed a complaint against Bloch after he tried to transfer them to a new field office in Detroit. The employees said they were being retaliated against for leaking information to the press about Bloch's handling of the sexual-orientation policy, one source who was granted anonymity said.

Johnson said that he had yet to receive a copy of the conservatives' letter but insisted that the investigation is justified.

"What we can tell you is that the employees of the Office of Special Counsel have made serious allegations that merit an impartial investigation," he said. "Ordinarily these kinds of complaints would be investigated by the Office of Special Counsel.

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Clearly, in this case, that does not make sense. That's why an investigation of these matters has been undertaken by the inspector general for the Office of Personnel Management, at my request."

Gay-rights advocates criticized the conservatives' letter.

Brad Luna, spokesman for the Human Rights Campaign, the nation's largest gay-rights organization, said it would be disgraceful if the OPM investigation were called off. Luna called Bloch a renegade employee who must be reined in.

Some conservatives say that the administration is putting pressure on Bloch because he has stirred up controversy over the discrimination policy. Kaplan, Bloch's Clinton-appointed predecessor, who served during the first few years of the Bush administration, said that Bush supports the interpretation that sexual orientation could serve as the basis of alleged discrimination.

Bloch's rejection of that interpretation has attracted the attention of several critics in Congress. In the wake of the controversy that greeted the beginning of Bloch's five-year term, the House Government Reform Committee passed a bill in November stating that Congress repudiates any assertion that federal employees are not protected from discrimination based on sexual orientation. Rep. Henry Waxman (D-Calif.) also wrote a series of letters to the administration about Bloch.

In their letter to Bush, conservative leaders defended Bloch and asked Bush to intervene. They argued that Bloch has been unfairly targeted for removing Clinton-era policy that "with no regard to congressionally approved statutes" added sexual orientation to the list of protected classes of race, color, religion, sex and national origin.

"For this act of faithfully upholding the rule of law, Mr. Bloch has been and continues to be attacked personally and professionally by activist groups and certain Members of Congress," the leaders wrote. "Mr. Bloch's compliance with the law has drawn harsh criticism from your political opponents and resulted in retaliatory investigations, including the ongoing investigation by the Inspector General of the Office of Personnel Management."

The conservatives concluded their letter by asking Bush to come to Bloch's defense. "Now that Mr. Bloch has come under attack for complying with Administration policy and upholding federal law, we ask that you take action to protect Scott Bloch from further harassment so that he might continue to faithfully serve you and the American public," they wrote.

One person familiar with the events that spurred the conservatives to draft the letter said that the OPM investigation has picked up in intensity in recent weeks.

When Josh Bolten took over as White House chief of staff in April, he promised to shake up the administration's management.

A Bush Aide's Blunt Words (WP)

By Peter Baker

The Washington Post, June 13, 2006

Bill Clinton is a "virtuoso deceiver" and Hillary Rodham Clinton a "true chameleon" guilty of "self-serving behavior, comparative radicalism, and dubious personal morality."

Al Gore is a "mad dog" known to "foam at the mouth." John McCain is given to "showboating." And Jacques Chirac, Nelson Mandela, Gerhard Schroeder and Kofi Annan are all "feckless fools."

Says who? President Bush's new chief domestic policy adviser. While most White House aides carefully trim their public commentary, they can't take back what they said before arriving in the West Wing, and few in this day and age arrive with a more provocative paper trail than Karl Zinsmeister, who started his new job yesterday.

For a dozen years until his appointment, Zinsmeister held forth on all manner of issues and personalities as editor in chief of the American Enterprise Institute's magazine. With a sharp pen, he skewered the left, taking special aim at environmentalists, anti-globalists, feminists, contemporary artists, university faculties, Hollywood, Broadway and particularly the media, composed mainly of "left-wing, cynical, wiseguy Ivy League types, with a high prima donna quotient."

A review of years of articles reveals a formidable thinker with a powerful sense of what he considers right and wrong. As Zinsmeister sees it, racial profiling by the police makes sense; the military, if anything, treats terrorist suspects too gently; and casual sex has led to wrecked cities, violence and "endless human misery." In a "soft, often amoral, and self-indulgent age," he warned, some children "will be ruined without a whip hand," and he assured that "things generally go better with God."

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Although Zinsmeister wrote admiringly of Bush, his future boss was not exempt from remonstration when he seemed to stray. Zinsmeister chided candidate Bush for promising he would make it easier for legal immigrants to bring in relatives and questioned whether incumbent Bush "actually has a soft spot for big government."

"Though he talks a good line about battling government bloat," he wrote this year, "our current President has shown an eerie lackawanna when it comes to actually keeping a lid on the federal Pandora's box. Quite apart from Katrina or the war on terror, there has been a pattern of troublesome spending spikes right from the beginning of the Bush Administration."

For Zinsmeister, provocation has been his stock in trade. "That's kind of my M.O., for better or worse," he said by phone last week. "My main beef with much of the Washington discussion is you're forced to be so mealy-mouthed. I had the luxury as an outsider of being as blunt as I wanted. When you're outside trying to push the elephant even an inch, you have to be very crisp and uncouched."

But Zinsmeister said he understands that must change now that he advises the president. "When you're inside the tent, you have to shift gears. That's a double standard, but it's an appropriate one."

White House Deputy Chief of Staff Joel D. Kaplan said he believes that Zinsmeister will be able to make that transition. "He's here because of his powerful intellect and reputation for outside-the-box solutions to public policy problems," Kaplan said. "An outside-the-Beltway perspective, we thought, would be helpful."

In his new post, Zinsmeister will oversee the president's domestic policy process and help shape White House positions on a wide array of issues, including immigration, Social Security and energy. The position has been key in past administrations, although in this White House, it has at times been overshadowed by other aides such as Deputy Chief of Staff Karl Rove. Zinsmeister's predecessor, Claude A. Allen, resigned after being accused of trying to fleece retail stores in a product-exchange scam.

With scant experience in government or campaigns, Zinsmeister seemed an unlikely choice for White House domestic policy chief. Until his appointment, he was little known in Washington. At 6-foot-5, he would have stood out in the capital, but he edited the American Enterprise magazine from Cazenovia in upstate New York. He finds Washington so distasteful that even for his new job he plans to move his family no closer than Baltimore.

In fact, his antipathy for Washington got him in trouble when he was appointed. In a 2004 profile by the Syracuse New Times, Zinsmeister was quoted as saying, "People in Washington are morally repugnant, cheating, shifty human beings." But the New York Sun discovered last month that he doctored that and other quotes when he posted the profile on the AEI Web site. The edited quote said, "I learned in Washington that there is an 'overclass' in this country stocked with cheating, shifty human beings that's just as morally repugnant as our 'underclass.' "

Zinsmeister later said he was "foolish" to change the quotes and only did so because he had been misquoted. The New Times denied that and denounced him for altering its account. White House spokesman Tony Snow defended him and described Zinsmeister as someone with "sharp elbows" who "expresses himself with a certain amount of piquancy."

Another question about Zinsmeister's past arose when the Center for American Progress, a liberal think tank, accused him of rÃ©sumÃ© padding. The White House release said he "founded" the American Enterprise, although the magazine had been around for four years when he took over in 1994. The White House took the blame, saying that Zinsmeister actually used the term "formulated" because he revamped the magazine but that a White House aide misunderstood and wrote "founded."

A native of Cazenovia, Zinsmeister, 47, is himself an "Ivy League type" who graduated from Yale University before working for Sen. Daniel Patrick Moynihan (D-N.Y.) and serving on an Education Department advisory board. He has also worked as a writer, film producer and radio commentator.

At the American Enterprise Institute, Zinsmeister stood out in a think tank known for a more libertarian, economic conservatism. Beyond cultural and social issues, he also took a special interest in Iraq. Unlike most pundits, he embedded with U.S. troops four times to get a firsthand look. The result has been two books on the war, a Marvel Comics chronicle of soldiers in Iraq and a forthcoming PBS documentary.

His faith in U.S. power translated into an optimistic view of the war. In 2003, he mocked the BBC for claiming the United States "could take, bluntly, a couple to 3,000 casualties." Later that year, he wrote, "Not too far down the road, today's drumbeat about America's failure to bring instant recovery to Iraq may look quite rash."

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A year later, he wrote a piece titled "How America Is Winning a Guerilla War." A year after that, he declared victory. "The War is Over, and We Won," announced a June 2005 piece. "With the exception of periodic flare-ups in isolated corners, our struggle in Iraq as warfare is over," he wrote. Although there will still be "egregious acts of terror," he said, "contrary to the impression given by most newspaper headlines, the United States has won the day in Iraq."

Media coverage of the war has been a favorite target. He called journalists who embedded in 2003 "whiny and appallingly soft" and later condemned the "relentlessly gloomy reporting." In March, he wrote, "More than perhaps any news event in a generation, coverage of the Iraq war has been unbalanced and incomplete."

Although Bush avoids casting terrorism as a battle with Islam, Zinsmeister has not been so reluctant. "First, let's recognize that we're in a full-blown war; that (contrary to mealy-mouthed platitudes) it is indeed a war against a considerable part of Islam," he wrote in 2001. Yet he fretted at American sensitivity. "Would you believe that the number of formal U.S. investigations of how terror detainees are being treated recently reached 189?" he wrote last fall. "What mad self-doubt and softness!"

Foreign policy won't fall under his new portfolio, but he has written extensively on social issues that will, such as race, class and culture. He has condemned "feminist absolutism," "Green irrationality," "limousine leftists" and "the dreary left-wing, homophilic P.C. propaganda that has dominated Broadway."

Zinsmeister lamented a "forced diversity crusade" that fuels more alienation than it solves and argued that "Americans should jettison affirmative action and all racial preferences." He dismissed reparations for slavery as "a clear absurdity" because "the U.S. already made a mighty payment for the sin of slavery. It was called the Civil War." He traces wrongheaded political correctness to colleges that have become "virtual one-party states, ideological monopolies, badly unbalanced ecosystems."

The Clintons are particularly anathema. He is "a chronic liar, an out-of-control adulterer, an obstructer of justice, a draft dodger, an all-round morally challenged sleazeball." She has shown "a disturbing pattern of reflexive truth-stretching and reality-doctoring."

At a time when Bush has lost support among some conservatives, the Zinsmeister appointment may reassure some of the disaffected in the party that a strong voice will be heard in the White House. Snow said Zinsmeister will be useful for his challenging viewpoints.

"You want interesting people who are smart, who have serious policy credentials and who are able to make other people think," Snow said. But not necessarily, he added, in public anymore. "I think he'll be careful with his words."

U.S. Budget Gap Shrinks On Surge In Tax Receipts (WSJ)

By Deborah Solomon And Campion Walsh

The Wall Street Journal, June 13, 2006

WASHINGTON -- Surging individual and corporate income-tax receipts in May continued to help the federal government shrink the budget deficit to $227 billion for the first eight months of the fiscal year, down 16.6% from the same period a year earlier.

The federal government did run a larger monthly budget deficit of $42.8 billion in May, widening 21% from $35.4 billion a year earlier. However, economists said that increase was a quirk of the calendar that shifted some federal program payments into May and from accounting changes that increased the cost of subsidized student loans. "It's entirely a calendar effect," said Mike Englund, chief economist at Action Economics LLC.

The narrowing budget deficit for the fiscal year so far came even as spending increased, with federal outlays up nearly 8% so far this year to $1.77 trillion. That spending was offset by strong tax receipts, which totaled $1.54 trillion so far this year, up 13% from the same period a year earlier. Tax receipts for May climbed 26% to $192.6 billion, up from $152.7 billion in May 2005.

The White House is scheduled to release next month its updated forecast for the fiscal year that began Oct. 1. The government ran a deficit of $318 billion last year.

To date, much of the deficit reduction stems from taxes being paid by corporations, which are seeing increased profits, and from high-income individuals, who are paying taxes on capital gains.

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So far this fiscal year, individual income-tax receipts have climbed about 14% to $687 billion. Much of the increase in individual income taxes is coming from nonwithheld taxes, taxes paid on capital gains and other sources of income other than wages. Nonwithheld tax payments are up about 22% so far this year. Corporate income-tax receipts are up 30% to $184 billion.

In May alone, the government paid $20.93 billion in net interest on the federal debt. Net interest on the federal debt excludes interest paid on government debt held by federal trust funds, such as Social Security.

Lobbyists Paid For Members' Trips (HILL)

By Jim Snyder

The Hill, June 13, 2006

Lobbying firms and lobbyists were listed as paying all or part of the costs for 90 congressional trips taken between 2000 and 2005, according to a new report by the Center for Public Integrity, Northwestern University's Medill News Service and American Public Media.

Lobbyists and lobbying firms are not allowed under congressional ethics rules to pay for congressional travel. Trade associations can pay for travel as long as the purpose of the trip is educational.

According to the Center for Public Integrity's website, around 20 percent of the forms that listed lobbyists or lobbying firms as sponsors of the trips had been amended to list new sponsors to comply with ethics rules.

The total cost of the trips was roughly $145,000.

The new report is part of an investigation into congressional travel. Last week, the Center for Public Integrity, Medill News Service and American Public Media reported that over the past five and a half years members of Congress and their aides went on 23,000 trips that were paid for by private interests, at a total cost of $50 million.

Someone Has To Find Facts In Paris (NYT)

The New York Times, June 13, 2006

Even in Congress's own sloppy paperwork, the bottom line for junketeering looks shameful: over just five and a half years, lawmakers and members of their staffs went off on 23,000 "fact-finding" trips worth almost $50 million, with the tab picked up by private sponsors intent on capturing legislative access and favors. Expense-paid fact finding proved particularly irresistible in Paris, the destination of more than 200 trips, Hawaii (150) and Italy (140).

True, there were four trips to Sudan, but the overall result is bad news for taxpayers who try to catch their lawmakers' attention from the wrong side of the velvet travel ropes.

Fresh tales of $500-a-night freebie hotel rooms and $25,000 rides on corporate jets are coming to light just in time for the two houses to cut a final toothless sellout of all of last year's grand promises to toughen ethics enforcement and rein in Washington's booming lobbying industry. No wonder House Republicans backed away from vows to ban private travel: their new majority leader, John Boehner of Ohio, averaged a month of privately paid trips each year, according to a vetting of travel vouchers by the nonpartisan Center for Public Integrity, American Public Media and Northwestern University's Medill News Service. The study established that bipartisanship survives in junketeering. Representative Gregory Meeks, a Democrat from Queens, and his staff were among the top 10 frequent fliers, scoring at least $350,000 in privately paid travel.

Unfortunately, this Congress will soon reaffirm its addiction to special-interest junketeering when it strikes a cosmetic deal on ethics reform that does little to end the all-too-clear abuses.

Pelosi Takes Case To Black Media (RC)

By Steve Kornacki

Roll Call, June 13, 2006

The fight over the Ways and Means Committee seat held by Rep. William Jefferson (D-La.) is now playing out on the airwaves and in the pages of publications aimed at blacks, as House Minority Leader Nancy Pelosi (D-Calif.) seeks to dispel the notion that she's enforcing a double standard by demanding that Jefferson step down prior to any criminal charges being filed against him.

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Unless Jefferson changes course and leaves Ways and Means on his own, the Louisianan is expected to be booted from the exclusive committee Thursday night — an extraordinary step encouraged by Pelosi, who first called on Jefferson to leave the tax-writing panel three weeks ago "in the interest of upholding the high ethical standards of the Democratic Caucus."

Jefferson is expected to face indictment on bribery-related charges, but Rep. Mel Watt (N.C.), the chairman of the Congressional Black Caucus, and other leading black House Democrats have protested that their colleague is being treated differently than other Caucus members who have been suspected of, but not charged with, criminal wrongdoing.

Pelosi has said very little about the topic at her weekly press conferences. But last week, as her hand-picked members of the Democratic Steering and Policy Committee voted to recommend Jefferson's expulsion precursor to action by the full Caucus, Pelosi granted a series of interviews to black media figures.

The Minority Leader appeared on the radio show of Joe Madison, who calls himself "the Black Eagle." She also hosted a conference call with black reporters and sat for a one-on-one session with a nationally known black columnist.

"She has wanted to make sure that people understand what the Democratic Caucus was doing, and that it was about upholding a high ethical standard for the entire Democratic Caucus," said Jennifer Crider, Pelosi's press secretary.

The suggestion of a double standard, some in the CBC have warned, threatens Democrats' standing this fall with black voters, who have long been the most reliable component of the party's coalition. Democrats running for the Senate and governor might face particular fallout, Rep Donald Payne (N.J.), a former CBC chairman, warned.

"In the South Ward of Newark, Jon Corzine got 93 percent of the vote last year for governor," said Payne, who represents Newark. "If you start to erode that, you're going to see Democrats suddenly having trouble winning statewide elections."

The feedback on black talk shows, Payne declared, will determine whether the furor over Jefferson's committee seat makes waves outside of Washington, D.C.

"We don't know yet, but they're the ones who a lot of this can resonate through," he said.

Jefferson Showdown Hurts Only Democrats (USAT)

By DeWayne Wickham

USA Today, June 13, 2006

This is a fight that shouldn't happen. When the House Democratic Caucus meets Thursday to decide whether Louisiana's Rep. William Jefferson should be stripped of his seat on the powerful Ways and Means Committee, members of the Congressional Black Caucus (CBC) are expected to mount a bruising defense of their colleague.

Last week, the steering committee of the Democratic Caucus voted to temporarily remove Jefferson from the Ways and Means Committee while federal investigators determine whether he broke the law while trying to help a Kentucky company launch a high-tech business in Africa.

"We're asking him to take leave (from the committee) until he clears up this matter," House Democratic Leader Nancy Pelosi told me. "He can return with full seniority" if he's cleared.

While Jefferson has yet to be charged with any wrongdoing, the Kentucky business owner and a former congressional aide have pleaded guilty to bribing him. In an affidavit it used to get a warrant to search his congressional office, the FBI said it videotaped Jefferson taking $100,000 in marked bills from a businesswoman-turned-informant. The G-men later found $90,000 of that money hidden in the freezer of Jefferson's Washington home.

On Thursday, the CBC denounced the effort to oust Jefferson from the committee, saying such a move against an unindicted member of Congress is unprecedented.

Feeble defense

As defenses go, that's a pretty weak one. Sure, Pelosi might be hard pressed to point to another case in which a Democrat was forced to give up a committee assignment before being indicted. But every precedent has a beginning. And when it comes to the kind of ethical and criminal violations Jefferson is accused of, a beginning is just what's needed if Democrats want to claim the ethical high ground in Washington.

It wasn't long ago that Democrats seemed to have Republicans, who control both houses of Congress, on the ropes with charges that the Republican Party had created a "culture of corruption."

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One bribe-taking Republican, former representative Randy "Duke" Cunningham of California, has landed in jail, and Tom DeLay of Texas, the once-dreaded majority leader of the House of Representatives, quit Congress on Friday as another corruption investigation — involving former lobbyist Jack Abramoff — nips at his heels. Before Abramoff's case runs its course, several other Republicans might have to fall on their swords.

Lost opportunity

Democrats had hoped the GOP's problems would help them pick up enough voter support in November to retake control of Congress. But the looming showdown between the CBC and the Democratic Caucus, which threatens to pit black and white Democrats against each other, could hurt the chances of a political revival.

CBC's chairman, Rep. Mel Watt, D-N.C., said blacks might view the Democratic Caucus' move against Jefferson in racial terms. "You've got a whole base of people out there who believe that the Democratic Party takes them for granted already," Watt said last week.

He's right. But in this case it is Jefferson who appears to be taking blacks for granted. By clinging to his committee seat, Jefferson has sparked a rupture among House Democrats that threatens to inflict lasting wounds. The only beneficiary would be the GOP, which black voters have roundly rejected in virtually every recent federal election.

Jefferson's problems — captured by FBI video and audio recordings — are of his own making. Maybe the investigation will conclude that they amount only to bad judgment. Maybe he's simply guilty of being in the wrong place at the wrong time. Or, maybe the legal trouble he faces is much more serious.

Whatever the case, Jefferson should acquiesce to Pelosi's demand that he step down from the committee whose membership he is accused of abusing. If such a request is unprecedented, it is also long overdue.

DeWayne Wickham writes weekly for USA TODAY.

Hoyer Marshals Forces (HILL)

By Josephine Hearn

The Hill, June 13, 2006

Allies of Rep. Steny Hoyer (D-Md.) rushed to his defense Monday as the minority whip faced a challenge from Rep. Jack Murtha (D-Pa.) for the post of majority leader, should Democrats win control of the House in November.

Murtha wrote colleagues Friday to announce his interest in the position, a move that drew a mixture of surprise and consternation and left Democrats contemplating the prospect of a contentious leadership race as they try to defy the odds and win back the House.

Hoyer's backers expressed concern that the race would hurt their ability to reach voters on policy issues.

"I regret that we're going to have this contest," said Rep. Barney Frank (D-Mass.), a Hoyer supporter. "It will be portrayed in the media as a sign of Democratic disorder. It will distract attention from Democrats' efforts to win back the House."

Rep. Jane Harman (D-Calif.), another Hoyer backer, echoed those comments.

"This is not the time for an internal battle. Our battle must be to elect Democrats in a minimum of 15 more seats in November. When that happens, Steny Hoyer, who has been a tireless and loyal advocate for the party, will be the right person to serve as our Majority Leader."

A spokeswoman for Murtha had no comment.

Rep. John Lewis (D-Ga.) praised Hoyer's work as whip, saying in a statement, "I know Steny Hoyer. He's a bridge builder, he brings people together, and he works not just for the people of Maryland but for the whole Democratic Caucus."

A Democratic member who is backing Hoyer said that the whip was surprised by Murtha's announcement and had been "playing catch-up" all weekend by calling colleagues.

"Steny is a lot more effective for Democrats when he's making fundraising calls instead of making majority-leader-race calls," the member said.

Many Democrats were curious what role House Minority Leader Nancy Pelosi (D-Calif.) may have had in Murtha's decision. Murtha and Pelosi are close allies. Murtha managed her successful 2001 campaign for whip against Hoyer. Earlier this

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year, he managed the caucus vice-chairmanship campaign of Rep. John Larson (D-Conn.), widely seen as Pelosi's chosen candidate to occupy the fourth-ranking House Democratic leadership post.

Pelosi was instrumental in bringing about Murtha's November call for redeployment of American troops out of Iraq. Even as she initially distanced herself from his plan, her staff handed out materials at his press events.

A Pelosi spokeswoman said she was "traveling and unavailable for comment" yesterday.

A Democratic official said that Murtha told Pelosi about his ambitions Thursday and that she had neither encouraged nor deterred him from moving forward.

Many members of the caucus remain perplexed by a Hoyer-Murtha match-up. While Murtha has delighted the liberal wing of the party with calls for redeployment, his overall record is conservative. He is a strong supporter of the military, an opponent of abortion rights and a foe of gay-marriage advocates.

He also carries decades-old ethical baggage from the Abscam scandal, a fact that could make Democrats wary of elevating him during a time when they hope to chart the high road on ethics. To make matters worse, he was one of four Democrats who recently voted against the Democrats' own lobbying and ethics reform package, earning excoriation from The Washington Post's editorial board.

His lack of involvement in the affairs of the Democratic caucus could also rile members. He rarely attends weekly caucus meetings, several sources said, and has raised only about $500,000 for the Democratic Congressional Campaign Committee (DCCC) as of late May, despite having assumed a national profile with redeployment calls, his critics charge. Hoyer has raised about $2 million for the committee and its affiliated programs.

The two are about even with their member-dues payments to the DCCC. Murtha has paid $200,000 of $250,000, while Hoyer has forked over $500,000 of $600,000. Members of leadership pay higher dues.

Nonetheless, Murtha's stature in the caucus as a behind-the-scenes dealmaker is nearly unrivaled and those who discount him often pay dearly. From his perch on the Defense Appropriations Subcommittee, he is in a prime position to rack up favors from colleagues. And he has quietly run two successful leadership campaigns in recent years.

His background as a decorated Vietnam veteran may also appeal to Democrats eager to build credibility on the war.

Murtha's candidate in the January vice-chairmanship race vanquished Hoyer's candidate by roughly the same margin as Pelosi beat Hoyer in 2001, an indication to many that the same calculus that existed five years ago persists. If that is true and Murtha can translate support for Pelosi into support for her campaign manager, then his prospects look good.

Pelosi Mum On Murtha's Move (RC)

By Steve Kornacki

Roll Call, June 13, 2006

Three days into Rep. John Murtha's (Pa.) surprise bid to supplant Minority Whip Steny Hoyer (Md.) as the second-ranking House Democrat, there are no signs that Minority Leader Nancy Pelosi (Calif.) will take any steps — publicly or privately — to steer her party away from a potentially divisive leadership fight as a crucial election approaches.

Pelosi is considered the only Democrat with the clout to back Murtha off his challenge, but on Monday she remained unavailable for comment, the same approach she took Friday, when Murtha floored his colleagues by declaring his intention to challenge Hoyer for Majority Leader if the party takes back the House.

"She's not going to put a stop to it," a Democratic aide said. "You're going to have to deal with it. It's more like 'how will this thing play out?' than 'will she put a stop to it?'"

Murtha is one of Pelosi's closest allies, a prime shaper, along with Rep. George Miller (Calif.), of her 23-vote win over Hoyer for Minority Whip in 2001 — a triumph that put Pelosi on track to become the top Democrat in the House when then-Rep. Richard Gephardt (Mo.) stepped aside a year later.

Murtha apprised Pelosi of his plans shortly before springing them on his fellow Democrats, and while she declined to try to stop him, some Hoyer allies had hoped that a backlash would emerge over the weekend, forcing Pelosi to take a strong stand against Murtha's move and effectively nipping his campaign in the bud.

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But, for now at least, the race is on, with Hoyer privately scrambling to shore up commitments even as he publicly plays the confident frontrunner and Murtha apparently convinced he can ride the personal ties he's forged in his 17 terms in the House and the celebrity he's accrued from his recent anti-war outspokenness to victory.

With Pelosi refusing to wade in, Democrats are looking to past leadership contests for clues about whether the Hoyer-Murtha race is destined to serve as a repeat of the Pelosi-Hoyer contest in 2001 and the more recent fight for Caucus vice chairman. In both cases, Pelosi's side bested Hoyer's by a few dozen votes.

But even though the current situation is probably too fluid to anoint anyone as the frontrunner, Hoyer supporters were already expressing confidence in their man's prospects Monday.

As the head of his party's Whip operation for the past three years and a veteran of numerous leadership races, Hoyer starts off with a well-oiled organization — he has, for instance, access to the mobile phone number of every Democratic Member — not to mention some significant goodwill for his work to unify the Caucus.

For instance, early last week Hoyer bent over backwards at a session with reporters to swear off any challenge to Pelosi, his old foe, whether the Democrats gain or lose seats this year, by him or anyone else. Against that backdrop, Murtha's declaration three days later may have rubbed some prospective backers the wrong way.

"I find it regrettable that our party is focusing now on a leadership race that is seven months away," said Rep. Jane Harman, one of five California Democrats who have already lined up with Hoyer. "This race should not distract us from the effort to build one, united majority party."

The other Golden State Democrats on board with Hoyer are Reps. Ellen Tauscher, a co-chairwoman of the New Democrat Coalition, Dennis Cardoza, the Blue Dog Coalition's chairman, Tom Lantos and Henry Waxman. Tauscher was alone among California Democrats in backing Hoyer over Pelosi in 2001, and Cardoza was not elected to the House until 2002.

Pelosi's 118-95 win over Hoyer was keyed by four factors: her built-in homestate support; her appeal to the liberal wing of the Caucus; the enthusiasm some Democrats felt for elevating a woman to the leadership for the first time; and, not insignificantly, her status as the top fundraiser for House Democrats in the 2000 cycle.

Hoyer enthusiasts believe those factors would either be inoperative or neutralized in a contest with Murtha. Just by making inroads into the California delegation, Hoyer could erase much of his 2001 shortfall, and since it's a race between two white men, the issue of gender won't be a factor.

Hoyer's primary trump cards, though, may be fundraising and ideology.

As a leadership member, Hoyer has already traveled to 47 districts spread out over 24 states this cycle, and he's personally raised more than $2 million for the party's candidates. Murtha, by contrast, doesn't have a political action committee through which to dole out large sums of money to candidates — some of whom would be freshmen voting in the race for Majority Leader.

Hoyer is also to the left of Murtha on abortion and gun control, two hot-button issues. In 2005, Hoyer received a 100 score from NARAL Pro-Choice America, while Murtha scored a 0, raising questions about how many progressives — women in particular — will feel comfortable turning over a prime leadership spot to Murtha.

Still, the core of Hoyer's support rests in the center-right segment of the Caucus, hence his support from the Blue Dog and New Democrat leaders. Some members of those two groups fret that Murtha's candidacy could be a power grab by liberals designed to wipe Hoyer and his moderate allies out of a prospective Democratic majority leadership.

"If [Murtha] were to win," an aide to one such Member said, "it would be impossible for red-state Democrats to either campaign with or to publicly support a single member of our party's leadership. ... [Hoyer] does a fantastic job in those parts of the country, and he provides a contrast for swing voters who are concerned about Nancy Pelosi as Speaker."

The genesis of Murtha's bid remains somewhat mysterious. It's a campaign few of his colleagues ever imagined him waging, until last November, when his change of heart on the Iraq war transformed him from an almost reclusive creature of the backrooms into one of the international public faces of war opposition.

But, as he proved with Pelosi in 2001 and again in the vice chairman's race this past winter, Murtha is a powerful force in Democratic leadership elections, owing to the immense personal respect many Members have for him and his role as an influential appropriator. And despite his social conservatism and previous hawkishness on defense issues, Murtha has emerged

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as a grass-roots hero to progressives over Iraq. Iraq alone might be reason enough for progressive Caucus members to overlook other policy disagreements and embrace Murtha as one of their leaders.

"My sense is he's trying to play up the whole war angle," an aide to a Democratic Member said, "and the idea that grass-roots Democrats are sick of the Hoyers of the world sticking up for the war."

As he spearheaded Rep. John Larson's (D-Conn.) upset win in January's vice chairmanship race, Murtha frequently reminded allies that his candidates were undefeated in leadership elections. The low-key, under-the-radar strategy Murtha favored in that race — Larson stopped releasing supporters' names a month before the vote, mistakenly leading many observers to write his candidacy off — seems to mirror his approach now. He appeared on MSNBC to promote his candidacy Monday night, but isn't pushing other Members to line up publicly.

"I'm sure he's telling people, 'Don't talk,'" the same aide said.

Democrats Set To Unveil Domestic Platform For '06 (RC)

By Erin P. Billings

Roll Call, June 13, 2006

Congressional Democratic leaders on Wednesday afternoon will return to the issues that have largely defined their party over the past decade, hosting a town hall meeting to highlight the domestic priorities of their 2006 platform.

Senate Minority Leader Harry Reid (D-Nev.) and House Minority Leader Nancy Pelosi (D-Calif.) will headline the forum with other Congressional leaders at the Kennedy Recreation Center in Northwest Washington, D.C.

The leaders are taking a different approach to laying out the third component of their platform, holding an issues discussion rather than a ceremonial event designed to energize the party faithful.

Sources said the leaders plan to promote Democratic plans on health care, energy, the economy and education, while challenging what they argue are the failed policies of the Bush administration and the GOP-led Congress.

Joining Reid and Pelosi at the town hall will be Senate Minority Whip Dick Durbin (Ill.), Caucus Secretary Debbie Stabenow (Mich.), Democratic Senatorial Campaign Committee Chairman Charles Schumer (N.Y.), along with House Minority Whip Steny Hoyer (Md.), Caucus Chairman James Clyburn (S.C.) and Democratic Congressional Campaign Committee Chairman Rahm Emanuel (Ill.).

Democrats also have invited a student, a senior citizen, a farmer and a laid-off worker to help put a face to their initiatives.

In particular, Democrats will call for plans to increase the minimum wage, heighten access to health care and prescription drug coverage, improve retirement security, lay out a strategy for energy independence, boost college affordability, enact pay-as-you-go budgeting and drive down the price of gasoline.

"As Republicans seek to distract and divide and push their partisan priorities, Democrats will fight for the priorities of working families," said one senior Democratic aide. "We are listening to the concerns of everyday Americans and are united behind a positive agenda that will get America back on track."

Few of the specific agenda items are new, aides acknowledged. Some of the proposals have been part of the Democratic agenda for some time, while others have been crafted over the course of several months as the minority eyes the November elections.

This election is shaping up to be one of high stakes for both parties, and Democrats see their best chance in more than a decade to make significant gains. Some even suggest that the minority could win back at least one of the chambers, most likely the House, where Democrats believe they have a shot at regaining 15 Republican-held seats.

Still, Democrats continue to come under fire for failing to present themselves as a viable alternative to the Republican majority.

Republicans, as part of their election year strategy, are attempting to poke holes in the Democrats' ideas, and they accuse the minority of following an agenda of no ideas and "obstruction" of the majority's initiatives.

A senior Republican aide said that this week's Democratic event offers just one more example of a party trying "to recycle their same old tired efforts at an agenda." This staffer added, however, that the exercise "is certainly fun to watch if you are a Republican."

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Democrats, meanwhile, have spent the better part of a year narrowing down their 2006 message and policy blueprint for a prospective majority. The party initially planned to kick off its platform last November but pushed it off until January when attention on the Congress and the election was higher.

Democrats launched the first piece of the blueprint in January when they outlined plans to restore ethical standards to Congress and reduce the influence of lobbyists. Two months later, party leaders unveiled their second plank, laying out their national security and anti-terrorism agenda.

Pelosi: It's Definition Time For Democrats (HILL)

By Josephine Hearn

The Hill, June 13, 2006

With Republicans seeking to define Democrats by their votes on such hot-button issues as gay marriage, the estate tax and flag burning, House Minority Leader Nancy Pelosi (D-Calif.) is arguing that Democrats need to tell voters about themselves before Republicans succeed in doing it for them.

The time to criticize the Republicans' "culture of corruption," a Democratic refrain for nearly a year, is at an end, Pelosi said; Democrats need to begin promoting their own vision of America.

"Now it's time to talk about us. Enough of the Republicans. It's time for us to talk about what are the priorities we'd like to see addressed, if we have the opportunity," Pelosi said in an interview with The Hill on Wednesday.

Democrats have been struggling for months to devise a unified message to take to voters, debating whether to be general or detailed, to come out early or late, or to present a succinct list of points like the GOP's 1994 Contract With America. Pelosi has been seen as favoring an early message, while Rep. Rahm Emanuel (D-Ill.) and Sen. Charles Schumer (D-N.Y.), who head up the campaign committees for House and Senate Democrats, have argued for focusing on Republican misdeeds.

Democrats are poised this week to unveil a portion of their domestic-policy agenda dealing with family economic issues.

"What we have to do is define ourselves so that Republicans do not define us. This is a define-or-be-defined business that we're in, so you can't leave it out in the open," Pelosi said.

She outlined three areas where Democrats would seek to differentiate themselves from Republicans: integrity, civility and accountability. If Democrats were to take control of the House in November, their first actions would focus on promoting those values, she said.

"These are not full-blown initiatives," she cautioned, "[but] they are a beginning to differentiate from the Republicans' misguided priorities of taking us deeply into debt, bringing up divisive social issues instead and raising those issues instead of raising the minimum wage."

The three themes are similar to the message Democrats ran on in 2004, when they lost two House seats in part because of redistricting in Texas that defeated five Democratic incumbents. The Democrats' 2004 New Partnership for America's Future contained six "core values," of which accountability was one. Under accountability, Democrats called for "integrity in the electoral process" and "civility in public debate."

But perhaps more important, Pelosi is vowing to run the House — a body of Congress marked by intense partisanship for decades — in a bipartisan fashion.

"You can't name a Democratic bill that's come to [a vote] in the House of Representatives. That's just not right. … I would hope that we could find common ground [with President Bush and Hill Republicans] because I do believe bipartisanship is important."

Pelosi, regularly criticized by leading Republicans as an extreme liberal, has attracted praise from centrist House Democrats for her leadership approach. For instance, she has downplayed the chances Democrats in the next Congress would move to impeach Bush for his administration's controversial telephone surveillance program. Pelosi told The Hill last week that she is not interested in censuring Bush either.

But any majority Pelosi might have in 2007 will likely be slim, making bipartisanship a must if Democrats are to move legislation should they control the chamber.

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Even while she discussed the possibility of a Democratic House and her role as Speaker, Pelosi declined to predict that Democrats would take control, saying, "Five months from now is an eternity."

Some Democrats are concerned that when they do finalize their message and it comes time to broadcast it to voters they may not have the requisite money at the Democratic National Committee (DNC) to counter the growing war chest of the Republican National Committee (RNC).

Emanuel reportedly stormed out of a meeting with DNC Chairman Howard Dean, disgusted that Dean was spending money on his "50 State" program rather than hoarding it for congressional races.

The DNC had $9.4 million at the end of April, while the RNC had $44.7 million.

Pelosi called Emanuel's complaints legitimate.

"If we can't have enough money to do the get-out-the-vote, to do the grassroots, the field operations, then we'll have to do that ourselves, and that's what the party usually does, so I think that Rahm's right," she said.

Pelosi would not say whether she would ask Emanuel to serve another term as chairman of the Democratic Congressional Campaign Committee.

She likewise deflected a question about who would occupy certain leadership positions in a Democratic House. On Friday, Rep. John Murtha (D-Pa.) announced he would challenge House Minority Whip Steny Hoyer (D-Md.) for the position of majority leader.

"I'm even hard put to say what our agenda will be when we win, so I'm certainly not going into the politics of the caucus," she said. "That is as unimportant an issue to me right now as it could be."

Pelosi also responded to critics who have called her a poor spokeswoman for the party and lambasted her recent appearance on NBC's "Meet the Press."

"I have a big job to do here," she argued, noting that her critics did not have the day-to-day duties of a leadership post to contend with. "What do [the critics] do all day but get ready for their appearances? I don't have time for that. But when I do, that will be fine. I'm the leader for a reason, and my colleagues have confidence in me to do the job."

Hoyer praised Pelosi's leadership last week, calling her the hardest-working member of Congress he had seen in his 26 years in office.

"That's probably right!" she said of Hoyer's comments, which she had not seen. "I work constantly. I think it's so urgent that we win this election. ... I don't want to rest for one minute or one day until we can get through this election."

She dismissed a question about when she might retire. "Why would I even talk about such a thing?" the 66-year-old grandmother of five asked. "I haven't even gotten there yet."

She similarly dismissed her recent tension with the Congressional Black Caucus, a Democratic group that attacked her move to oust one of its own, Rep. William Jefferson (D-La.), from the Ways and Means Committee while he faces a government corruption investigation.

"I feel very confident about my relationships one on one with just about everyone in the Congressional Black Caucus. ... I value their advice and counsel. In these kind of situations, people have to do what they have to do. And so do I."

Excerpts from interview with Rep. Pelosi

Q: As you know, there's been some friction between [Rep.] Rahm Emanuel [D-Ill.] and Howard Dean, especially on fundraising. The Republican National Committee has a major fundraising advantage [over the Democratic National Committee (DNC)], and that can severely affect the effort to win back the House this fall. Do you think [DNC Chairman] Howard Dean is doing a good job?

A: The issue that Rahm has with Howard Dean I think is a legitimate one. We're exactly where we need to be. We've recruited the candidates, we've raised the issues and we have raised the money. We're competitive with the Republicans for first time ever. … I'm saying if we don't have enough money to counter the deluge of money from the Republican National Committee then it's a problem for us and Rahm is correct to point that out.

Q: What were some of the lessons you learned — this is your second election as leader — from 2004? What went right? What went wrong?

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A: It's two different elections altogether. … When I first became leader, we were putting together our ideas. People said to me, "It doesn't matter. Nobody's going to care. It's only about the presidential," and they were right. … But this is a completely different race, and I always analyze elections one race at a time.

Q: Would you like Rahm to stay on as chairman [of the Democratic Congressional Campaign Committee]?

A: I probably see Rahm's family in my office more than he sees them because of all the travel that he has to do. … I have a feeling his wife is counting the days.

Q: If you do in fact win the House, [Steny] Hoyer will be majority leader. Who will be whip?

A: You know what? We have to win the House first. I'm even hard put to say what our agenda will be when we win, so I'm not certainly going into the politics of the caucus, that is as unimportant an issue to me right now as it could be.

Q: There's been some headlines about your counterpart in the Senate, Sen. Harry Reid [D-Nev.]. Do you think there's anything he did wrong there, or are the Republicans trying to play politics?

A: I think it's the Republicans trying to play politics. I think they dug and dug and dug and dug and that's all they could come up with. Harry Reid is a person of faith and integrity, and I wouldn't mess with him near a boxing ring.

Q: But Senator [John] McCain [R-Ariz.] did [reimburse for boxing tickets] differently. …

A: I don't know that he did it differently. I have absolutely no idea what the facts are there. I just don't know. So I don't want to go into what Senator McCain did or what whoever did. … But that is nothing [compared to the allegations about GOP corruption]. That's quite a different thing than if someone handled boxing tickets correctly.

Q: There's a lot of speculation about [House Speaker] Dennis Hastert [R-Ill.], whether he'll stay or go. Do you see any end in sight for you?

A:No.

Q: Why?

A: Why would I even talk about such a thing?

Q: Well a lot of the members say they'd like to see their grandchildren more… But you see no end in sight?

A: The question is — we have to win, we have to achieve the goal. … I have absolutely no intention of engaging any conversation about when I'm leaving. I haven't even gotten there yet.

Q: Are you concerned with the Congressional Black Caucus [about Rep. William Jefferson (D-La.)]? Could that end up being a problem if you were ever Speaker, in the sense they will control four committee chairs, maybe even five?

A: I have a very long and serious and deep relationship with members of the Congressional Black Caucus. I feel comfortable when I go to that caucus, as I do any place in politics. We have shared values. We've worked hard on issues for many, many years. Some of us go back 30 years. … In these kinds of situations, people have to do what they have to do.

Agency Informs Workers About Data Theft (AP-Y2)

By H. Josef Hebert

AP2, June 12, 2006

Energy Department officials have informed nearly 1,500 individuals that their Social Security numbers and other information may have been compromised when a hacker gained entry to a department computer system eight months ago, a spokesman said Monday.

The workers, mostly contract employees, worked for the National Nuclear Security Administration, a semiautonomous agency within the department that deals with the government's nuclear weapons programs.

The computer theft occurred last September, but Energy Secretary Samuel Bodman and his deputy, Clay Sell, were not informed of it until last week. It was first publicly disclosed at a congressional hearing on Friday.

Bryan Wilkes, a spokesman for the NNSA, said about 800 workers were reached over the weekend and by late Monday all but a small number had been contacted. "We will keep calling until we get all of them," said Wilkes, adding that notifications also were being sent by mail.

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The security breach occurred in a computer system at a service center in Albuquerque, N.M. The file that was compromised contained the names, Social Security numbers, security clearance levels and place of employment of 1,502 people working throughout the government nuclear weapons complex.

The system contained sensitive, but not classified material, department officials said. The NNSA also has a more secure computer system that includes nuclear weapons data and other classified material.

NNSA Administrator Linton Brooks told a House hearing on Friday that he learned of the security breach late last September, but did not inform either the two men to whom he reports — Bodman or Sell.

Bodman learned of the incident last week.

Brooks blamed a misunderstanding for the communications failure.

Rep. Joe Barton (news, bio, voting record), R-Texas., chairman of the House Energy and Commerce Committee, on Friday said Brooks, a former ambassador and nuclear arms control negotiator, should resign over the incident.

Stevens on Monday declined to speculate on Brooks' future. Bodman wants the department's inspector general's office to investigate the communications failure.

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On the Net:

Energy Department: http://www.energy.gov

National Nuclear Security Administration: http://www.nnsa

Senator Wants Raise-for-Performance Pay System (WP)

By Stephen Barr

The Washington Post, June 13, 2006

A key senator plans to introduce a bill today that would require federal managers to provide their employees with a written performance evaluation each year and would prohibit pay raises for employees rated as less than successful.

Describing current requirements as "vague," Sen. George V. Voinovich (R-Ohio), who oversees the civil service as chairman of a Senate subcommittee, said his bill would strengthen the employee performance appraisal system and help lay the foundation for an overhaul of federal pay.

"We must engage in a dialogue about the future of the public service and ask the difficult questions about what we want it to achieve and how do we make it happen," Voinovich said in remarks prepared for the bill's introduction. "This conversation will make many people uncomfortable, but it must take place."

Following the Sept. 11, 2001, terrorist attacks on the World Trade Center and the Pentagon, Congress gave the green light to the departments of Homeland Security and Defense to revamp their pay and workplace rules so they could reward their best workers with higher pay. Last year, the Bush administration urged Congress to shift the rest of the government into pay-for-performance systems and abolish the largest government-wide pay system, the General Schedule, by 2010.

The administration's proposal fizzled, however. Congress signaled it would rather see how well the new rules at the Homeland Security and Defense departments worked before taking up government-wide pay changes. Unions, meanwhile, have slowed the rollout of the new rules at the two departments through lawsuits filed in federal courts.

Voinovich's bill appears designed to find middle ground between proponents and opponents of performance-based pay for the federal workforce. "Instead of taking one giant bite at the apple, I believe it will be easier for federal agencies to implement enhanced employee appraisals first," Voinovich said in the prepared remarks. "By instituting a more rigorous performance-management standard on top of the current General Schedule, I am optimistic this will create less anxiety among federal employees."

Numerous federal employees prefer the approach of the General Schedule, which provides predictable raises over the course of a career in government. In their view, the General Schedule protects them against favoritism and political pressure. They are wary of promises that a performance-based pay system could be administered fairly.

But Voinovich said he believes that pay for performance "can work" and that employees should receive "a rigorous evaluation each year and that their pay should be determined based upon their performance."

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"I would like to transform the culture of the federal workforce into a high-performing, continually improving organization," Voinovich added in his remarks. The government "must be as agile, nimble and intellectually energetic as the leading nongovernmental organizations or dot-com companies," he said.

Voinovich chairs the Senate subcommittee for federal management policy and federal workforce issues. His office provided an advance copy of his remarks, which expand on comments he made in May about tightening the government's job evaluation system.

Prospects for Voinovich's bill are uncertain. Congress is dealing with several contentious issues, such as Iraq and immigration, and is likely to be in session fewer days than normal because this is an election year. Unions and some Democrats also will probably raise numerous questions about the bill.

Voinovich said in the prepared remarks that he will pursue bipartisan support for his effort. The bill, he said, "is not set in stone, and I imagine that it will undergo many changes."Congressional Honors

The Blinded American Veterans Foundation will honor Sens. Larry E. Craig (R-Idaho) and Joseph I. Lieberman (D-Conn.) at its 21st annual congressional awards ceremony on Thursday.

The foundation, which is headed by John Fales and supports research, rehabilitation and reemployment of disabled veterans, also will present awards for media coverage and volunteer efforts on veterans' behalf. This year's corporate volunteer award goes to McCormick & Schmick's Seafood Restaurants.

Byrd Truly The Elder Statesman (WP)

By Charles Babington

The Washington Post, June 13, 2006

Robert C. Byrd, a champion of classical oratory in the Senate and pork barrel spending back home, yesterday became the longest-serving senator in U.S. history.

The West Virginia Democrat marked his 17,327th day in the Senate by visiting his wife's grave and then listening to several colleagues praise his career. Uncharacteristically for a man who has rhapsodized about spring, Mother's Day and countless other topics in the Senate chamber, Byrd left the floor without speaking, struggling to maintain his composure.

"My darling wife, I just wish she had lived to see this day," he told reporters as he left. Erma Ora James Byrd, who died March 25, would have turned 89 yesterday.

Byrd, 88, eclipsed the late Strom Thurmond (R-S.C.) in Senate tenure. He long has held the record for the most Senate votes cast, and Majority Leader Bill Frist (R-Tenn.) said yesterday that he "has held more leadership positions than any other senator."

Byrd aims to keep setting records, running this fall for a ninth six-year term, which would end when he is 95. In a state whose legislature named him "West Virginian of the 20th Century," Byrd is generally favored to defeat GOP business executive John Raese.

Although he is frail and walks with two canes, Byrd still gives theatrical speeches on the importance of preserving the Senate's traditional powers and other issues dear to him. Some of his most emotional orations in the past three years have involved the Iraq war, which he opposed from the start and considers a historic misadventure. He often rips President Bush, whom he has called "dangerous, reckless and arrogant," for launching the invasion with an incomplete assessment of Iraq's weapons.

Beyond Capitol Hill, Byrd's greatest legacy is in the asphalt, concrete, steel and hefty payrolls of the scores of federal projects he has steered to West Virginia from his Appropriations Committee seat, to which his ally Lyndon B. Johnson appointed him. He once said he wanted to be the state's "billion-dollar industry." Analysts say he exceeded the goal, planting major facilities for the FBI, the Treasury Department, Internal Revenue Service and many other agencies in the Mountain State.

Byrd's legacy has its darker sides, most notably his membership in the Ku Klux Klan as a young man eager to enter politics in the 1940s. He repeatedly calls it "the greatest mistake of my life" and acknowledges it will be part of his obituary.

Byrd's love of quoting the Bible, the Constitution, Shakespeare, Cicero, Thucydides and others is all the more notable because he entered office with one semester of college completed. He spent a dozen years in the West Virginia legislature and

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U.S. House before winning election to the Senate in November 1958. He earned a law degree at American University while he mastered the Senate's rules and climbed its leadership ranks.

Byrd co-wrote a four-volume history of the Senate and published a hefty autobiography last year, "Robert C. Byrd: Child of the Appalachian Coalfields." In an unusually testy exchange in 2002 with then-Treasury Secretary Paul H. O'Neill, Byrd attacked what he called executive branch abuses and arrogance, adding: "I lived in a house without electricity, too. No running water, no telephone, a little wooden outhouse. . . . I started out in life without any rungs in the bottom ladder."

Yesterday, Byrd played the humble official hoping to win one more election. "The people of West Virginia," he told reporters, "are the people to whom I owe the greatest of praise."

The Reliable Source (WP)

By Amy Argetsinger And Roxanne Roberts

The Washington Post, June 13, 2006

Washington Wives Were Goin' Out of Their Heads Over Faux Four Seasons

If the cast of Broadway's "Jersey Boys" had notions of celebrating hard after their big wins at Sunday's Tony Awards -- not a chance. They had a big date to keep with the Senate wives.

Oh, technically it was the Senate Spouses Club -- guys were invited, really! -- but it was clearly a chick thing as the four supple-voiced cuties who portray the Four Seasons in the jukebox musical serenaded Laura Bush's luncheon guests at the White House yesterday. The spouses of Senate and Cabinet members swayed and sang along to boomer classics such as "Big Girls Don't Cry," "Rag Doll" and "Can't Take My Eyes Off You." For one romantic song, cast member J. Robert Spencer asked to dim the East Room chandeliers "to set the mood." No go, but People magazine's Sandra Sobieraj spotted one wife jumping up on the press riser several times to get photos of the boys with her own happy-snap camera. Swoon!

The first lady caught the show in New York before her U.N. speech on AIDS a few weeks ago. Sunday night, after "Jersey Boys" won best musical, the whole cast bused down to D.C: Spencer, John Lloyd Young (best actor in a musical for his portrayal of Frankie Valli), Christian Hoff (upset winner for best featured actor) and Daniel Reichard .

Mrs. Bush hosted the luncheon to thank the group for a dress auction that raised funds for her library charity. The meal of grilled tuna, vichyssoise and white chocolate almond terrine was served on historic White House china going all the way back to the FDR years. Yeah -- totally a chick event!

Start Spreading the News: Bush Twin Decides She'll Take Manhattan

Sorry, Washington: We're back to being a one-twin town. Barbara Bush -- the dark-haired, older-by-minutes one -- has pulled up stakes for Manhattan, sources confirmed yesterday. What the First Daughter has planned for NYC remains unknown; the White House maintains a firm policy of not commenting about the twins' personal lives. But then, it was never clear what exactly she had been up to the past several months in D.C. After graduating from Yale in '04, Barbara campaigned for her dad's reelection, then vanished from the scene to volunteer quietly at a South African hospital last summer.

She resurfaced at Thanksgiving, around the time of her 24th birthday. While sister Jenna was tied down to her D.C. charter-school teaching job, Barbara got to accompany her mother to the Winter Olympics in Turin and the inauguration of Liberia's female president. When she was spotted last month on a multi-hour date with a cute guy at Alexandria's Indigo Landing, we all hoped that perhaps she had found reason to stick around town -- alas, apparently not.

A Federal Office Where Heraldry Of Yore Is Only Yesterday (NYT)

By Erik Eckholm

The New York Times, June 13, 2006

FORT BELVOIR, Va. — "A wives' tale," scoffed one official. "An urban myth," said another.

They would know. The officials were from the Institute of Heraldry, the government's chief guardian of insignia and heraldic tradition, and they were dismissing an oft-repeated canard about the presidential seal.

According to legend, the eagle in the seal faced the arrow-holding talon in times of war and switched its stern gaze toward the olive branch in times of peace.

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The eagle's glare did indeed get reversed — just once, by President Harry S. Truman in 1945. But only, it turns out, to correct the grievous heraldic error that President Rutherford B. Hayes had made 65 years before, when he designed the first seal to adorn White House invitations.

"In point of fact, the viewer's left is the dexter side, the honorable side on any shield," said Joe Spollen, head sculptor at the heraldry institute, which among its other duties nurtures rules and terminology from the Middle Ages. "The sinister side, on the viewer's right, is the less honorable."

And so Truman, after learning the truth from the director of the heraldry office at the time, switched the gaze from sinister to dexter, where it remains today.

The Institute of Heraldry, located for historical reasons within the Army, has a budget of $2.3 million and 24 employees, including four well-schooled "heraldic designers." But the handiwork of this little office has had an outsize influence on the public face of the military and the government.

All plaques bearing presidential or vice-presidential seals, as seen on news conference lecterns and the bulkhead of Air Force One, are hand-sculpted and painted here.

The institute, conjoining modern images with ancient traditions, designs the shoulder insignia unique to every military unit and supervises their production. It designs military medals, with the Iraq Campaign Medal being one of the latest. It also, together with the captains, designs a custom coat of arms for every new ship in the Navy.

Though civilian agencies are not required to hire the institute's services, many consult it when they need a new seal for their doors and stationery.

"People rally around these symbols," said Charles V. Mugno, a retired Marine officer who heads the institute. "Each seal carries the strengths and identity of an institution."

Every new sub-office of the bureaucracy, it seems, needs its own emblem. So when the Pentagon recently created an obscure civilian agency called the Test Resource Management Center, which evaluates range and test facilities for the military, the heraldry institute was ready and able.

As the institute describes the final design, three crossed arrows signify the new center's three areas of responsibility: oversight of facilities, strategic planning and reviewing of budgets. A chevron of white and green is crisscrossed with grid lines, to evoke "a graph and the measurement of resources."

"America has a funny relationship with heraldry," said Francois Velde, an economist at the Federal Reserve Bank of Chicago who is an amateur expert and maintains the heraldica.org Web site.

The Constitution expressly forbids the government to grant titles of nobility, but nearly half the signers of the Declaration of Independence had family coats of arms, Mr. Velde noted.

"The association of heraldry with aristocracy is really inaccurate," he said. "It's a system of identification for people and institutions, not just nobles and knights."

The intricate rules governing symbols and colors emerged rather suddenly in 12th-century Europe, Mr. Velde said, and spread quickly.

In the United States, European-style coats of arms, with lions and Latin, have been especially popular with universities, but several presidents were also "armigerous," as the American Heraldry Society describes them, including Washington and both Roosevelts.

President Dwight D. Eisenhower called on the heraldry office to invent his — featuring an anvil, a crest of five stars and the motto "Peace Through Understanding" — because he needed family arms in order to receive the Order of the Elephant from the Kingdom of Denmark.

The founding fathers wasted no time in devising a distinctly American seal. In 1782, years before the Constitution, Congress adopted the same two-sided Great Seal visible on every dollar bill today, describing it in full-fledged heraldic argot. On the front side is the familiar eagle, "holding in its dexter talon an olive branch, and in his sinister a bundle of 13 arrows," and in his beak a scroll inscribed "E pluribus unum." On the reverse side, "a pyramid unfinished" and "in the zenith an eye in a triangle, surrounded by a glory, proper."

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From the beginning, the Great Seal's eagle faced the dexter talon; why President Hayes switched directions for his similar-looking presidential emblem is lost to the ages.

Mr. Mugno, the institute director, had been a student of military heraldry and said he got a thrill at the outset of the Iraq war, while he was still in the Marines and working in the Pentagon, when his proposal for the campaign medal was used on the reverse side.

The front of the medal, given to all who serve in Iraq, is a map of the country surrounded by palm wreaths. The back, drawing on Mr. Mugno's idea, features the Statue of Freedom from atop the Capitol and two scimitars with their blades arcing downward — a deliberate inversion, Mr. Mugno said, of a giant arch of crossed swords that Saddam Hussein had built in honor of himself in Baghdad.

When he heard that the institute directorship was coming open, Mr. Mugno said, he could not resist applying, even though it meant he had to retire from his beloved Marines. He has a dream for this office, he said, which could play a far more systematic role in overseeing the nation's insignia.

"Should there be a National Institute of Heraldry?" he asked. "One office overseeing the symbolism of the country and setting the standards?"

Correcting The Hayden Record (WSJ)

The Wall Street Journal, June 13, 2006

So what should we think of a senior official who knocks his own Administration to win easy Senate confirmation, apologizes profusely in private and promises to correct the record, and then fails to follow through on his promise?

That's the behavior of newly minted CIA Director Michael Hayden, who has done the Bush Administration a huge disservice by reinforcing the Democrats' "Bush lied" theme in his confirmation testimony. At his Senate hearing last month, General Hayden told Michigan Democrat Carl Levin not once but twice that he was not "comfortable" with intelligence-related work that had been done by an office reporting to former Undersecretary of Defense Doug Feith. He also suggested such work had been "wrong," "inaccurate," and "misleading."

As General Hayden would have known all too well, Mr. Feith's office has been an obsession of Senator Levin, who contends despite all evidence that mistakes on Iraq intelligence were all the fault of civilian appointees at the Pentagon. The truth, as a bipartisan report from his own committee attests, is that the CIA made most of the errors on its own.

Not surprisingly, Mr. Feith called General Hayden to object to his testimony. And, according to Mr. Feith, General Hayden was apologetic. He said he had not intended to say what he appeared to, and promised to issue a statement correcting the record. Arizona Senator Jon Kyl tells us he had a similar conversation with General Hayden, during which the CIA director promised a remedial letter that could be entered into the Congressional record. "He told us he did not intend those remarks to suggest Doug Feith or the Department of Defense did anything wrong, inaccurate or misleading. That is precisely what he told me," says Mr. Kyl.

But the General's subsequent effort, provided to us by Mr. Kyl, is no retraction or correction at all. It says only that his concern about bad intelligence methodology "is not confined to any specific program." Both Mr. Feith and the Senator have asked Mr. Hayden to be more specific, but so far to no avail. Mr. Hayden also declined to comment for this editorial.

Let's be clear that while the CIA director apparently insists he was offering a generic statement on intelligence craft, he was not asked a generic question. Here's the exchange:

Senator Levin: "While the intelligence community was consistently dubious about links between Iraq and al Qaeda, Mr. Feith produced an alternative analysis, asserting that there was a strong connection. Were you comfortable with Mr. Feith's office's approach to intelligence analysis?"

General Hayden: "No, sir, I wasn't . . . No, sir, I wasn't comfortable."

Mr. Levin: ". . . well, what were you uncomfortable about?"

General Hayden: "Well, there were a couple of things." He then went on to suggest that, in the case of al Qaeda links to Iraq, the Pentagon had somehow become too "laser beam focused" and had not recognized "left-and-right-hand boundaries,"

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whatever in the world that meant. And the General added, "That would be very wrong. That would be inaccurate. That would be misleading."

These and other similar remarks obviously pleased the likes of Senator Levin, who cited them specifically in justifying his vote for confirmation, and led other Democrats to back General Hayden in the 78-15 confirmation vote. But the remarks also fed an antiwar Democratic mythology evident in the fallacious premise of Senator Levin's question.

Mr. Feith's office did not freelance an "alternative analysis." Much of the work it did on the Iraq-al Qaeda connection was a response to a question for the record posed by the Senate Intelligence Committee itself. Nor did the Defense Department "assert" a "strong connection." Judging by leaked excerpts of the still highly classified work printed in the Weekly Standard, DOD merely provided the committee with a list of raw intelligence items on the topic.

The issue here is bigger than the credibility of General Hayden, or of Mr. Feith. Senator Levin has been pushing the Senate Intelligence Committee to publish a report, before this November's election, that would accuse Bush officials of misusing intelligence to push the country into war. General Hayden has played into the Senator's highly partisan, and historically inaccurate, hands. We can understand why the General is reluctant to take back his testimony at this stage and risk offending Mr. Levin, who can make life miserable for the CIA chief. But the General also has an obligation to the truth and to the President who appointed him.

His testimony, along with his subsequent failure to follow through on promises to correct the record, do not make for an auspicious, truth-telling start at CIA.

OTHER NEWS:

Broad Economic Worries Drive A Global Sell-Off (NYT)

By Vikas Bajaj And Jeremy W. Peters

The New York Times, June 13, 2006

Fears about higher interest rates, rising inflation and a slowing economy sent stocks sharply and broadly lower yesterday, with emerging markets taking the biggest hit.

In the United States, the Standard & Poor's 500-stock index fell 1.3 percent, erasing all of its gains for the year and closing at its lowest level since November. The Nasdaq fell more than 2 percent and the Dow Jones industrial average fell almost 1 percent.

But the damage was far worse in some other parts of the world. Trading at the Colombian stock exchange was briefly halted after its benchmark index fell more than 10 percent. Mexico's benchmark stock index fell 4.3 percent, its biggest one-day decline in more than three years. Markets in India, Brazil and Hungary also tumbled.

Emerging markets had enjoyed a strong surge in recent years because low interest-rate policies around the world pumped cheap money into the global economy, analysts said.

"Global liquidity has helped drive a lot of these risky assets," said Larry Adam, chief investment strategist at Deutsche Bank Alex.Brown. "And now you are seeing this flight to quality," including cash and investments in developed countries, he said.

At first glance, stocks in the United States and Western Europe do not appear to have benefited from the emerging-market retreat, but money coming out of emerging markets may be helping to cushion the blow, Mr. Adam said.

Yesterday's sell-off started early and gathered pace throughout the day. Some analysts suggested that a major catalyst was a speech by the president of the Federal Reserve Bank of Cleveland, Sandra Pianalto, in which she said that inflation was higher than her "comfort level."

Ms. Pianalto was the latest Fed official to express concerns about inflation in the last several days, a drumbeat that many investors think is a not-so-subtle message that the central bank will raise short-term interest rates, now at 5 percent, at its next meeting on June 29. Earlier, the Fed had indicated that it might pause in its two-year campaign of raising rates.

The Fed is "adding to a little of this hysteria that is building," said James W. Paulsen, chief investment strategist at Wells Capital Management.

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To be sure, Ms. Pianalto, who is one of the 11 officials who vote on Fed's interest rate policies, said that inflation, though worrisome, was not an ominous threat to the economy.

"Measures of long-term inflation expectations have been mixed lately, but, on the whole, I regard them as remaining contained," she said to a gathering of the Broadcast Cable Financial Management Association in Florida. The challenge of Fed policy makers, she said, "is to make sure that they stay contained."

The government will issue reports on wholesale and consumer inflation today and Wednesday. Excluding energy and food prices, economists expect both the producer price and consumer price indexes to have risen 0.2 percent in May, a rate considered to be modest by most experts.

The biggest loser yesterday, as in the last few weeks, was the technology industry. Many large technology companies, struggling to match past growth as they mature, have been lowering their profit projections.

For the second quarter, the technology area's profits are expected to fall 2 percent from the same period last year while the overall increase in the S.& P. 500 is expected be 10 percent, noted Howard Silverblatt, senior index analyst at Standard & Poor's. "This is supposed to be a growth industry," he said.

The Nasdaq was led downward by Qualcomm, the maker of wireless technology, which fell 5 percent yesterday after it filed a complaint against its rival Nokia as part of a lengthy patent fight.

Shares of Apple fell almost 4 percent, apparently reflecting investors' concerns about efforts by some European countries to force the company to open up its music software to devices other than the iPod.

One of the few exception to yesterday's broad sell-off was General Motors, which rose 43 cents, or 1.7 percent, to $25.78. It was the Dow's biggest gainer. The shares moved higher as the president of the United Automobile Workers, the company's biggest union, told members that the union would have to rethink its traditional positions to ensure the domestic automobile industry's survival.

The stock also appeared to be reflecting investors reaction to news of an agreement late Friday that could avert a costly strike at G.M.'s largest supplier, Delphi.

Many market experts remain convinced that the recent correction in stock prices will prove temporary and will be contained to a few areas. They note that inflation, though rising, remains low by historical standards.

But the market's volatility has intensified and will probably remain high, analysts say.

"It is a retrenchment," Mr. Silverblatt said. But "companies are still in good shape."

The Dow fell 99.34 points, to close at 10,792.58, its lowest level since Feb. 7. The S.& P. 500 declined 15.90 points, to 1,236.40. The Nasdaq fell 43.74 points, to 2,091.32. The Russell 2000 stock indexof smaller-capitalization companies, fell 18.2 points, or 2.6 percent, to 683.19. Declining issues led advancing stocks by 3½ to 1 on the New York Stock Exchange.

Treasuries fell slightly. The price of the benchmark 10-year note fell 1/32, to 1014/32. The yield, which moves in the opposite direction of the price, rose to 4.98 percent, from 4.97 on Friday.

Here are the results of yesterday's auction of three- and six-month Treasury bills:

Dow Industrials Tumble 99.34 Points As Rate Worries Continue To Take Toll (WSJ)

By E.S. Browning

The Wall Street Journal, June 13, 2006

Continuing interest-rate anxiety drove the Dow Jones Industrial Average down an additional 99.34 points, marking the sixth decline in the past seven sessions and leaving it up less than 1% for the year.

The beleaguered Nasdaq Composite Index, whose many technology stocks have been under attack for weeks, fell 2.05%, or 43.74 points, to 2091.32. That put the Nasdaq down 11.8% from the five-year high it hit in April. Wall Street terms that a correction -- or a decline of more than 10%. The Nasdaq is at its lowest point since October, though still well short of a bear market -- or 20% decline. It is down 5.2% since the year began.

The Dow industrials, which fell 0.91% to 10792.58, are 7.3% off the six-year high they hit last month. They are short of a 10% correction but up just 0.7% since the year began.

Some emerging markets tumbled again; shares in India fell 3%, and Brazil and Mexico slid more than 4% each.

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Investors fear another quarter-point interest-rate increase when the Federal Reserve holds its next policy meeting on June 28 and 29. Many people are concerned about more rate increases after that, and worry that the higher rates will spread pain through the economy, crimping consumer spending and corporate profits.

Adding to the anxiety, the government releases May wholesale-price data today and consumer-price data tomorrow. On top of that, Fed Chairman Ben Bernanke was scheduled to speak three separate times this week, most notably Thursday to the Economic Club of Chicago.

"The speeches and the inflation data are holding people at bay," keeping them from buying stocks, said Mike Viracola, head of trading at brokerage firm Canaccord Adams, based in Boston.

Stoking the interest-rate concerns, Cleveland Federal Reserve Bank President Sandra Pianalto told a business group that inflation at recent levels "exceeds my comfort level."

Some investors were surprised that the Dow industrials and Standard & Poor's 500-stock index last week both posted their worst weekly declines in more than a year. They are worried that interest-rate uncertainty could last into the summer.

The S&P 500 yesterday fell 1.27%, or 15.90 points, to 1236.40. It is down 1% for 2006, 6.7% off its recent high and at its lowest point since last year.

But higher interest rates make the dollar more desirable, so the U.S. currency continued its rebound against the euro and the yen. Oil and gold fell.

In major U.S. market action:

Stocks retreated. Total trading volume for stocks listed on the New York Stock Exchange was 2.25 billion shares; 716 stocks rose and 2,591 fell.

Bond prices were mixed. The 10-year Treasury note fell 1/32, or 31 cents for each $1,000 invested, pushing the yield up to 4.983%. The 30-year bond was up 1/32 to yield 5.024%.

The dollar strengthened. The currency traded at 114.30 yen, up from 113.97, while the euro fell against the dollar to $1.2599 from $1.2642.

S& P 500 Tumbles To A 7-Month Low As Once-Key Sectors Fall Out Of Favor (WP)

By Brooke A. Masters

The Washington Post, June 13, 2006

NEW YORK, June 12 -- U.S. stocks continued their five-week slide Monday as the Dow Jones industrial average lost about 100 points and the Standard & Poor's 500-stock index fell to its lowest point in seven months, erasing all its gains for 2006.

World stock indexes from Germany and Britain to Mexico and Egypt also did badly as investors concerned about a tightening world monetary supply continue to flee high-risk investments such as emerging markets and commodities.

The tremendous amount of money available to be invested "fueled the commodity boom, the housing bubble, and the small and microcap stocks," said Liz Ann Sonders, chief investment strategist for Charles Schwab & Co. "Now the tide is going out, and it's taking out the same boats that it brought in."

The Dow, which closed at 10,792.58, has fallen 7.3 percent since its recent peak on May 10. The S&P 500, which closed at 1236.40, down 15.9, has dropped below its December 2005 close and is down 6.5 percent since the May peak. The technology-heavy Nasdaq composite index, which fell 43.74 to close at 2091.32, is down nearly 10 percent since May.

Among the big losers since that peak: housing-related firms, including KB Home, Home Depot Inc. and Pulte Homes Inc.; and industrial companies such as Caterpillar Inc., Alcoa Inc. and 3M Co.

The speed of the decline has surprised analysts, many of whom still believe that the U.S. economy is in reasonable shape and will continue to grow, albeit at a slower pace.

Hedge funds and other institutional investors may be one reason for the slide, said Dreyfus Corp. chief economist Richard B. Hoey. Over the past decade, these lightly regulated investment pools have exploded in size from $500 million in assets under management in 2000 to more than $1.1 trillion today, and many of them use borrowed money to make short-term trades to try to capitalize on market momentum.

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While small investors "tend to react slowly, hoping it will turn around, this leveraged institutional money, when [the market] stops going, they tend to get out fast," Hoey said.

Some market watchers also argue that some investors are worried that the central banks in general -- and the Federal Reserve in particular -- will overreact to the early signs of inflation that emerged last month and raise interest rates high enough to push the U.S. economy into recession.

U.S. investors are waiting for two key monthly economic reports that may give clearer signals about inflation: the producer price index, due to be released Tuesday, and consumer price index, which comes out Wednesday. Most economists expect the core CPI rate, minus energy and food, to be up two-tenths of a percent.

If it comes in lower "you're going to see a monster rally," predicted Alec Young, equity market strategist for Standard & Poor's. "With every [down] day like this the risk-reward ratio gets more and more favorable, especially for people who didn't have a lot of money in the market run-up of the last three years."

But Schwab's Sonders cautioned that the tighter money supply could continue to put a damper on stock prices. "I don't see a near-term buying opportunity," she said, adding that Schwab is encouraging its customers to keep more money than usual in cash.

Nasdaq Arrives In Correction Zone (USAT)

By Matt Krantz

USA Today, June 13, 2006

A month ago, investors focused on the market's multiyear highs and how long-term damage to their portfolios was finally being erased. Now, the focus is on how quickly the bull market is limping toward the rendering plant.

Monday, stock investors got a double dose of bad news as the Nasdaq composite officially entered correction territory. The Nasdaq bled 44 points to 2091, knocking it down 11.8% from its 2006 high in April and down 5.2% for the year. A correction is commonly considered a more than 10% drop from a recent high.

And if that wasn't dire enough, the benchmark Standard & Poor's 500 dipped into the red for 2006 for the first time this year after falling 16 points to 1236. That's down only 1% from where it ended 2005 but a big reversal from its 6.2% gain for 2006 back on May 5.

Troubles with the mainstream Nasdaq and S&P make some suspect what started as a pullback in speculative assets such as commodities, emerging markets and small-company stocks is spreading. That would not be a happy prospect. For example, emerging markets measured by the iShares MSCI Emerging Markets ETF fell 3.7% Monday and have lost 25% since early May.

Talk is quickly morphing into speculation about a possible bear market. Already, the S&P is down 6.7% from its 2006 high and the Dow Jones industrials 7.3%. “This is a first leg of a moderate bear market,” says Charles Blood, strategist at Brown Bros. Harriman.

The troubles suffered by speculative areas of stocks, most recently the Nasdaq, are spreading because of:

•Tighter cash. Ready access to cash, enabled by accommodative global central banks, is ending, says Liz Ann Sonders, strategist at Charles Schwab. “There were tremendous amounts of individual investor, hedge fund and mutual fund money all moving in the same direction,” she says. Now, “Investors of all kinds are rushing to the exits.”

It's happening worldwide. Japan, for instance, has seen its money supply contract by 15% over the past two months, says Michael Holland, chairman of Holland & Co. That leaves less cash to buy “our stocks and commodities,” he says.

•Loser mentality. Hedge funds and other large investors, burned by big bets on commodities that have gone sour, are hoping to end the pain by selling mainstream assets, Holland says. “There is a negative psychology,” he says.

•Leadership vacuum. Even the big tech idols, Microsoft and Intel, are getting hammered as investors frustrated by waiting six years for gains are finally giving up, says Louise Yamada of Louise Yamada Technical Research Advisors.

Sonders says large-company stocks may hold up better than the riskier parts of the markets, as they have historically done. But she warns nothing is safe: “We have not seen a bottom.”

Fed Officials Reveal More Worries About Inflation (USAT)

By Barbara Hagenbaugh

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USA Today, June 13, 2006

WASHINGTON — Federal Reserve policymakers continued to sound inflation alarms Monday, strengthening expectations that they will raise interest rates for a 17th-straight time when they meet this month.

"The recent news on inflation troubles me," Cleveland Fed President Sandra Pianalto said in a speech to members of the Broadcast Cable Financial Management Association in Orlando. She noted the so-called core consumer price index, which excludes volatile food and energy prices, rose more than 3% at an annual pace during the first three months of 2006.

"This inflation picture, if sustained, exceeds my comfort level," she said.

Board Gov. Susan Bies also said inflation data have been coming in high. She said the economy is growing rapidly, while energy prices are high — factors that could add to already elevated price pressures.

"At some point, that's putting pressure" on inflation, Bies told members of the Financial Women's Association here.

The latest inflation talk came a week after Fed Chairman Ben Bernanke jolted financial markets when he said inflation had risen to an "unwelcome" level. Stock prices continued falling Monday as investors were unnerved by the Fed officials' latest inflation warnings.

Earlier this month, investors and economists were evenly split about the chances the Fed would raise interest rates — its weapon against price pressures because higher interest rates curb borrowing and spending — at the next meeting June 28 and 29. Since the chairman's speech, the odds on another quarter-percentage point rate increase have risen significantly.

Helping cement those expectations: Other Fed officials, including Gov. Donald Kohn and the Atlanta Fed's Jack Guynn, also said last week that inflation is above desirable levels.

"It looks like they are all in agreement," says Christopher Rupkey, chief financial economist at Bank of Tokyo-Mitsubishi in New York. "They are very afraid of letting inflation get away from them."

Bernanke did not discuss inflation, the economy or the outlook for interest rates in a speech Monday to the American Bankers Association's Stonier Graduate School of Banking, mainly focusing on risk management practices for banks.

Fed officials have raised the target for short-term interest rates 16 times in quarter-percentage point steps over the past two years. That's been partly to remove stimulus the Fed put in place earlier this decade when it lowered rates to bolster a slowing economy.

The Fed's target for short-term interest rates, which influence borrowing costs across the economy, is 5%, the highest in more than five years. But that's considerably below the 6.5% peak hit in the last rate-raising cycle, which ended in 2000. Both Bies and Pianalto said the Fed likely isn't far from the interest rate peak for this cycle. But where that end point is, is unclear.

"If you ask me today, 'Sue, where are you going to stop?' I couldn't tell you," Bies said. "The economy is much stronger if we keep inflation low. That is why we are focusing on it."

More inflation news arrives today when the Labor Department issues data on producer prices in May and Wednesday when it reports on consumer prices. Rupkey says even if the data point to a small amount of inflation, the Fed will raise rates this month.

"It's not so much that inflation is a problem right now, but what about six to nine months from now?" Rupkey says. "Because inflation is so threatening, it's time to take away the punch bowl, because the economic party is in full swing."

Mr. Dummar Is Back, Taking Another Shot At The Hughes Estate (WSJ)

By Jonathan Karp

The Wall Street Journal, June 13, 2006

Melvin Dummar had long since given up on getting a share of the late billionaire Howard Hughes's fortune. And for good reason: In 1978, Mr. Dummar became a national joke when a Las Vegas jury ruled that the basis for his claim -- a handwritten will that surfaced mysteriously -- was fake.

"I've never really gotten over it," Mr. Dummar says. "For 30 years, everybody just laughed at me and treated me like some kind of criminal, a forger. Until a few months ago, I thought it was a lost cause."

But now Mr. Dummar is back, seeking another day in court and what he considers his rightful share of Mr. Hughes's estate. In a lawsuit filed yesterday, Mr. Dummar claims to have new evidence and a compelling new witness: a pilot who says he flew the late Mr. Hughes to a brothel near where Mr. Dummar claims he happened on to him.

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With the suit filed yesterday in federal district court in Salt Lake City, Mr. Dummar began another chapter in one of the wildest estate battles in U.S. history.

When the eccentric billionaire died in 1976, Mr. Dummar (pronounced Doo-MAR) emerged as an improbable heir. He said a will delivered to a gas station he ran in Utah entitled him to $156 million, a reward for the night in 1967 when he said he had found a dazed man face down on a desert road and drove him to Las Vegas. That man, Mr. Dummar claimed, told him he was Howard Hughes.

But Mr. Dummar's tale fell apart at trial. And he got nothing but a dubious place in history, folklore and Hollywood, thanks to the Oscar-winning 1980 film "Melvin and Howard."

Now 61 years old and eking out a living delivering meat along those same desolate Nevada roads, Mr. Dummar is hoping for a real-life sequel. His co-stars this time include an author who once was a Federal Bureau of Investigation agent; a former Hughes pilot who is breaking his silence; a prostitute with a diamond-encrusted tooth; and a lawyer who has a weekly radio show about estate planning.

The lawsuit is based on new evidence that purportedly corroborates Mr. Dummar's claim that Mr. Hughes indeed was in the desert that late-December 1967 night. The defendants are two elderly Hughes beneficiaries: William Lummis, the main family heir, and Frank Gay, a former Hughes executive. Mr. Dummar alleges fraud, unjust enrichment and racketeering during the probate case, and requests $156 million, plus interest since 1978, and punitive damages.

Admitting the odds are long, Mr. Dummar says this won't be a "cakewalk." The new complaint doesn't specifically ask the court to reconsider the validity of the will. Rather, it contends, among other allegations, that Mr. Dummar was cheated out of a fair trial because Messrs. Lummis and Gay allegedly concealed evidence of Mr. Hughes's movements. Mr. Dummar's allies hope that new witnesses and indirect evidence will be enough to generate a settlement, if not a favorable verdict.

Mr. Lummis, a cousin of Mr. Hughes, declined to comment. At 77, he lives in Houston and serves as a trustee for the nonprofit Howard Hughes Medical Institute. Mr. Gay, 85 and living in the Houston suburb of Humble, also declined to comment. He recently stepped down from the medical institute's board of trustees, his last tie to the Hughes empire.

The original Dummar claim was based on a document dubbed the "Mormon will," because it was disclosed by the Mormon Church. The will divided Mr. Hughes's $2.5 billion estate among several medical, educational and social groups, and relatives and employees. The Mormon Church was to receive one-sixteenth of the fortune, as was "Melvin DuMar."

But his credibility collapsed under attack by Hughes family lawyers. Mr. Dummar admitted he had lied when he said he didn't know about the will. In fact, he had steamed open an envelope left with him but addressed to the president of the Mormon Church. Because he had read it, he knew he was a named beneficiary when he dropped the envelope off at Mormon headquarters in Salt Lake City. The seven-month trial featured dueling testimony by handwriting and ink experts. Moreover, the Hughes entourage argued that the industrialist never left the suite he holed up in at Las Vegas's Desert Inn between 1966 and 1970. Therefore, Mr. Dummar couldn't be telling the truth about his supposed desert encounter with Mr. Hughes.

Broke from the trial and scorned as a con man, Mr. Dummar drifted from job to job and settled in Brigham City, Utah. He started Dummar's Premium Food -- bacon is his best seller -- and makes four-day delivery runs to rural Nevada and Wyoming in a pickup with nearly 400,000 miles of wear, and a broken radio and air conditioner.

Mr. Dummar suffered two bouts of non-Hodgkin's lymphoma. In 2002, bald from chemotherapy and bedridden, he had a visit from Gary Magnesen, a former FBI agent who is the brother of a man for whom Mr. Dummar had worked. Mr. Magnesen took an interest in the case. "I was very skeptical of Melvin, but I decided to investigate as a personal challenge," says Mr. Magnesen, who in the FBI had battled organized crime in Las Vegas for 16 years.

At his own expense, Mr. Magnesen tracked down Hughes associates and pored over obscure property deeds. His confidence in Mr. Dummar grew as he developed a theory about why the reclusive billionaire might have ventured to the wasteland northwest of Las Vegas: Mr. Hughes had been buying mines in the area where Mr. Dummar said he found him.

Then a man named Robert Deiro -- once a Hughes Tool Co. pilot -- surfaced with a sexier explanation. Mr. Deiro had long dismissed Mr. Dummar as a charlatan. But in 2004, Mr. Deiro, a Las Vegas businessman, read a story in the Las Vegas Review-Journal that sent him bounding for the telephone to contact Mr. Dummar. A detail in the article, in which Mr. Dummar was interviewed, made him think: "Jesus Christ, this guy's telling the truth!"

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That clue was Mr. Dummar's stray reference to finding Mr. Hughes near the Cottontail Ranch brothel. In 1967, Mr. Deiro was managing a North Las Vegas airport owned by Mr. Hughes and occasionally flying the boss on discreet missions. One night between Christmas and New Year's, Mr. Deiro says, he flew Mr. Hughes to the holiday-festooned Cottontail for a regular tryst with Sunny, a redhead who had a diamond in an upper incisor. "You couldn't see it unless she smiled broadly," he recalls. "She was the class of the field."

By Mr. Deiro's account, he fell asleep on a banquette in the brothel's kitchen, waking up around 4 a.m. to be told that his "friend," Mr. Hughes, had left. Mr. Deiro flew back to Las Vegas. No one mentioned the incident, and he never again saw Mr. Hughes or the aide who had arranged the secret flights.

Mr. Deiro says before that fateful night, he and Mr. Hughes had been in frequent contact. They flew together to scout sites for Mr. Hughes's dream: an airport for supersonic airliners.

Having run a side business of "midnight special" flights to brothels from Las Vegas, Mr. Deiro says he assumed that role for Mr. Hughes. On their first jaunt, "I had to get $100 from petty cash, and Hughes took it from me to pay," he recalls. In 1967, he says, he flew the billionaire to meet Sunny twice at Ash Meadows brothel and twice at Cottontail.

Mr. Deiro left Hughes for an aviation job in California that he believes Mr. Hughes arranged. Before he quit Hughes, he says, his boss ripped out pages of his pilot logbook to get rid of records of the brothel runs, and Mr. Deiro says he had to sign a nondisclosure agreement. He decided to go public after the 2004 newspaper article because "I felt instant empathy for Melvin. I realized he'd been diddled," the 68-year-old says.

Mr. Magnesen, the former FBI agent, checked Mr. Deiro's background and worked his account into a book about his investigation, which he published late last year. The revelations would have been little more than consolation to Mr. Dummar had Stuart Stein not read the book and called him.

Mr. Stein is an estate-planning lawyer in Albuquerque. He invited Messrs. Dummar and Magnesen to be guests on his Saturday morning radio show in January. Besides its entertainment value, Mr. Stein felt, the Hughes case was a cautionary tale: Let a professional prepare your will to avoid any probate "silliness." After some research, the 59-year-old lawyer agreed to represent Mr. Dummar. "It's karma coming back to right a terrible wrong," Mr. Stein says.

It could also make several people very rich if Mr. Dummar wins -- or settles. Mr. Stein, as his lawyer, stands to collect a share. Mr. Magnesen says he will collect 10% of any court award. Mr. Deiro, who says he used to get kickbacks from brothels in his pilot days, says, "I don't have a dog in this hunt. I have my own money."

Getty Book Deal Led To Questions Of Conflict (LAT)

By Ralph Frammolino And Jason Felch, Times Staff Writers

The Los Angeles Times, June 13, 2006

Ex-board chairman got contract after leaning on Munitz and others for pay and perks.

Former J. Paul Getty Trust chief Barry Munitz agreed to pay retired Getty board Chairman David Gardner nearly $300,000 to write a coffee-table book after Gardner left the foundation's board in 2004.

Gardner was hired to write the book just months after he intervened on Munitz's behalf to help the chief executive secure a five-year contract rather than the one-year extension some board members favored.

The book deal came after years of pressure from Gardner on Munitz and other Getty officials to find a way to compensate him for his service on the board, records and interviews show. The will of J. Paul Getty, whose oil fortune financed the educational trust that bears his name, specifically stipulates that board members are to serve without pay.

Plans for the book, which was to commemorate the Getty's 25th anniversary, were canceled in March, a month after Munitz resigned amid turmoil at the nonprofit foundation — but not before Gardner had collected $178,000 over 19 months for little work.

Gardner says he produced a rough outline during that time but did not conduct interviews or begin writing. He blamed his lack of progress on the trust, which he said did not provide the necessary cooperation.

Internal Getty documents show that Munitz and his staff were discussing a book deal for Gardner in 2003, while Gardner was chairman and Munitz was negotiating his own contract. Around the same time, Munitz also spoke directly to Gardner about

writing a book after he stepped down as chairman, according to two former Getty officials familiar with the discussions. Citing ongoing investigations of the Getty, the officials asked not to be identified.

Munitz and Gardner, a former president of the University of California, deny any impropriety in the book deal.

Several experts on the laws governing nonprofits, however, said that discussions of the book deal while Gardner was chair created a potential conflict of interest, because both men stood to benefit personally from the official actions of the other.

They said that the book deal could also be viewed by tax authorities as a waste of the Getty's charitable assets — because no book was produced — or even as an "inurement," a serious misuse of tax-exempt resources to benefit an insider. Though rarely pursued by the IRS, a finding of inurement can lead to revocation of tax-exempt status.

"This is beyond self-dealing," said Frances Hill, a professor at the University of Miami School of Law. "It's insiders with a sweetheart deal."

Munitz and Gardner, who have known each other for 30 years, say there was no connection between the contract talks and the book assignment.

"There was absolutely no deal or arrangement linking the [book] project and the contract," Munitz said in an e-mail to The Times.

He added that Gardner, who sat on the executive compensation committee, played no direct role in negotiating Munitz's 2004 contract. Like most other board members, Gardner voted in January of that year to approve the committee's recommendation of a five-year pact.

Gardner, who holds a PhD in higher education and has written and edited several books, said he never discussed a possible book project until his last week as chairman in June 2004.

"Such a prospect never came up, until just before I left," said Gardner, 73. He said Munitz first suggested the idea the week before Gardner stepped down, and no deal was finalized until after he was off the board.

Gardner said he has not been asked, nor does he intend, to return the money. He said the questions he raised about compensation and perks were reasonable, and that he enjoyed similar benefits at UC.

John Biggs, the current board chairman and widely considered an authority on corporate governance, said in a recent interview that he was informed in advance about the book deal and raised no objection.

"I think it's the most honorable relationship that I can imagine," said Biggs, adding that the amount paid to Gardner was "peanuts."

Munitz resigned amid an investigation by the state attorney general into allegations that he steered grants to friends, used staff extensively for personal errands and spent the nonprofit's money on expensive or questionable trips. Munitz agreed to pay the Getty $250,000 and to forgo $2 million in severance pay.

The relationship between Gardner and Munitz goes back to the 1970s, when they were both involved in higher education policy. In 1991, when Munitz came to California to become chancellor of the California State University system, Gardner, then president of the UC system, welcomed him with a reception.

Gardner retired a year later, after the Board of Regents voted in a closed-door session to give him an extra $857,000 in pension benefits. Coming in the midst of a state budget crunch and student fee increases, the deal triggered a public outcry and prompted an outside review that concluded Gardner's administration had acted contrary to "principles of public accountability and public trust."

That year, Gardner was named to the Getty board. He later served on the search committee that picked Munitz for the Getty's top job in 1997. Gardner was chosen as board chairman in 2000.

Several trust officials said Gardner put pressure on Munitz and his staff to find a way to compensate him. "This was a never-ending fixation," said one former senior Getty official. "It was a topic that never went away."

In 1999, Gardner asked Munitz and other trustees about the possibility of changing J. Paul Getty's will to allow board members to be compensated for attending four or five meetings a year and performing other oversight duties. A Getty review prompted by Gardner's request determined that, although many private foundations pay their boards, most museums do not. The Getty is a hybrid, with a trust controlling a museum and related institutes.

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The idea was dismissed after an outside attorney for the Getty warned that paying trustees would require going to court to change the will and might draw opposition from the state attorney general.

Gardner continued to push for benefits such as secretarial help and a Getty-financed office in his Park City, Utah, home, but the staff concluded that such perks could violate Getty's will. He ultimately was given a cellphone and a computer.

He then asked for permission to have his wife travel with him on official business at Getty expense. Outside counsel had advised that the travel support might also violate Getty's will. Biggs introduced a rule change intended to get around the restriction by designating spouses of the board chairman and CEO as "senior volunteers" so that their travel could be covered as a business expense, records and interviews show.

"We in fact made an exception for the chairman of the board," Biggs said, conceding it was a stretch. "I think he would have declined to be board chairman" without the perk.

Gardner said he wasn't making demands, only raising unrelated questions about the possibility of changing Getty's will, receiving office support as chairman and having his wife's travel expenses covered.

"Each one seemed to me to be a perfectly reasonable, discrete inquiry, and that's how I approached it," Gardner said. "I didn't say, what can I get out of the Getty?"

Several former Getty officials said that pressure from Gardner for compensation and perks gave staff nowhere to turn with their concerns about Munitz's lavish spending.

"You felt like there's no one to go to," said a former senior official. "It's like the scene in Chinatown where the guy says, 'Why don't you to go the cops?' and the girl says, 'My father owns the cops.' "

By 2002, Munitz had begun having conversations with staff members about finding some kind of paid position for Gardner after he retired from the board, according to the former Getty officials. By 2003, Munitz was also talking generally to Gardner about the book project, two of the former Getty officials said.

Interviews and records show that by June 2003, as the book idea was taking shape, Getty chief of staff Jill Murphy became concerned about the discussions of work for Gardner and brought them to the attention of Getty general counsel Peter Erichsen.

In anticipation of a meeting between Gardner and Munitz, Erichsen issued a memo warning the chief executive to avoid any "formal exploration" of a book deal with Gardner "while he is a trustee and chair of the board."

"To do otherwise," Erichsen wrote, "would expose the trust and its board members to unnecessary legal jeopardy and accusations of self-dealing and conflict of interest, and, worst of all, could embarrass our distinguished chair."

Erichsen pointed to three legal areas that could be troublesome if his advice was ignored: IRS rules prohibiting self-dealing, the prohibition on trustee compensation in Getty's will, and conflict-of-interest law.

Two days later, Munitz and Gardner met to discuss complaints about Munitz's performance. Not long after, according to records and interviews, two key trustees approached Gardner with serious concerns about Munitz's out-of-town travel and his deteriorating relationship with then-museum director Deborah Gribbon.

Trustee Lewis Bernard, a retired Morgan Stanley executive who chaired the compensation committee, wanted to send a warning to Munitz by extending his contract for just one year, Gardner said. Bernard declined to comment for this story.

Gardner said he told Bernard that such a move would "undermine [Munitz's] position at the Getty." Gardner said he coached Munitz on how to be a better manager and then reported back to Bernard and others that Munitz was making progress. By the time the contract vote came up in January 2004, Bernard had changed his mind and recommended that Munitz be given a five-year deal, Gardner said. Gardner signed the contract in February 2004.

Over the next four months, Munitz and Gardner on at least two occasions discussed possible future compensated work for Gardner, a Getty review later found. In the first conversation, they discussed a management consulting job that never came to fruition, the review found.

Munitz's handwritten notes from the second conversation, which took place days before Gardner stepped down as chairman on June 30, show the two discussed the book project and whether the Getty would pay Gardner's wife to work as a researcher or editor, the review later found.

Records show that Munitz wrote Biggs in mid-July to report that Gardner was "willing, indeed happy, to consider taking the lead in writing what we discussed as a … visually attractive 'coffee-table volume' " and accompanying analysis for the board.

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Gardner named his price, and Munitz agreed to pay him $8,000 a month for three years starting Sept. 1, 2004. Plans called for him to visit Getty projects in Tunisia, Egypt, China and Italy at trust expense as part of his research, records and interviews show.

Gardner said he met several times with Getty staff to view documents he needed for the project, but he found the records in disarray. The staff eventually sent him a laptop computer containing the records.

Gardner said the trust denied his request for access to its oral history collection, and that Getty officials eventually stopped returning his calls as they dealt with growing controversies.

In the fall, Munitz's staff proposed narrowing the scope of the book to a series of essays, with Gardner as editor and contributor, Gardner said. He realized the more modest effort was also in trouble when he called Munitz at home in early February, only to discover that the chief executive had resigned the day before, he said.

Gardner said he then called Biggs, who subsequently decided to cancel the project. Gardner, who recently moved to Bellevue, Wash., was taken off the payroll March 31, records show.

"I think they compensated me reasonably for what they asked me to do, and the fact that I wasn't able to do it was through no fault of my own," said Gardner. "None."

Federal tax law requires charitable institutions to disclose any transactions that involve self-dealing, the use of tax-exempt dollars for the personal benefit of top officials. The Getty did not report the book deal in its latest tax filing, but after questions from The Times, trust officials said they may amend the return. Biggs said he asked attorneys with Munger, Tolles & Olson to investigate whether the deal involved a quid pro quo between Munitz and Gardner.

During an internal review of the transaction, one person told investigators that the book deal was intended to reward Gardner for his help with Munitz's contract, Biggs said. But he added that the statement "doesn't hold any water" and that the investigation has turned up no credible evidence of a quid pro quo.

"We talked about it and came to the conclusion it was baloney," Biggs said, declining to disclose the details of the claim. "The person's not credible."

Biggs said the decision to terminate Gardner's contract was made because of other controversies engulfing the Getty. The institution is still recovering from the Munitz resignation, and its former antiquities curator is on trial in Rome for allegedly conspiring to buy looted art.

"We decided given what's happening, we didn't think this was a great time to write a history of the Getty," he said.

*

(INFOBOX BELOW)

Anatomy of a deal

Discussions of a $300,000 book deal for J. Paul Getty Trust Chairman David Gardner overlapped with contract negotiations for Getty Chief Executive Barry Munitz's 2004 contract. Experts say the timing raises serious questions.

The chronology:

1992: David Gardner joins the board of the J. Paul Getty Trust.

1997: Munitz is hired as the trust's chief executive. Gardner is on the search committee that picks him.

October 1999: Gardner inquires about changing J. Paul Getty's will to allow for the compensation of trustees.

June 2000: Gardner is named chairman of the board.

January 2001: Munitz's new three-year contract is approved by the full board, granting him a substantial increase in retirement benefits. Gardner sits on the compensation committee and signs the contract.

January 2003: Munitz begins negotiating his next contract. Munitz and his staff also start discussing hiring Gardner to write a Getty book after he leaves the board.

June 2003: Two days before he is scheduled to meet with Gardner, the Getty's general counsel warns Munitz to avoid "formal exploration" of the project with the board chairman.

November 2003: Gardner discourages compensation committee Chairman Lewis Bernard from limiting Munitz's next contract to a one-year extension.

January 2004: The Getty board approves a five-year contract for Munitz. Gardner votes for it and later signs it.

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June 2004: Six days before Gardner retires from the board, Munitz and Gardner discuss the book project in detail.
Sept. 1, 2004: Gardner is put on the Getty payroll at $8,000 per month plus expenses to write the book.
August 2005: California's attorney general opens an investigation into Munitz's use of Getty resources.
February 2006: Munitz resigns as chief executive of the Getty Trust amid allegations he misused trust assets.
March 31, 2006: The book project is canceled by board Chairman John Biggs, after Gardner had been paid $178,000.
Source: Times reporting

Webb, Miller Refuel The Fires (WP)

By Michael D. Shear And Chris L. Jenkins
The Washington Post, June 13, 2006

Virginia Senate candidate James Webb rallied supporters yesterday with the Democratic Party's 2004 presidential nominee, Sen. John F. Kerry (D-Mass.), hoping to spark interest in a primary that is expected to draw a tiny percentage of voters today.

Before about 250 people in Arlington County, Kerry heartily endorsed Webb, President Ronald Reagan's former Navy secretary, saying that the Senate needs the "confident leadership" and "independent thinking" that Webb has offered during the campaign.

Webb's opponent, former lobbyist Harris Miller, spent the afternoon making last-minute phone calls to prospective voters and later held a rally at his Northern Virginia headquarters in McLean.

"We cannot rest. We need to win this election tomorrow so that we can win this election in November and get the country going back in the right direction," Miller told several dozen volunteers.

Both candidates continued to run campaign ads touting their ability to defeat incumbent Sen. George Allen (R) in the fall. Miller's television ads, made possible by his investing $1 million of his personal wealth, hammer Webb on his Republican past.

"The good news for Democrats is that both Miller and Webb have shown they've got the ability to take it to Senator Allen this fall," said former governor Mark R. Warner (D). "I don't think anyone would have thought nine months ago that we would have had two competitive candidates."

Miller and Webb jumped into the void left last year when Warner decided not to challenge Allen. Since then, the two Democratic candidates have waged a spirited and at times nasty campaign that has often involved questions about what it means to be a loyal Virginia Democrat.

In stump speeches and in his campaign commercials, Miller has never missed a chance to remind voters that Webb endorsed Allen in 2000 and campaigned for George Bush that same year. Webb responded by accusing Miller of making campaign contributions to several senior Republican lawmakers, including House of Representatives Speaker J. Dennis Hastert (Ill.).

Political observers, and even the candidates themselves, say they do not know how the primary will turn out. Elections officials have said they expect between 3 percent and 5 percent of the state's registered voters to show up at the polls.

"It's impossible to know what's going to happen in this primary," Webb told about a dozen supporters at a downtown Richmond restaurant yesterday afternoon.

Later, he thanked his campaign supporters in a speech in front of his Arlington campaign headquarters. He spent much of his speech attacking President Bush, the Iraq war and Allen for what he described as failed policies.

"We have a country to lead, and the way you lead is to come together and look to the future," he said. "We need to bring an end to the Iraq war. We need to focus on economic fairness for all America. These are the issues I want to bring to the United States Senate."

Kerry also criticized Allen for supporting the war in Iraq. He said Webb would bring a fresh perspective to the Senate.

"He's a man of integrity," Kerry said of Webb during a 10-minute address that often took a populist tone. "He is the kind of person that we need who will speak across party lines, who will reach out to people whether they are Republican, independent or Democrat and talk common sense . . . to America." He called Webb someone who would "bring truth" to the Senate.

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"When Jim Webb writes fiction, it's a best-selling book. When George Allen writes fiction, it's a campaign platform," Kerry said.

Miller started yesterday at the crack of dawn, greeting commuters at the Vienna Metro station. Just after lunch, he joined about three dozen campaign volunteers and thanked them for their efforts during the primary battle.

The volunteers had been going through the tedious task of calling to remind prospective voters -- largely those who had cast ballots in recent Democratic primaries -- that they had a chance to vote.

The college students, senior citizens and Miller's wife, Deborah Kahn, ate pizza, sandwiches and chocolate chip cookies as they listened to the candidate encourage them to keep up their effort for another 24 hours.

"We must get through the challenge of tomorrow," Miller said. "The Democratic Party needs someone at the top of the ticket who can win in November."

A Clash Of Styles In Virginia Vote (USAT)

By Jill Lawrence

USA Today, June 13, 2006

WASHINGTON — One is a warrior, the other a wonk. One says he was "born fighting," the other says he was "born to be bringing people together." One was a Republican for decades, the other is a lifelong Democrat.

Candidate A is James Webb, 60, a former Reagan administration Navy secretary who is also a decorated Marine veteran, best-selling novelist (Fields of Fire), award-winning journalist and Hollywood screenwriter (Rules of Engagement). Candidate B is Harris Miller, 54, a former Democratic congressional candidate and county chairman who represented 350 high-tech companies as president of the Information Technology Association of America.

Virginia Democrats will nominate one of them today to take on Sen. George Allen, a former governor and likely Republican presidential candidate. Prominent Senate Democrats — Majority Leader Harry Reid, 2004 presidential nominee John Kerry, Campaign Committee Chairman Charles Schumer, Illinois' Barack Obama — already have made their choice. They say Webb is their "best hope" to gain a seat and hobble Allen's White House ambitions.

Mark Plotkin, a political analyst for Washington's WTOP-radio, calls the senators' intervention "unprecedented." In Webb's Renaissance-man résumé, his GOP past and his macho persona, Plotkin says, top Democrats see "political nirvana" — the return of white, male, rural and military voters to the Democratic Party.

In Miller's corner, The Washington Post. The editorial board called him "better-briefed, better-focused and more thoughtful" than Webb.

Webb and Miller often criticize President Bush's policies and Allen's support for them, but the Allen camp is holding its fire for now. Dick Wadhams, Allen's campaign manager, says "there's more to this campaign than not liking President Bush. We'll see who emerges from the Democratic primary and whether they have more to offer."

Allen, known for his cowboy boots, sports metaphors and Reaganesque style, is preparing for a 2008 presidential run. He's traveled to several key states this year and he's scheduled to speak Saturday in Des Moines. But he'll be campaigning for re-election in Virginia all summer, his onetime shoo-in status complicated by a national climate favoring Democrats.

On money, Allen is the clear leader. As of March 31, he had raised $10.4 million, according to the non-partisan Center for Responsive Politics. The Democrats were way behind and dipping into personal funds. Webb had raised $253,000 (40% his own), compared with Miller's $537,000 (33% his own).

Webb and Miller disagree on a few issues, but the main contrast between them is style. Webb drives a camouflage-painted Jeep and campaigns in combat boots that belong to his son, a Marine bound for Iraq in fall. "I was raised to lead from when I was a kid," he says.

Miller says his people skills will make him an effective senator. His website is laden with 10- and 15-point plans to solve problems. (By contrast, major issues get just a paragraph apiece from Webb). "I've been accused of being a policy wonk," Miller says. "I plead guilty. U.S. senators are supposed to talk about policy."

Aiming at loyal Democrats most likely to vote in the primary, Miller attacks Webb's votes in 2000 for Allen and Bush. He notes his own long record of helping elect Democrats.

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Webb's campaign has tried mightily to reinforce his new Democratic identity. At a spring rally in the Washington suburb of Arlington, Democratic county official Jay Fisette repeatedly referred to Webb as "our guy" — as in, "our guy" opposed the Iraq war before it started and "our guy" believes in the right to choose abortion.

Webb says defense, national security and veterans issues drew him to the GOP, but "I was never comfortable with Republicans on social policy." After the Iraq and Hurricane Katrina debacles, he says, he decided it was time for "new eyes" on national problems.

As for 2000, Webb says it was a mistake to vote for Allen instead of Democratic Sen. Chuck Robb. He says 11 former Robb aides now support him, and he notes that Miller has contributed to prominent Republicans such as House Speaker Dennis Hastert, R-Ill. Miller says he made the donations — $5,500 vs. $250,000 to Democrats — because his job required bipartisanship.

Conflicts over race and religion have roiled the campaign. Webb called Miller, who is Jewish, "the anti-Christ of outsourcing." Then a Webb brochure, circulated at a union event in southwestern Virginia, caricatured Miller as a hook-nosed "job-killer" with cash spilling from his lapel pocket.

Miller called the illustration a classic "Jewish financier stereotype." "I do not believe Jim Webb is anti-Semitic," he said, "but clearly there are just elements of what he's done and said that are not ready for prime time."

Webb said the brochure was not anti-Semitic. "I would never engage in that sort of conduct," he said in a debate Friday, but apologized if anyone perceived it that way. He then accused Miller of playing "the race card" by distorting Webb's views on affirmative action. Spokeswoman Kristian Denny-Todd said Webb has always supported affirmative action for African-Americans but believes any broader application should also include poor white people.

Will State Democrats Back D.C.'s Horse? (CSM)

By Gail Russell Chaddock

The Christian Science Monitor, June 13, 2006

ARLINGTON, VA.

War hero and former Reagan Navy secretary James Webb is the name that Senate Democrats hope will lead the ticket against Republican Sen. George Allen in this fall's election, because they're convinced he could win.

"He's our best hope for defeating Allen in November," said Sen. Charles Schumer (D) of New York, chairman of the Democratic Senatorial Campaign Committee, in a statement last week.

But it's not clear that Virginia Democrats expected to turn out in Tuesday's primary election got the memo.

At an annual dinner on Friday, not a hint of applause from Arlington County Democrats greeted Mr. Webb's announcement that 13 Democratic senators had "stood up and endorsed my candidacy."

"I'm a yellow dog Democrat," explained retired teacher Jean Barton, a Democratic Party activist since the 1960s, in a reference to Southern Democrats' historical pattern of voting for their party's candidates whether they like them or not. "I like to dance with the guy who brought me."

That guy would be high-tech lobbyist and consultant Harris Miller, who was chairing the Fairfax County Democratic Committee when Mr. Webb, a Reagan Democrat, joined the Reagan administration.

"I've known [Mr. Harris] for 20-plus years. He's a Democrat whose values I share," says Mary Margaret Whipple of Arlington, Va., who chairs the state Senate Democratic Caucus.

"It wasn't easy to be a Democrat in Virginia in the 1980s," Mr. Miller told a hometown crowd in the state's most liberal district. He said he has driven more than 24,000 campaign-trail miles in his "hybrid vehicle" since January. He has also contributed nearly $1 million of his own money to his campaign, more than double what Webb has raised for this fight.

But if Webb were to pull off a primary victory, he could expect a surge of national funding to defeat Senator Allen, who is also a probable 2008 presidential contender.

"Webb would be a candidate that Allen cannot afford to ignore," says Larry Sabato, a political scientist at the University of Virginia. "Webb can serve as a very useful standard-bearer for the Democratic Party nationally, not just in Virginia. He's exactly the image that Democrats need to project to win in some red states."

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Allen, elected to the Senate in 2000, is no longer a sure thing in Virginia, especially if state Democratic voters go with Webb as the challenger, says Jennifer Duffy, who handicaps Senate races for the Cook Political Report.

"Virginia is changing," she says. "It is not a solidly red state anymore."

Allen, she adds, "has been hampered by all the talk of his 2008 ambitions. Webb is a strong candidate because he speaks to all those voters who have a problem with the war." The Allen campaign launched its first TV ads last week.

A decorated marine, award-winning journalist, and author of six best-selling novels, Webb came out in opposition to the war in Iraq, which he characterized as the greatest strategic blunder in modern times, back in September 2002. His antiwar stance could draw antiwar conservatives, as well as libertarians, from the Allen camp.

"If Webb got the nomination, it would be an interesting opportunity for libertarians to think whether they prefer an orthodox, conservative, Bush Republican against an unorthodox antiwar Democrat," says David Boaz, executive vice president of the Cato Institute, a libertarian think tank. "He's very critical of the war, but from a perspective that is not far left. It's a patriotic, mainstream, American criticism of the war. He was Reagan's secretary of the Navy, [he's] not [House Democratic leader] Nancy Pelosi."

Webb and Harris both oppose the war, but Webb did so earlier and publicly. The war would turn troops into "terrorist targets," and there was not an exit strategy "because the principal architects of this war did not intend for us to leave," he said last week during a debate with Harris on MSNBC's "Hardball."

They also take bookend positions on outsourcing of US jobs, especially high-tech jobs. Miller, a former president of the Information Technology Association of America, says outsourcing is good for the economy. Webb promises to stop good jobs from being exported overseas.

But asked at the end of the MSNBC debate whether he would endorse Hillary Rodham Clinton or popular former Virginia Gov. Mark Warner (D) for the presidency in 2008 - a no-brainer for a Virginia Democrat - Webb said he was undecided.

"He's undisciplined as a candidate," says Ms. Duffy of the Cook Political Report.

While Harris has focused his campaign on traditional Democratic groups, Webb is counting on support from new voters, many recruited from the blogosphere.

In a race with no polling, and with the turnout percentage among Democrats expected to be in single digits, it's tough to predict the outcome. "If voters behave the way the textbook says they do, then Miller wins," she adds. "If voters start to contemplate electability, than Webb wins."

The Sway Of Senate Leaders Is Put To The Test In Virgina (HILL)

By Aaron Blake

The Hill, June 13, 2006

Democratic Senate candidate Harris Miller spent a lot of time this past weekend glad-handing at Northern Virginia Metro stations, just a few stops from both the place he is trying to get to and the place that is standing in his way — Capitol Hill.

Meanwhile, Miller's Virginia primary opponent, Jim Webb, took the slate of Washington endorsements he has recently received from high-profile senators and the Democratic Senatorial Campaign Committee (DSCC) and made his final push for today's Democratic primary farther south.

The race to take on incumbent Sen. George Allen (R-Va.) this November is shaping up to be a test of how much influence Washington has on local politics across the Potomac River.

Miller noted that he has previously spent a good deal more time outside of Northern Virginia than inside it, traveling dozens of times to places like Norfolk and Hampton Roads. But he said the votes around the Beltway will play big today.

"Clearly, a large percentage of the votes are going to come from Northern Virginia — probably a third or more," said Miller, a businessman and lobbyist. "At the end of the day, there are a lot of voters up here."

Webb, a war hero and author who was Navy secretary under President Ronald Reagan and recently became an anti-war Democrat, has gathered endorsements from nine Democratic senators, including Minority Leader Harry Reid (Nev.), 2004 presidential candidate John Kerry (Mass.) and senior senators Chris Dodd (Conn.) and Carl Levin (Mich.). He also has the support of Rep. John Murtha (Pa.), 2004 presidential candidate Gen. Wesley Clark and three well-known former senators.

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The rare, last-minute backing of DSCC Chairman Charles Schumer (D-N.Y.) last week, though, topped it all off. The move is seen as an indication that Webb would receive more national attention and help than Miller would in the Democrats' quest to unseat Allen.

Indeed, national Democrats aren't saying Webb is the better candidate so much as that he is the candidate better able to defeat Allen. A Rasmussen poll from April shows Webb trailing Allen by 20 points, while an earlier Zogby poll showed him behind by seven. Webb was closer than Miller in both polls.

Primary endorsements from national committees are rare and potentially embarrassing, Jennifer Duffy of the Cook Political Report said. Just last week, the National Republican Congressional Committee (NRCC) repeatedly lampooned its House Democratic counterpart for endorsing primary loser Steve Filson in California's 11th District. Filson lost June 6 by nearly a 2-to-1 ratio.

The NRCC has also criticized the Democratic Congressional Campaign Committee (DCCC) for its support of two other primary losers — Andrew Horne in Kentucky's 3rd District and Joe Sulzer in Ohio's 18th — though the DCCC says it remained neutral in both races. Sulzer finished third, and Horne did only slightly better than Filson.

Duffy said the decisionmakers at the DSCC "are sticking their neck out" for Webb.

"If you're them, maybe it's worth taking the gamble," she said. "But if Webb is the nominee, they're going to have to work with him a lot."

Miller, on the other hand, received his biggest national endorsement from Rep. Jim Moran (D-Va.), who offered it before Webb joined the race and said Webb would also be a "good alternative" to Allen.

Moran said that he is not heavily involved in Miller's campaign and that he understands why national Democrats are pushing Webb.

"I think they're looking at his résumé, and they think Webb has an interesting story to tell," Moran said. "Harris Miller is seen as the urban sophisticate in some people's minds."

Rep. Bobby Scott (D-Va.), who hasn't endorsed either candidate, downplayed the effect national Democrats like himself can have on Virginia voters: "Usually, Virginians make up their own minds."

That's what Miller is counting on. He touts support from dozens of state lawmakers, mayors and council members and said that, while national Democrats throw their support to Webb, local politicians have been hitting the ground for him.

"Chuck Schumer's a good senator for New York City, and Harry Reid's a nice senator for Las Vegas," Miller said. "But I have the support of the people here in Virginia, and those are the people that count.

"[Local leaders] have the lists. They're calling out their troops to support me too. And that's what really counts on Election Day."

Webb spokeswoman Kristian Denny-Todd said the national endorsements have overshadowed the amount of local support Webb has received — almost 50 local Democratic elected officials and 2,800 daily volunteers.

"I challenge the Miller campaign to come up with anything close to that number [of volunteers]," Todd said. Miller spokeswoman Taylor West said the campaign has exceeded every goal it's had for volunteer support.

DSCC spokesman Phil Singer declined to say how the committee's backing of Webb translates into physical or monetary support for the final weekend of the campaign. Of the decision to support Webb's coming as late as it did, he said it was simply "the right time for us to mix in, and so we did."

While Webb has carved out a niche with the national support, help from bloggers and his personal biography, Miller's superior fundraising and political experience have helped him run a traditional campaign that many say would be just fine under other circumstances. He has outraised Webb more than 2-1.

Tuesday's primary is expected to be close, though Webb has touted sizable victories in several straw polls around the state, including Fairfax County in Northern Virginia.

Allen, who is running unopposed in the GOP primary, ran television ads over the weekend touting him as "independent" and a "common sense" leader.

Schumer Gets Cold Shoulder For Endorsement (WP)

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By Chris Cillizza

The Washington Post, June 13, 2006

It's not yet clear whether New York Sen. Charles E. Schumer's endorsement of James Webb over Harris Miller in today's Democratic Senate primary in Virginia will help move votes. But it did move money -- away from Schumer and the Democratic Senatorial Campaign Committee he leads.

The DSCC's decision to break with custom and wade into a primary battle on behalf of a Reagan administration official against a longtime Democratic loyalist outraged many influential Democrats, including some who raise a lot of money that now won't be going to the DSCC.

The most immediate fallout of Schumer's endorsement was the relocation of a post-primary fundraiser for the DSCC that was scheduled to be at the home of former lieutenant governor Donald S. Beyer Jr. and his wife, Megan. The longtime Democratic fundraisers are Miller supporters. The Beyers begged off after Schumer's move, for which they received no advance notice.

The event will be at another venue, but is likely to bring in considerably less money as irritated Miller backers join the Beyers in taking a pass on helping the DSCC.

Phil Singer, communications director at the DSCC, said his organization does not discuss internal fundraising matters.

Schumer, Sen. John F. Kerry (D-Mass.) and some other Washington Democrats believe that Webb, a former Republican and an opponent of the Iraq war, would be a more electable nominee against Sen. George Allen (R-Va.). Miller has focused his campaign more locally, touting his endorsements from Virginia leaders and his record of working to elect Democrats. Fueled by his own money, Miller has flooded the radio airwaves with ads attacking Webb's Democratic bona fides, pointing out that he endorsed Allen over Democratic Sen. Charles S. Robb in 2000.

Beyer said the DSCC should have stayed out. "They've dug a hole that was unnecessary," he said. "If Harris wins, they are going to look ridiculous. They will have irritated an awful lot of people."Iowa Still Loves Edwards

The Des Moines Register recently released the results of a poll of likely 2008 Democratic caucus participants that established John Edwards -- not Sen. Hillary Rodham Clinton (N.Y.) -- as the current Iowa front-runner. Edwards, a former North Carolina senator and 2004 vice presidential nominee, took 30 percent to Clinton's 26 percent.

John Kerry, the party's 2004 presidential nominee, garnered 12 percent, while Iowa Gov. Tom Vilsack had 10 percent. Other candidates who are expected to enter the 2008 Democratic presidential contest, such as former Virginia governor Mark R. Warner and Sen. Evan Bayh (Ind.), garnered single-digit support.

Edwards finished a strong second behind Kerry in the 2004 Iowa caucuses and has never shut down his operation there. (Several top Edwards aides in Iowa are involved in Secretary of State Chet Culver's 2006 gubernatorial campaign.) Edwards spent Sunday and yesterday campaigning and raising money for Culver and Bruce Braley, the Democratic nominee in the open 1st Congressional District.

If Edwards was the clear winner in the Register poll, the most obvious loser was Vilsack, who could do no better than fourth in his home state. While few political observers expect Vilsack to be able to equal or surpass Iowa Sen. Tom Harkin's 76 percent showing in the 1992 Democratic caucuses, anything other than a victory in the state in the 2008 caucuses would almost certainly cripple the governor's chances in New Hampshire and beyond.

Miller, Webb Await Verdict In Primary (WT)

By Seth McLaughlin

The Washington Times, June 13, 2006

The two Democrats vying to unseat Sen. George Allen have spent more than $1 million leading up to today's Democratic primary in Virginia.

The outcome will show how well Harris N. Miller, a former information-technology executive from McLean, and James H. Webb Jr., former Navy secretary under President Reagan, have pinpointed who will turn out at the polls today.

"You can't predict it," Mr. Webb, a decorated Vietnam War veteran from Falls Church, told The Washington Times last month.

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Polls will be open from 6 a.m. to 7 p.m.

Both campaigns agree it is tough to forecast who will show up at the polls because voter turnout in primaries tends to be low. For example, in the 2005 Democratic primary for lieutenant governor, 115,379 people voted, which was less than 3 percent of the 4.4 million registered voters in Virginia.

Kristian Denny-Todd, a spokeswoman for Mr. Webb, said it also is difficult to target voters because Virginia does not require voters to register with a party, so anyone from any party can vote. And there have been a limited number of statewide Democratic primaries for federal office.

"It's not easy in Virginia," Mrs. Denny-Todd told The Times. "These kinds of primaries are few and far between."

That means "there is a huge influence to be had with a good get-out-the-vote operation," said Taylor West, a spokeswoman for Mr. Miller.

Both camps have analyzed poll numbers in previous primary elections and the 2004 presidential election, and taken into account an estimated 500,000 residents who moved to Virginia since Mr. Allen was elected in 2000.

"There is also a little bit of extra attention because of George Allen, who might run for president," Mrs. Denny-Todd said.

"So we make the assumption that a few more people might come out because George Allen has voted for [President] Bush 97 percent of the time."

Both campaigns have scrambled to raise money. As of May 25, Mr. Miller had raised $1.2 million -- of which $675,000 is his own money -- and Mr. Webb has raised $547,000 -- which includes a $100,000 loan.

The winner of today's primary will face an uphill battle against Mr. Allen, who has more than $7 million in his campaign war chest. Independent Green Party candidate Gail Parker, a retired federal employee from Alexandria, also is running.

In other primaries today, Democrats Andrew L. Hurst and Ken Longmyer face off for their party's nomination to run against Rep. Thomas M. Davis III, Virginia Republican, and Republicans Mark W. Ellmore and Tom M. O'Donoghue will challenge each other for their party's nomination to try to unseat Rep. James P. Moran, Virginia Democrat.

A Week Of Blessings For A GOP Majority That Needed Them (RC)

By David Winston

Roll Call, June 13, 2006

That sound you heard all over Washington, D.C., last Wednesday morning was Republicans breathing a huge collective sigh of relief that Republican Brian Bilbray had defeated Democrat Francine Busby in the special election to fill California's 50th district House seat. That GOP victory, however, was just the first in a series of political and policy events that challenged the prevailing conventional wisdom and sent Democrats scurrying to their spin doctors for something — anything — positive to say about what quickly turned into a 72-hour political nightmare.

It began with Busby's loss. For weeks, Democrats had been positioning for a win in this GOP-leaning seat, asserting that the "culture of corruption" would claim its first of many GOP victims thanks to the bribery conviction of ex-Rep. Duke Cunningham (R-Calif.).

Instead, Bilbray won the special election against Busby, who, despite the national hype, eked out only 45 percent of the vote — roughly the same percentage that the past two Democratic presidential candidates managed in the district. Clearly, predictions that voters would be outraged over Republican "corruption" and were ready to flock to the Democratic fold were wildly overblown.

Voters were indeed unhappy, but the target of their ire was another national issue: immigration. And on this topic, Busby was on the wrong side of the majority, particularly when she dropped her bombshell comment that illegal immigrants "don't need papers to vote." This from a candidate offering herself up as an ethical alternative to corrupt Republicans.

It was Bilbray who reflected the immigration views of the majority of voters — a focus on securing the border first, a view that separated him publicly from Sen. John McCain (R-Ariz.) and his "comprehensive" position. On Wednesday, Democrats woke up to find that a seat they thought was in their grasp had slipped through their fingers.

If Democrats are to have any hope of winning back the House in November, California's 50th district is exactly the kind of seat they have to win. Yet they failed to do so, despite pouring millions into a district that had been represented by the House's

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poster boy for political corruption. What Democrats forgot is that when you try to nationalize an election, as they did using the "culture of corruption" mantra, winning candidates must offer voters more than an attack strategy. They also must have a platform of ideas that voters care about — a fact that Republicans understood in 1994.

But the loss of the special election was only the beginning of a bad week for Democrats. By Thursday, they once again found themselves on the defensive when good news arrived from Iraq — news too big to be ignored. Abu Musab al-Zarqawi, the most wanted terrorist in Iraq, had been killed by U.S. military air strikes on the same day that the new Iraqi government had filled its last and most important cabinet posts, Defense and Interior.

While many Democrats praised the military for their success, it was the outspoken and harsh comments of some in the party that put the media spotlight on the Democrats' schizophrenic view of the war. Rep. John Murtha (D-Pa.) said, "I don't think we can win this," while Sen. Joseph Biden (D-Del.) predicted, "Two weeks from now you're going to be showing people ripped off buses and beheaded."

Rep. Pete Stark (D-Calif.) won the prize, however, with his over-the-top comment that "this is just to cover Bush's [rear] so he doesn't have to answer" for the deaths of Iraqi civilians killed by the U.S. military. Other Bush critics such as The Nation's David Corn tried desperately to downplay the significance of Zarqawi's death by describing this most powerful of terrorists as "something of a sideshow." Rep. Dennis Kucinich (D-Ohio) called Zarqawi a minor part in a "growing anti-American insurgency" and called for the U.S. to get out. This kind of naysaying about an undeniably important military victory won't sit well with most Americans.

But if Thursday was bad for Democrats, by Friday, things had gotten even worse. Rumors of serious rifts in the House Democratic leadership burst into the open Friday as an apparently clairvoyant Murtha announced his intention to seek the Majority Leader's job if Democrats win the House in November. Minority Leader Nancy Pelosi (D-Calif.) did nothing to stop what was sure to be seen by Minority Whip Steny Hoyer (D-Md.) and his supporters as a leadership "coup."

Pelosi, still clinging to her "culture of corruption" strategy despite the Busby loss, had on Thursday evening tried and failed, at least temporarily, to oust the ethically challenged William Jefferson (D-La.) from his Ways and Means Committee post. In reality, she did little more than remind Americans about Democratic corruption while in the process angering the Congressional Black Caucus.

Murtha's announcement only added to the perception that the Democratic House leadership is in disarray — hardly unified behind a national strategy or agenda to win in November. For Murtha to fire a shot over Hoyer's bow almost five months before an election is a gift that Republicans hadn't counted on.

Hoyer — who, unlike Pelosi, seems to have a better grasp of electoral reality — probably hadn't counted on it either. Interestingly, Rep. Rahm Emanuel (Ill.), chairman of the Democratic Congressional Campaign Committee, took great pains Sunday on ABC's "This Week" to avoid taking a position on the Murtha bid — a bit of a surprise from the Democrats' usually pragmatic "Enforcer."

In 1997, as a member of the leadership senior staff, I saw the impact of an attempted leadership "coup" on the morale and management of a House majority. It wasn't pretty, and it certainly didn't produce positive election results. The 1998 elections, in which the GOP lost seats counter to historical trends, offered proof that dissension can trigger negative outcomes.

Whether Pelosi was behind Murtha's move or simply let it happen, the prospect of one of the House's most hard-core liberals teaming with one of its most strident anti-war Democrats as the "face" of the Democratic Party this fall has Republicans smiling for a change.

One good week, however, doesn't mean the GOP won't face a big challenge in November. It will, and most GOP leaders understand that. But for Republicans who have suffered through a long spell of bad news, they were grateful that Democrats reminded the country last week why it remains a minority party.

David Winston is president of The Winston Group, a Republican polling firm.

Texas Democrat Faces Uphill Fight (WT)

By Hugh Aynesworth

The Washington Times, June 13, 2006

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FORT WORTH, Texas -- State Democrats emerged from their convention here over the weekend with conviction and verve, but they still face an uphill battle to take back the governor's mansion.

Chris Bell, the one-term congressman from Houston who was gerrymandered out of his district in 2002, is the party's choice to oppose Republican Gov. Rick Perry. Mr. Perry is seeking his second full term.

Mr. Bell, 46, said he could win if the party faithful would stick together.

The Houston Democrat certainly needs that, but his own campaign workers concede that few voters have ever heard of Mr. Bell, making name recognition a dominant theme in the campaign.

"If we don't solve this problem," said Bell spokesman Jason Stanford, "then nothing else matters."

Texas Monthly magazine recently nicknamed the likable Mr. Bell "Sisyphus," after the mythological Greek figure who spent most of his life unsuccessfully trying to roll a huge stone to the top of a mountain.

But Mr. Bell is an optimist, and he was buoyed by the excitement of an estimated 6,000 people who packed the convention. He told them that he would lead a "new Texas revolution" to make the state's school and health systems among the best in the nation.

He urged delegates to embrace "the party's traditional core issues of education and health care" as the key to winning in November.

The 2006 governor's race is one of the most interesting -- and probably the most unpredictable -- in recent memory. There are likely to be five candidates -- Republican incumbent Mr. Perry; Mr. Bell; two independent candidates, Carole Keeton Strayhorn and Kinky Friedman; and Libertarian James Werner.

Mr. Perry has led most every early poll, hanging solidly at 35 percent to 40 percent. Mrs. Strayhorn -- once a Democrat, then a Republican, now independent -- usually has placed second.

Mr. Bell finished second in a March poll commissioned by the Wall Street Journal, getting 21 percent of public support to Mr. Perry's 36 percent, with Mrs. Strayhorn and Mr. Friedman at 19 percent and 17 percent, respectively.

To win the office, a majority of the vote is not needed. The candidate with the most votes wins. Some say that unless there is a huge turnout, the next governor could garner less than 40 percent of the vote.

Although his campaign says name recognition is Mr. Bell's biggest hurdle, there seems little doubt that money is also a problem.

Campaign-expense reports won't be made public for a few days, but Bell staffers privately say he has raised "more than $1 million." Mr. Perry reported more than $9 million before the March primary election, and Mrs. Strayhorn came in at more than $8 million. Mr. Bell had only about $100,000 at that point.

"He's got to find some deep pockets, or he can't compete," said Ray Gravely, a San Antonio salesman. "Texas is so vast. It costs so much to run."

’08 Hopefuls May Cause Leaders Fits (RC)

By Erin P. Billings

Roll Call, June 13, 2006

With an extraordinary 11 sitting Senators seriously eyeing a bid for the White House in 2008, both parties are already dealing with logistical and personality headaches as the lawmakers use the chamber as a testing ground for their competing agendas.

At least five Republican and six Democratic Senators are currently looking at the idea of mounting presidential campaigns — the most in recent memory. And, at least one other Member of Congress, Rep. Tom Tancredo (R-Colo.), is considered a possible candidate.

“It’s going to be an absolute circus,” acknowledged one GOP Senate aide. “There’s going to be a lot of thumping of the chests, a lot of third-person speaking.”

On the Democratic side, Sens. Evan Bayh (Ind.), Joseph Biden (Del.), Hillary Rodham Clinton (N.Y.), Chris Dodd (Conn.), Russ Feingold (Wis.) and John Kerry (Mass.) already are viewed as committed contenders. Despite his protests, Sen. Barack Obama (Ill.) is also seen by some observers as a possible candidate, although many believe he is disinclined to run in 2008.

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The early Republican field includes Senate Majority Leader Bill Frist (Tenn.), who is retiring after this Congress, as well as Sens. John McCain (Ariz.), Chuck Hagel (Neb.), Sam Brownback (Kan.) and George Allen (Va.).

While none of the dozen or so Members has formally launched campaigns, the groundswell of interest from sitting lawmakers makes it likely they will surpass the most recent high-water mark for Members seeking the White House, set in 1972 when nine Members of Congress officially launched bids. Then, five Senators and four House Members threw their hats in the ring, resulting in the nomination of South Dakota Democrat George McGovern, the last sitting Senator to win either party's nomination until Kerry accomplished the feat in 2004.

Aides and Senators from both parties said managing the presidential hopefuls' egos will be tricky at a time when both parties are banking on heightened unity to gain an election-year advantage on the issues of the day. But those sources are quick to note that personalities always play a role in the Senate regardless of whether a lawmaker is aspiring for another office.

As such, leaders in both parties recognize there is little they can do to restrain individual Senators as they seek to carve out their presidential platforms. But several senior Senate aides said leadership continues to press the case internally that sticking together — at least through this high-stakes election year — is a priority.

"Right now, '06 is keep people pretty unified," said one GOP Senate aide. "Next year it will be a much bigger problem."

Sen. Rick Santorum (Pa.), the GOP Conference chairman and candidate for Majority Whip in the 110th Congress, said the real difficulties are likely to develop in the months leading up to the major presidential primaries when Senators are spending more time on the campaign trail than on the floor. Ensuring that Senators are present for key votes will be the pressing issue for leadership on both sides of the aisle, he said. The fact that the chamber could be even more closely divided in 2007 only exacerbates that.

"Counting votes will be the struggle," said Santorum, stressing he personally has no plans to pursue the White House in 2008. "There could be a big logistical challenge as we approach the next Congress."

Santorum harkened back to 2004, when Democrats Kerry and then-Sen. John Edwards (N.C.), then the minority party's ticket for president, were often absent as they campaigned across the country.

Those two had squared off, among others, against two House Members and two other Senators for the Democratic nomination. Then-Rep. Richard Gephardt (Mo.), Rep. Dennis Kucinich (Ohio), then-Sen. Bob Graham (Fla.) and Sen. Joe Lieberman (Conn.) also had hopes of knocking off President Bush in 2004.

Santorum said that depending on the outcome of the November election, the vote-casting problems could even be heightened next year if the margins of Republican to Democratic control narrow. Many observers predict Democrats will at least close the 55-44 gap in November, meaning that even one Senator's vote could tip the scales on key votes.

"Who knows what the situation will be," Santorum said, but "under the worst-case scenario" leadership could have serious challenges to overcome.

A former aide to then-Senate Minority Leader Tom Daschle (D-S.D.) said that inevitably "it gets more difficult when you have people staking out differences and positions as they run or try to position themselves to run." The aide said that for Democrats, led by now-Minority Leader Harry Reid (Nev.), "the biggest challenge is managing egos — that's the hardest part of the job in the Senate — managing everyone.

"They really think they are the smartest person in the room and know better than everyone else."

In the nearer term, the Republicans have had a unique set of circumstances as Frist toys with a presidential bid of his own. Several Senate aides said the next six months are likely to be awkward for the GOP Conference as Frist pushes a prospective vote-courting agenda, as well as an election-year platform designed to sustain the party's majorities.

"Sen. Frist still needs to demonstrate to his colleagues that he can run this place," said a senior GOP aide.

Some believe that once Frist leaves office, the job of managing presidential hopefuls will become simpler on the Republican side knowing that the majority leader's White House bid rests largely on his stewardship of the Senate.

Others, however, believe the task will become more difficult since the contenders will inevitably kick their campaigns into high gear.

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Sen. Debbie Stabenow (Mich.), the No. 4 Senate Democrat as Caucus secretary, said she believes, at least on the Democratic side, that leadership will be able to keep the contenders in check through 2008. She said Senators are in sync on the vast majority of the party's priorities and will stick together moving through the cycle as they oppose the GOP-Bush agenda.

"Certainly there are always challenges, but on our side of the aisle there is real unity for what we stand for and what we are fighting for," she said. "It will sort itself out. I'm not worried about it."

Kerry said he doesn't fear that the number of Senators running for the White House will hamstring progress in the chamber, although he acknowledged that it is a time-consuming venture and in many ways "a full-time job."

"You have to decide which votes are the most important, and obviously you will miss a few," Kerry said. "But it is an important aspect of public life."

While clearly not a discouraging factor, few Senators in the nation's history have ascended from Capitol Hill to Pennsylvania Avenue. In fact, the last Member of Congress to win the slot was then-Sen. John Kennedy (D-Mass.), who secured the presidency in 1960.

But 2008 is shaping up to be a rare election year since Bush is a lame-duck president whose second in command, Vice President Cheney, is not running to succeed him.

While keeping coy about his presidential plans, Allen said his approach to the Senate remains consistent — keeping focus as a Virginia Senator on the issues and values about which he has fought as governor and now in Congress. When asked about how the number of White House candidates could affect the Senate in the coming months, Allen would only say that it inevitably creates more commitments.

"You end up getting more invitations to different places, to speak here or there across the country," he said.

Biden agreed, noting that even on the Foreign Relations Committee, on which he serves as ranking member, at least three other Senate Democrats and two other Republicans are possible contenders.

But Biden said that for him, individually, 2008 is a different climate than in 1988 when he first ran as a younger, more junior Senator who lacked the profile he enjoys now both in stature and on national security issues. Plus, he said, it is easier to run as a member of the minority party simply because the Republicans control, set and manage the Senate floor.

"For all those reasons, it is more manageable to be a responsible Senator than it was 20 years ago," Biden said.

In Kansas, A Troubling Fissure For GOP (LAT)

By Nicholas Riccardi

The Los Angeles Times, June 13, 2006

TOPEKA, Kan. — Mark Parkinson got his start in Republican politics at age 19, as a precinct committeeman. He served six years as a Republican state legislator, eventually becoming state Republican chairman.

But two weeks ago, Parkinson announced he was running for lieutenant governor — as a Democrat. He said he no longer felt welcome in the increasingly conservative Kansas Republican Party.

Parkinson became the third Republican politician in the last nine months to startle this red state by switching to the minority party. The other two are targeting GOP incumbents in the attorney general's office and in the state House of Representatives.

Political observers say the fracture within the Kansas GOP may foreshadow the future for the national party. The division between moderates and social conservatives is expected to define the contest for the party's 2008 presidential nomination.

Kansas has been at the forefront of the culture wars that helped the Republican Party gain national dominance this decade. Twice in the last seven years, its Board of Education voted to teach alternatives to evolution in public schools. Voters in 2005 overwhelmingly approved a ban on gay marriage. The state's attorney general last year subpoenaed medical records of abortion patients.

"A lot of people in Kansas are feeling lost right now," said Parkinson, 48, who was invited onto the ticket by popular Democratic incumbent Gov. Kathleen Sebelius. "I decided I'd rather spend time building great universities than wondering if Charles Darwin was right."

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Moderates who emphasize economic development and religious conservatives concerned with limiting abortion and gay rights have battled for more than a decade for control of the Kansas Republican Party, which dominates the state with 48% of registered voters. The remaining voters are split evenly between Democratic and Independent registration.

In 1994, when the GOP won both houses of Congress for the first time in 40 years, a group of religious conservatives in Kansas ousted the moderates who ran the party. The intramural squabbling grew so great that four years later, the then-chair of the party unsuccessfully ran against the moderate Republican governor.

Today, websites for some county branches of the party instruct on how to identify RINOs — Republicans In Name Only — and keep them from gaining influence. Social conservatives have solidified their power over the party and are especially influential in low-turnout primaries and local elections. Increasing numbers of moderates like Parkinson are saying they've had enough.

Alan Cigler, a political science professor at the University of Kansas, compares the intra-party turmoil to the national schism between business-friendly moderate Republicans and cultural conservatives over illegal immigration.

"The state is kind of dividing up," Cigler said. "It's the Christian right versus the business interests of the Republican party. That's what Kansas is all about now."

The Kansas Republican Party, Cigler said, "has been ahead of the curve."

Ron Freeman, executive director of the state GOP, says the recent defections are due to the personal ambitions of the politicians, not because of any ideological shift.

"To say it's gone way to the right, that's not a fair analysis," Freeman said, noting that two of the party's four statewide officeholders back abortion rights.

One of those officials, Insurance Commissioner Sandy Praeger, is opposed in the GOP primary by a candidate opposed to abortion rights. Another moderate, Secretary of State Ron Thornburg, is facing a primary challenge from a female GOP state senator who was reported in 2001 as saying family values began to erode when women got the right to vote.

Some Kansas voters say they feel shut out. "I'm absolutely fed up with the conservative Republicans," said Richard Meidinger, a retired physician in Topeka. "All the abortion stuff, gay marriage stuff doesn't belong in the legislative debate."

Martin Hawver has a name for lifelong members of the GOP like Meidinger: "failed Republicans." The editor of a respected Kansas political newsletter, Hawver's Capitol Report, Hawver counts himself among their number, occasionally doing the unthinkable and voting Democratic.

"It used to be you could never go wrong with voting for who the Republicans nominated," Hawver said. "But that's changing now. People are a little uneasy."

Cindy Neighbor is one of them. A veteran member of her local school board and a moderate, Neighbor, 57, unsuccessfully ran against a conservative for an open seat in the statehouse in 2000. She narrowly lost, but won in 2002.

Neighbor wasn't long for Kansas Republican politics, however. She backed an education bill that could have raised taxes, and party conservatives told her there would be retaliation. She lost the next primary to the same representative she'd ousted two years earlier. Another moderate Republican who'd co-sponsored her bill — Bill Kassebaum, the son of former Kansas U.S. Sen. Nancy Kassebaum Baker — was ousted at the same time.

Now Neighbor's running for her old seat — as a Democrat.

"It was, 'If you don't like this — goodbye,' " she said of her struggles to stay in the Republican Party. As a Democrat, Neighbor added, "you can still have your ideas and you're accepted."

Paul Morrison, the 51-year-old district attorney of the state's largest county, also switched to the Democratic Party. The laconic Morrison, who served as Johnson County's top prosecutor for 17 years, said he'd never been particularly partisan but thought the Democratic Party was "a better fit" for challenging state Atty. Gen. Phill Kline.

An outspoken evangelical, Kline has gained national attention for subpoenaing records of patients who had abortions at two Kansas clinics, as well as for saying that state social workers and psychologists are required to report teenagers who admit they have sex so law enforcement can conduct child abuse investigations. Morrison criticized Kline for "forging a public policy that fits a narrow agenda that most people don't agree with."

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Whitney Watson, a spokesman for Kline, dismissed Morrison's challenge and noted that all of Kansas' county sheriffs, including some Democrats, had endorsed Kline. "It's unfortunate that Mr. Morrison believes that protecting Kansas children … is a peripheral issue," Watson said.

When Morrison announced he was challenging Kline last fall, Parkinson, a longtime friend, endorsed him. Parkinson said he figured it was the end of his political career. So the former GOP chairman and legislator was surprised to get a call from the Sebelius campaign exploring whether he'd join the governor's ticket.

Sebelius, whose Cabinet includes a former Republican governor, said she contacted Parkinson because she knew him from his time in the Legislature, not because of his party. Democrats in Kansas, she said, have a natural inclination to reach across party lines.

"Even if 100% of Democrats vote for something," Sebelius said, "it won't happen unless you can draw out Republicans."

Area Candidates Embrace A Visit By Laura Bush (PHI)

By Cynthia Burton

The Philadelphia Inquirer, June 13, 2006

As Republican candidates around the country avoid appearances with President Bush or Vice President Cheney, two in the Philadelphia area - U.S. Sen. Rick Santorum in Pennsylvania and Senate challenger Thomas H. Kean Jr. in New Jersey - welcome visiting Laura Bush today with open war chests.

"Laura Bush is safe," Republican political consultant Dave Murray said.

People don't blame her for the war in Iraq, rising gasoline prices, or unpopular administration policies.

"It's a simple matter of arithmetic. Her numbers are better," said Democratic consultant David Axelrod, who has worked for U.S. Sen. Hillary Rodham Clinton (D., N.Y.) and Mayor Street. "Despite her husband's travails, she remains an enormously popular figure."

She also helps raise money.

Laura Bush is scheduled to appear this morning at a fund-raising breakfast for Santorum at the Appleford Estate in Villanova. Santorum is hoping for 300 attendees and $400,000, according to spokeswoman Virginia Davis.

Bush also is to attend an afternoon reception for Kean at a law office in Lakewood, N.J., where the Kean campaign expects as many as 500 guests and at least $500,000 in contributions, which it will split with the New Jersey Republican Committee.

Kean and Santorum have avoided being seen with icons of the Bush administration, whose popularity has plunged in Pennsylvania and New Jersey. Polls show about 80 percent are favorable toward Laura Bush, while approval ratings of her husband and Cheney are in the low 30s.

Santorum, who trails Democrat Bob Casey Jr. in opinion polls, ducked the president at recent Pennsylvania appearances.

Kean famously was "stuck in traffic" and was late for a March fund-raiser featuring Cheney in Newark, N.J.

Laura Bush has stumped for other Senate and House candidates in North Carolina, New Mexico, Missouri, Vermont and Connecticut.

"I have been pleasantly surprised on this fund-raiser," said Republican lion Lawrence Bathgate, host of today's Kean event.

He said Democrats also planned to attend, though with tickets bought by their companies or Republican associates.

"Whether you're a Republican or a Democrat or an independent, one thing about her is she is absolutely a very, very nice person," said Bathgate, who has raised money for President Bush, Bush's father, Kean's father, and President Ronald Reagan. "And she is a good wife and a good mother. She's not trying to run the country."

Kean may not be able to duck the president for long. He trails his Democratic opponent, U.S. Sen. Robert Menendez, in the money race, and the president is a prodigious fund-raiser.

Kean campaign spokeswoman Jill Hazelbaker said, "There have been no discussions about having fund-raisers with the president."

According to Aaron McLear, regional press secretary for the Republican National Committee, the president has raised $125 million at 37 events for candidates in this election cycle. Cheney has hauled in $22 million from 66 events. Laura Bush has brought in $8.2 million at 17 events.

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Murray, who has worked for Kean's father - a former governor - and former Gov. Christie Whitman, said that if the opposition wanted to link Kean with the Bush administration, it would just go ahead and do it.

"Politicians are very image-conscious," Murray said, reflecting on the distance Kean and Santorum have tried to keep between themselves and the administration. "They believe in guilt or credit by association."

Menendez was appointed to the Senate seat vacated by Gov. Corzine.

He and Kean have launched a vigorous battle and have agreed to two televised debates before the end of the month. So far, Menendez has raised more than $7.1 million to Kean's $2.6 million.

In Pennsylvania, Santorum and Casey have attacked each other for months. So far, Santorum has raised about $16 million to Casey's $8 million.

Traffic Alert

Laura Bush is scheduled to appear at a fund-raising breakfast today for U.S. Sen. Rick Santorum (R., Pa.) at the Appleford Estate in Villanova and at an afternoon reception for New Jersey U.S. Senate candidate Thomas H. Kean Jr. at a law office in Lakewood, N.J.

Expect major roads in those areas to be shut down for her motorcade. Check traffic reports before heading out on the road.

More Adults Are Finding Time To Volunteer (WT)

By Stefanie Hausner

The Washington Times, June 13, 2006

Volunteerism is on the rise as 5.6 million more Americans donated their time last year than in 2002, a recent study found, with women besting men in every state.

A federal study on state volunteerism, released yesterday by the Corporation for National and Community Service (CNCS), found that 65.4 million (28.8 percent) of American adults volunteered last year. In every region and state, women volunteered at a higher rate than men and married people were more likely to donate time and resources than single people.

The study also showed that more Americans 35 to 44 years old volunteered than any other age group.

The CNCS hopes states will use the report to do a "strong self-assessment" to determine the effectiveness of their volunteer outreach. Although the CNCS is a federal agency, Chief Executive Officer David Eisner said they "long ago realized that the most important work toward building momentum around service actually happens at the state and local levels."

State patterns varied, with Utah leading the nation with the highest volunteer rate and intensity in every age group. The Midwest held the highest regional volunteer rate at 33.3 percent. However, the largest growth in volunteering comes from the South (2.4 million) and the West (2 million).

Last year, Americans contributed 8.2 billion hours of volunteer work, totaling nearly $150 billion in service. The greatest percentage of volunteers worked primarily through religious organizations. Top volunteer activities include coaching, teaching or mentoring (35 percent); fundraising (29.7 percent); and collecting, preparing and distributing food (26.3 percent).

The study also found that "youth who regularly attend religious services" are nearly twice as likely to be "regular volunteers" as those who did not attend any services. Young people from a family where at least one parent volunteers are almost twice as likely to volunteer as a youth with no family members who volunteer, and nearly three times as likely to regularly volunteer.

The District held the highest percentage of people volunteering in civic, political, professional or international organizations, the study showed.

Marcus Rosano, coordinator of communications and media relations for the National Capital Area Red Cross, said area volunteer rates tend to fluctuate. After events, such as September 11, and the recent tsunami and hurricanes, he said the Red Cross sees more of an "episodic volunteer turnover." Many people from Virginia, Maryland and the District called the Red Cross hoping to be deployed to the Gulf Coast, while others asked how they could help with office work.

The CNCS is not daunted by a fluctuation of volunteers. No one was surprised to see involvement rise after September 11.

Mr. Eisner said a "fair amount of the growth" resulted from recent disasters, but he is optimistic that the CNCS can add 10 million more volunteers by 2010.

Getting Punitive (WSJ)

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The Wall Street Journal, June 13, 2006

One of the great sources of disrespect for the law in our time has been outlandish punitive damages. So when the Supreme Court laid down a marker on excessive damages in the 2003 State Farm case, we suggested it might take more than one try before courts at the lower level got the message.

The high court has now agreed to hear an appeal in an Oregon case in which Philip Morris was dinged for punitive damages 97 times greater than the compensatory damages awarded in a smoker's death. Looks like the moment of revisitation has arrived. The Supreme Court had already sent the judgment back to the state courts once, but on remand the Oregon Supreme Court upheld the judgment. So the high court's decision to hear the case suggests that the Justices have decided someone isn't getting the State Farm message.

In that case Justice Anthony Kennedy, writing for the 6-3 majority, refused to establish a "bright line" rule for any ratio between compensatory and punitive damages, but he offered some hints. "Quadruple damages" were an instructive guidepost, the Justice wrote. He also implied that a punitive award very much higher than a single-digit ratio to the actual damages probably raised due-process concerns.

Still, a series of state-court decisions have tried to test the outer limits of State Farm, so it could be that the Philip Morris case is intended to clear all this up. Alas, only four members of the original majority remain. Besides, there are no clear ideological battle lines on this issue; in State Farm, Ruth Bader Ginsburg's dissent was joined by Antonin Scalia and Clarence Thomas. It's hard to know how Chief Justice John Roberts and Justice Samuel Alito might rule.

That said, Philip Morris v. Williams seems clearly to run afoul of the standards set down in State Farm. Jesse Williams smoked Marlboros for decades before dying of lung cancer in 1997. His wife, Mayola Williams, sued the tobacco company and won a judgment of about $821,000 in compensatory damages -- and $79.5 million in punitive damages. Six months after the State Farm decision, the Supreme Court vacated the Philip Morris judgment and remanded it to the Oregon Supreme Court for reconsideration in light of the earlier ruling. The state Supreme Court upheld the decision and its huge award, citing the length of Philip Morris's bad behavior and the "reprehensibility" of its conduct.

It appears that wasn't the answer the Supreme Court was looking for when it vacated the $79.5 million judgment in 2003. The reference to "reprehensibility" comes straight from State Farm and an earlier case, BMW v. Gore, in which a plaintiff had been awarded millions over a touched-up paint job on his new car. But this term has been widely misinterpreted. As described in both cases, "reprehensibility" is one of three factors to consider in weighing whether punitive damages are warranted at all. It's not a carte blanche for punitive-damage ratios in some ballpark between 500-to-1 or 97-to-1.

The Supreme Court acknowledged in State Farm that punitive damages may play a role to deter bad conduct. But it was also clear that they're not intended to cover damages to non-parties to these cases or to take account of the losing party's net worth. Justice Kennedy wrote in State Farm that the case was "neither difficult nor close." The same would seem to apply here; the question is whether the new cast of players at the High Court will see it the same way.

Nuclear Monitor Says Iran Fails To Provide Data (NYT)

By Elaine Sciolino

The New York Times, June 13, 2006

PARIS, June 12 — As Iran weighs how to respond to an international package of incentives intended to curb its nuclear activities, the chief of the International Atomic Energy Agency on Monday faulted Iran for failing to provide information crucial to understanding fully the nature and intent of its nuclear program.

In prepared remarks in Vienna opening the agency's 35-country board meeting, Mohamed ElBaradei, the director general, said his agency "has not made much progress in resolving outstanding verification issues." He added, "I would continue to urge Iran to provide the cooperation needed to resolve these issues."

Dr. ElBaradei's assessment was expected. Since February, Iran has substantially reduced access to dozens of atomic sites, programs and personnel, abiding only by the minimum cooperation required under arms-control accords.

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But the board meeting of the agency, the United Nations' nuclear monitoring group, comes at a delicate diplomatic moment as Iran is considering an offer by the United States, China, Russia and three European nations to freeze major nuclear activities in exchange for the promise of economic and political incentives.

Dr. ElBaradei kept his comments on Iran short and declined to take questions from reporters.

Still, he made it clear that he welcomed the initiative by the six nations, calling it a way "to reach a comprehensive agreement that would address the need of the international community to establish confidence in the exclusively peaceful nature of Iran's nuclear program, while also simultaneously addressing Iran's security, technology and economic needs."

The incentives package, the details of which have not been made public, offers Iran the chance, among other things, to buy light-water reactors for energy purposes and new civilian airplanes and spare parts for its aging fleet as well as to hold substantive talks with the United States.

Iran would be required to agree to freeze its uranium enrichment-related and reprocessing activities before formal talks on the substance of the package could begin, and the freeze would continue until Iran met a strict list of requirements. Because of opposition from the United States, the package does not include an offer to open an intergovernmental dialogue with Iran about security issues.

Dr. ElBaradei did not refer to the fact that Iran restarted enriching uranium in Natanz last Tuesday. On Monday, Javier Solana, the European Union's foreign policy chief, said he expected an initial response from Iran at any time.

In Tehran on Monday, an Iranian government spokesman, Gholam Hossein Elham, suggested that the country was unwilling to bend to the will of the outside world and freeze its enrichment-related activities.

"Iran has achieved nuclear fuel technology," he told reporters. "And we will not negotiate our absolute right with anyone."

ElBaradei Sees U.S.-Iran Talks As Ending Stalemate (BLOOM)

By Jonathan Tirone

Bloomberg, June 13, 2006

June 12 (Bloomberg) -- United Nations nuclear chief Mohammed ElBaradei said a U.S. offer to join direct talks with Iran about security issues may provide an end to the stalemate over the Islamic Republic's atomic program.

A U.S.-backed European proposal given to Iran ``would address the need of the international community to establish confidence in the exclusively peaceful nature of Iran's nuclear program, while also simultaneously addressing Iran's security, technology and economic needs," ElBaradei, director general of the International Atomic Energy Agency, said today in Vienna.

ElBaradei's comments came during opening remarks at a regular meeting of the 35-member IAEA board of governors. He outlined the results of the agency's latest inspections of Iran's nuclear facilities, which will be presented in a report to the board this week.

The Bush administration on May 31 said it would join its European allies in direct talks with Iran, ending a 27-year U.S. diplomatic embargo, if the Islamic Republic stopped making nuclear fuel and accepted the EU proposal. The U.S. agreed to enter negotiations after gaining assurances from Russia and China that they wouldn't block a U.S.-led effort for UN sanctions against Iran if the talks fail or never get started.

Iran is continuing with the nuclear program in defiance of international pressure and a non-binding UN resolution. The nation has yet to react to the European Union plan, which offers technological and economic incentives for Iran to end its atomic work. The U.S. accuses Iran of developing a bomb, in violation of the Non-Proliferation Treaty, while Iran maintains the program is aimed at generating electricity in compliance with the accord.

`Diplomatic Opportunity'

The U.S. and other board members want Iran to ``refrain from further uranium enrichment and reprocessing activities, including research and development, and to take advantage of the enormous diplomatic opportunity that lays in front," the U.S. ambassador to the IAEA, Gregory Schulte, said today at a briefing in Vienna.

EU foreign policy chief Javier Solana, who carried the offer to Tehran last week, said he expects an Iranian response ``very soon. I hope before the end of the week I will have contact with them."

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Speaking after a meeting of EU foreign ministers in Luxembourg today, Solana said ``there are a lot of things in it. It is not easy to digest in a short period of time."

ElBaradei also urged Iran to provide better cooperation and to address unanswered questions by IAEA inspectors about the nature and intent of the nuclear program.

Iran today reiterated that the nuclear program wasn't negotiable, Agence France-Presse reported from Tehran.

Iran will not ``compromise" or ``negotiate" its rights, Iranian Foreign Ministry spokesman Hamid Reza Asefi said yesterday. The country ``will act on the basis of its responsibilities, duties and rights," he said, adding that ``Iran has the initiative."

Saudi Backing

Saudi Arabian Foreign Minister Prince Saud al-Faisal told reporters in Tehran today that his country believes Iran has the right to the peaceful use of nuclear technology, Kuwait's state- run news agency reported.

The IAEA board sent the Iranian case to the UN Security Council on Feb. 4, after the Islamic Republic refused to heed calls for the suspension of the enrichment program.

Iran's top nuclear negotiator, Ali Larijani, yesterday expressed optimism about the European-led proposal.

``What was given is a program with a positive tendency toward Iran and there is no mention of punishments," the state- run Iranian Students News Agency quoted Larijani as saying in Cairo yesterday. ``It is said that a deadline has been set for Iran, which is not correct."

The incentive plan was agreed on June 1 by diplomats from the five permanent members of the UN Security Council -- the U.S., China, Russia, the U.K. and France -- as well as by Germany. Each of the permanent members has a veto over the council's resolutions.

Japan Wary Of Plan For Sanctions Against Iran (WP)

By Anthony Faiola And Dafna Linzer

The Washington Post, June 13, 2006

TOKYO, June 12 -- Despite months of pressure from Washington, Japan has become increasingly reluctant to join a Bush administration plan for sanctions against Iran if negotiations fail to resolve concerns over the country's nuclear program, Japanese and U.S. officials said Monday.

Japanese officials are suggesting that their country, which has more at stake in Iran financially than any other potential sanctions partner, may not join in punitive measures unless there is a broad international consensus along the lines of a U.N. Security Council resolution or other measure backed by nations now reluctant to impose sanctions, such as China. The White House had hoped instead to bring Japan into a "coalition of the willing" that avoided dealing with "recalcitrants" such as Russia and China.

The administration's fallback plan if talks with Iran fail -- tough financial measures imposed by a small group of like-minded countries -- depends strongly on Japanese participation. Without it, administration officials have calculated, the impact would significantly decrease.

Japan consumes 22 percent of Iranian oil exports and is slated to begin development this year of the largest and most modern onshore petroleum fields built in Iran since the 1979 Islamic revolution. That has caused Japan to experience an uncomfortable tug of war between its allegiance to Washington and its financial and energy interests in Iran.

Analysts and Western diplomats have called the Bush administration's bid to sway Japan -- by far Iran's largest trading partner -- a key test of the likelihood that U.S. allies will ultimately agree to make painful sacrifices to force Tehran into compliance.

At a meeting of finance ministers of the Group of Eight major industrial powers in Russia last Friday, Treasury Secretary John W. Snow asked Japan to consider sanctions, including barring financial institutions from conducting transactions in Iran. Japan's finance minister, Sadakazu Tanigaki, replied that any such move would first need to be discussed "more broadly with Europe and others."

On Monday, Secretary of State Condoleezza Rice and Japanese Foreign Minister Taro Aso discussed the Iranian situation by telephone, agreeing to cooperate in resolving the standoff, the Japanese Foreign Ministry said in a statement.

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Initial sanctions under consideration against Iran would largely spare the global trade in Iranian crude oil. But the most severe sanctions -- including cutting Tehran off from access to the dollar, euro, British pound and yen -- would be a step "potentially imperiling European and Japanese trade, including the oil trade," according to a Treasury Department task force report on the measures' likely international impact.

Privately, Japanese officials have said they intend to set a high bar for any action. "We would not do anything without the full support of the international community," a senior Japanese government official said, speaking on condition of anonymity because of the issue's sensitivity. "For example, we would need a vote of the U.N. Security Council or a similar measure that would have to include China and Russia. Otherwise, Japan might end up moving out of Iran only to see someone else's oil companies rush in."

Japanese officials have said that while they have deep concerns about Iran's nuclear program, they worry that aggressive sanctions could create a foothold for China. Viewed by Japan as its prime competitor in the global energy market, China ranks just behind Japan in consumption of Iranian oil.

Iranian officials have already threatened to nullify a massive contract signed with Tokyo-based Inpex, an energy giant that is partly owned by the Japanese government, for development of the Azadegan petroleum fields along Iran's long and treacherous border with Iraq.

Inpex has so far postponed full-scale development work, citing a dispute over the number of land mines to be cleared from a drilling area that is estimated to contain reserves of about 26 billion barrels of oil. But sources familiar with the project have also described the delay as an effort by Japan to buy time -- to ensure that progress is made in the nuclear standoff before the Japanese company pumps hundreds of millions of dollars into the project.

The Iranians appear to be running out of patience. Last week, Iran's oil minister reiterated on national television a threat to cancel the contract. "If the Japanese do not develop Azadegan, we will not tolerate any more delay and will hand over the job to our own engineers," Kazem Vaziri Hamaneh said.

Since Inpex struck the Azadegan deal with Iran in 2004, Bush administration officials have sniped at it repeatedly. Japanese officials characterize this as a rare cold patch in otherwise very warm U.S.-Japan relations.

The Japanese call the project essential to securing increasingly rare dedicated energy sources for the world's second-largest economy. U.S. officials insist it would only make Japan more dependent on Iran. "I ask Japan not to be pressed into a dilemma on the nuclear proliferation issue by Iran, which is using oil resources as its shield," the U.S. ambassador to the United Nations, John R. Bolton, said in a March interview with Japan's Nihon Keizai newspaper.

Japanese pundits are increasingly citing "U.S. pressure" on Japan over Iran. Earlier this month, President Bush placed a call to Prime Minister Junichiro Koizumi, urging his friend to support a consensus that Iran must open its nuclear program to international security.

Japan is smarting about being largely left out of negotiations with Iran even while it is being asked to make the largest potential sacrifice. A new proposal -- including incentives for Iran to open its nuclear program that have somewhat brightened the prospects for a negotiated settlement -- was presented to Tehran this month by a club of nations comprising the United States, Britain, France, Germany, Russia and China.

As a country whose armed forces are restricted by a postwar pacifist constitution and which is protected by the American nuclear umbrella, Japan often finds that its interests naturally coincide with Washington's. But there is a growing sentiment in Japan that, particularly in the Iranian situation, Tokyo and Washington have divergent interests and that Japan's support for U.S. policy is being taken for granted.

"I think we should stand with the international community once a consensus is made on the Iran nuclear issue," said Hideki Wakabayashi, a member of Japan's upper house who was part of a delegation to Iran last month from the opposition Democratic Party of Japan. "But it's not a good idea for the Bush administration to pressure Japan before negotiations fail."

China Opposed To Joint Statement On Iran (AP)

By George Jahn

AP, June 12, 2006

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China and Russia are holding back from a united message with Western powers to insist that Tehran halt uranium enrichment, a stance that could encourage Iranian defiance, diplomats said Monday.

Speaking outside a meeting of the International Atomic Energy Agency's 35-nation board, the diplomats told The Associated Press that China was opposed to signing a joint statement and Russia was leaning against participating.

Their reluctance reflected the East-West divide among the six world powers that just two weeks ago appeared to be in agreement about how to engage Iran over enrichment and to persuade it to give up technology that could be used to make nuclear arms. Iran says its program has the sole purpose of generating electricity.

"China is not OK and Russia might follow" Beijing's lead in opposing the joint statement, said a diplomat accredited to the meeting, who like other diplomats agreed to discuss the issue only if not quoted by name because the information was confidential.

Another diplomat said China appeared to be feeling pressure from the Nonaligned Movement, which last month emphatically backed Iran in its nuclear standoff with the West.

Russia's stance was less clear. But Moscow for months has hindered attempts by the United States and its European allies to turn up the heat on Iran in the U.N. Security Council.

Resistance by Russia and China to tough U.N. action contributed to Washington's decision last month to reverse decades of policy and agree to join in multinational talks with Iran — if Tehran accepts a package of rewards, freezes enrichment during the talks and places a long-term moratorium on such activity.

British Foreign Secretary Margaret Beckett announced at the end of high-level talks in Vienna on June 2 that all five permanent Security Council members plus Germany supported the joint approach on engaging Iran.

But the signs of discord Monday reflected continuing differences despite the public show of unity.

One diplomat said Britain, France and Germany — the three European nations participating in the six-nation Iran package — were modifying a draft statement on Iran hoping to secure Moscow's and Beijing's backing on a final version.

Other diplomats spoke of more potential divisions. China, Russia and possibly Germany might push to allow Iran some tightly controlled small-scale enrichment rather than see talks founder. Russia and China also might balk at enforcing selective U.N. sanctions on Iranian officials and activities.

But long-term, verifiable suspension of Iranian enrichment is a "red line" for the United States and its key Western allies, one diplomat said.

While the IAEA meeting is not expected to formally focus on the Iranian nuclear standoff until Wednesday at the earliest, the issue dominated the gathering on its first day Monday.

IAEA chief Mohamed ElBaradei told the meeting his agency had not made much progress in resolving verification issues with Iran, alluding to suspicions that some of Tehran's nuclear activities could be used for the development of an atomic weapons program.

He described the rewards offered to entice the Tehran regime into negotiations as addressing "the need of the international community to establish confidence in the exclusively peaceful nature of Iran's nuclear program."

Chief U.S. delegate Gregory L. Schulte called on Iran to respond positively to the offer for talks — and suspend enrichment, which can be used both to produce fuel for nuclear reactors that generate power and to create the core of atomic warheads.

"The next decision needs to be taken not in Vienna but in Tehran," Schulte told reporters.

In Luxembourg, the European Union's foreign policy chief, Javier Solana, said he expected an Iranian response to the six-power offer this week.

But Iran suggested it was digging in its heels on enrichment. When asked if Iran would suspend enrichment for the sake of negotiations, spokesman Gholam Hossein Elham repeated the government line that enrichment is Iran's "obvious right."

U.S. Approach To Iran Has A Familiar Ring (WSJ)

By Jay Solomon

The Wall Street Journal, June 13, 2006

DOJ_NMG_0033277

WASHINGTON -- As President Bush contemplates the possibility of nonproliferation talks with Iran, he runs some of the same risks he said the Clinton administration took when dealing with North Korea.

Mr. Bush and his top aides were critical five years ago of the Clinton team's negotiating tactics with the regime in Pyongyang, charging that despotic states made unstable, untrustworthy negotiating partners. The White House's fears about Pyongyang remain, as American officials say they see signs North Korea may be preparing to test a long-range missile.

Now the Bush team has opened the door to the possibility of holding similar talks with Iran -- not direct talks, but as part of an international dialogue already started by America's European allies. Indeed, these talks could ultimately lead to an agreement like the one the Clinton team reached with North Korea.

The reasons for such a profound shift in the Bush foreign-policy agenda say much about the struggles the administration faced during its first term trying to contain both Pyongyang and Tehran, say current and former American diplomats.

Many counterproliferation experts support this evolving U.S. approach, saying it is a more realistic and potentially sustainable than avoiding direct talks. They also see the White House's diplomatic U-turn as an unstated recognition of the limits of unilateral American power.

"They were in the bunker at the White House, thinking, eventually, these countries would have to succumb to our power," says George Perkovich, a counterproliferation expert at the Carnegie Endowment for International Peace, a Washington think tank. "But it turns out we can't do everything out there alone."

In recent weeks, American officials say, U.S. spy satellites have picked up images from North Korea indicating Pyongyang is preparing to test launch its long-range missile, the Taepo Dong-2, which American intelligence believes has the potential to hit U.S. territory. A launch would be seen as a move by North Korean leader Kim Jong Il to wrest more economic incentives from Washington in return for Pyongyang dismantling its weapons systems.

Before al Qaeda's Sept. 11, 2001, attacks on the U.S., North Korea's nuclear program was among the Bush administration's top foreign-policy issues. President Clinton had forged a deal with Pyongyang in his first term, whereby North Korea agreed to give up its capacity for producing nuclear fuel in exchange for what were described as proliferation-proof light-water nuclear reactors. The Agreed Framework, as it was called, also pledged economic incentives for Pyongyang and a gradual normalization of relations between the U.S. and North Korea.

The Bush administration, from its earliest days, challenged the terms of the 1994 Clinton agreement. In 2001, the White House tried to broaden the deal, citing the need to discuss human rights and North Korea's conventional military forces if relations were to be normalized between Washington and Pyongyang. They also questioned the amount of monitoring the international community was able to pursue inside North Korea through the United Nations' International Atomic Energy Agency.

Ultimately, the entire Agreed Framework would collapse in 2002 after North Korean diplomats admitted to an American delegation that it had been cheating by seeking to develop a separate nuclear-fuel source. The collapse of the deal has ushered in nearly four years of new talks among the U.S., North Korea and four other regional powers, in a bid to come to a more comprehensive agreement.

No new agreement has been made with Pyongyang's leadership. Repeated attempts by the U.S. to bring Pyongyang back to the negotiating table have so far failed. A North Korean missile launch could significantly increase tensions.

Counterproliferation experts say the White House could ultimately agree to engage in a similar multiparty structure for its talks with Iran, though the members would be different.

Many former and current Bush administration officials also say any talks with Iran could very well end up producing a deal mirroring the original Agreed Framework. Last week, Javier Solana, the European Union's foreign-policy chief, presented to Tehran a list of incentives that the U.S. and the U.N. Security Council would support if Iran agreed to freeze its nuclear program. Among the perks are light-water nuclear reactors and fuel guarantees as well as a list of economic incentives that includes lifting the ban on the sale of airplane parts to Tehran and assistance in Iran's bid to join the World Trade Organization.

The U.S. didn't offer to normalize relations with Iran. But the White House did vow to work to establish a security framework for the Middle East, which could assuage some of Iran's concerns about the U.S. military presence in the region.

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Iran's leadership says it is studying the package offered by the U.S. and its partners but gave no specific time frame for responding. Iran's lead negotiator on the nuclear issue, Ali Larijani, said last week that Tehran was eager to negotiate but that Iran maintains its right to develop uranium-enrichment technologies.

"This is all a Middle East equivalent of an Agreed Framework, essentially offering economic incentives in return for certain behavior on the nuclear program," says Richard Haass, who headed the State Department's policy-planning staff during the first Bush administration. "It's structurally very similar" to what was offered to North Korea.

American diplomats involved in the Iran issue say there are many reasons why talks with Tehran could prove more productive then those that have stalled with North Korea. For one, they say Iran fears it could be isolated economically if it doesn't come to an agreement with the U.S. and its dialogue partners. While Pyongyang, they say, seems to covet its international pariah status, Iran seems to want to integrate economically to placate a growing, and young, population.

And they stress that any formal agreements made by the international community with Tehran would likely be much easier to verify.

Still, there are many in the counterproliferation community who fear Tehran is essentially preparing to mirror North Korea's efforts to wait out the international community. They say even if Tehran fails to comply with Western demands to freeze its uranium-enrichment programs, there are indications China and Russia still wouldn't agree to coercive measures.

"The Iranians could hardly think the situation North Korea finds itself in is bad," says Henry Sokolski of the Nonproliferation Education Policy Center in Washington. "They haven't been punished at all," and they continue to fail to comply.

Welcome To The Bazaar (NYT)

By Warren Christopher

The New York Times, June 13, 2006

Los Angeles

THE welcome recent announcement that the United States is willing to join face-to-face talks with Iran rekindled memories of my own experiences, 25 years ago, as chief negotiator in the Iranian hostage crisis. The subject of that negotiation was the 52 American diplomats who were taken hostage in Tehran on Nov. 4, 1979. The result was their release, 444 days later, on the day of Ronald Reagan's inauguration in 1981. Since that day we have had no diplomatic relations and virtually no direct dialogue with Iran.

There are obvious differences between the situation in 1979-81 and now. Then it was the United States that wanted face-to-face negotiations. Today it is Iran that wants direct talks — talks that will help make up for what its leaders view as decades of humiliation and abuse by America. While the negotiations 25 years ago involved the future and well-being of 52 individuals, the 2006 negotiations, if they occur, will deal with a problem that potentially threatens the lives of millions.

Nevertheless, there are lessons from our 1979-81 negotiations with Iran that can inform our efforts in 2006. First, we must be sure we are talking with the right people. One of the most frustrating dead ends we encountered in the hostage negotiations was learning that despite prolonged efforts to forge a settlement with President Abolhassan Bani-Sadr, he did not even have the power to move the hostages from one location to another, much less cause their release. If our 2006 negotiators study the vectors of power in Iran, they may be able to avoid such frustrations.

At the moment, Iran's president, Mahmoud Ahmadinejad, is riding high. But he may not be as powerful as he seems and, in any event, power may shift over time. Ultimate authority remains with Ayatollah Ali Khamenei, and we have not heard from Ali Akbar Hashemi Rafsanjani, former two-term president and now chairman of the Expediency Council. In short, we should look for seams, even small ones, in the cloak of power.

Second, our negotiators should prepare themselves for what might be called "bazaar behavior." For all my difficult dealings with interlocutors like China's foreign minister, Qian Qichen, I always knew what he really wanted and that if an agreement was reached, its terms would be carried out. But with the Iranians, the negotiating style is likely to resemble that of a Middle Eastern marketplace, with outlandish demands, feints at abandoning the process and haggling over minor details up to the very last moment.

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Even after the agreement was signed on Jan. 19, 1981, the Iranians disavowed a vital technical annex. To bring them back in line, I directed the pilot of my plane, on a telephone line that I knew was tapped, to warm up the engines. The Iranians quickly dropped their claim, and a day later the hostages were released.

If the Iranians ultimately come to the table, our negotiators will need to be patient, almost superhumanly so. The subtext for everything the Iranians do and say will be their historic sense of grievance against the United States, stretching back at least to the C.I.A.-engineered overthrow of the government and restoration of the shah to his throne in 1953.

The hostage crisis probably dragged on because the Iranians wanted to maximize their exposure on the world stage and to humiliate the Great Satan (and its president) for as long as possible. One long and bewildering delay occurred when the Iranians refused to sign any direct agreement with the United States. We finally suggested that the agreement take the form of mutually dependent promises to Algeria, and that was acceptable for reasons that still remain obscure.

Third, if the new package of incentives offered by Britain, China, France, Germany, Russia and the United States does not persuade the Iranians to suspend their enrichment program, which was Washington's condition for joining the talks, I believe sanctions can play a valuable role. The hostage crisis shows that we must assemble the broadest possible spectrum of participants, including the Russians, in any sanctions regime. Although enforcement of the sanctions we achieved through the United Nations began to fray toward the end of the 444-day ordeal, they plainly had an impact on the Iranian population. When the Iranian leadership had to assess the potential benefits of keeping the hostages against the costs of doing so, sanctions must have weighed heavily in the balance.

As in the hostage crisis, a military solution is unwise and probably infeasible. Though possible use of our military should not be taken off the table, we must stay on the diplomatic and, if necessary, the punitive economic track. Our negotiators must be firm and resolute not just with their counterparts, but with those in the press, the administration and the public who will inevitably pressure them to declare prematurely that the talking is over.

Shortly before Christmas in 1980, in the gloom of a defeated administration, we received a message from the Iranians tripling their monetary demand to $24 billion for the release of our hostages. I was tempted to pull the plug and leave the matter for resolution by the incoming Reagan administration, but I concluded we had come too far to give up. Ultimately, those demands were dropped and the negotiations concluded on terms similar to what we had previously offered. When those who represent America in any coming negotiations face similar moments — and they inevitably will — I hope they will recognize that persevering is indispensable to our national interest.

Warren Christopher, secretary of state from 1993 to 1997, is the co-chairman of the Pacific Council on International Policy.

Violence Erupts Between Fatah And Hamas (NYT)

By Steven Erlanger

The New York Times, June 13, 2006

JERUSALEM, June 12 — Hundreds of Palestinian security personnel loyal to the Palestinian leader, Mahmoud Abbas, went on a rampage Monday night in the West Bank town of Ramallah, attacking the parliament and cabinet buildings controlled by his rivals in the Hamas-led government.

The attack by forces from the Fatah faction loyal to Mr. Abbas, who fired bullets at the buildings and set them on fire, came after Hamas gunmen attacked the Gaza headquarters of the Fatah-dominated security forces with rockets and grenades.

The Ramallah buildings were not occupied at the time, but the fire gutted a floor of one of the two cabinet buildings after the security forces, joined by gunmen from Al Aksa Martyrs Brigades, part of the Fatah movement, shot out the windows of the parliament building and tried to prevent firefighters from entering the area.

In the growing violence between the major Palestinian factions, at least 2 people were killed and 15 wounded in the fighting in Gaza. In Ramallah, a member of the security forces told The Associated Press, "Every time they touch one of ours in Gaza, we will get 10 of theirs in the West Bank."

Mr. Abbas declared a state of emergency and ordered people off the streets on a chaotic and violent day. The Palestinian leader, who advocates negotiation with Israel, is facing increasing political isolation, especially in the wake of Friday's killing of

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seven members of a Palestinian family on a Gaza beach, apparently by an errant Israeli shell. The deaths have strengthened Hamas, which refuses to recognize Israel's legitimacy.

The Hamas majority in parliament decided Monday to allow dialogue between the factions to continue on a unified political platform, hoping to make a referendum called by Mr. Abbas for July 26 unnecessary.

Hamas had called the emergency session of the legislature to challenge the referendum on a document drafted by Palestinian prisoners calling for a Palestinian state within pre-1967 borders, implicitly recognizing Israel.

Hamas opposes the referendum as illegal and vows to block it. The main Hamas negotiator on the document, Abdel Khaleq Natche — the highest-ranking Hamas prisoner held by Israel — said Sunday that he had withdrawn his support. He accused Mr. Abbas of "unacceptable abuse" of the document and exploiting it for political gain, saying that it was intended to promote unity.

Hamas has refused demands from Mr. Abbas and other nations to recognize the right of Israel to exist and to accept previous Israeli-Palestinian agreements that are explicit in their support of a two-state solution. Hamas sees the referendum as an effort by Mr. Abbas to undermine its authority.

But Hamas legislators pulled back a little on Monday, criticizing Mr. Abbas for exceeding his legal powers but voting for a continuation of talks between the factions. "We are going to continue our efforts over the coming days and are hopeful of resolving the whole crisis," said the speaker, Aziz Dweik of Hamas.

Hamas said it would wait until June 20 before bringing the referendum back before the legislature. "If we succeed through dialogue in stopping the referendum then it will be better, but if we hit a dead end, parliament will assume its responsibilities and hold the vote," said a Hamas legislator and spokesman, Mushir al-Masri.

It is unclear whether Mr. Abbas has the authority to call a referendum or what a vote in parliament against holding it would mean.

In Damascus, Syria, Moussa Abu Marzouk, deputy chief of Hamas's political bureau in Syria, told The Associated Press that Hamas would do its best to stop the vote. "Even if it is carried out, Hamas would not recognize it or accept its outcome, whatever it might be," he said.

In Gaza, Hamas gunmen fired rocket-propelled grenades and antitank rockets at the Rafah headquarters of the Preventive Security force loyal to Mr. Abbas and Fatah. Two people were killed, including a deaf passer-by, Suleiman Zanoun, 34, and at least 15 people were wounded in the fighting, which involved at least 100 armed men.

Earlier in the day, a Hamas paramilitary fighter was killed when fighting erupted after a funeral for another Hamas militant who died overnight from wounds suffered 10 days ago in a previous intra-Palestinian clash.

Hamas accused the Preventive Security force of being behind Monday's shooting, and a Palestinian security officer was shot and critically wounded later on his way home from work in Rafah. At least 20 people, mostly gunmen, have been killed in clashes between the factions in Gaza in the past two months.

As the barrage of Qassam rockets from Gaza into Israel slowed Monday, Israeli officials warned Hamas leaders that they would have no immunity from assassination if they were responsible for the deaths of Israeli civilians. A senior member of the ruling Kadima Party, Tzachi Hanegbi, said the Hamas prime minister, Ismail Haniya, could be assassinated if the group began further suicide bombings in Israel.

Referring to previous Hamas leaders assassinated by Israel, Mr. Hanegbi said, "Yassin and Rantissi are waiting for you, Haniya, if you implement the same stance of liquidating Jews, indiscriminate firing and suicide terror attacks aimed at paralyzing Israeli society anew."

Mr. Haniya said the threat was an example "of a type of political madness from some Israeli leaders."

Israeli newspapers suggested that the defense minister, Amir Peretz, leader of the Labor Party, had rejected army plans for intensified airstrikes against rocket-launching teams and sites, including some Hamas workshops where the crude Qassam rockets are assembled. Mr. Peretz, according to the news media, told the generals to keep planning.

At the same time, an Israeli investigation continued into the deaths of eight Palestinian civilians on a northern Gaza beach on Friday, with Israeli officials continuing to suggest that the explosion may not have been caused by an Israeli artillery shell, but by an errant Qassam rocket or explosives hidden in the sand.

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Prime Minister Ehud Olmert was in London meeting with his British counterpart, Tony Blair, who said Israel was right to have no contacts with Hamas until it renounces violence. Mr. Olmert repeated his promise to try to negotiate first with Mr. Abbas.

Asked about the comments by Mr. Hanegbi, the Kadima Party member, Mr. Olmert, said, "Whoever is implicated in terrorism cannot claim to have immunity," and added: "I do not think it would be wise of me to be more specific."

Hamas Gunmen Rampage Through Ramallah (FT)

By Harvey Morris, Ben Hall

Financial Times, June 13, 2006

Gunmen loyal to Fatah rampaged through the West Bank city of Ramallah on Monday night, shooting up parliament and torching the prime minister's office in a worsening power struggle with the ruling Hamas movement.

The attacks were launched after Hamas militants besieged the southern Gaza headquarters of the Palestinian preventive security force, which is Fatah-controlled, and fired rocket-propelled grenades. Five people were wounded in the assault.

The events in Ramallah began shortly after Mahmoud Abbas, the Palestinian Authority's Fatah president, ordered security forces on to the streets to maintain law and order in the light of the Gaza violence. The prime minister's office and parliament building are both symbols of Hamas power following the Islamists' victory in elections in January.

Ismail Haniya, the Hamas prime minister, is banned by Israel from leaving the Gaza Strip. Hamas on Monday deferred a parliamentary motion to outlaw a national referendum called by Mr Abbas for July 26 that would ask the electorate to vote on proposals that implicitly recognise Israel.

Hamas, which does not recognise Israel, has declared the referendum illegal. The gunmen involved in the Ramallah attacks included security men and elements of the Aqsa Martyrs' Brigades, a Fatah military wing. Police on Monday night entered the prime minister's office to evict them.

The Hamas government, locked in a power struggle with the president and his party, has set up a 3,000-strong security force that answers to it directly but which is deployed only in the Gaza Strip.

The deterioration in the Palestinian territories came as Ehud Olmert, the Israeli prime minister, held talks in London to try to gain international support for his plans to redefine Israel's borders, with or without Palestinian consent. Tony Blair, Britain's prime minister, urged both sides to pursue a negotiated settlement of their conflict, but did not endorse a unilateral Israeli solution in the event of a stalemate. Speaking in Downing Street after talks with Mr Olmert, Mr Blair promised to give "every support and every impetus we can from the international community" to ensure that talks could begin.

Mr Olmert is on the first leg of a European tour to win support for his proposals to withdraw from large parts of the West Bank and define Israel's borders unilaterally if talks with Mr Abbas fail to produce a deal. Mr Blair said the Palestinians had to recognise Israel's right to exist and renounce violence. Both sides had to adhere to the international community's "road map" for talks, he said.

Israel also needed to address the "main issue" of how to create a viable Palestinian state. Only a negotiated settlement was likely to last, Mr Blair said. But he acknowledged that there had to be progress towards some form of resolution to prevent a slipping back into "chaos", and hinted that could lead to a unilateral redrawing of the borders. "This thing either moves forward by way of agreement or other ways of moving it forward have to be found," he said.

Palestinian Security Men Go On Rampage (AP)

By Mohammed Daraghmeh

AP, June 12, 2006

Hundreds of Palestinian security men loyal to President Mahmoud Abbas went on a rampage against the Hamas-led government Monday, riddling the parliament building and Cabinet offices with bullets before setting them ablaze in retaliation for an attack by Hamas gunmen in the Gaza Strip.

The violence was the most serious in the West Bank since Hamas defeated Abbas' Fatah movement in legislative elections in January and raised new fears the Palestinians could be headed toward civil war. It also cast doubt on renewed calls for Palestinian unity by the rival factions.

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Abbas, a moderate who was elected separately last year, has been locked in a bitter power struggle with Hamas. The dispute has focused largely on control of the powerful security forces.

In Monday's unrest, hundreds of members of the Preventive Security force shot out the windows of the parliament building before storming the two-building Cabinet complex, where they smashed furniture, destroyed computers and tore up documents. No casualties were reported.

Shooting wildly in the air, the mob then set fire to one of the Cabinet buildings, gutting the fourth floor. When a fire engine approached the scene, one gunman lay on the road, preventing it from reaching the building.

"Every time they touch one of ours in Gaza, we will get 10 of theirs in the West Bank," said one member of the Preventive Security force. Dozens of gunmen from the Al Aqsa Martyrs' Brigades, a pro-Fatah militia, joined the mob.

The crowd also set fire to the parliament building and a Hamas office. Both blazes were quickly contained. Abbas' presidential guard later arrived to guard the burnt-out parliament and Cabinet buildings.

Late Monday, Fatah gunmen briefly abducted a Hamas lawmaker, Khalil Rabei, after attacking his office and setting it on fire. Rabei said he was kicked and threatened before he was released.

Abbas' personal guard granted refuge to Rabei and nine other Hamas lawmakers, and was ordered to escort the men home safely.

The rampage in Ramallah followed an earlier attack by Hamas gunmen on a Preventive Security installation in Gaza. The attack set off daylong clashes that left two people dead and 14 wounded.

Most of the Palestinian infighting in recent weeks has occurred in Gaza, Hamas' stronghold. Monday's incident signaled that Fatah is now ready to move the conflict to its West Bank power center.

Abbas was in Gaza at the time of the rampage, where he has been holding negotiations with Hamas in hopes of ending the political deadlock.

"The president strongly condemns the attacks and the assault against the public institutions and the building that took place in the West Bank tonight," said a statement issued by Abbas' office.

"Whatever is going on must be stopped," said Nabil Abu Rdeneh, a close aide to Abbas. "Everybody must obey the law."

Officials said Abbas had appointed a retired commander to serve as a military adviser and liaison to the Hamas-run Interior Ministry. The appointment of Lt. Gen. Abdel Razek Majaide could help ease tensions. Majaide is respected by Fatah and Hamas alike.

Internal tensions have heightened since Abbas scheduled a July 26 referendum on a plan that calls for recognition of Israel. Abbas has endorsed the plan as a way out of the stalemate. But Hamas objects to the vote.

In a conciliatory gesture, the Hamas-dominated Palestinian parliament pulled back from a plan to block the referendum, delaying a vote on the issue until June 20 to allow negotiations to continue. But the violence cast serious doubts on the efforts to bridge the gaps.

Early Tuesday, several thousand Hamas supporters demonstrated outside the Palestinian parliament building in Gaza. They condemned the violence in Ramallah, rejected the referendum and threatened retaliation against the Preventive Security forces.

"What happened today in Ramallah is very shameful and I think the president did not use all his efforts to prevent it," said Hamas spokesman Sami Abu Zuhri.

Seeking a way out of the infighting, Abbas last weekend scheduled the referendum on a plan calling for a Palestinian state alongside Israel, implicitly recognizing the Jewish state.

Abbas believes a unified political platform by Palestinian factions would help end crushing international sanctions against the Hamas-led government and allow him to restart peace talks with Israel.

Hamas, which is sworn to Israel's destruction, opposes the referendum vote. But it has entered a "dialogue" with Abbas over the plan. The sides were meeting late Monday when violence erupted in the West Bank.

"We want to get to a situation of calm and prevent the shedding of Palestinian blood," said Hamas lawmaker Khalil al-Haye.

Abbas is pushing forward with the referendum despite calls for a delay following an explosion on a Gaza beach Friday that killed eight civilians.

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Palestinians said an Israeli artillery shell caused the explosion, which has inflamed passions against Israel. Israel is conducting an investigation and has suggested its army wasn't responsible.

Israel-Palestinian violence has escalated since the beach explosion, with Hamas officially calling off a 16-month truce.

Hamas militants have fired several dozen rockets at southern Israel, including one that landed in the southern town of Sderot on Monday, slightly wounding a woman in the shoulder. A total of three people have been wounded in the recent rocket attacks, including one man in serious condition.

The end of the truce has raised concerns that Hamas could resume the suicide attacks. But with Hamas now the governing power, it might pressure its military wing to avoid deadly confrontation with Israel for fear of deepening its international isolation.

Fatah Gunmen Go On Rampage In West Bank (CHIT)

By Joel Greenberg

Chicago Tribune, June 13, 2006

JERUSALEM -- Palestinian gunmen from the Fatah movement of President Mahmoud Abbas went on a rampage against the Hamas-led government in the West Bank city of Ramallah on Monday night, shooting at the Cabinet and parliament buildings and setting them on fire.

The attack by scores of armed men, many from the Fatah-dominated Preventive Security force, followed a deadly clash between Hamas gunmen and security officers in the Gaza Strip and signaled a spread of factional violence to the West Bank.

The rampage was the worst outbreak of internal unrest in the West Bank since Hamas defeated Fatah in legislative elections in January and raised new fears of possible civil war. It showed that Fatah was ready to take its confrontation with Hamas to its West Bank power center.

The unrest has been fueled by a power struggle between Abbas and the Hamas-led government that has focused on control of the security forces and Abbas's call for a referendum on a statehood plan that implicitly recognizes Israel. Hamas, whose charter calls for Israel's destruction, has rejected the referendum.

In Monday's shooting spree, the Fatah gunmen targeted the symbols of Hamas rule.

At the Cabinet complex, gunmen destroyed computers and smashed furniture, hurled office equipment out of windows and tore up documents. The fourth floor was set on fire, and a fire truck was blocked from approaching by a gunman who lay on the road.

Gunmen also stormed the parliament building, shooting out the windows and bursting inside, where they set fire to offices. The blazes in both buildings were quickly contained.

A Hamas lawmaker, Khalil al-Rabai, was briefly abducted outside another building, but was later released to Abbas's presidential guard, which rushed reinforcements to the area.

Several Hamas lawmakers were evacuated to safety in the presidential compound.

The Fatah gunmen included members of the group's armed wing, Al-Aqsa Martyrs Brigades, who joined the officers of Preventive Security, which has spearheaded recent clashes with Hamas in Gaza.

Violence was also reported in Nablus, where gunmen fired at parliament offices, and in Jenin, where Fatah gunmen took to the streets, firing in the air.

The unrest was triggered by clashes earlier in the day in the Gaza Strip town of Rafah, where Hamas gunmen battled officers at Preventive Security headquarters, hurling grenades and firing anti-tank rockets, according to reports from the scene.

The firefight, which erupted during the funeral of a Hamas militant killed in an earlier clash, left two people dead—a Hamas gunman and a bystander—and more than a dozen wounded.

Mushir al-Masri, a Hamas lawmaker, said the rampage in Ramallah was carried out by "gangs" who want to "make the government fail."

Ahmad Abdel Rahman, an adviser to Abbas, said the source of the problem was a new Hamas-led security force put on the streets of Gaza in defiance of a presidential veto. The force has been involved in repeated clashes with Preventive Security members in recent weeks.

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"This match must be removed from the streets," Abdel Rahman told the Arabic satellite channel Al-Jazeera.

Abbas was in Gaza on Monday, where he has been meeting with Prime Minister Ismail Haniyeh of Hamas in an effort to end the political stalemate, so far without success.

In an emergency parliament session Monday, Hamas lawmakers challenged the legality of Abbas's referendum decree but put off a vote on the issue, saying they want to give more time for negotiations.

After the events in Ramallah, Abbas issued a presidential order banning displays of weapons on the streets, Abdel Rahman said. However similar orders in the past have been ignored.

"The president strongly condemns the attacks and the assault against the public institutions and the building that took place in the West Bank tonight," said a statement from Abbas's office.

Early Tuesday, a few thousand Hamas supporters demonstrated outside the Palestinian parliament building in Gaza, condemning the violence in Ramallah.

"What happened today in Ramallah is very shameful, and I think the president did not make every effort to prevent it," said Sami Abu Zuhri, the Hamas spokesman.

Fatah Officers Attack Hamas Sites In West Bank (WP)

By Scott Wilson

The Washington Post, June 13, 2006

JERUSALEM, June 12 -- Several hundred members of the Fatah-dominated Palestinian security services shot up or set fire to two official buildings associated with the rival Hamas movement in the West Bank city of Ramallah on Monday, hours after partisan clashes killed two people and wounded 15 others in the Gaza Strip.

The assaults on the buildings were among the biggest shows of force in weeks of clashes between rival Palestinian factions in the occupied territories.

Members of security services loyal to Palestinian leader Mahmoud Abbas savaged the Palestinian parliament building and the cabinet headquarters, the homes of institutions run by Hamas. The radical Islamic movement won January parliamentary elections, ending Fatah's long monopoly on Palestinian political power.

After shooting out the windows of parliament, the officers entered the cabinet headquarters, where they smashed furniture and computers before setting the building on fire. Witnesses said the armed men, including some members of Fatah's military wing, known as the al-Aqsa Martyrs Brigades, prevented firefighters from putting out the blaze.

Late Monday, Fatah gunmen abducted a Hamas lawmaker, Khalil Rabei, after setting fire to his office in Ramallah. He was released soon after to Abbas's bodyguards and took refuge along with seven other Hamas legislators in the Muqata government compound. Abbas, who is the Palestinian Authority president, ordered his bodyguards to protect the group.

Palestinian security services, with more than 70,000 members, are dominated by Fatah loyalists. Because of economic sanctions that Israel and foreign donors have imposed against the Hamas-led government, most of the men have not received any pay in three months.

Hamas officials, meanwhile, have deployed a 3,000-member security force on the streets of Gaza that is filled out mostly by members of its armed wing.

The divide within the security forces, widening at a time of increasing political rivalry between Abbas and the Hamas leadership, has led to deadly clashes in recent weeks. Most of those have occurred in Gaza. Monday's rampage showed that the partisan violence can spread to the West Bank as well.

"Every time they touch one of ours in Gaza, we will get 10 of theirs in the West Bank," a member of the Fatah-dominated Preventive Security Service told the Associated Press.

Earlier in the day in Gaza, Hamas and Fatah gunmen battled in the streets of Rafah, leaving one Hamas gunman and one civilian dead. Fifteen others were wounded; their partisan allegiances were unclear.

There were differing accounts as to how this fighting began. Some witnesses said Fatah gunmen fired on a Hamas funeral procession, while others said Hamas gunmen attacked the Preventive Security headquarters along the procession's route with rifles and rocket-propelled grenades.

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The clashes came as the Palestinian parliament, which Hamas controls, debated Abbas's plan to hold a referendum on the shape of a future Palestinian state.

The July 26 vote would ask Palestinians to vote yes or no on an 18-point document drafted by the leaders of Hamas, Fatah and other Palestinian factions in Israeli prisons. At the heart of the "prisoners' document," signed by major Palestinian leaders held in Israeli jails, is a proposal for a future Palestinian state in the West Bank, Gaza and East Jerusalem -- all territories that Israel occupied in the 1967 Middle East war.

Abbas favors such a state alongside Israel. But Hamas, which does not recognize the Jewish state's right to exist, has long called for a Palestinian state on land that now includes Israel. The prisoners, a very influential group in Palestinian politics, withdrew their support for the document after Abbas issued a presidential decree Saturday setting the date for a nonbinding vote on it.

The session Monday was called by Hamas legislators in the hopes of blocking the referendum, although whether the parliament has the legal standing to do so is unclear. After hours of sometimes angry debate, Hamas lawmakers decided to postpone a vote on the issue until next week, saying they wanted to give talks between Abbas and Prime Minister Ismail Haniyeh of Hamas a chance to reach a compromise.

Violence Strains Informal Cease-Fire (WT)

By Joshua Mitnick

The Washington Times, June 13, 2006

TEL AVIV -- Israel and Hamas seemed on the brink of abandoning a 17-month calm on Wednesday as Islamic militants lobbed rockets at Israeli towns and Israeli generals reportedly recommended an invasion of Gaza to snuff out the salvos, but officials and analysts think both sides will honor the informal cease-fire.

Hamas and Fatah loyalists showed no such restraint yesterday. Two Palestinians died in internecine Gaza street battles, while gunmen linked to Palestinian Authority President Mahmoud Abbas' Fatah party ransacked and burned government buildings in Ramallah.

Meanwhile, the Hamas-majority parliament delayed a decision on a measure that would outlaw a referendum. Mr. Abbas backs the referendum, which seeks implicit recognition of a two-state solution.

Both Israel and the Palestinian Authority face growing domestic pressure to launch retaliatory attacks. Seven Palestinians from one family were killed on a Gaza beach by an errant explosive, and the southern Israeli city of Sderot has come under frequent attack by Qassam rockets. So far, political leaders have resisted the temptation.

Attacks on Israel would disrupt Hamas' effort to consolidate its power after taking over the government in March, said a member of the Hamas-run Cabinet. The government also has struggled with a suspension of international aid to the Palestinian Authority, which has left government employees without pay for at least three months.

"The military escalation is the last thing that the government needs," said Abdel Rahman Zaidan, the Palestinian minister of public works.

Israelis hope to avoid a risky military gambit that could undermine international support for Prime Minister Ehud Olmert's "realignment" plan to uproot settlement in the West Bank.

"What can we do? Reinvade Gaza? We've been there already," said Labor parliament member Efraim Sneh.

Israeli Defense Minister Amir Peretz said he turned down a recommendation from Israeli generals for a large-scale offensive against the cells that launch the homemade rockets into Israel. His decision is aimed at allowing tempers to cool.

For the first time in months, Hamas' military wing took responsibility for the rocket salvos, prompting Israeli talk of assassination strikes on senior figures in the organization.

Critics of the government's policy said Israel should move against rocket foundries in Gaza and against weapons smugglers to weaken a militant group that has used the calm to restock.

But backers of the defense minister said the price -- Israeli military casualties, international criticism and a cancellation of the Palestinian referendum -- was too high. Even though Israel could justify the offensive, it is likely to strengthen Hamas' hand against Fatah.

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"You can have some short-term gains," said Yossi Alpher, the former head of Tel Aviv University's Jaffee Center for Strategic Studies, but in the long term, "there is no military solution. And it's not going to change anything."

Blair Urges Negotiated Mideast Solution (FT)

By Ben Hall In London

Financial Times, June 13, 2006

Tony Blair, UK prime minister, on Monday urged Israelis and Palestinians to pursue a negotiated settlement of their conflict, but did not endorse a unilateral Israeli solution in the event of a stalemate.

Speaking in Downing Street after talks with Ehud Olmert, Israel's new prime minister, Mr Blair promised to give "every support and every impetus we can from the international community" to ensure that talks could begin.

Mr Olmert is on the first leg of a European tour to win support for his proposals to withdraw from large parts of the West Bank and define Israel's borders unilaterally if talks with Mahmoud Abbas, the Palestinian Authority president, fail to produce a deal.

Mr Blair said the Palestinians had to recognise Israel's right to exist and renounce violence and both sides had to adhere to the international community's "road map" for talks. Israel also needed to address the "main issue" of how to create a viable Palestinian state.

Only a negotiated settlement was likely to last, Mr Blair said. But he acknowledged that there had to be progress towards some form of resolution to prevent the Middle East from slipping back into "chaos", and hinted that that could require a unilateral redrawing of the borders.

"This thing either moves forward by way of agreement or other ways of moving it forward have to be found," he said.

The Israeli leader reiterated his willingness to work towards a negotiated solution, which he said was based on "a generous compromise" by Israel. He would "go a long way" to convincing the Palestinians that it was worthwhle entering talks, under conditions set out in the "international road map".

"We are not impatient, therefore we are willing to give it some time," Mr Olmert said, revealing that he would be meeting Mr Abbas within the next few weeks.

But he also re-stated his readiness to go it alone in re-drawing Israel's map, adding that only a few years ago an Israeli offer to vacate 90 per cent of the West Bank would have been considered a "miracle".

"In spite of our obvious efforts, we may not be able to achieve our primary goal to negotiate with the Palestinians on the principles of the road map. We will have to move forward...to separate from the Palestinians, pull out from areas of the West Bank to realign Israelis to other parts of Israel to leave very large contiguous territories for a state to be formed by the Palestinians," he said.

Mr Blair agreed that negotiations could not start until the Palestinians renounced violence and accepted Israel's right to exist.

However, he declined to endorse Mr Olmert's view – expressed last week in an interview with the Financial Times – that a proposed referendum on Palestinian peace proposals was "meaningless".

Mr Olmert dismissed the referendum on proposals that implicitly recognise Israel as an internal Palestinian "game between one faction and another".

Mr Blair said that "anything that helps move the peace process forward is valuable".

The Israeli prime minister said his country could not allow Iran to "cross the nuclear threshold", warning that equipped with atomic weapons it would pose a "serious danger to the entire world".

Olmert Won't Rule Out Unilateral Action (AP)

By Steve Weizman

AP, June 12, 2006

Israeli Prime Minister Ehud Olmert said Monday that he would make "every possible effort" to negotiate peace with the Palestinians but will act unilaterally without an agreement.

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Olmert said at a news conference with British Prime Minister Tony Blair that Israel "will not tolerate nuclear weapons in the hands of Iran" — but sidestepped a question about possible Israeli action.

Olmert went further than before in his statements about a pullout from the West Bank, suggesting that a withdrawal would encompass "90 percent" of the territory Israel occupies, although he said that figure was approximate.

He left the door open to future negotiated pullouts even after a unilateral and partial withdrawal.

The prime minister is visiting Britain and France to win support for his approach to the West Bank. Under his plan, Israel would pull out of most of the territory and dismantle dozens of Jewish settlements but retain key areas, including major settlement blocs and east Jerusalem, which the Palestinians seek for a capital.

"What will happen when we will come to the point of the 90 percent of the territories, and the remaining 10 percent remains to be seen?" Olmert said.

If "the day will come when the Palestinians will be ready to negotiate with us ... I will then be willing to come to discuss it in detail," he continued.

In a briefing with reporters later, he said he was "not talking precisely down to the millimeter."

Asked about the prospect of a nuclear-armed Iran, Olmert said Israel "will not be able to accept such a reality."

Olmert sidestepped a question on whether Israel would act alone against Iran's nuclear program — as it did in 1981, when Israeli warplanes destroyed Iraq's Osirak nuclear facility. He said he hoped recent U.S. and European efforts "will stop any events that will advance Iran toward the possession of nuclear weapons."

Blair's response to Olmert's pullout comments balanced support for negotiations with a nuanced acceptance of what Israel calls its other options should talks lead nowhere.

Israel withdrew unilaterally from all of the Gaza Strip last year.

On the West Bank, Olmert has signaled he will give the Palestinians until year's end to resume peace talks before unilateral action. The Palestinians view a unilateral pullout as a way to strengthen Israel's hold on parts of the West Bank that the Jewish state would retain.

Palestinian President Mahmoud Abbas is eager to restart negotiations with Israel. But Olmert has said meaningful talks cannot take place as long as the militant group Hamas, which controls the Palestinian legislature and Cabinet, remains committed to Israel's destruction.

North Korea Flexes Missile Muscle To Grab US Attention (AFP)

By P. Parameswaran

AFP, June 12, 2006

North Korea's preparations for possible long-range missile tests -- its first in nearly a decade -- may be an attempt to grab the attention of a US government distracted by its nuclear row with Iran, experts said.

A senior US official said in a weekend report that there were "enough indications" to suggest that the Stalinist state was getting ready to test-fire an intercontinental ballistic missile, eight years after sending a missile over northern Japan.

Current test preparations are reportedly far more advanced than on previous occasions when North Korea appeared to be gearing up for a missile launch.

Pyongyang, which claims to have nuclear bombs, has frequently used missile tests and other provocative military activity to spur either diplomatic efforts or to shake up what they view as a unfavourable diplomatic situations.

But Pyongyang's latest demonstration of a planned long range missile test, against the backdrop of stalled nuclear talks, is seen by some analysts as a plea for US attention.

"It is very likely that North Korea believes that with Iran being offered a very reasonable package of incentives to abandon their nuclear program, they too would like to ensure that they are geting the appropriate attention and incentives from the United States," said Jon Wolfsthal, a weapons expert at the Washington-based Center for Strategic and International Studies.

North Korea's missile test preparations pre-date a US offer this month to join in the negotiations between Iran and the European nations to end a nuclear standoff with the Islamic republic.

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But Wolfsthal said the hardline communist state's stepped up missile activity could be an indication that Pyongyang "is very frustrated with its inability to get political and economic benefits from its nuclear program."

The United States had been involved with China, Russia, Japan and South Korea in talks with North Korea to disband the reclusive state's nuclear arms in return for security and diplomatic guarantees and critical energy aid.

Six-party talks climaxed in September 2005, with North Korea agreeing in principle to end its atomic weapons program.

But negotiations have collapsed since November, after the United States imposed financial sanctions on Pyongyang for alleged counterfeiting and money laundering activities.

During the impasse, Washington has been actively involved in diplomacy to defuse the Iranian nuclear crisis.

It has offered to directly talk to the Iranians and provide various incentives to encourage Tehran to suspend uranium enrichment, a process that could lead to making nuclear bombs.

"The North Koreans do not like to be ignored and they are famous for staging provocative actions to remind the United States that they are still potentially dangerous," noted Joseph Cirincione, a nuclear expert at the Center for American Progress.

He said that increased activity at a North Korean missile launch site, being monitored by US satellites, may be aimed more at "stimulating the six-party negotiating process than actually developing a capability that could actually threaten the United States."

Indications are that the North Koreans are itching for a nuclear deal but are frustrated by the on-again, off-again negotiating tactics of the United States.

Recently, the administration of President George W. Bush signalled it was prepared to consider opening a parallel track of negotiations with North Korea on a peace treaty to replace the 1953 armistice that ended the Korean War.

Some believe the move could result in a breakthrough to get talks moving again.

"But we haven't seen any results of the reported action yet, and the North Koreans may be getting impatient and are sort of puffing themselves up," Cirincione said.

Senator Scolds U.N.'s No. 2 For Snub (WT)

By Betsy Pisik

The Washington Times, June 13, 2006

NEW YORK -- One of the Senate's most prominent conservatives came to the United Nations yesterday to explain that Middle America does appreciate the work of the world body, they just want to see it better managed.

Sen. Tom Coburn, Oklahoma Republican, visited Deputy Secretary-General Mark Malloch Brown to rebut what he considered unfair criticism of the American people.

"I expressed disappointment on the lack of insight that was displayed in the speech given last week," Mr. Coburn told reporters after meeting in Mr. Malloch Brown's office. "The vast majority of Oklahomans believe in the function of the U.N. and recognize the positive contributions."

However, he added, the international organization still suffers from a lack of transparency and accountability. Mr. Coburn has scheduled a hearing on plans to renovate the aging U.N. headquarters later this month.

Mr. Malloch Brown, the senior deputy to U.N. Secretary-General Kofi Annan, set off a firestorm of criticism last Tuesday when he said that "Middle America" doesn't know about the good work the United Nations does because Washington rarely defends the world body against its critics.

"The prevailing practice of seeking to use the U.N. almost by stealth as a diplomatic tool, while failing to stand up for it against its domestic critics, is simply not sustainable," Mr. Malloch Brown told two left-leaning think tanks.

He also said that U.N. successes are better reported in the Middle East than in Middle America because "much of the public discourse that reaches the U.S. heartland has been largely abandoned to its loudest detractors such as Rush Limbaugh and Fox News."

The next day U.N. Ambassador John R. Bolton blasted the remarks as "condescending" and "patronizing," and threatened to make the United Nations "a victim" if Mr. Annan did not immediately repudiate the speech.

But Mr. Annan is standing by his deputy, and on Thursday urged everyone to let it go.

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Bush administration officials have not fleshed out the details of their strategy, but they do note that the organization is less than three weeks away from a fiscal crisis.

The U.N.'s current spending authority expires at the end of June and Washington and other key donor states must come to an agreement with the rest of the membership on how to make substantial management changes before that time.

The United States pays one-quarter of the U.N.'s operating budget.

"We are now perilously near the deadline, and it is far from clear that enough reform to satisfy them has been achieved," wrote Mr. Annan in an op-ed piece in yesterday's Financial Times. "Neither side has found a way of engaging with the other to agree on further reforms."

Although Mr. Malloch Brown, who is British, has insisted that he is not anti-American, his remarks have riled Midwestern lawmakers. Rep. Dan Burton, Indiana Republican and an outspoken critic of U.N. mismanagement, was scheduled to take the House floor last night "to support the deputy secretary-general's immediate removal," said his spokesman, Stephen Schatz.

Cuba Cuts Off Power To U.S. Mission (AP)

AP, June 12, 2006

The Cuban government cut off electricity to the U.S. diplomatic mission in Havana a week ago, and U.S. requests for power to be restored have gone unanswered, the State Department said Monday.

The facility has been operating with generator power.

Work at the mission continues, including interviews of refugees and outreach programs for the Cuban people, State Department spokesman Sean McCormack said.

"I would just say that the bullying tactics of the Castro regime aren't going to work," he added.

He said Cuban authorities also reduce the availability of water to the mission from time to time.

McCormack said he suspects that the decision to cut the power was in response to efforts by the mission to provide information to the Cuban people.

"That, of course, is not something that the Castro regime takes kindly to," he said.

In January, President Fidel Castro complained about use of the U.S. mission to carry human rights messages to passersby on outdoor electronic signs.

Castro called the signs provocations.

U.S. Mission Hit By Power Failure, Water Shortage (WT)

By Tom Carter

The Washington Times, June 13, 2006

The main office of the U.S. diplomatic mission in Havana has been without electricity since June 5, water is available only sporadically and U.S. diplomats have begun burning "nonessential" documents, the State Department said yesterday.

The State Department called the power cut part of a campaign of harassment of U.S. diplomats by the Cuban government.

"On Monday, June 5th, at approximately 3:00 a.m., electricity to the main building at the U.S. Interests Section in Havana was cut off," said department spokesman Sean McCormack. "The U.S. Interests Section building is the only building in the neighborhood without electricity. I wonder how that happened."

The U.S. mission is running on backup generators.

Cuba and the United States do not have diplomatic relations. Rather than embassies, they maintain "interests sections" in each other's capital. Switzerland acts as the official go-between.

Calls to the Swiss Embassy and the Cuba Interests Section in Washington yesterday seeking comment were not returned.

Drew G. Blakeney, a spokesman for the U.S. Interests Section in Havana, said the harassment of U.S. diplomats was minor compared with the repression of the Cuban people by the regime led by President Fidel Castro.

"The Cuban people, especially human rights and pro-democracy activists, continue to suffer much more severe harassment on a daily basis than does the U.S. Interests Section in Havana," Mr. Blakeney said.

The State Department said the harassment is thought to be the Cuban response to the U.S. Interests Section's "outreach" on behalf of the Cuban people.

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The U.S. mission infuriated the Castro government at Christmastime when it displayed a lighted sign on the building to flash news and messages to the Cuban people. The initial sign displayed "75" -- the number of dissidents jailed by the regime in the past few years.

The Cuban government responded in January by erecting a large billboard to block the messages from the thousands of Cubans who drive, bicycle or walk past the Interests Section each day.

"The American requests to the Cuban government to restore power have gone unanswered," Mr. McCormack said. "As of this morning, the power remains cut off and the U.S. Interests Section is operating on generator power."

He added that work at the Interests Section "continues unabated, including interviews of refugees and direct outreach to the Cuban people."

"I would just say that the bullying tactics of the Castro regime aren't going to work," Mr. McCormack said.

The Miami Herald reported late yesterday afternoon that the Interests Section had begun burning "nonessential" papers. State Department officials confirmed the report but said this is a standard procedure when power is out.

The cutoff continues even though Cuban Basic Industry Minister Yadira Garcia told parliament Saturday that a $1 billion program to link hundreds of large generators to the energy grid meant more power was available for peak energy demands.

"In less than eight months, conditions have been created that guarantee that there will be no blackouts in our country due to a lack of generating capacity," the minister said in her report, published by the official press yesterday.

Leader Of Islamic Forces In Somalia Seeks "Understanding" With U.S. (KRT)

By Hannah Allam

Knight Ridder, June 12, 2006

MOGADISHU, Somalia -The Islamist leader whose Islamic Courts Union militia seized control of this lawless east African capital last week after fierce fighting with U.S.-backed warlords said Monday that he seeks "an understanding" with the United States and denied that his group is sheltering al-Qaida terrorists.

But in his first face-to-face interview with an American journalist since his forces' triumph, Sheik Sherif Ahmed told Knight Ridder that he doesn't plan full ties with the United States, and he dodged questions about his views on al-Qaida.

"The Americans were getting wrong information from the warlords, and since that strategy failed, the Americans have a good opportunity," Ahmed said. "They can help us with offers of humanitarian assistance. We cannot say there will be full cooperation, but we can foresee an understanding between the United States and Somalia."

He also said he would never agree to a call for international peacekeepers by Somalia's nearly powerless transitional government, based 150 miles away in the city of Baidoa.

"They only brought destruction and killing when they were here," he said. "There is no reason for the request for foreign troops. The cruel warlords were totally eliminated by the uprising."

Ahmed has been the focus of international speculation about whether he plans to create a Taliban-style state that would shelter al-Qaida in this strategic Horn of Africa country. But Ahmed offered no clear political agenda during the interview, which was conducted in his heavily fortified office on a leafy residential street in the capital.

Ahmed said he believes "the world is truly governed by God," but that his religious courts will reach out to intellectuals, secular politicians and clan elders as the Islamists craft a plan for the city.

"Our people have been freed from the warlords. Now, we want all Somali people to decide their future," he said.

Outside, boyish-looking militia members, most still in their teens, patrolled in castoff military uniforms aboard trucks affixed with anti-aircraft artillery. There were no sounds of fighting, and residents said the militia introduced a fragile calm after 15 years of bloodshed.

The United States ended direct involvement in Somalia in 1994, after 18 Army Rangers were killed when rebels shot down a military helicopter in Mogadishu - an event dramatized in the film "Black Hawk Down." In the years since, the city has been the subject of near constant violence as rival clans competed for control.

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The Bush administration is widely believed to have begun providing covert funding to some of the warlords during the past year in an effort to thwart the Islamic Courts' rise. It's a claim the administration hasn't confirmed, but one that Ahmed and others here believe.

President Bush said last week that the administration's "first concern would be to make sure that Somalia does not become an al-Qaida safe haven, doesn't become a place from which terrorists plot and plan."

"So we're watching very carefully developments there," Bush said.

Somalis who took part in the formation of the Islamic Courts Union in 2003 say Ahmed, a scion of one of Somalia's most powerful clans who studied law in Libya, was installed as chairman because of his reputation for fairness.

"He was the consensus person," said Abdullahi M. Shirwa, a secular peace activist who was involved in the establishment of the Islamic Courts Union. "He got support from the clans, from the neighborhoods, from civil society and from the Islamists. He's a politician more than he's a religious man."

In person, Ahmed appears far younger than his 42 years and eschews the traditional trappings of power. His entire two-story compound is treated as a holy site. Visitors are required to take off their shoes when entering, and Ahmed was barefoot throughout the interview. His office furnishings consisted of a desk and a chair. He declined to discuss personal details of his life. "I'm from the people," he said.

During a casual first meeting Sunday night, he came across as charming, with a good sense of humor. But he was far more guarded during Monday's formal interview, during which he occasionally shifted into fluent Arabic from his native Somali.

He didn't lose his sense of humor, however. Asked to pose with a reporter for a picture, Ahmed at first hesitated. "It might be dangerous for you," he said with a laugh, before agreeing to the request.

The Islamic Courts Union is still in battle mode, preparing for fresh clashes as the group moves to the outskirts of Mogadishu in a push to take the last warlord strongholds. Ahmed defended the leader of his military wing, Adan Hashi Ayro, who reportedly fought U.S. troops alongside the Taliban in Afghanistan.

"One should not be taken in by Western propaganda," he said in response to questions about Ayro.

The sheik also said that the United States hasn't responded to a letter he wrote in which he categorically denied that his group is sheltering al-Qaida figures thought to be responsible for attacks on American targets.

"Al-Qaida or terrorist members are not here at all," Ahmed said. "As far as we know, the claims by the Americans against Somali suspects are exaggerated."

Setback In Somalia (WT)

By John B. Roberts

The Washington Times, June 13, 2006

Two-and-a-half years ago, I first learned of the CIA's covert program to use secular warlords to contain al Qaeda in Somalia. As early as 2002 intelligence officials concluded that al Qaeda had re-established an operational network in Somalia after being routed in Afghanistan. Some reports even suggested that Osama bin Laden crossed the Arabian Sea in a dhow and found sanctuary in Somalia after escaping the noose in Tora Bora.

Until now, I refrained from writing about the Somali front in the war on al Qaeda because of its extreme sensitivity and its vital importance. Regrettably, State Department career officials, in order to condemn the program, have now confirmed to the New York Times the existence of the covert operation being run by the CIA station in Nairobi, Kenya. This is an unconscionable breach of security that ought to outrage us all.

The links between Somalia and al Qaeda predate September 11 and unlike the disputed links between al Qaeda and Iraq before the war, these ties are incontestable. The 1998 bombings of our embassies in Tanzania and Kenya were carried out through the Somali networks. Since September 11, Somali-linked terrorists have bombed a hotel catering to Israeli tourists in Mombasa, attempted to shoot down an Israeli airliner, have been tied to the London transit bombings and were caught with radioactive contraband in Britain.

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To counter the risk that Somalia will become a terrorist safe haven, the United States has stationed 2,000 fast-reaction troops in neighboring Djibouti. Under presidential authority, Washington also launched a covert action program relying on a coalition of secular Somali warlords called the Alliance for the Restoration of Peace and Counter-Terrorism.

The alliance has been used to harass and disrupt terrorist operations in Somalia and to capture al Qaeda operatives like Suleiman Abdalla Salim Hemed for interrogation by the United States. The callow exposure of this program's existence complicates our ability to work through proxy allies in fighting terrorism.

Critics who charge that the alliance has been counterproductive and resulted in new support for the Islamic court militias who claim to have seized Mogadishu ignore the fact that al Qaeda was already well-established in Somalia before the CIA program began.

This creative, risk-taking approach to the Somali problem exemplifies the best of the CIA. It was overseen by a talented CIA station chief with a long history in the region. It was a vital program because the other alternatives are so dire.

There is no easy solution in Somalia. Allowing the country to become a safe haven for terrorists threatens not only the entire Arabian Peninsula and the Gulfs of Aden and Oman but gives al Qaeda a base for global operations. This is why Secretary of State Colin Powell, in Senate testimony in 2003, named Somalia on a short list of countries where the U.S. might have to take military action after Iraq.

The military option is undesirable for several reasons. Because of the clan structure of Somali society and widespread possession of arms, an invasion would require a level of civilian casualties that would horrify U.S. and world public opinion. Occupying forces would face an insurgency even more tenacious than in Iraq.

That is why it is crucial for the CIA-backed warlords to succeed in containing al Qaeda. But the odds have been made much more difficult by State Department disclosure of the covert program.

Every CIA officer knows covert action can be a career killer when operations are exposed or fail. The political fallout and second-guessing has just begun. How CIA Director Michael Hayden and Deputy Director Steve Kappes handle the Nairobi station chief will be closely watched by CIA officers, especially in operations. This is the acid test of whether the new CIA is a risk-averse agency where creativity and daring will be rewarded.

To send a message throughout CIA, Messrs. Hayden and Kappes should promote the Nairobi station chief instead of sacrificing him to appease critics in other agencies or Congress.

John B. Roberts II served in the Reagan White House. He writes frequently on terrorism and national security.

Indonesia Lacks Funds To Fight Flu, World Bank Says (AP)

The Associated Press, June 13, 2006

JAKARTA, Indonesia -- Indonesia's fight against bird flu is underfunded and poorly coordinated, the World Bank said, urging the government to be more aggressive in culling fowl in infected areas.

The bank, in a report to be released today to Indonesia's biggest aid donors, also said the government needed to improve surveillance of poultry stocks to better detect outbreaks of the disease and to modify its vaccination program.

Indonesia has said it will need $900 million over the next three years to fight the H5N1 virus, which has killed at least 37 people in the nation, but has budgeted only $59 million for 2006.

"The current allocation of donor funds, about $55 million, does not correct this imbalance," the bank said yesterday, adding that it is "unclear how the government of Indonesia intends to finance the shortfall."

Bird flu has killed at least 128 people world-wide since late 2003.

So far, most human cases have been linked to contact with infected birds, but experts fear the virus could mutate into a form more easily transmissible between humans, potentially sparking a pandemic that could kill millions world-wide.

Indonesia trails only Vietnam, where 42 people have died, in human bird-flu deaths and the H5N1 virus is considered endemic in poultry in most provinces across the sprawling archipelago.

"But surveillance coverage is limited and generally unreliable to detect outbreaks," the bank said, adding that "control measures, including vaccination and culling of infected stocks are seriously underfinanced and fraught with implementation problems."

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Mass culling of poultry in infected areas is one of the United Nations Food and Agriculture Organization's most basic containment guidelines, but Indonesia has said it can't afford to compensate farmers.

The World Bank also expressed concern about a recent cluster of cases on Sumatra island, which has raised suspicions of limited human-to-human transmission.

Bumpy Ride As China's Auto Market Booms, Leaders Clash Over Heavy Toll (WSJ)

By Gordon Fairclough And Shai Oster

The Wall Street Journal, June 13, 2006

BEIJING -- Nearly 1,000 new cars hit the streets here every day, crowding a city already choked with pollution. Levels of nitrogen dioxide currently exceed the World Health Organization's clean-air guidelines by 78%.

The mayor, Wang Qishan, complains that the number of cars flooding the roads makes it "more difficult to run the city." Local officials are so worried about air quality for the 2008 summer Olympic Games that they are considering a temporary ban on private cars.

At the same time, the city owns Beijing Automotive Industry Corp., a car maker that has joint ventures with DaimlerChrysler AG and South Korea's Hyundai Motor Co. Last year, the company and its affiliates made more than 500,000 cars, trucks and buses, employed 48,000 workers and paid more than $500 million in local taxes. By 2008, they expect to produce one million vehicles a year.

After various on-and-off restrictions, Beijing, which has more vehicles than any other Chinese city, has almost no limitations on car usage.

"This is something of great difficulty for us. The contradiction of population and the environment -- for us and the whole of China," said Mr. Wang at a March meeting.

The rise of the automobile highlights the wrenching balancing act China faces as it tries to join the ranks of modern consumer societies: improving living standards and creating jobs for the country's 1.3 billion people while keeping pollution and oil demand under control.

Officials from China's central government are divided over how to proceed. The country's powerful economic planners see the auto industry as a "pillar" of the national economy. Others, including those from the State Environmental Protection Administration, argue that China needs to limit car use and move more quickly to tighten clean-air rules.

Local leaders are also torn. Many city and provincial governments, like Beijing, have a financial stake in the industry and are eager to capitalize on ramped-up production. But they also face complaints from citizens about snarled traffic and dirty air.

China's car debate stands out because its population is the planet's largest. Across the country, rising incomes and falling auto prices have led to an explosion in car sales, up 54% in the first three months of 2006, compared with the year-earlier period. China's auto market is now the world's second biggest, and the motor-vehicle industry employs 1.7 million workers.

The shift is happening so quickly that McDonald's Corp. said last week that it expects at least half of its new outlets in China to be drive-throughs.

And the car craze here has just begun. China now has about 25 vehicles -- and fewer than seven cars -- for every thousand people, roughly the same level as the U.S. had in 1915. If auto sales continue apace, there will be more than 130 million vehicles on China's roads by 2020 -- up from about 33 million today. That could help double China's demand for crude oil and lead to a sharp increase in greenhouse-gas emissions, according to estimates by the government and environmental groups.

"If we follow the current track of consumption patterns to develop the automobile in China," says Pan Yue, vice minister of the State Environmental Protection Administration, "the world will not be able to support" it.

Complicating matters, Chinese gasoline contains high levels of sulfur and other contaminants. It will take years and billions of dollars to improve China's refineries to make higher-quality, cleaner-burning gas.

So far, calls for stricter car controls have been largely muted by the powerful National Development and Reform Commission, which sets the country's economic-development policies.

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The commission has put a priority on expanding the economy to generate jobs for the millions streaming into cities from China's countryside. Officials of provincial governments and cities -- whose performance is judged largely on their ability to boost gross domestic product -- are rushing into auto-making.

Guangdong, long known as China's export capital for consumer goods, says it wants to triple its auto-making capacity by 2010.

"How many color TV sets and refrigerators are equal to one automobile?" asked Huang Huahua, governor of Guangdong on China's southern coast, at a government conference earlier this year. "You are a fool if you don't make cars....If we still depend on color TVs and a few similar industries, then Guangdong's 9% GDP growth can no longer be assured."

In 1997, Anhui province, one of the poorest in China, teamed up with the city of Wuhu to start a government-owned car maker, Chery Automobile Co. Last year, Chery sold nearly 190,000 vehicles, more than double its sales from 2004. The company says it has had trouble expanding capacity to keep pace with demand for its cars, which sell from $3,700 up to about $25,000.

In some cases, local governments share directly in car manufacturers' profits. Shanghai's government, for example, controls and receives dividend payments from state-owned Shanghai Automotive Industry Corp., which has joint ventures with both General Motors Corp. and Volkswagen AG.

For most of the auto's history in China, there were few cars and different priorities. After the Communists rose to power in 1949, China's auto industry focused on building military vehicles, buses and trucks. The Cultural Revolution of the mid-1960s to the mid-1970s, which led to mass upheavals, hobbled the industry.

A Shift in the 1980s

China's modern car market grew slowly at first, as demand for relatively expensive cars was limited largely to government and Communist Party officials. After launching market overhauls more than two decades ago, China decided to bring in foreign expertise. In 1983, state-run Beijing Automotive signed the first joint-venture deal with American Motors Corp. to make Jeeps. Soon after, Shanghai Automotive went into business with Volkswagen.

By 1994, the government had decided that cars should play a central role in driving the country's industrial engine. The official government policy nodded toward environmental concerns, saying the government "encourages" the use of "fuel-efficient and low-polluting" vehicles. At the same time, however, officials also pressed for stepped-up production.

Even then, officials in Beijing and other cities were worried about mounting congestion and auto pollution. Beijing put varying restrictions on small cars and trucks, limiting where and when they could drive.

Development of mass transit lagged in Beijing and many other cities, creating more demand for cars. In the late 1990s, more than a dozen cities wanted subway systems. But China's central government delayed approval, partly due to budget constraints. Beijing's main east-west subway line was only finished in 2000, and large parts of the city are still inaccessible by rail.

The central government, meanwhile, was looking to strengthen the car industry by bringing in additional foreign expertise and resources. In 1997, GM won a coveted deal for a joint venture with Shanghai Automotive that now produces Buicks and other models. Many other foreign auto makers followed.

After China joined the World Trade Organization in 2001, falling prices sparked a jump in car purchases by China's more-affluent consumers.

Today, demand by middle-class buyers is surging as salaries rise and car prices, driven down by competition, plummet.

Liu Yunzhi, a 25-year-old computer-hardware designer, bought his first car, a $5,200 Chinese-made hatchback, soon after moving into an apartment in a Beijing suburb last year. He used it to haul furniture to his new home from Ikea.

"You don't have to be a rich guy to own a car," says Mr. Liu. "You can enjoy your life more."

Price wars have heated up as more local manufacturers have entered the fray. Mr. Liu's hatchback, for instance, was made by Geely Holding Group, which moved into autos after making motorcycles. BYD Co., a producer of cellphone batteries, got into the car business in 2003 after acquiring a formerly state-run assembly plant.

Rolling Stock

In Chongqing, a city in southwest China that is hoping to become the nation's car capital, auto factories spread over more than 20 million square meters, or around 5,000 acres. Metal-stamping plants, paint shops and assembly lines churned out more than 600,000 cars and other vehicles last year -- capacity that city officials hope to more than double by 2010.

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Even in Shanghai's relatively diverse economy, the auto industry employed nearly 416,000 people, accounting for about 3.4% of GDP and more than $900 million in taxes in 2005, according to government figures.

Li Qisheng is 24 and has spent two years working on assembly lines for Geely in Zhejiang province, south of Shanghai. The son of farmers, Mr. Li now earns about $250 a month, or about $1.27 an hour, doing quality-control checks on new vehicles.

Mr. Li, who also receives subsidized meals and housing in a company dormitory, says he sends about half of his earnings home every month. "It relieves the pressure on my parents," he says. Last year, his family used the money to build a new, five-story concrete house to replace an old two-floor wood home. "I'm proud of myself," Mr. Li says.

The trickle-down of industry benefits has made it hard to put on the brakes. In 2000, Shanghai decided to tighten restrictions on new car registrations, auctioning off a limited number of license plates annually. But it has gradually loosened the strictures.

During the first year of the new program, Shanghai issued 14,000 plates for an average price of $1,700. Last year, it issued 67,078 for an average price of more than $4,000.

"Residents have a very strong demand of car use," says Zhu Junyi, a researcher at the Shanghai Information Center, a government think tank. The government, he adds, "has to try its best to meet the demand."

High Toll

The toll is high. Exhaust from an estimated 2.5 million vehicles has helped make Beijing one of the most polluted cities in China, even though it has shuttered many of the coal-burning factories that once fouled its air. In 2004, levels of airborne particulate in Beijing were more than six times as high as in New York, and sulfur-dioxide levels were more than double, according to Chinese and U.S. government figures.

It wasn't until 2000 that China passed its first comprehensive emissions law and made catalytic converters, which clean vehicle exhaust, mandatory. China has modeled is auto-emissions standards after those in Europe. Still, most of the country still lags behind Europe, using rules implemented there back in 1996. Beijing has a stricter standard, in line with regulations set by the European Union in 2000. The entire nation is slated to move to that cleaner standard by 2008.

Emissions testing for cars has been spotty, and experts complain that little is known about what comes out of China's tailpipes. Beijing officials say that more than 60% of the vehicles in the city have some emissions controls, an acknowledgment that up to 40% of them -- mostly older models -- have none at all.

In 2005, China imposed its first fuel-efficiency standards, which some analysts say will eventually be stricter than in the U.S. Earlier this year, the central government called on cities like Beijing to lift bans originally imposed on small cars in order to encourage purchases of more energy-efficient models. The government also instituted a graduated tax on new cars, designed to discourage purchases of gas guzzlers.

But to really limit cars' environmental toll and energy consumption, experts such as Lee Schipper, director of research at the World Resources Institute's Embarq Center for Transportation and the Environment in Washington, D.C., say China needs to levy road-use fees, lift gas prices and encourage the use of mass transit, as well as hybrid and electric vehicles.

"The rapid rate of growth is more than government institutions are prepared to deal with," says Mr. Schipper. When he suggests to local officials that Chinese cities limit the number of cars on the road, he says they resist. "They say: 'You can't restrict cars.' "

Russian Party Asks Young: Who Wants To Be A Deputy? (WP)

By Peter Finn

The Washington Post, June 13, 2006

LIPETSK, Russia -- To the list of contest prizes that stoke fantasies worldwide -- riches, fame, a dream date, a new washer-dryer -- add another: a seat in parliament.

Shunning pinstripes for shorts and bathing suits, a group of potential legislators was unveiled at a beach party here last weekend -- the first-round winners in a competition called Political Factory, modeled on the popular Russian television show "Star Factory." Plucked from obscurity, a few of these aspiring lawmakers, or deputies, are due to join the Russian ruling class by October.

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"I'm ready to fight and to solve the problems of young people!" proclaimed a beaming Svetlana Kondakova, 21, on hearing she'd made the cut. When a DJ in wraparound shades remarked that what her bikini top concealed would help her advance in politics, the crowd roared its approval.

In April, the Supreme Council of United Russia, the political party that supports President Vladimir Putin and controls legislatures at both the federal and regional levels, decided that 20 percent of all candidates on party lists in future elections must be between 21 and 28 years of age.

The move is part of efforts to broaden the party's membership beyond the stolid bureaucrats and businessmen who currently stuff its ranks -- many of them inspired not by ideological fervor but by the party's almost complete electoral dominance.

Lipetsk's regional governor, Oleg Korolyov, joined United Russia last October, part of a wave of political grandees switching sides. But how to recruit at the entry level? Young Guard, the party's youth wing, hatched the idea of a reality contest and opened it up to all comers. The competition was launched in May in nine regions, including Lipetsk, that are scheduled to hold local parliamentary elections in the fall.

"It's the first time in Russian history that a party has made a decision to share real power . . . on every level from local to federal," said Ivan Demidov, a Young Guard leader and well-known television personality. "It's the first actual step toward renewing the elite."

According to surveys, young people in Russia are largely indifferent to politics, despite Kremlin fears that they could become the vanguard of the kind of popular revolt that toppled governments in neighboring Ukraine and Georgia. Although a host of youth organizations were formed in the last two years to tame or channel youth activism, most of them quickly faded.

So Young Guard used modern marketing to try to attract recruits.

You are young.

You are active.

You are moving forward,

And Political Factory will open the doors for you!

Political Factory gives you a chance to get to power!

So promised a jingle aired over the last two months on local radio stations in Lipetsk, which is about 225 miles south of Moscow.

Critics call this approach a desperate gimmick. "Demidov is a showman," said Vladimir Pribylovsky, head of the Panorama research institute in Moscow. "The president asked him to propagandize among young people and he had to come up with something new to generate some interest. But I don't believe they'll give away parliamentary seats. There are too many of the party's adults who want them."

One young person who embraced the idea was Kondakova. "You look at politicians, and all you see are middle-aged men -- and how are they going to solve the questions of young people?" she said, speaking on the beach of an artificial lake outside Lipetsk. "This competition is a real surprise and a chance for young people to actually do things."

Contestants were invited to come to a Young Guard office in the city. There they had to fill out a long questionnaire on their personal backgrounds and political views.

"The USA is our friend, enemy or economic partner?" one question asked. Respondents were instructed to elaborate on their answers. There are no set correct answers, they were told.

"The U.S. is our strong competitor," wrote Andrei Trofimenkov, 26, who works for a local private group that promotes cooperation between government and business, in a fairly typical response. The Lipetsk branch of Young Guard provided The Washington Post with the completed questionnaires of all 60 people who entered the contest in the city.

"It is not our friend because it is not interested in restoring Russia's greatness," continued Trofimenkov. "Neither is it our enemy because it's not interested in Russia's total elimination."

"It's too tough to say enemy," wrote Dmitry Zakhvatayev, 24, a manager at a small company. "But they don't wish us any good, that's for sure."

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Some responses were inflammatory. Asked what the first action of a new youth movement should be, Kondakova wrote that she would like "to disperse a gay parade." An attempt to stage the first gay and lesbian pride parade in Moscow last month ended in violence when it was broken up by police and skinheads.

"I expected worse," Demidov said after reviewing questionnaires from the first nine regions taking part in the contest. "We wanted to find those who have desire, who identify themselves as leaders. There was a lot of confusion about ideology, in their understanding of power, but the main thing is they have the desire to take part. Some people say it's an artificial thing. It's always difficult to find talented people, but it's better to have this 20 percent as a door, rather than the wall we've had until now."

One question asked why Mikhail Khodorkovsky, the Russian oil tycoon who clashed with the Kremlin, was in prison. Almost everyone wrote that he was guilty of financial crimes.

But others showed independence from the government's line.

Pavel Lysenko, a 21-year-old who works for the local Interior Ministry, said Khodorkovsky was in jail only because "he was able to earn money and the Russian mentality can't tolerate that." Yevgeny Zenkov, a 23-year-old chemistry teacher and boy scout leader, said Khodorkovsky was "in jail for his political views."

Both Lysenko and Zenkov are still in the contest.

Entrants also recorded 45-second videos in which they stated why they wanted to be members of parliament. A panel of judges, including Young Guard activists and well-known young people from Lipetsk, conducted follow-up interviews by phone.

"I was looking for some creativity," said Maxim Bereznev, a 23-year-old break dancer who took part in the judging.

On June 4, the original field of 60 was cut to 20, half of whom had no previous affiliation with United Russia or Young Guard, according to their questionnaires.

Contestants heard the news on the beach, where United Russia had set up a stage and DJs from a local radio station played Russian hip-hop and house music. To the side, under a stand of trees, young activists grilled hot dogs and people helped themselves to the mineral water for which Lipetsk has been famous since the days of Czar Peter the Great.

The winners were called up to the stage in groups of four. In responses to a DJ, the fledgling politicians proclaimed their devotion to the party, democracy and the Russian way of life.

"It's not important which party you belong to," said Sergei Pozdnyakov, 26, a former Communist Party loyalist who was among the 20 preliminary winners. "The main thing is to be with people who have some sincere beliefs."

Over the next month, the winners have to gather the signatures of 500 people who pledge to support them in the fall elections. They also have to organize some local events to show their political smarts. The contest will end with a debate among the 20 aspirants before the judging panel makes its final decision.

On June 27, five final winners will be chosen in Lipetsk and added to the party list. Three of those will almost certainly end up in parliament.

"We're looking for energetic, thinking patriots," said Alexei Demikhov, head of Young Guard in Lipetsk. "And our main task is to choose those we won't feel ashamed of when they become deputies."

The Wrong Way To Sway Egypt (WP)

By Jon B. Alterman

The Washington Post, June 13, 2006

There are many in Washington who think that Egyptian politics turned around last spring because of President Bush's demonstrated resolve to promote political change in that country. They further believe that the leadership in Cairo reverted to its bad old ways when Bush's attention strayed.

They are wrong on both counts. Profound change was never in the air in Egypt. Some Americans may have been ebullient about changes afoot there, but Egyptians' level of political participation told a different story: Fewer than 5 percent of the electorate bothered to vote in last May's referendum on allowing multi-candidate elections for president, and perhaps 20 percent voted in the presidential election itself.

Misreading this history causes many to believe that the United States should turn up the pressure and condition its aid to Egypt on continued political reform. This is a move that makes sense on its face. It also happens to make bad policy. The U.S.

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government should continue to press hard for reform in Egypt, and it should closely scrutinize the aid package. But linking the two would be counterproductive, if not disastrous.

Like the aging villas in downtown Cairo, U.S. aid to Egypt is the fading legacy of another time. In the 1970s, when peace between Israel and any of its Arab neighbors was a fantastic dream, and when picking Egypt off from the East Bloc was a major coup in the Cold War, Egypt was worth every penny of the billions of dollars in U.S. aid that it received.

Three decades later, the Soviet Union is gone, the Arab League has embraced a two-state solution to the Arab-Israeli conflict, and al-Jazeera's maps label Israel as such. Egypt helps the United States in a wide number of areas -- especially with regard to counterterrorism cooperation and Arab-Israeli peace issues -- but it is increasingly difficult to find instances in which Egyptian assistance has been vital to the success of a critical U.S. mission.

Meanwhile, more than $60 billion in U.S. assistance over 30 years has engendered little goodwill on Egypt's streets. According to a Gallup poll released last month, 72 percent of Egyptians believe that the United States is not serious about improving economic conditions in the Middle East -- U.S. assistance notwithstanding.

The United States may well decide to reduce assistance to Egypt on the merits. But reducing it as part of a conditionality scheme would not only not work, it would also be damaging.

Studies strongly suggest that foreign aid conditionality works best when it concentrates on objective measures of actions that are controlled by a small group of people. Conditioning preferential interest rates on monetary reserve targets is a perfect example. Tying assistance to democratization is exactly the opposite. Democratization is notoriously subjective, and the product of millions of small decisions every day. By many measures, especially freedom of speech, Egypt is far freer than it was even three years ago. But the brutal repression of street demonstrations in recent weeks is a sign that freedom of action lags behind. Measuring either one with precision is impossible.

Outside of the academic literature, there are other reasons political conditionality is unlikely to work with Egypt. First, even millions of dollars in aid are unlikely to persuade the Egyptian leadership to roll the dice when it feels its very survival is at stake. The breakdown of public order in Iraq further undermines the confidence of Egypt's leaders that Americans' judgment is better than their own in this regard. Second, Egyptian officials feel outsiders are deeply naive about the threats posed by local radical groups, which many of Egypt's oppressive measures seek to curtail. Third, for more than a century Egyptians have been hypersensitive to foreign diktats because of the country's long history of occupation.

Thus far the Egyptian government has discredited advocates of democratization as foreign agents while gaining domestic credit for defending the nation against foreign intrigue. In any highly public spat over whether Egypt has met U.S.-imposed conditions, citizens would almost certainly rally around the government, and our friends would be isolated. In addition, the Egyptian government would be far less cooperative on a variety of important security issues, significantly increasing the cost of U.S. military and intelligence operations. There is no question that the Egyptian government would rather harm its own interests than be humiliated.

Conditioning aid might make us feel better, but it would not change Egypt. We need a less flashy but more effective approach. We do need to redesign the aid program, but we should do so in a way that allows Egyptians to claim victory while diminishing the overall amount of aid.

We also need to have our security and intelligence professionals work with their Egyptian counterparts to reach common understandings of common threats, especially with regard to radicalism and violence. Such efforts should simultaneously seek to reach agreement on the kinds of political activity that are not threatening to public order.

Finally, the United States needs to continue to press for greater openness and participation in Egypt. The world is changing, and the old methods of political control no longer work. The Egyptian government knows this, and it is seeking to adapt. Its efforts may be insufficient or ineffective, and it will have to live with the consequences. Our role should be to encourage and prod. Getting into a public spitting match with the Egyptian government would have precisely the opposite effect.

The writer directs the Middle East Program at the Center for Strategic and International Studies in Washington.

Foreign Aid Has Flaws. So What? (NYT)

By Nicholas D. Kristof

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The New York Times, June 13, 2006

Don't tell anyone, but a dirty little secret within the foreign aid world is that aid often doesn't work very well.

Now that truth has been aired (and sometimes exaggerated) in a provocative new book by William Easterly, "The White Man's Burden." Mr. Easterly, a former World Bank official who is now an economics professor at New York University, has tossed a hand grenade at the world's bleeding hearts — and, worst of all, he makes some valid points.

Let me say right off that stingy Republicans should not read this book. It might inflame their worst suspicions.

But the rest of us should read it, because there is a growing constituency for fighting global poverty, and we need to figure out how to make that money more effective.

I disagree with many of Professor Easterly's arguments, but he's right about one central reality: helping people can be much harder than it looks. When people are chronically hungry, for example, shipping in food can actually make things worse, because the imported food lowers prices and thus discourages farmers from planting in the next season. (That's why the United Nations, when spending aid money, tries to buy food in the region rather than import it.)

On one of my last trips to Darfur, I had dinner at a restaurant in Nyala called K2. Out back were 18 big white S.U.V.'s belonging to the U.N. and aid groups; that amounted to nearly $1 million worth of vehicles, in a country where people are starving.

The aid workers are struggling heroically in a dangerous and difficult place, and I don't begrudge them reliable vehicles. But something seems wrong when international agencies are more successful at maintaining S.U.V.'s than clinics. (One reason is that budgeting is often done annually, and one of the ways to spend a grant in a single year is to buy a vehicle.)

It's well-known that the countries that have succeeded best in lifting people out of poverty (China, Singapore, Malaysia) have received minimal aid, while many that have been flooded with aid (Niger, Togo, Zambia) have ended up poorer. Thus many economists accept that aid doesn't generally help poor countries grow, but argue that it does stimulate growth in poor countries with good governance. That was the conclusion of a study in 2000 by Craig Burnside and David Dollar.

Professor Easterly repeated that study, using a larger pool of data, and — alas — found no improvement even in countries with good governance.

Saddest of all, Raghuram Rajan and Arvind Subramanian of the International Monetary Fund have found that "aid inflows have systematic adverse effects on a country's competitiveness." One problem is that aid pushes up the local exchange rate, discouraging local manufacturing. Mr. Subramanian also argues that aid income can create the same kinds of problems as oil income — that famous "oil curse" — by breeding dependency and undermining local institutions.

All these findings can be pretty shattering to a bleeding-heart American. But cheer up.

Some other studies indicate that aid does improve growth (economists don't agree about this any more than they agree about anything else). And whatever the impact on economic growth rates, aid definitely does something far more important: it saves lives.

For pennies, you can vaccinate a child and save his or her life. For $5 you can buy a family a large mosquito net and save several people from malaria. For $250, you can repair a teenage girl's fistula, a common childbirth injury, and give her a life again.

The Center for Global Development, a Washington think tank, has published a terrific book, "Millions Saved," demonstrating how health projects have saved lives. Eradicating smallpox and reducing river blindness have improved the lives of more people for less money than almost any investment imaginable. In Darfur, we haven't done nearly enough. But our aid shipments have kept alive hundreds of thousands of people.

For my whole adult life, I've sponsored children through Plan USA, and in visiting my "adopted" child in places like the Philippines and Sudan, I've seen how the kids' lives are transformed by American sponsors. Aid is no panacea, but it is a lifesaver.

So let's not shy away from a conversation about the effectiveness of aid. The problems are real, but so are the millions of people alive today who wouldn't be if not for aid. In the end, if we have tough conversations about foreign aid, then I believe Americans will acknowledge the challenges — and then, clear-eyed, agree to dig more deeply than ever, for that is simply the best way we have of asserting our own humanity.

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DEPARTMENT OF JUSTICE *NEWS CLIPS*

PREPARED FOR THE OFFICE OF PUBLIC AFFAIRS, US DEPARTMENT OF JUSTICE

TO: THE ATTORNEY GENERAL AND SENIOR STAFF

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TERRORISM NEWS:

U.S. Government Defends Domestic Spying In Court In Detroit (FINDLAW/AP)

By Sarah Karush, Associated Press Writer

AP, June 13, 2006

(AP) - DETROIT-The U.S. government defended warrantless domestic surveillance in court for the first time Monday, saying the program is well within the president's authority but arguing that it would require revealing state secrets to prove that point.

U.S. District Judge Anna Diggs Taylor in Detroit heard arguments in a case brought by the American Civil Liberties Union against the National Security Agency. The ACLU is asking for an immediate halt to the program, arguing that it violates the rights to free speech and privacy.

The Bush administration has asked Taylor to dismiss the lawsuit on state-secrets grounds.

The ACLU says the Bush administration already has publicly revealed enough information about the program for Taylor to rule it is illegal.

But government attorney Anthony J. Coppolino told Taylor on Monday that the case cannot be decided based on a "scant public record."

"This case does not involve easy questions," he said. "It's a case that requires a robust factual record."

Coppolino alluded several times to a classified court filing, which Taylor indicated she had not yet reviewed. In that brief, "we demonstrate that it (the program) is narrowly and specifically focused on al-Qaida," he said.

The plaintiffs do not have access to the classified brief, and Taylor would have to make a special request and travel to Washington to read it, said Ann Beeson, the ACLU's associate legal director and the lead attorney for the plaintiffs.

The administration has acknowledged eavesdropping on Americans' international communications without first seeking court approval. President George W. Bush has said the eavesdropping is legal because of a congressional resolution passed after the Sept. 11, 2001, attacks that authorized him to use force in the fight against terrorism.

The parties in the ACLU lawsuit, who include journalists, scholars and lawyers, say the program has hampered their ability to do their jobs because it has made international contacts, such as sources and potential witnesses, wary of sharing information over the phone.

Monday's hearing was the first time the issues were argued in court. A similar lawsuit has filed in federal court in New York by the Center for Constitutional Rights, but no hearings have been held there yet.

U.S. Asks Judge To Drop Suit On N.S.A. Spying (NYT)

By Adam Liptak

The New York Times, June 13, 2006

DETROIT, June 12 — A National Security Agency program that listens in on international communications involving people in the United States is both vital to national security and permitted by the Constitution, a government lawyer told a judge here today in the first major court argument on the program.

But, the lawyer went on, addressing Judge Anna Diggs Taylor of the Federal District Court, "the evidence we need to demonstrate to you that it lawful cannot be disclosed without that process itself causing grave harm to United States national security."

The only solution to this impasse, the lawyer, Anthony J. Coppolino, said, was for Judge Taylor to dismiss the lawsuit before her, an American Civil Liberties Union challenge to the eavesdropping program, under the state secrets privilege. The privilege can limit and even extinguish cases that would reveal national security information, and it is fast becoming one of the Justice Department's favorite tools in defending court challenges to its efforts to combat terrorism.

The Detroit case was filed in January on behalf of journalists, scholars, lawyers and nonprofit organizations who contended that the possibility of government eavesdropping interfered with their work. In remarks to reporters after the 90-minute argument, Anthony D. Romero, the A.C.L.U.'s executive director, called the government's invocation of the state secrets privilege "Orwellian doublespeak."

"They argued essentially that the N.S.A. program was off-limits to judicial review," Mr. Romero said.

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The small courtroom was jammed for the argument, with a dozen people standing in the aisles and journalists sitting in the jury box.

In her presentation, Ann Beeson, the A.C.L.U.'s associate legal director, asked Judge Taylor to shut down the surveillance program based on publicly available information.

The case boiled down to two legal questions, Ms. Beeson said. The first is whether the plaintiffs have suffered the sort of direct injury necessary to establish that they have standing to bring suit. The second is whether President Bush was authorized by Congress or by the Constitution to violate the Foreign Intelligence Surveillance Act, a 1978 law that forbids surveillance of people inside the United States without a warrant.

The Bush administration has acknowledged that it has not complied with the law but has said that a Congressional authorization in 2001 to use military force against Al Qaeda and the president's inherent constitutional powers allowed him to violate it.

The government's main argument today, repeated numerous times, was that more facts are required in the case but that more facts cannot be disclosed. Judge Taylor asked few questions but at one point appeared frustrated by this approach.

"You have conceded, have you not, that a program has been authorized?" she asked Mr. Coppolino. He responded that the administration's public defense of the program has been too general to serve as the basis for judicial adjudication. "There is very much a difference," Mr. Coppolino said, "between the existence of an activity and the details of that activity."

Even portions of the government's brief that were said to demonstrate why further information about the program cannot be disclosed have not been filed in court. Instead, the government "lodged" the brief and other classified papers at the Justice Department in Washington, inviting Judge Taylor to make arrangements to see them. At today's hearing, she shook her head no when Mr. Coppolino asked her whether she had "had a chance to review our classified submission."

Judge Taylor has scheduled a separate argument next month to consider the government's motion to dismiss the case based on the state secrets privilege. While she could theoretically rule on the plaintiffs' request to block the program before then, she is more likely to consider the two motions simultaneously.

Calling the plaintiffs' position extreme, Mr. Coppolino said the 1978 law cannot constitutionally constrain the president when the nation's safety is at risk.

"The president's constitutional power doesn't simply disappear when Congress enacts a statute," Mr. Coppolino said. "Surveillance of an enemy is indeed a necessary incident of war."

Ms. Beeson said the 1978 law, often called FISA, gave the president all the flexibility he needed. "If FISA didn't work," she said, "the proper procedure under our constitutional system was for the president to go back to Congress and ask it to amend the law."

"Our constitutional system was set up to require the president to follow the law just like anyone else," she added. "If our view of the separation of powers is extreme, then the Constitution is extreme."

Mr. Coppolino also argued that the plaintiffs were not entitled to sue in the first place because they cannot show they have been injured. "You don't get standing," he said, "simply because you say the president has a program and I think it might cover me."

Ms. Beeson countered that her clients have suffered concrete harms. "Journalists' sources have dried up," she said. And lawyers for people suspected of terrorism have had to resort to alternatives to phone calls and e-mails to ensure the confidentiality of their communications, she said. "They have had to make expensive oversees trips to gather evidence," Ms. Beeson said.

Mr. Coppolino said the government is not able clarify whether the plaintiffs' fears are justified. "The government cannot confirm or deny whether a particular individual is subject to surveillance or what the criteria is," he said. "Indicating that someone is not subject to surveillance is itself revealing."

Mr. Coppolino indicated that some plaintiffs may have more reason to be concerned than others. Lawyers who represent suspected terrorists, he said, "come closer to being in the ballpark of the terrorist surveillance program."

But here too, he said, "the critical facts necessary to adjudicate" the standing question "are subject to the state secrets privilege."

As Ms. Beeson concluded her argument, which had been uninterrupted by questions, Judge Taylor called her back to the lectern. "Talk about standing some more," Judge Taylor said, perhaps identifying the part of the plaintiffs' case she considered the most difficult.

Wiretap Suit All About Power (KRT)

By Niraj Warikoo, Detroit Free Press

Knight Ridder, June 13, 2006

DOJ_NMG_0033306

DETROIT - In vigorous arguments that offered clashing views on the limits of state authority, the U.S. Justice Department and civil rights advocates squared off in a packed Detroit courtroom for a hearing on whether the government's domestic surveillance program violates the U.S. Constitution.

The talk inside U.S. District Court on Monday morning went to the core of what should define American government and was followed across the country by legislators and citizens debating an essential question: How much power should the president have?

Making its case in court for the first time, the government argued that the president needs as much power as necessary to secure the country, especially as al-Qaida continues to threaten the United States with terrorist attacks. But an attorney with the American Civil Liberties Union said that President Bush can't violate the law while trying to protect the country.

The federal judge hearing the case, U.S. District Judge Anna Diggs Taylor, set July 10 as the next court date to address the government's state secret arguments. Taylor did not say when she might make a ruling.

An attorney with the Justice Department, Tony Coppolino, cited the actions of past presidents during war as precedents.

He told the court that a congressional resolution approved following the Sept. 11, 2001, attacks allowed Bush to authorize wiretaps. But Coppolino stopped short of describing how the program operates, saying that doing so would reveal national security secrets and help the country's enemies. Thus, he said Monday, the case should be dismissed.

Bush is permitted to take "all necessary and appropriate means" to defend Americans, Coppolino said. Referring to the actions of former Presidents Woodrow Wilson and Franklin D. Roosevelt during World Wars I and II, Coppolino added: "You need to know what the enemy is doing in the United States."

Coppolino repeatedly referred to al-Qaida during his 50-minute talk, saying that the terrorist group "attacked and killed thousands" and "threatens to attack us again."

For that reason, he said, the U.S. government must be allowed to eavesdrop on the phone calls and e-mails of Americans in some cases.

He stressed that any surveillance is "narrowly and specifically focused on al-Qaida."

It was standing room only inside the courtroom, as attorneys, civil rights advocates, local Muslims and journalists crowded inside for a hearing that advocates say is the first on the constitutionality of the National Security Agency's eavesdropping program. The program has come under fire from a number of civil liberties groups.

In January, the American Civil Liberties Unions, local Muslims and a host of other groups and individuals filed a suit against the federal agency for eavesdropping on Americans without court approval. They argue that the government must seek approval for eavesdropping from courts under the Foreign Intelligence Surveillance Act.

The act was passed in 1978 following criticism of the Nixon administration for how it used executive powers during Watergate and the Vietnam War.

Speaking first in court Monday, Ann Beeson, associate legal director for the ACLU, said that the government has the right to conduct surveillance under FISA, as long as it gets court approval.

But instead of following FISA, Bush "broke the law" and allowed a new program that violated the Constitution.

In her arguments, Beeson said that "electronic surveillance is akin to a dragnet."

Both sides invoked American history in its arguments. While Coppolino said that previous U.S. presidents used domestic surveillance, Beeson said that the country's founding fathers would be opposed to Bush's plan.

Beeson cited the abuses of British King George III in the 18th century in arguing that the government often misuses blanket authority "to spy on political dissenters."

Beeson argued partly on behalf of local Muslims, who say they fear that their communications are being monitored.

Nazih Hassan of Ypsilanti, Mich., is a plaintiff in the case and a member of the Michigan chapter of the Council on American-Islamic Relations, which also is part of the suit.

Hassan, who attended the hearing, criticized the government's stance at a news conference held by the ACLU outside the courthouse. Attorneys spoke to a throng of media outlets about their concerns.

Hassan has said that he fears the government may be targeting him because he was friends with Rabih Haddad, an Ann Arbor, Mich., Muslim leader who the government says associated with al-Qaida while spending time in Pakistan. The government never filed terrorism charges against Haddad but deported him to Lebanon in 2003 on immigration violations.

The government said Monday that the lawsuit can't be fully addressed in open court because it would require a full airing of facts. But doing that would reveal national security secrets. The government has filed a classified brief in the case, which Coppolino would not disclose. According to ACLU attorneys, the filing is in a secret location in Washington, D.C.

Judge Hears Arguments On Domestic Spying (UPI)

UPI, June 13, 2006

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A U.S. Justice Department lawyer argued Monday in Detroit that the Bush administration's domestic wiretapping is too sensitive to be defended in open court.

U.S. District Judge Anna Diggs Taylor heard arguments in a suit over the controversial National Security Administration program, The New York Times reported. The American Civil Liberties Union argues that the program violates the 1978 Foreign Intelligence Surveillance Act, which set up a procedure for judicial oversight of wiretaps in sensitive security cases, provides adequate protection for law enforcement and the public.

Anthony Coppolino, a lawyer with the department's civil division, said that the government's inability to provide public evidence to defend the program is an argument for dismissal, the Times reported. The Justice Department has not filed classified portions of its briefs with the court, saying that the judge must make special arrangements to read them.

The evidence that would demonstrate the program is legal is so sensitive that it "cannot be disclosed without that process itself causing grave harm to United States national security," Coppolino said.

The judge scheduled a hearing for July.

Judges Press C.I.A. Lawyer Over Withheld Documents (NYT)

By Anemona Hartocollis

The New York Times, June 13, 2006

A federal appeals court panel in Manhattan questioned a lawyer for the federal government yesterday as to whether the Central Intelligence Agency had a legitimate national security interest in refusing to confirm or deny the existence of documents authorizing it to detain and interrogate terrorism suspects overseas.

The tough questioning came in oral arguments by the American Civil Liberties Union and lawyers for the C.I.A. before the United States Court of Appeals for the Second Circuit. The civil liberties group is trying to force the C.I.A. to disclose how much authority it has been given to interrogate detainees since the attacks of Sept. 11, 2001.

Through the Freedom of Information Act, the A.C.L.U. is seeking documents, including a directive said to have been signed by President Bush, giving the agency the authority to set up detention sites outside the United States and to interrogate prisoners. In its lawsuit, the group says the existence of these documents has been hinted at in news reports.

But the government has refused to confirm or deny the documents' existence, saying that to do so would jeopardize national security by revealing C.I.A. methods and activities. Last September, Judge Alvin K. Hellerstein of Federal District Court upheld that position, and yesterday's hearing was part of the A.C.L.U.'s appeal of his ruling.

The three-judge appeals panel seemed divided on the issue, with Judge John Gleeson asking the most forceful questions of the government lawyer, Peter Skinner. Judge Gleeson seemed to be trying to determine whether the A.C.L.U. was right in contending that the agency was acting to avoid political embarrassment, rather than out of national security interest.

The judge asked Mr. Skinner whether the C.I.A.'s position had "shifted a little bit" during the litigation. Initially, Judge Gleeson said, the government seemed to be refusing to disclose even whether the C.I.A. had an "interest" in the questioning of detainees abroad.

Now, he said, the C.I.A. seemed to be admitting it had an interest in helping other agencies question detainees. The government was arguing, he said, that the C.I.A. wanted to safeguard information about whether it had been granted any independent authority to set up detention centers and interrogate prisoners.

"Independent engagement as opposed to helping out other agencies," Judge Gleeson said.

Mr. Skinner denied that the government had shifted its argument, though he suggested that it had clarified it. The C.I.A., he said, acknowledged all along that it had helped other agencies in interrogations and that when it did so, it was governed by Justice Department rules.

But, Mr. Skinner said, the agency "never acknowledged an interest or ability to go beyond those legal limitations" and was not going to do so now.

Megan Lewis, the lawyer for the A.C.L.U., argued that any information that would be revealed by merely acknowledging the existence of the documents would be so general that it would not jeopardize national security or betray specific intelligence-gathering methods. To argue otherwise, Ms. Lewis said, is "tantamount to the C.I.A. attempting to deny its interest in spying."

Outside court later, she said the documents, if they existed — "and I believe they do" — might be revealing, but "that's another fight for another day."

The A.C.L.U. seeks disclosure of two documents. One is said to be a Justice Department memorandum "specifying interrogation methods that the C.I.A. may use against top Al Qaeda members." The second is the directive said to be signed by Mr. Bush authorizing the agency to set up detention facilities outside the United States "and/or outlining interrogation methods that may be used against detainees."

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Although oral arguments in the appeals court are often delivered in legal shorthand, yesterday's seemed even more opaque than usual. Almost apologetically, Mr. Skinner told the judges he was "somewhat constrained" in his ability to explain his argument and "connect the dots" because some of the C.I.A.'s reasoning in the case was classified.

The agency has submitted papers to the court that even the plaintiffs have not been allowed to see.

As the hearing came to a close, Judge Joseph M. McLaughlin made a joke about the obscurity, quoting a Jesuit logician, Father John Gerard, who in 1597 told a British interrogator: "I do not know where he is. But if I did, I could not and would not tell you."

The Jesuit doctrine of equivocation, Judge McLaughlin said, "lives on."

U.S. Distances Itself From Gitmo Remarks (AP)

By Anne Gearan

AP, June 12, 2006

The Bush administration distanced itself Monday from remarks by a U.S. diplomat that the weekend suicides of three Arab detainees at the Guantanamo Bay military prison were a "good P.R. move."

"I would just point out in public that we would not say that it was a P.R. stunt," State Department spokesman Sean McCormack said, using the abbreviation for public relations. "We have serious concerns anytime anybody takes their own life."

Colleen Graffy, deputy assistant U.S. secretary of state for public diplomacy, told the British Broadcasting Corp. that the deaths at the U.S.-run camp in Cuba were a "good P.R. move to draw attention."

Graffy also told the BBC the deaths were "a tactic to further the jihadi cause."

Graffy's unscripted remarks threw a monkey wrench in the administration's careful plan to demonstrate concern over the deaths and respond to rising criticism of the U.S. operation of the prison.

Bush expressed "serious concern" Saturday over the suicides, and he directed an aggressive effort by his administration to reach out diplomatically while it investigates.

"He wants to make sure that this thing is done right from all points of view," White House press secretary Tony Snow said Saturday evening.

Graffy's boss, Undersecretary of State Karen Hughes, is charged with improving the U.S. image in the Arab world. The former White House communications adviser and longtime Bush aide heads an office at the State Department that monitors and quickly responds to inaccurate or distorted portrayals of U.S. views and actions in the Arab media.

Graffy's remarks were quickly picked up in the Arab press.

"Her comments quickly appeared to be bad P.R. moves for the U.S. administration," an article on the Web site of Lebanon's The Daily Star newspaper said.

Two Saudis and one Yemeni hanged themselves Saturday, the first successful suicides at the base after dozens of attempts.

Military officials said the suicides were coordinated acts of protest, but human rights activists and defense attorneys said the deaths signaled the desperation of many of the 460 detainees held on suspicion of links to al-Qaida and the Taliban.

Only 10 detainees have been charged with crimes after more than four years behind bars. The Supreme Court is expected to rule this month on whether President Bush overstepped his power in setting up war crimes trials for those detainees.

The administration's controversial detentions at Guantanamo Bay are a point of contention between the United States and many of its allies in Europe and the Mideast, and the suicides renewed international pressure to shut the prison.

The European Union on Monday called the Guantanamo Bay detention center an "anomaly," and said it would urge Bush to shut it down when he comes to Europe for a trans-Atlantic summit next week.

"Humanitarian standards and human rights have to be observed" in the fight against terrorism, Austrian Foreign Minister Ursula Plassnik told reporters. "For the United States, a country committed to freedom, the rule of law and due process, this is an anomaly."

A group of prominent religious leaders endorsed a statement, which is set to appear in The New York Times on Tuesday, protesting any American use of torture as "morally intolerable." The White House has said the U.S. does not condone or practice torture.

"Nothing less is at stake in the torture abuse crisis than the soul of our nation," the ad reads. "Let America abolish torture now — without exceptions."

Among the signers to the statement are the Rev. Ted Haggard, president of the National Association of Evangelicals; the Rev. Rick Warren, author of "The Purpose Driven Life"; and retiring Roman Catholic Cardinal Theodore McCarrick. Organizers say former President Jimmy Carter has also signed onto the ad, along with several Jewish, Muslim and black leaders.

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Also, the American Medical Association said Monday the direct involvement of doctors in prisoner interrogation is unethical and violates their oath to do no harm.

"Physicians in all circumstances must never be involved in activities that are physically or mentally coercive. If physicians engage in such activities, the whole profession is tainted," according to the new policy adopted by delegates at the AMA's annual meeting.

The suicides prompted an extraordinary round of global outreach by officials from the White House's National Security Council, the State Department and Bush's congressional liaisons.

Within hours of the deaths, the Bush administration had contacted the United Nations, the European Union, most European nations individually, the embassies of Mideast and near-Mideast countries, the International Committee of the Red Cross, bipartisan members of the congressional leadership and the ranking Republican and Democratic members of the House and Senate Foreign Relations and Intelligence committees, Snow said.

Graffy's remarks were sharper than those of other U.S. officials, but not entirely off-message. The camp commander at Guantanamo, Rear Adm. Harry Harris, told reporters Sunday that the detainees "have no regard for human life, neither ours nor their own."

"I believe this was not an act of desperation but an act of asymmetric warfare against us," Harris said.

State Department Tries To Distance Itself From Guantanamo Remark (KRT)

By Carol Rosenberg, Lesley Clark

Knight Ridder, June 12, 2006

GUANTANAMO BAY NAVY BASE, Cuba - The State Department attempted to distance itself Monday from one of its own officials, who called the suicides by three detainees at the U.S. terror prison "a good PR move to draw attention."

Colleen Graffy, the deputy assistant secretary of state for public diplomacy, whose job involves improving U.S. public relations, especially in the Muslim world, made the comment Sunday in a British Broadcasting Corp. interview.

She called the suicides "a tactic to further the jihadi cause," the BBC reported.

"I would not characterize it as a PR stunt," State Department spokesman Sean McCormack said Monday in reply to a reporter's question at the daily news briefing. "We have serious concern any time anybody takes their own life."

Even before the suicides, the European Union and individual countries, including Britain, had called on the United States to close the prison. About 460 prisoners are in custody at Guantanamo as "enemy combatants," a category that the Bush administration created and isn't covered by international agreements on the treatment of prisoners of war.

Civilian defense lawyers have described Guantanamo captives held for more than four years as increasingly desperate. They say the detainees have few ways, other than to harm themselves, to protest their indefinite confinement.

Ali Abdullah Ahmed of Yemen and Mani Shaman Turki al-Habardi al-Utaybi and Yassar Talal al-Zahrani of Saudi Arabia hanged themselves at the remote island prison early Saturday.

The Pentagon said in a news release Monday that Ahmed was "a mid- to high-level al-Qaida operative," Utaybi was a member of the al-Qaida-linked militant group Jama'at Tabligh and other Islamist terrorist groups, and Zahrani was a Taliban fighter.

The prison camp's spokesman said a team of military pathologists had completed autopsies of the three men on Sunday.

"The bodies are now in the morgue at the naval hospital in Guantanamo, and they are being handled with great reverence and respect and observance of the Islamic rules with regard to the handling of the deceased," said the spokesman, Navy Cmdr. Robert Durand.

A Muslim chaplain, Navy Lt. Abuhena Saiful Islam, said the bodies would be washed, wrapped in white shrouds and placed in coffins facing the direction of Mecca. Prayers would be said.

U.S. diplomats were negotiating with Saudi Arabia and Yemen on whether the bodies would be sent to their homelands for burial. Military sources said repatriation was likely.

It wasn't known whether the three men were among the 25 percent of detainees being regularly interrogated at this remote, offshore Navy base.

The military said none of the three men who killed themselves had lawyers, and none had been charged with war crimes.

Also, none had "ongoing psychological illness" or was taking prescription drugs, said the Pentagon's top medical professional, Dr. William Winkenwerder Jr., the assistant secretary of defense for health affairs.

The deaths added fuel to international calls that the Bush administration close the offshore detention and interrogation center.

Attorneys at the Center for Constitutional Rights, which represents many of the detainees, argued that the interrogation methods and the indeterminate detentions were causing the men to try to kill themselves.

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They presented reporters with a timeline of efforts they made to see that the detainees received some sort of physical or psychiatric medical care.

The Bush administration rejected most of the efforts, attorney Gitanjali Gutierrez said.

"The deaths over the weekend came as absolutely no surprises to the attorneys," she said, adding that the center has been working since February 2002 "to get the military to concern itself with mental health and living conditions."

"The notion that (the detainees) had the ability to protest, to raise concerns, is unfounded," she said. Lawyers had met with 130 of the detainees as of January and the "vast majority have no access to any outside counsel."

"They are entering their fifth year of imprisonment, held in isolation," she said. "The amount of psychiatric stress cannot be underestimated." She called the uncertainty over their fates "unacceptable" under U.S. law and basic civil rights.

The American Civil Liberties Union called for an independent investigation of the detainees' suicides and conditions at the prison.

"The shroud of secrecy surrounding Guantanamo Bay must be lifted, with independent access to and monitoring of the facilities on an ongoing basis," said ACLU Executive Director Anthony Romero. "This monitoring should include the medical treatment of detainees, especially those who have chosen to engage in hunger-striking as a way to draw attention to their conditions of confinement."

Leonard Rubenstein, the director of Physicians for Human Rights, said his group had asked the government to allow for independent medical evaluations - "the kind we conduct in all kinds of other countries" - but the request was ignored.

Josh Colangelo-Bryan, an attorney for detainee Jumah Al Dossari, who has repeatedly attempted suicide, said Dossari was often despondent and held in isolation for extended times.

Dossari had described being interrogated while wrapped in an Israeli flag and questioned as a female interrogator wiped menstrual blood on his face, he said.

At one point, Colangelo-Bryan said his client asked him, "What do I do to keep myself from going crazy here?"

State Dept. Disavows Statement On Suicides (NYT)

By David S. Cloud

The New York Times, June 13, 2006

WASHINGTON, June 12 — The Bush administration distanced itself on Monday from comments by a State Department official that the suicides of three prisoners at the military prison at Guantánamo Bay, Cuba, were a "good P.R. move."

The official, Colleen P. Graffy, deputy assistant secretary of state for public diplomacy, made the comments in an interview on the British Broadcasting Corporation program "Newshour" on Sunday, a day after two Saudis and a Yemeni hanged themselves in their cells.

"Taking their own lives was not necessary, but it certainly is a good P.R. move," Ms. Graffy said. "It does sound like this is part of a strategy — in that they don't value their own lives, and they certainly don't value ours; and they use suicide bombings as a tactic."

But the State Department spokesman, Sean McCormack, told reporters at the department's daily briefing on Monday, "I would just point out in public that we would not say that it was a P.R. stunt."

Mr. McCormack noted that President Bush had said he "had serious concerns about what had happened."

Ms. Graffy, a former law professor at Pepperdine University, works in the Bureau of European and Eurasian Affairs at the State Department with Karen P. Hughes, under secretary of state for public diplomacy, on improving the United States' image abroad, especially in Islamic countries, according to her biography on the State Department Web site.

Officials said it was unlikely Ms. Graffy would be reprimanded.

Her comments parallel those made by some White House officials, who portrayed the suicides in recent days as the acts of unrepentant jihadists, and Rear Adm. Harry Harris, the commander of the prison camp, who told reporters on Saturday that the suicides were acts of "asymmetric warfare."

He added, "They carry out individual acts of violence against others when they can and against themselves, in the name of jihad."

Barbara Olshansky, a lawyer with the Center for Constitutional Rights, which represents many Guantánamo prisoners, said Monday, "When somebody has no recourse at all, they have no way of talking to anybody and the only statement they can make is to take their own life, I can't imagine that is a P.R. stunt."

State Department officials are talking with the Saudi and Yemeni governments about arrangements for returning the bodies. The Pentagon said that there had been 41 suicide attempts by about 25 detainees before this weekend, but that American medical personnel were able to save them.

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Gitmo: Autopsies Complete, Analysis Underway (KRT)

By Carol Rosenberg And Lesley Clark

Knight Ridder, June 12, 2006

GUANTANAMO BAY NAVY BASE, Cuba -- Military pathologists have completed clinical autopsies of the three captives who hanged themselves over the weekend inside their cells at this offshore detention center, the military announced this afternoon.

"Now it's the analytical part of the autopsy, compiling the report and making conclusions," said Navy Cmdr. Robert Durand, prison spokesman, adding the team of medical examiners from the Armed Forces Institute of Pathology arrived Saturday and departed Sunday.

Army Gen. Bantz Craddock, commander of the U.S. Southern Command based in Miami, toured the terror prison here on Sunday and declared the autopsies underway, as well as an internal examination by the Navy Criminal Investigative Services.

Guards found two Saudis and a Yemeni hanging in their cells at Camp 1 long before dawn on Saturday, officials said. The military said they fashioned nooses from their bedsheets in what the prison camps commander, Rear Adm. Harry Harris, called ``an act of asymmetrical warfare waged against us."

Civilian defense lawyers have described increasing desperation by captives held for more than four years here. They say the detainees have few ways -- other than to harm themselves -- to protest their indefinite confinement.

"The deaths over the weekend came as absolutely no surprises to the attorneys," Gitanjali Gutierrez of the Center for Constitutional Rights told reporters in Washington.

She said the center, which coordinates some captives' federal habeas corpus petitions, has worked since February 2002 ``to get the military to concern itself with mental health and living conditions."

Lawyers for some of the detainees held a news conference in Washington to urge closure of this prison camp in light of the weekend suicides.

No timeline was available today on when the autopsy results might be made public.

A Muslim Navy cleric arrived from Quantico, Va., Sunday and as of today was working with other Muslim military employees to make sure the bodies of the deceased captives were receiving proper Muslim rites and preparation.

"The bodies are now in the morgue at the naval hospital in Guantánamo and they are being handled with great reverence and respect and observance of the Islamic rules with regard to the handling of the deceased," said Durand.

At the same time, U.S. diplomats were negotiating with Saudi Arabia and Yemen on whether they would be sent to their homelands for burial.

Military sources say repatriation is likely.

The Muslim chaplain, Navy Lt. Abuhena Saiful Islam, said the bodies would be washed, wrapped in white shrouds and placed in a coffin here, facing the direction of Mecca. Prayers would also be said, according to Saiful Islam, who is an imam, a Muslim prayer leader.

Commanders would decide whether fellow detainees would be able to participate in the prayers, he added.

Sunday night, the Pentagon issued a release that described the three men as captured in Afghanistan, two with ties to al Qaeda and the third as a Taliban fighter.

One, Ali Abdullah Ahmed, was described as an al Qaeda operative with alleged links to the now U.S.-held al Qaeda mastermind known as Abu Zubaydeh. Another, Mani Shaman Turki al Habardi al Utaybi, had been cleared for release from the prison, so long as he was transferred to detention elsewhere.

The alleged Taliban fighter is Yassar Talal al Zahrani, a 21-year-old Saudi who would have been captured and brought here as a teenager.

It is not yet known if the three men were among the 25 percent of detainees being regularly interrogated at this remote, offshore Navy base.

None had previously attempted suicide, Durand said.

He did not know if the Saudi cleared for release had been intended to be aboard a May 18 Saudi Airways flight that left this base with 15 detainees, for continued investigation and possible trial in their oil-rich kingdom.

The Saudi foreign minister had announced the deal in mid-May, saying the kingdom had arranged to take 16 citizens from this remote, offshore detention center. In the end, though, the U.S. military released only 15.

The military said none of the three men who killed themselves had lawyers, and none faced war-crimes charges.

Also, none had "ongoing psychological illness," said the Pentagon's top medical professional, Dr. William Winkenwerder Jr., who accompanied the general on Sunday's visit. Moreover, none of the three were on prescription drugs, said Winkenwerder, assistant secretary of defense for health affairs.

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According to the Center for Constitutional Rights, lawyers had by January met with only 130 of the detainees here.

A "vast majority have no access to any outside counsel," Gutierrez said. ``They are entering their fifth year of imprisonment, held in isolation. The amount of psychiatric stress cannot be underestimated."

Gitmo Detainee Was Cleared For Transfer (AP)

By Andrew Selsky

AP, June 12, 2006

One of the Guantanamo detainees who committed suicide had been cleared for transfer to another country, a second allegedly was involved in an Afghanistan prison uprising in which a CIA agent died, and a third had ties to al-Qaida.

The Defense Department on Sunday identified the three as Mani Shaman Turki al-Habardi Al-Utaybi, Yassar Talal Al-Zahrani and Ali Abdullah Ahmed of Yemen.

The U.S. military said the bodies of the two Saudis and one Yemeni were found in their cells on Saturday, hanging from sheets and clothing. Officials said all three left suicide notes, the contents of which have not been made public.

Their deaths touched off new scrutiny and criticism of the prison, with human rights groups and foreign officials demanding the facility be closed.

An influential U.S. senator called for the government to move faster in determining the fate of hundreds of Guantanamo detainees who have been imprisoned for up to 4 1/2 years.

President Bush, who was spending the weekend at Camp David, expressed "serious concern" about the incident, White House press secretary Tony Snow said.

His immediate concerns were making sure that an investigation was being conducted and that the bodies were "treated humanely and with cultural sensitivity," Snow said.

About 460 people are being held on suspicion of links to al-Qaida and the Taliban at the isolated U.S. military base in southeastern Cuba.

The military maintains the detainees pose a danger to the United States and its allies. But only 10 detainees have been charged, and many claim they were not involved in al-Qaida or were low-level Taliban members who never intended to harm the United States.

None of the three who committed suicide had been formally charged. Al-Utaybi and Al-Zahrani were identified earlier by Saudi authorities.

U.S. authorities allege Ahmed, 28, was a mid- to high-level al-Qaida operative with ties to key al-Qaida facilitators and senior membership. He had been noncompliant and hostile to guards throughout his time in Guantanamo and participated in a hunger strike from late 2005 to May 2006, the Defense Department said. Ahmed was born in Shebwa, Yemen.

Al-Zahrani, 21, was accused of being a front-line fighter for the Taliban who facilitated weapons purchases for Taliban offensives against U.S. and coalition forces. Born in Yenbo, Saudi Arabia, he was allegedly involved in a 2001 prison uprising in Mazar-e-Sharif, Afghanistan, that resulted in the death of CIA officer Johnny Michael Spann.

The U.S. military accused al-Utaybi, 30, of being a member of a militant missionary group, Jama'at Al Tablighi. He was born in Al-Qarara, Saudi Arabia, according to a Defense Department list of Guantanamo detainees.

Al-Utaybi had been recommended for transfer to another country for continued detention, though the Defense Department did not specify where. Navy Cmdr. Robert Durand, a spokesman for the Guantanamo detention center, said he did not know whether al-Utaybi had been informed about the transfer recommendation before he killed himself.

Though the military termed the deaths apparent suicides, the Navy was investigating to establish the official cause of death. Military medical experts completed autopsies on the men on Sunday afternoon, Durand said. He did not know when the autopsy report would be issued.

The detainees tried to prevent guards from seeing them commit suicide, The New York Times reported Monday, raising questions about long it took military guards to discover them. The newspaper quoted Durand as saying one of the prisoners hanged himself behind laundry drying from the ceiling of his cell and had arranged to make his bed look as if he were still in it. He said the two other detainees took similar steps.

Navy Lt. Abuhena M. Saiful-Islam, an imam, was brought to the base to ensure that the bodies were handled according to Islamic rites, and Guantanamo officials were prepared to perform an Islamic burial at the base if needed, Durand said.

While U.S. officials argued the suicides were political acts aimed at hurting the United States' standing in the world, defense lawyers, human rights activists and former detainees said prisoners are desperate after years in captivity and some view suicide as the only way out — even though Islam forbids it.

"A stench of despair hangs over Guantanamo," said Mark Denbeaux, a law professor at Seton Hall University in New Jersey who along with his son, Joshua, represents two Tunisians at Guantanamo. "Everyone is shutting down and quitting."

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International demands to close the prison grew over the weekend.

Danish Prime Minister Anders Fogh Rasmussen, who supported President Bush in the Iraq war, said the detention center's procedures violate "the very principle of the rule of law" and weaken the fight against terrorism.

Swedish Foreign Minister Jan Eliasson said the deaths underlined the need to close the camp and bring detainees to trial or free them. Eliasson said the 25-nation European Union believes the facility should be closed.

The suicides hit a sore point with Saudis, who are angry that more than 130 of their countrymen are at Guantanamo. The country's semiofficial human rights organization demanded an independent investigation, questioning whether torture drove the men to suicide.

"There are no independent monitors at the detention camp so it is easy to pin the crime on the prisoners, considering it is possible they were tortured," said Mufleh al-Qahtani, the group's deputy director.

Senate Judiciary Committee Chairman Arlen Specter, R-Pa., said he would like to see the detainees' cases judged more quickly.

"Where we have evidence they ought to be tried, and if convicted they ought to be sentenced," he said on CNN's "Late Edition."

Specter said that without charges, many of the prisoners are "just out there in limbo."

U.S. authorities said they were considering suspending hearings by military tribunals pending a Supreme Court ruling on whether Bush overstepped his authority in setting up the tribunals.

Until the deaths, officials reported 41 unsuccessful suicide attempts by 25 detainees since the U.S. began taking prisoners to the base in January 2002. Defense lawyers contend the number of suicide attempts is higher.

Independent Probe Urged For Suicides Of Detainees (WP)

By Josh White

The Washington Post, June 13, 2006

Human rights groups and defense lawyers yesterday called for an independent investigation into the three detainee suicides at the U.S. detention facility at Guantanamo Bay, Cuba, questioning the military's preliminary explanation of how the men killed themselves and the way U.S. officials have characterized the deaths.

Since the detainees used makeshift nooses in their cells early Saturday, U.S. officials have called the three deaths an act of "asymmetric warfare" and a public relations move aimed at riling the international community. Military commanders said the men -- described as having terrorist ties -- used creative methods to surreptitiously kill themselves while seeking martyrdom, and dismissed assertions that the suicides were the desperate acts of depressed captives.

Amnesty International officials said yesterday that an independent investigation "is a matter of absolute urgency" and is the only way to find out what happened in the detainees' cells. In a written statement, the officials said an ongoing Naval Criminal Investigative Service probe will not be sufficient in light of comments U.S. officials have made.

The International Committee of the Red Cross, which has open and regular access to the Guantanamo Bay facility, plans to send a delegation in coming days to look into the suicides. The group made a similar assessment there last month, when there was a riot after a series of suicide attempts.

"This is no inquiry or investigation; it's a follow-up to find out what happened, to assess the mood in the camp," said Simon Schorno, an ICRC spokesman in Washington. "It's routine."

The Bush administration sought to distance itself from comments Colleen Graffy, deputy assistant U.S. secretary of state for public diplomacy, made to the BBC, in which she called the suicides a "good P.R. move." Sean McCormack, a State Department spokesman, said yesterday that the department would not characterize the deaths that way and said that U.S. officials "have serious concerns anytime anybody takes their own life."

Pentagon officials have provided some details about the deaths, saying that the detainees secretly fashioned nooses out of clothes and bedsheets, then evaded the guards' attention long enough to take their lives.

David Remes, a defense lawyer for 17 Yemeni detainees at Guantanamo Bay, said he is skeptical of the military's version.

"There's no way to verify anything that the military says down there because as usual, their stance is: 'Trust us,' " Remes said. "We have to take their word for it. What's really needed is an independent investigation."

Chinese Muslims Search For Sanctuary (WT)

By Bruce I. Konviser

The Washington Times, June 13, 2006

TIRANA, Albania -- Authorities are looking for a new home for five Chinese Muslims who have been held in a refugee camp in a diplomatic limbo since being transferred to Albania from the U.S. prison at Guantanamo Bay, Cuba, last month.

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Albanian officials say they see no viable future for the men in one of Europe's poorest countries, where no one speaks their language and the culture is fundamentally alien to their central Asian background.

The five ethnic Uighurs, from western China, arrived here a month ago after the U.S. administration brokered a deal for them to be given political asylum. The Bush administration released them after determining that they did not pose a terrorist threat but will not allow them to resettle in the United States and fears they will be tortured or executed if they are returned to China.

Beijing considers the men terrorists for advocating independence and is demanding that they be repatriated. Albanian officials insist that the men will not be sent to China in spite of intense pressure from Beijing but say they should not remain permanently in Albania.

"Their future is not here," said Argita Totozani, the national commissioner for refugees. "There is not a Uighur community. They don't speak any Albanian. They don't speak any Chinese. There is no integration possibility for them here."

The United States hoped that the men -- who had asked to go to a European country after being told they could not live in the United States -- would readily assimilate in Albania, which shares their Muslim faith. But the Uighurs' distinct language is not spoken in Albania.

Albanian officials made it nearly impossible to interview the men, even when arrangements were made in advance with their attorney.

Mrs. Totozani said arrangements to meet the five should be made through Ali Rasha, the director of the refugee camp where they are being held. But Mr. Rasha said he could not help, insisting, "I don't have the authority."

Regardless of religious persuasion or cultural background, Albania is a grim place to live. Fewer than 100 people have sought long-term resettlement here in the past 10 years, according to Albanian and U.N. officials.

"Albania is a transit country," said Hossein Kheradmand of the United Nations Commission on Human Rights. "People don't come here for asylum because of the economic situation. They come from the east and try to cross Albania to get into Western Europe. When they are intercepted by police because of illegal entry, then they apply for asylum."

The per capita income of Albania's 3.5 million people is a little more than $2,000 a year, according to the World Bank. The official unemployment rate is 16 percent, but in reality, it is probably higher than 30 percent.

The CIA Web site reports that more than 50 percent of the country's road network remains unpaved. And there are only eight phone lines per 100 people, the lowest line density in Europe.

The five Uighurs were apparently swept up by bounty hunters in Pakistan and delivered to U.S. forces in the aftermath of the September 11 attacks on the United States.

"After these men were determined not to be enemy combatants, the United States reached out to over 100 countries to try to arrange for their resettlement," a senior State Department official said in an exchange of e-mails. The official said an "administrative decision" had been made not to offer them asylum in the United States.

The administration has not publicly explained why the men cannot resettle in the United States, but Mrs. Totozani said her government understood that "because of the atmosphere and the September 11 story, the Americans would not really want Guantanamo Bay ex-prisoners to be part of their society."

An American attorney is actively looking for a new home for the men, Mrs. Totozani said.

"They are trying to find a resettlement somewhere else -- in America or Canada," she said. "I've heard they have relatives in Canada. There is a good community in Canada for Uighurs."

Suicides Change Nothing (USAT)

By Douglas W. Kmiec

USA Today, June 13, 2006

In 2004, the U.S. Supreme Court ruled that "the capture, detention and trial of unlawful combatants" is important in war for the purpose of preventing "captured individuals from returning to the field of battle and taking up arms once again."

The unfortunate suicides of three Guantanamo Bay detainees do not change this.

We are fighting an unprovoked war on terror that began in the 1990s with the radical Islamic jihad "to kill Americans wherever found." It has included assaults on our military personnel in Somalia, the 1993 World Trade Center bombings, the destruction of U.S. Embassies in Africa, the 2000 bombing of the USS Cole, and the unrequited murder of nearly 3,000 civilians on 9/11.

Most Guantanamo detainees were captured in Afghanistan. The president ordered them treated "humanely." While each has been interrogated for information to forestall future attacks, each has also had chances to explain perceived assistance to al-Qaeda.

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These status reviews were intended to fulfill Geneva standards. With its Detainee Treatment Act, Congress implicitly recognized and improved their fairness, providing for appeal to the U.S. Court of Appeals for the District of Columbia. This respected court will also review war crime trials before military commissions. If the Supreme Court OKs the commissions, Osama bin Laden's driver and others can then face trial in the support of terrorist actions.

In earlier wars, detainees were held for years with no thought of trial. That said, the Janus-faced peace that uneasily coexists with a terror war perplexes us, and so it was right to release about 300 Guantanamo detainees, even as some rejoined enemy ranks.

Some foreign leaders posture as if Guantanamo's doors should just fly open. Residents of Madrid and London might dissent. Even so, the international criticism should not be dismissed. It should be seen as implied willingness to share the cost and burden of detention. If we can't try all the detainees, serious thought ought be given to having the U.N. convene an ad hoc international court. As mother used to say, "It's easy to criticize."

Douglas W. Kmiec, professor of constitutional law at Pepperdine University, is a former constitutional legal counsel to Presidents Ronald Reagan and George H.W. Bush.

Guantanamo Deaths Deepen Harm To U.S. Image Abroad (USAT)

USA Today, June 13, 2006

Over the weekend, three detainees at the U.S. prison camp at Guantanamo Bay, Cuba, did what many had failed to do before them: They committed suicide. That might not seem like a big deal when set against the scores who die violently in Iraq and elsewhere every week.

The camp commander, Rear Adm. Harry Harris, said the suicides were "not an act of desperation, but an act of asymmetrical warfare waged against us" that proves the detainees "have no regard for life."

So, is it all right to say good riddance, pronounce the deaths yet more regrettable casualties of an ugly war, and move on?

Unfortunately, no.

Most of those still held at Guantanamo Bay are undoubtedly opposed to everything America represents, and conditions at Guantanamo have given them a weapon in the battle to persuade Muslims that we are a nation that preaches ideals for others but fails to live by them ourselves.

The Founding Fathers created the USA as a new and different nation, one based on rights and laws. Guantanamo Bay achieves the opposite. The inmates are being kept in a Kafkaesque legal limbo. When the prison opened in January 2002, the Bush administration officially declared them "enemy combatants" and said they were not protected under the Geneva Conventions.

Since then, the administration has been secretive about who the detainees are, what their alleged crimes are and what conditions they are being kept in. Reports from the United Nations and others allege treatment tantamount to torture.

There has been some minor relief. The United States has quietly released about 300 prisoners — it holds more than 400 now — and admitted that some should never have been held. Under pressure, it said it would abide by Geneva Conventions' guidelines and in April released the detainees' names.

After the U.S. Supreme Court ruled in 2004 that the Guantanamo prisoners were entitled to due process, the administration said it would revive World War II military tribunals in which standards are lower and much of the evidence is secret. Only 10 cases have been brought, though, and none tried. The high court is expected to rule soon on a case, involving Osama bin Laden's former driver, that will determine whether the tribunals are sufficient.

The United States cannot be naive about people it captures. In their initial months in custody, some might provide useful intelligence — though it's hard to believe any of those still at Guantanamo do now.

But every day that Guantanamo remains a symbol of un-American behavior, it inspires more al-Qaeda recruits and more terrorism. International calls for its closure have reached a deafening crescendo, including, recently, from close ally Britain.

Reports of hunger strikes and suicides add to the sense that the prison has become more of a liability than an asset in the war on terrorism. A poll last year by the Pew Research Center indicated as much, as it recorded widespread international resentment of the United States.

President Bush insists he "would like to end" Guantanamo but needs first to wait for the Supreme Court ruling. That won't do. What Guantanamo represents needs changing, and immediately. It's time to lay out the evidence against those who need to be charged and release those who don't.

The Gitmo Suicides (WSJ)

The Wall Street Journal, June 13, 2006

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The suicide of three prisoners at Guantanamo Bay has elicited another chorus of anti-U.S. rhetoric from the self-styled "human rights" crowd. Sigh.

The dead men were among the most irredeemable jihadists, which is why they were still there this long after the fall of the Taliban regime in Afghanistan. One of them participated in the Mazar-e-Sharif prison uprising in which CIA officer Johnny "Mike" Spann was killed. Another was an al Qaeda recruiter. The third was an al Qaeda operative who had lately been engaging in hunger strikes and other disruptive behavior.

Many other Gitmo detainees have long since been released, although getting other countries to accept their return hasn't been as easy as their champions would have you believe. Guantanamo guards have also gone to extraordinary lengths to keep many of these people alive, force-feeding hunger strikers and thwarting what the press has reported to be 41 suicide attempts already.

If there's any scandal here, it's that anti-U.S. activists have made it so difficult to handle al Qaeda prisoners in a more efficient manner. On the one hand they complain of the "incredible despair" (Human Rights Watch) of indefinite detention. On the other, they have done their best to prevent the U.S. from processing them through the military court system that President Bush authorized in late 2001. The Supreme Court is due to rule on one of these challenges -- Hamdan v. Rumsfeld -- later this month.

The activists shouldn't be allowed to have it both ways. Either the Gitmo detainees are legitimate prisoners of war, in which case they can't be prosecuted but can be held for the duration of the conflict as in all previous wars. Or they are unlawful combatants (because they fought out of uniform and targeted civilians), in which case there should be no issue at all about moving ahead and trying them in military tribunals.

Religious Leaders Urge U.S. To Ban Torture (WP)

By Alan Cooperman

The Washington Post, June 13, 2006

Twenty-seven religious leaders, including megachurch pastor Rick Warren, Nobel laureate Elie Wiesel and Cardinal Theodore E. McCarrick of Washington, have signed a statement urging the United States to "abolish torture now -- without exceptions."

The statement, being published in newspaper advertisements starting today, is the opening salvo of a new organization called the National Religious Campaign Against Torture, which has formed in response to allegations of human rights abuse at U.S. detention centers in Iraq, Afghanistan and Guantanamo Bay, Cuba.

Titled "Torture is a Moral Issue," the statement says that torture "violates the basic dignity of the human person" and "contradicts our nation's most cherished values." "Nothing less is at stake in the torture abuse crisis than the soul of our nation. What does it signify if torture is condemned in word but allowed in deed?" it asks.

The signers come from a broad range of denominations and include notable religious conservatives, such as the Rev. Ted Haggard, president of the National Association of Evangelicals; Archbishop Demetrios, primate of the Greek Orthodox Archdiocese of America; and the Rev. William J. Byron, former president of Catholic University.

By suggesting that recent abuse of prisoners may not be just an aberration but a reflection of U.S. policy, the statement contains an implicit challenge to the Bush administration, according to some signers.

"I'm not persuaded that this issue has been put to bed yet by the Bush administration," said David P. Gushee, a philosophy professor at Union University in Tennessee who wrote an influential article against torture this year in Christianity Today, an evangelical magazine. "I'm worried that we still don't truly know what is going on in all our detention centers around the world."

Deputy White House press secretary Dana Perino said the administration has "the utmost respect for all these religious leaders." But, she said, "I'll simply repeat what the president has said many times, which is that this government does not torture, and we adhere to the international conventions against torture. That is our policy, and it will remain our policy."

On its Web site, the National Religious Campaign Against Torture urges Congress and the president to "remove all ambiguities" by prohibiting secret U.S. prisons around the world, ending the rendition of suspects to countries that use torture, granting the Red Cross access to all detainees and not exempting any arm of the government from human rights standards.

McCarrick said last night that he had signed on to "the general principle" that torture is unacceptable but had not seen the new organization's specific proposals. Gushee said he is "not sure that everyone who signed the statement would concur with that platform," though he said he, personally, does.

Terror Suspects Charge Abuse In Canada Prison (NYT)

By Anthony DePalma

The New York Times, June 13, 2006

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BRAMPTON, Ontario, June 12 — Defense lawyers representing several of the men held on terrorism charges in an Ontario maximum security prison say their clients have been beaten by guards, threatened by other inmates and held in isolation.

The lawyers made the accusations outside the courtroom here as preliminary bail hearings were about to begin for the 17 suspects arrested June 3.

Two were reprimanded in the courtroom when they shouted that they had been abused. "These wounds speak for themselves," one of them yelled from the prisoner box, as they held up shackled hands.

A spokeswoman for the prison where most of the men are being held said the accusations were being investigated.

Several hours after the lawyers repeated the abuse accusations in court, the presiding justice issued a publication ban on the bail hearings for all 17 suspects, at the request of the prosecutor and one of the suspects.

The ban prohibits reporting on evidence presented in court during the bail proceedings. Proceedings involving the five suspects charged as young offenders were already subject to a ban. Because the lawyers initially made the abuse accusations outside court on Monday, those statements were not covered by the ban.

Bail proceedings in Canada are routinely subject to such bans, which are intended to keep potential jurors from being tainted by news reports.

Several defense lawyers objected to the gag order, saying the charges that the men plotted to terrorize Canada with truck bombs and other kidnappings were baseless and should be subjected to public scrutiny.

"I want the public to know exactly the allegations against my client," said Rocco Galati, who represents Ahmad Mustafa Ghany, 21, of Mississauga, Ontario, who is accused of participating in a terrorist group. "Up to now, the public has seen only what the police want them to see by filtering and selecting information."

Lawyers also hoped to speak freely about the conditions under which the suspects were being detained.

David Kolinsky, who represents Zakaria Amara, 20, said his client was pinned to the ground a few days ago by a guard who poked his finger into Mr. Amara's cheek and flicked him in the eye. "His face is still sore," Mr. Kolansky said.

Most of the suspects have been held at the Maplehurst Correctional Center in Milton, Ontario, west of Toronto. The maximum-security prison, one of the largest in Canada, holds about 1,100 inmates, said Julia Noonan, the prison's spokeswoman.

"We take any allegations that come forward very seriously, and we look into them," she said. But she said the prison had received no reports of any abuse before Monday.

Ms. Noonan said it was common at Maplehurst to keep cell lights on 24 hours a day. At night those lights are dimmed, but the corridors remain fully lighted, she said.

A 20-minute exercise period is standard, and inmates are monitored by video camera outside their cells to protect them from attacks by other inmates, she said.

Canada's Social Stance Is Tested By Arrests (WSJ)

By Elena Cherney

The Wall Street Journal, June 13, 2006

MISSISSAUGA, Ontario -- The recent arrest of 17 Ontario suspects on terrorism-related charges has lifted the lid on a simmering controversy among Canada's Muslims: A segment of this growing community worries that an increasing number of mosques have come under the sway of fundamentalist imams.

While the validity of the allegations -- from planned bombings to hostage-taking -- remains to be seen, the arrests in themselves have given worried congregants an opportunity to raise a red flag. They say the messages delivered in some mosques -- such as the Al-Rahman Islamic Center here -- may help explain why police believe the 17 men and youths might have been drawn into a group that allegedly conspired to blow up buildings in the Toronto area and schemed about taking politicians hostage in Ottawa. Most of those arrested, age 15 to 43 years old, have spent all or most of their lives in Canada.

News of an alleged homegrown terrorist plot has shocked Canadians and stirred questions about the country's liberal immigration program and its policy of multiculturalism. Even on the left, some Canadians are now questioning whether the country's "mosaic" approach to cultural communities has encouraged some to resist embracing values broadly shared by other Canadians.

The men, handcuffed and shackled at the ankles, appeared yesterday in court in Brampton, west of Toronto. Bail hearings were postponed until later this week, with some hearings delayed until later in the month.

Some defense lawyers argued that their clients' solitary confinement in small cells, with the lights on 24 hours a day, violates their rights. One lawyer told the court his client was beaten by a guard, while another said a guard threatened one suspect with gang rape; prosecutors responded that prisoner treatment isn't within their office's jurisdiction. With details about the

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government's case still sketchy, defense lawyer Rocco Galati demanded that the hearings be broadcast live from the courtroom "to counteract the frenzy" that he says is resulting from "misinformation" that is being leaked selectively.

Justice Keith Currie of the Ontario Court of Justice granted the crown prosecutor's request for a publication ban, meaning there will be a media blackout on details at least until the trial. Lawyers for at least two media outlets are expected to challenge the ban.

Critics of the mosques say that few imams -- if any -- overtly advocate violence. But by telling worshippers that Islam is under siege and that Muslims are being victimized in North America, these spiritual leaders, many of whom are schooled overseas before arriving in Canada, may foster a breeding ground for Canadian extremists, the critics say.

While most of Canada's estimated 750,000 Muslims don't share the views of these imams, few are willing to stand up and object to their clerics, some moderates say. "Extremists have not only penetrated the community, they dominate the community," says Salim Mansur, a political science professor at the University of Western Ontario. "This storm that has hit Canada has been brewing throughout Canada for at least a decade."

Other community leaders question whether extremists have gained broad influence over Muslim communities. At most prayer services, "the message is love, peace, harmony, respect for your fellow man," says Shafiq Qaadri, a member of the Ontario legislature whose constituency includes an area with many Muslim voters. Mr. Qaadri says he believes "there are perhaps some radical elements. No doubt they exist." But he adds that their message is delivered to "a subselection of people" at small study groups.

Senior officials of the new Conservative government in Ottawa say the recent arrests show the country's efforts to combat terrorism are working. Most of those arrested are Canadian citizens, they note. And cooperation from the Muslim community has been instrumental in helping authorities' anti-terrorism efforts, officials say.

Other observers say it is mistaken to blame multiculturalism for creating enclaves. "Multiculturalism celebrates diversity," says Colin Kenny, chairman of the Canadian Senate's committee on national security.

Seven of the arrested men were regulars at the Al-Rahman Islamic Center in a Mississauga strip mall, including the oldest, Qayyum Abdul Jamal, 43, and Fahim Ahmad, 21, both of whom face explosives charges. Messrs. Jamal and Ahmad, along with five others, were part of a Quran study group that also met for activities such as soccer and Chinese meals, according to a friend of the group.

One of the religious leaders at the storefront mosque is a Saudi-educated imam. He declined a request for an interview through the mosque's lawyer, Tariq Shah. Al-Rahman sermons didn't seek to stir worshippers to jihad, Mr. Shah says.

Anjum Ahmed, who owns the Hasty Market convenience store next to the mosque, says he prayed there on Fridays. When he saw the news reports of the arrests among his fellow worshippers, he says, "I was shocked." The men sometimes popped into his store "to buy pop, ice cream. They seemed like normal people."

Mr. Jamal wasn't a leader at the mosque but rather a dedicated volunteer who "was always willing to come forward and put the garbage out. He would change the toilet paper," says his lawyer, Mr. Shah. Despite the high-profile arrests, he added, "most of the Muslims, they love the country they live in."

But Munir Sami, a director of the Muslim Canadian Congress, says multiculturalism has helped foster "ghettoes" of middle-class Muslims in places such as Mississauga, a city of more than 500,000 west of Toronto where most of the arrested men lived with their families and attended mosques.

Aly Hindy, the imam of one of the two mosques frequented by members of the group, rejects suggestions that he or his congregants are extremists. Mr. Hindy says the allegations against the 17 are trumped up by Canadian security officials to justify their budgets.

Many Canadian imams are educated at Saudi universities and follow an extreme fundamentalist version of the religion, says Tarek Fatah, a spokesman for the Muslim Canadian Congress, a self-described "grassroots" group that favors a modern approach to Islam.

Until now, many moderates stayed quiet, some observers say. "They have been pretty well intimidated" by the fundamentalists, says Martin Collacott, a former Canadian ambassador to the Middle East who wrote a recent report for the Fraser Institute, a think tank, on Canada's response to terrorism. "They are going to have to speak up."

HOMELAND RESPONSE:

Technologists Assail Federal Net-tapping Rules (CNET)

By Anne Broache And Declan McCullagh, Staff Writer, CNET News.com
CNET News.com, June 13, 2006

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Federal regulations saying that police must be able to tap into Internet phone conversations with ease are coming under renewed attack from academics, engineers and one of the Net's founding fathers.

A 21-page study to be released Tuesday says it's impossible for the government to expect all products that use voice over Internet protocol, or VoIP, to comply with the Federal Communications Commission's September 2005 requirement mandating wiretapping backdoors for government surveillance. That requirement is backed by the Bush administration.

The study, organized by the Information Technology Association of America, says that because VoIP relies on a fundamentally different network architecture from that of traditional phone lines, such a mandate would pose "enormous costs" to the industry and could even introduce significant security risks.

The nine contributors included Vint Cerf, Google's chief Internet evangelist and one of the Net's founding fathers; Steven Bellovin and Matt Blaze, both prominent computer security professors who specialize in security; Clinton Brooks, a former National Security Agency official; and engineers from Sun Microsystems and Intel.

The report follows a ruling Friday by a federal appeals court in Washington, D.C., that upheld the legality of the FCC's wiretapping regulations. Librarians, community colleges, and companies including Sun had challenged the rules, saying the FCC did not have the authority to extend the Communications Assistance for Law Enforcement Act, or CALEA, to the Internet. (The decision may be appealed.)

Even without the FCC rules that are scheduled to take effect in May 2007, police have the legal authority to conduct Internet wiretaps--that's precisely what the FBI's Carnivore system was designed to do. Still, the FBI has claimed, the need for "standardized broadband intercept capabilities is especially urgent in light of today's heightened threats to homeland security and the ongoing tendency of criminals to use the most clandestine modes of communication."

The controversy over the FCC mandatory wiretapping regulations comes as the Bush administration is facing increasing congressional pressure, especially from Sen. Arlen Specter, a Pennsylvania Republican, over its telephone and Internet surveillance program overseen by the National Security Agency. AT&T is being sued in a separate case in San Francisco over allegations that it cooperated in a way that violated federal privacy laws.

The nature of VoIP could also elevate the risk that authorities aren't eavesdropping on the person they originally had in mind, the ITAA report's authors argue. Because it's theoretically simple for an individual to acquire multiple VoIP phone numbers, "recognizing and tracking the multiple identities that are so natural to the Internet lifestyle would be taxing."

In addition, the study says, allowing full access by law enforcement would almost certainly require overhauling inherently decentralized networks to allow for certain points where interception would take place--and open up new security risks in the process. That's because such an arrangement would arguably make it easier for hackers to capture identity information and passwords, engage in "man-in-the-middle alteration of data," or potentially spoof the communications going on.

"It's sort of like if you were chasing someone and you knew they had to go over a particular bridge," said Mark Uncapher, a senior vice president at ITAA.

Though there may be some security concerns, the benefits of mandating wiretapping access outweigh the costs, said Tim Richardson, senior legislative liaison for the Fraternal Order of Police. (Many police organizations, including the National Sheriffs' Association, the Police Executive Research Forum, the Illinois State Police and the Tennessee Bureau of Investigation petitioned the FCC in favor of the wiretapping rules.)

"If that was going to increase the propensity for crime, that's something that law enforcement would take a look at," Richardson said. "But the adaptability of technology is so great in this day and age that I have a high degree of faith in the initiative that (companies would employ to find something) that's not as costly and doesn't compromise the security of their networks."

Complexities involved in meeting such a mandate exist on a number of levels, the ITAA report said. One problem is that, in contrast to traditional telephones, whose calls can virtually always be traced to a centralized switching location, VoIP users are often nomadic.

"The paradigm of VoIP intercept difficulty is a call between two road warriors who constantly change locations and who, for example, may call from a cafe in Boston to a hotel room in Paris and an hour later from an office in Cambridge to a gift shop at the Louvre," the report says, and adds that building in mandatory wiretapping hubs for real-time interception is so expensive that it could put smaller companies out of business.

Air Marshals Warn Their Bullets Are Too Powerful (WT)

By Audrey Hudson

The Washington Times, June 13, 2006

Federal air marshals say their guns are loaded with bullets capable of running through more than one person, metal doors and thick glass -- too much firepower for an airplane.

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"Not only is the person getting shot in danger, but everyone on the plane is because of the distance it travels," said one air marshal who testified in a recently completed House Judiciary Committee investigation of policies marshals deemed dangerous.

Several marshals say their bullets can penetrate most of the material in planes, leaving pilots and the plane's hydraulics and flight-control system vulnerable if a weapon is discharged. Cockpit doors have been hardened with steel, but the walls on either side of the door have not.

Another marshal told the House committee agents should be issued ammunition loaded with frangible bullets, which break into smaller pieces on impact and thus have limited power to exit the target and continue.

"An aircraft is made up of composites, plastics, and aluminum. If a round were to penetrate through the front plastic/composite windshield of the aircraft, the results would be catastrophic at 500 miles per hour. We should be using frangible ammunition. It's a no-brainer," the Nov. 27 memo said.

The House Judiciary report, released last week, included the committee's concerns about the ammunition, but the Transportation Security Administration's response was redacted from the report.

Federal Air Marshal Service Director Dana Brown is reviewing the agency's use of a .357-caliber handgun and Speer Gold Dot .357 SIG round, nonfrangible ammunition, said FAMS spokesman Conan Bruce.

Mr. Bruce said air marshals used to use frangible ammunition but switched weapons and ammunition after researching testing by outside groups. The change was approved by former FAMS Director Thomas Quinn, a former Secret Service agent.

Massad Ayoob, a ballistics authority and director of the Lethal Force Institute, calls the ammunition "an excellent load" that the Secret Service uses to protect the president. The bullet is designed to expand in the body to cause greater physical harm.

"If you get a peripheral hit in the arm, it has enough power to keep going and kill whoever it hits," said Mr. Ayoob, who explained that the bullet moves 1,350 feet per second.

"It's no trick to change the ammunition load they are using now to 1,500 feet per second to get a 10-inch, very substantial wound, and it would minimize the likelihood of an exit," Mr. Ayoob said. "That would reduce penetration by a few inches and widen the wound, which brings about a faster cessation of the action."

Federal air marshals have tough shooting requirements and "are among the best shooters in law enforcement," Mr. Ayoob says.

Don Strange, former special agent in charge of the FAMS Atlanta field office, said the ammunition FAMS agents use is good for the Secret Service and other law enforcement but not in the "tube of an airplane."

"It would penetrate at least the first body, but it can also penetrate a second and possibly third body," Mr. Strange said.

Mr. Strange has more than 30 years of federal law-enforcement experience but says he was fired from FAMS by Mr. Quinn for criticizing the agency's choice of ammunition, dress code and other policies.

When Mr. Strange informed officials at FAMS headquarters of his concern about the weapon's load, "I told them I hoped the reason we were using it was not because Quinn wants us to, and they said that is the reason."

Philip Van Cleave, a former deputy sheriff and president of the Virginia Citizens Defense League, said he was surprised to learn the marshals are not using frangible firepower.

"It's ironic that the very people who are carrying the guns are complaining, that tells you something there -- they don't want to be underarmed, but they want to be able to protect passengers," Mr. Van Cleave said.

Several thousand pilots are trained to carry guns to protect the cockpit, however David Mackett, president of the Airline Pilots Security Alliance, declined to say what kind of weapons or ammunition are used by federal flight-deck officers.

"The federal air marshals are competent and experienced law enforcement, and I would take any recommendations they would make very seriously," Mr. Mackett said.

The House investigation said in its report released last week that policies dictating dress and boarding procedures in sight of passengers undermine the marshals' anonymity and suggested that any marshal who initiated changes fell victim to retaliation.

In its response to the committee, the Transportation Security Administration, which manages FAMS, said the policies have been changed. Air marshals who spoke to panel lawyers disagreed with the TSA's claims in interviews with The Washington Times.

City Rethinking Security Plan After Cut In Homeland Aid (NYT)

By Al Baker And Sewell Chan

The New York Times, June 13, 2006

The Bloomberg administration wanted to spend $111 million in the coming year to install a sprawling security camera system in the Wall Street area. To be modeled on London's so-called Ring of Steel, the plan involved placing video cameras at

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half of the 535 intersections south of Canal Street and installing surveillance equipment capable of zeroing in on details as small as a license plate.

It also included beefing up police patrols and using officers specially trained to handle truck and car bombs, as well as employing mobile barriers to protect bridges, tunnels and streets, police officials said.

But the plan, the Lower Manhattan Security Initiative, is being rethought since the Department of Homeland Security cut the city's security grant to $124.5 million this year from $207.6 million last year, Police Commissioner Raymond W. Kelly said yesterday. He was testifying at a City Council hearing on the impact of the reduction.

"The immediate impact — the biggest impact — will be a cessation of the Lower Manhattan Security Initiative," Mr. Kelly said. "We're going to have to regroup and take a very hard look at that plan."

When questioned after the hearing, he said, "This program right now has been put on hold until we can take a look at the funding stream."

The commissioner's testimony seemed to strike a different tone from city officials' public declarations two weeks ago, when they learned of the cutbacks. Many had said the city would find a way to plug any financial holes itself. They also said no programs would be noticeably altered.

The cuts have prompted officials of both parties to question the Department of Homeland Security. Last week, leaders in New York's financial services industry, including Goldman Sachs, sent a letter to Michael Chertoff, the homeland security secretary, calling for the money to be restored.

Yesterday, Russ Knocke, a department spokesman, said an undersecretary would work closely with the city to help expedite the flow of dollars from Washington. But he said it fell to city officials to prioritize which projects to pay for.

The city asked for about $450 million in grants this year. Its application included a request for $219.7 million for police initiatives, including $81.5 million toward the Lower Manhattan Security Initiative.

The government said the city had done a poor job articulating how the money it sought would help reduce risk in the city, and rated some highly publicized counterterrorism measures as below average in how they could be sustained financially.

Now, with several city agencies vying for a smaller pot of federal aid, it is not just the police programs that are in jeopardy, a spokesman for Mayor Michael R. Bloomberg said. The spokesman, Jordan Barowitz, said the city's counterterrorism measures spanned the Police, Fire and Health Departments. "We have difficult decisions to make," he said.

Stuart A. Klein, first deputy director of the city's Office of Management and Budget, said no final decisions had been made about which projects, within the $124.5 million, the city would pursue.

"Since we were recently notified of the reduction, we're going through a process now, analyzing the projects, working with the mayor's office and the other agencies, including Commissioner Kelly," Mr. Klein said in response to questions from Council members at the hearing. "And when a decision is made, we will forward the review of that to Homeland Security."

The Police Department's counterterrorism efforts had previously been praised by federal officials. The F.B.I. director, Robert S. Mueller III, has called its programs "models for the nation."

Police officials pointed out that in 2004, after a plot to sabotage some city financial assets was exposed, Tom Ridge, the former Department of Homeland Security secretary, came to New York and said that he doubted whether any other city had done more to prevent another terrorist attack.

Terrorist In A Bootleg T-shirt (LAT)

By Ray Lemoine, Ray Lemoine Is Coauthor, With Jeff Neumann And Donovan Webster, Of "Babylon By Bus," An Account Of L

The Los Angeles Times, June 13, 2006

The author mingled at madrasas and hung with Hezbollah, but that's not why Homeland Security picked him up.

Arriving at JFK from Dubai recently, I was stopped at customs by an officer from the Department of Homeland Security and directed to a drab backroom filled with Arabs, South Asians and Africans. I wasn't surprised, really, having just spent six months working and traveling in the Islamic world — Turkey, Lebanon, Egypt and Pakistan. If ever there were a DHS red-flag candidate,

I was it, and I assumed this was just protocol.

Four of those months were in Pakistan, and I had just spent a week with a journalist friend going to different madrasas, including one Islamic school visited by one of the bombers in the July 2005 attacks in London. Possibly I caught their attention by poking around the Karachi Marriot's parking lot, across from the U.S. consulate, where a suicide bomber's attack had killed a U.S. diplomat just two months before.

How about the hundreds of phone calls I made from Pakistan to friends and family back home that inevitably mentioned the Taliban's resurgence and criticized President Bush. Was I wiretapped? Certainly Homeland Security, whose stated mission is

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to "lead the unified national effort to secure America … prevent and deter terrorist attacks and protect against and respond to threats and hazards to the nation," had detained me for such a reason.

Or maybe officers had questions about the Jamaat-ud-Dawa rally I'd witnessed in Kashmir. The group was protesting against the United States because it recently had been added to the State Department's list of groups designated as terrorist organizations. Then there was Lebanon, where I'd traveled deep into the Hezbollah-held south.

If only.

No, these frontline warriors in the global war on terrorism at Homeland Security had far more pressing issues to question me about. "Why did you infringe on the Boston Celtics' copyright in Boston in 2003?" asked my case officer, Malik — ironically a Pakistani — from behind his high desk. Uh, because I used to sell T-shirts outside sporting events, I said, wondering what this had to do with national security.

"You've got a long record," he said. Sure, for peddling "Yankees Suck" T-shirts — sans permit, which isn't a crime but a code violation — not for promoting "Bin Laden Rulz!" DVDs or the "Idiot's Guide to Suicide Bombing."

"You know, we could have you sent up to Boston for the unresolved T-shirt infractions," Malik said. "But what we're holding you for is an NYPD bench warrant from 2004. You were in a fight with a parking attendant, found not guilty and then missed a court date." All true. But how and why does Homeland Security share the NYPD's jurisdiction in cases unrelated to counter-terrorism? A fight over a parking space hardly counts as terrorism.

"We're calling NYPD to come to pick you up," Malik told me, without asking a single question about Pakistan, terrorism, Islam or madrasas.

So I sat and waited. Four DHS officers working two cases — a Senegalese guy who was caught with $100,000 in a suitcase and mine — couldn't even get the NYPD on the phone. A debate then broke out among Malik, his co-worker and their boss about how to call the NYPD. Six hours later, the DHS still hadn't gotten word from the NYPD. A shift change was coming up, and officers aren't allowed to leave until finishing all their cases.

Instead of protecting the homeland from such a dangerous T-shirt-selling, off-road-rager like me, Malik set me free, so he could get home in time to watch Mike and the Mad Dog ("Eh, is Pedro pitchin' tonight?" I overheard an officer ask). As he closed out my paperwork, Malik asked, "So, ah, Mr. LeMoine, why did you miss that court date anyway?"

"I was in Iraq."

"Doing what? Like a contractor, soldier?"

"No. I had volunteered to run a humanitarian program for the Coalition Provisional Authority but left when they started killing Westerners."

"Damn terrorists. Take care of that warrant. And welcome home."

Welcome home indeed.

Homeland Security, the $40-billion-a-year agency set up to combat terrorism after 9/11, has been given universal jurisdiction and can hold anyone on Earth for crimes unrelated to national security — even me for a court date I missed while I was in Iraq helping America deter terror — without asking what I had been doing in Pakistan among Islamic extremists the agency is designated to stop. Instead, some of its actions are erasing the lines of jurisdiction between local police and the federal state, scarily bringing the words "police" and "state" closer together. As long as we allow Homeland Security to act like a Keystone Stasi, terrorism will continue to win in destroying our freedom.

Alberto Prompts Evacuation On Fla. Coast (AP)

By Mitch Stacy

The AP, June 12, 2006

More than 20,000 people along Florida's Gulf Coast were ordered to clear out Monday as Alberto — the very first tropical storm of the new hurricane season — unexpectedly picked up steam and threatened to come ashore as a hurricane.

Forecasters posted a hurricane warning for the Gulf Coast and a tropical storm warning from north of Daytona Beach to the Georgia-South Carolina line, saying Alberto could begin battering the coast early Tuesday. Gov. Jeb Bush signed a declaration of emergency allowing him to call up the National Guard and put laws against price gouging into effect.

"We're talking about powerful forces of nature," Bush said. "People need to take this very seriously."

If Alberto came ashore as a hurricane, it would be the earliest hurricane in 40 years to hit the United States, according to the National Hurricane Center. The earliest on record is Alma, which in 1966 struck the Florida Panhandle on June 9 — the ninth day of the hurricane season.

Alberto started as a tropical depression on Saturday, and forecasters over the weekend were confident it would not become a hurricane. But the storm's winds accelerated with startling speed from 50 mph to 70 mph in just three hours Monday morning. The minimum for a hurricane is 74 mph.

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"We were surprised, but we've been surprised before," said Richard Pasch of the hurricane center. "The center in disorganized storms can re-form and jump."

Florida homeowners stocked up on chain saws, plywood and other emergency supplies. Employees at a marina in St. Petersburg said they planned to work through the night securing more than 600 boats against the wind and waves.

"This is a little earlier that I expected," said marina manager Walter Miller. "But we've had a bad couple of years, so it's not entirely unexpected."

Forecasters said Alberto would probably become only a weak Category 1 hurricane, meaning winds of 74 mph to 95 mph, because the warm water from which hurricanes draw their strength is not particularly deep in the area.

At 5 p.m. EDT, Alberto was centered about 145 miles southwest of Cedar Key and was moving northeast at about 10 mph. Its top sustained winds remained at 70 mph.

"We don't want to overdo it. It's not a Katrina or a Wilma, but storm surge and flooding could still cause loss of life," said Max Mayfield, director of the National Hurricane Center.

Evacuation orders were posted for people in mobile homes or low-lying areas in at least five coastal counties stretching more than 100 miles. Those ordered to leave included about 21,000 residents of Citrus, Levy and Taylor counties.

Alberto was expected to blow ashore anywhere from north of Tampa to the Panhandle. Forecasters said it could bring 4 to 10 inches of rain to central Florida and southeastern Georgia. Rain already was falling Monday and at least two tornados had formed, but there were no immediate reports of any injuries or damage.

Dick Grier, a retiree from Homosassa, said he planned to gas up his car and bring in law chairs. But "at this point I don't think it's the kind of thing that we worry about," he said.

Alberto also prevented the crew of space shuttle Discovery from flying to the Kennedy Space Center from Houston for several days of dress rehearsals for their expected launch in July.

On Monday, Alberto drenched western Cuba after a weekend of heavy rains prompted evacuations, caused some dilapidated buildings to collapse and flooded low-lying areas in Havana. There were no reports of other major damage or injuries.

More than 12 inches of rain fell in some rural areas over the weekend, the official Prensa Latina news agency reported.

Scientists say the 2006 season could produce as many as 16 named storms, six of them major hurricanes. Last year's hurricane season was the most destructive on record and the busiest in 154 years of storm tracking, with a record 28 named storms and a record 15 hurricanes.

The first named storm of 2005, Tropical Storm Arlene, formed June 9 and came ashore just west of Pensacola in the Florida Panhandle.

'The Storm Has Accelerated;' Landfall Expected At 8 A.m. (TALLDEM)

By Bill Cotterell

Tallahassee Democrat, June 13, 2006

Governor Jeb Bush urged coastal residents to evacuate immediately if their homes are in low-lying areas of the Big Bend and central Gulf Coast threatened by a strengthening, accelerating Tropical Storm Alberto.

At a hastily-called evening briefing, Bush and state meteorologist Ben Nelson said the storm is expected to come ashore by about 8 a.m. in Taylor County. They said the Dixie, Levy and Taylor County area is the most threatened by storm surges of 7 to 10 feet and winds currently projected at 70 miles an hour — just four short of hurricane strength.

"The storm has accelerated," Bush said. "This brings the added problem of high tide, so we want to make sure people take this very, very seriously."

He said there are 26 shelters open in 16 counties.

"If you were planning to evacuate, you need to do it tonight, not tomorrow morning," said Bush. "Tonight is the night to do this."

Nelson said Alberto was caught by a steering current that did not affect is size or strength but moved it faster toward the Big Bend. He said hurricane warnings are posted from the Ocholockonee River to Longboat Key — from Wakulla to Manatee counties — and that there is a thunderstorm warning for Franklin County.

Bush said mandatory evacuation orders have been issued for Wakulla County in the Panacea, Ochlockonee Bay and St. Marks areas, as well as low-lying and coastal regions. Also under evacuation orders are low-lying coastal areas from the Aucilla River to Steinhatchee in Taylor County, and parts of Levy, Dixie, Citrus and Franklin County.

That includes Alligator Point and low-lying coastal areas of Franklin County.

FEMA Stockpiles Supplies Ahead Of Alberto (AP)

By Lara Jakes Jordan

DOJ_NMG_0033324

The AP, June 12, 2006

The nation's disaster response agency said Monday that evacuation buses and truckloads of food, water and ice were standing by for the year's first big tropical storm. But state officials across the Gulf Coast hadn't asked for any immediate help from Washington.

The Federal Emergency Management Agency did not stockpile supplies in Florida because the state "has indicated that they have the situation well under control," said FEMA spokesman Aaron Walker. But he said buses and supplies were ready should Tropical Storm Alberto take a nasty turn into regions still left vulnerable by Hurricane Katrina, including Louisiana, Mississippi and Alabama. Those supplies, warehoused in Louisiana and Alabama, could be sent to Florida if necessary, he said.

Additionally, the U.S. Army Corps of Engineers stockpiled tens of thousands of tons of concrete, stone and sandbags to safeguard against any levee breaches around Florida's Lake Okeechobee.

Florida emergency director Craig Fugate said state and local responders "were managing to keep an even keel here." Any federal help — like damage assessments and reimbursements — might be needed after the storm passed, he said.

"We're not in a situation where we need any federal assistance for the response phase," Fugate told The Associated Press. "We're looking at the federal impact after the storm if it would warrant any assistance financially."

However, FEMA officials were monitoring the storm from Florida's emergency operations center in Tallahassee. The agency also put its regional response coordination office in Atlanta on alert, and ordered its Washington headquarters to be staffed around the clock to answer any incoming calls for aid.

Homeland Security Secretary Michael Chertoff, whose department oversees FEMA, postponed a weeklong trip to Europe to monitor the storm, said spokesman Russ Knocke. Chertoff also called Florida Gov. Jeb Bush to offer help, but the Republican governor said his state did not have any immediate needs from Washington.

Similarly, the governors of Alabama, Mississippi and Louisiana have not asked for any federal assistance. But FEMA dispatched 96 truckloads of food, ice and water to holding points in Selma, Ala., and Montgomery, Ala., ready to go to disaster areas in those three states if needed, Walker said.

Additionally, 50 buses and 100 drivers were standing by in Carville, La., to help evacuate potential victims, he said.

Despite lessening concerns about Lake Okeechobee's levees, Army Corps spokeswoman Nanciann Regalado said the agency stockpiled 35,000 tons of concrete, stone and sandbags and ordered another 65,000 tons delivered. However, lake levels were still six feet below where levees might be expected to crack, Regalado said.

The Coast Guard also is warning at-sea mariners and boaters to stay away from coastal waters. Officials are reviewing plans to move aircraft at the region's air stations inland and out of the way of storm.

So far there have been no active duty deployments for Alberto through U.S. Northern Command, which oversees military units in the United States.

"There will be minimal or no need for active duty forces because the state of Florida, its first responders, and its state militia are well prepared to assist citizens of Florida," said Northern Command spokesman Michael Kucharek.

The command has asked the military services to be prepared to respond and provide needed supplies, equipment or the use of Defense Department installations.

Swift Evacuations Urged As Alberto Approaches (KRT)

By Martin Merzer And Gary Fineout

Knight Ridder, June 12, 2006

Tropical Storm Alberto, pushing a dome of sea water toward shore, quickened its assault on North Florida this evening. Officials urged coastal residents to swiftly evacuate the area.

"Its arrival on our shores will be much quicker than we were anticipating a few hours ago," Gov. Jeb Bush said shortly after 5:30 p.m. ``They need to get to high ground and they need to get safe."

The 2006 hurricane season is just 12 days old.

"Good God, who would have thunk it," Bush said.

During the past two seasons, eight hurricanes struck or brushed Florida.

Meanwhile, South Floridians were advised to expect heavy rain and gusty winds as squalls roam through the area.

Farther north, forecasters hurriedly issued a precautionary hurricane warning from Longboat Key near Sarasota through the Big Bend area to the Ochlockonee River south of Tallahassee. That means hurricane conditions -- wind stronger than 74 mph and heavy rain -- are expected within 24 hours.

The greatest danger: an eight- to 10-foot storm surge, the dome of water that rushes ashore as the storm's center approaches.

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"It's the storm surge that will be a problem," said Stanley Bair, owner of The Island Hotel on Cedar Key, an island just off Florida's Big Bend. ``It won't get into the hotel, but it will surround it, and people won't be able to get on or off the island."

Bair said every room is booked, largely by news crews, and ``we'll have rollaways in the lobby."

The hotel was built in 1859 and has survived every hurricane since.

Officials in six coastal counties, from Franklin County to Citrus County, told more than 20,000 residents to leave.

"It's not worth losing your life . . .," Bush said earlier today. ``Property can be rebuilt."

Several of those counties, including Wakulla, Taylor and Dixie, have been hit in the past with flooding due to storm surge from large storms.

Last year, Hurricane Dennis unexpectedly created a backwash of water into Wakulla County, while the infamous no-name storm of 1993 killed unsuspecting residents of Taylor County in the middle of the night.

"This is a part of the state where it doesn't take a big storm to cause a significant amount of flooding," said Craig Fugate, the state's emergency management chief.

Fortunately, the area is sparsely populated and can be quickly evacuated.

State officials said that local communities were gearing up to deal with the storm and that 17 shelters would open. An estimated 7,500 National Guard were on alert and ready to be deployed if needed.

"We're used to catching those first storms here in North Florida," said Chris Floyd, emergency services director of the Capital Area Chapter of the Red Cross in Tallahassee. ``We've got a lot of experience. Not that we necessarily want it to happen here, but I believe we're as prepared as we can be."

The 5 p.m. EDT forecast called for the center of Alberto to make landfall in the Big Bend area Tuesday morning as a borderline Category 1 hurricane with winds of about 75 mph, but most of its weather reached land long ahead of the center.

Isolated tornadoes were possible throughout much of the state, particularly in Central Florida and the Panhandle.

"Preparations to protect life and property should be rushed to completion," said forecaster Richard Pasch of the National Hurricane Center in West Miami-Dade County.

Bush issued a state of emergency for the entire state, an action that triggers laws against price gouging and gives him the power to waive tolls, activate the National Guard and close state facilities.

"This is a serious storm and we're taking it seriously," he said.

In South Florida, commuters traveled to work under gray skies, occasional showers and a heavy blanket of humidity. They were advised to expect soaking rain later in the day.

Forecasters also reinstated concerns over the possibility of severe thunderstorms, waterspouts and tornadoes, particularly in Central Florida and along the lower Gulf Coast, but also possibly in and near Miami-Dade and Broward counties.

A tornado watch was issued for Glades, Hendry and Collier counties.

Alberto grew out of the year's first tropical depression Sunday, an ominous sign of things to come during the hurricane season -- which was only 11 days old.

The storm initially struggled to keep itself together, but it coalesced and grew stronger overnight.

"The storm has been interacting with the warm Gulf of Mexico loop current, which has likely been a contributor to the intensification," Pasch said.

It then moved over cooler water and encountered hostile crosswinds, two factors that inhibited significant additional strengthening, he said.

Portions of Central and North Florida could absorb eight to 10 inches of rain, a prospect welcomed by firefighters who have been battling wildfires in those regions.

Farther south, Alberto produced 10 to 20 inches of rain over the western half of Cuba, with isolated totals of 30 inches over higher terrain

The six-month hurricane season, which began June 1 and ends Nov. 30, is expected to be another unusually active one.

The government's official outlook calls for 13 to 16 tropical storms that would become eight to 10 hurricanes, including four to six intense hurricanes with winds above 110 mph. Government experts expect two to four hurricanes to hit the United States this year.

Fla. Braces Itself As Alberto Rolls In (USAT)

By Donna Leinwand

USA Today, June 13, 2006

TAMPA — An unexpectedly strong Tropical Storm Alberto on Monday threatened to become the first hurricane of the season as it bore down on Florida's northern Gulf Coast, prompting an evacuation order for 20,000 people.

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Florida prepared for heavy rains and possible flooding from Alberto, which was due to come ashore early today during high tide somewhere between Tampa and the Panhandle.

Late Monday, the storm had sustained winds of 70 mph, just shy of the 74 mph threshold for a hurricane.

Forecasters issued hurricane warnings after Alberto shot up from 50 mph in three hours.

If it becomes a hurricane, Alberto would be the earliest hurricane of the season to strike land since Alma in 1966, the National Weather Service said.

Florida Gov. Jeb Bush urged people in low-lying parts of the coast to get out. “The storm has accelerated,” he said. “This brings the added problem of high tide, so we want to make sure people take this very, very seriously.”

Bush said there are 26 shelters open in 16 counties.

“If you were planning to evacuate, you need to do it tonight, not tomorrow morning,” he said.

More than 20,000 residents in low-lying areas along a 100-mile stretch of Citrus, Levy and Taylor counties were told to evacuate. An alert issued by the state emergency center warned that Alberto could come ashore at high tide, creating a 5- to 8-foot storm surge.

At the National Hurricane Center in Miami, forecaster Eric Blake said Alberto “went from a modest tropical storm to a strong tropical storm very quickly.” Blake said forecasters expect the storm to grow to Category 1 hurricane speeds by the time it reaches land but they do not expect it to intensify much further.

In Tampa, where a light drizzle fell Monday evening, most residents were not too worried about the storm. Windows remained free of plywood. Stores displayed full stocks of batteries, water and flashlights. Restaurants and bars buzzed with business.

“It's just not going to be a big wind event,” said Laura McCoy, 41, a bookkeeper and massage therapist who lives near the beach in Largo. “We have a generator. We have stuff left over from last year.

“I'm not worried about this one,” she said. “I'm a little worried about what the season holds ahead.”

Jill Jones, 41, a nurse from Tampa, made her hurricane preparations before the season began June 1. She has checked with her insurer to be sure she's fully covered, and she had her trees trimmed.

“My freezer is filled with ice. There's gas for the grill and a plan for the pets. I have a tarp if the roof blows off and plenty of candles,” Jones says.

Alberto formed off the coast of Cuba on Saturday, about 40 miles from Key West. Tropical-storm-force winds stretched 230 miles from its center, the National Hurricane Center reported.

Forecasters said 4 to 10 inches of rain could fall across Florida through today. Much of the rain is welcome in areas where wildfires have been common this spring, such as Volusia County on the Atlantic coast.

“We're looking forward to the moisture it is going to drop on us,” said Pat Kuehn, a spokeswoman for Volusia County Fire Services.

Last year's hurricane season was the most destructive on record with 28 named storms and a record 15 hurricanes. Hurricane Katrina devastated Louisiana and Mississippi and was blamed for more than 1,570 deaths among Louisiana residents alone.

Florida On Alert As Alberto Revs Up (ORS)

By Jim Stratton And Mark Hollis

The Orlando Sentinel, June 13, 2006

The first named storm of the hurricane season rumbled through the Gulf of Mexico on Monday, bringing much-needed rain to kindling-dry Central Florida but leaving low-lying coastal communities along the state's Big Bend region facing the specter of floods.

Tropical Storm Alberto strengthened in the Gulf and was expected to make landfall sometime early today. Late Monday, the storm had winds of near 70 mph, just 4 mph short of becoming a hurricane.

The state ordered 20,000 people living in low-lying areas along the Gulf to flee. Residents there could see a storm surge of 8 to 10 feet, enough to swamp homes, businesses and roads.

"The rain and the storm surge is a huge concern," said Daryll Gunter, commission chairman in the Gulf Coast area of Taylor County. "So much of the county is so low, even just a foot or two will be enough to cause major problems."

Mandatory evacuation orders were in place for low-lying areas in Taylor, Dixie, Levy, Franklin, Wakulla and Citrus counties. The National Hurricane Center posted a hurricane warning from Longboat Key near Sarasota to the Ochlockonee River near Tallahassee.

"We don't want to overdo it. It's not a Katrina or a Wilma, but storm surge and flooding could still cause loss of life," said Max Mayfield, director of the center west of Miami.

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If Alberto comes ashore as a hurricane, it would be the earliest in 40 years to hit the United States, forecasters said. The earliest on record is Hurricane Alma, which, in 1966, hit the Florida Panhandle on June?9 -- the ninth day of the hurricane season.

"Good God...Who would have thunk it?" said Gov. Jeb Bush, who signed an order placing Florida under a state of emergency. "This could potentially be a hurricane. It has a wide impact for a lot of people in our state." Most at risk appeared those living in the flood-prone areas along Florida's Big Bend. At least 17 shelters were opened in 11 counties along the Gulf.

Forecasters said the biggest concern was storm surge because the shallow waters in the Gulf allow the water to travel long distances without dissipating.

Even so, on Cedar Key, a popular tourist destination at the end of State Road 24, residents were generally unimpressed by Alberto, with many saying they planned to stay put.

"I can't change what's happening," said Ronnie Beckham, 54, a fisherman. "We'll just have to wait to see what happens tomorrow."

Beckham, however, did plan to move his 24-foot clam boat to higher ground.

The National Hurricane Center warned that Alberto could pick up strength throughout the night.

"Tuesday is a washout," said State Meteorologist Ben Nelson, "especially for the northern part of the state."

In Central Florida, Alberto spawned heavy downpours throughout Monday dumping almost 2 inches of rain at Orlando International Airport. Daytona Beach received 2 1/2 inches of rain. Today, Alberto is expected produce thunderstorms that might be accompanied by heavy downpours.

The storm is expected generate winds of 25 to 30 mph in and around Orlando by early today. North of the city -- in parts of Lake and western Volusia counties -- winds could reach 40?mph with gusts of 50 mph.

Monday, Alberto caused a handful of problems throughout the region.

Volusia County officials reported that wind gusts or a small tornado caused by the storm damaged two Enterprise homes on the shore of Little Lake. One home lost half its roof; the other had its chimney blown off.

The burst, which occurred a little after 1p.m., also pushed a boat parked in a driveway into a van parked nearby. No one was injured.

Resident Robert Evans said he heard "trees breaking" and "snapping metal," then he saw his neighbor's roof come off.

The neighbor, 67-year-old Cille Morris, is in Ireland where she lives half the year and does not know about the damage to her home, said friends who gathered in front of her house and watched as six firefighters pulled a blue tarp over the exposed roof. Her lawn was littered with scattered pieces of aluminum strips filled with nails and tufts of yellow insulation.

The home was outfitted with hurricane shutters.

"They took great care to have the place storm ready," said Carolyn Creech, who used to live up the road. "It's so sad." In Kissimmee, a giant osprey nest was blown from the top of a high-voltage utility pole onto the power lines below. The 300-pound nest, which appeared to contain no eggs or birds, knocked out power to more than 1,300 Kissimmee Utility Authority customers for more than an hour.

But in many ways, Alberto was a welcome visitor in parts of Central Florida.

Wildfires have smoldered for weeks in some counties, and the storm brought a heavy rain that officials hoped would finally let them get the upper hand.

"It's certainly going to help," said Orlando Dominguez, spokesman for Brevard County Fire Rescue. "This is the type of rain we need to soak into the ground."

In Brevard, smoke and flames from brush fires have caused numerous traffic accidents and forced officials to periodically shut down Interstate 95 and other major roads during the past several weeks.

In Volusia County, wildfires have burned more than 25,000 acres, said Timber Weller of the State Division of Forestry. Though county officials said all the fires have been contained, the bone-dry conditions have kept firefighters on alert.

"When the woods are as dry as they have been, fires just won't die," Weller said. "We have to keep going out there and monitoring them or at the least mopping them down."

In Osceola County, the rain was expected to help contain a 250-acre muck fire near U.S. Highway 192 and State Road 429. Friday, smoke from the underground fire had shut down a half-mile stretch of the area's busy tourist corridor. The road reopened Monday, but officials continued to monitor the fire, which, in some places, is burning 2 feet under the surface.

"It's like a big cigar out there smoldering," said Tom Donohoe of the Division of Forestry. "It takes quite a bit of rainfall to totally extinguish that thing."

That rain could come in the future, but it might not be nearly as innocuous as the soaking provided by Alberto.

Forecasters expect another busy hurricane season, predicting up to 17 named storms with up to nine hurricanes. Of those, up to six could be become major storms.

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Storm Nears Hurricane Strength And The Gulf Coast Of Florida (NYT)

By Terry Aguayo

The New York Times, June 13, 2006

MIAMI, June 12 — A hurricane warning was issued on Monday and evacuations were ordered for parts of the Florida Gulf Coast as the season's first tropical storm intensified on a path that could bring it ashore as a hurricane.

The National Hurricane Center put out the warning for a 300-mile stretch from Longboat Key, near Sarasota, to Ochlockonee Bay, south of Tallahassee.

Early Monday evening, the storm, named Alberto, had winds of 70 miles per hour, just 4 m.p.h. shy of hurricane speed. Landfall is expected Tuesday.

"We're forecasting the worst-case scenario just to be sure everyone is prepared in case a minor fluctuation does occur," said Michelle Mainelli, at the hurricane center.

Forecasters were mostly concerned with an expected four to six inches of rain and flooding from storm surges along parts of the coast, Ms. Mainelli said.

"We're really stressing those as our main concerns," she said. "Some isolated areas may even see up to 10 inches of rainfall."

Gov. Jeb Bush told reporters at an afternoon briefing at the state's Emergency Operations Center in Tallahassee that evacuation orders had been issued for residents in low-lying areas in six counties between Tampa and Tallahassee along the Gulf coast.

"If you are ordered to evacuate, you should really do it," Mr. Bush said. "Don't think you can ride out a storm. It's not worth losing one's life."

The governor said that 17 shelters in 11 counties were ready to open. He declared a state of emergency for the state, giving him the power to enforce price-gouging laws and activate 7,500 National Guard troops.

The areas singled out for evacuation are less populated than many other areas of Florida, and Craig Fugate, the emergency management chief, said that because they were not in major media markets, it might be harder to get the word out.

Mr. Fugate and other state officials said they remained worried that Tropical Storm Alberto might prove to be a repeat of a storm that struck the East Coast in March 1993 and left more than 40 people dead in Florida.

That 1993 storm was not a hurricane, but it pushed an enormous wall of water into the same areas now in Tropical Storm Alberto's path. Ten people died in Taylor County, part of which was ordered evacuated on Monday.

The Federal Emergency Management Agency said it was "coordinating with state and local officials as they make decisions for their communities on evacuations and response activities."

Gulf Coast residents were making their own preparations. At a Home Depot in St. Petersburg, Frances Musgrave, 79, shopped for sandbags.

"I always keep a little dried milk, boil my eggs and make sure I have bread and sandwich meats," Ms. Musgrave said.

The storm began as a tropical depression on Saturday, nine days into the hurricane season, which ends Nov. 30. Before threatening Florida, it caused flooding in Cuba and prompted the evacuation of 25,000 people in Pinar del Rio province, the Cuban newspaper Granma reported.

Government forecasters have predicted that 13 to 16 tropical storms will form in the Atlantic Ocean this season. Of those, 8 to 10 are likely to become hurricanes, they say, and as many as 6 may be Category 3 strength or higher, carrying winds stronger than 111 m.p.h.

Florida Braces For Early-Arriving Alberto (WP)

By Peter Whoriskey

The Washington Post, June 13, 2006

MIAMI -- Thousands of residents along Florida's Gulf Coast were ordered to evacuate Monday as Tropical Storm Alberto, which had intensified unexpectedly, threatened to become the state's earliest hurricane in decades to make landfall.

Gov. Jeb Bush declared a state of emergency and urged residents of low-lying coastal areas, where the storm surge is estimated to be as high as 10 feet, to evacuate. He also expressed the widespread sense of surprise at the possibility of Alberto reaching land so soon after the June 1 start of the hurricane season.

"Good God. Who would have thunk it?" he said. "This potentially could be a hurricane."

Hurricane aircraft reconnaissance on Monday showed that Alberto had almost reached hurricane strength, with winds of nearly 70 mph. The storm evolved from a tropical depression that formed in the northwestern Caribbean on Saturday. It then drew strength from the warm waters of the "loop current" in the Gulf of Mexico.

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The storm is large, with tropical storm-force winds extending 230 miles from its center, and hurricane warnings were in effect for a long stretch of Florida's Gulf Coast. Storms are deemed hurricanes once sustained winds reach 74 mph.

"We're getting everyone out now," said Maj. Bill Poole of the Wakulla County Sheriff's Office. "The National Weather Service predicts that we should have a possible 10-foot surge at 4:47 a.m. That could put us close to the same situation we had in Hurricane Dennis."

The surge from Dennis caused widespread flooding and damage in the area, he said.

Along the coast on Monday, tourists headed out, and news crews rushed in to capture what may be the first hurricane after Hurricane Katrina.

Grocery stores filled with residents seeking supplies; marinas were busy with sailors hauling their boats out; and cars lined up at gas stations as people topped off their tanks.

Officials with the Federal Emergency Management Agency said they were meeting with state emergency managers and "mobilizing" 96 trucks with food, water and ice.

"The tourists are gone," said Stanley Bair, the owner of the historic Island Hotel on Cedar Key. "If it hits at high tide, which it's predicted to, we could get some severe flooding."

Eric Blake, a meteorologist at the National Hurricane Center, said that if Alberto makes landfall as a hurricane, it would be the earliest a hurricane has struck the state in 40 years.

"Hurricanes making landfall in June are few and far between," he said.

Many residents read the early arrival of Alberto as a portent of a rough hurricane season. the National Hurricane Center has warned that storm activity will be above normal, possibly producing as many as 16 named storms. Last year was the busiest on record.

But Blake played down Alberto's value as an omen.

"Early-season storms of this type don't tell us much," he said.

Moreover, it was still not clear whether Alberto would attain hurricane status and maintain it through landfall early Tuesday morning.

Forecasters were predicting that Alberto's winds would reach 75 mph before landfall, but hurricane intensity is notoriously difficult to predict.

By the 5 p.m. report from the National Hurricane Center, Alberto had passed by the warm water of the loop current that had helped it intensify earlier, and there was some doubt that its winds would reach the 74-mph mark of a hurricane.

"After the sudden strengthening episode observed earlier today, the storm has leveled off in intensity," the National Hurricane Center forecasters said. "The cloud pattern has become rather elongated. . . . Nonetheless, slight strengthening is still possible before landfall."

Insurance Regulators Get Busy (USAT)

By Marilyn Adams

USA Today, June 13, 2006

WASHINGTON — The nation's insurance regulators are calling on Congress to investigate ways to help states, insurers and homeowners to better deal with disasters such as Hurricane Katrina.

The National Association of Insurance Commissioners, state officials who regulate the property insurance industry, adopted at a quarterly meeting here a resolution proposing a Federal Natural Catastrophe Preparedness Commission.

Among the proposals the regulators want the panel to consider: a national catastrophe fund to backstop private insurance companies to encourage them to stay in the market.

The resolution comes in the wake of nearly $60 billion in hurricane-related property insurance losses last year. The first named storm of the 2006 hurricane season, Alberto, is expected to hit Florida's Gulf Coast today.

Alarmed by their recent hurricane losses and forecasts of more powerful storms, insurance companies are refusing to renew hundreds of thousands of coastal homeowners' policies in Florida, Texas, New York, Massachusetts and other states.

Insurance premiums for windstorm insurance coverage in many coastal areas have skyrocketed.

Last week, Allstate, the USA's second-biggest property insurer, announced it's dropping earthquake coverage for 352,000 policyholders nationwide — 86% of all earthquake policies it has issued — to cut its risk of catastrophe losses.

Maine Insurance Superintendent Alessandro Iuppa, who heads the NAIC, said that a federally coordinated program is the best way to address threats from hurricanes, earthquakes and floods.

“No place in the country is immune to natural disaster,” Iuppa said.

State regulators worry that a shortage of private insurance and the lack of an overall federal catastrophe strategy will put more pressure on individual states and their taxpayers when disaster strikes.

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In Florida, for example, the state legislature just voted to spend $1.2 billion in tax funds to bolster its state-run insurer and improve hurricane preparedness.

Florida's state-run insurance company, which sells policies to homeowners when they can't get coverage in the private market, is expected to become the state's biggest property insurer. That's because private companies have dropped so many policies.

Because of the huge storm losses last year, private insurance companies are also paying more for reinsurance, the insurance they buy to protect themselves from unexpectedly high claims.

And it's harder to get. Demand for reinsurance far exceeds supply, Bradley Kading, the president of a trade association representing reinsurers, told an NAIC committee on Monday. Laws regulating building codes, storm preparedness and insurance coverage vary by state. Among the issues the NAIC wants the proposed commission to consider:

·Incentives for states to adopt stronger building codes that would make buildings more resistant to disaster damage.

·Incentives for property owners to retrofit existing homes and buildings to harden them against storms and earthquakes.

·Allowing private insurers nationwide to accumulate reserves tax-deferred so they have sufficient cash for insurance claims after a disaster.

U.S. Gives Charter Schools A Big Push In New Orleans (NYT)

By Susan Saulny

The New York Times, June 13, 2006

NEW ORLEANS, June 12 — Education Secretary Margaret Spellings announced Monday that $24 million in federal aid had been awarded to Louisiana for the development of charter schools, more than doubling what the state has already received to help create such schools in the aftermath of Hurricane Katrina.

The grant is likely to cement the role of New Orleans — where the public school system is barely functional — as the nation's pre-eminent laboratory for the widespread use of charter schools. The schools are paid for with public money but are usually operated by nonprofit groups or parent organizations.

There are at least 45 charter schools in Louisiana, with most having opened since Hurricane Katrina. The highest concentration is in New Orleans, where the school system is now dominated by charter operators. Eighteen of the 25 schools open in New Orleans are charter schools, receiving public financing but operating independently.

With the arrival of so many charter schools so quickly, a majority of the city's students will be part of the experiment, whether they want to be or not, because the number of traditional public schools has dwindled to seven.

Ms. Spellings spoke at a school in rural, flood-ruined Plaquemines Parish, south of New Orleans along the Mississippi River, where only three of nine public schools survived.

Given similar widespread devastation across the state after Hurricane Katrina and then Hurricane Rita, she said, charter schools are the best way to jump-start the state's education recovery. Her comments echoed the Bush administration's support for such schools across the nation.

The city's public school system was already in chaos and considered among the most abysmal in the nation before the storm. After Hurricane Katrina, it suffered a near total collapse and has not even begun to bounce back, though the state has taken control of most of New Orleans's schools.

"Just the fact that the charter schools are the ones that are open is testament to their ability to cut through red tape and be responsive to families where and when they need them," Ms. Spellings said in an interview.

So far, it is difficult to judge the schools academically. Those evaluations are expected sometime this summer.

"We'll keep a watchful eye on that," Ms. Spellings said. "But so far, so good."

She said she hoped the infusion of money would help expand existing charter schools and open 20 to 30 more across the state.

The expansion is prompting debate in New Orleans and elsewhere about whether this is the right path to follow. At least one large national study due to be released next month suggests that classroom instruction is no better in the city's charter schools and that the schools are hampered by logistical problems and a lack of citywide coherence.

"That's part of the puzzle that no one's addressing yet, and it worries me over the long run," said Michael Casserly, executive director of the Council of the Great City Schools, a lobbying group for urban districts that conducted the study. "The grand intent to remake teaching and schools so far only extends to a conversation of who gets to run them, not what gets taught in them."

"Nobody is quite rushing to say let's model ourselves after New Orleans," Mr. Casserly said, "because it's not clear at this early point whether this strategy is likely to work."

Officials of the charter schools, however, expressed enthusiasm about Ms. Spellings's visit and the additional grant money.

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"We're proud that the federal government continues to support charter schools," said David Grubb, the communications director for the Algiers Charter Schools Association, which operates six schools in New Orleans. "This can go a long way to restructure and rehabilitate what has been a hard-hit educational system."

Police Struggles In New Orleans Raise Old Fears (NYT)

By Christopher Drew

The New York Times, June 13, 2006

NEW ORLEANS, June 9 — Within the Police Department here, the SWAT team is known as The Final Option. Before Hurricane Katrina, it was assigned to the city's worst crimes, and as residents return, it is once again kicking in the doors at the worst drug dens and engaging in shootouts with violent offenders.

But the team is also running dangerously low on firepower. Flooding ruined 300 of its guns, its bullet-resistant shields and the bulk of its ammunition, none of which have been replaced more than nine months after the hurricane. The 40-man team has had to borrow body armor from suburban forces, and the Police Department is lining up corporate sponsors to contribute more.

"I tell you what: we're hurting," said the team's commander, Capt. Jeffrey Winn.

The SWAT unit's difficulties reflect how far from normal many police operations remain here, as residents return and another hurricane season begins. Like the rest of the city, the police force is still struggling to recover from the calamity of Hurricane Katrina, which knocked out its headquarters, overwhelmed its ability to maintain control and prompted desertions that tarnished the force's reputation.

Now, as the department tries to fight its way back, sharp budget cuts — and a recent spike in drug-related killings in the city — are adding to fears that years of overhauls and modernization may be undone, and that New Orleans could return to its former notoriety as one of the nation's murder capitals.

There is also concern that the department's own notoriety could resurface. For some residents, the sense that the city is on edge and the department's future uncertain has brought echoes of the days when the local police were considered among the least competent and most racist and brutal in the nation.

"Given where they are mentally and emotionally, we've gotten more citizen complaints about the way the police are treating people than we have in a long time," said Oliver M. Thomas Jr., the City Council president. "Over the last two years, they'd been getting better and more professional. But I've been hearing lots of complaints about verbal abuse."

The blunt-talking new police superintendent, Warren J. Riley, insists he will not let the drug dealers and "gutter punks" take over again. Mr. Riley says many officers have not gotten the credit they deserve for "standing tall" during the storm, and he is determined to restore discipline and a sense of professionalism among the others. He has also formed an intelligence unit to track the most ruthless crime suspects and built strong ties with federal authorities to help catch them. But in other areas, problems abound.

More than 200 officers deserted during the storm and were fired or suspended. Many veteran officers retired, and some of the youngest officers quit and left town. As a result, the size of the force has dropped to about 1,400 officers on the street now, from nearly 1,700 before the hurricane. Recruiting replacements is difficult, partly because it is hard for candidates to find affordable housing, Mr. Riley said.

Because of the deterioration of the city's finances, he said, the department's budget has been slashed by 19 percent, from $124 million in 2005 to $100 million this year. It has received federal or state aid to replace many of the 300 patrol cars lost to flooding, buy new uniforms and restore its communications system. But it is awaiting federal assistance to replace other gear, like the SWAT team's weapons.

With the police headquarters still shuttered, Mr. Riley and his top commanders are working out of trailers. And while forensic experts are making progress in restoring many of the items from the flooded police evidence room, newly gathered evidence is being stored in rental trucks parked at what was once a motor-vehicle inspection station.

The storm has also left a lingering emotional toll. More than 80 percent of the officers lost their homes, and some have had to double up with other officers or move to distant suburbs to find housing they can afford on their salaries of $35,000 to $50,000. Many who were heroes in the storm, plucking victims out of the floodwaters, are also resentful that their actions were overshadowed by those who abandoned their posts.

And with many residents here under stress, the police say they are also receiving more back talk from people stopped for even minor violations. "Since the storm, you have a lot of displaced anger among many people, and it seems that police officers always get the brunt of that displaced anger," said Capt. Kevin B. Anderson, the police commander in the French Quarter.

But in the end, nearly everyone here realizes that what defines the Police Department is how well it handles crime, particularly in terms of the murder rate. Before the storm, the city averaged 250 to 300 murders a year, always placing it at, or

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near, the top spot in the nation on a per-capita basis. So far this year, there have been 45 murders — most of them in the last two months — compared with 114 at this time in 2005, when the city's population was at least twice what it is now.

Superintendent Riley — who was promoted from the department's No. 2 job after his more flamboyant predecessor, Edwin P. Compass III, resigned after criticism over the police response to the hurricane — appeared on radio talk shows recently to outline his crime-fighting plans. They include repeated raids in the poorer neighborhoods that have been resettled, where he said drug dealers who had lived in different parts of the city were converging and killing one another over turf.

The superintendent also urged residents to band together to demand a toughening of the city's criminal justice system, where jury trials resumed only recently. Drug dealers who evacuated to Houston are returning home because it is much easier here to avoid jail, Mr. Riley said, through the "revolving door" of the New Orleans court system.

The courts have long been criticized as relying on plea bargains and setting lenient bail. And since the hurricane, the public defender system has been so short of money and staffing that one judge, Arthur L. Hunter Jr., recently moved to let some people already in custody back onto the streets.

Mr. Riley said, for instance, that police officers were in a shootout last month with one man who had been roaming a deserted neighborhood while wearing an ankle bracelet. He was supposed to be under house arrest while awaiting trial on a burglary charge, but the authorities had apparently not responded to the bracelet monitoring system.

"Obviously, the murder risk factors are coming back," said Peter Scharf, a criminologist at the University of New Orleans, "and this creates incredible challenges." Whether a growing nervousness about the murder rate gives way again to a feeling of being under siege could end up determining if many people return home and tourists start coming back.

Captain Anderson, the French Quarter commander, said there had been only two murders there this year, along with several stabbings among construction workers carousing on Bourbon Street. He also said the SWAT team had been called in for undercover patrols after groups of youths had accosted people.

James F. Scott, the deputy police superintendent, said the department's intelligence bureau had focused on 112 drug dealers and murder suspects, and 30 had since been captured. Mr. Scott said some drug dealers who evacuated to Houston were killed in turf wars with gangs there, while others were now moving back and forth between the two cities, almost like commuters.

He added that federal prosecutors here were now bringing charges in smaller drug-sale and gun-possession cases to help get criminals off the street. "Since the storm, that is one of the most positive things that has happened to the Police Department," Mr. Scott said.

The department has also worked with the Louisiana National Guard to avoid a repeat of last year's disastrous storm response. Superintendent Riley said 3,000 troops could be in the city ahead of a storm, with high-water trucks and satellite communications gear positioned to assist each police district. There will also be more boats on hand for search-and-rescue operations.

Barring another disaster, Mr. Riley said, "Katrina has given us an opportunity to refocus our educational system, our economic system and our law-enforcement efforts, and change the culture of this city."

"If we're able to change it," he said, "that would give us a silver lining."

AFL-CIO Plans New Orleans Boom (USAT)

By Anne Rochell Konigsmark

USA Today, June 13, 2006

NEW ORLEANS — In what may be the start of the city's development boom, the AFL-CIO plans to invest $1 billion to develop 10,000 affordable homes and a new downtown hotel.

The investment, confirmed Monday by the AFL-CIO, is the labor coalition's most ambitious funding project ever. It also is one of the largest yet for New Orleans and seeks to bring new housing to a city where Hurricane Katrina destroyed more than 100,000 homes.

The money will come from the AFL-CIO's 40-year-old Housing Investment Trust, which invests worker pensions in affordable housing and requires union labor on the projects.

“So little has been done,” AFL-CIO President John Sweeney says, referring to the dearth of new development in the nine months since the storm. “It feels like this is the city that America forgot, and I hope our investment will jump-start other investments.”

After months of sluggish recovery, there has been a flurry of development news in recent weeks in New Orleans, including plans for a $700 million jazz district downtown. There are several affordable housing plans in the works: Enterprise Community Partners wants to build 6,500 affordable units in partnership with the Archdiocese of New Orleans. Habitat for Humanity soon will begin building 10 houses every two weeks with a goal of building 1,500 in the next three to five years.

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The AFL-CIO plans to begin by buying 200 blighted or abandoned properties owned by the city in the historic Treme, a working-class, mostly black neighborhood that saw minor damage from Katrina. The plan also calls for construction of a high-rise hotel along the Mississippi River.

Jim Kelly of Catholic Charities, which is working with Enterprise and the AFL-CIO, says the city needs all the affordable housing it can get. “We were a poor city prior to Katrina,” he says.

Development activity is picking up for several reasons, not the least of which is that billions in federal dollars to buy people out of their flood-damaged homes is set to begin flowing this summer.

Some developers are worried that because of tax incentives, there will be too much affordable housing and not enough mixed income developments.

“You can overload the city with affordable housing,” local developer Pres Kabakoff says. “It's important we don't end up with concentratedly poor neighborhoods.”

For Many Of Katrina's Young Victims, The Scars Are More Than Skin Deep (WP)

By Julia Cass

The Washington Post, June 13, 2006

NEW ORLEANS -- This year's hurricane season has just begun, and already it is producing a new surge of anxiety in Gulf Coast children.

Children at a day-care center in Gautier, Miss., ask their caregivers every day: "Did you watch the Weather Channel? What does the Weather Channel say?" In a New Orleans trailer park, a 12-year-old boy who spent five days outside the convention center after Hurricane Katrina and saw a woman in a wheelchair slowly die pleads with his mother to buy a car so they can escape the next big one. An 8-year-old girl is convinced that another hurricane will hit New Orleans -- she is even sure it will be on June 15 and a Category 8 (a rating that doesn't exist).

Ten months after Katrina, its emotional effect on children is proving to be long and lasting. Two studies of children affected by the hurricane have found high rates of depression, anxiety, behavioral problems and post-traumatic stress disorder.

A Louisiana State University mental health screening of nearly 5,000 children in schools and temporary housing in the state found that 96 percent saw hurricane damage to their homes or neighborhoods, 22 percent had relatives or friends who were injured, 14 percent had relatives or friends who died, and 35 percent lost pets. Thirty-four percent were separated from their primary caregivers at some point; 9 percent still are.

The concern for the Katrina children is not just the immediate trauma from the storm, but that so much of their lives remains disrupted.

A report prepared for Congress last November estimated that 189,000 children were dislocated by Katrina; about 110,000 still do not live where they did nine months ago. Some children have attended as many as nine schools since August. Those who have returned to school in New Orleans often do not attend the same schools with the same students or teachers as before.

"Disasters like Oklahoma City and 9/11 were time-limited," said Irwin Redlener, director of Columbia University's National Center for Disaster Preparedness and president of the Children's Health Fund, an advocacy group and care provider for medically underserved children. "The children who were affected psychologically could go to a place of normalcy. The difference here is not only the scope of devastation but the prolonged dislocation with an uncertain timeline. The trauma has not yet ended."

Justyn Green, 12, and his brother Jaleel, 8, spent six days at the Louisiana Superdome in New Orleans with their mother and father -- hot, hungry, thirsty, dirty and frightened. They heard gunfire and saw dead people. They got out at one point, only to be forced to return when police in a nearby town turned away thousands of evacuees at gunpoint. When they finally boarded a bus to leave -- after enduring a line so long they could barely stand -- they thought the horror was over, but it wasn't. The bus flipped over near Opelousas, and their father was killed.

The boys "didn't say a word" at the Superdome, said their mother, Joy Green. "They looked so lost and scared. There was no security at all. You were on your own."

The boys still don't talk much. In their ranch-style brick home in Algiers, which in the end suffered no storm damage, they sit at the kitchen table and draw pictures. They have been drawing for months, encouraged by a psychiatrist as a way to express themselves and describe their experiences.

"At first, they drew a lot of coffins," said the psychiatrist, Barbara Hamm. "Now they draw the Dome and men with guns." She and their mother attribute their obsession with guns and what they call "Army men" to having guns pointed at them and to their perception of the military men in the Superdome as menacing rather than protective.

The boys' 17-year-old brother, James, who was named after their father, evacuated to Arkansas with friends. Although he didn't experience the horrors of the Superdome, he has dropped out of school and won't go for counseling with his mother and

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siblings. "He won't talk about it, so I'm not sure what's going on with him," Joy Green said. "He did say one time that he shouldn't have told us to evacuate. He said, 'If I hadn't have told you to go, Daddy would still be alive.' "

Many children are having difficulties adjusting after Katrina. The screening by LSU found that more than 30 percent of them showed symptoms of depression or post-traumatic stress disorder.

In a study by Columbia University and the Children's Health Fund of 665 displaced families, nearly half of the parents reported that at least one child in their household had emotional or behavioral difficulties that were not present before the hurricane. Symptoms involve feeling sad or depressed, being nervous or afraid, and having problems sleeping or getting along with others. Compared with children surveyed in Louisiana in 2003, Katrina's victims were more than twice as likely to have behavioral or conduct problems; the same was true of depression and anxiety, the survey found.

Patterns are beginning to emerge. "The younger children lack the cognitive ability to grasp the idea of a once-in-a-hundred-year storm," said Elmore Rigamer, a psychiatrist who is medical director of Catholic Charities Archdiocese of New Orleans. "For them, if it happened once, the world is an unsafe place."

Elementary and middle school children can be both more withdrawn and more aggressive, and their anxiety often comes out in physical symptoms such as headaches and stomachaches. Rigamer described a 6-year-old boy from hurricane-devastated St. Bernard Parish. "He's a meticulous boy who'd started to collect stamps and toy soldiers. Now, they're all gone," she said. "His mother brought him to me because he's punching kids at school, he quit learning to read and he's hoarding food."

Rainy days frighten the weather-obsessed children at Gautier Academy Child Development Center in Gautier, near Pascagoula. "When it's cloudy, they don't want to go outside," said Cynthia Matthews, the academy's owner. "It's as if they're afraid of the sky."

Teenagers seem affected most by social isolation. Joy Osofsky, an LSU professor of pediatrics and psychiatry, said that when she worked with a group of young people in a shelter in rural Louisiana about a week after the storm, she expected to hear stories of terrible experiences; some of them had been in the Superdome or were rescued from rooftops.

"Some talked about that, but what they talked about more was missing friends," she said. "They used to be in constant touch by e-mail or cellphones, and they felt very isolated."

The older children, while suffering, often show strength, said Howard Osofsky, chairman of LSU's psychiatry department, who with his wife is leading the university's screening of Katrina children.

"One reason our clinicians work around the clock and are so dedicated is how inspiring these kids can be. They really do have symptoms of mental distress," he said. "Yet when you ask their first concerns, so many say they want to help their parents or help in the rebuilding."

Younger children can be especially resilient, Joy Osofsky said. "If their parents are able to give them support and stability, most will bounce back and do what children do -- play," she said.

For this reason, experts say that efforts to help Katrina children should focus not just on them but on their families. A number of charities and nonprofit organizations have established or are raising money for programs such as free family mental health screening, trauma counseling in schools, and summer programs for children who have fallen behind in school or who live in Federal Emergency Management Agency trailer parks, which have no playgrounds.

Some advocates, including the Children's Health Fund, have called on the federal government to allocate $100 million to send a force of pediatricians, family doctors, specially trained mental health workers and mobile medical vans to the Gulf Coast. The Children's Defense Fund, another advocacy group, likewise is calling for emergency health and mental health services.

For parents, their children's well-being has become one of their biggest concerns in trying to return to a normal life.

Joy Green hasn't yet returned to her job at the Zatarain's plant, which packages rice, because of her worries about her three sons. "I can't hardly focus. It's depressing. The only thing that keeps me going are my kids," she said. "I'm afraid for them."

Clinton Links GOP Policies To More Storms (AP)

By Brendan Farrington

The AP, June 12, 2006

As Tropical Storm Alberto threatened to strengthen into the ninth hurricane in 22 months to affect Florida, former President Clinton predicted Monday that Republican environmental policies will lead to more severe storms.

"It is now generally recognized that while Al Gore and I were ridiculed, we were right about global warming," Clinton said at a fundraiser for the Florida Democratic Party. "It's a serious problem. It's going to lead to more hurricanes."

Gore's documentary, "An Inconvenient Truth," chronicles the former vice president's efforts to educate the public about global warming. It's in limited release around the country.

In his critique of the GOP, Clinton also touched on the war in Iraq, the rising federal deficit and high health care costs. The crowd of about 500 greeted him with loud applause and shouts of "We love you, Bill!" and "Four more years!"

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Jeff Sadosky, spokesman for the state Republican Party, decried Clinton's rhetoric. "Bill Clinton's class warfare and race-baiting message gets us no closer to solutions for the issues he brings up," he said.

Sadosky referred in part to Clinton's comments earlier this month in Arizona. At that event, Clinton characterized Republican Party leaders as right-wing, white Southerners.

President Clinton Slams GOP In Orlando Speech (PALMBEACHP)

By Alan Gomez

Palm Beach Post (FL), June 13, 2006

ORLANDO — President Clinton railed against the Republican decision to invade Iraq and their stance on the national deficit, health care, lobbyists and environmental regulations during a wide-ranging speech Monday.

But his core message to a group of about 500 Democrats was a plea to unify their message during the upcoming elections.

"We believe in equal opportunity and shared responsibilities and an inclusive American community," Clinton said, repeating the phrase three times during his speech.

By contrast, he said Republicans stood only for concentrating wealth and power in the hands of those who agree with them.

"Those are their values," he said. "They think they're good people and they're better than we are and that America works better when they run everything."

Clinton's speech came during his second Florida stop in as many days.

On Sunday, he helped raise over $500,000 for U.S. Sen. Bill Nelson in his bid to win reelection over a crowded Republican field led by U.S. Rep. Katherine Harris. On Monday, he headlined a Florida Democratic Party event that was supposed to feature both Democratic gubernatorial candidates — U.S. Rep. Jim Davis of Tampa and state Sen. Rod Smith of Alachua.

Smith didn't show due to the harsh weather caused by Tropical Storm Alberto, while Davis took full advantage of the solo appearance by shaking hands and offering a fiery speech to the crowd.

But the main draw of the event was clear even before Clinton even spoke a word. People raced into the convention room to line up along the path he took to the podium and a man garnered a loud ovation when he yelled out "four more years" as Clinton took the stage.

Party spokesman Mark Bubriski said the event netted over $250,000, with tickets starting at $200 and about 75 people taking advantage of a $2,000 offer to snap a photo with Clinton.

But hearing how clearly Clinton was able to offer not just a scalding of the Republican-led administration but an articulate alternative was both exciting and depressing for some in attendance.

"I really wish we could get someone who could speak as clearly as him," said Jeff Dearmin, 52, an Orlando computer programmer.

Dearmin said he will wait until the September primary before deciding whether to vote for Davis or Smith, who appear to be in a dead heat to win the Democratic nomination. Dearmin said he will vote for whoever is up in the polls at that time, since neither of them have been able to make it clear to Floridians who is the better choice.

That sentiment was echoed often in the Orlando convention hall.

"Either of them would be acceptable," said Chris Goff, 54, of Winter Park.

When told that her comment sounded far from a glowing endorsement of either candidate, Goff amended her thought.

"Ok. Either of them would be a drastic improvement over what we have now," she said. "It's time for the Bushes to go away."

While Clinton opened his comments explaining that his current role as world-traveling humanitarian kept him out of the political arena, he quickly embarked on a long diatribe against the Republican-led institutions in Washington.

When speaking about the federal government's inability to provide adequate health care to Americans and the confusing mess that they've made of the Medicare drug plan for seniors, he quickly pointed to the work his wife, Sen. Hillary Rodham Clinton, is doing in New York.

He said he agreed with U.S. Sen. Bob Graham that America should have finished the job in Afghanistan and given United Nations inspectors more time in Iraq before going after Saddam Hussein.

"We believe we should act with others whenever we can and act alone only when we're forced to, and they believe it the other way around -- they should act alone when they can and work with others only when they're forced to," Clinton said.

Above all, Clinton said, Democrats must offer an alternative to the Republicans rather than simply focusing on their struggles in recent years.

He urged the group to explain their values and principles to other voters in the upcoming elections instead of simply pointing out Republican flaws.

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"We're going to do just fine," he said.

WAR NEWS:

Bush: Zarqawi's Death "A Major Blow To Al Qaeda" (LAT)

By James Gerstenzang

Los Angeles Times, June 13, 2006

WASHINGTON — President Bush said today the death of Abu Musab Zarqawi would not end the war in Iraq, but "it was a major blow to Al Qaeda" and its allies.

Bush spoke during a day-long series of meetings at Camp David with his top national security advisors assessing the progress of the war and looking at prospects for success in coming months.

The president summoned cabinet members to the presidential retreat in Maryland's Catoctin Mountains for the meetings today. On Tuesday, they will be joined in a video conference with the leaders of the new Iraqi government reporting from Baghdad.

With reporters and photographers present for a three-minute photo session after a briefing by Gen. John Abizaid, the commander of the Central Command, and Gen. George Casey, the commander of U.S. forces in Iraq, Bush praised the military officers and Zalmay Khalilzad, the U.S. ambassador to Iraq, for what he said was realistic assessment of the situation there.

"Your recommendations are valid," he said. Officials did not disclose details of the talks.

Bush also asked them to relay his congratulations to the troops who worked on the ground "bringing Zarqawi to justice."

"I fully recognize that's not going to end the war," the president said. "On the other hand, it was a major blow to Al Qaeda and the killers and terrorists that are trying to spread violence and suffering, and stop the emergence of a new democracy."

The sessions took place at the Laurel lodge. Among those joining Bush were Vice President Dick Cheney, Secretary of State Condoleezza Rice, Defense Secretary Donald H. Rumsfeld, John Negroponte, the director of national intelligence, Gen. Michael V. Hayden, director of the Central Intelligence Agency, and Gen. Peter Pace of the Marine Corps, chairman of the Joint Chiefs of Staff.

An afternoon session was to include a discussion with non-governmental experts on Iraq, terrorism and the Middle East.

White House counselor Dan Bartlett, who took part in the meetings, said the sessions were organized because Iraq was facing a "fundamental break point."

"The post-Zarqawi climate is still viewed as serious and vexing.....It's still too early to tell," he said of what may happen in the period after the death, as the result of a U.S. air raid, of the Al Qaeda leader in Iraq.

Bartlett said Bush and Casey did not talk about troop levels, and administration officials have said for several days that the meetings were not scheduled to consider such details as how many troops were needed in Iraq.

Rather, Bartlett said, the group talked about "bolstering the Baghdad area, how intelligence is developing....and how to act on that intelligence."

Bush Confers Today With Iraqi Leaders (AJC)

By Ken Herman, Bob Deans

Atlanta Journal-Constitution, June 13, 2006

After a day of talks with his advisers and critics of his strategy in Iraq, President Bush will meet Iraq's new leaders today in a teleconference.

"Success in Iraq will depend upon the capacity of the new government to provide for its people," Bush said after the private sessions at Camp David, Md.

Despite last week's bombing of terrorist leader Abu Musab al-Zarqawi, public opinion remains negative on Bush's handling of the war. Monday night, CBS released poll results showing the president's approval rating had actually declined since May, from 35 percent to 33 percent.

On Capitol Hill, Sen. John Kerry (D-Mass.) launched what is expected to be a week of debate in the Senate on Iraq. He introduced a plan that would require Bush to bring all U.S. combat troops out of Iraq by year's end, leaving behind only a small team to fight insurgents and enough soldiers to train Iraqi security forces.

To help end the bloodshed in Iraq, Kerry called for a global summit modeled after the Dayton, Ohio, diplomacy that helped bring an end to fighting in Bosnia a decade ago.

Kerry's measure was an amendment to a bill that would authorize $509 billion in military spending for the next fiscal year. In a speech opening debate on the bill, Sen. Saxby Chambliss (R-Ga.) denounced any call for mandated troop withdrawals.

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"I believe that there might be some amendments filed to this bill that seek to immediately withdraw troops or set a timetable for troop withdrawal," Chambliss said. "Clearly, both these approaches are extremely unwise."

The House will debate Iraq policy on Thursday as part of a GOP election-year strategy to draw distinctions between parties. "There are clear differences between Republicans and Democrats on how best to confront the global war on terror," House Majority Leader John Boehner (R-Ohio) said.

Bush, at Camp David, made no move toward troop withdrawals. But his guest list for the session there indicated the White House is more willing than in the past to hear from naysayers. The four invited experts all supported the invasion of Iraq, but have accused Bush of incompetence.

The experts were Fred Kagan of the American Enterprise Institute, Eliot Cohen of Johns Hopkins University's Nitze School of Advanced International Studies, journalist and Middle East expert Robert Kaplan and Michael Vickers of the Center for Strategic and Budgetary Assessments.

Cohen has written about "cockamamie schemes" by the White House and reassessed his support of the war in July 2005 as his son prepared to deploy to Iraq. "What I did not know then that I do know now is just how incompetent we would be at carrying out that task," he wrote.

In an August 2005 online chat with The Washington Post, Kagan agreed with Bush that early troop withdrawals were not the way to go. But he was critical of past tactics.

"We went into Iraq with too few troops and an insufficiently developed plan for the post-war situation," Kagan said.

He said the administration made a "terrible mistake" in disbanding the Iraqi army after the invasion. The result, said Kagan, left ex-soldiers armed, "shamed and unemployed."

Vickers wrote in June 2004 that the effort in Iraq was hamstrung by "unrealistic expectations and flawed political and military strategies." Kaplan has warned against "lust to implement democracy overnight in a country with no tradition of it."

Bush said he convened the Camp David meeting with Vice President Dick Cheney and a dozen top national security officials to map steps to bolster the newly installed Iraqi government of Prime Minister Nouri al-Maliki.

White House counselor Dan Bartlett said Bush's goal was "to accomplish our mission as quickly as possible so our troops can come home," adding: "That's what the president has pledged to the American people, but I don't think the American people want us to do it in a premature way in which we don't complete the mission."

White House Hones A Strategy For Post-Zarqawi Era (NYT)

By David E. Sanger, Jim Rutenberg

The New York Times, June 13, 2006

THURMONT, Md., June 12 — President Bush gathered top aides at Camp David here on Monday to calibrate the best way forward in Iraq during what the administration described as a critical juncture, following the death last week of the most-wanted terrorist in Iraq and the final formation of a unity government there.

The meeting was as much a media event as it was a high-level strategy session, devised to send a message that this is "an important break point for the Iraqi people and for our mission in Iraq from the standpoint of the American people," in the words of the White House counselor, Dan Bartlett.

It came as Republicans began a new effort to use last week's events to turn the war to their political advantage after months of anxiety, and to sharpen attacks against Democrats. On Monday night, the president's top political strategist, Karl Rove, told supporters in New Hampshire that if the Democrats had their way, Iraq would fall to terrorists and Abu Musab al-Zarqawi would not have been killed.

"When it gets tough, and when it gets difficult, they fall back on that party's old pattern of cutting and running," Mr. Rove said at a state Republican Party gathering in Manchester.

Speaking with reporters at the end of the first day of a two-day war summit meeting, Mr. Bush began to shift responsibility for Iraq's future to its new government. "Success in Iraq will depend upon the capacity of the new government to provide for its people — we recognize that," said Mr. Bush, who was flanked by Vice President Dick Cheney, Defense Secretary Donald H. Rumsfeld and several other cabinet secretaries. The message to the Iraqi government, he said, "is that we stand with you."

Mr. Bush did not address the question of when American troops might begin to come home. But he emphasized efforts to build loyalty to the government of the new prime minister, Nuri Kamal al-Maliki, something he said could be done in part by creating a fund to help Iraqis share in Iraq's oil revenues.

The proposal represented a new twist on the administration's optimistic prewar projections, which suggested that oil revenues might foot the bill for Iraqi reconstruction.

On Capitol Hill, leading Republicans in the House were preparing for a week of legislative maneuvers meant to portray them as better equipped to fight terrorism and Democrats as blanching in the face of a tough enemy.

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Leaders in the House and the Senate have scheduled several debates and votes intended to shore up public support for the war, culminating Thursday with a House vote on a resolution declaring Iraq a central part of "the global war on terror" and criticizing any move to set "an arbitrary date" for the withdrawal of American forces. In a statement, Representative John A. Boehner of Ohio, the House majority leader, said the debate and vote would show Americans that "there are clear differences between Republicans and Democrats on how best to confront the global war on terror."

The resolution and debate seemed intended to force Democrats to take a stand on setting a date for the withdrawal of American troops, a divisive issue. Taken together, the steps underscored how Republicans are pouncing on the first positive developments in months in Iraq to reverse a steep slide in support for the war.

The decline in public approval for the war — and a corresponding drop for the president — has emerged as the single biggest cloud over the Republicans' prospects for elections this year.

Democrats countered Monday that the Republicans were playing partisan politics with the war. "Apparently, the American people will still have to wait for a serious debate on Iraq that is aimed at correcting bad policies instead of bad poll numbers," said Representative Rahm Emanuel, an Illinois Democrat.

Democrats were planning to capitalize on displeasure with the war this week with their own maneuvers, like as a proposed amendment by Senator John Kerry of Massachusetts setting a timetable for the withdrawal of most American combat troops from Iraq this year.

Mr. Kerry scoffed at Republican charges that withdrawals were a strategy of "cut and run," which he described as a "simplistic knee-jerk expression used to avoid the realities of war in Iraq."

Even so, Democrats are far from united, and party leaders were consulting across the caucus to seek a consensus position.

"Everyone supports responsible redeployment," said Jim Manley, spokesman for Senator Harry Reid of Nevada, the minority leader. "Everyone supports resolving sectarian differences and revitalizing reconstruction efforts. The question is, given the intractable nature of this war, how do we proceed from here?"

In his address on Monday night, Mr. Rove highlighted what Republicans see as Democratic vulnerabilities in calling for a troop withdrawal, specifically skewering Mr. Kerry and Representative John P. Murtha of Pennsylvania, a retired Marine colonel who fought in Vietnam and has become a leading war critic and proponent of redeployment.

"If Murtha had his way, American troops would have been gone by the end of April, and we wouldn't have gotten Zarqawi," Mr. Rove said.

Both sides agree that the politics of Iraq are far from clear. A CBS News opinion poll conducted over the weekend and released Monday suggested that the killing of Mr. Zarqawi had done little to change public perceptions about the war in Iraq, or about Mr. Bush.

Stan Greenberg, a Democratic pollster, said that the latest Republican moves could help galvanize core voters who may be conflicted about the war now, but that the effort "all falls away if sectarian violence continues and Iraq continues to be ground down in a war that has no sign of success."

Representative Christopher Shays, Republican of Connecticut, said in an interview, "The public is going to have a wait-and-see approach."

Administration officials have acknowledged that they have learned from the past, and they were careful again on Monday not to overplay the significance of the killing of Mr. Zarqawi at the risk of having it followed by a new round of mayhem.

Reporters were ushered into the president's meeting to hear a brief fragment of his conversation with the American ambassador in Baghdad, Zalmay Khalilzad. At one point, Mr. Bush said that the killing of Mr. Zarqawi was "not going to end the war."

Zarqawi Successor The New Target (WT)

By Stephen Dinan

The Washington Times, June 13, 2006

President Bush said yesterday that U.S. forces will now hunt down the next leader of al Qaeda in Iraq, Abu Hamza al-Muhajer, who was named by a Web site as the replacement for slain terrorist Abu Musab Zarqawi.

"The successor to Zarqawi is going to be on our list to bring to justice," Mr. Bush said after spending the day discussing strategy with U.S. officials at Camp David, the presidential retreat in Maryland.

Al-Muhajer was not among the names that U.S. intelligence officials reportedly expected as successors. His name was posted on a Web site used by al Qaeda in Iraq, which called him "a beloved brother with jihadi experience and a strong footing in knowledge," according to the Associated Press.

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The administration argues that with Zarqawi dead and a new government in Iraq, the nation has a chance to prove that it can succeed. Mr. Bush said yesterday that Iraq's neighbors must step up to help out.

Mr. Bush also repeated his pledge to let the level of U.S. troops in Iraq be based on "conditions on the ground." White House officials said troop levels were not a part of Mr. Bush's discussion with his team during yesterday morning's session.

Vice President Dick Cheney, Defense Secretary Donald H. Rumsfeld, Secretary of State Condoleezza Rice, National Security Adviser Stephen J. Hadley and top intelligence officials met yesterday at Camp David and were joined in a teleconference yesterday by U.S. military officials in Iraq and the U.S. ambassador to Iraq, Zalmay Khalilzad.

Today, Mr. Bush and members of his Cabinet will have a teleconference with Iraqi Prime Minister Nouri al-Maliki and members of his Cabinet to figure out ways that the United States can help Iraqi leaders achieve their goals.

The meetings were scheduled even before Zarqawi was killed last week, but that news has given the administration a window to make a case to voters that U.S. forces have made progress.

The Iraq debate promises to heat up in Congress this week. The House is scheduled to debate a Republican-written resolution that praised the U.S. efforts in Iraq, Afghanistan and other fronts in the war on terror and opposes setting a date for troop withdrawal.

In the Senate, Sen. John Kerry, Massachusetts Democrat, said he will introduce an amendment to the defense bill on the Senate floor this week calling for U.S. troops to be pulled out by the end of this year.

Mr. Kerry wants to couple troop withdrawals with a political settlement he said could be achieved by convening a summit of Iraq's new government, leaders from the nations that border it and representatives of international organizations such as the United Nations' Security Council and the European Union.

Sen. Joseph R. Biden Jr., Delaware Democrat, said that the administration must make a policy change and that Zarqawi's death and the new government present such an opportunity.

"Right now, the administration does not have a strategy for victory in Iraq -- it has a strategy to prevent defeat," Mr. Biden said. "I hope that will begin to change at Camp David."

Mr. Bush also said Iraq's neighbors "ought to do more" to help the nation stabilize.

"We're constantly working with our friends in the neighborhood to encourage them to support this new democracy," he said, adding that nations that have pledged about $13 billion to help must stick to their commitments.

He said one problem is religion -- Iraq has a Shi'ite prime minister and most neighboring nations are led by Sunni governments. But he said those other countries should see Iraq's constitution as a model for unity.

White House counselor Dan Bartlett said Mr. Bush and his advisers did talk about Zarqawi's death and his new successor, though he said it's too early to tell what his death will mean. Mr. Bartlett said the group talked about whether groups will try to take advantage of a leadership vacuum.

Last week, asked whether Zarqawi's location could have been tipped off by someone looking to take his place, White House press secretary Tony Snow said that would have been a dumb move.

"That would be a really stupid terrorist, because the life expectancy of people who have been succeeding these guys and the life expectancy of being Zarqawi's number two has not been very good," Mr. Snow said.

Bush In Drive To Back Iraq Government (FT)

By Guy Dinmore

Financial Times, June 13, 2006

President George W. Bush launched a strategic reassessment of US policy in Iraq on Monday, joined by his cabinet and military commanders at a “breakpoint” two-day meeting in Camp David that focused on how to help implement the new Iraqi government’s “Maliki plan”.

A senior White House official said the aim of the military discussions was not how to reduce US troop numbers but rather the implementation of specific operations – in Baghdad, the insurgent stronghold of Ramadi, and in the southern city of Basra, where British troops are based.

Nuri al-Maliki, the Iraqi prime minister, is scheduled to join the strategy session on Tuesday by secure video link-up from Baghdad. Discussions yesterday also focused on economic development and how to boost oil production.

US military commanders and the US ambassador to Baghdad, Zalmay Khalilzad, were also connected by video from Baghdad’s Green Zone.

Confronted by growing discontent with the cost of the Iraq war among Americans in the run-up to congressional mid-term elections, Mr Bush repeatedly declared at a brief news conference: “The stakes are worth it.”

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Commenting on reports that al-Qaeda in Iraq had appointed a successor to Abu Musab al-Zarqawi, their leader killed last week in a US airstrike, Mr Bush said the new name would be added to "our list to bring to justice". Earlier he had asked his generals to thank US forces for bringing Zarqawi "to justice" last Wednesday.

A website used by Iraq's al-Qaeda claimed the group had appointed the previously unknown Abu Hamza al-Muhajer as its new leader. Some Iraqi officials, however, suggested that Mr Muhajer – whose name means "the immigrant" – might be a pseudonym for Abu al-Masri, an Egyptian who, according to US military officials, had been designated by Zarqawi as his successor. Dan Bartlett, White House counsellor, described the formation of the Iraqi government of national unity and the Camp David strategic assessment as a "fundamental breakpoint" for the Iraqi people and the US mission in Iraq.

Camp David was a "soup-to-nuts look across all government agencies" to help the new government. Mr Bartlett said that on the military side, much of the focus was on "bolstering" Iraqi security forces in Baghdad under what he called the "Maliki plan", aimed at preventing suicide attacks and stopping the growing sectarian violence by dealing with militias. Qubad Talabani, representative to the US of the Iraqi Kurdish regional government and son of the Iraqi president, yesterday urged Washington not to transfer to Iraq its domestic political battles between Republicans and Democrats.

"We don't need the US fighting its internal battle on our turf," he said, appealing for continued support for the new government from the Bush administration. "We can't do it on our own," he said, addressing the Center for Strategic and International Studies.

Bush Invites His Critics To A War Council At Camp David (KRT)

By Ron Hutcheson

Knight Ridder, June 12, 2006

THURMONT, Md. - Looking for new ideas on Iraq, President Bush sought advice from his critics Monday at an unusual two-day war council.

Closeted with his senior advisers at the presidential retreat at Camp David, Bush opened the conclave with a three-and-a-half hour briefing from top U.S. officials in Baghdad before having lunch with outside experts who've criticized his handling of the war.

He joined his aides for more talks in the afternoon and over dinner. On Tuesday, the president and his advisers will participate in a video conference with Iraqi Prime Minister Nouri al-Maliki and his Cabinet in Baghdad.

Administration officials said the sessions were focused on improving security in Iraq and helping Maliki's new government succeed, not setting a timetable for reducing U.S. troop levels. In fact, at least one of the experts who met with Bush has advocated sending 77,000 more service members to join the 130,000 who are already in Iraq.

"It may be that the fastest way to turn Iraq over to the Iraqis and draw down American forces is not a steady decline of troop numbers. Instead, the fastest possible `exit strategy' may require one last surge effort," military historian Frederick Kagan, a scholar at the conservative American Enterprise Institute, wrote last year.

After he left the Camp David briefing Monday, Kagan declined to comment on what was said there beyond, "It was a good discussion."

With his popularity declining and support for the war fading, Bush has a made an effort to reach beyond his tight-knit circle of advisers headed by Vice President Dick Cheney. Still, it isn't clear how much influence outsiders have had on the president's thinking.

All four of the experts who were invited to join Bush at his hideaway in Maryland's Catoctin Mountains supported the Iraq invasion, but they haven't always been pleased with its prosecution.

In addition to Kagan, Bush heard from Eliot Cohen, a professor of strategic studies at Johns Hopkins University; journalist Robert Kaplan; and former CIA officer Michael Vickers, who's now with the Center for Strategic and Budgetary Assessments.

Cohen, whose son was deployed to Iraq with the Army Rangers, has acknowledged second thoughts about his support for the war.

"What I did not know then that I do know now is just how incompetent we would be at carrying out that task," he wrote last summer in a guest column for The Washington Post. "If we fail in Iraq - and I don't think we will - it won't be because the American people lack heart, but because leaders and institutions have failed."

Kaplan has faulted Bush for failing to resolve disputes between the State Department and the Defense Department over postwar planning.

"The failure thus far to secure Iraq raises the issue - despite the incompetence of the administration - of whether the invasion was a flawed idea to begin with," he wrote in April for the Los Angeles Times. "Those whose task it was to plan the invasion and occupation of Iraq not only spoke in idealistic terms about the Iraqis, they apparently believed their own rhetoric to the exclusion of other, more troubling realities."

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Kagan has accused Secretary of Defense Donald Rumsfeld of "failing to focus on the war at hand" in his zeal to streamline the military.

"Claims that there are no serious problems with military policy in Iraq and Afghanistan, or with the equipment our soldiers have, or with the number of troops available, are childish and damaging to efforts to identify and solve real problems," he wrote in January 2005.

"These problems don't result from the liberal media or the antiwar crowd making a ruckus about nothing. They result from Rumsfeld's stubborn adherence to a wrongheaded policy."

Bush didn't mention his lunchtime conversation with the outside experts when he summarized the day's events for reporters. He warned Americans to expect more violence in Iraq, although he said he remained confident that it could become a stable democracy.

"Ultimately, the Iraqi people are going to have to make up their mind: Do they want to live in terror or do they want to live in peace?" he said. "There's no question the fighting is tough. There is no question the enemy is violent and mean. But the enemy doesn't stand for anything."

Officials Detail Zarqawi's Last Hour (WP)

By Joshua Partlow And Michael Abramowitz

The Washington Post, June 13, 2006

BAGHDAD, June 12 -- Insurgent leader Abu Musab al-Zarqawi lived for 52 minutes, in and out of consciousness, before he succumbed to massive internal injuries caused by the concussive blasts from two 500-pound bombs dropped by a U.S. fighter jet, U.S. military officials in Baghdad said Monday.

In an attempt to end speculation on the circumstances of Zarqawi's death last Wednesday, the U.S. military provided charts, skeleton diagrams and descriptions by forensic pathologists of his autopsy to explain the last hour of Zarqawi's violent life.

At the same time, President Bush opened a two-day retreat at Camp David aimed at assessing where the United States stands in Iraq and how to bolster the new government of Prime Minister Nouri al-Maliki. Bush and his top advisers, including Vice President Cheney, were briefed in the morning by video conference from Baghdad by Gen. George W. Casey Jr., the top U.S. commander in Iraq, Gen. John P. Abizaid, the head of U.S. Central Command, and Zalmay Khalilzad, the U.S. ambassador to Iraq.

The president was joined in the afternoon by members of his cabinet to discuss other challenges in Iraq, such as how to do a better job providing electricity and protecting the country's oil infrastructure, administration officials said.

On Zarqawi's death, Col. Stephen Jones, command surgeon for multinational forces in Iraq, said the shock waves from the bombs, ricocheting inside the hideout north of Baghdad, burst Zarqawi's blood vessels in his lungs and ears. When an American medic cleared his airway, blood flowed from Zarqawi's mouth.

Zarqawi died because his lungs failed to take in oxygen, military pathologists said. His broken right leg and scratches and cuts "were likely due to flying debris or Zarqawi being thrown against a hard object by the force of the blast," Jones said.

"No evidence of beating and no evidence of any firearm injuries," said a forensic pathologist who took part in the autopsy and spoke to reporters by phone from the United States, on condition he not be identified. A team of five people performed the autopsy Saturday; it involved body X-rays, toxicology tests and internal organ exams.

A statement on a Web site used by the organization al-Qaeda in Iraq claimed Monday to name Zarqawi's successor, Abu Hamza al-Muhajer, and pledged to carry on his violent legacy. Muhajer is the fourth highest-ranking member of al-Qaeda in Iraq and oversees the religious court that sentences those captured by the organization, said another al-Qaeda in Iraq official, who goes by the nom de guerre Abu Jihad.

Two women, a girl and two other men, including Zarqawi's spiritual adviser, Sheik Abdel Rahman, were also killed in the bombing. Rahman's skull was broken in the left temporal area, as well as several ribs and his left arm, as if he were thrown against the wall, Jones said. "Death was instantaneous," he said.

After the 6:12 p.m. airstrike, Iraqi police were the first to arrive, followed by U.S. forces at about 6:40 p.m., said Maj. Gen. William B. Caldwell IV, the senior American spokesman in Iraq. He would not reveal which military unit was the first to respond. He said Zarqawi's body was treated with respect.

"He was treated better in death than he treated others in life," Caldwell said.

The results of DNA tests performed by the FBI confirmed that Zarqawi died from the bombing, Caldwell said.

Finding Zarqawi's location, near Baqubah, involved the help of "Jordanian assets," said Caldwell, after days of reports that Jordanian intelligence played a crucial role. "Jordan was extremely important and very informative in helping us establish and be able to prosecute this operation," he said.

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Zarqawi, a native of Jordan, had asserted responsibility for three hotel bombings that killed 60 people, plus three bombers, in Amman, that country's capital. "Zarqawi was a wanted man in Jordan as he is wanted in Iraq," Jordanian government spokesman Nasir Judah said. "There was a continuous flow of information between Iraq and Jordan that has been ongoing for a while."

At Camp David, the president was joined by four nongovernment military experts who have generally supported the war in Iraq but have criticized different elements of U.S. efforts: author Robert Kaplan, Eliot A. Cohen of Johns Hopkins University, Frederick W. Kagan of the American Enterprise Institute and Michael Vickers of the Center for Strategic and Budgetary Assessments.

The four have in the past been critical of how the Bush administration has handled Iraq, though not necessarily from the same perspective. Vickers has argued that the United States ought to have a smaller, more effective presence in Iraq, with more emphasis on developing advisers for the nascent Iraqi security forces. Kagan, by contrast, recently wrote in the Weekly Standard that the United States should consider deploying more troops and prosecuting the battle against insurgents more aggressively. Cohen has also questioned the vigor with which the military has pursued the war, as well as the competence of the administration.

Bush appeared outside one of the cabins at the presidential retreat and told reporters that success in Iraq "will depend upon the capacity of the new government to provide for its people. . . . We're encouraged by the formation of a unity government, and we recognize our responsibilities to help that new government."

Bush and White House aides declined to offer many details of what had been discussed, although they indicated no imminent plan to reduce the level of U.S. ground troops in Iraq, now at about 130,000. "This is a process of getting to know . . . the Iraqi capabilities, particularly the command and control structure, and what we need to do to help them achieve victory," the president said.

Bush urged Iraq's neighbors to do more to speed the reconstruction of the country and said he and his advisers spent considerable time discussing how to boost oil production. "The government ought to use the oil as a way to unite the country and ought to think about having a tangible fund for the people, so the people have faith in central government," Bush said.

In Iraq, U.S.-led forces raided 140 locations in the past two days -- 11 of which emerged directly from intelligence gathered from the bomb site -- in an attempt to further dismantle al-Qaeda in Iraq's network, officials announced. American forces killed 32 insurgents, detained 178 people and captured a "high value" individual who had a $50,000 bounty on his head, Caldwell said.

During one operation in Baqubah, U.S. forces came under gunfire from a rooftop and responded by killing nine people including two young boys, military officials said. Caldwell said seven were insurgents and offered his "deepest condolences" for the boys, one less than a year old and the other about 4 years old.

The nine dead were all members of a well-known family in the village of Arab Nazzal who began shooting to repel American forces they mistook for insurgents, said Warrant Officer Zaidan Salem of the 2nd Battalion of the Iraqi army.

Elsewhere, 31 people were killed in violence across the country, according to Iraqi police officials. Two car bombs exploded in quick succession in downtown Balad, north of Baghdad, about 6:30 p.m., said 1st Lt. Raeid Abdul Mahdi of the Balad police. The two explosions, within five minutes of each other, killed six people and injured 50 others, said Zagid Hussein, a physician in the emergency room at Balad General Hospital.

Ten Oil Ministry employees were killed and 12 more wounded when men ambushed their bus with rocket-propelled grenades as it drove to an oil refinery in the Dora area in Baghdad, Gen. Saad al-Dulaimi said from the Interior Ministry operations room. A third car bomb detonated near a Shiite mosque in Baghdad's Shula neighborhood about 9 a.m., killing six people and wounding five others, he said.

In Amarah, a Shiite city in the south, British forces clashed with armed protesters for one hour, Dulaimi said, leaving eight civilians dead and 20 wounded.

A U.S. soldier from the 34th Infantry Division's 1st Brigade Combat Team was killed Friday night by a roadside bomb while on patrol near Diwaniyah, the military said in a statement yesterday. The soldier's name was being withheld pending notification of his next of kin.

The trial of former Iraqi president Saddam Hussein also continued Monday with four defense witnesses who admitted they had lied on the stand. One witness, who worked in Hussein's security services, said one of the defense attorneys, Khalil al-Dulaimi, and one of the president's former bodyguards said they would give him a permanent job in Syria if he testified in Hussein's defense and kill his family if he didn't, according to the witness's statement that was read in court. The witness said he was paid $500.

"They made me defend Saddam in my testimony," he said.

Hussein responded that the four witnesses had been investigated in "an atmosphere of threats" and that there were too many conspiracies in Iraq.

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Bush Reaches Out In Bid To Shed Go-it-alone Image (BOS)

By Rick Klein

The Boston Globe, June 13, 2006

WASHINGTON -- The unusual Iraq war summit President Bush is hosting at Camp David this week reflects a new White House attitude that includes a willingness to consider dissenting views and take a more deliberate approach to policy questions, a style change for a president known to keep close counsel, according to political observers and Republican lawmakers.

The two-day conference that ends today seems designed to show Bush personally grappling with Iraq war policy along with his top aides and outside experts. The high-profile meetings of the president's ``war council'' -- along with a revamped policy team and a more nimble communications operation -- could revive his low standing with the public and help rehabilitate his strained relationship with Congress, said Bruce Buchanan, a government professor at the University of Texas.

The shifts -- largely credited to new White House chief of staff Joshua Bolten -- suggest Bush desperately wants to shed his image as a stubborn partisan who listens to few outside voices, said Buchanan, who has followed the president closely since Bush was governor of Texas.

``He's reaching out for a little empathy,'' he said. ``It's an effort to get people to acknowledge that he is at least trying and needs their support, and at least soften their opposition.''

The changes haven't lifted the president's near-record-low approval ratings, though, and considering new ideas doesn't mean the White House will use them. But last Wednesday's killing of Abu Musab al-Zarqawi could offer Bush a chance to change perceptions of the war in Iraq, one of the biggest drags on his popularity, White House allies say.

Signs of the new approach under Bolten abound. Instead of Bush's customary defense of the Guantanamo Bay detention facility, the White House expressed concern over three suicides there this past weekend. Bush, who once challenged foes in Iraq to ``bring 'em on,'' announced Zarqawi's death last week with a subdued address that warned of future violence there.

Recently, Bush surprised observers by acknowledging that his ``tough talk'' as US forces fought in Iraq and Afghanistan ``sent the wrong signal to people,'' especially that taunt to Iraqi insurgents and his ``wanted -- dead or alive'' declaration about Osama bin Laden.

Some of the administration's toughest Iraq war critics, including former secretary of state Madeleine K. Albright and retired Army general Barry McCaffrey, have been invited to Oval Office meetings with Bush himself. And, under Bolten, the White House is consulting more often with Congress and hosting more informal gatherings for lawmakers from both parties.

``It's more give and take, rather than, `Here's what I'm trying to sell,' '' said Candida Wolff, the head of Bush's legislative affairs office. ``Where Congress is at this point, you can't simply say, `This is what we're thinking, we hope you can pass it.' . . . We're doing much more outreach.''

Wolff said the congressional get-togethers helped convince the president to send the National Guard to the US-Mexico border after several members of Congress suggested it as a bold step to help stop illegal immigration. Bush announced the decision in a prime-time televised speech from the Oval Office, trading the campaign rally-style events he favors for a more statesmanlike setting.

Bush's new openness with Congress bespeaks Bolten's more personal approach, observers say. Unlike Andrew H. Card Jr., Bush's first chief of staff whom he replaced in April, Bolten nurtured his relationships with members of Congress as he rose through the ranks of the administration, and that has served him well in his current post, said Senator John E. Sununu, a New Hampshire Republican whose father was chief of staff for President George H. W. Bush.

``He has a lot of recent experience working very closely with members on sort of basic, nuts-and-bolts issues that cut across the entire scope of federal government,'' Sununu said.

It remains to be seen whether the changes will ultimately transform the White House and its policies. The president is still pushing his conservative agenda, and he hasn't publicly changed course on the war; meanwhile, the probable loss of GOP House seats in November's mid-term elections could drain more of his diminished political capital. Some critics say his abysmal public opinion poll numbers have forced Bush to adjust his style to preserve his power.

But the style makeover has already had visible effects.

Last month, when legislative leaders from both parties objected to FBI agents raiding the office of Representative William J. Jefferson, a Louisiana Democrat suspected of taking bribes, Bush quickly sealed the seized records for a 45-day cooling-off period. The move undercut Attorney General Alberto R. Gonzales, but it averted a potentially embarrassing showdown with the House.

When some lawmakers publicly raised doubts about Air Force General Michael Hayden -- overseer of the president's controversial domestic eavesdropping program and Bush's choice to lead the CIA -- the White House surprised Congress by

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giving members what they had demanded for months: more details about that top-secret program. Within days, the Senate approved Hayden's nomination quickly and decisively.

The strategy in that case appears to reflect Vice President Dick Cheney's diminished influence in the White House. Cheney, considered the most powerful vice president in US history, had insisted that Congress didn't need to be informed, said Representative John F. Tierney, a Salem, Mass., Democrat who serves on the House intelligence committee.

``Cheney's been a little bit dinged by some of the things going on around him, with the CIA leak investigation," Tierney said, referring to the federal investigation of the leaking of the name of an undercover CIA agent, which has led to the indictment of Cheney's former chief of staff , Lewis Libby .

If the White House is sincere about changing, Tierney said, it would consult Congress even more and use more ideas from Capitol Hill. ``They still have a long distance to go before they get to that point," he said.

Still, the changes have been greeted warmly in Congress, where lawmakers from both parties are still smarting from the February clash over a Dubai-controlled company's bid to take over operations of several US ports -- a deal that the administration approved without input from lawmakers.

The uproar over that deal marked a nadir in relations between Bush and GOP leaders in Congress, who largely delivered on Bush's priorities in his first term.

Wolff, Bush's legislative affairs chief, called it the ``straw that broke the camel's back," and said it underscored the need for the changes in how the White House works with Congress. It was also a catalyst to shake up a badly fatigued staff that had barely changed since Bush took office in 2001.

Earlier this year, Bush aides ``were in a position where they were just trying to stop shots on goal, and that just encouraged people to try to score on them," said Grover Norquist, an antitax activist with close ties to the White House. ``Now they can play offense rather than defense. [Revamping the staff] wasn't a panicked set of moves, but it's making a difference."

Rove: Republicans Should Address Iraq War (AP)

By Norma Love

The Associated Press, June 13, 2006

MANCHESTER, N.H. —

White House adviser Karl Rove said Monday that Republicans facing midterm elections should campaign on the economy's strength and discuss the war in Iraq with no qualms.

"We have no excuses to make for it," Rove said during a fundraising dinner for New Hampshire Republicans. War supporters need not apologize for removing the threat of Saddam Hussein, and with so much work left to do, now is not the time to talk about leaving Iraq, he said.

Rove said Democrats pushing for the withdrawal of American troops should be the ones facing tough questions for wanting to "cut and run." He targeted Massachusetts Sen. John Kerry and Pennsylvania Rep. John Murtha, both Democrats and vocal supporters of getting out of Iraq.

"They are profoundly wrong," he said.

More than 400 people paid $100 to have dinner and hear Rove rally the faithful to work to retain Republican dominance in a state now viewed as a swing state in presidential elections. Dinner and a private reception with Rove cost $250.

Democrats won New Hampshire in three of the last four presidential elections _ only narrowly losing in 2000. Also, Democrats have won four of the last five gubernatorial elections.

The shift at the top has raised hopes among Democrats and concerns among Republicans about eventual parity in the state House and Senate _ long Republican bastions.

Some are concerned President Bush's poor approval ratings will hurt Republicans in state races this fall.

At an event last month, Rove blamed the war in Iraq for hurting Bush's job approval ratings in national polls. Rove said people like Bush but don't like the war.

About two dozen to three dozen protesters gathered Monday across the street from the Center of New Hampshire, where the event was being held. Democratic protesters said New Hampshire Republicans needed a big draw like Rove to help pay legal fees in a phone jamming case. Three GOP officials have been convicted of charges stemming from the jamming of Democratic get-out-the-vote lines on Election Day 2002.

"Americans don't like cheaters, these people cheated," said Herb Moyer, 60, a Democrat from Exeter. The sign he carried read, "Karl Rove and New Hampshire GOP: Where criminals congregate."

State Democrats have sued Republicans, partly to try to force disclosure of who among national GOP officials might have had knowledge of the plot. Republicans insist the operation was strictly local.

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State GOP Chairman Wayne Semprini said Friday the party will use half or more of Monday's proceeds to help candidates this fall. The rest of the money will pay for operating expenses, including legal fees racked up defending the Democratic lawsuit.

Rove Defends Primary, And Says NH Still 'a Red State' (PNH)

By James W. Pindell

PoliticsNH.com, June 13, 2006

MANCHESTER – President Bush's trusted political mind Karl Rove spoke in New Hampshire for the first time in three years Monday night hoping to encourage state Republicans the election year won't be as bad as some pundits say.

His keynote at a State Republican Committee fund-raiser also motivated Democrats and other like-mined organizations. About 75 protestors held signs like "Karl: 666" and "No More Roving Jam Sessions," in response to Republican operatives who jammed Democrats get out the vote phone lines in 2002.

It is the phone jamming scandal, which has criminally convicted three Republican operatives, which helped to deplete state party resources to $700 cash on hand last month. Beyond money, the Democrats have leveraged the issue into one they use every chance they can in hopes it puts Republicans on the defensive.

And while the 500 people who bought tickets helped the state party raise an estimated $55,000-$60,000 at the dinner, it did not help that Rove's own office has now been linked to the scandal. It was learned in the Spring that phone calls from one of those convicted where placed to Rove's department in the White House.

Republican lawyer Ovide Lamontagne repeated his insistence that of course calls where going to the White House about the high profile U.S. Senate race that year.

"[The protestors] are just a continuation of a party that is bankrupt," Lamontagne said using a play on words. "The Democrats are bankrupt on ideas so they keep talking about this."

Rove said he came to the Granite State with two messages. First, he thanked the Republican audience for teaching President Bush a valuable lesson when he was handily defeated here in the 2000 presidential primary and second that despite recent voting trends New Hampshire is still a "red" state.

On issues, Rove said that while each Congressional and Senatorial seat will be influenced on local issues, he believes there are two national issues that will be at play: the economy and terrorism.

Rove said President Bush's tax cuts have created the strongest economy in the world and a shorter recession that was expected. On the war he talked about U.S. Sen. John Kerry (D-Mass) and U.S. Rep. John Murtha (D-Pa.) who have been critical of the Iraq war.

"Like too many Democrats it strikes me that they are ready to give the green light to go to war, but when it gets tough and when it gets difficult they fall back on that party's pattern of cutting and running," Rove said. "They are wrong and they are profoundly in their approach."

It was the first event Rove has attended in New Hampshire since the final days of the 2004 election and the first public speech since 2003.

Rove's Speech To N.H. Republicans Keeps To Partisan Line (WP)

By David A. Farenthold

The Washington Post, June 13, 2006

MANCHESTER, N.H., June 12 -- The Bush administration is said to have a new playbook, with a more inclusive attitude toward critics and an openness to skeptical debate.

Karl Rove, apparently, still has his copy of the old playbook.

In a speech to New Hampshire Republican officials here Monday night, the White House deputy chief of staff attacked Democrats who have criticized the U.S. war effort in Iraq, such as Sen. John F. Kerry (Mass.) and Rep. John P. Murtha (Pa.), who he said advocate "cutting and running."

"They may be with you for the first shots," Rove said of such opponents. "But they're not going . . . to be with you for the tough battles."

President Bush's approval ratings have plummeted amid concerns about the war, and Rove touched on two standard elements of his rhetorical sales pitch for the 2006 elections. He talked about the economy, ascribing its health to a combination of Republican tax cuts and fiscal restraint, and he talked about national security and the war.

Bush has called for a compromise on immigration and recently appointed a Treasury secretary who disagrees with him on the environment. But it was difficult to hear in this speech any signs of a more conciliatory White House.

Instead, Rove's speech was about sharpening the differences between the GOP and its opponents.

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"They're for higher taxes. We're for lower taxes," he said during his description of the economy. "They're for more spending. We're for less spending."

Rove made similarly blunt points about the war. He defended the administration's decision to invade Iraq by laying out Saddam Hussein's "vital interest" in acquiring advanced weapons technology.

"We were absolutely right" to remove him, Rove said of the former leader. He added, "We have no excuses to make for it."

Rove singled out Kerry by reading quotes from before the war in which the senator expressed support for an invasion, and then making a joke about him being for the invasion before he was against it.

He also returned several times to Murtha, a Marine veteran who said last fall that troops should be withdrawn from Iraq. Rove said a precipitous departure would leave the United States weakened and a terrorist-friendly regime in Baghdad.

"It would provide a launching pad for the terrorists to strike the United States and the West," he said.

Rove's speech came at a critical point for Republicans, both nationally and in the Granite State, where Bush's approval ratings have mirrored their fall nationally.

The state Republican Party has been hit by a scandal that began when GOP operatives used computerized phone calls to jam the lines at get-out-the-vote operations run by Democrats and labor unions on Election Day in 2002. That scandal has resulted in three convictions and huge legal bills for the party. The state party chairman estimated that 10 to 15 percent of the receipts from Monday night's dinner will go to pay legal bills.

Rove did not spend much time on the party's difficulties, but they may have been reflected in his final point, which was less about the Bush administration's triumphs than its day-to-day perseverance.

He told the story about a friend from Texas who gave him a photo of President Lyndon B. Johnson in despair as he read over a list of Vietnam War casualties. Rove said the friend meant it as a sign that the presidency could break a person. He promised that Bush will not be broken.

And then Rove referenced what he said was his favorite presidential quote, from Warren G. Harding.

"This damn job will kill you," he quoted Harding as saying.

"But it will not this man," Rove said, meaning Bush.

Poll Sees A Boost For Bush, Iraq War (USAT)

By Bill Nichols

USA Today, June 13, 2006

WASHINGTON — In the wake of terrorist leader Abu Musab al-Zarqawi's death, President Bush is seeing improvement in public confidence that the Iraq war is winnable, a USA TODAY/Gallup Poll shows.

The new poll found that 48% believe the United States probably or definitely will win the war, up from 39% in April. It also found that 47% believe things are going well in Iraq, up from 38% in March.

The survey, taken Friday to Sunday and released Monday, also showed Bush's approval rating going up to 38% from 36% earlier this month and an all-time low of 31% in May. The poll news came as Bush and members of his Cabinet met at Camp David to discuss ways to help the recently formed government in Iraq.

“Good news makes people feel better,” says political analyst Stuart Rothenberg, editor of the non-partisan Rothenberg Political Report. “This is the first break the president has gotten in about 18 months.”

Still, 51% say the war was a mistake. Rothenberg and other analysts cautioned that long-term public confidence will grow only if the death of Zarqawi is followed up by increasing Iraq's stability.

“Unless there is clear, sustainable progress in Iraq, these numbers will be just a brief blip,” says Ted Galen Carpenter, a foreign policy analyst at the libertarian Cato Institute think tank.

Rothenberg said that even minor improvements in Bush's poll numbers create an “openness” that may allow the White House to press its message more successfully. “It's hard to deliver good news with the public in a foul mood,” he said.

At the presidential retreat in Maryland, Bush and his aides discussed redeveloping Iraq's oil industry, tracking down the remnants of Zarqawi's network and pressuring nations to follow through on $13 billion in aid. Bush declined to make predictions about U.S. troop withdrawals. “Whatever we do will be based on the conditions on the ground,” he said.

Also this week, the House of Representatives is scheduled to hold its first full-scale debate about the war since it began in 2003. The debate, scheduled to begin Thursday, will center on a Republican resolution stating that the United States must prevail in Iraq and in the global war on terrorism.

Other poll highlights:

·Fifty-three percent said the killing of Zarqawi was a “major achievement.”

·Twenty percent said Zarqawi's death will reduce insurgent attacks in Iraq; 30% said insurgent attacks will increase.

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Rare House Debate To Focus On Iraq War (WT)

By Christina Bellantoni

The Washington Times, June 13, 2006

The House of Representatives this week will engage in a rare election-year debate on the Iraq war, with Republicans hoping to showcase the good news on the ground and Democrats fractured on whether the United States should begin withdrawing troops.

Lawmakers are tentatively scheduled to begin debating the Republican-authored resolution Thursday. A vote on the measure, called "Declaring that the United States will prevail in the global war on terror, the struggle to protect freedom from the terrorist adversary," is slated for Friday.

"There are clear differences between Republicans and Democrats on how best to confront the global war on terror," said Majority Leader John A. Boehner of Ohio, who pushed getting the resolution on the floor.

Mr. Boehner said the debate will address the question of whether the United States defeats or retreats.

"It will be instructional and educational for the public," Mr. Boehner said, and will allow members to highlight "success stories that no one ever hears about."

However, some Democrats attacked the resolution as not really allowing for a genuine discussion of the issues, since Republicans wrote it and today will set parameters for debate.

"We promised and owe the American people a focused and dedicated debate about our policy and the future of American commitment in Iraq," Rep. Ike Skelton of Missouri wrote yesterday in a letter to Mr. Boehner.

Mr. Skelton, the ranking Democrat on the House Armed Services Committee, said the resolution fails to provide such a forum. He said he was "distressed" the substance of the measure primarily focuses on the war on terrorism, with references to Libya and Afghanistan.

"I think you well understand that the war in Iraq is a separate conflict, an insurgency with terrorist elements and sectarian violence," he said.

The resolution states that Iraqi dictator Saddam Hussein was a threat against global peace and security, and also declares the United States is committed to "the completion of the mission to create a sovereign, free, secure and united Iraq."

"It is not in the national security interest of the United States to set an arbitrary date for the withdrawal or redeployment" of troops, states the resolution, written by Republican leaders on the International Relations, Armed Services and intelligence committees.

Friday's vote on the resolution could be used this fall, when the entire House is up for re-election and Democrats have high hopes for capturing at least the 15 seats needed to win back a majority.

Political observers note that both parties must walk a fine line on the war, since the majority of Americans now say it was a mistake, but lawmakers do not want to appear unsupportive of the troops in Iraq.

"Democrats are not in lock step on this issue," said House Minority Whip Steny H. Hoyer of Maryland.

He said he thinks the war was "the right thing to do and we did it in the wrong way," particularly by not sending enough troops. He anticipates some Democrats will argue the country was misled by President Bush and the United States should never have gone to Iraq in the first place.

The resolution also praises the formation of the Iraqi government and the writing of the constitution, and applauds the troops on their work and for killing terrorist Abu Musab Zarqawi.

The debate marks the first discussion on the war since November, when Rep. John P. Murtha, a decorated veteran, called for starting a six-month withdrawal of U.S. troops in Iraq.

After the Pennsylvania Democrat's call, Republicans pushed another resolution, which called for immediate pullout, to the floor for a vote in hopes to embarrass Democrats, who called the move "shameful." It was rejected on a vote of 403-3 following a raucous debate.

The Iraq War Debate Reopens In Washington (CSM)

By Linda Feldmann

Christian Science Monitor, June 13, 2006

WASHINGTON

The No. 1 issue for American voters - the future of the Iraq war - moves to the fore this week, both among President Bush's wartime advisers and on the floor of Congress.

For supporters of the war, long thirsting for signs of progress, the timing seems fortuitous. Last week, US forces killed Iraq's most wanted terrorist, Abu Musab al-Zarqawi, and the Iraqi prime minister finally completed his national-unity government.

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Monday, at Camp David, the president gathered his war cabinet and outside experts for a two-day strategy session, and Wednesday he meets at the White House with the bipartisan Iraq Study Group. In Congress, both houses are set to vote for supplemental war funding.

But it is the full-day debate on Iraq on the floor of the House of Representatives, scheduled for Thursday, that is the least predictable of the forums. The last time the House took to debating Iraq, last November, the scene deteriorated into recriminations over a resolution calling for immediate withdrawal that Democrats called a political stunt. House majority leader John Boehner (R) of Ohio, who has long planned for this week's debate, hopes to match the serious, dignified tone of deliberation that preceded the Gulf war, in 1991. Most of his GOP colleagues support the idea.

"The House is a debating society in the best sense of the word," says Rep. Henry Hyde (R) of Illinois, chairman of the International Relations Committee. "Everyone that listens with an open mind will find an aspect to this that they hadn't thought of."

Other members, including antiwar Republicans and Democrats, also welcome a debate, as long as the terms are fair, they say. At time of writing, the text of the resolution to be debated had not been released, but congressional sources indicated that it would frame the Iraq war as part of the broader war on terror, a point of controversy. Many war critics argue that the US role in Iraq has deflected attention from the larger war on terror, and thus antiwar members may feel compelled to vote against the resolution. But that may prove politically risky, as the resolution will also express support for American troops, and no member wants to be seen opposing the men and women in harm's way.

At a highly politicized time, with the fall midterm elections approaching and future control of Congress in question, some political analysts see risks for both parties in an Iraq debate. Public support for the war has been on a long, downward slide, and Bush's own job approval rating and policy agenda have been damaged by Iraq more than anything else.

"I don't think the floor is the place to have a debate on Iraq - ours is not a parliamentary system," says GOP strategist Ed Rollins, who argues that such discussion is better handled by members in their districts. "If you get into a big all-out debate, it becomes a referendum on whether the president is right or whether those who voted for it are right. It's not a pretty thing for the public to watch, especially for our troops in the field."

Other Republicans say that with public opinion on the war so low, Bush and his supporters have nowhere to go but up.

The debate could also serve to highlight divisions among Democrats over the war. Until now, Republicans have suffered most of the political pain over Iraq, and Democrats have managed to keep their differences away from broad public scrutiny.

For some Republicans who strongly support the US role in Iraq, political expediency or risk are beside the point: A sober, public debate on how to proceed in Iraq, at a critical turning point in that country's development, is an important way for elected representatives to help shape the future.

"It's the right thing to do," says Rep. Christopher Shays (R) of Connecticut, who has been to Iraq 12 times, more than any other member. "There's a logic in debating an issue that has not turned out like any of us hoped, and then determine why that's the case."

Still, he remains hopeful about what the US can accomplish in Iraq, and sees congressional debate as useful to advancing the public dialogue. "My big fear about Iraq is not that we're going to lose the Iraqi war in Iraq, but that we would lose the Iraqi war here at home," says Mr. Shays, who is locked in a tough reelection battle. "I think members should have an opportunity to say what they want to say - to ... have everybody on the record."

Rep. Walter Jones of North Carolina, a conservative Republican known for his highly publicized turn against the war, also views the coming debate hopefully, as long as it is "fair and open" and the rule allows for "adequate division of time" among opponents and proponents of the war.

Democratic Rep. Marcy Kaptur of Ohio also welcomes the debate: "The American people are wondering what course will lead us to redeploying our forces out of Iraq. This debate allows us to focus on a strategic discussion of what's ahead, rather than just a few people briefed at the highest levels. The American people expect Congress to assume its rightful authority in warmaking...."

Bush: US Ready To Help New Iraq Gov't (AP)

By Deb Riechmann

AP, June 12, 2006

President Bush reassured Iraqis on Monday that the United States stands ready to help their new government, but said success in Iraq largely depends on Baghdad's ability to secure the nation and care for its citizens.

Beginning a two-day strategy session on Iraq at Camp David, Bush also said Iraq's neighbors should be doing more to help. He said the United States expects countries that have promised $13 billion in financial assistance to make good on their pledges.

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Bush's huddle with top advisers was a chance to outline ways the U.S. government can best help Iraq, where the power runs sporadically and Iraqi civilian and U.S. troop deaths are mounting. White House advisers said the U.S. mission in Iraq was at a breakpoint, rhetoric that suggests the administration is anxious to shift responsibility for the future of Iraq to the Iraqis.

"The best way to win this war against an insurgency is to stand up a unity government which is capable of defending itself, but also providing tangible benefits to the people," Bush said, standing outside a cabin at the secluded, wooded presidential retreat with his national security team and members of his Cabinet.

"Ultimately, the Iraqi people are going to have to make up their mind. Do they want to live in terror, or do they want to live in peace?" he said.

Now in its fourth year, the war also was an issue Monday on Capitol Hill.

The Senate opened debate on a military policy bill, and John Kerry, D-Mass., intended to offer a plan to withdraw U.S. combat troops from Iraq by the end of the year. The White House has long opposed setting deadlines in Iraq, and Kerry's amendment is expected to be defeated in a vote later this week.

Senate Democratic leader Harry Reid, in a speech in Washington, called the war in Iraq an "intractable conflict" and said Americans deserve a plan from the president that provides troops with an exit strategy. "It is no longer sufficient to say 'we will stand down as the Iraqis stand up,'" Reid said, quoting a Bush refrain.

The House and Senate are poised to deal with a $94.5 billion measure to fund Iraq and provide additional aid for the hurricane-ravaged Gulf Coast. The bill should receive easy approval, even as impatience is growing with the Iraq war and its $8 billion monthly tab.

On Thursday, the House will vote on a resolution supporting the U.S. mission in Iraq.

The Camp David meeting came as the Bush administration was trying to capitalize on momentum generated by last week's swearing-in of key Iraqi national security officials and the U.S. airstrike that killed Abu Musab al-Zarqawi, al-Qaida's leader in Iraq.

Al-Qaida named a successor Monday to al-Zarqawi and said he would stick to the slain leader's path — attacks on Shiites as well as on U.S. and Iraqi forces. Bush warned, "I think the successor to Zarqawi is going to be on our list to bring to justice."

The highlight of the Camp David work session is Tuesday's secured video teleconference with new Iraqi Prime Minister Nouri al-Maliki and members of his cabinet. During the first day of meetings, Bush and his advisers addressed violence in Iraq, especially in Baghdad and Basra, as well as the Iraqi economy and oil.

Bush suggested that the Iraqi government use the nation's vast supply of oil as a way to unite the country, perhaps creating a fund for the Iraqi people to restore their faith in the new unified central government.

The war is weighing down Bush's approval rating at home, and Republicans are worried about losing control of Congress in November's midterm elections. Only a third of respondents to an Associated Press-Ipsos poll in early June supported Bush's handling of the situation — an all-time low.

"I keep reminding the American people that the stakes are worth it," Bush said. "It is worth it to help Iraq succeed. It is worth it to have a democracy in the Middle East."

Gen. George Casey, the top U.S. commander in Baghdad, said he thinks it will be possible to withdraw some of the 130,000 U.S. forces in the months ahead as long as Iraq's government and security forces make progress.

But Bush, who noted that Iraq's new defense minister was just sworn in last week, made no predictions about U.S. troop withdrawals. He said Casey would make recommendations after assessing the Iraqis' ability to take the fight to the enemy and secure the country.

"Whatever we do will be based upon the conditions on the ground," Bush said.

Reid Tells Liberal Activists Troops Must Come Home (WT)

By Eric Pfeiffer

The Washington Times, June 13, 2006

Senate Minority Leader Harry Reid told a gathering of Democratic and liberal activists in Washington yesterday that "we have to start bringing our troops home."

The Nevada Democrat opened his remarks at the Take Back America 2006 Conference by criticizing the Bush administration's handling of the war in Iraq. The conference is hosted by the Campaign for America's Future (CAF), a liberal advocacy organization.

"As we meet here today, the president is meeting with his Cabinet to talk about Iraq. As well he should," Mr. Reid said to applause.

President Bush has stated his position repeatedly: " 'As Iraqi forces stand up, American forces will stand down.' "

"I don't want to hear that anymore," Mr. Reid said. "Our troops deserve an exit strategy."

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Mr. Reid seemed to make a more direct call for withdrawal of troops than his previous remarks, but the senator's office disagreed.

"It's consistent with the Democrats proposal for a responsible redeployment of troops," Reid spokesman Jim Manley said. "And it's in line with the bill that passed the Senate last year with bipartisan support calling for a 'significant transition' of troops from Iraq in 2006."

In his speech, Mr. Reid made repeated reference to the Senate bill as "law" that Mr. Bush must follow.

One Democratic staffer in attendance, who because of the staffer's ongoing relations with Mr. Reid asked to remain anonymous, said the senator gave a similar, less pointed speech in Nevada during the weekend.

"But at the end of the speech, people in the crowd started chanting, 'Bring them home,' " the staffer said.

Mr. Reid spoke on the first day of CAF's three-day conference. Admission to the week's speeches, workshops and a gala dinner cost $125 to $410.

Other prominent Democrats, including Sen. Hillary Rodham Clinton of New York, House Minority Leader Nancy Pelosi of California and Sen. John Kerry of Massachusetts are scheduled to appear today.

Participating groups include the American Civil Liberties Union, Wal-Mart Watch and the Truman National Security Project.

CAF says its goals for the conference are to "educate, inspire and engage" progressive activists.

As Mr. Reid criticized the administration, he received hisses of agreement from the crowd. "Distract, distort, divide. That's what this administration has done," Mr. Reid said. "We can't continue to be bogged down in Iraq."

Most in attendance seemed to approve of the speech by the soft-spoken senator.

"I'd like to give him some of whatever they gave Bruce Banner to become the Incredible Hulk," said Charles Bright of Alexandria. "But after his speech, I felt like calling myself a Democrat, instead of an independent liberal, which is how I've described myself the last several years."

The Liberals' Lunch Special: Democratic Harmony (WP)

By Dana Milbank

The Washington Post, June 13, 2006

The left-wingers are hungry.

The liberal activists assembled for the annual "Campaign for America's Future" conference were so hungry yesterday, in fact, that it was difficult to hear Senate Minority Leader Harry Reid (D-Nev.) speak over the din of forks clinking on salad plates. That's too bad, because he was telling the lefties what they like to hear.

"I don't know how many times we have heard the president say: 'We will stand down as Iraqis stand up.' I don't want to hear that anymore," Reid told the luncheon crowd at the Washington Hilton. "It seems to me that that mantra no longer stands. That is, we have to start bringing our troops home."

The activists -- at least those who could hear him -- applauded Reid's unexpected and unscripted call for withdrawal.

That Reid, an antiabortion Mormon who voted to authorize force in Iraq, would be breaking bread at all with the liberal activists speaks to a different hunger. Interest groups, hoping for a win in the November midterms, have toned down their fratricidal attacks on elected Democrats. And Democratic lawmakers, emboldened by President Bush's slump, aren't as afraid to be seen with the lefties who make up their "base."

"Senator Harry Reid gets it!" exulted environmentalist Jerome Ringo, the luncheon's emcee.

Last year, only two members of Congress -- both backbenchers from the liberal fringe -- were on the program. This year, the conference is getting the full Monty from Democratic leaders and presidential aspirants: Reid and House Minority Leader Nancy Pelosi (Calif.), Sens. Hillary Rodham Clinton (N.Y.), John Kerry (Mass.), Russ Feingold (Wis.) and Barack Obama (Ill.); Govs. Tom Vilsack (Iowa) and Ed Rendell (Pa.); and 10 members of the House. Sen. Debbie Stabenow (Mich.) wasn't on the program but came anyway for lunch.

As they did last year, event organizers made efforts to display harmony within the Democratic Party. The first booth at the entrance to the exhibit hall featured a new publication called "The Democratic Strategist," a joint venture by party liberals and moderates. A few booths down was a movement to draft Al Gore -- a charter member of the centrist Democratic Leadership Council. The opening luncheon put leaders of the normally feuding labor and environmental movements together on the stage to promote an energy policy.

Despite this choreography, participants had not entirely shed their antipathy toward elected Democrats. Pollster Stan Greenberg, married to a Democratic member of Congress, said GOP poll numbers gave Democrats "an immense opportunity, if anybody had an idea what the Democrats stood for." As Greenberg described the ideal candidate's positions, Leo Gerard, president of the steelworkers union, blurted out: "Not one of the [expletive] presidential candidates fits that."

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The Nation's Katrina Vanden Heuvel won whoops and cheers for decrying Democratic leadership as "hapless" and "timid," and "often too fearful of its own shadow."

It was potentially hostile terrain. But Reid, who has scored points with liberals over the past year, was not about to let those descriptions stick to him; taking a page from George W. Bush's strategy, he was playing to the base. Arriving at the Hilton, he sat down for a radio interview with the "Jon Elliott Show" (slogan: "The most dangerous liberal in America"). Trailed by two beefy bodyguards, Reid went next to Ellen Ratner of Talk Radio News Service. "Democrats, of course, are together" on Iraq, he said. "It's time that we started bringing our people home."

At lunch, the liberal diners were not sure how to greet Reid. About a quarter of the audience rose to give him a standing ovation; the rest remained planted. Reid began to speak, but was barely audible.

"We can't hear you!" audience members called out. Reid adjusted the microphone, with little effect.

What the minority leader lacked in audibility, he had in embellishment. His prepared text said "close to 2,500 U.S. troops killed" in Iraq; he made it "about 2,500." His text said the war is "costing over $8 billion per month"; Reid made that "costing us $10 billion a month." The text described as "good news" the killing of Abu Musab al-Zarqawi and the forming of an Iraqi cabinet; Reid left that out entirely.

Instead, he called for the start of a troop withdrawal, which wasn't in the text. "Iraq is not a matter for future presidents, as President Bush has said," he charged. "It's his war and it's his responsibility."

If Reid wasn't quite "Give 'Em Hell, Harry," he was certainly "Give 'Em a Hard Time, Harry." The senator spoke of the "rubber-stamp Congress," the "overall incompetence of this administration" and a Bush strategy to "distort, distract, divide." He warned that "the ice caps are melting on both ends of the Earth," and alluded to this year's first tropical storm, Alberto, which he renamed. "I personally have to say that Alfredo has proven to me again that global warming's here," he said. He attacked Condoleezza Rice for allowing Chevron to name an oil tanker after her, and he led the audience in a responsive chant:

"How many subpoenas has any committee issued on spying? You got it: Zero."

"How many subpoenas have they issued on the price gouging, these gas prices? Zero."

"How many subpoenas have they issued on the war in Iraq? Zero."

Nobody attempted another standing ovation when he finished. But the applause was liberal.

Blitz Against Al-Qaeda In Iraq Continues (USAT)

By César G. Soriano

USA Today, June 13, 2006

BAGHDAD — U.S. and Iraqi forces have launched 200 raids against insurgents since killing Abu Musab al-Zarqawi last week, dealing a blow to his terrorist organization, al-Qaeda in Iraq, U.S. and Iraqi officials said Monday.

The raids have led to the capture of more than 200 suspected insurgents and 33 deaths.

“We are cautiously optimistic that we have been very successful thus far in the ongoing operations,” military spokesman Maj. Gen. William Caldwell said.

Zarqawi was killed when an F-16 dropped two 500-pound bombs on his hide-out Wednesday. The U.S. military and Iraqi government knew Zarqawi was in the house because of a tip that allowed coalition forces a look inside Zarqawi's tight band of followers.

“We have managed to infiltrate al-Qaeda in Iraq,” said Mouwafak al-Rubaie, Iraq's national security adviser. He declined to elaborate.

The intelligence that led up to the bombing and the raids may be the best chance of cracking the terrorist group dominated by foreign fighters.

Even if the raids do lasting damage to the organization, Iraq will have to deal with violence from other sources, including sectarian militias and insurgent cells that continue to function.

“We know this is not going to end the insurgency. It will take the people of Iraq to make that decision with their Iraqi security forces,” Caldwell said.

“The more the Iraqi people take control of their destiny,” he said, “that will be the key to success and ending the insurgency in Iraq.”

Bombings and other violence killed more than 50 people across Iraq on Monday, the Associated Press reported.

Eleven raids by U.S. and Iraqi forces over the weekend were based directly on intelligence coalition troops gleaned by combing through the rubble of Zarqawi's hide-out in Hibhib north of Baghdad, Caldwell said.

In a raid Monday, coalition troops attacked an insurgent cell in Baqouba, not far from where Zarqawi was killed. Coalition forces killed seven people with suspected ties to al-Qaeda in Iraq leaders, the U.S. military said in a statement.

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Two children were killed in the firefight. The insurgents had children with them when they fired on coalition troops from the rooftop of a building, Caldwell said.

The intelligence breakthrough represented by Zarqawi's death and the raids is among the most encouraging developments of the three-year battle against the insurgency, some military experts said.

“This was not one big break. If you look back six months, there has been a consistent improvement in U.S. intelligence targeting,” said Anthony Cordesman of the Center for Strategic and International Studies. “We've seen one report after another of senior al-Qaeda people being captured or killed in the last six months.”

By contrast, the capture of Saddam Hussein in December 2003 was a propaganda victory for coalition forces but led to no improvement in intelligence, said Daniel Byman of the Brookings Institution.

The raids have led to the biggest intelligence boon in years, said Edward O'Connell, a defense analyst for the RAND Corp. think tank. “It's been a long time coming,” he said. “It takes hard-core detective work … to infiltrate the enemy.”

An Internet statement attributed to al-Qaeda in Iraq named Sheik Abu Hamza al-Muhajir to replace Zarqawi. The statement, which was posted on a militant website, could not be verified.

The name — a pseudonym, as most militants are known by — apparently was not on any U.S. lists of terrorists who have rewards on their heads, the Associated Press reported.

President Bush said al-Muhajir probably will be added to the wanted roster. “I think the successor to Zarqawi is going to be on our list to bring to justice,” Bush said.

Al-Qaida In Iraq Names New Leader (AP)

By Nadia Abou El-magd

AP, June 12, 2006

Al-Qaida in Iraq named a successor Monday to Abu Musab al-Zarqawi and said he would stick to the slain leader's path — attacks on Shiites as well as on U.S. and Iraqi forces.

The new leader, identified by the nom de guerre Abu Hamza al-Muhajer in a statement posted on the Web, appeared to be a foreign Arab, like his predecessor.

But otherwise he is an unknown. The name has not appeared in previous al-Qaida in Iraq propaganda or on U.S. lists of terrorists with rewards on their heads, suggesting he is a lower-level figure or someone more prominent who has taken a new pseudonym.

President Bush said Monday that al-Muhajer would join the ranks of those sought by the U.S. "I think the successor to Zarqawi is going to be on our list to bring to justice," Bush said.

The lack of detail appeared to reflect a new emphasis on secrecy by the group. U.S. forces have launched a series of raids against al-Qaida in Iraq based on intelligence found in the safehouse where al-Zarqawi was killed by an American airstrike Wednesday. The group may fear infiltration or that al-Zarqawi's public stance led to his downfall.

"Al-Qaida in Iraq's council has agreed on Sheik Abu Hamza al-Muhajer to be the successor of Abu Musab al-Zarqawi in the leadership of the organization," the group said.

The authenticity of the statement could not be independently confirmed. It was posted on an Islamic militant Web forum where al-Qaida in Iraq often posts messages.

The posting said al-Muhajer was "a beloved brother with jihadi (holy war) experience and a strong footing in knowledge.

"We ask Almighty God to strengthen him that he may accomplish what Abu Musab al-Zarqawi, God have mercy on his soul, began," it said.

That could mean he will continue the strategy the Jordanian-born al-Zarqawi followed: a campaign of brutal attacks on Shiite civilians, aimed at sparking a Sunni-Shiite civil war.

The attacks sparked tensions between al-Zarqawi's group and some Iraqi insurgents who felt the bloodshed hurt the image of their resistance against U.S. forces. They wanted to focus attacks on American and Iraqi troops.

Iraqi insurgents loyal to Saddam Hussein made a rare public acknowledgment of disputes with al-Zarqawi in a condolence letter posted on the same Web site.

"Although there were many matters we differed with him on and him with us, ... what united us was something greater," said the statement by the Fedayeen Saddam. It said the group had "the honor" of fighting alongside al-Zarqawi and that "our determination is only increased for waging jihad."

Al-Zarqawi's death raised speculation the group might turn to an Iraqi leader to smooth over the differences with Iraqis. Al-Zarqawi's deputy is an Iraqi known as Abu Abdul-Rahman al-Iraqi. The U.S. military told The Associated Press on Monday that he was not a man identified as "Abdul-Rahman" who was killed with al-Zarqawi.

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The name al-Muhajer, Arabic for "immigrant," suggested the new leader was not Iraqi. The name is often used by foreign Arab militants, referring to the "muhajereen," Islam's early converts who fled persecution in Mecca to join the Prophet Muhammad in Medina.

Rohan Gunaratna, a terror expert at Singapore's Institute of Defense and Strategic Studies, said the choice of a non-Iraqi means the group is "likely to continue the foreign operations."

Al-Zarqawi had sought to expand his campaign beyond Iraq, including a triple suicide bombing against hotels in Jordan last November that killed 60 people.

Al-Zarqawi also had links to al-Qaida's branch in Saudi Arabia, which in a statement Monday thanked him for helping its fight against the kingdom's rulers. "We will not forget his favors to jihad and the mujahedeen in the prophet's peninsula," the group said.

The U.S. military had predicted a militant named Abu Ayyub al-Masri would become al-Qaida in Iraq's leader. Al-Masri, an Egyptian associate of al-Zarqawi, has a $50,000 reward on his head.

Militants usually adopt a pseudonym made up of a nickname called a "kunya" in Arabic — "Abu," meaning "father of," plus a name that sometimes refers to an actual child of the militant. The second part of the pseudonym is usually an adjective denoting the militant's nationality.

Al-Zarqawi was born Ahmad Fadhil Nazzal al-Khalayleh, but took a pseudonym from Zarqa, his hometown in Jordan. He had a child named Musab, so took the kunya of "Abu Musab."

The secrecy surrounding the new leader could hurt the group's ability to carry out attacks, said Egyptian analyst Diaa Rashwan. Al-Zarqawi built a reputation as a holy warrior, helping draw foreign militants to carry out suicide bombings.

"Al-Zarqawi's charisma was very important factor for many to join his organization," Rashwan said. "All al-Zarqawi had was car bombs and people ready to blow themselves up."

"My feeling is that they are going to have establish a persona for him," said Evan Kohlmann, a New York-based terror consultant and founder of globalterroralert.com. "They're going to have to introduce this fellow to the world."

A Jihadist Web Site Says Zarqawi's Group In Iraq Has A New Leader In Place (NYT)

By John F. Burns And Dexter Filkins

The New York Times, June 13, 2006

BAGHDAD, Iraq, June 12 — An Islamic militant Web site said Monday that a new leader had been named to replace Abu Musab al-Zarqawi, the Jordanian terrorist killed last week, as the head of Al Qaeda in Mesopotamia.

The statement, which appeared on the jihadi Web site Al Hesba, announced that a man named Abu Hamza al-Muhajir would replace Mr. Zarqawi, who was killed in an American airstrike in the village of Hibhib, about 35 miles north of Baghdad.

Mr. Muhajir is something of a mystery; his name does not appear on any of the charts of wanted leaders of Al Qaeda previously issued by the American command, or on any of the dozens of previous statements by Al Qaeda in Mesopotamia posted on the Internet. Senior Iraqi officials said they were unfamiliar with anyone by that name.

One clue was that the word "muhajir" usually refers to an Islamic militant who has traveled beyond his own country to fight for his faith.

"He is not an Iraqi — that is my first impression," said the Iraqi national security adviser, Mowaffak al-Rubaie, adding that he had not heard of Mr. Muhajir.

The group that made the statement is called the Council of Freedom Fighters, an umbrella organization whose formation was announced in January and which Al Qaeda in Mesopotamia claimed to have joined.

The council is said to be run by an Iraqi named Abdullah al-Rashid al-Baghdadi. At the time, Mr. Zarqawi was said to be under pressure to turn over more power to Iraqis. Many terrorism experts regarded the council as a fiction or, at best, a front organization that appeared to give local control to Iraqis while leaving Mr. Zarqawi in charge.

"Sheik Abu Hamza al-Muhajir, may God preserve him, a good brother, has previous jihadi experience and a deep foot in the pool of knowledge," the statement said. "We ask God to guide him and to continue what Sheik Abu Musab started by his hands."

A three-hour autopsy conducted over the weekend on the body of Mr. Zarqawi showed that he died of extensive "tearing and bruising" of his lungs caused by the blast wave from the two 500-pound bombs dropped on the safe house where he was hiding last Wednesday, American military officials and medical specialists said Monday.

The chief spokesman for the American military command in Iraq, Maj. Gen. William B. Caldwell IV, said Mr. Zarqawi, 39, died 52 minutes after the airstrike. That was when an American military medic, who had gone to his aid when the first American troops arrived, "realized that Zarqawi was dead," General Caldwell said.

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The general said the American troops, arriving at the scene by helicopter 28 minutes after the bombing, "took possession" of Mr. Zarqawi from the Iraqi police, who were first on the scene. He said that the American medic found that Mr. Zarqawi's breathing was "shallow and labored," and that he had a barely detectable pulse that "quickly deteriorated." Even though the medic tried to revive Mr. Zarqawi's breathing and heartbeat, he realized that "that Zarqawi's death was imminent."

"The medic registered no pulse or respirations, and at 7:04 p.m. on June 7 realized that Zarqawi was dead," General Caldwell said. "This was approximately 24 minutes after the coalition forces arrived, or approximately 52 minutes after the first airstrike on the safe house" in Hibhib.

"The injuries to his lungs were not survivable," Col. Stephen Jones, command surgeon for the American military in Iraq, said at a news conference here. Colonel Jones said the extent of Mr. Zarqawi's blast injuries, which had virtually exploded his lungs, were characteristic of "enclosed space" wounds suffered by bombing victims.

The injuries indicated that Mr. Zarqawi was inside the house, not running for cover in the palm grove outside, as some reports had suggested, when the bombs struck, Colonel Jones said.

At the news conference, which General Caldwell said had been called to dispel some of the "propaganda and misinformation" that had swirled around Mr. Zarqawi's death, one of two American forensic pathologists who participated in the autopsy said there was "no evidence of beating and no evidence of firearm injuries."

That appeared aimed at countering news accounts that had quoted Iraqi villagers who claimed to have seen American troops beating Mr. Zarqawi. One villager reporting seeing a soldier hit him with a rifle butt.

General Caldwell said tests made of Mr. Zarqawi's DNA also confirmed that he was the person killed in the bombing. When Mr. Zarqawi was found by American forces, he was wearing his signature black outfit, the general added.

Sheik Abd al-Rahman, Mr. Zarqawi's spiritual adviser and one of those killed in the airstrike, died from "blast injuries caused by flying shrapnel, flying debris and being thrown against a hard object by the force of the blast," also inside the house, said Colonel Jones, the command surgeon.

Mr. Rahman's injuries included a skull fracture that caused extensive internal bleeding, severe bleeding into his left lung and lacerations of his liver. Colonel Jones said Mr. Rahman's death, unlike Mr. Zarqawi's was "instantaneous."

In addition to Mr. Zarqawi and Mr. Rahman, the American command said, a third man, two women and a girl of about 5 or 6 were killed in the airstrike. The bodies of the women and the girl were turned over to the local hospital, General Caldwell said, while the body of the third man, who was not identified, remained in American custody.

General Caldwell said the Americans were discussing with Iraqi officials what to do with the bodies of Mr. Zarqawi and Mr. Rahman, whom some officials have described as a non-Iraqi.

General Caldwell's news conference did not dispel all of the questions surrounding the operation that killed Mr. Zarqawi, however, particularly questions about whether American commandos were in the area before the attack.

General Caldwell said there were no "coalition forces" on the ground in the vicinity of the house at the time of the strike.

"Coalition forces include all forces operating in the country of Iraq," he said.

But one senior military official and one senior Pentagon adviser, both speaking on the condition of anonymity because they were not authorized to comment publicly, said there were a number of Special Operations troops near the safe house before the strike. At least two Iraqis living near the house described seeing American commandos sliding down ropes from helicopters and encircling the house before the bombs landed.

A series of raids that began after Mr. Zarqawi was killed continued over the weekend, General Caldwell said, with American troops carrying out 140 operations in the past 48 hours. Those raids killed 32 insurgents and captured 178 others, he said. He added that 11 of the raids had resulted directly from intelligence gathered at Mr. Zarqawi's safe house.

Two Iraqi boys, one 6 months old, the other 4 years old, were killed Monday during an operation near Baquba, when American forces came under machine-gun fire from a rooftop, the military said.

Missiles, car bombs and roadside explosives killed at least 18 other Iraqi civilians and wounded 101 around the country on Monday, the military said.

And the military said an American soldier had been killed Friday by a roadside bomb while on a logistics patrol in Ad Diwaniya. No other details were released.

Jordan Details Its Role In Finding Al-Zarqawi (LAT)

By Borzou Daragahi And Josh Meyer

Los Angeles Times, June 13, 2006

AMMAN, Jordan -- Shocked into action by violence on their own soil, Jordan officials months ago began an intensive campaign of spying on insurgents in neighboring Iraq, a gambit that ultimately helped lead to the death of militant leader Abu Musab al-Zarqawi, Jordan's top spies said Monday.

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Maj. Gen. Muhammed Dahabi, director of Jordan's General Intelligence Department, and Col. Ali Burjaq, his chief of counterterrorism, said in a rare interview Monday that a splashy video tape al-Zarqawi released earlier this spring helped Jordanian intelligence pinpoint his approximate location at the time, a key lead that ultimately led to al-Zarqawi's death in a U.S. aerial bombing attack last week.

Al-Zarqawi's need to micromanage all aspects of his al-Qaida in Iraq organization, from finances to operations, also made him vulnerable to discovery, the two intelligence officials said.

"We knew him personally," Burjaq said of the Jordanian-born militant, who spent part of the 1990s in Jordanian prisons on terrorism charges.

"We knew how he behaves," the spy continued, speaking at the Jordanian intelligence agency's mountaintop complex in Amman. "He was vicious, mean -- a dictator in his decisions. He didn't allow anyone else to question his decisions."

Until November 2005, when al-Zarqawi operatives allegedly blew up three hotels in Amman, killing more than 60 people, Jordan had barely operated in Iraq.

After the hotel bombings, Iraq became and remains Amman's primary security worry, though Jordan also abuts the simmering troubles in neighboring Israel and the Palestinian territories.

The bombings, the two intelligence officials said, served as a wake-up call for Jordanians, forcing them to seek a more active role in combating Iraq's troubles.

The hotel bombings also showed a skeptical Iraqi government, suspicious of its neighbors' security forces, that al-Zarqawi was training Iraqis for cross-border operations in Jordan, one source close to Jordanian intelligence officials said.

With the permission of Iraq's fledgling government, Jordanian intelligence operatives flooded the war-torn country, cultivating informants and working the periphery of the al-Zarqawi network to find ways into the organization, according to a Jordanian official and intelligence experts.

The Jordanian GID set up so-called spy bureaus in Iraq, and began working with the Dulaimis, a large, mostly Sunni Arab tribe, some of whose members are closely tied to the insurgency, to gather information about anyone associating with al-Zarqawi and others in militant groups.

For Jordanian intelligence, it marked a watershed. In the past, "we always pursued a defensive policy," against terrorism, Dahabi said. "But ever since I became chief, we started to think of external operations. We wanted to do more daring operations and do external operations."

U.S. military officials have said they managed to track al-Zarqawi's spiritual adviser, Sheikh Abdul Rahman, to the village of Hibhib, north of the provincial capital of Baqouba, where they dropped two 500-pound bombs that led to the al-Qaida leader's death in what has been called a dramatic step in efforts to stabilize Iraq. But Jordan also played a key role in ferreting out al-Zarqawi, U.S. and Jordanian officials have said, providing critical human intelligence which apparently corroborated information the Americans were getting from within the insurgency movement itself.

Jordanian security and intelligence authorities were involved in the hunt for al-Zarqawi from the start, helping trace locations where alZarqawi and his group frequently stayed, said Jordanian government spokesman Nasser Juddeh.

Dahabi and Burjaq, emerging briefly from the shadowy world of surveillance and infiltration, provided the Los Angeles Times with a rare public account of the role their spy service, which is trained, supplied and funded by the U.S., played in hunting al-Zarqawi down.

They also voiced their nation's strong commitment to U.S.-led efforts to stem terrorist attacks, noting Jordan had been among the first to recognize the danger of al-Qaida fighters returning from Afghanistan in the 1990s after fighting against Soviet invaders. The intelligence chiefs said they had a keen understanding of the way al-Qaida militants think, operate, and counter the moves of their enemies.

"Because we started early we gained experience early," said Burjaq, 46.

"Many Americans are advanced in combating certain kinds of operations," said Dahabi, 45, a mild-mannered graduate of the University of Sussex in the Britain who has headed the intelligence service since December 20. "We understand al-Qaida's mentality as Arabs."

The interview took place in Dahabi's spacious office, decorated with a huge, recently completed painting showing Arab tribesman on horseback fighting against Ottoman soldiers during their war for independence at the end of World War I. The faces of King Abdullah bin Hussein, Jordan's monarch, and his two young sons hover over the fiery scene.

In the past, Jordanian intelligence agents have provided the U.S. intelligence that was used to infiltrate terrorist organizations and stop attacks, including their foiling of a plot to blow up sites in the U.S. on New Year's Eve 2000.

Jordan arrested at least 14 suspected al-Qaida operatives in the months leading up to that holiday and provided American officials vast amounts of intelligence used in part to pursue threads in the U.S.

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Dahabi and Burjaq, who joined Jordan's spy service in 1983 and helped break up the notorious Abu Nidhal terror ring that purported to fight for the Palestinian cause, said they had been aggressively trailing al-Zarqawi and his adherents for years.

Counterterrorism experts say the influx of Jordanian intelligence assets in Iraq produced results almost immediately, with the number of arrests of key al-Qaida operatives jumping noticably. Americans' understanding of al-Zarqawi's network and its role in the insurgency and terrorist attacks outside Iraq also picked up, officials said.

"The Jordanians are top drawer, probably the best counterterrorism force in the world," said Alexis Debat, a former French defense ministry official who is now a counterterrorism consultant and senior fellow for national security and terrorism at the Nixon Center in Washington. "Any network they put their mind to destroying is gone."

In April, when al-Zarqawi showed up in a highly publicized online propaganda film boasting of his group's prowess, Jordanian analysts scrutinized the surrounding scenery as well as his blustery talk.

The tape confirmed suspicions that al-Zarqawi must be in the Yusifiya area, a volatile insurgent stronghold south of Baghdad, and made it the focus of U.S. and Jordanian intelligence efforts, Burjaq said. Throughout the spring, U.S. military officials, too, were publicly identifying the area south of Baghdad as a likely al-Zarqawi stronghold.

"At a certain stage, more intelligence (resources) were being devoted to Yusifiya," Burjaq said, noting that Jordan's familiarity with the region and human intelligence networks played a key role in monitoring al-Zarqawi's movements there. "It's not an easy area to get in and out of."

The two declined to confirm whether they had turned any of al-Zarqawi's followers against him. But Dahabi noted, "Some of the people I arrest, I recruit. Some those who were in my jails helped me to carry out operations."

"Sources," Burjaq added, "to us, this is the tool."

Once it became clear the Yusifiya information was accurate, the Jordanians became more confident of their sources. Then when information was received about al-Zarqawi being in the area of Baqouba, northeast of Baghdad, they were confident that he had moved there.

"We started to locate him and the Americans started to locate him," said Burjaq.

Several sources, including a U.S. counterterrorism official, credited both U.S. and Jordanian intelligence with developing information that led to the targeted hit on al-Zarqawi and subsequent raids in at least 17 locations.

"At a certain point, some of the sources connected," said Dahabi.

The Americans say it was a U.S.-recruited human intelligence asset that ultimately led them to the specific house where al-Zarqawi was hiding, allowing warplanes to blow it up. One U.S. official said the CIA recruited someone who identified al-Zarqawi's spiritual adviser Rahman, allowing U.S. authorities to intercept his communications with al-Zarqawi and learn that two would be meeting Wednesday.

From there, the spiritual adviser was followed by an unmanned U.S. aerial vehicle, a Predator, as he entered the house. "When all the intelligence came together, all indications were that this man was in a particular place," said Dahabi.

"The Americans sent F-16s, and they did a good job."

Zarqawi Is Dead. What Now? (WSJ)

By Bret Stephens

The Wall Street Journal, June 13, 2006

It will be months, perhaps longer, before we'll be able to gauge the precise impact of Abu Musab al-Zarqawi's death last week on the nature, effectiveness and direction of the insurgency in Iraq. But the most significant fact here isn't that Zarqawi was killed -- he could have met his end in any number of ways. It's that he was found.

Pause a minute to consider what this means. Plenty has been written about the shortcomings of U.S. war-fighting, political and counterinsurgency strategies in Iraq, and some of it is true. Comparably little has been written about the insurgents' shortcomings. Yet Zarqawi was located because he and his spiritual adviser, Abdul Rahman, were betrayed by someone in their own camp, someone close enough to track their movements exactly. Therein must lie a tale.

"Zarqawi had become a liability to al Qaeda in Iraq," says Matti Steinberg, an Israeli terrorism expert. He recalls last year's intercepted letter from Ayman Zawahiri, in which the al Qaeda No. 2 begged Zarqawi to tone down his tactics, stop killing Shiites, and strive to broaden his base of public support. "I repeat the warning against separating from the masses, whatever the danger," Zawahiri wrote.

Zarqawi did not pay heed. In September, he formally declared open season on Shiites. In November, he ordered the bombing of three hotels in Amman, Jordan, killing 63 Muslims, most if not all Sunnis, and enraging Arab public opinion that had been previously sympathetic to the insurgents. By December, he was being described by an Iraqi insurgent as "an American, Israeli and Iranian agent who is trying to keep our country unstable so the Sunnis will keep facing occupation."

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In January, Zarqawi submerged his organization in the Mujahadeen Shura [consultative] Council -- the insurgents' umbrella group -- and apparently agreed to relinquish his public role to focus on military operations. Within a few months, however, he released his clumsy home video, and the self-publicity probably didn't go down well with the rest of the council. Zarqawi was cut loose.

There's an irony here, since by killing him the U.S. was, in effect, doing the bidding of Zarqawi's enemies within the insurgency. No doubt they have better uses for him as a martyr in Paradise than as a terror on Earth, and this may help them reclaim some lost luster. But it also suggests that the nature of the insurgency will change, perhaps radically, and likely to America's advantage.

First, the insurgency's sponsorship of terrorism outside of Iraq may end. The bombings in Amman reflected Zarqawi's personal loathing of King Abdullah's Hashemite rule: Their only effect, other than grief, was to provoke the Jordanian mukhabarat into waging its own dedicated campaign against the insurgency. Iraq's neighbors would generally be happy to see the U.S. project in Iraq fail, but not at the price Zarqawi was proposing.

Second, the sectarian violence that was Zarqawi's trademark may abate. Zarqawi's fanatical hatred of Shiites, common among Arab Sunnis outside Iraq, is somewhat alien to Iraqi Sunnis, or was until quite recently. Zawahiri also counseled against a sectarian strategy: "Does this conflict with the Shia lift the burden from the Americans by diverting the mujahadeen to the Shia?" he asked rhetorically. Long term, the Sunni interest in Iraq may be to reassert national dominance. Near term, however, it's to avoid Shiite reprisals; to the extent that the insurgents incite them, they risk losing the popular Sunni support on which they ultimately depend.

Third, Zarqawi's departure may precipitate organizational changes and a concomitant leadership struggle, all of which will take time to sort out. "The insurgents have been able to deal with the fact that we've eliminated hundreds of their operatives, including first-, second- and third-tier leadership," says Jeff White, a 34-year veteran of the Defense Intelligence Agency who is now at the Washington Institute for Near East Policy. "On the other hand, Zarqawi was the personification of the movement. His philosophy, commitment, connections, experience, all these things made him a disproportionately significant player."

A personal contest may yet be shaping up between Abdullah Rashid al-Baghdadi, the (apparently) Iraqi "emir" of the Shura Council, and Abu Ayyub al-Masri, an Egyptian. Hardly anything is publicly known about either man or about their relationship. Yet as long as the insurgency lacks an undisputed leader, it will also lack the unity of command that is a basic precept of successful guerrilla warfare. Recall that the Kurdish PKK and Peru's Shining Path both collapsed almost immediately following the capture of their respective leaders, Abdullah Ocalan and Abimael Guzmán.

Finally, the insurgency must contend with a much more experienced and effective U.S. military. "The first year, we were in over our heads," says Mr. White. Since then, however, "there's been a much more powerful and integrated effort to put all the intelligence together in a package, including all sources, all classifications, and then pushing it down to the units that can use it." The military got some lucky breaks in its hunt for Zarqawi. But the fact that it was able to find him at all reflects a broad and serious effort to master the cultural terrain of clans, tribes, kinship networks and political factions in which the insurgency has flourished.

Iraqis will now brace for a large round of terror attacks, which aim to show the insurgency hasn't been dented by Zarqawi's demise. Maybe it hasn't. But its aura has been dimmed, its organizational structure cracked and its internal fissures exposed. That's something the U.S. and the new Iraqi government can capitalize on by launching sustained offensive operations in the Sunni Triangle and doing their utmost to secure Baghdad. Doing so will take another 30,000 troops. But having mostly squandered the initiative against the insurgents in the first year of the war, this is the administration's rare chance to even the score. It must seize it.

Life During Wartime (NYT)

The New York Times, June 13, 2006

About the time the 2006 New Year's confetti was being swept away from Times Square, a small group of Iraqi bloggers began posting for The Times. "It is a new year, but it is not a happy one," said a 57-year-old doctor who called himself Truth Teller.

Reading the bloggers has helped to fill one of the big gaps in Americans' view of the war in Iraq. Danger in the streets and security fears for anyone seen speaking with Western reporters has made it increasingly hard to get real glimpses of what it's like for the people who have to live there.

At the beginning of the year, the bloggers' complaints were less about car bombs than power failures, black-market fuel and a curfew that didn't allow for much, if any, celebrating. But not always. In January, Zeyad, a Baghdad dentist, wrote: "Over the past two years, I have crawled away from two armed clashes and one carjacking incident; I have witnessed two people being shot in the head and one young kid who had been sprayed by bullets begging my friends and me to take him to the hospital ...

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and just recently, an American sniper shot right at me and missed on a Baghdad highway for no apparent reason when we pulled over behind their convoy. My taxi driver tried to comfort me by saying it was probably just a rubber bullet."

In May, when three of the bloggers returned — joined by one Iraqi-American writer — their postings had changed. There was less talk of shoddy infrastructure and running for cover from American soldiers, and more fear of radical Islamists and the Sunni and Shiite death squads bringing terror to their neighborhoods. The watershed they referred to repeatedly was the destruction of the golden dome of the Askariya mosque in Samarra, a revered Shiite shrine, on Feb. 22. The bloggers also wrote more about the increasing presence of Taliban-like Islamists, violently imposing restrictions on the Baghdad residents. "These are people who are enforcing their rules by death threats," Hassan, a college student, wrote in May.

Hassan wrote of his 6-year-old sister, who was not allowed to go out to play because her family feared she would be kidnapped or killed. His sister "has never gone to a zoo" and "has only gone to a playground once." Zeyad told the harrowing tale of witnessing the execution of a local generator operator: "When I tried to turn him over so they could carry him into a car, my hands touched his blood-soaked shirt. I could now see that he was shot four times in the chest. There was also a bag nearby with a box of peaches, medication and a Pepsi bottle; he was obviously going to take that home to his kids. I stared in his anguished face again, then at my bloody hands. And that was when I momentarily lost it."

Bloggers, who cannot be fact-checked in normal ways, are no substitute for journalists. But the Iraqis' voices are hypnotic — troubling, fascinating and a critical reminder of the quirky individual humanity of those at the center of what the invasion has unleashed. "[A]midst the blackness of time and the wounds of fate, Iraqis still find a way to crack a smile, even if it hurts," wrote Konfused Kid, a Baghdad college student, at the beginning of the year. "Despite my cynicism, I believe in God (or Allah or whatever you care to name Him), and I pray for the well-being of this country every day. And every day I listen to Metallica and read Philip K. Dick."

"Day to Day in Iraq" can be read online at daytodayiniraq.blogs.nytimes.com.

Legal Maneuver To Make A Point, An Army Officer Helps Iraqi Convict (WSJ)

By Greg Jaffe

The Wall Street Journal, June 13, 2006

BAQUBAH, Iraq -- Capt. Phillip Carter visits the filthy, overcrowded prison here at least twice a week to meet with the warden and police officers who oversee the facility. Each time he stops by, the warmest greeting he receives comes from a burly 46-year-old convicted murderer.

Hamid Abboud was found guilty in 1998 of killing a man in a fight and sentenced to 20 years in prison. He was released and granted amnesty in 2002. Under Iraqi law, he should now be free. But he was mysteriously re-arrested in 2004 on the old charges and remains incarcerated, ordered to serve out the rest of his sentence.

Capt. Carter, a 30-year-old military police soldier who is a lawyer in civilian life, could demand Mr. Abboud's release and the Iraqis would likely comply. But he doesn't. Instead he prods judges and prosecutors in this province an hour's drive from Baghdad to uphold Iraqi law and set Mr. Abboud free on their own.

"I have faith because of your work," Mr. Abboud told Capt. Carter in late May, when the temperature had risen above 100 degrees and the stench in the prison, crammed to four times its legal capacity, was almost unbearable. "My fate is in your hands."

Why a U.S. Army captain took on the case of a convicted murderer speaks volumes about how the American strategy has changed in Iraq in the past six months, as the U.S. tries to turn control back to the Iraqis. It also shows how painful and halting progress in Iraq can be.

Capt. Carter hopes to use the case to make a larger point: that the Iraqi judicial system, dominated by personal and sectarian grudges, needs to follow its own rules. "It appeared like the perfect test case, because it would show that the result should be dictated by Iraqi law and not by the whim of any individual," he says.

He became interested in the case this spring, when he and fellow officers saw rapidly deteriorating conditions at the jail in Baqubah, a city of about 300,000, about five miles from the spot where notorious terrorist Abu Musab al-Zarqawi was killed last week. The jail's population surged to 475 prisoners in March, up from 350 just two months earlier. The facility was so overcrowded that some prisoners had to lie on their sides at night to fit in the jail's four small cells.

Many prisoners were being held without any charges, say U.S. and Iraqi officials. Others said they had been beaten into confessing to crimes they didn't commit, and bore bruises and scars that seemed to lend credence to their stories, U.S. military officers say. Running the police department's counterterrorism unit was a colonel known to fellow officers as "Ali the Cable," for his history of beating confessions out of suspects with a cable.

Faced with such a problem a year ago, the Americans would have taken over the prison and run it for the Iraqis. Now, the push from the Pentagon is to reduce the U.S. presence in Iraq. "It is all about allowing Iraqi solutions to Iraqi problems that are

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solved with Iraqi resources," Gen. George Casey, the top military officer in Iraq, says he tells all incoming commanders. "We are here to help them win it; not win it for them. That is the flat-ass rule."

That guidance led Capt. Carter to Mr. Abboud.

Mr. Abboud was among those granted amnesty in 2002 when Saddam Hussein, just before the U.S. invasion, freed tens of thousands of prisoners in Iraq.

Following the fall of Mr. Hussein in 2003, the U.S. decided to honor the amnesty. The decision was made largely out of necessity: It would have been too hard to round up all the prisoners, and then figure out who had been imprisoned legitimately and who had been incarcerated for political reasons, say U.S. officials familiar with the decision. The Iraqi government has let the amnesty stand. So under Iraqi law, prisoners released in 2002 should be free today.

Capt. Carter figured that if he could persuade judges in Baqubah to follow their own rules and release a guilty man, maybe they would be more likely to respect the law in other cases, where the inmates appeared to be innocent. "If we can solve this case according to the law, we can solve all the cases in the jail," he says.

Capt. Carter came to Baqubah in November via an unusual route. After dropping out of high school in Santa Monica, Calif., he earned a graduation-equivalency degree and attended community college. He did well enough to get into the University of California, Los Angeles and, after graduating, became an Army officer.

He spent four years with the military police, leaving the Army to attend UCLA law school, where he graduated in 2004. Last fall, he was practicing at a big law firm in Los Angeles. During that time, he had an Internet blog and wrote occasional opinion pieces in U.S. magazines criticizing the U.S. decision not to follow the Geneva Conventions at its prison in Guantanamo Bay, Cuba.

By last year, the Army, desperately short of military police, was calling such officers back. Capt. Carter volunteered to return. He was assigned to a police transition team run by 38-year-old Lt. Col. William Benson.

Technically, the 70-soldier team wasn't supposed to have anything to do with the jail or court system. Its job was to build an Iraqi police force that could stand up to insurgents. The U.S. soldiers helped build a practice range for marksmanship, walked patrols with the Iraqis and taught them to fight as a team. The efforts paid off when insurgents launched a major attack on a police station in Baqubah in March. The Iraqi police, who had fled past assaults, stood and fought, this time driving off insurgents.

After seeing conditions in the jail, Col. Benson concluded that just training the police to fight wasn't enough. "We realized we had a big hole in our campaign strategy," he says. The jail, which has a capacity of about 150, housed about 475 inmates. Some had been held without charges for more than a year. "The perception among the public was that the only way to get out was to bribe someone," Col. Benson says.

Staff Sgt. Bradley Greer, a military-police soldier from Birmingham, Ala., began reading files of about 150 prisoners. "Most of the cases looked like total bull crap. There was no evidence, no information about the incident that led to their arrest. Nothing," he says. When he ventured into the prison, gaunt-looking inmates showed him scars they said came from beatings by the Iraqi Army. Many said they had no idea why they had been arrested. "It just chilled me to see them living like that," he says.

Sgt. Greer says he wanted to confront the chief judge in the province. "I wanted to go in and say, 'You need to let these guys go today!' " he recalls. "That never happened."

Capt. Carter and his boss, Col. Benson, opted for a less-direct approach. They decided to focus attention on all aspects of the legal process, from arrest through imprisonment, and pressure the Iraqis to fix problems on their own.

Imbuing Baqubah's security forces with a respect for the rule of law, Col. Benson believed, would help stem sectarian violence in the city, which is 50% Shiite, 40% Sunni and 10% Kurd. As long as Sunnis believed the Shiite-dominated security forces could imprison them indefinitely, sectarian fighting would only grow worse. "We as Americans get tied around democracy, democracy, democracy. But the rule of law is really at the heart of stopping the violence here," Col. Benson says.

As a start, Col. Benson's team persuaded the chief judge in the province to teach basic law classes to the police so they would understand what kind of evidence they needed to get a conviction.

Capt. Carter and his Iraqi interpreter also began searching through case files. One of the first was Mr. Abboud's. The file consisted of dozens of handwritten pages bound with string.

Capt. Carter's interpreter, known as "Doc" for his doctorates in political science and law, studied the case. The 42-year-old interpreter, who spent 13 years as a defense attorney in Baqubah, tutored Capt. Carter in intricacies of Iraqi law and engaged him in philosophical debates on legal matters. He also liked to quote Robert Frost and play American country music on his lute. Because of the dangers interpreters face in Iraq, Capt. Carter asked that Doc not be named.

After he reviewed Mr. Abboud's case, Doc says he told Capt. Carter: "This man should be released."

Capt. Carter asked the warden if he could meet with Mr. Abboud. A few minutes later, a barrel-chested man with a black mustache that hangs over his lower lip was escorted into the room.

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Mr. Abboud says he was arrested in 1998 after trying to intervene in a fight outside a fish shop he owned. Soon after he arrived, one man stabbed another. Though he says he didn't stab the man who died, he acknowledges participating in the fight. He was sentenced to 20 years in prison.

Freed in 2002, he enjoyed postamnesty freedom for about two years. Then, in June 2004, he was arrested again and thrown back in jail to finish the remaining 18 years of his sentence. He blames a "fat woman in the general prosecutor's office" for his incarceration. "She has a grudge against me because she is related to the man who was stabbed," he says.

Capt. Carter listened to Mr. Abboud's story. "The facts of his crime were almost immaterial," he says. "Under Iraqi law, he should have been released."

Capt. Carter began meeting with judges, prosecutors, detectives and prison officials to talk about problems in the judicial system. The jail's deputy warden, who was assassinated in April, told him shortly before his death that, by his estimate, only about 100 of the 475 inmates actually deserved to be there, Capt. Carter says.

Each time he met with Iraqi officials, he raised Mr. Abboud's case. In April, Capt. Carter told the chief judge in Baqubah about his suspicion that a woman in the general prosecutor's office was blocking Mr. Abboud's release.

The prosecutor's office is supposed to deliver case files to court once a week, so a judge can read them and certify prisoners for release. For some reason, Mr. Abboud's file was never in the stack that went to the judge. Capt. Carter told the judge that he believed the "fat woman" with the "grudge" was removing Mr. Abboud's file each week.

The chief judge promised to make sure Mr. Abboud's file would be in the stack that went for review the next week, according to Capt. Carter's notes from the meeting.

Finally, Mr. Abboud's case seemed unstuck; at least he was going to get a hearing. Capt. Carter and Col. Benson also noticed a broader impact of their inquiries: The provincial governor in April asked four council members to study problems in the prison and judicial system. The deputy governor began making trips to the jail to interview prisoners and suggested bringing in local reporters. "We need to bring media to the prison and document the conditions," Emad Jaleel Abdullah, the deputy governor, told Capt. Carter.

The Iraqis were starting to release inmates -- though not always the ones the Americans recommended. Initially, Capt. Carter and Col. Benson pressed the Iraqis on about 75 cases where there seemed to be a lack of evidence or no charges. Yet only three of those prisoners were released. Capt. Carter says at least one judge openly worried that some of the long-term prisoners on the Americans' list, embittered by incarceration, would be more likely to turn into insurgents if released.

By April 17, the prison population had fallen to about 372. While still far over capacity, the numbers were dropping. "All of our questions seemed like they were unstopping the system," Capt. Carter says.

In rare cases, U.S. advisers will still usurp Iraqi commanders' authority and demand a problem be fixed. In May, Capt. Carter was visiting the prison when he was told that the Iraqi police's counterterrorism unit had a day earlier picked up a man named Muslim, who claimed to have worked with U.S. forces. No one could say exactly why he was being held. The charges were "suspicious activity."

When Capt. Carter met Muslim, who is in his 20s, the man was trembling with anger and fear. He said Iraqi police had destroyed his home and beaten his pregnant wife so badly that she had a miscarriage. "I need to be released so that I can take my wife to the hospital," he pleaded. "They killed my baby and now my wife is in danger."

Capt. Carter recognized the man from the U.S. base. He sought out the Iraqi police colonel who heads the terrorism unit. "I know this detainee you have. He is a very brave man. We would like to see him released immediately as a favor to the coalition," Capt. Carter said.

The Iraqi colonel called a judge. They chatted and then he handed his cellphone to Doc, who knew the judge from his days as a defense attorney. A few minutes later, Muslim was released.

"Justice by cellphone," Capt. Carter joked.

By May 22, the jail population had dropped to 298, according to the daily tally in the warden's office. Capt. Carter continued to plug away at Mr. Abboud's case, making regular visits to the prison.

He noticed Mr. Abboud seemed to act almost as a member of the prison staff. The inmate often wore a sweatsuit instead of the orange jumpsuit most inmates were required to wear. When the warden had guests, Mr. Abboud was summoned to make tea. In May, the prison transferred 25 of its most violent convicts -- six of whom had been sentenced to death -- to a long-term detention facility in Baghdad. Mr. Abboud rounded up the inmates for the warden, calling their names in a guttural growl.

Sometimes Mr. Abboud would stop Capt. Carter to inquire about his case or chat about his wife and six children. The warden had taken such a shine to him that he had hired one of Mr. Abboud's sons as a prison guard.

"There is something moving and haunting about him," says Capt. Carter of the Iraqi inmate. "It sounds so unsophisticated, but he is kind of a spokesperson for redemption. He acknowledges his crime and has made a commitment to grow beyond it."

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Late last month, Mr. Abboud got word that his file had finally made it out of the prosecutor's office to the judge who could approve his release. There was just one problem. All inmates must take a class on morality and religion before they can be released. Although Mr. Abboud took the class -- along with virtually every prisoner in the jail -- there was no record of it in his file. Capt. Carter arranged for the warden and other prison employees to sign a statement that Mr. Abboud had taken the class.

"He is your client," joked the warden. The warden was confident Mr. Abboud would soon be released. "I think by next week he will probably be free," he said on May 24.

For all of the grinding progress that Capt. Carter and Col. Benson have made in eight months in Iraq, there are stark reminders of how far they have to go. Some members of the Iraqi police still believe it is all right to abuse prisoners to secure a conviction. Last month, Col. Benson was discussing "Ali the Cable," the head of the police's counterterrorism unit, with another Iraqi police officer. "If the terrorists don't confess to their crimes, the judge will set them free. The only way to deal with these people is with the cable," said Col. Mustafa Mohammed Alwan, who heads the police department's rapid-reaction force, defending his Iraqi colleague.

"The way you are talking is Saddam's way," Col. Benson told his Iraqi counterpart.

The next day, Capt. Carter returned to the jail to take pictures of eight men who were detained by the Iraqi Army in October and accused of attacking a checkpoint. They included a school headmaster, a farmer, a construction worker, a high-school student, and a taxi driver. Each bore scars from where they said they had been whipped with a cable. Most had burn marks on their legs where they said an Iraqi Army major had placed electrodes and shocked them.

The youngest of the men said he was picked up on Oct. 3 and, after 12 hours of beatings, gave his torturers the names of the first seven people he could think of from his town, including his school headmaster. "He needs names so I gave him names," the teenager said.

The others were arrested on Oct. 4 between 3 a.m. and 4 a.m. The men, all Sunnis, said they were beaten, shocked and urinated on by the Iraqi Army major, who is a Shiite.

They told Capt. Carter they had been tortured for about a week at an Iraqi Army base. Then they were taken to a police station and beaten again until they agreed to sign confessions. They had been languishing in Iraqi prisons ever since, they said. Capt. Carter snapped pictures of their scars and praised them for coming forward before they were taken back to the jail.

"When there is no rule of law, there is the rule of force. This is what we are trying to change," he said.

In the past two months, the U.S. has documented seven other cases in which Sunni detainees said they were tortured by the same Shiite Iraqi major and his troops. Alyssa Schwenk, an Army lawyer in the region, said the Americans are working with the Iraqi Army to investigate, but progress has been slow. "I am not sure what the outcome will be," she says. One concern is that the prisoners' complaints are now seven months old, making it harder to obtain evidence and track down witnesses.

By May 28, the prison was down to 281 detainees. Mr. Abboud's case, however, was still languishing in the court system. His file, with the letters certifying that he completed his religious classes, finally made it to the felony-court judge. But the judge declined, without explanation, to release him.

Capt. Carter promised Mr. Abboud he will keep pressing the case.

Oil, Politics And Bloodshed Corrupt An Iraqi City (NYT)

By Sabrina Tavernise And Qais Mizher

The New York Times, June 13, 2006

BASRA, Iraq — Politics, once seen as a solution to the problems of a society broken by years of brutal single-party rule, has paralyzed the heart of Iraq's south.

This once-quiet city of riverside promenades was among the most receptive to the American invasion. Now, three years later, it is being pulled apart by Shiite political parties that want to control the region and its biggest prize, oil. But in today's Iraq, politics and power flow from the guns of militias, and negotiating has been a bloody process.

"We're into political porridge, that's what's changed," said Brig. James Everard, commander of the British forces in Basra. "It's mafia-type politics down here."

Police reports from the past five months read like war chronicles: Eight oil company employees murdered. Twenty caches of Russian rockets discovered, including a pile in the back of an ambulance. A tank of stolen oil found in a fake mosque. Shootouts reported between a politician's militia and the police, and between police officers.

Now, after two years of relative calm, Basra has a soaring murder rate (the 85 killings in May were nearly triple the number in January), a tattered oil industry and a terrified population.

"I cannot talk with you," said Sajid Saad Hassan, a professor at Basra University's agriculture college. "I haven't joined a party and no militia is protecting me."

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The story of Basra's descent traces the arc of the war itself. People here, mostly Shiites whom Saddam Hussein oppressed, embraced the invasion. But for the next three years, Baghdad put its resources into fighting insurgents in central and western Iraq, leaving the quiet Shiite south to find its own way.

But the rules have fallen away along with the end of Mr. Hussein's rule, leaving a broken landscape of empty state institutions.

"So much of the state melted after Saddam fell," an American official said. A primordial soup of political parties, their militias and tribes filled the void. They formed morals patrols at the university, commanded entire units of the flimsy police force, and moved into positions of power in the company that controls the vast oil-processing and transportation network.

Now, with provincial elections still many months away, a bloody power grab has ensued. It is a battle being waged from inside Basra's institutions and will be particularly difficult for the prime minister, Nuri Kamal al-Maliki, to stop. Indeed, three days after he vowed to crack down with an "iron fist" and imposed a state of emergency, a bomb killed 27 in a market here.

In the shadowy world of Shiite politics, the fight is over power. One party, Fadhila, is currently on top. Its members include the governor and the chairman of the Provincial Council. Fadhila has close ties to Moktada al-Sadr, the anti-American cleric whose grass-roots militia is among the most powerful here.

Aqeel Talib, a senior member of the party, argues that a disagreement over federalism is one of the issues dividing the parties. The party and its two main competitors — the Supreme Council of Islamic Revolution in Iraq and the Dawa Party — all had different visions for a southern Shiite region.

In Fadhila's model, Basra Province, the only one it controls, would stand on its own. "We as Fadhila, we want to make our province our own region," Mr. Talib said. "We have two million people, an airport, a port and oil — everything we need to be a state."

Qadim al-Muqdadi, a professor in Baghdad University's media college, explained: "Each political party believes he is better than the other at running the country. They don't rely on the power of thought; they rely on the power of the gun and the tribe."

At the heart of much of the fighting is oil. The fields in this province are the richest in Iraq, and the crude oil they pump makes up all of Iraq's current exports, which in turn pay civil servants' salaries. Officials in Baghdad say the parties and their militias play a major role in rampant theft.

"If you don't understand what's happening there, follow the dollar sign," said Mowaffak al-Rubaie, the national security adviser. "There is a 6,000-barrel-per-day difference between the level of production for export and the level of actual export. It goes into the pockets of these warlords, militias, organized crime, political parties."

Fadhila, the dominant political party, controls the guard force that protects the vast network run by the state-owned Southern Oil Company.

Fadhila says it has helped keep the oil flowing in hard times; its political opponents argue that it is perfectly positioned to profit. A senior party official in Baghdad denies any profiteering.

The guards "have weapons," said Hassan al-Rashid, the former governor and an opponent of Fadhila, and "these weapons are not in honest hands."

Few in Basra would agree to speak openly about oil, and the industry has been impenetrable to Western officials in Basra, who said they could not even identify the major players.

"It's not just one party, so everyone keeps silent," said a provincial council member, who asked for anonymity out of concern for his safety. "If you tell about me, I tell about you."

Whatever the case, violence has spilled into the industry. From May 5 to May 9, two oil company officials and a harbor official were killed, according to the police reports. In early March a bomb exploded in the office of Aqil Abdel Samad, a senior oil company official, wounding him.

"The violence we're seeing on the street, it is a big turf war," said a Western official, who asked not to be identified because he was not authorized to speak with the media. Basra's police have been unable to separate the warring parties or stop graft because the force, stacked with men who are affiliated with the parties, is part of the problem.

The city's current chaos, in fact, can be traced in part to the formation of the new police force. British military officers acknowledge that the early background checks, which they oversaw, were poor to nonexistent, and the major political parties took the opportunity to pack their people onto the force. A weak-willed police chief allowed himself to be bullied into accepting party loyalists, the current chief said.

"The parties embarrassed him," said the chief, Maj. Gen. Hassan Swadi al-Saad. "Everyone came to him with names and he employed them."

One result is a force that has 37,000 members, 50 percent more than authorized, spread across the four provinces patrolled by the British in southeast Iraq, according to Col. Sundey Sunderland, who is in charge of logistics planning for the

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British military. (Also, the Facilities Protection Service, which guards schools, oil rigs and mosques and has been heavily infiltrated by militias, numbers 25,000.)

There have been skirmishes among corrupt police units, particularly those dealing with major crimes, internal affairs and criminal investigations.

Some of those forces captured and held two British officers last fall, and the British military has begun to purge them. "They were assassins going around killing people," said Laszlo Szomoru, a British senior police adviser in Basra.

The police reports are illustrative. On May 22, officers from the intelligence unit, one of the more heavily political divisions, raided a Southern Oil Company building, and on April 25, two guards from the oil protection force were charged with breaking into an auto store, killing a guard there, and stealing two cars.

The police have also apparently done nothing in the face of sectarian killings of Sunni Arabs, whose portion of the population has shrunk rapidly over the past year. Some Sunnis suspect the police of carrying out most of the killings.

The parties' power inside the police complicates law enforcement for the British. In January, for example, they identified several men suspected of running death squads, siphoning oil and shooting at British soldiers. Soldiers arrested them, and for the next three months, the local government refused to speak to the British.

"You arrest someone, and the next day you're on the phone to the governor, to the chief of police," said Brigadier Everard. "We say, 'We know he's yours, but we did it for the following reason.' "

The province has also sunk into political paralysis as the governor, Muhammad al-Waeli, tried but failed to fire General Saad, the police chief. The provincial council has tried, also unsuccessfully, to remove Mr. Waeli, but has not been able to garner the two-thirds majority it needs. The only thing they could all agree on, it seemed, was to refuse all contact with the British.

Baghdad is also powerless to remove provincial officials, who are protected from the central government under Iraqi law.

Basra's troubles would be fewer were it not for the influence of neighboring countries, particularly Iran.

Although the British military is skeptical, General Saad says many of the parties derive their strength from Iran. The parties themselves accuse one another of being Iranian stooges.

"Every day I have reports of 190 pilgrims coming from Iran," he said. "Are they pilgrims or are they intelligence officers?"

Illegal crossings appear to be common. On Feb. 1, the Basra border police arrested 23 Iranians who said they were pilgrims crossing illegally at Chlat, according to a police report. Just five days later, they arrested a man whom they identified as Hadi Dalqi Bukhtyar, a colonel in the Iranian Revolutionary Guard Corps.

Weapons that have not been seen since the Iran-Iraq war in the 1980's abound, and local police officials say they believe many are coming from Iran. The police noted finds of 106 Russian-made Katyusha rockets and 35 antitank missiles, also Russian, over five months beginning in January.

"Most people here are asking themselves, is this Basra?" Professor Hassan said helplessly.

Hussein Defense Witnesses Admit Lying (LAT)

By Louise Roug

Los Angeles Times, June 13, 2006

BAGHDAD — The trial of Saddam Hussein reached a moment of high drama today when four defense witnesses recanted previous testimony, swearing in written statements that Hussein's lawyers had bribed them to lie in court.

The witnesses testified that Khalil Dulaymi, one of the lead defense attorneys, had paid hundreds of dollars and promised life-long salaries to the witnesses if they testified that several of executed prisoners, in fact, were alive and well.

During clandestine meetings in Syria, as well as Hussein's hometown of Tikrit, Dulaymi and others had conspired with the witnesses, telling them what to say in court, the witnesses now say. The new allegations against the defense team — and counter-allegations from the defense charging the court with intimidation and threats — were not the only surprises on today.

Appearing in court for the first time, an American attorney for the defense said the court was violating the rights of the defendants.

"As I'm sure any experienced judge will know, it is highly improper for anyone other than the defense lawyers to speak to the defense witnesses," said Curt Doebbler, responding to the new and explosive testimony by the defense witnesses. "We find it quite unfortunate that anybody is speaking with them, even if they are authorized by the court, when it is not in open court."

37 Taliban Militants Killed In Afghanistan (USAT)

USA Today, June 13, 2006

Afghan and U.S.-led coalition forces fought Taliban militants in three battles, killing 37 fighters, including a relative of Taliban leader Mullah Omar, an Afghan army general said Monday.

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Omar's brother-in-law, Mullah Amanullah, was among 15 men killed in one of the battles in southern Afghanistan's Uruzgan province, army commander Gen. Rehmatullah Raufi said. Troops stormed the area late Sunday after a tip from tribesmen.

Coalition military spokesman Maj. Quentin Innis could not confirm if Amanullah had been killed.

Six suspected Taliban members were captured and several assault rifles and rocket launchers seized in the village, Raufi said. No Afghan or coalition troops were hurt. In a second raid early Monday, Afghan and coalition troops killed 12 suspected Taliban in southern Kandahar province's Saidan village, Raufi said.

Ten Taliban militants were killed in neighboring Helmand province in a battle involving British and Afghan forces, Raufi said.

Iranian police officers with batons and shields beat women's rights demonstrators in a downtown Tehran square. The protest by about 200 women was organized by a previously unknown group calling itself the Labor and Communist Party. An invitation delivered to the Associated Press demanded equal rights for women and the nullification of a law allowing Iranian men to have four wives.

“We are women, we are human, but we don't have any rights!” the women chanted.

About 100 police officers, including female officers, attacked the demonstrators and dispersed them about an hour after the protest began.

Cuba has cut electricity to the U.S. diplomatic mission in Havana, a U.S. official said.

“This is the same type of harassment that the Cuban people have had to live with on a daily basis,” State Department spokesman Sean McCormack told reporters.

Mission spokesman Drew Blakeney said the power was cut June 5 to the United States Interests Section in Havana. Requests to the Cuban government to restore power have gone unanswered, he said. The mission is running on generator power.

The mission complained that the cutoff was bullying but vowed to continue business as usual.

Inside The Afghan Drug Trade (CSM)

By Scott Baldauf

Christian Science Monitor, June 13, 2006

The Afghan police chief doesn't realize his voice is being taped. So pardon him if he brags about his life as a drug trafficker.

In a friendly conversation recorded in his home last summer, he tells of his quarrels with another drug-dealing police commander in the country's northern Takhar Province; about driving through a rival's police checkpoint with 500 kilos of heroin in his car; and his adventures in rescuing three heroin-smuggling friends from the clutches of Tajik policemen. It's just another part of the job, he says.

"If my adventure were filmed, it would be a very exciting movie," chuckles the commander, referred to hereafter as "Ahmed Noor." On the tape, he laughs. "The UN should give me an award."

But on one point the former mujahideen commander is certain: "Even if all the world were to come to Afghanistan, they will not be able to stop smuggling."

In relative terms, Mr. Noor is a small player in an illegal business that generates $2.7 billion a year, more than half the value of the country's legal economy. Afghan officials and foreign diplomats increasingly call this central Asian country a "narco-state," as top officials find it more profitable to flout laws than enforce them.

Very few major Afghan officials have been removed for involvement in drug trafficking, in part because of the lack of evidence, and in part because the country has only recently created special tribunals to handle major drug cases.

For this reason, the Monitor launched its own investigation in a province known for trafficking, to see how prevalent the drug trade is among police chiefs and what evidence could be found. Sending an investigative unit with a hidden minidisk recorder to the northern province of Takhar - where Afghanistan's medium and low-grade heroin is trafficked into Tajikistan, and on toward Europe - the Monitor recorded four police commanders.

All of the names in this story have been changed. The Monitor deemed it too dangerous for our investigators to confront each of these commanders with the taped evidence, and too unfair to their reputations to release their names without giving them a chance to defend themselves. But the statements in these tapes - gathered by investigators who have excellent reputations collecting testimony for the Afghan Independent Human Rights Commission, among others - provide a rare inside view of how drug corruption has trickled down to the front lines in the country's faltering war on drugs. Commander Dost

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"Commander Dost" is commander of a border police unit that patrols a large swath of the border with Tajikistan. In his taped conversation, Dost reveals how widespread the drug trade has become, as police commanders compete with each other to dominate the drug trade in Takhar Province.

"For one year I did the smuggling," he says, on the lawn of his home. "It was not hidden from anybody. It was obvious to everybody. I put my RPG (rocket-propelled grenade launcher) on my shoulder.... I became a dangerous smuggler."

But increasingly, Dost finds himself being run out of the drug business by a group of more powerful police commanders. These commanders have been shutting out all other competitors in the drug trafficking business, says Commander Dost.

A few years back, one of these commanders sent eight men to ambush Commander Dost. "Fortunately I had 25 of my [tribesmen] with me," says Dost. "I used the RPG and fired at the enemy in front of us, and behind us. Finally I made about $70,000 for myself from the drug money."

But at one point, he was captured with $370,000 worth of heroin, and had to sell everything he had - including his Swiss Rado watches and most of his heavy weapons - in order to pay back the owners of that drug. In another instance, Dost was captured by his chief competitor, another police commander.

The commander "caught me once with 56 kg of drugs. He asked me, 'Will you do it again?' and I told him that I would never do that again. Right after I promised him that I would not do that again, I came home and took another 100 kilos of drug and put it in my Russian jeep and took it to sell."

"These persecutors do it themselves, like 300 kilos to 400 kilos each time," Dost complains. These days, "all the smuggling is now in the hands" of these commanders, "and no one can do anything without [their] permission. Except me. When I do it, I tell my boys, 'Anybody who wants to stop you, you should kill them.' " Commander Nasir

"Commander Nasir" is the police commander of a border district in Takhar Province. Like Commander Dost, Nasir is a relatively small player in the drug trade, but he gives an inside picture of how some of the bigger police commanders - both in Afghanistan and in neighboring Tajikistan - punish drug-trafficking competitors to burnish their law-enforcement credentials, or take bribes from those willing to pay for favorable treatment.

"One day I counted how much I had given" a top police commander, says Nasir, who was a longtime commander during the Russian war, fighting alongside Northern Alliance commander Ahmed Shah Masood. From drug sales and fees, "it was $680,000, just in cash." Nasir pauses. "$680,000! A lot of money, isn't it? But believe me, he [the commander] never had any intention to do anything good for me in return, ever."

Nasir says all the big smuggling these days is being conducted by relatives of this top commander, some of whom are police commanders in Takhar. One relative "takes $50 per kilo to carry it from this side to that side of the border near Tajikistan. And if he catches somebody else smuggling, he takes $5,000 to $10,000 each time."

Nasir says he has stopped taking drugs across the border himself, because he is too well known, but he continues to send his men to do the job instead. Instead of paying his men immediately after a successful mission, now he pays them a week later, so that competing police commanders don't discover his smuggling until it's over.

"When I was a big smuggler, I had relations with the Tajik officers on the other side of the border. But my competitor has relations with the Russian KGB," he says. "[His] people have damaged my business a lot. Once I lost $500,000 of heroin, another time $600,000, another time $700,000, another time $900,000, another time $1.1 million because of [his] people." Nasir laughs. "My opponents have knocked out my 32 teeth."

But as bad as things are with the powerful commander - and after an assassination attempt by the top commander against Nasir, relations are pretty bad - Nasir says he wants to be practical and keep the peace, for now.

"I have a lot of proof and evidence against [the commander]," he says, "but I want to keep my relations good with him." Ahmed Noor

"Ahmed Noor" is the police commander of a market town along the Afghan-Tajik border in Takhar Province. In the tape, Mr. Noor admits that he's involved in drug trafficking, and gives an up-to-date breakdown of how much profit corrupt police officials make per kilo in the drug trade. But Noor notes with chagrin that other, more powerful commanders are making much more money than he is.

Mentioning one police commander by name, Noor says, "[He] is not happy with $20,000 a night from drug money," he says. "He charged $40 per kilo to transport it to the other side of the border. [He] himself is at home, resting and watching movies, and he plays cards with friends."

This commander moves more than 600 kilos every night, and at $40 a kilo, that's a hefty profit, Noor says. "Believe me, I know he did this six times a week."

But while big players like this commander are able to move large quantities of heroin through Takhar Province, and even through Noor's own district, Noor says that this powerful commander won't share this business with other commanders.

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Once, Noor says, this commander warned Noor to stop trafficking in drugs. Noor refused. So the commander started setting up checkpoints to try to catch Noor in the act of smuggling. At one such checkpoint, Noor was driving the car himself, and rather than stop at the checkpoint, he floored the accelerator and attempted to run over an armed soldier blocking the road.

"I had 500 kilos of drugs with me, and I was not going to give up that easily," he says. "So I drove fast to run over the soldier. The soldier runs away and shoots in the air. After I unloaded the car at the border, I came back to the commander of the checkpoint, and asked him why his soldier wanted to stop me. [The checkpoint commander] told me it was the order of [the top commander]. So I warned [the checkpoint commander] and told him that the drug money goes to [the commander's] pocket, but why he is stopping other people's cars. I told him, 'the next time you try to stop me, I will shoot your head to pieces with bullets.' "

Noor admits that the drug business is getting more difficult, and his business partners are becoming less trustworthy. "One day, I took 60 kilos of drugs to the other side of the border to Dushanbe, but the Tajik smuggler took it and did not pay me," he says. "No one can do anything to Tajik smugglers on their soil."

Noor blames the incident on his own sense of trust. "I believed one of my Afghan friends, who told me that this Tajik guy pays better than the others. I believed him." Commander Bilal

"Commander Bilal" is a senior administrator in the provincial Takhar police force, and a former police commander of a border district along the Tajik border. In his tape, Bilal complains that police discipline is breaking down, and the trafficking has become so fractured that even low-level cops are starting to skim profits. More important, he reveals that drug corruption has infiltrated deep within the Ministry of Interior, the chief law- enforcement organization, as top officials take bribes to appoint corrupt drug dealers into top police positions.

On paper, Bilal is one of the most powerful police commanders in his province, with many district commanders under him. But in reality, with district commanders deeply involved in the drug trade, few of the police officials in Takhar pay attention to him. Things were better, Bilal says, when he was a district police commander.

But even then, it wasn't so good. As a trafficking point, his border town was highly overrated.

"What have they seen [about that town]?" he asks. "There is only one bridge, and anyone you send - even your brother - will not bring any smuggler to you. If some one is caught there and brought to me, I will get $10,000 from him [in bribes]. But that poor soldier standing there will accept $200 from the smuggler [to let him pass through] instead of bringing him to me. I can't stand there myself on the bridge, because it is shameful."

In any case, Bilal says his relations with the drug smugglers was never very warm. "I don't know why, but the smugglers did not trust us," says Bilal.

He thinks for a moment, and then continues. One of his colleagues in the police department in the border town, "was playing games with the smugglers. [This commander] is the kind of person who cut a deal with smugglers, takes money from them, and further on up the road, stops and seizes their drugs, too. That was the reason the smugglers did not trust us. "

Bilal says almost all the police commanders in Takhar have paid officials at the Ministry of Interior to get their jobs, and nowadays, commanders have to pay increasing amounts just to keep their jobs.

"Every three months the commanders are pushed a little bit or they are told that they may be replaced. Then everybody rushes toward the ministry with $10,000."

But Bilal says he likes his job. It's not the responsibilities that he likes the most, though. It's the access to the drug trade. "It is a good position," he says. "I pay $1,000 and get $20,000 in profit."

"It has some advantages," he says. At the Ministry of Interior, little effort - or ability - to end a corrosive trade

Top Afghan officials privately admit that perhaps 80 percent of the personnel at the Ministry of Interior, Afghanistan's chief law-enforcement agency - from local police chiefs up to the top bureaucrats - may be benefiting from the drug trade. At a press conference announcing his resignation last fall, Interior Minister Ali Jalali said that the ministry had a list of 100 top officials who were being watched for evidence of drug trafficking. The result is a government that is either incapable or unwilling to prevent a trade that is rapidly undermining the country's rule of law and the Afghan people's faith in their leadership.

"The wrong elements can be a sapling in our society, and if we act now, we can remove it with less damage," says Habibullah Qaderi, Afghan minister for counternarcotics, a government agency that is separate from the Ministry of Interior. "But if it becomes a tree, there will be more destruction when you remove it."

Already the corrupt sapling is becoming a tree, Mr. Qaderi says, adding that Afghanistan cannot afford to wait for the proof of guilt. "If we had removed these people one by one, the country would have been much much better." The Afghan people need to trust that their government is working in the national interest. "People have to be close with their government. The day there is a distance, that becomes very dangerous."

A note on how we reported this story

The Monitor used a reporting device in this story that it normally avoids: The key interviews, all taped, were with sources who did not realize they were speaking to the press. This presents a risk to fairness and privacy, in that the interviewees might

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speak more casually and loosely than they would if they knew they were speaking to a reporter. We decided to go forward for several reasons. The subjects in these interviews are all public officials, not private citizens, discussing what should be public business. The issue of drug trafficking, illegal in Afghanistan as nearly everywhere else, is critically important to the future of that country and others. We could find no other safe way to collect direct evidence of this official corruption. But because we could not directly confront these police chiefs without endangering the lives of reporters or interpreters, we decided to withhold their names.

- The editors

NATO Goes Global (WSJ)

By Melanie Kirkpatrick

The Wall Street Journal, June 13, 2006

BRUSSELS -- The World Cup has opened in Germany, and NATO is there, out in force. No, war hasn't broken out between soccer rivals France and Germany. The trans-Atlantic defense alliance is present at the invitation of Germany, which is worried about the threat of a terrorist attack. NATO planes are patrolling the skies during the monthlong tournament, just as they did during the pope's visit to Poland last month and at the Olympics in Italy in February. Post-9/11 such deployments -- more than 30 to date -- are part of the alliance's contribution to the defense against global terrorism.

NATO's mission in the age of terror was the subject of a chat last week with Secretary-General Jaap de Hoop Scheffer at NATO's rambling headquarters here. The lanky Dutchman sprawled on a sofa in his office for an interview with Matthew Kaminski, editor of the Journal Europe's editorial page, and me. If there's a word that can sum up our conversation, it's "global." Mr. Scheffer, who has led NATO for two years, is thinking far beyond the borders of the alliance's 26 member countries.

"If you look at the threats and challenges coming to NATO," he says, "these are of a global nature. Terrorism is of a global nature. Weapons of mass destruction proliferation is a global threat. Failed and failing states are happening on a global scale. . . . NATO needs global partners to face those challenges." As if to prove his point, on an easel in a corner of his office a large map of Afghanistan nearly obscures the map of Europe behind it.

Afghanistan is NATO's first mission outside Europe and a crucial test of the alliance's relevance in a post-Cold War world. Defense ministers meeting in Brussels voted Thursday to proceed with a plan to increase alliance forces in Afghanistan to 17,000 from 9,000 and to expand into the violence-plagued south. "We are going into complicated territory in the south," Mr. Scheffer says. "Taliban heartland. The Taliban is testing us -- playing on public opinion in the nations committing forces." He doesn't demur when I mention that a retired U.S. general told me he believes insurgents had deliberately targeted the four Canadians who were killed in April with the aim of getting Ottawa to withdraw its troops.

Do the allies have the stomach for a fight? "I'm convinced there is the resolve," he says. Consider what would happen "if we were to lose Afghanistan again to the Taliban. . . . That country would be the net exporter of terrorism to the world once again. Where would the consequences of that terrorism land? On U.S. doorsteps and on European doorsteps."

At the same time, Mr. Scheffer is quick to concede that he's had little success in persuading member nations to spend more on defense. Only seven countries meet NATO's informal requirement that member states spend at least 2% of GDP on defense -- and two of those, Turkey and Greece, target much of their spending for a possible conflict with each other. "The situation is bad," Mr. Scheffer says. "I have no other word for it."

In an age of far-flung deployments, airlift -- NATO has next to none -- is a particularly tough problem. "We need to be able to get [NATO] forces where we need them. That means we need strategic lift, heavy transport aircraft. Those are in short supply." NATO has plenty of helicopters, but no easy way to transport them to Afghanistan.

NATO currently depends on the Yanks and the Brits to take its troops and equipment where they need to be, or it leases planes from the Ukrainians or the Russians. Mr. Scheffer supports a U.S. proposal to encourage some NATO allies to form a consortium to purchase eight C-17s at $225 million apiece. He displays a model of a C-17 in his office, and -- like the professional diplomat he is -- he also displays an A400-M, an Airbus plane that won't come on the market until 2012. "In my ideal world," he says, NATO would buy a combination of the American and European planes. Translation: Let's spread the arms money around.

Mr. Scheffer stresses the need to work more closely with non-NATO countries. In Afghanistan, NATO leads a coalition of 37 nations, including Australia and New Zealand, whose defense ministers attended last week's ministerial meeting for the first time (as did the Afghan defense minister). In the Mediterranean, two Russian warships are joining NATO in a maritime counterterrorism operation; other partners include Tunisia, Algeria, Morocco and Israel. The sec-gen speaks enthusiastically about the officer training academy NATO wants to open in the Middle East. It already trains soldiers in Iraq, a mission Mr. Scheffer hopes to expand.

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NATO is even tackling the touchy issue of missile defense. It just completed a 10,000-page initial study concluding that a missile defense is both necessary and viable. "Where that might lead to is of course another matter," he says. "But [NATO] should not shy from debate."

All these subjects are on the agenda for the NATO heads of state meeting in Riga, Latvia, in November. The last meeting -- Prague in 2002 -- was the "transformation" summit, when NATO signed on to the proposition that it needed an expeditionary force capable of responding quickly in the world's hotspots. That 25,000-soldier rapid response force should be up and running by Riga. The Afghanistan mission and the potential acquisition of airlift are also signs of progress. NATO isn't fully "transformed" yet, but it's getting there. Under Mr. Scheffer's leadership, Riga may become known as the "global" summit.

Ms. Kirkpatrick is a deputy editor of The Wall Street Journal's editorial page.

Congress Yields To Pentagon On Army Pay Crunch (WSJ)

By David Rogers

The Wall Street Journal, June 13, 2006

WASHINGTON -- Congress is giving the Pentagon unusual authority to shift money in its budget to cope with an anticipated multibillion-dollar payroll shortfall that could have an impact on ground troops in Iraq.

The Army estimates its year-end shortfall could be as large as $1.4 billion for active personnel, and $1.9 billion when counting the National Guard and reserves. The Marines face less of a shortfall, about $116.5 million, but are a far smaller force and more vulnerable to disruptions to personnel accounts.

The Army's situation is serious enough that lawmakers agreed last week to approve expanded transfer authority of as much as $5 billion for the Defense Department as part of a $92.2 billion wartime spending bill, expected to clear Congress as early as today. The increase represents a one-third rise in the Pentagon's existing authority, and is designed to avoid any pay disruption before the end of this fiscal year on Sept. 30.

The persistent scramble for funds reflects the immense cost pressures of financing a prolonged overseas deployment of the all-volunteer professional military in Iraq, especially when compared with the draftees who provided so much manpower in Vietnam.

Significant bonuses are being paid to retain personnel and recruit new soldiers, adding hundreds of millions of dollars to annual costs. As the mix of personnel has become more tilted toward more senior soldiers, the Pentagon must pay even more.

All the services were affected in the winter when Congress and the White House agreed to a 1% across-the-board cut from fiscal 2006 appropriations without exempting military personnel accounts. In the Army's case, it began about $860 million in the hole, and had never budgeted for some of the recruitment incentives its top command actively promoted.

The added payments, some of which were authorized as late as December, are projected to add about $560 million, officials said. An additional $224 million stems from higher-than-anticipated housing allowances and the cost of paying increasingly senior soldiers. The frequency -- and cost -- of moving soldiers and their families to new stations in anticipation of deployment overseas has increased, adding as much as $100 million to personnel expenditures.

For the Army and the Marines, the situation is complicated by the fact that the two services not only have borne the brunt of the fighting in Iraq but also must lobby Congress for extra money to replace worn equipment.

This has created an implicit competition between personnel and procurement needs. Thus, the Navy had its personnel request increased by $558 million when the emergency supplemental spending bill was negotiated last week. By comparison, the Army and Marine requests were increased modestly, while lawmakers put aside more money for them to buy extra planes and armor.

With less than four months remaining in the current fiscal year, the additional transfer authority is hugely important, and Deputy Defense Secretary Gordon England himself intervened with the House Appropriations Committee leadership to help secure the flexibility.

The administration, which has been permitted to transfer as much as $3.75 billion for this fiscal year, proposed in the winter to raise the cap by $1.25 billion to $5 billion -- a 33% increase, The appropriations committees typically are reluctant to give this much power to the executive branch, and the House denied the request in March. The Senate later allowed a $600 million increase in May, but as the personnel-funding crisis became more evident, both houses agreed to go beyond their initial bills.

For the Army, this last portion of the fiscal year is especially important in terms of recruitment. Running low on personnel funds at this juncture would mean trouble, as officials say the service typically signs up about half of its total in the last four months of the fiscal year, after recruits have come out of school.

The House, which took up the funding bill yesterday evening, is expected to complete passage today, and the Senate anticipates sending it on to President Bush soon after. About $65.8 billion would go the Pentagon to replenish accounts strained

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by the cost of military operations in Iraq and Afghanistan and an additional $19.8 billion is provided for hurricane recovery efforts on the Gulf Coast.

Also included, but not reflected in the $92.2 billion total, is an additional $2.3 billion to help prepare the nation for the threat of avian flu.

Pain Pump Tested In Battle (WSJ)

By Robert McGough

The Wall Street Journal, June 13, 2006

When Lt. Col. Chester "Trip" Buckenmaier III was deployed to Iraq three years ago, he was allowed to carry only two bags. His first contained personal effects; what he packed in his second would begin to change the way the Army treats pain.

Lt. Col. Buckenmaier, an Army anesthesiologist, filled one of his two allotted bags with portable infusion pumps made by Sorenson Medical Inc. The pumps, which are about the size of a large tube of toothpaste, deliver a constant infusion of local anesthetic that blocks the pain experienced by soldiers with grievous wounds to their arms and legs. The Sorenson "ambIT" pumps have computer chips that regulate the delivery of anesthetic. The pumps hadn't yet been approved for use by the military, but the Army Surgeon General said if Lt. Col. Buckenmaier wanted to employ them, he could bring them into the field himself.

War has always been a crucible for medical technology. For Sorenson Medical, a small, closely held company outside Salt Lake City, the battlefield has been a proving ground for its infusion pump. Lt. Col. Buckenmaier's bag of pumps has helped transform how the Army treats and transports wounded soldiers.

Sorenson is one of the smaller companies offering post-operative pain-control pumps. Lazard Capital Markets estimates the market for such devices, including those for nerve blocks and wound infusion, is about $115 million a year. So far, Sorenson has been able to parlay the use of its pumps by Lt. Col. Buckenmaier into a two-year contract to be one of two suppliers of such pumps to the military, and into a higher profile in the civilian market than it would otherwise have achieved. In civilian medical care, pain pumps are still just gaining physician acceptance and frequently face hurdles in terms of reimbursement.

Physicians specializing in regional anesthesia have known for years how to inject local anesthetics near networks of nerves in order to block pain from an arm, leg or joint. The problem, says Kevin Sanborn, an anesthesiologist and nerve-block advocate at St. Luke's-Roosevelt Hospital Center in New York, is that injected anesthetics are eliminated quickly from the body, so they deaden nerves for only a few hours. Pumps that infuse anesthetics, performing what are known as "continuous peripheral nerve blocks," can hold off pain for days at a time, helping outpatients in particular. That allows patients to cut back on or eliminate opioid pain medicines like Vicodin, which affect the entire body, and can cause nausea, vomiting and intestinal blockage.

Sorenson's aim was to create a pump that costs less than institutional models used for hospital inpatients, but retain much of their flexibility in dosing. Mr. Sorenson says it has taken about $20 million to get its current pumps designed and on the market. Sorenson's ambIT pump sells for about $300.

James Lee Sorenson, 55 years old, founded Sorenson Medical in 1999. His father is a serial entrepreneur who is also known for starting the Sorenson Molecular Genealogy Foundation, which can provide genealogical information based on a DNA sample. The younger Mr. Sorenson was interested in medicine-infusion technology, and bought a company that made an infusion device. Problems with cost and patents on the device led Sorenson to develop on its own a portable infusion pump that could, among other things, be used to treat pain by infusing anesthetic to block nerve pathways.

The company has benefited from its connection to the Sorenson family, which was willing to invest money and wait awhile before it began to earn any return. The company just recently turned profitable, Mr. Sorenson says. The company's sales are running at an annual rate of about $10 million, but are more than doubling each quarter, he says, with orders from the military accounting for about 30% of sales.

Although the continuous nerve blocks were developed in the civilian world and their use is growing there, the technology faces hurdles on the home front. Medicare, the government insurance program for the elderly, doesn't reimburse either the extra time physicians require to treat patients with the devices, or the cost of the devices themselves. Many insurers won't reimburse for the use of pumps to infuse anesthetic directly into wounds; more will pay for their use as continuous nerve blocks, but there, too, reimbursement is at times spotty.

Moreover, anesthesiologists require special training to perform continuous nerve blocks. Often the nerves are dangerously close to blood vessels, and care must be taken not to damage the nerves themselves. Surgeons often are reluctant to introduce a new procedure, with the attendant risks and time demands, into operations they perform.

Sorenson is just one of several companies that have developed a range of portable pain pumps, and it faces several larger competitors in a challenging market. The largest player is I-Flow Corp., a Lake Forest, Calif. public company that makes a disposable pump costing less than $200. Like Sorenson, the large orthopedic-device maker Stryker Corp. is making pumps that

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use computer chips to regulate dosing. Both companies dwarf Sorenson in the sales forces and other resources they can put behind their devices.

So getting noticed and used by the military was an important plus for Sorenson, even though it is a much smaller market. Continuous peripheral nerve blocks are rapidly being adopted by the military because they are so well suited to treating the severe pain caused by wounded arms and legs. When used in operations, the blocks don't require as much medical infrastructure as general anesthesia -- a big advantage in spartan battlefield hospitals. Their use is growing as the military keeps training anesthesiologists in the technique.

Lt. Col. Buckenmaier deployed to Iraq in 2003. He had studied continuous peripheral nerve blocks at Duke University. Lt. Col. Buckenmaier, a physician at Walter Reed Army Medical Center, comes from a long line of soldiers -- he was named after one of Teddy Roosevelt's Rough Riders. He first came across a Sorenson pump at a company display at a medical professional meeting. It wasn't the current pump, but a predecessor version. He favored pumps with computer chips because he valued their flexible dosing, and felt they would deliver a consistent volume of anesthetic even on aircraft, with their attendant changes in air pressure and temperature.

Lt. Col. Buckenmaier's first patient was Spc. Brian Wilhelm, a 21-year-old soldier who had a large portion of his left calf blown off by shrapnel from a rocket-propelled grenade. In a case report published in "Regional Anesthesia and Pain Medicine," Lt. Col. Buckenmaier described how administering two nerve blocks on major nerves running into the leg changed the soldier's evaluation of his pain from 10 on a 10-point scale -- "the worst pain imaginable" -- to zero. The nerve blocks remained in place for 15 days, and the soldier remained largely pain-free, while he was flown to Germany and then to Walter Reed in Washington for medical care. The pump described in the article was the Sorenson ambIT.

Based on the ambIT pump's use in Iraq, the military contacted Sorenson and sought a contract to supply pumps for two years. Sorenson sent its top engineer to work with military testers who wanted to make sure it would function in vibrating helicopters, and in evacuation planes at altitude (one test: explosive decompression). Sorenson produces pumps for the military with special coloring, and with key military uses easily programmed by pushing buttons on the device. Sorenson's current contract is temporary and the company is in negotiations for another, longer-term pact. Currently, the military uses Sorenson pumps as nerve blocks at Walter Reed and for general pain control on evacuation flights; Stryker pumps are also widely used in Iraq as nerve blocks.

Sorenson Medical must tread carefully in parlaying its military business into sales back home. To avoid tripping over Pentagon rules, it can't say the military endorses its product, only that Sorenson supplies infusion pumps to the military. But mentions of the company's ambIT pump, in the medical-journal article and in broader press articles, can be handed out by the sales force and provided at trade shows. The company can say its pump passed airworthiness trials for the military, suggesting its robustness for use outside the hospital. A nurse and nurse practitioner working for the company sometimes make general presentations about pain management during hospital "grand rounds," and they work in a reference to the company's pumps and their use by the military.

Race Is On For Next Generation Of Nuclear Weapons (LAT)

By Ralph Vartabedian

Los Angeles Times, June 13, 2006

In the Cold War arms race, scientists rushed to build thousands of warheads to counter the Soviet Union. Today, those scientists are racing once again, but this time to rebuild an aging nuclear stockpile.

Scientists at Los Alamos National Laboratory in New Mexico are locked in an intense competition with rivals at Lawrence Livermore National Laboratory in the San Francisco Bay Area to design the nation's first new nuclear bomb in two decades.

Since the 1950s, the two labs have fiercely competed in the bomb trade with technologies as different as Microsoft and Apple.

The new weapon, under development for about a year, is intended to ensure the long-term reliability of the nation's inventory of bombs. Program backers say that with greater confidence in the quality of its weapons the nation could draw down its stockpile, estimated at about 6,000 warheads.

Scientists also intend for the new weapons to be less vulnerable to accidental detonation and to be so secure that any stolen or lost weapon would be unusable.

By law, the new weapons would pack the same explosive power as existing warheads and be suitable only for the same kinds of military targets as the weapons they replace. As a result, unlike past proposals for new atomic weapons, the current project has captured bipartisan support in Congress.

But some veterans of nuclear arms development are strongly opposed, arguing that building new weapons could trigger another arms race with Russia and China, as well as undermine arguments to stop nuclear developments in Iran, North Korea

and elsewhere. And, the critics say, it would eventually increase pressure to resume underground nuclear testing, which the U.S. halted 15 years ago.

Inside the labs, however, emotions and enthusiasm for the new designs are running high.

"I have had people working nights and weekends," said Joseph Martz, the head of the Los Alamos design team. "I have to tell them to go home. I can't keep them out of the office. This is a chance to exercise skills that we have not had a chance to use for 20 years."

A thousand miles away at Livermore, Bruce Goodwin, associate director for nuclear weapons, describes a similar picture: The lab is running supercomputer simulations around the clock and teams of scientific experts working on all phases of the project "are extremely excited."

Building the new bomb, known as the reliable replacement warhead, or RRW, was approved by Congress in 2005 as part of a defense spending bill. The design work is being supervised by the National Nuclear Security Administration, which is part of the Energy Department.

The laboratories submitted detailed design proposals at the end of March that run more than a thousand pages each to the Nuclear Weapons Council, the secretive federal panel that oversees the nation's nuclear weapons. A winner will be declared later this year.

If the program is implemented, it would require an expensive remobilization of the nation's nuclear weapons complex, creating a capacity to turn out bombs at the rate of three or more a week.

Proponents of the project foresee a time when nuclear deterrence will increasingly rest on the capacity of the U.S. to build new bombs, rather than on maintaining a massive stockpile.

The proposal comes as Russia and the United States have agreed to further reduce nuclear stockpiles. The Moscow Treaty signed in 2002 by President Bush and Russian President Vladimir Putin calls for the two countries to each cut inventories to between 1,700 to 2,200 warheads by 2012.

Without the reliable replacement warhead, U.S. scientists say the nation will end up with old and potentially unreliable bombs within the next 15 years, allowing future adversaries to challenge U.S. supremacy and erode the nation's so called "strategic deterrent."

The new bomb "is one way of ensuring that our capability is second to none," said Paul Hommert, a physicist who heads X Division, the Los Alamos unit that built the first atomic bomb during World War II. "Not only today, but in 2025."

But critics say the program could plant the seeds of a new arms race.

The existing stockpile will be safe and reliable for decades to come, according to defense experts and nuclear scientists who have long supported strategic weapons. Rather than making the nation safer, the program will squander resources, broadcast the message that arms control is dead and even undermine the reliability of U.S. weapons, they say.

The new bomb would have to be built and deployed without testing. The U.S. last conducted an underground test in Nevada in 1991 and has since imposed a moratorium on new testing.

But without a single test, doubts about the new bomb's reliability will eventually grow, said Sydney Drell, former director of the Stanford Linear Accelerator and a longtime advisor to the Energy Department.

"If anybody thinks we are going to be designing new warheads and not doing testing, I don't know what they are smoking," Drell said. "I don't know of a general, an admiral, a president or anybody in responsibility who would take an untested new weapon that is different from the ones in our stockpile and rely on it without resuming testing."

If the U.S. breaks the international moratorium on testing, then Russia, China, India and Pakistan, if not Great Britain and France, would also conduct tests, said Phillip Coyle, former assistant secretary of defense and former deputy director of Livermore. All of those countries would gain more information from testing than would the U.S., which has invested heavily in scientific research as a surrogate to testing.

Richard Garwin, the physicist who helped design the first H-bomb in 1952 and remains a leading authority on nuclear weapons, opposes the new bomb and is worried it will lead to new testing. "We don't need it," he said. "No science will be able to keep these political doubts away."

Linton Brooks, chief of the National Nuclear Security Administration, disagrees, saying warheads based on modern technology and advanced electronics will be clearly more reliable.

"We are more likely to face a problem if we stick with the existing stockpile," Brooks said. "It is easy to overstate the degree to which the current stockpile (has been) tested," he adds.

The stockpile includes thousands of weapons held in reserve as a hedge in case a defect is discovered. Each year, some of those weapons are disassembled and cut apart for inspection. The U.S. could significantly reduce the reserve if it had greater confidence in the reliability of its warheads, Brooks said.

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The driving force for developing the new weapon has come from the scientific community and members of Congress. Although the Defense Department did not initiate the program, it has won wide support within the military as well as the Bush administration.

Democrats who are closely involved in nuclear weapons issues, including Rep. Ellen O. Tauscher, D-Calif., Rep. John M. Spratt, D-S.C., and Rep. Ike Skelton, D-Mo., have also given the program support, according to their spokesmen.

Tauscher and the other lawmakers say they support the effort if it is accompanied by a reduction in the total number of U.S. nuclear weapons and if no testing is involved -- precisely the policy set up by Rep. Dave Hobson, R-Ohio, who has been a primary proponent of the program in Congress.

In the past, a wide range of proposals for new bombs fizzled politically, including the neutron bomb, the bunker-busting "mini-nuke" and the "Robust Nuclear Earth Penetrator." Each represented weapons envisioned for specific military missions, triggering fears that they might be used preemptively rather than to deter an attack.

The reliable replacement warhead has dodged such opposition, largely because it is not intended for a new military mission.

Actual production would require approval by Congress and construction of new manufacturing facilities -- all of which is at least several years off.

Meanwhile, the Los Alamos and Livermore labs are revving up their culture of one-upmanship.

During the Cold War, the scientists adhered to a motto that the Soviet Union was the rival, but the competing lab was "the enemy." Still, it is a scholarly competition with few fighting words.

"I feel we have a great design for the country," said Martz, 41, the Los Alamos program manager who began working at the lab as an 18-year-old undergraduate. "Ours is better without a doubt."

But Goodwin, 55, counters: "We have chosen a particularly effective design. I believe we have done the better job."

Brooks, the federal nuclear weapons chief, gives no hint about whose bomb he favors, saying only that both "are very good designs, very responsive to what we are trying to do."

Since the end of the Cold War, the labs' top priority has been to maintain existing weapons. The labs predict that the plutonium components in existing weapons have a life of 45 to 60 years, meaning that in the next 15 years some will begin to deteriorate and replacements will be needed.

Christopher Paine, a program critic and nuclear weapons specialist at the Natural Resources Defense Council, contends the labs have everything to gain from these kinds of assessments -- generating funds for a new program even though older weapons remain in perfect condition.

But the labs say their actions are subject to outside oversight by government agencies and independent boards. "We take the integrity of our job pretty seriously," adds Hommert, the Los Alamos division chief.

While the labs say they're still working on cost estimates, they believe the reliable replacement warhead will save money over time. They aren't providing any details.

On average, the U.S. has spent an estimated $6 million per warhead since World War II, according to Steven Schwartz, author of Atomic Audit, the authoritative history of strategic weapons costs. Based on that, replacing all of the nation's 6,000 nuclear weapons could cost $36 billion.

So far a fraction of the ultimate cost of the program has been spent -- Congress approved funding of $25 million this fiscal year.

A portion of the cost involves engineering designed to make the bombs more secure. In charge of that is Sandia National Laboratory, which has vowed to make sure terrorists could never use a stolen or lost weapon.

"We are setting the goal of absolute control -- that you always know where the weapon is and what state it is in and that you have absolute control over its state," said Joan B. Woodard, executive vice president at Sandia. "People will say you can break the bank achieving that goal, but it is the right goal to set."

CORPORATE SCANDALS:

Former Interspeed Executive Convicted Of Fraud Charges (WSJ)

By William M. Bulkeley

The Wall Street Journal, June 13, 2006

BOSTON -- Arthur Goodwin, former senior vice president for sales of the now-defunct Interspeed Inc., was convicted of eight-counts of fraud in connection with inflating the sales of the Internet equipment company.

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Mr. Goodwin, 45, was convicted by a jury in the courtroom of U.S. District Judge Richard G. Stearns. He is scheduled for sentencing on Oct. 5.

The U.S. attorney's office said that evidence in the case established that Mr. Goodwin falsely overstated sales by $9 million, which was 60% of the company's reported revenue in 1999.

The overstatement made it appear that Interspeed, North Andover, Mass., was meeting growth targets. He accomplished the overstatement by fraudulent acts including giving customers secret side-letters that allowed them to return the equipment. He also altered a key contract on what was said to be the largest sales in company history to make it acceptable to the company's finance department.

Interspeed's board of directors fired Mr. Goodwin in September 2000 after discovering his actions. Attorneys for Mr. Goodwin couldn't be reached for comment.

In 2003, William J. Burke, a former Interspeed financial executive, was sentenced to three years' probation, after pleading guilty one-count of falsification of Interspeed's books and records.

Monster Gets U.S. Subpoena In Widening Options Inquiry (WSJ)

By William M. Bulkeley

The Wall Street Journal, June 13, 2006

Monster Worldwide Inc. said it received a U.S. attorney's subpoena for information on its stock-option grants, as investigations into possible options backdating widened.

Monster, an online job-search and advertising firm based in New York, issued a series of options between 1997 and 2001 in a pattern that was favorable to executives receiving the grants, including James J. Treacy, its former president. The odds of so favorable a pattern occurring randomly are about nine million to one, according to a Wall Street Journal analysis1 published in yesterday's edition. Monster shares slid $3.40, or 8.1%, to $38.60 in 4 p.m. composite trading yesterday on the Nasdaq Stock Market.

Monster, which is conducting an internal inquiry into the options, said it will cooperate with the inquiry and subpoena, issued by the U.S. attorney in Manhattan. Mr. Treacy, who no longer works for Monster, has said he didn't have anything to do with the timing of the grants, which were authorized by the board.

Two other high-tech concerns, Comverse Technology Inc. and Applied Micro Circuits Corp., announced delays in filings of financial reports due to options investigations. In addition, Applied Micro Circuits, Sunnyvale, Calif., and two other companies said they had received informal inquiries for information on the timing of stock-options grants from the Securities and Exchange Commission. The newly identified companies bring to at least 43 the number of firms that have acknowledged internal or external inquiries into their stock-option timing.

Comverse, a Woodbury, N.Y., maker of telecommunications billing systems, said it expects the Nasdaq Stock Market to warn it that its tardiness may cause it to be delisted. Comverse, which has said it is in the process of preparing restatements for five years of financial reports due to options-dating problems, yesterday fell 13%, or $3.09, to $20.48 on the Nasdaq.

Options give holders the right to buy a stock at a strike price, typically the market value on the day of the award. The options are supposed to give executives incentive to boost the company's stock price so that they will benefit along with other shareholders. But if companies choose dates before the award date when the stock was particularly low, it undermines the incentive because the executives' options are already profitable. Moreover, backdated options affect the tax and accounting treatment of the options, and if they weren't disclosed, they raise the potential for criminal fraud charges.

If firms find options were backdated, accounting rules require them to review all the years in which the grants were made for possible restatements and higher tax bills. Such accounting changes are time-consuming, explaining Comverse's delay.

Comverse said it plans to file results for its fiscal year 2006 ended Jan. 31 and its first quarter ended April 30, in addition to prior years, "as soon as practicable." The company was subpoenaed in May in connection with the issuance of stock-option grants. Its chief executive, Kobi Alexander, and two other officials subsequently resigned.

The firms that said the SEC had issued informal inquiries are Broadcom Corp., an Irvine, Calif., maker of communications chips, Applied Micro Circuits, a computer-networking hardware maker, and Equinix Inc., a Foster City, Calif., firm that provides data centers for online services.

All three were among 32 firms cited as potential options trouble spots in a study issued last month by the Center for Financial Research and Analysis, Rockville, Md. Each of the three yesterday said it started an internal investigation after the CFRA report was issued. The study looked at options grant dates for the 100 companies that issued options heavily before changes in reporting requirements in 2002 made backdating more difficult.

Applied Micro Circuits said that because its internal investigation of stock-option timing hasn't been completed, it won't be able to file its annual report with the SEC by June 14 as scheduled and expects to request a delay.

Broadcom said its internal investigation covered all its option grants since its initial public offering in 1998. Spokesman Bill Blanning said that 95% of Broadcom's options during that period were made to employees below the ranks of top executives. CFRA's report listed three dates in 2000 and 2002 when options were granted at points close to the stock's low in a 40-day period.

Equinix said that its board's audit committee is investigating its options timing. Margie Backaus, chief business officer, said that the grant noted by CFRA in 2001 came at a period when Equinix stock was at 38 cents. She said the date coincided with a major layoff and the options were designed "to retain and motivate the employees who were left." The next year, Equinix had a 1-for-32 reverse split, giving the options a exercise price of $12.16.

Funds Sue Amid Probe Into Timing Of Options (FT)

By Jeremy Grant

Financial Times, June 13, 2006

Shareholder anger over US executive compensation practices spilled into the open on Monday as two big US pension funds sued companies involved in an investigation into the timing of stock-option awards.

Darren Robbins, a partner at Lerach Coughlin, said his San Diego law firm was also representing pension funds in Europe and Australia that were preparing similar action.

“People are very upset about this. There have been at least five pension funds that have filed cases in the last 72 business hours in court houses from California to Boston,” he told the Financial Times.

McAfee, a software security maker, was sued on Monday in federal court in the Northern District of California by the Heavy & General Laborers’ Pension and Annuity Funds, alleging “constructive fraud” through the backdating of stock options.

Juniper Networks, a technology company, was hit with a similar complaint by the Employer-Teamsters Pension Health and Welfare Funds. Neither McAfee nor Juniper were immediately available for comment.

Mr Robbins said his firm had been directed to take similar action by clients “in at least 34 different situations”.

Four separate companies revealed on Monday that they were being investigated by regulators over their options grants. More than 40 companies have become ensnared in one of the widest criminal and regulatory investigations into white-collar compensation in recent years. The probe is emerging as a test of years of executive compensation practices and has started to draw the anger of unions.

The AFL-CIO said last week that the stock option backdating scandal “shares many similarities to the after-hours trading of mutual funds, where favoured insiders received preferential terms that were hidden from public investors”.

Four companies – Broadcom, Equinix, Applied Micro Circuits and Cyberonics – said they were the subject of investigations by the Securities and Exchange Commission.

Monster Worldwide, the operator of an online recruitment site, said it had formed an independent committee of directors to conduct an internal review of all stock options grants made by the company.

Investigations are focusing on the award of stock options to executives on dates that immediately preceded a sharp rise in the companies' share prices.

Such a move would immediately have put the options “in the money”, requiring proper disclosure to shareholders. Some companies have been hit with class-action lawsuits from public pension funds alleging that no such disclosure was made and that shareholders were defrauded.

The focus of investigations is in the years before 2002, when tough Sarbanes-Oxley corporate governance rules limited the scope for backdating of options.

New accounting rules requiring options expensing were introduced last year.

Efficient Markets The Welfare Of American Investors (WSJ)

By Henry G. Manne

The Wall Street Journal, June 13, 2006

Behavioral finance, a developing field of academic research that emphasizes investor irrationality (and ignorance) and the inefficiency of markets, has been hailed by defenders of the SEC as offering a solid economic rationalization for our vast scheme of federal securities regulations. Even apart from the obvious implications for the regulatory system of ignorance and irrationality on the part of regulators, a closer examination of the logic of behavioral finance leaves little for the pro-regulation crowd to crow about.

Initially, behavioral finance emerged as an academic antidote to a claim of substantial market perfection in the finance field, the well-known "efficient market" theory of stock prices. Numerous "anomalies" or irrationalities were discovered in the market for

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securities, such as various kinds of over- or under-reactions to new information, herding behavior, endowment effects, January effects, weekend effects, small-firm or distressed-firm effects, bubbles and crashes -- to name a few.

Faulty Data

Most of these alleged peculiarities proved in time to be far less anomalous than was first thought. The data on which they were based were often faulty, or the econometric models were measuring the wrong thing, or various kinds of relevant transactions costs were ignored. The effects of irrational or uninformed behavior were often canceled out by opposite forces, and much of it was simply irrelevant. Furthermore, the behavioralists did not -- and do not -- have a general theory that can explain why financial markets work as well as they do. Some close approximation of the efficient market theory is still the most accurate and useful model of the stock market that we have.

Still, some of the behavioralists' criticisms stuck, especially in regard to crashes and bubbles, events that arguably should not occur in perfectly efficient markets. In this connection the efficient market theorists had no choice but to reexamine and refine their own models, which they have now done with some success. Perhaps the most important behavioralist contribution to economics has been their reminder that the market-model claim of rationality often does not comport with actual human behavior.

Economists frequently failed to qualify economic pronouncements as being limited in application to aggregate behavior. Too many assumed that if markets in the aggregate behave rationally, it must be because the "marginal" participant -- the trader who has the correct information about what a price should be -- was himself a perfectly rational maximizer. This better-informed and rational trader would always arbitrage away any discrepancies from efficiency that a market displayed.

But there is a vast difference between economics and psychology, and we can thank the behavioralists for forcing economics back into its correct posture of dealing with aggregate behavior. We can also thank the behavioralists for demonstrating that the marginal trader/arbitrage theory cannot explain all price formation, since we have no way, a priori, of knowing that this hypothetical individual will be rational. Nor can we any longer assume that the arbitrageur (apart from a purchaser of 100% of the securities of a given company) will have all the information necessary to set the correct price.

That discovery left a serious gap in economic theory. The efficient market mavens were indeed correct in their conclusions about aggregate market behavior -- but how could they explain this near perfection of functioning markets while irrational and less-than-fully informed individuals (so-called "noise" traders) were known to abound?

Traditional economics did contain the start of an answer to this question, most notably in F.A. Hayek's classic "The Use of Knowledge in Society" (1945). There, Hayek (addressing the then-pressing problem of countering socialist doctrine) made the astute observation that centralized or socialist planning can never be economically efficient because it was impossible for a central planner to accumulate all the information needed for correct economic decisions ("correct" in the sense of displaying efficient market allocations of goods). The critical information, he noted, is too scattered in bits and pieces throughout the population ever to be assembled in one person's mind (or computer). Diffused markets, on the other hand, function well because the totality of relevant information, even subjective preferences, can be aggregated through the price mechanism into a correct market valuation.

This insight of Hayek's has been a mainstay of market theory ever since it was advanced, but it remains merely an observation and a conclusion. It does not detail how new information gets so effectively impacted into the prices of goods and services. In other words, how does this "weighted averaging" get done? And why should we assume that the impact of rational participants would dominate that of irrational ones in markets?

Similarly, the efficient market theory was based almost entirely on empirical observations and did not offer a theory of how the market came to be so efficient. Subsequent literature examined the mechanisms of market efficiency (including insider trading), but these were again observational and descriptive works that did not even recognize the absence of a good theory of how new information gets properly integrated into a price. The implicit and often explicit theory of price formation was always the "arbitrage" notion, with the marginal trader calling the shots.

Enter now financial journalist James Suroweicki and his charming and insightful book, "The Wisdom of Crowds" (2004). The book opens with the story of a contest at a county fair in England in 1906 to guess the weight of an ox on display after slaughter and dressing. There were about 800 guesses entered in the contest both by knowledgeable people and by those who had no expertise in such matters. We are not told what the winning guess was, but we are told that the average of all the guesses (1,197 pounds) was virtually identical to the actual weight (1,198 pounds).

Similar results show up regularly in the relatively new use of so-called "prediction" or "virtual" markets, primarily employed today in predicting outcomes of political elections, sporting events, new product introductions or new movies. Though there are still some problems with the technique, these "markets" have proved in the main to be much more accurate than traditional interview polls. And these various illustrations of the wisdom of crowds suggest a solution to the problem of how correct prices are formed in financial markets beset by irrational and poorly informed traders. * * *

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Weighted-average results are similar to "correct prices," since informed investors can be assumed to invest more money if their confidence in the validity of their information -- or the intensity of their desire for the product -- is higher, thus imparting a weighted average element to each price. And while the actual weight of an ox is a more objective measure than the "correct" price of a security, the main difference may be between a static and a dynamic figure with the "correct price" of a stock being a kind of moving target.

The literature on prediction markets makes clear that the more participants in a contest and the better informed they are, the more likely is the weighted average of their guesses to be the correct one. That is true, ironically, even though the additional participants have even less knowledge than the earlier ones. The only requirements for these markets to work well are that the various traders be diverse and that their judgments be independent of one another. Clearly, there is still a lot more work of a statistical and mathematical nature to be done before the idea of the wisdom of crowds is turned into a full-fledged theory of price formation, but at least we have identified the problem and made a start towards a solution.

'Wisdom of Crowds'

The implications of what we already know of this "wisdom of crowds" approach to price formation, as against the traditional marginal pricing/arbitrage approach, are apt to be startling. We should rethink any current policies based on a view of pricing in which we exclude the best-informed traders and discard the wisdom of the many. For instance, we now have a new and more powerful argument than we had in the past for legalizing most insider or informed trading.

Since such trading clearly makes the market process work more efficiently, it aids capital allocation decisions and informs business executives through market-price feedback of the best predictions about the value of new plans. Furthermore, the Supreme Court's "fraud on the market" theory of civil liability under the federal securities laws and Congress's ideas of correct civil damage claims for insider trading no longer have any intellectual merit. The same is true of any other part of our securities laws implicitly based on the notion of the marginal trader as a rational arbitrageur of price.

The new approach would suggest that it is undesirable to have laws discouraging stock trading by anyone who has any knowledge relevant to the valuation of a security. Thus, assembly-line workers, administrative assistants, office boys, accountants, lawyers, salespeople, competitors, financial analysts and, of course, corporate executives (government officials are another story) should all be encouraged to buy or sell stocks based on any new information they might have. Only those privately enjoined by contract or other legal duty from trading should be excluded. The "wisdom of crowds" can do far more for the welfare of American investors than all the mandated disclosures and insider trading laws that the SEC and Congress can think up.

Mr. Manne, a resident of Naples, Fla., is dean emeritus of George Mason University School of Law. This is the first of a two-part series.

Outside Audit Big Pension Plans Are At Risk Of Losing Accounting Benefit (WSJ)

By Steven D. Jones

The Wall Street Journal, June 13, 2006

The balances of public-company pension plans had been improving until the stock market swooned again. Congressional action could deal many of these funds another setback.

The House and Senate both have passed versions of a bill that could limit the use of a key pension-accounting benefit. The legislation would affect dozens of companies in the automotive, aerospace and basic-materials industries.

At issue are credit balances, which companies accumulate by putting more money into a plan than required in a given year to meet obligations to retirees.

Stashing extra money sounds like the very model of corporate responsibility. But the accounting associated with this practice can create big problems: Pension-plan administrators are allowed to use an assumed rate of interest -- a rate that may differ from the actual return. Securities filings show that a number of companies are assuming rates of return on their credit balances that are well above what is currently available in stocks and bonds.

The upshot is that a pension plan can technically be considered flush when it is in shortfall.

For example, UAL Corp., operator of United Airlines, relied on credit balances from 1996 to 2004 to meet its annual contributions to a pilots' pension. When the airline slid into bankruptcy, however, it turned out that the program was really underfunded by $3 billion.

The debate about credit balances is separate from the larger brouhaha over the assumptions that companies make about their overall pensions and the impact on earnings. For years, companies have been able to use estimates when calculating the returns on the overall plans. Many have used historical rates of return of about 10% even in years when the stock market was falling. That has often resulted in "overfunded" pensions that in turn allowed companies to lower their annual pension expense and thus increase net income.

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President Bush and other critics of pension accounting see the rules for credit balances as a growing threat, and some limits on their use seem certain to be in a final bill that could emerge from a conference committee before Congress's July 4 recess, according to leaders of both houses.

"Companies that built large credit balances can grow and sustain them at an assumed interest rate chosen by the plan actuary, regardless of how the plan assets have performed," says Greg Kelly, a government-affairs analyst at Susquehanna Financial in Bala Cynwyd, Pa. "We believe Congress is going to limit their use."

Mr. Kelly says Congress is considering compelling companies to contribute to their pensions whenever they fall below 80% funded, at which point they would face strict limits on use of credit balances in their funding calculations.

Credit balances reside inside the pension plan itself, not on the company balance sheet, so the balances are often invisible to investors. The only place companies regularly disclose the amount of credit balances is on pension-plan filings made with the Internal Revenue Service.

Big companies continue to rely on credit balances. General Motors Corp. won't make a cash contribution to the pension plan for its U.S. hourly workers this year, drawing instead on its credit balance of more than $50 billion. GM says its domestic pension plans are well-funded, but that isn't the case for every company that relies on credit balances. * * *

BIG BOARD GORED: Shares of U.S. stock-exchange operators took a beating yesterday, leading some investors and strategists to wonder if NYSE Group Inc.'s mostly share-based deal to merge with Euronext NV will need to be sweetened.

Shares in NYSE Group, the owner of the New York Stock Exchange, fell $4.53 or 7.9%, to $52.62, a 4½-month low that takes the Big Board operator's ticker below where it was when the exchange merged with Archipelago Holdings Inc. to become a public company.

Other exchange stocks also fell, but the plunge in NYSE Group's stock has implications for what would be a historic merger to create the first trans-Atlantic stock exchange. Euronext operates equity exchanges in European cities and a bustling derivatives marketplace in London.

When the deal was unveiled June 2, the NYSE's rising stock implied a slight premium to Euronext's market value at the time.

Big Board shares are off 18% since then, while Euronext shares have shed only 2% over the same period, implying a price for Euronext about €4 ($5.05) share below the company's current value.

The NYSE's stock is suffering with the broader U.S. market, but stocks of merger partners typically move in tandem when investors are certain a deal is likely to be completed.

CRIMINAL LAW:

Gang Activity Cited For Jump In U.S. Homicides (USAT)

By Kevin Johnson

USA Today, June 13, 2006

WASHINGTON — The nation's violent-crime rate increased in 2005 for the first time in five years, the FBI said Monday in a report that reflected in part what crime analysts say is a resurgence in gang activity, particularly in the Midwest.

READ THE REPORT: Full data on spike

Of the four crime categories that make up the FBI's violent-crime index — murder, rape, robbery and aggravated assault — only rape declined in the national figures.

In some cities, the increase in violence has led to crime rates that are in line with those posted in the years before the historically low rates that began in the mid-1990s.

The reported jump in homicides — nearly 5% nationwide — was the largest annual increase in the past 15 years. Some of the biggest increases were in Milwaukee, Oklahoma City, Omaha, St. Louis and other Midwestern cities.

Oklahoma City police cited fighting among rival gangs as a major factor in the jump in homicides there, from 39 in 2004 to 54 last year. As a result, police Sgt. Paco Balderrama says, the department is beefing up its anti-gang units: "We're working gangs every night."

Gangs from the East and West coasts "are branching out to smaller cities, where there is still money to be made and turf to be ruled," says James Alan Fox, criminal justice professor at Northeastern University in Boston.

In Omaha, homicides jumped from 20 in 2004 to 31 in 2005. Police Chief Thomas Warren said the city averaged 30-32 homicides a year before a low point in 2004. Despite the rise in homicides, the city recorded an overall decline in violent crime in 2005, a development Warren attributes to the city's aggressive stance against the "ongoing and persistent problem" with criminal gangs.

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The FBI report also is renewing the debate over whether the U.S. government's dropping of an ambitious police-hiring program — along with many law enforcement agencies' new emphasis on preventing terrorism — have made crime prevention more difficult.

"This should be a loud wake-up call for the country to get back to doing what worked in the 1990s," Fox says. "When you look back at the 1990s, we were expanding police forces and pouring more money into after-school programs. Now, we're seeing just the reverse."

Fox was referring in part to the Bush administration's phasing out of a Clinton-era program aimed at putting 100,000 new cops on U.S. streets. Police chiefs nationwide have called for renewing the program to offset local cutbacks.

Despite the popularity of the Community Oriented Policing Services program among police and crime analysts, a USA TODAY review of the program last year found little evidence that it was a big factor in reducing crime.

Justice Department officials cautioned against reading too much into the FBI report. "The crime rate is so low in some communities that relatively modest increases can result in what appear to be fairly stark increases," says Richard Hertling, deputy assistant attorney general for the Office of Legal Policy.

Violent Crime Rises In U.S. (WP)

By Dan Eggen

The Washington Post, June 13, 2006

Violent crime in 2005 increased at the highest rate in 15 years, driven in large part by a surge of killings and other attacks in many Midwestern cities, the FBI reported yesterday.

The FBI's preliminary annual crime report showed an overall jump of 2.5 percent for violent offenses, including increases in homicide, robbery and assault. It was the first rise of any note since 2001, and rape was the only category in which the number of crimes declined.

In the District, a 14.6 percent jump in the number of robberies caused a 5 percent rise in overall violent crime, more than offsetting a drop in the number of homicides, rapes and assaults. The decrease was particularly dramatic for rapes, which were down 24 percent.

In Baltimore, violent crime dropped about 3.6 percent overall, with decreases in all categories. The city of Alexandria reported a 22 percent increase in violent crime, although the total number of offenses -- 462 -- remained small. The FBI's preliminary report does not include breakdowns for many large suburban jurisdictions, such as Fairfax, Montgomery and Prince George's counties.

The rise in violent offenses nationally represents the largest overall crime increase since 1991. Violent crime peaked in 1992, before beginning to plummet to its lowest levels in three decades.

Overall property crime -- including burglary, theft and arson -- decreased 1.6 percent from 2004.

Criminal justice experts said there were a number of possible explanations for the increase, including an influx of gangs into medium-size cities and a predicted surge in the number of inmates released from U.S. prisons. The jump could also represent a lingering effect of the Sept. 11, 2001, attacks, some experts said, because governments at all levels have diverted resources away from traditional crime fighting in favor of anti-terrorism and homeland security programs.

"One possibility for the rise overall that we will want to watch is whether the shifting of law enforcement priorities to various kinds of homeland security duties accounts for any of this," said David A. Harris, a University of Toledo law professor who studies homeland security and criminal justice issues.

James Alan Fox, a criminal justice professor at Northeastern University in Boston, said the increase should serve as a "wake-up call in Washington." Lawmakers and the Bush administration have cut back many law enforcement programs popular during the 1990s.

"We have to worry about not just homeland security but also hometown security," Fox said. "High-crime areas have been relatively ignored over the last five years so we can deploy officers to fight terrorism."

Justice Department officials in Washington urged caution in interpreting crime statistics from a single year and noted that the crime rate -- measured on a per-capita basis and not reflected in yesterday's FBI report -- is still low by historical standards.

Richard A. Hertling, a principal deputy assistant attorney general, said the FBI statistics are "a yellow flag" but do not represent a trend, in part because the numbers are preliminary and do not include full reports from all jurisdictions.

"We don't think these numbers are terribly useful for helping to figure out what is happening on a national level," Hertling said. "That being said, they can be very useful for individual communities to see what their record is and what needs attention."

Attorney General Alberto R. Gonzales and other Justice officials have frequently cited record-low crime rates as evidence of success. Gonzales also has unveiled programs focused on combating gangs and gun crime in many urban areas.

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The FBI statistics are taken from reports submitted by more than 12,000 police departments and other law enforcement agencies nationwide. A final report, including more detailed statistics and reports from a larger number of police agencies, will be issued in the fall. Government officials and criminal justice experts said trends in the FBI's final reports usually do not differ widely from conclusions in the preliminary studies.

Cities with more than 1 million residents were the only FBI population category to show a decline in violent crime, though some individual large cities -- such as Phoenix and Houston -- posted increases. Crime reports fell again in New York.

The trend was different for smaller to medium-size cities, which experienced marked increases in most categories of violent crime.

Among violent crimes, the biggest rise in 2005 came in the number of homicides, which leapt 4.8 percent, to nearly 17,000. Some of the hardest-hit cities included Milwaukee (up 40 percent), Cleveland (38 percent), Houston (23 percent) and Phoenix (9 percent).

On a regional basis, the increase disproportionately hit the Midwest. Total violent crime reports there surged 5.7 percent -- at least three times the rate in the Northeast, South or West.

The District's 5 percent increase in violent crime was due to a jump in the number of reported robberies, which rose from 3,057 in 2004 to 3,502 in 2005.

D.C. Police Chief Charles H. Ramsey said the upward trend for robberies appears to be continuing in 2006, particularly among juveniles. Street officers say that more juveniles are holding up people and that they are more often using guns, Ramsey said.

"Four out of every 10 people arrested for robbery this year have been juveniles," Ramsey said. "That's a heck a lot of it right there, that juvenile crime is up."

In Baltimore, reports of violent crime dropped from 2004 by about 3.6 percent, to 11,248 incidents. That nearly returned the city to its 2003 level of 11,183.

Baltimore Police Commissioner Leonard Hamm said he is cautiously pleased with the drop in crime in the city, which has a reputation for violent, drug-filled street corners in some neighborhoods. "We're not having a party yet," Hamm said. "We still have a lot of work to do."

Violent Crime Up For 1st Time In 5 Years (WP)

By Mark Sherman

The Washington Post, June 13, 2006

WASHINGTON -- Murders, robberies and aggravated assaults in the United States increased last year, spurring an overall rise in violent crime for the first time since 2001, according to FBI data.

Murders rose 4.8 percent, meaning there were more than 16,900 victims in 2005. That would be the most since 1998 and the largest percentage increase in 15 years.

Murders jumped from 272 to 334 in Houston, a 23 percent spike; from 330 to 377 in Philadelphia, a 14 percent rise; and from 131 to 144 in Las Vegas, a 10 percent increase.

Despite the national numbers, Detroit, Los Angeles and New York were among several large cities that saw the number of murders drop.

The overall increase in violent crime was modest, 2.5 percent, which equates to more than 1.4 million crimes. Nevertheless, that was the largest percentage increase since 1991.

The FBI data, compiled from reports by more than 12,000 law enforcement agencies, does not contain overall crime numbers in any category nor does it offer any explanation for the changes. The FBI's final annual crime report comes out in the fall.

Criminal justice experts said the statistics reflect the nation's complacency in fighting crime, a product of dramatic declines in the 1990s and the abandonment of effective programs that emphasized prevention, putting more police officers on the street and controlling the spread of guns.

"We see that budgets for policing are being slashed and the federal government has gotten out of that business," said James Alan Fox, a criminal justice professor at Northeastern University in Boston. "Funding for prevention at the federal level and many localities are down and the (National Rifle Association) has renewed strength."

Still, Fox said, "We're still far better off than we were during the double-digit crime inflation we saw in the 1970s."

Robberies were up 4.5 percent and aggravated assaults 1.9 percent, according to preliminary data. Alone among violent crime categories, the number of rapes fell 1.9 percent.

Violent crimes peaked at 1.9 million in 1992 and fell steadily through the end of that decade. The number has been relatively stable for the past six years.

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Crime last year increased in all regions, although the 5.7 percent rise in the Midwest was at least three times any other region's. These states make up the Midwest: Illinois, Indiana, Iowa, Kansas, Michigan, Minnesota, Missouri, Nebraska, North Dakota, Ohio, South Dakota and Wisconsin.

Fox cautioned against reading too much into year-to-year changes in individual cities, saying some differences result from random variation and marked swings the previous year. Also, some large statistical increases result from some small numerical changes.

In Hartford, Conn. for example, murders jumped more than 50 percent, from 16 to 25.

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On the Net:

FBI: http://www.fbi.gov/

Violent Crime Rose In '05, With Murders Up By 4.8% (NYT)

By Maria Newman

The New York Times, June 13, 2006

Violent crime increased in the United States for the first time in four years, up 2.5 percent in 2005 from the year before, with the biggest increases in murder coming in medium-size cities and in the Midwest.

A preliminary 2005 crime report issued yesterday by the Federal Bureau of Investigation shows that the total number of murders in the country went up 4.8 percent from the year before. St. Louis, Houston, Philadelphia and Milwaukee saw an increase in murders, while other cities including New York, Los Angeles and Miami saw a drop.

Among violent crimes, the only decrease was in rapes, which fell 1.9 percent. Robberies increased over all by 4.5 percent.

Cities with populations of more than 500,000 had the biggest rise in violent crime, 8.3 percent. In the Midwest, violent crimes increased by 5.7 percent.

The data are considered preliminary until the final statistics are released in October.

The increases in violent crime over all come after years of crime reduction efforts all over the country in the 1990's that are credited with lowering crime rates almost everywhere, especially in the larger urban areas. Law enforcement officials and other experts on crime cautioned that this latest report did not necessarily mean crime would start to run rampant again.

James Alan Fox, a professor of criminal justice at Northeastern University, said that after the sharp decreases during the 1990's, the crime rate over all from 2000 to 2004 was "essentially flat."

"We squeezed all the air out of the balloon after having seven good years of crime decline," Mr. Fox said. "That ended when the 1990's ended. Now the challenge isn't so much to make the crime rate go down more, because that's not necessarily realistic, but the challenge is to make sure that the small blip doesn't become a big one."

Mr. Fox pointed out that some of the cities where murders rose in 2005 had seen small fluctuations in recent years.

Houston, for example, which reported 334 murders in 2005, had 272 in 2004 and 278 the year before.

In Memphis, there were 136 murders in 2005, 107 in 2004 and 126 in 2003.

"I don't think we'd be too obsessed with the day-to-day changes in the stock market," Mr. Fox said.

The 2005 figures are not necessarily the beginning of a trend upward for everyone, he said, but "the potential does exist."

The annual F.B.I. report is drawn from numbers gathered by state and local law enforcement agencies. They measure four violent offenses (murder, rape, robbery and aggravated assault) and four property crimes (burglary, larceny, auto theft and arson). The report does not measure drug crimes.

The report showed that cities with populations of 100,000 to 249,999 had the greatest increase in murders, up 12.5 percent. Cities with 500,000 to 999,999 inhabitants had the greatest increases in both robbery, 9.9 percent, and aggravated assault, 8.5 percent. The number of rapes fell in all city population groups except in those cities with fewer than 10,000 residents; there, the number of rapes was up 1.5 percent from the 2004 level.

Alfred Blumstein, a criminologist at Carnegie Mellon University in Pittsburgh, said an increase in crime in the last couple of years in some places could be a result of police efforts' being diverted to fighting terrorism, budget cuts that have reduced social services and prisons, and fewer job opportunities for young people in poorer communities.

"I want to be careful to not overstate a one-year trend as the start of something much bigger, because it could well go in the other direction next year," Mr. Blumstein said. "In places that had a good rise in crime, the chances are good that they could see a good fall next year as they pay more attention to the issue."

Murder Rate Up In Small US Cities (FT)

By Stephanie Kirchgaessner

Financial Times, June 13, 2006

DOJ_NMG_0033381

Small cities in the US saw a surge in murders last year, contributing to the first overall increase in violent crime in the US since 2001, according to preliminary data released by the Federal Bureau of Investigation on Monday.

While the largest cities in the US – including New York and Los Angeles – saw an overall decline of 0.4 per cent in violent crime in 2005 and a 0.5 per cent increase in murder, cities with populations of between 50,000 and 250,000 saw a more than 12 per cent jump in the number of murders. Violent crime in cities with populations ranging from 500,000 to 1m increased 8.3 per cent.

"Smaller cities are getting substantially more dangerous – that is very significant. What we are seeing in smaller jurisdictions across the country is that they are now dealing with the drug market, gangs and street violence issues that you used to only see in big cities," said David Kennedy, director of the centre for crime prevention and control at John Jay College of Criminal Justice in Manhattan.

Justice Department officials on Monday said it was too soon to attribute the increases to a wider trend in violent crime and that it was too early to determine the cause of the spikes, although they acknowledged that the migration of gang activity from large to smaller cities was a possibility. The figures could also reflect the impact former prison inmates have on crime rates when they return to their communities, officials said.

Richard Hertling, deputy assistant attorney-general for legal policy, said it was unclear whether a 23 per cent increase in the number of murders that was reported in Houston, Texas, was linked to the influx of people into the city after Hurricane Katrina, when the city opened its doors to victims of the natural disaster, or whether the increase was something that "played out" over the course of the year.

Officials at the Justice Department warned against taking the figures out of context. A steady decline in violent crime over the past 15 years due to tough law enforcement meant that any increase would appear to be "fairly stark".

U.S. Violent Crime Rises At Pace Unseen In 10 Years (NPR)

By Laura Sullivan

NPR's All Things Considered, June 13, 2006

Preliminary figures for 2005 indicate a 2.5 percent increase in the number of violent crimes compared with 2004. Click to see previous years' figures.

The nation's four regions all saw increases in violent crime in 2005. The Midwest experienced the steepest jump, 5.7 percent.

All Things Considered, June 12, 2006 · Violent crime across the nation is up. For the first time since 2001, there are more murders, rapes and assaults, according to the FBI.

But violent crime didn't just rise last year. According to the numbers, it jumped 2.5 percent. That's the biggest increase since 1991, when the country was battling gangs and the crack epidemic.

According to the report, cities with less than a quarter-million people had the largest increases -- homicides alone were up 12 percent last year.

Criminologist speculate that there are several reasons for the rise in violent crime: cutbacks in federal law enforcement grants, a focus on terrorism, a nationwide resurgence in gang activity and signs of increasing youth violence as children born in the 1990s become teenagers.

Justice Department officials say crime-fighting has been a priority of the Bush administration for the past six years and point to millions of dollars the Justice Department has spent on anti-gang initiatives and community programs such as Project Safe Neighborhoods.

The report wasn't all bad. Some of the nation's largest cities, including Los Angeles and New York, continue to show a drop in violent crime. The complete report will be released this fall.

Crime Drops In L.A., Rises Nationally (LAT)

By Joel Havemann

The Los Angeles Times, June 13, 2006

WASHINGTON — Violent crime, on the downswing for three years, skipped back up by 2.5% nationally last year but declined in most categories in Los Angeles, the FBI reported today.

Los Angeles had fewer murders, forcible rapes and robberies in 2005 than 2004, the FBI said. But because figures in 2005 for the fourth category of violent crime — aggravated assault — were not yet available, the FBI could not be sure that violent crime as a whole declined.

DOJ_NMG_0033382

Among other Southern California cities with more than 100,000 people, violent crime also fell in Burbank, Downey, El Monte, Fontana, Fullerton, Long Beach, Moreno Valley, Norwalk, Oceanside, Ontario, Orange, Rialto, San Bernardino, San Diego, Santa Ana, Simi Valley, South Gate and West Covina.

But it rose in Anaheim, Chula Vista, Corona, Costa Mesa, Escondido, Garden Grove. Glendale, Huntington Beach, Inglewood, Irvine, Lancaster, Oxnard, Palmdale, Pasadena, Pomona, Rancho Cucamonga, Riverside, Santa Clarita, Thousand Oaks, Torrance and Ventura.

Although violent crime rose nationally in 2005, crime against property fell by 1.6%, the third consecutive year of declines in this category. In Los Angeles, crime against property fell by 6.3%.

Among categories of violent crime, Los Angeles registered declines in murders (from 518 in 2004 to 489 last year), forcible rapes (1,131 to 1,105) and robberies (14,181 to 13,797).

Only New York, with 539, registered more murders. In the category of robberies, Los Angeles trailed both New York and Chicago.

In property crimes, Houston crept ahead of Los Angeles last year, leaving Los Angeles fourth behind also New York and Chicago. The FBI counted 117,285 cases of property crime in Los Angeles in 2005, down from 125,200 in 2004.

But the FBI figures showed Los Angeles to be the arson capital of the United States. Its 2,229 reported cases of arson, up from 1,926 in 2004, led the nation, although the FBI did not have complete figures for New York for either 2004 or 2005.

Violent Crime Increases In U.S. (WT)

By Jerry Seper And Matt Cella

The Washington Times, June 13, 2006

Violent crime in the United States increased last year for the first time in five years, led by murders with 16,900 victims or more than 46 a day -- the most since 1998 and the largest percentage increase in reported homicides in 15 years, says the FBI.

The FBI's Preliminary Annual Uniform Crime Report for 2005, released yesterday, said the number of murders and non-negligent manslaughters rose by 4.8 percent, while robberies increased by 4.5 percent and aggravated assaults were up 1.9 percent.

The number of murders dropped in Washington from 198 in 2004 to 195 last year, in Baltimore from 276 to 269 and in Richmond from 93 to 84, but rose in Alexandria from 2 to 3.

Among the nation's largest cities -- those with populations greater than 1 million -- Atlanta, Dallas, Denver, Detroit, Los Angeles and New York were among those that experienced declines in number of murders.

New York, with 8.1 million residents, ranked last among the nation's 10 largest cities with 2,680 crimes committed per 100,000 residents. Dallas, with a population of 1.21 million, ranked as the most dangerous, with 8,496 crimes per 100,000 residents.

According to the FBI report, forcible rape was the only offense among the four violent crimes -- murder, rape, robbery and assault -- that decreased in volume in 2005, down 1.9 percent from 2004. The report said the overall number of violent-crime offenses rose 2.5 percent.

The report also said the number of reported property crime decreased by 1.6 percent over 2004, including incidences of burglary, larceny-theft and motor vehicle theft. For 2005, it said, the number of larceny-theft offenses was down 2.5 percent, and motor-vehicle thefts showed no significant change from the previous year. But the number of reported incidents of burglary rose by 0.6 percent, the report said.

The FBI based the report on numbers collected by 12,485 law-enforcement agencies nationwide.

According to the report:

· All city population groups experienced increases in violent crime when compared with data reported for the previous year, with the exception of the nation's largest cities with more than 1 million in population, where the number of violent crimes was down 0.4 percent.

·Cities with populations from 500,000 to 999,999 saw the greatest increase in violent crime, a rise of 8.3 percent. Cities with populations of 10,000 to 24,999 saw the smallest increase at 0.5 percent.

·In the nation's metropolitan counties, violent crime was up 2.1 percent, and in nonmetropolitan counties, it increased by 1 percent.

According to the FBI report, the nation's four regions all saw increases in violent crime in 2005. The Midwest experienced the steepest increase at 5.7 percent; the West climbed 1.9 percent over 2004; the South by 1.8 percent; and the Northeast by 1.4 percent. The report said all four regions had increases in murder, robbery and aggravated assault, and contrary to the other three violent-crime offenses, the number of forcible rapes declined in each region.

DOJ_NMG_0033383

FBI: Violent Crime Up Last Year In U.S. (UPI/UPI)

United Press International, June 13, 2006

WASHINGTON, June 12 (UPI) -- The number of violent crimes reported in the United States rose 2.5 percent last year with the number of homicides up almost 5 percent.

Almost 17,000 homicides were reported, the FBI said. The number of property crimes dropped 1.6 percent.

Violent crime dipped slightly in the largest cities, those with a population of 1 million or more, the FBI said in its Preliminary Annual Uniform Crime Report for 2005. There were increases in all other categories of cities with the biggest, 8.3 percent, in those with a population between 500,000 and 999,999.

Violent crime dropped sharply in the late 1990s and had remained flat since 2001. One expert suggested that the increase last year could be partly the result of the long sentences that became common in the 1980s as well as a consequence of demographic shifts.

"There is an 'echo boom,' with an increasing number of late adolescents, particularly blacks and Latinos," James Fox, a criminal justice expert at Northeastern University, told CNN. "Also, more people incarcerated in the '80s are now being released to their neighborhoods, and some are back to their old ways and old gangs."

FBI: Violent Crime Up In Majority Of NJ's Biggest Cities (NSDY/AP)

By Donna De La Cruz, Associated Press Writer

Long Island Newsday, June 13, 2006

WASHINGTON -- Murders, rapes, robberies and other violent crimes measured by the FBI rose in the majority of New Jersey's six largest cities in 2005, according to FBI statistics released Monday.

The FBI measures statistics in cities with a population of 100,000 or more.

Jersey City saw increases in all of its violent crime indexes, except for forcible rape. The murder rate increased 65.2 percent with 38 murders in 2005 compared with 23 in 2004.

Beside Jersey City, the cities whose statistics were released were Newark, Paterson, Woodbridge Township, Edison Township and Elizabeth. The violent crimes measured were murder, forcible rape, robbery, aggravated assault, property crime, burglary, larceny theft, motor vehicle theft and arson.

Of the six cities, Jersey City's statistics were the worst, Woodbridge's the best.

Newark, the state's largest city, saw its overall violent crime index decline, with decreases in robberies, property crimes, burglaries, larceny thefts and motor vehicle thefts. But the murder rate increased 15.5 percent with 97 murders in 2005, compared to 84 in 2004, and forcible rapes were up 13.7 percent.

The FBI data, compiled from reports by more than 12,000 law enforcement agencies, does not contain overall crime numbers in any category nor does it offer any explanation for the changes. The FBI's final annual crime report comes out in the fall.

Criminal justice experts said the statistics reflect the nation's complacency in fighting crime, a product of dramatic declines in the 1990s and the abandonment of effective programs that emphasized prevention, putting more police officers on the street and controlling the spread of guns.

In New Jersey, Michael Wagers, executive director of the Police Institute at Rutgers-Newark, attributed the bulk of violence to the availability of guns.

"Nine out of 10 homicides in Newark were committed with a gun, compared with the national average of 6 or 7 homicides," Wagers said. "It's alarming to see a number of cities in New Jersey see an uptick in violent crime."

Overall violent crime increased in Paterson, Edison and Elizabeth. Paterson and Elizabeth also saw their murder rates and forcible rapes increase.

Edison had no murders in 2005, compared to two in 2004. The city also saw a decline in its forcible rapes _ 6 in 2005 and 7 in 2004. But an increase in robberies, aggravated assaults, burglaries and arsons increased the city's overall violent crimes total.

Woodbridge had the best statistics with its overall violent crime totals down. The city had two murders last year compared with four in 2004, and decreased property crimes, aggravated assaults, burglaries and arsons. But forcible rapes and robberies were way up _ the city saw a 70 percent increase in rapes with 17 in 2005 compared to 10 in 2004, and a 40 percent increase in robberies with 81 in 2005, compared to 58 in 2004.

Violent Crime Rises In U.S., But S. Florida Fares Better (MH)

By Michael Vasquez And Wanda J. Demarzo

The Miami Herald, June 13, 2006

DOJ_NMG_0033384

The number of murders, robberies and aggravated assaults rose nationally in 2005 -- triggering the first overall jump in U.S. violent crime since 2001, according to preliminary annual crime statistics released by the FBI on Monday.

But FBI data for South Florida's biggest cities told a different story: In six out of eight cities, violent crime was down.

In the city of Miami, for example, the number of murders dropped from 69 to 54 (nearly 22 percent) from 2004 to 2005, even as they increased nationally by 4.8 percent -- the largest jump in 15 years.

"We've obviously been very aggressive," Miami Police Chief John Timoney said. ``The whole idea of crime and quality of life has been our number one priority here."

Regarding the higher crime figures in other parts of the country, Timoney called it "cause for concern" but urged caution in analyzing the data.

"There's never any one answer to these things, and you shouldn't base conclusions on one year or two," Timoney said.

Criminal justice experts said the statistics reflect the nation's complacency in fighting crime, a product of dramatic declines in the 1990s and the abandonment of effective programs that emphasized prevention, putting more police officers on the street and controlling the spread of guns.

"We see that budgets for policing are being slashed and the federal government has gotten out of that business," said James Alan Fox, a criminal justice professor at Northeastern University in Boston. ``Funding for prevention at the federal level and many localities are down and the [National Rifle Association] has renewed strength."

Still, Fox said, ``We're still far better off than we were during the double-digit crime inflation we saw in the 1970s."

Hialeah Police Chief Rolando Bolaños said his department is anything but complacent, and in fact earlier this year launched a 13-member Community Response Team to target high-crime areas. Hialeah's crime numbers were mostly down for 2005, but Bolaños said good police work didn't deserve all the credit -- South Florida has some other advantages.

"To a great extent crime is a function of economics," Bolaños said. ``South Florida, in comparison to other regions of the country, we are doing far better economically."

But 2005 wasn't all good news for local police departments. Fort Lauderdale's violent crime totals inched up about 3 percent, to 1,470. Miramar's went up nearly 5 percent, and that southwest Broward city had three murders in 2005 -- up from two the year before.

After one murder in 2004, Pembroke Pines recorded six in 2005. But three of those homicides occurred during one incident, according to Pembroke Pines spokesman Cmdr. Dave Golt.

On Jan. 30, 2005, Golt said, Adolph Jones, 58, attempted suicide within a day of killing his wife and two stepdaughters. Jones, who was charged with the three homicides, has not been tried for the killings after a Broward Circuit Judge ruled him incompetent to stand trial.

"We did see a slight increase in burglaries and larcenies, thefts, but oddly the number of car thefts we saw bucked the national trend and we were actually lower in 2005 than in the previous year," Golt said.

Miami-Dade police, meanwhile, have coped with a string of homicides in unincorporated parts of the county during the first half of 2006, some apparently gang-related. Up-to-date homicide numbers from the Miami-Dade County police force were not immediately available Monday.

The FBI's preliminary report listed cities larger than 100,000 in population but did not provide county-by-county breakdowns.

It was based on data provided by local law enforcement agencies.

This report was supplemented with material from The Associated Press.

Rapes Increase In Dayton, FBI Report Says (DDN)

By Kelli Wynn, Staff Writer

Dayton Daily News, June 13, 2006

City bucks national trend with decrease in other types of violent crimes.

DAYTON — All violent crimes in the city fell last year except rape, according to the FBI's 2005 preliminary Annual Uniform Crime Report.

Rapes in Dayton increased to 140 in 2005 from 127 in 2004, according to the report, which focused on cities with populations of 100,000 or more.

"As far as having somebody walking down the street being abducted, thrown in the bushes and raped, that's not what is driving these statistics," said Dayton Police Lt. John Huber. In most of the city's rapes, the victims know their attackers, he said.

Huber said when police turned in their information to the state they reported 33 homicides in 2004 and 32 homicides in 2005, but the FBI listed 32 for both years.

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Huber said he didn't know how the mistake occurred. No one at the FBI national press office could be reached for comment.

Nationally, homicides increased 4.8 percent, robberies increased 4.5 percent and aggravated assaults increased 1.9 percent. Rape was the only offense that decreased in 2005, down 1.9 percent from 2004, the FBI said.

The Midwest experienced a 5.7 percent increase in violent crimes, compared with 1.9 percent in the West, 1.8 percent in the South, and 1.4 percent in the Northeast.

Indy Crime Rate Mirrors Midwest Increases (WRTV-TV)

WRTV-TV, June 13, 2006

INDIANAPOLIS -- Murders, robberies and aggravated assaults in the United States increased last year, leading to an overall rise in violent crime for the first time since 2001, according to figures released by the FBI on Monday.

In Indianapolis, there were 7,948 violent crimes reported in 2005, up almost 900 from 2004.

The number of murders in Indy actually declined slightly, from 109 murders in 2004 to 108 in 2005, but other crimes were up substantially.

Here's a year-to-year breakdown of other crimes:

The number of reported rapes climbed from 479 in 2004 to 527 in 2005.

The number of reported robberies jumped from 2,763 in 2004 to 3,274 in 2005.

Aggravated assault reports increased from 3,716 in 2004 to 4,039 in 2005.

Reported property crimes increased by more than 3,000, from 46,998 to 50,081 from 2004 to 2005.

Burglaries climbed from 10,920 in 2004 to 11,548 in 2005.

Larceny and theft reports jumped from 28,364 in 2004 to 29,541 in 2005.

Reported motor-vehicle thefts increased significantly from 7,714 in 2004 to 8,992 in 2005.

The number of arsons declined from 441 in 2004 to 374 in 2005.

Indianapolis' crime trend climb mirrors that of other Midwest communities.

The nation's four regions all saw increases in violent crime in 2005. The Midwest experienced the steepest increase, 5.7 percent.

However Tallied, Minneapolis Crime Is Up (MINNST)

By Greg Gordon, David Chanen And Howie Padilla, Star Tribune

Minneapolis Star Tribune, June 13, 2006

Police data show violent crime rose 15 percent last year, but it still doesn't approach the levels of the mid-1990s.

The FBI released data Monday indicating that violent crime surged 35.5 percent in Minneapolis last year, but the city's Police Department said a computer glitch grossly exaggerated what was actually a 15 percent jump from 2004.

A 15 percent increase is still six times the 2.5 percent national rise in murders, rapes, robberies and aggravated assaults in 2005, figures disclosed in preliminary data from the FBI's Uniform Crime Report. Still, the volume of violent crime in Minneapolis is about 30 percent below levels in the mid-1990s, when the number of annual murders nearly hit triple digits.

The nationwide increase in violent crime reversed a five-year downward trend, but these crimes are more than 25 percent below the numbers reported in 1992, the start of a years-long decline.

On the downside, violent crime in Minneapolis has increased in every year since 2001. And the data come as the city has grappled with two high-profile homicides in the Downtown and Uptown areas, spreading anxiety among some residents and leaders.

Alfred Blumstein, a Carnegie Mellon University professor who specializes in criminology, said the data "raise a concern about whether we're seeing a turn up in the crime rate," but it's too early to draw meaningful conclusions.

Blumstein said crime increases could be fueled by cutbacks in social services, a diversion of police to fighting terrorism, reductions in police manpower, declining job opportunities for teenagers and the release of 600,000 convicts from prison this year.

The FBI report relies on data reported by 12,000 law enforcement agencies.

A 35.5 percent increase in violent crime in Minneapolis would have marked the biggest rise among U.S. cities with populations in the range of 350,000 to 400,000. Interim Police Chief Tim Dolan attributed that error to a tight FBI reporting deadline that did not leave time for a department analyst to cross-check the data.

"Obviously we had some sort of computer glitch when we ran the numbers, and we are working to correct that," Dolan said. "Unfortunately, we made a mistake."

DOJ_NMG_0033386

The Police Department said the surge in violent crime in Minneapolis resulted largely from a 15 percent rise in robberies and a 19 percent jump in aggravated assaults. No raw numbers were made public.

Murders fall in Minneapolis

Minneapolis' single bright spot in the report was an 11.3 percent drop in murders, from 53 in 2004 to 47 last year, while law enforcement agencies across the country reported an average 4.8 percent rise, to a total of more than 16,900 homicide victims.

Murders rose 76 percent in Birmingham, Ala., 51 percent in St. Louis, 42 percent in Kansas City, Mo., and about 40 percent in Milwaukee.

Despite a national property crime decrease of 1.6 percent, the FBI reported that Minneapolis property crime surged by 11.9 percent over 2004, including an 18 percent rise in burglaries. It was unclear whether the department will seek to revise those figures as well.

An FBI spokeswoman said she expects the bureau to accept Minneapolis' revisions.

Minneapolis' surge helped drive up violent crime in the Midwest by 5.7 percent, the steepest increase of any region. Several other Midwestern cities also reported sizable increases in violent offenses: Milwaukee's incidence rose by 32.5 percent and Detroit's by 31.6 percent.

Robberies rose by 4.5 percent nationally and aggravated assaults increased by 1.9 percent, but the number of rapes declined by 1.9 percent.

The scene in St. Paul

In contrast, violent crime in St. Paul in 2005 rose by a modest 1.5 percent, though the number of murders increased 20 percent, from 20 to 24. Property crimes in St. Paul were 5 percent above 2004.

St. Paul Police Chief John Harrington said that he learned a long time ago not to get too caught up in the numbers. He was taught, he said, that someone willing to take too much credit in the good times will have to take blame when the numbers aren't favorable.

"The community's sense of their well-being and their safety is probably a better indicator of how safe a city is," Harrington said.

St. Paul Council Member Dan Bostrom, a former police officer, said he's confident that Minneapolis officials are addressing the crime issues and worries that St. Paul could pay for their success.

"People that do these crimes," Bostrom said, "will go where there is the least resistance."

Dolan said comparisons with St. Paul aren't fair, because Minneapolis has more economic disparity and greater problems involving juveniles, with the highest ratio of high school dropouts in the state. Gang members also have become younger and more violent, and gangs have become more fragmented, he said. The resulting unequal access to the drug market has forced more gangs to turn to robbery for revenue, Dolan said.

Centralizing the department's juvenile unit is a key strategy to tackle the youth crimes. Department officials hope the eight-officer unit will increase the number of investigations of juvenile crime, which shrank when the unit disappeared three years ago, Dolan said.

Resources are stretched to the limit, Dolan said, because of funding cuts over the past two years, but he said a bigger factor may be the department's failure to move quickly enough to implement crime-fighting strategies in the past year.

A daily battle on the streets

Police introduced the STOP unit -- a 50-officer team that responds to crime hot spots around the city -- last year to combat violent crime and move officers throughout the city as crime necessitated.

Shortly after 8 p.m. Monday, STOP officers Brandon Kitzerow and Jeff Kading responded to a call of "shots fired" on Oliver Avenue N. at the corner of the highly traveled Golden Valley Road.

"He shot me! He shot me!" the man on the ground was yelling, referring to the man sitting on him.

Kitzerow arrested the suspect, and Kading tended to the victim, whose white T-shirt was covered in blood. The officers shooed away kids on bicycles who happened by.

Earlier, two other STOP unit officers patrolled known drug spots and busted a man with marijuana and ticketed a driver with a suspended license.

Staff writer Chao Xiong contributed to this report. Greg Gordon is a correspondent in the Star Tribune Washington Bureau. dchanen@startribune.com · 612-673-4465 hpadilla@startribune.com · 651-298-1551

Violent Crime Jumps In Fort Collins (COLO)

By Coloradoan Staff

The Coloradoan, June 13, 2006

DOJ_NMG_0033387

Violent crime increased dramatically in Fort Collins in 2005, though property crimes decreased, according to FBI crime statistics released today.

Fort Collins police received 4,876 reports of serious crimes in 2005, down 3 percent from the previous year, according to the FBI's Preliminary Uniform Crime Report for 2005.

However, the number of robberies reported to police more than doubled, while the number of aggravated assaults were up by 32 percent. Rapes were down 9 percent.

Overall violent crime – murder, rape, robbery and aggravated assault – was up 23 percent in Fort Collins, the second-highest increase in Colorado behind Westminster among cities with more than 100,000 people, according to the FBI report.

The picture was better in property crime – burglary, larceny-theft and motor vehicle theft – which declined by 5 percent in Fort Collins.

The biggest decrease in crime in Fort Collins was in larceny-theft, down 13 percent. However, auto thefts jumped 67 percent, to 431, according to the report.

Nationally, reported violent crimes increased by 2.5 percent in 2005 over the previous year. Property crimes declined by 1.6 percent, according to the FBI report.

Complete details in Tuesday's Coloradoan.

See the FBI report at http://www.fbi.gov/ucr/2005preliminary/index.htm

Violent Crime Up Across Texas, But Down In Dallas (KTVT-TV)

By Brooke Richie

KTVT-TV, June 13, 2006

(CBS 11 News) DALLAS Violent crime is up across the country and in every large North Texas city - except Dallas. That's according to the FBI's preliminary crime report for 2005. So what are different cities doing in the fight against crime?

Eleven people were shot in downtown Dallas early Saturday morning. There have been 78 murders in the first five months of the year. But violent crime in Dallas is actually plummeting.

"Dallas has been known for several years as having one of the highest crime rates in the nation for a population of a million or a more, but now with the crime rate coming down, it's good," said Dallas Police Department spokesperson Lt. Rick Watson.

Violent crime in Dallas was down nearly 5 percent from 2004 to 2005. Murders were down 19 percent - from 248 in 2004 to 202 in 2005. With Dallas in the national spotlight these days, those numbers may be good for business.

"With the NBA finals here, it makes people feel like they're more secure and safer coming to Dallas," Lt. Watson said.

Officials in other cities say - not so fast. They stress the importance of examining the crime rate per capita. And while Fort Worth and Arlington's crime statistics are up, so are both cities' populations.

"Marginal increases, when you take into consideration that we've added 37,000 people to our population last year alone," said Lt. Dean Sullivan of the Fort Worth Police Department.

Both Fort Worth and Arlington saw increases in their violent crime and murder rates. Arlington's murder rate increased 71 percent, from 14 murders to 24. Both cities say they've taken steps to improve. But even Dallas officials say when it comes to crime - no number is low enough.

Rapes On Decline In Seattle Area (KIRO-TV)

KIRO-TV, June 13, 2006

SEATTLE -- The FBI's latest crime statistics show a drop in rapes in Bellevue, Seattle, and Tacoma, Wash.

As far as other crimes reported in the 2005 FBI Uniform Crime Report, results vary.

Bellevue has seen an increase in murders and aggravated assault but theft and robberies have declined.

Crime in Seattle and Tacoma continues to rise.

Burglaries have dropped by 14 percent in Seattle but that was the only decrease noted among crimes listed in the report.

Violent crime has declined in Tacoma but like the other cities, crimes involving theft and robberies have increased.

Katrina Evacuee Arrested In Killing (NSDY/AP)

By Associated Press, June 12, 2006, 10:06 Pm Edt

Long Island Newsday, June 13, 2006

Ricardo Irvin, 18, told the Houston officers who picked him up from authorities in New Iberia, La., that "he got tired of running from the law" and admitted killing fellow evacuee Gregory Sartain, 19, and wounding another man, police spokesman Alvin Wright said.

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Police said Irvin and Richard Foster, 17, robbed the two men of money they had received from the Federal Emergency Management Agency.

A tip led to Irvin's arrest in Baton Rouge, La., on June 6. He was transferred to New Iberia, where he also is charged in a murder, before being turned over to Houston officers, authorities said.

Foster was arrested in New Orleans on May 15. The men could face the death penalty if convicted of the Houston murder.

Katrina evacuees have been involved in more than two dozen killings, either as suspects or victims, since about 150,000 Louisiana evacuees arrived last September, police said. FBI crime data released Monday showed a 23 percent spike in murders in Houston in the past year.

Washington Wire (WSJ)

Wall Street Journal, June 12, 2006

Libby Defense Team Considers Memory Expert

The defense team for former Vice Presidential Chief of Staff I. Lewis Libby said it is considering calling a memory expert to testify at his trial early next year.

Libby is charged with five counts of lying to federal investigators and the grand jury and obstructing an investigation into whether Bush administration officials wrongfully disclosed the identity of a CIA agent. He has pleaded not guilty.

Attorneys representing Libby have said in court filings that any erroneous statements made to Federal Bureau of Investigation agents or the grand jury were the result of a faulty memory, and not intentional lies. It isn't clear if the federal judge hearing the case would allow such testimony. At a status hearing Monday, Libby's attorneys said they would notify the judge by July 17 if they plan to call such a witness, and the government could then object. – Anne Marie Squeo

Part Of Charge Vs. Ex-Bush Official Tossed (AP-Y2)

By Pete Yost

AP2, June 12, 2006

A judge dismissed part of one criminal charge against a former official in the Bush administration Monday, as the first trial in the Jack Abramoff influence-peddling scandal moved toward a conclusion.

The decision by U.S. District Judge Paul Friedman represented a small courtroom victory for defendant David Safavian, who is accused of five felony charges that he concealed Abramoff's efforts to acquire two pieces of government property.

Safavian was chief of staff at the General Services Administration when he supplied the lobbyist information about government land in Maryland and the Old Post Office, a downtown Washington landmark.

The judge threw out language from the indictment that said Safavian lied by telling a GSA ethics officer Abramoff had no business with the GSA and was not seeking to do business with the agency. There was no evidence during the trial that Safavian ever made such statements to the GSA, Friedman said. The judge left intact the remainder of the count that Safavian concealed his assistance to Abramoff, and deletion of the language was expected to have little substantive impact.

According to testimony, Abramoff used his typically aggressive tactics on an old friend, Safavian, who now faces a lengthy prison term if convicted of covering up his assistance to the influence peddler.

The prosecution and defense were to make final arguments to the jury Monday afternoon.

During the trial, prosecutors depicted the former top procurement official in the government as a liar who improperly capitalized on his position. Defense lawyers described him as an honest public servant who simply confused the details of his dealings with Abramoff.

Toppled from his White House post last year, Safavian's fate is about to be placed in the hands of a jury that has heard a week of testimony about two pieces of government real estate the lobbyist wanted for himself or his clients.

One of them is the Old Post Office, a Washington landmark that Abramoff envisioned as a redevelopment project for his Indian tribal clients.

Safavian, once the chief of staff at the General Services Administration, acknowledged giving advice and some "nonpublic information" to the lobbyist and admitted to some lapses of judgment and memory, while insisting he hadn't intentionally misled GSA and Senate investigators.

Safavian said he told an FBI agent he had advised Abramoff on two GSA properties in the fall of 2002, rather than — as actually happened — in the weeks before he took a luxury-filled golf trip to Scotland that Abramoff arranged in August 2002.

"I was just mistaken about the time frame," Safavian testified last week.

If Safavian is acquitted, the prosecution's decision not to put Abramoff on the witness stand would turn out to have been a mistake by the government.

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A conviction would follow a trial in which the star witness was not a person, but rather hundreds of e-mails in which Abramoff detailed what he wanted and Safavian responded.

Safavian is accused of two counts of obstruction and three counts of making false statements regarding his statements to the GSA's ethics officer, the Inspector General's office at the agency and a Senate committee chaired by Sen. John McCain (news, bio, voting record), R-Ariz. Each count carries a maximum term of five years in prison.

Safavian Case Goes To Jurors (WP)

By Jeffrey H. Birnbaum

The Washington Post, June 13, 2006

The trial of former federal procurement official David H. Safavian went to the jury yesterday, as a prosecutor in closing arguments accused him of lying to federal investigators to conceal the fact that he was "doing Jack Abramoff's bidding."

In response, Safavian's attorney said that the government's case was weak because Abramoff, a disgraced lobbyist who pleaded guilty in January to conspiring to corrupt public officials, did not testify at the three-week trial.

Safavian is the first person to go to trial for Abramoff-related charges, although four others have pleaded guilty to various allegations. Abramoff is cooperating with prosecutors in what has been a spreading Washington scandal.

Federal prosecutor Nathaniel B. Edmonds told the jury in his closing argument that Safavian maintained a "secret, inappropriate and unethical relationship" with Abramoff, his former boss, when Safavian became the deputy chief of staff and then chief of staff of the General Services Administration, the U.S. government's landlord agency.

Abramoff bestowed on Safavian a long list of favors, including a heavily subsidized golfing trip to Scotland and London on a private jet in the summer of 2002, Edmonds said. In exchange, he added, Safavian offered Abramoff "access, he offered connections, he offered power."

In particular, Edmonds said, Safavian arranged high-level meetings at the GSA and gave Abramoff insider information about two valuable properties that the GSA controlled and that the lobbyist coveted: a parcel of land in White Oak and the Old Post Office Pavilion building, on Pennsylvania Avenue between the White House and Capitol Hill.

Abramoff wanted to relocate a Hebrew academy he founded to White Oak, and he hoped to transform the Old Post Office into a five-star hotel.

The two men had a "two-way relationship," Edmonds said. When Safavian had the choice of acting on the public's behalf or helping the private interests of Abramoff, he asserted, Safavian chose Abramoff every time. Safavian is charged with lying about and preventing the government from learning about his aid to Abramoff and the expensive golfing trip that Abramoff bankrolled around the same time.

Edmonds also contended that it was merely a matter of "common sense" that Abramoff had "business before" the GSA and that Safavian was misleading investigators and ethics officers when he told them otherwise from 2002 onward. Neil G. Volz, a onetime lobbyist and former staff member for Rep. Robert W. Ney (R-Ohio), testified during the trial that Abramoff's team considered Safavian one of the "champions" of its causes inside government.

Safavian's attorney Barbara Van Gelder, said there were "many reasons to doubt the government's evidence." In particular, she asked, "Where's Jack?" -- referring to Abramoff. She said many of the e-mails between Abramoff and Safavian discussed during the trial were weakened as evidence because "Jack Abramoff was not here to answer the questions" that might have arisen about them.

Later, after a private conference with the judge and prosecutors, Van Gelder acknowledged that she could have called Abramoff to the stand, as the prosecutors could have, but chose not to.

She portrayed Safavian's omissions of fact to investigators as "innocent errors" that should not be judged as crimes by the jury because he acted "in good faith." Van Gelder characterized Safavian as "open, courteous, trying to do the right thing" and said he answered any question or requests put to him by investigators.

"There isn't a wrongful, depraved, evil bone in his body," she said. She told members of the jury that they could have witnessed that for themselves when Safavian took the stand in his defense last week, an act that she said he did not have to do.

She also said that Safavian did not assist Abramoff in doing business with the GSA because Abramoff did not have any actual business before the agency. He was not a "contractor," she said.

Besides, she asked, "What did David Safavian do for Jack Abramoff? Nothing." She asserted that Safavian did not have the power to grant Abramoff's wishes on either of the properties.

Judge Lets Stand Major Charges Against Ex-Aide (NYT)

By Philip Shenon

The New York Times, June 13, 2006

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WASHINGTON, June 12 — A federal judge on Monday handed a small victory to a former White House aide on trial for lying about his ties to the Republican lobbyist Jack Abramoff, dismissing a specific charge in the indictment.

But other, larger charges against the former aide, David H. Safavian, were left intact for the jury, which is scheduled to begin deliberations on Tuesday in the first trial to result from the influence-peddling scandals centered on Mr. Abramoff.

In closing arguments in the district court here, a federal prosecutor, Nathaniel Edmonds, accused Mr. Safavian of abandoning his responsibilities as a public servant to "act in Jack Abramoff's interests" and of lying repeatedly when questioned by government investigators about his August 2002 golf trip to Scotland with the lobbyist.

Mr. Safavian, who worked at the time for the General Services Administration, the government's real estate manager, sought approval for the trip by telling colleagues that Mr. Abramoff had no business before the agency.

In fact, prosecutors said, Mr. Safavian was quietly helping Mr. Abramoff obtain information that summer about two real estate properties controlled by the G.S.A. that the lobbyist wanted to acquire.

Mr. Safavian's lawyer, Barbara Van Gelder, described her client as an honest government worker who had gone out of his way to avoid the appearance of conflict of interest in joining the Scotland trip, for which he reimbursed Mr. Abramoff $3,100.

The charge dismissed Monday by the trial judge, Paul L. Friedman, involved accusations that Mr. Safavian had lied to a G.S.A. ethics officer about Mr. Abramoff and his lobbyist business. The judge left the rest of the indictment in place, however, including the larger charges of obstruction of justice and false statements.

Shadegg's Memo Stokes Fight On Pork (HILL)

By Patrick O'Connor

The Hill, June 13, 2006

A leading fiscal conservative in the House has stoked debate over pork by circulating a newspaper story linking Rep. Jerry Lewis (R-Calif.) to "the inherent risk of corruption at the heart of the congressional earmark process."

Rep. John Shadegg (R-Ariz.), who ran for the majority leadership on a platform of fiscal retrenchment, sent reelection supporters an opinion piece on the federal investigation surrounding the House Appropriations Committee chairman.

To build momentum for reform, he wrote, "The debate continues on earmark reform … and, in my ongoing effort to illustrate the potential for abuse in the congressional spending process, created by unlimited earmarks, you may find the following commentary by John Fund at the Wall Street Journal informative."

A potential investigation of Lewis, one of his staff members and a lobbying firm with close ties to the lawmaker have thus become grist for internecine fights and policy disputes among members of the GOP conference.

The Journal piece condenses newspaper reports about connections among Lewis, a political action committee run by his stepdaughter and the lobbying firm of a close friend and former colleague.

Faced with mounting questions, Lewis is being represented by lawyers from the California-based firm of Gibson, Dunn & Crutcher. Rob Bonner, a former U.S. attorney, and Joe Warin, in the firm's Washington office, have taken the lead. His lawyers have brought in Barbara Comstock of Blank Rome Government Relations to handle press inquiries. Comstock assisted former Rep. Tom DeLay (R-Texas) after he was indicted in Texas on campaign-finance charges.

Lewis denies wrongdoing, and his Republican colleagues appeared to support him last week. House Majority Leader John Boehner (R-Ohio) backed him during a televised press briefing Thursday, and a handful of Republicans interviewed said they had seen no sign that members would pressure him to step aside.

The questions surrounding Lewis, his staff and the lobbying firm, Copeland Lowery Jacquez Denton & White, are not directly connected to the bitter dispute between conservatives and Appropriations Committee members over earmarks, the special projects inserted into the annual spending bills.

But some conservatives argue that the news stories refocus attention on reform just as the guilty pleas of former Rep. Randy "Duke" Cunningham (R-Calif.) and disgraced Republican lobbyist Jack Abramoff fade from the headlines.

The Shadegg e-mail sets up a potentially rancorous debate this week on the House floor over an appropriations bill to fund the Departments of Transportation, the Treasury and Housing and Urban Development (TTHUD).

Rep. Jeb Hensarling (R-Texas), who handles budget and spending issues for the conservative Republican Study Committee (RSC), circulated a newsletter last week to RSC colleagues questioning whether outlays listed in the bill were a legitimate reallocation of taxpayer money. The outlays come from unspent highway money allocated in prior legislation; therefore, the Congressional Budget Office (CBO) does not recognize them as savings. The money was redistributed so that the spending bill would not exceed its preset price tag under the budget.

"It strikes me as a budget gimmick," Hensarling said. While he concedes that this accounting method "comports with budget rules," it "breaks with the spirit" of those laws.

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Because the bill does not violate budget rules, conservatives in the House cannot raise procedural objections to it or its sections and must vote against the rule for the bill, offer an amendment to reduce the $2.3 billion listed as "un-obligated balances," or vote against the bill itself.

Debate is expected to begin today, and RSC members had not decided on a strategy by press time yesterday. Rule votes are often the best opportunity for Republicans to derail legislation because Democrats usually oppose the rule en masse.

Appropriators argue that offsets are commonly used to fund projects in other bills and that RSC members have proposed similar reallocations in the past to fund previous spending bills.

"CBO says we're at our budget, and that's the end of the discussion," said Appropriations Committee spokesman John Scofield.

Appropriations members have already vowed to fight any move to strip spending from the bill. "I'm not going to take their crap," Rep. Ray LaHood (R-Ill.) said last week. The Illinois appropriator said he included several projects for his district and would fight to keep them all.

"They think they've gotten a little steam building, and we're going to have to shoot them down," LaHood said. He ripped RSC members this year on the House floor for successfully stripping $507 million in construction projects from a military spending bill.

In addition to fighting over outlays, Rep. Jeff Flake (R-Ariz.) is expected to introduce amendments to block several earmarks, as he did on other appropriations bills this year.

The complete list of those projects was not yet available by press time, but it included $500,000 to the city of Yucaipa, Calif., "for the design and construction of a multipurpose athletic facility at Crafton Hills College" and $1.5 million for construction of a William Faulkner Museum at the University of Mississippi in Oxford, Miss., where the author attended college.

With stories about Cunningham and Abramoff on the decline, stories surrounding Lewis are driving reform, two conservative Republicans said last week on the condition of anonymity.

Boehner publicly supports sweeping earmark reform, and his office included it as part of a report on oversight expected to be released today. The leader and House Speaker Dennis Hastert (R-Ill.) promised Republicans on the Appropriations Committee that they would not bring a lobbying reform bill to the floor that does not apply the earmark language to each of the authorizing and tax committees.

The Speaker is expected to name conferees this week. They will work out the details of broader earmark reforms with Senate conferees, Boehner spokesman Kevin Madden said yesterday.

Asked whether press reports about the chairman's connection with lobbyists seeking projects from his committee had any effect on the passage of appropriations bills this year, LaHood said, "It hasn't so far. … The committee is working together."

Texas Death Penalty Case Headed For Possible Fourth Trial (AP)

By Michael Graczyk, Associated Press

AP, June 13, 2006

One of the longest and most contentious death penalty cases in Texas is heading back for yet another trial.

The U.S. Supreme Court, acting Monday on an appeal from the Texas Attorney General's Office, refused to reinstate the death sentence of Johnny Paul Penry, clearing the way for another jury to consider punishment for a fourth time. Penry was convicted of raping and fatally stabbing a woman at her home in Livingston in 1979.

Penry turned 50 last month and has spent more than half of his life on death row for the slaying of 22-year-old Pamela Moseley Carpenter. He confessed to attacking the woman and stabbing her with scissors, but his attorneys have contended Penry, who says he believes in Santa Claus, has the reasoning capacity of a 7-year-old.

While psychological tests have put Penry's IQ between 50 and 60, at least five juries have found Penry to be legally competent to stand trial or have rejected defenses based on mental retardation. The high court in 2002 ruled mentally retarded people, generally considered having an IQ below 70, may not be executed.

The Texas Court of Criminal Appeals last October, in a 5-4 ruling, sent Penry's death sentence back for another punishment hearing, citing what judges said were improper instructions that prevented jurors from considering the full scope of Penry's retardation claims. It was that decision the attorney general's office appealed to the high court.

"That's good news for us," said John Wright, of Huntsville, who has been one of Penry's lawyers since the beginning of his case. "We're looking at another trial — if we can't settle it. And I would think by now we could."

"There have been so many disappointments in regard to this case, you kind of become conditioned to adversity," said William Lee Hon, the Polk County assistant prosecutor who has been handling the case for more than two decades. "So you take these blows as they come, and you do the best you can."

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Hon said he was anticipating Penry's lawyers would suggest an agreement to a sentence less than death to avoid another trial but said there were "a whole lot of considerations to look at" before deciding for a fourth time to seek a death sentence.

"The parole eligibility is huge and he might very well be parole eligible," Hon said. "Is there any guarantee to keep him in prison if we choose to seek a life sentence? I don't know. That's one of the big questions to resolve in the process."

He also said the relatives of the victim, whose brother is former Washington Redskins kicker Mark Moseley, would be consulted.

Penry was on parole about three months after serving two years of a five-year rape conviction when he was arrested for the 1979 attack on Carpenter, who lived long enough to identify him as her assailant.

He was arrested later that day and has been in custody since. He's among the longest-serving of the 399 inmates on death row in Texas.

"Why don't they just lock me up and throw away the key," Penry told The Associated Press in 2001. "That's all I want."

In 2000, he got within about three hours of execution when the justices halted the punishment.

The Supreme Court first agreed to hear Penry's case in 1988, and the following year overturned his death sentence on 5-4 vote. In that same decision, justices clashed over whether mentally retarded people can be executed. More than decade later, in a North Carolina case, justices took the issue up again and barred capital punishment for retarded killers.

Penry was resentenced to death and in 2001 the Supreme Court on a 6-3 vote voided that death sentence too. Both times the high court reasoned the jury was not allowed to properly weigh Penry's alleged retardation.

A new trial in 2002 led to the death sentence that was reversed last year by the Court of Criminal Appeals.

Hon said depending on the court's schedule, it was possible a new punishment trial could be held by late this year. Wright speculated a trial wasn't likely until next year.

U Of U Professor Knows Location Of Documents FBI Wants (KSL-T V)

By Jon Dunn

KSL-TV, June 13, 2006

Over the last few months, the FBI has turned to Jack Anderson's papers — papers the deceased investigative journalist amassed over the years in his work. KSL Newsradio has learned that thousands of pages of those documents are right here in Salt Lake City.

University of Utah Professor Tim Chambless befriended Anderson over the years, and has built his own collection of papers by writing about the columnist.

"The FBI was informed by the Anderson family that I was a person who knew more than anyone else," Chambless says.

Chambless says when FBI Director Robert Mueller visited Salt Lake City last week, he wanted to come clean about his six boxes full of papers, and wanted to tell the bureau why it will never see them.

"I believe in the First Amendment. Jack Anderson believed in the First Amendment," Chambless says.

Chambless sent a letter through his lawyer to Mueller, asking him to announce the end of the pursuit of the papers. Attorney Pat Shea says the papers are now hidden where no one will find them.

Utahn Keeps Watch Over Jack Anderson Papers (DESERET)

By Ben Winslow, Deseret Morning News

Deseret Morning News, June 13, 2006

U. professor fends off FBI's efforts to obtain documents

Six boxes of Jack Anderson's papers that a University of Utah professor has been keeping are safe from the FBI's reach for now.

Michael Brandy, Deseret Morning News

University of Utah professor Tim Chambless has given collection of Jack Anderson's papers to attorney Pat Shea, in the background. The FBI wants the papers of the late muckraking journalist because it believes some of the documents in the collection contain classified information dealing with national security.

University of Utah political science professor Tim Chambless, who wrote a dissertation on Anderson, has collected the documents for years. Anderson, who died last year at 83, gave him many of the documents.

Initially, Chambless provided the FBI with a catalog of what the papers said. Now, he fears the FBI may come with subpoenas demanding everything.

His worry that he might be asked to provide more information came after the FBI contacted the Anderson family this spring, wanting to look at approximately 200 boxes of the journalist's papers at George Washington University in Washington, D.C. During a congressional hearing last week, Anderson's son said his family would defy an FBI subpoena.

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In Utah, Chambless took a similar stance, and his lawyer fired off a letter Monday to FBI Director Robert Mueller, telling him to back off.

"The Anderson papers Professor Chambless has will not be released to any third parties, including the FBI," Pat Shea wrote in the letter. During a news conference at his law office, Shea said Chambless had given him the boxes.

Chambless said he just wants to continue writing a book about Anderson and the many government scandals he uncovered.

"I share with Jack Anderson a strong view of the First Amendment," Chambless said.

Chambless said nothing in the documents threatens American national security. He suggested the FBI wanted them because "political security" was threatened.

"Certainly administrations would prefer not to have their mistakes made known to the working press," Chambless said. Some have suggested the Anderson papers are a stepping stone for a Bush administration crackdown on reporters who publish classified documents and refuse to reveal sources.

While in Utah last week, Mueller denied those accusations.

"We're trying to determine whether or not national security would be adversely impacted by the disclosure of these documents. That's our sole intent," he said on Wednesday. "I hardly think that is an assault on the press."

Supreme Court Allows Fresh Evidence In Death Case (FINDLAW/AP)

By Toni Locy, Associated Press Writer

AP, June 13, 2006

(AP) - WASHINGTON-A death-row inmate can use DNA evidence to attempt to show his innocence 20 years after he was convicted of murdering a neighbor, the Supreme Court ruled Monday.

The high court's decision is significant because numerous exonerations in recent years of death-row and other criminal defendants through DNA testing have raised concerns among civil libertarians, prosecutors and Supreme Court Justice John Paul Stevens that an innocent person may be executed, or already has been.

Justice Anthony M. Kennedy, writing for the court, said the evidence in the case was a "close" call for a jury. But he said that inmate Paul Gregory House could proceed with a lawsuit in federal court claiming innocence for the murder of Carolyn Muncey, a young mother of two, in the state of Tennessee in July 1985.

Twenty years after his conviction, DNA testing revealed that semen found on the murder victim's nightgown and underwear belonged to her husband, not House.

"This is not a case of conclusive exoneration," Kennedy wrote on behalf of himself and four other justices.

Chief Justice John Roberts and Justices Antonin Scalia and Clarence Thomas dissented. Justice Samuel Alito did not participate in the case because it was argued before he joined the high court.

Kennedy said jurors could find reasonable doubt because DNA evidence points to Muncey's husband as a suspect and because small blood stains found on House's jeans may have spilled on the pants from vials of blood taken from Muncey during an autopsy.

House, who was on parole for a sex offense in Utah, was convicted of luring Muncey from her home by telling her that her husband, Hubert, had been hurt in a car accident. Her body was found the next afternoon in an area where witnesses had seen House.

His original lawyer failed to locate several witnesses who said years later that Hubert Muncey had abused his wife, had fought with her the night of her murder and had confessed later to killing her.

Supreme Court Allows Challenges To Lethal Injections (LAW)

By Tony Mauro, Legal Times

Legal Times, June 13, 2006

In a pair of opinions written by Justice Anthony Kennedy, the Supreme Court on Monday kept alive the appeals of death row inmates in Florida and Tennessee, adding new fuel to the debate over the death penalty.

In the Florida case, Hill v. McDonough, the Court ruled unanimously that inmate Clarence Hill is entitled to challenge the state's lethal injection method as a Section 1983 federal civil rights action, rather than being limited to the more restricted habeas corpus route. But the Court, citing the interest of the state and crime victims in "timely enforcement of a sentence," cautioned that its ruling should not be read to encourage automatic stays or long delays in executions.

In the Tennessee decision, House v. Bell, unusual for its extensive discussion of the trial evidence, a more divided Court said that DNA evidence offered by defendant Paul House years after his conviction entitled him to habeas review in federal court.

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Both rulings were hailed by death penalty critics, and both highlighted Kennedy's pivotal role in the new Roberts Court. In the House case the vote was 5-3, with Chief Justice John Roberts Jr. and Justices Antonin Scalia and Clarence Thomas in dissent. Justice Samuel Alito Jr. did not participate because the case was argued before he joined the Court.

Peter Neufeld, co-director of the Innocence Project, said that House "recognizes that scientific advances have transformed our criminal justice system and must be weighed heavily in determining whether innocent people have been wrongly convicted." The ruling, the first dealing directly with DNA evidence as a factor in reopening a death penalty case, will have a broad impact, Neufeld said.

The Hill decision, though not a ruling for or against lethal injections, may hasten the day when the Supreme Court will consider one of a growing number of claims that the combination of drugs used in lethal injections can cause excruciating pain, violating the Eighth Amendment bar against "cruel and unusual punishments." In May, however, the Court denied review in a Tennessee case that would have presented the issue directly.

Lethal injections, required in 19 states and available in 37 of 38 death penalty states, came into vogue in the past decade as a more humane method than electrocution. But human rights groups have questioned that premise in recent years, and during oral argument in the Hill case, Justice John Paul Stevens noted that veterinary groups have deemed the method as too cruel to use in euthanizing pets.

In the procedure the inmate is injected with three drugs in sequence that first lead to rapid unconsciousness, then muscle paralysis of the lungs and diaphragm, and, finally, cardiac arrest. Critics say that if the initial anesthetic does not take hold quickly enough, the inmate can suffer extreme pain and a feeling of suffocation.

Clarence Hill, convicted of murder in 1983, has challenged his death sentence ever since, with some success -- it was vacated twice. But in 1995 the Florida Supreme Court reimposed the death penalty. He kept appealing, and when Florida adopted lethal injections in 2000, Hill filed requests seeking details on the chemicals and the procedure to be used. He finally sued under Section 1983, but state and federal courts ruled that it was the functional equivalent of a successive habeas petition, which is foreclosed under existing law.

Kennedy's ruling reversed the 11th U.S. Circuit Court of Appeals. Because it is a challenge to the specific method of execution, not an attack on the sentence itself, Kennedy said it could proceed under Section 1983. Noting that other lethal injection methods are possible, Kennedy wrote that "Hill's action if successful would not necessarily prevent the state from executing him by lethal injection." Some states have developed different procedures and sequences for administering the drugs.

In House v. Bell, the defendant has also been claiming innocence and challenging his conviction for more than 20 years. At his trial, the prosecution used blood and semen evidence to connect House with the rape and murder of Carolyn Muncey.

After failing in several post-conviction appeals, House won a hearing in federal court to determine if his case fell into an "actual innocence" exception that allows further appeals that ordinarily would be procedurally barred. Using modern DNA evidence and other testimony, House alleged that the victim's husband committed the murder. The 6th U.S. Circuit Court of Appeals returned the case to Tennessee courts for further review. The Tennessee Supreme Court declined, and on further review the 6th Circuit upheld the denial of habeas relief.

Kennedy's majority opinion said that House's case fits under the rule announced in the 1995 case Schlup v. Delo, which allows innocence claims to reopen appeals if, in light of new evidence, "it is more likely than not that no reasonable juror would have found petitioner guilty."

After assessing the new evidence, Kennedy concluded that "this is not a case of conclusive exoneration." But because the new evidence called into question the blood and semen testimony, the Schlup standard was met. But he said House's case does not rise to the level of another precedent, Herrera v. Collins, which lays out procedures for handling "truly persuasive" innocence claims.

Roberts' dissent agreed with the majority on the Herrera issue but argued that despite the new evidence, "the case against House remains substantially unaltered from the case presented to the jury." As a result, Roberts said, the Schlup standard is not met because "I do not find it probable that no reasonable juror would vote to convict him."

Widening The Gateway (WP)

The Washington Post, June 13, 2006

OF ALL THE cases of possibly innocent people in state prisons, Paul House's hardly seems the most compelling. Convicted and sentenced to die in Tennessee for the murder of a woman two decades ago, Mr. House has mustered some considerable new evidence suggesting his innocence. But his claim is hardly overpowering. Ironically, that is exactly what makes the Supreme Court's decision yesterday allowing federal review of his conviction significant.

Oftentimes, serious legal deficiencies in state convictions, including capital convictions, escape federal review because of technical errors that prevented them from being raised in state courts first. Normally, the federal courts' attitude is that this is the

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inmate's tough luck. In recent years, however, the courts have acknowledged that in cases where an inmate has a particularly strong claim of innocence, those procedural barriers sometimes have to give way to prevent a miscarriage of justice. Yet clearing this hurdle requires an especially demanding showing -- so in practice, it doesn't offer much hope. The question in Mr. House's case was whether his showing of innocence was strong enough to let him proceed with a challenge that would otherwise be barred. The court voted 5 to 3 that it was.

Mr. House's claim seems powerful on its face. He has produced DNA evidence that semen stains left on the victim's clothing were not his but her husband's. He has offered indications that the victim's blood left on his pants might be the result of lab spillage, and not from the crime scene. And two witnesses have come forward -- years after the fact -- alleging that the victim's husband confessed to the crime. Yet as Chief Justice John G. Roberts Jr. argued in dissent -- joined by Justices Antonin Scalia and Clarence Thomas -- significant evidence of Mr. House's guilt remains, and the judge who considered his new evidence up close did not find it persuasive. In other words, to let Mr. House into court, the justices have had to widen significantly the gateway for review in such cases.

But this is not, as the dissenters imply, a problem; rather, it is a good development and overdue. It does not mean that inmates will go free on inconclusive showings of innocence; Mr. House still has a long way to go to get his conviction overturned. It means only that inmates who can raise a serious factual question about their guilt should have a somewhat easier time getting into the courthouse in the first place. Given how many innocents have been wrongly convicted and later freed from death row and lengthy prison terms, opening the door for review makes a great deal of sense.

Lifesaving Evidence (LAT)

The Los Angeles Times, June 13, 2006

EVEN MANY SUPPORTERS OF capital punishment probably assume that a death row inmate is guaranteed another day in court if new evidence, especially DNA evidence, emerges that undermines the original case against him. Until Monday, they would have been wrong.

That was when the Supreme Court, by a 5-3 vote, ordered a federal district judge to provide a new habeas corpus hearing for Paul G. House, a Tennessee man who was sentenced to death in the 1985 kidnapping and murder of a young mother. Unlike some of the court's fact-specific death penalty decisions, this one could have wide application as more convicted defendants seek exoneration through DNA evidence. That's because the decision requires a judge considering a convicted defendant's habeas corpus petition to view the jury deliberations at his trial as part of a "holistic" process — one in which one sort of evidence affects how a jury views other evidence.

In asking jurors to sentence House to death, prosecutors suggested that he had sexually assaulted Carolyn Muncey and then killed her because she resisted or because he wanted to cover up his deed. But later, DNA testing indicated that semen found on Muncey's nightgown did not come from House.

Justice Anthony M. Kennedy's majority opinion calls the belated DNA evidence a "new disclosure of central importance" in the way jurors would look at the case. In a 1995 case, the high court ruled that prisoners who otherwise had exhausted their appeals could pursue a writ of habeas corpus if, in light of new evidence, it was more probable than not that "no juror, acting reasonably, would have voted to find him guilty beyond a reasonable doubt." House met that test, Kennedy concluded.

Chief Justice John G. Roberts Jr., joined in dissent by justices Antonin Scalia and Clarence Thomas, disagreed. "The question," Roberts wrote, "is not whether House was prejudiced at his trial because the jurors were not aware of the new evidence but whether all the evidence, considered together, proves that House was actually innocent, so that no reasonable juror would vote to convict him."

At first glance, the outcome of this case — while obviously good news for House — might seem to offer little encouragement to other death row inmates seeking to challenge their convictions. After all, both Kennedy and Roberts purported to be applying the same legal standard to a specific set of facts. But Kennedy's "holistic" approach sends a clear signal to lower-court judges: Henceforth, they must take a generous view of the way new evidence, scientific and otherwise, might undermine convictions.

From now on, a defendant need not offer evidence disputing each piece of evidence offered against him. It will be enough to cast doubt on information that affected how jurors weighed the credibility of nonscientific evidence. For example, if a juror believes that flawed DNA evidence establishes a defendant's presence at a murder scene, she is more likely to credit an eyewitness identification.

Welcome as this decision is, the best way to prevent unjust impositions of the death penalty is to do away with capital punishment altogether, as other civilized societies have done. Unfortunately, as the Supreme Court grows ever more uneasy with the death penalty, elected officials agitate ever more aggressively for it.

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Death Row Inmates Can Pursue Appeals (FT)

By Patti Waldmeir

Financial Times, June 13, 2006

The US Supreme Court on Monday chipped away at the edifice of capital punishment in America, issuing two rulings that give prisoners on death row more power to challenge their sentences.

In one case, the court ruled that a Tennessee man should get a second chance to prove his innocence, since DNA and other evidence cast serious doubt on whether he was guilty. The second case gave death-row inmates more avenues to challenge and possibly delay their execution, by using civil rights laws.

"Today's decisions are further evidence of the Supreme Court's increasing discomfort with many aspects of the death penalty system and further evidence of the growing national concern about executing innocent people by mistake," the American Civil Liberties Union (ACLU) said.

In recent years, the court has issued several rulings reining in the administration of the death penalty. Several rulings have dealt with the problem of incompetent counsel and racial bias by juries. The court has also issued controversial rulings abolishing the death penalty for juveniles and the mentally retarded.

The rulings come amid a marked decline in US executions. "Prosecutors aren't seeking [the death penalty] as often, juries aren't imposing it as often. Certainly, everybody is giving it a second look," says Ron Weich, a death penalty specialist who is senior counsel to Harry Reid, the top Democrat in the Senate. He predicts a "gradual withering away" of capital punishment over time.

Monday's DNA case, which was decided 5-3 in the Supreme Court, was a "rare case where – had the jury heard all the conflicting testimony – it is more likely than not that no reasonable juror would have found the petitioner guilty beyond a reasonable doubt", Justice Anthony Kennedy wrote for the majority. Chief Justice John Roberts dissented.

The Tennessee man, Paul Gregory House, was convicted of murdering a woman in 1986. But DNA evidence now proves that semen stains on her clothing did not come from him, and incriminating bloodstains may have been planted. But the court did not order him immediately freed: Mr House will have to pursue his claims before a federal district court, which could find that there are other procedural hurdles to his release.

Stephen Kissinger, Mr House's attorney, welcomed the ruling, saying it "gives a road map" to other prisoners who want to challenge their convictions. He called on the Tennessee governor to grant clemency to Mr House, since he is gravely ill, and further legal proceedings could take years.

In the other case, decided unanimously, the court gave death-row inmates another avenue to challenge lethal injection, the method used by almost all death penalty states. Inmates who have exhausted their usual appeals can use federal civil rights law to challenge this method, which medical studies have shown may inflict severe and unnecessary pain.

The ruling made it relatively hard to bring such challenges and did not answer the underlying question of whether lethal injection executions are constitutional.

High Court Rulings Chip At Death Penalty (USAT)

By Joan Biskupic

USA Today, June 13, 2006

WASHINGTON — In two death-penalty cases Monday, the Supreme Court opened the door to new challenges of state lethal injection methods and ruled that a Tennessee prisoner offering DNA evidence that he might be innocent should get a new hearing.

The latter case, decided by a 5-3 vote over a dissent by Chief Justice John Roberts, was the court's first ruling involving DNA testing, which has been used to exonerate scores of prisoners in recent years. The ruling was focused narrowly on the Tennessee inmate's case. But supporters of DNA testing programs, including the New York-based Innocence Project, took it as a signal that the court's majority is open to prisoners using new scientific evidence to appeal their cases from death row.

Both decisions were written by Justice Anthony Kennedy, who is at the ideological center of the divided, nine-member court and has seen his profile increased by the retirement of moderate Justice Sandra Day O'Connor. The rulings also reinforced a trend in which the court has tried to ensure states have adequate safeguards in imposing the death penalty.

Voting 9-0, the court allowed inmates who have exhausted their regular appeals to invoke a civil rights law to challenge the drugs and procedures used for injection. That execution method, used by almost all of the 38 states that allow capital punishment, has been targeted in lawsuits as "cruel and unusual punishment" that should be deemed unconstitutional.

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In Monday's case, Clarence Hill, who was convicted in the shooting death of a police officer in Pensacola, Fla., in 1983, asserts that the three-drug cocktail Florida uses in executions could cause needless pain. Hill says inmates may not be fully anesthetized before the last drug — potassium chloride — is administered to stop the heart.

The justices reversed an appeals court ruling that denied Hill's claim. That court said it was an improper challenge to the constitutionality of his sentence, rather than a civil rights claim.

The justices did not address the merits of arguments against lethal injections. Kennedy said the decision allowing Hill a hearing should not lead judges to routinely postpone executions of prisoners who challenge lethal injection.

The more divisive ruling linked to DNA evidence permits Paul Gregory House, who was convicted of the 1985 murder of a neighbor, to go before a U.S. judge to assert that his trial was constitutionally flawed. Based on new scientific evidence and witness testimony that House says cast suspicion on the victim's husband, the court said jurors likely would not have found House guilty beyond a reasonable doubt.

The justices reversed a ruling that had barred House from bringing a claim that his trial lawyer was ineffective, because House had exhausted his regular appeals. Kennedy said House qualified for an exception to the usual rules based on his possible innocence. If House is successful in arguing that his case was constitutionally flawed because of ineffective counsel, he could get a new trial.

Dissenting in the House case were Roberts and Justices Antonin Scalia and Clarence Thomas. They noted that a lower-court judge who had reviewed the new information found that it did not sufficiently undermine “the larger web of evidence” against House. Justice Samuel Alito, who was not on the court when the case was argued in January, did not participate.

Supreme Court Assists Death Row Challengers (LAT)

By David G. Savage

The Los Angeles Times, June 13, 2006

WASHINGTON — The Supreme Court opened the doors of the federal courts today to state death row inmates who wish to challenge their convictions based on new DNA evidence or to claim that a poorly administered lethal injection would cause them great pain.

The court's two rulings were narrow and procedural, and they are not likely to affect a large number of convicted murderers. In neither case did the justices say the inmate deserved to win. Rather, they said only that his claim deserved a full hearing.

Nonetheless, the high court made it clear again that the death penalty was special and said federal judges should reopen old cases when "new reliable evidence" raises real doubts about the defendant's guilt.

DNA evidence has already freed scores of prisoners, including some who were on death row. Lawyers for the New York-based Innocence Project predicted today's ruling would have a broad national impact by removing a barrier to having some of these cases heard in federal court.

In the past decade, Congress and the Supreme Court have all but barred federal judges from reopening the cases of long-serving state prisoners.

The court announced two exceptions to that rule today: one for powerful new evidence and the other involving the method of carrying out an execution.

Justice Anthony M. Kennedy delivered both decisions for the court. With the retirement of Justice Sandra Day O'Connor, he has assumed the center spot when the court is closely split along ideological lines.

The DNA case was decided on a 5-3 vote, with new Chief Justice John G. Roberts Jr. in dissent.

In 1986, Paul House, a paroled rapist and a newcomer to a rural east Tennessee town, was convicted of abducting and murdering a neighbor woman, and he was sentenced to die. But DNA tests a decade later showed the semen stains on her nightgown had come from her husband, not from House, as the jury was told.

Kennedy said the new evidence did not prove House was innocent. He had lied about his whereabouts on the night of the murder, and blood stains from the victim were found on his jeans.

Still, he said, the DNA evidence undercut the prosecution's claim that House had sexually assaulted the victim. "We conclude that this is the rare case where — had the jury heard all the conflicting testimony — it is more likely than not that no reasonable juror" would have voted to convict House, Kennedy said.

In the second case, Kennedy spoke for a unanimous court in saying federal judges should hear claims that a lethal injection may cause an excruciating death if officials do not use a sufficient amount of anesthesia.

Last year, the Lancet, the British medical journal, published a study by four doctors who said some executed men may felt intense, burning pain from the drugs that contracted the muscles of their lungs and heart because they were not given enough of the anesthetic, sodium pentothal.

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In response, lawyers for inmates facing execution cited the study and urged judges to intervene. Some did so. U.S. District Judge Jeremy Fogel in San Jose stopped the execution of Michael Morales and scheduled a hearing for the fall to review California's method of carrying out lethal executions.

Other federal judges said they were barred from reopening these state cases on the eve of an execution.

In today's decision, the high court agreed a federal judge in Florida may hold a hearing to consider the claims of Clarence Hill that another mixture of drugs should be used for his execution.

Kennedy stressed that Hill was not challenging the state's plan to execute him, only its method of doing so.

High Court Keeps Door Open To Death-penalty Lawsuits (CSM)

By Warren Richey

The Christian Science Monitor, June 13, 2006

WASHINGTON

Death-row inmates can rely on civil rights law to challenge the use of lethal injection in their executions, even after they have exhausted all their allowable appeals.

In a 9-0 decision announced Monday, the US Supreme Court left the door propped open for a significant number of condemned prisoners to sue to force an examination of whether lethal injection is a humane method of capital punishment.

Such method-of-execution suits have become the most active area of capital punishment litigation in recent years. Many states and the Bush administration had expressed concern that to allow such challenges might create another layer of delay in carrying out executions.

The case, Hill v. McDonough, did not test the constitutionality of lethal injection. Instead, it raised a technical issue: whether such legal challenges had to be filed under the more restrictive habeas statute or could be pursued as a civil rights matter. The high court said inmates could file appeals under the civil rights law.

Writing for the court, Justice Anthony Kennedy said such civil rights suits are different from habeas suits in cases involving the death penalty because they challenge only the way an execution is carried out, not the merits of the underlying conviction.

"Any incidental delay caused by allowing [the death row inmate] to file suit does not cast on his sentence the kind of negative legal implication that would require him to proceed in a habeas action," Justice Kennedy writes.

But Kennedy also warned that the high court's ruling was not a license for death-row inmates to file last-minute challenges to stall an execution. "A stay of execution is an equitable remedy," Kennedy writes. "It is not available as a matter of right."

The decision comes in the case of Florida death-row inmate Clarence Hill, sentenced to die for the 1983 shooting death of a police officer. Hill had used up all his allowable appeals, but as his execution date drew nearer, he adopted a new strategy. Rather than challenging his conviction and death sentence, he sued under a federal civil rights statute challenging the constitutionality of Florida's use of lethal injection. Citing scientific studies, Hill argued that the state's procedure created an unreasonably high risk that he would suffer excruciating pain.

Justices Open Door For Injection Case (WP)

By Charles Lane

The Washington Post, June 13, 2006

The Supreme Court gave the green light for a Florida death row inmate to challenge that state's lethal-injection procedures through a federal civil rights lawsuit, in a unanimous ruling that underscored the pivotal role of Justice Anthony M. Kennedy in the court's death-penalty jurisprudence.

Clarence E. Hill, convicted in 1982 of murdering a police officer, did not claim that lethal injection, in and of itself, is cruel and unusual punishment. Instead, he asserted that Florida's method of executing inmates -- which, like that of most other states, employs three chemicals in sequence -- could subject him to excruciating but undetected pain, in violation of his civil rights.

Earlier this year, an Atlanta-based federal appeals court threw out Hill's case, ruling that it was a disguised attack on his death sentence.

But in a 10-page opinion written by Kennedy, the court said Hill's suit was a good-faith challenge that might delay his execution without "necessarily" foreclosing it, because the state has other lethal-injection options. The court sent the case back to the lower courts to rule on the merits of Hill's claim.

The narrow ruling, which Kennedy said hinged on the circumstances of Hill's case, was something of an anticlimax to one of the most closely watched cases of the term. It did not settle the legal question that has divided the courts for years and that the justices seemingly set out to address: whether, and under what circumstances, inmates generally can use civil rights law to challenge states' methods of execution.

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Still, legal analysts said the ruling would help death penalty opponents. It left open a legal option for death row inmates that states, with the apparent support of conservatives on the Supreme Court, have long been eager to shut. Opponents of method-of-execution challenges argue that inmates can pursue them indefinitely, postponing execution forever.

"It's discouraging," said Kevin C. Newsom, solicitor general of Alabama, which supported Florida in the case. "The floodgates are, to a certain extent, open."

At the same time, Kennedy warned that "federal courts can and should protect States from dilatory or speculative suits." He offered little guidance on how lower courts should evaluate Hill's claim, leaving room for conservative federal courts in the South, where the death penalty is concentrated, to continue denying stays of execution based on alleged constitutional problems with lethal injection, legal analysts said.

At oral arguments on April 26, the justices seemed deeply divided along ideological lines. The court's four liberal members emphasized the risk of pain to inmates and the need to give them a day in court to prevent it. Its four conservatives suggested that inmates would use repeated lethal-injection challenges to evade execution.

Kennedy, an appointee of President Ronald Reagan who usually votes with the conservatives but has often sided with the liberals on social issues, did not tip his hand.

Yesterday's ruling may have been unanimous because it effectively papered over these differences, offering a little something for everyone on the court. In recent weeks, Chief Justice John G. Roberts Jr. has spoken publicly of the need for the court to speak with a single voice on controversial issues, even if that means it must rule narrowly.

And the court seems unlikely to return to the issue soon. It recently turned down a lethal-injection appeal by a Tennessee death row inmate that did not pose procedural issues as Hill's did, but directly challenged lethal injection in that state as cruel and unusual punishment.

Kennedy's decisive role was more obvious in yesterday's other death penalty case, House v. Bell , No. 04-8990, in which he also wrote the majority opinion.

Voting 5 to 3, the court gave Paul Gregory House of Tennessee a new chance to challenge the fairness of his 1986 capital murder trial because DNA tests and other new evidence have created doubt that he is guilty.

Liberals Stephen G. Breyer, Ruth Bader Ginsburg, David H. Souter and John Paul Stevens joined Kennedy. Roberts and fellow conservative Justices Antonin Scalia and Clarence Thomas dissented. Justice Samuel A. Alito Jr. did not vote because the court heard the case in January, before he joined the court.

If Kennedy had sided with the conservatives, the 4 to 4 tie would have affirmed a federal appeals court's ruling against House.

The court's ruling favored death penalty opponents, but not quite as much as they had hoped. House and his supporters had wanted the court to rule that death row inmates with particularly strong claims of innocence should be allowed to raise them in court even if they have no other legal claims or have exhausted their appeals.

But the court, leaving House's conviction and sentence intact, at least for now, refused to go that far. Kennedy noted that "this is not a case of conclusive exoneration" but rather a case in which House had raised new evidence that, taken together, makes it more likely than not that jurors would have reasonable doubt as to his guilt.

By meeting that standard, which the court set in a 1995 ruling, House won the right to a hearing in federal court on his claim that he was denied effective legal aid at trial.

Prisoners Gain In Suit Attacking Lethal Injection (NYT)

By Linda Greenhouse

The New York Times, June 13, 2006

WASHINGTON, June 12 — The Supreme Court opened the door Monday for death-row inmates to challenge the way most states carry out executions by lethal injection.

In its unanimous opinion, the court expressed no view on the constitutionality either of lethal injection in general or of the specific procedures and combination of chemicals that a Florida inmate, Clarence E. Hill, and numerous others around the country have recently challenged in federal court.

The justices addressed themselves solely to the procedural route that such lawsuits must take, and chose the route that is by far the more inmate-friendly from the two options that the case presented.

Nonetheless, it was the tight focus of the case, an appeal by Mr. Hill of a ruling by the federal appeals court in Atlanta, that probably enabled the justices to maintain their unanimity. It remains to be seen how they would rule on the underlying constitutional question of whether the disputed lethal injection method violates the Eighth Amendment's prohibition on cruel and unusual punishment.

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Just three weeks ago the court turned down, without comment, a case from Tennessee, Abdur'Rahman v. Bredesen, that presented that issue directly. The justices have also permitted several executions to be carried out by lethal injection, without intervening, while the Florida case was pending.

Federal courts around the country have begun wrestling with the issue, which opponents of the death penalty have brought to the fore in recent months on the basis of a report last year in a British medical journal, The Lancet.

The focus of concern is two of the three chemicals that make up the lethal cocktail used by most states. One is sodium pentothal, an anesthetic, which Mr. Hill argues in his lawsuit is insufficient to make the procedure painless.

The second is pancuronium bromide, which causes muscle paralysis but does not block pain or interfere with consciousness. Studies indicate that while inmates who receive this drug look calm and peaceful as the third chemical, potassium chloride, is administered to stop the heart, they can actually feel intense pain without being able to express themselves.

Mr. Hill's suit maintains that Florida's procedure for administering these three drugs presents a "foreseeable risk of gratuitous and unnecessary pain."

Having been convicted in 1983 of killing a police officer, Mr. Hill had long since run through the ordinary appeals process by the time he filed his suit in state court last December, with his execution set for Jan. 24. After the Florida courts threw the case out, and with the clock running, he turned to federal court with an equally poor result. He was strapped to a gurney, intravenous lines to administer the chemicals already inserted, when Justice Anthony M. Kennedy issued a stay nearly five months ago.

The case was filed under the Civil Rights Act of 1871, a Reconstruction-era law usually referred to as Section 1983, for its placement in the compilation of federal statutes. Section 1983 permits suits against government officials for violation of rights guaranteed by the Constitution or federal laws.

The lower federal courts dismissed the suit, however, on the ground that the only way for an inmate to challenge the method by which he is to be executed is through a petition for a writ of habeas corpus.

While such a petition, like a Section 1983 case, can raise constitutional issues, there is a major problem: both Congress and the Supreme Court have placed high hurdles in the path of inmates seeking habeas corpus. For example, it is almost impossible for an inmate who has filed an initial habeas corpus petition to receive permission to file another one, and Mr. Hill had filed one years earlier. Declaring that his Section 1983 suit was the equivalent of a new habeas corpus petition, the lower courts declared that it was barred.

In his opinion for the Supreme Court on Monday, Justice Kennedy said this analysis was mistaken. He said that while a habeas corpus petition was the only way to challenge the constitutionality of a sentence, Mr. Hill was challenging not his "lethal injection sentence as a general matter," but only the way in which the sentence was to be carried out.

Justice Kennedy noted that if Mr. Hill eventually won his case, Florida would not be barred from executing him by lethal injection but would simply have to use a different protocol.

Mr. Hill is now entitled to pursue his Section 1983 suit in the Federal District Court in Tallahassee, where he filed it in January.

When the case, Hill v. McDonough, No. 05-8794, was argued in April, there was considerable debate over whether Mr. Hill should be required to demonstrate his sincerity by specifying a method acceptable to him. Chief Justice John G. Roberts Jr. was among the justices who appeared to endorse such a requirement. But the justices evidently decided to set that argument aside for now, for the sake of unanimity.

The precedent for the ruling on Monday was a 2004 decision in which the court permitted an inmate to use Section 1983 to challenge a surgical procedure that Alabama proposed to use to gain access to his collapsed veins for the purpose of administering a lethal injection.

A 'Right' Way To Kill Someone? (USAT)

By Annette Fuentes

USA Today, June 13, 2006

When North Carolina executed death row inmate John Daniels in 2003, his end was hardly quick and painless. His attorney later described the terrible scene she witnessed after Daniels received the lethal injections. Daniels started to convulse violently, then sat up and gagged. Witnesses watching through a window heard and saw him sit up and gag and choke again, his arms struggling to move. He appeared to be in pain until finally he lay down and was still.

The details of Daniels' execution and other similarly gruesome descriptions were included in a lawsuit challenging North Carolina's capital punishment method. Across the country, lethal injection executions are being challenged by death row inmates and their advocates as a violation of the Eighth Amendment's protection against cruel and unusual punishment.

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On Monday, the U.S. Supreme Court ruled that a death row inmate — in this case Clarence Hill in Florida — could file a last-minute appeal to lethal injections even after all regular appeals have been exhausted. The court, however, did not rule on the use of injections.

Other executions stayed

In addition to Hill's case, nine other executions have been stayed this year because of the lethal injection issue, according to Richard Dieter of the Death Penalty Information Center, a group opposed to capital punishment. And in California, federal courts have effectively imposed a moratorium on the death penalty while that state studies the issue.

The heightened debate about lethal injections, which are used in 37 states, raises a larger question: Can there ever be a right way to execute someone?

Doctors have played a large role in the debate. A study in the medical journal Lancet found that "methods of lethal injection anesthesia are flawed, and some inmates might experience awareness and suffering during execution."

Lethal injections usually use a three-drug combination: sodium thiopental, an anesthesia to induce unconsciousness, pancuronium bromide to cause paralysis and potassium chloride to stop the heart. If the anesthesia isn't administered in a sufficient dose, the person could be conscious when the painful final shot is given.

In the Lancet study, the physicians reviewed blood tests from 49 inmates executed in Arizona, Georgia, North Carolina and South Carolina and found that in 43, the anesthesia level was lower than that used for surgery. In 21 instances, the amount of anesthesia was "consistent with awareness." The authors concluded, "It is possible that some of these inmates were fully aware during their executions. We certainly cannot conclude that these inmates were unconscious and insensate. However, with no monitoring and with use of the paralytic agent, any suffering of the inmate would be undetectable."

But here's a Catch-22 for states. The best person to guarantee that an inmate is fully unconscious is a physician, who must follow the Hippocratic oath to "do no harm." The American Medical Association's ethical guidelines prohibit physicians from participating in executions, except to pronounce death afterward.

A California judge stumbled on this problem in the case of death row inmate Michael Morales, who challenged his lethal injection execution on the ground that it violates the Eighth Amendment. U.S. District Court Judge Jeremy Fogel ordered the state to employ two anesthesiologists. But the doctors refused to participate. Morales' execution has been put on hold until a September hearing.

The debate about lethal injections and doctors' role might pose important medical questions about the least painful method to kill a human. But, in the end, no method can be humane. While the doctors' revolt against assisting in executions is worthy, it should only serve to spotlight the barbarity of the death penalty.

Moratorium stirred reviews

Six years ago, then-Illinois governor George Ryan made headlines by imposing a moratorium on executions after revelations that innocent people were on death row in his state. Ryan's action deserves to be front and center again in our public discussion of crime and punishment. When the Illinois moratorium was enacted, it caused many states to reconsider their death penalty laws. New Jersey now has a moratorium. Kansas' death penalty law was declared unconstitutional. Americans reacted viscerally to the idea that innocent people could not only be imprisoned for crimes they didn't commit, they could also be executed for them.

According to the federal Bureau of Justice Statistics, the number of death sentences imposed each year has dropped dramatically from 1999 through 2004 — from 276 to 125. One reason is juries are giving more life sentences. Our collective appetite for retribution has diminished. Public support for capital punishment has plummeted from 80% in 1994 to 65% this year, according to a Gallup poll.

With Monday's Supreme Court ruling, more states will grapple with the constitutionality of lethal injections. Just as the Ryan moratorium and the innocence issue exposed one weakness of the death penalty system, lethal injections have spotlighted yet another.

It seems inevitable, and just, that slowly but surely capital punishment will come tumbling down under the weight of its own injustices, uselessness and immorality.

Annette Fuentes is adjunct professor at the Columbia University Graduate School of Journalism.

Ex-FBI Agent Tells Of '81 Probe (BOS)

By Shelley Murphy, Globe Staff

The Boston Globe, June 13, 2006

Agency was wary of Bulger, he says

DOJ_NMG_0033402

A retired FBI official who has been critical of the agency's handling of gangsters James ``Whitey" Bulger and Stephen ``The Rifleman" Flemmi testified yesterday that the FBI coined a phrase for agents who got too cozy with their informants: ``Going native."

Robert Fitzpatrick , who taught a course for FBI agents on the psychology of informants, said ``going native" is when an agent becomes friends with an informant, loses objectivity, and ``might be sharing information they shouldn't."

In fact, Fitzpatrick said, when he arrived as second-in-command of the FBI's Boston office in 1981, there was a high-level, internal investigation underway into whether Bulger's FBI handlers had leaked him information that compromised a State Police investigation of Bulger and other underworld leaders.

Fitzpatrick wasn't asked whether there were concerns in the FBI in the 1980s that Bulger's handlers were ``going native."

Fitzpatrick was called to testify yesterday in US District Court in Boston in a $50 million wrongful death suit that the family of Quincy fisherman John McIntyre has filed against the government. He's expected to resume testifying today. McIntyre's mother, Emily, and brother, Christopher, assert the government was negligent because of the FBI's mishandling of Bulger and Flemmi.

Last week, Flemmi testified that he and Bulger killed McIntyre on Nov. 30, 1984, because their handler, former FBI agent John J. Connolly Jr., warned them that McIntyre was cooperating against them. McIntyre had been involved in an unsuccessful plot by Bulger and his associates to ship seven tons of weapons to the outlawed Irish Republican Army and began cooperating with the US Customs Service and the FBI about six weeks before his slaying.

Connolly is serving a 10-year sentence for his 2002 racketeering conviction. He was found guilty of warning Bulger to flee just before the gangster's 1995 indictment on racketeering and extortion charges. Bulger remains a fugitive.

Fitzpatrick, who served as special agent-in-charge of the FBI's Boston office from 1981 to 1986, said the FBI's priority at the time was targeting members of La Cosa Nostra, commonly known as the Mafia. Cultivating organized crime informants was critical to that mission, he said.

Fitzpatrick testified that he was advised in 1981 by the top agent in the FBI's Boston office ``that he was handling an internal investigation that was sensitive, confidential, and handled at the highest level," involving a dispute between the State Police and the FBI over Bulger.

The State Police had been bugging a garage on Lancaster Street, near the old Boston Garden, where Bulger did business with drug dealers, bookmakers, and local Mafia leaders. But, when Bulger abruptly stopped talking inside the building, the State Police, who suspected Bulger was an FBI informant, accused the FBI of tipping off the gangster.

``The accusation was that Bulger was getting and giving information against their investigation," Fitzpatrick said.

In his testimony last week, Flemmi said the tip had actually come from retired Massachusetts State Police lieutenant Richard Schneiderhan , who was convicted in 2003 of obstruction of justice. Schneiderhan was found guilty of warning a Bulger associate in 1999 that the FBI was monitoring the telephones of Bulger's brothers, William and John, in a bid to capture the fugitive gangster.

Flemmi is serving a life sentence for killing McIntyre and nine other people. He began cooperating with the government three years ago .

Though Bulger has been touted as a valuable informant, Fitzpatrick said, Bulger ``wasn't giving us information he could have been giving us."

FBI Knew Agents Had Mob Pals (BOSH)

By Laurel J. Sweet

Boston Herald, June 13, 2006

The FBI called it “going native” - a humiliating label for G-men who became enamored of their mobster informants.

G-men like John “Zip” Connolly. Top-echelon rats like James “Whitey” Bulger and Stephen “The Rifleman” Flemmi.

“We used to call it ‘going native’ - an agent who would perhaps become friends with the informant and not be as objective as he should be. I heard it. More than once,” said Robert Fitzpatrick, former second-in-command of the FBI’s Boston office, who testified yesterday in U.S. District Court.

In fact, said Fitzpatrick, when he came to Boston in 1981, he heard a lot of talk by then-Special-Agent-in-Charge Lawrence Sarhatt about agents suspected of turning rotten.

Fitzpatrick is a defendant in the $50 million wrongful-death lawsuit filed against the FBI by the family of John McIntyre, 32, of Quincy, a government witness Bulger and Flemmi tortured and murdered in 1984. The civil trial is now in its second week.

Last week, Flemmi testified it was Connolly, his former handler, who tipped off him and Bulger that a crewman on the fishing boat Valhalla was going to tell the feds their gang tried to ship guns to the Irish Republican Army. Flemmi and Bulger tricked McIntyre into admitting he was the snitch and then shot him to death. His body was not found for 16 years.

McIntyre's mother, Emily McIntyre, 77, openly sobbed as she appeared in court for the first time yesterday.

Fitzpatrick said it was "a high priority" of the FBI to keep the identities of informants, also known as 137s, confidential for the sake of their well-being.

It was expected of agents, he said, that "You adhere to the law, you adhere to the guidelines and you do what is correct and true."

Police Seek Suspect In Shooting Of Nevada Judge, Later Slaying Across Town (LAW/AP)

By Scott Sonner, The Associated Press

AP, June 13, 2006

A family court judge was shot and wounded as he stood near a third-floor courthouse window Monday, and police were looking for man suspected in a slaying across town who had appeared before the judge in a divorce case.

Investigators said Darren Roy Mack, a suspect in a killing reported at a Reno, Nev., apartment building was a "person of interest" in the shooting at the courthouse earlier in the day, Reno Deputy Police Chief Jim Johns said.

Judge Chuck Weller was hit in the chest around midday by a shot or shots that came through his office window at the Mills B. Lane Justice Center, and police sealed off the area and searched nearby parking garages for a sniper.

Police also reported that a bomb-sniffing dog had alerted officers to the judge's car in the court's parking garage and that a bomb squad was investigating.

Weller, 53, was taken by ambulance to a hospital, where he was reported in serious but stable condition.

"He is conscious and talking with his family," police spokesman Steve Frady said.

Mack, a Reno businessman, had a connection to both the judge and the family court, through a recent divorce case, Johns said.

"We do not have enough information to say he is a suspect" in the shooting of Weller, Johns said.

"He had recent dealings with the judge and the family court section. ... It is an obvious connection we are obviously going to investigate," he said.

The victim in the homicide had not been identified.

Weller was shot in the chest "at least once" by a "high velocity projectile, possibly a rifle," Johns said.

Judge Is Hurt In Shooting At A Court In Nevada (NYT)

By Kathryn Reed

The New York Times, June 13, 2006

RENO, Nev., June 12 — A family court judge standing at a third floor window of his downtown court building here was shot in the chest shortly before noon on Monday.

The police said that the judge, Chuck Weller, 53, who was elected to the bench in 2004, was conscious and speaking to family members.

Darren R. Mack, who owns Palace Jewelry and Loan downtown, was sought by the authorities in a killing on Monday at an apartment in Reno as well as for questioning in Judge Weller's shooting.

Deputy Police Chief Jim Johns said Mr. Mack "had recent dealings with the judge and court."

"The suspect," Chief Johns said, "is known to have access to firearms."

Court documents show that a hearing in a contested divorce between Mr. Mack and Charla M. Mack is scheduled for Sept. 7 before Judge Weller.

The case involves children.

The police would not release the name of the victim of the homicide or the victim's relationship to Mr. Mack.

Chief Johns said it was possible that the judge was shot before the homicide was called in at 3 p.m.

Judge Weller was shot one to five times, Chief Johns said.

The judge was listed in serious to critical condition at the Washoe Medical Center.

His family requested that no further information be released.

The authorities would not speculate on a motive, though they said family court cases could be volatile.

"We are looking into his caseload and past cases," a spokesman for the police, Steve Frady, said.

Mr. Frady said he was not aware of threats against Judge Weller.

Also injured in the shooting, at 11:15, was a woman, whose identity remained unclear.

The woman had superficial wounds to the left arm, left neck area and right hip, Mr. Frady said, although it was not known what had struck her. Mr. Frady said he did not know whether the hospital had admitted her.

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Floyd Pearson of Lake Head, Calif., said he and his partner pulled into a parking garage structure about 500 yards across the Truckee River from the courthouse about 11:10 and had just locked their vehicle when a sound startled them.

"We heard a very large noise," Mr. Pearson said. "I thought a big transformer blew up. I didn't see anyone outside."

Boyd Cox, who owns Antiques and Treasures, said he locked his store's doors for hours because he is close to the courthouse.

"I didn't want anyone to come in and take hostages," Mr. Cox said.

He fed the 20 people in his shop hot dogs and sodas.

Mr. Frady said some nearby buildings were evacuated, while people in other buildings across a three-by-five-block area cordoned off by police tape were told to remain inside.

Officers scoured the area for clues. Mr. Frady did not say whether any had been found.

Official Convicted In Travel Deal (MJS)

By Steve Schultze Sschultze@journalsentienl.com

Milwaukee Journal Sentinel, June 13, 2006

She acted on own, Doyle says, but case may be election issue

A federal jury on Monday convicted a state procurement official of fixing a travel contract for a contributor to Gov. Jim Doyle's campaign, adding a potentially explosive issue to the race for governor this fall.

Doyle and his top aides stressed that the two felony convictions represented an isolated instance.

"It is clear that Georgia Thompson acted on her own, and that no other state employee was involved," Doyle said in a statement.

"As I have stated before, I have zero tolerance for ethical lapses in government. When public servants abuse the public's trust, they forfeit their rights to continue in the state's employ."

Thompson will likely be fired, pending a required review of her case, Doyle officials said.

U.S. Attorney Steven Biskupic said after the verdict that the case was about "Georgia Thompson and Georgia Thompson alone." She was found guilty of manipulating the travel bidding to "cause political advantage for her supervisors" and bolster her own job security.

Biskupic said the team that investigated the case, which included him, Attorney General Peg Lautenschlager and Dane County District Attorney Brian Blanchard, would meet soon to discuss matters.

He declined to say whether any other Doyle administration officials or others would now be targeted.

"I don't want people to read too much into it, other than we are trying to be careful in what we do," said Biskupic, an appointee of President Bush's.

Like Doyle, Lautenschlager and Blanchard are Democrats.

Steve Bablitch, Doyle's top government aide, said at the federal courthouse in Milwaukee that his own in-house inquiry into what Republicans dubbed "Travelgate" found no evidence that any of Thompson's bosses at the Administration Department urged her to steer a $750,000 contract to Adelman Travel Group of Glendale last year. Doyle canceled the contract after Thompson's indictment in January.

State Republican Party Chairman Rick Graber, however, was quick to go on the attack. He said Thompson's trial "showed how far this administration is willing to go to reward political cronies and campaign donors."

U.S. Rep. Mark Green, Doyle's Republican opponent, refrained from direct criticism of Doyle and renewed his support for a ban on campaign contributions from officials of companies seeking state contracts. No 'play for pay' allegations

The case against Thompson, 56, of Waunakee, did not include any direct allegations of "pay to play" - that the contract was a reward for contributions. Still, Biskupic noted in court Monday that the thousands of dollars given by Adelman executives around the time the contract was awarded were part of an overall picture.

Adelman executives donated $20,000 to Doyle's campaign in the months around the March 2005 contract award.

Graber said Doyle owes voters a better explanation of his involvement and that of Marc Marotta, the former administration secretary who is Doyle's re-election campaign chairman. Marotta said last week that he would be out of the country on business Monday and unreachable for comment.

Testimony at the trial showed that Doyle and Marotta had separate meetings with Adelman executives before the contract was awarded, and that Marotta's office was in phone contact with Adelman officials when key issues on the contract were being decided.

Bablitch, however, said no evidence was presented "that the governor had anything to do with this."

He predicted that the case would have little impact on voters, who he said would pay more attention to Doyle's record on cutting the state deficit without raising taxes, improving education and improving the state's business climate.

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Charles Franklin, a University of Wisconsin-Madison political scientist, said the trial could contribute to a perception problem for Doyle.

"I think Doyle has a problem in that tainted money has been coming up for him repeatedly," Franklin said. "Some of that has been fair and some of that hasn't been fair, but politics isn't about fair."

Franklin said any damage was minimized in that nothing in the trial implicated Doyle or any of his political appointees.

Thompson was a civil service hire in 2001 under then-Republican Gov. Scott McCallum. She has been described as somewhat apolitical. She testified that no one pressured her to help Adelman win the contract and that the process employed to select Adelman saved the state money.

Thompson appeared shaken after the verdict and declined to speak to reporters. Her attorney, Stephen Hurley, also would not comment on the outcome. Biskupic said he expected Hurley to appeal the convictions.

Thompson's sentencing was scheduled for Sept. 22. She faces up to 20 years in prison, but federal guidelines will likely recommend a far lesser term, Biskupic said.

During closing arguments Monday, Biskupic labeled Thompson a liar.

"She lied; we know she lied," Biskupic said, noting that Thompson's story in court differed from what several prosecution witnesses recalled her saying.

Thompson used political considerations to alter the process to steer the contract to Adelman, according to Biskupic. Although she was one of seven members of a committee that evaluated proposals, she engineered a move to take "best and final" offers that resulted in a reversal of the outcome, Biskupic said. No charges against Adelman

Omega World Travel of Fairfax, Va., had initially scored higher than Adelman.

"It couldn't have worked better (for Adelman) if they had had one of their own employees on that committee," Biskupic told jurors.

No one from Adelman has been charged in the case.

Hurley said no direct evidence proving Thompson had rigged the contract had been presented at her trial, which began a week ago before U.S. District Judge Rudolph Randa.

Several witnesses testified that after Omega appeared to be the winning bidder, Thompson said that would pose political problems. She also feared having to tell her bosses the winner wasn't Adelman and that the result should be different, according to trial testimony.

Hurley said none of those witnesses, however, could remember exactly what was said. State travel consultant Ian Thomas, who testified that Thompson had said, "I don't know how I'm going to tell my bosses it's not Adelman," later testified that Thompson might have said something about wanting a "local company" to win the contract.

The prosectors' case against Thompson boiled down to "bits and pieces" that misinterpreted events in the most damning light, Hurley said. A common-sense reading of all the facts presented shows she was not guilty, Hurley said.

"Proof is required, not a suspicion," he said.

Doyle campaign aide Anson Kaye said Monday that Doyle would not return the Adelman contributions because only Thompson was involved in wrongdoing.

Patrick Marley and Jesse Garza of the Journal Sentinel staff contributed to this report.

From the June 13, 2006 editions of the Milwaukee Journal Sentinel

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Jury Convicts Wisonsin Official Of Fraud (STPPP)

By Ryan J. Foley

The St. Paul Pioneer-Press, June 13, 2006

MILWAUKEE - Jurors convicted a state purchasing official of fraud charges Monday, agreeing with federal prosecutors that she illegally steered a contract to a company with ties to Gov. Jim Doyle.

Jurors found Georgia Thompson guilty of causing a misapplication of state funds and participating in a scheme to defraud the state. The charges carry up to 20 years in prison, but prosecutors said she would receive less.

Prosecutors accused Thompson, a Department of Administration purchasing supervisor, of steering a contract to book state travel to Adelman Travel Group last year.

The firm's CEO gave $10,000 to Doyle before and after winning the contract, worth an estimated $750,000. Prosecutors used e-mails and other records to paint a cozy relationship between Doyle's administration and Adelman.

But Thompson, a 56-year-old civil servant who took the stand in her own defense, contended she was under no pressure from Doyle aides to give the contract to Adelman and was unaware of the campaign donations.

She showed no emotion when the verdict was read, but two of her supporters in the gallery broke into tears.

Thompson and her lawyer, Stephen Hurley, declined comment as they left the courtroom.

Sentencing was scheduled for Sept. 22.

The state Republican Party said the case was evidence that Doyle, a Democrat running for re-election, rewarded campaign contributors with state work. Doyle has denied those claims.

Doyle has acknowledged being longtime friends with the Adelman family. The governor canceled the contract after Thompson was indicted but has retained the campaign contributions from Adelman and an additional $10,000 from a Milwaukee businessman on the company's board.

He issued a statement Monday saying trial testimony and evidence showed Thompson "acted on her own and that no other state employee was involved."

Witness: City Aide Told Me To Lie (CHIST)

By NATASHA KORECKI, STEVE WARMBIR AND FRAN SPIELMAN, Staff Reporters

Chicago Sun-Times, June 13, 2006

A Mayor Daley press aide told a deputy commissioner to lie to the public and say the city hired a 19-year-old building inspector without knowing he was the son of a clout-heavy union official, a witness testified in the City Hall hiring trial Monday.

The deputy commissioner, Christopher Kozicki, a onetime secretary in John Daley's 11th Ward political organization, also testified Monday that the FBI asked him about John Daley in three different interviews, leading a defense lawyer to call Daley a "mooch" who bummed rides off of people.

Also, prosecutors said they plan to call City Corporation Counsel Mara Georges to the stand today to ask her about 2005 interviews with Robert Sorich and Tim McCarthy, who are now on trial. At the time, Georges questioned them about the Office of Intergovernmental Affairs' role in city hiring, prosecutors say.

In September 2004, Sun-Times columnist Carol Marin reported that Andy Ryan, 19, was hired as a building inspector even though the city requires all inspectors to have completed a four-year apprenticeship and have two years work experience. Ryan is the son of Tom Ryan, the secretary-treasurer of Carpenters Local 13. The union was Mayor Daley's largest campaign contributor in 2003.

Kozicki testified that Breelyn Pete, former spokeswoman for the city Buildings and Procurement Services Department, told Kozicki to tell the press he didn't know about Ryan's connections.

"You were given orders to effectively lie to the press?" defense lawyer Tom Durkin asked.

Kozicki said yes.

'I never advised him to lie'

Durkin represents Daley patronage chief Sorich, on trial along with his IGA assistant McCarthy and two others for allegedly rigging the city's hiring system to give jobs to political favorites.

Reached Monday, Pete flatly denied the accusation.

"He was told by me? Never at any time did that conversation take place," said Pete, who left City Hall to join the Children's Museum. "I never advised him to lie to the media or to anyone else about Andy Ryan and his father."

At the time, the mayor blamed then-Building Commissioner Stan Kaderbek for the hiring. In a sidebar outside of the jury's presence, Durkin referenced a "damage control" meeting suggesting higher-ups steered the decision to lie about Ryan. The mayor's chief of staff, press secretary, Kaderbek and Georges, were among those in attendance, Durkin said.

"It was decided that Kozicki would tell the press that story," Durkin said.

Kozicki wasn't present for that alleged conversation and couldn't testify to it. Prosecutors want to block Durkin from asking Georges today about that alleged conversation.

While prosecutors called Kozicki to the stand, they treated him as a "hostile witness" saying he all along said that IGA, Timothy McCarthy, former Daley aide John Doerrer and Kaderbek were all involved in rigging Ryan's hiring. Kozicki later testified though that Kaderbek was the "driving force" behind the hiring.

Prosecutors said he "exaggerated the role of Kaderbek ... and minimized the role of IGA in hiring generally ... in a manner inconsistent with his previous grand jury testimony." He did it, Assistant U.S. Attorney Philip Guentert suggested in questioning, to take the blame off his friend and fellow 11th warder McCarthy. But Kozicki lawyer Ted Poulos said his client has been consistent in his dealings with the government all along.

John Daley called a ride 'mooch'

Meanwhile, Durkin suggested that prosecutors questioned Kozicki because they "wanted to try to indict Mayor Daley and his brother John based on this evidence," and asked if prosecutors were trying to link John Daley to criminal activity. Kozicki said he was asked about John Daley during three different interviews. He acknowledged he sometimes drove John Daley downtown

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if he asked for a ride and that Daley helped him get his job with the city. A source with knowledge of Kozicki's government interviews said their questions about John Daley were innocuous.

Kozicki agreed when Durkin asked if Daley was just a "mooch" who asked other people -- including Sorich -- for rides.

"Did John Daley in your rides downtown ever attempt to influence the performance of your official duties?" Durkin asked.

"No," he said.

Witness: FBI Asked About Mayor's Brother (CHIT)

By Rudolph Bush And Dan Mihalopoulos, Tribune Staff Reporters

Chicago Tribune, June 13, 2006

Three times this year, federal prosecutors have questioned a high-ranking city official and prominent member of the 11th Ward Democratic Organization about Mayor Richard Daley's brother, John Daley, it was revealed in court Monday.

Witness Christopher Kozicki, a former managing deputy in the Buildings Deparment, did not detail what prosecutors wanted to know about Cook County Commissioner John Daley as he testified in the trial of the mayor's former patronage chief, Robert Sorich.

But Sorich's attorney, Thomas Anthony Durkin, suggested to Kozicki that prosecutors "wanted to try to indict Mayor Daley and his brother John." U.S. District Judge David Coar sustained prosecutors' objections to that and similar questions.

Prosecutors charge that Sorich and three other former city officials rigged hiring and promotions for many blue-collar city jobs in favor of people who campaigned for groups loyal to the mayor.

The trial has put a spotlight on the mayor's administration and included testimony from several current and former top city officials. The prosecution could call City Corporation Counsel Mara Georges as early as Tuesday.

John Daley's name surfaced as prosecutors sought to treat Kozicki, whom they called to the stand, as a hostile witness.

Prosecutors were surprised by Kozicki's testimony last week that former Buildings Commissioner Stan Kaderbek, and not the mayor's office, was mainly responsible for the 2004 hiring of a young, unqualified building inspector. The testimony Thursday deviated from a sworn statement Kozicki made in February, prosecutors charged.

Prosecutors allege that pressure from Sorich aide Timothy McCarthy and another top Office of Intergovernmental Affairs official prompted the hiring of Andrew Ryan, then 19.

Ryan was hired because his father is a top official in Carpenters' Union Local 13 and despite his lack of experience, Kozicki testified. He said he rigged a job interview to ensure Ryan's hiring.

Kozicki received immunity from prosecution for his cooperation with the government.

But Kozicki's testimony last week was "entirely consistent" with defense arguments in the trial, prosecutors asserted in a court filing Monday.

"Kozicki exaggerated the role of Kaderbek in the hiring of Andrew Ryan and minimized the role of [Intergovernmental Affairs] in hiring generally," prosecutors charged.

Back in court Monday, Kozicki insisted that he has consistently told prosecutors that Kaderbek was the "driving force" behind Ryan's hiring.

Prosecutors suggested that Kozicki's political allegiances colored his testimony. Assistant U.S. Atty. Philip Guentert asked Kozicki about those connections on the stand, particularly his work as secretary to the Democratic organization in the Daley family's traditional 11th Ward power base. John Daley leads the 11th Ward Democratic Organization, whose members include Sorich and McCarthy, a co-defendant.

Kozicki acknowledged that, like Sorich, he used to drive John Daley from his home in the Bridgeport neighborhood to his office downtown.

"While you were working for John Daley, that was also one of your responsibilities?" Guentert asked.

"It was not a responsibility, but I did it," Kozicki responded.

On cross-examination, Kozicki said he would give John Daley a ride whenever he asked and Kozicki happened to be leaving for work at the same time.

"John Daley's kind of a mooch in that regard?" Durkin asked.

"Yes," Kozicki said.

The hiring of Ryan and another unqualified son of a union official embarrassed the Daley administration. Officials fired Ryan and the other building inspector in September 2004, contending publicly that they had been duped into hiring them.

After the scandal broke, Kozicki said, Buildings Department spokeswoman Breelyn Pete instructed him to tell reporters that he was unaware Ryan's father was a top union official.

"You were given orders to effectively lie to the press?" Durkin asked.

"Yes," Kozicki replied.

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Pete, who is now vice president at the Chicago Children's Museum, said when reached by telephone that she never gave Kozicki that instruction.

Kozicki recently was reassigned to a high-level post in the city Planning Department.

After his testimony, jurors heard from a man who said he unsuccessfully applied for the building inspector openings in 2004. Jeffrey Harness said the city rejected him for the $50,000-a-year post despite a résumé that listed 17 years of experience in the building trades and familiarity with the city building code.

Harness later told reporters that he was "a little angry" that he was passed over in favor of a teenager.

"At that age, you're not really qualified to be in a position where people's lives are at stake," Harness said.

Also Monday, a former city computer technician testified that he removed a program from Sorich's laptop computer in 2002. The program tracked city job seekers by their race and political affiliation, according to witness Ben Campney.

He said he created the program after Daley was elected mayor in 1989 at the request of top Daley political aide Timothy Degnan.

Campney said that, during a 2002 meeting in Sorich's office, he deleted the program and its files from Sorich's laptop at his request.

"Robert joked that, after this was over, we would throw the hard drives in Lake Michigan," Campney said.

Campney testified that he did not talk about the 2002 meeting with Sorich when federal investigators first interviewed him last year. He only told them about it in April.

"I felt it was the right thing to do," Campney said.

Under cross-examination by Durkin, Campney said he did not deliberately lie to authorities in his first meeting with them but had 'needed more time to think about it.'"

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Former West Mifflin Police Chief Pleads Guilty To Drug Charges (PPG)

By Jonathan D. Silver And Paula Reed Ward, Pittsburgh Post-gazette

Pittsburgh Post-Gazette, June 13, 2006

New complaint accuses him of theft

Former West Mifflin Police Chief Frank Diener pleaded guilty yesterday to federal drug charges and was presented with a new 19-count criminal complaint from the Allegheny County district attorney's office alleging that he created a slush fund and stole thousands of dollars of borough and private property.

The complaint and affidavit against Mr. Diener, 57, of Saniel Drive in West Mifflin, also accuses him of obstructing investigations, peddling guns and voiding traffic tickets.

Investigators allege the crimes took place from 1994 to 2006, while Mr. Diener was chief. The complaint stems from an 18-month investigation by the state police organized crime unit and the FBI.

Over the years, according to the complaint, Mr. Diener stole a range of items, including a video poker machine, two trailers, tools, a generator, a pair of police computers, borough shredders and ammunition.

Police also said Mr. Diener took possession of a piece of excavation equipment called a skid loader and sold a deceased officer's pistol to a Munhall man without completing the proper paperwork.

Mr. Diener created a $4,962 slush fund in 2000 by fabricating a portion of an order for bulletproof vests, investigators said. He used the money to buy guns and equipment for himself and other West Mifflin police officers, according to the complaint.

The district attorney's office said the investigation is continuing and will result in more arrests.

Mr. Diener was arraigned yesterday and held on $5,000 straight bond for the county charges. A preliminary hearing was scheduled for Thursday.

Mr. Diener and his attorney, Robert Stewart, declined comment in federal court, where Mr. Diener pleaded guilty to possession with intent to distribute cocaine, possession with intent to distribute marijuana and obstruction of justice.

According to Assistant U.S. Attorney Stephen S. Stallings, Mr. Diener was caught stealing drugs from his department's evidence room when several cooperating witnesses made undercover recordings.

U.S. Attorney Mary Beth Buchanan said prosecutors are not aware of any cases from West Mifflin being compromised by the theft of the drugs from the evidence locker.

"This is not a reflection of the West Mifflin Police Department as a whole," state police Maj. Frank Monaco said.

The former chief also pleaded guilty to instructing witnesses to lie and destroy evidence.

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On March 9, when Mr. Diener learned that there was an ongoing FBI investigation, he gave a paint can containing 25 grams of cocaine and 387 grams of marijuana to one of the cooperating witnesses so it wouldn't be found in any search of his home, Mr. Stallings said.

Eight days later, when the witness asked Mr. Diener what he should do with the drugs, the chief told him to destroy them, Mr. Stallings said.

Mr. Diener is to be sentenced Oct. 13 on the federal charges.

In October, Mr. Diener resigned following a series of suspensions over allegations that he used a borough vehicle for personal reasons, allowed officers without proper qualifications to carry firearms and engaged in conduct unbecoming a law enforcement officer.

Former Police Chief Pleads Guilty To Drug Charges (PTR)

Pittsburgh Tribune-Review, June 13, 2006

Former West Mifflin police Chief Frank Diener plead guilty in federal court Monday on two felony drug charges and one count of obstruction of justice.

Immediately following his appearance before U.S. District Judge Joy Flowers Conti, Diener, 58, of West Mifflin, was taken by Pennsylvania State Police officers to Pittsburgh Municipal Court where he was arraigned on 19 state charges, including theft by deception.

Investigators said in court paperwork that Diener took numerous items -- including a video gambling machine, narcotics, tools, firearms and ammunition -- from the police department and its evidence room.

Investigators also contend that Diener instructed officers to fix cases. He resigned the chief's post in October 2005.

Diener is scheduled to be sentenced Oct. 13 in U.S. District court. Diener's preliminary hearing on the state charges is scheduled for Thursday before Brookline District Judge Charles McLaughlin. Robert Stewart, Diener's attorney, said that hearing will likely be postponed.

Suburban Pittsburgh Police Chief Pleads Guilty To Drug Charges (TLPA)

Times Leader (NE PA), June 13, 2006

PITTSBURGH - A suburban police chief who resigned after being repeatedly suspended pleaded guilty Monday to federal drug charges.

Former West Mifflin Police Chief Frank Diener, 57, pleaded guilty to possession of cocaine and marijuana with intent to distribute as well as obstruction of justice, U.S. Attorney Mary Beth Buchanan said.

Diener resigned in October after being suspended for using a borough vehicle for personal reasons and allowing officers to carry firearms without proper qualifications.

He faces a maximum penalty of 35 years in prison and a fine of as much as $1.75 million when he is sentenced October 13.

Two Sentenced For Fraudulent Gold-silver Sales Scam (MH)

By Roberto Santiago

The Miami Herald, June 13, 2006

They claimed to handle gold and silver, but after Monday, the only metal objects these two convicted Broward con artists could be seeing are iron prison bars.

Charles Paul Hoffecker, 53, of Pompano Beach and Charles Edward Meyers, 66, of Fort Lauderdale could face up to 10 years in federal prison when they are sentenced June 19 before U.S. District Judge Katherine Hayden in Newark.

Their sentencing caps nearly a 10-year investigation that was scripted like a Hollywood caper movie. The scam, similar to the plot of the 2000 film Boiler Room, involved smooth-talking salesmen who ran an elaborate telemarketing scheme from rented offices around the country, with the largest operation in Fort Lauderdale.

Authorities, who cracked the case by setting up their own phony boiler room in New Jersey, said the hustlers ultimately fleeced more than 1,000 investors across the nation out of more than $14 million.

Four victims who testified at the trial said they were bilked of anywhere from $40,000 to $120,000.

The duo claimed they ran Amitex Investment Services Ltd., a Bahamian company that bought and stored precious commodities like gold and silver.

Amitex was actually a one-room office in the Bahamas. The money-generating sales pitches were done in boiler rooms they ran in New York, Nevada, California, Georgia and Florida, according to New Jersey's Robert Kirsch, an assistant U.S. attorney who helped prosecute the case.

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"The largest Amitex boiler room was located in Fort Lauderdale on Commercial Boulevard," said Kirsch, who said the operation was in an office.

A boiler room is a base of operations from which con artists run phony telemarketing schemes from a secret location -- often a rented office or basement in a home -- where they set up a bank of telephones and make cold calls.

The two were found guilty in March after a three-month jury trial. They were each convicted on several counts of mail and wire fraud.

Since the conviction, Hoffecker has been held in the Passaic County jail.

Myers is being transported to Newark from the Miami Correctional Facility by the U.S. Marshal Service.

As part of a deal, Meyers was allowed to return to his home in Fort Lauderdale, under 24-hour house arrest, to await sentencing.

He was taken into custody after authorities learned that he sold his house.

The two had been the focus of a lengthy investigation by the FBI and U.S. Postal Inspection Service that started in 1996.

To nab them, the FBI and postal officials set up their own faux boiler room -- called Commodities Investors Corp. -- in 1997 in East Brunswick, N.J..

A press release from New Jersey Attorney's office said that Hoffecker tried to ``recruit the operators of CIC to sell the Amitex investment."

The two were indicted in 2003 and had a trial that ended in a hung jury in 2004.

Retried this year, they were found guilty three months ago.

Hoffecker got into the phony offshore commodities sales business after he was banned in 1991 from selling commodities on credit in the United States by a U.S. District judge in Florida.

He built a fortune using smooth-talking, unscrupulous telemarketers.

"Hoffecker and Meyers are experienced in telemarketing and they knew well that most -- if not the overwhelming majority of those -- that are called with regards to promoting these sorts of investments hang up," Kirsch said.

"But they also know that a percentage, however small, who are most vulnerable and most naive, fall prey to smooth-talking fraudsters," Kirsch said.

FBI Eyes Purported Tape Of American Teen's West Bank Boyfriend (FINDLAW/AP)

By Brian Charlton, Associated Press Writer

AP, June 13, 2006

(AP) - CARO, Michigan-The FBI and local investigators said Monday that they are interested in a television station's tape of a purported interview with a West Bank man who says he paid for a 16-year-old American girl to fly to the Middle East after meeting her on the internet.

Katherine R. Lester disappeared June 5 from her home in rural Michigan. After the FBI helped track her to the airport in Amman, Jordan, U.S authorities persuaded her to board a return flight. She returned home Friday night.

Authorities have said the girl apparently planned to visit a man who describes himself as a 25-year-old from Jericho on his account with MySpace.com, a social networking Web site where the two met.

WNEM-TV in Saginaw broadcast a telephone interview with a man who said he actually was 20 and only identified himself as Abdullah.

In the interview Saturday, he said he was a wealthy businessman who met Lester online seven months ago. He said he wanted to marry her and sent her money for a plane ticket to visit him.

The station said it got the man's MySpace identity from Lester's sister, Mary, who found it on a computer they share. WNEM said it messaged him on MySpace and asked him for his cell phone number for an interview.

The Associated Press also messaged him and called the number, but he declined comment.

"We're aware of the existence of the tape," Tuscola County sheriff's Sgt. Michael Pine said. "We're talking to the FBI. It's part of the investigation."

Neither he nor FBI spokesman Terry Booth would say whether they had requested the tape from the station or whether they believed the man was who he said he was.

"I haven't seen the tape, so I can't comment on the accuracy," Booth said from Detroit.

Authorities were trying to determine whether any laws were broken. The age of sexual consent in Michigan is 16.

The girl was in seclusion to escape the attention surrounding her travels, an attorney for the girl's family said Monday.

"Katherine does not want the media attention. The parents don't want the media attention on their daughter," lawyer Renee Wood said.

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Tuscola County Sheriff Tom Kern said the girl did not want to return home when authorities approached her at the airport in Amman, but once they realized she was 16 and her mother wanted her back, they seized her passport.

MySpace.com, owned by News Corp., has more than 72 million members that lets users post photos, Web logs and journals. Its popularity with teenagers has raised concerns, and there have been scattered accounts of sexual predators targeting minors they met through the site.

GPS Will Track Sex Offenders (WT)

By Nathan Bomey

The Washington Times, June 13, 2006

Sex offenders in Virginia will be monitored more closely via Global Positioning System (GPS) technology and an upgraded registry, state officials announced yesterday.

The changes that are to take effect July 1 will broaden the number of offenders eligible to be listed in the statewide online registry. The names and photos of nonviolent sex offenders will be accessible, expanding the registry to about 13,000 names.

Two similar bills making their way through the General Assembly would authorize administrative personnel and state troopers to help monitor sex offenders and enforce state law, Attorney General Robert F. McDonnell said in an interview yesterday.

Technological upgrades and the hiring of about 50 troopers and six administrative workers to maintain the registry would cost about $10.5 million, said Mr. McDonnell, a Republican.

The revamped registry Web site, (sex-offender.vsp.virginia.gov), is maintained by the Virginia State Police and allows users to locate the residences of offenders on a map. Its search engine can sort by city, county, ZIP code and name.

The list of offenses that require a criminal's name to be in the registry will be expanded to include, for example, those convicted of possessing child pornography on the first offense.

"There's dramatic new resources going into monitoring these offenders, so we know exactly where they are," Mr. McDonnell said. "And we think it's going to work more accurately with these new resources employed."

The changes come after Gov. Timothy M. Kaine in April signed a dozen bills aimed at cracking down on sexual predators.

GPS technology will be used to track sex offenders convicted of major crimes from three years to life after they are released from prison. Offenders who fail to register promptly will have to wear a tracking bracelet.

Mr. McDonnell said GPS technology is ready to be used in law enforcement. "It has been used in your golf cart and your car for about 10 years for commercial purposes," he said.

Col. W. Steven Flaherty, superintendent of the Virginia State Police, said the "opportunity to track these people in their neighborhoods" is invaluable.

"We have more people paying attention, making sure that people who have to register are registering accurately and that they aren't in places where they shouldn't be," Col. Flaherty said.

Improvements In Registry Announced (WP)

By Jamie Stockwell

The Washington Post, June 13, 2006

Upgrades have been made to Virginia's online sex offender registry, including mapping features that allow users to pinpoint where offenders live and work in their neighborhoods, officials said yesterday.

The enhancements, part of a $10.5 million effort to improve the registry, were announced in Richmond at a news conference held by Attorney General Robert F. McDonnell and Col. W. Steven Flaherty, superintendent of the Virginia State Police. The changes, they said, were a result of legislation intended to provide more rigorous supervision of the state's nearly 13,000 sexual predators.

"We want to make it a bit tougher for them here," said Lt. Col. H.C. Davis in a telephone interview yesterday. "All of the changes will help us more actively monitor the offenders."

As part of the upgrades, the registry, launched in 1999, now enables visitors to search by name, Zip code, city or county or to use a map to search the area around a specific address. Users can view a list of incarcerated offenders, offenders living nearby and those wanted by authorities for failing to register. Virtual thumbtacks appear on a map, and when a user clicks on one,a photograph of the offender appears on the screen along with the name, aliases, address and offense.

Beginning July 1, the database will include all of the state's nonviolent sex offenders. Until the changes in state law, the list of nonviolent offenders was known only to law enforcement officials. Visitors to the Web site also will be able to see where nonviolent offenders live and work, said Lt. Tommy Turner of the state police.

Work addresses were necessary, Turner said, because "offenders learned to circumvent the system."

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"It doesn't help if you have a guy who lives in downtown Manassas but spends all day in Fairfax County working at a plumbing company," Turner said. He said part of the money allocated for registry improvements will be used to hire officers who will be responsible for checking on offenders who fail to re-register with the state.

Under the omnibus bill signed into law this spring, violent sex offenders -- including those convicted of such crimes as murder, rape and child molestation -- are now required to register with the state every 30 days, instead of every 90 days. Those classified as nonviolent will have to register every six months, Davis said.

Should the offenders not register, Davis said, they will be flagged on the registry. If they fail to register more than twice, or if they are convicted of another sex crime while on the registry, they will be required to wear GPS monitors under the new law.

Davis said an unknown number of offenders are unaccounted for or have failed to register on time. The changes to the registry, he said, should make it much easier to find them.

As of July 1, Davis also said, offenders convicted of certain violent sex acts against children younger than 13 will face a mandatory minimum sentence of 25 years. Under the old law, they have faced a sentence of five years to life.

Defense In Hollywood Wiretaps Case Demands Prosecution Evidence (CCT)

By Greg Risling

The Contra Costa Times, June 13, 2006

LOS ANGELES - Defense attorneys in a Hollywood wiretapping case scolded federal prosecutors on Monday for not turning over evidence.

"It's their obligation to provide us what we need to exonerate our clients," said Terree Bowers, a defense attorney who said the process has been "like pulling teeth."

Defense attorneys pointed out that the 112-count indictment against private investigator Anthony Pellicano was unsealed in February after an investigation that lasted more than three years.

Prosecutors alleged that Pellicano tapped the phones of Hollywood stars such as Sylvester Stallone; and paid two police officers to run names, including comedians Garry Shandling and Kevin Nealon, through a government database.

A total of 14 people have been charged, including Pellicano. Six have pleaded guilty to a variety of charges, including conspiracy and wiretapping.

Pellicano's trial is scheduled for Oct. 24.

More than 23,000 pages of documents have been provided by federal prosecutors, but defense attorneys argue the process has moved too slowly and they have yet to receive all of the evidence.

Prosecutors turned over some evidence to defense attorneys before Monday's hearing. Defense attorney Chad Hummel said he plans to file a motion that would ask U.S. District Court Judge Dale Fischer to throw out any evidence offered by prosecutors in the future.

Fischer ordered that a special master be appointed to review the evidence and determine what defense attorneys should be allowed to see.

Prosecutors said part of the delay has come from difficulty decrypting about 1,300 audio files made by Pellicano of his telephone conversations with clients and others. More than 350 audio files have been given to defense attorneys, but others haven't because the material isn't relevant to the case or doesn't rise to the level of filing criminal charges, said Assistant U.S. Attorney Daniel Saunders.

If defense attorneys "are so eager to get the tapes decrypted, the one man who has the password is sitting right over there," said Saunders, referring to Pellicano.

Saunders added a "select few" files deal with an ongoing investigation, but he didn't elaborate. Prosecutors have promised more charges are forthcoming.

Meanwhile, Fischer ordered prosecutors to hand over the remaining confidential FBI documents to defense attorneys. Some of the summaries, which cited interviews with top Hollywood power brokers, were leaked to the media and prompted an investigation into who may have released the information.

Defense attorneys maintained in court Monday that they were not responsible for the leaks.

Dispute Over Evidence In Pellicano Wiretap Case (NYT)

By David M. Halbfinger And Allison Hope Weiner

The New York Times, June 13, 2006

LOS ANGELES, June 12 — The nearly four-year federal investigation of Anthony Pellicano, the Hollywood private eye accused of masterminding a sprawling eavesdropping operation, has turned up only a single recording in which two people were unknowingly wiretapped, prosecutors said in court on Monday.

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Even code-crackers from unspecified government agencies have failed so far to decipher the passwords Mr. Pellicano may have used to stash away many more surreptitiously recorded phone calls in his computer drives, prosecutors said.

Defense lawyers, meanwhile, are questioning whether even the single wiretap the government claims to have discovered is really that, or something else entirely.

The government said its evidence included hundreds of recorded calls in which Mr. Pellicano can be heard boasting of his wiretaps, describing them in detail, and even playing back portions of them for his clients. The detective routinely recorded his own calls, and the government has not faced the same encryption problems with those.

The disclosures mean that, barring a last-minute break in the investigation, the government's case will be based far more on circumstantial evidence and witnesses' testimony than on direct evidence of illegal wiretapping.

The developments came in a contentious court hearing over evidence that defense lawyers have been waiting for since the indictments of Mr. Pellicano and seven other people on wiretapping and conspiracy charges in February. Defense lawyers complained Monday that prosecutors had turned over too little, too late, missing a Friday deadline and continuing to withhold a large amount of important evidence.

For example, prosecutors said they still would not turn over some 250 recorded phone calls and other evidence that remain the focus of the ongoing investigation. The lead prosecutor, Daniel A. Saunders, an assistant United States attorney, has said that more indictments are forthcoming.

Mr. Saunders and another prosecutor, Kevin M. Lally, said they had turned over some 22,000 pages of written evidence and would soon provide another 100,000 pages of case files from underlying legal matters that Mr. Pellicano was investigating. The government charges that Mr. Pellicano put his wiretapping to work on behalf of corrupt lawyers seeking an illegal and unfair advantage in litigation — much of it involving the entertainment industry, but also including divorces and criminal cases.

What has not been publicly disclosed are the details of the single recording in the government's possession that it says is an illegal wiretap. According to written summaries of F.B.I. interviews seen by The New York Times, the recording concerns events that led to the divorce of a Los Angeles billionaire, Alec E. Gores, from his wife, Lisa A. Gores, in 2001.

If the government fails to crack Mr. Pellicano's passwords and turn up other direct evidence of wiretaps, that means the prosecution's star witnesses could be forced to make their painful private drama public.

Mr. Gores, principal of the private equity firm Gores Technology Group, admitted hiring Mr. Pellicano in 2000 to investigate his suspicions that his wife was cheating on him with his younger brother, Thomas T. Gores, another billionaire investor, according to summaries of F.B.I. interviews with all three family members. (A third brother, Sam Gores, runs the Paradigm talent agency.)

Mr. Pellicano installed wiretaps on both Lisa and Tom Gores's telephones, the summaries show, and confirmed Alec Gores's suspicions that the two had become inappropriately involved. Alec Gores admitted to the F.B.I. that he listened to Mr. Pellicano's wiretaps on several occasions, the summaries show. Alec Gores has not been charged, and has been assured he is only a witness in the case, said his lawyer, Louis Miller, who is also known as Skip.

The sole recording the government says was a wiretap contains a conversation that occurred the evening of Jan. 8, 2001, as Lisa and Tom Gores spoke on the phone hours after they had met at the Beverly Hills Hotel. Last November, F.B.I. summaries show, Lisa Gores listened to the recording and confirmed for investigators that the voices on it were hers and Tom Gores's.

But defense lawyers dispute whether the recording is really a wiretap. "Just because they say it, doesn't mean it's true," said Steven F. Gruel, Mr. Pellicano's lawyer. "It could be anything."

Defense lawyers said that Mr. Pellicano routinely taped his own phone calls, and that he frequently played previously recorded conversations for his clients over the phone, rather than in person. Thus, they say, the recording of Lisa and Tom Gores could actually have been a second-generation recording, rather than an original wiretap.

"Pellicano's position has been, all along, there are no wiretaps," Mr. Gruel said.

With a trial set for Oct. 24 and the federal investigation far from complete, both the strengths and the weaknesses of the government's case were on full display Monday.

Beyond whether the Gores recording is an original wiretapped recording, for example, there is the question of how strong a witness Alec Gores will be, given his own admissions that he knew of Mr. Pellicano's illegal activity. In his F.B.I. interview, Alec Gores said he paid Mr. Pellicano at least $50,000, lent him at least $50,000 more that was never repaid, and paid for a Hawaii vacation for Mr. Pellicano's whole family as a bonus for his work. He said Mr. Pellicano had worked for him for five to six months. And he said that "on at least two occasions, and possibly a third, Pellicano played Gores recordings of Lisa and Tom Gores talking on the telephone."

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Mr. Miller, Alec Gores's lawyer, insisted that his client "has done absolutely nothing wrong." Asked about the summaries of Mr. Gores's statements to the F.B.I., Mr. Miller said he wished he could "comment to correct and/or clarify some of the information" contained in them, but "since my client is a witness, I cannot do so."

Even without a single undisputed wiretap to play for a jury, Mr. Saunders and Mr. Lally argued in court that they had plenty of ammunition with which to convict Mr. Pellicano and his co-defendants. They said they had "dozens of witnesses" who listened to wiretaps or even helped implement them, and "hundreds of calls" in which Mr. Pellicano played previously wiretapped conversations. In many of those recordings, the prosecutors said, Mr. Pellicano boasted to clients of what he had heard on his wiretaps — often reporting that he had eavesdropped on their legal adversaries discussing their litigation strategy.

Defense lawyers on Monday made much of the government's failure thus far to break the password protection on many of Mr. Pellicano's audio files. Prosecutors said they could at least provide a breakdown of the call times, participants and subject matter, because Mr. Pellicano incorporated that information into his computer file names.

But defense lawyers complained to Judge Dale S. Fischer of United States District Court that Mr. Pellicano's still-encrypted files could contain vital exculpatory evidence. "We're just wandering in the fog right now, without much clarity," said Terree A. Bowers, who is defending Terry N. Christensen, the lead partner in a Century City law firm, who is charged with wiretapping and conspiracy.

Mr. Saunders retorted that "passwords don't change the content" of Mr. Pellicano's digital recordings. "They don't make Terry Christensen say, 'Oh, please wiretap her, when he said, 'No, please don't wiretap her,' " he said.

Mr. Bowers pleaded with the court to order the government to provide a breakdown of all the recordings prosecutors had not turned over, detailing what they contain and the government's reason for withholding them from the defense. Judge Fischer agreed, ordering that an outside referee be appointed to review the government's evidence and decide whether it should be turned over to the defense.

Mr. Bowers scolded the prosecutors, saying they had moved ahead with indictments while still unprepared for trial.

"We need to know what they're withholding and why they're withholding it," Mr. Bowers said of the government. "We urged the government not to go into this prematurely. Here we are still waiting for the tapes to be decoded."

Mr. Saunders, in response, said that if defense lawyers were so eager to crack the code, they could simply consult Mr. Pellicano, who sat opposite the government's table, in chains and a green jailhouse jacket. "The man with the passwords, your honor, is sitting right there across the courtroom," Mr. Saunders said.

Many Of Pellicano's Recordings Still Secret (LAT)

By Greg Krikorian, Times Staff Writer

The Los Angeles Times, June 13, 2006

Hundreds of the private eye's tapes have not been decoded, U.S. lawyers say. Defense says feds are withholding evidence.

Federal prosecutors said Monday that they were still trying to unravel more than 275 encrypted recordings made by Hollywood private eye Anthony Pellicano.

Although the exact nature of the contents of the tapes will only be known if government cryptographers successfully break the powerful encryption software that Pellicano used to scramble the conversations, they could provide new evidence in the case against Pellicano and his six co-defendants or other Pellicano clients and associates not yet indicted.

Prosecutors disclosed the existence of the still-encrypted recordings at the outset of an acrimonious hearing before U.S. District Judge Dale S. Fischer as they clashed with defense attorneys who alleged the government was intentionally withholding evidence that might exonerate their clients.

Assistant U.S. Atty. Kevin Lally told the crowded courtroom that authorities recovered about 1,300 audio files from Pellicano's offices and have turned over 367 of them to defense lawyers. As many as 400 other Pellicano recordings are considered privileged communications, primarily between Pellicano and his attorneys, and are not part of the case. About 250 recordings relate to the government's ongoing probe but are not relevant to any of the named defendants, Lally said.

That leaves just over 275 recordings that have yet to be decoded. Commercially available encryption software enables computer users to protect digital information using mathematical formulas, or algorithms, that require powerful computers to break.

In addition to the recordings that have been turned over to defense attorneys, Lally said the government has to date turned over 100,000 additional pages of documents in the case.

Lally's statement triggered a sharp reaction from defense attorneys, who suggested that authorities are purposely dragging their feet. "It is clear we have a major problem," said attorney Chad Hummel, who represents Mark Arneson, a former Los

Angeles Police Department sergeant accused of participating in Pellicano's alleged conspiracy to wiretap and intimidate others on behalf of the private eye's clients.

"I have great concerns at this point," added Terree Bowers, who represents another defendant, prominent entertainment attorney Terry Christensen.

"We are still waiting, astonishingly, for discovery of a great number of tapes…. I don't see how we are in that position this late in the game," Bowers added, referring to the scheduled October start of the trial. "We need to know what they are withholding and why they are withholding it."

Lally and co-prosecutor Daniel Saunders disagreed with the contention that they had purposely withheld evidence from defense attorneys. To the contrary, Saunders told the judge, authorities have turned over huge volumes of evidence and have been stymied in producing more tape-recordings because of the complexity of Pellicano's encryption methods.

If defense attorneys "are so desperate to get those files … ," Saunders said, glancing at Pellicano, "the man with the password is sitting right there."

The private eye, who grinned often during the courtroom discussion about evidence in the case, has been in federal custody for three years — first for pleading guilty to possession of illegal explosives and, since February, on the current charges that he directed a racketeering enterprise that included wiretapping, witness tampering and other crimes.

During his time behind bars, federal authorities have been poring over tens of thousands of documents taken from his Sunset Boulevard offices, as well as the 1,300 recordings seized by FBI agents.

At Monday's court hearing, prosecutor Saunders alleged the recordings include "at least one" illegally intercepted conversation as well as "hundreds of calls" in which Pellicano allegedly spoke to clients about wiretaps. Saunders also said there was evidence from dozens of witnesses alleging that Pellicano had engaged in wiretapping.

Saunders did not provide details on the techniques used by the FBI to decode the encrypted recordings but acknowledged that the methods were not ones that the government would want to share in open court.

Other law enforcement sources have said for months that the FBI brought in encryption experts from other federal agencies to help crack the codes allegedly used by Pellicano to safeguard his recordings.

Whether authorities will ever decode all of the alleged evidence remains a mystery.

Last week, one person close to the federal investigation said it was possible that the government will never decipher the remaining recordings because Pellicano's encryption methods "are that good." But the same person considered that possibility insignificant in the overall scheme of the case.

"We're going to keep moving forward, but we've already got plenty of evidence," said the source, who declined to be identified because of an ongoing protective order in the case.

Steven Gruel, Pellicano's attorney, took umbrage at the government's suggestion that Pellicano himself holds the key to evidence sought by the defense.

"They have had almost four years to do this," Gruel said, referring to the time since the FBI's first search of Pellicano's office in late 2002. "And Mr. Pellicano is not going to make their job any easier."

Before the end of Monday's hearing, the judge told attorneys for both sides that she would authorize a special master, possibly a retired federal judge, to help expedite disputes over evidence still being sought in the case.

Outside court, prosecutor Saunders rejected the suggestion by defense attorneys that the government was moving slowly, because it is still putting its case together. "We are prepared to go to trial tomorrow if that is what the defense really wants," he said.

He's No Angel, He's A Private Investigator (LAT)

By Rachel Abramowitz, Times Staff Writer

The Los Angeles Times, June 13, 2006

John Nazarian shares Pellicano's profession, but his reputation is cleaner. Even if he does dig for DNA in rich people's trash.

It's 10 p.m., and John Nazarian, a burly 53-year-old private eye, is hurtling around Beverly Hills in his immaculate red Scion looking for garbage. Nazarian treats trash as his private archeological site, the detritus of human existence that exposes all our hidden vulnerabilities — financial documents, prescription bottles, booze bottles and anything, anything, that might sport DNA.

"I would love to find condoms," he said, and cackled. "It's kind of disgusting to be pawing around other people's personal waste."

Yes, it's a dirty job being a private investigator, but Nazarian is prepared to do it. As he likes to say over and over again, he is one of the most expensive private eyes in L.A., charging $10,000 to $20,000 on retainer and $400 an hour for his services. He's racked up a number of celebrity clients, including singer Peggy Lee (whom he assiduously protected from the paparazzi to

preserve the public's memory of her as a blond bombshell), Dean Martin, kooky billionaire Doris Duke and her butler, Bernard Lafferty. He's caught stalkers for CBS Chairman Les Moonves and former "NYPD Blue" star Andrea Thompson.

And then there are the 20 or so unnamed Hollywood wives with philandering husbands for whom Nazarian and his crew of 22 ex-cops and sundry specialists seem to be working in perpetuity.

Nazarian is part of a long, not particularly illustrious tradition of Hollywood private eyes, from fictional antiheroes, such as Sam Spade and "Chinatown's" Jake Gittes, to real-life swaggerer Fred Otash, the investigator for the scandal sheet Confidential Magazine, and Anthony Pellicano, the infamous gumshoe who sits in jail awaiting trial on more than 100 counts of wiretapping and witness intimidation.

This is why Nazarian keeps no records. Nothing. Tonight's game plan merely consists of a 3-by-5 card with an address.

"The D.A.s get furious with me," he said in a broad Boston accent. "We've had our documents requested, and I said I don't have 'em."

For this particular jaunt around Beverly Hills and Bel-Air, Nazarian has opted for a black muscle shirt and black sweats. He is officially dressed down, having left much of what he calls his costume at home. That includes a hat, oversize designer shades and bling — most notably his trademark rings, two hunks of gold and platinum that look like smashed golf balls. He designed them himself, as he did the idiosyncratic cut of his dyed black beard. It looks as if his goatee sprouted two slender butterfly wings. He shaves what's left of his hair, like Kojak. The general look suggests menace, and that's the point.

"As a private detective, the more bad things you say about me, the more valuable my trade becomes," he said.

Pellicano Fallout

Things have cooled down in Nazarian's line of work since the Pellicano indictment.

"I said to the lawyers, all the good wire guys, they've all gone to Chicago for the summer. Anybody who goes out and wiretaps and does bugging now, they've got to be out of their minds."

Nazarian said he didn't bug because "I'm too old to go to jail." As a former cop, he insisted he knew how to push the boundaries without going over the line.

"I have a huge amount of sympathy for Anthony," he said as he zipped through the canyons looking for the house. "If I was his office manager, I would have made sure that none of that happened." As for the lawyers who employed Pellicano, he groaned theatrically. "I feel horrible for those guys. A lawyer always trusts me to do the right thing. Not that we break the law, but a private eye, by the mere fact of what we do, it's not like we're a bunch of choirboys. We're not."

Nazarian is almost compulsively upfront about the people who don't like him — the California Assn. of Licensed Investigators, for one, which recently suspended him from its e-mail list serve for 30 days after he sent a nasty e-mail. Nazarian thinks most private investigators are "clowns" who rack up bills and don't deliver.

"I saw what all those other private eyes were doing, and I thought I shared nothing in common … that's why I don't associate with any of them." Nazarian owns a cream-colored Bentley and a Rolls-Royce, and, as he said, 'I don't go to their conferences, because where am I going to park this Bentley in a parking lot full of Camrys?"

He also brings up a case from the early '90s, when he was working as a private eye in San Francisco. Police suspected a ring of Gypsies was swindling elderly victims out of their savings, then poisoning them with digitalis. Nazarian, something of a Gypsy specialist, began investigating on his own. He was later accused of scheming to sell a confidential police affidavit to Hollywood and then to the defense.

Nazarian adamantly denies trying to peddle the affidavit to the defense and says it's not his fault that the police file fell into his lap. "How do I force a police inspector to give me something? What size gun was I pointing at him?"

He did, however, register the information with the Writers Guild of America. Nazarian was never charged with any wrongdoing.

Nazarian unabashedly loves the limelight and has just wrapped his first film role, essentially playing a version of himself opposite Anthony Hopkins in "Fracture," directed by Gregory Hoblit. (Nazarian once found someone who had been stalking Hoblit's wife, actress Debrah Farentino). He's worked for the tabloid show "Extra," which last week sent him to Mexico, with a camera in tow, to hunt for Olivia Newton-John's longtime boyfriend, Patrick McDermott, who disappeared a year ago.

Nazarian employs his team of experts to do what he can't: a former Beverly Hills cop for handwriting analysis, a forensic accountant, a lab guy, tech guys for debugging or to apply Global Positioning System tracking devices to cars (the latest way to follow spouses), a European detective to handle cases that go Continental. For people worried about wiretapping, he offers simple advice: Buy a bag of disposable cellphones.

Nazarian says he tries to work with the police, particularly the Los Angeles Police Department's Threat Management Unit, which deals with celebrities and stalking.

"I always tell my clients whenever I have the police involved, if you're lying to me and they pull out a big ugly skeleton, I'm getting up and leaving you there," Nazarian said.

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Det. Jeff Dunn of the Threat Management Unit declined to comment.

Former "NYPD Blue" star Thompson worked with Nazarian and the Threat Management Unit when she had a menacing and persistent stalker.

"John saved my life and my son's life," said Thompson, explaining that Nazarian not only set up surveillance at her house and kept an armed guard there at nights, but he also helped her learn skills such as hand-to-hand combat and defensive driving.

Although he does a smattering of criminal cases, family law accounts for about 70% of his business.

He is the only investigator used by 79-year-old attorney Sorrell Trope — often referred to as the dean of L.A. divorce lawyers. Trope, who has represented Cary Grant and Nicole Kidman, among other stars, has employed Nazarian to serve subpoenas and to get background information to facilitate in searches for hidden assets. "The principal thing is, he's honest," Trope said. "He's legitimate."

Family law attorney Lisa Helfend Meyer says she tried a lot of private eyes before she met Nazarian in the courthouse. "I wasn't happy because most of them are flaky…. I trust John, and I don't trust the majority of private investigators I've worked with."

In one Meyer case, Nazarian tracked down a husband who'd gone to Mexico with his wife to try to reconcile their marital differences but then vanished after five days. (Nazarian found the faithless husband with his girlfriend). In another case, a doctor claimed that he couldn't pay his child support because he was too ill to work; he was healthy enough to treat Nazarian, though, when he came in posing as a patient.

Attorney Cary Goldstein, who specializes in palimony cases, uses Nazarian "for questioned documents and handwriting analysis, surveillance."

"Investigators are kind of interesting characters," Goldstein said. "What they do is sell information, and sometimes you just want to know things about people and you don't want it to be the same kind of baloney that anyone can pull off a Google search. You want to know the real stuff…. John has a web of operatives and a way … of casually obtaining relevant information about people. That's what you pay for with someone like Nazarian."

What's notable these days about Trope, Meyer and Goldstein is that none of their names has surfaced among the widening ring of pricey L.A. attorneys who used Pellicano. However, all of them have battled with Pellicano's employers, most notably Dennis Wasser, Tom Cruise's divorce attorney, and celebrity litigator Bert Fields, both of whom have been officially notified by the U.S. attorney's office that they're "subjects of interest" in the inquiry. (Wasser and Fields have denied any wrongdoing.)

Nazarian believes — but can't prove — that he tangled with Pellicano during the acrimonious palimony battle between former Miss USA Shanna Moakler and boxer Oscar De La Hoya.

A few hours after Moakler aired her grievances against De La Hoya on Court TV in October 2000, a crew of burly paramilitary-style operatives barged into the home she once shared with De La Hoya. According to court documents and the police report, they also ringed the perimeter and harassed friends who were trying to enter. Moakler had called Nazarian, who arrived with his crew to protect her before police came and dispersed De La Hoya's operatives. Fields represented De La Hoya at the time. Stephen Espinoza, a former attorney for Fields' firm who was working on De La Hoya's behalf, insists that the men who arrived at Moakler's house were not Pellicano's but from a different security firm employed by De La Hoya.

Nazarian definitely butted heads with Pellicano after the wife of Pellicano's former accountant sued Nazarian for several million dollars. "She wanted her husband's horses killed, and I balked at it. She sued me for breach of contract. Six months later she came back to me, asking for my help," Nazarian said.

In the interim, the former client allegedly hired Pellicano to investigate Nazarian.

"He couldn't do much. He sent a packet to my home demanding all my files, all my records. Don't contact her. Don't do this. I have power of attorney. I basically laughed at him."

Not everybody admires Nazarian's methods.

One family law attorney, Lynn Soodik, says Nazarian tried to intimidate her while she took his deposition in a case.

"He sent me a greeting card at home. On the surface, it was not threatening, but you knew he was saying, 'I know where you live.' I just thought it was unprofessional," Soodik said.

Nazarian said he also went through her trash, just to unnerve her.

"I think it's funny Lynn Soodik would say something that I did was unprofessional," he said with a smirk. "You know the difference between a private eye and a lawyer? They have a nicer office."

Determination Pays Off

Nazarian pulls up in front of a red brick house. The light in the garage is on, and the trash is, unfortunately, sitting at the side of the house behind a gate. His language turns blue. "Again there's no trash," he said.

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This is the second time Nazarian has hit this house, and he's frustrated, but the night is still young. He decides to come back later, and scoots over to Bel-Air to check on a husband who his client thinks is cheating on her.

"Trust me. Just like Bugs Bunny gets a carrot, I'll get my … trash." (Indeed, a couple of weeks later, he reported finding enough blood to get a pregnancy test, as well as enough bottles of alcohol to suggest massive consumption.) Nazarian is vague about exactly what he's trying to prove, saying only that it's a family law case.

Nazarian dabbled in many professions before he became a private eye. His past incarnations include mortician, prison guard (at the Californian Institution for Women, where he got to know the Manson women), a heavy-equipment operator, the owner of a lawn business, a sheriff's deputy in San Francisco and a small-town cop in Mendota, Calif., where he worked with juveniles.

He was well known as one of the first openly gay cops in San Francisco. Nazarian says he's actually bisexual, although he generally doesn't discuss his sex life. "To classify myself, I would never say gay, but I consider myself fairly happy. I'm an across-the-board lover of trees, women, men, dogs, horses," he said. When he started out as a private eye, he worked often for people who were dying of AIDS and wanted to find lost loved ones. "All my friends who came on the department with me died of AIDS. It was a big part of the reason I left San Francisco. I lost all my friends when I was in my 30s."

Now infidelity pays the bills.

He's driving up to a client's house in Bel-Air, a $12-million mansion surrounded by foliage and mostly obscured from the street except for a portico with cars. Nazarian gets very excited because one is gone, the BMW that belongs to the spouse he's keeping tabs on.

He calls his client only to learn that the missing husband is not missing at all … but with her.

"She was laughing. 'My God, you're doing a good job of keeping track of him,' " said Nazarian, who seemed at least pleased to prove to his employer that he was working hard on her case. In the next week, he did the trash at this house and discovered that the spouse dined on TV dinners while his wife was away. "I'll never understand an unhappy multimillionaire who doesn't eat well," Nazarian said.

The majority of Nazarian's clients are women, and it's easy to see why. While Pellicano oozed a kind of predatory, oleaginous charm, Nazarian is more like a pit bull — ferocious to strangers, but deeply loyal and solicitous to his masters.

"Women gravitate toward him because they feel comfortable with him," Meyer said. "It's hard when a woman goes through a divorce. They've relied on their husbands, and now they're adrift. John comes through for them."

Nazarian also caters to the wealthy women who don't want to give up the Jaguars and the Beverly Hills mansion — they just want to know where their husbands are sleeping.

"They basically want to keep track of the flavor of the month," Nazarian said as he cruised back to the Beverly Hills house to see if the trash was out. "The men think they're in charge, but the women are always in charge."

Nazarian earns a lot of money because of men who can't stay faithful. He loves to find people's secrets, and he reels off some recent discoveries like a hunter bragging about his kills — the wealthy couple's box of sex toys, the nude photographs that had been shredded but that his team managed to piece back together.

"It's not an honorable profession," he said, sighing.

But he's no Pellicano, the disgraced avatar of Hollywood gumshoes.

"Some of the stuff Pellicano did was overboard," Nazarian said. "It was like putting too much garlic in the sauce. He didn't need to do that."

CIVIL LAW:

High Court Reins In RICO (LAW)

By Marcia Coyle, The National Law Journal

National Law Journal, June 13, 2006

Although the U.S. Supreme Court last week ducked the questions everyone expected it to answer in two unrelated challenges under RICO, the justices did tighten the reins on the law generally viewed by the business community as a legal plague.

Even though the Court on Monday turned aside E.I. du Pont de Nemours & Co.'s petition in a Benlate case, the issues not resolved last week -- the scope of the "enterprise" definition in RICO and whether "reliance" is required in RICO mail and wire fraud claims -- will continue to divide the lower courts and inevitably return to the Supreme Court, according to RICO litigators and scholars.

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But those watching the high court's RICO cases last week viewed the outcome basically as a victory for anti-civil RICO forces.

In Anza v. Ideal Steel Supply Corp., No. 04-433, a challenge involving two competing businesses, the justices essentially said they meant what they said in a 1992 decision: The alleged RICO violation must be the proximate cause of the plaintiff's injuries. The law does not permit suits by parties who have been injured only indirectly, wrote Justice Anthony M. Kennedy for the 7-2 majority.

And, in Mohawk Industries v. Williams, No. 05-465, the high court delivered a blow to a RICO class action arising out of claims that Mohawk and its outside recruiting agents hired illegal aliens to depress wages for its legal workers. The justices, in an unsigned decision, vacated the workers' favorable judgment by the 11th U.S. Circuit Court of Appeals and directed that appellate court to reconsider in light of its proximate cause ruling in Anza.

"I think the Court remains concerned about the potential sweep of civil RICO litigation," said Gene C. Schaerr of the Washington office of Chicago's Winston & Strawn, who filed an amicus brief in Anza on behalf of the U.S. Chamber of Commerce. "The statute was passed originally to allow people to seek damages for harm as a result of mob activity. In the years since it was passed, it has gradually metamorphosed into a general purpose, business tort statute that gets raised in all kinds of business litigation where there is any allegation of fraud or dishonesty of any kind."

The Supreme Court has been making it more difficult for plaintiffs to bring civil RICO cases since the early 1990s, said Kevin P. Roddy of Wilentz, Goldman & Spitzer in Woodbridge, N.J., counsel to Ideal Steel.

"I think the Court doesn't like the statute," he said, adding, "The work that the [U.S.] Chamber has done over the last 20 years has borne fruit. They're very concerned about business being targeted with RICO cases, and that has finally resonated with the Court. But there's roughly the same number of RICO cases that are filed each year as there are antitrust cases, and I've never heard anyone say antitrust liability has run amok."

RICO prohibits certain conduct involving a "pattern of racketeering activity." The statute, which permits the award of treble damages and attorney fees, provides a private right of action under §1964(c) to any person "injured in his business or property by reason of a violation" of the act's substantive provisions.

Ideal Steel Supply Corp. sells steel mill products, supplies and services, and operates stores in the New York City boroughs of Queens and the Bronx. National Steel Supply, owned by Joseph and Vincent Anza, is Ideal's principal competitor and also operates stores in Queens and in the Bronx.

Ideal sued National under §1964(c), charging that National had engaged in an unlawful pattern of racketeering activity by failing to charge New York sales tax to cash-paying customers and fraudulently concealing the practice from the state. Ideal alleged that this practice allowed National to reduce its prices without affecting its profit margin, and thus put Ideal at a competitive disadvantage.

The district court dismissed Ideal's complaint, but the 2nd Circuit reversed.

FRAUDULENT-CONDUCT RELIANCE

The high court originally granted review to decide whether a party seeking damages under RICO for mail or wire fraud had to prove that it had relied on the fraudulent conduct and that the reliance had resulted in injury.

"The issue most burning for the bar is where a plaintiff says, 'I didn't rely on this but my customers relied on it or the bank relied on it.' Must you always have reliance in a RICO case predicated on mail or wire fraud?" said Jeffrey E. Grell of Ricoact.com, a law firm in Edina, Minn.

"For years, lower courts and parties have been struggling with what degree, if any, reliance is required," he said. "You've got three different standards relating to reliance. I was hoping [the justices] would at least advance that debate," said Grell, who teaches civil RICO at the University of Minnesota Law School.

But, instead, the high court on June 5 said its analysis "begins ... and largely ends" with its 1992 decision in Holmes v. Securities Investor Protection Corp., 503 U.S. 258. In Holmes, the justices held that §1964(c) requires proof of "some direct relation between the injury asserted and the injurious conduct alleged."

Writing for the majority, Kennedy said Ideal had not satisfied the proximate cause requirement of Holmes. The direct victim of the alleged RICO violation, he said, was the state of New York: "It was the state that was being defrauded and the state that lost tax revenue as a result."

Ideal's asserted harms, he said, were caused by a set of actions -- National's offering of lower prices -- "entirely distinct" from the alleged RICO violation, defrauding the state.

The "directness requirement" is necessary because of the difficulty that courts may have when trying to determine damages caused by some remote action, he said. There is also an appreciable risk of duplicative recoveries without it.

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"A RICO plaintiff cannot circumvent the proximate-cause requirement simply by claiming that the defendant's aim was to increase market share at a competitor's expense," wrote Kennedy. In evaluating a RICO claim for proximate causation, he said, "the central question" a court must ask is "whether the alleged violation led directly to the plaintiff's injuries."

But Justice Clarence Thomas, in dissent, said the majority's "restrictive proximate-cause test" would prevent an honest businessman from recovering for competitive injuries inflicted by an organized crime group using threats of violence on a supplier to get goods at cost that it could then resell at lower prices than its competitor. And that kind of organized crime, he wrote, was the principal concern of RICO.

In Mohawk, the justices agreed to decide whether the carpet manufacturer, working with outside hiring agencies to employ illegal aliens, was an association-in-fact enterprise under RICO. But the justices sent the case back to the 11th Circuit for further consideration in light of the Anza decision.

"Those of us who watch this were surprised when the Court granted cert in Mohawk not on the issue of causation but on a different issue," said Ideal Steel counsel Roddy. "I suspect when the court heard argument in Anza on March 27 and later in Mohawk, it realized there was a connecting thread, which is causation.

"I think Justice Thomas got it right in Anza," he added. "We had an extensive discussion in our brief that if you went back to the '50s and '60s and the organized crime commission reports, there was recognition that one of the ways organized criminals do business is they evade their taxes. These competitor versus competitor cases do not arise very often and now there is another set of fence-posts for plaintiffs."

Plaintiffs now will have a higher pleading burden to show direct injury in order to overcome a defendant's motion to dismiss or for summary judgment, he and others said.

With the Anza decision, "The Supreme Court is saying, 'We need to circumscribe the application of civil RICO and we're going to do so through the proximate-cause vehicle,'" said Mohawk counsel Juan P. Morillo of the Washington office of Sidley Austin. "It is requiring the lower courts to more strictly apply the direct injury requirement and to pay attention to the related issue of the speculative nature of damages."

The Court's concern, said Morillo, is "how tenuous the link is" between the alleged RICO activity (in Anza, defrauding the state, and in Mohawk, hiring illegal aliens) and the alleged injury (in Anza, lowering prices, and in Mohawk, the effect on wages). "The two situations are perfectly analogous," he said.

But Morillo's high court opponent doesn't see it that way.

"Anza says the direct victim is the state," said Howard Foster of Chicago's Johnson & Bell. "In my case, I assume Mohawk would argue the U.S. government is really the party that has been injured because illegal immigrants have been hired. But the government has not suffered a monetary injury in my case, and I don't think it could bring a lawsuit for money damages. There is no Anza problem. So the extensive analysis of proximate causation which 11th Circuit has already done would not be affected."

Since the 11th Circuit found that there was proximate cause, "You could read into the tea leaves [of what the Supreme Court did in Mohawk] that there was something wrong in the 11th Circuit's analysis," suggested Grell of Ricoact.com.

But, he added, "The courts are all very respectful of their respective authority. The 11th Circuit can make up its own mind and it tends to be more RICO plaintiff-friendly than some of the other circuits, like the 7th Circuit, which is very anti-RICO plaintiff."

Foster does agree that the Supreme Court is "reining in" RICO. Anza, he said, cut back on business competitors' standing to sue.

The Anza decision closes the door on RICO suits based on indirect injuries, said Winston & Strawn's Schaerr.

"From the standpoint of a business litigator, it's a good thing," he added. "You don't want to have some vaguely phrased exception that every plaintiff is going to argue he falls within. What the Court did is very important in ensuring the RICO statute, at least in the civil arena, goes back to being confined to cases closer to what Congress had in mind."

CIVIL RIGHTS:

11th Circuit Upholds Firing Of Fla. Deputies Who Appeared In Online Porn (LAW)

By Carl Jones, Daily Business Review

Miami Daily Business Review, June 13, 2006

The Palm Beach, Fla., Sheriff's Office did not violate the U.S. Constitution when it fired two deputies for appearing in pornography distributed on the Internet, a federal appeals court has decided.

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A three-judge panel of the 11th U.S. Circuit Court of Appeals unanimously held late last month that the deputies' online escapades were not constitutionally protected because government employees may be limited in their speech if that speech has a negative or detrimental effect on the integrity of the government.

In an opinion written by Judge Stanley F. Birch Jr., the 11th Circuit panel said former Deputies Ronald Thaeter and Timothy Moran were not engaged in a protected form of speech when they appeared in the pornographic photos and videos. Furthermore, since government employees can have their free speech restricted more than that of other Americans, the panel found that U.S. District Judge Daniel T.K. Hurley was right to dismiss the deputies' civil rights lawsuit against the sheriff's office.

Judges Phyllis A. Kravitch and Richard D. Cudahy, sitting by designation, concurred.

West Palm Beach attorney Fred H. Gelston, who served as outside counsel for the sheriff's office, said deputies and other government employees are free to take part in whatever sexual activities they want. But "it's when they put it on the [Internet] that it becomes a problem," Gelston said. "And that's what the lawyers on the other side didn't understand."

One of the deputies' attorneys said he plans to appeal the 11th Circuit's decision, either by filing a petition for rehearing or asking for a writ of certiorari from the U.S. Supreme Court.

"We're very disappointed that the 11th Circuit thinks that they can monitor police officers' nonobscene conduct outside the office," said Fort Lauderdale solo attorney Richard L. Rosenbaum. Fort Lauderdale Daniel A. Aaronson also represented the deputies at trial and on appeal.

In 2000, deputy sheriffs Thaeter and Moran were asked by the wife of a fellow deputy, Jack Maxwell, to appear, along with their wives, in online pornography available to the public for pay. Deputy Maxwell and his wife also participated in the porn session.

During a single shoot, still photos and some video of the deputies engaged in group sex were shot. Eventually, those images were posted on several pay-per-view Internet sites. The three deputies had requested that their faces be blurred, but their faces were reportedly recognizable in a handful of the images.

In October 2000, an anonymous tip led officials at the sheriff's office to Web sites featuring the images of the three deputies. An investigator found the photos and video, but concluded the photos had no explicit connection to the sheriff's office unless someone happened to recognize the men as sheriff's deputies in the few photos where their faces were available. An image showing a nude woman, which turned out to be Elizabeth Maxwell, posing in front of a sheriff's office patrol car also was found, but Maxwell's body blocked the name of the county on the car.

Still, the sheriff's office pursued a variety of ethics charges against the three deputies. They were accused of failing to obtain authorization for off-duty employment and violating a pledge that states: "I will keep my private life unsullied as an example to all."

During the first phase of the investigation, Maxwell, without knowing about the investigation, resigned to open a nutrition food store. After a series of findings and appeals by the sheriff's office, then-Sheriff Ed Bieluch approved the termination of Thaeter and Moran.

In May 2002, Thaeter and Moran then filed a federal suit, claiming that the sheriff's office violated their First and 14th Amendment rights. In 2003, Judge Hurley granted a motion by the sheriff's office to dismiss the suit for failure to state a claim that could be resolved by the court. The fired deputies appealed.

The appellate panel noted that there was no dispute that Thaeter and Moran had not sought prior authorization to accept the outside employment as porn actors.

As to the free speech controversy, the court said the deputies' speech was not protected because it did not involve matters of great public interest. That holding was based on a 2004 opinion by the U.S. Supreme Court, which found that a San Diego police officer was not protected by the First Amendment when he sold on eBay a pornographic video of himself performing various sex acts.

In that case, the officer wore a generic police uniform in the video, which he sold along with genuine San Diego police gear under the same online moniker. That decision, City of San Diego v. Roe, was issued the day before the parties in the Palm Beach County case presented oral arguments before the 11th Circuit.

As in Roe, the 11th Circuit said that Thaeter and Moran were not advancing a protected form of speech.

But Rosenbaum said the firing of the two deputies and the 11th Circuit ruling mark government over-reaching into people's personal lives. As long as the conduct is not illegal, he said, "what you do on your own time is your own business."

He also criticized the sheriff's office required pledge that officers must keep their private life "unsullied." Rosenbaum said, "I've tried as best as I can to figure what [unsullied] means, and if I don't know, I don't know how a regular police officer can be put on notice about what he can and can't do."

Gelston responded that "there's nothing in the canon of ethics that says you can't murder people either. But law enforcement officers don't need to be told that."

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Flag-desecration Amendment Needs 1 More Vote (USAT)

By Andrea Stone

USA Today, June 13, 2006

WASHINGTON — The Senate is one vote away from passing a constitutional amendment that would ban desecration of the U.S. flag, the closest that amendment supporters have been to passage.

The American Legion, which supports the amendment, and the American Civil Liberties Union, which opposes it, both say there are 66 votes to pass it.

Whether advocates can find the 67th vote to send the flag amendment to the states for ratification remains unclear. A Senate vote is set for the week of June 26.

Elections, post-9/11 patriotism and the Iraq war have improved the measure's prospects since the Senate last voted in 2000, says Patrick Brady of the Citizens Flag Alliance. "We're very hopeful we'll get it," he says.

The House of Representatives last year approved the flag amendment 286-130. It was the seventh time it had done so since the U.S. Supreme Court overturned a Texas law banning flag burning in 1989. The next year, the court ruled that the federal Flag Protection Act violated the First Amendment's free speech guarantee.

"The American flag is a unique symbol that should be protected," said Sen. Orrin Hatch, R-Utah, the chief sponsor.

Paul McMasters of the non-partisan First Amendment Center, which works to protect that amendment's freedoms, says the Senate is trying to provide "a radical solution to a non-problem. It's unwise, unnecessary and un-American."

Four times in the Senate, the flag measure has failed to receive the two-thirds majority required of constitutional amendments. In 2000, the amendment came up four votes short with 63.

But as Flag Day approaches Wednesday, advocates on both sides of the issue say momentum has shifted. Reasons:

·Republican gains. Sens. George Allen of Virginia, John Thune of South Dakota, John Ensign of Nevada and Richard Burr of North Carolina, all supporters of an amendment, replaced Democrats who opposed one.

·Supportive Democrats. Minority Leader Harry Reid of Nevada and at least 13 other Democrats have voted for or voiced support for the amendment. New Jersey's Robert Menendez voted for it as a House member, and his spokesman, Allyn Brooks-LaSure, says his "current intention" is to do so as a senator. Menendez replaced now-Gov. Jon Corzine, who had opposed it.

·State resolutions. All 50 states have approved non-binding resolutions endorsing an amendment. "That is unprecedented and shouldn't be ignored," American Legion legislative director Steve Robertson says. "We will see if the senators are listening to their constituents or not."

Thirty-eight, or three-fourths, of the 50 states must ratify the measure to make it the 28th Amendment.

It took a record 202 years for states to ratify the 27th Amendment, which says a congressional pay raise can't take effect until after the next election has been held. The 26th Amendment, guaranteeing 18-year-olds the right to vote, was the quickest to be ratified: It took 100 days in 1971.

For now, enough senators — including three Republicans — remain opposed to the flag amendment to keep it from getting to the states. Sen. Robert Bennett of Utah wants to write a law instead of rewriting the Constitution. Majority Whip Mitch McConnell of Kentucky objects to altering the First Amendment. Lincoln Chafee of Rhode Island also voted no in 2000.

John Vile, a constitutional law expert at Middle Tennessee State University, says some believe that the amendment "would be the first in U.S. history to restrict the Bill of Rights."

Despite ads by the Citizens Flag Alliance urging his support, Sen. Kent Conrad, D-N.D., has no plans to vote yes and does not believe his re-election will be affected. Says spokesman Chris Thorne: "This is not an issue that people are talking to us about."

ANTITRUST:

Third Trader Pleads Guilty To Manipulating Natural Gas Price (SDUT/AP)

Associated Press

The San Diego Union-Tribune, June 13, 2006

SAN FRANCISCO – A former trader at Williams Energy Marketing & Trading pleaded guilty in federal court to manipulating natural gas prices, authorities said Friday.

Daryl Russell Brown, 36, pleaded guilty in federal court to conspiracy to manipulate natural gas prices over approximately four years.

Brown admitted that between 1998 and 2002, he conspired with others at the Tulsa trading company to report fictitious trades to two industry newsletters – "Inside FERC's Gas Market Report" and the "Bidweek Survey."

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The false reports, which were published, provided traders with bogus information that gas was trading at levels higher than it actually was – forcing natural gas prices to rise.

Brown was a trader and manager of operations at the Williams Companies' subsidiary based in Tulsa, Okla. He is the third Williams trader to be convicted of the conspiracy.

"Mr. Brown admitted that approximately 75 percent of the trades he reported to industry newsletters were deliberately fabricated," said U.S. Attorney Kevin V. Ryan.

Brown faces a maximum five years imprisonment.

AGs Want Bush Administration To Get Tough On Gas Prices (AP)

By Andrew Miga, Associated Press Writer

AP, June 13, 2006

WASHINGTON -- Massachusetts Attorney General Tom Reilly says the Bush administration needs to deliver a tough new message to big oil companies about rising gas prices: enough already.

Reilly emerged from a meeting with U.S. Attorney General Alberto Gonzalez on Monday saying oil companies deserve a "very good tongue-lashing" from top administration officials warning that unless "price gouging" stops, the government will crack down.

"This administration is going to have to get tough with them, call them in," said Reilly, a Democratic candidate for governor. "This administration can reign them in by calling them in and saying, 'Listen, enough is enough, the American people have had enough, you either do this or we are going to do this for you'."

Reilly and attorneys general from Connecticut and several other states met for about an hour at the Justice Department with Gonzalez and Federal Trade Commission Chairwoman Deborah Platt Majoras.

Connecticut Attorney General Richard Blumenthal said he proposed a joint federal-state investigation and prosecution against any illegal practices by the oil industry that are increasing gasoline prices.

"As a first step, this conversation was encouraging, although the test will be whether there is real information sharing and joint efforts to investigate and prosecute anti-trust and price-gouging violations," Blumenthal said.

The Justice Department said it was working with states on the issue.

"We are focusing on doing our part to look at this issue and we are encouraging the states to do the same," said Justice Department spokeswoman Tasia Scolinos. "Today's meeting was part of an ongoing dialogue with them to insure that all appropriate steps are being taken."

President Bush has urged America to reduce its dependence on foreign oil by improving conservation, expanding domestic production and developing alternative energy sources such as ethanol.

Reilly says Bush officials have dismissed recent increases as market fluctuations in the wake of hurricanes Katrina and Rita last year. But Reilly says large refiners, not retail gas stations, were behind the steep price increases.

Federal officials should use antitrust laws to break the oil companies' grip over consumers, Reilly said.

"They have market control, they have concentration of power and they are exploiting that power on the backs of consumers, an obscene amount of profit," Reilly said at a news conference on a sidewalk outside the Justice Department.

"If we have to change the laws, then let's change the laws and deal with these companies right now," he said. "If these laws are insufficient, let's work to change these laws."

Gasoline prices, meanwhile, were up for a second week in a row in Massachusetts, with self-serve regular unleaded averaging $2.99 per gallon, up three cents from last week and back to where it was a month ago, according to AAA Southern New England. One year ago, the price was $2.12.

In Connecticut, the average price for a gallon of regular gas was $3.14 Monday, compared with $3.06 a month ago and $2.22 a year ago, according to AAA.

Barr Settles Novartis Suit, Sees Charge (AP)

AP, June 13, 2006

Barr Pharmaceuticals Settles Lawsuit With Novartis Unit, Sees Charge in June Quarter

WOODCLIFF LAKE, N.J. (AP) -- Drug maker Barr Pharmaceuticals Inc. said Monday it agreed to pay $22.5 million to settle a lawsuit with a unit of Novartis, and said the payout will lower profit for the June quarter by 13 cents per share.

The litigation stems from a suit Invamed Inc. and Apothecon Inc. filed in 1998 charging Barr with violating antitrust laws and illegally blocking access to the raw material source for warfarin sodium, a drug that prevents blood clots. An appeals court in October 2004 reversed a lower court's ruling and found the two plaintiffs raised issues of material fact on their antitrust claims. The trial was scheduled to start on Monday.

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Both Invamed and Apothecon have been acquired by Swiss drug maker Novartis AG since they filed the suit. Barr said it thought the lawsuit was without merit, but decided to settle to avoid further expense.

Barr said it would record a one-time payment of $22.5 million for the quarter ending June 30.

Mittal Refuses To Raise Arcelor Bid Staff And Agencies (AP)

By Aoife White, AP Business Writer

AP, June 13, 2006

BRUSSELS, Belgium - Steelmaker Arcelor SA rejected a revised offer from Mittal Steel Co., which refused again Monday to raise its 25.8 billion euros ($33 billion) bid for its rival and criticized the value of the company's deal with Russia's OAO Severstal as "entirely fictitious."

But Arcelor left the door open for Mittal, saying the Severstal transaction did not preclude an offer by Mittal and it was ready to meet Mittal again to explore a better deal.

Arcelor said Mittal's current offer "is inadequate as it continues to undervalue" the company and called the Severstal transaction "a more attractive alternative from a strategic, financial and social point of view."

Arcelor valued itself at 44 euros ($55.70) a share in an offer to buy back up to a quarter of its capital — the same price Severstal Chairman Alexei Mordashov is paying to buy 32 percent of the company.

"We have made a very compelling offer to shareholders offering a 70 percent premium to the pre-offer all-time-high share price of Arcelor," Mittal said. "The idea that the Severstal transaction values Arcelor at 44 euros is entirely fictitious and without market substantiation."

They will also decide if Arcelor can go ahead with plans for the share buyback. Arcelor's board seemed to ease off its battle against Mittal by saying it would not launch the self-tender offer until after Mittal announces how many shares it has bought.

Georges Ugeux, chairman and CEO of Galileo Global Advisors, said Arcelor shareholders are confronted with a very complicated financial transaction.

Mittal and Arcelor representatives met last week for the first time since Mittal made its surprise offer in January. Arcelor had previously refused Mittal's overtures, saying they could meet only when Mittal furnished a standalone business plan — which it did on June 2, the same day it got EU antitrust clearance.

Financier Romain Zaleski — who recently bought 5 percent of Arcelor, making him one of the largest shareholders — told Dow Jones Newswires in Italy that he believed Mittal could raise its offer again.

Dexia analyst Mickael Van den Hauwe said the Arcelor board was doing everything it could to push the valuation up, while Edmund Shing of Kepler Equities in Paris said Arcelor knows the deal is crucial for Mittal.

"They're saying, we can negotiate, but you have to pay us more," Shing said. "For Mittal, there's no comparable deal of size or fit. Mittal is saying, 'We either stay as we are or do the big deal, even if it's more expensive. It's the imperative deal."

However, Ugeux said Mittal simply could not afford to take on more debt to make a much higher.

"They have more tons but the profitability and revenues are not as good as Arcelor. There is a limit of what he can do," he said.

European Union Takes First Steps To Include Turkey And Croatia (NYT)

By James Kanter, International Herald Tribune

The New York Times, June 13, 2006

BRUSSELS, June 12 — The European Union pushed forward with enlargement plans today, conducting a first round of membership negotiations with Turkey and Croatia and signing a premembership agreement with Albania.

The talks with Turkey proceeded after a compromise was reached over a demand by Cyprus, a European Union member, that Ankara put into effect a protocol it signed with Europe last year and open up its ports and airports to trade with new member states, including Cyprus. What Cyprus got was a message from European Union foreign ministers meeting in Luxembourg asking Turkey to do just that, or face delays in "the overall progress in the negotiations."

Cyprus then dropped its objections to the start of talks and Foreign Minister Abdullah Gul of Turkey departed for Luxembourg to join the meeting.

The foreign ministers' talks today, on science and research , were the first of 35 rounds of negotiations to be held with Turkey in the accession process, which is expected to take at least a decade.

The talks with Turkey and Croatia remain on target, Krisztina Nagy, the spokeswoman for Olli Rehn, the European Union enlargement commissioner, said today. "We welcome the fact that a compromise could be made."

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The moves toward further enlargement are continuing despite doubts among some in Europe after the last round of enlargement — to 25 from 15 countries — two years ago. There is also concern about absorbing not just Turkey, which would be the first mainly Muslim country to enter the union, but also countries in the Balkans.

Even so, the enlargement process still is proceeding, despite the huge financial commitments involved in integrating such economies, because of the European Union's central belief that every citizen has the right to benefit from the continent's growth. European Union states formally set the process in motion in October. Policy makers say that the criteria required for enlargement can make for stable, prosperous, Western-oriented neighbors — even if circumstances change and candidate states do not eventually join the bloc.

"The political price of stopping the process of enlargement now is very large," said Katinka Barysch, chief economist at the Center for European Reform, in London.

Another important factor is that "the process of accession can virtually transform a country," Ms. Barysch said, using as examples the transformation of the economy in Poland and other East European countries.

In addition to formally opening membership talks with Croatia, the European Union today recognized Montenegro as Europe's newest sovereign state. The agreement with Albania commits the formerly Stalinist country to intensify economic and political reforms in exchange for greater trade withEurope, but offers no entry date.

European leaders have grown wary about enlarging the European Union following the rejection by French and Dutch voters of a European constitution last spring. The votes were seen as a 'no' vote to a larger union after eight formerly Communist countries joined the bloc two years ago, along with Cyprus and Malta.

Chancellor Angela Merkel of Germany has backed a partnership with Turkey, rather than full membership.

In France, Interior Minister Nicolas Sarkozy has said that further enlargement of the European Union should be limited to Romania and Bulgaria, which are set join by January 2008 at the latest.

Such views show "deep concern within the E.U. about not enlarging too far or too fast," Michael Emerson, a senior research fellow at the European Center for Policy Studies, in Brussels, said today.

For Turkey, and Prime Minister Recip Tayyip Erdogan, the stakes are high. Mr. Erdogan's popularity has slumped amid accelerating inflation and a drop in the value of the Turkish lira, making the prospect of European Union membership even more important in boosting standards of living, foreign investment and employment.

Even so, Mr. Erdogan wants to avoid being seen as a hostage to European interests or being humiliated if the Union changes its view and puts new obstacles in the way of membership. In a pointed warning today, Mr. Erdogan said his enthusiasm for the European Union could wane "if politics becomes involved in this process."

European Union diplomats warned that developments today could be a harbinger of obstacles ahead, including a larger showdown between Cyprus and Turkey — still in a

standoff over control of Cyprus.The government of the Greek Cypriot south of the island is the internationally recognized administration, while the Turkish north is recognized only by Turkey.

"I think there are difficult questions about what this means for the future if even today progress was so hard to achieve," one European Union diplomat said. "That's a bit strange, and suggests that we don't quite know where we are going."

The compromise today allowed Turkey to proceed with additional steps toward reaching European Union standards. The membership process requires candidate countries to put in place reforms in a wide range of areas — culture and education probably are next — and to overhaul policies in such technical areas as trade law and antitrust law.

Croatia hopes to join the union by 2009, but experts like Mr. Emerson say 2010 is a more likely date.

Few people expect Turkey, even if negotiations stay on track, to be a member until about 2016. As for Albania, the European Union urged Tirana to make improvements in public sector governance, media freedoms, property restitution and minority rights, The Associated Press reported.

Mirant Rescinds Unsolicited Bid To Acquire NRG (WSJ)

By Bhattiprolu Murti

The Wall Street Journal, June 13, 2006

Mirant Corp. withdrew its $7.9 billion hostile bid for rival power company NRG Energy Inc. following opposition from its own shareholders, saying it was disappointed NRG was unwilling to discuss the proposal.

The withdrawal ends a bitter takeover battle involving the two power companies as well as Goldman Sachs Group Inc., which initially advised Mirant before it stepped down amid allegations from NRG that it shared nonpublic information about the company with Mirant. The battle marks the increased value seen in power-generation assets after a tough period in the industry, during which both companies sought bankruptcy-court protection.

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At 4 p.m. in New York Stock Exchange composite trading, shares of NRG fell $3.93, or 7.7%, to $46.92, while Mirant's shares slipped seven cents to $24.38.

Mirant said a long and contested pursuit isn't in the best interests of the Atlanta company and its shareholders and that it will continue its efforts to create value for shareholders. NRG said the rise in its share price during the past 24 months showed the market recognized the soundness of the Princeton, N.J., company's strategy.

Earlier yesterday, hedge fund Pirate Capital LLC, run by activist investor Thomas R. Hudson Jr., sent a letter to Mirant's independent directors, saying if Mirant didn't publicly abandon its bid to acquire NRG by tomorrow and announce the hiring of an investment bank for the sale of the company, it would seek a special shareholder meeting. In the letter, filed with the Securities and Exchange Commission, Pirate Capital told Mirant's independent directors that if they didn't take appropriate action, it plans to solicit support to meet the 40% threshold to call a special stockholder meeting seeking to increase the board's size and remove some incumbent directors.

Pirate Capital is the beneficial owner of about five million Mirant shares, or 1.6% of its common stock.

Mirant, which emerged from bankruptcy protection in January, made a hostile, or unsolicited, bid in late May to acquire NRG for about $7.9 billion. Mirant subsequently sued NRG over its rejection, saying that decision was based on a false claim that Mirant had improperly obtained confidential information about NRG through independent adviser Goldman Sachs. Goldman Sachs, which resigned from the assignment, has said it did nothing wrong and provided advice based only on public information.

Pirate Capital, Omega Advisors and Jana Partners LLC sent letters to Mirant earlier this month asking the company to abandon its plans to buy NRG. Together, the three entities own 3.6% of Mirant's stock.

Zale Ends Merger Talks With Signet (WSJ)

By Kris Hudson

The Wall Street Journal, June 13, 2006

Zale Corp. said it ended tentative merger talks with chief rival Signet Group PLC, abandoning one of its options as it scrambles to recover from a poor holiday season and three years of losing ground to other jewelry sellers in the U.S.

Had a deal been struck, it would have combined the two leading specialty-jewelry retailers in the U.S., but it also would have resulted in significant overlap of their store bases. London-based Signet operates 1,837 stores, including 1,246 in the U.S., under the Kay Jewelers and Jared brands. Zale, based in Irving, Texas, operates 2,345 stores, including 2,100 in the U.S., mostly under its flagship Zales Jewelers brand.

Zale has struggled after its strategy last year to shift its merchandise assortment and advertising to appeal to a more fashionable, upscale clientele resulted in lost sales and a sharp profit drop in its Christmas quarter. The retailer subsequently ousted its top management and scrapped much of the overhaul. It now faces an accounting investigation by the Securities and Exchange Commission, while its search for a new chief executive officer continues.

Meanwhile, Signet's U.S. division last year surpassed Zale in U.S. sales for the first time. Zale's total revenue in the fiscal year ended July 21, 2005, was $2.38 billion. Signet had revenue of £1.75 billion, or $3.22 billion, in the fiscal year ended Jan. 28, 2006.

The merger talks were reported by Britain's Mail on Sunday. After initially declining to comment, Signet issued a statement early yesterday morning confirming the "preliminary discussions" of a merger with Zale but noting the uncertainty of the outcome. By midday, Signet announced the talks had ended.

Zale followed in the afternoon with its own statement, explaining that Signet had approached it about a merger, but the Zale board decided against the combination. Zale's directors "concluded that its shareholders are best served by continuing as an independent company," according to the statement.

Zale also said in its statement that it anticipates introducing a new CEO "within the next several weeks." Interim CEO Mary "Betsy" Burton, who doesn't aspire to keep the job permanently, said late last month that Zale had narrowed the search to two outside candidates.

News of the merger talks boosted Zale's stock by as much as 16% to $27.75 yesterday before it was announced negotiations had ended. In 4 p.m. composite trading on the New York Stock Exchange, Zale shares were up 3.5% to $24.70. Signet's American depositary shares gained 3.6% to $18.11 on the NYSE.

BBVA Carves Out Niche In U.S.-to-Mexico Payments (WSJ)

By Carrick Mollenkamp And Keith Johnson

The Wall Street Journal, June 13, 2006

Banco Bilbao Vizcaya Argentaria SA's Texas spending spree -- including the $2.2 billion purchase of Texas Regional Bancshares Inc. and the $480 million purchase of State National Bancshares -- sets the stage for the big Spanish bank to

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become a major player in the competitive market for remittances between the U.S. and Mexico and could lead to further acquisitions.

Under a deal announced yesterday, BBVA, Spain's second-largest bank in terms of market value, after Grupo Santander SA, said it would pay $2.16 billion for Texas Regional, whose branches stretch along the Rio Grande Valley. The acquisition is expected to close in the fourth quarter after shareholder and regulatory approval. Separately, BBVA also said it would buy State National, a Fort Worth bank with 44 branches and a sizable El Paso presence. The acquisitions give BBVA ownership of branches along the Texas-Mexico border stretching from El Paso eastward to McAllen, where Texas Regional is based.

The purchase could allow BBVA to gain a larger share of the remittance business that flows between the U.S. and Mexico.

Though a huge business -- some 40 million remittance transactions sent money to Mexico from the U.S. in 2003, according to a Pew Hispanic Center report -- big banks such as Citigroup Inc., Bank of America Corp., and Wells Fargo & Co. have won only a small part of that business. Much of the rest is done by wire-transfer services.

BBVA, which made another acquisition in Texas last year, has had investment bankers in Houston scoping out potential bids as part of Chairman Francisco González's ambitions to turn BBVA into one of the world's largest banking companies by 2008.

After bulking up the bank through acquisitions in Latin America in the 1990s, Mr. González has said BBVA needs more muscle in the U.S., Europe and Asia. BBVA tried and failed to acquire an Italian lender, Banco Nazionale di Lavoro, last year. BBVA may now seek to link up its new U.S. presence with its Mexican unit, Bancomer, to make a direct play on the remittance market, potentially giving it an advantage against larger U.S. banks. For the past two years, the Madrid-based bank has focused U.S. expansion on border areas ripe for remittance business in Texas and California.

By contrast, its main domestic rival and Spain's largest bank, Santander has sought to grab a piece of the mainstream U.S. retail market. This spring, the bank got regulatory approval for the purchase of a 20% stake in Philadelphia-based Sovereign Bancorp Inc., giving it entry into the cutthroat northeastern U.S. banking market.

Texas Regional shares have risen 47% in the past year amid speculation the bank was an acquisition target. BBVA's offer values Texas Regional's stock at $38.90 a share. The stock yesterday rose $3.50, or 10%, to $37.70 in Nasdaq Stock Market composite trading. In 4 p.m. New York Stock Exchange composite trading, BBVA's American depositary receipts fell 21 cents, or 1.1%, $18.98. Keefe, Bruyette & Woods advised Texas Regional with legal advice from Rogers & Whitley. Morgan Stanley acted as BBVA's adviser in both purchases. Law firm Sullivan & Cromwell advised on the Texas Regional purchase while Cleary Gottlieb Steen & Hamilton handled the State National deal.

Though little known outside of Texas bank circles, Texas Regional, the parent of Texas State Bank, has built a powerhouse bank in the Rio Grande Valley, located in deep south Texas bordering Mexico. The bank is led by Glen Roney, a 75-year-old Texas bank veteran who also has expanded Texas Regional into cities such as Houston.

BBVA already owns Laredo National Bancshares Inc. Laredo, also located along the U.S.-Mexican border, is northwest of McAllen. Its latest acquisition will pit the Spanish bank against J.P. Morgan Chase & Co. and a host of independent banks operating in the Rio Grande Valley and in Texas as well as banks such as Wachovia Corp. that have expanded in the state.

Under Mr. Roney, Texas Regional worked through the Texan bank crisis of the 1980s and ultimately gathered more than $6 billion in assets, according to Keefe, Bruyette and research firm SNL Financial.

Still, the 73-branch bank has struggled like other banks against a narrowing between short- and long-term interest rates that has cut into profits. Texas Regional also has fought to keep down souring loans; last year, Mr. Roney and the executives at the bank said they wouldn't pay bonuses until nonperforming loans were halved, Keefe, Bruyette said in a report. In fact, yesterday's announcement said Texas Regional shareholders may receive a special dividend of as much as 10 cents a share if the bank can collect on a souring loan to one business client.

RIAA Chief Says Illegal Song-sharing 'contained' (USAT)

By Jefferson Graham

USA Today, June 13, 2006

LOS ANGELES — Nearly a year after the Supreme Court issued a landmark ruling against online music file-sharing services, the CEO of the Recording Industry Association of America says unauthorized song swapping has been "contained."

"The problem has not been eliminated," says association CEO Mitch Bainwol. "But we believe digital downloads have emerged into a growing, thriving business, and file-trading is flat."

That's an optimistic view from an industry that saw its numbers slide to near oblivion after the launch of the original Napster in 1999. CD sales fell as much as 30%, and the RIAA pressed Congress and the courts for relief against what it said was rampant piracy.

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After the Supreme Court ruled that the services could be liable for piracy by their users, the RIAA sent cease-and-desist letters to several firms. Most — including BearShare, WinMX and Grokster — shut down. EDonkey and others said they would switch to a licensed, paid model.

EDonkey, which along with BitTorrent is one of the most-used file-sharing services, has yet to make the switch.

Even with Grokster and WinMX shut down, their software programs still exist. Eric Garland, CEO of Internet measurement firm BigChampagne, says that more people than ever are using file-sharing networks. “Nearly 10 million people are online, swapping media, at any given time,” he says. That May figure is up from 8.7 million people in 2005, he says.

Garland says the RIAA has made some inroads. “They have removed the profiteers from online piracy,” he says. “They've also embarked on a very successful education campaign. Kids now know about copyright, and the consequences.”

The RIAA has sued just over 18,000 individuals for sharing songs online, with 4,500 settling for about $4,000 per case.

Album sales are still down — about 3% this year. But Bainwol says digital sales — up 77% — make up for the shortfall.

The wide availability of legitimate alternatives to file-sharing services has helped wean computer users away, says Russ Crupnick, president of the music group for market tracker NPD Group.

Apple's iTunes has sold more than 1 billion songs to consumers, and online stores Rhapsody and Napster are gaining traction. Crupnick says digital store purchases have “almost doubled” while file-sharing is flat among computer users in 12,000 homes in an NPD survey.

Meanwhile, the RIAA is suing XM Satellite Radio, which introduced a portable $399 player (from Pioneer and Samsung) that lets subscribers record songs.

Bainwol says he doesn't mind consumers acquiring songs on the device — it's just that XM hasn't licensed the songs for download.

“We love the technology and think it's cool, but if you want to be an iTunes clone, you should pay for it,” he says. XM has called the RIAA lawsuit a “negotiating” tactic.

About 1.5 billion songs are available for free swapping at any given time on file-sharing networks, says Garland, a mix of current hits and songs from such artists as the Beatles and Led Zeppelin that have yet to be released to the digital music stores.

That number is huge but hasn't grown substantially, while video piracy has. “The music industry isn't seeing double-digit growth in piracy anymore, but Hollywood is,” Garland says.

German Authorities Examine Web Rights Deal (AP)

AP, June 13, 2006

German Antitrust Authorities Examine Internet-Rights Deal Between Soccer League and Deutsche Telekom

BERLIN (AP) -- Germany's antitrust authority said Monday it is examining the compromise deal between the German soccer league and Deutsche Telekom AG for Internet broadcasting rights after receiving complaints.

The Federal Cartel Office said it had received complaints from rival Internet service providers that Deutsche Telekom is abusing its dominant position.

Under the agreement reached last Wednesday with the German soccer league, or DFL, the telecom will broadcast Bundesliga soccer games online and provide content to its T-Mobile subscribers' cell phones.

Deutsche Telekom -- which won the rights to broadcast German soccer league matches via the Internet in an auction last December -- will not, however, distribute the Internet signal through its cable and satellite operations, both companies said in a statement. In return, Deutsche Telekom agreed to pay less for the Internet rights than originally agreed.

At the same time, it was announced that pay-TV company Arena, which won the television broadcasting rights, will no longer have the right to broadcast over the Internet or to sublicense its Internet broadcasting rights.

Smaller internet service providers had hoped that they could receive a license from Arena to offer German soccer games to their customers over the Internet.

T-Online is Europe's largest Internet service provider, with some 13.5 million subscribers. Besides Germany, T-Online owns Club Internet in France and Ya.com in Spain.

Shares of Deutsche Telekom were down 0.6 percent to euro12.93 (US$16.37) in Frankfurt trading.

ENVIRONMENT:

Pipe Company Executive Gets Prison For Rigging Pollution Test (AP)

AP, June 13, 2006

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SALT LAKE CITY -- An executive for a cast-iron pipe foundry in Provo was sentenced Monday to a year in prison for rigging a pollution test.

Charles Matlock, who was vice president and general manager of Pacific States Cast Iron Pipe Co., also was fined $20,000 by U.S. District Judge Dee Benson.

Matlock pleaded guilty in February to violating the Clean Air Act by manipulating an emissions test at Pacific States, a division of Birmingham, Ala.-based McWane Inc.

At issue was a furnace stack test conducted in 2000. An indictment accused the company of feeding crude iron instead of its usual supply of contaminated automobile scrap into the foundry to cover up pollution violations.

The 2000 test was used to file emissions reports to government regulators in 2001, 2002 and 2003. McWane paid a $3 million fine for falsifying the test.

"When senior corporate executives cheat on required tests, public health and the environment suffer," said David Uhlmann, chief of the environmental crimes section of the U.S. Department of Justice.

Matlock's sentencing "is further proof of the McWane legacy: a repeat offender that committed years of environmental and worker safety violations at facilities across the country," Uhlmann said in a statement.

The Justice Department said it had obtained convictions against McWane foundries for Clean Air Act violations at Anniston, Ala.; Birmingham, Ala. Phillipsburg, N.J., and Tyler, Texas. It was at Birmingham where McWane in December was ordered to pay a $5 million fine for discharging industrial waste.

In a statement, McWane, a family-owned company, insisted it never did harm to the environment or its workers. Long before the federal investigation began, the Provo foundry upgraded its emissions control system, reducing carbon monoxide emissions by 95 percent and volatile organic compounds by nearly half, the company said.

The Provo foundry casts water and sewer pipes, fire hydrants and fittings.

EPA Rule Loosened After Oil Chief's Letter To Rove (LAT)

By Tom Hamburger And Peter Wallsten

The Los Angeles Times, June 13, 2006

WASHINGTON — A rule designed by the Environmental Protection Agency to keep groundwater clean near oil drilling sites and other construction zones was loosened after White House officials rejected it amid complaints by energy companies that it was too restrictive and after a well-connected Texas oil executive appealed to White House senior advisor Karl Rove.

The new rule, which took effect Monday, came after years of intense industry pressure, including court battles and behind-the-scenes agency lobbying. But environmentalists vowed Monday that the fight was not over, distributing internal White House documents that they said portrayed the new rule as a political payoff to an industry long aligned with the Republican Party and President Bush.

In 2002, a Texas oilman and longtime Republican activist, Ernest Angelo, wrote a letter to Rove complaining that an early version of the rule was causing many in the oil industry to "openly express doubt as to the merit of electing Republicans when we wind up with this type of stupidity."

Rove responded by forwarding the letter to top White House environmental advisors and scrawling a handwritten note directing an aide to talk to those advisors and "get a response ASAP."

Rove later wrote to Angelo, assuring him that there was a "keen awareness" within the administration of addressing not only environmental issues but also the "economic, energy and small business impacts" of the rule.

Environmentalists pointed to the Rove correspondence as evidence that the Bush White House, more than others, has mixed politics with policy decisions that are traditionally left to scientists and career regulators. At the time, Rove oversaw the White House political office and was directing strategy for the 2002 midterm elections.

Angelo had been mayor of Midland, Texas, when Bush ran an oil firm there. He is also a longtime hunting partner of Rove's. The two men first worked together when Angelo managed Ronald Reagan's 1980 presidential campaign in Texas.

In an interview Monday, Angelo welcomed the new groundwater rule and said his letter might have made a difference in how it was written. But he waved off environmentalists' questions about Rove's involvement.

"I'm sure that his forwarding my letter to people that were in charge of it might have had some impression on them," Angelo said. "It seems to me that it was a totally proper thing to do. I can't see why anybody's upset about it, except of course that it was effective."

Asked why he wrote to Rove and not the Environmental Protection Agency or to some other official more directly associated with the matter, Angelo replied: "Karl and I have been close friends for 25 years. So, why wouldn't I write to him? He's the guy I know best in the administration."

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White House spokesmen said Monday that the rule was revised as part of the federal government's standard rule-making process. They said the EPA was simply directed by White House budget officials to make the rule comply with requirements laid out by Congress in a sweeping new energy law passed last year.

The issue has been a focus of lobbying by the oil and gas industry for years, ever since Clinton administration regulators first announced their intent to require special EPA permits for construction sites smaller than five acres, including oil and gas drilling sites, as a way to discourage water pollution.

Energy executives, who have long complained of being stifled by federal regulations limiting drilling and exploration, sought and received a delay in that permit requirement in 2003. Eventually, Congress granted a permanent exemption that was written into the 2005 energy legislation.

The EPA rule issued Monday adds fine print to that broad exception in ways that critics, including six members of the Senate, say exceeds what Congress intended.

For example, the new rule generally exempts sediment — pieces of dirt and other particles that can gum up otherwise clear streams — from regulations governing runoff that may flow from oil and gas production or construction sites.

Sen. James M. Jeffords (I-Vt.), who joined five Democrats in objecting to the rule, wrote in March that there was nothing in the energy law suggesting that such an exclusion of sediment "had even entered the mind of any member of Congress as it considered the Energy Policy Act of 2005." Moreover, Jeffords wrote, the rule violated the intentions of Congress when it passed the Clean Water Act 19 years ago.

White House and administration officials disagreed.

At the EPA, Assistant Administrator Benjamin H. Grumbles said the rule responded directly to congressional action. He cited a letter from Sen. James M. Inhofe (R-Okla.), chairman of the Senate Environment and Public Works Committee, endorsing it. He added that the rule still allows states to regulate pollution, and that it continues to regulate sediment that contains "toxic" ingredients.

Lisa Miller, a spokeswoman for another senior lawmaker, Rep. Joe L. Barton (R-Texas), chairman of the House Energy and Commerce Committee, said Monday that the rule was designed to hold oil companies accountable for putting toxic substances in the soil, but not for dirt that results from storms.

"When it rains, storm water gets muddy, regardless of whether there's an oil well in the neighborhood," Miller said. "Congress told EPA to do this, and now they have. If there's oil in the water, a producer has to clean it up. If it's nature, they don't."

The change in the rule occurred last year when staffers in the White House Office of Management and Budget began editing an early version drafted by EPA technical staff. The Office of Management and Budget oversees another division, the Office of Information and Regulatory Policy, which critics complain has served as a central hub in the Bush White House for making government regulations more business-friendly.

A spokesman for the White House budget office, Scott Milburn, said Monday that the White House's involvement in making rules was intended to "ensure that agencies issue regulations that follow the law."

White House spokeswoman Dana Perino rejected the suggestion that Rove was involved in the rule change. Rove frequently receives requests, she said, and that he tries to reply and direct those requests to the appropriate people. She said that for environmentalists to accuse Rove of manipulating the EPA rule was a "typical overreach" by administration critics.

"That is quite an overreach, when it was the United States Congress that passed the Energy Act in a bipartisan way to ask the EPA to undertake this rulemaking," she said.

In their March letter, Jeffords and his Democratic colleagues asked EPA officials whether the correspondence with Rove influenced the final rule.

A response written by Grumbles did not directly address the Rove question. But the Natural Resources Defense Council and other environmental groups assert that they know the answer.

"We can't say that Karl Rove walked over to OMB and demanded these changes," said Sharon Buccino, director of the Natural Resources Defense Council's land program. "But it is clear that there was direction coming from the top of the White House, and this was a result of the thinking of the White House as opposed to environmental experts at EPA."

Buccino called the rule "yet another example of the Bush administration rewarding their friends in the oil and gas industry at the expense of the environment and the public's health."

In his letter to Rove, Angelo did not hide his political feelings. He thanked Rove for "all you do," and added words of encouragement on another topic: "The president has the opposition on the run on the Iraq issue."

His letter appeared to gain notice at the highest levels of the administration. Three months after Angelo sent it, a top EPA official wrote to tell him that the agency had decided to impose the temporary delay on the construction permitting rule for oil and gas companies.

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The letter was copied to Rove, White House environmental advisor James L. Connaughton and then-EPA Administrator Christine Todd Whitman.

Dirk Kempthorne Arrives (NYT)

The New York Times, June 13, 2006

Dirk Kempthorne's chief task as the new secretary of the interior is to resurrect his department's long tradition of responsible stewardship of the public lands. That guiding philosophy has been seriously breached only twice, during the dismal Reagan years and again during the tenure of Gale Norton, the person Mr. Kempthorne succeeds.

With Vice President Dick Cheney cheering from the sidelines, Ms. Norton replaced the department's conservation ethic with policies that favored commercial exploitation of the vast publicly owned resources the department manages, which amount to one-fifth of the nation's land. Redressing the balance will not only bring praise from the usual suspects in the environmental community, it will also win the admiration of many of Mr. Kempthorne's fellow Republicans.

Unless he has been sound asleep during his years as Idaho's governor, Mr. Kempthorne must surely know that the administration's headlong rush to drill for oil and gas throughout the Rocky Mountain West ignited rebellious feelings among legions of President Bush's natural constituents, including ranchers worried about the impact on their land and water, and hunters and anglers who feared the destruction of landscapes rich with wildlife.

Conservationists do not dispute the need to look for oil and gas. The question is where. Fully 85 percent of the oil and gas deposits on federal lands are already open for development, and over the last two years the Interior Department has granted more new leases than the industry knows what to do with. At issue, really, are scraps of land, places the Wilderness Society once called "too wild to drill." What's being asked for is a measured approach honoring the claims of nature generally and of these rare landscapes in particular.

Ms. Norton has left a bleak legacy in other places, as well. One is the national park system, which has taken a beating. In addition to chronic financial shortfalls, which have affected everything from policing the parks to interpreting them for visitors, the administration embarked on a disastrous effort to rewrite the management policies that govern the parks. Despite moderating changes, the rewrite still tilts in favor of recreation and commercial use over preservation. The new secretary would do everyone a favor — and give the National Park Service a huge morale boost — by setting it aside.

There's one more balance issue. As she was going out the door, Ms. Norton resolved a long and complicated dispute over who controls thousands of miles of ancient cowpaths and other trails throughout the West in favor of state and local interests. Many of these trails run through national parks, wildlife refuges and monuments, and as things stand now, there is little to prevent the states from paving them and using them to promote commerce. Mr. Kempthorne should revisit this decision. If he does not, Congress should revisit it for him.

FBI/DEA/ATF/USMS:

Four Face Drug Charges (HARTC)

By Peter Marteka, Courant Staff Writer

The Hartford Courant, June 12, 2006

Two Of The Men Already On Parole

MANCHESTER -- A three-month police investigation has resulted in the arrests of four men on drug charges, including two who were on parole.

Members of the East Central Narcotics regional task force arrested the four men Thursday and Friday on arrest and search warrants. The program was part of Operation SNAG, also known as "spring-narcotics-arrest and grab," according to Manchester police Sgt. Sandy Ficara.

German Gortiz, 22, of 506 Burnside Ave., East Hartford, was arrested without incident in a McDonald's restaurant parking lot off Burnside Avenue in East Hartford. Officer Richard Boyle and his canine partner Marco found 1.5 ounces of crack cocaine and 20 bundles of heroin from inside Gortiz's car, police said.

Gortiz, who was on parole and wearing an electronic ankle bracelet at the time of his arrest, was charged with possession of heroin, possession of heroin with intent to sell, possession of cocaine and possession of cocaine with intent to sell over 1 ounce. Bail for Gortiz was set at $250,000.

Orlando Morales, 35, of 435 Burnside Avenue, Apt. 2, East Hartford, was arrested on warrants charging him with selling cocaine to an undercover officer in the area of East Hartford, Vernon and Manchester. Morales had 1.5 ounces of powder

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cocaine, $217 in cash and two counterfeit $100 bills at the time of his arrest, police said. Police also found marijuana, drug paraphernalia and a scale with cocaine residue in his apartment.

Morales, who police said was on probation, was charged with possession of cocaine, possession of cocaine with intent to sell over 1 ounce, possession of marijuana, first-degree forgery, operating a drug factory and possession of drug paraphernalia. Morales was also charged in warrants with possession of cocaine and sale of cocaine. His bail was set at $400,000.

Brandon Rolax, 19, of 64 Elida Court, East Hartford - also on parole - was arrested on warrants charging him with the sale of crack cocaine to an undercover officer in Manchester, police said. Police apprehended Rolax as he fled from officers on West Middle Turnpike, along the way tossing 21 grams of crack cocaine on the street, police said.

Police charged Rolax with four counts each of possession of cocaine, sale of cocaine, possession of cocaine within 1,500 feet of a school and possession of cocaine with intent to sell within 1,500 feet of a school. His bail was set at $400,000.

During the operation, East Central Narcotics along with the assistance of federal Drug Enforcement Administration agents arrested Daniel Cote on charges of illegally manufacturing steroids and selling them online.

Cote, 35, of 5 Ridgewood St., Manchester, was charged with possession of a controlled substance, possession of drug paraphernalia, possession with intent to sell and operating a drug factory. Police said officers found a large amount of drugs and equipment in Cote's home. His bail was $250,000.

All four will be arraigned in Superior Court in Manchester today.

Prescription Drugs Find Place In Teen Culture (USAT)

By Donna Leinwand

USA Today, June 13, 2006

When a teenager in Jan Sigerson's office mentioned a “pharm party” in February, Sigerson thought the youth was talking about a keg party out on a farm.

“Pharm,” it turned out, was short for pharmaceuticals, such as the powerful painkillers Vicodin and OxyContin. Sigerson, program director for Journeys, a teen drug treatment program in Omaha, soon learned that area youths were organizing parties to down fistfuls of prescription drugs. Since February, several more youths at Journeys have mentioned that they attended pharm parties, Sigerson says.

“When you start to see a pattern, you know it's becoming pretty widespread,” she says. “I expect it to get worse before it gets better.”

Drug counselors across the USA are beginning to hear about similar pill-popping parties, which are part of a rapidly developing underground culture that surrounds the rising abuse of prescription drugs by teens and young adults.

It's a culture with its own lingo: Bowls and baggies of random pills often are called “trail mix,” and on Internet chat sites, collecting pills from the family medicine cabinet is called “pharming.”

Carol Falkowski, director of research communications for the Hazelden Foundation, says young abusers of prescription drugs also have begun using the Internet to share “recipes” for getting high. Some websites are so simplistic, she says, that they refer to pills by color, rather than their brand names, content or potency.

That, Falkowski says, could help explain why emergency rooms are reporting that teens and young adults increasingly are showing up overdosed on bizarre and potentially lethal combinations of pills.

Overdoses of prescription and over-the-counter drugs accounted for about one-quarter of the 1.3 million drug-related emergency room admissions in 2004, the federal Substance Abuse and Mental Health Services Administration reported last month.

The abuse of prescription and over-the-counter drugs — which barely registered a blip in drug-use surveys a decade ago — is escalating at what Falkowski and other analysts say is an alarming rate.

In a 2005 survey by the Partnership for a Drug-Free America, 19% of U.S. teenagers — roughly 4.5 million youths — reported having taken prescription painkillers such as Vicodin or OxyContin or stimulants such as Ritalin or Adderall to get high.

Vicodin has been particularly popular in recent years; a study by the University of Michigan in 2005 found that nearly 10% of 12th-graders had used it in the previous year. About 5.5% said they had used OxyContin. Both drugs are now more popular among high school seniors than Ecstasy and cocaine.

Marijuana is still the most popular drug by far; about one-third of the 12th-graders surveyed said they had used it in the previous year.

Falkowski, whose foundation is a treatment center based in Center City, Minn., says prescription pills have become popular among youths because they are easy to get and represent a more socially acceptable way of getting high than taking street drugs.

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Some kids, she says, are self-medicating undiagnosed depression or anxiety, while others are using stimulants to try to get an edge on tests and studying.

Falkowski says prescription drugs are familiar mood-altering substances for a generation that grew up as prescriptions soared for Ritalin and other stimulants to treat maladies such as attention-deficit disorder. “Five million kids take prescription drugs every day for behavior disorders,” she says.

“It's not unusual for kids to share pills with their friends. There have been incidents where kids bring a Ziploc baggie full of pills to school and share them with other kids.”

Pharm parties, she says, are “simply everyone pooling whatever pills they have together and having a good time on a Saturday night. Kids … don't think about the consequences.”

Lisa Cappiello, 39, of Brooklyn, N.Y., says that seemed to be the case with her son, Eddie. She says she knew that he had tried marijuana at 15 and sneaked beers at school.

But it wasn't until after he graduated from high school and took a year off before college that Cappiello realized the extent of her son's drug use — and the hold prescription drugs had on him.

“In what seemed like the blink of an eye, it went from marijuana and an occasional beer to so much Xanax that (one day) my husband had to pick him up when he feel asleep on a street corner waiting for some friends,” she said. “He hid his drug use from me so well.”

The next day, Eddie Cappiello admitted to his parents that he had taken 15 pills of Xanax, a brand name for benzodiazepine that acts as a sedative. He told his parents Xanax helped him deal with anxiety and depression.

Eddie rejected professional help and vowed to stop taking pills, his mother says. He was clean for 10 months, she says, before he was hospitalized in July 2005 after overdosing.

Two months later, he entered a 28-day treatment program, his mother says. After he was discharged, he stayed clean for about two months — then relapsed into weekend binging: 40 to 50 pills and a quart of Jack Daniel's, sometimes by himself, sometimes with friends, Lisa Cappiello says.

Eddie Cappiello, 22, died in his bed on Feb. 17 after overdosing on a mix of pharmaceuticals. He left behind a girlfriend and two young children.

A toxicology report said he had 134 milligrams of Xanax — the equivalent of 67 pills — and an opioid derivative in his system, his mother says.

“Before four years ago, I never even heard the word Xanax,” Lisa Cappiello says. “Now … I know kids as young as 12 are using it. Then I found out that Vicodin was a very big party drug. Before school, after school, at parties. Kids mixed them with alcohol and Ecstasy. It was baffling to me.”

Cappiello says police, teachers and parents are so fixated on street drugs such as marijuana, cocaine and Ecstasy that they are missing the start of an epidemic.

“Eddie was not the first kid to die in this neighborhood from prescription drugs,” she says.

In recent months, federal anti-drug officials have acknowledged that they didn't anticipate the quick escalation of prescription-drug abuse. Most government-sponsored drug prevention programs focus on marijuana, tobacco, alcohol and methamphetamine.

“We were taken by surprise when we started to see a high instance of abuse of prescription drugs,” says Nora Volkow, director of the National Institute of Drug Abuse (NIDA), which is collecting information about how teens perceive, get and use prescription drugs so it can try to craft an effective prevention campaign.

In a bulletin last year, NIDA called the increase in pharmaceutical drug abuse among teens “disturbing” and said pharm parties were a “troubling trend.”

The increasing availability of prescription drugs is a big reason for the rise in their abuse, Volkow and other drug specialists say.

Pharmaceutical companies' production of two often-abused prescription drugs — hydrocodone and oxycodone, the active ingredients in drugs such as Vicodin and OxyContin — has risen dramatically as the drugs' popularity for legitimate uses has increased. Drug companies made 29 million doses of oxycodone in 2004, up from 15 million four years earlier. Hydrocodone doses rose from 14 million in 2000 to 24 million in 2004.

The 2005 Partnership survey found that more than three in five teens can easily get prescription painkillers from their parents' medicine cabinets. And as Falkowski says, the rising number of youths being treated with stimulants has made it easier for kids to use such drugs illicitly. About 3% of children are treated with a stimulant such as Adderall or Ritalin, up from less than 1% in 1987.

Almost all of the 13 youths at Phoenix House's intensive outpatient treatment program on New York City's Upper West Side have dabbled in prescription drugs, director Tessa Vining says.

"There's definitely easy access," she says. "Maybe a parent had some surgery and took one or two painkillers from a bottle of 10, and the rest are just hanging out in the medicine cabinet."

After her son died, Cappiello says she wondered how kids in her area were getting pills. She says she learned from police that one local dealer got Xanax from his mother, who had been given a prescription for the drug. Instead of taking the pills, she gave them to her son to sell for $2 to $3 each.

Paul Michaud, 18, of Boston, says he got his first taste of OxyContin pills — he calls them OCs — from a friend during his freshman year in high school.

Until then, Michaud says, he had smoked marijuana daily and taken a Percocet pill occasionally. Michaud's father had recently died of cancer, and Michaud says he was depressed and feeling like an outsider at school. The prescription painkiller made him feel like nothing could faze him, he recalls.

"The first time I did it, I was hooked," says Michaud, who is four months into a yearlong drug treatment program at Phoenix House in Springfield, Mass. He says he quickly became a daily OxyContin user, breaking apart the time-release capsules, crushing pills and snorting the powder from five 80-milligram pills a day.

"They're not very hard to get. I could find OCs easier than I could find pot," Michaud says. "There were plenty of people who sold them," including some dealers who got pills illicitly by mail order.

To try to reduce the supply of prescription drugs on the black market, authorities have shut down several "pill mills" — where doctors prescribe inordinate amounts of narcotics — as well as Internet pharmacies that ship drugs with little medical consultation, says Catherine Harnett, chief of demand reduction for the Drug Enforcement Administration (DEA).

Last September, DEA agents arrested 18 people allegedly responsible for 4,600 such pharmacies.

A tricky part of the prescription-drug problem, Harnett says, is addressing the perception among youths that pills are safe because they are "medicine." Many teens don't equate taking such pills with using drugs such as heroin or cocaine, she says.

"If you start with pills, it seems fairly sanitary and legitimate," she says. "Kids have been lulled into believing that good medicine can be used recreationally."

Two in five teens in the Partnership study said prescription medicines, even if they are not prescribed by a doctor, are "much safer" to use than illegal drugs.

Phil Bauer of York, Pa., believes his son, Mark, 18, an avid weight lifter, started using prescription drugs to relieve chronic back pain and didn't appreciate the potential risks of taking the drugs.

Bauer says his son never behaved as he imagined a drug addict would. "He wasn't hanging out all night. He had parents who wouldn't let him do that."

Mark Bauer died of an overdose on May 28, 2004. The toxicology report found morphine, oxycodone and acetaminophen — the active ingredient in Tylenol but also an ingredient in Vicodin — in his system, Phil Bauer says.

Before his son's death, "we didn't see a bleary-eyed guy. He wasn't slurring his words," the father says. "He seemed to have a lot to live for. I did not know prescription-drug abuse was a problem. There's so much guilt in that. I don't know if I stuck my head in the ground. I did not see this coming."

Michaud says he didn't equate his OxyContin addiction with hard-core drug abuse. "Where I come from, OC is a rich boys' drug," he says. "I thought, heroin abuse, that's pretty low. I'd never stick a needle in my arm."

However, Michaud says he eventually switched to heroin. "I sniffed it and a week later, I was shooting," he says. "I thought I wasn't like other people doing heroin. I wasn't that low. Come to figure out, it all leads to the same place."

The Ground War Against Meth (ADW)

By Wendy Melillo

Adweek, June 12, 2006

Methamphetamines have hit Tennessee hard. Incidents at labs where the drug is cooked using ingredients found at the nearest pharmacy reached 850 last year, including explosions and seizures, making the state the third highest in the country to experience the scourge, according to Drug Enforcement Administration figures.

When the Partnership for a Drug-Free America asked The Buntin Group, a small Nashville agency, to develop a pro-bono campaign to fight meth, shop officials there knew they needed more powerful weapons than just TV and print ads to reach the state's more rural areas. "We wanted to turn entire towns into messages about the effects of meth to rally the community against the drug," says agency president and ecd Jeffrey Buntin Jr. "Our [research] led us to realize the collateral damage meth does not just to the user, but to the air, the water, the school system, the real estate market and the police force. This stuff can do wholesale damage, if not shut down entire communities."

The elements the agency crafted, which will begin appearing in Tennessee communities in July, take a guerrilla-style, in-your-face, everyone-is-affected approach. Picture a shack in the middle of a school parking lot with a sign that says: "If you can

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read this, you're already dead. ... The total number of meth labs is unknown. What we do know is that they can be anywhere and often explode."

There is an estimated $250,000 in donated media time and production costs for the campaign, according to the PDFA. The Buntin Group will place 210 displays around the state, including cardboard images of police officers in parks, with copy that reads: "This is a cardboard cutout of someone who could help you. But we have to spend millions on meth addicts and related damages. It's infecting you right now." And a spray-painted, graffiti-style mural will be placed on the side of a building where garbage is kept. The nose of the character in the picture is strategically placed near the real garbage on the ground so it looks like the trash is being snorted, one way users take meth.

The campaign's tagline, "Infected by meth," will appear along with a biohazard sign. The biohazard theme will be picked up in other displays that show how drinking water becomes polluted when meth cooks dump toxic waste on the ground. "Advertising works when the message is put in the place that is the most relevant to the product," says Buntin cd Pat Harris. "It was important for us to imagine ourselves in these communities and to put ourselves in their daily lives. How am I, at this point in time, being affected by meth whether I have anything to do with the drug or not?"

The campaign includes TV, print and radio ads by Buntin that show the effects of the drug. In one radio spot, a high truck driver plows through a restaurant. It's also part of a national anti-meth effort launched by the Partnership last November, with work from JWT New York and Leo Burnett Chicago. Meth is a growing problem, with nationwide treatment admissions rising 11 percent in 2004, according to the Substance Abuse and Mental Health Services Administration.

Mike Townsend, the Partnership's evp and director of meth demand reduction programs, says the drug is as addictive as crack cocaine and heroin, with typical users between 18 and 25. One in four teens report they have friends who use meth, one in five have been offered it and only half see a risk in trying it once or twice, according to Partnership data.

"The worrisome thing is we are now seeing meth creeping into the teen party scene the way ecstasy did," Townsend says. "Meth was once pigeonholed as a poor person's drug that teens wouldn't bother using, but now there are signs it is becoming more accepted."

Christine Rasmuson, the Partnership's deputy director of creative development, says her group had expected a more traditional out-of-home, billboard and bus-shelter type of campaign from the Nashville agency. "But when they came to us with their first round [of work], they blew the doors off the Creative Review Committee," Rasmuson says. "I never saw a CRC meeting where there were 30-plus creative ideas presented and the committee just kept saying, 'Great, keep going.' They came in with their Southern charm and wowed a group of mostly New York elite creative minds."

Ruth Wooden, president of New York-based public opinion research group Public Agenda and former Ad Council president, says it is very difficult to communicate the idea that there are serious consequences for communities when resources are diverted to problems caused by drugs. "This approach really makes the point quickly, and with huge impact," Wooden says. "It will definitely create a word-of-mouth buzz that will bring people to look right at it. I also imagine it will generate tons of free press in newspapers and other mainstream media. But mostly, it is a community message right in the middle of where people live—like getting a sermon right in church."

Baseball Suspends Grimsley For 50 Games (AP)

AP, June 13, 2006

NEW YORK (AP) -- Embattled pitcher Jason Grimsley was suspended 50 games by Major League Baseball on Monday, less than a week after federal agents raided his home during an investigation into performance-enhancing drugs.

Commissioner Bud Selig's office suspended Grimsley for violating baseball's Joint Drug Prevention and Treatment Program, based on his statements to authorities regarding human growth hormone.

"I think he earned it," Arizona Diamondbacks managing general partner Ken Kendrick said. "I think it sends a message and an appropriate message."

"He violated the agreement. Obviously MLB feels that he did. That's Bud's decision and I think it's the right decision and I applaud him for it," he said.

The Diamondbacks released the reliever last Wednesday -- they don't intend to pay him, either -- and his agent said he did not expect Grimsley to pitch again. If Grimsley returns, the penalty would take effect when he's placed on a 40-man roster.

"Nothing's changed," agent Joe Bick said Monday.

Last Tuesday, 13 agents searched Grimsley's Arizona home following his admission he had used HGH, steroids and amphetamines.

According to court documents, authorities tracked a package containing two "kits" of HGH -- about a season's worth -- that was delivered at Grimsley's house on April 19. He failed a baseball drug test in 2003, documents showed.

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Acting on those documents, MLB suspended him for his alleged possession, admitted use and intended use of HGH. Baseball toughened its drug program and penalties this season, but there is no test for HGH.

"He's retired. It's a moot point," Detroit Tigers closer Todd Jones said. "He didn't test positive, but because he said he did, they're going to suspend him?

"It's kind of like giving a speeding ticket to a guy that got killed in a car wreck," he said.

The 38-year-old Grimsley was 1-2 with a 4.88 ERA in 19 games as a long reliever this season, his first with Arizona.

"The suspension will become effective only if Jason chooses to continue his playing career," said Michael Weiner, general counsel to the players union. "The association will confer with Jason as to whether, under the circumstances, he wishes to grieve the suspension."

Grimsley and the Diamondbacks are currently in a dispute over payment of the remainder of his $825,000 salary.

Grimsley asked for his release last week and Arizona granted it. At the time, Bick said there had been no negotiation about money and added, "Released players get paid."

But the team later said it did not intend to pay him the rest, and filed a notice of termination Monday.

"This guy did no less than steal from us," Kendrick said Saturday night.

Bick responded by saying Grimsley would contest the Diamondbacks' decision, and Weiner said the union would soon file a grievance.

"The Diamondbacks' release of Jason is a clear violation of the Basic Agreement," Weiner said.

AP Baseball Writer Ronald Blum and AP Sports Writers Bob Baum in Phoenix and Larry Lage in Detroit contributed to this report.

D'backs Issue No-tolerance Stand On Grimsley Flap (USAT)

By Bob Nightengale, Usa Today

USA Today, June 12, 2006

The Arizona Diamondbacks, infuriated and embarrassed by reliever Jason Grimsley's involvement with steroids and human growth hormone, vow to release any player caught using illegal performance-enhancing drugs in the future, Diamondbacks managing general partner Ken Kendrick told USA TODAY.

"I don't think this should even be part of the collective bargaining agreement," Kendrick said Sunday by telephone. "This is something we all need to get our hands around. There's no limit as leaders to what we should do or where we should go. We want to make it clear that we do not condone or accept the kind of behavior Jason Grimsley has admittedly engaged in for a lot of years.

"We will not be rewarding bad behavior. I don't want anybody on our team involved in this. If they do, and we find out, we will act in the same way no matter whether it's a player with a three-year guaranteed contract with millions of dollars coming or anyone else."

"They will, in no way, play another game in an Arizona Diamondbacks uniform."

The Diamondbacks released Grimsley on Wednesday and informed his agent, Joe Bick, Friday he will be not be paid the remainder of his $825,000 contract. Kendrick, who said he plans to file termination papers today with Major League Baseball, contends Grimsley should forfeit the remaining $527,490 owed to him because he violated the terms of a standard player's contract. He was unfit to perform, Kendrick said, after Grimsley admitted to federal agents he used steroids, HGH and illegal performance-enhancing drugs.

"This guy's behavior was egregious," Kendrick said. "He's a representative of the culture of cheating. To financially reward him in the future for that is wrong."

Particularly unsettling, Kendrick said, was that Grimsley never informed the team he was being targeted as part of a probe into illegal drug use. According to court records, Grimsley told federal agents on April 19 — after being caught accepting $3,200 worth of HGH delivered to his home — that he has used illegal performance-enhancing drugs throughout his 11-year major league career. He also identified other major leaguers who used steroids, HGH and amphetamines. Federal agents raided his Scottsdale, Ariz., home for six hours on Tuesday. He never informed the Diamondbacks of the raid until the news broke during their game that night.

"Here's a guy who has known about this whole set of circumstances for six weeks," Kendrick said. "He spent the day with 13 federal agents. They broke his door down to get into his house. They told him that this was going to be made public. He still comes to the ballpark and still doesn't tell his agent, his manager or his teammates. We had no warning whatsoever. We all have to learn about this during the game from news reports.

"What kind of person is that? I think he was mentally impaired. He cheated us. He cheated his teammates."

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Meanwhile, former Sen. George Mitchell has requested an interview with San Francisco Giants slugger Barry Bonds as part of their steroid investigation. Bonds' attorney, Michael Rains, told the New York Daily News that Bonds won't talk unless he can be assured his statements won't later be used against him in a federal perjury investigation.

In other news, Bonds' lawsuit against two San Francisco Chronicle reporters who published parts of his grand jury testimony in the best-selling book Game of Shadows was dismissed.

Meth Takes A Toll On Indian Reservations (AP)

AP, June 13, 2006

WASHINGTON (AP) -- Leah Fyten believes every family on her South Dakota reservation has been affected by methamphetamine use. The drug has torn apart these families, led to increases in crime and bumped mortality rates. And now, the director of the Flandreau Santee Sioux Housing Authority says, it's affecting the reservation's already desperate housing situation.

Housing is not only ruined by meth labs, which are highly poisonous and often difficult to spot, but also by the destructive habits that often accompany drug use. The housing authority on the Flandreau reservation has spent countless dollars fixing up holes in the walls, broken windows, ruined appliances and other damage wrought by the violent habits of drug users, Fyten said.

"We have a small budget that decreases every year and families are growing," she said. "Housing gets worse every year. And to try to repair houses that are damaged by alcohol and drug abuse puts a strain on your budget."

Last year, Fyten's reservation recruited Jay Barton to help alleviate the problem. Barton, an Oklahoma police officer who also works for the National American Indian Housing Council, is traveling around the country teaching Indian housing officials what the drug does and how to spot it. Fyten and others say the council's seminars are breaking through in communities that have so far ignored and denied the problem, helping reservations lessen meth's collateral damage.

Barton likes to say he is shocking his students out of complacency.

"The response has been tremendous," he said. "Especially with the funding cuts that tribes have received, this is really important."

Barton teaches his students all about the drug -- its effects, its origins, its market and its chemistry. He shows them pictures of users with their teeth rotting out and tells them about the drug's poisonous effect on children who come anywhere near it.

Statistics on Indian meth use are scarce, but an administration survey found in 2004 that almost 2 percent of the American Indian population was using meth. Robert McSwain, deputy director of the Indian Health Service, told a congressional panel earlier this month that the rate of Indians using meth appears to have dramatically increased in the past five years.

This poses a major problem for states and Indian reservations, Barton said, as some states have passed laws that essentially punish property owners for meth contamination. Some landlords -- including Indian housing authorities -- have been forced to pay for cleanup of meth labs, which can cost thousands of dollars.

In addition, few states have published standards for cleanup. Congress is pushing the Environmental Protection Agency to develop federal guidelines, as there is still some confusion about the effects of chemicals involved in producing the drug.

Because it is often up to the reservations to pick up the work and also the tab, and because most of these reservations have dramatic housing shortages, Barton said there is a critical need for education about meth.

Indian housing has been a problem for decades. According to a 2003 survey, an estimated 200,000 housing units are needed immediately in Indian country and approximately 90,000 Indian families are homeless or "under-housed."

"If we can make them aware of the costs and also the people that are abusing meth, then hopefully we can cut down on the costs," Barton said.

His seminars have led to at least one drug bust in Juneau, Alaska, where a maintenance worker who had attended a seminar identified a meth lab in his hotel.

Ron Peltier, director of the Turtle Mountain Housing Authority in North Dakota, said he hopes Barton, who gave a seminar there in early May, will be able to similarly help his reservation.

"We have a lot of workers who are unaware of how meth labs look, and we have a feeling that some of our units are being used," Peltier said. "We hear a lot of rumors. But when we go there, we don't know what to look for."

Joe Shirley Jr., president of the Navajo Nation in Arizona, says training people to spot the drug is paramount because meth is "cutting into the kinship we have as Navajo people."

"If you can't catch them there's no way to treat them," he said.

Despite their success, federal cuts to Indian programs have threatened Barton's seminars. He conducted about 50 last year, but he said fewer are scheduled in 2006 because of less federal money allocated for the National American Indian Housing Council, a quasi-government organization. After that, Barton said, organizers will have to come up with some sort of alternative.

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The meth problem in Indian country has shown few signs of slowing, however. At the congressional hearing earlier this year, McSwain said the situation could be described in a single word: "crisis."

"I think what we are seeing now is that if communities don't take action it's going to get a whole lot worse," said Fyten. "It's very sad and it's very scary. People have to wake up. There's a lot of people that don't understand meth and how to detect it."

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On the Net:

National American Indian Housing Council: http://naihc.net/

Indian Health Service: http://www.ihs.gov/

Suspected Militants Killed In Afghanistan (AP)

AP, June 12, 2006

KANDAHAR, Afghanistan (AP) -- Security forces raided a southern Afghan village and killed 15 suspected militants, including a relative of Taliban leader Mullah Omar, while fighting and attacks elsewhere left 25 people dead, an army general said Monday.

The violence extends three weeks of the fiercest battles since the Taliban's fall in 2001, and U.S. Ambassador Ronald Neumann said the insurgents are proving to be better organized and greater in numbers than expected.

Neumann predicted there would be no letup in the offensive against the Taliban when thousands of British, Canadian and Dutch troops deploy to the volatile south by next month to take over for U.S. troops.

"I think you will now see a very strong press-back," he told reporters in Kabul. "I think a lot of unfortunate people who believe the Taliban and fight with them are going to die."

Mullah Omar's brother-in-law, Mullah Amanullah, was killed along with 14 other insurgents in Siachave village, Uruzgan province, when troops stormed the area late Sunday after a tip from tribesmen, said Afghan army commander Gen. Rehmatullah Raufi.

Amanullah, whose body was recovered from the village, was the Taliban commander in the province's Dihrawud district and responsible for numerous rebel attacks, Raufi said.

It was not clear how close Amanullah was to Omar, who is believed hiding in mountains along Afghanistan's rugged border with Pakistan.

Coalition military spokesman Sgt. Chris Miller said the military was looking into the report that Amanullah had been killed.

Six other suspected militants were captured and several assault rifles and rocket launchers seized in the raid on the village, 50 miles north of Kandahar city, Raufi said.

Two Canadian soldiers were wounded Monday in a battle with the Taliban outside Kandahar, Canadian media reported. Canadian Press said the soldiers were in serious condition.

In a second raid early Monday, Afghan and coalition troops killed 12 suspected militants in southern Kandahar province's Saidan village, Raufi said.

The rebels were discovered hiding in a shop selling dried fruit, sparking a fierce gunbattle that followed a two-day operation tracking the insurgents.

Ten other militants were killed in neighboring Helmand province's Sangin district late Sunday in a battle involving Afghan and British forces, the Afghan general said. One British solider was killed and two were seriously wounded, Raufi said.

The British Defense Ministry reported the death Sunday and said British soldiers were on mobile patrol when the firefight broke out.

Two civilians were killed and six others wounded when a bomb hit their car as it was crossing a bridge in eastern Paktia province, said local police chief Abdulanan Raufi. It was not clear why they were targeted.

The surge in fighting has killed about 550 people, mostly militants, since mid-May. Neumann said the rebels have stepped up attacks to scare away NATO.

"They are making a major effort, believing wrongly that the European, Canadian forces will not have the will to fight," he said.

The new troops are part of a NATO force that is assuming responsibility for security in the south from the U.S.-led coalition. The number of foreign combat soldiers in the region will double once the transition is complete.

Neumann said he also believes some of the violence is being caused by drug barons inciting fighting in an effort to destabilize the region and undermine the government's U.S.-backed counternarcotics campaign.

Neumann said a campaign by President Hamid Karzai's administration to forcibly eradicate poppies prompted the drug lords to take action.

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"President Karzai led a very strong policy to have governors eradicate poppy and to tell people not to grow," the ambassador said. "There were efforts by drug dealers and terrorists together to prevent that. Now they are trying to use the violence to guard their wealth."

Afghanistan supplies nearly 90 percent of the world's opium and heroin, and some of the drug profits have long been believed to fund the Taliban.

Associated Press correspondent Daniel Cooney in Kabul contributed to this report.

US Says Drug Lords Fuel Afghan Insurgency (VOA)

Voice of America, June 12, 2006

US Ambassador to Afghanistan Ronald Neumann speaks to media during a press conference at his embassy in KabulU.S. officials in Afghanistan say the country's powerful drug cartels are fueling the region's violent insurgency, in order to protect their own illegal opium networks. The allegations come amid a sharp rise in insurgent attacks in recent weeks.

U.S. Ambassador Ronald Neumann told reporters that drug lords, mostly in Southern Afghanistan, hope the insurgency will effectively incapacitate Afghan President Hamid Karzai's counter-narcotics program.

"This year, President Karzai led a very strong policy to eradicate poppy. There were efforts by drug-dealers and terrorists together to prevent that," he said. "They did not prevent it, and, I think, now, they are trying to use the violence to guard their wealth."

The U.N. says roughly two-thirds of the world's opium supply is cultivated in Afghanistan.

The illegal harvest produces billions-of-dollars every year, most of which is controlled by a relatively small group of powerful drug barons.

The largest harvests are found in Southern Afghanistan in Helmand and Kandahar provinces, which are also the Taleban's traditional strongholds.

Violence throughout the region has surged in recent weeks, as Taleban militants stage a series of deadly anti-government attacks.

The insurgent offensive comes as NATO gets ready to take over security operations in Southern Afghanistan.

By the end of July, U.S. forces in the region will be replaced by NATO peacekeepers, primarily British, Dutch and Canadian troops.

Ambassador Neumann says the Taleban are apparently trying to intimidate the less experienced NATO troops, who are arriving in Afghanistan.

"This is being proved wrong, and I think that a lot of people who believe the Taleban fight with them are going to die, because these forces will fight very strongly," noted Neumann.

U.S. and NATO forces say they have already responded to the Taleban attacks with their own string of powerful counter-strikes.

In the past month, more than 500 people have been killed, most of them militants.

Afghan officials say local and U.S.-led coalition forces in Southern Afghanistan killed another 37 suspected insurgents, including a brother-in-law of the Taleban's fugitive leader Mullah Mohammad Omar.

Feds Run Trash Hauling In Largest-ever Conn. Business Takeover (AP)

By Matt Apuzzo, Associated Press Writer

AP, June 13, 2006

NEW HAVEN, Conn. -- After allegedly operating for years with the Mafia as its silent partner, southern Connecticut's largest garbage-hauling conglomerate started work this week backed by some new muscle: federal marshals.

In the largest federal business takeover in Connecticut history, authorities seized control Friday of 25 companies suspected of helping carve out mob-controlled garbage routes. Now marshals must lawfully run a business in an industry that prosecutors say has been dirty since the 1980s.

"We seize assets all the time, but running a business is something new for us here," said U.S. Marshal John Bardelli.

Marshals spent the weekend at the Danbury compound that's home to businessman James Galante's trash empire. With Galante in prison and locked out of his more than 60 business and personal bank accounts, authorities must keep the trucks running and avoid letting the garbage pile up.

"We had a couple calls this morning from residents that were a little anxious," Danbury Mayor Mark Boughton said. "But we haven't had any complaints. I was out this morning and trucks were driving around doing their pickups.

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Galante's companies serve about 20 southern Connecticut and eastern New York towns. His transfer station handles about 80 percent of the region's garbage and his pickup businesses are among the most dominant in the area.

Federal prosecutors say the Genovese crime family ensured that dominance in exchange for quarterly payments of $30,000.

The companies are required by a court order to maintain their service. The marshals are there to ensure that happens, institute new accounting standards and sign off on every financial transaction the companies make.

Leonard Briskman, who supervises these types of business operations for the U.S. Marshals Service, said marshals prepare for months before leading up to an indictment, researching companies and industries. Briskman's teams have seized control of casinos, horse farms, supermarkets, gas stations and, now, trash companies.

"In many cases, the businesses end up more efficient," he said. "There's a second set of eyes and many of the illegal activities have stopped, so more cash is being retained."

Cheryl D. Reedy, director of the Housatonic Resources Recovery Authority, the public agency that oversees trash pickup in the region, said she plans to meet with federal authorities this week to find out how things are working.

"Garbage and recyclables need to keep moving through that place and payments need to keep moving," she said.

It's a daunting task, Bardelli said, one that marshals are still trying to grasp. Experienced officials arrived from Washington last week to oversee the takeover and, in the coming weeks, a management company likely will be hired to run operations in the year or more until trial.

"If everything goes according to plan, the customer will not notice any difference," Bardelli said.

Bomb Suspect's Shirt Does The Talking (WP)

By Ruben Castaneda

The Washington Post, June 13, 2006

The Prince George's man charged with building a pipe bomb he allegedly wanted to use to attack a Greenbelt abortion clinic appeared in federal court yesterday wearing an antiabortion T-shirt.

On the front of Robert Weiler Jr.'s green shirt were the words "Help Cure Abortion." On the back was "ABORTION: The leading cause of death in America," as well as writing that said abortion claims 1,200,000 lives annually.

Weiler, 25, said little during his initial court appearance in Greenbelt before U.S. Magistrate Judge Charles B. Day. Assistant U.S. Attorney Bryan E. Foreman asked Day to order Weiler to remain in custody, saying the serious charges against him make him a flight risk.

Weiler did not enter a plea, and his attorney, Assistant Public Defender Michael Citara Manis, said Weiler waived his right to a detention hearing. Day scheduled a preliminary hearing for June 22, and until then Weiler will remain in custody.

Weiler is charged with four federal offenses, including possession of an unregistered destructive device and possession of a stolen firearm. Each carries a maximum penalty of 10 years in prison.

He was taken into custody at a rest stop in Western Maryland early Thursday. By dawn that day, the bomb he had allegedly built and stored at a friend's home in the Riverdale Heights area had been partially detonated by bomb squad technicians.

Weiler's father, Robert F. Weiler Sr., told The Washington Post on Friday that he and his wife turned his son in to authorities. He said that although he opposes abortion, he felt he had no choice but to turn in his son.

In the interview, he said he and his wife, Catherine, contacted Prince George's police June 4 to report their suspicions.

According to a sworn affidavit signed by two agents with the federal Bureau of Alcohol, Tobacco, Firearms and Explosives, the younger Weiler admitted planning to attack the clinic and said he intended to "shoot doctors who provided abortions." A loaded gun was found in the glove box of his car when he was arrested, the affidavit says.

IMMIGRATION:

House Republicans Hit Senate Immigration Bill (WT)

By Charles Hurt

The Washington Times, June 13, 2006

The Senate's immigration-reform bill grants broad amnesty to illegal aliens and is even worse than previously thought, say House Republicans who have read the 850-page Senate bill and must approve any final legislation that Congress sends President Bush.

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"The more people see of this Senate bill, the less they like it," House Judiciary Committee Chairman F. James Sensenbrenner Jr., Wisconsin Republican, said of the bill that was largely penned by Sens. Edward M. Kennedy, Massachusetts Democrat, and John McCain, Arizona Republican.

Allowing illegals to collect Social Security benefits based on past illegal work, for instance, is "outrageous," said Mr. Sensenbrenner.

But few provisions of the Senate bill have caused more head-scratching among opponents than a last-minute amendment that requires the U.S. to consult with Mexican officials before commencement of any fence construction along the border.

"I don't know what they were thinking on that one," Mr. Sensenbrenner said.

Rep. Tom Tancredo, Colorado Republican, said he met last week with a group of hotel executives from Marriott International Inc. who favor increased immigration to bring them more cheap labor to work as hotel maids. He told them about the consultation requirement.

"People in the front of the room were saying, 'No. No. That's not possible,' " he recounted. "Really," he told them. "I'm not making this up."

The provision was inserted in the bill moments before it was voted on at the behest of Sen. Christopher J. Dodd, Connecticut Democrat. It says soliciting views "of affected communities lessen tensions and foster greater understanding."

"It is simply common sense and common courtesy to consult those individuals in our own communities and in affected communities on the other side of the border before constructing a fence," Mr. Dodd said.

The consultation amendment, he said, would "foster the kind of cooperation that is vital if we are going to once and for all secure our borders."

But, Mr. Sensenbrenner said, there are far more serious problems with the Senate bill.

For instance, the bill allows for the discounted in-state tuition rates at state colleges and universities for illegal aliens who reside in those states. Meanwhile, legal immigrants and citizens who reside outside that state must still pay the full price.

And while proponents of the bill cringe whenever people say it grants "amnesty" to illegal aliens, they don't dispute that the bill grants complete amnesty to employers who have illegally hired the millions of aliens and provided the magnet that drew them here in the first place.

And while aliens will be fined $2,000 before obtaining citizenship, opponents say it's hardly comparable punishment for the array of crimes the illegals have committed while working here. In addition to sneaking across the border, many have counterfeited documentation, committed Social Security fraud and cheated on taxes.

"An American who commits Social Security fraud ends up going to jail. An American who fails to pay taxes for two years ends up in the federal penitentiary," Mr. Sensenbrenner said. "An illegal alien who does this gets citizenship."

Mr. Tancredo said he is amazed at how little senators know about illegal entry, considering the importance Americans give it.

"They'll just trust Ted Kennedy to put this thing together for them," Mr. Tancredo said.

The president's prime-time speech last month essentially endorsing the Senate plan and arguing that it does not amount to "amnesty" caused Mr. Tancredo to do a double take.

"It's all so Clintonesque. It was horrible," he said, referring to former President Bill Clinton's penchant for parsing words. "I was listening to President Bush speak on the border, and I'm thinking to myself, 'I'm listening to Bill Clinton reworking every word, reworking every definition.' "

Immigration Takes Center Stage In Colorado (USAT)

By Tom Kenworthy

USA Today, June 13, 2006

DENVER — When 75,000 people marched on the Colorado Capitol six weeks ago for immigrant rights, it showed how big the issue of immigration is in this non-border state.

Some of the state's politicians are leading the drive for immigration changes nationwide. And the state had been planning a showdown over a ballot initiative to prohibit illegal immigrants from receiving some government services.

But the Colorado Supreme Court on Monday rejected the controversial measure, ruling 5-2 that it violates a constitutional requirement that initiatives deal with just one subject.

Even without the measure on the November ballot, Colorado voters are likely to remain at the center of the USA's boisterous immigration debate. The contentious issue could be a factor in competitive elections here for governor, Congress and control of the Legislature.

“It's an issue that kind of exploded here,” says Katy Atkinson, a Republican consultant in Denver. “This will still be an issue, especially in federal races and the governor's race.”

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Dick Lamm, a former three-term governor who was helping lead the group pushing the initiative, Defend Colorado Now, called the ruling "outrageous judicial activism." He conceded that the chances of resurrecting the measure this year "are dim."

Federico Pea, a former Denver mayor who chairs the group opposing the measure, Keep Colorado Safe, hailed the ruling as "a victory for all of Colorado." Pea, who was a Cabinet secretary in the Clinton administration, said Hispanics in Colorado "feel under attack."

Hispanic influence in Colorado is longstanding, dating to land grants issued by Spain, when it controlled southern Colorado as part of its New Mexico Territory. The land-grant system was continued by Mexico after it won independence from Spain in 1821. Land grants fostered early immigration from Mexico, particularly in southern Colorado's San Luis Valley.

Today, immigration is a major issue here for several reasons:

·The state's Hispanic population is growing — up to 19% in 2004 from 5.8% in 1980, according to the Census. Colorado has been a magnet because of economic opportunity and "a very strong multi-generational Hispanic base," Pea said.

·Two national leaders in the drive to crack down on illegal immigration hail from Colorado: U.S. Rep. Tom Tancredo, a Republican and a high-profile spokesman for tougher measures, and Lamm, co-director of a public policy institute at the University of Denver who has long argued that illegal immigration depresses U.S. wages.

·A history of tension includes a 2002 ballot effort to end bilingual education and the 2005 murder of a Denver police officer, allegedly by an illegal immigrant from Mexico who will stand trial in September.

The ballot measure would have limited the "provision of non-emergency services" by state and local governments to U.S. citizens and immigrants lawfully residing here. It would not apply to federally mandated services such as public education and emergency medical care, or major state services such as welfare and food stamps that illegal immigrants already cannot receive.

Democratic political consultant Rick Ridder says that even without the ballot measure, "immigration will still be an issue. Whether or not it is front and center is yet to be seen."

In November, Colorado voters decide who will replace Republican Gov. Bill Owens, who can't run again because of term limits. Also at stake is whether Democrats keep control of the Legislature, which they captured in 2004 for the first time in 40 years. There's an open U.S. House seat now held by Rep. Bob Beauprez, a Republican who is running for governor.

Democratic candidate for governor Bill Ritter, a former Denver district attorney, opposed the ballot initiative, calling it a "symbolic" response to a problem that can only be solved in Washington. Beauprez, his most likely opponent in the November election, favored it. Beauprez also voted for the tough House bill passed in December that would make illegal immigration a felony and emphasizes border security.

Eric Sondermann, a Denver political analyst who is non-partisan, says immigration "poses tricky dynamics to both candidates, but is a slightly greater challenge to Ritter." Blue-collar Democrats could defect to the GOP if they perceive Beauprez as tougher on immigration, he said.

Ritter predicts many voters will see immigration as a federal issue with no connection to state races.

Nonetheless, he says, "it will be part of the conversation" and could pose problems for all Republican candidates.

The death of the ballot initiative should lead to a more decorous debate on immigration, says political consultant Manolo Gonzalez-Estay, lead plaintiff in the suit decided by Monday. "Now we can have an educated, rational discussion about how we find real solutions," he says.

TAX:

Nevada Man Gets 54 Months For Trust Scheme (WEBCPA)

WebCPA.com, June 13, 2006

Washington (June 12, 2006) - More than 2,000 false income and trust tax returns later, a Nevada man has been sentenced to four-and-a-half years in prison.

R. Scot Stokes, of Henderson, Nev., was sentenced to 54 months for conspiring to defraud the United States and conspiring to commit mail and wire fraud, in connection with the promotion of a tax and investment fraud scheme, the Department of Justice and the Internal Revenue Service announced.

Stokes will serve three years of supervised release upon the completion of jail time.

In February 2005, he pleaded guilty to conspiracy and admitted that the filing of false returns had resulted in a loss of federal tax revenue between $7 million and $10 million. Piled on to that admission, Stokes said that he participated in fraudulent investment schemes that caused customers to lose between $2.5 million and $5 million.

He is one of 11 individuals who have pleaded guilty in this case, including four attorneys and one CPA.

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According to papers filed with the court, Stokes admitted that between 1994 and 2004, he and his conspirators -- under the business names Advanta Strategies, World Contractual Services and CornerStone West -- marketed and sold a fraudulent trust scheme to over 300 clients through domestic and offshore seminars, promotional material and opinion letters.

Estate-Tax Repeal Would Hurt The 'Small Rich' (WP)

By Allan Sloan

The Washington Post, June 13, 2006

When the Senate turned down President Bush's bid to repeal the estate tax permanently last week, it actually did a favor for tens of thousands of moderately well-off households -- the "small rich," if you prefer. That's because such households would be worse off under the full repeal scheduled for 2010 (which Bush wants to make permanent) than they would be under the 2009 rules, which are more favorable for estates than today's rules. According to a study by Congress's nonpartisan Joint Committee on Taxation, 7,500 estates would be better off under full repeal in 2010 than under the 2009 rules -- but more than 60,000 would be worse off.

This isn't exactly what you heard during last week's debate, is it? How on earth could the beneficiary of any estate be better off under the 2009 rules than under the 2010 version of permanent repeal? The answer gets a little complicated -- but please bear with me. It has to do with the difference between so-called stepped-up tax basis and carry-over tax basis.

Under current law, when you die your heirs get stepped-up tax basis. That means the assets you bequeath are valued for income-tax purposes at what they were worth the day you died -- not what you originally paid for them. Say you paid $50,000 for stock that's worth $500,000 when you die. Your heirs can sell it for $500,000 and owe no tax on the $450,000 gain. As long as your total estate doesn't exceed the exemption limits, there's no estate tax, either.

Now watch. Under the 2009 rules, estates of up to $3.5 million ($7 million for a married couple) would be exempt from federal estate tax. The tax rate on assets above that level would be 45 percent. Inheritors would be able to step up the basis of $3.5 million (or $7 million) of inherited assets to their value the day they inherit them. Fast-forward to 2010, when the estate tax is repealed. Yes, the estate tax would be gone. But heirs would be able to step up only $1.3 million in assets to their value on the day of death. (Don't ask why; that's just how it is.)

Assets beyond $1.3 million would be valued for tax purposes at carry-over basis -- their cost (for income-tax purposes) for the person who died. So any estate with $1.3 million to $3.5 million in assets ($2.6 million to $7 million for a married couple) is worse off under full repeal in 2010 than it would be in 2009. Inheritors in the $1.3 million-to-$3.5 million range would face higher taxes if they sold inherited assets than they would under the 2009 rules. At the very least, they would have complicated paperwork to deal with. They'd be much better off inheriting in 2009 than in 2010. But if you're dealing with an estate of $3.5 billion rather than $3.5 million, you'd be far better off inheriting in 2010.

How many estates are we talking about? To answer that, let's consult the aforementioned study by the Joint Committee on Taxation. The study, requested by John Buckley, chief Democratic tax counsel for the House Ways and Means Committee, projects that 7,500 people who die in 2009 will have an estate-tax liability -- remember, that's estates of more than $3.5 million. The study also projects that 71,400 people will leave estates of $1.3 million or more. This means that 63,900 people -- 71,400 less 7,500 -- will leave estates of $1.3 million to $3.5 million. As I've shown, such estates are better off in 2009 than in 2010. "There are lots more losers than winners under full repeal compared to the 2009 rules," says Buckley, who used the study for a 2005 paper in Tax Notes, a professional journal. Yes, Buckley's a partisan. But it doesn't make him wrong -- the numbers are the numbers.

Under current law, the estate-tax exemption drops to $1 million in 2011. (The Bushies built that into their 2001 tax cut to make its total cost seem more reasonable.) This would subject broad swaths of the middle and upper-middle classes to the estate tax -- which is one reason the "eliminate the death tax" crowd got so much political traction in the first place. The original idea of an estate tax was to assess a handful of very rich people to avoid excessive concentrations of wealth while helping to finance the system that made that wealth possible.

It seems to me that adopting the 2009 rules, indexing the exemption for inflation and allowing stepped-up basis would get us back to the original intent of the estate tax. Taxing 7,500 estates a year doesn't seem unfair. And it would generate significant revenue.

What we shouldn't do is benefit a handful of very rich people by eliminating the estate tax 2010-style at the expense of the small rich and everyone else. We've already made a major mistake by allowing the alternative minimum tax, originally designed to make sure that tax-dodging rich people paid at least something to the IRS, to hit the middle and upper-middle classes but not the truly wealthy. Let's try not to make that same mistake with the estate tax.

Sloan is Newsweek's Wall Street editor. His e-mail address issloan@panix.com.

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The Everything Commission (WP)

The Washington Post, June 13, 2006

THE POLITICAL system is proving itself incapable of addressing hard budgetary questions even as the time to act grows shorter. President Bush tried -- and failed -- on Social Security, the easiest of the three big entitlement programs to "fix." His efforts on tax reform fizzled -- though less spectacularly, since the president never put his energy into the issue in the first place. Congress had such a hard time agreeing on small cuts in Medicare and Medicaid last year that it abandoned any pretense of trying again this time around. And Mr. Bush's proposal for a bipartisan commission to examine the costly health-care programs has foundered as Democrats balked at signing up for any examination that put taxes off the table.

Into this standoff comes Rep. Frank R. Wolf (R-Va.) with a proposal for a base-closure-style commission to beat all commissions. It would look at the tax code and the array of entitlement programs and produce a set of recommendations, decided by a two-thirds vote, to put them on a fiscally sustainable course. Its 15 members would be appointed by the president (three members) and the congressional leadership (three each for the House and Senate majority and minority leaders). Its recommendations would come before Congress for an up-or-down vote, although the president or either chamber's budget committee would also be able to submit alternatives.

Mr. Wolf's proposal is laudable in some ways, disturbing in others. The congressman, who supported all of Mr. Bush's tax cuts, deserves credit for being explicitly willing to put tax increases on the table. New revenue is a necessary part of any solution, a reality Mr. Bush and his fellow tax-cutters have been unwilling to acknowledge. As Mr. Wolf said in announcing his plan last week, "Given the enormity of the challenge, the commission needs to be able to look at every component of our fiscal policy to fairly assess where we stand and how we can best move toward a sound fiscal future."

Mr. Wolf's big-picture approach also has much to recommend it. These issues are complex on their own but they are also interrelated, with trade-offs to be made that can't be addressed if each program is considered individually. Chipping away problem by problem might be easier -- though even that approach has proved all but impossible -- but it would avoid an urgently needed discussion of national priorities.

What gives us pause is the acknowledgment, implicit in Mr. Wolf's base-closing-commission approach, that the political system is so broken it must outsource these fundamental policy questions. Perhaps that is true; certainly, the evidence supports this gloomy assessment. But rewriting the tax code, restructuring Social Security and reshaping government-paid health care are not parochial matters like military bases that call for a special process to overcome elected officials' geographic and political self-interest. They are the bedrock questions of government and the job of elected officials, who should look at Mr. Wolf's proposal and feel embarrassed that it has come to this.

CONGRESS-ADMINISTRATION:

Necessary Spending Or Political Trap? (WP)

By Jonathan Weisman And Shailagh Murray

The Washington Post, June 13, 2006

Both sides of the Capitol will be ringing with debate on the war in Iraq this week, first on its cost, then on its course -- with a healthy dose of election-year politics mixed in.

The House is expected to approve a record-breaking $94.5 billion emergency spending bill today to fund the wars in Iraq and Afghanistan, Gulf Coast hurricane relief, border security and avian flu preparation. With Senate passage expected later in the week, the bill would push the cost of the Iraq war to nearly $320 billion, according to the nonpartisan Congressional Research Service. Military and diplomatic costs in Iraq this fiscal year will have reached $101.8 billion, up from $87.3 billion in 2005, $77.3 billion in 2004 and $51 billion in 2003, the year of the invasion, congressional analysts said.

The House will act first on the emergency measure, with final passage scheduled for today. Nearly $66 billion would go to the Pentagon to pay for military operations in Iraq and Afghanistan, and an additional $4 billion would be spent on foreign assistance, including $66 million to promote democracy in neighboring Iran.

Congress delivered the dollar total that President Bush had requested in war funding. But lawmakers made several key changes, including adding $725 million to ensure that Army tracked combat vehicles such as Abrams tanks are upgraded and available to National Guard units. They also added $480 million for newer Humvees, for a total investment of $890 million, to replace retrofitted models.

The bill also would provide $2 billion to develop countermeasures to the makeshift bombs that kill many U.S. troops. But the measure knocked down Bush's request for training funds, providing $4.85 billion to prepare Iraqi and Afghan troops -- about $1 billion less than what Bush had sought.

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The package also includes nearly $20 billion to help the Federal Emergency Management Agency and other local, state and federal entities continue disaster recovery and relief efforts in Louisiana and Mississippi. And Congress tucked in numerous unrelated items, including $500 million in agricultural assistance; $2.3 billion to prepare for an avian flu outbreak; and $1.9 billion to bolster security along the U.S. border, including by hiring 1,000 more border agents and adding 4,000 detention beds.

The cost of the war may be escalating, but don't expect many lawmakers to stand against a measure to fund military operations.

The real debates will begin after the spending bill is on its way to Bush. On Thursday, the House will get to a long-delayed day of discussions on Iraq and the fight against terrorism, taking up a resolution to urge "continued resolve by the United States as it moves forward toward achievement of" stability in Iraq.

The Senate, as it considers its annual defense policy bill, will be having a similar discussion, thanks to an amendment by Sen. John F. Kerry (D-Mass.) calling for Bush to reach agreement with Iraq on a schedule for troop withdrawals this year.

The House debate has been brewing for months, pushed in part by a bipartisan petition to devote the House floor to a resolution requiring Bush to develop and implement a withdrawal plan. House Majority Leader John A. Boehner (R-Ohio) announced this spring that he would schedule a daylong debate on the war, but the timing is proving fortuitous: With the death of al-Qaeda in Iraq leader Abu Musab al-Zarqawi, Republican leaders think momentum is on their side.

To help spur the outcome GOP leaders want, the resolution was drafted to put the Iraq conflict firmly within the larger fight against terrorism, a war few politicians could oppose.

"The war on Iraq is a critical element in the broader war on terror," Boehner said last week. "There is a fundamental question here that I hope becomes the issue of this debate, and that is: What do we do about terrorists?"

Such pronouncements have made Democrats -- and some Republicans -- leery of a political trap. Five House Republicans -- Howard Coble (N.C.), Wayne T. Gilchrest (Md.), Walter B. Jones Jr. (N.C.), Jim Leach (Iowa) and Ron Paul (Tex.) -- have broken with their leaders and signed on to a petition by Democrats to debate a withdrawal plan. Jones said the group will meet today to discuss whether Thursday's session is the open and honest debate they called for or another political stunt. If it is the latter, they probably will denounce it tomorrow, then decline to participate.

"If this is just to say we support winning the war on terror, we all support that. That's a political statement, not a policy statement," said Jones, who garnered headlines in the run-up to the war, when he renamed the french fries on the House dining room menu "freedom fries."

"I would hope those who are making these decisions are smarter than that," he added. "The American people have the right, and we have the duty, to have an open and honest debate."

Dealt A Difficult Hand, Trade Official Presses On (WP)

By Paul Blustein

The Washington Post, June 13, 2006

Tuesday, June 13, 2006; Yesterday was Susan C. Schwab's first full day as U.S. trade representative, and she promptly made it clear that she views her appointment in much different terms than Washington's chattering classes.

Yes, she knows that pundits have dismissed her as something of a caretaker because of the way President Bush nominated her in April to replace Rob Portman, who was named White House budget director. Yes, she recognizes that because the job shuffle came as global trade talks are in serious trouble, with a major deadline looming, her promotion to Portman's post has deepened skepticism that the talks will lead to a dramatic revision in international trade rules.

But the truth, Schwab said in an interview, is that she has been charged with aggressively advancing Bush's trade agenda. "The fact that the president chose to announce my nomination the same day as Ambassador Portman's was announced was evidence that the president wanted to send a message -- that he wanted a seamless transition and continued high priority on trade," she said.

To underscore the point, she emphasized that she plans to stick resolutely to the position Portman staked out in the global talks, which are known as the Doha round for the Qatari capital where they were launched at a World Trade Organization meeting in 2001. The administration is eager for an agreement that would sharply lower trade barriers among the WTO's 149 member countries, especially in farm products, and is not interested in a watered-down compromise of the sort some countries are pushing, Schwab said. And, though the United States hopes to avoid a collapse in the negotiations, it will not strike a deal that stops short of opening major new export opportunities for nations around the world, she added, declaring that a weak accord "wastes a once-in-a-lifetime opportunity."

The comments were delivered in the pleasant but steely tone Schwab has honed over nearly three decades in the trade field, most recently as one of Portman's deputies but, before that, as a Senate staffer, top Commerce Department official, academic specialist and business executive. The Senate confirmed her Thursday night, and she was sworn in Friday afternoon.

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"I'll match credentials with anybody," she said, betraying a trace of irritation at the naysaying about her selection.

Schwab's training in dealing with foreigners came early -- as the daughter of a foreign service officer, moving with her parents to Togo, Nigeria, Sierra Leone, Tunisia and Thailand and spending 14 of her first 18 years abroad before attending college in the United States.

"When you're a foreign service brat, you grow up feeling that your job is to represent the United States of America, even if you're a 5- or 6-year-old kindergartner in Lome, Togo, even if you're the only American kid in the local American school -- which I was," she said. "We were in Togo during independence; we used to go out and sing the French national anthem, until one day we were singing the Togolese national anthem. I needed to show my fellow classmates that I could sing the American national anthem."

She started as an economist at the trade representative's office in the mid-1970s, trying to open the Japanese market for U.S. beef and citrus products, and also worked on trade issues at the U.S. Embassy in Tokyo. Her influence soared in the 1980s when she moved to Capitol Hill, where she joined the staff of John C. Danforth, then a senator from Missouri and the chairman of the Finance Committee's international trade subcommittee, and became a powerful shaper of U.S. trade policy as a key drafter of landmark trade legislation in 1984 and 1988. A profile published in The Washington Post in 1987 noted that her critics viewed her as a "closet protectionist" for her get-tough stance on foreign trading practices, but her admirers called her a "hard-nosed pragmatist, well versed in arcane trade economics, and a dazzling strategist and negotiator."

Schwab served as assistant secretary of commerce during President George H.W. Bush's administration, heading a department unit that promotes U.S. exports from embassies and consulates around the world. After a stint at Motorola Inc., she got her PhD and became dean of the University of Maryland School of Public Policy. Late last year, she was named one of Portman's deputies, with ambassadorial rank and responsibility for issues including U.S. relations with Europe and the Americas as well as the WTO.

The big question is whether all this experience will help her forge a meaningful agreement in the Doha talks, which are ostensibly aimed at making rules governing WTO members much more beneficial to developing countries.

An enormous gap separates the United States from the European Union on the politically sensitive issue of farm trade. Washington argues that the only way to help poor, largely agrarian countries is to slash agricultural tariffs, so it has proposed to cut them by about two-thirds while leaving only a handful of "sensitive" products exempt from such cuts. The Europeans, whose farmers are accustomed to extensive government protection, have offered cuts of less than 40 percent and insist on keeping many more sensitive products sheltered from foreign competition. An alliance of developing countries is in between the two points of view, though closer to the U.S. position.

Late this month, Schwab will go to WTO headquarters in Geneva for a meeting that has been billed as make-or-break for the Doha round, with the aim of crafting the broad outlines of a pact. Failure at that meeting could doom the round because Bush's congressional authority to negotiate new trade deals expires in July 2007, leaving little time for the extensive drafting required before an agreement can be submitted to Capitol Hill for approval.

Schwab said that because of her duties as deputy trade representative, she knows the ministers from other WTO countries and has been interacting with them. But, she acknowledged, "the disheartening thing is that there are a number of countries that think some minimalist outcome is going to be satisfactory. But that is not an outcome that will be satisfactory to the United States."

Bush Is Told To Defend Bloch's Back (HILL)

By Alexander Bolton

The Hill, June 13, 2006

A group of prominent conservatives have signed a letter to President Bush aimed at calling off an investigation of Scott Bloch, the administration official tasked with protecting the rights of federal workers.

Clay Johnson III, the deputy director for management at the Office of Management and Budget (OMB), ordered the Office of Personnel Management (OPM) to investigate Bloch in response to a complaint filed last year by several anonymous career employees at the Office of Special Counsel, which Bloch heads. Johnson attended Yale University with Bush and is one of his oldest friends.

Several conservatives behind the letter to Bush say that administration officials are trying to pressure Bloch to resign his post because he doesn't believe that sexual orientation should be considered akin to race and religion as a class of civil-rights protection and this view has sparked controversy within his office and Congress.

The potential dispute between social-conservative leaders and the Bush administration comes at a time when GOP strategists are trying to boost support among the conservative wing of the party in preparation for the midterm election. Political

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observers viewed last week's Senate vote on a constitutional amendment to ban gay marriage as a direct appeal to Republicans' conservative base.

Twenty-four conservative leaders signed the letter to Bush, which is dated June 9, including Tony Perkins, president of the Family Research Council, one of the nation's largest Christian conservative advocacy groups; Paul Weyrich, a founding father of the modern conservative movement and chairman of Coalitions for America; Jim Backlin, vice president of legislative affairs for the Christian Coalition; and the Rev. Louis Sheldon, chairman of the Traditional Values Coalition, according to a copy obtained by The Hill.

After Bloch took office in January 2004, he reversed his Democratic-appointed predecessor's interpretation of the statute that governs federal employment. Bloch favored an interpretation of the policy that made it more difficult for gay employees to allege discrimination, said Elaine Kaplan, Bloch's predecessor, who served in the position from 1998 to 2003.

Bloch set off a firestorm by removing statements regarding job discrimination on the basis of sexual orientation from the Office of Special Counsel's website.

"The special counsel looks forward to having his name cleared and we are looking forward to an expedited conclusion to the investigation," said Loren Smith, the director of congressional and public affairs at the Office of Special Counsel. In response to Kaplan's statement defending her interpretation of statute, Smith said that the office "honors the law as written."

Several Office of Special Counsel employees later filed a complaint against Bloch after he tried to transfer them to a new field office in Detroit. The employees said they were being retaliated against for leaking information to the press about Bloch's handling of the sexual-orientation policy, one source who was granted anonymity said.

Johnson said that he had yet to receive a copy of the conservatives' letter but insisted that the investigation is justified.

"What we can tell you is that the employees of the Office of Special Counsel have made serious allegations that merit an impartial investigation," he said. "Ordinarily these kinds of complaints would be investigated by the Office of Special Counsel. Clearly, in this case, that does not make sense. That's why an investigation of these matters has been undertaken by the inspector general for the Office of Personnel Management, at my request."

Gay-rights advocates criticized the conservatives' letter.

Brad Luna, spokesman for the Human Rights Campaign, the nation's largest gay-rights organization, said it would be disgraceful if the OPM investigation were called off. Luna called Bloch a renegade employee who must be reined in.

Some conservatives say that the administration is putting pressure on Bloch because he has stirred up controversy over the discrimination policy. Kaplan, Bloch's Clinton-appointed predecessor, who served during the first few years of the Bush administration, said that Bush supports the interpretation that sexual orientation could serve as the basis of alleged discrimination.

Bloch's rejection of that interpretation has attracted the attention of several critics in Congress. In the wake of the controversy that greeted the beginning of Bloch's five-year term, the House Government Reform Committee passed a bill in November stating that Congress repudiates any assertion that federal employees are not protected from discrimination based on sexual orientation. Rep. Henry Waxman (D-Calif.) also wrote a series of letters to the administration about Bloch.

In their letter to Bush, conservative leaders defended Bloch and asked Bush to intervene. They argued that Bloch has been unfairly targeted for removing Clinton-era policy that "with no regard to congressionally approved statutes" added sexual orientation to the list of protected classes of race, color, religion, sex and national origin.

"For this act of faithfully upholding the rule of law, Mr. Bloch has been and continues to be attacked personally and professionally by activist groups and certain Members of Congress," the leaders wrote. "Mr. Bloch's compliance with the law has drawn harsh criticism from your political opponents and resulted in retaliatory investigations, including the ongoing investigation by the Inspector General of the Office of Personnel Management."

The conservatives concluded their letter by asking Bush to come to Bloch's defense. "Now that Mr. Bloch has come under attack for complying with Administration policy and upholding federal law, we ask that you take action to protect Scott Bloch from further harassment so that he might continue to faithfully serve you and the American public," they wrote.

One person familiar with the events that spurred the conservatives to draft the letter said that the OPM investigation has picked up in intensity in recent weeks.

When Josh Bolten took over as White House chief of staff in April, he promised to shake up the administration's management.

A Bush Aide's Blunt Words (WP)

By Peter Baker

The Washington Post, June 13, 2006

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Bill Clinton is a "virtuoso deceiver" and Hillary Rodham Clinton a "true chameleon" guilty of "self-serving behavior, comparative radicalism, and dubious personal morality."

Al Gore is a "mad dog" known to "foam at the mouth." John McCain is given to "showboating." And Jacques Chirac, Nelson Mandela, Gerhard Schroeder and Kofi Annan are all "feckless fools."

Says who? President Bush's new chief domestic policy adviser. While most White House aides carefully trim their public commentary, they can't take back what they said before arriving in the West Wing, and few in this day and age arrive with a more provocative paper trail than Karl Zinsmeister, who started his new job yesterday.

For a dozen years until his appointment, Zinsmeister held forth on all manner of issues and personalities as editor in chief of the American Enterprise Institute's magazine. With a sharp pen, he skewered the left, taking special aim at environmentalists, anti-globalists, feminists, contemporary artists, university faculties, Hollywood, Broadway and particularly the media, composed mainly of "left-wing, cynical, wiseguy Ivy League types, with a high prima donna quotient."

A review of years of articles reveals a formidable thinker with a powerful sense of what he considers right and wrong. As Zinsmeister sees it, racial profiling by the police makes sense; the military, if anything, treats terrorist suspects too gently; and casual sex has led to wrecked cities, violence and "endless human misery." In a "soft, often amoral, and self-indulgent age," he warned, some children "will be ruined without a whip hand," and he assured that "things generally go better with God."

Although Zinsmeister wrote admiringly of Bush, his future boss was not exempt from remonstration when he seemed to stray. Zinsmeister chided candidate Bush for promising he would make it easier for legal immigrants to bring in relatives and questioned whether incumbent Bush "actually has a soft spot for big government."

"Though he talks a good line about battling government bloat," he wrote this year, "our current President has shown an eerie lackawanna when it comes to actually keeping a lid on the federal Pandora's box. Quite apart from Katrina or the war on terror, there has been a pattern of troublesome spending spikes right from the beginning of the Bush Administration."

For Zinsmeister, provocation has been his stock in trade. "That's kind of my M.O., for better or worse," he said by phone last week. "My main beef with much of the Washington discussion is you're forced to be so mealy-mouthed. I had the luxury as an outsider of being as blunt as I wanted. When you're outside trying to push the elephant even an inch, you have to be very crisp and uncouched."

But Zinsmeister said he understands that must change now that he advises the president. "When you're inside the tent, you have to shift gears. That's a double standard, but it's an appropriate one."

White House Deputy Chief of Staff Joel D. Kaplan said he believes that Zinsmeister will be able to make that transition. "He's here because of his powerful intellect and reputation for outside-the-box solutions to public policy problems," Kaplan said. "An outside-the-Beltway perspective, we thought, would be helpful."

In his new post, Zinsmeister will oversee the president's domestic policy process and help shape White House positions on a wide array of issues, including immigration, Social Security and energy. The position has been key in past administrations, although in this White House, it has at times been overshadowed by other aides such as Deputy Chief of Staff Karl Rove. Zinsmeister's predecessor, Claude A. Allen, resigned after being accused of trying to fleece retail stores in a product-exchange scam.

With scant experience in government or campaigns, Zinsmeister seemed an unlikely choice for White House domestic policy chief. Until his appointment, he was little known in Washington. At 6-foot-5, he would have stood out in the capital, but he edited the American Enterprise magazine from Cazenovia in upstate New York. He finds Washington so distasteful that even for his new job he plans to move his family no closer than Baltimore.

In fact, his antipathy for Washington got him in trouble when he was appointed. In a 2004 profile by the Syracuse New Times, Zinsmeister was quoted as saying, "People in Washington are morally repugnant, cheating, shifty human beings." But the New York Sun discovered last month that he doctored that and other quotes when he posted the profile on the AEI Web site. The edited quote said, "I learned in Washington that there is an 'overclass' in this country stocked with cheating, shifty human beings that's just as morally repugnant as our 'underclass.' "

Zinsmeister later said he was "foolish" to change the quotes and only did so because he had been misquoted. The New Times denied that and denounced him for altering its account. White House spokesman Tony Snow defended him and described Zinsmeister as someone with "sharp elbows" who "expresses himself with a certain amount of piquancy."

Another question about Zinsmeister's past arose when the Center for American Progress, a liberal think tank, accused him of rÃ©sumÃ© padding. The White House release said he "founded" the American Enterprise, although the magazine had been around for four years when he took over in 1994. The White House took the blame, saying that Zinsmeister actually used the term "formulated" because he revamped the magazine but that a White House aide misunderstood and wrote "founded."

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A native of Cazenovia, Zinsmeister, 47, is himself an "Ivy League type" who graduated from Yale University before working for Sen. Daniel Patrick Moynihan (D-N.Y.) and serving on an Education Department advisory board. He has also worked as a writer, film producer and radio commentator.

At the American Enterprise Institute, Zinsmeister stood out in a think tank known for a more libertarian, economic conservatism. Beyond cultural and social issues, he also took a special interest in Iraq. Unlike most pundits, he embedded with U.S. troops four times to get a firsthand look. The result has been two books on the war, a Marvel Comics chronicle of soldiers in Iraq and a forthcoming PBS documentary.

His faith in U.S. power translated into an optimistic view of the war. In 2003, he mocked the BBC for claiming the United States "could take, bluntly, a couple to 3,000 casualties." Later that year, he wrote, "Not too far down the road, today's drumbeat about America's failure to bring instant recovery to Iraq may look quite rash."

A year later, he wrote a piece titled "How America Is Winning a Guerilla War." A year after that, he declared victory. "The War is Over, and We Won," announced a June 2005 piece. "With the exception of periodic flare-ups in isolated corners, our struggle in Iraq as warfare is over," he wrote. Although there will still be "egregious acts of terror," he said, "contrary to the impression given by most newspaper headlines, the United States has won the day in Iraq."

Media coverage of the war has been a favorite target. He called journalists who embedded in 2003 "whiny and appallingly soft" and later condemned the "relentlessly gloomy reporting." In March, he wrote, "More than perhaps any news event in a generation, coverage of the Iraq war has been unbalanced and incomplete."

Although Bush avoids casting terrorism as a battle with Islam, Zinsmeister has not been so reluctant. "First, let's recognize that we're in a full-blown war; that (contrary to mealy-mouthed platitudes) it is indeed a war against a considerable part of Islam," he wrote in 2001. Yet he fretted at American sensitivity. "Would you believe that the number of formal U.S. investigations of how terror detainees are being treated recently reached 189?" he wrote last fall. "What mad self-doubt and softness!"

Foreign policy won't fall under his new portfolio, but he has written extensively on social issues that will, such as race, class and culture. He has condemned "feminist absolutism," "Green irrationality," "limousine leftists" and "the dreary left-wing, homophilic P.C. propaganda that has dominated Broadway."

Zinsmeister lamented a "forced diversity crusade" that fuels more alienation than it solves and argued that "Americans should jettison affirmative action and all racial preferences." He dismissed reparations for slavery as "a clear absurdity" because "the U.S. already made a mighty payment for the sin of slavery. It was called the Civil War." He traces wrongheaded political correctness to colleges that have become "virtual one-party states, ideological monopolies, badly unbalanced ecosystems."

The Clintons are particularly anathema. He is "a chronic liar, an out-of-control adulterer, an obstructer of justice, a draft dodger, an all-round morally challenged sleazeball." She has shown "a disturbing pattern of reflexive truth-stretching and reality-doctoring."

At a time when Bush has lost support among some conservatives, the Zinsmeister appointment may reassure some of the disaffected in the party that a strong voice will be heard in the White House. Snow said Zinsmeister will be useful for his challenging viewpoints.

"You want interesting people who are smart, who have serious policy credentials and who are able to make other people think," Snow said. But not necessarily, he added, in public anymore. "I think he'll be careful with his words."

U.S. Budget Gap Shrinks On Surge In Tax Receipts (WSJ)

By Deborah Solomon And Campion Walsh

The Wall Street Journal, June 13, 2006

WASHINGTON -- Surging individual and corporate income-tax receipts in May continued to help the federal government shrink the budget deficit to $227 billion for the first eight months of the fiscal year, down 16.6% from the same period a year earlier.

The federal government did run a larger monthly budget deficit of $42.8 billion in May, widening 21% from $35.4 billion a year earlier. However, economists said that increase was a quirk of the calendar that shifted some federal program payments into May and from accounting changes that increased the cost of subsidized student loans. "It's entirely a calendar effect," said Mike Englund, chief economist at Action Economics LLC.

The narrowing budget deficit for the fiscal year so far came even as spending increased, with federal outlays up nearly 8% so far this year to $1.77 trillion. That spending was offset by strong tax receipts, which totaled $1.54 trillion so far this year, up 13% from the same period a year earlier. Tax receipts for May climbed 26% to $192.6 billion, up from $152.7 billion in May 2005.

The White House is scheduled to release next month its updated forecast for the fiscal year that began Oct. 1. The government ran a deficit of $318 billion last year.

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To date, much of the deficit reduction stems from taxes being paid by corporations, which are seeing increased profits, and from high-income individuals, who are paying taxes on capital gains.

So far this fiscal year, individual income-tax receipts have climbed about 14% to $687 billion. Much of the increase in individual income taxes is coming from nonwithheld taxes, taxes paid on capital gains and other sources of income other than wages. Nonwithheld tax payments are up about 22% so far this year. Corporate income-tax receipts are up 30% to $184 billion.

In May alone, the government paid $20.93 billion in net interest on the federal debt. Net interest on the federal debt excludes interest paid on government debt held by federal trust funds, such as Social Security.

Lobbyists Paid For Members' Trips (HILL)

By Jim Snyder

The Hill, June 13, 2006

Lobbying firms and lobbyists were listed as paying all or part of the costs for 90 congressional trips taken between 2000 and 2005, according to a new report by the Center for Public Integrity, Northwestern University's Medill News Service and American Public Media.

Lobbyists and lobbying firms are not allowed under congressional ethics rules to pay for congressional travel. Trade associations can pay for travel as long as the purpose of the trip is educational.

According to the Center for Public Integrity's website, around 20 percent of the forms that listed lobbyists or lobbying firms as sponsors of the trips had been amended to list new sponsors to comply with ethics rules.

The total cost of the trips was roughly $145,000.

The new report is part of an investigation into congressional travel. Last week, the Center for Public Integrity, Medill News Service and American Public Media reported that over the past five and a half years members of Congress and their aides went on 23,000 trips that were paid for by private interests, at a total cost of $50 million.

Someone Has To Find Facts In Paris (NYT)

The New York Times, June 13, 2006

Even in Congress's own sloppy paperwork, the bottom line for junketeering looks shameful: over just five and a half years, lawmakers and members of their staffs went off on 23,000 "fact-finding" trips worth almost $50 million, with the tab picked up by private sponsors intent on capturing legislative access and favors. Expense-paid fact finding proved particularly irresistible in Paris, the destination of more than 200 trips, Hawaii (150) and Italy (140).

True, there were four trips to Sudan, but the overall result is bad news for taxpayers who try to catch their lawmakers' attention from the wrong side of the velvet travel ropes.

Fresh tales of $500-a-night freebie hotel rooms and $25,000 rides on corporate jets are coming to light just in time for the two houses to cut a final toothless sellout of all of last year's grand promises to toughen ethics enforcement and rein in Washington's booming lobbying industry. No wonder House Republicans backed away from vows to ban private travel: their new majority leader, John Boehner of Ohio, averaged a month of privately paid trips each year, according to a vetting of travel vouchers by the nonpartisan Center for Public Integrity, American Public Media and Northwestern University's Medill News Service. The study established that bipartisanship survives in junketeering. Representative Gregory Meeks, a Democrat from Queens, and his staff were among the top 10 frequent fliers, scoring at least $350,000 in privately paid travel.

Unfortunately, this Congress will soon reaffirm its addiction to special-interest junketeering when it strikes a cosmetic deal on ethics reform that does little to end the all-too-clear abuses.

Pelosi Takes Case To Black Media (RC)

By Steve Kornacki

Roll Call, June 13, 2006

The fight over the Ways and Means Committee seat held by Rep. William Jefferson (D-La.) is now playing out on the airwaves and in the pages of publications aimed at blacks, as House Minority Leader Nancy Pelosi (D-Calif.) seeks to dispel the notion that she's enforcing a double standard by demanding that Jefferson step down prior to any criminal charges being filed against him.

Unless Jefferson changes course and leaves Ways and Means on his own, the Louisianan is expected to be booted from the exclusive committee Thursday night — an extraordinary step encouraged by Pelosi, who first called on Jefferson to leave the tax-writing panel three weeks ago "in the interest of upholding the high ethical standards of the Democratic Caucus."

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Jefferson is expected to face indictment on bribery-related charges, but Rep. Mel Watt (N.C.), the chairman of the Congressional Black Caucus, and other leading black House Democrats have protested that their colleague is being treated differently than other Caucus members who have been suspected of, but not charged with, criminal wrongdoing.

Pelosi has said very little about the topic at her weekly press conferences. But last week, as her hand-picked members of the Democratic Steering and Policy Committee voted to recommend Jefferson's expulsion precursor to action by the full Caucus, Pelosi granted a series of interviews to black media figures.

The Minority Leader appeared on the radio show of Joe Madison, who calls himself "the Black Eagle." She also hosted a conference call with black reporters and sat for a one-on-one session with a nationally known black columnist.

"She has wanted to make sure that people understand what the Democratic Caucus was doing, and that it was about upholding a high ethical standard for the entire Democratic Caucus," said Jennifer Crider, Pelosi's press secretary.

The suggestion of a double standard, some in the CBC have warned, threatens Democrats' standing this fall with black voters, who have long been the most reliable component of the party's coalition. Democrats running for the Senate and governor might face particular fallout, Rep Donald Payne (N.J.), a former CBC chairman, warned.

"In the South Ward of Newark, Jon Corzine got 93 percent of the vote last year for governor," said Payne, who represents Newark. "If you start to erode that, you're going to see Democrats suddenly having trouble winning statewide elections."

The feedback on black talk shows, Payne declared, will determine whether the furor over Jefferson's committee seat makes waves outside of Washington, D.C.

"We don't know yet, but they're the ones who a lot of this can resonate through," he said.

Jefferson Showdown Hurts Only Democrats (USAT)

By DeWayne Wickham

USA Today, June 13, 2006

This is a fight that shouldn't happen. When the House Democratic Caucus meets Thursday to decide whether Louisiana's Rep. William Jefferson should be stripped of his seat on the powerful Ways and Means Committee, members of the Congressional Black Caucus (CBC) are expected to mount a bruising defense of their colleague.

Last week, the steering committee of the Democratic Caucus voted to temporarily remove Jefferson from the Ways and Means Committee while federal investigators determine whether he broke the law while trying to help a Kentucky company launch a high-tech business in Africa.

"We're asking him to take leave (from the committee) until he clears up this matter," House Democratic Leader Nancy Pelosi told me. "He can return with full seniority" if he's cleared.

While Jefferson has yet to be charged with any wrongdoing, the Kentucky business owner and a former congressional aide have pleaded guilty to bribing him. In an affidavit it used to get a warrant to search his congressional office, the FBI said it videotaped Jefferson taking $100,000 in marked bills from a businesswoman-turned-informant. The G-men later found $90,000 of that money hidden in the freezer of Jefferson's Washington home.

On Thursday, the CBC denounced the effort to oust Jefferson from the committee, saying such a move against an unindicted member of Congress is unprecedented.

Feeble defense

As defenses go, that's a pretty weak one. Sure, Pelosi might be hard pressed to point to another case in which a Democrat was forced to give up a committee assignment before being indicted. But every precedent has a beginning. And when it comes to the kind of ethical and criminal violations Jefferson is accused of, a beginning is just what's needed if Democrats want to claim the ethical high ground in Washington.

It wasn't long ago that Democrats seemed to have Republicans, who control both houses of Congress, on the ropes with charges that the Republican Party had created a "culture of corruption."

One bribe-taking Republican, former representative Randy "Duke" Cunningham of California, has landed in jail, and Tom DeLay of Texas, the once-dreaded majority leader of the House of Representatives, quit Congress on Friday as another corruption investigation — involving former lobbyist Jack Abramoff — nips at his heels. Before Abramoff's case runs its course, several other Republicans might have to fall on their swords.

Lost opportunity

Democrats had hoped the GOP's problems would help them pick up enough voter support in November to retake control of Congress. But the looming showdown between the CBC and the Democratic Caucus, which threatens to pit black and white Democrats against each other, could hurt the chances of a political revival.

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CBC's chairman, Rep. Mel Watt, D-N.C., said blacks might view the Democratic Caucus' move against Jefferson in racial terms. "You've got a whole base of people out there who believe that the Democratic Party takes them for granted already," Watt said last week.

He's right. But in this case it is Jefferson who appears to be taking blacks for granted. By clinging to his committee seat, Jefferson has sparked a rupture among House Democrats that threatens to inflict lasting wounds. The only beneficiary would be the GOP, which black voters have roundly rejected in virtually every recent federal election.

Jefferson's problems — captured by FBI video and audio recordings — are of his own making. Maybe the investigation will conclude that they amount only to bad judgment. Maybe he's simply guilty of being in the wrong place at the wrong time. Or, maybe the legal trouble he faces is much more serious.

Whatever the case, Jefferson should acquiesce to Pelosi's demand that he step down from the committee whose membership he is accused of abusing. If such a request is unprecedented, it is also long overdue.

DeWayne Wickham writes weekly for USA TODAY.

Hoyer Marshals Forces (HILL)

By Josephine Hearn

The Hill, June 13, 2006

Allies of Rep. Steny Hoyer (D-Md.) rushed to his defense Monday as the minority whip faced a challenge from Rep. Jack Murtha (D-Pa.) for the post of majority leader, should Democrats win control of the House in November.

Murtha wrote colleagues Friday to announce his interest in the position, a move that drew a mixture of surprise and consternation and left Democrats contemplating the prospect of a contentious leadership race as they try to defy the odds and win back the House.

Hoyer's backers expressed concern that the race would hurt their ability to reach voters on policy issues.

"I regret that we're going to have this contest," said Rep. Barney Frank (D-Mass.), a Hoyer supporter. "It will be portrayed in the media as a sign of Democratic disorder. It will distract attention from Democrats' efforts to win back the House."

Rep. Jane Harman (D-Calif.), another Hoyer backer, echoed those comments.

"This is not the time for an internal battle. Our battle must be to elect Democrats in a minimum of 15 more seats in November. When that happens, Steny Hoyer, who has been a tireless and loyal advocate for the party, will be the right person to serve as our Majority Leader."

A spokeswoman for Murtha had no comment.

Rep. John Lewis (D-Ga.) praised Hoyer's work as whip, saying in a statement, "I know Steny Hoyer. He's a bridge builder, he brings people together, and he works not just for the people of Maryland but for the whole Democratic Caucus."

A Democratic member who is backing Hoyer said that the whip was surprised by Murtha's announcement and had been "playing catch-up" all weekend by calling colleagues.

"Steny is a lot more effective for Democrats when he's making fundraising calls instead of making majority-leader-race calls," the member said.

Many Democrats were curious what role House Minority Leader Nancy Pelosi (D-Calif.) may have had in Murtha's decision. Murtha and Pelosi are close allies. Murtha managed her successful 2001 campaign for whip against Hoyer. Earlier this year, he managed the caucus vice-chairmanship campaign of Rep. John Larson (D-Conn.), widely seen as Pelosi's chosen candidate to occupy the fourth-ranking House Democratic leadership post.

Pelosi was instrumental in bringing about Murtha's November call for redeployment of American troops out of Iraq. Even as she initially distanced herself from his plan, her staff handed out materials at his press events.

A Pelosi spokeswoman said she was "traveling and unavailable for comment" yesterday.

A Democratic official said that Murtha told Pelosi about his ambitions Thursday and that she had neither encouraged nor deterred him from moving forward.

Many members of the caucus remain perplexed by a Hoyer-Murtha match-up. While Murtha has delighted the liberal wing of the party with calls for redeployment, his overall record is conservative. He is a strong supporter of the military, an opponent of abortion rights and a foe of gay-marriage advocates.

He also carries decades-old ethical baggage from the Abscam scandal, a fact that could make Democrats wary of elevating him during a time when they hope to chart the high road on ethics. To make matters worse, he was one of four Democrats who recently voted against the Democrats' own lobbying and ethics reform package, earning excoriation from The Washington Post's editorial board.

His lack of involvement in the affairs of the Democratic caucus could also rile members. He rarely attends weekly caucus meetings, several sources said, and has raised only about $500,000 for the Democratic Congressional Campaign Committee

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(DCCC) as of late May, despite having assumed a national profile with redeployment calls, his critics charge. Hoyer has raised about $2 million for the committee and its affiliated programs.

The two are about even with their member-dues payments to the DCCC. Murtha has paid $200,000 of $250,000, while Hoyer has forked over $500,000 of $600,000. Members of leadership pay higher dues.

Nonetheless, Murtha's stature in the caucus as a behind-the-scenes dealmaker is nearly unrivaled and those who discount him often pay dearly. From his perch on the Defense Appropriations Subcommittee, he is in a prime position to rack up favors from colleagues. And he has quietly run two successful leadership campaigns in recent years.

His background as a decorated Vietnam veteran may also appeal to Democrats eager to build credibility on the war.

Murtha's candidate in the January vice-chairmanship race vanquished Hoyer's candidate by roughly the same margin as Pelosi beat Hoyer in 2001, an indication to many that the same calculus that existed five years ago persists. If that is true and Murtha can translate support for Pelosi into support for her campaign manager, then his prospects look good.

Pelosi Mum On Murtha's Move (RC)

By Steve Kornacki

Roll Call, June 13, 2006

Three days into Rep. John Murtha's (Pa.) surprise bid to supplant Minority Whip Steny Hoyer (Md.) as the second-ranking House Democrat, there are no signs that Minority Leader Nancy Pelosi (Calif.) will take any steps — publicly or privately — to steer her party away from a potentially divisive leadership fight as a crucial election approaches.

Pelosi is considered the only Democrat with the clout to back Murtha off his challenge, but on Monday she remained unavailable for comment, the same approach she took Friday, when Murtha floored his colleagues by declaring his intention to challenge Hoyer for Majority Leader if the party takes back the House.

"She's not going to put a stop to it," a Democratic aide said. "You're going to have to deal with it. It's more like 'how will this thing play out?' than 'will she put a stop to it?'"

Murtha is one of Pelosi's closest allies, a prime shaper, along with Rep. George Miller (Calif.), of her 23-vote win over Hoyer for Minority Whip in 2001 — a triumph that put Pelosi on track to become the top Democrat in the House when then-Rep. Richard Gephardt (Mo.) stepped aside a year later.

Murtha apprised Pelosi of his plans shortly before springing them on his fellow Democrats, and while she declined to try to stop him, some Hoyer allies had hoped that a backlash would emerge over the weekend, forcing Pelosi to take a strong stand against Murtha's move and effectively nipping his campaign in the bud.

But, for now at least, the race is on, with Hoyer privately scrambling to shore up commitments even as he publicly plays the confident frontrunner and Murtha apparently convinced he can ride the personal ties he's forged in his 17 terms in the House and the celebrity he's accrued from his recent anti-war outspokenness to victory.

With Pelosi refusing to wade in, Democrats are looking to past leadership contests for clues about whether the Hoyer-Murtha race is destined to serve as a repeat of the Pelosi-Hoyer contest in 2001 and the more recent fight for Caucus vice chairman. In both cases, Pelosi's side bested Hoyer's by a few dozen votes.

But even though the current situation is probably too fluid to anoint anyone as the frontrunner, Hoyer supporters were already expressing confidence in their man's prospects Monday.

As the head of his party's Whip operation for the past three years and a veteran of numerous leadership races, Hoyer starts off with a well-oiled organization — he has, for instance, access to the mobile phone number of every Democratic Member — not to mention some significant goodwill for his work to unify the Caucus.

For instance, early last week Hoyer bent over backwards at a session with reporters to swear off any challenge to Pelosi, his old foe, whether the Democrats gain or lose seats this year, by him or anyone else. Against that backdrop, Murtha's declaration three days later may have rubbed some prospective backers the wrong way.

"I find it regrettable that our party is focusing now on a leadership race that is seven months away," said Rep. Jane Harman, one of five California Democrats who have already lined up with Hoyer. "This race should not distract us from the effort to build one, united majority party."

The other Golden State Democrats on board with Hoyer are Reps. Ellen Tauscher, a co-chairwoman of the New Democrat Coalition, Dennis Cardoza, the Blue Dog Coalition's chairman, Tom Lantos and Henry Waxman. Tauscher was alone among California Democrats in backing Hoyer over Pelosi in 2001, and Cardoza was not elected to the House until 2002.

Pelosi's 118-95 win over Hoyer was keyed by four factors: her built-in homestate support; her appeal to the liberal wing of the Caucus; the enthusiasm some Democrats felt for elevating a woman to the leadership for the first time; and, not insignificantly, her status as the top fundraiser for House Democrats in the 2000 cycle.

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Hoyer enthusiasts believe those factors would either be inoperative or neutralized in a contest with Murtha. Just by making inroads into the California delegation, Hoyer could erase much of his 2001 shortfall, and since it's a race between two white men, the issue of gender won't be a factor.

Hoyer's primary trump cards, though, may be fundraising and ideology.

As a leadership member, Hoyer has already traveled to 47 districts spread out over 24 states this cycle, and he's personally raised more than $2 million for the party's candidates. Murtha, by contrast, doesn't have a political action committee through which to dole out large sums of money to candidates — some of whom would be freshmen voting in the race for Majority Leader.

Hoyer is also to the left of Murtha on abortion and gun control, two hot-button issues. In 2005, Hoyer received a 100 score from NARAL Pro-Choice America, while Murtha scored a 0, raising questions about how many progressives — women in particular — will feel comfortable turning over a prime leadership spot to Murtha.

Still, the core of Hoyer's support rests in the center-right segment of the Caucus, hence his support from the Blue Dog and New Democrat leaders. Some members of those two groups fret that Murtha's candidacy could be a power grab by liberals designed to wipe Hoyer and his moderate allies out of a prospective Democratic majority leadership.

"If [Murtha] were to win," an aide to one such Member said, "it would be impossible for red-state Democrats to either campaign with or to publicly support a single member of our party's leadership. ... [Hoyer] does a fantastic job in those parts of the country, and he provides a contrast for swing voters who are concerned about Nancy Pelosi as Speaker."

The genesis of Murtha's bid remains somewhat mysterious. It's a campaign few of his colleagues ever imagined him waging, until last November, when his change of heart on the Iraq war transformed him from an almost reclusive creature of the backrooms into one of the international public faces of war opposition.

But, as he proved with Pelosi in 2001 and again in the vice chairman's race this past winter, Murtha is a powerful force in Democratic leadership elections, owing to the immense personal respect many Members have for him and his role as an influential appropriator. And despite his social conservatism and previous hawkishness on defense issues, Murtha has emerged as a grass-roots hero to progressives over Iraq. Iraq alone might be reason enough for progressive Caucus members to overlook other policy disagreements and embrace Murtha as one of their leaders.

"My sense is he's trying to play up the whole war angle," an aide to a Democratic Member said, "and the idea that grass-roots Democrats are sick of the Hoyers of the world sticking up for the war."

As he spearheaded Rep. John Larson's (D-Conn.) upset win in January's vice chairmanship race, Murtha frequently reminded allies that his candidates were undefeated in leadership elections. The low-key, under-the-radar strategy Murtha favored in that race — Larson stopped releasing supporters' names a month before the vote, mistakenly leading many observers to write his candidacy off — seems to mirror his approach now. He appeared on MSNBC to promote his candidacy Monday night, but isn't pushing other Members to line up publicly.

"I'm sure he's telling people, 'Don't talk,'" the same aide said.

Democrats Set To Unveil Domestic Platform For '06 (RC)

By Erin P. Billings

Roll Call, June 13, 2006

Congressional Democratic leaders on Wednesday afternoon will return to the issues that have largely defined their party over the past decade, hosting a town hall meeting to highlight the domestic priorities of their 2006 platform.

Senate Minority Leader Harry Reid (D-Nev.) and House Minority Leader Nancy Pelosi (D-Calif.) will headline the forum with other Congressional leaders at the Kennedy Recreation Center in Northwest Washington, D.C.

The leaders are taking a different approach to laying out the third component of their platform, holding an issues discussion rather than a ceremonial event designed to energize the party faithful.

Sources said the leaders plan to promote Democratic plans on health care, energy, the economy and education, while challenging what they argue are the failed policies of the Bush administration and the GOP-led Congress.

Joining Reid and Pelosi at the town hall will be Senate Minority Whip Dick Durbin (Ill.), Caucus Secretary Debbie Stabenow (Mich.), Democratic Senatorial Campaign Committee Chairman Charles Schumer (N.Y.), along with House Minority Whip Steny Hoyer (Md.), Caucus Chairman James Clyburn (S.C.) and Democratic Congressional Campaign Committee Chairman Rahm Emanuel (Ill.).

Democrats also have invited a student, a senior citizen, a farmer and a laid-off worker to help put a face to their initiatives.

In particular, Democrats will call for plans to increase the minimum wage, heighten access to health care and prescription drug coverage, improve retirement security, lay out a strategy for energy independence, boost college affordability, enact pay-as-you-go budgeting and drive down the price of gasoline.

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"As Republicans seek to distract and divide and push their partisan priorities, Democrats will fight for the priorities of working families," said one senior Democratic aide. "We are listening to the concerns of everyday Americans and are united behind a positive agenda that will get America back on track."

Few of the specific agenda items are new, aides acknowledged. Some of the proposals have been part of the Democratic agenda for some time, while others have been crafted over the course of several months as the minority eyes the November elections.

This election is shaping up to be one of high stakes for both parties, and Democrats see their best chance in more than a decade to make significant gains. Some even suggest that the minority could win back at least one of the chambers, most likely the House, where Democrats believe they have a shot at regaining 15 Republican-held seats.

Still, Democrats continue to come under fire for failing to present themselves as a viable alternative to the Republican majority.

Republicans, as part of their election year strategy, are attempting to poke holes in the Democrats' ideas, and they accuse the minority of following an agenda of no ideas and "obstruction" of the majority's initiatives.

A senior Republican aide said that this week's Democratic event offers just one more example of a party trying "to recycle their same old tired efforts at an agenda." This staffer added, however, that the exercise "is certainly fun to watch if you are a Republican."

Democrats, meanwhile, have spent the better part of a year narrowing down their 2006 message and policy blueprint for a prospective majority. The party initially planned to kick off its platform last November but pushed it off until January when attention on the Congress and the election was higher.

Democrats launched the first piece of the blueprint in January when they outlined plans to restore ethical standards to Congress and reduce the influence of lobbyists. Two months later, party leaders unveiled their second plank, laying out their national security and anti-terrorism agenda.

Pelosi: It's Definition Time For Democrats (HILL)

By Josephine Hearn

The Hill, June 13, 2006

With Republicans seeking to define Democrats by their votes on such hot-button issues as gay marriage, the estate tax and flag burning, House Minority Leader Nancy Pelosi (D-Calif.) is arguing that Democrats need to tell voters about themselves before Republicans succeed in doing it for them.

The time to criticize the Republicans' "culture of corruption," a Democratic refrain for nearly a year, is at an end, Pelosi said; Democrats need to begin promoting their own vision of America.

"Now it's time to talk about us. Enough of the Republicans. It's time for us to talk about what are the priorities we'd like to see addressed, if we have the opportunity," Pelosi said in an interview with The Hill on Wednesday.

Democrats have been struggling for months to devise a unified message to take to voters, debating whether to be general or detailed, to come out early or late, or to present a succinct list of points like the GOP's 1994 Contract With America. Pelosi has been seen as favoring an early message, while Rep. Rahm Emanuel (D-Ill.) and Sen. Charles Schumer (D-N.Y.), who head up the campaign committees for House and Senate Democrats, have argued for focusing on Republican misdeeds.

Democrats are poised this week to unveil a portion of their domestic-policy agenda dealing with family economic issues.

"What we have to do is define ourselves so that Republicans do not define us. This is a define-or-be-defined business that we're in, so you can't leave it out in the open," Pelosi said.

She outlined three areas where Democrats would seek to differentiate themselves from Republicans: integrity, civility and accountability. If Democrats were to take control of the House in November, their first actions would focus on promoting those values, she said.

"These are not full-blown initiatives," she cautioned, "[but] they are a beginning to differentiate from the Republicans' misguided priorities of taking us deeply into debt, bringing up divisive social issues instead and raising those issues instead of raising the minimum wage."

The three themes are similar to the message Democrats ran on in 2004, when they lost two House seats in part because of redistricting in Texas that defeated five Democratic incumbents. The Democrats' 2004 New Partnership for America's Future contained six "core values," of which accountability was one. Under accountability, Democrats called for "integrity in the electoral process" and "civility in public debate."

But perhaps more important, Pelosi is vowing to run the House — a body of Congress marked by intense partisanship for decades — in a bipartisan fashion.

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"You can't name a Democratic bill that's come to [a vote] in the House of Representatives. That's just not right. … I would hope that we could find common ground [with President Bush and Hill Republicans] because I do believe bipartisanship is important."

Pelosi, regularly criticized by leading Republicans as an extreme liberal, has attracted praise from centrist House Democrats for her leadership approach. For instance, she has downplayed the chances Democrats in the next Congress would move to impeach Bush for his administration's controversial telephone surveillance program. Pelosi told The Hill last week that she is not interested in censuring Bush either.

But any majority Pelosi might have in 2007 will likely be slim, making bipartisanship a must if Democrats are to move legislation should they control the chamber.

Even while she discussed the possibility of a Democratic House and her role as Speaker, Pelosi declined to predict that Democrats would take control, saying, "Five months from now is an eternity."

Some Democrats are concerned that when they do finalize their message and it comes time to broadcast it to voters they may not have the requisite money at the Democratic National Committee (DNC) to counter the growing war chest of the Republican National Committee (RNC).

Emanuel reportedly stormed out of a meeting with DNC Chairman Howard Dean, disgusted that Dean was spending money on his "50 State" program rather than hoarding it for congressional races.

The DNC had $9.4 million at the end of April, while the RNC had $44.7 million.

Pelosi called Emanuel's complaints legitimate.

"If we can't have enough money to do the get-out-the-vote, to do the grassroots, the field operations, then we'll have to do that ourselves, and that's what the party usually does, so I think that Rahm's right," she said.

Pelosi would not say whether she would ask Emanuel to serve another term as chairman of the Democratic Congressional Campaign Committee.

She likewise deflected a question about who would occupy certain leadership positions in a Democratic House. On Friday, Rep. John Murtha (D-Pa.) announced he would challenge House Minority Whip Steny Hoyer (D-Md.) for the position of majority leader.

"I'm even hard put to say what our agenda will be when we win, so I'm certainly not going into the politics of the caucus," she said. "That is as unimportant an issue to me right now as it could be."

Pelosi also responded to critics who have called her a poor spokeswoman for the party and lambasted her recent appearance on NBC's "Meet the Press."

"I have a big job to do here," she argued, noting that her critics did not have the day-to-day duties of a leadership post to contend with. "What do [the critics] do all day but get ready for their appearances? I don't have time for that. But when I do, that will be fine. I'm the leader for a reason, and my colleagues have confidence in me to do the job."

Hoyer praised Pelosi's leadership last week, calling her the hardest-working member of Congress he had seen in his 26 years in office.

"That's probably right!" she said of Hoyer's comments, which she had not seen. "I work constantly. I think it's so urgent that we win this election. ... I don't want to rest for one minute or one day until we can get through this election."

She dismissed a question about when she might retire. "Why would I even talk about such a thing?" the 66-year-old grandmother of five asked. "I haven't even gotten there yet."

She similarly dismissed her recent tension with the Congressional Black Caucus, a Democratic group that attacked her move to oust one of its own, Rep. William Jefferson (D-La.), from the Ways and Means Committee while he faces a government corruption investigation.

"I feel very confident about my relationships one on one with just about everyone in the Congressional Black Caucus. ... I value their advice and counsel. In these kind of situations, people have to do what they have to do. And so do I."

Excerpts from interview with Rep. Pelosi

Q: As you know, there's been some friction between [Rep.] Rahm Emanuel [D-Ill.] and Howard Dean, especially on fundraising. The Republican National Committee has a major fundraising advantage [over the Democratic National Committee (DNC)], and that can severely affect the effort to win back the House this fall. Do you think [DNC Chairman] Howard Dean is doing a good job?

A: The issue that Rahm has with Howard Dean I think is a legitimate one. We're exactly where we need to be. We've recruited the candidates, we've raised the issues and we have raised the money. We're competitive with the Republicans for first time ever. … I'm saying if we don't have enough money to counter the deluge of money from the Republican National Committee then it's a problem for us and Rahm is correct to point that out.

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Q: What were some of the lessons you learned — this is your second election as leader — from 2004? What went right? What went wrong?

A: It's two different elections altogether. … When I first became leader, we were putting together our ideas. People said to me, "It doesn't matter. Nobody's going to care. It's only about the presidential," and they were right. … But this is a completely different race, and I always analyze elections one race at a time.

Q: Would you like Rahm to stay on as chairman [of the Democratic Congressional Campaign Committee]?

A: I probably see Rahm's family in my office more than he sees them because of all the travel that he has to do. … I have a feeling his wife is counting the days.

Q: If you do in fact win the House, [Steny] Hoyer will be majority leader. Who will be whip?

A: You know what? We have to win the House first. I'm even hard put to say what our agenda will be when we win, so I'm not certainly going into the politics of the caucus, that is as unimportant an issue to me right now as it could be.

Q: There's been some headlines about your counterpart in the Senate, Sen. Harry Reid [D-Nev.]. Do you think there's anything he did wrong there, or are the Republicans trying to play politics?

A: I think it's the Republicans trying to play politics. I think they dug and dug and dug and dug and that's all they could come up with. Harry Reid is a person of faith and integrity, and I wouldn't mess with him near a boxing ring.

Q: But Senator [John] McCain [R-Ariz.] did [reimburse for boxing tickets] differently. …

A: I don't know that he did it differently. I have absolutely no idea what the facts are there. I just don't know. So I don't want to go into what Senator McCain did or what whoever did. … But that is nothing [compared to the allegations about GOP corruption]. That's quite a different thing than if someone handled boxing tickets correctly.

Q: There's a lot of speculation about [House Speaker] Dennis Hastert [R-Ill.], whether he'll stay or go. Do you see any end in sight for you?

A:No.

Q: Why?

A: Why would I even talk about such a thing?

Q: Well a lot of the members say they'd like to see their grandchildren more… But you see no end in sight?

A: The question is — we have to win, we have to achieve the goal. … I have absolutely no intention of engaging any conversation about when I'm leaving. I haven't even gotten there yet.

Q: Are you concerned with the Congressional Black Caucus [about Rep. William Jefferson (D-La.)]? Could that end up being a problem if you were ever Speaker, in the sense they will control four committee chairs, maybe even five?

A: I have a very long and serious and deep relationship with members of the Congressional Black Caucus. I feel comfortable when I go to that caucus, as I do any place in politics. We have shared values. We've worked hard on issues for many, many years. Some of us go back 30 years. … In these kinds of situations, people have to do what they have to do.

Agency Informs Workers About Data Theft (AP-Y2)

By H. Josef Hebert

AP2, June 12, 2006

Energy Department officials have informed nearly 1,500 individuals that their Social Security numbers and other information may have been compromised when a hacker gained entry to a department computer system eight months ago, a spokesman said Monday.

The workers, mostly contract employees, worked for the National Nuclear Security Administration, a semiautonomous agency within the department that deals with the government's nuclear weapons programs.

The computer theft occurred last September, but Energy Secretary Samuel Bodman and his deputy, Clay Sell, were not informed of it until last week. It was first publicly disclosed at a congressional hearing on Friday.

Bryan Wilkes, a spokesman for the NNSA, said about 800 workers were reached over the weekend and by late Monday all but a small number had been contacted. "We will keep calling until we get all of them," said Wilkes, adding that notifications also were being sent by mail.

The security breach occurred in a computer system at a service center in Albuquerque, N.M. The file that was compromised contained the names, Social Security numbers, security clearance levels and place of employment of 1,502 people working throughout the government nuclear weapons complex.

The system contained sensitive, but not classified material, department officials said. The NNSA also has a more secure computer system that includes nuclear weapons data and other classified material.

NNSA Administrator Linton Brooks told a House hearing on Friday that he learned of the security breach late last September, but did not inform either the two men to whom he reports — Bodman or Sell.

Bodman learned of the incident last week.

Brooks blamed a misunderstanding for the communications failure.

Rep. Joe Barton (news, bio, voting record), R-Texas., chairman of the House Energy and Commerce Committee, on Friday said Brooks, a former ambassador and nuclear arms control negotiator, should resign over the incident.

Stevens on Monday declined to speculate on Brooks' future. Bodman wants the department's inspector general's office to investigate the communications failure.

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On the Net:

Energy Department: http://www.energy.gov

National Nuclear Security Administration: http://www.nnsa

Senator Wants Raise-for-Performance Pay System (WP)

By Stephen Barr

The Washington Post, June 13, 2006

A key senator plans to introduce a bill today that would require federal managers to provide their employees with a written performance evaluation each year and would prohibit pay raises for employees rated as less than successful.

Describing current requirements as "vague," Sen. George V. Voinovich (R-Ohio), who oversees the civil service as chairman of a Senate subcommittee, said his bill would strengthen the employee performance appraisal system and help lay the foundation for an overhaul of federal pay.

"We must engage in a dialogue about the future of the public service and ask the difficult questions about what we want it to achieve and how do we make it happen," Voinovich said in remarks prepared for the bill's introduction. "This conversation will make many people uncomfortable, but it must take place."

Following the Sept. 11, 2001, terrorist attacks on the World Trade Center and the Pentagon, Congress gave the green light to the departments of Homeland Security and Defense to revamp their pay and workplace rules so they could reward their best workers with higher pay. Last year, the Bush administration urged Congress to shift the rest of the government into pay-for-performance systems and abolish the largest government-wide pay system, the General Schedule, by 2010.

The administration's proposal fizzled, however. Congress signaled it would rather see how well the new rules at the Homeland Security and Defense departments worked before taking up government-wide pay changes. Unions, meanwhile, have slowed the rollout of the new rules at the two departments through lawsuits filed in federal courts.

Voinovich's bill appears designed to find middle ground between proponents and opponents of performance-based pay for the federal workforce. "Instead of taking one giant bite at the apple, I believe it will be easier for federal agencies to implement enhanced employee appraisals first," Voinovich said in the prepared remarks. "By instituting a more rigorous performance-management standard on top of the current General Schedule, I am optimistic this will create less anxiety among federal employees."

Numerous federal employees prefer the approach of the General Schedule, which provides predictable raises over the course of a career in government. In their view, the General Schedule protects them against favoritism and political pressure. They are wary of promises that a performance-based pay system could be administered fairly.

But Voinovich said he believes that pay for performance "can work" and that employees should receive "a rigorous evaluation each year and that their pay should be determined based upon their performance."

"I would like to transform the culture of the federal workforce into a high-performing, continually improving organization," Voinovich added in his remarks. The government "must be as agile, nimble and intellectually energetic as the leading nongovernmental organizations or dot-com companies," he said.

Voinovich chairs the Senate subcommittee for federal management policy and federal workforce issues. His office provided an advance copy of his remarks, which expand on comments he made in May about tightening the government's job evaluation system.

Prospects for Voinovich's bill are uncertain. Congress is dealing with several contentious issues, such as Iraq and immigration, and is likely to be in session fewer days than normal because this is an election year. Unions and some Democrats also will probably raise numerous questions about the bill.

Voinovich said in the prepared remarks that he will pursue bipartisan support for his effort. The bill, he said, "is not set in stone, and I imagine that it will undergo many changes."Congressional Honors

The Blinded American Veterans Foundation will honor Sens. Larry E. Craig (R-Idaho) and Joseph I. Lieberman (D-Conn.) at its 21st annual congressional awards ceremony on Thursday.

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The foundation, which is headed by John Fales and supports research, rehabilitation and reemployment of disabled veterans, also will present awards for media coverage and volunteer efforts on veterans' behalf. This year's corporate volunteer award goes to McCormick & Schmick's Seafood Restaurants.

Byrd Truly The Elder Statesman (WP)

By Charles Babington

The Washington Post, June 13, 2006

Robert C. Byrd, a champion of classical oratory in the Senate and pork barrel spending back home, yesterday became the longest-serving senator in U.S. history.

The West Virginia Democrat marked his 17,327th day in the Senate by visiting his wife's grave and then listening to several colleagues praise his career. Uncharacteristically for a man who has rhapsodized about spring, Mother's Day and countless other topics in the Senate chamber, Byrd left the floor without speaking, struggling to maintain his composure.

"My darling wife, I just wish she had lived to see this day," he told reporters as he left. Erma Ora James Byrd, who died March 25, would have turned 89 yesterday.

Byrd, 88, eclipsed the late Strom Thurmond (R-S.C.) in Senate tenure. He long has held the record for the most Senate votes cast, and Majority Leader Bill Frist (R-Tenn.) said yesterday that he "has held more leadership positions than any other senator."

Byrd aims to keep setting records, running this fall for a ninth six-year term, which would end when he is 95. In a state whose legislature named him "West Virginian of the 20th Century," Byrd is generally favored to defeat GOP business executive John Raese.

Although he is frail and walks with two canes, Byrd still gives theatrical speeches on the importance of preserving the Senate's traditional powers and other issues dear to him. Some of his most emotional orations in the past three years have involved the Iraq war, which he opposed from the start and considers a historic misadventure. He often rips President Bush, whom he has called "dangerous, reckless and arrogant," for launching the invasion with an incomplete assessment of Iraq's weapons.

Beyond Capitol Hill, Byrd's greatest legacy is in the asphalt, concrete, steel and hefty payrolls of the scores of federal projects he has steered to West Virginia from his Appropriations Committee seat, to which his ally Lyndon B. Johnson appointed him. He once said he wanted to be the state's "billion-dollar industry." Analysts say he exceeded the goal, planting major facilities for the FBI, the Treasury Department, Internal Revenue Service and many other agencies in the Mountain State.

Byrd's legacy has its darker sides, most notably his membership in the Ku Klux Klan as a young man eager to enter politics in the 1940s. He repeatedly calls it "the greatest mistake of my life" and acknowledges it will be part of his obituary.

Byrd's love of quoting the Bible, the Constitution, Shakespeare, Cicero, Thucydides and others is all the more notable because he entered office with one semester of college completed. He spent a dozen years in the West Virginia legislature and U.S. House before winning election to the Senate in November 1958. He earned a law degree at American University while he mastered the Senate's rules and climbed its leadership ranks.

Byrd co-wrote a four-volume history of the Senate and published a hefty autobiography last year, "Robert C. Byrd: Child of the Appalachian Coalfields." In an unusually testy exchange in 2002 with then-Treasury Secretary Paul H. O'Neill, Byrd attacked what he called executive branch abuses and arrogance, adding: "I lived in a house without electricity, too. No running water, no telephone, a little wooden outhouse. . . . I started out in life without any rungs in the bottom ladder."

Yesterday, Byrd played the humble official hoping to win one more election. "The people of West Virginia," he told reporters, "are the people to whom I owe the greatest of praise."

The Reliable Source (WP)

By Amy Argetsinger And Roxanne Roberts

The Washington Post, June 13, 2006

Washington Wives Were Goin' Out of Their Heads Over Faux Four Seasons

If the cast of Broadway's "Jersey Boys" had notions of celebrating hard after their big wins at Sunday's Tony Awards -- not a chance. They had a big date to keep with the Senate wives.

Oh, technically it was the Senate Spouses Club -- guys were invited, really! -- but it was clearly a chick thing as the four supple-voiced cuties who portray the Four Seasons in the jukebox musical serenaded Laura Bush's luncheon guests at the White House yesterday. The spouses of Senate and Cabinet members swayed and sang along to boomer classics such as "Big Girls Don't Cry," "Rag Doll" and "Can't Take My Eyes Off You." For one romantic song, cast member J. Robert Spencer asked to

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dim the East Room chandeliers "to set the mood." No go, but People magazine's Sandra Sobieraj spotted one wife jumping up on the press riser several times to get photos of the boys with her own happy-snap camera. Swoon!

The first lady caught the show in New York before her U.N. speech on AIDS a few weeks ago. Sunday night, after "Jersey Boys" won best musical, the whole cast bused down to D.C: Spencer, John Lloyd Young (best actor in a musical for his portrayal of Frankie Valli), Christian Hoff (upset winner for best featured actor) and Daniel Reichard .

Mrs. Bush hosted the luncheon to thank the group for a dress auction that raised funds for her library charity. The meal of grilled tuna, vichyssoise and white chocolate almond terrine was served on historic White House china going all the way back to the FDR years. Yeah -- totally a chick event!

Start Spreading the News: Bush Twin Decides She'll Take Manhattan

Sorry, Washington: We're back to being a one-twin town. Barbara Bush -- the dark-haired, older-by-minutes one -- has pulled up stakes for Manhattan, sources confirmed yesterday. What the First Daughter has planned for NYC remains unknown; the White House maintains a firm policy of not commenting about the twins' personal lives. But then, it was never clear what exactly she had been up to the past several months in D.C. After graduating from Yale in '04, Barbara campaigned for her dad's reelection, then vanished from the scene to volunteer quietly at a South African hospital last summer.

She resurfaced at Thanksgiving, around the time of her 24th birthday. While sister Jenna was tied down to her D.C. charter-school teaching job, Barbara got to accompany her mother to the Winter Olympics in Turin and the inauguration of Liberia's female president. When she was spotted last month on a multi-hour date with a cute guy at Alexandria's Indigo Landing, we all hoped that perhaps she had found reason to stick around town -- alas, apparently not.

A Federal Office Where Heraldry Of Yore Is Only Yesterday (NYT)

By Erik Eckholm

The New York Times, June 13, 2006

FORT BELVOIR, Va. — "A wives' tale," scoffed one official. "An urban myth," said another.

They would know. The officials were from the Institute of Heraldry, the government's chief guardian of insignia and heraldic tradition, and they were dismissing an oft-repeated canard about the presidential seal.

According to legend, the eagle in the seal faced the arrow-holding talon in times of war and switched its stern gaze toward the olive branch in times of peace.

The eagle's glare did indeed get reversed — just once, by President Harry S. Truman in 1945. But only, it turns out, to correct the grievous heraldic error that President Rutherford B. Hayes had made 65 years before, when he designed the first seal to adorn White House invitations.

"In point of fact, the viewer's left is the dexter side, the honorable side on any shield," said Joe Spollen, head sculptor at the heraldry institute, which among its other duties nurtures rules and terminology from the Middle Ages. "The sinister side, on the viewer's right, is the less honorable."

And so Truman, after learning the truth from the director of the heraldry office at the time, switched the gaze from sinister to dexter, where it remains today.

The Institute of Heraldry, located for historical reasons within the Army, has a budget of $2.3 million and 24 employees, including four well-schooled "heraldic designers." But the handiwork of this little office has had an outsize influence on the public face of the military and the government.

All plaques bearing presidential or vice-presidential seals, as seen on news conference lecterns and the bulkhead of Air Force One, are hand-sculpted and painted here.

The institute, conjoining modern images with ancient traditions, designs the shoulder insignia unique to every military unit and supervises their production. It designs military medals, with the Iraq Campaign Medal being one of the latest. It also, together with the captains, designs a custom coat of arms for every new ship in the Navy.

Though civilian agencies are not required to hire the institute's services, many consult it when they need a new seal for their doors and stationery.

"People rally around these symbols," said Charles V. Mugno, a retired Marine officer who heads the institute. "Each seal carries the strengths and identity of an institution."

Every new sub-office of the bureaucracy, it seems, needs its own emblem. So when the Pentagon recently created an obscure civilian agency called the Test Resource Management Center, which evaluates range and test facilities for the military, the heraldry institute was ready and able.

As the institute describes the final design, three crossed arrows signify the new center's three areas of responsibility: oversight of facilities, strategic planning and reviewing of budgets. A chevron of white and green is crisscrossed with grid lines, to evoke "a graph and the measurement of resources."

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"America has a funny relationship with heraldry," said Francois Velde, an economist at the Federal Reserve Bank of Chicago who is an amateur expert and maintains the heraldica.org Web site.

The Constitution expressly forbids the government to grant titles of nobility, but nearly half the signers of the Declaration of Independence had family coats of arms, Mr. Velde noted.

"The association of heraldry with aristocracy is really inaccurate," he said. "It's a system of identification for people and institutions, not just nobles and knights."

The intricate rules governing symbols and colors emerged rather suddenly in 12th-century Europe, Mr. Velde said, and spread quickly.

In the United States, European-style coats of arms, with lions and Latin, have been especially popular with universities, but several presidents were also "armigerous," as the American Heraldry Society describes them, including Washington and both Roosevelts.

President Dwight D. Eisenhower called on the heraldry office to invent his — featuring an anvil, a crest of five stars and the motto "Peace Through Understanding" — because he needed family arms in order to receive the Order of the Elephant from the Kingdom of Denmark.

The founding fathers wasted no time in devising a distinctly American seal. In 1782, years before the Constitution, Congress adopted the same two-sided Great Seal visible on every dollar bill today, describing it in full-fledged heraldic argot. On the front side is the familiar eagle, "holding in its dexter talon an olive branch, and in his sinister a bundle of 13 arrows," and in his beak a scroll inscribed "E pluribus unum." On the reverse side, "a pyramid unfinished" and "in the zenith an eye in a triangle, surrounded by a glory, proper."

From the beginning, the Great Seal's eagle faced the dexter talon; why President Hayes switched directions for his similar-looking presidential emblem is lost to the ages.

Mr. Mugno, the institute director, had been a student of military heraldry and said he got a thrill at the outset of the Iraq war, while he was still in the Marines and working in the Pentagon, when his proposal for the campaign medal was used on the reverse side.

The front of the medal, given to all who serve in Iraq, is a map of the country surrounded by palm wreaths. The back, drawing on Mr. Mugno's idea, features the Statue of Freedom from atop the Capitol and two scimitars with their blades arcing downward — a deliberate inversion, Mr. Mugno said, of a giant arch of crossed swords that Saddam Hussein had built in honor of himself in Baghdad.

When he heard that the institute directorship was coming open, Mr. Mugno said, he could not resist applying, even though it meant he had to retire from his beloved Marines. He has a dream for this office, he said, which could play a far more systematic role in overseeing the nation's insignia.

"Should there be a National Institute of Heraldry?" he asked. "One office overseeing the symbolism of the country and setting the standards?"

Correcting The Hayden Record (WSJ)

The Wall Street Journal, June 13, 2006

So what should we think of a senior official who knocks his own Administration to win easy Senate confirmation, apologizes profusely in private and promises to correct the record, and then fails to follow through on his promise?

That's the behavior of newly minted CIA Director Michael Hayden, who has done the Bush Administration a huge disservice by reinforcing the Democrats' "Bush lied" theme in his confirmation testimony. At his Senate hearing last month, General Hayden told Michigan Democrat Carl Levin not once but twice that he was not "comfortable" with intelligence-related work that had been done by an office reporting to former Undersecretary of Defense Doug Feith. He also suggested such work had been "wrong," "inaccurate," and "misleading."

As General Hayden would have known all too well, Mr. Feith's office has been an obsession of Senator Levin, who contends despite all evidence that mistakes on Iraq intelligence were all the fault of civilian appointees at the Pentagon. The truth, as a bipartisan report from his own committee attests, is that the CIA made most of the errors on its own.

Not surprisingly, Mr. Feith called General Hayden to object to his testimony. And, according to Mr. Feith, General Hayden was apologetic. He said he had not intended to say what he appeared to, and promised to issue a statement correcting the record. Arizona Senator Jon Kyl tells us he had a similar conversation with General Hayden, during which the CIA director promised a remedial letter that could be entered into the Congressional record. "He told us he did not intend those remarks to suggest Doug Feith or the Department of Defense did anything wrong, inaccurate or misleading. That is precisely what he told me," says Mr. Kyl.

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But the General's subsequent effort, provided to us by Mr. Kyl, is no retraction or correction at all. It says only that his concern about bad intelligence methodology "is not confined to any specific program." Both Mr. Feith and the Senator have asked Mr. Hayden to be more specific, but so far to no avail. Mr. Hayden also declined to comment for this editorial.

Let's be clear that while the CIA director apparently insists he was offering a generic statement on intelligence craft, he was not asked a generic question. Here's the exchange:

Senator Levin: "While the intelligence community was consistently dubious about links between Iraq and al Qaeda, Mr. Feith produced an alternative analysis, asserting that there was a strong connection. Were you comfortable with Mr. Feith's office's approach to intelligence analysis?"

General Hayden: "No, sir, I wasn't . . . No, sir, I wasn't comfortable."

Mr. Levin: ". . . well, what were you uncomfortable about?"

General Hayden: "Well, there were a couple of things." He then went on to suggest that, in the case of al Qaeda links to Iraq, the Pentagon had somehow become too "laser beam focused" and had not recognized "left-and-right-hand boundaries," whatever in the world that meant. And the General added, "That would be very wrong. That would be inaccurate. That would be misleading."

These and other similar remarks obviously pleased the likes of Senator Levin, who cited them specifically in justifying his vote for confirmation, and led other Democrats to back General Hayden in the 78-15 confirmation vote. But the remarks also fed an antiwar Democratic mythology evident in the fallacious premise of Senator Levin's question.

Mr. Feith's office did not freelance an "alternative analysis." Much of the work it did on the Iraq-al Qaeda connection was a response to a question for the record posed by the Senate Intelligence Committee itself. Nor did the Defense Department "assert" a "strong connection." Judging by leaked excerpts of the still highly classified work printed in the Weekly Standard, DOD merely provided the committee with a list of raw intelligence items on the topic.

The issue here is bigger than the credibility of General Hayden, or of Mr. Feith. Senator Levin has been pushing the Senate Intelligence Committee to publish a report, before this November's election, that would accuse Bush officials of misusing intelligence to push the country into war. General Hayden has played into the Senator's highly partisan, and historically inaccurate, hands. We can understand why the General is reluctant to take back his testimony at this stage and risk offending Mr. Levin, who can make life miserable for the CIA chief. But the General also has an obligation to the truth and to the President who appointed him.

His testimony, along with his subsequent failure to follow through on promises to correct the record, do not make for an auspicious, truth-telling start at CIA.

OTHER NEWS:

Broad Economic Worries Drive A Global Sell-Off (NYT)

By Vikas Bajaj And Jeremy W. Peters

The New York Times, June 13, 2006

Fears about higher interest rates, rising inflation and a slowing economy sent stocks sharply and broadly lower yesterday, with emerging markets taking the biggest hit.

In the United States, the Standard & Poor's 500-stock index fell 1.3 percent, erasing all of its gains for the year and closing at its lowest level since November. The Nasdaq fell more than 2 percent and the Dow Jones industrial average fell almost 1 percent.

But the damage was far worse in some other parts of the world. Trading at the Colombian stock exchange was briefly halted after its benchmark index fell more than 10 percent. Mexico's benchmark stock index fell 4.3 percent, its biggest one-day decline in more than three years. Markets in India, Brazil and Hungary also tumbled.

Emerging markets had enjoyed a strong surge in recent years because low interest-rate policies around the world pumped cheap money into the global economy, analysts said.

"Global liquidity has helped drive a lot of these risky assets," said Larry Adam, chief investment strategist at Deutsche Bank Alex.Brown. "And now you are seeing this flight to quality," including cash and investments in developed countries, he said.

At first glance, stocks in the United States and Western Europe do not appear to have benefited from the emerging-market retreat, but money coming out of emerging markets may be helping to cushion the blow, Mr. Adam said.

Yesterday's sell-off started early and gathered pace throughout the day. Some analysts suggested that a major catalyst was a speech by the president of the Federal Reserve Bank of Cleveland, Sandra Pianalto, in which she said that inflation was higher than her "comfort level."

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Ms. Pianalto was the latest Fed official to express concerns about inflation in the last several days, a drumbeat that many investors think is a not-so-subtle message that the central bank will raise short-term interest rates, now at 5 percent, at its next meeting on June 29. Earlier, the Fed had indicated that it might pause in its two-year campaign of raising rates.

The Fed is "adding to a little of this hysteria that is building," said James W. Paulsen, chief investment strategist at Wells Capital Management.

To be sure, Ms. Pianalto, who is one of the 11 officials who vote on Fed's interest rate policies, said that inflation, though worrisome, was not an ominous threat to the economy.

"Measures of long-term inflation expectations have been mixed lately, but, on the whole, I regard them as remaining contained," she said to a gathering of the Broadcast Cable Financial Management Association in Florida. The challenge of Fed policy makers, she said, "is to make sure that they stay contained."

The government will issue reports on wholesale and consumer inflation today and Wednesday. Excluding energy and food prices, economists expect both the producer price and consumer price indexes to have risen 0.2 percent in May, a rate considered to be modest by most experts.

The biggest loser yesterday, as in the last few weeks, was the technology industry. Many large technology companies, struggling to match past growth as they mature, have been lowering their profit projections.

For the second quarter, the technology area's profits are expected to fall 2 percent from the same period last year while the overall increase in the S.& P. 500 is expected be 10 percent, noted Howard Silverblatt, senior index analyst at Standard & Poor's. "This is supposed to be a growth industry," he said.

The Nasdaq was led downward by Qualcomm, the maker of wireless technology, which fell 5 percent yesterday after it filed a complaint against its rival Nokia as part of a lengthy patent fight.

Shares of Apple fell almost 4 percent, apparently reflecting investors' concerns about efforts by some European countries to force the company to open up its music software to devices other than the iPod.

One of the few exception to yesterday's broad sell-off was General Motors, which rose 43 cents, or 1.7 percent, to $25.78. It was the Dow's biggest gainer. The shares moved higher as the president of the United Automobile Workers, the company's biggest union, told members that the union would have to rethink its traditional positions to ensure the domestic automobile industry's survival.

The stock also appeared to be reflecting investors reaction to news of an agreement late Friday that could avert a costly strike at G.M.'s largest supplier, Delphi.

Many market experts remain convinced that the recent correction in stock prices will prove temporary and will be contained to a few areas. They note that inflation, though rising, remains low by historical standards.

But the market's volatility has intensified and will probably remain high, analysts say.

"It is a retrenchment," Mr. Silverblatt said. But "companies are still in good shape."

The Dow fell 99.34 points, to close at 10,792.58, its lowest level since Feb. 7. The S.& P. 500 declined 15.90 points, to 1,236.40. The Nasdaq fell 43.74 points, to 2,091.32. The Russell 2000 stock indexof smaller-capitalization companies, fell 18.2 points, or 2.6 percent, to 683.19. Declining issues led advancing stocks by 3½ to 1 on the New York Stock Exchange.

Treasuries fell slightly. The price of the benchmark 10-year note fell 1/32, to 1014/32. The yield, which moves in the opposite direction of the price, rose to 4.98 percent, from 4.97 on Friday.

Here are the results of yesterday's auction of three- and six-month Treasury bills:

Dow Industrials Tumble 99.34 Points As Rate Worries Continue To Take Toll (WSJ)

By E.S. Browning

The Wall Street Journal, June 13, 2006

Continuing interest-rate anxiety drove the Dow Jones Industrial Average down an additional 99.34 points, marking the sixth decline in the past seven sessions and leaving it up less than 1% for the year.

The beleaguered Nasdaq Composite Index, whose many technology stocks have been under attack for weeks, fell 2.05%, or 43.74 points, to 2091.32. That put the Nasdaq down 11.8% from the five-year high it hit in April. Wall Street terms that a correction -- or a decline of more than 10%. The Nasdaq is at its lowest point since October, though still well short of a bear market -- or 20% decline. It is down 5.2% since the year began.

The Dow industrials, which fell 0.91% to 10792.58, are 7.3% off the six-year high they hit last month. They are short of a 10% correction but up just 0.7% since the year began.

Some emerging markets tumbled again; shares in India fell 3%, and Brazil and Mexico slid more than 4% each.

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Investors fear another quarter-point interest-rate increase when the Federal Reserve holds its next policy meeting on June 28 and 29. Many people are concerned about more rate increases after that, and worry that the higher rates will spread pain through the economy, crimping consumer spending and corporate profits.

Adding to the anxiety, the government releases May wholesale-price data today and consumer-price data tomorrow. On top of that, Fed Chairman Ben Bernanke was scheduled to speak three separate times this week, most notably Thursday to the Economic Club of Chicago.

"The speeches and the inflation data are holding people at bay," keeping them from buying stocks, said Mike Viracola, head of trading at brokerage firm Canaccord Adams, based in Boston.

Stoking the interest-rate concerns, Cleveland Federal Reserve Bank President Sandra Pianalto told a business group that inflation at recent levels "exceeds my comfort level."

Some investors were surprised that the Dow industrials and Standard & Poor's 500-stock index last week both posted their worst weekly declines in more than a year. They are worried that interest-rate uncertainty could last into the summer.

The S&P 500 yesterday fell 1.27%, or 15.90 points, to 1236.40. It is down 1% for 2006, 6.7% off its recent high and at its lowest point since last year.

But higher interest rates make the dollar more desirable, so the U.S. currency continued its rebound against the euro and the yen. Oil and gold fell.

In major U.S. market action:

Stocks retreated. Total trading volume for stocks listed on the New York Stock Exchange was 2.25 billion shares; 716 stocks rose and 2,591 fell.

Bond prices were mixed. The 10-year Treasury note fell 1/32, or 31 cents for each $1,000 invested, pushing the yield up to 4.983%. The 30-year bond was up 1/32 to yield 5.024%.

The dollar strengthened. The currency traded at 114.30 yen, up from 113.97, while the euro fell against the dollar to $1.2599 from $1.2642.

S& P 500 Tumbles To A 7-Month Low As Once-Key Sectors Fall Out Of Favor (WP)

By Brooke A. Masters

The Washington Post, June 13, 2006

NEW YORK, June 12 -- U.S. stocks continued their five-week slide Monday as the Dow Jones industrial average lost about 100 points and the Standard & Poor's 500-stock index fell to its lowest point in seven months, erasing all its gains for 2006.

World stock indexes from Germany and Britain to Mexico and Egypt also did badly as investors concerned about a tightening world monetary supply continue to flee high-risk investments such as emerging markets and commodities.

The tremendous amount of money available to be invested "fueled the commodity boom, the housing bubble, and the small and microcap stocks," said Liz Ann Sonders, chief investment strategist for Charles Schwab & Co. "Now the tide is going out, and it's taking out the same boats that it brought in."

The Dow, which closed at 10,792.58, has fallen 7.3 percent since its recent peak on May 10. The S&P 500, which closed at 1236.40, down 15.9, has dropped below its December 2005 close and is down 6.5 percent since the May peak. The technology-heavy Nasdaq composite index, which fell 43.74 to close at 2091.32, is down nearly 10 percent since May.

Among the big losers since that peak: housing-related firms, including KB Home, Home Depot Inc. and Pulte Homes Inc.; and industrial companies such as Caterpillar Inc., Alcoa Inc. and 3M Co.

The speed of the decline has surprised analysts, many of whom still believe that the U.S. economy is in reasonable shape and will continue to grow, albeit at a slower pace.

Hedge funds and other institutional investors may be one reason for the slide, said Dreyfus Corp. chief economist Richard B. Hoey. Over the past decade, these lightly regulated investment pools have exploded in size from $500 million in assets under management in 2000 to more than $1.1 trillion today, and many of them use borrowed money to make short-term trades to try to capitalize on market momentum.

While small investors "tend to react slowly, hoping it will turn around, this leveraged institutional money, when [the market] stops going, they tend to get out fast," Hoey said.

Some market watchers also argue that some investors are worried that the central banks in general -- and the Federal Reserve in particular -- will overreact to the early signs of inflation that emerged last month and raise interest rates high enough to push the U.S. economy into recession.

U.S. investors are waiting for two key monthly economic reports that may give clearer signals about inflation: the producer price index, due to be released Tuesday, and consumer price index, which comes out Wednesday. Most economists expect the core CPI rate, minus energy and food, to be up two-tenths of a percent.

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If it comes in lower "you're going to see a monster rally," predicted Alec Young, equity market strategist for Standard & Poor's. "With every [down] day like this the risk-reward ratio gets more and more favorable, especially for people who didn't have a lot of money in the market run-up of the last three years."

But Schwab's Sonders cautioned that the tighter money supply could continue to put a damper on stock prices. "I don't see a near-term buying opportunity," she said, adding that Schwab is encouraging its customers to keep more money than usual in cash.

Nasdaq Arrives In Correction Zone (USAT)

By Matt Krantz

USA Today, June 13, 2006

A month ago, investors focused on the market's multiyear highs and how long-term damage to their portfolios was finally being erased. Now, the focus is on how quickly the bull market is limping toward the rendering plant.

Monday, stock investors got a double dose of bad news as the Nasdaq composite officially entered correction territory. The Nasdaq bled 44 points to 2091, knocking it down 11.8% from its 2006 high in April and down 5.2% for the year. A correction is commonly considered a more than 10% drop from a recent high.

And if that wasn't dire enough, the benchmark Standard & Poor's 500 dipped into the red for 2006 for the first time this year after falling 16 points to 1236. That's down only 1% from where it ended 2005 but a big reversal from its 6.2% gain for 2006 back on May 5.

Troubles with the mainstream Nasdaq and S&P make some suspect what started as a pullback in speculative assets such as commodities, emerging markets and small-company stocks is spreading. That would not be a happy prospect. For example, emerging markets measured by the iShares MSCI Emerging Markets ETF fell 3.7% Monday and have lost 25% since early May.

Talk is quickly morphing into speculation about a possible bear market. Already, the S&P is down 6.7% from its 2006 high and the Dow Jones industrials 7.3%. “This is a first leg of a moderate bear market,” says Charles Blood, strategist at Brown Bros. Harriman.

The troubles suffered by speculative areas of stocks, most recently the Nasdaq, are spreading because of:

·Tighter cash. Ready access to cash, enabled by accommodative global central banks, is ending, says Liz Ann Sonders, strategist at Charles Schwab. “There were tremendous amounts of individual investor, hedge fund and mutual fund money all moving in the same direction,” she says. Now, “Investors of all kinds are rushing to the exits.”

It's happening worldwide. Japan, for instance, has seen its money supply contract by 15% over the past two months, says Michael Holland, chairman of Holland & Co. That leaves less cash to buy “our stocks and commodities,” he says.

·Loser mentality. Hedge funds and other large investors, burned by big bets on commodities that have gone sour, are hoping to end the pain by selling mainstream assets, Holland says. “There is a negative psychology,” he says.

·Leadership vacuum. Even the big tech idols, Microsoft and Intel, are getting hammered as investors frustrated by waiting six years for gains are finally giving up, says Louise Yamada of Louise Yamada Technical Research Advisors.

Sonders says large-company stocks may hold up better than the riskier parts of the markets, as they have historically done. But she warns nothing is safe: “We have not seen a bottom.”

Fed Officials Reveal More Worries About Inflation (USAT)

By Barbara Hagenbaugh

USA Today, June 13, 2006

WASHINGTON — Federal Reserve policymakers continued to sound inflation alarms Monday, strengthening expectations that they will raise interest rates for a 17th-straight time when they meet this month.

“The recent news on inflation troubles me,” Cleveland Fed President Sandra Pianalto said in a speech to members of the Broadcast Cable Financial Management Association in Orlando. She noted the so-called core consumer price index, which excludes volatile food and energy prices, rose more than 3% at an annual pace during the first three months of 2006.

“This inflation picture, if sustained, exceeds my comfort level,” she said.

Board Gov. Susan Bies also said inflation data have been coming in high. She said the economy is growing rapidly, while energy prices are high — factors that could add to already elevated price pressures.

“At some point, that's putting pressure” on inflation, Bies told members of the Financial Women's Association here.

The latest inflation talk came a week after Fed Chairman Ben Bernanke jolted financial markets when he said inflation had risen to an “unwelcome” level. Stock prices continued falling Monday as investors were unnerved by the Fed officials' latest inflation warnings.

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Earlier this month, investors and economists were evenly split about the chances the Fed would raise interest rates — its weapon against price pressures because higher interest rates curb borrowing and spending — at the next meeting June 28 and 29. Since the chairman's speech, the odds on another quarter-percentage point rate increase have risen significantly.

Helping cement those expectations: Other Fed officials, including Gov. Donald Kohn and the Atlanta Fed's Jack Guynn, also said last week that inflation is above desirable levels.

"It looks like they are all in agreement," says Christopher Rupkey, chief financial economist at Bank of Tokyo-Mitsubishi in New York. "They are very afraid of letting inflation get away from them."

Bernanke did not discuss inflation, the economy or the outlook for interest rates in a speech Monday to the American Bankers Association's Stonier Graduate School of Banking, mainly focusing on risk management practices for banks.

Fed officials have raised the target for short-term interest rates 16 times in quarter-percentage point steps over the past two years. That's been partly to remove stimulus the Fed put in place earlier this decade when it lowered rates to bolster a slowing economy.

The Fed's target for short-term interest rates, which influence borrowing costs across the economy, is 5%, the highest in more than five years. But that's considerably below the 6.5% peak hit in the last rate-raising cycle, which ended in 2000. Both Bies and Pianalto said the Fed likely isn't far from the interest rate peak for this cycle. But where that end point is, is unclear.

"If you ask me today, 'Sue, where are you going to stop?' I couldn't tell you," Bies said. "The economy is much stronger if we keep inflation low. That is why we are focusing on it."

More inflation news arrives today when the Labor Department issues data on producer prices in May and Wednesday when it reports on consumer prices. Rupkey says even if the data point to a small amount of inflation, the Fed will raise rates this month.

"It's not so much that inflation is a problem right now, but what about six to nine months from now?" Rupkey says. "Because inflation is so threatening, it's time to take away the punch bowl, because the economic party is in full swing."

Mr. Dummar Is Back, Taking Another Shot At The Hughes Estate (WSJ)

By Jonathan Karp

The Wall Street Journal, June 13, 2006

Melvin Dummar had long since given up on getting a share of the late billionaire Howard Hughes's fortune. And for good reason: In 1978, Mr. Dummar became a national joke when a Las Vegas jury ruled that the basis for his claim -- a handwritten will that surfaced mysteriously -- was fake.

"I've never really gotten over it," Mr. Dummar says. "For 30 years, everybody just laughed at me and treated me like some kind of criminal, a forger. Until a few months ago, I thought it was a lost cause."

But now Mr. Dummar is back, seeking another day in court and what he considers his rightful share of Mr. Hughes's estate. In a lawsuit filed yesterday, Mr. Dummar claims to have new evidence and a compelling new witness: a pilot who says he flew the late Mr. Hughes to a brothel near where Mr. Dummar claims he happened on to him.

With the suit filed yesterday in federal district court in Salt Lake City, Mr. Dummar began another chapter in one of the wildest estate battles in U.S. history.

When the eccentric billionaire died in 1976, Mr. Dummar (pronounced Doo-MAR) emerged as an improbable heir. He said a will delivered to a gas station he ran in Utah entitled him to $156 million, a reward for the night in 1967 when he said he had found a dazed man face down on a desert road and drove him to Las Vegas. That man, Mr. Dummar claimed, told him he was Howard Hughes.

But Mr. Dummar's tale fell apart at trial. And he got nothing but a dubious place in history, folklore and Hollywood, thanks to the Oscar-winning 1980 film "Melvin and Howard."

Now 61 years old and eking out a living delivering meat along those same desolate Nevada roads, Mr. Dummar is hoping for a real-life sequel. His co-stars this time include an author who once was a Federal Bureau of Investigation agent; a former Hughes pilot who is breaking his silence; a prostitute with a diamond-encrusted tooth; and a lawyer who has a weekly radio show about estate planning.

The lawsuit is based on new evidence that purportedly corroborates Mr. Dummar's claim that Mr. Hughes indeed was in the desert that late-December 1967 night. The defendants are two elderly Hughes beneficiaries: William Lummis, the main family heir, and Frank Gay, a former Hughes executive. Mr. Dummar alleges fraud, unjust enrichment and racketeering during the probate case, and requests $156 million, plus interest since 1978, and punitive damages.

Admitting the odds are long, Mr. Dummar says this won't be a "cakewalk." The new complaint doesn't specifically ask the court to reconsider the validity of the will. Rather, it contends, among other allegations, that Mr. Dummar was cheated out of a

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fair trial because Messrs. Lummis and Gay allegedly concealed evidence of Mr. Hughes's movements. Mr. Dummar's allies hope that new witnesses and indirect evidence will be enough to generate a settlement, if not a favorable verdict.

Mr. Lummis, a cousin of Mr. Hughes, declined to comment. At 77, he lives in Houston and serves as a trustee for the nonprofit Howard Hughes Medical Institute. Mr. Gay, 85 and living in the Houston suburb of Humble, also declined to comment. He recently stepped down from the medical institute's board of trustees, his last tie to the Hughes empire.

The original Dummar claim was based on a document dubbed the "Mormon will," because it was disclosed by the Mormon Church. The will divided Mr. Hughes's $2.5 billion estate among several medical, educational and social groups, and relatives and employees. The Mormon Church was to receive one-sixteenth of the fortune, as was "Melvin DuMar."

But his credibility collapsed under attack by Hughes family lawyers. Mr. Dummar admitted he had lied when he said he didn't know about the will. In fact, he had steamed open an envelope left with him but addressed to the president of the Mormon Church. Because he had read it, he knew he was a named beneficiary when he dropped the envelope off at Mormon headquarters in Salt Lake City. The seven-month trial featured dueling testimony by handwriting and ink experts. Moreover, the Hughes entourage argued that the industrialist never left the suite he holed up in at Las Vegas's Desert Inn between 1966 and 1970. Therefore, Mr. Dummar couldn't be telling the truth about his supposed desert encounter with Mr. Hughes.

Broke from the trial and scorned as a con man, Mr. Dummar drifted from job to job and settled in Brigham City, Utah. He started Dummar's Premium Food -- bacon is his best seller -- and makes four-day delivery runs to rural Nevada and Wyoming in a pickup with nearly 400,000 miles of wear, and a broken radio and air conditioner.

Mr. Dummar suffered two bouts of non-Hodgkin's lymphoma. In 2002, bald from chemotherapy and bedridden, he had a visit from Gary Magnesen, a former FBI agent who is the brother of a man for whom Mr. Dummar had worked. Mr. Magnesen took an interest in the case. "I was very skeptical of Melvin, but I decided to investigate as a personal challenge," says Mr. Magnesen, who in the FBI had battled organized crime in Las Vegas for 16 years.

At his own expense, Mr. Magnesen tracked down Hughes associates and pored over obscure property deeds. His confidence in Mr. Dummar grew as he developed a theory about why the reclusive billionaire might have ventured to the wasteland northwest of Las Vegas: Mr. Hughes had been buying mines in the area where Mr. Dummar said he found him.

Then a man named Robert Deiro -- once a Hughes Tool Co. pilot -- surfaced with a sexier explanation. Mr. Deiro had long dismissed Mr. Dummar as a charlatan. But in 2004, Mr. Deiro, a Las Vegas businessman, read a story in the Las Vegas Review-Journal that sent him bounding for the telephone to contact Mr. Dummar. A detail in the article, in which Mr. Dummar was interviewed, made him think: "Jesus Christ, this guy's telling the truth!"

That clue was Mr. Dummar's stray reference to finding Mr. Hughes near the Cottontail Ranch brothel. In 1967, Mr. Deiro was managing a North Las Vegas airport owned by Mr. Hughes and occasionally flying the boss on discreet missions. One night between Christmas and New Year's, Mr. Deiro says, he flew Mr. Hughes to the holiday-festooned Cottontail for a regular tryst with Sunny, a redhead who had a diamond in an upper incisor. "You couldn't see it unless she smiled broadly," he recalls. "She was the class of the field."

By Mr. Deiro's account, he fell asleep on a banquette in the brothel's kitchen, waking up around 4 a.m. to be told that his "friend," Mr. Hughes, had left. Mr. Deiro flew back to Las Vegas. No one mentioned the incident, and he never again saw Mr. Hughes or the aide who had arranged the secret flights.

Mr. Deiro says before that fateful night, he and Mr. Hughes had been in frequent contact. They flew together to scout sites for Mr. Hughes's dream: an airport for supersonic airliners.

Having run a side business of "midnight special" flights to brothels from Las Vegas, Mr. Deiro says he assumed that role for Mr. Hughes. On their first jaunt, "I had to get $100 from petty cash, and Hughes took it from me to pay," he recalls. In 1967, he says, he flew the billionaire to meet Sunny twice at Ash Meadows brothel and twice at Cottontail.

Mr. Deiro left Hughes for an aviation job in California that he believes Mr. Hughes arranged. Before he quit Hughes, he says, his boss ripped out pages of his pilot logbook to get rid of records of the brothel runs, and Mr. Deiro says he had to sign a nondisclosure agreement. He decided to go public after the 2004 newspaper article because "I felt instant empathy for Melvin. I realized he'd been diddled," the 68-year-old says.

Mr. Magnesen, the former FBI agent, checked Mr. Deiro's background and worked his account into a book about his investigation, which he published late last year. The revelations would have been little more than consolation to Mr. Dummar had Stuart Stein not read the book and called him.

Mr. Stein is an estate-planning lawyer in Albuquerque. He invited Messrs. Dummar and Magnesen to be guests on his Saturday morning radio show in January. Besides its entertainment value, Mr. Stein felt, the Hughes case was a cautionary tale: Let a professional prepare your will to avoid any probate "silliness." After some research, the 59-year-old lawyer agreed to represent Mr. Dummar. "It's karma coming back to right a terrible wrong," Mr. Stein says.

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It could also make several people very rich if Mr. Dummar wins -- or settles. Mr. Stein, as his lawyer, stands to collect a share. Mr. Magnesen says he will collect 10% of any court award. Mr. Deiro, who says he used to get kickbacks from brothels in his pilot days, says, "I don't have a dog in this hunt. I have my own money."

Getty Book Deal Led To Questions Of Conflict (LAT)

By Ralph Frammolino And Jason Felch, Times Staff Writers

The Los Angeles Times, June 13, 2006

Ex-board chairman got contract after leaning on Munitz and others for pay and perks.

Former J. Paul Getty Trust chief Barry Munitz agreed to pay retired Getty board Chairman David Gardner nearly $300,000 to write a coffee-table book after Gardner left the foundation's board in 2004.

Gardner was hired to write the book just months after he intervened on Munitz's behalf to help the chief executive secure a five-year contract rather than the one-year extension some board members favored.

The book deal came after years of pressure from Gardner on Munitz and other Getty officials to find a way to compensate him for his service on the board, records and interviews show. The will of J. Paul Getty, whose oil fortune financed the educational trust that bears his name, specifically stipulates that board members are to serve without pay.

Plans for the book, which was to commemorate the Getty's 25th anniversary, were canceled in March, a month after Munitz resigned amid turmoil at the nonprofit foundation — but not before Gardner had collected $178,000 over 19 months for little work.

Gardner says he produced a rough outline during that time but did not conduct interviews or begin writing. He blamed his lack of progress on the trust, which he said did not provide the necessary cooperation.

Internal Getty documents show that Munitz and his staff were discussing a book deal for Gardner in 2003, while Gardner was chairman and Munitz was negotiating his own contract. Around the same time, Munitz also spoke directly to Gardner about writing a book after he stepped down as chairman, according to two former Getty officials familiar with the discussions. Citing ongoing investigations of the Getty, the officials asked not to be identified.

Munitz and Gardner, a former president of the University of California, deny any impropriety in the book deal.

Several experts on the laws governing nonprofits, however, said that discussions of the book deal while Gardner was chair created a potential conflict of interest, because both men stood to benefit personally from the official actions of the other.

They said that the book deal could also be viewed by tax authorities as a waste of the Getty's charitable assets — because no book was produced — or even as an "inurement," a serious misuse of tax-exempt resources to benefit an insider. Though rarely pursued by the IRS, a finding of inurement can lead to revocation of tax-exempt status.

"This is beyond self-dealing," said Frances Hill, a professor at the University of Miami School of Law. "It's insiders with a sweetheart deal."

Munitz and Gardner, who have known each other for 30 years, say there was no connection between the contract talks and the book assignment.

"There was absolutely no deal or arrangement linking the [book] project and the contract," Munitz said in an e-mail to The Times.

He added that Gardner, who sat on the executive compensation committee, played no direct role in negotiating Munitz's 2004 contract. Like most other board members, Gardner voted in January of that year to approve the committee's recommendation of a five-year pact.

Gardner, who holds a PhD in higher education and has written and edited several books, said he never discussed a possible book project until his last week as chairman in June 2004.

"Such a prospect never came up, until just before I left," said Gardner, 73. He said Munitz first suggested the idea the week before Gardner stepped down, and no deal was finalized until after he was off the board.

Gardner said he has not been asked, nor does he intend, to return the money. He said the questions he raised about compensation and perks were reasonable, and that he enjoyed similar benefits at UC.

John Biggs, the current board chairman and widely considered an authority on corporate governance, said in a recent interview that he was informed in advance about the book deal and raised no objection.

"I think it's the most honorable relationship that I can imagine," said Biggs, adding that the amount paid to Gardner was "peanuts."

Munitz resigned amid an investigation by the state attorney general into allegations that he steered grants to friends, used staff extensively for personal errands and spent the nonprofit's money on expensive or questionable trips. Munitz agreed to pay the Getty $250,000 and to forgo $2 million in severance pay.

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The relationship between Gardner and Munitz goes back to the 1970s, when they were both involved in higher education policy. In 1991, when Munitz came to California to become chancellor of the California State University system, Gardner, then president of the UC system, welcomed him with a reception.

Gardner retired a year later, after the Board of Regents voted in a closed-door session to give him an extra $857,000 in pension benefits. Coming in the midst of a state budget crunch and student fee increases, the deal triggered a public outcry and prompted an outside review that concluded Gardner's administration had acted contrary to "principles of public accountability and public trust."

That year, Gardner was named to the Getty board. He later served on the search committee that picked Munitz for the Getty's top job in 1997. Gardner was chosen as board chairman in 2000.

Several trust officials said Gardner put pressure on Munitz and his staff to find a way to compensate him. "This was a never-ending fixation," said one former senior Getty official. "It was a topic that never went away."

In 1999, Gardner asked Munitz and other trustees about the possibility of changing J. Paul Getty's will to allow board members to be compensated for attending four or five meetings a year and performing other oversight duties. A Getty review prompted by Gardner's request determined that, although many private foundations pay their boards, most museums do not. The Getty is a hybrid, with a trust controlling a museum and related institutes.

The idea was dismissed after an outside attorney for the Getty warned that paying trustees would require going to court to change the will and might draw opposition from the state attorney general.

Gardner continued to push for benefits such as secretarial help and a Getty-financed office in his Park City, Utah, home, but the staff concluded that such perks could violate Getty's will. He ultimately was given a cellphone and a computer.

He then asked for permission to have his wife travel with him on official business at Getty expense. Outside counsel had advised that the travel support might also violate Getty's will. Biggs introduced a rule change intended to get around the restriction by designating spouses of the board chairman and CEO as "senior volunteers" so that their travel could be covered as a business expense, records and interviews show.

"We in fact made an exception for the chairman of the board," Biggs said, conceding it was a stretch. "I think he would have declined to be board chairman" without the perk.

Gardner said he wasn't making demands, only raising unrelated questions about the possibility of changing Getty's will, receiving office support as chairman and having his wife's travel expenses covered.

"Each one seemed to me to be a perfectly reasonable, discrete inquiry, and that's how I approached it," Gardner said. "I didn't say, what can I get out of the Getty?"

Several former Getty officials said that pressure from Gardner for compensation and perks gave staff nowhere to turn with their concerns about Munitz's lavish spending.

"You felt like there's no one to go to," said a former senior official. "It's like the scene in Chinatown where the guy says, 'Why don't you to go the cops?' and the girl says, 'My father owns the cops.' "

By 2002, Munitz had begun having conversations with staff members about finding some kind of paid position for Gardner after he retired from the board, according to the former Getty officials. By 2003, Munitz was also talking generally to Gardner about the book project, two of the former Getty officials said.

Interviews and records show that by June 2003, as the book idea was taking shape, Getty chief of staff Jill Murphy became concerned about the discussions of work for Gardner and brought them to the attention of Getty general counsel Peter Erichsen.

In anticipation of a meeting between Gardner and Munitz, Erichsen issued a memo warning the chief executive to avoid any "formal exploration" of a book deal with Gardner "while he is a trustee and chair of the board."

"To do otherwise," Erichsen wrote, "would expose the trust and its board members to unnecessary legal jeopardy and accusations of self-dealing and conflict of interest, and, worst of all, could embarrass our distinguished chair."

Erichsen pointed to three legal areas that could be troublesome if his advice was ignored: IRS rules prohibiting self-dealing, the prohibition on trustee compensation in Getty's will, and conflict-of-interest law.

Two days later, Munitz and Gardner met to discuss complaints about Munitz's performance. Not long after, according to records and interviews, two key trustees approached Gardner with serious concerns about Munitz's out-of-town travel and his deteriorating relationship with then-museum director Deborah Gribbon.

Trustee Lewis Bernard, a retired Morgan Stanley executive who chaired the compensation committee, wanted to send a warning to Munitz by extending his contract for just one year, Gardner said. Bernard declined to comment for this story.

Gardner said he told Bernard that such a move would "undermine [Munitz's] position at the Getty." Gardner said he coached Munitz on how to be a better manager and then reported back to Bernard and others that Munitz was making progress. By the time the contract vote came up in January 2004, Bernard had changed his mind and recommended that Munitz be given a five-year deal, Gardner said. Gardner signed the contract in February 2004.

Over the next four months, Munitz and Gardner on at least two occasions discussed possible future compensated work for Gardner, a Getty review later found. In the first conversation, they discussed a management consulting job that never came to fruition, the review found.

Munitz's handwritten notes from the second conversation, which took place days before Gardner stepped down as chairman on June 30, show the two discussed the book project and whether the Getty would pay Gardner's wife to work as a researcher or editor, the review later found.

Records show that Munitz wrote Biggs in mid-July to report that Gardner was "willing, indeed happy, to consider taking the lead in writing what we discussed as a … visually attractive 'coffee-table volume' " and accompanying analysis for the board.

Gardner named his price, and Munitz agreed to pay him $8,000 a month for three years starting Sept. 1, 2004. Plans called for him to visit Getty projects in Tunisia, Egypt, China and Italy at trust expense as part of his research, records and interviews show.

Gardner said he met several times with Getty staff to view documents he needed for the project, but he found the records in disarray. The staff eventually sent him a laptop computer containing the records.

Gardner said the trust denied his request for access to its oral history collection, and that Getty officials eventually stopped returning his calls as they dealt with growing controversies.

In the fall, Munitz's staff proposed narrowing the scope of the book to a series of essays, with Gardner as editor and contributor, Gardner said. He realized the more modest effort was also in trouble when he called Munitz at home in early February, only to discover that the chief executive had resigned the day before, he said.

Gardner said he then called Biggs, who subsequently decided to cancel the project. Gardner, who recently moved to Bellevue, Wash., was taken off the payroll March 31, records show.

"I think they compensated me reasonably for what they asked me to do, and the fact that I wasn't able to do it was through no fault of my own," said Gardner. "None."

Federal tax law requires charitable institutions to disclose any transactions that involve self-dealing, the use of tax-exempt dollars for the personal benefit of top officials. The Getty did not report the book deal in its latest tax filing, but after questions from The Times, trust officials said they may amend the return. Biggs said he asked attorneys with Munger, Tolles & Olson to investigate whether the deal involved a quid pro quo between Munitz and Gardner.

During an internal review of the transaction, one person told investigators that the book deal was intended to reward Gardner for his help with Munitz's contract, Biggs said. But he added that the statement "doesn't hold any water" and that the investigation has turned up no credible evidence of a quid pro quo.

"We talked about it and came to the conclusion it was baloney," Biggs said, declining to disclose the details of the claim. "The person's not credible."

Biggs said the decision to terminate Gardner's contract was made because of other controversies engulfing the Getty. The institution is still recovering from the Munitz resignation, and its former antiquities curator is on trial in Rome for allegedly conspiring to buy looted art.

"We decided given what's happening, we didn't think this was a great time to write a history of the Getty," he said.

*

(INFOBOX BELOW)

Anatomy of a deal

Discussions of a $300,000 book deal for J. Paul Getty Trust Chairman David Gardner overlapped with contract negotiations for Getty Chief Executive Barry Munitz's 2004 contract. Experts say the timing raises serious questions.

The chronology:

1992: David Gardner joins the board of the J. Paul Getty Trust.

1997: Munitz is hired as the trust's chief executive. Gardner is on the search committee that picks him.

October 1999: Gardner inquires about changing J. Paul Getty's will to allow for the compensation of trustees.

June 2000: Gardner is named chairman of the board.

January 2001: Munitz's new three-year contract is approved by the full board, granting him a substantial increase in retirement benefits. Gardner sits on the compensation committee and signs the contract.

January 2003: Munitz begins negotiating his next contract. Munitz and his staff also start discussing hiring Gardner to write a Getty book after he leaves the board.

June 2003: Two days before he is scheduled to meet with Gardner, the Getty's general counsel warns Munitz to avoid "formal exploration" of the project with the board chairman.

November 2003: Gardner discourages compensation committee Chairman Lewis Bernard from limiting Munitz's next contract to a one-year extension.

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January 2004: The Getty board approves a five-year contract for Munitz. Gardner votes for it and later signs it.
June 2004: Six days before Gardner retires from the board, Munitz and Gardner discuss the book project in detail.
Sept. 1, 2004: Gardner is put on the Getty payroll at $8,000 per month plus expenses to write the book.
August 2005: California's attorney general opens an investigation into Munitz's use of Getty resources.
February 2006: Munitz resigns as chief executive of the Getty Trust amid allegations he misused trust assets.
March 31, 2006: The book project is canceled by board Chairman John Biggs, after Gardner had been paid $178,000.
Source: Times reporting

Webb, Miller Refuel The Fires (WP)

By Michael D. Shear And Chris L. Jenkins
The Washington Post, June 13, 2006

Virginia Senate candidate James Webb rallied supporters yesterday with the Democratic Party's 2004 presidential nominee, Sen. John F. Kerry (D-Mass.), hoping to spark interest in a primary that is expected to draw a tiny percentage of voters today.

Before about 250 people in Arlington County, Kerry heartily endorsed Webb, President Ronald Reagan's former Navy secretary, saying that the Senate needs the "confident leadership" and "independent thinking" that Webb has offered during the campaign.

Webb's opponent, former lobbyist Harris Miller, spent the afternoon making last-minute phone calls to prospective voters and later held a rally at his Northern Virginia headquarters in McLean.

"We cannot rest. We need to win this election tomorrow so that we can win this election in November and get the country going back in the right direction," Miller told several dozen volunteers.

Both candidates continued to run campaign ads touting their ability to defeat incumbent Sen. George Allen (R) in the fall. Miller's television ads, made possible by his investing $1 million of his personal wealth, hammer Webb on his Republican past.

"The good news for Democrats is that both Miller and Webb have shown they've got the ability to take it to Senator Allen this fall," said former governor Mark R. Warner (D). "I don't think anyone would have thought nine months ago that we would have had two competitive candidates."

Miller and Webb jumped into the void left last year when Warner decided not to challenge Allen. Since then, the two Democratic candidates have waged a spirited and at times nasty campaign that has often involved questions about what it means to be a loyal Virginia Democrat.

In stump speeches and in his campaign commercials, Miller has never missed a chance to remind voters that Webb endorsed Allen in 2000 and campaigned for George Bush that same year. Webb responded by accusing Miller of making campaign contributions to several senior Republican lawmakers, including House of Representatives Speaker J. Dennis Hastert (Ill.).

Political observers, and even the candidates themselves, say they do not know how the primary will turn out. Elections officials have said they expect between 3 percent and 5 percent of the state's registered voters to show up at the polls.

"It's impossible to know what's going to happen in this primary," Webb told about a dozen supporters at a downtown Richmond restaurant yesterday afternoon.

Later, he thanked his campaign supporters in a speech in front of his Arlington campaign headquarters. He spent much of his speech attacking President Bush, the Iraq war and Allen for what he described as failed policies.

"We have a country to lead, and the way you lead is to come together and look to the future," he said. "We need to bring an end to the Iraq war. We need to focus on economic fairness for all America. These are the issues I want to bring to the United States Senate."

Kerry also criticized Allen for supporting the war in Iraq. He said Webb would bring a fresh perspective to the Senate.

"He's a man of integrity," Kerry said of Webb during a 10-minute address that often took a populist tone. "He is the kind of person that we need who will speak across party lines, who will reach out to people whether they are Republican, independent or Democrat and talk common sense . . . to America." He called Webb someone who would "bring truth" to the Senate.

"When Jim Webb writes fiction, it's a best-selling book. When George Allen writes fiction, it's a campaign platform," Kerry said.

Miller started yesterday at the crack of dawn, greeting commuters at the Vienna Metro station. Just after lunch, he joined about three dozen campaign volunteers and thanked them for their efforts during the primary battle.

The volunteers had been going through the tedious task of calling to remind prospective voters -- largely those who had cast ballots in recent Democratic primaries -- that they had a chance to vote.

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The college students, senior citizens and Miller's wife, Deborah Kahn, ate pizza, sandwiches and chocolate chip cookies as they listened to the candidate encourage them to keep up their effort for another 24 hours.

"We must get through the challenge of tomorrow," Miller said. "The Democratic Party needs someone at the top of the ticket who can win in November."

A Clash Of Styles In Virginia Vote (USAT)

By Jill Lawrence

USA Today, June 13, 2006

WASHINGTON — One is a warrior, the other a wonk. One says he was "born fighting," the other says he was "born to be bringing people together." One was a Republican for decades, the other is a lifelong Democrat.

Candidate A is James Webb, 60, a former Reagan administration Navy secretary who is also a decorated Marine veteran, best-selling novelist (Fields of Fire), award-winning journalist and Hollywood screenwriter (Rules of Engagement). Candidate B is Harris Miller, 54, a former Democratic congressional candidate and county chairman who represented 350 high-tech companies as president of the Information Technology Association of America.

Virginia Democrats will nominate one of them today to take on Sen. George Allen, a former governor and likely Republican presidential candidate. Prominent Senate Democrats — Majority Leader Harry Reid, 2004 presidential nominee John Kerry, Campaign Committee Chairman Charles Schumer, Illinois' Barack Obama — already have made their choice. They say Webb is their "best hope" to gain a seat and hobble Allen's White House ambitions.

Mark Plotkin, a political analyst for Washington's WTOP-radio, calls the senators' intervention "unprecedented." In Webb's Renaissance-man résumé, his GOP past and his macho persona, Plotkin says, top Democrats see "political nirvana" — the return of white, male, rural and military voters to the Democratic Party.

In Miller's corner, The Washington Post. The editorial board called him "better-briefed, better-focused and more thoughtful" than Webb.

Webb and Miller often criticize President Bush's policies and Allen's support for them, but the Allen camp is holding its fire for now. Dick Wadhams, Allen's campaign manager, says "there's more to this campaign than not liking President Bush. We'll see who emerges from the Democratic primary and whether they have more to offer."

Allen, known for his cowboy boots, sports metaphors and Reaganesque style, is preparing for a 2008 presidential run. He's traveled to several key states this year and he's scheduled to speak Saturday in Des Moines. But he'll be campaigning for re-election in Virginia all summer, his onetime shoo-in status complicated by a national climate favoring Democrats.

On money, Allen is the clear leader. As of March 31, he had raised $10.4 million, according to the non-partisan Center for Responsive Politics. The Democrats were way behind and dipping into personal funds. Webb had raised $253,000 (40% his own), compared with Miller's $537,000 (33% his own).

Webb and Miller disagree on a few issues, but the main contrast between them is style. Webb drives a camouflage-painted Jeep and campaigns in combat boots that belong to his son, a Marine bound for Iraq in fall. "I was raised to lead from when I was a kid," he says.

Miller says his people skills will make him an effective senator. His website is laden with 10- and 15-point plans to solve problems. (By contrast, major issues get just a paragraph apiece from Webb). "I've been accused of being a policy wonk," Miller says. "I plead guilty. U.S. senators are supposed to talk about policy."

Aiming at loyal Democrats most likely to vote in the primary, Miller attacks Webb's votes in 2000 for Allen and Bush. He notes his own long record of helping elect Democrats.

Webb's campaign has tried mightily to reinforce his new Democratic identity. At a spring rally in the Washington suburb of Arlington, Democratic county official Jay Fisette repeatedly referred to Webb as "our guy" — as in, "our guy" opposed the Iraq war before it started and "our guy" believes in the right to choose abortion.

Webb says defense, national security and veterans issues drew him to the GOP, but "I was never comfortable with Republicans on social policy." After the Iraq and Hurricane Katrina debacles, he says, he decided it was time for "new eyes" on national problems.

As for 2000, Webb says it was a mistake to vote for Allen instead of Democratic Sen. Chuck Robb. He says 11 former Robb aides now support him, and he notes that Miller has contributed to prominent Republicans such as House Speaker Dennis Hastert, R-Ill. Miller says he made the donations — $5,500 vs. $250,000 to Democrats — because his job required bipartisanship.

Conflicts over race and religion have roiled the campaign. Webb called Miller, who is Jewish, "the anti-Christ of outsourcing." Then a Webb brochure, circulated at a union event in southwestern Virginia, caricatured Miller as a hook-nosed "job-killer" with cash spilling from his lapel pocket.

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Miller called the illustration a classic "Jewish financier stereotype." "I do not believe Jim Webb is anti-Semitic," he said, "but clearly there are just elements of what he's done and said that are not ready for prime time."

Webb said the brochure was not anti-Semitic. "I would never engage in that sort of conduct," he said in a debate Friday, but apologized if anyone perceived it that way. He then accused Miller of playing "the race card" by distorting Webb's views on affirmative action. Spokeswoman Kristian Denny-Todd said Webb has always supported affirmative action for African-Americans but believes any broader application should also include poor white people.

Will State Democrats Back D.C.'s Horse? (CSM)

By Gail Russell Chaddock

The Christian Science Monitor, June 13, 2006

ARLINGTON, VA.

War hero and former Reagan Navy secretary James Webb is the name that Senate Democrats hope will lead the ticket against Republican Sen. George Allen in this fall's election, because they're convinced he could win.

"He's our best hope for defeating Allen in November," said Sen. Charles Schumer (D) of New York, chairman of the Democratic Senatorial Campaign Committee, in a statement last week.

But it's not clear that Virginia Democrats expected to turn out in Tuesday's primary election got the memo.

At an annual dinner on Friday, not a hint of applause from Arlington County Democrats greeted Mr. Webb's announcement that 13 Democratic senators had "stood up and endorsed my candidacy."

"I'm a yellow dog Democrat," explained retired teacher Jean Barton, a Democratic Party activist since the 1960s, in a reference to Southern Democrats' historical pattern of voting for their party's candidates whether they like them or not. "I like to dance with the guy who brought me."

That guy would be high-tech lobbyist and consultant Harris Miller, who was chairing the Fairfax County Democratic Committee when Mr. Webb, a Reagan Democrat, joined the Reagan administration.

"I've known [Mr. Harris] for 20-plus years. He's a Democrat whose values I share," says Mary Margaret Whipple of Arlington, Va., who chairs the state Senate Democratic Caucus.

"It wasn't easy to be a Democrat in Virginia in the 1980s," Mr. Miller told a hometown crowd in the state's most liberal district. He said he has driven more than 24,000 campaign-trail miles in his "hybrid vehicle" since January. He has also contributed nearly $1 million of his own money to his campaign, more than double what Webb has raised for this fight.

But if Webb were to pull off a primary victory, he could expect a surge of national funding to defeat Senator Allen, who is also a probable 2008 presidential contender.

"Webb would be a candidate that Allen cannot afford to ignore," says Larry Sabato, a political scientist at the University of Virginia. "Webb can serve as a very useful standard-bearer for the Democratic Party nationally, not just in Virginia. He's exactly the image that Democrats need to project to win in some red states."

Allen, elected to the Senate in 2000, is no longer a sure thing in Virginia, especially if state Democratic voters go with Webb as the challenger, says Jennifer Duffy, who handicaps Senate races for the Cook Political Report.

"Virginia is changing," she says. "It is not a solidly red state anymore."

Allen, she adds, "has been hampered by all the talk of his 2008 ambitions. Webb is a strong candidate because he speaks to all those voters who have a problem with the war." The Allen campaign launched its first TV ads last week.

A decorated marine, award-winning journalist, and author of six best-selling novels, Webb came out in opposition to the war in Iraq, which he characterized as the greatest strategic blunder in modern times, back in September 2002. His antiwar stance could draw antiwar conservatives, as well as libertarians, from the Allen camp.

"If Webb got the nomination, it would be an interesting opportunity for libertarians to think whether they prefer an orthodox, conservative, Bush Republican against an unorthodox antiwar Democrat," says David Boaz, executive vice president of the Cato Institute, a libertarian think tank. "He's very critical of the war, but from a perspective that is not far left. It's a patriotic, mainstream, American criticism of the war. He was Reagan's secretary of the Navy, [he's] not [House Democratic leader] Nancy Pelosi."

Webb and Harris both oppose the war, but Webb did so earlier and publicly. The war would turn troops into "terrorist targets," and there was not an exit strategy "because the principal architects of this war did not intend for us to leave," he said last week during a debate with Harris on MSNBC's "Hardball."

They also take bookend positions on outsourcing of US jobs, especially high-tech jobs. Miller, a former president of the Information Technology Association of America, says outsourcing is good for the economy. Webb promises to stop good jobs from being exported overseas.

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But asked at the end of the MSNBC debate whether he would endorse Hillary Rodham Clinton or popular former Virginia Gov. Mark Warner (D) for the presidency in 2008 - a no-brainer for a Virginia Democrat - Webb said he was undecided.

"He's undisciplined as a candidate," says Ms. Duffy of the Cook Political Report.

While Harris has focused his campaign on traditional Democratic groups, Webb is counting on support from new voters, many recruited from the blogosphere.

In a race with no polling, and with the turnout percentage among Democrats expected to be in single digits, it's tough to predict the outcome. "If voters behave the way the textbook says they do, then Miller wins," she adds. "If voters start to contemplate electability, than Webb wins."

The Sway Of Senate Leaders Is Put To The Test In Virgina (HILL)

By Aaron Blake

The Hill, June 13, 2006

Democratic Senate candidate Harris Miller spent a lot of time this past weekend glad-handing at Northern Virginia Metro stations, just a few stops from both the place he is trying to get to and the place that is standing in his way — Capitol Hill.

Meanwhile, Miller's Virginia primary opponent, Jim Webb, took the slate of Washington endorsements he has recently received from high-profile senators and the Democratic Senatorial Campaign Committee (DSCC) and made his final push for today's Democratic primary farther south.

The race to take on incumbent Sen. George Allen (R-Va.) this November is shaping up to be a test of how much influence Washington has on local politics across the Potomac River.

Miller noted that he has previously spent a good deal more time outside of Northern Virginia than inside it, traveling dozens of times to places like Norfolk and Hampton Roads. But he said the votes around the Beltway will play big today.

"Clearly, a large percentage of the votes are going to come from Northern Virginia — probably a third or more," said Miller, a businessman and lobbyist. "At the end of the day, there are a lot of voters up here."

Webb, a war hero and author who was Navy secretary under President Ronald Reagan and recently became an anti-war Democrat, has gathered endorsements from nine Democratic senators, including Minority Leader Harry Reid (Nev.), 2004 presidential candidate John Kerry (Mass.) and senior senators Chris Dodd (Conn.) and Carl Levin (Mich.). He also has the support of Rep. John Murtha (Pa.), 2004 presidential candidate Gen. Wesley Clark and three well-known former senators.

The rare, last-minute backing of DSCC Chairman Charles Schumer (D-N.Y.) last week, though, topped it all off. The move is seen as an indication that Webb would receive more national attention and help than Miller would in the Democrats' quest to unseat Allen.

Indeed, national Democrats aren't saying Webb is the better candidate so much as that he is the candidate better able to defeat Allen. A Rasmussen poll from April shows Webb trailing Allen by 20 points, while an earlier Zogby poll showed him behind by seven. Webb was closer than Miller in both polls.

Primary endorsements from national committees are rare and potentially embarrassing, Jennifer Duffy of the Cook Political Report said. Just last week, the National Republican Congressional Committee (NRCC) repeatedly lampooned its House Democratic counterpart for endorsing primary loser Steve Filson in California's 11th District. Filson lost June 6 by nearly a 2-to-1 ratio.

The NRCC has also criticized the Democratic Congressional Campaign Committee (DCCC) for its support of two other primary losers — Andrew Horne in Kentucky's 3rd District and Joe Sulzer in Ohio's 18th — though the DCCC says it remained neutral in both races. Sulzer finished third, and Horne did only slightly better than Filson.

Duffy said the decisionmakers at the DSCC "are sticking their neck out" for Webb.

"If you're them, maybe it's worth taking the gamble," she said. "But if Webb is the nominee, they're going to have to work with him a lot."

Miller, on the other hand, received his biggest national endorsement from Rep. Jim Moran (D-Va.), who offered it before Webb joined the race and said Webb would also be a "good alternative" to Allen.

Moran said that he is not heavily involved in Miller's campaign and that he understands why national Democrats are pushing Webb.

"I think they're looking at his résumé, and they think Webb has an interesting story to tell," Moran said. "Harris Miller is seen as the urban sophisticate in some people's minds."

Rep. Bobby Scott (D-Va.), who hasn't endorsed either candidate, downplayed the effect national Democrats like himself can have on Virginia voters: "Usually, Virginians make up their own minds."

That's what Miller is counting on. He touts support from dozens of state lawmakers, mayors and council members and said that, while national Democrats throw their support to Webb, local politicians have been hitting the ground for him.

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"Chuck Schumer's a good senator for New York City, and Harry Reid's a nice senator for Las Vegas," Miller said. "But I have the support of the people here in Virginia, and those are the people that count.

"[Local leaders] have the lists. They're calling out their troops to support me too. And that's what really counts on Election Day."

Webb spokeswoman Kristian Denny-Todd said the national endorsements have overshadowed the amount of local support Webb has received — almost 50 local Democratic elected officials and 2,800 daily volunteers.

"I challenge the Miller campaign to come up with anything close to that number [of volunteers]," Todd said. Miller spokeswoman Taylor West said the campaign has exceeded every goal it's had for volunteer support.

DSCC spokesman Phil Singer declined to say how the committee's backing of Webb translates into physical or monetary support for the final weekend of the campaign. Of the decision to support Webb's coming as late as it did, he said it was simply "the right time for us to mix in, and so we did."

While Webb has carved out a niche with the national support, help from bloggers and his personal biography, Miller's superior fundraising and political experience have helped him run a traditional campaign that many say would be just fine under other circumstances. He has outraised Webb more than 2-1.

Tuesday's primary is expected to be close, though Webb has touted sizable victories in several straw polls around the state, including Fairfax County in Northern Virginia.

Allen, who is running unopposed in the GOP primary, ran television ads over the weekend touting him as "independent" and a "common sense" leader.

Schumer Gets Cold Shoulder For Endorsement (WP)

By Chris Cillizza

The Washington Post, June 13, 2006

It's not yet clear whether New York Sen. Charles E. Schumer's endorsement of James Webb over Harris Miller in today's Democratic Senate primary in Virginia will help move votes. But it did move money -- away from Schumer and the Democratic Senatorial Campaign Committee he leads.

The DSCC's decision to break with custom and wade into a primary battle on behalf of a Reagan administration official against a longtime Democratic loyalist outraged many influential Democrats, including some who raise a lot of money that now won't be going to the DSCC.

The most immediate fallout of Schumer's endorsement was the relocation of a post-primary fundraiser for the DSCC that was scheduled to be at the home of former lieutenant governor Donald S. Beyer Jr. and his wife, Megan. The longtime Democratic fundraisers are Miller supporters. The Beyers begged off after Schumer's move, for which they received no advance notice.

The event will be at another venue, but is likely to bring in considerably less money as irritated Miller backers join the Beyers in taking a pass on helping the DSCC.

Phil Singer, communications director at the DSCC, said his organization does not discuss internal fundraising matters.

Schumer, Sen. John F. Kerry (D-Mass.) and some other Washington Democrats believe that Webb, a former Republican and an opponent of the Iraq war, would be a more electable nominee against Sen. George Allen (R-Va.). Miller has focused his campaign more locally, touting his endorsements from Virginia leaders and his record of working to elect Democrats. Fueled by his own money, Miller has flooded the radio airwaves with ads attacking Webb's Democratic bona fides, pointing out that he endorsed Allen over Democratic Sen. Charles S. Robb in 2000.

Beyer said the DSCC should have stayed out. "They've dug a hole that was unnecessary," he said. "If Harris wins, they are going to look ridiculous. They will have irritated an awful lot of people."Iowa Still Loves Edwards

The Des Moines Register recently released the results of a poll of likely 2008 Democratic caucus participants that established John Edwards -- not Sen. Hillary Rodham Clinton (N.Y.) -- as the current Iowa front-runner. Edwards, a former North Carolina senator and 2004 vice presidential nominee, took 30 percent to Clinton's 26 percent.

John Kerry, the party's 2004 presidential nominee, garnered 12 percent, while Iowa Gov. Tom Vilsack had 10 percent. Other candidates who are expected to enter the 2008 Democratic presidential contest, such as former Virginia governor Mark R. Warner and Sen. Evan Bayh (Ind.), garnered single-digit support.

Edwards finished a strong second behind Kerry in the 2004 Iowa caucuses and has never shut down his operation there. (Several top Edwards aides in Iowa are involved in Secretary of State Chet Culver's 2006 gubernatorial campaign.) Edwards spent Sunday and yesterday campaigning and raising money for Culver and Bruce Braley, the Democratic nominee in the open 1st Congressional District.

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If Edwards was the clear winner in the Register poll, the most obvious loser was Vilsack, who could do no better than fourth in his home state. While few political observers expect Vilsack to be able to equal or surpass Iowa Sen. Tom Harkin's 76 percent showing in the 1992 Democratic caucuses, anything other than a victory in the state in the 2008 caucuses would almost certainly cripple the governor's chances in New Hampshire and beyond.

Miller, Webb Await Verdict In Primary (WT)

By Seth McLaughlin

The Washington Times, June 13, 2006

The two Democrats vying to unseat Sen. George Allen have spent more than $1 million leading up to today's Democratic primary in Virginia.

The outcome will show how well Harris N. Miller, a former information-technology executive from McLean, and James H. Webb Jr., former Navy secretary under President Reagan, have pinpointed who will turn out at the polls today.

"You can't predict it," Mr. Webb, a decorated Vietnam War veteran from Falls Church, told The Washington Times last month.

Polls will be open from 6 a.m. to 7 p.m.

Both campaigns agree it is tough to forecast who will show up at the polls because voter turnout in primaries tends to be low. For example, in the 2005 Democratic primary for lieutenant governor, 115,379 people voted, which was less than 3 percent of the 4.4 million registered voters in Virginia.

Kristian Denny-Todd, a spokeswoman for Mr. Webb, said it also is difficult to target voters because Virginia does not require voters to register with a party, so anyone from any party can vote. And there have been a limited number of statewide Democratic primaries for federal office.

"It's not easy in Virginia," Mrs. Denny-Todd told The Times. "These kinds of primaries are few and far between."

That means "there is a huge influence to be had with a good get-out-the-vote operation," said Taylor West, a spokeswoman for Mr. Miller.

Both camps have analyzed poll numbers in previous primary elections and the 2004 presidential election, and taken into account an estimated 500,000 residents who moved to Virginia since Mr. Allen was elected in 2000.

"There is also a little bit of extra attention because of George Allen, who might run for president," Mrs. Denny-Todd said.

"So we make the assumption that a few more people might come out because George Allen has voted for [President] Bush 97 percent of the time."

Both campaigns have scrambled to raise money. As of May 25, Mr. Miller had raised $1.2 million -- of which $675,000 is his own money -- and Mr. Webb has raised $547,000 -- which includes a $100,000 loan.

The winner of today's primary will face an uphill battle against Mr. Allen, who has more than $7 million in his campaign war chest. Independent Green Party candidate Gail Parker, a retired federal employee from Alexandria, also is running.

In other primaries today, Democrats Andrew L. Hurst and Ken Longmyer face off for their party's nomination to run against Rep. Thomas M. Davis III, Virginia Republican, and Republicans Mark W. Ellmore and Tom M. O'Donoghue will challenge each other for their party's nomination to try to unseat Rep. James P. Moran, Virginia Democrat.

A Week Of Blessings For A GOP Majority That Needed Them (RC)

By David Winston

Roll Call, June 13, 2006

That sound you heard all over Washington, D.C., last Wednesday morning was Republicans breathing a huge collective sigh of relief that Republican Brian Bilbray had defeated Democrat Francine Busby in the special election to fill California's 50th district House seat. That GOP victory, however, was just the first in a series of political and policy events that challenged the prevailing conventional wisdom and sent Democrats scurrying to their spin doctors for something — anything — positive to say about what quickly turned into a 72-hour political nightmare.

It began with Busby's loss. For weeks, Democrats had been positioning for a win in this GOP-leaning seat, asserting that the "culture of corruption" would claim its first of many GOP victims thanks to the bribery conviction of ex-Rep. Duke Cunningham (R-Calif.).

Instead, Bilbray won the special election against Busby, who, despite the national hype, eked out only 45 percent of the vote — roughly the same percentage that the past two Democratic presidential candidates managed in the district. Clearly, predictions that voters would be outraged over Republican "corruption" and were ready to flock to the Democratic fold were wildly overblown.

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Voters were indeed unhappy, but the target of their ire was another national issue: immigration. And on this topic, Busby was on the wrong side of the majority, particularly when she dropped her bombshell comment that illegal immigrants "don't need papers to vote." This from a candidate offering herself up as an ethical alternative to corrupt Republicans.

It was Bilbray who reflected the immigration views of the majority of voters — a focus on securing the border first, a view that separated him publicly from Sen. John McCain (R-Ariz.) and his "comprehensive" position. On Wednesday, Democrats woke up to find that a seat they thought was in their grasp had slipped through their fingers.

If Democrats are to have any hope of winning back the House in November, California's 50th district is exactly the kind of seat they have to win. Yet they failed to do so, despite pouring millions into a district that had been represented by the House's poster boy for political corruption. What Democrats forgot is that when you try to nationalize an election, as they did using the "culture of corruption" mantra, winning candidates must offer voters more than an attack strategy. They also must have a platform of ideas that voters care about — a fact that Republicans understood in 1994.

But the loss of the special election was only the beginning of a bad week for Democrats. By Thursday, they once again found themselves on the defensive when good news arrived from Iraq — news too big to be ignored. Abu Musab al-Zarqawi, the most wanted terrorist in Iraq, had been killed by U.S. military air strikes on the same day that the new Iraqi government had filled its last and most important cabinet posts, Defense and Interior.

While many Democrats praised the military for their success, it was the outspoken and harsh comments of some in the party that put the media spotlight on the Democrats' schizophrenic view of the war. Rep. John Murtha (D-Pa.) said, "I don't think we can win this," while Sen. Joseph Biden (D-Del.) predicted, "Two weeks from now you're going to be showing people ripped off buses and beheaded."

Rep. Pete Stark (D-Calif.) won the prize, however, with his over-the-top comment that "this is just to cover Bush's [rear] so he doesn't have to answer" for the deaths of Iraqi civilians killed by the U.S. military. Other Bush critics such as The Nation's David Corn tried desperately to downplay the significance of Zarqawi's death by describing this most powerful of terrorists as "something of a sideshow." Rep. Dennis Kucinich (D-Ohio) called Zarqawi a minor part in a "growing anti-American insurgency" and called for the U.S. to get out. This kind of naysaying about an undeniably important military victory won't sit well with most Americans.

But if Thursday was bad for Democrats, by Friday, things had gotten even worse. Rumors of serious rifts in the House Democratic leadership burst into the open Friday as an apparently clairvoyant Murtha announced his intention to seek the Majority Leader's job if Democrats win the House in November. Minority Leader Nancy Pelosi (D-Calif.) did nothing to stop what was sure to be seen by Minority Whip Steny Hoyer (D-Md.) and his supporters as a leadership "coup."

Pelosi, still clinging to her "culture of corruption" strategy despite the Busby loss, had on Thursday evening tried and failed, at least temporarily, to oust the ethically challenged William Jefferson (D-La.) from his Ways and Means Committee post. In reality, she did little more than remind Americans about Democratic corruption while in the process angering the Congressional Black Caucus.

Murtha's announcement only added to the perception that the Democratic House leadership is in disarray — hardly unified behind a national strategy or agenda to win in November. For Murtha to fire a shot over Hoyer's bow almost five months before an election is a gift that Republicans hadn't counted on.

Hoyer — who, unlike Pelosi, seems to have a better grasp of electoral reality — probably hadn't counted on it either. Interestingly, Rep. Rahm Emanuel (Ill.), chairman of the Democratic Congressional Campaign Committee, took great pains Sunday on ABC's "This Week" to avoid taking a position on the Murtha bid — a bit of a surprise from the Democrats' usually pragmatic "Enforcer."

In 1997, as a member of the leadership senior staff, I saw the impact of an attempted leadership "coup" on the morale and management of a House majority. It wasn't pretty, and it certainly didn't produce positive election results. The 1998 elections, in which the GOP lost seats counter to historical trends, offered proof that dissension can trigger negative outcomes.

Whether Pelosi was behind Murtha's move or simply let it happen, the prospect of one of the House's most hard-core liberals teaming with one of its most strident anti-war Democrats as the "face" of the Democratic Party this fall has Republicans smiling for a change.

One good week, however, doesn't mean the GOP won't face a big challenge in November. It will, and most GOP leaders understand that. But for Republicans who have suffered through a long spell of bad news, they were grateful that Democrats reminded the country last week why it remains a minority party.

David Winston is president of The Winston Group, a Republican polling firm.

Texas Democrat Faces Uphill Fight (WT)

By Hugh Aynesworth

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The Washington Times, June 13, 2006

FORT WORTH, Texas -- State Democrats emerged from their convention here over the weekend with conviction and verve, but they still face an uphill battle to take back the governor's mansion.

Chris Bell, the one-term congressman from Houston who was gerrymandered out of his district in 2002, is the party's choice to oppose Republican Gov. Rick Perry. Mr. Perry is seeking his second full term.

Mr. Bell, 46, said he could win if the party faithful would stick together.

The Houston Democrat certainly needs that, but his own campaign workers concede that few voters have ever heard of Mr. Bell, making name recognition a dominant theme in the campaign.

"If we don't solve this problem," said Bell spokesman Jason Stanford, "then nothing else matters."

Texas Monthly magazine recently nicknamed the likable Mr. Bell "Sisyphus," after the mythological Greek figure who spent most of his life unsuccessfully trying to roll a huge stone to the top of a mountain.

But Mr. Bell is an optimist, and he was buoyed by the excitement of an estimated 6,000 people who packed the convention. He told them that he would lead a "new Texas revolution" to make the state's school and health systems among the best in the nation.

He urged delegates to embrace "the party's traditional core issues of education and health care" as the key to winning in November.

The 2006 governor's race is one of the most interesting -- and probably the most unpredictable -- in recent memory. There are likely to be five candidates -- Republican incumbent Mr. Perry; Mr. Bell; two independent candidates, Carole Keeton Strayhorn and Kinky Friedman; and Libertarian James Werner.

Mr. Perry has led most every early poll, hanging solidly at 35 percent to 40 percent. Mrs. Strayhorn -- once a Democrat, then a Republican, now independent -- usually has placed second.

Mr. Bell finished second in a March poll commissioned by the Wall Street Journal, getting 21 percent of public support to Mr. Perry's 36 percent, with Mrs. Strayhorn and Mr. Friedman at 19 percent and 17 percent, respectively.

To win the office, a majority of the vote is not needed. The candidate with the most votes wins. Some say that unless there is a huge turnout, the next governor could garner less than 40 percent of the vote.

Although his campaign says name recognition is Mr. Bell's biggest hurdle, there seems little doubt that money is also a problem.

Campaign-expense reports won't be made public for a few days, but Bell staffers privately say he has raised "more than $1 million." Mr. Perry reported more than $9 million before the March primary election, and Mrs. Strayhorn came in at more than $8 million. Mr. Bell had only about $100,000 at that point.

"He's got to find some deep pockets, or he can't compete," said Ray Gravely, a San Antonio salesman. "Texas is so vast. It costs so much to run."

'08 Hopefuls May Cause Leaders Fits (RC)

By Erin P. Billings

Roll Call, June 13, 2006

With an extraordinary 11 sitting Senators seriously eyeing a bid for the White House in 2008, both parties are already dealing with logistical and personality headaches as the lawmakers use the chamber as a testing ground for their competing agendas.

At least five Republican and six Democratic Senators are currently looking at the idea of mounting presidential campaigns — the most in recent memory. And, at least one other Member of Congress, Rep. Tom Tancredo (R-Colo.), is considered a possible candidate.

"It's going to be an absolute circus," acknowledged one GOP Senate aide. "There's going to be a lot of thumping of the chests, a lot of third-person speaking."

On the Democratic side, Sens. Evan Bayh (Ind.), Joseph Biden (Del.), Hillary Rodham Clinton (N.Y.), Chris Dodd (Conn.), Russ Feingold (Wis.) and John Kerry (Mass.) already are viewed as committed contenders. Despite his protests, Sen. Barack Obama (Ill.) is also seen by some observers as a possible candidate, although many believe he is disinclined to run in 2008.

The early Republican field includes Senate Majority Leader Bill Frist (Tenn.), who is retiring after this Congress, as well as Sens. John McCain (Ariz.), Chuck Hagel (Neb.), Sam Brownback (Kan.) and George Allen (Va.).

While none of the dozen or so Members has formally launched campaigns, the groundswell of interest from sitting lawmakers makes it likely they will surpass the most recent high-water mark for Members seeking the White House, set in 1972 when nine Members of Congress officially launched bids. Then, five Senators and four House Members threw their hats in the

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ring, resulting in the nomination of South Dakota Democrat George McGovern, the last sitting Senator to win either party's nomination until Kerry accomplished the feat in 2004.

Aides and Senators from both parties said managing the presidential hopefuls' egos will be tricky at a time when both parties are banking on heightened unity to gain an election-year advantage on the issues of the day. But those sources are quick to note that personalities always play a role in the Senate regardless of whether a lawmaker is aspiring for another office.

As such, leaders in both parties recognize there is little they can do to restrain individual Senators as they seek to carve out their presidential platforms. But several senior Senate aides said leadership continues to press the case internally that sticking together — at least through this high-stakes election year — is a priority.

"Right now, '06 is keep people pretty unified," said one GOP Senate aide. "Next year it will be a much bigger problem."

Sen. Rick Santorum (Pa.), the GOP Conference chairman and candidate for Majority Whip in the 110th Congress, said the real difficulties are likely to develop in the months leading up to the major presidential primaries when Senators are spending more time on the campaign trail than on the floor. Ensuring that Senators are present for key votes will be the pressing issue for leadership on both sides of the aisle, he said. The fact that the chamber could be even more closely divided in 2007 only exacerbates that.

"Counting votes will be the struggle," said Santorum, stressing he personally has no plans to pursue the White House in 2008. "There could be a big logistical challenge as we approach the next Congress."

Santorum harkened back to 2004, when Democrats Kerry and then-Sen. John Edwards (N.C.), then the minority party's ticket for president, were often absent as they campaigned across the country.

Those two had squared off, among others, against two House Members and two other Senators for the Democratic nomination. Then-Rep. Richard Gephardt (Mo.), Rep. Dennis Kucinich (Ohio), then-Sen. Bob Graham (Fla.) and Sen. Joe Lieberman (Conn.) also had hopes of knocking off President Bush in 2004.

Santorum said that depending on the outcome of the November election, the vote- casting problems could even be heightened next year if the margins of Republican to Democratic control narrow. Many observers predict Democrats will at least close the 55-44 gap in November, meaning that even one Senator's vote could tip the scales on key votes.

"Who knows what the situation will be," Santorum said, but "under the worst-case scenario" leadership could have serious challenges to overcome.

A former aide to then-Senate Minority Leader Tom Daschle (D-S.D.) said that inevitably "it gets more difficult when you have people staking out differences and positions as they run or try to position themselves to run." The aide said that for Democrats, led by now-Minority Leader Harry Reid (Nev.), "the biggest challenge is managing egos — that's the hardest part of the job in the Senate — managing everyone.

"They really think they are the smartest person in the room and know better than everyone else."

In the nearer term, the Republicans have had a unique set of circumstances as Frist toys with a presidential bid of his own. Several Senate aides said the next six months are likely to be awkward for the GOP Conference as Frist pushes a propspective vote-courting agenda, as well as an election-year platform designed to sustain the party's majorities.

"Sen. Frist still needs to demonstrate to his colleagues that he can run this place," said a senior GOP aide.

Some believe that once Frist leaves office, the job of managing presidential hopefuls will become simpler on the Republican side knowing that the majority leader's White House bid rests largely on his stewardship of the Senate.

Others, however, believe the task will become more difficult since the contenders will inevitably kick their campaigns into high gear.

Sen. Debbie Stabenow (Mich.), the No. 4 Senate Democrat as Caucus secretary, said she believes, at least on the Democratic side, that leadership will be able to keep the contenders in check through 2008. She said Senators are in sync on the vast majority of the party's priorities and will stick together moving through the cycle as they oppose the GOP-Bush agenda.

"Certainly there are always challenges, but on our side of the aisle there is real unity for what we stand for and what we are fighting for," she said. "It will sort itself out. I'm not worried about it."

Kerry said he doesn't fear that the number of Senators running for the White House will hamstring progress in the chamber, although he acknowledged that it is a time-consuming venture and in many ways "a full-time job."

"You have to decide which votes are the most important, and obviously you will miss a few," Kerry said. "But it is an important aspect of public life."

While clearly not a discouraging factor, few Senators in the nation's history have ascended from Capitol Hill to Pennsylvania Avenue. In fact, the last Member of Congress to win the slot was then-Sen. John Kennedy (D-Mass.), who secured the presidency in 1960.

But 2008 is shaping up to be a rare election year since Bush is a lame-duck president whose second in command, Vice President Cheney, is not running to succeed him.

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While keeping coy about his presidential plans, Allen said his approach to the Senate remains consistent — keeping focus as a Virginia Senator on the issues and values about which he has fought as governor and now in Congress. When asked about how the number of White House candidates could affect the Senate in the coming months, Allen would only say that it inevitably creates more commitments.

"You end up getting more invitations to different places, to speak here or there across the country," he said.

Biden agreed, noting that even on the Foreign Relations Committee, on which he serves as ranking member, at least three other Senate Democrats and two other Republicans are possible contenders.

But Biden said that for him, individually, 2008 is a different climate than in 1988 when he first ran as a younger, more junior Senator who lacked the profile he enjoys now both in stature and on national security issues. Plus, he said, it is easier to run as a member of the minority party simply because the Republicans control, set and manage the Senate floor.

"For all those reasons, it is more manageable to be a responsible Senator than it was 20 years ago," Biden said.

In Kansas, A Troubling Fissure For GOP (LAT)

By Nicholas Riccardi

The Los Angeles Times, June 13, 2006

TOPEKA, Kan. — Mark Parkinson got his start in Republican politics at age 19, as a precinct committeeman. He served six years as a Republican state legislator, eventually becoming state Republican chairman.

But two weeks ago, Parkinson announced he was running for lieutenant governor — as a Democrat. He said he no longer felt welcome in the increasingly conservative Kansas Republican Party.

Parkinson became the third Republican politician in the last nine months to startle this red state by switching to the minority party. The other two are targeting GOP incumbents in the attorney general's office and in the state House of Representatives.

Political observers say the fracture within the Kansas GOP may foreshadow the future for the national party. The division between moderates and social conservatives is expected to define the contest for the party's 2008 presidential nomination.

Kansas has been at the forefront of the culture wars that helped the Republican Party gain national dominance this decade. Twice in the last seven years, its Board of Education voted to teach alternatives to evolution in public schools. Voters in 2005 overwhelmingly approved a ban on gay marriage. The state's attorney general last year subpoenaed medical records of abortion patients.

"A lot of people in Kansas are feeling lost right now," said Parkinson, 48, who was invited onto the ticket by popular Democratic incumbent Gov. Kathleen Sebelius. "I decided I'd rather spend time building great universities than wondering if Charles Darwin was right."

Moderates who emphasize economic development and religious conservatives concerned with limiting abortion and gay rights have battled for more than a decade for control of the Kansas Republican Party, which dominates the state with 48% of registered voters. The remaining voters are split evenly between Democratic and Independent registration.

In 1994, when the GOP won both houses of Congress for the first time in 40 years, a group of religious conservatives in Kansas ousted the moderates who ran the party. The intramural squabbling grew so great that four years later, the then-chair of the party unsuccessfully ran against the moderate Republican governor.

Today, websites for some county branches of the party instruct on how to identify RINOs — Republicans In Name Only — and keep them from gaining influence. Social conservatives have solidified their power over the party and are especially influential in low-turnout primaries and local elections. Increasing numbers of moderates like Parkinson are saying they've had enough.

Alan Cigler, a political science professor at the University of Kansas, compares the intra-party turmoil to the national schism between business-friendly moderate Republicans and cultural conservatives over illegal immigration.

"The state is kind of dividing up," Cigler said. "It's the Christian right versus the business interests of the Republican party. That's what Kansas is all about now."

The Kansas Republican Party, Cigler said, "has been ahead of the curve."

Ron Freeman, executive director of the state GOP, says the recent defections are due to the personal ambitions of the politicians, not because of any ideological shift.

"To say it's gone way to the right, that's not a fair analysis," Freeman said, noting that two of the party's four statewide officeholders back abortion rights.

One of those officials, Insurance Commissioner Sandy Praeger, is opposed in the GOP primary by a candidate opposed to abortion rights. Another moderate, Secretary of State Ron Thornburg, is facing a primary challenge from a female GOP state senator who was reported in 2001 as saying family values began to erode when women got the right to vote.

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Some Kansas voters say they feel shut out. "I'm absolutely fed up with the conservative Republicans," said Richard Meidinger, a retired physician in Topeka. "All the abortion stuff, gay marriage stuff doesn't belong in the legislative debate."

Martin Hawver has a name for lifelong members of the GOP like Meidinger: "failed Republicans." The editor of a respected Kansas political newsletter, Hawver's Capitol Report, Hawver counts himself among their number, occasionally doing the unthinkable and voting Democratic.

"It used to be you could never go wrong with voting for who the Republicans nominated," Hawver said. "But that's changing now. People are a little uneasy."

Cindy Neighbor is one of them. A veteran member of her local school board and a moderate, Neighbor, 57, unsuccessfully ran against a conservative for an open seat in the statehouse in 2000. She narrowly lost, but won in 2002.

Neighbor wasn't long for Kansas Republican politics, however. She backed an education bill that could have raised taxes, and party conservatives told her there would be retaliation. She lost the next primary to the same representative she'd ousted two years earlier. Another moderate Republican who'd co-sponsored her bill — Bill Kassebaum, the son of former Kansas U.S. Sen. Nancy Kassebaum Baker — was ousted at the same time.

Now Neighbor's running for her old seat — as a Democrat.

"It was, 'If you don't like this — goodbye,' " she said of her struggles to stay in the Republican Party. As a Democrat, Neighbor added, "you can still have your ideas and you're accepted."

Paul Morrison, the 51-year-old district attorney of the state's largest county, also switched to the Democratic Party. The laconic Morrison, who served as Johnson County's top prosecutor for 17 years, said he'd never been particularly partisan but thought the Democratic Party was "a better fit" for challenging state Atty. Gen. Phill Kline.

An outspoken evangelical, Kline has gained national attention for subpoenaing records of patients who had abortions at two Kansas clinics, as well as for saying that state social workers and psychologists are required to report teenagers who admit they have sex so law enforcement can conduct child abuse investigations. Morrison criticized Kline for "forging a public policy that fits a narrow agenda that most people don't agree with."

Whitney Watson, a spokesman for Kline, dismissed Morrison's challenge and noted that all of Kansas' county sheriffs, including some Democrats, had endorsed Kline. "It's unfortunate that Mr. Morrison believes that protecting Kansas children … is a peripheral issue," Watson said.

When Morrison announced he was challenging Kline last fall, Parkinson, a longtime friend, endorsed him. Parkinson said he figured it was the end of his political career. So the former GOP chairman and legislator was surprised to get a call from the Sebelius campaign exploring whether he'd join the governor's ticket.

Sebelius, whose Cabinet includes a former Republican governor, said she contacted Parkinson because she knew him from his time in the Legislature, not because of his party. Democrats in Kansas, she said, have a natural inclination to reach across party lines.

"Even if 100% of Democrats vote for something," Sebelius said, "it won't happen unless you can draw out Republicans."

Area Candidates Embrace A Visit By Laura Bush (PHI)

By Cynthia Burton

The Philadelphia Inquirer, June 13, 2006

As Republican candidates around the country avoid appearances with President Bush or Vice President Cheney, two in the Philadelphia area - U.S. Sen. Rick Santorum in Pennsylvania and Senate challenger Thomas H. Kean Jr. in New Jersey - welcome visiting Laura Bush today with open war chests.

"Laura Bush is safe," Republican political consultant Dave Murray said.

People don't blame her for the war in Iraq, rising gasoline prices, or unpopular administration policies.

"It's a simple matter of arithmetic. Her numbers are better," said Democratic consultant David Axelrod, who has worked for U.S. Sen. Hillary Rodham Clinton (D., N.Y.) and Mayor Street. "Despite her husband's travails, she remains an enormously popular figure."

She also helps raise money.

Laura Bush is scheduled to appear this morning at a fund-raising breakfast for Santorum at the Appleford Estate in Villanova. Santorum is hoping for 300 attendees and $400,000, according to spokeswoman Virginia Davis.

Bush also is to attend an afternoon reception for Kean at a law office in Lakewood, N.J., where the Kean campaign expects as many as 500 guests and at least $500,000 in contributions, which it will split with the New Jersey Republican Committee.

Kean and Santorum have avoided being seen with icons of the Bush administration, whose popularity has plunged in Pennsylvania and New Jersey. Polls show about 80 percent are favorable toward Laura Bush, while approval ratings of her husband and Cheney are in the low 30s.

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Santorum, who trails Democrat Bob Casey Jr. in opinion polls, ducked the president at recent Pennsylvania appearances.

Kean famously was "stuck in traffic" and was late for a March fund-raiser featuring Cheney in Newark, N.J.

Laura Bush has stumped for other Senate and House candidates in North Carolina, New Mexico, Missouri, Vermont and Connecticut.

"I have been pleasantly surprised on this fund-raiser," said Republican lion Lawrence Bathgate, host of today's Kean event.

He said Democrats also planned to attend, though with tickets bought by their companies or Republican associates.

"Whether you're a Republican or a Democrat or an independent, one thing about her is she is absolutely a very, very nice person," said Bathgate, who has raised money for President Bush, Bush's father, Kean's father, and President Ronald Reagan. "And she is a good wife and a good mother. She's not trying to run the country."

Kean may not be able to duck the president for long. He trails his Democratic opponent, U.S. Sen. Robert Menendez, in the money race, and the president is a prodigious fund-raiser.

Kean campaign spokeswoman Jill Hazelbaker said, "There have been no discussions about having fund-raisers with the president."

According to Aaron McLear, regional press secretary for the Republican National Committee, the president has raised $125 million at 37 events for candidates in this election cycle. Cheney has hauled in $22 million from 66 events. Laura Bush has brought in $8.2 million at 17 events.

Murray, who has worked for Kean's father - a former governor - and former Gov. Christie Whitman, said that if the opposition wanted to link Kean with the Bush administration, it would just go ahead and do it.

"Politicians are very image-conscious," Murray said, reflecting on the distance Kean and Santorum have tried to keep between themselves and the administration. "They believe in guilt or credit by association."

Menendez was appointed to the Senate seat vacated by Gov. Corzine.

He and Kean have launched a vigorous battle and have agreed to two televised debates before the end of the month. So far, Menendez has raised more than $7.1 million to Kean's $2.6 million.

In Pennsylvania, Santorum and Casey have attacked each other for months. So far, Santorum has raised about $16 million to Casey's $8 million.

Traffic Alert

Laura Bush is scheduled to appear at a fund-raising breakfast today for U.S. Sen. Rick Santorum (R., Pa.) at the Appleford Estate in Villanova and at an afternoon reception for New Jersey U.S. Senate candidate Thomas H. Kean Jr. at a law office in Lakewood, N.J.

Expect major roads in those areas to be shut down for her motorcade. Check traffic reports before heading out on the road.

More Adults Are Finding Time To Volunteer (WT)

By Stefanie Hausner

The Washington Times, June 13, 2006

Volunteerism is on the rise as 5.6 million more Americans donated their time last year than in 2002, a recent study found, with women besting men in every state.

A federal study on state volunteerism, released yesterday by the Corporation for National and Community Service (CNCS), found that 65.4 million (28.8 percent) of American adults volunteered last year. In every region and state, women volunteered at a higher rate than men and married people were more likely to donate time and resources than single people.

The study also showed that more Americans 35 to 44 years old volunteered than any other age group.

The CNCS hopes states will use the report to do a "strong self-assessment" to determine the effectiveness of their volunteer outreach. Although the CNCS is a federal agency, Chief Executive Officer David Eisner said they "long ago realized that the most important work toward building momentum around service actually happens at the state and local levels."

State patterns varied, with Utah leading the nation with the highest volunteer rate and intensity in every age group. The Midwest held the highest regional volunteer rate at 33.3 percent. However, the largest growth in volunteering comes from the South (2.4 million) and the West (2 million).

Last year, Americans contributed 8.2 billion hours of volunteer work, totaling nearly $150 billion in service. The greatest percentage of volunteers worked primarily through religious organizations. Top volunteer activities include coaching, teaching or mentoring (35 percent); fundraising (29.7 percent); and collecting, preparing and distributing food (26.3 percent).

The study also found that "youth who regularly attend religious services" are nearly twice as likely to be "regular volunteers" as those who did not attend any services. Young people from a family where at least one parent volunteers are almost twice as likely to volunteer as a youth with no family members who volunteer, and nearly three times as likely to regularly volunteer.

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The District held the highest percentage of people volunteering in civic, political, professional or international organizations, the study showed.

Marcus Rosano, coordinator of communications and media relations for the National Capital Area Red Cross, said area volunteer rates tend to fluctuate. After events, such as September 11, and the recent tsunami and hurricanes, he said the Red Cross sees more of an "episodic volunteer turnover." Many people from Virginia, Maryland and the District called the Red Cross hoping to be deployed to the Gulf Coast, while others asked how they could help with office work.

The CNCS is not daunted by a fluctuation of volunteers. No one was surprised to see involvement rise after September 11.

Mr. Eisner said a "fair amount of the growth" resulted from recent disasters, but he is optimistic that the CNCS can add 10 million more volunteers by 2010.

Getting Punitive (WSJ)

The Wall Street Journal, June 13, 2006

One of the great sources of disrespect for the law in our time has been outlandish punitive damages. So when the Supreme Court laid down a marker on excessive damages in the 2003 State Farm case, we suggested it might take more than one try before courts at the lower level got the message.

The high court has now agreed to hear an appeal in an Oregon case in which Philip Morris was dinged for punitive damages 97 times greater than the compensatory damages awarded in a smoker's death. Looks like the moment of revisitation has arrived. The Supreme Court had already sent the judgment back to the state courts once, but on remand the Oregon Supreme Court upheld the judgment. So the high court's decision to hear the case suggests that the Justices have decided someone isn't getting the State Farm message.

In that case Justice Anthony Kennedy, writing for the 6-3 majority, refused to establish a "bright line" rule for any ratio between compensatory and punitive damages, but he offered some hints. "Quadruple damages" were an instructive guidepost, the Justice wrote. He also implied that a punitive award very much higher than a single-digit ratio to the actual damages probably raised due-process concerns.

Still, a series of state-court decisions have tried to test the outer limits of State Farm, so it could be that the Philip Morris case is intended to clear all this up. Alas, only four members of the original majority remain. Besides, there are no clear ideological battle lines on this issue; in State Farm, Ruth Bader Ginsburg's dissent was joined by Antonin Scalia and Clarence Thomas. It's hard to know how Chief Justice John Roberts and Justice Samuel Alito might rule.

That said, Philip Morris v. Williams seems clearly to run afoul of the standards set down in State Farm. Jesse Williams smoked Marlboros for decades before dying of lung cancer in 1997. His wife, Mayola Williams, sued the tobacco company and won a judgment of about $821,000 in compensatory damages -- and $79.5 million in punitive damages. Six months after the State Farm decision, the Supreme Court vacated the Philip Morris judgment and remanded it to the Oregon Supreme Court for reconsideration in light of the earlier ruling. The state Supreme Court upheld the decision and its huge award, citing the length of Philip Morris's bad behavior and the "reprehensibility" of its conduct.

It appears that wasn't the answer the Supreme Court was looking for when it vacated the $79.5 million judgment in 2003. The reference to "reprehensibility" comes straight from State Farm and an earlier case, BMW v. Gore, in which a plaintiff had been awarded millions over a touched-up paint job on his new car. But this term has been widely misinterpreted. As described in both cases, "reprehensibility" is one of three factors to consider in weighing whether punitive damages are warranted at all. It's not a carte blanche for punitive-damage ratios in some ballpark between 500-to-1 or 97-to-1.

The Supreme Court acknowledged in State Farm that punitive damages may play a role to deter bad conduct. But it was also clear that they're not intended to cover damages to non-parties to these cases or to take account of the losing party's net worth. Justice Kennedy wrote in State Farm that the case was "neither difficult nor close." The same would seem to apply here; the question is whether the new cast of players at the High Court will see it the same way.

Nuclear Monitor Says Iran Fails To Provide Data (NYT)

By Elaine Sciolino

The New York Times, June 13, 2006

PARIS, June 12 — As Iran weighs how to respond to an international package of incentives intended to curb its nuclear activities, the chief of the International Atomic Energy Agency on Monday faulted Iran for failing to provide information crucial to understanding fully the nature and intent of its nuclear program.

In prepared remarks in Vienna opening the agency's 35-country board meeting, Mohamed ElBaradei, the director general, said his agency "has not made much progress in resolving outstanding verification issues." He added, "I would continue to urge Iran to provide the cooperation needed to resolve these issues."

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Dr. ElBaradei's assessment was expected. Since February, Iran has substantially reduced access to dozens of atomic sites, programs and personnel, abiding only by the minimum cooperation required under arms-control accords.

But the board meeting of the agency, the United Nations' nuclear monitoring group, comes at a delicate diplomatic moment as Iran is considering an offer by the United States, China, Russia and three European nations to freeze major nuclear activities in exchange for the promise of economic and political incentives.

Dr. ElBaradei kept his comments on Iran short and declined to take questions from reporters.

Still, he made it clear that he welcomed the initiative by the six nations, calling it a way "to reach a comprehensive agreement that would address the need of the international community to establish confidence in the exclusively peaceful nature of Iran's nuclear program, while also simultaneously addressing Iran's security, technology and economic needs."

The incentives package, the details of which have not been made public, offers Iran the chance, among other things, to buy light-water reactors for energy purposes and new civilian airplanes and spare parts for its aging fleet as well as to hold substantive talks with the United States.

Iran would be required to agree to freeze its uranium enrichment-related and reprocessing activities before formal talks on the substance of the package could begin, and the freeze would continue until Iran met a strict list of requirements. Because of opposition from the United States, the package does not include an offer to open an intergovernmental dialogue with Iran about security issues.

Dr. ElBaradei did not refer to the fact that Iran restarted enriching uranium in Natanz last Tuesday. On Monday, Javier Solana, the European Union's foreign policy chief, said he expected an initial response from Iran at any time.

In Tehran on Monday, an Iranian government spokesman, Gholam Hossein Elham, suggested that the country was unwilling to bend to the will of the outside world and freeze its enrichment-related activities.

"Iran has achieved nuclear fuel technology," he told reporters. "And we will not negotiate our absolute right with anyone."

ElBaradei Sees U.S.-Iran Talks As Ending Stalemate (BLOOM)

By Jonathan Tirone

Bloomberg, June 13, 2006

June 12 (Bloomberg) -- United Nations nuclear chief Mohammed ElBaradei said a U.S. offer to join direct talks with Iran about security issues may provide an end to the stalemate over the Islamic Republic's atomic program.

A U.S.-backed European proposal given to Iran ``would address the need of the international community to establish confidence in the exclusively peaceful nature of Iran's nuclear program, while also simultaneously addressing Iran's security, technology and economic needs," ElBaradei, director general of the International Atomic Energy Agency, said today in Vienna.

ElBaradei's comments came during opening remarks at a regular meeting of the 35-member IAEA board of governors. He outlined the results of the agency's latest inspections of Iran's nuclear facilities, which will be presented in a report to the board this week.

The Bush administration on May 31 said it would join its European allies in direct talks with Iran, ending a 27-year U.S. diplomatic embargo, if the Islamic Republic stopped making nuclear fuel and accepted the EU proposal. The U.S. agreed to enter negotiations after gaining assurances from Russia and China that they wouldn't block a U.S.-led effort for UN sanctions against Iran if the talks fail or never get started.

Iran is continuing with the nuclear program in defiance of international pressure and a non-binding UN resolution. The nation has yet to react to the European Union plan, which offers technological and economic incentives for Iran to end its atomic work. The U.S. accuses Iran of developing a bomb, in violation of the Non-Proliferation Treaty, while Iran maintains the program is aimed at generating electricity in compliance with the accord.

`Diplomatic Opportunity'

The U.S. and other board members want Iran to ``refrain from further uranium enrichment and reprocessing activities, including research and development, and to take advantage of the enormous diplomatic opportunity that lays in front," the U.S. ambassador to the IAEA, Gregory Schulte, said today at a briefing in Vienna.

EU foreign policy chief Javier Solana, who carried the offer to Tehran last week, said he expects an Iranian response ``very soon. I hope before the end of the week I will have contact with them."

Speaking after a meeting of EU foreign ministers in Luxembourg today, Solana said ``there are a lot of things in it. It is not easy to digest in a short period of time."

ElBaradei also urged Iran to provide better cooperation and to address unanswered questions by IAEA inspectors about the nature and intent of the nuclear program.

Iran today reiterated that the nuclear program wasn't negotiable, Agence France-Presse reported from Tehran.

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Iran will not ``compromise'' or ``negotiate'' its rights, Iranian Foreign Ministry spokesman Hamid Reza Asefi said yesterday. The country ``will act on the basis of its responsibilities, duties and rights,'' he said, adding that ``Iran has the initiative.''

Saudi Backing

Saudi Arabian Foreign Minister Prince Saud al-Faisal told reporters in Tehran today that his country believes Iran has the right to the peaceful use of nuclear technology, Kuwait's state- run news agency reported.

The IAEA board sent the Iranian case to the UN Security Council on Feb. 4, after the Islamic Republic refused to heed calls for the suspension of the enrichment program.

Iran's top nuclear negotiator, Ali Larijani, yesterday expressed optimism about the European-led proposal.

``What was given is a program with a positive tendency toward Iran and there is no mention of punishments,'' the state- run Iranian Students News Agency quoted Larijani as saying in Cairo yesterday. ``It is said that a deadline has been set for Iran, which is not correct.''

The incentive plan was agreed on June 1 by diplomats from the five permanent members of the UN Security Council -- the U.S., China, Russia, the U.K. and France -- as well as by Germany. Each of the permanent members has a veto over the council's resolutions.

Japan Wary Of Plan For Sanctions Against Iran (WP)

By Anthony Faiola And Dafna Linzer

The Washington Post, June 13, 2006

TOKYO, June 12 -- Despite months of pressure from Washington, Japan has become increasingly reluctant to join a Bush administration plan for sanctions against Iran if negotiations fail to resolve concerns over the country's nuclear program, Japanese and U.S. officials said Monday.

Japanese officials are suggesting that their country, which has more at stake in Iran financially than any other potential sanctions partner, may not join in punitive measures unless there is a broad international consensus along the lines of a U.N. Security Council resolution or other measure backed by nations now reluctant to impose sanctions, such as China. The White House had hoped instead to bring Japan into a "coalition of the willing" that avoided dealing with "recalcitrants" such as Russia and China.

The administration's fallback plan if talks with Iran fail -- tough financial measures imposed by a small group of like-minded countries -- depends strongly on Japanese participation. Without it, administration officials have calculated, the impact would significantly decrease.

Japan consumes 22 percent of Iranian oil exports and is slated to begin development this year of the largest and most modern onshore petroleum fields built in Iran since the 1979 Islamic revolution. That has caused Japan to experience an uncomfortable tug of war between its allegiance to Washington and its financial and energy interests in Iran.

Analysts and Western diplomats have called the Bush administration's bid to sway Japan -- by far Iran's largest trading partner -- a key test of the likelihood that U.S. allies will ultimately agree to make painful sacrifices to force Tehran into compliance.

At a meeting of finance ministers of the Group of Eight major industrial powers in Russia last Friday, Treasury Secretary John W. Snow asked Japan to consider sanctions, including barring financial institutions from conducting transactions in Iran. Japan's finance minister, Sadakazu Tanigaki, replied that any such move would first need to be discussed "more broadly with Europe and others."

On Monday, Secretary of State Condoleezza Rice and Japanese Foreign Minister Taro Aso discussed the Iranian situation by telephone, agreeing to cooperate in resolving the standoff, the Japanese Foreign Ministry said in a statement.

Initial sanctions under consideration against Iran would largely spare the global trade in Iranian crude oil. But the most severe sanctions -- including cutting Tehran off from access to the dollar, euro, British pound and yen -- would be a step "potentially imperiling European and Japanese trade, including the oil trade," according to a Treasury Department task force report on the measures' likely international impact.

Privately, Japanese officials have said they intend to set a high bar for any action. "We would not do anything without the full support of the international community," a senior Japanese government official said, speaking on condition of anonymity because of the issue's sensitivity. "For example, we would need a vote of the U.N. Security Council or a similar measure that would have to include China and Russia. Otherwise, Japan might end up moving out of Iran only to see someone else's oil companies rush in."

Japanese officials have said that while they have deep concerns about Iran's nuclear program, they worry that aggressive sanctions could create a foothold for China. Viewed by Japan as its prime competitor in the global energy market, China ranks just behind Japan in consumption of Iranian oil.

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Iranian officials have already threatened to nullify a massive contract signed with Tokyo-based Inpex, an energy giant that is partly owned by the Japanese government, for development of the Azadegan petroleum fields along Iran's long and treacherous border with Iraq.

Inpex has so far postponed full-scale development work, citing a dispute over the number of land mines to be cleared from a drilling area that is estimated to contain reserves of about 26 billion barrels of oil. But sources familiar with the project have also described the delay as an effort by Japan to buy time -- to ensure that progress is made in the nuclear standoff before the Japanese company pumps hundreds of millions of dollars into the project.

The Iranians appear to be running out of patience. Last week, Iran's oil minister reiterated on national television a threat to cancel the contract. "If the Japanese do not develop Azadegan, we will not tolerate any more delay and will hand over the job to our own engineers," Kazem Vaziri Hamaneh said.

Since Inpex struck the Azadegan deal with Iran in 2004, Bush administration officials have sniped at it repeatedly. Japanese officials characterize this as a rare cold patch in otherwise very warm U.S.-Japan relations.

The Japanese call the project essential to securing increasingly rare dedicated energy sources for the world's second-largest economy. U.S. officials insist it would only make Japan more dependent on Iran. "I ask Japan not to be pressed into a dilemma on the nuclear proliferation issue by Iran, which is using oil resources as its shield," the U.S. ambassador to the United Nations, John R. Bolton, said in a March interview with Japan's Nihon Keizai newspaper.

Japanese pundits are increasingly citing "U.S. pressure" on Japan over Iran. Earlier this month, President Bush placed a call to Prime Minister Junichiro Koizumi, urging his friend to support a consensus that Iran must open its nuclear program to international security.

Japan is smarting about being largely left out of negotiations with Iran even while it is being asked to make the largest potential sacrifice. A new proposal -- including incentives for Iran to open its nuclear program that have somewhat brightened the prospects for a negotiated settlement -- was presented to Tehran this month by a club of nations comprising the United States, Britain, France, Germany, Russia and China.

As a country whose armed forces are restricted by a postwar pacifist constitution and which is protected by the American nuclear umbrella, Japan often finds that its interests naturally coincide with Washington's. But there is a growing sentiment in Japan that, particularly in the Iranian situation, Tokyo and Washington have divergent interests and that Japan's support for U.S. policy is being taken for granted.

"I think we should stand with the international community once a consensus is made on the Iran nuclear issue," said Hideki Wakabayashi, a member of Japan's upper house who was part of a delegation to Iran last month from the opposition Democratic Party of Japan. "But it's not a good idea for the Bush administration to pressure Japan before negotiations fail."

China Opposed To Joint Statement On Iran (AP)

By George Jahn

AP, June 12, 2006

China and Russia are holding back from a united message with Western powers to insist that Tehran halt uranium enrichment, a stance that could encourage Iranian defiance, diplomats said Monday.

Speaking outside a meeting of the International Atomic Energy Agency's 35-nation board, the diplomats told The Associated Press that China was opposed to signing a joint statement and Russia was leaning against participating.

Their reluctance reflected the East-West divide among the six world powers that just two weeks ago appeared to be in agreement about how to engage Iran over enrichment and to persuade it to give up technology that could be used to make nuclear arms. Iran says its program has the sole purpose of generating electricity.

"China is not OK and Russia might follow" Beijing's lead in opposing the joint statement, said a diplomat accredited to the meeting, who like other diplomats agreed to discuss the issue only if not quoted by name because the information was confidential.

Another diplomat said China appeared to be feeling pressure from the Nonaligned Movement, which last month emphatically backed Iran in its nuclear standoff with the West.

Russia's stance was less clear. But Moscow for months has hindered attempts by the United States and its European allies to turn up the heat on Iran in the U.N. Security Council.

Resistance by Russia and China to tough U.N. action contributed to Washington's decision last month to reverse decades of policy and agree to join in multinational talks with Iran — if Tehran accepts a package of rewards, freezes enrichment during the talks and places a long-term moratorium on such activity.

British Foreign Secretary Margaret Beckett announced at the end of high-level talks in Vienna on June 2 that all five permanent Security Council members plus Germany supported the joint approach on engaging Iran.

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But the signs of discord Monday reflected continuing differences despite the public show of unity.

One diplomat said Britain, France and Germany — the three European nations participating in the six-nation Iran package — were modifying a draft statement on Iran hoping to secure Moscow's and Beijing's backing on a final version.

Other diplomats spoke of more potential divisions. China, Russia and possibly Germany might push to allow Iran some tightly controlled small-scale enrichment rather than see talks founder. Russia and China also might balk at enforcing selective U.N. sanctions on Iranian officials and activities.

But long-term, verifiable suspension of Iranian enrichment is a "red line" for the United States and its key Western allies, one diplomat said.

While the IAEA meeting is not expected to formally focus on the Iranian nuclear standoff until Wednesday at the earliest, the issue dominated the gathering on its first day Monday.

IAEA chief Mohamed ElBaradei told the meeting his agency had not made much progress in resolving verification issues with Iran, alluding to suspicions that some of Tehran's nuclear activities could be used for the development of an atomic weapons program.

He described the rewards offered to entice the Tehran regime into negotiations as addressing "the need of the international community to establish confidence in the exclusively peaceful nature of Iran's nuclear program."

Chief U.S. delegate Gregory L. Schulte called on Iran to respond positively to the offer for talks — and suspend enrichment, which can be used both to produce fuel for nuclear reactors that generate power and to create the core of atomic warheads.

"The next decision needs to be taken not in Vienna but in Tehran," Schulte told reporters.

In Luxembourg, the European Union's foreign policy chief, Javier Solana, said he expected an Iranian response to the six-power offer this week.

But Iran suggested it was digging in its heels on enrichment. When asked if Iran would suspend enrichment for the sake of negotiations, spokesman Gholam Hossein Elham repeated the government line that enrichment is Iran's "obvious right."

U.S. Approach To Iran Has A Familiar Ring (WSJ)

By Jay Solomon

The Wall Street Journal, June 13, 2006

WASHINGTON -- As President Bush contemplates the possibility of nonproliferation talks with Iran, he runs some of the same risks he said the Clinton administration took when dealing with North Korea.

Mr. Bush and his top aides were critical five years ago of the Clinton team's negotiating tactics with the regime in Pyongyang, charging that despotic states made unstable, untrustworthy negotiating partners. The White House's fears about Pyongyang remain, as American officials say they see signs North Korea may be preparing to test a long-range missile.

Now the Bush team has opened the door to the possibility of holding similar talks with Iran -- not direct talks, but as part of an international dialogue already started by America's European allies. Indeed, these talks could ultimately lead to an agreement like the one the Clinton team reached with North Korea.

The reasons for such a profound shift in the Bush foreign-policy agenda say much about the struggles the administration faced during its first term trying to contain both Pyongyang and Tehran, say current and former American diplomats.

Many counterproliferation experts support this evolving U.S. approach, saying it is a more realistic and potentially sustainable than avoiding direct talks. They also see the White House's diplomatic U-turn as an unstated recognition of the limits of unilateral American power.

"They were in the bunker at the White House, thinking, eventually, these countries would have to succumb to our power," says George Perkovich, a counterproliferation expert at the Carnegie Endowment for International Peace, a Washington think tank. "But it turns out we can't do everything out there alone."

In recent weeks, American officials say, U.S. spy satellites have picked up images from North Korea indicating Pyongyang is preparing to test launch its long-range missile, the Taepo Dong-2, which American intelligence believes has the potential to hit U.S. territory. A launch would be seen as a move by North Korean leader Kim Jong Il to wrest more economic incentives from Washington in return for Pyongyang dismantling its weapons systems.

Before al Qaeda's Sept. 11, 2001, attacks on the U.S., North Korea's nuclear program was among the Bush administration's top foreign-policy issues. President Clinton had forged a deal with Pyongyang in his first term, whereby North Korea agreed to give up its capacity for producing nuclear fuel in exchange for what were described as proliferation-proof light-water nuclear reactors. The Agreed Framework, as it was called, also pledged economic incentives for Pyongyang and a gradual normalization of relations between the U.S. and North Korea.

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The Bush administration, from its earliest days, challenged the terms of the 1994 Clinton agreement. In 2001, the White House tried to broaden the deal, citing the need to discuss human rights and North Korea's conventional military forces if relations were to be normalized between Washington and Pyongyang. They also questioned the amount of monitoring the international community was able to pursue inside North Korea through the United Nations' International Atomic Energy Agency.

Ultimately, the entire Agreed Framework would collapse in 2002 after North Korean diplomats admitted to an American delegation that it had been cheating by seeking to develop a separate nuclear-fuel source. The collapse of the deal has ushered in nearly four years of new talks among the U.S., North Korea and four other regional powers, in a bid to come to a more comprehensive agreement.

No new agreement has been made with Pyongyang's leadership. Repeated attempts by the U.S. to bring Pyongyang back to the negotiating table have so far failed. A North Korean missile launch could significantly increase tensions.

Counterproliferation experts say the White House could ultimately agree to engage in a similar multiparty structure for its talks with Iran, though the members would be different.

Many former and current Bush administration officials also say any talks with Iran could very well end up producing a deal mirroring the original Agreed Framework. Last week, Javier Solana, the European Union's foreign-policy chief, presented to Tehran a list of incentives that the U.S. and the U.N. Security Council would support if Iran agreed to freeze its nuclear program. Among the perks are light-water nuclear reactors and fuel guarantees as well as a list of economic incentives that includes lifting the ban on the sale of airplane parts to Tehran and assistance in Iran's bid to join the World Trade Organization.

The U.S. didn't offer to normalize relations with Iran. But the White House did vow to work to establish a security framework for the Middle East, which could assuage some of Iran's concerns about the U.S. military presence in the region.

Iran's leadership says it is studying the package offered by the U.S. and its partners but gave no specific time frame for responding. Iran's lead negotiator on the nuclear issue, Ali Larijani, said last week that Tehran was eager to negotiate but that Iran maintains its right to develop uranium-enrichment technologies.

"This is all a Middle East equivalent of an Agreed Framework, essentially offering economic incentives in return for certain behavior on the nuclear program," says Richard Haass, who headed the State Department's policy-planning staff during the first Bush administration. "It's structurally very similar" to what was offered to North Korea.

American diplomats involved in the Iran issue say there are many reasons why talks with Tehran could prove more productive then those that have stalled with North Korea. For one, they say Iran fears it could be isolated economically if it doesn't come to an agreement with the U.S. and its dialogue partners. While Pyongyang, they say, seems to covet its international pariah status, Iran seems to want to integrate economically to placate a growing, and young, population.

And they stress that any formal agreements made by the international community with Tehran would likely be much easier to verify.

Still, there are many in the counterproliferation community who fear Tehran is essentially preparing to mirror North Korea's efforts to wait out the international community. They say even if Tehran fails to comply with Western demands to freeze its uranium-enrichment programs, there are indications China and Russia still wouldn't agree to coercive measures.

"The Iranians could hardly think the situation North Korea finds itself in is bad," says Henry Sokolski of the Nonproliferation Education Policy Center in Washington. "They haven't been punished at all," and they continue to fail to comply.

Welcome To The Bazaar (NYT)

By Warren Christopher

The New York Times, June 13, 2006

Los Angeles

THE welcome recent announcement that the United States is willing to join face-to-face talks with Iran rekindled memories of my own experiences, 25 years ago, as chief negotiator in the Iranian hostage crisis. The subject of that negotiation was the 52 American diplomats who were taken hostage in Tehran on Nov. 4, 1979. The result was their release, 444 days later, on the day of Ronald Reagan's inauguration in 1981. Since that day we have had no diplomatic relations and virtually no direct dialogue with Iran.

There are obvious differences between the situation in 1979-81 and now. Then it was the United States that wanted face-to-face negotiations. Today it is Iran that wants direct talks — talks that will help make up for what its leaders view as decades of humiliation and abuse by America. While the negotiations 25 years ago involved the future and well-being of 52 individuals, the 2006 negotiations, if they occur, will deal with a problem that potentially threatens the lives of millions.

Nevertheless, there are lessons from our 1979-81 negotiations with Iran that can inform our efforts in 2006. First, we must be sure we are talking with the right people. One of the most frustrating dead ends we encountered in the hostage negotiations was learning that despite prolonged efforts to forge a settlement with President Abolhassan Bani-Sadr, he did not even have the

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power to move the hostages from one location to another, much less cause their release. If our 2006 negotiators study the vectors of power in Iran, they may be able to avoid such frustrations.

At the moment, Iran's president, Mahmoud Ahmadinejad, is riding high. But he may not be as powerful as he seems and, in any event, power may shift over time. Ultimate authority remains with Ayatollah Ali Khamenei, and we have not heard from Ali Akbar Hashemi Rafsanjani, former two-term president and now chairman of the Expediency Council. In short, we should look for seams, even small ones, in the cloak of power.

Second, our negotiators should prepare themselves for what might be called "bazaar behavior." For all my difficult dealings with interlocutors like China's foreign minister, Qian Qichen, I always knew what he really wanted and that if an agreement was reached, its terms would be carried out. But with the Iranians, the negotiating style is likely to resemble that of a Middle Eastern marketplace, with outlandish demands, feints at abandoning the process and haggling over minor details up to the very last moment.

Even after the agreement was signed on Jan. 19, 1981, the Iranians disavowed a vital technical annex. To bring them back in line, I directed the pilot of my plane, on a telephone line that I knew was tapped, to warm up the engines. The Iranians quickly dropped their claim, and a day later the hostages were released.

If the Iranians ultimately come to the table, our negotiators will need to be patient, almost superhumanly so. The subtext for everything the Iranians do and say will be their historic sense of grievance against the United States, stretching back at least to the C.I.A.-engineered overthrow of the government and restoration of the shah to his throne in 1953.

The hostage crisis probably dragged on because the Iranians wanted to maximize their exposure on the world stage and to humiliate the Great Satan (and its president) for as long as possible. One long and bewildering delay occurred when the Iranians refused to sign any direct agreement with the United States. We finally suggested that the agreement take the form of mutually dependent promises to Algeria, and that was acceptable for reasons that still remain obscure.

Third, if the new package of incentives offered by Britain, China, France, Germany, Russia and the United States does not persuade the Iranians to suspend their enrichment program, which was Washington's condition for joining the talks, I believe sanctions can play a valuable role. The hostage crisis shows that we must assemble the broadest possible spectrum of participants, including the Russians, in any sanctions regime. Although enforcement of the sanctions we achieved through the United Nations began to fray toward the end of the 444-day ordeal, they plainly had an impact on the Iranian population. When the Iranian leadership had to assess the potential benefits of keeping the hostages against the costs of doing so, sanctions must have weighed heavily in the balance.

As in the hostage crisis, a military solution is unwise and probably infeasible. Though possible use of our military should not be taken off the table, we must stay on the diplomatic and, if necessary, the punitive economic track. Our negotiators must be firm and resolute not just with their counterparts, but with those in the press, the administration and the public who will inevitably pressure them to declare prematurely that the talking is over.

Shortly before Christmas in 1980, in the gloom of a defeated administration, we received a message from the Iranians tripling their monetary demand to $24 billion for the release of our hostages. I was tempted to pull the plug and leave the matter for resolution by the incoming Reagan administration, but I concluded we had come too far to give up. Ultimately, those demands were dropped and the negotiations concluded on terms similar to what we had previously offered. When those who represent America in any coming negotiations face similar moments — and they inevitably will — I hope they will recognize that persevering is indispensable to our national interest.

Warren Christopher, secretary of state from 1993 to 1997, is the co-chairman of the Pacific Council on International Policy.

Violence Erupts Between Fatah And Hamas (NYT)

By Steven Erlanger

The New York Times, June 13, 2006

JERUSALEM, June 12 — Hundreds of Palestinian security personnel loyal to the Palestinian leader, Mahmoud Abbas, went on a rampage Monday night in the West Bank town of Ramallah, attacking the parliament and cabinet buildings controlled by his rivals in the Hamas-led government.

The attack by forces from the Fatah faction loyal to Mr. Abbas, who fired bullets at the buildings and set them on fire, came after Hamas gunmen attacked the Gaza headquarters of the Fatah-dominated security forces with rockets and grenades.

The Ramallah buildings were not occupied at the time, but the fire gutted a floor of one of the two cabinet buildings after the security forces, joined by gunmen from Al Aksa Martyrs Brigades, part of the Fatah movement, shot out the windows of the parliament building and tried to prevent firefighters from entering the area.

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In the growing violence between the major Palestinian factions, at least 2 people were killed and 15 wounded in the fighting in Gaza. In Ramallah, a member of the security forces told The Associated Press, "Every time they touch one of ours in Gaza, we will get 10 of theirs in the West Bank."

Mr. Abbas declared a state of emergency and ordered people off the streets on a chaotic and violent day. The Palestinian leader, who advocates negotiation with Israel, is facing increasing political isolation, especially in the wake of Friday's killing of seven members of a Palestinian family on a Gaza beach, apparently by an errant Israeli shell. The deaths have strengthened Hamas, which refuses to recognize Israel's legitimacy.

The Hamas majority in parliament decided Monday to allow dialogue between the factions to continue on a unified political platform, hoping to make a referendum called by Mr. Abbas for July 26 unnecessary.

Hamas had called the emergency session of the legislature to challenge the referendum on a document drafted by Palestinian prisoners calling for a Palestinian state within pre-1967 borders, implicitly recognizing Israel.

Hamas opposes the referendum as illegal and vows to block it. The main Hamas negotiator on the document, Abdel Khaleq Natche — the highest-ranking Hamas prisoner held by Israel — said Sunday that he had withdrawn his support. He accused Mr. Abbas of "unacceptable abuse" of the document and exploiting it for political gain, saying that it was intended to promote unity.

Hamas has refused demands from Mr. Abbas and other nations to recognize the right of Israel to exist and to accept previous Israeli-Palestinian agreements that are explicit in their support of a two-state solution. Hamas sees the referendum as an effort by Mr. Abbas to undermine its authority.

But Hamas legislators pulled back a little on Monday, criticizing Mr. Abbas for exceeding his legal powers but voting for a continuation of talks between the factions. "We are going to continue our efforts over the coming days and are hopeful of resolving the whole crisis," said the speaker, Aziz Dweik of Hamas.

Hamas said it would wait until June 20 before bringing the referendum back before the legislature. "If we succeed through dialogue in stopping the referendum then it will be better, but if we hit a dead end, parliament will assume its responsibilities and hold the vote," said a Hamas legislator and spokesman, Mushir al-Masri.

It is unclear whether Mr. Abbas has the authority to call a referendum or what a vote in parliament against holding it would mean.

In Damascus, Syria, Moussa Abu Marzouk, deputy chief of Hamas's political bureau in Syria, told The Associated Press that Hamas would do its best to stop the vote. "Even if it is carried out, Hamas would not recognize it or accept its outcome, whatever it might be," he said.

In Gaza, Hamas gunmen fired rocket-propelled grenades and antitank rockets at the Rafah headquarters of the Preventive Security force loyal to Mr. Abbas and Fatah. Two people were killed, including a deaf passer-by, Suleiman Zanoun, 34, and at least 15 people were wounded in the fighting, which involved at least 100 armed men.

Earlier in the day, a Hamas paramilitary fighter was killed when fighting erupted after a funeral for another Hamas militant who died overnight from wounds suffered 10 days ago in a previous intra-Palestinian clash.

Hamas accused the Preventive Security force of being behind Monday's shooting, and a Palestinian security officer was shot and critically wounded later on his way home from work in Rafah. At least 20 people, mostly gunmen, have been killed in clashes between the factions in Gaza in the past two months.

As the barrage of Qassam rockets from Gaza into Israel slowed Monday, Israeli officials warned Hamas leaders that they would have no immunity from assassination if they were responsible for the deaths of Israeli civilians. A senior member of the ruling Kadima Party, Tzachi Hanegbi, said the Hamas prime minister, Ismail Haniya, could be assassinated if the group began further suicide bombings in Israel.

Referring to previous Hamas leaders assassinated by Israel, Mr. Hanegbi said, "Yassin and Rantissi are waiting for you, Haniya, if you implement the same stance of liquidating Jews, indiscriminate firing and suicide terror attacks aimed at paralyzing Israeli society anew."

Mr. Haniya said the threat was an example "of a type of political madness from some Israeli leaders."

Israeli newspapers suggested that the defense minister, Amir Peretz, leader of the Labor Party, had rejected army plans for intensified airstrikes against rocket-launching teams and sites, including some Hamas workshops where the crude Qassam rockets are assembled. Mr. Peretz, according to the news media, told the generals to keep planning.

At the same time, an Israeli investigation continued into the deaths of eight Palestinian civilians on a northern Gaza beach on Friday, with Israeli officials continuing to suggest that the explosion may not have been caused by an Israeli artillery shell, but by an errant Qassam rocket or explosives hidden in the sand.

Prime Minister Ehud Olmert was in London meeting with his British counterpart, Tony Blair, who said Israel was right to have no contacts with Hamas until it renounces violence. Mr. Olmert repeated his promise to try to negotiate first with Mr. Abbas.

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Asked about the comments by Mr. Hanegbi, the Kadima Party member, Mr. Olmert, said, "Whoever is implicated in terrorism cannot claim to have immunity," and added: "I do not think it would be wise of me to be more specific."

Hamas Gunmen Rampage Through Ramallah (FT)

By Harvey Morris, Ben Hall

Financial Times, June 13, 2006

Gunmen loyal to Fatah rampaged through the West Bank city of Ramallah on Monday night, shooting up parliament and torching the prime minister's office in a worsening power struggle with the ruling Hamas movement.

The attacks were launched after Hamas militants besieged the southern Gaza headquarters of the Palestinian preventive security force, which is Fatah-controlled, and fired rocket-propelled grenades. Five people were wounded in the assault.

The events in Ramallah began shortly after Mahmoud Abbas, the Palestinian Authority's Fatah president, ordered security forces on to the streets to maintain law and order in the light of the Gaza violence. The prime minister's office and parliament building are both symbols of Hamas power following the Islamists' victory in elections in January.

Ismail Haniya, the Hamas prime minister, is banned by Israel from leaving the Gaza Strip. Hamas on Monday deferred a parliamentary motion to outlaw a national referendum called by Mr Abbas for July 26 that would ask the electorate to vote on proposals that implicitly recognise Israel.

Hamas, which does not recognise Israel, has declared the referendum illegal. The gunmen involved in the Ramallah attacks included security men and elements of the Aqsa Martyrs' Brigades, a Fatah military wing. Police on Monday night entered the prime minister's office to evict them.

The Hamas government, locked in a power struggle with the president and his party, has set up a 3,000-strong security force that answers to it directly but which is deployed only in the Gaza Strip.

The deterioration in the Palestinian territories came as Ehud Olmert, the Israeli prime minister, held talks in London to try to gain international support for his plans to redefine Israel's borders, with or without Palestinian consent. Tony Blair, Britain's prime minister, urged both sides to pursue a negotiated settlement of their conflict, but did not endorse a unilateral Israeli solution in the event of a stalemate. Speaking in Downing Street after talks with Mr Olmert, Mr Blair promised to give "every support and every impetus we can from the international community" to ensure that talks could begin.

Mr Olmert is on the first leg of a European tour to win support for his proposals to withdraw from large parts of the West Bank and define Israel's borders unilaterally if talks with Mr Abbas fail to produce a deal. Mr Blair said the Palestinians had to recognise Israel's right to exist and renounce violence. Both sides had to adhere to the international community's "road map" for talks, he said.

Israel also needed to address the "main issue" of how to create a viable Palestinian state. Only a negotiated settlement was likely to last, Mr Blair said. But he acknowledged that there had to be progress towards some form of resolution to prevent a slipping back into "chaos", and hinted that could lead to a unilateral redrawing of the borders. "This thing either moves forward by way of agreement or other ways of moving it forward have to be found," he said.

Palestinian Security Men Go On Rampage (AP)

By Mohammed Daraghmeh

AP, June 12, 2006

Hundreds of Palestinian security men loyal to President Mahmoud Abbas went on a rampage against the Hamas-led government Monday, riddling the parliament building and Cabinet offices with bullets before setting them ablaze in retaliation for an attack by Hamas gunmen in the Gaza Strip.

The violence was the most serious in the West Bank since Hamas defeated Abbas' Fatah movement in legislative elections in January and raised new fears the Palestinians could be headed toward civil war. It also cast doubt on renewed calls for Palestinian unity by the rival factions.

Abbas, a moderate who was elected separately last year, has been locked in a bitter power struggle with Hamas. The dispute has focused largely on control of the powerful security forces.

In Monday's unrest, hundreds of members of the Preventive Security force shot out the windows of the parliament building before storming the two-building Cabinet complex, where they smashed furniture, destroyed computers and tore up documents. No casualties were reported.

Shooting wildly in the air, the mob then set fire to one of the Cabinet buildings, gutting the fourth floor. When a fire engine approached the scene, one gunman lay on the road, preventing it from reaching the building.

"Every time they touch one of ours in Gaza, we will get 10 of theirs in the West Bank," said one member of the Preventive Security force. Dozens of gunmen from the Al Aqsa Martyrs' Brigades, a pro-Fatah militia, joined the mob.

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The crowd also set fire to the parliament building and a Hamas office. Both blazes were quickly contained. Abbas' presidential guard later arrived to guard the burnt-out parliament and Cabinet buildings.

Late Monday, Fatah gunmen briefly abducted a Hamas lawmaker, Khalil Rabei, after attacking his office and setting it on fire. Rabei said he was kicked and threatened before he was released.

Abbas' personal guard granted refuge to Rabei and nine other Hamas lawmakers, and was ordered to escort the men home safely.

The rampage in Ramallah followed an earlier attack by Hamas gunmen on a Preventive Security installation in Gaza. The attack set off daylong clashes that left two people dead and 14 wounded.

Most of the Palestinian infighting in recent weeks has occurred in Gaza, Hamas' stronghold. Monday's incident signaled that Fatah is now ready to move the conflict to its West Bank power center.

Abbas was in Gaza at the time of the rampage, where he has been holding negotiations with Hamas in hopes of ending the political deadlock.

"The president strongly condemns the attacks and the assault against the public institutions and the building that took place in the West Bank tonight," said a statement issued by Abbas' office.

"Whatever is going on must be stopped," said Nabil Abu Rdeneh, a close aide to Abbas. "Everybody must obey the law."

Officials said Abbas had appointed a retired commander to serve as a military adviser and liaison to the Hamas-run Interior Ministry. The appointment of Lt. Gen. Abdel Razek Majaide could help ease tensions. Majaide is respected by Fatah and Hamas alike.

Internal tensions have heightened since Abbas scheduled a July 26 referendum on a plan that calls for recognition of Israel. Abbas has endorsed the plan as a way out of the stalemate. But Hamas objects to the vote.

In a conciliatory gesture, the Hamas-dominated Palestinian parliament pulled back from a plan to block the referendum, delaying a vote on the issue until June 20 to allow negotiations to continue. But the violence cast serious doubts on the efforts to bridge the gaps.

Early Tuesday, several thousand Hamas supporters demonstrated outside the Palestinian parliament building in Gaza. They condemned the violence in Ramallah, rejected the referendum and threatened retaliation against the Preventive Security forces.

"What happened today in Ramallah is very shameful and I think the president did not use all his efforts to prevent it," said Hamas spokesman Sami Abu Zuhri.

Seeking a way out of the infighting, Abbas last weekend scheduled the referendum on a plan calling for a Palestinian state alongside Israel, implicitly recognizing the Jewish state.

Abbas believes a unified political platform by Palestinian factions would help end crushing international sanctions against the Hamas-led government and allow him to restart peace talks with Israel.

Hamas, which is sworn to Israel's destruction, opposes the referendum vote. But it has entered a "dialogue" with Abbas over the plan. The sides were meeting late Monday when violence erupted in the West Bank.

"We want to get to a situation of calm and prevent the shedding of Palestinian blood," said Hamas lawmaker Khalil al-Haye.

Abbas is pushing forward with the referendum despite calls for a delay following an explosion on a Gaza beach Friday that killed eight civilians.

Palestinians said an Israeli artillery shell caused the explosion, which has inflamed passions against Israel. Israel is conducting an investigation and has suggested its army wasn't responsible.

Israel-Palestinian violence has escalated since the beach explosion, with Hamas officially calling off a 16-month truce.

Hamas militants have fired several dozen rockets at southern Israel, including one that landed in the southern town of Sderot on Monday, slightly wounding a woman in the shoulder. A total of three people have been wounded in the recent rocket attacks, including one man in serious condition.

The end of the truce has raised concerns that Hamas could resume the suicide attacks. But with Hamas now the governing power, it might pressure its military wing to avoid deadly confrontation with Israel for fear of deepening its international isolation.

Fatah Gunmen Go On Rampage In West Bank (CHIT)

By Joel Greenberg

Chicago Tribune, June 13, 2006

JERUSALEM -- Palestinian gunmen from the Fatah movement of President Mahmoud Abbas went on a rampage against the Hamas-led government in the West Bank city of Ramallah on Monday night, shooting at the Cabinet and parliament buildings and setting them on fire.

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The attack by scores of armed men, many from the Fatah-dominated Preventive Security force, followed a deadly clash between Hamas gunmen and security officers in the Gaza Strip and signaled a spread of factional violence to the West Bank.

The rampage was the worst outbreak of internal unrest in the West Bank since Hamas defeated Fatah in legislative elections in January and raised new fears of possible civil war. It showed that Fatah was ready to take its confrontation with Hamas to its West Bank power center.

The unrest has been fueled by a power struggle between Abbas and the Hamas-led government that has focused on control of the security forces and Abbas's call for a referendum on a statehood plan that implicitly recognizes Israel. Hamas, whose charter calls for Israel's destruction, has rejected the referendum.

In Monday's shooting spree, the Fatah gunmen targeted the symbols of Hamas rule.

At the Cabinet complex, gunmen destroyed computers and smashed furniture, hurled office equipment out of windows and tore up documents. The fourth floor was set on fire, and a fire truck was blocked from approaching by a gunman who lay on the road.

Gunmen also stormed the parliament building, shooting out the windows and bursting inside, where they set fire to offices. The blazes in both buildings were quickly contained.

A Hamas lawmaker, Khalil al-Rabai, was briefly abducted outside another building, but was later released to Abbas's presidential guard, which rushed reinforcements to the area.

Several Hamas lawmakers were evacuated to safety in the presidential compound.

The Fatah gunmen included members of the group's armed wing, Al-Aqsa Martyrs Brigades, who joined the officers of Preventive Security, which has spearheaded recent clashes with Hamas in Gaza.

Violence was also reported in Nablus, where gunmen fired at parliament offices, and in Jenin, where Fatah gunmen took to the streets, firing in the air.

The unrest was triggered by clashes earlier in the day in the Gaza Strip town of Rafah, where Hamas gunmen battled officers at Preventive Security headquarters, hurling grenades and firing anti-tank rockets, according to reports from the scene.

The firefight, which erupted during the funeral of a Hamas militant killed in an earlier clash, left two people dead—a Hamas gunman and a bystander—and more than a dozen wounded.

Mushir al-Masri, a Hamas lawmaker, said the rampage in Ramallah was carried out by "gangs" who want to "make the government fail."

Ahmad Abdel Rahman, an adviser to Abbas, said the source of the problem was a new Hamas-led security force put on the streets of Gaza in defiance of a presidential veto. The force has been involved in repeated clashes with Preventive Security members in recent weeks.

"This match must be removed from the streets," Abdel Rahman told the Arabic satellite channel Al-Jazeera.

Abbas was in Gaza on Monday, where he has been meeting with Prime Minister Ismail Haniyeh of Hamas in an effort to end the political stalemate, so far without success.

In an emergency parliament session Monday, Hamas lawmakers challenged the legality of Abbas's referendum decree but put off a vote on the issue, saying they want to give more time for negotiations.

After the events in Ramallah, Abbas issued a presidential order banning displays of weapons on the streets, Abdel Rahman said. However similar orders in the past have been ignored.

"The president strongly condemns the attacks and the assault against the public institutions and the building that took place in the West Bank tonight," said a statement from Abbas's office.

Early Tuesday, a few thousand Hamas supporters demonstrated outside the Palestinian parliament building in Gaza, condemning the violence in Ramallah.

"What happened today in Ramallah is very shameful, and I think the president did not make every effort to prevent it," said Sami Abu Zuhri, the Hamas spokesman.

Fatah Officers Attack Hamas Sites In West Bank (WP)

By Scott Wilson

The Washington Post, June 13, 2006

JERUSALEM, June 12 -- Several hundred members of the Fatah-dominated Palestinian security services shot up or set fire to two official buildings associated with the rival Hamas movement in the West Bank city of Ramallah on Monday, hours after partisan clashes killed two people and wounded 15 others in the Gaza Strip.

The assaults on the buildings were among the biggest shows of force in weeks of clashes between rival Palestinian factions in the occupied territories.

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Members of security services loyal to Palestinian leader Mahmoud Abbas savaged the Palestinian parliament building and the cabinet headquarters, the homes of institutions run by Hamas. The radical Islamic movement won January parliamentary elections, ending Fatah's long monopoly on Palestinian political power.

After shooting out the windows of parliament, the officers entered the cabinet headquarters, where they smashed furniture and computers before setting the building on fire. Witnesses said the armed men, including some members of Fatah's military wing, known as the al-Aqsa Martyrs Brigades, prevented firefighters from putting out the blaze.

Late Monday, Fatah gunmen abducted a Hamas lawmaker, Khalil Rabei, after setting fire to his office in Ramallah. He was released soon after to Abbas's bodyguards and took refuge along with seven other Hamas legislators in the Muqata government compound. Abbas, who is the Palestinian Authority president, ordered his bodyguards to protect the group.

Palestinian security services, with more than 70,000 members, are dominated by Fatah loyalists. Because of economic sanctions that Israel and foreign donors have imposed against the Hamas-led government, most of the men have not received any pay in three months.

Hamas officials, meanwhile, have deployed a 3,000-member security force on the streets of Gaza that is filled out mostly by members of its armed wing.

The divide within the security forces, widening at a time of increasing political rivalry between Abbas and the Hamas leadership, has led to deadly clashes in recent weeks. Most of those have occurred in Gaza. Monday's rampage showed that the partisan violence can spread to the West Bank as well.

"Every time they touch one of ours in Gaza, we will get 10 of theirs in the West Bank," a member of the Fatah-dominated Preventive Security Service told the Associated Press.

Earlier in the day in Gaza, Hamas and Fatah gunmen battled in the streets of Rafah, leaving one Hamas gunman and one civilian dead. Fifteen others were wounded; their partisan allegiances were unclear.

There were differing accounts as to how this fighting began. Some witnesses said Fatah gunmen fired on a Hamas funeral procession, while others said Hamas gunmen attacked the Preventive Security headquarters along the procession's route with rifles and rocket-propelled grenades.

The clashes came as the Palestinian parliament, which Hamas controls, debated Abbas's plan to hold a referendum on the shape of a future Palestinian state.

The July 26 vote would ask Palestinians to vote yes or no on an 18-point document drafted by the leaders of Hamas, Fatah and other Palestinian factions in Israeli prisons. At the heart of the "prisoners' document," signed by major Palestinian leaders held in Israeli jails, is a proposal for a future Palestinian state in the West Bank, Gaza and East Jerusalem -- all territories that Israel occupied in the 1967 Middle East war.

Abbas favors such a state alongside Israel. But Hamas, which does not recognize the Jewish state's right to exist, has long called for a Palestinian state on land that now includes Israel. The prisoners, a very influential group in Palestinian politics, withdrew their support for the document after Abbas issued a presidential decree Saturday setting the date for a nonbinding vote on it.

The session Monday was called by Hamas legislators in the hopes of blocking the referendum, although whether the parliament has the legal standing to do so is unclear. After hours of sometimes angry debate, Hamas lawmakers decided to postpone a vote on the issue until next week, saying they wanted to give talks between Abbas and Prime Minister Ismail Haniyeh of Hamas a chance to reach a compromise.

Violence Strains Informal Cease-Fire (WT)

By Joshua Mitnick

The Washington Times, June 13, 2006

TEL AVIV -- Israel and Hamas seemed on the brink of abandoning a 17-month calm on Wednesday as Islamic militants lobbed rockets at Israeli towns and Israeli generals reportedly recommended an invasion of Gaza to snuff out the salvos, but officials and analysts think both sides will honor the informal cease-fire.

Hamas and Fatah loyalists showed no such restraint yesterday. Two Palestinians died in internecine Gaza street battles, while gunmen linked to Palestinian Authority President Mahmoud Abbas' Fatah party ransacked and burned government buildings in Ramallah.

Meanwhile, the Hamas-majority parliament delayed a decision on a measure that would outlaw a referendum. Mr. Abbas backs the referendum, which seeks implicit recognition of a two-state solution.

Both Israel and the Palestinian Authority face growing domestic pressure to launch retaliatory attacks. Seven Palestinians from one family were killed on a Gaza beach by an errant explosive, and the southern Israeli city of Sderot has come under frequent attack by Qassam rockets. So far, political leaders have resisted the temptation.

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Attacks on Israel would disrupt Hamas' effort to consolidate its power after taking over the government in March, said a member of the Hamas-run Cabinet. The government also has struggled with a suspension of international aid to the Palestinian Authority, which has left government employees without pay for at least three months.

"The military escalation is the last thing that the government needs," said Abdel Rahman Zaidan, the Palestinian minister of public works.

Israelis hope to avoid a risky military gambit that could undermine international support for Prime Minister Ehud Olmert's "realignment" plan to uproot settlement in the West Bank.

"What can we do? Reinvade Gaza? We've been there already," said Labor parliament member Efraim Sneh.

Israeli Defense Minister Amir Peretz said he turned down a recommendation from Israeli generals for a large-scale offensive against the cells that launch the homemade rockets into Israel. His decision is aimed at allowing tempers to cool.

For the first time in months, Hamas' military wing took responsibility for the rocket salvos, prompting Israeli talk of assassination strikes on senior figures in the organization.

Critics of the government's policy said Israel should move against rocket foundries in Gaza and against weapons smugglers to weaken a militant group that has used the calm to restock.

But backers of the defense minister said the price -- Israeli military casualties, international criticism and a cancellation of the Palestinian referendum -- was too high. Even though Israel could justify the offensive, it is likely to strengthen Hamas' hand against Fatah.

"You can have some short-term gains," said Yossi Alpher, the former head of Tel Aviv University's Jaffee Center for Strategic Studies, but in the long term, "there is no military solution. And it's not going to change anything."

Blair Urges Negotiated Mideast Solution (FT)

By Ben Hall In London

Financial Times, June 13, 2006

Tony Blair, UK prime minister, on Monday urged Israelis and Palestinians to pursue a negotiated settlement of their conflict, but did not endorse a unilateral Israeli solution in the event of a stalemate.

Speaking in Downing Street after talks with Ehud Olmert, Israel's new prime minister, Mr Blair promised to give "every support and every impetus we can from the international community" to ensure that talks could begin.

Mr Olmert is on the first leg of a European tour to win support for his proposals to withdraw from large parts of the West Bank and define Israel's borders unilaterally if talks with Mahmoud Abbas, the Palestinian Authority president, fail to produce a deal.

Mr Blair said the Palestinians had to recognise Israel's right to exist and renounce violence and both sides had to adhere to the international community's "road map" for talks. Israel also needed to address the "main issue" of how to create a viable Palestinian state.

Only a negotiated settlement was likely to last, Mr Blair said. But he acknowledged that there had to be progress towards some form of resolution to prevent the Middle East from slipping back into "chaos", and hinted that that could require a unilateral redrawing of the borders.

"This thing either moves forward by way of agreement or other ways of moving it forward have to be found," he said.

The Israeli leader reiterated his willingness to work towards a negotiated solution, which he said was based on "a generous compromise" by Israel. He would "go a long way" to convincing the Palestinians that it was worthwhle entering talks, under conditions set out in the "international road map".

"We are not impatient, therefore we are willing to give it some time," Mr Olmert said, revealing that he would be meeting Mr Abbas within the next few weeks.

But he also re-stated his readiness to go it alone in re-drawing Israel's map, adding that only a few years ago an Israeli offer to vacate 90 per cent of the West Bank would have been considered a "miracle".

"In spite of our obvious efforts, we may not be able to achieve our primary goal to negotiate with the Palestinians on the principles of the road map. We will have to move forward...to separate from the Palestinians, pull out from areas of the West Bank to realign Israelis to other parts of Israel to leave very large contiguous territories for a state to be formed by the Palestinians," he said.

Mr Blair agreed that negotiations could not start until the Palestinians renounced violence and accepted Israel's right to exist.

However, he declined to endorse Mr Olmert's view – expressed last week in an interview with the Financial Times – that a proposed referendum on Palestinian peace proposals was "meaningless".

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Mr Olmert dismissed the referendum on proposals that implicitly recognise Israel as an internal Palestinian “game between one faction and another”.

Mr Blair said that “anything that helps move the peace process forward is valuable”.

The Israeli prime minister said his country could not allow Iran to “cross the nuclear threshold”, warning that equipped with atomic weapons it would pose a “serious danger to the entire world”.

Olmert Won't Rule Out Unilateral Action (AP)

By Steve Weizman

AP, June 12, 2006

Israeli Prime Minister Ehud Olmert said Monday that he would make "every possible effort" to negotiate peace with the Palestinians but will act unilaterally without an agreement.

Olmert said at a news conference with British Prime Minister Tony Blair that Israel "will not tolerate nuclear weapons in the hands of Iran" — but sidestepped a question about possible Israeli action.

Olmert went further than before in his statements about a pullout from the West Bank, suggesting that a withdrawal would encompass "90 percent" of the territory Israel occupies, although he said that figure was approximate.

He left the door open to future negotiated pullouts even after a unilateral and partial withdrawal.

The prime minister is visiting Britain and France to win support for his approach to the West Bank. Under his plan, Israel would pull out of most of the territory and dismantle dozens of Jewish settlements but retain key areas, including major settlement blocs and east Jerusalem, which the Palestinians seek for a capital.

"What will happen when we will come to the point of the 90 percent of the territories, and the remaining 10 percent remains to be seen?" Olmert said.

If "the day will come when the Palestinians will be ready to negotiate with us ... I will then be willing to come to discuss it in detail," he continued.

In a briefing with reporters later, he said he was "not talking precisely down to the millimeter."

Asked about the prospect of a nuclear-armed Iran, Olmert said Israel "will not be able to accept such a reality."

Olmert sidestepped a question on whether Israel would act alone against Iran's nuclear program — as it did in 1981, when Israeli warplanes destroyed Iraq's Osirak nuclear facility. He said he hoped recent U.S. and European efforts "will stop any events that will advance Iran toward the possession of nuclear weapons."

Blair's response to Olmert's pullout comments balanced support for negotiations with a nuanced acceptance of what Israel calls its other options should talks lead nowhere.

Israel withdrew unilaterally from all of the Gaza Strip last year.

On the West Bank, Olmert has signaled he will give the Palestinians until year's end to resume peace talks before unilateral action. The Palestinians view a unilateral pullout as a way to strengthen Israel's hold on parts of the West Bank that the Jewish state would retain.

Palestinian President Mahmoud Abbas is eager to restart negotiations with Israel. But Olmert has said meaningful talks cannot take place as long as the militant group Hamas, which controls the Palestinian legislature and Cabinet, remains committed to Israel's destruction.

North Korea Flexes Missile Muscle To Grab US Attention (AFP)

By P. Parameswaran

AFP, June 12, 2006

North Korea's preparations for possible long-range missile tests -- its first in nearly a decade -- may be an attempt to grab the attention of a US government distracted by its nuclear row with Iran, experts said.

A senior US official said in a weekend report that there were "enough indications" to suggest that the Stalinist state was getting ready to test-fire an intercontinental ballistic missile, eight years after sending a missile over northern Japan.

Current test preparations are reportedly far more advanced than on previous occasions when North Korea appeared to be gearing up for a missile launch.

Pyongyang, which claims to have nuclear bombs, has frequently used missile tests and other provocative military activity to spur either diplomatic efforts or to shake up what they view as a unfavourable diplomatic situations.

But Pyongyang's latest demonstration of a planned long range missile test, against the backdrop of stalled nuclear talks, is seen by some analysts as a plea for US attention.

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"It is very likely that North Korea believes that with Iran being offered a very reasonable package of incentives to abandon their nuclear program, they too would like to ensure that they are geting the appropriate attention and incentives from the United States," said Jon Wolfsthal, a weapons expert at the Washington-based Center for Strategic and International Studies.

North Korea's missile test preparations pre-date a US offer this month to join in the negotiations between Iran and the European nations to end a nuclear standoff with the Islamic republic.

But Wolfsthal said the hardline communist state's stepped up missile activity could be an indication that Pyongyang "is very frustrated with its inability to get political and economic benefits from its nuclear program."

The United States had been involved with China, Russia, Japan and South Korea in talks with North Korea to disband the reclusive state's nuclear arms in return for security and diplomatic guarantees and critical energy aid.

Six-party talks climaxed in September 2005, with North Korea agreeing in principle to end its atomic weapons program.

But negotiations have collapsed since November, after the United States imposed financial sanctions on Pyongyang for alleged counterfeiting and money laundering activities.

During the impasse, Washington has been actively involved in diplomacy to defuse the Iranian nuclear crisis.

It has offered to directly talk to the Iranians and provide various incentives to encourage Tehran to suspend uranium enrichment, a process that could lead to making nuclear bombs.

"The North Koreans do not like to be ignored and they are famous for staging provocative actions to remind the United States that they are still potentially dangerous," noted Joseph Cirincione, a nuclear expert at the Center for American Progress.

He said that increased activity at a North Korean missile launch site, being monitored by US satellites, may be aimed more at "stimulating the six-party negotiating process than actually developing a capability that could actually threaten the United States."

Indications are that the North Koreans are itching for a nuclear deal but are frustrated by the on-again, off-again negotiating tactics of the United States.

Recently, the administration of President George W. Bush signalled it was prepared to consider opening a parallel track of negotiations with North Korea on a peace treaty to replace the 1953 armistice that ended the Korean War.

Some believe the move could result in a breakthrough to get talks moving again.

"But we haven't seen any results of the reported action yet, and the North Koreans may be getting impatient and are sort of puffing themselves up," Cirincione said.

Senator Scolds U.N.'s No. 2 For Snub (WT)

By Betsy Pisik

The Washington Times, June 13, 2006

NEW YORK -- One of the Senate's most prominent conservatives came to the United Nations yesterday to explain that Middle America does appreciate the work of the world body, they just want to see it better managed.

Sen. Tom Coburn, Oklahoma Republican, visited Deputy Secretary-General Mark Malloch Brown to rebut what he considered unfair criticism of the American people.

"I expressed disappointment on the lack of insight that was displayed in the speech given last week," Mr. Coburn told reporters after meeting in Mr. Malloch Brown's office. "The vast majority of Oklahomans believe in the function of the U.N. and recognize the positive contributions."

However, he added, the international organization still suffers from a lack of transparency and accountability. Mr. Coburn has scheduled a hearing on plans to renovate the aging U.N. headquarters later this month.

Mr. Malloch Brown, the senior deputy to U.N. Secretary-General Kofi Annan, set off a firestorm of criticism last Tuesday when he said that "Middle America" doesn't know about the good work the United Nations does because Washington rarely defends the world body against its critics.

"The prevailing practice of seeking to use the U.N. almost by stealth as a diplomatic tool, while failing to stand up for it against its domestic critics, is simply not sustainable," Mr. Malloch Brown told two left-leaning think tanks.

He also said that U.N. successes are better reported in the Middle East than in Middle America because "much of the public discourse that reaches the U.S. heartland has been largely abandoned to its loudest detractors such as Rush Limbaugh and Fox News."

The next day U.N. Ambassador John R. Bolton blasted the remarks as "condescending" and "patronizing," and threatened to make the United Nations "a victim" if Mr. Annan did not immediately repudiate the speech.

But Mr. Annan is standing by his deputy, and on Thursday urged everyone to let it go.

Bush administration officials have not fleshed out the details of their strategy, but they do note that the organization is less than three weeks away from a fiscal crisis.

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The U.N.'s current spending authority expires at the end of June and Washington and other key donor states must come to an agreement with the rest of the membership on how to make substantial management changes before that time.

The United States pays one-quarter of the U.N.'s operating budget.

"We are now perilously near the deadline, and it is far from clear that enough reform to satisfy them has been achieved," wrote Mr. Annan in an op-ed piece in yesterday's Financial Times. "Neither side has found a way of engaging with the other to agree on further reforms."

Although Mr. Malloch Brown, who is British, has insisted that he is not anti-American, his remarks have riled Midwestern lawmakers. Rep. Dan Burton, Indiana Republican and an outspoken critic of U.N. mismanagement, was scheduled to take the House floor last night "to support the deputy secretary-general's immediate removal," said his spokesman, Stephen Schatz.

Cuba Cuts Off Power To U.S. Mission (AP)

AP, June 12, 2006

The Cuban government cut off electricity to the U.S. diplomatic mission in Havana a week ago, and U.S. requests for power to be restored have gone unanswered, the State Department said Monday.

The facility has been operating with generator power.

Work at the mission continues, including interviews of refugees and outreach programs for the Cuban people, State Department spokesman Sean McCormack said.

"I would just say that the bullying tactics of the Castro regime aren't going to work," he added.

He said Cuban authorities also reduce the availability of water to the mission from time to time.

McCormack said he suspects that the decision to cut the power was in response to efforts by the mission to provide information to the Cuban people.

"That, of course, is not something that the Castro regime takes kindly to," he said.

In January, President Fidel Castro complained about use of the U.S. mission to carry human rights messages to passersby on outdoor electronic signs.

Castro called the signs provocations.

U.S. Mission Hit By Power Failure, Water Shortage (WT)

By Tom Carter

The Washington Times, June 13, 2006

The main office of the U.S. diplomatic mission in Havana has been without electricity since June 5, water is available only sporadically and U.S. diplomats have begun burning "nonessential" documents, the State Department said yesterday.

The State Department called the power cut part of a campaign of harassment of U.S. diplomats by the Cuban government.

"On Monday, June 5th, at approximately 3:00 a.m., electricity to the main building at the U.S. Interests Section in Havana was cut off," said department spokesman Sean McCormack. "The U.S. Interests Section building is the only building in the neighborhood without electricity. I wonder how that happened."

The U.S. mission is running on backup generators.

Cuba and the United States do not have diplomatic relations. Rather than embassies, they maintain "interests sections" in each other's capital. Switzerland acts as the official go-between.

Calls to the Swiss Embassy and the Cuba Interests Section in Washington yesterday seeking comment were not returned.

Drew G. Blakeney, a spokesman for the U.S. Interests Section in Havana, said the harassment of U.S. diplomats was minor compared with the repression of the Cuban people by the regime led by President Fidel Castro.

"The Cuban people, especially human rights and pro-democracy activists, continue to suffer much more severe harassment on a daily basis than does the U.S. Interests Section in Havana," Mr. Blakeney said.

The State Department said the harassment is thought to be the Cuban response to the U.S. Interests Section's "outreach" on behalf of the Cuban people.

The U.S. mission infuriated the Castro government at Christmastime when it displayed a lighted sign on the building to flash news and messages to the Cuban people. The initial sign displayed "75" -- the number of dissidents jailed by the regime in the past few years.

The Cuban government responded in January by erecting a large billboard to block the messages from the thousands of Cubans who drive, bicycle or walk past the Interests Section each day.

"The American requests to the Cuban government to restore power have gone unanswered," Mr. McCormack said. "As of this morning, the power remains cut off and the U.S. Interests Section is operating on generator power."

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He added that work at the Interests Section "continues unabated, including interviews of refugees and direct outreach to the Cuban people."

"I would just say that the bullying tactics of the Castro regime aren't going to work," Mr. McCormack said.

The Miami Herald reported late yesterday afternoon that the Interests Section had begun burning "nonessential" papers. State Department officials confirmed the report but said this is a standard procedure when power is out.

The cutoff continues even though Cuban Basic Industry Minister Yadira Garcia told parliament Saturday that a $1 billion program to link hundreds of large generators to the energy grid meant more power was available for peak energy demands.

"In less than eight months, conditions have been created that guarantee that there will be no blackouts in our country due to a lack of generating capacity," the minister said in her report, published by the official press yesterday.

Leader Of Islamic Forces In Somalia Seeks "Understanding" With U.S. (KRT)

By Hannah Allam

Knight Ridder, June 12, 2006

MOGADISHU, Somalia -The Islamist leader whose Islamic Courts Union militia seized control of this lawless east African capital last week after fierce fighting with U.S.-backed warlords said Monday that he seeks "an understanding" with the United States and denied that his group is sheltering al-Qaida terrorists.

But in his first face-to-face interview with an American journalist since his forces' triumph, Sheik Sherif Ahmed told Knight Ridder that he doesn't plan full ties with the United States, and he dodged questions about his views on al-Qaida.

"The Americans were getting wrong information from the warlords, and since that strategy failed, the Americans have a good opportunity," Ahmed said. "They can help us with offers of humanitarian assistance. We cannot say there will be full cooperation, but we can foresee an understanding between the United States and Somalia."

He also said he would never agree to a call for international peacekeepers by Somalia's nearly powerless transitional government, based 150 miles away in the city of Baidoa.

"They only brought destruction and killing when they were here," he said. "There is no reason for the request for foreign troops. The cruel warlords were totally eliminated by the uprising."

Ahmed has been the focus of international speculation about whether he plans to create a Taliban-style state that would shelter al-Qaida in this strategic Horn of Africa country. But Ahmed offered no clear political agenda during the interview, which was conducted in his heavily fortified office on a leafy residential street in the capital.

Ahmed said he believes "the world is truly governed by God," but that his religious courts will reach out to intellectuals, secular politicians and clan elders as the Islamists craft a plan for the city.

"Our people have been freed from the warlords. Now, we want all Somali people to decide their future," he said.

Outside, boyish-looking militia members, most still in their teens, patrolled in castoff military uniforms aboard trucks affixed with anti-aircraft artillery. There were no sounds of fighting, and residents said the militia introduced a fragile calm after 15 years of bloodshed.

The United States ended direct involvement in Somalia in 1994, after 18 Army Rangers were killed when rebels shot down a military helicopter in Mogadishu - an event dramatized in the film "Black Hawk Down." In the years since, the city has been the subject of near constant violence as rival clans competed for control.

The Bush administration is widely believed to have begun providing covert funding to some of the warlords during the past year in an effort to thwart the Islamic Courts' rise. It's a claim the administration hasn't confirmed, but one that Ahmed and others here believe.

President Bush said last week that the administration's "first concern would be to make sure that Somalia does not become an al-Qaida safe haven, doesn't become a place from which terrorists plot and plan."

"So we're watching very carefully developments there," Bush said.

Somalis who took part in the formation of the Islamic Courts Union in 2003 say Ahmed, a scion of one of Somalia's most powerful clans who studied law in Libya, was installed as chairman because of his reputation for fairness.

"He was the consensus person," said Abdullahi M. Shirwa, a secular peace activist who was involved in the establishment of the Islamic Courts Union. "He got support from the clans, from the neighborhoods, from civil society and from the Islamists. He's a politician more than he's a religious man."

In person, Ahmed appears far younger than his 42 years and eschews the traditional trappings of power. His entire two-story compound is treated as a holy site. Visitors are required to take off their shoes when entering, and Ahmed was barefoot throughout the interview. His office furnishings consisted of a desk and a chair. He declined to discuss personal details of his life. "I'm from the people," he said.

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During a casual first meeting Sunday night, he came across as charming, with a good sense of humor. But he was far more guarded during Monday's formal interview, during which he occasionally shifted into fluent Arabic from his native Somali.

He didn't lose his sense of humor, however. Asked to pose with a reporter for a picture, Ahmed at first hesitated. "It might be dangerous for you," he said with a laugh, before agreeing to the request.

The Islamic Courts Union is still in battle mode, preparing for fresh clashes as the group moves to the outskirts of Mogadishu in a push to take the last warlord strongholds. Ahmed defended the leader of his military wing, Adan Hashi Ayro, who reportedly fought U.S. troops alongside the Taliban in Afghanistan.

"One should not be taken in by Western propaganda," he said in response to questions about Ayro.

The sheik also said that the United States hasn't responded to a letter he wrote in which he categorically denied that his group is sheltering al-Qaida figures thought to be responsible for attacks on American targets.

"Al-Qaida or terrorist members are not here at all," Ahmed said. "As far as we know, the claims by the Americans against Somali suspects are exaggerated."

Setback In Somalia (WT)

By John B. Roberts

The Washington Times, June 13, 2006

Two-and-a-half years ago, I first learned of the CIA's covert program to use secular warlords to contain al Qaeda in Somalia. As early as 2002 intelligence officials concluded that al Qaeda had re-established an operational network in Somalia after being routed in Afghanistan. Some reports even suggested that Osama bin Laden crossed the Arabian Sea in a dhow and found sanctuary in Somalia after escaping the noose in Tora Bora.

Until now, I refrained from writing about the Somali front in the war on al Qaeda because of its extreme sensitivity and its vital importance. Regrettably, State Department career officials, in order to condemn the program, have now confirmed to the New York Times the existence of the covert operation being run by the CIA station in Nairobi, Kenya. This is an unconscionable breach of security that ought to outrage us all.

The links between Somalia and al Qaeda predate September 11 and unlike the disputed links between al Qaeda and Iraq before the war, these ties are incontestable. The 1998 bombings of our embassies in Tanzania and Kenya were carried out through the Somali networks. Since September 11, Somali-linked terrorists have bombed a hotel catering to Israeli tourists in Mombasa, attempted to shoot down an Israeli airliner, have been tied to the London transit bombings and were caught with radioactive contraband in Britain.

To counter the risk that Somalia will become a terrorist safe haven, the United States has stationed 2,000 fast-reaction troops in neighboring Djibouti. Under presidential authority, Washington also launched a covert action program relying on a coalition of secular Somali warlords called the Alliance for the Restoration of Peace and Counter-Terrorism.

The alliance has been used to harass and disrupt terrorist operations in Somalia and to capture al Qaeda operatives like Suleiman Abdalla Salim Hemed for interrogation by the United States. The callow exposure of this program's existence complicates our ability to work through proxy allies in fighting terrorism.

Critics who charge that the alliance has been counterproductive and resulted in new support for the Islamic court militias who claim to have seized Mogadishu ignore the fact that al Qaeda was already well-established in Somalia before the CIA program began.

This creative, risk-taking approach to the Somali problem exemplifies the best of the CIA. It was overseen by a talented CIA station chief with a long history in the region. It was a vital program because the other alternatives are so dire.

There is no easy solution in Somalia. Allowing the country to become a safe haven for terrorists threatens not only the entire Arabian Peninsula and the Gulfs of Aden and Oman but gives al Qaeda a base for global operations. This is why Secretary of State Colin Powell, in Senate testimony in 2003, named Somalia on a short list of countries where the U.S. might have to take military action after Iraq.

The military option is undesirable for several reasons. Because of the clan structure of Somali society and widespread possession of arms, an invasion would require a level of civilian casualties that would horrify U.S. and world public opinion. Occupying forces would face an insurgency even more tenacious than in Iraq.

That is why it is crucial for the CIA-backed warlords to succeed in containing al Qaeda. But the odds have been made much more difficult by State Department disclosure of the covert program.

Every CIA officer knows covert action can be a career killer when operations are exposed or fail. The political fallout and second-guessing has just begun. How CIA Director Michael Hayden and Deputy Director Steve Kappes handle the Nairobi station chief will be closely watched by CIA officers, especially in operations. This is the acid test of whether the new CIA is a risk-averse agency where creativity and daring will be rewarded.

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To send a message throughout CIA, Messrs. Hayden and Kappes should promote the Nairobi station chief instead of sacrificing him to appease critics in other agencies or Congress.

John B. Roberts II served in the Reagan White House. He writes frequently on terrorism and national security.

Indonesia Lacks Funds To Fight Flu, World Bank Says (AP)

The Associated Press, June 13, 2006

JAKARTA, Indonesia -- Indonesia's fight against bird flu is underfunded and poorly coordinated, the World Bank said, urging the government to be more aggressive in culling fowl in infected areas.

The bank, in a report to be released today to Indonesia's biggest aid donors, also said the government needed to improve surveillance of poultry stocks to better detect outbreaks of the disease and to modify its vaccination program.

Indonesia has said it will need $900 million over the next three years to fight the H5N1 virus, which has killed at least 37 people in the nation, but has budgeted only $59 million for 2006.

"The current allocation of donor funds, about $55 million, does not correct this imbalance," the bank said yesterday, adding that it is "unclear how the government of Indonesia intends to finance the shortfall."

Bird flu has killed at least 128 people world-wide since late 2003.

So far, most human cases have been linked to contact with infected birds, but experts fear the virus could mutate into a form more easily transmissible between humans, potentially sparking a pandemic that could kill millions world-wide.

Indonesia trails only Vietnam, where 42 people have died, in human bird-flu deaths and the H5N1 virus is considered endemic in poultry in most provinces across the sprawling archipelago.

"But surveillance coverage is limited and generally unreliable to detect outbreaks," the bank said, adding that "control measures, including vaccination and culling of infected stocks are seriously underfinanced and fraught with implementation problems."

Mass culling of poultry in infected areas is one of the United Nations Food and Agriculture Organization's most basic containment guidelines, but Indonesia has said it can't afford to compensate farmers.

The World Bank also expressed concern about a recent cluster of cases on Sumatra island, which has raised suspicions of limited human-to-human transmission.

Bumpy Ride As China's Auto Market Booms, Leaders Clash Over Heavy Toll (WSJ)

By Gordon Fairclough And Shai Oster

The Wall Street Journal, June 13, 2006

BEIJING -- Nearly 1,000 new cars hit the streets here every day, crowding a city already choked with pollution. Levels of nitrogen dioxide currently exceed the World Health Organization's clean-air guidelines by 78%.

The mayor, Wang Qishan, complains that the number of cars flooding the roads makes it "more difficult to run the city." Local officials are so worried about air quality for the 2008 summer Olympic Games that they are considering a temporary ban on private cars.

At the same time, the city owns Beijing Automotive Industry Corp., a car maker that has joint ventures with DaimlerChrysler AG and South Korea's Hyundai Motor Co. Last year, the company and its affiliates made more than 500,000 cars, trucks and buses, employed 48,000 workers and paid more than $500 million in local taxes. By 2008, they expect to produce one million vehicles a year.

After various on-and-off restrictions, Beijing, which has more vehicles than any other Chinese city, has almost no limitations on car usage.

"This is something of great difficulty for us. The contradiction of population and the environment -- for us and the whole of China," said Mr. Wang at a March meeting.

The rise of the automobile highlights the wrenching balancing act China faces as it tries to join the ranks of modern consumer societies: improving living standards and creating jobs for the country's 1.3 billion people while keeping pollution and oil demand under control.

Officials from China's central government are divided over how to proceed. The country's powerful economic planners see the auto industry as a "pillar" of the national economy. Others, including those from the State Environmental Protection Administration, argue that China needs to limit car use and move more quickly to tighten clean-air rules.

Local leaders are also torn. Many city and provincial governments, like Beijing, have a financial stake in the industry and are eager to capitalize on ramped-up production. But they also face complaints from citizens about snarled traffic and dirty air.

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China's car debate stands out because its population is the planet's largest. Across the country, rising incomes and falling auto prices have led to an explosion in car sales, up 54% in the first three months of 2006, compared with the year-earlier period. China's auto market is now the world's second biggest, and the motor-vehicle industry employs 1.7 million workers.

The shift is happening so quickly that McDonald's Corp. said last week that it expects at least half of its new outlets in China to be drive-throughs.

And the car craze here has just begun. China now has about 25 vehicles -- and fewer than seven cars -- for every thousand people, roughly the same level as the U.S. had in 1915. If auto sales continue apace, there will be more than 130 million vehicles on China's roads by 2020 -- up from about 33 million today. That could help double China's demand for crude oil and lead to a sharp increase in greenhouse-gas emissions, according to estimates by the government and environmental groups.

"If we follow the current track of consumption patterns to develop the automobile in China," says Pan Yue, vice minister of the State Environmental Protection Administration, "the world will not be able to support" it.

Complicating matters, Chinese gasoline contains high levels of sulfur and other contaminants. It will take years and billions of dollars to improve China's refineries to make higher-quality, cleaner-burning gas.

So far, calls for stricter car controls have been largely muted by the powerful National Development and Reform Commission, which sets the country's economic-development policies.

The commission has put a priority on expanding the economy to generate jobs for the millions streaming into cities from China's countryside. Officials of provincial governments and cities -- whose performance is judged largely on their ability to boost gross domestic product -- are rushing into auto-making.

Guangdong, long known as China's export capital for consumer goods, says it wants to triple its auto-making capacity by 2010.

"How many color TV sets and refrigerators are equal to one automobile?" asked Huang Huahua, governor of Guangdong on China's southern coast, at a government conference earlier this year. "You are a fool if you don't make cars....If we still depend on color TVs and a few similar industries, then Guangdong's 9% GDP growth can no longer be assured."

In 1997, Anhui province, one of the poorest in China, teamed up with the city of Wuhu to start a government-owned car maker, Chery Automobile Co. Last year, Chery sold nearly 190,000 vehicles, more than double its sales from 2004. The company says it has had trouble expanding capacity to keep pace with demand for its cars, which sell from $3,700 up to about $25,000.

In some cases, local governments share directly in car manufacturers' profits. Shanghai's government, for example, controls and receives dividend payments from state-owned Shanghai Automotive Industry Corp., which has joint ventures with both General Motors Corp. and Volkswagen AG.

For most of the auto's history in China, there were few cars and different priorities. After the Communists rose to power in 1949, China's auto industry focused on building military vehicles, buses and trucks. The Cultural Revolution of the mid-1960s to the mid-1970s, which led to mass upheavals, hobbled the industry.

A Shift in the 1980s

China's modern car market grew slowly at first, as demand for relatively expensive cars was limited largely to government and Communist Party officials. After launching market overhauls more than two decades ago, China decided to bring in foreign expertise. In 1983, state-run Beijing Automotive signed the first joint-venture deal with American Motors Corp. to make Jeeps. Soon after, Shanghai Automotive went into business with Volkswagen.

By 1994, the government had decided that cars should play a central role in driving the country's industrial engine. The official government policy nodded toward environmental concerns, saying the government "encourages" the use of "fuel-efficient and low-polluting" vehicles. At the same time, however, officials also pressed for stepped-up production.

Even then, officials in Beijing and other cities were worried about mounting congestion and auto pollution. Beijing put varying restrictions on small cars and trucks, limiting where and when they could drive.

Development of mass transit lagged in Beijing and many other cities, creating more demand for cars. In the late 1990s, more than a dozen cities wanted subway systems. But China's central government delayed approval, partly due to budget constraints. Beijing's main east-west subway line was only finished in 2000, and large parts of the city are still inaccessible by rail.

The central government, meanwhile, was looking to strengthen the car industry by bringing in additional foreign expertise and resources. In 1997, GM won a coveted deal for a joint venture with Shanghai Automotive that now produces Buicks and other models. Many other foreign auto makers followed.

After China joined the World Trade Organization in 2001, falling prices sparked a jump in car purchases by China's more-affluent consumers.

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Today, demand by middle-class buyers is surging as salaries rise and car prices, driven down by competition, plummet.

Liu Yunzhi, a 25-year-old computer-hardware designer, bought his first car, a $5,200 Chinese-made hatchback, soon after moving into an apartment in a Beijing suburb last year. He used it to haul furniture to his new home from Ikea.

"You don't have to be a rich guy to own a car," says Mr. Liu. "You can enjoy your life more."

Price wars have heated up as more local manufacturers have entered the fray. Mr. Liu's hatchback, for instance, was made by Geely Holding Group, which moved into autos after making motorcycles. BYD Co., a producer of cellphone batteries, got into the car business in 2003 after acquiring a formerly state-run assembly plant.

Rolling Stock

In Chongqing, a city in southwest China that is hoping to become the nation's car capital, auto factories spread over more than 20 million square meters, or around 5,000 acres. Metal-stamping plants, paint shops and assembly lines churned out more than 600,000 cars and other vehicles last year -- capacity that city officials hope to more than double by 2010.

Even in Shanghai's relatively diverse economy, the auto industry employed nearly 416,000 people, accounting for about 3.4% of GDP and more than $900 million in taxes in 2005, according to government figures.

Li Qisheng is 24 and has spent two years working on assembly lines for Geely in Zhejiang province, south of Shanghai. The son of farmers, Mr. Li now earns about $250 a month, or about $1.27 an hour, doing quality-control checks on new vehicles.

Mr. Li, who also receives subsidized meals and housing in a company dormitory, says he sends about half of his earnings home every month. "It relieves the pressure on my parents," he says. Last year, his family used the money to build a new, five-story concrete house to replace an old two-floor wood home. "I'm proud of myself," Mr. Li says.

The trickle-down of industry benefits has made it hard to put on the brakes. In 2000, Shanghai decided to tighten restrictions on new car registrations, auctioning off a limited number of license plates annually. But it has gradually loosened the strictures.

During the first year of the new program, Shanghai issued 14,000 plates for an average price of $1,700. Last year, it issued 67,078 for an average price of more than $4,000.

"Residents have a very strong demand of car use," says Zhu Junyi, a researcher at the Shanghai Information Center, a government think tank. The government, he adds, "has to try its best to meet the demand."

High Toll

The toll is high. Exhaust from an estimated 2.5 million vehicles has helped make Beijing one of the most polluted cities in China, even though it has shuttered many of the coal-burning factories that once fouled its air. In 2004, levels of airborne particulate in Beijing were more than six times as high as in New York, and sulfur-dioxide levels were more than double, according to Chinese and U.S. government figures.

It wasn't until 2000 that China passed its first comprehensive emissions law and made catalytic converters, which clean vehicle exhaust, mandatory. China has modeled is auto-emissions standards after those in Europe. Still, most of the country still lags behind Europe, using rules implemented there back in 1996. Beijing has a stricter standard, in line with regulations set by the European Union in 2000. The entire nation is slated to move to that cleaner standard by 2008.

Emissions testing for cars has been spotty, and experts complain that little is known about what comes out of China's tailpipes. Beijing officials say that more than 60% of the vehicles in the city have some emissions controls, an acknowledgment that up to 40% of them -- mostly older models -- have none at all.

In 2005, China imposed its first fuel-efficiency standards, which some analysts say will eventually be stricter than in the U.S. Earlier this year, the central government called on cities like Beijing to lift bans originally imposed on small cars in order to encourage purchases of more energy-efficient models. The government also instituted a graduated tax on new cars, designed to discourage purchases of gas guzzlers.

But to really limit cars' environmental toll and energy consumption, experts such as Lee Schipper, director of research at the World Resources Institute's Embarq Center for Transportation and the Environment in Washington, D.C., say China needs to levy road-use fees, lift gas prices and encourage the use of mass transit, as well as hybrid and electric vehicles.

"The rapid rate of growth is more than government institutions are prepared to deal with," says Mr. Schipper. When he suggests to local officials that Chinese cities limit the number of cars on the road, he says they resist. "They say: 'You can't restrict cars.' "

Russian Party Asks Young: Who Wants To Be A Deputy? (WP)

By Peter Finn

The Washington Post, June 13, 2006

LIPETSK, Russia -- To the list of contest prizes that stoke fantasies worldwide -- riches, fame, a dream date, a new washer-dryer -- add another: a seat in parliament.

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Shunning pinstripes for shorts and bathing suits, a group of potential legislators was unveiled at a beach party here last weekend -- the first-round winners in a competition called Political Factory, modeled on the popular Russian television show "Star Factory." Plucked from obscurity, a few of these aspiring lawmakers, or deputies, are due to join the Russian ruling class by October.

"I'm ready to fight and to solve the problems of young people!" proclaimed a beaming Svetlana Kondakova, 21, on hearing she'd made the cut. When a DJ in wraparound shades remarked that what her bikini top concealed would help her advance in politics, the crowd roared its approval.

In April, the Supreme Council of United Russia, the political party that supports President Vladimir Putin and controls legislatures at both the federal and regional levels, decided that 20 percent of all candidates on party lists in future elections must be between 21 and 28 years of age.

The move is part of efforts to broaden the party's membership beyond the stolid bureaucrats and businessmen who currently stuff its ranks -- many of them inspired not by ideological fervor but by the party's almost complete electoral dominance.

Lipetsk's regional governor, Oleg Korolyov, joined United Russia last October, part of a wave of political grandees switching sides. But how to recruit at the entry level? Young Guard, the party's youth wing, hatched the idea of a reality contest and opened it up to all comers. The competition was launched in May in nine regions, including Lipetsk, that are scheduled to hold local parliamentary elections in the fall.

"It's the first time in Russian history that a party has made a decision to share real power . . . on every level from local to federal," said Ivan Demidov, a Young Guard leader and well-known television personality. "It's the first actual step toward renewing the elite."

According to surveys, young people in Russia are largely indifferent to politics, despite Kremlin fears that they could become the vanguard of the kind of popular revolt that toppled governments in neighboring Ukraine and Georgia. Although a host of youth organizations were formed in the last two years to tame or channel youth activism, most of them quickly faded.

So Young Guard used modern marketing to try to attract recruits.

You are young.

You are active.

You are moving forward,

And Political Factory will open the doors for you!

Political Factory gives you a chance to get to power!

So promised a jingle aired over the last two months on local radio stations in Lipetsk, which is about 225 miles south of Moscow.

Critics call this approach a desperate gimmick. "Demidov is a showman," said Vladimir Pribylovsky, head of the Panorama research institute in Moscow. "The president asked him to propagandize among young people and he had to come up with something new to generate some interest. But I don't believe they'll give away parliamentary seats. There are too many of the party's adults who want them."

One young person who embraced the idea was Kondakova. "You look at politicians, and all you see are middle-aged men -- and how are they going to solve the questions of young people?" she said, speaking on the beach of an artificial lake outside Lipetsk. "This competition is a real surprise and a chance for young people to actually do things."

Contestants were invited to come to a Young Guard office in the city. There they had to fill out a long questionnaire on their personal backgrounds and political views.

"The USA is our friend, enemy or economic partner?" one question asked. Respondents were instructed to elaborate on their answers. There are no set correct answers, they were told.

"The U.S. is our strong competitor," wrote Andrei Trofimenkov, 26, who works for a local private group that promotes cooperation between government and business, in a fairly typical response. The Lipetsk branch of Young Guard provided The Washington Post with the completed questionnaires of all 60 people who entered the contest in the city.

"It is not our friend because it is not interested in restoring Russia's greatness," continued Trofimenkov. "Neither is it our enemy because it's not interested in Russia's total elimination."

"It's too tough to say enemy," wrote Dmitry Zakhvatayev, 24, a manager at a small company. "But they don't wish us any good, that's for sure."

Some responses were inflammatory. Asked what the first action of a new youth movement should be, Kondakova wrote that she would like "to disperse a gay parade." An attempt to stage the first gay and lesbian pride parade in Moscow last month ended in violence when it was broken up by police and skinheads.

"I expected worse," Demidov said after reviewing questionnaires from the first nine regions taking part in the contest. "We wanted to find those who have desire, who identify themselves as leaders. There was a lot of confusion about ideology, in their

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understanding of power, but the main thing is they have the desire to take part. Some people say it's an artificial thing. It's always difficult to find talented people, but it's better to have this 20 percent as a door, rather than the wall we've had until now."

One question asked why Mikhail Khodorkovsky, the Russian oil tycoon who clashed with the Kremlin, was in prison. Almost everyone wrote that he was guilty of financial crimes.

But others showed independence from the government's line.

Pavel Lysenko, a 21-year-old who works for the local Interior Ministry, said Khodorkovsky was in jail only because "he was able to earn money and the Russian mentality can't tolerate that." Yevgeny Zenkov, a 23-year-old chemistry teacher and boy scout leader, said Khodorkovsky was "in jail for his political views."

Both Lysenko and Zenkov are still in the contest.

Entrants also recorded 45-second videos in which they stated why they wanted to be members of parliament. A panel of judges, including Young Guard activists and well-known young people from Lipetsk, conducted follow-up interviews by phone.

"I was looking for some creativity," said Maxim Bereznev, a 23-year-old break dancer who took part in the judging.

On June 4, the original field of 60 was cut to 20, half of whom had no previous affiliation with United Russia or Young Guard, according to their questionnaires.

Contestants heard the news on the beach, where United Russia had set up a stage and DJs from a local radio station played Russian hip-hop and house music. To the side, under a stand of trees, young activists grilled hot dogs and people helped themselves to the mineral water for which Lipetsk has been famous since the days of Czar Peter the Great.

The winners were called up to the stage in groups of four. In responses to a DJ, the fledgling politicians proclaimed their devotion to the party, democracy and the Russian way of life.

"It's not important which party you belong to," said Sergei Pozdnyakov, 26, a former Communist Party loyalist who was among the 20 preliminary winners. "The main thing is to be with people who have some sincere beliefs."

Over the next month, the winners have to gather the signatures of 500 people who pledge to support them in the fall elections. They also have to organize some local events to show their political smarts. The contest will end with a debate among the 20 aspirants before the judging panel makes its final decision.

On June 27, five final winners will be chosen in Lipetsk and added to the party list. Three of those will almost certainly end up in parliament.

"We're looking for energetic, thinking patriots," said Alexei Demikhov, head of Young Guard in Lipetsk. "And our main task is to choose those we won't feel ashamed of when they become deputies."

The Wrong Way To Sway Egypt (WP)

By Jon B. Alterman

The Washington Post, June 13, 2006

There are many in Washington who think that Egyptian politics turned around last spring because of President Bush's demonstrated resolve to promote political change in that country. They further believe that the leadership in Cairo reverted to its bad old ways when Bush's attention strayed.

They are wrong on both counts. Profound change was never in the air in Egypt. Some Americans may have been ebullient about changes afoot there, but Egyptians' level of political participation told a different story: Fewer than 5 percent of the electorate bothered to vote in last May's referendum on allowing multi-candidate elections for president, and perhaps 20 percent voted in the presidential election itself.

Misreading this history causes many to believe that the United States should turn up the pressure and condition its aid to Egypt on continued political reform. This is a move that makes sense on its face. It also happens to make bad policy. The U.S. government should continue to press hard for reform in Egypt, and it should closely scrutinize the aid package. But linking the two would be counterproductive, if not disastrous.

Like the aging villas in downtown Cairo, U.S. aid to Egypt is the fading legacy of another time. In the 1970s, when peace between Israel and any of its Arab neighbors was a fantastic dream, and when picking Egypt off from the East Bloc was a major coup in the Cold War, Egypt was worth every penny of the billions of dollars in U.S. aid that it received.

Three decades later, the Soviet Union is gone, the Arab League has embraced a two-state solution to the Arab-Israeli conflict, and al-Jazeera's maps label Israel as such. Egypt helps the United States in a wide number of areas -- especially with regard to counterterrorism cooperation and Arab-Israeli peace issues -- but it is increasingly difficult to find instances in which Egyptian assistance has been vital to the success of a critical U.S. mission.

Meanwhile, more than $60 billion in U.S. assistance over 30 years has engendered little goodwill on Egypt's streets. According to a Gallup poll released last month, 72 percent of Egyptians believe that the United States is not serious about improving economic conditions in the Middle East -- U.S. assistance notwithstanding.

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The United States may well decide to reduce assistance to Egypt on the merits. But reducing it as part of a conditionality scheme would not only not work, it would also be damaging.

Studies strongly suggest that foreign aid conditionality works best when it concentrates on objective measures of actions that are controlled by a small group of people. Conditioning preferential interest rates on monetary reserve targets is a perfect example. Tying assistance to democratization is exactly the opposite. Democratization is notoriously subjective, and the product of millions of small decisions every day. By many measures, especially freedom of speech, Egypt is far freer than it was even three years ago. But the brutal repression of street demonstrations in recent weeks is a sign that freedom of action lags behind. Measuring either one with precision is impossible.

Outside of the academic literature, there are other reasons political conditionality is unlikely to work with Egypt. First, even millions of dollars in aid are unlikely to persuade the Egyptian leadership to roll the dice when it feels its very survival is at stake. The breakdown of public order in Iraq further undermines the confidence of Egypt's leaders that Americans' judgment is better than their own in this regard. Second, Egyptian officials feel outsiders are deeply naive about the threats posed by local radical groups, which many of Egypt's oppressive measures seek to curtail. Third, for more than a century Egyptians have been hypersensitive to foreign diktats because of the country's long history of occupation.

Thus far the Egyptian government has discredited advocates of democratization as foreign agents while gaining domestic credit for defending the nation against foreign intrigue. In any highly public spat over whether Egypt has met U.S.-imposed conditions, citizens would almost certainly rally around the government, and our friends would be isolated. In addition, the Egyptian government would be far less cooperative on a variety of important security issues, significantly increasing the cost of U.S. military and intelligence operations. There is no question that the Egyptian government would rather harm its own interests than be humiliated.

Conditioning aid might make us feel better, but it would not change Egypt. We need a less flashy but more effective approach. We do need to redesign the aid program, but we should do so in a way that allows Egyptians to claim victory while diminishing the overall amount of aid.

We also need to have our security and intelligence professionals work with their Egyptian counterparts to reach common understandings of common threats, especially with regard to radicalism and violence. Such efforts should simultaneously seek to reach agreement on the kinds of political activity that are not threatening to public order.

Finally, the United States needs to continue to press for greater openness and participation in Egypt. The world is changing, and the old methods of political control no longer work. The Egyptian government knows this, and it is seeking to adapt. Its efforts may be insufficient or ineffective, and it will have to live with the consequences. Our role should be to encourage and prod. Getting into a public spitting match with the Egyptian government would have precisely the opposite effect.

The writer directs the Middle East Program at the Center for Strategic and International Studies in Washington.

Foreign Aid Has Flaws. So What? (NYT)

By Nicholas D. Kristof

The New York Times, June 13, 2006

Don't tell anyone, but a dirty little secret within the foreign aid world is that aid often doesn't work very well.

Now that truth has been aired (and sometimes exaggerated) in a provocative new book by William Easterly, "The White Man's Burden." Mr. Easterly, a former World Bank official who is now an economics professor at New York University, has tossed a hand grenade at the world's bleeding hearts — and, worst of all, he makes some valid points.

Let me say right off that stingy Republicans should not read this book. It might inflame their worst suspicions.

But the rest of us should read it, because there is a growing constituency for fighting global poverty, and we need to figure out how to make that money more effective.

I disagree with many of Professor Easterly's arguments, but he's right about one central reality: helping people can be much harder than it looks. When people are chronically hungry, for example, shipping in food can actually make things worse, because the imported food lowers prices and thus discourages farmers from planting in the next season. (That's why the United Nations, when spending aid money, tries to buy food in the region rather than import it.)

On one of my last trips to Darfur, I had dinner at a restaurant in Nyala called K2. Out back were 18 big white S.U.V.'s belonging to the U.N. and aid groups; that amounted to nearly $1 million worth of vehicles, in a country where people are starving.

The aid workers are struggling heroically in a dangerous and difficult place, and I don't begrudge them reliable vehicles. But something seems wrong when international agencies are more successful at maintaining S.U.V.'s than clinics. (One reason is that budgeting is often done annually, and one of the ways to spend a grant in a single year is to buy a vehicle.)

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It's well-known that the countries that have succeeded best in lifting people out of poverty (China, Singapore, Malaysia) have received minimal aid, while many that have been flooded with aid (Niger, Togo, Zambia) have ended up poorer. Thus many economists accept that aid doesn't generally help poor countries grow, but argue that it does stimulate growth in poor countries with good governance. That was the conclusion of a study in 2000 by Craig Burnside and David Dollar.

Professor Easterly repeated that study, using a larger pool of data, and — alas — found no improvement even in countries with good governance.

Saddest of all, Raghuram Rajan and Arvind Subramanian of the International Monetary Fund have found that "aid inflows have systematic adverse effects on a country's competitiveness." One problem is that aid pushes up the local exchange rate, discouraging local manufacturing. Mr. Subramanian also argues that aid income can create the same kinds of problems as oil income — that famous "oil curse" — by breeding dependency and undermining local institutions.

All these findings can be pretty shattering to a bleeding-heart American. But cheer up.

Some other studies indicate that aid does improve growth (economists don't agree about this any more than they agree about anything else). And whatever the impact on economic growth rates, aid definitely does something far more important: it saves lives.

For pennies, you can vaccinate a child and save his or her life. For $5 you can buy a family a large mosquito net and save several people from malaria. For $250, you can repair a teenage girl's fistula, a common childbirth injury, and give her a life again.

The Center for Global Development, a Washington think tank, has published a terrific book, "Millions Saved," demonstrating how health projects have saved lives. Eradicating smallpox and reducing river blindness have improved the lives of more people for less money than almost any investment imaginable. In Darfur, we haven't done nearly enough. But our aid shipments have kept alive hundreds of thousands of people.

For my whole adult life, I've sponsored children through Plan USA, and in visiting my "adopted" child in places like the Philippines and Sudan, I've seen how the kids' lives are transformed by American sponsors. Aid is no panacea, but it is a lifesaver.

So let's not shy away from a conversation about the effectiveness of aid. The problems are real, but so are the millions of people alive today who wouldn't be if not for aid. In the end, if we have tough conversations about foreign aid, then I believe Americans will acknowledge the challenges — and then, clear-eyed, agree to dig more deeply than ever, for that is simply the best way we have of asserting our own humanity.

DOJ_NMG_0033508

Ames, Andrew

From: Ames, Andrew
Sent: Tuesday, June 13, 2006 11:15 AM
To: Ames, Andrew; Baxter, Felix (CIV); Blomquist, Kathleen M; Branda, Joyce (CIV); Brett Gerry; Brody, Stephen (CIV); Bucholtz, Jeffrey (CIV); Bukvics, Jennifer (CIV); Claterbos, Barbara (CIV); Cohen, David M. (CIV); Cohn, Jonathan (CIV); Davidson, Jeanne (CIV); Davis, Dan (CIV); Fargo, John (CIV); Fielding, Gabrielle (CIV); Figley, Paul (CIV); Flentje, August (CIV); Frost, Peter (CIV); Garren, Timothy (CIV); Glynn, J.Patrick (CIV); Gorsuch, Neil M; Hertz, Michael (CIV); Hollis, Robert (CIV); Hunt, Jody (CIV); Hussey, Thom (CIV); Jennifer Brosnahan; Jeweler, James (CIV); Katsas, Gregory (CIV); Keisler, Peter D (CIV); Kohn, Chris (CIV); Kopp, Robert (CIV); Letter, Douglas (CIV); Levine, Larry (EOIR); Lindemann, Michael (CIV); Magnuson, Cynthia; McCallum, Robert (SMO); Miller, Charles S; Nichols, Carl (CIV); Nowacki, John; Pyles, Phyllis (CIV); Riley, Sharon (CIV); Rivera, Jennifer (CIV); Roehrkasse, Brian; Schiffer, Stuart (CIV); Scolinos, Tasia; Seidel, Rebecca; Senger, Jeffrey M; Spellberg, Dianne (CIV); Swenson, Lily F; Thirolf, Eugene; Wilson, Karen L; Zwick, Ken (CIV)
Subject: 6/13/06 Civil Division News

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MARIO GABELLI'S BROKEN LEGACY

FDA sued for lax regulation of GM foods

Atlanta system to pay $3 million in False Claims suit

Ex-FBI agent tells of '81 probe

PRNewswire

June 12, 2006

Press Release: Former Head of FDA to be Deposed on Tuesday, June 13 in 'Morning-After Pill' Case as Agency Rejects Petition

NEW YORK, June 12 /PRNewswire/ -- On Tuesday, June 13, 2006, attorneys from the Center for Reproductive Rights will question former U.S. Food and Drug Administration (FDA) Commissioner Dr. Mark B. McClellan in a court- ordered deposition about the FDA's continued failure to make the emergency contraceptive Plan B available without a prescription.

The deposition comes as the FDA announced this past Friday, June 9, that it rejected the Center's 2001 citizen's petition requesting emergency contraceptive products be granted over-the-counter status. Five years ago, the Center filed the petition on behalf of numerous health care and reproductive rights organizations and until last week, the FDA claimed that it was still actively considering the petition.

"The FDA's rejection of our citizen's petition in the midst of this lawsuit simply confirms what we have believed all along. The FDA, in the thrall of the Bush administration's anti-science agenda, has put aside its mission to promote public health in favor of depriving women of easier access to this important drug," said Simon Heller, staff attorney at the Center for Reproductive Rights and lead attorney in the case.

The McClellan testimony will be the fourth in a series taken by the Center as part of its lawsuit against the FDA. Last month, the Center deposed three other key figures associated with the agency's refusal to allow women to buy Plan B over-the-counter-former Commissioner Dr. Lester Crawford, Deputy Commissioner Dr. Janet Woodcock, and the Director of the Center for Drug Evaluation and Research Dr. Steven Galson.

Next month, the Center will question another former FDA official, Dr. Susan Wood, the director of the Office of Women's Health, who resigned last August in protest of the agency's handling of Plan B.

In December 2003, an FDA Advisory Committee voted 23-4 to approve Barr Laboratories' application to the FDA to make Plan B available over-the- counter, rather than just by prescription. The agency's scientific staff supported approval, but in May of 2004, FDA senior management overruled them and rejected the application, citing concern about the pill's use by teenagers under the age of 16.

Every year, three million women experience unplanned pregnancies in this country -- one every 10.5 seconds -- according to the non-partisan research organization The Guttmacher Institute. Experts estimate that better access to emergency contraception could prevent as many as half of these pregnancies.

"Decades of scientific research and years of international use of the "morning-after pill" among women of all ages have proven that it is safe, effective and belongs on drug store shelves," said Nancy Northup, President of the Center for Reproductive Rights. "We are now more determined than ever to use the courts to force the FDA to do its job and make Plan B available without prescription."

The lawsuit Tummino v. von Eschenbach was filed on January 21, 2005, by the Center for Reproductive Rights in the U.S. District Court for the Eastern District of New York on behalf of the Association of Reproductive Health Professionals (ARHP), National Latina Institute for Reproductive Health, and individuals from a grassroots advocacy group, the Morning-After Pill Conspiracy.

END

New York Times

June 13, 2006

Judges Press C.I.A. Lawyer Over Withheld Documents

By ANEMONA HARTOCOLLIS

A federal appeals court panel in Manhattan questioned a lawyer for the federal government yesterday as to whether the Central Intelligence Agency had a legitimate national security interest in refusing to confirm or deny the existence of documents authorizing it to detain and interrogate terrorism suspects overseas.

The tough questioning came in oral arguments by the American Civil Liberties Union and lawyers for the C.I.A. before the United States Court of Appeals for the Second Circuit. The civil liberties group is trying to force the C.I.A. to disclose how much authority it has been given to interrogate detainees since the attacks of Sept. 11, 2001.

Through the Freedom of Information Act, the A.C.L.U. is seeking documents, including a directive said to have been signed by President Bush, giving the agency the authority to set up detention sites outside the United States and to interrogate prisoners. In its lawsuit, the group says the existence of these documents has been hinted at in news reports.

But the government has refused to confirm or deny the documents' existence, saying that to do so would jeopardize national security by revealing C.I.A. methods and activities. Last September, Judge Alvin K. Hellerstein of Federal District Court upheld that position, and yesterday's hearing was part of the A.C.L.U.'s appeal of his ruling.

The three-judge appeals panel seemed divided on the issue, with Judge John Gleeson asking the most forceful questions of the government lawyer, Peter Skinner. Judge Gleeson seemed to be trying to determine whether the A.C.L.U. was right in contending that the agency was acting to avoid political embarrassment, rather than out of national security interest.

The judge asked Mr. Skinner whether the C.I.A.'s position had "shifted a little bit" during the litigation. Initially, Judge Gleeson said, the government seemed to be refusing to disclose even whether the C.I.A. had an "interest" in the questioning of detainees abroad.

Now, he said, the C.I.A. seemed to be admitting it had an interest in helping other agencies question detainees. The government was arguing, he said, that the C.I.A. wanted to safeguard information about whether it had been granted any independent authority to set up detention centers and interrogate prisoners.

"Independent engagement as opposed to helping out other agencies," Judge Gleeson said.

Mr. Skinner denied that the government had shifted its argument, though he suggested that it had clarified it. The C.I.A., he said, acknowledged all along that it had helped other agencies in interrogations and that when it did so, it was governed by Justice Department rules.

But, Mr. Skinner said, the agency "never acknowledged an interest or ability to go beyond those legal limitations" and was not going to do so now.

Megan Lewis, the lawyer for the A.C.L.U., argued that any information that would be revealed by merely acknowledging the existence of the documents would be so general that it would not jeopardize national security or betray specific intelligence-gathering methods. To argue otherwise, Ms. Lewis said, is "tantamount to the C.I.A. attempting to deny its interest in spying."

Outside court later, she said the documents, if they existed — "and I believe they do" — might be revealing, but "that's another fight for another day."

The A.C.L.U. seeks disclosure of two documents. One is said to be a Justice Department memorandum "specifying interrogation methods that the C.I.A. may use against top Al Qaeda members." The second is the directive said to be signed by Mr. Bush authorizing the agency to set up detention facilities outside the United States "and/or outlining interrogation methods that may be used against detainees."

Although oral arguments in the appeals court are often delivered in legal shorthand, yesterday's seemed even more opaque than usual. Almost apologetically, Mr. Skinner told the judges he was "somewhat constrained" in his ability to explain his argument and "connect the dots" because some of the C.I.A.'s reasoning in the case was classified.

The agency has submitted papers to the court that even the plaintiffs have not been allowed to see.

As the hearing came to a close, Judge Joseph M. McLaughlin made a joke about the obscurity, quoting a Jesuit logician, Father John Gerard, who in 1597 told a British interrogator: "I do not know where he is. But if I did, I could not and would not tell you."

The Jesuit doctrine of equivocation, Judge McLaughlin said, "lives on."

END

Detroit News

June 13, 2006

White House: Defending spy case could imperil U.S. Revealing program's details in court would be dangerous, officials say

By Gregg Krupa
The Detroit News

Detroit - The Bush administration argued in U.S. District Court on Monday that it cannot defend itself against accusations that a domestic spying program is illegal and unconstitutional because details of the program would be revealed, rendering it ineffective and jeopardizing national security.

"The president has decided that the program is necessary to protect and defend the United States of America against a terrorist attack by the al-Qaeda network, which has already killed thousands of Americans," Anthony Coppolino, a lawyer for the Department of Justice, said in the nation's first court hearing on the spying program.

"Without evidence that goes to the heart of the matter, the president's claims cannot be addressed."

The domestic surveillance program - in which the National Security Agency taps calls between the U.S. and other countries - is being challenged by a host of lawyers, academicians, journalists and advocates for civil liberties. They all asked U.S. District Judge Anna Diggs Taylor to order a halt to the spying.

The case is one of a few - and the first in which the government has made an argument - that could determine how much power the president has to conduct domestic spying without obtaining prior approval.

Diggs Taylor heard arguments for and against so-called summary judgment Monday without issuing a decision or saying when she might. Another hearing in the case is scheduled for July 10. That hearing will

concern the government's motion to dismiss the case based on its privilege against revealing military or state secrets if doing so threatens national security.

A lawyer for the plaintiffs argued that the Bush administration's position about state secrets is of little relevance to the suit.

"The issue in this case is simply whether the National Security Administration is violating the law and the Constitution in eavesdropping on the telephone calls of Americans without a warrant," said Ann Beeson, a lawyer for the American Civil Liberties Union. "... And the government has admitted that the NSA is eavesdropping and not obtaining a warrant."

The statute the Bush administration admits violating, Beeson said, offers all the power the government needs to spy on terrorists, or others, in the U.S. The Federal Intelligence Surveillance Act provides the mechanism for domestic spying with a warrant authorized by the Foreign Intelligence Surveillance Court.

Diggs Taylor asked Beeson only one question, related to whether the plaintiffs have "standing" to bring the suit. To sue, plaintiffs must show that they are both affected and harmed by the activity at issue.

END

Reuters

June 13, 2006

US court tosses lawsuit over "In God We Trust"

SAN FRANCISCO (Reuters) - A U.S. district court judge on Monday dismissed a lawsuit brought by a California atheist against the U.S. government for its use of the phrase "In God We Trust" on its coins and currency.

Michael Newdow, the Sacramento, California lawyer and doctor who had previously launched a court challenge on behalf of his daughter over the phrase "under God" in the Pledge of Allegiance said in schools, had argued that "In God We Trust" on monetary instruments violates his rights.

Newdow claimed that by using coins and currency bearing the phrase, he is forced to carry religious dogma, proselytize and evangelize for monotheism.

Judge Frank Damrell of the U.S. District Court for the Eastern District of California held in his opinion that "In God We Trust" is secular in nature and use, and its appearance on coins and currency does not show government coercion on behalf of monotheism.

Newdow told Reuters he would appeal to the San Francisco-based U.S. 9th Circuit Court of Appeals, which ruled in his favor in his "under God" lawsuit, a decision later overruled by the U.S. Supreme Court, which found Newdow could sue not on behalf of his daughter because he lacked custody.

"The case is really straightforward. The history is overwhelmingly on my side," Newdow said.

END

ASSOCIATED PRESS

June 13, 2006

Atheist's currency suit tossed

By Steve Lawrence

SACRAMENTO - A federal judge on Monday rejected a lawsuit from an atheist who said having the phrase "In God We Trust" on U.S. coins and dollar bills violated his First Amendment rights.

U.S. District Judge Frank Damrell Jr. said the minted words amounted to a secular national slogan that did not trample on Michael Newdow's avowed religious views.

"There is no proper allegation that the government compelled plaintiff to affirm a repugnant belief in monotheism," Damrell said in dismissing the suit.

Newdow, a Sacramento doctor and lawyer, also is engaged in an ongoing effort to have the Pledge of Allegiance banned from public schools because it contains the words "under God."

Two years ago, the pledge fight reached the U.S. Supreme Court, which said Newdow lacked standing to bring the case because he did not have custody of the daughter on whose behalf he brought the case.

But a Sacramento federal judge sided with Newdow in September after he filed an identical lawsuit on behalf of parents with children in three Sacramento-area school districts. The case is pending before the 9th U.S. Circuit Court of Appeals.

Informed of the "In God We Trust" decision on Monday, Newdow said he was not disappointed because it would give him an edge in an appeal.

Newdow sued Congress and several federal officials, claiming that by making money with "In God We Trust" on it the government was establishing a religion in violation of the First Amendment clause requiring separation of church and state. The phrase "excludes people who don't believe in God," he argued.

"The placement of 'In God We Trust' on the coins and currency was clearly done for religious purposes and to have religious effects," Newdow wrote in the 162-page suit, which was filed in November.

Damrell disagreed, citing a 9th Circuit decision from 1970 that concluded the four words were a national motto that had "nothing whatsoever to do with the establishment of religion." Newdow had argued the appeals court decision was "wrongly decided."

"'Wrongly decided' or not, this court must and does ... follow 9th Circuit precedent," Damrell said. Congress first authorized a reference to God on a two-cent piece in 1864. In 1955, the year after lawmakers had the words "under God" put into the Pledge of Allegiance, Congress passed a law requiring all U.S. currency to carry the motto "In God We Trust."

END

Aberdeen American News (SD)

June 13, 2006

Indian plaintiffs ask judge to hold official in contempt

On the job less than a month, Interior Secretary Dirk Kempthorne is already being pulled into a

10-year-old class\l "l"-action\l "l" lawsuit filed by American Indians that has dogged the Interior Department through the Clinton and Bush administrations.

In a motion filed Friday, plaintiffs asked a federal judge to make Kempthorne the third successive Interior secretary held in contempt in the lawsuit. They charge the Interior Department has continued to conceal computer security problems in violation of a 2005 court ruling requiring it to report weaknesses that could put Indian records at risk.

The Indians accuse the government of mismanaging more than $100 billion in royalties from their lands since 1887.

U.S. District Judge Royce Lamberth has found Kempthorne's predecessors, Bruce Babbitt and Gale Norton, in contempt and has more than once ordered the department's computers disconnected from the Internet to protect Indians' records. Norton's contempt charge was vacated on appeal.

END

AP

June 13, 2006

Court orders state to pay federal government

DENVER_A federal appeals court says the state of Oklahoma must pay (m) millions of dollars to the federal government for Sardis Lake and its water supply.

The debt has been estimated at 60 (m) million dollars.

The government built the lake near Clayton in southeast Oklahoma in 1974 under a contract in which the state agreed to repay construction costs over 50 years and to pay for future operating costs.

But when no cities or industries could be found to buy the water the state stopped making payments in 1997 and the federal government sued.

State officials admit the contract is valid, but say it's not enforceable until the Legislature appropriates money to pay it.

The federal court says the fact legislators haven't appropriated the money makes no difference and says the state is required to perform its obligations under the contract.

END

The**Error! Hyperlink reference not valid.**Portland Business Journal

June 10, 2006

Law firms sue VA for loss of files

A Portland law firm joined two others on Friday to file a class-action lawsuit on behalf of all individuals whose private personal information, including Social Security numbers, was disclosed by the U.S. Department of Veterans Affairs in May.

The suit, Daniel Kennedy, et al. v. United States Department of Veterans Affairs, et al., was filed in the United States District Court for the District of Columbia by the Mason Law Firm PC, the law offices of Peter N. Wasylyk and the law office of Andrew S. Kierstead.

Mason has offices in Washington, D.C., and New York City. Wasylyk is in Prividence, R.I. and Kierstead is in Portland.

Early in May, a low-ranking data analyst and long-time Veterans Affairs employee removed from VA facilities VA files containing the private personal information (including names, dates of birth, Social Security numbers, disability ratings, and certain medical information) of 26.5 million persons comprised of veterans discharged since 1975 and as many as 1.1 million active-duty military personnel, 430,000 National Guard members and 645,000 reserve members and had taken the files to his home.

The VA employee then copied the files onto his computer and/or external disks for an unspecified purpose. The employee's computer and/or disks -- which are not believed to be encrypted or password protected -- were then allegedly stolen during a burglary of the employee's home and have not been recovered.

The law firms claim VA officials knew about the theft within hours of the crime but did not inform Secretary of Veterans Affairs R. James Nicholson until 13 days later. The firms said upon learning of the disclosures, Nicholson and VA Deputy Secretary Gordon G. Mansfield unreasonably delayed reporting the disclosures to law enforcement agencies despite knowledge of the imminent and substantial risk of serious harm to the personal security of the affected veterans.

The firms did not say how much they are asking the government to pay or the loss of the files.

END

M2 PRESSWIRE

June 13, 2006

Press Release: Government moves for seizure and forfeiture of 2.7 million dollars of unapproved medical devices

New York - United States Attorney Terrance P. Flynn announced today the filing, in U.S. District Court for the Western District of New York, of a Complaint seeking the seizure and ultimate forfeiture of numerous medical devices and their component parts. The Complaint alleges that the medical devices and their component parts are in violation of a series of Food and Drug Administration (FDA) statues in that the devices are both adulterated and misbranded. Chief Judge of the Western District of New York, Richard

J. Arcara, has scheduled an initial court conference on the litigation for August 25, 2006 at 9:00 a.m.

The Complaint alleges that between August of 2005 and January of 2006, Universal Academy, Inc., shipped into the United States from Canada over 200,000 units and component parts to a fulfillment business in the Buffalo area. The owner of the property is allegedly a Canadian company called University Academy located in Markham, Ontario, and is associated with a Dr. Ho from China. Dr. Ho sold these devices touting miracle cures using his various products. The medical devices, called Dr-Ho's Double Massage and Dr-Ho's Muscle Massage were marketed in the United States. FDA officials have put the retail value of the medical devices in excess of 2.7 million dollars. The complaint seeks the forfeiture and ultimate destruction of the devices.

The devices, components, and accessories, are adulterated under the Federal Food, Drug, and Cosmetic Act (Act) because they are unapproved class lll medical devices and they do not meet mandatory performance standards. In addition, the devices are labeled for use to treat serious medical conditions, including diabetic neuropathy, fibromyalgia, arthritis, migraine headaches, and multiple sclerosis. Since these devices have not been approved by FDA, the safety parameters associated with their use and the efficacy of the devices for use to treat disease have not been determined. These devices are misbranded because their labeling lacks adequate directions for intended use, they are not labeled prescription use only, and they are not being used by consumers by an order of a licensed manufacturer. They are further misbranded because they were manufactured at an unregistered facility.

After the units were assembled in the Buffalo area, they were transferred to another warehouse in Connecticut where they were then shipped to consumers throughout the United States.

Flynn also noted that the United States Attorney's Office in New Haven, Connecticut, has also filed a civil complaint against approximately $450,000 worth of Dr-Ho medical devices found there.

The case is being investigated by the Food and Drug Administration, under the direction of Compliance Officer James Kewley and Investigator Michael Charles, both with the FDA's New York District-Buffalo Office. U.S. Attorney Flynn noted that the fulfillment house, GRE Fulfillment, has cooperated fully with the investigation. The case is being prosecuted by Assistant United\l "l" States\l "l" Attorney\l "l" Richard D.

Kaufman, who is Chief of the U.S. Attorney's Office Asset Forfeiture Unit, and Jennifer Caruso, a trial attorney from the Office of Chief Counsel for FDA.

END

Bloomberg

June 13, 2006

Drugmaker to pay $8.5 million to settle Texas Medicaid lawsuit

Baxter International Inc., the world's biggest maker of blood-disease treatments, has agreed to pay $8.5 million to settle a suit alleging it falsely reported the prices of drugs to the Texas Medicaid system.

The Texas attorney general sued Deerfield-based Baxter, North Chicago-based Abbott Laboratories and B. Braun Medical Inc. in 2004, claiming the companies misreported prices of intravenous fluids and injectable medications, leading Texas Medicaid to reimburse pharmacies at above-market rates.

"We are pleased the company chose to cooperate instead of fighting the state, but regardless, those who ignore the law in the pursuit of illegal profits must pay for the error of their ways," Atty. Gen. Greg Abbott

said Monday. The suits against Abbott Labs and B. Braun are still pending.

The settlement brings to $64 million the amount Texas has collected from Medicaid billing disputes since bringing its first case in 2000, including a $27 million settlement with Schering-Plough Corp. in May 2004.

The state credits a 1997 Medicaid fraud law that provides whistleblowers with a percentage of damages for helping bring alleged pricing abuses to light.

"For a period of time we did not provide information in as timely a manner or in the format required by Texas regulation," said Baxter spokeswoman Deborah Spak. "We have cooperated fully with their investigation, and we have taken appropriate steps to make sure their unique reporting requirements have been met."

END

Fortune

June 26, 2006

MARIO GABELLI'S BROKEN LEGACY

MARCIA VICKERS

His returns ebbing, the feisty billionaire investor is seeing his image sullied by scandal.

Mario Gabelli is doing what he does best: talking. The billionaire money manager is chatting amiably over the phone about the wave of criticism that's been directed at him lately as a result of a pair of scandals. A legal dispute with his original financial backers has focused attention on both the governance of his publicly traded mutual fund company and his exorbitant pay package--$55 million of disclosed income in 2005 alone. And a civil suit involving the Justice\l "l" Department\l "l" and the Federal Communications Commission that alleges he fraudulently manipulated FCC auctions for cellphone licenses intended for minorities and small-business owners has, at best, raised questions about his business ethics.

But Gabelli is having none of it. He has long fashioned himself a telecom expert, indeed, a pioneer of sorts. And as he holds forth on the FCC matter, he enthusiastically recalls long-ago meetings with wireless executives and brags about his bona fides on the topic of cellphone auctions. "I was the very first guy on Wall Street to author a research report on wireless auctions, way back in 1982," he says triumphantly. Yet minutes later, when asked more specifically about the FCC suit, he seems to remember the details of his legal position and offers an absurd reversal. "Me? I have no wireless expertise," he says. "I don't even use a cellphone."

In an earlier stage of his career, such bumbling might have come off as endearing. Just Mario being Mario. ("Mario talks faster than he thinks," one of his friends says.) The fertile mind, the hiccup-quick wit, the supreme confidence--all that plus his ardent pursuit of media attention have made him a favorite of the business press for a generation. His high profile, in turn, has helped make him perhaps the most famous mutual fund manager working today. Sure, he's always had an ego--and a controlling, hypercompetitive streak. But it all went into the persona of "Super Mario," as he is often called on TV and in print, who is always ready with a cute quip or a stock tip.

In the context of recent events, however, self-contradiction can't help but seem a little tragic. Suddenly, at a time in his life when the 63-year-old should be reveling in his tremendous professional success, he is embroiled in scandals of his own making that threaten to undo everything he's built. In May, Gabelli, who oversees around $27 billion in assets at his publicly traded Gamco Investors, reluctantly settled--at a cost

of some $100 million--the lawsuit with his original investors. The same month a proxy advisory group representing some of Gamco's big investors protested Gabelli's lofty pay. Then, in the first week in June, Gabelli and his fellow defendants agreed to a settlement in the FCC case--which is expected to cost him another $100 million or more. For Gabelli, the majority shareholder of Gamco, it has been an expensive few months indeed. Still, if any of it has gotten to him, he's not admitting it. "Look, lawsuits come and go," he says. "What I care about is making money for my investors."

That hasn't happened much lately. Under the cloud of these legal disputes, Gamco's stock--which had significantly outperformed the broad market since the company went public in 1999--fell 27% from its 2006 high in January, erasing $380 million in market value. Investors in his mutual funds have not been faring well either. Over five years through the end of May, on average all Gabelli and Gamco funds tracked by Morningstar have trailed 57% of their peers. Gabelli's biggest fund, the $2.3 billion Gabelli Asset, posted a 7% annual return during that period, lagging 63% of its peers (though several smaller funds have done well). Since 1999, mutual fund tracker Morningstar has graded Gabelli's funds a lousy "D" when it comes to stewardship, citing Gabelli's high pay, tight control, and high fees. Meanwhile Gamco's total assets under management have slipped, falling $2 billion in 2005, to $26.8 billion.

For now, Gamco remains highly profitable, and Gabelli himself remains defiant. "When they think back 100 years from now, Ted Williams will still be a great ballplayer," he says, adding he has 20 more years to prove "we are a great investor."

But all the turmoil can't be helping the Gabelli legacy. He's worked tirelessly for years to promote and control his image as an elite value investor, philanthropist, and crusader for shareholder rights. The danger is that his legal problems may create the impression of someone quite different: that of a tawdry wheeler-dealer who uses byzantine corporate structures to obfuscate his own greed.

THE SCANDALS

Gabelli is in top form over lunch at Asiate, a tony restaurant on the 35th floor of the Time Warner Center in Manhattan with sweeping views of Central Park. He couldn't be more charming: Would his guest like the seat with the good view? How old are her children? Where do they go to school? He's immensely likable. "Mario has the ability to be charming or he wouldn't have gotten where is," says Rick Walton, who once ran Gabelli's investment-management business. "He pulls that face out when he has to."

The other face of Mario--the battler who hates to give an inch, ever--was described in the 2003 lawsuit filed by his original investors, Frederick Mancheski and David Perlmutter, which became public last fall. The two claimed that their original investment of $75,000 in Gabelli's business back in 1977 should have been worth well over $100 million. But Gabelli didn't issue shares to his backers when he spun off his fund company Gamco (known until January as Gabelli Asset Management Co.) in 1999. And Mancheski and Perlmutter charge that Gabelli would only allow them to sell their shares in his holding company, GGCP Inc., to him--at his own low-ball price. The two investors, both of whom declined to comment to FORTUNE, accused him of "looting the assets" of GGCP by paying himself 20% of the company's pretax profits on top of what they described as exorbitant fees for running Gamco--the main business of GGCP. Gabelli denies receiving or taking any improper compensation.

While the accusations by Mancheski and Perlmutter suggest a lack of generosity on Gabelli's part, the details of the FCC auction dispute are even more problematic. Gabelli and one of his firms, Lynch Interactive, were accused of misleading the FCC to score wireless, or cellphone, licenses reserved for minorities and small-business people without expertise or high-powered financial backing. Gabelli allegedly put friends and family members in charge of more than a dozen shell companies that Lynch backed in order to win licenses at a 25% government discount. His plan was allegedly to flip the licenses and make a killing, which he and his affiliates did: $206 million, according to court documents. Though Gabelli and his lawyers filed documents with the FCC showing Lynch was 49.9% owner of the special entities supposedly run by his friends, he is accused of controlling the companies. He allegedly set up elaborate payout schemes with the alleged shells. When one communications entity was sold for $99 million, Lynch collected $73 million. Gabelli denies he was in "de facto" control of the companies. His

attorney Lanny Breuer, a White House counsel in the Clinton administration, has said that Gabelli complied "in every way with FCC auction rules during every step of the process."

Among Gabelli's friends and acquaintances who bid in the auctions were Trent Tucker, an African-American former pro basketball player and a Gabelli client; Nara Cadorin, an 82-year-old former Gabelli secretary; and Jennifer Caiati, who worked in her family's furniture business and, when giving a deposition in the case, said she didn't know what "FCC" stood for. (None could be reached for comment.)

A particularly unlikely candidate for the auction was Victoria "Tory" Kane. Tory and her husband, Theodore Gibbs "Gibb" Kane, have long been good friends of Gabelli's. Gibb is a founding partner of Sound Shore Management, a money manager in Greenwich, Conn., with about $7 billion in assets. A seasoned yachtsman who owns a Baltic 43 sailboat called Mutiny that resides at the prestigious American Yacht Club in Rye, N.Y., Gibb was listed as an officer in several of the alleged shells. Gabelli says that in the early '90s, Tory, a former aerobic-dance instructor, told him she wanted to get into the wireless business. "I thought, 'She's perfect,' " says Gabelli now. " 'I don't need someone who knows about wireless. She'd be a very good marketer.' " (In 2003 Cingular purchased three of the licenses awarded to Tory Kane.)

Gabelli is no doubt regretting his decision to partner with his country club friend. Sources say that in March his lawyers were close to negotiating a settlement well under $100 million. But the Kanes, who long ago hired their own lawyer, tried to extricate themselves from the case, which derailed the deal, according to sources close to the litigation. (The Kanes did not return phone calls.) The Kanes and other defendants are now bickering about how much they as opposed to Gabelli should pay in legal fees. The settlement includes all the defendants.

THE BOY FROM THE BRONX

Central to the legend of Super Mario is that he's a self-made man who grew up in the hardscrabble Bronx, a fact that he never tires of pointing out. "One of the things Mario constantly brags about is his street smarts," says former employee Walton. Gabelli's parents were Italian immigrants who settled in New York. His father worked as a cook at Luchow's, a celebrated Manhattan restaurant, and his mother was a homemaker. In high school Gabelli hitched rides to Westchester County, where he worked as a golf caddy at top country clubs like Winged Foot and Sunningdale--and met successful men who talked about investing in stocks. In college at Fordham University, where he graduated summa cum laude, the then-redheaded Gabelli stood out as a brash entrepreneur who always seemed to have a new get-rich-quick scheme, like hawking flashlights out of his car's trunk during a brownout.

Gabelli got hooked on value investing at Columbia University's Graduate School of Business in the mid-1960s, where he studied under a disciple of Benjamin Graham and David Dodd, authors of the seminal book Security Analysis. Among his carpool buddies from the Bronx were fellow students Leon Cooperman, who today runs hedge fund Omega Advisors, and Art Samberg, now president of Pequot Capital Management. Gabelli's first job was covering autos and farm equipment with the now defunct brokerage firm Loeb Rhodes, taking over from Michael Steinhardt, who would become a successful hedge-fund manager. "I replaced Steinhardt's thin research files with my thick ones," Gabelli jokes with typical bravado.

He opened his own money-management firm in 1977, and nine years later, at the encouragement of one of his avowed idols, Fidelity's Peter Lynch (who, like Gabelli, got hooked on the markets while caddying), introduced his first mutual fund. His timing was spot on. Not only did Gabelli ride the bull market, he caught the financial-media wave just as it was taking off. He realized early that his charismatic, quirky personality made for good TV and set out to aggressively boost his image, thereby promoting his funds. Mario knows name recognition: After Bill Gates, through his private investment firm, Cascade, bought a $100 million convertible note from Gabelli's company in 2001, Gabelli made him a fixture in his slide-show talks to investors.

Gabelli earned much of his reputation as a stock picker during the merger mania of the '80s, showing a

keen aptitude for identifying takeover candidates, particularly media companies. (Gushing about his 55 appearances as a Squawk Box co-host on CNBC, he says, "They call me Dr. Love, because I'm the guy who just loves it when companies court one another.") He scored big with companies like LIN Broadcasting, which was sold to McCaw Cellular Communications in 1990, and Chris Craft, the boat company that bought up television stations and was purchased by News Corp. in 2001. He labeled his method PMV, which stands for Private Market Value. The idea built on Graham and Dodd's basic principle of finding stocks trading below their intrinsic value, and borrowed a concept from Warren Buffett: adding a premium for valuing them as a whole. To sum up his contribution, he concocted a slogan: "Graham & Dodd + Buffett = Gabelli." He also claims to have coined the term "catalyst" relating to value investing and even trademarked the slogan "PMV with a Catalyst."

Gabelli's penchant for associating himself with value-investing heroes continues to this day. For the past two years he has had Gamco sponsor an award named after his favorite Columbia Business School professors--the Graham & Dodd, Murray, Greenwald Prize for Value Investing--though everyone knows it, naturally, as the Gabelli Prize. In May, Gabelli messengered to FORTUNE's offices some documents, including a photocopied page from Berkshire Hathaway's annual report. It listed the return of Warren Buffett's Geico Equities vs. the S&P 500 from 1980 through 2004. In a separate column, returns for a selection of Gamco accounts were clumsily scribbled in for each year, showing an average annual gain over the period of 19.8%, vs. 20.3% for Geico. Was this meant to imply that he was on the same level as the master? "Warren is unique, a Six Sigma event," says Gabelli. "He is one of the greatest value investors. We don't compare ourselves to him." But then he does it anyway: "What we are in the public markets, he is in the private market."

THE TANGLED WEB

Gabelli's management firm is based in Rye, N.Y., but he lives across the state line in Greenwich, one of the wealthiest zip codes in the country. In Greenwich the old-money families often reside in stately houses with impeccably landscaped lawns near Long Island Sound. Those who made their fortunes more recently, typically hedge fund types, often live in the leafy, rolling backcountry hills in huge hidden estates. Gabelli has made his home in both areas, but today he lives Sound-side with his second wife, Regina Pitaro, 51, who has worked at Gamco for 22 years and now runs the institutional client business. (Gabelli and his first wife, Elaine, the mother of his four children, divorced over a decade ago.) He also has a house in Moose, Wyo., where he likes to go fly-fishing. Several years ago he bought a 500-year-old farm near Reggio Emilia in Italy that previously had been in his family for generations.

On a Monday in early May, the Greenwich public library played host to Gamco's annual meeting. At 8:25 A.M., as startled attendees continued to trickle in, checking their watches, Gabelli abruptly started the meeting some five minutes early. Dressed as usual in a gray tailored suit with a crisp, white, no-nonsense shirt and conservative tie, he moved through the agenda at a rapid pace. Despite the bad news hanging in the air that day--aside from the two lawsuits, a proxy advisory firm had recommended just days earlier that the board vote down Gabelli's reelection because of his pay--Gabelli didn't utter a word about these troubles. He narrated a playful slide-show presentation for the crowd of 40 or so. And he spent several minutes trumpeting what he called an "independent academic study by the University of Miami" that described Gabelli Value Separate Accounts (GVSAs) as a better performer than any domestic equity mutual fund on a risk-adjusted basis from January 1978 to June 2005. Then suddenly the whole event was over after just 45 minutes.

In some ways it was a vintage Gabelli performance: glib, smooth, in control. But there was also a sense of tension--a rush, it seemed, to get off the stage before any tough questions were asked. And yet the masterful Mario still found a way to put his foot in his mouth. That "independent academic study," it turns out, was actually paid for by Gamco and published by a firm called Biscayne Consulting. In a letter to Gamco, Biscayne states that the report was done "in cooperation" with University of Miami faculty members; Gabelli happens to be a contributor to the University of Miami's business school, endowing a scholarship program in his name. As for the performance comparison itself, GVSA is not a mutual fund--rather it is an unaudited composite of 46 Gamco accounts, which make up about 13% of the company's asset pool. According to filings, Gamco has another $8.8 billion of separate accounts; no

performance data is given for them.

Gabelli's full business is a complex labyrinth of entities. The money management arm, including mutual funds, resides at Gamco. But Gamco is 80% controlled by a private company called GGCP, where Gabelli is chairman, CEO, and chief investment officer of value portfolios. He also controls an independent broker-dealer, Gabelli & Company. And he is chairman of Lynch Interactive, the multimedia company at the heart of the FCC case. (See "Connecting the Dots," page 122.)

And somehow, despite all these responsibilities, Gabelli remains his firms' key stock picker, running all the Gabelli value funds and the Gamco separate accounts. As Morningstar analyst Kerry O'Boyle wonders, "How can Mario be in so many places at the same time?" Gabelli says it's simple: "We are long-term investors. I couldn't do all this if we were commodities traders or hedge fund operators, in and out of the market every day." He says his funds typically hold a position for five to seven years.

"At Gamco, it was always about Mario--and Mario was always 100% right," says a former portfolio manager there. Gabelli brags he likes to hire Ph.D.s--in his words, "poor, hungry, and driven." Many who have worked for Gabelli say the discipline they were taught lasts through their careers. Yet many of his most talented portfolio managers exit because "they never really get to manage money," says an analyst who recently departed the firm. Tales of his temper also abound. One infamous story has Gabelli going ballistic when an office worker dropped a cup of coffee on the floor and Gabelli made him clean it up. Mario's response? "It's true! It was the second day in a row this guy had done it, and he'd refused to clean it up!"

MARIO AND HIS MONEY

In the spring of 1999, Gabelli published an article on shareholders' rights in Hermes, the Columbia Business School magazine. "We take what we describe as a Gandhian approach to corporate governance," he wrote in the piece, which is available on his company's website. "This is a form of forceful yet passive resistance that includes such methods as getting the press involved." He then invoked his "Magna Carta of Shareholder Rights," which states that his mutual fund company is in favor of "one share, one vote" and will vote against "supermajority voting." The article appeared just weeks after his own company had gone public--with supermajority voting shares that gave him dominant control. "We knew the structure wasn't optimal," he says today, "but we took the asset management subsidiary public because everyone wanted a pure play." This structure came back to haunt him, of course, in the first of his $100 million settlements this year: It was Gabelli's stranglehold over his companies' shares that prompted his original backers, Frederick Mancheski and David Perlmutter, to sue.

But there are other troubling aspects of Gamco's initial IPO. Goldman Sachs, his longtime advisor, pulled out as the underwriter. The reason, according to sources familiar with the negotiations at the time: Gabelli refused to relinquish what Goldman considered excessive pay. Merrill Lynch and Salomon Smith Barney stepped up to the plate, but not before Gabelli agreed to shrink his personal take-home to 10% of Gamco's pretax profits (from 20%) in exchange for a deferred lump sum of $59 million, including interest.

Gabelli doesn't back down on the issue of his compensation. When it's suggested to him that he may be the highest paid mutual fund manager alive, he responds, "That is just preposterous." He's not disavowing the publicly available $55 million figure for 2005. Instead he argues that Bill Miller of Legg Mason and Bill Gross of Pimco likely make comparable amounts; their companies just don't disclose it. "I voluntarily make my pay public," he says. He also complains that he is "unfairly" compared to Wall Street CEOs like Merrill Lynch's Stanley O'Neal, who made $32 million last year. "I take all the risk," he says. "When I started my company back in 1977, I had a very simple pay formula--I would get 20% of the pretax profits every year. No pension. No options. That's it."

But that explanation leaves out a significant piece of his comp puzzle: His company's original offering in 1976 stated he was entitled to portfolio management and account executive fees--which can total millions. Other undisclosed pay comes from his other entities. That means that the $55 million figure isn't all of what he gets.

Gabelli says he's not entirely motivated by money. "I think when I was starting out that was a big driver," he says. "But when you get to be like me, that changes." What really fuels him now, he says, is the ability to give that money away. His buddy Cooperman says that Gabelli "is the most generous person you'll ever know. He gives millions to charity." The charities he gives to are diverse, but his passion, Gabelli says, is education. Of course, a lot of the giving comes with the Gabelli name attached. There's the Gabelli School of Business at Roger Williams University in Rhode Island and a Gabelli Hall at Boston College.

The day after we first talked about his compensation, Gabelli sent FORTUNE a yellow sheet of paper with retyped figures from Institutional Investor's Alpha, ranking the top 25 "Highest Paid Hedge Fund Managers" in 2003. There's George Soros and his $750 million at the top of the list. Toward the bottom is Cerberus Capital's Stephen Feinberg, who made $75 million that year. And then "Mario J. Gabelli, Gabelli Asset Management, $41 million" added neatly at the bottom. A few days later he brings up the new hot-off-the-press list from Alpha: "Jim Simons [who runs Renaissance Capital] made $1.5 billion last year and runs less money than I," he says. "Plus, his returns were lower!" (While it's true that Simons runs a mere $5 billion, he's hardly a laggard. From 1990 to 2004, his flagship Medallion fund returned 33% annually net of fees, far more than either Gamco's stock or any of Gabelli's mutual funds.)

Two days after the FCC settlement is announced, Gabelli is on the phone again. It's another friendly chat that proceeds without incident until the very end, when the subject of his 38-year-old son Marc comes up. Marc has been instrumental in the family business for years, running the famously named "Gabelli Global Interactive Couch Potato Fund" back in the late '90s. He could end up running Gamco one day. But Gabelli doesn't see questions about his offspring as relevant, and suddenly, without warning, he blows his stack. "That question is out of bounds! It has nothing to do with [Gamco]!" he barks. "I know where you're going with this … you're going to ask about my other children too." He was wrong about that. But perhaps the stress of this year's difficulties was finally getting to him.

Clearly, Gabelli wants to be remembered as much more than just a guy who made a ton of money running mutual funds. He wants to join the pantheon of great investors he's sought to emulate all his life. The problem is Gabelli keeps getting in his own way. Maybe that's just Mario being Mario.

END

Truth About Trade & Technology

June 13, 2006

FDA sued for lax regulation of GM foods

A lawsuit filed against the US government aims to establish strict safety laws for all genetically engineered foods, and require these to be labeled once they are approved.

The suit against the US Food and Drug Administration (FDA) was filed by consumer and environmental advocacy group Center for Food Safety (CFS), which claims the move comes after an “unreasonable delay” by the FDA in responding to a petition filed in 2000.

The CFS now calls for rigorous testing on genetically engineered (GE) foods before they are marketed in order to ensure that these do not carry certain risks as a result of their different breeding techniques. These risks could include triggering unexpected food allergies, creating toxins in food, or hastening the spread of antibiotic-resistant disease.

In March 2000, the CFS joined forces with over 50 consumer and environmental groups, including the Union of Concerned Scientists, Physicians for Social Responsibility and the Natural Resources Defense Council, to outline a “comprehensive approach” that the FDA should take to assess the health and safety

issues from new GE foods.

But the FDA did not respond to the petition, said the CFS.

“Currently, there are no binding FDA regulations to protect the public from the risks of the genetically engineered foods that are found in thousands of products on supermarket shelves,” it said

“FDA first adopted a hands-off policy on GE foods in 1992, and despite mounting evidence of health and environmental threats from GE crops, has never significantly changed its deregulatory stance.”

In its Federal Register of May 1992, the FDA recommended that developers consult with the FDA about bioengineered foods under development. In June 1996, the agency provided additional guidance to industry on procedures for these consultations. These require that a developer who intends to commercialize a bioengineered food meets with the agency to identify and discuss relevant safety, nutritional, or other regulatory issues regarding the bioengineered food and then submits a summary of its scientific and regulatory assessment of the food. The FDA then evaluates the submission.

But the CFS says the FDA’s policy “assumes that gene altered foods are safe based solely on scant information that biotechnology companies voluntarily submit in consultations with FDA. Since these consultations are voluntary, industry determines what information they submit and in what form.”

"For too long, the FDA has let biotech companies set the table for deregulation of GE food," said Joseph Mendelson, legal director for the CFS.

According to the advocacy group, strict pre-market testing is required in order to address any unexpected changes in food that the genetic engineering process can create. An example occurred last year, when Australian scientists found that genes from a bean engineered into pea plants created a potentially dangerous allergen in the GE peas.

CFS said the tests that exposed this potential hazard have not been conducted on any of the GE foods currently marketed in the US, even though these GE foods contain genes from non-food organisms that have never been in the human diet and have never been adequately assessed for allergencity.

Indeed, pre-market approval regulations and labeling systems for genetically modified (GM) foods are much more stringent in a number of other countries, including China, Japan, Russia and Brazil.

And in Europe, general opposition to GM crops led to a World Trade Organisation (WTO) ruling in February this year that the EU and six member states had broken free trade rules by imposing a moratorium on GM imports between June 1999 and August 2003.

The decision, in theory, opened up the EU market to GM food.

The issue, however, remains contentious and strong public opinion against GM food in Europe has forced major food companies and retailers to issue non-GM guarantees to customers in recent years.

According to the CFS’ lawsuit, filed in district court in Washington DC, the US has a lot to learn from policies adopted in other countries.

"While the rest of the world is rejecting these risky, untested foods, FDA's unscientific approach is making American consumers the world's guinea pigs in this genetic food experiment," said Mendelson.

"Americans deserve the right to know what's in their food. FDA must stop playing politics and start developing a science-based policy to protect Americans from these risky foods."

The FDA was unavailable for immediate comment.

END

Modern Healthcare

June 12, 2006

Atlanta system to pay $3 million in False Claims suit

by Mark Taylor

Piedmont Healthcare, Atlanta, agreed to pay $3 million to settle civil False Claims Act allegations that some of its physicians billed Medicare for interpreting vascular exams that actually were read by vascular technologists. Piedmont also signed a certificate of compliance agreement with HHS' inspector general's office. The three-hospital system reached the settlement with the U.S. attorney's office in Atlanta after two years of negotiations. The violations allegedly occurred from 1999 until 2004. The suit, in U.S. District Court, Atlanta, also accused Piedmont of paying physicians to interpret the exams in an alleged violation of physician self-referral law. After reporting the alleged behavior to supervisors, the whistleblower, a former vascular technologist, used a hidden camera in her purse to videotape a physician who signed off on technologists' reports without independently interpreting them, according to her attorney, Marc Raspanti, of Miller Alfano & Raspanti, Philadelphia. Piedmont General Counsel Jay Mitchell said the system settled without admitting liability or wrongdoing. Mitchell also said Piedmont was unaware of any poor patient outcomes or medical malpractice claims because of the alleged behavior.

END

Boston Globe

June 13, 2006

Ex-FBI agent tells of '81 probe

By Shelley Murphy

A retired FBI official who has been critical of the agency's handling of gangsters James ``Whitey" Bulger and Stephen ``The Rifleman" Flemmi testified yesterday that the FBI coined a phrase for agents who got too cozy with their informants: ``Going native."

Robert Fitzpatrick , who taught a course for FBI agents on the psychology of informants, said ``going native" is when an agent becomes friends with an informant, loses objectivity, and ``might be sharing information they shouldn't."

In fact, Fitzpatrick said, when he arrived as second-in-command of the FBI's Boston office in 1981, there was a high-level, internal investigation underway into whether Bulger's FBI handlers had leaked him information that compromised a State Police investigation of Bulger and other underworld leaders. Fitzpatrick wasn't asked whether there were concerns in the FBI in the 1980s that Bulger's handlers were ``going native."

Fitzpatrick was called to testify yesterday in US District Court in Boston in a $50 million wrongful death suit that the family of Quincy fisherman John McIntyre has filed against the government. He's expected to

resume testifying today. McIntyre's mother, Emily, and brother, Christopher, assert the government was negligent because of the FBI's mishandling of Bulger and Flemmi.

Last week, Flemmi testified that he and Bulger killed McIntyre on Nov. 30, 1984, because their handler, former FBI agent John J. Connolly Jr., warned them that McIntyre was cooperating against them. McIntyre had been involved in an unsuccessful plot by Bulger and his associates to ship seven tons of weapons to the outlawed Irish Republican Army and began cooperating with the US Customs Service and the FBI about six weeks before his slaying.

Connolly is serving a 10-year sentence for his 2002 racketeering conviction. He was found guilty of warning Bulger to flee just before the gangster's 1995 indictment on racketeering and extortion charges. Bulger remains a fugitive.

Fitzpatrick, who served as special agent-in-charge of the FBI's Boston office from 1981 to 1986, said the FBI's priority at the time was targeting members of La Cosa Nostra, commonly known as the Mafia. Cultivating organized crime informants was critical to that mission, he said.

Fitzpatrick testified that he was advised in 1981 by the top agent in the FBI's Boston office ``that he was handling an internal investigation that was sensitive, confidential, and handled at the highest level," involving a dispute between the State Police and the FBI over Bulger.

The State Police had been bugging a garage on Lancaster Street, near the old Boston Garden, where Bulger did business with drug dealers, bookmakers, and local Mafia leaders. But, when Bulger abruptly stopped talking inside the building, the State Police, who suspected Bulger was an FBI informant, accused the FBI of tipping off the gangster.

``The accusation was that Bulger was getting and giving information against their investigation," Fitzpatrick said.

In his testimony last week, Flemmi said the tip had actually come from retired Massachusetts State Police lieutenant Richard Schneiderhan , who was convicted in 2003 of obstruction of justice. Schneiderhan was found guilty of warning a Bulger associate in 1999 that the FBI was monitoring the telephones of Bulger's brothers, William and John, in a bid to capture the fugitive gangster.

Flemmi is serving a life sentence for killing McIntyre and nine other people. He began cooperating with the government three years ago.

Though Bulger has been touted as a valuable informant, Fitzpatrick said, Bulger ``wasn't giving us information he could have been giving us."

McKenzie, Peggy (CIV)

From:	McKenzie, Peggy (CIV)
Sent:	Tuesday, June 13, 2006 12:08 PM
To:	Agarwal, Asheesh (CRT); Bahr, Dorothy (CIV); Baxter, Felix (CIV); Bordeaux, JoAnn (CIV); Bucholtz, Jeffrey (CIV); Calvert, Chris (CIV); Cohen, David M. (CIV); Cohn, Jonathan (CIV); Davis, Dan (CIV); Davis, Deborah J; Fargo, John (CIV); Fielding, Gabrielle (CIV); Fishback, David (CIV); Flentje, August (CIV); Fowler, Liane (SMO); Frost, Peter (CIV); Garren, Timothy (CIV); Glynn, J.Patrick (CIV); Goldberg, Arthur (CIV); Gorsuch, Neil M; Gray, Towanda (CIV); Hertz, Michael (CIV); Hollis, Robert (CIV); Hudson, Lewis (CIV); Hunt, Jody (CIV); Hussey, Thom (CIV); Jennings, Geraldine (CIV); Katsas, Gregory (CIV); Keener, Donald (CIV); Kent, Alexander (CIV); Kohl, Christine (CIV); Kohn, Chris (CIV); Kopp, Robert (CIV); Liner, Linda (CIV); Lloyd, Shirley (CIV); Lucas, Regina E. (CIV); Magnuson, Cynthia; McCallum, Robert (SMO); Miller, Charles S; Pyles, Phyllis (CIV); Rivera, Jennifer (CIV); Schiffer, Stuart (CIV); Shannen Coffin; Shaw, Aloma A; Swenson, Lily F; Thirolf, Eugene; Williams, Angela (CIV); Williams, Toni (CIV); Willis, Kerry (CIV); Zwick, Ken (CIV)
Subject:	6/13 CIV Weekly Report to the AG
Attachments:	CivDivWkly0613.wpd

U.S. Department of Justice

Civil Division

Assistant Attorney General *Washington, D.C. 20530*

June 13, 2006

MEMORANDUM FOR THE ATTORNEY GENERAL

THROUGH: THE DEPUTY ATTORNEY GENERAL

THROUGH: THE ASSOCIATE ATTORNEY GENERAL

FROM: Peter D. Keisler
Assistant Attorney General

SUBJECT: Civil Division Weekly Report to the Attorney General

A. NEXT WEEK

- No items to report.

B. THIS WEEK

- ***District Court Rejects First Amendment Challenge to National Motto on Currency***
Newdow v. Congress of the United States of America (Eastern District of California). On June 12, the district court dismissed this lawsuit challenging the constitutionality of the national motto, "In God We Trust," and its inscription on United States coins and currency, under the Establishment Clause, the Free Exercise Clause, and various other theories. Plaintiff is known for having previously challenged the constitutionality of the Pledge of Allegiance in *Elk Grove Unified Sch. Dist. v. Newdow*, 124 S. Ct. 2301 (2004), which the Supreme Court dismissed for lack of prudential standing. In this case, plaintiff seeks various forms of declaratory and injunctive relief, including a declaration that Congress, in enacting the statutes establishing the national motto and providing for its inscription on coins and currency, violated the First Amendment, and an injunction barring the government from continuing to mint coins and print currency bearing the motto. Our motion sought dismissal for lack of subject matter jurisdiction and because the complaint fails to state a claim upon which relief may be granted. In particular, we

argued, plaintiff's lacked standing and that his claims are directly barred by binding Ninth Circuit precedent upholding the constitutionality of the national motto, as well as by repeated statements by the Supreme Court to the same effect. The Court, while rejecting several aspects of plaintiff's standing theories, ultimately found that plaintiff had citizen standing to pursue his claims for declaratory relief. However, the Court accepted our arguments that on the merits plaintiff's claims were barred by the Ninth Circuit's prior decision upholding the national motto in *Aronow v. United States* and failed for other reasons as well. The Court also held that the Legislative Branch defendants were immune from plaintiff's claims. As a result of the Court's decision, an oral argument that had been set for June 16 has been cancelled.

C. LAST WEEK

- ***First Circuit Affirms Board's Determination that Remand of Alien's Case to Immigration Court Did not "Retroactively Nullify" Her Previous Violation of Voluntary Departure Order***
  DaCosta v. Gonzales [1st Cir.]. On May 24, the First Circuit upheld the Board's order sustaining Department of Homeland Security's (DHS's) appeal. After dismissing the alien's original appeal, the Board granted her motion to reopen to apply for adjustment of status based on her post-order marriage to a United States citizen, and remanded the case to immigration court. Upon remand, the Immigration Judge granted adjustment of status, reasoning that the remand extinguished the legal consequences of the alien's failure to voluntarily depart, and the Board reversed. The Court held that once a voluntary departure period has expired, the mandatory penalties apply, regardless of whether the case has been reopened and remanded, and that the DHS did not waive the right to challenge the adjustment grant by not opposing the alien's motion to reopen before the Board.

- ***Second Circuit Rules It Lacks Jurisdiction to Review the Board's Decision to Affirm Without Opinion Rather Than Referring to a Three Member Panel***
  Kambolli v. Gonzales [2d Cir.]. On May 26, the Second Circuit affirmed the denial of the alien's asylum and withholding claims. The Court determined that the alien did not suffer past persecution, and did not have a well-founded fear of future persecution, given his single run-in with authorities and his successful ability to relocate in Albania. The Court also held it lacked jurisdiction to review a single Board member's decision to dispose of a case unilaterally and without opinion, rather than refer it to a three-member Board panel.

- ***Trial Victory in Toxic Tort Case***
  Insurance Company of Beaver Crossing v. United States, et al. [District of Nebraska] (Judge Lyle Strom). On June 1, the court dismissed plaintiff's Federal Tort Claims Act (FTCA) suit alleging damages resulting from activities of the Commodity Credit Corporation (CCC), an agency within the Department of Agriculture. Plaintiff claimed that the use of carbon tetrachloride for insect and rodent control at a CCC grain storage facility near Milford, Nebraska, from 1950 to 1974, contaminated the soil and ground water underneath plaintiff's farmland. The United States did not contest the existence of contamination or that one source of the contamination was the grain storage facility. After a four-day trial, the court concluded that there was no evidence that the facility was operated in a negligent manner, given the level of relevant scientific and industrial

knowledge during the period in question. The court also concluded that the use of carbon tetrachloride for insect and rodent control at CCC grain storage facilities is protected by the discretionary function exception to the FTCA. This case is significant because until 1975, carbon tetrachloride was used for insect and rodent control nationwide at many of the 4,500 CCC grain storage facilities.

- ***Patent Infringement Action Involving Remote-Controlled Weapon Systems Settled at No Expense to the Government***
  Kollmorgen Corporation v. United States, No. 04-1661 (Damich, C.J.) [Fed. Cl.]. On June 1, the Court of Federal Claims dismissed all of plaintiff's claims arising from the government's alleged infringement of a Kollmorgen patent, relating to remote-controlled weapon systems, pursuant to a stipulation by all parties. In the case, Kollmorgen had alleged infringement under 28 U.S.C. § 1498(a) based on a $21.2 million procurement by the Naval Surface Warfare Center (Crane Division) for "Mini-Typhoon" weapon systems supplied by GR Dynamics, LLC (GRD). A settlement agreement between Kollmorgen, GRD, and GRD-affiliated companies resolved all issues in the case. The government contributed no money towards settlement.

- ***Federal Circuit Holds that Local Rent Control Laws Limit the Compensation that Landlords may Recover for a Regulatory Taking of their Mortgage Prepayment Rights***
  Independence Park Apartments v. *United States* [Federal Circuit]. On June 6, the Federal Circuit (Michel, Newman, Bryson) reversed the damages award entered by the Court of Federal Claims in this takings case, which involves four model plaintiffs in the long-running *Cienega Gardens* litigation. The Federal Circuit had previously held that the plaintiffs, who are owners of low-income housing projects in Los Angeles, suffered a regulatory taking when Congress abrogated their right to prepay their federally subsidized mortgages and exit the low-income housing program. In this appeal from the subsequent damages trial, the Federal Circuit accepted our argument that the Los Angeles city rent control ordinance would have limited plaintiffs' rental income in a hypothetical world absent the taking, and thus ought to limit the damages to which plaintiffs are entitled, rejecting plaintiffs' argument that the rent control ordinance would have been preempted by federal law. At the same time, the court accepted aspects of plaintiffs' cross-appeal concerning the length of the takings period. On balance, this decision should reduce the government's overall liability in this and other pending regulatory takings cases.

- ***Court Dismisses "Right to Travel" Challenge to Airline Passenger Watch List***
  McDonald v. Department of Homeland Security [District of Nevada]. On June 6, Judge Kent Dawson granted the government's motion to dismiss an action by a frequent airline passenger claiming that he often suffers humiliation and inconvenience associated with receiving a more intensive security screening before boarding commercial flights than other passengers. The plaintiff sought relief on the theory that his right to travel has been violated. Judge Dawson rejected this claim, concluding that plaintiff has no standing, because he does not face any injury that is concrete, traceable to the actions of the government, and redressible by relief that the court could award. He also held that on its merits plaintiff's claim fails, because, at most, plaintiff's ability to travel by one particular mode of transportation has been impaired, which is not enough to support a "right to travel" claim. The court also rejected a Privacy Act claim, noting that even though the government's response to plaintiff's request for records was late, the

government ultimately responded to the request, meaning that the plaintiff has no right to relief.

- ***First Circuit Holds that Discrimination Claim Was Properly Dismissed Because Plaintiff Had Previously Elected to Pursue a Remedy Before the Merit Systems Protection Board***
  Stoll v. Principi [First Circuit]. On June 7, the First Circuit (Selya, Lipez, and Howard) affirmed a district court decision dismissing discrimination claims. The Court held that a federal employee who believes that she has been dismissed for discriminatory reasons may either appeal to the Merit Systems Protection Board or lodge an Equal Employment Opportunity complaint with her agency; however, once she elects to pursue a case before the Merit Systems Protection Board she must follow that route to the exclusion of any other remedy that originally might have been available.

- ***Eleventh Circuit Upholds the Bureau of Alcohol, Tobacco, Firearms and Explosives' Revocation of Explosives Manufacturing Licenses***
  Luna Tech, Incorporated v. Bureau of Alcohol, Tobacco, Firearms and Explosives [Eleventh Circuit]. On June 7, the Eleventh Circuit (Marcus, Wilson, Pryor) in an unpublished per curiam decision, denied a petition for review of the Bureau of Alcohol, Tobacco, Firearms and Explosives' revocation and non-renewal of plaintiff's license to manufacture explosives, after a fire and explosion at plaintiff's facilities. The Court agreed with the government that substantial evidence supported the finding that plaintiff willfully violated federal explosive regulations, that the government was not obligated to give the plaintiff an opportunity to demonstrate compliance before taking action, and that plaintiff's statute of limitations argument was meritless.

- ***Parties Settle Establishment Clause Challenge to Lease of Historic Site to Church of Jesus Christ of Latter-Day Saints***
  Western Land Exchange Project v. Norton [District of Wyoming]. On June 7, the parties in this case filed a joint stipulation to dismiss plaintiffs' Establishment Clause claims challenging legislation that required the Bureau of Land Management (BLM) to lease a section of public land, known as Martin's Cove, to the Church of Jesus Christ of Latter-Day Saints for a period of 25 years. Pursuant to an agreement reached between the parties, plaintiffs agreed to dismiss their lawsuit without prejudice in exchange for very modest actions to be taken by BLM and the Church regarding: (1) the management of the Cove, and (2) signs posted there offering an historical "interpretation" of events taking place at Martin's Cove during the westward migration of Church members in the nineteenth century. These actions include the removal from Martins' Cove of arguably sectarian "interpretive panels" that told of the history of the area; the addition of other panels to provide a secular interpretation of the history of Martin's Cove; and the addition of signs to more clearly inform members of the general public of when they are on privately owned Church property abutting Martin's Cove where they might see private religious displays.

- ***AT&T Settles General Services Administration Fraud Case for $2.945 million***
  United States ex rel. JA Russo Associates, Inc. v. AT&T Corporation, Civil Action No. 04-1142-DOC [C.D. Cal.](Rea, J.)**(under seal)**. On June 7, AT&T Communications-East, Inc. agreed to pay $2,946,000 in compromise of False Claims Act allegations. The

complaint alleged that AT&T defrauded the General Services Administration by inflating the Presubscribed Interexchange Carrier Charges that AT&T passed through to the government under the FTS 2000 Bridge contract.

- ***Suit by Serviceman Dismissed***
Sean Baker v. United States of America, et al., No. 5:05-221-JMH [Eastern District of Kentucky] (C.J. Hood). On June 8, the district court dismissed a suit seeking damages arising from injuries plaintiff received during a volunteer training exercise in which he played the role of an uncooperative detainee at Guantanamo Bay, Cuba, where plaintiff was on active military duty. Plaintiff also sought reinstatement and back pay allegedly owed to him by the Department of the Army. The court granted the United States' motion to dismiss for the following reasons: first, plaintiff's action is barred by the Feres doctrine because it is premised on injuries he incurred incident to his military service; second, the United States has not waived sovereign immunity for constitutional torts against the United States, its agencies, or its officials acting in their official capacity, thereby precluding suit; and third, plaintiff's claim for reinstatement and back pay is precluded because review of military decisions is not justiciable. Plaintiff also made claims under the Privacy Act which were likewise dismissed.

- ***Ninth Circuit Rejects Challenge to United States Department of Agriculture Rule Allowing Imports of Spanish Clementines***
Cactus Corner v. United States Department of Agriculture [Ninth Circuit]. On June 8, the Ninth Circuit (Rymer, Fletcher, W., and Clifton) sustained a Department of Agriculture rule allowing imports of Spanish Clementines under specified conditions that are aimed at preventing the introduction of medflies in to the United States. The court held that the agency was under no statutory duty to quantify a permissible level of risk that medflies would be introduced. And the court determined that the agency's analysis of the particular measures taken in this case to prevent medfly introduction was reasonable and entitled to deference.

- ***D.C. Circuit Rejects Challenges to Federal Communications Commission's Communications Assistance for Law Enforcement Act Electronic Surveillance Order***
American Council on Education v. *Federal Communications Commission* [District of Columbia Circuit]. On June 9, the District of Columbia Circuit (Sentelle & Brown; Edwards dissenting) rejected challenges to a Federal Communications Commission (FCC) order that requires broadband Internet access providers and Internet telephony providers to assist the performance of authorized electronic surveillance. The Communications Assistance for Law Enforcement Act requires telecommunications carriers to ensure that their equipment and services are capable of carrying out authorized electronic surveillance. The law permits the FCC to extend the Act's coverage to some types of firms that do not come within the statute's core definition of "telecommunications carrier," but excludes firms insofar as they are providing "information services." Various petitioners challenged the FCC order, principally on the theory that broadband Internet access and Internet telephony constitute information services and therefore are categorically outside the scope of the Act. The District of Columbia Circuit has now rejected those challenges and sustained the order.

- ***D.C. Circuit Grants Government's Mandamus Petition Regarding Disqualification of Court-Appointed Special Master in Cobell Indian Trust Fund Case***

In Re: Dirk Kempthorne, Secretary of the Interior [District of Columbia Circuit]. On June 9, a unanimous panel of the District of Columbia Circuit (Judges Ginsburg, Randolph & Henderson) granted the government's mandamus petition regarding the disqualification of Special Master Alan Balaran in this ongoing Indian trust fund litigation. The government had argued that the Special Master engaged in conduct requiring his disqualification when he secretly hired a complaining witness to help analyze and evaluate the evidence of the witness' own allegations of government wrongdoing, and that the Special Master's resignation on the eve of the District of Columbia Circuit's scheduled oral argument did not render moot the disqualification issue. The panel has now agreed, holding that the Master's conduct was indefensible and required his disqualification, and that, as a result, three disputed reports issued by the Master after the conduct in question would be suppressed and stricken from the record of the case.

- ***D.C. Circuit Holds that Suit Against the United States and Dr. Henry Kissinger, Regarding Support for the Pinochet Regime, Raises Nonjusticiable Political Questions***
  Gonzalez-Vera v. *Kissinger* [District of Columbia Circuit]. On June 9, the District of Columbia Circuit (Ginsburg, Rogers and Brown, JJ.) affirmed dismissal of claims asserted against the United States and former Secretary of State and National Security Advisor, Dr. Henry A. Kissinger, seeking damages for actions allegedly taken in support of the Pinochet regime in Chile 30 years ago. The district court held the plaintiffs'claims justiciable, but dismissed the suit on the grounds that the United States had not waived its sovereign immunity and plaintiffs had failed to state a claim upon which relief can be granted against Dr. Kissinger. The District of Columbia Circuit has now affirmed the judgment of dismissal, but did so on the ground that the plaintiffs' claims, even those asserted under the Torture Victim Protection Act, present nonjusticiable political questions "inextricably intertwined with the underlying" foreign policy decisions constitutionally committed to the political branches.

- ***Ninth Circuit Reverses Order Denying Intervention of Organizations Seeking to Defend Federal Funding Restriction***
  California v. United States [Ninth Circuit]. On June 9, the Ninth Circuit (B. Fletcher, Kozinski, Fisher) reversed a district court order denying intervention to four pro-life medical organizations that sought to intervene in this suit challenging the constitutionality of the Weldon Amendment, a law that bars federal funding to entities that discriminate on the basis that a health care provider does not provide or refer for abortion services. While intervenors sought to defend the federal law, the United States opposed intervention, arguing that the Amendment, as a funding restriction, did not create legally protectable interests and that in any event the United States adequately represents the intervenors' interest. The court of appeals disagreed, holding that the practical impact of a funding limitation was sufficient for intervention purposes and that the United States might narrowly interpret the law to preserve its constitutionality and in doing so would not adequately represent the interests of intervenors.

- ***State Court Dismisses Retired Police Officer's Action Under Federal Law for Right to Carry a Concealed Weapon***
  Zarrelli v. Harvey [Superior Court of New Jersey]. On June 9, Judge Alexander Lehrer dismissed the plaintiff's complaint. This is the first case in state court to come to our

attention that involves an issue that will likely recur as States implement, or choose not to implement, the Law Enforcement Officers Safety Act of 2004. The Act preempts state law by providing that a retired law enforcement officer may carry a concealed weapon if either the officer's former agency or State of residence certifies that the officer has passed the test required for active law enforcement officers to carry concealed weapons. The plaintiff, a retired officer, petitioned the State of New Jersey, arguing that the Act compelled the State to grant him such a certification upon request. The State moved to dismiss, arguing that construing the Act to impose such a mandate would violate the Tenth Amendment. We filed a Statement of Interest concurring with the State's position, and also noting that the Attorney General has construed the Act as discretionary with respect to law enforcement agencies within the Justice Department. In dismissing the case, Judge Lehrer determined that the Act would violate the Tenth Amendment if it were construed to commandeer States into implementing federal regulation.

- ***Challenge to Medicare Geographic Reclassification Regulations Dismissed***
  Indian Path Medical Center v. Leavitt [D.D.C.]. On June 9, Judge Henry H. Kennedy, Jr., granted the government's motion to dismiss. As part of the Medicare Modernization Act of 2003, Congress directed the Secretary to establish a "one-time" procedure for hospitals to request geographic reclassification, which determines the wage index that is used to calculate the hospitals' Medicare payments. The Act established a cap on the amount of funds that could be committed through the use of this procedure. The Secretary promulgated a regulation describing eight categories of hospitals that were eligible for reclassification. Five hospitals submitted applications, which were denied because they did not satisfy the requirements of any of the categories. They then brought suit in the district court, claiming that the regulation was arbitrary and capricious. After the filing of the suit, all of the funds appropriated by Congress for reclassification were obligated to other successful applicants. The district court held that the plaintiffs lacked standing, and dismissed the complaint, because it was not likely that a favorable decision would redress the plaintiffs' injuries given that the only relief the court could order would be a remand to the Secretary to reconsider their applications, and because no funds remained available for the plaintiffs, even if the Secretary were inclined to revise his regulation in the manner that the plaintiffs desired.

- ***Motion to Enjoin Guantanamo Military Commission Proceedings Filed***
  Al-Quhtani v. Bush [District of Columbia] (Judge Collyer). On June 9, a motion was filed, seeking to enjoin military commission proceedings with respect to a Guantanamo Bay detainee, Jobran Saad Al-Quhtani, pending a decision of the Supreme Court in *Hamdan v. Rumsfeld*. Proceedings before the commission are scheduled for June 19, to consider and possibly decide certain discovery motions and a motion filed by petitioner seeking dismissal of charges or other relief associated with petitioner's periodic refusal to meet with military defense counsel. The motion to enjoin the commission proceedings was filed by counsel purporting to represent Al-Quhtani in a separate habeas action brought through a family next friend. The government's response is currently due June 19, though the court may expedite the schedule.

- ***Environmental Groups File Complaints in Court of International Trade Seeking Imposition of Embargoes Upon Imports of Certain Endangered Species***
  Salmon Spawning and Recovery Alliance v. United States; Native Federation of the Mare Dios River and its Tributaries v. United States

On June 9, in these two cases, public interest groups are requesting that the court direct enforcement actions pursuant to the Endangered Species Act and impose embargoes upon Canadian salmon and Peruvian broadleaf mahogany. In the salmon case, which was transferred to the Court of International Trade from the United States District Court for the Western District of Washington, an association of recreational fishing and hydro power interests seeks to compel an Endangered Species Act enforcement action and the imposition of an embargo upon salmon that spawned in United States rivers and were harvested in Canadian waters. The Peruvian mahogany case was initiated by an environmental group and a group that purports to represent indigenous people in Peru. In that case, plaintiffs also seek to compel an Endangered Species Act enforcement action and the imposition of an embargo upon Peruvian broadleaf mahogany lumber. Likewise, plaintiffs seek an order of the court to enjoin the importation of mahogany by certain private defendants.

Contact: August Flentje, Counsel, 514.3309

Todd, Gordon (SMO)

From: Todd, Gordon (SMO)
Sent: Tuesday, June 13, 2006 5:59 PM
To: Elwood, Courtney; Scolinos, Tasia; Jezierski, Crystal; Elston, Michael (ODAG)
Cc: McCallum, Robert (SMO); Gorsuch, Neil M
Subject: Speech Tomorrow
Attachments: GDT 6-14-06 Kentucky Bar Keynote.doc

My apologies for the lateness of this circulation. I am pinch-hitting for Robert tomorrow, delivering an hour-long lunchtime keynote to the Kentucky Bar Annual Conference. My proposed remarks are attached - I will likely edit them down some this evening. They are drawn largely from AG speeches. However, please let me know if you have any concerns.

****

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Remarks of
Deputy Associate Attorney General Gordon D. Todd
Delivered to the
Kentucky Bar Association
June 14, 2006
Covington, Kentucky

Thank you for that introduction, and for the invitation to join you here in Kentucky today. It is a pleasure to be with you this afternoon.

At the outset, let me apologize on behalf of my boss, Associate Attorney General Robert McCallum. Robert very much wanted to be with you here today. However, as you may know, the President has asked him to serve as US Ambassador to Australia. Unfortunately, the demands of the nomination process precluded Robert's appearance here today.

In Robert's stead, however, I appreciate the opportunity to discuss with you various issues that are of particular importance to Attorney General Alberto Gonzales and which are priorities at the Department of Justice.

The Attorney General's priorities should not come as a surprise: first and foremost, we are engaged heavily in the global war on terror. We are also focused on reducing crime, with particular emphasis on gun crimes, cyber crime including the internet exploitation of children, and drug trafficking, especially the new scourge of methamphetamine. We are also committed to expanded enforcement of civil rights, with a focus on human trafficking and fair housing. Finally, we are working to restore and maintain confidence in the integrity of both our public and private institutions through the prosecution of private and public corruption and fraud.

Terrorism

Let me start with the War on Terror, for nothing is more important to President Bush and Attorney General Gonzales than the continued safety of the American people.

The attacks of September 11th were not the opening shots of this war. Rather, over the preceding decade, Al Quaeda operatives and their ilk attacked us repeatedly: the 1993 World Trade Center bombing; the 1996 bombing of the Khobar Towers barracks in Saudi Arabia; the 1998 bombings of US Embassies in Kenya and Tanzania; and the 2000 attack on the USS Cole in Yemen.

What the September 11th attacks did occasion was the shifting of the United States from defense to offense. Through a combined military, criminal, and civil response, we have begun hunting down the terrorists and rolling up the financial networks that support them. The Department of Justice plays a leading role in this effort.

Since September 11, 2001, we have secured 253 convictions in 45 different judicial districts across the country of individuals charged in terrorism or terrorism-related criminal cases with an international connection. Many more defendants are still awaiting trial.

In the past year alone, we have obtained 40 convictions or guilty pleas in terrorism-related cases. These included **Ahmed Omar Abu Ali**, who was sentenced to 30 years for providing support to al Qaeda, conspiring to assassinate President Bush, and conspiring to hijack and destroy commercial airplanes in an attack similar to the attacks of September 11th. He joins in prison **Zacarious Moussaoui**; the "American Taliban" **John Walker Lindh**; and members of the **Virginia Jihad Network**. Also, last September, British arms dealer **Hemant Lakhani** was sentenced to 47 years in prison for attempting to arrange the sale of shoulder-fired missiles in New Jersey.

Some have observed that these 253 convictions included individuals indicted on money laundering, visa fraud, and other less glamorous charges. The implication is that these are not really terror-related prosecutions. Nothing could be further from the truth. Prosecutors had good cause to link each of these individuals to international terror related activity. It is true that not all were charged and prosecuted for front-line terror activities. Such charges are difficult to bring, and often require revealing sources and methods the government would rather not disclose in court. In this we have followed a philosophy used effectively by Rudi Gulliani in fighting the New York crime syndicates – when you know someone is bad, charge them with what you can and get them off the streets. By charging and prosecuting second-tier offenses we incapacitate individuals and prevent them from continuing their first-line terror activities.

This approach, I would note, has good historical pedigree – after all, Al Capone died in jail after being convicted for tax evasion. And in the war on terror, it has paid dividends. We have broken up terrorist cells in Portland, Oregon, Brooklyn and Buffalo, New York and recently charged three men in Toledo, Ohio with conspiring to provide material support to terrorists and conspiring to commit acts of terrorism against individuals overseas – including U.S. military personnel serving in Iraq.

To remain vigilant, we continue to deploy new resources to strengthen our ability to spot and prevent attacks before they occur. To this end, the Justice Department will soon be standing up a National Security Division. This will bring under one umbrella the Department's primary national security elements, including the Counterterrorism and Counterespionage Sections of the Criminal Division, and the Office of Intelligence Policy and Review who specialize in the Foreign Surveillance Intelligence Act. This will fulfill a key recommendation of the Weapons of Mass Destruction Commission, and will significantly improve cooperation and communication between our intelligence and law enforcement teams.

Make no mistake, Al Qaeda remains a deadly and determined enemy, motivated not by America's actions in the world today, but by its own twisted and murderous

ideology. Osama bin Laden's deputy, Ayman al-Zawahiri, recently emerged from hiding to describe new threats, promising further attacks. In his words, we all face a future – and I quote – "colored by blood, the smoke of explosions, and the shadows of terror." Recent bombings in London, Bali, Spain, Jordan, as well as the recent Canadian bombing plot, show that the danger of terrorism is very much a continuing one.

Patriot Act

The fight against al Qaeda is, in military terms, "asymmetric" – it lacks the front lines and fixed positions of a more traditional war. The "battlefield," so to speak, is wherever the terrorists manage to make it.

The most important weapon in such a war is information. Our foremost goal is to prevent another attack. We want to interfere with terrorist cells before they get organized. We want to stop terrorists in their planning stages, not moments before, or after, a bomb goes off. As the bipartisan 9/11 and WMD Commissions urged, we must understand **who** the enemy is and **what he is doing**. Before we can "connect the dots," we must first collect the dots.

An invaluable key to that effort is the recently reauthorized USA Patriot Act. The tools of the Patriot Act are crucial in this regard, from roving surveillance to delayed notification search warrants. These tools are straightforward, appropriate under the Constitution, and vital in our fight against terror. We are dealing with an enemy that is relentless in its desire to harm us and has promised to strike again. We must make the most of our abilities to defend ourselves, and the Patriot Act allows us to do just that.

The Patriot Act has been the target of much criticism – to the point that it is invoked as the universal Rasputin behind objected-to policies, regardless of whether they even fall within the Act. Indeed, my wife and I are big fans of the shows "24" and "Alias." But, every time a government agent does something less-than-civilized, we cringe awaiting the obligatory cite to the Patriot Act as the source of authority. Let me address a few of the more popular canards about the Act.

First, it is often represented that the Act authorizes government "thought police" to target private citizens based on their library habits and the books they read, through the infamous "library records" provision. Of course this is untrue. The Act contains no "library records" provision. In fact, the Patriot Act explicitly prohibits the government from conducting an investigation solely based on protected First Amendment activity. Further, as the Attorney General has made clear, terrorism investigators have no interest in the library habits of ordinary Americans.

What the Act does actually do is allow prosecutors to get a court order to obtain business records. This is something prosecutors have always been able to do through grand jury subpoenas. While characterizing this provision as being just about "library records" was perhaps an effective PR move, it threatened to undermine a necessary and legitimate law enforcement tool, as business records can be invaluable in solving crimes.

Terrorists seeking to make a bomb may create records at chemical companies or hardware stores. Terrorist financing may pass through a legitimate or semi-legitimate business.

For example, in a recent domestic terrorism case, a grand jury served a subpoena on a bookseller to obtain records showing that a suspect had purchased a book giving instructions on how to build a particularly unusual detonator that had been used in several bombings. This was important evidence identifying the suspect as the bomber.

Nor should libraries be exempted from the reach of this authority. Library records have often featured in prominent prosecutions. For example, a federal grand jury was able to subpoena library records to identify the individual who checked out the specific books published in the Unabomber's manifesto. Library records also assisted law enforcement in solving the 1997 murder of fashion designer Gianni Versace, and in tracking down New York's "Zodiac Killer," through his citations to an obscure poet.

Terrorists and other foreign also have a track record of using libraries for illicit purposes. Last year, a member of a terrorist group closely affiliated with al Qaeda used Internet service provided by a public library to communicate with his confederates. Spies have used public library computers to do research to further their espionage and to communicate with their co-conspirators. For example, Brian Regan, a former TRW employee who was convicted of espionage, used computers at five public libraries in Northern Virginia and Maryland to locate addresses for the embassies of certain foreign governments.

To carve out a special exception for libraries would make them safe havens for terrorist and clandestine activities. If terrorists or spies knew that library activities could never be investigated, they would use libraries to plan and carry out activities that threaten our national security. Terrorists have proven themselves adept at adapting to our methods and abilities. They would easily adapt and adopt such a blanket shelter.

It is also important to note that prosecutors cannot write their own ticket, so to speak. Rather, requests for certain business records in a national security case must be reviewed by a federal court. The Foreign Intelligence Surveillance Court can issue such orders only after the government demonstrates the records concerned are sought for an authorized investigation to obtain foreign intelligence information not concerning a U.S. person or to protect against international terrorism or clandestine intelligence activities.

Moreover, under the Act, the Attorney General must "fully inform" Congress on how it has been implemented every six months. This review ensures that these activities are examined by all three branches of the federal government.

Another misconception about the Patriot Act is the claim that it dramatically expands traditional law enforcement methods. One oft-cited example is the provision permitting delayed notification search warrants. Long before the enactment of the Patriot Act, Courts authorized and upheld such warrants as a legitimate and necessary tool for

fighting organized crime, drug cases, and child pornography. The Patriot Act simply codified this authority.

Delayed notification warrants are vital to our strategy of prevention – detecting and incapacitating terrorists before they are able to strike. They allow law enforcement to enter premises, search and confirm illegal activity, and then leave without alerting the targets to the search.

In some cases if criminals are tipped off too early to an investigation, they might flee, destroy evidence, intimidate or kill witnesses, cut off contact with associates, or take other action to evade arrest. For example, if a shipment of drugs or guns will pass through several stops on its way to its destination, delayed notice warrants allow officers to build a case against each link in the chain without tipping off the participants either to the investigation, or to possible informants working on the inside.

Recognizing the reasonableness of this approach, federal courts have long allowed law enforcement to delay for a limited time when the subject is told that a judicially-approved search warrant has been executed. This tool can be used only with a court order, in extremely narrow circumstances when immediate notification may result in death or physical harm to an individual, flight from prosecution, evidence tampering, witness intimidation, or serious jeopardy to an investigation. The reasonable delay gives law enforcement time to identify the criminal's associates, eliminate immediate threats to our communities, and coordinate the arrests of multiple individuals without tipping them off beforehand. In all cases, law enforcement must give notice that property has been searched or seized.

The Supreme Court has held the Fourth Amendment does not require law enforcement to give immediate notice of the execution of a search warrant. The Supreme Court emphasized "that covert entries are constitutional in some circumstances, at least if they are made pursuant to a warrant." The Patriot Act simply codified this useful tool.

Some have also claimed that the authority to conduct "roving surveillance" represents an unjustified expansion of investigatory power. In fact, we have long been able to use "roving wiretaps" - in which a wiretap authorization attaches to a particular suspect, rather than a particular telephone or other communications device - to investigate ordinary crimes, including drug offenses and racketeering. The authority to use roving wiretaps in drug cases has existed since 1986. A number of federal courts – including the Second, Fifth, and Ninth Circuits – have squarely ruled that roving wiretaps are perfectly consistent with the Fourth Amendment.

The Patriot Act merely authorizes the same techniques in national-security investigations. This enhances the government's authority to monitor sophisticated international terrorists and intelligence officers who are trained to thwart surveillance by changing cell phones just before important meetings or communications.

Again, the authority is limited and regulated. A wiretap under section 206 can be ordered only after the FISA court makes a finding that the actions of the target of the application may have the effect of thwarting the surveillance.

The tools of the Patriot Act are reasonable, moderate, and enormously valuable to us in our work to protect the country from another attack.

TSP

The terrorist surveillance program is also a critical part of our defense in the battlefield of the 21st century. It allows us to collect more information regarding al Qaeda's plans, to locate al Qaeda operatives, especially those already in the United States and poised to attack.

The Department of Justice has thoroughly examined this program and concluded that the President is acting within his power in authorizing it. And the Department of Justice is not alone in concluding that the program is lawful. Career lawyers at NSA and its Inspector General office have been intimately involved in the oversight of the program.

The terrorist surveillance program is firmly grounded in the President's constitutional authority. The Constitution charges the President with the primary responsibility for protecting the safety of all Americans, and the Constitution gives the President the authority necessary to fulfill this solemn duty. It has long been recognized that the President's constitutional powers include the authority to conduct warrantless surveillance aimed at detecting and preventing armed attacks on the United States. Presidents have repeatedly relied on their inherent power to gather foreign intelligence for reasons both diplomatic and military, and the federal courts have consistently upheld this longstanding practice.

If this authority is available in ordinary times, it is even more vital in the present circumstances of our armed conflict with al Qaeda. The President authorized the terrorist surveillance program in response to the deadliest foreign attack on American soil, and it is designed solely to prevent the next al Qaeda attack. As I noted, this conflict is asymmetric, and its front lines may be in our subways, our factories, and our streets. The goal of our enemy is to blend in with our civilian population in order to plan and carry out future attacks within America.

The President's authority to take military action—including the use of communications intelligence targeted at the enemy—does not come merely from his constitutional powers. It comes directly from Congress as well. Just a few days after the attacks of September 11th, Congress enacted a joint resolution to authorize the use of military force – or the AUMF – in response to the attacks on American soil. In the AUMF, Congress did two important things. First, it expressly recognized the President's –quote – "authority under the Constitution to take action to deter and prevent acts of international terrorism against the United States." Second, it supplemented that authority

by authorizing the President to – and again, I quote – "use all necessary and appropriate force against those nations, organizations, or persons he determines planned, authorized, committed, or aided the terrorist attacks" in order to prevent further attacks on the United States.

Under the three-part framework of Justice Jackson's concurring opinion in *Youngstown Sheet & Tube Co. v. Sawyer*, the President's authority is at its zenith as he is acting "pursuant to an express or implied authorization of Congress." In this context, the President's authority "includes all that he possesses in his own right [under the Constitution] plus all that Congress can" confer on him.

In 2004, the Supreme Court considered the scope of the AUMF in *Hamdi v. Rumsfeld*. There, the question was whether the President had the authority to detain an American citizen as an enemy combatant for the duration of the hostilities. The Supreme Court confirmed that the expansive language of the AUMF—"all necessary and appropriate force"—ensures that the congressional authorization extends to traditional incidents of waging war. And, just like the detention of enemy combatants approved in Hamdi, the use of communications intelligence to prevent enemy attacks is a fundamental and accepted incident of military force.

This fact is amply borne out by history. This Nation has a long tradition of wartime enemy surveillance—a tradition that can be traced to George Washington, who made frequent and effective use of secret intelligence. One source of Washington's intelligence was intercepted British mail. In fact, Washington himself proposed that one of his Generals "contrive a means of opening [British letters] without breaking the seals, take copies of the contents, and then let them go on."

For as long as electronic communications have existed, the United States has intercepted those communications during wartime, and done so, not surprisingly, without judicial warrants. In the Civil War, for example, telegraph wiretapping was common and provided important intelligence for both sides. In World War I, President Wilson authorized the military to intercept all telegraph, telephone, and cable communications into and out of the United States; he inferred the authority to do so from the Constitution and from a general congressional authorization to use military force that did not mention anything about such surveillance.

So too in World War II; the day after the attack on Pearl Harbor, President Roosevelt authorized the interception of all communications traffic into and out of the United States. The terrorist surveillance program, of course, is far more focused, since it involves the interception only of international communications that are linked to al Qaeda.

Some have suggested that the AUMF did not authorize intelligence collection inside the United States. That contention cannot be squared with the reality of the September 11th attacks on our soil, launched from within the country, and carried out by agents hiding among us. Congress's authorization to the President to fight this threat

necessarily contemplates the nature of the threat, and manifestly must included authorizing the President to use force and such other means as were necessary to repel any future unfolding attack within the United States. Congress also must be understood to have authorized the traditional means by which the military detects and responds to such attacks. Nor can this contention be squared with the language of the AUMF itself, which calls on the President to protect Americans both "at home and abroad," to take action to prevent further terrorist attacks "against the United States," and directs him to determine who was responsible for the attacks. Such a contention is also contrary to the long history of wartime surveillance, which has often involved the interception of enemy communications into and out of the United States.

Some contend that even if the President has constitutional authority to engage in the surveillance of our enemy during an armed conflict, that authority was constrained by Congress through the 1978 Foreign Intelligence Surveillance Act – or "FISA". Generally, FISA requires the Government to obtain an order from the special FISA court before conducting "electronic surveillance." But, even assuming the terrorist surveillance program qualifies as "electronic surveillance" under the Act, FISA also expressly allows Congress to respond to new threats through separate legislation. For the reasons I have already discussed, the AUMF provides the relevant statutory authorization for the terrorist surveillance program.

Some ask why the President elected not to use FISA's procedures for securing court orders for the terrorist surveillance program. We have to remember that what is at issue is a wartime intelligence program designed to protect our Nation from another attack in the middle of an armed conflict. It is an "early warning system" with only one purpose: to detect and prevent the next attack on the United States from foreign agents hiding in our midst. It is imperative for national security that we can detect reliably, immediately, and without delay whenever communications associated with al Qaeda enter or leave the United States. That may be the only way to alert us to the presence of an al Qaeda agent in our country and to the existence of an unfolding plot.

The speed and agility necessary to this military intelligence program are best captured by leaving intercept decisions to the judgment of professional intelligence officers, based on the best available intelligence information. These officers are best situated to make decisions quickly and accurately. Were those officers required to navigate the intricacies of the FISA process for each intercept, the resulting delay would create critical holes in our early warning system.

A typical FISA application involves a substantial process in its own right: The work of several lawyers; the preparation of an application and related legal papers; the approval of a designated Cabinet-level officer; a certification from a designated Senate-confirmed officer; and, finally, of course, the approval of an Article III judge who sits on the FISA Court. Needless to say, even under the very best of circumstances, this process consumes valuable resources and results in significant delay.

We all agree that there should be appropriate checks and balances on the Branches of our Government. The FISA process makes perfect sense in almost all cases of foreign intelligence monitoring in the United States, especially where the monitoring has a purpose beyond early-warning. Although technology has changed dramatically since FISA was enacted, FISA remains a vital tool in the War on Terror, and one that we are using to its fullest and will continue to use and adapt for our efforts against al Qaeda and other foreign threats. But as the President has explained, the terrorist surveillance program operated by the NSA requires the maximum in speed and agility, since even a very short delay may make the difference between success and failure in preventing the next attack. And we cannot afford to fail.

No one takes lightly the concerns that have been raised about the interception of domestic communications inside the United States. But this Administration has chosen to act now to prevent the next attack with every lawful tool at its disposal, rather than wait until it is too late. It is hard to imagine a President who would not elect to use these tools in defense of the American people—in fact, it would be irresponsible to do otherwise. The terrorist surveillance program is both necessary and lawful. Accordingly, as the President has explained, he intends to continue to exercise this authority as long as al Qaeda poses such a grave threat to the national security. If we conduct this reasonable surveillance—while taking special care to preserve civil liberties as we have—we can all continue to enjoy our rights and freedoms for generations to come.

Crime

Safety on our streets is a high priority for the Justice Department. Despite our many recent successes in this area, combating violent crime, and particularly gun crime, must be reduced even further. Almost a half million people are victims of gun-related crime each year. In 2003, nearly 10,000 of the nation's 14,000 murder victims were killed by a gun. In that same year, murder victims ages 13 to 24 were more than four times more likely to be killed with a gun than all other weapons combined.

The President's Project Safe Neighborhoods Initiative (PSN) is a comprehensive, strategic approach to reducing gun crime in America. It links together federal, state, and local law enforcement, prosecutors, and community leaders. The Administration has devoted more than $1.5 billion to PSN so far. The funds are used to hire prosecutors, provide training, conduct research, reach out to communities, and prevent future crimes.

The U.S. Attorneys in each of the 94 federal judicial districts, working side by side with local law enforcement and other officials, filed more than 10,000 federal firearms cases in 2005—a 73% increase since PSN began. Gun criminals are spending more time in prison, as well. Last year, more than 90% of convicted gun offenders received prison terms, and more than 2/3 were sentenced to three or more years in jail.

While keeping guns off our streets is crucial, new threats exist in our communities as well, particularly involving our children. When our children use the computer and go onto the Internet, they can encounter risks of exploitation that did not exist until recent

years. The Attorney General recently announced a major new initiative, Project Safe Childhood to protect our children from these threats.

Our United States Attorneys around the country will work with local Internet Crimes Against Children Task Forces and community leaders to investigate and prosecute sexual predators and child pornographers. We will seek the harshest sentences appropriate under the law.

Recently, the Attorney General announced the indictments of 27 people for allegedly participating in a pornographic chat room called "Kiddypics and Kiddyvids." The indictments charge that defendants used minors to produce images of child pornography and then made those images – including a live show of an adult sexually molesting an infant – available to other members through the Internet.

The Project Safe Childhood initiative will help us root out this awful abuse before it can reach our children.

Attorney General Gonzalez recently announced another component of this effort, designed to make website providers more accountable for their products. Currently, commercial sex websites are often designed with innocuous terms hidden in their code. Thus, a sex website with the term "Barbie" or "barney" embedded in its code would show up in a search for those terms. This greatly increases the chance that children will unintentionally be exposed to such content. The Attorney General has proposed groundbreaking legislation that would require providers of such content to embed each such page with specific marks and notices to reduce this possibility and to empower parents.

Drug abuse is another vital problem in our country. Fortunately, there is some good news along this front. Drug use is continuing to decline among our youth. We have had considerable success in our drug prosecutions. Last year, we arrested two Afghan drug lords connected with the Taliban, and as well as two founders of the Cali drug cartel. We also dismantled six high-priority drug networks and disrupted the operations of another six.

Just last month, the Attorney General announced the largest narcotics-trafficking indictment in our history. Fifty members of the Colombian narco-terrorist group FARC were indicted for allegedly importing more than $25 billion worth of cocaine into the United States and other countries. The FARC oversees the production of more than half of the cocaine coming into the United States.

More and more, we are hearing about the problems methamphetamine is causing in our communities. Meth is a horribly destructive drug. Its addictive properties rival or surpass those of other hard core illegal drugs; it ages its victims by decades; it causes paranoia and psychosis; and it is lethal. Moreover, the face of meth is changing. Whereas once, meth was primarily the product of small, domestic home-labs, today 80 percent of the meth in circulation in the United States is produced and shipped across the

Southern Border by increasingly sophisticated and extremely violent Mexican drug syndicates.

We have been concentrating our efforts on eliminating this extraordinarily harmful drug. Last year we dismantled more than 50 meth labs and arrested more than 400 people through Operation Wildfire. This year, we are expanding our searches to locate Super Labs in Mexico and other foreign countries.

The President recently signed the Combat Methamphetamine Epidemic Act, which provides us with additional tools to disrupt the production and trafficking of meth. The Act places reasonable restrictions on the sale of products containing pseudoephedrine, one of the chemicals needed to make meth. The products will be kept behind the counter or in locked cabinets, and purchases will be logged. These measures will help deter meth cooks, who try to buy large quantities of pseudoephedrine without being detected. Similar laws passed in states have led to dramatic drops in meth labs.

The Combat Meth Act also includes provisions to help protect children. It supports programs to treat children who have been endangered by living in a home where meth is produced or distributed. The law also includes increased penalties – of up to 20 additional years of prison time – when a child is present in the place where the crime occurs.

Civil Rights

Another priority for the Justice Department is the fight for civil rights and true equality for all Americans. I am pleased to report that the Department prosecuted a record number of criminal civil rights cases in the last two-year period. One priority in our enforcement has been human trafficking – modern-day slavery. Human trafficking includes the trafficking of women and children for sexual exploitation, as well as the exploitation of agricultural workers, sweat shop workers, and domestic servants. It has been estimated that as many as 800,000 people are trafficked internationally each year, including 17,500 victims trafficked into the United States.

We have focused considerable resources on this problem. From 2001 through 2005, the Civil Rights Division and United States Attorneys' Offices filed more than four times as many trafficking cases as had been filed from 1996 through 2000. Almost 1,000 trafficking victims have been assisted by the Justice Department and other organizations under the Trafficking Victims Protection Act of 2000. Since 2004, we have awarded grants of more than $30 million to create 32 human trafficking task forces and 21 victim service providers around the country.

Another civil rights priority for us is fair housing. The Department of Justice currently operates a testing program to uncover housing discrimination. Under the program, pairs of individuals—one acting as the "control group" (e.g., white male) and the other as the "test group" (e.g., black male) —pose as prospective buyers or renters of

real estate. If control group testers are treated more favorably than minority testers, this provides evidence of discrimination.

Over the next two years, Operation Home Sweet Home will increase the number of paired tests to an all time high. We will be concentrating testing in areas affected by Hurricane Katrina and in areas where Katrina victims have been relocated, as the hurricane displaced many minority residents who are now seeking new housing. We will also concentrate testing in areas that have experienced bias-related crimes such as cross burnings or assaults on minorities.

We have created a new website, located at www.usdoj.gov/fairhousing, devoted to fair housing enforcement. It includes an online form for citizens to submit tips and complaints. We have also established a toll-free housing discrimination tip line to report any incidents of housing discrimination, at 1-800-896-7743.

Corporate and Public Integrity

American citizens deserve to have confidence in the integrity and ethics of our public institutions and corporations, and we seek to preserve this confidence through the prosecution of corruption and fraud at all levels. In the wake of corporate scandals like Enron and WorldCom and the recent convictions of Kenneth Lay and Jeffrey Skilling, as well as public corruption scandals like the recent guilty plea of Congressman Randall "Duke" Cunningham, President Bush made clear that the nation cannot tolerate fraud and corruption which damages the confidence of our citizens and the world community in the fairness, honesty, and reliability of our public and private institutions. Cases like these – as time consuming and difficult as they often are – are essential to ensuring that our institutions operate freely, transparently, and lawfully. We have done much to restore consumer confidence in our public markets since the tech bubble collapse of 2000-2001, and we are seeking to bring the same zeal to our public institutions.

One recent unsung success in the corporate fraud field is Operation Global Con, which the Attorney General announced several weeks ago. For more than a year, United States and foreign law enforcement agencies have been targeting international fraudulent mass marketing schemes in the largest enforcement operation of its kind. This work has led to 565 arrests both here and abroad.

The investigation focused on telemarketing, the Internet, and mass mailings that cheat unsuspecting people through bogus investments, fake lotteries, sweepstakes schemes, phony credit cards, and tax frauds. For example, a scheme in Miami, Florida involving two defendants and the Discovery Capital Company allegedly defrauded investors of more than $3 million. Defendants occasionally used funds received from new investors to send out purported interest and dividends, thus persuading investors that the company was real. They allegedly spent the rest of the money on expensive cars and million-dollar homes.

Close to three million victims have been defrauded of more than $1 billion. We have worked closely with international allies including Canada, Costa Rica, the Netherlands, Spain, the United Kingdom, New Zealand, and Nigeria to arrest even more criminals abroad.

Corporate Cooperation & Waiver of Privilege

One issue with regard to the Department's enforcement of appropriate corporate conduct that has drawn significant comment and provoked much discussion has been the Department's consideration of a corporation's cooperation in making criminal charging decisions and sentencing recommendations - and more specifically waivers by corporations of applicable privileges as part of that cooperation. I should note at the outset that a number of our important recent convictions were greatly assisted by information we obtained through these waivers.

In a memorandum dated January 20, 2003, then-Deputy Attorney General Larry Thompson set out the elements prosecutors should consider in determining whether to charge a corporation with a crime. Among these was cooperation and voluntary disclosure.

As was set out in the memo, a prosecutor may consider -- quote -- "the corporation's willingness to identify the culprits within the corporation, including senior executives; to make witnesses available; to disclose the complete results of its internal investigation; and to waive attorney-client and work product protection."

This last point has raised concern in the private bar and in the business community, and we at DOJ have been actively engaged in a dialogue with the bar and representatives of business. For instance, last year at this time, we invited people from outside the government to come to a national conference of US Attorneys, not only to explain their perspective but also to listen to the views of the US Attorneys. There are definitely two important interests that all sides in this dialogue recognize and embrace: on the one hand, the societal benefits from the preservation of certain confidential communications under various legal privileges and, on the other hand, the societal benefits from the vigorous enforcement of the criminal laws establishing norms and standards for corporate and public conduct. Neither is absolute, and the real issue is determining the right balance when those important goals are or perhaps seem to be in conflict one with the other.

We have heard the claim that federal prosecutors abuse their prosecutorial discretion described in the Thompson memo by routinely demanding inappropriate waivers of privilege at the very outset of an investigation. Others have argued that, even if waivers are not routinely sought, the mere risk that a waiver might be sought will discourage corporate employees from seeking legal advice from their corporate counsel and from being truly candid with counsel about the factual circumstances surrounding their need or desire for the legal advice. It has been asserted that corporate counsel will be deterred from undertaking internal investigations or putting advice in writing based

upon the mere perception, even if inaccurate, that waivers of privilege could possibly be sought. Let me take these in turn.

First is the concern of the overzealous prosecutor. The Thompson memorandum itself makes clear several factors to be considered regarding a charging decision, one of which is the corporation's cooperation with the investigation, and the waiver of privileges is not an absolute requirement in establishing a corporation's cooperation. Rather, the Thompson memo states that prosecutors should consider waivers "where necessary to provide timely and complete information" and then only as "one factor in evaluating the corporation's cooperation."

Second, the memo makes clear that a cooperative "disclosure" (note that I am not calling it a "waiver") may, under many circumstances, be limited and precisely defined so as not to constitute a technical waiver of some established legal privilege. The purpose of any waiver or disclosure is to provide the government with timely access to complete and accurate information necessary to its inquiry. This standard may be satisfied by factual information, the identification of witnesses, and the production of non-privileged documents. Other investigations may require more, including possibly redacted notes of witness interviews or even contemporaneous advice given to the corporation concerning the conduct at issue. Each investigation is unique, and each has aspects to it that are inherently dependent on the discretion of the prosecutor. I often describe this process with the peeling an onion analogy; prosecutors generally start with the least intrusive disclosures that don't involve any waiver of legal privileges and go further in a layered approach only as and when necessary, Indeed, absent appropriate circumstances, the Thompson memo suggests: "prosecutors should not seek a waiver with respect to communications and work product related to advice concerning the government's criminal investigation."

Thus, the Thompson memo is itself quite balanced and deferential to legal privileges, subject to the timely, accurate, and complete information needs of the prosecutor. We at the Department continue to embrace the Thompson memo as appropriate guidance to federal prosecutors, and we do not believe that it has been or is being misapplied through "routine" requests for privilege waivers.

While we at DOJ remain committed to the standards set forth in the Thompson memo, we did want to be responsive to what I will call the "perception concern" I mentioned: that is the claim that even if waivers are not being inappropriately sought, there is a risk that they might be and so attorney client communication is "chilled." In October 2005, during a time when I was serving as Acting Deputy Attorney General, I issued additional guidance which I intended to address this issue in part. That guidance required each United States Attorney's Office, and each DOJ component, to develop written review procedures when waivers of privilege were necessary to obtain timely, complete, and accurate information from business organizations. While the review process may vary from office to office in order to accommodate local needs, a necessary element is that a prosecutor must have the approval of the United States Attorney or a supervisory-level AUSA before seeking a waiver of the attorney-client or work product

privilege. This process ensures that waiver requests are based upon a deliberate and considered evaluation of all of the circumstances affecting the exercise of the prosecutor's discretion in that case.

The real concerns regarding these waiver and disclosure issues revolve around whether there can be a limited waiver or disclosure to regulators or prosecutors that does not necessarily result in the protected information becoming available to civil litigants in claims against the corporation. That is an issue on which we need to have much more discussion since there is no defined DOJ position on that concept at this time. The waiver rule generally has been that waiver of a privileged communication to one party waives the privilege as to all other parties. However, at least one court of appeals, the Eighth Circuit, has taken the contrary view with regard to disclosures to the government. Of course, other courts have disagreed with the Eighth Circuit. A number of proposals have been floated to address the problem. Bills have been introduced into Congress that would create a federal rule of privilege under which waiver to the government would not constitute a waiver in subsequent private civil litigation, and a Federal Rules Advisory Committee of the Judicial Conference has also discussed a proposal that would amend the Federal Rules of Evidence to achieve this same goal.

Let me assure you that the Department is actively engaged in this issue. We understand the importance of legal privileges in ensuring the free flow of candid communications between corporate counsel and their clients, and we understand that such appropriate communications can contribute to sound corporate governance. At the same time, we take very seriously our duty to enforce the criminal law as prosecutors, and we will use all of the appropriate prosecutorial tools to do so. Both factors benefit our society and our economy. The devil is, of course, always in the details, and so we at DOJ are interested in continuing this discussion on the civil litigation issue with all interested parties, including but not limited to representatives of the ABA and the business community.

Conclusion

Again, let me thank you very much for the invitation to join you this afternoon. Judge Gonzales very much values the Department's relationship with groups like yours, and he is committed to developing and maintaining those relationships in order to allow for candid communication and the open exchange of ideas on issue of common interest, whether we agree on every point or not.

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TERRORISM NEWS:

Pentagon Will Not Hide Interrogation Tactics. The AP (6/13, Baldor) reports, "The Pentagon has dropped plans to keep some interrogation techniques secret by putting them in a classified section of a military manual." It had come under pressure from human rights advocates and members of Congress. The article notes that Secretary Rumsfeld "said for the first time last month that officials were at odds over whether the manual should endorse different interrogation techniques for enemy insurgents than are allowed for regular prisoners of war."

Meanwhile, the New York Times (6/14, Schmitt, 1.19M) reports the Defense Department is also "expected to drop a plan to have one set of interrogation methods for detainees that the military considers 'unlawful combatants,' like detainees at Guantánamo Bay, Cuba, and another set for traditional prisoners of war captured on the battlefield." It lists numerous critics of the planned classification of interrogation policy: GOP Sens. John McCain, John Warner, and Lindsey Graham; Gens. John Abizard and Peter Schoonmaker; and Elisa Massimino of Human Rights Watch.

Opening Arguments Made At Terrorism Trial In Arkansas. The Springdale (AR) Morning News (6/14, Wood) reports that in opening arguments at the trial of former University of Arkansas graduate student Arwah Jaber, accused of providing material support to Palestinian Islamic Jihad and lying to immigration officials, Jaber's lawyers "told jurors Tuesday morning the government's whole case is based on a series of misunderstandings." The attorneys "said he was frustrated by a professor who was not allowing him to graduate with his doctorate degree. They admit he made statements he shouldn't have made but he had no intention of violating the law." However, "Federal prosecutors said…that making false statements, using multiple names and someone else's social security number was an indication that Jaber intended to become a martyr for the Palestinian cause against Israel. They say he also made small amounts of an explosive, had Palestinian propaganda and he told numerous people he intended to go fight the Israelis and might not return."

Professors Split On Former Jaber's Aims. The AP (6/14) reports, "Charles Wilkins, a professor of chemistry and Jaber's adviser, testified Tuesday that he told FBI agents he didn't see any inclination toward terrorism in the graduate student. Jaber had recently been denied his doctoral degree in chemistry when he said he was going to Palestine with his wife." However, "David Paul, an associate professor of chemistry who was on Jaber's doctoral dissertation committee, said he noticed Jaber stopped making progress toward his degree after speaking with a friend in Palestine. … 'He needed to go home and make the Israelis sorry,' Paul said."

Family Of Guantanamo Detainee Doubts He Committed Suicide. The Washington Post (6/14, Ambah, 744K) reports the doubts of late Saudi detainee Yassar Talal al-Zharani's family that he killed himself. The family "described a man who was optimistic, stubborn and too devout to have taken his own life." His father "said he believes his son was either hanged by guards or beaten to death by them. The body has not been returned; the father has asked the Saudi government to demand an independent autopsy and investigation." The article quotes a former inmate who says Zharani was a former "Taliban foot soldier" and another who remembers that Zharani was "pushed hard" by interrogators.

Guantanamo Prison Criticized. In the Washington Post (6/14, 744K), columnist David Ignatius says that initial remarks by American officials on the Guantanamo suicides showed him "it's time to close that camp -- not just because of what it's doing to the prisoners but because of how it is dehumanizing the American captors." Ignatius writes of the inmates, "They are human beings and, as such, they have basic human rights."

In the New York Times (6/14, 1.19M), former detainee Mourad Benchellali writes of his two and a half years in the prison, "I cannot describe in just a few lines the suffering and the torture; but the worst aspect of being at the camp was the despair, the feeling that whatever you say, it will never make a difference." Benchellali writes, "I believe that a small number of the detainees at Guantánamo are guilty of criminal acts, but as analysis of the military's documents on the prisoners has shown, there is no evidence that most of the 465 or so

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men there have committed hostile acts against the United States or its allies."

Cleric Linked To 2002 Bali Bombings Released From Prison. The Financial Times (6/14, Donnan) reports, "Indonesia on Wednesday released radical cleric Abu Bakar Bashir from prison where he finished serving a 30-month sentence for giving his blessing to plans for the 2002 Bali bombings. Supporters have said that the 68-year-old cleric would be returning home to central Java on Wednesday where he is expected to meet with reporters and distribute aid to survivors of last month's earthquake in the area."

The Washington Times/AP (6/14, Hakim) notes "the Bush administration criticized the release," which also "sparked disapproval by Australia." In Washington, State Department spokesman Sean McCormack "said the United States was 'deeply disappointed by what we consider a light sentence handed out to this individual.'"

The Christian Science Monitor (6/14, McCawley, 61K) says "analysts are downplaying fears that Bashir, accused of being the 'emir' or leader of the militant group Jemaah Islamiyah (JI), will begin ordering bombings." Rather, Bashir "is more likely to use his celebrity to preach fire and brimstone and bolster the cause of hard-line Islam." The New York Times (6/14, Bonner, 1.19M) reports Bashir "has steadfastly denied any involvement in terrorist activities, but has been equally firm in his admiration for Mr. bin Laden, and in his loathing of Jews and the United States. Until Mr. Bashir made common cause with Al Qaeda sometime in the 1990's, the primary goal of Jemaah Islamiyah was the establishment of an Islamic state in Indonesia. Mr. Bashir is expected to return to proselytizing for that cause." The Times adds, "Jemaah Islamiyah has been severely weakened by the Indonesian police and intelligence services, terrorism experts here say. Sidney Jones, an authority on Jemaah Islamiyah and the director of the Jakarta office of the International Crisis Group, an organization that studies violent conflicts, said that releasing Mr. Bashir was not likely to increase the threat of terrorism."

Muslim Man Shot In London Raid Says Police Fired Without Warning. The Washington Post (6/14, A17, Jordan, 744K) reports, "A 23-year-old Muslim man who was shot during a massive police raid on his house earlier this month, then released without charge, said Tuesday that an officer fired at him without warning. In his first public statements since the raid early this month, Mohammed Abdul Kahar described himself as a law-abiding man who loved London, his birthplace. His emotional words, delivered at a news conference here, added to the embarrassment that the anti-terrorism raid has caused Scotland Yard."

The New York Times (6/14, Cowell, 1.19M) notes that during the news conference, Kahar "denied being a supporter of violence or terrorism, describing himself as a postal van driver and part-time supermarket worker who 'just wanted to work to please my family, to support my mum and dad.'" The Times adds, "His account could add to sentiment among some of Britain's 1.6 million Muslims that, in the words of Massoud Shajareh of the Islamic Human Rights Commission last weekend, 'they were shot because they were Muslim or perceived to be Muslim.'"

HOMELAND RESPONSE:

Counter Terrorism Officials Tell Senators Of Disrupted Homegrown Sleeper Cells. The AP (6/14, Shrader) reports, "U.S. counterterrorism officials say they are uncovering homegrown Islamic radicals inside the United States who lack formal ties to al-Qaeda and operate independently." NCTC Director Vice Adm. John Scott Redd told a Senate Foreign Relations Committee hearing yesterday that "those independent qualities – combined with the radicals' ability to organize and plot on the Internet – make them particularly difficult to disrupt." Redd cited the Atlanta, Torrance and Lodi arrests as "three potential homegrown organizations that have been disrupted in the U.S. in just over a year." The AP adds, "Showing how the government's mission has changed, Redd said that before 9/11 the FBI wrote 25 intelligence-information reports a year, but now the bureau produces more than 1,000 annually. Still, Delaware Sen. Joe Biden…called it 'on the verge of criminal' that the government is not fully funding the recommendations of the Sept. 11 Commission, estimated at $42 billion over five years."

Meanwhile, the Washington Times (6/14, Gertz, 90K) reports Redd and State Department counter-terrorism coordinator Henry Crumpton also told the Senators, "Al Qaeda remains a major threat despite the death last week of…Abu Musab Zarqawi." Redd "also said other Sunni extremist groups inspired by al Qaeda are expanding from

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regional organizations into a global network that may target U.S. interests." The Times adds, "Asked by Committee Chairman Sen. Richard G. Lugar…about a recent terrorist attempt to bomb Saudi Arabian oil fields, Mr. Crumpton said terrorists are trying to attack such economic targets to 'disrupt the oil supplies.'"

9th Circuit Hears Arguments On Proposed California Biodefense Lab. The AP (6/14, Lindlaw) reports, "A federal appeals court judge said Tuesday she found it 'troublesome' that the Bush administration wants to open a lab for testing lethal agents including HIV, plague and anthrax in the densely populated San Francisco Bay Area. … But a U.S. Department of Justice lawyer told the 9th U.S. Circuit Court of Appeals that the administration had thoroughly researched its plans for a biodefense lab at the Lawrence Livermore National Laboratory and concluded there was little risk of a disaster." The AP continues, "If pathogens were to seep from the proposed lab and reach the public, they would have dispersed into such low concentrations they would be unlikely to injure anyone, Justice Department attorney Todd Aagaard said. … A lawyer for the lab's opponents sharply disagreed, saying even a small release could kill thousands." The AP adds, "The government also failed to consider the possibility that a plane or truck could be deliberately crashed into the site 50 miles east of San Francisco, said Stephan Volker, the lab opponents' lead attorney. … Instead, the administration used 'a one-size-fits-all scenario, borrowed from another agency' when it studied the possible risks, he told the judges. … The Bush adminstration has been preparing the biodefense lab for years, and said this week it plans to open the facility by August. But local residents have been fighting it in the courts. A lower federal court said in September 2004 that it could proceed, and the opponents appealed. The appeals court did not rule on Tuesday."

DHS To Review Proposals For Missile Defense Systems On Commercial Planes. The Wall Street Journal (6/14, Keeton, 2.11M) reports DHS will review proposals from Raytheon Co. and Northrop Grumman Corp. this month for systems to protect "commercial aircraft from shoulder-fired missiles." Though a Rand Corp. study "estimated that the initial cost for putting laser jammers on 6,800 commercial planes in the US would be about $11 billion, ballooning to $40 billion over a 10-year period," the defense contractors "say the cost of any of the programs would be substantially less."

US Navy Building Ship To Honor New York. NBC Nightly News (6/13, story 10, 2:10, Williams, 9.87M) reported, "A year from now, the US fleet will have a special new member. A ship bearing the proud name of New York will hit the seas with an already proud and very dynamic story behind it." NBC (Savidge) added, "Just outside New Orleans, the USS New York has twice been touched by tragedy. The Navy amphibious assault ship has seven and a half tons of steel from tower two of the World Trade Center in its bow, and while under construction, Katrina struck." Katrina "gave hundreds of shipyard workers good reason to leave and start over somewhere else. But only half finished, the ship gave them an even better reason to stay." Many "now call the shipyard home, bunking down within sight of the New York, separated from their displaced families."

NYTimes Urges Senate Not To Pass Chemical Plant Security Bill. The New York Times (6/14, 1.19M) editorializes that a chemical plant bill up for debate in the Senate today "could actually make the country less safe. If senators are afraid to stand up to the chemical industry and pass a good bill, they should at least have the courage to do nothing." The bill, drawn up by Sens. Susan Collins and Joseph Lieberman, "needs tough language added requiring chemical plants to replace dangerous chemicals with safer alternatives. The chemical industry is resisting. An even bigger disgrace is that the industry is pushing hard to get 'pre-emption' language added to the bill."

GAO Finds FEMA Lost At Least $1 Billion To Hurricane Relief Fraud, Waste. USA Today (6/14, Hall, 2.31M) reports a GAO report to be released today concludes that FEMA paid "at least $1 billion in questionable disaster-relief claims in the six months after last year's devastating Gulf Coast hurricanes." Relief funds went "to thousands of people who registered with FEMA using information belonging to prison inmates or who provided only a post office box as the address of their damaged home." The GAO said FEMA "needs to immediately put 'adequate safeguards' in place to 'build the American taxpayers' confidence that federal disaster assistance only goes to those in need.'"

ABC World News Tonight (6/13, story 7, 2:00, Cochran, 8.78M) reported, "Millions of dollars went to people who

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registered several times for aid, using the names and Social Security numbers of prison inmates. FEMA also gave out debit cards and cannot verify that cards worth $1.5 million actually went to Katrina victims. … Congress is hopping mad." Investigators "estimate Katrina-related fraud is between $600 million and $1.4 billion. But they say the actual figure is much, much higher because they did not investigate insurance fraud and other bogus claims."

The Washington Post/AP (6/14, A3, Margasak) reports, "To dramatize the problem, the GAO provided lawmakers with a copy of a $2,358 US Treasury check for rental assistance that an undercover agent got using a bogus address. The money was paid even after FEMA learned from its inspector that the undercover applicant did not live at the address." Though FEMA "said it has identified $16.8 million in improperly awarded disaster relief money and has started efforts to collect the money," congressional investigators said they were "95 percent confident that improper and potentially fraudulent payments were much higher: between $600 million and $1.4 billion." The AP article appeared on at least 140 news websites.

NBC Nightly News (6/13, story 6, 2:25, Reid, 9.87M) quoted Sen. Susan Collins: "The examples are so egregious that what they tell us is that FEMA didn't perform even basic checks to safeguard taxpayer's money." Reid: "The report says FEMA didn't even try to verify the identities of people who applied for aid by phone, and it says FEMA's fraud controls are weak or nonexistent. More than two thousand people applied for aid from prison and received about $12 million."

The CBS Evening News (6/13, story 5, 2:20, Attkisson, 7.66M) reported, "CBS News has learned that congressional investigators this week turned over 7,000 cases for possible prosecution." Rep. Michael McCaul, Texas: "I think there was a rush to get the money out without any proper controls put in place by FEMA."

The New York Times (6/14, Lipton, 1.19M) reports McCaul said the "scale of abuse that...far exceeded even his worst fears, despite months of accumulating evidence that the fraud-prevention system at the Federal Emergency Management Agency was woefully inadequate." The GAO found that "aid was used to pay for football tickets, the bill at a Hooters in San Antonio, a $200 bottle of Dom Perignon, 'Girls Gone Wild' videos, even an all-inclusive weeklong Caribbean vacation, the report says." FEMA spokesman Aaron T. Walker "said the agency was moving to correct management weaknesses that might have contributed to the fraud, including establishing a system that will block multiple registrations for aid filed under a single Social Security number."

Tens Of Thousands Along Gulf Coast Still In FEMA Trailers. The New York Times (6/14, Barry, 1.19M) reports from Hancock County, Mississippi, where there are more than 9,000 FEMA trailers, each containing "lives in claustrophobic suspension." The Times continues that the phrase "FEMA trailer" "has nearly lost meaning, so embedded is it in the national memory of last year's crushing hurricanes, Katrina and Rita." However, "tens of thousands of people continue to live crammed in FEMA trailers, greeting this year's hurricane season the same way they said goodbye to the last one: in light-metal boxes that even a tropical storm could flip like playing cards and which seem so vulnerable alongside the brush fires crackling through some stretches of the Gulf Coast."

Alberto Causes Little Damage In Florida. USA Today (6/14, Leinwand, 2.31M) reports Tropical Storm Alberto landed in Florida "Tuesday with a whimper, but it ratcheted up tension for residents after two years of record storms. … Some low-lying coastal areas and city streets flooded, but the rain was a welcome soaking for Florida's parched pastures, farms and groves in the center of the state. While damage from Alberto appeared minor, residents remain wary."

The New York Times (6/14, Aguayo, 1.19M) reports the storm hit "with heavy rain and high winds, but it did not pose the threat that forecasters had initially feared." Gov. Jeb Bush said the storm was "a good lesson…in preparedness," adding, "I can assure you that if a stronger storm comes our way, we have a great team locally and at the state level."

While the CBS Evening News and ABC World News Tonight ran brief reports noting that Alberto hit Florida as a weaker storm than had previously been expected, a longer report on NBC Nightly News (6/13, story 5, 1:35, Williams, 9.87M) seemed to focus on what negative impact the storm did have, reporting that it "is making for an awfully wet and nasty and dangerous Tuesday for parts of Florida's Gulf Coast and points north." NBC (Sanders) added, "One emergency official called Alberto a good rehearsal." Damage is "mostly along the coast. The tide, in some spots, surged more than seven feet. In Citrus County, jail inmates were ordered to help fight back by sandbagging low-lying areas.

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Power was temporarily knocked out to 21,000 homes and businesses."

CNN's The Situation Room (6/13) reported, "Worries outpace reality: So far, Tropical Storm Alberto has not been as rough as expected. It did threaten Florida, but only managed to menace the state with heavy rain." Fox News' Fox Report (6/13, Smith) reported, "Hurricane, not even close. But Alberto dropped plenty of rain in Florida along the peninsula as the first tropical storm of '06 made landfall."

CNN's Anderson Cooper 360 (6/13, Cooper) reported, "Alberto is more midget than monster, falling short of hurricane. Right now it's cruising toward South Carolina with 40 mph winds, after soaking Florida, sparing it however major damage. In what is expected to be a very busy hurricane season, it could have been so much worse." CNN (Zarrella) added, "For folks in Crystal River on Florida's Gulf Coast, the 'A' in Alberto stood for annoying."

Many Said To Have Defied Evacuation Orders. The Washington Post (6/14, A3, Whoriskey, 744K) reports from Horseshoe Beach, where despite a hurricane warning that "echoed ceaselessly from televisions," a "City Hall meeting to encourage people to leave" and a mandatory evacuation, "many and maybe most" residents decided to stay. "Scott Garner, chief of emergency management for the county, estimated that only 30 percent of residents in Dixie's coastal communities, which include Horseshoe Beach, complied with the evacuation order. About 50 people went to shelters." Many residents "along the nation's hurricane-threatened coasts, prefer to make the evacuation decision based on personal storm experience and meteorological insight."

WAR NEWS:

Bush Makes Surprise Visit To Baghdad. President Bush's made a surprise visit to Iraq yesterday. The AP (6/13, Hunt) reports Bush "spent over 5 1/2 hours in Baghdad in his second visit of the three-year war, both kept secret until he had safely arrived. … In a mission designed to both showcase US support for the new unity government and to ease war concerns at home, the president told the Iraqi prime minister the United States would stand by the new government as it works to achieve stability."

The story is receiving extensive media coverage: it led the network newscasts last night, drawing a total of about 16 minutes of coverage, and is being prominently carried by the wire services and major dailies. The tenor of the stories is generally positive -- as were the reactions to the trip from usual Bush critics such as Sen. Joe Biden and former Vice President Gore. Typical of the coverage is the Wall Street Journal (6/14, McKinnon, Dreazen, 2.11M) runs a story headlined "Bush's Visit To Baghdad Signifies Upturn In His Political Fortunes," in which it says that the President, "caught for months in a losing battle for public approval, suddenly is scoring gains on several fronts, raising a far-reaching question: Is he setting the stage for a political recovery? Mr. Bush Tuesday sought to capitalize on progress on the most vital front of all, Iraq, making an unannounced visit to Baghdad to hail the formation of a new government there. … Along with other recent good news, the developments hold at least the prospect that Mr. Bush's political slide has hit bottom."

Like the Journal, a number of stories put the trip in the context of a recent "spate of positive developments," as the Washington Post (6/14, A1, Baker, 744K) puts it, that may suggest the President's fortunes are on the upswing after months of bad news and sagging poll numbers. The Post, however, also cautions that "the question is whether this latest updraft in Bush's fortunes will last much longer than the president's surprise trip yesterday to Iraq."

The Christian Science Monitor (6/14, Feldmann, 61K) runs a similarly positive assessment under the headline "A Lift In Iraq And A Bump Back Home," in which it says "the pictures out of Baghdad Tuesday morning spoke volumes." Bush "is beaming, the new Iraqi leader at his side, after pulling off a secret flight to the country that is the make-or-break project of his presidency. … Not only has Bush been edging steadily upward in overall job performance, after hitting bottom in early May at 31 percent, by Gallup's measure, his approval ratings on individual issues -- from Iraq and energy to the economy and immigration -- have bumped up as well."

Knight Ridder (6/14, Hutcheson, Douglas) says yesterday was "another good day for the president, who finally has a few reasons to celebrate after a long string of setbacks that battered his popularity." It "added to the optimism that swept through the White House after last week's slaying of terrorist chief Abu Musab al Zarqawi in Iraq and the completion of a new Iraqi government. … 'All of a sudden the clouds broke and the sun started to shine,' said Ed Gillespie, a former Republican Party chairman. 'After six months of thunderstorms and rain it feels pretty good.'"

The Chicago Tribune (6/14, Silva, 643K) reports the trip "was intended to catch two waves of success: formation of a

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tough new government in Iraq and the killing of a reviled insurgent leader. For the moment, at least, Bush appeared to be riding those waves with a gradual improvement in the public's opinion of the president's performance in the past month and an additional slight uptick since last week's killing of insurgent leader Abu Musab al-Zarqawi in Iraq." The Tribune adds, "After unremitting bad news from Iraq that dragged Bush's approval ratings to an all-time low this spring, the president has caught a few breaks that could offer his administration hope."

The New York Times (6/14, Stolberg, 1.19M), in another positive assessment of Bush's trip, says it was "powerful political theater, choreographed by an experienced team that played up the drama and secrecy of the moment." The trip, "including a stealthy nighttime helicopter departure from Camp David, unfolded with the precision of a campaign event, complete with the image of the commander in chief addressing cheering American troops."

NBC Nightly News (6/13, story 2, 3:10, Gregory, 9.87M) reported, "Photo ops by this White House don't get more elaborate than this. A daring presidential trip into a war zone designed to create new hope for Iraq." The "timing of the trip, aides insist, was driven by the completion of Iraq's unity government last week, not by the death of terrorist Zarqawi, but that provided an extra boost. The emerging White House strategy stressed the importance of Iraqi leaders leading the country's turnaround." Some Democrats "today dismissed this trip as a face-saving attempt by the president and again pushed him, Brian, to set a deadline for the withdrawal of US troops."

The CBS Evening News (6/13, lead story, 3:25, Palmer, 7.66M) reported, "The White House said the President wanted to get to know Iraq's prime minister personally." Bush: "I've come to not only look you in the eye. I've also come to tell you that when America gives its word, it will keep its word." Palmer: "With the cabinet watching from Camp David by satellite link, Prime Minister Maliki replied that Iraqis were determined to succeed. 'And when the suffering is over,' he said, 'the soldiers will return to their countries with our gratitude.' Tonight, those soldiers were stunned to get a visit from their Commander in Chief, who congratulated them on a recent victory."

On ABC World News Tonight (6/13, lead story, 4:25, Raddatz, 8.78M), Bush was shown saying to the Iraqi Prime Minister, "I have expressed our country's desire to work with you. But I appreciate you recognize the fact that the future of your country is in your hands." That Bush quote appears in most print media reports this morning. USA Today (6/14, Soriano, Nichols, 2.31M), in fact, headlines its story "Bush Tells Iraq: Your Future 'Is In Your Hands.'"

The Washington Times (6/14, Curl, 90K) notes al-Maliki "expressed his country's appreciation for US efforts in Iraq, where about 2,500 troops have died in the war. 'I present our gratitude for those that have sacrificed themselves for the Iraqi people,' he said." The New York Times (6/14, Burns, Filkins, 1.19M) says "Maliki's remarks…seemed aimed at echoing Mr. Bush's themes without adding any of his own."

Biden "Encouraged" By Bush Trip. Sen. Joe Biden said on CNN's The Situation Room (6/13) that he sees a "great opportunity" in Iraq, noting, "I think that the setting- up of their government, coupled with the fact that Zarqawi has been killed, presents an opportunity for the President to change course, set out a plan, just like he changed course in Iran. I think it's good." Biden added that he is "encouraged" by Bush's trip to Baghdad.

Biden was asked on MSNBC's Hardball (6/13) if Bush's trip is "propaganda." Biden said, "It could be but I hope not. I hope when he went over, he went over and talked with Maliki about what the plan is, that is that they got. Look, everyone agrees on three things. One, in order for them to be able to provide security, they have to get rid of the thugs in the military and they have to get rid of the sectarian violence and so if he went over and said look, are you on the same page with us, we're going to in fact deal with the militias and you're going to deal with us, stick with us, then that's good. The second thing everybody knows, you have to get the Sunnis to buy in, give them a piece of the action. … And the third thing is you have to keep the neighbors out and that's I hope he said look, you'd better support us when we call for a regional conference whereby the major powers sit down and say stay out. If he did those three things, then he is turning lemons into some lemonade."

Gore Says Bush Trip Was "Good Thing." Former Vice President Al Gore said on CNN's Larry King Live (6/13), "I think for security reasons it's wise for him to have done it in the way he did and I think it's valuable for him to have a chance to meet personally with this new head of the government there. Of course, the whole situation is so tragic and how we got there is not the point now. We are there and there are no real good options. But whatever options there are will be

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enhanced by a good working relationship between President Bush and this new leader and so I think it's a good thing."

Lott Says Bush Trip Will Affect Dynamics In Iraq, US. Sen. Trent Lott said on MSNBC's Hardball (6/13), "I think he needed to go over there to affect the dynamics here and over there, and the fact that he went over there and met with him I think will help instill a lot of confidence in them that we're watching them, that we're going to continue to be supportive. They've got a lot more to do but there's been some good news for the last couple of weeks, and we want to build on that, we want to keep it moving."

"Deception" Surrounding Trip Preparations Noted. The "deception" and secrecy surrounding preparations for the trip are being widely noted by the media. ABC World News Tonight (6/13, lead story, 4:25, Raddatz, 8.78M) reported, "This trip was not only surrounded in secrecy, there was a bit of deception, as well." Bush's "CIA Director didn't know. His Attorney General, not even the Chairman of the Joint Chiefs of Staff knew where the President was headed. Only the Vice President and the Secretaries of State and Defense knew the plan." While the President "was flying, the White House press office was giving the Washington press corps a fake schedule." ABC producer John Garcia: "They were still giving out details and information about a supposed White House Rose Garden event with the President." Raddatz: "Not until he landed in Iraq did Washington know the truth." Even Iraqi Prime Minister Nourli al Malaki "had been kept in the dark until five minutes before the President arrived to meet him."

NBC Nightly News (6/13, lead story, 3:10, Williams, 9.87M) reported, "We had expected to come on the air tonight reporting on what the President had to say at his news conference at 2:30 this afternoon in the Rose Garden. It turns out, however, that was a ruse, one of many, all part of an elaborate and highly deceptive plan that resulted in the President's secret overnight trip to Baghdad."

The CBS Evening News (6/13, story 2, 1:45, Axelrod, 7.66M) also reported, "This trip was so secret, not even the head of the CIA knew it was happening, and he was supposed to have breakfast with the President this morning. As one former Administration official put it, this is a White House that's very good at keeping secrets."

The Washington Times (6/14, Curl, 90K) runs a similar report under the headline "Trip To Iraq Was Shrouded In Secrecy," while USA Today (6/14, Jackson, Benedetto, 2.31M) says "Bush, known for going to bed early, retired especially early Monday night. After a long day of Iraq meetings at Camp David, Bush told Cabinet members and other aides around 7:45 p.m. that he was 'losing altitude' and headed off for a little reading before bedtime." Instead, "he ducked out of the presidential retreat in the Catoctin Mountains and boarded a helicopter for the roughly 60-mile trip to Andrews Air Force Base in suburban Maryland. By 9:07 p.m., Bush was aboard Air Force One, and the jet was airborne, bound for Iraq."

The Washington Post (6/14, A1, Finer, Abramowitz, 744K) reports, "White House counselor Dan Bartlett told reporters on the 11-hour flight to Baghdad from Andrews Air Force Base that Bush had planned the trip for months with a 'very, very close circle' of about six White House staff members."

WPost Praises Bush For Backing Iraq's Government "Correctly And Courageously." The Washington Post (6/14, A22, 744K) writes in an editorial "If Democratic leaders such as Sen. John F. Kerry (Mass.) had their way, almost all U.S. troops would be out of Iraq by the end of 2006 -- a blow that Mr. Maliki's government almost certainly could not survive. Mr. Bush's willingness -- at least for now -- to resist such politically expedient demands may not rescue Iraq's fledgling political system; it may be that nothing can at this point. But he is -- correctly and courageously -- using what remains of his personal political capital to give Iraqi democracy a chance."

NYTimes Says Bush Visit Aimed At Midterm Election Boost. Under the headline "Too Soon To Cheer In Baghdad," the New York Times (6/14, 1.19M) editorializes, "By now, Americans surely know the difference between a presidential publicity stunt and a true turning point in this ever-lengthening war. If they had any question about which one this was, Karl Rove provided some guidance in New Hampshire, where he delivered the campaign talking points to the Republican faithful: the Democrats could never have summoned the will to kill Mr. Zarqawi. For an administration that is supposed to be rallying a nation at war, it was a revealingly nasty, partisan and divisive moment. … After too many photo-ops aimed at giving Mr. Bush and his fellow Republicans a short-term lift in the domestic opinion polls at election time, Americans hunger more than ever for a realistic game plan for Iraq and some real progress."

More Commentary. USA Today (6/14, 2.31M) editorializes, "Bush's visit was part of a public relations offensive designed to shore up both the fledgling Iraq

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government and sagging support at home for the Iraqi mission." If Bush's trip "helps build support for the mission and the Iraqi government, it's time well spent."

In an editorial, the Wall Street Journal (6/14, 2.11M) says "Bush's surprise trip to Baghdad yesterday was long overdue and, at five hours duration, too short. But it was still a trip worth making, if only to show both Americans and Iraqis that the US remains committed to seeing this war through to victory."

Iraqi, US Forces To Launch Offensive Against Insurgents. Iraqi and US forces are preparing for a new, large scale offensive in Baghdad called "Operation Forward Together." ABC World News Tonight (6/13, story 2, 2:05, Gibson, 8.78M) reported the new plan "involves making the capital safer by flooding the streets with mostly Iraqi troops and extending the city's curfew." ABC (Marquez) added, "Its goal, to put an to end the ever-increasing violence in the Iraqi capital, a full one-fifth of the country's population lives there. It calls for 75,000 troops, two Iraqi army divisions, two Iraqi police divisions, plus US forces. Their jobs, secure roads in and out of Baghdad. Set up checkpoints and raid insurgent hideouts. The plan will also extend by three hours, Baghdad's curfew from 9:00 PM to 6:00 AM, and ban weapons carried by civilians."

The CBS Evening News (6/13, lead story, 3:25, Palmer, 7.66M) reported the operation's aim "is to make Baghdad safe again by taking control of areas riddled with violent crime and sectarian killings and neighborhoods like this one, where the police no longer dare to go."

The Los Angeles Times (6/14, Roug, 958K), USA Today (6/14, Soriano, 2.31M), Washington Post (6/14, A18, Partlow, Shammari, 744K) and Washington Times (6/14, Behn, 90K) also report on the planned offensive.

Government Also Pondering Conditional Amnesty Offer. Meanwhile, the Financial Times (6/14, Khalaf) reports the Iraqi government is also "preparing a national reconciliation initiative that could include a conditional amnesty offer and negotiations with some armed insurgent groups to be implemented alongside a tougher security plan. … It will be combined with massive new security operations."

Insurgents Target Kirkuk Officials. The New York Times (6/14, Oppel, Al-Ansary, 1.19M) reports, "Insurgents unleashed a volley of bombings across the northern oil city of Kirkuk on Tuesday, killing more than two dozen Iraqis in morning rush hour attacks that were aimed at top police officials and security patrols, authorities there said." The attacks "came after what the local authorities described as the capture and elimination several days ago of a major terrorist cell. While Kirkuk has been the scene of a number of assassinations and other violence, the six bombings on Tuesday represented an attack of unusual coordination that local security officials suggested might have been retaliation for the arrest of the cell's members or intended as a signal that the insurgency in the city remained strong."

Rumsfeld, Rice, Brief Lawmakers On Iraq. CNN's The Situation Room (6/13, Bash) reported that after meetings with Secretary of Defense Donald Rumsfeld and Secretary of State Condoleezza Rice, "Republican senators and Democrats came out with very different views on what they heard." Republicans "say they heard signs of progress from members of the administration talking to them. But Democrats say that they simply didn't hear anything new."

The Financial Times (6/14, Dinmore) also reports "Democrats appeared unimpressed. Senator Jack Reed said he had heard 'nothing remarkably new' in the classified briefing." And Sen. Joseph Biden "said he hoped Mr Bush's trip to Baghdad would lead to a 'fundamental change in policy' but that he feared the president would rely on more of the same."

Defense Phase Of Saddam Trial Ends. The APP (6/13) reports, "The chief judge in Saddam Hussein's trial declared an end to the defense phase of the proceedings on Tuesday, shrugging off protests from the former Iraqi leader's lawyers that they have not had a fair chance to present their case and want to put more witnesses on the stand." The trial, "which has lasted nearly eight months, moves into closing arguments, with the prosecution starting on Monday, followed by the defense on July 10"

US To Probe Video Of Marine Making Light Of Killing Iraqi Family. The Los Angeles Times (6/14, Spiegel, 958K) reports, "The US Marine Corps is trying to find out who is behind a video posted on the Internet that appears to show a Marine performing a song that makes light of killing an Iraqi family. The four-minute video, posted anonymously on the Web site YouTube, shows the singer playing a song he calls 'Hadji Girl' in which he tells of falling in love with an Iraqi, only to be fired upon by her father and brother with automatic weapons." The Times adds, "As an unseen audience laughs and cheers, the performer --

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dressed in a green T-shirt and what appears to be camouflage pants -- singing about using 'her little sister' as a shield against his attackers."

Gore Says Rumsfeld Should Resign. During an interview dealing with many topics on CNN's Larry King Live (6/13, 9:32 p.m.), host King asked Al Gore, "Should Rumsfeld resign?" Gore replied, "Oh, sure. Well, I say it as a throwaway line. Yes, he should. I publicly called for his resignation after the Abu Ghraib tragedy. And I think that when we were talking earlier about the difficult options we have to get our troops home quickly and to deal with whatever slim chances -- and I hope they're not slim -- but whatever chances there are for them to actually make it in this transition."

Injured ABC Anchor Visits Newsroom. ABC World News Tonight (6/13, story 11, 1:10, Gibson, 8.78M) reported, "And finally, tonight, many of you who watch this broadcast, and even many who don't, have been kind enough in recent weeks to inquire about the welfare of Bob Woodruff. Bob, you'll recall, was seriously injured when he was reporting for this broadcast. Doing what he knew and loved. And for the first time since his injuries, he came back to the newsroom today, back to this studio." Woodruff: "Missed you all. Missed you all." Gibson: "As you might expect, he attracted a crowd." ABC News President David Westin: "So the plan was not to mob you, right? This is beautifully executed."

CBS Soundman Killed In Iraq Buried In London. The CBS Evening News (6/13, story 10, 1:30, Schieffer, 7.66M) reported, "Yesterday, we said goodbye to CBS News cameraman Paul Douglas. Today in London, friends and family said goodbye to sound man James Brolan. Douglas and Brolan died two weeks ago in the car bomb blast that also left our correspondent, Kimberly Dozier, critically wounded. A standing room only crowd of 500 joined Brolan's wife, son, and daughter for a service filled with tears and laughter and music."

Iraqis Continue "Exodus" To Syria, Jordan. The New York Times (6/14, Tavernise, 1.19M) reports, "In one of the first comprehensive tallies of Iraqis fleeing Iraq since the American-led invasion, an American refugee advocacy group has counted 644,500 Iraqi refugees in Syria and Jordan in 2005." The figure, provided by the United States Committee for Refugees and Immigrants, "a nongovernmental group based in Washington, is equal to about 2.5 percent of Iraq's population, and substantiates the overwhelming evidence of an exodus that has been accumulating in Iraqi passport offices and airline waiting rooms in recent months." The committee "has counted Iraqi refugees in the past, but the most recent figure is by far the largest to date — more than triple the 213,000 recorded in 2004 — and the first big surge since the American invasion. At first, Iraqis living abroad began returning home. But as the war became increasingly deadly, more Iraqis chose to leave."

US-Led Coalition To Launch Offensive Against Taliban. USA Today (6/14, 2.31M) reports, "The US-led coalition in Afghanistan plans to unleash more than 11,000 troops Thursday in the biggest offensive since the fall of the Taliban in 2001." Maj. Gen. Benjamin "Freakley, US operational commander, said Operation Mountain Thrust is a push by US, British, Canadian and Afghan troops against Taliban fighters in four volatile provinces: Kandahar, Helmand, Zabul and Uruzgan."

Administration Announces Nominee For Marine Commandant. The Wall Street Journal (6/14, A2, Jaffe, 2.11M) reports, "The Bush administration announced the nomination of Lt. Gen. James Conway to take over the Marine Corps at a time when the Corps is dealing with the alleged killing of civilians by American soldiers in Haditha, Iraq." Gen. Conway, who "served as the top Marine commander in Iraq in 2003 and 2004, has worked closely with Defense Secretary Donald Rumsfeld over the past two years. He hasn't shied away from publicly criticizing aspects of how the war has been handled."

The New York Times (6/14, Shanker, 1.19M) reports, "Pentagon and Marine Corps officials said the timing of the announcement on Tuesday was unrelated to investigations that marines might have killed 24 civilians without provocation in Haditha, in restive Anbar Province."

CORPORATE SCANDALS:

SEC To Crack Down On Backdating Of Stock Options. The Washington Post (6/14, D1, Day) reports, "Federal regulators plan to crack down on an increasingly popular corporate practice that boosts executive compensation by guaranteeing profits on stock option awards." The Post continues, "The Securities and Exchange

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Commission is to issue a statement, possibly as early as next month, clarifying the agency's view of when current law allows backdating of stock options -- picking a date when the stock was at a low point to be the date of the award, thereby immediately guaranteeing a profit. Companies need the permission of directors, consistent with company policy, and full disclosure to investors, including properly counting the added costs against earnings. … The action stems from a widening federal probe by the SEC and the Justice Department into whether several dozen companies backdated stock options illegally, making them more valuable by changing the date on which they were said to have been issued without telling shareholders and without recording the additional compensation cost as an expense against the bottom line."

The Wall Street Journal (6/14, Scannell) reports, "SEC Chairman Christopher Cox said in an interview that the executive-compensation rule 'will almost certainly address options backdating explicitly.' He added: 'It is altogether possible ... that there will be additional disclosure requirements.'" The Journal adds, "In conjunction with the rule, Mr. Cox said the SEC would issue guidance 'saying when it is appropriate or not appropriate for a company to grant options while in possession of material nonpublic information when it comes to "spring loading,"' a practice that involves granting options ahead of good news. … 'I don't want to rule anything out in terms of the final rule and guidance, because they're not finished yet,' he said, adding that he expects the process to be completed before the end of the summer."

Grassley Urges DOJ Action On Backdating. Bloomberg (6/14) reports, "Executives guilty of manipulating their stock option grants should be prosecuted to the fullest extent possible, Senator Charles E. Grassley, the chairman of the Senate Finance Committee, said yesterday. … 'I hope the Justice Department and the Securities and Exchange Commission are taking a hard look at this practice,' Mr. Grassley, Republican of Iowa, said in a statement yesterday. … 'I've asked the Justice Department to let me know whether the tax laws on the books are adequate to rein in and prosecute stock option backdating. If the tax laws are inadequate, I want to beef them up.'" Bloomberg adds, "At a Senate hearing on corporate tax issues, Mr. Grassley asked Eileen J. O'Connor, assistant attorney general of the Justice Department's tax division, to outline actions federal prosecutors are taking against companies accused of manipulating stock option grants to benefit executives."

The Financial Times (6/14, Grant) reports, "The Department of Justice on Tuesday said it considered allegations that dozens of US companies might have improperly backdated stock options 'very serious', as another company said it was under investigation. … More than 40 companies, mostly in the technology sector, are the subject of probes by the US attorneys or the Securities and Exchange Commission – or both – after it emerged that stock options were retroactively awarded to executives to dates that immediately preceded a rise in the company's share price." The Times adds, "Investigations are understood to be focused on whether the backdating of stock options was done without proper disclosure to shareholders, and whether or not they were properly 'expensed' for tax purposes. … 'The department considers allegations of this nature to be very serious,' Eileen O'Connor, assistant attorney-general at the department's tax division, told a Senate finance committee hearing. … Ms O'Connor said criminal penalties applicable included 25 years in jail and a $250,000 fine for securities fraud."

MarketWatch (6/14, Watts) reports that O'Connor "said that the department is investigating allegations in 'several districts around the country' that some option grants were backdated to provide executives lower exercise prices. O'Connor didn't discuss any individual investigations. … Authorities also are looking into whether other potentially illegal practices were used to price the options at a low-dollar amount, such as awarding options based on 'inside' information about a pending event that would subsequently send the stock price higher, she added. … 'Such conduct would be a fraud on the market; it would boost executives' compensation at the expense of other investors,' O'Connor told the committee." MarketWatch adds, "If the probes reveal criminal behavior, prosecutors could bring charges including securities fraud, mail fraud, wire fraud and various tax-related charges against individuals and corporations, she said. Such charges carry the potential for prison time and hefty fines."

Pension Funds Suing Companies Amid Stock Options Probe. USA Today (6/14) reports, "Pension funds in the USA, Europe and Australia have begun suing dozens of companies under investigation in the widening scandal over illegally backdated stock options." USA continues, "Darren Robbins, an attorney at the Lerach Coughlin Stoia Geller Rudman & Robbins law firm in San Diego, told the

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Associated Press that the pension funds are 'completely beside themselves and outraged over the self-dealing that has gone on.'" USA adds, "In one lawsuit, security software maker McAfee was sued by the Heavy & General Laborers' Pension and Annuity Funds, and technology firm Juniper Networks was sued by the Employer-Teamsters Pension Health and Welfare Funds, according to the Financial Times. … The Justice Department and the Securities and Exchange Commission are looking at about 40 U.S. companies for suspected illegal backdating of stock options, according to the companies' SEC filings and media reports."

Enron Broadband Jurors Say They Were Pressured To Convict. The AP (6/14, Lozano) reports, "Lawyers for a former Enron Corp. broadband executive found guilty last month on fraud and conspiracy charges have asked for a new trial after several jurors said they felt pressured to convict." The AP continues, "Affidavits by two jurors and two alternate jurors were part of a 90-page motion by attorneys for former broadband unit finance chief Kevin Howard, who was convicted on five counts of fraud, conspiracy and falsifying records. The same jury acquitted former in-house accountant Michael Krautz of the same charges." The AP adds, "In their affidavits, the jurors said they felt that they had been instructed by U.S. District Judge Vanessa Gilmore and pressured by other jurors to reach a unanimous verdict and avoid a hung jury, even though they believed that Howard was innocent. … A trial last year against Howard, Krautz and three other broadband executives ended with a hung jury. Howard and Krautz were the first to be retried. … 'There was just so much pressure to change my vote that I felt like we had to compromise and give in to the majority because I felt like there was no other choice,' juror Anne Marie Campbell said in her affidavit."

Two Utilities To Pay $50 Million In Enron Settlement. The New York Times (6/14, Johnston) reports, "Two small utilities are set to pay more than $50 million to Enron for electricity that they agreed to buy but that Enron will never deliver, under terms of a settlement that raises larger issues." The Times continues, "As part of the settlement, which may be approved as early as today, the staff of the Federal Energy Regulatory Commission will not investigate fraud claims against Enron for manipulating electricity prices, critics say. They added that the settlement might allow the destruction of evidence crucial to proving that Enron cheated customers and would prevent others from resolving their fraud claims." The Times adds, "Brian Lee, a commission spokesman, said the criticisms were ill-informed and baseless. He said the settlement did not prevent the handful of utilities and customers who had to yet to resolve their fraud claims to continue pursuing their complaints before the commission. … Enron, which is in bankruptcy proceedings, made $1.6 billion in profits from what the commission's staff has testified was 'unjust and unreasonable' pricing. The commission ruled earlier that Enron could be forced to give up all its profits since 1997 because of its manipulations. … Enron said that under terms of its contracts with the two utilities, it was owed more than $170 million whether or not the power was delivered. The utilities said that they did not owe anything but decided to pay the smaller amount to remove a big financial risk from their books."

White House Increases Pressure On Fannie Mae, Freddie Mac. The Wall Street Journal (6/14, Solomon, Hagerty, 2.11M) reports the Bush Administration, "seeking to ratchet up pressure on Fannie Mae and Freddie Mac and propel legislation stalled on Capitol Hill, threatened to tighten control over the mortgage giants on its own and to ponder using its authority to limit their growth." In a "move seen as a warning that the administration may act on its own if Congress doesn't, the Treasury said it will review the process it uses to approve requests by the mortgage companies to issue debt. The administration is pressing Congress to alter the law to limit the size of the portfolios of mortgages and mortgage-backed securities that the two stockholder-owned, government-chartered companies hold." Meanwhile, Secretary of Housing and Urban Development Alphonso Jackson "said that until Congress tightens regulation of the companies, he intends to use existing powers to 'increase the transparency' of the companies to make sure their investments are in line with their mission of supporting the housing market."

The Washington Post (6/14, D1, Shin, 744K) reports the Bush Administration announced "Cabinet-level studies of the companies' holdings and whether they can be reined in using existing law and regulatory powers." Legislation to "slow the companies' growth and narrow their activities began moving through Congress last year in response to multibillion-dollar accounting scandals, but it is stalled in the Senate." Treasury Undersecretary Randal K. Quarles "said his agency was examining whether it had the authority to limit Fannie and Freddie's ability to sell debt and, by extension, their ability to

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grow." Announcement "of the two studies follows Fannie's agreement to pay $400 million in fines to settle charges that its executives manipulated earnings to trigger higher bonus payments."

The AP (6/14, Gordon) reports, "The administration has long been critical of the two companies, and officials have pointed to the accounting scandals to bolster their case that the massive mortgage portfolios are improperly managed and pose a risk to the financial system." The AP adds, "On Tuesday, two officials - Housing and Urban Development Secretary Alphonso Jackson and Randal Quarles, Treasury undersecretary for domestic finance - disclosed the new reviews by their departments in separate appearances before groups in Washington. … Quarles said he had directed Treasury staff to review the department's process for approving the massive mortgage-related debt issued by Fannie Mae and Freddie Mac. … Some Treasury officials have taken the view in recent years that the department has the authority to limit that debt."

WSJournal Says Administration Should Press Senate To Pass Shelby Bill. The Wall Street Journal (6/14, 2.11M) says in an editorial that the Treasury and HUD actions "ought to send a message to Congress, which has been acting as if it wants the entire subject to go away. In the Senate, the question is why the Republican leadership has not heeded the very damaging report on Fannie from the Office of Federal Housing Enterprise Oversight to force a vote on Banking Chairman Richard Shelby's strong reform bill. Ofheo revealed that Fannie's top executives enriched themselves over a period of years through dubious accounting. Do Senators support reform of a corrupted and dangerous institution whose finances remain a black box even today, or are they for the status quo?"

SEC Opens Mutual Fund Rules For Comment. The New York Times/Bloomberg (6/14) reports, "The Securities and Exchange Commission is inviting public comment on the cost of mutual fund governance rules set aside by a federal court in April, a move that leaves open the possibility of reviving or revising them." Bloomberg continues, "The agency will accept comment until Aug. 21 on the cost issue and on 'any issue related to the underlying purpose' of the rules, the S.E.C. said in a statement yesterday." Bloomberg adds, "The rules would require that the chairman and three-quarters of the directors of mutual funds be independent from management. They were adopted on a 3-2 vote under William H. Donaldson, the agency's former chairman. … The United States Chamber of Commerce successfully challenged the requirements in a lawsuit. On April 7, a federal appeals court said the S.E.C. had not followed its own procedures in adopting the rules. The court gave the agency 90 days to correct its process. … The five-member commission voted unanimously to solicit the new round of comment, the S.E.C. said in yesterday's statement. Commissioners are split on whether ultimately to kill the rule or keep it."

SEC Nears Naming Of Accounting Oversight Board Head. The Wall Street Journal (6/14, Reilly) reports, "The Securities and Exchange Commission is close to naming a new chairman for the body that regulates accounting firms and has settled on a shortlist of three candidates for that post, according to people familiar with the matter." The Journal continues, "The appointment of a new chairman for the Public Company Accounting Oversight Board, or PCAOB, would end a regulatory uncertainty that has hung over the accounting world since the agency's first chairman, William McDonough, stepped down late last year. It also would mark one of the most significant appointments to be made by SEC Chairman Christopher Cox since he took over last year as head of the securities-market regulator." The Journal adds, "The SEC appoints PCAOB members but does so in consultation with the Treasury Department and the Federal Reserve, and the shortlist of candidates reflects this relationship, the people familiar with the matter said. … The candidates for the PCAOB post include William Gradison, 77 years old, who has served as acting chairman since last December. A former nine-term Republican congressman from Ohio, Mr. Gradison has indicated an interest in taking the post permanently, according to people familiar with the matter. If he doesn't get the nod, Mr. Gradison would continue serving as a board member. The chairman's position pays $615,000 a year, according to the PCAOB, while board members make $500,000. … Another contender is Jerome H. Powell, 53, a former Treasury Department official who served as assistant secretary for domestic finance and undersecretary for finance in the administration of the first President Bush. Until last year, Mr. Powell was also an executive with private-equity firm The Carlyle Group. … The third candidate is Mark W. Olson, 63, a Federal Reserve Board governor and former Ernst & Young LLP partner who has also served as staff director of a Senate subcommittee

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overseeing the SEC, accounting issues and the insurance industry."

Cooperative Accounting Regulation Urged. In an op-ed in the Wall Street Journal (6/14), Neil Lerner, global head of regulatory issues for KPMG LLP, writes, "The last few weeks have provided clear reminders, if any were needed, that prosecutors are keen to crack down on corporate fraud. We have seen Jeff Skilling and Ken Lay convicted of multiple charges related to the Enron collapse and likely to face long jail terms. We have also seen Daewoo motor company founder Kim Woo-Choong sentenced to 10 years in prison for embezzlement and accounting fraud. … Part of this scrutiny of business has landed on auditors. Clearly the work of auditors is a critical safeguard against corporate fraud. Consequently, the oversight and inspection of their work must be effective, too. However, getting effective, practical regulation in place has proved to be a tall order for government. And this problem is compounded by the fact that auditors -- and the companies they work with -- operate around the globe these days. The stakes are high, as we saw when Enron's outside auditing firm, Arthur Andersen, went out of business under the weight of prosecution." Lerner adds, "Legislators have been busy on this front, too. The U.K. government is proposing a new offense for auditors if they 'knowingly or recklessly' sign off misleading, false or deceptive information. … It would be a pity if the effectiveness of these efforts to improve corporate governance and the integrity of financial reporting was undermined by a spaghetti junction of overlapping regimes for monitoring the work of auditors. But that is what we are in danger of seeing when it comes to oversight of auditors working for the myriad companies that are listed in more than one jurisdiction." Lerner concludes, "The challenge is to produce a regulatory system that is rigorous and effective but which allows business to get on with its job and produce results. We have seen this challenge before with Sarbanes-Oxley and other regulation. And as the world's borders continue to blur and commerce becomes ever more global, we no doubt will see it again."

CRIMINAL LAW:

Fitzgerald Won't Charge Rove In CIA Leak Investigation. The Washington Post (6/14, A1, Vandehei) reports, "White House Deputy Chief of Staff Karl Rove will not be indicted in the CIA leak investigation, his attorney announced yesterday, a decision that signals that a special prosecutor's probe is unlikely to threaten any other Bush administration officials." The Post continues, "Special Counsel Patrick J. Fitzgerald told Rove's attorney, Robert Luskin, in a short letter delivered Monday afternoon that he 'does not anticipate seeking charges' against Rove in the case, Luskin said. Rove was told about 4 p.m. while aboard a Southwest Airlines flight en route to a campaign speech in New Hampshire, but he waited until early yesterday morning to publicly reveal the news." The Post adds, "The announcement ends months of speculation about Rove's legal future and frees the architect of President Bush's presidential victories to resume his central White House role without the threat of criminal charges hanging over him. Rove, who spent countless hours preparing for five grand jury appearances in the case and sharpening his defense, was 'delighted, obviously,' Luskin said. 'We've always said he did everything he could to cooperate' with the prosecutor, he added. … 'It's a chapter that has ended,' Bush told reporters during his trip back from Iraq. The president said he thinks Fitzgerald 'has conducted his investigation in a dignified way.'"

The New York Times (6/14, Johnston, Rutenberg, 1.19M) reports the decision "not to bring charges against Karl Rove in the C.I.A. leak case followed months of intense behind-the-scenes maneuvering between the prosecutor, Patrick J. Fitzgerald, and Mr. Rove's lawyer, lawyers in the case said." The move "frees Mr. Rove in his role as Mr. Bush's top strategist during midterm elections this year." A spokesman "for Mr. Rove's legal team, Mark Corallo, said that Mr. Rove had made no deals to cooperate with the prosecution in any way, and that the decision was based purely on Mr. Fitzgerald's findings."

The AP (6/14, Locy) reports, "Aboard Air Force One Tuesday, President Bush praised Fitzgerald. 'It's a chapter that has ended,' Bush said. 'Fitzgerald is a very thorough person. I think he's conducted his investigation in a dignified way.'" Bush "said White House officials would remain mum about the leak and the results of the investigation."

The CBS Evening News (6/13, story 3, 1:05, Borger, 7.66M) reported, "It's very good news and very important news for the White House, Bob. Not only is Karl Rove a top presidential adviser, somebody who's known the President since the old Texas days, but he's also the White House point man on the upcoming 2006 midterm elections." The

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Washington Times (6/14, Seper, Dinan, 90K) notes that yesterday, Rove "emerged from the Eisenhower Executive Office Building several times yesterday in view of photographers staked out on the White House lawn, waving and smiling at them. 'Now Karl can be Karl,' said one senior administration official."

NBC Nightly News (6/13, story 4, 2:25, Myers, 9.87M) reported Rove was "described as elated and relieved. Rove's team said he got the good news last night just before a fiery political speech in New Hampshire hammering Democrats on the Iraq war." Karl Rove: "They are wrong and profoundly wrong in their approach." Myers: "The chairman of the Republican Party says Democrats owe Rove an apology." Ken Mehlman, Republican National Committee Chair: "People that prejudged his guilt were wrong to, were wrong to say that he ought to have his security clearance taken away, that he ought to lose his job." Mehlman, asked on Comedy Central's The Daily Show with Jon Stewart (6/13) why Rove was not indicted, said, "I think the prosecutor looked at it and decide add crime wasn't committed. … I think we ought to trust his judgment."

ABC World News Tonight (6/13, story 5, 2:15, Tapper, 8.78M) reported, "The investigation has already resulted in one indictment, former White House adviser Scooter Libby. And some Democrats and some in the media wrongly predicted Rove would be next." David Shuster, MSNBC, May 8: "I am convinced that Karl Rove will, in fact, be indicted." Tapper: "Today, Democrats said that while Rove may not have violated the letter of the law, he may have violated a sacred trust." Democratic National Committee Chairman Howard Dean: "Karl Rove does not belong in the White House. He has done something that is counter to the interest of American national security. And I can't believe the President of the United States can't recognize that." Tapper: "Tonight, a senior adviser to the White House tells ABC News, with the death of Zarqawi and Rove exonerated, it's a welcome week of solid good news for the Administration."

Fox News' Special Report (6/13, Hume) reported, "There had long been doubt special prosecutor Patrick Fitzgerald could make a case against Rove who cooperated fully, testifying five times in the investigation. Until now Fitzgerald refused to fully rule out further action against Rove."

CNN's The Situation Room (6/13, Blitzer) reported, "The Wilsons suggest some other kind of legal action may be taken against Rove. … Their lawyer issued a statement today saying this, 'The day still may come when Mr. Rove and others are called to account in a court of law for their attacks on the Wilsons.'" USA Today (6/14, Jackson, 2.31M) reports, "Rove may still have legal issues surrounding the case." Amb. Wilson "has said he may file a civil suit against Rove and other administration figures."

The Los Angeles Times (6/14, Neuman, Wallsten, 958K) reports, "The announcement seemed only to ignite partisan fires over corruption and secrecy. Saying the White House was pleased, deputy press secretary Dana Perino said, 'Karl is as he has been throughout the process -- fully focused on the task at hand: crafting and building support for the president's agenda.'" But Democratic National Committee Chairman Howard Dean "was having none of it. 'His real sin…is leaking the name of an intelligence operative during a time of war,' Dean said on NBC's 'Today' program. 'He doesn't belong in the White House.'"

The Washington Post (6/14, A2, Milbank, 744K) reports, "Within hours of hearing yesterday morning that…Rove wouldn't be prosecuted in the CIA leak case, Sen. Chuck Schumer (N.Y.), the chief of the Democrats' campaign to retake the Senate, hurried to the press gallery to blunt the damage." But "however fervently Schumer wished away Bush's good news, Republicans sensed a shift in momentum."

Bloomberg (6/14, Keil) reports, "Republican Party Chairman Ken Mehlman said on CNN that Democrats engaged in a 'rush to judgment' in trying to tie Rove to the disclosure of the Central Intelligence Agency operative's identity. He said Dean and other Democratic leaders owe Rove an apology. … 'It's pretty clear that Karl Rove not only did nothing wrong, but he did everything right in terms of cooperating with this investigation,' Mehlman said."

Luskin, Statements To FBI Credited With Keeping Rove From Being Indicted. In an analysis piece titled "Nonindictment Of Rove Owes Much To Tactics," the Wall Street Journal (6/14, Squeo, 2.11M) reports "even some who wanted to see Karl Rove indicted credit the skillful lawyering by attorney Robert Luskin and his open-door strategy with the prosecution and the press alike with convincing the grand jury of his innocence. Indeed, Mr. Luskin had Mr. Rove appear before the grand jury in the case repeatedly to explain that what had appeared to be a misstatement was in fact a lapse of memory."

The AP (6/14, Yost) reports, "In 2003, while Rove allowed the White House to tell the news media that he had no role in leaking Valerie Plame's CIA identity, the presidential

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aide was secretly telling the FBI the truth. It's now known that Rove had discussed Plame's CIA employment with conservative columnist Robert Novak, who exposed her identity less than a week later, citing two unidentified senior administration officials." Rove's "truth-telling to the FBI saved him from indictment."

Fitzgerald Probe Seen As Unlikely To Lead To Further Indictments. CNN's The Situation Room (6/13, Arena) also said, "It seems the only question remaining is whether the original leaker will be charged with committing a crime. A source close to the investigation says that it's increasingly likely the answer is no."

The Washington Post (6/14, A1, VandeHei, 744K) reports, "A source briefed on the case said that the activities of Vice President Cheney and his aides were a key focus of the investigation, and that Cheney was not considered a target or primary subject of the investigation and is not likely to become one." There are "no other outstanding issues to be investigated, the source said, though new ones could emerge."

The Legal Times (6/14, Schwartz) reports, "Legal experts say the decision may signal an end to Fitzgerald's investigation into whether government officials intentionally leaked classified information -- the name of CIA operative Valerie Plame -- to the media." The Times adds, "Fitzgerald's decision raises questions over what, if any, role Rove may play in Libby's upcoming trial, now scheduled for early next year. Former federal prosecutor Peter Henning, now a professor at Wayne State University, says it is possible that Rove could be called as a witness, but 'it's not clear how helpful Rove will be for one side or the other.'"

More Commentary. The Wall Street Journal (6/14, 2.11M) editorializes, "So much for having Karl Rove 'frog-marched' out of the White House 'in handcuffs.' That's the fate Democratic partisan Joe Wilson once predicted for President Bush's political guru, and yesterday his hope and accusations vanished like fog on the Potomac. … The mystery is why Mr. Fitzgerald kept Mr. Rove twisting in the wind for so long." The Journal adds that "what we are left with is a three-year political spectacle that has kept the White House under siege during a war, weakened or pushed out of office some of its most important aides, and made liberal celebrities of Mr. Wilson and his wife. And to what public purpose? A prosecutor with more wisdom than Mr. Fitzgerald would have long ago understood he was injecting himself into a political brawl, closed his case and left the outcome to the voters."

DOJ Challenges House Leaders On Searches. The AP (6/14, Sherman) reports, "House leaders who called the late-night search of Rep. William Jefferson's office unconstitutional seek special treatment for lawmakers that would allow them to block criminal investigations, the Justice Department said Tuesday." The AP continues, "Democratic and Republican leaders essentially are calling for a member of Congress to be given notice of a search and to be allowed to be present for it, rights 'that are not available to any other person' under constitutional protections against unreasonable searches and seizures, government lawyers said in a 27-page court filing." The AP adds, "If the House leaders have their way, lawmakers also would be able to determine what documents do not have to be turned over to investigators or cannot be used in prosecution, the department said. In that circumstance, 'a member of Congress could easily thwart a criminal investigation by unilaterally declaring certain documents to be privileged,' the government said." The AP notes, "House Speaker Dennis Hastert, Democratic leader Nancy Pelosi, Majority Leader John Boehner, Republican Whip Roy Blunt and Democratic Whip Steny Hoyer last week asked a federal judge to declare unconstitutional the search of Jefferson's office May 20-21. Such a move could undermine part of a lengthy bribery investigation of the Louisiana Democrat. … The leaders said the search was heavy-handed and threatened the balance of power in government. But they also acknowledged that the FBI has every right to investigate Jefferson. … Chief U.S. District Judge Thomas F. Hogan, who approved the warrant, has scheduled a hearing Friday."

Judge Postpones Safavian Jury Deliberations Due To Misconduct Allegation. The AP (6/14, Sniffen) reports, "A federal court jury in the first trial of the Jack Abramoff lobbying scandal was sent home four hours after beginning deliberations Tuesday so the judge could consider whether to dismiss a juror for misconduct." The AP continues, "The jury of 10 women and two men had selected a foreperson but had not even received their written copies of jury instructions nor begun any substantive deliberations when the problem arose. … Prosecutors argued that a female juror should be dismissed because she disregarded the judge's instructions on several occasions

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and told other jurors Tuesday she had discussed the costs of a golf trip to Scotland with her father. Safavian's expenses for the August 2002 trip arranged by Abramoff have been an issue in trial testimony." The AP adds, "The defense opposed replacing the juror with an alternate and said U.S. District Judge Paul Friedman should just give jurors a stiff warning to stop all outside discussions. … U.S. District Judge Paul Friedman, who questioned the juror, decided he wanted to study similar cases before ruling on the government's dismissal motion. He said he would rule Wednesday morning, and asked the jury to return then. … He also denied the jury's request for a dictionary and told the jurors that if they needed definitions or had other questions to ask him by note."

Convicted "Mafia Cops" Seek Reversals For Inadequate Representation. The AP (6/14, McShane) reports, "Wearing sharply tailored suits and sharing 'Godfather'-style kisses in the courtroom, attorneys Bruce Cutler and Edward Hayes appeared a formidable defense team for two ex-New York Police Department detectives accused of moonlighting as hit men for the mob. … Now, two months after Louis Eppolito and Stephen Caracappa were convicted of eight slayings, the former cops are charging that their lawyers botched the case - and asking a federal judge to throw out the verdict." The AP continues, "Both Cutler and Hayes were disappointed by the allegations from their one-time clients, saying Eppolito and Caracappa were desperate men motivated by the life sentences awaiting them if their appeal fails. … 'I was just so personally offended,' Cutler said. 'One day you're begged to come in, and the next day you're knocked by the client, who to me is delusional in a certain respect. He's certainly ungrateful and shameless.'" The AP adds, "The defendants' new lawyers were unsparing in their assessment of their predecessors. … 'Hayes' indifference to Mr. Caracappa's defense, both in terms of preparation and understanding, was apparent throughout the case,' Daniel Nobel, who now represents Caracappa, said in court papers. … Joseph Bondy, the new attorney for Eppolito, said Cutler 'spent the majority of Mr. Eppolito's closing argument speaking about himself, including that he lost over 14 pounds during trial, loved Brooklyn as a borough of bridges and tunnels, and was an admirer of the great Indian Chief Crazy Horse.' … A hearing is set for June 23 on the defendants' allegations of ineffective counsel."

Former Chicago City Clerk Sentenced To 2 Years In Prison. The Chicago Tribune (6/14, Coen) reports, "James Laski at times dabbed tears from his eyes as a federal judge sentenced the former Chicago city clerk to 2 years in prison for taking nearly $50,000 in bribes to steer city business to trucking companies run by his friends. Laski is the highest-ranking official to be charged in the federal investigation of the scandal-ridden Hired Truck Program." Before his sentencing, Laski told the court, "After 26 years in government service, I have thrown everything away for the sum of $48,000," but "the comment brought a rebuke from U.S. District Judge Charles Norgle that Laski was oversimplifying the case. Norgle said Laski's conduct was the kind of breach of trust that saps the faith of ordinary citizens in their government." The Chicago Sun-Times (6/14, Korecki) adds, "Norgle could have given Laski up to 37 months but took into account Laski's family situation and his acceptance of responsibility for his crimes." The Sun-Times also notes that Laski "is the highest-ranking public official convicted in the Hired Truck scandal."

Top Daley Administration Lawyer Testifies At Patronage Trial. The Chicago Tribune (6/14, Mihalopoulos, Bush, 643K) reports, "The top lawyer in Mayor Richard Daley's administration told a federal jury Tuesday that she was unaware of any 'irregularities' in city hiring until after the FBI raided the mayor's office last year. Testifying against the mayor's former patronage chief Robert Sorich, Corporation Counsel Mara Georges also said she did not know before the April 2005 raid that officials in the mayor's office kept lists of politically connected job seekers." The Tribune notes, "Prosecutors charge that the office dictated who received city jobs that were supposed to be filled without regard to applicants' political ties. But when Georges discussed Intergovernmental Affairs' role in hiring with Sorich" and co-defendant Timothy McCarthy, "neither mentioned to her that they participated in filling positions covered by the Shakman decree, she said. … Georges also testified that she had discussions with McCarthy about a color-coded list of applicants for city truck driver jobs that FBI agents found in city offices," and she "said McCarthy told her the list helped Intergovernmental Affairs keep an eye on Sanchez, a leader of the Hispanic Democratic Organization."

Mississippi County Official Pleads Not Guilty To Katrina Kickback Charges. The Bolivar Commercial (6/14, Robinette) reports, "Bolivar County

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Administrator Adrian Brown's voice was loud and clear as he pleaded not guilty to two felony charges" Tuesday. Brown "was arrested on June 6 for receiving and accepting kickbacks as well as witness tampering by FBI agents at his office. The kickbacks allegedly came from Federal Emergency Management Agency funds for Hurricane Katrina relief efforts in the county. His trial is set for July 17." Defense attorney Douglas Greene said, "He is a fall guy in a political power play and there's a lot more to be revealed later on." The AP (6/14) also notes that Brown "was arrested June 6 by FBI agents. He was later released on $20,000 bond. … On Monday, Brown was suspended without pay by the Bolivar County Board of Supervisors pending a determination by the state attorney general's office."

California Man Pleads Guilty To Racketeering In Israel Cartel Case. The AP (6/14, Marquez) reports, "A reputed enforcer for a notorious Israeli cartel decided to take a plea deal Tuesday in the midst of his federal trial - after a top-ranking member of the group testified against him, officials said." The AP continues, "Hai Waknine - a 35 year-old Israeli national who lives in Marina del Rey, California, and describes himself as a businessman - pleaded guilty to a single racketeering charge, according to Assistant U.S. Attorney Tom Sleisenger. Under a deal with the government, he will be sentenced to nine years in prison, Sleisenger said." The AP adds, "Waknine had faced 46 counts of racketeering, extortion, conspiracy, and other charges stemming from an alleged scheme to hide money embezzled from an Israeli bank by loaning it out in Miami and Los Angeles. Waknine was accused of threatening violence to get debtors to pay up. … The turnabout came shortly after a morning of testimony from Gabi Benharosh, a powerful member of an organized crime syndicate known as the Jerusalem Group. Authorities say the syndicate has enriched itself through loan sharking, extortion, money laundering and illegal gambling in Israel, Europe, California, Nevada and elsewhere in the U.S." The AP notes, "Benharosh told jurors Waknine had helped devise the scheme and collect the money, Sleisenger said. That conflicted with the defense's argument that Waknine acted under duress and was merely doing Benharosh's bidding."

Duke Basketball Star Charged With Drunk Driving. The Washington Post/AP (6/14, E2) reports, "Duke basketball star J.J. Redick was arrested early yesterday in Durham, N.C., on charges of drunken driving, another blow to a school shaken by a lacrosse scandal." The AP continues, "Redick, the Associated Press player of the year, also was charged with unlawful use of highways for making an illegal U-turn. … Redick, who has a Virginia driver's license, lost his driving privileges in North Carolina for 30 days, police spokeswoman Kammie Michael said." The AP adds, "Redick, 21, was released on $1,000 bond shortly after being taken before a Durham County magistrate. He is to appear in court July 17. The arresting officer wrote in his report that Redick had 'very glassy eyes, strong odor of alcohol coming from breath.' … Redick had a blood-alcohol level of 0.11 percent. The legal limit for drivers in North Carolina is 0.08."

Antigua Challenges US Online Gaming Laws. The Financial Times (6/14, Williams) reports, "The tiny Caribbean island state of Antigua and Barbuda has taken the first steps to haul the US back before the world trade court in a long-running dispute over internet gambling." The Times continues, "Antigua, which has a population of 68,000, says Washington has failed to comply with a World Trade Organisation ruling last year that US internet gambling laws discriminate against foreign suppliers. As a result, Antigua claims to have lost a large chunk of the rapidly growing offshore gaming business it has been building to diversify its economy away from tourism. US gamblers are estimated to account for about half the $12bn global internet gaming market." The Times adds, "This week, Antigua requested meetings with the US, a prelude to the establishment of a WTO panel to judge compliance. If, after any appeals, the WTO finds the US still in breach of fair trade rules Antigua can ask for permission to retaliate. 'Obviously, we are going to have to be a bit creative in order to come up with something to motivate the Americans,[Mark Mendel, a US lawyer advising Antigua, said after the April 3 2006 deadline set for US compliance expired. … Antigua is especially aggrieved because the US has taken no action to implement the WTO ruling, claiming - on the basis of an interpretive statement by the justice department - that its laws are already in compliance. … 'Antigua and Barbuda does not believe that a simple restatement of a legal position taken by a party to a dispute . . . can be considered a [compliance] measure,' Antigua says in its consultation request. … The US argues it does not discriminate against foreign suppliers of internet gambling services because domestic suppliers are equally restricted in offering services across state boundaries."

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Patrick Kennedy Pleads Guilty To Driving While Impaired. NBC Nightly News (6/13, story 7, 1:10, Williams, 9.87M) reported Rep. Patrick Kennedy "pleaded guilty today to a charge of driving under the influence of prescription drugs back when he crashed his car on Capitol Hill last month in the middle of the night. A judge in Washington, DC, gave him a 10-day suspended jail sentence and one year of probation and suspended his driving license for six months." Kennedy "again said he takes full responsibility for his actions."

CNN's The Situation Room (6/13, Blitzer) reported Kennedy "says he's suffering another consequence for his drug-induced car crash on Capitol Hill." Kennedy "says he's still running for re-election in Rhode Island despite his guilty plea and recent ordeal."

The Washington Post (6/14, A5, Cauvin) reports, "Rep. Patrick J. Kennedy, who lost control of his car near the Capitol last month in what he says was a drug-induced stupor, pleaded guilty yesterday to driving under the influence of prescription medication and could face 10 days in jail if he fails to comply with a long list of court-imposed conditions." The Post continues, "Placed on probation for a year, Kennedy (D-R.I.) must meet monthly with the psychiatrist overseeing his after-care treatment and attend weekly meetings of a recovery group and Alcoholics Anonymous. Kennedy also must submit to random drug screening and meet regularly with a psychiatrist to monitor his mood and anxiety and use of mental health medications. … 'I've always said that I wanted to take full responsibility for my actions,' Kennedy said in a brief statement outside the D.C. courthouse. 'Today in court, I did just that. I accepted the consequences of my actions.'" The Post notes, "The plea agreement, which was in the works when Kennedy returned from a month-long stay at the Mayo Clinic in Minnesota, was presented yesterday afternoon in D.C. Superior Court. Earlier in the day, Kennedy was charged with driving under the influence, reckless driving, and driving without a permit. The latter two charges were dropped in return for the guilty plea."

The New York Times (6/14, Stout) reports, "Judge Melendez said that Mr. Kennedy would serve 10 days in jail if he violated his probation and that he must continue drug treatment. The judge also fined the congressman $350, of which $250 will go to the Boys and Girls Club of Greater Washington and the remaining $100 to a crime victims' fund." The Times adds, "The congressman has said that he has no memory of driving his car into a security barrier around 3 a.m., and that he had not been drinking beforehand, even though the initial police report listed alcohol as a factor in the accident. Rather, Mr. Kennedy has said, he was under the influence of prescription anti-nausea and sleep medications, which he had taken at the 'prescribed amount.'"

The AP (6/14, Miga) reports, "Kennedy was joined in court by Rep. Jim Ramstad, R-Minn., who is his sponsor in Alcoholics Anonymous." Similar stories appear in many newspapers this morning, among them Roll Call (6/14, McArdle), The Hill (6/14, Kucinich), Los Angeles Times (6/14, Neuman, 958K) and Chicago Tribune (6/14, Neuman, 643K).

FBI Web Site Seeks Public Corruption Tips. Fox News (6/14) reports, "Even with stories about public corruption probes flooding the morning papers, Internet and cable news airwaves, the FBI's new Web site for individuals to report malfeasance and just plain bad behavior hasn't made splashy headlines. … But the site, reportcorruption.fbi.gov, is up and running and the G-Men are paying attention. … 'They don't want me to get into numbers, but, yes, we have had credible tips already,' said Steve Kodak, an FBI spokesman." Fox News continues, "It turns out that while tip lines have been in use by nearly every major and minor police department in the nation for years, the FBI's public corruption Web site, created last month, is somewhat of a new venture. … The idea is an offshoot of the Hurricane Katrina fraud tip line, which was created when law enforcement officers realized the outpouring of public support in rebuilding the Gulf Coast after last year's hurricanes wasn't benefiting just the people of Louisiana. A report out Tuesday by the Government Accountability Office reveals the government doled out an estimated $1.4 billion for fraudulent requests for assistance." Fox News adds, "Over the past five years, the FBI has increased the number of agents dedicated to anti-corruption efforts from 450 to about 620. Of late, they have been kept busy with a persistent drumbeat of corruption-related cases involving congressional and federal officials."

Box Blown Up Near Miami Federal Courthouse May Have Contained Criminal Evidence. The Miami Daily Business Review (6/14, Kay) reports, "When police blew up a suspicious box that caused the evacuation of two federal buildings in downtown Miami, they may have blown up a federal criminal case." The Review continues, "Authorities evacuated the courthouses Monday due to a bomb scare. The Miami Police bomb squad

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responded and destroyed the box, but it may have contained evidence from a just-decided case. … The James Lawrence King Federal Justice Building and the David W. Dyer Federal Building both were evacuated at about 2:30 p.m. for an hour or so on Monday. Hundreds of attorneys and courthouse staffers were ushered out of the buildings by federal marshals wearing yellow vests. They were directed to the street in front of the Federal Detention Center while the bomb squad did its work. Federal judges and magistrates were taken out of the building separately and taken to an undisclosed location. … 'A special robot went over to the box, and it went kaboom,' said Mark Schnapp, a partner at Greenberg Traurig in Miami who was at the U.S. Attorney's office when the building was evacuated. … But according to two lawyers who were present during the bomb scare and did not want to be named, it turned out that the box contained papers and evidence left on the sidewalk by a federal agent. The two lawyers said the evidence was from a criminal case in which a verdict had just been reached. That evidence included fake guns and wiretap equipment. … Alberto Hidalgo, a spokesman for the U.S. Marshals Service in Miami, confirmed that the box was blown up by the police bomb squad but said he had no information about what was in the box. … Matt Dates, a spokesman for U.S. Attorney Alex Acosta, declined to comment on what the box contained. 'We don't talk about security matters,' he said."

CIVIL RIGHTS:

DOJ Cites Deaths, Violence In Probe Of DC Mental Facility. The Washington Post (6/14, B1, Weiss) reports, "The Justice Department is demanding that the D.C. government correct problems at St. Elizabeths Hospital, saying the city-run psychiatric facility is beset by lax supervision, patient-on-patient violence and substandard care." The Post continues, "Two patients died in 2004 after they were attacked by other patients, and three died last year after problems with their medical care, according to an investigative report. Dozens of others have been kicked or punched in altercations, been put in restraints longer than necessary or been neglected by medical staff, the report said. … The hospital 'fails to provide its patients with a reasonably safe living environment,' the Justice Department said. 'The facility too often subjects its patients to harm or risk of harm.'" The Post adds, "The Justice Department opened a civil rights investigation last year into conditions at the Southeast Washington hospital after a patient advocacy group flagged numerous problems. Justice officials sent their findings May 23 to Mayor Anthony A. Williams (D), giving the city a list of steps that must be taken to avoid a civil rights lawsuit. There is no set deadline for the city to respond. … The report marked the second time in recent weeks that the Justice Department has said the District government is endangering some of its most vulnerable residents. Justice lawyers asked a federal judge last month to hold the city in contempt of court for failing to improve conditions in group homes for the mentally and physically disabled."

DOJ Investigating Deaths By Police Taser Use. USA Today (6/14, Johnson) reports, "The U.S. Justice Department is reviewing the deaths of up to 180 people who died after law enforcement officers used stun guns or other electro-shock devices to subdue them. … 'These deaths raise a question in our mind that should be examined,' said Glenn Schmitt, acting director of the department's National Institute of Justice. He said the review will initially focus on 30 deaths, including one from two decades ago." USA continues, "Most of the deaths occurred within the past four years, corresponding with the mass deployment of stun guns to police departments throughout the country. A number of departments have re-evaluated their use of the weapons because of the fatal incidents. … More than 80 deaths since 1999 were identified in a recent analysis by The Arizona Republic. Amnesty International has identified more than 150 deaths since 2001." USA adds, "The devices, marketed as alternatives to lethal force, are designed to incapacitate unruly suspects through electric shock. … Taser International, the nation's largest maker of stun guns, has supplied more than 130,000 devices to about 7,000 of the nation's 16,000 police agencies. … The company has maintained that its products are safe and have saved the lives of police officers and suspects. … 'As we know, in-custody deaths are part of policing,' Taser spokesman Steve Tuttle said when asked about the Justice Department review. 'The more we can study and understand the circumstances that lead to in-custody deaths, the more opportunities there are to develop law enforcement tactics and procedures that will help prevent these unfortunate events in the future.'"

Minneapolis Weighing Excessive Force Charges Against Two Police Officers. The Minneapolis Star Tribune (6/14, Xiong, 424K) reports, "Allegations that two Minneapolis police lieutenants

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mistreated a man they arrested at Little Earth housing complex will be presented to the city attorney's office for consideration of possible criminal charges. In a press release issued Tuesday afternoon, police said they need time to enhance video and photos of the May 26 incident before the case goes to the attorney's office in two weeks. At issue is whether Lt. Mike Fossum intentionally used force with drug suspect Juan T. Vasquez and whether he and Lt. Richard Thomas left Vasquez in an excessively hot squad car." The Star Tribune adds, "The FBI has reserved the right to review the case for possible civil rights violations after the department's investigation is over, which is typical." The AP (6/14) notes, "Interim Police Chief Tim Dolan and other police officials met Tuesday with representatives of the FBI, the Hennepin County attorney's office and the city attorney's office to discuss the preliminary investigation into the officers' conduct. … The FBI has reserved the right to review the final investigation for possible civil rights violations, police said."

Maryland Alien Smuggling Suspects Face New Charges. The Washington Times (6/14, Summers) reports, "Money laundering and identity theft were added yesterday to the charges against eight Montgomery County residents accused of smuggling illegal aliens into the county to work in a prostitution ring." The Times continues, "A federal grand jury in November indicted seven persons on charges that they transported illegal aliens into Maryland to work as prostitutes during the week and arranged for them to travel back to their homes in New York and New Jersey on the weekends." The Times adds, "The U.S. attorney's office in Maryland said the grand jury charged one more person and added three counts of money laundering for the purchase of vehicles to transport the women and property using sex ring money. … One suspect also was charged with using a false name and Social Security number to lease an apartment that was used as a brothel. … The prostitution ring generated more than $1 million in proceeds, court documents say."

EEOC Said To Be Falling Behind On Cases. The Washington Post (6/14, A21, Lee, 744K) reports that labor union officials and civil rights advocates say the Equal Employment Opportunity Commission "is falling behind in enforcing federal civil rights laws in the workplace." The EEOC "is expected to have a backlog of 47,516 charges of employment discrimination next fiscal year, up from an estimated 39,061 this year and 33,562 in 2005, say officials with the American Federation of Government Employees, citing federal figures. … At the same time, President Bush's 2007 budget request for the agency is $323 million, $4 million less than it received this budget year."

Some Fear Public Accommodations Will Spark Backlash Against Muslim Women. USA Today (6/14, Dorell, 2.31M) reports that Muslim women in the US "have been asking the public to accommodate their religious beliefs about modesty, a trend that some Muslims worry will provoke a backlash. In some recent examples: In Lincoln Park, Mich., Fitness USA relented when Muslim women demanded that the gym wall off a co-ed aerobic center from their women-only section because men could see them working out. In Bridgeview, Ill., a Muslim school says it wants its girls' basketball team to play road games against non-Muslim schools provided the public schools ban men and teenage boys from the game." USA adds, "Meeting such demands could create a backlash against Muslims, says Zuhdi Jasser, chairman of American Islamic Forum for Democracy, which advocates separation of religion and government."

Hentoff Criticizes ACLU Efforts To Quiet Dissenters. Nat Hentoff, a former member of the ACLU's national board, writes in USA Today (6/14, 2.31M), "While the staff of the ACLU has never been more essential to protecting the Constitution, the top leadership of the ACLU is working to prevent dissenting national board members from going to the news media with criticisms of ACLU policies." Hentoff adds that "one principled dissenter: Michael Meyers, the director and founder of the New York Civil Rights Coalition and a longtime ACLU board member, has been forced out from the executive committee and the national board in punishment for going to the news media several times. … Does that make its national membership, and the country, any more safe — or free?"

ANTITRUST:

Blockbuster Accuses Netflix Of Antitrust Violations In Patent Dispute. The AP (6/14, Liedtke) reports, "Escalating a bitter legal battle, Blockbuster Inc. on Tuesday accused Netflix Inc. of manipulating the U.S. patent system in a devious effort to monopolize the booming market for online DVD rentals." The AP continues, "The

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antitrust allegations represent Blockbuster's counterpunch to patent infringement claims Netflix filed two months ago. … The wrangling eventually could affect the rapidly growing audience that's migrating to the Internet to rent DVDs through the mail." The AP adds, "About 6.2 million people currently subscribe to the online services of Netflix and Blockbuster, which both charge a flat monthly fee to rent DVDs for an unlimited time. Most subscribers pay $17.99 per month to check out up to three DVDs at a time. … Los Gatos, Calif.-based Netflix pioneered the concept in 1999 and ended March as the industry leader with 4.9 million subscribers. … Blockbuster launched its own online service in 2004 after losing hordes of customers who formerly rented movies in traditional stores. The Dallas-based company began the spring with about 1.3 million online subscribers. … Netflix obtained the first patent on its service in 2003, but didn't seek a court order to enforce its claims against Blockbuster until it received an even broader patent in April. … In its countersuit filed in U.S. District Court in San Francisco, Blockbuster framed Netflix's patent claims as a 'sham' aimed at locking out competitors that will help protect consumers from price gouging."

Fight Over Net Neutrality Moves Back To Senate. CNET News (6/14, Broache) reports, "The political tussle over Net neutrality shifted back to the Senate's turf Tuesday, taking center stage at the last public hearing before a mammoth communications bill goes up for a preliminary vote." CNET continues, "As leaders of the Senate Commerce Committee continue negotiations over how to deal with the controversial concept, committee members and witnesses from advocacy groups took turns airing their positions yet again." CNET adds, "The latest draft of the sweeping bill, called the Consumer's Choice and Broadband Deployment Act, numbers 151 pages and covers everything from the digital television switch to city-run broadband networks to changes in the procedure by which video services operators seek franchises to serve new areas. … Arguably the most contentious portion has turned out to be Net neutrality, the idea that network operators should not be allowed to prioritize Internet content and services that travel across their pipes or to make deals with companies seeking special treatment." CNET notes, "Some Democrats and at least one Republican in the Senate have backed detailed regulations barring such practices, while several others, primarily from the Republican side, have voiced staunch opposition. The ongoing dispute clearly had some politicians concerned about the chances that the broader bill will pass. … A committee vote on the final version of the bill is expected to occur June 22, with the last round of revisions expected to be released as early as Wednesday."

Apple Can Learn Lessons From EU's Treatment Of Microsoft. The Financial Times (6/14, Buck) reports, "If Apple is looking for advice on how to deal with regulators worried about 'inter-operability' it need look no further than its old rival from Redmond in Washington state. Microsoft has been battling antitrust officials on both sides of the Atlantic for many years." The Times continues, "The software group's troubles culminated in March 2004, when the European Commission slapped a record €497m fine on Microsoft for violating European Union competition rules. Brussels found, among other abuses, that the group had failed to provide rival software developers with sufficient technical information to allow them to create inter-operable products." The Times adds, "Could Apple face similar pressure from the Commission in the future? Both groups have a strong grip on their respective markets. Apple's iTunes accounts for as much as 80 per cent of downloads in some EU markets, while Microsoft's Windows operating system boasts a market share of more than 90 per cent worldwide. … Moreover, while Microsoft at least claims that it is serious about inter-operability, Apple has unashamedly built its success on the concept of a 'walled garden' - a closed world of proprietary technology. … Some experts point out, a key difference: few companies in the information technology sector can operate successfully without some form of interaction with Windows. And Micrssoft's strong position in a range of related markets from servers to media players gives it additional clout. … Music, by contrast, will continue to be distributed through various channels, the experts say."

EU Moves Up Deadline For Suez-GDF Ruling. The AP (6/14, White) reports, "The European Commission on Tuesday brought forward to June 19 its deadline to rule on a French government-backed merger between Suez SA and Gaz de France SA even as French Interior Minister Nicolas Sarkozy suggested the government delay the deal." The AP continues, "The Suez-Gaz de France merger would create a major new European player in energy, water and waste services, with a market capitalization of 72.6 billion euros ($86 billion), but its size and power have already raised

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antitrust concerns in neighboring Belgium and could force it to sell off part of its business." The AP adds, "Belgian Prime Minister Guy Verhofstadt warned in March that it would be unacceptable for one company to control 90 percent of his country's electricity market, while the Belgian energy watchdog is worried that the new lineup would make the French government a part-owner of Belgian nuclear power plants. … EU regulators had earlier said they would decide by July 3 whether they would clear the deal, saying there was an automatic delay because Belgium had asked to take charge of part of the case. … However, they said they brought forward the deadline because Belgium had not made a formal request to look into the deal."

Mittal Issues Growth Projection To Help Arcelor Bid. The Wall Street Journal (6/14, Von Reppert-Bismarck, McGrath) reports, "Mittal Steel Co. raised the pressure on bid target Arcelor SA by publishing details of a midterm business plan that envisions strong growth." The Journal continues, "Luxembourg-based Arcelor, meanwhile, stepped up its plan to woo shareholders by releasing more details of its planned merger with the OAO Severstal steel business owned by Russian entrepreneur Alexey Mordashov." The Journal adds, "Mittal, the world's largest steelmaker by production, said it expects earnings before interest, tax, depreciation and amortization, or Ebitda, to reach $9.9 billion in 2008, 71% above the 2005 level. Ebitda is projected to rise 26% this year to $7.3 billion. The plan doesn't detail the benefits from an Arcelor deal. … 'The outlook for the steel industry is positive, supported by strong global growth, especially from high-growth, developing markets,' Chairman and Chief Executive Lakshmi Mittal said. … Arcelor countered by releasing its own figures. The company said its stand-alone Ebitda would rise to €8.9 billion ($11.21 billion) in 2008, from its previous forecast of €7 billion, based on market assumptions Mittal has given. Arcelor said the Ebitda of a combined Arcelor-Severstal would rise to €13.1 billion, from €10.3 billion."

Intellectual Ventures Sparks Concerns About Patent Stockpiling. IP Law & Business (6/14, Lerer) reports on the Washington-based company Intellectual Ventures, founded by former Microsoft Corp. chief technologist Nathan Myhrvold, which as been "buying up thousands of patents through shell corporations. A $400 million investment from some of the biggest technology companies, including Nokia Corp., Intel, Apple Computer Inc., Sony Corp. and Microsoft, funds the shopping spree. … Some in the IP asset management field estimate that Intellectual Ventures has amassed 3,000 to 5,000 patents. … As the patent stockpile grows, so does the speculation -- and the fear. IP lawyers and tech executives worry that Intellectual Ventures is less interested in changing the world with big ideas, and more focused on becoming an über-troll, wreaking litigation havoc across industries with its patents. So far the tight-lipped company hasn't revealed much about its plan."

ENVIRONMENT:

Judge Dismisses Part Of Criminal Charge Against WR Grace. The AP (6/14, Bohrer) reports, "A federal judge has dismissed part of a criminal charge against W.R. Grace & Co. and some former top officials that alleged they knowingly endangered miners and area residents through asbestos exposure in Libby, Mont., site of the company's former vermiculite mine." The AP continues, "U.S. District Judge Donald Molloy concluded that the statute of limitations -- the time allotted under federal law to prosecute the case -- had expired." The AP adds, 'A federal grand jury indicted Grace and seven one-time top officials in February 2005, accusing them of conspiring to conceal health risks posed by the company's now-closed vermiculite mine. … Molloy's ruling, dated last week, is a partial victory for the defense, which has been attempting to get a conspiracy charge thrown out or limited. The conspiracy charge itself was not thrown out, but the allegation that the defendants 'knowingly endangered' residents and miners is a major foundation of that conspiracy charge. … Hundreds of people in the northwestern Montana town have been sickened, some fatally, by exposure to asbestos. The vermiculite mined at Libby contained harmful tremolite asbestos. The mine closed in 1990. … Justice Department spokeswoman Cynthia Magnuson said, 'We are considering our options at this point' and declined further comment."

DOJ Enters Colorado Land-Use Dispute. The Longmont (CO) Daily Times-Call (6/14, Camron) reports, "Neither Rocky Mountain Christian Church officials nor the lawyer representing Boulder County is surprised that the federal Department of Justice is stepping into a lawsuit between the entities. … 'It's not altogether unexpected that

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they would defend the constitutionality of a federal statute, the same way the Colorado attorney general's office would defend the Colorado Constitution,' said David Hughes, the attorney representing the county on the lawsuit." The Times-Call continues, "The federal government will defend the constitutionality of the Religious Land Use and Institutionalized Persons Act of 2000, which Boulder County claimed in March is unconstitutional." The Times-Call adds, "The church has asked the county to allow an expansion of 132,000 square feet that would include an education building, a multipurpose chapel building, a gymnasium and a gallery that would connect the new buildings with the existing church. The church also would add about 500 parking spaces. Church officials said construction would occur over the next 15 to 20 years. … RLUIPA, as the federal law is called, prevents local governments from placing a 'substantial burden' on churches; when restrictions are made, they must be the 'least restrictive' possible. However, federal courts have differed on the meaning of 'substantial burden,' and none of the cases regarding land use has yet been heard by the Supreme Court. … Hughes could not say if the federal government's involvement would complicate or lengthen the case. The government may raise different arguments than the church will, which Hughes acknowledged would cause him more work in defending the county."

Senate Republicans Scrap Vote On Bush Mine Safety Nominee. The New York Times/AP (6/14) reports Republicans "scrapped a vote on President Bush's choice to head the agency in charge of mine safety after it became clear that he did not have enough support to win Senate approval." Democrats "opposed the nominee, Richard Stickler, saying he had spent too many years as a coal mining executive and had failed to demonstrate that safety was his top priority."

Friedman Says GM Should Focus On Making Fuel-Efficient Vehicles. In his New York Times (6/14, 1.19M) column, Tom Friedman reacts to GM's response to his accusation that the company acted "irresponsibly by offering unlimited gasoline at $1.99 a gallon for one year to anyone who buys certain of its midsize sedans, big S.U.V.'s or gas-guzzling Hummers in California or Florida." Freidman writes, "I don't want to join the many congressmen and senators in drinking G.M.'s Kool-Aid and not demanding that it become the most fuel-efficient automaker in the world. If more people in Washington insisted that G.M. focus on building cars that could compete in a world of $3.99 gasoline, rather than creating an artificial universe of $1.99 gasoline, G.M. would not be worrying about bankruptcy today."

WPost Says Supreme Court Should Hear EPA Case. The Washington Post (6/14, A22, 744K) editorializes, "As early as this week, the Supreme Court will decide whether to hear a case that is now something of a dud but could become one of the most significant pieces of environmental litigation in a generation. The case is a challenge by states and environmental organizations to the Environmental Protection Agency's decision not to regulate the gases that cause global climate change. The justices should hear it, both because a lower court…could not produce a coherent opinion and because the issues it presents are of enormous importance."

FBI/DEA/ATF/USMS:

In "Major Rebuke" To Seattle SAC, FBI Reassigns US Attorney Murder Probe. The Seattle Times (6/14, Miletich) reports, "In a major rebuke, the FBI's investigation into the slaying of federal prosecutor Thomas Wales was removed from the bureau's Seattle office" Tuesday "in the wake of a decision to reduce the number of agents working on the case." FBI Portland SAC Robert Jordan "will have the authority to add new agents to a longstanding task force investigating Wales' killing in 2001, officials said." The Times notes that FBI Seattle SAC Laura Laughlin "had cut the numbers of agents investigating the case from four to two last month, prompting the special prosecutor in the case to appeal her decision to FBI headquarters in Washington, D.C." In a statement released yesterday, Laughlin called "the new moves the completion of a 'strategic realignment' in the investigation." The AP (6/14, Johnson) adds that "Jordan was named 'inspector' for the case and will oversee day-to-day operations. In a Tuesday night interview from Washington, D.C., he told The Associated Press he anticipates increasing the number of people working the case, and that he will meet with the special prosecutor and the investigative team next Monday in Seattle. 'I'm going to put any and every resource necessary to work this case,' Jordan said."

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Federal Grand Jury In Rhode Island Indicts 6 In Drug-Trafficking Case. The Providence (RI) Journal (6/14) reports a federal grand jury has issued indictments charging six men with drug-trafficking offenses, according to the U.S. Attorney's office and the Drug Enforcement Administration." Cocaine and heroin possession are among the charges.

Appeals Court Upholds 2 Murder Convictions In Louisiana. The Daily Advertiser (6/13) reports a state appeals court "has upheld the second-degree murder convictions of a man and a woman whose victims' bodies were cut up and put in boxes. The 3rd Circuit Court of Appeal on Monday rejected appeals by Cynthia Anderson and Larry Surratt, who were found guilty of killing Larry Cook and his girlfriend, Sheila Kirby in January 2003. … The appeals court dismissed claims that the victims had been working from the federal Drug Enforcement Administration and that other members of the motorcycle group were more likely to have killed them."

WADA Chairman Says National Hockey League Drug Testing Is Flawed. The AP (6/14) reports the chairman of the World Anti-Doping agency "said the NHL is trying to fool the public with a flawed anti-doping program. Dick Pound said league statements Monday that there were no positive tests among 1,406 administered during the season were meaningless given the loopholes in its anti-doping program. … He said the NHL does not test for stimulants and other banned substances and does not test at times when players are likely to be caught, such as during offseason training."

Search Of Grimsley's Home In Baseball Steroid Investigation Called Surprising. The New York Times (6/14, Rhoden) writes, "Last week, federal investigators searched [Jason] Grimsley's home in Scottsdale, Ariz. … Grimsley, according to documents filed in the United States District Court of Arizona, admitted using anabolic steroids, amphetamines and human growth hormone. Fay Vincent, a former commissioner of Major League Baseball, said he was surprised by the raid because federal agents had not seemed interested in aggressively pursuing illegal drug use by athletes."

Afghanistan Poppy Harvest Expected To Reach Record Levels. The UK's Guardian (6/13) reports the Afghanistan province "being patrolled by British troops will produce at least one third of the world's heroin this year, according to drug experts who are forecasting a harvest that is both a record for the country and embarrassing for the western funded war on narcotics. British officials are bracing themselves for the result of an annual UN poppy survey due later this summer. Early indications show an increase on Helmand's 1999 record of 45,000 hectares (112,500 acres) and a near-doubling of last year's crop."

New Marshals Service Head Profiled. The Plattsburgh (NY) Press-Republican (6/14, Vock) reports, "A Chateaugay (NY) native is directing the U.S. Marshals Service, placing him in the highest-ranking position in the country's oldest law-enforcement agency. … 'Growing up on a dairy farm gives you an appreciation for hard work,' John F. Clark Jr., 45, said in an interview with the Press-Republican. … 'That has conveyed with my life and my career.'" The P-R continues, "The 1978 graduate from Chateaugay Central School was appointed by President George W. Bush and sworn in March 18 by Attorney General Alberto Gonzales. … Clark is the agency's ninth director but the first to have had a career as a marshal."

Captured Fugitive Gunman Faces Weapons Charges In Wisconsin. The Green Bay (WI) Press-Gazette (6/13, Srubas) reports, "A federal fugitive who allegedly shot a Nebraska jeweler about a month ago appeared in federal court in Green Bay (Tuesday) morning after his arrest earlier today in an Appleton-area hotel." The Press-Gazette continues, "Steven Barentson, 57, was arrested without incident about 5:15 a.m. at the hotel after a citizen tip put authorities on his trail in Calumet County, where he was spotted in a tavern near the Calumet and Outagamie county lines. He was the target of a manhunt in the area after his vehicle was discovered abandoned Sunday at a Calumet County farm near Forest Junction. Green Bay police assisted in the hunt." The Press-Gazette adds, "Barentson, brought in by federal marshals to the federal courtroom in Green Bay, bowed slightly to media gathered in the corridors as he was led before U.S. Magistrate James Sickel. … He was arrested on charges of possession of a firearm by a felon and failure to appear for a federal jury trial in August 1992 in Grand Forks, N. D. … Sickel scheduled him for an identity hearing Friday

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and ordered him held without bond. The hearing Friday requires prosecutors to prove, probably through fingerprints, that Barentson is indeed the man wanted in North Dakota for a variety of federal charges, said Tom Phillip, associate federal defender appointed to Barentson, who claims indigency."

IMMIGRATION:

Judge Sets $350,000 Bail For Border Patrol Agent. The San Diego Union-Tribune (6/14, 353K) reports, "A judge Tuesday set bail at $350,000 for a Customs and Border Protection officer accused of allowing illegal immigrants to be smuggled through his border inspection lane in return for cash and a Lexus." If Richard Elizalda "makes bail and is released, he will be required to wear a Global Positioning System device to monitor his whereabouts, said Magistrate Judge William McCurine Jr." The Union-Tribune notes, "Assistant U.S. Attorney Linda Frakes alleged last week that information on the defendant's lane assignment was passed on to the smugglers via pager, cell phone or in person during one of his breaks. Stewart Roberts, assistant special agent in charge of the FBI in San Diego, alleged that Elizalda received between $500 and $1,000 per smuggled immigrant."

Hastert Considers Holding Hearings On Senate Immigration Bill. CQ (6/13, Sandler) reported that House Speaker Dennis Hastert, "said Tuesday he may hold hearings on a Senate-passed immigration overhaul before naming House conferees to reconcile the vastly different measures the chambers have passed. … A Hastert decision to delay seeking a compromise on the most divisive domestic policy issue facing Congress could be a high-stakes gamble that public opinion is with the House, and by highlighting provisions in the Senate bill that might be unpopular with many voters, Republicans will benefit. Still, such a move could trigger a showdown with President Bush, who has made clear his desire for Congress to act this year on a comprehensive immigration overhaul measure that largely mirrors the Senate version."

High Tech CEOs Want To Lift Caps On Some Work Visas. Alan Murray writes in the Wall Street Journal (6/14, 2.11M) that Microsoft CEO Bill Gates and Sun Microsystems CEO Scott McNealy "are united in the effort to get the US government to lift the caps on immigration visas for highly skilled workers." The limits "are favored by labor unions and others who fear foreign workers may take jobs from US citizens -- although tech companies say the visas are used only for jobs when qualified Americans are unavailable." Murray adds, "The fact that leading-edge companies like Intel, Microsoft and Sun want to do their leading-edge work within US borders certainly contributes to that American advantage. And it's hard to imagine why the US government would want it any other way."

Jenkins Says National ID Card Would Reduce Illegal Immigration. Holman Jenkins writes in the Wall Street Journal (6/14, 2.11M) that there is "an easy way to reduce illegal immigration. … Just introduce a fraud-proof national ID card with biometric information; make it illegal, with real penalties, for employers to hire anyone, citizen or immigrant, who doesn't have one. … Before we go down this road, however, would we really like the consequences? With 12 million illegals in the country, whole sectors of our economy exist only because of immigrant labor. Farms would shut down along with jobs for suppliers of seeds, packaging and ancillary services. Jobs for waiters, maitre d's and chefs would vanish, not just those of immigrant busboys, kitchen hands and cleaners." The US "has a chance to beat the odds thanks to our freedom from any of the usual fatal exclusivisms. But it will have to accept that it exists on a continent whose fastest-growing cultural force is Spanish speakers."

TAX:

Former Atlanta Mayor Sentenced For Tax Evasion. The Atlanta Journal-Constitution (6/14, Torpy, Scott, Warren) reports, "A federal judge scolded former Atlanta Mayor Bill Campbell for leading an office riddled with corruption. Then he sentenced him to 30 months in prison. … As the trial progressed, I was overcome, almost appalled, by the breadth of misconduct in your administration,' U.S. District Judge Richard Story told Campbell on Tuesday during the sentencing hearing in federal court. Later, Story looked Campbell in the eye and said, 'I am going to send you to prison, and I do not take that lightly. Within my heart I am not sure you have accepted responsibility for what has transpired.'" The AJC continues, "With the sentence, the judge put the final stamp on a six-year-long federal investigation into Campbell's behavior while he was mayor. Prosecutors claimed he ran his office as a corrupt enterprise,

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taking cash bribes to fund a lavish lifestyle of gambling and international trips with girlfriends. … Campbell remained stoic as the sentence was handed down. The 52-year-old, who served two terms as Atlanta's mayor from 1994 to 2002, was convicted in March on three counts of tax evasion but acquitted on racketeering charges and taking thousands of dollars in bribes. … Under federal law in determining the sentence, Story was able to consider evidence and testimony presented during the trial about Campbell taking bribes, even though he was acquitted on those charges. … In addition to prison time, Story ordered Campbell to pay the government almost $63,000 in back taxes, a $6,000 fine and to serve a year on probation following his prison term. Prosecutors contended Campbell had evaded paying taxes on about $200,000."

The New York Times (6/14, Goodman) reports, "The trial capped a seven-year investigation by the Federal Bureau of Investigation and Internal Revenue Service into corruption at City Hall that led to the convictions of 10 contractors and officials, many of them Mr. Campbell's close associates. … The sentence fit squarely within federal guidelines, but sending Mr. Campbell to prison was a blow to the former mayor who had said he felt 'vindicated with regard to any allegations of corruption' in March, after a jury failed to convict him of charges of racketeering and bribery." The Times adds, "Based on the new verdict and his record of service, defense lawyers had asked the judge to give Mr. Campbell probation or home confinement. … Instead of speaking to reporters on the courthouse steps, as he has throughout the trial, Mr. Campbell and his wife left through an underground garage. … 'I disagree vehemently with the sentence,' Mr. Campbell said, stopping briefly. 'This is, I think, an abomination in terms of what we expected and certainly in terms of what the jury's verdict was.'"

CONGRESS-ADMINISTRATION:

House Approves Emergency Spending Bill. The New York Times (6/14, Pear, 1.19M) reports, "The House of Representatives approved a $94.5 billion emergency spending bill on Tuesday to provide more money for military operations in Iraq and Afghanistan and to finance the recovery of Gulf Coast states battered by hurricanes last year." The Senate "is expected to approve the measure in the next few days, clearing the legislation for President Bush to sign." The Times adds, "House and Senate negotiators reached agreement among themselves and with the White House by reducing disaster assistance to stay within the limit set by Mr. Bush. Still, legislators from Louisiana and other Gulf Coast states praised the final bill, saying it would provide money desperately needed by their constituents to repair damage done by the hurricanes of 2005." The vote on the bill was 351 to 67. The no votes "came from 19 Republicans, mainly fiscal conservatives, and 48 Democrats, including some of the party's more liberal House members."

NPR's Day To Day (6/13, 12:50 p.m., Dimsdale) ran a three-minute report on the emergency spending bill, focusing on its military component. NPR said the bill will "be on the President's desk this week, much to the Pentagon's relief, which has been warning that its coffers are getting low." The $94 billion for war operations "should be enough for the rest of the fiscal year at least, which is to the end of September. The cost of the war is running at close to $9 billion a month, depending on how you calculate it. With the passage of this bill, Congress will have appropriated nearly $400 billion for the war on terror since September of 2001."

Rehnquist Legacy Being Reassessed. The Legal Times (6/14, Mauro) reports, "Pausing from its headlong rush toward adjournment, the Supreme Court will meet in special session this week to honor the memory of the late Chief Justice William Rehnquist, who died last September." The Times continues, "Following long-standing tradition, the Supreme Court Bar on Thursday will convene a program of praise and reminiscence from friends and former clerks, then offer a memorial resolution for submission to the Court. … But even as Rehnquist's admirers prepare to praise him, his legacy is unsettled. After a respectful mourning period, his opinions and those of the Rehnquist Court are taking a beating, with even Republicans and conservative academics critiquing his record in ways that could pressure his successor and former law clerk, John Roberts Jr., to complete what he left undone." The Times adds, "Meanwhile, new information has emerged about Rehnquist: His long-private 1948 master's thesis has been published, a former aide has confirmed that Rehnquist once planned to retire in 1991, and the originator of his early nickname, the 'Lone Dissenter,' has stepped forward. … Most striking in the nine months since Rehnquist's death at age 80 has been the steady tide of academic symposia and law review articles that are taking him and his Court to task. Liberals criticize him for taking the wrong path, while conservatives say he did not

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travel far enough on the right one, allowing major doctrinal shifts on federalism, property rights, and other areas to fizzle or fade."

New Agriculture Department General Counsel Profiled. The Legal Times (6/14, Schwartz) reports, "Washington is a town where who you know often matters more than what you know. That, at least, is what seems to matter in the appointment of Marc Kesselman as general counsel for the Department of Agriculture. … Kesselman, who was sworn in earlier this month, has little background in agriculture, but he comes from the Office of Management and Budget, where as associate general counsel he became intimately familiar with the maneuvering between federal agencies' legal offices. … 'I don't pretend to be an expert in veterinary medicine or in farming, but USDA has many experts in those fields,' says Kesselman, 34, who on occasion helped USDA lawyers draft regulations in his previous post." The Times adds, "His appointment comes at an important time for the agency, which will be a key player in the upcoming farm bill as well as in coordinating policy for avian flu and mad cow disease. … Before his move to the White House, Kesselman spent three years at the Justice Department, including a stint working under Viet Dinh in the Office of Legal Policy."

Leavitt Touts Welfare Reform Adjustments. The Washington Times (6/14, Wetzstein, 90K) reports that in a speech at the Heritage Foundation, Health and Human Services (HHS) Secretary Michael O. Leavitt said "the landmark 1996 welfare-reform law has done a lot to 'break the cycle of dependency' on public assistance, but it has 'unfinished business' in moving more people into self-sufficiency and stable, two-parent families." Leavitt said "more single mothers are working, child-support collections have nearly doubled and more than 1 million fewer children live in poverty." However, "welfare reform needed a midcourse correction, which was included in the Deficit Reduction Act of 2005, said Mr. Leavitt. States now are required to put at least half their welfare recipients into work or other productive activities, as well as renew efforts to discourage unwed childbearing and encourage two-parent families and healthy marriages."

Private Efforts To Combat Poverty, Hunger Examined. The Wall Street Journal (6/14, A1, Thurow, 2.11M) reports in a front page story on the Backpack Club at Douglas Elementary School in Tyler, Texas. Every Friday "during the school year, just before the final bell," about "70 schoolmates from low-income families rush into the auditorium and wait in line for backpacks filled with food. In the past year, thousands of other children have begun forming similar Friday afternoon lines in schools across 30 states, from big cities like Chicago, to postcard places like Sonoma County, Calif., to rural hamlets surrounded by corn and wheat fields like Hawkeye, Iowa." The backpacks "are an emergency fix to a problem that has defied solution, despite a rising economy and tens of billions of dollars of government spending on nutrition programs, including food stamps, school lunch and aid to mothers and young children." With "little appetite in Washington for costly new government-administered efforts to address poverty, all sorts of small-scale efforts are springing up: some privately funded, entrepreneurial efforts, others government-funded experiments. None are sufficiently large to cure poverty, nor do they pretend to such an ambitious goal. Instead, they are attempts to make life better for those who live in poverty or to test new approaches to a very old problem."

Medicare Overhaul Legislation Seen As Taking Shape. The Hill (6/14, Young) reports that "with several" of the Medicare program's "perennial problems due to resurface in 2007, many healthcare lobbyists say a drive in Congress for Medicare legislation is inevitable." The GOP leadership "in both chambers, not to mention the Bush administration, is said to be wary of opening the door to a wider debate on Medicare this year. A Medicare vehicle also would not enjoy the procedural protections against amendment that helped the leadership avoid such a debate during budget reconciliation last year." Although there is "widespread agreement that no measure will move until after the August congressional recess, speculation is rampant that the leadership may opt to take final action on a bill during a lame-duck session after the elections. Any Medicare legislation would create winners and losers, as lawmakers likely will look to offset billions of dollars of new spending with reductions in other areas of Medicare." The "biggest driver behind Congress's tackling Medicare this year, yet again, is a strong desire by many lawmakers to prevent a cut in Medicare's payments to physicians. On the other hand, the physician-payments provisions would be the most expensive to enact. The Congressional Budget Office has projected

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that even maintaining the current payment level for one year would cost about $10 billion."

House Appropriations Panel Votes To Increase Minimum Wage. The Wall Street Journal (6/14, Rogers, 2.11M) reports, "Breaking with its Republican leadership, the House Appropriations Committee approved a $2.10-an-hour increase in the minimum wage as part of a budget bill that adds $4 billion to President Bush's requests for domestic programs." The 32-27 vote "is certain to be challenged when the $596.5 billion measure comes to the House floor. But the seven Republican defections underscored the growing prominence of the wage issue going into the November elections."

House Accepts Pay Raise. The AP (6/14, Taylor) reports, "Despite record low approval ratings, House lawmakers Tuesday embraced a $3,300 pay raise that will increase their salaries to $168,500. The 2 percent cost-of-living raise would be the seventh straight for members of the House and Senate." Lawmakers "easily squelched a bid by Rep. Jim Matheson, D-Utah, to get a direct vote to block the COLA, which is automatically awarded unless lawmakers vote to block it." The New York Times (6/14, 1.19M) runs a similar AP story, while Roll Call (6/14, Yachnin) notes that "under a federal law enacted in 1989, Members automatically receive an annual cost-of-living adjustment unless legislation is passed to block the COLA from being implemented."

Murtha Suspending Bid For Majority Leader. CNN's The Situation Room (6/13, Blitzer) reported, "Congressman John Murtha is suspending his bid to become the House majority leader if Democrats win control of that chamber this fall. The House Minority Leader Nancy Pelosi announced Murtha's decision." Roll Call (6/14, Kornacki) says Pelosi "convinced the Pennsylvanian to set aside his effort until after the November elections. … 'I appreciate Mr. Murtha's continuing cooperation and leadership in our effort to win a Democratic House to take America in a new direction for everyone,' Pelosi said in a statement."

The Hill (6/14, Hearn) reports Murtha "echoed her sentiments. 'For the unity of the party and to focus on Democratic victory in November, I have suspended my campaign for majority leader until after the election,' he said in a statement."

McConnell Seen As Preparing For Senate Majority Leader. The Hill (6/14, Bolton) reports, "Senate Majority Whip Mitch McConnell's new hire of Don Stewart, one of the most admired communications strategists in the Senate, is one of several indications that the lawmaker is readying his expected takeover as majority leader next year." McConnell "is also closing the Senate at the end of legislative day and negotiating the unanimous-consent agreements needed to move business forward on the floor, aides say. He is working closely with colleagues facing reelection races to make sure amendments important to them politically are considered on the floor in the run-up to the November election." McConnell "has been trying to raise his visibility in the press, addressing what has been the chief criticism of his performance in the leadership: that he has not played a big enough role in communicating the Republican message and countering Democratic attacks."

Roll Call (6/14, Stanton, Billings) runs a similar report under the headline "McConnell Bides His Time," and says that "political observers predict that short of catastrophic GOP losses on Election Day, McConnell's ascension to the Majority Leader's chair this fall is a sure thing." McConnell, however, "has consistently rebuffed questions from reporters about the future and has issued strict instructions to his staff to maintain their focus on the day-to-day operations of the Senate, lawmakers and Senate aides say."

Mollohan Amends Financial Disclosures, Maintains Innocence. The AP (6/14, Messina) reports, "Answering allegations from a watchdog group that have spawned a federal investigation, U.S. Rep. Alan Mollohan said on Tuesday that he was correcting or amending 19 items on his financial disclosure reports dating to 2000. But the West Virginia Democrat said the 'relative handful of unintentional and immaterial mistakes' fail to amount to the more than 250 'misrepresentations and omissions' the group alleged he had made in the reports." Mollohan also released a letter from the accounting firm of Braund Eiler & Vasko, which "credited skyrocketing real estate values for the rapid growth" in his net worth.

The Charleston (WV) Gazette (6/14, Nyden) adds that Mollohan believes the National Legal and Policy Center "retaliated against him because, as the top Democrat on the House Ethics Committee last year, he blocked House Republican leaders from weakening existing ethics rules. The NLPC began looking at Mollohan in May 2005, just after

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he prevailed in a battle in the House Ethics Committee." The Washington Post (6/14, A6, Birnbaum, 744K) notes the federal probe began after NLPC, "a small, conservative research institute in Virginia, turned over 500 pages of documents to the FBI in March." Yesterday, "Mollohan strongly denied any wrongdoing," saying, "NLPC is dead wrong in implying that I have improperly benefited from my office."

The Wall Street Journal (6/14, A12, Wilke, 2.11M) reports, "The amendments answer some questions about his finances but raise others. For example, they reveal that the West Virginia Democrat borrowed $35,000 from a business partner who has won tens of millions of federal dollars directed by the congressman to the nonprofit groups she operates. Loans to lawmakers from political supporters and federal contractors are subject to special scrutiny under federal election-commission and House ethics rules."

The New York Times (6/14, Rudoren, Pilhofer, 1.19M) adds that Mollohan "is facing his most intense electoral challenge since he was first elected in 1982," but "in releasing the long-awaited financial report, Mr. Mollohan said it 'shows that government money has never been used' and 'no money has ever been diverted from the nonprofits' to his investments. He compared the National Legal and Policy Center…to Senator Joseph R. McCarthy for…refusing to release the 500-page complaint detailing the accusations."

Republican Challenger Belittles Mollohan Action. The Wheeling (WV) Intelligencer (6/14, King) reports Mollohan's Republican challenger, state Del. Chris Wakim, "released a statement in response to Mollohan's actions Tuesday." Wakim said, "This may be how career politicians do business in Washington, but it's not how we do business in West Virginia. Here in West Virginia, it doesn't take 200 pages to claim your innocence. Alan Mollohan's problem has nothing to do with forms. His problem is that he used his public office to enrich himself and his political cronies at the expense of the people he was elected to serve."

Clients Boosted Payments Of Lewis Aides' Former Firm. Roll Call (6/14, Kane) reports, "At least 33 former clients of a top GOP staffer on the House Appropriations Committee hiked the fees they paid to the aide's lobbying firm after he returned to Capitol Hill, providing his firm with more than $1.1 million in additional revenue in 2005." The "increased cash from the former clients of Jeff Shockey, deputy staff director of the panel, came largely from longtime clients who increased their payments dramatically in the first six months after his departure — which coincided with the time frame his former partners projected for increased revenue and led to a nearly $2 million buyout from the firm." Shockey's role "with the firm Copeland, Lowery, Jacquez, Denton & White and its connections to Appropriations Chairman Jerry Lewis (R-Calif.) are part of a burgeoning federal investigation into the lobbying-for-earmark industry that serves as the financial lifeline of many defense contractors and has expanded in recent years to include municipalities and localities across the country." This spike in revenue "from Shockey's former clients came after Copeland Lowery played an active role in financially underwriting Lewis' campaign for the Appropriations gavel."

Lewis Hires Outside Legal Team. CQ (6/13, Higa) reports House Appropriations Chairman Jerry Lewis, R-Calif., "has hired a team of outside lawyers and an experienced public relations hand to field inquiries about an ongoing federal investigation in southern California." Lewis' new spokeswoman, Barbara Comstock of Blank Rome Government Relations, "said Tuesday that the chairman has hired lawyers from the firm of Gibson, Dunn & Crutcher: Robert Bonner and former Rep. Mel Levine, R-Calif. (1983-1993), based in California, and Washington-based Ted Olson and Joe Warin."

Democratic Leaders To Unveil Domestic Agenda. USA Today (6/14, 2.31M) reports Democratic House and Senate leaders "are planning to reduce the cost of student loans and prescription drugs, raise the minimum wage and launch an effort to develop alternative fuels if they win back control of Congress." In an interview Tuesday with USA TODAY, House Minority Leader Nancy Pelosi "previewed the 'New Direction for America' platform hammered out by Democratic members of Congress, mayors and governors. She and Senate Minority Leader Harry Reid plan to formally unveil the plan today." Pelosi said, "The American people need to know, if you win, what are your priorities." Reid said the party is standing "with the people we have always stood with: seniors, students and the hardworking families of America. We intend to tackle the issues that matter most." USA adds Pelosi "discouraged comparisons with the Republican 'Contract With America,'" saying Democratic candidates "will be 'independent representatives for their districts,' a nod to the differing views within the party on issues such as abortion, gun control and Iraq."

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Report Alleges Misconduct By NIH Alzheimer's Researcher. A report by congressional investigators has found that a world-renowned Alzheimer's diseases researcher at NIH abused the agency's lax oversight to improperly forward tissue specimens to a pharmaceutical company and then accepting hundred of thousands of dollars in consulting fees form the company. The Washington Post (6/14, A6, Weiss, 744K) reports, "Trey Sunderland, chief of the geriatric psychiatry branch at the National Institute of Mental Health, failed to tell agency officials about his arrangement with the drug giant Pfizer Inc., as required by federal rules, the investigators concluded in a 27-page preliminary report released yesterday. Sunderland also did not properly disclose arrangements with another company, said the report, which found no wrongdoing by the drug companies."

The Los Angeles Times (6/14, Willman, 958K) reports, "The new details about the conduct of the scientist, Dr. P. Trey Sunderland III, drew bipartisan criticism from members of an investigative panel of the House Energy and Commerce Committee. The House members said Sunderland's conduct raised broad questions about how the NIH accounted for materials harvested from patients — materials that hold promise for finding cures or ways to better diagnose serious diseases. … The committee's senior Democrat, Rep. John D. Dingell of Michigan, said: 'NIH lacks adequate controls for human tissue samples, human subject protection and the scientific conduct of many of its senior employees. Accountability must be restored to NIH's own research programs.'"

The CBS Evening News (6/13, story 6, 2;15, Schieffer, 7.66M) reported this story last evening, noting, that "the committee found no evidence that the company had broken any NIH rules at the time or knew of any wrongdoing by Dr. Sunderland. He is expected to appear before the committee tomorrow and take the fifth."

Filner Curses VA "Spin Doctor" Over Data Theft Response. Roll Call (6/14, Akers) reports in its "Heard on the Hill" column, "Rep. Bob Filner (D-Calif.) was so fired up Tuesday over the Veterans' Affairs' handling of stolen military personnel files that he dropped the F-bomb at a news conference outside VA headquarters. After a VA 'spin doctor,' as Filner calls him, ran outside and accused the Congressman of staging a 'publicity stunt,' Filner, who has been filling in as ranking member on the House Veterans' Affairs Committee, let her rip. 'You guys f---ed it up!' the Congressman yelled. 'Stop covering your ass and figure it out!'" Filner "told HOH that he's furious with the VA for waiting three whole weeks before responding publicly to the burglary of a laptop containing 26.5 million military personnel members' personal records."

Bill Would Restrict Consumer Ability To Freeze Credit Reports. USA Today (6/14, Acohido, 2.31M) reports that the Financial Data Protection Act under consideration by Congress, would pre-empt "laws in 17 states that allow anyone to freeze their own credit and instead restricting the privilege to ID theft victims." A credit freeze "cuts off access to your credit history. … Under the bill, backed by the financial services industry, simply having your data lost or stolen isn't enough. You must file a police report describing a specific instance of it being used to commit a crime." USA Adds, "The bill also would pre-empt laws in 29 states requiring companies, institutions and agencies to notify individuals about security breaches compromising their data. It sets national criteria for data protection and breach disclosures, and puts banking and Treasury officials in charge of compliance."

Author Says Executive Privilege Not An Absolute Right. Author Louis Fisher writes in the Los Angeles Times (6/14, 958K), "The Justice Department told a federal judge Monday that a challenge to the National Security Agency's controversial domestic eavesdropping program must be thrown out of court because the secrets involved are just too sensitive. … This is not the first time the Justice Department has invoked what is known as the 'state secrets privilege.' … Each time, the courts have agreed to dismiss the proceedings simply because the Justice Department says that trying the cases would reveal state secrets." Fisher adds, "The executive branch may assert a right to keep its secrets, but this must not be viewed as an absolute right, only a privilege granted by the court when appropriate."

NYTimes Calls Obama's Proposed Deal With Automakers "Worthy New Idea." An editorial in the New York Times (6/14, 1.19M) says, "Companies like Ford and General Motors groan under the weight of their history, manifested in the legacy costs that are a result of decades of promises to support workers and provide them with health care in their old age." The Times adds, "In an

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ideal world, America would join the overwhelming majority of developed countries and hammer out some kind of national health care system. Failing such a sudden and unlikely onset of sanity, creative solutions are needed. Sen. Barack Obama has proposed striking a bargain with American automakers to help them with retiree health care costs in exchange for higher fuel efficiency standards. While we have some questions about how to make such a system work, it is at least a worthy new idea — one of a very few in a field desperately in need of them."

OTHER NEWS:

Sluggish Retail Sales May Indicate Slowing Economy. The Wall Street Journal (6/14, Conkey, 2.11M) reports, "Lukewarm retail sales last month suggest that higher gasoline prices and the weakening housing market are taking a toll on consumers and slowing the economy." The Commerce Department "said retail sales rose only 0.1% in May from the previous month, after growing 0.8% in April, as spending patterns took a turn toward thrift. Consumers spent more on filling up their gas tanks -- primarily because pump prices shot up -- but less on new vehicles." Overall, "retail sales in May were 7.6% higher than the year before. Excluding the volatile auto, gasoline and building-materials sectors, retail sales rose a sluggish 0.4% in May, the third consecutive month at that pace."

USA Today (6/14, Kirchhoff, 2.31M) reports, "Wholesale inflation was mixed in May as overall price pressures eased, but a special measure closely watched by economists ticked up faster than expected, the government said Tuesday." The reports "appear to bolster Federal Reserve Chairman Ben Bernanke's recent assessment that the economy is slowing from the breakneck pace of the first three months of the year, though not yet quickly enough to contain price pressures." Several economists "said the wholesale inflation data made it more likely that the central bank will decide to raise interest rates again when it meets June 28-29 in a bid to restrain price increases, though many are waiting for today's release of the government's consumer inflation numbers."

The New York Times (6/14, Peters, 1.19M) reports, "Higher prices at the manufacturing level helped push overall prices of wholesale goods higher in May, the Labor Department reported yesterday." While wholesale prices "declined in certain categories like produce, alcoholic beverages and automobiles, they rose elsewhere, resulting in a net price gain for the month." Over all, "the Producer Price Index rose 0.2 percent in May after posting sharper increases in April and March. But the so-called core rate, which excludes food and energy prices, rose 0.3 percent, compared with 0.1 percent increases the previous two months. That surprised economists, who were expecting a rise of 0.2 percent."

Rise In Foreign Official Holdings Seen As Presaging Recession. In a New York Times op-ed (6/14), Brookings Institution guest scholar Martin Mayer says, "Recent large increases in foreign official holdings indicate that foreign private investors see fewer attractive places to put their money in the American economy. They could presage a significant fall in the price of American assets, stocks (witness the recent drops in American stock markets) and bonds and real estate and all, and a hard landing for a world economy still floating on the crest of cheap credit."

Stock Markets Continue Losing Trend. The CBS Evening News (6/13, story 7, 0:20, Schieffer, 7.66M) reported, "Those nagging worries about a return of inflation sent stock prices lower today. The Dow fell 86 points [to close at 10,706.14]. The NASDAQ lost nearly 19 [to close at 2,072.47]."

NBC Nightly News (6/13, story 9, 0:30, Williams, 9.87M) reported, "A bit of a negative benchmark on Wall Street today. Stocks continued their sell off with the blue chips finishing in negative territory for the year for the first time this year."

USA Today (6/14, Krantz, 2.31M) reports stocks "and commodities tumbled worldwide Tuesday as investors grew increasingly concerned that rising interest rates could hurt global economies and crimp demand for everything from industrial materials to precious metals."

The Wall Street Journal (6/14, Whitehouse, 2.11M) reports, "Global stock and commodity prices tumbled again, extending a rout that appears to defy -- but may simply highlight -- the strong pace of economic growth in much of the world." In Japan, "the world's second-largest economy, the Nikkei Stock Average shed 614.41, or 4.1%, to close at 14218.60, and other markets were down sharply." Gold, "which often moves in the opposite direction to stocks, also lost ground. The price of a troy ounce, which had recently crossed the $700 mark, dropped $44.30, or 7.3%, to close at $562.50, and the price of silver fell 13%." Many economists "now think the broad reversal in the prices of stocks, bonds and commodities like gold and silver is less a warning signal

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of an economic downturn than a consequence of the ratcheting up of interest rates by the world's central banks."

Indexes Based On Fundamental Measures Said To Outperform Capitalization-Weighted Indexes. In a Wall Street Journal op-ed (6/14), Jeremy Siegel, the Russell E. Palmer Professor of Finance at Wharton, says, "New research demonstrates that it is possible to construct broad-based indexes offering investors better returns and lower volatility than capitalization-weighted indexes" such as the S&P 500. These indexes "are weighted by fundamental measures of firm value, such as sales or dividends, instead of allowing the market price alone to dictate how much of each firm should be included in the index." If you "are a fan of indexing, as I and so many other investors are, you are no longer trapped in capitalization-weighted indexes which overweight overvalued stocks and underweight undervalued stocks. Devotees of value investing who are searching for a simple, low-cost indexed portfolio in which to hold their stocks need wait no longer. Fundamentally weighted indexes are the next wave of investing."

Globalization Of Finance Generates New Risks. In his Washington Post (6/14, A23, 744K), Robert Samuelson says, "Spoiled by years of cheap credit, global investors seem to be reacting to the prospect of higher interest rates by fleeing stock markets almost everywhere. There is danger of a broader financial and economic setback." The "riskiest and most mysterious aspect of the present situation is the increasingly global nature of investment capital. Once, capital was largely compartmentalized by nation. Americans saved and invested in the United States; Germans saved and invested in Germany. This world is disappearing. It is now routine for pension funds, mutual funds and many wealthy investors to move money in and out of American, European, Asian and Latin American stocks and bonds." In theory, "liberalization benefits everyone." But global finance "has created new risks. At least two stand out. First, huge trade imbalances." Second, "worldwide financial crises. Global investors may move in herds, first pouring money into some countries -- or investments -- and then withdrawing abruptly. That's what happened in the 1997-98 Asian financial crisis."

Former Reagan Navy Secretary Wins Virginia Democratic Senate Primary. The AP (6/14, Lewis) reports, "James Webb, a former Reagan administration Navy secretary who left the Republican Party over the Iraq war, won the Democratic nomination Tuesday for the right to take on GOP Sen. George Allen in the fall." Webb "defeated lobbyist and longtime Democratic Party activist Harris Miller after a bruising primary in which voters decided between a traditional and unabashed liberal (Miller) and a former Republican (Webb) whose populist campaign was aimed at so-called Reagan Democrats -- namely, rural, white moderates." The AP adds, "With all but one precinct reporting, Webb had 83,156 votes, or 53.5 percent, compared with 72,352 votes, or 46.5 percent, for Miller."

The Washington Times (6/14, McLaughlin, 90K) reports, "Last night, Mr. Webb told supporters gathered at the Hilton Crystal City Hotel at Ronald Reagan Washington National Airport that voters want someone who is not going to follow the Bush administration 'blindly' like Mr. Allen." Said Webb, "I stand here today because you believed in a vision, not just my vision, a vision for this country. … Many of you called on me months ago because you wanted a leader to carry that vision to Washington. ... Too much was at stake, and the time had come to bring this country on a different course. That is a call I am glad I answered."

The New York Times (6/14, Kornblut, 1.19M) notes Webb "had campaigned against Mr. Miller for his liberal spending on the race, at one point distributing fliers that showed Mr. Miller with money flowing from his pockets and a hooked nose. Mr. Miller, who is Jewish, denounced the image as anti-Semitic; Mr. Webb denied intending a slur." Sen. Charles E. Schumer, "the head of the Democratic Senatorial Campaign Committee and a champion of Mr. Webb's, credited his independent streak and his aggressive campaigning for the victory. … Mr. Schumer said that with Mr. Webb's victory, he expected the Virginia race to become more competitive and to put the balance of the Senate into play."

The Washington Post (6/14, A1, Shear, 744K) reports, "Webb now faces the challenge of raising millions of dollars in an attempt to oust Allen, a popular ex-governor who is considering a bid for the presidency in 2008. Allen has more than $7.5 million in the bank and a long history of winning in a state that usually votes for Republicans in federal contests." Allen's campaign manager, Dick Wadhams, "said the Republicans look forward to running against a 'very fractured, divided Democratic Party' and 'having John Kerry…campaign with Mr. Webb.'" Kerry backed Webb in the primary.

In an analysis piece titled "Webb Will Try To Turn Past GOP Loyalty Into Advantage," the Washington Post (6/14, A1, Barnes, 744K) notes Webb "cast his first vote for a

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Democratic presidential candidate only two years ago made." Last night he make it "clear that, in the fall, he will try to turn to his advantage the positions and past alliances that dogged his primary campaign this spring." He "supported Allen and George W. Bush in 2000. He's proud of Ronald Reagan -- he was a prominent member of the administration -- and couldn't abide Jimmy Carter or Bill Clinton. He has questioned affirmative action and supports gun owners." But "he also thinks that the war in Iraq was a mistake and that Congress is overwhelmed by special interests and doesn't do enough for the little guy. In all of these ways, he thinks he's like most Virginians."

Liberal Jeers For Clinton Over Iraq Stance Seen As Revealing Deep Democratic Split. The Hill (6/14, Schor) reports, "Angry boos greeted Sen. Hillary Rodham Clinton (D-N.Y.) at a liberal conference yesterday when she opposed fixing a date for withdrawing American forces from Iraq. The sour audience response, at the Campaign for America's Future conference, hints at the 2008 presidential front-runner's shaky standing with anti-war Democrats, who wield increasing power in the party." Clinton's speech "packed the room with a crowd billed as the nation's largest gathering of progressives."

The story is being depicted a signaling a split in Democratic ranks. The AP (6/14, Barrett) notes another "potential presidential candidate," Sen. John Kerry, "spoke to the group later in the day and offered an emphatically anti-war appeal. … In remarks that could have been aimed at Clinton, Kerry said: 'It's not enough to argue with the logistics or to argue about the details. ... It is essential to acknowledge that the war itself was a mistake. ... It was wrong, and I was wrong to vote for that Iraqi war resolution.'"

The New York Times (6/14, Nagourney, Toner, 1.19M) runs a similar report under the headline "Clinton And Kerry Show Democratic Divide On Troop Withdrawal," in which it reports Clinton "faced boos and shouts of 'bring them home' from an audience of liberal Democrats,"

The Washington Post (6/14, A10, Balz, 744K) also says Clinton's and Kerry's appearances at the Take Back America conference at the Washington Hilton "put on vivid display the Democratic Party's divisions over the foreign policy issue that dominates this year's midterm elections, and the two possible 2008 presidential candidates offered a preview of the debate that could dominate the battle for the party's nomination." Clinton "won repeated applause through most of her speech, which dealt at length with domestic issues but also sharply criticized President Bush's handling of the war." But "the audience turned against her when, in what she called a difficult conversation, she restated her long-standing position about timetables for withdrawing US forces."

In its report, Knight Ridder (6/14, Kuhnhenn) says, "The Democratic Party's split over the Iraq war cracked into view." The "intra-party division has haunted Democrats from the start of the war and bedeviled Kerry during his 2004 presidential run. The lack of a harmonizing party message comes as public opposition to the war has been strong and congressional elections are about five months away."

The Washington Times (6/14, Pfeiffer, Hoover, 90K) reports House Minority Leader Nancy Pelosi also addressed the gathering. Said Pelosi, "Have you had enough of a war that is failing to make America secure?"

The San Francisco Chronicle (6/14, Sandalow) reports, "Democrats have put aside many differences in their common yearning to gain seats in the 2006 midterm congressional elections. Yet when it comes to the war that has polarized the nation, and by some accounts is shaping up as the biggest issue in the November election, Democrats are struggling to speak with a single voice."

Clinton Tries To Refocus Debate On Abortion. In a speech to the National Family Planning and Reproductive Health Association yesterday, Sen. Hillary Clinton tried to shift the abortion debate to the subject of access of to family planning services, The New York Times (6/14, Hernandez, 1.19M) reports that Clinton said the nation's focus "should be on preventing unwanted pregnancies." The Times says Clinton's remarks "reflect the degree to which Democrats around the country are trying to find a middle ground on the polarizing issue of abortion rights since their party's defeats in the November 2004 elections." The Times also reports the Clinton "also used her speech to take a jab at Republicans who, while adamantly opposed to abortion rights, have resisted efforts to pay for programs providing greater access to contraception and other family planning services."

Rove Seeks To Draw Clear Distinctions Between GOP, Democrats. The Manchester Union Leader (6/14, Distaso, 59K) reports, "When he sharply accused key Democrats this week of 'cutting and running' on the Iraq war, Karl Rove was in a broad way urging New

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Hampshire Republicans to stand by President George W. Bush during this key mid-term election campaign." Democrats argue Bush's low approval ratings make the GOP vulnerable, but Rove "returned to basics on Monday, verbally drawing a clear bright line between the two parties in trying to rally the faithful." Speaking at the NH GOP State Committee's annual dinner "Rove focused on taxes, spending and national security." Rove "sharpened the differences between the two parties with vintage 'red meat' rhetoric" saying "They're for higher taxes. We're for lower taxes. … They're for more spending. We're for less spending." The DNC "said Rove and the Republicans 'are recycling their tired and despicable partisan attacks' and have no 'real solutions.'"

Mehlman Says Public Understands Administration Tackling Tough Issues. RNC Chairman Ken Mehlman, in an interview on Comedy Central's The Daily Show With John Stewart (6/13), was asked what the GOP strategy for 2006 would include. Mehlman said that he's seen DNC chairman Howard Dean promoting his GOTV leaflet strategy and "I think our strategy is to get him to go to every undecided voter in America with those cards. That's how we can do it." Asked whether Republican candidates would "run away" from the Administration's record, Mehlman replied, "I think the American people understand we are dealing with tough challenges and dealing with a tough war, dealing with a global economy which makes people worry about things like their pensions and healthcare."

Resnick Says GOP Must Reach Out To Independents. Sarah Chamberlain Resnick, executive director of the Republican Main Street Partnership, writes in the Washington Post (6/14, A23, 744K) that the GOP majorities in the House and Senate "do not rest on the base alone. While keeping that segment of the party motivated is certainly an important factor in the November midterms, it isn't enough. To maintain our majorities, particularly in the House, our party must reach out to independent and swing voters." Resnick adds, "The Republican Revolution was a two-pronged effort relying on both a motivated conservative base and efforts to reach out to independent swing voters. To maintain that majority in 2006, we'd do well to remember the lessons of 1994."

Laura Bush Campaigns With Kean In New Jersey. The New York Times (6/14, Chen, 1.19M) reports Vice President Dick Cheney's campaign stop for New Jersey state Sen. Thomas H. Kean Jr. "did not go according to plan." Kean "was late after taking the usually traffic-clogged Route 1 from Trenton rather than the speedier New Jersey Turnpike, prompting speculation that he did not want to be photographed with Mr. Cheney." But yesterday, when "a far more popular administration figure — Laura Bush, the first lady — arrived here on Tuesday for a fund-raiser for Mr. Kean's candidacy for the United States Senate, everything appeared to run smoothly." Kean and Mrs. Bush "appeared on stage together, under a big, white tent just a few miles from the Shore, and Mr. Kean delivered, almost verbatim, the same speech from his primary night celebration a week ago." The "fact that Mrs. Bush came to support Mr. Kean so early in the election season is the latest indication of how optimistic the national Republican Party is that it can put a New Jersey Republican in the Senate for the first time in three decades."

DeLay Recorded Phone Message For VA8 Primary Candidate. The Washington Post (6/14, A12, Gowen, 744K) reports that Virginia's 8th Congressional District GOP candidate Mark Ellmore's campaign received some last minute help from former Rep. Tom DeLay, who recently took up official residence in the district. Ellmore, "who lost to Tom O'Donoghue in the GOP primary to face Rep. James P. Moran Jr. (D) in November, called DeLay's office Monday morning. DeLay's staff members set up an automated call from their boss that went to 8,000 voters in the district -- which includes Alexandria, Arlington County and part of Fairfax County -- urging them to the polls to support Ellmore. Problem was, in the intro, DeLay said 'Northern California' instead of 'Northern Virginia.'"

Roll Call (6/14, Akers) reports in its "Heard on the Hill" column, "DeLay began his message by saying, 'Hello, this is Tom DeLay.' He mentioned that as Majority Leader, he 'battled Jim Moran in Congress for 14 years.' Then, for some reason, he continued, 'I recently re-registered to vote in Northern California.' … Clearly, or so we assume, DeLay meant to say that he recently re-registered to vote in Northern Virginia. Though we just can't help but wonder if perhaps he was dreaming of the day that hippy dippy Marin County takes a hard turn to the right."

Giuliani Outlines Energy Strategy. The AP (6/14, Fouhy) reports, "Stepping up his political visibility as he contemplates a run for president, former Mayor Rudolph Giuliani laid out an energy strategy Tuesday that calls for more use of nuclear power and ethanol." Speaking to the

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Manhattan Institute, Giuliani "called for a comprehensive effort to wean the nation from petroleum. The New York Times (6/14, Healy, 1.19M) says that while Giuliani "did not criticize Mr. Bush by name, and some of his ideas reflected Republican orthodoxy about increasing energy supply," he "implicitly accused the White House of doing little to expand energy sources. Afterward, too, he expressed concern about global warming, saying that 'everyone accepts the fact that it's happening and it has an impact.'"

Gore Says He Has No Plans To Run Again. Former Vice President Al Gore was asked on CNN's Larry King Live (6/13) if he has thought about entering the 2008 presidential race. Gore said, "I don't have plans to be a candidate again. I haven't made the so-called Sherman statement but that's not to leave the door open. It's more sort of an internal shifting of the gears. I really don't expect to be a candidate again." Gore added that "if you were a political reporter and you went to Iowa and New Hampshire, anywhere else in the country, you would look in vain for anyone who had been contacted by me or anyone on my behalf. I'm really not taking any steps. I have no intention, no plans to do that again."

Hayworth Invitation Calls Quayle 44th US President. The Washington Post (6/14, C3, Argetsinger, Roberts, 744K) reports in its "The Reliable Source" column, "A recent e-mail from Rep. J.D. Hayworth 's reelection campaign invited supporters to join the Arizona Republican, his wife and 'The Honorable Dan Quayle , 44th President of the United States.'" Quayle "was actually the 44th vice president, but a typo dropped the 'vice' and started a buzz among startled GOPers who thought Quayle wanted to be the next -- that would be 44th -- president." The Post adds, "A correction was quickly issued; at press time, the only heart-pounding element at the June 24 event will be the coffee."

States Said To Have Financial Incentive To Encourage Adoption. NBC Nightly News (6/13, story 8, 2:20, Williams, 9.87M) reported, "Congress passed a law almost 10 years ago that gives states bonuses based on the number of kids moved from foster care into adoptive homes. Now, some child welfare experts are saying the bonuses are leading some children to be put at risk." NBC (Thompson) added, "Why would a state pressure welfare workers to force adoptions? One reason may be money. States can earn Federal bonuses for keeping adoption numbers high, and in Kentucky, workers can even get extra vacation." An NBC News computer analysis "shows adoptions have risen dramatically nationwide. In Kentucky, they've tripled in six years while those Federal bonuses have grown to more than a million dollars. At the same time, the number of kids returned to their parents, often the best solution, has dropped sharply. States don't get bonuses for that."

States Consider Privatizing Parts Of Interstate Highway System. A front page story in the Washington Post (6/14, A1, Goldstein, 744K) reports that the state of Indiana "is about to turn over its entire toll road for the next 75 years to two foreign companies, making it more expensive to drive. The decision to hand the Indiana Toll Road to an Australian and Spanish team for $3.8 billion at the end of this month has blown up into one of the biggest brawls here in a generation." The decision "places Indiana at the leading edge of a nascent trend in which states and local governments are exploring the idea of privatizing parts of the United States' prized interstate highway system."

Israel Kills Terrorists, Civilians In Gaza Strike. The New York Times (6/14, Erlanger, Fisher, 1.19M) reports, "Eight Palestinian civilians were killed and more than 40 wounded Tuesday by an Israeli missile strike on Islamic militants riding in a van that Israeli officials said was carrying rockets to launch at Israel. Two men in the van were also killed, including a man the Israelis consider an important rocket maker." The Times says the civilian deaths "are bound to make it harder for" Palestinian President Mahmoud Abbas "and the United States to persuade Hamas…to recognize the right of Israel to exist, to forswear violence and to accept previous Palestinian-Israeli agreements... Mr. Abbas will also find it more difficult to get Hamas to accept a referendum proposal that would at least implicitly recognize Israel."

The Washington Post (6/14, A19, Wilson, 744K) calls the strike "the deadliest such attack this year," and notes, "The armed confrontation between Israel and the Palestinian militias…has coincided with a worsening internal conflict among the Palestinian parties. Deep partisan divisions within the security services have split its more than 70,000 members into rival camps, a combustible situation made worse by delays of more than three months in payment of salaries because of economic sanctions."

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The Christian Science Monitor (6/14, Prusher, 61K) reports, "The cross-border arms volley -- as well as worsening strife among Palestinians -- has gained a deadly momentum since late last week, setting up a dynamic that may put prospects for dialogue among all the parties further out of reach."

Israel Says Palestinian Explosive Was Responsible For Gaza Beach Deaths. ABC World News Tonight (6/13, story 4, :20, Gibson, 8.78M) reported, "Israel contends it was not responsible for the beach explosion that killed Palestinians last week. Palestinians have blamed an artillery shelling. But Israel says its investigation found an explosive buried in the sand was responsible. It says an analysis of the shrapnel found the Israelis were not involved. Palestinians dismiss the Israeli claim."

LATimes Says Palestinian Conflict Endangers US Efforts In Iraq. An editorial in the Los Angeles Times (6/14, 958K) says "bad news from the West Bank and Gaza -- the site of the proposed Palestinian state that he envisions existing alongside Israel -- is also bad news for the US mission in Iraq." The Palestinian cause "has been embraced -- sometimes sincerely, sometimes cynically -- by millions of Arabs and Muslims. A bloodbath in the West Bank and Gaza -- even a fratricidal one -- would have ominous echoes for the United States elsewhere, including Iran and, yes, Iraq."

Four Chinese Companies Sanctioned For Aiding Iran. The Treasury Department has sanctioned four Chinese companies saying they had aided Iran's ballistic missile programs. The Wall Street Journal (6/14, Solomon, 2.11M) reports, "The US moves underscore the complexities Washington faces as it seeks to contain Iran. … The four Chinese state-owned companies are Beijing Alite Technologies Co., LIMMT Economic and Trade Co., China National Precision Machinery Import/Export Corp., and China Great Wall Industry Corp., or CGWIC. The US also cited CGWIC's Torrance, Calif., U.S. subsidiary, G.W. Aerospace Inc. The Treasury froze the companies' US assets, and barred US companies, banks and individuals from doing business with them."

Democrats Say Bush Focus On Iran Is Political Ploy. The Hill (6/14, Tiron) reports that some Democrats believe the White House's recent focus on Iran "is a political ploy aimed at boosting the President's low approval ratings." Democrats "point out that the Iran situation could be a win-win for Bush. If he brokers a deal Bush can claim victory, and if it falls apart it would set up an opportunity for the President to talk about homeland security and terrorism in the lead-up to the election. While Democrats are quick to point out that keeping nuclear weapons out of Iran's hands is extremely important, some of them say that politics are playing a significant role in the administration's foreign-policy initiative."

Pew Poll Shows US Global Image Weakening. The New York Times (6/14, Knowlton, 1.19M) reports a 15-nation Pew Research Center poll showing that, "as the war in Iraq continues for a fourth year, the global image of America has slipped further, even among people in some countries closely allied with the United States." The prevalence of positive views of the US declined sharply in the past year in Spain, India, Russia, Turkey and Indonesia. "Declines were less steep in France, Germany and Jordan, while people in China and Pakistan had a slightly more favorable image of the United States this year than last. In Britain, Washington's closest ally in the Iraq war, positive views of America have remained in the mid-50-percent range in the past two years, down sharply from 75 percent in 2002, before the war." Respondents in 13 of the 15 nations said the war in Iraq was a greater danger to security than Iran's nuclear program.

US Seen As "Quietly Beginning To Accept" ICC. The Wall Street Journal (6/14, Bravin, 2.11M) reports Washington "is quietly beginning to accept the International Criminal Court, the Hague tribunal that President Bush repudiated in 2002, as the White House seeks to temper criticism that it considers itself unbound by international law. That new approach will be on display today, when the ICC's chief prosecutor reports to the United Nations Security Council on his investigation into alleged war crimes in Darfur." The US is said to "consider the ICC perhaps the only chance to bring Darfur war criminals to justice."

US Military Violated Irish Law By Transporting Convicted Marine Through Airport. The AP (6/14, Pogatchnik) reports, "The U.S. military violated Irish law by transporting a convicted U.S. Marine through Shannon Airport without government permission, Foreign Minister Dermot Ahern announced Tuesday." The AP continues, "The episode – discovered when a cleaner spotted the man, in handcuffs and military fatigues, on the plane at the airport – underscored Irish

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suspicions that the U.S. military also could be ferrying munitions and terrorism suspects through this officially neutral nation." The AP adds, "U.S. Ambassador James Kenny confirmed that a U.S. Marine, who had been convicted of stealing by a U.S. military tribunal in Kuwait, was being transported Sunday under guard on a Defense Department-chartered aircraft. He said the military should have sought written permission from Ireland's Justice Department to bring the convict into Irish airspace but failed to do so. … 'We regret that this incident happened and are reviewing procedures closely with Irish authorities to ensure that this does not happen again,' said Kenny, who pledged that all future U.S. military and chartered troop transports refueling in Shannon would be 'completely transparent and in conformity with Irish law and the wishes of the Irish government.'" The AP notes that Ahern "said the legal breach was particularly sensitive because of widespread suspicions that the Central Intelligence Agency was using Shannon – a strategically located, trans-Atlantic refueling point – for transporting al-Qaeda and Taliban suspects. Both the Irish and U.S. governments have denied this. … Ireland's practice of permitting U.S. military troop carriers bound for Iraq to refuel at Shannon has been deeply controversial. This is the first time, however, that the government has formally accused U.S. authorities of overstepping the limits of Irish neutrality."

GAO Report Says US Is Unprepared For Venezuelan Oil Ban. A congressional investigation has found that a Venezuelan embargo on oil exports to the US would cause an immediate 15% surge in world oil prices. The Financial Times (6/14, Webb-Vidal) reports that the GAO study, "obtained by the Financial Times before its release this month, warns that the US is inadequately prepared for a potential loss of oil from Venezuela. The investigation was requested 18 months ago by Senator Richard Lugar, Republican chairman of the Senate foreign relations committee, reflecting growing concerns about the reliability of Venezuelan oil supplies."

The Wall Street Journal (6/14, Luhnow, 2.11M) also reports on the GAO study. According to the Journal, "The report tries to measure how vulnerable the US is to both short-term and longer-term disruptions in the flow from Venezuela, where President Hugo Chávez has been a vociferous critic of US policy. It calculates, for instance, that a six-month stoppage of Venezuelan output would lead to a short-term price spike of $11 a barrel of oil and cost the US economy some $23 billion. Such a stark turn is unlikely, however, because Mr. Chávez relies on the US as his biggest buyer of oil and needs the revenue to fund half his government's populist agenda."

Oil-Producing Countries Using Leverage Over Consuming Nations. The Wall Street Journal (6/14, Bahree, Cummins, 2.11M) reports that there is an "enduring shift in the balance of power between the fuel-guzzling West and oil-rich developing countries." The West's "mutual dependency is unraveling and a new order is taking shape, turning the tables on America, its allies and other big energy consumers. Major exporting nations have concluded that they have more leverage than ever before over consuming countries."

Canadian Conservative Draws Comparisons To Chavez. The New York Times (6/14, Austen, 1.19M) reports that Danny Williams, a member of the Conservative Party of Canada, "is being compared to a self-proclaimed revolutionary, the Venezuelan president, Hugo Chávez. … Since walking out on talks with a group led by Exxon Mobil and the Canadian subsidiary of Chevron over the development of the Hebron oil field this spring, Mr. Williams has never been more popular, at least at home. And he has since bolstered that gain by threatening to propose a new law that would revoke the lease on the property that has been held by the oil consortium for more than two decades." Williams' "battle with some of the world's largest oil companies over a last major offshore reserve has led critics to label him a revolutionary — kind of a North American version of Mr. Chávez."

Bush To Take Koizumi On Tour Of Graceland. USA Today (6/14, Dorell, 2.31M) reports that will take Japanese Prime Minister Junichiro Koizumi on a guided tour through Graceland during Koizumi's lat official US visit. Koizumi "will get to visit the home and final resting place of the King on June 30, a day after he and Bush discuss human rights and the US-Japanese alliance, the Japanese Embassy said." The visit ""will be the first visit by any sitting president or world leader, said Jack Soden, chief executive of Elvis Presley Enterprises, which manages the estate."

The Washington Post (6/14, C3, Argetsinger, Roberts, 744K) reports in its "The Reliable Source" column, "The trip had to have been Koizumi's idea. The 64-year-old PM is well known as the most serious Elvis disciple of today's world leaders. He shares a birthday (Jan. 8) with the rock icon, and

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his brother once ran the Presley fan club's Yokohama chapter. In 1987, he was one of the key players in erecting a bronze statue of Presley in Tokyo. He's sung Elvis tunes poolside at Bush's Crawford ranch and dazzled Condi Rice with his knowledge of Elvis trivia at a G8 dinner."

Somali Militias Seek To Reassure Western Leaders. The Washington Post (6/14, A17, Timberg, 744K) reports, "The Islamic militias that took over the capital of Somalia last week are seeking to solidify their rule while reassuring Western leaders that they do not intend to impose an extremist, Taliban-style government on that battered East African country, diplomats, analysts and militia officials say. … This contrasts starkly with initial reports that the loosely organized militias are dominated by religious fundamentalists bent on delivering a purist vision of Islamic law, including the banning of certain films, the chopping off of robbers' hands and the public execution of murderers."

US Sends Conciliatory Signals To Somalia. The Christian Science Monitor (6/14, LaFranchi, 61K) reports that the US on Thursday "will initiate a 'Somalia contact group' of interested countries and organizations to begin deliberating on how the international community can help stabilize what experts consider to be a 'failed state.'" The US "is sending out conciliatory signals to the Islamic Courts Union, which vows to turn Somalia into a religious state under sharia law. In addition to setting up the international contact group, the State Department is issuing cautious, open-minded statements toward the advancing Islamists. The tone suggests a carefully revised US position on Somalia, analysts say."

Before US Visit, Uribe Orders Investigations Into Police Scandal. The Washington Times (6/14, Salisbury, 90K) reports that as newly elected Colombian President Alvaro Uribe prepares to meet with President Bush at the White House today, an "explosive new scandal has placed the Colombian military under unusual pressure." Before leaving Colombia for the US, Uribe "ordered investigations into reputed extrajudicial executions by government troops and the possibility of illegal 'paramilitary' and drug-trafficking infiltration of the Colombian army, the Colombian presidential intelligence service, and the Colombian national police."

Meyerson Calls Proposed Colombia Trade Agreement "Ridiculous." Harold Meyerson writes in the Washington Post (6/14, A23, 744K) that the Administration's proposed trade agreement with the government of Colombia is "ridiculous." Colombia's million-member union movement functions "is no fan of the proposed trade accord, which it fears will allow US agribusiness to undercut Colombia's non-drug-related agricultural economy while doing nothing about the nation's abysmal standards of worker rights. For the average Colombian, the trade agreement would add insult to what is all too often deadly injury."

Senate Measure Would Establish Permanent Trade Relations With Vietnam. In its "Washington Wire" column on its web site, the Wall Street Journal (6/13, 2.11M) reported, "A bipartisan group of senators, led by Montana Democrat Max Baucus and Oregon Republican Gordon Smith, are launching a drive to waive Cold War-era restrictions that limit trade with Vietnam. Legislation backed by the senators would establish permanent trade relations between the US and Vietnam, ensuring Vietnam is accorded the same basic US trade benefits as all other members of the World Trade Organization."

UN Preparing For New Peacekeeping Mission In East Timor. The AP (6/14) reports that UN Secretary General Kofi Annan yesterday said he would send a team to East Timor. Annan said the team would "prepare for the return of United Nations peacekeepers," but he "warned that a new mission would need at least six more months to set up." The AP adds that Annan "also bluntly suggested that the Security Council had scaled down the previous United Nations peacekeeping mission in East Timor too quickly. That, he said, was partly responsible for new violence that has killed more than 30 people in the last month."

The Washington Post (6/14, A18, Lynch, 744K) reports, "The new UN mission would replace an Australian-led multinational force of about 2,700 troops that intervened in East Timor last month to quell fighting between military factions, which threatened the stability of the world's youngest independent nation. A senior UN envoy, Ian Martin, told reporters that the mission would provide law and order primarily in Dili, the capital, in advance of East Timor's May 2007 presidential and legislative elections."

Agencies Paying Millions In AIDS Incentives. The Washington Times (6/14, Palmer, 90K) reports, "Across the impoverished continent, aid agencies are doling out millions of dollars on 'allowance' fees and per diems,

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financial incentives for people in countries hard hit by the AIDS epidemic to attend meetings and seminars to learn how to prevent it. Although widely practiced, the custom is rarely talked about: Donors would likely be shocked if they knew their dollars were the only thing that can lure to AIDS seminars the very people who should be most interested in promoting development and battling the disease."

NYTimes Researcher's Trial In China To Begin This Week. The New York Times (6/14, Lague, 1.19M) reports that the trial of a New York Times researcher who is accused of disclosing state secrets and fraud will begin In Beijing Friday. The researcher, Zhao "has been in custody for 22 months without appearing in court. … The accusation that he disclosed state secrets arose from a September 2004 article published in The Times that reported that a former president, Jiang Zemin, had offered to resign his post as head of the military, according to the indictment. The article prompted a high-level leak investigation by the governing Communist Party. Mr. Jiang resigned two weeks later. Mr. Zhao denies the charges. The Times also denies that Mr. Zhao disclosed state secrets."

Power Restored To US Mission In Cuba. Electricity has been restored to the US mission in Cuba. The AP (6/14, Snow) reports that the power was restored "after Washington accused Fidel Castro's government of deliberately cutting off the building's power. Cuba denied the charge." On Monday, US officials "accused Cuba of harassing the American mission by deliberately cutting off power and reducing the water supply." The Washington Times (6/14, 90K) also runs the AP story this morning.

Russian Law Enforcement Agencies Said To Be Acting To Enrich Corrupt Officials. The New York Times (6/14, Myers, 1.19M) reports, "On March 29, agents of the Interior Ministry seized 167,500 mobile phones that Motorola had shipped into Sheremetyevo Airport in Moscow, dragging the company into the Kafkaesque world where Russian justice intersects with business." The Times adds, "With a shadowy economy, a growing bureaucracy and a capricious embrace of law, Russia has long been a maddening place for businesses to operate, a developing market that is at once lucrative and full of risks. But the experience of Motorola has highlighted what executives, analysts and even some pro-government lawmakers in a largely pliant Parliament say is a worrisome trend: law enforcement agencies are not only taking sides in commercial disputes, but also precipitating them to enrich corrupt officials and their intermediaries."

Humanitarian Funding For Darfur Running Low. The CBS Evening News (6/13, story 9, 4:20, Schieffer, 7.66M) reported that in Darfur, "three years ago, open warfare broke out when ethnic African farmers rose up against the Arab-led government, which responded by unleashing these nomad Arab militias. Since then, at least 180,000 people have died and 2 million have been driven from their homes." CBS (Logan) added, "This overstretched clinic itself may not survive. It's one of only two medical facilities serving more than 40,000 people here in Zam Zam Camp in North Darfur. But it's being forced to close in two weeks because it's run out of money. There was no shortage of funding when the crisis in Darfur began three years ago with fighting between local rebels and the government of Sudan allied with Arab militias. With whole villages abandoned as people fled the fighting, foreign aid money came pouring into camps like this. Today, these people's needs are still great, but international interest and donations are fading. There are 20,000 people living here, but that's just a tiny fraction of the two million people in Darfur who have been forced out of their homes and live in camps like this, where, as you can see, there's little or no protection from the harsh desert climate, and they rely entirely on aid for their survival. That aid comes primarily from organizations like the International Rescue Committee, which runs projects across Darfur. But they can't reach everyone."

ElBaradei Lauds US-India Deal, Touts Disarmament. In an op-ed in today's Washington Post (6/14, A23, 744K), IAEA Director-General and Nobel laureate Mohamed ElBaradei suggests "new approaches in a number of areas" to improve the international nonproliferation regime. Nations with nuclear weapons should "recommit" to disarmament, and must "tighten controls" on nuclear fuel that might include an IAEA-run nuclear fuel bank for civilian reactor operators." ElBaradei continues, "However fervently we might wish it," Israel, India and Pakistan, which "remain outside the NPT," are not "likely to give up [their] nuclear weapons or the nuclear weapons option outside of a global or regional arms control framework. Our traditional strategy -- of treating such states as outsiders -- is no longer a realistic method of bringing these last few countries into the fold." The U.S.-India nuclear cooperation agreement "is a creative

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break with the past that, handled properly, will be a first step forward for both India and the international community. India will get safe and modern technology to help lift more than 500 million people from poverty, and it will be part of the international effort to combat nuclear terrorism and rid our world of nuclear weapons." El-Baradei concludes, "No one ever said controlling nuclear weapons was going to be easy. It will take courage,… tenacity…a great deal more outside-of-the-box thinking, and a sense of realism," but "it will be worth the effort."

Italian Foreign Minister Says He'll Work To Strengthen Euro-Atlantic Ties. Massimo D'Alema, the foreign minister of Italy, writes in the Wall Street Journal (6/14, 2.11M), "In a few days I will travel to Washington with a simple and clear message. The new government in Rome is committed to building a stronger Euro-Atlantic community. … The Italian center-left opposed military intervention in Iraq in March 2003. This does not mean, however, that the new Romano Prodi government will turn Italy into a less useful partner for Washington. The opposite may well prove true. … There is no readymade recipe for the tangle of issues that hamper progress in the broader Middle East, but Europe and the U.S. can and should devise a regional strategy equally convincing to both sides of the Atlantic, and combine their resources in pursuit of shared visions."

THE BIG PICTURE:

Headlines From Today's Front Pages.

Los Angeles Times:
"Security Crackdown Begins In Baghdad."
"Paralyzed L.A. Officer Glad To Be Alive."
"Top Bush Aide Rove Won't Be Charged."
"A Wok With Jesus: Saving Souls In Chinese Kitchens."
"Sunbather's Death Puts Focus On SUV Patrols."
"An English-Only Beef In A Cheesesteak Joint? Comin' Right Up."
"USC May Be Spoiler In NFL Coliseum Plan."

USA Today:
"FEMA Lost $1B To Fraud, Errors."
"Traumas Create Unwitting Test Subjects."
"Some Muslims Press Public Spaces To Make Room For Women's Modesty."

New York Times:
"Bush Makes Surprise Visit To Iraq To Press Leadership."
"No Rove Charges Over Testimony In C.I.A. Leak."
"Israeli Missiles Kill 10 In Gaza."
"Lives Suspended On Gulf Coast, Crammed Into 240 Square Feet."
"Hiding In Plain Sight, Google Expands Its Power."

Washington Post:
"Rove Will Not Be Charged In CIA Leak Case, Lawyer Says."
"Webb Wins Democratic Nomination In Virginia."
"In Baghdad, Bush Pledges Support To Iraqi Leader."
"Strapped States Try New Route, Lease Toll Roads To Foreign Firms."

Washington Times:
"If You're A Council Friend, You Don't Pay."
"Bush Drops By Baghdad."
"To U.S., World Cup Is Ho-Hum."
"Rove Will Not Be Charged In CIA Leak Case."
"Liberal Groups Treat Hillary To Jeers, Cheers."

Detroit Free Press:
"Doctor's Wife Beaten, Drugged."
"Union Votes $60 Million For Growth, Survival."
"Bush To Iraq: It's Up To You."
"Is $5 Million Fair For Fairways."

Atlanta Journal-Constitution:
"Bush Drops In On Iraq."
"Cabinet Official Is Primary User Of CDC Jet."
"Prison For Ex-Mayor."
"$752 – It's A Lot For Some 'People.'"

Houston Chronicle:
"Bush Offers Reassurance In A Surprise Visit To Iraq."
"Super-Secret 'Googleplex.'"
"More City Parking Tickets Are Sticking."
"With Cloud Of Indictment Past, Rove Free To Strategize."
"Risky Acts In Spotlight After Steeler QB's Injury."

Story Lineup From Last Night's Network News:
ABC: Bush-Iraq Trip; Baghdad Security Plan; Zarqawi Successor-Threats; Israel-Gaza Explosion; Rove-No Indictment; Tropical Storm Alberto; FEMA-Katrina Fraud; Electronic Stability Control; Pittsburgh QB Recovery; KFC-Transfat Lawsuit; Woodruff Recovery.

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CBS: Bush-Iraq Trip; Iraq Visit-Secrecy; Rove-No Indictment; Tropical Storm Alberto; FEMA-Katrina Fraud; NIH-Tissue Sample Fraud; Stock Markets; Type 2 Diabetes Drug; Darfur-Funding Shortage; Funeral-CBS Soundman.
NBC: Bush-Iraq Trip; Iraq Trip-Political Strategy; Iraq Violence; Rove-No Indictment; Tropical Storm Alberto; FEMA-Katrina Fraud; Patrick Kennedy-Guilty Plea; Foster Care-Abuse Allegations; Stock Markets; USS New York.

Story Lineup From This Morning's Radio News Broadcasts:
ABC: Bush-Baghdad Visit; Rove-CIA Leak; Tropical Storm Alberto; House-Minimum Wage.
NPR: Iraq-Security Crackdown; Bush-Baghdad Visit; Pentagon-Interrogation Techniques; Conway Nomination; Wall Street; Tropical Storm Alberto; House-Cost Of Living Raise; Primary Elections.

WASHINGTON'S SCHEDULE:

Today's Events In Washington.
White House:

PRESIDENT BUSH — Meets with the President of Colombia; meets with members of the Iraq Study Group, Roosevelt Room; attends the congressional picnic, South Lawn.

VICE PRESIDENT CHENEY — No public schedule.

LAURA BUSH — Participates in a tour of part of the National Gallery of Art collection with Leila Castellaneta, wife of Ambassador Giovanni Castellaneta.

US Senate: 9:30 a.m. SENATE FLOOR _ Meets for morning business; then resumes consideration of H.R. 4939.

9:30 a.m. ENVIRONMENT AND PUBLIC WORKS _ Full Committee. Hearing on liability issues in the cleanup of abandoned hardrock mines. EPA Administrator Stephen L. Johnson; Dennis E. Ellis Executive Director, Colorado Dept. of Public Health and Environment; Velma M. Smith, National Environmental Trust; John Gioia, Chair, Board of Supervisors, Contra Costa Public Works; Terry Harwood, former Executive Director Hazardous Material Policy Council, USDA; Scott A. Lewis, Director, Environmental and Governmental Affairs, AngloGold Ashanti North America Inc. Location: Room 628, Dirksen.

9:30 a.m. INDIAN AFFAIRS _ Full Committee hearing on S. 374, the Tribal Parity Act, and S. 1535, the Cheyenne River Sioux Tribe Equitable Compensation Amendments Act. Testimony from the Lower Brule Sioux Tribe; Crow Creek Sioux Tribe; Morgan, Angel & Associates; Great Plains Tribal Chairmans Association; Cheyenne River Sioux Tribe. Location: Room 485, Russell.

9:30 a.m. JUDICIARY _ Full Committee. Hearing on communications laws. FTC Commissioner William Kovacic; Vinton Cerf - Vice President and chief Internet evangelist, Google Inc.; David L. Cohen, Comcast Corp., Philadelphia; Walter McCormick, president and CEO, U.S. Telecom Association; Christopher Putala, Earthlink Inc.; Blair Levin, Stifel, Nicolaus and Co. Inc., St. Louis; Paul T. Morris, Utah Telecommunication Open Infrastructure Agency; John Kuhns, Pennsylvania State University. Location: Room 226, Dirksen.

10 a.m. BANKING, HOUSING AND URBAN AFFAIRS _ Full Committee. Markup of pending legislation and votes on nominations, followed by a hearing on proposed changes in the Federal Accounting Standards Board rules on retirement plans. Chairman Robert Herz, David Tweedie of the International Accounty Standards Board. Location: Room 538, Dirksen.

10 a.m. COMMERCE, SCIENCE AND TRANSPORTATION _ Technology, Innovation and Competitiveness Subcommittee. Hearing on alternative energy technologies. Alan Gotcher, Altair Nanotechnologies, Inc.; Francis Preli, Jr., UTC Power; K.R. Sridhar, Ion America Corp.; Thomas Werner, SunPower Corp.; Peter Corsell, GridPoint, Inc.; George Taylor, Ocean Power Technologies, Inc.; Daniel Raudebaugh, Center for Transportation and the Environment. Location: Room 562, Dirksen.

10 a.m. HOMELAND SECURITY AND GOVERNMENTAL AFFAIRS _ Full Committee. Markup of pending legislation. Location: Room 342, Dirksen.

2:30 p.m. BANKING, HOUSING AND URBAN AFFAIRS _ Housing and Transportation Subcommittee. Hearing on extension of the Mark-to-Market program of HUD that helps to provide affordable housing. Deputy Assistant HUD Secretary Ted Toon; Chris Foster, President, National Leased Housing Association. Location: Room 538, Dirksen.

2:30 p.m. SELECT INTELLIGENCE _ Full Committee. Closed meeting on pending business. Location: Room 219, Hart.

US House: FLOOR SCHEDULE _ 10 a.m. Meets for legislative business. Highlights: H.R. 5576 - Transportation, Treasury, Housing and Urban Development, the Judiciary, the

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District of Columbia, and Independent Agencies Appropriations Act for Fiscal Year 2007.

10 a.m. ENERGY AND COMMERCE _ Oversight and Investigations Subcommittee. Hearing on NIH research policies regarding human tissue samples. Thomas Insel, Director, National Institute of Mental Health, NIH; Dr. David L. Friedman, Madison, Conn.; Trey Sunderland, Geriatric Psychiatry Branch, National Institute of Mental Health, NIH; Karen Putman, formerly with the NIMH, Wyoming, OH; Michael Gottesman, Intramural Research, NIH. Location: Room 2123, Rayburn.

10 a.m. FINANCIAL SERVICES _ Full Committee. Markup of pending legislation. Location: Room 2128, Rayburn.

10 a.m. HOMELAND SECURITY _ Full Committee. Markup of pending legislation. Location: Room 311, Cannon.

10 a.m. SCIENCE _ Full Committee. Markup of H.R.5450 - National Oceanic and Atmospheric Administration Act. Location: Room 2318, Rayburn.

10:30 a.m. BUDGET _ Full Committee. Markup of H.R. 4890 - Line Item Veto Act of 2006. Location: Room 210, Cannon.

10:30 a.m. EDUCATION AND THE WORKFORCE _ Workforce Protections Subcommittee. Hearing on Labor Department's use of non-consensus standards for workplace health and safety. Assistant Labor Secretary Edwin Foulke; Joseph Casper, Brick Industry Association; others. Location: Room 2175, Rayburn.

10:30 a.m. WAYS AND MEANS _ Full Committee. Hearing on implementation of the Medicare prescription drug benefit, beneficiary enrollment and lessons learned. Testimony tentatively scheduled from HHS Secretary Michael Leavitt; HHS Centers for Medicare and Medicaid Administrator Mark McClellan; Connecticut Dept. of Social Services; Pharmaceutical Care Management Association; Families USA; American Health Insurance Plans; National Council on Aging; National Association of Insurance Commissioners. Location: Room 1100, Longworth.

11 a.m. HOMELAND SECURITY _ Investigations Subcommittee. Hearing on waste and fraud following Hurricane Katrina. Testimony from Donna Daniels, FEMA, Dept. of Homeland Security; Joseph Becker, American Red Cross; GAO. Location: Room 311, Cannon.

11 a.m. INTERNATIONAL RELATIONS _ Subcommittee Oversight Hearing on ``Modern-Day Slavery: Spotlight on the 2006 Trafficking in Persons Report, Forced Labor, and Sex Trafficking at the World Cup." Briefing by Julia Ormond, UN Goodwill Ambassador; testimony from Department of State; International Justice Mission; as well as two Russian trafficking victims. Location: 2172 Rayburn House Office Bldg.

11 a.m. RESOURCES _ Full Committee. Hearing on H.R. 4761 - Domestic Energy Production through Offshore Exploration and Equitable Threatment of State holds Act of 2006. Location: Room 1324, Longworth.

1 p.m. TRANSPORTATION AND INFRASTRUCTURE _ Coast Guard and Maritime Transportation Subcommittee. Hearing on Deepwater implementation. Coast Guard Commandant Adm. Thad Allen. Location: Room 2167, Rayburn.

2 p.m. ENERGY AND COMMERCE _ Commerce, Trade and Consumer Protection Subcommittee. Hearing on how to inform parents and protect children from violent and explicit video games. Testimony from the FTC, Wal-Mart, Entertainment Software Association, Entertainment Software Rating Board, Kids Risk Project, Children's Technology Review, and the National Institute on Media and the Family. Location: 2123 Rayburn.

2 p.m. HOMELAND SECURITY _ Intelligence, Information Sharing and Terrorism Risk Assessment Subcommittee. Hearing on TSA's Office of Intelligence. Location: Room 311, Cannon.

3 p.m. SELECT INTELLIGENCE _ Terrorism/Human Intelligence, Analysis and Counterintelligence Subcommittee. Closed briefing on Title 50 and Title 10. Location: Room H-405, Capitol.

Other: PRESIDENT ALVARO URIBE VELEZ OF COLOMBIA _ Highlights: 11 a.m. Meets with President Bush, White House; 12 p.m. Photo op of meeting with USTR Susan Schwab. 600 17th St. NW.

REGIONAL LEADERS _ Rep. Ruben Hinojosa hosts the 5th Regional Leaders Conference for local elected officials, education administrators, municipal representatives others. Highlights: 8:15 a.m. Deputy Agriculture Secretary Chuck Connor. 8:45 a.m. Sen. Robert Menendez. 9 a.m. NIH Director Elias Zerhouni and CMMS Administrator Mark McClellan. 10 a.m. Rep. Steny Hoyer. 11:15 a.m. Reps. Luis Gutierrez and Silvestre Reyes on immigration reform and border security. 11:45 a.m. Rep. George Miller. Location: Jefferson Building, Library of Congress.

ENERGY CONFERENCE _ The U.S. Energy Association holds its 17th annual Energy Efficiency Forum.

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Highlights: 8:55 a.m. Cheng Lianyuan, Director, Beijing Municipal Bureau of Industrial Development. 10 a.m. Sen. Hillary Rodham Clinton. 10:30 a.m. Timothy Wirth, President UN Foundation and Better World Fund. 11 a.m. Pennyslvania Gov. Ed Rendell. 11:30 a.m. Panel discussion on balancing energy supply and demand, with President Red Cavaney of the American Petroleum Institute, Edison Electric Institute President Thomas Kuhn, American Gas Association President David Parker. 1 p.m. Energy Secretary Bodman. Location: National Press Club.

TAKE BACK AMERICA _ Speakers at today's Campaign for America's Future meeting include: Sens. Russ Feingold and Barack Obama, Reps. Lynn Woolsey, Bernie Saunders and others. Highlights: 9 a.m. Russ Feingold. 11:15 a.m. Reps. Lynn Woolsey and Bernie Saunders and former Ambassador and author Joe Wilson. 12:45 p.m. Sen. Barack Obama and Rep. Jan Schakowsky. Location: Washington Hilton.

GLOBAL DEVELOPMENT _ The Initiative for Global Development holds its National Summit. Speakers include Bill Gates, Sr., former EPA Administrator Bill Ruckelshaus, retired Gen. John Shalikashvili, former Secretaries of State Madeleine Albright and Colin Powell. Location: Willard Inter-Continental Hotel, 1401 Pennsylvania Ave. NW.

SENATE-FLAG AMENDMENT _ 8:45 a.m. Senate Majority Leader Frist and other members of the Senate join Maj. Gen. Patrick Brady, U.S. Army (Ret.) and Chicago Cubs great Rick Monday and former Miss America Heather French at news conference on the Flag Protection Amendment. Location: Russell Senate Park.

HOUSE DEMOCRATS _ 9 a.m. House Democratic Caucus meets, followed by stakeout. Location: 345 Cannon House Office Bldg.

HOUSE GOP _ 9 a.m. House Republicans meet, followed by stakeout. Location: Capitol Hill Club.

DEMOCRATS-ACCOUNTABILITY _ 10 a.m. House Democrats hold a news conference on oversight and accountability, with Reps. Nancy Pelosi, Steny Hoyer, others. Location: Cannon Rotunda, outside 345 Cannon. Notes: Follows 9 a.m. closed House Democratic Caucus meeting in the Cannon Caucus Room.

HOUSE REPUBLICANS _ 10 a.m. The House Republican leadership holds a media availability on supporting the troops in Iraq. Location: Stakeout area, outside the Capitol Hill Club. Notes: Follows closed 9 a.m. House GOP Conference meeting.

RUMSFELD _ 10 a.m. Defense Secretary Rumsfeld hosts honor cordon to welcome Ecuador's Minister of National Defense Oswaldo Jarrin. Location: Steps of Pentagon Mall Entrance.

EMERGENCY HEALTH CARE _ 11 a.m. The Institute of Medicine (IOM) hosts a briefing, ``Improving Emergency Care in the United States.'' The event, part of an IOM series, describes in detail the current state of the emergency medical system and recommends ways to end overcrowding and ambulance diversions, overcome financial problems, achieve better preparedness for disasters, and provide suitable care for pediatric patients. Briefers include: Gail L. Warden (chair), president emeritus, Henry Ford Health System, Detroit; Benjamin K. Chu, regional president, Southern California Kaiser Foundation Health Plan and Hospital, Pasadena, Calif.; A. Brent Eastman, chief medical officer, Scripps Health, San Diego; Shirley Gamble, consultant, Austin, Texas; and Marianne Gausche-Hill, clinical professor of medicine and director of pre-hospital care, Harbor-UCLA Medical Center, Torrance, Calif. Location: Room 100, National Academies' Keck Center, 500 Fifth St. NW.

IRAN-NEIGHBORS _ 11 a.m. Release of a public opinion survey by Terror Free Tomorrow in Pakistan, Saudi Arabia and Turkey on Iran's nuclear weapons program. Notes: For details, contact Tracy Zimmerman, 202-518-8047.

DEMOCRATS-FLAG AMENDMENT _ 11:30 a.m. Sens. Patrick Leahy, Russ Feingold and Edward Kennedy hold news conference with members of veterans opposed to a Constitutional amendment on flag desecration. Location: Senate Swamp.

IRAQ-DEMOCRATS _ 11:30 a.m. Democratic members of the House Armed Services Committee hold a news conference on Iraq. Location: House Radio-TV Gallery.

LATINO LUNCHEON _ 11:30 a.m. Texas State Sen. Leticia Van de Putte gives the keynote speech at the Latino Leaders Luncheon. Location: St. Regis Hotel, 16th and K Sts. NW.

NICARAGUA _ 11:30 a.m. The Heritage Foundation holds a discussion with Nicaraguan presidential candidate Eduardo Montealegre. Location: Lehrman Auditorium, Heritage Foundation, 214 Massachusetts Ave. NE.

US ENERGY POLICY _ 12:30 a.m. Energy Secretary Samuel Bodman addresses Johnson Controls 17th Annual

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Energy Efficiency Forum in Washington, DC. He's expected to discuss the administration's Advanced Energy Initiative and the importance of renewable energy. Location: National Press Club, 14th and F Sts. NW.

DEMOCRATS-AGENDA _ 12 p.m. The 21st Century Democrats organization holds a roundtable discussion with Democratic candidates from around the country about the challenges and promises facing the Democratic Party and the progressive movement. Location: National Press Club.

PLEDGE OF ALLEGIANCE _ 12:30 p.m. Supporters of the Pledge Protection Act, to keep the words ``under God'' in the Pledge of Allegiance, hold a news conference. Congressional sponsors of the legislation will attend. Location: Russell Senate Park.

DEMOCRATS-CONFERENCE CALL _ 1 p.m. House Democratic Leader Nancy Pelosi and Reps. Charles Rangel, George Miller, Collin Peterson and Rosa DeLauro hold conference call to discuss Democrats' commitment to fight for a New Direction for America. Contacts: Brendan Daly, 202-226-7616. Notes: call 888-283-1645; code 061406.

IRAQ _ 1 p.m. Reps. Martin Meehan, Neil Abercrombie, Walter Jones and Ron Paul hold a news conference to discuss the House leaderhip's unwillingness to hold a full debate on the Iraq war. Location: House Radio-TV Gallery.

JOHANNS _ 1:15 p.m. Agriculture Secretary Johanns speaks to the Nebraska Bankers Association meeting. Location: Beacon Hotel, 1615 Rhode Island Ave. NW.

INTERNET FREEDOM _ 1:45 p.m. Sens. Olympia Snowe (R-ME) and Byron Dorgan (D-ND) hold news conference along with the Christian Coalition, Moveon.org and other groups. They're supporting the Internet Freedom Preservation Act. Location: Russeell Senate Park.

NEW ORLEANS HOUSING-HUD _ 2 p.m. US Housing Secretary Alphonso Jackson holds teleconference to announce HUD's plan to reopen and redevelop New Orleans public housing. Contacts: Donna White, 202-708-0685. Notes: Call 800-377-4872; ask for chairperson Alphonso Jackson.

SENATE-BUDGET _ 2 p.m. Senate Budget Committee Chairman Judd Gregg and Senate Majority Leader Bill Frist hold press conference to discuss improvements to the budget process. Location: Senate Radio-TV Gallery.

VETERANS-ID THEFT _ 2:30 p.m. Senators Akaka, Murray, Clinton, Salazar hold news conference on Veterans ID theft. Location: Senate Studio.

IRAQ-DEATHS _ 3 p.m. Take Back America organization holds a silent walk with banners, signs and flag-draped coffins in response to the U.S. military deaths in Iraq. Location: Starts at the Washington Hilton and proceeds to the White House.

THEOCRACY-ELECTIONS _ 3:30 p.m. The New America Foundation holds a discussion on ``American Theocracy: Comments on the Forthcoming 2006 Elections,'' with author Kevin Phillips, others. Location: 7th floor, 1630 Connecticut Ave. NW.

CULTURAL AWARENESS _ 5:30 p.m. Sens. Edward Kennedy and Richard Lugar, others, meet more than 250 high school students from the Islamic world who are participating in the Cultural Bridges program. Location: Room G-50, Dirksen.

ARMED FORCES _ 6 p.m. Deputy Defense Secretary Gordon England addresses Armed Forces Foundation 2nd annual gala. Location: Mandarin Oriental Hotel, 1330 Maryland Ave. SW.

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THE ATTORNEY GENERAL'S NEWS BRIEFING

PREPARED FOR THE OFFICE OF PUBLIC AFFAIRS, U.S. DEPARTMENT OF JUSTICE

TO: THE ATTORNEY GENERAL AND SENIOR STAFF

DATE: WEDNESDAY, JUNE 14, 2006 7:45 AM EDT

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TERRORISM NEWS:

Pentagon Will Not Hide Interrogation Tactics. The AP (6/13, Baldor) reports, "The Pentagon has dropped plans to keep some interrogation techniques secret by putting them in a classified section of a military manual." It had come under pressure from human rights advocates and members of Congress. The article notes that Secretary Rumsfeld "said for the first time last month that officials were at odds over whether the manual should endorse different interrogation techniques for enemy insurgents than are allowed for regular prisoners of war."

Meanwhile, the New York Times (6/14, Schmitt, 1.19M) reports the Defense Department is also "expected to drop a plan to have one set of interrogation methods for detainees that the military considers 'unlawful combatants,' like detainees at Guantánamo Bay, Cuba, and another set for traditional prisoners of war captured on the battlefield." It lists numerous critics of the planned classification of interrogation policy: GOP Sens. John McCain, John Warner, and Lindsey Graham; Gens. John Abizard and Peter Schoonmaker; and Elisa Massimino of Human Rights Watch.

Opening Arguments Made At Terrorism Trial In Arkansas. The Springdale (AR) Morning News (6/14, Wood) reports that in opening arguments at the trial of former University of Arkansas graduate student Arwah Jaber, accused of providing material support to Palestinian Islamic Jihad and lying to immigration officials, Jaber's lawyers "told jurors Tuesday morning the government's whole case is based on a series of misunderstandings." The attorneys "said he was frustrated by a professor who was not allowing him to graduate with his doctorate degree. They admit he made statements he shouldn't have made but he had no intention of violating the law." However, "Federal prosecutors said…that making false statements, using multiple names and someone else's social security number was an indication that Jaber intended to become a martyr for the Palestinian cause against Israel. They say he also made small amounts of an explosive, had Palestinian propaganda and he told numerous people he intended to go fight the Israelis and might not return."

Professors Split On Former Jaber's Aims. The AP (6/14) reports, "Charles Wilkins, a professor of chemistry and Jaber's adviser, testified Tuesday that he told FBI agents he didn't see any inclination toward terrorism in the graduate student. Jaber had recently been denied his doctoral degree in chemistry when he said he was going to Palestine with his wife." However, "David Paul, an associate professor of chemistry who was on Jaber's doctoral dissertation committee, said he noticed Jaber stopped making progress toward his degree after speaking with a friend in Palestine. … 'He needed to go home and make the Israelis sorry,' Paul said."

Family Of Guantanamo Detainee Doubts He Committed Suicide. The Washington Post (6/14, Ambah, 744K) reports the doubts of late Saudi detainee Yassar Talal al-Zharani's family that he killed himself. The family "described a man who was optimistic, stubborn and too devout to have taken his own life." His father "said he believes his son was either hanged by guards or beaten to death by them. The body has not been returned; the father has asked the Saudi government to demand an independent autopsy and investigation." The article quotes a former inmate who says Zharani was a former "Taliban foot soldier" and another who remembers that Zharani was "pushed hard" by interrogators.

Guantanamo Prison Criticized. In the Washington Post (6/14, 744K), columnist David Ignatius says that initial remarks by American officials on the Guantanamo suicides showed him "it's time to close that camp -- not just because of what it's doing to the prisoners but because of how it is dehumanizing the American captors." Ignatius writes of the inmates, "They are human beings and, as such, they have basic human rights."

In the New York Times (6/14, 1.19M), former detainee Mourad Benchellali writes of his two and a half years in the prison, "I cannot describe in just a few lines the suffering and the torture; but the worst aspect of being at the camp was the despair, the feeling that whatever you say, it will never make a difference." Benchellali writes, "I believe that a small number of the detainees at Guantánamo are guilty of criminal acts, but as analysis of the military's documents on the prisoners has shown, there is no evidence that most of the 465 or so men there have committed hostile acts against the United States or its allies."

Cleric Linked To 2002 Bali Bombings Released From Prison. The Financial Times (6/14, Donnan) reports, "Indonesia on Wednesday released radical cleric Abu Bakar Bashir from prison where he finished serving a 30-month sentence for giving his blessing to plans for the 2002 Bali bombings. Supporters have said that the 68-year-old cleric would be returning home to central Java on Wednesday where he is expected to meet with reporters and distribute aid to survivors of last month's earthquake in the area."

The Washington Times/AP (6/14, Hakim) notes "the Bush administration criticized the release," which also

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"sparked disapproval by Australia." In Washington, State Department spokesman Sean McCormack "said the United States was 'deeply disappointed by what we consider a light sentence handed out to this individual.'"

The Christian Science Monitor (6/14, McCawley, 61K) says "analysts are downplaying fears that Bashir, accused of being the 'emir' or leader of the militant group Jemaah Islamiyah (JI), will begin ordering bombings." Rather, Bashir "is more likely to use his celebrity to preach fire and brimstone and bolster the cause of hard-line Islam." The New York Times (6/14, Bonner, 1.19M) reports Bashir "has steadfastly denied any involvement in terrorist activities, but has been equally firm in his admiration for Mr. bin Laden, and in his loathing of Jews and the United States. Until Mr. Bashir made common cause with Al Qaeda sometime in the 1990's, the primary goal of Jemaah Islamiyah was the establishment of an Islamic state in Indonesia. Mr. Bashir is expected to return to proselytizing for that cause." The Times adds, "Jemaah Islamiyah has been severely weakened by the Indonesian police and intelligence services, terrorism experts here say. Sidney Jones, an authority on Jemaah Islamiyah and the director of the Jakarta office of the International Crisis Group, an organization that studies violent conflicts, said that releasing Mr. Bashir was not likely to increase the threat of terrorism."

Muslim Man Shot In London Raid Says Police Fired Without Warning. The Washington Post (6/14, A17, Jordan, 744K) reports, "A 23-year-old Muslim man who was shot during a massive police raid on his house earlier this month, then released without charge, said Tuesday that an officer fired at him without warning. In his first public statements since the raid early this month, Mohammed Abdul Kahar described himself as a law-abiding man who loved London, his birthplace. His emotional words, delivered at a news conference here, added to the embarrassment that the anti-terrorism raid has caused Scotland Yard."

The New York Times (6/14, Cowell, 1.19M) notes that during the news conference, Kahar "denied being a supporter of violence or terrorism, describing himself as a postal van driver and part-time supermarket worker who 'just wanted to work to please my family, to support my mum and dad.'" The Times adds, "His account could add to sentiment among some of Britain's 1.6 million Muslims that, in the words of Massoud Shajareh of the Islamic Human Rights Commission last weekend, 'they were shot because they were Muslim or perceived to be Muslim.'"

HOMELAND RESPONSE:

Counter Terrorism Officials Tell Senators Of Disrupted Homegrown Sleeper Cells. The AP (6/14, Shrader) reports, "U.S. counterterrorism officials say they are uncovering homegrown Islamic radicals inside the United States who lack formal ties to al-Qaeda and operate independently." NCTC Director Vice Adm. John Scott Redd told a Senate Foreign Relations Committee hearing yesterday that "those independent qualities – combined with the radicals' ability to organize and plot on the Internet – make them particularly difficult to disrupt." Redd cited the Atlanta, Torrance and Lodi arrests as "three potential homegrown organizations that have been disrupted in the U.S. in just over a year." The AP adds, "Showing how the government's mission has changed, Redd said that before 9/11 the FBI wrote 25 intelligence-information reports a year, but now the bureau produces more than 1,000 annually. Still, Delaware Sen. Joe Biden…called it 'on the verge of criminal' that the government is not fully funding the recommendations of the Sept. 11 Commission, estimated at $42 billion over five years."

Meanwhile, the Washington Times (6/14, Gertz, 90K) reports Redd and State Department counter-terrorism coordinator Henry Crumpton also told the Senators, "Al Qaeda remains a major threat despite the death last week of…Abu Musab Zarqawi." Redd "also said other Sunni extremist groups inspired by al Qaeda are expanding from regional organizations into a global network that may target U.S. interests." The Times adds, "Asked by Committee Chairman Sen. Richard G. Lugar…about a recent terrorist attempt to bomb Saudi Arabian oil fields, Mr. Crumpton said terrorists are trying to attack such economic targets to 'disrupt the oil supplies.'"

9th Circuit Hears Arguments On Proposed California Biodefense Lab. The AP (6/14, Lindlaw) reports, "A federal appeals court judge said Tuesday she found it 'troublesome' that the Bush administration wants to open a lab for testing lethal agents including HIV, plague and anthrax in the densely populated San Francisco Bay Area. … But a U.S. Department of Justice lawyer told the 9th U.S. Circuit Court of Appeals that the administration had thoroughly researched its plans for a biodefense lab at the Lawrence Livermore National Laboratory and concluded there was little risk of a disaster." The AP continues, "If pathogens were to seep from the proposed lab and reach the public, they would have dispersed into such low concentrations they would be unlikely to injure anyone, Justice Department attorney Todd Aagaard said. … A lawyer for the lab's opponents sharply disagreed, saying even a small release could kill thousands." The AP adds, "The government also failed to consider the possibility that a plane or truck could be deliberately crashed into the site 50 miles east of San Francisco, said Stephan Volker, the lab opponents' lead attorney. … Instead, the administration used

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'a one-size-fits-all scenario, borrowed from another agency' when it studied the possible risks, he told the judges. … The Bush adminstration has been preparing the biodefense lab for years, and said this week it plans to open the facility by August. But local residents have been fighting it in the courts. A lower federal court said in September 2004 that it could proceed, and the opponents appealed. The appeals court did not rule on Tuesday."

DHS To Review Proposals For Missile Defense Systems On Commercial Planes. The Wall Street Journal (6/14, Keeton, 2.11M) reports DHS will review proposals from Raytheon Co. and Northrop Grumman Corp. this month for systems to protect "commercial aircraft from shoulder-fired missiles." Though a Rand Corp. study "estimated that the initial cost for putting laser jammers on 6,800 commercial planes in the US would be about $11 billion, ballooning to $40 billion over a 10-year period," the defense contractors "say the cost of any of the programs would be substantially less."

US Navy Building Ship To Honor New York. NBC Nightly News (6/13, story 10, 2:10, Williams, 9.87M) reported, "A year from now, the US fleet will have a special new member. A ship bearing the proud name of New York will hit the seas with an already proud and very dynamic story behind it." NBC (Savidge) added, "Just outside New Orleans, the USS New York has twice been touched by tragedy. The Navy amphibious assault ship has seven and a half tons of steel from tower two of the World Trade Center in its bow, and while under construction, Katrina struck." Katrina "gave hundreds of shipyard workers good reason to leave and start over somewhere else. But only half finished, the ship gave them an even better reason to stay." Many "now call the shipyard home, bunking down within sight of the New York, separated from their displaced families."

NYTimes Urges Senate Not To Pass Chemical Plant Security Bill. The New York Times (6/14, 1.19M) editorializes that a chemical plant bill up for debate in the Senate today "could actually make the country less safe. If senators are afraid to stand up to the chemical industry and pass a good bill, they should at least have the courage to do nothing." The bill, drawn up by Sens. Susan Collins and Joseph Lieberman, "needs tough language added requiring chemical plants to replace dangerous chemicals with safer alternatives. The chemical industry is resisting. An even bigger disgrace is that the industry is pushing hard to get 'pre-emption' language added to the bill."

GAO Finds FEMA Lost At Least $1 Billion To Hurricane Relief Fraud, Waste. USA Today (6/14, Hall, 2.31M) reports a GAO report to be released today concludes that FEMA paid "at least $1 billion in questionable disaster-relief claims in the six months after last year's devastating Gulf Coast hurricanes." Relief funds went "to thousands of people who registered with FEMA using information belonging to prison inmates or who provided only a post office box as the address of their damaged home." The GAO said FEMA "needs to immediately put 'adequate safeguards' in place to 'build the American taxpayers' confidence that federal disaster assistance only goes to those in need.'"

ABC World News Tonight (6/13, story 7, 2:00, Cochran, 8.78M) reported, "Millions of dollars went to people who registered several times for aid, using the names and Social Security numbers of prison inmates. FEMA also gave out debit cards and cannot verify that cards worth $1.5 million actually went to Katrina victims. … Congress is hopping mad." Investigators "estimate Katrina-related fraud is between $600 million and $1.4 billion. But they say the actual figure is much, much higher because they did not investigate insurance fraud and other bogus claims."

The Washington Post/AP (6/14, A3, Margasak) reports, "To dramatize the problem, the GAO provided lawmakers with a copy of a $2,358 US Treasury check for rental assistance that an undercover agent got using a bogus address. The money was paid even after FEMA learned from its inspector that the undercover applicant did not live at the address." Though FEMA "said it has identified $16.8 million in improperly awarded disaster relief money and has started efforts to collect the money," congressional investigators said they were "95 percent confident that improper and potentially fraudulent payments were much higher: between $600 million and $1.4 billion." The AP article appeared on at least 140 news websites.

NBC Nightly News (6/13, story 6, 2:25, Reid, 9.87M) quoted Sen. Susan Collins: "The examples are so egregious that what they tell us is that FEMA didn't perform even basic checks to safeguard taxpayer's money." Reid: "The report says FEMA didn't even try to verify the identities of people who applied for aid by phone, and it says FEMA's fraud controls are weak or nonexistent. More than two thousand people applied for aid from prison and received about $12 million."

The CBS Evening News (6/13, story 5, 2:20, Attkisson, 7.66M) reported, "CBS News has learned that congressional investigators this week turned over 7,000 cases for possible prosecution." Rep. Michael McCaul, Texas: "I think there was a rush to get the money out without any proper controls put in place by FEMA."

The New York Times (6/14, Lipton, 1.19M) reports McCaul said the "scale of abuse that...far exceeded even his worst fears, despite months of accumulating evidence that the fraud-prevention system at the Federal Emergency Management Agency was woefully inadequate." The GAO

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found that "aid was used to pay for football tickets, the bill at a Hooters in San Antonio, a $200 bottle of Dom Perignon, 'Girls Gone Wild' videos, even an all-inclusive weeklong Caribbean vacation, the report says." FEMA spokesman Aaron T. Walker "said the agency was moving to correct management weaknesses that might have contributed to the fraud, including establishing a system that will block multiple registrations for aid filed under a single Social Security number."

Tens Of Thousands Along Gulf Coast Still In FEMA Trailers. The New York Times (6/14, Barry, 1.19M) reports from Hancock County, Mississippi, where there are more than 9,000 FEMA trailers, each containing "lives in claustrophobic suspension." The Times continues that the phrase "FEMA trailer" "has nearly lost meaning, so embedded is it in the national memory of last year's crushing hurricanes, Katrina and Rita." However, "tens of thousands of people continue to live crammed in FEMA trailers, greeting this year's hurricane season the same way they said goodbye to the last one: in light-metal boxes that even a tropical storm could flip like playing cards and which seem so vulnerable alongside the brush fires crackling through some stretches of the Gulf Coast."

Alberto Causes Little Damage In Florida. USA Today (6/14, Leinwand, 2.31M) reports Tropical Storm Alberto landed in Florida "Tuesday with a whimper, but it ratcheted up tension for residents after two years of record storms. … Some low-lying coastal areas and city streets flooded, but the rain was a welcome soaking for Florida's parched pastures, farms and groves in the center of the state. While damage from Alberto appeared minor, residents remain wary."

The New York Times (6/14, Aguayo, 1.19M) reports the storm hit "with heavy rain and high winds, but it did not pose the threat that forecasters had initially feared." Gov. Jeb Bush said the storm was "a good lesson…in preparedness," adding, "I can assure you that if a stronger storm comes our way, we have a great team locally and at the state level."

While the CBS Evening News and ABC World News Tonight ran brief reports noting that Alberto hit Florida as a weaker storm than had previously been expected, a longer report on NBC Nightly News (6/13, story 5, 1:35, Williams, 9.87M) seemed to focus on what negative impact the storm did have, reporting that it "is making for an awfully wet and nasty and dangerous Tuesday for parts of Florida's Gulf Coast and points north." NBC (Sanders) added, "One emergency official called Alberto a good rehearsal." Damage is "mostly along the coast. The tide, in some spots, surged more than seven feet. In Citrus County, jail inmates were ordered to help fight back by sandbagging low-lying areas. Power was temporarily knocked out to 21,000 homes and businesses."

CNN's The Situation Room (6/13) reported, "Worries outpace reality: So far, Tropical Storm Alberto has not been as rough as expected. It did threaten Florida, but only managed to menace the state with heavy rain." Fox News' Fox Report (6/13, Smith) reported, "Hurricane, not even close. But Alberto dropped plenty of rain in Florida along the peninsula as the first tropical storm of '06 made landfall."

CNN's Anderson Cooper 360 (6/13, Cooper) reported, "Alberto is more midget than monster, falling short of hurricane. Right now it's cruising toward South Carolina with 40 mph winds, after soaking Florida, sparing it however major damage. In what is expected to be a very busy hurricane season, it could have been so much worse." CNN (Zarrella) added, "For folks in Crystal River on Florida's Gulf Coast, the 'A' in Alberto stood for annoying."

Many Said To Have Defied Evacuation Orders. The Washington Post (6/14, A3, Whoriskey, 744K) reports from Horseshoe Beach, where despite a hurricane warning that "echoed ceaselessly from televisions," a "City Hall meeting to encourage people to leave" and a mandatory evacuation, "many and maybe most" residents decided to stay. "Scott Garner, chief of emergency management for the county, estimated that only 30 percent of residents in Dixie's coastal communities, which include Horseshoe Beach, complied with the evacuation order. About 50 people went to shelters." Many residents "along the nation's hurricane-threatened coasts, prefer to make the evacuation decision based on personal storm experience and meteorological insight."

WAR NEWS:

Bush Makes Surprise Visit To Baghdad. President Bush's made a surprise visit to Iraq yesterday. The AP (6/13, Hunt) reports Bush "spent over 5 1/2 hours in Baghdad in his second visit of the three-year war, both kept secret until he had safely arrived. … In a mission designed to both showcase US support for the new unity government and to ease war concerns at home, the president told the Iraqi prime minister the United States would stand by the new government as it works to achieve stability."

The story is receiving extensive media coverage: it led the network newscasts last night, drawing a total of about 16 minutes of coverage, and is being prominently carried by the wire services and major dailies. The tenor of the stories is generally positive -- as were the reactions to the trip from usual Bush critics such as Sen. Joe Biden and former Vice President Gore. Typical of the coverage is the Wall Street Journal (6/14, McKinnon, Dreazen, 2.11M) runs a story headlined "Bush's Visit To Baghdad Signifies Upturn In His Political Fortunes," in which it says that the President, "caught for months in a losing battle for public approval, suddenly is scoring gains on several fronts, raising a far-reaching

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question: Is he setting the stage for a political recovery? Mr. Bush Tuesday sought to capitalize on progress on the most vital front of all, Iraq, making an unannounced visit to Baghdad to hail the formation of a new government there. … Along with other recent good news, the developments hold at least the prospect that Mr. Bush's political slide has hit bottom."

Like the Journal, a number of stories put the trip in the context of a recent "spate of positive developments," as the Washington Post (6/14, A1, Baker, 744K) puts it, that may suggest the President's fortunes are on the upswing after months of bad news and sagging poll numbers. The Post, however, also cautions that "the question is whether this latest updraft in Bush's fortunes will last much longer than the president's surprise trip yesterday to Iraq."

The Christian Science Monitor (6/14, Feldmann, 61K) runs a similarly positive assessment under the headline "A Lift In Iraq And A Bump Back Home," in which it says "the pictures out of Baghdad Tuesday morning spoke volumes." Bush "is beaming, the new Iraqi leader at his side, after pulling off a secret flight to the country that is the make-or-break project of his presidency. … Not only has Bush been edging steadily upward in overall job performance, after hitting bottom in early May at 31 percent, by Gallup's measure, his approval ratings on individual issues -- from Iraq and energy to the economy and immigration -- have bumped up as well."

Knight Ridder (6/14, Hutcheson, Douglas) says yesterday was "another good day for the president, who finally has a few reasons to celebrate after a long string of setbacks that battered his popularity." It "added to the optimism that swept through the White House after last week's slaying of terrorist chief Abu Musab al Zarqawi in Iraq and the completion of a new Iraqi government. … 'All of a sudden the clouds broke and the sun started to shine,' said Ed Gillespie, a former Republican Party chairman. 'After six months of thunderstorms and rain it feels pretty good.'"

The Chicago Tribune (6/14, Silva, 643K) reports the trip "was intended to catch two waves of success: formation of a tough new government in Iraq and the killing of a reviled insurgent leader. For the moment, at least, Bush appeared to be riding those waves with a gradual improvement in the public's opinion of the president's performance in the past month and an additional slight uptick since last week's killing of insurgent leader Abu Musab al-Zarqawi in Iraq." The Tribune adds, "After unremitting bad news from Iraq that dragged Bush's approval ratings to an all-time low this spring, the president has caught a few breaks that could offer his administration hope."

The New York Times (6/14, Stolberg, 1.19M), in another positive assessment of Bush's trip, says it was "powerful political theater, choreographed by an experienced team that played up the drama and secrecy of the moment." The trip, "including a stealthy nighttime helicopter departure from Camp David, unfolded with the precision of a campaign event, complete with the image of the commander in chief addressing cheering American troops."

NBC Nightly News (6/13, story 2, 3:10, Gregory, 9.87M) reported, "Photo ops by this White House don't get more elaborate than this. A daring presidential trip into a war zone designed to create new hope for Iraq." The "timing of the trip, aides insist, was driven by the completion of Iraq's unity government last week, not by the death of terrorist Zarqawi, but that provided an extra boost. The emerging White House strategy stressed the importance of Iraqi leaders leading the country's turnaround." Some Democrats "today dismissed this trip as a face-saving attempt by the president and again pushed him, Brian, to set a deadline for the withdrawal of US troops."

The CBS Evening News (6/13, lead story, 3:25, Palmer, 7.66M) reported, "The White House said the President wanted to get to know Iraq's prime minister personally." Bush: "I've come to not only look you in the eye. I've also come to tell you that when America gives its word, it will keep its word." Palmer: "With the cabinet watching from Camp David by satellite link, Prime Minister Maliki replied that Iraqis were determined to succeed. 'And when the suffering is over,' he said, 'the soldiers will return to their countries with our gratitude.' Tonight, those soldiers were stunned to get a visit from their Commander in Chief, who congratulated them on a recent victory."

On ABC World News Tonight (6/13, lead story, 4:25, Raddatz, 8.78M), Bush was shown saying to the Iraqi Prime Minister, "I have expressed our country's desire to work with you. But I appreciate you recognize the fact that the future of your country is in your hands." That Bush quote appears in most print media reports this morning. USA Today (6/14, Soriano, Nichols, 2.31M), in fact, headlines its story "Bush Tells Iraq: Your Future 'Is In Your Hands.'"

The Washington Times (6/14, Curl, 90K) notes al-Maliki "expressed his country's appreciation for US efforts in Iraq, where about 2,500 troops have died in the war. 'I present our gratitude for those that have sacrificed themselves for the Iraqi people,' he said." The New York Times (6/14, Burns, Filkins, 1.19M) says "Maliki's remarks…seemed aimed at echoing Mr. Bush's themes without adding any of his own."

Biden "Encouraged" By Bush Trip. Sen. Joe Biden said on CNN's The Situation Room (6/13) that he sees a "great opportunity" in Iraq, noting, "I think that the setting- up of their government, coupled with the fact that Zarqawi has been killed, presents an opportunity for the President to change course, set out a plan, just like he changed course in Iran. I think it's good." Biden added that he is "encouraged" by Bush's trip to Baghdad.

Biden was asked on MSNBC's Hardball (6/13) if Bush's trip is "propaganda." Biden said, "It could be but I hope not. I

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hope when he went over, he went over and talked with Maliki about what the plan is, that is that they got. Look, everyone agrees on three things. One, in order for them to be able to provide security, they have to get rid of the thugs in the military and they have to get rid of the sectarian violence and so if he went over and said look, are you on the same page with us, we're going to in fact deal with the militias and you're going to deal with us, stick with us, then that's good. The second thing everybody knows, you have to get the Sunnis to buy in, give them a piece of the action. … And the third thing is you have to keep the neighbors out and that's I hope he said look, you'd better support us when we call for a regional conference whereby the major powers sit down and say stay out. If he did those three things, then he is turning lemons into some lemonade."

Gore Says Bush Trip Was "Good Thing." Former Vice President Al Gore said on CNN's Larry King Live (6/13), "I think for security reasons it's wise for him to have done it in the way he did and I think it's valuable for him to have a chance to meet personally with this new head of the government there. Of course, the whole situation is so tragic and how we got there is not the point now. We are there and there are no real good options. But whatever options there are will be enhanced by a good working relationship between President Bush and this new leader and so I think it's a good thing."

Lott Says Bush Trip Will Affect Dynamics In Iraq, US. Sen. Trent Lott said on MSNBC's Hardball (6/13), "I think he needed to go over there to affect the dynamics here and over there, and the fact that he went over there and met with him I think will help instill a lot of confidence in them that we're watching them, that we're going to continue to be supportive. They've got a lot more to do but there's been some good news for the last couple of weeks, and we want to build on that, we want to keep it moving."

"Deception" Surrounding Trip Preparations Noted. The "deception" and secrecy surrounding preparations for the trip are being widely noted by the media. ABC World News Tonight (6/13, lead story, 4:25, Raddatz, 8.78M) reported, "This trip was not only surrounded in secrecy, there was a bit of deception, as well." Bush's "CIA Director didn't know. His Attorney General, not even the Chairman of the Joint Chiefs of Staff knew where the President was headed. Only the Vice President and the Secretaries of State and Defense knew the plan." While the President "was flying, the White House press office was giving the Washington press corps a fake schedule." ABC producer John Garcia: "They were still giving out details and information about a supposed White House Rose Garden event with the President." Raddatz: "Not until he landed in Iraq did Washington know the truth." Even Iraqi Prime Minister Nourli al Malaki "had been kept in the dark until five minutes before the President arrived to meet him."

NBC Nightly News (6/13, lead story, 3:10, Williams, 9.87M) reported, "We had expected to come on the air tonight reporting on what the President had to say at his news conference at 2:30 this afternoon in the Rose Garden. It turns out, however, that was a ruse, one of many, all part of an elaborate and highly deceptive plan that resulted in the President's secret overnight trip to Baghdad."

The CBS Evening News (6/13, story 2, 1:45, Axelrod, 7.66M) also reported, "This trip was so secret, not even the head of the CIA knew it was happening, and he was supposed to have breakfast with the President this morning. As one former Administration official put it, this is a White House that's very good at keeping secrets."

The Washington Times (6/14, Curl, 90K) runs a similar report under the headline "Trip To Iraq Was Shrouded In Secrecy," while USA Today (6/14, Jackson, Benedetto, 2.31M) says "Bush, known for going to bed early, retired especially early Monday night. After a long day of Iraq meetings at Camp David, Bush told Cabinet members and other aides around 7:45 p.m. that he was 'losing altitude' and headed off for a little reading before bedtime." Instead, "he ducked out of the presidential retreat in the Catoctin Mountains and boarded a helicopter for the roughly 60-mile trip to Andrews Air Force Base in suburban Maryland. By 9:07 p.m., Bush was aboard Air Force One, and the jet was airborne, bound for Iraq."

The Washington Post (6/14, A1, Finer, Abramowitz, 744K) reports, "White House counselor Dan Bartlett told reporters on the 11-hour flight to Baghdad from Andrews Air Force Base that Bush had planned the trip for months with a 'very, very close circle' of about six White House staff members."

WPost Praises Bush For Backing Iraq's Government "Correctly And Courageously." The Washington Post (6/14, A22, 744K) writes in an editorial "If Democratic leaders such as Sen. John F. Kerry (Mass.) had their way, almost all U.S. troops would be out of Iraq by the end of 2006 -- a blow that Mr. Maliki's government almost certainly could not survive. Mr. Bush's willingness -- at least for now -- to resist such politically expedient demands may not rescue Iraq's fledgling political system; it may be that nothing can at this point. But he is -- correctly and courageously -- using what remains of his personal political capital to give Iraqi democracy a chance."

NYTimes Says Bush Visit Aimed At Midterm Election Boost. Under the headline "Too Soon To Cheer In Baghdad," the New York Times (6/14, 1.19M) editorializes, "By now, Americans surely know the difference between a presidential publicity stunt and a true turning point in this ever-lengthening war. If they had any question about which one this was, Karl Rove provided some guidance in New Hampshire, where he delivered the campaign talking points to the Republican faithful: the Democrats could never have

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summoned the will to kill Mr. Zarqawi. For an administration that is supposed to be rallying a nation at war, it was a revealingly nasty, partisan and divisive moment. … After too many photo-ops aimed at giving Mr. Bush and his fellow Republicans a short-term lift in the domestic opinion polls at election time, Americans hunger more than ever for a realistic game plan for Iraq and some real progress."

More Commentary. USA Today (6/14, 2.31M) editorializes, "Bush's visit was part of a public relations offensive designed to shore up both the fledgling Iraq government and sagging support at home for the Iraqi mission." If Bush's trip "helps build support for the mission and the Iraqi government, it's time well spent."

In an editorial, the Wall Street Journal (6/14, 2.11M) says "Bush's surprise trip to Baghdad yesterday was long overdue and, at five hours duration, too short. But it was still a trip worth making, if only to show both Americans and Iraqis that the US remains committed to seeing this war through to victory."

Iraqi, US Forces To Launch Offensive Against Insurgents. Iraqi and US forces are preparing for a new, large scale offensive in Baghdad called "Operation Forward Together." ABC World News Tonight (6/13, story 2, 2:05, Gibson, 8.78M) reported the new plan "involves making the capital safer by flooding the streets with mostly Iraqi troops and extending the city's curfew." ABC (Marquez) added, "Its goal, to put an to end the ever-increasing violence in the Iraqi capital, a full one-fifth of the country's population lives there. It calls for 75,000 troops, two Iraqi army divisions, two Iraqi police divisions, plus US forces. Their jobs, secure roads in and out of Baghdad. Set up checkpoints and raid insurgent hideouts. The plan will also extend by three hours, Baghdad's curfew from 9:00 PM to 6:00 AM, and ban weapons carried by civilians."

The CBS Evening News (6/13, lead story, 3:25, Palmer, 7.66M) reported the operation's aim "is to make Baghdad safe again by taking control of areas riddled with violent crime and sectarian killings and neighborhoods like this one, where the police no longer dare to go."

The Los Angeles Times (6/14, Roug, 958K), USA Today (6/14, Soriano, 2.31M), Washington Post (6/14, A18, Partlow, Shammari, 744K) and Washington Times (6/14, Behn, 90K) also report on the planned offensive.

Government Also Pondering Conditional Amnesty Offer. Meanwhile, the Financial Times (6/14, Khalaf) reports the Iraqi government is also "preparing a national reconciliation initiative that could include a conditional amnesty offer and negotiations with some armed insurgent groups to be implemented alongside a tougher security plan. … It will be combined with massive new security operations."

Insurgents Target Kirkuk Officials. The New York Times (6/14, Oppel, Al-Ansary, 1.19M) reports, "Insurgents unleashed a volley of bombings across the northern oil city of Kirkuk on Tuesday, killing more than two dozen Iraqis in morning rush hour attacks that were aimed at top police officials and security patrols, authorities there said." The attacks "came after what the local authorities described as the capture and elimination several days ago of a major terrorist cell. While Kirkuk has been the scene of a number of assassinations and other violence, the six bombings on Tuesday represented an attack of unusual coordination that local security officials suggested might have been retaliation for the arrest of the cell's members or intended as a signal that the insurgency in the city remained strong."

Rumsfeld, Rice, Brief Lawmakers On Iraq. CNN's The Situation Room (6/13, Bash) reported that after meetings with Secretary of Defense Donald Rumsfeld and Secretary of State Condoleezza Rice, "Republican senators and Democrats came out with very different views on what they heard." Republicans "say they heard signs of progress from members of the administration talking to them. But Democrats say that they simply didn't hear anything new."

The Financial Times (6/14, Dinmore) also reports "Democrats appeared unimpressed. Senator Jack Reed said he had heard 'nothing remarkably new' in the classified briefing." And Sen. Joseph Biden "said he hoped Mr Bush's trip to Baghdad would lead to a 'fundamental change in policy' but that he feared the president would rely on more of the same."

Defense Phase Of Saddam Trial Ends. The APP (6/13) reports, "The chief judge in Saddam Hussein's trial declared an end to the defense phase of the proceedings on Tuesday, shrugging off protests from the former Iraqi leader's lawyers that they have not had a fair chance to present their case and want to put more witnesses on the stand." The trial, "which has lasted nearly eight months, moves into closing arguments, with the prosecution starting on Monday, followed by the defense on July 10"

US To Probe Video Of Marine Making Light Of Killing Iraqi Family. The Los Angeles Times (6/14, Spiegel, 958K) reports, "The US Marine Corps is trying to find out who is behind a video posted on the Internet that appears to show a Marine performing a song that makes light of killing an Iraqi family. The four-minute video, posted anonymously on the Web site YouTube, shows the singer playing a song he calls 'Hadji Girl' in which he tells of falling in love with an Iraqi, only to be fired upon by her father and brother with automatic weapons." The Times adds, "As an unseen audience laughs and cheers, the performer -- dressed in a green T-shirt and what appears to be camouflage pants --

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singing about using 'her little sister' as a shield against his attackers."

Gore Says Rumsfeld Should Resign. During an interview dealing with many topics on CNN's Larry King Live (6/13, 9:32 p.m.), host King asked Al Gore, "Should Rumsfeld resign?" Gore replied, "Oh, sure. Well, I say it as a throwaway line. Yes, he should. I publicly called for his resignation after the Abu Ghraib tragedy. And I think that when we were talking earlier about the difficult options we have to get our troops home quickly and to deal with whatever slim chances -- and I hope they're not slim -- but whatever chances there are for them to actually make it in this transition."

Injured ABC Anchor Visits Newsroom. ABC World News Tonight (6/13, story 11, 1:10, Gibson, 8.78M) reported, "And finally, tonight, many of you who watch this broadcast, and even many who don't, have been kind enough in recent weeks to inquire about the welfare of Bob Woodruff. Bob, you'll recall, was seriously injured when he was reporting for this broadcast. Doing what he knew and loved. And for the first time since his injuries, he came back to the newsroom today, back to this studio." Woodruff: "Missed you all. Missed you all." Gibson: "As you might expect, he attracted a crowd." ABC News President David Westin: "So the plan was not to mob you, right? This is beautifully executed."

CBS Soundman Killed In Iraq Buried In London. The CBS Evening News (6/13, story 10, 1:30, Schieffer, 7.66M) reported, "Yesterday, we said goodbye to CBS News cameraman Paul Douglas. Today in London, friends and family said goodbye to sound man James Brolan. Douglas and Brolan died two weeks ago in the car bomb blast that also left our correspondent, Kimberly Dozier, critically wounded. A standing room only crowd of 500 joined Brolan's wife, son, and daughter for a service filled with tears and laughter and music."

Iraqis Continue "Exodus" To Syria, Jordan. The New York Times (6/14, Tavernise, 1.19M) reports, "In one of the first comprehensive tallies of Iraqis fleeing Iraq since the American-led invasion, an American refugee advocacy group has counted 644,500 Iraqi refugees in Syria and Jordan in 2005." The figure, provided by the United States Committee for Refugees and Immigrants, "a nongovernmental group based in Washington, is equal to about 2.5 percent of Iraq's population, and substantiates the overwhelming evidence of an exodus that has been accumulating in Iraqi passport offices and airline waiting rooms in recent months." The committee "has counted Iraqi refugees in the past, but the most recent figure is by far the largest to date — more than triple the 213,000 recorded in 2004 — and the first big surge since the American invasion. At first, Iraqis living abroad began returning home. But as the war became increasingly deadly, more Iraqis chose to leave."

US-Led Coalition To Launch Offensive Against Taliban. USA Today (6/14, 2.31M) reports, "The US-led coalition in Afghanistan plans to unleash more than 11,000 troops Thursday in the biggest offensive since the fall of the Taliban in 2001." Maj. Gen. Benjamin "Freakley, US operational commander, said Operation Mountain Thrust is a push by US, British, Canadian and Afghan troops against Taliban fighters in four volatile provinces: K andahar, Helmand, Zabul and Uruzgan."

Administration Announces Nominee For Marine Commandant. The Wall Street Journal (6/14, A2, Jaffe, 2.11M) reports, "The Bush administration announced the nomination of Lt. Gen. James Conway to take over the Marine Corps at a time when the Corps is dealing with the alleged killing of civilians by American soldiers in Haditha, Iraq." Gen. Conway, who "served as the top Marine commander in Iraq in 2003 and 2004, has worked closely with Defense Secretary Donald Rumsfeld over the past two years. He hasn't shied away from publicly criticizing aspects of how the war has been handled."

The New York Times (6/14, Shanker, 1.19M) reports, "Pentagon and Marine Corps officials said the timing of the announcement on Tuesday was unrelated to investigations that marines might have killed 24 civilians without provocation in Haditha, in restive Anbar Province."

CORPORATE SCANDALS:

SEC To Crack Down On Backdating Of Stock Options. The Washington Post (6/14, D1, Day) reports, "Federal regulators plan to crack down on an increasingly popular corporate practice that boosts executive compensation by guaranteeing profits on stock option awards." The Post continues, "The Securities and Exchange Commission is to issue a statement, possibly as early as next month, clarifying the agency's view of when current law allows backdating of stock options -- picking a date when the stock was at a low point to be the date of the award, thereby immediately guaranteeing a profit. Companies need the permission of directors, consistent with company policy, and full disclosure to investors, including properly counting the added costs against earnings. … The action stems from a widening federal probe by the SEC and the Justice Department into whether several dozen companies backdated stock options illegally, making them more valuable

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by changing the date on which they were said to have been issued without telling shareholders and without recording the additional compensation cost as an expense against the bottom line."

The Wall Street Journal (6/14, Scannell) reports, "SEC Chairman Christopher Cox said in an interview that the executive-compensation rule 'will almost certainly address options backdating explicitly.' He added: 'It is altogether possible ... that there will be additional disclosure requirements.'" The Journal adds, "In conjunction with the rule, Mr. Cox said the SEC would issue guidance 'saying when it is appropriate or not appropriate for a company to grant options while in possession of material nonpublic information when it comes to "spring loading,"' a practice that involves granting options ahead of good news. … 'I don't want to rule anything out in terms of the final rule and guidance, because they're not finished yet,' he said, adding that he expects the process to be completed before the end of the summer."

Grassley Urges DOJ Action On Backdating. Bloomberg (6/14) reports, "Executives guilty of manipulating their stock option grants should be prosecuted to the fullest extent possible, Senator Charles E. Grassley, the chairman of the Senate Finance Committee, said yesterday. … 'I hope the Justice Department and the Securities and Exchange Commission are taking a hard look at this practice,' Mr. Grassley, Republican of Iowa, said in a statement yesterday. … 'I've asked the Justice Department to let me know whether the tax laws on the books are adequate to rein in and prosecute stock option backdating. If the tax laws are inadequate, I want to beef them up.'" Bloomberg adds, "At a Senate hearing on corporate tax issues, Mr. Grassley asked Eileen J. O'Connor, assistant attorney general of the Justice Department's tax division, to outline actions federal prosecutors are taking against companies accused of manipulating stock option grants to benefit executives."

The Financial Times (6/14, Grant) reports, "The Department of Justice on Tuesday said it considered allegations that dozens of US companies might have improperly backdated stock options 'very serious', as another company said it was under investigation. … More than 40 companies, mostly in the technology sector, are the subject of probes by the US attorneys or the Securities and Exchange Commission – or both – after it emerged that stock options were retroactively awarded to executives to dates that immediately preceded a rise in the company's share price." The Times adds, "Investigations are understood to be focused on whether the backdating of stock options was done without proper disclosure to shareholders, and whether or not they were properly 'expensed' for tax purposes. … 'The department considers allegations of this nature to be very serious,' Eileen O'Connor, assistant attorney-general at the department's tax division, told a Senate finance committee hearing. … Ms O'Connor said criminal penalties applicable included 25 years in jail and a $250,000 fine for securities fraud."

MarketWatch (6/14, Watts) reports that O'Connor "said that the department is investigating allegations in 'several districts around the country' that some option grants were backdated to provide executives lower exercise prices. O'Connor didn't discuss any individual investigations. … Authorities also are looking into whether other potentially illegal practices were used to price the options at a low-dollar amount, such as awarding options based on 'inside' information about a pending event that would subsequently send the stock price higher, she added. … 'Such conduct would be a fraud on the market; it would boost executives' compensation at the expense of other investors,' O'Connor told the committee." MarketWatch adds, "If the probes reveal criminal behavior, prosecutors could bring charges including securities fraud, mail fraud, wire fraud and various tax-related charges against individuals and corporations, she said. Such charges carry the potential for prison time and hefty fines."

Pension Funds Suing Companies Amid Stock Options Probe. USA Today (6/14) reports, "Pension funds in the USA, Europe and Australia have begun suing dozens of companies under investigation in the widening scandal over illegally backdated stock options." USA continues, "Darren Robbins, an attorney at the Lerach Coughlin Stoia Geller Rudman & Robbins law firm in San Diego, told the Associated Press that the pension funds are 'completely beside themselves and outraged over the self-dealing that has gone on.'" USA adds, "In one lawsuit, security software maker McAfee was sued by the Heavy & General Laborers' Pension and Annuity Funds, and technology firm Juniper Networks was sued by the Employer-Teamsters Pension Health and Welfare Funds, according to the Financial Times. … The Justice Department and the Securities and Exchange Commission are looking at about 40 U.S. companies for suspected illegal backdating of stock options, according to the companies' SEC filings and media reports."

Enron Broadband Jurors Say They Were Pressured To Convict. The AP (6/14, Lozano) reports, "Lawyers for a former Enron Corp. broadband executive found guilty last month on fraud and conspiracy charges have asked for a new trial after several jurors said they felt pressured to convict." The AP continues, "Affidavits by two jurors and two alternate jurors were part of a 90-page motion by attorneys for former broadband unit finance chief Kevin Howard, who was convicted on five counts of fraud, conspiracy and falsifying records. The same jury acquitted former in-house accountant Michael Krautz of the same charges." The AP adds, "In their affidavits, the jurors said they felt that they had been instructed by U.S. District Judge

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Vanessa Gilmore and pressured by other jurors to reach a unanimous verdict and avoid a hung jury, even though they believed that Howard was innocent. … A trial last year against Howard, Krautz and three other broadband executives ended with a hung jury. Howard and Krautz were the first to be retried. … 'There was just so much pressure to change my vote that I felt like we had to compromise and give in to the majority because I felt like there was no other choice,' juror Anne Marie Campbell said in her affidavit."

Two Utilities To Pay $50 Million In Enron Settlement. The New York Times (6/14, Johnston) reports, "Two small utilities are set to pay more than $50 million to Enron for electricity that they agreed to buy but that Enron will never deliver, under terms of a settlement that raises larger issues." The Times continues, "As part of the settlement, which may be approved as early as today, the staff of the Federal Energy Regulatory Commission will not investigate fraud claims against Enron for manipulating electricity prices, critics say. They added that the settlement might allow the destruction of evidence crucial to proving that Enron cheated customers and would prevent others from resolving their fraud claims." The Times adds, "Brian Lee, a commission spokesman, said the criticisms were ill-informed and baseless. He said the settlement did not prevent the handful of utilities and customers who had to yet to resolve their fraud claims to continue pursuing their complaints before the commission. … Enron, which is in bankruptcy proceedings, made $1.6 billion in profits from what the commission's staff has testified was 'unjust and unreasonable' pricing. The commission ruled earlier that Enron could be forced to give up all its profits since 1997 because of its manipulations. … Enron said that under terms of its contracts with the two utilities, it was owed more than $170 million whether or not the power was delivered. The utilities said that they did not owe anything but decided to pay the smaller amount to remove a big financial risk from their books."

White House Increases Pressure On Fannie Mae, Freddie Mac. The Wall Street Journal (6/14, Solomon, Hagerty, 2.11M) reports the Bush Administration, "seeking to ratchet up pressure on Fannie Mae and Freddie Mac and propel legislation stalled on Capitol Hill, threatened to tighten control over the mortgage giants on its own and to ponder using its authority to limit their growth." In a "move seen as a warning that the administration may act on its own if Congress doesn't, the Treasury said it will review the process it uses to approve requests by the mortgage companies to issue debt. The administration is pressing Congress to alter the law to limit the size of the portfolios of mortgages and mortgage-backed securities that the two stockholder-owned, government-chartered companies hold." Meanwhile, Secretary of Housing and Urban Development Alphonso Jackson "said that until Congress tightens regulation of the companies, he intends to use existing powers to 'increase the transparency' of the companies to make sure their investments are in line with their mission of supporting the housing market."

The Washington Post (6/14, D1, Shin, 744K) reports the Bush Administration announced "Cabinet-level studies of the companies' holdings and whether they can be reined in using existing law and regulatory powers." Legislation to "slow the companies' growth and narrow their activities began moving through Congress last year in response to multibillion-dollar accounting scandals, but it is stalled in the Senate." Treasury Undersecretary Randal K. Quarles "said his agency was examining whether it had the authority to limit Fannie and Freddie's ability to sell debt and, by extension, their ability to grow." Announcement "of the two studies follows Fannie's agreement to pay $400 million in fines to settle charges that its executives manipulated earnings to trigger higher bonus payments."

The AP (6/14, Gordon) reports, "The administration has long been critical of the two companies, and officials have pointed to the accounting scandals to bolster their case that the massive mortgage portfolios are improperly managed and pose a risk to the financial system." The AP adds, "On Tuesday, two officials - Housing and Urban Development Secretary Alphonso Jackson and Randal Quarles, Treasury undersecretary for domestic finance - disclosed the new reviews by their departments in separate appearances before groups in Washington. … Quarles said he had directed Treasury staff to review the department's process for approving the massive mortgage-related debt issued by Fannie Mae and Freddie Mac. … Some Treasury officials have taken the view in recent years that the department has the authority to limit that debt."

WSJournal Says Administration Should Press Senate To Pass Shelby Bill. The Wall Street Journal (6/14, 2.11M) says in an editorial that the Treasury and HUD actions "ought to send a message to Congress, which has been acting as if it wants the entire subject to go away. In the Senate, the question is why the Republican leadership has not heeded the very damaging report on Fannie from the Office of Federal Housing Enterprise Oversight to force a vote on Banking Chairman Richard Shelby's strong reform bill. Ofheo revealed that Fannie's top executives enriched themselves over a period of years through dubious accounting. Do Senators support reform of a corrupted and dangerous institution whose finances remain a black box even today, or are they for the status quo?"

SEC Opens Mutual Fund Rules For Comment. The New York Times/Bloomberg (6/14) reports, "The Securities and Exchange Commission is inviting public comment on the cost of mutual fund governance rules set

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aside by a federal court in April, a move that leaves open the possibility of reviving or revising them." Bloomberg continues, "The agency will accept comment until Aug. 21 on the cost issue and on 'any issue related to the underlying purpose' of the rules, the S.E.C. said in a statement yesterday." Bloomberg adds, "The rules would require that the chairman and three-quarters of the directors of mutual funds be independent from management. They were adopted on a 3-2 vote under William H. Donaldson, the agency's former chairman. … The United States Chamber of Commerce successfully challenged the requirements in a lawsuit. On April 7, a federal appeals court said the S.E.C. had not followed its own procedures in adopting the rules. The court gave the agency 90 days to correct its process. … The five-member commission voted unanimously to solicit the new round of comment, the S.E.C. said in yesterday's statement. Commissioners are split on whether ultimately to kill the rule or keep it."

SEC Nears Naming Of Accounting Oversight Board Head. The Wall Street Journal (6/14, Reilly) reports, "The Securities and Exchange Commission is close to naming a new chairman for the body that regulates accounting firms and has settled on a shortlist of three candidates for that post, according to people familiar with the matter." The Journal continues, "The appointment of a new chairman for the Public Company Accounting Oversight Board, or PCAOB, would end a regulatory uncertainty that has hung over the accounting world since the agency's first chairman, William McDonough, stepped down late last year. It also would mark one of the most significant appointments to be made by SEC Chairman Christopher Cox since he took over last year as head of the securities-market regulator." The Journal adds, "The SEC appoints PCAOB members but does so in consultation with the Treasury Department and the Federal Reserve, and the shortlist of candidates reflects this relationship, the people familiar with the matter said. … The candidates for the PCAOB post include William Gradison, 77 years old, who has served as acting chairman since last December. A former nine-term Republican congressman from Ohio, Mr. Gradison has indicated an interest in taking the post permanently, according to people familiar with the matter. If he doesn't get the nod, Mr. Gradison would continue serving as a board member. The chairman's position pays $615,000 a year, according to the PCAOB, while board members make $500,000. … Another contender is Jerome H. Powell, 53, a former Treasury Department official who served as assistant secretary for domestic finance and undersecretary for finance in the administration of the first President Bush. Until last year, Mr. Powell was also an executive with private-equity firm The Carlyle Group. … The third candidate is Mark W. Olson, 63, a Federal Reserve Board governor and former Ernst & Young LLP partner who has also served as staff director of a Senate subcommittee overseeing the SEC, accounting issues and the insurance industry."

Cooperative Accounting Regulation Urged. In an op-ed in the Wall Street Journal (6/14), Neil Lerner, global head of regulatory issues for KPMG LLP, writes, "The last few weeks have provided clear reminders, if any were needed, that prosecutors are keen to crack down on corporate fraud. We have seen Jeff Skilling and Ken Lay convicted of multiple charges related to the Enron collapse and likely to face long jail terms. We have also seen Daewoo motor company founder Kim Woo-Choong sentenced to 10 years in prison for embezzlement and accounting fraud. … Part of this scrutiny of business has landed on auditors. Clearly the work of auditors is a critical safeguard against corporate fraud. Consequently, the oversight and inspection of their work must be effective, too. However, getting effective, practical regulation in place has proved to be a tall order for government. And this problem is compounded by the fact that auditors -- and the companies they work with -- operate around the globe these days. The stakes are high, as we saw when Enron's outside auditing firm, Arthur Andersen, went out of business under the weight of prosecution." Lerner adds, "Legislators have been busy on this front, too. The U.K. government is proposing a new offense for auditors if they 'knowingly or recklessly' sign off misleading, false or deceptive information. … It would be a pity if the effectiveness of these efforts to improve corporate governance and the integrity of financial reporting was undermined by a spaghetti junction of overlapping regimes for monitoring the work of auditors. But that is what we are in danger of seeing when it comes to oversight of auditors working for the myriad companies that are listed in more than one jurisdiction." Lerner concludes, "The challenge is to produce a regulatory system that is rigorous and effective but which allows business to get on with its job and produce results. We have seen this challenge before with Sarbanes-Oxley and other regulation. And as the world's borders continue to blur and commerce becomes ever more global, we no doubt will see it again."

CRIMINAL LAW:

Fitzgerald Won't Charge Rove In CIA Leak Investigation. The Washington Post (6/14, A1, Vandehei) reports, "White House Deputy Chief of Staff Karl Rove will not be indicted in the CIA leak investigation, his attorney announced yesterday, a decision that signals that a special prosecutor's probe is unlikely to threaten any other Bush administration officials." The Post continues, "Special

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Counsel Patrick J. Fitzgerald told Rove's attorney, Robert Luskin, in a short letter delivered Monday afternoon that he 'does not anticipate seeking charges' against Rove in the case, Luskin said. Rove was told about 4 p.m. while aboard a Southwest Airlines flight en route to a campaign speech in New Hampshire, but he waited until early yesterday morning to publicly reveal the news." The Post adds, "The announcement ends months of speculation about Rove's legal future and frees the architect of President Bush's presidential victories to resume his central White House role without the threat of criminal charges hanging over him. Rove, who spent countless hours preparing for five grand jury appearances in the case and sharpening his defense, was 'delighted, obviously,' Luskin said. 'We've always said he did everything he could to cooperate' with the prosecutor, he added. … 'It's a chapter that has ended,' Bush told reporters during his trip back from Iraq. The president said he thinks Fitzgerald 'has conducted his investigation in a dignified way.'"

The New York Times (6/14, Johnston, Rutenberg, 1.19M) reports the decision "not to bring charges against Karl Rove in the C.I.A. leak case followed months of intense behind-the-scenes maneuvering between the prosecutor, Patrick J. Fitzgerald, and Mr. Rove's lawyer, lawyers in the case said." The move "frees Mr. Rove in his role as Mr. Bush's top strategist during midterm elections this year." A spokesman "for Mr. Rove's legal team, Mark Corallo, said that Mr. Rove had made no deals to cooperate with the prosecution in any way, and that the decision was based purely on Mr. Fitzgerald's findings."

The AP (6/14, Locy) reports, "Aboard Air Force One Tuesday, President Bush praised Fitzgerald. 'It's a chapter that has ended,' Bush said. 'Fitzgerald is a very thorough person. I think he's conducted his investigation in a dignified way.'" Bush "said White House officials would remain mum about the leak and the results of the investigation."

The CBS Evening News (6/13, story 3, 1:05, Borger, 7.66M) reported, "It's very good news and very important news for the White House, Bob. Not only is Karl Rove a top presidential adviser, somebody who's known the President since the old Texas days, but he's also the White House point man on the upcoming 2006 midterm elections." The Washington Times (6/14, Seper, Dinan, 90K) notes that yesterday, Rove "emerged from the Eisenhower Executive Office Building several times yesterday in view of photographers staked out on the White House lawn, waving and smiling at them. 'Now Karl can be Karl,' said one senior administration official."

NBC Nightly News (6/13, story 4, 2:25, Myers, 9.87M) reported Rove was "described as elated and relieved. Rove's team said he got the good news last night just before a fiery political speech in New Hampshire hammering Democrats on the Iraq war." Karl Rove: "They are wrong and profoundly wrong in their approach." Myers: "The chairman of the Republican Party says Democrats owe Rove an apology." Ken Mehlman, Republican National Committee Chair: "People that prejudged his guilt were wrong to, were wrong to say that he ought to have his security clearance taken away, that he ought to lose his job." Mehlman, asked on Comedy Central's The Daily Show with Jon Stewart (6/13) why Rove was not indicted, said, "I think the prosecutor looked at it and decide add crime wasn't committed. … I think we ought to trust his judgment."

ABC World News Tonight (6/13, story 5, 2:15, Tapper, 8.78M) reported, "The investigation has already resulted in one indictment, former White House adviser Scooter Libby. And some Democrats and some in the media wrongly predicted Rove would be next." David Shuster, MSNBC, May 8: "I am convinced that Karl Rove will, in fact, be indicted." Tapper: "Today, Democrats said that while Rove may not have violated the letter of the law, he may have violated a sacred trust." Democratic National Committee Chairman Howard Dean: "Karl Rove does not belong in the White House. He has done something that is counter to the interest of American national security. And I can't believe the President of the United States can't recognize that." Tapper: "Tonight, a senior adviser to the White House tells ABC News, with the death of Zarqawi and Rove exonerated, it's a welcome week of solid good news for the Administration."

Fox News' Special Report (6/13, Hume) reported, "There had long been doubt special prosecutor Patrick Fitzgerald could make a case against Rove who cooperated fully, testifying five times in the investigation. Until now Fitzgerald refused to fully rule out further action against Rove."

CNN's The Situation Room (6/13, Blitzer) reported, "The Wilsons suggest some other kind of legal action may be taken against Rove. … Their lawyer issued a statement today saying this, 'The day still may come when Mr. Rove and others are called to account in a court of law for their attacks on the Wilsons.'" USA Today (6/14, Jackson, 2.31M) reports, "Rove may still have legal issues surrounding the case." Amb. Wilson "has said he may file a civil suit against Rove and other administration figures."

The Los Angeles Times (6/14, Neuman, Wallsten, 958K) reports, "The announcement seemed only to ignite partisan fires over corruption and secrecy. Saying the White House was pleased, deputy press secretary Dana Perino said, 'Karl is as he has been throughout the process -- fully focused on the task at hand: crafting and building support for the president's agenda.'" But Democratic National Committee Chairman Howard Dean "was having none of it. 'His real sin…is leaking the name of an intelligence operative during a time of war,' Dean said on NBC's 'Today' program. 'He doesn't belong in the White House.'"

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The Washington Post (6/14, A2, Milbank, 744K) reports, "Within hours of hearing yesterday morning that…Rove wouldn't be prosecuted in the CIA leak case, Sen. Chuck Schumer (N.Y.), the chief of the Democrats' campaign to retake the Senate, hurried to the press gallery to blunt the damage." But "however fervently Schumer wished away Bush's good news, Republicans sensed a shift in momentum."

Bloomberg (6/14, Keil) reports, "Republican Party Chairman Ken Mehlman said on CNN that Democrats engaged in a 'rush to judgment' in trying to tie Rove to the disclosure of the Central Intelligence Agency operative's identity. He said Dean and other Democratic leaders owe Rove an apology. … 'It's pretty clear that Karl Rove not only did nothing wrong, but he did everything right in terms of cooperating with this investigation,' Mehlman said."

Luskin, Statements To FBI Credited With Keeping Rove From Being Indicted. In an analysis piece titled "Nonindictment Of Rove Owes Much To Tactics," the Wall Street Journal (6/14, Squeo, 2.11M) reports "even some who wanted to see Karl Rove indicted credit the skillful lawyering by attorney Robert Luskin and his open-door strategy with the prosecution and the press alike with convincing the grand jury of his innocence. Indeed, Mr. Luskin had Mr. Rove appear before the grand jury in the case repeatedly to explain that what had appeared to be a misstatement was in fact a lapse of memory."

The AP (6/14, Yost) reports, "In 2003, while Rove allowed the White House to tell the news media that he had no role in leaking Valerie Plame's CIA identity, the presidential aide was secretly telling the FBI the truth. It's now known that Rove had discussed Plame's CIA employment with conservative columnist Robert Novak, who exposed her identity less than a week later, citing two unidentified senior administration officials." Rove's "truth-telling to the FBI saved him from indictment."

Fitzgerald Probe Seen As Unlikely To Lead To Further Indictments. CNN's The Situation Room (6/13, Arena) also said, "It seems the only question remaining is whether the original leaker will be charged with committing a crime. A source close to the investigation says that it's increasingly likely the answer is no."

The Washington Post (6/14, A1, VandeHei, 744K) reports, "A source briefed on the case said that the activities of Vice President Cheney and his aides were a key focus of the investigation, and that Cheney was not considered a target or primary subject of the investigation and is not likely to become one." There are "no other outstanding issues to be investigated, the source said, though new ones could emerge."

The Legal Times (6/14, Schwartz) reports, "Legal experts say the decision may signal an end to Fitzgerald's investigation into whether government officials intentionally leaked classified information -- the name of CIA operative Valerie Plame -- to the media." The Times adds, "Fitzgerald's decision raises questions over what, if any, role Rove may play in Libby's upcoming trial, now scheduled for early next year. Former federal prosecutor Peter Henning, now a professor at Wayne State University, says it is possible that Rove could be called as a witness, but 'it's not clear how helpful Rove will be for one side or the other.'"

More Commentary. The Wall Street Journal (6/14, 2.11M) editorializes, "So much for having Karl Rove 'frog-marched' out of the White House 'in handcuffs.' That's the fate Democratic partisan Joe Wilson once predicted for President Bush's political guru, and yesterday his hope and accusations vanished like fog on the Potomac. … The mystery is why Mr. Fitzgerald kept Mr. Rove twisting in the wind for so long." The Journal adds that "what we are left with is a three-year political spectacle that has kept the White House under siege during a war, weakened or pushed out of office some of its most important aides, and made liberal celebrities of Mr. Wilson and his wife. And to what public purpose? A prosecutor with more wisdom than Mr. Fitzgerald would have long ago understood he was injecting himself into a political brawl, closed his case and left the outcome to the voters."

DOJ Challenges House Leaders On Searches.

The AP (6/14, Sherman) reports, "House leaders who called the late-night search of Rep. William Jefferson's office unconstitutional seek special treatment for lawmakers that would allow them to block criminal investigations, the Justice Department said Tuesday." The AP continues, "Democratic and Republican leaders essentially are calling for a member of Congress to be given notice of a search and to be allowed to be present for it, rights 'that are not available to any other person' under constitutional protections against unreasonable searches and seizures, government lawyers said in a 27-page court filing." The AP adds, "If the House leaders have their way, lawmakers also would be able to determine what documents do not have to be turned over to investigators or cannot be used in prosecution, the department said. In that circumstance, 'a member of Congress could easily thwart a criminal investigation by unilaterally declaring certain documents to be privileged,' the government said." The AP notes, "House Speaker Dennis Hastert, Democratic leader Nancy Pelosi, Majority Leader John Boehner, Republican Whip Roy Blunt and Democratic Whip Steny Hoyer last week asked a federal judge to declare unconstitutional the search of Jefferson's office May 20-21. Such a move could undermine part of a lengthy bribery investigation of the Louisiana Democrat. … The leaders said the search was heavy-handed and threatened the balance of power in government. But they also acknowledged that the FBI has every right to investigate Jefferson. … Chief U.S. District

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Judge Thomas F. Hogan, who approved the warrant, has scheduled a hearing Friday."

Judge Postpones Safavian Jury Deliberations Due To Misconduct Allegation. The AP (6/14, Sniffen) reports, "A federal court jury in the first trial of the Jack Abramoff lobbying scandal was sent home four hours after beginning deliberations Tuesday so the judge could consider whether to dismiss a juror for misconduct." The AP continues, "The jury of 10 women and two men had selected a foreperson but had not even received their written copies of jury instructions nor begun any substantive deliberations when the problem arose. … Prosecutors argued that a female juror should be dismissed because she disregarded the judge's instructions on several occasions and told other jurors Tuesday she had discussed the costs of a golf trip to Scotland with her father. Safavian's expenses for the August 2002 trip arranged by Abramoff have been an issue in trial testimony." The AP adds, "The defense opposed replacing the juror with an alternate and said U.S. District Judge Paul Friedman should just give jurors a stiff warning to stop all outside discussions. … U.S. District Judge Paul Friedman, who questioned the juror, decided he wanted to study similar cases before ruling on the government's dismissal motion. He said he would rule Wednesday morning, and asked the jury to return then. … He also denied the jury's request for a dictionary and told the jurors that if they needed definitions or had other questions to ask him by note."

Convicted "Mafia Cops" Seek Reversals For Inadequate Representation. The AP (6/14, McShane) reports, "Wearing sharply tailored suits and sharing 'Godfather'-style kisses in the courtroom, attorneys Bruce Cutler and Edward Hayes appeared a formidable defense team for two ex-New York Police Department detectives accused of moonlighting as hit men for the mob. … Now, two months after Louis Eppolito and Stephen Caracappa were convicted of eight slayings, the former cops are charging that their lawyers botched the case - and asking a federal judge to throw out the verdict." The AP continues, "Both Cutler and Hayes were disappointed by the allegations from their one-time clients, saying Eppolito and Caracappa were desperate men motivated by the life sentences awaiting them if their appeal fails. … 'I was just so personally offended,' Cutler said. 'One day you're begged to come in, and the next day you're knocked by the client, who to me is delusional in a certain respect. He's certainly ungrateful and shameless.'" The AP adds, "The defendants' new lawyers were unsparing in their assessment of their predecessors. … 'Hayes' indifference to Mr. Caracappa's defense, both in terms of preparation and understanding, was apparent throughout the case,' Daniel Nobel, who now represents Caracappa, said in court papers. … Joseph Bondy, the new attorney for Eppolito, said Cutler 'spent the majority of Mr. Eppolito's closing argument speaking about himself, including that he lost over 14 pounds during trial, loved Brooklyn as a borough of bridges and tunnels, and was an admirer of the great Indian Chief Crazy Horse.' … A hearing is set for June 23 on the defendants' allegations of ineffective counsel."

Former Chicago City Clerk Sentenced To 2 Years In Prison. The Chicago Tribune (6/14, Coen) reports, "James Laski at times dabbed tears from his eyes as a federal judge sentenced the former Chicago city clerk to 2 years in prison for taking nearly $50,000 in bribes to steer city business to trucking companies run by his friends. Laski is the highest-ranking official to be charged in the federal investigation of the scandal-ridden Hired Truck Program." Before his sentencing, Laski told the court, "After 26 years in government service, I have thrown everything away for the sum of $48,000," but "the comment brought a rebuke from U.S. District Judge Charles Norgle that Laski was oversimplifying the case. Norgle said Laski's conduct was the kind of breach of trust that saps the faith of ordinary citizens in their government." The Chicago Sun-Times (6/14, Korecki) adds, "Norgle could have given Laski up to 37 months but took into account Laski's family situation and his acceptance of responsibility for his crimes." The Sun-Times also notes that Laski "is the highest-ranking public official convicted in the Hired Truck scandal."

Top Daley Administration Lawyer Testifies At Patronage Trial. The Chicago Tribune (6/14, Mihalopoulos, Bush, 643K) reports, "The top lawyer in Mayor Richard Daley's administration told a federal jury Tuesday that she was unaware of any 'irregularities' in city hiring until after the FBI raided the mayor's office last year. Testifying against the mayor's former patronage chief Robert Sorich, Corporation Counsel Mara Georges also said she did not know before the April 2005 raid that officials in the mayor's office kept lists of politically connected job seekers." The Tribune notes, "Prosecutors charge that the office dictated who received city jobs that were supposed to be filled without regard to applicants' political ties. But when Georges discussed Intergovernmental Affairs' role in hiring with Sorich" and co-defendant Timothy McCarthy, "neither mentioned to her that they participated in filling positions covered by the Shakman decree, she said. … Georges also testified that she had discussions with McCarthy about a color-coded list of applicants for city truck driver jobs that FBI agents found in city offices," and she "said McCarthy told her the list helped Intergovernmental Affairs keep an eye on Sanchez, a leader of the Hispanic Democratic Organization."

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Mississippi County Official Pleads Not Guilty To Katrina Kickback Charges. The Bolivar Commercial (6/14, Robinette) reports, "Bolivar County Administrator Adrian Brown's voice was loud and clear as he pleaded not guilty to two felony charges" Tuesday. Brown "was arrested on June 6 for receiving and accepting kickbacks as well as witness tampering by FBI agents at his office. The kickbacks allegedly came from Federal Emergency Management Agency funds for Hurricane Katrina relief efforts in the county. His trial is set for July 17." Defense attorney Douglas Greene said, "He is a fall guy in a political power play and there's a lot more to be revealed later on." The AP (6/14) also notes that Brown "was arrested June 6 by FBI agents. He was later released on $20,000 bond. … On Monday, Brown was suspended without pay by the Bolivar County Board of Supervisors pending a determination by the state attorney general's office."

California Man Pleads Guilty To Racketeering In Israel Cartel Case. The AP (6/14, Marquez) reports, "A reputed enforcer for a notorious Israeli cartel decided to take a plea deal Tuesday in the midst of his federal trial - after a top-ranking member of the group testified against him, officials said." The AP continues, "Hai Waknine - a 35 year-old Israeli national who lives in Marina del Rey, California, and describes himself as a businessman - pleaded guilty to a single racketeering charge, according to Assistant U.S. Attorney Tom Sleisenger. Under a deal with the government, he will be sentenced to nine years in prison, Sleisenger said." The AP adds, "Waknine had faced 46 counts of racketeering, extortion, conspiracy, and other charges stemming from an alleged scheme to hide money embezzled from an Israeli bank by loaning it out in Miami and Los Angeles. Waknine was accused of threatening violence to get debtors to pay up. … The turnabout came shortly after a morning of testimony from Gabi Benharosh, a powerful member of an organized crime syndicate known as the Jerusalem Group. Authorities say the syndicate has enriched itself through loan sharking, extortion, money laundering and illegal gambling in Israel, Europe, California, Nevada and elsewhere in the U.S." The AP notes, "Benharosh told jurors Waknine had helped devise the scheme and collect the money, Sleisenger said. That conflicted with the defense's argument that Waknine acted under duress and was merely doing Benharosh's bidding."

Duke Basketball Star Charged With Drunk Driving. The Washington Post/AP (6/14, E2) reports, "Duke basketball star J.J. Redick was arrested early yesterday in Durham, N.C., on charges of drunken driving, another blow to a school shaken by a lacrosse scandal." The AP continues, "Redick, the Associated Press player of the year, also was charged with unlawful use of highways for making an illegal U-turn. … Redick, who has a Virginia driver's license, lost his driving privileges in North Carolina for 30 days, police spokeswoman Kammie Michael said." The AP adds, "Redick, 21, was released on $1,000 bond shortly after being taken before a Durham County magistrate. He is to appear in court July 17. The arresting officer wrote in his report that Redick had 'very glassy eyes, strong odor of alcohol coming from breath.' … Redick had a blood-alcohol level of 0.11 percent. The legal limit for drivers in North Carolina is 0.08."

Antigua Challenges US Online Gaming Laws. The Financial Times (6/14, Williams) reports, "The tiny Caribbean island state of Antigua and Barbuda has taken the first steps to haul the US back before the world trade court in a long-running dispute over internet gambling." The Times continues, "Antigua, which has a population of 68,000, says Washington has failed to comply with a World Trade Organisation ruling last year that US internet gambling laws discriminate against foreign suppliers. As a result, Antigua claims to have lost a large chunk of the rapidly growing offshore gaming business it has been building to diversify its economy away from tourism. US gamblers are estimated to account for about half the $12bn global internet gaming market." The Times adds, "This week, Antigua requested meetings with the US, a prelude to the establishment of a WTO panel to judge compliance. If, after any appeals, the WTO finds the US still in breach of fair trade rules Antigua can ask for permission to retaliate. 'Obviously, we are going to have to be a bit creative in order to come up with something to motivate the Americans,[Mark Mendel, a US lawyer advising Antigua, said after the April 3 2006 deadline set for US compliance expired. … Antigua is especially aggrieved because the US has taken no action to implement the WTO ruling, claiming - on the basis of an interpretive statement by the justice department - that its laws are already in compliance. … 'Antigua and Barbuda does not believe that a simple restatement of a legal position taken by a party to a dispute . . . can be considered a [compliance] measure,' Antigua says in its consultation request. … The US argues it does not discriminate against foreign suppliers of internet gambling services because domestic suppliers are equally restricted in offering services across state boundaries."

Patrick Kennedy Pleads Guilty To Driving While Impaired. NBC Nightly News (6/13, story 7, 1:10, Williams, 9.87M) reported Rep. Patrick Kennedy "pleaded guilty today to a charge of driving under the influence of prescription drugs back when he crashed his car on Capitol Hill last month in the middle of the night. A judge in Washington, DC, gave him a 10-day suspended jail sentence and one year of probation and suspended his driving license for six months."

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Kennedy "again said he takes full responsibility for his actions."

CNN's The Situation Room (6/13, Blitzer) reported Kennedy "says he's suffering another consequence for his drug-induced car crash on Capitol Hill." Kennedy "says he's still running for re-election in Rhode Island despite his guilty plea and recent ordeal."

The Washington Post (6/14, A5, Cauvin) reports, "Rep. Patrick J. Kennedy, who lost control of his car near the Capitol last month in what he says was a drug-induced stupor, pleaded guilty yesterday to driving under the influence of prescription medication and could face 10 days in jail if he fails to comply with a long list of court-imposed conditions." The Post continues, "Placed on probation for a year, Kennedy (D-R.I.) must meet monthly with the psychiatrist overseeing his after-care treatment and attend weekly meetings of a recovery group and Alcoholics Anonymous. Kennedy also must submit to random drug screening and meet regularly with a psychiatrist to monitor his mood and anxiety and use of mental health medications. … 'I've always said that I wanted to take full responsibility for my actions,' Kennedy said in a brief statement outside the D.C. courthouse. 'Today in court, I did just that. I accepted the consequences of my actions.'" The Post notes, "The plea agreement, which was in the works when Kennedy returned from a month-long stay at the Mayo Clinic in Minnesota, was presented yesterday afternoon in D.C. Superior Court. Earlier in the day, Kennedy was charged with driving under the influence, reckless driving, and driving without a permit. The latter two charges were dropped in return for the guilty plea."

The New York Times (6/14, Stout) reports, "Judge Melendez said that Mr. Kennedy would serve 10 days in jail if he violated his probation and that he must continue drug treatment. The judge also fined the congressman $350, of which $250 will go to the Boys and Girls Club of Greater Washington and the remaining $100 to a crime victims' fund." The Times adds, "The congressman has said that he has no memory of driving his car into a security barrier around 3 a.m., and that he had not been drinking beforehand, even though the initial police report listed alcohol as a factor in the accident. Rather, Mr. Kennedy has said, he was under the influence of prescription anti-nausea and sleep medications, which he had taken at the 'prescribed amount.'"

The AP (6/14, Miga) reports, "Kennedy was joined in court by Rep. Jim Ramstad, R-Minn., who is his sponsor in Alcoholics Anonymous." Similar stories appear in many newspapers this morning, among them Roll Call (6/14, McArdle), The Hill (6/14, Kucinich), Los Angeles Times (6/14, Neuman, 958K) and Chicago Tribune (6/14, Neuman, 643K).

FBI Web Site Seeks Public Corruption Tips. Fox News (6/14) reports, "Even with stories about public corruption probes flooding the morning papers, Internet and cable news airwaves, the FBI's new Web site for individuals to report malfeasance and just plain bad behavior hasn't made splashy headlines. … But the site, reportcorruption.fbi.gov, is up and running and the G-Men are paying attention. … 'They don't want me to get into numbers, but, yes, we have had credible tips already,' said Steve Kodak, an FBI spokesman." Fox News continues, "It turns out that while tip lines have been in use by nearly every major and minor police department in the nation for years, the FBI's public corruption Web site, created last month, is somewhat of a new venture. … The idea is an offshoot of the Hurricane Katrina fraud tip line, which was created when law enforcement officers realized the outpouring of public support in rebuilding the Gulf Coast after last year's hurricanes wasn't benefiting just the people of Louisiana. A report out Tuesday by the Government Accountability Office reveals the government doled out an estimated $1.4 billion for fraudulent requests for assistance." Fox News adds, "Over the past five years, the FBI has increased the number of agents dedicated to anti-corruption efforts from 450 to about 620. Of late, they have been kept busy with a persistent drumbeat of corruption-related cases involving congressional and federal officials."

Box Blown Up Near Miami Federal Courthouse May Have Contained Criminal Evidence. The Miami Daily Business Review (6/14, Kay) reports, "When police blew up a suspicious box that caused the evacuation of two federal buildings in downtown Miami, they may have blown up a federal criminal case." The Review continues, "Authorities evacuated the courthouses Monday due to a bomb scare. The Miami Police bomb squad responded and destroyed the box, but it may have contained evidence from a just-decided case. … The James Lawrence King Federal Justice Building and the David W. Dyer Federal Building both were evacuated at about 2:30 p.m. for an hour or so on Monday. Hundreds of attorneys and courthouse staffers were ushered out of the buildings by federal marshals wearing yellow vests. They were directed to the street in front of the Federal Detention Center while the bomb squad did its work. Federal judges and magistrates were taken out of the building separately and taken to an undisclosed location. … 'A special robot went over to the box, and it went kaboom,' said Mark Schnapp, a partner at Greenberg Traurig in Miami who was at the U.S. Attorney's office when the building was evacuated. … But according to two lawyers who were present during the bomb scare and did not want to be named, it turned out that the box contained papers and evidence left on the sidewalk by a federal agent. The two lawyers said the evidence was from a criminal case in which a verdict had just been reached. That evidence included fake guns and wiretap equipment. … Alberto Hidalgo, a spokesman for the U.S.

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Marshals Service in Miami, confirmed that the box was blown up by the police bomb squad but said he had no information about what was in the box. … Matt Dates, a spokesman for U.S. Attorney Alex Acosta, declined to comment on what the box contained. 'We don't talk about security matters,' he said."

CIVIL RIGHTS:

DOJ Cites Deaths, Violence In Probe Of DC Mental Facility. The Washington Post (6/14, B1, Weiss) reports, "The Justice Department is demanding that the D.C. government correct problems at St. Elizabeths Hospital, saying the city-run psychiatric facility is beset by lax supervision, patient-on-patient violence and substandard care." The Post continues, "Two patients died in 2004 after they were attacked by other patients, and three died last year after problems with their medical care, according to an investigative report. Dozens of others have been kicked or punched in altercations, been put in restraints longer than necessary or been neglected by medical staff, the report said. … The hospital 'fails to provide its patients with a reasonably safe living environment,' the Justice Department said. 'The facility too often subjects its patients to harm or risk of harm.'" The Post adds, "The Justice Department opened a civil rights investigation last year into conditions at the Southeast Washington hospital after a patient advocacy group flagged numerous problems. Justice officials sent their findings May 23 to Mayor Anthony A. Williams (D), giving the city a list of steps that must be taken to avoid a civil rights lawsuit. There is no set deadline for the city to respond. … The report marked the second time in recent weeks that the Justice Department has said the District government is endangering some of its most vulnerable residents. Justice lawyers asked a federal judge last month to hold the city in contempt of court for failing to improve conditions in group homes for the mentally and physically disabled."

DOJ Investigating Deaths By Police Taser Use. USA Today (6/14, Johnson) reports, "The U.S. Justice Department is reviewing the deaths of up to 180 people who died after law enforcement officers used stun guns or other electro-shock devices to subdue them. … 'These deaths raise a question in our mind that should be examined,' said Glenn Schmitt, acting director of the department's National Institute of Justice. He said the review will initially focus on 30 deaths, including one from two decades ago." USA continues, "Most of the deaths occurred within the past four years, corresponding with the mass deployment of stun guns to police departments throughout the country. A number of departments have re-evaluated their use of the weapons because of the fatal incidents. … More than 80 deaths since 1999 were identified in a recent analysis by The Arizona Republic. Amnesty International has identified more than 150 deaths since 2001." USA adds, "The devices, marketed as alternatives to lethal force, are designed to incapacitate unruly suspects through electric shock. … Taser International, the nation's largest maker of stun guns, has supplied more than 130,000 devices to about 7,000 of the nation's 16,000 police agencies. … The company has maintained that its products are safe and have saved the lives of police officers and suspects. … 'As we know, in-custody deaths are part of policing,' Taser spokesman Steve Tuttle said when asked about the Justice Department review. 'The more we can study and understand the circumstances that lead to in-custody deaths, the more opportunities there are to develop law enforcement tactics and procedures that will help prevent these unfortunate events in the future.'"

Minneapolis Weighing Excessive Force Charges Against Two Police Officers. The Minneapolis Star Tribune (6/14, Xiong, 424K) reports, "Allegations that two Minneapolis police lieutenants mistreated a man they arrested at Little Earth housing complex will be presented to the city attorney's office for consideration of possible criminal charges. In a press release issued Tuesday afternoon, police said they need time to enhance video and photos of the May 26 incident before the case goes to the attorney's office in two weeks. At issue is whether Lt. Mike Fossum intentionally used force with drug suspect Juan T. Vasquez and whether he and Lt. Richard Thomas left Vasquez in an excessively hot squad car." The Star Tribune adds, "The FBI has reserved the right to review the case for possible civil rights violations after the department's investigation is over, which is typical." The AP (6/14) notes, "Interim Police Chief Tim Dolan and other police officials met Tuesday with representatives of the FBI, the Hennepin County attorney's office and the city attorney's office to discuss the preliminary investigation into the officers' conduct. … The FBI has reserved the right to review the final investigation for possible civil rights violations, police said."

Maryland Alien Smuggling Suspects Face New Charges. The Washington Times (6/14, Summers) reports, "Money laundering and identity theft were added yesterday to the charges against eight Montgomery County residents accused of smuggling illegal aliens into the county to work in a prostitution ring." The Times continues, "A federal grand jury in November indicted seven persons on charges that they transported illegal aliens into Maryland to work as prostitutes during the week and arranged for them to travel back to their homes in New York and New Jersey on the weekends." The Times adds, "The U.S. attorney's office in Maryland said the grand jury charged one more person and

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added three counts of money laundering for the purchase of vehicles to transport the women and property using sex ring money. … One suspect also was charged with using a false name and Social Security number to lease an apartment that was used as a brothel. … The prostitution ring generated more than $1 million in proceeds, court documents say."

EEOC Said To Be Falling Behind On Cases. The Washington Post (6/14, A21, Lee, 744K) reports that labor union officials and civil rights advocates say the Equal Employment Opportunity Commission "is falling behind in enforcing federal civil rights laws in the workplace." The EEOC "is expected to have a backlog of 47,516 charges of employment discrimination next fiscal year, up from an estimated 39,061 this year and 33,562 in 2005, say officials with the American Federation of Government Employees, citing federal figures. … At the same time, President Bush's 2007 budget request for the agency is $323 million, $4 million less than it received this budget year."

Some Fear Public Accommodations Will Spark Backlash Against Muslim Women. USA Today (6/14, Dorell, 2.31M) reports that Muslim women in the US "have been asking the public to accommodate their religious beliefs about modesty, a trend that some Muslims worry will provoke a backlash. In some recent examples: In Lincoln Park, Mich., Fitness USA relented when Muslim women demanded that the gym wall off a co-ed aerobic center from their women-only section because men could see them working out. In Bridgeview, Ill., a Muslim school says it wants its girls' basketball team to play road games against non-Muslim schools provided the public schools ban men and teenage boys from the game." USA adds, "Meeting such demands could create a backlash against Muslims, says Zuhdi Jasser, chairman of American Islamic Forum for Democracy, which advocates separation of religion and government."

Hentoff Criticizes ACLU Efforts To Quiet Dissenters. Nat Hentoff, a former member of the ACLU's national board, writes in USA Today (6/14, 2.31M), "While the staff of the ACLU has never been more essential to protecting the Constitution, the top leadership of the ACLU is working to prevent dissenting national board members from going to the news media with criticisms of ACLU policies." Hentoff adds that "one principled dissenter: Michael Meyers, the director and founder of the New York Civil Rights Coalition and a longtime ACLU board member, has been forced out from the executive committee and the national board in punishment for going to the news media several times. … Does that make its national membership, and the country, any more safe — or free?"

ANTITRUST:

Blockbuster Accuses Netflix Of Antitrust Violations In Patent Dispute. The AP (6/14, Liedtke) reports, "Escalating a bitter legal battle, Blockbuster Inc. on Tuesday accused Netflix Inc. of manipulating the U.S. patent system in a devious effort to monopolize the booming market for online DVD rentals." The AP continues, "The antitrust allegations represent Blockbuster's counterpunch to patent infringement claims Netflix filed two months ago. … The wrangling eventually could affect the rapidly growing audience that's migrating to the Internet to rent DVDs through the mail." The AP adds, "About 6.2 million people currently subscribe to the online services of Netflix and Blockbuster, which both charge a flat monthly fee to rent DVDs for an unlimited time. Most subscribers pay $17.99 per month to check out up to three DVDs at a time. … Los Gatos, Calif.-based Netflix pioneered the concept in 1999 and ended March as the industry leader with 4.9 million subscribers. … Blockbuster launched its own online service in 2004 after losing hordes of customers who formerly rented movies in traditional stores. The Dallas-based company began the spring with about 1.3 million online subscribers. … Netflix obtained the first patent on its service in 2003, but didn't seek a court order to enforce its claims against Blockbuster until it received an even broader patent in April. … In its countersuit filed in U.S. District Court in San Francisco, Blockbuster framed Netflix's patent claims as a 'sham' aimed at locking out competitors that will help protect consumers from price gouging."

Fight Over Net Neutrality Moves Back To Senate. CNET News (6/14, Broache) reports, "The political tussle over Net neutrality shifted back to the Senate's turf Tuesday, taking center stage at the last public hearing before a mammoth communications bill goes up for a preliminary vote." CNET continues, "As leaders of the Senate Commerce Committee continue negotiations over how to deal with the controversial concept, committee members and witnesses from advocacy groups took turns airing their positions yet again." CNET adds, "The latest draft of the sweeping bill, called the Consumer's Choice and Broadband Deployment Act, numbers 151 pages and covers everything from the digital television switch to city-run broadband networks to changes in the procedure by which video services operators seek franchises to serve new areas. … Arguably the most contentious portion has turned out to be Net neutrality, the idea that network operators should not be allowed to prioritize Internet content and services that travel across their pipes or to make deals with companies seeking special treatment." CNET notes, "Some Democrats and at least one Republican

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in the Senate have backed detailed regulations barring such practices, while several others, primarily from the Republican side, have voiced staunch opposition. The ongoing dispute clearly had some politicians concerned about the chances that the broader bill will pass. … A committee vote on the final version of the bill is expected to occur June 22, with the last round of revisions expected to be released as early as Wednesday."

Apple Can Learn Lessons From EU's Treatment Of Microsoft. The Financial Times (6/14, Buck) reports, "If Apple is looking for advice on how to deal with regulators worried about 'inter-operability' it need look no further than its old rival from Redmond in Washington state. Microsoft has been battling antitrust officials on both sides of the Atlantic for many years." The Times continues, "The software group's troubles culminated in March 2004, when the European Commission slapped a record €497m fine on Microsoft for violating European Union competition rules. Brussels found, among other abuses, that the group had failed to provide rival software developers with sufficient technical information to allow them to create inter-operable products." The Times adds, "Could Apple face similar pressure from the Commission in the future? Both groups have a strong grip on their respective markets. Apple's iTunes accounts for as much as 80 per cent of downloads in some EU markets, while Microsoft's Windows operating system boasts a market share of more than 90 per cent worldwide. … Moreover, while Microsoft at least claims that it is serious about inter-operability, Apple has unashamedly built its success on the concept of a 'walled garden' - a closed world of proprietary technology. … Some experts point out, a key difference: few companies in the information technology sector can operate successfully without some form of interaction with Windows. And Micrssoft's strong position in a range of related markets from servers to media players gives it additional clout. … Music, by contrast, will continue to be distributed through various channels, the experts say."

EU Moves Up Deadline For Suez-GDF Ruling. The AP (6/14, White) reports, "The European Commission on Tuesday brought forward to June 19 its deadline to rule on a French government-backed merger between Suez SA and Gaz de France SA even as French Interior Minister Nicolas Sarkozy suggested the government delay the deal." The AP continues, "The Suez-Gaz de France merger would create a major new European player in energy, water and waste services, with a market capitalization of 72.6 billion euros ($86 billion), but its size and power have already raised antitrust concerns in neighboring Belgium and could force it to sell off part of its business." The AP adds, "Belgian Prime Minister Guy Verhofstadt warned in March that it would be unacceptable for one company to control 90 percent of his country's electricity market, while the Belgian energy watchdog is worried that the new lineup would make the French government a part-owner of Belgian nuclear power plants. … EU regulators had earlier said they would decide by July 3 whether they would clear the deal, saying there was an automatic delay because Belgium had asked to take charge of part of the case. … However, they said they brought forward the deadline because Belgium had not made a formal request to look into the deal."

Mittal Issues Growth Projection To Help Arcelor Bid. The Wall Street Journal (6/14, Von Reppert-Bismarck, McGrath) reports, "Mittal Steel Co. raised the pressure on bid target Arcelor SA by publishing details of a midterm business plan that envisions strong growth." The Journal continues, "Luxembourg-based Arcelor, meanwhile, stepped up its plan to woo shareholders by releasing more details of its planned merger with the OAO Severstal steel business owned by Russian entrepreneur Alexey Mordashov." The Journal adds, "Mittal, the world's largest steelmaker by production, said it expects earnings before interest, tax, depreciation and amortization, or Ebitda, to reach $9.9 billion in 2008, 71% above the 2005 level. Ebitda is projected to rise 26% this year to $7.3 billion. The plan doesn't detail the benefits from an Arcelor deal. … 'The outlook for the steel industry is positive, supported by strong global growth, especially from high-growth, developing markets,' Chairman and Chief Executive Lakshmi Mittal said. … Arcelor countered by releasing its own figures. The company said its stand-alone Ebitda would rise to €8.9 billion ($11.21 billion) in 2008, from its previous forecast of €7 billion, based on market assumptions Mittal has given. Arcelor said the Ebitda of a combined Arcelor-Severstal would rise to €13.1 billion, from €10.3 billion."

Intellectual Ventures Sparks Concerns About Patent Stockpiling. IP Law & Business (6/14, Lerer) reports on the Washington-based company Intellectual Ventures, founded by former Microsoft Corp. chief technologist Nathan Myhrvold, which as been "buying up thousands of patents through shell corporations. A $400 million investment from some of the biggest technology companies, including Nokia Corp., Intel, Apple Computer Inc., Sony Corp. and Microsoft, funds the shopping spree. … Some in the IP asset management field estimate that Intellectual Ventures has amassed 3,000 to 5,000 patents. … As the patent stockpile grows, so does the speculation -- and the fear. IP lawyers and tech executives worry that Intellectual Ventures is less interested in changing the world with big ideas, and more focused on becoming an über-troll, wreaking litigation havoc across industries with its patents. So far the tight-lipped company hasn't revealed much about its plan."

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ENVIRONMENT:

Judge Dismisses Part Of Criminal Charge Against WR Grace. The AP (6/14, Bohrer) reports, "A federal judge has dismissed part of a criminal charge against W.R. Grace & Co. and some former top officials that alleged they knowingly endangered miners and area residents through asbestos exposure in Libby, Mont., site of the company's former vermiculite mine." The AP continues, "U.S. District Judge Donald Molloy concluded that the statute of limitations -- the time allotted under federal law to prosecute the case -- had expired." The AP adds, 'A federal grand jury indicted Grace and seven one-time top officials in February 2005, accusing them of conspiring to conceal health risks posed by the company's now-closed vermiculite mine. … Molloy's ruling, dated last week, is a partial victory for the defense, which has been attempting to get a conspiracy charge thrown out or limited. The conspiracy charge itself was not thrown out, but the allegation that the defendants 'knowingly endangered' residents and miners is a major foundation of that conspiracy charge. … Hundreds of people in the northwestern Montana town have been sickened, some fatally, by exposure to asbestos. The vermiculite mined at Libby contained harmful tremolite asbestos. The mine closed in 1990. … Justice Department spokeswoman Cynthia Magnuson said, 'We are considering our options at this point' and declined further comment."

DOJ Enters Colorado Land-Use Dispute. The Longmont (CO) Daily Times-Call (6/14, Camron) reports, "Neither Rocky Mountain Christian Church officials nor the lawyer representing Boulder County is surprised that the federal Department of Justice is stepping into a lawsuit between the entities. … 'It's not altogether unexpected that they would defend the constitutionality of a federal statute, the same way the Colorado attorney general's office would defend the Colorado Constitution,' said David Hughes, the attorney representing the county on the lawsuit." The Times-Call continues, "The federal government will defend the constitutionality of the Religious Land Use and Institutionalized Persons Act of 2000, which Boulder County claimed in March is unconstitutional." The Times-Call adds, "The church has asked the county to allow an expansion of 132,000 square feet that would include an education building, a multipurpose chapel building, a gymnasium and a gallery that would connect the new buildings with the existing church. The church also would add about 500 parking spaces. Church officials said construction would occur over the next 15 to 20 years. … RLUIPA, as the federal law is called, prevents local governments from placing a 'substantial burden' on churches; when restrictions are made, they must be the 'least restrictive' possible. However, federal courts have differed on the meaning of 'substantial burden,' and none of the cases regarding land use has yet been heard by the Supreme Court. … Hughes could not say if the federal government's involvement would complicate or lengthen the case. The government may raise different arguments than the church will, which Hughes acknowledged would cause him more work in defending the county."

Senate Republicans Scrap Vote On Bush Mine Safety Nominee. The New York Times/AP (6/14) reports Republicans "scrapped a vote on President Bush's choice to head the agency in charge of mine safety after it became clear that he did not have enough support to win Senate approval." Democrats "opposed the nominee, Richard Stickler, saying he had spent too many years as a coal mining executive and had failed to demonstrate that safety was his top priority."

Friedman Says GM Should Focus On Making Fuel-Efficient Vehicles. In his New York Times (6/14, 1.19M) column, Tom Friedman reacts to GM's response to his accusation that the company acted "irresponsibly by offering unlimited gasoline at $1.99 a gallon for one year to anyone who buys certain of its midsize sedans, big S.U.V.'s or gas-guzzling Hummers in California or Florida." Freidman writes, "I don't want to join the many congressmen and senators in drinking G.M.'s Kool-Aid and not demanding that it become the most fuel-efficient automaker in the world. If more people in Washington insisted that G.M. focus on building cars that could compete in a world of $3.99 gasoline, rather than creating an artificial universe of $1.99 gasoline, G.M. would not be worrying about bankruptcy today."

WPost Says Supreme Court Should Hear EPA Case. The Washington Post (6/14, A22, 744K) editorializes, "As early as this week, the Supreme Court will decide whether to hear a case that is now something of a dud but could become one of the most significant pieces of environmental litigation in a generation. The case is a challenge by states and environmental organizations to the Environmental Protection Agency's decision not to regulate the gases that cause global climate change. The justices should hear it, both because a lower court…could not produce a coherent opinion and because the issues it presents are of enormous importance."

FBI/DEA/ATF/USMS:

In "Major Rebuke" To Seattle SAC, FBI Reassigns US Attorney Murder Probe. The

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Seattle Times (6/14, Miletich) reports, "In a major rebuke, the FBI's investigation into the slaying of federal prosecutor Thomas Wales was removed from the bureau's Seattle office" Tuesday "in the wake of a decision to reduce the number of agents working on the case." FBI Portland SAC Robert Jordan "will have the authority to add new agents to a longstanding task force investigating Wales' killing in 2001, officials said." The Times notes that FBI Seattle SAC Laura Laughlin "had cut the numbers of agents investigating the case from four to two last month, prompting the special prosecutor in the case to appeal her decision to FBI headquarters in Washington, D.C." In a statement released yesterday, Laughlin called "the new moves the completion of a 'strategic realignment' in the investigation." The AP (6/14, Johnson) adds that "Jordan was named 'inspector' for the case and will oversee day-to-day operations. In a Tuesday night interview from Washington, D.C., he told The Associated Press he anticipates increasing the number of people working the case, and that he will meet with the special prosecutor and the investigative team next Monday in Seattle. 'I'm going to put any and every resource necessary to work this case,' Jordan said."

Federal Grand Jury In Rhode Island Indicts 6 In Drug-Trafficking Case. The Providence (RI) Journal (6/14) reports a federal grand jury has issued indictments charging six men with drug-trafficking offenses, according to the U.S. Attorney's office and the Drug Enforcement Administration." Cocaine and heroin possession are among the charges.

Appeals Court Upholds 2 Murder Convictions In Louisiana. The Daily Advertiser (6/13) reports a state appeals court "has upheld the second-degree murder convictions of a man and a woman whose victims' bodies were cut up and put in boxes. The 3rd Circuit Court of Appeal on Monday rejected appeals by Cynthia Anderson and Larry Surratt, who were found guilty of killing Larry Cook and his girlfriend, Sheila Kirby in January 2003. … The appeals court dismissed claims that the victims had been working from the federal Drug Enforcement Administration and that other members of the motorcycle group were more likely to have killed them."

WADA Chairman Says National Hockey League Drug Testing Is Flawed. The AP (6/14) reports the chairman of the World Anti-Doping agency "said the NHL is trying to fool the public with a flawed anti-doping program. Dick Pound said league statements Monday that there were no positive tests among 1,406 administered during the season were meaningless given the loopholes in its anti-doping program. … He said the NHL does not test for stimulants and other banned substances and does not test at times when players are likely to be caught, such as during offseason training."

Search Of Grimsley's Home In Baseball Steroid Investigation Called Surprising. The New York Times (6/14, Rhoden) writes, "Last week, federal investigators searched [Jason] Grimsley's home in Scottsdale, Ariz. … Grimsley, according to documents filed in the United States District Court of Arizona, admitted using anabolic steroids, amphetamines and human growth hormone. Fay Vincent, a former commissioner of Major League Baseball, said he was surprised by the raid because federal agents had not seemed interested in aggressively pursuing illegal drug use by athletes."

Afghanistan Poppy Harvest Expected To Reach Record Levels. The UK's Guardian (6/13) reports the Afghanistan province "being patrolled by British troops will produce at least one third of the world's heroin this year, according to drug experts who are forecasting a harvest that is both a record for the country and embarrassing for the western funded war on narcotics. British officials are bracing themselves for the result of an annual UN poppy survey due later this summer. Early indications show an increase on Helmand's 1999 record of 45,000 hectares (112,500 acres) and a near-doubling of last year's crop."

New Marshals Service Head Profiled. The Plattsburgh (NY) Press-Republican (6/14, Vock) reports, "A Chateaugay (NY) native is directing the U.S. Marshals Service, placing him in the highest-ranking position in the country's oldest law-enforcement agency. … 'Growing up on a dairy farm gives you an appreciation for hard work,' John F. Clark Jr., 45, said in an interview with the Press-Republican. … 'That has conveyed with my life and my career.'" The P-R continues, "The 1978 graduate from Chateaugay Central School was appointed by President George W. Bush and sworn in March 18 by Attorney General Alberto Gonzales. … Clark is the agency's ninth director but the first to have had a career as a marshal."

Captured Fugitive Gunman Faces Weapons Charges In Wisconsin. The Green Bay (WI) Press-Gazette (6/13, Srubas) reports, "A federal fugitive who allegedly shot a Nebraska jeweler about a month ago appeared in federal court in Green Bay (Tuesday) morning after his arrest earlier today in an Appleton-area hotel." The Press-Gazette continues, "Steven Barentson, 57, was arrested without incident about 5:15 a.m. at the hotel after a citizen tip put authorities on his trail in Calumet County, where he was spotted in a tavern near the Calumet and Outagamie county lines. He was the target of a manhunt in the area after

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his vehicle was discovered abandoned Sunday at a Calumet County farm near Forest Junction. Green Bay police assisted in the hunt." The Press-Gazette adds, "Barentson, brought in by federal marshals to the federal courtroom in Green Bay, bowed slightly to media gathered in the corridors as he was led before U.S. Magistrate James Sickel. … He was arrested on charges of possession of a firearm by a felon and failure to appear for a federal jury trial in August 1992 in Grand Forks, N. D. … Sickel scheduled him for an identity hearing Friday and ordered him held without bond. The hearing Friday requires prosecutors to prove, probably through fingerprints, that Barentson is indeed the man wanted in North Dakota for a variety of federal charges, said Tom Phillip, associate federal defender appointed to Barentson, who claims indigency."

IMMIGRATION:

Judge Sets $350,000 Bail For Border Patrol Agent. The San Diego Union-Tribune (6/14, 353K) reports, "A judge Tuesday set bail at $350,000 for a Customs and Border Protection officer accused of allowing illegal immigrants to be smuggled through his border inspection lane in return for cash and a Lexus." If Richard Elizalda "makes bail and is released, he will be required to wear a Global Positioning System device to monitor his whereabouts, said Magistrate Judge William McCurine Jr." The Union-Tribune notes, "Assistant U.S. Attorney Linda Frakes alleged last week that information on the defendant's lane assignment was passed on to the smugglers via pager, cell phone or in person during one of his breaks. Stewart Roberts, assistant special agent in charge of the FBI in San Diego, alleged that Elizalda received between $500 and $1,000 per smuggled immigrant."

Hastert Considers Holding Hearings On Senate Immigration Bill. CQ (6/13, Sandler) reported that House Speaker Dennis Hastert, "said Tuesday he may hold hearings on a Senate-passed immigration overhaul before naming House conferees to reconcile the vastly different measures the chambers have passed. … A Hastert decision to delay seeking a compromise on the most divisive domestic policy issue facing Congress could be a high-stakes gamble that public opinion is with the House, and by highlighting provisions in the Senate bill that might be unpopular with many voters, Republicans will benefit. Still, such a move could trigger a showdown with President Bush, who has made clear his desire for Congress to act this year on a comprehensive immigration overhaul measure that largely mirrors the Senate version."

High Tech CEOs Want To Lift Caps On Some Work Visas. Alan Murray writes in the Wall Street Journal (6/14, 2.11M) that Microsoft CEO Bill Gates and Sun Microsystems CEO Scott McNealy "are united in the effort to get the US government to lift the caps on immigration visas for highly skilled workers." The limits "are favored by labor unions and others who fear foreign workers may take jobs from US citizens -- although tech companies say the visas are used only for jobs when qualified Americans are unavailable." Murray adds, "The fact that leading-edge companies like Intel, Microsoft and Sun want to do their leading-edge work within US borders certainly contributes to that American advantage. And it's hard to imagine why the US government would want it any other way."

Jenkins Says National ID Card Would Reduce Illegal Immigration. Holman Jenkins writes in the Wall Street Journal (6/14, 2.11M) that there is "an easy way to reduce illegal immigration. … Just introduce a fraud-proof national ID card with biometric information; make it illegal, with real penalties, for employers to hire anyone, citizen or immigrant, who doesn't have one. … Before we go down this road, however, would we really like the consequences? With 12 million illegals in the country, whole sectors of our economy exist only because of immigrant labor. Farms would shut down along with jobs for suppliers of seeds, packaging and ancillary services. Jobs for waiters, maitre d's and chefs would vanish, not just those of immigrant busboys, kitchen hands and cleaners." The US "has a chance to beat the odds thanks to our freedom from any of the usual fatal exclusivisms. But it will have to accept that it exists on a continent whose fastest-growing cultural force is Spanish speakers."

TAX:

Former Atlanta Mayor Sentenced For Tax Evasion. The Atlanta Journal-Constitution (6/14, Torpy, Scott, Warren) reports, "A federal judge scolded former Atlanta Mayor Bill Campbell for leading an office riddled with corruption. Then he sentenced him to 30 months in prison. … As the trial progressed, I was overcome, almost appalled, by the breadth of misconduct in your administration,' U.S. District Judge Richard Story told Campbell on Tuesday during the sentencing hearing in federal court. Later, Story looked Campbell in the eye and said, 'I am going to send you to prison, and I do not take that lightly. Within my heart I am not sure you have accepted responsibility for what has transpired.'" The AJC continues, "With the sentence, the judge put the final stamp on a six-year-long federal investigation into Campbell's behavior while he was mayor. Prosecutors claimed he ran his office as a corrupt enterprise, taking cash bribes to fund a lavish lifestyle of gambling and international trips with girlfriends. … Campbell remained stoic as the sentence was handed down. The 52-year-old, who

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served two terms as Atlanta's mayor from 1994 to 2002, was convicted in March on three counts of tax evasion but acquitted on racketeering charges and taking thousands of dollars in bribes. … Under federal law in determining the sentence, Story was able to consider evidence and testimony presented during the trial about Campbell taking bribes, even though he was acquitted on those charges. … In addition to prison time, Story ordered Campbell to pay the government almost $63,000 in back taxes, a $6,000 fine and to serve a year on probation following his prison term. Prosecutors contended Campbell had evaded paying taxes on about $200,000."

The New York Times (6/14, Goodman) reports, "The trial capped a seven-year investigation by the Federal Bureau of Investigation and Internal Revenue Service into corruption at City Hall that led to the convictions of 10 contractors and officials, many of them Mr. Campbell's close associates. … The sentence fit squarely within federal guidelines, but sending Mr. Campbell to prison was a blow to the former mayor who had said he felt 'vindicated with regard to any allegations of corruption' in March, after a jury failed to convict him of charges of racketeering and bribery." The Times adds, "Based on the new verdict and his record of service, defense lawyers had asked the judge to give Mr. Campbell probation or home confinement. … Instead of speaking to reporters on the courthouse steps, as he has throughout the trial, Mr. Campbell and his wife left through an underground garage. … 'I disagree vehemently with the sentence,' Mr. Campbell said, stopping briefly. 'This is, I think, an abomination in terms of what we expected and certainly in terms of what the jury's verdict was.'"

CONGRESS-ADMINISTRATION:

House Approves Emergency Spending Bill. The New York Times (6/14, Pear, 1.19M) reports, "The House of Representatives approved a $94.5 billion emergency spending bill on Tuesday to provide more money for military operations in Iraq and Afghanistan and to finance the recovery of Gulf Coast states battered by hurricanes last year." The Senate "is expected to approve the measure in the next few days, clearing the legislation for President Bush to sign." The Times adds, "House and Senate negotiators reached agreement among themselves and with the White House by reducing disaster assistance to stay within the limit set by Mr. Bush. Still, legislators from Louisiana and other Gulf Coast states praised the final bill, saying it would provide money desperately needed by their constituents to repair damage done by the hurricanes of 2005." The vote on the bill was 351 to 67. The no votes "came from 19 Republicans, mainly fiscal conservatives, and 48 Democrats, including some of the party's more liberal House members."

NPR's Day To Day (6/13, 12:50 p.m., Dimsdale) ran a three-minute report on the emergency spending bill, focusing on its military component. NPR said the bill will "be on the President's desk this week, much to the Pentagon's relief, which has been warning that its coffers are getting low." The $94 billion for war operations "should be enough for the rest of the fiscal year at least, which is to the end of September. The cost of the war is running at close to $9 billion a month, depending on how you calculate it. With the passage of this bill, Congress will have appropriated nearly $400 billion for the war on terror since September of 2001."

Rehnquist Legacy Being Reassessed. The Legal Times (6/14, Mauro) reports, "Pausing from its headlong rush toward adjournment, the Supreme Court will meet in special session this week to honor the memory of the late Chief Justice William Rehnquist, who died last September." The Times continues, "Following long-standing tradition, the Supreme Court Bar on Thursday will convene a program of praise and reminiscence from friends and former clerks, then offer a memorial resolution for submission to the Court. … But even as Rehnquist's admirers prepare to praise him, his legacy is unsettled. After a respectful mourning period, his opinions and those of the Rehnquist Court are taking a beating, with even Republicans and conservative academics critiquing his record in ways that could pressure his successor and former law clerk, John Roberts Jr., to complete what he left undone." The Times adds, "Meanwhile, new information has emerged about Rehnquist: His long-private 1948 master's thesis has been published, a former aide has confirmed that Rehnquist once planned to retire in 1991, and the originator of his early nickname, the 'Lone Dissenter,' has stepped forward. … Most striking in the nine months since Rehnquist's death at age 80 has been the steady tide of academic symposia and law review articles that are taking him and his Court to task. Liberals criticize him for taking the wrong path, while conservatives say he did not travel far enough on the right one, allowing major doctrinal shifts on federalism, property rights, and other areas to fizzle or fade."

New Agriculture Department General Counsel Profiled. The Legal Times (6/14, Schwartz) reports, "Washington is a town where who you know often matters more than what you know. That, at least, is what seems to matter in the appointment of Marc Kesselman as general counsel for the Department of Agriculture. … Kesselman, who was sworn in earlier this month, has little background in agriculture, but he comes from the Office of Management and Budget, where as associate general counsel he became intimately familiar with the maneuvering between federal agencies' legal offices. … 'I don't pretend to be an expert in veterinary medicine or in farming, but USDA has many

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experts in those fields,' says Kesselman, 34, who on occasion helped USDA lawyers draft regulations in his previous post." The Times adds, "His appointment comes at an important time for the agency, which will be a key player in the upcoming farm bill as well as in coordinating policy for avian flu and mad cow disease. … Before his move to the White House, Kesselman spent three years at the Justice Department, including a stint working under Viet Dinh in the Office of Legal Policy."

Leavitt Touts Welfare Reform Adjustments. The Washington Times (6/14, Wetzstein, 90K) reports that in a speech at the Heritage Foundation, Health and Human Services (HHS) Secretary Michael O. Leavitt said "the landmark 1996 welfare-reform law has done a lot to 'break the cycle of dependency' on public assistance, but it has 'unfinished business' in moving more people into self-sufficiency and stable, two-parent families." Leavitt said "more single mothers are working, child-support collections have nearly doubled and more than 1 million fewer children live in poverty." However, "welfare reform needed a midcourse correction, which was included in the Deficit Reduction Act of 2005, said Mr. Leavitt. States now are required to put at least half their welfare recipients into work or other productive activities, as well as renew efforts to discourage unwed childbearing and encourage two-parent families and healthy marriages."

Private Efforts To Combat Poverty, Hunger Examined. The Wall Street Journal (6/14, A1, Thurow, 2.11M) reports in a front page story on the Backpack Club at Douglas Elementary School in Tyler, Texas. Every Friday "during the school year, just before the final bell," about "70 schoolmates from low-income families rush into the auditorium and wait in line for backpacks filled with food. In the past year, thousands of other children have begun forming similar Friday afternoon lines in schools across 30 states, from big cities like Chicago, to postcard places like Sonoma County, Calif., to rural hamlets surrounded by corn and wheat fields like Hawkeye, Iowa." The backpacks "are an emergency fix to a problem that has defied solution, despite a rising economy and tens of billions of dollars of government spending on nutrition programs, including food stamps, school lunch and aid to mothers and young children." With "little appetite in Washington for costly new government-administered efforts to address poverty, all sorts of small-scale efforts are springing up: some privately funded, entrepreneurial efforts, others government-funded experiments. None are sufficiently large to cure poverty, nor do they pretend to such an ambitious goal. Instead, they are attempts to make life better for those who live in poverty or to test new approaches to a very old problem."

Medicare Overhaul Legislation Seen As Taking Shape. The Hill (6/14, Young) reports that "with several" of the Medicare program's "perennial problems due to resurface in 2007, many healthcare lobbyists say a drive in Congress for Medicare legislation is inevitable." The GOP leadership "in both chambers, not to mention the Bush administration, is said to be wary of opening the door to a wider debate on Medicare this year. A Medicare vehicle also would not enjoy the procedural protections against amendment that helped the leadership avoid such a debate during budget reconciliation last year." Although there is "widespread agreement that no measure will move until after the August congressional recess, speculation is rampant that the leadership may opt to take final action on a bill during a lame-duck session after the elections. Any Medicare legislation would create winners and losers, as lawmakers likely will look to offset billions of dollars of new spending with reductions in other areas of Medicare." The "biggest driver behind Congress's tackling Medicare this year, yet again, is a strong desire by many lawmakers to prevent a cut in Medicare's payments to physicians. On the other hand, the physician-payments provisions would be the most expensive to enact. The Congressional Budget Office has projected that even maintaining the current payment level for one year would cost about $10 billion."

House Appropriations Panel Votes To Increase Minimum Wage. The Wall Street Journal (6/14, Rogers, 2.11M) reports, "Breaking with its Republican leadership, the House Appropriations Committee approved a $2.10-an-hour increase in the minimum wage as part of a budget bill that adds $4 billion to President Bush's requests for domestic programs." The 32-27 vote "is certain to be challenged when the $596.5 billion measure comes to the House floor. But the seven Republican defections underscored the growing prominence of the wage issue going into the November elections."

House Accepts Pay Raise. The AP (6/14, Taylor) reports, "Despite record low approval ratings, House lawmakers Tuesday embraced a $3,300 pay raise that will increase their salaries to $168,500. The 2 percent cost-of-living raise would be the seventh straight for members of the House and Senate." Lawmakers "easily squelched a bid by Rep. Jim Matheson, D-Utah, to get a direct vote to block the COLA, which is automatically awarded unless lawmakers vote to block it." The New York Times (6/14, 1.19M) runs a similar AP story, while Roll Call (6/14, Yachnin) notes that "under a federal law enacted in 1989, Members automatically receive an annual cost-of-living adjustment unless legislation is passed to block the COLA from being implemented."

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Murtha Suspending Bid For Majority Leader. CNN's The Situation Room (6/13, Blitzer) reported, "Congressman John Murtha is suspending his bid to become the House majority leader if Democrats win control of that chamber this fall. The House Minority Leader Nancy Pelosi announced Murtha's decision." Roll Call (6/14, Kornacki) says Pelosi "convinced the Pennsylvanian to set aside his effort until after the November elections. … 'I appreciate Mr. Murtha's continuing cooperation and leadership in our effort to win a Democratic House to take America in a new direction for everyone,' Pelosi said in a statement."

The Hill (6/14, Hearn) reports Murtha "echoed her sentiments. 'For the unity of the party and to focus on Democratic victory in November, I have suspended my campaign for majority leader until after the election,' he said in a statement."

McConnell Seen As Preparing For Senate Majority Leader. The Hill (6/14, Bolton) reports, "Senate Majority Whip Mitch McConnell's new hire of Don Stewart, one of the most admired communications strategists in the Senate, is one of several indications that the lawmaker is readying his expected takeover as majority leader next year." McConnell "is also closing the Senate at the end of legislative day and negotiating the unanimous-consent agreements needed to move business forward on the floor, aides say. He is working closely with colleagues facing reelection races to make sure amendments important to them politically are considered on the floor in the run-up to the November election." McConnell "has been trying to raise his visibility in the press, addressing what has been the chief criticism of his performance in the leadership: that he has not played a big enough role in communicating the Republican message and countering Democratic attacks."

Roll Call (6/14, Stanton, Billings) runs a similar report under the headline "McConnell Bides His Time," and says that "political observers predict that short of catastrophic GOP losses on Election Day, McConnell's ascension to the Majority Leader's chair this fall is a sure thing." McConnell, however, "has consistently rebuffed questions from reporters about the future and has issued strict instructions to his staff to maintain their focus on the day-to-day operations of the Senate, lawmakers and Senate aides say."

Mollohan Amends Financial Disclosures, Maintains Innocence. The AP (6/14, Messina) reports, "Answering allegations from a watchdog group that have spawned a federal investigation, U.S. Rep. Alan Mollohan said on Tuesday that he was correcting or amending 19 items on his financial disclosure reports dating to 2000. But the West Virginia Democrat said the 'relative handful of unintentional and immaterial mistakes' fail to amount to the more than 250 'misrepresentations and omissions' the group alleged he had made in the reports." Mollohan also released a letter from the accounting firm of Braund Eiler & Vasko, which "credited skyrocketing real estate values for the rapid growth" in his net worth.

The Charleston (WV) Gazette (6/14, Nyden) adds that Mollohan believes the National Legal and Policy Center "retaliated against him because, as the top Democrat on the House Ethics Committee last year, he blocked House Republican leaders from weakening existing ethics rules. The NLPC began looking at Mollohan in May 2005, just after he prevailed in a battle in the House Ethics Committee." The Washington Post (6/14, A6, Birnbaum, 744K) notes the federal probe began after NLPC, "a small, conservative research institute in Virginia, turned over 500 pages of documents to the FBI in March." Yesterday, "Mollohan strongly denied any wrongdoing," saying, "NLPC is dead wrong in implying that I have improperly benefited from my office."

The Wall Street Journal (6/14, A12, Wilke, 2.11M) reports, "The amendments answer some questions about his finances but raise others. For example, they reveal that the West Virginia Democrat borrowed $35,000 from a business partner who has won tens of millions of federal dollars directed by the congressman to the nonprofit groups she operates. Loans to lawmakers from political supporters and federal contractors are subject to special scrutiny under federal election-commission and House ethics rules."

The New York Times (6/14, Rudoren, Pilhofer, 1.19M) adds that Mollohan "is facing his most intense electoral challenge since he was first elected in 1982," but "in releasing the long-awaited financial report, Mr. Mollohan said it 'shows that government money has never been used' and 'no money has ever been diverted from the nonprofits' to his investments. He compared the National Legal and Policy Center…to Senator Joseph R. McCarthy for…refusing to release the 500-page complaint detailing the accusations."

Republican Challenger Belittles Mollohan Action. The Wheeling (WV) Intelligencer (6/14, King) reports Mollohan's Republican challenger, state Del. Chris Wakim, "released a statement in response to Mollohan's actions Tuesday." Wakim said, "This may be how career politicians do business in Washington, but it's not how we do business in West Virginia. Here in West Virginia, it doesn't take 200 pages to claim your innocence. Alan Mollohan's problem has nothing to do with forms. His problem is that he used his public office to enrich himself and his political cronies at the expense of the people he was elected to serve."

Clients Boosted Payments Of Lewis Aides' Former Firm. Roll Call (6/14, Kane) reports, "At least 33 former clients of a top GOP staffer on the House

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Appropriations Committee hiked the fees they paid to the aide's lobbying firm after he returned to Capitol Hill, providing his firm with more than $1.1 million in additional revenue in 2005." The "increased cash from the former clients of Jeff Shockey, deputy staff director of the panel, came largely from longtime clients who increased their payments dramatically in the first six months after his departure — which coincided with the time frame his former partners projected for increased revenue and led to a nearly $2 million buyout from the firm." Shockey's role "with the firm Copeland, Lowery, Jacquez, Denton & White and its connections to Appropriations Chairman Jerry Lewis (R-Calif.) are part of a burgeoning federal investigation into the lobbying-for-earmark industry that serves as the financial lifeline of many defense contractors and has expanded in recent years to include municipalities and localities across the country." This spike in revenue "from Shockey's former clients came after Copeland Lowery played an active role in financially underwriting Lewis' campaign for the Appropriations gavel."

Lewis Hires Outside Legal Team. CQ (6/13, Higa) reports House Appropriations Chairman Jerry Lewis, R-Calif., "has hired a team of outside lawyers and an experienced public relations hand to field inquiries about an ongoing federal investigation in southern California." Lewis' new spokeswoman, Barbara Comstock of Blank Rome Government Relations, "said Tuesday that the chairman has hired lawyers from the firm of Gibson, Dunn & Crutcher: Robert Bonner and former Rep. Mel Levine, R-Calif. (1983-1993), based in California, and Washington-based Ted Olson and Joe Warin."

Democratic Leaders To Unveil Domestic Agenda. USA Today (6/14, 2.31M) reports Democratic House and Senate leaders "are planning to reduce the cost of student loans and prescription drugs, raise the minimum wage and launch an effort to develop alternative fuels if they win back control of Congress." In an interview Tuesday with USA TODAY, House Minority Leader Nancy Pelosi "previewed the 'New Direction for America' platform hammered out by Democratic members of Congress, mayors and governors. She and Senate Minority Leader Harry Reid plan to formally unveil the plan today." Pelosi said, "The American people need to know, if you win, what are your priorities." Reid said the party is standing "with the people we have always stood with: seniors, students and the hardworking families of America. We intend to tackle the issues that matter most." USA adds Pelosi "discouraged comparisons with the Republican 'Contract With America,'" saying Democratic candidates "will be 'independent representatives for their districts,' a nod to the differing views within the party on issues such as abortion, gun control and Iraq."

Report Alleges Misconduct By NIH Alzheimer's Researcher. A report by congressional investigators has found that a world-renowned Alzheimer's diseases researcher at NIH abused the agency's lax oversight to improperly forward tissue specimens to a pharmaceutical company and then accepting hundred of thousands of dollars in consulting fees form the company. The Washington Post (6/14, A6, Weiss, 744K) reports, "Trey Sunderland, chief of the geriatric psychiatry branch at the National Institute of Mental Health, failed to tell agency officials about his arrangement with the drug giant Pfizer Inc., as required by federal rules, the investigators concluded in a 27-page preliminary report released yesterday. Sunderland also did not properly disclose arrangements with another company, said the report, which found no wrongdoing by the drug companies."

The Los Angeles Times (6/14, Willman, 958K) reports, "The new details about the conduct of the scientist, Dr. P. Trey Sunderland III, drew bipartisan criticism from members of an investigative panel of the House Energy and Commerce Committee. The House members said Sunderland's conduct raised broad questions about how the NIH accounted for materials harvested from patients — materials that hold promise for finding cures or ways to better diagnose serious diseases. … The committee's senior Democrat, Rep. John D. Dingell of Michigan, said: 'NIH lacks adequate controls for human tissue samples, human subject protection and the scientific conduct of many of its senior employees. Accountability must be restored to NIH's own research programs.'"

The CBS Evening News (6/13, story 6, 2;15, Schieffer, 7.66M) reported this story last evening, noting, that "the committee found no evidence that the company had broken any NIH rules at the time or knew of any wrongdoing by Dr. Sunderland. He is expected to appear before the committee tomorrow and take the fifth."

Filner Curses VA "Spin Doctor" Over Data Theft Response. Roll Call (6/14, Akers) reports in its "Heard on the Hill" column, "Rep. Bob Filner (D-Calif.) was so fired up Tuesday over the Veterans' Affairs' handling of stolen military personnel files that he dropped the F-bomb at a news conference outside VA headquarters. After a VA 'spin doctor,' as Filner calls him, ran outside and accused the Congressman of staging a 'publicity stunt,' Filner, who has been filling in as ranking member on the House Veterans' Affairs Committee, let her rip. 'You guys f---ed it up!' the Congressman yelled. 'Stop covering your ass and figure it out!'" Filner "told HOH that he's furious with the VA for waiting three whole weeks before responding publicly to the burglary of a laptop containing 26.5 million military personnel members' personal records."

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Bill Would Restrict Consumer Ability To Freeze Credit Reports. USA Today (6/14, Acohido, 2.31M) reports that the Financial Data Protection Act under consideration by Congress, would pre-empt "laws in 17 states that allow anyone to freeze their own credit and instead restricting the privilege to ID theft victims." A credit freeze "cuts off access to your credit history. … Under the bill, backed by the financial services industry, simply having your data lost or stolen isn't enough. You must file a police report describing a specific instance of it being used to commit a crime." USA Adds, "The bill also would pre-empt laws in 29 states requiring companies, institutions and agencies to notify individuals about security breaches compromising their data. It sets national criteria for data protection and breach disclosures, and puts banking and Treasury officials in charge of compliance."

Author Says Executive Privilege Not An Absolute Right. Author Louis Fisher writes in the Los Angeles Times (6/14, 958K), "The Justice Department told a federal judge Monday that a challenge to the National Security Agency's controversial domestic eavesdropping program must be thrown out of court because the secrets involved are just too sensitive. … This is not the first time the Justice Department has invoked what is known as the 'state secrets privilege.' … Each time, the courts have agreed to dismiss the proceedings simply because the Justice Department says that trying the cases would reveal state secrets." Fisher adds, "The executive branch may assert a right to keep its secrets, but this must not be viewed as an absolute right, only a privilege granted by the court when appropriate."

NYTimes Calls Obama's Proposed Deal With Automakers "Worthy New Idea." An editorial in the New York Times (6/14, 1.19M) says, "Companies like Ford and General Motors groan under the weight of their history, manifested in the legacy costs that are a result of decades of promises to support workers and provide them with health care in their old age." The Times adds, "In an ideal world, America would join the overwhelming majority of developed countries and hammer out some kind of national health care system. Failing such a sudden and unlikely onset of sanity, creative solutions are needed. Sen. Barack Obama has proposed striking a bargain with American automakers to help them with retiree health care costs in exchange for higher fuel efficiency standards. While we have some questions about how to make such a system work, it is at least a worthy new idea — one of a very few in a field desperately in need of them."

OTHER NEWS:

Sluggish Retail Sales May Indicate Slowing Economy. The Wall Street Journal (6/14, Conkey, 2.11M) reports, "Lukewarm retail sales last month suggest that higher gasoline prices and the weakening housing market are taking a toll on consumers and slowing the economy." The Commerce Department "said retail sales rose only 0.1% in May from the previous month, after growing 0.8% in April, as spending patterns took a turn toward thrift. Consumers spent more on filling up their gas tanks -- primarily because pump prices shot up -- but less on new vehicles." Overall, "retail sales in May were 7.6% higher than the year before. Excluding the volatile auto, gasoline and building-materials sectors, retail sales rose a sluggish 0.4% in May, the third consecutive month at that pace."

USA Today (6/14, Kirchhoff, 2.31M) reports, "Wholesale inflation was mixed in May as overall price pressures eased, but a special measure closely watched by economists ticked up faster than expected, the government said Tuesday." The reports "appear to bolster Federal Reserve Chairman Ben Bernanke's recent assessment that the economy is slowing from the breakneck pace of the first three months of the year, though not yet quickly enough to contain price pressures." Several economists "said the wholesale inflation data made it more likely that the central bank will decide to raise interest rates again when it meets June 28-29 in a bid to restrain price increases, though many are waiting for today's release of the government's consumer inflation numbers."

The New York Times (6/14, Peters, 1.19M) reports, "Higher prices at the manufacturing level helped push overall prices of wholesale goods higher in May, the Labor Department reported yesterday." While wholesale prices "declined in certain categories like produce, alcoholic beverages and automobiles, they rose elsewhere, resulting in a net price gain for the month." Over all, "the Producer Price Index rose 0.2 percent in May after posting sharper increases in April and March. But the so-called core rate, which excludes food and energy prices, rose 0.3 percent, compared with 0.1 percent increases the previous two months. That surprised economists, who were expecting a rise of 0.2 percent."

Rise In Foreign Official Holdings Seen As Presaging Recession. In a New York Times op-ed (6/14), Brookings Institution guest scholar Martin Mayer says, "Recent large increases in foreign official holdings indicate that foreign private investors see fewer attractive places to put their money in the American economy. They could presage a significant fall in the price of American assets, stocks (witness the recent drops in American stock markets)

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and bonds and real estate and all, and a hard landing for a world economy still floating on the crest of cheap credit."

Stock Markets Continue Losing Trend. The CBS Evening News (6/13, story 7, 0:20, Schieffer, 7.66M) reported, "Those nagging worries about a return of inflation sent stock prices lower today. The Dow fell 86 points [to close at 10,706.14]. The NASDAQ lost nearly 19 [to close at 2,072.47]."

NBC Nightly News (6/13, story 9, 0:30, Williams, 9.87M) reported, "A bit of a negative benchmark on Wall Street today. Stocks continued their sell off with the blue chips finishing in negative territory for the year for the first time this year."

USA Today (6/14, Krantz, 2.31M) reports stocks "and commodities tumbled worldwide Tuesday as investors grew increasingly concerned that rising interest rates could hurt global economies and crimp demand for everything from industrial materials to precious metals."

The Wall Street Journal (6/14, Whitehouse, 2.11M) reports, "Global stock and commodity prices tumbled again, extending a rout that appears to defy -- but may simply highlight -- the strong pace of economic growth in much of the world." In Japan, "the world's second-largest economy, the Nikkei Stock Average shed 614.41, or 4.1%, to close at 14218.60, and other markets were down sharply." Gold, "which often moves in the opposite direction to stocks, also lost ground. The price of a troy ounce, which had recently crossed the $700 mark, dropped $44.30, or 7.3%, to close at $562.50, and the price of silver fell 13%." Many economists "now think the broad reversal in the prices of stocks, bonds and commodities like gold and silver is less a warning signal of an economic downturn than a consequence of the ratcheting up of interest rates by the world's central banks."

Indexes Based On Fundamental Measures Said To Outperform Capitalization-Weighted Indexes. In a Wall Street Journal op-ed (6/14), Jeremy Siegel, the Russell E. Palmer Professor of Finance at Wharton, says, "New research demonstrates that it is possible to construct broad-based indexes offering investors better returns and lower volatility than capitalization-weighted indexes" such as the S&P 500. These indexes "are weighted by fundamental measures of firm value, such as sales or dividends, instead of allowing the market price alone to dictate how much of each firm should be included in the index." If you "are a fan of indexing, as I and so many other investors are, you are no longer trapped in capitalization-weighted indexes which overweight overvalued stocks and underweight undervalued stocks. Devotees of value investing who are searching for a simple, low-cost indexed portfolio in which to hold their stocks need wait no longer. Fundamentally weighted indexes are the next wave of investing."

Globalization Of Finance Generates New Risks. In his Washington Post (6/14, A23, 744K), Robert Samuelson says, "Spoiled by years of cheap credit, global investors seem to be reacting to the prospect of higher interest rates by fleeing stock markets almost everywhere. There is danger of a broader financial and economic setback." The "riskiest and most mysterious aspect of the present situation is the increasingly global nature of investment capital. Once, capital was largely compartmentalized by nation. Americans saved and invested in the United States; Germans saved and invested in Germany. This world is disappearing. It is now routine for pension funds, mutual funds and many wealthy investors to move money in and out of American, European, Asian and Latin American stocks and bonds." In theory, "liberalization benefits everyone." But global finance "has created new risks. At least two stand out. First, huge trade imbalances." Second, "worldwide financial crises. Global investors may move in herds, first pouring money into some countries -- or investments -- and then withdrawing abruptly. That's what happened in the 1997-98 Asian financial crisis."

Former Reagan Navy Secretary Wins Virginia Democratic Senate Primary. The AP (6/14, Lewis) reports, "James Webb, a former Reagan administration Navy secretary who left the Republican Party over the Iraq war, won the Democratic nomination Tuesday for the right to take on GOP Sen. George Allen in the fall." Webb "defeated lobbyist and longtime Democratic Party activist Harris Miller after a bruising primary in which voters decided between a traditional and unabashed liberal (Miller) and a former Republican (Webb) whose populist campaign was aimed at so-called Reagan Democrats -- namely, rural, white moderates." The AP adds, "With all but one precinct reporting, Webb had 83,156 votes, or 53.5 percent, compared with 72,352 votes, or 46.5 percent, for Miller."

The Washington Times (6/14, McLaughlin, 90K) reports, "Last night, Mr. Webb told supporters gathered at the Hilton Crystal City Hotel at Ronald Reagan Washington National Airport that voters want someone who is not going to follow the Bush administration 'blindly' like Mr. Allen." Said Webb, "I stand here today because you believed in a vision, not just my vision, a vision for this country. … Many of you called on me months ago because you wanted a leader to carry that vision to Washington. ... Too much was at stake, and the time had come to bring this country on a different course. That is a call I am glad I answered."

The New York Times (6/14, Kornblut, 1.19M) notes Webb "had campaigned against Mr. Miller for his liberal spending on the race, at one point distributing fliers that showed Mr. Miller with money flowing from his pockets and a hooked nose. Mr. Miller, who is Jewish, denounced the image as anti-Semitic; Mr. Webb denied intending a slur." Sen. Charles E. Schumer, "the head of the Democratic Senatorial Campaign Committee and a champion of Mr.

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Webb's, credited his independent streak and his aggressive campaigning for the victory. … Mr. Schumer said that with Mr. Webb's victory, he expected the Virginia race to become more competitive and to put the balance of the Senate into play."

The Washington Post (6/14, A1, Shear, 744K) reports, "Webb now faces the challenge of raising millions of dollars in an attempt to oust Allen, a popular ex-governor who is considering a bid for the presidency in 2008. Allen has more than $7.5 million in the bank and a long history of winning in a state that usually votes for Republicans in federal contests." Allen's campaign manager, Dick Wadhams, "said the Republicans look forward to running against a 'very fractured, divided Democratic Party' and 'having John Kerry…campaign with Mr. Webb.'" Kerry backed Webb in the primary.

In an analysis piece titled "Webb Will Try To Turn Past GOP Loyalty Into Advantage," the Washington Post (6/14, A1, Barnes, 744K) notes Webb "cast his first vote for a Democratic presidential candidate only two years ago made." Last night he make it "clear that, in the fall, he will try to turn to his advantage the positions and past alliances that dogged his primary campaign this spring." He "supported Allen and George W. Bush in 2000. He's proud of Ronald Reagan -- he was a prominent member of the administration -- and couldn't abide Jimmy Carter or Bill Clinton. He has questioned affirmative action and supports gun owners." But "he also thinks that the war in Iraq was a mistake and that Congress is overwhelmed by special interests and doesn't do enough for the little guy. In all of these ways, he thinks he's like most Virginians."

Liberal Jeers For Clinton Over Iraq Stance Seen As Revealing Deep Democratic Split. The Hill (6/14, Schor) reports, "Angry boos greeted Sen. Hillary Rodham Clinton (D-N.Y.) at a liberal conference yesterday when she opposed fixing a date for withdrawing American forces from Iraq. The sour audience response, at the Campaign for America's Future conference, hints at the 2008 presidential front-runner's shaky standing with anti-war Democrats, who wield increasing power in the party." Clinton's speech "packed the room with a crowd billed as the nation's largest gathering of progressives."

The story is being depicted a signaling a split in Democratic ranks. The AP (6/14, Barrett) notes another "potential presidential candidate," Sen. John Kerry, "spoke to the group later in the day and offered an emphatically anti-war appeal. … In remarks that could have been aimed at Clinton, Kerry said: 'It's not enough to argue with the logistics or to argue about the details. ... It is essential to acknowledge that the war itself was a mistake. ... It was wrong, and I was wrong to vote for that Iraqi war resolution.'"

The New York Times (6/14, Nagourney, Toner, 1.19M) runs a similar report under the headline "Clinton And Kerry Show Democratic Divide On Troop Withdrawal," in which it reports Clinton "faced boos and shouts of 'bring them home' from an audience of liberal Democrats,"

The Washington Post (6/14, A10, Balz, 744K) also says Clinton's and Kerry's appearances at the Take Back America conference at the Washington Hilton "put on vivid display the Democratic Party's divisions over the foreign policy issue that dominates this year's midterm elections, and the two possible 2008 presidential candidates offered a preview of the debate that could dominate the battle for the party's nomination." Clinton "won repeated applause through most of her speech, which dealt at length with domestic issues but also sharply criticized President Bush's handling of the war." But "the audience turned against her when, in what she called a difficult conversation, she restated her long-standing position about timetables for withdrawing US forces."

In its report, Knight Ridder (6/14, Kuhnhenn) says, "The Democratic Party's split over the Iraq war cracked into view." The "intra-party division has haunted Democrats from the start of the war and bedeviled Kerry during his 2004 presidential run. The lack of a harmonizing party message comes as public opposition to the war has been strong and congressional elections are about five months away."

The Washington Times (6/14, Pfeiffer, Hoover, 90K) reports House Minority Leader Nancy Pelosi also addressed the gathering. Said Pelosi, "Have you had enough of a war that is failing to make America secure?"

The San Francisco Chronicle (6/14, Sandalow) reports, "Democrats have put aside many differences in their common yearning to gain seats in the 2006 midterm congressional elections. Yet when it comes to the war that has polarized the nation, and by some accounts is shaping up as the biggest issue in the November election, Democrats are struggling to speak with a single voice."

Clinton Tries To Refocus Debate On Abortion. In a speech to the National Family Planning and Reproductive Health Association yesterday, Sen. Hillary Clinton tried to shift the abortion debate to the subject of access of to family planning services, The New York Times (6/14, Hernandez, 1.19M) reports that Clinton said the nation's focus "should be on preventing unwanted pregnancies." The Times says Clinton's remarks "reflect the degree to which Democrats around the country are trying to find a middle ground on the polarizing issue of abortion rights since their party's defeats in the November 2004 elections." The Times also reports the Clinton "also used her speech to take a jab at Republicans who, while adamantly opposed to abortion rights, have resisted efforts to pay for programs providing greater access to contraception and other family planning services."

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Rove Seeks To Draw Clear Distinctions Between GOP, Democrats. The Manchester Union Leader (6/14, Distaso, 59K) reports, "When he sharply accused key Democrats this week of 'cutting and running' on the Iraq war, Karl Rove was in a broad way urging New Hampshire Republicans to stand by President George W. Bush during this key mid-term election campaign." Democrats argue Bush's low approval ratings make the GOP vulnerable, but Rove "returned to basics on Monday, verbally drawing a clear bright line between the two parties in trying to rally the faithful." Speaking at the NH GOP State Committee's annual dinner "Rove focused on taxes, spending and national security." Rove "sharpened the differences between the two parties with vintage 'red meat' rhetoric" saying "They're for higher taxes. We're for lower taxes. … They're for more spending. We're for less spending." The DNC "said Rove and the Republicans 'are recycling their tired and despicable partisan attacks' and have no 'real solutions.'"

Mehlman Says Public Understands Administration Tackling Tough Issues. RNC Chairman Ken Mehlman, in an interview on Comedy Central's The Daily Show With John Stewart (6/13), was asked what the GOP strategy for 2006 would include. Mehlman said that he's seen DNC chairman Howard Dean promoting his GOTV leaflet strategy and "I think our strategy is to get him to go to every undecided voter in America with those cards. That's how we can do it." Asked whether Republican candidates would "run away" from the Administration's record, Mehlman replied, "I think the American people understand we are dealing with tough challenges and dealing with a tough war, dealing with a global economy which makes people worry about things like their pensions and healthcare."

Resnick Says GOP Must Reach Out To Independents. Sarah Chamberlain Resnick, executive director of the Republican Main Street Partnership, writes in the Washington Post (6/14, A23, 744K) that the GOP majorities in the House and Senate "do not rest on the base alone. While keeping that segment of the party motivated is certainly an important factor in the November midterms, it isn't enough. To maintain our majorities, particularly in the House, our party must reach out to independent and swing voters." Resnick adds, "The Republican Revolution was a two-pronged effort relying on both a motivated conservative base and efforts to reach out to independent swing voters. To maintain that majority in 2006, we'd do well to remember the lessons of 1994."

Laura Bush Campaigns With Kean In New Jersey. The New York Times (6/14, Chen, 1.19M) reports Vice President Dick Cheney's campaign stop for New Jersey state Sen. Thomas H. Kean Jr. "did not go according to plan." Kean "was late after taking the usually traffic-clogged Route 1 from Trenton rather than the speedier New Jersey Turnpike, prompting speculation that he did not want to be photographed with Mr. Cheney." But yesterday, when "a far more popular administration figure — Laura Bush, the first lady — arrived here on Tuesday for a fund-raiser for Mr. Kean's candidacy for the United States Senate, everything appeared to run smoothly." Kean and Mrs. Bush "appeared on stage together, under a big, white tent just a few miles from the Shore, and Mr. Kean delivered, almost verbatim, the same speech from his primary night celebration a week ago." The "fact that Mrs. Bush came to support Mr. Kean so early in the election season is the latest indication of how optimistic the national Republican Party is that it can put a New Jersey Republican in the Senate for the first time in three decades."

DeLay Recorded Phone Message For VA8 Primary Candidate. The Washington Post (6/14, A12, Gowen, 744K) reports that Virginia's 8th Congressional District GOP candidate Mark Ellmore's campaign received some last minute help from former Rep. Tom DeLay, who recently took up official residence in the district. Ellmore, "who lost to Tom O'Donoghue in the GOP primary to face Rep. James P. Moran Jr. (D) in November, called DeLay's office Monday morning. DeLay's staff members set up an automated call from their boss that went to 8,000 voters in the district -- which includes Alexandria, Arlington County and part of Fairfax County -- urging them to the polls to support Ellmore. Problem was, in the intro, DeLay said 'Northern California' instead of 'Northern Virginia.'"

Roll Call (6/14, Akers) reports in its "Heard on the Hill" column, "DeLay began his message by saying, 'Hello, this is Tom DeLay.' He mentioned that as Majority Leader, he 'battled Jim Moran in Congress for 14 years.' Then, for some reason, he continued, 'I recently re-registered to vote in Northern California.' … Clearly, or so we assume, DeLay meant to say that he recently re-registered to vote in Northern Virginia. Though we just can't help but wonder if perhaps he was dreaming of the day that hippy dippy Marin County takes a hard turn to the right."

Giuliani Outlines Energy Strategy. The AP (6/14, Fouhy) reports, "Stepping up his political visibility as he contemplates a run for president, former Mayor Rudolph Giuliani laid out an energy strategy Tuesday that calls for more use of nuclear power and ethanol." Speaking to the Manhattan Institute, Giuliani "called for a comprehensive effort to wean the nation from petroleum. The New York Times (6/14, Healy, 1.19M) says that while Giuliani "did not criticize Mr. Bush by name, and some of his ideas reflected Republican orthodoxy about increasing energy supply," he "implicitly accused the White House of doing little to expand energy sources. Afterward, too, he expressed concern about

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global warming, saying that 'everyone accepts the fact that it's happening and it has an impact.'"

Gore Says He Has No Plans To Run Again. Former Vice President Al Gore was asked on CNN's Larry King Live (6/13) if he has thought about entering the 2008 presidential race. Gore said, "I don't have plans to be a candidate again. I haven't made the so-called Sherman statement but that's not to leave the door open. It's more sort of an internal shifting of the gears. I really don't expect to be a candidate again." Gore added that "if you were a political reporter and you went to Iowa and New Hampshire, anywhere else in the country, you would look in vain for anyone who had been contacted by me or anyone on my behalf. I'm really not taking any steps. I have no intention, no plans to do that again."

Hayworth Invitation Calls Quayle 44th US President. The Washington Post (6/14, C3, Argetsinger, Roberts, 744K) reports in its "The Reliable Source" column, "A recent e-mail from Rep. J.D. Hayworth 's reelection campaign invited supporters to join the Arizona Republican, his wife and 'The Honorable Dan Quayle , 44th President of the United States.'" Quayle "was actually the 44th vice president, but a typo dropped the 'vice' and started a buzz among startled GOPers who thought Quayle wanted to be the next -- that would be 44th -- president." The Post adds, "A correction was quickly issued; at press time, the only heart-pounding element at the June 24 event will be the coffee."

States Said To Have Financial Incentive To Encourage Adoption. NBC Nightly News (6/13, story 8, 2:20, Williams, 9.87M) reported, "Congress passed a law almost 10 years ago that gives states bonuses based on the number of kids moved from foster care into adoptive homes. Now, some child welfare experts are saying the bonuses are leading some children to be put at risk." NBC (Thompson) added, "Why would a state pressure welfare workers to force adoptions? One reason may be money. States can earn Federal bonuses for keeping adoption numbers high, and in Kentucky, workers can even get extra vacation." An NBC News computer analysis "shows adoptions have risen dramatically nationwide. In Kentucky, they've tripled in six years while those Federal bonuses have grown to more than a million dollars. At the same time, the number of kids returned to their parents, often the best solution, has dropped sharply. States don't get bonuses for that."

States Consider Privatizing Parts Of Interstate Highway System. A front page story in the Washington Post (6/14, A1, Goldstein, 744K) reports that the state of Indiana "is about to turn over its entire toll road for the next 75 years to two foreign companies, making it more expensive to drive. The decision to hand the Indiana Toll Road to an Australian and Spanish team for $3.8 billion at the end of this month has blown up into one of the biggest brawls here in a generation." The decision "places Indiana at the leading edge of a nascent trend in which states and local governments are exploring the idea of privatizing parts of the United States' prized interstate highway system."

Israel Kills Terrorists, Civilians In Gaza Strike. The New York Times (6/14, Erlanger, Fisher, 1.19M) reports, "Eight Palestinian civilians were killed and more than 40 wounded Tuesday by an Israeli missile strike on Islamic militants riding in a van that Israeli officials said was carrying rockets to launch at Israel. Two men in the van were also killed, including a man the Israelis consider an important rocket maker." The Times says the civilian deaths "are bound to make it harder for" Palestinian President Mahmoud Abbas "and the United States to persuade Hamas…to recognize the right of Israel to exist, to forswear violence and to accept previous Palestinian-Israeli agreements... Mr. Abbas will also find it more difficult to get Hamas to accept a referendum proposal that would at least implicitly recognize Israel."

The Washington Post (6/14, A19, Wilson, 744K) calls the strike "the deadliest such attack this year," and notes, "The armed confrontation between Israel and the Palestinian militias…has coincided with a worsening internal conflict among the Palestinian parties. Deep partisan divisions within the security services have split its more than 70,000 members into rival camps, a combustible situation made worse by delays of more than three months in payment of salaries because of economic sanctions."

The Christian Science Monitor (6/14, Prusher, 61K) reports, "The cross-border arms volley -- as well as worsening strife among Palestinians -- has gained a deadly momentum since late last week, setting up a dynamic that may put prospects for dialogue among all the parties further out of reach."

Israel Says Palestinian Explosive Was Responsible For Gaza Beach Deaths. ABC World News Tonight (6/13, story 4, :20, Gibson, 8.78M) reported, "Israel contends it was not responsible for the beach explosion that killed Palestinians last week. Palestinians have blamed an artillery shelling. But Israel says its investigation found an explosive buried in the sand was responsible. It says an analysis of the shrapnel found the Israelis were not involved. Palestinians dismiss the Israeli claim."

LATimes Says Palestinian Conflict Endangers US Efforts In Iraq. An editorial in the Los Angeles Times (6/14, 958K) says "bad news from the West Bank and Gaza -- the site of the proposed Palestinian state that he envisions existing alongside Israel -- is also bad news for the US mission in Iraq." The Palestinian cause "has been embraced

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-- sometimes sincerely, sometimes cynically -- by millions of Arabs and Muslims. A bloodbath in the West Bank and Gaza -- even a fratricidal one -- would have ominous echoes for the United States elsewhere, including Iran and, yes, Iraq."

Four Chinese Companies Sanctioned For Aiding Iran. The Treasury Department has sanctioned four Chinese companies saying they had aided Iran's ballistic missile programs. The Wall Street Journal (6/14, Solomon, 2.11M) reports, "The US moves underscore the complexities Washington faces as it seeks to contain Iran. … The four Chinese state-owned companies are Beijing Alite Technologies Co., LIMMT Economic and Trade Co., China National Precision Machinery Import/Export Corp., and China Great Wall Industry Corp., or CGWIC. The US also cited CGWIC's Torrance, Calif., U.S. subsidiary, G.W. Aerospace Inc. The Treasury froze the companies' US assets, and barred US companies, banks and individuals from doing business with them."

Democrats Say Bush Focus On Iran Is Political Ploy. The Hill (6/14, Tiron) reports that some Democrats believe the White House's recent focus on Iran "is a political ploy aimed at boosting the President's low approval ratings." Democrats "point out that the Iran situation could be a win-win for Bush. If he brokers a deal Bush can claim victory, and if it falls apart it would set up an opportunity for the President to talk about homeland security and terrorism in the lead-up to the election. While Democrats are quick to point out that keeping nuclear weapons out of Iran's hands is extremely important, some of them say that politics are playing a significant role in the administration's foreign-policy initiative."

Pew Poll Shows US Global Image Weakening. The New York Times (6/14, Knowlton, 1.19M) reports a 15-nation Pew Research Center poll showing that, "as the war in Iraq continues for a fourth year, the global image of America has slipped further, even among people in some countries closely allied with the United States." The prevalence of positive views of the US declined sharply in the past year in Spain, India, Russia, Turkey and Indonesia. "Declines were less steep in France, Germany and Jordan, while people in China and Pakistan had a slightly more favorable image of the United States this year than last. In Britain, Washington's closest ally in the Iraq war, positive views of America have remained in the mid-50-percent range in the past two years, down sharply from 75 percent in 2002, before the war." Respondents in 13 of the 15 nations said the war in Iraq was a greater danger to security than Iran's nuclear program.

US Seen As "Quietly Beginning To Accept" ICC. The Wall Street Journal (6/14, Bravin, 2.11M) reports Washington "is quietly beginning to accept the International Criminal Court, the Hague tribunal that President Bush repudiated in 2002, as the White House seeks to temper criticism that it considers itself unbound by international law. That new approach will be on display today, when the ICC's chief prosecutor reports to the United Nations Security Council on his investigation into alleged war crimes in Darfur." The US is said to "consider the ICC perhaps the only chance to bring Darfur war criminals to justice."

US Military Violated Irish Law By Transporting Convicted Marine Through Airport. The AP (6/14, Pogatchnik) reports, "The U.S. military violated Irish law by transporting a convicted U.S. Marine through Shannon Airport without government permission, Foreign Minister Dermot Ahern announced Tuesday." The AP continues, "The episode – discovered when a cleaner spotted the man, in handcuffs and military fatigues, on the plane at the airport – underscored Irish suspicions that the U.S. military also could be ferrying munitions and terrorism suspects through this officially neutral nation." The AP adds, "U.S. Ambassador James Kenny confirmed that a U.S. Marine, who had been convicted of stealing by a U.S. military tribunal in Kuwait, was being transported Sunday under guard on a Defense Department-chartered aircraft. He said the military should have sought written permission from Ireland's Justice Department to bring the convict into Irish airspace but failed to do so. … 'We regret that this incident happened and are reviewing procedures closely with Irish authorities to ensure that this does not happen again,' said Kenny, who pledged that all future U.S. military and chartered troop transports refueling in Shannon would be 'completely transparent and in conformity with Irish law and the wishes of the Irish government.'" The AP notes that Ahern "said the legal breach was particularly sensitive because of widespread suspicions that the Central Intelligence Agency was using Shannon – a strategically located, trans-Atlantic refueling point – for transporting al-Qaeda and Taliban suspects. Both the Irish and U.S. governments have denied this. … Ireland's practice of permitting U.S. military troop carriers bound for Iraq to refuel at Shannon has been deeply controversial. This is the first time, however, that the government has formally accused U.S. authorities of overstepping the limits of Irish neutrality."

GAO Report Says US Is Unprepared For Venezuelan Oil Ban. A congressional investigation has found that a Venezuelan embargo on oil exports to the US would cause an immediate 15% surge in world oil prices. The Financial Times (6/14, Webb-Vidal) reports that the GAO study, "obtained by the Financial Times before its release this month, warns that the US is inadequately prepared for a potential loss of oil from Venezuela. The investigation was requested 18 months ago by Senator Richard Lugar, Republican chairman of the Senate foreign relations

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committee, reflecting growing concerns about the reliability of Venezuelan oil supplies."

The Wall Street Journal (6/14, Luhnow, 2.11M) also reports on the GAO study. According to the Journal, "The report tries to measure how vulnerable the US is to both short-term and longer-term disruptions in the flow from Venezuela, where President Hugo Chávez has been a vociferous critic of US policy. It calculates, for instance, that a six-month stoppage of Venezuelan output would lead to a short-term price spike of $11 a barrel of oil and cost the US economy some $23 billion. Such a stark turn is unlikely, however, because Mr. Chávez relies on the US as his biggest buyer of oil and needs the revenue to fund half his government's populist agenda."

Oil-Producing Countries Using Leverage Over Consuming Nations. The Wall Street Journal (6/14, Bahree, Cummins, 2.11M) reports that there is an "enduring shift in the balance of power between the fuel-guzzling West and oil-rich developing countries." The West's "mutual dependency is unraveling and a new order is taking shape, turning the tables on America, its allies and other big energy consumers. Major exporting nations have concluded that they have more leverage than ever before over consuming countries."

Canadian Conservative Draws Comparisons To Chavez. The New York Times (6/14, Austen, 1.19M) reports that Danny Williams, a member of the Conservative Party of Canada, "is being compared to a self-proclaimed revolutionary, the Venezuelan president, Hugo Chávez. … Since walking out on talks with a group led by Exxon Mobil and the Canadian subsidiary of Chevron over the development of the Hebron oil field this spring, Mr. Williams has never been more popular, at least at home. And he has since bolstered that gain by threatening to propose a new law that would revoke the lease on the property that has been held by the oil consortium for more than two decades." Williams' "battle with some of the world's largest oil companies over a last major offshore reserve has led critics to label him a revolutionary — kind of a North American version of Mr. Chávez."

Bush To Take Koizumi On Tour Of Graceland. USA Today (6/14, Dorell, 2.31M) reports that will take Japanese Prime Minister Junichiro Koizumi on a guided tour through Graceland during Koizumi's lat official US visit. Koizumi "will get to visit the home and final resting place of the King on June 30, a day after he and Bush discuss human rights and the US-Japanese alliance, the Japanese Embassy said." The visit ""will be the first visit by any sitting president or world leader, said Jack Soden, chief executive of Elvis Presley Enterprises, which manages the estate."

The Washington Post (6/14, C3, Argetsinger, Roberts, 744K) reports in its "The Reliable Source" column, "The trip had to have been Koizumi's idea. The 64-year-old PM is well known as the most serious Elvis disciple of today's world leaders. He shares a birthday (Jan. 8) with the rock icon, and his brother once ran the Presley fan club's Yokohama chapter. In 1987, he was one of the key players in erecting a bronze statue of Presley in Tokyo. He's sung Elvis tunes poolside at Bush's Crawford ranch and dazzled Condi Rice with his knowledge of Elvis trivia at a G8 dinner."

Somali Militias Seek To Reassure Western Leaders. The Washington Post (6/14, A17, Timberg, 744K) reports, "The Islamic militias that took over the capital of Somalia last week are seeking to solidify their rule while reassuring Western leaders that they do not intend to impose an extremist, Taliban-style government on that battered East African country, diplomats, analysts and militia officials say. … This contrasts starkly with initial reports that the loosely organized militias are dominated by religious fundamentalists bent on delivering a purist vision of Islamic law, including the banning of certain films, the chopping off of robbers' hands and the public execution of murderers."

US Sends Conciliatory Signals To Somalia. The Christian Science Monitor (6/14, LaFranchi, 61K) reports that the US on Thursday "will initiate a 'Somalia contact group' of interested countries and organizations to begin deliberating on how the international community can help stabilize what experts consider to be a 'failed state.'" The US "is sending out conciliatory signals to the Islamic Courts Union, which vows to turn Somalia into a religious state under sharia law. In addition to setting up the international contact group, the State Department is issuing cautious, open-minded statements toward the advancing Islamists. The tone suggests a carefully revised US position on Somalia, analysts say."

Before US Visit, Uribe Orders Investigations Into Police Scandal. The Washington Times (6/14, Salisbury, 90K) reports that as newly elected Colombian President Alvaro Uribe prepares to meet with President Bush at the White House today, an "explosive new scandal has placed the Colombian military under unusual pressure." Before leaving Colombia for the US, Uribe "ordered investigations into reputed extrajudicial executions by government troops and the possibility of illegal 'paramilitary' and drug-trafficking infiltration of the Colombian army, the Colombian presidential intelligence service, and the Colombian national police."

Meyerson Calls Proposed Colombia Trade Agreement "Ridiculous." Harold Meyerson writes in the Washington Post (6/14, A23, 744K) that the Administration's proposed trade agreement with the government of Colombia is "ridiculous." Colombia's million-member union movement functions "is no fan of the proposed trade accord, which it

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fears will allow US agribusiness to undercut Colombia's non-drug-related agricultural economy while doing nothing about the nation's abysmal standards of worker rights. For the average Colombian, the trade agreement would add insult to what is all too often deadly injury."

Senate Measure Would Establish Permanent Trade Relations With Vietnam. In its "Washington Wire" column on its web site, the Wall Street Journal (6/13, 2.11M) reported, "A bipartisan group of senators, led by Montana Democrat Max Baucus and Oregon Republican Gordon Smith, are launching a drive to waive Cold War-era restrictions that limit trade with Vietnam. Legislation backed by the senators would establish permanent trade relations between the US and Vietnam, ensuring Vietnam is accorded the same basic US trade benefits as all other members of the World Trade Organization."

UN Preparing For New Peacekeeping Mission In East Timor. The AP (6/14) reports that UN Secretary General Kofi Annan yesterday said he would send a team to East Timor. Annan said the team would "prepare for the return of United Nations peacekeepers," but he "warned that a new mission would need at least six more months to set up." The AP adds that Annan "also bluntly suggested that the Security Council had scaled down the previous United Nations peacekeeping mission in East Timor too quickly. That, he said, was partly responsible for new violence that has killed more than 30 people in the last month."

The Washington Post (6/14, A18, Lynch, 744K) reports, "The new UN mission would replace an Australian-led multinational force of about 2,700 troops that intervened in East Timor last month to quell fighting between military factions, which threatened the stability of the world's youngest independent nation. A senior UN envoy, Ian Martin, told reporters that the mission would provide law and order primarily in Dili, the capital, in advance of East Timor's May 2007 presidential and legislative elections."

Agencies Paying Millions In AIDS Incentives. The Washington Times (6/14, Palmer, 90K) reports, "Across the impoverished continent, aid agencies are doling out millions of dollars on 'allowance' fees and per diems, financial incentives for people in countries hard hit by the AIDS epidemic to attend meetings and seminars to learn how to prevent it. Although widely practiced, the custom is rarely talked about: Donors would likely be shocked if they knew their dollars were the only thing that can lure to AIDS seminars the very people who should be most interested in promoting development and battling the disease."

NYTimes Researcher's Trial In China To Begin This Week. The New York Times (6/14, Lague, 1.19M) reports that the trial of a New York Times researcher who is accused of disclosing state secrets and fraud will begin In Beijing Friday. The researcher, Zhao "has been in custody for 22 months without appearing in court. … The accusation that he disclosed state secrets arose from a September 2004 article published in The Times that reported that a former president, Jiang Zemin, had offered to resign his post as head of the military, according to the indictment. The article prompted a high-level leak investigation by the governing Communist Party. Mr. Jiang resigned two weeks later. Mr. Zhao denies the charges. The Times also denies that Mr. Zhao disclosed state secrets."

Power Restored To US Mission In Cuba. Electricity has been restored to the US mission in Cuba. The AP (6/14, Snow) reports that the power was restored "after Washington accused Fidel Castro's government of deliberately cutting off the building's power. Cuba denied the charge." On Monday, US officials "accused Cuba of harassing the American mission by deliberately cutting off power and reducing the water supply." The Washington Times (6/14, 90K) also runs the AP story this morning.

Russian Law Enforcement Agencies Said To Be Acting To Enrich Corrupt Officials. The New York Times (6/14, Myers, 1.19M) reports, "On March 29, agents of the Interior Ministry seized 167,500 mobile phones that Motorola had shipped into Sheremetyevo Airport in Moscow, dragging the company into the Kafkaesque world where Russian justice intersects with business." The Times adds, "With a shadowy economy, a growing bureaucracy and a capricious embrace of law, Russia has long been a maddening place for businesses to operate, a developing market that is at once lucrative and full of risks. But the experience of Motorola has highlighted what executives, analysts and even some pro-government lawmakers in a largely pliant Parliament say is a worrisome trend: law enforcement agencies are not only taking sides in commercial disputes, but also precipitating them to enrich corrupt officials and their intermediaries."

Humanitarian Funding For Darfur Running Low. The CBS Evening News (6/13, story 9, 4:20, Schieffer, 7.66M) reported that in Darfur, "three years ago, open warfare broke out when ethnic African farmers rose up against the Arab-led government, which responded by unleashing these nomad Arab militias. Since then, at least 180,000 people have died and 2 million have been driven from their homes." CBS (Logan) added, "This overstretched clinic itself may not survive. It's one of only two medical facilities serving more than 40,000 people here in Zam Zam Camp in North Darfur. But it's being forced to close in two weeks because it's run out of money. There was no shortage

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of funding when the crisis in Darfur began three years ago with fighting between local rebels and the government of Sudan allied with Arab militias. With whole villages abandoned as people fled the fighting, foreign aid money came pouring into camps like this. Today, these people's needs are still great, but international interest and donations are fading. There are 20,000 people living here, but that's just a tiny fraction of the two million people in Darfur who have been forced out of their homes and live in camps like this, where, as you can see, there's little or no protection from the harsh desert climate, and they rely entirely on aid for their survival. That aid comes primarily from organizations like the International Rescue Committee, which runs projects across Darfur. But they can't reach everyone."

ElBaradei Lauds US-India Deal, Touts Disarmament. In an op-ed in today's Washington Post (6/14, A23, 744K), IAEA Director-General and Nobel laureate Mohamed ElBaradei suggests "new approaches in a number of areas" to improve the international nonproliferation regime. Nations with nuclear weapons should "recommit" to disarmament, and must "tighten controls" on nuclear fuel that might include an IAEA-run nuclear fuel bank for civilian reactor operators." ElBaradei continues, "However fervently we might wish it," Israel, India and Pakistan, which "remain outside the NPT," are not "likely to give up [their] nuclear weapons or the nuclear weapons option outside of a global or regional arms control framework. Our traditional strategy -- of treating such states as outsiders -- is no longer a realistic method of bringing these last few countries into the fold." The U.S.-India nuclear cooperation agreement "is a creative break with the past that, handled properly, will be a first step forward for both India and the international community. India will get safe and modern technology to help lift more than 500 million people from poverty, and it will be part of the international effort to combat nuclear terrorism and rid our world of nuclear weapons." El-Baradei concludes, "No one ever said controlling nuclear weapons was going to be easy. It will take courage,… tenacity…a great deal more outside-of-the-box thinking, and a sense of realism," but "it will be worth the effort."

Italian Foreign Minister Says He'll Work To Strengthen Euro-Atlantic Ties. Massimo D'Alema, the foreign minister of Italy, writes in the Wall Street Journal (6/14, 2.11M), "In a few days I will travel to Washington with a simple and clear message. The new government in Rome is committed to building a stronger Euro-Atlantic community. … The Italian center-left opposed military intervention in Iraq in March 2003. This does not mean, however, that the new Romano Prodi government will turn Italy into a less useful partner for Washington. The opposite may well prove true. … There is no readymade recipe for the tangle of issues that hamper progress in the broader Middle East, but Europe and the U.S. can and should devise a regional strategy equally convincing to both sides of the Atlantic, and combine their resources in pursuit of shared visions."

THE BIG PICTURE:

Headlines From Today's Front Pages.

Los Angeles Times:
"Security Crackdown Begins In Baghdad."
"Paralyzed L.A. Officer Glad To Be Alive."
"Top Bush Aide Rove Won't Be Charged."
"A Wok With Jesus: Saving Souls In Chinese Kitchens."
"Sunbather's Death Puts Focus On SUV Patrols."
"An English-Only Beef In A Cheesesteak Joint? Comin' Right Up."
"USC May Be Spoiler In NFL Coliseum Plan."

USA Today:
"FEMA Lost $1B To Fraud, Errors."
"Traumas Create Unwitting Test Subjects."
"Some Muslims Press Public Spaces To Make Room For Women's Modesty."

New York Times:
"Bush Makes Surprise Visit To Iraq To Press Leadership."
"No Rove Charges Over Testimony In C.I.A. Leak."
"Israeli Missiles Kill 10 In Gaza."
"Lives Suspended On Gulf Coast, Crammed Into 240 Square Feet."
"Hiding In Plain Sight, Google Expands Its Power."

Washington Post:
"Rove Will Not Be Charged In CIA Leak Case, Lawyer Says."
"Webb Wins Democratic Nomination In Virginia."
"In Baghdad, Bush Pledges Support To Iraqi Leader."
"Strapped States Try New Route, Lease Toll Roads To Foreign Firms."

Washington Times:
"If You're A Council Friend, You Don't Pay."
"Bush Drops By Baghdad."
"To U.S., World Cup Is Ho-Hum."
"Rove Will Not Be Charged In CIA Leak Case."
"Liberal Groups Treat Hillary To Jeers, Cheers."

Detroit Free Press:
"Doctor's Wife Beaten, Drugged."
"Union Votes $60 Million For Growth, Survival."
"Bush To Iraq: It's Up To You."
"Is $5 Million Fair For Fairways."

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Atlanta Journal-Constitution:
"Bush Drops In On Iraq."
"Cabinet Official Is Primary User Of CDC Jet."
"Prison For Ex-Mayor."
"$752 – It's A Lot For Some 'People.'"

Houston Chronicle:
"Bush Offers Reassurance In A Surprise Visit To Iraq."
"Super-Secret 'Googleplex.'"
"More City Parking Tickets Are Sticking."
"With Cloud Of Indictment Past, Rove Free To Strategize."
"Risky Acts In Spotlight After Steeler QB's Injury."

Story Lineup From Last Night's Network News:
ABC: Bush-Iraq Trip; Baghdad Security Plan; Zarqawi Successor-Threats; Israel-Gaza Explosion; Rove-No Indictment; Tropical Storm Alberto; FEMA-Katrina Fraud; Electronic Stability Control; Pittsburgh QB Recovery; KFC-Transfat Lawsuit; Woodruff Recovery.
CBS: Bush-Iraq Trip; Iraq Visit-Secrecy; Rove-No Indictment; Tropical Storm Alberto; FEMA-Katrina Fraud; NIH-Tissue Sample Fraud; Stock Markets; Type 2 Diabetes Drug; Darfur-Funding Shortage; Funeral-CBS Soundman.
NBC: Bush-Iraq Trip; Iraq Trip-Political Strategy; Iraq Violence; Rove-No Indictment; Tropical Storm Alberto; FEMA-Katrina Fraud; Patrick Kennedy-Guilty Plea; Foster Care-Abuse Allegations; Stock Markets; USS New York.

Story Lineup From This Morning's Radio News Broadcasts:
ABC: Bush-Baghdad Visit; Rove-CIA Leak; Tropical Storm Alberto; House-Minimum Wage.
NPR: Iraq-Security Crackdown; Bush-Baghdad Visit; Pentagon-Interrogation Techniques; Conway Nomination; Wall Street; Tropical Storm Alberto; House-Cost Of Living Raise; Primary Elections.

WASHINGTON'S SCHEDULE:

Today's Events In Washington.
White House:

PRESIDENT BUSH — Meets with the President of Colombia; meets with members of the Iraq Study Group, Roosevelt Room; attends the congressional picnic, South Lawn.

VICE PRESIDENT CHENEY — No public schedule.

LAURA BUSH — Participates in a tour of part of the National Gallery of Art collection with Leila Castellaneta, wife of Ambassador Giovanni Castellaneta.

US Senate: 9:30 a.m. SENATE FLOOR _ Meets for morning business; then resumes consideration of H.R. 4939.

9:30 a.m. ENVIRONMENT AND PUBLIC WORKS _ Full Committee. Hearing on liability issues in the cleanup of abandoned hardrock mines. EPA Administrator Stephen L. Johnson; Dennis E. Ellis Executive Director, Colorado Dept. of Public Health and Environment; Velma M. Smith, National Environmental Trust; John Gioia, Chair, Board of Supervisors, Contra Costa Public Works; Terry Harwood, former Executive Director Hazardous Material Policy Council, USDA; Scott A. Lewis, Director, Environmental and Governmental Affairs, AngloGold Ashanti North America Inc. Location: Room 628, Dirksen.

9:30 a.m. INDIAN AFFAIRS _ Full Committee hearing on S. 374, the Tribal Parity Act, and S. 1535, the Cheyenne River Sioux Tribe Equitable Compensation Amendments Act. Testimony from the Lower Brule Sioux Tribe; Crow Creek Sioux Tribe; Morgan, Angel & Associates; Great Plains Tribal Chairmans Association; Cheyenne River Sioux Tribe. Location: Room 485, Russell.

9:30 a.m. JUDICIARY _ Full Committee. Hearing on communications laws. FTC Commissioner William Kovacic; Vinton Cerf - Vice President and chief Internet evangelist, Google Inc.; David L. Cohen, Comcast Corp., Philadelphia; Walter McCormick, president and CEO, U.S. Telecom Association; Christopher Putala, Earthlink Inc.; Blair Levin, Stifel, Nicolaus and Co. Inc., St. Louis; Paul T. Morris, Utah Telecommunication Open Infrastructure Agency; John Kuhns, Pennsylvania State University. Location: Room 226, Dirksen.

10 a.m. BANKING, HOUSING AND URBAN AFFAIRS _ Full Committee. Markup of pending legislation and votes on nominations, followed by a hearing on proposed changes in the Federal Accounting Standards Board rules on retirement plans. Chairman Robert Herz, David Tweedie of the International Accounty Standards Board. Location: Room 538, Dirksen.

10 a.m. COMMERCE, SCIENCE AND TRANSPORTATION _ Technology, Innovation and Competitiveness Subcommittee. Hearing on alternative energy technologies. Alan Gotcher, Altair Nanotechnologies, Inc.; Francis Preli, Jr., UTC Power; K.R. Sridhar, Ion America Corp.; Thomas Werner, SunPower Corp.; Peter Corsell, GridPoint, Inc.; George Taylor, Ocean Power Technologies, Inc.; Daniel Raudebaugh, Center for Transportation and the Environment. Location: Room 562, Dirksen.

10 a.m. HOMELAND SECURITY AND GOVERNMENTAL AFFAIRS _ Full Committee. Markup of pending legislation. Location: Room 342, Dirksen.

2:30 p.m. BANKING, HOUSING AND URBAN AFFAIRS _ Housing and Transportation Subcommittee. Hearing on extension of the Mark-to-Market program of HUD that helps to provide affordable housing. Deputy Assistant HUD Secretary Ted Toon; Chris Foster, President, National Leased Housing Association. Location: Room 538, Dirksen.

2:30 p.m. SELECT INTELLIGENCE _ Full Committee. Closed meeting on pending business. Location: Room 219, Hart.

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US House: FLOOR SCHEDULE _ 10 a.m. Meets for legislative business. Highlights: H.R. 5576 - Transportation, Treasury, Housing and Urban Development, the Judiciary, the District of Columbia, and Independent Agencies Appropriations Act for Fiscal Year 2007.

10 a.m. ENERGY AND COMMERCE _ Oversight and Investigations Subcommittee. Hearing on NIH research policies regarding human tissue samples. Thomas Insel, Director, National Institute of Mental Health, NIH; Dr. David L. Friedman, Madison, Conn.; Trey Sunderland, Geriatric Psychiatry Branch, National Institute of Mental Health, NIH; Karen Putman, formerly with the NIMH, Wyoming, OH; Michael Gottesman, Intramural Research, NIH. Location: Room 2123, Rayburn.

10 a.m. FINANCIAL SERVICES _ Full Committee. Markup of pending legislation. Location: Room 2128, Rayburn.

10 a.m. HOMELAND SECURITY _ Full Committee. Markup of pending legislation. Location: Room 311, Cannon.

10 a.m. SCIENCE _ Full Committee. Markup of H.R.5450 - National Oceanic and Atmospheric Administration Act. Location: Room 2318, Rayburn.

10:30 a.m. BUDGET _ Full Committee. Markup of H.R. 4890 - Line Item Veto Act of 2006. Location: Room 210, Cannon.

10:30 a.m. EDUCATION AND THE WORKFORCE _ Workforce Protections Subcommittee. Hearing on Labor Department's use of non-consensus standards for workplace health and safety. Assistant Labor Secretary Edwin Foulke; Joseph Casper, Brick Industry Association; others. Location: Room 2175, Rayburn.

10:30 a.m. WAYS AND MEANS _ Full Committee. Hearing on implementation of the Medicare prescription drug benefit, beneficiary enrollment and lessons learned. Testimony tentatively scheduled from HHS Secretary Michael Leavitt; HHS Centers for Medicare and Medicaid Administrator Mark McClellan; Connecticut Dept. of Social Services; Pharmaceutical Care Management Association; Families USA; American Health Insurance Plans; National Council on Aging; National Association of Insurance Commissioners. Location: Room 1100, Longworth.

11 a.m. HOMELAND SECURITY _ Investigations Subcommittee. Hearing on waste and fraud following Hurricane Katrina. Testimony from Donna Daniels, FEMA, Dept. of Homeland Security; Joseph Becker, American Red Cross; GAO. Location: Room 311, Cannon.

11 a.m. INTERNATIONAL RELATIONS _ Subcommittee Oversight Hearing on ``Modern-Day Slavery: Spotlight on the 2006 Trafficking in Persons Report, Forced Labor, and Sex Trafficking at the World Cup." Briefing by Julia Ormond, UN Goodwill Ambassador; testimony from Department of State; International Justice Mission; as well as two Russian trafficking victims. Location: 2172 Rayburn House Office Bldg.

11 a.m. RESOURCES _ Full Committee. Hearing on H.R. 4761 - Domestic Energy Production through Offshore Exploration and Equitable Threatment of State holds Act of 2006. Location: Room 1324, Longworth.

1 p.m. TRANSPORTATION AND INFRASTRUCTURE _ Coast Guard and Maritime Transportation Subcommittee. Hearing on Deepwater implementation. Coast Guard Commandant Adm. Thad Allen. Location: Room 2167, Rayburn.

2 p.m. ENERGY AND COMMERCE _ Commerce, Trade and Consumer Protection Subcommittee. Hearing on how to inform parents and protect children from violent and explicit video games. Testimony from the FTC, Wal-Mart, Entertainment Software Association, Entertainment Software Rating Board, Kids Risk Project, Children's Technology Review, and the National Institute on Media and the Family. Location: 2123 Rayburn.

2 p.m. HOMELAND SECURITY _ Intelligence, Information Sharing and Terrorism Risk Assessment Subcommittee. Hearing on TSA's Office of Intelligence. Location: Room 311, Cannon.

3 p.m. SELECT INTELLIGENCE _ Terrorism/Human Intelligence, Analysis and Counterintelligence Subcommittee. Closed briefing on Title 50 and Title 10. Location: Room H-405, Capitol.

Other: PRESIDENT ALVARO URIBE VELEZ OF COLOMBIA _ Highlights: 11 a.m. Meets with President Bush, White House; 12 p.m. Photo op of meeting with USTR Susan Schwab. 600 17th St. NW.

REGIONAL LEADERS _ Rep. Ruben Hinojosa hosts the 5th Regional Leaders Conference for local elected officials, education administrators, municipal representatives others. Highlights: 8:15 a.m. Deputy Agriculture Secretary Chuck Connor. 8:45 a.m. Sen. Robert Menendez. 9 a.m. NIH Director Elias Zerhouni and CMMS Administrator Mark McClellan. 10 a.m. Rep. Steny Hoyer. 11:15 a.m. Reps. Luis Gutierrez and Silvestre Reyes on immigration reform and border security. 11:45 a.m. Rep. George Miller. Location: Jefferson Building, Library of Congress.

ENERGY CONFERENCE _ The U.S. Energy Association holds its 17th annual Energy Efficiency Forum. Highlights: 8:55 a.m. Cheng Lianyuan, Director, Beijing Municipal Bureau of Industrial Development. 10 a.m. Sen. Hillary Rodham Clinton. 10:30 a.m. Timothy Wirth, President UN Foundation and Better World Fund. 11 a.m. Pennyslvania Gov. Ed Rendell. 11:30 a.m. Panel discussion on balancing energy supply and demand, with President Red Cavaney of the American Petroleum Institute, Edison Electric Institute President Thomas Kuhn, American Gas Association

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President David Parker. 1 p.m. Energy Secretary Bodman. Location: National Press Club.

TAKE BACK AMERICA _ Speakers at today's Campaign for America's Future meeting include: Sens. Russ Feingold and Barack Obama, Reps. Lynn Woolsey, Bernie Saunders and others. Highlights: 9 a.m. Russ Feingold. 11:15 a.m. Reps. Lynn Woolsey and Bernie Saunders and former Ambassador and author Joe Wilson. 12:45 p.m. Sen. Barack Obama and Rep. Jan Schakowsky. Location: Washington Hilton.

GLOBAL DEVELOPMENT _ The Initiative for Global Development holds its National Summit. Speakers include Bill Gates, Sr., former EPA Administrator Bill Ruckelshaus, retired Gen. John Shalikashvili, former Secretaries of State Madeleine Albright and Colin Powell. Location: Willard Inter-Continental Hotel, 1401 Pennsylvania Ave. NW.

SENATE-FLAG AMENDMENT _ 8:45 a.m. Senate Majority Leader Frist and other members of the Senate join Maj. Gen. Patrick Brady, U.S. Army (Ret.) and Chicago Cubs great Rick Monday and former Miss America Heather French at news conference on the Flag Protection Amendment. Location: Russell Senate Park.

HOUSE DEMOCRATS _ 9 a.m. House Democratic Caucus meets, followed by stakeout. Location: 345 Cannon House Office Bldg.

HOUSE GOP _ 9 a.m. House Republicans meet, followed by stakeout. Location: Capitol Hill Club.

DEMOCRATS-ACCOUNTABILITY _ 10 a.m. House Democrats hold a news conference on oversight and accountability, with Reps. Nancy Pelosi, Steny Hoyer, others. Location: Cannon Rotunda, outside 345 Cannon. Notes: Follows 9 a.m. closed House Democratic Caucus meeting in the Cannon Caucus Room.

HOUSE REPUBLICANS _ 10 a.m. The House Republican leadership holds a media availability on supporting the troops in Iraq. Location: Stakeout area, outside the Capitol Hill Club. Notes: Follows closed 9 a.m. House GOP Conference meeting.

RUMSFELD _ 10 a.m. Defense Secretary Rumsfeld hosts honor cordon to welcome Ecuador's Minister of National Defense Oswaldo Jarrin. Location: Steps of Pentagon Mall Entrance.

EMERGENCY HEALTH CARE _ 11 a.m. The Institute of Medicine (IOM) hosts a briefing, ``Improving Emergency Care in the United States." The event, part of an IOM series, describes in detail the current state of the emergency medical system and recommends ways to end overcrowding and ambulance diversions, overcome financial problems, achieve better preparedness for disasters, and provide suitable care for pediatric patients. Briefers include: Gail L. Warden (chair), president emeritus, Henry Ford Health System, Detroit; Benjamin K. Chu, regional president, Southern California Kaiser Foundation Health Plan and Hospital, Pasadena, Calif.; A. Brent Eastman, chief medical officer, Scripps Health, San Diego; Shirley Gamble, consultant, Austin, Texas; and Marianne Gausche-Hill, clinical professor of medicine and director of pre-hospital care, Harbor-UCLA Medical Center, Torrance, Calif. Location: Room 100, National Academies' Keck Center, 500 Fifth St. NW.

IRAN-NEIGHBORS _ 11 a.m. Release of a public opinion survey by Terror Free Tomorrow in Pakistan, Saudi Arabia and Turkey on Iran's nuclear weapons program. Notes: For details, contact Tracy Zimmerman, 202-518-8047.

DEMOCRATS-FLAG AMENDMENT _ 11:30 a.m. Sens. Patrick Leahy, Russ Feingold and Edward Kennedy hold news conference with members of veterans opposed to a Constitutional amendment on flag desecration. Location: Senate Swamp.

IRAQ-DEMOCRATS _ 11:30 a.m. Democratic members of the House Armed Services Committee hold a news conference on Iraq. Location: House Radio-TV Gallery.

LATINO LUNCHEON _ 11:30 a.m. Texas State Sen. Leticia Van de Putte gives the keynote speech at the Latino Leaders Luncheon. Location: St. Regis Hotel, 16th and K Sts. NW.

NICARAGUA _ 11:30 a.m. The Heritage Foundation holds a discussion with Nicaraguan presidential candidate Eduardo Montealegre. Location: Lehrman Auditorium, Heritage Foundation, 214 Massachusetts Ave. NE.

US ENERGY POLICY _ 12:30 a.m. Energy Secretary Samuel Bodman addresses Johnson Controls 17th Annual Energy Efficiency Forum in Washington, DC. He's expected to discuss the administration's Advanced Energy Initiative and the importance of renewable energy. Location: National Press Club, 14th and F Sts. NW.

DEMOCRATS-AGENDA _ 12 p.m. The 21st Century Democrats organization holds a roundtable discussion with Democratic candidates from around the country about the challenges and promises facing the Democratic Party and the progressive movement. Location: National Press Club.

PLEDGE OF ALLEGIANCE _ 12:30 p.m. Supporters of the Pledge Protection Act, to keep the words ``under God" in the Pledge of Allegiance, hold a news conference. Congressional sponsors of the legislation will attend. Location: Russell Senate Park.

DEMOCRATS-CONFERENCE CALL _ 1 p.m. House Democratic Leader Nancy Pelosi and Reps. Charles Rangel, George Miller, Collin Peterson and Rosa DeLauro hold conference call to discuss Democrats' commitment to fight for a New Direction for America. Contacts: Brendan Daly, 202-226-7616. Notes: call 888-283-1645; code 061406.

IRAQ _ 1 p.m. Reps. Martin Meehan, Neil Abercrombie, Walter Jones and Ron Paul hold a news conference to discuss the House leaderhip's unwillingness to hold a full debate on the Iraq war. Location: House Radio-TV Gallery.

DOJ_NMG_0033639

JOHANNS _ 1:15 p.m. Agriculture Secretary Johanns speaks to the Nebraska Bankers Association meeting. Location: Beacon Hotel, 1615 Rhode Island Ave. NW.

INTERNET FREEDOM _ 1:45 p.m. Sens. Olympia Snowe (R-ME) and Byron Dorgan (D-ND) hold news conference along with the Christian Coalition, Moveon.org and other groups. They're supporting the Internet Freedom Preservation Act. Location: Russeell Senate Park.

NEW ORLEANS HOUSING-HUD _ 2 p.m. US Housing Secretary Alphonso Jackson holds teleconference to announce HUD's plan to reopen and redevelop New Orleans public housing. Contacts: Donna White, 202-708-0685. Notes: Call 800-377-4872; ask for chairperson Alphonso Jackson.

SENATE-BUDGET _ 2 p.m. Senate Budget Committee Chairman Judd Gregg and Senate Majority Leader Bill Frist hold press conference to discuss improvements to the budget process. Location: Senate Radio-TV Gallery.

VETERANS-ID THEFT _ 2:30 p.m. Senators Akaka, Murray, Clinton, Salazar hold news conference on Veterans ID theft. Location: Senate Studio.

IRAQ-DEATHS _ 3 p.m. Take Back America organization holds a silent walk with banners, signs and flag-draped coffins in response to the U.S. military deaths in Iraq. Location: Starts at the Washington Hilton and proceeds to the White House.

THEOCRACY-ELECTIONS _ 3:30 p.m. The New America Foundation holds a discussion on ``American Theocracy: Comments on the Forthcoming 2006 Elections,'' with author Kevin Phillips, others. Location: 7th floor, 1630 Connecticut Ave. NW.

CULTURAL AWARENESS _ 5:30 p.m. Sens. Edward Kennedy and Richard Lugar, others, meet more than 250 high school students from the Islamic world who are participating in the Cultural Bridges program. Location: Room G-50, Dirksen.

ARMED FORCES _ 6 p.m. Deputy Defense Secretary Gordon England addresses Armed Forces Foundation 2nd annual gala. Location: Mandarin Oriental Hotel, 1330 Maryland Ave. SW.

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DEPARTMENT OF JUSTICE *NEWS CLIPS*

PREPARED FOR THE OFFICE OF PUBLIC AFFAIRS, US DEPARTMENT OF JUSTICE

TO: **THE ATTORNEY GENERAL AND SENIOR STAFF**

DATE: **WEDNESDAY, JUNE 14, 2006 7:45 AM EDT**

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TERRORISM NEWS:

Pentagon To Disclose Interrogation Tactics (AP)

By Lolita C. Baldor

The Associated Press, June 14, 2006

WASHINGTON - In the face of growing criticism over the treatment of detainees, Pentagon officials have decided to make public all of the military's interrogation techniques.

The decision, which comes after months of internal debate and pressure from members of Congress, would reveal interrogation tactics in a long-awaited revision of the Army Field Manual, despite arguments that it could allow enemy prisoners to better resist questioning.

Defense officials, who spoke on condition of anonymity because the decision is not public yet, said Tuesday that the Pentagon had dropped plans to keep some interrogation techniques secret by putting them in a classified section of the military manual.

The two senior officials said there will not be a classified section in the manual. One of the officials said descriptions of interrogation techniques initially planned for the classified section are either being made public or are being eliminated as tactics that can be used against prisoners.

One human rights group hailed the decision as a welcome victory.

"I think this is huge - it's a very significant step toward creating the kind of clarity in the rules that military personnel have said that they lack, and that led to a lot of the abuses," said Elisa Massimino, Washington Director for Human Rights First.

Military leaders had argued that making all of the interrogation tactics public would allow enemy combatants to train and prepare for specific techniques.

The military's treatment of detainees has been under increased scrutiny since the Abu Ghraib prisoner scandal in Iraq became known two years ago. Photographs that surfaced at the time showed U.S. troops beating, intimidating and sexually abusing prisoners.

Human rights groups have also called for the Bush administration to close the detention center at the U.S. naval base in Guantanamo Bay, Cuba, where three detainees committed suicide late last week.

Last month, several members of Congress privately cautioned the Pentagon against including a classified section for interrogation details. The debate has contributed to the long delay in releasing the manual, which has been in the works for more than a year.

Lawmakers argued that including a secret section that would detail what interrogators can and can't do to prisoners could fuel concerns both at home and abroad that the U.S. military was hiding torture techniques that violate the law or rules governing detainee treatment.

In a letter last week to Secretary of State Condoleezza Rice, Rep. Marty Meehan, D-Mass., said the U.S. could suffer if the manual did not reflect the Geneva Conventions requirement for human treatment of detainees.

"By perpetrating human rights abuses in the name of the Global War on Terror we are in fact fueling a worldwide wave of hatred and violence against the United States," said Meehan. "To regain credibility in the world we need to act in the same manner that we speak."

As originally planned, the classified section would have included details such as how long prisoners can be forced to sit or stand in certain positions or how hot or cold their holding areas can be kept. The defense officials did not say which interrogation techniques would be included in the manual.

Opponents said greater transparency would dispel suspicions that the military was trying to exploit legal loopholes.

Defense Secretary Donald H. Rumsfeld said for the first time last month that officials were at odds over whether the manual should endorse different interrogation techniques for enemy insurgents than are allowed for regular prisoners of war.

There are concerns such a distinction could violate a law enacted last year that explicitly banned cruel, inhuman or degrading treatment of prisoners by U.S. troops.

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Massimino, of Human Rights First, said that the new law, pressed by Sen. John McCain, R-Ariz., would ensure that any interrogation technique not included in the manual would be considered illegal. She said it also would help clear up any confusion troops may have had over what tactics are allowed.

ON THE NET

Defense Department: http://www.defenselink.mil

Pentagon Rethinking Manual With Interrogation Methods (NYT)

By Eric Schmitt

The New York Times, June 14, 2006

WASHINGTON, June 13 — Under pressure from Congress and some of its own senior generals, the Pentagon is backing away from including a classified set of interrogation techniques in a new Army field manual, Pentagon and Senate officials said Tuesday.

The Defense Department is also expected to drop a plan to have one set of interrogation methods for detainees that the military considers "unlawful combatants," like detainees at Guantánamo Bay, Cuba, and another set for traditional prisoners of war captured on the battlefield, the officials said.

Some military officials and top aides to Vice President Dick Cheney have insisted it is essential to have a secret set of techniques and to leave ambiguous just how far American interrogators could go to extract information from terror suspects.

But lawmakers from both parties, State Department officials and human rights organizations argued that detainees would eventually disclose the secret interrogation techniques and that keeping them secret would only reinforce the perception abroad that the United States condoned torture as an interrogation method.

The Associated Press first reported the change on Tuesday.

Senior Pentagon and State Department officials warned Tuesday that while the administration was moving in the direction of making public all interrogation techniques or removing some completely from the manual, a final policy had not yet been set and further changes could be made.

"I think we are getting close to a resolution," Deputy Defense Secretary Gordon England said in a brief interview on Tuesday.

The Bush administration has held that many captives in the campaign against terrorism are not entitled to the same protections as prisoners of war. And that seemed to be an underlying principle of revisions to a long-delayed Army field manual, used by commanders, interrogators and military lawyers, that has been the subject of an internal administration debate for more than a year.

Advocates of the classified techniques, which would be in an annex of the manual, and of two sets of methods for different types of prisoners said they were all valuable tools against a variety of detainees trained in Qaeda camps on how to resist allied interrogations.

The Pentagon began reversing course last month, after three senior Republican senators, John McCain of Arizona, John W. Warner of Virginia and Lindsey Graham of South Carolina, expressed strong reservations about the draft field manual in meetings with Mr. England and letters to him.

Mr. McCain and Mr. Graham said having two sets of interrogation techniques would violate the legislation that Mr. McCain sponsored and that was enacted last December to bar cruel and inhumane treatment of American detainees. The measure requires that only interrogation techniques authorized by the new Army field manual be used on prisoners.

Mr. Warner argued against publishing a classified annex to the field manual with exacting details about which procedures may or may not be used, and in what circumstances. The entire manual should be open to public review, he said.

"I asked them to weigh carefully the need for the classified version because it could begin to undermine what I anticipate and hope will be a strong acceptance for an open revision to the field manual," Mr. Warner said in an interview Tuesday.

In addition to the lawmakers' complaints, some senior generals also objected. At a recent meeting of the nation's top worldwide commanders, Gen. John P. Abizaid, the head of the Central Command, and Gen. Peter Schoomaker, the Army chief of staff, said the new interrogation techniques had to be clear and unambiguous "so our corporals in the field can understand them," said a military officer briefed on the remarks.

A senior Defense Department official, who was granted anonymity because the new field manual has not yet been approved, said: "If this debate were limited to what's best for interrogation purposes, the decision would be pretty easy. But then you have to look at what you lose diplomatically."

Human rights groups applauded the apparent shift in the Pentagon's position.

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"If the Pentagon is stepping back from that, it's a welcome sign that they now understand the need for transparency and clarity," said Elisa Massimino, Washington director of Human Rights First.

Defense Claims Case Based On Misunderstandings (SPRINGMN)

By Ron Wood, The Morning News

Springdale (AR) Morning News, June 14, 2006

FAYETTEVILLE Lawyers for a Fayetteville man accused of trying to help the Palestinian Islamic Jihad told jurors Tuesday morning the government's whole case is based on a series of misunderstandings.

Arwah Jaber is charged with knowingly attempting to provide material support to a government-recognized, foreign terrorist organization. His trial began Tuesday in U.S. District Court in Fayetteville.

Attorneys for Jaber said he was frustrated by a professor who was not allowing him to graduate with his doctorate degree. They admit he made statements he shouldn't have made but he had no intention of violating the law.

"What is this case really about? It's about him saying something he shouldn't have said," defense attorney John Wesley Hall, Jr., said. "He was frustrated."

Jaber also faces a number of minor charges related to immigration statements and credit card applications.

Federal prosecutors said Tuesday that making false statements, using multiple names and someone else's social security number was an indication that Jaber intended to become a martyr for the Palestinian cause against Israel. They say he also made small amounts of an explosive, had Palestinian propaganda and he told numerous people he intended to go fight the Israelis and might not return.

The case is set for two weeks.

Also Tuesday, a juror was released and an alternate assigned to take his place. The man worked at night and was having trouble staying awake and alert.

Professors Testify About Defendant's Demeanor (AP)

AP, June 14, 2006

FAYETTEVILLE, Ark. - A University of Arkansas professor said Tuesday he told investigators he didn't think graduate student Arwah Jaber had any terroristic inclinations. Jaber is accused of trying to help a Palestinian group labeled by U.S. authorities as a terrorist organization.

Another professor says he noticed a change in Jaber's attitude toward his work after Jaber talked with a friend in Palestine about materialism and the meaning of life.

Jaber, 34, completed his doctorate in chemistry at the university while he was free on bond, facing a charge of trying to provide material support to a group the United States considers a terrorist organization.

A naturalized U.S. citizen born in the West Bank, Jaber was arrested June 16, 2005, as he waited to board a flight at Northwest Arkansas Regional Airport at Highfill. His trial on the terrorism-help charge, as well as other charges accusing him of lying to immigration officials and providing false information on credit card applications, began Monday in federal court.

Charles Wilkins, a professor of chemistry and Jaber's adviser, testified Tuesday that he told FBI agents he didn't see any inclination toward terrorism in the graduate student. Jaber had recently been denied his doctoral degree in chemistry when he said he was going to Palestine with his wife.

"I believed he was going to Palestine and was not coming back at that point," Wilkins said.

David Paul, an associate professor of chemistry who was on Jaber's doctoral dissertation committee, said he noticed Jaber stopped making progress toward his degree after speaking with a friend in Palestine.

Jaber became very upset with the Israelis, Paul said.

"He needed to go home and make the Israelis sorry," Paul said.

Both said professors tried to convince Jaber to stay and complete his degree.

Defense attorneys said in their opening statement that Jaber was not acting like a potential terrorist or suicide bomber. He was trying to finish his doctoral degree, he had a job lined up at American University in Kuwait, and he bought tickets for the trip to Palestine four months in advance.

The case against Jaber resulted from his frustration and saying something he shouldn't have, his lawyer told jurors Tuesday. His lawyers said he was frustrated with a professor who was not allowing him to graduate, and they admit he made statements he shouldn't have made. But they said he had no intention of violating the law.

"What is this case really about? It's about him saying something he shouldn't have said," defense attorney John Wesley Hall Jr. of Little Rock said. "He was frustrated."

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Prosecutors, however, said that making false statements, and using multiple names and someone else's Social Security number indicated that Jaber intended to become a martyr for the Palestinian cause against Israel.

Prosecutors say he tried to join the group Palestinian Islamic Jihad.

They said he also made small amounts of an explosive, had Palestinian propaganda and told numerous people, including a professor, that he intended to go fight the Israelis. Jaber allegedly told a professor who was supervising Jaber's work toward his doctorate that he was going to Palestine to "fight for freedom, peace and justice."

Family Of Guantanamo Detainee Doubts He Took His Own Life (WP)

By Faiza Saleh Ambah

The Washington Post, June 14, 2006

MEDINA, Saudi Arabia, June 13 -- Yassar Talal al-Zharani's life began on the Red Sea coast 21 years ago, included a stint as a Taliban fighter in Afghanistan, and ended on Saturday in a reported suicide in the U.S.-run prison in Guantanamo Bay, Cuba. The death united his friends and family here in grief and disbelief at the Pentagon's version of events.

They described a man who was optimistic, stubborn and too devout to have taken his own life. "He had memorized the Koran by heart. He was a strong believer. How could he take his own life and spend eternity in hell?" asked his sister Sohayla, alluding to Islam's punishment for suicide.

The death of Zharani and two other detainees last week has reignited resentment in the Arab world over the prison that holds more than 450 people, mainly Arab and Muslim men, almost all without charge.

The U.S. administration says most of the facility's detainees are hardened al-Qaeda radicals caught on the battlefields of Afghanistan who must remain incarcerated so as not to stage new attacks on Americans.

Zharani's father, Talal, a fit, bearded 52-year-old retired police colonel, said he believes his son was either hanged by guards or beaten to death by them. The body has not been returned; the father has asked the Saudi government to demand an independent autopsy and investigation.

Sitting with his youngest son and son-in-law in his third-floor apartment Tuesday, Zharani said that when the truth is revealed, it could lead to the closure of the detention facility. "When we expose their crime to the world, then the price for my son's life will have been the freedom of the other prisoners," he said. "I want Yassar to be the last person to die in Guantanamo."

Yassar Zharani was born in the coastal city of Yanbu, the third of nine children. He was the second of three boys, and he spent a lot of time with his mother and sisters and enjoyed amusing them. "He used to sing children's songs to make us laugh," recalled his mother, Umm-Muhammed, 43.

She wore mourning clothes Tuesday, a long-sleeved black shirt and long brown skirt, her hair in a ponytail.

She's not sure why Zharani went to Afghanistan, she said, adjusting her silver glasses. In the summer of 2001, he had just finished 11th grade, and he got permission from his father to go to the United Arab Emirates to take English-language and computer courses. The next thing she knew, he was in Afghanistan.

Zharani's father said he believes his son was working for a relief organization there and got dragged into the war after the U.S.-led invasion that October toppled the ruling Taliban.

But a young man who was recently released from Guantanamo said he had met Zharani several times in northern Afghanistan before the invasion and knew him as a Taliban foot soldier fighting against the Northern Alliance, the country's main anti-Taliban group at the time. The young man, speaking on condition of anonymity, said he was captured with Zharani in Mazar-e-Sharif in post-invasion hostilities and took part in a prison uprising there with him.

Saad al-Azmi, a Kuwaiti man who was freed from Guantanamo last year, said in an interview that he spent about a week in a cell next to Zharani's. "He used to be gone for hours," he said. "He told me they used to strip him to his underwear, bind his hands and feet together with iron shackles, and pour cold water on him. He said they wanted to know things about Afghanistan."

Azmi said he didn't get a chance to learn more because Zharani was moved. But right before Azmi's release last November, Zharani was still being interrogated, he said. "Word went around the prison blocks to pray for Yassar, among a group of others who were being pushed hard, because he was being interrogated through the night," Azmi said.

Azmi dissents from the common view here that Yassar did not kill himself. "His body was a bit frail, he was young. It wasn't just a short period of torture, it was years of torture. It's very possible he wanted to end it," he said.

Zharani was 17 when he arrived at Guantanamo, making him one of the youngest prisoners. Azmi and others who knew him there said that despite his youth he was always trying to cheer the others up, saying that it was God who was putting them through this ordeal and that He would end it soon. Because of the location of his cell, and his extensive knowledge of the Koran, he also often led them in prayers.

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He spoke constantly about his mother, how much she must be missing him, and boasted often that his father treated him like a man despite his age, taking him out with him to adult gatherings and relying on him to drive his mother around in the pickup truck he'd bought him when he turned 16.

But he also had a temper. One former detainee recalls that Zharani returned his Koran to the facility's imam because he was disturbed that soldiers had searched or moved it, in his mind a desecration, while he was out during prison walks or in interrogation. When guards tried to return it, he refused to take the book back. Finally, half a dozen guards in riot gear entered his cell, shackled him and returned the Koran by force, the detainee recalled.

Zharani's letters from prison did not mention any of this. On Tuesday, his mother picked up a ream of letters scrawled in spidery Arabic writing. One letter, dated Dec. 30, 2002, contained these words: "And don't be sad if you are believers. God's deliverance is near." She read from another sheet. "Don't worry. God will unite us. I will be home soon."

Last month, with the release of 15 Saudi prisoners from Guantanamo, his family's hopes were also raised. Zharani's mother recalled that she was seated on the floor Saturday, praying in one of her daughter's rooms, when her husband came home from a trip to Mecca unexpectedly. "I told my daughter, 'Go see your father -- he's home. I hope that soon Yassar will walk in on us, just like that, unexpectedly.' "

But her husband walked into the room, knelt down beside her and hugged her. "He kept saying, 'Be patient, let your faith in God be strong, be patient, let your faith in God be strong.' "

She recounted the story calmly. "Then he told me that Yassar had been killed by the Americans in Guantanamo during a brawl over the Koran."

Her son was a young boy, she said. Why didn't the Americans just see what he had to say and release him? Why didn't they at least let her hear his voice on the phone or visit him? "Now all I want is his body back so I can hug him and say goodbye." She picked up a photo of her son in a skullcap and orange jumpsuit, kissed it and put it back down.

In the men's section of the apartment Tuesday, Zharani's father stood greeting the men dressed in the traditional Saudi robes who streamed in to offer condolences. Each kissed him on both cheeks.

"May God grant you patience," they said. "Our prayers are with you." Then they left. As soon as he sat back down, a high-ranking Interior Ministry official returned his call. The father was agitated but very respectful.

"Sir, how can we allow the Americans to conduct the autopsy when they are themselves under suspicion?" he asked. After a few moments of listening, he relaxed and smiled. "Yes, and an independent investigation into the matter by an objective third party." He hung up.

"The Americans can't be both judge and jury in this matter," he said. "We have to have justice."

A Prison We Need To Escape (WP)

By David Ignatius

The Washington Post, June 14, 2006

When I hear U.S. officials describe the suicides of three Muslim prisoners at Guantanamo Bay last Saturday as "asymmetric warfare" and "a good PR move," I know it's time to close that camp -- not just because of what it's doing to the prisoners but because of how it is dehumanizing the American captors.

The American officials spoke of the dead prisoners as if they inhabited a different moral universe. That's what war does: People stop seeing their enemies as human beings and consign them to a different category. It was discomfiting to see this indifference stated so bluntly, and subsequent U.S. statements tactfully disavowed the initial ones.

We might call it the Guantanamo syndrome -- this process of mutual corrosion and dehumanization. The antidote is to get inside Guantanamo, to see the prisoners as individuals and begin to make distinctions. That's why due process for the detainees is so important -- because it will allow courts to distinguish between prisoners who are vicious killers and deserve the harshest punishment, and those who may be innocent of any terrorist crimes. We need to stop seeing everyone in the same orange suits.

A start in re-humanizing these prisoners is a remarkable book called "Enemy Combatant" by Moazzam Begg, a British-born prisoner who was released in 2005 after nearly two years in solitary confinement at Guantanamo. The book appeared this year in Britain, and an American edition will be published in September by the New Press. It came to my attention because the publisher asked me to write a brief foreword.

Begg is a radical Muslim, but there is no evidence he was an active member of al-Qaeda or that he engaged in terrorist operations. He grew up in a Pakistani family in Birmingham, England, attended a Jewish primary school and as a kid listened to UB40. He drifted toward radical Islam as a young man and began raising money for Muslim fighters in Bosnia, Chechnya and Afghanistan. In 1998 he traveled to Pakistan, and in 2001 he moved his family to Kabul, where he supported the Taliban.

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Begg was seized in Islamabad in January 2002. Though he was never charged with any crime, he was held for three years -- at Kandahar and Bagram in Afghanistan and then at Guantanamo. In one early interrogation at Bagram, he says, an FBI agent told him: "After 9/11, Moazzam, the rules changed. We have new laws, and according to them, you're already convicted." What's chilling about that line is that it was essentially true.

"It is considered a sin in Islam to despair," he writes, but after he was transferred to a solitary cell at Guantanamo in 2003, Begg began to crack. The guards seemed obsessed with preventing suicide. Begg received an odd plastic blanket, for example, and later learned that it was a "suicide blanket" that couldn't be torn up to make a noose. When guards found paint chipped in his cell, they worried that he was trying to poison himself.

A prison psychiatrist explained to Begg that there had indeed been suicide attempts: "She told me there were people who'd lost all sense of time, reason, reality; people who had been kept in a solitary cell, completely blocked off with no window, eight foot by six, like mine, but with absolutely nobody to speak to, nobody. She said some of them just ended up talking to themselves." A despairing Begg writes at one point to his father back in England: "I still don't know what crime I am supposed to have committed. . . . I am in a state of desperation and I am beginning to lose the fight against depression and hopelessness."

What gives me hope -- not just for Begg but for all of us -- is that he never lost his humanity at Guantanamo. He talked constantly with his American guards, asking where they were from, what they wanted out of life. When guards made racist remarks, he shamed them by answering back in perfect English. He describes a guard named Jennifer from Selma, Ala., who painted her fingernails black and dressed like a Goth on weekends, and who once confided: "I don't know if they've ever accused you of anything. But I know y'all can't be guilty." Begg says of her: "She left me with a lasting impression. All Americans were not the same."

When we think about Guantanamo, we need to follow that same rule. The prisoners aren't all the same, except in one sense: They are human beings and, as such, they have basic human rights. That recognition is our own escape from Guantanamo.

Detainees In Despair (NYT)

By Mourad Benchellali

The New York Times, June 14, 2006

Lyon, France

I WAS released from the United States military's prison camp at Guantánamo Bay, Cuba, in July 2004. As I was about to board a plane that would take me home to France, the last detainee I saw was a young Yemeni. He was overwhelmed by emotion.

"In your country, Mourad, there are rights, human rights, and they mean something," he said. "In mine they mean nothing, and no one cares. So when you're free, don't forget what you've been through. Tell people that we are here."

I now know that this Yemeni was not among the three prisoners who committed suicide at Guantánamo last weekend, but since then his words have been echoing in my head. Although I'm now a free man, the shared pain endlessly takes me back to the camp.

In the early summer of 2001, when I was 19, I made the mistake of listening to my older brother and going to Afghanistan on what I thought was a dream vacation. His friends, he said, were going to look after me. They did — channeling me to what turned out to be a Qaeda training camp. For two months, I was there, trapped in the middle of the desert by fear and my own stupidity.

As soon as my time was up, I headed home. I was a few miles from the Pakistani border when I learned with horror about the attacks of 9/11. Days later, the border was sealed off, and the only way through to Pakistan and a plane to Europe was across the mountains of the Hindu Kush. I was with a group of people who were all going the same way. No one was armed; most of them, like me, had been lured to Afghanistan by a misguided and mistimed sense of adventure, and were simply trying to make their way home.

I was seized by the Pakistani Army while having tea at a mosque shortly after I managed to cross the border. A few days later I was delivered to the United States Army: although I didn't know it at the time, I was now labeled an "enemy combatant." It did not matter that I was no one's enemy and had never been on a battlefield, let alone fought or aimed a weapon at anyone.

After two weeks in the American military base in Kandahar, Afghanistan, I was sent to Guantánamo, where I spent two and a half years. I cannot describe in just a few lines the suffering and the torture; but the worst aspect of being at the camp was the despair, the feeling that whatever you say, it will never make a difference.

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You repeat yourself over and over again to interrogators from the military intelligence, the F.B.I., the C.I.A. The first time you hear "Your case is being processed," your heart, seizing on the hopeful possibilities in those words, skips a beat. After months of disappointment, you try to develop an immunity to hope, but hope is an incurable disease.

I remember once an interrogator warming me up during several sessions for a polygraph test I was going to take, that was, according to him, infallible. After I took the test, I was left alone in the interrogation room; an hour later, the interrogator returned. "Congratulations," he said grimly. "You have passed the test." And he gave me a box of candy.

In the outside world, I thought, the difference between telling the truth and lying, between committing a crime and not committing it, is the difference between being in jail and being free. In Guantánamo, it is a box of candy.

I was eventually released and I will go on trial next month in Paris to face charges that I've never denied, that I spent two months in the Qaeda camp. I have a court date, I'm facing a judge, and I have a lawyer, unimaginable luxuries in Guantánamo. I didn't know the three detainees who died, but it is easy for me to see how this daily despair and uncertainty could lead to suicide.

During my captivity, I saw many acts of individual rebellion, from screaming to hunger strikes and suicide attempts. "They are smart, they are creative, they are committed," said Rear Adm. Harry Harris, who commands the camp. "They have no regard for life, neither ours nor their own. I believe this was not an act of desperation, but an act of asymmetrical warfare waged against us."

I am a quiet Muslim — I've never waged war, let alone an asymmetrical one. I wasn't anti-American before and, miraculously, I haven't become anti-American since. In Guantánamo, I did see some people for whom jihad is life itself, people whose minds are distorted by extremism and whose souls are full of hatred. But the huge majority of the faces I remember — the ones that haunt my nights — are of desperation, suffering, incomprehension turned into silent madness.

I believe that a small number of the detainees at Guantánamo are guilty of criminal acts, but as analysis of the military's documents on the prisoners has shown, there is no evidence that most of the 465 or so men there have committed hostile acts against the United States or its allies. Even so, what I heard so many times resounding from cage to cage, what I said myself so many times in my moments of complete despondency, was not, "Free us, we are innocent!" but "Judge us for whatever we've done!" There is unlimited cruelty in a system that seems to be unable to free the innocent and unable to punish the guilty.

Mourad Benchellali has written a book about his experience in a Qaeda camp andat Guantánamo Bay, with Antoine Audouard, who assisted in the writing of this article andtranslated it from the French.

Indonesia Frees Cleric Linked To Bali Bombings (FT)

By Shawn Donnan

Financial Times, June 14, 2006

Indonesia on Wednesday released radical cleric Abu Bakar Bashir from prison where he finished serving a 30-month sentence for giving his blessing to plans for the 2002 Bali bombings.

...

Supporters have said that the 68-year-old cleric would be returning home to central Java on Wednesday where he is expected to meet with reporters and distribute aid to survivors of last month's earthquake in the area.

Mr Bashir has been in detention almost continuously since October 2002, when authorities arrested him shortly after the Bali bombings, which left 202 people dead and brought Jemaah Islamiyah to international prominence.

He initially served an 18-month sentence on immigration charges before being rearrested and put on trial for his alleged role in what authorities called the "sinister conspiracy" behind the Bali attacks. A panel of judges last year sentenced him to 30 months in prison, which with time served and deducted for good behaviour expired on Wednesday.

The cleric's release has already drawn an angry reaction from the United States, which has long seen him as a key figure in terrorism in south-east Asia. A spokesman for the US embassy in Jakarta said US officials were disappointed by the move.

"The possibility that a person responsible for such a terrible crime could go free after serving a light sentence … is cause for concern," the spokesman said.

Indonesian officials, however, argue that Mr Bashir has lost credibility with many of his one-time supporters and is viewed by many in the world's largest Muslim nation as an oddity, albeit one who gains strength whenever the US and other western governments apply pressure.

Mr Bashir is "a spent force best deprived of oxygen and publicity," one senior Indonesian security official told the Financial Times on Tuesday. He warned that the "exaggerated attention" given to the cleric internationally would only elevate his status with the Indonesian public.

Mr Bashir, who has always denied the existence of Jemaah Islamiyah and any wrongdoing, has never been accused of either planning or executing terrorist attacks in Indonesia.

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Supporters and family members said the cleric wanted to return to live and teach at his boarding school near the central Java town of Solo.

"We are very happy to welcome his liberation day," said his son, Abdul Rahman, a teacher at the al-Mukmin school, from which a number of key figures involved in bombings in Indonesia in recent years have graduated.

But his son said Mr Bashir might have to take a quieter approach to life than he once had.

"The intensity of his propagation might have to be reduced," Abdul Rahman said in an interview with the Financial Times. "But that is because of health reasons and his age, not because of the pressure and black propaganda from those that consider Islam to be their enemy."

He was also unlikely to get a rowdy or prolonged welcome back to his boarding school, insisted Irsyad Fikri, a spokesman for the school.

"We haven't made any special preparations because the students here have their mid-term exams," Mr Fikri said. "We have instructed all the students to focus on their school exams rather than welcoming Ustad (Teacher) Bashir back."

Indonesia Releases Militant Cleric (WT/AP)

By Zakki Hakim, The Associated Press

The Washington Times, June 13, 2006

JAKARTA, Indonesia -- Authorities released militant cleric Abu Bakar Bashir from prison today, and about 150 of his supporters jubilantly greeted him with shouts of "God is great."

The 68-year-old cleric, who is accused of being a key leader of the al Qaeda-linked Southeast Asian militant group Jemaah Islamiyah, had served 26 months in prison for extending his blessing to the 2002 Bali nightclub bombings, which killed 202 persons, most of them foreign tourists.

Bashir's supporters gathered at Jakarta's Cipinang prison for his release, which came about 45 minutes earlier than expected.," they shouted.

His release raised concerns among Indonesian officials that he could energize the country's small, Islamic radical fringe.

Bashir, who has maintained that he is not guilty, plans to return to his school and retake his position at the head of his legal hard-line Islamic organization, the Council of Mujahedeen for Islamic Law Enforcement.

Indonesia's intelligence chief said he hoped that Bashir would cooperate with counterterrorism investigators now that he is a free man.

But the Bush administration criticized the release. It also sparked disapproval by Australia.

In Washington, State Department spokesman Sean McCormack said the United States was "deeply disappointed by what we consider a light sentence handed out to this individual."

Mr. McCormack said the decision to release Bashir was up to the Indonesian courts, but added that the sentence did not match the severity of the crime as described by Indonesian officials themselves.

In Sydney, Australian Foreign Minister Alexander Downer said today that he was disappointed by Bashir's release and was concerned that he could advocate further violence.

"I have some concerns about his advocacy; there's no question of that. This is somebody who believes in the jihadist principles, if I could put it that way," Mr. Downer said in an interview with Sky News.

Indonesia's State Intelligence Agency chief Syamsir Siregar said the Council of Mujahedeen for Islamic Law Enforcement was used by militants linked to Jemaah Islamiyah as a "place for their struggle."

"We hope Bashir, after he has been jailed, will regain his self-awareness and be willing to cooperate with us," Mr. Siregar told lawmakers.

Jemaah Islamiyah is accused of carrying out church bombings across Indonesia in 2000, the 2002 Bali bombings, attacks in the Indonesian capital in 2003 and 2004, and a triple suicide bombing on Bali in October. The attacks killed more than 260 people.

Bashir has little active support in Indonesia, where most people follow a moderate form of Islam.

But some mainstream clerics and government officials have expressed sympathy for him, saying he is a victim of foreign meddling. Domestic press outlets often play down his suspected links to Jemaah Islamiyah.

Once Free, Indonesian Cleric Could "Revitalize" Radicals (CSM)

By Tom McCawley

The Christian Science Monitor, June 14, 2006

JAKARTA, INDONESIA

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A forthcoming prison diary by Islamist preacher Abu Bakar Bashir, who is due to be released Wednesday, shows his 25-month sentence has not tamed his jihadist fire. In the diary, he calls US President George Bush "evil" and claims the "infidel" Australian Prime Minster John Howard bullied a weak Indonesia to imprison him on trumped-up charges pertaining to the Bali bombings in 2002.

Upon release, Mr. Bashir is expected to return home to his Islamist boarding school, Ngruki, which schooled dozens of Indonesia's most prominent terrorists.

Yet analysts are downplaying fears that Bashir, accused of being the "emir" or leader of the militant group Jemaah Islamiyah (JI), will begin ordering bombings. Rather, Bashir is more likely to use his celebrity to preach fire and brimstone and bolster the cause of hard-line Islam.

Sidney Jones, a leading JI analyst with the International Crisis Group in Jakarta, argues that dozens of arrests have left the organization fragmented and damaged but still dangerous. Ms. Jones says that Bashir is likely to be become a "media star" and rallying symbol of Indonesia's Islamist fringe.

Indeed, the cleric plans to travel across Indonesia speaking of his experiences, says Muhyidin Djunaedi, a Bashir aide. On the itinerary are religious flashpoints such as Sulawesi and Ambon island, where Christian and Muslim groups have clashed in recent years.

Australia, a country that has suffered heavily from JI attacks, expressed concern last week that Bashir's release could "revitalize" JI. "We would have liked to have see him spend more time in jail," said Foreign Minister Alexander Downer. The US and the UN have listed JI as a terrorist organization and both Singapore and Malaysia have banned it. Indonesian officials say there is little they can do as he has served his sentence.

Bashir was sentenced in March last year to two-and-a-half years in jail on charges of conspiracy in JI-linked bomb attacks in Jakarta, but saw his sentence reduced. Bashir continues to deny his guilt and dismiss claims he was involved in terrorism.

Despite the denials, Bashir and his school are likely to be tightly monitored. Syamsir Siregar, Indonesia's intelligence chief, told Parliament on Monday that he "hoped Bashir would come to his senses and work with us."

Indonesian intelligence officials say that JI has evolved since Bashir's imprisonment, led by different men and with a more decentralized structure. Nasir Abbas, a former JI operative now working with police, says that the loose, cell-based structure meant that operatives were often working independently and may not be in touch with one another. He says Bashir played more of an "inspirational" than "operational" role.

"He will help boost the spirit of the faithful," says Habib Rizieq, head of the Islamic Defenders Front (FPI), a hard-line vigilante group known for its violent street rallies. Mr. Rizieq, who founded a school with Bashir, pledged to welcome him upon his release.

Bashir's freedom comes at a time of rising tensions between hard-line and moderate Islam. Leaders from Indonesia's largest Muslim organization, the 40-million strong Nahdlatul Ulama (NU), in June called for the banning of the FPI and of Bashir's official organization, the Indonesian Mujahidin Council.

The NU has long championed a secular over an Islamic state and defended the rights of Christian minorities. In recent months, the NU has opposed the FPI's attempts to support a radical anti-porn bill that would outlaw kissing in public and women exposing their navels. Verbal clashes between the groups escalated after FPI gangs forced former President Abdurrahman Wahid to leave a stage. Parliament and the government agreed last week to change a 1985 freedom of assembly law to allow them to disband groups deemed to be a threat to public order.

Cleric Linked To 2002 Bali Nightclub Bombings Is Released (NYT)

By Raymond Bonner

The New York Times, June 14, 2006

JAKARTA, Indonesia, Wednesday, June 14 — A radical Islamic cleric, whom the Bush administration has portrayed as an important operative for Al Qaeda in Southeast Asia, walked out of prison on Wednesday morning, after serving just over a year for criminal conspiracy, his lawyers and Indonesian officials said Tuesday.

American officials, who had long pressed Indonesia to prosecute the cleric, Abu Bakar Bashir, expressed disappointment over the release, as did officials in Australia, which lost 88 citizens in the bombings of two Bali nightclubs that killed 202 people in October 2002.

The release is also sure to raise questions about Indonesia's commitment to combating terrorism, even though the government has prosecuted and imposed harsh sentences, including death, on many of the people involved in the major terrorist attacks here in the last four years. Most of the military leaders of Jemaah Islamiyah, Mr. Bashir's organization, have been arrested or killed.

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A spokesman for the American Embassy in Jakarta said Tuesday that the United States was "deeply disappointed" that Mr. Bashir, 67, had been sentenced to only 30 months in prison after a court found him guilty of a "sinister conspiracy" in connection with the bombings, but acquitted him of seven terrorism charges, in March 2005. The judges said then that Mr. Bashir "knew the perpetrators," and that his words might have encouraged them.

"The possibility that a person responsible for such a terrible crime could go free after a light sentence of 30 months is cause for concern," said the spokesman, Max Kwak.

The actual time served was reduced to just over a year, because he was given credit for previous time served and for good behavior.

Officials in the United States and Australia have contended that Mr. Bashir, the spiritual leader of Jemaah Islamiyah, had a direct role in the bombings of the Bali nightclubs in October 2002, and of the bombing of the Marriott Hotel in Jakarta that killed 12 people in August 2003.

In a 2003 trial he was acquitted of terrorism charges, but convicted on a passport violation. After serving that sentence, he was released, but not for long, as the United States and Australia pressured Indonesia to file the new charges. Legal observers here said the case against Mr. Bashir was weak. The strongest evidence linking him to the Bali terrorist attacks was never heard by the five-judge panel because of a decision by the Bush administration that the Indonesian government would not be allowed to interview two senior Qaeda operatives, Riudan Isamuddin, better known as Hambali, and Omar al-Faruq. The two men are in the hands of the C.I.A. at undisclosed locations.

Hambali, who was one of the few non-Arabs close to Osama bin Laden, told his interrogators that he had been the link between Jemaah Islamiyah and Al Qaeda, according to the report of the 9/11 Commission. Mr. Faruq told the C.I.A. that Mr. Bashir had provided logistical and financial support for several terrorist attacks.

It is not known under what conditions Hambali and Mr. Faruq made these statements, and they were not admissible in the Indonesian court.

Mr. Bashir has steadfastly denied any involvement in terrorist activities, but has been equally firm in his admiration for Mr. bin Laden, and in his loathing of Jews and the United States.

Until Mr. Bashir made common cause with Al Qaeda sometime in the 1990's, the primary goal of Jemaah Islamiyah was the establishment of an Islamic state in Indonesia. Mr. Bashir is expected to return to proselytizing for that cause.

Jemaah Islamiyah has been severely weakened by the Indonesian police and intelligence services, terrorism experts here say. Sidney Jones, an authority on Jemaah Islamiyah and the director of the Jakarta office of the International Crisis Group, an organization that studies violent conflicts, said that releasing Mr. Bashir was not likely to increase the threat of terrorism.

"He's got adoring supporters, no question," she said. "But while he will probably be able to draw thousands of fans to lectures in favor of Islamic law or against the U.S., those crowds should not be seen as all terrorists in the making."

Man Tells Of London Police Raid (WP)

By Mary Jordan

The Washington Post, June 14, 2006

LONDON, June 13 -- A 23-year-old Muslim man who was shot during a massive police raid on his house earlier this month, then released without charge, said Tuesday that an officer fired at him without warning.

In his first public statements since the raid early this month, Mohammed Abdul Kahar described himself as a law-abiding man who loved London, his birthplace. His emotional words, delivered at a news conference here, added to the embarrassment that the anti-terrorism raid has caused Scotland Yard.

When 250 police officers swarmed Kahar's modest rowhouse in east London on June 2, the postal service employee said, he initially thought burglars had come in. Awakened at 4 a.m. by a commotion downstairs, he said, he took a few steps in a hallway. Then, he said, "I saw an orange spark and a big bang."

He said he saw blood coming down his chest after being hit by a bullet that exited his shoulder. "It seemed like fire," he said. "I was burning."

"I was begging the police, 'Please, I can't breathe,' " Kahar said at the news conference with his brother, Abul Koyair, 20, a supermarket employee. But he said an officer kicked him in the face, telling him in rough language to shut up, before dragging him down the stairs and outside.

Police Commissioner Ian Blair has come under heavy criticism because of this and other missteps since four suicide bombers killed 52 people in London's transit system last July. Shortly after those attacks, the police mistook a 27-year-old Brazilian electrician, Jean Charles de Menezes, for a terrorist on the subway and shot him seven times in the head.

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Prime Minister Tony Blair defended the police commissioner's handling of the raid, at a time of calls for the head officer's resignation. "There is no doubt at all if they received information that there was a possible terrorist attack and did not act on that information and such an attack then took place, you can just imagine the outcry, the justifiable outcry, there would be," the prime minister said.

The raid, which took place in Forest Gate, a neighborhood where many Pakistani and Bangladeshi shopkeepers, cabdrivers and others live alongside other working-class Britons, drew widespread public attention in a country where memories of the bombings last summer remain fresh.

During the raid, many of the officers wore hazardous-materials gear, leading to speculation that they had intelligence that some type of chemical bomb was inside. But no such device was found, and the men were released late Friday.

"This has dented the trust between the community and its security services," said Jamal El-Shayal, a spokesman for the Muslim Association of Britain. "Police are there to protect people, not target them."

On Sunday, several hundred Muslims staged a protest outside Scotland Yard headquarters.

Gareth Peirce, a prominent human rights lawyer representing the brothers, said in an interview that "one suspects it is not the only wrong information that is being acted on" by police. What is different about this case, she said, is that it was so visible. Television cameras and reporters were on the scene for days.

The raid shows the "danger of relying on information considered in secret," Peirce said.

Peirce said that because police took over the house and damaged it during the search, the family had had to leave its home of 20 years.

Asked at the news conference whether they would seek compensation, the brothers said they wanted an apology first.

A senior police officer later offered an apology. "In mounting this operation, we have caused disruption and inconvenience to many residents" in the neighborhood, particularly those in Kahar's house on Lansdowne Road and one next door, Assistant Commissioner Andy Hayman said. "I apologize for the hurt that we may have caused."

Kahar, of Bangladeshi descent, was at times tearful during the news conference. "The only crime I have done in their eyes is being Asian and with a long length of beard."

He said that since the raid, "I can't sleep. . . . I feel fear when the room is dark."

Muslim Shot In London Terror Case Says Police Offered No ID Or Warning (NYT)

By Alan Cowell

The New York Times, June 14, 2006

LONDON, June 13 — A 23-year-old Muslim man who was shot and wounded during what the police have described as a counterterrorism operation said Tuesday that the officers had not identified themselves and had given no warning before opening fire at close range and beating him.

The account of the raid by the man, Muhammed Abdul Kahar, was the first detailed version of events offered to the public since officers on June 2 burst into the East London row house he shares with his family. Some 250 officers had surrounded the house, and the police operation was presented by the authorities as a major strike against terrorism suspects thought to be building some form of chemical bomb.

Mr. Kahar and his 20-year-old brother, Abul Koyair, were arrested and held for a week. But their release without charge further dented confidence in the police among some British Muslims and prompted fresh calls for the London police commissioner, Sir Ian Blair, to resign.

"I apologize for the hurt we have caused," Andy Hayman, a Metropolitan Police assistant commissioner, said in a statement.

"Given the nature of the threat, I understand that some communities may be feeling confused, or indeed angry, with how the police are trying to ensure all our safety," he said, but insisted, "We had no choice but to mount a robust operation, which required a fast armed response."

In the shooting, Mr. Kahar said at a news conference near his home in Forest Gate, his brother's screams woke him at 4 a.m. and he assumed the house was being robbed. He and his brother descended the stairs and came upon intruders, one of whom opened fire.

"He looked at me straight away and shot me," Mr. Kahar said. "We both had eye contact. He shot me straight away," he said, estimating that the officer fired from two to three feet away. Mr. Kahar said he had looked at his chest and "saw blood coming down my chest and saw the hole in my chest."

"At that moment I knew I was shot," he continued. "But the first thing I was thinking was an armed robbery was taking place."

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"At that moment I still did not know they were the police," Mr. Kahar said. "They never said a word about police. I just thought they were going to kill us."

During the news conference, he denied being a supporter of violence or terrorism, describing himself as a postal van driver and part-time supermarket worker who "just wanted to work to please my family, to support my mum and dad."

His account could add to sentiment among some of Britain's 1.6 million Muslims that, in the words of Massoud Shajareh of the Islamic Human Rights Commission last weekend, "they were shot because they were Muslim or perceived to be Muslim."

"There is a huge amount of fear and anxiety now in the community," Mr. Shajareh said. "People are feeling they are going to be next."

Coming after the fatal shooting of a Brazilian electrician mistaken for a suicide bomber after last July's London bombings, the episode has prompted questions anew about the demarcation between counterterrorism and heavy-handedness.

Last weekend, Damian Hockney, a member of the Metropolitan Police Authority, a police oversight agency, said Sir Ian was "the wrong person" in charge. "We need courageous and strong leadership at the moment, and he might have been the person to provide it some time ago, but not now," Mr. Hockney told BBC radio.

Since then, both Prime Minister Tony Blair and Mayor Ken Livingstone have said they support Sir Ian.

HOMELAND RESPONSE:

U.S. Counterterrorism Agencies Finding Potential Homegrown Extremists In U.S. (SDUT/AP)

By Katherine Shrader, Associated Press

The San Diego Union-Tribune, June 14, 2006

WASHINGTON – U.S. counterterrorism officials say they are uncovering homegrown Islamic radicals inside the United States who lack formal ties to al-Qaeda and operate independently.

Those independent qualities – combined with the radicals' ability to organize and plot on the Internet – make them particularly difficult to disrupt, retired Vice Adm. John Scott Redd, director of the National Counterterrorism Center, told the Senate Foreign Relations Committee Tuesday.

In a hearing on the changing face of terror, Redd said the threat from homegrown extremism is a recent trend that was seen in successful transit attacks in Madrid in 2004 and London in 2005.

One alleged homegrown North American plot has been disrupted: This month, Canadian authorities arrested 17 men and juveniles who are accused of planning attacks in southern Ontario. They are said to have obtained three times the amount of explosives used in the Oklahoma City bombing.

Redd pointed to what he said were three potential homegrown organizations that have been disrupted in the U.S. in just over a year:

Two Atlanta-area men, charged earlier this year in a terrorism case, have been publicly linked to some of the Canadian suspects. Prosecutors have said the two traveled to Washington to shoot “casing videos” of the Capitol and other potential targets. The lawyer for one suspect has insisted it wasn't part of any terrorism plot.

In Torrance, Calif., the head of a radical Islamic prison gang and three others were indicted last year on federal charges of planning terrorist attacks against U.S. military facilities, the Israeli Consulate and other Los Angeles-area targets.

In the farming town of Lodi, Calif., a young Pakistani man faces at least 30 years in prison for supporting terrorism by attending an al-Qaeda training camp in Pakistan in 2003 and lying to the FBI. His father pleaded guilty to trying to smuggle $28,000 in cash to Pakistan.

Showing how the government's mission has changed, Redd said that before 9/11 the FBI wrote 25 intelligence-information reports a year, but now the bureau produces more than 1,000 annually.

Still, Delaware Sen. Joe Biden, the committee's top Democrat, called it “on the verge of criminal” that the government is not fully funding the recommendations of the Sept. 11 Commission, estimated at $42 billion over five years.

The hearing came less than a week after the U.S. military and intelligence agencies killed one of the world's top terror leaders in an airstrike, Abu Musab al-Zarqawi, the former leader of al-Qaeda in Iraq.

Redd said the merger between al-Zarqawi's group and al-Qaeda's central organization gives terror leaders a more diverse pool of “battle-hardened” operatives from which to draw. Intelligence officials, he said, are also seeing signs that al-Zarqawi's group was hatching plots outside Iraq. But he did not elaborate.

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Redd and Henry Crumpton, the State Department's counterterrorism coordinator, agreed that al-Qaeda remains the pre-eminent concern of counterterror agencies. But they are also worried about other threats, including the Shiite extremist group, Hezbollah, which is closely allied with Iran.

Senators were particularly concerned about a fundamentalist Islamic militia that took over the Somali capital of Mogadishu last week.

Crumpton conceded that his department didn't anticipate the events. He said the U.S. government has three objectives in Somalia: to deny al-Qaeda safe haven to organize; to support the weak, transitional government that is backed by the U.N., and to provide humanitarian aid.

Al-Qaeda has existed in Somalia since the early 1990s. At least one key operative behind the 1998 East Africa bombings may be in Mogadishu, as well as a cell behind a 2002 attack in Mombasa, Kenya.

Crumpton said the U.S. has an "imperfect understanding" of the fundamentalist group, the Islamic Courts Union, that seized control of the capital.

It sent a letter proclaiming it was not an enemy of the United States. "Our response has been very clear: We expect them to work with the transitional government, and we also expect them to work with us to hand over al-Qaeda and foreign fighters," Crumpton said.

Al Qaeda Remains Threat, Officials Warn (WT)

By Bill Gertz

The Washington Times, June 14, 2006

Al Qaeda remains a major threat despite the death last week of the terrorist group's leader in Iraq, Abu Musab Zarqawi, U.S. counterterrorism officials told the Senate yesterday.

"Eliminating Zarqawi is clearly a major step forward, but both al Qaeda and [al Qaeda in Iraq] will continue with their deadly work," said retired Vice Adm. John Scott Redd, director of the National Counterterrorism Center (NCTC).

Adm. Redd also said other Sunni extremist groups inspired by al Qaeda are expanding from regional organizations into a global network that may target U.S. interests.

Adm. Redd, noting that Osama bin Laden has been able to stay alive by hiding in a remote region of the world, said al Qaeda's central leadership has been dealt "very serious blows" that have diminished its operations significantly.

Asked about the effect of stopping bin Laden, Adm. Redd said: "I think if he were to be taken out, we would see a very strong effect in terms of the symbolic effect. ...

"But also it would be significant, I think, in terms of the effect on jihadists worldwide, but it probably would not have a major effect on operations," he told the Senate Foreign Relations Committee.

Henry Crumpton, the State Department's coordinator for counterterrorism, said the death of Zarqawi, who was killed in a U.S. bombing raid in Iraq on June 7, does not lessen the threat of al Qaeda in Iraq and regionally.

Asked by Committee Chairman Sen. Richard G. Lugar, Indiana Republican, about a recent terrorist attempt to bomb Saudi Arabian oil fields, Mr. Crumpton said terrorists are trying to attack such economic targets to "disrupt the oil supplies."

There is still "a long way to go" before oil fields in Saudi Arabia, West Africa and other parts of the world are secure from terrorist attacks, Mr. Crumpton said.

On whether Pakistan's Inter-Services Intelligence is continuing to support the ousted Islamist Taliban regime and al Qaeda in Afghanistan, he said that there are indications that some provincial governments in Pakistan are providing backing, but that there is no "hard intelligence" linking Islamabad to such efforts.

"I am not confirming that ISI is clean," he said. "I am saying that we don't have any compelling evidence right now that points to this."

Mr. Crumpton said there also is concern about Islamists taking control of some parts of Mogadishu, Somalia, a country largely without a central government.

Adm. Redd said the recent arrests in Canada of 17 persons suspected of plotting a major terrorist attack highlight the "home-grown" terrorist problem.

Additionally, the Iranian-backed terrorist group Hezbollah remains a potent threat, he said. Direct Iranian terrorism, he noted, also is a major concern.

Adm. Redd said he is "guardedly optimistic" about the long-term outlook of battling Islamic extremists.

"I believe it's no accident that we have not been attacked since 9/11 here at home," he said, noting, "We certainly cannot assume that we won't be attacked again."

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Appeals Court Hears Arguments On Proposed Biodefense Lab (AP)

By Scott Lindlaw, The Associated Press

AP, June 14, 2006

SAN FRANCISCO -- A federal appeals court judge said Tuesday she found it "troublesome" that the Bush administration wants to open a lab for testing lethal agents including HIV, plague and anthrax in the densely populated San Francisco Bay Area.

But a U.S. Department of Justice lawyer told the 9th U.S. Circuit Court of Appeals that the administration had thoroughly researched its plans for a biodefense lab at the Lawrence Livermore National Laboratory and concluded there was little risk of a disaster.

If pathogens were to seep from the proposed lab and reach the public, they would have dispersed into such low concentrations they would be unlikely to injure anyone, Justice Department attorney Todd Aagaard said.

A lawyer for the lab's opponents sharply disagreed, saying even a small release could kill thousands.

The government also failed to consider the possibility that a plane or truck could be deliberately crashed into the site 50 miles east of San Francisco, said Stephan Volker, the lab opponents' lead attorney.

Instead, the administration used "a one-size-fits-all scenario, borrowed from another agency" when it studied the possible risks, he told the judges.

According to Volker, that scenario involved a lab worker failing to properly screw on the top of a centrifuge containing the biological agent Q fever. And it hypothesized that all the Q fever would twice pass through high-technology filters what Volker called "the killer" assumption, because those so-called HEPA filters are highly prone to failure. In a fire they could become disabled by sprinklers, Volker said.

The Bush adminstration has been preparing the biodefense lab for years, and said this week it plans to open the facility by August. But local residents have been fighting it in the courts. A lower federal court said in September 2004 that it could proceed, and the opponents appealed. The appeals court did not rule on Tuesday.

Volker said his clients want a new, thorough environmental assessment report that would supplant the one the Department of Energy conducted in 2002, or an even broader environmental impact review.

The Bush administration says the facility to be jointly used by the Departments of Energy and Homeland Security is vital to national security.

The facility "will significantly improve the nation's ability to detect and respond to the threat of terrorism using biological agents," the Department of Energy said in its court brief. A court order blocking it "would directly and adversely impact the national security," the administration said.

The facility would test airborne agents, which could also include hantavirus, influenza, hepatitis, Q fever, brucellis, herpes and salmonella, among others, on live animals.

The opponents have several concerns about the project, and they want to see the government reconsider it.

It sits in a region under which several faults lurk, and the lawsuit warns an earthquake could trigger the release of potentially deadly agents in the densely populated East Bay region near San Francisco. Some 7 million people live in the broader bay area.

The Energy Department says that in 2002 it "thoroughly evaluated" the potential impacts of an earthquake, accident or attack on the site, and it found those fears were unwarranted.

"The department's analysis concluded that such a release was highly unlikely and that, if a release occurred, it would not pose a danger to the public," the agency said in its court filing.

Because of its own findings, the department concluded a more sweeping environmental impact review was not required under the National Environmental Policy Act.

Chief Judge Mary Schroeder questioned the wisdom of locating the facility in the Bay Area, a region where some 7 million people live.

"I don't see in the analysis any discussion anywhere of what is the most troublesome thing," she told Aagaard. "this is being built in a very highly populated area of northern California." New Mexico, where a similar facility was contemplated, has a much lower population, she said.

Aagaard replied that the population-density question was taken into account in the government's "catastrophic release scenario." The most dangerous pathogens are not "durable" or "dangerous," and thus are unlikely to hurt people, he said.

U.S. To Review Proposals To Shield Commercial Planes From Missiles (WSJ)

By Ann Keeton

The Wall Street Journal, June 14, 2006

DOJ_NMG_0033658

The Department of Homeland Security this month will review proposals from defense contractors for protecting commercial aircraft from shoulder-fired missiles.

Officials have asked for proposals for both ground-based and aircraft-based defense systems. Two of the biggest defense contractors, Raytheon Co. and Northrop Grumman Corp., are competing for possible contract awards and are testing several new antimissile systems.

The Department of Homeland Security, which reviews potential candidates for contracts during three stages of development, notified Raytheon June 5 that it would evaluate later this month a full proposal to fund development of a ground-based system.

A study by Rand Corp., a U.S. think tank, has said an attack from a shoulder-fired missile represents a real threat to aircraft in the U.S., and there have been such terrorist attempts elsewhere. After a failed shoulder-fired missile attack on an Israeli charter aircraft flying over Kenya in 2002, Israel put antimissile devices on all its commercial aircraft, using military technology.

Rand estimated that the initial cost for putting laser jammers on 6,800 commercial planes in the U.S. would be about $11 billion, ballooning to $40 billion over a 10-year period. Rand concluded that a program made economic sense, estimating a single incident of a terrorist downing a commercial airplane could cause $15 billion in damage to the U.S. economy.

Raytheon and Northrop say the cost of any of the programs would be substantially less than the projections in the Rand study, which used a military-based budget furnished more than two years ago by Northrop Grumman.

Mark Slivinski, marketing head for the Vigilant Eagle program at Raytheon, said the Waltham, Mass., company's ground-based system could be installed at 35 major U.S. airports for $25 million at each facility.

The three-part system includes stationary infrared cameras on the ground that can detect a shoulder-fired missile almost instantly. The cameras would be arranged so that a missile sighting could be verified separately by two cameras. That would substantially cut false alarms to about one a year at each facility. One of the biggest problems with missile detection is that birds or debris are regularly targeted.

To deter the missile, the system would send a narrowly focused radio wave. That wave, while harmless to people, would confuse the missile-guidance system, pulling it off course. The Raytheon system also would connect to a computer on the ground that would reveal the terrorist's location.

Northrop Grumman, of Los Angeles, has taken another path, developing the Guardian system with a pod that fits on the belly of a commercial aircraft. Northrop is using its Nemesis infrared detection system, already in use on hundreds of military aircraft. A commercial version is being tested this year. It would cost $1 million per aircraft, or $5.2 billion over 20 years, according to Jack Pledger, director of business development for infrared-countermeasures programs.

At the same time, another division at Northrop is developing a ground-based system using laser technology that could destroy a shoulder-fired missile.

Worse Than Nothing (NYT)

The New York Times, June 14, 2006

The fifth anniversary of the Sept. 11 attacks is drawing near, and Congress still has not passed a law to improve chemical plant safety. The Senate is scheduled to hold important negotiations today on a chemical plant bill, but the bill could actually make the country less safe. If senators are afraid to stand up to the chemical industry and pass a good bill, they should at least have the courage to do nothing.

A terrorist attack on a single chemical plant in a densely populated area could kill tens — or even hundreds — of thousands of Americans. Senators Susan Collins, Republican of Maine, and Joseph Lieberman, Democrat of Connecticut, have drawn up a security bill that, in its current form, is barely better than nothing. It needs tough language added requiring chemical plants to replace dangerous chemicals with safer alternatives. The chemical industry is resisting.

An even bigger disgrace is that the industry is pushing hard to get "pre-emption" language added to the bill. That would prevent states from imposing their own tougher rules. New Jersey has begun to do so, and now that Jon Corzine, a strong proponent of chemical plant safety, is governor, it could adopt even stricter rules. A pre-emption provision could wipe away New Jersey's laws, and prevent other states from protecting themselves.

George Voinovich, Republican of Ohio, is taking the lead on pushing pre-emption. It is important that Lincoln Chafee, Republican of Rhode Island, and Mark Pryor, Democrat of Arkansas, who could be the swing votes, resist along with Senator Collins, the committee chairwoman. If the final bill pre-empts state laws, it should be killed or at least be renamed, to make clear what it is: a chemical plant antisecurity bill.

FEMA Lost $1B To Fraud, Errors (USAT)

DOJ_NMG_0033659

By Mimi Hall

USA Today, June 14, 2006

WASHINGTON — Sloppy mistakes and con artists cost FEMA at least $1 billion in questionable disaster-relief claims in the six months after last year's devastating Gulf Coast hurricanes, according to a report by government investigators due out today.

The government sent checks to thousands of people who registered with FEMA using information belonging to prison inmates or who provided only a post office box as the address of their damaged home, according to the Government Accountability Office, the watchdog agency of Congress.

The investigation found that the Federal Emergency Management Agency, harshly criticized for its poor response to Hurricanes Katrina and Rita, lacked basic mechanisms to discourage rampant fraud. FEMA, the accountability office said, needs to immediately put "adequate safeguards" in place to "build the American taxpayers' confidence that federal disaster assistance only goes to those in need."

Among the many examples of waste and fraud cited in the report:

•Roughly $5.3 million was paid to people who gave only post office boxes as their address. In one case, FEMA sent $2,358 to someone who claimed a damaged house in a New Orleans cemetery; in another, FEMA sent $4,358 to someone who listed his residence as a UPS store.

•Millions more was sent to more than 1,000 people who used names and Social Security numbers of inmates in prisons along the Gulf Coast and across the country. In one case, FEMA sent $4,358 to a Mississippi prisoner who gave officials his correct mailing address — at the prison where he'd been locked up since 2004.

•FEMA reimbursed people for rent at the same time it was paying for them to stay in a hotel. For example, the agency paid $8,000 for someone to stay in a California hotel for five months and also sent that person $6,700 in rental assistance for the same period.

•One person received 26 FEMA payments totaling $139,000 using 13 different Social Security numbers and 13 addresses, eight of which did not exist.

FEMA spokesman Aaron Walker said the agency has already made some reforms to cut down on fraud this hurricane season.

"FEMA's highest priority during a disaster is to get help quickly to those in desperate need," Walker said. But "even as we put victims first, we take very seriously our responsibility to be outstanding stewards of taxpayer dollars."

Rep. Bennie Thompson, D-Miss., the top Democrat on the House Homeland Security Committee, called the fraud and abuse "symptoms of a much larger illness" at FEMA, which also has been criticized for spending hundreds of millions of dollars on trailers that were never used and other waste.

"Fraud, no matter the amount, is unacceptable," Thompson said. But "the disease is an administration that shortchanged FEMA and shortchanged catastrophic planning" for years.

Fraudulent Katrina And Rita Claims Top $1 Billion (WP)

By Larry Margasak

The Washington Post, June 14, 2006

The government doled out as much as $1.4 billion in bogus assistance to victims of Hurricanes Katrina and Rita, and was hoodwinked to pay for season football tickets, a tropical vacation and even a divorce lawyer, congressional investigators have found.

Prison inmates, a supposed victim who used a New Orleans cemetery for a home address, and a person who spent 70 days at a Hawaiian hotel were able to wrongly get taxpayer help, according to the Government Accountability Office.

Agents from the investigative arm of Congress went undercover to expose the ease of receiving disaster expense checks from the Federal Emergency Management Agency.

The GAO concluded that as much as 16 percent of the billions of dollars in FEMA aid to individuals after the two hurricanes was unwarranted.

The findings are detailed in testimony that is scheduled to be delivered at a hearing today by the House Homeland Security subcommittee on investigations.

To dramatize the problem, the GAO provided lawmakers with a copy of a $2,358 U.S. Treasury check for rental assistance that an undercover agent got using a bogus address. The money was paid even after FEMA learned from its inspector that the undercover applicant did not live at the address.

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"This is an assault on the American taxpayer," said Rep. Michael McCaul (R-Tex.), chairman of the subcommittee that will conduct the hearing. "Prosecutors from the federal level down should be looking at prosecuting these crimes and putting the criminals who committed them in jail for a long time."

FEMA spokesman Aaron Walker said yesterday that the agency, already criticized for its poor response to Katrina, makes its highest priority during a disaster "to get help quickly to those in desperate need of our assistance."

"Even as we put victims first, we take very seriously our responsibility to be outstanding stewards of taxpayer dollars, and we are careful to make sure that funds are distributed appropriately," he said.

FEMA said it has identified more than 1,500 cases of potential fraud since Katrina and Rita, and has referred those cases to the Homeland Security inspector general. The agency said it has identified $16.8 million in improperly awarded disaster relief money and has started efforts to collect the money.

The GAO said it was 95 percent confident that improper and potentially fraudulent payments were much higher: between $600 million and $1.4 billion.

The investigative agency said it found people lodged in hotels often were paid twice, because FEMA gave them individual rental assistance and paid hotels directly. FEMA paid California hotels $8,000 to house one individual -- the same person who received three rental assistance payments for both disasters.

FEMA paid another individual $2,358 in rental assistance, while at the same time paying about $8,000 for the same person to stay 70 nights at more than $100 per night in a Hawaii hotel.

FEMA also could not establish that 750 debit cards worth $1.5 million even went to Katrina victims, the auditors said.

Among the items purchased with the cards were five season tickets to New Orleans Saints professional football games and a divorce lawyer's services in Houston.

"Our forensic audit and investigative work showed that improper and potentially fraudulent payments occurred mainly because FEMA did not validate the identity of the registrant, the physical location of the damaged address, and ownership and occupancy of all registrants at the time of registration," GAO officials said.

FEMA paid millions of dollars to more than 1,000 registrants who used names and Social Security numbers belonging to state and federal prisoners for expedited housing assistance. The inmates were in Louisiana, Texas, Alabama, Mississippi, Georgia and Florida.

To demonstrate how easy it was to fool FEMA, the GAO told of an individual who used 13 different Social Security numbers, including the person's own, to receive $139,000 in payments on 13 separate registrations for aid. The payments were sent to one address.

Study Finds Huge Fraud In The Wake Of Hurricanes (NYT)

By Eric Lipton

The New York Times, June 14, 2006

WASHINGTON, June 13 — As much as $1.4 billion in government disaster aid to victims of Hurricanes Katrina and Rita — nearly a quarter of the total — went to bogus or undeserving victims, a new Congressional investigation concludes.

It is a scale of abuse that Representative Michael McCaul, Republican of Texas and chairman of the House subcommittee leading the inquiry, said far exceeded even his worst fears, despite months of accumulating evidence that the fraud-prevention system at the Federal Emergency Management Agency was woefully inadequate.

"It is shocking and appalling," Mr. McCaul, a former federal prosecutor, said.

The improper or fraudulent payments went to a dizzying array of con artists or other undeserving recipients, according to the analysis by the Government Accountability Office, which is set to announce its findings at a hearing Wednesday.

In one case, a man stayed more than two months on the government tab at a hotel in Hawaii that cost more than $100 a night. At the same time, he was getting $2,358 in government rent assistance, even though he had not been living in the property he claimed was damaged in the storm.

Emergency aid was used to pay for football tickets, the bill at a Hooters in San Antonio, a $200 bottle of Dom Perignon, "Girls Gone Wild" videos, even an all-inclusive weeklong Caribbean vacation, the report says. More than $5 million went to people who had provided cemeteries or post office boxes as the addresses of their damaged property.

FEMA also provided cash or housing assistance to more than 1,000 prison inmates, totaling millions of dollars; one inmate used a post office box to collect $20,000. Some of the inmates may in fact have owned property that was damaged, but most should not have been eligible for the aid.

In another case, 24 payments, totaling $109,708, were sent to a single apartment, where eight people each submitted requests for aid eight times, each time using their own Social Security numbers.

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Another person collected 26 payments using 13 different Social Security numbers — a total of $139,000 — even though public records show the individual did not live at any of the addresses reported as damaged.

Aaron T. Walker, a FEMA spokesman, said the agency was moving to correct management weaknesses that might have contributed to the fraud, including establishing a system that will block multiple registrations for aid filed under a single Social Security number.

Separately, the agency has identified 1,500 cases of possible fraud, referring them for possible prosecution. It has collected $16.8 million after asking people to return money if they got more than they deserved.

Mr. Walker said the need to distribute aid rapidly after the storms made it impossible to check out claims initially. "FEMA's highest priority during a disaster is to get help quickly to those in desperate need of our assistance," he said.

The findings, which are to be released Wednesday in testimony by Gregory D. Kutz of the Government Accountability Office, follow up testimony that Mr. Kutz gave before a Senate committee in February. At the time, he refrained from giving an estimate of the total of the fraud, other than to say that perhaps millions of dollars was at stake.

The more precise estimate comes after a detailed examination of a random sample of 250 of the 2.6 million payments made as of February, which total over $6 billion. Investigators visited properties claimed as damaged and checked to see if the applicants had submitted multiple claims, or invalid or false Social Security numbers.

The investigators also tested the system by creating their own fake applicants, who collected a total of $6,000 in disaster assistance. (The checks were never cashed.)

Investigators concluded that fraudulent or improper payments probably ranged from $400 million to $1.4 billion, leading them to settle on $1 billion as their most likely estimate, representing about 16 percent of the distributed aid.

Families were eligible up to a total of $26,200 in aid, including $2,000 that came as emergency cash assistance right after the hurricanes passed as well as about $790 a month to rent temporary housing. They could also get free hotel rooms, although they were not supposed to stay in a hotel while getting rental assistance, as the auditors found many did.

Mr. McCaul said he was prepared to recommend legislation to mandate tougher accounting practices if the agency did not prove it had taken steps to prevent further abuses.

"When you have federal and state prisoners applying for the taxpayers' money — while they are in prison — and then the disaster aid, that is a real assault on the American taxpayer," he said. "I don't have any tolerance for that."

Lives Suspended On Gulf Coast, Crammed Into 240 Square Feet (NYT)

By Dan Barry

The New York Times, June 14, 2006

LAKESHORE, Miss., June 12 — If you were to fly over rural Hancock County here, you would see more than 9,000 of them, white rectangles clumped in sun-bleached parks and scattered in piney woods like pieces of a trashed picket fence. Pick any one, and contained within that FEMA trailer are lives in claustrophobic suspension.

Paulette Shiyou invites you into her family's trailer with a natural hospitality that has remained intact. Her husband, Hugh, offers a can of beer, and her son, Cody, itching to show you his card collection, his rock collection, his pocketknife, kicks off his sneakers.

And suddenly, in this tight trailer of 240 square feet, an 11-year-old boy's shoes loom like ottomans.

"I'm constantly yelling at him because you're always tripping over him," Ms. Shiyou says, scolding but smiling. "And he yells at me to turn the lights out."

Cody defends himself by nodding toward the droning television set that sits near the only door, about five feet from his cubbyhole bunk bed. "I'll be going to bed," he says, "and she'll be watching TV and have all these lights on."

As the television set gabs and a boy complains and a mother justifies her liberal use of lights by saying she just cannot tolerate darkness, not since the storm, it seems that in a FEMA trailer even words take up space.

FEMA trailer. The phrase has nearly lost meaning, so embedded is it in the national memory of last year's crushing hurricanes, Katrina and Rita. The Federal Emergency Management Agency provided trailers to people whose homes were damaged or destroyed; got it.

But tens of thousands of people continue to live crammed in FEMA trailers, greeting this year's hurricane season the same way they said goodbye to the last one: in light-metal boxes that even a tropical storm could flip like playing cards and which seem so vulnerable alongside the brush fires crackling through some stretches of the Gulf Coast.

Ms. Shiyou hurries through her family's FEMA trailer back story, which is extraordinary, but here, mundane: Returning to a home that was miles from shore but destroyed, then moving like nomads, from a gymnasium to a warehouse to a tent to a FEMA

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trailer encampment for five months. Then, finally, back to their property, into this FEMA trailer on their former front lawn, where they have lived since March.

She takes you on a tour.

To keep from tracking mud into the trailer, the Shiyous have placed a recovered piece of their old deck on the ground. "This was the color of my house," Ms. Shiyou says, walking on it. "A country blue."

She takes one step into the trailer, and the initial urge is to hunch. Mr. Shiyou, a gangly 6-foot-2, stretches out his arms to demonstrate how he can simultaneously touch the ceiling with one hand and the floor with the other.

His wife slides open a door to her immediate right, revealing a room taken up almost entirely by the master bed. "You just crawl in from the foot and pull the blankets up as you go," she says.

The hangers in the small closet have to be tilted sideways to fit, and the space-eating fan is necessary because you lose the air-conditioning if you slide the door shut for privacy. Mr. Shiyou says he sleeps less than five hours a night because that is all he can take of this confinement.

Moving left, the kitchen, with the bread and cookies stored in the microwave, paper plates and plastic cups from Wal-Mart in the cabinet and a couple of Reed & Barton silver coffeepots the family found in the woods after the waters receded.

"I'm going to put them in my china closet when I get one," Ms. Shiyou says, talking over the television set, which is blaring MTV beside her. "He usually always watches cartoons," she says of Cody. "And it drives me crazy."

Take one step off the small stretch of tan linoleum, which she keeps clean with the mop at the door, and onto the patch of worn dun-colored carpet, which she keeps clean with the carpet sweeper beside the mop, and you are now in the dining room, living room, and practically into Cody's bed.

A small, hard couch. A small booth with a small table, under which are stored a blue suitcase, Cody's book bag, Cody's suddenly massive sneakers and shoes and his father's even larger shoes. Cody's bed, where he stashes Doritos, and the bed above, used for storing blankets and winter clothes.

Finally, the bathroom, whose door, when opened, blocks Cody's bed. You have to lean over the toilet to see yourself in the mirror. Mr. Shiyou practically kneels to fit into the shower.

This, then, is the home where the Shiyous had family over for an Easter barbecue.

"There was Vanessa and Joe, Jessica, Tim, Raegan and Kiley," Ms. Shiyou says. "And then Heather and Jasper, and then my niece Mindy her boyfriend, Josh, and their two kids, John and Jared. And wasn't David and Regina here? Yes, they were."

Mr. Shiyou, 43, is a welder, and Ms. Shiyou, 40, runs a check-cashing store. When they look out from their FEMA trailer, they see two other FEMA trailers, occupied by two of her daughters and their families. They can also see the raised dirt foundation where they plan to build a home at a higher level, even though the land is well beyond the flood zone.

Insurance paid off the note on their old home, and nothing more. They have secured another loan, but have yet to hear whether they will receive any federal grant to ease their financial burden. Either way, they plan to start building next month, and with luck will be out of the trailer by Christmas.

Dusk has descended; a full moon is rising over the gulf. Mr. Shiyou returns to working on the all-but-destroyed house of a beloved 89-year-old neighbor. Ms. Shiyou, meanwhile, recreates in her mind the home they shared for 10 years and lost nine months ago.

The Kia Sephia and the Dodge pickup in the driveway. The curio cabinet, with all those angels collected by her late mother. The framed family photographs. The children's encyclopedias. Her set of dishes, whose pattern was, was —

"God, what color was my kitchen set?" Ms. Shiyou asks, her voice breaking. She says it will come to her, but it doesn't.

How Fla. Spells Relief: A-l-b-e-r-t-o (USAT)

By Donna Leinwand

USA Today, June 14, 2006

OCALA, Fla. — The first tropical storm of the hurricane season landed Tuesday with a whimper, but it ratcheted up tension for residents after two years of record storms.

The Ocala Star-Banner captured the weariness with its headline: “Here we go again.”

Tropical Storm Alberto is expected to diminish to a tropical depression as it moves into Georgia and then into South Carolina today. Bands of rain that reached hundreds of miles drenched some parts of Florida with as much as 8 inches.

Some low-lying coastal areas and city streets flooded, but the rain was a welcome soaking for Florida's parched pastures, farms and groves in the center of the state.

While damage from Alberto appeared minor, residents remain wary. Florida weathered five major hurricanes in 19 months, and forecasters predict another active season this year.

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Alberto caught Megan Tearle a little off guard.

Tearle, 27, a mortgage broker who grew up in Miami and now lives in Ocala, picked up batteries and water the night before Alberto arrived.

"It was so soon, the first week of hurricane season," Tearle said Tuesday. "I thought, 'Oh, it's a tropical storm.' For a tropical storm, I don't panic."

Residents in central Florida sometimes have a false sense of security, figuring a hurricane will lose strength as it crosses the state, she said. But Tearle said Tropical Storm Alberto's unexpected arrival has her thinking about the rest of the season, which began June 1.

When she was a child in Miami, Hurricane Andrew blew out the windows and ripped the roof off of her family's home in 1992. Two summers ago, Hurricane Frances flooded her Ocala home.

"I'm a little apprehensive, truthfully," she said. "Doesn't it seem like there's more and more? Don't they seem worse?"

At Romero's produce stand here, huge watermelons and ripe tomatoes were displayed on wooden stands beneath a tarp despite hovering black clouds and gusts that could blow off a hat.

Reina Rodriguez, 18, who was running the register at the stand owned by her aunt, said they didn't expect the storm would get bad enough to justify closing for the day.

"I've experienced this before, so we know how to handle it now," she said.

"This one, we didn't do much. But there's more coming up. This is the first of the season, but you never know what's going to happen next."

Norman Tank, 61, of Dunnellon, shopped for tomatoes at the stand as the storm rolled in. He said he was prepared for the worst, although he didn't expect much more than a few squalls from Alberto.

"We're lucky this time," said Tank, who has lived in Florida for 32 years. "It'll be a nice rain, a good soaker."

He said Alberto's lackluster showing won't make him complacent. "I say, 'Be prepared.' It's kind of crazy not to have water for flushing your toilets and drinking," Tank said. "If I were told to evacuate, believe me, I will."

Marie Richards, 49, of Ocala, is spending her first hurricane season in Florida after moving from New Jersey. She said she figured being inland would keep her safe.

"Yeah, right, it turns out," she said. "I'm not looking forward to the rest of the season."

Richards and her husband stocked up on batteries, water and canned goods. They moved the patio furniture indoors. And then, the storm amounted to nothing — not that she's complaining. The weather looked good enough Tuesday morning that she went to work at a downtown furniture store.

"I was tense. I was expecting lots of rain and strong winds," she said. "If they're all like this, I'm fine."

However, she figures it's just a matter of time before a bigger storm hits. "I'm terrified," she said. "If they say get out, I'll get out."

More than 20,000 people were ordered to evacuate before Alberto made landfall, but it was unclear how many actually left their homes.

Alberto's winds weakened to 40 mph as its center came ashore around noon near Adams Beach, about 50 miles southeast of Tallahassee. The National Weather Service said total rainfall could reach 8-10 inches in central Florida and southeastern Georgia over the next few days.

Earlier Tuesday, Alberto had winds of 65 mph, well below the 74 mph needed to become a hurricane.

If it had become a hurricane, as forecasters warned, it would have been an early start on the hurricane season. It's been 40 years since a hurricane struck the USA this early.

Storm surges of 4 to 5 feet were reported in Citrus, Levy, Taylor and Dixie counties, according to the weather service.

Cedar Key in Levy County reported flooding to its main road that goes in and out of the island of 940 residents. County residents in low-lying areas had been urged to evacuate.

Tropical Storm Weakens Before Hitting Florida (NYT)

By Terry Aguayo

The New York Times, June 14, 2006

MIAMI, June 13 — Tropical Storm Alberto weakened Tuesday before hitting the Florida Gulf Coast with heavy rain and high winds, but it did not pose the threat that forecasters had initially feared.

The storm made landfall early Tuesday afternoon near Adams Beach, about 50 miles southeast of Tallahassee, with winds of 50 miles per hour, well below the 70 m.p.h. winds it carried Monday that caused forecasters to fear that it would strengthen into a hurricane.

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"It lost its chance to become a hurricane because it ran out of time," said Jack Beven at the National Hurricane Center.

A tropical storm warning was in effect for the Atlantic Coast from South Santee River in South Carolina southward to north of Altamaha Sound in Georgia. The storm was expected to continue moving inland and weaken further, reaching the Atlantic Ocean near the North Carolina-Virginia border as a tropical depression on Thursday.

The storm brought down tree limbs and caused flooding along parts of the coast, but no serious injuries were reported.

More than six inches of rain fell during the storm in some areas, and more than 11,000 households and businesses were without power, and more than 4,000 were without phone service Tuesday afternoon, state officials said. "I think we are on top of this, and this is a good lesson, I think, in preparedness," Gov. Jeb Bush said in Tallahassee. "I can assure you that if a stronger storm comes our way, we have a great team locally and at the state level."

In Sunset Beach, just north of St. Pete Beach, Rob Porter and his daughters, Priscilla, 9, and Mattie, 11, surfed and body boarded in the large waves just after the storm made landfall.

"This is everything we love," Mr. Porter said. "On the Gulf Coast we hardly ever get days for this."

Alberto Turns Out To Be Splash In The Panhandle (WP)

By Peter Whoriskey

The Washington Post, June 14, 2006

HORSESHOE BEACH, To live in the path of a forecast hurricane these days is to be bombarded by dire Katrina-inspired exhortations, and as Tropical Storm Alberto moved toward this small, low-lying town of shrimpers and crabbers, there was the usual ominous noise.

The National Hurricane Center issued a hurricane warning, which echoed ceaselessly from televisions. Gov. Jeb Bush urged caution, the county ordered an evacuation and emergency management leaders convened a City Hall meeting to encourage people to leave.

And after all the scary buildup, many and maybe most of the people here said: Nah, we're staying.

The center of Alberto made landfall in the Big Bend area about noon on Tuesday, bearing winds of about 50 mph. The rain came in lashes, and gusts swayed the Spanish moss that drapes the cypress trees. A few power lines were toppled. Water surging in from the Gulf of Mexico made several streets impassable.

But the storm, which never reached hurricane strength, proved to be no more than a mild inconvenience for most people in its way, and the holdouts savored their instincts for survival.

"Well, I got faith in God, and I looked to God to see me through," said Marjorie Neeley, 79. She spoke from her front porch as the floodwaters, which had reached some nearby yards but never hers, began to recede.

She had rejected not only the official evacuation pleas, but those of her daughter, Sandra Mills, 47; great-grandson Justin, 8; and a Dixie County emergency official who turned up on her porch as the water was rising Tuesday morning

"Grandma said she wasn't going nowhere," Justin said.

"I tried to get her to leave, but she said no, so we just rode it out together," Mills said. But before they did, "I told her to think about my life and Justin's life."

Scott Garner, chief of emergency management for the county, estimated that only 30 percent of residents in Dixie's coastal communities, which include Horseshoe Beach, complied with the evacuation order. About 50 people went to shelters.

"All we can do is get the word out there and let them make their own decisions," he said.

Despite the scientific authority of the forecasters and the sway of state and local leaders who have made hurricane preparation a priority, many in this enclave, as well as elsewhere along the nation's hurricane-threatened coasts, prefer to make the evacuation decision based on personal storm experience and meteorological insight.

"I don't think I could be considered a foolish person or one to take chances," said Daphine Spivey, 66, a native of the area who stayed home with her husband, a building official. "If it had been a bad one, we would have left."

She said the predicted storm surge of eight to 10 feet was less than what her house withstood in the "No Name" storm of 1993. So the couple thought they could ride out Alberto, too, and they did.

"I think you have to use common sense," she said, noting that her grandfather used to get a sense of storms by observing cows, pigs and other animals.

"I guess the Lord gives them the sense to know," she said.

Michael Webster, 35, his wife and two kids didn't evacuate for Alberto, either.

Webster said he has new respect for hurricanes, having worked a front-end loader during Katrina cleanup in Bay St. Louis, Miss. But he said he would leave Horseshoe Beach only if the storm winds exceeded 100 mph.

"This is nothing," he said after lunch with his family at a restaurant.

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Outside, college students were checking a wind gauge built atop a 30-foot orange crane they had deployed. One of them said the strongest sustained winds measured were 30 mph.

Experts, nevertheless, say that defying evacuation orders and hurricane warnings is risky.

"When people try to gauge their actions on what happened in the past, disastrous things can happen," said Eric Blake, a meteorologist at the National Hurricane Center.

The trouble is that most people's storm experience is limited, he said.

"There hasn't been a major hurricane there in most people's lifetimes," Blake said, referring to the Big Bend area. "There are always uncertainties in the forecast. People are taking a chance with their lives, and we'd like to discourage that."

But Billy Rollison, 74, a Navy veteran who was out watching the tides as the storm passed Tuesday, questioned whether people who don't know the area can judge.

"They sit up there with their computers and checking the winds and all that," he said of the county's emergency managers as he watched Gulf waters cover part of the road. "Ain't none of them have been down here for a storm."

WAR NEWS:

Bush Tells Iraq Leader U.S. Will Back Him (AP)

By Terence Hunt

AP, June 14, 2006

President Bush told Iraq's new leader in a surprise face-to-face visit on Tuesday that the fate of his war-scarred country was in Iraq's own hands. Bush was pressed in turn not to withdraw U.S. troops too quickly.

"There's a worry almost to a person that we will leave before they are capable of defending themselves," Bush said as he flew back to the United States after his lightning, long-distance trip to meet with Prime Minister Nouri al-Maliki.

Bush spent over 5 1/2 hours in Baghdad in his second visit of the three-year war, both kept secret until he had safely arrived. He met with American troops at Thanksgiving 2003 in a visit confined to the airport and limited to several hours.

This time, he traveled to the city's heavily fortified Green Zone.

In a mission designed to both showcase U.S. support for the new unity government and to ease war concerns at home, the president told the Iraqi prime minister the United States would stand by the new government as it works to achieve stability.

"When America gives its word, it keeps its word," Bush said.

At the same time, he emphasized that Iraq must control its own destiny.

"The decisions you and your cabinet make will be determinate as to whether or not a country succeeds that can govern itself, sustain itself and defend itself," he told al-Maliki.

Bush slipped away from what had been billed as a two-day meeting at Camp David, Md., for the 11-hour overnight flight that brought him to his first direct talks with al-Maliki and members of the new government.

His visit was accompanied by incredibly tight security. Leaving Baghdad, lights were turned off both on the helicopters that took Bush and his entourage to the airport and on Air Force One itself.

Only a handful of close aides knew about the trip in advance.

Later, speaking with reporters on the flight home, Bush said he assured the Iraqi leaders "they didn't need to worry" about U.S. troops withdrawing too soon and too quickly.

"They are counting on us to continue to take the lead until such time as they are ready to take the lead," Bush said.

Bush said that top U.S. military and policy officials would sit down with Iraqi officials in the days ahead "and devise a way forward." The president also said he would step up pressure on other world leaders to do more to help Iraq.

"I am going to call these leaders again and remind them that a stable and secure Iraq is part of a stable and secure Middle East," Bush said.

Bush's trip comes at a time when many Democrats — and some in his own party — are calling for a substantial number of American troops to be brought home by the end of this year.

War anxiety has been the driving force behind Bush's plunge in the polls and a cause of Republican distress about holding control of Congress in the November mid-tem elections.

Al-Maliki himself did not know the president was in Baghdad until five minutes before they met in the blue-domed palace once used by Saddam Hussein but which now houses part of the U.S. Embassy in the heavily fortified Green Zone.

The Iraqi prime minister had come to the embassy expecting to participate in a satellite video conference with Bush and aides from the presidential mountain retreat in Maryland.

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Instead, Bush sat beside him. The video conference went on as scheduled with the U.S. officials still at Camp David.

"I've come to not only look you in the eye. I've also come to tell you that when America gives its word, it keeps its word — that it's in our interest that Iraq succeed," Bush told al-Maliki.

Bush didn't say whether he and the prime minister had discussed the timing or scope of a possible U.S. military withdrawal. There are now about 130,000 U.S. troops in the country and Bush faces increasing pressure at home to begin bringing many of them home.

Al-Maliki, speaking in Arabic, thanked Bush for U.S. protection, but expressed a general hope for the day when American troops would be gone.

"God willing, all of the suffering will be over, and all of the soldiers will be able to return to their countries with our gratitude for what they have offered," al-Maliki said.

Before leaving Baghdad, Bush addressed a group of about 300 cheering U.S. troops assigned in supporting roles to the U.S. Embassy. He thanked them for their work and said a top U.S. priority was now to support the new government.

"Our job is to help them succeed and we will," Bush said.

Several U.S. lawmakers briefed on Bush's trip predicted that a phased withdrawal of U.S. troops might be accelerated following the presidential visit.

This time, Bush flew by helicopter from Baghdad International Airport to and from the Green Zone, where Iraq's government meets and the U.S. and British embassies are based.

Bush also met with other Iraqi leaders before leaving the country.

Later, speaking with reporters for about 35 minutes on Air Force One, Bush said one of the Iraqi cabinet ministers asked him about the U.S. military's conduct in terms of human rights of Iraqis.

"I assured her any complaints she had, the ambassador is more than willing to listen and there will be full investigations." He said he reminded the Iraqi officials that mistreatment of Iraqi prisoners by Americans at Abu Ghraib prison "is a sorry chapter in the Iraqi experience."

The U.S. troops cheered loudly and raised cameras high as Bush visited them.

"Thought I'd stop by to say hello," Bush said, to laughter. "I bring greetings from a grateful nation. And I thank you for your sacrifice."

Bush's visit came as his administration attempted to regain the initiative after months of increasingly deadly violence in Iraq and flagging support for the war among Americans.

In Washington, Secretary of State Condoleezza Rice and Defense Secretary Donald H. Rumsfeld gave a classified briefing on Bush's trip to selected senators.

Sen. Carl Levin (news, bio, voting record) of Michigan, senior Democrat on the Armed Services Committee, told reporters afterward that Bush's trip "is likely to lead to phased redeployments this year and continuing in the next year."

Rumsfeld said that many U.S. troops have already been brought home. He said officials would meet with Iraqi leaders "in the weeks ahead discussing at what pace we're going to be able to draw down our forces and it will all be done in a very orderly way."

Bush's visit came six days after a U.S. air strike killed terror chief Abu Musab al-Zarqawi and five days after al-Maliki completed his cabinet by naming the ministers of Defense and Interior — events the president's advisers hoped would lead to political progress.

But underscoring the dangers that remain, a series of explosions struck the northern city of Kirkuk on Tuesday, killing at least 16 people. And the new leader of al-Qaida in Iraq pledged to avenge predecessor al-Zarqawi's death with horrific attacks, according to a statement posted on the Web.

Al-Maliki has won U.S. admiration by promising to crack down on militias and sectarian violence, promote national reconciliation, accelerate reconstruction efforts and restore essential services such as electricity.

Bush's Visit To Baghdad Signifies Upturn In His Political Fortunes (WSJ)

By John D. McKinnon And Yochi J. Dreazen

The Wall Street Journal, June 14, 2006

President Bush, caught for months in a losing battle for public approval, suddenly is scoring gains on several fronts, raising a far-reaching question: Is he setting the stage for a political recovery?

Mr. Bush Tuesday sought to capitalize on progress on the most vital front of all, Iraq, making an unannounced visit to Baghdad to hail the formation of a new government there. At the same time, another cloud lifted in Washington as defense

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lawyers announced that top White House political adviser Karl Rove won't be indicted in an investigation into the leaking of a Central Intelligence Agency agent's identity. (See related article1.)

Along with other recent good news, the developments hold at least the prospect that Mr. Bush's political slide has hit bottom. The president has pulled himself off the mat before, in 2002, when Democrats expecting to score the usual midterm election gains against the president's party actually lost seats, and in 2004, when he trailed Democrat John Kerry by a significant margin only to roar back and win re-election.

It is too early, of course, to know whether the positive news will be sustained enough to help him improve his standing, as well as the Republican Party's endangered majorities in Congress. Mr. Bush has the lowest job-approval ratings of his presidency; while showing modest upticks in recent days, they continue to hover below 40%. At a comparable time in 2002, he had a rating of 74%, and in 2004 of 47%.

Moreover, a number of potential pitfalls for the White House remain, including stubbornly high energy prices and growing unease in financial markets, underscored again Tuesday as the Dow Jones Industrial Average fell 86.44 points to erase its gains for the year.

Still, Republicans are relieved to hear good news after months of bad news. Besides Tuesday's developments, the administration has seen the death of insurgent leader Abu Musab al-Zarqawi in Iraq, a Republican win in a hotly contested California congressional race, strong economic growth and employment and confidence among White House personnel after a second-term shakeup.

"We've been hoping and praying for good news for months, since Katrina hit," said Rep. Patrick McHenry, a North Carolina Republican. "I don't want to dance the jig too soon, but it's at least good news so we can get our footing and get back to where we need to be going."

Late Tuesday, some lawmakers even were suggesting Mr. Bush's meeting with the new Iraqi government could pave the way for a phased withdrawal of U.S. troops in coming months. But in later comments to reporters during the trip home, Mr. Bush said he reassured nervous Iraqi leaders the U.S. wouldn't pull out prematurely. "There's a worry almost to a person that we will leave before they are capable of defending themselves," said Mr. Bush, who said he had assured Iraqis he wouldn't let a "vacuum" develop. The question of how fast to begin a troop drawdown, in fact, could become a point of tension between Mr. Bush and Republican lawmakers, who may be eager to welcome soldiers home before the fall congressional elections.

In political terms, the turnaround comes at an especially opportune time, less than five months before elections in which, polls show, Republican control of Congress is in serious jeopardy. Some analysts believe voter impressions of political fundamentals -- particularly of the economy, but also of how parties and leaders are forming -- begin to harden months ahead of Election Day.

The visit to Iraq was designed to help Mr. Bush get better acquainted with the country's new leaders, especially Prime Minister Nouri al-Maliki. But it also served as a kind of public-relations coup for the White House, which planned the trip with a mix of secrecy, security and subterfuge.

The trip began unfolding Monday night at Camp David, after Mr. Bush spent an exhausting day of intensive meetings with aides and Cabinet members discussing Iraq. At about 7:45 p.m., Mr. Bush excused himself from a postdinner discussion, saying he was "losing altitude" and in need of a rest.

The president didn't head to bed, however. Instead, he and a small number of aides made their way to an idling helicopter -- a different one than the easily identifiable green helicopter the president usually uses -- and flew to Andrews Air Force Base outside Washington. Within minutes, he was en route to Baghdad on Air Force One, which had been parked on a distant runway not visible from the road or from a nearby terminal building.

At Camp David, all but Vice President Cheney and two members of the Cabinet -- Secretary of State Condoleezza Rice and Defense Secretary Donald Rumsfeld -- were unaware the president had left until Tuesday morning, when he failed to show up for a bagel breakfast in the dining room, which was supposed to kick off another day of discussions about Iraq.

Mr. Bush had told his staff a month ago that he wanted to travel to Iraq as soon as a new government was completely in place, a process that took months as Iraq's political leaders argued over filling three final, key, Cabinet posts. The trip was planned by a small group of aides, some of whom couldn't tell family members.

The small number of reporters included in the trip each were told in person with little more than 24 hours' notice. All were required to keep the trip secret from colleagues and even spouses and to surrender cellphones and BlackBerry devices before they boarded the plane.

Even the Iraqis weren't told in advance. Prime Minister Maliki woke up expecting to speak to the president by a secure videolink while the president sat at Camp David. He didn't find out Mr. Bush was there in person until the president's helicopter landed in a secure airfield in the heavily fortified Green Zone.

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"Obviously, when you're entering into a situation where the enemy is so active, we have to be extra cautious," White House counselor Dan Bartlett told reporters traveling with Mr. Bush.

In the end, while the trip provided an opportunity to accentuate the positive in Iraq after months of bad news, the continuing turmoil there could rob the White House of long-term benefits. Democratic pollster Stan Greenberg noted that Mr. Bush gained a few points in his standing on Iraq late last fall, amid good news about Iraqi elections and a flurry of speeches. But that evaporated in the face of steady bad news on the ground.

The economic risks at home also appear to be significant. Growth has been strong for the past year, with the economy expanding at a 5.3% annual rate in the first quarter and the unemployment rate falling in May to a five-year low of 4.6%. But high gasoline prices have squeezed workers. High energy costs also fueled inflation pressure, which may lead the Federal Reserve to continue raising interest rates, a key factor in the stock-market drop of recent weeks.

Moreover, there are signs growth already is cooling in response to earlier interest-rate increases and energy costs. Some economists expect it to fall below 3% in the current quarter.

Nevertheless, the respite from the second term's bad news has lifted spirits among Republicans. "He's showing dynamic leadership now," said Sen. Trent Lott (R., Miss.), who has clashed with Mr. Bush in the past.

Sara Taylor, the White House political director, said positive developments in different areas are combining to give Mr. Bush a bounce. "I think there's a cumulative effect, with the president showing leadership in Iraq, on immigration and other issues," she said.

Perhaps in a sign of renewed confidence, Mr. Rove said in a speech Monday night in New Hampshire that Republicans "have no excuses to make" for the Iraq war, and should use the issue as a weapon against Democrats who want to withdraw. "They are profoundly wrong," he said.

Spate Of Good News Gives White House A Chance To Regroup (WP)

By Peter Baker

The Washington Post, June 14, 2006

In a White House that had virtually forgotten what good news looks like, the past few weeks have been refreshing. A Republican won a much-watched special congressional election. President Bush recruited a Wall Street heavy hitter as Treasury secretary. U.S. forces killed the leader of al-Qaeda in Iraq. And now the architect of the Bush presidency has avoided criminal charges.

The question is whether this latest updraft in Bush's fortunes will last much longer than the president's surprise trip yesterday to Iraq. Bush took full command of the political stage with his five-hour appearance in Baghdad, just days after the death of Abu Musab al-Zarqawi, and used it to showcase a new Iraqi government he hopes to turn the war over to eventually. Yet in the end, some analysts noted, it will matter only if this new government can heal societal schisms and stand up effective security forces.

For Bush, any progress at the moment is critical. Iraq has been at the heart of his political troubles, alienating voters weary of the war, unsettling congressional allies facing reelection this fall, and souring the public mood toward other initiatives by the administration. Even Deputy Chief of Staff Karl Rove's legal problems stemmed from Iraq and the initial White House effort to justify the decision to invade.

With Zarqawi dead, a new Baghdad government in place and Rove freed from prosecutor's cross hairs, the White House hopes it can pivot to a new stage in which it is no longer on the defensive. In recent weeks, under new Chief of Staff Joshua B. Bolten, the White House has tried to do more to set an agenda, moving aggressively into the immigration debate and agreeing to join direct talks with Iran over its nuclear program under certain conditions.

"There's a sense of motion and energy and progress on different fronts," said Peter H. Wehner, White House director of strategic initiatives. "There's more of a sense that we're shaping events, rather than being controlled by them."

The spate of positive developments may have arrested the president's months-long slide in opinion polls, at least for now. Bush's approval rating has risen from a low of 31 percent in May to 38 percent this week, according to a USA Today-Gallup poll. Zarqawi's death seems to have somewhat shored up confidence in the prospects for victory in Iraq, with 48 percent now believing the United States will win, compared with 39 percent in April. Still, a CBS News weekend poll with a smaller sample showed Bush's approval rating slipping in the past month from 35 percent to 33 percent.

"When you get into these ruts, you're always looking for anything to bounce you out and get you back on track," said Joel P. Johnson, a White House adviser to President Bill Clinton during difficult times. "They've been in a rut for so long that anything that serves to pull them back onto the road has got to feel pretty good for them. The real question is, does it last a week or is it a real sign of some sort of steadying of the process?"

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The aftermath of the capture of Saddam Hussein demonstrated how transitory a single moment of victory can be. Bush got a four-point bump in Washington Post-ABC News polling after Hussein was found in December 2003, but it lasted about two months. Recognizing that, Bush orchestrated a flurry of activity on Iraq in the past few days -- including his secret trip, a Camp David war cabinet meeting and a briefing blitz on Capitol Hill -- to demonstrate that progress in Iraq means more than Zarqawi's death.

Analysts agree that after two weak Iraqi prime ministers, Bush finally has a potentially strong partner in the newly installed Nouri al-Maliki, whom he met for the first time yesterday. But the list of challenges still confronting them is daunting: sectarian strife, inadequate electricity, private militias, slow police training and so on.

"Is the insurgency defeated? No. Has it had a great reversal? Yes," said Anthony Cordesman, who studies Iraq at the Center for Strategic and International Studies. "When you talk to people in Iraq on a background basis, U.S. or Iraqi, they always tell you this is going to take at least two more years to play out. That doesn't mean there isn't progress, but progress is relative."

Bush has been careful to highlight publicly the hurdles ahead and to warn that the war is nowhere near over. But for the first time this year, aides sound more upbeat about their chances of reassuring the public about the future and reversing the trajectory of the problem-plagued White House. The sight of Bush in Baghdad twinned with the news that Rove had been cleared shot a jolt of relief and optimism through the building.

"This is not a crowd that rides the highs and lows. This is a team that has been through extraordinary moments of history," said White House communications director Nicolle Wallace. "Having said that, it certainly creates momentum and enhances the confidence of the team when you can point to" examples of progress.

Rove's legal jeopardy had hung over the White House for many months as his colleagues contemplated life in the West Wing without him. Some Republican advisers outside the White House had long worried that Rove's problems were distracting him and had led to setbacks that might have been avoided if he were more fully engaged, such as the failed Supreme Court nomination of Harriet Miers or the battle over the Dubai port deal.

As part of Bolten's White House shakeup, Rove was relieved of day-to-day policy management duties to enable him to focus more on broader strategy and the midterm congressional elections.

Fellow Bush aides vigorously denied for months that Rove was distracted or was in any way responsible for the president's rocky road. But yesterday, they said he will clearly be more valuable now that the legal cloud has lifted.

"The other team thought they'd sacked the quarterback, and even if he came back he'd limp anyway," said Grover Norquist, president of Americans for Tax Reform and a Rove confidant, who had lunch with him yesterday. "Now he's back -- no limp." Switching metaphors, Norquist compared Rove to a bull that has been poked but not killed. "Not only is he in fine fettle, not only is he not wounded, he's pricked enough to be angry."

Rove tried to play down his own development. Having flown back to Washington on Monday night from a New Hampshire speech accusing Democrats of wanting to cut and run in Iraq, he showed up at the White House in time to run yesterday's 7:30 a.m. senior staff meeting, since Bolten was in Iraq with Bush.

As he went around the table soliciting updates on various issues, he made no mention of his legal case, nor did anyone else, according to several people in the room. Norquist said it did not come up during their lunch in the West Wing mess, either, as they discussed property rights. But Norquist said he did notice aides offering congratulations to Rove as they walked through the halls of the building.

Whether or not he had been distracted before, Rove can focus his attention entirely on the fall midterm elections, which are critical to the remainder of Bush's presidency. Norquist said he believes that after beating his legal woes, Rove will want to demonstrate that he is still "the toughest guy on the block."

If Republicans hold onto both houses, then Bush aides figure they have another chance to advance key priorities and shape his legacy. If Democrats win the House, then the final two years of Bush's administration could be spent fighting rear-guard actions.

The White House took heart from the narrow victory of Brian Bilbray in a California special election to fill the House seat of fellow Republican Randy "Duke" Cunningham, who resigned after pleading guilty to taking $2.4 million in bribes. But it required enormous resources in a traditionally GOP-friendly district, and Republicans presumably need Bush to be performing better with the public to avoid significant losses. Even with his latest bounce, a standard-bearer in the high thirties is not much of an asset.

So the White House is taking a long view, both at home and in Iraq, betting that improvement will continue and trying not to get lost in the news of the moment, good or bad.

A Lift In Iraq And A Bump Back Home (CSM)

By Linda Feldmann

DOJ_NMG_0033670

The Christian Science Monitor, June 14, 2006

WASHINGTON

The pictures out of Baghdad Tuesday morning spoke volumes. George W. Bush is beaming, the new Iraqi leader at his side, after pulling off a secret flight to the country that is the make-or-break project of his presidency. On his five-hour visit, President Bush met with Prime Minister Nouri al-Maliki, other top Iraqis, and US troops, in a show of resolve aimed at war-weary audiences in Iraq, America, and the rest of the world.

But Mr. Bush has more to smile about than recent successes in Iraq, foremost the completion of the new government and elimination of terrorist Abu Musab al-Zarqawi. Bush's top political adviser, Karl Rove, has learned he won't be indicted in the CIA leak case. And the latest Gallup poll shows Bush at his highest job approval - 38 percent of the public - since February.

Not only has Bush been edging steadily upward in overall job performance, after hitting bottom in early May at 31 percent, by Gallup's measure, his approval ratings on individual issues - from Iraq and energy to the economy and immigration - have bumped up as well.

"In general, we're seeing a rising tide lifting all boats," says Frank Newport, editor in chief of the Gallup Poll.

Mr. Newport cautions that it's impossible to know for sure why poll numbers go up or down, and notes that Bush's job approval number went up only two points after Zarqawi's death compared with the poll taken the week before. And, he adds, Bush was already on an upward trajectory before last week.

Still, for a president who seemed for months unable to catch a break, the new sense of momentum could have a spillover effect in his dealing with Congress, where he has struggled to demonstrate much political capital.

Bush still faces a steep climb on Capitol Hill in his effort to pass comprehensive immigration reform - enhanced border security plus a guest-worker program that critics call "amnesty" - but at least he is making headway in public opinion: Gallup shows public approval of his handling of immigration at 38 percent, up from 26 percent in late April. When Gallup polls directly on Bush's plan, a majority of the public is supportive.

Some of Bush's good news comes under the column labeled "Bullets Dodged." Last week, in a special congressional election to fill out the term of imprisoned former Rep. Randy Cunningham (R) of California, the Republican candidate eked out a narrow victory. If the Democrat had won - in a solidly GOP district - the Republican Party would have had cause for panic heading into a hard-fought race this fall to keep control of Congress. But that didn't happen.

The second dodged bullet - the announcement Monday night that Special Counsel Patrick Fitzgerald does not intend to indict Mr. Rove - means the GOP's political mastermind is free to focus on the midterm elections.

In addition, the Democrats have lost the hoped-for image of a Rove perp walk in their argument that the Bush White House, and Republican Party, is consumed by a "culture of corruption."

On Monday night, as prosecutors were informing Rove's lawyer that there would be no indictment, Rove was in New Hampshire attacking Democrats before a Republican audience. He accused the Democrats of wanting to "cut and run" from Iraq, according to wire reports.

The White House, of course, is not out of the woods legally. Former top aide Lewis "Scooter" Libby remains under indictment on charges of perjury and obstruction of justice related to the case of the blown identity of CIA agent Valerie Plame. His case goes to trial in January, and Vice President Cheney may be called to testify.

The news on Rove, revealed Tuesday morning, was immediately overtaken by Bush's sudden appearance in Baghdad's Green Zone, on a day when he was scheduled to remain at Camp David with his war cabinet and meet with the new Iraqi government by videoconference. The last time Bush visited Baghdad, also unannounced in advance for security reasons, was on Thanksgiving Day 2003, eight months after the US-led invasion of Iraq. The primary image was of him serving turkey dinner to US troops.

This time, Bush kept his plan for a videoconference, but appeared on the Baghdad screen rather than the Camp David one. Bush spoke first: "I've come to not only look you in the eye; I've also come to tell you that when America gives its word, it will keep its word - that it's in our interest that Iraq succeed," he said.

According to a White House press corps pool report, Prime Minister Maliki expressed his country's appreciation for US efforts in Iraq. Then he closed by conveying the hope that US troops could soon withdraw from Iraq, but offered no detail on when that could begin.

"Maliki has emerged as a serious potential leader with a serious cabinet," wrote Anthony Cordesman, an expert at the Center for Strategic and International Studies, after news broke of Bush's trip to Baghdad.

Bush Is On A Bit Of A Roll After Months Of Unrelenting Bad News (KRT)

By Ron Hutcheson And William Douglas

DOJ_NMG_0033671

Knight Ridder, June 13, 2006

WASHINGTON - Tuesday's news that presidential adviser Karl Rove won't face prosecution lifted a cloud over the White House and gave President Bush another reason to hope that his worst days are behind him.

As Bush basked in cheers from U.S. troops during a secret visit to Baghdad, his closest adviser was back at work in the White House free from worry about a possible indictment in the CIA leak case. All in all, it was another good day for the president, who finally has a few reasons to celebrate after a long string of setbacks that battered his popularity.

The developments added to the optimism that swept through the White House after last week's slaying of terrorist chief Abu Musab al Zarqawi in Iraq and the completion of a new Iraqi government.

In addition, a Republican won the June 6 special election to fill the San Diego congressional seat left vacant by former Rep. Randy "Duke" Cunningham's bribery conviction, reviving hope among Republicans that congressional elections in November may not doom them. Bush's recent appointments of Josh Bolten as White House chief of staff and Henry Paulson as treasury secretary also won widespread praise.

"All of a sudden the clouds broke and the sun started to shine," said Ed Gillespie, a former Republican Party chairman. "After six months of thunderstorms and rain it feels pretty good."

How long the good days will last for the president is another question.

"He's had a spate of good news," said Paul Light, a public policy professor at New York University. "But there has to be the recognition that time is running out. That's the nature of the political clock."

Democrats scoffed at suggestions that Bush was rebounding.

"These few developments - and for instance, the Zarqawi one is one I welcome - don't remove the cloud of incompetence that is over the administration's head," said Sen. Charles Schumer, D-N.Y., the head of the Democratic Senatorial Campaign Committee. "I don't think the administration can really recover until they change their entire way of operating, bring in people who are not ideologues or cronies but rather care about competently running the government; begin to reach out in a bipartisan way."

The resolution of Rove's legal troubles means that the president's top political operative is now free to focus on retaining Republican control of Congress in November's elections. Rove, the architect of Bush's rise from baseball executive to governor of Texas to president, has broad influence over the Republican Party and serves as its chief strategist.

Rumors of his possible indictment swirled for months after he testified five times before a federal grand jury that's investigating the leak of a CIA officer's name to the news media. On Tuesday, Rove's attorney, Robert Luskin, said special counsel Patrick Fitzgerald had "formally advised" him that the prosecutor "does not anticipate seeking charges" against the White House aide.

Friends and associates said the announcement removed a personal burden that Rove had done a good job of concealing. "You know what you did or didn't do, but until the prosecutor agrees, it's on your mind," former White House spokesman Trent Duffy said. "You'd be crazy if you didn't think about it."

Republicans said Fitzgerald's decision showed the viciousness of Democrats' attacks on Rove. Democrats questioned the prosecutor's decision to forgo prosecution.

Yet Rove's clearance deprived Democrats of a chance to use him as the poster boy for their efforts to convince voters that Republicans have fostered a "culture of corruption" in Washington, although some Democrats seemed reluctant to accept the loss.

"If the president valued America more than he valued his connection with Karl Rove, Karl Rove would have been fired a long time ago," Democratic Party Chairman Howard Dean said.

Duffy, who recently left the White House, said the recent developments had given Republicans "a much-needed morale boost at precisely the right time." Still, he conceded that Bush has a long way to go to restore his standing with voters.

A new Gallup poll, conducted last weekend, offered encouraging news for Bush but also highlighted the hurdles he faces in trying to ease doubts about his leadership. Although his approval rating climbed to its highest level since February, it was still only 38 percent.

And while 53 percent of Americans hailed al-Zarqawi's death as a major achievement, only 20 percent thought it would mean fewer insurgent attacks. Most Americans - 51 percent in the poll - remain convinced that the Iraq invasion was a mistake.

The poll was taken June 9-11 of 1,002 people and had an error margin of plus or minus 3 percentage points.

Gillespie, who has close ties to Rove and the White House, said Bush couldn't expect to regain his popularity overnight.

"These things turn slowly," he said, "but it does seem to a lot of us that the aircraft carrier is slowly turning."

Bush In Iraq Fans An Uptick In Polls (CHIT)

By Mark Silva

DOJ_NMG_0033672

Chicago Tribune, June 14, 2006

WASHINGTON -- Carried out with all the stealth and swagger of a military mission, a surprise visit to Baghdad by President Bush on Tuesday was intended to catch two waves of success: formation of a tough new government in Iraq and the killing of a reviled insurgent leader.

For the moment, at least, Bush appeared to be riding those waves with a gradual improvement in the public's opinion of the president's performance in the past month and an additional slight uptick since last week's killing of insurgent leader Abu Musab al-Zarqawi in Iraq.

After unremitting bad news from Iraq that dragged Bush's approval ratings to an all-time low this spring, the president has caught a few breaks that could offer his administration hope.

The convergence of positive signs Tuesday included word that his chief political adviser, Karl Rove, would not be indicted in an investigation of who leaked the identity of a CIA agent.

Bush's appearance in Baghdad's fortified Green Zone on Tuesday—which came as a surprise even to Iraqi Prime Minister Nouri al-Maliki—marked the first grand statement the president has attempted to make about the prospects for success in Iraq since he spent Thanksgiving with American troops in Baghdad in 2003.

"My message to the Iraqi people is this: Seize the moment," Bush told U.S. troops assembled for a brief but spirited address by the commander in chief on his way out of Baghdad. "I also have a message to the Iraqi people that when America gives a commitment, America will keep its commitment."

That steadfastness in Iraq has injured Bush politically as public support for the war has fallen dramatically since the U.S.-led invasion in March 2003. Even now, with public support for the president's performance showing signs of rebounding somewhat in recent weeks, opposition to the war remains entrenched.

Bush's numbers rising

Public approval of Bush's performance climbed to 38 percent in a new Gallup Poll taken June 9-11, after the U.S. raid that killed al-Zarqawi, the most wanted man in Iraq. That is only a marginal gain from the 36 percent approval recorded before the raid but a notable boost from 31 percent in early May, the low point in Gallup's polling of Bush's presidency.

Nevertheless, because of lingering public opposition to a costly war in its fourth year, analysts suggest that the president and his party could be riding only a passing wave of success. The same Gallup survey shows Americans more likely to support Democrats than Republicans in November's midterm elections.

The president's appearance in Baghdad, unannounced to the Iraqi prime minister until just minutes before Bush's arrival out of concern for the president's security, risked undermining the Iraqi leader's stature as head of a sovereign nation, analysts said. It made "kind of a sad statement" about the U.S.-Iraqi relationship, according to Peter Singer, a senior fellow in foreign policy at The Brookings Institution.

"As for the Iraqi public, they couldn't care less" about the Bush appearance with al-Maliki, said Singer, director of Brookings' Project on U.S. Relations with the Islamic World. "They are more concerned about what life is like from day to day for them. … They are worried about the massive crime wave and whether their children are safe on the streets, not whether Bush showed up or not."

Any political benefits of the Baghdad visit for Bush back home also could be undone if the war continues to go badly.

"Theater sometimes works politically," said John Mueller, a professor of political science at Ohio State University who has tracked declining public support for wars as casualties increase. "If it has a positive impact for him, it will be extremely temporary. The reality is that the war is a mess, the killings continue and the insurgency continues."

On the way home from Baghdad, Bush made an unusual appearance with reporters aboard Air Force One. He dismissed the impact of the war on election-year politics in the U.S.

The president said success is what voters care about. "They don't really care about politics," Bush said. "What they care about is success, succeeding in Iraq."

And he insisted that any decisions about American troop levels are in the hands of U.S. military commanders.

If Bush's journey to Baghdad was theater, the president clearly was relishing his role.

Wearing a navy blue baseball cap as he boarded Air Force One at Andrews Air Force Base on Monday night, Bush yelled to reporters, "The POTUS is on board." POTUS is an acronym for President of the United States.

The small number of "pool" reporters who accompanied Bush to Baghdad were summoned in secrecy. They assembled at a Washington-area hotel and were forced to surrender cell phones as Bush secretly slipped away from a Camp David retreat, where he was meeting with advisers about Iraq.

Monday, the first day of the Camp David session, came off as advertised. On Tuesday, Bush and several senior Cabinet members were supposed to consult via videoconference with the Iraqi prime minister and his new Cabinet in Baghdad.

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Few knew

Instead, Bush showed up at al-Maliki's conference table in person. Only a few of Bush's closest aides and First Lady Laura Bush knew of Bush's true plans in advance of the visit.

The Bush administration has voiced great confidence in al-Maliki and his new government, with one senior aide calling this juncture a window of opportunity that must succeed.

And Bush, as he often does with world leaders, is seeking to personalize that relationship.

"I've come not just to look you in the eye but to tell you that when America gives its word, it keeps its word," Bush told al-Maliki during a segment of their meeting that was made public.

"These are historic times," Bush said in Baghdad. "This government is just getting started. … There are going to be tough days ahead, and more sacrifice for Americans as well as Iraqis."

In Iraq Visit, Bush Seizes On A Step Forward (NYT)

By Sheryl Gay Stolberg

The New York Times, June 14, 2006

WASHINGTON, June 13 — In visiting Baghdad on Tuesday, President Bush was trying to deliver a carefully calibrated message to Americans: that Iraq and the administration's strategy there appear to be turning a corner, but troops will not be withdrawn anytime soon.

Mr. Bush could have spoken with Prime Minister Nuri Kamal al-Maliki by secure videoconference from Camp David. Instead, he embraced Mr. Maliki both figuratively and literally — at the same time embracing the political reality that Iraq is so central to his presidency that he cannot escape developments there, and must try instead to make the most of any good news.

"I'm impressed by the strength of your character and your desire to succeed," the president told the new prime minister, as the officials he left behind — Vice President Dick Cheney, Defense Secretary Donald H. Rumsfeld and Secretary of State Condoleezza Rice — watched via remote video link. "And I'm impressed by your strategy."

It was powerful political theater, choreographed by an experienced team that played up the drama and secrecy of the moment, and were rewarded with a day of relatively unfiltered cable news coverage. The trip, including a stealthy nighttime helicopter departure from Camp David, unfolded with the precision of a campaign event, complete with the image of the commander in chief addressing cheering American troops.

But it was also a gamble. For Mr. Bush, the new Iraqi government is a life preserver, evidence of progress toward the goal of establishing democracy in a hostile environment.

Since the killing last week of the jihadist leader Abu Musab al-Zarqawi, polls have shown some tentative signs of a reversal in the slide in public support for the war. Some foreign policy analysts, even those critical of Mr. Bush, see glimmers of hope."It's been a steady drumbeat of disastrous tactical news, so this is a very significant event," said one of those critics, Gen. Barry R. McCaffrey, a retired Army commander, referring to the formation of the new government. "This is the decisive turning point, not whacking Zarqawi."

Yet experience suggests that steps forward with Iraq are often followed by more violence, which in turn erodes any surge in public support for the war.

And the fledgling Baghdad government is both fragile and untested. So the administration is putting all of its diplomatic and bureaucratic muscle behind Mr. Maliki, with the goals of turning things around in Iraq, putting a floor under the president's plummeting job approval ratings and keeping the war from leading to a Republican defeat in Congressional elections in November.

For the White House, Tuesday's visit could not have come at a more opportune time. Mr. Bush's chief political adviser, Karl Rove, learned Monday that he would not be indicted in the C.I.A. leak investigation — news that freed Mr. Rove to go on the offensive against the Democrats, as he did Monday night during a speech in New Hampshire when he derided them for what he called "that party's old pattern of cutting and running."

As Mr. Bush pledged to Iraqis in Baghdad that he would stick by them, Democrats in Washington were debating whether the United States should set a deadline for withdrawing troops, creating precisely the contrast the White House sought to establish.

"There is no stronger statement about American engagement than the president landing on Iraqi soil not only to talk with Iraqi leaders but also to spend time with U.S. troops," said Dan Senor, a former adviser to the American-led coalition in Iraq who is now a crisis management consultant in New York.

Mr. Senor, a supporter of the White House, said no other issue is as critical to the future of Mr. Bush's presidency.

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"Working on an immigration reform compromise is important, but at the end of the day, if Iraq is a failure nothing else in the Bush presidency will matter," he said. "The president isn't going to get any credit by having success on other issues, particularly on the domestic front, if in January 2009 he hands a mess to the next president of the United States on Iraq."

In a sense, Mr. Bush went to Iraq with few options. There is little evidence that security is improving, and the president has long said American soldiers will not leave until the Iraqis assume that responsibility. So instead, the White House is turning to a strategy that proved successful in the elections of 2004, insisting Mr. Bush will stay the course while at the same time making Iraq a proxy for the broader national security debate.

"I fully recognize there's people who are concerned about the really short-term history," Mr. Bush told reporters traveling with him on Air Force One. "I'm concerned about the long-term history of what we're doing. I believe what we're doing is necessary and right."

Although three recent national opinion polls suggested that Americans may be more hopeful about the long-term prospect for stability in Iraq since the death of Mr. Zarqawi, Bill McInturff, a Republican pollster, said the reversal in attitudes has been modest and the president has yet to benefit personally.

Kenneth M. Duberstein, a former chief of staff to President Ronald Reagan, said the Baghdad trip proved that the president can "dominate the agenda whenever he wants to" and that Mr. Bush is aware that "Iraq is central, not only to his presidency, but his legacy." He said it was possible for the White House, slowly but steadily, to turn public opinion around, drawing a football analogy to describe how the president might reach that goal.

He cited the strategy of the legendary football coach Woody Hayes, which was not to rely on dramatic Hail Mary passes, but to focus on winning a game bit by bit with what was known as "three yards and cloud of dust."

Mr. Duberstein went on, "What Bush is doing is not Hail Marys, but three yards and a cloud of dust. And he has to earn it every day."

Bush Tells Iraq: Your Future "is In Your Hands" (USAT)

By César G. Soriano And Bill Nichols

USA Today, June 14, 2006

BAGHDAD — President Bush, on a surprise visit to Iraq, told Iraqis Tuesday that the United States stands with them but their nation's future "is in your hands."

Bush's trip, kept secret from all but his closest aides until he was safely on the ground in Iraq, came as his administration tries to build support for Iraq's new government in the wake of the death of terrorist leader Abu Musab al-Zarqawi last week.

"I've come to not only look you in the eye," Bush told Iraqi Prime Minister Nouri al-Maliki. "I've also come to tell you that when America gives its word, it keeps its word."

Bush made clear that there are no immediate plans to dramatically reduce the 132,000 U.S. troops in Iraq. "There's a worry, almost to a person, that we will leave before they are capable of defending themselves," Bush said on the way back to Washington. "And I assured them they didn't need to worry. I also made it clear that we want to work with their government on a way forward on all fronts."

He met with about 300 cheering U.S. troops, who gave him repeated ovations. "Thought I'd stop by to say hello," Bush said to laughter. "I bring greetings from a grateful nation. And I thank you for your sacrifice."

Bush said, "My message to the Iraqi people is this: Seize the moment, seize this opportunity to develop a government of and by and for the people."

"God willing, all the suffering will be over," al-Maliki said. "And all the soldiers will return to their country with our gratitude."

Bush said he was briefed by al-Maliki and some of his key Cabinet members, as members of Bush's Cabinet watched at Camp David via videoconference.

"I came away with the feeling that they're plenty capable people … from different backgrounds dedicated to the success of their country," Bush said.

A USA TODAY/Gallup Poll released Monday showed a rise in American confidence that the Iraq war is winnable. Political analysts said Bush's trip could capitalize on a rare moment of good news.

"He's trying to build on the two recent successes — the death of Zarqawi and the completion of the new Iraqi government,' said Merle Black, a political scientist at Emory University in Atlanta. "He's barely had a chance to call attention to anything successful for a long time."

Critics of Bush were not persuaded. House Minority Leader Nancy Pelosi, D-Calif., said, "I don't know what the purpose of the president's trip is, but then again, I don't know what the purpose of the war is."

Bush was in Iraq for about five hours, marking his first visit since Thanksgiving 2003.

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Al-Maliki was told about the trip five minutes before meeting Bush. “Good to see you,” he told the president. “Thanks for having me,” Bush replied.

Bush told reporters on Air Force One that top U.S. military and policy officials would sit down with Iraqi officials in the days ahead “and devise a way forward.” The president also said he would step up pressure on other world leaders to do more to help Iraq.

“I am going to call these leaders again and remind them that a stable and secure Iraq is part of a stable and secure Middle East,” he said.

Bush Drops By Baghdad (WT)

By Joseph Curl

The Washington Times, June 14, 2006

President Bush yesterday made a surprise visit to Baghdad to tell new Iraqi Prime Minister Nouri al-Maliki face to face that "the future of this country is in your hands."

"When Iraq succeeds in having a government of and by and for the people of Iraq, you will have dealt a serious blow to those who have a vision of darkness, who don't believe in liberty, who are willing to kill the innocent in order to achieve a political objective," said the president, traveling to Iraq less than a week after the U.S. military killed al Qaeda in Iraq leader Abu Musab Zarqawi.

"I have come today to personally show our nation's commitment to a free Iraq. My message to the Iraqi people is this: Seize the moment; seize this opportunity," he said later in the day to U.S. troops in Baghdad's heavily fortified Green Zone.

Sneaking out of the Maryland mountain retreat of Camp David after telling his senior staff Monday night that he was tired and heading to bed, the president and a handful of top aides flew overnight and, unlike his last secret visit to Iraq's capital on Thanksgiving 2003, landed in broad daylight at just after 4 p.m. Baghdad time.

Seated next to Mr. al-Maliki in the U.S. Embassy compound for a videoconference with U.S. military and administration officials gathered at Camp David, Mr. Bush said, "The decisions you and your Cabinet make will be determinate as to whether or not a country succeeds that can govern itself, sustain itself and defend itself."

Mr. Bush told the Iraqi leader, who on Thursday completed appointments to his new government, that he had come "not only to look you in the eye, I've also come to tell you that when America gives its word, it keeps its word."

Mr. al-Maliki, who didn't know that Mr. Bush was coming until five minutes before they met, told Mr. Bush that the Iraqi Cabinet is determined to defeat the insurgents so U.S. and other forces can withdraw from Iraq.

"We are determined to succeed, and we have to defeat terrorists and defeat all the hardships," he said through a translator. "God willing, all the suffering will be over. And all the soldiers will return to their country with our gratitude for what they have offered, the sacrifice. We are determined to succeed, and we have to defeat terrorism. Our country will stay united; it will stay strong."

Mr. al-Maliki also expressed his country's appreciation for U.S. efforts in Iraq, where about 2,500 troops have died in the war.

"I present our gratitude for those that have sacrificed themselves for the Iraqi people," he said.

Despite the killing of Zarqawi, al Qaeda in Iraq this week announced a new leader and a wave of bombings hit the oil city of Kirkuk yesterday, killing 14 persons, as the terror group sought to prove the death of its leader will not stop its campaign of violence.

The president also told Mr. al-Maliki that he had heard reports that Iran was "interfering" in Iraq and said that had to stop, said Iraqi government sources who attended the talks.

Mr. Bush spent about five hours in Baghdad, and also met with Iraqi President Jalal Talabani, Parliament Speaker Mahmoud al-Mashhadani, other national political leaders and U.S. troops.

Mr. Bush was to have been in Camp David for the videoconference with Mr. al-Maliki, but wanted to go to Iraq as soon as the final positions in Mr. al-Maliki's government -- the ministers of defense and interior -- were chosen, said White House communications director Dan Bartlett. But the two-day meeting at Camp David was part of an elaborate ruse to conceal Mr. Bush's Baghdad trip and a trick to bring Mr. al-Maliki and his Cabinet to the Green Zone.

On Capitol Hill yesterday, Secretary of State Condoleezza Rice, Defense Secretary Donald H. Rumsfeld and top generals yesterday briefed about 60 senators on the progress being made in Iraq and the president's surprise visit. They also held a separate House briefing.

After the briefing, Mr. Rumsfeld said the senators did not discuss moving troops out of Iraq and repeated claims by Mr. Bush and Mr. al-Maliki that the United States is "there to complete the mission."

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"The Iraqi government is improving and strengthening their security forces, and as they do so, we will continue to pass off responsibility to them," Mr. Rumsfeld said, adding that he will meet with generals and Iraqi officials "to discuss at what pace we will be able to draw down our forces, and it will all be done in a very orderly way."

Sen. Carl Levin of Michigan, the ranking Democrat on the Armed Services Committee, said the president's trip "is likely to lead to phased redeployments this year and continuing in the next year."

Democratic senators are working on several proposals to begin withdrawing troops, but senators leaving the Rice-Rumsfeld briefing stopped short of endorsing an amendment by Sen. John Kerry, Massachusetts Democrat, to withdraw troops by the end of this year.

Sen. Joseph R. Biden Jr. of Delaware, the top Democrat on the Foreign Relations Committee, said he hadn't seen the amendment, but wasn't sure it was the right idea.

"Just to make a date without it being attached to what our plan is as to how you would succeed in leaving something better would not be the most appropriate way to go," he said after leaving the briefing.

Sen. Jeff Sessions, Alabama Republican, said after the briefing that he would like to see a "sensible" withdrawal of troops, but noted that "it's irresponsible to demand a timetable for drawing down our forces, because it must be based on the reality of what's happening."

Democratic leaders are working with Mr. Kerry to draft another amendment that calls for the "responsible redeployment" of troops starting this year. Sen. Dianne Feinstein of California, one of the Democrats working on the amendment, said she thought "the time has come for the Congress to express its will."

Bush Makes Surprise Visit To Iraq To Press Leadership (NYT)

By John F. Burns And Dexter Filkins

The New York Times, June 14, 2006

BAGHDAD, Iraq, June 13 — President Bush used a surprise visit to Baghdad on Tuesday to tell the country's new leaders that "the fate and future of Iraq is in your hands" and that the time had come for Iraqis to pull together to save the faltering American-sponsored democracy here.

"My message to the Iraqi people is this: seize the moment," Mr. Bush said in a speech to American troops and embassy employees who gave him a rapturous reception in one of the marbled halls of Saddam Hussein's old Republican Palace, now the main American command center in the Green Zone. "Seize the opportunity to develop a government of, by and for the people."

On a six-hour visit that only a handful of Mr. Bush's closest aides knew about before he departed from Washington on Monday night, Mr. Bush seemed intent on pressing home a message that American military commanders and embassy officials have been urging on the new government since it took office three weeks ago: time for Iraq's politicians to develop an effective government, and a common front against the insurgents, is running out.

Seated beside Prime Minister Nuri Kamal al-Maliki, in a meeting that included American officials and 17 members of the Iraq cabinet, Mr. Bush told the prime minister that he had come "to look you in the eye." He repeated the phrase later at the palace, when he told troops and other Americans he had come "to look at Prime Minister Maliki in the eyes and determine whether or not he is as dedicated to a free Iraq as you are."

Mr. Bush added, "And I believe he is."

Mr. Bush also gave Mr. Maliki a renewed assurance that the United States would not abandon the new government as it struggles to curb the spiraling violence, rebuild the country's shattered infrastructure and put Iraqis back to work in a reviving economy.

"I also have a message to the Iraqi people: that when America gives a commitment, America will keep its commitment," he said, to wild cheers from the 300 American soldiers and civilians gathered in the palace hall.

The trip was Mr. Bush's second to Iraq following his trip here at Thanksgiving in 2003, when he remained at an American military base at the Baghdad airport, and arrived and departed under cover of darkness. This time, he landed in midafternoon and left the safety of the airport for the 10-mile journey by helicopter over some of the most dangerous neighborhoods in Baghdad, including predominantly Sunni Arab districts on the city's western edge that have been a haven for insurgents.

In 2003, Mr. Bush's visit was kept secret until he left. On Tuesday, Mr. Bush left the palace at 9.20 p.m. and boarded an American military helicopter for Baghdad's international airport and Air Force One, which had carried the president and a small party of White House aides from Washington on Monday night. Aides said the return journey would involve a refueling stop at an American air base in Mildenhall in Britain.

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Security for the visit on Tuesday was extraordinarily tight, exceeding anything previously experienced in a city that has become a byword for suicide bombings, ambushes and kidnappings. The airport was closed for at least an hour before Air Force One spiraled steeply down onto the runway, following procedures aimed at foiling insurgents' missiles.

American officers said Mr. Bush had flown into the city on a heavily armed Nighthawk helicopter, forsaking the distinctive Marine One helicopter that the president traditionally uses in the United States and abroad.

Bridges across the Tigris River in the city's heart were closed, and American attack helicopters circled low over the Green Zone during the visit. Additional Humvees with turret gunners were stationed on approaches to the palace inside the Green Zone, and hundreds of Americans working in the building were told to pack up for the day and leave several hours before Mr. Bush arrived, leaving him to enter a nearly empty building.

American officials said Mr. Maliki was told that Mr. Bush was coming only shortly before the president arrived, after the Iraqi leader joined American officials at the palace in preparation for what had been announced late last week as a video-conference meeting involving Mr. Bush and members of his cabinet at Camp David and the Maliki cabinet in Baghdad.

The president's promise that the United States would stand by its Iraqi allies appeared aimed not only at Mr. Maliki and his cabinet, but also at other critical audiences: Iraqi insurgent groups whose Web sites have noted increasing popular discontent in the United States with the war, and politicians in the United States who see the American effort in Iraq as doomed and favor an early end to the military commitment.

The rebuttal to his critics came as Mr. Bush, meeting with the American soldiers and civilians as he wrapped up his visit, rehearsed the themes that have been hallmarks of his presidency — America's role in widening liberty in the world, and its tradition of steadfastness under challenge.

After a minute's ovation, the audience repeatedly interrupted the president with wild cheering and whoops, and crowded around him for 10 minutes afterward as he strode in among them and chatted about their families and their war experiences.

The cheering was loudest when Mr. Bush, flanked by the two top Americans in Baghdad, Gen. George W. Casey Jr., the overall military commander, and Ambassador Zalmay Khalilzad, spoke of Saddam Hussein as a "selfish, brutal leader" who had humiliated Iraqis and denied them freedom, and when he invoked the bombing strike last week that killed America's most wanted man in Iraq, Abu Musab al-Zarqawi.

"Our military will stay on the offensive," Mr. Bush said. "We will continue to hunt down people like Mr. Zarqawi and bring them to justice."

"You know," he said, "right after September the 11th, I knew that some would forget the dangers we face, some would hope that the world would be what it's not: a peaceful place where people wouldn't want to do harm to those of us who love freedom. I vowed that day, after September the 11th, to do everything I could to protect the American people. And I was able to make that claim because there were people such as yourselves, who are willing to be on the front line in the war on terror."

Mr. Maliki, at 56 a newcomer to government office, appeared uneasy at times during the visit, smiling when he greeted Mr. Bush on his arrival in the palace rotunda, but otherwise looking mostly somber. One Iraqi official said the visit was a double-edged sword for Mr. Maliki — allowing Iraq's 25 million people to see that he enjoyed the personal backing of the American leader, but also inviting criticism from Iraqis who regard most of the politicians who have run for office under the American-sponsored elections as American stooges.

Mr. Maliki's remarks when reporters were ushered into the conference room where he and his cabinet colleagues were meeting with Mr. Bush and other American officials were brief, and seemed aimed at echoing Mr. Bush's themes without adding any of his own.

He thanked Mr. Bush for the American role in overthrowing Mr. Hussein, saying that Iraqis had freedom "for the first time" in their history, and vowed that Iraq would "stay united and strong." He added: "God willing, all the suffering will soon be over and all the coalition soldiers can return to their countries."

American officials in Baghdad, who asked not to be identified because they were not authorized to discuss details of the trip, said advance work for the journey went into high gear last week when Mr. Maliki finally won approval from feuding Sunni and Shiite political groups on nominees to the crucial war-related posts in the cabinet.

A member of the American advance party said the decision to make the journey had been made by the time that Mr. Zarqawi, Al Qaeda's leader in Iraq, was killed by two 500-pound bombs that struck the safe house where he was hiding at Hibhib, 35 miles north of Baghdad, last Wednesday evening.

The strike provided the 135,000 American troops here with their biggest morale boost since the capture of Mr. Hussein in December 2003, and set off a series of raids, mostly around Baghdad, in which the American command has said it killed or captured dozens of other Qaeda-linked terrorists and seized a trove of new intelligence about the Qaeda role in the war.

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Once the decision to make the trip was made, said officials quoted in pool reports filed by reporters traveling on Air Force One, the White House went to extraordinary lengths to keep the trip secret, even by the strict standards usually applied for the president's overseas visits. Only six White House officials knew that Mr. Bush was making the trip, they said.

Trip To Iraq Was Shrouded In Secrecy (WT)

By Joseph Curl

The Washington Times, June 14, 2006

"The POTUS is on board!" yelled a man of nearly 60 wearing a Navy baseball cap, dark pants and no tie, who had just climbed the drop-down backstairs of Air Force One in the dark and slipped into the rearmost cabin, crammed full with reporters and photographers.

It was, in fact, not just the customary announcement made when the president of the United States (POTUS) boards his plane. This was, in fact, the POTUS himself, minutes before Monday night's secret trip to Baghdad, one so elaborately planned that it included the president lying to his closest aides and the White House duping reporters.

At 7:45 p.m. Monday, Mr. Bush, nearing the end of the first of two days of meetings on Iraq at Camp David, sought his leave from his top military and intelligence advisers, including National Intelligence Director John D. Negroponte, CIA Director Air Force Gen. Michael V. Hayden and Marine Corps Gen. Peter Pace, the chairman of the Joint Chiefs of Staff.

"I'm losing altitude -- I'm going to read," Mr. Bush told the group, ostensibly heading to bed. But he did not. Instead, he slipped out of the fortified presidential retreat and into an unmarked helicopter, not his normal Marine One chopper, for a quick ride to Andrews Air Force Base and an 11-hour flight to Baghdad.

Vice President Dick Cheney was about the only one at the nighttime Camp David gathering who knew that the president was headed to Iraq.

"Our Cabinet is not completely aware," senior Bush aide Dan Bartlett later told reporters on Air Force One en route. "They all expected him to show up at breakfast with the ambassador of Iraq."

The president was to host a videoconference yesterday morning with members of his Cabinet and the new leaders of Iraq. Instead, Mr. Bush appeared on the televisions in Camp David from Baghdad, seated next to new Iraqi Prime Minister Nouri al-Maliki. Even Mr. al-Maliki didn't know about the meeting until five minutes before the president arrived; he, too, was tricked, showing up at the U.S. Embassy's quarters expecting merely the announced videoconference.

The trip was the brainchild of the president himself, who told his staff that he wanted to travel to Baghdad as soon as Mr. al-Maliki filled the final positions in his government, which occurred Thursday. The White House set up a strange series of movements for the president: He went to Camp David on Thursday and then returned to the White House on Sunday, only to leave again for his retreat early the next morning. Reporters were lulled.

In addition, just an hour before the president sneaked onto a helicopter at Camp David, the White House e-mailed reporters the next day's schedule for the president, which included a 2:30 p.m. press conference in the Rose Garden. No one suspected that the president would be halfway around the world at that time.

Secrecy was also tight surrounding the gathering of the small pool of reporters and photographers who went on the trip. Some were called to mysterious meetings at restaurants and cafes in Washington in the 24 hours before the trip. One radio reporter discovered his pool assignment with only a couple of hours' notice, but made it just in time.

The reporters were told to keep the plan secret, even from spouses and editors, and had to surrender their cellular phones and BlackBerrys before boarding Air Force One.

Like in a spy movie, the pool gathered outside an Arlington hotel, then drove the back roads of Andrews Air Force Base to the president's plane, which was parked out of sight of the terminal, far from its usual spot near the runway. With reporters on board, Mr. Bush bounded up the small set of backstairs, and the odyssey began.

The ruse -- or at least the president's attire -- was somewhat similar to that of the last time the president sneaked off to Baghdad -- Thanksgiving Day 2003. On that trip, the president, spending the holiday at his Crawford, Texas, ranch, was driven to a Waco airstrip in an unmarked vehicle along with Secretary of State Condoleezza Rice, who was then his national security adviser.

"I slipped on a baseball cap, pulled 'er down -- as did Condi. We looked like a normal couple," Mr. Bush told reporters after he returned from that trip.

Surprise Visit To Baghdad Follows Month Of Planning (USAT)

By David Jackson And Richard Benedetto

USA Today, June 14, 2006

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WASHINGTON — President Bush, known for going to bed early, retired especially early Monday night.

After a long day of Iraq meetings at Camp David, Bush told Cabinet members and other aides around 7:45 p.m. that he was "losing altitude" and headed off for a little reading before bedtime.

Instead, he ducked out of the presidential retreat in the Catoctin Mountains and boarded a helicopter for the roughly 60-mile trip to Andrews Air Force Base in suburban Maryland.

By 9:07 p.m., Bush was aboard Air Force One, and the jet was airborne, bound for Iraq.

Less than a dozen hours later, as cameras whirred and flashed, Bush strolled into an ornate ceremonial room in Baghdad to shake hands with new Iraqi Prime Minister Nouri al-Maliki.

The two leaders met at the seat of the Iraqi government, the domed Republican Presidential Palace, once the main office of Saddam Hussein.

After meeting with al-Maliki, Bush went before a cheering throng of about 300 U.S. troops and embassy workers who jammed the palace's marble-clad, red-carpeted ballroom. He said their work in Iraq would make history in the struggle for freedom.

"I understand long deployments are tough … on you and they're tough on your families," he said. "And so the first thing I want to tell you is the American people are incredibly grateful for what you do, and I bring their greetings and their thanks for the sacrifices you and your family make."

The visit came on what had been scheduled to be the second day of a two-day Iraq summit at Camp David.

Tuesday's agenda called for a meeting with al-Maliki and members of the Iraqi Cabinet — via teleconference.

Instead, Bush flew to Iraq with counselor Dan Bartlett and a select retinue, including national security adviser Stephen Hadley, chief of staff Joshua Bolten, spokesman Tony Snow, several Secret Service agents and a small pool of reporters. Bush was heading back late Tuesday.

The planning took place over the past month. Bush has been wanting to return to Baghdad to visit the new prime minister, Bartlett said. He was waiting for the new government to fill the positions of Defense, Interior and National Security ministers.

That happened last week, about the same time an airstrike killed Abu Musab al-Zarqawi, leader of the terrorist organization al-Qaeda in Iraq.

Bartlett said many of Bush's closest aides did not know about the secret trip.

"Obviously, when you're entering into a situation where the enemy is so active, we have to be extra cautious," he said.

Those in the dark included Attorney General Alberto Gonzales, Energy Secretary Samuel Bodman and Agriculture Secretary Mike Johanns, who were at Camp David and learned about the president's trip Tuesday.

Those in the know included Vice President Cheney, Secretary of State Condoleezza Rice and Defense Secretary Donald Rumsfeld. They stayed behind.

Members of the Iraqi government also didn't know about the Bush visit. They had gathered in Baghdad for the expected videoconference.

This is Bush's second surprise trip to Iraq — the first was a Thanksgiving visit to U.S. troops in 2003.

This second visit follows a recent USA TODAY/Gallup Poll in which slightly more than half of those surveyed said invading Iraq was a mistake.

In the aftermath of Zarqawi's killing and the almost simultaneous completion of a government in Iraq, the White House is trying to make the case to the American people that the war is worth fighting, and to call for support and patience.

"When Iraq succeeds in having a government of and by and for the people of Iraq," Bush told al-Maliki, "you will have dealt a serious blow to those who have a vision of darkness."

In Baghdad, Bush Pledges Support To Iraqi Leader (WP)

By Jonathan Finer And Michael Abramowitz

The Washington Post, June 14, 2006

Visit Aimed at Buttressing Newly Formed Government

BAGHDAD, June 13 -- President Bush told Iraq's prime minister and his cabinet Tuesday that "we'll keep our commitment" not to withdraw troops from the country until the new government is capable of defending itself.

During an unannounced visit to Baghdad aimed at buttressing the newly formed government of Prime Minister Nouri al-Maliki, Bush pledged his support for the country's new leader and declared that "the fate of the Iraqi people is in their hands, and our job is to help them succeed."

Bush, making his first appearance here since serving Thanksgiving turkey to U.S. troops in 2003, greeted Maliki under the cupola of a marble-walled chamber in one of Saddam Hussein's former palaces, now serving as the U.S. Embassy. Afterward,

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the president told reporters that Iraq's leaders were "deeply concerned that the stability provided by the coalition forces will be removed and there'll be a vacuum. And they're concerned about what goes into the vacuum, and I can understand that concern."

"I assured them that we'll keep our commitment," Bush said during his flight home. "I also made it clear to them that in order for us to keep our commitment and be successful, they themselves have to do some hard things. They themselves have to set an agenda. They themselves have to get some things accomplished."

The visit, shrouded in such secrecy that much of Bush's Cabinet and senior White House staff did not know about it, came as there are mounting U.S. and Iraqi military operations aimed at further disrupting Iraq's insurgency, and defiant promises from insurgents of more violence after the killing last week of Abu Musab al-Zarqawi, the leader of the group al-Qaeda in Iraq.

White House counselor Dan Bartlett told reporters on the 11-hour flight to Baghdad from Andrews Air Force Base that Bush had planned the trip for months with a "very, very close circle" of about six White House staff members.

Administration officials went to extraordinary lengths to keep their plans secret, including issuing a false press statement Monday night saying the president would be having a press availability in the Rose Garden on Tuesday. White House communications director Nicolle Wallace said: "Nothing was done with the goal of duping anyone. . . . The purpose of the secrecy was security."

Arriving along with several staff members just after 4 p.m., Bush spent about five hours in Iraq's fortified Green Zone -- the only place he visited besides Baghdad's international airport. Joined by U.S. Ambassador Zalmay Khalilzad and U.S. Army Gen. George W. Casey Jr., he met first with Maliki and his cabinet, which was completed last week after months of wrangling, and later with about 400 American troops and civilian workers in the palace's sprawling cafeteria.

The president wanted to meet face-to-face with Maliki to offer support and get a better sense of his personality and priorities, Bartlett said. Relations between the Iraqi government and U.S. officials in Iraq had been strained in recent weeks by allegations that Marines in the western city of Haditha killed 24 unarmed civilians, after which the Iraqi prime minister called for more clearly defined rules regarding the use of force by foreign troops.

"Good to see you," said Maliki, who had arrived expecting a videoconference with Bush speaking from Camp David and learned the president was in Baghdad only minutes before he entered the room.

"Thank you for having me," Bush replied, as the two men shook hands and beamed for cameras.

"I appreciate that you recognize the fact that the future of your country is in your hands," Bush said during a second photo session with Maliki, a member of a leading Shiite Muslim religious party who worked for months to build a cabinet that represents each of Iraq's main factions.

During brief and somewhat subdued remarks, the prime minister responded: "God willing, all of the suffering will be over, and all of the soldiers will be able to return to their countries with our gratitude for what they have offered."

Bush said later that "I came away with a very positive impression" of Maliki. "He was a serious-minded fellow who recognized that there had to be progress in order for the Iraqi people to believe the unity government will make a difference in their lives."

An adviser to Maliki, Adnan Ali al-Kadhimi, said Bush's visit "showed that after the killing of Zarqawi, the Americans are not just going to rest, and that he is still in touch with Iraq."

But Sahib al-Amery, a political ally of Shiite cleric Moqtada al-Sadr, who issues frequent calls for the United States to withdraw from Iraq, called Bush "an unwelcome guest."

"He is the president of a country which is occupying our country," Amery said in a telephone interview from the southern city of Najaf.

Later, in a more raucous session with U.S. soldiers just before he departed, Bush received long ovations when he referred to two vanquished adversaries in the ongoing conflict: Hussein, the deposed Iraqi president who is standing trial about a mile from where Bush spoke, and Zarqawi, who was killed last Wednesday by two 500-pound bombs dropped by a U.S. warplane.

"Our military will continue to hunt people like Mr. Zarqawi and bring them to justice," he said, as the crowd cheered wildly for 30 seconds or more and waved hats before him. Hussein, he said, was "a selfish, brutal leader."

"Your sacrifice is noble. Your sacrifice is important," he told the soldiers, adding that he was aware of the strain that their service in Iraq placed on families. "I truly believe the work that you are doing is laying the foundations of peace for generations to come."

The Bush trip, the latest element of an unfolding presidential effort to regain the initiative in Iraq, was timed to the completion of Maliki's government but received a boost with the killing of Zarqawi, the most wanted leader of the insurgency.

Bush administration officials said that high-level discussions at Camp David on Monday and Tuesday dealt with potential initiatives to help the Iraqis develop better security for Baghdad, improve electricity service, rebuild the agricultural sector and

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solicit more help from Iraq's neighbors. But other than more technical assistance from U.S. Cabinet agencies, officials said they did not anticipate major departures in policy, new funds for reconstruction or troop reductions.

One general officer briefed on the Camp David sessions said no sign emerged of any shift in basic approach. "There were a lot of things affirmed at the meeting," said the officer, who spoke on condition of anonymity because he was not authorized to talk on the subject. "We did not get the impression coming out of there that there were any dramatic changes."

Energy Secretary Samuel W. Bodman, who attended the meetings at Camp David, said the group had an extensive discussion about oil and electricity problems, key priorities for the Iraqi government. One idea mentioned by Bush was setting up a fund with some of the country's oil revenue that could be shared with the people, perhaps as the state of Alaska does with its oil revenue, Bodman said.

But Bodman stressed: "The plan has to be the Iraqi plan. . . . The Iraqis are going to be making decisions. It is clear to everybody that the assets represented by the oil . . . are the property of the Iraqi people."

Abramowitz reported from Washington. Staff writers Bradley Graham, Ann Scott Tyson and Charles Babington in Washington and special correspondents Saad al-Izzi in Baghdad and Saad Sarhan in Najaf contributed to this report.

A Boost From Mr. Bush (WP)

The Washington Post, June 14, 2006

PRESIDENT BUSH delivered an important demonstration of American support for Iraq's new democratic government in his visit to Baghdad yesterday. Prime Minister Nouri al-Maliki represents the best and maybe last hope that a national government can stem sectarian bloodshed, defeat Islamic terrorist organizations and die-hard defenders of Saddam Hussein, and make economic recovery possible. He has formed a unity cabinet, appointed a well-qualified defense minister and spelled out the right agenda, including an imminent campaign to pacify Baghdad with tens of thousands of Iraq's newly trained troops. But Mr. Maliki desperately needs international help to turn the tide of violence and chaos. Mr. Bush's appearance, and his assurance that America "will keep its word," should reassure Iraqis who have feared that the United States would precipitously withdraw rather than defend the country's first truly democratic government.

U.S. support, of course, cannot be unqualified, and it certainly cannot ensure success: Mr. Bush rightly told Mr. Maliki that "the future of your country is in your hands." The president spoke of the decisions the Iraqi cabinet must make, which include how to neutralize the militias maintained by several of the coalition's parties and whether and how to revise the constitution so as to share oil revenue fairly and prevent Iraq's breakup into sectarian ministates. If those decisions are wrong, or don't get made in the coming months, there will be little the Bush administration can do to rescue the country or the U.S. mission.

But what Mr. Bush can do is give the government some precious time by continuing to provide American troops and aid to a regime that is nowhere near able to defend itself or rebuild the country on its own. In Baghdad yesterday and in an administration conference at Camp David on Monday, the president didn't talk about any drawdown of U.S. troops, despite long-standing Pentagon plans to cut the U.S. force from 130,000 to as few as 100,000 by the end of this year -- and mounting pressure in Congress to go through with the cut regardless of the consequences.

If Democratic leaders such as Sen. John F. Kerry (Mass.) had their way, almost all U.S. troops would be out of Iraq by the end of 2006 -- a blow that Mr. Maliki's government almost certainly could not survive. Mr. Bush's willingness -- at least for now -- to resist such politically expedient demands may not rescue Iraq's fledgling political system; it may be that nothing can at this point. But he is -- correctly and courageously -- using what remains of his personal political capital to give Iraqi democracy a chance.

Too Soon To Cheer In Baghdad (NYT)

The New York Times, June 14, 2006

Three years after declaring from the deck of an aircraft carrier that America had accomplished its mission in Iraq, President Bush flew to Baghdad yesterday to make much of two modest pieces of encouraging news — the belated confirmation of the last three members of the Iraqi cabinet and the death of Iraq's top terrorist, Abu Musab al-Zarqawi.

By now, Americans surely know the difference between a presidential publicity stunt and a true turning point in this ever-lengthening war. If they had any question about which one this was, Karl Rove provided some guidance in New Hampshire, where he delivered the campaign talking points to the Republican faithful: the Democrats could never have summoned the will to kill Mr. Zarqawi. For an administration that is supposed to be rallying a nation at war, it was a revealingly nasty, partisan and divisive moment.

It was good to see Prime Minister Nuri Kamal al-Maliki finally appoint an interior minister, Jawad Kadem al-Bolani. His job is to purge the Iraqi police forces and prison staffs of the Shiite militiamen who have used them as cover for death and torture

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squads. That would do far more to bring stability to Iraq than the killing of Mr. Zarqawi, who has been replaced as leader of a group that was just one element of the Iraqi insurgency.

But Mr. Bolani's appointment left us apprehensive. It turns out that he was chosen in a last-minute deal between Mr. Maliki and the Supreme Council for the Islamic Revolution in Iraq, a Shiite party that just happens to operate one of those militias. Perhaps Mr. Bolani will demonstrate the strength, independence and patriotism to do the job. Perhaps, if he doesn't, Mr. Maliki will replace him with someone who will. Washington is hopeful. But we've seen this scene before, and it has usually ended badly.

To increase the drama of Mr. Bush's visit to Iraq, Mr. Maliki announced a large military and police operation around Baghdad, involving tens of thousands of troops, to secure roads, stage raids, seize weapons and enforce a curfew. That may look good on paper, but so did the "Mission Accomplished" banner. There are already 75,000 American and Iraqi troops deployed around Baghdad, and very few of those Iraqis can actually carry out such a mission reliably and effectively.

Beyond that, we have been repeatedly told that the already overstretched American forces will be pulled back from the cities and maybe from Iraq itself later this year. How are Americans supposed to square Mr. Maliki's grandiose announcement with Mr. Bush's message that the United States is preparing to reduce its military role?

Meanwhile, millions of Iraqis go without electricity at least part of the day, thousands of families have had to flee their homes, and Iraqi women have seen their rights to an independent life and livelihood significantly diminished.

After too many photo-ops aimed at giving Mr. Bush and his fellow Republicans a short-term lift in the domestic opinion polls at election time, Americans hunger more than ever for a realistic game plan for Iraq and some real progress.

Bush's Iraq Drop-in Builds Support, But What's Next? (USAT)

USA Today, June 14, 2006

In the three-year history of the Iraq war, the situation is never as good as it appears in its brightest moments nor as dire as it looks in its bleakest ones.

President Bush's surprise trip to Baghdad on Tuesday was meant to give fresh momentum to the most upbeat story line — one that strings together major positive moments in a march from the end of tyranny to Iraqi democracy: the fall of Baghdad; the capture of Saddam Hussein; Iraqis voting in large numbers to form a national unity government; and, most recently, the demise of terrorist leader Abu Musab al-Zarqawi.

Bush's visit was part of a public relations offensive designed to shore up both the fledgling Iraq government and sagging support at home for the Iraqi mission. Iraq's prime minister, Nouri al-Maliki, used the occasion to announce an offensive of his own: 75,000 Iraqi and U.S. forces will make a new effort to regain security control in Baghdad. And he echoed Bush's mantra that as Iraqi forces stand up, U.S. forces can stand down. "God willing," Maliki said, "all the suffering will be over, and all the soldiers will be able to return to their country with our gratitude."

Yet the circumstances of the trip itself illustrated that reality is not so simple. Amid extraordinary security, Bush dropped in on Maliki like an uninvited dinner guest and didn't even tell most White House aides ahead of time. Security remains so dicey that Bush was in and out of Baghdad in hours. An insurgency and sectarian violence rage. Deadly bombings produce daily tragedies. The government, supposedly one of national unity, is weak.

The intriguing question is what purpose Bush hoped to achieve. The cynical view would be that the trip was a stunt designed to create an illusion of victory as a prelude for troop withdrawals timed to the congressional elections. The president is under pressure from some in his party to do just that, and it would be a pitiful end to a misguided war.

But Bush has showed no sign of caving in to that pressure. While his original vision of victory is not achievable, there remains a chance to mitigate the damage by leaving behind a relatively stable country that isn't a terrorist training ground or launching pad.

As long as there's a reasonable chance of achieving that goal, the troops should stay as long as needed. And as soon as that chance disappears, they should be brought home promptly, not left to die to save face, as happened during the long Vietnam drawdown.

In the meantime, if Bush's trip helps build support for the mission and the Iraqi government, it's time well spent.

Bush In Baghdad (WSJ)

The Wall Street Journal, June 14, 2006

President Bush's surprise trip to Baghdad yesterday was long overdue and, at five hours duration, too short. But it was still a trip worth making, if only to show both Americans and Iraqis that the U.S. remains committed to seeing this war through to victory.

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Iraqis can be forgiven if they had begun to doubt American resolve, amid all of the media devoted to falling U.S. public support for the war and to such come-home-America advocates as Senator John Kerry and Congressman Jack Murtha. "I've come to not only look you in the eye," Mr. Bush told new Prime Minister Nouri al-Maliki, "I've also come to tell you that when America gives its word, it keeps its word."

This message reminds American GIs that they're fighting in a noble cause with support on the home front. It tells the terrorists that they aren't close to the political victory they seek of driving the Coalition out of Iraq. It tells the Iraqi people that they can afford to take a risk and join the police or assist the new government with more confidence that the terrorists won't be able to exact revenge. And it gives the Maliki government more political and military options as it considers how to restore order to Baghdad, among other dangerous places.

No doubt Mr. Bush also had a chance to discuss the security options firsthand with Mr. Maliki, who has been talking up plans to secure Baghdad first. We hope Mr. Bush assured him of whatever U.S. military assets he needs, because this first project of the new government can't afford to fail. The insurgents have been operating dangerously close to the Green Zone, the area in Baghdad in which Americans and most Iraqi government officials live. And the perception of chaos in the capital city has a demoralizing effect on both Iraqis and Americans.

The last week has been the best for Free Iraq in a long time, with the killing of Abu Musab al-Zarqawi, the completion of the new government, and now Mr. Bush's visit. Let's hope the President returns soon, perhaps along with British Prime Minister Tony Blair, and stays even longer the next time.

Crackdown In Baghdad Set To Begin (LAT)

By Louise Roug

The Los Angeles Times, June 14, 2006

Baghdad, Iraq — American and Iraqi troops planned to launch a large-scale security sweep in Baghdad this morning after a surprise 5 1/2-hour visit to the Iraqi capital by President Bush on Tuesday.

According to the plan, which Iraqi officials had hinted at for several weeks, tens of thousands of Iraqi and U.S. troops are to flood Baghdad neighborhoods to install checkpoints and enforce a partial weapons ban, a curfew and other security measures.

Only Iraqi security forces and those with a license will be allowed to carry weapons on the street, although Iraqis will still be allowed to own one automatic weapon for their protection as long as it is kept at home, Maj. Gen. Abed Jassem of Iraq's Defense Ministry said at a news conference Tuesday.

The curfew will run from 8:30 p.m. to 6 a.m. for an indefinite period. A midday vehicle ban will be imposed from 11 a.m. to 3 p.m.

The visit by Bush, who met with Iraqi government leaders and American troops in the tightly secured Green Zone, came at what U.S. and Iraqi officials hope is a crucial time.

In recent days, a new democratically elected government has taken shape, and the U.S. military killed Abu Musab Zarqawi, leader of Al Qaeda in Iraq.

But Baghdad is more violent than at any time since the 2003 U.S.-led invasion that toppled the regime of Saddam Hussein. At least 2,155 people died violently in the capital in May, government documents show. The new security plan is designed to stem the escalating shootings, bombings and kidnappings.

The plan was one of the topics discussed when Bush met with Prime Minister Nouri Maliki and his Cabinet at one of Hussein's ornate former palaces, which now serves as part of the U.S. Embassy.

"I've come not only to look you in the eye," Bush told Maliki, "I've also come to tell you that when America gives its word, it will keep its word. It's in our interest that Iraq succeeds."

"We have to defeat all the terrorists," Maliki said after the meeting. "God willing, all the suffering will be over and all the soldiers will return to their countries."

En route back to the U.S., Bush told reporters aboard Air Force One that Iraqi officials had expressed "concern about our commitment and keeping our troops there."

"There's a worry, almost to a person, that we will leave before they are capable of defending themselves," he said. "I assured them they didn't need to worry. I also made it clear that we want to work with their government on a way forward on all fronts."

On Tuesday afternoon, accompanied by his national security advisor, Stephen Hadley, and Joshua Bolten, his chief of staff, Bush touched down at Baghdad's airport after an 11-hour overnight flight from Andrews Air Force Base outside Washington. He then flew by helicopter to the Green Zone.

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The trip offered Bush an opportunity to turn attention in the United States to events that administration officials hail as signs of progress in Iraq: the first steps of a democratically elected government made up of representatives of the country's three main ethnic and sectarian groups.

He clearly relished the chance to see the new government in person, and his senior aides had for some time been preparing to launch the trip as soon as Maliki completed his Cabinet.

Beyond the political considerations, the visit allowed Bush to take his measure of Maliki in person.

The president has made it clear he prefers to deal directly with other leaders, experiencing the give-and-take of unscripted conversation that he says allows him to get to know people.

The visit, Bush's first to Iraq since Thanksgiving 2003, came as at least 37 people were killed in violence in Baghdad and to the west and north of the capital. Iraqi security forces arrested 56 suspected insurgents and killed five others during a 24-hour period ending Tuesday, the Defense Ministry said.

As Bush's trip unfolded, the ministry's Jassem outlined the security plan for Baghdad and surrounding areas. A plan is also being developed for the neighboring province of Diyala, north of Baghdad, where Zarqawi was found and killed, he said.

Concentrating first on "hot spots," security forces will conduct targeted raids, Jassem said.

"If you roam streets after curfew with weapons in your hands, you will be considered a terrorist by the security forces," he said.

All of Iraq's ministries have been involved in preparing the plan, he said, adding that a key goal is the restoration of confidence in the country's security forces.

Many Iraqis, particularly Sunni Arabs, allege that Shiite militias have infiltrated the security forces and are carrying out torture and extrajudicial killings.

In the last year, the nature of the violence in Baghdad has changed. In previous years, Shiites were the predominant victims of bombings and other attacks. This year, Sunnis have disproportionately been the victims.

Without being specific, Jassem said that "part of the plan is to [absorb] the militias within the security forces."

"The new government is serious about reestablishing the people's trust, not only in the army but also in the Ministry of Interior forces," he said.

Maj. Gen. Jawad Dayni, an Iraqi army commander in western Baghdad, said troops would step up patrols and increase the number of checkpoints. "We will arrest any civilian who carries a weapon," he said, adding that the ban applies to militia members as well as neighborhood watch groups.

In an interview this week, U.S. Army Maj. Gen. William B. Caldwell IV said violence between Sunnis and Shiites had eclipsed the insurgency as the biggest problem in the capital.

"And that's what concerns me," he said, adding that sectarian violence is harder to quell. "If it's an insurgency, you can go after the insurgents."

Elsewhere in Iraq, fighting intensified in and around Ramadi as rebels launched mortar rounds and attacked Iraqi military positions. The U.S. military believes many fighters loyal to Zarqawi's group, Al Qaeda in Iraq, are in the vast desert west of Baghdad.

Four Iraqi solders were killed and three were injured in a lengthy gunfight with 15 insurgents who burned several Iraqi army vehicles before fleeing, authorities said. Residents said streets were deserted as American snipers hid on rooftops throughout the city.

U.S.-led troops raided an elementary school north of Ramadi on Monday. The military said in a statement that rebels were using the classrooms to train suicide bombers and teach bomb-making. Troops killed a suspected insurgent and detained 23 others in the raid.

In the northern city of Kirkuk, 14 people were killed and 42 were injured in what appeared to be a series of coordinated bombings.

A car bomber targeted the convoy of a local police chief, killing one bodyguard and injuring the chief and two others. Another suicide attacker struck a political office in the city, killing two and injuring three.

Three other bombs hit local security forces. Police believe the bombings were carried out by a cell of Al Qaeda in Iraq in response to Zarqawi's slaying last week.

"These explosions are expected all over Iraq," said Brig. Gen. Ayad Mohammed Saleh, an Iraqi army spokesman. Iraqi reinforcements have been sent to the city, he said.

Adnan Abdalla, the driver for the police chief in Kirkuk, said he swerved to avoid the approaching suicide attacker.

"But he kept chasing us and trying to detonate," the driver said. When guards opened fire, the attacker set off his explosives.

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Abbas Qadir said his cousin, a yogurt seller, was killed by one of the blasts.

"Where are the Iraqi officials?" Qadir asked with despair. "They said that they killed Zarqawi, but it seems that there are 100 other Zarqawis in Iraq."

PM Announces Sweeping Security Crackdown In Baghdad (USAT)

By César G. Soriano

USA Today, June 14, 2006

BAGHDAD — The Iraqi government said it will deploy up to 75,000 Iraqi and U.S. troops in Baghdad today as part of an operation to contain growing violence in the nation's capital.

Prime Minister Nouri al-Maliki vowed to show "no mercy" in dealing with insurgents.

The military operation would be the largest in Baghdad since the U.S. government handed over sovereignty to Iraq in June 2004. The government did not say how long the offensive would last.

The plan "will provide security and confront the terrorism and … enable Iraqis to live in peace in Baghdad," al-Maliki said in a statement released before his meeting with President Bush, who made a surprise visit to Baghdad on Tuesday. The security plan calls for:

•Checkpoints at roads into Baghdad.

•A ban on carrying weapons in public.

•A curfew beginning two hours earlier, to go from 9 p.m. to 6 a.m.

•Raids on suspected insurgent hide-outs.

"The raids during this plan will be very tough … because there will be no mercy toward those who show no mercy to our people," al-Maliki said.

Iraqi army and police plan to wear uniforms to distinguish them from insurgents, who have conducted attacks wearing the uniforms of security forces.

"There will be a special uniform with special badges to be put on the vehicles as a sign that it belongs to our forces," said Maj. Gen. Mahdi al-Gharrawi, an Interior Ministry commander.

The prime minister's office said more details of the plan will be announced by Thursday.

Iraq's capital has grown more dangerous in recent months. "Baghdad is the epicenter of attacks, experiencing 32%" of insurgent assaults in Iraq from February through May, according to a Defense Department report to Congress. About 6 million of Iraq's 26 million people live in the capital. The report said Baghdad province averaged about 28 attacks a day during that time period.

In the past, Iraq's government has conducted similar crackdowns. Operation Lightning in May 2005 involved the deployment of more than 40,000 Iraqi police and soldiers, backed by U.S. troops and air support. Violence continued to spike, however, and many Sunnis complained about heavy-handed tactics of security forces concentrating on their neighborhoods.

U.S. and Iraqi forces are battling insurgents for control of the capital, said Ed O'Connell of the RAND Corp., a think tank based in California. "If you clean up Baghdad, that's the end of the war," he said. "Get Baghdad under control and you've cracked this thing wide open."

A Defense Ministry spokesman, Maj. Gen. Abdul-Aziz Mohammed, said all Iraqi ministries will participate in the security crackdown. "We will concentrate on the volatile districts of Baghdad and intensify the patrols, checkpoints and raids," he said.

As early as today, Iraqi and U.S. forces could face a challenge to their ability to assert control. Anti-American Shiite cleric Muqtada al-Sadr was planning a demonstration to protest Bush's visit. "The only one to benefit from this visit is Bush himself and his troops here, not the Iraqi people," said Hassan al-Robaie, a lawmaker loyal to al-Sadr.

Crackdown Announced For Baghdad (WP)

By Joshua Partlow And Hasan Shammari

The Washington Post, June 14, 2006

BAGHDAD, June 13 -- Prime Minister Nouri al-Maliki's month-old government rolled out its first major initiative against violence on Tuesday, announcing tighter crackdowns in the capital city in an attempt to combat killings and kidnappings.

The plan imposes curfews from roughly dusk to dawn each day and prohibits cars from moving on the streets for four hours during midday on Fridays, when many Muslims attend prayers in mosques. Residents will not be allowed to carry guns outside their homes, and more patrols and checkpoints are planned to raise the visibility of the military.

"People are carrying guns in the streets. How do we know if they are terrorists?" Maj. Gen. Abdul Aziz Muhammed-Jassim, operations director of the general command of the Iraqi forces, said at a news conference at the Defense Ministry on Tuesday.

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In the past week in Iraq, 203 civilians have been killed along with 78 insurgents, according to the Defense Ministry. In Baghdad alone, U.S.-led forces have conducted more than 1,100 patrols and set up 1,200 checkpoints to contain the violence.

Police patrols Tuesday found 16 bodies in Baghdad, evidence of the continuing sectarian violence between Shiites and Sunnis that threatens the viability of the new government, according to Col. Saad Abdul Karim of the Interior Ministry operations room. Four of the bodies, found in the eastern Baghdad neighborhood of Baladiyat, were those of men 30 to 40 years old. Some showed marks of torture and bullet holes in their skulls, Karim said. Police found five others -- handcuffed, blindfolded and shot in the head and chest -- near the Baghdad Gate north of the capital.

In the northern city of Kirkuk on Tuesday, a series of suicide car bombings that targeted Iraqi police killed 20 people and wounded dozens more.

The new plan, called "Advancing Forward Together," does not involve an increase in troops in the city, according to Maj. Gen. Mahmoud Wailli of the Interior Ministry. But it is intended to be more comprehensive than previous efforts, with economic incentives such as making gasoline easier to obtain and plans for "beautifying" a city full of buildings blasted by bombs and guns, officials said.

More than 61,000 members of the U.S.-led forces and the Iraqi army and national police are based in Baghdad, said Lt. Col. Jonathan Withington, a U.S. military spokesman. That number does not include local Iraqi police.

Other military officials have said recently that the current force would likely remain the same until the government begins to function.

Although some news reports trumpeted the security crackdown, it appeared the measures were a tightening and refinement of existing measures. For years, checkpoints and curfews have restricted movement in Baghdad. Many residents have welcomed a greater number of checkpoints lately for the protection they bring against the many armed men roaming the city.

Under the new plan, curfews that started at 11 p.m. or midnight will begin at 8:30 p.m. Residents may still keep as many as two weapons in their homes but cannot take them outside, Iraqi officials said.

Operation To Show Insurgents "No Mercy" (WT)

By Sharon Behn

The Washington Times, June 14, 2006

Iraqi Prime Minister Nouri al-Maliki yesterday announced the start of a massive security campaign in Baghdad, saying security forces would show "no mercy" in their effort to wipe out insurgent strongholds and defang militias.

Some 75,000 troops -- Iraqi and American -- will carry out the operation code-named "Going Forward Together," said Gen. Abdelaziz Mohammed Jassem, Iraq's combined-forces operations chief. He said the campaign would start "very, very soon," and sources in Baghdad said they expected the crackdown to begin immediately.

Mr. al-Maliki's announcement came as al Qaeda in Iraq's new leader, Abu Hamza al-Muhajer, threatened to kill those Sunnis who take part in the political process rather than work with the insurgency, which has killed and maimed thousands of security forces and civilians.

Meanwhile, radical anti-U.S. cleric Muqtada al-Sadr, a Shi'ite, planned a demonstration today in Baghdad to protest a surprise visit by President Bush to the Iraqi capital.

Violence around the country continued unabated, with 14 persons killed in a series of bombings in the northern oil-rich city of Kirkuk, adding to a death toll of more than 4,000 Iraqis this year alone.

Mr. al-Maliki told reporters that the new security plan "will provide security and confront the terrorism and ... enable Iraqis to live in peace in Baghdad."

"The raids during this plan will be very tough -- because there will be no mercy toward those who show no mercy to our people," he added.

The hours of nightly curfew banning all cars and people from the streets will be extended. Driving will also be banned between 11 a.m. and 3 p.m. on Fridays, the Muslim day of worship when mosques are packed.

Reflecting the no-nonsense approach that has characterized Mr. al-Maliki's government, Gen. Jassem warned that the curfew would be strictly enforced and that anyone caught with a weapon would be shot or detained.

"Anybody on the street, in his car or in his shop caught with a weapon, any kind of weapon, will be considered a terrorist and will be treated as a terrorist. He will be killed or captured," the general said.

He said security forces would set up checkpoints on the streets and conduct raids in known insurgent pockets in and around Baghdad. The checkpoints will be manned by combined units of Iraqi police and army and U.S. forces.

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The mixed units are designed to cut down the incidence of false checkpoints and sectarian death squads who often wear Interior Ministry or police uniforms.

"I am optimistic about his coming over here -- you will see a change in the government," he said. "Bush is the solution: He brought them in, so he can take them out," he said of the Shi'ite-led Iraqi government.

Others were less impressed by the American leader's five-hour visit to the heavily guarded Green Zone, which -- with regular electricity and water, gas stations, buses, restaurants, swimming pools and protected villas -- is an alien world to the one in which most Iraqis live.

"What will [Mr. Bush] do for us?" asked Om Mohammed, a 34-year-old Shi'ite housewife. "We need electricity, we need water, we want a less-expensive life. We are tired of the three years they said was democracy. Democracy without electricity and water is not democracy. Our kids are dying every day. Zarqawi is dead, but we will get another 20 Zarqawis."

Al-Muhajer, the apparent successor to the terrorist leader Abu Musab Zarqawi, who was killed last week, said in an Internet statement that the horrific bombing and beheading carnage in Iraq was far from over.

"Do not be overtaken with the ecstasy of having killed our sheikh. He has left behind lions that have been trained in his den," the statement threatened.

Zarqawi died a week ago after the building he was hiding in was hit by two 500-pound American bombs. The U.S. military said Monday that a medic had spent about 20 minutes trying to save him even as blood ran from his mouth.

Seeking to dispel claims that Zarqawi was beaten or shot while in U.S. custody, Maj. Gen. William B. Caldwell IV said an autopsy performed Saturday proved the Jordanian-born militant died of "massive internal injuries," the Associated Press reported.

"A coalition medic treated Zarqawi while he did lapse in and out of consciousness," Gen. Caldwell said at a press conference in Baghdad. "The medic secured his airway, at which point Zarqawi expelled blood." He said the medic "noted the breathing was shallow and labored."

The cause of death was listed as "primary blast injury of the lung," with blast waves from the two bombs causing bruising and bleeding of the organs. Zarqawi suffered multiple bruises, scratches and deep head wounds.

Iraq Mulls Amnesty Offer To Insurgents (FT)

By Roula Khalaf

Financial Times, June 14, 2006

The Iraqi government is preparing a national reconciliation initiative that could include a conditional amnesty offer and negotiations with some armed insurgent groups to be implemented alongside a tougher security plan.

Senior Iraqi officials on Tuesday said the initiative aimed to capitalise on the elimination of al-Qaeda leader Abu Musab al-Zarqawi and the completion of the new national unity government that includes leaders from the Sunni Arab community that dominates the insurgency.

It will be combined with massive new security operations. Nuri al-Maliki, the prime minister, is set to launch this week a crackdown in the capital, deploying tens of thousands of troops and imposing a night-time curfew.

A statement from Mr Maliki on Tuesday said “the raids during this plan will be very tough...because there will be no mercy towards those who show no mercy to our people”, according to news agency reports from Baghdad.

Muwaffak al-Rubbaie, Iraq’s national security adviser, said the government would also soon announce a “dynamic and detailed plan” that would lead to the release of detainees and offer a conditional amnesty to insurgents.

The initiative would also review the de-Ba’athification strategy – the controversial weeding out of former Ba’ath party members from the administration – and “welcome those who lay down their arms”, he added, speaking by telephone from Baghdad.

“We believe this is a golden opportunity,” Mr Rubbaie said. “Zarqawi used to spread fear among people, including insurgents, and the political atmosphere now is very suitable for an outreach to the insurgents.”

The government is considering publishing a list of 46 wanted militants and defining them as the only real enemies of Iraqis. “We are identifying our enemy and saying we’re not against any community,” Mr Rubbaie said.

Other Iraqi officials, however, cautioned that the reconciliation strategy was still under discussion and no decision had yet been taken on the main elements.

Opinion within the government appears to be divided over who should benefit from an amnesty, and Mr Maliki has vowed that those who have killed would be brought to justice.

“There has to be some flexibility in an amnesty but the lines are not clearly defined yet,” a senior official said.

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The official said another key challenge was to identify nationalist insurgent leaders ready for dialogue in a diffuse insurgent network where foreign and local extremists are difficult to isolate. The forum for talks with armed groups, however, is likely to be an Arab League-sponsored conference that has just been delayed until the first week in August.

According to Hoshyar Zebari, the foreign minister, the Arab League will give the government suggested names of insurgent leaders who could be invited to the conference.

"We need real people, real representatives," Mr Zebari said.

Jalal Talabani, the Iraqi president, has been calling for negotiations with insurgents and his aides have been in contact with some groups. The pan-Arab daily al-Hayat, however, reported on Tuesday that several groups that had been approached had issued statements rejecting a dialogue.

Dozens Die In Timed Attacks Aimed At Top Kirkuk Officials (NYT)

By Richard A. Oppel And Khalid Al-Ansary

The New York Times, June 14, 2006

BAGHDAD, Iraq, June 13 — Insurgents unleashed a volley of bombings across the northern oil city of Kirkuk on Tuesday, killing more than two dozen Iraqis in morning rush hour attacks that were aimed at top police officials and security patrols, authorities there said.

The attacks came after what the local authorities described as the capture and elimination several days ago of a major terrorist cell.

While Kirkuk has been the scene of a number of assassinations and other violence, the six bombings on Tuesday represented an attack of unusual coordination that local security officials suggested might have been retaliation for the arrest of the cell's members or intended as a signal that the insurgency in the city remained strong.

The security officials said the attacks could also have been a response to the killing six days earlier of Abu Musab al-Zarqawi, the leader of the terrorist group Al Qaeda in Mesopotamia.

Mr. Zarqawi's presumed successor, Abu Hamza al-Muhajir, issued a statement through a jihadist Web site on Tuesday pledging to continue attacks against "crusaders and Shiites" and suggesting that insurgents would avenge their leader's death.

The Kirkuk attacks occurred in just over one hour, the local authorities said. By the time they were over the bombers had killed at least 25 people and wounded 46 more, said Dr. Mohammed Abdullah, a physician at one of the city's hospitals. Dozens of people lined up at hospitals to donate blood.

The first bomb appeared to have missed its target, an Iraqi police patrol, shortly after 8 a.m. In the second attack, at 8:30 a.m., a suicide bomber tried to force his way into the home of a police colonel. The bomber killed three policemen and wounded seven others, including the colonel, said Brig. Burhan Tayeb Taha, a Kirkuk police commander.

The brigadier said the deadliest blast, caused by a car bomb at 8:45, killed 18 Iraqis in a crowded public market in Tiseen, a district of Kirkuk that is heavily populated by Turkmen Shiites. A police patrol was the target of that attack, which also left 19 people wounded, the brigadier said. It was not clear how many of the casualties were police officers and how many were civilians.

Ten minutes later, the fourth bombing killed four people, including two policemen. Two more bombs aimed at the police detonated about 9:20 a.m., killing two civilians and wounding 10 others. The police also said they had killed a man as he tried to detonate a car bomb.

In Baghdad, at least nine bodies were found throughout the city, and an engineering professor was also killed. A car bomb and rocket attacks killed at least two other people in the capital.

In his first statement since a posting on a jihadist Web site on Monday identified him as Mr. Zarqawi's replacement, Mr. Muhajir, a shadowy figure whose name was not familiar to Iraqi security officials, asserted that Al Qaeda fighters in Iraq were "more determined, more stable and more powerful than anytime prior," according to a translation by the SITE Institute, which tracks violent Islamist groups.

Referring to the American-led coalition, Mr. Muhajir wrote that "every day, for three years, they say that the battle is about to end and promise their people that." And he warned the coalition not to rejoice in Mr. Zarqawi's death, saying that the coming days "will turn your children's hair gray, and battles will reveal your false power."

Bush Flies To Iraq To Pledge Support For Premier (FT)

By Guy Dinmore

Financial Times, June 14, 2006

DOJ_NMG_0033689

President George W. Bush on Tuesday committed his administration's support to the third Iraqi prime minister in as many years, telling Nuri al-Maliki he had made his surprise overnight flight to Baghdad to look him "in the eye" and pledge that America would keep its word.

Spending five hours in Baghdad, Mr Bush appeared briefly before the media with the Iraqi prime minister and his key ministers, saying they had discussed the security, economic and reconstruction strategy. "And all of it makes sense to me," Mr Bush said, but gave no details. He praised Mr Maliki's selection of a diverse cabinet and the strength of his character.

"I've come not just to look you in the eye, but to tell you that, when America gives its word, it keeps its word," Mr Bush said.

Although Mr Maliki was said to have known about Mr Bush's secret flight only five minutes before they met, White House officials said planning for the trip began a month ago. The timing was dependent on completion of the Iraqi cabinet and not linked to the killing last Wednesday of Abu Musab al-Zarqawi, the leader of al-Qaeda in Iraq.

Clearly Mr Bush and the Republicans, facing mid-term congressional elections in five months, are hoping to capitalise on a rare patch of good news from Iraq, which has, temporarily at least, displaced reports of alleged massacres of Iraqi civilians by US troops and the worst month of carnage so far for Baghdad.

Mr Maliki told Mr Bush he was committed to a pluralistic government that could bridge Iraq's sectarian divide. He thanked the US for its sacrifices and expressed a hope that US troops could soon withdraw.

"God willing, all of the suffering will be over, and all of the soldiers will be able to return to their countries with our gratitude for what they have offered," he said.

However, controlled leaks to the media recently that the US was aiming to reduce troop levels in Iraq to 100,000 by the end of the year are giving way to suggestions by officials that reductions will be smaller than forecast because of the surge in sectarian violence.

Donald Rumsfeld, defence secretary, said that in coming weeks General George Casey, US commander in Iraq, would discuss with the Iraqi government "at what pace we're going to be able to draw down our forces".

The US would maintain an "appropriate troop level", he said, noting that numbers had increased to a high of 160,000 during the elections and had since returned to 129,000.

Mr Rumsfeld was speaking to reporters after he and Condoleezza Rice, secretary of state, gave closed door briefings to the Senate and House on the outcome of two days of policy discussions on Iraq held at Camp David and then taken to Baghdad by Mr Bush.

The issue of troop reductions had not been discussed with senators, Mr Rumsfeld said.

Democrats appeared unimpressed. Senator Jack Reed said he had heard "nothing remarkably new" in the classified briefing. Senator Joseph Biden said he hoped Mr Bush's trip to Baghdad would lead to a "fundamental change in policy" but that he feared the president would rely on more of the same.

Flying out of Iraq on Air Force One, Mr Bush told the small group of reporters allowed to accompany him that he had come away with a "very positive impression" of Mr Maliki as a "serious-minded fellow" not stuck in the past.

Hinting that he was lowering US ambitions, Mr Bush said the objective in Iraq was to create a sense of order so that people were confident in their government, but that he did not believe the government could guarantee "a complete absence of violence". He also indicated that US troops would soon lead a new offensive in the insurgent stronghold of Ramadi, while Iraqi security forces focused on Baghdad and Basra.

Defense Phase Of Hussein Trial Ends (NYT/AP)

By The Associated Press

The New York Times, June 14, 2006

BAGHDAD, Iraq, June 13 (AP) — The chief judge in Saddam Hussein's trial declared an end to the defense phase of the proceedings on Tuesday, shrugging off protests from the former Iraqi leader's lawyers that they have not had a fair chance to present their case and want to put more witnesses on the stand.

The trial, which has lasted nearly eight months, moves into closing arguments, with the prosecution starting on Monday, followed by the defense on July 10. The judges could call a recess as early as mid-July to consider verdicts in the case against Mr. Hussein and seven members of his inner circle who are charged with crimes against humanity.

The eight defendants could face execution by hanging if convicted on charges they were responsible for the torture and executions of men and boys from the Shiite village of Dujail, where guerrillas tried to assassinate Mr. Hussein in 1982.

It is not known how long the judges' deliberations will take. But the declaration by the chief judge, Raouf Abdel-Rahman, suggests that the court was pushing to wrap up what has been a tumultuous trial — with two defense lawyers killed early on, the chief judge replaced halfway through and frequent scenes of shouting.

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Many in Iraq's repressed Shiite majority and Kurdish minority, in particular, are eager to see the former dictator go to the gallows.

But it could take months even if such a verdict and sentence were to be handed down. The defendants have a right to appeal, and Mr. Hussein is due for a second trial in connection with a military campaign against the Kurds in the 1980's.

The defense on Tuesday pressed its protests that it had been at a severe disadvantage throughout the trial. But they were perfunctorily cut off by Mr. Abdel-Rahman.

When one of Mr. Hussein's lawyers, Khamis al-Obeidi, said he wanted to bring more "effective and useful" witnesses to the stand, the chief judge told him: "For your client alone, you've presented 26 witnesses. If after 26 witnesses you can't prove his innocence — according to your words — then 100 witnesses will be the same situation."

Marines To Investigate Internet Video (LAT)

By Peter Spiegel

The Los Angeles Times, June 14, 2006

Washington — The U.S. Marine Corps is trying to find out who is behind a video posted on the Internet that appears to show a Marine performing a song that makes light of killing an Iraqi family.

The four-minute video, posted anonymously on the Web site YouTube, shows the singer playing a song he calls "Hadji Girl" in which he tells of falling in love with an Iraqi, only to be fired upon by her father and brother with automatic weapons.

As an unseen audience laughs and cheers, the performer -- dressed in a green T-shirt and what appears to be camouflage pants -- singing about using "her little sister" as a shield against his attackers.

"As the bullets began to fly, the blood sprayed from between her eyes, and then I laughed maniacally," the performer sings. "Then I hid behind the TV and I locked and loaded my M-16; I blew those little (expletives) to eternity."

The singer also mouths Arabic-sounding words, borrowing phrases from the satiric movie "Team America: World Police."

It ends: "They should have known they were (expletive) with the Marines."

In Arabic, the word hajji refers to a Muslim who has made a religious pilgrimage to Mecca, but it is frequently used by U.S. soldiers with various spellings to refer to Iraqis, often pejoratively.

Lt. Col. Scott Fazekas, a Marine spokesman, said the service was looking into the video but had yet to open a formal investigation. The video was later removed from the YouTube Web site, and Fazekas said U.S. officials still were not certain Tuesday of the singer's identity -- and whether he is in the military.

"The video that was posted anonymously is clearly inappropriate and contrary to the high standards expected of all Marines," Fazekas said. "The inappropriate actions of a few individuals should not tarnish the reputation of all American military personnel."

The video was brought to the Marines' attention by the Council on American-Islamic Relations (CAIR), a Washington-based civil rights group, which said that in light of recent allegations against Iraq-based Marines that include the deaths of 24 civilians in the town of Haditha, the video needs to be investigated.

"We welcome the Marine Corps statement, but we also expect that those who participated in this incident will be identified and disciplined appropriately," said Nihad Awad, CAIR's executive director, who also called on Congress to conduct hearings into the video and other incidents.

For Iraqis, Exodus To Syria And Jordan Continues (NYT)

By Sabrina Tavernise

The New York Times, June 14, 2006

BAGHDAD, Iraq, June 13 — In one of the first comprehensive tallies of Iraqis fleeing Iraq since the American-led invasion, an American refugee advocacy group has counted 644,500 Iraqi refugees in Syria and Jordan in 2005.

The figure, provided by the United States Committee for Refugees and Immigrants, a nongovernmental group based in Washington, is equal to about 2.5 percent of Iraq's population, and substantiates the overwhelming evidence of an exodus that has been accumulating in Iraqi passport offices and airline waiting rooms in recent months.

It was part of a survey of refugees around the world that was conducted by the committee and was scheduled for release on Wednesday. The number includes Iraqis who have been in Syria and Jordan since the invasion in 2003 but had not previously been counted as refugees, and those who arrived over the course of 2005.

The committee has counted Iraqi refugees in the past, but the most recent figure is by far the largest to date — more than triple the 213,000 recorded in 2004 — and the first big surge since the American invasion. At first, Iraqis living abroad began returning home. But as the war became increasingly deadly, more Iraqis chose to leave.

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In all, as of the end of 2005, 889,000 Iraqis have moved abroad as refugees since 2003, according to the group's tally, more than double the 366,000 counted at the end of 2004.

"It's the biggest new flow of refugees in the world," said Lavinia Limón, the committee's president.

The survey bases its count on figures from the Office of the United Nations High Commissioner for Refugees and other sources, including local nongovernmental organizations and embassies. For that reason, the group considers its count more detailed than that of the United Nations, which offered a rough tally of 2.7 million Iraqis, including 1 million who fled under Saddam Hussein and another 1.2 million who left their homes but remained in Iraq.

In Baghdad, evidence of the departures abounds. Faris al-Douri, a travel agency director, said on Tuesday that airline tickets are booked weeks in advance, and that airlines have added flights to Jordan and Syria. Passport offices are packed.

"As if we were giving out cars, not passports," said Maj. Gen. Yassen al-Yassiry, director of passports for the Iraqi government.

The government issued two million passports from July 2004 to the end of 2005, he said. Some of those were for Iraqis taking holidays, but many were for migration. The government does not track the numbers of citizens leaving for abroad.

The roads to Syria and Jordan, the two most common destinations for Iraqis fleeing the war, are fraught with dangers. Monkath Abdul Razzaq, a middle-class Sunni Arab headed to Syria, watched dolefully as thieves plucked $11,000 from a hiding place in his car. Assad Bahjat, a Christian, also reported being held up on the road to Syria, after waiting for a gun battle to cease near the volatile city of Ramadi.

"Wherever we are, we thank God for every day," Mr. Bahjat said in an e-mail message after reaching the heavily Christian town of Sednaia, "because we are alive and not dead."

11,000 Troops Readied For Afghan Offensive (USAT)

USA Today, June 14, 2006

The U.S.-led coalition in Afghanistan plans to unleash more than 11,000 troops Thursday in the biggest offensive since the fall of the Taliban in 2001. Maj. Gen. Benjamin Freakley, U.S. operational commander, said Operation Mountain Thrust is a push by U.S., British, Canadian and Afghan troops against Taliban fighters in four volatile provinces: Kandahar, Helmand, Zabul and Uruzgan. Militants have increased attacks against coalition troops in recent months and staged nighttime assaults on government headquarters in small villages.

Israel was not responsible for an explosion Friday that killed eight Palestinians on a Gaza beach, Defense Minister Amir Peretz said. Palestinians blamed the blast on an Israeli artillery shell. The Israeli investigation concluded that a Hamas mine exploded.

“The intention to describe this as an Israeli event is simply not correct,” Peretz said. Maj. Gen. Meir Califi, who headed the army investigation, said Israel's shelling had stopped before the explosion. Israel has been shelling northern Gaza for weeks trying to stop Hamas militants from firing rockets at Israel. Hamas called off a 16-month-old cease-fire after the beach blast.

Authorities released militant cleric Abu Bakar Bashir today, 26 months after he was imprisoned for conspiracy in the 2002 Bali bombings. Scores of Bashir's supporters greeted him jubilantly with shouts of “God is great!” The 68-year-old cleric, who is accused of being a key leader of the al-Qaeda-linked Southeast Asian militant group Jemaah Islamiyah, was convicted for giving his blessing to the nightclub bombings, which killed 202 people, most of them foreign tourists.

“It's hard to imagine how a leader of a gang … can get only two years for orchestrating to kill 200 people and injuring many more,” said Peter Hughes, 46, who suffered burns to 56% of his body in the attack.

Bashir has maintained his innocence.

Egypt will confiscate copies of the novel The Da Vinci Code and ban the film, Culture Minister Farouk Hosni told parliament. “We ban any book that insults any religion,” he said. Parliament was debating the book and film at the request of Coptic Christians who said the material is offensive. “It insults the Christian religion and Islam,” said Georgette Sobhi, a Coptic.

A central part of the fictional plot is that Jesus married Mary Magdalene and that their descendants are alive today. Hafez Abu Saeda of the Egyptian Organization for Human Rights called the ban an assault on freedom of expression. “It should be regarded as art.”

New Leader For Marines Is Picked (WSJ)

By Greg Jaffe

The Wall Street Journal, June 14, 2006

WASHINGTON -- The Bush administration announced the nomination of Lt. Gen. James Conway to take over the Marine Corps at a time when the Corps is dealing with the alleged killing of civilians by American soldiers in Haditha, Iraq.

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Gen. Conway, who served as the top Marine commander in Iraq in 2003 and 2004, has worked closely with Defense Secretary Donald Rumsfeld over the past two years. He hasn't shied away from publicly criticizing aspects of how the war has been handled.

In 2004, just before leaving Iraq, he told reporters that he disagreed with two important decisions surrounding the initial Marine Corps assault on Fallujah following the slaying of four U.S. contractors there. He and other Marine officers didn't want to storm the city immediately after the killings. Instead, they favored a more gradual approach in which they built relationships and intelligence in the city and then over time captured or killed those responsible for the slayings.

The Marines were ordered to attack immediately, but as concern built over Iraqi casualties and destruction, they were pressured to withdraw. Once the Marines began the assault, Gen. Conway and others said they believed the Marines should have been allowed to finish it. "We follow our orders. We had our say," Gen. Conway told reporters in 2004.

Gen. Conway eventually will succeed Gen. Michael Hagee, who is slated to step down in January. Marine officials said it wasn't clear whether Gen. Hagee will retire a few months early. The announcement of Gen. Hagee's successor in June comes somewhat earlier than normal.

Veteran Of War In Iraq Named To Oversee Marine Corps (NYT)

By Thom Shanker

The New York Times, June 14, 2006

WASHINGTON, June 13 — Lt. Gen. James T. Conway, a veteran of two tours in Iraq, has been nominated by President Bush to serve as commandant of the Marine Corps as the service is struggling under investigations into the circumstances of civilian deaths in Iraq.

Pentagon and Marine Corps officials said the timing of the announcement on Tuesday was unrelated to investigations that marines might have killed 24 civilians without provocation in Haditha, in restive Anbar Province.

If confirmed by the Senate, General Conway would put on a fourth star and the Marine Corps would put atop its command structure an energetic, combat-tested officer — known for speaking his mind, even in public.

The current commandant, Gen. Michael W. Hagee, is scheduled to retire in January after a standard four-year assignment. Handicapping on his successor was already under way within the Pentagon before news of official inquiries into the Haditha deaths burst into public view over recent weeks.

"There is absolutely no relationship between this nomination and anything associated with ongoing investigations," said Bryan Whitman, a Pentagon spokesman.

General Conway currently is director of operations for the Joint Staff, and he has a close relationship with Gen. Peter Pace, the first Marine officer to serve as chairman of the Joint Chiefs.

"General Conway is a superb officer," General Pace said Tuesday. "And if you look at his war record in his Marine Expeditionary Force, going into Baghdad early on in the war, you'll see that he knows how to lead marines in combat."

General Pace stressed that the nomination "has no tie to Haditha," and noted that the nomination process was "moving forward well before Haditha came on the horizon."

Officials said that, if confirmed, General Conway could take command by November.

CORPORATE SCANDALS:

A Crackdown On 'Perfect' Timing (WP)

By Kathleen Day

The Washington Post, June 14, 2006

Federal regulators plan to crack down on an increasingly popular corporate practice that boosts executive compensation by guaranteeing profits on stock option awards.

The Securities and Exchange Commission is to issue a statement, possibly as early as next month, clarifying the agency's view of when current law allows backdating of stock options -- picking a date when the stock was at a low point to be the date of the award, thereby immediately guaranteeing a profit. Companies need the permission of directors, consistent with company policy, and full disclosure to investors, including properly counting the added costs against earnings.

"We will issue guidance on the backdating of stock options that will more clearly circumscribe the bounds of acceptable conduct," SEC Chairman Christopher Cox said in an interview yesterday.

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The action stems from a widening federal probe by the SEC and the Justice Department into whether several dozen companies backdated stock options illegally, making them more valuable by changing the date on which they were said to have been issued without telling shareholders and without recording the additional compensation cost as an expense against the bottom line.

More than three dozen companies have said they are being investigated by federal regulators for possible illegal backdating. While the SEC has been investigating backdating abuses for several years and more intensively in the past 12 months, most of the company announcements have been made since March, after the Wall Street Journal began publishing articles that focused public attention on the issue.

Stock options give an executive the right to buy a company's stock at a set price sometime in the future. Options are supposed to be valued on the date they are issued. The idea behind options is to give executives a non-cash incentive to improve the company's performance and, thus, its stock price. The executive would then profit from the difference between the cost of the stock under the option grant and the price at which it is sold after holding it for at least six months, as federal law requires.

Company officials backdate options to maximize an executive's profit. If a person buys 1 million shares for $25 a share and sells them for $30 a share, that executive will pocket $5 million, before transaction costs and taxes. If the executive backdates the option to a day when the stock was valued at a low point, say $20, then the seller will make $10 million profit by selling the shares at $30.

For the past six years or so, as stock options gained in popularity, regulators and the investment community began to notice that a company's stock price often rose after the company awarded executives stock options. That led to concerns that companies might be timing announcements to give stocks a boost after options awards were made.

In 2003, the SEC began to notice another wrinkle in possible improper manipulations of option awards, backdating. The agency brought one case citing backdating, and the head of the agency's enforcement division opened 2004 with a speech warning about a possible trend.

In the past 18 months several academic researchers have found a correlation between stock options being awarded and periods when shares were trading at their lowest point in a given time frame, usually several months but sometimes up to a year.

Under a law Congress adopted after a series of high-profile accounting scandals, beginning with Enron Corp., executives must file statements with the SEC within two days of a buying or selling a company's stock or being awarded options. The law, which took effect in the fall of 2002, shortened the period from 40 days with the intent of giving investors fresher information and preventing situations like those leading to the fall of Enron in 2001, when Enron's then-chairman, Kenneth L. Lay, was promoting the company's stock to investors while he was quietly selling his own shares in the company.

As the potential problem of backdating caught regulators' attention, they anticipated the shorter two-day filing period would make it harder for companies to backdate options and hide what they were doing.

A team of University of Michigan professors recently analyzed 569,000 SEC filings on option grants in the two years after the shorter filing period took effect, from August 2002 to August 2004, and found that 24 percent of such notices were filed late, with 10 percent more than a month late. They found smaller firms tended to be more likely to have a longer filing lag.

The professors said the delays suggest backdating and concluded that the new, shorter filing period has failed to thwart stock-option manipulation. SEC spokesman John Nester disagreed, saying the evidence the agency has seen so far suggests the "vast majority" of backdating occurred before the shorter filing deadline took effect.

Even so, the agency clearly thinks it needs to act soon. The clarifying statement Cox envisions the agency making next month probably will be issued at the same time the agency votes on a final set of new rules requiring companies to disclose more information about executive compensation, including how stock options are awarded, when company policy permits backdating, and what is the added cost of backdating.

Backdating has also caught the eye of powerful members of Congress. "It's one thing for an executive to make big profits because he's improved his company, but it's a whole different thing to make big profits because he's playing fast and loose with the dating of stock options," Senate Finance Committee Chairman Charles E. Grassley (R-Iowa) said yesterday, after his committee held a hearing on backdating and other practices that can lead to lost tax revenue for the federal government.

"Outside the corporate suite, Americans don't get to pick and choose their dream stock price," he said. "The market dictates the price. It's bothersome to think that after the corporate scandals of recent years, some executives are still looking for ways to cook the books for personal gain."

Several pension funds are suing companies over the timing of options grants. Cox said that when done improperly, the practice of backdating can erode the very performance incentives that options are is supposed to encourage.

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"What makes the option work as a powerful motivational tool is, that unlike a bonus, it isn't so much a reward for prior performance as it is an incentive for future performance," Cox said in a speech last week. "That's why the undisclosed backdating of options is such a serious potential problem. By giving the recipient of options an undisclosed paper gain right from the start, it cuts the direct connection to future performance. And in the process, what investors might otherwise view as a shareholder-friendly way to align their interests with those of the company's executives becomes instead a more expensive way for the firm to structure its compensation program."

SEC Steps Up Effort To Curb Options Dating In Rule On Executive Pay (WSJ)

By Kara Scannell

The Wall Street Journal, June 14, 2006

WASHINGTON -- In the wake of the widening scandal into the timing of stock options, the Securities and Exchange Commission is ratcheting up plans to address the issue in its proposed rule to revamp disclosure of executive pay.

SEC Chairman Christopher Cox said in an interview that the executive-compensation rule "will almost certainly address options backdating explicitly." He added: "It is altogether possible ... that there will be additional disclosure requirements."

In conjunction with the rule, Mr. Cox said the SEC would issue guidance "saying when it is appropriate or not appropriate for a company to grant options while in possession of material nonpublic information when it comes to 'spring loading,'" a practice that involves granting options ahead of good news.

"I don't want to rule anything out in terms of the final rule and guidance, because they're not finished yet," he said, adding that he expects the process to be completed before the end of the summer.

The SEC and the Department of Justice are investigating several companies for backdating options, or timing them in such a way as to boost their payoff.

Lawmakers on Capitol Hill yesterday raised the issue of backdating stock options during a Senate hearing on corporate taxes. "I've asked the Justice Department to let me know whether the tax laws on the books are adequate to rein in and prosecute stock-option backdating," said Sen. Chuck Grassley, the Iowa Republican who is chairman of the Senate Finance Committee. "If the tax laws are inadequate, I want to beef them up." Mr. Grassley also said he was glad Justice Department officials made it clear "that executives can face possible prison time for backdating stock options."

Eileen O'Connor, assistant attorney general in the tax division of the Justice Department, said at the hearing that the government is investigating "very serious" issues and "such conduct would be a fraud on the market," and could potentially result in securities, mail-fraud, wire-fraud and tax charges against individuals and corporations.

Also yesterday, an advisory committee to the Public Company Accounting Oversight Board said guidance from the PCAOB on how to deal with options-backdating and related issues would be useful.

The proposed SEC rule already addresses some issues of backdating by requiring companies to disclose in a new table the grant date for options and include supplementary information if the exercise price is less than the market price on the date of the grant. Companies also would be required to discuss the reasoning behind the stock awards. Mr. Cox said that section "will be a very useful place to disclose the reasons for the decision to backdate and the basis for the selection of particular dates."

In a provision of the 2002 Sarbanes-Oxley corporate-governance act, the SEC shortened the time individuals have to report insider transactions, including stock options, from as many as 40 days to two, potentially reducing the ability to backdate.

Investors are already speaking out. A May 30 letter from the CFA Centre for Financial Market Integrity suggests that the SEC require disclosure of dates on which compensation committees approve share-based awards, disclosure of grant dates for all share-based awards, if different from the approval dates, and that compensation committees disclose whether any effective grant dates were selected to take advantage of pending news.

Earlier this month, the AFL-CIO urged the SEC to issue guidance on how to disclose any backdating issues outstanding.

RSA Security Inc., based in Bedford, Mass., said yesterday that the U.S. attorney in Manhattan issued a subpoena requesting information related to stock options. The maker of Internet-security technology, which previously announced an SEC inquiry about options, said it will cooperate.

Meade Instruments Corp., based in Irvine, Calif., said the SEC is conducting an informal inquiry into its options-granting practices. The maker of consumer telescopes previously announced an investigation by its board after an article in The Wall Street Journal last month, which noted that between 1998 and 2002, founder John Diebel had received six option grants, two of which were at the lowest stock price for the year. Mr. Diebel said at the time that he would be "shocked" if there was any "inappropriate activity," related to options. Meade said it will cooperate with the SEC inquiry.

Macrovision Corp., of Santa Clara, Calif., disclosed an SEC request for information yesterday regarding stock option grants and said it will cooperate.

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Senate Chairman Asks Prosecutors To Act On Options (Update2) (BLOOM)

By Vineeta Anand

Bloomberg, June 14, 2006

June 13 (Bloomberg) -- U.S. Senate Finance Committee Chairman Charles Grassley said executives who manipulated stock- option grants should be prosecuted, and he's willing push for changes in tax laws to make it happen.

``I've asked the Justice Department to let me know whether the tax laws on the books are adequate to rein in and prosecute stock-option backdating," Grassley, an Iowa Republican, said in a statement today. ``I've asked the Justice Department to let me know. If the tax laws are inadequate, I want to beef them up."

Grassley's committee, at a hearing on corporate taxes in Washington today, discussed the widening probe into stock options and the possibility that some companies falsified the grant dates to enrich the executives who received them. The Justice Department and the Securities and Exchange Commission are investigating at least 38 companies over such grants. Other companies have started internal probes.

At the hearing, Grassley asked Eileen O'Connor, an assistant attorney general at the Justice Department, to detail the actions federal prosecutors are taking. O'Connor said the matter is ``very serious" and the government is looking into the ``highly suspicious award of stock options to executives at a low point of stock value."

Grassley `Troubled'

In his statement, Grassley said he wants the Justice Department and the SEC to take a ``hard look" at options backdating. He said it's ``troubling" that some corporate boards appear to have granted backdated options without seeking approval from shareholders.

``It's one thing for an executive to make big profits because he's improved his company, but it's a whole different thing to make big profits because he's playing fast and loose with the dating of stock options," Grassley said. ``Outside the corporate suite, Americans don't get to pick and choose their dream stock price. The market dictates the price."

Executives found guilty of defrauding investors could be sentenced to jail time and face hundreds of thousands of dollars in criminal penalties, O'Connor said.

``We'll follow the clues where they lead," she added in an interview after the hearing.

Grassley may raise more questions about the investigation at subsequent hearings on taxes, said Jill Gerber, a Senate Finance Committee spokeswoman.

Accounting Board

Separately, the Public Company Accounting Oversight Board discussed whether to issue guidelines to corporate auditors on how to detect manipulation of stock-option grants at a meeting in Washington today.

``It's clearly on the table," said Damon Silvers, associate general counsel at the AFL-CIO labor union in Washington, and a member of the board's advisory group, who attended the meeting.

``Nobody committed to doing anything, but the whole point of the discussion was that that was where they were heading," Silvers said.

The accounting board was set up to supervise auditors by the Sarbanes-Oxley accounting and corporate governance law.

Probe Into US Stock Option Claims Grows (FT)

By Jeremy Grant

Financial Times, June 14, 2006

The Department of Justice on Tuesday said it considered allegations that dozens of US companies might have improperly backdated stock options “very serious”, as another company said it was under investigation.

More than 40 companies, mostly in the technology sector, are the subject of probes by the US attorneys or the Securities and Exchange Commission – or both – after it emerged that stock options were retroactively awarded to executives to dates that immediately preceded a rise in the company’s share price.

Investigations are understood to be focused on whether the backdating of stock options was done without proper disclosure to shareholders, and whether or not they were properly “expensed” for tax purposes.

“The department considers allegations of this nature to be very serious,” Eileen O’Connor, assistant attorney-general at the department’s tax division, told a Senate finance committee hearing.

Ms O’Connor said criminal penalties applicable included 25 years in jail and a $250,000 fine for securities fraud.

Senator Chuck Grassley, the committee’s chairman, said: “I’ve asked the justice department to let me know whether the tax laws on the books are adequate to rein in and prosecute stock option backdating. If the tax laws are inadequate, I want to beef them up.”

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On Tuesday RSA Security, a Massachusetts-based online security company, became the 20th company to be subject to a justice department probe. It said the US attorney for the southern district of New York had subpoenaed it, requesting records from 1996 to the present related to its granting of stock options. Shareholder anger that executives may have fraudulently enriched themselves has spilled over into lawsuits.

Two large US public pension funds on Monday filed suit against McAfee, an internet security company, and Juniper Networks, another technology company. The lawsuits are a sign that broader questions are being asked about the state of executive compensation Stock options have long been viewed as effective tools with which to give executives incentives to perform. But any proof that executives used backdating fraudulently to enrich themselves would puncture that notion, corporate governance experts and lawyers say.

Mr Grassley said: "It's one thing for an executive to make big profits because he's improved his company, but it's a whole different thing to make big profits because he's playing fast and loose with the dating of stock options."

Grassley: Deal With Backdating (MRKTWTCH)

By William L. Watts, MarketWatch

MarketWatch, June 14, 2006

WASHINGTON (MarketWatch) -- The Senate's top tax writer urged federal authorities Tuesday to closely investigate allegations that publicly traded companies "backdated" options grants to top executives, and to let lawmakers know if existing laws are strong enough to punish the practice.

"If the tax laws are inadequate, I want to beef them up," Senate Finance Committee Chairman Charles Grassley, R-Iowa, said after a hearing on corporate-tax policy.

In the hearing, Eileen J. O'Connor, the assistant U.S. attorney general in charge of the Justice Department's tax division, said that the department is investigating allegations in "several districts around the country" that some option grants were backdated to provide executives lower exercise prices. O'Connor didn't discuss any individual investigations.

Authorities also are looking into whether other potentially illegal practices were used to price the options at a low-dollar amount, such as awarding options based on "inside" information about a pending event that would subsequently send the stock price higher, she added.

"Such conduct would be a fraud on the market; it would boost executives' compensation at the expense of other investors," O'Connor told the committee.

If the probes reveal criminal behavior, prosecutors could bring charges including securities fraud, mail fraud, wire fraud and various tax-related charges against individuals and corporations, she said. Such charges carry the potential for prison time and hefty fines.

Questions about the timing of executive options have surfaced regarding several companies. On Tuesday, RSA Security Inc. said it received a document subpoena from the U.S. attorney for the southern district of New York regarding stock option grants from 1996 to the present. The Bedford, Mass.-based software company said it plans to fully cooperate with the federal prosecutor in the matter.

A recent statistical study by The Wall Street Journal found a number of companies with highly improbable patterns of options grants, similar to those of some companies already under scrutiny by federal authorities.

"I was glad Justice officials made it clear today in response to my questions that executives can face possible prison time for backdating stock options. I expect the Justice Department to fully enforce the law in all of these areas," Grassley said.

Pension Funds Sue Companies, Cite Backdated Stock Options (USAT)

By From Wire Reports

USA Today, June 14, 2006

Pension funds in the USA, Europe and Australia have begun suing dozens of companies under investigation in the widening scandal over illegally backdated stock options.

Darren Robbins, an attorney at the Lerach Coughlin Stoia Geller Rudman & Robbins law firm in San Diego, told the Associated Press that the pension funds are "completely beside themselves and outraged over the self-dealing that has gone on."

In one lawsuit, security software maker McAfee was sued by the Heavy & General Laborers' Pension and Annuity Funds, and technology firm Juniper Networks was sued by the Employer-Teamsters Pension Health and Welfare Funds, according to the Financial Times.

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The Justice Department and the Securities and Exchange Commission are looking at about 40 U.S. companies for suspected illegal backdating of stock options, according to the companies' SEC filings and media reports.

In recent days, computer chipmaker Broadcom, online job-listing firm Monster Worldwide, networking chipmaker Applied Micro Circuits and other companies have said they're under investigation.

Meanwhile, Sen. Charles Grassley, R-Iowa, who heads the Senate Finance Committee, issued a statement that he has asked the Justice Department whether the laws are strong enough to prosecute stock-option backdating.

"If the tax laws are inadequate, I want to beef them up," he said.

The Council of Institutional Investors, which represents U.S. pension funds with $3 trillion in assets, is sending letters this week to 1,500 U.S. companies, asking them to disclose to shareholders if the companies are under investigation in the stock-option controversy.

Federal investigators appear to be looking at whether companies and executives manipulated their stock-option grants by "backdating" them to make the stock awards more lucrative.

Stock options are issued to executives at a current market price, then cashed out on a later date at a higher "strike price." If a company has done well and its stock price has risen, the options then reward executives for enhancing shareholder value.

Some companies are suspected of backdating the grants to days when the companies' stock prices were low, and right before a big spike in share prices.

Backdating of options could be illegal if companies did not disclose that to shareholders or failed to account correctly for it, SEC Chairman Christopher Cox said last week.

Some Enron Broadband Jurors Say They Felt Pressured To Convict (AP)

By Juan Lozano, ASSOCIATED PRESS

AP, June 14, 2006

Defendants seeking new trial.

HOUSTON — Lawyers for a former Enron Corp. broadband executive found guilty last month on fraud and conspiracy charges have asked for a new trial after several jurors said they felt pressured to convict.

Affidavits by two jurors and two alternate jurors were part of a 90-page motion by attorneys for former broadband unit finance chief Kevin Howard, who was convicted on five counts of fraud, conspiracy and falsifying records. The same jury acquitted former in-house accountant Michael Krautz of the same charges.

In their affidavits, the jurors said they felt that they had been instructed by U.S. District Judge Vanessa Gilmore and pressured by other jurors to reach a unanimous verdict and avoid a hung jury, even though they believed that Howard was innocent.

A trial last year against Howard, Krautz and three other broadband executives ended with a hung jury. Howard and Krautz were the first to be retried.

"There was just so much pressure to change my vote that I felt like we had to compromise and give in to the majority because I felt like there was no other choice," juror Anne Marie Campbell said in her affidavit.

Campbell said that at one point, a male juror who had voted for conviction "even tried to grab the shoulders" of a female juror who had voted not guilty and "banged his fist on the table during deliberations."

Juror Cheryl Oswalt said one juror "insinuated during deliberations that they had changed their votes for Krautz, so maybe we might consider changing our votes for Howard."

"This does go beyond the normal give-and-take process that all juries go through in reaching a decision," Jim Lavine, one of Howard's attorneys, said Tuesday. Jurors "have to confine deliberations to what happened in the courtroom. We think they went beyond that because of the influence of Enron in Houston."

Jaclyn Lesch, a spokeswoman for the Justice Department, said she could not comment on the motion.

Howard and Krautz were accused of participating in a small piece of the fraud that brought down Enron in 2001.

Prosecutors said they took part in a scheme to manufacture earnings for Enron's flailing broadband unit in late 2000.

Dubbed Project Braveheart, the deal involved selling an interest in future revenue of a video-on-demand venture that disintegrated a few months later.

2 Utilities To Pay Enron $50 Million In Settlement (NYT)

By David Cay Johnston

The New York Times, June 14, 2006

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Two small utilities are set to pay more than $50 million to Enron for electricity that they agreed to buy but that Enron will never deliver, under terms of a settlement that raises larger issues.

As part of the settlement, which may be approved as early as today, the staff of the Federal Energy Regulatory Commission will not investigate fraud claims against Enron for manipulating electricity prices, critics say. They added that the settlement might allow the destruction of evidence crucial to proving that Enron cheated customers and would prevent others from resolving their fraud claims.

Brian Lee, a commission spokesman, said the criticisms were ill-informed and baseless. He said the settlement did not prevent the handful of utilities and customers who had to yet to resolve their fraud claims to continue pursuing their complaints before the commission.

Enron, which is in bankruptcy proceedings, made $1.6 billion in profits from what the commission's staff has testified was "unjust and unreasonable" pricing. The commission ruled earlier that Enron could be forced to give up all its profits since 1997 because of its manipulations.

Enron said that under terms of its contracts with the two utilities, it was owed more than $170 million whether or not the power was delivered. The utilities said that they did not owe anything but decided to pay the smaller amount to remove a big financial risk from their books.

Critics noted that the commission chairman, Joseph T. Kelliher, had said that on his watch any firm that extracted profit through market manipulations would be forced to disgorge all profits.

Mr. Lee said that policy was still in force, but said the settlement with the two utilities involved a contractual dispute about termination fees, not profits. What critics are arguing, he said, "is the termination fee is an unjust profit and that is something the commission has not weighed."

Representative Jay Inslee, a Washington Democrat, said that the settlement was "the equivalent of Bonnie and Clyde, having been arrested, demanding that the banks refund the money they stole and the government making the banks give them the money."

He said that since Enron had never delivered the power it should not be entitled to collect fees that were due when a contract was terminated. Enron is seeking $116 million, plus interest, for power it never delivered to the 600,000 customers of the Snohomish Public Utility District in Washington, which is not a party to the settlement.

Senator Maria Cantwell, a Washington Democrat, said the commission "has abdicated its responsibility" to protect consumers and taken the side of Enron and its creditors, "instead of looking out for the public interest."

The settlement also drew complaints from a cement company that has been billed $4.2 million for electricity that Enron will never deliver to its Montana kiln operation. Jack Ross, senior vice president and general counsel for the Ash Grove Cement Company, said he was at a loss to understand why the commission staff agreed to the settlement.

"We thought FERC would be an advocate for the consumer and we are an energy consumer," Mr. Ross said. "We felt the staff decision was more aligning itself on the Enron side and we were very surprised that they were so cozy on the Enron side."

The settlement would apply directly to the commission staff, Enron and two electric utilities. Silicon Valley Power, part of the city of Santa Clara, Calif., would pay Enron $36.5 million for power it agreed to buy, but that Enron never delivered. Valley Electric Association, a cooperative which serves the rural desert region west of Las Vegas, would pay $14 million. Both would get some money back from the Enron bankruptcy proceedings.

Neither accused Enron of price gouging. Enron sought $147 million from Silicon Valley Power and more than $20 million from Valley Electric in contract termination fees.

The critics said the settlement would make it hard for the cement company and several public power agencies to fight Enron's efforts to collect more than $130 million for power that would never be delivered.

They pointed to Paragraph 12 of the proposed settlement:

"Staff agrees as of the settlement effective date to release the Enron Parties from all existing and future claims under any legal theory or cause of action that: (1) Enron charged, collected, or paid unlawful rates, terms or conditions for electric energy, ancillary services, or transmission congestion or natural gas in the western markets; (2) Enron manipulated the western electricity or natural gas or associated markets in any fashion, or otherwise violated any applicable tariff, regulation, law, rule, or order relating to the western markets; (3) Enron was unjustly enriched."

White House Weighs Move To Rein In Fannie And Freddie (WSJ)

By Deborah Solomon And James R. Hagerty

The Wall Street Journal, June 14, 2006

DOJ_NMG_0033699

The Bush administration, seeking to ratchet up pressure on Fannie Mae and Freddie Mac and propel legislation stalled on Capitol Hill, threatened to tighten control over the mortgage giants on its own and to ponder using its authority to limit their growth.

In a move seen as a warning that the administration may act on its own if Congress doesn't, the Treasury said it will review the process it uses to approve requests by the mortgage companies to issue debt. The administration is pressing Congress to alter the law to limit the size of the portfolios of mortgages and mortgage-backed securities that the two stockholder-owned, government-chartered companies hold.

At the same time, Secretary of Housing and Urban Development Alphonso Jackson said that until Congress tightens regulation of the companies, he intends to use existing powers to "increase the transparency" of the companies to make sure their investments are in line with their mission of supporting the housing market.

Treasury has the legal authority to shrink the portfolios of Fannie Mae and Freddie Mac by rejecting their requests to issue debt, a power it hasn't used previously. Randal Quarles, undersecretary of Treasury for domestic finance, said accounting and corporate-governance problems at the two entities dictate that Treasury examine how it approves debt-issuance requests so it can determine whether to exercise that authority.

"There are a lot of new facts that have come to light and that we've had further chance to consider," Mr. Quarles said in an interview. Treasury needs to determine whether it is "looking at everything that's important" in its debt approval process, he said.

Mr. Quarles is interested in using Treasury's authority, according to people familiar with the administration's thinking.

Mr. Quarles, who announced Treasury's review in a speech, said in the subsequent interview that no decision had been made about limiting the companies' debt issuance. But at their current size, he said, the "outsized portfolios" of Fannie Mae and Freddie Mac "create risk in the financial system." The administration has long maintained that the companies' holdings, currently totaling around $1.5 trillion, are so big that any missteps in their risk management could detonate a financial panic.

The companies say they manage risks prudently, use the portfolios to assure a steady supply of fixed-rate mortgages to Americans and need the profits they make from borrowing at favorable rates (because the market assumes the government essentially guarantees the debt) and investing in mortgages to finance the affordable-housing programs that Congress has mandated. Some members of Congress fret that tighter constraints on Fannie and Freddie could upset the housing market.

Fannie's chief spokesman, Chuck Greener, said: "We will work with Treasury and HUD and cooperate with the reviews." David Palombi, chief spokesman for Freddie, also said his company would cooperate, though he added that forcing Fannie and Freddie to slash their portfolios wouldn't reduce risks but just shift them to banks or other investors. For the past three years, Congress has been debating legislation to create a more powerful regulator for Fannie and Freddie. Last year, the House passed such a bill, which the administration says is too weak. The Senate Banking Committee approved a separate bill. The legislation has bogged down in the Senate amid debate over a provision -- strongly backed by the administration -- that would put tight limits on the companies' mortgage holdings.

The provision likely would force the companies to cut their mortgage holdings and focus on providing guarantees on mortgage-backed securities held by other investors. That would leave Fannie and Freddie much smaller, cutting off their biggest source of profits. Strict Treasury limits on their borrowing could lead to the same result without legislation, though that could lead to a backlash from Congress, which might seek to take away the Treasury's control of their debt issuance.

The administration moves drew fire from some Fannie and Freddie supporters. "This is a legal, dubious, backdoor way for the Treasury Department to accomplish something they could not accomplish legislatively," said Sen. Charles E. Schumer (D., N.Y.), a member of the banking committee.

Pressure On Fannie, Freddie Increases (WP)

By Annys Shin

The Washington Post, June 14, 2006

The Bush administration yesterday increased the pressure on Fannie Mae and Freddie Mac to curtail their growth, announcing Cabinet-level studies of the companies' holdings and whether they can be reined in using existing law and regulatory powers.

Legislation to slow the companies' growth and narrow their activities began moving through Congress last year in response to multibillion-dollar accounting scandals, but it is stalled in the Senate.

Yesterday, Housing and Urban Development Secretary Alphonso Jackson said his agency would study whether billions of dollars in assets and liabilities are being held by the two companies in violation of their government charters.

Meanwhile, Treasury Undersecretary Randal K. Quarles said his agency was examining whether it had the authority to limit Fannie and Freddie's ability to sell debt and, by extension, their ability to grow.

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Fannie Mae and Freddie Mac help replenish the supply of mortgage money by buying home loans from banks and other lenders. They issue debt to raise the money to buy those mortgages.

"The time is right for Treasury to review its debt approval process to ensure that we continue to act as appropriate custodians of the power that Congress gave us when the charters of Fannie Mae and Freddie Mac were created," Quarles told a gathering of Women in Housing & Finance yesterday.

Announcement of the two studies follows Fannie's agreement to pay $400 million in fines to settle charges that its executives manipulated earnings to trigger higher bonus payments. Critics have long argued that Fannie and Freddie are too big and have used the unfolding accounting scandals to bolster their case.

The HUD review will look at holdings Fannie Mae and Freddie Mac label as "other assets/other liabilities," including some non-mortgage assets, to see if they comply with the companies' government charter.

In Freddie Mac's 2004 annual report, "other assets" included investments in low-income housing tax credits, real estate and equipment. "Other liabilities" included money owed to holders of its mortgage-backed securities.

HUD was "not certain" of the total dollar value of the investments under review because Fannie Mae has not issued accurate financial statements "for some time," agency spokesman Lemar C. Wooley said in an e-mail.

The agency is developing its plans for the review, Wooley said, and "at this early point in the process, HUD does not know how long the process will take."

Both companies said they would cooperate with HUD and Treasury.

The Treasury and HUD actions come as legislation to tighten oversight of the two companies remains bogged down in the Senate. Lawmakers have not been able to agree on whether to force the companies to shrink their investment portfolios, which played a major role in the accounting problems.

The White House backs legislation that would curtail the companies' growth.

Last week, Senate Banking Committee Chairman Richard C. Shelby (R-Ala.) said he was confident that this summer the Senate would take up legislation to strengthen regulation of the companies.

The administration resumed calls to clamp down on the companies after their chief regulator, the Office of Federal Housing Enterprise Oversight, issued a report detailing accounting violations and linking them to bonuses for top Fannie Mae executives.

The day the report was issued, Fannie Mae agreed to increase the amount of capital it keeps on hand and to temporarily cap its investment portfolio at $727 billion. OFHEO director James B. Lockhart III and Freddie Mac chief executive Richard F. Syron have also had preliminary talks about OFHEO imposing a similar cap on Freddie Mac.

Shelby has invited Lockhart, Fannie Mae chief executive Daniel H. Mudd, and former Fannie Mae chairman and chief executive Franklin D. Raines to testify Thursday before his committee on OFHEO's findings.

Raines was ousted in December 2004.

U.S. Government Starting Special Reviews Of Mortgage Giants (FINDLAW/AP)

By Marcy Gordon, Ap Business Writer

AP, June 14, 2006

(AP) - WASHINGTON-The U.S. administration is starting special reviews of the financial operations of mortgage giants Fannie Mae and Freddie Mac.

The two government-sponsored companies, both of which have been roiled by accounting scandals in recent years, already have been under pressure from lawmakers and regulators who want their combined multitrillion-dollar mortgage holdings to be reduced. The administration has long been critical of the two companies, and officials have pointed to the accounting scandals to bolster their case that the massive mortgage portfolios are improperly managed and pose a risk to the financial system.

On Tuesday, two officials - Housing and Urban Development Secretary Alphonso Jackson and Randal Quarles, Treasury undersecretary for domestic finance - disclosed the new reviews by their departments in separate appearances before groups in Washington.

Quarles said he had directed Treasury staff to review the department's process for approving the massive mortgage-related debt issued by Fannie Mae and Freddie Mac.

Some Treasury officials have taken the view in recent years that the department has the authority to limit that debt.

The two companies were created by Congress to pump money into the home-mortgage market by buying home loans from banks and other lenders and bundling them into securities for sale on Wall Street. They have grown dynamically in recent years and now finance or guarantee some $4 trillion (â‚¬3.18 trillion) of home mortgages, representing about one-half of the single-family mortgages in the country.

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HUD has oversight authority for the two companies' fulfillment of their mission of making housing affordable and the power to review new areas of business that they wish to enter. Jackson told a congressional gathering that the department also will begin to review their investments and holdings and some financial transactions that have raised concern on the part of regulators.

The chief regulator of the two companies said last week that the government will pursue some Fannie Mae executives to recover bonus money they reaped in an accounting scheme - if Fannie Mae itself fails to do so.

The regulator, James B. Lockhart, is acting director of the Office of Federal Housing Enterprise Oversight. The agency last month issued a blistering report alleging a six-year accounting fraud at Fannie Mae, the second-largest U.S. financial institution after Citigroup Inc.

The report said Fannie Mae employees manipulated accounting to hit company quarterly earnings targets so senior executives could pocket hundreds of millions in bonuses from 1998 to 2004. The company - whose accounting errors are estimated at some $11 billion (â,¬8.7 billion) - was fined $400 million (â,¬318 million) in a settlement with OFHEO and the Securities and Exchange Commission, one of the largest civil penalties ever in an accounting fraud case. Fannie Mae also agreed to temporarily cap its mortgage holdings at $727 billion (â,¬578.3 billion).

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On the Net:

Fannie Mae: http://www.fanniemae.com

Freddie Mac: http://freddiemac.com

Treasury Department: http://www.ustreas.gov

Department of Housing and Urban Development: http://www.hud.gov

Memo To Fannie (WSJ)

The Wall Street Journal, June 14, 2006

A joke in Washington these days goes like this: "What's the difference between Enron and Fannie Mae? Answer: The guys at Enron have been convicted."

If you're a taxpayer on the hook if Fannie Mae goes belly up, you may not think that's funny. But it does mean you should be pleased by two signs yesterday that the Bush Administration is still taking the scandals at the government-created finance titan seriously. The actions are aimed at cleaning up its risky financing, especially the $1.5 trillion portfolio of mortgage-backed securities (MBSs) that Fannie and its sibling Freddie Mac have accumulated and which pose a risk to the larger financial system.

Undersecretary Randal Quarles announced that Treasury was reviewing its procedures for approving new Fannie and Freddie debt, much of which goes to buy MBSs. While Mr. Quarles said a review didn't presuppose any outcome, his message was unmistakable. Treasury believes it has the power to limit what Fannie and Freddie can borrow, and if necessary will do so.

Mr. Quarles said the Administration would prefer that Congress act to give a new regulatory body that power instead. But Fannie and Freddie and their political allies -- the homebuilders especially -- have been lobbying furiously to stop such reform legislation. So Treasury is telling the mortgage giants that even if they keep blocking reform, the Administration can achieve the same results administratively.

Also yesterday, the Department of Housing and Urban Development said it will begin an audit of the non-mortgage securities that Fannie and Freddie hold in their portfolios. Those securities, such as stocks and some of their debt, would seem to have a tenuous relationship to the companies' legislative charter of supporting affordable housing, and so this review is also well-justified.

Both actions ought to send a message to Congress, which has been acting as if it wants the entire subject to go away. In the Senate, the question is why the Republican leadership has not heeded the very damaging report on Fannie from the Office of Federal Housing Enterprise Oversight to force a vote on Banking Chairman Richard Shelby's strong reform bill. Ofheo revealed that Fannie's top executives enriched themselves over a period of years through dubious accounting. Do Senators support reform of a corrupted and dangerous institution whose finances remain a black box even today, or are they for the status quo?

For their part, Fannie, Freddie and their Beltway friends clearly want to stop any Congressional action before the November election, hoping that Democrats will capture either the House or Senate and then let them off the hook. But yesterday's decisions ought to alert the two companies that the Bush Administration still has two more years to run. Fannie's stock took another nearly 1% hit yesterday, to $47.44, on the Treasury and HUD news, which shows the price that the company's shareholders are paying because its executives continue to block any meaningful reform.

S.E.C. Opens Fund Rules For Comment (NYT/BLOOM)

By Bloomberg News

DOJ_NMG_0033702

The New York Times, June 14, 2006

The Securities and Exchange Commission is inviting public comment on the cost of mutual fund governance rules set aside by a federal court in April, a move that leaves open the possibility of reviving or revising them.

The agency will accept comment until Aug. 21 on the cost issue and on "any issue related to the underlying purpose" of the rules, the S.E.C. said in a statement yesterday.

The rules would require that the chairman and three-quarters of the directors of mutual funds be independent from management. They were adopted on a 3-2 vote under William H. Donaldson, the agency's former chairman.

The United States Chamber of Commerce successfully challenged the requirements in a lawsuit. On April 7, a federal appeals court said the S.E.C. had not followed its own procedures in adopting the rules. The court gave the agency 90 days to correct its process.

The five-member commission voted unanimously to solicit the new round of comment, the S.E.C. said in yesterday's statement. Commissioners are split on whether ultimately to kill the rule or keep it.

"I have every confidence that the process we are announcing today will result in mutual fund governance that both protects investors and promotes their interests," Christopher Cox, the current S.E.C. chairman, said in the statement.

In a status report filed with the appeals court, the S.E.C. said it would rely on the public comments to decide whether to pass rules "identical to, similar to or different than" the ones struck down on April 7.

Stephen A. Bokat, the chamber's general counsel, said the S.E.C. should consider passing a rule that requires mutual funds to disclose in prospectuses how many independent directors they have and whether they are led by an independent chairman.

New Chief For Accounting-Oversight Board Is Near (WSJ)

By David Reilly

The Wall Street Journal, June 14, 2006

The Securities and Exchange Commission is close to naming a new chairman for the body that regulates accounting firms and has settled on a shortlist of three candidates for that post, according to people familiar with the matter.

The appointment of a new chairman for the Public Company Accounting Oversight Board, or PCAOB, would end a regulatory uncertainty that has hung over the accounting world since the agency's first chairman, William McDonough, stepped down late last year. It also would mark one of the most significant appointments to be made by SEC Chairman Christopher Cox since he took over last year as head of the securities-market regulator.

The SEC appoints PCAOB members but does so in consultation with the Treasury Department and the Federal Reserve, and the shortlist of candidates reflects this relationship, the people familiar with the matter said.

The candidates for the PCAOB post include William Gradison, 77 years old, who has served as acting chairman since last December. A former nine-term Republican congressman from Ohio, Mr. Gradison has indicated an interest in taking the post permanently, according to people familiar with the matter. If he doesn't get the nod, Mr. Gradison would continue serving as a board member. The chairman's position pays $615,000 a year, according to the PCAOB, while board members make $500,000.

Another contender is Jerome H. Powell, 53, a former Treasury Department official who served as assistant secretary for domestic finance and undersecretary for finance in the administration of the first President Bush. Until last year, Mr. Powell was also an executive with private-equity firm The Carlyle Group.

The third candidate is Mark W. Olson, 63, a Federal Reserve Board governor and former Ernst & Young LLP partner who has also served as staff director of a Senate subcommittee overseeing the SEC, accounting issues and the insurance industry.

The three candidates for the chairman job have all interviewed for the position, according to the people familiar with the matter. Messrs. Gradison and Powell didn't return calls seeking comment. A Federal Reserve spokesman declined to comment on whether Mr. Olson had interviewed for the position.

While looking to fill the chairman's spot, Mr. Cox and the commission also are weighing candidates for a second open spot on the five-member board. The seat currently is held by Kayla J. Gillan, former general counsel to California's public-employee pension plan.

Ms. Gillan's term expired last fall, but she remains on the job and may be renominated, according to the people familiar the matter. Steven Harris, minority staff director on the Senate Banking Committee under Senator Paul Sarbanes, the committee's ranking Democrat, who is retiring at the end of this year, is also under consideration for this board seat, according to people familiar with the matter. Ms. Gillan declined to comment. Mr. Harris didn't return a call seeking comment.

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The PCAOB was created by the Sarbanes-Oxley Act in the wake of corporate scandals such as Enron Corp. and WorldCom Inc, ending decades of self-regulation by the accounting profession. Mr. McDonough, a former New York Federal Reserve Bank president, helped create the agency and lead it through its first inspections of accounting firms.

Although generally supported by big accounting firms, the board has come under attack by groups looking to roll back parts, or all, of Sarbanes-Oxley.

Following a speech last week, Chairman Cox said he expected to appoint a new PCAOB chairman in coming weeks but declined to elaborate. A spokesman for the SEC declined to comment. A spokesman for the PCAOB said such an appointment is an SEC decision and that it "wouldn't be appropriate for us to comment."

Taking An Audit Of Regulatory Cooperation (WSJ)

By Neil Lerner

The Wall Street Journal, June 14, 2006

The last few weeks have provided clear reminders, if any were needed, that prosecutors are keen to crack down on corporate fraud. We have seen Jeff Skilling and Ken Lay convicted of multiple charges related to the Enron collapse and likely to face long jail terms. We have also seen Daewoo motor company founder Kim Woo-Choong sentenced to 10 years in prison for embezzlement and accounting fraud.

Part of this scrutiny of business has landed on auditors. Clearly the work of auditors is a critical safeguard against corporate fraud. Consequently, the oversight and inspection of their work must be effective, too. However, getting effective, practical regulation in place has proved to be a tall order for government. And this problem is compounded by the fact that auditors -- and the companies they work with -- operate around the globe these days. The stakes are high, as we saw when Enron's outside auditing firm, Arthur Andersen, went out of business under the weight of prosecution.

Legislators have been busy on this front, too. The U.K. government is proposing a new offense for auditors if they "knowingly or recklessly" sign off misleading, false or deceptive information. The U.S. Congress responded to Enron by passing the Sarbanes-Oxley Act, which requires CEOs and CFOs to attest to the accuracy of their financial statements and to the quality of their internal controls, backed up by similar attestations from their independent auditors. In the European Union, there has also been a concerted effort to raise audit standards in order to ensure that financial manipulation by executives will become easier to detect. Just last week, Brussels officially published the Eighth Company Law Directive, which aims to ensure a consistent standard of auditing across the bloc.

It would be a pity if the effectiveness of these efforts to improve corporate governance and the integrity of financial reporting was undermined by a spaghetti junction of overlapping regimes for monitoring the work of auditors. But that is what we are in danger of seeing when it comes to oversight of auditors working for the myriad companies that are listed in more than one jurisdiction.

The auditing profession needs a regulatory system that keeps pace with the continuing evolution of the global capital markets, where companies routinely operate beyond their own national or continental borders. Otherwise, the work of an auditor of a Hong Kong company that is listed on the New York and London stock exchanges, for example, could be subject to review by three separate regulatory bodies. There is also the possibility that, if any fault was found on the part of the audit firm, an investigation by three separate oversight bodies could lead to double or even triple jeopardy.

This is not just an issue for audit firms. The extra costs that would arise from such duplication of regulation invariably would be passed on to corporations in the form of higher audit fees. It is therefore in everyone's interests to find a workable solution.

To ensure effective coordination of public oversight of audit firms within the EU, the European Commission has set up the European Group of Auditors' Oversight Bodies. This group will provide technical advice for the implementation of the Eighth Directive, as well as assessments of third countries' oversight systems.

Yet this action does not go far enough. What is really needed is the cooperation of all major audit oversight bodies around the world so that home regulators can work to one agreed set of standards for oversight, inspection and investigation and firms will be confident that compliance with standards in one major jurisdiction will ensure compliance elsewhere.

We therefore strongly support the International Roundtable of Independent Audit Regulators -- an informal group of the major oversight bodies which met recently in Sydney. The group, which included oversight bodies from the U.K., Canada, Australia, Germany and other countries around the world, discussed ways to harmonize oversight and inspection approaches. It is a pity that not all major regulators were able to attend this meeting, since their involvement in these discussions is critical for a truly global solution.

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Without greater cooperation, home-country oversight bodies will not be able to rely on their international counterparts. This will lead to a significant workload and expense for regulators, including traveling the world to review audit firms working in their jurisdictions and overcoming many language issues in the process.

Furthermore, audit firms will be subject to multiple inspections from different oversight bodies with varying standards. This will result in significant duplication of effort and a great deal of wasted time for employees, all at a significant cost that probably will be passed on to clients.

The challenge is to produce a regulatory system that is rigorous and effective but which allows business to get on with its job and produce results. We have seen this challenge before with Sarbanes-Oxley and other regulation. And as the world's borders continue to blur and commerce becomes ever more global, we no doubt will see it again.

Mr. Lerner is global head of regulatory issues for KPMG LLP.

CRIMINAL LAW:

Rove Will Not Be Charged In CIA Leak Case, Lawyer Says (WP)

By Jim Vandehei

The Washington Post, June 14, 2006

White House Deputy Chief of Staff Karl Rove will not be indicted in the CIA leak investigation, his attorney announced yesterday, a decision that signals that a special prosecutor's probe is unlikely to threaten any other Bush administration officials.

Special Counsel Patrick J. Fitzgerald told Rove's attorney, Robert Luskin, in a short letter delivered Monday afternoon that he "does not anticipate seeking charges" against Rove in the case, Luskin said. Rove was told about 4 p.m. while aboard a Southwest Airlines flight en route to a campaign speech in New Hampshire, but he waited until early yesterday morning to publicly reveal the news.

The announcement ends months of speculation about Rove's legal future and frees the architect of President Bush's presidential victories to resume his central White House role without the threat of criminal charges hanging over him. Rove, who spent countless hours preparing for five grand jury appearances in the case and sharpening his defense, was "delighted, obviously," Luskin said. "We've always said he did everything he could to cooperate" with the prosecutor, he added.

"It's a chapter that has ended," Bush told reporters during his trip back from Iraq. The president said he thinks Fitzgerald "has conducted his investigation in a dignified way."

With Rove's situation resolved, the broader leak investigation is probably over, according to a source briefed on the status of the case. Fitzgerald does not appear to be pursuing criminal charges against former State Department official Richard L. Armitage, who is believed to have discussed the identity of CIA officer Valerie Plame with at least one reporter, according to the source.

"I'm not worried about my situation," Armitage said last night on the Charlie Rose television show.

A source briefed on the case said that the activities of Vice President Cheney and his aides were a key focus of the investigation, and that Cheney was not considered a target or primary subject of the investigation and is not likely to become one. There are no other outstanding issues to be investigated, the source said, though new ones could emerge as Fitzgerald continues to prosecute I. Lewis "Scooter" Libby, Cheney's former chief of staff, on charges of lying to investigators and a grand jury.

Rove does not emerge from the investigation unscathed, however. His credibility took a hit inside and outside the White House when he allowed then-Bush spokesman Scott McClellan to tell reporters that he had no role in the unmasking of Plame, the CIA officer at the center of the leak scandal. The investigation has shown that, in a one-week period in 2003, Rove spoke to two reporters about Plame and her CIA role, then reported back to other senior White House officials, according information publicly released by Fitzgerald and by sources familiar with the case.

The episode left McClellan and a few other White House aides upset that they were initially misled by Rove, according to several administration sources. Other White House officials said the case seemed to distract Rove at times and compounded Bush's political problems since his 2004 reelection victory.

An indictment would have been devastating, both politically and practically, for the White House. Rove is intimately involved in efforts to retain GOP majorities in the House and the Senate and to revive the Bush presidency.

Instead, Republicans cheered yesterday's news and charged Democrats with smearing Rove's name by suggesting that he was guilty of lying over the past few months.

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"Even when it's against the interests of what is in our nation's interest, you're seeing Democrats prejudging for political purposes," Republican National Committee Chairman Ken Mehlman said on MSNBC. "It was wrong when they did it to Karl Rove."

Democrats said Rove remains a symbol of fading White House credibility. Democratic National Committee Chairman Howard Dean said yesterday that he should have been fired long ago.

In an interview, Sen. Charles E. Schumer (D-N.Y) said that he trusted Fitzgerald's judgment in the case, but he called on the special counsel to eventually release a report that details the roles of Rove and other White House officials in the leak of Plame's name.

"There is a fundamental here: The American people have lost faith in this White House," he said. "Things like this will not restore their faith."

Still, Democrats acknowledged that the all-clear signal for Rove will provide a political boost for the Bush White House and for Republicans. Rove, who was stripped of day-to-day policy management as part of the recent White House shake-up, is a political force not only inside the Oval Office but also among many Republicans seeking advice on how to win congressional races in a tough political climate for the GOP. A popular figure among conservatives, he is expected to intensify his campaigning and fundraising in the months ahead.

Fitzgerald's spokesman declined to comment.

Fitzgerald is investigating whether any administration officials knowingly disclosed Plame's CIA role as part of an effort to discredit allegations by her husband -- former ambassador Joseph C. Wilson IV -- that Bush had twisted prewar intelligence to justify an invasion of Iraq. Wilson had been sent by the CIA to investigate whether Iraq had sought nuclear weapons material from Niger. He reported back that the charge could not be proved, but Bush nevertheless asserted in his 2003 State of the Union address that intelligence existed that Iraq had tried to buy uranium in Africa.

After Wilson went public with his allegations a few months later, the White House was forced to concede that the Africa assertion was not based on solid evidence. But that was not before Libby, Rove and others set out to discredit Wilson, in part by telling reporters that his wife, a CIA officer, may have helped set up the Niger trip. Plame's name and affiliation with the intelligence agency was first revealed in a July 2003 column by Robert D. Novak, who has not revealed his sources for the story.

The CIA leak case is likely to remain a distraction for the White House. Libby was indicted last October on charges of perjury, making false statements and obstructing justice in the case. His trial is expected to begin in January, and legal filings in the case are likely to bring out new details of the role White House officials played in unmasking Plame.

In recent months, court filings have revealed more about Cheney's hands-on role in the White House effort to rebut Wilson, which resulted in the disclosure of Plame's name.

Cheney, Rove and other top White House officials could be called as witnesses in the Libby trial. It is also possible that others could be charged in the case if Fitzgerald discovers new evidence. Recent court filings have described the investigation as ongoing.

But the full details of Rove's role may never be known, because Fitzgerald is not required to issue a public report on his probe. Though Fitzgerald initially showed interest in Rove after learning, in the course of the investigation, that Rove had discussed Plame with reporters, lawyers in the case said the prosecutor spent the past two years or more trying to determine whether Rove lied to the grand jury.

Specifically, Fitzgerald wanted to know if Rove purposely hid from the grand jury in February 2004 the fact that he had discussed Plame with Time magazine reporter Matthew Cooper.

Rove would later tell the grand jury that he had simply forgotten the conversation with Cooper until his lawyers found an e-mail months later that showed that the Rove-Cooper conversation had occurred. For much of the investigation, Fitzgerald seemed skeptical of Rove's foggy-memory defense. In fact, a few days before he indicted Libby, Fitzgerald appeared ready to charge Rove, the lawyers said.

At that point, Luskin stepped forward and offered last-minute evidence that he seemed confident would clear Rove. Eight months later, that came to pass.

No Rove Charges Over Testimony On C.I.A. Leak (NYT)

By David Johnston And Jim Rutenberg

The New York Times, June 14, 2006

WASHINGTON, June 13 — The decision by a special prosecutor not to bring charges against Karl Rove in the C.I.A. leak case followed months of intense behind-the-scenes maneuvering between the prosecutor, Patrick J. Fitzgerald, and Mr. Rove's lawyer, lawyers in the case said.

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The move, made public early Tuesday by Mr. Rove's lawyer, Robert D. Luskin, brought a surprise ending to the investigation of Mr. Rove, President Bush's senior adviser. At one point last fall, Mr. Rove seemed close to facing perjury charges over lapses in his early testimony about a conversation with a Time magazine reporter.

Mr. Fitzgerald's decision left I. Lewis Libby Jr., the former chief of staff to Vice President Dick Cheney, alone among current and former White House officials still facing legal jeopardy in the three-year-old leak case. Mr. Fitzgerald announced in a letter to Mr. Luskin on Monday that he would not indict Mr. Rove, who had testified on five occasions to a federal grand jury about his involvement in the disclosure of an intelligence officer's identity.

After months in which the case has been a major distraction to the White House, the decision frees Mr. Rove in his role as Mr. Bush's top strategist during midterm elections this year. Mr. Luskin declined to address the legal issues surrounding the case but said, "We believe that the special counsel's decision should put an end to the baseless speculation about Mr. Rove's conduct."

A spokesman for Mr. Rove's legal team, Mark Corallo, said that Mr. Rove had made no deals to cooperate with the prosecution in any way, and that the decision was based purely on Mr. Fitzgerald's findings. A spokesman for Mr. Fitzgerald, Randall Samborn, had no comment.

Mr. Fitzgerald's decision is not expected to affect the legal case against Mr. Libby, who is charged with perjury and obstruction of justice. But it does free Mr. Fitzgerald to focus exclusively on preparations for that trial, which is scheduled to begin in January and could still embarrass the White House.

In a series of court filings in that case, Mr. Fitzgerald has indicated he may call Mr. Cheney as a witness, an unsettling prospect that could expose the vice president to the uncertainties of being questioned in a criminal trial. The decision to decline to prosecute Mr. Rove effectively ends the active investigative phase of Mr. Fitzgerald's inquiry; Mr. Rove was the only person known to remain under scrutiny.

That leaves some important unanswered questions. Among them is who in the government first told the columnist Robert D. Novak about the C.I.A. officer at the heart of the case in the days before his July 14, 2003, column in which he disclosed the identity of the officer, Valerie Wilson.

Mr. Fitzgerald has been investigating whether the White House leaked Ms. Wilson's name to discredit an Op-Ed article in The New York Times written by her husband, Joseph C. Wilson IV, in which he said there was no basis for the administration's claims that Iraq had tried to buy nuclear fuel in Africa. A prosecution brief in the case said that a copy of the article annotated by Mr. Cheney showed that the vice president and Mr. Libby had been acutely focused on Mr. Wilson's criticism.

White House officials were careful Tuesday not to celebrate too joyously over the news for Mr. Rove. But they were clearly buoyed by what they called the closing of one uncomfortable chapter in the leak case.

Speaking on Air Force One on his way back from Baghdad, Iraq, Mr. Bush told reporters: "It's a chapter that has ended. Fitzgerald is a very thorough person. I think he's conducted his investigation in a dignified way. And he's ended his investigation."

But he cautioned: "There's still a trial to be had. And those of us involved in the White House are going to be very mindful of not commenting on this issue."

Mr. Fitzgerald's decision not to prosecute Mr. Rove came after months of private discussions between him and Mr. Luskin, beginning last fall, even before Mr. Libby was indicted. While in public Mr. Rove revealed little concern, lawyers in the case said Mr. Luskin had waged a fierce battle to stave off the prosecution. The lawyers in the case and associates of Mr. Rove would discuss confidential issues only after being assured anonymity.

The lawyers said Mr. Fitzgerald seemed at times to be close to bringing charges against Mr. Rove over his failure to volunteer early in the inquiry a conversation he had had about Ms. Wilson with a Time magazine reporter, Matthew Cooper.

Mr. Rove had testified that he had initially forgotten about that conversation, and that his memory had been jogged only after his lawyers found an e-mail message referring to a conversation with Mr. Cooper, sent from Mr. Rove to Stephen J. Hadley, then the deputy national security adviser and now the chief security adviser. Mr. Rove had argued that it would have been legal suicide to lie knowingly to a grand jury about a conversation with a reporter.

That argument seems to have been crucial in avoiding an indictment. Mr. Fitzgerald, lawyers in the case said, believed at least initially that Mr. Rove's effort to find the e-mail message meant that he must have known of its existence earlier. But Mr. Luskin offered an alternative account, at one point switching from his role as a lawyer, offering himself as a witness.

Last fall, Mr. Luskin gave a sworn deposition to Mr. Fitzgerald, saying he had been told by Viveca Novak, a friend at Time magazine who is not related to Mr. Novak, that Mr. Rove might have talked to Mr. Cooper. That gave Mr. Luskin a reason to search for any record of such a conversation.

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Mr. Rove was said by associates to be ebullient on Tuesday. He declined to comment, but the White House tipped photographers that he would be walking from the White House to the Old Executive Office Building, providing imagery of Mr. Rove, all smiles.

The leak investigation, several associates said, had been a heavy burden for Mr. Rove and his wife and son, whose home had frequently been visited by reporters and cameramen. Officials said Mr. Rove had stayed focused on his work throughout, but he was also said to have appeared less jovial and less inclined to engage in his usual practical jokes.

Associates said Mr. Rove seemed to loosen up in recent weeks, apparently as he and his lawyer had grown more confident that no indictment would come, and even as liberal bloggers and other commentators had predicted an imminent indictment, most recently in May, based on a report on Truthout.org.

Truthout has stood by that report, which said Mr. Rove was under a secret indictment. In a posting Tuesday it suggested that Mr. Rove was cooperating with the prosecution, which, it noted, had not commented publicly on Mr. Rove's legal status.

In a statement, a lawyer for the Wilsons, Christopher Wolf, indicated that the couple was considering taking civil action against Mr. Rove. "The day still may come when Mr. Rove and others are called to account in a court of law for their attacks on the Wilsons," Mr. Wolf said.

Tom Rath, a Republican leader in New Hampshire, said he was relieved Mr. Rove could concentrate on the midterm elections without the taint of scandal.

"It was like being on the disabled list; you see him in a uniform every day but you can't have him on the mound," Mr. Rath said of Mr. Rove's previous legal limbo. "Now he's back on the mound."

Rove Won't Be Charged In CIA Leak Case (AP)

By Toni Locy

The Associated Press, June 13, 2006

Presidential adviser Karl Rove won't be a criminal defendant in the CIA leak case, but he could still end up being grilled in court as a witness.

Special Counsel Patrick Fitzgerald could question Rove about whether the Bush administration compromised a CIA officer's identity to retaliate against a political critic.

Still, Rove and the White House could breathe a sigh of relief Tuesday after the prosecutor told Rove's lawyer he wouldn't seek a federal indictment against the political operative.

Rove has been identified as a likely defense witness in next year's trial of I. Lewis "Scooter" Libby, Vice President Dick Cheney's former chief of staff. Libby has been charged with lying to the FBI and a federal grand jury about how he learned about Valerie Plame's CIA status and what he told reporters about it.

If Libby's defense attorneys summon Rove to testify, Fitzgerald can cross-examine him about a host of issues, including a July 2003 conversation Rove had with syndicated columnist Robert Novak days before Novak published Plame's name.

Aboard Air Force One Tuesday, President Bush praised Fitzgerald.

"It's a chapter that has ended," Bush said. "Fitzgerald is a very thorough person. I think he's conducted his investigation in a dignified way."

The president said White House officials would remain mum about the leak and the results of the investigation. "I think it's going to be important for you all to recognize there's still a trial to be had," he said to reporters. "And those of us involved in the White House are going to be very mindful of not commenting on this issue ... because of the Libby trial."

At the White House, Rove was all smiles, as he usually is, as he carried out his normal routine. With Chief of Staff Joshua Bolten in Iraq with Bush, Rove ran the senior staff meeting.

While a cloud may have been lifted from its top political operative, the White House's embarrassment over the Plame leak has not ended. The administration faces the possibility of a parade of current and former top officials being called to testify during Libby's trial, starting with Cheney.

In court filings, Fitzgerald has described a White House campaign — led by Cheney — to discredit Plame's husband, former U.S. Ambassador Joseph Wilson, after he wrote an opinion piece in The New York Times in July 2003 that accused the administration of twisting intelligence on Iraq to justify the war.

Fitzgerald has not ruled out calling Cheney, who cut out Wilson's article with a pen knife and scrawled questions on it wondering whether Plame sent her husband on a "junket" to Niger to determine the accuracy of allegations that Iraq had tried to buy material to make a nuclear weapon.

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Sen. Charles Schumer (news, bio, voting record), D-N.Y., one of the first senators to call for an independent investigation of the leak, said, "We have faith that Prosecutor Fitzgerald will continue to pursue this case and turn over every other stone and follow every lead, no matter how high they take him."

Other Democratic lawmakers called Tuesday for a separate congressional inquiry into Rove's role in disclosing Plame's name to reporters and the question of whether Rove or others at the White House sought to discredit Wilson.

"Congress has a constitutional obligation to provide a check and balance on the executive branch," said Rep. Henry Waxman (news, bio, voting record), D-Calif. "Providing a public accounting of the actions of Mr. Rove is an important part of fulfilling this obligation."

Early in his investigation, Fitzgerald abandoned the idea of indicting anyone on a charge directly related to actually leaking Plame's identity, which was classified at the time.

Instead, his investigation focused on the possibility of a cover-up and lies by administration officials about how and when they learned about Plame and whom they told. So far, only Libby has been indicted. Fitzgerald's spokesman, Randall Samborn, refused on Tuesday to comment on whether the investigation was continuing.

Until last summer, the White House had denied that Rove or Libby had anything to do with leaking Plame's identity. Those claims were countered by grand jury testimony from Time magazine reporter Matthew Cooper who said both Rove and Libby had told him about Plame.

Rove testified before the grand jury an extraordinary five times, insisting initially that he had talked only to Novak. Rove later admitted talking to Cooper.

Robert Luskin, Rove's attorney, said it was too soon to know whether Rove would take the stand at Libby's trial, which is scheduled to begin in January.

In court filings, Libby's lawyers have predicted Rove will be "a key witness at trial," an assertion Fitzgerald has dismissed as a ploy "to put the conduct of others on trial."

At this stage, Luskin said, both Fitzgerald and Libby's lawyers are feeling each other out.

Fitzgerald is trying to keep the case simple and limited to the question of whether Libby lied, while Libby's lawyers are trying to broaden it so they can get access to as much of the prosecutor's evidence as possible before trial, Luskin said.

"This is just positioning," he said.

Rove Will Not Be Charged In CIA Leak Case (WT)

By Jerry Seper And Stephen Dinan

The Washington Times, June 14, 2006

Top White House aide Karl Rove will not be charged in an investigation into the leaking of CIA officer Valerie Plame's identity after her diplomat husband accused President Bush of manipulating intelligence to justify military action in Iraq.

Washington lawyer Robert Luskin said Special Counsel Patrick J. Fitzgerald told him late Monday that "he does not anticipate seeking charges against" Mr. Rove. The notification came after Mr. Fitzgerald met with chief U.S. District Judge Thomas Hogan, who has overseen the grand jury investigation.

"In deference to the pending case, we will not make any further public statements about the subject matter of the investigation," Mr. Luskin said. "We believe the special counsel's decision should put an end to the baseless speculation about Mr. Rove's conduct."

Mr. Fitzgerald's office declined to comment.

"It's a chapter that has ended," Mr. Bush told reporters aboard Air Force One on the way back from Iraq. "I think he's conducted his investigation in a dignified way. And he's ended his investigation.

"I think it's going to be important for you all to recognize there's still a trial to be had," he said. "And those of us involved in the White House are going to be very mindful of not commenting on this issue."

Mr. Rove emerged from the Eisenhower Executive Office Building several times yesterday in view of photographers staked out on the White House lawn, waving and smiling at them.

"Now Karl can be Karl," said one senior administration official, who said Mr. Rove is now free to focus on politics heading into the 2006 congressional elections. Mr. Rove was given expanded duties after the 2004 election, including a post as deputy chief of staff and a portfolio that included domestic issues. But earlier this year he was reassigned back to focus on politics.

The administration official said Mr. Rove did not show strain at the White House, even as stories swirled that he was about to be indicted.

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Mr. Rove testified five times before a federal grand jury in the leak investigation, most recently in April. Grand jurors handed up an indictment in October against I. Lewis "Scooter" Libby, Vice President Dick Cheney's former chief of staff, charging him with obstruction of justice, perjury and lying to FBI agents.

The three-year probe centers on accusations that senior Bush administration officials leaked Mrs. Plame's CIA role in retaliation for critical comments on the Iraq war by her husband, former Ambassador Joseph C. Wilson IV. Mr. Rove's name surfaced almost immediately, and he was the subject of continuing press speculation about his role in the affair.

Mr. Fitzgerald focused on concerns over whether Mr. Rove, 55, obstructed justice in failing to disclose to investigators a conversation that he had with Time magazine reporter Matt Cooper just before he and columnist Robert Novak published Mrs. Plame's name in July 2003. Mr. Rove told prosecutors that he did not recall the conversation until his lawyer discovered a White House e-mail referring to it.

Mr. Libby is the only person charged in the Fitzgerald investigation. No one was indicted in the case on the original accusations that spurred the special counsel's inquiry -- that an administration official violated a 1982 law prohibiting the purposeful disclosure of a CIA agent's name.

From the White House's standpoint, the Fitzgerald notification to Mr. Luskin means that Mr. Rove is in the clear, and Republicans said Democrats now owe him an apology. Republican National Committee Chairman Ken Mehlman, speaking on CNN, said Democrats "took this good man, and they prejudged him."

Mr. Rove was a popular target for Democratic lawmakers, who tried to strip him of his security clearance through an amendment on the Senate floor last year, and an even more popular target for liberal-leaning Web logs, or blogs.

Yesterday, Sen. Charles E. Schumer, New York Democrat, said he accepted Mr. Fitzgerald's findings, although he added that Mr. Rove acted wrongly and deserved the attacks from Democrats.

"I don't think he conducted himself honorably and well here," Mr. Schumer said, though he acknowledged that "some of the things that were said about him proved to be untrue."

Howard Dean, chairman of the Democratic National Committee, said Mr. Rove leaked Mrs. Plame's identity, which is a reason to fire him, even though Mr. Fitzgerald did not indict him.

"Karl Rove does not belong in the White House," Mr. Dean said. "If the president valued America more than he valued his connection with Karl Rove, Karl Rove would have been fired a long time ago."

Meanwhile, Mr. Libby, 55, has denied any wrongdoing, saying that he was "confident that at the end of this process, I will be completely and totally exonerated."

The indictment said he discussed Mrs. Plame and her husband with several people in the White House but identified them only by title and did not accuse them of breaking the law. Those named were former White House press secretary Ari Fleischer, an undersecretary of state later identified as Marc Grossman and a senior White House official referred to as "Official A," later named as Mr. Rove.

Rove Won't Face Criminal Charges In CIA Case (USAT)

By David Jackson

USA Today, June 14, 2006

WASHINGTON — A prosecutor's decision not to seek an indictment of White House deputy chief of staff Karl Rove for perjury has buoyed Republican hopes that President Bush's top political adviser can help the party keep its congressional majorities in November.

On Tuesday, Robert Luskin, Rove's attorney, said special counsel Patrick Fitzgerald told him that Rove would not be indicted in the case of a CIA officer's blown cover, an investigation that has lasted almost three years.

“A long ordeal like this one — with so much public speculation — has got to take its toll,” Luskin said.

The decision lifted a legal cloud over the 55-year-old aide who is revered by Republicans and reviled by Democrats. Credited with supreme political and organizational skills, Rove helped elect Bush twice and forge a Republican victory in 2002, all part of an overarching effort to create an enduring Republican majority.

Former Republican chairman Ed Gillespie, a friend of Rove's, said he has the ability to see “the big picture … and make sure that people are executing the big picture.”

Fitzgerald's decision eliminated the possibility of an indictment that “would have been depressive to the Republicans” on Capitol Hill, said Grover Norquist, president of Americans for Tax Reform and a Rove ally.

“It's great we'll have him front and center,” said Mark McKinnon, Bush's media adviser.

Rove, however, isn't on the ballot, said Sarah Feinberg, spokeswoman for the Democratic Congressional Campaign Committee. “The election is about Republican incumbents, and they're as unpopular as ever.”

Deputy press secretary Dana Perino said the White House is pleased that Fitzgerald has cleared Rove, who can keep "crafting and building support for the president's agenda."

Rove's legal problems started with his discussion with a Time magazine reporter about Joseph Wilson, a former ambassador who had challenged administration claims that Iraq had sought uranium ore from Africa.

According to reporter Matthew Cooper, Rove confirmed that Wilson's wife worked for the CIA. The disclosure of Valerie Plame's name inspired the Fitzgerald investigation because of laws against revealing a CIA operative's identity.

Fitzgerald charged Vice President Cheney's chief of staff, I. Lewis "Scooter" Libby, with perjury Oct. 28. Libby, however, was not charged for the Plame disclosure but for statements he made to prosecutors and grand jurors about his contacts with reporters. Libby pleaded innocent and is scheduled to stand trial early next year.

Rove initially failed to disclose his talk with Cooper; Luskin said his client had forgotten about the brief conversation and cooperated fully with investigators once the omission was discovered.

"It's a chapter that has ended," Bush said Tuesday en route home from a surprise trip to Iraq.

Rove may still have legal issues surrounding the case. Wilson has said he may file a civil suit against Rove and other administration figures. Fitzgerald's announcement "obviously does not end the matter," said Wilson's attorney, Christopher Wolf.

"The day still may come when Mr. Rove and others are called to account in a court of law for their attacks on the Wilsons," Wolf said.

Republican Party Chairman Ken Mehlman accused Democrats of pre-judging Rove for political purposes. "The facts show that Karl Rove actually did nothing wrong," he said.

Democratic Party Chairman Howard Dean said the prosecutor's decision "does not diminish the fact that Karl Rove was involved in leaking the identity of an intelligence operative during a time of war."

Prosecutors Say Rove Won't Be Indicted In Leak Case (LAT)

By Johanna Neuman And Peter Wallsten

The Los Angeles Times, June 14, 2006

WASHINGTON — Karl Rove, President Bush's top political advisor, will not face criminal charges, ending his jeopardy in a three-year investigation into the leak of a CIA agent's name to the press, his lawyer said today.

Special Counsel Patrick Fitzgerald formally notified Rove's legal team Monday that the prosecutor "does not anticipate" seeking charges against him, according to a statement by Robert Luskin, Rove's attorney.

Luskin said he hoped the special prosecutor's letter would "put an end to the baseless speculation about Mr. Rove's conduct."

Rove testified before the grand jury five times before Fitzgerald decided not to seek an indictment.

The announcement seemed only to ignite partisan fires over corruption and secrecy. Saying the White House was pleased, deputy press secretary Dana Perino said, "Karl is as he has been throughout the process — fully focused on the task at hand: crafting and building support for the president's agenda."

And Republican National Committee Chairman Ken Mehlman said Democrats owe Rove an apology.

Former House Speaker Newt Gingrich hailed the news. "Certainly for the White House and for Karl Rove this is a very important morning and a very positive one."

Democratic National Committee Chairman Howard Dean was having none of it. "His real sin … is leaking the name of an intelligence operative during a time of war," Dean said on NBC's "Today" program. "He doesn't belong in the White House."

Fitzgerald has been looking into who disclosed the identity of Valerie Plame after her husband, former U.S. diplomat Joseph Wilson, criticized the Bush administration for twisting intelligence in the run-up to the March 2003 invasion of Iraq.

In October, Fitzgerald indicted Vice President Dick Cheney's chief of staff, Lewis "Scooter" Libby, on charges of obstruction of justice and lying to FBI agents and a grand jury. Libby pleaded not guilty and is scheduled to go on trial in January.

The 55-year-old Rove, chief architect of Bush's electoral victories, was in New Hampshire on Monday, urging Republicans to stay the course against a backdrop of bad poll numbers for the White House. At a $100-a-plate dinner, Rove called the Iraq invasion a just and necessary part of a larger war on terror.

"Sometimes history sends you something that you can't plan for," Rove told the crowd, according to the Concord Monitor. "And what really matters then is the character of the person who occupies [the White House]."

Across the street, protesters greeted his visit. One sign said, "Karl Rove & NH GOP: Where Criminals Congregate."

Maybe Not Morning In America, But At Least Out Of The Dark (WP)

By Dana Milbank

DOJ_NMG_0033711

The Washington Post, June 14, 2006

Within hours of hearing yesterday morning that Karl Rove wouldn't be prosecuted in the CIA leak case, Sen. Chuck Schumer (N.Y.), the chief of the Democrats' campaign to retake the Senate, hurried to the press gallery to blunt the damage.

But it was no use. "Senator," MSNBC's Tom Curry needled Schumer, "as you know, the president has nicknames that he applies to people, and one of the nicknames he applied to Karl Rove was 'Turd Blossom.' "

"Cherry Blossom?" Schumer asked, puzzled.

"Turd Blossom," Curry repeated. "In terms of Rove's career as a political strategist in the fall campaign, will this lead to a new flowering of Turd Blossom?"

"I'm not going to comment," said the nonplused New Yorker.

But the earthy image -- a Texas desert flower that flourishes in manure -- was a good metaphor for Rove and the GOP yesterday: Both were, at least momentarily, blooming from the political muck in which they have been mired.

Rove, President Bush's chief strategist, was off the hook. Bush himself was in Iraq, celebrating the killing of Abu Musab al-Zarqawi and the completion of an Iraqi cabinet. Hillary Clinton, the front-runner for the Democratic presidential nomination, was booed by antiwar liberals at a gathering in Washington. A new House Republican was sworn in after winning a closely watched special election. And Bush's lowly poll numbers crept up in the Gallup poll.

A dozen days earlier, a reflective Bush expressed remorse about his "bring 'em on" tough talk. But yesterday, the doubts were gone and the bravado was back -- as much as it can be for a guy at 38 percent in the polls. "The progress here in Iraq has been remarkable," he told the cheering troops. "America's safer. The world is better off." He accused his opponents of a naÃ¯ve bid to "forget the dangers we face" since Sept. 11, 2001.

The president's allies went further with the bluster. Moments after learning of his exoneration, Rove told a New Hampshire audience Monday night that Democratic critics of the Iraq war such as John Kerry and John Murtha, both combat veterans, "give the green light to go to war, but when it gets tough, they fall back of that party's old platform of cutting and running. They may be with you for the first few bullets but they won't be there for the last tough battles."

Yesterday morning, Republican National Committee Chairman Ken Mehlman went on TV to demand that Democratic leaders apologize to Rove. "I think there probably are a lot of folks who ought to acknowledge they were prejudging" him, concurred Sen. George Allen (R-Va.). White House aides, meanwhile, wrapped themselves in the imagery of military derring-do. Tony Snow and Dan Bartlett allowed themselves to be photographed wearing flak jackets and helmets on a chopper flight into Baghdad -- although the result was more Michael Dukakis than Mission Accomplished.

Democrats hurried to block Bush from recovering his political standing. Sen. John Kerry (D-Mass.), addressing the liberal gathering in Washington, recalled Bush's lack of combat experience. "Now, I understand fully that Iraq is not Vietnam," he said. "After all, President Bush is even there today."

Asked by reporters about the recent good news for Bush, Schumer was grudging. "These few developments -- and, for instance, the Zarqawi one is one I welcome -- don't remove the cloud of incompetence that is over the administration's head," he said. "I don't think the administration can really recover until they change their entire way of operating."

But however fervently Schumer wished away Bush's good news, Republicans sensed a shift in momentum. Sen. John Warner (Va.), chairman of the Armed Services Committee, even felt comfortable enough to brush off reporters' questions about the alleged Haditha massacre. "I think the secretary [Donald H. Rumsfeld] is correct in waiting" to brief Congress, Warner said. Asked when Pentagon officials might be called before his committee, he replied: "At this time, I don't think anybody can give an estimate on that. But I'm sure that they're forthcoming; they're not reluctant to come up and provide the witnesses. Not at all."

The GOP's confidence may be a little premature. The same CNN-USA Today-Gallup poll that showed Bush's approval up to 38 percent from 31 percent last month also showed that Americans still disapprove of the way he's handling Iraq, by 60 percent to 36 percent.

But, however tentative the progress, Republicans were ready to find a flower in the manure. "The Democratic Party," Sen. John Cornyn (R-Tex.) said, is "looking success in the face and snatching defeat out of the jaws of victory. We've got some very good news!"

Sen. Jeff Sessions (R-Ala.) was also ready to declare a tentative victory. "Fundamentally, I believe the news is good," he told the microphones. "Sometimes I want to ask my colleagues, 'What is it about good news you don't like?' "

Bush, winging back from Iraq on Air Force One, struck reporters as "upbeat and relaxed" -- so much so that he savored Rove's exoneration in the CIA leak case, breaking his own rule about not commenting on the matter. Said Bush: "It's a chapter that has ended."

Rove Won't Be Charged In CIA Leak Probe, Lawyer Says (Update4) (BLOOM)

By Richard Keil

Bloomberg, June 14, 2006

June 13 (Bloomberg) -- Karl Rove, President George W. Bush's top political adviser, won't face criminal charges in a three-year investigation into the leak of a CIA operative's name, his lawyer said.

Special Counsel Patrick Fitzgerald formally notified Rove's legal team yesterday that the prosecutor ``does not anticipate'' seeking charges against Rove, the attorney, Robert Luskin, said in a statement. ``The special counsel's decision should put an end to the baseless speculation about Mr. Rove's conduct,'' Luskin said.

Randall Samborn, Fitzgerald's spokesman, declined to comment. White House Counselor Dan Bartlett said the president was informed of the notice shortly before Bush boarded Air Force One last night for a surprise trip to Iraq. He declined to characterize Bush's reaction.

Fitzgerald's decision not to pursue criminal charges against Rove removes a legal cloud from Bush's closest political aide and coincides with Bush's effort to halt a slide in public opinion polls before the November congressional elections. The prosecutor's action also suggests that only I. Lewis ``Scooter'' Libby, Vice President Dick Cheney's former chief of staff, will face charges.

Rove, 55, testified five times before federal grand juries investigating the case, most recently on April 26.

Notified

Luskin said he was notified of the decision yesterday and couldn't reach Rove immediately because the presidential adviser was on the plane to New Hampshire, where he was giving a speech to Republican Party officials. Rove got the news via BlackBerry message.

``The guy is elated and relieved,'' Luskin said. ``No matter how thick-skinned you are, this kind of thing begins to weigh on you after awhile.''

Howard Dean, chairman of the Democratic National Committee, said that while the decision was good news for the White House, it wouldn't affect Democrats' efforts to make gains in the November congressional elections.

``Karl Rove is clearly the political mastermind behind the Republicans,'' Dean said on NBC's ``Today'' program. ``I think that he would have continued to exercise that role even if he had been indicted.''

Dean said Bush should have fired Rove a long time ago. ``He doesn't belong in the White House,'' Dean said.

`Rush to Judgment'

Republican Party Chairman Ken Mehlman said on CNN that Democrats engaged in a ``rush to judgment'' in trying to tie Rove to the disclosure of the Central Intelligence Agency operative's identity. He said Dean and other Democratic leaders owe Rove an apology.

``It's pretty clear that Karl Rove not only did nothing wrong, but he did everything right in terms of cooperating with this investigation,'' Mehlman said.

The probe was initiated to determine whether anyone in the administration violated a 1982 law prohibiting the purposeful disclosure of a covert agent's name. No one has been charged under that statute. Libby was indicted on charges of perjury and obstruction of justice regarding his conversations with reporters about the former CIA agent, Valerie Plame, who is married to a prominent critic of the Iraq war.

Her name was first published by syndicated columnist Robert Novak on July 14, 2003. A report on Time magazine's Web site three days later also identified Plame, who was a covert operative for the agency.

The disclosure of her name followed criticism of Bush's justification for the war in Iraq by her husband, former diplomat Joseph Wilson.

Dispatched by CIA

Wilson, who served in Africa and was acting U.S. ambassador to Iraq under former President George H.W. Bush, was dispatched by the CIA in February 2002 to investigate reports that Saddam Hussein's regime was seeking yellowcake uranium from Niger. At the time, Plame was working at the agency's headquarters in Langley, Virginia.

After the March 2003 invasion of Iraq, Wilson served as an unidentified source for journalists writing stories that questioned Bush's claims about Iraq's weapons. By the time he publicly accused the government of twisting intelligence to justify the war in an essay published July 6, 2003, in the New York Times, administration officials already were compiling information on him and the Niger mission, according to court documents in the Libby case.

A week later, Novak wrote that Wilson was sent to Niger at the suggestion of Plame. He cited two unnamed ``senior administration officials'' as the source of the information.

Investigation Sought

The CIA asked for a Justice Department investigation. Novak, who has refused to reveal what he told investigators, subsequently said he didn't know what Plame did at the agency and had no reason to believe she was a covert agent.

In the Libby indictment, Fitzgerald said Plame's identity was classified and he rebutted assertions made by some Bush supporters that her status wasn't a secret in Washington.

In an April legal motion filed in connection with the Libby case, Fitzgerald wrote that some of the 12,300 pages of government documents turned over to Libby's defense team ``could be characterized as reflecting a plan to discredit, punish or seek revenge against Mr. Wilson."

Questioned

Bush and Cheney both have been questioned in the case by investigators in sessions held in their offices and as many as two dozen current or former administration officials.

In addition, Fitzgerald has sought information from at least a half dozen reporters, including Time magazine reporter Matthew Cooper, NBC's Tim Russert and former New York Times reporter Judith Miller, who was imprisoned for 85 days last year for refusing to reveal her sources to the grand jury.

Rove is a key member of Bush's inner circle. The former direct-mail political consultant ran Bush's upset victory in the 1994 race for Texas governor and has been at Bush's side since. He was the primary strategist behind Bush's 1998 re-election race and his 2000 presidential victory. After being re-elected president in 2004, Bush credited Rove as the ``architect" of his success and gave him added responsibilities for developing White House policy.

Since the election, Rove has suffered setbacks. He was the primary strategist behind Bush's failed attempt to overhaul Social Security in 2005. He also has been unable so far to break up Republican resistance to the president's attempt to rewrite the nation's immigration laws to create a system of temporary work permits.

In a realignment of the White House staff in April, Rove was stripped of his policy-making responsibility to keep his focus on political strategy. With Bush's popularity at an all- time low, the president's agenda is stalled in Congress and Republicans are struggling to keep their majorities in the House and Senate.

Nonindictment Of Rove Owes Much To Tactics (WSJ)

By Anne Marie Squeo

The Wall Street Journal, June 14, 2006

The client was President Bush's top political adviser, the leading strategist for the Republican Party, and the bane of Democrats' existence. The attorney was a left-leaning litigator who wears a gold hoop in his left ear and rides a Ducati motorcycle.

But even some who wanted to see Karl Rove indicted credit the skillful lawyering by attorney Robert Luskin and his open-door strategy with the prosecution and the press alike with convincing the grand jury of his innocence.

Indeed, Mr. Luskin had Mr. Rove appear before the grand jury in the case repeatedly to explain that what had appeared to be a misstatement was in fact a lapse of memory.

Yesterday morning, Mr. Luskin issued a three-sentence statement saying Special Prosecutor Patrick Fitzgerald had notified him that he "does not anticipate seeking charges against Karl Rove."

The news appears to end a nearly three-year investigation into Mr. Rove's involvement in the leaking of the identity of Central Intelligence Agency operative Valerie Plame, in response to criticism of the war in Iraq by her husband, former ambassador Joseph Wilson. While no one has been charged with the underlying crime of exposing an intelligence officer, Vice President Dick Cheney's former chief of staff, I. Lewis Libby, was indicted in October on five counts of lying to federal investigators and the grand jury and obstructing the probe. He has pleaded not guilty, and his case is set to go to trial in January.

The particulars behind the nonindictment likely won't be revealed; grand-jury testimony is held in secrecy, and jurors needn't make their deliberations public. Mr. Luskin, a partner at Washington law firm Patton Boggs, says the main reason his client isn't being indicted is because he didn't break the law.

Mr. Luskin continually tried to bring new information to the attention of Mr. Fitzgerald and had his client repeatedly return to the grand jury to respond to lingering questions. All told, Mr. Rove testified five times, a risky strategy that exposed him to possible misstatements.

"Over the years, I've come to the view that you're never going to sneak a pork chop past a wolf and if you try to trick people you're not going to do very well," says Mr. Luskin, who notes that the world of criminal attorneys is a small one where reputations are quick to gel, for better or worse. "Your most important form of advocacy is having an honest and candid dialogue with prosecutors," he says.

STATEMENT FROM ROBERT LUSKIN

DOJ_NMG_0033714

Below is the full text of a press release from Karl Rove's attorney, Robert Luskin.

"On June 12, 2006, Special Counsel Patrick Fitzgerald formally advised us that he does not anticipate seeking charges against Karl Rove.

"In deference to the pending case, we will not make any further public statements about the subject matter of the investigation. We believe that the Special Counsel's decision should put an end to the baseless speculation about Mr. Rove's conduct."

A onetime reporter in the Washington bureau of the Providence Journal in Rhode Island, Mr. Luskin went on to become a Justice Department attorney and after that a criminal defense lawyer. He represented the Interior Department in the 1990s during an independent-counsel probe. "Bob is an old reporter and that can be of extreme value in cases like this," says Ben Ginsberg, also a partner at Patton Boggs whose close ties to the Bush administration led him to recommend Mr. Luskin to Mr. Rove.

The co-chairman of Patton Boggs's litigation team, Mr. Luskin was hired by Mr. Rove in October 2003 just weeks after the Justice Department had opened a criminal investigation into Ms. Plame's exposure in a column by Robert Novak.

Mr. Wilson accused Mr. Rove of being pivotal in the outing of his wife, and Democrats were clamoring for his indictment. The White House official faced a potential perjury charge last October when Mr. Libby was indicted. Mr. Fitzgerald's questions about Mr. Rove appeared focused on whether he lied to the Federal Bureau of Investigation and the grand jury initially about a conversation with Time magazine reporter Matthew Cooper, according to people familiar with the situation.

Mr. Rove testified that he had no recollection of that conversation; Mr. Cooper later testified -- and wrote in a magazine column -- that he'd talked to Mr. Rove about Mr. Wilson and his wife in a quick conversation just days before Ms. Plame's name became public in Mr. Novak's column.

Mr. Luskin actually was the one who found evidence that his client's recollection was wrong. Just prior to Mr. Rove's third appearance before the grand jury in October 2004, Mr. Luskin says he locked himself in his office for three days and personally reviewed every stitch of paper he had collected on the case, including printouts of all of Mr. Rove's emails for the period in question.

That is when he found one sent by his client to Stephen Hadley, then deputy national security adviser, mentioning a phone conversation with Mr. Cooper. Days later, Mr. Rove provided the email to Mr. Fitzgerald during a grand-jury appearance, though he maintained he still didn't recall the conversation.

"In white-collar crime cases, the game is won or lost at the indictment stage, so heading one off is Job No. 1," says Randall Elliason, former chief of the government-fraud section of the U.S. attorney's office in Washington. "The one thing he did do that appears to have paid off is to go back to the prosecutor as he learned information about [Mr.] Cooper being a possible source."

But the issue of whether Mr. Rove genuinely forgot this conversation or purposely lied wasn't settled. A key sticking point for the prosecutor was how Mr. Luskin could have known that his client was a source for Mr. Cooper if Mr. Rove hadn't told him. Had Mr. Rove lied about not remembering the conversation?

Then, last October, Mr. Luskin's media relationships and his rapport with Mr. Fitzgerald bore fruit. During a pair of meetings with the prosecutor just before he was set to seek indictments, Mr. Luskin explained that he heard from Viveca Novak, who then worked at Time magazine, over drinks at a Washington bistro one night that chatter around her newsroom indicated Mr. Cooper considered Mr. Rove a source for information about Ms. Plame.

Mr. Fitzgerald then took testimony from her and had Mr. Rove return to the grand jury room to discuss this new information. Perjury cases are notoriously difficult to win because a prosecutor has to prove that a person willfully made false statements under oath. In this matter, legal experts say Mr. Luskin's discovery of the Hadley email and revelation of his discussion with Ms. Novak may have created enough reasonable doubt.

Spokesmen for Mr. Fitzgerald and Mr. Rove declined to comment.

Analysis: Telling FBI The Truth Saved Rove (AP)

By Pete Yost

The Associated Press, June 13, 2006

The decision not to charge Karl Rove shows there often are no consequences for misleading the public.

In 2003, while Rove allowed the White House to tell the news media that he had no role in leaking Valerie Plame's CIA identity, the presidential aide was secretly telling the FBI the truth.

It's now known that Rove had discussed Plame's CIA employment with conservative columnist Robert Novak, who exposed her identity less than a week later, citing two unidentified senior administration officials.

Rove's truth-telling to the FBI saved him from indictment.

And by misleading reporters, the White House saved itself from a political liability during the 2004 presidential campaign.

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While the president and the vice president underwent questioning by Special Counsel Patrick Fitzgerald in 2004, Rove's role never surfaced. The lone blip on the radar screen was a one-day flurry of news stories the month before Election Day when Rove was brought before a federal grand jury — one of his five grand jury appearances in the probe.

The extent of Rove's involvement didn't become official until Oct. 28 of last year, when Vice President Dick Cheney's chief of staff, I. Lewis Libby, was indicted on charges of perjury, obstruction and lying to the FBI about how he learned of Plame's CIA identity and what he told reporters about it.

The indictment recounted Rove's conversation with Novak about the CIA officer, as Rove later related it to Libby.

For nearly three years, the White House has refused to discuss the Plame investigation, citing the fact that it is still under way.

"The ability of this White House to stiff the press is probably better than any previous administration," said presidential scholar Stephen Hess, a former speechwriter for President Eisenhower and an adviser to Presidents Ford and Carter. "Clearly if there are no leaks, there's no damage."

Hess said Tuesday the Plame case is an example of the news media being complicit in the White House's conduct.

"I'm saying that there was a handshake and Bob Novak was honorable to the handshake" by refusing to publicly identify his sources, said Hess. "It's not quite a deal with the devil because these people are our elected and appointed officials, but it's a question of how much you want to let them off the hook."

Lee Edwards, a distinguished fellow at the Heritage Foundation, said other administrations have "flinched or blinked or said 'we've got to do more in response to this or that crisis.'"

"Rove and everyone else has been under enormous pressure and yet they have been able to stick to it and that's remarkable," said Edwards.

Among the many unanswered questions in the Plame probe are what, if anything, Rove told President Bush about his conversation with Novak. Another question is whether Rove told Bush about his conversation with Time magazine reporter Matt Cooper.

It was the Rove-Cooper conversation on July 11, 2003, that threw the investigation back on the front pages a year ago.

Facing jail unless he cooperated with prosecutors, Cooper testified that Rove said Wilson's wife worked at the "agency" and that she was responsible for sending her husband on a CIA mission to Africa in 2002 to check out intelligence about Iraq.

"I inferred that he obviously meant the CIA and not, say, the Environmental Protection Agency," Cooper wrote in Time, recounting his conversation with Rove.

Wilson's mission to Africa was the basis for his later criticism of the Bush administration. In his State of the Union speech in 2003 in the run-up to war, Bush embraced intelligence that Saddam Hussein had recently sought significant quantities of yellowcake uranium from Africa.

From his trip, Wilson had concluded it was highly doubtful any such transaction between Iraq and Niger had taken place.

It was the Rove-Cooper conversation about Wilson's wife that became the focus of Fitzgerald's investigative interest in the president's political adviser.

Unlike the conversation with Novak, Rove didn't reveal it to the FBI until more than a year into the criminal investigation of the Plame leak.

Rove's explanation for his belated disclosure of the conversation? He says he forgot about it.

No Charges Against Rove In CIA Leak Case (LAW)

By Emma Schwartz, Legal Times

Legal Times, June 14, 2006

The special prosecutor investigating the alleged leak of the identity of a CIA operative advised White House strategist Karl Rove on Monday that he would not be charged with a crime in connection with the nearly three-year-long investigation, Rove's lawyer said Tuesday.

The announcement Tuesday by Rove attorney Robert Luskin brought to a close months of uncertainty at the White House after its top strategist came under scrutiny over his conversations with reporters.

"I was delighted and relieved for my client's sake," Luskin, a partner at Patton Boggs, says. "Obviously, he's been through a terrific ordeal."

Luskin first received a fax from special prosecutor Patrick Fitzgerald around 4 p.m. Monday. Rove was about to board a plane to New Hampshire to deliver a speech at the Republican State Committee's annual dinner when Luskin reached him via BlackBerry. They decided to hold off on a public announcement until the morning, Luskin says. He declined to elaborate further on Fitzgerald's decision. Fitzgerald's spokesman, Randall Samborn, declined to comment.

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The investigation has rocked the White House for months and cast a shadow over Rove, President George W. Bush's closest adviser, who ultimately surrendered his policy-making role in the administration during the probe.

Rove first testified before the grand jury in February 2004 and returned four more times, most recently in April. That month, Rove was relieved of his policy duties at the White House.

Legal experts say the decision may signal an end to Fitzgerald's investigation into whether government officials intentionally leaked classified information -- the name of CIA operative Valerie Plame -- to the media.

Only one person has been indicted in the probe, I. Lewis "Scooter" Libby, former chief of staff to Vice President Dick Cheney, who was charged in October with false statements, obstruction of justice and perjury.

The investigation was sparked after syndicated columnist Robert Novak named Plame as a CIA operative who worked on weapons of mass destruction. The disclosure came just days after her husband, Joseph Wilson IV, wrote an op-ed article in The New York Times criticizing the intelligence that administration officials used to bolster its claims for war against Iraq. Wilson, a former ambassador, had traveled to Niger in 2002 to examine a report that Iraq was trying to buy uranium yellowcake from Africa.

The central allegations about Rove stemmed from his July 2003 conversation with Time reporter Matthew Cooper, with whom he discussed Wilson and his wife. Rove initially admitted to talking to Novak about Wilson but did not recall any conversation with Cooper.

Then, in October 2004, Rove told the grand jury that he remembered his conversation after finding an e-mail he had written to Stephen Hadley, then-deputy national security adviser, mentioning his conversation with Cooper.

Fitzgerald's decision raises questions over what, if any, role Rove may play in Libby's upcoming trial, now scheduled for early next year. Former federal prosecutor Peter Henning, now a professor at Wayne State University, says it is possible that Rove could be called as a witness, but "it's not clear how helpful Rove will be for one side or the other."

Libby's attorney, William Jeffress Jr., declined to comment.

Frogs Aren't Marching (WSJ)

The Wall Street Journal, June 14, 2006

So much for having Karl Rove "frog-marched" out of the White House "in handcuffs." That's the fate Democratic partisan Joe Wilson once predicted for President Bush's political guru, and yesterday his hope and accusations vanished like fog on the Potomac.

Special Prosecutor Patrick Fitzgerald informed Mr. Rove's lawyers on Monday that he'll bring no charges as part of his investigation into who leaked the CIA identity of Mr. Wilson's wife, Valerie Plame. Mr. Wilson's original claims that Mr. Bush lied about Iraq intelligence have been discredited many times over, including in a bipartisan report from the Senate Intelligence Committee. And now we know that even the relentless Mr. Fitzgerald has concluded that the charge that Mr. Rove criminally blew Ms. Plame's CIA cover is false.

The mystery is why Mr. Fitzgerald kept Mr. Rove twisting in the wind for so long. The prosecutor has been on the case for two-and-a-half years, and he long ago learned the source for the July 2003 Robert Novak column that "outed" Ms. Plame and was the reason he was appointed. Mr. Rove was forced to make no less than five grand jury appearances, the latest as recently as April.

In the end, it seems Mr. Fitzgerald was trying to trap Mr. Rove over the minor matter of his failure to remember a conversation with Time reporter Matthew Cooper. But Mr. Rove is the one who later volunteered information about the conversation to Mr. Fitzgerald, after a check of White House records reminded him of it. A perjury or obstruction accusation based on that inconsequential discrepancy would have been prosecutorial misconduct.

The Rove decision also finally discredits the accusation that there was some grand White House conspiracy to smear Mr. Wilson. Mr. Fitzgerald has brought no charges concerning the original leak, which means there was no underlying crime. His entire case -- and this entire "scandal" -- has been distilled to charges of perjury and obstruction against one man, former Vice Presidential Chief of Staff I. Lewis "Scooter" Libby.

And that one case comes down to nothing more than the fact that Mr. Libby's memory of conversations with three reporters differs from that of the reporters themselves. Think we're exaggerating? Here's how the judge in the case, Reggie B. Walton, summarized it in a recent ruling on evidence: "The charges against the defendant are based entirely [our emphasis] upon what the defendant has said was discussed during his conversations with these news reporters."

Those conversations took place in the summer of 2003, while the reporters didn't testify about them for Mr. Fitzgerald until a year or more later. Memories aren't always perfect, and Mr. Libby's lawyers will no doubt have ample room to cast doubt on those recollections against the record of notebook entries and public statements made by the reporters. Mr. Fitzgerald will also have to prove why a seasoned lawyer such as Mr. Libby had a motive to lie if there was no underlying crime to cover up.

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We should add that the lack of any underlying crime also means that Mr. Fitzgerald's pursuit of journalistic sources in this case violated the Justice Department's own guidelines, which state that "there should be reasonable grounds to believe . . . that a crime has occurred, and that the information sought is essential to a successful investigation."

Mr. Fitzgerald could ignore those guidelines because he was a "special" counsel subject only to the supervision of the friend who appointed him, former Deputy Attorney General Jim Comey. Only weeks into his probe, he had his official orders changed to include investigation of perjury, suggesting that even at that early stage he had concluded that the original leak was probably not a crime.

The tragedy of this episode is that a political fight over the war in Iraq was allowed to become a criminal matter. Mr. Wilson spun his false tale in an effort to discredit the war and deny Mr. Bush a second term. The liberal media put partisanship above their own interests in demanding a special counsel probe of "leaks" -- until that probe turned on their own sources. The Attorney General at the time, John Ashcroft, passed the buck to Mr. Comey by recusing himself on flimsy grounds -- an act of political and legal abdication.

So what we are left with is a three-year political spectacle that has kept the White House under siege during a war, weakened or pushed out of office some of its most important aides, and made liberal celebrities of Mr. Wilson and his wife. And to what public purpose? A prosecutor with more wisdom than Mr. Fitzgerald would have long ago understood he was injecting himself into a political brawl, closed his case and left the outcome to the voters.

U.S. Challenges House Leaders On Searches (AP-Y2)

By Mark Sherman, Associated Press Writer

AP2, June 14, 2006

House leaders who called the late-night search of Rep. William Jefferson (news, bio, voting record)'s office unconstitutional seek special treatment for lawmakers that would allow them to block criminal investigations, the Justice Department said Tuesday.

Democratic and Republican leaders essentially are calling for a member of Congress to be given notice of a search and to be allowed to be present for it, rights "that are not available to any other person" under constitutional protections against unreasonable searches and seizures, government lawyers said in a 27-page court filing.

If the House leaders have their way, lawmakers also would be able to determine what documents do not have to be turned over to investigators or cannot be used in prosecution, the department said. In that circumstance, "a member of Congress could easily thwart a criminal investigation by unilaterally declaring certain documents to be privileged," the government said.

House Speaker Dennis Hastert, Democratic leader Nancy Pelosi, Majority Leader John Boehner, Republican Whip Roy Blunt and Democratic Whip Steny Hoyer last week asked a federal judge to declare unconstitutional the search of Jefferson's office May 20-21. Such a move could undermine part of a lengthy bribery investigation of the Louisiana Democrat.

The leaders said the search was heavy-handed and threatened the balance of power in government. But they also acknowledged that the FBI has every right to investigate Jefferson.

Chief U.S. District Judge Thomas F. Hogan, who approved the warrant, has scheduled a hearing Friday.

The FBI raid on a congressional office was the first ever, congressional and executive branch officials have said.

The government employed teams of lawyers and investigators who are not involved with the case to sort through the documents in an effort to prevent material protected by the Constitution's separation of powers from being read by prosecutors, the department said.

To ease tension with the House over the search, President Bush stepped in and ordered the material seized in the raid to be sealed until mid-July to give the House and the Justice Department time to negotiate a resolution.

At issue is a constitutional provision known as the speech and debate clause, which protects senators and representatives from being questioned by the president, a prosecutor or a plaintiff in a lawsuit about their legislative work.

If the search is not invalidated, the House leaders said, the Justice Department could use the threat of similar raids to intimidate Congress into scaling back its oversight of the agency and its components, such as the FBI.

Deliberations In Safavian Trial Postponed (AP)

By MICHAEL J. SNIFFEN, The Associated Press

AP, June 14, 2006

WASHINGTON (AP) — A federal court jury in the first trial of the Jack Abramoff lobbying scandal was sent home four hours after beginning deliberations Tuesday so the judge could consider whether to dismiss a juror for misconduct.

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Former Bush administration official David Safavian is charged with concealing from ethics officials and investigators that he assisted Republican influence-peddler Abramoff's efforts to obtain two government properties.

The jury of 10 women and two men had selected a foreperson but had not even received their written copies of jury instructions nor begun any substantive deliberations when the problem arose.

Prosecutors argued that a female juror should be dismissed because she disregarded the judge's instructions on several occasions and told other jurors Tuesday she had discussed the costs of a golf trip to Scotland with her father. Safavian's expenses for the August 2002 trip arranged by Abramoff have been an issue in trial testimony.

The defense opposed replacing the juror with an alternate and said U.S. District Judge Paul Friedman should just give jurors a stiff warning to stop all outside discussions.

U.S. District Judge Paul Friedman, who questioned the juror, decided he wanted to study similar cases before ruling on the government's dismissal motion. He said he would rule Wednesday morning, and asked the jury to return then.

He also denied the jury's request for a dictionary and told the jurors that if they needed definitions or had other questions to ask him by note.

Abramoff, the disgraced lobbyist and former business partner of Safavian, was never called to testify, a point Safavian's defense attorney emphasized in closing arguments Monday.

The defense characterized the trial as a clear case of prosecutorial excess, but the government depicted Safavian as an ethically challenged public servant trying to serve two masters.

As the General Services Administration's chief of staff, Safavian "was appointed by the president to serve the people of the United States, but he chose instead to serve Jack Abramoff," Justice Department lawyer Nathaniel Edmonds told the jury on Monday.

Prosecutors seized on dozens of e-mails in which Abramoff and Safavian exchanged information about two pieces of GSA-controlled property that Abramoff wanted for himself or his lobbying clients. Many of the e-mails were written around the time that Safavian accepted a weeklong trans-Atlantic golfing jaunt from Abramoff.

Safavian lawyer Barbara Van Gelder said Safavian "was trying to do the right thing" when he paid $3,100 for the trip and got ethics approval for the weeklong golfing excursion to Scotland and London organized by Abramoff.

"He told everybody about this trip" including his boss, Van Gelder said.

Edmonds said Safavian revealed nothing about the three-day London leg of the trip or the extent of the lavish accommodations. Prosecutor Peter Zeidenberg said if Safavian had told the truth, "there would have been questions" about who was paying for it and what business Abramoff had with GSA. Safavian told the ethics officer that Abramoff did all his work on Capitol Hill, a statement Van Gelder said is "literally true."

She said the government failed to prove its case by not summoning Abramoff to testify.

"Where's Jack?" Van Gelder asked the jury in final arguments.

"If the government does not call Jack Abramoff they have not met their burden," Van Gelder said.

Prosecutors gave no reason for not calling Abramoff, who would likely be a witness if the Justice Department assembles criminal cases against any members of Congress. The disgraced lobbyist has pleaded guilty to crimes in federal courts in Washington, D.C., and in Miami.

Two Ex-cops Who Moonlighted As Mob Hit Men Turn Against Their Lawyers (FINDLAW/AP)

By Larry Mcshane, Associated Press Writer

AP, June 14, 2006

(AP) - NEW YORK-Wearing sharply tailored suits and sharing "Godfather"-style kisses in the courtroom, attorneys Bruce Cutler and Edward Hayes appeared a formidable defense team for two ex-New York Police Department detectives accused of moonlighting as hit men for the mob.

Now, two months after Louis Eppolito and Stephen Caracappa were convicted of eight slayings, the former cops are charging that their lawyers botched the case - and asking a federal judge to throw out the verdict.

Both Cutler and Hayes were disappointed by the allegations from their one-time clients, saying Eppolito and Caracappa were desperate men motivated by the life sentences awaiting them if their appeal fails.

"I was just so personally offended," Cutler said. "One day you're begged to come in, and the next day you're knocked by the client, who to me is delusional in a certain respect. He's certainly ungrateful and shameless."

The defendants' new lawyers were unsparing in their assessment of their predecessors.

"Hayes' indifference to Mr. Caracappa's defense, both in terms of preparation and understanding, was apparent throughout the case," Daniel Nobel, who now represents Caracappa, said in court papers.

Joseph Bondy, the new attorney for Eppolito, said Cutler "spent the majority of Mr. Eppolito's closing argument speaking about himself, including that he lost over 14 pounds during trial, loved Brooklyn as a borough of bridges and tunnels, and was an admirer of the great Indian Chief Crazy Horse."

A hearing is set for June 23 on the defendants' allegations of ineffective counsel.

The allegations against Cutler and Hayes are at odds with their reputations.

Cutler, a burly, swaggering figure, is best known for defending Mafia boss John Gotti, employing a loud and merciless style of cross-examination known as "Brucifixion." And Hayes, author of the recent memoir "Mouthpiece," had a client list that included Sean "Diddy" Combs and Robert De Niro; he was the model for the impeccably tailored, street-smart defense attorney in Tom Wolfe's "The Bonfire of the Vanities."

When the two decorated former detectives were convicted April 6, Hayes shared a tearful courtroom hug with Caracappa. Their rapport has since vanished.

"He's desperate - who else can he attack?" Hayes said. "I am surprised, however, since I didn't think he was like that."

"They started off blaming the government and the prosecutors, blaming this and that," Cutler said. "Who's left? Us. I am rankled and angry."

Eppolito, 57, and Caracappa, 64, were found guilty of committing or facilitating eight killings while on the payroll of both the NYPD and Luchese family underboss Anthony "Gaspipe" Casso.

Their new lawyers charged that Cutler and Hayes failed to attack a possible flaw in the government case: That the alleged racketeering enterprise did not continue once the defendants retired and moved to Las Vegas. That would mean the five-year statute of limitations had expired and the convictions would be invalid.

The court filings also included complaints that Cutler and Hayes ignored their clients, that Eppolito was denied his right to testify, and that cross-examination of prosecution witnesses was improperly handled.

Neither Eppolito or Caracappa took the witness stand, though Cutler probably will at the hearing this month.

"I don't want to hurt Lou, and I certainly don't want to hurt Steve," Cutler said. "But I will be heard."

Laski Sentenced To 24 Months In Chicago Corruption Case (CHIT)

By Jeff Coen, Tribune Staff Reporter

Chicago Tribune, June 14, 2006

James Laski at times dabbed tears from his eyes as a federal judge sentenced the former Chicago city clerk to 2 years in prison for taking nearly $50,000 in bribes to steer city business to trucking companies run by his friends.

Laski is the highest-ranking official to be charged in the federal investigation of the scandal-ridden Hired Truck Program.

"After 26 years in government service, I have thrown everything away for the sum of $48,000," the 52-year-old Laski told the court before the sentence was handed down.

The comment brought a rebuke from U.S. District Judge Charles Norgle that Laski was oversimplifying the case. Norgle said Laski's conduct was the kind of breach of trust that saps the faith of ordinary citizens in their government.

It's intolerable that people would start to assume that it always takes crooked dealings to get city contracts, the judge said.

"The good guys lose here," Norgle said. "Honorable guys who have companies and want to do business with the city are the losers."

But Norgle did offer a measure of leniency in the case. Laski could have been sentenced to 30 to 37 months in prison, according to federal guidelines.

Assistant U.S. Atty. Manish Shah had sought a sentence within that range, reminding the judge that Laski attempted to obstruct the probe by asking friends to lie to investigators.

"He was the elected city clerk of the City of Chicago, essentially selling his clout to line his own pockets," Shah said, calling the bribes Laski's "walking around money."

"It allowed him to redo his kitchen, it allowed him to stock his family's vacation home in Wisconsin," he said. Laski also told federal investigators he was involved in ghost payrolling while an alderman in the early 1990s, Shah said.

The judge said he factored in all the mitigating circumstances in Laski's case, including his guilty plea and cooperation and the fact that Laski has a 9-year-old son who has an extreme anxiety disorder and requires special care.

Jeff Steinback, Laski's lawyer, called his client's conduct "inexcusable and wrong," but also said he had done much good as an alderman and then as clerk. Laski's resignation letter in February ended more than two decades of public service and 11 years in the clerk's office.

Laski has a long history of battling an anxiety disorder himself, Steinback said, and he is seeing a psychologist. A presentence report said Laski has been drinking more than nine beers a night in recent months, the judge noted.

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"Jim Laski is using every ounce of energy he possesses, mental and physical, to hold himself together today," Steinback said.

Laski pleaded guilty to taking monthly bribes of $500 to $1,000 from friend Michael "Mick" Jones, an operator of Get Plowed Inc. trucking company. Jones, who also was an official in the clerk's office, has pleaded guilty and will be sentenced in August.

Laski also pleaded guilty to taking $2,000 a month from another friend, Randy Aderman, another city employee, to steer work to FRC Trucking. Aderman pleaded guilty and is to be sentenced next week.

Laski told the judge that his conduct was a betrayal of the city and his family's pride.

"The citizens of Chicago don't deserve a public official that accepted bribes," he said. "I have to live with that shame for the rest of my life."

Steinback said Laski expects to make a public statement about his case next week. Laski did not speak to the media as he left the Dirksen U.S. Courthouse.

jcoen@tribune.com

Ex-city Clerk Gets 2 Years In Jail (CHIST)

By Natasha Korecki, Federal Courts Reporter

Chicago Sun-Times, June 14, 2006

Disgraced city clerk James Laski was sentenced this morning to 24 months in prison for taking $48,000 bribes in connection with the Hired Truck Program and coaching a witness to lie to a grand jury.

U.S. District Judge Charles Norgle could have given Laski up to 37 months but took into account Laski's family situation and his acceptance of responsibility for his crimes.

Laski, 52, is the highest-ranking public official convicted in the Hired Truck scandal. He pleaded guilty earlier this year.

"I have thrown away everything for $48,000," Laski, who often wiped away tears during this morning's hearing, told the judge.

Laski served as Chicago's city clerk for 11 years.

His lawyer, Jeffrey Steinback, had sought a reduced sentence, saying Laski suffers from a severe anxiety disorder, as does one of his children.

City Hall Lawyer: I Was Unaware Of Hiring 'Irregularities' Before April 2005 (CHIT)

By Dan Mihalopoulos And Rudolph Bush, Tribune Staff Reporters

Chicago Tribune, June 14, 2006

The top lawyer in Mayor Richard Daley's administration told a federal jury Tuesday that she was unaware of any "irregularities" in city hiring until after the FBI raided the mayor's office last year.

Testifying against the mayor's former patronage chief Robert Sorich, Corporation Counsel Mara Georges also said she did not know before the April 2005 raid that officials in the mayor's office kept lists of politically connected job seekers.

Georges became the highest-ranking city official to take the stand in the trial of Sorich and three other ex-city officials. The defendants are accused of rigging hiring and promotions for many city jobs to favor pro-Daley campaign workers.

The trial has focused attention on patronage hiring, a practice that supposedly faded into Chicago's past more than 20 years ago, when the city agreed to the federal Shakman decree. For years before the hiring scandal broke, Daley administration officials had maintained that the city was abiding by the decree.

Georges testified Tuesday about two conversations she had in June 2005 with Sorich and co-defendant Timothy McCarthy, Sorich's aide in the mayor's Office of Intergovernmental Affairs.

The purpose of the meetings was to learn what that office's role was in hiring and how the city's hiring process could be improved, Georges said.

Prosecutors charge that the office dictated who received city jobs that were supposed to be filled without regard to applicants' political ties.

But when Georges discussed Intergovernmental Affairs' role in hiring with Sorich and McCarthy, neither mentioned to her that they participated in filling positions covered by the Shakman decree, she said.

Her testimony was intended to support prosecutors' contention that Sorich and McCarthy took steps to conceal the alleged hiring scheme.

Georges also testified that she had discussions with McCarthy about a color-coded list of applicants for city truck driver jobs that FBI agents found in city offices.

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Prosecutors say the list was used to track how many jobs went to campaign workers under pro-Daley political coordinators such as then-Streets and Sanitation Commissioner Al Sanchez.

But Georges said McCarthy told her the list helped Intergovernmental Affairs keep an eye on Sanchez, a leader of the Hispanic Democratic Organization.

Georges said McCarthy told her of "rumors that Al Sanchez was favoring Hispanics who were members of Hispanic Democratic Organization in the hiring of motor truck drivers."

On cross-examination, attorneys for Sorich and McCarthy pointed out that Georges never specifically asked the men whether Intergovernmental Affairs had a role in hiring for jobs covered by the Shakman decree.

McCarthy's attorney, Patrick Deady, also questioned Georges about a 2005 meeting in McCarthy's office when he showed her a stack of résumés received by Intergovernmental Affairs.

"Did it seem like he was trying to hide anything?" Deady asked.

"No, he was not," Georges said.

It was not clear from the testimony whether those résumés were for Shakman-covered or Shakman-exempt jobs. About 1,000 of the city's 38,000 jobs are Shakman-exempt, meaning the administration could staff them with political appointees.

Defense attorney Thomas Anthony Durkin attempted several times to question Georges about whether the mayor was aware of Intergovernmental Affairs' role in hiring.

But U.S. District Judge David Coar prevented Georges from answering any questions that strayed far beyond her testimony about the 2005 meetings with Sorich and McCarthy.

Durkin asked if Georges knew that Daley instructed Intergovernmental Affairs officials to ensure racial diversity for all city jobs, including those covered by the Shakman decree.

"No, I don't know what you're referring to in regard to Shakman-covered positions," Georges responded.

Durkin has said Daley told federal prosecutors last year that he gave Intergovernmental Affairs responsibility for recommending job candidates in an effort to increase racial diversity.

Daley's statement to prosecutors has not been made public, and neither Daley nor anyone in his administration has publicly represented what he said.

Georges only once invoked attorney-client privilege in declining to answer a question Tuesday. Coar allowed her to decline to answer Durkin's question about a conversation she had with the mayor's chief of staff, Ron Huberman, shortly after the federal raid.

Georges' testimony that she was unaware Intergovernmental Affairs officials were involved in hiring for Shakman-covered positions appeared to contradict a key defense theory

Durkin has argued that Georges and other top city officials knew as early as 1997 that Intergovernmental Affairs kept lists of politically connected job applicants.

Intergovernmental Affairs officials turned the lists over to Georges and former Corporation Counsel Brian Crowe in connection with an unrelated federal investigation, Durkin has said.

Coar has blocked jurors from hearing testimony about the defense theory. He is expected to rule on the matter Wednesday.

Georges also testified about how Daley administration officials decided to admit publicly last year that politics had affected some hiring.

FBI agents arrived at City Hall armed with search warrants about 8 p.m. April 29, 2005. Georges said she remained with them at the mayor's office until almost 3 a.m. April 30.

Georges said she personally investigated the 2004 hiring of truck drivers by pulling records from the Personnel Department. What she found there, she said, prompted a news conference in late May 2005.

Coar sustained objections from prosecutors when Durkin asked, "Where was the mayor in all of this?"

Georges declined comment as she left the courthouse, saying her testimony would continue Wednesday.

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Suspended Bolivar Official Enters Pleas To Felony Charges (BSH)

Biloxi Sun Herald, June 14, 2006

GREENVILLE, Miss. - Bolivar County Administrator Adrian Brown entered not guilty pleas Tuesday to felony charges of receiving kickbacks and witness tampering.

Brown entered the pleas during a hearing before U.S. Magistrate Judge Eugene Bogen.

"The reason why he pleaded not guilty is because he is truly not guilty," said attorney Douglas Greene of Fort Worth, Texas, who represented Brown at the hearing.

"He is a rookie in the middle of a veteran political game," Greene said.

Brown, 29, was arrested June 6 by FBI agents. He was later released on $20,000 bond.

At the time of his arrest, federal authorities said Brown was accused of soliciting and accepting a kickback for work for Bolivar County, which was to be reimbursed by the Federal Emergency Management Agency. He said Brown is also accused of attempting to intimidate a witness in the investigation.

Brown has been administrator in Bolivar County since April 2004. He previously was project administrator for South Delta Planning and Development District Inc. in Greenville.

On Monday, Brown was suspended without pay by the Bolivar County Board of Supervisors pending a determination by the state attorney general's office.

California Man Charged As Enforcer For Israeli Cartel Pleads Guilty (FINDLAW/AP)

By Jeremiah Marquez, Associated Press Writer

AP, June 14, 2006

(AP) - LOS ANGELES-A reputed enforcer for a notorious Israeli cartel decided to take a plea deal Tuesday in the midst of his federal trial - after a top-ranking member of the group testified against him, officials said.

Hai Waknine - a 35 year-old Israeli national who lives in Marina del Rey, California, and describes himself as a businessman - pleaded guilty to a single racketeering charge, according to Assistant U.S. Attorney Tom Sleisenger. Under a deal with the government, he will be sentenced to nine years in prison, Sleisenger said.

Waknine had faced 46 counts of racketeering, extortion, conspiracy, and other charges stemming from an alleged scheme to hide money embezzled from an Israeli bank by loaning it out in Miami and Los Angeles. Waknine was accused of threatening violence to get debtors to pay up.

The turnabout came shortly after a morning of testimony from Gabi Benharosh, a powerful member of an organized crime syndicate known as the Jerusalem Group. Authorities say the syndicate has enriched itself through loan sharking, extortion, money laundering and illegal gambling in Israel, Europe, California, Nevada and elsewhere in the U.S.

Benharosh told jurors Waknine had helped devise the scheme and collect the money, Sleisenger said. That conflicted with the defense's argument that Waknine acted under duress and was merely doing Benharosh's bidding.

A message left with defense attorney David Kenner was not immediately returned Tuesday.

Waknine is out on $2 million (â,¬1.6 million) bond until his sentencing in September, Sleisenger said.

Benharosh agreed to a plea bargain in March but has yet to be sentenced.

Prosecutors allege that an employee of the Tel Aviv Trade Bank embezzled funds to help pay off her brother's debt to Benharosh and other members of the Jerusalem Group.

After receiving part of the funds, Benharosh wanted to leave Israel amid a police investigation into the bank employee, traveling to the U.S. where he met Waknine, prosecutors said. With Waknine's help, money was then lent to two people in Miami, one in Los Angeles.

In one case, Waknine and two associates threatened to "physically harm" a man if he did not pay back the $520,000 (â,¬413,650) that Benharosh loaned him, according to court documents.

And in March 2003, he and three others visited the Los Angeles debtor and allegedly demanded that he repay $950,000 (â,¬755,708). One of Waknine's strongmen, the victim of a bomb blast, then showed the man scars on his legs and implied the same could happen to him. Waknine later demanded an inflated repayment of $2 million (â,¬1.6 million), according to prosecutors.

Duke's Redick Charged With DWI, Cancels Orlando Workout (WP)

The Washington Post, June 14, 2006

Duke basketball star J.J. Redick was arrested early yesterday in Durham, N.C., on charges of drunken driving, another blow to a school shaken by a lacrosse scandal.

Redick, the Associated Press player of the year, also was charged with unlawful use of highways for making an illegal U-turn.

Redick, who has a Virginia driver's license, lost his driving privileges in North Carolina for 30 days, police spokeswoman Kammie Michael said.

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Redick, 21, was released on $1,000 bond shortly after being taken before a Durham County magistrate. He is to appear in court July 17. The arresting officer wrote in his report that Redick had "very glassy eyes, strong odor of alcohol coming from breath."

Redick had a blood-alcohol level of 0.11 percent. The legal limit for drivers in North Carolina is 0.08.

"I regret what happened last night and want to apologize to my family and the Duke community for the incident," Redick said in a statement issued by the university.

Redick finished his career as the leading scorer in ACC history, averaging 27 points per game last season. He is expected to be a high first-round pick in the June 28 NBA draft.

On Monday, he canceled a workout scheduled for today with the Orlando Magic, which has the No. 11 pick in the draft. Magic spokesman Joel Glass declined to say why Redick backed out, and no workout had been rescheduled.

"J.J. knows he made a mistake and regrets it," Duke Coach Mike Krzyzewski said in a statement. "He represented the very best in college athletics and exhibited outstanding character at Duke the last four years. He is and will continue to be a credit to the Duke basketball family. As his friend and his coach, he has my total support."

-- From News Services

Antigua Hits Back At US Gaming Laws (FT)

By Frances Williams In Geneva

Financial Times, June 14, 2006

The tiny Caribbean island state of Antigua and Barbuda has taken the first steps to haul the US back before the world trade court in a long-running dispute over internet gambling.

Antigua, which has a population of 68,000, says Washington has failed to comply with a World Trade Organisation ruling last year that US internet gambling laws discriminate against foreign suppliers. As a result, Antigua claims to have lost a large chunk of the rapidly growing offshore gaming business it has been building to diversify its economy away from tourism. US gamblers are estimated to account for about half the $12bn global internet gaming market.

This week, Antigua requested meetings with the US, a prelude to the establishment of a WTO panel to judge compliance. If, after any appeals, the WTO finds the US still in breach of fair trade rules Antigua can ask for permission to retaliate. "Obviously, we are going to have to be a bit creative in order to come up with something to motivate the Americans," Mark Mendel, a US lawyer advising Antigua, said after the April 3 2006 deadline set for US compliance expired.

Antigua is especially aggrieved because the US has taken no action to implement the WTO ruling, claiming - on the basis of an interpretive statement by the justice department - that its laws are already in compliance.

"Antigua and Barbuda does not believe that a simple restatement of a legal position taken by a party to a dispute . . . can be considered a [compliance] measure," Antigua says in its consultation request.

The US argues it does not discriminate against foreign suppliers of internet gambling services because domestic suppliers are equally restricted in offering services across state boundaries.

The WTO agreed the US ban on cross-border gambling services could be justified under WTO rules to protect "public morals" but pointed out remote gambling wagers were permitted under the 1978 Interstate Horseracing Act. Allowing remote gambling on horse races while banning the remote supply of gambling services from overseas suppliers was discriminatory, it said.

www.wto.org

Rep. Kennedy Gets Probation After Guilty Plea (WP)

By Henri E. Cauvin

The Washington Post, June 14, 2006

Rep. Patrick J. Kennedy, who lost control of his car near the Capitol last month in what he says was a drug-induced stupor, pleaded guilty yesterday to driving under the influence of prescription medication and could face 10 days in jail if he fails to comply with a long list of court-imposed conditions.

Placed on probation for a year, Kennedy (D-R.I.) must meet monthly with the psychiatrist overseeing his after-care treatment and attend weekly meetings of a recovery group and Alcoholics Anonymous. Kennedy also must submit to random drug screening and meet regularly with a psychiatrist to monitor his mood and anxiety and use of mental health medications.

"I've always said that I wanted to take full responsibility for my actions," Kennedy said in a brief statement outside the D.C. courthouse. "Today in court, I did just that. I accepted the consequences of my actions."

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The plea agreement, which was in the works when Kennedy returned from a month-long stay at the Mayo Clinic in Minnesota, was presented yesterday afternoon in D.C. Superior Court. Earlier in the day, Kennedy was charged with driving under the influence, reckless driving, and driving without a permit. The latter two charges were dropped in return for the guilty plea.

Kennedy, 38, who has admitted abusing pain pills and alcohol as an adult, has said that he took prescription medication to calm stomach inflammation and to help him sleep the night of the crash. He has said that he does not recall getting out of bed and has no memory of the May 4 accident in the 100 block of C Street SE, outside the Cannon House Office Building.

U.S. Capitol Police officers suspected that Kennedy was intoxicated when he staggered out of his Ford Mustang shortly before 3 a.m. after he nearly hit a police car and then crashed into a security barrier. But the six-term congressman -- who said he was trying to reach the Capitol for a vote -- was not given a sobriety test. Instead, Capitol Police commanders ordered that Kennedy be driven to his nearby home, touching off complaints that the son of Sen. Edward M. Kennedy (D-Mass.) received special treatment.

Appearing yesterday before Magistrate Judge Aida L. Melendez in a courtroom filled with reporters and curious courthouse employees, Kennedy looked calm and attentive as the events of that night were recounted.

Deputy D.C. Attorney General David M. Rubenstein said that after emerging from his green 1997 Ford Mustang, Kennedy was slurring his words and nearly fell over at one point. Kennedy was not carrying his driver's license or his congressional identification, and his eyes were red and watery, Rubenstein said.

When officers brought him home, Kennedy spent several minutes trying to open a gate before realizing that his house was next door, Rubenstein said.

A day later, Kennedy left for the Mayo Clinic to be treated for an addiction to prescription medicines. It was his second trip to the clinic in less than a year, he said. He had been a patient there during Congress's winter recess and had left the clinic "reinvigorated and healthy," he said.

Next to his attorney, N. Richard Janis, Kennedy was clear and firm in his responses to the judge's routine inquiries about his intention to plead guilty and the implications of such a decision. "Yes," he was satisfied with his attorney's service. "No," he had not taken any drugs or medication in the last two days. Only once was he more expansive. "I am pleading guilty to driving under the influence," he said.

Last week, Kennedy made his first public appearance since his clinic stay. Speaking at a Brown University conference on mental health care and addiction treatment, he said he was "confident" about his health and "positive" about his future. Kennedy also said last week that Rep. Jim Ramstad (R-Minn.), who is a recovering alcoholic, had visited him at the clinic and would serve as his sponsor in recovery.

Ramstad was in court with Kennedy yesterday. Afterward, as Kennedy addressed reporters, he singled out Ramstad for thanks, calling him a "true friend."

"Personally now, he has been so important to me in this very difficult time," Kennedy said.

Recalling his own wake-up call 25 years ago, Ramstad said he was happy to be Kennedy's sponsor. "He's accepted his addiction, and he's going to be just fine one day at a time," Ramstad said.

Kennedy did not take any questions as he and his entourage left the plaza in front of the courthouse. He ignored a reporter's question about whether he had been drinking the night of the crash; he had said in May that he did not consume alcohol that evening.

Traci L. Hughes, a spokeswoman for the D.C. attorney general's office, said no evidence has been uncovered to indicate that Kennedy was drinking before the crash.

Kennedy also did not respond when asked whether he intended to resign. His spokeswoman said that he has no intention of doing so.

But the next year is likely to be one of the more scrutinized of his life, with the regular doctor visits, the random drug tests and the weekly AA meetings that were ordered by the judge.

Along with those conditions, he must perform 50 hours of community service with the Boys and Girls Club of Greater Washington and must contribute $250 to the organization. Also, he must not use illicit substances or engage in any other illegal activity.

If he goes astray in any way, he could be in trouble with the court. Melendez sentenced him to 10 days in jail and a $300 fine but suspended both penalties -- meaning she can impose them if Kennedy violates the terms of his probation.

Kennedy, who was born in Massachusetts, graduated from Providence College and stayed in Rhode Island to launch his political career. He was elected to the state House of Representatives in 1988 at age 21 and was reelected in 1990 and 1992 before moving to Congress.

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Representative Kennedy Reaches Deal (NYT)

By David Stout

The New York Times, June 14, 2006

WASHINGTON, June 13 — Representative Patrick J. Kennedy pleaded guilty this afternoon to driving under the influence of prescription drugs in connection with a car crash near the Capitol early on the morning of May 4 and was placed on probation for one year.

Mr. Kennedy, 38, entered his plea in District of Columbia Superior Court, where two other charges, reckless driving and failure to exhibit a driving permit, were dismissed under an agreement he reached with prosecutors.

"I am pleading guilty to driving under the influence," Mr. Kennedy told Magistrate Judge Aida Melendez, according to The Associated Press.

Judge Melendez said that Mr. Kennedy would serve 10 days in jail if he violated his probation and that he must continue drug treatment. The judge also fined the congressman $350, of which $250 will go to the Boys and Girls Club of Greater Washington and the remaining $100 to a crime victims' fund.

Standing in the sunshine outside the courthouse afterward, Mr. Kennedy said, "I accepted the consequences of my actions." He said he was looking forward to "the next chapter of my life."

Mr. Kennedy appeared with Representative Jim Ramstad, a Minnesota Republican whom he described as his "true friend" and sponsor, and said he was "very grateful to be on the road to recovery" and eager to get back to work for his Rhode Island constituents.

Mr. Ramstad described himself as "a grateful recovering alcoholic of nearly 25 years who had a similar wake-up call on July 31, 1981." On that day, nine years before he was elected to Congress, he awoke in jail after a night of drinking ended in a brawl, according to The Almanac of American Politics.

Mr. Ramstad's ties to the Kennedy family go back more than four decades. He met President John F. Kennedy in 1963 in the same Rose Garden ceremony where a young Bill Clinton was photographed shaking the president's hand, according to the political almanac. Mr. Ramstad appeared in the background of the now-famous picture.

Representative Kennedy, a six-term Democrat and the son of Senator Edward M. Kennedy of Massachusetts, checked himself into the Mayo Clinic the day after the crash to be treated for drug dependency.

The congressman has said that he has no memory of driving his car into a security barrier around 3 a.m., and that he had not been drinking beforehand, even though the initial police report listed alcohol as a factor in the accident. Rather, Mr. Kennedy has said, he was under the influence of prescription anti-nausea and sleep medications, which he had taken at the "prescribed amount."

Shortly after leaving the Mayo Clinic, the congressman said he continued to suffer from bipolar disorder and a tendency toward addiction. "The key to recovery will be a small group of people who will watch over me," he said at a news conference.

And at a Rhode Island health-care conference on June 5, Mr. Kennedy said he was "confident about my health, positive about my future and passionate about my work representing the people of a Rhode Island."

The congressman said he was touched by the outpouring of support he had received "from everyone from priests to police officers." Mr. Kennedy said a Congressional colleague, a Republican, told him he was "praying that your experiences and your struggles will become your greatest blessings."

Kennedy Sentenced After Guilty Plea To DUI (AP-Y2)

By Andrew Miga

AP2, June 13, 2006

A judge sentenced Rep. Patrick Kennedy (news, bio, voting record) to drug treatment and a year's probation after he pleaded guilty Tuesday to driving under the influence of prescription drugs.

Kennedy, D-R.I., will also pay $350 in connection with his middle-of-the-night car crash last month near the Capitol that he has said he has no memory of.

Two other charges against Kennedy were dismissed as part of a plea deal: reckless driving and failure to exhibit a driving permit.

Accompanied by his lawyer, the son of Sen. Edward Kennedy (news, bio, voting record), D-Mass., entered his plea Tuesday afternoon before District of Columbia Superior Court Magistrate Judge Aida Melendez.

"I am pleading guilty to driving under the influence," he said.

Melendez ordered Kennedy to undergo court-monitored drug treatment and pay $350 — $250 of which would go to the Boys and Girls Club of Greater Washington, and $100 to a crime victims' fund. She also gave Kennedy a 10-day jail sentence

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that was suspended unless he violates probation, and she ordered him to serve 50 hours of community service with the boys and girls club.

"I've always said that I wanted to accept full responsibility for my actions," Kennedy told reporters outside the courthouse. "Today in court, I did just that. I accepted the consequences of my actions. I look forward today to moving on to the next chapter in my life."

Kennedy was joined in court by Rep. Jim Ramstad (news, bio, voting record), R-Minn., who is his sponsor in Alcoholics Anonymous. Ramstad said he'd had a "wake-up call" similar to Kennedy's several years ago.

"I'm grateful he has accepted his addiction and he is going to be just fine one day at a time," Ramstad said.

D.C. Attorney General Robert Spagnoletti issued a statement saying Kennedy "has been treated like any other citizen found guilty of driving under the influence," and is expected to honor the terms of his probation.

Under the plea deal, Kennedy must attend weekly meetings of Alcoholics Anonymous and a recovery group facilitated by his physician, Dr. Ronald Smith. He must check in with Ramstad once a week and submit to random urine screenings for drug abuse.

Kennedy also has to meet regularly with a "qualified psychiatrist to monitor mood symptoms, anxiety and use of psychotropic prescription medications," according to court documents.

Because of his guilty plea, Kennedy's driving privileges will be revoked in D.C. for six months, an aide said. Kennedy has notified Rhode Island registry officials of his plea and expects his Rhode Island license will also be suspended, the aide said.

Kennedy returned to Congress last week after nearly a month of treatment for addiction to prescription pain drugs at the Mayo Clinic in Minnesota.

The six-term congressman, who has struggled with addiction since high school, entered the clinic one day after the May 4 crash on Capitol Hill that he said he could not remember.

The accident has raised questions about whether Kennedy, 38, was drinking and had received special treatment by police, who did not conduct field sobriety tests. He has denied consuming alcohol before the crash.

In the hours before the crash, Kennedy said he returned home from work and took a sleeping pill, Ambien, and Phenergan, a prescription anti-nausea drug that can cause drowsiness. He said he did not consume alcohol and has denied ever seeking special treatment.

Kennedy crashed his green 1997 Ford Mustang convertible into a security barrier near the Capitol about 2:47 a.m. The officer listed alcohol influence as a contributing factor in the crash and noted that Kennedy was "ability impaired," with red, watery eyes, slurred speech and unsteady balance, according to the accident report.

Kennedy told the police officer he was "headed to the Capitol to make a vote," the report said. He was cited for failure to keep in the proper lane, traveling at "unreasonable speed" and failing to "give full time and attention" to operating his vehicle.

Kennedy's office has said that it has not received those initial citations.

Police did not conduct field sobriety tests on Kennedy. The officers involved in the accident were instructed by a superior to take the congressman home, Rubenstein said. Kennedy initially directed the officers to the wrong Capitol Hill address and spent several minutes in vain trying to unlock a gate before he was taken to his home, Rubenstein told the court.

Kennedy Pleads Guilty To DUI, Gets Probation (RC)

By John McArdle

Roll Call, June 14, 2006

After pleading guilty to one count of driving under the influence of drugs Tuesday, Rep. Patrick Kennedy (D-R.I.) will begin fulfilling the terms of his plea agreement this week.

In exchange for the guilty plea, the Office of the Attorney General for the District of Columbia subsequently dropped two other charges of reckless driving and failure to exhibit a permit.

Kennedy, who was both arraigned and sentenced in D.C. Superior Court on Tuesday, caused a late-night car accident on Capitol Hill in early May after taking a combination of prescription drugs. He subsequently checked himself into the Mayo Clinic for rehabilitation, staying there for one month before returning to work last week.

The plea agreement, which was accepted by D.C. Magistrate Judge Aida Melendez, set several terms including a 12-month probation period, 50 hours of community service, random urine drug-abuse screenings and some $350 in fines. N. Richard Janis, a lawyer for Kennedy, said the Congressman planned to pay the fines — $100 of which will go to a crime victims fund and $250 of which will go to the Boys & Girls Clubs of Greater Washington — before the end of the week.

Melendez also suspended a 10-day jail sentence and another $300 in fines that Kennedy also would have to fulfill if he violates any part of his plea agreement.

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During the sentencing, Janis sought to have Kennedy's probation period shortened, noting that "Congressman Kennedy immediately accepted responsibility" for the incident and that the drug treatment plan laid out in the plea agreement was developed by Kennedy's physicians at the Mayo Clinic.

And though Kennedy has admitted only to being under the influence of the prescription drugs Phenergan and Ambien in the early-morning hours of May 4 when he crashed his Ford Mustang into a vehicle barrier at First and C streets Southeast, his plea agreement mandates that he must attend weekly Alcoholics Anonymous meetings and have weekly contact with an AA sponsor.

Kennedy's sponsor, former Rep. Jim Ramstad (R-Minn.) — who visited Kennedy during his month-long stay at the clinic in Rochester, Minn. — explained outside the courthouse on Tuesday that the AA program is designed "for people of all chemical addictions."

Kennedy, who holds a Rhode Island driver's license, also could have his driving privileges revoked pending a review from the Department of Motor Vehicles for D.C. and the state of Rhode Island.

"This is a fairly typical sentence of someone being convicted for driving under the influence for the first time," said Tracey Hughes, director of communications for the D.C. Office of the Attorney General, in a press conference after Kennedy's court appearance. "I would say the highlight of this plea agreement is that Mr. Kennedy agreed to get help and agreed to continued monitoring" for drug abuse.

In a statement released after the hearing, D.C. Attorney General Robert Spagnoletti called the agreement "fair and in the best interest of the District. Mr. Kennedy has been treated like any other citizen found guilty of Driving Under the Influence, and he will be expected to comply with the conditions of his probation imposed by the court today."

"I've always said that I wanted to take full responsibility for my actions and today in court I did just that," Kennedy said in a brief press appearance outside the courthouse. Kennedy praised the professionalism of the Capitol Police Department and the attorney general's office in handling his case.

Before his arraignment and sentencing on Tuesday, Kennedy appeared at Capitol Police headquarters to be booked on the charges from the accident.

A Capitol Police spokeswoman declined to comment on the case Tuesday afternoon and referred questions to the D.C. attorney general's office. A department release Tuesday evening said, "The Capitol Police consider this matter closed."

But Capitol Police Labor Committee Chairman Andy Maybo did release a statement commending Kennedy "for stepping up and taking responsibility for his actions. Although he may have violated the law, he has set an example to all Americans that regardless of who you are, it is not ok to commit a crime and one must take responsibility for his or her own actions."

Local and national police labor officials — who raised concerns that Kennedy had received preferential treatment the night of his car accident when Capitol Police management kept officers from conducting a field sobriety test and collecting evidence at the scene of the accident — have monitored the case closely.

Maybo said Tuesday that the members of the Capitol Police Labor Committee "wish Congressman Kennedy well on his road to recovery."

During Tuesday's arraignment, a few new details of what happened the night of Kennedy's crash came to light.

In outlining the case that the attorney general's office would have presented had it gone forward with a trial, Deputy Attorney General David Rubenstein told Judge Melendez that several Capitol Police officers would testify to the fact that in their opinion Kennedy was under the influence of a substance, including the two officers who drove Kennedy home that night.

Rubenstein said that when the officers dropped Kennedy off he initially identified the wrong house as being his residence and tried to unlock an outside gate of a house next door to his for several minutes before realizing he was at the wrong home.

And though the Capitol Police traffic report from the crash noted that Kennedy's ability was impaired the night of the incident and that alcohol influence was a primary contributing factor in the accident, Hughes said Tuesday that "there was not enough evidence gathered in the investigation to bring the charge of DUI alcohol" in the case.

According to the Capitol Police traffic report, Kennedy was traveling at "a high rate of speed" at approximately 2:45 a.m. May 4 when an officer noticed he was swerving into the wrong lane.

The car did not have its lights on, and after hitting a curb the car swerved "back into the wrong lane of travel thereby causing [a Capitol Police Patrol Division officer] to use evasive maneuvers in order to avoid a collision with the vehicle," the report reads. The car then slowed down and collided with a vehicle barrier at First and C streets Southeast.

Upon approaching the vehicle, the report states, the officer found Kennedy to be at the wheel and observed that his "eyes were red and watery, speech was slightly slurred, and upon exiting his vehicle, his balance was unsure."

Kennedy stated to the officer that he was "headed to the Capitol to make a vote."

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Other contributing factors to the accident noted by the Capitol Police were speed, driving on the wrong side of the street and driver inattention.

Rep. Kennedy Cops A Plea For May DUI (HILL)

By Jackie Kucinich

The Hill, June 14, 2006

Rep. Patrick Kennedy (D-R.I.) pleaded guilty to driving under the influence of drugs as a part of an extensive agreement the lawmaker reached with the District of Columbia Office of the Attorney General.

"I've always said that I wanted to take full responsibility for my actions. Today in court I did just that," Kennedy said in a brief meeting with reporters after appearing before D.C. Superior Court Magistrate Judge Aida Melendez. "I accepted the consequences of my actions. I've cooperated fully with the Capitol Police and with the attorney general's office.

"I think they've done a fantastic job. … I look forward today to moving on to the next chapter of my life."

Kennedy entered the guilty plea on the condition that the two other charges, reckless driving and failure to exhibit a permit, would be dropped.

"I am pleading guilty to driving under the influence," Kennedy told Melendez.

The lengthy plea agreement stipulates a 12-month probationary period, monthly meetings with Dr. Ronald Smith at Bethesda Naval Hospital, attendance at weekly recovery-group meetings and weekly Alcoholics Anonymous meetings. In addition, Kennedy must submit to random urine and drug-abuse screenings and maintain regular contact with a "qualified psychiatrist."

Kennedy must also maintain weekly contact with an AA sponsor.

Rep. Jim Ramstad (R-Minn.) is Kennedy's sponsor. "Jim has been a true friend of mine," Kennedy said. "He has been so important to me in this very difficult time."

Ramstad, who is a recovering alcoholic, attended the court proceedings, sitting in the front row of the courtroom.

"He's accepted his addiction, and he is going to be just fine one day at a time," Ramstad told reporters.

"I am absolutely convinced that Mr. Kennedy will continue to work his program one day at a time because I'm his sponsor," Ramstad said. "This is the first time in his life that as a Democrat he's answering to a Republican — he's going to do what I tell him."

Ramstad said that AA is not just for alcoholics but also for people addicted to other substances.

Upon accepting Kennedy's plea, Melendez added a 10-day jail sentence and a $300 fine — both of which will be suspended as long as Kennedy abides by the terms of the plea agreement. He will also have to pay $100 to the Victims of Crime Fund, as stipulated by D.C. code, and will make a $250 donation to the Boys and Girls Club of Greater Washington, in addition to completing 50 hours of community service there.

Traci Hughes, director of communications for the D.C. Office of the Attorney General, expressed satisfaction that the matter had been brought to a close.

"The attorney general would like me to convey that he has treated Mr. Kennedy just as any other defendant in this type of situation — [he] was not given any special treatment," she said.

She said the sentence is typical for a first-time offender.

The Capitol Police referred to the Office of the Attorney General's remarks and offered no further statement.

Andy Maybo, chairman of the U.S. Capitol Police Fraternal Order of Police, expressed support for Kennedy.

"I commend Congressman Kennedy for stepping up and taking responsibility for his actions," Maybo said in an e-mail. "Kennedy has set an example to all Americans that regardless of who you are, it is not OK to commit a crime.

"We all wish him well on his road to recovery."

Kennedy turned himself in to Capitol Police headquarters around noon yesterday before traveling to the Superior Court of the District of Columbia for arraignment and sentencing.

The initial Capitol Police arrest report cited three traffic violations: failure to keep in the proper lane, unreasonable speed and failure to give full time and attention to the operation of a vehicle. Those violations carry a total of $80 in fines, according to Robin Costello, Kennedy's press secretary.

It is unclear whether Kennedy will also have to pay the fine for the traffic tickets or whether his DUI guilty plea nullifies them.

Kennedy's admission comes more than a month after he crashed his green Ford Mustang into security barriers at C and 1st streets at 2:45 a.m. May 4.

The lawmaker's "eyes were red and watery, [his] speech was slightly slurred and upon exiting the vehicle, his balance was unsure," according to the incident report.

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Kennedy reportedly told police that evening after identifying himself that he was “late for a vote.” Votes had concluded several hours earlier.

During the court proceedings, Deputy Attorney General for Public Safety David Rubenstein added details provided to the office by the Capitol Police, including that when two sergeants drove the lawmaker home he pointed out the wrong house and spent several minutes trying to unlock the gate until he realized his residence was the house next door.

Kennedy said he had been disoriented because he was taking two prescription medications at the time.

On May 5, Kennedy convened a press conference and told reporters that he was checking himself into the Mayo Clinic for treatment for an addiction to prescription painkillers. Kennedy returned to the House last week after spending several weeks in rehabilitation.

Leaders of the Capitol Police were roundly criticized after the incident for failing to administer a field sobriety test, and the two sergeants who drove the lawmaker home dismissed the officer who initially attempted to pull Kennedy over.

As a part of the police investigation, the Capitol Police reassigned the watch commander who instructed officers not to follow regular procedures.

Rep. Kennedy Gets Probation In DUI Plea Deal (LAT)

By Johanna Neuman

The Los Angeles Times, June 14, 2006

WASHINGTON — Rep. Patrick J. Kennedy (D-R.I.) pleaded guilty Tuesday to a charge of driving under the influence of prescription drugs in a plea bargain with prosecutors stemming from a middle-of-the-night incident last month in which he nearly sideswiped a police cruiser.

District of Columbia Superior Court Magistrate Judge Aida Melendez placed the six-term congressman on supervised probation for a year. He was ordered to attend weekly meetings of Alcoholics Anonymous, confer regularly with a psychiatrist, submit to random drug tests and contribute $100 to a crime victims fund and $250 to the Boys & Girls Clubs of Greater Washington, where he will also do 50 hours of community service.

If Kennedy violates the terms of his probation, she added, he will go to jail for 10 days and pay a fine.

"I've always said I wanted to take full responsibility for my actions, and today in court I did just that," Kennedy said after his sentence was announced.

"I'm grateful to be on the road to recovery," he added.

Standing at Kennedy's side as he talked to reporters on the courthouse steps was not his father — Sen. Edward M. Kennedy (D-Mass.) — but a Republican colleague from Minnesota.

"As a grateful recovering alcoholic of 25 years, I'm pleased to be his sponsor," Rep. Jim Ramstad (R-Minn.) said. "He's accepted his addiction and he's going to be just fine, one day at a time."

Kennedy, 38, has said he has struggled with depression and drug addiction since he was a teenager. He was treated for cocaine abuse after he graduated from high school.

The incident that led to his courtroom appearance Tuesday began at 2:47 a.m. May 4, when Kennedy crashed his green 1997 Ford Mustang convertible into a security barrier on Capitol Hill. According to a report filed by the Capitol Police, he stumbled from the car, telling officers that he was rushing to make a vote. The House had adjourned three hours earlier.

The police report described Kennedy as "unsteady on his feet," with "slightly slurred speech" and "red and watery" eyes.

Later that day, Kennedy released a statement saying that he had consumed no alcohol but acknowledging that he had taken two prescription medications: Ambien for sleeplessness and Phenergan for stomach inflammation. The next day, he called a news conference to say that he was checking himself into the Mayo Clinic in Rochester, Minn., to treat an addiction to prescription drugs.

Kennedy stayed in Minnesota for 28 days, and Ramstad visited every Saturday, accompanying him to recovery meetings. Ramstad, who quit drinking 25 years ago after he woke up from an alcohol-induced blackout in a jail cell in Sioux Falls, S.D., will get a weekly call from Kennedy under the terms of probation.

Ramstad said in an interview Tuesday that Kennedy had told him, "This is the first time in my life I'll have a Republican telling me what to do." In 2004, the two founded the House Addiction, Treatment and Recovery Caucus, which educates legislators on addiction issues and promotes greater access to treatment.

During Kennedy's May 5 news conference, when he announced he was entering treatment, his voice cracked as he said, "I simply do not remember getting out of bed, being pulled over by the police or being cited for three driving infractions."

The Capitol Police drove him home that night and did not conduct a field sobriety test, leading to some criticism of a double standard for elected officials.

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In March, Rep. Cynthia A. McKinney (D-Ga.) was involved in an incident with Capitol Police in which she was alleged to have struck an officer who attempted to stop her at a security checkpoint. Charges against her are still being considered, a spokesman for the U.S. attorney's office said Tuesday.

For Kennedy, whose mother, Joan, has battled alcoholism throughout her life, the denouement on the courthouse steps was the result of a plea deal in which prosecutors dropped charges of reckless driving and of driving without exhibiting a permit. Kennedy, who despite his troubles is considered a safe bet for reelection in his Democratic district, has said the accident was also a wake-up call.

"Every day I'm on my knees thanking God that I didn't hurt somebody," he said last month.

Rep. Kennedy Gets Supervised Probation For DUI (CHIT)

By Johanna Neuman

Chicago Tribune, June 14, 2006

WASHINGTON -- U.S. Rep. Patrick Kennedy (D-R.I.) pleaded guilty Tuesday to a charge of driving under the influence of prescription drugs in a plea bargain with prosecutors stemming from a middle-of-the-night incident last month in which he nearly sideswiped a police cruiser.

District of Columbia Superior Court Magistrate Judge Aida Melendez placed the six-term congressman on supervised probation for a year. He was ordered to attend weekly meetings of Alcoholics Anonymous, confer regularly with a psychiatrist and submit to random urine tests.

Kennedy also was ordered to contribute $100 to a crime victims fund and $250 to the Boys and Girls Club of Greater Washington, where he will do 50 hours of community service.

If Kennedy violates the terms of his probation, she added, he will go to jail for 10 days and pay a fine.

"I've always said I wanted to take full responsibility for my actions, and today in court I did just that," Kennedy said after his sentence was announced. "I accepted the consequences of my actions. ... I'm grateful to be on the road to recovery."

Standing at Kennedy's side as he talked to reporters on the courthouse steps was not his father—Sen. Edward Kennedy of Massachusetts—but a Republican colleague from Minnesota who is himself a recovering alcoholic.

"As a grateful recovering alcoholic of 25 years, I'm pleased to be his sponsor," said Rep. Jim Ramstad. "He's accepted his addiction and he's going to be just fine, one day at a time."

Kennedy, 38, has said he has struggled with depression and drug addiction since he was a teenager. He was treated for cocaine abuse after graduating from high school.

The incident that led to his courtroom appearance Tuesday began at 2:47 a.m. on May 4 when Kennedy crashed his green 1997 Ford Mustang convertible into a security barrier on Capitol Hill. According to a report filed by the Capitol Police, he stumbled from the car, telling officers that he was rushing to make a vote. The House had adjourned three hours earlier, and the last vote on May 3 was cast at 9:06 p.m.

The police report described Kennedy as "unsteady on his feet," with "slightly slurred speech" and "red and watery" eyes.

The Capitol Police drove him home that night and did not conduct a field sobriety test, leading to some criticism of a double standard for elected officials.

Later that day, Kennedy released a statement insisting that he had consumed no alcohol but acknowledging that he had taken two prescription medications, Ambien for sleeplessness and Phenergan for stomach inflammation. The next day, he called a news conference to say he was checking himself into the Mayo Clinic in Rochester, Minn., to treat an addiction to prescription drugs.

Kennedy stayed in Minnesota for 28 days, and Ramstad visited every Saturday, accompanying him to recovery meetings. Ramstad, who quit drinking 25 years ago after he woke up from an alcoholic blackout in a jail cell in Sioux Falls, S.D., will get a weekly call from Kennedy under the terms of probation.

Ramstad said Tuesday that Kennedy had told him, "This is the first time in my life I'll have a Republican telling me what to do."

As part of the plea deal, prosecutors dropped charges of reckless driving and of driving without exhibiting a permit.

Los Angeles Times

FBI Web Site Attracts Tipsters, Whistleblowers Against Public Corruption (FOX)

Fox News, June 14, 2006

DOJ_NMG_0033731

WASHINGTON — Even with stories about public corruption probes flooding the morning papers, Internet and cable news airwaves, the FBI's new Web site for individuals to report malfeasance and just plain bad behavior hasn't made splashy headlines.

But the site, reportcorruption.fbi.gov, is up and running and the G-Men are paying attention.

"They don't want me to get into numbers, but, yes, we have had credible tips already," said Steve Kodak, an FBI spokesman.

It turns out that while tip lines have been in use by nearly every major and minor police department in the nation for years, the FBI's public corruption Web site, created last month, is somewhat of a new venture.

The idea is an offshoot of the Hurricane Katrina fraud tip line, which was created when law enforcement officers realized the outpouring of public support in rebuilding the Gulf Coast after last year's hurricanes wasn't benefiting just the people of Louisiana. A report out Tuesday by the Government Accountability Office reveals the government doled out an estimated $1.4 billion for fraudulent requests for assistance.

Over the past five years, the FBI has increased the number of agents dedicated to anti-corruption efforts from 450 to about 620. Of late, they have been kept busy with a persistent drumbeat of corruption-related cases involving congressional and federal officials.

On the wall of shame lately has been Randy "Duke" Cunningham, who saw his tenure in the House of Representatives come to an end after a newspaper revealed strange real estate deals involving the congressman that led to the uncovering of $2.4 million in bribes given to the California Republican in exchange for lucrative government contracts.

Elsewhere, court documents allege Rep. William Jefferson, D-La., took $100,000 in bribe money — an act that FBI agents say is caught on videotape. Agents apparently recovered $90,000 of the marked cash from Jefferson's home freezer, and claim they saw him trying to hide certain documents from agents while they were searching his house last year. The congressman has denied wrongdoing, and no charges have been filed against him, but an aide to Jefferson and a businessman have entered related guilty pleas.

The lobbying schemes surrounding Jack Abramoff have so far garnered federal plea deals from Abramoff; Neil Volz, a lobbyist and former aide to Rep. Bob Ney, R-Ohio; and Tony Rudy, a former aide to former Republican Rep. Tom DeLay of Texas. A jury is currently deliberating the case against David Safavian, a top procurement official who is accused of lying to ethics regulators about his connections to Abramoff and a pricey golf trip he took with the lobbyist to Scotland.

No charges have been filed against Ney or DeLay, but they remain in the investigative crosshairs, and their political fortunes have taken turns for the worse. DeLay is facing unrelated charges in Texas of campaign money laundering. He retired from the House last week. Ney was forced to give up his position as chairman of the House Administration Committee.

Each of the investigations has spun off a web of new inquiries. Many more probes — from shady campaign tactics to corporate favoritism — are being conducted at the state and local levels.

With the list of investigations so long, Kodak said it is no coincidence the FBI is ramping up its efforts. "Obviously not, with everything that's going on lately," he said.

Tipsters from any walk of life are welcome to report suspicious activities, but since most of the would-be criminal action occurs behind closed doors, the bureau expects most contributions to come from individuals who work within the government.

The FBI's anti-corruption Web site offers visitors links where they can enter a tip or find phone numbers for local FBI field offices. Kodak said tipsters can leave as much or as little information as they want and assures that if tipsters want to remain anonymous, the FBI won't reveal their identities.

Because corruption cases take a long time to build, Kodak couldn't say how long it might take for this latest effort to bear fruit. He also acknowledged that anonymous tips make investigations more difficult because they're harder to verify and the possibility exists that some people might use the Web site to settle personal vendettas. But the problems don't outweigh the value of the program, he said.

"That's always been the case with any type of tip," Kodak said. "It all comes down to the field agent doing good ground work."

The Potential Downside of Tattling

Asked whether the National Security Agency might be called in to fish out an anonymous tipster against his or her will — a possibility, albeit remote, given the NSA's access to phone records and matrices of who's been calling whom — Kodak steered clear of the suggestion.

"We have never had a case where if someone was to remain anonymous, that we were to track that person down," he said.

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But Frankie Bailey, an associate professor at the SUNY University at Albany's criminal justice department, said some people might be scared away from using the site anyway.

The site doesn't say tipsters must leave personal information, but it doesn't exactly encourage anonymous tips. The tip page has space for all sorts of identification, which Bailey said she believes would be necessary to make necessary follow-up for tip verification.

"I don't know how they'd be able to follow up unless you left enough information. ... I would think they would need at least enough to get back to you," Bailey said.

One ex-cop says it's not out of the question that an anonymous tipster would be outed, or those trying to clean up corruption would become targets of retribution.

Peter Mancuso retired from the New York City police department in 1987 as assistant director of training. Around the same time, a massive corruption probe began looking into renegade police officers whose extracurricular activities included robbing drug dealers and re-selling their wares for personal profit. As indictments rained down, those who were trying to help uncover the criminal activity became targets themselves, Mancuso said.

Officers who reported corruption either were ignored or faced disciplinary actions for going against their superiors, he said. In one case, an officer who was an internal affairs plant in a corrupt precinct later faced perjury charges regarding his participation in the probe. Another officer faced disciplinary action after trying to place an anonymous tip. He was identified after the investigation began.

Trying to establish a public advocate for anti-corruption efforts, Mancuso and a group of retired officers sought to strike a difficult balance between distancing investigators from the active-duty police force and not becoming beholden to politicians whom they needed to gain enough political heft to raise a stink if future corruption went unchecked.

They hoped to amass allegations from current officers to present to higher authorities if normal channels of communication broke down. The group set up a tip line, got press coverage and waited for the calls to come in. But they didn't come. Eventually the effort fizzled out, Mancuso said.

Mancuso, who now runs a business in the Philadelphia suburbs, said he thinks the tip line didn't ring because the top echelons of the police department never endorsed it. The key is to put as much distance between the agency investigating the corruption and those who hold sway over the people reporting it, something he said the federal government is just as susceptible to as smaller agencies.

"Any time a public employee faces an official — or unofficial — punishment, in a sense for reporting corruption, it's obvious to me that that is an impediment," Mancuso said.

In some cases, it might be impossible to shield anonymous tipsters because only a handful of people would be privy to the information being reported, said Randall Eliason, who was in charge of the Justice Department's Public Corruption/Government Fraud Section from December 1998 until August 2001.

Eliason, now an adjunct professor at American and George Washington universities, said another problem with corruption cases is that prospective tipsters might not be sure about what they saw. Other criminal cases have identifiable evidence that a crime has happened: a dead body, a bank robbery caught on surveillance tape; a missing child.

But something that could be seen as corruption could also be a benign business transaction. And even if someone did see money exchanging hands between politicians, it's hard to prove the intent without catching the act on videotape.

"When you're trying to combat that, and predict what was in someone's mind ... the best proof of that is if you got someone on tape," Eliason said.

But catching corruption on tape poses its own problems, Eliason said. Informants who participate in police probes might be doing it to avoid prosecution, and they make less-than-perfect witnesses. It's even harder to orchestrate a sting operation to catch corrupt officials, like when the Justice Department got agents to pose as Arab sheiks in the Abscam bribery probe that unraveled in the beginning of the 1980s, netting multiple convictions of members of Congress.

The way campaign finance laws are written doesn't help either, Eliason said. Nearly everyone who makes a political contribution wants something in exchange, and it's often a matter of semantics when it comes to deciding whether an act is legal.

"Campaign contributions are considered perfectly fine, but briberies are considered illegal," Eliason said.

Bailey said the decision to report a tip also poses an ethical dilemma.

"Do you want to get someone in trouble when you don't have enough information? ... You would have to think long and hard whether or not you wanted to bring the whole force of the federal government down on someone," she said.

Nevertheless, with plenty of attention being paid to corruption, Bailey said it's a good time to roll out the site.

"The climate is right to get people to log on," she said. And even if the tips don't roll in, the FBI might not have a total loss.

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"The Web site is really interesting. Whether or not people actually report it, it draws you into the site as to what the FBI's really involved [in]. It's public relations," Bailey said.

'Suspicious Box' Blown Up Near Courthouse May Have Contained Criminal Evidence (LAW)

By Julie Kay, Daily Business Review

Miami Daily Business Review, June 14, 2006

When police blew up a suspicious box that caused the evacuation of two federal buildings in downtown Miami, they may have blown up a federal criminal case.

Authorities evacuated the courthouses Monday due to a bomb scare. The Miami Police bomb squad responded and destroyed the box, but it may have contained evidence from a just-decided case.

The James Lawrence King Federal Justice Building and the David W. Dyer Federal Building both were evacuated at about 2:30 p.m. for an hour or so on Monday. Hundreds of attorneys and courthouse staffers were ushered out of the buildings by federal marshals wearing yellow vests. They were directed to the street in front of the Federal Detention Center while the bomb squad did its work. Federal judges and magistrates were taken out of the building separately and taken to an undisclosed location.

"A special robot went over to the box, and it went kaboom," said Mark Schnapp, a partner at Greenberg Traurig in Miami who was at the U.S. Attorney's office when the building was evacuated.

But according to two lawyers who were present during the bomb scare and did not want to be named, it turned out that the box contained papers and evidence left on the sidewalk by a federal agent. The two lawyers said the evidence was from a criminal case in which a verdict had just been reached. That evidence included fake guns and wiretap equipment.

Lt. Bill Schwartz, a spokesman for the Miami Police Department, confirmed that the box left between the Miami Dade College campus and the James Lawrence King courthouse contained papers. But he said he had no details about the nature of the papers or who left them there. "Someone accidentally put something down," Schwartz said. "We felt the need to evacuate the buildings."

Alberto Hidalgo, a spokesman for the U.S. Marshals Service in Miami, confirmed that the box was blown up by the police bomb squad but said he had no information about what was in the box.

Matt Dates, a spokesman for U.S. Attorney Alex Acosta, declined to comment on what the box contained. "We don't talk about security matters," he said.

If the box did contain evidence in the criminal case, it's unclear how the loss of the evidence may affect any appeal.

Some observers found humor in the situation. "That's smoking-gun evidence," said Miami criminal defense attorney David O. Markus, "just not in the way that the agent was hoping for."

CIVIL RIGHTS:

In Harm's Way At Hospital? (WP)

By Eric M. Weiss

The Washington Post, June 14, 2006

Citing Deaths and Violence, the Justice Department Tells D.C. to Improve Care at St. Elizabeths Mental Facility

The Justice Department is demanding that the D.C. government correct problems at St. Elizabeths Hospital, saying the city-run psychiatric facility is beset by lax supervision, patient-on-patient violence and substandard care.

Two patients died in 2004 after they were attacked by other patients, and three died last year after problems with their medical care, according to an investigative report. Dozens of others have been kicked or punched in altercations, been put in restraints longer than necessary or been neglected by medical staff, the report said.

The hospital "fails to provide its patients with a reasonably safe living environment," the Justice Department said. "The facility too often subjects its patients to harm or risk of harm."

The Justice Department opened a civil rights investigation last year into conditions at the Southeast Washington hospital after a patient advocacy group flagged numerous problems. Justice officials sent their findings May 23 to Mayor Anthony A. Williams (D), giving the city a list of steps that must be taken to avoid a civil rights lawsuit. There is no set deadline for the city to respond.

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The report marked the second time in recent weeks that the Justice Department has said the District government is endangering some of its most vulnerable residents. Justice lawyers asked a federal judge last month to hold the city in contempt of court for failing to improve conditions in group homes for the mentally and physically disabled.

Stephen Baron, the acting director of the District's Department of Mental Health, said city officials are working closely with the Justice Department on improvements at St. Elizabeths. During a tour of the hospital last week that he allowed a Washington Post reporter and photographer to join, Baron said conditions have improved since investigators left last June.

"It's a work in progress," said Baron, who headed Baltimore's public mental health system before coming to the District in April. He did not dispute the overall picture presented by the Justice Department but said the District is developing a detailed response.

Construction of a new hospital, expected to begin this fall, should solve many problems, Baron said. "It's not the full answer," he said. "We have quality-of-care issues to address."

To Justice Department investigators, the trouble is bigger than anything that can be fixed with bricks and mortar.

According to federal investigators, the hospital is unsafe not only for the 450 patients, but also for the 940 staff members. In spring 2004, a 60-year-old patient beat a 76-year-old to death, and a 55-year-old man died after he was stomped into a coma by another patient.

Between January and April 2005 -- the period most extensively studied in the investigation -- the hospital averaged more than one altercation involving a patient each day. Patients were involved in 138 altercations with fellow patients and 34 with the staff, the Justice Department found.

In a number of those cases, there was "little or no supervision," investigators wrote.

The report said patients "routinely" leave hospital grounds without authorization. One left the campus for four hours and returned with a crack pipe. Another was accidentally let out for grounds privileges Jan. 7, 2005, and has never returned, the report said.

In other cases, the staff was faulted for acting too harshly to control patients. Physical restraints, such as wrist and ankle straps, are supposed to be used only for the protection of patients or others -- not for punishment or the convenience of staff and only when less intrusive measures are tried first. But investigators found that the staff tied one patient to her bed with restraints on her wrists and ankles for 24 hours after a suicide attempt. The bed of another patient was outfitted with wrist restraints and a urinal.

Hospital records showed much more frequent use of restraints during the weekends, which investigators said was "clinically inexplicable" and probably indicates patients are restrained to compensate for a smaller staff on those days.

Besides the difficulties with supervision, investigators identified deficiencies in medical care. Investigators wrote that "basic nursing practices, such as monitoring vital signs, weight, and temperature, are largely absent."

The report mentions three instances in which patients died after receiving questionable medical care.

In one case, a patient returned to St. Elizabeths after treatment at another hospital for a stroke. The St. Elizabeths staff failed to perform a medical evaluation or take vital signs, investigators found. Nurses did not alert doctors when the patient had difficulty swallowing for several days. Soon after that, the patient died.

"It is inexcusable that St. Es did not provide this patient with basic medical care and monitoring, including routine monitoring of this patient's vital signs, for more than two weeks," investigators said.

In another case, a 79-year-old man returned to St. Elizabeths after an outside hospital stay for congestive heart failure. Here, too, the St. Elizabeths staff did not do enough follow-up, and he died, the Justice Department found.

Justice officials said that the staff has trouble managing patients' medications and that at least one patient "may have died as a result of St. E's gross departure from professional standards."

St. Elizabeths even fails at its core mission of delivering quality psychiatric care, the Justice Department said. Patients receive vague or delayed diagnoses, inadequate treatment plans and insufficient follow-up, the report said.

The report said the hospital is short 68 nurses, adding that chronic staff shortages contribute to poor care. Referring to one case, investigators said "it is inconceivable how a patient can suffer a seizure in front of the nurse's station without being observed or fall on the ground and bleed with enough time for the blood to dry before he is 'observed' on the floor by any staff."

Nothing so flagrant took place during The Washington Post's tour of the hospital last week. While some patients worked in a vegetable garden outside, most in the wards that were visited could be found slumped in mismatched chairs or perched in front of televisions.

Some were roused by the cries of a St. Elizabeths hospital attendant.

"Smoke-break time! Smoke-break time!" a burly aide called out, holding a shoe box filled with packs of cigarettes. The patients took their cigarettes and headed to an enclosed smoking porch with long wooden benches and a tile floor.

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"It calms them," the aide said.

In brief interviews with a dozen patients, none said that they were mistreated or that they feared for their safety. Instead, complaints ranged from cold breakfasts, broken air conditioning or lack of progress on their cases.

"They treat us fine, sir," said one patient, sitting next to an unused pool table. "They treat us fine."

In a small too-warm room off the main hallway in a one of the wards, a female patient meeting with her treatment team described her care as only "adequate."

Rizwan A. Malik, a psychiatrist at St. Elizabeths who read the Justice Department report, said a new hospital building and more staff would go a long way. That said, the hospital staff does the best with its resources and tries to help very sick people, he said.

"Never for one day did I think I was in the wrong place," said Malik, who was once punched in the face by a patient.

The Justice Department investigation is not the first in which St. Elizabeths has come under outside scrutiny. Six years ago, investigators for the federal Medicare program threatened to pull the hospital's eligibility because of inferior care. And the hospital functioned under court-ordered supervision from 1997 through 2001.

University Legal Services, an advocacy group for people with disabilities, has repeatedly complained about problems.

Mary Nell Clark, a managing attorney for University Legal Services, said the hospital fails on the most basic level -- it fails to heal.

"No matter what the beautiful new building will look like, it doesn't take care of the number of people in charge or the quality of care," she said.

Justice Department Looks Into Deaths Of People Subdued By Stun Guns (USAT)

By Kevin Johnson, Usa Today

USA Today, June 14, 2006

WASHINGTON — The U.S. Justice Department is reviewing the deaths of up to 180 people who died after law enforcement officers used stun guns or other electro-shock devices to subdue them.

"These deaths raise a question in our mind that should be examined," said Glenn Schmitt, acting director of the department's National Institute of Justice. He said the review will initially focus on 30 deaths, including one from two decades ago.

Most of the deaths occurred within the past four years, corresponding with the mass deployment of stun guns to police departments throughout the country. A number of departments have re-evaluated their use of the weapons because of the fatal incidents.

More than 80 deaths since 1999 were identified in a recent analysis by The Arizona Republic. Amnesty International has identified more than 150 deaths since 2001.

The devices, marketed as alternatives to lethal force, are designed to incapacitate unruly suspects through electric shock.

Taser International, the nation's largest maker of stun guns, has supplied more than 130,000 devices to about 7,000 of the nation's 16,000 police agencies.

The company has maintained that its products are safe and have saved the lives of police officers and suspects.

"As we know, in-custody deaths are part of policing," Taser spokesman Steve Tuttle said when asked about the Justice Department review. "The more we can study and understand the circumstances that lead to in-custody deaths, the more opportunities there are to develop law enforcement tactics and procedures that will help prevent these unfortunate events in the future."

According to Taser, the company is a named defendant in 49 lawsuits alleging either wrongful death or personal injury. An additional 20 lawsuits have been dismissed.

The Justice Department review, which could take up to two years, was proposed last year after law enforcement authorities expressed concern about the increasing numbers of deaths after stun guns were used to incapacitate suspects, Schmitt said.

Schmitt said the review will enlist the help of the National Association of Medical Examiners, the American College of Pathologists, the International Association of Chiefs of Police (IACP) and the Centers for Disease Control and Prevention.

Teams of medical examiners will begin reviewing individual cases this fall.

Amnesty International called the Justice review a "good first step."

"The fact that the government is doing this is an important acknowledgement that there is a serious problem," said Dalia Hashad, director of Amnesty's USA Program. "People are dying needlessly. It's important that the federal government is taking this responsibility."

Last year, the IACP recommended that law enforcement agencies closely monitor use of the devices after noting safety concerns involving stun guns.

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Schmitt said investigators are expected to examine a range of issues in each case, including ages, weight, possible physical impairments, evidence of drug use and other factors that could have contributed to the deaths.

In addition, Schmitt said, investigators will explore a phenomenon known as "excited delirium," in which a shutdown of bodily functions occurs after sensory overload.

Schmitt said the department is not urging any immediate change in the deployment of the devices.

"There is no reason to do anything different for now," he said. "We'll let the research answer the questions."

City Attorney Will Get Little Earth Case (MINNST)

By Chao Xiong, Star Tribune

Minneapolis Star Tribune, June 14, 2006

Allegations that two Minneapolis police lieutenants mistreated a man they arrested at Little Earth housing complex will be presented to the city attorney's office for consideration of possible criminal charges.

Allegations that two Minneapolis police lieutenants mistreated a man they arrested at Little Earth housing complex will be presented to the city attorney's office for consideration of possible criminal charges.

In a press release issued Tuesday afternoon, police said they need time to enhance video and photos of the May 26 incident before the case goes to the attorney's office in two weeks.

At issue is whether Lt. Mike Fossum intentionally used force with drug suspect Juan T. Vasquez and whether he and Lt. Richard Thomas left Vasquez in an excessively hot squad car.

Video surveillance released last week showed Fossum leaning his left shoulder and hip into Vasquez as Thomas walked him toward Fossum. Vasquez slumped down, knocking Thomas off the sidewalk. Fossum told police he thought Thomas was going to stop before they reached him.

The video also showed Vasquez in a squad car for at least 13 minutes with the windows shut. The outside temperature was 81 degrees at the time; it was unclear whether the air conditioning was on.

The Police Federation president, Sgt. John Delmonico, said it's time to bring the lieutenants back to work. They are both on paid administrative leave; that will be reviewed after the case is submitted to the attorney's office.

He said the officers did not use excessive force and also called paramedics for Vasquez when asked. Paramedics determined that Vasquez did not need hospitalization.

"I don't think the city attorney's office is going to find anything wrong," Delmonico said.

Little Earth's executive director, Bill Ziegler, said he is pleased that the case is continuing. Many residents of Little Earth expect outsiders to ignore or dismiss complaints coming from a housing complex long maligned through lore and media, he said.

Ziegler declined to say whether he wants criminal charges filed.

"Whatever is meant to happen is meant to happen," he said of the investigation's outcome.

The FBI has reserved the right to review the case for possible civil rights violations after the department's investigation is over, which is typical.

Chao Xiong • 612-673-4391

Officers Accused In Little Earth Incident Could Face Charges (STPPP)

The St. Paul Pioneer-Press, June 14, 2006

MINNEAPOLIS - The city attorney's office will soon be looking at possible charges for two Minneapolis police officers accused of misconduct during an arrest at the Little Earth housing complex, the Police Department announced Tuesday.

The May 26 incident was partially caught on a security tape, which showed a police officer bumping into a handcuffed man, who then doubled over. Witnesses also said the suspect passed out after he was held in a police car, with the windows closed, on a hot day.

Interim Police Chief Tim Dolan and other police officials met Tuesday with representatives of the FBI, the Hennepin County attorney's office and the city attorney's office to discuss the preliminary investigation into the officers' conduct.

After the meeting, the Police Department said in a prepared statement that it will present a case within two weeks to city prosecutors for possible criminal charges.

Bill Ziegler, the executive director of Little Earth, said he was pleased the investigation was moving forward.

"I'm hapy that no one looked the other way on this, that it is actually going through the process," he said. "The community feels like they're finally getting some action on this."

Meanwhile, police Lts. Richard Thomas and Michael Fossum remained on paid administrative leave. Their status will be reviewed after the case has been submitted.

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The FBI has reserved the right to review the final investigation for possible civil rights violations, police said.

According to police reports, Thomas and Fossum saw a man with a baggie of what they suspected to be crack cocaine. They arrested Juan T. Vasquez, 24, of St. Paul, who was visiting his girlfriend and son and doesn't live at the housing complex.

Thomas has been with the department since 1981; Fossum since 1986.

Both men's personnel files contain several medals and commendations. Thomas's includes two letters of commendation from an official of the Little Earth of United Tribes Housing Corp. in 2003, the same year he coached a Little Earth boys' basketball team.

Neither man's file included any reprimands for violence or improper conduct with a suspect.

Smuggling Suspects Face New Charges (WT)

By Keyonna Summers

The Washington Times, June 14, 2006

Money laundering and identity theft were added yesterday to the charges against eight Montgomery County residents accused of smuggling illegal aliens into the county to work in a prostitution ring.

A federal grand jury in November indicted seven persons on charges that they transported illegal aliens into Maryland to work as prostitutes during the week and arranged for them to travel back to their homes in New York and New Jersey on the weekends.

The U.S. attorney's office in Maryland said the grand jury charged one more person and added three counts of money laundering for the purchase of vehicles to transport the women and property using sex ring money.

One suspect also was charged with using a false name and Social Security number to lease an apartment that was used as a brothel.

The prostitution ring generated more than $1 million in proceeds, court documents say.

"The investigation continues," said Marcia Murphy, a spokeswoman for the U.S. attorney's office.

The indictment names Elsy Aparicio, 43, Eliazor Gonzalez Aparicio, 29, Dorinalda Aparicio, 34, and their mother, Olinda Aparicio, 64, all of Gaithersburg; Jair Francis, 32, of Wheaton; Rigo Diaz, 31, of Gaithersburg; and Manuel Jandres, 38, of Germantown.

Mr. Jandres' wife, Rosibel Aparicio Jandres, 44, of Germantown, also was charged yesterday for her role in the group, which operated from February 2004 to July 2005.

Officials said the suspects purchased and rented apartments and houses in Wheaton, Gaithersburg, Germantown and Hyattsville to use as brothels. Documents indicate the Aparicios paid Mr. Francis to provide them with information regarding law-enforcement inquiries into their prostitution business.

The new indictment says Elsy Aparicio and Mr. Diaz purchased properties with the sex ring money, and that Mr. and Mrs. Jandres sold one home to cover up the source of the funds.

Mrs. Jandres was charged with one count and Elsy Aparicio, Mr. Diaz and Mr. Jandres with two counts each of money laundering and conspiracy to commit money laundering for attempting to conceal the source of the prostitution ring money by using it to purchase vehicles to transport the women, most of them illegal aliens.

The new indictment also charges Mr. Francis with using fake names to rent properties, and in at least one instance using an uninvolved woman's name and Social Security number without permission to lease a Wheaton apartment for use as a brothel.

Elsy Aparicio and Olinda Aparicio are under 24-hour electronic home monitoring; Mr. Jandres is on electronic home monitoring with work release; and Eliazor Gonzales Aparicio and Dorinalda Aparicio are in federal custody.

Mr. Francis and Mr. Diaz were released under the supervision of U.S. Pretrial Services.

Mrs. Jandres, who had not been arrested as of yesterday evening, is expected to appear before a magistrate judge either today or later this week.

The group's trial date is set for Dec. 4.

The women brought to the area are not charged in the indictment.

EEOC Is Hobbled, Groups Contend (WP)

By Christopher Lee

The Washington Post, June 14, 2006

With a shrinking workforce and a flagging budget, the Equal Employment Opportunity Commission is falling behind in enforcing federal civil rights laws in the workplace, labor union officials and civil rights advocates said yesterday.

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The EEOC is expected to have a backlog of 47,516 charges of employment discrimination next fiscal year, up from an estimated 39,061 this year and 33,562 in 2005, say officials with the American Federation of Government Employees, citing federal figures. The agency logged 75,428 complaints in 2005 and more than 79,000 the previous year.

At the same time, President Bush's 2007 budget request for the agency is $323 million, $4 million less than it received this budget year. The agency's full-time staff, which numbers 2,343 employees, has shrunk by more than 19 percent since 2001, according to the Office of Personnel Management. A partial hiring freeze has kept the agency from filling many openings.

"The EEOC is in a state of crisis and is systematically being weakened from within to justify its elimination," Andrea E. Brooks, a national vice president for the government employees federation, said in a statement.

Nicholas M. Inzeo, director of the EEOC's Office of Field Programs, acknowledged that funding has been tight and that the agency has had to trim its staff as Bush and Congress have directed more money to national defense and homeland security.

"These are tight times for all agencies. It means that the belt gets tighter, and we understand that," Inzeo said. "We believe very strongly in what we do. And with the resources that we have, we can do a lot. We try to make every penny count."

The government employees federation represents 1,300 of the agency's employees. Brooks appeared at a news conference yesterday with officials from several other groups, including the National Organization for Women, Blacks in Government and the Alliance for Retired Americans, to call attention to what they say are serious funding and management problems at the agency. They hope to influence members of a House appropriations subcommittee who are scheduled to deliberate today on the agency's 2007 budget.

Critics say the agency was weakened by a reorganization last year that downsized several district offices, created offices in Las Vegas and Mobile, Ala., and redeployed some staff members, including managers, to enforcement, litigation, mediation and customer service positions. Inzeo responded by saying the agency is spending money on frontline staff members rather than on more supervisors and managers.

Critics are especially upset about a nationwide call center staffed by contract workers that opened in Lawrence, Kan., last year to field calls that previously had been routed to district offices.

"It's a huge waste of money," Gabrielle Martin, president of the government employees federation's national council of EEOC locals, said of the $4.9 million contract with Pearson Government Solutions. "It does a terrible job."

A draft study commissioned by the EEOC's inspector general that was published in April found that the call center handled one-fifth of the projected call volume and saved the agency six full-time positions, not the anticipated 21. The study by Job Performance Systems Inc. found that the contractors do not understand their role or the work of the agency. The call center "should be either significantly changed or discontinued," the study found.

Inzeo said the final report should reflect "extensive comments" made by agency officials. "A lot of the numbers inside that draft are internally inconsistent," he said. ". . . Our field employees are telling us that they are receiving 500,000 fewer calls a year because of the contact center. The report doesn't do the math that gets you there."

Some Muslims Press Public Spaces To Make Room For Women's Modesty (USAT)

By Oren Dorell

USA Today, June 14, 2006

Muslim women in the USA have been asking the public to accommodate their religious beliefs about modesty, a trend that some Muslims worry will provoke a backlash.

In some recent examples:

•In Lincoln Park, Mich., Fitness USA relented when Muslim women demanded that the gym wall off a co-ed aerobic center from their women-only section because men could see them working out.

•In Bridgeview, Ill., a Muslim school says it wants its girls' basketball team to play road games against non-Muslim schools provided the public schools ban men and teenage boys from the game.

•In North Seattle, Wash., a public pool set up a swim time for Muslim women in which men, even male lifeguards, are banned.

In all of the examples, businesses and public facilities were asked to accommodate followers of one interpretation of Islamic law that says the sexes must be separate if women are not covered with headscarves and modest clothing.

Meeting such demands could create a backlash against Muslims, says Zuhdi Jasser, chairman of American Islamic Forum for Democracy, which advocates separation of religion and government.

“In the long term it does not serve to build friends and bridges with the Western community,” says Jasser, a Muslim.

“You're not going to make your American, Christian and Jewish friends feel comfortable … which in the end could create a dislike for Muslims that is unnatural.”

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But other Muslims see the trend as an issue of civil rights.

Salam Al-Marayati, executive director of Muslim Public Affairs Council, says the right to petition for special accommodation based on religious beliefs is protected by the First Amendment.

“Whether a woman wants to cover her hair or not is her personal choice,” he says. “As long as it's not imposed on the rest of society then I don't see any problem.”

Walid Phares, a professor of Middle East studies at Florida Atlantic University, sees it as an early sign in the USA of a global Islamic movement to pressure Western society into abiding by Islamic laws.

“These demands exist because there is an ideology of a militant movement to slowly but surely demand more,” Phares says. “They will be building on it.”

Phares says the conservative Saudi branch of Islam, known as Wahhabism, is trying to assert itself as representing all Muslims in the USA and makes demands most Muslims disagree with.

But Ebrahim Moosa, professor of Islamic studies at Duke University, says the requests are attempts to integrate with U.S. culture. They show “that America can become their home,” he says.

Muzzled At The ACLU (USAT)

By Nat Hentoff

USA Today, June 14, 2006

Roger Baldwin founded the American Civil Liberties Union in 1920 after President Wilson, during World War I, practically suspended the right to publicly — and privately, if overheard — dissent from government actions. Years later, I met Baldwin toward the end of his life, and his solemn advice to me was: "Always remember that no civil liberties battle is ever won — permanently." But, by placing freedom of speech at the core of the ACLU's reason for existence, Baldwin believed that no civil liberties battle need be permanently lost. (Just published is a chronicle, pertinent today, of Baldwin's achievements and continuing relevance —Liberties Lost: The Endangered Legacy of the ACLU, by Woody Klein.)

While the staff of the ACLU has never been more essential to protecting the Constitution, the top leadership of the ACLU is working to prevent dissenting national board members from going to the news media with criticisms of ACLU policies.

With Executive Director Anthony Romero's backing, the board has issued a proposal for this week's agenda that I expect would have startled Baldwin. This could tarnish the invaluable work of ACLU staff members who are fighting to "keep America safe and free." (The ACLU's slogan.)

Here is that proposal, as reported last month in The New York Times: "Where an individual director disagrees with a board position on matters of civil liberties policy, the director should refrain from publicly highlighting the fact of such disagreement. ... There is always a material prospect that public airing of the disagreement will affect the ACLU adversely in terms of public support and fundraising."

Repercussions

U.S. newspapers found the irony irresistible. The Roanoke (Va.) Times, for one, noted that the proposal "appears to be a reaction by ... Romero to his failed effort to oust two board members who had criticized ACLU policies."

Actually, one principled dissenter: Michael Meyers, the director and founder of the New York Civil Rights Coalition and a longtime ACLU board member, has been forced out from the executive committee and the national board in punishment for going to the news media several times.

Wendy Kaminer, another recidivist dissenter and favorite target of ACLU's leadership, said the proposal "is preposterous — a violation of everything we're supposed to stand for."

The Times reported that in the board session, Romero furiously denounced Kaminer for having told a New York Sun reporter of her disagreement with the leadership's previous support of a bill in Congress that would regulate advertising by counseling centers run by anti-abortion organizations. Kaminer, who supports a woman's right to an abortion, was concerned with the legislation's free-speech problems. She told the Sun she was appalled "that the ACLU is actively supporting this."

After excoriating her for going to the news media, Romero demanded that another board member, Alison Steiner, "step outside the meeting room, where he chastised her for the look on her face when he was criticizing Ms. Kaminer," the Times reported.

In an e-mail to the board, Steiner wrote that Romero told her in the corridor that because "I ... did not appear ready to join him in 'getting rid of (Kaminer),' ... I was no better than she was, and then stormed off angrily," the Times recounted.

Romero, in a tepid letter to the editor that followed in the Times, did not deny that illuminating exchange but noted predictably that the ACLU "exists to defend the right of dissent and the free exchange of ideas." Then why has he not denounced

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the very concept of instructing board members to refrain from public dissent? And why is most of the board and ACLU President Nadine Strossen so compliant?

Costly words

Previously, there was a public objection by then-board member Meyers when in a front-page story in 2004, the Times revealed that the ACLU, which has criticized omnivorous government data basing for national security, "is using sophisticated technology to collect a wide variety of information about its members and donors in a fundraising effort."

Said Meyers to the Times: "If I give the ACLU $20, I have not given them permission to investigate my partners, whom I'm married to, what they do, what my real estate holdings are, what my wealth is, and who else I give my money to."

The American Civil Liberties Union is now free of Meyers. Does that make its national membership, and the country, any more safe — or free?

Nat Hentoff is a former member of the ACLU's national board and, before that, the New York board. He is also an authority on free speech issues.

ANTITRUST:

Blockbuster Retaliates Against Netflix (AP)

By Michael Liedtke, AP Business Writer

AP, June 14, 2006

Blockbuster Accuses Netflix of Manipulating U.S. Patent System

SAN FRANCISCO (AP) -- Escalating a bitter legal battle, Blockbuster Inc. on Tuesday accused Netflix Inc. of manipulating the U.S. patent system in a devious effort to monopolize the booming market for online DVD rentals.

The antitrust allegations represent Blockbuster's counterpunch to patent infringement claims Netflix filed two months ago.

The wrangling eventually could affect the rapidly growing audience that's migrating to the Internet to rent DVDs through the mail.

About 6.2 million people currently subscribe to the online services of Netflix and Blockbuster, which both charge a flat monthly fee to rent DVDs for an unlimited time. Most subscribers pay $17.99 per month to check out up to three DVDs at a time.

Los Gatos, Calif.-based Netflix pioneered the concept in 1999 and ended March as the industry leader with 4.9 million subscribers.

Blockbuster launched its own online service in 2004 after losing hordes of customers who formerly rented movies in traditional stores. The Dallas-based company began the spring with about 1.3 million online subscribers.

Netflix obtained the first patent on its service in 2003, but didn't seek a court order to enforce its claims against Blockbuster until it received an even broader patent in April.

In its countersuit filed in U.S. District Court in San Francisco, Blockbuster framed Netflix's patent claims as a "sham" aimed at locking out competitors that will help protect consumers from price gouging.

The suit alleges that Netflix CEO Reed Hastings even described its first patent as a joke in a January 2005 meeting with Blockbuster's chief lawyer at the time, Edward Stead.

"Netflix is trying to monopolize this space on the Internet and restrain competition to the detriment of Blockbuster and the public," said Marshall Grossman, a Los Angeles attorney representing Blockbuster.

Netflix spokesman Steve Swasey declined to address Blockbuster's allegations. "We believe Blockbuster infringed on our patented business model and we are going to vigorously defend our patent," Swasey said.

Blockbuster's entrance in the market prompted Netflix to lower the price of its most popular service by $4 per month.

Tuesday's countersuit also alleges Netflix deceived the government by withholding information about earlier innovations that may have prevented the company from obtaining its patents in the first place.

NCR Corp. asserted its patent rights before Netflix received its first patent in 2003, Blockbuster's suit said. Blockbuster alleges Netflix never notified the U.S. Patent Office about NCR's claims.

Netflix sued NCR in March, seeking to invalidate those patent claims.

Net Neutrality Fight Returns To Senate (CNET)

By Anne Broache, Staff Writer, CNET News.com

CNET News, June 14, 2006

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WASHINGTON--The political tussle over Net neutrality shifted back to the Senate's turf Tuesday, taking center stage at the last public hearing before a mammoth communications bill goes up for a preliminary vote.

As leaders of the Senate Commerce Committee continue negotiations over how to deal with the controversial concept, committee members and witnesses from advocacy groups took turns airing their positions yet again.

The latest draft of the sweeping bill, called the Consumer's Choice and Broadband Deployment Act, numbers 151 pages and covers everything from the digital television switch to city-run broadband networks to changes in the procedure by which video services operators seek franchises to serve new areas.

Arguably the most contentious portion has turned out to be Net neutrality, the idea that network operators should not be allowed to prioritize Internet content and services that travel across their pipes or to make deals with companies seeking special treatment.

Some Democrats and at least one Republican in the Senate have backed detailed regulations barring such practices, while several others, primarily from the Republican side, have voiced staunch opposition. The ongoing dispute clearly had some politicians concerned about the chances that the broader bill will pass.

"It would be a tragedy for our nation if Net neutrality is the basis for which this entire bill is taken down, and that's a very real possibility, the way I see this bill shaping up," said Sen. Gordon Smith, an Oregon Republican.

A committee vote on the final version of the bill is expected to occur June 22, with the last round of revisions expected to be released as early as Wednesday.

Committee Chairman Ted Stevens, an Alaska Republican, said he was confident that the politicians would reach a compromise but that they should favor a light regulatory touch. "We ought to talk about the FCC (Federal Communications Commission) having the right to deal with Net neutrality issues that affect consumers," he said, echoing remarks made last week. "When it comes to interfering with the marketplace in terms of major investments of capital, I think we should step away."

Stevens has been facing pressure from Democrats including Sen. Daniel Inouye, the committee's co-chairman, who said again Tuesday that the existing bill doesn't spell out meaningful enough enforcement powers to "prevent unfair discrimination by network operators." The current language directs the FCC to watch out for incidents that could be considered violations of Net neutrality and to report to Congress on its findings.

"What would be the impact with no legislation?" Inouye asked Ben Scott, policy director for the liberal advocacy group Free Press, who testified on a panel before the politicians.

"A structural change in the Internet which would, for better or for worse, change the way the Internet works," Scott replied, adding that nondiscrimination has been a "cornerstone" of Internet policy since the technology's birth.

Free Press is one of a wide array of consumer groups that have joined Internet companies like Google, Microsoft and Amazon.com in lobbying Congress to write Net neutrality requirements into law--though with little success so far. Major network operators from the telecommunications and cable industries, the wireless and hardware sectors, and Wall Street interests have mobilized against that idea, saying new regulations are premature and could stifle investment in new infrastructure.

"There are existing procedures at the FCC and in antitrust law to deal with anticompetitive issues," said John Rutledge, a consultant for the U.S. Chamber of Commerce, a pro-business lobbying organization. "I think the idea of trying to stop change or control prices is a (recipe) for disaster."

Sen. Byron Dorgan scoffed at that notion, saying attempts at enforcing antitrust laws "make glaciers look like they're speeding." The North Dakota Democrat joined Maine Republican Olympia Snowe, Committee Co-Chairman Inouye, and five other Democrats in proposing a bill last month that calls for detailed prohibitions against blocking, impairing, degrading and prioritizing Internet content.

A nearly identical Democratic-sponsored amendment met with definitive rejection by the House of Representatives last week. The broader communications bill that was approved authorizes the FCC to police violations of its broadband use principles (click here for PDF) and to levy fines if appropriate, but it bars the regulators from making new rules.

Sen. John Sununu, a New Hampshire Republican, said the House bill "steers in the right direction" and urged his colleagues against taking the approach favored by Democrats, which he said amounts to burdensome "Internet regulations."

"A heavy regulatory hand kills incentives to build products and develop new technologies, and that ultimately will be something that consumers feel and that they will respond to in a very negative way," he said, noting that the editorial pages of both The Washington Post and The Wall Street Journal--typically not aligned in their views--have discouraged imposition of new regulations now.

South Carolina Republican Jim DeMint, a vocal free-market proponent, likened new federal Net neutrality mandates to "the government telling retailers how to do their business"--that is, what to stock on their shelves and which merchandise to give more

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prominent placement. "We actually want some discrimination today to force better products and better prices," he argued, warning that new regulations would lead to "commercial suicide."

Brussels Regulators Sharpened Their Teeth On Microsoft (FT)

By Tobias Buck In Brussels

Financial Times, June 14, 2006

If Apple is looking for advice on how to deal with regulators worried about "inter-operability" it need look no further than its old rival from Redmond in Washington state. Microsoft has been battling antitrust officials on both sides of the Atlantic for many years.

The software group's troubles culminated in March 2004, when the European Commission slapped a record €497m fine on Microsoft for violating European Union competition rules. Brussels found, among other abuses, that the group had failed to provide rival software developers with sufficient technical information to allow them to create inter-operable products.

Could Apple face similar pressure from the Commission in the future? Both groups have a strong grip on their respective markets. Apple's iTunes accounts for as much as 80 per cent of downloads in some EU markets, while Microsoft's Windows operating system boasts a market share of more than 90 per cent worldwide.

Moreover, while Microsoft at least claims that it is serious about inter-operability, Apple has unashamedly built its success on the concept of a "walled garden" - a closed world of proprietary technology.

Some experts point out, a key difference: few companies in the information technology sector can operate successfully without some form of interaction with Windows. And Micrssoft's strong position in a range of related markets from servers to media players gives it additional clout.

Music, by contrast, will continue to be distributed through various channels, the experts say. "If you want to do anything with a computer, you must have Microsoft Windows. The iPod and iTunes are not must-haves," says one Brussels-based competition lawyer.

For the time being, the Commission has not set its sight on Apple. But Ian Forrester QC, a partner at White & Case, the UK law firm that represents Microsoft, says the Commission's line on inter-operability leaves room for uncertainty. "I think it is difficult to find a consistent line in the Commission's cases regarding the duties on a manufacturer of a successful product and to what degree he can allow or prohibit interaction with a rival's product."

Related stories:

- Crunch time for Apple's music icon
- Norway sparks iTunes rebellion
- Technology: News and analysis

EU Accelerates Deadline On Suez-GDF (AP)

By Aoife White, AP Business Writer

AP, June 14, 2006

EU Regulators Accelerate Deadline to Rule on Suez-GDF Combination

BRUSSELS, Belgium (AP) -- The European Commission on Tuesday brought forward to June 19 its deadline to rule on a French government-backed merger between Suez SA and Gaz de France SA even as French Interior Minister Nicolas Sarkozy suggested the government delay the deal.

The Suez-Gaz de France merger would create a major new European player in energy, water and waste services, with a market capitalization of 72.6 billion euros ($86 billion), but its size and power have already raised antitrust concerns in neighboring Belgium and could force it to sell off part of its business.

Belgian Prime Minister Guy Verhofstadt warned in March that it would be unacceptable for one company to control 90 percent of his country's electricity market, while the Belgian energy watchdog is worried that the new lineup would make the French government a part-owner of Belgian nuclear power plants.

EU regulators had earlier said they would decide by July 3 whether they would clear the deal, saying there was an automatic delay because Belgium had asked to take charge of part of the case.

However, they said they brought forward the deadline because Belgium had not made a formal request to look into the deal.

The commission must also decide if it will open an in-depth probe that could last four months.

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EU Competition Commissioner Neelie Kroes has said that energy deals should expect "meticulous scrutiny" from antitrust officials. In February, she warned of continuing antitrust problems in Europe's energy sector, saying prices were too high and large firms had too much control over the market.

The deal would make the new firm the owner of the Belgium's main electricity supplier Electrabel and part-owner of the No. 2 power firm SPE. It would also become by far the most powerful player in the country's gas sector.

Suez unveiled the government-backed plan to merge with state-controlled Gaz de France in February, just days after Italy's Enel SpA signaled its interest in buying Suez, leading EU regulators to quiz the French government's role in pushing for the deal. The European Commission later dropped its informal probe.

Sarkozy told lawmakers Tuesday that the government should delay plans to privatize Gaz de France and merge it with Suez.

Under an alternative plan, GdF and Suez should each buy stakes in each other, Sarkozy told a group of 200 to 250 lawmakers from the ruling UMP party, three lawmakers who attended the meeting said.

However, Sarkozy did not say which of several "alternative formula" he would favor, the leader of the parliamentary party Bernard Accoyer told reporters.

UMP spokesman Luc Chatel said Sarkozy did not want to "open a front" against Prime Minister Dominique de Villepin, who has said the merger would help preserve security of energy supply with the creation of a French industrial champion.

The state-directed business deal has split the party with two-thirds of UMP deputies planning to oppose the current plans in a parliament vote Wednesday.

Mittal Issues Growth Outlook To Raise Bid Pressure On Arcelor (WSJ)

By Juliane Von Reppert-Bismarck And Steve McGrath

The Wall Street Journal, June 14, 2006

Mittal Steel Co. raised the pressure on bid target Arcelor SA by publishing details of a midterm business plan that envisions strong growth.

Luxembourg-based Arcelor, meanwhile, stepped up its plan to woo shareholders by releasing more details of its planned merger with the OAO Severstal steel business owned by Russian entrepreneur Alexey Mordashov.

Mittal, the world's largest steelmaker by production, said it expects earnings before interest, tax, depreciation and amortization, or Ebitda, to reach $9.9 billion in 2008, 71% above the 2005 level. Ebitda is projected to rise 26% this year to $7.3 billion. The plan doesn't detail the benefits from an Arcelor deal.

"The outlook for the steel industry is positive, supported by strong global growth, especially from high-growth, developing markets," Chairman and Chief Executive Lakshmi Mittal said.

Arcelor countered by releasing its own figures. The company said its stand-alone Ebitda would rise to €8.9 billion ($11.21 billion) in 2008, from its previous forecast of €7 billion, based on market assumptions Mittal has given. Arcelor said the Ebitda of a combined Arcelor-Severstal would rise to €13.1 billion, from €10.3 billion.

Mittal's revised bid as of yesterday's close values Arcelor at €22.18 billion, or €33.40 ($42.08) a share.

Arcelor says its deal with Mr. Mordashov in effect values Arcelor at €44 a share, a claim Mittal has rejected.

A spokesman for Arcelor dismissed Mittal's outlook as a "very optimistic earnings forecast based on the upper side of the assumptions."

Mittal Chief Financial Officer Aditya Mittal said at a news conference that he was confident of the company's assumptions, which had been checked and confirmed by its auditors and external independent consultants.

Arcelor's document, posted yesterday on its Web site, attempted to calm shareholder concerns about a merger with a Russian company, justifying the value of the merger and listing strict corporate-governance rules. Arcelor said the deal with Mr. Mordashov is more attractive to shareholders than being taken over by Mittal, offering higher profitability per ton and a better dividend-payout ratio.

The Arcelor documents revealed that Mr. Mordashov can walk away from the deal with a €140 million breakup fee if Mittal builds a substantial minority stake of more than 295 million shares.

Aditya Mittal said the company wasn't interested in taking a minority stake in Arcelor and was still confident that its offer would succeed.

Arcelor shares fell 1.9% to €32.66 in Paris, while Mittal fell 1% to €23.35 in Amsterdam.

Tech World Worries As Company's Patent Stockpile Grows (LAW)

By Lisa Lerer, IP Law & Business

DOJ_NMG_0033744

IP Law & Business, June 14, 2006

Last January a dozen of the world's most respected scientists gathered in a nondescript conference room at an office building outside of Seattle. They sat around a table cluttered with laptops and papers, snacked on bowls of beef jerky and Chex Mix, and plotted the next technological revolution.

The brainstorming session, practically unintelligible to those with a less-than-Mensa-level IQ, took place at the offices of Intellectual Ventures, a start-up founded in 2000 by former Microsoft Corp. chief technologist Nathan Myhrvold. No intellectual slouch himself, Myhrvold not only led the discussion, but was an eager contributor, sketching out flow charts on a large whiteboard at the front of the room. A handful of patent prosecutors, charged with translating "aha moments" into patent applications, desperately tried to follow along, noting every reference, pulling up obscure theorems on their computers and snapping photos of Myhrvold's scribblings. Finally, after two days of discussion -- over the merits of using new technologies in medical treatments -- the group had a breakthrough. Jumping out of his seat, Myhrvold exclaimed, "This is Star Trek-level medicine!"

This is the friendly face of Intellectual Ventures. At the Bellevue, Wash.-based company, the science hails from Star Trek but the business plays out like Star Wars. For the past six years, Myhrvold and his Jedi inventors have been brainstorming, developing and patenting their best ideas. The company doesn't plan on manufacturing, or commercializing, a product. "We are a pure play about invention," says Myhrvold with prototypical passion. "Really big ideas have to come from somewhere."

But at Intellectual Ventures, not all the big ideas come from the Jedis. Another arm of the 100-employee company, headed up by former Intel Corp. in-house counsel Peter Detkin -- a Darth Vader figure to many -- has been buying up thousands of patents through shell corporations. A $400 million investment from some of the biggest technology companies, including Nokia Corp., Intel, Apple Computer Inc., Sony Corp. and Microsoft, funds the shopping spree. (None of these companies would comment for this story.) Some in the IP asset management field estimate that Intellectual Ventures has amassed 3,000 to 5,000 patents.

As the patent stockpile grows, so does the speculation -- and the fear. IP lawyers and tech executives worry that Intellectual Ventures is less interested in changing the world with big ideas, and more focused on becoming an über-troll, wreaking litigation havoc across industries with its patents. So far the tight-lipped company hasn't revealed much about its plan. "We don't proactively tell our story." says Myhrvold, "There's little in telling our story that benefits us." But this winter Myhrvold seemed to change his mind, inviting IP Law & Business up to Bellevue. Intellectual Ventures promised candor, but delivered something a bit more translucent. While company management filled in some blanks in the Intellectual Ventures story, they refused to discuss financials or reveal details about licensing deals, citing confidentiality agreements. Still, these details may not have been enough to end the speculation. After only a few years in business, Intellectual Ventures may simply be too young to know whether it will turn to the dark side.

For now, Myhrvold's happy to strike back at critics who are crying troll. "They can't quite bring themselves to believe we are doing what we are doing," says Myhrvold. "[Critics think], 'They can't be screwing around with a bunch of ideas for that long,'" he adds with a quick laugh. But that, he says, is exactly what Intellectual Ventures is doing. The company focuses on creating new technologies. The rest -- product development, commercialization, manufacturing -- will be handled by joint ventures, licensing and spin-off companies.

Intellectual Ventures represents a natural economic evolution, says Myhrvold. As the United States changes from a manufacturing to an ideas-based economy, making patents more valuable to businesses, a company based solely around IP seems almost inevitable. But coming up with marketable ideas might take ten years, he says. Intellectual Ventures plans on keeping the creditors at bay by becoming the Wal-Mart of the licensing world -- a one-stop patent shop. To do that, the company needs a whole lot of intellectual property, says Myhrvold: "IP is a game where scale really matters. One patent could be worth nothing or $1 million. It's hard to plan on the economic value of a single patent." While Myhrvold acknowledges that Intellectual Ventures has "a lot of patents," he shies away from an exact number.

Few besides Myhrvold could lead a company with such a grand focus. The 47-year-old millionaire has had an intellectual life that would delight Da Vinci. He holds a Ph.D. in theoretical and mathematical physics, M.S. degrees in mathematical economics, geophysics and space physics. As a postdoctoral fellow at Cambridge University, Myhrvold researched quantum physics with Stephen Hawking. He's also a published nature photographer and has had his state-of-the-art kitchen -- and his recipes -- featured in The New York Times Magazine. Intellectual Ventures' offices reflect his fanatical inquisitiveness: Antique microscopes and typewriters line the halls, and a model of a full-scale Tyrannosaurus Rex head greets visitors in the lobby.

But even Da Vinci needed help. Along with co-founder and former Microsoftie Edward Jung, Myhrvold's recruited an all-star staff, including Detkin and Greg Gorder, previously a partner at Perkins Coie, who has more than 100 venture capital financings

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under his belt. According to a former Intellectual Ventures executive, who agreed to speak anonymously, these four managers get a little under 2 percent of the money they've raised -- including the $400 million brought in from the company's investors.

Right now, Intellectual Ventures only has one homegrown patent. In November, the Patent and Trademark Office granted Myhrvold's company a patent for an image sensor that allows greater depth of field in photographs -- not exactly a big idea, but as the company is patenting a mix of ideas from "bold and risky," says Myhrvold, "to less ambitious, incremental ones." More are coming: Intellectual Ventures has filed about 400 applications at the PTO, as well as several dozen international applications, says chief patent counsel Casey Tegreene.

Many of the patent applications come out of the company's invention sessions. Intellectual Ventures has held about 60 over the past three years. The majority of participating scientists work for the company as outside consultants, including Leroy Hood, inventor of the DNA sequencer; W. Daniel Hillis, chair of R&D consulting firm Applied Minds, Inc.; and Massachusetts Institute of Technology professor Robert Langer.

After each session, a team of in-house patent lawyers comb through all the notes, papers, digital tapes and photos from the session looking for promising ideas. The review is detailed and confidential: Lawyers and patent agents spend two to eight hours per hour of tape. To prevent the recordings from being used as evidence in future trials, they're automatically erased after six months. Intellectual Ventures then examines the market potential of the flagged ideas. One session can lead to as many as 80 applications. And only about 10 percent of the patent prosecution work gets outsourced -- mostly to solo and small practitioners like Washington, D.C.-based Sterne, Kessler, Goldstein & Fox. With 15 in-house patent lawyers, Tegreene says that Intellectual Ventures is one of the biggest patent prosecution firms in the Northwest.

To figure out how to turn patents into profits, Myhrvold hired vice president Brent Frei, founder of Onyx Software Corp. and a former Microsoft programmer analyst. So far, Frei hasn't come up with much that he's willing to discuss. He speaks in generalizations, writing business school-type theories on his office whiteboard. The plan, he says, is to "invent across the spectrum." The hulking 6-foot-7-inch former Dartmouth football player draws a large graph, explaining Intellectual Ventures's business philosophy. At the bottom are emerging markets, like bioinformatics, and at the top, mass markets, areas like wi-fi, software, and cell phones. Presumably, Intellectual Ventures wants to be in all these spaces. "We're trying to get as much technology as possible and then figure out the best way to commercialize," says Frei. "We're not seeking $1 million to hold someone hostage," he says, instinctively answering the troll criticisms. With so much energy devoted to creation, Frei estimates that the first actual Intellectual Ventures-created business won't launch for at least six months to a year. "It's a long-term play," says Myhrvold. "Having patient investors is a key aspect."

Inventors won't have to be too patient. While the creative juices flow, the patent stockpile will pay the bills. "Today it's all about numbers and bulk," says Frei. Intellectual Ventures seeks out key patents in converging areas, like software, semiconductors, wireless, consumer electronics, networking, lasers, biotechnology and medical devices. For example, says Frei, a company working in online banking also needs security and e-commerce technology. Theoretically, Intellectual Ventures would offer them freedom to operate with a licensing package covering those key areas.

Ideally, says Frei, Intellectual Ventures will collect a huge patent library and, for a fee, license a variety of different technologies. Most licenses will be nonexclusive, an offer made particularly to the investors. Some industries, like biotech, will require more expensive, exclusive licenses. "We reserve the right to be smart," says Myhrvold, describing how Intellectual Ventures will tailor licenses to individual industries.

Of course, a patent licensing strategy only works when backed by the threat of litigation. And the company's critics are only too happy to speculate about that threat. Some have theorized that Intellectual Ventures is just a front for its investors -- a shield designed to protect them from patent suits. The tech giants can use Intellectual Ventures to buy small patent portfolios cheaply and pull them off the market, avoiding future litigation. Intellectual Ventures denies that its investors steer its acquisition strategy. "We are not controlled by anyone," says Frei. "We are amassing things that are valuable and going to get a market rate for them."

The former Intellectual Ventures executive claims that his former employer plans to hold entire industries hostage with high licensing fees, and the management team will be rewarded with a cut of the licensing revenue. Any company that refuses to take a license, or invest in Myhrvold's vision, says the executive, will face a lawsuit funded by some seriously deep pockets. Others paint a less nefarious picture, but fear that if Myhrvold's innovation model fails, the company, desperate for cash, will turn into a licensing monster -- and no one but those investors will be safe: "If the business model starts to fail, then they're sitting there with a huge portfolio and a relatively straightforward way of getting return by sending letters to a lot of people who aren't investors," says Dewey Ballantine patent litigation partner Anthony Shaw.

"These are the trolls that call other people trolls," says Raymond Niro, name partner at Niro, Scavone, Haller & Niro, who is known for representing clients considered by many to be trolls.

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Calling Peter Detkin a troll is like challenging a Grand Master to a quick game of chess. Detkin coined the term in 1999, after Intel was sued for infringing the patents of TechSearch, a small patent-holding company (now a subsidy of Acacia Technologies Group). When Detkin referred to TechSearch as a "patent extortionist," the company sued for libel. So the Intel team swapped in "troll," and an industry swear word was born. In 2001 Detkin told our sibling publication The Recorder "A patent troll is somebody who tries to make a lot of money off a patent that they are not practicing and have no intention of practicing and in most cases never practiced." Intellectual Ventures easily fits the bill.

Over dinner, at a trendy Silicon Valley restaurant a couple of blocks from his home, Detkin makes it clear that he doesn't like the tables being turned. "There's just no clear definition at this point," he says, pausing for a tortilla chip. "A troll has become just a word for 'A plaintiff I don't like.'" Detkin's updated definition: someone who takes a single patent or small portfolio of questionable value and asserts it purely for "nuisance value." That's not Intellectual Ventures, which seeks out quality patents, offering good inventors another avenue to monetize their work, he says. Intellectual Ventures, caring only about patents, has more alternatives to offer inventors than corporations. The company will incorporate royalty sharing, additional payment terms and clauses that allow inventors to continue to invent into deals.

While not much is known about Detkin's patent shopping, the former Intellectual Ventures executive gives some details. Intellectual Ventures, says the executive, forms a new shell corporation each time it acquires a new patent portfolio. A special computer program names the companies, making them difficult to hunt down. The former executive pointed us to past monikers, including Thalveg Data Flow, Orange Computer and Maquis Techtrix -- all were traceable only to Seattle-area post office boxes.

Using fake companies to conduct real business isn't new to Detkin. "This is a Detkin trademark," says Niro, who represented TechSearch in the Intel litigation. During that case, Detkin created a shell corporation, Maelen Ltd., which offered TechSearch $325,000 for its patent, a price far lower than the millions at stake in the trial. The ploy failed when a judge realized that Maelen was really operating in Intel's interest.

Detkin, who joined Intellectual Ventures in 2002 after spending a week helicopter skiing in backcountry Canada, says that using shell corporations is just good business practice. "When you acquire assets you want to hold them separately," he says. "There's nothing nefarious about it." Companies often buy all kinds of assets under shell corporations to limit potential liability, he says.

Two years ago, Detkin set up a shell corporation called Brissac Electronic Holdings, and, under that name, bid on a portfolio of e-commerce-related patents at an auction in a California bankruptcy court. But Detkin dropped out after bidding crossed the $14.9 million line, and the portfolio went to Novell Inc. "To date, I've found Intellectual Ventures to be professional and not overly aggressive," says James Malackowski, head of IP merchant bank Ocean Tomo, which ran the patent auction. But if Intellectual Ventures starts firing off lawsuits, says Malackowski, it will face a backlash and possibly even legislative regulation.

If that happens, Intellectual Ventures is ready: The company has already set up a lobbying presence in Washington, D.C., and is playing an active role in the legislative debate over patent reform. Myhrvold testified on the issue to the House subcommittee on the courts, the Internet and intellectual property in April 2005, and last year Detkin submitted a written report on reform to the Antitrust Modernization Committee of the Federal Trade Commission. Both have spoken at industry group meetings and universities across the country. Intellectual Ventures, naturally, argues that patents protect ideas, not just products. Patent holders of all stripes should be able to get a court-ordered injunction, stopping the business operations of an infringing company.

For now, patent injunctions are a theoretical matter for Intellectual Ventures, although the company isn't ruling out future patent lawsuits. "In some cases we'll have to sue," says Frei. But a suit is less lucrative, Frei maintains, than a small running royalty on a key patent paid by a lot of companies for 10 to 15 years.

Besides, Myhrvold's curiosity (and funds) seem to have limits. "If I sue everyone, I spend all the money on lawyers," says the invention king, exasperated. "I still spend all my money on lawyers because of filing those damn things."

ENVIRONMENT:

Judge Drops Part Of Charge Against Company (AP)

By Becky Bohrer, Associated Press Writer

AP, June 14, 2006

Judge Dismisses Part of Criminal Charge Against W.R. Grace, Some Former Top Officials

BILLINGS, Mont. (AP) -- A federal judge has dismissed part of a criminal charge against W.R. Grace & Co. and some former top officials that alleged they knowingly endangered miners and area residents through asbestos exposure in Libby, Mont., site of the company's former vermiculite mine.

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U.S. District Judge Donald Molloy concluded that the statute of limitations -- the time allotted under federal law to prosecute the case -- had expired.

A federal grand jury indicted Grace and seven one-time top officials in February 2005, accusing them of conspiring to conceal health risks posed by the company's now-closed vermiculite mine.

Molloy's ruling, dated last week, is a partial victory for the defense, which has been attempting to get a conspiracy charge thrown out or limited. The conspiracy charge itself was not thrown out, but the allegation that the defendants "knowingly endangered" residents and miners is a major foundation of that conspiracy charge.

Hundreds of people in the northwestern Montana town have been sickened, some fatally, by exposure to asbestos. The vermiculite mined at Libby contained harmful tremolite asbestos. The mine closed in 1990.

Several defense attorneys declined comment Tuesday, as did the U.S. attorney's office in Billings.

Justice Department spokeswoman Cynthia Magnuson said, "We are considering our options at this point" and declined further comment.

The case is set for trial in September, though defense attorneys have sought to have that date pushed back. The defense also has asked for separate trials for the named defendants.

Conspiracy, Molloy wrote, requires an "overt act" within the limitations period. The clock on the five-year statute of limitations began in November 1999, court records show.

The defense argued the indictment didn't allege the defendants had undertaken any overt acts that knowingly endangered residents or employees from November 1999 through February 2005. Prosecutors countered with more than a dozen claims they said helped indicate otherwise.

Molloy, however, wrote that several of the claims raised by the government spoke more to allegations the defendants concealed wrongdoing from the Environmental Protection Agency, which was investigating the contamination, or acted to limit their liability.

As a result, they "cannot be construed as alleging acts in furtherance of the knowing endangerment object," he wrote.

An accusation that Grace failed to completely remove vermiculite contaminated with tremolite asbestos from school tracks and a skating rink over roughly a 19-year period, ending in 2000, also do not allege overt acts, Molloy wrote.

"The purpose of the overt act requirement is 'to manifest that the conspiracy is at work and is neither a project still resting solely in the minds of the conspirators nor a fully completed operation no longer in existence,'" he said.

"The failure to fully abate the schoolyard contamination more plausibly suggests a completed operation than a conspiracy still at work," he wrote.

Land-use Suit Becomes Federal Fight (LONGDTC)

By Victoria A.F. Camron, The Daily Times-Call

Longmont (CO) Daily Times-Call, June 14, 2006

Justice Department to defend RLUIPA against county

Neither Rocky Mountain Christian Church officials nor the lawyer representing Boulder County is surprised that the federal Department of Justice is stepping into a lawsuit between the entities.

“It’s not altogether unexpected that they would defend the constitutionality of a federal statute, the same way the Colorado attorney general’s office would defend the Colorado Constitution,” said David Hughes, the attorney representing the county on the lawsuit.

The federal government will defend the constitutionality of the Religious Land Use and Institutionalized Persons Act of 2000, which Boulder County claimed in March is unconstitutional.

The church has asked the county to allow an expansion of 132,000 square feet that would include an education building, a multipurpose chapel building, a gymnasium and a gallery that would connect the new buildings with the existing church. The church also would add about 500 parking spaces. Church officials said construction would occur over the next 15 to 20 years.

RLUIPA, as the federal law is called, prevents local governments from placing a “substantial burden” on churches; when restrictions are made, they must be the “least restrictive” possible. However, federal courts have differed on the meaning of “substantial burden,” and none of the cases regarding land use has yet been heard by the Supreme Court.

Hughes could not say if the federal government’s involvement would complicate or lengthen the case. The government may raise different arguments than the church will, which Hughes acknowledged would cause him more work in defending the county.

The attorney representing the church would not comment, but church spokesman David Page said, “We’re not surprised Justice would step in at this point.”

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The federal government has plenty of cases to draw from while preparing its filing in the local case.

In Florida, the town of Surfside refused to let a synagogue locate in the town's central business district, prompting the synagogue to sue the town under RLUIPA. As in Boulder County's case, lawyers representing the town argued that neither the 14th Amendment nor the Commerce Clause of the Constitution authorized Congress to pass the law.

Surfside attorneys also argued that RLUIPA violated the 10th Amendment and the establishment clause of the First Amendment.

The Justice Department successfully argued the law is constitutional, writing, "RLUIPA has a permissible secular purpose of alleviating government-created burdens on religion, ... and RLUIPA's land-use provisions do not create excessive entanglement between government and religion."

After the federal appellate court ruled in favor of the synagogue, the Supreme Court refused to consider the town's appeal of the case.

Although constitutionality was not raised as an issue, the Justice Department argued that RLUIPA applied when a Michigan township denied a permit to a church to expand its building, just as Rocky Mountain Christian Church wants to do in Niwot.

No Vote On Mine Safety Nominee (NYT/AP)

By The Associated Press

The New York Times, June 14, 2006

Republicans scrapped a vote on President Bush's choice to head the agency in charge of mine safety after it became clear that he did not have enough support to win Senate approval. Democrats opposed the nominee, Richard Stickler, saying he had spent too many years as a coal mining executive and had failed to demonstrate that safety was his top priority. In his confirmation hearing earlier this year, Mr. Stickler declined to endorse several proposed changes to mine safety laws but said the enforcement of existing laws could be improved. Senator Robert C. Byrd, Democrat of West Virginia, used a procedure known as a legislative hold to block the nomination.

G.M. — Again (NYT)

By Thomas L. Friedman

The New York Times, June 14, 2006

On May 31 I wrote a column accusing General Motors of acting irresponsibly by offering unlimited gasoline at $1.99 a gallon for one year to anyone who buys certain of its midsize sedans, big S.U.V.'s or gas-guzzling Hummers in California or Florida. At a time when we are at war in the Middle East, with an enemy who is indirectly financed by our energy purchases, it seems to me that every American, and every American company, has an obligation to reduce oil consumption. No one should be making a huge gas-guzzling Hummer, and no one should be driving one, and no one — certainly not G.M. — should be subsidizing people to drive them.

After the May 31 column appeared, G.M.'s vice president for global communications, Steven J. Harris, and his colleagues denounced my argument in a formal statement and on G.M.'s corporate blog. This is an important issue, so let me respond to their response.

To begin with, I would much prefer to see G.M. thriving and growing American jobs — not selling itself off, limb by limb. But as long as G.M. is giving away $1.99 gasoline for its gas guzzlers, I will be a harsh critic. Pardon me if — at a time when China is imposing higher mileage standards than America — I don't want to join the many congressmen and senators in drinking G.M.'s Kool-Aid and not demanding that it become the most fuel-efficient automaker in the world. If more people in Washington insisted that G.M. focus on building cars that could compete in a world of $3.99 gasoline, rather than creating an artificial universe of $1.99 gasoline, G.M. would not be worrying about bankruptcy today.

G.M. says that the cars chosen for its $1.99 gas giveaway were chosen because of "their outstanding fuel economy and great consumer appeal." It also says that G.M. makes more cars that get an E.P.A.-estimated 30 miles per gallon on the highway than any other company.

Fact: G.M. also sells more cars that get 9 to 11 m.p.g. — the Hummer — than any other company. And even though G.M. justified the $1.99 program as giving consumers a chance to drive some of its most fuel-efficient cars, it did not include its best-selling, most fuel-efficient model, the Chevy Aveo (35 m.p.g. highway), in the program, but did include seven gas-guzzling trucks. G.M. still does not have a family-friendly hybrid on the market (one is due this summer) — nine years after Toyota introduced the 45-m.p.g. Prius hybrid, which G.M. scoffed at at the time.

Stephanie Salter, a columnist writing in the Terre Haute Tribune-Star, did a spoof about G.M.'s $1.99 gas giveaway by imagining what other less-than-healthy consumer companies might now do: "Today R.J. Reynolds Corp. announced a new

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'smoke more/pay less' instant rebate program for most of its cigarette brands. Time-dated coupons will be included in every pack of RJR cigarettes. Tobacco consumers who collect 10 same-brand coupons in five days can redeem them for a pack costing $1. The only brands not covered by the coupon program are the company's cigarettes with very low tar and nicotine content."

Next, G.M.'s Harris asked: "How is offering a gas card that may be worth $1,000 any different or more sinister than the $2,000 cash rebate that Toyota's offering right now nationwide on its full-size S.U.V., the Sequoia?"

Fact: Reading that question you'd think that G.M. was giving away cheap gas instead of big S.U.V. rebates. The truth: We called G.M. dealers in California who said that under the new program they were authorized to offer $5,000 discounts on the 2006 Suburban and Tahoe S.U.V.'s — which are like the Sequoia — in addition to G.M.'s unlimited $1.99 gas for a year. I guess Mr. Harris just forgot that.

Yes, Toyota makes trucks and S.U.V.'s, just like G.M. I am not against either. Some people need them, others enjoy them. But I don't think we should be subsidizing gasoline so people who don't need them will buy them or buy the most gas-guzzling versions. G.M. says its full-size S.U.V.'s get better mileage than Toyota's. All I know is that Consumer Reports rates all size S.U.V.'s for fuel efficiency, reliability and performance. Toyota and Honda S.U.V.'s are its top picks in every size category.

Ah, says Mr. Harris, but we offer nine vehicles that can run on E85 ethanol-gas blends, and have made 1.9 million such cars and trucks. Toyota makes none. The truth: The Big Three U.S. automakers started making flex-fuel cars in the mid-1990's after they were given a shameful federal loophole.

As the Des Moines Register explained in an article on May 26: "The loophole works this way: A dual-fuel vehicle that can run on either gasoline or 85 percent ethanol, or E85, is credited with a much higher mileage rating than it really gets. That keeps the overall mileage of the cars and trucks that a company like Ford or General Motors makes in any given year within the government's mileage limits."

By agreeing to build flex-fuel vehicles credited with phony mileage, Detroit gets to make many more bigger, heavier gas guzzlers, the paper explained, "without having to pay fines for exceeding the federal mileage standards." For instance, the 2006 G.M.C. two-wheel-drive Yukon 1500 actually gets 15 m.p.g. city and 20 m.p.g. highway. But under this loophole it is rated as getting 33 miles per gallon for purposes of meeting the government's fleet fuel economy standards. "The Union of Concerned Scientists calculates that the loophole increased U.S. oil consumption by 80,000 barrels per day in 2005 alone," the paper said.

If G.M., Ford and Chrysler really care about saving oil and the environment, why exploit this loophole? And by the way, even though G.M. has made 1.9 million flex-fuel vehicles, it and the other automakers for a long time did little to inform customers that their cars could run on ethanol — because their real interest was the mileage loophole to make more big cars. Most people didn't know they were driving a flex-fuel car. "Until recently, the only way to tell was by checking the vehicle identification number," the paper noted. Recently, General Motors has put yellow gas caps on its dual-fuel vehicles to alert customers.

I'm not a car expert, so let me leave the last word to Automotive News, the industry's top trade magazine. Its June 5 editorial said: "General Motors' promotion that reimburses some buyers for gasoline purchases is ill-advised for an automaker that is trying to burnish its green image. The program should be dropped, not expanded. ... It's simply a subsidy for vehicles that burn a lot of gasoline. And it's one more example of G.M.'s tone deafness on environmental issues. ... Yes, G.M. can make vehicles that are as fuel efficient as anybody else's. But it acts as though its future depends on gas guzzlers."

Warming At The Court (WP)

The Washington Post, June 14, 2006

AS EARLY AS this week, the Supreme Court will decide whether to hear a case that is now something of a dud but could become one of the most significant pieces of environmental litigation in a generation. The case is a challenge by states and environmental organizations to the Environmental Protection Agency's decision not to regulate the gases that cause global climate change. The justices should hear it, both because a lower court -- the U.S. Court of Appeals for the District of Columbia Circuit -- could not produce a coherent opinion and because the issues it presents are of enormous importance. The agency is claiming that the Clean Air Act gives it no legal authority over what is probably the preeminent environmental issue of our time; and that even if it had authority, it wouldn't use it; and that nobody can force it to in court. If any part of that argument is correct, the justices -- not a splintered lower court -- should be the ones to say so.

Back in 1999 environmentalists petitioned the EPA to regulate greenhouse gas emissions in new motor vehicles. A few years later the EPA declined. The agency contended that it lacked statutory authority over greenhouse gases, though the law grants it power over "any air pollutant from any class or classes of new motor vehicle . . . [which] may reasonably be anticipated to endanger public health or welfare." The law defines "air pollutant" as any "substance or matter which is emitted into or otherwise enters the ambient air" and defines "effects on welfare" as including effects on "climate." The agency further declared

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that even if it's wrong on the law, it prefers not to regulate greenhouse emissions at this time, because of scientific "uncertainty" as to global climate change's mechanisms and a desire to take on the problem by other means.

In response, a three-judge panel of the D.C. Circuit split three ways: One judge ruled that the agency was, in effect, free to ignore the law's command because of the extraneous policy judgments it identified. A second contended that the states and environmental groups lacked standing to bring the litigation in the first place. A third judge contended that they did have standing and that the EPA had defied the law. The result is that the court affirmed the EPA's position, but for no coherent reason.

The justices now face three distinct questions: Can anyone challenge the EPA's decision? Do greenhouse gases count as pollution? And, if so, can the EPA decline to regulate because, well, it doesn't feel like it?

The second two questions are easy: The law does not give the EPA discretion to ignore its legal duties, and the legal definition of pollution clearly seems to encompass greenhouse gases. The first question is far harder; to establish standing to litigate the case, the challengers have to show that global warming is causing them injuries and that regulating one small corner of the problem -- emissions by new vehicles -- would redress those injuries. Clearly, however, it makes no sense for the justices to leave in place a muddled decision that establishes nothing while letting the agency bind its own hands.

FBI/DEA/ATF/USMS:

FBI Transfers Wales Slaying Case To Portland (SEATIMES)

By Steve Miletich, Seattle Times staff reporter

The Seattle Times, June 14, 2006

In a major rebuke, the FBI's investigation into the slaying of federal prosecutor Thomas Wales was removed from the bureau's Seattle office today in the wake of a decision to reduce the number of agents working on the case.

The case was assigned to Robert Jordan, special agent in charge of the Portland FBI office, who will handle daily supervision of the investigation, the FBI said.

Jordan will have the authority to add new agents to a longstanding task force investigating Wales' killing in 2001, officials said. Agents have focused on a Bellevue airline pilot as the prime suspect.

Laura Laughlin, the special agent in charge of the Seattle FBI office, had cut the numbers of agents investigating the case from four to two last month, prompting the special prosecutor in the case to appeal her decision to FBI headquarters in Washington, D.C.

Wales, 49, who worked in the U.S. attorney's office in Seattle for 18 years, was shot at about 10:40 p.m. Oct. 11, 2001, while sitting at his computer in the basement of his Queen Anne home. He was hit by several shots fired from his backyard.

If killed because of his work, Wales would be the first federal prosecutor in U.S. history to be slain in the line of duty. A $1 million reward has been offered for information that helps solve the case.

Laughlin issued a written statement today calling the new moves the completion of a "strategic realignment" in the investigation. She said she also had appointed a special analyst in the Seattle FBI office to the case to bolster the investigation.

"I am hopeful that with this task force realignment and the new analytical focus as well as the unique perspective and depth of experience that Robert Jordan can bring to this case we can make new progress in this investigation," Laughlin said. "This is not a cold case."

Laughlin said when "someone takes the life a prosecutor whose job it is to uphold the law, it is more than a murder, is it an attack on society and our justice system."

Jordan recently completed a temporary assignment as Deputy Assistant Director of the FBI's Criminal Investigative Division in Washington, D.C. In the Wales case, he will carry the title of inspector, a special designation used by the FBI in challenging, high-profile investigations. The FBI appointed inspectors amid previous high-profile investigations of the 1995 bombing of the Alfred P. Murrah Federal Building in Oklahoma City and the 1996 bombing of Atlanta's Centennial Park during the Olympic Games.

The Bellevue pilot, who has been under investigation in the Wales case for more than four years, had been targeted by Wales in a fraud case that concluded in 2001.

Agents have twice searched the pilot's house, and his friends and associates have been called before a federal grand jury in Seattle that is investigating the case.

No charges have been filed against the pilot, who has refused to be interviewed by reporters.

Laughlin's decision to reduce the number of agents working on the case came shortly after the Seattle FBI office disclosed in April that it had received an anonymous letter written by a person claiming responsibility for killing Wales.

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The letter was mailed from Las Vegas in January, around the time the Bellevue pilot visited that city while traveling on business, according to sources who spoke on condition of anonymity because the investigation is continuing.

The letter was written by someone claiming he was hired to kill Wales, and it contained what the FBI described as misleading and unrealistic information meant to throw off investigators.

Agents have been trying to directly link the letter to the pilot, who could be charged with obstruction of justice if he wrote it.

Laughlin's decision stunned agents because they viewed the developments related to the letter as a significant breakthrough in the investigation, sources said.

FBI Shakes Up Management Of Wales Investigation (AP)

By Gene Johnson, AP LEGAL AFFAIRS WRITER

AP, June 14, 2006

SEATTLE -- The FBI has put its Portland, Ore., field office in charge of investigating the 2001 assassination of Tom Wales, an assistant U.S. attorney in Seattle, saying it hopes the shakeup will bring a "fresh point of view" to the unsolved case.

Seattle Special Agent in Charge Laura Laughlin had recently faced criticism for trimming the number of agents assigned to the case from four to two. That decision was reviewed by FBI headquarters at the request of a special prosecutor assigned to the Wales case.

Under the change, Portland Special Agent in Charge Robert Jordan was named "inspector" for the case and will oversee day-to-day operations. In a Tuesday night interview from Washington, D.C., he told The Associated Press he anticipates increasing the number of people working the case, and that he will meet with the special prosecutor and the investigative team next Monday in Seattle.

"I'm going to put any and every resource necessary to work this case," Jordan said.

As part of the realignment, one analyst with the Seattle office's Field Intelligence Group has already been assigned to the case, joining the two remaining agents who will stay on to ensure continuity, the agency said in a news release.

In 2003, there were eight agents dedicated to finding Wales' killer.

Wales, 49, who mostly handled white-collar crimes, was shot the night of Oct. 11, 2001, while sitting at his computer in his Queen Anne neighborhood home. He was hit by several shots fired through a window.

The only publicly identified suspect in the case is a Bellevue airline pilot who had feuded in court with Wales. No charges have been filed. The pilot has not responded to numerous Associated Press interview requests.

The FBI recently has focused its investigation on an anonymous letter purportedly written by the shooter. The letter was sent to the agency from Las Vegas in January; shortly before the letter was sent, the pilot was in Las Vegas.

Members of the FBI's task force on the case have interviewed more than 2,500 people and followed more than 3,000 investigative leads through all 50 states and half a dozen countries, the agency's news release said. The task force also conducted a nationwide search for replacement barrels for a Makarov semiautomatic pistol, the weapon used in the killing.

"This is not a cold case," Laughlin said Tuesday in the news release. "We are adjusting our approach and bringing new energy to an investigation that has been long and difficult."

Grand Jury Indicts 6 Men On Drug Trafficking Charges (PROJO)

The Providence Journal, June 14, 2006

PROVIDENCE -- A federal grand jury has issued indictments charging six men with drug-trafficking offenses, according to the U.S. Attorney's office and the Drug Enforcement Administration.

One of the indictments, issued last Wednesday in U.S. District Court, charges Oscar R. Sandoval-Espana, also known as Eddie Alberto Ramos, of Pawtucket, and Manual A. Mendez-Herasme, address unknown, with possessing with intent to distribute five kilograms or more of cocaine on May 25.

In another indictment, the grand jury charges that between December 2005 and May 27, Ancelmo A. Castillo, age and address unknown, and Roberto E. Olivo, 43, of Providence, conspired to distribute and possess with intent to distribute one kilogram or more of heroin.

The third indictment charges Sandy Baez and Manuel Alberto Nogueira-Reico, ages and addresses unknown, with conspiring to distribute and distribution of 100 grams or more of heroin on May 10. It also charges Baez with assaulting a drug enforcement agent that day.

All six men are in state or federal custody, authorities said.

If convicted, the penalty for possessing with intent to distribute five kilograms or more of cocaine or one kilogram or more of heroin is 10 years to life in prison and a $4-million fine.

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The maximum penalty for conspiracy to distribute heroin and distribution of heroin is 40 years imprisonment and a $2-million fine; the maximum penalty for assaulting a federal law-enforcement officer is 20 years in prison and a $250,000 fine.

Convictions Upheld In Boxed Bodies Case (DA)

Daily Advertiser, June 13, 2006

A state appeals court has upheld the second-degree murder convictions of a man and a woman whose victims' bodies were cut up and put in boxes.

The 3rd Circuit Court of Appeal on Monday rejected appeals by Cynthia Anderson and Larry Surratt, who were found guilty of killing Larry Cook and his girlfriend, Sheila Kirby in January 2003.

ADVERTISEMENT

The bodies were found in Bayou Cocodrie in Evangeline Parish 10 days apart in January 2003.

According to authorities, both victims had been shot before their bodies were cut apart and stuffed in the rubber boxes. Surratt and Cook were members of the Banshee motorcycle organization.

The appeals court dismissed claims that the victims had been working from the federal Drug Enforcement Administration and that other members of the motorcycle group were more likely to have killed them.

Anderson also unsuccessfully argued that the jury in Ville Platte should have been allowed to consider a lesser charge of accessory after the fact.

Cook and Anderson are serving no-parole life prison sentences.

WADA Calls NHL Doping Test Meaningless (AP)

AP, June 14, 2006

MONTREAL (AP) -- The NHL is trying to fool the public with a flawed anti-doping program, the chairman of the World Anti-Doping agency said Tuesday.

Dick Pound said league statements Monday that there were no positive tests among 1,406 administered during the season were meaningless given the loopholes in its anti-doping program.

"All we can do is keep drawing the attention of the public to its shortcomings and make sure the public understands that it's being fooled by the NHL when it says it has a serious testing program," Pound said.

He said the NHL does not test for stimulants and other banned substances and does not test at times when players are likely to be caught, such as during offseason training.

Pound did not back off a statement he made in November that up to a third of NHL players may be using performance-enhancing drugs "if you include the full range of drugs, most of which they don't test for.

"I think they should make clear what they test for and what they don't. And make it clear when they're testing out of competition and in competition. And make it clear they don't test before and after games. And they don't test in the offseason and that they only test for steroids."

NHL players, management personnel and representatives of the NHL Players Association expressed delight when it was made known that none of the tests taken since January were positive.

And many mentioned Pound, saying the results proved his estimate was wrong.

NHLPA executive director Ted Saskin said Pound "should be embarrassed by his baseless and uninformed allegations.

"I would hope that in the future he refrains from commenting on NHL players since his last remarks were so off-base."

Pound said the league's program lacked transparency and that it should make public its "whole testing protocol," including who is administering the tests, how they were taken and which players were tested at what times.

The league said each of the league's roughly 700 players was tested up to two times between Jan. 15 and the end of the regular season. The tests were administered by the independent lab Comprehensive Drug Testing of Long Beach, Calif.

The program is run jointly by the league and the players association. It is the first time the league has had anti-doping tests.

Players were not tested for the drugs on WADA's list of banned substances that are prohibited only during competition, such as stimulants. Some cold remedies that contain stimulants, such as ephedrine, are suspected to be widely used by hockey players.

Bill Daly, NHL deputy commissioner, said the test results showed that "doping is not a problem in our sport.

"We're pleased but not surprised by the results," he said.

Steroids Inquiry Must Start With Old Scars (NYT)

By William C. Rhoden

The New York Times, June 14, 2006

FOR the last two seasons, steroid use in baseball has been framed as a simple story of giants, and one Giant in particular: Barry Bonds. Steroid use became a celebrity issue, with Bonds as its poster child.

Baseball's problem goes far beyond Bonds. This is not a superstar issue, but an everyday, kid-next-door issue, with average players trying to keep up, young players trying to make it, old players like Arizona Diamondbacks reliever Jason Grimsley trying to hang on.

Last week, federal investigators searched Grimsley's home in Scottsdale, Ariz. Just as baseball appeared to achieve a calm, just as Commissioner Bud Selig assured fans that baseball's steroids problem was under control, we have this. Grimsley, according to documents filed in the United States District Court of Arizona, admitted using anabolic steroids, amphetamines and human growth hormone.

Fay Vincent, a former commissioner of Major League Baseball, said he was surprised by the raid because federal agents had not seemed interested in aggressively pursuing illegal drug use by athletes.

"Somebody's taking it seriously," Vincent said Monday from his office in Connecticut. "They're investigating beyond San Francisco and out into baseball, where there's obviously been a lot of problems.

"My guess is there's a lot more to come, and we're going to be very, very depressed about how much cheating, how much misuse of drugs was going on in baseball."

Vincent was commissioner from 1989 to 1992. During the 1980's, on the watch of a previous commissioner, Peter Ueberroth, baseball endured an embarrassing cocaine scandal involving some of the biggest names in the game. In 1992, Vincent barred pitcher Steve Howe from baseball for life as a seventh suspension for drug and alcohol troubles. The players union appealed Vincent's decision, and Howe was reinstated.

Steroids were barely on Vincent's radar then. "All I heard were rumors that Canseco was using steroids," he said, referring to the former Oakland Athletics slugger Jose Canseco. "That was the earliest I ever heard of steroids; I had no idea what a steroid was."

Now Vincent calls steroids baseball's greatest disgrace since the Black Sox scandal in 1919. How will the sport come out from under this cloud? Vincent favors holding hearings with no penalties attached. He would assure players that baseball has no intention of punishing anyone.

In March, Selig appointed George J. Mitchell, the former Senate majority leader, to investigate steroid use in major league baseball. But baseball's problems are so full-blown that criminal prosecution may be the only way to get to the truth. Baseball needs its own truth and reconciliation hearings to get to the root of drug use and to determine guilt or innocence.

Fans want the truth. Let's get at the truth.

We thought baseball hit its low point last season, when a parade of the biggest stars went, most ungraciously, before Congress to testify about steroid use.

"Baseball's got to get back on the high ground," Vincent said. "It needs to establish some moral principals. The game's got to be played according to the rules, otherwise it becomes professional wrestling or a movie — it's entertainment, but it's not a game."

Vincent has completed the first installment of a baseball oral history project ("The Only Game In Town: Baseball Stars of the 1930's and 1940's Talk About the Game They Loved," 2006, Simon & Schuster). In the spirit of oral histories, we should examine how athletes in each generation used substances — from crude homemade concoctions to steroids and amphetamines — to get an edge. Call players from each decade, beginning with the 50's, to testify about cheating, about when and how they used, and why they used.

"As somebody wisely said, 'Babe Ruth used a prohibited substance when he played — it was called booze,' " Vincent said.

"All athletes in every sport have always looked for a competitive advantage. The track people have done it; I think it goes back to the Greeks. You're never going to get rid of that."

We always say this, but let's prove it. The Mitchell investigation is covering a period of only 15 years. That will provide a snapshot. The hearings I envision would follow the intricate web of cheating in baseball that goes back decades.

"I really think there's going to be a lot more Grimsleys," Vincent said, "because the feds are finally doing what they should do: they're investigating the misuse of these drugs by athletes."

Vincent said he did not like the idea of more hearings like the one Congress held last year.

"Congress doesn't want to do that," he said. "You get very popular guys up there saying, 'We're going to take the Fifth Amendment.' It becomes a circus. Everybody gets hurt — baseball gets hurt."

Baseball has hurt itself for decades by looking the other way. Now it's time for the sport — from owners to players to trainers to the men and women who cover the game — to look in the mirror and examine the soul of their sport.

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Vincent wants baseball to regain its moral high ground. At this point, I'll settle for truth and reconciliation.

UK Fears Record Afghan Heroin Output (GUA)

Guardian, June 13, 2006

The Afghanistan province being patrolled by British troops will produce at least one third of the world's heroin this year, according to drug experts who are forecasting a harvest that is both a record for the country and embarrassing for the western funded war on narcotics.

British officials are bracing themselves for the result of an annual UN poppy survey due later this summer. Early indications show an increase on Helmand's 1999 record of 45,000 hectares (112,500 acres) and a near-doubling of last year's crop.

"It's going to be massive," said one British drugs official. "My guess is it's going to be the biggest ever." UN, American and Afghan officials agreed.

"It could be over 50,000 hectares, or over 50% of the total [Aghan] crop," said General Muhammad Daud, the deputy interior minister for counter-narcotics. Helmand's bumper harvest highlights the dramatic failure of western counter-narcotics efforts that have cost at least $2bn (about £1.09bn) since 2001. It could undo progress made last year, when poppy cultivation dropped 21% after President Hamid Karzai's call for a "jihad" on drugs. And it spells particularly bad news for Britain, which is leading the anti-narcotics campaign and has deployed 3,300 soldiers to the large and lawless province.

As Afghanistan accounts for almost 90% of the world's heroin supply, that would mean Helmand supplies about one-third. Drug experts say the province is as central to Afghanistan's illegal economy as California is to America's legal one.

"If you took Helmand out of the picture, Afghanistan would fall from the world's top poppy grower to second or third place," said one US official. British and American officials cannot resort to the tactics of the Taliban, which slashed poppy cultivation to 8,000 hectares in 2001 by threatening to shoot farmers. But western efforts using less violent methods, such as encouraging farmers to grow legal crops, have proved fruitless.

The smuggling kingpins who control the £1.5bn trade have become rich, powerful and apparently untouchable. Although several hundred low-level couriers have been arrested, not one "big fish" has been tried in Afghanistan - a critical failing according to analysts. "Until Karzai arrests and jails one big dealer, people will not believe the central government is behind this drive," said a former American anti-narcotics contractor.

The most damaging allegations swirl around the minister charged with counter-narcotics, Gen Daud. Several western officials allege Gen Daud, a former Tajik warlord, has historical and family links to smuggling. Gen Daud denies the allegations as "politicking" and blames the British embassy for trying to slur his reputation.

"It is very shameful for a big country with such a good reputation to make allegations like this. They should first investigate, and if they have any proof bring it forward," he said at his office.

As proof of his modest wealth, Gen Daud said the government paid his rent, his children walked to school and one of his brothers worked as a taxi driver in Saudi Arabia.

Sour relations with the drugs minister are not the only problem facing British officials in tackling this year's bumper crop. American congressmen are ratcheting up pressure to start poppy eradication using pesticide-spraying planes, a controversial tactic. Aerial spraying has been used extensively against coca plantations in Colombia but is trenchantly opposed by British and Afghans officials, who say it would be disastrous in Afghanistan. "It could drive farmers into the hands of the insurgents," said one.

But an American official predicted that without a dramatic drop in next year's crop, spraying could lead to a UK-US rift by 2008. "Spraying will continue to be a cloud on the horizon and it will get darker," he said.

In Helmand British commanders insists the 3,300 soldiers will avoid tackling drugs in favour of providing security and development funds. "We have to put the things in place that will make it no longer necessary to grow poppy," said a senior officer.

But drug experts say it will be impossible to avoid the drugs war. Britain's main enemy, the Taliban, has developed close links to drug smugglers, sometimes providing them with weapons and vehicles. On Sunday a British soldier, named as Captain Jim Philippson, became the first combat fatality in Helmand after a battle with suspected Taliban forces.

Chateaugay Native Selected To Head U.S. Marshals Service (PLATTSPR)

By CASEY RYAN VOCK, Staff Writer

Plattsburgh (NY) Press-Republican, June 14, 2006

PLATTSBURGH — A Chateaugay native is directing the U.S. Marshals Service, placing him in the highest-ranking position in the country's oldest law-enforcement agency.

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"Growing up on a dairy farm gives you an appreciation for hard work," John F. Clark Jr., 45, said in an interview with the Press-Republican.

"That has conveyed with my life and my career."

The 1978 graduate from Chateaugay Central School was appointed by President George W. Bush and sworn in March 18 by Attorney General Alberto Gonzales.

Clark is the agency's ninth director but the first to have had a career as a marshal.

PRISONERS, FUGITIVES

The U.S. Marshals Service was founded by President George Washington in 1789, when he appointed the first 13 marshals.

The agency is responsible for the custody of federal prisoners and the apprehension of fugitives.

"I had a desire to enter law enforcement really as a small child in the first or second grade," Clark said.

His father, John Clark, was a Chateaugay town justice for about 12 years.

"From the time I was a small child, I knew it was a career path I wanted to enter into."

And what a career that has been.

After graduating from Hudson Valley Community College in 1980, Clark took a job with the U.S. Border Patrol along the border with Mexico.

The next year, he joined the Capital Police in Washington, D.C.

He became a U.S. marshal in 1983, serving tours of duty in San Francisco; San Jose, Calif.; and Richmond, Va.

In 1990, Clark was promoted to work in the Office of Internal Affairs at the agency's headquarters in Arlington, Va.

He was further promoted in 1993 to chief inspector of the International Fugitive Investigation Branch and spent three years in the position.

In 1996, Clark became the chief inspector for the Office of Internal Affairs.

He has also served in other positions such as Acting Marshal and Chief Deputy U.S. Marshal for the Eastern District of Virginia.

Through the mid 1990s, Clark worked on his bachelor's degree in criminal justice, which he received in 1997 from Syracuse University.

MOUSSAOUI TRIAL

Then, in 2002, Bush appointed him to the post of U.S. marshal for the Eastern District of Virginia. In that role, he oversaw the security of terrorist Zacarius Moussaoui during his trial.

"There was a lot of press contingent at that trial every day — worldwide press," he said.

Now Clark oversees about 5,000 employees and every national law-enforcement mission, but he rarely finds himself in the courtroom.

"Things are different now. I have much more contact with Congress, and I have testified before Congress. I interact with the Department of Justice, including the attorney general and his staff.

"And, of course, I am required to do a lot more travel, which does interfere with my occasional trips back to the North Country.

"I have a more national scope of responsibility over the entire U.S. Marshals Service."

Clark, as director of the agency, presides over the agency's budget and its resources.

TORONTO TERRORISTS

Clark said he was in Toronto recently, where 17 suspected al-Qaida sympathizers were arrested for allegedly possessing three times the amount of explosives used in the Oklahoma City bombing.

"They have a great police department there," Clark said.

But the discovery of suspected terrorists that close to the U.S. border was a wake-up call, he said.

"I think it just shows how vulnerable everyone still is in the world. Our U.S.-Canadian border is still something that we need to pay close attention to securing.

"This shows that terrorism is conveying to North America."

small-town values

Clark now resides in the Washington, D.C., suburb of Oak Hill, Va., with his wife, Luci, who also has had a career with the Marshals Service.

To escape the fast-paced life he now leads, Clark returns to Chateaugay to visit his mother, Louella Clark, and his two sisters who still live in the area.

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"I get out as much as I can to fish in that area. I get home two or three times a year and more if possible. That seems to be the limit lately, regrettably."

Growing up in the North Country gave him an appreciation for the simpler things in life, he said.

"I still like small-town northern New York, where people still know your name and your family, and they wave to you.

"Those kinds of things stick with you. It gives you good values. That has conveyed with my life and my career here."

Fugitive Gunman Makes Appearance In Federal Court (GBPG)

By Paul Srubas

Green Bay (WI) Press-Gazette, June 13, 2006

Barentson captured in Grand Chute in early morning

A federal fugitive who allegedly shot a Nebraska jeweler about a month ago appeared in federal court in Green Bay this morning after his arrest earlier today in an Appleton-area hotel.

Steven Barentson, 57, was arrested without incident about 5:15 a.m. at the hotel after a citizen tip put authorities on his trail in Calumet County, where he was spotted in a tavern near the Calumet and Outagamie county lines. He was the target of a manhunt in the area after his vehicle was discovered abandoned Sunday at a Calumet County farm near Forest Junction. Green Bay police assisted in the hunt.

Barentson, brought in by federal marshals to the federal courtroom in Green Bay, bowed slightly to media gathered in the corridors as he was led before U.S. Magistrate James Sickel.

He was arrested on charges of possession of a firearm by a felon and failure to appear for a federal jury trial in August 1992 in Grand Forks, N. D.

Sickel scheduled him for an identity hearing Friday and ordered him held without bond. The hearing Friday requires prosecutors to prove, probably through fingerprints, that Barentson is indeed the man wanted in North Dakota for a variety of federal charges, said Tom Phillip, associate federal defender appointed to Barentson, who claims indigency.

Assistant U.S. Attorney William Roach said no charges are likely to arise out of Barentson's presence in Wisconsin, and federal action here will involve nothing more than the formal process needed to send him back to North Dakota.

Paperwork concerning charges against Barentson in Nebraska had not arrived in Green Bay this morning, and Nebraska authorities likely will work with federal authorities in North Dakota concerning the May 9 shooting of a jewelry store owner in Omaha. The store owner survived.

Barentson allegedly has been on the run since failing to make that August 1992 court appearance in Grand Forks. He was convicted of armed robbery in Cook County, Ill., in and Polk County, Iowa, in 1980, and escape in Jasper County, Iowa, in 1988.

IMMIGRATION:

Bail Set At $340,000 For Customs Officer (SDUT)

The San Diego Union-Tribune, June 14, 2006

SAN DIEGO – A judge Tuesday set bail at $350,000 for a Customs and Border Protection officer accused of allowing illegal immigrants to be smuggled through his border inspection lane in return for cash and a Lexus.

Richard Elizalda, 55, will be back in court June 20 for a status conference.

If the defendant makes bail and is released, he will be required to wear a Global Positioning System device to monitor his whereabouts, said Magistrate Judge William McCurine Jr.

Elizalda is charged with 11 counts, including bribery by a public official, conspiracy to bring in illegal aliens for financial gain and bringing in illegal aliens for financial gain.

Seven co-defendants, Raquel Arin, Perla Centella, Carmen Alvarado, Sandra Munoz, Kenneth Web, Victor Gomez and Jorge Gomez, are also charged with conspiracy.

Victor and Jorge Gomez are additionally charged with trying to smuggle 200 pounds of marijuana across the border.

Alvarado and her daughter, Munoz, are also accused with filing a false tax return with the Internal Revenue Service.

According to the 15-count indictment, Elizalda arranged specific times with Arin and others to allow vehicles to pass through his primary inspection lane for the purpose of alien smuggling.

Assistant U.S. Attorney Linda Frakes alleged last week that information on the defendant's lane assignment was passed on to the smugglers via pager, cell phone or in person during one of his breaks.

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Stewart Roberts, assistant special agent in charge of the FBI in San Diego, alleged that Elizalda received between $500 and $1,000 per smuggled immigrant.

Most of the defendants face a mandatory minimum sentence of five years in prison if convicted, said Assistant U.S. Attorney Joanna Baltes said last week.

At Elizalda's arraignment, Baltes said the defendant was a flight risk because he had access to large amounts of cash. At least $36,500 was found in a briefcase in a closet during a search of his residence, Baltes said.

Investigators also found five cell phones under Elizalda's name and five other cell phones in his home, the prosecutor said.

Baltes told the judge that Arin paid $54,000 in cash for a BMW and had made other large purchases. Her bail was set at $75,000.

Elizalda was the second Customs and Border Protection officer to be arrested last week for alleged immigrant smuggling.

U.S. Customs and Border Protection Inspector Michael Gilliland, 44, who worked at the Otay Mesa Port of Entry, was arrested last Tuesday.

More than $500,000 in cash was recovered in the homes of the defendants in that case, code-named "Operation Midnight Express," said U.S. Attorney Carol Lam.

McCurine set Gilliland's bail at $750,000 and told him he would be under house arrest if he was released.

High-Tech Titans Unite On Lifting Visa Caps (WSJ)

By Alan Murray

The Wall Street Journal, June 14, 2006

Bill Gates and Scott McNealy, long-warring titans of the software world, don't agree on much. But they are united in the effort to get the U.S. government to lift the caps on immigration visas for highly skilled workers.

"The U.S. has succeeded because the right people have come from all over the world to be here," says Mr. Gates, the chairman of Microsoft Corp. By keeping them out, the nation "is taking our greatest asset and throwing it away with both hands."

"This is all-important," agrees Mr. McNealy, chairman of Sun Microsystems Inc. "A greater influx of talent definitely changes the balance of power here in the U.S."

As Washington bogs down in debates over whether to build a wall on the Mexican border or grant amnesty to illegal immigrants, the plight of skilled workers has become a sideshow. Current law limits so-called H-1B temporary visas for highly skilled workers to 65,000 a year, plus an additional 20,000 for those who have earned advanced degrees from U.S. educational institutions. It also limits permanent visas for highly skilled workers. The limits are favored by labor unions and others who fear foreign workers may take jobs from U.S. citizens -- although tech companies say the visas are used only for jobs when qualified Americans are unavailable.

With the tech industry booming, those caps are biting: the H-1B visas for 2007 are already spoken for.

Mr. Gates says the visa pinch is hurting his company's ability to complete new products. "We have product meetings where someone will say: 'This is when it will get done with immigration changes, and this is when it will get done without,' " he says.

So he and Mr. McNealy and a steady stream of other high-tech leaders have traveled to Washington in recent weeks, calling on Congress to lift the caps -- even if the broader immigration bill, as expected, falls victim to election-year politics.

There's an irony here. Microsoft and Sun build the computer systems that allow people, in theory, to work anywhere, anytime. They are masters of the virtual world, in which national boundaries supposedly melt away. Who cares if researchers are in Silicon Valley or Redmond, Wash., or Siberia and Timbuktu?

But the visa fight shows these tech leaders do care -- a lot. And it highlights an often overlooked reality of the new economy. Geography still matters. Distance isn't dead. The world isn't flat. At least, not yet.

Mr. McNealy says Sun does 75% to 80% of its research and development in the U.S. Craig Barrett, chairman of Intel Corp., says his company also employs most of its researchers in the U.S. and wants to keep it that way.

The reasons? Patriotism, says Mr. Barrett, is one. Self-interest, says Mr. McNealy, is another. "If engineering is happening here in the U.S., I think my children will have a richer work environment."

But the business reasons, I suspect, are more powerful. Mr. Barrett points out that locating researchers in the U.S. keeps them close to the world's leading research universities. The U.S., by one ranking, is home to 18 of the world's top 20 research universities.

Moreover, Messrs. Barrett, McNealy and Gates all say that it helps to have a concentration of researchers in the same place, where they can interact over the water cooler and at the baseball game, as well as on the computer screen. "We are the leaders in mobile work force," says Mr. McNealy. "But absolutely, you need some level of critical mass."

And then, of course, there's the fact that many of the world's best and brightest want to live and work in the U.S.

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The per capita output of the U.S. is now about $36,700, according to the World Bank, while per capita output globally is $5,500. That's a big difference -- Americans earn 6.7 times as much as the world average. And for all the talk of a flattening earth and all the fears of outsourcing U.S. jobs abroad, the pay advantage Americans enjoy is getting bigger, not smaller. The ratio was 6.2 to 1 in 1990, 5.8 in 1980, and 5.4 in 1970.

The fact that leading-edge companies like Intel, Microsoft and Sun want to do their leading-edge work within U.S. borders certainly contributes to that American advantage. And it's hard to imagine why the U.S. government would want it any other way.

A smarter national policy, says Mr. Barrett, would be to staple a green card to the diploma of every foreigner who earns an advanced degree in the U.S.

Mr. McNealy goes further: "Why aren't we telling people, if you want an education in our universities, you must stay and work here for 15 years after you graduate?"

"Most of these guys don't end up in jail," Mr. McNealy says, warming to his argument. "They don't end up on entitlements. They tend to pay taxes. They keep their yards nice and clean. They drive Priuses. They recycle."

"What are we thinking?" he adds.

Spitting Into The Wind On Immigration (WSJ)

By Holman W. Jenkins, Jr.

The Wall Street Journal, June 14, 2006

Fuss in Washington notwithstanding, there's an easy way to reduce illegal immigration. It doesn't involve building fences or spending hundreds of billions to create an intrusive bureaucracy to hunt down illegals one by one and deport them. Just introduce a fraud-proof national ID card with biometric information; make it illegal, with real penalties, for employers to hire anyone, citizen or immigrant, who doesn't have one.

Presto. Businesses would no longer be able to profess the impossibility of judging who's legal and who isn't. Most of the jobs illegal immigrants do would disappear, and many if not most of the immigrants would leave for the same reason they came -- better opportunities elsewhere.

Before we go down this road, however, would we really like the consequences?

With 12 million illegals in the country, whole sectors of our economy exist only because of immigrant labor. Farms would shut down along with jobs for suppliers of seeds, packaging and ancillary services. Jobs for waiters, maitre d's and chefs would vanish, not just those of immigrant busboys, kitchen hands and cleaners. Some 1.2 million illegals are believed to work in construction. If the cost of home building goes up, demand goes down: Less wood is sold, fewer nails, fewer power tools, fewer pickup trucks. Contractors would make less profit; ergo, Harley-Davidson would sell fewer Road Kings with all the chrome and finery.

Armchair wonks say, "Enforce the law and damn the consequences." Every time the government does, however, a few of those couch warriors suddenly become vocal activists on the other side. It's their employer, their brother-in-law, their neighbor who finds himself facing criminal charges. It's their house that doesn't get finished. Don't be surprised if some of the latest politically inspired crackdowns end the same way. Blowback in the Cincinnati area is already growing against the arrest last month of four foremen for Fischer Homes, a well-liked local home builder.

In search of a respectable argument, liberal enthusiasts for a border clampdown have lately adopted the obnoxious and condescending reification of "unskilled labor" popularized by some economists. It may be true in some sense that illegals hold down the wages of low-wage workers, but it tells you nothing useful. It tells you only that the supply of immigrant workers has an impact on the wages of mostly immigrant workers for jobs that mostly would not exist if immigrant workers weren't available to fill them.

The very category "unskilled labor" is misleading. Any American worker, however backward, has one important skill advantage over most illegal immigrants: English. And all workers have a skill that leads to more skills: They can learn.

In turn, a decently functioning job market rewards people for acquiring skills, not for remaining unskilled -- perverse is the idea of wanting to reduce labor competition for unskilled jobs in order to make unskilled jobs more desirable. OK, let's ban unskilled immigrants altogether. Let's welcome all the doctors and engineers who want to come but reserve the no-skill jobs for Americans. Let's make it so attractive for Americans not to acquire skills that we can close our schools. Think of the money we'd save.

If this is crazy, it's only so because of the crazy premise. Immigrant workers are a resource -- no economy is better off for taking resources away.

Mexicans -- let's admit this is largely about the Mexican wave -- have crossed the border for jobs ever since there was a border. And amnesty was once routine because the statute of limitations on illegal entry ran out in five years. If the hypocrisy of

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our current system bothers you -- and it should, because it allows workers to come and toil for us without granting them legal status -- it's no denigration of the idea of law and lawfulness to admit to ourselves we have a bad law on our hands.

What's a better approach? Even guest worker solutions are artful fudgery -- a guest worker won't go home any more reliably than an illegal will. So how about just open the door to anyone willing to put down a refundable entry deposit (say, $2,000) in return for a biometric work card? At a stroke, this would take the profit out of a vast underground industry. Chinese "snakeheads" cadge upwards of $40,000 per illegal immigrant. Latin "coyotes" get $2,000 or more. Not to mention the sizeable business done by document forgers and traffickers in stolen Social Security numbers.

This deposit could be charged off against future income tax liability (note, not payroll taxes), an incentive for immigrants to stay legal and move up into the bracket-worthy classes. It could be refunded when he or she leaves the country -- an incentive to return home if jobs become scarce in the U.S.

Polls say Americans want immigration cut down and they don't want amnesty for illegals, yet the Senate just passed an immigration reform that would increase immigration and proffer amnesty. The system works! -- at least it works better than it did when Congress jumped off a cliff with the Volstead Act, knowing that though Americans liked the idea of liquor prohibition, they'd end up hating the consequences.

This doesn't please the border warriors, but they're spitting into the wind. In his table talk, a certain German dictator observed that religions have far more stability than states, which tend to come and go, swept away by the tides of history. The U.S., a young nation but already one of the world's longest-lived political states, has a chance to beat the odds thanks to our freedom from any of the usual fatal exclusivisms. But it will have to accept that it exists on a continent whose fastest-growing cultural force is Spanish speakers.

TAX:

Campbell Gets 30 Months In Prison Sentence Is An 'Abomination,' Former Atlanta Mayor Says (AJC)

By Bill Torpy, Jeffry Scott And Beth Warren, The Atlanta Journal-constitution

The Atlanta Journal-Constitution, June 14, 2006

A federal judge scolded former Atlanta Mayor Bill Campbell for leading an office riddled with corruption. Then he sentenced him to 30 months in prison.

"As the trial progressed, I was overcome, almost appalled, by the breadth of misconduct in your administration," U.S. District Judge Richard Story told Campbell on Tuesday during the sentencing hearing in federal court. Later, Story looked Campbell in the eye and said, "I am going to send you to prison, and I do not take that lightly. Within my heart I am not sure you have accepted responsibility for what has transpired."

With the sentence, the judge put the final stamp on a six-year-long federal investigation into Campbell's behavior while he was mayor. Prosecutors claimed he ran his office as a corrupt enterprise, taking cash bribes to fund a lavish lifestyle of gambling and international trips with girlfriends.

Campbell remained stoic as the sentence was handed down. The 52-year-old, who served two terms as Atlanta's mayor from 1994 to 2002, was convicted in March on three counts of tax evasion but acquitted on racketeering charges and taking thousands of dollars in bribes.

Under federal law in determining the sentence, Story was able to consider evidence and testimony presented during the trial about Campbell taking bribes, even though he was acquitted on those charges.

In addition to prison time, Story ordered Campbell to pay the government almost $63,000 in back taxes, a $6,000 fine and to serve a year on probation following his prison term. Prosecutors contended Campbell had evaded paying taxes on about $200,000.

Story alluded to the frequent, impromptu news conferences Campbell held on the courthouse steps during his trial in which he proclaimed his innocence and disputed the testimony of government witnesses in detail. The judge implied that Campbell's lack of contrition was one reason he gave the former mayor such a stiff sentence.

Campbell, who did not speak in court, called the sentence an "abomination" as he left the courthouse. He also claimed the judge was trying to undo the jury's verdict. "This is not justice," he said.

Campbell has frequently called the federal investigation into his dealings "racist," "an inquisition" and a "witch hunt."

Campbell vowed to file an appeal, which he must do in the next 10 days.

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If the judge grants him an appeal bond, he will stay out of prison while his appeal is pending. Otherwise, he will report to a federal facility when ordered by the federal Bureau of Prisons.

Mark Kadish, professor at Georgia State University's College of Law, said Story seemed to follow federal guidelines. "I don't think Campbell will have much of an issue of appeal," he said, "and I don't think the judge will give him an appellate bond."

He said Campbell will probably serve his time in a minimum-security prison camp.

U.S. attorney responds

U.S. Attorney David Nahmias, radiant with victory, said Campbell would have gotten a lighter sentence if he had accepted responsibility for his actions in office. Nahmias said a finding Tuesday by the judge that Campbell obstructed justice probably resulted in an extra six months of prison time.

He also responded to charges that his office was out to get Campbell.

"Bill Campbell may believe that he has been the center of our universe, and his case was indeed important because of the position he held and the conduct he engaged in," Nahmias said. But to give some "perspective," Nahmias said that his office had prosecuted and convicted over 6,000 people since 1999, when the Campbell investigation began.

"Like them, Bill Campbell broke the law, and like most of them, he is going to prison. And we are going back to work," Nahmias said.

Campbell supporters were horrified at the sentence. When court was adjourned, many gathered in the federal courthouse and formed a prayer circle.

Steve Labovitz, an attorney who served as Campbell's chief of staff and testified for the defense, said he was shocked the former mayor got so much jail time.

"I absolutely do not think it's fair," he said. "Michael Childs, the one who started this whole investigation, who committed arson, was only given 33 months."

Before the trial, Childs told investigators he paid thousands of dollars in bribes to a Campbell aide because he was promised the mayor would get him a liquor license for his strip club. But prosecutors feared that Childs, who had pleaded guilty to arson in another case, would be a liability, and never called him to the stand.

Labovitz noted that Campbell was acquitted on all the substantive charges, except for tax evasion. "All the government witnesses who testified against Campbell had tax issues. None of them are going to jail," Labovitz said.

Although Campbell's attorneys claimed any failure to pay taxes resulted from "sloppy bookkeeping," prosecutors told the judge this wasn't a case of a man forgetting to pay his taxes. They contended that Campbell worked hard to conceal his illegal activities and then tried to obstruct the investigation.

Gabe Pascarella, once a close friend and gambling buddy of Campbell's, testified Tuesday he gave Campbell records detailing the former mayor's spending and travel after learning investigators were asking about those subjects. He also secretly taped investigators when they questioned him and turned over to Campbell a rough transcript of the interview.

Pascarella owned a travel agency and kept a credit card account to pay for some of Campbell's travels with girlfriends. During the trial, he testified that Campbell repaid him in cash for those expenses. The arrangement was set up to keep the affairs from Campbell's wife, he said.

Judge finds bribery

Prosecutors hammered at Campbell's voracious appetite for spending cash, which nearly tripled from 1996 to 1999, when he spent $23,600. At the same time, cash withdrawals from his personal bank accounts shrank each year to just $69 for all of 1999.

Prosecutor Sally Yates, who led the Campbell investigation from the beginning, told the judge that Campbell failed to pay taxes on thousands of dollars in speaking fees, rent from former aide Dewey Clark, who lived in Campbell's basement, and the campaign funds he used for personal expenses. Campbell paid bills ranging from electricity to school tuition in cash to hide his ill-gotten gains, she said.

Outside the courthouse, Yates shook her head and said, "He [Campbell] still seems to be placing blame on others."

Though the jury found Campbell not guilty of corruption, Story didn't, saying he believed Campbell accepted $55,000 in illegal bribes from city subcontractor Dan DeBardelaben. The jurors were confused by different dates given for the DeBardelaben bribe. After the trial, several jurors said they would have convicted Campbell on racketeering if they had known the dates were not contradictory.

Juror Renita L. Stowers said she and fellow jurors believed Campbell was corrupt, but couldn't put the money in his hands.

"I'm pleased with how it turned out," Stowers said. "He deserves his punishment like everybody else. Just because he was the mayor doesn't mean he should get away with what he done. I think the judge done good."

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Lead defense attorney Billy Martin, who argued for a probated sentence, called the government's arguments "outrageous" and "desperate."

Defense attorneys tried to show that Campbell won money at casinos and in high-stakes Friday night poker games with friends, including Pascarella.

Defense attorney Jerry Froelich criticized prosecutors for speculating about how much cash Campbell had and how he got it.

"Winning at a casino is not illegal and I don't know anyone prosecuted for Friday night card games," Froelich said. He later said that no one knows how much Campbell won. "Gamblers just don't keep track," he said. "It's just bad luck."

According to defense calculations, Campbell owed the government $11,346 in back taxes, based on about $40,500 of unreported income, Martin said.

For the first time, Campbell attorneys argued that one of the sources of cash he used to fuel his lifestyle was his late mother, June, who, they said, gave Campbell $20,000 in cash while he was in office. They included a letter from Campbell's mother in the pre-sentencing report as evidence that she gave her son money.

Yates said that the $20,000 gift from June Campbell would have taken about "half her income" in a given two-year period, and therefore it was incredible to think Campbell's mother provided him with that much cash.

Defense attorney Martin retorted: "It's not for them [prosecutors] to say that his mother is so poor she can't afford to give her son $20,000."

After the sentencing, Atlanta Mayor Shirley Franklin, Campbell's successor in office, wished the former mayor's family well. She added that it was unfortunate that there was "a sense that people can't trust the government."

Angelo Fuster, who served two years as Campbell's communications director, said the sentencing "seems like a sad, inevitable ending to a story that should have ended so differently. It's a cautionary tale that no matter how talented you are you need to keep a sense of reality. I thought he was the leader of the future. But it came to a crashing end."

Former Atlanta police Deputy Chief Lou Arcangeli was blunt when he commented on the sentence.

"The words that come to mind are sordid, hedonistic, squalid, self-centered and selfish — and I voted for him," Arcangeli said. "There's a Dirty Dozen of convicted city officials [during his years in office] and he's the chairman of the board. What a legacy."

-- Staff writers Mae Gentry, Shelia Poole and S.A. Reid contributed to this article.

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Ex-Atlanta Mayor Given 30-Month Term And Financial Penalty In Tax Case (NYT)

By Brenda Goodman

The New York Times, June 14, 2006

ATLANTA, June 13 — Saying that presiding over the corruption trial of former Mayor William C. Campbell made him feel like "Diogenes looking for an honest man," Judge Richard W. Story sentenced Mr. Campbell to 30 months in prison and one year of probation for convictions on three counts of tax evasion.

Mr. Campbell also has to pay almost $63,000 in back taxes on $160,000 of unreported income and a fine.

"I was overcome and almost appalled with disappointment in terms of the breadth and depth of corruption in your administration," Judge Story, of Federal District Court in Atlanta, said to Mr. Campbell, who sat stone-faced as the sentence was pronounced.

The trial capped a seven-year investigation by the Federal Bureau of Investigation and Internal Revenue Service into corruption at City Hall that led to the convictions of 10 contractors and officials, many of them Mr. Campbell's close associates.

The sentence fit squarely within federal guidelines, but sending Mr. Campbell to prison was a blow to the former mayor who had said he felt "vindicated with regard to any allegations of corruption" in March, after a jury failed to convict him of charges of racketeering and bribery.

Based on the new verdict and his record of service, defense lawyers had asked the judge to give Mr. Campbell probation or home confinement.

Instead of speaking to reporters on the courthouse steps, as he has throughout the trial, Mr. Campbell and his wife left through an underground garage.

"I disagree vehemently with the sentence," Mr. Campbell said, stopping briefly. "This is, I think, an abomination in terms of what we expected and certainly in terms of what the jury's verdict was."

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On March 10, a jury found there was sufficient doubt that Mr. Campbell had headed a criminal enterprise and accepted illegal bribes and campaign contributions, the conditions that had to be met for a determination of guilt under the Racketeering Influenced Corrupt Organizations statute, or RICO. He was found guilty on the tax evasion counts.

On Tuesday, Judge Story said the law allowed him to determine guilt based on a "preponderance of evidence," a somewhat less stringent standard than the jury had to meet with "reasonable doubt." He found that Mr. Campbell had taken more than $50,000 in bribes from an executive who wanted a computer contract with the city.

Judge Story also found Mr. Campbell guilty of obstruction of justice based on new testimony from a witness who regularly played poker with him.

The witness, Gabe Pascarella, a travel agent who was a gambling buddy, told F.B.I. agents in April, after Mr. Campbell's trial, that Mr. Campbell had taken financial records from him that included travel records and gambling tally sheets.

A defense lawyer, Jerry Froelich, tried to discredit Mr. Pascarella's recollection by pointing out that he had been questioned six to eight times before the trial without disclosing that Mr. Campbell had ever taken any records from him.

In another twist, prosecutors disputed the credibility of a newly discovered letter from Mr. Campbell's mother that defense lawyers presented to Judge Story as part of a sealed "presentence report."

The letter, Mr. Campbell's lawyers argued, showed that his mother, June Campbell, had given her son $20,000 in the tax years in question, a gift that would not have qualified as taxable income, possibly making him eligible for a lighter sentence.

The defense team had argued in the trial that the large sum of cash that Mr. Campbell spent could be explained by his gambling winnings.

As he had throughout the trial, Judge Story listened to the arguments impassively. As he began to rule on points of law that influenced the penalties, it seemed clear that the prosecution's case had carried more weight.

After a break, Judge Story said, "I'm going to send you to prison, and I do not take that lightly."

Mr. Campbell has 10 days to file an appeal and has indicated that he will.

A judge will then decide if Mr. Campbell can remain free on bond or must await his appeal in prison.

CONGRESS-ADMINISTRATION:

House Approves Funds For Wars And Hurricane Aid (NYT)

By Robert Pear

The New York Times, June 14, 2006

WASHINGTON, June 13 — The House of Representatives approved a $94.5 billion emergency spending bill on Tuesday to provide more money for military operations in Iraq and Afghanistan and to finance the recovery of Gulf Coast states battered by hurricanes last year.

The Senate is expected to approve the measure in the next few days, clearing the legislation for President Bush to sign.

House and Senate negotiators reached agreement among themselves and with the White House by reducing disaster assistance to stay within the limit set by Mr. Bush. Still, legislators from Louisiana and other Gulf Coast states praised the final bill, saying it would provide money desperately needed by their constituents to repair damage done by the hurricanes of 2005.

The vote on the bill was 351 to 67. The no votes came from 19 Republicans, mainly fiscal conservatives, and 48 Democrats, including some of the party's more liberal House members.

Representative John A. Boehner of Ohio, the House Republican leader, said that in negotiations with the Senate, he made clear that the House would not accept $1 more than the president had requested.

"We made good on this promise by rejecting some $14 billion in unnecessary, nonemergency spending added" by the Senate, Mr. Boehner said.

Spending in the final bill was closer to the level originally approved by the House, $91.9 billion, than to the amount endorsed by the Senate, $108.9 billion.

The final package includes $65.8 billion for military operations in Iraq and Afghanistan, $3.9 billion for foreign aid, $19.8 billion for hurricane relief and $2.3 billion to prepare for a potential avian flu epidemic, with much of the remainder intended for border security.

The bill provides money to upgrade Humvees, Abrams tanks and Bradley fighting vehicles, as well as nearly $2 billion for new technology to counter the roadside bombs that have become the leading cause of death for American troops in Iraq.

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Representative David R. Obey of Wisconsin, the senior Democrat on the House Appropriations Committee, voted for the bill, as did the House Democratic leader, Nancy Pelosi of California. But Mr. Obey denounced financing the war in Iraq with emergency spending bills, which are outside the regular budget and appropriations process.

"Such emergency spending is simply a gimmick that masks the full cost of the war, and it does not fool anybody except the American people," Mr. Obey said.

Representative Jeb Hensarling of Texas, a fiscally conservative Republican who voted against the bill, echoed this concern. "I support our troops, I support the war on terror, but I do not believe we should finance the war through emergency supplemental appropriations," Mr. Hensarling said in an interview. "That approach evades whatever spending discipline we have."

Mr. Hensarling said some items did not meet his definition of emergency spending. For example, he said, the bill includes $38 million to reseed oyster reefs, $400,000 to assist sugar cane growers in Texas and $27.6 million to upgrade steam tunnels under the United States Capitol.

Congress provided new authority to the secretary of defense to shift money between accounts to meet the military payroll and to offer bonuses to new recruits. Lawmakers allowed $3.75 billion in such transfers in December and have now agreed to increase the limit to $5 billion, as the armed forces have had difficulty meeting enlistment goals.

The bill provides $1.9 billion for border security, including $708 million to deploy 6,000 National Guard troops along the Southwest border to thwart illegal immigration from Mexico. Congress also provided money to hire 1,000 Border Patrol agents and to build detention space for 4,000 illegal immigrants. But House and Senate negotiators dropped $648 million that had been recommended by the Senate to increase port security.

The House and Senate bills included similar provisions intended to prevent the United States from establishing permanent bases in Iraq. The provisions were dropped from the final version of the legislation. Some Democrats, like Representative Jan Schakowsky of Illinois, cited the change as a reason for voting against the measure.

The bill provides $20 million for activities to promote democracy in Iran. It forbids American assistance to the Palestinian Authority unless a future Palestinian government agrees to forswear violence and recognize Israel.

Under the bill, the Federal Emergency Management Agency will receive $6 billion for its main disaster relief fund. That is $1.2 billion less than the president requested, $3.5 billion less than the House wanted and $4.4 billion less than the Senate proposed. The money will be used to remove debris, repair public works and provide housing for hurricane victims.

The bill also provides $550 million for a new veterans hospital in New Orleans, $50 million for higher education, and $235 million to help elementary and secondary school students displaced by the Gulf hurricanes.

The Army Corps of Engineers will receive $3.7 billion for flood control projects and levee repairs in Louisiana.

Reassessing Rehnquist (LAW)

By Tony Mauro, Legal Times

Legal Times, June 14, 2006

Pausing from its headlong rush toward adjournment, the Supreme Court will meet in special session this week to honor the memory of the late Chief Justice William Rehnquist, who died last September.

Following long-standing tradition, the Supreme Court Bar on Thursday will convene a program of praise and reminiscence from friends and former clerks, then offer a memorial resolution for submission to the Court.

But even as Rehnquist's admirers prepare to praise him, his legacy is unsettled. After a respectful mourning period, his opinions and those of the Rehnquist Court are taking a beating, with even Republicans and conservative academics critiquing his record in ways that could pressure his successor and former law clerk, John Roberts Jr., to complete what he left undone.

Meanwhile, new information has emerged about Rehnquist: His long-private 1948 master's thesis has been published, a former aide has confirmed that Rehnquist once planned to retire in 1991, and the originator of his early nickname, the "Lone Dissenter," has stepped forward.

Most striking in the nine months since Rehnquist's death at age 80 has been the steady tide of academic symposia and law review articles that are taking him and his Court to task. Liberals criticize him for taking the wrong path, while conservatives say he did not travel far enough on the right one, allowing major doctrinal shifts on federalism, property rights, and other areas to fizzle or fade.

Even federal appeals Judge J. Harvie Wilkinson III, a conservative who was considered a possible replacement for Rehnquist, mounted a detailed attack in the latest Stanford Law Review on the Rehnquist Court's "split-the-difference" jurisprudence -- allowing, for example, one Ten Commandments display to remain in a public place but not another, and upholding one University of Michigan affirmative action program but not the other. Though Wilkinson, who sits on the 4th U.S.

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Circuit Court of Appeals, noted that Rehnquist usually disapproved of the practice, the effect of splitting differences was to leave the impression of "a Court in a no-man's land -- a Court that has lost the legitimacy conferred by law."

In the same law review, University of Chicago law professor Richard Epstein, an iconoclastic libertarian, said that Rehnquist and retired Justice Sandra Day O'Connor "should have pushed harder and moved farther" to limit federal power in the Court's federalism decisions. Jay Bybee, recently appointed by President George W. Bush to the 9th Circuit, also weighed in with a co-authored article, describing Rehnquist's approach to separation of powers as "sphinxlike."

"It's less criticism than disappointment," says Pepperdine Law School professor Douglas Kmiec, a Rehnquist fan who also wrote in the Stanford publication and dismisses the current criticism as academic carping. "It is very seldom that law professors get together to offer bouquets of praise." The Stanford publication does, however, also include articles from former colleagues and clerks praising Rehnquist.

Much of the scholarship, pro and con, divides Rehnquist's tenure into two or three phases, the major dividing point being his ascension from the position of associate justice to that of chief justice in 1986 -- when principle may have given way to a greater interest in compromise and incremental decision-making. "He could have spent his life as a lone ranger, or he could bring Tonto along with him, as he did," says Kmiec.

But small compromises have a way of turning into major, anti-democratic decisions, argues Wilkinson, pointing to the incremental decisions that culminated in Roe v. Wade. Rehnquist, he says, presided over a Court that was too willing to chip away at basic principles.

In Wilkinson's view, Bush v. Gore in 2000 was another turning point. "The Court may have been so shaken by the criticism over Bush v. Gore that it sought to reassure the country with a display of centrist evenhandedness," he wrote.

Wilkinson and Bybee also suggest that in his final years Rehnquist lost his earlier "vigor and vim," as Bybee puts it, and fought less to win over the votes of O'Connor and Justice Anthony Kennedy.

A REVOLUTION ON HOLD

The promise of a revolution in federalism contained in Rehnquist's 1995 decision United States v. Lopez, which struck down a federal law banning guns near schools as exceeding congressional power, faded in recent years, critics say. Even Rehnquist voted for federal power in 2003, in Nevada Department of Human Resources v. Hibbs, a ruling that applied the federal Family and Medical Leave Act to state employees. By his final days in office, only two other justices joined him in dissenting from Gonzales v. Raich, which upheld federal authority to regulate in-state cultivation of marijuana for medical uses.

Conservatives give Rehnquist credit for making progress in limited areas such as restricting habeas corpus in criminal cases -- with a strong assist from Congress -- and winning support for school vouchers. But in many other areas, including hot-button issues such as abortion and affirmative action, the Rehnquist Court was a disappointment to the right.

"Rehnquist didn't get everything he wanted, but he did not have the votes," says Rutgers University law professor Earl Maltz, the editor of a Rehnquist retrospective book. "We'll see what happens now."

As Maltz's comment suggests, the current scholarship on the Rehnquist Court may intensify scrutiny on Roberts as the successor and heir apparent to Rehnquist's unfinished doctrines. Kennedy, likely the new swing vote, and Justice Samuel Alito Jr., O'Connor's replacement, will also be key, but it may take another new justice, and a few more years, to see if Rehnquist's doctrines are revived or remain short-lived.

"It might be a mistake to end the chapter on the Rehnquist Court with the chief's death," says Notre Dame Law School professor Richard Garnett, a former Rehnquist clerk who earlier this year participated in a Rehnquist symposium at Indiana University School of Law that included both criticism and praise.

One addition to the Rehnquist public record came along with the criticism in the Stanford Law Review: the first publication of Rehnquist's youthful but erudite Stanford master's thesis in political science, titled "Contemporary Theories of Rights," written in 1948.

"It was a great, overlooked find, a work of genius for someone aged 24," says Pepperdine's Kmiec, who first noticed a brief reference to it in one of Rehnquist's own books. He tried to obtain a copy, one thing led to another, and, months later, after obtaining approval from Stanford's archives and Rehnquist's family, the law review decided to print the thesis in full. A lengthy analysis by Kmiec, charting its impact on Rehnquist's later thinking, is included.

TALK OF RESIGNING

The Journal of Supreme Court History, published by the Supreme Court Historical Society, has also weighed in with a Rehnquist retrospective that offers several nuggets of interest.

In one article, former Rehnquist clerk John Nannes reveals the origin of Rehnquist's "lone dissenter" moniker. Nannes, now a partner at Skadden, Arps, Slate, Meagher & Flom, was assigned to think up the entertainment for a Rehnquist reunion in 1975 and impulsively bought a Lone Ranger doll at a Maryland toy store. The doll symbolized Rehnquist's already noticeable trend of

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writing solitary dissents. So that evening, with his wife humming the "William Tell Overture," the theme song of the long-running 1950s TV show, he and other clerks read from Rehnquist's dissents and presented him with the doll. It remained on the fireplace mantle in Rehnquist's chambers until he died.

In another article, Noel Augustyn, Rehnquist's administrative assistant from 1987 to 1989, reminisced about his time with the late chief justice, confirming what many have long suspected -- that Rehnquist planned to retire long before he died in office. Augustyn says that Rehnquist told him he planned to retire in 1991, before the re-election campaign began for President George H.W. Bush. Rehnquist had no confidence that Bush could win. He and his wife, Nan, "had long looked forward to retirement," Augustyn wrote.

But Nan died in 1991, prompting Rehnquist to put off retirement because he could no longer share it with her. "For a man who could be simultaneously shy and gregarious, it would not be enjoyable entering retirement alone," Augustyn wrote. "It was Nan Rehnquist's death, then, that in effect changed Supreme Court -- and American -- history."

New GC Appointed To The Department Of Agriculture (LAW)

By Emma Schwartz, Legal Times

Legal Times, June 14, 2006

Washington is a town where who you know often matters more than what you know. That, at least, is what seems to matter in the appointment of Marc Kesselman as general counsel for the Department of Agriculture.

Kesselman, who was sworn in earlier this month, has little background in agriculture, but he comes from the Office of Management and Budget, where as associate general counsel he became intimately familiar with the maneuvering between federal agencies' legal offices.

"I don't pretend to be an expert in veterinary medicine or in farming, but USDA has many experts in those fields," says Kesselman, 34, who on occasion helped USDA lawyers draft regulations in his previous post.

His appointment comes at an important time for the agency, which will be a key player in the upcoming farm bill as well as in coordinating policy for avian flu and mad cow disease.

Before his move to the White House, Kesselman spent three years at the Justice Department, including a stint working under Viet Dinh in the Office of Legal Policy.

Kesselman isn't the only lawyer leaving OMB. General counsel Raul Yanes headed to the West Wing last week as staff secretary and assistant to the president, following his boss, Joshua Bolten, who took over as chief of staff for the president in March. Yanes replaces Brett Kavanaugh, who was sworn in this month to the U.S. Court of Appeals for the D.C. Circuit.

Though the position will undoubtedly bring Yanes, 40, closer to the president, he is no stranger to the inner workings of the White House. He served as associate White House counsel from 2003 to 2005, where he was one of the middlemen between the administration and investigators probing the outing of former CIA agent Valerie Plame.

Yanes then headed over to Justice, where he spent seven months as counselor to Attorney General Alberto Gonzales.

Progress Noted In Welfare Reform (WT)

By Cheryl Wetzstein

The Washington Times, June 14, 2006

The landmark 1996 welfare-reform law has done a lot to "break the cycle of dependency" on public assistance, but it has "unfinished business" in moving more people into self-sufficiency and stable, two-parent families, Health and Human Services (HHS) Secretary Michael O. Leavitt said yesterday.

More single mothers are working, child-support collections have nearly doubled and more than 1 million fewer children live in poverty, Mr. Leavitt said at the Heritage Foundation.

"Self-sufficiency is a powerful influence in the lives of us all," he said, citing an example of a welfare mother who now has a stable job, bought a car and a home and helped her child succeed in school.

However, welfare reform needed a midcourse correction, which was included in the Deficit Reduction Act of 2005, said Mr. Leavitt.

States now are required to put at least half their welfare recipients into work or other productive activities, as well as renew efforts to discourage unwed childbearing and encourage two-parent families and healthy marriages.

"You might say we've rebooted the system and we're starting welfare reform all over again," said Mr. Leavitt, who as Utah's governor lobbied for and implemented reform in his state.

Welfare reform was written by the Republican majority in Congress, passed with strong bipartisan support and signed into law by President Clinton on Aug. 22, 1996.

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Its unprecedented mandatory work rules for recipients, 60-month time limit on benefits and state flexibility to tailor welfare programs to low-income populations led to a 57 percent reduction in the number of families on welfare. About 1.9 million families were on welfare last June, compared with 4.4 million families in August 1996, HHS data show.

The Republican-led House Ways and Means Committee has been publishing 10-year anniversary reports on the 1996 welfare reform law this year.

One "untold story" about welfare reform is that it saved taxpayers billions of dollars by ending welfare checks to prisoners, fugitives, drug addicts and alcoholics, as well as legal aliens who signed pledges not to collect welfare when they came to this country, said Rep. Wally Herger, California Republican and chairman of the House subcommittee that wrote the welfare law.

But old patterns die hard and the 1996 reforms haven't led to a lot of change in many welfare bureaucracies, Heritage welfare analyst Robert Rector said yesterday.

The new $150-million-a-year allocation for marriage skills and responsible fatherhood programs isn't going directly to states like other welfare funds, but is being made available to applicants, including government agencies, who are clear that they are committed to such programs, Mr. Rector said.

The goal is to avoid having funding recipients "slap" a marriage class "on their job-training program and call it a marriage program," he said.

Meal Plan For Hungry Kids, 'Backpack Clubs' Try To Fill A Gap (WSJ)

By Roger Thurow

The Wall Street Journal, June 14, 2006

TYLER, Texas -- Seven-year-old Cody Lozano and his 9-year-old sister Cherokee hurried into their house on a recent Friday afternoon and emptied their school backpacks. On the kitchen table, next to a family Bible and a pile of bills, each child laid out a box of Special K cereal, a carton of milk, a package of peanut-butter crackers, a cup of fruit cocktail, a bag of animal crackers, a carton of apple juice, a pull-top can of beans and franks and one of rice and beans.

It wasn't a weekend homework assignment. It was their weekend breakfast, lunch and dinner. 1

"Without this food, I don't know what we would do," says their mother, Karen Lozano. In a town where the oil boom once created dozens of millionaires and where azaleas and roses now attract tourists, Ms. Lozano, 41, and her two youngest children sit in a living room beneath a bare light bulb dangling from the ceiling. Family health problems and sporadic work for her husband have reduced their income and increased their expenses, she says.

"Last week it was, 'Do we buy groceries or pay the water bill?' This week, it is groceries or the gas bill," she says. "With the backpacks, I know that at least there's something for the kids to eat."

Cody and Cherokee are members of the Backpack Club at Douglas Elementary School. Every Friday during the school year, just before the final bell, they and 70 schoolmates from low-income families rush into the auditorium and wait in line for backpacks filled with food. In the past year, thousands of other children have begun forming similar Friday afternoon lines in schools across 30 states, from big cities like Chicago, to postcard places like Sonoma County, Calif., to rural hamlets surrounded by corn and wheat fields like Hawkeye, Iowa.

On their shoulders, the children carry the backpacks as well as the weight of America's hunger paradox: want amid plenty. The backpacks are an emergency fix to a problem that has defied solution, despite a rising economy and tens of billions of dollars of government spending on nutrition programs, including food stamps, school lunch and aid to mothers and young children.

The war on poverty has ebbed, flowed and changed direction in the four decades since Lyndon Johnson launched it in 1964, and in the decade since Bill Clinton signed a bill that he said would "end welfare as we know it." With little appetite in Washington for costly new government-administered efforts to address poverty, all sorts of small-scale efforts are springing up: some privately funded, entrepreneurial efforts, others government-funded experiments. None are sufficiently large to cure poverty, nor do they pretend to such an ambitious goal. Instead, they are attempts to make life better for those who live in poverty or to test new approaches to a very old problem.

The fraction of Americans living below the official poverty line fell significantly during the booming economy of the 1990s. Then it turned up in the recession of 2001 and an ensuing recovery that lifted the fortunes of the best-off Americans more than it did those at the bottom. Alternatives to the official measure show much the same pattern.

The U.S. Department of Agriculture says government surveys show that 11.9% of U.S. households -- 13.5 million in all -- were uncertain they could afford to feed their families at some point during the year in 2004. About a third of those, or 4.4 million households in all, said that at least one household member went hungry at least some time during the year because the family couldn't afford enough food.

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At the same time, the economy has been growing in many regions around the country. Tyler, Texas, for example, with its oil, retail and medical-services base, has hummed along with the entire state recently. Yet the USDA report also shows Texas has become the hungriest state in the country. In the 2002-2004 period, 16.4% of Texas households were food insecure, up from 13.9% in 1999-2001.

"There is a rising tide, but it's not one that lifts all the boats," says Ray Perryman of the Perryman Group, an economic-analysis firm that tracks the Texas economy. "Some sink along the way."

A recent survey by America's Second Harvest, a network of more than 200 food banks across the nation, indicates that those relying on pantries and emergency kitchens include a large number of working families who aren't making enough to make ends meet, particularly with high heating and gas prices and medical bills. Mr. Perryman says the adults in such families generally don't have the education or skills demanded by high-tech jobs being created.

"Hunger is a hidden issue, particularly in Tyler, where unemployment is low and there's a lot of economic activity," says Robert Bush, executive director of the East Texas Food Bank. "But every day, we touch people who have to make hard choices about food: pay medical bills or buy food, repair car or buy food."

The Second Harvest survey also paints a portrait of the hungry at odds with common stereotypes: Only 12% of those served by the nation's food banks are homeless; 93% are American citizens; 40% are white; nearly half live in rural or suburban areas; and, more than one-third of the hungry households have at least one working adult. In these households, the survey found, parents are often working nights and over the weekends, meaning children sometimes must fend for themselves at mealtimes.

And there are a lot of those children. Second Harvest estimates that of the 25 million people served at its network of food pantries and feeding centers last year, nine million were children.

The federal government appropriates about $12 billion annually for child nutrition programs, meant to provide a safety net, says a spokeswoman for the USDA. But when gaps develop, efforts of community groups and food banks are welcome, she says. "We cannot do it alone."

For decades, Washington has funded free and reduced-price lunches and breakfasts in schools. In the last school year, 17.5 million children received free or reduced-price lunch and 7.7 million participated in the breakfast program.

In more recent years, the government began supporting after-school snack and dinner programs as well as summer feeding centers, which are essentially day camps for hungry children with recreational activities scheduled around lunch.

"As a nation, we figured that should take care of the problem," says Lisa DeYoung, Second Harvest's director of programs. "But it doesn't. There are gaps in the system."

Like the weekends.

"On Friday at lunch, I see a kind of panic in some children that I didn't see before. They eat as much as they can," says Kim Matthews, youth-services coordinator in the Chapel Hill, Texas, school district. "Then on Monday at breakfast, they not only eat the food on their tray, but the food on the trays of the five kids next to them."

While some backpack-carriers say they jealously guard their food -- one boy says he hides it under his bed -- others say they share it with their families. At Annie Sims Elementary School in Mt. Pleasant, Texas, a 10-year-old named Low said he shared his milk with his grandmother, his crackers with an aunt and his Apple Jacks cereal with his older sister. Seven-year-old Leonard asked the school counselor for an extra jar of peanut butter for his mother.

The Arkansas Rice Depot, a food bank, started stuffing backpacks with food in 1995. A school nurse at Martin Luther King Elementary School in Little Rock told the food bank she was seeing a growing number of children with dizziness and stomachaches -- not from illness, but from hunger. The group sent food to the school, which sent it home with some students. When children carrying food reported they were being teased for being poor, the Depot put the food in backpacks that look like the ones most students use to lug books and supplies.

The teasing stopped, and the food bank took the backpack idea to schools around the state. As word spread, food banks and schools in other states began designing take-home meal packs for the neediest students. Kids are chosen for the backpack program by teachers and school counselors, nurses and social workers based on knowledge of the family backgrounds and the behavior of the children in the classroom. This year, Second Harvest says at least 70 food banks are distributing backpacks -- tens of thousands of them in an average week. Those numbers are expected to multiply next school year as Second Harvest rolls out the program across its nationwide network.

The backpacks are for the most part filled with child-friendly food: nutritious, easy to open and nothing requiring stove-top cooking. Empty backpacks are returned by students and refilled for the next week. The food in each backpack costs between $2 and $3, and, once filled, each weighs seven to 10 pounds.

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"It's heavy," said a fifth-grader named Jocelyn as she hoisted her backpack at Jewett Elementary School in the Waterloo, Iowa, school system. "But it's a good heavy."

Funding for backpack programs -- to reimburse food banks that usually have to buy child-specific food -- has mostly come from local businesses, churches and community organizations such as the United Way in Waterloo and the Junior League, a women's group, in Tyler. In 2003, Hasbro Inc., the Pawtucket, R.I.-based toy and game maker, supported pilot programs in eight rural areas. Since then, it has donated more than $700,000 to help 36 programs get started. A few corporations, such as Beam Global Spirits & Wine Inc., based in Deerfield, Ill., are funding programs in counties where they have operations.

The pitch for support often takes donors by surprise. By the time Peggy Berry of the East Texas Food Bank finished her appeal to the Junior League in Tyler last year, many in the audience were in tears, according to several people who were there. "I had no idea that the city I lived in had such needs," says Stacy Panfil-Parsley, a Junior League member and a gymnastics coach. Now she volunteers to deliver backpack food to the schools. * * *

On a spring day, the farmers of Iowa were preparing their fields for planting. At the food pantry in Waterloo, here in the nation's breadbasket, a line formed for food assistance. Families stream in for help at the rate of 1,100 a month. Five years ago, it was 500 a month. Throughout the 16-county area of northeast Iowa, 35,700 people a year are served by the food bank. Forty percent are children.

At Lowell Elementary School in Waterloo, three children explain why they are waiting for their backpacks. Third-grader Shaquia says her mother cleans buildings and "doesn't have enough money at home for food." Fifth-grader Ashley says her parents both work at a bakery and are now facing added expenses after a house fire. Jonathan, another fifth-grader, says his mother works the overnight shift at a hotel and often isn't home in time for breakfast.

LaTina Roby, the single mother of another backpack child, says she lost her job at a fast-food restaurant after she got sick. "A lot of times, the backpack gets us through the weekend," she says. "The milk is the best. Milk is expensive." Children are given milk in cartons that don't need refrigeration.

Across town, at Jewett Elementary, another mom, Michelle Morehouse, prepares 25 backpacks. The blue sacks are stuffed with four cups of applesauce, a can of spaghetti and meatballs, a can of beef stew, a jar of creamy peanut butter, two vanilla puddings, three cartons of strawberry milk, a box of reduced-sugar Cocoa Puffs and a pack of Scooby Doo baked graham-cracker sticks.

"I don't normally buy these kinds of things," says Ms. Morehouse, whose fifth-grade son Jacob brings a backpack home. Her husband is an hourly worker at a metal-fabrication plant. After paying the bills, she says she has about $75 a week left to buy groceries for her family of four at a discount supermarket and, once a month, at a meat locker.

In its report issued last year, the USDA said the typical U.S. household spends $40 per person each week for food.

Ms. Morehouse says she lost her job as an assistant manager at a gas-station convenience store in March. "Before then, I said, 'We don't need a backpack, give it to someone else'," she says. "Now it's a big help." * * *

In east Texas, where the high price of oil is reinvigorating old fields, Steven Young, a music teacher at Douglas Elementary, played a classical-music CD as the Backpack Club kids jostled in line. "It calms them down," he says.

Cody and Cherokee Lozano patiently waited their turn. "I used to run into school on Mondays, I was so hungry," Cody said. Now he runs home on Fridays with his backpack.

At home, their mother ticked off the bills: Gas, $117. Water, $110 every two months. Rent, $300 a month. "How do they expect the average Joe to pay the bills and still eat?" she says.

Ms. Lozano once worked as a nurse but stopped to care for her children. Her seventh-grader suffers from a joint and bone ailment, she says, and Cody has epilepsy. She hopes to start classes at the local junior college to gain work as a specialized nurse.

Her husband and older son are construction workers, making as much as $13 an hour. But work can be sporadic and health problems also limit their earnings, she says. The family tries to set aside at least $50 a week for groceries, she says.

"We may be eating stuff you don't really want to eat all the time," she says. "The kids eat a lot of fried egg sandwiches. They hate beans. They're good, but not if you eat them every day."

The family cat saunters through the living room. Cody looks at his mom and asks, "Do we have tuna for him?"

She laughs. "He doesn't get tuna. We don't get tuna. If he wants to eat, he's got to catch a rat."

Lawmakers Send Mixed Signals On Timing Of Medicare Bill (HILL)

By Jeffrey Young

The Hill, June 14, 2006

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The heavy lifting is still months away, but a package of Medicare bills that Congress may take on late this year is beginning to take shape.

Lawmakers were consumed for the first half of this year with politicking over the controversial new Medicare Part D prescription-drug benefit, which made the congressional leadership and the White House strongly averse to tackling any legislation related to the healthcare program for the elderly and disabled. But with several of the program's perennial problems due to resurface in 2007, many healthcare lobbyists say a drive in Congress for Medicare legislation is inevitable.

The GOP leadership in both chambers, not to mention the Bush administration, is said to be wary of opening the door to a wider debate on Medicare this year. A Medicare vehicle also would not enjoy the procedural protections against amendment that helped the leadership avoid such a debate during budget reconciliation last year.

Just as lobbyists are worried and unsure about what items might be addressed and what might be left out, the Hill is sending mixed signals about the timing of any move to work through a Medicare bill in 2006.

Although there is widespread agreement that no measure will move until after the August congressional recess, speculation is rampant that the leadership may opt to take final action on a bill during a lame-duck session after the elections.

Any Medicare legislation would create winners and losers, as lawmakers likely will look to offset billions of dollars of new spending with reductions in other areas of Medicare.

This prospect makes healthcare providers of all stripes nervous as their lobbyists are watching closely for developments on Capitol Hill. So far a smattering of bills have been introduced by rank-and-file members of the House and Senate and by key committee leaders, but a clear strategy has yet to emerge.

The biggest driver behind Congress's tackling Medicare this year, yet again, is a strong desire by many lawmakers to prevent a cut in Medicare's payments to physicians. On the other hand, the physician-payments provisions would be the most expensive to enact. The Congressional Budget Office has projected that even maintaining the current payment level for one year would cost about $10 billion.

With the failure of medical-malpractice tort reform in the Senate last month, blocking these cuts has become the physician lobby's top priority.

Under a complex mathematical formula almost universally regarded as flawed, doctors are staring at an estimated 5 percent pay cut next year. Year after year, Congress has moved to prevent the cuts from taking effect, most recently by enacting a one-year fix as part of the Deficit Reduction Act that President Bush signed in February.

The nursing-home and physical-therapy sectors are pushing Congress at least to postpone strict limits on how much physical, speech and occupational therapy beneficiaries can receive in one year. Caps on the services are due to take effect Jan. 1.

Few lawmakers believe the caps are the appropriate policy, but eliminating them would cost more than $500 million. Rep. Phil English (R-Pa.) and Sen. John Ensign (R-Nev.) have sponsored bills to deal with the issue and, together, have attracted more than 300 co-sponsors, including House Majority Leader John Boehner (R-Ohio) and Majority Whip Roy Blunt (R-Mo.). Senate Finance Committee Chairman Chuck Grassley (R-Iowa) has tried for several years to get rid of the caps.

Pharmacies also have gained the support of a growing contingent of lawmakers for legislation to require Medicare Part D plans to pay drug claims within two weeks.

On a more politically sensitive issue, Grassley and Rep. Nancy Johnson (R-Conn.) are waging a campaign to enact legislation that would prevent beneficiaries who missed the May 15 deadline to sign up for Part D from being assessed a financial penalty if they enroll later.

The administration and the congressional leadership have been cool to the idea, despite enthusiasm among many rank-and-file Republicans, especially those vulnerable in the midterm elections, such as Johnson.

The question of the penalty is expected to be raised today during a House Ways and Means Committee hearing on the implementation of Part D. Johnson chairs the panel's Health Subcommittee and held a hearing of her own in April, but Committee Chairman Bill Thomas (R-Calif.) has not publicly backed her effort.

Lawmakers have few realistic options available to pay for a package containing these or other costly provisions.

The most commonly cited source of savings is the so-called $10 billion "stabilization fund" that was created in 2003 as an inducement for health-insurance plans called preferred-provider organizations (PPOs) to do business with Medicare.

The health-insurance lobby has kept a watchful eye over some lawmakers' interest in taking away this pool of money and has enjoyed the steady support of the administration. Grassley's attempt to strip the fund during budget reconciliation was stymied in large measure by White House resistance.

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The home-healthcare providers also have reason to worry, as Congress has frozen their payment rate for several consecutive years, behind the political cover of reports by the Medicare Payment Advisory Commission, which makes annual recommendations to Congress.

Hospitals are at relatively lower risk, but lobbyists continue to keep close tabs on the discussions about how to pay for the doctor payments and other provisions. This sector is particularly mindful of its vulnerability because the Centers for Medicare and Medicaid Services is in the process of undertaking a massive overhaul of the formula used to calculate payments for medical procedures performed in hospitals.

Minimum-Wage Boost Wins Support (WSJ)

By David Rogers

The Wall Street Journal, June 14, 2006

WASHINGTON -- Breaking with its Republican leadership, the House Appropriations Committee approved a $2.10-an-hour increase in the minimum wage as part of a budget bill that adds $4 billion to President Bush's requests for domestic programs.

The 32-27 vote is certain to be challenged when the $596.5 billion measure comes to the House floor. But the seven Republican defections underscored the growing prominence of the wage issue going into the November elections.

The federal minimum wage, currently $5.15 an hour, hasn't been increased since 1997. The $2.10 increase would be phased in over three years in 70-cent increments, beginning in January. "Every day the minimum wage is not raised, it loses to inflation," said Rep. Steny Hoyer (D., Md.), the minority whip.

While admitting that the wage provision didn't belong on the spending bill, Wisconsin Rep. David Obey, the committee's ranking Democrat, said his party would raise the issue in whatever forum is available. "We all know that the fix is in, and there will be no minimum wage coming out of any committee unless it's forced out," Mr. Obey said.

The wage fight capped a day in which Republicans completed an election-year shift of billions of dollars within the president's budget, first cutting from defense spending and then reinvesting the money in education and health programs that the administration targeted for cuts.

The Appropriations Committee approved a $427.4 billion Pentagon budget bill that took $4 billion from the president's request for core military accounts. Hours later, it approved a budget for the departments of Labor, Education and Health and Human Services that added $4.04 billion in discretionary spending beyond what Mr. Bush proposed.

The additional funds will finance increased spending for community-health centers and Pell Grants to help low-income college students. But lawmakers also set aside close to $1 billion for local projects to help win votes at home.

Despite grumbling from conservatives, the practice of earmarking remains common. While less than in previous years, the House committee estimates that among all the annual spending bills, about $9.6 billion, or a little more than 1%, has been set aside for items favored by individual lawmakers.

The defense bill alone accounts for about half of the $9.6 billion. One reason Republicans enjoy some flexibility is that so much of the military's total operations are treated as emergencies -- outside the budget caps -- because of the wars in Iraq and Afghanistan.

The $427.4 billion measure approved by the panel yesterday, for example, includes $50 billion in such emergency funding. And even as the committee was meeting, a $92.2 billion emergency spending bill, much of it for operations overseas, passed the House 351-67 and is slated to clear the Senate tomorrow morning.

With the election weighing heavily on both parties, House Majority Leader John Boehner (R., Ohio) was skeptical whether immigration legislation can pass if an agreement isn't reached before August. And he told a business audience that he expected a long postelection session running into December.

Tomorrow, the House will put aside its appropriations bills for debate on the Iraq war. "I think we can lay out where we're going and why we're going there," said Speaker Dennis Hastert (R., Ill.), who will deliver the opening remarks.

Mr. Boehner has long promised an opportunity for members to speak on the war, but Republicans face criticism for being restrictive -- and some say too partisan -- in limiting what alternative resolutions may be presented.

"Republicans want to portray the greatest foreign-policy challenge of a generation as simply a choice between staying the course and cutting and running," said Rep. Rahm Emanuel (D., Ill.). "Everyone has equal time," Mr. Hastert said, but even rank-and-file Republicans worry the exercise could hurt their party if it is seen as too political.

"We are not running the war out of the House," Mr. Boehner told reporters. "I think winning is the issue. We spent over $300 billion in waging this war and nearly 2,500 lives. It would be a disgrace to those who gave their life in defense of their country to walk away from this."

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House Lawmakers Accept $3,300 Pay Hike (AP)

By Andrew Taylor

The Associated Press, June 14, 2006

WASHINGTON -- Despite record low approval ratings, House lawmakers Tuesday embraced a $3,300 pay raise that will increase their salaries to $168,500.

The 2 percent cost-of-living raise would be the seventh straight for members of the House and Senate.

Lawmakers easily squelched a bid by Rep. Jim Matheson, D-Utah, to get a direct vote to block the COLA, which is automatically awarded unless lawmakers vote to block it.

In the early days of GOP control of Congress, lawmakers routinely denied themselves the annual COLA. Last year, the Senate voted 92-6 to deny the raise but quietly surrendered the position in House-Senate talks.

As part of an ethics reform bill in 1989, Congress gave up their ability to accept pay for speeches and made annual cost-of-living pay increases automatic unless the lawmakers voted otherwise.

The pay issue has been linked to the annual Transportation and Treasury Department spending bill because that measure stipulates that civil servants get raises of 2.7 percent, the same as military personnel will receive. Under a complicated formula, the increase translates to 2 percent for members of Congress.

Like last year, Matheson led a quixotic drive to block the raise. He was the only member to speak on the topic.

"I do not think that it is appropriate to let this bill go through without an up or down vote on whether or not Congress should have an increase in its own pay," Matheson said.

But by a 249-167 vote, the House rejected Matheson's procedural attempt to get a direct vote on the pay raise.

The pay raise would also apply to the vice president -- who is president of the Senate -- congressional leaders and Supreme Court justices.

This year, Vice President Dick Cheney, House Speaker Dennis Hastert and Chief Justice John Roberts receive $212,100. Associate justices receive $203,000. House and Senate party leaders get $183,500.

President Bush's salary of $400,000 is unaffected by the legislation.

House Accepts $3,300 Raise (NYT/AP)

By The Associated Press

The New York Times, June 14, 2006

House lawmakers accepted a $3,300 raise that will increase their salaries to $168,500. Lawmakers easily squelched a bid by Representative Jim Matheson, Democrat of Utah, to vote on the cost-of-living raise, which is automatically awarded unless lawmakers vote to block it. Last year, the Senate voted 92 to 6 to deny the raise but quietly surrendered the position in negotiations with the House. As part of an ethics bill in 1989, Congress gave up its ability to accept pay for speeches and made annual cost-of-living pay increases automatic unless blocked.

COLA Survives Matheson's Challenge (RC)

By Jennifer Yachnin

Roll Call, June 14, 2006

House lawmakers defeated an attempt to curb their annual cost-of-living pay increase Tuesday, all but guaranteeing Members will receive a sixth salary hike in as many years.

Both House and Senate lawmakers are slated to receive an increase of 2 percent, about $3,330, in their paychecks beginning in 2007, bringing rank-and-file Members' annual salary to $168,500. Elected members of the leadership are paid slightly more.

Under a federal law enacted in 1989, Members automatically receive an annual cost-of-living adjustment unless legislation is passed to block the COLA from being implemented.

Utah Democratic Rep. Jim Matheson, a fiscal conservative and persistent opponent of the automatic pay raise, sought to block the annual increase on the House floor Tuesday, arguing that Members should be required to vote on growing their own paychecks.

"Here we are in a circumstance where we continue to swim in a lake of red ink," Matheson said, citing the $8 trillion federal deficit. "I don't think it's appropriate to have this cost increase, this increase in Member salary, go through without an up-or-down vote."

Matheson raised his objections as the House prepared to debate the fiscal 2007 Transportation, Treasury, Housing and Urban Development, the judiciary, the District of Columbia and independent agencies appropriations bill.

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The Utah lawmaker had hoped to introduce an amendment to that spending bill requiring an up-or-down vote on the pay increase, but he was defeated on a procedural measure, 250-166. The House continued to debate other amendments to the legislation Tuesday night and is expected to vote on the measure as early as today.

In the event the House does receive its pay raise, Matheson has vowed to donate the additional pay to Utah charities.

Although Matheson, along with Rep. Todd Platts (R-Pa.), introduced legislation in December seeking to kill the automatic salary increases, that bill has stagnated in the House Administration and Government Reform committees.

Across the Capitol, Sen. Russ Feingold (D-Wis.) is the sponsor of companion legislation, which has likewise been dormant in the Homeland Security and Governmental Affairs Committee since its introduction in March 2005.

While Senate lawmakers did vote in 2005 to forgo their annual raise — a largely symbolic gesture used at the time to highlight the need for emergency spending on hurricane cleanup efforts as well as the conflict in Iraq — that amendment to the Transportation, Treasury, Housing and Urban Development, the judiciary and the District of Columbia spending bill did not survive a House-Senate conference.

It remains unclear whether Members could attempt a similar maneuver during the fiscal 2007 cycle.

In the meantime, Sen. Hillary Rodham Clinton (D-N.Y.) touted legislation Tuesday that would tie Congressional pay raises to increases in the federal minimum wage.

Clinton raised the proposal, introduced in early May, during an appearance at the progressive Campaign for America's Future's "Take Back America 2006" conference.

The measure would require increases in the minimum wage each time the Congressional pay rate went up.

"If Members of Congress need an annual cost-of-living adjustment, then certainly the lowest-paid members of our society do too," Clinton said on the Senate floor in May. The federal minimum wage was last increased in 1997.

Opponents last opportunity to derail the COLA will come when the Senate takes up the spending bill.

Murtha Halts Bid For Leader (RC)

By Steve Kornacki

Roll Call, June 14, 2006

A campaign for Majority Leader that began with plotting by Rep. John Murtha (D-Pa.) and a small clutch of Democrats more than two weeks ago suddenly moved to the back burner Tuesday when Minority Leader Nancy Pelosi (D-Calif.) convinced the Pennsylvanian to set aside his effort until after the November elections.

Four days into a brash effort that threatened to pit factions of the Democratic coalition against one another at the height of midterm election season, Pelosi abandoned the neutral stance she had taken on the potential battle between Murtha and Minority Whip Steny Hoyer (D-Md.) and asked Murtha to put his bid on hold until November. He agreed.

"I appreciate Mr. Murtha's continuing cooperation and leadership in our effort to win a Democratic House to take America in a new direction for everyone," Pelosi said in a statement.

The statement came shortly after Pelosi sat down with Murtha and two other Democrats, one of whom was Rep. Robert Brady, also a Pennsylvanian.

Hours later, Murtha himself issued a one-sentence statement: "For the unity of the party and to focus on Democratic victory in November, I have suspended my campaign for majority leader until after the election."

To some, Tuesday's turn of events simply underscored the sway Pelosi holds over her Caucus and the influence she figures to exert should Democrats win the House and the Hoyer-Murtha fight comes to pass.

When Murtha, a 73-year-old defense hawk who has emerged as a leading symbol of opposition to the Iraq war, plunged into the race last Friday, suspicions immediately sprouted that the hand of Pelosi was at work. She and Hoyer have a history of antagonism, dating back to their almost nonstop two-year battle for a leadership post in 2000 and 2001, and Murtha has emerged as one of her most trusted allies. Even Hoyer partisans admitted that the only Democrat in position to rein in Murtha was Pelosi.

But others took Murtha's suspension as a sign that he had over-reached, mistakenly calculating that Murtha's entry into the race would create such a splash that Hoyer would fold within days. Instead, Hoyer stood his ground and many Members — even some who sided with Pelosi over Hoyer in the past — expressed concern that the campaign was needlessly dividing the Caucus at a time when unity is a precious commodity.

"I think it's clear that the reaction from Members was so negative that Mr. Murtha had no choice but to suspend his campaign," a Democratic aide said.

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Pelosi's initial public silence and refusal to stop Murtha led Hoyer, who spoke with her over the weekend, to conclude that the race was on and to ramp up his operation, securing commitments and leaning on some of his fellow Democrats to give him cover publicly.

"I am talking to Members," Hoyer acknowledged at a session with reporters early Tuesday afternoon, just hours before Murtha suspended his effort.

Murtha began laying the groundwork for his campaign two weeks before announcing his plans, quietly seeking out 10 or so of his friends and allies in the Caucus and asking for their help. Those core supporters, sources said, then branched out to take the temperature of their fellow Members, assembling a road map for Murtha outlining which Members were most ripe for a personal sales pitch. Before he suspended his bid today, Murtha's informal Whip team — which sources indicated included Reps. Mike Capuano (Mass.), Mike Doyle (Pa.), Anna Eshoo (Calif.), John Larson (Conn.), Bill Pascrell (N.J.) and Linda Sanchez (Calif.) — had communicated with about 120 of the 205 House Democrats.

While Eshoo is one of Pelosi's closest friends, sources insisted Pelosi was not involved in Murtha's effort except to the extent that she refused to talk him out of it last week.

At a late afternoon press conference on minimum wage legislation with Rep. George Miller (Calif.), another top Pelosi lieutenant, Hoyer sidestepped a question about whether the Minority Leader might have been sending a message by sitting idly by during the first four days of Murtha's campaign.

"I think this was Mr. Murtha's decision and I'm pleased that he suspended his efforts," Hoyer said.

If Pelosi was trying to make a point by keeping Hoyer squirming for a few days, she also made a point by bringing the intraparty fight to a temporary halt: that the election-year message and fundraising efforts of Democrats could be undermined by a full-throttle leadership fight.

Pelosi and Hoyer are two of the party's fundraising stars, each the overseer of a unique and personally loyal network of donors — in Hoyer's case, donors who might feel apprehension in investing in a man whose own future in leadership seems tenuous.

With Murtha poised to re-enter the fray as soon as the final Congressional ballot is counted in November, some wonder if the truce is little more than a facade, forcing what was already an underground campaign to further subterranean depths. Even if they don't formally ask colleagues for support, every interaction between Murtha and Hoyer and their fellow Democrats through the election will in some way constitute a form of campaigning.

"Knowing human nature, I don't know if this will actually change anything," said Rep. Dennis Cardoza (Calif.), the chairman of the Blue Dog Coalition and a Hoyer backer who called Murtha's campaign divisive last week.

Cardoza called Murtha's decision "an acknowledgement" that sentiment within the Caucus was decidedly against a fight right now.

The suspension of Murtha's campaign probably ensures that next few months will be devoid of dueling supporter lists, solicitation letters from the candidates to their colleagues, efforts to cultivate free media by the Murtha and Hoyer camps, and even appeals for support by the contenders in private conversations. Beyond that, what constitutes campaigning will be a subjective matter, but one aide likened the situation to a "Cold War" with the potential for one false move by either side provoking an all-out war.

Murtha's move, the second surprise he sprung on his colleagues in four days, could benefit him in the long run, since some would-be supporters seemed dismayed by the timing of his entry, believing it would make Democrats appear presumptuous about winning back the House.

"It is [a distraction] for me," said Rep. Lynn Woolsey (Calif.), co-chairwoman of the Progressive Caucus, a group Murtha hopes to make inroads with through his Iraq war outspokenness. "I'm not going to pay attention to it until we get the House under control."

But most likely the only constant between now and November will be the guessing games, with insiders trading theories about which candidate has put together the winning coalition.

Hoyer backers play up their man's core bloc of conservative and moderate supporters, to which they say he's poised to add progressives disgruntled by Murtha's staunch social conservatism and California pragmatists, who previously backed Pelosi over Hoyer out of home state loyalty. Hoyer, a more active fundraiser and campaigner than Murtha, may also do well with the incoming freshmen whose campaigns he's boosted.

Murtha will depend on his strong personal ties with Members, forged in his first 31 years in the House, when he quietly accrued power on the Appropriations Committee and won immense respect from both sides of the aisle while operating mostly in the shadows. That reputation, coupled with what is a sometimes conservative voting record, could help Murtha appeal to the

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centrists who make up Hoyer's base, while his forceful opposition to the Iraq war could conceivably convince progressives to look the other way when it comes to social issues.

Rep. Murtha Abandons Leadership Bid — For Now (HILL)

By Josephine Hearn

The Hill, June 14, 2006

Rep. John Murtha (D-Pa.) temporarily abandoned his bid for majority leader yesterday afternoon after it became clear that an open battle with House Minority Whip Steny Hoyer (D-Md.) could reignite long-smoldering feuds and complicate Democrats' efforts to win back the House.

Word of Murtha's retreat came shortly after he met with House Minority Leader Nancy Pelosi (D-Calif.), a close ally, who had cultivated a studied silence on the issue during the Pennsylvanian's four-day campaign.

Pelosi issued a brief statement after the midday meeting with Murtha and Rep. Robert Brady (D-Pa.) signaling the race's postponement until after the election.

"In the spirit of unity to achieve our goal of winning a Democratic majority in November, Congressman John Murtha has informed me that he will suspend his campaign for majority leader until after we win a Democratic majority of the House," Pelosi said.

Murtha echoed her sentiments.

"For the unity of the party and to focus on Democratic victory in November, I have suspended my campaign for majority leader until after the election," he said in a statement.

Hoyer learned of the decision during a series of afternoon roll-call votes when Brady, a low-key former carpenter, found him on the House floor and invited him out to a sun-drenched, second-floor balcony.

The two spoke for five minutes, with Hoyer listening intently, before they returned to the floor and Brady ventured back to his usual perch in the Pennsylvania corner with Murtha.

Hoyer would not discuss the encounter later. "It was a private conversation," he said.

Why Murtha called off the campaign as abruptly as he started it is an open question. Many Democrats, including Hoyer, had been caught by surprise when Murtha announced his candidacy Friday with five months and many obstacles to overcome before the November elections.

Some members, such as Rep. Henry Waxman (D-Calif.), had shared with Pelosi their concerns that a raucous contest could divide the caucus at a time when they had boasted of the greatest unity in 50 years.

Waxman made public his support of Hoyer early this week to protest the race for a hypothetical opening, he said.

"He's been a good whip. I know he's worked actively to recruit candidates around the country," Waxman said. "I don't think this is the right time to be having this fight."

Waxman has typically supported Pelosi or her allies in leadership races. "I don't think there are many people here who are closer to Nancy Pelosi than he is," said Rep. Mike Capuano (D-Mass.).

Yet Waxman said he rejects the idea that the caucus coalesced into two opposing camps around Pelosi and Hoyer. He said he hoped other members would join him in protesting a leadership race now.

"Others ought to be supporting Hoyer as well [for the same reasons]," Waxman said.

Still, others said they welcomed Murtha's entrance in the race.

Rep. Bennie Thompson (D-Miss.) called it "democracy at its best."

"[Murtha] has been in this institution for a long time. I wouldn't question his timing. I haven't run up on anybody being negative about having a choice."

A Democratic aide said postponement was the best possible outcome for Democrats.

"Now you have two high-profile members who will be working their hearts out like never before," the aide said, indicating that Hoyer and Murtha would be auditioning for a role as majority leader, should the Democrats take the majority, in the months leading up to the election.

Others speculated that Murtha, a renowned backroom dealmaker, may have had other motives for launching the short-lived campaign than simply seeking higher office and may have been trying to intimidate Hoyer to some unknown end.

Hoyer was unusually subdued earlier in the day before Murtha backed off, perhaps owing to the daunting political calculus he faced in pulling off a win against the formidable Pennsylvanian.

Murtha-backed candidates have twice defeated Hoyer or his chosen candidate in recent leadership elections. Murtha helped orchestrate Pelosi's victory over Hoyer for whip in 2001. Earlier this year, he masterminded the win of Rep. John Larson (D-Conn.) over Rep. Joe Crowley (D-N.Y.) for vice chairman of the caucus.

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Hoyer's weekly press briefing was rescheduled twice and then shortened by a third yesterday before he said he would not entertain questions on the race, which he called a distraction.

Hoyer wrote colleagues Friday to solicit support after it became clear Murtha was running.

"For the last three and one-half years as your Whip, I have been focused on one overriding, principal goal: working with every Member of our Caucus to do everything within our power to regain the Majority," Hoyer wrote. "However, that objective is not a foregone conclusion, and I will continue to focus my energies on helping our Party achieve success in November. ... If we do regain the Majority, and I would like to ask for your support for [majority leader].

Murtha and Hoyer have reversed the roles they played in 1999 when Hoyer launched a bid for majority whip on the expectation that Democrats would take control of the House in the 2000 elections. At the time, Murtha criticized Hoyer's presumptive action.

"I can't believe we're getting into this now," Murtha told a Capitol Hill publication. "We don't have a goddamned vacancy for a whip. We don't even have the majority yet."

McConnell Prepares For Top Job (HILL)

By Alexander Bolton

The Hill, June 14, 2006

Senate Majority Whip Mitch McConnell's new hire of Don Stewart, one of the most admired communications strategists in the Senate, is one of several indications that the lawmaker is readying his expected takeover as majority leader next year.

McConnell (R-Ky.) is also closing the Senate at the end of legislative day and negotiating the unanimous-consent agreements needed to move business forward on the floor, aides say. He is working closely with colleagues facing reelection races to make sure amendments important to them politically are considered on the floor in the run-up to the November election.

McConnell has been trying to raise his visibility in the press, addressing what has been the chief criticism of his performance in the leadership: that he has not played a big enough role in communicating the Republican message and countering Democratic attacks.

McConnell's whip office does not have its own press secretary. Rob Steurer, who works in McConnell's personal office, handles press matters. And McConnell often gives terse replies, when he replies at all, to reporters' questions in the Senate halls.

In contrast, Sen. Dick Durbin (Ill.), the Democratic whip, has two senior aides handling national press and a television and radio booker in his whip office and interacts aggressively with the press.

McConnell's hire of Stewart is seen by colleagues as an effort to narrow that disparity. Republicans say the ability to communicate effectively will be important for the successor to outgoing Majority Leader Bill Frist (R-Tenn.). Some GOP senators say that Frist has been a weak messenger.

Stewart, who has made a name for himself raising the national profile of freshman Sen. John Cornyn (R-Texas), is considered by several Republican senators one of the best communications aides on the Hill.

He developed a rapid-response operation in Cornyn's office during the controversy over judicial nominations to respond to Democratic attacks. His aggressive style was on display this week when U.S. forces killed al Qaeda leader Abu Musab al-Zarqawi. Cornyn's office was the first in the Senate to send out a press release, at 6:20 a.m. By 9 a.m. Cornyn was on Fox News talking about the big event.

McConnell is taking other steps to raise his visibility. He spoke at the microphones set up outside the Senate chamber after a GOP conference luncheon two weeks ago, and during last Tuesday's luncheon McConnell fielded questions from a gaggle of reporters, said a GOP press secretary who was there.

McConnell has also courted more press coverage recently both in print and broadcast. He is scheduled to sit down for an interview with CNN today.

Frist's aides acknowledge that the transition to a new majority leader is under way.

"There is no doubt that McConnell has always been an active participant in the leadership process," said Alex Vogel, an adviser to Frist who is a partner in the firm Mehlman Vogel Castagnetti. "There's a natural and organic evolution where McConnell is taking over and that's under way."

Amy Call, Frist's spokeswoman, agreed, saying, "Frist and McConnell have worked together very closely. McConnell has done an excellent job as assistant leader, and I'm sure he will transition well into the leader's slot."

Several Republican senators said that they can see McConnell preparing for the top leadership slot and that having a strong communications shop will be important. They say Democrats have gained political traction from the war room that Senate Minority Leader Harry Reid (D-Nev.) set up, staffed by about eight Democratic aides.

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"I think he's preparing himself for that transition," Sen. John Thune (R-S.D.) said of McConnell. "He knows that's not far away, and one of the things he knows is necessary is a very robust communications operation."

Thune also said McConnell is very involved in defending the Republican majority.

"McConnell has a very good political antenna. He's becoming more sensitized to what issues we're putting on the floor," Thune said.

Sen. Lincoln Chafee (R-R.I.), one of the most endangered Senate Republicans, said McConnell helped with legislation important to him, citing the highway bill, which "was very good to Rhode Island."

McConnell, who chaired the National Republican Senatorial Committee in 1998 and 2000, has also been active raising money and campaigning for Senate candidates.

"The senator has participated in over 40 events in the 2006 cycle on behalf of candidates," said Steurer, McConnell's spokesman. "He's traveled to Washington, Rhode Island, Pennsylvania, Missouri and New Jersey, and he's expected to do more for the candidates."

A GOP strategist said McConnell has traveled more than Frist to campaign for candidates recently — for example flying to campaign with Mike McGavick in Washington State last week.

This past weekend, McConnell but not Frist attended the Warner golf tournament in Williamsburg, Va., a participant said. About 20-30 GOP senators attended the fundraising event, which is named after Sen. John Warner (R-Va.) and is held to raise money for Senate GOP candidates, the source said. Several senators there expressed enthusiasm for McConnell's future as leader.

Sen. Larry Craig (R-Idaho) said McConnell has begun to assert himself more in the leadership in subtle ways.

"In the last few months he's been more involved than before," Craig said. "In the past six months compared to the previous year."

McConnell led last week's effort to defeat the Native Hawaiian Government Reorganization Act sponsored by Sen. Daniel Akaka (D-Hawaii). Conservatives loathed the bill, saying it was unconstitutional, and they feared it might have had the votes to pass because of behind-the-scenes dealmaking by Sen. Daniel Inouye (D-Hawaii), a powerful member of the Appropriations Committee.

McConnell played a lead role in pushing the nomination of Richard Stickler, a mining-safety official, this week. Despite his efforts, the nomination was put on hold because of unexpectedly stout Democratic opposition.

But while McConnell has played a bigger role in negotiating agreements on the Senate floor and closing the chamber at the end of the legislative day, Frist still controls the Senate Republicans' big-picture strategy.

"I got a feeling that Reid is still negotiating the bigger unanimous-consent agreements with Frist," a GOP aide said.

The aide said that while McConnell may be more active in handling the logistics of the Senate floor, "the strategy is from Eric," referring to Frist's chief of staff, Eric Ueland.

"The real vision and strategy is emanating from Frist's office," the aide said.

McConnell Bides His Time (RC)

By John Stanton And Erin P. Billings

Roll Call, June 14, 2006

While Senate Majority Whip Mitch McConnell (R-Ky.) may be the presumptive favorite to lead the Senate GOP next January, don't expect to see crews of Louisville-based interior decorators scurrying about Majority Leader Bill Frist's (R-Tenn.) office measuring drapes just yet.

While political observers predict that short of catastrophic GOP losses on Election Day, McConnell's ascension to the Majority Leader's chair this fall is a sure thing, he has consistently rebuffed questions from reporters about the future and has issued strict instructions to his staff to maintain their focus on the day-to-day operations of the Senate, lawmakers and Senate aides say.

McConnell's allies say the No. 2 Senate Republican refuses to get too far ahead of himself on his next position, believing he still cannot take his support for granted and that it would be inappropriate to speed up any transition.

Those allies also insist that McConnell doesn't need to assume any of Frist's duties in the interim, simply because he, more than most, understands his fellow Senators and how the chamber operates.

Sen. John Cornyn (R-Texas) said McConnell "has been preparing for a couple of decades for this job" and doesn't need or want to assume any extra responsibilities prematurely.

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McConnell, who was first elected to the Senate in 1984, also served as chairman of the National Republican Senatorial Committee in 1998 and 2000. Prior to his time in the Senate, McConnell served as the county judge-executive of Jefferson County and was a deputy attorney general under President Gerald Ford.

"There's a united front of leadership," added Sen. Bob Bennett (R-Utah), McConnell's close friend and Chief Deputy Majority Whip. "Mitch is a team player. You won't see any special new delegation [of duties] or handoffs. There's no need to bring him behind the curtain. He already is behind the curtain."

An aide to Frist said neither the Majority Leader nor McConnell is inclined to begin a transfer of power before the end of the session, noting that since Frist came to power in 2003 the two have worked closely on major policy and political initiatives. "They are locked at the hip on every strategic decision that gets made around here," the aide said.

A GOP leadership aide agreed, noting that, "Coordination between the two offices runs from the top down — the two talk almost non-stop, they are clear about their roles and responsibilities, and the smoothness and integration is so high that it's clear Sen. McConnell will be ready from day 1 when he moves down the hall and around the corner."

A former aide to ex-Senate Minority Leader Tom Daschle (D-S.D.) also said that in many ways McConnell has a leg-up over some of his predecessors in both parties. Unlike many recent Senate leaders who have been thrust into leadership without warning, McConnell will have about three months from November to January to officially formulate a transition plan and craft a leadership operation.

"McConnell has it all set up," said this former Daschle staffer. "All he has to do is bide his time and not screw anything up, keep his mouth shut and his head down and become Leader."

A key aspect in the likely ease in transition to a McConnell-led GOP is longtime aide Kyle Simmons. McConnell's chief of staff and someone who, like his boss, generally demurs when it comes to the press, Simmons is widely considered one of the Senate Republicans' sharpest minds and someone with a strong understanding of the institution.

Eric Ueland, Frist's chief of staff, said Simmons is "a great asset" to McConnell and the Conference overall, saying that without him "the Republican team would be much weaker."

"He brings a keen strategic insight, a powerful tactical sense, and excellent political instincts to work every day, and Sen. McConnell and our leadership are much the better for that," Ueland said.

Republicans also point to McConnell's notoriously reserved nature, arguing that while he is extremely calculating, he is patient enough to allow events to fully unfold this fall before beginning his transition.

"Mitch is one of the least presumptuous people I know," Cornyn said. "I don't think he'd see it as appropriate. He is loyal to the leader, just as he was to Sen. [Trent] Lott (R-Miss.)."

Arguably, Frist and McConnell have worked well as a pair, in part, many say, because both Senators are extremely respectful and supportive of each another. The two have starkly different personalities, however, with Frist seemingly more comfortable in the spotlight and McConnell content to work the GOP's agenda behind the scenes.

"Mitch is very methodological," Bennett said. "He's very long-headed. He doesn't react just to today's crisis, but to what it will mean next week, next year, next election."

Lott, a former Senate GOP Whip, Majority Leader and longtime McConnell ally, said that for his Kentucky colleague, "the learning curve is not that steep" to becoming Leader. "He has a pretty good feel for it," Lott said.

Privately, Republicans also noted that while McConnell's prominence in the Conference and reserved personality make an expectation of a shift in duties unlikely, McConnell is also showing deference to Frist's future political ambitions. Frist is considered a likely contender for the 2008 Republican presidential nomination, the chances for which may depend on his stewardship of the Senate.

While the Whip is responsible for marshalling votes, the history books generally place the credit — or blame — on the Majority Leader, and fairly or not, the reviews have not been good for Frist.

Despite racking up a string of victories on legal reform issues, Supreme Court nominees and energy and transportation legislation, Frist's leadership has been criticized in many corners. Although sources close to Frist downplay the impact his future ambitions may have on his decision to actively lead his party until the end of the session, they have in the past acknowledged that he is aware of his legacy and is looking to end his tenure on an upbeat note.

Even so, Lott and other Republicans say they already sense that McConnell is beginning to quietly spread his wings in anticipation of becoming the top Republican next year. GOP sources and Senators say that in recent weeks McConnell has taken steps to increase his visibility both in and outside of the Conference to begin preparing for the new post.

"He's showing a bit of an imprimatur of himself," Lott said. "He's spending more time on the floor, making a point on different issues. He's good when he does that."

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Added a senior GOP Senate aide: "He's got his training wheels on and he's testing them out now so that he can hit the ground running come January."

Perhaps the most outward signal of that came in recent days when McConnell tapped one of the most aggressive GOP press aides in the Senate, Donald Stewart, to become his communications director. Stewart has worked for Cornyn since 2002 following a stint in former Sen. Phil Gramm's (R-Texas) office, and in the past four years he has helped make Cornyn one of the leading spokesmen in the Conference.

Although well known in Texas political circles, Cornyn was a virtual unknown outside of his home state. But particularly since last year's judicial confirmation fights, Stewart has helped vault his boss to national prominence and played a key roll in Frist's efforts to more effectively combat Minority Leader Harry Reid's (D-Nev.) communications "war room."

Although Stewart has not yet officially moved over to McConnell's shop, his influence already can be seen. For instance, following the GOP weekly luncheon on May 30, McConnell — who is so notoriously hands-off with the press that he typically can move freely through the throng of reporters that stake out the meeting — held court for more than 10 minutes in an impromptu press gaggle before answering even more questions in front of television cameras. While McConnell quickly reverted to his traditionally reserved approach to the press following the session, his sudden openness took many veteran reporters by surprise.

McConnell's office, which rarely sends out e-mails and press releases to national reporters, also marked the death of the Abu Musab al-Zarqawi, and Republican aides predict a significantly more aggressive communications and message operation under Stewart.

Sources say Stewart's hiring shows that McConnell understands he will have to embrace the press more openly in his next position. And they say Republicans know the job of advancing their message will be even more important in the 110th Congress if the GOP sees its margin of control shrink after the midterm elections.

Still, McConnell's office refuses to even engage in talk about his near certain climb to power, what he's doing to prepare or how he plans to handle the Majority Leader post. Robert Steurer, McConnell's spokesman, would only say: "As Whip, Sen. McConnell remains focused on doing the people's business in the U.S. Senate and keeping our Republican majority."

Congressman Offers Papers To Rebut Claims (AP)

By Lawrence Messina

The Associated Press, June 14, 2006

CHARLESTON, W.Va. -- Answering allegations from a watchdog group that have spawned a federal investigation, U.S. Rep. Alan Mollohan said on Tuesday that he was correcting or amending 19 items on his financial disclosure reports dating to 2000.

But the West Virginia Democrat said the "relative handful of unintentional and immaterial mistakes" fail to amount to the more than 250 "misrepresentations and omissions" the group alleged he had made in the reports.

The 12-term congressman also released several documents to rebut those allegations, including a statement from one of his accountants explaining the jump in personal worth seized on by the group in its complaint.

The National Legal and Policy Center, a conservative ethics watchdog group, has said Mollohan's assets grew by a minimum of $6.1 million between 2000 and 2004.

In a May 9 letter to Mollohan, the accounting firm of Braund Eiler & Vasko, based in Allison Park, Pa., credited skyrocketing real estate values for the rapid growth.

The firm has done accounting work for Remington LLC, which owns rental units in Washington, D.C., and whose shares are held by Mollohan, his wife and another couple.

"When the underlying asset of that stock investment is real estate, and when that real estate is located in a market that is experiencing rapidly escalating values, it really doesn't take much appreciation in a single unit to greatly affect the value of a block of units," Managing Partner Blair Eiler said in the letter.

To further show the effect of rising real estate values, Mollohan released his disclosure report for 2005.

That year, the congressman's assets increased by at least $1.6 million to a minimum of $7.9 million, and his non-congressional income rose by at least $113,801 to a minimum of $331,012. Real estate holdings in West Virginia's Canaan Valley and North Carolina accounted for the increases.

"The documents prove that the National Legal and Policy Center (NLPC) has wildly exaggerated the inadvertent errors on my past financial disclosure statements," Mollohan said in a release. "They also show that NLPC is dead wrong in implying that I have improperly benefited from my office."

The NLPC filed a complaint against Mollohan with federal prosecutors in April, but has declined to release it to The Associated Press.

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The organization's chairman, Ken Boehm, questioned whether a booming real estate market can explain the jump in Mollohan's assets, and called Mollohan's disclosures on Tuesday a "quasi-validation" of the allegations.

"These are not isolated, inadvertent mistakes," Boehm said. "He has not begun to address all of the problems."

Some of the changes Mollohan asked the House Clerk's office to make to his reports reflect incorrect dates for financial transactions.

Others correct income from Remington to Mollohan and his wife that had been underreported by a total of $30,794 between 2000 and 2001. But other changes show Mollohan overstated that income by $40,820 in 2002.

The addendums also show that Mollohan borrowed $2.3 million in 1999 to refinance loans. But Mollohan said such loans are normally exempt from disclosure, citing advice he said he received at the time from counsel to the House ethics committee.

Besides Mollohan's assets, Boehm's group has targeted the federal appropriations he has secured for nonprofits in his district. The FBI has subpoenaed records from at least some of those nonprofits since Boehm's group filed its complaint.

Afterward Mollohan, facing re-election this year, was pressed by House Democratic leaders into stepping down as the ranking minority member of the House ethics committee. He is also on the House Appropriations Committee, and is a ranking member of one of its funding subcommittees.

Mollohan Reveals Finances (CHGAZ)

By Paul J. Nyden

Charleston (WV) Gazette, June 14, 2006

Rep. Alan B. Mollohan, D-W.Va, released detailed financial information on Tuesday about his recent real estate transactions and financial disclosure reports.

Mollohan was responding to the National Legal and Policy Center, a conservative political group that accused him of hundreds of errors in those reports.

“The documents prove that the National Legal and Policy Center [NLPC] has wildly exaggerated the inadvertent errors on my past financial disclosure statements,” Mollohan stated in a press release.

“They also show that NLPC is dead wrong in implying that I have improperly benefited from my office....

“NLPC has raised questions and I have answered them — fully, honestly and openly. The only people hiding anything are the members of the group, who continue to conceal the 500-page complaint they have prepared against me,” Mollohan stated.

The NLPC sent the full report to the U.S. Attorney for the District of Columbia, and leaked excerpts to some newspapers.

Last month, Ken Boehm, chairman of the nonprofit NLPC told The Charleston Gazette he would not release the report.

“We were providing information we thought would be useful to the U.S. attorney in their investigation — it is up to them to decide what is true or not true,” Boehm said.

“I promised to release information about all of [wife] Barbara’s and my real estate transactions and I have done it,” Mollohan said during a telephone interview on Tuesday.

“People are welcome to go through this and to analyze it. It answers any and all questions a reasonable person could have about our real estate transactions.

“It is all there,” Mollohan said. “In contrast, the NLPC is not releasing their information.”

Mollohan provided his latest financial reports to the Clerk of the House of Representatives on Tuesday and challenged the NLPC to release its full report to the public.

Rep. Mollohan Admits Errors In Disclosure (WP)

By Jeffrey H. Birnbaum

The Washington Post, June 14, 2006

Rep. Alan B. Mollohan (D-W.Va.), under federal investigation for blending his commercial investments with his duties as a congressional appropriator, acknowledged yesterday that he misstated more than a dozen transactions on his financial disclosure forms.

The 12-term lawmaker said he recently discovered "a limited number of inadvertent errors" in his public reports from 1999 through 2004. He said he has amended those forms "to correct any inaccurate impressions about my finances." He also released a chronology to explain how his assets grew from no more than $565,000 in 2000 to at least $6.3 million in 2004, primarily through heavily leveraged real estate transactions.

Mollohan resigned earlier this year as the ranking Democrat on the House ethics committee after a federal probe was begun into his personal finances. The investigation started soon after the National Legal and Policy Center, a small, conservative research institute in Virginia, turned over 500 pages of documents to the FBI in March. The NLPC alleged that the documents

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showed that Mollohan engaged in nine years of false reporting and the appearance of impropriety in his business contacts with federal contractors.

Mollohan strongly denied any wrongdoing. "NLPC is dead wrong in implying that I have improperly benefited from my office," Mollohan said yesterday.

"The group also has ignored that we received a sizable inheritance, took on considerable financial risks and had the good fortune to be investing in a rising real estate market," Mollohan said. "It is those factors that are responsible for the increase of our assets."

The NLPC noted that one recent change in Mollohan's filing that the congressman did not highlight yesterday was a $35,000 loan in 2004 from Laura K. Kuhns and her husband. Kuhns, a former Mollohan aide, has invested in real estate with Mollohan and also heads a West Virginia foundation that benefits from appropriations targeted to the group by the lawmaker. The congressman's filing in 2005 indicates that he repaid the loan in full.

Mollohan's review of his reports, sparked by the federal probe, found many other errors as well.

He and his wife together have a 50 percent stake in a company that owns condominiums in a Foggy Bottom building. For 2000 to 2002, Mollohan said he understated his income from that company twice and overstated the income once -- in each case by several thousand dollars -- and amended his reports accordingly.

He also failed to report $2.3 million in loans that he took out to benefit the business, Remington Inc., from 1999 to 20002. Mollohan said that he did not have to disclose the loan under a strict interpretation of House rules but that "in an abundance of caution" he decided to do so. He also amended his public record to include a note receivable from Remington in 2003 of between $1 million and $5 million.

Mollohan added to his 2001 report his wife's purchase for $37,461 of a one-third interest in a company that owns the Ramada Inn in Morgantown, W.Va. She bought the share from Mollohan's brother. Mollohan and his sister own the other two-thirds of the firm, which had been owned by their now-deceased father, former congressman Robert H. Mollohan.

In 2003, Mollohan said he understated the size of a $1.5 million construction loan from Central Carolina Bank as "up to $1 million." The next year he said he misstated several dates on which he took out loans to buy property in North Carolina, and he also incorrectly listed the amounts of some of those loans.

In North Carolina, the Mollohans invested in four lots on Bald Head Island with Kuhns and her husband and also built neighboring beachfront houses there. Kuhns heads the Vandalia Heritage Foundation, which focuses on refurbishing real estate in Mollohan's district and uses money that Mollohan has earmarked for the purpose.

One of the lots was sold in January and the three others have been contracted for sale, Mollohan said in a statement. Mollohan has also said that he is selling his beachfront home in order to reduce his debts.

In his latest financial disclosure report, Mollohan said he values 12 separate properties at about $6.6 million and he added that they have mortgages of more than $4.4 million.

Rep. Mollohan Restates Filings On Disclosures (WSJ)

By John R. Wilke

The Wall Street Journal, June 14, 2006

WASHINGTON -- Rep. Alan Mollohan, whose real-estate deals and financial disclosures have drawn federal scrutiny, restated six years of House financial-disclosure filings to correct what he called "a limited number of inadvertent errors."

The amendments answer some questions about his finances but raise others. For example, they reveal that the West Virginia Democrat borrowed $35,000 from a business partner who has won tens of millions of federal dollars directed by the congressman to the nonprofit groups she operates. Loans to lawmakers from political supporters and federal contractors are subject to special scrutiny under federal election-commission and House ethics rules.

In a letter to the House clerk, Mr. Mollohan said he misstated some of the income from his investment in Remington Inc., which owns condominiums here, and that he and his wife failed to disclose a $2.3 million bank loan for that investment. He also said he misstated the purchase or mortgage dates or amounts of other properties, including some bought with his real-estate partner, Laura Kuhns, who runs a nonprofit group funded by targeted spending items -- known as earmarks -- from the federal budget inserted by Mr. Mollohan.

Ms. Kuhns didn't return calls yesterday. A spokesman for Mr. Mollohan said the loan was repaid in full with interest.

Mr. Mollohan's disclosures came under scrutiny after a conservative legal group, the National Legal and Policy Center in Falls Church, Va., sent a letter to the U.S. attorney in Washington raising questions about what it has called a "pattern of misrepresentations and omissions" that accompanied a rapid and unexplained rise in the congressman's wealth in recent years.

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During this period, Mr. Mollohan pumped federal funds into a network of nonprofit groups in West Virginia that he created and that are run by Mr. Mollohan's business partners or political supporters. This network, detailed in a Wall Street Journal article1 April 7, got more than $200 million in earmarked spending from the congressman in the past six years.

A federal investigation has widened to include an examination of Mr. Mollohan's earmarks to these groups, some of which have said they received grand-jury subpoenas. Mr. Mollohan, who stepped down from the House ethics committee in April, has said he welcomes an impartial investigation and is confident he will be able to answer any of the allegations.

In his statement yesterday, the 12-term congressman said that the initial claims of the conservative research group "wildly exaggerated the inadvertent errors" in past disclosures. "They also show that NLPC is dead wrong implying that I have improperly benefited from my office," he said.

Mr. Mollohan said he and his wife "received a sizable inheritance, took on considerable financial risks, and had the good fortune to be investing in a rising real-estate market." The focus on disclosures have become a heated issue in Mr. Mollohan's re-election campaign, where he faces a Republican opponent with active backing from the White House.

Mr. Mollohan's pattern of earmarking federal funds to real-estate partners and campaign contributors became public amid rising scrutiny of earmarks. These narrowly targeted spending measures figured in the bribery conviction of former Rep. Randall Cunningham, a California Republican, and the continuing investigation into lawmakers' relationships with Jack Abramoff, once the most powerful Republican lobbyist on Capitol Hill.

Congressman In F.B.I. Inquiry Corrects Errors In Financial Disclosure Forms (NYT)

By Jodi Rudoren And Aron Pilhofer

The New York Times, June 14, 2006

WASHINGTON, June 13 — Nearly two months after stepping down as the top Democrat on the House ethics committee, Representative Alan B. Mollohan on Tuesday filed some two dozen corrections to his past six annual financial disclosure forms, saying his accountant had uncovered "a relative handful of unintentional and immaterial mistakes."

Mr. Mollohan, of West Virginia, is facing his most intense electoral challenge since he was first elected in 1982, fueled in part by an F.B.I. investigation into possible links between his real estate investments and five nonprofit groups he founded and supported with special federal appropriations known as earmarks.

In releasing the long-awaited financial report, Mr. Mollohan said it "shows that government money has never been used" and "no money has ever been diverted from the nonprofits" to his investments. He compared the National Legal and Policy Center — a conservative group whose written complaint prompted the F.B.I. inquiry — to Senator Joseph R. McCarthy for publicly describing "250 misrepresentations and omissions" in his financial forms but refusing to release the 500-page complaint detailing the accusations.

"It has been obvious for some time that N.L.P.C. is not really interested in learning the truth," Mr. Mollohan said in a statement. "It is not a public watchdog. It is an attack dog controlled by, and linked to, national political operatives who are desperate to unseat me."

Most of the amendments Mr. Mollohan filed with the clerk of the House are minor matters of sloppiness, switching closing dates on real estate deals or tweaking income totals from rental properties. But the congressman also acknowledged that from 1999 to 2002 he failed to include a significant transaction relating to the Remington condominiums he and his wife own with Rosemary and Joseph Jarvis, distant cousins who have a history of bankruptcy and failed federal contracts.

Mr. Mollohan said he did not report the $2.3 million "back-to-back loan" — in which the couples borrowed money from a bank and then loaned it to their corporate entity that owns the condominiums — because he believed it was not required and because the net value was zero.

The report also revealed that the Mollohans borrowed $35,000 last year from Laura Kurtz Kuhns, executive director of one of the nonprofits whose records were subpoenaed by the F.B.I., and her husband, Don. The Kuhns were partners with the Mollohans in a $2 million purchase of five empty lots on Bald Head Island, N.C., where they also have side-by-side beachfront vacation homes.

Ken Boehm, president of the National Legal and Policy Center, said Mr. Mollohan's report proved the "pattern of misrepresentations and omissions" his group had alleged. He noted that Mr. Mollohan said he could not correct financial forms from 1996 to 1998 because the records remain officially on file for only six years, and Mr. Boehm said those earlier reports include "even more embarrassing disclosures."

"If N.L.P.C.'s allegations were all false, why is he amending six years worth of financial disclosure reports involving millions of dollars worth of assets?" Mr. Boehm asked in an e-mail message.

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The report shows the Mollohans are highly leveraged real estate investors, refinancing properties in Washington, West Virginia and North Carolina, and taking cash out to buy more.

In 2005, the couple's assets swelled to $8 million to $31 million, up from $6 million to $25 million in 2004 (and under $550,000 in 2000). Their reported income remained in the same broad range used by these Congressional forms, $200,000 to $1.3 million, and their liabilities grew slightly, to $4 million to $15 million, up from $3.6 million to $13.5 million.

Mollohan Amends Finance Reports (WHINT)

By Joselyn King

Wheeling (WV) Intelligencer, June 14, 2006

U.S. Rep. Alan Mollohan, D-W.Va., now has amended his financial disclosure statements for the years 1999-2004, and he submitted these changes to the clerk of the U.S. House of Representatives on Tuesday.

Mollohan requested 19 changes to his reports, and the number of his admitted errors was significantly less than the 250 "misrepresentations and omissions" the National Legal and Policy Center has reported finding in his reports.

Mollohan stepped down as ranking Democrat on the House Ethics Committee in late April after the conservative group raised questions regarding great increases in his personal wealth that were reported in his financial disclosure statements.

The values of his investments in real estate were shown in the reports to have increased 6,000 percent.

On Tuesday, Mollohan submitted the amendment statements and provided alongside them a letter from the accounting firm of Braund Eiler and Vasko of Allison Park, Pa., explaining the changes.

Mollohan stated in a separate letter to the House Clerk's Office that he and his wife, Barbara, each own a 25-percent share in the Remington condominiums in Washington, D.C.

"For the years 2000 to 2002, I inadvertently understated on two occasions — and overstated on one occasion — our income from the Remington Inc. by one reporting category," Mollohan wrote. He requested that the following changes be made:

? For his 2000 financial report, Mollohan stated that while he checked the box indicating "income up to $50,000" for each of his and his wife's shares in the Remington, the box he should have checked was for the "$50,001-$100,000" value range. He had the same request for his 2001 report.

But Mollohan noted he over-reported his income from the Remington in 2002, having checked the box for indicating income "of at least $100,001."

"In fact, the income for each interest was $80,410," Mollohan wrote. "Accordingly, the income for each 25-percent interest should have been shown in the lower $50,001 to $100,000 range."

Mollohan next claimed that he and his wife, along with Remington co-owners Joseph and Rosemary Jarvis, refinanced loans related to the Remington by personally borrowing $2.3 million from the United Bank of Virginia. The refinancing was accomplished when the four owners immediately loaned the money to Remington Inc., according to Mollohan.

"Neither the loan nor the offsetting note was reported on my financial disclosure form from 1999 to 2002," he stated. "Upon reviewing the facts, I believe the reason they were not reported was that the proceeds of the loan were loaned to Remington Inc., which guaranteed the loan and made the payments directly to the bank."

The loan was considered a business loan and wasn't required to be disclosed under House financial disclosure rules, Mollohan wrote.

For each of his reports submitted between 1999 and 2002, he asked that a "liability in the reporting category of $1,000,001 to $5 million" be listed, with the liability being listed as "financing for Remington Inc., Washington, D.C."

After the loan was refinanced in 2003, Mollohan said he began listing the loan.

"That refinancing, which was in the amount of $4.1 million, was made possible by an increase in the market value of the apartments owned by Remington Inc.," he said. The four owners withdrew an amount exceeding $1.5 million.

Mollohan added that he inadvertently didn't report the loan in 2003 and asked that it be added.

Mollohan stated he inherited a one-third share of the Ramada Inn property in Morgantown after the death of his father, former U.S. Rep. Robert Mollohan, D-W.Va, and that his wife purchased a second third of the ownership from his brother. His sister owns the remaining third, he states.

"Although I reported my wife's interest, I did not report her purchase transaction," Mollohan said. "While matters involving family members are generally exempted from reporting, I am informed that the family member exception for transactions does not extend to transactions with one's brother or brother-in-law."

He asked that his 2001 report be changed to reflect his wife's purchase.

? Mollohan also requested changes on his 2003 financial disclosure form pertaining to the closing date of his purchase of the Winterset Lot in Canaan Valley, W.Va.

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He also asked that the amount of a subsequent construction loan for repair work to the property be moved from the "up to $1 million amount" to the "$1 million to $5 million" category.

Other requested changes pertain to changing listed closing dates on property the Mollohans purchased in Bald Head, N.C., and Canaan Valley, W.Va., in 2004.

Mollohan's challenger in the Nov. 7 general election, current Delegate Chris Wakim, R-Ohio, released a statement in response to Mollohan's actions Tuesday.

"This may be how career politicians do business in Washington, but it's not how we do business in West Virginia," Wakim said. "Here in West Virginia, it doesn't take 200 pages to claim your innocence.

"Alan Mollohan's problem has nothing to do with forms. His problem is that he used his public office to enrich himself and his political cronies at the expense of the people he was elected to serve — the citizens of the 1st District of West Virginia. West Virginians were forced to accept excuses from their leaders for far too long. It's time for new leaders who will honor the office and the public trust without requiring a 200-page declaration of innocence,ï" he added.

Former Clients Fueled Firm (RC)

By Paul Kane

Roll Call, June 14, 2006

At least 33 former clients of a top GOP staffer on the House Appropriations Committee hiked the fees they paid to the aide's lobbying firm after he returned to Capitol Hill, providing his firm with more than $1.1 million in additional revenue in 2005.

The increased cash from the former clients of Jeff Shockey, deputy staff director of the panel, came largely from longtime clients who increased their payments dramatically in the first six months after his departure — which coincided with the time frame his former partners projected for increased revenue and led to a nearly $2 million buyout from the firm.

Shockey's role with the firm Copeland, Lowery, Jacquez, Denton & White and its connections to Appropriations Chairman Jerry Lewis (R-Calif.) are part of a burgeoning federal investigation into the lobbying-for-earmark industry that serves as the financial lifeline of many defense contractors and has expanded in recent years to include municipalities and localities across the country.

Lewis has denied any wrongdoing on his part, while Shockey's lawyers have claimed that his buyout from the firm was ethical and legal, and something required by law rather than a parting gift. The firm has said it has acted completely within bounds of all laws.

"Throughout my career, I have also made every effort to meet the highest ethical standards, and I am absolutely certain that any review of my work will confirm this," Lewis said in a statement earlier this month.

This spike in revenue from Shockey's former clients came after Copeland Lowery played an active role in financially underwriting Lewis' campaign for the Appropriations gavel.

In 2003 and 2004, when the chairmanship race was in full swing, the firm's partners, their relatives, its clients and lobbyists affiliated with the firm contributed about $215,000 to Future Leaders PAC, the political action committee that Lewis used to dish out contributions to colleagues. All told, the firm and those connected to it were responsible for more than 26 percent of all donations to Future Leaders over the two-year cycle, according to federal election records.

Lewis contributed $583,000 from Future Leaders to candidates and party committees in the 2004 cycle.

Copeland Lowery has long had close ties to Lewis, given the decades-old friendship of the lawmaker and former Rep. Bill Lowery (R-Calif.). Those connections grew in 1999 when Shockey left Lewis and joined Copeland Lowery as a partner, giving him proprietary rights to his clients in a payout scheme that meant he kept whatever revenues he earned minus 18 percent, according to disclosure forms. He became a named partner to the firm in February 2003.

While the departure of such a prominent rainmaker is usually bad news for lobbying firms, Shockey's return to Capitol Hill and the ascension of Lewis to full committee chairman in January 2005 has proven to be even better business for Copeland Lowery.

Even though his disclosure forms show he held a 26 percent stake in the firm, Shockey's clients were responsible for more than 33 percent of all its revenue in 2004. According to a Roll Call analysis of Shockey's former clients, his book of work grew in worth to $2.9 million in 2005 while he was on Lewis' staff — up to 39 percent of the firm's $7.4 million in revenue.

Copeland Lowery went from the 54th largest revenue earner among lobbying firms in mid-2004 to the 32nd largest by the end of 2005, according to PoliticalMoneyLine.com.

The firm's ties to Lewis remain strong, as Shockey's name was replaced in January 2005 with that of Letitia White, who served as a top Appropriations subcommittee on Defense aide for Lewis until 2003. She left the Hill and joined Copeland Lowery, focusing much of her initial work on defense contractor clients.

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As Roll Call reported last week, the FBI has pulled the financial disclosure forms of Lewis, Shockey and White. In addition, federal investigators have subpoenaed the records of seven Copeland Lowery clients, all of whom at one point had Shockey as their lobbyist and at least four of whom have since had White take over their account.

Liberal activists and government watchdogs have questioned the nature of Shockey's financial separation agreement, which was included in a financial disclosure form he filed with the House ethics committee in early 2005. His lawyers wrote the committee regarding the buyout, as did Lewis.

However, the committee never responded in writing officially approving the arrangement or the financial package.

Shockey's lawyers released his new financial disclosure form Friday, showing that his total buyout was not $600,000 — as initially reported in the 2005 forms — but actually $1.96 million in a series of five different payments that ended in August 2005.

In addition, the largest portion of the buyout package was determined not on the past performance of his clients. But, his lawyers said it was based on projections for how much revenue they poured into the firm in the first six months of 2005.

Shockey's lawyers and a media adviser vigorously defended this practice in a conference call Friday, saying that someone else on the panel's staff was in charge of handling the earmarks that his former clients were seeking. "He cut all links with the Copeland Lowery firm," one lawyer said, requesting anonymity.

His lawyers initially said that the increase in revenue that the firm saw from Shockey's old clients was "not unreasonable" and based on new clients he was signing up late in 2004 before he returned to Lewis.

However, lobbying records show that Shockey signed up just four new clients late in 2004, the fees for which accounted for $60,000 in the first half of 2005.

Rather, the overwhelming lion's share of growth in fees came from already existing clients. Shockey's old clients paid $1.46 million in fees for the first half of 2005.

That represented almost triple the amount of revenue, $580,000, his clients paid the firm in the first half of 2004, according to lobbying records, and represented 84 percent of the amount his clients paid Copeland Lowery in all of 2004.

In effect, the dramatic uptick in fees paid to the firm in early 2005 had the double benefit of increasing Copeland Lowery revenue totals and increasing the final total of the financial buyout package for Shockey. But advisers also noted that his severance package was set in stone even if his old clients abandoned the firm.

For all of 2005, 33 of 49 ex-Shockey clients paid more money to Copeland Lowery than in 2004, with another 11 paying the same amount in both years, according to Roll Call's review of records.

Just a handful had a downturn in fees paid to Copeland Lowery.

At least 19 of Shockey's clients have been taken over by White, while an unreported amount have been subcontracted by the firm to Alexandra Shockey, the aide's wife, who has her own firm and rents space from Copeland Lowery. Shockey informed the ethics committee — in a letter signed in April 2005 by his lawyer William Oldaker — that he has recused himself from any clients and work connected to his wife's business.

'New Direction' Is New Theme For Democratic Plan (USAT)

By Kathy Kiely

USA Today, June 14, 2006

WASHINGTON — Democratic House and Senate leaders are planning to reduce the cost of student loans and prescription drugs, raise the minimum wage and launch an effort to develop alternative fuels if they win back control of Congress.

In an interview Tuesday with USA TODAY, House Minority Leader Nancy Pelosi previewed the "New Direction for America" platform hammered out by Democratic members of Congress, mayors and governors. She and Senate Minority Leader Harry Reid plan to formally unveil the plan today.

"The American people need to know, if you win, what are your priorities," she said. Reid said the party is standing "with the people we have always stood with: seniors, students and the hardworking families of America. We intend to tackle the issues that matter most."

Democrats need to pick up 15 seats in November to regain control of the House of Representatives. In the Senate, picking up six seats would give Democrats control.

Pelosi discouraged comparisons with the Republican "Contract With America," a 10-point pledge that GOP lawmakers and candidates signed six weeks before the 1994 election. That campaign manifesto helped the GOP win control of both the House and Senate for the first time in 40 years.

She said Democratic candidates will be "independent representatives for their districts," a nod to the differing views within the party on issues such as abortion, gun control and Iraq. They are points on which Pelosi of California and Reid of Nevada haven't always agreed.

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The Democrats' plan would increase the minimum wage to $7.25 an hour from $5.15, grant authority to the secretary of Health and Human Services to negotiate lower prescription-drug prices with pharmaceutical companies for those in Medicare's drug program and cut student-loan interest rates — rising to 6.8% in July — by half.

The agenda also calls for enacting recommendations of the 9/11 Commission, formed after the 2001 terror attacks, to boost national security and funding for it, and for eliminating about $18 billion in tax breaks and subsidies for oil companies. Pelosi said savings would go to develop alternative fuels.

Rep. Thomas Reynolds, a New York Republican who chairs his party's House campaign committee, said Democrats' agenda would amount to “bumper sticker slogans.” He demurred when asked whether the GOP plans to respond with a second contract.

The parties' role reversal reflects the political landscape. President Bush's 38% approval rating in a USA TODAY/Gallup Poll last weekend is encouraging Democrats to sound national campaign themes and Republicans to avoid them. The same poll found 51% of registered voters would vote for a Democratic congressional candidate; 39% for a Republican.

Ex-House majority leader Dick Armey, a 1994 contract author, says his former colleagues “need to do some serious substantive legislation” to improve their electoral chances. Armey, a conservative Republican, says his GOP colleagues are “wasting time” debating constitutional amendments to ban gay marriage and flag burning. “They're not doing real work. They're making political statements,” he says.

'Serious Misconduct' By NIH Expert Found (WP)

By Rick Weiss

The Washington Post, June 14, 2006

A world-renowned Alzheimer's disease researcher at the National Institutes of Health took advantage of the agency's lax oversight by improperly forwarding valuable tissue specimens to a pharmaceutical company and then accepting hundreds of thousands of dollars in consulting fees from it, according to congressional investigators.

Trey Sunderland, chief of the geriatric psychiatry branch at the National Institute of Mental Health, failed to tell agency officials about his arrangement with the drug giant Pfizer Inc., as required by federal rules, the investigators concluded in a 27-page preliminary report released yesterday.

Sunderland also did not properly disclose arrangements with another company, said the report, which found no wrongdoing by the drug companies. And though the NIH has not released the findings of its own investigation, the House report said the agency has concluded that Sunderland committed "serious misconduct, in violation of HHS ethics rules and federal law and regulation."

"I wish we were holding this hearing to congratulate him on some great discovery," said Rep. Joe Barton (R-Tex.), chairman of the Committee on Energy and Commerce, at a hearing yesterday of the oversight and investigations subcommittee. "Instead, we're going to have to discuss how he used his position to use NIH spinal fluid samples to further his own undisclosed personal consulting."

Sunderland, who has been subpoenaed to testify at a follow-up hearing today, has conceded that some disclosures were not properly filed -- in part, he has said, because of paperwork errors by office staff members.

"There was no effort to conceal this in any way," Sunderland's Washington attorney, Robert F. Muse, said yesterday, adding that "his failure to file was not unusual."

Until the NIH recently strengthened its conflict-of-interest rules, Muse said, many NIH doctors saw the requirements to disclose outside consulting as "basically a bureaucratic nuisance." They let their superiors know what they were up to through other channels, Muse said.

Several researchers linked to such failings have avoided closer scrutiny by leaving the NIH in the past two years. But Sunderland's request to retire has been denied -- an option the agency had because, unlike most NIH scientists, he is part of the commissioned corps, one of the nation's seven uniformed services.

Muse said that the denial is evidence that he is being made a scapegoat.

The congressional report builds on findings of conflict of interest among NIH researchers in 2004 and 2005, which led Director Elias A. Zerhouni to institute restrictions last year on drug company consulting and other outside activities by NIH employees.

The new focus is on blood and other tissue samples collected by NIH scientists for clinical research, and on the NIH's alleged lack of an inventory system or clear policies to ensure that those federally owned samples are used only for the purposes for which they were donated.

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"It's important to remember that each of these samples originated in a person . . . that chose to make a gift so research could progress," Rep. Tammy Baldwin (D-Wis.) said at yesterday's hearing. "What is most shocking to me is the carelessness in the way in which some at NIH seem to be treating such a precious commodity."

At the heart of the investigation is Sunderland's use of spinal fluid collected in the early 1990s by an NIMH scientist, Susan Molchan, who later left the institute. When Molchan -- who once filed sex discrimination charges against Sunderland that were unsuccessful -- sought to resume her research in a different lab in 2004, she learned that many of her 10- to 15-year-old samples, which she hoped to retrieve, were no longer in the NIMH's freezers.

Acting on a complaint from her, House investigators found that Sunderland had sent thousands of specimens -- including some of Molchan's -- to Pfizer under an agreement not approved by NIH officials. Pfizer used the samples in its search for biological markers of Alzheimer's progression, which could have led to a potentially lucrative test. Sunderland ultimately received at least $285,000 in consulting fees for work relating to the specimens, investigators said, as well as more than $300,000 for giving talks and other activities.

"In sum, the records and interviews conducted in this investigation raise serious questions of misconduct in connection with, and inadequate oversight and control over, human tissue samples" at the NIH, the report concluded.

NIH spokesman John Burklow said the agency is "evaluating the process of material transfer out of NIH and will be clarifying current rules." Under the clarifications, he said, "all transfers of human samples will require an appropriate agreement signed off by a senior official."

The NIH's Office of Human Subjects Research in January also revised its guidance on the use of stored tissue samples. The new language requires careful tracking of all specimens and documentation of their fate.

NIH Researcher Gave Samples To Pfizer, Pocketed $600,000 (LAT)

By David Willman

The Los Angeles Times, June 14, 2006

WASHINGTON — A senior Alzheimer's disease researcher at the National Institutes of Health pocketed more than $600,000 in fees from Pfizer Inc. while providing the drug company with thousands of samples of spinal fluid drawn from patients who were studied for his government work, congressional investigators said in a report made public Tuesday.

The new details about the conduct of the scientist, Dr. P. Trey Sunderland III, drew bipartisan criticism from members of an investigative panel of the House Energy and Commerce Committee.

The House members said Sunderland's conduct raised broad questions about how the NIH accounted for materials harvested from patients — materials that hold promise for finding cures or ways to better diagnose serious diseases.

Lax record-keeping regarding samples of human tissue leaves NIH laboratories "vulnerable to the risks of theft and abuse," said the committee chairman, Rep. Joe L. Barton (R-Texas). "It would really be a shame if we find out that the National Institutes of Health has more control over its paper clips and trash cans than it has over its human tissue samples."

The committee's senior Democrat, Rep. John D. Dingell of Michigan, said: "NIH lacks adequate controls for human tissue samples, human subject protection and the scientific conduct of many of its senior employees. Accountability must be restored to NIH's own research programs."

Documents presented at a panel hearing Tuesday showed that from 1996 to 2004, Sunderland accepted consulting, speaking and advisory fees from Pfizer totaling about $612,000. The committee staff found that nearly half of the money, $285,000, was for his consulting related to the search for scientific clues in 3,245 samples taken from 538 patients who participated as volunteers at the NIH.

The committee staff estimated that, assuming a cost of $12,000 per research patient, it cost the government $6.45 million to collect the samples that Sunderland shipped to Pfizer.

An attorney for Sunderland, Robert F. Muse, said Tuesday that his client "did not conceal his relationship with Pfizer." However, the committee staff noted that Sunderland did not obtain required written authorization from the NIH before he entered into paid arrangements with Pfizer and other drug companies.

The Los Angeles Times reported in January 2005 that, based on an internal review at the NIH, officials had referred Sunderland's conduct for investigation by the inspector general of the U.S. Department of Health and Human Services.

The NIH last year banned all employees from accepting consulting fees or stock options from pharmaceutical and biotechnology companies.

A spokesman for the NIH, John Burklow, said Tuesday that officials could not discuss the Sunderland case because "it remains under investigation." But Burklow said that even under the NIH's earlier, more permissive ethics rules, federal employees were prohibited from outside arrangements that overlapped with their government work.

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"It is important to note that the specific consulting arrangements in question, had they been known to NIH, would not have been approved under the present or previous ethics regulations," Burklow said, adding: "We share the committee's concerns in regard to the ethical management of human tissue samples and the development of rigorous and uniform policies to protect the public's trust and interests."

Newbie Local Political Activist (RC)

By Mary Ann Akers

Roll Call, June 14, 2006

Plain old American citizen Tom DeLay (what else are we supposed to call the fallen former Majority Leader?) seems a little disoriented since resigning from the House last week.

DeLay, now a permanent resident of Alexandria, Va., put his name to good use by doing a round of get-out-the-vote "robocalls" on behalf of Mark Ellmore, one of two GOP candidates who ran in Tuesday's Republican primary to oppose Rep. Jim Moran (D-Va.) this fall.

DeLay began his message by saying, "Hello, this is Tom DeLay." He mentioned that as Majority Leader, he "battled Jim Moran in Congress for 14 years." Then, for some reason, he continued, "I recently re-registered to vote in Northern California."

A House GOP aide who lives in Alexandria and who played for HOH the voice mail message she saved from DeLay's robocall said, "My husband made me listen to it three times, he thought it was so funny."

Whoops. Clearly, or so we assume, DeLay meant to say that he recently re-registered to vote in Northern Virginia. Though we just can't help but wonder if perhaps he was dreaming of the day that hippy dippy Marin County takes a hard turn to the right.

Believe. If you've always dreamed of talking to Cher, today's your big chance (if you read this in time). She's scheduled to be the guest on C-SPAN'S "Washington Journal" show from 9 to 9:30 a.m. to talk about sending better helmets to the troops in Iraq and Afghanistan.

Nobody is more excited about the sultry pop star's in-studio interview than the executive producer of "Washington Journal," Peter Slen, who happens to be Cher's biggest fan in all of Washington, D.C. Slen is due to host this morning's show, which means he gets to interview the goddess of ecstasy-fueled dance music.

While Slen will be talking to Cher about Operation Helmet, an organization that supplies troops with helmet liners to protect soldiers from head injuries, he'll be wishing they were on tour together.

"My iPod has her 'Living Proof' and 'The Very Best Of,' her most recent. I said farewell to her a couple of times at her concerts," Slen told us Tuesday, trying in vain to remain all C-SPAN calm for us. His absolute favorite Cher tune is the cover she does of Elton John's "When the Money's Gone," which is on "Living Proof." (He even played it for us over the phone.) "She does a beautiful job with it," he said.

Though this will be the first time Slen has ever interviewed Cher in person, he remembers the first time he talked to her. Exactly. "It was Oct. 27, 2003, at 7:16 a.m. when I was hosting," he said. (That's 4:16 a.m. California time.)

Cher has called into the show a couple of times since then, most recently over Memorial Day weekend. Slen will never forget what she said to him during that 2003 call: "I see you every morning."

And we can imagine what Slen must have been thinking: Yeah, and I sing a duet in the shower with you every morning.

Turd Blossom's Free. Sen. Charles Schumer (D-N.Y.) was, as always, quick to hold a news conference Tuesday to react to word that Karl Rove has escaped indictment in the CIA Leakgate probe. But he was stumped when it came to Rove's nickname.

Typically quick on his feet, Schumer wasn't quite prepared for the question he got from MSNBC reporter Tom Curry, who began his question saying, "Senator, as you know, the president has nicknames that he applies to people. And one of the nicknames he applied to Karl Rove was Turd Blossom."

Schumer looked clueless. "Was what, Cherry Blossom?" Schumer asked quizzically as the room burst out laughing.

"Turd Blossom," Curry explained amid the uproar.

"I didn't know that," Schumer said as reporters continued howling. "Even my nickname is better than that. My nickname is 'Ellis,' which is my middle name."

Curry finally asked his question: "Do you think this will lead to — in terms of Rove's career as a political strategist in the fall campaign — will this lead to a new flowering of Turd Blossom?"

Proving that there's first time for everything, Schumer replied, "I'm not going to comment."

Rep. Says VA Is F'd Up. Rep. Bob Filner (D-Calif.) was so fired up Tuesday over the Veterans' Affairs' handling of stolen military personnel files that he dropped the F-bomb at a news conference outside VA headquarters.

After a VA "spin doctor," as Filner calls him, ran outside and accused the Congressman of staging a "publicity stunt," Filner, who has been filling in as ranking member on the House Veterans' Affairs Committee, let her rip.

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"You guys f---ed it up!" the Congressman yelled. "Stop covering your ass and figure it out!"

Asked about his outburst, Filner told HOH that he's furious with the VA for waiting three whole weeks before responding publicly to the burglary of a laptop containing 26.5 million military personnel members' personal records. "I call this the Katrina of the VA," Filner said. "They haven't done anything to help veterans."

Filner wants VA Secretary Jim Nicholson to hire cyber experts and "sit down with the credit bureaus" and figure out a way to help the military personnel, whose stolen information included birth dates, addresses, Social Security numbers and disability codes.

The Congressman said he wonders whether we're going to hear President Bush very soon uttering the fatal phrase, "Mr. Nicholson, you're doing a heckuva job."

As for his potty mouth, Filner joked about the vice president, who's also been partial to the F-Bomb. "Cheney might offer me a job now," Filner said.

Bill Would Limit Consumers' Credit Rights (USAT)

By Byron Acohido

USA Today, June 14, 2006

SEATTLE — Congress is considering pre-empting laws in 17 states that allow anyone to freeze their own credit and instead restricting the privilege to ID theft victims.

The proposed Financial Data Protection Act of 2006, expected to be voted on by the House as soon as next week, comes on the heels of the recent theft of sensitive data for 26 million veterans and active duty military personnel. If it becomes law, vets and military personnel who live in states that permit unrestricted credit freezes would lose that option.

A credit freeze cuts off access to your credit history. Since most banks and merchants insist on seeing a credit report before issuing credit, identity thieves can't open bogus accounts using ill-gotten data. Under the bill, backed by the financial services industry, simply having your data lost or stolen isn't enough. You must file a police report describing a specific instance of it being used to commit a crime.

"It's like telling someone you can't put a deadbolt on your front door until after you've been burglarized," says Washington state Attorney General Rob McKenna.

Rep. Steven LaTourette, R.-Ohio, the bill's co-author, says credit freezes must be held in check to keep the financial system from unraveling. "Even the simplest process of buying groceries with your credit or debit card will break down if we allow a patchwork of competing and conflicting state laws," he says. Evan Hendricks, editor of Privacy Times, and other critics counter that the bill abolishes the rights of citizens who live in states that permit anyone to request a credit freeze. "It's a nightmare bill for consumers," Hendricks says.

The bill also would pre-empt laws in 29 states requiring companies, institutions and agencies to notify individuals about security breaches compromising their data. It sets national criteria for data protection and breach disclosures, and puts banking and Treasury officials in charge of compliance.

Proponents say fewer breaches will result. "If we can protect the data better on the front end, it will diminish the need for law enforcement to chase down the bad guys," says Andrew Barbour, vice president of government affairs for the Financial Services Roundtable, a banking lobbying group.

But critics say the bill tramples states' rights and undermines the consumer-protection role of state attorney generals. "If you have a strong federal standard, that's one thing," says Susanna Montezemolo, policy analyst at the Consumers Union. "But this is a very weak federal standard."

Rep. Barney Frank, D-Mass., says banking and Treasury regulators lack the "ability and the inclination" to expand consumer-protection duties. "It's just not what they do," he says. "They're busy worrying about the financial stability of the world."

Give Judges A Peek At Secrets (LAT)

By Louis Fisher

The Los Angeles Times, June 14, 2006

THE JUSTICE Department told a federal judge Monday that a challenge to the National Security Agency's controversial domestic eavesdropping program must be thrown out of court because the secrets involved are just too sensitive.

"The evidence we need to demonstrate … that it is lawful cannot be disclosed without that process itself causing grave harm to the United States' national security," said the government's lawyer, Anthony J. Coppolino.

This is not the first time the Justice Department has invoked what is known as the "state secrets privilege." It was used, for instance, to dismiss the case of an FBI whistle-blower, and again to derail the case of an African American CIA officer who

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charged discrimination in the agency. It was used in the case of Khaled Masri, the German citizen who alleges he was detained while on vacation and held for five months in Afghanistan, where he was shackled and beaten before being released as a case of mistaken identity.

Each time, the courts have agreed to dismiss the proceedings simply because the Justice Department says that trying the cases would reveal state secrets.

But that's not the way it has to be.

The fact is that the branch of government that runs the courtroom and decides questions concerning privilege and the introduction of evidence is the judiciary, not the executive branch. Judges have a constitutional duty to function as neutral referees to allow each side to present its case fairly. A court that automatically accepts the government's argument about state secrets, without ever looking at the documents in question, aligns the judiciary with the executive branch and eliminates any chance of a fair trial.

The "state secrets privilege" reached the Supreme Court in 1953 in United States vs. Reynolds, a case in which the widows of three civilians who died in the crash of a B-29 bomber sought damages. They asked the government to give them the accident report and the statements of three surviving crew members. Lower courts held that the government must surrender the secret documents to the trial court or lose the case. The judge would examine the documents in his chambers to determine if the government's demand for secrecy was valid.

Refusing to release the documents, the government lost at the district and appeals court levels. But when the case got to the Supreme Court, the justices reversed course and accepted the government's argument about state secrets — without ever looking at the documents. Even having the judge examine the evidence alone in his chambers could jeopardize national security, the majority ruled. When the documents were declassified in the 1990s, it became evident that the Supreme Court had been misled: The documents contained no state secrets.

In his authoritative 1940 treatise on evidence, John Henry Wigmore concluded that the executive branch is entitled to protect state secrets but that in cases in which classified information is at issue, it is up to the judge to decide whether such evidence qualifies as legitimately secret, and thus legally privileged. A court that "abdicates its inherent function of determining the facts upon which the admissibility of evidence depends will furnish to bureaucratic officials too ample opportunities for abusing the privilege," Wigmore warned.

I believe that Wigmore was right and that the Supreme Court decided the Reynolds case wrongly. Some federal judges agreed, and they have continued to recognize their obligation to examine disputed documents in their chambers before passing judgment on matters of evidence and privilege.

In 1971, the U.S. Court of Appeals for the Federal Circuit argued that "an essential ingredient of our rule of law is the authority of the courts to determine whether an executive official or agency has complied with the Constitution and with the mandates of Congress which define and limit the authority of the executive."

Claims of executive power "cannot override the duty of the court to assure that an official has not exceeded his charter or flouted the legislative will," the court said.

The executive branch may assert a right to keep its secrets, but this must not be viewed as an absolute right, only a privilege granted by the court when appropriate. Otherwise, even in the age of terrorism, there can be no judicial independence and no fair trial for Americans who would challenge their government.

Louis Fisher is the author of the forthcoming "In the Name of National Security," which analyzes United States vs. Reynolds.

Wrenching Changes On The Line (NYT)

The New York Times, June 14, 2006

The road back to prosperity will be a long and hard one for American automakers. Companies like Ford and General Motors groan under the weight of their history, manifested in the legacy costs that are a result of decades of promises to support workers and provide them with health care in their old age.

Foreign companies like Honda and Toyota have a double advantage. In the United States, their much newer manufacturing plants have hardly any retirees. Overseas, their workers can rely on national health care systems. Meanwhile, for American automakers, the costs are going only in one direction. In 1999, General Motors spent $3.6 billion to provide health benefits to 1.2 million workers, retirees and dependents. By 2005 the cost had ballooned to $5.3 billion for 1.1 million.

At the same time, vehicle production has been falling. G.M., Ford and the parts maker Delphi have all offered thousands of buyouts as part of efforts to restructure their inefficient manufacturing businesses, trimming payrolls to become more competitive.

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But that means fewer workers supporting armies of retirees, a demographic challenge not unlike the one facing the Social Security system.

The United Automobile Workers union has already made concessions on the superior health insurance its members receive. But slashing benefits is a short-term approach, and an insufficient answer when G.M. lost $10.6 billion in 2005.

In an ideal world, America would join the overwhelming majority of developed countries and hammer out some kind of national health care system. Failing such a sudden and unlikely onset of sanity, creative solutions are needed. Sen. Barack Obama has proposed striking a bargain with American automakers to help them with retiree health care costs in exchange for higher fuel efficiency standards. While we have some questions about how to make such a system work, it is at least a worthy new idea — one of a very few in a field desperately in need of them.

OTHER NEWS:

May Retail Sales Rose 0.1%, Signaling A Slowing Economy (WSJ)

By Christopher Conkey

The Wall Street Journal, June 14, 2006

WASHINGTON -- Lukewarm retail sales last month suggest that higher gasoline prices and the weakening housing market are taking a toll on consumers and slowing the economy.

Adding to concerns about inflation, wholesale prices climbed again in May.

The Commerce Department yesterday said retail sales rose only 0.1% in May from the previous month, after growing 0.8% in April, as spending patterns took a turn toward thrift. Consumers spent more on filling up their gas tanks -- primarily because pump prices shot up -- but less on new vehicles. Grocery stores saw gains, but sales at restaurants and bars were flat. Consumers also cut back on home furnishings, building materials and garden supplies, a possible byproduct of weaker home sales and remodeling activity.

Overall, retail sales in May were 7.6% higher than the year before.

Excluding the volatile auto, gasoline and building-materials sectors, retail sales rose a sluggish 0.4% in May, the third consecutive month at that pace. When stacked against recent readings on underlying inflation, "consumer spending is barely rising, which indicates that rising gasoline prices and lower consumer confidence is curbing discretionary consumer purchases," wrote Stuart Hoffman, chief economist at PNC Financial Services Group Inc. "While gasoline prices have leveled off thus far in June, the plunge in stock prices could be another negative holding down consumer spending this month."

After expanding at a 5.2% annual rate in the first quarter, consumer spending is widely forecast to slow to a 2% to 3% pace in the current quarter as consumers grapple with higher gas prices, rising interest rates and slower appreciation in housing prices. Yesterday's report was taken as confirmation of slower growth. Michael Moran, chief economist at Daiwa Securities America Inc., said "activity seems to have been dampened by high energy prices, but consumers remain active." (Japan may delay ending its zero interest-rate policy. Article on page A6.)

Meanwhile, the Labor Department reported that wholesale prices rose 0.2% in May after a 0.9% jump in April, and were 4.5% higher than a year ago. But strip out food and energy, and "core" producer prices rose 0.3% in May after increasing by 0.1% in each of the previous two months.

Several economists noted that producer prices tend to be volatile and often don't translate into higher prices for consumers. That showed up in the May numbers. The 0.2% increase in wholesale prices was far smaller than the 2% jump in the cost of oil and other raw materials, suggesting businesses often have little choice other than to absorb the higher costs.

Fletcher Steele, president of Pine Hall Brick Co., Winston-Salem, N.C., said the company raised prices 8% at the beginning of the year, but he doesn't believe his customers would tolerate another increase this year. "They've got projects started that they've locked in costs on. We need to give them several months' notice," Mr. Steele said. Meanwhile, the company is looking to save money by heating another one of its production facilities with sawdust instead of natural gas.

Nonetheless, economists said yesterday's reports, pointing to slower growth and somewhat heightened inflationary pressures, would make Federal Reserve policy makers more likely to raise the target for short-term interest rates when they meet later this month.

Retail Sales Fall Flat; Inflation News Mixed (USAT)

By Sue Kirchhoff

USA Today, June 14, 2006

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WASHINGTON — Wholesale inflation was mixed in May as overall price pressures eased, but a special measure closely watched by economists ticked up faster than expected, the government said Tuesday.

In addition, retail sales were basically flat during the month, rising 0.1% after a 0.8% reading in April. Consumers showed less appetite for expensive goods such as furniture and automobiles.

The reports appear to bolster Federal Reserve Chairman Ben Bernanke's recent assessment that the economy is slowing from the breakneck pace of the first three months of the year, though not yet quickly enough to contain price pressures.

Several economists said the wholesale inflation data made it more likely that the central bank will decide to raise interest rates again when it meets June 28-29 in a bid to restrain price increases, though many are waiting for today's release of the government's consumer inflation numbers.

"Clearly … inflationary pressure is still present, and with the Fed governors and presidents wringing their hands over inflation, the market is getting another green light" for a June rate increase, says Jason Schenker of Wachovia.

The Fed has increased short-term interest rates 16 times since mid-2004, raising them from a low 1% to the current 5%. That, in turn, has increased the interest rate on mortgages and other loans. The balance the Fed is seeking is to raise rates to a level that tamps down inflation, without slowing the economy too much or too abruptly.

The Labor Department said Tuesday that its producer price index, which measures wholesale prices, rose 0.2% in May, less than the 0.9% advance in April. The index was helped by a smaller increase in energy prices, though wholesale prices are still up more than 4% from a year ago. A separate measure of core wholesale inflation, which doesn't include food and energy, showed prices rose 0.3% in May — the biggest increase since February.

Further, there were substantial price pressures earlier in the production chain, with core prices for intermediate goods rising 1.1% during the month, and core prices for crude goods up 6.2%.

Moody's Economy.com said in a note to clients that manufacturers have been able to avoid passing on higher energy costs, but noted that with profits starting to level off and wage pressures building, there is increasing risk producers will pass on higher costs.

Carl Steidtmann, chief economist of Deloitte Touche, said one month of sluggish retail sales doesn't necessarily spell a trend, but he adds that Deloitte's own index of consumer spending also points to a slowing.

Core Producer Prices Rise A Little More Than Forecast (NYT)

By Jeremy W. Peters

The New York Times, June 14, 2006

Higher prices at the manufacturing level helped push overall prices of wholesale goods higher in May, the Labor Department reported yesterday. At the same time, the government said that retail sales were essentially flat in the latest set of economic data to suggest that inflation is creeping higher and the economy is slowing down.

While wholesale prices declined in certain categories like produce, alcoholic beverages and automobiles, they rose elsewhere, resulting in a net price gain for the month. Producers charged more in May for consumer goods like jewelry, drugs and detergents. And the price of many products used in the manufacturing process, like softwood lumber, wiring and processed steel, rose considerably.

Over all, the Producer Price Index rose 0.2 percent in May after posting sharper increases in April and March. But the so-called core rate, which excludes food and energy prices, rose 0.3 percent, compared with 0.1 percent increases the previous two months. That surprised economists, who were expecting a rise of 0.2 percent.

Separately, the Commerce Department reported that retail sales ticked up 0.1 percent in May, compared with a 0.8 percent increase in April.

"Economic activity is doing exactly what the Fed expected," said Kenneth J. McCarthy, chief economist at vFinance Investments. "It's slowing down. It's being influenced by higher energy prices, interest rates and a slowing housing market."

Economic indicators like the Producer Price Index and the retail sales report have taken on added significance ahead of the Federal Reserve meeting at the end of this month. The Fed's policy makers will decide whether to raise short-term interest rates for the 17th time since June 2004, and several Fed governors have said lately that they are concerned about accelerating inflation.

But with many economists of the belief that another rate increase is a foregone conclusion and with overall inflation still relatively low, the slight bump in the price data raised few eyebrows yesterday.

"No alarm bells were set off by today's report," Kenneth Beauchemin, an economist with Global Insight, said. "The increase of the core inflation rate is a slight concern. However, any one month's change has to be discounted somewhat because monthly changes in producer prices are relatively noisy."

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On Wall Street, stocks closed lower yesterday, but the losses were more moderate than on Monday. These followed steep losses in Asian markets. The price of the benchmark 10-year Treasury note was slightly higher.

Anxiety over another rate increase has helped push stocks down sharply worldwide as investors fear that the higher rates will dampen stock market activity.

Yesterday's report on the Producer Price Index was the first of two major reports on inflation this week. This morning, the Labor Department will report the Consumer Price Index for May, which measures inflation at the retail level and is considered to be a better indicator of the direction of prices.

Most economists will be looking to those figures to see whether inflation is accelerating at a troubling pace.

"On the margin, you've got slightly higher numbers on the core than expected," said James O'Sullivan, an economist with UBS. "But it really wasn't that big of a deal. There's really a lot more focus on the consumer number."

The price report also showed that increases for energy eased last month. Wholesale gasoline prices rose 2.2 percent, after a 12.3 percent jump in April and a 9.1 percent jump in March. The price of heating oil also rose at a much slower rate.

But the numbers suggest that price pressure at the consumer level could accelerate in the coming months. As the price of goods on the production chain rise, those costs are passed along to wholesalers and eventually consumers.

Last month's jump in the prices of goods used in manufacturing like lumber and processed steel "suggests growing inflationary pressures in the production pipeline that could ultimately make their way into prices for final goods," Stuart G. Hoffman and Richard F. Moody, economists at PNC Financial, said in a research note to clients.

Although the price of automobiles fell 0.4 percent in May, that hardly helped sales. Overall retail sales rose 0.1 percent in May, but excluding autos, the increase was 0.5 percent. Auto sales fell 1.6 percent compared with April.

Retail sales by grocery stores in May were up, as were sales at gasoline stations, which rose 1.9 percent for the month and 21.9 percent for the preceding 12 months, reflecting the higher cost of fuel.

The Mark Of The Bust (NYT)

By Martin Mayer

The New York Times, June 14, 2006

WHAT may be the most important number in the American panoply of economic statistics appears every Thursday night as an appendix to the weekly statement of the condition of the Federal Reserve System. This generally ignored number — few, if any, newspapers cover its release — has the unusual virtue of accuracy, for it is a simple financial statement derived from an adding machine, not from a computer or a formula.

What the number announces is the quantity of government and agency securities held "for foreign official and international accounts" — that is, for foreign central banks and finance ministries — by the federal reserve banks. It is important because over time it measures the demand for American assets by private enterprise in the world's creditor nations. It is important also because it is very large — last week, about $1.63 trillion. Three years ago, just before the invasion of Iraq, it was about $900 billion. The week George W. Bush took office, it was $693 billion.

Our appetite for imported goods throws some $600 billion to $700 billion a year into the hands of foreign suppliers. The businesses that receive these dollars have two fundamental choices about what to do with them: spend or invest them in the United States, or convert them into their own local currency.

Exporters to America who keep the dollars and use them for American purchases and investments create what economists call an autonomous flow of funds back to the United States, financing the American trade deficit with an American investment surplus.

This produces the argument most closely associated with the new Federal Reserve chairman, Ben Bernanke (though Alan Greenspan believed it, too), that our trade deficit is caused by a surplus of savings that can't be profitably invested in the home countries of our trading partners. Financing for our trade deficit comes before — and actually causes — the deficit itself.

If instead of investing their dollars in the United States, foreign exporters want to take the proceeds of their sales in their own currency, their central banks will in effect sell them that currency for their dollars. Back in the late 1960's, when Great Society deficits and the Vietnam War prompted the first serious sell-off of dollars (and forced the United States to abandon the gold standard because too many holders of dollars, led by President Charles de Gaulle of France, wanted gold), those central banks lent those dollars into the new Eurodollar market, where they traded somewhat separately from domestic dollars.

This created a nightmarish prospect of the United States losing control of its own currency, and in 1971 the Fed chairman, Arthur Burns, negotiated a deal with the European and Japanese central banks. The deal was that they would return to America the dollars they acquired in their own economies, and the Fed would invest the money on their behalf, in absolutely safe government securities, without charge and at the best rates.

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Today, the Fed continues as custodian of the "foreign official holdings" of such government obligations. During the Clinton administration, the Fed agreed to invest in federally guaranteed housing securities for those foreign central banks that wanted a better yield on their dollar reserves than they would get from government bonds, and now more than half a trillion dollars of the total official holdings are invested in agency paper. Foreign official holdings of government paper is a miner's canary number. It tells you if there is big trouble ahead. The most common worry is that the number will shrink suddenly, with foreign governments dumping their dollar holdings, driving down the dollar's value and driving up American interest rates, but that's not a real danger. If the price of our government securities dived, the foreign central banks would have to bear the loss. This would be a budget item for their governments, whose leaders would not like it at all.

What we have to watch out for is a sudden and drastic increase in foreign official holdings. Rapid growth in this number in the late 1960's and 1970's forecast the recessions of the early 1970's and 1980's, and it could happen again.

Recent large increases in foreign official holdings indicate that foreign private investors see fewer attractive places to put their money in the American economy. They could presage a significant fall in the price of American assets, stocks (witness the recent drops in American stock markets) and bonds and real estate and all, and a hard landing for a world economy still floating on the crest of cheap credit.

Martin Mayer, a guest scholar at the Brookings Institution, is the author of "The Fate of the Dollar."

From Sizzle To Fizzle For Investors (USAT)

By Matt Krantz

USA Today, June 14, 2006

Stocks and commodities tumbled worldwide Tuesday as investors grew increasingly concerned that rising interest rates could hurt global economies and crimp demand for everything from industrial materials to precious metals.

The Dow Jones industrial average sank 86 points to 10,706, which left it with a 0.1% 2006 loss little more than a month after it was up 8.6% for 2006 (story, 4B).

That's typical of the reversal of fortunes being felt by investors around the world for the same reason. “It's clear central bankers in the U.S. and across the global will slow economic growth,” says Stan Shipley of International Strategy & Investment. “Global interest rates are on the rise.” That is causing a flood of money out of what were once 2006's hot investments:

•Commodities. Gold fell $44.30, or 7.3%, to $562.50 an ounce, which Bloomberg News says was its biggest drop in 15 years. Gold is 20% below its high of a month ago. Other metals fell more: Silver lost 13.0% and palladium, a metal used in jewelry and industry, 12.5%. Silver is off 35% from its 2006 high and palladium 32%.

•Major foreign markets. The Tokyo stock market suffered its biggest drop in two years, as its Nikkei average plunged 4.1%. It's down 19% since its 2006 peak in April. The broad iShares Standard & Poor's Europe 350 exchange-traded fund suffered a 2.7% loss and is off 14% from its early May high.

Alan Skrainka, strategist at Edward Jones, says European investors are worried about the fallout from a slowing U.S. economy. “When the U.S. was growing at 5%, Europe grew at 1%,” he says. “If we slow to 3% — you do the math.”

•Emerging markets. White-hot emerging nations such as China, Brazil and India continue to suffer as investors look for safer bets, Skrainka says. The iShares MSCI Emerging markets ETF fell 2.2% Tuesday, leaving it 26% below its May high. Bombay's Sensex index dropped 4.4% Tuesday and is down 28% in the past month.

A slowing economy will have a direct impact on emerging markets that export the goods, says Jon Noonan, chief strategist at Appleton Partners. “If we get a consumer slowdown, it means that our trading partners will feel it,” he says.

The sell-offs, especially among commodities, are to be expected given the huge run earlier in the year, says Evan Smith of U.S. Global's Global Resources fund. “We're giving back the quick gains made not that long ago.”

And Fred Sturm, manager of the Ivy Global Natural Resources fund, says a pullback will help shake out people who had been speculating on commodities and move ownership from “short-term weak holders to those investors with long-term perspective.”

Tumbling Markets May Be Reflection Of Strong Growth (WSJ)

By Mark Whitehouse

The Wall Street Journal, June 14, 2006

Global stock and commodity prices tumbled again, extending a rout that appears to defy -- but may simply highlight -- the strong pace of economic growth in much of the world.

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The Dow Jones Industrial Average of 30 major U.S. stocks lost 86.44 points, or 0.8%, to 10706.14, surrendering the last of the gains it scored earlier this year. In Japan, the world's second-largest economy, the Nikkei Stock Average shed 614.41, or 4.1%, to close at 14218.60, and other markets were down sharply.

Gold, which often moves in the opposite direction to stocks, also lost ground. The price of a troy ounce, which had recently crossed the $700 mark, dropped $44.30, or 7.3%, to close at $562.50, and the price of silver fell 13%.

Many economists now think the broad reversal in the prices of stocks, bonds and commodities like gold and silver is less a warning signal of an economic downturn than a consequence of the ratcheting up of interest rates by the world's central banks. Indeed, the central bankers' concern is the reverse of a slowdown: that growth may get too hot and could contribute to an upward spiraling of prices -- or inflation.

By raising interest rates, they are making money more "expensive" to borrow and spend, stemming a tide of cheap money that has buoyed the prices of everything from U.S. Treasury bonds to Japanese stocks in recent years. That is tough on investors, because when easy money disappears, asset prices often fall precipitously, and financial bubbles tend to burst.

In Turkey, where stock and bond prices have been battered, Tim Adams, U.S. Treasury undersecretary for international affairs, yesterday offered that analysis, attributing the turmoil more to the end of easy money -- also known as liquidity -- than to the outlook for Turkey's economy.

"We're in a global transition from an era of benign economic conditions and tremendous amount of liquidity sloshing around the world to one in which...central banks are draining some of that liquidity out of the system," he said. "But the underlying fundamentals here are pretty good."

That isn't to say the market turmoil won't be painful. "The fact that we're still in the thick of a global expansion does not mean that we can't have a financial crisis," says Kenneth Rogoff, an economics professor at Harvard University. "Rising interest rates are going to expose some problems."

Scattered minicrises are already unfolding as investors shift their money away from riskier investments. Earlier this year, Iceland and New Zealand both saw their currencies plunge as foreign investors pulled out of high-yielding local-currency bonds. More recently, investors have dumped everything from junk bonds to Russian, Colombian and Japanese stocks. Yesterday, Russia's RTS Index dropped 10.5% and Colombia's stock market slid 9%.

By contrast, the global economy looks poised for a period of more-balanced growth after several years of depending heavily on the free-spending U.S. consumer. Most economists expect the U.S. economy, which spurted ahead at a 5.3% annual rate in the first quarter and now enjoys a low 4.6% unemployment rate, to slow -- to a 3% pace -- as consumer spending tapers off and the Federal Reserve's steady increases in short-term interest rates start to bite. Europe, Japan and emerging economies appear on track to pick up some of the slack. Earlier this week, for example, Japan raised its estimate of annualized first-quarter economic growth, adjusted for inflation, to 3.1% from 1.9%.

In its April economic outlook, the International Monetary Fund forecast world economic growth at an inflation-adjusted 4.9% for 2006 and 4.7% in 2007. The forecast indicates that for the four years ending in 2007, growth will average 4.93%, the highest sustained rate since 1973. The IMF expects only three of the 180 economies it tracks -- Zimbabwe, Equatorial Guinea and the Seychelles -- to contract in 2006. That would be the lowest number since at least 1980.

Gerd Hausler, director of international capital markets at the IMF, said the recent market volatility hadn't materially changed the fund's forecast. "I think that the prospect of a global economy where the engines of growth are more evenly balanced compared to what we've seen in the recent past should be a source of comfort," he said.

Central banks calibrate their moves to keep the global economy in balance by curbing the inflation that can result if economies grow too fast. Recent data have shown inflation pressures building in the U.S. and Europe, and reappearing in Japan after many years of falling prices.

Federal Reserve officials, including Fed Chairman Ben Bernanke, have said in recent days that they will take a hard line on inflation. Markets have taken that to mean they will raise their target for U.S. short-term interest rates to 5.25% from the current 5% at their next policy-making meeting June 28-29. Last week, the European Central Bank raised its short-term rate to 2.75% from 2.5%, and left open the possibility of further increases. Economists expect Japan's central bank to raise its rate from zero later this year.

Taken together, the central banks' moves drastically change the landscape for investors. For one thing, higher interest rates make the dollar a year or 10 years from now worth less today. So even if the economy looks good, and assets such as stocks and bonds are expected to keep making the same dividend and interest payments in the years to come, the present value of that future income falls.

Moreover, when interest rates rise, it becomes more expensive for investors to increase their returns by using borrowed money -- a strategy known as leverage.

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When investors are used to years of low interest rates and cheap money, as they have been until lately, it can take them a while to adjust to the new reality. When they do, prices tend to move quickly. The stock-market crash of 1987, the bursting of the Japanese real-estate bubble in the early 1990s, the Asian financial crisis of 1997 and the Nasdaq meltdown of 2000 all occurred when central banks were raising interest rates.

"The market has to learn again what it means for a central bank to tighten," says Peter Fisher, chairman of money manager BlackRock Asia and a former Fed and Treasury official. As to how investors' changing attitude toward risk will manifest itself this time, "I don't think we know," he said. "Clearly the first accident has been in emerging-markets exposure."

The prevalence of hedge funds and other sophisticated investors in today's financial markets could make those markets more sensitive to the type of risks that appear when central banks take away easy money. That is because many hedge funds' strategies depend on the prices of different investments moving in different directions -- if the fund incurs losses on one, it gains on the other. When financial crises occur, the prices of all assets tend to act in highly unusual ways, confounding the funds' strategies. That, for example, is how the Russian debt crisis in 1998 triggered the downfall of hedge fund Long Term Capital Management.

"These types of events happen every blue moon," says Carlos Asilis, a Miami-based portfolio manager for hedge fund Vega Plus Capital Partners, which has $2 billion under management. "It's hard to model them and it's hard to hedge against them. The best action in this type of market environment is to reduce risks and wait for things to calm down."

To be sure, the march toward higher interest rates could also have an adverse effect on the global economy. Economists and investors in the U.S. and Europe have expressed concerns that central bankers could take rates too high, tipping their economies into recession. That concern is evident in the market for U.S. Treasury bonds, where the yield on two-year notes has risen above the yield on 10-year notes -- an event called a yield-curve inversion that has often, but not always, preceded economic downturns.

Some investors, however, see the central banks' moves as just the right medicine, both for the world economy and for financial markets that had lost their sense of risk. "It's tough love," said Michael Litt, a portfolio manager at Greenwich, Conn.-based asset-management firm FrontPoint Partners LLC. "It feels bad now, but it's very good in the medium and long term."

The 'Noisy Market' Hypothesis (WSJ)

By Jeremy J. Siegel

The Wall Street Journal, June 14, 2006

Although the price-weighted Dow Jones Industrial Average approached its all-time high in early May, the large capitalization-weighted indexes -- such as the S&P 500 or the Russell 3000 -- in which most investors hold their "indexed" investments are still substantially below their tech-bloated peaks reached in March 2000. Those of us who have linked our portfolio returns to these popular indexes wonder whether there is a better way to capture the market's return without enduring the wild swings that characterized the last bubble.

Don't get me wrong. Capitalization-weighted indexation has been one of the great innovations in the last quarter-century. It has allowed millions of investors to capture the return on the market at a very small cost, and has outperformed most actively managed mutual funds. The $5 trillion invested in portfolios tracking cap-weighted indexes speaks to its popularity.

But we are on the verge of a revolution: New research demonstrates that it is possible to construct broad-based indexes offering investors better returns and lower volatility than capitalization-weighted indexes. These indexes are weighted by fundamental measures of firm value, such as sales or dividends, instead of allowing the market price alone to dictate how much of each firm should be included in the index.

Strong Appeal

The vast majority of indexes, with the exception of the Dow Jones Averages, are capitalization-weighted. This means that the weight of each stock in the index is proportional to the total market value of its shares. This methodology has strong appeal since the return on these indexes represents the aggregate or "average" return to all shareholders.

Strong support for these indexes also emanates from the academic community. The philosophical foundation of these indexes is the "efficient market hypothesis," which assumes that the price of each stock at every point in time represents the best, unbiased estimate of the true underlying value of the firm.

The efficient market hypothesis does not say a stock's price is always equal to its fundamental value. But the theory implies it is impossible to tell which stocks are undervalued and which are overvalued without either costly analysis or an innate skill possessed only by a chosen few, such as Warren Buffett, Peter Lynch or Bill Miller.

It can be shown that under standard portfolio models, if stocks are priced according to the efficient market hypothesis, then capitalization-weighted indexes offer investors the best risk-return combination. And there is no doubt that capitalization-weighted

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portfolios have performed very well for investors. Research conducted by Jack Bogle, Charles Ellis, Burton Malkiel and myself has undeniably shown that active mutual fund managers fail, after fees, to keep pace with the market indexes.

But as indexed investing gained adherents, cracks were found in the efficient market hypothesis. In the early 1980s, Rolf Banz and Don Keim showed that small stocks earned an outsized return compared to their risks. And, earlier, Sanjoy Basu and David Dreman discovered that stocks with low price-to-earnings ratios had significantly higher returns than stocks with high P/E ratios; small stocks with low P/E ratios (small value stocks) enjoyed particularly outstanding returns. The magnitude of these size- and value-based returns could not be rationalized using the standard asset pricing models of the efficient market hypothesis.

This caused schizophrenia in the financial community. Efficient-market believers still dominate the field of financial research, but many practitioners, including moonlighting academics, recommend that investors overweight value and small stocks in their portfolios. Eugene Fama from the University of Chicago and Ken French from Dartmouth's Tuck School built a very successful investment firm based on slicing the universe of stocks into value- and size-based sectors to market to large individual and institutional investors.

Since the 1980s, the finance profession has searched in vain for the reason why small and value stocks outperformed the market. Efficient-market diehards maintain these stocks contain deeply buried risk hidden in the historical data. They predict that one day, when a crisis hits and investors critically need to liquidate their portfolios, small and value-based stocks will crumble while large growth stocks will shine.

But if this is true, the data are unfortunately moving in the wrong direction. In the past decade we witnessed a huge tech bubble, 9/11, a recession, major corporate scandals and wars in Afghanistan and Iraq -- yet not only did small and value stocks survive, they outperformed the big cap, high-priced stocks by wider margins than they had in the past.

Current attempts to explain the hidden risks in value stocks remind me of the astronomers in the 16th century who attempted to save the earth-centered Ptolemaic view of the universe. They were forced to add complicated "epicycles" to the orbits of the planets to rationalize their movements in the evening sky; the model collapsed when Copernicus showed that a simple sun-centered solar system was an easier explanation. As with Copernicus, there is now a new paradigm for understanding how markets work that can explain why small stocks and value stocks outperform capitalization-weighted indexes.

This new paradigm claims that the prices of securities are not always the best estimate of the true underlying value of the firm. It argues that prices can be influenced by speculators and momentum traders, as well as by insiders and institutions that often buy and sell stocks for reasons unrelated to fundamental value, such as for diversification, liquidity and taxes. In other words, prices of securities are subject to temporary shocks that I call "noise" that obscures their true value. These temporary shocks may last for days or for years, and their unpredictability makes it difficult to design a trading strategy that consistently produces superior returns. To distinguish this paradigm from the reigning efficient market hypothesis, I call it the "noisy market hypothesis." * * *

The noisy market hypothesis easily explains the size and value anomalies. If a stock price falls for reasons unrelated to the changes in the fundamental value, then it is likely -- but not certain -- that overweighting such a stock will yield better than normal returns. On the other hand, stocks that rise in price more than their fundamentals become "large stocks" with high P/E ratios that are likely to underperform.

These discrepancies are not easy to arbitrage away on a stock-by-stock basis. The noisy market hypothesis does not say that every stock that changes price does so by more than what is justified by fundamentals. Any particular stock may still be undervalued when it moves up in price or overvalued when it moves down.

New research indicates that there is a simple way that investors can capture these mispricings and achieve returns superior to capitalization-weighted indexes. This is through a strategy called "fundamental indexation." Fundamental indexation means that each stock in a portfolio is weighted not by its market capitalization, but by some fundamental metric, such as aggregate sales or aggregate dividends. Like capitalization-weighted indexes, fundamental indexes involve no security analysis but must be rebalanced periodically by purchasing more shares of firms whose price has gone down more than a fundamental metric, such as sales, and selling shares in those firms whose price has risen more than the fundamental metric.

Robert Arnott, editor of the Financial Analysts Journal and chairman of Research Affiliates, LLC, has published research documenting both the theoretical and historical superiority of fundamentally weighted indexes. It can be rigorously proved that if stock prices are subject to noise, then capitalization-weighted indexes will offer investors risk-and-return characteristics that are inferior to those of fundamentally weighted indexes.

I have long advocated the use of dividends in evaluating stocks. Dividends are the only fundamental variable that is completely objective, transparent and unable to be manipulated by managers who tinker with accounting assumptions. (In the interest of full disclosure, I am an adviser to a company that develops and sponsors dividend-based indexes and products.)

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According to my research, dividend-weighted indexes outperform capitalization-weighted indexes and are particularly valuable at withstanding bear markets. For example, the Russell 3000 Index lost almost 50% of its value between the bull market peak of March 2000 and the October 2002 low. Over this same period, a comparable total market dividend-weighted index was virtually unchanged. A dividend weighted index did have a bear market, but it only corrected by 20%. Moreover, the dividend-weighted index bear market didn't start until March 2002, and it lasted only six months (compared to 24 months for the cap-weighted index). The dividend-weighted index is now about 40% above its March 2000 close, whereas the S&P 500 and Russell 3000 are still not yet back to even. A similar performance occurred in other bear markets.

The historical data make an extremely persuasive case for fundamental indexing. From 1964 through 2005, a total market dividend-weighted index of all U.S. stocks outperformed a capitalization-weighted total market index by 123 basis points a year and did so with lower volatility. The data indicate that the outperformance by fundamentally weighted indexes during the same period is even greater among mid-sized and small stocks.

'Value Cuts'

Furthermore, dividend-weighted indexes had better risk and return characteristics than capitalization weighted indexes in each industrial sector and each country that I analyzed. Dividend-weighted indexes even outperformed "value cuts" of the popular capitalization-weighted indexes such as the Russell Value and Barra-S&P Value that attempt to choose those stocks whose prices are low relative to fundamentals.

With the advent of fundamental indexes, we're at the brink of a huge paradigm shift. The chinks in the armor of the efficient market hypothesis have grown too large to be ignored. No longer can advisers claim that capitalization-weighted indexes afford investors the best risk and return tradeoff. The noisy market hypothesis, which makes the simple yet convincing claim that the prices of securities often change in ways that are unrelated to fundamentals, is a much better description of reality and offers a simple explanation for why value-based investing beats the market.

If you are a fan of indexing, as I and so many other investors are, you are no longer trapped in capitalization-weighted indexes which overweight overvalued stocks and underweight undervalued stocks. Devotees of value investing who are searching for a simple, low-cost indexed portfolio in which to hold their stocks need wait no longer. Fundamentally weighted indexes are the next wave of investing.

Mr. Siegel, the Russell E. Palmer Professor of Finance at Wharton, is senior investment strategy adviser to WisdomTree Asset Management, Inc. This concludes a two-part series.

Global Capital On The Run (WP)

By Robert J. Samuelson

The Washington Post, June 14, 2006

It is too early to say whether the recent declines in global stock markets signal anything out of the ordinary. Though large, they are hardly unprecedented: 8 percent for the Dow, 19 percent for Japan's Nikkei, 21.7 percent for Brazil's Bovespa (all changes are measured from recent highs, in April or May, until yesterday's closes). But the fact that they've occurred simultaneously suggests herd behavior. Spoiled by years of cheap credit, global investors seem to be reacting to the prospect of higher interest rates by fleeing stock markets almost everywhere. There is danger of a broader financial and economic setback.

The riskiest and most mysterious aspect of the present situation is the increasingly global nature of investment capital. Once, capital was largely compartmentalized by nation. Americans saved and invested in the United States; Germans saved and invested in Germany. This world is disappearing. It is now routine for pension funds, mutual funds and many wealthy investors to move money in and out of American, European, Asian and Latin American stocks and bonds.

The magnitudes are immense. For 2004 the International Monetary Fund reports that:

Â· Americans invested $856 billion abroad, while foreigners invested $1.44 trillion in the United States. Some flows represented "foreign direct investment": buying factories, real estate or entire companies. But most flows involved corporate stocks and bonds, government bonds or international bank loans.

Â· The Japanese invested $414 billion abroad, and foreigners invested $273 billion in Japan.

Â· "Emerging market" countries (China, India, Brazil and many developing nations) received $570 billion in foreign investment and made $935 billion of investments abroad. About $515 billion of the outflow came from governments -- dominated by China and other Asian nations -- that reinvested their trade surpluses, often in U.S. Treasury bonds.

Thirty years ago, these massive global money movements didn't exist. Most countries had extensive "capital controls" restricting how much (or whether) their citizens could invest abroad and how much (or whether) foreigners could invest in their countries. The United States was a major exception.

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A turning point was France's decision in the early 1980s to relax controls, says Rawi Abdelal of the Harvard Business School and author of the forthcoming "Capital Rules: The Construction of Global Finance." The French concluded that controls were so widely evaded by the wealthy that they were impractical, he says. Once France changed, Europe moved to liberalize capital flows. Many other countries gradually joined for fear of losing in the worldwide chase for investment funds.

In theory, liberalization benefits everyone. Capital flows to the most productive investments. Savers earn higher returns. Countries with good investment opportunities expand more rapidly. Huge capital inflows have clearly helped China by financing new factories with modern technology. In many ways, the world economy seems healthy. In 2006, the IMF predicts the fourth consecutive year of growth exceeding 4 percent.

But there's a rub: Global finance has created new risks. At least two stand out.

First, huge trade imbalances. The United States is running massive deficits, counterbalanced by big surpluses in China, Japan and other Asian countries. These imbalances occur in part because countries with trade surpluses can recycle their export earnings -- heavily in dollars -- rather than buying imports or selling dollars for other currencies, leading to a dollar depreciation. That would lower the American trade deficit by making U.S. imports more expensive and U.S. exports less expensive. Most economists consider today's massive imbalances unsustainable.

Second, worldwide financial crises. Global investors may move in herds, first pouring money into some countries -- or investments -- and then withdrawing abruptly. That's what happened in the 1997-98 Asian financial crisis. Capital flight plunged countries into deep recessions; investors suffered large losses. There are now fears that hedge funds and others may be similarly overexposed in some markets. (Hedge funds are lightly regulated pools of money, mostly from big and wealthy investors. They are estimated to control more than $1 trillion in financial assets.) Some economists, most prominently Stephen Roach of Morgan Stanley, consider the recent stock market declines a healthy sign. They signal a retreat from blatantly speculative behavior. A prolonged period of cheap credit pushed too much money into risky investments. Some investors put money into emerging-market stocks and bonds; others preferred commodities (gold, copper). Housing was the small investor's favorite. The result: a series of "bubbles" that are best punctured sooner rather than later.

Roach welcomes higher interest rates. Last week the European Central Bank raised rates; so did government central banks in South Korea, South Africa, Turkey, Thailand and India. The Federal Reserve has been raising short-term rates since June 2004 and may do so again in late June. Sure, says Roach, stock, commodity and housing prices may weaken. Some investors will lose. But the damage to the "real economy" of production and jobs will be modest.

This seems plausible. But so is something more menacing. Losses in one market prompt investors to sell in others. Global investors influence local investors; any whiff of panic spreads. As stock markets and housing prices sag, consumer and business confidence ebb. Economies elsewhere that depend heavily on huge exports to the United States weaken. They can't generate stronger domestic spending. High oil prices hurt.

We really don't know much about the interconnectedness of global financial markets. The presumption that we do is just that -- a presumption. They are too new and changing too fast. We can see the promise and the peril, but we cannot know which will prevail.

Former Reagan Aide Wins Va. Senate Primary (AP-Y2)

By Bob Lewis

AP2, June 14, 2006

James Webb, a former Reagan administration Navy secretary who left the Republican Party over the Iraq war, won the Democratic nomination Tuesday for the right to take on GOP Sen. George Allen (news, bio, voting record) in the fall.

Webb defeated lobbyist and longtime Democratic Party activist Harris Miller after a bruising primary in which voters decided between a traditional and unabashed liberal (Miller) and a former Republican (Webb) whose populist campaign was aimed at so-called Reagan Democrats — namely, rural, white moderates.

With all but one precinct reporting, Webb had 83,156 votes, or 53.5 percent, compared with 72,352 votes, or 46.5 percent, for Miller. Except for the Washington suburbs, turnout was low across Virginia, a state unaccustomed to primaries. The last Democratic Senate primary was in 1994.

Allen is seeking a second term and also pursuing a 2008 bid for president. He had no GOP challenger.

Four other states also held elections Tuesday, including primaries for governor in Maine and South Carolina; a Democratic runoff for the nomination for lieutenant governor in Arkansas; and referendums on constitutional amendments in North Dakota.

Both Democratic candidates in Virginia sought to tie Allen tightly to Bush, particularly over Iraq. But Webb was seen by some as having particular credibility on military issues because of his background as a decorated Marine lieutenant in Vietnam

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and later Navy secretary. Webb, who endorsed Allen six years ago, underscored the point by campaigning in desert combat boots.

"We need leadership that will not just follow an administration blindly, but is capable of independent thought," Webb told supporters Tuesday night in Arlington.

Webb, 60, referred to Miller in a televised debate as "the anti-Christ of outsourcing," claiming that Miller, as a lobbyist for a major Internet-industry organization, helped drive technology jobs overseas. Also, a Webb flier contained a caricature of Miller with a hooked nose and cash spilling from his pockets. Miller, who is Jewish, called the brochure "despicable"; Webb said it was not anti-Semitic.

Webb's triumph was a victory for Senate Democratic leaders, many of whom either endorsed him or sent him campaign donations. Party strategists calculated that Webb offered the only chance to mount a credible challenge to Allen in the fall, when Democrats hope to win six seats to gain control of the Senate.

Webb said such support was key to his victory. "Everywhere I went, I had to face a room where people wondered if I really was a Democrat," he said in a telephone interview with The Associated Press.

Miller put nearly $1 million of his own money into the campaign and outspent Webb by more than a 2-to-1 ratio.

In South Carolina, Republican Gov. Mark Sanford easily defeated a political newcomer for the nomination for another term. In the Democratic primary, state Sen. Tommy Moore beat Florence Mayor Frank Willis.

The state's GOP primary for lieutenant governor was headed to a runoff between incumbent Andre Bauer and challenger Mike Campbell, the son of Carroll Campbell, a popular former governor. The race had been energized by news that Bauer at least twice avoided speeding tickets — once after he was caught going more than 100 mph.

In Maine, two little-known Democrats competed for the chance to take on two-term Republican Sen. Olympia Snowe (news, bio, voting record). The candidates were separated by less than 500 votes early Wednesday, and it was unclear when a winner would be determined. Snowe had no GOP challenger.

In the state's Republican primary for governor, Chandler Woodcock narrowly led fellow state Sen. Peter Mills. On the Democratic side, Gov. John Baldacci easily prevailed against a little-known computer specialist.

In Arkansas, former Clinton administration official Bill Halter defeated state Sen. Tim Wooldridge in a runoff to determine the Democratic nominee for lieutenant governor. Halter faces Republican state Sen. Jim Holt this fall.

In North Dakota, voters approved two constitutional amendments — one to remove gender, age and residency references in the constitution's definition of state militia, the other to give the Legislature more authority to regulate how corporate shareholders vote for boards of directors.

Webb Wins Democratic Primary For Senate (WT)

By Seth McLaughlin

The Washington Times, June 14, 2006

James H. Webb Jr., a Reagan Republican-turned-Democrat, defeated longtime party activist Harris N. Miller in the Democratic primary for the U.S. Senate in Virginia yesterday, according to unofficial election results.

With more than 99 percent of precincts reporting, Mr. Webb, a decorated Vietnam War veteran, had 53 percent of the vote, while Mr. Miller garnered 47 percent, according to unofficial results posted on the Virginia State Board of Elections Web site.

Mr. Webb will face Republican incumbent Sen. George Allen, a possible presidential candidate in 2008 who has more than $7 million in his campaign war chest.

Last night, Mr. Webb told supporters gathered at the Hilton Crystal City Hotel at Ronald Reagan Washington National Airport that voters want someone who is not going to follow the Bush administration "blindly" like Mr. Allen.

"I stand here today because you believed in a vision, not just my vision, a vision for this country," Mr. Webb told supporters after winning the party's nomination.

"Many of you called on me months ago because you wanted a leader to carry that vision to Washington. ... Too much was at stake, and the time had come to bring this country on a different course," he said. "That is a call I am glad I answered."

Meanwhile, Mr. Miller told supporters gathered at the Sheraton Premier Hotel at Tysons Corner to back Mr. Webb and focus on unseating the politically tested Mr. Allen.

"Jim Webb is going to be a great United States senator, and I am going to help him beat George Allen," Mr. Miller said.

Political observers said the race between Mr. Webb and Mr. Allen will be interesting to follow.

"That could be a knock-down, dirty fight," said Toni-Michelle Travis, a political science professor at George Mason University. "Webb is somebody that has those military credentials that could really put Allen in his place."

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Except for the D.C. suburbs, turnout was paltry across Virginia, a state unaccustomed to primaries. The last Democratic Senate primary was in 1994. An estimated 3.4 percent of the state's 4.5 million registered voters voted in the primary for the Senate.

In other primaries in the state yesterday, Republican Tom M. O'Donoghue beat challenger Mark. W. Ellmore in the 8th District Republican primary. Mr. O'Donoghue had 69 percent of the vote to Mr. Ellmore's 31 percent, early returns showed. The winner will challenge eight-term Rep. James P. Moran in November.

Democrat Andrew L. Hurst defeated challenger Ken Longmyer in the 11th District for their party's nomination to run against Republican Rep. Thomas M. Davis III. Mr. Hurst had 55 percent of the vote to Mr. Longmyer's 45 percent, unofficial results show.

The campaign between Mr. Webb and Mr. Miller heated up last month, when Mr. Miller, 54, a former president of the Information Technology Association of America, and Mr. Webb, 60, a best-selling author who earned the Navy Cross, the Silver Star, two Bronze Stars and two Purple Hearts in Vietnam, began trading barbs about each other's loyalty to the Democratic Party.

Mr. Miller, a McLean resident and former chairman of the Fairfax County Democratic Party, railed against Mr. Webb for supporting President Bush and Mr. Allen in 2000, and repeatedly criticizing former President Clinton.

Mr. Webb, a Falls Church resident, retaliated by knocking Mr. Miller for contributing more than $5,500 to Republicans in Congress, including House Speaker J. Dennis Hastert of Illinois, when he worked as a lobbyist on Capitol Hill.

They also jockeyed for political endorsements, which stressed a local versus national split in the Democratic Party that more often than not put ideologues behind Mr. Miller, the conventional Democrat, and the "anyone but Allen" pragmatists behind Mr. Webb.

Former Virginia Gov. Mark Warner, a Democrat, helped both candidates raise more than $220,000.

Both painted Mr. Allen as political lackey who voted 97 percent of the time with Mr. Bush. They said Mr. Allen rubber-stamped failed policies that caused the national debt to balloon, led to the deaths of U.S. troops in the Iraq war and caused the president's job-approval ratings to plunge.

They also said Mr. Allen was more concerned with campaigning across the country for a presidential bid than representing Virginians on Capitol Hill. Both said they supported civil unions for homosexuals.

Mr. Webb's campaign centered on foreign policy and national security issues. He touted his early public opposition to the war in Iraq as an example of the leadership he could bring.

Mr. Miller called for the resignation of Defense Secretary Donald H. Rumsfeld, a higher minimum wage and stiffer sanctions, including jail time, for employers who hire illegal aliens.

Virginia Democrats Back Ex-Navy Secretary In Senate Race (NYT)

By Anne E. Kornblut

The New York Times, June 14, 2006

WASHINGTON, June 13 — James Webb won the Democratic Senate nomination in Virginia on Tuesday night, securing his role as the challenger to the incumbent Republican, George Allen, in this fall's midterm election.

With all but one precinct reporting, Mr. Webb, a former Republican who served as Navy secretary during the Reagan administration, had 83,002 votes, or 53 percent. His opponent in the primary election, Harris Miller, a former lobbyist who spent about $1 million of his own money on the race, had 72,263 votes, or 46 percent.

National Democratic Party leaders had pinned their hopes on Mr. Webb as the more viable challenger to Mr. Allen, a popular incumbent who is also considered a potential 2008 presidential candidate.

Indeed, the primary played out against the backdrop of the next presidential race. Both Mr. Webb and Mr. Miller began their campaigns after Mark Warner, the former Democratic Virginia governor and a potential presidential contender, decided not to challenge Mr. Allen. And in the final hours of the race, Senator John Kerry of Massachusetts, the Democratic presidential nominee in 2004 and another possible candidate in 2008, appeared with Mr. Webb.

With a campaign slogan — "Born Fighting" — that emphasized his independence and his national security experience, Mr. Webb had come under fire from his opponent as having dubious Democratic credentials. Mr. Miller, a party stalwart well known in heavily Democratic Northern Virginia, had repeatedly campaigned on the fact that Mr. Webb had endorsed both Mr. Allen and President Bush in 2000.

Mr. Webb had campaigned against Mr. Miller for his liberal spending on the race, at one point distributing fliers that showed Mr. Miller with money flowing from his pockets and a hooked nose. Mr. Miller, who is Jewish, denounced the image as anti-Semitic; Mr. Webb denied intending a slur.

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Senator Charles E. Schumer of New York, the head of the Democratic Senatorial Campaign Committee and a champion of Mr. Webb's, credited his independent streak and his aggressive campaigning for the victory.

"People wanted a candidate who spoke his mind, who said what he thought, who was going to shake Washington up," Mr. Schumer said in an interview after the election results were in. "I think this is going to be quite an interesting race."

Mr. Schumer said that with Mr. Webb's victory, he expected the Virginia race to become more competitive and to put the balance of the Senate into play.

"I think people want change, and George Allen has been part of the status quo," Mr. Schumer said.

Dick Wadhams, the campaign manager for Mr. Allen, said, "We hope that Senator Schumer and John Kerry and Tom Daschle and Harry Reid campaign all day every day in Virginia for Jim Webb."

Mr. Allen, a former Virginia governor and the son of a renowned coach of the Washington Redskins, was first elected in 2000.

Webb Wins Democratic Nomination In Virginia (WP)

By Michael D. Shear

The Washington Post, June 14, 2006

Virginia Democrats yesterday chose Vietnam War hero James Webb to challenge Sen. George Allen (R), siding with their party's national leadership, which had declared the former Republican to be the only candidate with a chance to beat Allen in November.

Webb's support from Democratic senators such as 2004 presidential nominee John F. Kerry (Mass.) swamped the textbook campaign of his opponent, former lobbyist Harris Miller, who used $1 million of his own money to question Webb's commitment to the Democratic Party's core principles.

In other primaries, Democrat Andrew Hurst, a lawyer, defeated Ken Longmyer, a retired Foreign Service officer, for the chance to run against Rep. Thomas M. Davis III (R) in the Nov. 7 general election. Republican Tom O'Donoghue, a military veteran, beat Mark Ellmore, a mortgage broker, and will run against Rep. James P. Moran Jr. (D).

Webb, who was outspent 3 to 1, tapped into national anger over the Iraq war and a desire among Democrats to reach out to moderates who have drifted to the Republican Party over social issues and national security. Webb captured almost two-thirds of the vote across the populous suburban counties in Northern Virginia.

"In too many cases, our leaders are not equal to the challenges they face," Webb said to a screaming crowd at the Crystal City Hilton as he accepted the nomination and promised new leadership in Washington. To Allen, he said: "I wonder, George, what leadership? It's not leadership to follow this administration blindly 97 percent of the time."

The springtime squabble between Democrats produced a near-record low turnout that a state election official described as "dismal." Polling places across Virginia reported being empty for long stretches, even though voting was open to all of the state's 4.5 million registered voters.

Webb now faces the challenge of raising millions of dollars in an attempt to oust Allen, a popular ex-governor who is considering a bid for the presidency in 2008. Allen has more than $7.5 million in the bank and a long history of winning in a state that usually votes for Republicans in federal contests.

Allen, the son of a beloved Washington Redskins coach by the same name, became a darling among conservatives as governor in the mid-1990s, when he abolished parole, toughened education standards and changed the welfare system. He left office in 1997 with strong approval ratings and beat incumbent Charles S. Robb (D) in the 2000 Senate race.

Allen's campaign manager, Dick Wadhams, said the Republicans look forward to running against a "very fractured, divided Democratic Party" and "having John Kerry . . . campaign with Mr. Webb."

But Allen is running for reelection in the midst of national frustration with congressional corruption scandals, the war in Iraq and rising gas prices. Webb vowed to make Allen answer for those issues as an insider and a Bush administration loyalist.

It was just that contrast that national Democratic leaders hoped to stoke. Sen. Charles E. Schumer (N.Y.), the head of the Democratic Senatorial Campaign Committee, said Webb made a powerful connection with voters.

"He's an original, and that makes a difference to people," Schumer said after Webb's victory.

Miller campaigned on the strength of his 30-year ties to Virginia's Democratic establishment. In his concession speech just after 9 p.m., Miller congratulated Webb and promised to support the party's efforts to defeat Allen.

"Let me tell you what George Allen's worst nightmare is: a unified Democratic Party," Miller told the crowd gathered last night at the Sheraton Premiere Tysons Corner hotel. "The Democratic Party is stronger tonight because of this contest."

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Webb was a halting, unpolished candidate, never having run for public office. But his rÃ©sumÃ© as a former Republican and an early critic of the Iraq war appeared to be as tantalizing to the state's rank-and-file Democrats as it was to the party's national leaders.

"I think he can give Allen a run for his money," said Harry Massey, 50, of Baileys Crossroads, who works for a trade organization in Rosslyn. "He's pro-choice. He's antiwar. And he is certainly more receptive to the downstate voters."

Others disagreed.

"Miller seems like a centrist, and that's the way Virginia Democrats can win," said Brenna Copeland, 30, who cast her ballot at the Lyon Park Community Center before heading to work.

Election officials said just over 3 percent of voters went to the polls, far less than the 16 percent who voted in the 1996 primary between Republican Sen. John W. Warner and former Reagan budget director James C. Miller III.

"I just don't understand," said Jean Jensen, secretary of the state Board of Elections. "It's dismal. It's not even very high in Fairfax County," where both candidates live.

Democrats first turned to Miller after Mark R. Warner (D) decided to build on his popularity upon leaving the governor's office to pursue the White House rather than to oppose Allen. Warner urged Miller, a longtime friend, to run.

But what initially seemed like a clear path to the nomination became muddied for Miller in February, when Webb indicated that he would take a break from his lucrative writing career to seek the nomination.

"I don't wake up in the morning wanting to be a U.S. senator," Webb said at the time. "I wake up every morning very concerned about the country. We need to put some focus back in our foreign policy, a different focus."

His decision sparked a brief but fierce fight within Virginia's Democratic Party. For three months, party traditionalists who backed Miller clashed with young and passionately antiwar bloggers, who had helped to persuade Webb to jump into the Senate race.

The contest also divided many of the state's power brokers and political leaders -- who backed Miller early -- from their counterparts at the national level, who saw in Webb a war hero with an antiwar message that would be the perfect challenge to Allen's support for Bush.

"With Jim Webb as the Democratic nominee in Virginia, we have an opportunity to give George Allen a real run for his money," Schumer said.

From the beginning, though, Miller rejected the notion that Webb was more electable.

He quickly attacked Webb's longtime association with the GOP, contending that Webb was still a Republican at heart and questioning his dedication to Democratic principles. Miller repeatedly reminded voters that Webb endorsed Allen in 2000 over Robb and backed President Bush that year as well.

"When we were fighting in the trenches to defeat George Bush and George Allen in 2000, you weren't just voting for them; you were endorsing them," Miller said to Webb during a contentious debate on a Virginia Beach television show in May.

Miller also questioned Webb's commitment to traditional Democratic policies, such as affirmative action and support for women's rights. He pointed to some articles Webb has written, such as one in which Webb wrote that affirmative action has brought about "a permeating state-sponsored racism."

Webb strongly denied the contention that he opposes affirmative action, saying he supports the program for black people but takes issue with broader diversity efforts that do not offer preferential treatment for the economically disadvantaged.

Throughout the campaign, Miller was able to distribute his criticisms widely, thanks to a lead in fundraising that he never relinquished.

Webb fought back. The former Marine, who won several medals for valor during Vietnam, responded angrily during interviews and debates to the suggestion that he was not a legitimate Democrat.

Webb said he had "made a mistake" in supporting Allen and Bush in 2000 but realized it only after the Sept. 11 attacks and the decision to invade Iraq, which Webb criticized in a Washington Post opinion piece in 2002.

In the two Northern Virginia congressional primaries, the candidates also argued about who was best equipped to beat an entrenched incumbent.

Longmyer, 68, and Hurst, 36, spent much of their campaign criticizing the Bush administration. Longmyer, who has run against Davis before, said he had the experience to mount a successful campaign. Hurst said Longmyer has raised too little money in the past to be a serious challenger.

Ellmore and O'Donoghue focused their campaigns to oust Moran on border security and the need to stay the course in Iraq. Ellmore called himself the real conservative; O'Donoghue stressed his military background.

Webb Will Try To Turn Past GOP Loyalty Into Advantage (WP)

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By Robert Barnes

The Washington Post, June 14, 2006

For months, James Webb has dreaded the endless questions about his past support of Republican Sen. George Allen. But last night, after officially claiming the nomination to try to return that Virginia Senate seat to the Democratic Party, it was one of the first things Webb brought up.

"I supported George Allen six years ago because I thought he'd provide leadership," Webb told a cheering crowd in a Crystal City hotel. "I'm still waiting for the first concrete example."

With that, the man who cast his first vote for a Democratic presidential candidate only two years ago made it clear that, in the fall, he will try to turn to his advantage the positions and past alliances that dogged his primary campaign this spring.

He supported Allen and George W. Bush in 2000. He's proud of Ronald Reagan -- he was a prominent member of the administration -- and couldn't abide Jimmy Carter or Bill Clinton. He has questioned affirmative action and supports gun owners. But he also thinks that the war in Iraq was a mistake and that Congress is overwhelmed by special interests and doesn't do enough for the little guy. In all of these ways, he thinks he's like most Virginians.

His first appeal was to people like himself. "It's time to welcome home those Democrats who left for a time, the Reagan Democrats, the conservative Democrats, whatever labels we give them," Webb said. "It's time to welcome them home."

They may be the ones who can deliver Webb to the Senate in the fall, but they are not the ones who gave him his victory yesterday. Although Webb has portrayed himself as the candidate who will appeal to conservative voters in southwest Virginia and bring out new military supporters in the Tidewater, it was the tried-and-true Democrats from Northern Virginia who provided his margin of victory yesterday. More than 42 percent of all the votes were cast in the Washington suburbs, and Webb won an overwhelming majority of them.

It may have been the first election in which all Virginians used electronic voting machines, but some precincts could have been counting on an abacus. Voters south of the Rappahannock River largely stayed home, and the loyal Democrats who turned out there voted mostly for the loyal Democrat on the ballot, longtime party activist Harris Miller.

But in Northern Virginia, where turnout was only miserable compared with pathetic, voters appeared to listen to the plea of national Democratic leaders that Webb is the one they wanted in a fight with Allen. Jurisdiction after jurisdiction in the region gave Webb a 20-point margin.

Those national Democrats who went out on a limb for Webb -- 2004 presidential nominee Sen. John F. Kerry (Mass.), Senate Democratic leader Harry M. Reid (Nev.) and Senate Democratic campaign committee Chairman Charles E. Schumer (N.Y.) chief among them -- were breathing a sigh of relief. They had tossed out the traditional neutrality that comes in a primary in the hopes that, if nothing else, Webb could keep Allen spending money to defend his seat in Virginia rather than burnish his presidential ambitions in Des Moines and Manchester, N.H.

But what Democrats have at this point is more a rÃ©sumÃ© than a candidate. On paper, the 60-year-old Webb is a Vietnam War hero who's against the war in Iraq, a Republican military specialist who has renounced his old party and brings instant national security credibility to Democrats. He's a noted author, screenwriter and journalist, beloved by the liberal blogosphere yet fluent in the language of the commonwealth's rural heart.

On the stump, he can be hesitant and uninterested in domestic policy questions. He hates the demands of fundraising -- "odious" is what he calls the process -- and it shows; he has not been very successful at it. Some find his rawness appealing while others just find it raw.

"Every candidate grows, and Jim will continue to grow," said his campaign adviser Steve Jarding, who managed Mark R. Warner's gubernatorial bid five years ago. "This is a guy that 100 days ago people thought was a Republican and 99 days ago was asking for money from people he didn't know.

"He doesn't have to worry about proving to everyone in the room now that he's a Democrat. He's been ratified."

National Democrats are still not ready to move Virginia into the top tier of races that they think will help give them a majority in the Senate.

Allen has never lost a statewide race, and he has a huge advantage in fundraising: He has raised more than $10 million. And as withdrawn and shy as Webb sometimes can be, that's just how outgoing and gregarious Allen is on the stump.

Democratic Gov. Timothy M. Kaine said at the outset of the campaign that Allen has an important political skill. "You'll see him at some event talking to someone, and he seems like there's nothing he'd rather be doing than talking to that person at that time," Kaine said.

That's not a description that would be applied to Webb as this point. But the man who made his campaign slogan "Born Fighting" shows signs of taking the battle to Allen.

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"We, at the moment, have not a lot of money, a candidate who's never run for office and 2,500 rag-tag rebels who volunteered for . . . " The crowd's cheers kept Webb from finishing the sentence. "I like those odds," he finally concluded.

So Virginians will choose between the cowboy-booted Allen and the combat-booted Webb.

Showdown at Macho Gulch.

Clinton Booed On Iraq (HILL)

By Elana Schor

The Hill, June 14, 2006

Angry boos greeted Sen. Hillary Rodham Clinton (D-N.Y.) at a liberal conference yesterday when she opposed fixing a date for withdrawing American forces from Iraq.

The sour audience response, at the Campaign for America's Future conference, hints at the 2008 presidential front-runner's shaky standing with anti-war Democrats, who wield increasing power in the party.

Clinton's speech packed the room with a crowd billed as the nation's largest gathering of progressives. But, although the left-leaning audience raucously cheered her domestic agenda, there was only a sprinkling of applause mixed with jeers when the senator refused to disavow her vote authorizing the Iraq war, as Sen. John Kerry (D-Mass.) did later in the day, renewing questions about possible fallout from her assiduous appeals to centrist voters.

"Our job is to do everything we can to help this [Iraqi] government succeed," Clinton said to the silent audience. She rapped President Bush's "open-ended commitment" to keeping U.S. troops in Iraq but added, "Nor do I think it is smart strategy to set a date certain" for leaving.

At that, shouts erupted from the audience, dissipating only as Clinton turned back to the Democrats' need to pursue alternative sources of fuel in response to high energy prices. When the senator, whose hawkishness on national security has alienated many liberals, urged Democrats to reach out to "people who may not yet agree with us," a chant flared up in the hall: "Bring the troops home!"

Clinton was not the only 2008 hopeful to stray yesterday from the nascent Democratic orthodoxy of a quick exit from Iraq. Iowa Gov. Tom Vilsack also dismissed calls to set a troop withdrawal date at a briefing that likely previewed his remarks to the liberal conference. As The Hill reported last month, Clinton and Vilsack have both also declined to echo their party's calls for the resignation of Defense Secretary Donald Rumsfeld.

This year's conference has become a breakthrough moment for the Campaign for America's Future. Having started as a small-scale progressive push for a greater voice in Clinton administration policy, the Campaign has grown during the Bush presidency into a thrumming factory for Democratic policy.

"The Campaign has been very helpful and effective in a whole series of campaigns dealing with access to healthcare, the cost of student loans, the minimum wage, corporate corruption," Rep. George Miller (D-Calif.) said in an interview before addressing the conference on education. "They have used peoples' connection with those issues as organizing tools … in all different kinds of congressional districts."

Campaign co-director Roger Hickey cast his group and its allies, from MoveOn.org to USAction, as a winning counterweight to the Democratic Leadership Council (DLC) and other centrist forces.

"The lesson we drew from the Clinton administration is that the progressive wing of the Democratic Party … needs to be better organized in order to be heard, especially given the influence of groups like the DLC and corporate influence in general," Hickey said.

Yet Democratic unity was a pervasive theme of the conference, which opened with a new Greenberg Quinlan Rosner poll that the Campaign touted as proof of the electorate's realigning away from conservatism and toward progressivism. In fact, the poll showed a generic preference for Democrats over Republicans but a continued advantage for political conservatives over progressives.

"What we're seeing now is incredible unanimity among Democrats and increasingly among Americans who have rejected all the signature issues of the Bush presidency," Rep. Jan Schakowsky (D-Ill.), who has appeared at several past Campaign conferences, said in an interview.

DLC senior fellow Marshall Wittmann pointed out that Democrats have difficult work ahead, even as many party leaders cast plummeting Republican approval ratings as a harbinger of victory in the fall midterms.

"The danger to the Democratic Party right now is, they're lurching to the left and leaving behind the middle," Wittmann said. "It's to Hillary's credit that she's steering a centrist course even if it upsets some on the left, because that's the only way the party is going to be back in control of Congress and win the White House."

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A column by author Norman Solomon questioning the Campaign's labeling of Clinton as a "progressive leader" made the rounds yesterday among bloggers who attended the conference. "In the interests of truth-in-labeling, shouldn't Hillary Clinton be described as anti-progressive?" Solomon wrote.

Hickey, meanwhile, reiterated the Campaign's view of liberals as Democratic leaders — "The Democratic Party is a big tent, but the vast majority of Democrats are progressives" — and recalled last year's successful fight against Bush's Social Security plan.

"There was a time when the DLC supported privatization of Social Security. You don't hear them talking about that very much because we have basically won that battle," Hickey said. "There may or may not be [the] same debate on foreign policy, with the DLC saying the party ought to support the administration on Iraq."

Hickey cited Sen. Joe Lieberman (D-Conn.) as the "epitome" of centrist compromise. Lieberman's surging Democratic primary foe, Ned Lamont, tied his evening fundraiser to the conference.

Clinton's speech may have laid bare the Democrats' internal fault lines over the war, but Democratic overconfidence became another contentious conference issue. While Campaign co-director Robert Borosage warned in The Nation this week that "nothing could be more pernicious" than Democrats' expecting to take back Congress on the strength of low presidential approval, the air was thick with anticipation of a new majority.

The Congressional Progressive Caucus, led by California Democratic Reps. Barbara Lee and Lynn Woolsey, hung a hopeful banner on its exhibition table: "If the House majority flips in November, half of chairs of 20 standing House Committees will be Progressive Caucus members. PLUS, An additional 31 Congressional Progressive Caucus members will be subcommittee chairs."

Progressive Caucus policy adviser Bill Goold said the conference was "a golden opportunity" to connect left-leaning lawmakers with grassroots liberal networks outside Washington. Goold pointed to the group's series of ad hoc hearings on U.S.-Iranian relations, the latest of which will take place next week.

The ultimate goal, Goold said, is to "develop an alternative Democratic national-security strategy," separate from but "supplementary to" the security plan that Pelosi and other party leaders unveiled this spring.

"It's a very hard thing to modulate," said Matt Bennett, communications director on Gen. Wesley Clark's 2004 presidential campaign and a co-founder of the new centrist group Third Way. "On the one hand, you definitely don't want to measure drapes. On the other hand, you've got to look confident and got to be able to talk to people about what will happen if they vote for you."

Clinton, in her speech, similarly called on Democrats to amplify their talk of an affirmative agenda, as did House Minority Leader Nancy Pelosi (D-Calif.), who proudly recalled her own vote against the war in Iraq.

When Clinton called U.S. troops "the best we have to offer," she received a few small cheers and loud cries of "No!" from the conference audience. Pelosi made her own plea to support the troops and received a thunderous ovation.

Anti-war Activists Jeer Hillary Clinton (AP-Y2)

By Devlin Barrett

AP2, June 13, 2006

Anti-war activists at a liberal gathering booed Sen. Hillary Rodham Clinton on Tuesday for opposing a set date for pulling U.S. troops from Iraq. Facing down the jeers, Clinton said Democrats need to have "a difficult conversation" about the war.

Another potential presidential candidate, Sen. John Kerry, spoke to the group later in the day and offered an emphatically anti-war appeal.

"Sometimes this is a difficult conversation, in part because this administration has made our world more dangerous than it should be," said Clinton, D-N.Y.

Kerry, who was widely criticized as the party's standard-bearer in 2004 for being too cautious in his criticism of the war, said Tuesday that politicians "cannot have it both ways."

In remarks that could have been aimed at Clinton, Kerry said: "It's not enough to argue with the logistics or to argue about the details. ... It is essential to acknowledge that the war itself was a mistake. ... It was wrong, and I was wrong to vote for that Iraqi war resolution."

Kerry's speech featured some of his strongest comments to date, including a call to "end a war in Iraq that weakens the nation each and every day it goes on."

The Massachusetts senator is offering an amendment to withdraw troops from Iraq by the end of this year.

While Clinton received loud cheers for her swipes at the Bush administration, many in the crowd jeered her stance on the Iraq war. She voted for the war but has since harshly criticized the Bush administration's handling of the conflict.

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"I do not think it is a smart strategy, either, for the president to continue with his open-ended commitment, which I think does not put enough pressure on the new Iraqi government," said Clinton, before turning to the anti-war liberals' core beef with her.

"Nor do I think it is smart strategy to set a date certain. I do not agree that that is in the best interests," said Clinton, prompting loud booing from some at the gathering.

Clinton has been seen as the early favorite among potential Democratic candidates for president in 2008, but she is increasingly at odds with anti-war liberals over her past vote and current position on Iraq.

After addressing Iraq, Clinton quickly turned to the 2006 election, saying her party needs to speak to middle-class Americans and overcome disagreements.

"If we're going to win in November then we have to be smarter, tougher, and better prepared than our opponents, because one thing they do know how to do is win and we have to reach out to people who may not be able to agree with us," she said.

"We have to talk about the range of issues that are on their minds that they talk about around the kitchen table," Clinton said.

Before speaking to the group, another potential presidential candidate, Iowa Gov. Tom Vilsack, questioned whether Congress had done its part in asking tough questions.

"Congress has a responsibility here," Vilsack said, in a subtle criticism of potential 2008 rivals like Kerry and Clinton. "If the tough questions aren't being asked by the administration, the checks and balances system of our government requires that the other branch of government asks the tough questions."

Speaking at the Johns Hopkins University School of Advanced International Studies, Vilsack cautioned against rushing for a quick exit from Iraq now.

"I personally don't think now is a time to say on a date certain we are leaving," he said.

Clinton And Kerry Show Democratic Divide On Troop Withdrawal (NYT)

By Adam Nagourney And Robin Toner

The New York Times, June 14, 2006

WASHINGTON, June 13 — At the moment that the White House is again trying to cast them as weak on national security, Democrats are debating their stance on the war in Iraq with new intensity, with some of the party's leading figures — including potential 2008 presidential candidates — sharply divided over whether the United States should set a deadline for bringing troops home.

Senator Hillary Rodham Clinton, Democrat of New York, faced boos and shouts of "bring them home" from an audience of liberal Democrats here on Tuesday as she argued against setting a deadline, wading into what she called a "difficult conversation." Thirty minutes later, the same crowd applauded wildly as Senator John F. Kerry, Democrat of Massachusetts, the party's 2004 presidential candidate, implored the Senate to back his call for a six-month deadline for withdrawal, and said he regretted his initial support for the war.

"It is essential to acknowledge that the war was a mistake — to say the simple words that contain more truth than pride," Mr. Kerry said, adding: "It was wrong and I was wrong to vote for that resolution."

With President Bush making a high-profile visit to Baghdad, and his chief political adviser, Karl Rove, having unleashed a sharp attack on Democrats over the war, Republicans said Democratic infighting over Iraq would hurt Democrats as the midterm elections approached.

On a day when Defense Secretary Donald H. Rumsfeld and Secretary of State Condoleezza Rice appeared on Capitol Hill to press the administration's message that Iraq was making progress, Representative Thomas M. Reynolds of New York, the head of the National Republican Congressional Committee, described Democrats as "all over the lot" on Iraq.

His Democratic counterpart, Representative Rahm Emanuel of Illinois, said that the war would prove a burden for Republicans, given its unpopularity and the perception that the White House has no withdrawal plan. .

Representative Barney Frank, a Massachusetts Democrat, said the House Democratic caucus shared "a pretty universal disgust" with the Bush administration's management of the war.

He estimated that 50 percent or more of the caucus supported the position of Representative John P. Murtha, the Pennsylvania Democrat who has called for a speedy pullout of American combat troops.

That division was on dramatic display before thousands of liberals at a "Take Back America" convention on Tuesday.

Mrs. Clinton, while well received on other issues, found herself talking over some boos when she argued against a deadline for troop withdrawal.. "I have to just say it — I do not think it is a smart strategy either for the president to continue with his open-

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ended commitment, which I think does not put enough pressure on the new Iraqi government, nor do I think it is smart strategy to set a date certain," Mrs. Clinton said. "I do not agree that that is in the best interests of our troops or our country."

Representative Nancy Pelosi of California, the minority leader, was warmly applauded when she reiterated her support for the Murtha proposal.

Both the Senate and the House have scheduled extensive debates and voting this week that will deal with American policy in Iraq. On Thursday, House Republicans will present a resolution that declares the war in Iraq to be a critical part of the "global war on terror" and declares, "It is not in the national security interest of the United States to set an arbitrary date for the withdrawal or redeployment" of troops.

Democrats scoffed at the Republican resolution as pure tactics — "a political not a policy statement," in the words of Representative Steny H. Hoyer, the Democratic whip.

But Democratic leaders in the House and Senate are scrambling to produce their own, unifying resolutions on Iraq, that would go beyond the language they embraced last year, calling for 2006 to be a year of "significant transition" in Iraq.

In the Senate, a variety of amendments are expected to be offered this week to a major defense bill — including Mr. Kerry's proposal for a withdrawal of most American combat troops by the end of the year, combined with a summit to find a political and diplomatic solution to Iraqi's internal strife.

A vote on a Kerry-style amendment could create a hard choice for Democrats in the Senate: antagonize the party's antiwar base or provide fodder for Republican attacks. Senate Democratic leaders, not surprisingly, were seeking a less stark alternative to put before their members — including a possible call for a "responsible redeployment" of American troops starting this year.

Liberal Activists Boo Clinton (WP)

By Dan Balz

The Washington Post, June 14, 2006

Sen. Hillary Rodham Clinton (D-N.Y.) drew boos and hisses from an audience of liberal activists yesterday as she defended her opposition to a timetable for withdrawing U.S. forces from Iraq, and later she received an implicit rebuke from Sen. John F. Kerry (D-Mass.) for failing to acknowledge that her support for the war was a mistake.

Clinton's and Kerry's appearances at the Take Back America conference at the Washington Hilton put on vivid display the Democratic Party's divisions over the foreign policy issue that dominates this year's midterm elections, and the two possible 2008 presidential candidates offered a preview of the debate that could dominate the battle for the party's nomination.

Clinton and Kerry supported the 2002 congressional resolution authorizing the Iraq war. Kerry recently renounced that vote, but Clinton has never done so. She finds herself in opposition to a majority of Democratic activists and is the target of passionate criticism from some of them.

Clinton won repeated applause through most of her speech, which dealt at length with domestic issues but also sharply criticized President Bush's handling of the war. But the audience turned against her when, in what she called a difficult conversation, she restated her long-standing position about timetables for withdrawing U.S forces.

"I have to just say it," she began. "I do not think it is a smart strategy either for the president to continue with his open-ended commitment, which I think does not put enough pressure on the new Iraqi government, nor do I think it is smart strategy to set a date certain. I do not agree that that is in the best interest of our troops or our country."

Clinton finished on a more positive note, with an exhortation about winning the November elections that brought audience members to their feet cheering. But within minutes, as she worked the rope line on her way out of the hotel ballroom, she was the target of protesters, who chanted "Bring the troops home" and "Stop the war."

Later, after Clinton's departure, Kerry delivered a fiery denunciation of the war that was continually interrupted with cheers and applause, and he repeated his call for "a hard and fast deadline" for withdrawing troops. At one point, Kerry, the Democrats' 2004 presidential nominee, appeared to be directing his comments at the woman who leads early national Democratic polls for 2008.

"Let me say it plainly," Kerry said. "It's not enough to argue with the logistics or to argue about the details or the manner of the conflict's execution or the failures of competence, as great as they are. It is essential to acknowledge that the war itself was a mistake, to say the simple words that contain more truth than pride. We were misled. We were given evidence that was not true. It was wrong, and I was wrong to vote for that Iraqi resolution."

Kerry struggled throughout the 2004 campaign to square his vote for the resolution and his later opposition to an $87 billion funding bill for the troops. As if to drive home the point that he thinks Clinton and others who share her views are in a similarly untenable position, he told the audience yesterday: "One of the great lessons of life is that you cannot change the future if you're not honest about the past. And we cannot have it both ways in the war in Iraq."

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Spokesman David Wade said Kerry's remarks were not directed specifically at Clinton.

Even before Clinton arrived for her speech, it was clear that she faced a potentially hostile audience. Roger Hickey, co-director of the Campaign for America's Future, the conference's sponsor, admonished the audience to be friendly to the morning speakers. "We owe them our courteous attention," he said. As the audience waited for Clinton to arrive, some passed out anti-Clinton literature to reporters.

The Campaign for America's Future, a leading liberal group, has battled with centrist Democrats over the direction of the party.

Clinton and Kerry spoke just as the news was breaking about Bush's secret trip to Baghdad. Administration officials have seized on the formation of the new government in Iraq and the killing last week of Abu Musab al-Zarqawi, the leader of al-Qaeda in Iraq, to mount an offensive to turn around public perceptions about the war that threaten to damage Republicans in the November elections.

House Minority Leader Nancy Pelosi (D-Calif.), who called the war a "grotesque mistake," challenged the administration's claims of progress during her appearance at the conference.

"As we talk about a new direction for America, I think one place that it is very clear that we need a new direction is in the war in Iraq," she said.

Pelosi joined Kerry in calling for a timetable to pull out the troops, saying she supports a plan outlined earlier by Rep. John P. Murtha (D-Pa.).

One Clinton adviser dismissed questions about whether the senator had sought to draw dissents from the crowd as a way to burnish her credentials as a strong-on-national-security centrist. "She had enough respect for her audience not to pander or duck the issue," said strategist Howard Wolfson.

Democrats Are Still Divided Over The War In Iraq (KRT)

By James Kuhnhenn

Knight Ridder, June 13, 2006

WASHINGTON - The Democratic Party's split over the Iraq war cracked into view Tuesday as liberals hissed New York Sen. Hillary Clinton's opposition to setting a date for U.S. troops' withdrawal and cheered Massachusetts Sen. John Kerry's call to bring them home by the end of the year.

The intra-party division has haunted Democrats from the start of the war and bedeviled Kerry during his 2004 presidential run. The lack of a harmonizing party message comes as public opposition to the war has been strong and congressional elections are about five months away.

"We can't have it both ways," Kerry declared to a gathering of liberal activists in Washington. "Tell Hillary!" a member of the audience shouted back.

Clinton, speaking at the same gathering, which was sponsored by the Campaign for America's Future, criticized President Bush for "his open-ended commitment," but the New York senator added: "Nor do I think it is smart strategy to set a date certain. I do not agree that that is in the best interest of our troops or our country."

Her Iraq remark, a brief reference in an otherwise well-received speech on her broader view of the party's agenda, provoked boos and calls of "Bring the troops home!"

The disagreement was all the more illustrative of the Democratic Party's division since it featured two potential rivals for the 2008 Democratic presidential nomination. It also comes as Republicans in Congress are preparing to launch their own debate with Democrats on the war. House Republican leaders have scheduled floor action for Thursday on a resolution that equates the fighting in Iraq with the war on terrorism.

The emerging debate holds political peril for both parties. A majority of Americans oppose the war and call it a mistake. But Republicans believe they'll benefit from last week's killing of al-Qaida leader Abu Musab al-Zarqawi and by the final appointments to the Iraqi Cabinet. They also argue that Democrats alienate voters when they propose deadlines for withdrawing troops to appease the party's left wing.

"There's a lot of angst about Iraq," said Republican pollster Whit Ayres. "But when the debate occurs around whether we should withdraw troops immediately, we're playing on Republican turf."

Kerry calls for U.S. troops to withdraw by the year's end, arguing that the Iraqi government will move decisively to take over security and government functions only when faced with a deadline. The Massachusetts senator plans to introduce an amendment to a defense policy bill on Thursday that would set such a timetable.

But the cheers Kerry heard from liberals Tuesday morning weren't being echoed by all his Democratic colleagues later in the day.

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"I think just a naked date, without it being attached to what our plan as to how you would succeed in leaving something better, would not be the most appropriate way to go," said Sen. Joseph Biden of Delaware, the ranking Democrat on the Senate Foreign Relations Committee.

Senate Democratic Leader Harry Reid of Nevada was negotiating with Kerry and other senators to find a compromise that could win a majority of Democratic votes. Some Democrats are pressing for a withdrawal date of December 2007.

Kerry told reporters he's willing to change his amendment and the specific deadline "if I can get 20 or 30 Democrats who can agree on a date that is a few months different."

He also downplayed his differences with Clinton. "We're united in the notion that you have to change directions," he said.

Democratic strategists argue that the party is better served by presenting a broad alternative to Bush rather than focusing on specific policies.

"What will drive the big vote in November around this issue is general discontent around the course of the war and desire to change direction," said Tad Devine, a Democratic media strategist who helped Kerry's 2004 campaign. "Democrats need to have a very simple message: `We need to change course.' The fundamental question of what we do is a question of governing, not of campaigns."

House Democrats complained Tuesday that the Republican war resolution to be debated Thursday was a political maneuver designed to paint Democrats into a corner. It links the war in Iraq to the war on terrorism, but most conflict in Iraq rises from sectarian violence and nationalist resistance from insurgents.

"It's a political statement, not a policy statement," said Rep. Steny Hoyer of Maryland, who's the second-ranking House Democratic leader as party whip.

Kerry said the House resolution "once again misinterprets the war on terror and poses a false choice for Americans."

House Republican Leader John Boehner of Ohio said the debate is a legitimate one.

"Many of us believe that Iraq is part of the war on terror, and if they (Democrats) don't believe that, they can vote no," he said. "I am sorry that some people have to make an uncomfortable decision."

Liberal Groups Treat Hillary To Jeers, Cheers (WT)

By Eric Pfeiffer And Alison Hoover

The Washington Times, June 14, 2006

Sen. Hillary Rodham Clinton was treated to both heckles and cheers yesterday by liberal activists in a mixed day for the New York Democrat on the campaign trail.

Yesterday morning, Mrs. Clinton spoke at the "Take Back America" conference, held at the Washington Hilton. Protesters upset with Mrs. Clinton's vote to authorize the Iraq war in 2002 stood outside the hotel with a sign that read, "It takes one bomb to raze a village."

Before Mrs. Clinton arrived, event organizer Robert Borosage asked the crowd to be respectful toward her and the other speakers, saying, "We owe them our courteous attention."

Mrs. Clinton took the stage to a standing ovation with only a few scattered boos from the crowd. However, when she said that "it is not a smart strategy" to set a deadline for withdrawal of troops from Iraq, Mrs. Clinton was loudly booed by the audience. At the end of her speech, the crowd began to chant, "Bring them home."

House Minority Leader Nancy Pelosi and Sen. John Kerry followed Mrs. Clinton and were treated to enthusiastic applause in their calls for an immediate withdrawal of American troops from Iraq.

"Have you had enough of a war that is failing to make America secure?" Mrs. Pelosi, California Democrat, asked the crowd.

The bulk of Mr. Kerry's speech dealt with Iraq, including the announcement of his intention to introduce legislation in the Senate this week calling for an up-or-down vote on troop withdrawal.

"A war in Iraq founded on a lie can never be true to America's character," said Mr. Kerry, Massachusetts Democrat.

Mrs. Clinton received a warmer response later in the day when she promised a group of pro-choice activists that she would continue blocking Senate confirmation of President Bush's nominee for Food and Drug Administration commissioner in protest of the FDA's failure to make a decision on over-the-counter sales of Plan B emergency contraception.

Dr. Andrew von Eschenbach was nominated to the post in March, but Mrs. Clinton and Sen. Patty Murray, Washington Democrat, have placed a hold on his nomination.

"We will continue to hold that nomination until the FDA issues a decision on Plan B: yes or no," Mrs. Clinton told the National Family Planning and Reproductive Health Association.

"The FDA's 2004 decision not to approve over-the-counter sales was politically motivated," Mrs. Clinton said, while accepting the group's public-service award at yesterday's luncheon. "Increasingly, I see Washington being turned into an

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evidence-free zone where inconvenient facts are totally denied or dismissed ... where the beliefs and values of Americans take a back seat to the ideological agenda of a select few."

However, it was revealed this week that the FDA's former chief told a court under oath that his agency intended to allow over-the-counter sales of Plan B last year, but delayed the move while determining how to limit those sales to adolescents.

Former FDA Commissioner Lester Crawford said he had reserved the right to decide whether to loosen the sales restrictions, but he said his Aug. 26 announcement was to work out how to enforce restricting nonprescription sales to women 17 and older. Girls 16 and younger still would need a prescription.

"There was no -- no talk of denial, there was talk of trying to get straight what the enforcement procedures would be," Mr. Crawford testified in a May 24 sworn deposition in a lawsuit against the FDA.

The transcript of his testimony was released late Monday by the Center for Reproductive Rights, which has sued to force the agency to allow over-the-counter sales for all ages.

Mrs. Clinton also used her luncheon speech luncheon to push for two related measures in the Senate.

The Unintended Pregnancy Reduction Act would expand Medicaid coverage of "family-planning services," Mrs. Clinton said, while the Prevention First Act would require health insurance coverage for contraception and require federally funded hospitals to provide emergency contraception to rape victims. Some Catholic hospitals do not provide such contraception, which they view as inducing abortions.

Democrats Not Finding Unity On Iraq Party Leaders Offer Markedly Different Visions On How To End War (SFC)

By Marc Sandalow

San Francisco Chronicle, June 14, 2006

Washington -- In a span of 90 minutes Tuesday, three prominent Democrats offered competing visions of how to proceed in Iraq and displayed how difficult it will be to turn what was once the Republican Party's strongest asset into its electoral downfall.

As President Bush was returning from his surprise visit to Baghdad, Sen. Hillary Rodham Clinton of New York, a leading contender for the Democratic Party's 2008 presidential nomination, told a gathering of nearly 2,000 liberals that the war was a "strategic blunder," but warned it would not be in the nation's interest to "set a date certain" for withdrawal.

She was followed by House Democratic leader Nancy Pelosi of San Francisco, who told the same group the war was a "grotesque mistake," and that troops should be withdrawn "at the earliest practical date."

And moments later, Sen. John Kerry of Massachusetts, the party's standard bearer in 2004, said he had made a mistake by voting to authorize the president to use military force in Iraq, and called for a "hard and fast deadline" for troop withdrawal.

Democrats have put aside many differences in their common yearning to gain seats in the 2006 midterm congressional elections. Yet when it comes to the war that has polarized the nation, and by some accounts is shaping up as the biggest issue in the November election, Democrats are struggling to speak with a single voice.

A USA Today/Gallup poll released Tuesday found that most Americans considered the killing of al Qaeda leader Abu Musab al-Zarqawi a "major achievement" and suggested that opinion which has turned steadily against the war remains volatile.

The poll found that 51 percent of Americans still say it was a mistake to go to war in Iraq, a drop from nearly 60 percent at the end of last year. The new poll found that 48 percent believe the war is winnable, up from 39 percent in April.

And the Democratic disagreements on display Tuesday came on the eve of debates in the House and Senate over the future of the war, which leaders hope will clarify the different views of the two parties.

After months of negotiating, Democrats have united around a common call that 2006 be a "year of significant transition" in Iraq, a statement so broad that it would be hard for anyone, the president included, to disagree. By comparison, a resolution written by Rep. Lynn Woolsey, D-Petaluma calling on Bush to "develop and implement a plan to begin the immediate withdrawal" of troops, has attracted just 35 co-sponsors.

Strategists have given Democrats mixed advice; some have called on Democrats to exhibit spine by demanding a swift pullout, while others have warned the party risks a backlash if they are seen either as weak or as trying to exploit violence for political purposes.

The conflict was evident Tuesday as Clinton, long a favorite of the party's left, spoke before liberals at the "Take Back America" conference in the ballroom of a Washington hotel.

"I have to just say it: I do not think it is a smart strategy either for the president to continue with his open-ended commitment," she said, "nor do I think it is smart strategy to set a date certain. I do not agree that that is in the best interest of our troops or our country."

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Many in the crowd cheered. Many booed. Hecklers began yelling "bring the troops home." And when Clinton had finished speaking, she was met by a loud chants of "bring the troops home, now!"

By contrast, Kerry who like Clinton is believed to be eyeing a possible presidential candidacy in 2008, delivered an unambiguous indictment of Bush's conduct of the war, displaying clarity and rhetorical resolve that was often missing during his losing campaign against the Republican president in 2004.

Kerry called Iraq and Vietnam, the "two most failed foreign policy choices" in the nation's history, and made a biting contrast between Bush's surprise visit to Iraq early Tuesday and the president's lack of combat duty in Vietnam.

"Now, I fully understand that Iraq is not Vietnam. After all, President Bush is even there today," Kerry said.

Kerry, who earned two purple hearts and a silver medal in Vietnam, went on to draw parallels between the current conflict and the war he protested as a returning veteran in the early 1970s.

In both conflicts, Kerry said, the U.S. intervened "based on official deceptions" and to fight "a larger global war under the misperception that the particular theater was just the latest battleground."

"And as in Vietnam, we have stayed and fought and died even though it is time for us to go," Kerry said. "It was right to dissent from a war in 1971 that was wrong and could not be won. And now, in 2006, it is both a right and an obligation for Americans to stand up to a president who is wrong today."

The largely anti-war crowd cheered Kerry, as they did Pelosi when she reminded them that in 2003 as the ranking Democrat on the House Intelligence Committee, she had warned that the intelligence did not support the threat being made by the administration.

Pelosi said she stood by the plan promoted by Rep. John Murtha, D-Pa., which calls for a redeployment of troops "over the horizon" as soon as is practically possible.

"There are only two directions to take in Iraq: the president's plan of stay the course and let a future president sweep up after you, or the Murtha plan to change the direction of that course. I support the Murtha plan."

Some party leaders say that Democrats are united in their resolve that the U.S. should not set up permanent military bases in Iraq, and that Bush has botched the execution of the war.

And they insist their differences are being blown out of proportion.

On NBC's Today show Tuesday morning, Democratic Party chairman Howard Dean was shown two quotes, one from Pelosi supporting the Murtha plan and one from Rep. Steny Hoyer of Maryland, the No. 2 ranking House Democrat, who said in response to Murtha's plan that "a precipitous withdrawal of American forces in Iraq could lead to disaster, spawning a civil war, fostering a haven for terrorists, damaging our nation's security and credibility."

"I see no difference between what Steny Hoyer just said and what Nancy Pelosi said," Dean responded.

Clinton Opens Debate On Family Planning (NYT)

By The New York Times

The New York Times, June 14, 2006

WASHINGTON, June 13 — Senator Hillary Rodham Clinton moved on Tuesday to shift the debate over abortion rights to the subject of access to family planning services, saying that the nation's focus should be on preventing unwanted pregnancies.

Mrs. Clinton's remarks, made to members of the National Family Planning and Reproductive Health Association in Washington, reflect the degree to which Democrats around the country are trying find a middle ground on the polarizing issue of abortion rights since their party's defeats in the November 2004 elections.

"Let us unite around a common goal of reducing the amount of abortions," the senator said. "Not by making them illegal as many are attempting to do, or overturning Roe v. Wade and undermining the constitutional protections that decision provided, but by preventing unintended pregnancies in the first place through education, contraception, accessible health care and services, empowering women to make decisions."

Mrs. Clinton, a potential candidate for the presidency who is up for re-election in the Senate from New York this year, also used her speech to take a jab at Republicans who, while adamantly opposed to abortion rights, have resisted efforts to pay for programs providing greater access to contraception and other family planning services.

Specifically, Mrs. Clinton criticized the Bush administration for failing to provide adequate money for government family planning programs, as well as for refusing to approve over-the-counter sales of Plan B, an emergency contraceptive.

Mrs. Clinton said that the Food and Drug Administration's refusal to approve the Plan B contraceptive was a prime example of the "Washington Republican war on contraception."

"Let's really understand what we're up against," she continued. "This is not just about Roe, this is not just about choice, this is about contraception, family planning and, most profoundly, women's roles and responsibilities and rights."

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Mrs. Clinton's advisers say that shifting the debate to family planning is a way for the Democratic Party to gain an upper hand over Republicans. "It's time to go on the offensive," one of Mrs. Clinton's advisers said. Her advisers noted how Republicans have put Democrats on the defensive in the debate on this issue, particularly on a procedure that anti-abortion groups call partial-birth abortion.

But the campaign of one of Mrs. Clinton's Republican opponents in the New York Senate race, John Spencer, a former mayor of Yonkers, accused her of engaging in empty political rhetoric.

"It's very good to be talking about a middle ground in the abortion debate," said Kevin Collins, a spokesman for the Spencer campaign. "But she has never supported any limit or restriction on what can be a gruesome procedure, partial-birth abortion."

Mrs. Clinton began talking about a need for compromise more than a year ago, shortly after the 2004 elections, when some Democrats began arguing that the party's poor showing stemmed from the fact that it was seen as too liberal on social issues.

Speaking to abortion rights supporters in Albany in January 2005, Mrs. Clinton said both sides in the debate needed to work together to prevent unwanted pregnancies and ultimately reduce abortions, which she called a "sad, even tragic choice to many, many women." Mrs. Clinton made her remarks on the same day as the annual anti-abortion campaigners' rally in Washington marking the Roe v. Wade anniversary.

On Tuesday, she echoed that sentiment. "There is a lot of common ground we can find together," she said.

In making the case for reducing abortions, rather than outlawing the procedure, Mrs. Clinton noted that her husband's administration managed to reduce teenage pregnancy by nearly one-third through an ambitious campaign that focused on family planning.

"Why did that happen?" Mrs. Clinton said. "Well, it happened because people came together instead of pointing fingers at each other and, you know, walling each other off in our respective camps."

Citing a recent study by the Guttmacher Institute, which is a nonprofit corporation with headquarters in Washington and New York that researches reproductive health, Mrs. Clinton noted that a poor woman is four times as likely to experience an unplanned pregnancy as a higher-income woman.

"High-income women have quick, convenient access to contraceptives; low income women do not," she said. "And the result is often and increasingly becoming unintentional, unintended pregnancy."

Rove Rallies NH GOP Before Midterm Election (MUL)

By John Distaso

The Manchester Union Leader, June 14, 2006

MANCHESTER – When he sharply accused key Democrats this week of "cutting and running" on the Iraq war, Karl Rove was in a broad way urging New Hampshire Republicans to stand by President George W. Bush during this key mid-term election campaign.

ROVE

Bush's approval ratings are at a low ebb. Democrats in New Hampshire and across the country believe the GOP is vulnerable. But Rove, Bush's long-time political adviser, returned to basics on Monday, verbally drawing a clear bright line between the two parties in trying to rally the faithful.

In his 20-minute speech to the New Hampshire Republican State Committee's annual dinner, Rove focused on taxes, spending and national security.

He sharpened the differences between the two parties with vintage "red meat" rhetoric.

"They're for higher taxes," he said of the Democrats. "We're for lower taxes.

"They're for more spending. We're for less spending."

The Democratic National Committee said Rove and the Republicans "are recycling their tired and despicable partisan attacks" and have no "real solutions."

If Rove appeared particularly feisty, it may have been because he had just received good news. According to news reports, when Rove landed in Manchester, he was told by his attorney that he would not be indicted in the Valerie Plame/CIA leak special counsel investigation.

In his speech Rove reminded the crowd economy was already sputtering when Bush took office and was further damaged by the 9/11 terrorist attacks and corporate scandals.

"In the 90 days after 9/11, the American economy lost 1 million jobs," he said. "Then we had corporate scandals, which caused concern about our markets."

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Bush's remedy was to cut taxes "and give people back more of their own money," said Rove. "We have cut taxes every single year this President has been in office" in a host of areas, including income, capital gains and dividends, and Bush temporarily eliminated the death tax.

"We're on our way to cutting the deficit in half by 2009," he said, by cutting taxes and limiting spending.

Democrats , he said, "voted against budget restraint. They voted against the tax cuts.

On foreign policy, Rove said the war in Iraq is a difficult but necessary part of the global war on terrorism.

"The President decided we will no longer tolerate attacks on the people and territory of the United States of America, and we were right to do so," he said.

Rove said Islamic radicals aim to spread their influence from Indonesia to Morocco, continue terrorizing the United States and destroy Israel.

Rove read quotes supportive of removing Saddam Hussein made by Massachusetts Sen. John Kerry in 2002.

"I guess you can say he was for the use of force before he was against the use of force," Rove said. He noted that Kerry now supports the withdrawal of American troops.

For The GOP, A Base Hit Isn't Enough (WP)

By Sarah Chamberlain Resnick

The Washington Post, June 14, 2006

The inside-the-Beltway crowd has been chattering about the need for Republicans to reconnect with the "conservative base." Columnists, talking heads and other so-called experts have been going on at length about the need for the GOP to motivate this base to save our congressional majorities in the fall. While this may make for interesting banter on the Sunday morning talk shows, the reality is that Republican majorities in the House and Senate do not rest on the base alone. While keeping that segment of the party motivated is certainly an important factor in the November midterms, it isn't enough. To maintain our majorities, particularly in the House, our party must reach out to independent and swing voters.

A recent Cook Political Report/RT Strategies poll gave Democrats an 11-point generic ballot advantage on the question, "Which party would you like to see in control of Congress?" Not surprisingly, by a margin of 87 percent to 8, self-identified Republicans say they prefer Republican control. By similar margins, self-identified Democrats prefer Democratic control. The 11-point advantage for Democrats is due not to an unmotivated base but to a dramatic shift among independents against Republican control of Congress. By a greater than 2-to-1 margin (46 percent to 21 percent), independents say they prefer Democratic control of the House.

Against this backdrop, it's not surprising that Democrats are pinning their hopes of retaking the House on what has been dubbed the Northeast Strategy, which targets Republican incumbents in such blue states as New York, New Jersey, Pennsylvania, Connecticut and New Hampshire. According to the New York Times, independent analysts say at least a dozen races in these states will be competitive. And Republican incumbents in closely divided or blue-leaning, Northeastern districts rely heavily on independent voters to provide the margin of victory on Election Day.

In what may be the cruelest of ironies, if Republicans are punished by independent voters in the midterms, it will be the centrist, independent Republicans from the Northeast who will be the most likely victims. For Democratic strategists and left-wing interest groups hoping for a Speaker Pelosi, a Republican legislative agenda that plays only to the conservative base this year is a dream come true.

For Republicans to hold the House, we must win back disaffected independent swing voters. To do this, Republicans in the House must pursue a legislative agenda that reflects the values and priorities of average Americans. In the poll cited above, independents list their top five concerns as jobs and the economy, Iraq, health care, gasoline prices, and education. Independent swing voters want more than just empty rhetoric and divisive wedge politics -- they want results.

Centrist Republicans in the House are showing leadership on the issues independent voters care about. Nancy Johnson of Connecticut and Fred Upton of Michigan have spearheaded the effort to protect critical investments in education and health-care programs during this year's budget process. Efforts to curb skyrocketing gas prices through tough new legislation on price gouging have been championed by Heather Wilson of New Mexico. Mike Castle of Delaware and Jim Gerlach of Pennsylvania have led the way on ethics reform designed to restore and protect the integrity of the legislative process. On issue after issue, centrist Republicans in the House are fighting for an agenda that offers common-sense solutions to the problems facing our nation. Republican leadership in Washington should support and encourage these centrist efforts to reach out to independent swing voters.

In 1994 a Republican tidal wave brought our party into control in the House and Senate. Success at the polls that year didn't rely solely on a motivated conservative base. From 1992 to 1994 the Republican percentage among independents had

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grown by 10 points -- from 46 percent to 56. The Republican Revolution was a two-pronged effort relying on both a motivated conservative base and efforts to reach out to independent swing voters. To maintain that majority in 2006, we'd do well to remember the lessons of 1994.

The writer is executive director of the Republican Main Street Partnership, an organization of moderate Republicans that includes a number of members of Congress and other officials.

Laura Bush Stumps For Kean, And Things Go Smoothly (NYT)

By David W. Chen

The New York Times, June 14, 2006

LAKEWOOD, N.J., June 13 — The last time someone from the White House came to New Jersey to campaign for State Senator Thomas H. Kean Jr., things did not go according to plan.

Vice President Dick Cheney arrived in Newark then to show his solidarity with Mr. Kean, but Mr. Kean was late after taking the usually traffic-clogged Route 1 from Trenton rather than the speedier New Jersey Turnpike, prompting speculation that he did not want to be photographed with Mr. Cheney.

Almost three months later, when a far more popular administration figure — Laura Bush, the first lady — arrived here on Tuesday for a fund-raiser for Mr. Kean's candidacy for the United States Senate, everything appeared to run smoothly.

Mr. Kean and Mrs. Bush appeared on stage together, under a big, white tent just a few miles from the Shore, and Mr. Kean delivered, almost verbatim, the same speech from his primary night celebration a week ago.

First, he repeated his line that his Democratic opponent, Senator Robert Menendez, was not running against President Bush, but against Mr. Kean. He repeated his opening quotation from Robert F. Kennedy, and his closing one from Ronald Reagan. In between, he repeated the same lines that generated tremendous party enthusiasm a week ago.

"The people of New Jersey can no longer afford a Hudson County party who puts politics first and people second," he said. "We need to elect a new United States senator who will bring a true moral compass to office."

Mrs. Bush did not refer specifically to Mr. Menendez. Instead, in remarks that lasted 10 minutes and were occasionally interrupted by people shouting, "We love you, Laura!" she praised Mr. Kean's record in Trenton, and his pedigree as the son of a popular governor and grandson of a congressman.

"For Tom, public service is a family tradition, and let me tell you, there is nothing wrong with that," she said, before leaving the stage with Mr. Kean to the strains of Brooks and Dunn's "Play Something Country."

There is no word yet on when, or whether, President Bush will visit New Jersey to campaign, since he remains unpopular in the state. "We haven't had that conversation yet," Mr. Kean said when asked that question.

Still, the fact that Mrs. Bush came to support Mr. Kean so early in the election season is the latest indication of how optimistic the national Republican Party is that it can put a New Jersey Republican in the Senate for the first time in three decades.

Polls foresee a tight race, each camp indicates that up to $20 million might be needed to win, and political heavyweights from both parties have paid a visit. Senator John McCain of Arizona and former Mayor Rudolph W. Giuliani dropped by for Mr. Kean, and Senator Barack Obama of Illinois came on behalf of Mr. Menendez.

Mr. Menendez, with $6.4 million on hand, still has a significant advantage in fund-raising, according to the most recent financial filings, far more than Mr. Kean's $1.8 million. Lawrence E. Bathgate II, a former finance chairman of the Republican National Committee who was the host of Tuesday's fund-raiser on the grounds of his law office here, estimated that the event would bring in $500,000 for both Mr. Kean and the state Republican Party.

Mr. Bathgate is no stranger to festive Republican fund-raisers in his backyard. Twenty-years ago in August, he was the host of a similar event — tent and all — for a candidate running for New Jersey governor. That candidate, of course, was Mr. Kean's father, and the special guest was Mrs. Bush's father-in-law, who was vice president at the time.

In N.Va., Chance Help From DeLay (WP)

By Annie Gowen

The Washington Post, June 14, 2006

One congressional primary candidate in Northern Virginia got some last-minute help from one of his district's newest voters, former House majority leader Tom DeLay, the Texas Republican who recently took up official residence in Alexandria.

Mark Ellmore, a candidate for the GOP nomination in the 8th Congressional District, said he had a chance meeting with DeLay on Sunday. DeLay, under indictment on campaign money-laundering charges in Texas, offered his support.

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Ellmore, who lost to Tom O'Donoghue in the GOP primary to face Rep. James P. Moran Jr. (D) in November, called DeLay's office Monday morning.

DeLay's staff members set up an automated call from their boss that went to 8,000 voters in the district -- which includes Alexandria, Arlington County and part of Fairfax County -- urging them to the polls to support Ellmore.

Problem was, in the intro, DeLay said "Northern California" instead of "Northern Virginia."

"It had to be done rapid-fire, and unfortunately it was just an error," Ellmore said. "People got the gist of the message. That Mark Ellmore -- as Mr. DeLay said -- is most capable of competing on the next level."

He said he welcomed DeLay's support -- regardless of what the majority of left-leaning voters in the district might think of the former Texas congressman.

"Look," Ellmore said, "I have zero political clout. I was honored."

Giuliani Lays Out Energy Strategy In N.Y. (AP-Y2)

By Beth Fouhy

AP2, June 13, 2006

Stepping up his political visibility as he contemplates a run for president, former Mayor Rudolph Giuliani laid out an energy strategy Tuesday that calls for more use of nuclear power and ethanol.

Speaking to the Manhattan Institute, a conservative think tank, Giuliani called for a comprehensive effort to wean the nation from petroleum. The Republican said there was no national strategy to do so, but avoided criticizing President Bush and congressional leaders.

In his State of the Union address, Bush also called for reducing the nation's reliance on foreign oil, in part through increased use of alternative fuels.

Giuliani said the best way for the U.S. to end its reliance on foreign oil is to diversify its own sources of energy.

"I think you can be independent by being diversified, the way many of you are familiar with a terrific portfolio," he said.

Giuliani said nuclear power has had a remarkably safe track record despite lingering concerns about the accidents at the Three Mile Island and Chernobyl nuclear plants in the 1970s and 1980s.

He urged governors and state legislators to make it easier for nuclear power plants to get operating permits.

He also called for more hybrid cars and tax incentives for ethanol, a fuel distilled from corn and mixed with gasoline. Backers have long argued that ethanol reduces dependence on foreign oil and reduces greenhouse gases.

Ethanol is especially important in Iowa, a corn producing state that is also home to the caucuses that begin the presidential nominating process.

Last month, Sen. Hillary Rodham Clinton, a potential Democratic presidential candidate, outlined an energy plan that called for a massive expansion of ethanol use.

Giuliani Says Nation Lacks Energy Policy (NYT)

By Patrick Healy

The New York Times, June 14, 2006

Challenging fellow Republicans in Washington, former Mayor Rudolph W. Giuliani said yesterday that the Bush administration lacked an energy policy and that greater reliance on nuclear power, ethanol-based fuels and hybrid vehicles was more realistic than President Bush's goal of independence from foreign energy sources.

Mr. Giuliani, who is considering a presidential bid in 2008, did not criticize Mr. Bush by name, and some of his ideas reflected Republican orthodoxy about increasing energy supply. Yet in a speech to conservative thinkers from the Manhattan Institute for Policy Research, Mr. Giuliani implicitly accused the White House of doing little to expand energy sources. Afterward, too, he expressed concern about global warming, saying that "everyone accepts the fact that it's happening and it has an impact."

"I can't imagine how you can achieve anything in government without a plan," he said in his remarks at the Princeton Club, referring to the nation's long-range energy needs. "This is an area where we haven't had a plan in a very, very long time."

Mr. Giuliani, whose consulting firm, Giuliani Partners, advises energy companies and a liquefied natural gas project on Long Island Sound, called for easing and hastening permits for more nuclear power plants, natural gas ports and oil refineries. He said the nation could not afford another 30 years without a far-sighted energy policy.

"We've been sitting there for a generation, just hoping there'll be some magic solution," he said.

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His comments come as some of the leading Democratic presidential prospects, including Al Gore and Senator Hillary Rodham Clinton, have been highlighting environmental issues, particularly the need to move away from dependence on fossil fuels.

Asked by an audience member what his advice to Mr. Bush would be, Mr. Giuliani called for fixed numerical goals and deadlines to build more nuclear power plants, encourage use of hybrid cars, and increase the supply of ethanol and other resources. Ethanol is an economic priority in Iowa, which has the nation's first presidential caucuses.

While Mr. Giuliani has spoken recently on immigration and terrorism, he has mostly avoided giving presidential-style addresses this year. He said yesterday he would make a decision about a presidential bid after the 2006 elections.

Yet he also did not fuss yesterday when an audience member asked how he would approach education as president. He spoke forcefully in favor of school choice and vouchers, saying education was "a major civil rights issue" in cities that had failing public schools.

He did not explicitly propose a program of federal vouchers, but he said he would emphasize the idea in office and urge local districts to "go to a choice system and break up the monopoly" of public school education.

Many political analysts regard Mr. Giuliani as a popular national political figure who would nevertheless be a long shot for the presidency, because he would face real challenges winning the Republican Party nomination. He supports abortion rights, gay civil unions and gun control measures, three positions that are unacceptable to many Republican primary voters.

Political advisers to Mr. Giuliani say they believe that national security, terrorism, the economy, and perhaps Iraq will dominate the 2008 race, and that Mr. Giuliani is in the Republican mainstream on those issues. They also note that, in large part because of leadership after the 9/11 attacks, Mr. Giuliani is in first or second place in most public opinion polls surveying the 2008 race; only Senator John McCain tends to do as well.

In recent months, Mr. Giuliani has applied his political muscle to raising money for Republican candidates for state and federal office, as well as defending President Bush's Iraq strategy and tax cuts.

Given how rarely he has publicly disagreed with the White House, Mr. Giuliani's complaints about federal energy policy were intriguing.

During the speech — in which he relied on a slide show instead of prepared remarks and rambled at times — Mr. Giuliani was relentlessly skeptical while also being short on specific solutions. He questioned the notion of energy independence that Mr. Bush and many Democrats have floated, yet his own alternatives were fairly general.

"The idea of energy independence for the United States is maybe the wrong paradigm — I don't know if we can ever be independent," he said. But he added, "I think you can be independent by being diversified," arguing that Americans needed to depend more on home-grown fuels and energy resources.

Mr. Giuliani repeatedly touted hybrid cars and said they needed "to be heavily supported and effectively moved forward." (It did not escape reporters' attention, however, that a large Escalade was idling outside for him.)

At the same time, he sounded a skeptical note about energy conservation, saying it was "helpful but not really very, very effective" in dealing with energy. He said decreasing demand could harm the economy, though he did not go into detail.

Energy analysts said that while his remarks had a theatrical call-to-arms quality, many of his ideas were familiar.

"There's not a lot here that's different from what Dick Cheney would say," said Ashok Gupta, director of the air and energy program at the Natural Resources Defense Council, an environmental group in New York.

"Giuliani is focused so much on supply, instead of dealing with demand and energy efficiency and conservation," Mr. Gupta said. "To pass anything through Congress, you need a balanced message."

Yet Myron Magnet, an audience member and the editor of City Journal, a Manhattan Institute publication, praised Mr. Giuliani's plan as "absolutely coherent."

Later yesterday, Mr. Giuliani was host of a reception at the Four Seasons to raise $2 million for his political action committee, Solutions America.

It drew 200 donors and friends, as well as Ken Mehlman, chairman of the Republican National Committee.

The Reliable Source (WP)

By Amy Argetsinger And Roxanne Roberts

The Washington Post, June 14, 2006

From the White House to Graceland

Bill Clinton was supposedly the biggest presidential Elvis Presley fan ever -- the Secret Service even code-named him "Elvis." But did he ever undertake a diplomatic mission to Graceland?

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No, sir! Instead, George W. Bush will become the first sitting president to visit the King's Memphis home when he and Laura escort Japanese Prime Minister Junichiro Koizumi there June 30. The White House yesterday announced the plans for the awesomest road trip ever (except that they'll probably fly), slated for a day after the two heads of state and close pals meet in Washington. A little less conversation, a little more action . . .

The trip had to have been Koizumi's idea. The 64-year-old PM is well known as the most serious Elvis disciple of today's world leaders. He shares a birthday (Jan. 8) with the rock icon, and his brother once ran the Presley fan club's Yokohama chapter. In 1987, he was one of the key players in erecting a bronze statue of Presley in Tokyo. He's sung Elvis tunes poolside at Bush's Crawford ranch and dazzled Condi Rice with his knowledge of Elvis trivia at a G8 dinner. And in 2001, he released a 25-song compilation CD called "Junichiro Koizumi Presents: My Favorite Elvis Songs." It was sold only in Japan, and all proceeds went to charity.

Surely he had made the grand Memphis pilgrimage before? "This is his first time visiting Graceland as prime minister," a Japanese Embassy spokesman said. "I cannot confirm that he hasn't been there before."

Jack Soden , CEO of Elvis Presley Enterprises, said the only precedent for such a visit is when Jimmy and Rosalynn Carter stopped by, several years after he left office. "We're very excited," he said. "It will be another very fun day at Graceland."

Let's Move Along, Folks. It's Just a Little Typoe.

A campaign breakfast or presidential launch? A recent e-mail from Rep. J.D. Hayworth 's reelection campaign invited supporters to join the Arizona Republican, his wife and "The Honorable Dan Quayle , 44th President of the United States."

Whoa! How did we miss this? Mr. Potatoe Head running in 2008?

Well . . . no. Quayle was actually the 44th vice president, but a typo dropped the "vice" and started a buzz among startled GOPers who thought Quayle wanted to be the next -- that would be 44th -- president.

"We did have a couple people wondering if this was his big announcement," said Todd Sommers , Hayworth's campaign manager. A correction was quickly issued; at press time, the only heart-pounding element at the June 24 event will be the coffee.

Surreal Estate

Buyer: Tucker and Susan Carlson

Listing price: $ 3,995,000

Details : The host of MSNBC's "The Situation With Tucker Carlson" is bringing his show to Washington and will soon close on a 1939 fieldstone colonial in the Palisades. The couple made a killing last year when they sold their Alexandria home and moved to New Jersey for the show's launch; now they're moving their four kids into a six-bedroom, 7 1/2- bath home with a huge family room, back yard and heated pool.

Hey, Isn't That . . . ?

· Bill Clinton and Hillary Rodham Clinton at the liberal schmooze fest for Peter Beinart , author of "The Good Fight." The Clintons book-ended Monday night's party at the Georgetown home of hosts Mark Penn and Nancy Jacobson. Hillary was in and out early; the former prez arrived an hour later after picking up an award from the National Association of Broadcasters.

· Sugar Ray Leonard maintaining his fighting weight at a steak restaurant. The former champion boxer, with his brother and sister-in-law Sunday at Morton's in Bethesda, ate salmon; his tablemates chose crab cakes and Porterhouse.

Strapped States Try New Route, Lease Toll Roads To Foreign Firms (WP)

By Amy Goldstein

The Washington Post, June 14, 2006

ELKHART, Ind. -- Its official state motto is "the crossroads of America." Yet Indiana is about to turn over its entire toll road for the next 75 years to two foreign companies, making it more expensive to drive.

The decision to hand the Indiana Toll Road to an Australian and Spanish team for $3.8 billion at the end of this month has blown up into one of the biggest brawls here in a generation. It has unsettled the state's politics in the months before the November elections, pitting a governor who was President Bush's first budget director against the people of northern Indiana, which the highway passes through.

The decision also places Indiana at the leading edge of a nascent trend in which states and local governments are exploring the idea of privatizing parts of the United States' prized interstate highway system. The idea goes beyond projects, such as Northern Virginia's Dulles Greenway, in which states have turned to private companies to build or widen toll roads. Now, they are considering selling or leasing some of the best-known and most-traveled routes across America.

The trend started 1 1/2 years ago, when Chicago Mayor Richard M. Daley (D) pushed through a 99-year lease of the Chicago Skyway, nearly eight miles of elevated highway across the South Side, for $1.8 billion.

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Since then, a New Jersey lawmaker has proposed selling a 49 percent interest in the New Jersey Turnpike and the Garden State Parkway. New York Gov. George E. Pataki (R) is trying to persuade the legislature to let investors rebuild or replace the Hudson River's Tappan Zee Bridge. In Houston, Harris County officials are studying leasing 57 miles of toll roads.

Locally, Virginia transportation officials announced last month that they would lease a debt-ridden toll road outside Richmond, the Pocahontas Parkway, to a private firm for $522 million.

Half a century after President Dwight D. Eisenhower persuaded the nation to build the interstate highway system, the allure of privatization is a rethinking of the relationship between the government and its roads. It reverses the view of highways as a public responsibility, ingrained since the first half of the 19th century, when states took over roads, bridges and canals that had gone bankrupt in private hands.

The Bush administration advocates the new view. "We are like a poker game," Transportation Secretary Norman Y. Mineta said in an interview. "We are inviting more people to the table and saying, 'Bring money when you come.' " Such eagerness for private investment stems from the financial strains on an overburdened highway system at a time when the White House and the Republican-controlled Congress want to curb domestic spending. The interstate system is decaying, and traffic congestion has worsened. Inflation in the price of building and improving roads is rampant.

Most significantly, money from federal and state gasoline taxes that pay for roads are falling further behind the need, with no political appetite in an era of record gas prices to increase the rates. According to U.S. projections, the part of the federal Highway Trust Fund devoted to roads is to run out of money for the first time in its history in 2009.

In response, the administration persuaded Congress last summer to take steps to make it easier for the private sector to finance new roads -- and take over existing ones. Lawmakers removed several legal barriers to charging tolls on interstates and gave private investors new access to tax-free bonds for transportation projects.

Mineta has been urging U.S. financial institutions to get involved. "This type of dialogue really didn't exist two years ago," said Mark Florian, a managing director at Goldman Sachs Group Inc., which was paid $19 million to negotiate the Indiana deal and has discussed similar possibilities with officials in more than 35 states.

Still, skepticism abounds: Will companies take good care of highways? Will toll roads become too expensive to drive? Will investors pluck profitable routes, leaving others to crumble? What will happen to public toll-road workers -- including 600 in Indiana who have been promised interviews by the new operators, but not the same job?

In Elkhart, resistance to such change runs deep. At a rest stop here on a recent day -- at Milepost 77 near the midpoint between Illinois and Ohio -- both Indiana drivers and interstate truckers were almost uniformly against what the state has done. "I heard that foreigners were going to lease it, and that sounds like a bad deal to me," said Kreig Eberle, 36, a truck driver from Chillicothe, Ill., who uses the toll road nearly every day. "I think it is kind of baloney. Indiana ought to run it itself."

Dankia McLaren, 22, a kitchen designer from nearby South Bend, said: "It is sad. . . . It is just going to make it more expensive to drive."

The passionate opposition has astonished the architect of the deal, Gov. Mitchell E. Daniels Jr. (R), Bush's first budget director.

Daniels said he had his "little epiphany" about the toll road in 2004, after he returned from Washington and was campaigning for governor. At a barbecue in rural western Indiana, a veteran of the state highway department came over and said: "You understand it's a joke, don't you."

The joke, he told Daniels, was that the state for years had a list of promised transportation projects that would never be built. Running on a platform of economic development, Daniels immediately viewed a roads program as a means of creating jobs and attracting business to spur Indiana's sagging economy.

Soon after taking office last year, the governor ordered his staff to compute the price of the pent-up projects -- $2.6 billion more, it turned out, than the state could afford -- and propose ways to pay for them. Of more than 30 options, Daniels said in an interview, generating money by leasing the 157-mile Indiana Toll Road was the only "real bold stroke that could substantially close this huge gap."

In the shower one morning, he came up a name for his plan: "Major Moves," borrowed from the title of a Hank Williams Jr. country song. The governor announced Major Moves in September, saying the state was open for bids on the toll road to raise money for a 10-year transportation plan.

Late in January, he invited legislators, builders, manufacturers, mayors and trade union leaders to his office in Indianapolis to disclose that the winning bid was $3.85 billion, more than enough to fund the state's road projects. The crowd burst into applause. "Everybody thought, that was that," Daniels recalled. "We can stop dreaming and start digging all these big projects."

But, Daniels had not anticipated what he calls "the x-word" -- for xenophobia -- or the protests or the bumper stickers that say, "Keep the Toll Road, Lease Mitch."

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"This was an authentic, spontaneous, very emotional reaction," the governor said, "and no interest group caused it."

The proposal stirred up one of the biggest fights the Indiana legislature had ever seen, with rallies and expensive media campaigns on both sides, and the governor unable to change minds at jammed town hall meetings in communities along the toll road where opposition was most fierce.

"Never in my legislative career will I ever again be faced with a [bill] quite like this," said the chief sponsor, state Rep. Randy Borror (R) of Fort Wayne, who walked the statehouse with thick notebooks filled with figures showing how much transportation money each legislator's district would get from the plan.

The winning bidders were Macquarie Infrastructure Group of Sydney, the same firm that controls the Dulles Greenway, and Cintra Concesiones de Infrastructures de Transporte S.A. of Madrid. Under the lease, the companies got the right to raise tolls -- which have not been increased in two decades -- for cars and trucks right away, and eventually to keep pace annually with inflation. The 103-page lease spells out the companies' responsibilities in meticulous detail, including clearing snow and road kill within specified times, and granting state police the right to patrol.

Steve Allen, Macquarie's chief executive, said the company, which operates toll roads in nine countries, has an incentive to improve the highways to attract more drivers. Since it took over the Chicago Skyway, he said, the company has built electronic toll booths sooner than required and made lane changes that reduce backups.

Indiana legislators were not reassured. Daniels and his allies made big compromises: extra money for each county along the toll road, a postponement of higher rates for cars until electronic tolls are installed, job-training money for economically depressed Gary. Even so, the plan passed the state House by one vote.

Three months after the legislation squeaked through, feelings remain raw.

"The whole thing stinks," said state Rep. B. Patrick Bauer, the House Democratic leader. The two companies, he said, "got a heck of an unbelievable deal. We got a bad deal."

Daniels's approval ratings have plummeted, from about 50 percent early last winter to 37 percent in the most recent polls. Borror said the issue "complicates the election" for state legislators in November.

"There are going to be a lot of states that fail at this," Borror said, "because they underestimate the amount of work it takes to get this bill passed." Even so, Daniels said, "I don't believe we'll ever [again] be able to do any one thing that will be as transformative and positive for the future of this state."

Israeli Missiles Kill 10 In Gaza (NYT)

By Steven Erlanger And Ian Fisher

The New York Times, June 14, 2006

GAZA, June 13 — Eight Palestinian civilians were killed and more than 40 wounded Tuesday by an Israeli missile strike on Islamic militants riding in a van that Israeli officials said was carrying rockets to launch at Israel. Two men in the van were also killed, including a man the Israelis consider an important rocket maker.

The officials said the strike had prevented more of what has been a rising number of Palestinian missile attacks launched from Gaza. But the civilian casualties further inflamed Palestinian rage over eight deaths last week on a beach from what residents said was an errant Israeli shell. Seven of the dead were from one family.

In a news conference in Tel Aviv, Israel's defense minister, Amir Peretz, announced Tuesday that an investigation into the deaths on Friday showed that Israel was not to blame.

"We have enough findings to back up the suspicion that the intention to describe this as an Israeli event is simply not correct," he said, citing films, data on where and when the shells landed, and a piece of shrapnel taken from a victim. "The accumulating evidence proves that this incident was not due to Israeli forces."

The account was quickly disputed by officials from Human Rights Watch, who cited contrary evidence from an investigation of their own.

In the attack on Tuesday, one missile struck a van and killed two members of Islamic Jihad and apparently wounded a third. But a second missile fired shortly afterward hit the curb just in front of a house whose occupants had emerged to see what had happened, and members of the Mughrabi family and their neighbors were killed.

Two children and three medical workers died in the second explosion, after the first had destroyed the yellow Volkswagen van of a noted Islamic Jihad rocket maker, Hamoud Wadiya, who was killed. Israel said Mr. Wadiya was transporting Katyusha rockets to launch at Israel, and rockets were seen in the wreckage.

The Katyusha is a factory-made weapon of longer range and much greater accuracy than the crude Qassam rocket that Palestinian militants build in machine shops with explosives mixed in cooking pots.

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The Katyushas, Israel says, have been smuggled into the Gaza Strip from Egypt and represent a significantly enhanced danger to Israeli cities.

Since Israel withdrew from Gaza 10 months ago, scores of Qassam rockets have been launched from Gaza; Israel says there were 100 rockets fired last month. Between June 2004 and March 2006, eight Israelis, including three children, were killed in the attacks, the Israeli military says.

Israel says it has been forced to go after the launching sites because the Palestinian authorities have done nothing about them.

Palestinian militants say they launch the rockets in response to Israel's continuing campaign to capture or kill Palestinian militants from Islamic Jihad and Al Aksa Martyrs Brigades.

After Tuesday's attack, a weeping Hekmat Mughrabi said her 30-year-old son, Ashraf, had died in her arms. Ashraf ran to the door after the first explosion, trying to calm children playing on the roof, she said. "He was shouting to the kids, 'Don't be afraid, don't be afraid!' " and had not even finished his sentence when the second missile hit, she told The Associated Press.

An angry Palestinian Authority president, Mahmoud Abbas, called the Israeli actions "state terrorism" and accused Israel of trying to "wipe out the Palestinian people."

Mr. Abbas, whose aides feel his support for talks is being undermined by the civilian death toll, said, "Every day there are martyrs, there are wounded people, all of them innocents, all of them bystanders."

The deaths are bound to make it harder for Mr. Abbas and the United States to persuade Hamas, which controls the Palestinian Authority, to recognize the right of Israel to exist, to forswear violence and to accept previous Palestinian-Israeli agreements, which are based on a permanent two-state solution.

Mr. Abbas will also find it more difficult to get Hamas to accept a referendum proposal that would at least implicitly recognize Israel.

There was pandemonium on Tuesday at Al Shifa Hospital, where the dead and the wounded were brought. Gunmen surged through the courtyard, firing weapons into the air, and banging on the door of the morgue to retrieve the bodies of their colleagues or family members.

They grabbed stretchers and paraded the corpses in impromptu marches around the hospital yards and into the streets, bearing the black banners of Islamic Jihad and the yellow ones of Fatah and Al Aksa Martyrs Brigades, to which Ashraf Mughrabi belonged.

In a gruesome scene, one Islamic Jihad militant smeared the blood of his dead colleague onto his rifle and lifted it high into the air. Amid the acrid smoke of burning tires, women shouted, "Death to Israel! Death to the occupation!"

After the explosion on the beach in Gaza on Friday, Hamas said it was abandoning its 16-month cease-fire with Israel, though Israeli officials insist that Hamas had started firing its own Qassams toward Israel a week before.

Human Rights Watch, which has been investigating the Israeli shelling in Gaza on Friday, said of the deaths, "The evidence we have gathered strongly suggests Israeli artillery fire was to blame." It called on Israel to open an independent investigation rather than relying on its own military.

An American expert working with Human Rights Watch, Marc Garlasco, is a former Pentagon official who did bomb damage assessment for the American military in Kosovo and worked for the Defense Intelligence Agency.

He said that he had visited the beach the day after the explosion, and that the crater size, the shrapnel and the location of injuries on the bodies all pointed to "a shell dropping from the sky, not explosives under the sand."

In an interview in Gaza, he said he had found shrapnel "consistent with a 155-mm. Israeli shell fired from a M109 howitzer," including one piece stamped "155mm."

Defense Minister Peretz and other Israeli military officials offered a different analysis.

They contended that the explosion on the beach occurred between 4:57 p.m. and 5:10 p.m. They based that on an array of films, not specifically identified but shown at the news conference in Tel Aviv. One film taken from seaward showed what the officials called normal activity on that stretch of beach, with the time stamped as late as 4:57. A later film stamped at 5:15 showed an ambulance arriving from a hospital about five minutes away.

Brig. Gen. Hezi Levy, Israel's surgeon general and one of the investigators, said that they had accounted for all but one of the shells fired that day, and that none of them had exploded during this time. He said the one unaccounted-for artillery shell was fired "much" before 4:57. Later, another military official specified that that shell was launched at 4:30.

"There is no chance that this shell caused such damage," the general said.

The news conference, however, did make clear that shelling had occurred near that time and place. The last shell fell, according to a photograph of the site marked with the artillery hits, at 4:48, several hundred yards north of the site of the deaths.

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General Levy said that four of those injured were taken to Israeli hospitals and that the single piece of shrapnel extracted from one of them did not match any munitions used that day.

The officials said they also reviewed other recent bombardments in the area and ruled out the possibility that an Israeli shell had landed there earlier and might have been set off by the Palestinian family.

Mr. Peretz and the others refused to speculate on what could have caused the explosion, though military officials have contended that Hamas may have planted land mines against Israeli commandos.

Mr. Peretz did not rule out the possibility of allowing outside experts review Israel's evidence, as Human Rights Watch demanded. But the army's chief of staff, Lt. Gen. Dan Halutz, said he did not see the need.

"What we are doing is very, very, very professional," he told reporters. "We don't need the assistance of anyone."

Israeli Airstrike Kills 11 Palestinians (WP)

By Scott Wilson

The Washington Post, June 14, 2006

GAZA CITY, June 13 -- An Israeli airstrike here Tuesday killed 11 Palestinians, including nine civilians, in the deadliest such attack this year.

Later in the day, the Israeli military said an internal investigation showed that it was not responsible for a deadly explosion on a Gaza beach last week that Palestinian officials have called a war crime.

Tuesday's airstrike occurred just before noon when an Israeli military aircraft fired one missile at a minibus near a busy intersection, killing two gunmen from the radical Islamic Jihad movement. Military officials said the car was transporting homemade missiles of the kind Islamic Jihad has been firing into southern Israel, a near-daily occurrence that has picked up in the past week.

Witnesses said a second missile, fired seven minutes later as a crowd gathered to help the wounded, sprayed shrapnel into the tin-roofed home of Ashraf al-Mughrabi, a 31-year-old barber who was standing outside his front door. The blast killed him instantly, as well as his 6-year-old son, Maher, and his 13-year-old nephew, Hisham. Nisreen al-Mughrabi, Ashraf's wife, was severely wounded.

Also killed in the explosion were four Palestinian medics who had rushed to the scene from the Mohammed al-Dura Children's Hospital a block away after hearing the first blast. Hours later, an angry funeral procession led by armed men from the Fatah party that Ashraf al-Mughrabi belonged to paraded to his home, bearing aloft his body on a makeshift stretcher, along with his son's body.

"They were like family, our comrades," Leila Fatoum, 39, an assistant administrator at the hospital, said of her colleagues.

The strike highlighted the sharp surge in the Israel-Palestinian conflict in recent weeks and came at a time when Palestinian leader Mahmoud Abbas and Israeli Prime Minister Ehud Olmert have pledged to seek ways to return to peace talks, which were abandoned more than five years ago.

According to U.N. humanitarian monitors, the Israeli military has killed 32 Palestinians since the beginning of this month, fewer than half members of armed groups at war with Israel. An additional 109 Palestinians have been wounded, the U.N. Office for the Coordination of Humanitarian Affairs reported.

Over the same period, Palestinian rockets have wounded 11 Israelis, one gravely, according to Magen David Adom, Israel's emergency service. The Israeli military reported that 38 rockets were launched toward Israel from Gaza in the 24-hour period before Tuesday's airstrike.

The armed confrontation between Israel and the Palestinian militias, including the armed wing of the radical Hamas movement now running the Palestinian government ministries, has coincided with a worsening internal conflict among the Palestinian parties. Deep partisan divisions within the security services have split its more than 70,000 members into rival camps, a combustible situation made worse by delays of more than three months in payment of salaries because of economic sanctions.

Fighting between Hamas and Fatah cooled Tuesday after security forces dominated by Fatah loyalists ransacked the Palestinian parliament and cabinet offices -- institutions controlled by Hamas -- in Ramallah the previous day.

The past five days have been particularly volatile ones in the territories.

On Friday, eight civilians picnicking on a beach here were killed in an explosion that Palestinian witnesses said was the result of an Israeli artillery shell. Israel has been firing artillery into Gaza, sometimes hundreds of shells a day, to put down the steady Palestinian rocket fire.

Six members of the Ghaliyah family perished in the blast, and Abbas later adopted the family's 11-year-old girl, Huda, whose desperation in the minutes after the explosion were caught on video and turned her into a symbol of the conflict for many Israelis and Palestinians.

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But Israeli defense officials said Tuesday that an internal investigation found that the military was not responsible for the explosion. In a news conference in Tel Aviv, Maj. Gen. Meir Kalifi, who led the inquiry, said it concluded that artillery shells that the Israel Defense Forces fired Friday afternoon could not have landed in the area where the family was picnicking.

"I can say, I can rule out, in a definite and unequivocal manner, the possibility that any kind of firing from the IDF during these hours, or others, is the source that caused the damage," said Kalifi, who is deputy commander of Israel's land forces.

Using maps to illustrate his points, Kalifi said that the military fired six artillery rounds toward the beach during the time in question and that all but the first landed more than 500 yards from the site of the fatal explosion. He said the investigation could not determine where the first shell landed, but he said it was fired at the same trajectory and in the same direction as the five others.

Kalifi also said that shrapnel taken from a Palestinian woman being treated for her wounds in Soroka Medical Center, in the Israeli city of Beersheba, did not come from a 155mm artillery round -- the kind fired that day.

Although Israeli military leaders did not officially accuse the Palestinians of responsibility for the explosion, military sources have indicated privately in recent days that the blast was the result of land mines that Hamas gunmen laid along the beach to prevent Israeli commandos from entering the area from the sea.

But a human rights investigator specializing in military affairs raised doubts about those claims during a news conference in Gaza.

Marc Garlasco, a senior military analyst with New York-based Human Rights Watch, said he had not compiled enough evidence to say definitively that the Israeli military fired the fatal shell. But he said shrapnel gathered at the site, the wound patterns on Palestinians treated in Gaza hospitals and the characteristics of the crater left by the blast indicated that the victims were killed by a 155mm artillery shell that fell on the beach.

"It is my contention that the most likely scenario is that the blast was the result of Israeli shells coming down on the beach," said Garlasco, whose military experience includes seven years with U.S. military intelligence.

Garlasco was in Gaza to investigate the Palestinian rocket fire and Israeli response. His presence here at the time of the explosion, he said, was coincidental.

He said he examined the site a day after the explosion and acknowledged that wind and the number of people who trampled the area after the blast made conclusions difficult. Nevertheless, he said shrapnel he found lodged in a car near the explosion and other samples collected by the Palestinian bomb-disposal unit made clear it was from a 155mm shell.

He said the size and depth of the crater -- roughly seven feet in diameter and six to eight inches deep -- suggested it was from a falling shell. He said he compared it with other craters left by Israeli artillery on the beach, a frequent target because of its use by Palestinian rocket launchers, and the sizes were similar.

Garlasco also said most of the 30 people injured in the explosion suffered from wounds to the torso and head, while a land mine generally does the most damage to the lower body. But he said he could not rule out that the shell had been left on the ground.

Gaza Conflicts Gain Deadly Momentum (CSM)

By Ilene R. Prusher

The Christian Science Monitor, June 14, 2006

GAZA CITY, GAZA AND JERUSALEM

Hours after the Israeli military announced Tuesday that it was not responsible for the deadly explosion on a Gaza beach Friday, two more Israeli army missiles struck a van near Gaza's Jabalya Refugee Camp Tuesday, killing 11 people, including two children and two paramedics who arrived after the first strike.

Israeli military officials say the car was carrying Islamic Jihad militants who were on the way to launch Kassam rockets into southern Israel, which has come under a shower of rockets in recent days.

The cross-border arms volley - as well as worsening strife among Palestinians - has gained a deadly momentum since late last week, setting up a dynamic that may put prospects for dialogue among all the parties further out of reach.

Late Monday night, Palestinians loyal to President Mahmoud Abbas and his Fatah party set fire to the parliament building and other West Bank cabinet offices - many of them unused by Hamas cabinet ministers, including Prime Minister Ismail Haniyeh, because most are barred by Israel from leaving Gaza. On the same night in Gaza, Hamas gunmen tried to storm a compound run by the Preventive Security Service, which is closely affiliated with Fatah.

Some Palestinians eyeing the spiraling violence blame Fatah, the mainstream faction of the Palestine Liberation Organization (PLO), previously led by the late Yasser Arafat, for refusing to accept the ascent of Hamas.

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"It never entered the mind of Fatah that they should accept the Hamas success in elections, so they will do whatever they want to topple the Hamas government," says Abdel Sattar Qassem, a political scientist at An-Najah University in the West Bank city of Nablus. "We have the additional, internal factor that the US and Israel are pressuring Fatah to topple Hamas," he charges. "Every day, Fatah is doing something to create chaos in the street, so things will deteriorate as long as Hamas is in power. Israel, the US, and also Fatah have an interest in that."

Of course, it is Hamas - not Fatah - that is lobbing Kassam rockets over the border, something Israeli leaders hoped would be less justifiable once Israel pulled troops and settlers out of Gaza, as it did last August. Since the beach attack Friday, which killed seven members of the Ghaliya family, more than 80 Palestinian rockets have fallen on Israel, causing two serious injuries.

After an investigation, the Israel army said Friday's bloodshed was not the result of a misfired shell, as previously reported, but of explosives laid by Hamas with the intention of attacking the Israeli navy, which patrols the coast. Palestinian officials said such an explanation was highly unlikely.

Who is actually at fault may never be entirely clear, and may matter little now: Palestinians blame Israel and say their "farms have been turned into graveyards" in the words of Ghassan Ghabil, who sat at the mourning tent for his uncle and cousins killed in Friday's bloodshed on the beach.

Israelis lay responsibility at the feet of Hamas and other like-minded militants, who have stepped up rocket attacks nearly a year since the disengagement plan was carried out. Hamas has declared its cease-fire with Israel over, but Hamas spokesmen declined to say what that might mean, insisting that such questions are in the realm of the organization's military wing, the Izz ed-Din al Qassam Brigades.

On Monday, Palestinian parliament members began their session as usual - divided. They sat half in Gaza, half in the West Bank, patched together by videocameras that broadcast with a strange, jumpy lag that makes it seem as if the other territory may as well be thousands of miles away.

But the division that doesn't feel business-as-usual is the yawning ideological divide, separating Palestinians who support forging a two-state solution with Israel from Palestinians who see no chance of permanent peace with the Jewish state.

Moreover, there has been a decline in the usual respect between what, in Palestinian terms, could be considered "both sides of the aisle" - Fatah and Hamas.

Hamas, which holds 74 seats of the 132-seat Palestinian Legislative Council (PLC), had called an emergency meeting to pass a law to try to prevent Fatah's Abbas from holding a referendum, which he announced by presidential decree over the weekend.

Angered by this affront to the president's authority, Fatah legislators staged a walkout from the meeting. "Fatah withdrew from the session because this is an illegal meeting," says Ashraf Juma, a PLC member who was pursued by reporters on the plaza outside Gaza parliamentary meeting hall. "The parliament has no right to discuss the referendum and try to ban it. Today's session means they are confusing executive and legislative powers."

Mr. Juma says that despite the difficulties, Abbas will succeed in his plans to hold the referendum on July 26. The referendum is meant to gauge Palestinian support for the prisoners' document, which some people say implies support for a two-state solution. Prisoners from Hamas and Islamic Jihad say Abbas has extrapolated too much, and have withdrawn their names from the document.

"There is a determination by President Abbas to go ahead with the referendum," says Juma, "and we know from experience that if he wants something to happen on time, as he did with the elections, it will happen."

Analysts say that it isn't really the meaning of the prisoners' document - or even the question of whether Palestinians support a two-state solution with Israel - that is most at stake. Some observers say Abbas would use the results of the referendum to declare that most Palestinians support a return to peacemaking with Israel. Afterwards, Abbas could dismiss the government and call new elections.

After the Fatah walkout, Hamas legislators decided to postpone the vote until June 20 in order to give compromise talks - what Palestinians call the "national dialogue" - more time. But amid daily gun battles, a short-lived spate of kidnappings, and the protest resignation Tuesday of the single Christian government minister in the Hamas-led government, the sounds of dialogue are becoming harder to hear.

The Abbas-Hamas Problem (LAT)

The Los Angeles Times, June 14, 2006

AS PRESIDENT BUSH WAS PREPARING to pay a surprise visit to Iraq, where he arrived Tuesday and where the news lately has broken his way, U.S. interests were taking a beating on another front in the Middle East. Unhappily for the president,

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the bad news from the West Bank and Gaza — the site of the proposed Palestinian state that he envisions existing alongside Israel — is also bad news for the U.S. mission in Iraq.

For some time, progress toward the elusive objective of an Israeli-Palestinian peace agreement has been frustrated by the schism between Palestinian Authority President Mahmoud Abbas' Fatah movement and Hamas, the rejectionist Islamic party that took control of the Palestinian parliament and Cabinet in elections in January. The split also has endangered international humanitarian assistance to ordinary Palestinians.

Hamas refuses to recognize Israel's right to exist. Such recognition was the price former Palestinian leader Yasser Arafat had to pay to be taken seriously by the Jewish state and by the United States, and it paid dividends in the 1993 agreement signed on the White House lawn and the creation of the Palestinian Authority. Abbas, Arafat's heir, has tried to put Hamas on the defensive with his proposal for a July 26 referendum on a two-state solution. Hamas views the proposed referendum as illegal.

Deadlock gave way to open conflict after the death last week of eight Palestinian civilians on a beach in Gaza, initially attributed to a wayward Israeli artillery round. (On Tuesday, Israeli military officials suggested that the blast was caused by an explosive device buried in the sand at some earlier time by either Israelis or Palestinians.) On Monday, Fatah followers ransacked and set fire to the offices of the Hamas-led government in Ramallah on the West Bank and briefly kidnapped a Hamas lawmaker. In Gaza, Hamas fighters attacked a building belonging to a Fatah-dominated police force. Abbas announced a state of alert in all of the Palestinian-ruled territories and ordered a security crackdown.

A Palestinian civil war would be a geopolitical as well as a humanitarian disaster. It would invite further military involvement by Israel, which drew Palestinian ire Tuesday with an airstrike on suspected militants in Gaza that killed eight civilian bystanders. And it would increase support in Israel for Prime Minister Ehud Olmert's suggestion that Israel unilaterally draw new Israeli-Palestinian boundaries.

The Bush administration, which has reacted cautiously to Olmert's proposal, may need to urge both Israel and Abbas to exercise restraint in the next few days — and not only to preserve its options in that arena. There is also an Iraq connection.

It's simplistic to argue, as some critics of U.S. foreign policy do, that anti-Americanism in Iraq and the Middle East is grounded exclusively or even primarily in resentment of Israel. But it's equally simplistic to ignore the fact that the Palestinian cause has been embraced — sometimes sincerely, sometimes cynically — by millions of Arabs and Muslims. A bloodbath in the West Bank and Gaza — even a fratricidal one — would have ominous echoes for the United States elsewhere, including Iran and, yes, Iraq.

U.S. Sanctions 4 Chinese Firms For Aiding Iran (WSJ)

By Jay Solomon

The Wall Street Journal, June 14, 2006

WASHINGTON -- In a sign of the Bush administration's focus on constraining Tehran's ability to produce nonconventional weapons, the Treasury Department sanctioned four Chinese companies, saying they had aided Iran's ballistic-missile programs.

The U.S. moves underscore the complexities Washington faces as it seeks to contain Iran. The Bush administration depends on China to support multilateral talks to freeze Tehran's nuclear program and is concerned about Beijing's support of Iran's weapons development.

"The companies targeted today have supplied Iran's military and Iranian proliferators with missile-related and dual-use components," said Stuart Levey, the undersecretary of the Treasury for terrorism and financial intelligence.

The four Chinese state-owned companies are Beijing Alite Technologies Co., LIMMT Economic and Trade Co., China National Precision Machinery Import/Export Corp., and China Great Wall Industry Corp., or CGWIC. The U.S. also cited CGWIC's Torrance, Calif., U.S. subsidiary, G.W. Aerospace Inc. The Treasury froze the companies' U.S. assets, and barred U.S. companies, banks and individuals from doing business with them.

The State Department had sanctioned all four companies for aiding Iran's weapons programs, but the earlier measures had banned only the U.S. government from dealing with the firms. The Treasury said the companies supplied dual-use technologies and financial support to three Iranian companies the U.S. believes are developing missile systems: Shahid Bakeri Industrial Group, Shahid Hemmat Industrial Group and Aerospace Industries Organization, or AIO.

The Treasury described the AIO as a subsidiary of Iran's Ministry of Defense and the overall manager of Iran's missile programs. Many of Iran's missiles are based on designs supplied by North Korea.

Many world powers hold differing interests in its dealings with Iran. China depends on Iran for oil and natural gas. The two countries have developed a close military relationship. Tehran and Beijing are wary of the Bush administration's efforts to promote democracy and free media within their borders. Beijing, concerned about its own domestic standing, is unlikely to support a U.S. policy toward Iran that encourages regime change.

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Some Democrats See A Political Motivation In Bush Focus On Iran (HILL)

By Roxana Tiron

The Hill, June 14, 2006

Some Democrats on Capitol Hill say that the White House's recent focus on Iran is a political ploy aimed at boosting the president's low approval ratings.

The rhetorical exchanges between Washington and Tehran about Iran's alleged effort to obtain nuclear weapons has cooled somewhat as a floated compromise on the thorny issue has not been outrightly rejected by the Middle Eastern country.

Still, Democrats point out that the Iran situation could be a win-win for Bush. If he brokers a deal Bush can claim victory, and if it falls apart it would set up an opportunity for the president to talk about homeland security and terrorism in the lead-up to the election.

While Democrats are quick to point out that keeping nuclear weapons out of Iran's hands is extremely important, some of them say that politics are playing a significant role in the administration's foreign-policy initiative. For those Democrats, the situation is reminiscent of the period before the vote on the war in Iraq.

Many administration critics remember when then-White House Chief of Staff Andrew Card was asked why the administration waited until after Labor Day to try to sell the American people on military action against Iraq in 2002. Card replied, "From a marketing point of view, you don't introduce new products in August."

House Democrats, who have high hopes of gaining the majority this fall, are much more vocal about their concern that the administration's approach toward Iran is a political stunt than their counterparts in the upper chamber.

Rep. Gene Taylor (D-Miss.), a centrist and a member of the House Armed Services Committee, said that some of his Democratic colleagues have mentioned to him that they are concerned the current situation with Iran "looks a lot like the whole scenario prior to the use-of-force vote on Iraq."

"People suspect [Bush is] doing it for political reasons rather than national-security reasons," Taylor said. "There's definitely concern among my colleagues. There's a concern that [administration officials] see a vote on use of force on Iran as a Hail Mary pass before November elections."

Taylor added that it is a fair question to ask whether the debate on Iran is political.

"At best they misled me and at worst they lied to me about weapons of mass destruction" in Iraq, he said. "There could be a vote on use of force in Iran, [but] I want them to be forthright with the American people."

Rep. Neil Abercrombie (D-Hawaii), another member of the Armed Services Committee, said, "The whole issue of diplomacy is to engage in dialogue and to understand that there are going to be rhetorical flourishes on all sides."

But Abercrombie said there are election concerns in play: "It is to give the appearance of reasonableness on part of the U.S. while winking at the [conservative] base."

Meanwhile, Rep. John Murtha (D-Pa.), ranking member of the House Defense Appropriations Subcommittee, said that the administration's earlier approach to Iran's alleged nuclear-weapon ambitions was "absurd."

"When they said those cowboy words, it had a detrimental effect on foreign policy," Murtha added. "We are the most unpopular country in the world."

Murtha, a Marine veteran and a hawk, has become an outspoken critic of the war in Iraq. He emphasized that the United States has no other alternative in Iran than the diplomatic path. Military action would be out of the question, he said. "Iran is three times bigger than Iraq."

The House this spring passed a bill imposing greater sanctions on Iran, causing several Democrats to object to it as a stepping-stone to war.

"By sanctioning foreign countries and companies that have economic relations with Iran, this bill sanctions the very countries we need for a strong diplomatic effort," said Rep. Earl Blumenauer (D-Ore.)

"I feel a sense of déjà vu this morning," he said at the time.

In his floor address, Rep. Jim McDermott (D-Wash.) said, "I know it is an election year, and I know President Bush's ratings are at an all-time low. … Nevertheless, I call upon my colleagues and the president to resist the temptation to start yet another war … and I define bombing from 40,000 feet as war."

But a spokesman for the National Republican Congressional Committee (NRCC) said that Iran is not a problem exacerbated by the GOP.

"Virtually the entire world recognizes the potential threat that exist with Iran," said Ed Patru, an NRCC spokesman. "Democrats can't understand the concept of conducting foreign policy and prosecuting the war on terror without polls and focus groups."

He charged that the Democrats have for decades voted to undercut the military and weaken the defense community.

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Democrats are not the only ones raising concerns about the timing of the Iran discussions. In April, Texas Rep. Ron Paul, one of six House Republicans to vote against the Iraq war, said, "It is frightening to see how easily Congress, the media and the people accept many of the same arguments against Iran that were used to justify an invasion of Iraq."

The intelligence failures before the Iraq war prompted Senate Minority Leader Harry Reid (D-Nev.) to seek greater transparency from the Bush administration about possible threats posed by Iran's pursuit of nuclear weapons.

Reid, at a bloggers convention in Las Vegas over the weekend, said that he wants to prevent possible misuse of intelligence as the administration deals with the crisis and that he plans to introduce legislation next week on the issue. His bill would require a new national intelligence estimate for Iran, as well as an unclassified summary that could form the basis for a public debate about possible action if Tehran continues to seek nuclear weapons.

But Reid said in a short interview that he does not think Bush would intensify the rhetoric on Iran to gain approval ratings.

Sen. Jack Reed (D-R.I.) said several factors are in play when it comes to the administration's position toward Iran. One is political, to prove that it can handle international relations and that the circumstances demand diplomatic action.

"The reality in Iraq has forced them to reconsider what they can do in Iran," Reed said. "This is the only practical action they can take now rather than talking about regime change."

Larry Sabato, the director of the Center for Politics at the University of Virginia, said Democrats should tread cautiously on Iran: "Democrats have a great issue in Iraq, but on Iran complaints about politicizing could backfire. Almost everybody views Iran as a big problem and solidly very anti-American."

The White House did not comment for this article.

Global Image Of The U.S. Is Worsening, Survey Finds (NYT)

By Brian Knowlton

The New York Times, June 14, 2006

WASHINGTON, June 13 — As the war in Iraq continues for a fourth year, the global image of America has slipped further, even among people in some countries closely allied with the United States, a new opinion poll has found.

Favorable views of the United States dropped sharply over the past year in Spain, where only 23 percent said they had a positive opinion, down from 41 percent last year, according to the survey. It was done in 15 nations, including the United States, this spring by the Washington-based Pew Research Center.

Other countries where positive views dropped significantly include India (56 percent, down from 71 percent); Russia (43 percent, down from 52 percent); and Indonesia (30 percent, down from 38 percent). In Turkey, only 12 percent said they held a favorable opinion, down from 23 percent last year.

Declines were less steep in France, Germany and Jordan, while people in China and Pakistan had a slightly more favorable image of the United States this year than last. In Britain, Washington's closest ally in the Iraq war, positive views of America have remained in the mid-50-percent range in the past two years, down sharply from 75 percent in 2002, before the war.

Support for the fight against terrorism led by the United States is also down, Pew found.

Although strong majorities in several countries expressed worries about Iran's nuclear intentions, in 13 of 15 countries polled, most people said the war in Iraq posed more of a danger to world peace. Russians held that view by a 2-to-1 margin.

"Obviously, when you get many more people saying that the U.S. presence in Iraq is a threat to world peace as say that about Iran, it's a measure of how much Iraq is sapping good will to the United States," said Andrew Kohut, president of the Pew Research Center.

The latest declines came after a year in which anti-American sentiment had slightly receded, aided by good feeling over aid for tsunami victims and political progress in Iraq.

The polling was conducted before the completion last week of the Iraqi government or the killing of Abu Musab al-Zarqawi, the leader of Al Qaeda in Mesopotamia.

These were some other findings:

{paragraf}After Hamas's victory in the Palestinian elections, Germans, in a reversal, said they sympathized more with Israel than with the Palestinians. Support for Israel also rose in France, to 38 percent from 20 percent.

{paragraf}After the immigrants' riots and job protests in France, people in every country but one — the United States — said they held dimmer views of the French. The number of Americans favorably impressed by France rose to 52 percent, from 29 percent in 2003, when the French angered many Americans by refusing to back the war in Iraq.

{paragraf}Only 75 percent of Americans had heard reports of abuses at Abu Ghraib prison in Iraq and at the American naval base at Guantánamo Bay, Cuba, while 90 percent of Western Europeans and Japanese had heard about them.

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Many respondents distinguished between their largely negative feelings about President Bush and their feelings about Americans in general.

Majorities in 7 of 14 countries polled, not including the United States, had favorable views of Americans, led by Japan, at 82 percent, and Britain, at 69 percent. But majorities in just two countries, India and Nigeria, expressed confidence in Mr. Bush.

After a tumultuous year in Iraq and Afghanistan, the fight against terrorism is now backed by more than 50 percent of people only in Russia and India, while support has virtually collapsed in Japan, the poll found. People in the United States were not asked this question. But as leading powers seek ways to contain the Iranian nuclear program, the poll found strong majorities in Western Europe, Japan, and India sharing underlying American concerns. The percentages of people in Britain, France and Spain who view Tehran as a threat have roughly tripled in three years.

More than 9 in 10 Americans, Germans, Japanese and French opposed Iran's acquiring nuclear arms.

Pew surveyed 16,710 people from March 31 to May 14 in Britain, China, Egypt, France, Germany, India, Indonesia, Japan, Jordan, Nigeria, Pakistan, Russia, Spain, Turkey and the United States. The margin of error was two to four percentage points in every country except Britain and Germany, where it was six points.

U.S. Warms To Hague Tribunal (WSJ)

By Jess Bravin

The Wall Street Journal, June 14, 2006

WASHINGTON -- The U.S. is quietly beginning to accept the International Criminal Court, the Hague tribunal that President Bush repudiated in 2002, as the White House seeks to temper criticism that it considers itself unbound by international law.

That new approach will be on display today, when the ICC's chief prosecutor reports to the United Nations Security Council on his investigation into alleged war crimes in Darfur. The U.S., which now considers the ICC perhaps the only chance to bring Darfur war criminals to justice, will attend the briefing. U.S. Ambassador John Bolton, for years among the ICC's harshest critics, will send a deputy.

The move comes as the Bush administration softens its stance toward multilateral diplomacy on many fronts, seen most recently in the decision to offer negotiations with Iran.

U.S. officials concede they can't delegitimize a court that now counts 100 member countries, including such allies as Australia, Britain and Canada. While insisting the Bush administration will never allow Americans to be tried by the court, "we do acknowledge that it has a role to play in the overall system of international justice," John Bellinger, the State Department's chief lawyer, said in an interview.

That is a far cry from the tone President Bush took during his 2004 re-election campaign, when he blasted the court during a presidential debate. "It's a body based in The Hague where unaccountable judges and prosecutors can pull our troops or diplomats up for trial," he said. "I just think trying to be popular, kind of, in the global sense, if it's not in our best interest makes no sense."

In a May speech, Mr. Bellinger said "divisiveness over the ICC distracts from our ability to pursue these common goals" of fighting genocide and crimes against humanity.

When the ICC opened in 2002, Washington treated the independent war-crimes tribunal as a threat. President Bush signed legislation cutting aid to certain countries that refused to immunize Americans from court proceedings -- and authorizing the use of military force to free any Americans, should they ever be arrested by the court.

Bush administration officials felt the tribunal was at odds with their vision of international law and multilateral institutions. They prefer that countries apply their own versions of international law in their own courts. One example is the Iraqi Special Tribunal, which the U.S.-backed Baghdad regime favored over an international court to prosecute ousted dictator Saddam Hussein.

The ICC represents a different model, one it traces to the international tribunal at Nuremberg that tried Nazi war criminals.

The ICC was conceived at a 1998 U.N. conference in Rome, six years after the Security Council established a war-crimes tribunal for the former Yugoslavia, the first of several ad hoc courts for specific conflicts. Delegates hoped a single, permanent court for crimes against humanity would help institutionalize emerging doctrines of international law -- and would be less expensive than setting up a court from scratch for each future war zone.

The U.S. delegation managed to impose some checks on the court's power, but failed to force a requirement for Security Council approval before the court could launch a prosecution. Nevertheless, in December 2000 the U.S. signed the treaty establishing the court. President Clinton said that while the treaty had "significant flaws," signing it symbolized America's commitment to punish war criminals, and allowed Washington "to influence the evolution of the court."

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But along with such treaties as the Kyoto Protocol on climate change and the Antiballistic Missile Treaty, the incoming Bush administration considered the ICC treaty, known as the Rome Statute, an impingement on U.S. sovereignty. Mr. Bolton, then an undersecretary of state, personally signed the letter renouncing the treaty. During Mr. Bush's first term, Mr. Bolton orchestrated a diplomatic campaign to obtain immunity agreements from foreign governments, pledging not to cooperate with the ICC should it pursue an American.

The U.S. position began to force conflicts with allies. Several, including Mexico, have refused to sign U.S. immunity agreements. That has led to cutoffs of some military assistance, including a program that brings foreign military officers to the U.S. for training.

But some officials now say the immediate loss of military relations is a greater concern than the speculative danger that the ICC could pursue an American for war crimes. In recent weeks, officials from the Defense and State departments have been briefing congressional staffers on proposals to loosen the limits on foreign aid.

At the same time, ICC Chief Prosecutor Luis Moreno-Ocampo -- a prominent Argentine lawyer who has taught at Harvard and Stanford -- "seems to be going to great lengths to avoid stirring up the ire of the United States," says a Bush administration official who monitors the court.

In particular, the official said, Washington took note when in February Mr. Moreno-Ocampo rejected complaints activists had filed with the ICC accusing the U.S. of atrocities in Iraq. "The death of civilians during an armed conflict, no matter how grave and regrettable, does not in itself constitute a war crime," Mr. Moreno-Ocampo wrote, absent such factors as the deliberate targeting of civilians.

In Darfur, militias backed by the Sudanese government are accused of systematically attacking thousands of villages. It is that case that the U.S. is looking to see what Mr. Moreno-Ocampo can deliver.

The U.S. has called the Darfur militia campaign "genocide," and last year proposed establishing an ad-hoc international court for atrocities there. But European Union countries argued that the ICC was created precisely for such situations as Darfur.

Sudan is not an ICC member, so under the Rome Statute, the court could only act there if requested by the U.N. Security Council. With Britain and France refusing to consider alternatives to the ICC, Washington had to choose which it considered worse: lending the ICC the prestige that would come with a Security Council referral, or leaving atrocities in Darfur unpunished.

When the referral came before the Council in March 2005, the U.S. abstained, allowing investigations to proceed.

In an interview at the time, Antonio Cassese, the Italian jurist who headed a U.N. inquiry on Darfur, called it "a turning point" for both the fledgling court and the U.S.

Secretary of State "Condoleezza Rice deserves a lot of credit" for "a wise and well-balanced position," Mr. Cassese said. "She did not give in to those people...who are ideologically opposed to the ICC."

U.S. Military Broke Law By Transporting Convicted Marine Through Irish Airport (AP)

By Shawn Pogatchnik, Associated Press

AP, June 14, 2006

DUBLIN, Ireland – The U.S. military violated Irish law by transporting a convicted U.S. Marine through Shannon Airport without government permission, Foreign Minister Dermot Ahern announced Tuesday.

The episode – discovered when a cleaner spotted the man, in handcuffs and military fatigues, on the plane at the airport – underscored Irish suspicions that the U.S. military also could be ferrying munitions and terrorism suspects through this officially neutral nation.

U.S. Ambassador James Kenny confirmed that a U.S. Marine, who had been convicted of stealing by a U.S. military tribunal in Kuwait, was being transported Sunday under guard on a Defense Department-chartered aircraft. He said the military should have sought written permission from Ireland's Justice Department to bring the convict into Irish airspace but failed to do so.

“We regret that this incident happened and are reviewing procedures closely with Irish authorities to ensure that this does not happen again,” said Kenny, who pledged that all future U.S. military and chartered troop transports refueling in Shannon would be “completely transparent and in conformity with Irish law and the wishes of the Irish government.”

Ahern, who summoned Kenny for an explanation Monday night, said: “This failure, though inadvertent, is unacceptable. It is a matter of gravest concern to the Irish government.”

He said the legal breach was particularly sensitive because of widespread suspicions that the Central Intelligence Agency was using Shannon – a strategically located, trans-Atlantic refueling point – for transporting al-Qaeda and Taliban suspects. Both the Irish and U.S. governments have denied this.

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Ireland's practice of permitting U.S. military troop carriers bound for Iraq to refuel at Shannon has been deeply controversial. This is the first time, however, that the government has formally accused U.S. authorities of overstepping the limits of Irish neutrality.

The Irish government has defended its help for U.S. military flights on the grounds that Ireland permits aircraft from any country to land here, as long as they are not carrying weapons. A battalion of Irish soldiers was deployed around the airport's perimeter in February 2003 after protesters vandalized two U.S. aircraft.

About 330,000 U.S. troops traveled through Shannon in 2005, a record high, and paid Ireland's airport authority $34 million in taxes and other fees for the access. In March, Secretary of State Condoleezza Rice reassured Ahern that the CIA was not using Shannon as a transit point for the so-called "rendition" of terrorism suspects.

But opposition politicians and human rights activists have demanded that Irish police be permitted to search CIA- and Defense Department-chartered aircraft to confirm whether suspects or U.S. munitions are on board.

Mark Kelly, director of the Irish Council for Civil Liberties, said the case of the Marine convict "highlights the need for an effective system of monitoring and inspection of suspect flights, which is the only way of ensuring that, even inadvertently, Ireland will not collude in future rendition flights."

Sinn Fein, the party linked to the outlawed Irish Republican Army, called for the government to ban all U.S. troop carriers and CIA aircraft from Irish airspace. Sinn Fein lawmaker Aengus O Snodaigh said the United States was "a law onto itself when it comes to human rights violations."

US "not Ready" For Chávez Oil Ban Threat (FT)

By Andy Webb-Vidal

Financial Times, June 14, 2006

A Venezuelan embargo on oil exports to the US would lead to an immediate 15 per cent surge in world oil prices and crimp economic growth in the short term, according to a US congressional investigation.

The study by the Government Accountability Office, Congress's non-partisan investigative agency, obtained by the Financial Times before its release this month, warns that the US is inadequately prepared for a potential loss of oil from Venezuela. The investigation was requested 18 months ago by Senator Richard Lugar, Republican chairman of the Senate foreign relations committee, reflecting growing concerns about the reliability of Venezuelan oil supplies.

Mr Lugar, who has described energy as a national security issue, introduced legislation in March that called on the US to expand its international co-operation on energy issues. The findings are likely to embolden his efforts.

Hugo Chávez, president of the world's fifth largest oil exporting country, has threatened to "cut off" oil shipments to the US if Washington continues, as he alleges, to "plot" his overthrow.

Venezuela supplies 11 per cent of US oil imports while Petróleos de Venezuela (Pdvsa), the state-owned oil company, wholly owns five refineries in the US and partly owns four others through its subsidiary, Citgo.

A production shutdown by managers of Pdvsa in a political dispute with the Chávez government cut supplies to the US for three months in early 2003, just before the US-led invasion of Iraq.

Disruption to these supplies, the GAO report warns, would boost oil prices significantly. "A loss of 2.2m barrels a day of crude oil for six months," the report said, "would, all else remaining equal, result in a crude oil price spike of up to $11 a barrel in the early stages of the disruption."

This increase, equal to about 15 per cent over current prices of about $70 a barrel, would cut US economic output by about $23bn, the report estimated.

The warnings from the GAO come as lawmakers from both parties struggle to boost US energy independence in an attempt to address public anger over high petrol prices.

A disruption or cut in Venezuelan oil supplies could also have a political impact. In the past two years, Venezuelan officials have floated the idea of selling Citgo's assets in the US. The Venezuelan-owned refineries' closure, at least temporarily, would be likely to prompt major diplomatic repercussions, the GAO warned. "If closing the refineries was deemed a threat to US national security, Venezuela could potentially face sanctions by the US government."

The draft GAO report is still subject to final revision by the departments of energy or state.

Short-term options available to Washington to mitigate a disruption to Venezuelan oil supplies, the GAO said, could include use of the US Strategic Petroleum Reserve and attempts to persuade other oil-exporting countries to increase output. Industry experts believe, however, only Saudi Arabia, the largest oil producer, enjoys any significant amount of idle capacity.

In contrast to Mr Chávez, lower-ranking Venezuelan officials have insisted that the country is a reliable supplier of oil. In the short term, Venezuela would also find it difficult to shift its oil to other countries for technical reasons.

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Venezuela's heavy crude oil is suited to its refineries in the US. But Mr Chavez's suggestions that he could divert oil exports to China are unrealisable, analysts say, because Chinese refineries are not configured to process Venezuela's heavy crude. Transport costs would also be much higher.

A cut in oil exports would also lead to economic ructions in Venezuela, a factor that casts doubt on the probability of such a scenario. Mr Chávez is dependent on oil for his political survival. Oil accounts for half of Venezuelan government income and 80 per cent of export revenue.

Nevertheless, the GAO also warned of long-term consequences for the US. "The US government's programmes and activities to ensure a reliable long-term supply of oil from Venezuela have been discontinued," it said.

Venezuela is currently almost doubling tax rates on most foreign-operated oilfields, a move that could discourage future investment and reduce output.

The GAO said Venezuelan oil production had fallen by 16 per cent since 2001, to about 2.6m b/d. Venezuelan officials say output is above 3m b/d.

Members of Congress frequently request GAO studies to help bolster the case for their policy proposals.

"Oil exporting states wield power for which we must account," he said at the time. "Not working with these states will lead to unproductive political showdowns and conflict. Even in challenging relationships such as Venezuela and Russia, we must explore how to improve our energy dialogue."

Mr Lugar has suggested co-ordination with China and India as they develop strategic petroleum reserves and proposed a western hemisphere energy forum to promote co-operation.

Report Cites U.S. Vulnerability To Venezuela Oil-Flow Disruption (WSJ)

By David Luhnow

The Wall Street Journal, June 14, 2006

CARACAS, Venezuela -- Current high oil prices and a lack of new energy supplies make the U.S. economy more vulnerable than ever to short-term and long-term disruptions in oil supplies from Venezuela, according to a draft report by the Government Accountability Office.

The report tries to measure how vulnerable the U.S. is to both short-term and longer-term disruptions in the flow from Venezuela, where President Hugo Chávez has been a vociferous critic of U.S. policy. It calculates, for instance, that a six-month stoppage of Venezuelan output would lead to a short-term price spike of $11 a barrel of oil and cost the U.S. economy some $23 billion. Such a stark turn is unlikely, however, because Mr. Chávez relies on the U.S. as his biggest buyer of oil and needs the revenue to fund half his government's populist agenda.

Commissioned in 2004 by Sen. Richard Lugar, chairman of the Senate Foreign Relations Committee, the report is likely to add to concern in Washington about dependence on foreign oil supplies at a time of high energy prices and rising demand, when even a modest supply shock could cause a further price spike and inflict pain on the U.S. economy. The Wall Street Journal obtained a draft copy of the report, which is due to be released in June.

"In this context, the United States faces challenges in the coming years that may require hard choices regarding energy sources, foreign relations and energy-related diplomacy, and the amount of energy we use," the report concludes.

Perhaps the biggest problem it highlights concerns longer-term oil supplies from the Andean nation. Despite boasting the largest oil reserves outside the Middle East, Venezuelan oil production has fallen to about 2.6 million barrels a day from an average of about 3.1 million barrels a day in 2001, according to U.S. government figures. The Venezuelan government disputes those figures and says output is higher.

While Venezuelan exports to the U.S. have held steady over the past few years, less Venezuelan oil on world markets would increase pressure on international oil prices. The report calls this possibility "a concern for U.S. energy security, especially in light of current tight supply and demand conditions in the world oil market."

The report says Venezuelan output is likely to continue to decline because the country is relying less on private oil companies to boost output and more on state-run oil company Petróleos de Venezuela SA, which has become highly politicized under Mr. Chávez. The company, known as PDVSA, faces a host of problems: It must manage a portfolio of older fields that are in decline, is spending increasing amounts of its budget on social programs and is relying more on other state-run oil firms rather than private companies that are generally more efficient.

With the exception of Canada, virtually all the U.S.'s top sources of oil present headaches of one kind or another for Washington. Mexico, the U.S.'s No. 2 supplier, may have less oil to export in coming years as its production declines and its own economy soaks up more oil. Saudi Arabia sits in the politically charged Middle East, and Nigeria has problems with rebel attacks.

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Venezuela was long considered the most secure source for oil, but that has changed under Mr. Chávez, a fiery leftist who has made operating conditions tougher for foreign oil companies and is using an oil bonanza to help alleviate poverty at home and to cobble together a bloc of anti-American countries in South America. Sen. Lugar, an Indian Republican, has been one of many vocal critics of Mr. Chávez but has recently struck a pragmatic tone about the Venezuelan leader. The senator recently proposed creating a regional council including the U.S., Venezuela, Brazil and Mexico to guarantee the stability of energy supplies.

Crude Calculations In Oil's New Era, Power Shifts To Countries With Reserves (WSJ)

By Bhushan Bahree And Chip Cummins

The Wall Street Journal, June 14, 2006

There is more to today's oil crunch than temporary jolts to supply and demand. What is also roiling the energy world is an enduring shift in the balance of power between the fuel-guzzling West and oil-rich developing countries.

Since World War II, the industrialized world has relied on stable and affordable supplies of crude to fuel economic growth. The U.S., Europe and Japan together needed more oil than they could produce. The developing world had plenty of oil, but little use for it and few alternative markets. So industrialized countries tapped the cheap resources of poor ones.

Now this mutual dependency is unraveling and a new order is taking shape, turning the tables on America, its allies and other big energy consumers. Major exporting nations have concluded that they have more leverage than ever before over consuming countries.

Two forces are behind this change. The accelerating industrialization of the billion-person economies of China and India means that global energy demand is likely to keep growing rapidly for years to come. And just as important, the world's top crude-producing countries are keeping a tighter grip on their spigots.

Saudi Arabia and other oil-rich states have balked at making the large investments Western policy makers think are necessary to meet demand in coming decades, although they plan to expand production somewhat in the medium term. Moreover, these nations are using more of their oil at home to meet surging domestic demand, driven in part by new industries that were once the preserve of the developed world.

"The idea is to use [the] advantage of the availability of energy and build industries on that basis," said Saudi Arabian oil minister Ali Naimi in a recent interview in Riyadh, as the sound of jackhammers pounded through the windows of his office overlooking the booming city. "Any industry that requires intensive energy will be welcome in Saudi Arabia."

In addition, petro-states from Iran to Ecuador are flexing their muscles, brandishing fossil-fuel supplies as a weapon in diplomatic disputes, or tearing up contracts with foreign companies.

Major importing nations are scrambling to adapt. Energy security has emerged as a central foreign-policy concern from Washington to Beijing. Last month, a U.S. House of Representatives subcommittee held hearings on how to cope with nations that use oil as a weapon. Jaap de Hoop Scheffer, secretary-general of the North Atlantic Treaty Organization, said last month that the alliance would consider using force if energy-supply lines were threatened, a major broadening of the group's mandate. "As far as oil and gas is concerned, I think NATO could play a role to defend the sea lanes," he told European parliamentarians.

Major Western oil companies are also struggling to adjust. Ninety percent of the world's untapped conventional oil reserves are in the hands of governments or state-owned oil companies, far more than was the case several decades ago. It doesn't appear that the planet is running out of crude, as proponents of the "peak oil" theory have argued. But some oil experts foresee the big Western oil companies running out of easy-to-tap oil, and most of them are already turning to harder-to-recover reserves.

Royal Dutch Shell PLC and Exxon Mobil Corp. are making gargantuan bets on liquid fuels derived from natural gas. Shell and Total SA of France are extracting fuel from the gooey tar sands of Canada. ENI SpA, the Italian oil major, this month paid $900 million for the right to explore for oil off the shores of Angola. The search for new reserves has become "a nightmare," says Paolo Scaroni, ENI's chief executive officer.

Oil accounts for 98% of the fuel used by the world's cars, trucks and planes. With new crude supplies lagging behind demand growth, a new energy economy is emerging in which a mosaic of other fuels will supplement crude, some energy experts contend. "Bio-diesel," a specially processed vegetable oil that is often mixed with petroleum, and clean-burning liquids squeezed from natural gas are among the resources that will become essential for keeping the world humming, they argue.

"The transition away from oil may take 20 or 30 years, but it has to start now," says Joseph Stanislaw, an energy adviser at Deloitte & Touche USA LLP.

Crude has tripled in price since 2002 due to swelling demand, supply outages and slow growth in output. Oil hit a record of $75.17 a barrel in April, and yesterday settled at $68.56, down $1.80.

PUMPING UP

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A number of oil-rich states have flexed their muscle this year, amid rising prices.

Jan. 1 -- Russia's Gazprom cuts off gas supplies to Ukraine in a price dispute.

April 3 -- Venezuela seizes two oil fields from European oil companies Total SA and ENI SpA.

March 11 -- Iranian interior minister vows to use "any means" to counter threats of U.N. sanctions, citing Iran's proximity to the strategically important oil chokepoint of the Strait of Hormuz. "We have control over the biggest and most sensitive energy route in the world," he said.

May 1 -- Bolivian President Evo Morales orders nationalization of the country's gas fields.

May 15 -- Ecuador announces it will seize an oil field operated by Occidental Petroleum Corp. after a contract dispute.

June 4 -- Iranian Supreme Leader Ayatollah Ali Khamenei warns oil shipments will be "seriously jeopardized" if Tehran is punished in its nuclear standoff.

Source: WSJ research

Wealthy industrial nations have weathered oil crises before. A wave of shocks in the 1970s and 1980s, including oil-field nationalizations and the 1973 Arab oil embargo, sent prices soaring and tilted power toward exporting nations. But rich Western nations stayed in the driver's seat because they were the main consumers of exports. And the U.S. and Europe had vast and proven oil reserves in Alaska and the North Sea, which they exploited when developing-world suppliers refused to cooperate.

Three decades later, the Western world no longer has such leverage. Crude-oil production by nations who aren't members of the Organization of Petroleum Exporting Countries is widely expected to peak around 2010. Outside of Russia and the Middle East, the biggest opportunities today are in deep waters off politically volatile Africa and in the Caspian Sea, not in the West.

The International Energy Agency, the industrialized world's energy-market watchdog, has forecast that world oil demand will rise 37% by 2030, to 115 million barrels a day from about 85 million today. But the oil-producing nations with the greatest pumping potential either will not or cannot tap their resources sufficiently to meet those projections.

The Paris-based IEA has long expected the Saudis, who now supply about nine million barrels a day, to contribute 18 million to 20 million barrels a day toward that figure. In an interview, however, Mr. Naimi suggested that the Saudis are unlikely to go much beyond 15 million barrels due to concerns about depleting reserves too fast and damaging fields by pumping too quickly. Other suppliers, including Mexico and Kuwait, also appear unwilling or unable to meet the expectations of Western planners.

OPEC members have expressed concern that demand projections such as the IEA's may be overstated. The IEA has concluded that because OPEC does not appear to be investing as much in production as expected, global oil supplies probably won't reach the agency's 115-million-barrel target for 2030. "We are likely to see higher prices for years to come," says Fatih Birol, the IEA's chief economist.

Demand patterns have also changed markedly. During the 1970s oil crisis, oil consumption was still concentrated in the industrialized West and in the Soviet Union, which produced more than enough for itself and its satellites. Today, the Saudis and their OPEC allies have many more big, attractive markets, starting with India and China.

Producing nations also face booming demand at home. Gasoline use in Iran, where the capital city is clogged with cars, is rising by 10% a year. Oil demand in the Middle East has risen by 13% since 2003, a growth rate nearly as high as China's. The Middle East was consuming 6.1 million barrels a day at the end of 2005, compared with 6.6 million barrels for China. This soaring demand equaled about one-third of the increase in global crude supplies, including from OPEC.

Saudi Arabia, which sits on a quarter of the world's oil reserves, also intends to consume more crude at home. The world's largest oil exporter is building new industries that rely on petroleum in an effort to leverage its primary resource, much as China did when it harnessed its vast labor supply to become a global manufacturing power. Mr. Naimi says one of his biggest goals is to create export-oriented fertilizer and aluminum industries.

At Turaif Camp in the Arabian Peninsula's northern desert, state-owned metals giant Ma'aden has dug an open-pit test mine for phosphates, an ingredient in fertilizer. Piles of the white mineral glitter in the sun, sprinkled with tiny fossilized sea creatures. Nearby, workers are digging another mine to excavate bauxite, the raw material of aluminum. These mines are part of a $10 billion project that will include a new coastal city with aluminum and fertilizer factories -- all powered by Saudi's huge reservoirs of heavy crude.

Other oil exporters are using their oil resources in more belligerent ways. Last month, Ecuador expelled Occidental Petroleum Corp. over a contract dispute. Bolivia's president nationalized his country's gas fields, dispatching troops to 53 fields and ordering foreign firms to renegotiate contracts. In April, Venezuela seized fields from Total and ENI.

The new supply-demand landscape has left the West increasingly vulnerable. The IEA estimates that the 26 industrial countries that are members of that organization will need to import 85% of their oil by 2030, compared to 63% today.

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This is forcing a rethink of U.S. and European diplomatic and military strategy. For half a century, the energy-security formula had been simple: Protect the oil-supply lines from the Middle East, and the industrialized world would be safe. President Carter codified that thinking in the Carter Doctrine of 1980, which declared Persian Gulf oil a vital national interest and vowed to use military might to defend the region from attack.

When Arab members of OPEC embargoed oil exports in 1973, the West responded by squirreling away strategic stocks of oil for dire emergencies. The oil embargo ultimately fizzled, and the U.S. re-established close ties with Saudi Arabia. After Iraq invaded Kuwait in 1990, the Saudis swiftly increased production to make up for almost all the oil lost in Iraq and Kuwait. They did the same before and during the invasion of Iraq in 2003.

But the Middle East is no longer the shock absorber it once was. Last fall, when hurricanes devastated U.S. oil facilities in the Gulf of Mexico, the Saudis already were pumping about as much as they could. The U.S. and its allies orchestrated a release of strategic stockpiles to stave off shortages.

Regions outside the Persian Gulf now are capable of supplementing Western supplies. But that means the West must build alliances and deploy ships and troops to protect modest supply routes as far afield as the Caspian Sea, the Andean region of South America and West Africa. Now every oil field matters.

The consequences were clear at a recent NATO conference on energy security in Prague. Addressing NATO officials and oil executives, U.S. Air Force Gen. Charles Wald, at the time the U.S. military's deputy commander for Europe and Africa, blasted the industry for what he saw as lax security around the world. He ticked off crucial pipelines and energy-transportation choke points in his theater. Such vulnerable points include the Oresund Strait between Sweden and Denmark and a pipeline running out of Chad, a small producer.

The energy-security model laid out by President Carter needs an update, said Gen. Wald, who has since stepped down from his post and is set to retire in July. "You just can't call 1-800-dial-the-military," he said. "The oil companies themselves have to start stepping up." During a break in the session, footage of burning oil facilities flashed across the conference hall's screen as the 1960s tune "Eve of Destruction" blared.

Officials in Iran and Venezuela have warned they could disrupt oil supplies if threatened by the U.S. In January, Russia briefly shut off natural-gas supplies to Ukraine, which many observers read as a political warning to independent-minded Kiev.

"The power of [energy] coercion is really equivalent to a military attack," says Richard Lugar, chairman of the Senate Foreign Relations Committee. The Indiana Republican says his stance on energy security hardened in August after a diplomatic mission to North Africa. He spent a night in Libya at Tripoli's gleaming Corinthia Bab Africa Hotel, where he saw Chinese, Indian and Western oil-company executives vying for business in the country oil fields, which had been closed to U.S. oil companies for two decades before the U.S. lifted economic sanctions in 2004.

Mr. Lugar is now pushing for a treaty with China and India that would spell out ways for the three nations -- all large consumers of oil -- to cooperate rather than compete in the event of a supply shock. In today's energy world, he said, natural resources "are strategic weapons."

Western oil giants are racing to adjust. Ever since Edwin Drake started drilling for oil in Pennsylvania in 1859, launching the modern petroleum age, oilmen have dreamed up technologies to coax more crude from the ground. Goldman Sachs estimates the industry will spend $660 billion over the next six years on big projects. Just 13% of the oil expected from these efforts will come from "traditional" extraction, the firm said. The rest will involve more-complex technology or resources formerly deemed too costly to extract.

Shell, for instance, is spending heavily on projects that have more in common with mining operations than with the exploration efforts of the previous century. It recently paid $400 million for rights to explore for oil buried deep in Alberta. Companies have rushed to the region to mine its oil sands, a tar-like muck that requires expensive excavation and processing. Shell says it doesn't yet have commercially proven technology to get at the sands, but considers it a risk worth taking.

"I don't know how long exploration will continue to be a major play" for big oil companies, "but 50 years from now it will be that much more difficult than it is today," says Malcolm Brinded, Shell's head of exploration. "You want to get in there now to get access to the best acreage and drill the best wells. You don't want to hang back in a situation like this."

Oil surpassed coal as the dominant source of energy early in the 20th century, and was essential to the development of aviation and motorized transport. The world now appears to be in the first stage of a bumpy transition to a system in which oil, while still the economy's most important fuel, will no longer so thoroughly dominate it.

Henry Groppe, the 80-year-old founder of a Houston-based energy-consulting firm, has watched the industry morph for half a century. He divides oil history into three epochs. The first was a 100-year era of plenty and U.S. control that lasted until 1970, when prices averaged $13 a barrel in 2004 dollars. The second, an era of transition and rising OPEC influence, lasted until 2004 and saw prices average $36 a barrel over that period.

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The current era -- just two years old by Mr. Groppe's reckoning -- looks to be a messy one, with more potential for supply shocks and clashing over resources. Prices are likely to stay volatile as consumers try to outbid each other for constrained and vulnerable flows of crude. Rising prices tend to act as a rationing device, knocking some consumers out of the market altogether.

"We have entered the era of scarcity and price rationing," Mr. Groppe says.

Canada Conservative Gets Aggressive With Big Oil (NYT)

By Ian Austen

The New York Times, June 14, 2006

OTTAWA, June 13 — Danny Williams may be a multimillionaire and a member of the Conservative Party of Canada, but these days he is being compared to a self-proclaimed revolutionary, the Venezuelan president, Hugo Chávez.

Not that Mr. Williams, the premier of Newfoundland and Labrador, minds.

Since walking out on talks with a group led by Exxon Mobil and the Canadian subsidiary of Chevron over the development of the Hebron oil field this spring, Mr. Williams has never been more popular, at least at home. And he has since bolstered that gain by threatening to propose a new law that would revoke the lease on the property that has been held by the oil consortium for more than two decades.

By taking on Big Oil, which has developed other offshore fields in his province, Mr. Williams is taking quite a gamble. Newfoundland has been Canada's poorest province for more than 50 years, and can hardly afford to lose out on any chance of a windfall from Hebron.

But the fight also illustrates that the era of high prices and concern over energy supplies for the United States has emboldened some caretakers of oil fields enough to demonstrate to major oil companies that there are limits to how much is up for grabs. Indeed, Mr. Williams, who built one of his province's largest personal fortunes through a cable television operation, a law practice and an offshore oil services company, portrays the battle as being fought for the American energy supply as well his province's financial fortunes.

But his current battle with some of the world's largest oil companies over a last major offshore reserve has led critics to label him a revolutionary — kind of a North American version of Mr. Chávez.

To the oil companies involved, even at a time of high energy prices and record oil company profits, Newfoundland's current demands make developing Hebron a financial nonstarter.

"We are prepared to move forward on Hebron on reasonable terms," said Mark MacLeod, the manager of external relations for Chevron Canada, which is based in Calgary, Alberta, and manages the project. "But there were a number of issues we were trying to agree on with the province up front. Perhaps, in retrospect, too many."

Hebron, off the coastline of Labrador, holds an estimated 731 million barrels of oil, roughly the equivalent of two years' production from the oil sands of Alberta. Though the second-largest of the province's four known offshore oil and gas fields, it is the last to be developed. And Hebron has special challenges. Its oil lies in cavities that can be reached only by using special — and costly — drilling methods. The field also contains heavy oil that, according to Mr. MacLeod, sells at a discount of about 20 percent to the lighter oils used for benchmark prices.

After letting the property sit explored but largely undeveloped for more than 25 years, the lease holders, which also include Petro-Canada and Norsk Hydro Canada Oil and Gas, were prompted by high oil prices to begin its development early in 2005. That, in turn, meant dealing with Mr. Williams and his province's relationship with its natural resources.

"In a sense, the oil companies find themselves in a larger scenario involving 500 years of politics in this province," said Christopher Dunn, a political scientist at Memorial University in St. John's, Newfoundland. "It has to be understood in the context of an attitude towards resources in this province that you don't get in other places. There's a feeling of patrimony."

Mr. Williams has walked away before, only to win in the end. He pulled away from talks six years ago with a communications company to acquire a cable operation. In the end, the company came back to the table and agreed to his price of 232 million Canadian dollars. Mr. Williams became widely known as Danny Millions.

Mr. Williams's list of demands for the Hebron consortium included the building of a refinery and the granting of a 10 percent equity stake in the project.

"This was not an attempt to grab more than we deserve," Mr. Williams said. "I have a business background, I understand risk and return."

During the talks, Mr. Williams eventually dropped the refinery and cut his equity demand to 4.9 percent, and he thought a deal was imminent. That is until the oil companies asked for tax credits that, by Mr. Williams's calculations, would have cost the province between 400 million and 500 million Canadian dollars.

From that point on, according to Mr. Williams, the negotiations became divisive, a situation he attributes to Exxon Mobil.

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Exxon Mobil rejects the idea that it played spoilsport, as does Mr. MacLeod of Chevron.

"The decision to suspend Hebron was a unanimous decision of all the parties," said Margot Bruce-O'Connell, a spokeswoman for Exxon Mobil Canada.

While several issues remained unresolved when the negotiations broke down early April, one stood out for the industry side.

"We could not come to terms on the equity issue," Mr. MacLeod said. "We felt we could better meet the province's desire to receive more by an enhanced royalty regime."

While both sides say they are still prepared to reopen negotiations, Chevron quickly began reducing its 60-person operation in Newfoundland. Four days after the talks ended, the senior engineering manager for Hebron was off to another of the company's offshore projects in Australia.

Mr. Williams is now threatening to introduce a law by the end of this year that will revoke the oil companies' lease unless they begin developing the field.

But he takes exception to comparisons in Canadian newspapers outside of Newfoundland of his plan and Mr. Chávez's decision to nationalize foreign controlled oil assets.

"It's not expropriation," Mr. Williams said. "It's use it or lose it."

The idea is not unknown. Alberta, the center of Canada's oil industry, introduced a series of laws in the mid-1970's that essentially give oil and gas leaseholders three years to develop properties or lose their rights.

But Mr. Williams cannot act alone. Unlike oil under the ground, which generally belongs to provinces in Canada, offshore oil is owned by the federal government. In turn, it turns over the management of offshore resources to provinces and shares the resulting royalties.

But Canada's new prime minister, Stephen Harper, another Conservative from Alberta, has indicated that he has no intention of joining Newfoundland's fight. That raises the question of how Mr. Williams can carry out his threat.

If Mr. Williams does succeed in taking back the leases, Mr. MacLeod of Chevron said that the consortium "would not look favorably on it."

While he declined to say what action the companies might take, he added that Mr. Williams would be unlikely to find anyone else interested in developing the property.

"I am not aware of other companies who are itching to get their hands on it," Mr. MacLeod said.

"It's a challenging resource to develop." Peter Fenwick, a fellow at the Atlantic Institute for Market Studies and the former leader of that province's left-leaning New Democratic Party, said that Mr. Williams's showdown could dampen investor interest in the province.

Professor Dunn says he expects that the oil industry will simply try to wait out Mr. Williams.

If so, they should not expect the premier to go quietly.

"I'm independently wealthy, so I'm not in the pay of any particular group or industry," Mr. Williams said. "I'm able to take tough stands. When you take a tough stand against an industry as powerful as oil, you expect a backlash."

Bush To Take No. 1 Elvis Fan On Tour Of Graceland (USAT)

By Oren Dorell

USA Today, June 14, 2006

Looking for that special gift for Japanese Prime Minister Junichiro Koizumi's last official visit to the United States, President Bush decided to invite the self-described Elvis “maniac” on a guided tour through Graceland.

Koizumi will get to visit the home and final resting place of the King on June 30, a day after he and Bush discuss human rights and the U.S.-Japanese alliance, the Japanese Embassy said.

Thousands of Japanese tourists visit Graceland each year. But this will be the first visit by any sitting president or world leader, said Jack Soden, chief executive of Elvis Presley Enterprises, which manages the estate.

“It couldn't have escaped the prez that the prime minister is an Elvis fan,” Soden said.

Koizumi is to step down in September. He will leave as Japan's longest-serving prime minister and, perhaps, the only leader of Japan to wear his graying hair in an Elvis-like mane.

He and his brother, Masaya, have been members of the Elvis Presley fan club in Tokyo for more than 30 years, Soden said. Both Koizumi, 64, and Presley were born on Jan. 8. Presley, 42, died in 1977 but Koizumi has not forgotten him.

Last year, Koizumi crooned to Bush his favorite Elvis tune, I Want You, I Need You, I Love You at Bush's 59th birthday party at the G8 summit in Gleneagles, Scotland, hosted by Britain's Queen Elizabeth. During a 2003 meeting at Bush's ranch in Crawford, Texas, the two men were talking for several hours by the pool when Koizumi started singing an Elvis song.

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In 2001, a Japanese record label produced a charity CD called Junichiro Koizumi Presents My Favorite Elvis Songs. The cover shows a digitally altered image of Koizumi standing by Elvis in Graceland.

Soden said the idea for a visit started with the White House. Aides there were trying to think of a unique Elvis-related gift for Koizumi. It occurred to them that “the best Elvis gift” would be a visit to Memphis. “Of course there is always a king at Graceland,” Soden said. “Elvis is in the garden.”

Somalia's Islamic Militias Reaching Out To The West (WP)

By Craig Timberg

The Washington Post, June 14, 2006

NAIROBI, June 13 -- The Islamic militias that took over the capital of Somalia last week are seeking to solidify their rule while reassuring Western leaders that they do not intend to impose an extremist, Taliban-style government on that battered East African country, diplomats, analysts and militia officials say.

In a coordinated effort including private conversations and public declarations, the Islamic Courts Union is portraying itself as a moderate force capable of stabilizing a blood-soaked land that has endured 15 years without a central government.

A letter sent by militia leaders to foreign governments said they want "a friendly relationship with the international community." The chairman of the militia group, Sharif Ahmed, has made conciliatory comments in interviews with several Western journalists and invited others to visit Mogadishu, long among the world's most dangerous cities but now transformed to peacefulness, militia officials say, by their rule.

"It is my pleasure to invite you to came to Mogadishu and see it yourself what we have achieved," Ahmed said in an e-mail to Western journalists based in Nairobi.

Abdurahman Osman, a Somali-born U.S. citizen representing Ahmed and the Islamic militias, said in an interview here: "They want to open up. They want the world to come to them."

This contrasts starkly with initial reports that the loosely organized militias are dominated by religious fundamentalists bent on delivering a purist vision of Islamic law, including the banning of certain films, the chopping off of robbers' hands and the public execution of murderers.

That image was enhanced by reports over the weekend that militia members in Mogadishu had shut down public viewings of World Cup television coverage, deeming the broadcasts decadent.

The Islamic Courts Union is a coalition with roots dating to the mid-1990s, when religious courts brought a semblance of order to Mogadishu, an impoverished seaside city of 1.2 million people, after the United States and the United Nations ended a troubled military intervention and nation-building experiment and abandoned Somalia to the rule of warlords.

Among the backers of the courts were Islamic extremists, including Hassan Dahir Aweys, who U.S. officials say was an associate of Osama bin Laden and who today is suspected of harboring fugitive members of al-Qaeda.

According to widely circulating reports, the CIA has backed secular Somali warlords in recent years, paying them hundreds of thousands of dollars to help track suspected terrorists. U.S. officials speaking publicly have neither confirmed nor denied this, but the reports have gained wide currency in Somalia and the region.

The triumph of the Islamic Courts Union over the secular warlords on June 5, following months of fighting that killed more than 300 Somalis, has been seen as a defeat for the United States.

The United States and other Western powers have been reassessing the militias, recognizing that the warlords are unlikely to regain power in Mogadishu. Many diplomats acknowledge the popularity of the Islamic Courts Union and say it is not clear whether moderates or extremists such as Aweys are in charge.

"That's one of the things we're trying to figure out," said a Western diplomat, who spoke on condition of anonymity. "He certainly is laying low."

Others analysts said the militias have not settled on their leadership but, for now, are eager not to be seen as resembling the strict Taliban rule that allowed Afghanistan to become an operational base for bin Laden -- and, after the attacks of Sept. 11, 2001, a target of the U.S. military.

"They are trying to show their good face," said Mario Raffaelli, the Italian special envoy to Somalia. "It would be wrong to target all these people as extremists."

In testimony Tuesday before the Senate Foreign Relations Committee, Henry A. Crumpton, the State Department coordinator for counterterrorism, said the administration had three objectives in Somalia: finding and eliminating what he called an "enduring, resilient" al-Qaeda cell; helping a U.N.-backed transitional government to "gain traction"; and providing humanitarian assistance.

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In statements since the Islamic takeover of Mogadishu, administration officials have made clear they are prepared to work with whatever groups can help achieve those objectives. "What we'd like to do is establish some kind of viable political actors" on the ground, one senior administration official said.

In that vein, the administration last week announced establishment of a "contact group" of interested outside parties to come up with a coordinated strategy. The U.S.-led group, which includes representatives from the United Nations and Europe, expects to meet Saturday in New York, the official said. "We want to be open-minded to a variety of options," he said.

While encouraged by the letter from the Islamic courts -- which it decided to answer with public statements rather than a private missive -- the administration believes that the courts' leadership is "clearly lying when they say they don't know where al-Qaeda is" in Somalia, Crumpton said. "Our interest is solely in the al-Qaeda fighters," he said. The administration believes there are "a half-dozen or less" senior al-Qaeda leaders currently or recently in Somalia, along with a fluctuating number of "operatives."

The transitional government, led by President Abdullahi Yusuf, was created with U.N. assistance in 2004 and was initially based in Nairobi. In February, it moved to the Somali town of Baidoa, 155 miles northwest of Mogadishu, but it still has little power, few resources and no ability to protect itself against the Islamic Courts Union.

As Western officials and the Islamic Courts Union have traded tentative communications in recent days, officials from the transitional government have pleaded for more international help.

Prime Minister Ali Mohamed Gedi on Tuesday accused foreign governments of dawdling as the militias came to power in Mogadishu. "If we sit, wait and see, the situation for the people of Somalia will get worse," he said, addressing a meeting of regional leaders in Nairobi. "It will be a regional problem. It will be a global problem."

At the request of the transitional government, seven East African nations agreed to impose travel bans and banking restrictions on the Somali warlords in an effort to push them into peace talks.

But officials of the transitional government are seeking much more extensive help, including the partial lifting of the U.N. arms embargo so that the government can import arms for its own defense, an idea given tentative support Tuesday by Louis Michel, the European Union's commissioner for development and humanitarian affairs.

The transitional government also has debated seeking peacekeeping troops from the African Union, despite vehement opposition by the Islamic Courts Union to the presence of any foreign troops.

The transitional government and the Islamic militias have expressed interest in negotiating with each other as well. Analysts say that the government craves the real power that entry into Mogadishu would allow, and that the militias are seeking legitimacy and extension of their authority throughout the country.

The Islamic militias control much of the southern part of the country. But in the north, the regions of Puntland and Somaliland are beyond their reach. It is not clear, however, that the Islamic militias have the military might to move far beyond Mogadishu. And even there, their support is based more on their history of providing legal structures and social services than on firepower.

"You're actually seeing the beginnings of governance," said John Prendergast, a former Clinton administration official who is now an analyst for the International Crisis Group, speaking from Washington. But he added: "The Somali allegiance to any authority is as fickle as it gets. This is very tricky terrain."

US Trading Hostilities For Talk In Somalia? (CSM)

By Howard LaFranchi

The Christian Science Monitor, June 14, 2006

WASHINGTON

Having failed to defeat Islamist factions in Somalia through covert action - yet unwilling to see the lawless country on the Horn of Africa become a haven for Islamist extremists, including Al Qaeda - the US is preparing for a more diplomatic kind of intervention.

On Thursday, the US will initiate a "Somalia contact group" of interested countries and organizations to begin deliberating on how the international community can help stabilize what experts consider to be a "failed state."

For many Americans, Somalia is best remembered for the 1993 operation to capture a Somali warlord in Mogadishu that ended in the deaths of 18 US soldiers. That incident led to a hasty US pullout - and the 2001 movie "Black Hawk Down."

But Somalia also offers a textbook example of how a failed state can become a power vacuum where forces opposed to US interests can take refuge and thrive, experts say - especially in an era when the US is taking an aggressive approach to radical Islam worldwide. Somalia has been without a viable central government for more than a decade.

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US alarm over Somalia ratcheted up last week when Islamist factions, loosely aligned under the banner of the "Islamic Courts Union," took control of the capital of Mogadishu from rival secular warlords.

The US had been funneling support - arms and as much as $100,000 a month, according to some reports - to warlords opposing the Islamists.

US officials are also concerned that Islamist forces are harboring several Al Qaeda operatives wanted in connection with terrorist acts in Africa against US and Western interests.

Despite those concerns, the US is sending out conciliatory signals to the Islamic Courts Union, which vows to turn Somalia into a religious state under sharia law. In addition to setting up the international contact group, the State Department is issuing cautious, open-minded statements toward the advancing Islamists.

The tone suggests a carefully revised US position on Somalia, analysts say. The broader lesson, they add, may be that instead of rejecting Islamist political groups outright, the US will have to do more to differentiate friend from foe within Islamist political movements.

"It sounds like Plan A didn't work, so we'd better try Plan B," says Jim Bishop, who was the last US ambassador to Somalia, before the US evacuated its embassy there in 1991.

"It's disturbing when you see what appears to be the US government funneling supplies, including arms, to one group that has spent the last 15 years killing innocent civilians," he adds.

"Of course, we want stability and we don't want to see a terrorist haven there, but discussion and finding a compromise is better than Plan A."

Concerns about a terrorist refuge were at the top of the list when President Bush assessed the Somali Islamists' advance last week: "[Our] first concern of course would be to make sure that Somalia does not become an Al Qaeda safe haven, doesn't become a place from which terrorists plot and plan," Mr. Bush said.

Still, the cautious US approach suggests a realization that covert support for secular warlords appears to have backfired, analysts say.

The outside support for feared warlords may have prompted the Islamists to act, while driving growing numbers of a security-seeking public into the arms of religious militants.

Another reason for American caution may be that Islamist militias are not a unified group. The US is seen to be appealing to the more moderate factions of the Islamic Courts Union, with the intent of separating out those elements that have already declared their opposition to providing a refuge for terrorism in Somalia.

What the US has to guard against, experts in Muslim countries say, is seeing all Islamic political movements through the prism of the war on terror and automatically putting America's weight against Islamist militants in a struggle like Somalia's.

"We need to choose our battles very carefully and avoid situations where Al Qaeda chooses our alignments for us," says James Dobbins, an expert in security issues at the Rand Corp. in Arlington, Va. "If that were the case," adds the former diplomat with experience in the Balkans and Afghanistan, "we would have been on the side of Serbia in Bosnia."

Of course, the US is also dealing with the recent memory of Afghanistan, where the Taliban came to power in 1996, promising stability after years of internecine fighting. But the Taliban ended up imposing an oppressive Islamic regime that granted a safe haven to Al Qaeda leader Osama bin Laden and his training camps.

Still, memories of Afghanistan should not make the US suspicious of all Islamic political advances, some experts say. "It concerns me if we see everything as a battle against Al Qaeda," says Charles Dunbar, a former ambassador to Yemen and Qatar who is now at Boston University.

In fighting Al Qaeda, the US is up against "irreconcilable extremists," he says, but they are only a "very small minority" of Islamist political forces. He notes that truly free elections in many Muslim countries would result in Islamic regimes, so the US should avoid a blanket policy opposing all Islamist movements.

As for Somalia, Mr. Dunbar says, "We can't just say, "Will you impose sharia [law] and provide a base for Al Qaeda?' and think that's enough. We need to be engaged there so we know what's happening."

Perhaps most important, the US may be learning again why it can't just turn its back on failed states - as the Clinton administration, under heavy fire from Congress, did to Somalia after the Black Hawk Down fiasco.

Nor does covert US support for one armed group over another appear to be the answer.

"The US abandoned Somalia more than a decade ago because we weren't willing to pay the price," Mr. Dobbins says.

"Now we're seeing that while nation-building is difficult and expensive, the alternatives aren't very attractive."

Uribe Faces Scandal On Eve Of U.S. Visit (WT)

By Steve Salisbury

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The Washington Times, June 14, 2006

BOGOTA, Colombia -- An explosive new scandal has placed the Colombian military under unusual pressure, as newly elected President Alvaro Uribe prepares to meet President Bush at the White House today.

Before leaving, Mr. Uribe ordered investigations into reputed extrajudicial executions by government troops and the possibility of illegal "paramilitary" and drug-trafficking infiltration of the Colombian army, the Colombian presidential intelligence service, and the Colombian national police.

"Let's not rush to judgment here. Let's give the accused their right to due process. I don't think we have seen all to this story yet," said retired Colombian Col. Rodrigo Salazar.

Arriving fresh from a landslide re-election victory May 28, with about 62 percent of the vote, becoming the first Colombian civilian president to be re-elected to a consecutive second term in about 100 years, Mr. Uribe is expected to focus on the not-yet ratified free-trade agreement and Colombia's battle against terrorism, a Marxisit insurgency and drug trafficking.

The Jamundi scandal began May 22, when a unit of one of the army's high-mountain battalions reputedly opened fire on 10 policemen and a civilian accompanying them. The police were reportedly looking for a cocaine cache and suspected drug traffickers near the town of Jamundi, on the outskirts of Cali, in western Colombia.

All 10 police, who belonged to the judicial investigations unit, were killed. Eight or nine were reportedly shot in the back or in the head. The civilian informant was reportedly shot point-blank in the head, according to forensic reports cited by local news reports.

Colombian Attorney General Mario Iguaran said the incident, which still is under investigation, showed signs of being a deliberate crime and he accused soldiers and officers involved of engaging in a cover-up.

"It wasn't an error. It was a crime. [The police and civilian] didn't have an opportunity to defend themselves. There was previous coordination to the attack. And the worst, there was an attempt to make up alibis to confuse the prosecutors and investigators," Mr. Iguaran is quoted as saying in Colombia's newsmagazine Semana.

Eight members of the battalion, including the battalion's commander, Col. Bayron Carvajal, have reportedly been detained, and Col. Carvajal has been sacked from the army.

According to the weekly Semana, judicial sources say that intercepted cell-phone text messages or calls between Col. Carvajal and his men before the killings led prosecutors to suspect that Col. Carvajal was planning an ambush of the anti-narcotics police and that phone intercepts after the incident seem to show attempts by the soldiers to coordinate alibis.

In a few comments that have surfaced in the local Colombian press, Col. Carvajal and his legal counsel have denied this, saying the colonel's purported messages were misinterpreted and that the killings were the result of confusion and accidental "friendly fire."

Suspicion in some law-enforcement circles has been directed at Norte del Valle drug kingpin Diego Leon Montoya Sanchez, alias "Don Diego." Others point to the drug lord's archrival Wilber Varela, an ex-policeman, as the principal suspect. Mr. Varela is thought to have corrupt policemen, soldiers, and other authorities on his payroll.

This is not the first time Col. Carvajal's unit has experienced controversy. Last year, troops under Col. Carvajal's command reportedly killed 15 guerrillas, some or all of whom later were said to be civilian peasants.

Ratifying Death In Colombia (WP)

By Harold Meyerson

The Washington Post, June 14, 2006

Over the past 15 years, the trade agreements that the United States has entered into with other nations have been, when it comes to ensuring the rights of workers in those nations, merely outrageous and inadequate. Now the administration is about to send up to Capitol Hill a new accord that takes our trade agreements to a whole new level. The proposed agreement is with the government of Colombia, and it's ridiculous.

Colombia, you see, has a bit of a workers' rights problem. It's not just that more union leaders, activists and members are killed in Colombia than in any other nation. It's that, year in and year out, more unionists are killed in Colombia than in all other nations combined. In 2004, according to the International Confederation of Free Trade Unions, which produces an annual tally of people killed because of their union activities, 145 unionists around the world were murdered. Of these, 99 were killed in Colombia. Colombia's labor college, the Escuela Nacional Sindical (ENS), came up with a slightly lower count: 94. Either way, that's about two-thirds of the entire planet's casualty count.

And the 2004 death count was a bit on the light side by Colombian standards. In 2002 the number of murdered Colombian unionists, according to the ENS, was 184; in 2003 it was 91. Last year the figure dropped to a mere 70, but in the first three

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months of this year, it surged to 29. All in all, more than 4,000 Colombians have been murdered for their union commitments since the early 1980s.

One reason for this epidemic of homicides is that killing a unionist is a punishment-free crime. Of the roughly 3,000 murders of unionists between 1986 and 2002, according to a study being released tomorrow by the AFL-CIO's Solidarity Center, only 376 were even investigated by the government, and the number of guilty verdicts returned in those cases totaled five. For the statistically minded among you, that's a conviction rate of one-sixth of 1 percent. Kill a unionist in Colombia and you have about as much chance of doing time as you do of being hit by lightning.

The violence against Colombian unionists afflicts every unionized sector of the nation's economy. The largest number of victims come from the teachers union, since unionized teachers are found, and killed, even in remote villages. But industrial, service and farm workers are regularly slain as well. In December 1996, to take just one case, two members of the local right-wing paramilitary fired 10 shots into Isidro Segundo Gil, a union activist at the Coca-Cola bottling plant in Carepa, and later that night, their energies not yet expended, set fire to the local union offices. Segundo's widow, Alcira Gil, spent the next several years seeking justice in the Colombian courts and reparations from Coca-Cola, with which Segundo's union had been involved in a contractual dispute at the time of his murder. In 2000 Alcira Gil, too, was murdered, leaving two children orphaned. The charges against Segundo's alleged killers were dropped.

Colombia is a land of dropped charges and aborted investigations, because judges and prosecutors are themselves often the victims of paramilitary and guerrilla violence. According to an ENS study, however, the killers of unionists -- in those instances when the police have been able to identify the killers -- tend overwhelmingly to come from the paramilitaries, private armies in the service of drug lords, large landowners and the occasional factory. Unions, after all, run counter to the laissez-faire ethos that is apparently dear to the paramilitaries' hearts. "We kill trade unionists," Carlos Castano, the former leader of AUC, the nation's largest paramilitary group, once said, "because they interfere with people working."

And in Colombia people work. With unions' ability to set minimal standards for workers under constant and deadly assault, even children work.

That Colombia's million-member union movement functions at all, given the steady reign of paramilitary terror and governmental indifference (if not complicity) to which it is subjected, is a testament to countless acts of daily heroism. The movement is no fan of the proposed trade accord, which it fears will allow U.S. agribusiness to undercut Colombia's non-drug-related agricultural economy while doing nothing about the nation's abysmal standards of worker rights. For the average Colombian, the trade agreement would add insult to what is all too often deadly injury.

U.N. Prepares To Start A New Peacekeeping Mission In East Timor (NYT/AP)

By The Associated Press

The New York Times, June 14, 2006

UNITED NATIONS, June 13 (AP) — Secretary General Kofi Annan said Tuesday that he would send a team to East Timor to prepare for the return of United Nations peacekeepers, but warned that a new mission would need at least six more months to set up.

Mr. Annan also bluntly suggested that the Security Council had scaled down the previous United Nations peacekeeping mission in East Timor too quickly. That, he said, was partly responsible for new violence that has killed more than 30 people in the last month.

"The sad events of recent weeks reflect shortcomings not only on the part of the Timorese leadership but also on the part of the international community in inadequately sustaining Timor-Leste's nation-building process," he told the Council. (The country's official name is the Democratic Republic of Timor-Leste.)

In the last month, East Timor has suffered the worst wave of violence since its violent break from Indonesian rule seven years ago. That came after the United Nations cut its mission over the last four years to a skeleton staff — which had been preparing to withdraw in May.

East Timor's ambassador to the United Nations, José Luís Guterres, told the Council that the United Nations must establish a new mission with a police force to replace the peacekeepers from Australia, New Zealand, Portugal and Malaysia that were sent to quell the latest violence.

"The current force and its successor, as indeed other components of a new U.N. mission, should also comprise a greater number of countries in the region," Mr. Guterres said. He mentioned Fiji, Singapore, Thailand, the Philippines and South Korea.

He said that the emergency was "nearing an end," but that security remained edgy and "the country is in a politically precarious state." He spoke on behalf of Foreign Minister José Ramos-Horta, who could not attend because of the unrest.

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The demands for new United Nations peacekeepers in East Timor got strong support from members of the Security Council, including the United States. Washington had led calls earlier this year to shutter the East Timor mission, saying that the country was on the road to stability.

Mr. Annan's envoy for East Timor, Ian Martin, said that after visiting East Timor he believed that the United Nations peacekeepers must primarily handle police work.

"Timor-Leste is a child of the United Nations," said João Salgueiro, Portugal's ambassador to the United Nations. "So it needs the universality and impartiality of the United Nations, which must once again take a leading role."

Mr. Annan also said he would ask his high commissioner for human rights, Louise Arbour, to set up a commission to look into some of the worst violence of recent weeks, as East Timor has demanded.

East Timor's latest unrest began in March when about 600 striking soldiers were dismissed, setting off clashes with loyalist forces.

The fighting gave way to gang warfare and widened political tensions between the powerful prime minister, Mari Alkatiri, and President Xanana Gusmão, who is popular but holds a largely ceremonial role.

In East Timor's capital, Dili, critics of Mr. Alkatiri met Tuesday to discuss amending the Constitution to give the president power to dissolve Parliament and force Mr. Alkatiri to resign, said Manuel Tilman, an opposition legislator attending the talks.

"We have our government, our president, but nothing functions," Mr. Tilman said. "We think provisionally suspending part of our constitution and giving the president legislative and executive powers would give him the legitimacy to restore balance to the country."

U.N. Plans To Send Troops To E. Timor (WP)

By Colum Lynch

The Washington Post, June 14, 2006

UNITED NATIONS, June 13 -- U.N. Secretary General Kofi Annan said Tuesday that he has begun preparing to send a new U.N. peacekeeping force to East Timor by early next year, saying that the United States and other Security Council members withdrew U.N. troops too soon, leaving a power vacuum that contributed to the country's descent into chaos last month.

The new U.N. mission would replace an Australian-led multinational force of about 2,700 troops that intervened in East Timor last month to quell fighting between military factions, which threatened the stability of the world's youngest independent nation. A senior U.N. envoy, Ian Martin, told reporters that the mission would provide law and order primarily in Dili, the capital, in advance of East Timor's May 2007 presidential and legislative elections.

"There is a lesson here for all of us," Annan told reporters after a Security Council meeting. "We had indicated that the U.N. should remain in East Timor a bit longer, but governments -- some governments -- were quite keen that we scale back as quickly as possible. Given what has happened, we are reassessing our own presence on the ground."

The decision to prepare a new mission -- which could cost hundreds of millions of dollars to run and would require Security Council approval -- follows a sustained U.S. campaign to shut down U.N. peacekeeping operations in East Timor since it gained independence in May 2002.

A U.S. representative, Jackie W. Sanders, told the council on Tuesday that the United Nations would have to consider a "follow-on mission" that would help administer East Timor's elections. But she stopped short of endorsing the need for a new peacekeeping mission.

Annan said he is sending an assessment team to East Timor to determine the size of the mission that would be required. He said it would be at least six months before a peacekeeping force could be sent. But he added that "it is obvious that the U.N. will have to go back . . . in a much larger form than we are at the moment."

Annan has also asked the U.N. high commissioner for human rights, Louise Arbour, to conduct an investigation into the latest upsurge of violence in East Timor. Meanwhile, he appealed to Australia, Portugal, New Zealand and Malaysia to keep their troops there until a U.N. mission is ready to take over.

A force of about 7,500 U.N. peacekeepers went to East Timor in 2000, replacing a previous Australian-led multinational force, to help the former Portuguese colony gain independence after more than 25 years of Indonesian rule. The U.N. Security Council shut down the peacekeeping force in May 2005, leaving a small political mission to help the government run its courts and deliver key services.

At the time, the Bush administration rejected an appeal from Annan to leave a "reassuring presence" of 144 U.N. peacekeepers to help with the transition. Stuart W. Holliday, who oversaw U.N. peacekeeping while he was an ambassador for political affairs at the U.S. mission to the United Nations, said American diplomats reached a compromise to leave a small

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mission. "You can't draw the logical conclusion that this would have been prevented with the presence of U.N. peacekeepers," he said in a recent interview.

Tensions erupted this spring after a group of 594 soldiers fired from the military organized demonstrations against what they contended was discrimination against soldiers from the country's western region. More than 14,000 civilians fled from their homes as the protests turned violent.

Despite the rise in violence, the United States pressed again for the United Nations to shut down its political mission there. East Timor's foreign minister, Jose Ramos-Horta, appealed to the Security Council in early May for a "modest yet robust" force of about 150 U.N. police officers to be sent to his country to help restore calm in advance of the elections. "The decision is in your hands," he said. "And this decision will decisively influence the course of events in my country, for good or bad."

The U.S. representative at the meeting, William J. Brencick, said that the United States was not prepared to support an even more modest U.N. proposal to reinforce its political mission in the run-up to the elections. Three weeks later, East Timor's military and police force fell apart as fighting broke out.

AIDS Incentives Costly To Agencies (WT)

By Karen Palmer

The Washington Times, June 14, 2006

BLANTYRE, Malawi -- Across the impoverished continent, aid agencies are doling out millions of dollars on "allowance" fees and per diems, financial incentives for people in countries hard hit by the AIDS epidemic to attend meetings and seminars to learn how to prevent it.

Although widely practiced, the custom is rarely talked about: Donors would likely be shocked if they knew their dollars were the only thing that can lure to AIDS seminars the very people who should be most interested in promoting development and battling the disease.

In Malawi, one of the world's 10 poorest countries, nongovernmental organizations (NGOs) have created a monster.

"If you try to organize an event without [financial incentives], you will not see anyone," said Enock Phiri, who has worked with World Vision and Population Services International.

"The ones to be trained are the people we're having problems with," added Jones Laviwa, director of Churches in Action for Relief and Development.

"The international NGOs all have money. They came here and spoiled the people, and now we have problems. An NGO like this one, we don't have money to dish out to everyone," he said.

It is difficult to get a sense of exactly how much money is being spent because almost no one will talk openly about issuing incentives, but the going rate in Malawi seems to be 1,500 kwachas, worth about $10.

More than three-quarters of Malawi's population lives on less than $2 a day.

Lyford Gideon, a financial officer with the Malawi Network of AIDS Services Organizations (MANASO), an umbrella group, said the per diems are not meant to entice or reward participants, they are simply good hospitality.

A recent training session hosted by MANASO saw 20 percent of the budget for the event go to per diems, amounting to nearly $500 for a three-day event involving 25 participants.

Multiply that by the thousands of HIV seminars or AIDS conferences across the continent, and the figure is staggering.

The practice of paying for attendance started innocently enough. Recognizing that they're working with a population that struggles to simply survive, some NGOs began offering reimbursement for things like transportation, accommodation and food.

Some blame UNICEF, others blame Oxfam, but no one remembers who first offered envelopes of cash in exchange for attendance. The point, they say, is that now everyone does it.

"People say, 'If you don't give us pocket money, sorry, we're not interested,' " Mr. Laviwa said.

The practice is certainly not limited to Malawi -- in Uganda, it's called "motivation" -- nor is it confined to those in the development sector. In Ghana, journalists receive a little packet of cash at the end of press conferences, referred to as "soli," and ostensibly meant to cover travel expenses.

Most infuriating are payments to government officials and civil servants, said Seodi White, national coordinator of the Women and Law of Southern Africa Research Trust.

Although they're paid by the government to attend meetings that will help develop policy, many turn up their nose at seminars that don't pay a little extra, she said.

"If you want a government person, you have to pay," Mr. Laviwa said with a rueful shake of his head.

Mrs. White said government meetings usually close with an envelope containing a "sitting fee," a payment for simply attending.

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The result is that some HIV workers use training sessions as a lucrative source of income, floating from one workshop to another, shopping around for conferences where participants stand the greatest chance of making a bit of cash.

Attempts to end the practice have had mixed results.

For Rose Kumwenda of the Malawi Business Coalition against HIV/AIDS, the issue is a simple one: Participants in her training sessions pay the coalition, not the other way around.

"I'm giving expertise and materials. What are you giving? Why should I pay you?" she asked.

Mr. Phiri said there are dire consequences to paying people to attend meetings that could save their communities.

"You are killing development," he said. "It was not Malawians who brought this, it was agencies from outside, and now our people are hooked on it."

Trial For Jailed Times Researcher To Start Friday In A Beijing Court (NYT)

By David Lague

The New York Times, June 14, 2006

BEIJING, June 13 — The trial of a researcher for The New York Times who is accused of disclosing state secrets and fraud will begin here on Friday, his lawyer said Tuesday.

The researcher, Zhao Yan, 44, who worked in the Beijing bureau of The Times, has been in custody for 22 months without appearing in court.

His lawyer, Mo Shaoping, said Mr. Zhao had been formally notified that his trial was scheduled to open in the Beijing No. 2 Intermediate People's Court.

After more than a year in custody while investigators gathered evidence, Mr. Zhao was formally indicted in December 2005.

The accusation that he disclosed state secrets arose from a September 2004 article published in The Times that reported that a former president, Jiang Zemin, had offered to resign his post as head of the military, according to the indictment. The article prompted a high-level leak investigation by the governing Communist Party. Mr. Jiang resigned two weeks later.

Mr. Zhao denies the charges. The Times also denies that Mr. Zhao disclosed state secrets.

Mr. Mo, a veteran defense lawyer, is preparing to challenge key elements of the evidence against Mr. Zhao and the way prosecutors have handled the case. He said he would also contest the legality of a move by the prosecution to drop the charges in March only to reinstate an almost identical indictment last month.

Mr. Zhao is also being defended by Guan Anping, a former legal adviser to Wu Yi, a Chinese vice premier.

Prosecutors have refused to discuss the case on the ground that it involves state secrets.

Under Chinese law, the definition of state secrets can be extremely broad, covering almost any information linked to the government or the Communist Party. Critical or outspoken journalists are regularly convicted of disclosing state secrets and sentenced to long prison terms.

State security officers arrested Mr. Zhao, a longtime journalist and social activist, in Shanghai on Sept. 17, 2004. His case was handed over to prosecutors in May 2005 but was later returned to investigators so they could gather more evidence.

U.S. Mission In Cuba Gets Power Back (USAT/AP)

By Anita Snow, The Associated Press

USA Today, June 13, 2006

HAVANA — Electricity was restored Tuesday to the U.S. mission in Cuba after Washington accused Fidel Castro's government of deliberately cutting off the building's power. Cuba denied the charge.

U.S. Interests Section Chief Michael Parmly said the power, which was cut on June 5, was restored midmorning. He said he believed the weeklong power outage was deliberate, despite the Cuban government's denials.

“I find it hard to explain otherwise,” Parmly said. “They are denying it now because it became public.”

On Monday, U.S. officials in Havana and Washington accused Cuba of harassing the American mission by deliberately cutting off power and reducing the water supply.

Castro's government hit back Tuesday with a front-page editorial in the Communist Party newspaper Granma. The editorial blamed the outage on a problem in the neighborhood grid and accused U.S. officials of “shamelessly lying.” “Our Revolution would never attack or violate a diplomatic office,” Granma said.

The newspaper said heavy rains in recent weeks had damaged a key underground line leading to the mission and the adjacent Anti-Imperialist Plaza the Cuban government uses for protests against U.S. policies. Workers were laboring to fix affected lines in the area, it said.

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Accidental cuts in power lasting days are not unheard-of in Havana. The government, which runs the power company, is working to modernize the power grid. It was not possible to independently ascertain the source of the electrical problem.

The U.S. mission operated on independent generator power after the outage. Regular tasks such as interviewing refugees and issuing visas were not disrupted.

The flap over electricity at the seven-story mission on Havana's Malecn coastal highway is the latest dispute about the building.

In January, Castro complained about the U.S. government's use of the building to display an electronic sign streaming news and human rights messages to passersby. His government erected a forest of towering poles flying huge black flags to block the sign.

U.S. State Department spokesman Sean McCormack on Monday called the power outage “bullying tactics” that he suspected were in response to the mission's efforts to provide information to Cubans.

Havana and Washington have not had full diplomatic relations since January 1961, two years after Castro came to power.

The U.S. Interests Section in Cuba opened in September 1977, during the administration of then-U.S. president Jimmy Carter, to provide a minimum of communications between the two countries. Cuba has an Interests Section in Washington.

Power Returned To U.S. Mission Building (WT/AP)

By Anita Snow

The Washington Times, June 14, 2006

HAVANA -- Electricity was restored yesterday to the U.S. mission in Cuba after Washington accused Fidel Castro's government of deliberately cutting off the building's power and Havana angrily denied it.

U.S. Interests Section chief Michael E. Parmly said power to the building, which was cut June 5, was restored midmorning. Mr. Parmly said he thought the weeklong power outage was deliberate despite the Cuban government's adamant denials.

"I find it hard to explain otherwise," Mr. Parmly said. "They are denying it now because it became public."

U.S. officials in Havana and Washington on Monday accused Cuba of harassing the mission by deliberately cutting off power and reducing the building's water supply.

Mr. Castro's government hit back yesterday with a front-page editorial in the Communist Party daily newspaper Granma, saying the power outage was caused by a problem in the neighborhood grid and that U.S. officials "lie shamelessly."

"Our Revolution would never assault or violate a diplomatic mission," Granma said. "It never has, and it never will."

During the outage, the building operated on independent generator power and the mission continued regular consular tasks such as interviewing refugees and issuing visas.

State Department officials in Washington and Havana on Monday described the power outage as "bullying tactics" by Cuba.

Mr. Castro in January complained about the U.S. government's use of its building to display an electronic sign streaming news and human rights messages to passers-by. His government erected a forest of towering poles to fly scores of huge black flags blocking the sign.

"We categorically deny that there have been premeditated cuts in the electrical energy to disrupt the functioning of the [U.S.] Interests Section," Granma said.

The newspaper said heavy rains in recent weeks had damaged a key underground line leading to the mission and the adjacent "Anti-Imperialist Plaza" that the Cuban government uses for protests of U.S. policies. Workers were laboring to fix that as well as other affected lines in the area, it said.

Accidental cuts in power can last days in Havana, which has an antiquated power grid that the government is working to modernize.

Granma also objected to the State Department's accusations of other harassment by the Cuban government, including the denial of visas for some U.S. officials Washington assigned to work at the mission.

"Cuba fights with clean weapons," Granma said. "It doesn't have to look for pretexts to harass that office.

"It knows whether to say 'yes' or 'no' to those who they seek to represent the Empire," it added, referring to the rejection of visas for some U.S. officials. "It doesn't look for subterfuge, nor does it cut electrical cables to switch off the written rubbish [on the electronic sign]. It does not harass functionaries or representatives of the United States."

Phone Seizure Seen As Example Of Russian Corruption (NYT)

By Steven Lee Myers

The New York Times, June 14, 2006

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MOSCOW, June 13 — On March 29, agents of the Interior Ministry seized 167,500 mobile phones that Motorola had shipped into Sheremetyevo Airport in Moscow, dragging the company into the Kafkaesque world where Russian justice intersects with business.

The phones were first declared counterfeits, then contraband, then a health hazard, and now they are evidence in a criminal investigation focused, again, on suspected smuggling.

In April, the Interior Ministry made a show of destroying some of the phones — 49,991, officials said — after saying that one model violated safety standards, though suspicion abounds that not all the phones were destroyed. The same model remains on sale in shops around Moscow.

Then a patent dispute began.

With a shadowy economy, a growing bureaucracy and a capricious embrace of law, Russia has long been a maddening place for businesses to operate, a developing market that is at once lucrative and full of risks.

But the experience of Motorola has highlighted what executives, analysts and even some pro-government lawmakers in a largely pliant Parliament say is a worrisome trend: law enforcement agencies are not only taking sides in commercial disputes, but also precipitating them to enrich corrupt officials and their intermediaries.

"It is a classic corruption case," Vladimir A. Ryzhkov, an independent member of the lower house of Parliament, said of Motorola's flurry of legal troubles. "They confiscate goods from private companies and sell them for a profit."

Next month Russia will play host to the Group of 8 meeting, during which it will strive to convince the West that it is a responsible and reliable energy partner that welcomes outside investment. Yet, Mr. Ryzhkov and others say that the voraciousness of officials has expanded beyond soliciting bribes, a routine practice in Russian business, into theft, extortion and racketeering.

"There does appear to be more avarice, more boldness, in terms of trying to extort money," said Andrew B. Somers, the president of the American Chamber of Commerce in Russia.

While experts say this sort of corruption is rampant in Russia, it is rare that a company openly challenges the authorities. Motorola, based in Schaumburg, Ill., has taken that step, though its executives are careful not to accuse any official directly.

"It is very much evident that the transition of Russia to a market economy, ruled by well-defined laws, is still going on," said Sergei Kozlov, Motorola's manager in Russia.

The authorities have stood firm, describing the seizure of Motorola's phones as a legal step in a legitimate criminal prosecution. Dmitri N. Latysh, a special prosecutor in the Moscow regional office, said the phones were confiscated based on "operative information" that he declined to describe. He described the case as a smuggling investigation.

The handling of the case, however, has been contradictory, even comical at times.

Motorola shipped the phones — seven models in all, worth roughly $17 million — to Moscow on March 20 and applied for the necessary declaration of compliance for sale in Russia. It received approval on March 24. And on March 29, after the customs service approved the shipment, it was seized.

Six days later, Department K of the Interior Ministry, which investigates economic crimes, announced that it had taken the phones on the seemingly vague basis that they were "not designed for use on the territory of Russia" and, in an apparent contradiction, that Motorola's distributor, Yevroset, "concealed the fact that the phones imported to Russia were counterfeit."

Hours later, Department K withdrew the statement.

On April 12, Mr. Latysh of the prosecutor's office formally opened a criminal investigation "on the grounds of an illegal transfer" across Russia's customs border, according to a letter from the deputy interior minister, Andrei P. Novikov, to the Parliament. Mr. Kozlov said the government's case rested on an assertion that the necessary declaration, received on March 24, should have been received before the phones arrived in the country, though previous shipments had not required that.

The investigation prompted what Mr. Novikov's letter said was a determination that one model of the phones, C115, posed a "danger to the health of the users of these phones, and may create a destabilizing influence on the integrity, stability of functions and security of electronic communication of the Russian Federation."

Motorola disputed that, saying that an unaccredited agency hired by the prosecutor's office had made the determination, based on its measurement of the battery power, not radiation. Motorola's officials were not allowed to take part in the tests or to challenge them.

And because Russian law allows confiscated material in criminal investigations to be sold or destroyed before the case is completed, let alone tried in court, the company could do nothing when the Interior Ministry destroyed the C115 phones on April 25, with journalists watching.

Mr. Kozlov said Motorola had previously shipped the model without problems. The destroyed phones were worth only $2 million, but the company is concerned about 117,000 phones, worth $15 million, that remain in a legally precarious position.

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The seizure — and disposal — of commercial goods without appeal has raised concerns in Parliament. "The authorities can seize things without any proof, without any authorization," said Olga Baranikova, a parliamentary aide.

Motorola's troubles were compounded when a Russian company, RussGPS, said all of Motorola's confiscated phones violated a Russian patent, which was granted in 2003 and which RussGPS later purchased.

RussGPS's owner, Pavel A. Panov, a former president of the Russian Stock Exchange who now works in high-tech industries, arms sales and publishing, appealed to the prosecutor's office. Mr. Latysh then opened a criminal case into patent violation, an extremely unusual step in a patent dispute.

"I will tell you about Russia," Mr. Panov said in an interview in his office, when asked why he had not made a civil claim against Motorola instead of appealing to prosecutors. "All judges cost 3 kopecks."

Motorola executives dismiss the patent claim as groundless and opportunistic; according to a letter written by its lawyers, some of the models in question were built even before the Russian patent was granted.

Last week the company sued Mr. Panov for defamation, but refrained from challenging the government's confiscation or destruction of its phones. "You see any company sue the government?" asked Mr. Kozlov, the Motorola executive in Russia.

President Vladimir V. Putin has spoken out forcefully against corruption, specifically in the customs service. Last month, he dismissed the customs chief. On June 2, he dismissed the prosecutor general, Vladimir V. Ustinov.

Grigory A. Satarov, who leads the Indem Foundation, a group in Moscow that monitors corruption, said that given the publicity surrounding it and the high-level appeals, Motorola's case might well have been a contributing factor to Mr. Ustinov's departure, which he called a positive step in fighting corruption.

"It is clear that the prosecutor was not struggling for law and order," Mr. Satarov said. "It was struggling for competitors."

Rethinking Nuclear Safeguards (WP)

By Mohamed Elbaradei

The Washington Post, June 14, 2006

In regard to nuclear proliferation and arms control, the fundamental problem is clear: Either we begin finding creative, outside-the-box solutions or the international nuclear safeguards regime will become obsolete.

For this reason, I have been calling for new approaches in a number of areas. First, a recommitment to disarmament -- a move away from national security strategies that rely on nuclear weapons, which serve as a constant stimulus for other nations to acquire them. Second, tightened controls on the proliferation-sensitive parts of the nuclear fuel cycle. By bringing multinational control to any operation that enriches uranium or separates plutonium, we can lower the risk of these materials being diverted to weapons. A parallel step would be to create a mechanism to ensure a reliable supply of reactor fuel to bona fide users, including a fuel bank under control of the International Atomic Energy Agency.

The third area has been more problematic: how to deal creatively with the three countries that remain outside the nuclear Non-Proliferation Treaty (NPT): Pakistan and India, both holders of nuclear arsenals, and Israel, which maintains an official policy of ambiguity but is believed to be nuclear-weapons-capable. However fervently we might wish it, none of these three is likely to give up its nuclear weapons or the nuclear weapons option outside of a global or regional arms control framework. Our traditional strategy -- of treating such states as outsiders -- is no longer a realistic method of bringing these last few countries into the fold.

Which brings us to a current controversy -- the recent agreement between President Bush and Prime Minister Manmohan Singh regarding the exchange of nuclear technology between the United States and India.

Some insist that the deal will primarily enable India to divert more uranium to produce more weapons -- that it rewards India for having developed nuclear weapons and legitimizes its status as a nuclear weapons state. By contrast, some in India argue that it will bring the downfall of India's nuclear weapons program, because of new restrictions on moving equipment and expertise between civilian and military facilities.

Clearly, this is a complex issue on which intelligent people can disagree. Ultimately, perhaps, it comes down to a balance of judgment. But to this array of opinions, I would offer the following:

First, under the NPT, there is no such thing as a "legitimate" or "illegitimate" nuclear weapons state. The fact that five states are recognized in the treaty as holders of nuclear weapons was regarded as a matter of transition; the treaty does not in any sense confer permanent status on those states as weapons holders. Moreover, the U.S.-India deal is neutral on this point -- it does not add to or detract from India's nuclear weapons program, nor does it confer any "status," legal or otherwise, on India as a possessor of nuclear weapons. India has never joined the NPT; it has therefore not violated any legal commitment, and it has never encouraged nuclear weapons proliferation.

Also, it is important to consider the implications of denying this exchange of peaceful nuclear technology. As a country with one-sixth of the world's population, India has an enormous appetite for energy -- and the fastest-growing civilian nuclear energy

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program in the world. With this anticipated growth, it is important that India have access to the safest and most advanced technology.

India clearly enjoys close cooperation with the United States and many other countries in a number of areas of technology and security. It is treated as a valued partner, a trusted contributor to international peace and security. It is difficult to understand the logic that would continue to carve out civil nuclear energy as the single area for noncooperation.

Under the agreement, India commits to following the guidelines of the Nuclear Suppliers Group, an organization of states that regulates access to nuclear material and technology. India would bring its civilian nuclear facilities under international safeguards. India has voiced its support for the conclusion of a Fissile Material Cut-Off Treaty. The strong support of both India and the United States -- as well as all other nuclear weapons states -- is sorely needed to make this treaty a reality.

The U.S.-India agreement is a creative break with the past that, handled properly, will be a first step forward for both India and the international community. India will get safe and modern technology to help lift more than 500 million people from poverty, and it will be part of the international effort to combat nuclear terrorism and rid our world of nuclear weapons.

As we face the future, other strategies must be found to enlist Pakistan and Israel as partners in nuclear arms control and nonproliferation. Whatever form those solutions take, they will need to address not only nuclear weapons but also the much broader range of security concerns facing each country. No one ever said controlling nuclear weapons was going to be easy. It will take courage and tenacity in large doses, a great deal more outside-of-the-box thinking, and a sense of realism. And it will be worth the effort.

The writer is director general of the International Atomic Energy Agency. He and the agency won the 2005 Nobel Peace Prize.

Diplomacy Al Dente (WSJ)

By Massimo D'Alema

The Wall Street Journal, June 14, 2006

In a few days I will travel to Washington with a simple and clear message. The new government in Rome is committed to building a stronger Euro-Atlantic community.

The world has changed much since I visited the White House in March 1999. At the time I was prime minister of Italy and the issue was the need for humanitarian intervention in Kosovo. We did it together, Americans and Europeans, and successfully. Seven years later, the major challenge we face has shifted to the broader Middle East. The Western alliance has thus far not found the same common approach we forged in dealing with the Balkan tragedy of the 1990s. The results have been negative for all of us: Divisions seriously reduce our collective effectiveness.

The Italian center-left opposed military intervention in Iraq in March 2003. This does not mean, however, that the new Romano Prodi government will turn Italy into a less useful partner for Washington. The opposite may well prove true.

The lessons learned since 2003 are very clear: For the European Union, a sound trans-Atlantic relationship is a condition to remain united; for the U.S., a united Europe proves more helpful than individual allies. The new Italian government -- having more confidence than the previous one in the value of European integration -- can help bring about what we all really need: a Euro-Atlantic community fully able to respond effectively to the post-9/11 global challenges.

It needs to be said that having supported or opposed the Iraq intervention in 2003 is not the litmus test of Atlanticism. Atlanticists, in the U.S. as much as in Europe, stood on both sides of this debate. Real allies discuss all matters of common concern in earnest -- including when they differ. And, in earnest, I would like to state the new Italian government's position on Iraq.

Withdrawal of the Italian troops from Iraq is part of our electoral mandate. The Prodi government will manage it in an orderly way, in consultation with the Iraqi government and the coalition partners. We will guarantee that the modalities of the withdrawal do not exacerbate the problems facing the Iraqi government nor the security of the Multinational Force partners.

Our men and women in uniform have been serving with great pride and professionalism for nearly three years; young lives were lost. My government honors their commitment and their sacrifice. Italy has no intention of turning her back on the Iraqi people: We will withdraw our troops but not our support for the new democratically elected Iraqi government. I was in Baghdad a few days ago, discussing with the Iraqi authorities the optimal Italian contribution to the future of the country -- from training of the Iraqi police to a new package of civilian and economic aid. In the end, we share a common interest in the future stability of a democratic and united Iraq. We will continue to contribute to it, although with different means. * * *

Looking beyond Iraq, Italy will prove steadfast in supporting peace, stability and reconstruction through multinational endeavors in conflict-torn regions: Afghanistan, the Balkans, Africa. Responsibility to protect has too often remained an empty slogan.

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The Euro-Atlantic community I have in mind remains grounded in NATO, but must also rely on a strong and united Europe. I want to be clear where I stand on this issue.

- First, we need to work out a way for the EU to remain open while solving the current institutional crisis. Italy is committed to the long-term effort to bring the Balkans and Turkey into the European mainstream.

- Second, a strong EU must be shaped as a partner of the U.S., not as a counterweight. Italy's foreign policy has historically achieved the best results when U.S. policy and European integration have reinforced each other -- something the previous government forgot at times. A stronger Europe is the ally America needs in today's world when facing the threats of terrorism and nuclear proliferation.

- Third, promoting freedom and democracy, and fighting for development and against poverty in the world, is not only a moral duty for democracies, but also our best security policy. We Europeans too believe in "transformational diplomacy." However, the lessons we all learned the hard way since 2003 show the need for more effective strategies to favor change, including on the Israeli-Palestinian front.

- Finally, concrete progress in pacifying Iraq and Afghanistan will remain elusive if we do not reach out to neighboring countries. This is an additional reason to welcome the recent U.S. stance on dealing with Iran, and Europe urges Teheran to respond positively.

There is no readymade recipe for the tangle of issues that hamper progress in the broader Middle East, but Europe and the U.S. can and should devise a regional strategy equally convincing to both sides of the Atlantic, and combine their resources in pursuit of shared visions.

Mr. D'Alema is foreign minister of Italy.

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DEPARTMENT OF JUSTICE *NEWS CLIPS*

PREPARED FOR THE OFFICE OF PUBLIC AFFAIRS, US DEPARTMENT OF JUSTICE

TO: THE ATTORNEY GENERAL AND SENIOR STAFF

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TERRORISM NEWS:

Pentagon To Disclose Interrogation Tactics (AP)

By Lolita C. Baldor

The Associated Press, June 14, 2006

WASHINGTON - In the face of growing criticism over the treatment of detainees, Pentagon officials have decided to make public all of the military's interrogation techniques.

The decision, which comes after months of internal debate and pressure from members of Congress, would reveal interrogation tactics in a long-awaited revision of the Army Field Manual, despite arguments that it could allow enemy prisoners to better resist questioning.

Defense officials, who spoke on condition of anonymity because the decision is not public yet, said Tuesday that the Pentagon had dropped plans to keep some interrogation techniques secret by putting them in a classified section of the military manual.

The two senior officials said there will not be a classified section in the manual. One of the officials said descriptions of interrogation techniques initially planned for the classified section are either being made public or are being eliminated as tactics that can be used against prisoners.

One human rights group hailed the decision as a welcome victory.

"I think this is huge - it's a very significant step toward creating the kind of clarity in the rules that military personnel have said that they lack, and that led to a lot of the abuses," said Elisa Massimino, Washington Director for Human Rights First.

Military leaders had argued that making all of the interrogation tactics public would allow enemy combatants to train and prepare for specific techniques.

The military's treatment of detainees has been under increased scrutiny since the Abu Ghraib prisoner scandal in Iraq became known two years ago. Photographs that surfaced at the time showed U.S. troops beating, intimidating and sexually abusing prisoners.

Human rights groups have also called for the Bush administration to close the detention center at the U.S. naval base in Guantanamo Bay, Cuba, where three detainees committed suicide late last week.

Last month, several members of Congress privately cautioned the Pentagon against including a classified section for interrogation details. The debate has contributed to the long delay in releasing the manual, which has been in the works for more than a year.

Lawmakers argued that including a secret section that would detail what interrogators can and can't do to prisoners could fuel concerns both at home and abroad that the U.S. military was hiding torture techniques that violate the law or rules governing detainee treatment.

In a letter last week to Secretary of State Condoleezza Rice, Rep. Marty Meehan, D-Mass., said the U.S. could suffer if the manual did not reflect the Geneva Conventions requirement for human treatment of detainees.

"By perpetrating human rights abuses in the name of the Global War on Terror we are in fact fueling a worldwide wave of hatred and violence against the United States," said Meehan. "To regain credibility in the world we need to act in the same manner that we speak."

As originally planned, the classified section would have included details such as how long prisoners can be forced to sit or stand in certain positions or how hot or cold their holding areas can be kept. The defense officials did not say which interrogation techniques would be included in the manual.

Opponents said greater transparency would dispel suspicions that the military was trying to exploit legal loopholes.

Defense Secretary Donald H. Rumsfeld said for the first time last month that officials were at odds over whether the manual should endorse different interrogation techniques for enemy insurgents than are allowed for regular prisoners of war.

There are concerns such a distinction could violate a law enacted last year that explicitly banned cruel, inhuman or degrading treatment of prisoners by U.S. troops.

Massimino, of Human Rights First, said that the new law, pressed by Sen. John McCain, R-Ariz., would ensure that any interrogation technique not included in the manual would be considered illegal. She said it also would help clear up any confusion troops may have had over what tactics are allowed.

ON THE NET

Defense Department: http://www.defenselink.mil

Pentagon Rethinking Manual With Interrogation Methods (NYT)

By Eric Schmitt

The New York Times, June 14, 2006

WASHINGTON, June 13 — Under pressure from Congress and some of its own senior generals, the Pentagon is backing away from including a classified set of interrogation techniques in a new Army field manual, Pentagon and Senate officials said Tuesday.

The Defense Department is also expected to drop a plan to have one set of interrogation methods for detainees that the military considers "unlawful combatants," like detainees at Guantánamo Bay, Cuba, and another set for traditional prisoners of war captured on the battlefield, the officials said.

Some military officials and top aides to Vice President Dick Cheney have insisted it is essential to have a secret set of techniques and to leave ambiguous just how far American interrogators could go to extract information from terror suspects.

But lawmakers from both parties, State Department officials and human rights organizations argued that detainees would eventually disclose the secret interrogation techniques and that keeping them secret would only reinforce the perception abroad that the United States condoned torture as an interrogation method.

The Associated Press first reported the change on Tuesday.

Senior Pentagon and State Department officials warned Tuesday that while the administration was moving in the direction of making public all interrogation techniques or removing some completely from the manual, a final policy had not yet been set and further changes could be made.

"I think we are getting close to a resolution," Deputy Defense Secretary Gordon England said in a brief interview on Tuesday.

The Bush administration has held that many captives in the campaign against terrorism are not entitled to the same protections as prisoners of war. And that seemed to be an underlying principle of revisions to a long-delayed Army field manual, used by commanders, interrogators and military lawyers, that has been the subject of an internal administration debate for more than a year.

Advocates of the classified techniques, which would be in an annex of the manual, and of two sets of methods for different types of prisoners said they were all valuable tools against a variety of detainees trained in Qaeda camps on how to resist allied interrogations.

The Pentagon began reversing course last month, after three senior Republican senators, John McCain of Arizona, John W. Warner of Virginia and Lindsey Graham of South Carolina, expressed strong reservations about the draft field manual in meetings with Mr. England and letters to him.

Mr. McCain and Mr. Graham said having two sets of interrogation techniques would violate the legislation that Mr. McCain sponsored and that was enacted last December to bar cruel and inhumane treatment of American detainees. The measure requires that only interrogation techniques authorized by the new Army field manual be used on prisoners.

Mr. Warner argued against publishing a classified annex to the field manual with exacting details about which procedures may or may not be used, and in what circumstances. The entire manual should be open to public review, he said.

"I asked them to weigh carefully the need for the classified version because it could begin to undermine what I anticipate and hope will be a strong acceptance for an open revision to the field manual," Mr. Warner said in an interview Tuesday.

In addition to the lawmakers' complaints, some senior generals also objected. At a recent meeting of the nation's top worldwide commanders, Gen. John P. Abizaid, the head of the Central Command, and Gen. Peter Schoomaker, the Army chief of staff, said the new interrogation techniques had to be clear and unambiguous "so our corporals in the field can understand them," said a military officer briefed on the remarks.

A senior Defense Department official, who was granted anonymity because the new field manual has not yet been approved, said: "If this debate were limited to what's best for interrogation purposes, the decision would be pretty easy. But then you have to look at what you lose diplomatically."

Human rights groups applauded the apparent shift in the Pentagon's position.

"If the Pentagon is stepping back from that, it's a welcome sign that they now understand the need for transparency and clarity," said Elisa Massimino, Washington director of Human Rights First.

Defense Claims Case Based On Misunderstandings (SPRINGMN)

By Ron Wood, The Morning News

Springdale (AR) Morning News, June 14, 2006

FAYETTEVILLE Lawyers for a Fayetteville man accused of trying to help the Palestinian Islamic Jihad told jurors Tuesday morning the government's whole case is based on a series of misunderstandings.

Arwah Jaber is charged with knowingly attempting to provide material support to a government-recognized, foreign terrorist organization. His trial began Tuesday in U.S. District Court in Fayetteville.

Attorneys for Jaber said he was frustrated by a professor who was not allowing him to graduate with his doctorate degree. They admit he made statements he shouldn't have made but he had no intention of violating the law.

"What is this case really about? It's about him saying something he shouldn't have said," defense attorney John Wesley Hall, Jr., said. "He was frustrated."

Jaber also faces a number of minor charges related to immigration statements and credit card applications.

Federal prosecutors said Tuesday that making false statements, using multiple names and someone else's social security number was an indication that Jaber intended to become a martyr for the Palestinian cause against Israel. They say he also made small amounts of an explosive, had Palestinian propaganda and he told numerous people he intended to go fight the Israelis and might not return.

The case is set for two weeks.

Also Tuesday, a juror was released and an alternate assigned to take his place. The man worked at night and was having trouble staying awake and alert.

Professors Testify About Defendant's Demeanor (AP)

AP, June 14, 2006

FAYETTEVILLE, Ark. - A University of Arkansas professor said Tuesday he told investigators he didn't think graduate student Arwah Jaber had any terroristic inclinations. Jaber is accused of trying to help a Palestinian group labeled by U.S. authorities as a terrorist organization.

Another professor says he noticed a change in Jaber's attitude toward his work after Jaber talked with a friend in Palestine about materialism and the meaning of life.

Jaber, 34, completed his doctorate in chemistry at the university while he was free on bond, facing a charge of trying to provide material support to a group the United States considers a terrorist organization.

A naturalized U.S. citizen born in the West Bank, Jaber was arrested June 16, 2005, as he waited to board a flight at Northwest Arkansas Regional Airport at Highfill. His trial on the terrorism-help charge, as well as other charges accusing him of lying to immigration officials and providing false information on credit card applications, began Monday in federal court.

Charles Wilkins, a professor of chemistry and Jaber's adviser, testified Tuesday that he told FBI agents he didn't see any inclination toward terrorism in the graduate student. Jaber had recently been denied his doctoral degree in chemistry when he said he was going to Palestine with his wife.

"I believed he was going to Palestine and was not coming back at that point," Wilkins said.

David Paul, an associate professor of chemistry who was on Jaber's doctoral dissertation committee, said he noticed Jaber stopped making progress toward his degree after speaking with a friend in Palestine.

Jaber became very upset with the Israelis, Paul said.

"He needed to go home and make the Israelis sorry," Paul said.

Both said professors tried to convince Jaber to stay and complete his degree.

Defense attorneys said in their opening statement that Jaber was not acting like a potential terrorist or suicide bomber. He was trying to finish his doctoral degree, he had a job lined up at American University in Kuwait, and he bought tickets for the trip to Palestine four months in advance.

The case against Jaber resulted from his frustration and saying something he shouldn't have, his lawyer told jurors Tuesday. His lawyers said he was frustrated with a professor who was not allowing him to graduate, and they admit he made statements he shouldn't have made. But they said he had no intention of violating the law.

"What is this case really about? It's about him saying something he shouldn't have said," defense attorney John Wesley Hall Jr. of Little Rock said. "He was frustrated."

Prosecutors, however, said that making false statements, and using multiple names and someone else's Social Security number indicated that Jaber intended to become a martyr for the Palestinian cause against Israel.

Prosecutors say he tried to join the group Palestinian Islamic Jihad.

They said he also made small amounts of an explosive, had Palestinian propaganda and told numerous people, including a professor, that he intended to go fight the Israelis. Jaber allegedly told a professor who was supervising Jaber's work toward his doctorate that he was going to Palestine to "fight for freedom, peace and justice."

Family Of Guantanamo Detainee Doubts He Took His Own Life (WP)

By Faiza Saleh Ambah

DOJ_NMG_0033855

The Washington Post, June 14, 2006

MEDINA, Saudi Arabia, June 13 -- Yassar Talal al-Zharani's life began on the Red Sea coast 21 years ago, included a stint as a Taliban fighter in Afghanistan, and ended on Saturday in a reported suicide in the U.S.-run prison in Guantanamo Bay, Cuba. The death united his friends and family here in grief and disbelief at the Pentagon's version of events.

They described a man who was optimistic, stubborn and too devout to have taken his own life. "He had memorized the Koran by heart. He was a strong believer. How could he take his own life and spend eternity in hell?" asked his sister Sohayla, alluding to Islam's punishment for suicide.

The death of Zharani and two other detainees last week has reignited resentment in the Arab world over the prison that holds more than 450 people, mainly Arab and Muslim men, almost all without charge.

The U.S. administration says most of the facility's detainees are hardened al-Qaeda radicals caught on the battlefields of Afghanistan who must remain incarcerated so as not to stage new attacks on Americans.

Zharani's father, Talal, a fit, bearded 52-year-old retired police colonel, said he believes his son was either hanged by guards or beaten to death by them. The body has not been returned; the father has asked the Saudi government to demand an independent autopsy and investigation.

Sitting with his youngest son and son-in-law in his third-floor apartment Tuesday, Zharani said that when the truth is revealed, it could lead to the closure of the detention facility. "When we expose their crime to the world, then the price for my son's life will have been the freedom of the other prisoners," he said. "I want Yassar to be the last person to die in Guantanamo."

Yassar Zharani was born in the coastal city of Yanbu, the third of nine children. He was the second of three boys, and he spent a lot of time with his mother and sisters and enjoyed amusing them. "He used to sing children's songs to make us laugh," recalled his mother, Umm-Muhammed, 43.

She wore mourning clothes Tuesday, a long-sleeved black shirt and long brown skirt, her hair in a ponytail.

She's not sure why Zharani went to Afghanistan, she said, adjusting her silver glasses. In the summer of 2001, he had just finished 11th grade, and he got permission from his father to go to the United Arab Emirates to take English-language and computer courses. The next thing she knew, he was in Afghanistan.

Zharani's father said he believes his son was working for a relief organization there and got dragged into the war after the U.S.-led invasion that October toppled the ruling Taliban.

But a young man who was recently released from Guantanamo said he had met Zharani several times in northern Afghanistan before the invasion and knew him as a Taliban foot soldier fighting against the Northern Alliance, the country's main anti-Taliban group at the time. The young man, speaking on condition of anonymity, said he was captured with Zharani in Mazar-e-Sharif in post-invasion hostilities and took part in a prison uprising there with him.

Saad al-Azmi, a Kuwaiti man who was freed from Guantanamo last year, said in an interview that he spent about a week in a cell next to Zharani's. "He used to be gone for hours," he said. "He told me they used to strip him to his underwear, bind his hands and feet together with iron shackles, and pour cold water on him. He said they wanted to know things about Afghanistan."

Azmi said he didn't get a chance to learn more because Zharani was moved. But right before Azmi's release last November, Zharani was still being interrogated, he said. "Word went around the prison blocks to pray for Yassar, among a group of others who were being pushed hard, because he was being interrogated through the night," Azmi said.

Azmi dissents from the common view here that Yassar did not kill himself. "His body was a bit frail, he was young. It wasn't just a short period of torture, it was years of torture. It's very possible he wanted to end it," he said.

Zharani was 17 when he arrived at Guantanamo, making him one of the youngest prisoners. Azmi and others who knew him there said that despite his youth he was always trying to cheer the others up, saying that it was God who was putting them through this ordeal and that He would end it soon. Because of the location of his cell, and his extensive knowledge of the Koran, he also often led them in prayers.

He spoke constantly about his mother, how much she must be missing him, and boasted often that his father treated him like a man despite his age, taking him out with him to adult gatherings and relying on him to drive his mother around in the pickup truck he'd bought him when he turned 16.

But he also had a temper. One former detainee recalls that Zharani returned his Koran to the facility's imam because he was disturbed that soldiers had searched or moved it, in his mind a desecration, while he was out during prison walks or in interrogation. When guards tried to return it, he refused to take the book back. Finally, half a dozen guards in riot gear entered his cell, shackled him and returned the Koran by force, the detainee recalled.

Zharani's letters from prison did not mention any of this. On Tuesday, his mother picked up a ream of letters scrawled in spidery Arabic writing. One letter, dated Dec. 30, 2002, contained these words: "And don't be sad if you are believers. God's deliverance is near." She read from another sheet. "Don't worry. God will unite us. I will be home soon."

Last month, with the release of 15 Saudi prisoners from Guantanamo, his family's hopes were also raised. Zharani's mother recalled that she was seated on the floor Saturday, praying in one of her daughter's rooms, when her husband came home from a trip to Mecca unexpectedly. "I told my daughter, 'Go see your father -- he's home. I hope that soon Yassar will walk in on us, just like that, unexpectedly.' "

But her husband walked into the room, knelt down beside her and hugged her. "He kept saying, 'Be patient, let your faith in God be strong, be patient, let your faith in God be strong.' "

She recounted the story calmly. "Then he told me that Yassar had been killed by the Americans in Guantanamo during a brawl over the Koran."

Her son was a young boy, she said. Why didn't the Americans just see what he had to say and release him? Why didn't they at least let her hear his voice on the phone or visit him? "Now all I want is his body back so I can hug him and say goodbye." She picked up a photo of her son in a skullcap and orange jumpsuit, kissed it and put it back down.

In the men's section of the apartment Tuesday, Zharani's father stood greeting the men dressed in the traditional Saudi robes who streamed in to offer condolences. Each kissed him on both cheeks.

"May God grant you patience," they said. "Our prayers are with you." Then they left. As soon as he sat back down, a high-ranking Interior Ministry official returned his call. The father was agitated but very respectful.

"Sir, how can we allow the Americans to conduct the autopsy when they are themselves under suspicion?" he asked. After a few moments of listening, he relaxed and smiled. "Yes, and an independent investigation into the matter by an objective third party." He hung up.

"The Americans can't be both judge and jury in this matter," he said. "We have to have justice."

A Prison We Need To Escape (WP)

By David Ignatius

The Washington Post, June 14, 2006

When I hear U.S. officials describe the suicides of three Muslim prisoners at Guantanamo Bay last Saturday as "asymmetric warfare" and "a good PR move," I know it's time to close that camp -- not just because of what it's doing to the prisoners but because of how it is dehumanizing the American captors.

The American officials spoke of the dead prisoners as if they inhabited a different moral universe. That's what war does: People stop seeing their enemies as human beings and consign them to a different category. It was discomfiting to see this indifference stated so bluntly, and subsequent U.S. statements tactfully disavowed the initial ones.

We might call it the Guantanamo syndrome -- this process of mutual corrosion and dehumanization. The antidote is to get inside Guantanamo, to see the prisoners as individuals and begin to make distinctions. That's why due process for the detainees is so important -- because it will allow courts to distinguish between prisoners who are vicious killers and deserve the harshest punishment, and those who may be innocent of any terrorist crimes. We need to stop seeing everyone in the same orange suits.

A start in re-humanizing these prisoners is a remarkable book called "Enemy Combatant" by Moazzam Begg, a British-born prisoner who was released in 2005 after nearly two years in solitary confinement at Guantanamo. The book appeared this year in Britain, and an American edition will be published in September by the New Press. It came to my attention because the publisher asked me to write a brief foreword.

Begg is a radical Muslim, but there is no evidence he was an active member of al-Qaeda or that he engaged in terrorist operations. He grew up in a Pakistani family in Birmingham, England, attended a Jewish primary school and as a kid listened to UB40. He drifted toward radical Islam as a young man and began raising money for Muslim fighters in Bosnia, Chechnya and Afghanistan. In 1998 he traveled to Pakistan, and in 2001 he moved his family to Kabul, where he supported the Taliban.

Begg was seized in Islamabad in January 2002. Though he was never charged with any crime, he was held for three years -- at Kandahar and Bagram in Afghanistan and then at Guantanamo. In one early interrogation at Bagram, he says, an FBI agent told him: "After 9/11, Moazzam, the rules changed. We have new laws, and according to them, you're already convicted." What's chilling about that line is that it was essentially true.

"It is considered a sin in Islam to despair," he writes, but after he was transferred to a solitary cell at Guantanamo in 2003, Begg began to crack. The guards seemed obsessed with preventing suicide. Begg received an odd plastic blanket, for example, and later learned that it was a "suicide blanket" that couldn't be torn up to make a noose. When guards found paint chipped in his cell, they worried that he was trying to poison himself.

A prison psychiatrist explained to Begg that there had indeed been suicide attempts: "She told me there were people who'd lost all sense of time, reason, reality; people who had been kept in a solitary cell, completely blocked off with no window, eight foot by six, like mine, but with absolutely nobody to speak to, nobody. She said some of them just ended up talking to

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themselves." A despairing Begg writes at one point to his father back in England: "I still don't know what crime I am supposed to have committed. . . . I am in a state of desperation and I am beginning to lose the fight against depression and hopelessness."

What gives me hope -- not just for Begg but for all of us -- is that he never lost his humanity at Guantanamo. He talked constantly with his American guards, asking where they were from, what they wanted out of life. When guards made racist remarks, he shamed them by answering back in perfect English. He describes a guard named Jennifer from Selma, Ala., who painted her fingernails black and dressed like a Goth on weekends, and who once confided: "I don't know if they've ever accused you of anything. But I know y'all can't be guilty." Begg says of her: "She left me with a lasting impression. All Americans were not the same."

When we think about Guantanamo, we need to follow that same rule. The prisoners aren't all the same, except in one sense: They are human beings and, as such, they have basic human rights. That recognition is our own escape from Guantanamo.

Detainees In Despair (NYT)

By Mourad Benchellali

The New York Times, June 14, 2006

Lyon, France

I WAS released from the United States military's prison camp at Guantánamo Bay, Cuba, in July 2004. As I was about to board a plane that would take me home to France, the last detainee I saw was a young Yemeni. He was overwhelmed by emotion.

"In your country, Mourad, there are rights, human rights, and they mean something," he said. "In mine they mean nothing, and no one cares. So when you're free, don't forget what you've been through. Tell people that we are here."

I now know that this Yemeni was not among the three prisoners who committed suicide at Guantánamo last weekend, but since then his words have been echoing in my head. Although I'm now a free man, the shared pain endlessly takes me back to the camp.

In the early summer of 2001, when I was 19, I made the mistake of listening to my older brother and going to Afghanistan on what I thought was a dream vacation. His friends, he said, were going to look after me. They did — channeling me to what turned out to be a Qaeda training camp. For two months, I was there, trapped in the middle of the desert by fear and my own stupidity.

As soon as my time was up, I headed home. I was a few miles from the Pakistani border when I learned with horror about the attacks of 9/11. Days later, the border was sealed off, and the only way through to Pakistan and a plane to Europe was across the mountains of the Hindu Kush. I was with a group of people who were all going the same way. No one was armed; most of them, like me, had been lured to Afghanistan by a misguided and mistimed sense of adventure, and were simply trying to make their way home.

I was seized by the Pakistani Army while having tea at a mosque shortly after I managed to cross the border. A few days later I was delivered to the United States Army: although I didn't know it at the time, I was now labeled an "enemy combatant." It did not matter that I was no one's enemy and had never been on a battlefield, let alone fought or aimed a weapon at anyone.

After two weeks in the American military base in Kandahar, Afghanistan, I was sent to Guantánamo, where I spent two and a half years. I cannot describe in just a few lines the suffering and the torture; but the worst aspect of being at the camp was the despair, the feeling that whatever you say, it will never make a difference.

You repeat yourself over and over again to interrogators from the military intelligence, the F.B.I., the C.I.A. The first time you hear "Your case is being processed," your heart, seizing on the hopeful possibilities in those words, skips a beat. After months of disappointment, you try to develop an immunity to hope, but hope is an incurable disease.

I remember once an interrogator warming me up during several sessions for a polygraph test I was going to take, that was, according to him, infallible. After I took the test, I was left alone in the interrogation room; an hour later, the interrogator returned. "Congratulations," he said grimly. "You have passed the test." And he gave me a box of candy.

In the outside world, I thought, the difference between telling the truth and lying, between committing a crime and not committing it, is the difference between being in jail and being free. In Guantánamo, it is a box of candy.

I was eventually released and I will go on trial next month in Paris to face charges that I've never denied, that I spent two months in the Qaeda camp. I have a court date, I'm facing a judge, and I have a lawyer, unimaginable luxuries in Guantánamo. I didn't know the three detainees who died, but it is easy for me to see how this daily despair and uncertainty could lead to suicide.

During my captivity, I saw many acts of individual rebellion, from screaming to hunger strikes and suicide attempts. "They are smart, they are creative, they are committed," said Rear Adm. Harry Harris, who commands the camp. "They have no regard

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for life, neither ours nor their own. I believe this was not an act of desperation, but an act of asymmetrical warfare waged against us."

I am a quiet Muslim — I've never waged war, let alone an asymmetrical one. I wasn't anti-American before and, miraculously, I haven't become anti-American since. In Guantánamo, I did see some people for whom jihad is life itself, people whose minds are distorted by extremism and whose souls are full of hatred. But the huge majority of the faces I remember — the ones that haunt my nights — are of desperation, suffering, incomprehension turned into silent madness.

I believe that a small number of the detainees at Guantánamo are guilty of criminal acts, but as analysis of the military's documents on the prisoners has shown, there is no evidence that most of the 465 or so men there have committed hostile acts against the United States or its allies. Even so, what I heard so many times resounding from cage to cage, what I said myself so many times in my moments of complete despondency, was not, "Free us, we are innocent!" but "Judge us for whatever we've done!" There is unlimited cruelty in a system that seems to be unable to free the innocent and unable to punish the guilty.

Mourad Benchellali has written a book about his experience in a Qaeda camp andat Guantánamo Bay, with Antoine Audouard, who assisted in the writing of this article andtranslated it from the French.

Indonesia Frees Cleric Linked To Bali Bombings (FT)

By Shawn Donnan

Financial Times, June 14, 2006

Indonesia on Wednesday released radical cleric Abu Bakar Bashir from prison where he finished serving a 30-month sentence for giving his blessing to plans for the 2002 Bali bombings.

...

Supporters have said that the 68-year-old cleric would be returning home to central Java on Wednesday where he is expected to meet with reporters and distribute aid to survivors of last month's earthquake in the area.

Mr Bashir has been in detention almost continuously since October 2002, when authorities arrested him shortly after the Bali bombings, which left 202 people dead and brought Jemaah Islamiyah to international prominence.

He initially served an 18-month sentence on immigration charges before being rearrested and put on trial for his alleged role in what authorities called the "sinister conspiracy" behind the Bali attacks. A panel of judges last year sentenced him to 30 months in prison, which with time served and deducted for good behaviour expired on Wednesday.

The cleric's release has already drawn an angry reaction from the United States, which has long seen him as a key figure in terrorism in south-east Asia. A spokesman for the US embassy in Jakarta said US officials were disappointed by the move.

"The possibility that a person responsible for such a terrible crime could go free after serving a light sentence … is cause for concern," the spokesman said.

Indonesian officials, however, argue that Mr Bashir has lost credibility with many of his one-time supporters and is viewed by many in the world's largest Muslim nation as an oddity, albeit one who gains strength whenever the US and other western governments apply pressure.

Mr Bashir is "a spent force best deprived of oxygen and publicity," one senior Indonesian security official told the Financial Times on Tuesday. He warned that the "exaggerated attention" given to the cleric internationally would only elevate his status with the Indonesian public.

Mr Bashir, who has always denied the existence of Jemaah Islamiyah and any wrongdoing, has never been accused of either planning or executing terrorist attacks in Indonesia.

Supporters and family members said the cleric wanted to return to live and teach at his boarding school near the central Java town of Solo.

"We are very happy to welcome his liberation day," said his son, Abdul Rahman, a teacher at the al-Mukmin school, from which a number of key figures involved in bombings in Indonesia in recent years have graduated.

But his son said Mr Bashir might have to take a quieter approach to life than he once had.

"The intensity of his propagation might have to be reduced," Abdul Rahman said in an interview with the Financial Times. "But that is because of health reasons and his age, not because of the pressure and black propaganda from those that consider Islam to be their enemy."

He was also unlikely to get a rowdy or prolonged welcome back to his boarding school, insisted Irsyad Fikri, a spokesman for the school.

"We haven't made any special preparations because the students here have their mid-term exams," Mr Fikri said. "We have instructed all the students to focus on their school exams rather than welcoming Ustad (Teacher) Bashir back."

Indonesia Releases Militant Cleric (WT/AP)

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By Zakki Hakim, The Associated Press
The Washington Times, June 13, 2006

JAKARTA, Indonesia -- Authorities released militant cleric Abu Bakar Bashir from prison today, and about 150 of his supporters jubilantly greeted him with shouts of "God is great."

The 68-year-old cleric, who is accused of being a key leader of the al Qaeda-linked Southeast Asian militant group Jemaah Islamiyah, had served 26 months in prison for extending his blessing to the 2002 Bali nightclub bombings, which killed 202 persons, most of them foreign tourists.

Bashir's supporters gathered at Jakarta's Cipinang prison for his release, which came about 45 minutes earlier than expected.," they shouted.

His release raised concerns among Indonesian officials that he could energize the country's small, Islamic radical fringe.

Bashir, who has maintained that he is not guilty, plans to return to his school and retake his position at the head of his legal hard-line Islamic organization, the Council of Mujahedeen for Islamic Law Enforcement.

Indonesia's intelligence chief said he hoped that Bashir would cooperate with counterterrorism investigators now that he is a free man.

But the Bush administration criticized the release. It also sparked disapproval by Australia.

In Washington, State Department spokesman Sean McCormack said the United States was "deeply disappointed by what we consider a light sentence handed out to this individual."

Mr. McCormack said the decision to release Bashir was up to the Indonesian courts, but added that the sentence did not match the severity of the crime as described by Indonesian officials themselves.

In Sydney, Australian Foreign Minister Alexander Downer said today that he was disappointed by Bashir's release and was concerned that he could advocate further violence.

"I have some concerns about his advocacy; there's no question of that. This is somebody who believes in the jihadist principles, if I could put it that way," Mr. Downer said in an interview with Sky News.

Indonesia's State Intelligence Agency chief Syamsir Siregar said the Council of Mujahedeen for Islamic Law Enforcement was used by militants linked to Jemaah Islamiyah as a "place for their struggle."

"We hope Bashir, after he has been jailed, will regain his self-awareness and be willing to cooperate with us," Mr. Siregar told lawmakers.

Jemaah Islamiyah is accused of carrying out church bombings across Indonesia in 2000, the 2002 Bali bombings, attacks in the Indonesian capital in 2003 and 2004, and a triple suicide bombing on Bali in October. The attacks killed more than 260 people.

Bashir has little active support in Indonesia, where most people follow a moderate form of Islam.

But some mainstream clerics and government officials have expressed sympathy for him, saying he is a victim of foreign meddling. Domestic press outlets often play down his suspected links to Jemaah Islamiyah.

Once Free, Indonesian Cleric Could "Revitalize" Radicals (CSM)

By Tom McCawley
The Christian Science Monitor, June 14, 2006

JAKARTA, INDONESIA

A forthcoming prison diary by Islamist preacher Abu Bakar Bashir, who is due to be released Wednesday, shows his 25-month sentence has not tamed his jihadist fire. In the diary, he calls US President George Bush "evil" and claims the "infidel" Australian Prime Minster John Howard bullied a weak Indonesia to imprison him on trumped-up charges pertaining to the Bali bombings in 2002.

Upon release, Mr. Bashir is expected to return home to his Islamist boarding school, Ngruki, which schooled dozens of Indonesia's most prominent terrorists.

Yet analysts are downplaying fears that Bashir, accused of being the "emir" or leader of the militant group Jemaah Islamiyah (JI), will begin ordering bombings. Rather, Bashir is more likely to use his celebrity to preach fire and brimstone and bolster the cause of hard-line Islam.

Sidney Jones, a leading JI analyst with the International Crisis Group in Jakarta, argues that dozens of arrests have left the organization fragmented and damaged but still dangerous. Ms. Jones says that Bashir is likely to be become a "media star" and rallying symbol of Indonesia's Islamist fringe.

Indeed, the cleric plans to travel across Indonesia speaking of his experiences, says Muhyidin Djunaedi, a Bashir aide. On the itinerary are religious flashpoints such as Sulawesi and Ambon island, where Christian and Muslim groups have clashed in recent years.

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Australia, a country that has suffered heavily from JI attacks, expressed concern last week that Bashir's release could "revitalize" JI. "We would have liked to have see him spend more time in jail," said Foreign Minister Alexander Downer. The US and the UN have listed JI as a terrorist organization and both Singapore and Malaysia have banned it. Indonesian officials say there is little they can do as he has served his sentence.

Bashir was sentenced in March last year to two-and-a-half years in jail on charges of conspiracy in JI-linked bomb attacks in Jakarta, but saw his sentence reduced. Bashir continues to deny his guilt and dismiss claims he was involved in terrorism.

Despite the denials, Bashir and his school are likely to be tightly monitored. Syamsir Siregar, Indonesia's intelligence chief, told Parliament on Monday that he "hoped Bashir would come to his senses and work with us."

Indonesian intelligence officials say that JI has evolved since Bashir's imprisonment, led by different men and with a more decentralized structure. Nasir Abbas, a former JI operative now working with police, says that the loose, cell-based structure meant that operatives were often working independently and may not be in touch with one another. He says Bashir played more of an "inspirational" than "operational" role.

"He will help boost the spirit of the faithful," says Habib Rizieq, head of the Islamic Defenders Front (FPI), a hard-line vigilante group known for its violent street rallies. Mr. Rizieq, who founded a school with Bashir, pledged to welcome him upon his release.

Bashir's freedom comes at a time of rising tensions between hard-line and moderate Islam. Leaders from Indonesia's largest Muslim organization, the 40-million strong Nahdlatul Ulama (NU), in June called for the banning of the FPI and of Bashir's official organization, the Indonesian Mujahidin Council.

The NU has long championed a secular over an Islamic state and defended the rights of Christian minorities. In recent months, the NU has opposed the FPI's attempts to support a radical anti-porn bill that would outlaw kissing in public and women exposing their navels. Verbal clashes between the groups escalated after FPI gangs forced former President Abdurrahman Wahid to leave a stage. Parliament and the government agreed last week to change a 1985 freedom of assembly law to allow them to disband groups deemed to be a threat to public order.

Cleric Linked To 2002 Bali Nightclub Bombings Is Released (NYT)

By Raymond Bonner

The New York Times, June 14, 2006

JAKARTA, Indonesia, Wednesday, June 14 — A radical Islamic cleric, whom the Bush administration has portrayed as an important operative for Al Qaeda in Southeast Asia, walked out of prison on Wednesday morning, after serving just over a year for criminal conspiracy, his lawyers and Indonesian officials said Tuesday.

American officials, who had long pressed Indonesia to prosecute the cleric, Abu Bakar Bashir, expressed disappointment over the release, as did officials in Australia, which lost 88 citizens in the bombings of two Bali nightclubs that killed 202 people in October 2002.

The release is also sure to raise questions about Indonesia's commitment to combating terrorism, even though the government has prosecuted and imposed harsh sentences, including death, on many of the people involved in the major terrorist attacks here in the last four years. Most of the military leaders of Jemaah Islamiyah, Mr. Bashir's organization, have been arrested or killed.

A spokesman for the American Embassy in Jakarta said Tuesday that the United States was "deeply disappointed" that Mr. Bashir, 67, had been sentenced to only 30 months in prison after a court found him guilty of a "sinister conspiracy" in connection with the bombings, but acquitted him of seven terrorism charges, in March 2005. The judges said then that Mr. Bashir "knew the perpetrators," and that his words might have encouraged them.

"The possibility that a person responsible for such a terrible crime could go free after a light sentence of 30 months is cause for concern," said the spokesman, Max Kwak.

The actual time served was reduced to just over a year, because he was given credit for previous time served and for good behavior.

Officials in the United States and Australia have contended that Mr. Bashir, the spiritual leader of Jemaah Islamiyah, had a direct role in the bombings of the Bali nightclubs in October 2002, and of the bombing of the Marriott Hotel in Jakarta that killed 12 people in August 2003.

In a 2003 trial he was acquitted of terrorism charges, but convicted on a passport violation. After serving that sentence, he was released, but not for long, as the United States and Australia pressured Indonesia to file the new charges. Legal observers here said the case against Mr. Bashir was weak. The strongest evidence linking him to the Bali terrorist attacks was never heard by the five-judge panel because of a decision by the Bush administration that the Indonesian government would not be allowed

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to interview two senior Qaeda operatives, Riudan Isamuddin, better known as Hambali, and Omar al-Faruq. The two men are in the hands of the C.I.A. at undisclosed locations.

Hambali, who was one of the few non-Arabs close to Osama bin Laden, told his interrogators that he had been the link between Jemaah Islamiyah and Al Qaeda, according to the report of the 9/11 Commission. Mr. Faruq told the C.I.A. that Mr. Bashir had provided logistical and financial support for several terrorist attacks.

It is not known under what conditions Hambali and Mr. Faruq made these statements, and they were not admissible in the Indonesian court.

Mr. Bashir has steadfastly denied any involvement in terrorist activities, but has been equally firm in his admiration for Mr. bin Laden, and in his loathing of Jews and the United States.

Until Mr. Bashir made common cause with Al Qaeda sometime in the 1990's, the primary goal of Jemaah Islamiyah was the establishment of an Islamic state in Indonesia. Mr. Bashir is expected to return to proselytizing for that cause.

Jemaah Islamiyah has been severely weakened by the Indonesian police and intelligence services, terrorism experts here say. Sidney Jones, an authority on Jemaah Islamiyah and the director of the Jakarta office of the International Crisis Group, an organization that studies violent conflicts, said that releasing Mr. Bashir was not likely to increase the threat of terrorism.

"He's got adoring supporters, no question," she said. "But while he will probably be able to draw thousands of fans to lectures in favor of Islamic law or against the U.S., those crowds should not be seen as all terrorists in the making."

Man Tells Of London Police Raid (WP)

By Mary Jordan

The Washington Post, June 14, 2006

LONDON, June 13 -- A 23-year-old Muslim man who was shot during a massive police raid on his house earlier this month, then released without charge, said Tuesday that an officer fired at him without warning.

In his first public statements since the raid early this month, Mohammed Abdul Kahar described himself as a law-abiding man who loved London, his birthplace. His emotional words, delivered at a news conference here, added to the embarrassment that the anti-terrorism raid has caused Scotland Yard.

When 250 police officers swarmed Kahar's modest rowhouse in east London on June 2, the postal service employee said, he initially thought burglars had come in. Awakened at 4 a.m. by a commotion downstairs, he said, he took a few steps in a hallway. Then, he said, "I saw an orange spark and a big bang."

He said he saw blood coming down his chest after being hit by a bullet that exited his shoulder. "It seemed like fire," he said. "I was burning."

"I was begging the police, 'Please, I can't breathe,' " Kahar said at the news conference with his brother, Abul Koyair, 20, a supermarket employee. But he said an officer kicked him in the face, telling him in rough language to shut up, before dragging him down the stairs and outside.

Police Commissioner Ian Blair has come under heavy criticism because of this and other missteps since four suicide bombers killed 52 people in London's transit system last July. Shortly after those attacks, the police mistook a 27-year-old Brazilian electrician, Jean Charles de Menezes, for a terrorist on the subway and shot him seven times in the head.

Prime Minister Tony Blair defended the police commissioner's handling of the raid, at a time of calls for the head officer's resignation. "There is no doubt at all if they received information that there was a possible terrorist attack and did not act on that information and such an attack then took place, you can just imagine the outcry, the justifiable outcry, there would be," the prime minister said.

The raid, which took place in Forest Gate, a neighborhood where many Pakistani and Bangladeshi shopkeepers, cabdrivers and others live alongside other working-class Britons, drew widespread public attention in a country where memories of the bombings last summer remain fresh.

During the raid, many of the officers wore hazardous-materials gear, leading to speculation that they had intelligence that some type of chemical bomb was inside. But no such device was found, and the men were released late Friday.

"This has dented the trust between the community and its security services," said Jamal El-Shayal, a spokesman for the Muslim Association of Britain. "Police are there to protect people, not target them."

On Sunday, several hundred Muslims staged a protest outside Scotland Yard headquarters.

Gareth Peirce, a prominent human rights lawyer representing the brothers, said in an interview that "one suspects it is not the only wrong information that is being acted on" by police. What is different about this case, she said, is that it was so visible. Television cameras and reporters were on the scene for days.

The raid shows the "danger of relying on information considered in secret," Peirce said.

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Peirce said that because police took over the house and damaged it during the search, the family had had to leave its home of 20 years.

Asked at the news conference whether they would seek compensation, the brothers said they wanted an apology first.

A senior police officer later offered an apology. "In mounting this operation, we have caused disruption and inconvenience to many residents" in the neighborhood, particularly those in Kahar's house on Lansdowne Road and one next door, Assistant Commissioner Andy Hayman said. "I apologize for the hurt that we may have caused."

Kahar, of Bangladeshi descent, was at times tearful during the news conference. "The only crime I have done in their eyes is being Asian and with a long length of beard."

He said that since the raid, "I can't sleep. . . . I feel fear when the room is dark."

Muslim Shot In London Terror Case Says Police Offered No ID Or Warning (NYT)

By Alan Cowell

The New York Times, June 14, 2006

LONDON, June 13 — A 23-year-old Muslim man who was shot and wounded during what the police have described as a counterterrorism operation said Tuesday that the officers had not identified themselves and had given no warning before opening fire at close range and beating him.

The account of the raid by the man, Muhammed Abdul Kahar, was the first detailed version of events offered to the public since officers on June 2 burst into the East London row house he shares with his family. Some 250 officers had surrounded the house, and the police operation was presented by the authorities as a major strike against terrorism suspects thought to be building some form of chemical bomb.

Mr. Kahar and his 20-year-old brother, Abul Koyair, were arrested and held for a week. But their release without charge further dented confidence in the police among some British Muslims and prompted fresh calls for the London police commissioner, Sir Ian Blair, to resign.

"I apologize for the hurt we have caused," Andy Hayman, a Metropolitan Police assistant commissioner, said in a statement.

"Given the nature of the threat, I understand that some communities may be feeling confused, or indeed angry, with how the police are trying to ensure all our safety," he said, but insisted, "We had no choice but to mount a robust operation, which required a fast armed response."

In the shooting, Mr. Kahar said at a news conference near his home in Forest Gate, his brother's screams woke him at 4 a.m. and he assumed the house was being robbed. He and his brother descended the stairs and came upon intruders, one of whom opened fire.

"He looked at me straight away and shot me," Mr. Kahar said. "We both had eye contact. He shot me straight away," he said, estimating that the officer fired from two to three feet away. Mr. Kahar said he had looked at his chest and "saw blood coming down my chest and saw the hole in my chest."

"At that moment I knew I was shot," he continued. "But the first thing I was thinking was an armed robbery was taking place."

"At that moment I still did not know they were the police," Mr. Kahar said. "They never said a word about police. I just thought they were going to kill us."

During the news conference, he denied being a supporter of violence or terrorism, describing himself as a postal van driver and part-time supermarket worker who "just wanted to work to please my family, to support my mum and dad."

His account could add to sentiment among some of Britain's 1.6 million Muslims that, in the words of Massoud Shajareh of the Islamic Human Rights Commission last weekend, "they were shot because they were Muslim or perceived to be Muslim."

"There is a huge amount of fear and anxiety now in the community," Mr. Shajareh said. "People are feeling they are going to be next."

Coming after the fatal shooting of a Brazilian electrician mistaken for a suicide bomber after last July's London bombings, the episode has prompted questions anew about the demarcation between counterterrorism and heavy-handedness.

Last weekend, Damian Hockney, a member of the Metropolitan Police Authority, a police oversight agency, said Sir Ian was "the wrong person" in charge. "We need courageous and strong leadership at the moment, and he might have been the person to provide it some time ago, but not now," Mr. Hockney told BBC radio.

Since then, both Prime Minister Tony Blair and Mayor Ken Livingstone have said they support Sir Ian.

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HOMELAND RESPONSE:

U.S. Counterterrorism Agencies Finding Potential Homegrown Extremists In U.S. (SDUT/AP)

By Katherine Shrader, Associated Press

The San Diego Union-Tribune, June 14, 2006

WASHINGTON – U.S. counterterrorism officials say they are uncovering homegrown Islamic radicals inside the United States who lack formal ties to al-Qaeda and operate independently.

Those independent qualities – combined with the radicals' ability to organize and plot on the Internet – make them particularly difficult to disrupt, retired Vice Adm. John Scott Redd, director of the National Counterterrorism Center, told the Senate Foreign Relations Committee Tuesday.

In a hearing on the changing face of terror, Redd said the threat from homegrown extremism is a recent trend that was seen in successful transit attacks in Madrid in 2004 and London in 2005.

One alleged homegrown North American plot has been disrupted: This month, Canadian authorities arrested 17 men and juveniles who are accused of planning attacks in southern Ontario. They are said to have obtained three times the amount of explosives used in the Oklahoma City bombing.

Redd pointed to what he said were three potential homegrown organizations that have been disrupted in the U.S. in just over a year:

Two Atlanta-area men, charged earlier this year in a terrorism case, have been publicly linked to some of the Canadian suspects. Prosecutors have said the two traveled to Washington to shoot "casing videos" of the Capitol and other potential targets. The lawyer for one suspect has insisted it wasn't part of any terrorism plot.

In Torrance, Calif., the head of a radical Islamic prison gang and three others were indicted last year on federal charges of planning terrorist attacks against U.S. military facilities, the Israeli Consulate and other Los Angeles-area targets.

In the farming town of Lodi, Calif., a young Pakistani man faces at least 30 years in prison for supporting terrorism by attending an al-Qaeda training camp in Pakistan in 2003 and lying to the FBI. His father pleaded guilty to trying to smuggle $28,000 in cash to Pakistan.

Showing how the government's mission has changed, Redd said that before 9/11 the FBI wrote 25 intelligence-information reports a year, but now the bureau produces more than 1,000 annually.

Still, Delaware Sen. Joe Biden, the committee's top Democrat, called it "on the verge of criminal" that the government is not fully funding the recommendations of the Sept. 11 Commission, estimated at $42 billion over five years.

The hearing came less than a week after the U.S. military and intelligence agencies killed one of the world's top terror leaders in an airstrike, Abu Musab al-Zarqawi, the former leader of al-Qaeda in Iraq.

Redd said the merger between al-Zarqawi's group and al-Qaeda's central organization gives terror leaders a more diverse pool of "battle-hardened" operatives from which to draw. Intelligence officials, he said, are also seeing signs that al-Zarqawi's group was hatching plots outside Iraq. But he did not elaborate.

Redd and Henry Crumpton, the State Department's counterterrorism coordinator, agreed that al-Qaeda remains the pre-eminent concern of counterterror agencies. But they are also worried about other threats, including the Shiite extremist group, Hezbollah, which is closely allied with Iran.

Senators were particularly concerned about a fundamentalist Islamic militia that took over the Somali capital of Mogadishu last week.

Crumpton conceded that his department didn't anticipate the events. He said the U.S. government has three objectives in Somalia: to deny al-Qaeda safe haven to organize; to support the weak, transitional government that is backed by the U.N., and to provide humanitarian aid.

Al-Qaeda has existed in Somalia since the early 1990s. At least one key operative behind the 1998 East Africa bombings may be in Mogadishu, as well as a cell behind a 2002 attack in Mombasa, Kenya.

Crumpton said the U.S. has an "imperfect understanding" of the fundamentalist group, the Islamic Courts Union, that seized control of the capital.

It sent a letter proclaiming it was not an enemy of the United States. "Our response has been very clear: We expect them to work with the transitional government, and we also expect them to work with us to hand over al-Qaeda and foreign fighters," Crumpton said.

Al Qaeda Remains Threat, Officials Warn (WT)

By Bill Gertz

DOJ_NMG_0033864

The Washington Times, June 14, 2006

Al Qaeda remains a major threat despite the death last week of the terrorist group's leader in Iraq, Abu Musab Zarqawi, U.S. counterterrorism officials told the Senate yesterday.

"Eliminating Zarqawi is clearly a major step forward, but both al Qaeda and [al Qaeda in Iraq] will continue with their deadly work," said retired Vice Adm. John Scott Redd, director of the National Counterterrorism Center (NCTC).

Adm. Redd also said other Sunni extremist groups inspired by al Qaeda are expanding from regional organizations into a global network that may target U.S. interests.

Adm. Redd, noting that Osama bin Laden has been able to stay alive by hiding in a remote region of the world, said al Qaeda's central leadership has been dealt "very serious blows" that have diminished its operations significantly.

Asked about the effect of stopping bin Laden, Adm. Redd said: "I think if he were to be taken out, we would see a very strong effect in terms of the symbolic effect. ...

"But also it would be significant, I think, in terms of the effect on jihadists worldwide, but it probably would not have a major effect on operations," he told the Senate Foreign Relations Committee.

Henry Crumpton, the State Department's coordinator for counterterrorism, said the death of Zarqawi, who was killed in a U.S. bombing raid in Iraq on June 7, does not lessen the threat of al Qaeda in Iraq and regionally.

Asked by Committee Chairman Sen. Richard G. Lugar, Indiana Republican, about a recent terrorist attempt to bomb Saudi Arabian oil fields, Mr. Crumpton said terrorists are trying to attack such economic targets to "disrupt the oil supplies."

There is still "a long way to go" before oil fields in Saudi Arabia, West Africa and other parts of the world are secure from terrorist attacks, Mr. Crumpton said.

On whether Pakistan's Inter-Services Intelligence is continuing to support the ousted Islamist Taliban regime and al Qaeda in Afghanistan, he said that there are indications that some provincial governments in Pakistan are providing backing, but that there is no "hard intelligence" linking Islamabad to such efforts.

"I am not confirming that ISI is clean," he said. "I am saying that we don't have any compelling evidence right now that points to this."

Mr. Crumpton said there also is concern about Islamists taking control of some parts of Mogadishu, Somalia, a country largely without a central government.

Adm. Redd said the recent arrests in Canada of 17 persons suspected of plotting a major terrorist attack highlight the "home-grown" terrorist problem.

Additionally, the Iranian-backed terrorist group Hezbollah remains a potent threat, he said. Direct Iranian terrorism, he noted, also is a major concern.

Adm. Redd said he is "guardedly optimistic" about the long-term outlook of battling Islamic extremists.

"I believe it's no accident that we have not been attacked since 9/11 here at home," he said, noting, "We certainly cannot assume that we won't be attacked again."

Appeals Court Hears Arguments On Proposed Biodefense Lab (AP)

By Scott Lindlaw, The Associated Press

AP, June 14, 2006

SAN FRANCISCO -- A federal appeals court judge said Tuesday she found it "troublesome" that the Bush administration wants to open a lab for testing lethal agents including HIV, plague and anthrax in the densely populated San Francisco Bay Area.

But a U.S. Department of Justice lawyer told the 9th U.S. Circuit Court of Appeals that the administration had thoroughly researched its plans for a biodefense lab at the Lawrence Livermore National Laboratory and concluded there was little risk of a disaster.

If pathogens were to seep from the proposed lab and reach the public, they would have dispersed into such low concentrations they would be unlikely to injure anyone, Justice Department attorney Todd Aagaard said.

A lawyer for the lab's opponents sharply disagreed, saying even a small release could kill thousands.

The government also failed to consider the possibility that a plane or truck could be deliberately crashed into the site 50 miles east of San Francisco, said Stephan Volker, the lab opponents' lead attorney.

Instead, the administration used "a one-size-fits-all scenario, borrowed from another agency" when it studied the possible risks, he told the judges.

According to Volker, that scenario involved a lab worker failing to properly screw on the top of a centrifuge containing the biological agent Q fever. And it hypothesized that all the Q fever would twice pass through high-technology filters what Volker

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called "the killer" assumption, because those so-called HEPA filters are highly prone to failure. In a fire they could become disabled by sprinklers, Volker said.

The Bush adminstration has been preparing the biodefense lab for years, and said this week it plans to open the facility by August. But local residents have been fighting it in the courts. A lower federal court said in September 2004 that it could proceed, and the opponents appealed. The appeals court did not rule on Tuesday.

Volker said his clients want a new, thorough environmental assessment report that would supplant the one the Department of Energy conducted in 2002, or an even broader environmental impact review.

The Bush administration says the facility to be jointly used by the Departments of Energy and Homeland Security is vital to national security.

The facility "will significantly improve the nation's ability to detect and respond to the threat of terrorism using biological agents," the Department of Energy said in its court brief. A court order blocking it "would directly and adversely impact the national security," the administration said.

The facility would test airborne agents, which could also include hantavirus, influenza, hepatitis, Q fever, brucellis, herpes and salmonella, among others, on live animals.

The opponents have several concerns about the project, and they want to see the government reconsider it.

It sits in a region under which several faults lurk, and the lawsuit warns an earthquake could trigger the release of potentially deadly agents in the densely populated East Bay region near San Francisco. Some 7 million people live in the broader bay area.

The Energy Department says that in 2002 it "thoroughly evaluated" the potential impacts of an earthquake, accident or attack on the site, and it found those fears were unwarranted.

"The department's analysis concluded that such a release was highly unlikely and that, if a release occurred, it would not pose a danger to the public," the agency said in its court filing.

Because of its own findings, the department concluded a more sweeping environmental impact review was not required under the National Environmental Policy Act.

Chief Judge Mary Schroeder questioned the wisdom of locating the facility in the Bay Area, a region where some 7 million people live.

"I don't see in the analysis any discussion anywhere of what is the most troublesome thing," she told Aagaard. "this is being built in a very highly populated area of northern California." New Mexico, where a similar facility was contemplated, has a much lower population, she said.

Aagaard replied that the population-density question was taken into account in the government's "catastrophic release scenario." The most dangerous pathogens are not "durable" or "dangerous," and thus are unlikely to hurt people, he said.

U.S. To Review Proposals To Shield Commercial Planes From Missiles (WSJ)

By Ann Keeton

The Wall Street Journal, June 14, 2006

The Department of Homeland Security this month will review proposals from defense contractors for protecting commercial aircraft from shoulder-fired missiles.

Officials have asked for proposals for both ground-based and aircraft-based defense systems. Two of the biggest defense contractors, Raytheon Co. and Northrop Grumman Corp., are competing for possible contract awards and are testing several new antimissile systems.

The Department of Homeland Security, which reviews potential candidates for contracts during three stages of development, notified Raytheon June 5 that it would evaluate later this month a full proposal to fund development of a ground-based system.

A study by Rand Corp., a U.S. think tank, has said an attack from a shoulder-fired missile represents a real threat to aircraft in the U.S., and there have been such terrorist attempts elsewhere. After a failed shoulder-fired missile attack on an Israeli charter aircraft flying over Kenya in 2002, Israel put antimissile devices on all its commercial aircraft, using military technology.

Rand estimated that the initial cost for putting laser jammers on 6,800 commercial planes in the U.S. would be about $11 billion, ballooning to $40 billion over a 10-year period. Rand concluded that a program made economic sense, estimating a single incident of a terrorist downing a commercial airplane could cause $15 billion in damage to the U.S. economy.

Raytheon and Northrop say the cost of any of the programs would be substantially less than the projections in the Rand study, which used a military-based budget furnished more than two years ago by Northrop Grumman.

Mark Slivinski, marketing head for the Vigilant Eagle program at Raytheon, said the Waltham, Mass., company's ground-based system could be installed at 35 major U.S. airports for $25 million at each facility.

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The three-part system includes stationary infrared cameras on the ground that can detect a shoulder-fired missile almost instantly. The cameras would be arranged so that a missile sighting could be verified separately by two cameras. That would substantially cut false alarms to about one a year at each facility. One of the biggest problems with missile detection is that birds or debris are regularly targeted.

To deter the missile, the system would send a narrowly focused radio wave. That wave, while harmless to people, would confuse the missile-guidance system, pulling it off course. The Raytheon system also would connect to a computer on the ground that would reveal the terrorist's location.

Northrop Grumman, of Los Angeles, has taken another path, developing the Guardian system with a pod that fits on the belly of a commercial aircraft. Northrop is using its Nemesis infrared detection system, already in use on hundreds of military aircraft. A commercial version is being tested this year. It would cost $1 million per aircraft, or $5.2 billion over 20 years, according to Jack Pledger, director of business development for infrared-countermeasures programs.

At the same time, another division at Northrop is developing a ground-based system using laser technology that could destroy a shoulder-fired missile.

Worse Than Nothing (NYT)

The New York Times, June 14, 2006

The fifth anniversary of the Sept. 11 attacks is drawing near, and Congress still has not passed a law to improve chemical plant safety. The Senate is scheduled to hold important negotiations today on a chemical plant bill, but the bill could actually make the country less safe. If senators are afraid to stand up to the chemical industry and pass a good bill, they should at least have the courage to do nothing.

A terrorist attack on a single chemical plant in a densely populated area could kill tens — or even hundreds — of thousands of Americans. Senators Susan Collins, Republican of Maine, and Joseph Lieberman, Democrat of Connecticut, have drawn up a security bill that, in its current form, is barely better than nothing. It needs tough language added requiring chemical plants to replace dangerous chemicals with safer alternatives. The chemical industry is resisting.

An even bigger disgrace is that the industry is pushing hard to get "pre-emption" language added to the bill. That would prevent states from imposing their own tougher rules. New Jersey has begun to do so, and now that Jon Corzine, a strong proponent of chemical plant safety, is governor, it could adopt even stricter rules. A pre-emption provision could wipe away New Jersey's laws, and prevent other states from protecting themselves.

George Voinovich, Republican of Ohio, is taking the lead on pushing pre-emption. It is important that Lincoln Chafee, Republican of Rhode Island, and Mark Pryor, Democrat of Arkansas, who could be the swing votes, resist along with Senator Collins, the committee chairwoman. If the final bill pre-empts state laws, it should be killed or at least be renamed, to make clear what it is: a chemical plant antisecurity bill.

FEMA Lost $1B To Fraud, Errors (USAT)

By Mimi Hall

USA Today, June 14, 2006

WASHINGTON — Sloppy mistakes and con artists cost FEMA at least $1 billion in questionable disaster-relief claims in the six months after last year's devastating Gulf Coast hurricanes, according to a report by government investigators due out today.

The government sent checks to thousands of people who registered with FEMA using information belonging to prison inmates or who provided only a post office box as the address of their damaged home, according to the Government Accountability Office, the watchdog agency of Congress.

The investigation found that the Federal Emergency Management Agency, harshly criticized for its poor response to Hurricanes Katrina and Rita, lacked basic mechanisms to discourage rampant fraud. FEMA, the accountability office said, needs to immediately put “adequate safeguards” in place to “build the American taxpayers' confidence that federal disaster assistance only goes to those in need.”

Among the many examples of waste and fraud cited in the report:

·Roughly $5.3 million was paid to people who gave only post office boxes as their address. In one case, FEMA sent $2,358 to someone who claimed a damaged house in a New Orleans cemetery; in another, FEMA sent $4,358 to someone who listed his residence as a UPS store.

·Millions more was sent to more than 1,000 people who used names and Social Security numbers of inmates in prisons along the Gulf Coast and across the country. In one case, FEMA sent $4,358 to a Mississippi prisoner who gave officials his correct mailing address — at the prison where he'd been locked up since 2004.

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·FEMA reimbursed people for rent at the same time it was paying for them to stay in a hotel. For example, the agency paid $8,000 for someone to stay in a California hotel for five months and also sent that person $6,700 in rental assistance for the same period.

·One person received 26 FEMA payments totaling $139,000 using 13 different Social Security numbers and 13 addresses, eight of which did not exist.

FEMA spokesman Aaron Walker said the agency has already made some reforms to cut down on fraud this hurricane season.

"FEMA's highest priority during a disaster is to get help quickly to those in desperate need," Walker said. But "even as we put victims first, we take very seriously our responsibility to be outstanding stewards of taxpayer dollars."

Rep. Bennie Thompson, D-Miss., the top Democrat on the House Homeland Security Committee, called the fraud and abuse "symptoms of a much larger illness" at FEMA, which also has been criticized for spending hundreds of millions of dollars on trailers that were never used and other waste.

"Fraud, no matter the amount, is unacceptable," Thompson said. But "the disease is an administration that shortchanged FEMA and shortchanged catastrophic planning" for years.

Fraudulent Katrina And Rita Claims Top $1 Billion (WP)

By Larry Margasak

The Washington Post, June 14, 2006

The government doled out as much as $1.4 billion in bogus assistance to victims of Hurricanes Katrina and Rita, and was hoodwinked to pay for season football tickets, a tropical vacation and even a divorce lawyer, congressional investigators have found.

Prison inmates, a supposed victim who used a New Orleans cemetery for a home address, and a person who spent 70 days at a Hawaiian hotel were able to wrongly get taxpayer help, according to the Government Accountability Office.

Agents from the investigative arm of Congress went undercover to expose the ease of receiving disaster expense checks from the Federal Emergency Management Agency.

The GAO concluded that as much as 16 percent of the billions of dollars in FEMA aid to individuals after the two hurricanes was unwarranted.

The findings are detailed in testimony that is scheduled to be delivered at a hearing today by the House Homeland Security subcommittee on investigations.

To dramatize the problem, the GAO provided lawmakers with a copy of a $2,358 U.S. Treasury check for rental assistance that an undercover agent got using a bogus address. The money was paid even after FEMA learned from its inspector that the undercover applicant did not live at the address.

"This is an assault on the American taxpayer," said Rep. Michael McCaul (R-Tex.), chairman of the subcommittee that will conduct the hearing. "Prosecutors from the federal level down should be looking at prosecuting these crimes and putting the criminals who committed them in jail for a long time."

FEMA spokesman Aaron Walker said yesterday that the agency, already criticized for its poor response to Katrina, makes its highest priority during a disaster "to get help quickly to those in desperate need of our assistance."

"Even as we put victims first, we take very seriously our responsibility to be outstanding stewards of taxpayer dollars, and we are careful to make sure that funds are distributed appropriately," he said.

FEMA said it has identified more than 1,500 cases of potential fraud since Katrina and Rita, and has referred those cases to the Homeland Security inspector general. The agency said it has identified $16.8 million in improperly awarded disaster relief money and has started efforts to collect the money.

The GAO said it was 95 percent confident that improper and potentially fraudulent payments were much higher: between $600 million and $1.4 billion.

The investigative agency said it found people lodged in hotels often were paid twice, because FEMA gave them individual rental assistance and paid hotels directly. FEMA paid California hotels $8,000 to house one individual -- the same person who received three rental assistance payments for both disasters.

FEMA paid another individual $2,358 in rental assistance, while at the same time paying about $8,000 for the same person to stay 70 nights at more than $100 per night in a Hawaii hotel.

FEMA also could not establish that 750 debit cards worth $1.5 million even went to Katrina victims, the auditors said.

Among the items purchased with the cards were five season tickets to New Orleans Saints professional football games and a divorce lawyer's services in Houston.

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"Our forensic audit and investigative work showed that improper and potentially fraudulent payments occurred mainly because FEMA did not validate the identity of the registrant, the physical location of the damaged address, and ownership and occupancy of all registrants at the time of registration," GAO officials said.

FEMA paid millions of dollars to more than 1,000 registrants who used names and Social Security numbers belonging to state and federal prisoners for expedited housing assistance. The inmates were in Louisiana, Texas, Alabama, Mississippi, Georgia and Florida.

To demonstrate how easy it was to fool FEMA, the GAO told of an individual who used 13 different Social Security numbers, including the person's own, to receive $139,000 in payments on 13 separate registrations for aid. The payments were sent to one address.

Study Finds Huge Fraud In The Wake Of Hurricanes (NYT)

By Eric Lipton

The New York Times, June 14, 2006

WASHINGTON, June 13 — As much as $1.4 billion in government disaster aid to victims of Hurricanes Katrina and Rita — nearly a quarter of the total — went to bogus or undeserving victims, a new Congressional investigation concludes.

It is a scale of abuse that Representative Michael McCaul, Republican of Texas and chairman of the House subcommittee leading the inquiry, said far exceeded even his worst fears, despite months of accumulating evidence that the fraud-prevention system at the Federal Emergency Management Agency was woefully inadequate.

"It is shocking and appalling," Mr. McCaul, a former federal prosecutor, said.

The improper or fraudulent payments went to a dizzying array of con artists or other undeserving recipients, according to the analysis by the Government Accountability Office, which is set to announce its findings at a hearing Wednesday.

In one case, a man stayed more than two months on the government tab at a hotel in Hawaii that cost more than $100 a night. At the same time, he was getting $2,358 in government rent assistance, even though he had not been living in the property he claimed was damaged in the storm.

Emergency aid was used to pay for football tickets, the bill at a Hooters in San Antonio, a $200 bottle of Dom Perignon, "Girls Gone Wild" videos, even an all-inclusive weeklong Caribbean vacation, the report says. More than $5 million went to people who had provided cemeteries or post office boxes as the addresses of their damaged property.

FEMA also provided cash or housing assistance to more than 1,000 prison inmates, totaling millions of dollars; one inmate used a post office box to collect $20,000. Some of the inmates may in fact have owned property that was damaged, but most should not have been eligible for the aid.

In another case, 24 payments, totaling $109,708, were sent to a single apartment, where eight people each submitted requests for aid eight times, each time using their own Social Security numbers.

Another person collected 26 payments using 13 different Social Security numbers — a total of $139,000 — even though public records show the individual did not live at any of the addresses reported as damaged.

Aaron T. Walker, a FEMA spokesman, said the agency was moving to correct management weaknesses that might have contributed to the fraud, including establishing a system that will block multiple registrations for aid filed under a single Social Security number.

Separately, the agency has identified 1,500 cases of possible fraud, referring them for possible prosecution. It has collected $16.8 million after asking people to return money if they got more than they deserved.

Mr. Walker said the need to distribute aid rapidly after the storms made it impossible to check out claims initially. "FEMA's highest priority during a disaster is to get help quickly to those in desperate need of our assistance," he said.

The findings, which are to be released Wednesday in testimony by Gregory D. Kutz of the Government Accountability Office, follow up testimony that Mr. Kutz gave before a Senate committee in February. At the time, he refrained from giving an estimate of the total of the fraud, other than to say that perhaps millions of dollars was at stake.

The more precise estimate comes after a detailed examination of a random sample of 250 of the 2.6 million payments made as of February, which total over $6 billion. Investigators visited properties claimed as damaged and checked to see if the applicants had submitted multiple claims, or invalid or false Social Security numbers.

The investigators also tested the system by creating their own fake applicants, who collected a total of $6,000 in disaster assistance. (The checks were never cashed.)

Investigators concluded that fraudulent or improper payments probably ranged from $400 million to $1.4 billion, leading them to settle on $1 billion as their most likely estimate, representing about 16 percent of the distributed aid.

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Families were eligible up to a total of $26,200 in aid, including $2,000 that came as emergency cash assistance right after the hurricanes passed as well as about $790 a month to rent temporary housing. They could also get free hotel rooms, although they were not supposed to stay in a hotel while getting rental assistance, as the auditors found many did.

Mr. McCaul said he was prepared to recommend legislation to mandate tougher accounting practices if the agency did not prove it had taken steps to prevent further abuses.

"When you have federal and state prisoners applying for the taxpayers' money — while they are in prison — and then the disaster aid, that is a real assault on the American taxpayer," he said. "I don't have any tolerance for that."

Lives Suspended On Gulf Coast, Crammed Into 240 Square Feet (NYT)

By Dan Barry

The New York Times, June 14, 2006

LAKESHORE, Miss., June 12 — If you were to fly over rural Hancock County here, you would see more than 9,000 of them, white rectangles clumped in sun-bleached parks and scattered in piney woods like pieces of a trashed picket fence. Pick any one, and contained within that FEMA trailer are lives in claustrophobic suspension.

Paulette Shiyou invites you into her family's trailer with a natural hospitality that has remained intact. Her husband, Hugh, offers a can of beer, and her son, Cody, itching to show you his card collection, his rock collection, his pocketknife, kicks off his sneakers.

And suddenly, in this tight trailer of 240 square feet, an 11-year-old boy's shoes loom like ottomans.

"I'm constantly yelling at him because you're always tripping over him," Ms. Shiyou says, scolding but smiling. "And he yells at me to turn the lights out."

Cody defends himself by nodding toward the droning television set that sits near the only door, about five feet from his cubbyhole bunk bed. "I'll be going to bed," he says, "and she'll be watching TV and have all these lights on."

As the television set gabs and a boy complains and a mother justifies her liberal use of lights by saying she just cannot tolerate darkness, not since the storm, it seems that in a FEMA trailer even words take up space.

FEMA trailer. The phrase has nearly lost meaning, so embedded is it in the national memory of last year's crushing hurricanes, Katrina and Rita. The Federal Emergency Management Agency provided trailers to people whose homes were damaged or destroyed; got it.

But tens of thousands of people continue to live crammed in FEMA trailers, greeting this year's hurricane season the same way they said goodbye to the last one: in light-metal boxes that even a tropical storm could flip like playing cards and which seem so vulnerable alongside the brush fires crackling through some stretches of the Gulf Coast.

Ms. Shiyou hurries through her family's FEMA trailer back story, which is extraordinary, but here, mundane: Returning to a home that was miles from shore but destroyed, then moving like nomads, from a gymnasium to a warehouse to a tent to a FEMA trailer encampment for five months. Then, finally, back to their property, into this FEMA trailer on their former front lawn, where they have lived since March.

She takes you on a tour.

To keep from tracking mud into the trailer, the Shiyous have placed a recovered piece of their old deck on the ground. "This was the color of my house," Ms. Shiyou says, walking on it. "A country blue."

She takes one step into the trailer, and the initial urge is to hunch. Mr. Shiyou, a gangly 6-foot-2, stretches out his arms to demonstrate how he can simultaneously touch the ceiling with one hand and the floor with the other.

His wife slides open a door to her immediate right, revealing a room taken up almost entirely by the master bed. "You just crawl in from the foot and pull the blankets up as you go," she says.

The hangers in the small closet have to be tilted sideways to fit, and the space-eating fan is necessary because you lose the air-conditioning if you slide the door shut for privacy. Mr. Shiyou says he sleeps less than five hours a night because that is all he can take of this confinement.

Moving left, the kitchen, with the bread and cookies stored in the microwave, paper plates and plastic cups from Wal-Mart in the cabinet and a couple of Reed & Barton silver coffeepots the family found in the woods after the waters receded.

"I'm going to put them in my china closet when I get one," Ms. Shiyou says, talking over the television set, which is blaring MTV beside her. "He usually always watches cartoons," she says of Cody. "And it drives me crazy."

Take one step off the small stretch of tan linoleum, which she keeps clean with the mop at the door, and onto the patch of worn dun-colored carpet, which she keeps clean with the carpet sweeper beside the mop, and you are now in the dining room, living room, and practically into Cody's bed.

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A small, hard couch. A small booth with a small table, under which are stored a blue suitcase, Cody's book bag, Cody's suddenly massive sneakers and shoes and his father's even larger shoes. Cody's bed, where he stashes Doritos, and the bed above, used for storing blankets and winter clothes.

Finally, the bathroom, whose door, when opened, blocks Cody's bed. You have to lean over the toilet to see yourself in the mirror. Mr. Shiyou practically kneels to fit into the shower.

This, then, is the home where the Shiyous had family over for an Easter barbecue.

"There was Vanessa and Joe, Jessica, Tim, Raegan and Kiley," Ms. Shiyou says. "And then Heather and Jasper, and then my niece Mindy her boyfriend, Josh, and their two kids, John and Jared. And wasn't David and Regina here? Yes, they were."

Mr. Shiyou, 43, is a welder, and Ms. Shiyou, 40, runs a check-cashing store. When they look out from their FEMA trailer, they see two other FEMA trailers, occupied by two of her daughters and their families. They can also see the raised dirt foundation where they plan to build a home at a higher level, even though the land is well beyond the flood zone.

Insurance paid off the note on their old home, and nothing more. They have secured another loan, but have yet to hear whether they will receive any federal grant to ease their financial burden. Either way, they plan to start building next month, and with luck will be out of the trailer by Christmas.

Dusk has descended; a full moon is rising over the gulf. Mr. Shiyou returns to working on the all-but-destroyed house of a beloved 89-year-old neighbor. Ms. Shiyou, meanwhile, recreates in her mind the home they shared for 10 years and lost nine months ago.

The Kia Sephia and the Dodge pickup in the driveway. The curio cabinet, with all those angels collected by her late mother. The framed family photographs. The children's encyclopedias. Her set of dishes, whose pattern was, was —

"God, what color was my kitchen set?" Ms. Shiyou asks, her voice breaking. She says it will come to her, but it doesn't.

How Fla. Spells Relief: A-l-b-e-r-t-o (USAT)

By Donna Leinwand

USA Today, June 14, 2006

OCALA, Fla. — The first tropical storm of the hurricane season landed Tuesday with a whimper, but it ratcheted up tension for residents after two years of record storms.

The Ocala Star-Banner captured the weariness with its headline: “Here we go again.”

Tropical Storm Alberto is expected to diminish to a tropical depression as it moves into Georgia and then into South Carolina today. Bands of rain that reached hundreds of miles drenched some parts of Florida with as much as 8 inches.

Some low-lying coastal areas and city streets flooded, but the rain was a welcome soaking for Florida's parched pastures, farms and groves in the center of the state.

While damage from Alberto appeared minor, residents remain wary. Florida weathered five major hurricanes in 19 months, and forecasters predict another active season this year.

Alberto caught Megan Tearle a little off guard.

Tearle, 27, a mortgage broker who grew up in Miami and now lives in Ocala, picked up batteries and water the night before Alberto arrived.

“It was so soon, the first week of hurricane season,” Tearle said Tuesday. “I thought, ‘Oh, it's a tropical storm.' For a tropical storm, I don't panic.”

Residents in central Florida sometimes have a false sense of security, figuring a hurricane will lose strength as it crosses the state, she said. But Tearle said Tropical Storm Alberto's unexpected arrival has her thinking about the rest of the season, which began June 1.

When she was a child in Miami, Hurricane Andrew blew out the windows and ripped the roof off of her family's home in 1992. Two summers ago, Hurricane Frances flooded her Ocala home.

“I'm a little apprehensive, truthfully,” she said. “Doesn't it seem like there's more and more? Don't they seem worse?”

At Romero's produce stand here, huge watermelons and ripe tomatoes were displayed on wooden stands beneath a tarp despite hovering black clouds and gusts that could blow off a hat.

Reina Rodriguez, 18, who was running the register at the stand owned by her aunt, said they didn't expect the storm would get bad enough to justify closing for the day.

“I've experienced this before, so we know how to handle it now,” she said.

“This one, we didn't do much. But there's more coming up. This is the first of the season, but you never know what's going to happen next.”

Norman Tank, 61, of Dunnellon, shopped for tomatoes at the stand as the storm rolled in. He said he was prepared for the worst, although he didn't expect much more than a few squalls from Alberto.

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“We're lucky this time,” said Tank, who has lived in Florida for 32 years. “It'll be a nice rain, a good soaker.”

He said Alberto's lackluster showing won't make him complacent. “I say, ‘Be prepared.' It's kind of crazy not to have water for flushing your toilets and drinking,” Tank said. “If I were told to evacuate, believe me, I will.”

Marie Richards, 49, of Ocala, is spending her first hurricane season in Florida after moving from New Jersey. She said she figured being inland would keep her safe.

“Yeah, right, it turns out,” she said. “I'm not looking forward to the rest of the season.”

Richards and her husband stocked up on batteries, water and canned goods. They moved the patio furniture indoors. And then, the storm amounted to nothing — not that she's complaining. The weather looked good enough Tuesday morning that she went to work at a downtown furniture store.

“I was tense. I was expecting lots of rain and strong winds,” she said. “If they're all like this, I'm fine.”

However, she figures it's just a matter of time before a bigger storm hits. “I'm terrified,” she said. “If they say get out, I'll get out.”

More than 20,000 people were ordered to evacuate before Alberto made landfall, but it was unclear how many actually left their homes.

Alberto's winds weakened to 40 mph as its center came ashore around noon near Adams Beach, about 50 miles southeast of Tallahassee. The National Weather Service said total rainfall could reach 8-10 inches in central Florida and southeastern Georgia over the next few days.

Earlier Tuesday, Alberto had winds of 65 mph, well below the 74 mph needed to become a hurricane.

If it had become a hurricane, as forecasters warned, it would have been an early start on the hurricane season. It's been 40 years since a hurricane struck the USA this early.

Storm surges of 4 to 5 feet were reported in Citrus, Levy, Taylor and Dixie counties, according to the weather service.

Cedar Key in Levy County reported flooding to its main road that goes in and out of the island of 940 residents. County residents in low-lying areas had been urged to evacuate.

Tropical Storm Weakens Before Hitting Florida (NYT)

By Terry Aguayo

The New York Times, June 14, 2006

MIAMI, June 13 — Tropical Storm Alberto weakened Tuesday before hitting the Florida Gulf Coast with heavy rain and high winds, but it did not pose the threat that forecasters had initially feared.

The storm made landfall early Tuesday afternoon near Adams Beach, about 50 miles southeast of Tallahassee, with winds of 50 miles per hour, well below the 70 m.p.h. winds it carried Monday that caused forecasters to fear that it would strengthen into a hurricane.

"It lost its chance to become a hurricane because it ran out of time," said Jack Beven at the National Hurricane Center.

A tropical storm warning was in effect for the Atlantic Coast from South Santee River in South Carolina southward to north of Altamaha Sound in Georgia. The storm was expected to continue moving inland and weaken further, reaching the Atlantic Ocean near the North Carolina-Virginia border as a tropical depression on Thursday.

The storm brought down tree limbs and caused flooding along parts of the coast, but no serious injuries were reported.

More than six inches of rain fell during the storm in some areas, and more than 11,000 households and businesses were without power, and more than 4,000 were without phone service Tuesday afternoon, state officials said. "I think we are on top of this, and this is a good lesson, I think, in preparedness," Gov. Jeb Bush said in Tallahassee. "I can assure you that if a stronger storm comes our way, we have a great team locally and at the state level."

In Sunset Beach, just north of St. Pete Beach, Rob Porter and his daughters, Priscilla, 9, and Mattie, 11, surfed and body boarded in the large waves just after the storm made landfall.

"This is everything we love," Mr. Porter said. "On the Gulf Coast we hardly ever get days for this."

Alberto Turns Out To Be Splash In The Panhandle (WP)

By Peter Whoriskey

The Washington Post, June 14, 2006

HORSESHOE BEACH, To live in the path of a forecast hurricane these days is to be bombarded by dire Katrina-inspired exhortations, and as Tropical Storm Alberto moved toward this small, low-lying town of shrimpers and crabbers, there was the usual ominous noise.

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The National Hurricane Center issued a hurricane warning, which echoed ceaselessly from televisions. Gov. Jeb Bush urged caution, the county ordered an evacuation and emergency management leaders convened a City Hall meeting to encourage people to leave.

And after all the scary buildup, many and maybe most of the people here said: Nah, we're staying.

The center of Alberto made landfall in the Big Bend area about noon on Tuesday, bearing winds of about 50 mph. The rain came in lashes, and gusts swayed the Spanish moss that drapes the cypress trees. A few power lines were toppled. Water surging in from the Gulf of Mexico made several streets impassable.

But the storm, which never reached hurricane strength, proved to be no more than a mild inconvenience for most people in its way, and the holdouts savored their instincts for survival.

"Well, I got faith in God, and I looked to God to see me through," said Marjorie Neeley, 79. She spoke from her front porch as the floodwaters, which had reached some nearby yards but never hers, began to recede.

She had rejected not only the official evacuation pleas, but those of her daughter, Sandra Mills, 47; great-grandson Justin, 8; and a Dixie County emergency official who turned up on her porch as the water was rising Tuesday morning

"Grandma said she wasn't going nowhere," Justin said.

"I tried to get her to leave, but she said no, so we just rode it out together," Mills said. But before they did, "I told her to think about my life and Justin's life."

Scott Garner, chief of emergency management for the county, estimated that only 30 percent of residents in Dixie's coastal communities, which include Horseshoe Beach, complied with the evacuation order. About 50 people went to shelters.

"All we can do is get the word out there and let them make their own decisions," he said.

Despite the scientific authority of the forecasters and the sway of state and local leaders who have made hurricane preparation a priority, many in this enclave, as well as elsewhere along the nation's hurricane-threatened coasts, prefer to make the evacuation decision based on personal storm experience and meteorological insight.

"I don't think I could be considered a foolish person or one to take chances," said Daphine Spivey, 66, a native of the area who stayed home with her husband, a building official. "If it had been a bad one, we would have left."

She said the predicted storm surge of eight to 10 feet was less than what her house withstood in the "No Name" storm of 1993. So the couple thought they could ride out Alberto, too, and they did.

"I think you have to use common sense," she said, noting that her grandfather used to get a sense of storms by observing cows, pigs and other animals.

"I guess the Lord gives them the sense to know," she said.

Michael Webster, 35, his wife and two kids didn't evacuate for Alberto, either.

Webster said he has new respect for hurricanes, having worked a front-end loader during Katrina cleanup in Bay St. Louis, Miss. But he said he would leave Horseshoe Beach only if the storm winds exceeded 100 mph.

"This is nothing," he said after lunch with his family at a restaurant.

Outside, college students were checking a wind gauge built atop a 30-foot orange crane they had deployed. One of them said the strongest sustained winds measured were 30 mph.

Experts, nevertheless, say that defying evacuation orders and hurricane warnings is risky.

"When people try to gauge their actions on what happened in the past, disastrous things can happen," said Eric Blake, a meteorologist at the National Hurricane Center.

The trouble is that most people's storm experience is limited, he said.

"There hasn't been a major hurricane there in most people's lifetimes," Blake said, referring to the Big Bend area. "There are always uncertainties in the forecast. People are taking a chance with their lives, and we'd like to discourage that."

But Billy Rollison, 74, a Navy veteran who was out watching the tides as the storm passed Tuesday, questioned whether people who don't know the area can judge.

"They sit up there with their computers and checking the winds and all that," he said of the county's emergency managers as he watched Gulf waters cover part of the road. "Ain't none of them have been down here for a storm."

WAR NEWS:

Bush Tells Iraq Leader U.S. Will Back Him (AP)

By Terence Hunt

AP, June 14, 2006

DOJ_NMG_0033873

President Bush told Iraq's new leader in a surprise face-to-face visit on Tuesday that the fate of his war-scarred country was in Iraq's own hands. Bush was pressed in turn not to withdraw U.S. troops too quickly.

"There's a worry almost to a person that we will leave before they are capable of defending themselves," Bush said as he flew back to the United States after his lightning, long-distance trip to meet with Prime Minister Nouri al-Maliki.

Bush spent over 5 1/2 hours in Baghdad in his second visit of the three-year war, both kept secret until he had safely arrived. He met with American troops at Thanksgiving 2003 in a visit confined to the airport and limited to several hours.

This time, he traveled to the city's heavily fortified Green Zone.

In a mission designed to both showcase U.S. support for the new unity government and to ease war concerns at home, the president told the Iraqi prime minister the United States would stand by the new government as it works to achieve stability.

"When America gives its word, it keeps its word," Bush said.

At the same time, he emphasized that Iraq must control its own destiny.

"The decisions you and your cabinet make will be determinate as to whether or not a country succeeds that can govern itself, sustain itself and defend itself," he told al-Maliki.

Bush slipped away from what had been billed as a two-day meeting at Camp David, Md., for the 11-hour overnight flight that brought him to his first direct talks with al-Maliki and members of the new government.

His visit was accompanied by incredibly tight security. Leaving Baghdad, lights were turned off both on the helicopters that took Bush and his entourage to the airport and on Air Force One itself.

Only a handful of close aides knew about the trip in advance.

Later, speaking with reporters on the flight home, Bush said he assured the Iraqi leaders "they didn't need to worry" about U.S. troops withdrawing too soon and too quickly.

"They are counting on us to continue to take the lead until such time as they are ready to take the lead," Bush said.

Bush said that top U.S. military and policy officials would sit down with Iraqi officials in the days ahead "and devise a way forward." The president also said he would step up pressure on other world leaders to do more to help Iraq.

"I am going to call these leaders again and remind them that a stable and secure Iraq is part of a stable and secure Middle East," Bush said.

Bush's trip comes at a time when many Democrats — and some in his own party — are calling for a substantial number of American troops to be brought home by the end of this year.

War anxiety has been the driving force behind Bush's plunge in the polls and a cause of Republican distress about holding control of Congress in the November mid-tem elections.

Al-Maliki himself did not know the president was in Baghdad until five minutes before they met in the blue-domed palace once used by Saddam Hussein but which now houses part of the U.S. Embassy in the heavily fortified Green Zone.

The Iraqi prime minister had come to the embassy expecting to participate in a satellite video conference with Bush and aides from the presidential mountain retreat in Maryland.

Instead, Bush sat beside him. The video conference went on as scheduled with the U.S. officials still at Camp David.

"I've come to not only look you in the eye. I've also come to tell you that when America gives its word, it keeps its word — that it's in our interest that Iraq succeed," Bush told al-Maliki.

Bush didn't say whether he and the prime minister had discussed the timing or scope of a possible U.S. military withdrawal. There are now about 130,000 U.S. troops in the country and Bush faces increasing pressure at home to begin bringing many of them home.

Al-Maliki, speaking in Arabic, thanked Bush for U.S. protection, but expressed a general hope for the day when American troops would be gone.

"God willing, all of the suffering will be over, and all of the soldiers will be able to return to their countries with our gratitude for what they have offered," al-Maliki said.

Before leaving Baghdad, Bush addressed a group of about 300 cheering U.S. troops assigned in supporting roles to the U.S. Embassy. He thanked them for their work and said a top U.S. priority was now to support the new government.

"Our job is to help them succeed and we will," Bush said.

Several U.S. lawmakers briefed on Bush's trip predicted that a phased withdrawal of U.S. troops might be accelerated following the presidential visit.

This time, Bush flew by helicopter from Baghdad International Airport to and from the Green Zone, where Iraq's government meets and the U.S. and British embassies are based.

Bush also met with other Iraqi leaders before leaving the country.

Later, speaking with reporters for about 35 minutes on Air Force One, Bush said one of the Iraqi cabinet ministers asked him about the U.S. military's conduct in terms of human rights of Iraqis.

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"I assured her any complaints she had, the ambassador is more than willing to listen and there will be full investigations." He said he reminded the Iraqi officials that mistreatment of Iraqi prisoners by Americans at Abu Ghraib prison "is a sorry chapter in the Iraqi experience."

The U.S. troops cheered loudly and raised cameras high as Bush visited them.

"Thought I'd stop by to say hello," Bush said, to laughter. "I bring greetings from a grateful nation. And I thank you for your sacrifice."

Bush's visit came as his administration attempted to regain the initiative after months of increasingly deadly violence in Iraq and flagging support for the war among Americans.

In Washington, Secretary of State Condoleezza Rice and Defense Secretary Donald H. Rumsfeld gave a classified briefing on Bush's trip to selected senators.

Sen. Carl Levin (news, bio, voting record) of Michigan, senior Democrat on the Armed Services Committee, told reporters afterward that Bush's trip "is likely to lead to phased redeployments this year and continuing in the next year."

Rumsfeld said that many U.S. troops have already been brought home. He said officials would meet with Iraqi leaders "in the weeks ahead discussing at what pace we're going to be able to draw down our forces and it will all be done in a very orderly way."

Bush's visit came six days after a U.S. air strike killed terror chief Abu Musab al-Zarqawi and five days after al-Maliki completed his cabinet by naming the ministers of Defense and Interior — events the president's advisers hoped would lead to political progress.

But underscoring the dangers that remain, a series of explosions struck the northern city of Kirkuk on Tuesday, killing at least 16 people. And the new leader of al-Qaida in Iraq pledged to avenge predecessor al-Zarqawi's death with horrific attacks, according to a statement posted on the Web.

Al-Maliki has won U.S. admiration by promising to crack down on militias and sectarian violence, promote national reconciliation, accelerate reconstruction efforts and restore essential services such as electricity.

Bush's Visit To Baghdad Signifies Upturn In His Political Fortunes (WSJ)

By John D. McKinnon And Yochi J. Dreazen

The Wall Street Journal, June 14, 2006

President Bush, caught for months in a losing battle for public approval, suddenly is scoring gains on several fronts, raising a far-reaching question: Is he setting the stage for a political recovery?

Mr. Bush Tuesday sought to capitalize on progress on the most vital front of all, Iraq, making an unannounced visit to Baghdad to hail the formation of a new government there. At the same time, another cloud lifted in Washington as defense lawyers announced that top White House political adviser Karl Rove won't be indicted in an investigation into the leaking of a Central Intelligence Agency agent's identity. (See related article1.)

Along with other recent good news, the developments hold at least the prospect that Mr. Bush's political slide has hit bottom. The president has pulled himself off the mat before, in 2002, when Democrats expecting to score the usual midterm election gains against the president's party actually lost seats, and in 2004, when he trailed Democrat John Kerry by a significant margin only to roar back and win re-election.

It is too early, of course, to know whether the positive news will be sustained enough to help him improve his standing, as well as the Republican Party's endangered majorities in Congress. Mr. Bush has the lowest job-approval ratings of his presidency; while showing modest upticks in recent days, they continue to hover below 40%. At a comparable time in 2002, he had a rating of 74%, and in 2004 of 47%.

Moreover, a number of potential pitfalls for the White House remain, including stubbornly high energy prices and growing unease in financial markets, underscored again Tuesday as the Dow Jones Industrial Average fell 86.44 points to erase its gains for the year.

Still, Republicans are relieved to hear good news after months of bad news. Besides Tuesday's developments, the administration has seen the death of insurgent leader Abu Musab al-Zarqawi in Iraq, a Republican win in a hotly contested California congressional race, strong economic growth and employment and confidence among White House personnel after a second-term shakeup.

"We've been hoping and praying for good news for months, since Katrina hit," said Rep. Patrick McHenry, a North Carolina Republican. "I don't want to dance the jig too soon, but it's at least good news so we can get our footing and get back to where we need to be going."

Late Tuesday, some lawmakers even were suggesting Mr. Bush's meeting with the new Iraqi government could pave the way for a phased withdrawal of U.S. troops in coming months. But in later comments to reporters during the trip home, Mr. Bush

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said he reassured nervous Iraqi leaders the U.S. wouldn't pull out prematurely. "There's a worry almost to a person that we will leave before they are capable of defending themselves," said Mr. Bush, who said he had assured Iraqis he wouldn't let a "vacuum" develop. The question of how fast to begin a troop drawdown, in fact, could become a point of tension between Mr. Bush and Republican lawmakers, who may be eager to welcome soldiers home before the fall congressional elections.

In political terms, the turnaround comes at an especially opportune time, less than five months before elections in which, polls show, Republican control of Congress is in serious jeopardy. Some analysts believe voter impressions of political fundamentals -- particularly of the economy, but also of how parties and leaders are forming -- begin to harden months ahead of Election Day.

The visit to Iraq was designed to help Mr. Bush get better acquainted with the country's new leaders, especially Prime Minister Nouri al-Maliki. But it also served as a kind of public-relations coup for the White House, which planned the trip with a mix of secrecy, security and subterfuge.

The trip began unfolding Monday night at Camp David, after Mr. Bush spent an exhausting day of intensive meetings with aides and Cabinet members discussing Iraq. At about 7:45 p.m., Mr. Bush excused himself from a postdinner discussion, saying he was "losing altitude" and in need of a rest.

The president didn't head to bed, however. Instead, he and a small number of aides made their way to an idling helicopter -- a different one than the easily identifiable green helicopter the president usually uses -- and flew to Andrews Air Force Base outside Washington. Within minutes, he was en route to Baghdad on Air Force One, which had been parked on a distant runway not visible from the road or from a nearby terminal building.

At Camp David, all but Vice President Cheney and two members of the Cabinet -- Secretary of State Condoleezza Rice and Defense Secretary Donald Rumsfeld -- were unaware the president had left until Tuesday morning, when he failed to show up for a bagel breakfast in the dining room, which was supposed to kick off another day of discussions about Iraq.

Mr. Bush had told his staff a month ago that he wanted to travel to Iraq as soon as a new government was completely in place, a process that took months as Iraq's political leaders argued over filling three final, key, Cabinet posts. The trip was planned by a small group of aides, some of whom couldn't tell family members.

The small number of reporters included in the trip each were told in person with little more than 24 hours' notice. All were required to keep the trip secret from colleagues and even spouses and to surrender cellphones and BlackBerry devices before they boarded the plane.

Even the Iraqis weren't told in advance. Prime Minister Maliki woke up expecting to speak to the president by a secure videolink while the president sat at Camp David. He didn't find out Mr. Bush was there in person until the president's helicopter landed in a secure airfield in the heavily fortified Green Zone.

"Obviously, when you're entering into a situation where the enemy is so active, we have to be extra cautious," White House counselor Dan Bartlett told reporters traveling with Mr. Bush.

In the end, while the trip provided an opportunity to accentuate the positive in Iraq after months of bad news, the continuing turmoil there could rob the White House of long-term benefits. Democratic pollster Stan Greenberg noted that Mr. Bush gained a few points in his standing on Iraq late last fall, amid good news about Iraqi elections and a flurry of speeches. But that evaporated in the face of steady bad news on the ground.

The economic risks at home also appear to be significant. Growth has been strong for the past year, with the economy expanding at a 5.3% annual rate in the first quarter and the unemployment rate falling in May to a five-year low of 4.6%. But high gasoline prices have squeezed workers. High energy costs also fueled inflation pressure, which may lead the Federal Reserve to continue raising interest rates, a key factor in the stock-market drop of recent weeks.

Moreover, there are signs growth already is cooling in response to earlier interest-rate increases and energy costs. Some economists expect it to fall below 3% in the current quarter.

Nevertheless, the respite from the second term's bad news has lifted spirits among Republicans. "He's showing dynamic leadership now," said Sen. Trent Lott (R., Miss.), who has clashed with Mr. Bush in the past.

Sara Taylor, the White House political director, said positive developments in different areas are combining to give Mr. Bush a bounce. "I think there's a cumulative effect, with the president showing leadership in Iraq, on immigration and other issues," she said.

Perhaps in a sign of renewed confidence, Mr. Rove said in a speech Monday night in New Hampshire that Republicans "have no excuses to make" for the Iraq war, and should use the issue as a weapon against Democrats who want to withdraw. "They are profoundly wrong," he said.

Spate Of Good News Gives White House A Chance To Regroup (WP)

By Peter Baker

DOJ_NMG_0033876

The Washington Post, June 14, 2006

In a White House that had virtually forgotten what good news looks like, the past few weeks have been refreshing. A Republican won a much-watched special congressional election. President Bush recruited a Wall Street heavy hitter as Treasury secretary. U.S. forces killed the leader of al-Qaeda in Iraq. And now the architect of the Bush presidency has avoided criminal charges.

The question is whether this latest updraft in Bush's fortunes will last much longer than the president's surprise trip yesterday to Iraq. Bush took full command of the political stage with his five-hour appearance in Baghdad, just days after the death of Abu Musab al-Zarqawi, and used it to showcase a new Iraqi government he hopes to turn the war over to eventually. Yet in the end, some analysts noted, it will matter only if this new government can heal societal schisms and stand up effective security forces.

For Bush, any progress at the moment is critical. Iraq has been at the heart of his political troubles, alienating voters weary of the war, unsettling congressional allies facing reelection this fall, and souring the public mood toward other initiatives by the administration. Even Deputy Chief of Staff Karl Rove's legal problems stemmed from Iraq and the initial White House effort to justify the decision to invade.

With Zarqawi dead, a new Baghdad government in place and Rove freed from prosecutor's cross hairs, the White House hopes it can pivot to a new stage in which it is no longer on the defensive. In recent weeks, under new Chief of Staff Joshua B. Bolten, the White House has tried to do more to set an agenda, moving aggressively into the immigration debate and agreeing to join direct talks with Iran over its nuclear program under certain conditions.

"There's a sense of motion and energy and progress on different fronts," said Peter H. Wehner, White House director of strategic initiatives. "There's more of a sense that we're shaping events, rather than being controlled by them."

The spate of positive developments may have arrested the president's months-long slide in opinion polls, at least for now. Bush's approval rating has risen from a low of 31 percent in May to 38 percent this week, according to a USA Today-Gallup poll. Zarqawi's death seems to have somewhat shored up confidence in the prospects for victory in Iraq, with 48 percent now believing the United States will win, compared with 39 percent in April. Still, a CBS News weekend poll with a smaller sample showed Bush's approval rating slipping in the past month from 35 percent to 33 percent.

"When you get into these ruts, you're always looking for anything to bounce you out and get you back on track," said Joel P. Johnson, a White House adviser to President Bill Clinton during difficult times. "They've been in a rut for so long that anything that serves to pull them back onto the road has got to feel pretty good for them. The real question is, does it last a week or is it a real sign of some sort of steadying of the process?"

The aftermath of the capture of Saddam Hussein demonstrated how transitory a single moment of victory can be. Bush got a four-point bump in Washington Post-ABC News polling after Hussein was found in December 2003, but it lasted about two months. Recognizing that, Bush orchestrated a flurry of activity on Iraq in the past few days -- including his secret trip, a Camp David war cabinet meeting and a briefing blitz on Capitol Hill -- to demonstrate that progress in Iraq means more than Zarqawi's death.

Analysts agree that after two weak Iraqi prime ministers, Bush finally has a potentially strong partner in the newly installed Nouri al-Maliki, whom he met for the first time yesterday. But the list of challenges still confronting them is daunting: sectarian strife, inadequate electricity, private militias, slow police training and so on.

"Is the insurgency defeated? No. Has it had a great reversal? Yes," said Anthony Cordesman, who studies Iraq at the Center for Strategic and International Studies. "When you talk to people in Iraq on a background basis, U.S. or Iraqi, they always tell you this is going to take at least two more years to play out. That doesn't mean there isn't progress, but progress is relative."

Bush has been careful to highlight publicly the hurdles ahead and to warn that the war is nowhere near over. But for the first time this year, aides sound more upbeat about their chances of reassuring the public about the future and reversing the trajectory of the problem-plagued White House. The sight of Bush in Baghdad twinned with the news that Rove had been cleared shot a jolt of relief and optimism through the building.

"This is not a crowd that rides the highs and lows. This is a team that has been through extraordinary moments of history," said White House communications director Nicolle Wallace. "Having said that, it certainly creates momentum and enhances the confidence of the team when you can point to" examples of progress.

Rove's legal jeopardy had hung over the White House for many months as his colleagues contemplated life in the West Wing without him. Some Republican advisers outside the White House had long worried that Rove's problems were distracting him and had led to setbacks that might have been avoided if he were more fully engaged, such as the failed Supreme Court nomination of Harriet Miers or the battle over the Dubai port deal.

As part of Bolten's White House shakeup, Rove was relieved of day-to-day policy management duties to enable him to focus more on broader strategy and the midterm congressional elections.

Fellow Bush aides vigorously denied for months that Rove was distracted or was in any way responsible for the president's rocky road. But yesterday, they said he will clearly be more valuable now that the legal cloud has lifted.

"The other team thought they'd sacked the quarterback, and even if he came back he'd limp anyway," said Grover Norquist, president of Americans for Tax Reform and a Rove confidant, who had lunch with him yesterday. "Now he's back -- no limp." Switching metaphors, Norquist compared Rove to a bull that has been poked but not killed. "Not only is he in fine fettle, not only is he not wounded, he's pricked enough to be angry."

Rove tried to play down his own development. Having flown back to Washington on Monday night from a New Hampshire speech accusing Democrats of wanting to cut and run in Iraq, he showed up at the White House in time to run yesterday's 7:30 a.m. senior staff meeting, since Bolten was in Iraq with Bush.

As he went around the table soliciting updates on various issues, he made no mention of his legal case, nor did anyone else, according to several people in the room. Norquist said it did not come up during their lunch in the West Wing mess, either, as they discussed property rights. But Norquist said he did notice aides offering congratulations to Rove as they walked through the halls of the building.

Whether or not he had been distracted before, Rove can focus his attention entirely on the fall midterm elections, which are critical to the remainder of Bush's presidency. Norquist said he believes that after beating his legal woes, Rove will want to demonstrate that he is still "the toughest guy on the block."

If Republicans hold onto both houses, then Bush aides figure they have another chance to advance key priorities and shape his legacy. If Democrats win the House, then the final two years of Bush's administration could be spent fighting rear-guard actions.

The White House took heart from the narrow victory of Brian Bilbray in a California special election to fill the House seat of fellow Republican Randy "Duke" Cunningham, who resigned after pleading guilty to taking $2.4 million in bribes. But it required enormous resources in a traditionally GOP-friendly district, and Republicans presumably need Bush to be performing better with the public to avoid significant losses. Even with his latest bounce, a standard-bearer in the high thirties is not much of an asset.

So the White House is taking a long view, both at home and in Iraq, betting that improvement will continue and trying not to get lost in the news of the moment, good or bad.

A Lift In Iraq And A Bump Back Home (CSM)

By Linda Feldmann

The Christian Science Monitor, June 14, 2006

WASHINGTON

The pictures out of Baghdad Tuesday morning spoke volumes. George W. Bush is beaming, the new Iraqi leader at his side, after pulling off a secret flight to the country that is the make-or-break project of his presidency. On his five-hour visit, President Bush met with Prime Minister Nouri al-Maliki, other top Iraqis, and US troops, in a show of resolve aimed at war-weary audiences in Iraq, America, and the rest of the world.

But Mr. Bush has more to smile about than recent successes in Iraq, foremost the completion of the new government and elimination of terrorist Abu Musab al-Zarqawi. Bush's top political adviser, Karl Rove, has learned he won't be indicted in the CIA leak case. And the latest Gallup poll shows Bush at his highest job approval - 38 percent of the public - since February.

Not only has Bush been edging steadily upward in overall job performance, after hitting bottom in early May at 31 percent, by Gallup's measure, his approval ratings on individual issues - from Iraq and energy to the economy and immigration - have bumped up as well.

"In general, we're seeing a rising tide lifting all boats," says Frank Newport, editor in chief of the Gallup Poll.

Mr. Newport cautions that it's impossible to know for sure why poll numbers go up or down, and notes that Bush's job approval number went up only two points after Zarqawi's death compared with the poll taken the week before. And, he adds, Bush was already on an upward trajectory before last week.

Still, for a president who seemed for months unable to catch a break, the new sense of momentum could have a spillover effect in his dealing with Congress, where he has struggled to demonstrate much political capital.

Bush still faces a steep climb on Capitol Hill in his effort to pass comprehensive immigration reform - enhanced border security plus a guest-worker program that critics call "amnesty" - but at least he is making headway in public opinion: Gallup shows public approval of his handling of immigration at 38 percent, up from 26 percent in late April. When Gallup polls directly on Bush's plan, a majority of the public is supportive.

Some of Bush's good news comes under the column labeled "Bullets Dodged." Last week, in a special congressional election to fill out the term of imprisoned former Rep. Randy Cunningham (R) of California, the Republican candidate eked out a

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narrow victory. If the Democrat had won - in a solidly GOP district - the Republican Party would have had cause for panic heading into a hard-fought race this fall to keep control of Congress. But that didn't happen.

The second dodged bullet - the announcement Monday night that Special Counsel Patrick Fitzgerald does not intend to indict Mr. Rove - means the GOP's political mastermind is free to focus on the midterm elections.

In addition, the Democrats have lost the hoped-for image of a Rove perp walk in their argument that the Bush White House, and Republican Party, is consumed by a "culture of corruption."

On Monday night, as prosecutors were informing Rove's lawyer that there would be no indictment, Rove was in New Hampshire attacking Democrats before a Republican audience. He accused the Democrats of wanting to "cut and run" from Iraq, according to wire reports.

The White House, of course, is not out of the woods legally. Former top aide Lewis "Scooter" Libby remains under indictment on charges of perjury and obstruction of justice related to the case of the blown identity of CIA agent Valerie Plame. His case goes to trial in January, and Vice President Cheney may be called to testify.

The news on Rove, revealed Tuesday morning, was immediately overtaken by Bush's sudden appearance in Baghdad's Green Zone, on a day when he was scheduled to remain at Camp David with his war cabinet and meet with the new Iraqi government by videoconference. The last time Bush visited Baghdad, also unannounced in advance for security reasons, was on Thanksgiving Day 2003, eight months after the US-led invasion of Iraq. The primary image was of him serving turkey dinner to US troops.

This time, Bush kept his plan for a videoconference, but appeared on the Baghdad screen rather than the Camp David one. Bush spoke first: "I've come to not only look you in the eye; I've also come to tell you that when America gives its word, it will keep its word - that it's in our interest that Iraq succeed," he said.

According to a White House press corps pool report, Prime Minister Maliki expressed his country's appreciation for US efforts in Iraq. Then he closed by conveying the hope that US troops could soon withdraw from Iraq, but offered no detail on when that could begin.

"Maliki has emerged as a serious potential leader with a serious cabinet," wrote Anthony Cordesman, an expert at the Center for Strategic and International Studies, after news broke of Bush's trip to Baghdad.

Bush Is On A Bit Of A Roll After Months Of Unrelenting Bad News (KRT)

By Ron Hutcheson And William Douglas

Knight Ridder, June 13, 2006

WASHINGTON - Tuesday's news that presidential adviser Karl Rove won't face prosecution lifted a cloud over the White House and gave President Bush another reason to hope that his worst days are behind him.

As Bush basked in cheers from U.S. troops during a secret visit to Baghdad, his closest adviser was back at work in the White House free from worry about a possible indictment in the CIA leak case. All in all, it was another good day for the president, who finally has a few reasons to celebrate after a long string of setbacks that battered his popularity.

The developments added to the optimism that swept through the White House after last week's slaying of terrorist chief Abu Musab al Zarqawi in Iraq and the completion of a new Iraqi government.

In addition, a Republican won the June 6 special election to fill the San Diego congressional seat left vacant by former Rep. Randy "Duke" Cunningham's bribery conviction, reviving hope among Republicans that congressional elections in November may not doom them. Bush's recent appointments of Josh Bolten as White House chief of staff and Henry Paulson as treasury secretary also won widespread praise.

"All of a sudden the clouds broke and the sun started to shine," said Ed Gillespie, a former Republican Party chairman. "After six months of thunderstorms and rain it feels pretty good."

How long the good days will last for the president is another question.

"He's had a spate of good news," said Paul Light, a public policy professor at New York University. "But there has to be the recognition that time is running out. That's the nature of the political clock."

Democrats scoffed at suggestions that Bush was rebounding.

"These few developments - and for instance, the Zarqawi one is one I welcome - don't remove the cloud of incompetence that is over the administration's head," said Sen. Charles Schumer, D-N.Y., the head of the Democratic Senatorial Campaign Committee. "I don't think the administration can really recover until they change their entire way of operating, bring in people who are not ideologues or cronies but rather care about competently running the government; begin to reach out in a bipartisan way."

The resolution of Rove's legal troubles means that the president's top political operative is now free to focus on retaining Republican control of Congress in November's elections. Rove, the architect of Bush's rise from baseball executive to governor of Texas to president, has broad influence over the Republican Party and serves as its chief strategist.

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Rumors of his possible indictment swirled for months after he testified five times before a federal grand jury that's investigating the leak of a CIA officer's name to the news media. On Tuesday, Rove's attorney, Robert Luskin, said special counsel Patrick Fitzgerald had "formally advised" him that the prosecutor "does not anticipate seeking charges" against the White House aide.

Friends and associates said the announcement removed a personal burden that Rove had done a good job of concealing. "You know what you did or didn't do, but until the prosecutor agrees, it's on your mind," former White House spokesman Trent Duffy said. "You'd be crazy if you didn't think about it."

Republicans said Fitzgerald's decision showed the viciousness of Democrats' attacks on Rove. Democrats questioned the prosecutor's decision to forgo prosecution.

Yet Rove's clearance deprived Democrats of a chance to use him as the poster boy for their efforts to convince voters that Republicans have fostered a "culture of corruption" in Washington, although some Democrats seemed reluctant to accept the loss.

"If the president valued America more than he valued his connection with Karl Rove, Karl Rove would have been fired a long time ago," Democratic Party Chairman Howard Dean said.

Duffy, who recently left the White House, said the recent developments had given Republicans "a much-needed morale boost at precisely the right time." Still, he conceded that Bush has a long way to go to restore his standing with voters.

A new Gallup poll, conducted last weekend, offered encouraging news for Bush but also highlighted the hurdles he faces in trying to ease doubts about his leadership. Although his approval rating climbed to its highest level since February, it was still only 38 percent.

And while 53 percent of Americans hailed al-Zarqawi's death as a major achievement, only 20 percent thought it would mean fewer insurgent attacks. Most Americans - 51 percent in the poll - remain convinced that the Iraq invasion was a mistake.

The poll was taken June 9-11 of 1,002 people and had an error margin of plus or minus 3 percentage points.

Gillespie, who has close ties to Rove and the White House, said Bush couldn't expect to regain his popularity overnight.

"These things turn slowly," he said, "but it does seem to a lot of us that the aircraft carrier is slowly turning."

Bush In Iraq Fans An Uptick In Polls (CHIT)

By Mark Silva

Chicago Tribune, June 14, 2006

WASHINGTON -- Carried out with all the stealth and swagger of a military mission, a surprise visit to Baghdad by President Bush on Tuesday was intended to catch two waves of success: formation of a tough new government in Iraq and the killing of a reviled insurgent leader.

For the moment, at least, Bush appeared to be riding those waves with a gradual improvement in the public's opinion of the president's performance in the past month and an additional slight uptick since last week's killing of insurgent leader Abu Musab al-Zarqawi in Iraq.

After unremitting bad news from Iraq that dragged Bush's approval ratings to an all-time low this spring, the president has caught a few breaks that could offer his administration hope.

The convergence of positive signs Tuesday included word that his chief political adviser, Karl Rove, would not be indicted in an investigation of who leaked the identity of a CIA agent.

Bush's appearance in Baghdad's fortified Green Zone on Tuesday—which came as a surprise even to Iraqi Prime Minister Nouri al-Maliki—marked the first grand statement the president has attempted to make about the prospects for success in Iraq since he spent Thanksgiving with American troops in Baghdad in 2003.

"My message to the Iraqi people is this: Seize the moment," Bush told U.S. troops assembled for a brief but spirited address by the commander in chief on his way out of Baghdad. "I also have a message to the Iraqi people that when America gives a commitment, America will keep its commitment."

That steadfastness in Iraq has injured Bush politically as public support for the war has fallen dramatically since the U.S.-led invasion in March 2003. Even now, with public support for the president's performance showing signs of rebounding somewhat in recent weeks, opposition to the war remains entrenched.

Bush's numbers rising

Public approval of Bush's performance climbed to 38 percent in a new Gallup Poll taken June 9-11, after the U.S. raid that killed al-Zarqawi, the most wanted man in Iraq. That is only a marginal gain from the 36 percent approval recorded before the raid but a notable boost from 31 percent in early May, the low point in Gallup's polling of Bush's presidency.

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Nevertheless, because of lingering public opposition to a costly war in its fourth year, analysts suggest that the president and his party could be riding only a passing wave of success. The same Gallup survey shows Americans more likely to support Democrats than Republicans in November's midterm elections.

The president's appearance in Baghdad, unannounced to the Iraqi prime minister until just minutes before Bush's arrival out of concern for the president's security, risked undermining the Iraqi leader's stature as head of a sovereign nation, analysts said. It made "kind of a sad statement" about the U.S.-Iraqi relationship, according to Peter Singer, a senior fellow in foreign policy at The Brookings Institution.

"As for the Iraqi public, they couldn't care less" about the Bush appearance with al-Maliki, said Singer, director of Brookings' Project on U.S. Relations with the Islamic World. "They are more concerned about what life is like from day to day for them. … They are worried about the massive crime wave and whether their children are safe on the streets, not whether Bush showed up or not."

Any political benefits of the Baghdad visit for Bush back home also could be undone if the war continues to go badly.

"Theater sometimes works politically," said John Mueller, a professor of political science at Ohio State University who has tracked declining public support for wars as casualties increase. "If it has a positive impact for him, it will be extremely temporary. The reality is that the war is a mess, the killings continue and the insurgency continues."

On the way home from Baghdad, Bush made an unusual appearance with reporters aboard Air Force One. He dismissed the impact of the war on election-year politics in the U.S.

The president said success is what voters care about. "They don't really care about politics," Bush said. "What they care about is success, succeeding in Iraq."

And he insisted that any decisions about American troop levels are in the hands of U.S. military commanders.

If Bush's journey to Baghdad was theater, the president clearly was relishing his role.

Wearing a navy blue baseball cap as he boarded Air Force One at Andrews Air Force Base on Monday night, Bush yelled to reporters, "The POTUS is on board." POTUS is an acronym for President of the United States.

The small number of "pool" reporters who accompanied Bush to Baghdad were summoned in secrecy. They assembled at a Washington-area hotel and were forced to surrender cell phones as Bush secretly slipped away from a Camp David retreat, where he was meeting with advisers about Iraq.

Monday, the first day of the Camp David session, came off as advertised. On Tuesday, Bush and several senior Cabinet members were supposed to consult via videoconference with the Iraqi prime minister and his new Cabinet in Baghdad.

Few knew

Instead, Bush showed up at al-Maliki's conference table in person. Only a few of Bush's closest aides and First Lady Laura Bush knew of Bush's true plans in advance of the visit.

The Bush administration has voiced great confidence in al-Maliki and his new government, with one senior aide calling this juncture a window of opportunity that must succeed.

And Bush, as he often does with world leaders, is seeking to personalize that relationship.

"I've come not just to look you in the eye but to tell you that when America gives its word, it keeps its word," Bush told al-Maliki during a segment of their meeting that was made public.

"These are historic times," Bush said in Baghdad. "This government is just getting started. … There are going to be tough days ahead, and more sacrifice for Americans as well as Iraqis."

In Iraq Visit, Bush Seizes On A Step Forward (NYT)

By Sheryl Gay Stolberg

The New York Times, June 14, 2006

WASHINGTON, June 13 — In visiting Baghdad on Tuesday, President Bush was trying to deliver a carefully calibrated message to Americans: that Iraq and the administration's strategy there appear to be turning a corner, but troops will not be withdrawn anytime soon.

Mr. Bush could have spoken with Prime Minister Nuri Kamal al-Maliki by secure videoconference from Camp David. Instead, he embraced Mr. Maliki both figuratively and literally — at the same time embracing the political reality that Iraq is so central to his presidency that he cannot escape developments there, and must try instead to make the most of any good news.

"I'm impressed by the strength of your character and your desire to succeed," the president told the new prime minister, as the officials he left behind — Vice President Dick Cheney, Defense Secretary Donald H. Rumsfeld and Secretary of State Condoleezza Rice — watched via remote video link. "And I'm impressed by your strategy."

It was powerful political theater, choreographed by an experienced team that played up the drama and secrecy of the moment, and were rewarded with a day of relatively unfiltered cable news coverage. The trip, including a stealthy nighttime

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helicopter departure from Camp David, unfolded with the precision of a campaign event, complete with the image of the commander in chief addressing cheering American troops.

But it was also a gamble. For Mr. Bush, the new Iraqi government is a life preserver, evidence of progress toward the goal of establishing democracy in a hostile environment.

Since the killing last week of the jihadist leader Abu Musab al-Zarqawi, polls have shown some tentative signs of a reversal in the slide in public support for the war. Some foreign policy analysts, even those critical of Mr. Bush, see glimmers of hope."It's been a steady drumbeat of disastrous tactical news, so this is a very significant event," said one of those critics, Gen. Barry R. McCaffrey, a retired Army commander, referring to the formation of the new government. "This is the decisive turning point, not whacking Zarqawi."

Yet experience suggests that steps forward with Iraq are often followed by more violence, which in turn erodes any surge in public support for the war.

And the fledgling Baghdad government is both fragile and untested. So the administration is putting all of its diplomatic and bureaucratic muscle behind Mr. Maliki, with the goals of turning things around in Iraq, putting a floor under the president's plummeting job approval ratings and keeping the war from leading to a Republican defeat in Congressional elections in November.

For the White House, Tuesday's visit could not have come at a more opportune time. Mr. Bush's chief political adviser, Karl Rove, learned Monday that he would not be indicted in the C.I.A. leak investigation — news that freed Mr. Rove to go on the offensive against the Democrats, as he did Monday night during a speech in New Hampshire when he derided them for what he called "that party's old pattern of cutting and running."

As Mr. Bush pledged to Iraqis in Baghdad that he would stick by them, Democrats in Washington were debating whether the United States should set a deadline for withdrawing troops, creating precisely the contrast the White House sought to establish.

"There is no stronger statement about American engagement than the president landing on Iraqi soil not only to talk with Iraqi leaders but also to spend time with U.S. troops," said Dan Senor, a former adviser to the American-led coalition in Iraq who is now a crisis management consultant in New York.

Mr. Senor, a supporter of the White House, said no other issue is as critical to the future of Mr. Bush's presidency.

"Working on an immigration reform compromise is important, but at the end of the day, if Iraq is a failure nothing else in the Bush presidency will matter," he said. "The president isn't going to get any credit by having success on other issues, particularly on the domestic front, if in January 2009 he hands a mess to the next president of the United States on Iraq."

In a sense, Mr. Bush went to Iraq with few options. There is little evidence that security is improving, and the president has long said American soldiers will not leave until the Iraqis assume that responsibility. So instead, the White House is turning to a strategy that proved successful in the elections of 2004, insisting Mr. Bush will stay the course while at the same time making Iraq a proxy for the broader national security debate.

"I fully recognize there's people who are concerned about the really short-term history," Mr. Bush told reporters traveling with him on Air Force One. "I'm concerned about the long-term history of what we're doing. I believe what we're doing is necessary and right."

Although three recent national opinion polls suggested that Americans may be more hopeful about the long-term prospect for stability in Iraq since the death of Mr. Zarqawi, Bill McInturff, a Republican pollster, said the reversal in attitudes has been modest and the president has yet to benefit personally.

Kenneth M. Duberstein, a former chief of staff to President Ronald Reagan, said the Baghdad trip proved that the president can "dominate the agenda whenever he wants to" and that Mr. Bush is aware that "Iraq is central, not only to his presidency, but his legacy." He said it was possible for the White House, slowly but steadily, to turn public opinion around, drawing a football analogy to describe how the president might reach that goal.

He cited the strategy of the legendary football coach Woody Hayes, which was not to rely on dramatic Hail Mary passes, but to focus on winning a game bit by bit with what was known as "three yards and cloud of dust."

Mr. Duberstein went on, "What Bush is doing is not Hail Marys, but three yards and a cloud of dust. And he has to earn it every day."

Bush Tells Iraq: Your Future "is In Your Hands" (USAT)

By César G. Soriano And Bill Nichols

USA Today, June 14, 2006

BAGHDAD — President Bush, on a surprise visit to Iraq, told Iraqis Tuesday that the United States stands with them but their nation's future “is in your hands.”

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Bush's trip, kept secret from all but his closest aides until he was safely on the ground in Iraq, came as his administration tries to build support for Iraq's new government in the wake of the death of terrorist leader Abu Musab al-Zarqawi last week.

"I've come to not only look you in the eye," Bush told Iraqi Prime Minister Nouri al-Maliki. "I've also come to tell you that when America gives its word, it keeps its word."

Bush made clear that there are no immediate plans to dramatically reduce the 132,000 U.S. troops in Iraq. "There's a worry, almost to a person, that we will leave before they are capable of defending themselves," Bush said on the way back to Washington. "And I assured them they didn't need to worry. I also made it clear that we want to work with their government on a way forward on all fronts."

He met with about 300 cheering U.S. troops, who gave him repeated ovations. "Thought I'd stop by to say hello," Bush said to laughter. "I bring greetings from a grateful nation. And I thank you for your sacrifice."

Bush said, "My message to the Iraqi people is this: Seize the moment, seize this opportunity to develop a government of and by and for the people."

"God willing, all the suffering will be over," al-Maliki said. "And all the soldiers will return to their country with our gratitude."

Bush said he was briefed by al-Maliki and some of his key Cabinet members, as members of Bush's Cabinet watched at Camp David via videoconference.

"I came away with the feeling that they're plenty capable people … from different backgrounds dedicated to the success of their country," Bush said.

A USA TODAY/Gallup Poll released Monday showed a rise in American confidence that the Iraq war is winnable. Political analysts said Bush's trip could capitalize on a rare moment of good news.

"He's trying to build on the two recent successes — the death of Zarqawi and the completion of the new Iraqi government,' said Merle Black, a political scientist at Emory University in Atlanta. "He's barely had a chance to call attention to anything successful for a long time."

Critics of Bush were not persuaded. House Minority Leader Nancy Pelosi, D-Calif., said, "I don't know what the purpose of the president's trip is, but then again, I don't know what the purpose of the war is."

Bush was in Iraq for about five hours, marking his first visit since Thanksgiving 2003.

Al-Maliki was told about the trip five minutes before meeting Bush. "Good to see you," he told the president. "Thanks for having me," Bush replied.

Bush told reporters on Air Force One that top U.S. military and policy officials would sit down with Iraqi officials in the days ahead "and devise a way forward." The president also said he would step up pressure on other world leaders to do more to help Iraq.

"I am going to call these leaders again and remind them that a stable and secure Iraq is part of a stable and secure Middle East," he said.

Bush Drops By Baghdad (WT)

By Joseph Curl

The Washington Times, June 14, 2006

President Bush yesterday made a surprise visit to Baghdad to tell new Iraqi Prime Minister Nouri al-Maliki face to face that "the future of this country is in your hands."

"When Iraq succeeds in having a government of and by and for the people of Iraq, you will have dealt a serious blow to those who have a vision of darkness, who don't believe in liberty, who are willing to kill the innocent in order to achieve a political objective," said the president, traveling to Iraq less than a week after the U.S. military killed al Qaeda in Iraq leader Abu Musab Zarqawi.

"I have come today to personally show our nation's commitment to a free Iraq. My message to the Iraqi people is this: Seize the moment; seize this opportunity," he said later in the day to U.S. troops in Baghdad's heavily fortified Green Zone.

Sneaking out of the Maryland mountain retreat of Camp David after telling his senior staff Monday night that he was tired and heading to bed, the president and a handful of top aides flew overnight and, unlike his last secret visit to Iraq's capital on Thanksgiving 2003, landed in broad daylight at just after 4 p.m. Baghdad time.

Seated next to Mr. al-Maliki in the U.S. Embassy compound for a videoconference with U.S. military and administration officials gathered at Camp David, Mr. Bush said, "The decisions you and your Cabinet make will be determinate as to whether or not a country succeeds that can govern itself, sustain itself and defend itself."

Mr. Bush told the Iraqi leader, who on Thursday completed appointments to his new government, that he had come "not only to look you in the eye, I've also come to tell you that when America gives its word, it keeps its word."

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Mr. al-Maliki, who didn't know that Mr. Bush was coming until five minutes before they met, told Mr. Bush that the Iraqi Cabinet is determined to defeat the insurgents so U.S. and other forces can withdraw from Iraq.

"We are determined to succeed, and we have to defeat terrorists and defeat all the hardships," he said through a translator. "God willing, all the suffering will be over. And all the soldiers will return to their country with our gratitude for what they have offered, the sacrifice. We are determined to succeed, and we have to defeat terrorism. Our country will stay united; it will stay strong."

Mr. al-Maliki also expressed his country's appreciation for U.S. efforts in Iraq, where about 2,500 troops have died in the war.

"I present our gratitude for those that have sacrificed themselves for the Iraqi people," he said.

Despite the killing of Zarqawi, al Qaeda in Iraq this week announced a new leader and a wave of bombings hit the oil city of Kirkuk yesterday, killing 14 persons, as the terror group sought to prove the death of its leader will not stop its campaign of violence.

The president also told Mr. al-Maliki that he had heard reports that Iran was "interfering" in Iraq and said that had to stop, said Iraqi government sources who attended the talks.

Mr. Bush spent about five hours in Baghdad, and also met with Iraqi President Jalal Talabani, Parliament Speaker Mahmoud al-Mashhadani, other national political leaders and U.S. troops.

Mr. Bush was to have been in Camp David for the videoconference with Mr. al-Maliki, but wanted to go to Iraq as soon as the final positions in Mr. al-Maliki's government -- the ministers of defense and interior -- were chosen, said White House communications director Dan Bartlett. But the two-day meeting at Camp David was part of an elaborate ruse to conceal Mr. Bush's Baghdad trip and a trick to bring Mr. al-Maliki and his Cabinet to the Green Zone.

On Capitol Hill yesterday, Secretary of State Condoleezza Rice, Defense Secretary Donald H. Rumsfeld and top generals yesterday briefed about 60 senators on the progress being made in Iraq and the president's surprise visit. They also held a separate House briefing.

After the briefing, Mr. Rumsfeld said the senators did not discuss moving troops out of Iraq and repeated claims by Mr. Bush and Mr. al-Maliki that the United States is "there to complete the mission."

"The Iraqi government is improving and strengthening their security forces, and as they do so, we will continue to pass off responsibility to them," Mr. Rumsfeld said, adding that he will meet with generals and Iraqi officials "to discuss at what pace we will be able to draw down our forces, and it will all be done in a very orderly way."

Sen. Carl Levin of Michigan, the ranking Democrat on the Armed Services Committee, said the president's trip "is likely to lead to phased redeployments this year and continuing in the next year."

Democratic senators are working on several proposals to begin withdrawing troops, but senators leaving the Rice-Rumsfeld briefing stopped short of endorsing an amendment by Sen. John Kerry, Massachusetts Democrat, to withdraw troops by the end of this year.

Sen. Joseph R. Biden Jr. of Delaware, the top Democrat on the Foreign Relations Committee, said he hadn't seen the amendment, but wasn't sure it was the right idea.

"Just to make a date without it being attached to what our plan is as to how you would succeed in leaving something better would not be the most appropriate way to go," he said after leaving the briefing.

Sen. Jeff Sessions, Alabama Republican, said after the briefing that he would like to see a "sensible" withdrawal of troops, but noted that "it's irresponsible to demand a timetable for drawing down our forces, because it must be based on the reality of what's happening."

Democratic leaders are working with Mr. Kerry to draft another amendment that calls for the "responsible redeployment" of troops starting this year. Sen. Dianne Feinstein of California, one of the Democrats working on the amendment, said she thought "the time has come for the Congress to express its will."

Bush Makes Surprise Visit To Iraq To Press Leadership (NYT)

By John F. Burns And Dexter Filkins

The New York Times, June 14, 2006

BAGHDAD, Iraq, June 13 — President Bush used a surprise visit to Baghdad on Tuesday to tell the country's new leaders that "the fate and future of Iraq is in your hands" and that the time had come for Iraqis to pull together to save the faltering American-sponsored democracy here.

"My message to the Iraqi people is this: seize the moment," Mr. Bush said in a speech to American troops and embassy employees who gave him a rapturous reception in one of the marbled halls of Saddam Hussein's old Republican Palace, now

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the main American command center in the Green Zone. "Seize the opportunity to develop a government of, by and for the people."

On a six-hour visit that only a handful of Mr. Bush's closest aides knew about before he departed from Washington on Monday night, Mr. Bush seemed intent on pressing home a message that American military commanders and embassy officials have been urging on the new government since it took office three weeks ago: time for Iraq's politicians to develop an effective government, and a common front against the insurgents, is running out.

Seated beside Prime Minister Nuri Kamal al-Maliki, in a meeting that included American officials and 17 members of the Iraq cabinet, Mr. Bush told the prime minister that he had come "to look you in the eye." He repeated the phrase later at the palace, when he told troops and other Americans he had come "to look at Prime Minister Maliki in the eyes and determine whether or not he is as dedicated to a free Iraq as you are."

Mr. Bush added, "And I believe he is."

Mr. Bush also gave Mr. Maliki a renewed assurance that the United States would not abandon the new government as it struggles to curb the spiraling violence, rebuild the country's shattered infrastructure and put Iraqis back to work in a reviving economy.

"I also have a message to the Iraqi people: that when America gives a commitment, America will keep its commitment," he said, to wild cheers from the 300 American soldiers and civilians gathered in the palace hall.

The trip was Mr. Bush's second to Iraq following his trip here at Thanksgiving in 2003, when he remained at an American military base at the Baghdad airport, and arrived and departed under cover of darkness. This time, he landed in midafternoon and left the safety of the airport for the 10-mile journey by helicopter over some of the most dangerous neighborhoods in Baghdad, including predominantly Sunni Arab districts on the city's western edge that have been a haven for insurgents.

In 2003, Mr. Bush's visit was kept secret until he left. On Tuesday, Mr. Bush left the palace at 9.20 p.m. and boarded an American military helicopter for Baghdad's international airport and Air Force One, which had carried the president and a small party of White House aides from Washington on Monday night. Aides said the return journey would involve a refueling stop at an American air base in Mildenhall in Britain.

Security for the visit on Tuesday was extraordinarily tight, exceeding anything previously experienced in a city that has become a byword for suicide bombings, ambushes and kidnappings. The airport was closed for at least an hour before Air Force One spiraled steeply down onto the runway, following procedures aimed at foiling insurgents' missiles.

American officers said Mr. Bush had flown into the city on a heavily armed Nighthawk helicopter, forsaking the distinctive Marine One helicopter that the president traditionally uses in the United States and abroad.

Bridges across the Tigris River in the city's heart were closed, and American attack helicopters circled low over the Green Zone during the visit. Additional Humvees with turret gunners were stationed on approaches to the palace inside the Green Zone, and hundreds of Americans working in the building were told to pack up for the day and leave several hours before Mr. Bush arrived, leaving him to enter a nearly empty building.

American officials said Mr. Maliki was told that Mr. Bush was coming only shortly before the president arrived, after the Iraqi leader joined American officials at the palace in preparation for what had been announced late last week as a video-conference meeting involving Mr. Bush and members of his cabinet at Camp David and the Maliki cabinet in Baghdad.

The president's promise that the United States would stand by its Iraqi allies appeared aimed not only at Mr. Maliki and his cabinet, but also at other critical audiences: Iraqi insurgent groups whose Web sites have noted increasing popular discontent in the United States with the war, and politicians in the United States who see the American effort in Iraq as doomed and favor an early end to the military commitment.

The rebuttal to his critics came as Mr. Bush, meeting with the American soldiers and civilians as he wrapped up his visit, rehearsed the themes that have been hallmarks of his presidency — America's role in widening liberty in the world, and its tradition of steadfastness under challenge.

After a minute's ovation, the audience repeatedly interrupted the president with wild cheering and whoops, and crowded around him for 10 minutes afterward as he strode in among them and chatted about their families and their war experiences.

The cheering was loudest when Mr. Bush, flanked by the two top Americans in Baghdad, Gen. George W. Casey Jr., the overall military commander, and Ambassador Zalmay Khalilzad, spoke of Saddam Hussein as a "selfish, brutal leader" who had humiliated Iraqis and denied them freedom, and when he invoked the bombing strike last week that killed America's most wanted man in Iraq, Abu Musab al-Zarqawi.

"Our military will stay on the offensive," Mr. Bush said. "We will continue to hunt down people like Mr. Zarqawi and bring them to justice."

"You know," he said, "right after September the 11th, I knew that some would forget the dangers we face, some would hope that the world would be what it's not: a peaceful place where people wouldn't want to do harm to those of us who love

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freedom. I vowed that day, after September the 11th, to do everything I could to protect the American people. And I was able to make that claim because there were people such as yourselves, who are willing to be on the front line in the war on terror."

Mr. Maliki, at 56 a newcomer to government office, appeared uneasy at times during the visit, smiling when he greeted Mr. Bush on his arrival in the palace rotunda, but otherwise looking mostly somber. One Iraqi official said the visit was a double-edged sword for Mr. Maliki — allowing Iraq's 25 million people to see that he enjoyed the personal backing of the American leader, but also inviting criticism from Iraqis who regard most of the politicians who have run for office under the American-sponsored elections as American stooges.

Mr. Maliki's remarks when reporters were ushered into the conference room where he and his cabinet colleagues were meeting with Mr. Bush and other American officials were brief, and seemed aimed at echoing Mr. Bush's themes without adding any of his own.

He thanked Mr. Bush for the American role in overthrowing Mr. Hussein, saying that Iraqis had freedom "for the first time" in their history, and vowed that Iraq would "stay united and strong." He added: "God willing, all the suffering will soon be over and all the coalition soldiers can return to their countries."

American officials in Baghdad, who asked not to be identified because they were not authorized to discuss details of the trip, said advance work for the journey went into high gear last week when Mr. Maliki finally won approval from feuding Sunni and Shiite political groups on nominees to the crucial war-related posts in the cabinet.

A member of the American advance party said the decision to make the journey had been made by the time that Mr. Zarqawi, Al Qaeda's leader in Iraq, was killed by two 500-pound bombs that struck the safe house where he was hiding at Hibhib, 35 miles north of Baghdad, last Wednesday evening.

The strike provided the 135,000 American troops here with their biggest morale boost since the capture of Mr. Hussein in December 2003, and set off a series of raids, mostly around Baghdad, in which the American command has said it killed or captured dozens of other Qaeda-linked terrorists and seized a trove of new intelligence about the Qaeda role in the war.

Once the decision to make the trip was made, said officials quoted in pool reports filed by reporters traveling on Air Force One, the White House went to extraordinary lengths to keep the trip secret, even by the strict standards usually applied for the president's overseas visits. Only six White House officials knew that Mr. Bush was making the trip, they said.

Trip To Iraq Was Shrouded In Secrecy (WT)

By Joseph Curl

The Washington Times, June 14, 2006

"The POTUS is on board!" yelled a man of nearly 60 wearing a Navy baseball cap, dark pants and no tie, who had just climbed the drop-down backstairs of Air Force One in the dark and slipped into the rearmost cabin, crammed full with reporters and photographers.

It was, in fact, not just the customary announcement made when the president of the United States (POTUS) boards his plane. This was, in fact, the POTUS himself, minutes before Monday night's secret trip to Baghdad, one so elaborately planned that it included the president lying to his closest aides and the White House duping reporters.

At 7:45 p.m. Monday, Mr. Bush, nearing the end of the first of two days of meetings on Iraq at Camp David, sought his leave from his top military and intelligence advisers, including National Intelligence Director John D. Negroponte, CIA Director Air Force Gen. Michael V. Hayden and Marine Corps Gen. Peter Pace, the chairman of the Joint Chiefs of Staff.

"I'm losing altitude -- I'm going to read," Mr. Bush told the group, ostensibly heading to bed. But he did not. Instead, he slipped out of the fortified presidential retreat and into an unmarked helicopter, not his normal Marine One chopper, for a quick ride to Andrews Air Force Base and an 11-hour flight to Baghdad.

Vice President Dick Cheney was about the only one at the nighttime Camp David gathering who knew that the president was headed to Iraq.

"Our Cabinet is not completely aware," senior Bush aide Dan Bartlett later told reporters on Air Force One en route. "They all expected him to show up at breakfast with the ambassador of Iraq."

The president was to host a videoconference yesterday morning with members of his Cabinet and the new leaders of Iraq. Instead, Mr. Bush appeared on the televisions in Camp David from Baghdad, seated next to new Iraqi Prime Minister Nouri al-Maliki. Even Mr. al-Maliki didn't know about the meeting until five minutes before the president arrived; he, too, was tricked, showing up at the U.S. Embassy's quarters expecting merely the announced videoconference.

The trip was the brainchild of the president himself, who told his staff that he wanted to travel to Baghdad as soon as Mr. al-Maliki filled the final positions in his government, which occurred Thursday. The White House set up a strange series of movements for the president: He went to Camp David on Thursday and then returned to the White House on Sunday, only to leave again for his retreat early the next morning. Reporters were lulled.

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In addition, just an hour before the president sneaked onto a helicopter at Camp David, the White House e-mailed reporters the next day's schedule for the president, which included a 2:30 p.m. press conference in the Rose Garden. No one suspected that the president would be halfway around the world at that time.

Secrecy was also tight surrounding the gathering of the small pool of reporters and photographers who went on the trip. Some were called to mysterious meetings at restaurants and cafes in Washington in the 24 hours before the trip. One radio reporter discovered his pool assignment with only a couple of hours' notice, but made it just in time.

The reporters were told to keep the plan secret, even from spouses and editors, and had to surrender their cellular phones and BlackBerrys before boarding Air Force One.

Like in a spy movie, the pool gathered outside an Arlington hotel, then drove the back roads of Andrews Air Force Base to the president's plane, which was parked out of sight of the terminal, far from its usual spot near the runway. With reporters on board, Mr. Bush bounded up the small set of backstairs, and the odyssey began.

The ruse -- or at least the president's attire -- was somewhat similar to that of the last time the president sneaked off to Baghdad -- Thanksgiving Day 2003. On that trip, the president, spending the holiday at his Crawford, Texas, ranch, was driven to a Waco airstrip in an unmarked vehicle along with Secretary of State Condoleezza Rice, who was then his national security adviser.

"I slipped on a baseball cap, pulled 'er down -- as did Condi. We looked like a normal couple," Mr. Bush told reporters after he returned from that trip.

Surprise Visit To Baghdad Follows Month Of Planning (USAT)

By David Jackson And Richard Benedetto

USA Today, June 14, 2006

WASHINGTON — President Bush, known for going to bed early, retired especially early Monday night.

After a long day of Iraq meetings at Camp David, Bush told Cabinet members and other aides around 7:45 p.m. that he was “losing altitude” and headed off for a little reading before bedtime.

Instead, he ducked out of the presidential retreat in the Catoctin Mountains and boarded a helicopter for the roughly 60-mile trip to Andrews Air Force Base in suburban Maryland.

By 9:07 p.m., Bush was aboard Air Force One, and the jet was airborne, bound for Iraq.

Less than a dozen hours later, as cameras whirred and flashed, Bush strolled into an ornate ceremonial room in Baghdad to shake hands with new Iraqi Prime Minister Nouri al-Maliki.

The two leaders met at the seat of the Iraqi government, the domed Republican Presidential Palace, once the main office of Saddam Hussein.

After meeting with al-Maliki, Bush went before a cheering throng of about 300 U.S. troops and embassy workers who jammed the palace's marble-clad, red-carpeted ballroom. He said their work in Iraq would make history in the struggle for freedom.

“I understand long deployments are tough … on you and they're tough on your families,” he said. “And so the first thing I want to tell you is the American people are incredibly grateful for what you do, and I bring their greetings and their thanks for the sacrifices you and your family make.”

The visit came on what had been scheduled to be the second day of a two-day Iraq summit at Camp David.

Tuesday's agenda called for a meeting with al-Maliki and members of the Iraqi Cabinet — via teleconference.

Instead, Bush flew to Iraq with counselor Dan Bartlett and a select retinue, including national security adviser Stephen Hadley, chief of staff Joshua Bolten, spokesman Tony Snow, several Secret Service agents and a small pool of reporters. Bush was heading back late Tuesday.

The planning took place over the past month. Bush has been wanting to return to Baghdad to visit the new prime minister, Bartlett said. He was waiting for the new government to fill the positions of Defense, Interior and National Security ministers.

That happened last week, about the same time an airstrike killed Abu Musab al-Zarqawi, leader of the terrorist organization al-Qaeda in Iraq.

Bartlett said many of Bush's closest aides did not know about the secret trip.

“Obviously, when you're entering into a situation where the enemy is so active, we have to be extra cautious,” he said.

Those in the dark included Attorney General Alberto Gonzales, Energy Secretary Samuel Bodman and Agriculture Secretary Mike Johanns, who were at Camp David and learned about the president's trip Tuesday.

Those in the know included Vice President Cheney, Secretary of State Condoleezza Rice and Defense Secretary Donald Rumsfeld. They stayed behind.

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Members of the Iraqi government also didn't know about the Bush visit. They had gathered in Baghdad for the expected videoconference.

This is Bush's second surprise trip to Iraq — the first was a Thanksgiving visit to U.S. troops in 2003.

This second visit follows a recent USA TODAY/Gallup Poll in which slightly more than half of those surveyed said invading Iraq was a mistake.

In the aftermath of Zarqawi's killing and the almost simultaneous completion of a government in Iraq, the White House is trying to make the case to the American people that the war is worth fighting, and to call for support and patience.

"When Iraq succeeds in having a government of and by and for the people of Iraq," Bush told al-Maliki, "you will have dealt a serious blow to those who have a vision of darkness."

In Baghdad, Bush Pledges Support To Iraqi Leader (WP)

By Jonathan Finer And Michael Abramowitz

The Washington Post, June 14, 2006

Visit Aimed at Buttressing Newly Formed Government

BAGHDAD, June 13 -- President Bush told Iraq's prime minister and his cabinet Tuesday that "we'll keep our commitment" not to withdraw troops from the country until the new government is capable of defending itself.

During an unannounced visit to Baghdad aimed at buttressing the newly formed government of Prime Minister Nouri al-Maliki, Bush pledged his support for the country's new leader and declared that "the fate of the Iraqi people is in their hands, and our job is to help them succeed."

Bush, making his first appearance here since serving Thanksgiving turkey to U.S. troops in 2003, greeted Maliki under the cupola of a marble-walled chamber in one of Saddam Hussein's former palaces, now serving as the U.S. Embassy. Afterward, the president told reporters that Iraq's leaders were "deeply concerned that the stability provided by the coalition forces will be removed and there'll be a vacuum. And they're concerned about what goes into the vacuum, and I can understand that concern."

"I assured them that we'll keep our commitment," Bush said during his flight home. "I also made it clear to them that in order for us to keep our commitment and be successful, they themselves have to do some hard things. They themselves have to set an agenda. They themselves have to get some things accomplished."

The visit, shrouded in such secrecy that much of Bush's Cabinet and senior White House staff did not know about it, came as there are mounting U.S. and Iraqi military operations aimed at further disrupting Iraq's insurgency, and defiant promises from insurgents of more violence after the killing last week of Abu Musab al-Zarqawi, the leader of the group al-Qaeda in Iraq.

White House counselor Dan Bartlett told reporters on the 11-hour flight to Baghdad from Andrews Air Force Base that Bush had planned the trip for months with a "very, very close circle" of about six White House staff members.

Administration officials went to extraordinary lengths to keep their plans secret, including issuing a false press statement Monday night saying the president would be having a press availability in the Rose Garden on Tuesday. White House communications director Nicolle Wallace said: "Nothing was done with the goal of duping anyone. . . . The purpose of the secrecy was security."

Arriving along with several staff members just after 4 p.m., Bush spent about five hours in Iraq's fortified Green Zone -- the only place he visited besides Baghdad's international airport. Joined by U.S. Ambassador Zalmay Khalilzad and U.S. Army Gen. George W. Casey Jr., he met first with Maliki and his cabinet, which was completed last week after months of wrangling, and later with about 400 American troops and civilian workers in the palace's sprawling cafeteria.

The president wanted to meet face-to-face with Maliki to offer support and get a better sense of his personality and priorities, Bartlett said. Relations between the Iraqi government and U.S. officials in Iraq had been strained in recent weeks by allegations that Marines in the western city of Haditha killed 24 unarmed civilians, after which the Iraqi prime minister called for more clearly defined rules regarding the use of force by foreign troops.

"Good to see you," said Maliki, who had arrived expecting a videoconference with Bush speaking from Camp David and learned the president was in Baghdad only minutes before he entered the room.

"Thank you for having me," Bush replied, as the two men shook hands and beamed for cameras.

"I appreciate that you recognize the fact that the future of your country is in your hands," Bush said during a second photo session with Maliki, a member of a leading Shiite Muslim religious party who worked for months to build a cabinet that represents each of Iraq's main factions.

During brief and somewhat subdued remarks, the prime minister responded: "God willing, all of the suffering will be over, and all of the soldiers will be able to return to their countries with our gratitude for what they have offered."

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Bush said later that "I came away with a very positive impression" of Maliki. "He was a serious-minded fellow who recognized that there had to be progress in order for the Iraqi people to believe the unity government will make a difference in their lives."

An adviser to Maliki, Adnan Ali al-Kadhimi, said Bush's visit "showed that after the killing of Zarqawi, the Americans are not just going to rest, and that he is still in touch with Iraq."

But Sahib al-Amery, a political ally of Shiite cleric Moqtada al-Sadr, who issues frequent calls for the United States to withdraw from Iraq, called Bush "an unwelcome guest."

"He is the president of a country which is occupying our country," Amery said in a telephone interview from the southern city of Najaf.

Later, in a more raucous session with U.S. soldiers just before he departed, Bush received long ovations when he referred to two vanquished adversaries in the ongoing conflict: Hussein, the deposed Iraqi president who is standing trial about a mile from where Bush spoke, and Zarqawi, who was killed last Wednesday by two 500-pound bombs dropped by a U.S. warplane.

"Our military will continue to hunt people like Mr. Zarqawi and bring them to justice," he said, as the crowd cheered wildly for 30 seconds or more and waved hats before him. Hussein, he said, was "a selfish, brutal leader."

"Your sacrifice is noble. Your sacrifice is important," he told the soldiers, adding that he was aware of the strain that their service in Iraq placed on families. "I truly believe the work that you are doing is laying the foundations of peace for generations to come."

The Bush trip, the latest element of an unfolding presidential effort to regain the initiative in Iraq, was timed to the completion of Maliki's government but received a boost with the killing of Zarqawi, the most wanted leader of the insurgency.

Bush administration officials said that high-level discussions at Camp David on Monday and Tuesday dealt with potential initiatives to help the Iraqis develop better security for Baghdad, improve electricity service, rebuild the agricultural sector and solicit more help from Iraq's neighbors. But other than more technical assistance from U.S. Cabinet agencies, officials said they did not anticipate major departures in policy, new funds for reconstruction or troop reductions.

One general officer briefed on the Camp David sessions said no sign emerged of any shift in basic approach. "There were a lot of things affirmed at the meeting," said the officer, who spoke on condition of anonymity because he was not authorized to talk on the subject. "We did not get the impression coming out of there that there were any dramatic changes."

Energy Secretary Samuel W. Bodman, who attended the meetings at Camp David, said the group had an extensive discussion about oil and electricity problems, key priorities for the Iraqi government. One idea mentioned by Bush was setting up a fund with some of the country's oil revenue that could be shared with the people, perhaps as the state of Alaska does with its oil revenue, Bodman said.

But Bodman stressed: "The plan has to be the Iraqi plan. . . . The Iraqis are going to be making decisions. It is clear to everybody that the assets represented by the oil . . . are the property of the Iraqi people."

Abramowitz reported from Washington. Staff writers Bradley Graham, Ann Scott Tyson and Charles Babington in Washington and special correspondents Saad al-Izzi in Baghdad and Saad Sarhan in Najaf contributed to this report.

A Boost From Mr. Bush (WP)

The Washington Post, June 14, 2006

PRESIDENT BUSH delivered an important demonstration of American support for Iraq's new democratic government in his visit to Baghdad yesterday. Prime Minister Nouri al-Maliki represents the best and maybe last hope that a national government can stem sectarian bloodshed, defeat Islamic terrorist organizations and die-hard defenders of Saddam Hussein, and make economic recovery possible. He has formed a unity cabinet, appointed a well-qualified defense minister and spelled out the right agenda, including an imminent campaign to pacify Baghdad with tens of thousands of Iraq's newly trained troops. But Mr. Maliki desperately needs international help to turn the tide of violence and chaos. Mr. Bush's appearance, and his assurance that America "will keep its word," should reassure Iraqis who have feared that the United States would precipitously withdraw rather than defend the country's first truly democratic government.

U.S. support, of course, cannot be unqualified, and it certainly cannot ensure success: Mr. Bush rightly told Mr. Maliki that "the future of your country is in your hands." The president spoke of the decisions the Iraqi cabinet must make, which include how to neutralize the militias maintained by several of the coalition's parties and whether and how to revise the constitution so as to share oil revenue fairly and prevent Iraq's breakup into sectarian ministates. If those decisions are wrong, or don't get made in the coming months, there will be little the Bush administration can do to rescue the country or the U.S. mission.

But what Mr. Bush can do is give the government some precious time by continuing to provide American troops and aid to a regime that is nowhere near able to defend itself or rebuild the country on its own. In Baghdad yesterday and in an administration conference at Camp David on Monday, the president didn't talk about any drawdown of U.S. troops, despite long-

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standing Pentagon plans to cut the U.S. force from 130,000 to as few as 100,000 by the end of this year -- and mounting pressure in Congress to go through with the cut regardless of the consequences.

If Democratic leaders such as Sen. John F. Kerry (Mass.) had their way, almost all U.S. troops would be out of Iraq by the end of 2006 -- a blow that Mr. Maliki's government almost certainly could not survive. Mr. Bush's willingness -- at least for now -- to resist such politically expedient demands may not rescue Iraq's fledgling political system; it may be that nothing can at this point. But he is -- correctly and courageously -- using what remains of his personal political capital to give Iraqi democracy a chance.

Too Soon To Cheer In Baghdad (NYT)

The New York Times, June 14, 2006

Three years after declaring from the deck of an aircraft carrier that America had accomplished its mission in Iraq, President Bush flew to Baghdad yesterday to make much of two modest pieces of encouraging news — the belated confirmation of the last three members of the Iraqi cabinet and the death of Iraq's top terrorist, Abu Musab al-Zarqawi.

By now, Americans surely know the difference between a presidential publicity stunt and a true turning point in this ever-lengthening war. If they had any question about which one this was, Karl Rove provided some guidance in New Hampshire, where he delivered the campaign talking points to the Republican faithful: the Democrats could never have summoned the will to kill Mr. Zarqawi. For an administration that is supposed to be rallying a nation at war, it was a revealingly nasty, partisan and divisive moment.

It was good to see Prime Minister Nuri Kamal al-Maliki finally appoint an interior minister, Jawad Kadem al-Bolani. His job is to purge the Iraqi police forces and prison staffs of the Shiite militiamen who have used them as cover for death and torture squads. That would do far more to bring stability to Iraq than the killing of Mr. Zarqawi, who has been replaced as leader of a group that was just one element of the Iraqi insurgency.

But Mr. Bolani's appointment left us apprehensive. It turns out that he was chosen in a last-minute deal between Mr. Maliki and the Supreme Council for the Islamic Revolution in Iraq, a Shiite party that just happens to operate one of those militias. Perhaps Mr. Bolani will demonstrate the strength, independence and patriotism to do the job. Perhaps, if he doesn't, Mr. Maliki will replace him with someone who will. Washington is hopeful. But we've seen this scene before, and it has usually ended badly.

To increase the drama of Mr. Bush's visit to Iraq, Mr. Maliki announced a large military and police operation around Baghdad, involving tens of thousands of troops, to secure roads, stage raids, seize weapons and enforce a curfew. That may look good on paper, but so did the "Mission Accomplished" banner. There are already 75,000 American and Iraqi troops deployed around Baghdad, and very few of those Iraqis can actually carry out such a mission reliably and effectively.

Beyond that, we have been repeatedly told that the already overstretched American forces will be pulled back from the cities and maybe from Iraq itself later this year. How are Americans supposed to square Mr. Maliki's grandiose announcement with Mr. Bush's message that the United States is preparing to reduce its military role?

Meanwhile, millions of Iraqis go without electricity at least part of the day, thousands of families have had to flee their homes, and Iraqi women have seen their rights to an independent life and livelihood significantly diminished.

After too many photo-ops aimed at giving Mr. Bush and his fellow Republicans a short-term lift in the domestic opinion polls at election time, Americans hunger more than ever for a realistic game plan for Iraq and some real progress.

Bush's Iraq Drop-in Builds Support, But What's Next? (USAT)

USA Today, June 14, 2006

In the three-year history of the Iraq war, the situation is never as good as it appears in its brightest moments nor as dire as it looks in its bleakest ones.

President Bush's surprise trip to Baghdad on Tuesday was meant to give fresh momentum to the most upbeat story line — one that strings together major positive moments in a march from the end of tyranny to Iraqi democracy: the fall of Baghdad; the capture of Saddam Hussein; Iraqis voting in large numbers to form a national unity government; and, most recently, the demise of terrorist leader Abu Musab al-Zarqawi.

Bush's visit was part of a public relations offensive designed to shore up both the fledgling Iraq government and sagging support at home for the Iraqi mission. Iraq's prime minister, Nouri al-Maliki, used the occasion to announce an offensive of his own: 75,000 Iraqi and U.S. forces will make a new effort to regain security control in Baghdad. And he echoed Bush's mantra that as Iraqi forces stand up, U.S. forces can stand down. "God willing," Maliki said, "all the suffering will be over, and all the soldiers will be able to return to their country with our gratitude."

Yet the circumstances of the trip itself illustrated that reality is not so simple. Amid extraordinary security, Bush dropped in on Maliki like an uninvited dinner guest and didn't even tell most White House aides ahead of time. Security remains so dicey

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that Bush was in and out of Baghdad in hours. An insurgency and sectarian violence rage. Deadly bombings produce daily tragedies. The government, supposedly one of national unity, is weak.

The intriguing question is what purpose Bush hoped to achieve. The cynical view would be that the trip was a stunt designed to create an illusion of victory as a prelude for troop withdrawals timed to the congressional elections. The president is under pressure from some in his party to do just that, and it would be a pitiful end to a misguided war.

But Bush has showed no sign of caving in to that pressure. While his original vision of victory is not achievable, there remains a chance to mitigate the damage by leaving behind a relatively stable country that isn't a terrorist training ground or launching pad.

As long as there's a reasonable chance of achieving that goal, the troops should stay as long as needed. And as soon as that chance disappears, they should be brought home promptly, not left to die to save face, as happened during the long Vietnam drawdown.

In the meantime, if Bush's trip helps build support for the mission and the Iraqi government, it's time well spent.

Bush In Baghdad (WSJ)

The Wall Street Journal, June 14, 2006

President Bush's surprise trip to Baghdad yesterday was long overdue and, at five hours duration, too short. But it was still a trip worth making, if only to show both Americans and Iraqis that the U.S. remains committed to seeing this war through to victory.

Iraqis can be forgiven if they had begun to doubt American resolve, amid all of the media devoted to falling U.S. public support for the war and to such come-home-America advocates as Senator John Kerry and Congressman Jack Murtha. "I've come to not only look you in the eye," Mr. Bush told new Prime Minister Nouri al-Maliki, "I've also come to tell you that when America gives its word, it keeps its word."

This message reminds American GIs that they're fighting in a noble cause with support on the home front. It tells the terrorists that they aren't close to the political victory they seek of driving the Coalition out of Iraq. It tells the Iraqi people that they can afford to take a risk and join the police or assist the new government with more confidence that the terrorists won't be able to exact revenge. And it gives the Maliki government more political and military options as it considers how to restore order to Baghdad, among other dangerous places.

No doubt Mr. Bush also had a chance to discuss the security options firsthand with Mr. Maliki, who has been talking up plans to secure Baghdad first. We hope Mr. Bush assured him of whatever U.S. military assets he needs, because this first project of the new government can't afford to fail. The insurgents have been operating dangerously close to the Green Zone, the area in Baghdad in which Americans and most Iraqi government officials live. And the perception of chaos in the capital city has a demoralizing effect on both Iraqis and Americans.

The last week has been the best for Free Iraq in a long time, with the killing of Abu Musab al-Zarqawi, the completion of the new government, and now Mr. Bush's visit. Let's hope the President returns soon, perhaps along with British Prime Minister Tony Blair, and stays even longer the next time.

Crackdown In Baghdad Set To Begin (LAT)

By Louise Roug

The Los Angeles Times, June 14, 2006

Baghdad, Iraq — American and Iraqi troops planned to launch a large-scale security sweep in Baghdad this morning after a surprise 5 1/2-hour visit to the Iraqi capital by President Bush on Tuesday.

According to the plan, which Iraqi officials had hinted at for several weeks, tens of thousands of Iraqi and U.S. troops are to flood Baghdad neighborhoods to install checkpoints and enforce a partial weapons ban, a curfew and other security measures.

Only Iraqi security forces and those with a license will be allowed to carry weapons on the street, although Iraqis will still be allowed to own one automatic weapon for their protection as long as it is kept at home, Maj. Gen. Abed Jassem of Iraq's Defense Ministry said at a news conference Tuesday.

The curfew will run from 8:30 p.m. to 6 a.m. for an indefinite period. A midday vehicle ban will be imposed from 11 a.m. to 3 p.m.

The visit by Bush, who met with Iraqi government leaders and American troops in the tightly secured Green Zone, came at what U.S. and Iraqi officials hope is a crucial time.

In recent days, a new democratically elected government has taken shape, and the U.S. military killed Abu Musab Zarqawi, leader of Al Qaeda in Iraq.

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But Baghdad is more violent than at any time since the 2003 U.S.-led invasion that toppled the regime of Saddam Hussein. At least 2,155 people died violently in the capital in May, government documents show. The new security plan is designed to stem the escalating shootings, bombings and kidnappings.

The plan was one of the topics discussed when Bush met with Prime Minister Nouri Maliki and his Cabinet at one of Hussein's ornate former palaces, which now serves as part of the U.S. Embassy.

"I've come not only to look you in the eye," Bush told Maliki, "I've also come to tell you that when America gives its word, it will keep its word. It's in our interest that Iraq succeeds."

"We have to defeat all the terrorists," Maliki said after the meeting. "God willing, all the suffering will be over and all the soldiers will return to their countries."

En route back to the U.S., Bush told reporters aboard Air Force One that Iraqi officials had expressed "concern about our commitment and keeping our troops there."

"There's a worry, almost to a person, that we will leave before they are capable of defending themselves," he said. "I assured them they didn't need to worry. I also made it clear that we want to work with their government on a way forward on all fronts."

On Tuesday afternoon, accompanied by his national security advisor, Stephen Hadley, and Joshua Bolten, his chief of staff, Bush touched down at Baghdad's airport after an 11-hour overnight flight from Andrews Air Force Base outside Washington. He then flew by helicopter to the Green Zone.

The trip offered Bush an opportunity to turn attention in the United States to events that administration officials hail as signs of progress in Iraq: the first steps of a democratically elected government made up of representatives of the country's three main ethnic and sectarian groups.

He clearly relished the chance to see the new government in person, and his senior aides had for some time been preparing to launch the trip as soon as Maliki completed his Cabinet.

Beyond the political considerations, the visit allowed Bush to take his measure of Maliki in person.

The president has made it clear he prefers to deal directly with other leaders, experiencing the give-and-take of unscripted conversation that he says allows him to get to know people.

The visit, Bush's first to Iraq since Thanksgiving 2003, came as at least 37 people were killed in violence in Baghdad and to the west and north of the capital. Iraqi security forces arrested 56 suspected insurgents and killed five others during a 24-hour period ending Tuesday, the Defense Ministry said.

As Bush's trip unfolded, the ministry's Jassem outlined the security plan for Baghdad and surrounding areas. A plan is also being developed for the neighboring province of Diyala, north of Baghdad, where Zarqawi was found and killed, he said.

Concentrating first on "hot spots," security forces will conduct targeted raids, Jassem said.

"If you roam streets after curfew with weapons in your hands, you will be considered a terrorist by the security forces," he said.

All of Iraq's ministries have been involved in preparing the plan, he said, adding that a key goal is the restoration of confidence in the country's security forces.

Many Iraqis, particularly Sunni Arabs, allege that Shiite militias have infiltrated the security forces and are carrying out torture and extrajudicial killings.

In the last year, the nature of the violence in Baghdad has changed. In previous years, Shiites were the predominant victims of bombings and other attacks. This year, Sunnis have disproportionately been the victims.

Without being specific, Jassem said that "part of the plan is to [absorb] the militias within the security forces."

"The new government is serious about reestablishing the people's trust, not only in the army but also in the Ministry of Interior forces," he said.

Maj. Gen. Jawad Dayni, an Iraqi army commander in western Baghdad, said troops would step up patrols and increase the number of checkpoints. "We will arrest any civilian who carries a weapon," he said, adding that the ban applies to militia members as well as neighborhood watch groups.

In an interview this week, U.S. Army Maj. Gen. William B. Caldwell IV said violence between Sunnis and Shiites had eclipsed the insurgency as the biggest problem in the capital.

"And that's what concerns me," he said, adding that sectarian violence is harder to quell. "If it's an insurgency, you can go after the insurgents."

Elsewhere in Iraq, fighting intensified in and around Ramadi as rebels launched mortar rounds and attacked Iraqi military positions. The U.S. military believes many fighters loyal to Zarqawi's group, Al Qaeda in Iraq, are in the vast desert west of Baghdad.

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Four Iraqi solders were killed and three were injured in a lengthy gunfight with 15 insurgents who burned several Iraqi army vehicles before fleeing, authorities said. Residents said streets were deserted as American snipers hid on rooftops throughout the city.

U.S.-led troops raided an elementary school north of Ramadi on Monday. The military said in a statement that rebels were using the classrooms to train suicide bombers and teach bomb-making. Troops killed a suspected insurgent and detained 23 others in the raid.

In the northern city of Kirkuk, 14 people were killed and 42 were injured in what appeared to be a series of coordinated bombings.

A car bomber targeted the convoy of a local police chief, killing one bodyguard and injuring the chief and two others. Another suicide attacker struck a political office in the city, killing two and injuring three.

Three other bombs hit local security forces. Police believe the bombings were carried out by a cell of Al Qaeda in Iraq in response to Zarqawi's slaying last week.

"These explosions are expected all over Iraq," said Brig. Gen. Ayad Mohammed Saleh, an Iraqi army spokesman. Iraqi reinforcements have been sent to the city, he said.

Adnan Abdalla, the driver for the police chief in Kirkuk, said he swerved to avoid the approaching suicide attacker.

"But he kept chasing us and trying to detonate," the driver said. When guards opened fire, the attacker set off his explosives.

Abbas Qadir said his cousin, a yogurt seller, was killed by one of the blasts.

"Where are the Iraqi officials?" Qadir asked with despair. "They said that they killed Zarqawi, but it seems that there are 100 other Zarqawis in Iraq."

PM Announces Sweeping Security Crackdown In Baghdad (USAT)

By César G. Soriano

USA Today, June 14, 2006

BAGHDAD — The Iraqi government said it will deploy up to 75,000 Iraqi and U.S. troops in Baghdad today as part of an operation to contain growing violence in the nation's capital.

Prime Minister Nouri al-Maliki vowed to show “no mercy” in dealing with insurgents.

The military operation would be the largest in Baghdad since the U.S. government handed over sovereignty to Iraq in June 2004. The government did not say how long the offensive would last.

The plan “will provide security and confront the terrorism and … enable Iraqis to live in peace in Baghdad,” al-Maliki said in a statement released before his meeting with President Bush, who made a surprise visit to Baghdad on Tuesday. The security plan calls for:

·Checkpoints at roads into Baghdad.

·A ban on carrying weapons in public.

·A curfew beginning two hours earlier, to go from 9 p.m. to 6 a.m.

·Raids on suspected insurgent hide-outs.

“The raids during this plan will be very tough … because there will be no mercy toward those who show no mercy to our people,” al-Maliki said.

Iraqi army and police plan to wear uniforms to distinguish them from insurgents, who have conducted attacks wearing the uniforms of security forces.

“There will be a special uniform with special badges to be put on the vehicles as a sign that it belongs to our forces,” said Maj. Gen. Mahdi al-Gharrawi, an Interior Ministry commander.

The prime minister's office said more details of the plan will be announced by Thursday.

Iraq's capital has grown more dangerous in recent months. “Baghdad is the epicenter of attacks, experiencing 32%” of insurgent assaults in Iraq from February through May, according to a Defense Department report to Congress. About 6 million of Iraq's 26 million people live in the capital. The report said Baghdad province averaged about 28 attacks a day during that time period.

In the past, Iraq's government has conducted similar crackdowns. Operation Lightning in May 2005 involved the deployment of more than 40,000 Iraqi police and soldiers, backed by U.S. troops and air support. Violence continued to spike, however, and many Sunnis complained about heavy-handed tactics of security forces concentrating on their neighborhoods.

U.S. and Iraqi forces are battling insurgents for control of the capital, said Ed O'Connell of the RAND Corp., a think tank based in California. “If you clean up Baghdad, that's the end of the war,” he said. “Get Baghdad under control and you've cracked this thing wide open.”

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A Defense Ministry spokesman, Maj. Gen. Abdul-Aziz Mohammed, said all Iraqi ministries will participate in the security crackdown. “We will concentrate on the volatile districts of Baghdad and intensify the patrols, checkpoints and raids,” he said.

As early as today, Iraqi and U.S. forces could face a challenge to their ability to assert control. Anti-American Shiite cleric Muqtada al-Sadr was planning a demonstration to protest Bush's visit. “The only one to benefit from this visit is Bush himself and his troops here, not the Iraqi people,” said Hassan al-Robaie, a lawmaker loyal to al-Sadr.

Crackdown Announced For Baghdad (WP)

By Joshua Partlow And Hasan Shammari

The Washington Post, June 14, 2006

BAGHDAD, June 13 -- Prime Minister Nouri al-Maliki's month-old government rolled out its first major initiative against violence on Tuesday, announcing tighter crackdowns in the capital city in an attempt to combat killings and kidnappings.

The plan imposes curfews from roughly dusk to dawn each day and prohibits cars from moving on the streets for four hours during midday on Fridays, when many Muslims attend prayers in mosques. Residents will not be allowed to carry guns outside their homes, and more patrols and checkpoints are planned to raise the visibility of the military.

"People are carrying guns in the streets. How do we know if they are terrorists?" Maj. Gen. Abdul Aziz Muhammed-Jassim, operations director of the general command of the Iraqi forces, said at a news conference at the Defense Ministry on Tuesday.

In the past week in Iraq, 203 civilians have been killed along with 78 insurgents, according to the Defense Ministry. In Baghdad alone, U.S.-led forces have conducted more than 1,100 patrols and set up 1,200 checkpoints to contain the violence.

Police patrols Tuesday found 16 bodies in Baghdad, evidence of the continuing sectarian violence between Shiites and Sunnis that threatens the viability of the new government, according to Col. Saad Abdul Karim of the Interior Ministry operations room. Four of the bodies, found in the eastern Baghdad neighborhood of Baladiyat, were those of men 30 to 40 years old. Some showed marks of torture and bullet holes in their skulls, Karim said. Police found five others -- handcuffed, blindfolded and shot in the head and chest -- near the Baghdad Gate north of the capital.

In the northern city of Kirkuk on Tuesday, a series of suicide car bombings that targeted Iraqi police killed 20 people and wounded dozens more.

The new plan, called "Advancing Forward Together," does not involve an increase in troops in the city, according to Maj. Gen. Mahmoud Wailli of the Interior Ministry. But it is intended to be more comprehensive than previous efforts, with economic incentives such as making gasoline easier to obtain and plans for "beautifying" a city full of buildings blasted by bombs and guns, officials said.

More than 61,000 members of the U.S.-led forces and the Iraqi army and national police are based in Baghdad, said Lt. Col. Jonathan Withington, a U.S. military spokesman. That number does not include local Iraqi police.

Other military officials have said recently that the current force would likely remain the same until the government begins to function.

Although some news reports trumpeted the security crackdown, it appeared the measures were a tightening and refinement of existing measures. For years, checkpoints and curfews have restricted movement in Baghdad. Many residents have welcomed a greater number of checkpoints lately for the protection they bring against the many armed men roaming the city.

Under the new plan, curfews that started at 11 p.m. or midnight will begin at 8:30 p.m. Residents may still keep as many as two weapons in their homes but cannot take them outside, Iraqi officials said.

Operation To Show Insurgents "No Mercy" (WT)

By Sharon Behn

The Washington Times, June 14, 2006

Iraqi Prime Minister Nouri al-Maliki yesterday announced the start of a massive security campaign in Baghdad, saying security forces would show "no mercy" in their effort to wipe out insurgent strongholds and defang militias.

Some 75,000 troops -- Iraqi and American -- will carry out the operation code-named "Going Forward Together," said Gen. Abdelaziz Mohammed Jassem, Iraq's combined-forces operations chief. He said the campaign would start "very, very soon," and sources in Baghdad said they expected the crackdown to begin immediately.

Mr. al-Maliki's announcement came as al Qaeda in Iraq's new leader, Abu Hamza al-Muhajer, threatened to kill those Sunnis who take part in the political process rather than work with the insurgency, which has killed and maimed thousands of security forces and civilians.

Meanwhile, radical anti-U.S. cleric Muqtada al-Sadr, a Shi'ite, planned a demonstration today in Baghdad to protest a surprise visit by President Bush to the Iraqi capital.

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Violence around the country continued unabated, with 14 persons killed in a series of bombings in the northern oil-rich city of Kirkuk, adding to a death toll of more than 4,000 Iraqis this year alone.

Mr. al-Maliki told reporters that the new security plan "will provide security and confront the terrorism and ... enable Iraqis to live in peace in Baghdad."

"The raids during this plan will be very tough -- because there will be no mercy toward those who show no mercy to our people," he added.

The hours of nightly curfew banning all cars and people from the streets will be extended. Driving will also be banned between 11 a.m. and 3 p.m. on Fridays, the Muslim day of worship when mosques are packed.

Reflecting the no-nonsense approach that has characterized Mr. al-Maliki's government, Gen. Jassem warned that the curfew would be strictly enforced and that anyone caught with a weapon would be shot or detained.

"Anybody on the street, in his car or in his shop caught with a weapon, any kind of weapon, will be considered a terrorist and will be treated as a terrorist. He will be killed or captured," the general said.

He said security forces would set up checkpoints on the streets and conduct raids in known insurgent pockets in and around Baghdad. The checkpoints will be manned by combined units of Iraqi police and army and U.S. forces.

The mixed units are designed to cut down the incidence of false checkpoints and sectarian death squads who often wear Interior Ministry or police uniforms.

"I am optimistic about his coming over here -- you will see a change in the government," he said. "Bush is the solution: He brought them in, so he can take them out," he said of the Shi'ite-led Iraqi government.

Others were less impressed by the American leader's five-hour visit to the heavily guarded Green Zone, which -- with regular electricity and water, gas stations, buses, restaurants, swimming pools and protected villas -- is an alien world to the one in which most Iraqis live.

"What will [Mr. Bush] do for us?" asked Om Mohammed, a 34-year-old Shi'ite housewife. "We need electricity, we need water, we want a less-expensive life. We are tired of the three years they said was democracy. Democracy without electricity and water is not democracy. Our kids are dying every day. Zarqawi is dead, but we will get another 20 Zarqawis."

Al-Muhajer, the apparent successor to the terrorist leader Abu Musab Zarqawi, who was killed last week, said in an Internet statement that the horrific bombing and beheading carnage in Iraq was far from over.

"Do not be overtaken with the ecstasy of having killed our sheikh. He has left behind lions that have been trained in his den," the statement threatened.

Zarqawi died a week ago after the building he was hiding in was hit by two 500-pound American bombs. The U.S. military said Monday that a medic had spent about 20 minutes trying to save him even as blood ran from his mouth.

Seeking to dispel claims that Zarqawi was beaten or shot while in U.S. custody, Maj. Gen. William B. Caldwell IV said an autopsy performed Saturday proved the Jordanian-born militant died of "massive internal injuries," the Associated Press reported.

"A coalition medic treated Zarqawi while he did lapse in and out of consciousness," Gen. Caldwell said at a press conference in Baghdad. "The medic secured his airway, at which point Zarqawi expelled blood." He said the medic "noted the breathing was shallow and labored."

The cause of death was listed as "primary blast injury of the lung," with blast waves from the two bombs causing bruising and bleeding of the organs. Zarqawi suffered multiple bruises, scratches and deep head wounds.

Iraq Mulls Amnesty Offer To Insurgents (FT)

By Roula Khalaf

Financial Times, June 14, 2006

The Iraqi government is preparing a national reconciliation initiative that could include a conditional amnesty offer and negotiations with some armed insurgent groups to be implemented alongside a tougher security plan.

Senior Iraqi officials on Tuesday said the initiative aimed to capitalise on the elimination of al-Qaeda leader Abu Musab al-Zarqawi and the completion of the new national unity government that includes leaders from the Sunni Arab community that dominates the insurgency.

It will be combined with massive new security operations. Nuri al-Maliki, the prime minister, is set to launch this week a crackdown in the capital, deploying tens of thousands of troops and imposing a night-time curfew.

A statement from Mr Maliki on Tuesday said “the raids during this plan will be very tough...because there will be no mercy towards those who show no mercy to our people”, according to news agency reports from Baghdad.

Muwaffak al-Rubbaie, Iraq’s national security adviser, said the government would also soon announce a “dynamic and detailed plan” that would lead to the release of detainees and offer a conditional amnesty to insurgents.

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The initiative would also review the de-Ba'athification strategy – the controversial weeding out of former Ba'ath party members from the administration – and "welcome those who lay down their arms", he added, speaking by telephone from Baghdad.

"We believe this is a golden opportunity," Mr Rubbaie said. "Zarqawi used to spread fear among people, including insurgents, and the political atmosphere now is very suitable for an outreach to the insurgents."

The government is considering publishing a list of 46 wanted militants and defining them as the only real enemies of Iraqis. "We are identifying our enemy and saying we're not against any community," Mr Rubbaie said.

Other Iraqi officials, however, cautioned that the reconciliation strategy was still under discussion and no decision had yet been taken on the main elements.

Opinion within the government appears to be divided over who should benefit from an amnesty, and Mr Maliki has vowed that those who have killed would be brought to justice.

"There has to be some flexibility in an amnesty but the lines are not clearly defined yet," a senior official said.

The official said another key challenge was to identify nationalist insurgent leaders ready for dialogue in a diffuse insurgent network where foreign and local extremists are difficult to isolate. The forum for talks with armed groups, however, is likely to be an Arab League-sponsored conference that has just been delayed until the first week in August.

According to Hoshyar Zebari, the foreign minister, the Arab League will give the government suggested names of insurgent leaders who could be invited to the conference.

"We need real people, real representatives," Mr Zebari said.

Jalal Talabani, the Iraqi president, has been calling for negotiations with insurgents and his aides have been in contact with some groups. The pan-Arab daily al-Hayat, however, reported on Tuesday that several groups that had been approached had issued statements rejecting a dialogue.

Dozens Die In Timed Attacks Aimed At Top Kirkuk Officials (NYT)

By Richard A. Oppel And Khalid Al-Ansary

The New York Times, June 14, 2006

BAGHDAD, Iraq, June 13 — Insurgents unleashed a volley of bombings across the northern oil city of Kirkuk on Tuesday, killing more than two dozen Iraqis in morning rush hour attacks that were aimed at top police officials and security patrols, authorities there said.

The attacks came after what the local authorities described as the capture and elimination several days ago of a major terrorist cell.

While Kirkuk has been the scene of a number of assassinations and other violence, the six bombings on Tuesday represented an attack of unusual coordination that local security officials suggested might have been retaliation for the arrest of the cell's members or intended as a signal that the insurgency in the city remained strong.

The security officials said the attacks could also have been a response to the killing six days earlier of Abu Musab al-Zarqawi, the leader of the terrorist group Al Qaeda in Mesopotamia.

Mr. Zarqawi's presumed successor, Abu Hamza al-Muhajir, issued a statement through a jihadist Web site on Tuesday pledging to continue attacks against "crusaders and Shiites" and suggesting that insurgents would avenge their leader's death.

The Kirkuk attacks occurred in just over one hour, the local authorities said. By the time they were over the bombers had killed at least 25 people and wounded 46 more, said Dr. Mohammed Abdullah, a physician at one of the city's hospitals. Dozens of people lined up at hospitals to donate blood.

The first bomb appeared to have missed its target, an Iraqi police patrol, shortly after 8 a.m. In the second attack, at 8:30 a.m., a suicide bomber tried to force his way into the home of a police colonel. The bomber killed three policemen and wounded seven others, including the colonel, said Brig. Burhan Tayeb Taha, a Kirkuk police commander.

The brigadier said the deadliest blast, caused by a car bomb at 8:45, killed 18 Iraqis in a crowded public market in Tiseen, a district of Kirkuk that is heavily populated by Turkmen Shiites. A police patrol was the target of that attack, which also left 19 people wounded, the brigadier said. It was not clear how many of the casualties were police officers and how many were civilians.

Ten minutes later, the fourth bombing killed four people, including two policemen. Two more bombs aimed at the police detonated about 9:20 a.m., killing two civilians and wounding 10 others. The police also said they had killed a man as he tried to detonate a car bomb.

In Baghdad, at least nine bodies were found throughout the city, and an engineering professor was also killed. A car bomb and rocket attacks killed at least two other people in the capital.

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In his first statement since a posting on a jihadist Web site on Monday identified him as Mr. Zarqawi's replacement, Mr. Muhajir, a shadowy figure whose name was not familiar to Iraqi security officials, asserted that Al Qaeda fighters in Iraq were "more determined, more stable and more powerful than anytime prior," according to a translation by the SITE Institute, which tracks violent Islamist groups.

Referring to the American-led coalition, Mr. Muhajir wrote that "every day, for three years, they say that the battle is about to end and promise their people that." And he warned the coalition not to rejoice in Mr. Zarqawi's death, saying that the coming days "will turn your children's hair gray, and battles will reveal your false power."

Bush Flies To Iraq To Pledge Support For Premier (FT)

By Guy Dinmore

Financial Times, June 14, 2006

President George W. Bush on Tuesday committed his administration's support to the third Iraqi prime minister in as many years, telling Nuri al-Maliki he had made his surprise overnight flight to Baghdad to look him "in the eye" and pledge that America would keep its word.

Spending five hours in Baghdad, Mr Bush appeared briefly before the media with the Iraqi prime minister and his key ministers, saying they had discussed the security, economic and reconstruction strategy. "And all of it makes sense to me," Mr Bush said, but gave no details. He praised Mr Maliki's selection of a diverse cabinet and the strength of his character.

"I've come not just to look you in the eye, but to tell you that, when America gives its word, it keeps its word," Mr Bush said.

Although Mr Maliki was said to have known about Mr Bush's secret flight only five minutes before they met, White House officials said planning for the trip began a month ago. The timing was dependent on completion of the Iraqi cabinet and not linked to the killing last Wednesday of Abu Musab al-Zarqawi, the leader of al-Qaeda in Iraq.

Clearly Mr Bush and the Republicans, facing mid-term congressional elections in five months, are hoping to capitalise on a rare patch of good news from Iraq, which has, temporarily at least, displaced reports of alleged massacres of Iraqi civilians by US troops and the worst month of carnage so far for Baghdad.

Mr Maliki told Mr Bush he was committed to a pluralistic government that could bridge Iraq's sectarian divide. He thanked the US for its sacrifices and expressed a hope that US troops could soon withdraw.

"God willing, all of the suffering will be over, and all of the soldiers will be able to return to their countries with our gratitude for what they have offered," he said.

However, controlled leaks to the media recently that the US was aiming to reduce troop levels in Iraq to 100,000 by the end of the year are giving way to suggestions by officials that reductions will be smaller than forecast because of the surge in sectarian violence.

Donald Rumsfeld, defence secretary, said that in coming weeks General George Casey, US commander in Iraq, would discuss with the Iraqi government "at what pace we're going to be able to draw down our forces".

The US would maintain an "appropriate troop level", he said, noting that numbers had increased to a high of 160,000 during the elections and had since returned to 129,000.

Mr Rumsfeld was speaking to reporters after he and Condoleezza Rice, secretary of state, gave closed door briefings to the Senate and House on the outcome of two days of policy discussions on Iraq held at Camp David and then taken to Baghdad by Mr Bush.

The issue of troop reductions had not been discussed with senators, Mr Rumsfeld said.

Democrats appeared unimpressed. Senator Jack Reed said he had heard "nothing remarkably new" in the classified briefing. Senator Joseph Biden said he hoped Mr Bush's trip to Baghdad would lead to a "fundamental change in policy" but that he feared the president would rely on more of the same.

Flying out of Iraq on Air Force One, Mr Bush told the small group of reporters allowed to accompany him that he had come away with a "very positive impression" of Mr Maliki as a "serious-minded fellow" not stuck in the past.

Hinting that he was lowering US ambitions, Mr Bush said the objective in Iraq was to create a sense of order so that people were confident in their government, but that he did not believe the government could guarantee "a complete absence of violence". He also indicated that US troops would soon lead a new offensive in the insurgent stronghold of Ramadi, while Iraqi security forces focused on Baghdad and Basra.

Defense Phase Of Hussein Trial Ends (NYT/AP)

By The Associated Press

The New York Times, June 14, 2006

DOJ_NMG_0033897

BAGHDAD, Iraq, June 13 (AP) — The chief judge in Saddam Hussein's trial declared an end to the defense phase of the proceedings on Tuesday, shrugging off protests from the former Iraqi leader's lawyers that they have not had a fair chance to present their case and want to put more witnesses on the stand.

The trial, which has lasted nearly eight months, moves into closing arguments, with the prosecution starting on Monday, followed by the defense on July 10. The judges could call a recess as early as mid-July to consider verdicts in the case against Mr. Hussein and seven members of his inner circle who are charged with crimes against humanity.

The eight defendants could face execution by hanging if convicted on charges they were responsible for the torture and executions of men and boys from the Shiite village of Dujail, where guerrillas tried to assassinate Mr. Hussein in 1982.

It is not known how long the judges' deliberations will take. But the declaration by the chief judge, Raouf Abdel-Rahman, suggests that the court was pushing to wrap up what has been a tumultuous trial — with two defense lawyers killed early on, the chief judge replaced halfway through and frequent scenes of shouting.

Many in Iraq's repressed Shiite majority and Kurdish minority, in particular, are eager to see the former dictator go to the gallows.

But it could take months even if such a verdict and sentence were to be handed down. The defendants have a right to appeal, and Mr. Hussein is due for a second trial in connection with a military campaign against the Kurds in the 1980's.

The defense on Tuesday pressed its protests that it had been at a severe disadvantage throughout the trial. But they were perfunctorily cut off by Mr. Abdel-Rahman.

When one of Mr. Hussein's lawyers, Khamis al-Obeidi, said he wanted to bring more "effective and useful" witnesses to the stand, the chief judge told him: "For your client alone, you've presented 26 witnesses. If after 26 witnesses you can't prove his innocence — according to your words — then 100 witnesses will be the same situation."

Marines To Investigate Internet Video (LAT)

By Peter Spiegel

The Los Angeles Times, June 14, 2006

Washington — The U.S. Marine Corps is trying to find out who is behind a video posted on the Internet that appears to show a Marine performing a song that makes light of killing an Iraqi family.

The four-minute video, posted anonymously on the Web site YouTube, shows the singer playing a song he calls "Hadji Girl" in which he tells of falling in love with an Iraqi, only to be fired upon by her father and brother with automatic weapons.

As an unseen audience laughs and cheers, the performer -- dressed in a green T-shirt and what appears to be camouflage pants -- singing about using "her little sister" as a shield against his attackers.

"As the bullets began to fly, the blood sprayed from between her eyes, and then I laughed maniacally," the performer sings. "Then I hid behind the TV and I locked and loaded my M-16; I blew those little (expletives) to eternity."

The singer also mouths Arabic-sounding words, borrowing phrases from the satiric movie "Team America: World Police."

It ends: "They should have known they were (expletive) with the Marines."

In Arabic, the word hajji refers to a Muslim who has made a religious pilgrimage to Mecca, but it is frequently used by U.S. soldiers with various spellings to refer to Iraqis, often pejoratively.

Lt. Col. Scott Fazekas, a Marine spokesman, said the service was looking into the video but had yet to open a formal investigation. The video was later removed from the YouTube Web site, and Fazekas said U.S. officials still were not certain Tuesday of the singer's identity -- and whether he is in the military.

"The video that was posted anonymously is clearly inappropriate and contrary to the high standards expected of all Marines," Fazekas said. "The inappropriate actions of a few individuals should not tarnish the reputation of all American military personnel."

The video was brought to the Marines' attention by the Council on American-Islamic Relations (CAIR), a Washington-based civil rights group, which said that in light of recent allegations against Iraq-based Marines that include the deaths of 24 civilians in the town of Haditha, the video needs to be investigated.

"We welcome the Marine Corps statement, but we also expect that those who participated in this incident will be identified and disciplined appropriately," said Nihad Awad, CAIR's executive director, who also called on Congress to conduct hearings into the video and other incidents.

For Iraqis, Exodus To Syria And Jordan Continues (NYT)

By Sabrina Tavernise

The New York Times, June 14, 2006

DOJ_NMG_0033898

BAGHDAD, Iraq, June 13 — In one of the first comprehensive tallies of Iraqis fleeing Iraq since the American-led invasion, an American refugee advocacy group has counted 644,500 Iraqi refugees in Syria and Jordan in 2005.

The figure, provided by the United States Committee for Refugees and Immigrants, a nongovernmental group based in Washington, is equal to about 2.5 percent of Iraq's population, and substantiates the overwhelming evidence of an exodus that has been accumulating in Iraqi passport offices and airline waiting rooms in recent months.

It was part of a survey of refugees around the world that was conducted by the committee and was scheduled for release on Wednesday. The number includes Iraqis who have been in Syria and Jordan since the invasion in 2003 but had not previously been counted as refugees, and those who arrived over the course of 2005.

The committee has counted Iraqi refugees in the past, but the most recent figure is by far the largest to date — more than triple the 213,000 recorded in 2004 — and the first big surge since the American invasion. At first, Iraqis living abroad began returning home. But as the war became increasingly deadly, more Iraqis chose to leave.

In all, as of the end of 2005, 889,000 Iraqis have moved abroad as refugees since 2003, according to the group's tally, more than double the 366,000 counted at the end of 2004.

"It's the biggest new flow of refugees in the world," said Lavinia Limón, the committee's president.

The survey bases its count on figures from the Office of the United Nations High Commissioner for Refugees and other sources, including local nongovernmental organizations and embassies. For that reason, the group considers its count more detailed than that of the United Nations, which offered a rough tally of 2.7 million Iraqis, including 1 million who fled under Saddam Hussein and another 1.2 million who left their homes but remained in Iraq.

In Baghdad, evidence of the departures abounds. Faris al-Douri, a travel agency director, said on Tuesday that airline tickets are booked weeks in advance, and that airlines have added flights to Jordan and Syria. Passport offices are packed.

"As if we were giving out cars, not passports," said Maj. Gen. Yassen al-Yassiry, director of passports for the Iraqi government.

The government issued two million passports from July 2004 to the end of 2005, he said. Some of those were for Iraqis taking holidays, but many were for migration. The government does not track the numbers of citizens leaving for abroad.

The roads to Syria and Jordan, the two most common destinations for Iraqis fleeing the war, are fraught with dangers. Monkath Abdul Razzaq, a middle-class Sunni Arab headed to Syria, watched dolefully as thieves plucked $11,000 from a hiding place in his car. Assad Bahjat, a Christian, also reported being held up on the road to Syria, after waiting for a gun battle to cease near the volatile city of Ramadi.

"Wherever we are, we thank God for every day," Mr. Bahjat said in an e-mail message after reaching the heavily Christian town of Sednaia, "because we are alive and not dead."

11,000 Troops Readied For Afghan Offensive (USAT)

USA Today, June 14, 2006

The U.S.-led coalition in Afghanistan plans to unleash more than 11,000 troops Thursday in the biggest offensive since the fall of the Taliban in 2001. Maj. Gen. Benjamin Freakley, U.S. operational commander, said Operation Mountain Thrust is a push by U.S., British, Canadian and Afghan troops against Taliban fighters in four volatile provinces: Kandahar, Helmand, Zabul and Uruzgan. Militants have increased attacks against coalition troops in recent months and staged nighttime assaults on government headquarters in small villages.

Israel was not responsible for an explosion Friday that killed eight Palestinians on a Gaza beach, Defense Minister Amir Peretz said. Palestinians blamed the blast on an Israeli artillery shell. The Israeli investigation concluded that a Hamas mine exploded.

“The intention to describe this as an Israeli event is simply not correct,” Peretz said. Maj. Gen. Meir Califi, who headed the army investigation, said Israel's shelling had stopped before the explosion. Israel has been shelling northern Gaza for weeks trying to stop Hamas militants from firing rockets at Israel. Hamas called off a 16-month-old cease-fire after the beach blast.

Authorities released militant cleric Abu Bakar Bashir today, 26 months after he was imprisoned for conspiracy in the 2002 Bali bombings. Scores of Bashir's supporters greeted him jubilantly with shouts of “God is great!” The 68-year-old cleric, who is accused of being a key leader of the al-Qaeda-linked Southeast Asian militant group Jemaah Islamiyah, was convicted for giving his blessing to the nightclub bombings, which killed 202 people, most of them foreign tourists.

“It's hard to imagine how a leader of a gang … can get only two years for orchestrating to kill 200 people and injuring many more,” said Peter Hughes, 46, who suffered burns to 56% of his body in the attack.

Bashir has maintained his innocence.

DOJ_NMG_0033899

Egypt will confiscate copies of the novel The Da Vinci Code and ban the film, Culture Minister Farouk Hosni told parliament. “We ban any book that insults any religion,” he said. Parliament was debating the book and film at the request of Coptic Christians who said the material is offensive. “It insults the Christian religion and Islam,” said Georgette Sobhi, a Coptic.

A central part of the fictional plot is that Jesus married Mary Magdalene and that their descendants are alive today. Hafez Abu Saeda of the Egyptian Organization for Human Rights called the ban an assault on freedom of expression. “It should be regarded as art.”

New Leader For Marines Is Picked (WSJ)

By Greg Jaffe

The Wall Street Journal, June 14, 2006

WASHINGTON -- The Bush administration announced the nomination of Lt. Gen. James Conway to take over the Marine Corps at a time when the Corps is dealing with the alleged killing of civilians by American soldiers in Haditha, Iraq.

Gen. Conway, who served as the top Marine commander in Iraq in 2003 and 2004, has worked closely with Defense Secretary Donald Rumsfeld over the past two years. He hasn't shied away from publicly criticizing aspects of how the war has been handled.

In 2004, just before leaving Iraq, he told reporters that he disagreed with two important decisions surrounding the initial Marine Corps assault on Fallujah following the slaying of four U.S. contractors there. He and other Marine officers didn't want to storm the city immediately after the killings. Instead, they favored a more gradual approach in which they built relationships and intelligence in the city and then over time captured or killed those responsible for the slayings.

The Marines were ordered to attack immediately, but as concern built over Iraqi casualties and destruction, they were pressured to withdraw. Once the Marines began the assault, Gen. Conway and others said they believed the Marines should have been allowed to finish it. "We follow our orders. We had our say," Gen. Conway told reporters in 2004.

Gen. Conway eventually will succeed Gen. Michael Hagee, who is slated to step down in January. Marine officials said it wasn't clear whether Gen. Hagee will retire a few months early. The announcement of Gen. Hagee's successor in June comes somewhat earlier than normal.

Veteran Of War In Iraq Named To Oversee Marine Corps (NYT)

By Thom Shanker

The New York Times, June 14, 2006

WASHINGTON, June 13 — Lt. Gen. James T. Conway, a veteran of two tours in Iraq, has been nominated by President Bush to serve as commandant of the Marine Corps as the service is struggling under investigations into the circumstances of civilian deaths in Iraq.

Pentagon and Marine Corps officials said the timing of the announcement on Tuesday was unrelated to investigations that marines might have killed 24 civilians without provocation in Haditha, in restive Anbar Province.

If confirmed by the Senate, General Conway would put on a fourth star and the Marine Corps would put atop its command structure an energetic, combat-tested officer — known for speaking his mind, even in public.

The current commandant, Gen. Michael W. Hagee, is scheduled to retire in January after a standard four-year assignment. Handicapping on his successor was already under way within the Pentagon before news of official inquiries into the Haditha deaths burst into public view over recent weeks.

"There is absolutely no relationship between this nomination and anything associated with ongoing investigations," said Bryan Whitman, a Pentagon spokesman.

General Conway currently is director of operations for the Joint Staff, and he has a close relationship with Gen. Peter Pace, the first Marine officer to serve as chairman of the Joint Chiefs.

"General Conway is a superb officer," General Pace said Tuesday. "And if you look at his war record in his Marine Expeditionary Force, going into Baghdad early on in the war, you'll see that he knows how to lead marines in combat."

General Pace stressed that the nomination "has no tie to Haditha," and noted that the nomination process was "moving forward well before Haditha came on the horizon."

Officials said that, if confirmed, General Conway could take command by November.

CORPORATE SCANDALS:

A Crackdown On 'Perfect' Timing (WP)

DOJ_NMG_0033900

By Kathleen Day

The Washington Post, June 14, 2006

Federal regulators plan to crack down on an increasingly popular corporate practice that boosts executive compensation by guaranteeing profits on stock option awards.

The Securities and Exchange Commission is to issue a statement, possibly as early as next month, clarifying the agency's view of when current law allows backdating of stock options -- picking a date when the stock was at a low point to be the date of the award, thereby immediately guaranteeing a profit. Companies need the permission of directors, consistent with company policy, and full disclosure to investors, including properly counting the added costs against earnings.

"We will issue guidance on the backdating of stock options that will more clearly circumscribe the bounds of acceptable conduct," SEC Chairman Christopher Cox said in an interview yesterday.

The action stems from a widening federal probe by the SEC and the Justice Department into whether several dozen companies backdated stock options illegally, making them more valuable by changing the date on which they were said to have been issued without telling shareholders and without recording the additional compensation cost as an expense against the bottom line.

More than three dozen companies have said they are being investigated by federal regulators for possible illegal backdating. While the SEC has been investigating backdating abuses for several years and more intensively in the past 12 months, most of the company announcements have been made since March, after the Wall Street Journal began publishing articles that focused public attention on the issue.

Stock options give an executive the right to buy a company's stock at a set price sometime in the future. Options are supposed to be valued on the date they are issued. The idea behind options is to give executives a non-cash incentive to improve the company's performance and, thus, its stock price. The executive would then profit from the difference between the cost of the stock under the option grant and the price at which it is sold after holding it for at least six months, as federal law requires.

Company officials backdate options to maximize an executive's profit. If a person buys 1 million shares for $25 a share and sells them for $30 a share, that executive will pocket $5 million, before transaction costs and taxes. If the executive backdates the option to a day when the stock was valued at a low point, say $20, then the seller will make $10 million profit by selling the shares at $30.

For the past six years or so, as stock options gained in popularity, regulators and the investment community began to notice that a company's stock price often rose after the company awarded executives stock options. That led to concerns that companies might be timing announcements to give stocks a boost after options awards were made.

In 2003, the SEC began to notice another wrinkle in possible improper manipulations of option awards, backdating. The agency brought one case citing backdating, and the head of the agency's enforcement division opened 2004 with a speech warning about a possible trend.

In the past 18 months several academic researchers have found a correlation between stock options being awarded and periods when shares were trading at their lowest point in a given time frame, usually several months but sometimes up to a year.

Under a law Congress adopted after a series of high-profile accounting scandals, beginning with Enron Corp., executives must file statements with the SEC within two days of a buying or selling a company's stock or being awarded options. The law, which took effect in the fall of 2002, shortened the period from 40 days with the intent of giving investors fresher information and preventing situations like those leading to the fall of Enron in 2001, when Enron's then-chairman, Kenneth L. Lay, was promoting the company's stock to investors while he was quietly selling his own shares in the company.

As the potential problem of backdating caught regulators' attention, they anticipated the shorter two-day filing period would make it harder for companies to backdate options and hide what they were doing.

A team of University of Michigan professors recently analyzed 569,000 SEC filings on option grants in the two years after the shorter filing period took effect, from August 2002 to August 2004, and found that 24 percent of such notices were filed late, with 10 percent more than a month late. They found smaller firms tended to be more likely to have a longer filing lag.

The professors said the delays suggest backdating and concluded that the new, shorter filing period has failed to thwart stock-option manipulation. SEC spokesman John Nester disagreed, saying the evidence the agency has seen so far suggests the "vast majority" of backdating occurred before the shorter filing deadline took effect.

Even so, the agency clearly thinks it needs to act soon. The clarifying statement Cox envisions the agency making next month probably will be issued at the same time the agency votes on a final set of new rules requiring companies to disclose more information about executive compensation, including how stock options are awarded, when company policy permits backdating, and what is the added cost of backdating.

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Backdating has also caught the eye of powerful members of Congress. "It's one thing for an executive to make big profits because he's improved his company, but it's a whole different thing to make big profits because he's playing fast and loose with the dating of stock options," Senate Finance Committee Chairman Charles E. Grassley (R-Iowa) said yesterday, after his committee held a hearing on backdating and other practices that can lead to lost tax revenue for the federal government.

"Outside the corporate suite, Americans don't get to pick and choose their dream stock price," he said. "The market dictates the price. It's bothersome to think that after the corporate scandals of recent years, some executives are still looking for ways to cook the books for personal gain."

Several pension funds are suing companies over the timing of options grants. Cox said that when done improperly, the practice of backdating can erode the very performance incentives that options are is supposed to encourage.

"What makes the option work as a powerful motivational tool is, that unlike a bonus, it isn't so much a reward for prior performance as it is an incentive for future performance," Cox said in a speech last week. "That's why the undisclosed backdating of options is such a serious potential problem. By giving the recipient of options an undisclosed paper gain right from the start, it cuts the direct connection to future performance. And in the process, what investors might otherwise view as a shareholder-friendly way to align their interests with those of the company's executives becomes instead a more expensive way for the firm to structure its compensation program."

SEC Steps Up Effort To Curb Options Dating In Rule On Executive Pay (WSJ)

By Kara Scannell

The Wall Street Journal, June 14, 2006

WASHINGTON -- In the wake of the widening scandal into the timing of stock options, the Securities and Exchange Commission is ratcheting up plans to address the issue in its proposed rule to revamp disclosure of executive pay.

SEC Chairman Christopher Cox said in an interview that the executive-compensation rule "will almost certainly address options backdating explicitly." He added: "It is altogether possible ... that there will be additional disclosure requirements."

In conjunction with the rule, Mr. Cox said the SEC would issue guidance "saying when it is appropriate or not appropriate for a company to grant options while in possession of material nonpublic information when it comes to 'spring loading,'" a practice that involves granting options ahead of good news.

"I don't want to rule anything out in terms of the final rule and guidance, because they're not finished yet," he said, adding that he expects the process to be completed before the end of the summer.

The SEC and the Department of Justice are investigating several companies for backdating options, or timing them in such a way as to boost their payoff.

Lawmakers on Capitol Hill yesterday raised the issue of backdating stock options during a Senate hearing on corporate taxes. "I've asked the Justice Department to let me know whether the tax laws on the books are adequate to rein in and prosecute stock-option backdating," said Sen. Chuck Grassley, the Iowa Republican who is chairman of the Senate Finance Committee. "If the tax laws are inadequate, I want to beef them up." Mr. Grassley also said he was glad Justice Department officials made it clear "that executives can face possible prison time for backdating stock options."

Eileen O'Connor, assistant attorney general in the tax division of the Justice Department, said at the hearing that the government is investigating "very serious" issues and "such conduct would be a fraud on the market," and could potentially result in securities, mail-fraud, wire-fraud and tax charges against individuals and corporations.

Also yesterday, an advisory committee to the Public Company Accounting Oversight Board said guidance from the PCAOB on how to deal with options-backdating and related issues would be useful.

The proposed SEC rule already addresses some issues of backdating by requiring companies to disclose in a new table the grant date for options and include supplementary information if the exercise price is less than the market price on the date of the grant. Companies also would be required to discuss the reasoning behind the stock awards. Mr. Cox said that section "will be a very useful place to disclose the reasons for the decision to backdate and the basis for the selection of particular dates."

In a provision of the 2002 Sarbanes-Oxley corporate-governance act, the SEC shortened the time individuals have to report insider transactions, including stock options, from as many as 40 days to two, potentially reducing the ability to backdate.

Investors are already speaking out. A May 30 letter from the CFA Centre for Financial Market Integrity suggests that the SEC require disclosure of dates on which compensation committees approve share-based awards, disclosure of grant dates for all share-based awards, if different from the approval dates, and that compensation committees disclose whether any effective grant dates were selected to take advantage of pending news.

Earlier this month, the AFL-CIO urged the SEC to issue guidance on how to disclose any backdating issues outstanding.

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RSA Security Inc., based in Bedford, Mass., said yesterday that the U.S. attorney in Manhattan issued a subpoena requesting information related to stock options. The maker of Internet-security technology, which previously announced an SEC inquiry about options, said it will cooperate.

Meade Instruments Corp., based in Irvine, Calif., said the SEC is conducting an informal inquiry into its options-granting practices. The maker of consumer telescopes previously announced an investigation by its board after an article in The Wall Street Journal last month, which noted that between 1998 and 2002, founder John Diebel had received six option grants, two of which were at the lowest stock price for the year. Mr. Diebel said at the time that he would be "shocked" if there was any "inappropriate activity," related to options. Meade said it will cooperate with the SEC inquiry.

Macrovision Corp., of Santa Clara, Calif., disclosed an SEC request for information yesterday regarding stock option grants and said it will cooperate.

Senate Chairman Asks Prosecutors To Act On Options (Update2) (BLOOM)

By Vineeta Anand

Bloomberg, June 14, 2006

June 13 (Bloomberg) -- U.S. Senate Finance Committee Chairman Charles Grassley said executives who manipulated stock- option grants should be prosecuted, and he's willing push for changes in tax laws to make it happen.

``I've asked the Justice Department to let me know whether the tax laws on the books are adequate to rein in and prosecute stock-option backdating," Grassley, an Iowa Republican, said in a statement today. ``I've asked the Justice Department to let me know. If the tax laws are inadequate, I want to beef them up."

Grassley's committee, at a hearing on corporate taxes in Washington today, discussed the widening probe into stock options and the possibility that some companies falsified the grant dates to enrich the executives who received them. The Justice Department and the Securities and Exchange Commission are investigating at least 38 companies over such grants. Other companies have started internal probes.

At the hearing, Grassley asked Eileen O'Connor, an assistant attorney general at the Justice Department, to detail the actions federal prosecutors are taking. O'Connor said the matter is ``very serious" and the government is looking into the ``highly suspicious award of stock options to executives at a low point of stock value."

Grassley `Troubled'

In his statement, Grassley said he wants the Justice Department and the SEC to take a ``hard look" at options backdating. He said it's ``troubling" that some corporate boards appear to have granted backdated options without seeking approval from shareholders.

``It's one thing for an executive to make big profits because he's improved his company, but it's a whole different thing to make big profits because he's playing fast and loose with the dating of stock options," Grassley said. ``Outside the corporate suite, Americans don't get to pick and choose their dream stock price. The market dictates the price."

Executives found guilty of defrauding investors could be sentenced to jail time and face hundreds of thousands of dollars in criminal penalties, O'Connor said.

``We'll follow the clues where they lead," she added in an interview after the hearing.

Grassley may raise more questions about the investigation at subsequent hearings on taxes, said Jill Gerber, a Senate Finance Committee spokeswoman.

Accounting Board

Separately, the Public Company Accounting Oversight Board discussed whether to issue guidelines to corporate auditors on how to detect manipulation of stock-option grants at a meeting in Washington today.

``It's clearly on the table," said Damon Silvers, associate general counsel at the AFL-CIO labor union in Washington, and a member of the board's advisory group, who attended the meeting.

``Nobody committed to doing anything, but the whole point of the discussion was that that was where they were heading," Silvers said.

The accounting board was set up to supervise auditors by the Sarbanes-Oxley accounting and corporate governance law.

Probe Into US Stock Option Claims Grows (FT)

By Jeremy Grant

Financial Times, June 14, 2006

The Department of Justice on Tuesday said it considered allegations that dozens of US companies might have improperly backdated stock options “very serious”, as another company said it was under investigation.

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More than 40 companies, mostly in the technology sector, are the subject of probes by the US attorneys or the Securities and Exchange Commission – or both – after it emerged that stock options were retroactively awarded to executives to dates that immediately preceded a rise in the company's share price.

Investigations are understood to be focused on whether the backdating of stock options was done without proper disclosure to shareholders, and whether or not they were properly "expensed" for tax purposes.

"The department considers allegations of this nature to be very serious," Eileen O'Connor, assistant attorney-general at the department's tax division, told a Senate finance committee hearing.

Ms O'Connor said criminal penalties applicable included 25 years in jail and a $250,000 fine for securities fraud.

Senator Chuck Grassley, the committee's chairman, said: "I've asked the justice department to let me know whether the tax laws on the books are adequate to rein in and prosecute stock option backdating. If the tax laws are inadequate, I want to beef them up."

On Tuesday RSA Security, a Massachusetts-based online security company, became the 20th company to be subject to a justice department probe. It said the US attorney for the southern district of New York had subpoenaed it, requesting records from 1996 to the present related to its granting of stock options. Shareholder anger that executives may have fraudulently enriched themselves has spilled over into lawsuits.

Two large US public pension funds on Monday filed suit against McAfee, an internet security company, and Juniper Networks, another technology company. The lawsuits are a sign that broader questions are being asked about the state of executive compensation Stock options have long been viewed as effective tools with which to give executives incentives to perform. But any proof that executives used backdating fraudulently to enrich themselves would puncture that notion, corporate governance experts and lawyers say.

Mr Grassley said: "It's one thing for an executive to make big profits because he's improved his company, but it's a whole different thing to make big profits because he's playing fast and loose with the dating of stock options."

Grassley: Deal With Backdating (MRKTWTCH)

By William L. Watts, MarketWatch

MarketWatch, June 14, 2006

WASHINGTON (MarketWatch) -- The Senate's top tax writer urged federal authorities Tuesday to closely investigate allegations that publicly traded companies "backdated" options grants to top executives, and to let lawmakers know if existing laws are strong enough to punish the practice.

"If the tax laws are inadequate, I want to beef them up," Senate Finance Committee Chairman Charles Grassley, R-Iowa, said after a hearing on corporate-tax policy.

In the hearing, Eileen J. O'Connor, the assistant U.S. attorney general in charge of the Justice Department's tax division, said that the department is investigating allegations in "several districts around the country" that some option grants were backdated to provide executives lower exercise prices. O'Connor didn't discuss any individual investigations.

Authorities also are looking into whether other potentially illegal practices were used to price the options at a low-dollar amount, such as awarding options based on "inside" information about a pending event that would subsequently send the stock price higher, she added.

"Such conduct would be a fraud on the market; it would boost executives' compensation at the expense of other investors," O'Connor told the committee.

If the probes reveal criminal behavior, prosecutors could bring charges including securities fraud, mail fraud, wire fraud and various tax-related charges against individuals and corporations, she said. Such charges carry the potential for prison time and hefty fines.

Questions about the timing of executive options have surfaced regarding several companies. On Tuesday, RSA Security Inc. said it received a document subpoena from the U.S. attorney for the southern district of New York regarding stock option grants from 1996 to the present. The Bedford, Mass.-based software company said it plans to fully cooperate with the federal prosecutor in the matter.

A recent statistical study by The Wall Street Journal found a number of companies with highly improbable patterns of options grants, similar to those of some companies already under scrutiny by federal authorities.

"I was glad Justice officials made it clear today in response to my questions that executives can face possible prison time for backdating stock options. I expect the Justice Department to fully enforce the law in all of these areas," Grassley said.

Pension Funds Sue Companies, Cite Backdated Stock Options (USAT)

By From Wire Reports

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USA Today, June 14, 2006

Pension funds in the USA, Europe and Australia have begun suing dozens of companies under investigation in the widening scandal over illegally backdated stock options.

Darren Robbins, an attorney at the Lerach Coughlin Stoia Geller Rudman & Robbins law firm in San Diego, told the Associated Press that the pension funds are “completely beside themselves and outraged over the self-dealing that has gone on.”

In one lawsuit, security software maker McAfee was sued by the Heavy & General Laborers' Pension and Annuity Funds, and technology firm Juniper Networks was sued by the Employer-Teamsters Pension Health and Welfare Funds, according to the Financial Times.

The Justice Department and the Securities and Exchange Commission are looking at about 40 U.S. companies for suspected illegal backdating of stock options, according to the companies' SEC filings and media reports.

In recent days, computer chipmaker Broadcom, online job-listing firm Monster Worldwide, networking chipmaker Applied Micro Circuits and other companies have said they're under investigation.

Meanwhile, Sen. Charles Grassley, R-Iowa, who heads the Senate Finance Committee, issued a statement that he has asked the Justice Department whether the laws are strong enough to prosecute stock-option backdating.

“If the tax laws are inadequate, I want to beef them up,” he said.

The Council of Institutional Investors, which represents U.S. pension funds with $3 trillion in assets, is sending letters this week to 1,500 U.S. companies, asking them to disclose to shareholders if the companies are under investigation in the stock-option controversy.

Federal investigators appear to be looking at whether companies and executives manipulated their stock-option grants by “backdating” them to make the stock awards more lucrative.

Stock options are issued to executives at a current market price, then cashed out on a later date at a higher “strike price.” If a company has done well and its stock price has risen, the options then reward executives for enhancing shareholder value.

Some companies are suspected of backdating the grants to days when the companies' stock prices were low, and right before a big spike in share prices.

Backdating of options could be illegal if companies did not disclose that to shareholders or failed to account correctly for it, SEC Chairman Christopher Cox said last week.

Some Enron Broadband Jurors Say They Felt Pressured To Convict (AP)

By Juan Lozano, ASSOCIATED PRESS

AP, June 14, 2006

Defendants seeking new trial.

HOUSTON — Lawyers for a former Enron Corp. broadband executive found guilty last month on fraud and conspiracy charges have asked for a new trial after several jurors said they felt pressured to convict.

Affidavits by two jurors and two alternate jurors were part of a 90-page motion by attorneys for former broadband unit finance chief Kevin Howard, who was convicted on five counts of fraud, conspiracy and falsifying records. The same jury acquitted former in-house accountant Michael Krautz of the same charges.

In their affidavits, the jurors said they felt that they had been instructed by U.S. District Judge Vanessa Gilmore and pressured by other jurors to reach a unanimous verdict and avoid a hung jury, even though they believed that Howard was innocent.

A trial last year against Howard, Krautz and three other broadband executives ended with a hung jury. Howard and Krautz were the first to be retried.

"There was just so much pressure to change my vote that I felt like we had to compromise and give in to the majority because I felt like there was no other choice," juror Anne Marie Campbell said in her affidavit.

Campbell said that at one point, a male juror who had voted for conviction "even tried to grab the shoulders" of a female juror who had voted not guilty and "banged his fist on the table during deliberations."

Juror Cheryl Oswalt said one juror "insinuated during deliberations that they had changed their votes for Krautz, so maybe we might consider changing our votes for Howard."

"This does go beyond the normal give-and-take process that all juries go through in reaching a decision," Jim Lavine, one of Howard's attorneys, said Tuesday. Jurors "have to confine deliberations to what happened in the courtroom. We think they went beyond that because of the influence of Enron in Houston."

Jaclyn Lesch, a spokeswoman for the Justice Department, said she could not comment on the motion.

Howard and Krautz were accused of participating in a small piece of the fraud that brought down Enron in 2001.

Prosecutors said they took part in a scheme to manufacture earnings for Enron's flailing broadband unit in late 2000.

Dubbed Project Braveheart, the deal involved selling an interest in future revenue of a video-on-demand venture that disintegrated a few months later.

2 Utilities To Pay Enron $50 Million In Settlement (NYT)

By David Cay Johnston

The New York Times, June 14, 2006

Two small utilities are set to pay more than $50 million to Enron for electricity that they agreed to buy but that Enron will never deliver, under terms of a settlement that raises larger issues.

As part of the settlement, which may be approved as early as today, the staff of the Federal Energy Regulatory Commission will not investigate fraud claims against Enron for manipulating electricity prices, critics say. They added that the settlement might allow the destruction of evidence crucial to proving that Enron cheated customers and would prevent others from resolving their fraud claims.

Brian Lee, a commission spokesman, said the criticisms were ill-informed and baseless. He said the settlement did not prevent the handful of utilities and customers who had to yet to resolve their fraud claims to continue pursuing their complaints before the commission.

Enron, which is in bankruptcy proceedings, made $1.6 billion in profits from what the commission's staff has testified was "unjust and unreasonable" pricing. The commission ruled earlier that Enron could be forced to give up all its profits since 1997 because of its manipulations.

Enron said that under terms of its contracts with the two utilities, it was owed more than $170 million whether or not the power was delivered. The utilities said that they did not owe anything but decided to pay the smaller amount to remove a big financial risk from their books.

Critics noted that the commission chairman, Joseph T. Kelliher, had said that on his watch any firm that extracted profit through market manipulations would be forced to disgorge all profits.

Mr. Lee said that policy was still in force, but said the settlement with the two utilities involved a contractual dispute about termination fees, not profits. What critics are arguing, he said, "is the termination fee is an unjust profit and that is something the commission has not weighed."

Representative Jay Inslee, a Washington Democrat, said that the settlement was "the equivalent of Bonnie and Clyde, having been arrested, demanding that the banks refund the money they stole and the government making the banks give them the money."

He said that since Enron had never delivered the power it should not be entitled to collect fees that were due when a contract was terminated. Enron is seeking $116 million, plus interest, for power it never delivered to the 600,000 customers of the Snohomish Public Utility District in Washington, which is not a party to the settlement.

Senator Maria Cantwell, a Washington Democrat, said the commission "has abdicated its responsibility" to protect consumers and taken the side of Enron and its creditors, "instead of looking out for the public interest."

The settlement also drew complaints from a cement company that has been billed $4.2 million for electricity that Enron will never deliver to its Montana kiln operation. Jack Ross, senior vice president and general counsel for the Ash Grove Cement Company, said he was at a loss to understand why the commission staff agreed to the settlement.

"We thought FERC would be an advocate for the consumer and we are an energy consumer," Mr. Ross said. "We felt the staff decision was more aligning itself on the Enron side and we were very surprised that they were so cozy on the Enron side."

The settlement would apply directly to the commission staff, Enron and two electric utilities. Silicon Valley Power, part of the city of Santa Clara, Calif., would pay Enron $36.5 million for power it agreed to buy, but that Enron never delivered. Valley Electric Association, a cooperative which serves the rural desert region west of Las Vegas, would pay $14 million. Both would get some money back from the Enron bankruptcy proceedings.

Neither accused Enron of price gouging. Enron sought $147 million from Silicon Valley Power and more than $20 million from Valley Electric in contract termination fees.

The critics said the settlement would make it hard for the cement company and several public power agencies to fight Enron's efforts to collect more than $130 million for power that would never be delivered.

They pointed to Paragraph 12 of the proposed settlement:

"Staff agrees as of the settlement effective date to release the Enron Parties from all existing and future claims under any legal theory or cause of action that: (1) Enron charged, collected, or paid unlawful rates, terms or conditions for electric energy, ancillary services, or transmission congestion or natural gas in the western markets; (2) Enron manipulated the western

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electricity or natural gas or associated markets in any fashion, or otherwise violated any applicable tariff, regulation, law, rule, or order relating to the western markets; (3) Enron was unjustly enriched."

White House Weighs Move To Rein In Fannie And Freddie (WSJ)

By Deborah Solomon And James R. Hagerty

The Wall Street Journal, June 14, 2006

The Bush administration, seeking to ratchet up pressure on Fannie Mae and Freddie Mac and propel legislation stalled on Capitol Hill, threatened to tighten control over the mortgage giants on its own and to ponder using its authority to limit their growth.

In a move seen as a warning that the administration may act on its own if Congress doesn't, the Treasury said it will review the process it uses to approve requests by the mortgage companies to issue debt. The administration is pressing Congress to alter the law to limit the size of the portfolios of mortgages and mortgage-backed securities that the two stockholder-owned, government-chartered companies hold.

At the same time, Secretary of Housing and Urban Development Alphonso Jackson said that until Congress tightens regulation of the companies, he intends to use existing powers to "increase the transparency" of the companies to make sure their investments are in line with their mission of supporting the housing market.

Treasury has the legal authority to shrink the portfolios of Fannie Mae and Freddie Mac by rejecting their requests to issue debt, a power it hasn't used previously. Randal Quarles, undersecretary of Treasury for domestic finance, said accounting and corporate-governance problems at the two entities dictate that Treasury examine how it approves debt-issuance requests so it can determine whether to exercise that authority.

"There are a lot of new facts that have come to light and that we've had further chance to consider," Mr. Quarles said in an interview. Treasury needs to determine whether it is "looking at everything that's important" in its debt approval process, he said.

Mr. Quarles is interested in using Treasury's authority, according to people familiar with the administration's thinking.

Mr. Quarles, who announced Treasury's review in a speech, said in the subsequent interview that no decision had been made about limiting the companies' debt issuance. But at their current size, he said, the "outsized portfolios" of Fannie Mae and Freddie Mac "create risk in the financial system." The administration has long maintained that the companies' holdings, currently totaling around $1.5 trillion, are so big that any missteps in their risk management could detonate a financial panic.

The companies say they manage risks prudently, use the portfolios to assure a steady supply of fixed-rate mortgages to Americans and need the profits they make from borrowing at favorable rates (because the market assumes the government essentially guarantees the debt) and investing in mortgages to finance the affordable-housing programs that Congress has mandated. Some members of Congress fret that tighter constraints on Fannie and Freddie could upset the housing market.

Fannie's chief spokesman, Chuck Greener, said: "We will work with Treasury and HUD and cooperate with the reviews." David Palombi, chief spokesman for Freddie, also said his company would cooperate, though he added that forcing Fannie and Freddie to slash their portfolios wouldn't reduce risks but just shift them to banks or other investors. For the past three years, Congress has been debating legislation to create a more powerful regulator for Fannie and Freddie. Last year, the House passed such a bill, which the administration says is too weak. The Senate Banking Committee approved a separate bill. The legislation has bogged down in the Senate amid debate over a provision -- strongly backed by the administration -- that would put tight limits on the companies' mortgage holdings.

The provision likely would force the companies to cut their mortgage holdings and focus on providing guarantees on mortgage-backed securities held by other investors. That would leave Fannie and Freddie much smaller, cutting off their biggest source of profits. Strict Treasury limits on their borrowing could lead to the same result without legislation, though that could lead to a backlash from Congress, which might seek to take away the Treasury's control of their debt issuance.

The administration moves drew fire from some Fannie and Freddie supporters. "This is a legal, dubious, backdoor way for the Treasury Department to accomplish something they could not accomplish legislatively," said Sen. Charles E. Schumer (D., N.Y.), a member of the banking committee.

Pressure On Fannie, Freddie Increases (WP)

By Annys Shin

The Washington Post, June 14, 2006

The Bush administration yesterday increased the pressure on Fannie Mae and Freddie Mac to curtail their growth, announcing Cabinet-level studies of the companies' holdings and whether they can be reined in using existing law and regulatory powers.

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Legislation to slow the companies' growth and narrow their activities began moving through Congress last year in response to multibillion-dollar accounting scandals, but it is stalled in the Senate.

Yesterday, Housing and Urban Development Secretary Alphonso Jackson said his agency would study whether billions of dollars in assets and liabilities are being held by the two companies in violation of their government charters.

Meanwhile, Treasury Undersecretary Randal K. Quarles said his agency was examining whether it had the authority to limit Fannie and Freddie's ability to sell debt and, by extension, their ability to grow.

Fannie Mae and Freddie Mac help replenish the supply of mortgage money by buying home loans from banks and other lenders. They issue debt to raise the money to buy those mortgages.

"The time is right for Treasury to review its debt approval process to ensure that we continue to act as appropriate custodians of the power that Congress gave us when the charters of Fannie Mae and Freddie Mac were created," Quarles told a gathering of Women in Housing & Finance yesterday.

Announcement of the two studies follows Fannie's agreement to pay $400 million in fines to settle charges that its executives manipulated earnings to trigger higher bonus payments. Critics have long argued that Fannie and Freddie are too big and have used the unfolding accounting scandals to bolster their case.

The HUD review will look at holdings Fannie Mae and Freddie Mac label as "other assets/other liabilities," including some non-mortgage assets, to see if they comply with the companies' government charter.

In Freddie Mac's 2004 annual report, "other assets" included investments in low-income housing tax credits, real estate and equipment. "Other liabilities" included money owed to holders of its mortgage-backed securities.

HUD was "not certain" of the total dollar value of the investments under review because Fannie Mae has not issued accurate financial statements "for some time," agency spokesman Lemar C. Wooley said in an e-mail.

The agency is developing its plans for the review, Wooley said, and "at this early point in the process, HUD does not know how long the process will take."

Both companies said they would cooperate with HUD and Treasury.

The Treasury and HUD actions come as legislation to tighten oversight of the two companies remains bogged down in the Senate. Lawmakers have not been able to agree on whether to force the companies to shrink their investment portfolios, which played a major role in the accounting problems.

The White House backs legislation that would curtail the companies' growth.

Last week, Senate Banking Committee Chairman Richard C. Shelby (R-Ala.) said he was confident that this summer the Senate would take up legislation to strengthen regulation of the companies.

The administration resumed calls to clamp down on the companies after their chief regulator, the Office of Federal Housing Enterprise Oversight, issued a report detailing accounting violations and linking them to bonuses for top Fannie Mae executives.

The day the report was issued, Fannie Mae agreed to increase the amount of capital it keeps on hand and to temporarily cap its investment portfolio at $727 billion. OFHEO director James B. Lockhart III and Freddie Mac chief executive Richard F. Syron have also had preliminary talks about OFHEO imposing a similar cap on Freddie Mac.

Shelby has invited Lockhart, Fannie Mae chief executive Daniel H. Mudd, and former Fannie Mae chairman and chief executive Franklin D. Raines to testify Thursday before his committee on OFHEO's findings.

Raines was ousted in December 2004.

U.S. Government Starting Special Reviews Of Mortgage Giants (FINDLAW/AP)

By Marcy Gordon, Ap Business Writer

AP, June 14, 2006

(AP) - WASHINGTON-The U.S. administration is starting special reviews of the financial operations of mortgage giants Fannie Mae and Freddie Mac.

The two government-sponsored companies, both of which have been roiled by accounting scandals in recent years, already have been under pressure from lawmakers and regulators who want their combined multitrillion-dollar mortgage holdings to be reduced. The administration has long been critical of the two companies, and officials have pointed to the accounting scandals to bolster their case that the massive mortgage portfolios are improperly managed and pose a risk to the financial system.

On Tuesday, two officials - Housing and Urban Development Secretary Alphonso Jackson and Randal Quarles, Treasury undersecretary for domestic finance - disclosed the new reviews by their departments in separate appearances before groups in Washington.

Quarles said he had directed Treasury staff to review the department's process for approving the massive mortgage-related debt issued by Fannie Mae and Freddie Mac.

Some Treasury officials have taken the view in recent years that the department has the authority to limit that debt.

The two companies were created by Congress to pump money into the home-mortgage market by buying home loans from banks and other lenders and bundling them into securities for sale on Wall Street. They have grown dynamically in recent years and now finance or guarantee some $4 trillion (â,¬3.18 trillion) of home mortgages, representing about one-half of the single-family mortgages in the country.

HUD has oversight authority for the two companies' fulfillment of their mission of making housing affordable and the power to review new areas of business that they wish to enter. Jackson told a congressional gathering that the department also will begin to review their investments and holdings and some financial transactions that have raised concern on the part of regulators.

The chief regulator of the two companies said last week that the government will pursue some Fannie Mae executives to recover bonus money they reaped in an accounting scheme - if Fannie Mae itself fails to do so.

The regulator, James B. Lockhart, is acting director of the Office of Federal Housing Enterprise Oversight. The agency last month issued a blistering report alleging a six-year accounting fraud at Fannie Mae, the second-largest U.S. financial institution after Citigroup Inc.

The report said Fannie Mae employees manipulated accounting to hit company quarterly earnings targets so senior executives could pocket hundreds of millions in bonuses from 1998 to 2004. The company - whose accounting errors are estimated at some $11 billion (â,¬8.7 billion) - was fined $400 million (â,¬318 million) in a settlement with OFHEO and the Securities and Exchange Commission, one of the largest civil penalties ever in an accounting fraud case. Fannie Mae also agreed to temporarily cap its mortgage holdings at $727 billion (â,¬578.3 billion).

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On the Net:

Fannie Mae: http://www.fanniemae.com

Freddie Mac: http://freddiemac.com

Treasury Department: http://www.ustreas.gov

Department of Housing and Urban Development: http://www.hud.gov

Memo To Fannie (WSJ)

The Wall Street Journal, June 14, 2006

A joke in Washington these days goes like this: "What's the difference between Enron and Fannie Mae? Answer: The guys at Enron have been convicted."

If you're a taxpayer on the hook if Fannie Mae goes belly up, you may not think that's funny. But it does mean you should be pleased by two signs yesterday that the Bush Administration is still taking the scandals at the government-created finance titan seriously. The actions are aimed at cleaning up its risky financing, especially the $1.5 trillion portfolio of mortgage-backed securities (MBSs) that Fannie and its sibling Freddie Mac have accumulated and which pose a risk to the larger financial system.

Undersecretary Randal Quarles announced that Treasury was reviewing its procedures for approving new Fannie and Freddie debt, much of which goes to buy MBSs. While Mr. Quarles said a review didn't presuppose any outcome, his message was unmistakable. Treasury believes it has the power to limit what Fannie and Freddie can borrow, and if necessary will do so.

Mr. Quarles said the Administration would prefer that Congress act to give a new regulatory body that power instead. But Fannie and Freddie and their political allies -- the homebuilders especially -- have been lobbying furiously to stop such reform legislation. So Treasury is telling the mortgage giants that even if they keep blocking reform, the Administration can achieve the same results administratively.

Also yesterday, the Department of Housing and Urban Development said it will begin an audit of the non-mortgage securities that Fannie and Freddie hold in their portfolios. Those securities, such as stocks and some of their debt, would seem to have a tenuous relationship to the companies' legislative charter of supporting affordable housing, and so this review is also well-justified.

Both actions ought to send a message to Congress, which has been acting as if it wants the entire subject to go away. In the Senate, the question is why the Republican leadership has not heeded the very damaging report on Fannie from the Office of Federal Housing Enterprise Oversight to force a vote on Banking Chairman Richard Shelby's strong reform bill. Ofheo revealed that Fannie's top executives enriched themselves over a period of years through dubious accounting. Do Senators support reform of a corrupted and dangerous institution whose finances remain a black box even today, or are they for the status quo?

For their part, Fannie, Freddie and their Beltway friends clearly want to stop any Congressional action before the November election, hoping that Democrats will capture either the House or Senate and then let them off the hook. But yesterday's decisions ought to alert the two companies that the Bush Administration still has two more years to run. Fannie's

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stock took another nearly 1% hit yesterday, to $47.44, on the Treasury and HUD news, which shows the price that the company's shareholders are paying because its executives continue to block any meaningful reform.

S.E.C. Opens Fund Rules For Comment (NYT/BLOOM)

By Bloomberg News

The New York Times, June 14, 2006

The Securities and Exchange Commission is inviting public comment on the cost of mutual fund governance rules set aside by a federal court in April, a move that leaves open the possibility of reviving or revising them.

The agency will accept comment until Aug. 21 on the cost issue and on "any issue related to the underlying purpose" of the rules, the S.E.C. said in a statement yesterday.

The rules would require that the chairman and three-quarters of the directors of mutual funds be independent from management. They were adopted on a 3-2 vote under William H. Donaldson, the agency's former chairman.

The United States Chamber of Commerce successfully challenged the requirements in a lawsuit. On April 7, a federal appeals court said the S.E.C. had not followed its own procedures in adopting the rules. The court gave the agency 90 days to correct its process.

The five-member commission voted unanimously to solicit the new round of comment, the S.E.C. said in yesterday's statement. Commissioners are split on whether ultimately to kill the rule or keep it.

"I have every confidence that the process we are announcing today will result in mutual fund governance that both protects investors and promotes their interests," Christopher Cox, the current S.E.C. chairman, said in the statement.

In a status report filed with the appeals court, the S.E.C. said it would rely on the public comments to decide whether to pass rules "identical to, similar to or different than" the ones struck down on April 7.

Stephen A. Bokat, the chamber's general counsel, said the S.E.C. should consider passing a rule that requires mutual funds to disclose in prospectuses how many independent directors they have and whether they are led by an independent chairman.

New Chief For Accounting-Oversight Board Is Near (WSJ)

By David Reilly

The Wall Street Journal, June 14, 2006

The Securities and Exchange Commission is close to naming a new chairman for the body that regulates accounting firms and has settled on a shortlist of three candidates for that post, according to people familiar with the matter.

The appointment of a new chairman for the Public Company Accounting Oversight Board, or PCAOB, would end a regulatory uncertainty that has hung over the accounting world since the agency's first chairman, William McDonough, stepped down late last year. It also would mark one of the most significant appointments to be made by SEC Chairman Christopher Cox since he took over last year as head of the securities-market regulator.

The SEC appoints PCAOB members but does so in consultation with the Treasury Department and the Federal Reserve, and the shortlist of candidates reflects this relationship, the people familiar with the matter said.

The candidates for the PCAOB post include William Gradison, 77 years old, who has served as acting chairman since last December. A former nine-term Republican congressman from Ohio, Mr. Gradison has indicated an interest in taking the post permanently, according to people familiar with the matter. If he doesn't get the nod, Mr. Gradison would continue serving as a board member. The chairman's position pays $615,000 a year, according to the PCAOB, while board members make $500,000.

Another contender is Jerome H. Powell, 53, a former Treasury Department official who served as assistant secretary for domestic finance and undersecretary for finance in the administration of the first President Bush. Until last year, Mr. Powell was also an executive with private-equity firm The Carlyle Group.

The third candidate is Mark W. Olson, 63, a Federal Reserve Board governor and former Ernst & Young LLP partner who has also served as staff director of a Senate subcommittee overseeing the SEC, accounting issues and the insurance industry.

The three candidates for the chairman job have all interviewed for the position, according to the people familiar with the matter. Messrs. Gradison and Powell didn't return calls seeking comment. A Federal Reserve spokesman declined to comment on whether Mr. Olson had interviewed for the position.

While looking to fill the chairman's spot, Mr. Cox and the commission also are weighing candidates for a second open spot on the five-member board. The seat currently is held by Kayla J. Gillan, former general counsel to California's public-employee pension plan.

Ms. Gillan's term expired last fall, but she remains on the job and may be renominated, according to the people familiar the matter. Steven Harris, minority staff director on the Senate Banking Committee under Senator Paul Sarbanes, the committee's

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ranking Democrat, who is retiring at the end of this year, is also under consideration for this board seat, according to people familiar with the matter. Ms. Gillan declined to comment. Mr. Harris didn't return a call seeking comment.

The PCAOB was created by the Sarbanes-Oxley Act in the wake of corporate scandals such as Enron Corp. and WorldCom Inc, ending decades of self-regulation by the accounting profession. Mr. McDonough, a former New York Federal Reserve Bank president, helped create the agency and lead it through its first inspections of accounting firms.

Although generally supported by big accounting firms, the board has come under attack by groups looking to roll back parts, or all, of Sarbanes-Oxley.

Following a speech last week, Chairman Cox said he expected to appoint a new PCAOB chairman in coming weeks but declined to elaborate. A spokesman for the SEC declined to comment. A spokesman for the PCAOB said such an appointment is an SEC decision and that it "wouldn't be appropriate for us to comment."

Taking An Audit Of Regulatory Cooperation (WSJ)

By Neil Lerner

The Wall Street Journal, June 14, 2006

The last few weeks have provided clear reminders, if any were needed, that prosecutors are keen to crack down on corporate fraud. We have seen Jeff Skilling and Ken Lay convicted of multiple charges related to the Enron collapse and likely to face long jail terms. We have also seen Daewoo motor company founder Kim Woo-Choong sentenced to 10 years in prison for embezzlement and accounting fraud.

Part of this scrutiny of business has landed on auditors. Clearly the work of auditors is a critical safeguard against corporate fraud. Consequently, the oversight and inspection of their work must be effective, too. However, getting effective, practical regulation in place has proved to be a tall order for government. And this problem is compounded by the fact that auditors -- and the companies they work with -- operate around the globe these days. The stakes are high, as we saw when Enron's outside auditing firm, Arthur Andersen, went out of business under the weight of prosecution.

Legislators have been busy on this front, too. The U.K. government is proposing a new offense for auditors if they "knowingly or recklessly" sign off misleading, false or deceptive information. The U.S. Congress responded to Enron by passing the Sarbanes-Oxley Act, which requires CEOs and CFOs to attest to the accuracy of their financial statements and to the quality of their internal controls, backed up by similar attestations from their independent auditors. In the European Union, there has also been a concerted effort to raise audit standards in order to ensure that financial manipulation by executives will become easier to detect. Just last week, Brussels officially published the Eighth Company Law Directive, which aims to ensure a consistent standard of auditing across the bloc.

It would be a pity if the effectiveness of these efforts to improve corporate governance and the integrity of financial reporting was undermined by a spaghetti junction of overlapping regimes for monitoring the work of auditors. But that is what we are in danger of seeing when it comes to oversight of auditors working for the myriad companies that are listed in more than one jurisdiction.

The auditing profession needs a regulatory system that keeps pace with the continuing evolution of the global capital markets, where companies routinely operate beyond their own national or continental borders. Otherwise, the work of an auditor of a Hong Kong company that is listed on the New York and London stock exchanges, for example, could be subject to review by three separate regulatory bodies. There is also the possibility that, if any fault was found on the part of the audit firm, an investigation by three separate oversight bodies could lead to double or even triple jeopardy.

This is not just an issue for audit firms. The extra costs that would arise from such duplication of regulation invariably would be passed on to corporations in the form of higher audit fees. It is therefore in everyone's interests to find a workable solution.

To ensure effective coordination of public oversight of audit firms within the EU, the European Commission has set up the European Group of Auditors' Oversight Bodies. This group will provide technical advice for the implementation of the Eighth Directive, as well as assessments of third countries' oversight systems.

Yet this action does not go far enough. What is really needed is the cooperation of all major audit oversight bodies around the world so that home regulators can work to one agreed set of standards for oversight, inspection and investigation and firms will be confident that compliance with standards in one major jurisdiction will ensure compliance elsewhere.

We therefore strongly support the International Roundtable of Independent Audit Regulators -- an informal group of the major oversight bodies which met recently in Sydney. The group, which included oversight bodies from the U.K., Canada, Australia, Germany and other countries around the world, discussed ways to harmonize oversight and inspection approaches. It is a pity that not all major regulators were able to attend this meeting, since their involvement in these discussions is critical for a truly global solution.

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Without greater cooperation, home-country oversight bodies will not be able to rely on their international counterparts. This will lead to a significant workload and expense for regulators, including traveling the world to review audit firms working in their jurisdictions and overcoming many language issues in the process.

Furthermore, audit firms will be subject to multiple inspections from different oversight bodies with varying standards. This will result in significant duplication of effort and a great deal of wasted time for employees, all at a significant cost that probably will be passed on to clients.

The challenge is to produce a regulatory system that is rigorous and effective but which allows business to get on with its job and produce results. We have seen this challenge before with Sarbanes-Oxley and other regulation. And as the world's borders continue to blur and commerce becomes ever more global, we no doubt will see it again.

Mr. Lerner is global head of regulatory issues for KPMG LLP.

CRIMINAL LAW:

Rove Will Not Be Charged In CIA Leak Case, Lawyer Says (WP)

By Jim Vandehei

The Washington Post, June 14, 2006

White House Deputy Chief of Staff Karl Rove will not be indicted in the CIA leak investigation, his attorney announced yesterday, a decision that signals that a special prosecutor's probe is unlikely to threaten any other Bush administration officials.

Special Counsel Patrick J. Fitzgerald told Rove's attorney, Robert Luskin, in a short letter delivered Monday afternoon that he "does not anticipate seeking charges" against Rove in the case, Luskin said. Rove was told about 4 p.m. while aboard a Southwest Airlines flight en route to a campaign speech in New Hampshire, but he waited until early yesterday morning to publicly reveal the news.

The announcement ends months of speculation about Rove's legal future and frees the architect of President Bush's presidential victories to resume his central White House role without the threat of criminal charges hanging over him. Rove, who spent countless hours preparing for five grand jury appearances in the case and sharpening his defense, was "delighted, obviously," Luskin said. "We've always said he did everything he could to cooperate" with the prosecutor, he added.

"It's a chapter that has ended," Bush told reporters during his trip back from Iraq. The president said he thinks Fitzgerald "has conducted his investigation in a dignified way."

With Rove's situation resolved, the broader leak investigation is probably over, according to a source briefed on the status of the case. Fitzgerald does not appear to be pursuing criminal charges against former State Department official Richard L. Armitage, who is believed to have discussed the identity of CIA officer Valerie Plame with at least one reporter, according to the source.

"I'm not worried about my situation," Armitage said last night on the Charlie Rose television show.

A source briefed on the case said that the activities of Vice President Cheney and his aides were a key focus of the investigation, and that Cheney was not considered a target or primary subject of the investigation and is not likely to become one. There are no other outstanding issues to be investigated, the source said, though new ones could emerge as Fitzgerald continues to prosecute I. Lewis "Scooter" Libby, Cheney's former chief of staff, on charges of lying to investigators and a grand jury.

Rove does not emerge from the investigation unscathed, however. His credibility took a hit inside and outside the White House when he allowed then-Bush spokesman Scott McClellan to tell reporters that he had no role in the unmasking of Plame, the CIA officer at the center of the leak scandal. The investigation has shown that, in a one-week period in 2003, Rove spoke to two reporters about Plame and her CIA role, then reported back to other senior White House officials, according information publicly released by Fitzgerald and by sources familiar with the case.

The episode left McClellan and a few other White House aides upset that they were initially misled by Rove, according to several administration sources. Other White House officials said the case seemed to distract Rove at times and compounded Bush's political problems since his 2004 reelection victory.

An indictment would have been devastating, both politically and practically, for the White House. Rove is intimately involved in efforts to retain GOP majorities in the House and the Senate and to revive the Bush presidency.

Instead, Republicans cheered yesterday's news and charged Democrats with smearing Rove's name by suggesting that he was guilty of lying over the past few months.

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"Even when it's against the interests of what is in our nation's interest, you're seeing Democrats prejudging for political purposes," Republican National Committee Chairman Ken Mehlman said on MSNBC. "It was wrong when they did it to Karl Rove."

Democrats said Rove remains a symbol of fading White House credibility. Democratic National Committee Chairman Howard Dean said yesterday that he should have been fired long ago.

In an interview, Sen. Charles E. Schumer (D-N.Y) said that he trusted Fitzgerald's judgment in the case, but he called on the special counsel to eventually release a report that details the roles of Rove and other White House officials in the leak of Plame's name.

"There is a fundamental here: The American people have lost faith in this White House," he said. "Things like this will not restore their faith."

Still, Democrats acknowledged that the all-clear signal for Rove will provide a political boost for the Bush White House and for Republicans. Rove, who was stripped of day-to-day policy management as part of the recent White House shake-up, is a political force not only inside the Oval Office but also among many Republicans seeking advice on how to win congressional races in a tough political climate for the GOP. A popular figure among conservatives, he is expected to intensify his campaigning and fundraising in the months ahead.

Fitzgerald's spokesman declined to comment.

Fitzgerald is investigating whether any administration officials knowingly disclosed Plame's CIA role as part of an effort to discredit allegations by her husband -- former ambassador Joseph C. Wilson IV -- that Bush had twisted prewar intelligence to justify an invasion of Iraq. Wilson had been sent by the CIA to investigate whether Iraq had sought nuclear weapons material from Niger. He reported back that the charge could not be proved, but Bush nevertheless asserted in his 2003 State of the Union address that intelligence existed that Iraq had tried to buy uranium in Africa.

After Wilson went public with his allegations a few months later, the White House was forced to concede that the Africa assertion was not based on solid evidence. But that was not before Libby, Rove and others set out to discredit Wilson, in part by telling reporters that his wife, a CIA officer, may have helped set up the Niger trip. Plame's name and affiliation with the intelligence agency was first revealed in a July 2003 column by Robert D. Novak, who has not revealed his sources for the story.

The CIA leak case is likely to remain a distraction for the White House. Libby was indicted last October on charges of perjury, making false statements and obstructing justice in the case. His trial is expected to begin in January, and legal filings in the case are likely to bring out new details of the role White House officials played in unmasking Plame.

In recent months, court filings have revealed more about Cheney's hands-on role in the White House effort to rebut Wilson, which resulted in the disclosure of Plame's name.

Cheney, Rove and other top White House officials could be called as witnesses in the Libby trial. It is also possible that others could be charged in the case if Fitzgerald discovers new evidence. Recent court filings have described the investigation as ongoing.

But the full details of Rove's role may never be known, because Fitzgerald is not required to issue a public report on his probe. Though Fitzgerald initially showed interest in Rove after learning, in the course of the investigation, that Rove had discussed Plame with reporters, lawyers in the case said the prosecutor spent the past two years or more trying to determine whether Rove lied to the grand jury.

Specifically, Fitzgerald wanted to know if Rove purposely hid from the grand jury in February 2004 the fact that he had discussed Plame with Time magazine reporter Matthew Cooper.

Rove would later tell the grand jury that he had simply forgotten the conversation with Cooper until his lawyers found an e-mail months later that showed that the Rove-Cooper conversation had occurred. For much of the investigation, Fitzgerald seemed skeptical of Rove's foggy-memory defense. In fact, a few days before he indicted Libby, Fitzgerald appeared ready to charge Rove, the lawyers said.

At that point, Luskin stepped forward and offered last-minute evidence that he seemed confident would clear Rove. Eight months later, that came to pass.

No Rove Charges Over Testimony On C.I.A. Leak (NYT)

By David Johnston And Jim Rutenberg

The New York Times, June 14, 2006

WASHINGTON, June 13 — The decision by a special prosecutor not to bring charges against Karl Rove in the C.I.A. leak case followed months of intense behind-the-scenes maneuvering between the prosecutor, Patrick J. Fitzgerald, and Mr. Rove's lawyer, lawyers in the case said.

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The move, made public early Tuesday by Mr. Rove's lawyer, Robert D. Luskin, brought a surprise ending to the investigation of Mr. Rove, President Bush's senior adviser. At one point last fall, Mr. Rove seemed close to facing perjury charges over lapses in his early testimony about a conversation with a Time magazine reporter.

Mr. Fitzgerald's decision left I. Lewis Libby Jr., the former chief of staff to Vice President Dick Cheney, alone among current and former White House officials still facing legal jeopardy in the three-year-old leak case. Mr. Fitzgerald announced in a letter to Mr. Luskin on Monday that he would not indict Mr. Rove, who had testified on five occasions to a federal grand jury about his involvement in the disclosure of an intelligence officer's identity.

After months in which the case has been a major distraction to the White House, the decision frees Mr. Rove in his role as Mr. Bush's top strategist during midterm elections this year. Mr. Luskin declined to address the legal issues surrounding the case but said, "We believe that the special counsel's decision should put an end to the baseless speculation about Mr. Rove's conduct."

A spokesman for Mr. Rove's legal team, Mark Corallo, said that Mr. Rove had made no deals to cooperate with the prosecution in any way, and that the decision was based purely on Mr. Fitzgerald's findings. A spokesman for Mr. Fitzgerald, Randall Samborn, had no comment.

Mr. Fitzgerald's decision is not expected to affect the legal case against Mr. Libby, who is charged with perjury and obstruction of justice. But it does free Mr. Fitzgerald to focus exclusively on preparations for that trial, which is scheduled to begin in January and could still embarrass the White House.

In a series of court filings in that case, Mr. Fitzgerald has indicated he may call Mr. Cheney as a witness, an unsettling prospect that could expose the vice president to the uncertainties of being questioned in a criminal trial. The decision to decline to prosecute Mr. Rove effectively ends the active investigative phase of Mr. Fitzgerald's inquiry; Mr. Rove was the only person known to remain under scrutiny.

That leaves some important unanswered questions. Among them is who in the government first told the columnist Robert D. Novak about the C.I.A. officer at the heart of the case in the days before his July 14, 2003, column in which he disclosed the identity of the officer, Valerie Wilson.

Mr. Fitzgerald has been investigating whether the White House leaked Ms. Wilson's name to discredit an Op-Ed article in The New York Times written by her husband, Joseph C. Wilson IV, in which he said there was no basis for the administration's claims that Iraq had tried to buy nuclear fuel in Africa. A prosecution brief in the case said that a copy of the article annotated by Mr. Cheney showed that the vice president and Mr. Libby had been acutely focused on Mr. Wilson's criticism.

White House officials were careful Tuesday not to celebrate too joyously over the news for Mr. Rove. But they were clearly buoyed by what they called the closing of one uncomfortable chapter in the leak case.

Speaking on Air Force One on his way back from Baghdad, Iraq, Mr. Bush told reporters: "It's a chapter that has ended. Fitzgerald is a very thorough person. I think he's conducted his investigation in a dignified way. And he's ended his investigation."

But he cautioned: "There's still a trial to be had. And those of us involved in the White House are going to be very mindful of not commenting on this issue."

Mr. Fitzgerald's decision not to prosecute Mr. Rove came after months of private discussions between him and Mr. Luskin, beginning last fall, even before Mr. Libby was indicted. While in public Mr. Rove revealed little concern, lawyers in the case said Mr. Luskin had waged a fierce battle to stave off the prosecution. The lawyers in the case and associates of Mr. Rove would discuss confidential issues only after being assured anonymity.

The lawyers said Mr. Fitzgerald seemed at times to be close to bringing charges against Mr. Rove over his failure to volunteer early in the inquiry a conversation he had had about Ms. Wilson with a Time magazine reporter, Matthew Cooper.

Mr. Rove had testified that he had initially forgotten about that conversation, and that his memory had been jogged only after his lawyers found an e-mail message referring to a conversation with Mr. Cooper, sent from Mr. Rove to Stephen J. Hadley, then the deputy national security adviser and now the chief security adviser. Mr. Rove had argued that it would have been legal suicide to lie knowingly to a grand jury about a conversation with a reporter.

That argument seems to have been crucial in avoiding an indictment. Mr. Fitzgerald, lawyers in the case said, believed at least initially that Mr. Rove's effort to find the e-mail message meant that he must have known of its existence earlier. But Mr. Luskin offered an alternative account, at one point switching from his role as a lawyer, offering himself as a witness.

Last fall, Mr. Luskin gave a sworn deposition to Mr. Fitzgerald, saying he had been told by Viveca Novak, a friend at Time magazine who is not related to Mr. Novak, that Mr. Rove might have talked to Mr. Cooper. That gave Mr. Luskin a reason to search for any record of such a conversation.

Mr. Rove was said by associates to be ebullient on Tuesday. He declined to comment, but the White House tipped photographers that he would be walking from the White House to the Old Executive Office Building, providing imagery of Mr. Rove, all smiles.

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The leak investigation, several associates said, had been a heavy burden for Mr. Rove and his wife and son, whose home had frequently been visited by reporters and cameramen. Officials said Mr. Rove had stayed focused on his work throughout, but he was also said to have appeared less jovial and less inclined to engage in his usual practical jokes.

Associates said Mr. Rove seemed to loosen up in recent weeks, apparently as he and his lawyer had grown more confident that no indictment would come, and even as liberal bloggers and other commentators had predicted an imminent indictment, most recently in May, based on a report on Truthout.org.

Truthout has stood by that report, which said Mr. Rove was under a secret indictment. In a posting Tuesday it suggested that Mr. Rove was cooperating with the prosecution, which, it noted, had not commented publicly on Mr. Rove's legal status.

In a statement, a lawyer for the Wilsons, Christopher Wolf, indicated that the couple was considering taking civil action against Mr. Rove. "The day still may come when Mr. Rove and others are called to account in a court of law for their attacks on the Wilsons," Mr. Wolf said.

Tom Rath, a Republican leader in New Hampshire, said he was relieved Mr. Rove could concentrate on the midterm elections without the taint of scandal.

"It was like being on the disabled list; you see him in a uniform every day but you can't have him on the mound," Mr. Rath said of Mr. Rove's previous legal limbo. "Now he's back on the mound."

Rove Won't Be Charged In CIA Leak Case (AP)

By Toni Locy

The Associated Press, June 13, 2006

Presidential adviser Karl Rove won't be a criminal defendant in the CIA leak case, but he could still end up being grilled in court as a witness.

Special Counsel Patrick Fitzgerald could question Rove about whether the Bush administration compromised a CIA officer's identity to retaliate against a political critic.

Still, Rove and the White House could breathe a sigh of relief Tuesday after the prosecutor told Rove's lawyer he wouldn't seek a federal indictment against the political operative.

Rove has been identified as a likely defense witness in next year's trial of I. Lewis "Scooter" Libby, Vice President Dick Cheney's former chief of staff. Libby has been charged with lying to the FBI and a federal grand jury about how he learned about Valerie Plame's CIA status and what he told reporters about it.

If Libby's defense attorneys summon Rove to testify, Fitzgerald can cross-examine him about a host of issues, including a July 2003 conversation Rove had with syndicated columnist Robert Novak days before Novak published Plame's name.

Aboard Air Force One Tuesday, President Bush praised Fitzgerald.

"It's a chapter that has ended," Bush said. "Fitzgerald is a very thorough person. I think he's conducted his investigation in a dignified way."

The president said White House officials would remain mum about the leak and the results of the investigation. "I think it's going to be important for you all to recognize there's still a trial to be had," he said to reporters. "And those of us involved in the White House are going to be very mindful of not commenting on this issue ... because of the Libby trial."

At the White House, Rove was all smiles, as he usually is, as he carried out his normal routine. With Chief of Staff Joshua Bolten in Iraq with Bush, Rove ran the senior staff meeting.

While a cloud may have been lifted from its top political operative, the White House's embarrassment over the Plame leak has not ended. The administration faces the possibility of a parade of current and former top officials being called to testify during Libby's trial, starting with Cheney.

In court filings, Fitzgerald has described a White House campaign — led by Cheney — to discredit Plame's husband, former U.S. Ambassador Joseph Wilson, after he wrote an opinion piece in The New York Times in July 2003 that accused the administration of twisting intelligence on Iraq to justify the war.

Fitzgerald has not ruled out calling Cheney, who cut out Wilson's article with a pen knife and scrawled questions on it wondering whether Plame sent her husband on a "junket" to Niger to determine the accuracy of allegations that Iraq had tried to buy material to make a nuclear weapon.

Sen. Charles Schumer (news, bio, voting record), D-N.Y., one of the first senators to call for an independent investigation of the leak, said, "We have faith that Prosecutor Fitzgerald will continue to pursue this case and turn over every other stone and follow every lead, no matter how high they take him."

Other Democratic lawmakers called Tuesday for a separate congressional inquiry into Rove's role in disclosing Plame's name to reporters and the question of whether Rove or others at the White House sought to discredit Wilson.

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"Congress has a constitutional obligation to provide a check and balance on the executive branch," said Rep. Henry Waxman (news, bio, voting record), D-Calif. "Providing a public accounting of the actions of Mr. Rove is an important part of fulfilling this obligation."

Early in his investigation, Fitzgerald abandoned the idea of indicting anyone on a charge directly related to actually leaking Plame's identity, which was classified at the time.

Instead, his investigation focused on the possibility of a cover-up and lies by administration officials about how and when they learned about Plame and whom they told. So far, only Libby has been indicted. Fitzgerald's spokesman, Randall Samborn, refused on Tuesday to comment on whether the investigation was continuing.

Until last summer, the White House had denied that Rove or Libby had anything to do with leaking Plame's identity. Those claims were countered by grand jury testimony from Time magazine reporter Matthew Cooper who said both Rove and Libby had told him about Plame.

Rove testified before the grand jury an extraordinary five times, insisting initially that he had talked only to Novak. Rove later admitted talking to Cooper.

Robert Luskin, Rove's attorney, said it was too soon to know whether Rove would take the stand at Libby's trial, which is scheduled to begin in January.

In court filings, Libby's lawyers have predicted Rove will be "a key witness at trial," an assertion Fitzgerald has dismissed as a ploy "to put the conduct of others on trial."

At this stage, Luskin said, both Fitzgerald and Libby's lawyers are feeling each other out.

Fitzgerald is trying to keep the case simple and limited to the question of whether Libby lied, while Libby's lawyers are trying to broaden it so they can get access to as much of the prosecutor's evidence as possible before trial, Luskin said.

"This is just positioning," he said.

Rove Will Not Be Charged In CIA Leak Case (WT)

By Jerry Seper And Stephen Dinan

The Washington Times, June 14, 2006

Top White House aide Karl Rove will not be charged in an investigation into the leaking of CIA officer Valerie Plame's identity after her diplomat husband accused President Bush of manipulating intelligence to justify military action in Iraq.

Washington lawyer Robert Luskin said Special Counsel Patrick J. Fitzgerald told him late Monday that "he does not anticipate seeking charges against" Mr. Rove. The notification came after Mr. Fitzgerald met with chief U.S. District Judge Thomas Hogan, who has overseen the grand jury investigation.

"In deference to the pending case, we will not make any further public statements about the subject matter of the investigation," Mr. Luskin said. "We believe the special counsel's decision should put an end to the baseless speculation about Mr. Rove's conduct."

Mr. Fitzgerald's office declined to comment.

"It's a chapter that has ended," Mr. Bush told reporters aboard Air Force One on the way back from Iraq. "I think he's conducted his investigation in a dignified way. And he's ended his investigation.

"I think it's going to be important for you all to recognize there's still a trial to be had," he said. "And those of us involved in the White House are going to be very mindful of not commenting on this issue."

Mr. Rove emerged from the Eisenhower Executive Office Building several times yesterday in view of photographers staked out on the White House lawn, waving and smiling at them.

"Now Karl can be Karl," said one senior administration official, who said Mr. Rove is now free to focus on politics heading into the 2006 congressional elections. Mr. Rove was given expanded duties after the 2004 election, including a post as deputy chief of staff and a portfolio that included domestic issues. But earlier this year he was reassigned back to focus on politics.

The administration official said Mr. Rove did not show strain at the White House, even as stories swirled that he was about to be indicted.

Mr. Rove testified five times before a federal grand jury in the leak investigation, most recently in April. Grand jurors handed up an indictment in October against I. Lewis "Scooter" Libby, Vice President Dick Cheney's former chief of staff, charging him with obstruction of justice, perjury and lying to FBI agents.

The three-year probe centers on accusations that senior Bush administration officials leaked Mrs. Plame's CIA role in retaliation for critical comments on the Iraq war by her husband, former Ambassador Joseph C. Wilson IV. Mr. Rove's name surfaced almost immediately, and he was the subject of continuing press speculation about his role in the affair.

Mr. Fitzgerald focused on concerns over whether Mr. Rove, 55, obstructed justice in failing to disclose to investigators a conversation that he had with Time magazine reporter Matt Cooper just before he and columnist Robert Novak published Mrs.

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Plame's name in July 2003. Mr. Rove told prosecutors that he did not recall the conversation until his lawyer discovered a White House e-mail referring to it.

Mr. Libby is the only person charged in the Fitzgerald investigation. No one was indicted in the case on the original accusations that spurred the special counsel's inquiry -- that an administration official violated a 1982 law prohibiting the purposeful disclosure of a CIA agent's name.

From the White House's standpoint, the Fitzgerald notification to Mr. Luskin means that Mr. Rove is in the clear, and Republicans said Democrats now owe him an apology. Republican National Committee Chairman Ken Mehlman, speaking on CNN, said Democrats "took this good man, and they prejudged him."

Mr. Rove was a popular target for Democratic lawmakers, who tried to strip him of his security clearance through an amendment on the Senate floor last year, and an even more popular target for liberal-leaning Web logs, or blogs.

Yesterday, Sen. Charles E. Schumer, New York Democrat, said he accepted Mr. Fitzgerald's findings, although he added that Mr. Rove acted wrongly and deserved the attacks from Democrats.

"I don't think he conducted himself honorably and well here," Mr. Schumer said, though he acknowledged that "some of the things that were said about him proved to be untrue."

Howard Dean, chairman of the Democratic National Committee, said Mr. Rove leaked Mrs. Plame's identity, which is a reason to fire him, even though Mr. Fitzgerald did not indict him.

"Karl Rove does not belong in the White House," Mr. Dean said. "If the president valued America more than he valued his connection with Karl Rove, Karl Rove would have been fired a long time ago."

Meanwhile, Mr. Libby, 55, has denied any wrongdoing, saying that he was "confident that at the end of this process, I will be completely and totally exonerated."

The indictment said he discussed Mrs. Plame and her husband with several people in the White House but identified them only by title and did not accuse them of breaking the law. Those named were former White House press secretary Ari Fleischer, an undersecretary of state later identified as Marc Grossman and a senior White House official referred to as "Official A," later named as Mr. Rove.

Rove Won't Face Criminal Charges In CIA Case (USAT)

By David Jackson

USA Today, June 14, 2006

WASHINGTON — A prosecutor's decision not to seek an indictment of White House deputy chief of staff Karl Rove for perjury has buoyed Republican hopes that President Bush's top political adviser can help the party keep its congressional majorities in November.

On Tuesday, Robert Luskin, Rove's attorney, said special counsel Patrick Fitzgerald told him that Rove would not be indicted in the case of a CIA officer's blown cover, an investigation that has lasted almost three years.

“A long ordeal like this one — with so much public speculation — has got to take its toll,” Luskin said.

The decision lifted a legal cloud over the 55-year-old aide who is revered by Republicans and reviled by Democrats. Credited with supreme political and organizational skills, Rove helped elect Bush twice and forge a Republican victory in 2002, all part of an overarching effort to create an enduring Republican majority.

Former Republican chairman Ed Gillespie, a friend of Rove's, said he has the ability to see “the big picture … and make sure that people are executing the big picture.”

Fitzgerald's decision eliminated the possibility of an indictment that “would have been depressive to the Republicans” on Capitol Hill, said Grover Norquist, president of Americans for Tax Reform and a Rove ally.

“It's great we'll have him front and center,” said Mark McKinnon, Bush's media adviser.

Rove, however, isn't on the ballot, said Sarah Feinberg, spokeswoman for the Democratic Congressional Campaign Committee. “The election is about Republican incumbents, and they're as unpopular as ever.”

Deputy press secretary Dana Perino said the White House is pleased that Fitzgerald has cleared Rove, who can keep “crafting and building support for the president's agenda.”

Rove's legal problems started with his discussion with a Time magazine reporter about Joseph Wilson, a former ambassador who had challenged administration claims that Iraq had sought uranium ore from Africa.

According to reporter Matthew Cooper, Rove confirmed that Wilson's wife worked for the CIA. The disclosure of Valerie Plame's name inspired the Fitzgerald investigation because of laws against revealing a CIA operative's identity.

Fitzgerald charged Vice President Cheney's chief of staff, I. Lewis “Scooter” Libby, with perjury Oct. 28. Libby, however, was not charged for the Plame disclosure but for statements he made to prosecutors and grand jurors about his contacts with reporters. Libby pleaded innocent and is scheduled to stand trial early next year.

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Rove initially failed to disclose his talk with Cooper; Luskin said his client had forgotten about the brief conversation and cooperated fully with investigators once the omission was discovered.

"It's a chapter that has ended," Bush said Tuesday en route home from a surprise trip to Iraq.

Rove may still have legal issues surrounding the case. Wilson has said he may file a civil suit against Rove and other administration figures. Fitzgerald's announcement "obviously does not end the matter," said Wilson's attorney, Christopher Wolf.

"The day still may come when Mr. Rove and others are called to account in a court of law for their attacks on the Wilsons," Wolf said.

Republican Party Chairman Ken Mehlman accused Democrats of pre-judging Rove for political purposes. "The facts show that Karl Rove actually did nothing wrong," he said.

Democratic Party Chairman Howard Dean said the prosecutor's decision "does not diminish the fact that Karl Rove was involved in leaking the identity of an intelligence operative during a time of war."

Prosecutors Say Rove Won't Be Indicted In Leak Case (LAT)

By Johanna Neuman And Peter Wallsten

The Los Angeles Times, June 14, 2006

WASHINGTON — Karl Rove, President Bush's top political advisor, will not face criminal charges, ending his jeopardy in a three-year investigation into the leak of a CIA agent's name to the press, his lawyer said today.

Special Counsel Patrick Fitzgerald formally notified Rove's legal team Monday that the prosecutor "does not anticipate" seeking charges against him, according to a statement by Robert Luskin, Rove's attorney.

Luskin said he hoped the special prosecutor's letter would "put an end to the baseless speculation about Mr. Rove's conduct."

Rove testified before the grand jury five times before Fitzgerald decided not to seek an indictment.

The announcement seemed only to ignite partisan fires over corruption and secrecy. Saying the White House was pleased, deputy press secretary Dana Perino said, "Karl is as he has been throughout the process — fully focused on the task at hand: crafting and building support for the president's agenda."

And Republican National Committee Chairman Ken Mehlman said Democrats owe Rove an apology.

Former House Speaker Newt Gingrich hailed the news. "Certainly for the White House and for Karl Rove this is a very important morning and a very positive one."

Democratic National Committee Chairman Howard Dean was having none of it. "His real sin … is leaking the name of an intelligence operative during a time of war," Dean said on NBC's "Today" program. "He doesn't belong in the White House."

Fitzgerald has been looking into who disclosed the identity of Valerie Plame after her husband, former U.S. diplomat Joseph Wilson, criticized the Bush administration for twisting intelligence in the run-up to the March 2003 invasion of Iraq.

In October, Fitzgerald indicted Vice President Dick Cheney's chief of staff, Lewis "Scooter" Libby, on charges of obstruction of justice and lying to FBI agents and a grand jury. Libby pleaded not guilty and is scheduled to go on trial in January.

The 55-year-old Rove, chief architect of Bush's electoral victories, was in New Hampshire on Monday, urging Republicans to stay the course against a backdrop of bad poll numbers for the White House. At a $100-a-plate dinner, Rove called the Iraq invasion a just and necessary part of a larger war on terror.

"Sometimes history sends you something that you can't plan for," Rove told the crowd, according to the Concord Monitor. "And what really matters then is the character of the person who occupies [the White House]."

Across the street, protesters greeted his visit. One sign said, "Karl Rove & NH GOP: Where Criminals Congregate."

Maybe Not Morning In America, But At Least Out Of The Dark (WP)

By Dana Milbank

The Washington Post, June 14, 2006

Within hours of hearing yesterday morning that Karl Rove wouldn't be prosecuted in the CIA leak case, Sen. Chuck Schumer (N.Y.), the chief of the Democrats' campaign to retake the Senate, hurried to the press gallery to blunt the damage.

But it was no use. "Senator," MSNBC's Tom Curry needled Schumer, "as you know, the president has nicknames that he applies to people, and one of the nicknames he applied to Karl Rove was 'Turd Blossom.' "

"Cherry Blossom?" Schumer asked, puzzled.

"Turd Blossom," Curry repeated. "In terms of Rove's career as a political strategist in the fall campaign, will this lead to a new flowering of Turd Blossom?"

"I'm not going to comment," said the nonplused New Yorker.

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But the earthy image -- a Texas desert flower that flourishes in manure -- was a good metaphor for Rove and the GOP yesterday: Both were, at least momentarily, blooming from the political muck in which they have been mired.

Rove, President Bush's chief strategist, was off the hook. Bush himself was in Iraq, celebrating the killing of Abu Musab al-Zarqawi and the completion of an Iraqi cabinet. Hillary Clinton, the front-runner for the Democratic presidential nomination, was booed by antiwar liberals at a gathering in Washington. A new House Republican was sworn in after winning a closely watched special election. And Bush's lowly poll numbers crept up in the Gallup poll.

A dozen days earlier, a reflective Bush expressed remorse about his "bring 'em on" tough talk. But yesterday, the doubts were gone and the bravado was back -- as much as it can be for a guy at 38 percent in the polls. "The progress here in Iraq has been remarkable," he told the cheering troops. "America's safer. The world is better off." He accused his opponents of a naÃ¯ve bid to "forget the dangers we face" since Sept. 11, 2001.

The president's allies went further with the bluster. Moments after learning of his exoneration, Rove told a New Hampshire audience Monday night that Democratic critics of the Iraq war such as John Kerry and John Murtha, both combat veterans, "give the green light to go to war, but when it gets tough, they fall back of that party's old platform of cutting and running. They may be with you for the first few bullets but they won't be there for the last tough battles."

Yesterday morning, Republican National Committee Chairman Ken Mehlman went on TV to demand that Democratic leaders apologize to Rove. "I think there probably are a lot of folks who ought to acknowledge they were prejudging" him, concurred Sen. George Allen (R-Va.). White House aides, meanwhile, wrapped themselves in the imagery of military derring-do. Tony Snow and Dan Bartlett allowed themselves to be photographed wearing flak jackets and helmets on a chopper flight into Baghdad -- although the result was more Michael Dukakis than Mission Accomplished.

Democrats hurried to block Bush from recovering his political standing. Sen. John Kerry (D-Mass.), addressing the liberal gathering in Washington, recalled Bush's lack of combat experience. "Now, I understand fully that Iraq is not Vietnam," he said. "After all, President Bush is even there today."

Asked by reporters about the recent good news for Bush, Schumer was grudging. "These few developments -- and, for instance, the Zarqawi one is one I welcome -- don't remove the cloud of incompetence that is over the administration's head," he said. "I don't think the administration can really recover until they change their entire way of operating."

But however fervently Schumer wished away Bush's good news, Republicans sensed a shift in momentum. Sen. John Warner (Va.), chairman of the Armed Services Committee, even felt comfortable enough to brush off reporters' questions about the alleged Haditha massacre. "I think the secretary [Donald H. Rumsfeld] is correct in waiting" to brief Congress, Warner said. Asked when Pentagon officials might be called before his committee, he replied: "At this time, I don't think anybody can give an estimate on that. But I'm sure that they're forthcoming; they're not reluctant to come up and provide the witnesses. Not at all."

The GOP's confidence may be a little premature. The same CNN-USA Today-Gallup poll that showed Bush's approval up to 38 percent from 31 percent last month also showed that Americans still disapprove of the way he's handling Iraq, by 60 percent to 36 percent.

But, however tentative the progress, Republicans were ready to find a flower in the manure. "The Democratic Party," Sen. John Cornyn (R-Tex.) said, is "looking success in the face and snatching defeat out of the jaws of victory. We've got some very good news!"

Sen. Jeff Sessions (R-Ala.) was also ready to declare a tentative victory. "Fundamentally, I believe the news is good," he told the microphones. "Sometimes I want to ask my colleagues, 'What is it about good news you don't like?' "

Bush, winging back from Iraq on Air Force One, struck reporters as "upbeat and relaxed" -- so much so that he savored Rove's exoneration in the CIA leak case, breaking his own rule about not commenting on the matter. Said Bush: "It's a chapter that has ended."

Rove Won't Be Charged In CIA Leak Probe, Lawyer Says (Update4) (BLOOM)

By Richard Keil

Bloomberg, June 14, 2006

June 13 (Bloomberg) -- Karl Rove, President George W. Bush's top political adviser, won't face criminal charges in a three-year investigation into the leak of a CIA operative's name, his lawyer said.

Special Counsel Patrick Fitzgerald formally notified Rove's legal team yesterday that the prosecutor ``does not anticipate" seeking charges against Rove, the attorney, Robert Luskin, said in a statement. ``The special counsel's decision should put an end to the baseless speculation about Mr. Rove's conduct," Luskin said.

Randall Samborn, Fitzgerald's spokesman, declined to comment. White House Counselor Dan Bartlett said the president was informed of the notice shortly before Bush boarded Air Force One last night for a surprise trip to Iraq. He declined to characterize Bush's reaction.

Fitzgerald's decision not to pursue criminal charges against Rove removes a legal cloud from Bush's closest political aide and coincides with Bush's effort to halt a slide in public opinion polls before the November congressional elections. The prosecutor's action also suggests that only I. Lewis ``Scooter'' Libby, Vice President Dick Cheney's former chief of staff, will face charges.

Rove, 55, testified five times before federal grand juries investigating the case, most recently on April 26.

Notified

Luskin said he was notified of the decision yesterday and couldn't reach Rove immediately because the presidential adviser was on the plane to New Hampshire, where he was giving a speech to Republican Party officials. Rove got the news via BlackBerry message.

``The guy is elated and relieved,'' Luskin said. ``No matter how thick-skinned you are, this kind of thing begins to weigh on you after awhile.''

Howard Dean, chairman of the Democratic National Committee, said that while the decision was good news for the White House, it wouldn't affect Democrats' efforts to make gains in the November congressional elections.

``Karl Rove is clearly the political mastermind behind the Republicans,'' Dean said on NBC's ``Today'' program. ``I think that he would have continued to exercise that role even if he had been indicted.''

Dean said Bush should have fired Rove a long time ago. ``He doesn't belong in the White House,'' Dean said.

`Rush to Judgment'

Republican Party Chairman Ken Mehlman said on CNN that Democrats engaged in a ``rush to judgment'' in trying to tie Rove to the disclosure of the Central Intelligence Agency operative's identity. He said Dean and other Democratic leaders owe Rove an apology.

``It's pretty clear that Karl Rove not only did nothing wrong, but he did everything right in terms of cooperating with this investigation,'' Mehlman said.

The probe was initiated to determine whether anyone in the administration violated a 1982 law prohibiting the purposeful disclosure of a covert agent's name. No one has been charged under that statute. Libby was indicted on charges of perjury and obstruction of justice regarding his conversations with reporters about the former CIA agent, Valerie Plame, who is married to a prominent critic of the Iraq war.

Her name was first published by syndicated columnist Robert Novak on July 14, 2003. A report on Time magazine's Web site three days later also identified Plame, who was a covert operative for the agency.

The disclosure of her name followed criticism of Bush's justification for the war in Iraq by her husband, former diplomat Joseph Wilson.

Dispatched by CIA

Wilson, who served in Africa and was acting U.S. ambassador to Iraq under former President George H.W. Bush, was dispatched by the CIA in February 2002 to investigate reports that Saddam Hussein's regime was seeking yellowcake uranium from Niger. At the time, Plame was working at the agency's headquarters in Langley, Virginia.

After the March 2003 invasion of Iraq, Wilson served as an unidentified source for journalists writing stories that questioned Bush's claims about Iraq's weapons. By the time he publicly accused the government of twisting intelligence to justify the war in an essay published July 6, 2003, in the New York Times, administration officials already were compiling information on him and the Niger mission, according to court documents in the Libby case.

A week later, Novak wrote that Wilson was sent to Niger at the suggestion of Plame. He cited two unnamed ``senior administration officials'' as the source of the information.

Investigation Sought

The CIA asked for a Justice Department investigation. Novak, who has refused to reveal what he told investigators, subsequently said he didn't know what Plame did at the agency and had no reason to believe she was a covert agent.

In the Libby indictment, Fitzgerald said Plame's identity was classified and he rebutted assertions made by some Bush supporters that her status wasn't a secret in Washington.

In an April legal motion filed in connection with the Libby case, Fitzgerald wrote that some of the 12,300 pages of government documents turned over to Libby's defense team ``could be characterized as reflecting a plan to discredit, punish or seek revenge against Mr. Wilson.''

Questioned

Bush and Cheney both have been questioned in the case by investigators in sessions held in their offices and as many as two dozen current or former administration officials.

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In addition, Fitzgerald has sought information from at least a half dozen reporters, including Time magazine reporter Matthew Cooper, NBC's Tim Russert and former New York Times reporter Judith Miller, who was imprisoned for 85 days last year for refusing to reveal her sources to the grand jury.

Rove is a key member of Bush's inner circle. The former direct-mail political consultant ran Bush's upset victory in the 1994 race for Texas governor and has been at Bush's side since. He was the primary strategist behind Bush's 1998 re-election race and his 2000 presidential victory. After being re-elected president in 2004, Bush credited Rove as the ``architect'' of his success and gave him added responsibilities for developing White House policy.

Since the election, Rove has suffered setbacks. He was the primary strategist behind Bush's failed attempt to overhaul Social Security in 2005. He also has been unable so far to break up Republican resistance to the president's attempt to rewrite the nation's immigration laws to create a system of temporary work permits.

In a realignment of the White House staff in April, Rove was stripped of his policy-making responsibility to keep his focus on political strategy. With Bush's popularity at an all- time low, the president's agenda is stalled in Congress and Republicans are struggling to keep their majorities in the House and Senate.

Nonindictment Of Rove Owes Much To Tactics (WSJ)

By Anne Marie Squeo

The Wall Street Journal, June 14, 2006

The client was President Bush's top political adviser, the leading strategist for the Republican Party, and the bane of Democrats' existence. The attorney was a left-leaning litigator who wears a gold hoop in his left ear and rides a Ducati motorcycle.

But even some who wanted to see Karl Rove indicted credit the skillful lawyering by attorney Robert Luskin and his open-door strategy with the prosecution and the press alike with convincing the grand jury of his innocence.

Indeed, Mr. Luskin had Mr. Rove appear before the grand jury in the case repeatedly to explain that what had appeared to be a misstatement was in fact a lapse of memory.

Yesterday morning, Mr. Luskin issued a three-sentence statement saying Special Prosecutor Patrick Fitzgerald had notified him that he "does not anticipate seeking charges against Karl Rove."

The news appears to end a nearly three-year investigation into Mr. Rove's involvement in the leaking of the identity of Central Intelligence Agency operative Valerie Plame, in response to criticism of the war in Iraq by her husband, former ambassador Joseph Wilson. While no one has been charged with the underlying crime of exposing an intelligence officer, Vice President Dick Cheney's former chief of staff, I. Lewis Libby, was indicted in October on five counts of lying to federal investigators and the grand jury and obstructing the probe. He has pleaded not guilty, and his case is set to go to trial in January.

The particulars behind the nonindictment likely won't be revealed; grand-jury testimony is held in secrecy, and jurors needn't make their deliberations public. Mr. Luskin, a partner at Washington law firm Patton Boggs, says the main reason his client isn't being indicted is because he didn't break the law.

Mr. Luskin continually tried to bring new information to the attention of Mr. Fitzgerald and had his client repeatedly return to the grand jury to respond to lingering questions. All told, Mr. Rove testified five times, a risky strategy that exposed him to possible misstatements.

"Over the years, I've come to the view that you're never going to sneak a pork chop past a wolf and if you try to trick people you're not going to do very well," says Mr. Luskin, who notes that the world of criminal attorneys is a small one where reputations are quick to gel, for better or worse. "Your most important form of advocacy is having an honest and candid dialogue with prosecutors," he says.

STATEMENT FROM ROBERT LUSKIN

Below is the full text of a press release from Karl Rove's attorney, Robert Luskin.

"On June 12, 2006, Special Counsel Patrick Fitzgerald formally advised us that he does not anticipate seeking charges against Karl Rove.

"In deference to the pending case, we will not make any further public statements about the subject matter of the investigation. We believe that the Special Counsel's decision should put an end to the baseless speculation about Mr. Rove's conduct."

A onetime reporter in the Washington bureau of the Providence Journal in Rhode Island, Mr. Luskin went on to become a Justice Department attorney and after that a criminal defense lawyer. He represented the Interior Department in the 1990s during an independent-counsel probe. "Bob is an old reporter and that can be of extreme value in cases like this," says Ben Ginsberg, also a partner at Patton Boggs whose close ties to the Bush administration led him to recommend Mr. Luskin to Mr. Rove.

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The co-chairman of Patton Boggs's litigation team, Mr. Luskin was hired by Mr. Rove in October 2003 just weeks after the Justice Department had opened a criminal investigation into Ms. Plame's exposure in a column by Robert Novak.

Mr. Wilson accused Mr. Rove of being pivotal in the outing of his wife, and Democrats were clamoring for his indictment. The White House official faced a potential perjury charge last October when Mr. Libby was indicted. Mr. Fitzgerald's questions about Mr. Rove appeared focused on whether he lied to the Federal Bureau of Investigation and the grand jury initially about a conversation with Time magazine reporter Matthew Cooper, according to people familiar with the situation.

Mr. Rove testified that he had no recollection of that conversation; Mr. Cooper later testified -- and wrote in a magazine column -- that he'd talked to Mr. Rove about Mr. Wilson and his wife in a quick conversation just days before Ms. Plame's name became public in Mr. Novak's column.

Mr. Luskin actually was the one who found evidence that his client's recollection was wrong. Just prior to Mr. Rove's third appearance before the grand jury in October 2004, Mr. Luskin says he locked himself in his office for three days and personally reviewed every stitch of paper he had collected on the case, including printouts of all of Mr. Rove's emails for the period in question.

That is when he found one sent by his client to Stephen Hadley, then deputy national security adviser, mentioning a phone conversation with Mr. Cooper. Days later, Mr. Rove provided the email to Mr. Fitzgerald during a grand-jury appearance, though he maintained he still didn't recall the conversation.

"In white-collar crime cases, the game is won or lost at the indictment stage, so heading one off is Job No. 1," says Randall Elliason, former chief of the government-fraud section of the U.S. attorney's office in Washington. "The one thing he did do that appears to have paid off is to go back to the prosecutor as he learned information about [Mr.] Cooper being a possible source."

But the issue of whether Mr. Rove genuinely forgot this conversation or purposely lied wasn't settled. A key sticking point for the prosecutor was how Mr. Luskin could have known that his client was a source for Mr. Cooper if Mr. Rove hadn't told him. Had Mr. Rove lied about not remembering the conversation?

Then, last October, Mr. Luskin's media relationships and his rapport with Mr. Fitzgerald bore fruit. During a pair of meetings with the prosecutor just before he was set to seek indictments, Mr. Luskin explained that he heard from Viveca Novak, who then worked at Time magazine, over drinks at a Washington bistro one night that chatter around her newsroom indicated Mr. Cooper considered Mr. Rove a source for information about Ms. Plame.

Mr. Fitzgerald then took testimony from her and had Mr. Rove return to the grand jury room to discuss this new information. Perjury cases are notoriously difficult to win because a prosecutor has to prove that a person willfully made false statements under oath. In this matter, legal experts say Mr. Luskin's discovery of the Hadley email and revelation of his discussion with Ms. Novak may have created enough reasonable doubt.

Spokesmen for Mr. Fitzgerald and Mr. Rove declined to comment.

Analysis: Telling FBI The Truth Saved Rove (AP)

By Pete Yost

The Associated Press, June 13, 2006

The decision not to charge Karl Rove shows there often are no consequences for misleading the public.

In 2003, while Rove allowed the White House to tell the news media that he had no role in leaking Valerie Plame's CIA identity, the presidential aide was secretly telling the FBI the truth.

It's now known that Rove had discussed Plame's CIA employment with conservative columnist Robert Novak, who exposed her identity less than a week later, citing two unidentified senior administration officials.

Rove's truth-telling to the FBI saved him from indictment.

And by misleading reporters, the White House saved itself from a political liability during the 2004 presidential campaign.

While the president and the vice president underwent questioning by Special Counsel Patrick Fitzgerald in 2004, Rove's role never surfaced. The lone blip on the radar screen was a one-day flurry of news stories the month before Election Day when Rove was brought before a federal grand jury — one of his five grand jury appearances in the probe.

The extent of Rove's involvement didn't become official until Oct. 28 of last year, when Vice President Dick Cheney's chief of staff, I. Lewis Libby, was indicted on charges of perjury, obstruction and lying to the FBI about how he learned of Plame's CIA identity and what he told reporters about it.

The indictment recounted Rove's conversation with Novak about the CIA officer, as Rove later related it to Libby.

For nearly three years, the White House has refused to discuss the Plame investigation, citing the fact that it is still under way.

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"The ability of this White House to stiff the press is probably better than any previous administration," said presidential scholar Stephen Hess, a former speechwriter for President Eisenhower and an adviser to Presidents Ford and Carter. "Clearly if there are no leaks, there's no damage."

Hess said Tuesday the Plame case is an example of the news media being complicit in the White House's conduct.

"I'm saying that there was a handshake and Bob Novak was honorable to the handshake" by refusing to publicly identify his sources, said Hess. "It's not quite a deal with the devil because these people are our elected and appointed officials, but it's a question of how much you want to let them off the hook."

Lee Edwards, a distinguished fellow at the Heritage Foundation, said other administrations have "flinched or blinked or said 'we've got to do more in response to this or that crisis.'"

"Rove and everyone else has been under enormous pressure and yet they have been able to stick to it and that's remarkable," said Edwards.

Among the many unanswered questions in the Plame probe are what, if anything, Rove told President Bush about his conversation with Novak. Another question is whether Rove told Bush about his conversation with Time magazine reporter Matt Cooper.

It was the Rove-Cooper conversation on July 11, 2003, that threw the investigation back on the front pages a year ago.

Facing jail unless he cooperated with prosecutors, Cooper testified that Rove said Wilson's wife worked at the "agency" and that she was responsible for sending her husband on a CIA mission to Africa in 2002 to check out intelligence about Iraq.

"I inferred that he obviously meant the CIA and not, say, the Environmental Protection Agency," Cooper wrote in Time, recounting his conversation with Rove.

Wilson's mission to Africa was the basis for his later criticism of the Bush administration. In his State of the Union speech in 2003 in the run-up to war, Bush embraced intelligence that Saddam Hussein had recently sought significant quantities of yellowcake uranium from Africa.

From his trip, Wilson had concluded it was highly doubtful any such transaction between Iraq and Niger had taken place.

It was the Rove-Cooper conversation about Wilson's wife that became the focus of Fitzgerald's investigative interest in the president's political adviser.

Unlike the conversation with Novak, Rove didn't reveal it to the FBI until more than a year into the criminal investigation of the Plame leak.

Rove's explanation for his belated disclosure of the conversation? He says he forgot about it.

No Charges Against Rove In CIA Leak Case (LAW)

By Emma Schwartz, Legal Times

Legal Times, June 14, 2006

The special prosecutor investigating the alleged leak of the identity of a CIA operative advised White House strategist Karl Rove on Monday that he would not be charged with a crime in connection with the nearly three-year-long investigation, Rove's lawyer said Tuesday.

The announcement Tuesday by Rove attorney Robert Luskin brought to a close months of uncertainty at the White House after its top strategist came under scrutiny over his conversations with reporters.

"I was delighted and relieved for my client's sake," Luskin, a partner at Patton Boggs, says. "Obviously, he's been through a terrific ordeal."

Luskin first received a fax from special prosecutor Patrick Fitzgerald around 4 p.m. Monday. Rove was about to board a plane to New Hampshire to deliver a speech at the Republican State Committee's annual dinner when Luskin reached him via BlackBerry. They decided to hold off on a public announcement until the morning, Luskin says. He declined to elaborate further on Fitzgerald's decision. Fitzgerald's spokesman, Randall Samborn, declined to comment.

The investigation has rocked the White House for months and cast a shadow over Rove, President George W. Bush's closest adviser, who ultimately surrendered his policy-making role in the administration during the probe.

Rove first testified before the grand jury in February 2004 and returned four more times, most recently in April. That month, Rove was relieved of his policy duties at the White House.

Legal experts say the decision may signal an end to Fitzgerald's investigation into whether government officials intentionally leaked classified information -- the name of CIA operative Valerie Plame -- to the media.

Only one person has been indicted in the probe, I. Lewis "Scooter" Libby, former chief of staff to Vice President Dick Cheney, who was charged in October with false statements, obstruction of justice and perjury.

The investigation was sparked after syndicated columnist Robert Novak named Plame as a CIA operative who worked on weapons of mass destruction. The disclosure came just days after her husband, Joseph Wilson IV, wrote an op-ed article in The

New York Times criticizing the intelligence that administration officials used to bolster its claims for war against Iraq. Wilson, a former ambassador, had traveled to Niger in 2002 to examine a report that Iraq was trying to buy uranium yellowcake from Africa.

The central allegations about Rove stemmed from his July 2003 conversation with Time reporter Matthew Cooper, with whom he discussed Wilson and his wife. Rove initially admitted to talking to Novak about Wilson but did not recall any conversation with Cooper.

Then, in October 2004, Rove told the grand jury that he remembered his conversation after finding an e-mail he had written to Stephen Hadley, then-deputy national security adviser, mentioning his conversation with Cooper.

Fitzgerald's decision raises questions over what, if any, role Rove may play in Libby's upcoming trial, now scheduled for early next year. Former federal prosecutor Peter Henning, now a professor at Wayne State University, says it is possible that Rove could be called as a witness, but "it's not clear how helpful Rove will be for one side or the other."

Libby's attorney, William Jeffress Jr., declined to comment.

Frogs Aren't Marching (WSJ)

The Wall Street Journal, June 14, 2006

So much for having Karl Rove "frog-marched" out of the White House "in handcuffs." That's the fate Democratic partisan Joe Wilson once predicted for President Bush's political guru, and yesterday his hope and accusations vanished like fog on the Potomac.

Special Prosecutor Patrick Fitzgerald informed Mr. Rove's lawyers on Monday that he'll bring no charges as part of his investigation into who leaked the CIA identity of Mr. Wilson's wife, Valerie Plame. Mr. Wilson's original claims that Mr. Bush lied about Iraq intelligence have been discredited many times over, including in a bipartisan report from the Senate Intelligence Committee. And now we know that even the relentless Mr. Fitzgerald has concluded that the charge that Mr. Rove criminally blew Ms. Plame's CIA cover is false.

The mystery is why Mr. Fitzgerald kept Mr. Rove twisting in the wind for so long. The prosecutor has been on the case for two-and-a-half years, and he long ago learned the source for the July 2003 Robert Novak column that "outed" Ms. Plame and was the reason he was appointed. Mr. Rove was forced to make no less than five grand jury appearances, the latest as recently as April.

In the end, it seems Mr. Fitzgerald was trying to trap Mr. Rove over the minor matter of his failure to remember a conversation with Time reporter Matthew Cooper. But Mr. Rove is the one who later volunteered information about the conversation to Mr. Fitzgerald, after a check of White House records reminded him of it. A perjury or obstruction accusation based on that inconsequential discrepancy would have been prosecutorial misconduct.

The Rove decision also finally discredits the accusation that there was some grand White House conspiracy to smear Mr. Wilson. Mr. Fitzgerald has brought no charges concerning the original leak, which means there was no underlying crime. His entire case -- and this entire "scandal" -- has been distilled to charges of perjury and obstruction against one man, former Vice Presidential Chief of Staff I. Lewis "Scooter" Libby.

And that one case comes down to nothing more than the fact that Mr. Libby's memory of conversations with three reporters differs from that of the reporters themselves. Think we're exaggerating? Here's how the judge in the case, Reggie B. Walton, summarized it in a recent ruling on evidence: "The charges against the defendant are based entirely [our emphasis] upon what the defendant has said was discussed during his conversations with these news reporters."

Those conversations took place in the summer of 2003, while the reporters didn't testify about them for Mr. Fitzgerald until a year or more later. Memories aren't always perfect, and Mr. Libby's lawyers will no doubt have ample room to cast doubt on those recollections against the record of notebook entries and public statements made by the reporters. Mr. Fitzgerald will also have to prove why a seasoned lawyer such as Mr. Libby had a motive to lie if there was no underlying crime to cover up.

We should add that the lack of any underlying crime also means that Mr. Fitzgerald's pursuit of journalistic sources in this case violated the Justice Department's own guidelines, which state that "there should be reasonable grounds to believe . . . that a crime has occurred, and that the information sought is essential to a successful investigation."

Mr. Fitzgerald could ignore those guidelines because he was a "special" counsel subject only to the supervision of the friend who appointed him, former Deputy Attorney General Jim Comey. Only weeks into his probe, he had his official orders changed to include investigation of perjury, suggesting that even at that early stage he had concluded that the original leak was probably not a crime.

The tragedy of this episode is that a political fight over the war in Iraq was allowed to become a criminal matter. Mr. Wilson spun his false tale in an effort to discredit the war and deny Mr. Bush a second term. The liberal media put partisanship above their own interests in demanding a special counsel probe of "leaks" -- until that probe turned on their own sources. The Attorney

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General at the time, John Ashcroft, passed the buck to Mr. Comey by recusing himself on flimsy grounds -- an act of political and legal abdication.

So what we are left with is a three-year political spectacle that has kept the White House under siege during a war, weakened or pushed out of office some of its most important aides, and made liberal celebrities of Mr. Wilson and his wife. And to what public purpose? A prosecutor with more wisdom than Mr. Fitzgerald would have long ago understood he was injecting himself into a political brawl, closed his case and left the outcome to the voters.

U.S. Challenges House Leaders On Searches (AP-Y2)

By Mark Sherman, Associated Press Writer

AP2, June 14, 2006

House leaders who called the late-night search of Rep. William Jefferson (news, bio, voting record)'s office unconstitutional seek special treatment for lawmakers that would allow them to block criminal investigations, the Justice Department said Tuesday.

Democratic and Republican leaders essentially are calling for a member of Congress to be given notice of a search and to be allowed to be present for it, rights "that are not available to any other person" under constitutional protections against unreasonable searches and seizures, government lawyers said in a 27-page court filing.

If the House leaders have their way, lawmakers also would be able to determine what documents do not have to be turned over to investigators or cannot be used in prosecution, the department said. In that circumstance, "a member of Congress could easily thwart a criminal investigation by unilaterally declaring certain documents to be privileged," the government said.

House Speaker Dennis Hastert, Democratic leader Nancy Pelosi, Majority Leader John Boehner, Republican Whip Roy Blunt and Democratic Whip Steny Hoyer last week asked a federal judge to declare unconstitutional the search of Jefferson's office May 20-21. Such a move could undermine part of a lengthy bribery investigation of the Louisiana Democrat.

The leaders said the search was heavy-handed and threatened the balance of power in government. But they also acknowledged that the FBI has every right to investigate Jefferson.

Chief U.S. District Judge Thomas F. Hogan, who approved the warrant, has scheduled a hearing Friday.

The FBI raid on a congressional office was the first ever, congressional and executive branch officials have said.

The government employed teams of lawyers and investigators who are not involved with the case to sort through the documents in an effort to prevent material protected by the Constitution's separation of powers from being read by prosecutors, the department said.

To ease tension with the House over the search, President Bush stepped in and ordered the material seized in the raid to be sealed until mid-July to give the House and the Justice Department time to negotiate a resolution.

At issue is a constitutional provision known as the speech and debate clause, which protects senators and representatives from being questioned by the president, a prosecutor or a plaintiff in a lawsuit about their legislative work.

If the search is not invalidated, the House leaders said, the Justice Department could use the threat of similar raids to intimidate Congress into scaling back its oversight of the agency and its components, such as the FBI.

Deliberations In Safavian Trial Postponed (AP)

By MICHAEL J. SNIFFEN, The Associated Press

AP, June 14, 2006

WASHINGTON (AP) — A federal court jury in the first trial of the Jack Abramoff lobbying scandal was sent home four hours after beginning deliberations Tuesday so the judge could consider whether to dismiss a juror for misconduct.

Former Bush administration official David Safavian is charged with concealing from ethics officials and investigators that he assisted Republican influence-peddler Abramoff's efforts to obtain two government properties.

The jury of 10 women and two men had selected a foreperson but had not even received their written copies of jury instructions nor begun any substantive deliberations when the problem arose.

Prosecutors argued that a female juror should be dismissed because she disregarded the judge's instructions on several occasions and told other jurors Tuesday she had discussed the costs of a golf trip to Scotland with her father. Safavian's expenses for the August 2002 trip arranged by Abramoff have been an issue in trial testimony.

The defense opposed replacing the juror with an alternate and said U.S. District Judge Paul Friedman should just give jurors a stiff warning to stop all outside discussions.

U.S. District Judge Paul Friedman, who questioned the juror, decided he wanted to study similar cases before ruling on the government's dismissal motion. He said he would rule Wednesday morning, and asked the jury to return then.

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He also denied the jury's request for a dictionary and told the jurors that if they needed definitions or had other questions to ask him by note.

Abramoff, the disgraced lobbyist and former business partner of Safavian, was never called to testify, a point Safavian's defense attorney emphasized in closing arguments Monday.

The defense characterized the trial as a clear case of prosecutorial excess, but the government depicted Safavian as an ethically challenged public servant trying to serve two masters.

As the General Services Administration's chief of staff, Safavian "was appointed by the president to serve the people of the United States, but he chose instead to serve Jack Abramoff," Justice Department lawyer Nathaniel Edmonds told the jury on Monday.

Prosecutors seized on dozens of e-mails in which Abramoff and Safavian exchanged information about two pieces of GSA-controlled property that Abramoff wanted for himself or his lobbying clients. Many of the e-mails were written around the time that Safavian accepted a weeklong trans-Atlantic golfing jaunt from Abramoff.

Safavian lawyer Barbara Van Gelder said Safavian "was trying to do the right thing" when he paid $3,100 for the trip and got ethics approval for the weeklong golfing excursion to Scotland and London organized by Abramoff.

"He told everybody about this trip" including his boss, Van Gelder said.

Edmonds said Safavian revealed nothing about the three-day London leg of the trip or the extent of the lavish accommodations. Prosecutor Peter Zeidenberg said if Safavian had told the truth, "there would have been questions" about who was paying for it and what business Abramoff had with GSA. Safavian told the ethics officer that Abramoff did all his work on Capitol Hill, a statement Van Gelder said is "literally true."

She said the government failed to prove its case by not summoning Abramoff to testify.

"Where's Jack?" Van Gelder asked the jury in final arguments.

"If the government does not call Jack Abramoff they have not met their burden," Van Gelder said.

Prosecutors gave no reason for not calling Abramoff, who would likely be a witness if the Justice Department assembles criminal cases against any members of Congress. The disgraced lobbyist has pleaded guilty to crimes in federal courts in Washington, D.C., and in Miami.

Two Ex-cops Who Moonlighted As Mob Hit Men Turn Against Their Lawyers (FINDLAW/AP)

By Larry Mcshane, Associated Press Writer

AP, June 14, 2006

(AP) - NEW YORK-Wearing sharply tailored suits and sharing "Godfather"-style kisses in the courtroom, attorneys Bruce Cutler and Edward Hayes appeared a formidable defense team for two ex-New York Police Department detectives accused of moonlighting as hit men for the mob.

Now, two months after Louis Eppolito and Stephen Caracappa were convicted of eight slayings, the former cops are charging that their lawyers botched the case - and asking a federal judge to throw out the verdict.

Both Cutler and Hayes were disappointed by the allegations from their one-time clients, saying Eppolito and Caracappa were desperate men motivated by the life sentences awaiting them if their appeal fails.

"I was just so personally offended," Cutler said. "One day you're begged to come in, and the next day you're knocked by the client, who to me is delusional in a certain respect. He's certainly ungrateful and shameless."

The defendants' new lawyers were unsparing in their assessment of their predecessors.

"Hayes' indifference to Mr. Caracappa's defense, both in terms of preparation and understanding, was apparent throughout the case," Daniel Nobel, who now represents Caracappa, said in court papers.

Joseph Bondy, the new attorney for Eppolito, said Cutler "spent the majority of Mr. Eppolito's closing argument speaking about himself, including that he lost over 14 pounds during trial, loved Brooklyn as a borough of bridges and tunnels, and was an admirer of the great Indian Chief Crazy Horse."

A hearing is set for June 23 on the defendants' allegations of ineffective counsel.

The allegations against Cutler and Hayes are at odds with their reputations.

Cutler, a burly, swaggering figure, is best known for defending Mafia boss John Gotti, employing a loud and merciless style of cross-examination known as "Brucifixion." And Hayes, author of the recent memoir "Mouthpiece," had a client list that included Sean "Diddy" Combs and Robert De Niro; he was the model for the impeccably tailored, street-smart defense attorney in Tom Wolfe's "The Bonfire of the Vanities."

When the two decorated former detectives were convicted April 6, Hayes shared a tearful courtroom hug with Caracappa. Their rapport has since vanished.

"He's desperate - who else can he attack?" Hayes said. "I am surprised, however, since I didn't think he was like that."

"They started off blaming the government and the prosecutors, blaming this and that," Cutler said. "Who's left? Us. I am rankled and angry."

Eppolito, 57, and Caracappa, 64, were found guilty of committing or facilitating eight killings while on the payroll of both the NYPD and Luchese family underboss Anthony "Gaspipe" Casso.

Their new lawyers charged that Cutler and Hayes failed to attack a possible flaw in the government case: That the alleged racketeering enterprise did not continue once the defendants retired and moved to Las Vegas. That would mean the five-year statute of limitations had expired and the convictions would be invalid.

The court filings also included complaints that Cutler and Hayes ignored their clients, that Eppolito was denied his right to testify, and that cross-examination of prosecution witnesses was improperly handled.

Neither Eppolito or Caracappa took the witness stand, though Cutler probably will at the hearing this month.

"I don't want to hurt Lou, and I certainly don't want to hurt Steve," Cutler said. "But I will be heard."

Laski Sentenced To 24 Months In Chicago Corruption Case (CHIT)

By Jeff Coen, Tribune Staff Reporter

Chicago Tribune, June 14, 2006

James Laski at times dabbed tears from his eyes as a federal judge sentenced the former Chicago city clerk to 2 years in prison for taking nearly $50,000 in bribes to steer city business to trucking companies run by his friends.

Laski is the highest-ranking official to be charged in the federal investigation of the scandal-ridden Hired Truck Program.

"After 26 years in government service, I have thrown everything away for the sum of $48,000," the 52-year-old Laski told the court before the sentence was handed down.

The comment brought a rebuke from U.S. District Judge Charles Norgle that Laski was oversimplifying the case. Norgle said Laski's conduct was the kind of breach of trust that saps the faith of ordinary citizens in their government.

It's intolerable that people would start to assume that it always takes crooked dealings to get city contracts, the judge said.

"The good guys lose here," Norgle said. "Honorable guys who have companies and want to do business with the city are the losers."

But Norgle did offer a measure of leniency in the case. Laski could have been sentenced to 30 to 37 months in prison, according to federal guidelines.

Assistant U.S. Atty. Manish Shah had sought a sentence within that range, reminding the judge that Laski attempted to obstruct the probe by asking friends to lie to investigators.

"He was the elected city clerk of the City of Chicago, essentially selling his clout to line his own pockets," Shah said, calling the bribes Laski's "walking around money."

"It allowed him to redo his kitchen, it allowed him to stock his family's vacation home in Wisconsin," he said. Laski also told federal investigators he was involved in ghost payrolling while an alderman in the early 1990s, Shah said.

The judge said he factored in all the mitigating circumstances in Laski's case, including his guilty plea and cooperation and the fact that Laski has a 9-year-old son who has an extreme anxiety disorder and requires special care.

Jeff Steinback, Laski's lawyer, called his client's conduct "inexcusable and wrong," but also said he had done much good as an alderman and then as clerk. Laski's resignation letter in February ended more than two decades of public service and 11 years in the clerk's office.

Laski has a long history of battling an anxiety disorder himself, Steinback said, and he is seeing a psychologist. A presentence report said Laski has been drinking more than nine beers a night in recent months, the judge noted.

"Jim Laski is using every ounce of energy he possesses, mental and physical, to hold himself together today," Steinback said.

Laski pleaded guilty to taking monthly bribes of $500 to $1,000 from friend Michael "Mick" Jones, an operator of Get Plowed Inc. trucking company. Jones, who also was an official in the clerk's office, has pleaded guilty and will be sentenced in August.

Laski also pleaded guilty to taking $2,000 a month from another friend, Randy Aderman, another city employee, to steer work to FRC Trucking. Aderman pleaded guilty and is to be sentenced next week.

Laski told the judge that his conduct was a betrayal of the city and his family's pride.

"The citizens of Chicago don't deserve a public official that accepted bribes," he said. "I have to live with that shame for the rest of my life."

Steinback said Laski expects to make a public statement about his case next week. Laski did not speak to the media as he left the Dirksen U.S. Courthouse.

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Ex-city Clerk Gets 2 Years In Jail (CHIST)

By Natasha Korecki, Federal Courts Reporter

Chicago Sun-Times, June 14, 2006

Disgraced city clerk James Laski was sentenced this morning to 24 months in prison for taking $48,000 bribes in connection with the Hired Truck Program and coaching a witness to lie to a grand jury.

U.S. District Judge Charles Norgle could have given Laski up to 37 months but took into account Laski's family situation and his acceptance of responsibility for his crimes.

Laski, 52, is the highest-ranking public official convicted in the Hired Truck scandal. He pleaded guilty earlier this year.

"I have thrown away everything for $48,000," Laski, who often wiped away tears during this morning's hearing, told the judge.

Laski served as Chicago's city clerk for 11 years.

His lawyer, Jeffrey Steinback, had sought a reduced sentence, saying Laski suffers from a severe anxiety disorder, as does one of his children.

City Hall Lawyer: I Was Unaware Of Hiring 'Irregularities' Before April 2005 (CHIT)

By Dan Mihalopoulos And Rudolph Bush, Tribune Staff Reporters

Chicago Tribune, June 14, 2006

The top lawyer in Mayor Richard Daley's administration told a federal jury Tuesday that she was unaware of any "irregularities" in city hiring until after the FBI raided the mayor's office last year.

Testifying against the mayor's former patronage chief Robert Sorich, Corporation Counsel Mara Georges also said she did not know before the April 2005 raid that officials in the mayor's office kept lists of politically connected job seekers.

Georges became the highest-ranking city official to take the stand in the trial of Sorich and three other ex-city officials. The defendants are accused of rigging hiring and promotions for many city jobs to favor pro-Daley campaign workers.

The trial has focused attention on patronage hiring, a practice that supposedly faded into Chicago's past more than 20 years ago, when the city agreed to the federal Shakman decree. For years before the hiring scandal broke, Daley administration officials had maintained that the city was abiding by the decree.

Georges testified Tuesday about two conversations she had in June 2005 with Sorich and co-defendant Timothy McCarthy, Sorich's aide in the mayor's Office of Intergovernmental Affairs.

The purpose of the meetings was to learn what that office's role was in hiring and how the city's hiring process could be improved, Georges said.

Prosecutors charge that the office dictated who received city jobs that were supposed to be filled without regard to applicants' political ties.

But when Georges discussed Intergovernmental Affairs' role in hiring with Sorich and McCarthy, neither mentioned to her that they participated in filling positions covered by the Shakman decree, she said.

Her testimony was intended to support prosecutors' contention that Sorich and McCarthy took steps to conceal the alleged hiring scheme.

Georges also testified that she had discussions with McCarthy about a color-coded list of applicants for city truck driver jobs that FBI agents found in city offices.

Prosecutors say the list was used to track how many jobs went to campaign workers under pro-Daley political coordinators such as then-Streets and Sanitation Commissioner Al Sanchez.

But Georges said McCarthy told her the list helped Intergovernmental Affairs keep an eye on Sanchez, a leader of the Hispanic Democratic Organization.

Georges said McCarthy told her of "rumors that Al Sanchez was favoring Hispanics who were members of Hispanic Democratic Organization in the hiring of motor truck drivers."

On cross-examination, attorneys for Sorich and McCarthy pointed out that Georges never specifically asked the men whether Intergovernmental Affairs had a role in hiring for jobs covered by the Shakman decree.

McCarthy's attorney, Patrick Deady, also questioned Georges about a 2005 meeting in McCarthy's office when he showed her a stack of résumés received by Intergovernmental Affairs.

"Did it seem like he was trying to hide anything?" Deady asked.

"No, he was not," Georges said.

It was not clear from the testimony whether those résumés were for Shakman-covered or Shakman-exempt jobs. About 1,000 of the city's 38,000 jobs are Shakman-exempt, meaning the administration could staff them with political appointees.

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Defense attorney Thomas Anthony Durkin attempted several times to question Georges about whether the mayor was aware of Intergovernmental Affairs' role in hiring.

But U.S. District Judge David Coar prevented Georges from answering any questions that strayed far beyond her testimony about the 2005 meetings with Sorich and McCarthy.

Durkin asked if Georges knew that Daley instructed Intergovernmental Affairs officials to ensure racial diversity for all city jobs, including those covered by the Shakman decree.

"No, I don't know what you're referring to in regard to Shakman-covered positions," Georges responded.

Durkin has said Daley told federal prosecutors last year that he gave Intergovernmental Affairs responsibility for recommending job candidates in an effort to increase racial diversity.

Daley's statement to prosecutors has not been made public, and neither Daley nor anyone in his administration has publicly represented what he said.

Georges only once invoked attorney-client privilege in declining to answer a question Tuesday. Coar allowed her to decline to answer Durkin's question about a conversation she had with the mayor's chief of staff, Ron Huberman, shortly after the federal raid.

Georges' testimony that she was unaware Intergovernmental Affairs officials were involved in hiring for Shakman-covered positions appeared to contradict a key defense theory

Durkin has argued that Georges and other top city officials knew as early as 1997 that Intergovernmental Affairs kept lists of politically connected job applicants.

Intergovernmental Affairs officials turned the lists over to Georges and former Corporation Counsel Brian Crowe in connection with an unrelated federal investigation, Durkin has said.

Coar has blocked jurors from hearing testimony about the defense theory. He is expected to rule on the matter Wednesday.

Georges also testified about how Daley administration officials decided to admit publicly last year that politics had affected some hiring.

FBI agents arrived at City Hall armed with search warrants about 8 p.m. April 29, 2005. Georges said she remained with them at the mayor's office until almost 3 a.m. April 30.

Georges said she personally investigated the 2004 hiring of truck drivers by pulling records from the Personnel Department. What she found there, she said, prompted a news conference in late May 2005.

Coar sustained objections from prosecutors when Durkin asked, "Where was the mayor in all of this?"

Georges declined comment as she left the courthouse, saying her testimony would continue Wednesday.

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Suspended Bolivar Official Enters Pleas To Felony Charges (BSH)

Biloxi Sun Herald, June 14, 2006

GREENVILLE, Miss. - Bolivar County Administrator Adrian Brown entered not guilty pleas Tuesday to felony charges of receiving kickbacks and witness tampering.

Brown entered the pleas during a hearing before U.S. Magistrate Judge Eugene Bogen.

"The reason why he pleaded not guilty is because he is truly not guilty," said attorney Douglas Greene of Fort Worth, Texas, who represented Brown at the hearing.

"He is a rookie in the middle of a veteran political game," Greene said.

Brown, 29, was arrested June 6 by FBI agents. He was later released on $20,000 bond.

At the time of his arrest, federal authorities said Brown was accused of soliciting and accepting a kickback for work for Bolivar County, which was to be reimbursed by the Federal Emergency Management Agency. He said Brown is also accused of attempting to intimidate a witness in the investigation.

Brown has been administrator in Bolivar County since April 2004. He previously was project administrator for South Delta Planning and Development District Inc. in Greenville.

On Monday, Brown was suspended without pay by the Bolivar County Board of Supervisors pending a determination by the state attorney general's office.

California Man Charged As Enforcer For Israeli Cartel Pleads Guilty (FINDLAW/AP)

By Jeremiah Marquez, Associated Press Writer

AP, June 14, 2006

DOJ_NMG_0033929

(AP) - LOS ANGELES-A reputed enforcer for a notorious Israeli cartel decided to take a plea deal Tuesday in the midst of his federal trial - after a top-ranking member of the group testified against him, officials said.

Hai Waknine - a 35 year-old Israeli national who lives in Marina del Rey, California, and describes himself as a businessman - pleaded guilty to a single racketeering charge, according to Assistant U.S. Attorney Tom Sleisenger. Under a deal with the government, he will be sentenced to nine years in prison, Sleisenger said.

Waknine had faced 46 counts of racketeering, extortion, conspiracy, and other charges stemming from an alleged scheme to hide money embezzled from an Israeli bank by loaning it out in Miami and Los Angeles. Waknine was accused of threatening violence to get debtors to pay up.

The turnabout came shortly after a morning of testimony from Gabi Benharosh, a powerful member of an organized crime syndicate known as the Jerusalem Group. Authorities say the syndicate has enriched itself through loan sharking, extortion, money laundering and illegal gambling in Israel, Europe, California, Nevada and elsewhere in the U.S.

Benharosh told jurors Waknine had helped devise the scheme and collect the money, Sleisenger said. That conflicted with the defense's argument that Waknine acted under duress and was merely doing Benharosh's bidding.

A message left with defense attorney David Kenner was not immediately returned Tuesday.

Waknine is out on $2 million (â,¬1.6 million) bond until his sentencing in September, Sleisenger said.

Benharosh agreed to a plea bargain in March but has yet to be sentenced.

Prosecutors allege that an employee of the Tel Aviv Trade Bank embezzled funds to help pay off her brother's debt to Benharosh and other members of the Jerusalem Group.

After receiving part of the funds, Benharosh wanted to leave Israel amid a police investigation into the bank employee, traveling to the U.S. where he met Waknine, prosecutors said. With Waknine's help, money was then lent to two people in Miami, one in Los Angeles.

In one case, Waknine and two associates threatened to "physically harm" a man if he did not pay back the $520,000 (â,¬413,650) that Benharosh loaned him, according to court documents.

And in March 2003, he and three others visited the Los Angeles debtor and allegedly demanded that he repay $950,000 (â,¬755,708). One of Waknine's strongmen, the victim of a bomb blast, then showed the man scars on his legs and implied the same could happen to him. Waknine later demanded an inflated repayment of $2 million (â,¬1.6 million), according to prosecutors.

Duke's Redick Charged With DWI, Cancels Orlando Workout (WP)

The Washington Post, June 14, 2006

Duke basketball star J.J. Redick was arrested early yesterday in Durham, N.C., on charges of drunken driving, another blow to a school shaken by a lacrosse scandal.

Redick, the Associated Press player of the year, also was charged with unlawful use of highways for making an illegal U-turn.

Redick, who has a Virginia driver's license, lost his driving privileges in North Carolina for 30 days, police spokeswoman Kammie Michael said.

Redick, 21, was released on $1,000 bond shortly after being taken before a Durham County magistrate. He is to appear in court July 17. The arresting officer wrote in his report that Redick had "very glassy eyes, strong odor of alcohol coming from breath."

Redick had a blood-alcohol level of 0.11 percent. The legal limit for drivers in North Carolina is 0.08.

"I regret what happened last night and want to apologize to my family and the Duke community for the incident," Redick said in a statement issued by the university.

Redick finished his career as the leading scorer in ACC history, averaging 27 points per game last season. He is expected to be a high first-round pick in the June 28 NBA draft.

On Monday, he canceled a workout scheduled for today with the Orlando Magic, which has the No. 11 pick in the draft. Magic spokesman Joel Glass declined to say why Redick backed out, and no workout had been rescheduled.

"J.J. knows he made a mistake and regrets it," Duke Coach Mike Krzyzewski said in a statement. "He represented the very best in college athletics and exhibited outstanding character at Duke the last four years. He is and will continue to be a credit to the Duke basketball family. As his friend and his coach, he has my total support."

-- From News Services

Antigua Hits Back At US Gaming Laws (FT)

By Frances Williams In Geneva

Financial Times, June 14, 2006

The tiny Caribbean island state of Antigua and Barbuda has taken the first steps to haul the US back before the world trade court in a long-running dispute over internet gambling.

Antigua, which has a population of 68,000, says Washington has failed to comply with a World Trade Organisation ruling last year that US internet gambling laws discriminate against foreign suppliers. As a result, Antigua claims to have lost a large chunk of the rapidly growing offshore gaming business it has been building to diversify its economy away from tourism. US gamblers are estimated to account for about half the $12bn global internet gaming market.

This week, Antigua requested meetings with the US, a prelude to the establishment of a WTO panel to judge compliance. If, after any appeals, the WTO finds the US still in breach of fair trade rules Antigua can ask for permission to retaliate. "Obviously, we are going to have to be a bit creative in order to come up with something to motivate the Americans," Mark Mendel, a US lawyer advising Antigua, said after the April 3 2006 deadline set for US compliance expired.

Antigua is especially aggrieved because the US has taken no action to implement the WTO ruling, claiming - on the basis of an interpretive statement by the justice department - that its laws are already in compliance.

"Antigua and Barbuda does not believe that a simple restatement of a legal position taken by a party to a dispute . . . can be considered a [compliance] measure," Antigua says in its consultation request.

The US argues it does not discriminate against foreign suppliers of internet gambling services because domestic suppliers are equally restricted in offering services across state boundaries.

The WTO agreed the US ban on cross-border gambling services could be justified under WTO rules to protect "public morals" but pointed out remote gambling wagers were permitted under the 1978 Interstate Horseracing Act. Allowing remote gambling on horse races while banning the remote supply of gambling services from overseas suppliers was discriminatory, it said.

www.wto.org

Rep. Kennedy Gets Probation After Guilty Plea (WP)

By Henri E. Cauvin

The Washington Post, June 14, 2006

Rep. Patrick J. Kennedy, who lost control of his car near the Capitol last month in what he says was a drug-induced stupor, pleaded guilty yesterday to driving under the influence of prescription medication and could face 10 days in jail if he fails to comply with a long list of court-imposed conditions.

Placed on probation for a year, Kennedy (D-R.I.) must meet monthly with the psychiatrist overseeing his after-care treatment and attend weekly meetings of a recovery group and Alcoholics Anonymous. Kennedy also must submit to random drug screening and meet regularly with a psychiatrist to monitor his mood and anxiety and use of mental health medications.

"I've always said that I wanted to take full responsibility for my actions," Kennedy said in a brief statement outside the D.C. courthouse. "Today in court, I did just that. I accepted the consequences of my actions."

The plea agreement, which was in the works when Kennedy returned from a month-long stay at the Mayo Clinic in Minnesota, was presented yesterday afternoon in D.C. Superior Court. Earlier in the day, Kennedy was charged with driving under the influence, reckless driving, and driving without a permit. The latter two charges were dropped in return for the guilty plea.

Kennedy, 38, who has admitted abusing pain pills and alcohol as an adult, has said that he took prescription medication to calm stomach inflammation and to help him sleep the night of the crash. He has said that he does not recall getting out of bed and has no memory of the May 4 accident in the 100 block of C Street SE, outside the Cannon House Office Building.

U.S. Capitol Police officers suspected that Kennedy was intoxicated when he staggered out of his Ford Mustang shortly before 3 a.m. after he nearly hit a police car and then crashed into a security barrier. But the six-term congressman -- who said he was trying to reach the Capitol for a vote -- was not given a sobriety test. Instead, Capitol Police commanders ordered that Kennedy be driven to his nearby home, touching off complaints that the son of Sen. Edward M. Kennedy (D-Mass.) received special treatment.

Appearing yesterday before Magistrate Judge Aida L. Melendez in a courtroom filled with reporters and curious courthouse employees, Kennedy looked calm and attentive as the events of that night were recounted.

Deputy D.C. Attorney General David M. Rubenstein said that after emerging from his green 1997 Ford Mustang, Kennedy was slurring his words and nearly fell over at one point. Kennedy was not carrying his driver's license or his congressional identification, and his eyes were red and watery, Rubenstein said.

When officers brought him home, Kennedy spent several minutes trying to open a gate before realizing that his house was next door, Rubenstein said.

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A day later, Kennedy left for the Mayo Clinic to be treated for an addiction to prescription medicines. It was his second trip to the clinic in less than a year, he said. He had been a patient there during Congress's winter recess and had left the clinic "reinvigorated and healthy," he said.

Next to his attorney, N. Richard Janis, Kennedy was clear and firm in his responses to the judge's routine inquiries about his intention to plead guilty and the implications of such a decision. "Yes," he was satisfied with his attorney's service. "No," he had not taken any drugs or medication in the last two days. Only once was he more expansive. "I am pleading guilty to driving under the influence," he said.

Last week, Kennedy made his first public appearance since his clinic stay. Speaking at a Brown University conference on mental health care and addiction treatment, he said he was "confident" about his health and "positive" about his future. Kennedy also said last week that Rep. Jim Ramstad (R-Minn.), who is a recovering alcoholic, had visited him at the clinic and would serve as his sponsor in recovery.

Ramstad was in court with Kennedy yesterday. Afterward, as Kennedy addressed reporters, he singled out Ramstad for thanks, calling him a "true friend."

"Personally now, he has been so important to me in this very difficult time," Kennedy said.

Recalling his own wake-up call 25 years ago, Ramstad said he was happy to be Kennedy's sponsor. "He's accepted his addiction, and he's going to be just fine one day at a time," Ramstad said.

Kennedy did not take any questions as he and his entourage left the plaza in front of the courthouse. He ignored a reporter's question about whether he had been drinking the night of the crash; he had said in May that he did not consume alcohol that evening.

Traci L. Hughes, a spokeswoman for the D.C. attorney general's office, said no evidence has been uncovered to indicate that Kennedy was drinking before the crash.

Kennedy also did not respond when asked whether he intended to resign. His spokeswoman said that he has no intention of doing so.

But the next year is likely to be one of the more scrutinized of his life, with the regular doctor visits, the random drug tests and the weekly AA meetings that were ordered by the judge.

Along with those conditions, he must perform 50 hours of community service with the Boys and Girls Club of Greater Washington and must contribute $250 to the organization. Also, he must not use illicit substances or engage in any other illegal activity.

If he goes astray in any way, he could be in trouble with the court. Melendez sentenced him to 10 days in jail and a $300 fine but suspended both penalties -- meaning she can impose them if Kennedy violates the terms of his probation.

Kennedy, who was born in Massachusetts, graduated from Providence College and stayed in Rhode Island to launch his political career. He was elected to the state House of Representatives in 1988 at age 21 and was reelected in 1990 and 1992 before moving to Congress.

Representative Kennedy Reaches Deal (NYT)

By David Stout

The New York Times, June 14, 2006

WASHINGTON, June 13 — Representative Patrick J. Kennedy pleaded guilty this afternoon to driving under the influence of prescription drugs in connection with a car crash near the Capitol early on the morning of May 4 and was placed on probation for one year.

Mr. Kennedy, 38, entered his plea in District of Columbia Superior Court, where two other charges, reckless driving and failure to exhibit a driving permit, were dismissed under an agreement he reached with prosecutors.

"I am pleading guilty to driving under the influence," Mr. Kennedy told Magistrate Judge Aida Melendez, according to The Associated Press.

Judge Melendez said that Mr. Kennedy would serve 10 days in jail if he violated his probation and that he must continue drug treatment. The judge also fined the congressman $350, of which $250 will go to the Boys and Girls Club of Greater Washington and the remaining $100 to a crime victims' fund.

Standing in the sunshine outside the courthouse afterward, Mr. Kennedy said, "I accepted the consequences of my actions." He said he was looking forward to "the next chapter of my life."

Mr. Kennedy appeared with Representative Jim Ramstad, a Minnesota Republican whom he described as his "true friend" and sponsor, and said he was "very grateful to be on the road to recovery" and eager to get back to work for his Rhode Island constituents.

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Mr. Ramstad described himself as "a grateful recovering alcoholic of nearly 25 years who had a similar wake-up call on July 31, 1981." On that day, nine years before he was elected to Congress, he awoke in jail after a night of drinking ended in a brawl, according to The Almanac of American Politics.

Mr. Ramstad's ties to the Kennedy family go back more than four decades. He met President John F. Kennedy in 1963 in the same Rose Garden ceremony where a young Bill Clinton was photographed shaking the president's hand, according to the political almanac. Mr. Ramstad appeared in the background of the now-famous picture.

Representative Kennedy, a six-term Democrat and the son of Senator Edward M. Kennedy of Massachusetts, checked himself into the Mayo Clinic the day after the crash to be treated for drug dependency.

The congressman has said that he has no memory of driving his car into a security barrier around 3 a.m., and that he had not been drinking beforehand, even though the initial police report listed alcohol as a factor in the accident. Rather, Mr. Kennedy has said, he was under the influence of prescription anti-nausea and sleep medications, which he had taken at the "prescribed amount."

Shortly after leaving the Mayo Clinic, the congressman said he continued to suffer from bipolar disorder and a tendency toward addiction. "The key to recovery will be a small group of people who will watch over me," he said at a news conference.

And at a Rhode Island health-care conference on June 5, Mr. Kennedy said he was "confident about my health, positive about my future and passionate about my work representing the people of a Rhode Island."

The congressman said he was touched by the outpouring of support he had received "from everyone from priests to police officers." Mr. Kennedy said a Congressional colleague, a Republican, told him he was "praying that your experiences and your struggles will become your greatest blessings."

Kennedy Sentenced After Guilty Plea To DUI (AP-Y2)

By Andrew Miga

AP2, June 13, 2006

A judge sentenced Rep. Patrick Kennedy (news, bio, voting record) to drug treatment and a year's probation after he pleaded guilty Tuesday to driving under the influence of prescription drugs.

Kennedy, D-R.I., will also pay $350 in connection with his middle-of-the-night car crash last month near the Capitol that he has said he has no memory of.

Two other charges against Kennedy were dismissed as part of a plea deal: reckless driving and failure to exhibit a driving permit.

Accompanied by his lawyer, the son of Sen. Edward Kennedy (news, bio, voting record), D-Mass., entered his plea Tuesday afternoon before District of Columbia Superior Court Magistrate Judge Aida Melendez.

"I am pleading guilty to driving under the influence," he said.

Melendez ordered Kennedy to undergo court-monitored drug treatment and pay $350 — $250 of which would go to the Boys and Girls Club of Greater Washington, and $100 to a crime victims' fund. She also gave Kennedy a 10-day jail sentence that was suspended unless he violates probation, and she ordered him to serve 50 hours of community service with the boys and girls club.

"I've always said that I wanted to accept full responsibility for my actions," Kennedy told reporters outside the courthouse. "Today in court, I did just that. I accepted the consequences of my actions. I look forward today to moving on to the next chapter in my life."

Kennedy was joined in court by Rep. Jim Ramstad (news, bio, voting record), R-Minn., who is his sponsor in Alcoholics Anonymous. Ramstad said he'd had a "wake-up call" similar to Kennedy's several years ago.

"I'm grateful he has accepted his addiction and he is going to be just fine one day at a time," Ramstad said.

D.C. Attorney General Robert Spagnoletti issued a statement saying Kennedy "has been treated like any other citizen found guilty of driving under the influence," and is expected to honor the terms of his probation.

Under the plea deal, Kennedy must attend weekly meetings of Alcoholics Anonymous and a recovery group facilitated by his physician, Dr. Ronald Smith. He must check in with Ramstad once a week and submit to random urine screenings for drug abuse.

Kennedy also has to meet regularly with a "qualified psychiatrist to monitor mood symptoms, anxiety and use of psychotropic prescription medications," according to court documents.

Because of his guilty plea, Kennedy's driving privileges will be revoked in D.C. for six months, an aide said. Kennedy has notified Rhode Island registry officials of his plea and expects his Rhode Island license will also be suspended, the aide said.

Kennedy returned to Congress last week after nearly a month of treatment for addiction to prescription pain drugs at the Mayo Clinic in Minnesota.

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The six-term congressman, who has struggled with addiction since high school, entered the clinic one day after the May 4 crash on Capitol Hill that he said he could not remember.

The accident has raised questions about whether Kennedy, 38, was drinking and had received special treatment by police, who did not conduct field sobriety tests. He has denied consuming alcohol before the crash.

In the hours before the crash, Kennedy said he returned home from work and took a sleeping pill, Ambien, and Phenergan, a prescription anti-nausea drug that can cause drowsiness. He said he did not consume alcohol and has denied ever seeking special treatment.

Kennedy crashed his green 1997 Ford Mustang convertible into a security barrier near the Capitol about 2:47 a.m. The officer listed alcohol influence as a contributing factor in the crash and noted that Kennedy was "ability impaired," with red, watery eyes, slurred speech and unsteady balance, according to the accident report.

Kennedy told the police officer he was "headed to the Capitol to make a vote," the report said. He was cited for failure to keep in the proper lane, traveling at "unreasonable speed" and failing to "give full time and attention" to operating his vehicle.

Kennedy's office has said that it has not received those initial citations.

Police did not conduct field sobriety tests on Kennedy. The officers involved in the accident were instructed by a superior to take the congressman home, Rubenstein said. Kennedy initially directed the officers to the wrong Capitol Hill address and spent several minutes in vain trying to unlock a gate before he was taken to his home, Rubenstein told the court.

Kennedy Pleads Guilty To DUI, Gets Probation (RC)

By John McArdle

Roll Call, June 14, 2006

After pleading guilty to one count of driving under the influence of drugs Tuesday, Rep. Patrick Kennedy (D-R.I.) will begin fulfilling the terms of his plea agreement this week.

In exchange for the guilty plea, the Office of the Attorney General for the District of Columbia subsequently dropped two other charges of reckless driving and failure to exhibit a permit.

Kennedy, who was both arraigned and sentenced in D.C. Superior Court on Tuesday, caused a late-night car accident on Capitol Hill in early May after taking a combination of prescription drugs. He subsequently checked himself into the Mayo Clinic for rehabilitation, staying there for one month before returning to work last week.

The plea agreement, which was accepted by D.C. Magistrate Judge Aida Melendez, set several terms including a 12-month probation period, 50 hours of community service, random urine drug-abuse screenings and some $350 in fines. N. Richard Janis, a lawyer for Kennedy, said the Congressman planned to pay the fines — $100 of which will go to a crime victims fund and $250 of which will go to the Boys & Girls Clubs of Greater Washington — before the end of the week.

Melendez also suspended a 10-day jail sentence and another $300 in fines that Kennedy also would have to fulfill if he violates any part of his plea agreement.

During the sentencing, Janis sought to have Kennedy's probation period shortened, noting that "Congressman Kennedy immediately accepted responsibility" for the incident and that the drug treatment plan laid out in the plea agreement was developed by Kennedy's physicians at the Mayo Clinic.

And though Kennedy has admitted only to being under the influence of the prescription drugs Phenergan and Ambien in the early-morning hours of May 4 when he crashed his Ford Mustang into a vehicle barrier at First and C streets Southeast, his plea agreement mandates that he must attend weekly Alcoholics Anonymous meetings and have weekly contact with an AA sponsor.

Kennedy's sponsor, former Rep. Jim Ramstad (R-Minn.) — who visited Kennedy during his month-long stay at the clinic in Rochester, Minn. — explained outside the courthouse on Tuesday that the AA program is designed "for people of all chemical addictions."

Kennedy, who holds a Rhode Island driver's license, also could have his driving privileges revoked pending a review from the Department of Motor Vehicles for D.C. and the state of Rhode Island.

"This is a fairly typical sentence of someone being convicted for driving under the influence for the first time," said Tracey Hughes, director of communications for the D.C. Office of the Attorney General, in a press conference after Kennedy's court appearance. "I would say the highlight of this plea agreement is that Mr. Kennedy agreed to get help and agreed to continued monitoring" for drug abuse.

In a statement released after the hearing, D.C. Attorney General Robert Spagnoletti called the agreement "fair and in the best interest of the District. Mr. Kennedy has been treated like any other citizen found guilty of Driving Under the Influence, and he will be expected to comply with the conditions of his probation imposed by the court today."

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"I've always said that I wanted to take full responsibility for my actions and today in court I did just that," Kennedy said in a brief press appearance outside the courthouse. Kennedy praised the professionalism of the Capitol Police Department and the attorney general's office in handling his case.

Before his arraignment and sentencing on Tuesday, Kennedy appeared at Capitol Police headquarters to be booked on the charges from the accident.

A Capitol Police spokeswoman declined to comment on the case Tuesday afternoon and referred questions to the D.C. attorney general's office. A department release Tuesday evening said, "The Capitol Police consider this matter closed."

But Capitol Police Labor Committee Chairman Andy Maybo did release a statement commending Kennedy "for stepping up and taking responsibility for his actions. Although he may have violated the law, he has set an example to all Americans that regardless of who you are, it is not ok to commit a crime and one must take responsibility for his or her own actions."

Local and national police labor officials — who raised concerns that Kennedy had received preferential treatment the night of his car accident when Capitol Police management kept officers from conducting a field sobriety test and collecting evidence at the scene of the accident — have monitored the case closely.

Maybo said Tuesday that the members of the Capitol Police Labor Committee "wish Congressman Kennedy well on his road to recovery."

During Tuesday's arraignment, a few new details of what happened the night of Kennedy's crash came to light.

In outlining the case that the attorney general's office would have presented had it gone forward with a trial, Deputy Attorney General David Rubenstein told Judge Melendez that several Capitol Police officers would testify to the fact that in their opinion Kennedy was under the influence of a substance, including the two officers who drove Kennedy home that night.

Rubenstein said that when the officers dropped Kennedy off he initially identified the wrong house as being his residence and tried to unlock an outside gate of a house next door to his for several minutes before realizing he was at the wrong home.

And though the Capitol Police traffic report from the crash noted that Kennedy's ability was impaired the night of the incident and that alcohol influence was a primary contributing factor in the accident, Hughes said Tuesday that "there was not enough evidence gathered in the investigation to bring the charge of DUI alcohol" in the case.

According to the Capitol Police traffic report, Kennedy was traveling at "a high rate of speed" at approximately 2:45 a.m. May 4 when an officer noticed he was swerving into the wrong lane.

The car did not have its lights on, and after hitting a curb the car swerved "back into the wrong lane of travel thereby causing [a Capitol Police Patrol Division officer] to use evasive maneuvers in order to avoid a collision with the vehicle," the report reads. The car then slowed down and collided with a vehicle barrier at First and C streets Southeast.

Upon approaching the vehicle, the report states, the officer found Kennedy to be at the wheel and observed that his "eyes were red and watery, speech was slightly slurred, and upon exiting his vehicle, his balance was unsure."

Kennedy stated to the officer that he was "headed to the Capitol to make a vote."

Other contributing factors to the accident noted by the Capitol Police were speed, driving on the wrong side of the street and driver inattention.

Rep. Kennedy Cops A Plea For May DUI (HILL)

By Jackie Kucinich

The Hill, June 14, 2006

Rep. Patrick Kennedy (D-R.I.) pleaded guilty to driving under the influence of drugs as a part of an extensive agreement the lawmaker reached with the District of Columbia Office of the Attorney General.

"I've always said that I wanted to take full responsibility for my actions. Today in court I did just that," Kennedy said in a brief meeting with reporters after appearing before D.C. Superior Court Magistrate Judge Aida Melendez. "I accepted the consequences of my actions. I've cooperated fully with the Capitol Police and with the attorney general's office.

"I think they've done a fantastic job. … I look forward today to moving on to the next chapter of my life."

Kennedy entered the guilty plea on the condition that the two other charges, reckless driving and failure to exhibit a permit, would be dropped.

"I am pleading guilty to driving under the influence," Kennedy told Melendez.

The lengthy plea agreement stipulates a 12-month probationary period, monthly meetings with Dr. Ronald Smith at Bethesda Naval Hospital, attendance at weekly recovery-group meetings and weekly Alcoholics Anonymous meetings. In addition, Kennedy must submit to random urine and drug-abuse screenings and maintain regular contact with a "qualified psychiatrist."

Kennedy must also maintain weekly contact with an AA sponsor.

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Rep. Jim Ramstad (R-Minn.) is Kennedy's sponsor. "Jim has been a true friend of mine," Kennedy said. "He has been so important to me in this very difficult time."

Ramstad, who is a recovering alcoholic, attended the court proceedings, sitting in the front row of the courtroom.

"He's accepted his addiction, and he is going to be just fine one day at a time," Ramstad told reporters.

"I am absolutely convinced that Mr. Kennedy will continue to work his program one day at a time because I'm his sponsor," Ramstad said. "This is the first time in his life that as a Democrat he's answering to a Republican — he's going to do what I tell him."

Ramstad said that AA is not just for alcoholics but also for people addicted to other substances.

Upon accepting Kennedy's plea, Melendez added a 10-day jail sentence and a $300 fine — both of which will be suspended as long as Kennedy abides by the terms of the plea agreement. He will also have to pay $100 to the Victims of Crime Fund, as stipulated by D.C. code, and will make a $250 donation to the Boys and Girls Club of Greater Washington, in addition to completing 50 hours of community service there.

Traci Hughes, director of communications for the D.C. Office of the Attorney General, expressed satisfaction that the matter had been brought to a close.

"The attorney general would like me to convey that he has treated Mr. Kennedy just as any other defendant in this type of situation — [he] was not given any special treatment," she said.

She said the sentence is typical for a first-time offender.

The Capitol Police referred to the Office of the Attorney General's remarks and offered no further statement.

Andy Maybo, chairman of the U.S. Capitol Police Fraternal Order of Police, expressed support for Kennedy.

"I commend Congressman Kennedy for stepping up and taking responsibility for his actions," Maybo said in an e-mail. "Kennedy has set an example to all Americans that regardless of who you are, it is not OK to commit a crime.

"We all wish him well on his road to recovery."

Kennedy turned himself in to Capitol Police headquarters around noon yesterday before traveling to the Superior Court of the District of Columbia for arraignment and sentencing.

The initial Capitol Police arrest report cited three traffic violations: failure to keep in the proper lane, unreasonable speed and failure to give full time and attention to the operation of a vehicle. Those violations carry a total of $80 in fines, according to Robin Costello, Kennedy's press secretary.

It is unclear whether Kennedy will also have to pay the fine for the traffic tickets or whether his DUI guilty plea nullifies them.

Kennedy's admission comes more than a month after he crashed his green Ford Mustang into security barriers at C and 1st streets at 2:45 a.m. May 4.

The lawmaker's "eyes were red and watery, [his] speech was slightly slurred and upon exiting the vehicle, his balance was unsure," according to the incident report.

Kennedy reportedly told police that evening after identifying himself that he was "late for a vote." Votes had concluded several hours earlier.

During the court proceedings, Deputy Attorney General for Public Safety David Rubenstein added details provided to the office by the Capitol Police, including that when two sergeants drove the lawmaker home he pointed out the wrong house and spent several minutes trying to unlock the gate until he realized his residence was the house next door.

Kennedy said he had been disoriented because he was taking two prescription medications at the time.

On May 5, Kennedy convened a press conference and told reporters that he was checking himself into the Mayo Clinic for treatment for an addiction to prescription painkillers. Kennedy returned to the House last week after spending several weeks in rehabilitation.

Leaders of the Capitol Police were roundly criticized after the incident for failing to administer a field sobriety test, and the two sergeants who drove the lawmaker home dismissed the officer who initially attempted to pull Kennedy over.

As a part of the police investigation, the Capitol Police reassigned the watch commander who instructed officers not to follow regular procedures.

Rep. Kennedy Gets Probation In DUI Plea Deal (LAT)

By Johanna Neuman

The Los Angeles Times, June 14, 2006

WASHINGTON — Rep. Patrick J. Kennedy (D-R.I.) pleaded guilty Tuesday to a charge of driving under the influence of prescription drugs in a plea bargain with prosecutors stemming from a middle-of-the-night incident last month in which he nearly sideswiped a police cruiser.

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District of Columbia Superior Court Magistrate Judge Aida Melendez placed the six-term congressman on supervised probation for a year. He was ordered to attend weekly meetings of Alcoholics Anonymous, confer regularly with a psychiatrist, submit to random drug tests and contribute $100 to a crime victims fund and $250 to the Boys & Girls Clubs of Greater Washington, where he will also do 50 hours of community service.

If Kennedy violates the terms of his probation, she added, he will go to jail for 10 days and pay a fine.

"I've always said I wanted to take full responsibility for my actions, and today in court I did just that," Kennedy said after his sentence was announced.

"I'm grateful to be on the road to recovery," he added.

Standing at Kennedy's side as he talked to reporters on the courthouse steps was not his father — Sen. Edward M. Kennedy (D-Mass.) — but a Republican colleague from Minnesota.

"As a grateful recovering alcoholic of 25 years, I'm pleased to be his sponsor," Rep. Jim Ramstad (R-Minn.) said. "He's accepted his addiction and he's going to be just fine, one day at a time."

Kennedy, 38, has said he has struggled with depression and drug addiction since he was a teenager. He was treated for cocaine abuse after he graduated from high school.

The incident that led to his courtroom appearance Tuesday began at 2:47 a.m. May 4, when Kennedy crashed his green 1997 Ford Mustang convertible into a security barrier on Capitol Hill. According to a report filed by the Capitol Police, he stumbled from the car, telling officers that he was rushing to make a vote. The House had adjourned three hours earlier.

The police report described Kennedy as "unsteady on his feet," with "slightly slurred speech" and "red and watery" eyes.

Later that day, Kennedy released a statement saying that he had consumed no alcohol but acknowledging that he had taken two prescription medications: Ambien for sleeplessness and Phenergan for stomach inflammation. The next day, he called a news conference to say that he was checking himself into the Mayo Clinic in Rochester, Minn., to treat an addiction to prescription drugs.

Kennedy stayed in Minnesota for 28 days, and Ramstad visited every Saturday, accompanying him to recovery meetings. Ramstad, who quit drinking 25 years ago after he woke up from an alcohol-induced blackout in a jail cell in Sioux Falls, S.D., will get a weekly call from Kennedy under the terms of probation.

Ramstad said in an interview Tuesday that Kennedy had told him, "This is the first time in my life I'll have a Republican telling me what to do." In 2004, the two founded the House Addiction, Treatment and Recovery Caucus, which educates legislators on addiction issues and promotes greater access to treatment.

During Kennedy's May 5 news conference, when he announced he was entering treatment, his voice cracked as he said, "I simply do not remember getting out of bed, being pulled over by the police or being cited for three driving infractions."

The Capitol Police drove him home that night and did not conduct a field sobriety test, leading to some criticism of a double standard for elected officials.

In March, Rep. Cynthia A. McKinney (D-Ga.) was involved in an incident with Capitol Police in which she was alleged to have struck an officer who attempted to stop her at a security checkpoint. Charges against her are still being considered, a spokesman for the U.S. attorney's office said Tuesday.

For Kennedy, whose mother, Joan, has battled alcoholism throughout her life, the denouement on the courthouse steps was the result of a plea deal in which prosecutors dropped charges of reckless driving and of driving without exhibiting a permit. Kennedy, who despite his troubles is considered a safe bet for reelection in his Democratic district, has said the accident was also a wake-up call.

"Every day I'm on my knees thanking God that I didn't hurt somebody," he said last month.

Rep. Kennedy Gets Supervised Probation For DUI (CHIT)

By Johanna Neuman

Chicago Tribune, June 14, 2006

WASHINGTON -- U.S. Rep. Patrick Kennedy (D-R.I.) pleaded guilty Tuesday to a charge of driving under the influence of prescription drugs in a plea bargain with prosecutors stemming from a middle-of-the-night incident last month in which he nearly sideswiped a police cruiser.

District of Columbia Superior Court Magistrate Judge Aida Melendez placed the six-term congressman on supervised probation for a year. He was ordered to attend weekly meetings of Alcoholics Anonymous, confer regularly with a psychiatrist and submit to random urine tests.

Kennedy also was ordered to contribute $100 to a crime victims fund and $250 to the Boys and Girls Club of Greater Washington, where he will do 50 hours of community service.

If Kennedy violates the terms of his probation, she added, he will go to jail for 10 days and pay a fine.

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"I've always said I wanted to take full responsibility for my actions, and today in court I did just that," Kennedy said after his sentence was announced. "I accepted the consequences of my actions. ... I'm grateful to be on the road to recovery."

Standing at Kennedy's side as he talked to reporters on the courthouse steps was not his father—Sen. Edward Kennedy of Massachusetts—but a Republican colleague from Minnesota who is himself a recovering alcoholic.

"As a grateful recovering alcoholic of 25 years, I'm pleased to be his sponsor," said Rep. Jim Ramstad. "He's accepted his addiction and he's going to be just fine, one day at a time."

Kennedy, 38, has said he has struggled with depression and drug addiction since he was a teenager. He was treated for cocaine abuse after graduating from high school.

The incident that led to his courtroom appearance Tuesday began at 2:47 a.m. on May 4 when Kennedy crashed his green 1997 Ford Mustang convertible into a security barrier on Capitol Hill. According to a report filed by the Capitol Police, he stumbled from the car, telling officers that he was rushing to make a vote. The House had adjourned three hours earlier, and the last vote on May 3 was cast at 9:06 p.m.

The police report described Kennedy as "unsteady on his feet," with "slightly slurred speech" and "red and watery" eyes.

The Capitol Police drove him home that night and did not conduct a field sobriety test, leading to some criticism of a double standard for elected officials.

Later that day, Kennedy released a statement insisting that he had consumed no alcohol but acknowledging that he had taken two prescription medications, Ambien for sleeplessness and Phenergan for stomach inflammation. The next day, he called a news conference to say he was checking himself into the Mayo Clinic in Rochester, Minn., to treat an addiction to prescription drugs.

Kennedy stayed in Minnesota for 28 days, and Ramstad visited every Saturday, accompanying him to recovery meetings. Ramstad, who quit drinking 25 years ago after he woke up from an alcoholic blackout in a jail cell in Sioux Falls, S.D., will get a weekly call from Kennedy under the terms of probation.

Ramstad said Tuesday that Kennedy had told him, "This is the first time in my life I'll have a Republican telling me what to do."

As part of the plea deal, prosecutors dropped charges of reckless driving and of driving without exhibiting a permit.

Los Angeles Times

FBI Web Site Attracts Tipsters, Whistleblowers Against Public Corruption (FOX)

Fox News, June 14, 2006

WASHINGTON — Even with stories about public corruption probes flooding the morning papers, Internet and cable news airwaves, the FBI's new Web site for individuals to report malfeasance and just plain bad behavior hasn't made splashy headlines.

But the site, reportcorruption.fbi.gov, is up and running and the G-Men are paying attention.

"They don't want me to get into numbers, but, yes, we have had credible tips already," said Steve Kodak, an FBI spokesman.

It turns out that while tip lines have been in use by nearly every major and minor police department in the nation for years, the FBI's public corruption Web site, created last month, is somewhat of a new venture.

The idea is an offshoot of the Hurricane Katrina fraud tip line, which was created when law enforcement officers realized the outpouring of public support in rebuilding the Gulf Coast after last year's hurricanes wasn't benefiting just the people of Louisiana. A report out Tuesday by the Government Accountability Office reveals the government doled out an estimated $1.4 billion for fraudulent requests for assistance.

Over the past five years, the FBI has increased the number of agents dedicated to anti-corruption efforts from 450 to about 620. Of late, they have been kept busy with a persistent drumbeat of corruption-related cases involving congressional and federal officials.

On the wall of shame lately has been Randy "Duke" Cunningham, who saw his tenure in the House of Representatives come to an end after a newspaper revealed strange real estate deals involving the congressman that led to the uncovering of $2.4 million in bribes given to the California Republican in exchange for lucrative government contracts.

Elsewhere, court documents allege Rep. William Jefferson, D-La., took $100,000 in bribe money — an act that FBI agents say is caught on videotape. Agents apparently recovered $90,000 of the marked cash from Jefferson's home freezer, and claim they saw him trying to hide certain documents from agents while they were searching his house last year. The congressman has denied wrongdoing, and no charges have been filed against him, but an aide to Jefferson and a businessman have entered related guilty pleas.

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The lobbying schemes surrounding Jack Abramoff have so far garnered federal plea deals from Abramoff; Neil Volz, a lobbyist and former aide to Rep. Bob Ney, R-Ohio; and Tony Rudy, a former aide to former Republican Rep. Tom DeLay of Texas. A jury is currently deliberating the case against David Safavian, a top procurement official who is accused of lying to ethics regulators about his connections to Abramoff and a pricey golf trip he took with the lobbyist to Scotland.

No charges have been filed against Ney or DeLay, but they remain in the investigative crosshairs, and their political fortunes have taken turns for the worse. DeLay is facing unrelated charges in Texas of campaign money laundering. He retired from the House last week. Ney was forced to give up his position as chairman of the House Administration Committee.

Each of the investigations has spun off a web of new inquiries. Many more probes — from shady campaign tactics to corporate favoritism — are being conducted at the state and local levels.

With the list of investigations so long, Kodak said it is no coincidence the FBI is ramping up its efforts. "Obviously not, with everything that's going on lately," he said.

Tipsters from any walk of life are welcome to report suspicious activities, but since most of the would-be criminal action occurs behind closed doors, the bureau expects most contributions to come from individuals who work within the government.

The FBI's anti-corruption Web site offers visitors links where they can enter a tip or find phone numbers for local FBI field offices. Kodak said tipsters can leave as much or as little information as they want and assures that if tipsters want to remain anonymous, the FBI won't reveal their identities.

Because corruption cases take a long time to build, Kodak couldn't say how long it might take for this latest effort to bear fruit. He also acknowledged that anonymous tips make investigations more difficult because they're harder to verify and the possibility exists that some people might use the Web site to settle personal vendettas. But the problems don't outweigh the value of the program, he said.

"That's always been the case with any type of tip," Kodak said. "It all comes down to the field agent doing good ground work."

The Potential Downside of Tattling

Asked whether the National Security Agency might be called in to fish out an anonymous tipster against his or her will — a possibility, albeit remote, given the NSA's access to phone records and matrices of who's been calling whom — Kodak steered clear of the suggestion.

"We have never had a case where if someone was to remain anonymous, that we were to track that person down," he said.

But Frankie Bailey, an associate professor at the SUNY University at Albany's criminal justice department, said some people might be scared away from using the site anyway.

The site doesn't say tipsters must leave personal information, but it doesn't exactly encourage anonymous tips. The tip page has space for all sorts of identification, which Bailey said she believes would be necessary to make necessary follow-up for tip verification.

"I don't know how they'd be able to follow up unless you left enough information. ... I would think they would need at least enough to get back to you," Bailey said.

One ex-cop says it's not out of the question that an anonymous tipster would be outed, or those trying to clean up corruption would become targets of retribution.

Peter Mancuso retired from the New York City police department in 1987 as assistant director of training. Around the same time, a massive corruption probe began looking into renegade police officers whose extracurricular activities included robbing drug dealers and re-selling their wares for personal profit. As indictments rained down, those who were trying to help uncover the criminal activity became targets themselves, Mancuso said.

Officers who reported corruption either were ignored or faced disciplinary actions for going against their superiors, he said. In one case, an officer who was an internal affairs plant in a corrupt precinct later faced perjury charges regarding his participation in the probe. Another officer faced disciplinary action after trying to place an anonymous tip. He was identified after the investigation began.

Trying to establish a public advocate for anti-corruption efforts, Mancuso and a group of retired officers sought to strike a difficult balance between distancing investigators from the active-duty police force and not becoming beholden to politicians whom they needed to gain enough political heft to raise a stink if future corruption went unchecked.

They hoped to amass allegations from current officers to present to higher authorities if normal channels of communication broke down. The group set up a tip line, got press coverage and waited for the calls to come in. But they didn't come. Eventually the effort fizzled out, Mancuso said.

Mancuso, who now runs a business in the Philadelphia suburbs, said he thinks the tip line didn't ring because the top echelons of the police department never endorsed it. The key is to put as much distance between the agency investigating the

corruption and those who hold sway over the people reporting it, something he said the federal government is just as susceptible to as smaller agencies.

"Any time a public employee faces an official — or unofficial — punishment, in a sense for reporting corruption, it's obvious to me that that is an impediment," Mancuso said.

In some cases, it might be impossible to shield anonymous tipsters because only a handful of people would be privy to the information being reported, said Randall Eliason, who was in charge of the Justice Department's Public Corruption/Government Fraud Section from December 1998 until August 2001.

Eliason, now an adjunct professor at American and George Washington universities, said another problem with corruption cases is that prospective tipsters might not be sure about what they saw. Other criminal cases have identifiable evidence that a crime has happened: a dead body, a bank robbery caught on surveillance tape; a missing child.

But something that could be seen as corruption could also be a benign business transaction. And even if someone did see money exchanging hands between politicians, it's hard to prove the intent without catching the act on videotape.

"When you're trying to combat that, and predict what was in someone's mind ... the best proof of that is if you got someone on tape," Eliason said.

But catching corruption on tape poses its own problems, Eliason said. Informants who participate in police probes might be doing it to avoid prosecution, and they make less-than-perfect witnesses. It's even harder to orchestrate a sting operation to catch corrupt officials, like when the Justice Department got agents to pose as Arab sheiks in the Abscam bribery probe that unraveled in the beginning of the 1980s, netting multiple convictions of members of Congress.

The way campaign finance laws are written doesn't help either, Eliason said. Nearly everyone who makes a political contribution wants something in exchange, and it's often a matter of semantics when it comes to deciding whether an act is legal.

"Campaign contributions are considered perfectly fine, but briberies are considered illegal," Eliason said.

Bailey said the decision to report a tip also poses an ethical dilemma.

"Do you want to get someone in trouble when you don't have enough information? ... You would have to think long and hard whether or not you wanted to bring the whole force of the federal government down on someone," she said.

Nevertheless, with plenty of attention being paid to corruption, Bailey said it's a good time to roll out the site.

"The climate is right to get people to log on," she said. And even if the tips don't roll in, the FBI might not have a total loss.

"The Web site is really interesting. Whether or not people actually report it, it draws you into the site as to what the FBI's really involved [in]. It's public relations," Bailey said.

'Suspicious Box' Blown Up Near Courthouse May Have Contained Criminal Evidence (LAW)

By Julie Kay, Daily Business Review

Miami Daily Business Review, June 14, 2006

When police blew up a suspicious box that caused the evacuation of two federal buildings in downtown Miami, they may have blown up a federal criminal case.

Authorities evacuated the courthouses Monday due to a bomb scare. The Miami Police bomb squad responded and destroyed the box, but it may have contained evidence from a just-decided case.

The James Lawrence King Federal Justice Building and the David W. Dyer Federal Building both were evacuated at about 2:30 p.m. for an hour or so on Monday. Hundreds of attorneys and courthouse staffers were ushered out of the buildings by federal marshals wearing yellow vests. They were directed to the street in front of the Federal Detention Center while the bomb squad did its work. Federal judges and magistrates were taken out of the building separately and taken to an undisclosed location.

"A special robot went over to the box, and it went kaboom," said Mark Schnapp, a partner at Greenberg Traurig in Miami who was at the U.S. Attorney's office when the building was evacuated.

But according to two lawyers who were present during the bomb scare and did not want to be named, it turned out that the box contained papers and evidence left on the sidewalk by a federal agent. The two lawyers said the evidence was from a criminal case in which a verdict had just been reached. That evidence included fake guns and wiretap equipment.

Lt. Bill Schwartz, a spokesman for the Miami Police Department, confirmed that the box left between the Miami Dade College campus and the James Lawrence King courthouse contained papers. But he said he had no details about the nature of the papers or who left them there. "Someone accidentally put something down," Schwartz said. "We felt the need to evacuate the buildings."

Alberto Hidalgo, a spokesman for the U.S. Marshals Service in Miami, confirmed that the box was blown up by the police bomb squad but said he had no information about what was in the box.

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Matt Dates, a spokesman for U.S. Attorney Alex Acosta, declined to comment on what the box contained. "We don't talk about security matters," he said.

If the box did contain evidence in the criminal case, it's unclear how the loss of the evidence may affect any appeal.

Some observers found humor in the situation. "That's smoking-gun evidence," said Miami criminal defense attorney David O. Markus, "just not in the way that the agent was hoping for."

CIVIL RIGHTS:

In Harm's Way At Hospital? (WP)

By Eric M. Weiss

The Washington Post, June 14, 2006

Citing Deaths and Violence, the Justice Department Tells D.C. to Improve Care at St. Elizabeths Mental Facility

The Justice Department is demanding that the D.C. government correct problems at St. Elizabeths Hospital, saying the city-run psychiatric facility is beset by lax supervision, patient-on-patient violence and substandard care.

Two patients died in 2004 after they were attacked by other patients, and three died last year after problems with their medical care, according to an investigative report. Dozens of others have been kicked or punched in altercations, been put in restraints longer than necessary or been neglected by medical staff, the report said.

The hospital "fails to provide its patients with a reasonably safe living environment," the Justice Department said. "The facility too often subjects its patients to harm or risk of harm."

The Justice Department opened a civil rights investigation last year into conditions at the Southeast Washington hospital after a patient advocacy group flagged numerous problems. Justice officials sent their findings May 23 to Mayor Anthony A. Williams (D), giving the city a list of steps that must be taken to avoid a civil rights lawsuit. There is no set deadline for the city to respond.

The report marked the second time in recent weeks that the Justice Department has said the District government is endangering some of its most vulnerable residents. Justice lawyers asked a federal judge last month to hold the city in contempt of court for failing to improve conditions in group homes for the mentally and physically disabled.

Stephen Baron, the acting director of the District's Department of Mental Health, said city officials are working closely with the Justice Department on improvements at St. Elizabeths. During a tour of the hospital last week that he allowed a Washington Post reporter and photographer to join, Baron said conditions have improved since investigators left last June.

"It's a work in progress," said Baron, who headed Baltimore's public mental health system before coming to the District in April. He did not dispute the overall picture presented by the Justice Department but said the District is developing a detailed response.

Construction of a new hospital, expected to begin this fall, should solve many problems, Baron said. "It's not the full answer," he said. "We have quality-of-care issues to address."

To Justice Department investigators, the trouble is bigger than anything that can be fixed with bricks and mortar.

According to federal investigators, the hospital is unsafe not only for the 450 patients, but also for the 940 staff members. In spring 2004, a 60-year-old patient beat a 76-year-old to death, and a 55-year-old man died after he was stomped into a coma by another patient.

Between January and April 2005 -- the period most extensively studied in the investigation -- the hospital averaged more than one altercation involving a patient each day. Patients were involved in 138 altercations with fellow patients and 34 with the staff, the Justice Department found.

In a number of those cases, there was "little or no supervision," investigators wrote.

The report said patients "routinely" leave hospital grounds without authorization. One left the campus for four hours and returned with a crack pipe. Another was accidentally let out for grounds privileges Jan. 7, 2005, and has never returned, the report said.

In other cases, the staff was faulted for acting too harshly to control patients. Physical restraints, such as wrist and ankle straps, are supposed to be used only for the protection of patients or others -- not for punishment or the convenience of staff and only when less intrusive measures are tried first. But investigators found that the staff tied one patient to her bed with restraints on her wrists and ankles for 24 hours after a suicide attempt. The bed of another patient was outfitted with wrist restraints and a urinal.

Hospital records showed much more frequent use of restraints during the weekends, which investigators said was "clinically inexplicable" and probably indicates patients are restrained to compensate for a smaller staff on those days.

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Besides the difficulties with supervision, investigators identified deficiencies in medical care. Investigators wrote that "basic nursing practices, such as monitoring vital signs, weight, and temperature, are largely absent."

The report mentions three instances in which patients died after receiving questionable medical care.

In one case, a patient returned to St. Elizabeths after treatment at another hospital for a stroke. The St. Elizabeths staff failed to perform a medical evaluation or take vital signs, investigators found. Nurses did not alert doctors when the patient had difficulty swallowing for several days. Soon after that, the patient died.

"It is inexcusable that St. Es did not provide this patient with basic medical care and monitoring, including routine monitoring of this patient's vital signs, for more than two weeks," investigators said.

In another case, a 79-year-old man returned to St. Elizabeths after an outside hospital stay for congestive heart failure. Here, too, the St. Elizabeths staff did not do enough follow-up, and he died, the Justice Department found.

Justice officials said that the staff has trouble managing patients' medications and that at least one patient "may have died as a result of St. E's gross departure from professional standards."

St. Elizabeths even fails at its core mission of delivering quality psychiatric care, the Justice Department said. Patients receive vague or delayed diagnoses, inadequate treatment plans and insufficient follow-up, the report said.

The report said the hospital is short 68 nurses, adding that chronic staff shortages contribute to poor care. Referring to one case, investigators said "it is inconceivable how a patient can suffer a seizure in front of the nurse's station without being observed or fall on the ground and bleed with enough time for the blood to dry before he is 'observed' on the floor by any staff."

Nothing so flagrant took place during The Washington Post's tour of the hospital last week. While some patients worked in a vegetable garden outside, most in the wards that were visited could be found slumped in mismatched chairs or perched in front of televisions.

Some were roused by the cries of a St. Elizabeths hospital attendant.

"Smoke-break time! Smoke-break time!" a burly aide called out, holding a shoe box filled with packs of cigarettes. The patients took their cigarettes and headed to an enclosed smoking porch with long wooden benches and a tile floor.

"It calms them," the aide said.

In brief interviews with a dozen patients, none said that they were mistreated or that they feared for their safety. Instead, complaints ranged from cold breakfasts, broken air conditioning or lack of progress on their cases.

"They treat us fine, sir," said one patient, sitting next to an unused pool table. "They treat us fine."

In a small too-warm room off the main hallway in a one of the wards, a female patient meeting with her treatment team described her care as only "adequate."

Rizwan A. Malik, a psychiatrist at St. Elizabeths who read the Justice Department report, said a new hospital building and more staff would go a long way. That said, the hospital staff does the best with its resources and tries to help very sick people, he said.

"Never for one day did I think I was in the wrong place," said Malik, who was once punched in the face by a patient.

The Justice Department investigation is not the first in which St. Elizabeths has come under outside scrutiny. Six years ago, investigators for the federal Medicare program threatened to pull the hospital's eligibility because of inferior care. And the hospital functioned under court-ordered supervision from 1997 through 2001.

University Legal Services, an advocacy group for people with disabilities, has repeatedly complained about problems.

Mary Nell Clark, a managing attorney for University Legal Services, said the hospital fails on the most basic level -- it fails to heal.

"No matter what the beautiful new building will look like, it doesn't take care of the number of people in charge or the quality of care," she said.

Justice Department Looks Into Deaths Of People Subdued By Stun Guns (USAT)

By Kevin Johnson, Usa Today

USA Today, June 14, 2006

WASHINGTON — The U.S. Justice Department is reviewing the deaths of up to 180 people who died after law enforcement officers used stun guns or other electro-shock devices to subdue them.

"These deaths raise a question in our mind that should be examined," said Glenn Schmitt, acting director of the department's National Institute of Justice. He said the review will initially focus on 30 deaths, including one from two decades ago.

Most of the deaths occurred within the past four years, corresponding with the mass deployment of stun guns to police departments throughout the country. A number of departments have re-evaluated their use of the weapons because of the fatal incidents.

More than 80 deaths since 1999 were identified in a recent analysis by The Arizona Republic. Amnesty International has identified more than 150 deaths since 2001.

The devices, marketed as alternatives to lethal force, are designed to incapacitate unruly suspects through electric shock.

Taser International, the nation's largest maker of stun guns, has supplied more than 130,000 devices to about 7,000 of the nation's 16,000 police agencies.

The company has maintained that its products are safe and have saved the lives of police officers and suspects.

"As we know, in-custody deaths are part of policing," Taser spokesman Steve Tuttle said when asked about the Justice Department review. "The more we can study and understand the circumstances that lead to in-custody deaths, the more opportunities there are to develop law enforcement tactics and procedures that will help prevent these unfortunate events in the future."

According to Taser, the company is a named defendant in 49 lawsuits alleging either wrongful death or personal injury. An additional 20 lawsuits have been dismissed.

The Justice Department review, which could take up to two years, was proposed last year after law enforcement authorities expressed concern about the increasing numbers of deaths after stun guns were used to incapacitate suspects, Schmitt said.

Schmitt said the review will enlist the help of the National Association of Medical Examiners, the American College of Pathologists, the International Association of Chiefs of Police (IACP) and the Centers for Disease Control and Prevention.

Teams of medical examiners will begin reviewing individual cases this fall.

Amnesty International called the Justice review a "good first step."

"The fact that the government is doing this is an important acknowledgement that there is a serious problem," said Dalia Hashad, director of Amnesty's USA Program. "People are dying needlessly. It's important that the federal government is taking this responsibility."

Last year, the IACP recommended that law enforcement agencies closely monitor use of the devices after noting safety concerns involving stun guns.

Schmitt said investigators are expected to examine a range of issues in each case, including ages, weight, possible physical impairments, evidence of drug use and other factors that could have contributed to the deaths.

In addition, Schmitt said, investigators will explore a phenomenon known as "excited delirium," in which a shutdown of bodily functions occurs after sensory overload.

Schmitt said the department is not urging any immediate change in the deployment of the devices.

"There is no reason to do anything different for now," he said. "We'll let the research answer the questions."

City Attorney Will Get Little Earth Case (MINNST)

By Chao Xiong, Star Tribune

Minneapolis Star Tribune, June 14, 2006

Allegations that two Minneapolis police lieutenants mistreated a man they arrested at Little Earth housing complex will be presented to the city attorney's office for consideration of possible criminal charges.

Allegations that two Minneapolis police lieutenants mistreated a man they arrested at Little Earth housing complex will be presented to the city attorney's office for consideration of possible criminal charges.

In a press release issued Tuesday afternoon, police said they need time to enhance video and photos of the May 26 incident before the case goes to the attorney's office in two weeks.

At issue is whether Lt. Mike Fossum intentionally used force with drug suspect Juan T. Vasquez and whether he and Lt. Richard Thomas left Vasquez in an excessively hot squad car.

Video surveillance released last week showed Fossum leaning his left shoulder and hip into Vasquez as Thomas walked him toward Fossum. Vasquez slumped down, knocking Thomas off the sidewalk. Fossum told police he thought Thomas was going to stop before they reached him.

The video also showed Vasquez in a squad car for at least 13 minutes with the windows shut. The outside temperature was 81 degrees at the time; it was unclear whether the air conditioning was on.

The Police Federation president, Sgt. John Delmonico, said it's time to bring the lieutenants back to work. They are both on paid administrative leave; that will be reviewed after the case is submitted to the attorney's office.

He said the officers did not use excessive force and also called paramedics for Vasquez when asked. Paramedics determined that Vasquez did not need hospitalization.

"I don't think the city attorney's office is going to find anything wrong," Delmonico said.

Little Earth's executive director, Bill Ziegler, said he is pleased that the case is continuing. Many residents of Little Earth expect outsiders to ignore or dismiss complaints coming from a housing complex long maligned through lore and media, he said.

Ziegler declined to say whether he wants criminal charges filed.

"Whatever is meant to happen is meant to happen," he said of the investigation's outcome.

The FBI has reserved the right to review the case for possible civil rights violations after the department's investigation is over, which is typical.

Chao Xiong · 612-673-4391

Officers Accused In Little Earth Incident Could Face Charges (STPPP)

The St. Paul Pioneer-Press, June 14, 2006

MINNEAPOLIS - The city attorney's office will soon be looking at possible charges for two Minneapolis police officers accused of misconduct during an arrest at the Little Earth housing complex, the Police Department announced Tuesday.

The May 26 incident was partially caught on a security tape, which showed a police officer bumping into a handcuffed man, who then doubled over. Witnesses also said the suspect passed out after he was held in a police car, with the windows closed, on a hot day.

Interim Police Chief Tim Dolan and other police officials met Tuesday with representatives of the FBI, the Hennepin County attorney's office and the city attorney's office to discuss the preliminary investigation into the officers' conduct.

After the meeting, the Police Department said in a prepared statement that it will present a case within two weeks to city prosecutors for possible criminal charges.

Bill Ziegler, the executive director of Little Earth, said he was pleased the investigation was moving forward.

"I'm hapy that no one looked the other way on this, that it is actually going through the process," he said. "The community feels like they're finally getting some action on this."

Meanwhile, police Lts. Richard Thomas and Michael Fossum remained on paid administrative leave. Their status will be reviewed after the case has been submitted.

The FBI has reserved the right to review the final investigation for possible civil rights violations, police said.

According to police reports, Thomas and Fossum saw a man with a baggie of what they suspected to be crack cocaine. They arrested Juan T. Vasquez, 24, of St. Paul, who was visiting his girlfriend and son and doesn't live at the housing complex.

Thomas has been with the department since 1981; Fossum since 1986.

Both men's personnel files contain several medals and commendations. Thomas's includes two letters of commendation from an official of the Little Earth of United Tribes Housing Corp. in 2003, the same year he coached a Little Earth boys' basketball team.

Neither man's file included any reprimands for violence or improper conduct with a suspect.

Smuggling Suspects Face New Charges (WT)

By Keyonna Summers

The Washington Times, June 14, 2006

Money laundering and identity theft were added yesterday to the charges against eight Montgomery County residents accused of smuggling illegal aliens into the county to work in a prostitution ring.

A federal grand jury in November indicted seven persons on charges that they transported illegal aliens into Maryland to work as prostitutes during the week and arranged for them to travel back to their homes in New York and New Jersey on the weekends.

The U.S. attorney's office in Maryland said the grand jury charged one more person and added three counts of money laundering for the purchase of vehicles to transport the women and property using sex ring money.

One suspect also was charged with using a false name and Social Security number to lease an apartment that was used as a brothel.

The prostitution ring generated more than $1 million in proceeds, court documents say.

"The investigation continues," said Marcia Murphy, a spokeswoman for the U.S. attorney's office.

The indictment names Elsy Aparicio, 43, Eliazor Gonzalez Aparicio, 29, Dorinalda Aparicio, 34, and their mother, Olinda Aparicio, 64, all of Gaithersburg; Jair Francis, 32, of Wheaton; Rigo Diaz, 31, of Gaithersburg; and Manuel Jandres, 38, of Germantown.

Mr. Jandres' wife, Rosibel Aparicio Jandres, 44, of Germantown, also was charged yesterday for her role in the group, which operated from February 2004 to July 2005.

Officials said the suspects purchased and rented apartments and houses in Wheaton, Gaithersburg, Germantown and Hyattsville to use as brothels. Documents indicate the Aparicios paid Mr. Francis to provide them with information regarding law-enforcement inquiries into their prostitution business.

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The new indictment says Elsy Aparicio and Mr. Diaz purchased properties with the sex ring money, and that Mr. and Mrs. Jandres sold one home to cover up the source of the funds.

Mrs. Jandres was charged with one count and Elsy Aparicio, Mr. Diaz and Mr. Jandres with two counts each of money laundering and conspiracy to commit money laundering for attempting to conceal the source of the prostitution ring money by using it to purchase vehicles to transport the women, most of them illegal aliens.

The new indictment also charges Mr. Francis with using fake names to rent properties, and in at least one instance using an uninvolved woman's name and Social Security number without permission to lease a Wheaton apartment for use as a brothel.

Elsy Aparicio and Olinda Aparicio are under 24-hour electronic home monitoring; Mr. Jandres is on electronic home monitoring with work release; and Eliazor Gonzales Aparicio and Dorinalda Aparicio are in federal custody.

Mr. Francis and Mr. Diaz were released under the supervision of U.S. Pretrial Services.

Mrs. Jandres, who had not been arrested as of yesterday evening, is expected to appear before a magistrate judge either today or later this week.

The group's trial date is set for Dec. 4.

The women brought to the area are not charged in the indictment.

EEOC Is Hobbled, Groups Contend (WP)

By Christopher Lee

The Washington Post, June 14, 2006

With a shrinking workforce and a flagging budget, the Equal Employment Opportunity Commission is falling behind in enforcing federal civil rights laws in the workplace, labor union officials and civil rights advocates said yesterday.

The EEOC is expected to have a backlog of 47,516 charges of employment discrimination next fiscal year, up from an estimated 39,061 this year and 33,562 in 2005, say officials with the American Federation of Government Employees, citing federal figures. The agency logged 75,428 complaints in 2005 and more than 79,000 the previous year.

At the same time, President Bush's 2007 budget request for the agency is $323 million, $4 million less than it received this budget year. The agency's full-time staff, which numbers 2,343 employees, has shrunk by more than 19 percent since 2001, according to the Office of Personnel Management. A partial hiring freeze has kept the agency from filling many openings.

"The EEOC is in a state of crisis and is systematically being weakened from within to justify its elimination," Andrea E. Brooks, a national vice president for the government employees federation, said in a statement.

Nicholas M. Inzeo, director of the EEOC's Office of Field Programs, acknowledged that funding has been tight and that the agency has had to trim its staff as Bush and Congress have directed more money to national defense and homeland security.

"These are tight times for all agencies. It means that the belt gets tighter, and we understand that," Inzeo said. "We believe very strongly in what we do. And with the resources that we have, we can do a lot. We try to make every penny count."

The government employees federation represents 1,300 of the agency's employees. Brooks appeared at a news conference yesterday with officials from several other groups, including the National Organization for Women, Blacks in Government and the Alliance for Retired Americans, to call attention to what they say are serious funding and management problems at the agency. They hope to influence members of a House appropriations subcommittee who are scheduled to deliberate today on the agency's 2007 budget.

Critics say the agency was weakened by a reorganization last year that downsized several district offices, created offices in Las Vegas and Mobile, Ala., and redeployed some staff members, including managers, to enforcement, litigation, mediation and customer service positions. Inzeo responded by saying the agency is spending money on frontline staff members rather than on more supervisors and managers.

Critics are especially upset about a nationwide call center staffed by contract workers that opened in Lawrence, Kan., last year to field calls that previously had been routed to district offices.

"It's a huge waste of money," Gabrielle Martin, president of the government employees federation's national council of EEOC locals, said of the $4.9 million contract with Pearson Government Solutions. "It does a terrible job."

A draft study commissioned by the EEOC's inspector general that was published in April found that the call center handled one-fifth of the projected call volume and saved the agency six full-time positions, not the anticipated 21. The study by Job Performance Systems Inc. found that the contractors do not understand their role or the work of the agency. The call center "should be either significantly changed or discontinued," the study found.

Inzeo said the final report should reflect "extensive comments" made by agency officials. "A lot of the numbers inside that draft are internally inconsistent," he said. ". . . Our field employees are telling us that they are receiving 500,000 fewer calls a year because of the contact center. The report doesn't do the math that gets you there."

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Some Muslims Press Public Spaces To Make Room For Women's Modesty (USAT)

By Oren Dorell

USA Today, June 14, 2006

Muslim women in the USA have been asking the public to accommodate their religious beliefs about modesty, a trend that some Muslims worry will provoke a backlash.

In some recent examples:

·In Lincoln Park, Mich., Fitness USA relented when Muslim women demanded that the gym wall off a co-ed aerobic center from their women-only section because men could see them working out.

·In Bridgeview, Ill., a Muslim school says it wants its girls' basketball team to play road games against non-Muslim schools provided the public schools ban men and teenage boys from the game.

·In North Seattle, Wash., a public pool set up a swim time for Muslim women in which men, even male lifeguards, are banned.

In all of the examples, businesses and public facilities were asked to accommodate followers of one interpretation of Islamic law that says the sexes must be separate if women are not covered with headscarves and modest clothing.

Meeting such demands could create a backlash against Muslims, says Zuhdi Jasser, chairman of American Islamic Forum for Democracy, which advocates separation of religion and government.

“In the long term it does not serve to build friends and bridges with the Western community,” says Jasser, a Muslim.

“You're not going to make your American, Christian and Jewish friends feel comfortable … which in the end could create a dislike for Muslims that is unnatural.”

But other Muslims see the trend as an issue of civil rights.

Salam Al-Marayati, executive director of Muslim Public Affairs Council, says the right to petition for special accommodation based on religious beliefs is protected by the First Amendment.

“Whether a woman wants to cover her hair or not is her personal choice,” he says. “As long as it's not imposed on the rest of society then I don't see any problem.”

Walid Phares, a professor of Middle East studies at Florida Atlantic University, sees it as an early sign in the USA of a global Islamic movement to pressure Western society into abiding by Islamic laws.

“These demands exist because there is an ideology of a militant movement to slowly but surely demand more,” Phares says. “They will be building on it.”

Phares says the conservative Saudi branch of Islam, known as Wahhabism, is trying to assert itself as representing all Muslims in the USA and makes demands most Muslims disagree with.

But Ebrahim Moosa, professor of Islamic studies at Duke University, says the requests are attempts to integrate with U.S. culture. They show “that America can become their home,” he says.

Muzzled At The ACLU (USAT)

By Nat Hentoff

USA Today, June 14, 2006

Roger Baldwin founded the American Civil Liberties Union in 1920 after President Wilson, during World War I, practically suspended the right to publicly — and privately, if overheard — dissent from government actions. Years later, I met Baldwin toward the end of his life, and his solemn advice to me was: "Always remember that no civil liberties battle is ever won — permanently." But, by placing freedom of speech at the core of the ACLU's reason for existence, Baldwin believed that no civil liberties battle need be permanently lost. (Just published is a chronicle, pertinent today, of Baldwin's achievements and continuing relevance —Liberties Lost: The Endangered Legacy of the ACLU, by Woody Klein.)

While the staff of the ACLU has never been more essential to protecting the Constitution, the top leadership of the ACLU is working to prevent dissenting national board members from going to the news media with criticisms of ACLU policies.

With Executive Director Anthony Romero's backing, the board has issued a proposal for this week's agenda that I expect would have startled Baldwin. This could tarnish the invaluable work of ACLU staff members who are fighting to "keep America safe and free." (The ACLU's slogan.)

Here is that proposal, as reported last month in The New York Times: "Where an individual director disagrees with a board position on matters of civil liberties policy, the director should refrain from publicly highlighting the fact of such disagreement. ... There is always a material prospect that public airing of the disagreement will affect the ACLU adversely in terms of public support and fundraising."

Repercussions

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U.S. newspapers found the irony irresistible. The Roanoke (Va.) Times, for one, noted that the proposal "appears to be a reaction by ... Romero to his failed effort to oust two board members who had criticized ACLU policies."

Actually, one principled dissenter: Michael Meyers, the director and founder of the New York Civil Rights Coalition and a longtime ACLU board member, has been forced out from the executive committee and the national board in punishment for going to the news media several times.

Wendy Kaminer, another recidivist dissenter and favorite target of ACLU's leadership, said the proposal "is preposterous — a violation of everything we're supposed to stand for."

The Times reported that in the board session, Romero furiously denounced Kaminer for having told a New York Sun reporter of her disagreement with the leadership's previous support of a bill in Congress that would regulate advertising by counseling centers run by anti-abortion organizations. Kaminer, who supports a woman's right to an abortion, was concerned with the legislation's free-speech problems. She told the Sun she was appalled "that the ACLU is actively supporting this."

After excoriating her for going to the news media, Romero demanded that another board member, Alison Steiner, "step outside the meeting room, where he chastised her for the look on her face when he was criticizing Ms. Kaminer," the Times reported.

In an e-mail to the board, Steiner wrote that Romero told her in the corridor that because "I ... did not appear ready to join him in 'getting rid of (Kaminer),' ... I was no better than she was, and then stormed off angrily," the Times recounted.

Romero, in a tepid letter to the editor that followed in the Times, did not deny that illuminating exchange but noted predictably that the ACLU "exists to defend the right of dissent and the free exchange of ideas." Then why has he not denounced the very concept of instructing board members to refrain from public dissent? And why is most of the board and ACLU President Nadine Strossen so compliant?

Costly words

Previously, there was a public objection by then-board member Meyers when in a front-page story in 2004, the Times revealed that the ACLU, which has criticized omnivorous government data basing for national security, "is using sophisticated technology to collect a wide variety of information about its members and donors in a fundraising effort."

Said Meyers to the Times: "If I give the ACLU $20, I have not given them permission to investigate my partners, whom I'm married to, what they do, what my real estate holdings are, what my wealth is, and who else I give my money to."

The American Civil Liberties Union is now free of Meyers. Does that make its national membership, and the country, any more safe — or free?

Nat Hentoff is a former member of the ACLU's national board and, before that, the New York board. He is also an authority on free speech issues.

ANTITRUST:

Blockbuster Retaliates Against Netflix (AP)

By Michael Liedtke, AP Business Writer

AP, June 14, 2006

Blockbuster Accuses Netflix of Manipulating U.S. Patent System

SAN FRANCISCO (AP) -- Escalating a bitter legal battle, Blockbuster Inc. on Tuesday accused Netflix Inc. of manipulating the U.S. patent system in a devious effort to monopolize the booming market for online DVD rentals.

The antitrust allegations represent Blockbuster's counterpunch to patent infringement claims Netflix filed two months ago.

The wrangling eventually could affect the rapidly growing audience that's migrating to the Internet to rent DVDs through the mail.

About 6.2 million people currently subscribe to the online services of Netflix and Blockbuster, which both charge a flat monthly fee to rent DVDs for an unlimited time. Most subscribers pay $17.99 per month to check out up to three DVDs at a time.

Los Gatos, Calif.-based Netflix pioneered the concept in 1999 and ended March as the industry leader with 4.9 million subscribers.

Blockbuster launched its own online service in 2004 after losing hordes of customers who formerly rented movies in traditional stores. The Dallas-based company began the spring with about 1.3 million online subscribers.

Netflix obtained the first patent on its service in 2003, but didn't seek a court order to enforce its claims against Blockbuster until it received an even broader patent in April.

In its countersuit filed in U.S. District Court in San Francisco, Blockbuster framed Netflix's patent claims as a "sham" aimed at locking out competitors that will help protect consumers from price gouging.

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The suit alleges that Netflix CEO Reed Hastings even described its first patent as a joke in a January 2005 meeting with Blockbuster's chief lawyer at the time, Edward Stead.

"Netflix is trying to monopolize this space on the Internet and restrain competition to the detriment of Blockbuster and the public," said Marshall Grossman, a Los Angeles attorney representing Blockbuster.

Netflix spokesman Steve Swasey declined to address Blockbuster's allegations. "We believe Blockbuster infringed on our patented business model and we are going to vigorously defend our patent," Swasey said.

Blockbuster's entrance in the market prompted Netflix to lower the price of its most popular service by $4 per month.

Tuesday's countersuit also alleges Netflix deceived the government by withholding information about earlier innovations that may have prevented the company from obtaining its patents in the first place.

NCR Corp. asserted its patent rights before Netflix received its first patent in 2003, Blockbuster's suit said. Blockbuster alleges Netflix never notified the U.S. Patent Office about NCR's claims.

Netflix sued NCR in March, seeking to invalidate those patent claims.

Net Neutrality Fight Returns To Senate (CNET)

By Anne Broache, Staff Writer, CNET News.com

CNET News, June 14, 2006

WASHINGTON--The political tussle over Net neutrality shifted back to the Senate's turf Tuesday, taking center stage at the last public hearing before a mammoth communications bill goes up for a preliminary vote.

As leaders of the Senate Commerce Committee continue negotiations over how to deal with the controversial concept, committee members and witnesses from advocacy groups took turns airing their positions yet again.

The latest draft of the sweeping bill, called the Consumer's Choice and Broadband Deployment Act, numbers 151 pages and covers everything from the digital television switch to city-run broadband networks to changes in the procedure by which video services operators seek franchises to serve new areas.

Arguably the most contentious portion has turned out to be Net neutrality, the idea that network operators should not be allowed to prioritize Internet content and services that travel across their pipes or to make deals with companies seeking special treatment.

Some Democrats and at least one Republican in the Senate have backed detailed regulations barring such practices, while several others, primarily from the Republican side, have voiced staunch opposition. The ongoing dispute clearly had some politicians concerned about the chances that the broader bill will pass.

"It would be a tragedy for our nation if Net neutrality is the basis for which this entire bill is taken down, and that's a very real possibility, the way I see this bill shaping up," said Sen. Gordon Smith, an Oregon Republican.

A committee vote on the final version of the bill is expected to occur June 22, with the last round of revisions expected to be released as early as Wednesday.

Committee Chairman Ted Stevens, an Alaska Republican, said he was confident that the politicians would reach a compromise but that they should favor a light regulatory touch. "We ought to talk about the FCC (Federal Communications Commission) having the right to deal with Net neutrality issues that affect consumers," he said, echoing remarks made last week. "When it comes to interfering with the marketplace in terms of major investments of capital, I think we should step away."

Stevens has been facing pressure from Democrats including Sen. Daniel Inouye, the committee's co-chairman, who said again Tuesday that the existing bill doesn't spell out meaningful enough enforcement powers to "prevent unfair discrimination by network operators." The current language directs the FCC to watch out for incidents that could be considered violations of Net neutrality and to report to Congress on its findings.

"What would be the impact with no legislation?" Inouye asked Ben Scott, policy director for the liberal advocacy group Free Press, who testified on a panel before the politicians.

"A structural change in the Internet which would, for better or for worse, change the way the Internet works," Scott replied, adding that nondiscrimination has been a "cornerstone" of Internet policy since the technology's birth.

Free Press is one of a wide array of consumer groups that have joined Internet companies like Google, Microsoft and Amazon.com in lobbying Congress to write Net neutrality requirements into law--though with little success so far. Major network operators from the telecommunications and cable industries, the wireless and hardware sectors, and Wall Street interests have mobilized against that idea, saying new regulations are premature and could stifle investment in new infrastructure.

"There are existing procedures at the FCC and in antitrust law to deal with anticompetitive issues," said John Rutledge, a consultant for the U.S. Chamber of Commerce, a pro-business lobbying organization. "I think the idea of trying to stop change or control prices is a (recipe) for disaster."

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Sen. Byron Dorgan scoffed at that notion, saying attempts at enforcing antitrust laws "make glaciers look like they're speeding." The North Dakota Democrat joined Maine Republican Olympia Snowe, Committee Co-Chairman Inouye, and five other Democrats in proposing a bill last month that calls for detailed prohibitions against blocking, impairing, degrading and prioritizing Internet content.

A nearly identical Democratic-sponsored amendment met with definitive rejection by the House of Representatives last week. The broader communications bill that was approved authorizes the FCC to police violations of its broadband use principles (click here for PDF) and to levy fines if appropriate, but it bars the regulators from making new rules.

Sen. John Sununu, a New Hampshire Republican, said the House bill "steers in the right direction" and urged his colleagues against taking the approach favored by Democrats, which he said amounts to burdensome "Internet regulations."

"A heavy regulatory hand kills incentives to build products and develop new technologies, and that ultimately will be something that consumers feel and that they will respond to in a very negative way," he said, noting that the editorial pages of both The Washington Post and The Wall Street Journal--typically not aligned in their views--have discouraged imposition of new regulations now.

South Carolina Republican Jim DeMint, a vocal free-market proponent, likened new federal Net neutrality mandates to "the government telling retailers how to do their business"--that is, what to stock on their shelves and which merchandise to give more prominent placement. "We actually want some discrimination today to force better products and better prices," he argued, warning that new regulations would lead to "commercial suicide."

Brussels Regulators Sharpened Their Teeth On Microsoft (FT)

By Tobias Buck In Brussels

Financial Times, June 14, 2006

If Apple is looking for advice on how to deal with regulators worried about “inter-operability” it need look no further than its old rival from Redmond in Washington state. Microsoft has been battling antitrust officials on both sides of the Atlantic for many years.

The software group’s troubles culminated in March 2004, when the European Commission slapped a record €497m fine on Microsoft for violating European Union competition rules. Brussels found, among other abuses, that the group had failed to provide rival software developers with sufficient technical information to allow them to create inter-operable products.

Could Apple face similar pressure from the Commission in the future? Both groups have a strong grip on their respective markets. Apple’s iTunes accounts for as much as 80 per cent of downloads in some EU markets, while Microsoft’s Windows operating system boasts a market share of more than 90 per cent worldwide.

Moreover, while Microsoft at least claims that it is serious about inter-operability, Apple has unashamedly built its success on the concept of a “walled garden” - a closed world of proprietary technology.

Some experts point out, a key difference: few companies in the information technology sector can operate successfully without some form of interaction with Windows. And Micrssoft’s strong position in a range of related markets from servers to media players gives it additional clout.

Music, by contrast, will continue to be distributed through various channels, the experts say. “If you want to do anything with a computer, you must have Microsoft Windows. The iPod and iTunes are not must-haves,” says one Brussels-based competition lawyer.

For the time being, the Commission has not set its sight on Apple. But Ian Forrester QC, a partner at White & Case, the UK law firm that represents Microsoft, says the Commission’s line on inter-operability leaves room for uncertainty. “I think it is difficult to find a consistent line in the Commission’s cases regarding the duties on a manufacturer of a successful product and to what degree he can allow or prohibit interaction with a rival’s product.”

Related stories:

· Crunch time for Apple’s music icon
· Norway sparks iTunes rebellion
· Technology: News and analysis

EU Accelerates Deadline On Suez-GDF (AP)

By Aoife White, AP Business Writer

AP, June 14, 2006

EU Regulators Accelerate Deadline to Rule on Suez-GDF Combination

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BRUSSELS, Belgium (AP) -- The European Commission on Tuesday brought forward to June 19 its deadline to rule on a French government-backed merger between Suez SA and Gaz de France SA even as French Interior Minister Nicolas Sarkozy suggested the government delay the deal.

The Suez-Gaz de France merger would create a major new European player in energy, water and waste services, with a market capitalization of 72.6 billion euros ($86 billion), but its size and power have already raised antitrust concerns in neighboring Belgium and could force it to sell off part of its business.

Belgian Prime Minister Guy Verhofstadt warned in March that it would be unacceptable for one company to control 90 percent of his country's electricity market, while the Belgian energy watchdog is worried that the new lineup would make the French government a part-owner of Belgian nuclear power plants.

EU regulators had earlier said they would decide by July 3 whether they would clear the deal, saying there was an automatic delay because Belgium had asked to take charge of part of the case.

However, they said they brought forward the deadline because Belgium had not made a formal request to look into the deal.

The commission must also decide if it will open an in-depth probe that could last four months.

EU Competition Commissioner Neelie Kroes has said that energy deals should expect "meticulous scrutiny" from antitrust officials. In February, she warned of continuing antitrust problems in Europe's energy sector, saying prices were too high and large firms had too much control over the market.

The deal would make the new firm the owner of the Belgium's main electricity supplier Electrabel and part-owner of the No. 2 power firm SPE. It would also become by far the most powerful player in the country's gas sector.

Suez unveiled the government-backed plan to merge with state-controlled Gaz de France in February, just days after Italy's Enel SpA signaled its interest in buying Suez, leading EU regulators to quiz the French government's role in pushing for the deal. The European Commission later dropped its informal probe.

Sarkozy told lawmakers Tuesday that the government should delay plans to privatize Gaz de France and merge it with Suez.

Under an alternative plan, GdF and Suez should each buy stakes in each other, Sarkozy told a group of 200 to 250 lawmakers from the ruling UMP party, three lawmakers who attended the meeting said.

However, Sarkozy did not say which of several "alternative formula" he would favor, the leader of the parliamentary party Bernard Accoyer told reporters.

UMP spokesman Luc Chatel said Sarkozy did not want to "open a front" against Prime Minister Dominique de Villepin, who has said the merger would help preserve security of energy supply with the creation of a French industrial champion.

The state-directed business deal has split the party with two-thirds of UMP deputies planning to oppose the current plans in a parliament vote Wednesday.

Mittal Issues Growth Outlook To Raise Bid Pressure On Arcelor (WSJ)

By Juliane Von Reppert-Bismarck And Steve McGrath

The Wall Street Journal, June 14, 2006

Mittal Steel Co. raised the pressure on bid target Arcelor SA by publishing details of a midterm business plan that envisions strong growth.

Luxembourg-based Arcelor, meanwhile, stepped up its plan to woo shareholders by releasing more details of its planned merger with the OAO Severstal steel business owned by Russian entrepreneur Alexey Mordashov.

Mittal, the world's largest steelmaker by production, said it expects earnings before interest, tax, depreciation and amortization, or Ebitda, to reach $9.9 billion in 2008, 71% above the 2005 level. Ebitda is projected to rise 26% this year to $7.3 billion. The plan doesn't detail the benefits from an Arcelor deal.

"The outlook for the steel industry is positive, supported by strong global growth, especially from high-growth, developing markets," Chairman and Chief Executive Lakshmi Mittal said.

Arcelor countered by releasing its own figures. The company said its stand-alone Ebitda would rise to €8.9 billion ($11.21 billion) in 2008, from its previous forecast of €7 billion, based on market assumptions Mittal has given. Arcelor said the Ebitda of a combined Arcelor-Severstal would rise to €13.1 billion, from €10.3 billion.

Mittal's revised bid as of yesterday's close values Arcelor at €22.18 billion, or €33.40 ($42.08) a share.

Arcelor says its deal with Mr. Mordashov in effect values Arcelor at €44 a share, a claim Mittal has rejected.

A spokesman for Arcelor dismissed Mittal's outlook as a "very optimistic earnings forecast based on the upper side of the assumptions."

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Mittal Chief Financial Officer Aditya Mittal said at a news conference that he was confident of the company's assumptions, which had been checked and confirmed by its auditors and external independent consultants.

Arcelor's document, posted yesterday on its Web site, attempted to calm shareholder concerns about a merger with a Russian company, justifying the value of the merger and listing strict corporate-governance rules. Arcelor said the deal with Mr. Mordashov is more attractive to shareholders than being taken over by Mittal, offering higher profitability per ton and a better dividend-payout ratio.

The Arcelor documents revealed that Mr. Mordashov can walk away from the deal with a €140 million breakup fee if Mittal builds a substantial minority stake of more than 295 million shares.

Aditya Mittal said the company wasn't interested in taking a minority stake in Arcelor and was still confident that its offer would succeed.

Arcelor shares fell 1.9% to €32.66 in Paris, while Mittal fell 1% to €23.35 in Amsterdam.

Tech World Worries As Company's Patent Stockpile Grows (LAW)

By Lisa Lerer, IP Law & Business

IP Law & Business, June 14, 2006

Last January a dozen of the world's most respected scientists gathered in a nondescript conference room at an office building outside of Seattle. They sat around a table cluttered with laptops and papers, snacked on bowls of beef jerky and Chex Mix, and plotted the next technological revolution.

The brainstorming session, practically unintelligible to those with a less-than-Mensa-level IQ, took place at the offices of Intellectual Ventures, a start-up founded in 2000 by former Microsoft Corp. chief technologist Nathan Myhrvold. No intellectual slouch himself, Myhrvold not only led the discussion, but was an eager contributor, sketching out flow charts on a large whiteboard at the front of the room. A handful of patent prosecutors, charged with translating "aha moments" into patent applications, desperately tried to follow along, noting every reference, pulling up obscure theorems on their computers and snapping photos of Myhrvold's scribblings. Finally, after two days of discussion -- over the merits of using new technologies in medical treatments -- the group had a breakthrough. Jumping out of his seat, Myhrvold exclaimed, "This is Star Trek-level medicine!"

This is the friendly face of Intellectual Ventures. At the Bellevue, Wash.-based company, the science hails from Star Trek but the business plays out like Star Wars. For the past six years, Myhrvold and his Jedi inventors have been brainstorming, developing and patenting their best ideas. The company doesn't plan on manufacturing, or commercializing, a product. "We are a pure play about invention," says Myhrvold with prototypical passion. "Really big ideas have to come from somewhere."

But at Intellectual Ventures, not all the big ideas come from the Jedis. Another arm of the 100-employee company, headed up by former Intel Corp. in-house counsel Peter Detkin -- a Darth Vader figure to many -- has been buying up thousands of patents through shell corporations. A $400 million investment from some of the biggest technology companies, including Nokia Corp., Intel, Apple Computer Inc., Sony Corp. and Microsoft, funds the shopping spree. (None of these companies would comment for this story.) Some in the IP asset management field estimate that Intellectual Ventures has amassed 3,000 to 5,000 patents.

As the patent stockpile grows, so does the speculation -- and the fear. IP lawyers and tech executives worry that Intellectual Ventures is less interested in changing the world with big ideas, and more focused on becoming an über-troll, wreaking litigation havoc across industries with its patents. So far the tight-lipped company hasn't revealed much about its plan. "We don't proactively tell our story." says Myhrvold, "There's little in telling our story that benefits us." But this winter Myhrvold seemed to change his mind, inviting IP Law & Business up to Bellevue. Intellectual Ventures promised candor, but delivered something a bit more translucent. While company management filled in some blanks in the Intellectual Ventures story, they refused to discuss financials or reveal details about licensing deals, citing confidentiality agreements. Still, these details may not have been enough to end the speculation. After only a few years in business, Intellectual Ventures may simply be too young to know whether it will turn to the dark side.

For now, Myhrvold's happy to strike back at critics who are crying troll. "They can't quite bring themselves to believe we are doing what we are doing," says Myhrvold. "[Critics think], 'They can't be screwing around with a bunch of ideas for that long,'" he adds with a quick laugh. But that, he says, is exactly what Intellectual Ventures is doing. The company focuses on creating new technologies. The rest -- product development, commercialization, manufacturing -- will be handled by joint ventures, licensing and spin-off companies.

Intellectual Ventures represents a natural economic evolution, says Myhrvold. As the United States changes from a manufacturing to an ideas-based economy, making patents more valuable to businesses, a company based solely around IP seems almost inevitable. But coming up with marketable ideas might take ten years, he says. Intellectual Ventures plans on

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keeping the creditors at bay by becoming the Wal-Mart of the licensing world -- a one-stop patent shop. To do that, the company needs a whole lot of intellectual property, says Myhrvold: "IP is a game where scale really matters. One patent could be worth nothing or $1 million. It's hard to plan on the economic value of a single patent." While Myhrvold acknowledges that Intellectual Ventures has "a lot of patents," he shies away from an exact number.

Few besides Myhrvold could lead a company with such a grand focus. The 47-year-old millionaire has had an intellectual life that would delight Da Vinci. He holds a Ph.D. in theoretical and mathematical physics, M.S. degrees in mathematical economics, geophysics and space physics. As a postdoctoral fellow at Cambridge University, Myhrvold researched quantum physics with Stephen Hawking. He's also a published nature photographer and has had his state-of-the-art kitchen -- and his recipes -- featured in The New York Times Magazine. Intellectual Ventures' offices reflect his fanatical inquisitiveness: Antique microscopes and typewriters line the halls, and a model of a full-scale Tyrannosaurus Rex head greets visitors in the lobby.

But even Da Vinci needed help. Along with co-founder and former Microsoftie Edward Jung, Myhrvold's recruited an all-star staff, including Detkin and Greg Gorder, previously a partner at Perkins Coie, who has more than 100 venture capital financings under his belt. According to a former Intellectual Ventures executive, who agreed to speak anonymously, these four managers get a little under 2 percent of the money they've raised -- including the $400 million brought in from the company's investors.

Right now, Intellectual Ventures only has one homegrown patent. In November, the Patent and Trademark Office granted Myhrvold's company a patent for an image sensor that allows greater depth of field in photographs -- not exactly a big idea, but as the company is patenting a mix of ideas from "bold and risky," says Myhrvold, "to less ambitious, incremental ones." More are coming: Intellectual Ventures has filed about 400 applications at the PTO, as well as several dozen international applications, says chief patent counsel Casey Tegreene.

Many of the patent applications come out of the company's invention sessions. Intellectual Ventures has held about 60 over the past three years. The majority of participating scientists work for the company as outside consultants, including Leroy Hood, inventor of the DNA sequencer; W. Daniel Hillis, chair of R&D consulting firm Applied Minds, Inc.; and Massachusetts Institute of Technology professor Robert Langer.

After each session, a team of in-house patent lawyers comb through all the notes, papers, digital tapes and photos from the session looking for promising ideas. The review is detailed and confidential: Lawyers and patent agents spend two to eight hours per hour of tape. To prevent the recordings from being used as evidence in future trials, they're automatically erased after six months. Intellectual Ventures then examines the market potential of the flagged ideas. One session can lead to as many as 80 applications. And only about 10 percent of the patent prosecution work gets outsourced -- mostly to solo and small practitioners like Washington, D.C.-based Sterne, Kessler, Goldstein & Fox. With 15 in-house patent lawyers, Tegreene says that Intellectual Ventures is one of the biggest patent prosecution firms in the Northwest.

To figure out how to turn patents into profits, Myhrvold hired vice president Brent Frei, founder of Onyx Software Corp. and a former Microsoft programmer analyst. So far, Frei hasn't come up with much that he's willing to discuss. He speaks in generalizations, writing business school-type theories on his office whiteboard. The plan, he says, is to "invent across the spectrum." The hulking 6-foot-7-inch former Dartmouth football player draws a large graph, explaining Intellectual Ventures's business philosophy. At the bottom are emerging markets, like bioinformatics, and at the top, mass markets, areas like wi-fi, software, and cell phones. Presumably, Intellectual Ventures wants to be in all these spaces. "We're trying to get as much technology as possible and then figure out the best way to commercialize," says Frei. "We're not seeking $1 million to hold someone hostage," he says, instinctively answering the troll criticisms. With so much energy devoted to creation, Frei estimates that the first actual Intellectual Ventures-created business won't launch for at least six months to a year. "It's a long-term play," says Myhrvold. "Having patient investors is a key aspect."

Inventors won't have to be too patient. While the creative juices flow, the patent stockpile will pay the bills. "Today it's all about numbers and bulk," says Frei. Intellectual Ventures seeks out key patents in converging areas, like software, semiconductors, wireless, consumer electronics, networking, lasers, biotechnology and medical devices. For example, says Frei, a company working in online banking also needs security and e-commerce technology. Theoretically, Intellectual Ventures would offer them freedom to operate with a licensing package covering those key areas.

Ideally, says Frei, Intellectual Ventures will collect a huge patent library and, for a fee, license a variety of different technologies. Most licenses will be nonexclusive, an offer made particularly to the investors. Some industries, like biotech, will require more expensive, exclusive licenses. "We reserve the right to be smart," says Myhrvold, describing how Intellectual Ventures will tailor licenses to individual industries.

Of course, a patent licensing strategy only works when backed by the threat of litigation. And the company's critics are only too happy to speculate about that threat. Some have theorized that Intellectual Ventures is just a front for its investors -- a shield designed to protect them from patent suits. The tech giants can use Intellectual Ventures to buy small patent portfolios cheaply and pull them off the market, avoiding future litigation. Intellectual Ventures denies that its investors steer its acquisition strategy.

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"We are not controlled by anyone," says Frei. "We are amassing things that are valuable and going to get a market rate for them."

The former Intellectual Ventures executive claims that his former employer plans to hold entire industries hostage with high licensing fees, and the management team will be rewarded with a cut of the licensing revenue. Any company that refuses to take a license, or invest in Myhrvold's vision, says the executive, will face a lawsuit funded by some seriously deep pockets. Others paint a less nefarious picture, but fear that if Myhrvold's innovation model fails, the company, desperate for cash, will turn into a licensing monster -- and no one but those investors will be safe: "If the business model starts to fail, then they're sitting there with a huge portfolio and a relatively straightforward way of getting return by sending letters to a lot of people who aren't investors," says Dewey Ballantine patent litigation partner Anthony Shaw.

"These are the trolls that call other people trolls," says Raymond Niro, name partner at Niro, Scavone, Haller & Niro, who is known for representing clients considered by many to be trolls.

Calling Peter Detkin a troll is like challenging a Grand Master to a quick game of chess. Detkin coined the term in 1999, after Intel was sued for infringing the patents of TechSearch, a small patent-holding company (now a subsidy of Acacia Technologies Group). When Detkin referred to TechSearch as a "patent extortionist," the company sued for libel. So the Intel team swapped in "troll," and an industry swear word was born. In 2001 Detkin told our sibling publication The Recorder "A patent troll is somebody who tries to make a lot of money off a patent that they are not practicing and have no intention of practicing and in most cases never practiced." Intellectual Ventures easily fits the bill.

Over dinner, at a trendy Silicon Valley restaurant a couple of blocks from his home, Detkin makes it clear that he doesn't like the tables being turned. "There's just no clear definition at this point," he says, pausing for a tortilla chip. "A troll has become just a word for 'A plaintiff I don't like.'" Detkin's updated definition: someone who takes a single patent or small portfolio of questionable value and asserts it purely for "nuisance value." That's not Intellectual Ventures, which seeks out quality patents, offering good inventors another avenue to monetize their work, he says. Intellectual Ventures, caring only about patents, has more alternatives to offer inventors than corporations. The company will incorporate royalty sharing, additional payment terms and clauses that allow inventors to continue to invent into deals.

While not much is known about Detkin's patent shopping, the former Intellectual Ventures executive gives some details. Intellectual Ventures, says the executive, forms a new shell corporation each time it acquires a new patent portfolio. A special computer program names the companies, making them difficult to hunt down. The former executive pointed us to past monikers, including Thalveg Data Flow, Orange Computer and Maquis Techtrix -- all were traceable only to Seattle-area post office boxes.

Using fake companies to conduct real business isn't new to Detkin. "This is a Detkin trademark," says Niro, who represented TechSearch in the Intel litigation. During that case, Detkin created a shell corporation, Maelen Ltd., which offered TechSearch $325,000 for its patent, a price far lower than the millions at stake in the trial. The ploy failed when a judge realized that Maelen was really operating in Intel's interest.

Detkin, who joined Intellectual Ventures in 2002 after spending a week helicopter skiing in backcountry Canada, says that using shell corporations is just good business practice. "When you acquire assets you want to hold them separately," he says. "There's nothing nefarious about it." Companies often buy all kinds of assets under shell corporations to limit potential liability, he says.

Two years ago, Detkin set up a shell corporation called Brissac Electronic Holdings, and, under that name, bid on a portfolio of e-commerce-related patents at an auction in a California bankruptcy court. But Detkin dropped out after bidding crossed the $14.9 million line, and the portfolio went to Novell Inc. "To date, I've found Intellectual Ventures to be professional and not overly aggressive," says James Malackowski, head of IP merchant bank Ocean Tomo, which ran the patent auction. But if Intellectual Ventures starts firing off lawsuits, says Malackowski, it will face a backlash and possibly even legislative regulation.

If that happens, Intellectual Ventures is ready: The company has already set up a lobbying presence in Washington, D.C., and is playing an active role in the legislative debate over patent reform. Myhrvold testified on the issue to the House subcommittee on the courts, the Internet and intellectual property in April 2005, and last year Detkin submitted a written report on reform to the Antitrust Modernization Committee of the Federal Trade Commission. Both have spoken at industry group meetings and universities across the country. Intellectual Ventures, naturally, argues that patents protect ideas, not just products. Patent holders of all stripes should be able to get a court-ordered injunction, stopping the business operations of an infringing company.

For now, patent injunctions are a theoretical matter for Intellectual Ventures, although the company isn't ruling out future patent lawsuits. "In some cases we'll have to sue," says Frei. But a suit is less lucrative, Frei maintains, than a small running royalty on a key patent paid by a lot of companies for 10 to 15 years.

Besides, Myhrvold's curiosity (and funds) seem to have limits. "If I sue everyone, I spend all the money on lawyers," says the invention king, exasperated. "I still spend all my money on lawyers because of filing those damn things."

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ENVIRONMENT:

Judge Drops Part Of Charge Against Company (AP)

By Becky Bohrer, Associated Press Writer

AP, June 14, 2006

Judge Dismisses Part of Criminal Charge Against W.R. Grace, Some Former Top Officials

BILLINGS, Mont. (AP) -- A federal judge has dismissed part of a criminal charge against W.R. Grace & Co. and some former top officials that alleged they knowingly endangered miners and area residents through asbestos exposure in Libby, Mont., site of the company's former vermiculite mine.

U.S. District Judge Donald Molloy concluded that the statute of limitations -- the time allotted under federal law to prosecute the case -- had expired.

A federal grand jury indicted Grace and seven one-time top officials in February 2005, accusing them of conspiring to conceal health risks posed by the company's now-closed vermiculite mine.

Molloy's ruling, dated last week, is a partial victory for the defense, which has been attempting to get a conspiracy charge thrown out or limited. The conspiracy charge itself was not thrown out, but the allegation that the defendants "knowingly endangered" residents and miners is a major foundation of that conspiracy charge.

Hundreds of people in the northwestern Montana town have been sickened, some fatally, by exposure to asbestos. The vermiculite mined at Libby contained harmful tremolite asbestos. The mine closed in 1990.

Several defense attorneys declined comment Tuesday, as did the U.S. attorney's office in Billings.

Justice Department spokeswoman Cynthia Magnuson said, "We are considering our options at this point" and declined further comment.

The case is set for trial in September, though defense attorneys have sought to have that date pushed back. The defense also has asked for separate trials for the named defendants.

Conspiracy, Molloy wrote, requires an "overt act" within the limitations period. The clock on the five-year statute of limitations began in November 1999, court records show.

The defense argued the indictment didn't allege the defendants had undertaken any overt acts that knowingly endangered residents or employees from November 1999 through February 2005. Prosecutors countered with more than a dozen claims they said helped indicate otherwise.

Molloy, however, wrote that several of the claims raised by the government spoke more to allegations the defendants concealed wrongdoing from the Environmental Protection Agency, which was investigating the contamination, or acted to limit their liability.

As a result, they "cannot be construed as alleging acts in furtherance of the knowing endangerment object," he wrote.

An accusation that Grace failed to completely remove vermiculite contaminated with tremolite asbestos from school tracks and a skating rink over roughly a 19-year period, ending in 2000, also do not allege overt acts, Molloy wrote.

"The purpose of the overt act requirement is 'to manifest that the conspiracy is at work and is neither a project still resting solely in the minds of the conspirators nor a fully completed operation no longer in existence,'" he said.

"The failure to fully abate the schoolyard contamination more plausibly suggests a completed operation than a conspiracy still at work," he wrote.

Land-use Suit Becomes Federal Fight (LONGDTC)

By Victoria A.F. Camron, The Daily Times-Call

Longmont (CO) Daily Times-Call, June 14, 2006

Justice Department to defend RLUIPA against county

Neither Rocky Mountain Christian Church officials nor the lawyer representing Boulder County is surprised that the federal Department of Justice is stepping into a lawsuit between the entities.

“It’s not altogether unexpected that they would defend the constitutionality of a federal statute, the same way the Colorado attorney general’s office would defend the Colorado Constitution,” said David Hughes, the attorney representing the county on the lawsuit.

The federal government will defend the constitutionality of the Religious Land Use and Institutionalized Persons Act of 2000, which Boulder County claimed in March is unconstitutional.

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The church has asked the county to allow an expansion of 132,000 square feet that would include an education building, a multipurpose chapel building, a gymnasium and a gallery that would connect the new buildings with the existing church. The church also would add about 500 parking spaces. Church officials said construction would occur over the next 15 to 20 years.

RLUIPA, as the federal law is called, prevents local governments from placing a "substantial burden" on churches; when restrictions are made, they must be the "least restrictive" possible. However, federal courts have differed on the meaning of "substantial burden," and none of the cases regarding land use has yet been heard by the Supreme Court.

Hughes could not say if the federal government's involvement would complicate or lengthen the case. The government may raise different arguments than the church will, which Hughes acknowledged would cause him more work in defending the county.

The attorney representing the church would not comment, but church spokesman David Page said, "We're not surprised Justice would step in at this point."

The federal government has plenty of cases to draw from while preparing its filing in the local case.

In Florida, the town of Surfside refused to let a synagogue locate in the town's central business district, prompting the synagogue to sue the town under RLUIPA. As in Boulder County's case, lawyers representing the town argued that neither the 14th Amendment nor the Commerce Clause of the Constitution authorized Congress to pass the law.

Surfside attorneys also argued that RLUIPA violated the 10th Amendment and the establishment clause of the First Amendment.

The Justice Department successfully argued the law is constitutional, writing, "RLUIPA has a permissible secular purpose of alleviating government-created burdens on religion, ... and RLUIPA's land-use provisions do not create excessive entanglement between government and religion."

After the federal appellate court ruled in favor of the synagogue, the Supreme Court refused to consider the town's appeal of the case.

Although constitutionality was not raised as an issue, the Justice Department argued that RLUIPA applied when a Michigan township denied a permit to a church to expand its building, just as Rocky Mountain Christian Church wants to do in Niwot.

No Vote On Mine Safety Nominee (NYT/AP)

By The Associated Press

The New York Times, June 14, 2006

Republicans scrapped a vote on President Bush's choice to head the agency in charge of mine safety after it became clear that he did not have enough support to win Senate approval. Democrats opposed the nominee, Richard Stickler, saying he had spent too many years as a coal mining executive and had failed to demonstrate that safety was his top priority. In his confirmation hearing earlier this year, Mr. Stickler declined to endorse several proposed changes to mine safety laws but said the enforcement of existing laws could be improved. Senator Robert C. Byrd, Democrat of West Virginia, used a procedure known as a legislative hold to block the nomination.

G.M. — Again (NYT)

By Thomas L. Friedman

The New York Times, June 14, 2006

On May 31 I wrote a column accusing General Motors of acting irresponsibly by offering unlimited gasoline at $1.99 a gallon for one year to anyone who buys certain of its midsize sedans, big S.U.V.'s or gas-guzzling Hummers in California or Florida. At a time when we are at war in the Middle East, with an enemy who is indirectly financed by our energy purchases, it seems to me that every American, and every American company, has an obligation to reduce oil consumption. No one should be making a huge gas-guzzling Hummer, and no one should be driving one, and no one — certainly not G.M. — should be subsidizing people to drive them.

After the May 31 column appeared, G.M.'s vice president for global communications, Steven J. Harris, and his colleagues denounced my argument in a formal statement and on G.M.'s corporate blog. This is an important issue, so let me respond to their response.

To begin with, I would much prefer to see G.M. thriving and growing American jobs — not selling itself off, limb by limb. But as long as G.M. is giving away $1.99 gasoline for its gas guzzlers, I will be a harsh critic. Pardon me if — at a time when China is imposing higher mileage standards than America — I don't want to join the many congressmen and senators in drinking G.M.'s Kool-Aid and not demanding that it become the most fuel-efficient automaker in the world. If more people in Washington insisted

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that G.M. focus on building cars that could compete in a world of $3.99 gasoline, rather than creating an artificial universe of $1.99 gasoline, G.M. would not be worrying about bankruptcy today.

G.M. says that the cars chosen for its $1.99 gas giveaway were chosen because of "their outstanding fuel economy and great consumer appeal." It also says that G.M. makes more cars that get an E.P.A.-estimated 30 miles per gallon on the highway than any other company.

Fact: G.M. also sells more cars that get 9 to 11 m.p.g. — the Hummer — than any other company. And even though G.M. justified the $1.99 program as giving consumers a chance to drive some of its most fuel-efficient cars, it did not include its best-selling, most fuel-efficient model, the Chevy Aveo (35 m.p.g. highway), in the program, but did include seven gas-guzzling trucks. G.M. still does not have a family-friendly hybrid on the market (one is due this summer) — nine years after Toyota introduced the 45-m.p.g. Prius hybrid, which G.M. scoffed at at the time.

Stephanie Salter, a columnist writing in the Terre Haute Tribune-Star, did a spoof about G.M.'s $1.99 gas giveaway by imagining what other less-than-healthy consumer companies might now do: "Today R.J. Reynolds Corp. announced a new 'smoke more/pay less' instant rebate program for most of its cigarette brands. Time-dated coupons will be included in every pack of RJR cigarettes. Tobacco consumers who collect 10 same-brand coupons in five days can redeem them for a pack costing $1. The only brands not covered by the coupon program are the company's cigarettes with very low tar and nicotine content."

Next, G.M.'s Harris asked: "How is offering a gas card that may be worth $1,000 any different or more sinister than the $2,000 cash rebate that Toyota's offering right now nationwide on its full-size S.U.V., the Sequoia?"

Fact: Reading that question you'd think that G.M. was giving away cheap gas instead of big S.U.V. rebates. The truth: We called G.M. dealers in California who said that under the new program they were authorized to offer $5,000 discounts on the 2006 Suburban and Tahoe S.U.V.'s — which are like the Sequoia — in addition to G.M.'s unlimited $1.99 gas for a year. I guess Mr. Harris just forgot that.

Yes, Toyota makes trucks and S.U.V.'s, just like G.M. I am not against either. Some people need them, others enjoy them. But I don't think we should be subsidizing gasoline so people who don't need them will buy them or buy the most gas-guzzling versions. G.M. says its full-size S.U.V.'s get better mileage than Toyota's. All I know is that Consumer Reports rates all size S.U.V.'s for fuel efficiency, reliability and performance. Toyota and Honda S.U.V.'s are its top picks in every size category.

Ah, says Mr. Harris, but we offer nine vehicles that can run on E85 ethanol-gas blends, and have made 1.9 million such cars and trucks. Toyota makes none. The truth: The Big Three U.S. automakers started making flex-fuel cars in the mid-1990's after they were given a shameful federal loophole.

As the Des Moines Register explained in an article on May 26: "The loophole works this way: A dual-fuel vehicle that can run on either gasoline or 85 percent ethanol, or E85, is credited with a much higher mileage rating than it really gets. That keeps the overall mileage of the cars and trucks that a company like Ford or General Motors makes in any given year within the government's mileage limits."

By agreeing to build flex-fuel vehicles credited with phony mileage, Detroit gets to make many more bigger, heavier gas guzzlers, the paper explained, "without having to pay fines for exceeding the federal mileage standards." For instance, the 2006 G.M.C. two-wheel-drive Yukon 1500 actually gets 15 m.p.g. city and 20 m.p.g. highway. But under this loophole it is rated as getting 33 miles per gallon for purposes of meeting the government's fleet fuel economy standards. "The Union of Concerned Scientists calculates that the loophole increased U.S. oil consumption by 80,000 barrels per day in 2005 alone," the paper said.

If G.M., Ford and Chrysler really care about saving oil and the environment, why exploit this loophole? And by the way, even though G.M. has made 1.9 million flex-fuel vehicles, it and the other automakers for a long time did little to inform customers that their cars could run on ethanol — because their real interest was the mileage loophole to make more big cars. Most people didn't know they were driving a flex-fuel car. "Until recently, the only way to tell was by checking the vehicle identification number," the paper noted. Recently, General Motors has put yellow gas caps on its dual-fuel vehicles to alert customers.

I'm not a car expert, so let me leave the last word to Automotive News, the industry's top trade magazine. Its June 5 editorial said: "General Motors' promotion that reimburses some buyers for gasoline purchases is ill-advised for an automaker that is trying to burnish its green image. The program should be dropped, not expanded. ... It's simply a subsidy for vehicles that burn a lot of gasoline. And it's one more example of G.M.'s tone deafness on environmental issues. ... Yes, G.M. can make vehicles that are as fuel efficient as anybody else's. But it acts as though its future depends on gas guzzlers."

Warming At The Court (WP)

The Washington Post, June 14, 2006

AS EARLY AS this week, the Supreme Court will decide whether to hear a case that is now something of a dud but could become one of the most significant pieces of environmental litigation in a generation. The case is a challenge by states and

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environmental organizations to the Environmental Protection Agency's decision not to regulate the gases that cause global climate change. The justices should hear it, both because a lower court -- the U.S. Court of Appeals for the District of Columbia Circuit -- could not produce a coherent opinion and because the issues it presents are of enormous importance. The agency is claiming that the Clean Air Act gives it no legal authority over what is probably the preeminent environmental issue of our time; and that even if it had authority, it wouldn't use it; and that nobody can force it to in court. If any part of that argument is correct, the justices -- not a splintered lower court -- should be the ones to say so.

Back in 1999 environmentalists petitioned the EPA to regulate greenhouse gas emissions in new motor vehicles. A few years later the EPA declined. The agency contended that it lacked statutory authority over greenhouse gases, though the law grants it power over "any air pollutant from any class or classes of new motor vehicle . . . [which] may reasonably be anticipated to endanger public health or welfare." The law defines "air pollutant" as any "substance or matter which is emitted into or otherwise enters the ambient air" and defines "effects on welfare" as including effects on "climate." The agency further declared that even if it's wrong on the law, it prefers not to regulate greenhouse emissions at this time, because of scientific "uncertainty" as to global climate change's mechanisms and a desire to take on the problem by other means.

In response, a three-judge panel of the D.C. Circuit split three ways: One judge ruled that the agency was, in effect, free to ignore the law's command because of the extraneous policy judgments it identified. A second contended that the states and environmental groups lacked standing to bring the litigation in the first place. A third judge contended that they did have standing and that the EPA had defied the law. The result is that the court affirmed the EPA's position, but for no coherent reason.

The justices now face three distinct questions: Can anyone challenge the EPA's decision? Do greenhouse gases count as pollution? And, if so, can the EPA decline to regulate because, well, it doesn't feel like it?

The second two questions are easy: The law does not give the EPA discretion to ignore its legal duties, and the legal definition of pollution clearly seems to encompass greenhouse gases. The first question is far harder; to establish standing to litigate the case, the challengers have to show that global warming is causing them injuries and that regulating one small corner of the problem -- emissions by new vehicles -- would redress those injuries. Clearly, however, it makes no sense for the justices to leave in place a muddled decision that establishes nothing while letting the agency bind its own hands.

FBI/DEA/ATF/USMS:

FBI Transfers Wales Slaying Case To Portland (SEATIMES)

By Steve Miletich, Seattle Times staff reporter

The Seattle Times, June 14, 2006

In a major rebuke, the FBI's investigation into the slaying of federal prosecutor Thomas Wales was removed from the bureau's Seattle office today in the wake of a decision to reduce the number of agents working on the case.

The case was assigned to Robert Jordan, special agent in charge of the Portland FBI office, who will handle daily supervision of the investigation, the FBI said.

Jordan will have the authority to add new agents to a longstanding task force investigating Wales' killing in 2001, officials said. Agents have focused on a Bellevue airline pilot as the prime suspect.

Laura Laughlin, the special agent in charge of the Seattle FBI office, had cut the numbers of agents investigating the case from four to two last month, prompting the special prosecutor in the case to appeal her decision to FBI headquarters in Washington, D.C.

Wales, 49, who worked in the U.S. attorney's office in Seattle for 18 years, was shot at about 10:40 p.m. Oct. 11, 2001, while sitting at his computer in the basement of his Queen Anne home. He was hit by several shots fired from his backyard.

If killed because of his work, Wales would be the first federal prosecutor in U.S. history to be slain in the line of duty. A $1 million reward has been offered for information that helps solve the case.

Laughlin issued a written statement today calling the new moves the completion of a "strategic realignment" in the investigation. She said she also had appointed a special analyst in the Seattle FBI office to the case to bolster the investigation.

"I am hopeful that with this task force realignment and the new analytical focus as well as the unique perspective and depth of experience that Robert Jordan can bring to this case we can make new progress in this investigation," Laughlin said. "This is not a cold case."

Laughlin said when "someone takes the life a prosecutor whose job it is to uphold the law, it is more than a murder, is it an attack on society and our justice system."

Jordan recently completed a temporary assignment as Deputy Assistant Director of the FBI's Criminal Investigative Division in Washington, D.C. In the Wales case, he will carry the title of inspector, a special designation used by the FBI in challenging,

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high-profile investigations. The FBI appointed inspectors amid previous high-profile investigations of the 1995 bombing of the Alfred P. Murrah Federal Building in Oklahoma City and the 1996 bombing of Atlanta's Centennial Park during the Olympic Games.

The Bellevue pilot, who has been under investigation in the Wales case for more than four years, had been targeted by Wales in a fraud case that concluded in 2001.

Agents have twice searched the pilot's house, and his friends and associates have been called before a federal grand jury in Seattle that is investigating the case.

No charges have been filed against the pilot, who has refused to be interviewed by reporters.

Laughlin's decision to reduce the number of agents working on the case came shortly after the Seattle FBI office disclosed in April that it had received an anonymous letter written by a person claiming responsibility for killing Wales.

The letter was mailed from Las Vegas in January, around the time the Bellevue pilot visited that city while traveling on business, according to sources who spoke on condition of anonymity because the investigation is continuing.

The letter was written by someone claiming he was hired to kill Wales, and it contained what the FBI described as misleading and unrealistic information meant to throw off investigators.

Agents have been trying to directly link the letter to the pilot, who could be charged with obstruction of justice if he wrote it.

Laughlin's decision stunned agents because they viewed the developments related to the letter as a significant breakthrough in the investigation, sources said.

FBI Shakes Up Management Of Wales Investigation (AP)

By Gene Johnson, AP LEGAL AFFAIRS WRITER

AP, June 14, 2006

SEATTLE -- The FBI has put its Portland, Ore., field office in charge of investigating the 2001 assassination of Tom Wales, an assistant U.S. attorney in Seattle, saying it hopes the shakeup will bring a "fresh point of view" to the unsolved case.

Seattle Special Agent in Charge Laura Laughlin had recently faced criticism for trimming the number of agents assigned to the case from four to two. That decision was reviewed by FBI headquarters at the request of a special prosecutor assigned to the Wales case.

Under the change, Portland Special Agent in Charge Robert Jordan was named "inspector" for the case and will oversee day-to-day operations. In a Tuesday night interview from Washington, D.C., he told The Associated Press he anticipates increasing the number of people working the case, and that he will meet with the special prosecutor and the investigative team next Monday in Seattle.

"I'm going to put any and every resource necessary to work this case," Jordan said.

As part of the realignment, one analyst with the Seattle office's Field Intelligence Group has already been assigned to the case, joining the two remaining agents who will stay on to ensure continuity, the agency said in a news release.

In 2003, there were eight agents dedicated to finding Wales' killer.

Wales, 49, who mostly handled white-collar crimes, was shot the night of Oct. 11, 2001, while sitting at his computer in his Queen Anne neighborhood home. He was hit by several shots fired through a window.

The only publicly identified suspect in the case is a Bellevue airline pilot who had feuded in court with Wales. No charges have been filed. The pilot has not responded to numerous Associated Press interview requests.

The FBI recently has focused its investigation on an anonymous letter purportedly written by the shooter. The letter was sent to the agency from Las Vegas in January; shortly before the letter was sent, the pilot was in Las Vegas.

Members of the FBI's task force on the case have interviewed more than 2,500 people and followed more than 3,000 investigative leads through all 50 states and half a dozen countries, the agency's news release said. The task force also conducted a nationwide search for replacement barrels for a Makarov semiautomatic pistol, the weapon used in the killing.

"This is not a cold case," Laughlin said Tuesday in the news release. "We are adjusting our approach and bringing new energy to an investigation that has been long and difficult."

Grand Jury Indicts 6 Men On Drug Trafficking Charges (PROJO)

The Providence Journal, June 14, 2006

PROVIDENCE -- A federal grand jury has issued indictments charging six men with drug-trafficking offenses, according to the U.S. Attorney's office and the Drug Enforcement Administration.

One of the indictments, issued last Wednesday in U.S. District Court, charges Oscar R. Sandoval-Espana, also known as Eddie Alberto Ramos, of Pawtucket, and Manual A. Mendez-Herasme, address unknown, with possessing with intent to distribute five kilograms or more of cocaine on May 25.

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In another indictment, the grand jury charges that between December 2005 and May 27, Ancelmo A. Castillo, age and address unknown, and Roberto E. Olivo, 43, of Providence, conspired to distribute and possess with intent to distribute one kilogram or more of heroin.

The third indictment charges Sandy Baez and Manuel Alberto Nogueira-Reico, ages and addresses unknown, with conspiring to distribute and distribution of 100 grams or more of heroin on May 10. It also charges Baez with assaulting a drug enforcement agent that day.

All six men are in state or federal custody, authorities said.

If convicted, the penalty for possessing with intent to distribute five kilograms or more of cocaine or one kilogram or more of heroin is 10 years to life in prison and a $4-million fine.

The maximum penalty for conspiracy to distribute heroin and distribution of heroin is 40 years imprisonment and a $2-million fine; the maximum penalty for assaulting a federal law-enforcement officer is 20 years in prison and a $250,000 fine.

Convictions Upheld In Boxed Bodies Case (DA)

Daily Advertiser, June 13, 2006

A state appeals court has upheld the second-degree murder convictions of a man and a woman whose victims' bodies were cut up and put in boxes.

The 3rd Circuit Court of Appeal on Monday rejected appeals by Cynthia Anderson and Larry Surratt, who were found guilty of killing Larry Cook and his girlfriend, Sheila Kirby in January 2003.

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The bodies were found in Bayou Cocodrie in Evangeline Parish 10 days apart in January 2003.

According to authorities, both victims had been shot before their bodies were cut apart and stuffed in the rubber boxes. Surratt and Cook were members of the Banshee motorcycle organization.

The appeals court dismissed claims that the victims had been working from the federal Drug Enforcement Administration and that other members of the motorcycle group were more likely to have killed them.

Anderson also unsuccessfully argued that the jury in Ville Platte should have been allowed to consider a lesser charge of accessory after the fact.

Cook and Anderson are serving no-parole life prison sentences.

WADA Calls NHL Doping Test Meaningless (AP)

AP, June 14, 2006

MONTREAL (AP) -- The NHL is trying to fool the public with a flawed anti-doping program, the chairman of the World Anti-Doping agency said Tuesday.

Dick Pound said league statements Monday that there were no positive tests among 1,406 administered during the season were meaningless given the loopholes in its anti-doping program.

"All we can do is keep drawing the attention of the public to its shortcomings and make sure the public understands that it's being fooled by the NHL when it says it has a serious testing program," Pound said.

He said the NHL does not test for stimulants and other banned substances and does not test at times when players are likely to be caught, such as during offseason training.

Pound did not back off a statement he made in November that up to a third of NHL players may be using performance-enhancing drugs "if you include the full range of drugs, most of which they don't test for.

"I think they should make clear what they test for and what they don't. And make it clear when they're testing out of competition and in competition. And make it clear they don't test before and after games. And they don't test in the offseason and that they only test for steroids."

NHL players, management personnel and representatives of the NHL Players Association expressed delight when it was made known that none of the tests taken since January were positive.

And many mentioned Pound, saying the results proved his estimate was wrong.

NHLPA executive director Ted Saskin said Pound "should be embarrassed by his baseless and uninformed allegations.

"I would hope that in the future he refrains from commenting on NHL players since his last remarks were so off-base."

Pound said the league's program lacked transparency and that it should make public its "whole testing protocol," including who is administering the tests, how they were taken and which players were tested at what times.

The league said each of the league's roughly 700 players was tested up to two times between Jan. 15 and the end of the regular season. The tests were administered by the independent lab Comprehensive Drug Testing of Long Beach, Calif.

The program is run jointly by the league and the players association. It is the first time the league has had anti-doping tests.

Players were not tested for the drugs on WADA's list of banned substances that are prohibited only during competition, such as stimulants. Some cold remedies that contain stimulants, such as ephedrine, are suspected to be widely used by hockey players.

Bill Daly, NHL deputy commissioner, said the test results showed that "doping is not a problem in our sport.

"We're pleased but not surprised by the results," he said.

Steroids Inquiry Must Start With Old Scars (NYT)

By William C. Rhoden

The New York Times, June 14, 2006

FOR the last two seasons, steroid use in baseball has been framed as a simple story of giants, and one Giant in particular: Barry Bonds. Steroid use became a celebrity issue, with Bonds as its poster child.

Baseball's problem goes far beyond Bonds. This is not a superstar issue, but an everyday, kid-next-door issue, with average players trying to keep up, young players trying to make it, old players like Arizona Diamondbacks reliever Jason Grimsley trying to hang on.

Last week, federal investigators searched Grimsley's home in Scottsdale, Ariz. Just as baseball appeared to achieve a calm, just as Commissioner Bud Selig assured fans that baseball's steroids problem was under control, we have this. Grimsley, according to documents filed in the United States District Court of Arizona, admitted using anabolic steroids, amphetamines and human growth hormone.

Fay Vincent, a former commissioner of Major League Baseball, said he was surprised by the raid because federal agents had not seemed interested in aggressively pursuing illegal drug use by athletes.

"Somebody's taking it seriously," Vincent said Monday from his office in Connecticut. "They're investigating beyond San Francisco and out into baseball, where there's obviously been a lot of problems.

"My guess is there's a lot more to come, and we're going to be very, very depressed about how much cheating, how much misuse of drugs was going on in baseball."

Vincent was commissioner from 1989 to 1992. During the 1980's, on the watch of a previous commissioner, Peter Ueberroth, baseball endured an embarrassing cocaine scandal involving some of the biggest names in the game. In 1992, Vincent barred pitcher Steve Howe from baseball for life as a seventh suspension for drug and alcohol troubles. The players union appealed Vincent's decision, and Howe was reinstated.

Steroids were barely on Vincent's radar then. "All I heard were rumors that Canseco was using steroids," he said, referring to the former Oakland Athletics slugger Jose Canseco. "That was the earliest I ever heard of steroids; I had no idea what a steroid was."

Now Vincent calls steroids baseball's greatest disgrace since the Black Sox scandal in 1919. How will the sport come out from under this cloud? Vincent favors holding hearings with no penalties attached. He would assure players that baseball has no intention of punishing anyone.

In March, Selig appointed George J. Mitchell, the former Senate majority leader, to investigate steroid use in major league baseball. But baseball's problems are so full-blown that criminal prosecution may be the only way to get to the truth. Baseball needs its own truth and reconciliation hearings to get to the root of drug use and to determine guilt or innocence.

Fans want the truth. Let's get at the truth.

We thought baseball hit its low point last season, when a parade of the biggest stars went, most ungraciously, before Congress to testify about steroid use.

"Baseball's got to get back on the high ground," Vincent said. "It needs to establish some moral principals. The game's got to be played according to the rules, otherwise it becomes professional wrestling or a movie — it's entertainment, but it's not a game."

Vincent has completed the first installment of a baseball oral history project ("The Only Game In Town: Baseball Stars of the 1930's and 1940's Talk About the Game They Loved," 2006, Simon & Schuster). In the spirit of oral histories, we should examine how athletes in each generation used substances — from crude homemade concoctions to steroids and amphetamines — to get an edge. Call players from each decade, beginning with the 50's, to testify about cheating, about when and how they used, and why they used.

"As somebody wisely said, 'Babe Ruth used a prohibited substance when he played — it was called booze,' " Vincent said.

"All athletes in every sport have always looked for a competitive advantage. The track people have done it; I think it goes back to the Greeks. You're never going to get rid of that."

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We always say this, but let's prove it. The Mitchell investigation is covering a period of only 15 years. That will provide a snapshot. The hearings I envision would follow the intricate web of cheating in baseball that goes back decades.

"I really think there's going to be a lot more Grimsleys," Vincent said, "because the feds are finally doing what they should do: they're investigating the misuse of these drugs by athletes."

Vincent said he did not like the idea of more hearings like the one Congress held last year.

"Congress doesn't want to do that," he said. "You get very popular guys up there saying, 'We're going to take the Fifth Amendment.' It becomes a circus. Everybody gets hurt — baseball gets hurt."

Baseball has hurt itself for decades by looking the other way. Now it's time for the sport — from owners to players to trainers to the men and women who cover the game — to look in the mirror and examine the soul of their sport.

Vincent wants baseball to regain its moral high ground. At this point, I'll settle for truth and reconciliation.

UK Fears Record Afghan Heroin Output (GUA)

Guardian, June 13, 2006

The Afghanistan province being patrolled by British troops will produce at least one third of the world's heroin this year, according to drug experts who are forecasting a harvest that is both a record for the country and embarrassing for the western funded war on narcotics.

British officials are bracing themselves for the result of an annual UN poppy survey due later this summer. Early indications show an increase on Helmand's 1999 record of 45,000 hectares (112,500 acres) and a near-doubling of last year's crop.

"It's going to be massive," said one British drugs official. "My guess is it's going to be the biggest ever." UN, American and Afghan officials agreed.

"It could be over 50,000 hectares, or over 50% of the total [Aghan] crop," said General Muhammad Daud, the deputy interior minister for counter-narcotics. Helmand's bumper harvest highlights the dramatic failure of western counter-narcotics efforts that have cost at least $2bn (about £1.09bn) since 2001. It could undo progress made last year, when poppy cultivation dropped 21% after President Hamid Karzai's call for a "jihad" on drugs. And it spells particularly bad news for Britain, which is leading the anti-narcotics campaign and has deployed 3,300 soldiers to the large and lawless province.

As Afghanistan accounts for almost 90% of the world's heroin supply, that would mean Helmand supplies about one-third. Drug experts say the province is as central to Afghanistan's illegal economy as California is to America's legal one.

"If you took Helmand out of the picture, Afghanistan would fall from the world's top poppy grower to second or third place," said one US official. British and American officials cannot resort to the tactics of the Taliban, which slashed poppy cultivation to 8,000 hectares in 2001 by threatening to shoot farmers. But western efforts using less violent methods, such as encouraging farmers to grow legal crops, have proved fruitless.

The smuggling kingpins who control the £1.5bn trade have become rich, powerful and apparently untouchable. Although several hundred low-level couriers have been arrested, not one "big fish" has been tried in Afghanistan - a critical failing according to analysts. "Until Karzai arrests and jails one big dealer, people will not believe the central government is behind this drive," said a former American anti-narcotics contractor.

The most damaging allegations swirl around the minister charged with counter-narcotics, Gen Daud. Several western officials allege Gen Daud, a former Tajik warlord, has historical and family links to smuggling. Gen Daud denies the allegations as "politicking" and blames the British embassy for trying to slur his reputation.

"It is very shameful for a big country with such a good reputation to make allegations like this. They should first investigate, and if they have any proof bring it forward," he said at his office.

As proof of his modest wealth, Gen Daud said the government paid his rent, his children walked to school and one of his brothers worked as a taxi driver in Saudi Arabia.

Sour relations with the drugs minister are not the only problem facing British officials in tackling this year's bumper crop. American congressmen are ratcheting up pressure to start poppy eradication using pesticide-spraying planes, a controversial tactic. Aerial spraying has been used extensively against coca plantations in Colombia but is trenchantly opposed by British and Afghans officials, who say it would be disastrous in Afghanistan. "It could drive farmers into the hands of the insurgents," said one.

But an American official predicted that without a dramatic drop in next year's crop, spraying could lead to a UK-US rift by 2008. "Spraying will continue to be a cloud on the horizon and it will get darker," he said.

In Helmand British commanders insists the 3,300 soldiers will avoid tackling drugs in favour of providing security and development funds. "We have to put the things in place that will make it no longer necessary to grow poppy," said a senior officer.

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But drug experts say it will be impossible to avoid the drugs war. Britain's main enemy, the Taliban, has developed close links to drug smugglers, sometimes providing them with weapons and vehicles. On Sunday a British soldier, named as Captain Jim Philippson, became the first combat fatality in Helmand after a battle with suspected Taliban forces.

Chateaugay Native Selected To Head U.S. Marshals Service (PLATTSPR)

By CASEY RYAN VOCK, Staff Writer

Plattsburgh (NY) Press-Republican, June 14, 2006

PLATTSBURGH — A Chateaugay native is directing the U.S. Marshals Service, placing him in the highest-ranking position in the country's oldest law-enforcement agency.

"Growing up on a dairy farm gives you an appreciation for hard work," John F. Clark Jr., 45, said in an interview with the Press-Republican.

"That has conveyed with my life and my career."

The 1978 graduate from Chateaugay Central School was appointed by President George W. Bush and sworn in March 18 by Attorney General Alberto Gonzales.

Clark is the agency's ninth director but the first to have had a career as a marshal.

PRISONERS, FUGITIVES

The U.S. Marshals Service was founded by President George Washington in 1789, when he appointed the first 13 marshals.

The agency is responsible for the custody of federal prisoners and the apprehension of fugitives.

"I had a desire to enter law enforcement really as a small child in the first or second grade," Clark said.

His father, John Clark, was a Chateaugay town justice for about 12 years.

"From the time I was a small child, I knew it was a career path I wanted to enter into."

And what a career that has been.

After graduating from Hudson Valley Community College in 1980, Clark took a job with the U.S. Border Patrol along the border with Mexico.

The next year, he joined the Capital Police in Washington, D.C.

He became a U.S. marshal in 1983, serving tours of duty in San Francisco; San Jose, Calif.; and Richmond, Va.

In 1990, Clark was promoted to work in the Office of Internal Affairs at the agency's headquarters in Arlington, Va.

He was further promoted in 1993 to chief inspector of the International Fugitive Investigation Branch and spent three years in the position.

In 1996, Clark became the chief inspector for the Office of Internal Affairs.

He has also served in other positions such as Acting Marshal and Chief Deputy U.S. Marshal for the Eastern District of Virginia.

Through the mid 1990s, Clark worked on his bachelor's degree in criminal justice, which he received in 1997 from Syracuse University.

MOUSSAOUI TRIAL

Then, in 2002, Bush appointed him to the post of U.S. marshal for the Eastern District of Virginia. In that role, he oversaw the security of terrorist Zacarius Moussaoui during his trial.

"There was a lot of press contingent at that trial every day — worldwide press," he said.

Now Clark oversees about 5,000 employees and every national law-enforcement mission, but he rarely finds himself in the courtroom.

"Things are different now. I have much more contact with Congress, and I have testified before Congress. I interact with the Department of Justice, including the attorney general and his staff.

"And, of course, I am required to do a lot more travel, which does interfere with my occasional trips back to the North Country.

"I have a more national scope of responsibility over the entire U.S. Marshals Service."

Clark, as director of the agency, presides over the agency's budget and its resources.

TORONTO TERRORISTS

Clark said he was in Toronto recently, where 17 suspected al-Qaida sympathizers were arrested for allegedly possessing three times the amount of explosives used in the Oklahoma City bombing.

"They have a great police department there," Clark said.

But the discovery of suspected terrorists that close to the U.S. border was a wake-up call, he said.

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"I think it just shows how vulnerable everyone still is in the world. Our U.S.-Canadian border is still something that we need to pay close attention to securing.

"This shows that terrorism is conveying to North America."

small-town values

Clark now resides in the Washington, D.C., suburb of Oak Hill, Va., with his wife, Luci, who also has had a career with the Marshals Service.

To escape the fast-paced life he now leads, Clark returns to Chateaugay to visit his mother, Louella Clark, and his two sisters who still live in the area.

"I get out as much as I can to fish in that area. I get home two or three times a year and more if possible. That seems to be the limit lately, regrettably."

Growing up in the North Country gave him an appreciation for the simpler things in life, he said.

"I still like small-town northern New York, where people still know your name and your family, and they wave to you.

"Those kinds of things stick with you. It gives you good values. That has conveyed with my life and my career here."

Fugitive Gunman Makes Appearance In Federal Court (GBPG)

By Paul Srubas

Green Bay (WI) Press-Gazette, June 13, 2006

Barentson captured in Grand Chute in early morning

A federal fugitive who allegedly shot a Nebraska jeweler about a month ago appeared in federal court in Green Bay this morning after his arrest earlier today in an Appleton-area hotel.

Steven Barentson, 57, was arrested without incident about 5:15 a.m. at the hotel after a citizen tip put authorities on his trail in Calumet County, where he was spotted in a tavern near the Calumet and Outagamie county lines. He was the target of a manhunt in the area after his vehicle was discovered abandoned Sunday at a Calumet County farm near Forest Junction. Green Bay police assisted in the hunt.

Barentson, brought in by federal marshals to the federal courtroom in Green Bay, bowed slightly to media gathered in the corridors as he was led before U.S. Magistrate James Sickel.

He was arrested on charges of possession of a firearm by a felon and failure to appear for a federal jury trial in August 1992 in Grand Forks, N. D.

Sickel scheduled him for an identity hearing Friday and ordered him held without bond. The hearing Friday requires prosecutors to prove, probably through fingerprints, that Barentson is indeed the man wanted in North Dakota for a variety of federal charges, said Tom Phillip, associate federal defender appointed to Barentson, who claims indigency.

Assistant U.S. Attorney William Roach said no charges are likely to arise out of Barentson's presence in Wisconsin, and federal action here will involve nothing more than the formal process needed to send him back to North Dakota.

Paperwork concerning charges against Barentson in Nebraska had not arrived in Green Bay this morning, and Nebraska authorities likely will work with federal authorities in North Dakota concerning the May 9 shooting of a jewelry store owner in Omaha. The store owner survived.

Barentson allegedly has been on the run since failing to make that August 1992 court appearance in Grand Forks. He was convicted of armed robbery in Cook County, Ill., in and Polk County, Iowa, in 1980, and escape in Jasper County, Iowa, in 1988.

IMMIGRATION:

Bail Set At $340,000 For Customs Officer (SDUT)

The San Diego Union-Tribune, June 14, 2006

SAN DIEGO – A judge Tuesday set bail at $350,000 for a Customs and Border Protection officer accused of allowing illegal immigrants to be smuggled through his border inspection lane in return for cash and a Lexus.

Richard Elizalda, 55, will be back in court June 20 for a status conference.

If the defendant makes bail and is released, he will be required to wear a Global Positioning System device to monitor his whereabouts, said Magistrate Judge William McCurine Jr.

Elizalda is charged with 11 counts, including bribery by a public official, conspiracy to bring in illegal aliens for financial gain and bringing in illegal aliens for financial gain.

Seven co-defendants, Raquel Arin, Perla Centella, Carmen Alvarado, Sandra Munoz, Kenneth Web, Victor Gomez and Jorge Gomez, are also charged with conspiracy.

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Victor and Jorge Gomez are additionally charged with trying to smuggle 200 pounds of marijuana across the border.

Alvarado and her daughter, Munoz, are also accused with filing a false tax return with the Internal Revenue Service.

According to the 15-count indictment, Elizalda arranged specific times with Arin and others to allow vehicles to pass through his primary inspection lane for the purpose of alien smuggling.

Assistant U.S. Attorney Linda Frakes alleged last week that information on the defendant's lane assignment was passed on to the smugglers via pager, cell phone or in person during one of his breaks.

Stewart Roberts, assistant special agent in charge of the FBI in San Diego, alleged that Elizalda received between $500 and $1,000 per smuggled immigrant.

Most of the defendants face a mandatory minimum sentence of five years in prison if convicted, said Assistant U.S. Attorney Joanna Baltes said last week.

At Elizalda's arraignment, Baltes said the defendant was a flight risk because he had access to large amounts of cash. At least $36,500 was found in a briefcase in a closet during a search of his residence, Baltes said.

Investigators also found five cell phones under Elizalda's name and five other cell phones in his home, the prosecutor said.

Baltes told the judge that Arin paid $54,000 in cash for a BMW and had made other large purchases. Her bail was set at $75,000.

Elizalda was the second Customs and Border Protection officer to be arrested last week for alleged immigrant smuggling.

U.S. Customs and Border Protection Inspector Michael Gilliland, 44, who worked at the Otay Mesa Port of Entry, was arrested last Tuesday.

More than $500,000 in cash was recovered in the homes of the defendants in that case, code-named “Operation Midnight Express,” said U.S. Attorney Carol Lam.

McCurine set Gilliland's bail at $750,000 and told him he would be under house arrest if he was released.

High-Tech Titans Unite On Lifting Visa Caps (WSJ)

By Alan Murray

The Wall Street Journal, June 14, 2006

Bill Gates and Scott McNealy, long-warring titans of the software world, don't agree on much. But they are united in the effort to get the U.S. government to lift the caps on immigration visas for highly skilled workers.

"The U.S. has succeeded because the right people have come from all over the world to be here," says Mr. Gates, the chairman of Microsoft Corp. By keeping them out, the nation "is taking our greatest asset and throwing it away with both hands."

"This is all-important," agrees Mr. McNealy, chairman of Sun Microsystems Inc. "A greater influx of talent definitely changes the balance of power here in the U.S."

As Washington bogs down in debates over whether to build a wall on the Mexican border or grant amnesty to illegal immigrants, the plight of skilled workers has become a sideshow. Current law limits so-called H-1B temporary visas for highly skilled workers to 65,000 a year, plus an additional 20,000 for those who have earned advanced degrees from U.S. educational institutions. It also limits permanent visas for highly skilled workers. The limits are favored by labor unions and others who fear foreign workers may take jobs from U.S. citizens -- although tech companies say the visas are used only for jobs when qualified Americans are unavailable.

With the tech industry booming, those caps are biting: the H-1B visas for 2007 are already spoken for.

Mr. Gates says the visa pinch is hurting his company's ability to complete new products. "We have product meetings where someone will say: 'This is when it will get done with immigration changes, and this is when it will get done without,' " he says.

So he and Mr. McNealy and a steady stream of other high-tech leaders have traveled to Washington in recent weeks, calling on Congress to lift the caps -- even if the broader immigration bill, as expected, falls victim to election-year politics.

There's an irony here. Microsoft and Sun build the computer systems that allow people, in theory, to work anywhere, anytime. They are masters of the virtual world, in which national boundaries supposedly melt away. Who cares if researchers are in Silicon Valley or Redmond, Wash., or Siberia and Timbuktu?

But the visa fight shows these tech leaders do care -- a lot. And it highlights an often overlooked reality of the new economy. Geography still matters. Distance isn't dead. The world isn't flat. At least, not yet.

Mr. McNealy says Sun does 75% to 80% of its research and development in the U.S. Craig Barrett, chairman of Intel Corp., says his company also employs most of its researchers in the U.S. and wants to keep it that way.

The reasons? Patriotism, says Mr. Barrett, is one. Self-interest, says Mr. McNealy, is another. "If engineering is happening here in the U.S., I think my children will have a richer work environment."

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But the business reasons, I suspect, are more powerful. Mr. Barrett points out that locating researchers in the U.S. keeps them close to the world's leading research universities. The U.S., by one ranking, is home to 18 of the world's top 20 research universities.

Moreover, Messrs. Barrett, McNealy and Gates all say that it helps to have a concentration of researchers in the same place, where they can interact over the water cooler and at the baseball game, as well as on the computer screen. "We are the leaders in mobile work force," says Mr. McNealy. "But absolutely, you need some level of critical mass."

And then, of course, there's the fact that many of the world's best and brightest want to live and work in the U.S.

The per capita output of the U.S. is now about $36,700, according to the World Bank, while per capita output globally is $5,500. That's a big difference -- Americans earn 6.7 times as much as the world average. And for all the talk of a flattening earth and all the fears of outsourcing U.S. jobs abroad, the pay advantage Americans enjoy is getting bigger, not smaller. The ratio was 6.2 to 1 in 1990, 5.8 in 1980, and 5.4 in 1970.

The fact that leading-edge companies like Intel, Microsoft and Sun want to do their leading-edge work within U.S. borders certainly contributes to that American advantage. And it's hard to imagine why the U.S. government would want it any other way.

A smarter national policy, says Mr. Barrett, would be to staple a green card to the diploma of every foreigner who earns an advanced degree in the U.S.

Mr. McNealy goes further: "Why aren't we telling people, if you want an education in our universities, you must stay and work here for 15 years after you graduate?"

"Most of these guys don't end up in jail," Mr. McNealy says, warming to his argument. "They don't end up on entitlements. They tend to pay taxes. They keep their yards nice and clean. They drive Priuses. They recycle."

"What are we thinking?" he adds.

Spitting Into The Wind On Immigration (WSJ)

By Holman W. Jenkins, Jr.

The Wall Street Journal, June 14, 2006

Fuss in Washington notwithstanding, there's an easy way to reduce illegal immigration. It doesn't involve building fences or spending hundreds of billions to create an intrusive bureaucracy to hunt down illegals one by one and deport them. Just introduce a fraud-proof national ID card with biometric information; make it illegal, with real penalties, for employers to hire anyone, citizen or immigrant, who doesn't have one.

Presto. Businesses would no longer be able to profess the impossibility of judging who's legal and who isn't. Most of the jobs illegal immigrants do would disappear, and many if not most of the immigrants would leave for the same reason they came -- better opportunities elsewhere.

Before we go down this road, however, would we really like the consequences?

With 12 million illegals in the country, whole sectors of our economy exist only because of immigrant labor. Farms would shut down along with jobs for suppliers of seeds, packaging and ancillary services. Jobs for waiters, maitre d's and chefs would vanish, not just those of immigrant busboys, kitchen hands and cleaners. Some 1.2 million illegals are believed to work in construction. If the cost of home building goes up, demand goes down: Less wood is sold, fewer nails, fewer power tools, fewer pickup trucks. Contractors would make less profit; ergo, Harley-Davidson would sell fewer Road Kings with all the chrome and finery.

Armchair wonks say, "Enforce the law and damn the consequences." Every time the government does, however, a few of those couch warriors suddenly become vocal activists on the other side. It's their employer, their brother-in-law, their neighbor who finds himself facing criminal charges. It's their house that doesn't get finished. Don't be surprised if some of the latest politically inspired crackdowns end the same way. Blowback in the Cincinnati area is already growing against the arrest last month of four foremen for Fischer Homes, a well-liked local home builder.

In search of a respectable argument, liberal enthusiasts for a border clampdown have lately adopted the obnoxious and condescending reification of "unskilled labor" popularized by some economists. It may be true in some sense that illegals hold down the wages of low-wage workers, but it tells you nothing useful. It tells you only that the supply of immigrant workers has an impact on the wages of mostly immigrant workers for jobs that mostly would not exist if immigrant workers weren't available to fill them.

The very category "unskilled labor" is misleading. Any American worker, however backward, has one important skill advantage over most illegal immigrants: English. And all workers have a skill that leads to more skills: They can learn.

In turn, a decently functioning job market rewards people for acquiring skills, not for remaining unskilled -- perverse is the idea of wanting to reduce labor competition for unskilled jobs in order to make unskilled jobs more desirable. OK, let's ban unskilled immigrants altogether. Let's welcome all the doctors and engineers who want to come but reserve the no-skill jobs for

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Americans. Let's make it so attractive for Americans not to acquire skills that we can close our schools. Think of the money we'd save.

If this is crazy, it's only so because of the crazy premise. Immigrant workers are a resource -- no economy is better off for taking resources away.

Mexicans -- let's admit this is largely about the Mexican wave -- have crossed the border for jobs ever since there was a border. And amnesty was once routine because the statute of limitations on illegal entry ran out in five years. If the hypocrisy of our current system bothers you -- and it should, because it allows workers to come and toil for us without granting them legal status -- it's no denigration of the idea of law and lawfulness to admit to ourselves we have a bad law on our hands.

What's a better approach? Even guest worker solutions are artful fudgery -- a guest worker won't go home any more reliably than an illegal will. So how about just open the door to anyone willing to put down a refundable entry deposit (say, $2,000) in return for a biometric work card? At a stroke, this would take the profit out of a vast underground industry. Chinese "snakeheads" cadge upwards of $40,000 per illegal immigrant. Latin "coyotes" get $2,000 or more. Not to mention the sizeable business done by document forgers and traffickers in stolen Social Security numbers.

This deposit could be charged off against future income tax liability (note, not payroll taxes), an incentive for immigrants to stay legal and move up into the bracket-worthy classes. It could be refunded when he or she leaves the country -- an incentive to return home if jobs become scarce in the U.S.

Polls say Americans want immigration cut down and they don't want amnesty for illegals, yet the Senate just passed an immigration reform that would increase immigration and proffer amnesty. The system works! -- at least it works better than it did when Congress jumped off a cliff with the Volstead Act, knowing that though Americans liked the idea of liquor prohibition, they'd end up hating the consequences.

This doesn't please the border warriors, but they're spitting into the wind. In his table talk, a certain German dictator observed that religions have far more stability than states, which tend to come and go, swept away by the tides of history. The U.S., a young nation but already one of the world's longest-lived political states, has a chance to beat the odds thanks to our freedom from any of the usual fatal exclusivisms. But it will have to accept that it exists on a continent whose fastest-growing cultural force is Spanish speakers.

TAX:

Campbell Gets 30 Months In Prison Sentence Is An 'Abomination,' Former Atlanta Mayor Says (AJC)

By Bill Torpy, Jeffry Scott And Beth Warren, The Atlanta Journal-constitution

The Atlanta Journal-Constitution, June 14, 2006

A federal judge scolded former Atlanta Mayor Bill Campbell for leading an office riddled with corruption. Then he sentenced him to 30 months in prison.

"As the trial progressed, I was overcome, almost appalled, by the breadth of misconduct in your administration," U.S. District Judge Richard Story told Campbell on Tuesday during the sentencing hearing in federal court. Later, Story looked Campbell in the eye and said, "I am going to send you to prison, and I do not take that lightly. Within my heart I am not sure you have accepted responsibility for what has transpired."

With the sentence, the judge put the final stamp on a six-year-long federal investigation into Campbell's behavior while he was mayor. Prosecutors claimed he ran his office as a corrupt enterprise, taking cash bribes to fund a lavish lifestyle of gambling and international trips with girlfriends.

Campbell remained stoic as the sentence was handed down. The 52-year-old, who served two terms as Atlanta's mayor from 1994 to 2002, was convicted in March on three counts of tax evasion but acquitted on racketeering charges and taking thousands of dollars in bribes.

Under federal law in determining the sentence, Story was able to consider evidence and testimony presented during the trial about Campbell taking bribes, even though he was acquitted on those charges.

In addition to prison time, Story ordered Campbell to pay the government almost $63,000 in back taxes, a $6,000 fine and to serve a year on probation following his prison term. Prosecutors contended Campbell had evaded paying taxes on about $200,000.

Story alluded to the frequent, impromptu news conferences Campbell held on the courthouse steps during his trial in which he proclaimed his innocence and disputed the testimony of government witnesses in detail. The judge implied that Campbell's lack of contrition was one reason he gave the former mayor such a stiff sentence.

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Campbell, who did not speak in court, called the sentence an "abomination" as he left the courthouse. He also claimed the judge was trying to undo the jury's verdict. "This is not justice," he said.

Campbell has frequently called the federal investigation into his dealings "racist," "an inquisition" and a "witch hunt."

Campbell vowed to file an appeal, which he must do in the next 10 days.

If the judge grants him an appeal bond, he will stay out of prison while his appeal is pending. Otherwise, he will report to a federal facility when ordered by the federal Bureau of Prisons.

Mark Kadish, professor at Georgia State University's College of Law, said Story seemed to follow federal guidelines. "I don't think Campbell will have much of an issue of appeal," he said, "and I don't think the judge will give him an appellate bond."

He said Campbell will probably serve his time in a minimum-security prison camp.

U.S. attorney responds

U.S. Attorney David Nahmias, radiant with victory, said Campbell would have gotten a lighter sentence if he had accepted responsibility for his actions in office. Nahmias said a finding Tuesday by the judge that Campbell obstructed justice probably resulted in an extra six months of prison time.

He also responded to charges that his office was out to get Campbell.

"Bill Campbell may believe that he has been the center of our universe, and his case was indeed important because of the position he held and the conduct he engaged in," Nahmias said. But to give some "perspective," Nahmias said that his office had prosecuted and convicted over 6,000 people since 1999, when the Campbell investigation began.

"Like them, Bill Campbell broke the law, and like most of them, he is going to prison. And we are going back to work," Nahmias said.

Campbell supporters were horrified at the sentence. When court was adjourned, many gathered in the federal courthouse and formed a prayer circle.

Steve Labovitz, an attorney who served as Campbell's chief of staff and testified for the defense, said he was shocked the former mayor got so much jail time.

"I absolutely do not think it's fair," he said. "Michael Childs, the one who started this whole investigation, who committed arson, was only given 33 months."

Before the trial, Childs told investigators he paid thousands of dollars in bribes to a Campbell aide because he was promised the mayor would get him a liquor license for his strip club. But prosecutors feared that Childs, who had pleaded guilty to arson in another case, would be a liability, and never called him to the stand.

Labovitz noted that Campbell was acquitted on all the substantive charges, except for tax evasion. "All the government witnesses who testified against Campbell had tax issues. None of them are going to jail," Labovitz said.

Although Campbell's attorneys claimed any failure to pay taxes resulted from "sloppy bookkeeping," prosecutors told the judge this wasn't a case of a man forgetting to pay his taxes. They contended that Campbell worked hard to conceal his illegal activities and then tried to obstruct the investigation.

Gabe Pascarella, once a close friend and gambling buddy of Campbell's, testified Tuesday he gave Campbell records detailing the former mayor's spending and travel after learning investigators were asking about those subjects. He also secretly taped investigators when they questioned him and turned over to Campbell a rough transcript of the interview.

Pascarella owned a travel agency and kept a credit card account to pay for some of Campbell's travels with girlfriends. During the trial, he testified that Campbell repaid him in cash for those expenses. The arrangement was set up to keep the affairs from Campbell's wife, he said.

Judge finds bribery

Prosecutors hammered at Campbell's voracious appetite for spending cash, which nearly tripled from 1996 to 1999, when he spent $23,600. At the same time, cash withdrawals from his personal bank accounts shrank each year to just $69 for all of 1999.

Prosecutor Sally Yates, who led the Campbell investigation from the beginning, told the judge that Campbell failed to pay taxes on thousands of dollars in speaking fees, rent from former aide Dewey Clark, who lived in Campbell's basement, and the campaign funds he used for personal expenses. Campbell paid bills ranging from electricity to school tuition in cash to hide his ill-gotten gains, she said.

Outside the courthouse, Yates shook her head and said, "He [Campbell] still seems to be placing blame on others."

Though the jury found Campbell not guilty of corruption, Story didn't, saying he believed Campbell accepted $55,000 in illegal bribes from city subcontractor Dan DeBardelaben. The jurors were confused by different dates given for the DeBardelaben bribe. After the trial, several jurors said they would have convicted Campbell on racketeering if they had known the dates were not contradictory.

Juror Renita L. Stowers said she and fellow jurors believed Campbell was corrupt, but couldn't put the money in his hands.

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"I'm pleased with how it turned out," Stowers said. "He deserves his punishment like everybody else. Just because he was the mayor doesn't mean he should get away with what he done. I think the judge done good."

Lead defense attorney Billy Martin, who argued for a probated sentence, called the government's arguments "outrageous" and "desperate."

Defense attorneys tried to show that Campbell won money at casinos and in high-stakes Friday night poker games with friends, including Pascarella.

Defense attorney Jerry Froelich criticized prosecutors for speculating about how much cash Campbell had and how he got it.

"Winning at a casino is not illegal and I don't know anyone prosecuted for Friday night card games," Froelich said. He later said that no one knows how much Campbell won. "Gamblers just don't keep track," he said. "It's just bad luck."

According to defense calculations, Campbell owed the government $11,346 in back taxes, based on about $40,500 of unreported income, Martin said.

For the first time, Campbell attorneys argued that one of the sources of cash he used to fuel his lifestyle was his late mother, June, who, they said, gave Campbell $20,000 in cash while he was in office. They included a letter from Campbell's mother in the pre-sentencing report as evidence that she gave her son money.

Yates said that the $20,000 gift from June Campbell would have taken about "half her income" in a given two-year period, and therefore it was incredible to think Campbell's mother provided him with that much cash.

Defense attorney Martin retorted: "It's not for them [prosecutors] to say that his mother is so poor she can't afford to give her son $20,000."

After the sentencing, Atlanta Mayor Shirley Franklin, Campbell's successor in office, wished the former mayor's family well. She added that it was unfortunate that there was "a sense that people can't trust the government."

Angelo Fuster, who served two years as Campbell's communications director, said the sentencing "seems like a sad, inevitable ending to a story that should have ended so differently. It's a cautionary tale that no matter how talented you are you need to keep a sense of reality. I thought he was the leader of the future. But it came to a crashing end."

Former Atlanta police Deputy Chief Lou Arcangeli was blunt when he commented on the sentence.

"The words that come to mind are sordid, hedonistic, squalid, self-centered and selfish — and I voted for him," Arcangeli said. "There's a Dirty Dozen of convicted city officials [during his years in office] and he's the chairman of the board. What a legacy."

-- Staff writers Mae Gentry, Shelia Poole and S.A. Reid contributed to this article.

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Ex-Atlanta Mayor Given 30-Month Term And Financial Penalty In Tax Case (NYT)

By Brenda Goodman

The New York Times, June 14, 2006

ATLANTA, June 13 — Saying that presiding over the corruption trial of former Mayor William C. Campbell made him feel like "Diogenes looking for an honest man," Judge Richard W. Story sentenced Mr. Campbell to 30 months in prison and one year of probation for convictions on three counts of tax evasion.

Mr. Campbell also has to pay almost $63,000 in back taxes on $160,000 of unreported income and a fine.

"I was overcome and almost appalled with disappointment in terms of the breadth and depth of corruption in your administration," Judge Story, of Federal District Court in Atlanta, said to Mr. Campbell, who sat stone-faced as the sentence was pronounced.

The trial capped a seven-year investigation by the Federal Bureau of Investigation and Internal Revenue Service into corruption at City Hall that led to the convictions of 10 contractors and officials, many of them Mr. Campbell's close associates.

The sentence fit squarely within federal guidelines, but sending Mr. Campbell to prison was a blow to the former mayor who had said he felt "vindicated with regard to any allegations of corruption" in March, after a jury failed to convict him of charges of racketeering and bribery.

Based on the new verdict and his record of service, defense lawyers had asked the judge to give Mr. Campbell probation or home confinement.

Instead of speaking to reporters on the courthouse steps, as he has throughout the trial, Mr. Campbell and his wife left through an underground garage.

"I disagree vehemently with the sentence," Mr. Campbell said, stopping briefly. "This is, I think, an abomination in terms of what we expected and certainly in terms of what the jury's verdict was."

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On March 10, a jury found there was sufficient doubt that Mr. Campbell had headed a criminal enterprise and accepted illegal bribes and campaign contributions, the conditions that had to be met for a determination of guilt under the Racketeering Influenced Corrupt Organizations statute, or RICO. He was found guilty on the tax evasion counts.

On Tuesday, Judge Story said the law allowed him to determine guilt based on a "preponderance of evidence," a somewhat less stringent standard than the jury had to meet with "reasonable doubt." He found that Mr. Campbell had taken more than $50,000 in bribes from an executive who wanted a computer contract with the city.

Judge Story also found Mr. Campbell guilty of obstruction of justice based on new testimony from a witness who regularly played poker with him.

The witness, Gabe Pascarella, a travel agent who was a gambling buddy, told F.B.I. agents in April, after Mr. Campbell's trial, that Mr. Campbell had taken financial records from him that included travel records and gambling tally sheets.

A defense lawyer, Jerry Froelich, tried to discredit Mr. Pascarella's recollection by pointing out that he had been questioned six to eight times before the trial without disclosing that Mr. Campbell had ever taken any records from him.

In another twist, prosecutors disputed the credibility of a newly discovered letter from Mr. Campbell's mother that defense lawyers presented to Judge Story as part of a sealed "presentence report."

The letter, Mr. Campbell's lawyers argued, showed that his mother, June Campbell, had given her son $20,000 in the tax years in question, a gift that would not have qualified as taxable income, possibly making him eligible for a lighter sentence.

The defense team had argued in the trial that the large sum of cash that Mr. Campbell spent could be explained by his gambling winnings.

As he had throughout the trial, Judge Story listened to the arguments impassively. As he began to rule on points of law that influenced the penalties, it seemed clear that the prosecution's case had carried more weight.

After a break, Judge Story said, "I'm going to send you to prison, and I do not take that lightly."

Mr. Campbell has 10 days to file an appeal and has indicated that he will.

A judge will then decide if Mr. Campbell can remain free on bond or must await his appeal in prison.

CONGRESS-ADMINISTRATION:

House Approves Funds For Wars And Hurricane Aid (NYT)

By Robert Pear

The New York Times, June 14, 2006

WASHINGTON, June 13 — The House of Representatives approved a $94.5 billion emergency spending bill on Tuesday to provide more money for military operations in Iraq and Afghanistan and to finance the recovery of Gulf Coast states battered by hurricanes last year.

The Senate is expected to approve the measure in the next few days, clearing the legislation for President Bush to sign.

House and Senate negotiators reached agreement among themselves and with the White House by reducing disaster assistance to stay within the limit set by Mr. Bush. Still, legislators from Louisiana and other Gulf Coast states praised the final bill, saying it would provide money desperately needed by their constituents to repair damage done by the hurricanes of 2005.

The vote on the bill was 351 to 67. The no votes came from 19 Republicans, mainly fiscal conservatives, and 48 Democrats, including some of the party's more liberal House members.

Representative John A. Boehner of Ohio, the House Republican leader, said that in negotiations with the Senate, he made clear that the House would not accept $1 more than the president had requested.

"We made good on this promise by rejecting some $14 billion in unnecessary, nonemergency spending added" by the Senate, Mr. Boehner said.

Spending in the final bill was closer to the level originally approved by the House, $91.9 billion, than to the amount endorsed by the Senate, $108.9 billion.

The final package includes $65.8 billion for military operations in Iraq and Afghanistan, $3.9 billion for foreign aid, $19.8 billion for hurricane relief and $2.3 billion to prepare for a potential avian flu epidemic, with much of the remainder intended for border security.

The bill provides money to upgrade Humvees, Abrams tanks and Bradley fighting vehicles, as well as nearly $2 billion for new technology to counter the roadside bombs that have become the leading cause of death for American troops in Iraq.

Representative David R. Obey of Wisconsin, the senior Democrat on the House Appropriations Committee, voted for the bill, as did the House Democratic leader, Nancy Pelosi of California. But Mr. Obey denounced financing the war in Iraq with emergency spending bills, which are outside the regular budget and appropriations process.

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"Such emergency spending is simply a gimmick that masks the full cost of the war, and it does not fool anybody except the American people," Mr. Obey said.

Representative Jeb Hensarling of Texas, a fiscally conservative Republican who voted against the bill, echoed this concern. "I support our troops, I support the war on terror, but I do not believe we should finance the war through emergency supplemental appropriations," Mr. Hensarling said in an interview. "That approach evades whatever spending discipline we have."

Mr. Hensarling said some items did not meet his definition of emergency spending. For example, he said, the bill includes $38 million to reseed oyster reefs, $400,000 to assist sugar cane growers in Texas and $27.6 million to upgrade steam tunnels under the United States Capitol.

Congress provided new authority to the secretary of defense to shift money between accounts to meet the military payroll and to offer bonuses to new recruits. Lawmakers allowed $3.75 billion in such transfers in December and have now agreed to increase the limit to $5 billion, as the armed forces have had difficulty meeting enlistment goals.

The bill provides $1.9 billion for border security, including $708 million to deploy 6,000 National Guard troops along the Southwest border to thwart illegal immigration from Mexico. Congress also provided money to hire 1,000 Border Patrol agents and to build detention space for 4,000 illegal immigrants. But House and Senate negotiators dropped $648 million that had been recommended by the Senate to increase port security.

The House and Senate bills included similar provisions intended to prevent the United States from establishing permanent bases in Iraq. The provisions were dropped from the final version of the legislation. Some Democrats, like Representative Jan Schakowsky of Illinois, cited the change as a reason for voting against the measure.

The bill provides $20 million for activities to promote democracy in Iran. It forbids American assistance to the Palestinian Authority unless a future Palestinian government agrees to forswear violence and recognize Israel.

Under the bill, the Federal Emergency Management Agency will receive $6 billion for its main disaster relief fund. That is $1.2 billion less than the president requested, $3.5 billion less than the House wanted and $4.4 billion less than the Senate proposed. The money will be used to remove debris, repair public works and provide housing for hurricane victims.

The bill also provides $550 million for a new veterans hospital in New Orleans, $50 million for higher education, and $235 million to help elementary and secondary school students displaced by the Gulf hurricanes.

The Army Corps of Engineers will receive $3.7 billion for flood control projects and levee repairs in Louisiana.

Reassessing Rehnquist (LAW)

By Tony Mauro, Legal Times

Legal Times, June 14, 2006

Pausing from its headlong rush toward adjournment, the Supreme Court will meet in special session this week to honor the memory of the late Chief Justice William Rehnquist, who died last September.

Following long-standing tradition, the Supreme Court Bar on Thursday will convene a program of praise and reminiscence from friends and former clerks, then offer a memorial resolution for submission to the Court.

But even as Rehnquist's admirers prepare to praise him, his legacy is unsettled. After a respectful mourning period, his opinions and those of the Rehnquist Court are taking a beating, with even Republicans and conservative academics critiquing his record in ways that could pressure his successor and former law clerk, John Roberts Jr., to complete what he left undone.

Meanwhile, new information has emerged about Rehnquist: His long-private 1948 master's thesis has been published, a former aide has confirmed that Rehnquist once planned to retire in 1991, and the originator of his early nickname, the "Lone Dissenter," has stepped forward.

Most striking in the nine months since Rehnquist's death at age 80 has been the steady tide of academic symposia and law review articles that are taking him and his Court to task. Liberals criticize him for taking the wrong path, while conservatives say he did not travel far enough on the right one, allowing major doctrinal shifts on federalism, property rights, and other areas to fizzle or fade.

Even federal appeals Judge J. Harvie Wilkinson III, a conservative who was considered a possible replacement for Rehnquist, mounted a detailed attack in the latest Stanford Law Review on the Rehnquist Court's "split-the-difference" jurisprudence -- allowing, for example, one Ten Commandments display to remain in a public place but not another, and upholding one University of Michigan affirmative action program but not the other. Though Wilkinson, who sits on the 4th U.S. Circuit Court of Appeals, noted that Rehnquist usually disapproved of the practice, the effect of splitting differences was to leave the impression of "a Court in a no-man's land -- a Court that has lost the legitimacy conferred by law."

In the same law review, University of Chicago law professor Richard Epstein, an iconoclastic libertarian, said that Rehnquist and retired Justice Sandra Day O'Connor "should have pushed harder and moved farther" to limit federal power in the

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Court's federalism decisions. Jay Bybee, recently appointed by President George W. Bush to the 9th Circuit, also weighed in with a co-authored article, describing Rehnquist's approach to separation of powers as "sphinxlike."

"It's less criticism than disappointment," says Pepperdine Law School professor Douglas Kmiec, a Rehnquist fan who also wrote in the Stanford publication and dismisses the current criticism as academic carping. "It is very seldom that law professors get together to offer bouquets of praise." The Stanford publication does, however, also include articles from former colleagues and clerks praising Rehnquist.

Much of the scholarship, pro and con, divides Rehnquist's tenure into two or three phases, the major dividing point being his ascension from the position of associate justice to that of chief justice in 1986 -- when principle may have given way to a greater interest in compromise and incremental decision-making. "He could have spent his life as a lone ranger, or he could bring Tonto along with him, as he did," says Kmiec.

But small compromises have a way of turning into major, anti-democratic decisions, argues Wilkinson, pointing to the incremental decisions that culminated in Roe v. Wade. Rehnquist, he says, presided over a Court that was too willing to chip away at basic principles.

In Wilkinson's view, Bush v. Gore in 2000 was another turning point. "The Court may have been so shaken by the criticism over Bush v. Gore that it sought to reassure the country with a display of centrist evenhandedness," he wrote.

Wilkinson and Bybee also suggest that in his final years Rehnquist lost his earlier "vigor and vim," as Bybee puts it, and fought less to win over the votes of O'Connor and Justice Anthony Kennedy.

A REVOLUTION ON HOLD

The promise of a revolution in federalism contained in Rehnquist's 1995 decision United States v. Lopez, which struck down a federal law banning guns near schools as exceeding congressional power, faded in recent years, critics say. Even Rehnquist voted for federal power in 2003, in Nevada Department of Human Resources v. Hibbs, a ruling that applied the federal Family and Medical Leave Act to state employees. By his final days in office, only two other justices joined him in dissenting from Gonzales v. Raich, which upheld federal authority to regulate in-state cultivation of marijuana for medical uses.

Conservatives give Rehnquist credit for making progress in limited areas such as restricting habeas corpus in criminal cases -- with a strong assist from Congress -- and winning support for school vouchers. But in many other areas, including hot-button issues such as abortion and affirmative action, the Rehnquist Court was a disappointment to the right.

"Rehnquist didn't get everything he wanted, but he did not have the votes," says Rutgers University law professor Earl Maltz, the editor of a Rehnquist retrospective book. "We'll see what happens now."

As Maltz's comment suggests, the current scholarship on the Rehnquist Court may intensify scrutiny on Roberts as the successor and heir apparent to Rehnquist's unfinished doctrines. Kennedy, likely the new swing vote, and Justice Samuel Alito Jr., O'Connor's replacement, will also be key, but it may take another new justice, and a few more years, to see if Rehnquist's doctrines are revived or remain short-lived.

"It might be a mistake to end the chapter on the Rehnquist Court with the chief's death," says Notre Dame Law School professor Richard Garnett, a former Rehnquist clerk who earlier this year participated in a Rehnquist symposium at Indiana University School of Law that included both criticism and praise.

One addition to the Rehnquist public record came along with the criticism in the Stanford Law Review: the first publication of Rehnquist's youthful but erudite Stanford master's thesis in political science, titled "Contemporary Theories of Rights," written in 1948.

"It was a great, overlooked find, a work of genius for someone aged 24," says Pepperdine's Kmiec, who first noticed a brief reference to it in one of Rehnquist's own books. He tried to obtain a copy, one thing led to another, and, months later, after obtaining approval from Stanford's archives and Rehnquist's family, the law review decided to print the thesis in full. A lengthy analysis by Kmiec, charting its impact on Rehnquist's later thinking, is included.

TALK OF RESIGNING

The Journal of Supreme Court History, published by the Supreme Court Historical Society, has also weighed in with a Rehnquist retrospective that offers several nuggets of interest.

In one article, former Rehnquist clerk John Nannes reveals the origin of Rehnquist's "lone dissenter" moniker. Nannes, now a partner at Skadden, Arps, Slate, Meagher & Flom, was assigned to think up the entertainment for a Rehnquist reunion in 1975 and impulsively bought a Lone Ranger doll at a Maryland toy store. The doll symbolized Rehnquist's already noticeable trend of writing solitary dissents. So that evening, with his wife humming the "William Tell Overture," the theme song of the long-running 1950s TV show, he and other clerks read from Rehnquist's dissents and presented him with the doll. It remained on the fireplace mantle in Rehnquist's chambers until he died.

In another article, Noel Augustyn, Rehnquist's administrative assistant from 1987 to 1989, reminisced about his time with the late chief justice, confirming what many have long suspected -- that Rehnquist planned to retire long before he died in office.

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Augustyn says that Rehnquist told him he planned to retire in 1991, before the re-election campaign began for President George H.W. Bush. Rehnquist had no confidence that Bush could win. He and his wife, Nan, "had long looked forward to retirement," Augustyn wrote.

But Nan died in 1991, prompting Rehnquist to put off retirement because he could no longer share it with her. "For a man who could be simultaneously shy and gregarious, it would not be enjoyable entering retirement alone," Augustyn wrote. "It was Nan Rehnquist's death, then, that in effect changed Supreme Court -- and American -- history."

New GC Appointed To The Department Of Agriculture (LAW)

By Emma Schwartz, Legal Times

Legal Times, June 14, 2006

Washington is a town where who you know often matters more than what you know. That, at least, is what seems to matter in the appointment of Marc Kesselman as general counsel for the Department of Agriculture.

Kesselman, who was sworn in earlier this month, has little background in agriculture, but he comes from the Office of Management and Budget, where as associate general counsel he became intimately familiar with the maneuvering between federal agencies' legal offices.

"I don't pretend to be an expert in veterinary medicine or in farming, but USDA has many experts in those fields," says Kesselman, 34, who on occasion helped USDA lawyers draft regulations in his previous post.

His appointment comes at an important time for the agency, which will be a key player in the upcoming farm bill as well as in coordinating policy for avian flu and mad cow disease.

Before his move to the White House, Kesselman spent three years at the Justice Department, including a stint working under Viet Dinh in the Office of Legal Policy.

Kesselman isn't the only lawyer leaving OMB. General counsel Raul Yanes headed to the West Wing last week as staff secretary and assistant to the president, following his boss, Joshua Bolten, who took over as chief of staff for the president in March. Yanes replaces Brett Kavanaugh, who was sworn in this month to the U.S. Court of Appeals for the D.C. Circuit.

Though the position will undoubtedly bring Yanes, 40, closer to the president, he is no stranger to the inner workings of the White House. He served as associate White House counsel from 2003 to 2005, where he was one of the middlemen between the administration and investigators probing the outing of former CIA agent Valerie Plame.

Yanes then headed over to Justice, where he spent seven months as counselor to Attorney General Alberto Gonzales.

Progress Noted In Welfare Reform (WT)

By Cheryl Wetzstein

The Washington Times, June 14, 2006

The landmark 1996 welfare-reform law has done a lot to "break the cycle of dependency" on public assistance, but it has "unfinished business" in moving more people into self-sufficiency and stable, two-parent families, Health and Human Services (HHS) Secretary Michael O. Leavitt said yesterday.

More single mothers are working, child-support collections have nearly doubled and more than 1 million fewer children live in poverty, Mr. Leavitt said at the Heritage Foundation.

"Self-sufficiency is a powerful influence in the lives of us all," he said, citing an example of a welfare mother who now has a stable job, bought a car and a home and helped her child succeed in school.

However, welfare reform needed a midcourse correction, which was included in the Deficit Reduction Act of 2005, said Mr. Leavitt.

States now are required to put at least half their welfare recipients into work or other productive activities, as well as renew efforts to discourage unwed childbearing and encourage two-parent families and healthy marriages.

"You might say we've rebooted the system and we're starting welfare reform all over again," said Mr. Leavitt, who as Utah's governor lobbied for and implemented reform in his state.

Welfare reform was written by the Republican majority in Congress, passed with strong bipartisan support and signed into law by President Clinton on Aug. 22, 1996.

Its unprecedented mandatory work rules for recipients, 60-month time limit on benefits and state flexibility to tailor welfare programs to low-income populations led to a 57 percent reduction in the number of families on welfare. About 1.9 million families were on welfare last June, compared with 4.4 million families in August 1996, HHS data show.

The Republican-led House Ways and Means Committee has been publishing 10-year anniversary reports on the 1996 welfare reform law this year.

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One "untold story" about welfare reform is that it saved taxpayers billions of dollars by ending welfare checks to prisoners, fugitives, drug addicts and alcoholics, as well as legal aliens who signed pledges not to collect welfare when they came to this country, said Rep. Wally Herger, California Republican and chairman of the House subcommittee that wrote the welfare law.

But old patterns die hard and the 1996 reforms haven't led to a lot of change in many welfare bureaucracies, Heritage welfare analyst Robert Rector said yesterday.

The new $150-million-a-year allocation for marriage skills and responsible fatherhood programs isn't going directly to states like other welfare funds, but is being made available to applicants, including government agencies, who are clear that they are committed to such programs, Mr. Rector said.

The goal is to avoid having funding recipients "slap" a marriage class "on their job-training program and call it a marriage program," he said.

Meal Plan For Hungry Kids, 'Backpack Clubs' Try To Fill A Gap (WSJ)

By Roger Thurow

The Wall Street Journal, June 14, 2006

TYLER, Texas -- Seven-year-old Cody Lozano and his 9-year-old sister Cherokee hurried into their house on a recent Friday afternoon and emptied their school backpacks. On the kitchen table, next to a family Bible and a pile of bills, each child laid out a box of Special K cereal, a carton of milk, a package of peanut-butter crackers, a cup of fruit cocktail, a bag of animal crackers, a carton of apple juice, a pull-top can of beans and franks and one of rice and beans.

It wasn't a weekend homework assignment. It was their weekend breakfast, lunch and dinner. 1

"Without this food, I don't know what we would do," says their mother, Karen Lozano. In a town where the oil boom once created dozens of millionaires and where azaleas and roses now attract tourists, Ms. Lozano, 41, and her two youngest children sit in a living room beneath a bare light bulb dangling from the ceiling. Family health problems and sporadic work for her husband have reduced their income and increased their expenses, she says.

"Last week it was, 'Do we buy groceries or pay the water bill?' This week, it is groceries or the gas bill," she says. "With the backpacks, I know that at least there's something for the kids to eat."

Cody and Cherokee are members of the Backpack Club at Douglas Elementary School. Every Friday during the school year, just before the final bell, they and 70 schoolmates from low-income families rush into the auditorium and wait in line for backpacks filled with food. In the past year, thousands of other children have begun forming similar Friday afternoon lines in schools across 30 states, from big cities like Chicago, to postcard places like Sonoma County, Calif., to rural hamlets surrounded by corn and wheat fields like Hawkeye, Iowa.

On their shoulders, the children carry the backpacks as well as the weight of America's hunger paradox: want amid plenty. The backpacks are an emergency fix to a problem that has defied solution, despite a rising economy and tens of billions of dollars of government spending on nutrition programs, including food stamps, school lunch and aid to mothers and young children.

The war on poverty has ebbed, flowed and changed direction in the four decades since Lyndon Johnson launched it in 1964, and in the decade since Bill Clinton signed a bill that he said would "end welfare as we know it." With little appetite in Washington for costly new government-administered efforts to address poverty, all sorts of small-scale efforts are springing up: some privately funded, entrepreneurial efforts, others government-funded experiments. None are sufficiently large to cure poverty, nor do they pretend to such an ambitious goal. Instead, they are attempts to make life better for those who live in poverty or to test new approaches to a very old problem.

The fraction of Americans living below the official poverty line fell significantly during the booming economy of the 1990s. Then it turned up in the recession of 2001 and an ensuing recovery that lifted the fortunes of the best-off Americans more than it did those at the bottom. Alternatives to the official measure show much the same pattern.

The U.S. Department of Agriculture says government surveys show that 11.9% of U.S. households -- 13.5 million in all -- were uncertain they could afford to feed their families at some point during the year in 2004. About a third of those, or 4.4 million households in all, said that at least one household member went hungry at least some time during the year because the family couldn't afford enough food.

At the same time, the economy has been growing in many regions around the country. Tyler, Texas, for example, with its oil, retail and medical-services base, has hummed along with the entire state recently. Yet the USDA report also shows Texas has become the hungriest state in the country. In the 2002-2004 period, 16.4% of Texas households were food insecure, up from 13.9% in 1999-2001.

"There is a rising tide, but it's not one that lifts all the boats," says Ray Perryman of the Perryman Group, an economic-analysis firm that tracks the Texas economy. "Some sink along the way."

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A recent survey by America's Second Harvest, a network of more than 200 food banks across the nation, indicates that those relying on pantries and emergency kitchens include a large number of working families who aren't making enough to make ends meet, particularly with high heating and gas prices and medical bills. Mr. Perryman says the adults in such families generally don't have the education or skills demanded by high-tech jobs being created.

"Hunger is a hidden issue, particularly in Tyler, where unemployment is low and there's a lot of economic activity," says Robert Bush, executive director of the East Texas Food Bank. "But every day, we touch people who have to make hard choices about food: pay medical bills or buy food, repair car or buy food."

The Second Harvest survey also paints a portrait of the hungry at odds with common stereotypes: Only 12% of those served by the nation's food banks are homeless; 93% are American citizens; 40% are white; nearly half live in rural or suburban areas; and, more than one-third of the hungry households have at least one working adult. In these households, the survey found, parents are often working nights and over the weekends, meaning children sometimes must fend for themselves at mealtimes.

And there are a lot of those children. Second Harvest estimates that of the 25 million people served at its network of food pantries and feeding centers last year, nine million were children.

The federal government appropriates about $12 billion annually for child nutrition programs, meant to provide a safety net, says a spokeswoman for the USDA. But when gaps develop, efforts of community groups and food banks are welcome, she says. "We cannot do it alone."

For decades, Washington has funded free and reduced-price lunches and breakfasts in schools. In the last school year, 17.5 million children received free or reduced-price lunch and 7.7 million participated in the breakfast program.

In more recent years, the government began supporting after-school snack and dinner programs as well as summer feeding centers, which are essentially day camps for hungry children with recreational activities scheduled around lunch.

"As a nation, we figured that should take care of the problem," says Lisa DeYoung, Second Harvest's director of programs. "But it doesn't. There are gaps in the system."

Like the weekends.

"On Friday at lunch, I see a kind of panic in some children that I didn't see before. They eat as much as they can," says Kim Matthews, youth-services coordinator in the Chapel Hill, Texas, school district. "Then on Monday at breakfast, they not only eat the food on their tray, but the food on the trays of the five kids next to them."

While some backpack-carriers say they jealously guard their food -- one boy says he hides it under his bed -- others say they share it with their families. At Annie Sims Elementary School in Mt. Pleasant, Texas, a 10-year-old named Low said he shared his milk with his grandmother, his crackers with an aunt and his Apple Jacks cereal with his older sister. Seven-year-old Leonard asked the school counselor for an extra jar of peanut butter for his mother.

The Arkansas Rice Depot, a food bank, started stuffing backpacks with food in 1995. A school nurse at Martin Luther King Elementary School in Little Rock told the food bank she was seeing a growing number of children with dizziness and stomachaches -- not from illness, but from hunger. The group sent food to the school, which sent it home with some students. When children carrying food reported they were being teased for being poor, the Depot put the food in backpacks that look like the ones most students use to lug books and supplies.

The teasing stopped, and the food bank took the backpack idea to schools around the state. As word spread, food banks and schools in other states began designing take-home meal packs for the neediest students. Kids are chosen for the backpack program by teachers and school counselors, nurses and social workers based on knowledge of the family backgrounds and the behavior of the children in the classroom. This year, Second Harvest says at least 70 food banks are distributing backpacks -- tens of thousands of them in an average week. Those numbers are expected to multiply next school year as Second Harvest rolls out the program across its nationwide network.

The backpacks are for the most part filled with child-friendly food: nutritious, easy to open and nothing requiring stove-top cooking. Empty backpacks are returned by students and refilled for the next week. The food in each backpack costs between $2 and $3, and, once filled, each weighs seven to 10 pounds.

"It's heavy," said a fifth-grader named Jocelyn as she hoisted her backpack at Jewett Elementary School in the Waterloo, Iowa, school system. "But it's a good heavy."

Funding for backpack programs -- to reimburse food banks that usually have to buy child-specific food -- has mostly come from local businesses, churches and community organizations such as the United Way in Waterloo and the Junior League, a women's group, in Tyler. In 2003, Hasbro Inc., the Pawtucket, R.I.-based toy and game maker, supported pilot programs in eight rural areas. Since then, it has donated more than $700,000 to help 36 programs get started. A few corporations, such as Beam Global Spirits & Wine Inc., based in Deerfield, Ill., are funding programs in counties where they have operations.

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The pitch for support often takes donors by surprise. By the time Peggy Berry of the East Texas Food Bank finished her appeal to the Junior League in Tyler last year, many in the audience were in tears, according to several people who were there. "I had no idea that the city I lived in had such needs," says Stacy Panfil-Parsley, a Junior League member and a gymnastics coach. Now she volunteers to deliver backpack food to the schools. * * *

On a spring day, the farmers of Iowa were preparing their fields for planting. At the food pantry in Waterloo, here in the nation's breadbasket, a line formed for food assistance. Families stream in for help at the rate of 1,100 a month. Five years ago, it was 500 a month. Throughout the 16-county area of northeast Iowa, 35,700 people a year are served by the food bank. Forty percent are children.

At Lowell Elementary School in Waterloo, three children explain why they are waiting for their backpacks. Third-grader Shaquia says her mother cleans buildings and "doesn't have enough money at home for food." Fifth-grader Ashley says her parents both work at a bakery and are now facing added expenses after a house fire. Jonathan, another fifth-grader, says his mother works the overnight shift at a hotel and often isn't home in time for breakfast.

LaTina Roby, the single mother of another backpack child, says she lost her job at a fast-food restaurant after she got sick. "A lot of times, the backpack gets us through the weekend," she says. "The milk is the best. Milk is expensive." Children are given milk in cartons that don't need refrigeration.

Across town, at Jewett Elementary, another mom, Michelle Morehouse, prepares 25 backpacks. The blue sacks are stuffed with four cups of applesauce, a can of spaghetti and meatballs, a can of beef stew, a jar of creamy peanut butter, two vanilla puddings, three cartons of strawberry milk, a box of reduced-sugar Cocoa Puffs and a pack of Scooby Doo baked graham-cracker sticks.

"I don't normally buy these kinds of things," says Ms. Morehouse, whose fifth-grade son Jacob brings a backpack home. Her husband is an hourly worker at a metal-fabrication plant. After paying the bills, she says she has about $75 a week left to buy groceries for her family of four at a discount supermarket and, once a month, at a meat locker.

In its report issued last year, the USDA said the typical U.S. household spends $40 per person each week for food.

Ms. Morehouse says she lost her job as an assistant manager at a gas-station convenience store in March. "Before then, I said, 'We don't need a backpack, give it to someone else'," she says. "Now it's a big help." * * *

In east Texas, where the high price of oil is reinvigorating old fields, Steven Young, a music teacher at Douglas Elementary, played a classical-music CD as the Backpack Club kids jostled in line. "It calms them down," he says.

Cody and Cherokee Lozano patiently waited their turn. "I used to run into school on Mondays, I was so hungry," Cody said. Now he runs home on Fridays with his backpack.

At home, their mother ticked off the bills: Gas, $117. Water, $110 every two months. Rent, $300 a month. "How do they expect the average Joe to pay the bills and still eat?" she says.

Ms. Lozano once worked as a nurse but stopped to care for her children. Her seventh-grader suffers from a joint and bone ailment, she says, and Cody has epilepsy. She hopes to start classes at the local junior college to gain work as a specialized nurse.

Her husband and older son are construction workers, making as much as $13 an hour. But work can be sporadic and health problems also limit their earnings, she says. The family tries to set aside at least $50 a week for groceries, she says.

"We may be eating stuff you don't really want to eat all the time," she says. "The kids eat a lot of fried egg sandwiches. They hate beans. They're good, but not if you eat them every day."

The family cat saunters through the living room. Cody looks at his mom and asks, "Do we have tuna for him?"

She laughs. "He doesn't get tuna. We don't get tuna. If he wants to eat, he's got to catch a rat."

Lawmakers Send Mixed Signals On Timing Of Medicare Bill (HILL)

By Jeffrey Young

The Hill, June 14, 2006

The heavy lifting is still months away, but a package of Medicare bills that Congress may take on late this year is beginning to take shape.

Lawmakers were consumed for the first half of this year with politicking over the controversial new Medicare Part D prescription-drug benefit, which made the congressional leadership and the White House strongly averse to tackling any legislation related to the healthcare program for the elderly and disabled. But with several of the program's perennial problems due to resurface in 2007, many healthcare lobbyists say a drive in Congress for Medicare legislation is inevitable.

The GOP leadership in both chambers, not to mention the Bush administration, is said to be wary of opening the door to a wider debate on Medicare this year. A Medicare vehicle also would not enjoy the procedural protections against amendment that helped the leadership avoid such a debate during budget reconciliation last year.

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Just as lobbyists are worried and unsure about what items might be addressed and what might be left out, the Hill is sending mixed signals about the timing of any move to work through a Medicare bill in 2006.

Although there is widespread agreement that no measure will move until after the August congressional recess, speculation is rampant that the leadership may opt to take final action on a bill during a lame-duck session after the elections.

Any Medicare legislation would create winners and losers, as lawmakers likely will look to offset billions of dollars of new spending with reductions in other areas of Medicare.

This prospect makes healthcare providers of all stripes nervous as their lobbyists are watching closely for developments on Capitol Hill. So far a smattering of bills have been introduced by rank-and-file members of the House and Senate and by key committee leaders, but a clear strategy has yet to emerge.

The biggest driver behind Congress's tackling Medicare this year, yet again, is a strong desire by many lawmakers to prevent a cut in Medicare's payments to physicians. On the other hand, the physician-payments provisions would be the most expensive to enact. The Congressional Budget Office has projected that even maintaining the current payment level for one year would cost about $10 billion.

With the failure of medical-malpractice tort reform in the Senate last month, blocking these cuts has become the physician lobby's top priority.

Under a complex mathematical formula almost universally regarded as flawed, doctors are staring at an estimated 5 percent pay cut next year. Year after year, Congress has moved to prevent the cuts from taking effect, most recently by enacting a one-year fix as part of the Deficit Reduction Act that President Bush signed in February.

The nursing-home and physical-therapy sectors are pushing Congress at least to postpone strict limits on how much physical, speech and occupational therapy beneficiaries can receive in one year. Caps on the services are due to take effect Jan. 1.

Few lawmakers believe the caps are the appropriate policy, but eliminating them would cost more than $500 million. Rep. Phil English (R-Pa.) and Sen. John Ensign (R-Nev.) have sponsored bills to deal with the issue and, together, have attracted more than 300 co-sponsors, including House Majority Leader John Boehner (R-Ohio) and Majority Whip Roy Blunt (R-Mo.). Senate Finance Committee Chairman Chuck Grassley (R-Iowa) has tried for several years to get rid of the caps.

Pharmacies also have gained the support of a growing contingent of lawmakers for legislation to require Medicare Part D plans to pay drug claims within two weeks.

On a more politically sensitive issue, Grassley and Rep. Nancy Johnson (R-Conn.) are waging a campaign to enact legislation that would prevent beneficiaries who missed the May 15 deadline to sign up for Part D from being assessed a financial penalty if they enroll later.

The administration and the congressional leadership have been cool to the idea, despite enthusiasm among many rank-and-file Republicans, especially those vulnerable in the midterm elections, such as Johnson.

The question of the penalty is expected to be raised today during a House Ways and Means Committee hearing on the implementation of Part D. Johnson chairs the panel's Health Subcommittee and held a hearing of her own in April, but Committee Chairman Bill Thomas (R-Calif.) has not publicly backed her effort.

Lawmakers have few realistic options available to pay for a package containing these or other costly provisions.

The most commonly cited source of savings is the so-called $10 billion "stabilization fund" that was created in 2003 as an inducement for health-insurance plans called preferred-provider organizations (PPOs) to do business with Medicare.

The health-insurance lobby has kept a watchful eye over some lawmakers' interest in taking away this pool of money and has enjoyed the steady support of the administration. Grassley's attempt to strip the fund during budget reconciliation was stymied in large measure by White House resistance.

The home-healthcare providers also have reason to worry, as Congress has frozen their payment rate for several consecutive years, behind the political cover of reports by the Medicare Payment Advisory Commission, which makes annual recommendations to Congress.

Hospitals are at relatively lower risk, but lobbyists continue to keep close tabs on the discussions about how to pay for the doctor payments and other provisions. This sector is particularly mindful of its vulnerability because the Centers for Medicare and Medicaid Services is in the process of undertaking a massive overhaul of the formula used to calculate payments for medical procedures performed in hospitals.

Minimum-Wage Boost Wins Support (WSJ)

By David Rogers

The Wall Street Journal, June 14, 2006

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WASHINGTON -- Breaking with its Republican leadership, the House Appropriations Committee approved a $2.10-an-hour increase in the minimum wage as part of a budget bill that adds $4 billion to President Bush's requests for domestic programs.

The 32-27 vote is certain to be challenged when the $596.5 billion measure comes to the House floor. But the seven Republican defections underscored the growing prominence of the wage issue going into the November elections.

The federal minimum wage, currently $5.15 an hour, hasn't been increased since 1997. The $2.10 increase would be phased in over three years in 70-cent increments, beginning in January. "Every day the minimum wage is not raised, it loses to inflation," said Rep. Steny Hoyer (D., Md.), the minority whip.

While admitting that the wage provision didn't belong on the spending bill, Wisconsin Rep. David Obey, the committee's ranking Democrat, said his party would raise the issue in whatever forum is available. "We all know that the fix is in, and there will be no minimum wage coming out of any committee unless it's forced out," Mr. Obey said.

The wage fight capped a day in which Republicans completed an election-year shift of billions of dollars within the president's budget, first cutting from defense spending and then reinvesting the money in education and health programs that the administration targeted for cuts.

The Appropriations Committee approved a $427.4 billion Pentagon budget bill that took $4 billion from the president's request for core military accounts. Hours later, it approved a budget for the departments of Labor, Education and Health and Human Services that added $4.04 billion in discretionary spending beyond what Mr. Bush proposed.

The additional funds will finance increased spending for community-health centers and Pell Grants to help low-income college students. But lawmakers also set aside close to $1 billion for local projects to help win votes at home.

Despite grumbling from conservatives, the practice of earmarking remains common. While less than in previous years, the House committee estimates that among all the annual spending bills, about $9.6 billion, or a little more than 1%, has been set aside for items favored by individual lawmakers.

The defense bill alone accounts for about half of the $9.6 billion. One reason Republicans enjoy some flexibility is that so much of the military's total operations are treated as emergencies -- outside the budget caps -- because of the wars in Iraq and Afghanistan.

The $427.4 billion measure approved by the panel yesterday, for example, includes $50 billion in such emergency funding. And even as the committee was meeting, a $92.2 billion emergency spending bill, much of it for operations overseas, passed the House 351-67 and is slated to clear the Senate tomorrow morning.

With the election weighing heavily on both parties, House Majority Leader John Boehner (R., Ohio) was skeptical whether immigration legislation can pass if an agreement isn't reached before August. And he told a business audience that he expected a long postelection session running into December.

Tomorrow, the House will put aside its appropriations bills for debate on the Iraq war. "I think we can lay out where we're going and why we're going there," said Speaker Dennis Hastert (R., Ill.), who will deliver the opening remarks.

Mr. Boehner has long promised an opportunity for members to speak on the war, but Republicans face criticism for being restrictive -- and some say too partisan -- in limiting what alternative resolutions may be presented.

"Republicans want to portray the greatest foreign-policy challenge of a generation as simply a choice between staying the course and cutting and running," said Rep. Rahm Emanuel (D., Ill.). "Everyone has equal time," Mr. Hastert said, but even rank-and-file Republicans worry the exercise could hurt their party if it is seen as too political.

"We are not running the war out of the House," Mr. Boehner told reporters. "I think winning is the issue. We spent over $300 billion in waging this war and nearly 2,500 lives. It would be a disgrace to those who gave their life in defense of their country to walk away from this."

House Lawmakers Accept $3,300 Pay Hike (AP)

By Andrew Taylor

The Associated Press, June 14, 2006

WASHINGTON -- Despite record low approval ratings, House lawmakers Tuesday embraced a $3,300 pay raise that will increase their salaries to $168,500.

The 2 percent cost-of-living raise would be the seventh straight for members of the House and Senate.

Lawmakers easily squelched a bid by Rep. Jim Matheson, D-Utah, to get a direct vote to block the COLA, which is automatically awarded unless lawmakers vote to block it.

In the early days of GOP control of Congress, lawmakers routinely denied themselves the annual COLA. Last year, the Senate voted 92-6 to deny the raise but quietly surrendered the position in House-Senate talks.

As part of an ethics reform bill in 1989, Congress gave up their ability to accept pay for speeches and made annual cost-of-living pay increases automatic unless the lawmakers voted otherwise.

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The pay issue has been linked to the annual Transportation and Treasury Department spending bill because that measure stipulates that civil servants get raises of 2.7 percent, the same as military personnel will receive. Under a complicated formula, the increase translates to 2 percent for members of Congress.

Like last year, Matheson led a quixotic drive to block the raise. He was the only member to speak on the topic.

"I do not think that it is appropriate to let this bill go through without an up or down vote on whether or not Congress should have an increase in its own pay," Matheson said.

But by a 249-167 vote, the House rejected Matheson's procedural attempt to get a direct vote on the pay raise.

The pay raise would also apply to the vice president -- who is president of the Senate -- congressional leaders and Supreme Court justices.

This year, Vice President Dick Cheney, House Speaker Dennis Hastert and Chief Justice John Roberts receive $212,100. Associate justices receive $203,000. House and Senate party leaders get $183,500.

President Bush's salary of $400,000 is unaffected by the legislation.

House Accepts $3,300 Raise (NYT/AP)

By The Associated Press

The New York Times, June 14, 2006

House lawmakers accepted a $3,300 raise that will increase their salaries to $168,500. Lawmakers easily squelched a bid by Representative Jim Matheson, Democrat of Utah, to vote on the cost-of-living raise, which is automatically awarded unless lawmakers vote to block it. Last year, the Senate voted 92 to 6 to deny the raise but quietly surrendered the position in negotiations with the House. As part of an ethics bill in 1989, Congress gave up its ability to accept pay for speeches and made annual cost-of-living pay increases automatic unless blocked.

COLA Survives Matheson's Challenge (RC)

By Jennifer Yachnin

Roll Call, June 14, 2006

House lawmakers defeated an attempt to curb their annual cost-of-living pay increase Tuesday, all but guaranteeing Members will receive a sixth salary hike in as many years.

Both House and Senate lawmakers are slated to receive an increase of 2 percent, about $3,330, in their paychecks beginning in 2007, bringing rank-and-file Members' annual salary to $168,500. Elected members of the leadership are paid slightly more.

Under a federal law enacted in 1989, Members automatically receive an annual cost-of-living adjustment unless legislation is passed to block the COLA from being implemented.

Utah Democratic Rep. Jim Matheson, a fiscal conservative and persistent opponent of the automatic pay raise, sought to block the annual increase on the House floor Tuesday, arguing that Members should be required to vote on growing their own paychecks.

"Here we are in a circumstance where we continue to swim in a lake of red ink," Matheson said, citing the $8 trillion federal deficit. "I don't think it's appropriate to have this cost increase, this increase in Member salary, go through without an up-or-down vote."

Matheson raised his objections as the House prepared to debate the fiscal 2007 Transportation, Treasury, Housing and Urban Development, the judiciary, the District of Columbia and independent agencies appropriations bill.

The Utah lawmaker had hoped to introduce an amendment to that spending bill requiring an up-or-down vote on the pay increase, but he was defeated on a procedural measure, 250-166. The House continued to debate other amendments to the legislation Tuesday night and is expected to vote on the measure as early as today.

In the event the House does receive its pay raise, Matheson has vowed to donate the additional pay to Utah charities.

Although Matheson, along with Rep. Todd Platts (R-Pa.), introduced legislation in December seeking to kill the automatic salary increases, that bill has stagnated in the House Administration and Government Reform committees.

Across the Capitol, Sen. Russ Feingold (D-Wis.) is the sponsor of companion legislation, which has likewise been dormant in the Homeland Security and Governmental Affairs Committee since its introduction in March 2005.

While Senate lawmakers did vote in 2005 to forgo their annual raise — a largely symbolic gesture used at the time to highlight the need for emergency spending on hurricane cleanup efforts as well as the conflict in Iraq — that amendment to the Transportation, Treasury, Housing and Urban Development, the judiciary and the District of Columbia spending bill did not survive a House-Senate conference.

It remains unclear whether Members could attempt a similar maneuver during the fiscal 2007 cycle.

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In the meantime, Sen. Hillary Rodham Clinton (D-N.Y.) touted legislation Tuesday that would tie Congressional pay raises to increases in the federal minimum wage.

Clinton raised the proposal, introduced in early May, during an appearance at the progressive Campaign for America's Future's "Take Back America 2006" conference.

The measure would require increases in the minimum wage each time the Congressional pay rate went up.

"If Members of Congress need an annual cost-of-living adjustment, then certainly the lowest-paid members of our society do too," Clinton said on the Senate floor in May. The federal minimum wage was last increased in 1997.

Opponents last opportunity to derail the COLA will come when the Senate takes up the spending bill.

Murtha Halts Bid For Leader (RC)

By Steve Kornacki

Roll Call, June 14, 2006

A campaign for Majority Leader that began with plotting by Rep. John Murtha (D-Pa.) and a small clutch of Democrats more than two weeks ago suddenly moved to the back burner Tuesday when Minority Leader Nancy Pelosi (D-Calif.) convinced the Pennsylvanian to set aside his effort until after the November elections.

Four days into a brash effort that threatened to pit factions of the Democratic coalition against one another at the height of midterm election season, Pelosi abandoned the neutral stance she had taken on the potential battle between Murtha and Minority Whip Steny Hoyer (D-Md.) and asked Murtha to put his bid on hold until November. He agreed.

"I appreciate Mr. Murtha's continuing cooperation and leadership in our effort to win a Democratic House to take America in a new direction for everyone," Pelosi said in a statement.

The statement came shortly after Pelosi sat down with Murtha and two other Democrats, one of whom was Rep. Robert Brady, also a Pennsylvanian.

Hours later, Murtha himself issued a one-sentence statement: "For the unity of the party and to focus on Democratic victory in November, I have suspended my campaign for majority leader until after the election."

To some, Tuesday's turn of events simply underscored the sway Pelosi holds over her Caucus and the influence she figures to exert should Democrats win the House and the Hoyer-Murtha fight comes to pass.

When Murtha, a 73-year-old defense hawk who has emerged as a leading symbol of opposition to the Iraq war, plunged into the race last Friday, suspicions immediately sprouted that the hand of Pelosi was at work. She and Hoyer have a history of antagonism, dating back to their almost nonstop two-year battle for a leadership post in 2000 and 2001, and Murtha has emerged as one of her most trusted allies. Even Hoyer partisans admitted that the only Democrat in position to rein in Murtha was Pelosi.

But others took Murtha's suspension as a sign that he had over-reached, mistakenly calculating that Murtha's entry into the race would create such a splash that Hoyer would fold within days. Instead, Hoyer stood his ground and many Members — even some who sided with Pelosi over Hoyer in the past — expressed concern that the campaign was needlessly dividing the Caucus at a time when unity is a precious commodity.

"I think it's clear that the reaction from Members was so negative that Mr. Murtha had no choice but to suspend his campaign," a Democratic aide said.

Pelosi's initial public silence and refusal to stop Murtha led Hoyer, who spoke with her over the weekend, to conclude that the race was on and to ramp up his operation, securing commitments and leaning on some of his fellow Democrats to give him cover publicly.

"I am talking to Members," Hoyer acknowledged at a session with reporters early Tuesday afternoon, just hours before Murtha suspended his effort.

Murtha began laying the groundwork for his campaign two weeks before announcing his plans, quietly seeking out 10 or so of his friends and allies in the Caucus and asking for their help. Those core supporters, sources said, then branched out to take the temperature of their fellow Members, assembling a road map for Murtha outlining which Members were most ripe for a personal sales pitch. Before he suspended his bid today, Murtha's informal Whip team — which sources indicated included Reps. Mike Capuano (Mass.), Mike Doyle (Pa.), Anna Eshoo (Calif.), John Larson (Conn.), Bill Pascrell (N.J.) and Linda Sanchez (Calif.) — had communicated with about 120 of the 205 House Democrats.

While Eshoo is one of Pelosi's closest friends, sources insisted Pelosi was not involved in Murtha's effort except to the extent that she refused to talk him out of it last week.

At a late afternoon press conference on minimum wage legislation with Rep. George Miller (Calif.), another top Pelosi lieutenant, Hoyer sidestepped a question about whether the Minority Leader might have been sending a message by sitting idly by during the first four days of Murtha's campaign.

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"I think this was Mr. Murtha's decision and I'm pleased that he suspended his efforts," Hoyer said.

If Pelosi was trying to make a point by keeping Hoyer squirming for a few days, she also made a point by bringing the intraparty fight to a temporary halt: that the election-year message and fundraising efforts of Democrats could be undermined by a full-throttle leadership fight.

Pelosi and Hoyer are two of the party's fundraising stars, each the overseer of a unique and personally loyal network of donors — in Hoyer's case, donors who might feel apprehension in investing in a man whose own future in leadership seems tenuous.

With Murtha poised to re-enter the fray as soon as the final Congressional ballot is counted in November, some wonder if the truce is little more than a facade, forcing what was already an underground campaign to further subterranean depths. Even if they don't formally ask colleagues for support, every interaction between Murtha and Hoyer and their fellow Democrats through the election will in some way constitute a form of campaigning.

"Knowing human nature, I don't know if this will actually change anything," said Rep. Dennis Cardoza (Calif.), the chairman of the Blue Dog Coalition and a Hoyer backer who called Murtha's campaign divisive last week.

Cardoza called Murtha's decision "an acknowledgement" that sentiment within the Caucus was decidedly against a fight right now.

The suspension of Murtha's campaign probably ensures that next few months will be devoid of dueling supporter lists, solicitation letters from the candidates to their colleagues, efforts to cultivate free media by the Murtha and Hoyer camps, and even appeals for support by the contenders in private conversations. Beyond that, what constitutes campaigning will be a subjective matter, but one aide likened the situation to a "Cold War" with the potential for one false move by either side provoking an all-out war.

Murtha's move, the second surprise he sprung on his colleagues in four days, could benefit him in the long run, since some would-be supporters seemed dismayed by the timing of his entry, believing it would make Democrats appear presumptuous about winning back the House.

"It is [a distraction] for me," said Rep. Lynn Woolsey (Calif.), co-chairwoman of the Progressive Caucus, a group Murtha hopes to make inroads with through his Iraq war outspokenness. "I'm not going to pay attention to it until we get the House under control."

But most likely the only constant between now and November will be the guessing games, with insiders trading theories about which candidate has put together the winning coalition.

Hoyer backers play up their man's core bloc of conservative and moderate supporters, to which they say he's poised to add progressives disgruntled by Murtha's staunch social conservatism and California pragmatists, who previously backed Pelosi over Hoyer out of home state loyalty. Hoyer, a more active fundraiser and campaigner than Murtha, may also do well with the incoming freshmen whose campaigns he's boosted.

Murtha will depend on his strong personal ties with Members, forged in his first 31 years in the House, when he quietly accrued power on the Appropriations Committee and won immense respect from both sides of the aisle while operating mostly in the shadows. That reputation, coupled with what is a sometimes conservative voting record, could help Murtha appeal to the centrists who make up Hoyer's base, while his forceful opposition to the Iraq war could conceivably convince progressives to look the other way when it comes to social issues.

Rep. Murtha Abandons Leadership Bid — For Now (HILL)

By Josephine Hearn

The Hill, June 14, 2006

Rep. John Murtha (D-Pa.) temporarily abandoned his bid for majority leader yesterday afternoon after it became clear that an open battle with House Minority Whip Steny Hoyer (D-Md.) could reignite long-smoldering feuds and complicate Democrats' efforts to win back the House.

Word of Murtha's retreat came shortly after he met with House Minority Leader Nancy Pelosi (D-Calif.), a close ally, who had cultivated a studied silence on the issue during the Pennsylvanian's four-day campaign.

Pelosi issued a brief statement after the midday meeting with Murtha and Rep. Robert Brady (D-Pa.) signaling the race's postponement until after the election.

"In the spirit of unity to achieve our goal of winning a Democratic majority in November, Congressman John Murtha has informed me that he will suspend his campaign for majority leader until after we win a Democratic majority of the House," Pelosi said.

Murtha echoed her sentiments.

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"For the unity of the party and to focus on Democratic victory in November, I have suspended my campaign for majority leader until after the election," he said in a statement.

Hoyer learned of the decision during a series of afternoon roll-call votes when Brady, a low-key former carpenter, found him on the House floor and invited him out to a sun-drenched, second-floor balcony.

The two spoke for five minutes, with Hoyer listening intently, before they returned to the floor and Brady ventured back to his usual perch in the Pennsylvania corner with Murtha.

Hoyer would not discuss the encounter later. "It was a private conversation," he said.

Why Murtha called off the campaign as abruptly as he started it is an open question. Many Democrats, including Hoyer, had been caught by surprise when Murtha announced his candidacy Friday with five months and many obstacles to overcome before the November elections.

Some members, such as Rep. Henry Waxman (D-Calif.), had shared with Pelosi their concerns that a raucous contest could divide the caucus at a time when they had boasted of the greatest unity in 50 years.

Waxman made public his support of Hoyer early this week to protest the race for a hypothetical opening, he said.

"He's been a good whip. I know he's worked actively to recruit candidates around the country," Waxman said. "I don't think this is the right time to be having this fight."

Waxman has typically supported Pelosi or her allies in leadership races. "I don't think there are many people here who are closer to Nancy Pelosi than he is," said Rep. Mike Capuano (D-Mass.).

Yet Waxman said he rejects the idea that the caucus coalesced into two opposing camps around Pelosi and Hoyer. He said he hoped other members would join him in protesting a leadership race now.

"Others ought to be supporting Hoyer as well [for the same reasons]," Waxman said.

Still, others said they welcomed Murtha's entrance in the race.

Rep. Bennie Thompson (D-Miss.) called it "democracy at its best."

"[Murtha] has been in this institution for a long time. I wouldn't question his timing. I haven't run up on anybody being negative about having a choice."

A Democratic aide said postponement was the best possible outcome for Democrats.

"Now you have two high-profile members who will be working their hearts out like never before," the aide said, indicating that Hoyer and Murtha would be auditioning for a role as majority leader, should the Democrats take the majority, in the months leading up to the election.

Others speculated that Murtha, a renowned backroom dealmaker, may have had other motives for launching the short-lived campaign than simply seeking higher office and may have been trying to intimidate Hoyer to some unknown end.

Hoyer was unusually subdued earlier in the day before Murtha backed off, perhaps owing to the daunting political calculus he faced in pulling off a win against the formidable Pennsylvanian.

Murtha-backed candidates have twice defeated Hoyer or his chosen candidate in recent leadership elections. Murtha helped orchestrate Pelosi's victory over Hoyer for whip in 2001. Earlier this year, he masterminded the win of Rep. John Larson (D-Conn.) over Rep. Joe Crowley (D-N.Y.) for vice chairman of the caucus.

Hoyer's weekly press briefing was rescheduled twice and then shortened by a third yesterday before he said he would not entertain questions on the race, which he called a distraction.

Hoyer wrote colleagues Friday to solicit support after it became clear Murtha was running.

"For the last three and one-half years as your Whip, I have been focused on one overriding, principal goal: working with every Member of our Caucus to do everything within our power to regain the Majority," Hoyer wrote. "However, that objective is not a foregone conclusion, and I will continue to focus my energies on helping our Party achieve success in November. ... If we do regain the Majority, and I would like to ask for your support for [majority leader].

Murtha and Hoyer have reversed the roles they played in 1999 when Hoyer launched a bid for majority whip on the expectation that Democrats would take control of the House in the 2000 elections. At the time, Murtha criticized Hoyer's presumptive action.

"I can't believe we're getting into this now," Murtha told a Capitol Hill publication. "We don't have a goddamned vacancy for a whip. We don't even have the majority yet."

McConnell Prepares For Top Job (HILL)

By Alexander Bolton

The Hill, June 14, 2006

Senate Majority Whip Mitch McConnell's new hire of Don Stewart, one of the most admired communications strategists in the Senate, is one of several indications that the lawmaker is readying his expected takeover as majority leader next year.

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McConnell (R-Ky.) is also closing the Senate at the end of legislative day and negotiating the unanimous-consent agreements needed to move business forward on the floor, aides say. He is working closely with colleagues facing reelection races to make sure amendments important to them politically are considered on the floor in the run-up to the November election.

McConnell has been trying to raise his visibility in the press, addressing what has been the chief criticism of his performance in the leadership: that he has not played a big enough role in communicating the Republican message and countering Democratic attacks.

McConnell's whip office does not have its own press secretary. Rob Steurer, who works in McConnell's personal office, handles press matters. And McConnell often gives terse replies, when he replies at all, to reporters' questions in the Senate halls.

In contrast, Sen. Dick Durbin (Ill.), the Democratic whip, has two senior aides handling national press and a television and radio booker in his whip office and interacts aggressively with the press.

McConnell's hire of Stewart is seen by colleagues as an effort to narrow that disparity. Republicans say the ability to communicate effectively will be important for the successor to outgoing Majority Leader Bill Frist (R-Tenn.). Some GOP senators say that Frist has been a weak messenger.

Stewart, who has made a name for himself raising the national profile of freshman Sen. John Cornyn (R-Texas), is considered by several Republican senators one of the best communications aides on the Hill.

He developed a rapid-response operation in Cornyn's office during the controversy over judicial nominations to respond to Democratic attacks. His aggressive style was on display this week when U.S. forces killed al Qaeda leader Abu Musab al-Zarqawi. Cornyn's office was the first in the Senate to send out a press release, at 6:20 a.m. By 9 a.m. Cornyn was on Fox News talking about the big event.

McConnell is taking other steps to raise his visibility. He spoke at the microphones set up outside the Senate chamber after a GOP conference luncheon two weeks ago, and during last Tuesday's luncheon McConnell fielded questions from a gaggle of reporters, said a GOP press secretary who was there.

McConnell has also courted more press coverage recently both in print and broadcast. He is scheduled to sit down for an interview with CNN today.

Frist's aides acknowledge that the transition to a new majority leader is under way.

"There is no doubt that McConnell has always been an active participant in the leadership process," said Alex Vogel, an adviser to Frist who is a partner in the firm Mehlman Vogel Castagnetti. "There's a natural and organic evolution where McConnell is taking over and that's under way."

Amy Call, Frist's spokeswoman, agreed, saying, "Frist and McConnell have worked together very closely. McConnell has done an excellent job as assistant leader, and I'm sure he will transition well into the leader's slot."

Several Republican senators said that they can see McConnell preparing for the top leadership slot and that having a strong communications shop will be important. They say Democrats have gained political traction from the war room that Senate Minority Leader Harry Reid (D-Nev.) set up, staffed by about eight Democratic aides.

"I think he's preparing himself for that transition," Sen. John Thune (R-S.D.) said of McConnell. "He knows that's not far away, and one of the things he knows is necessary is a very robust communications operation."

Thune also said McConnell is very involved in defending the Republican majority.

"McConnell has a very good political antenna. He's becoming more sensitized to what issues we're putting on the floor," Thune said.

Sen. Lincoln Chafee (R-R.I.), one of the most endangered Senate Republicans, said McConnell helped with legislation important to him, citing the highway bill, which "was very good to Rhode Island."

McConnell, who chaired the National Republican Senatorial Committee in 1998 and 2000, has also been active raising money and campaigning for Senate candidates.

"The senator has participated in over 40 events in the 2006 cycle on behalf of candidates," said Steurer, McConnell's spokesman. "He's traveled to Washington, Rhode Island, Pennsylvania, Missouri and New Jersey, and he's expected to do more for the candidates."

A GOP strategist said McConnell has traveled more than Frist to campaign for candidates recently — for example flying to campaign with Mike McGavick in Washington State last week.

This past weekend, McConnell but not Frist attended the Warner golf tournament in Williamsburg, Va., a participant said. About 20-30 GOP senators attended the fundraising event, which is named after Sen. John Warner (R-Va.) and is held to raise money for Senate GOP candidates, the source said. Several senators there expressed enthusiasm for McConnell's future as leader.

Sen. Larry Craig (R-Idaho) said McConnell has begun to assert himself more in the leadership in subtle ways.

"In the last few months he's been more involved than before," Craig said. "In the past six months compared to the previous year."

McConnell led last week's effort to defeat the Native Hawaiian Government Reorganization Act sponsored by Sen. Daniel Akaka (D-Hawaii). Conservatives loathed the bill, saying it was unconstitutional, and they feared it might have had the votes to pass because of behind-the-scenes dealmaking by Sen. Daniel Inouye (D-Hawaii), a powerful member of the Appropriations Committee.

McConnell played a lead role in pushing the nomination of Richard Stickler, a mining-safety official, this week. Despite his efforts, the nomination was put on hold because of unexpectedly stout Democratic opposition.

But while McConnell has played a bigger role in negotiating agreements on the Senate floor and closing the chamber at the end of the legislative day, Frist still controls the Senate Republicans' big-picture strategy.

"I got a feeling that Reid is still negotiating the bigger unanimous-consent agreements with Frist," a GOP aide said.

The aide said that while McConnell may be more active in handling the logistics of the Senate floor, "the strategy is from Eric," referring to Frist's chief of staff, Eric Ueland.

"The real vision and strategy is emanating from Frist's office," the aide said.

McConnell Bides His Time (RC)

By John Stanton And Erin P. Billings

Roll Call, June 14, 2006

While Senate Majority Whip Mitch McConnell (R-Ky.) may be the presumptive favorite to lead the Senate GOP next January, don't expect to see crews of Louisville-based interior decorators scurrying about Majority Leader Bill Frist's (R-Tenn.) office measuring drapes just yet.

While political observers predict that short of catastrophic GOP losses on Election Day, McConnell's ascension to the Majority Leader's chair this fall is a sure thing, he has consistently rebuffed questions from reporters about the future and has issued strict instructions to his staff to maintain their focus on the day-to-day operations of the Senate, lawmakers and Senate aides say.

McConnell's allies say the No. 2 Senate Republican refuses to get too far ahead of himself on his next position, believing he still cannot take his support for granted and that it would be inappropriate to speed up any transition.

Those allies also insist that McConnell doesn't need to assume any of Frist's duties in the interim, simply because he, more than most, understands his fellow Senators and how the chamber operates.

Sen. John Cornyn (R-Texas) said McConnell "has been preparing for a couple of decades for this job" and doesn't need or want to assume any extra responsibilities prematurely.

McConnell, who was first elected to the Senate in 1984, also served as chairman of the National Republican Senatorial Committee in 1998 and 2000. Prior to his time in the Senate, McConnell served as the county judge-executive of Jefferson County and was a deputy attorney general under President Gerald Ford.

"There's a united front of leadership," added Sen. Bob Bennett (R-Utah), McConnell's close friend and Chief Deputy Majority Whip. "Mitch is a team player. You won't see any special new delegation [of duties] or handoffs. There's no need to bring him behind the curtain. He already is behind the curtain."

An aide to Frist said neither the Majority Leader nor McConnell is inclined to begin a transfer of power before the end of the session, noting that since Frist came to power in 2003 the two have worked closely on major policy and political initiatives. "They are locked at the hip on every strategic decision that gets made around here," the aide said.

A GOP leadership aide agreed, noting that, "Coordination between the two offices runs from the top down — the two talk almost non-stop, they are clear about their roles and responsibilities, and the smoothness and integration is so high that it's clear Sen. McConnell will be ready from day 1 when he moves down the hall and around the corner."

A former aide to ex-Senate Minority Leader Tom Daschle (D-S.D.) also said that in many ways McConnell has a leg-up over some of his predecessors in both parties. Unlike many recent Senate leaders who have been thrust into leadership without warning, McConnell will have about three months from November to January to officially formulate a transition plan and craft a leadership operation.

"McConnell has it all set up," said this former Daschle staffer. "All he has to do is bide his time and not screw anything up, keep his mouth shut and his head down and become Leader."

A key aspect in the likely ease in transition to a McConnell-led GOP is longtime aide Kyle Simmons. McConnell's chief of staff and someone who, like his boss, generally demurs when it comes to the press, Simmons is widely considered one of the Senate Republicans' sharpest minds and someone with a strong understanding of the institution.

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Eric Ueland, Frist's chief of staff, said Simmons is "a great asset" to McConnell and the Conference overall, saying that without him "the Republican team would be much weaker."

"He brings a keen strategic insight, a powerful tactical sense, and excellent political instincts to work every day, and Sen. McConnell and our leadership are much the better for that," Ueland said.

Republicans also point to McConnell's notoriously reserved nature, arguing that while he is extremely calculating, he is patient enough to allow events to fully unfold this fall before beginning his transition.

"Mitch is one of the least presumptuous people I know," Cornyn said. "I don't think he'd see it as appropriate. He is loyal to the leader, just as he was to Sen. [Trent] Lott (R-Miss.)."

Arguably, Frist and McConnell have worked well as a pair, in part, many say, because both Senators are extremely respectful and supportive of each another. The two have starkly different personalities, however, with Frist seemingly more comfortable in the spotlight and McConnell content to work the GOP's agenda behind the scenes.

"Mitch is very methodological," Bennett said. "He's very long-headed. He doesn't react just to today's crisis, but to what it will mean next week, next year, next election."

Lott, a former Senate GOP Whip, Majority Leader and longtime McConnell ally, said that for his Kentucky colleague, "the learning curve is not that steep" to becoming Leader. "He has a pretty good feel for it," Lott said.

Privately, Republicans also noted that while McConnell's prominence in the Conference and reserved personality make an expectation of a shift in duties unlikely, McConnell is also showing deference to Frist's future political ambitions. Frist is considered a likely contender for the 2008 Republican presidential nomination, the chances for which may depend on his stewardship of the Senate.

While the Whip is responsible for marshalling votes, the history books generally place the credit — or blame — on the Majority Leader, and fairly or not, the reviews have not been good for Frist.

Despite racking up a string of victories on legal reform issues, Supreme Court nominees and energy and transportation legislation, Frist's leadership has been criticized in many corners. Although sources close to Frist downplay the impact his future ambitions may have on his decision to actively lead his party until the end of the session, they have in the past acknowledged that he is aware of his legacy and is looking to end his tenure on an upbeat note.

Even so, Lott and other Republicans say they already sense that McConnell is beginning to quietly spread his wings in anticipation of becoming the top Republican next year. GOP sources and Senators say that in recent weeks McConnell has taken steps to increase his visibility both in and outside of the Conference to begin preparing for the new post.

"He's showing a bit of an imprimatur of himself," Lott said. "He's spending more time on the floor, making a point on different issues. He's good when he does that."

Added a senior GOP Senate aide: "He's got his training wheels on and he's testing them out now so that he can hit the ground running come January."

Perhaps the most outward signal of that came in recent days when McConnell tapped one of the most aggressive GOP press aides in the Senate, Donald Stewart, to become his communications director. Stewart has worked for Cornyn since 2002 following a stint in former Sen. Phil Gramm's (R-Texas) office, and in the past four years he has helped make Cornyn one of the leading spokesmen in the Conference.

Although well known in Texas political circles, Cornyn was a virtual unknown outside of his home state. But particularly since last year's judicial confirmation fights, Stewart has helped vault his boss to national prominence and played a key roll in Frist's efforts to more effectively combat Minority Leader Harry Reid's (D-Nev.) communications "war room."

Although Stewart has not yet officially moved over to McConnell's shop, his influence already can be seen. For instance, following the GOP weekly luncheon on May 30, McConnell — who is so notoriously hands-off with the press that he typically can move freely through the throng of reporters that stake out the meeting — held court for more than 10 minutes in an impromptu press gaggle before answering even more questions in front of television cameras. While McConnell quickly reverted to his traditionally reserved approach to the press following the session, his sudden openness took many veteran reporters by surprise.

McConnell's office, which rarely sends out e-mails and press releases to national reporters, also marked the death of the Abu Musab al-Zarqawi, and Republican aides predict a significantly more aggressive communications and message operation under Stewart.

Sources say Stewart's hiring shows that McConnell understands he will have to embrace the press more openly in his next position. And they say Republicans know the job of advancing their message will be even more important in the 110th Congress if the GOP sees its margin of control shrink after the midterm elections.

Still, McConnell's office refuses to even engage in talk about his near certain climb to power, what he's doing to prepare or how he plans to handle the Majority Leader post. Robert Steurer, McConnell's spokesman, would only say: "As Whip, Sen. McConnell remains focused on doing the people's business in the U.S. Senate and keeping our Republican majority."

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Congressman Offers Papers To Rebut Claims (AP)

By Lawrence Messina

The Associated Press, June 14, 2006

CHARLESTON, W.Va. -- Answering allegations from a watchdog group that have spawned a federal investigation, U.S. Rep. Alan Mollohan said on Tuesday that he was correcting or amending 19 items on his financial disclosure reports dating to 2000.

But the West Virginia Democrat said the "relative handful of unintentional and immaterial mistakes" fail to amount to the more than 250 "misrepresentations and omissions" the group alleged he had made in the reports.

The 12-term congressman also released several documents to rebut those allegations, including a statement from one of his accountants explaining the jump in personal worth seized on by the group in its complaint.

The National Legal and Policy Center, a conservative ethics watchdog group, has said Mollohan's assets grew by a minimum of $6.1 million between 2000 and 2004.

In a May 9 letter to Mollohan, the accounting firm of Braund Eiler & Vasko, based in Allison Park, Pa., credited skyrocketing real estate values for the rapid growth.

The firm has done accounting work for Remington LLC, which owns rental units in Washington, D.C., and whose shares are held by Mollohan, his wife and another couple.

"When the underlying asset of that stock investment is real estate, and when that real estate is located in a market that is experiencing rapidly escalating values, it really doesn't take much appreciation in a single unit to greatly affect the value of a block of units," Managing Partner Blair Eiler said in the letter.

To further show the effect of rising real estate values, Mollohan released his disclosure report for 2005.

That year, the congressman's assets increased by at least $1.6 million to a minimum of $7.9 million, and his non-congressional income rose by at least $113,801 to a minimum of $331,012. Real estate holdings in West Virginia's Canaan Valley and North Carolina accounted for the increases.

"The documents prove that the National Legal and Policy Center (NLPC) has wildly exaggerated the inadvertent errors on my past financial disclosure statements," Mollohan said in a release. "They also show that NLPC is dead wrong in implying that I have improperly benefited from my office."

The NLPC filed a complaint against Mollohan with federal prosecutors in April, but has declined to release it to The Associated Press.

The organization's chairman, Ken Boehm, questioned whether a booming real estate market can explain the jump in Mollohan's assets, and called Mollohan's disclosures on Tuesday a "quasi-validation" of the allegations.

"These are not isolated, inadvertent mistakes," Boehm said. "He has not begun to address all of the problems."

Some of the changes Mollohan asked the House Clerk's office to make to his reports reflect incorrect dates for financial transactions.

Others correct income from Remington to Mollohan and his wife that had been underreported by a total of $30,794 between 2000 and 2001. But other changes show Mollohan overstated that income by $40,820 in 2002.

The addendums also show that Mollohan borrowed $2.3 million in 1999 to refinance loans. But Mollohan said such loans are normally exempt from disclosure, citing advice he said he received at the time from counsel to the House ethics committee.

Besides Mollohan's assets, Boehm's group has targeted the federal appropriations he has secured for nonprofits in his district. The FBI has subpoenaed records from at least some of those nonprofits since Boehm's group filed its complaint.

Afterward Mollohan, facing re-election this year, was pressed by House Democratic leaders into stepping down as the ranking minority member of the House ethics committee. He is also on the House Appropriations Committee, and is a ranking member of one of its funding subcommittees.

Mollohan Reveals Finances (CHGAZ)

By Paul J. Nyden

Charleston (WV) Gazette, June 14, 2006

Rep. Alan B. Mollohan, D-W.Va, released detailed financial information on Tuesday about his recent real estate transactions and financial disclosure reports.

Mollohan was responding to the National Legal and Policy Center, a conservative political group that accused him of hundreds of errors in those reports.

“The documents prove that the National Legal and Policy Center [NLPC] has wildly exaggerated the inadvertent errors on my past financial disclosure statements,” Mollohan stated in a press release.

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"They also show that NLPC is dead wrong in implying that I have improperly benefited from my office....

"NLPC has raised questions and I have answered them — fully, honestly and openly. The only people hiding anything are the members of the group, who continue to conceal the 500-page complaint they have prepared against me," Mollohan stated.

The NLPC sent the full report to the U.S. Attorney for the District of Columbia, and leaked excerpts to some newspapers.

Last month, Ken Boehm, chairman of the nonprofit NLPC told The Charleston Gazette he would not release the report.

"We were providing information we thought would be useful to the U.S. attorney in their investigation — it is up to them to decide what is true or not true," Boehm said.

"I promised to release information about all of [wife] Barbara's and my real estate transactions and I have done it," Mollohan said during a telephone interview on Tuesday.

"People are welcome to go through this and to analyze it. It answers any and all questions a reasonable person could have about our real estate transactions.

"It is all there," Mollohan said. "In contrast, the NLPC is not releasing their information."

Mollohan provided his latest financial reports to the Clerk of the House of Representatives on Tuesday and challenged the NLPC to release its full report to the public.

Rep. Mollohan Admits Errors In Disclosure (WP)

By Jeffrey H. Birnbaum

The Washington Post, June 14, 2006

Rep. Alan B. Mollohan (D-W.Va.), under federal investigation for blending his commercial investments with his duties as a congressional appropriator, acknowledged yesterday that he misstated more than a dozen transactions on his financial disclosure forms.

The 12-term lawmaker said he recently discovered "a limited number of inadvertent errors" in his public reports from 1999 through 2004. He said he has amended those forms "to correct any inaccurate impressions about my finances." He also released a chronology to explain how his assets grew from no more than $565,000 in 2000 to at least $6.3 million in 2004, primarily through heavily leveraged real estate transactions.

Mollohan resigned earlier this year as the ranking Democrat on the House ethics committee after a federal probe was begun into his personal finances. The investigation started soon after the National Legal and Policy Center, a small, conservative research institute in Virginia, turned over 500 pages of documents to the FBI in March. The NLPC alleged that the documents showed that Mollohan engaged in nine years of false reporting and the appearance of impropriety in his business contacts with federal contractors.

Mollohan strongly denied any wrongdoing. "NLPC is dead wrong in implying that I have improperly benefited from my office," Mollohan said yesterday.

"The group also has ignored that we received a sizable inheritance, took on considerable financial risks and had the good fortune to be investing in a rising real estate market," Mollohan said. "It is those factors that are responsible for the increase of our assets."

The NLPC noted that one recent change in Mollohan's filing that the congressman did not highlight yesterday was a $35,000 loan in 2004 from Laura K. Kuhns and her husband. Kuhns, a former Mollohan aide, has invested in real estate with Mollohan and also heads a West Virginia foundation that benefits from appropriations targeted to the group by the lawmaker. The congressman's filing in 2005 indicates that he repaid the loan in full.

Mollohan's review of his reports, sparked by the federal probe, found many other errors as well.

He and his wife together have a 50 percent stake in a company that owns condominiums in a Foggy Bottom building. For 2000 to 2002, Mollohan said he understated his income from that company twice and overstated the income once -- in each case by several thousand dollars -- and amended his reports accordingly.

He also failed to report $2.3 million in loans that he took out to benefit the business, Remington Inc., from 1999 to 20002. Mollohan said that he did not have to disclose the loan under a strict interpretation of House rules but that "in an abundance of caution" he decided to do so. He also amended his public record to include a note receivable from Remington in 2003 of between $1 million and $5 million.

Mollohan added to his 2001 report his wife's purchase for $37,461 of a one-third interest in a company that owns the Ramada Inn in Morgantown, W.Va. She bought the share from Mollohan's brother. Mollohan and his sister own the other two-thirds of the firm, which had been owned by their now-deceased father, former congressman Robert H. Mollohan.

In 2003, Mollohan said he understated the size of a $1.5 million construction loan from Central Carolina Bank as "up to $1 million." The next year he said he misstated several dates on which he took out loans to buy property in North Carolina, and he also incorrectly listed the amounts of some of those loans.

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In North Carolina, the Mollohans invested in four lots on Bald Head Island with Kuhns and her husband and also built neighboring beachfront houses there. Kuhns heads the Vandalia Heritage Foundation, which focuses on refurbishing real estate in Mollohan's district and uses money that Mollohan has earmarked for the purpose.

One of the lots was sold in January and the three others have been contracted for sale, Mollohan said in a statement. Mollohan has also said that he is selling his beachfront home in order to reduce his debts.

In his latest financial disclosure report, Mollohan said he values 12 separate properties at about $6.6 million and he added that they have mortgages of more than $4.4 million.

Rep. Mollohan Restates Filings On Disclosures (WSJ)

By John R. Wilke

The Wall Street Journal, June 14, 2006

WASHINGTON -- Rep. Alan Mollohan, whose real-estate deals and financial disclosures have drawn federal scrutiny, restated six years of House financial-disclosure filings to correct what he called "a limited number of inadvertent errors."

The amendments answer some questions about his finances but raise others. For example, they reveal that the West Virginia Democrat borrowed $35,000 from a business partner who has won tens of millions of federal dollars directed by the congressman to the nonprofit groups she operates. Loans to lawmakers from political supporters and federal contractors are subject to special scrutiny under federal election-commission and House ethics rules.

In a letter to the House clerk, Mr. Mollohan said he misstated some of the income from his investment in Remington Inc., which owns condominiums here, and that he and his wife failed to disclose a $2.3 million bank loan for that investment. He also said he misstated the purchase or mortgage dates or amounts of other properties, including some bought with his real-estate partner, Laura Kuhns, who runs a nonprofit group funded by targeted spending items -- known as earmarks -- from the federal budget inserted by Mr. Mollohan.

Ms. Kuhns didn't return calls yesterday. A spokesman for Mr. Mollohan said the loan was repaid in full with interest.

Mr. Mollohan's disclosures came under scrutiny after a conservative legal group, the National Legal and Policy Center in Falls Church, Va., sent a letter to the U.S. attorney in Washington raising questions about what it has called a "pattern of misrepresentations and omissions" that accompanied a rapid and unexplained rise in the congressman's wealth in recent years.

During this period, Mr. Mollohan pumped federal funds into a network of nonprofit groups in West Virginia that he created and that are run by Mr. Mollohan's business partners or political supporters. This network, detailed in a Wall Street Journal article1 April 7, got more than $200 million in earmarked spending from the congressman in the past six years.

A federal investigation has widened to include an examination of Mr. Mollohan's earmarks to these groups, some of which have said they received grand-jury subpoenas. Mr. Mollohan, who stepped down from the House ethics committee in April, has said he welcomes an impartial investigation and is confident he will be able to answer any of the allegations.

In his statement yesterday, the 12-term congressman said that the initial claims of the conservative research group "wildly exaggerated the inadvertent errors" in past disclosures. "They also show that NLPC is dead wrong implying that I have improperly benefited from my office," he said.

Mr. Mollohan said he and his wife "received a sizable inheritance, took on considerable financial risks, and had the good fortune to be investing in a rising real-estate market." The focus on disclosures have become a heated issue in Mr. Mollohan's re-election campaign, where he faces a Republican opponent with active backing from the White House.

Mr. Mollohan's pattern of earmarking federal funds to real-estate partners and campaign contributors became public amid rising scrutiny of earmarks. These narrowly targeted spending measures figured in the bribery conviction of former Rep. Randall Cunningham, a California Republican, and the continuing investigation into lawmakers' relationships with Jack Abramoff, once the most powerful Republican lobbyist on Capitol Hill.

Congressman In F.B.I. Inquiry Corrects Errors In Financial Disclosure Forms (NYT)

By Jodi Rudoren And Aron Pilhofer

The New York Times, June 14, 2006

WASHINGTON, June 13 — Nearly two months after stepping down as the top Democrat on the House ethics committee, Representative Alan B. Mollohan on Tuesday filed some two dozen corrections to his past six annual financial disclosure forms, saying his accountant had uncovered "a relative handful of unintentional and immaterial mistakes."

Mr. Mollohan, of West Virginia, is facing his most intense electoral challenge since he was first elected in 1982, fueled in part by an F.B.I. investigation into possible links between his real estate investments and five nonprofit groups he founded and supported with special federal appropriations known as earmarks.

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In releasing the long-awaited financial report, Mr. Mollohan said it "shows that government money has never been used" and "no money has ever been diverted from the nonprofits" to his investments. He compared the National Legal and Policy Center — a conservative group whose written complaint prompted the F.B.I. inquiry — to Senator Joseph R. McCarthy for publicly describing "250 misrepresentations and omissions" in his financial forms but refusing to release the 500-page complaint detailing the accusations.

"It has been obvious for some time that N.L.P.C. is not really interested in learning the truth," Mr. Mollohan said in a statement. "It is not a public watchdog. It is an attack dog controlled by, and linked to, national political operatives who are desperate to unseat me."

Most of the amendments Mr. Mollohan filed with the clerk of the House are minor matters of sloppiness, switching closing dates on real estate deals or tweaking income totals from rental properties. But the congressman also acknowledged that from 1999 to 2002 he failed to include a significant transaction relating to the Remington condominiums he and his wife own with Rosemary and Joseph Jarvis, distant cousins who have a history of bankruptcy and failed federal contracts.

Mr. Mollohan said he did not report the $2.3 million "back-to-back loan" — in which the couples borrowed money from a bank and then loaned it to their corporate entity that owns the condominiums — because he believed it was not required and because the net value was zero.

The report also revealed that the Mollohans borrowed $35,000 last year from Laura Kurtz Kuhns, executive director of one of the nonprofits whose records were subpoenaed by the F.B.I., and her husband, Don. The Kuhns were partners with the Mollohans in a $2 million purchase of five empty lots on Bald Head Island, N.C., where they also have side-by-side beachfront vacation homes.

Ken Boehm, president of the National Legal and Policy Center, said Mr. Mollohan's report proved the "pattern of misrepresentations and omissions" his group had alleged. He noted that Mr. Mollohan said he could not correct financial forms from 1996 to 1998 because the records remain officially on file for only six years, and Mr. Boehm said those earlier reports include "even more embarrassing disclosures."

"If N.L.P.C.'s allegations were all false, why is he amending six years worth of financial disclosure reports involving millions of dollars worth of assets?" Mr. Boehm asked in an e-mail message.

The report shows the Mollohans are highly leveraged real estate investors, refinancing properties in Washington, West Virginia and North Carolina, and taking cash out to buy more.

In 2005, the couple's assets swelled to $8 million to $31 million, up from $6 million to $25 million in 2004 (and under $550,000 in 2000). Their reported income remained in the same broad range used by these Congressional forms, $200,000 to $1.3 million, and their liabilities grew slightly, to $4 million to $15 million, up from $3.6 million to $13.5 million.

Mollohan Amends Finance Reports (WHINT)

By Joselyn King

Wheeling (WV) Intelligencer, June 14, 2006

U.S. Rep. Alan Mollohan, D-W.Va., now has amended his financial disclosure statements for the years 1999-2004, and he submitted these changes to the clerk of the U.S. House of Representatives on Tuesday.

Mollohan requested 19 changes to his reports, and the number of his admitted errors was significantly less than the 250 “misrepresentations and omissions” the National Legal and Policy Center has reported finding in his reports.

Mollohan stepped down as ranking Democrat on the House Ethics Committee in late April after the conservative group raised questions regarding great increases in his personal wealth that were reported in his financial disclosure statements.

The values of his investments in real estate were shown in the reports to have increased 6,000 percent.

On Tuesday, Mollohan submitted the amendment statements and provided alongside them a letter from the accounting firm of Braund Eiler and Vasko of Allison Park, Pa., explaining the changes.

Mollohan stated in a separate letter to the House Clerk’s Office that he and his wife, Barbara, each own a 25-percent share in the Remington condominiums in Washington, D.C.

“For the years 2000 to 2002, I inadvertently understated on two occasions — and overstated on one occasion — our income from the Remington Inc. by one reporting category,” Mollohan wrote. He requested that the following changes be made:

? For his 2000 financial report, Mollohan stated that while he checked the box indicating “income up to $50,000” for each of his and his wife’s shares in the Remington, the box he should have checked was for the “$50,001-$100,000” value range. He had the same request for his 2001 report.

But Mollohan noted he over-reported his income from the Remington in 2002, having checked the box for indicating income “of at least $100,001.”

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"In fact, the income for each interest was $80,410," Mollohan wrote. "Accordingly, the income for each 25-percent interest should have been shown in the lower $50,001 to $100,000 range."

Mollohan next claimed that he and his wife, along with Remington co-owners Joseph and Rosemary Jarvis, refinanced loans related to the Remington by personally borrowing $2.3 million from the United Bank of Virginia. The refinancing was accomplished when the four owners immediately loaned the money to Remington Inc., according to Mollohan.

"Neither the loan nor the offsetting note was reported on my financial disclosure form from 1999 to 2002," he stated. "Upon reviewing the facts, I believe the reason they were not reported was that the proceeds of the loan were loaned to Remington Inc., which guaranteed the loan and made the payments directly to the bank."

The loan was considered a business loan and wasn't required to be disclosed under House financial disclosure rules, Mollohan wrote.

For each of his reports submitted between 1999 and 2002, he asked that a "liability in the reporting category of $1,000,001 to $5 million" be listed, with the liability being listed as "financing for Remington Inc., Washington, D.C."

After the loan was refinanced in 2003, Mollohan said he began listing the loan.

"That refinancing, which was in the amount of $4.1 million, was made possible by an increase in the market value of the apartments owned by Remington Inc.," he said. The four owners withdrew an amount exceeding $1.5 million.

Mollohan added that he inadvertently didn't report the loan in 2003 and asked that it be added.

Mollohan stated he inherited a one-third share of the Ramada Inn property in Morgantown after the death of his father, former U.S. Rep. Robert Mollohan, D-W.Va, and that his wife purchased a second third of the ownership from his brother. His sister owns the remaining third, he states.

"Although I reported my wife's interest, I did not report her purchase transaction," Mollohan said. "While matters involving family members are generally exempted from reporting, I am informed that the family member exception for transactions does not extend to transactions with one's brother or brother-in-law."

He asked that his 2001 report be changed to reflect his wife's purchase.

? Mollohan also requested changes on his 2003 financial disclosure form pertaining to the closing date of his purchase of the Winterset Lot in Canaan Valley, W.Va.

He also asked that the amount of a subsequent construction loan for repair work to the property be moved from the "up to $1 million amount" to the "$1 million to $5 million" category.

Other requested changes pertain to changing listed closing dates on property the Mollohans purchased in Bald Head, N.C., and Canaan Valley, W.Va., in 2004.

Mollohan's challenger in the Nov. 7 general election, current Delegate Chris Wakim, R-Ohio, released a statement in response to Mollohan's actions Tuesday.

"This may be how career politicians do business in Washington, but it's not how we do business in West Virginia," Wakim said. "Here in West Virginia, it doesn't take 200 pages to claim your innocence.

"Alan Mollohan's problem has nothing to do with forms. His problem is that he used his public office to enrich himself and his political cronies at the expense of the people he was elected to serve — the citizens of the 1st District of West Virginia. West Virginians were forced to accept excuses from their leaders for far too long. It's time for new leaders who will honor the office and the public trust without requiring a 200-page declaration of innocence,î" he added.

Former Clients Fueled Firm (RC)

By Paul Kane

Roll Call, June 14, 2006

At least 33 former clients of a top GOP staffer on the House Appropriations Committee hiked the fees they paid to the aide's lobbying firm after he returned to Capitol Hill, providing his firm with more than $1.1 million in additional revenue in 2005.

The increased cash from the former clients of Jeff Shockey, deputy staff director of the panel, came largely from longtime clients who increased their payments dramatically in the first six months after his departure — which coincided with the time frame his former partners projected for increased revenue and led to a nearly $2 million buyout from the firm.

Shockey's role with the firm Copeland, Lowery, Jacquez, Denton & White and its connections to Appropriations Chairman Jerry Lewis (R-Calif.) are part of a burgeoning federal investigation into the lobbying-for-earmark industry that serves as the financial lifeline of many defense contractors and has expanded in recent years to include municipalities and localities across the country.

Lewis has denied any wrongdoing on his part, while Shockey's lawyers have claimed that his buyout from the firm was ethical and legal, and something required by law rather than a parting gift. The firm has said it has acted completely within bounds of all laws.

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"Throughout my career, I have also made every effort to meet the highest ethical standards, and I am absolutely certain that any review of my work will confirm this," Lewis said in a statement earlier this month.

This spike in revenue from Shockey's former clients came after Copeland Lowery played an active role in financially underwriting Lewis' campaign for the Appropriations gavel.

In 2003 and 2004, when the chairmanship race was in full swing, the firm's partners, their relatives, its clients and lobbyists affiliated with the firm contributed about $215,000 to Future Leaders PAC, the political action committee that Lewis used to dish out contributions to colleagues. All told, the firm and those connected to it were responsible for more than 26 percent of all donations to Future Leaders over the two-year cycle, according to federal election records.

Lewis contributed $583,000 from Future Leaders to candidates and party committees in the 2004 cycle.

Copeland Lowery has long had close ties to Lewis, given the decades-old friendship of the lawmaker and former Rep. Bill Lowery (R-Calif.). Those connections grew in 1999 when Shockey left Lewis and joined Copeland Lowery as a partner, giving him proprietary rights to his clients in a payout scheme that meant he kept whatever revenues he earned minus 18 percent, according to disclosure forms. He became a named partner to the firm in February 2003.

While the departure of such a prominent rainmaker is usually bad news for lobbying firms, Shockey's return to Capitol Hill and the ascension of Lewis to full committee chairman in January 2005 has proven to be even better business for Copeland Lowery.

Even though his disclosure forms show he held a 26 percent stake in the firm, Shockey's clients were responsible for more than 33 percent of all its revenue in 2004. According to a Roll Call analysis of Shockey's former clients, his book of work grew in worth to $2.9 million in 2005 while he was on Lewis' staff — up to 39 percent of the firm's $7.4 million in revenue.

Copeland Lowery went from the 54th largest revenue earner among lobbying firms in mid-2004 to the 32nd largest by the end of 2005, according to PoliticalMoneyLine.com.

The firm's ties to Lewis remain strong, as Shockey's name was replaced in January 2005 with that of Letitia White, who served as a top Appropriations subcommittee on Defense aide for Lewis until 2003. She left the Hill and joined Copeland Lowery, focusing much of her initial work on defense contractor clients.

As Roll Call reported last week, the FBI has pulled the financial disclosure forms of Lewis, Shockey and White. In addition, federal investigators have subpoenaed the records of seven Copeland Lowery clients, all of whom at one point had Shockey as their lobbyist and at least four of whom have since had White take over their account.

Liberal activists and government watchdogs have questioned the nature of Shockey's financial separation agreement, which was included in a financial disclosure form he filed with the House ethics committee in early 2005. His lawyers wrote the committee regarding the buyout, as did Lewis.

However, the committee never responded in writing officially approving the arrangement or the financial package.

Shockey's lawyers released his new financial disclosure form Friday, showing that his total buyout was not $600,000 — as initially reported in the 2005 forms — but actually $1.96 million in a series of five different payments that ended in August 2005.

In addition, the largest portion of the buyout package was determined not on the past performance of his clients. But, his lawyers said it was based on projections for how much revenue they poured into the firm in the first six months of 2005.

Shockey's lawyers and a media adviser vigorously defended this practice in a conference call Friday, saying that someone else on the panel's staff was in charge of handling the earmarks that his former clients were seeking. "He cut all links with the Copeland Lowery firm," one lawyer said, requesting anonymity.

His lawyers initially said that the increase in revenue that the firm saw from Shockey's old clients was "not unreasonable" and based on new clients he was signing up late in 2004 before he returned to Lewis.

However, lobbying records show that Shockey signed up just four new clients late in 2004, the fees for which accounted for $60,000 in the first half of 2005.

Rather, the overwhelming lion's share of growth in fees came from already existing clients. Shockey's old clients paid $1.46 million in fees for the first half of 2005.

That represented almost triple the amount of revenue, $580,000, his clients paid the firm in the first half of 2004, according to lobbying records, and represented 84 percent of the amount his clients paid Copeland Lowery in all of 2004.

In effect, the dramatic uptick in fees paid to the firm in early 2005 had the double benefit of increasing Copeland Lowery revenue totals and increasing the final total of the financial buyout package for Shockey. But advisers also noted that his severance package was set in stone even if his old clients abandoned the firm.

For all of 2005, 33 of 49 ex-Shockey clients paid more money to Copeland Lowery than in 2004, with another 11 paying the same amount in both years, according to Roll Call's review of records.

Just a handful had a downturn in fees paid to Copeland Lowery.

At least 19 of Shockey's clients have been taken over by White, while an unreported amount have been subcontracted by the firm to Alexandra Shockey, the aide's wife, who has her own firm and rents space from Copeland Lowery. Shockey informed the ethics committee — in a letter signed in April 2005 by his lawyer William Oldaker — that he has recused himself from any clients and work connected to his wife's business.

'New Direction' Is New Theme For Democratic Plan (USAT)

By Kathy Kiely

USA Today, June 14, 2006

WASHINGTON — Democratic House and Senate leaders are planning to reduce the cost of student loans and prescription drugs, raise the minimum wage and launch an effort to develop alternative fuels if they win back control of Congress.

In an interview Tuesday with USA TODAY, House Minority Leader Nancy Pelosi previewed the "New Direction for America" platform hammered out by Democratic members of Congress, mayors and governors. She and Senate Minority Leader Harry Reid plan to formally unveil the plan today.

"The American people need to know, if you win, what are your priorities," she said. Reid said the party is standing "with the people we have always stood with: seniors, students and the hardworking families of America. We intend to tackle the issues that matter most."

Democrats need to pick up 15 seats in November to regain control of the House of Representatives. In the Senate, picking up six seats would give Democrats control.

Pelosi discouraged comparisons with the Republican "Contract With America," a 10-point pledge that GOP lawmakers and candidates signed six weeks before the 1994 election. That campaign manifesto helped the GOP win control of both the House and Senate for the first time in 40 years.

She said Democratic candidates will be "independent representatives for their districts," a nod to the differing views within the party on issues such as abortion, gun control and Iraq. They are points on which Pelosi of California and Reid of Nevada haven't always agreed.

The Democrats' plan would increase the minimum wage to $7.25 an hour from $5.15, grant authority to the secretary of Health and Human Services to negotiate lower prescription-drug prices with pharmaceutical companies for those in Medicare's drug program and cut student-loan interest rates — rising to 6.8% in July — by half.

The agenda also calls for enacting recommendations of the 9/11 Commission, formed after the 2001 terror attacks, to boost national security and funding for it, and for eliminating about $18 billion in tax breaks and subsidies for oil companies. Pelosi said savings would go to develop alternative fuels.

Rep. Thomas Reynolds, a New York Republican who chairs his party's House campaign committee, said Democrats' agenda would amount to "bumper sticker slogans." He demurred when asked whether the GOP plans to respond with a second contract.

The parties' role reversal reflects the political landscape. President Bush's 38% approval rating in a USA TODAY/Gallup Poll last weekend is encouraging Democrats to sound national campaign themes and Republicans to avoid them. The same poll found 51% of registered voters would vote for a Democratic congressional candidate; 39% for a Republican.

Ex-House majority leader Dick Armey, a 1994 contract author, says his former colleagues "need to do some serious substantive legislation" to improve their electoral chances. Armey, a conservative Republican, says his GOP colleagues are "wasting time" debating constitutional amendments to ban gay marriage and flag burning. "They're not doing real work. They're making political statements," he says.

'Serious Misconduct' By NIH Expert Found (WP)

By Rick Weiss

The Washington Post, June 14, 2006

A world-renowned Alzheimer's disease researcher at the National Institutes of Health took advantage of the agency's lax oversight by improperly forwarding valuable tissue specimens to a pharmaceutical company and then accepting hundreds of thousands of dollars in consulting fees from it, according to congressional investigators.

Trey Sunderland, chief of the geriatric psychiatry branch at the National Institute of Mental Health, failed to tell agency officials about his arrangement with the drug giant Pfizer Inc., as required by federal rules, the investigators concluded in a 27-page preliminary report released yesterday.

Sunderland also did not properly disclose arrangements with another company, said the report, which found no wrongdoing by the drug companies. And though the NIH has not released the findings of its own investigation, the House report

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said the agency has concluded that Sunderland committed "serious misconduct, in violation of HHS ethics rules and federal law and regulation."

"I wish we were holding this hearing to congratulate him on some great discovery," said Rep. Joe Barton (R-Tex.), chairman of the Committee on Energy and Commerce, at a hearing yesterday of the oversight and investigations subcommittee. "Instead, we're going to have to discuss how he used his position to use NIH spinal fluid samples to further his own undisclosed personal consulting."

Sunderland, who has been subpoenaed to testify at a follow-up hearing today, has conceded that some disclosures were not properly filed -- in part, he has said, because of paperwork errors by office staff members.

"There was no effort to conceal this in any way," Sunderland's Washington attorney, Robert F. Muse, said yesterday, adding that "his failure to file was not unusual."

Until the NIH recently strengthened its conflict-of-interest rules, Muse said, many NIH doctors saw the requirements to disclose outside consulting as "basically a bureaucratic nuisance." They let their superiors know what they were up to through other channels, Muse said.

Several researchers linked to such failings have avoided closer scrutiny by leaving the NIH in the past two years. But Sunderland's request to retire has been denied -- an option the agency had because, unlike most NIH scientists, he is part of the commissioned corps, one of the nation's seven uniformed services.

Muse said that the denial is evidence that he is being made a scapegoat.

The congressional report builds on findings of conflict of interest among NIH researchers in 2004 and 2005, which led Director Elias A. Zerhouni to institute restrictions last year on drug company consulting and other outside activities by NIH employees.

The new focus is on blood and other tissue samples collected by NIH scientists for clinical research, and on the NIH's alleged lack of an inventory system or clear policies to ensure that those federally owned samples are used only for the purposes for which they were donated.

"It's important to remember that each of these samples originated in a person . . . that chose to make a gift so research could progress," Rep. Tammy Baldwin (D-Wis.) said at yesterday's hearing. "What is most shocking to me is the carelessness in the way in which some at NIH seem to be treating such a precious commodity."

At the heart of the investigation is Sunderland's use of spinal fluid collected in the early 1990s by an NIMH scientist, Susan Molchan, who later left the institute. When Molchan -- who once filed sex discrimination charges against Sunderland that were unsuccessful -- sought to resume her research in a different lab in 2004, she learned that many of her 10- to 15-year-old samples, which she hoped to retrieve, were no longer in the NIMH's freezers.

Acting on a complaint from her, House investigators found that Sunderland had sent thousands of specimens -- including some of Molchan's -- to Pfizer under an agreement not approved by NIH officials. Pfizer used the samples in its search for biological markers of Alzheimer's progression, which could have led to a potentially lucrative test. Sunderland ultimately received at least $285,000 in consulting fees for work relating to the specimens, investigators said, as well as more than $300,000 for giving talks and other activities.

"In sum, the records and interviews conducted in this investigation raise serious questions of misconduct in connection with, and inadequate oversight and control over, human tissue samples" at the NIH, the report concluded.

NIH spokesman John Burklow said the agency is "evaluating the process of material transfer out of NIH and will be clarifying current rules." Under the clarifications, he said, "all transfers of human samples will require an appropriate agreement signed off by a senior official."

The NIH's Office of Human Subjects Research in January also revised its guidance on the use of stored tissue samples. The new language requires careful tracking of all specimens and documentation of their fate.

NIH Researcher Gave Samples To Pfizer, Pocketed $600,000 (LAT)

By David Willman

The Los Angeles Times, June 14, 2006

WASHINGTON — A senior Alzheimer's disease researcher at the National Institutes of Health pocketed more than $600,000 in fees from Pfizer Inc. while providing the drug company with thousands of samples of spinal fluid drawn from patients who were studied for his government work, congressional investigators said in a report made public Tuesday.

The new details about the conduct of the scientist, Dr. P. Trey Sunderland III, drew bipartisan criticism from members of an investigative panel of the House Energy and Commerce Committee.

The House members said Sunderland's conduct raised broad questions about how the NIH accounted for materials harvested from patients — materials that hold promise for finding cures or ways to better diagnose serious diseases.

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Lax record-keeping regarding samples of human tissue leaves NIH laboratories "vulnerable to the risks of theft and abuse," said the committee chairman, Rep. Joe L. Barton (R-Texas). "It would really be a shame if we find out that the National Institutes of Health has more control over its paper clips and trash cans than it has over its human tissue samples."

The committee's senior Democrat, Rep. John D. Dingell of Michigan, said: "NIH lacks adequate controls for human tissue samples, human subject protection and the scientific conduct of many of its senior employees. Accountability must be restored to NIH's own research programs."

Documents presented at a panel hearing Tuesday showed that from 1996 to 2004, Sunderland accepted consulting, speaking and advisory fees from Pfizer totaling about $612,000. The committee staff found that nearly half of the money, $285,000, was for his consulting related to the search for scientific clues in 3,245 samples taken from 538 patients who participated as volunteers at the NIH.

The committee staff estimated that, assuming a cost of $12,000 per research patient, it cost the government $6.45 million to collect the samples that Sunderland shipped to Pfizer.

An attorney for Sunderland, Robert F. Muse, said Tuesday that his client "did not conceal his relationship with Pfizer." However, the committee staff noted that Sunderland did not obtain required written authorization from the NIH before he entered into paid arrangements with Pfizer and other drug companies.

The Los Angeles Times reported in January 2005 that, based on an internal review at the NIH, officials had referred Sunderland's conduct for investigation by the inspector general of the U.S. Department of Health and Human Services.

The NIH last year banned all employees from accepting consulting fees or stock options from pharmaceutical and biotechnology companies.

A spokesman for the NIH, John Burklow, said Tuesday that officials could not discuss the Sunderland case because "it remains under investigation." But Burklow said that even under the NIH's earlier, more permissive ethics rules, federal employees were prohibited from outside arrangements that overlapped with their government work.

"It is important to note that the specific consulting arrangements in question, had they been known to NIH, would not have been approved under the present or previous ethics regulations," Burklow said, adding: "We share the committee's concerns in regard to the ethical management of human tissue samples and the development of rigorous and uniform policies to protect the public's trust and interests."

Newbie Local Political Activist (RC)

By Mary Ann Akers

Roll Call, June 14, 2006

Plain old American citizen Tom DeLay (what else are we supposed to call the fallen former Majority Leader?) seems a little disoriented since resigning from the House last week.

DeLay, now a permanent resident of Alexandria, Va., put his name to good use by doing a round of get-out-the-vote “robocalls” on behalf of Mark Ellmore, one of two GOP candidates who ran in Tuesday’s Republican primary to oppose Rep. Jim Moran (D-Va.) this fall.

DeLay began his message by saying, “Hello, this is Tom DeLay.” He mentioned that as Majority Leader, he “battled Jim Moran in Congress for 14 years.” Then, for some reason, he continued, “I recently re-registered to vote in Northern California.”

A House GOP aide who lives in Alexandria and who played for HOH the voice mail message she saved from DeLay’s robocall said, “My husband made me listen to it three times, he thought it was so funny.”

Whoops. Clearly, or so we assume, DeLay meant to say that he recently re-registered to vote in Northern Virginia. Though we just can’t help but wonder if perhaps he was dreaming of the day that hippy dippy Marin County takes a hard turn to the right.

Believe. If you’ve always dreamed of talking to Cher, today’s your big chance (if you read this in time). She’s scheduled to be the guest on C-SPAN’S “Washington Journal” show from 9 to 9:30 a.m. to talk about sending better helmets to the troops in Iraq and Afghanistan.

Nobody is more excited about the sultry pop star’s in-studio interview than the executive producer of “Washington Journal,” Peter Slen, who happens to be Cher’s biggest fan in all of Washington, D.C. Slen is due to host this morning’s show, which means he gets to interview the goddess of ecstasy-fueled dance music.

While Slen will be talking to Cher about Operation Helmet, an organization that supplies troops with helmet liners to protect soldiers from head injuries, he’ll be wishing they were on tour together.

“My iPod has her ‘Living Proof’ and ‘The Very Best Of,’ her most recent. I said farewell to her a couple of times at her concerts,” Slen told us Tuesday, trying in vain to remain all C-SPAN calm for us. His absolute favorite Cher tune is the cover she does of Elton John’s “When the Money’s Gone,” which is on “Living Proof.” (He even played it for us over the phone.) “She does a beautiful job with it,” he said.

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Though this will be the first time Slen has ever interviewed Cher in person, he remembers the first time he talked to her. Exactly. "It was Oct. 27, 2003, at 7:16 a.m. when I was hosting," he said. (That's 4:16 a.m. California time.)

Cher has called into the show a couple of times since then, most recently over Memorial Day weekend. Slen will never forget what she said to him during that 2003 call: "I see you every morning."

And we can imagine what Slen must have been thinking: Yeah, and I sing a duet in the shower with you every morning.

Turd Blossom's Free. Sen. Charles Schumer (D-N.Y.) was, as always, quick to hold a news conference Tuesday to react to word that Karl Rove has escaped indictment in the CIA Leakgate probe. But he was stumped when it came to Rove's nickname.

Typically quick on his feet, Schumer wasn't quite prepared for the question he got from MSNBC reporter Tom Curry, who began his question saying, "Senator, as you know, the president has nicknames that he applies to people. And one of the nicknames he applied to Karl Rove was Turd Blossom."

Schumer looked clueless. "Was what, Cherry Blossom?" Schumer asked quizzically as the room burst out laughing.

"Turd Blossom," Curry explained amid the uproar.

"I didn't know that," Schumer said as reporters continued howling. "Even my nickname is better than that. My nickname is 'Ellis,' which is my middle name."

Curry finally asked his question: "Do you think this will lead to — in terms of Rove's career as a political strategist in the fall campaign — will this lead to a new flowering of Turd Blossom?"

Proving that there's first time for everything, Schumer replied, "I'm not going to comment."

Rep. Says VA Is F'd Up. Rep. Bob Filner (D-Calif.) was so fired up Tuesday over the Veterans' Affairs' handling of stolen military personnel files that he dropped the F-bomb at a news conference outside VA headquarters.

After a VA "spin doctor," as Filner calls him, ran outside and accused the Congressman of staging a "publicity stunt," Filner, who has been filling in as ranking member on the House Veterans' Affairs Committee, let her rip.

"You guys f---ed it up!" the Congressman yelled. "Stop covering your ass and figure it out!"

Asked about his outburst, Filner told HOH that he's furious with the VA for waiting three whole weeks before responding publicly to the burglary of a laptop containing 26.5 million military personnel members' personal records. "I call this the Katrina of the VA," Filner said. "They haven't done anything to help veterans."

Filner wants VA Secretary Jim Nicholson to hire cyber experts and "sit down with the credit bureaus" and figure out a way to help the military personnel, whose stolen information included birth dates, addresses, Social Security numbers and disability codes.

The Congressman said he wonders whether we're going to hear President Bush very soon uttering the fatal phrase, "Mr. Nicholson, you're doing a heckuva job."

As for his potty mouth, Filner joked about the vice president, who's also been partial to the F-Bomb. "Cheney might offer me a job now," Filner said.

Bill Would Limit Consumers' Credit Rights (USAT)

By Byron Acohido

USA Today, June 14, 2006

SEATTLE — Congress is considering pre-empting laws in 17 states that allow anyone to freeze their own credit and instead restricting the privilege to ID theft victims.

The proposed Financial Data Protection Act of 2006, expected to be voted on by the House as soon as next week, comes on the heels of the recent theft of sensitive data for 26 million veterans and active duty military personnel. If it becomes law, vets and military personnel who live in states that permit unrestricted credit freezes would lose that option.

A credit freeze cuts off access to your credit history. Since most banks and merchants insist on seeing a credit report before issuing credit, identity thieves can't open bogus accounts using ill-gotten data. Under the bill, backed by the financial services industry, simply having your data lost or stolen isn't enough. You must file a police report describing a specific instance of it being used to commit a crime.

"It's like telling someone you can't put a deadbolt on your front door until after you've been burglarized," says Washington state Attorney General Rob McKenna.

Rep. Steven LaTourette, R.-Ohio, the bill's co-author, says credit freezes must be held in check to keep the financial system from unraveling. "Even the simplest process of buying groceries with your credit or debit card will break down if we allow a patchwork of competing and conflicting state laws," he says. Evan Hendricks, editor of Privacy Times, and other critics counter that the bill abolishes the rights of citizens who live in states that permit anyone to request a credit freeze. "It's a nightmare bill for consumers," Hendricks says.

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The bill also would pre-empt laws in 29 states requiring companies, institutions and agencies to notify individuals about security breaches compromising their data. It sets national criteria for data protection and breach disclosures, and puts banking and Treasury officials in charge of compliance.

Proponents say fewer breaches will result. “If we can protect the data better on the front end, it will diminish the need for law enforcement to chase down the bad guys,” says Andrew Barbour, vice president of government affairs for the Financial Services Roundtable, a banking lobbying group.

But critics say the bill tramples states' rights and undermines the consumer-protection role of state attorney generals. “If you have a strong federal standard, that's one thing,” says Susanna Montezemolo, policy analyst at the Consumers Union. “But this is a very weak federal standard.”

Rep. Barney Frank, D-Mass., says banking and Treasury regulators lack the “ability and the inclination” to expand consumer-protection duties. “It's just not what they do,” he says. “They're busy worrying about the financial stability of the world.”

Give Judges A Peek At Secrets (LAT)

By Louis Fisher

The Los Angeles Times, June 14, 2006

THE JUSTICE Department told a federal judge Monday that a challenge to the National Security Agency's controversial domestic eavesdropping program must be thrown out of court because the secrets involved are just too sensitive.

"The evidence we need to demonstrate … that it is lawful cannot be disclosed without that process itself causing grave harm to the United States' national security," said the government's lawyer, Anthony J. Coppolino.

This is not the first time the Justice Department has invoked what is known as the "state secrets privilege." It was used, for instance, to dismiss the case of an FBI whistle-blower, and again to derail the case of an African American CIA officer who charged discrimination in the agency. It was used in the case of Khaled Masri, the German citizen who alleges he was detained while on vacation and held for five months in Afghanistan, where he was shackled and beaten before being released as a case of mistaken identity.

Each time, the courts have agreed to dismiss the proceedings simply because the Justice Department says that trying the cases would reveal state secrets.

But that's not the way it has to be.

The fact is that the branch of government that runs the courtroom and decides questions concerning privilege and the introduction of evidence is the judiciary, not the executive branch. Judges have a constitutional duty to function as neutral referees to allow each side to present its case fairly. A court that automatically accepts the government's argument about state secrets, without ever looking at the documents in question, aligns the judiciary with the executive branch and eliminates any chance of a fair trial.

The "state secrets privilege" reached the Supreme Court in 1953 in United States vs. Reynolds, a case in which the widows of three civilians who died in the crash of a B-29 bomber sought damages. They asked the government to give them the accident report and the statements of three surviving crew members. Lower courts held that the government must surrender the secret documents to the trial court or lose the case. The judge would examine the documents in his chambers to determine if the government's demand for secrecy was valid.

Refusing to release the documents, the government lost at the district and appeals court levels. But when the case got to the Supreme Court, the justices reversed course and accepted the government's argument about state secrets — without ever looking at the documents. Even having the judge examine the evidence alone in his chambers could jeopardize national security, the majority ruled. When the documents were declassified in the 1990s, it became evident that the Supreme Court had been misled: The documents contained no state secrets.

In his authoritative 1940 treatise on evidence, John Henry Wigmore concluded that the executive branch is entitled to protect state secrets but that in cases in which classified information is at issue, it is up to the judge to decide whether such evidence qualifies as legitimately secret, and thus legally privileged. A court that "abdicates its inherent function of determining the facts upon which the admissibility of evidence depends will furnish to bureaucratic officials too ample opportunities for abusing the privilege," Wigmore warned.

I believe that Wigmore was right and that the Supreme Court decided the Reynolds case wrongly. Some federal judges agreed, and they have continued to recognize their obligation to examine disputed documents in their chambers before passing judgment on matters of evidence and privilege.

In 1971, the U.S. Court of Appeals for the Federal Circuit argued that "an essential ingredient of our rule of law is the authority of the courts to determine whether an executive official or agency has complied with the Constitution and with the mandates of Congress which define and limit the authority of the executive."

Claims of executive power "cannot override the duty of the court to assure that an official has not exceeded his charter or flouted the legislative will," the court said.

The executive branch may assert a right to keep its secrets, but this must not be viewed as an absolute right, only a privilege granted by the court when appropriate. Otherwise, even in the age of terrorism, there can be no judicial independence and no fair trial for Americans who would challenge their government.

Louis Fisher is the author of the forthcoming "In the Name of National Security," which analyzes United States vs. Reynolds.

Wrenching Changes On The Line (NYT)

The New York Times, June 14, 2006

The road back to prosperity will be a long and hard one for American automakers. Companies like Ford and General Motors groan under the weight of their history, manifested in the legacy costs that are a result of decades of promises to support workers and provide them with health care in their old age.

Foreign companies like Honda and Toyota have a double advantage. In the United States, their much newer manufacturing plants have hardly any retirees. Overseas, their workers can rely on national health care systems. Meanwhile, for American automakers, the costs are going only in one direction. In 1999, General Motors spent $3.6 billion to provide health benefits to 1.2 million workers, retirees and dependents. By 2005 the cost had ballooned to $5.3 billion for 1.1 million.

At the same time, vehicle production has been falling. G.M., Ford and the parts maker Delphi have all offered thousands of buyouts as part of efforts to restructure their inefficient manufacturing businesses, trimming payrolls to become more competitive. But that means fewer workers supporting armies of retirees, a demographic challenge not unlike the one facing the Social Security system.

The United Automobile Workers union has already made concessions on the superior health insurance its members receive. But slashing benefits is a short-term approach, and an insufficient answer when G.M. lost $10.6 billion in 2005.

In an ideal world, America would join the overwhelming majority of developed countries and hammer out some kind of national health care system. Failing such a sudden and unlikely onset of sanity, creative solutions are needed. Sen. Barack Obama has proposed striking a bargain with American automakers to help them with retiree health care costs in exchange for higher fuel efficiency standards. While we have some questions about how to make such a system work, it is at least a worthy new idea — one of a very few in a field desperately in need of them.

OTHER NEWS:

May Retail Sales Rose 0.1%, Signaling A Slowing Economy (WSJ)

By Christopher Conkey

The Wall Street Journal, June 14, 2006

WASHINGTON -- Lukewarm retail sales last month suggest that higher gasoline prices and the weakening housing market are taking a toll on consumers and slowing the economy.

Adding to concerns about inflation, wholesale prices climbed again in May.

The Commerce Department yesterday said retail sales rose only 0.1% in May from the previous month, after growing 0.8% in April, as spending patterns took a turn toward thrift. Consumers spent more on filling up their gas tanks -- primarily because pump prices shot up -- but less on new vehicles. Grocery stores saw gains, but sales at restaurants and bars were flat. Consumers also cut back on home furnishings, building materials and garden supplies, a possible byproduct of weaker home sales and remodeling activity.

Overall, retail sales in May were 7.6% higher than the year before.

Excluding the volatile auto, gasoline and building-materials sectors, retail sales rose a sluggish 0.4% in May, the third consecutive month at that pace. When stacked against recent readings on underlying inflation, "consumer spending is barely rising, which indicates that rising gasoline prices and lower consumer confidence is curbing discretionary consumer purchases," wrote Stuart Hoffman, chief economist at PNC Financial Services Group Inc. "While gasoline prices have leveled off thus far in June, the plunge in stock prices could be another negative holding down consumer spending this month."

After expanding at a 5.2% annual rate in the first quarter, consumer spending is widely forecast to slow to a 2% to 3% pace in the current quarter as consumers grapple with higher gas prices, rising interest rates and slower appreciation in housing prices. Yesterday's report was taken as confirmation of slower growth. Michael Moran, chief economist at Daiwa Securities

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America Inc., said "activity seems to have been dampened by high energy prices, but consumers remain active." (Japan may delay ending its zero interest-rate policy. Article on page A6.)

Meanwhile, the Labor Department reported that wholesale prices rose 0.2% in May after a 0.9% jump in April, and were 4.5% higher than a year ago. But strip out food and energy, and "core" producer prices rose 0.3% in May after increasing by 0.1% in each of the previous two months.

Several economists noted that producer prices tend to be volatile and often don't translate into higher prices for consumers. That showed up in the May numbers. The 0.2% increase in wholesale prices was far smaller than the 2% jump in the cost of oil and other raw materials, suggesting businesses often have little choice other than to absorb the higher costs.

Fletcher Steele, president of Pine Hall Brick Co., Winston-Salem, N.C., said the company raised prices 8% at the beginning of the year, but he doesn't believe his customers would tolerate another increase this year. "They've got projects started that they've locked in costs on. We need to give them several months' notice," Mr. Steele said. Meanwhile, the company is looking to save money by heating another one of its production facilities with sawdust instead of natural gas.

Nonetheless, economists said yesterday's reports, pointing to slower growth and somewhat heightened inflationary pressures, would make Federal Reserve policy makers more likely to raise the target for short-term interest rates when they meet later this month.

Retail Sales Fall Flat; Inflation News Mixed (USAT)

By Sue Kirchhoff

USA Today, June 14, 2006

WASHINGTON — Wholesale inflation was mixed in May as overall price pressures eased, but a special measure closely watched by economists ticked up faster than expected, the government said Tuesday.

In addition, retail sales were basically flat during the month, rising 0.1% after a 0.8% reading in April. Consumers showed less appetite for expensive goods such as furniture and automobiles.

The reports appear to bolster Federal Reserve Chairman Ben Bernanke's recent assessment that the economy is slowing from the breakneck pace of the first three months of the year, though not yet quickly enough to contain price pressures.

Several economists said the wholesale inflation data made it more likely that the central bank will decide to raise interest rates again when it meets June 28-29 in a bid to restrain price increases, though many are waiting for today's release of the government's consumer inflation numbers.

“Clearly … inflationary pressure is still present, and with the Fed governors and presidents wringing their hands over inflation, the market is getting another green light” for a June rate increase, says Jason Schenker of Wachovia.

The Fed has increased short-term interest rates 16 times since mid-2004, raising them from a low 1% to the current 5%. That, in turn, has increased the interest rate on mortgages and other loans. The balance the Fed is seeking is to raise rates to a level that tamps down inflation, without slowing the economy too much or too abruptly.

The Labor Department said Tuesday that its producer price index, which measures wholesale prices, rose 0.2% in May, less than the 0.9% advance in April. The index was helped by a smaller increase in energy prices, though wholesale prices are still up more than 4% from a year ago. A separate measure of core wholesale inflation, which doesn't include food and energy, showed prices rose 0.3% in May — the biggest increase since February.

Further, there were substantial price pressures earlier in the production chain, with core prices for intermediate goods rising 1.1% during the month, and core prices for crude goods up 6.2%.

Moody's Economy.com said in a note to clients that manufacturers have been able to avoid passing on higher energy costs, but noted that with profits starting to level off and wage pressures building, there is increasing risk producers will pass on higher costs.

Carl Steidtmann, chief economist of Deloitte Touche, said one month of sluggish retail sales doesn't necessarily spell a trend, but he adds that Deloitte's own index of consumer spending also points to a slowing.

Core Producer Prices Rise A Little More Than Forecast (NYT)

By Jeremy W. Peters

The New York Times, June 14, 2006

Higher prices at the manufacturing level helped push overall prices of wholesale goods higher in May, the Labor Department reported yesterday. At the same time, the government said that retail sales were essentially flat in the latest set of economic data to suggest that inflation is creeping higher and the economy is slowing down.

While wholesale prices declined in certain categories like produce, alcoholic beverages and automobiles, they rose elsewhere, resulting in a net price gain for the month. Producers charged more in May for consumer goods like jewelry, drugs

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and detergents. And the price of many products used in the manufacturing process, like softwood lumber, wiring and processed steel, rose considerably.

Over all, the Producer Price Index rose 0.2 percent in May after posting sharper increases in April and March. But the so-called core rate, which excludes food and energy prices, rose 0.3 percent, compared with 0.1 percent increases the previous two months. That surprised economists, who were expecting a rise of 0.2 percent.

Separately, the Commerce Department reported that retail sales ticked up 0.1 percent in May, compared with a 0.8 percent increase in April.

"Economic activity is doing exactly what the Fed expected," said Kenneth J. McCarthy, chief economist at vFinance Investments. "It's slowing down. It's being influenced by higher energy prices, interest rates and a slowing housing market."

Economic indicators like the Producer Price Index and the retail sales report have taken on added significance ahead of the Federal Reserve meeting at the end of this month. The Fed's policy makers will decide whether to raise short-term interest rates for the 17th time since June 2004, and several Fed governors have said lately that they are concerned about accelerating inflation.

But with many economists of the belief that another rate increase is a foregone conclusion and with overall inflation still relatively low, the slight bump in the price data raised few eyebrows yesterday.

"No alarm bells were set off by today's report," Kenneth Beauchemin, an economist with Global Insight, said. "The increase of the core inflation rate is a slight concern. However, any one month's change has to be discounted somewhat because monthly changes in producer prices are relatively noisy."

On Wall Street, stocks closed lower yesterday, but the losses were more moderate than on Monday. These followed steep losses in Asian markets. The price of the benchmark 10-year Treasury note was slightly higher.

Anxiety over another rate increase has helped push stocks down sharply worldwide as investors fear that the higher rates will dampen stock market activity.

Yesterday's report on the Producer Price Index was the first of two major reports on inflation this week. This morning, the Labor Department will report the Consumer Price Index for May, which measures inflation at the retail level and is considered to be a better indicator of the direction of prices.

Most economists will be looking to those figures to see whether inflation is accelerating at a troubling pace.

"On the margin, you've got slightly higher numbers on the core than expected," said James O'Sullivan, an economist with UBS. "But it really wasn't that big of a deal. There's really a lot more focus on the consumer number."

The price report also showed that increases for energy eased last month. Wholesale gasoline prices rose 2.2 percent, after a 12.3 percent jump in April and a 9.1 percent jump in March. The price of heating oil also rose at a much slower rate.

But the numbers suggest that price pressure at the consumer level could accelerate in the coming months. As the price of goods on the production chain rise, those costs are passed along to wholesalers and eventually consumers.

Last month's jump in the prices of goods used in manufacturing like lumber and processed steel "suggests growing inflationary pressures in the production pipeline that could ultimately make their way into prices for final goods," Stuart G. Hoffman and Richard F. Moody, economists at PNC Financial, said in a research note to clients.

Although the price of automobiles fell 0.4 percent in May, that hardly helped sales. Overall retail sales rose 0.1 percent in May, but excluding autos, the increase was 0.5 percent. Auto sales fell 1.6 percent compared with April.

Retail sales by grocery stores in May were up, as were sales at gasoline stations, which rose 1.9 percent for the month and 21.9 percent for the preceding 12 months, reflecting the higher cost of fuel.

The Mark Of The Bust (NYT)

By Martin Mayer

The New York Times, June 14, 2006

WHAT may be the most important number in the American panoply of economic statistics appears every Thursday night as an appendix to the weekly statement of the condition of the Federal Reserve System. This generally ignored number — few, if any, newspapers cover its release — has the unusual virtue of accuracy, for it is a simple financial statement derived from an adding machine, not from a computer or a formula.

What the number announces is the quantity of government and agency securities held "for foreign official and international accounts" — that is, for foreign central banks and finance ministries — by the federal reserve banks. It is important because over time it measures the demand for American assets by private enterprise in the world's creditor nations. It is important also because it is very large — last week, about $1.63 trillion. Three years ago, just before the invasion of Iraq, it was about $900 billion. The week George W. Bush took office, it was $693 billion.

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Our appetite for imported goods throws some $600 billion to $700 billion a year into the hands of foreign suppliers. The businesses that receive these dollars have two fundamental choices about what to do with them: spend or invest them in the United States, or convert them into their own local currency.

Exporters to America who keep the dollars and use them for American purchases and investments create what economists call an autonomous flow of funds back to the United States, financing the American trade deficit with an American investment surplus.

This produces the argument most closely associated with the new Federal Reserve chairman, Ben Bernanke (though Alan Greenspan believed it, too), that our trade deficit is caused by a surplus of savings that can't be profitably invested in the home countries of our trading partners. Financing for our trade deficit comes before — and actually causes — the deficit itself.

If instead of investing their dollars in the United States, foreign exporters want to take the proceeds of their sales in their own currency, their central banks will in effect sell them that currency for their dollars. Back in the late 1960's, when Great Society deficits and the Vietnam War prompted the first serious sell-off of dollars (and forced the United States to abandon the gold standard because too many holders of dollars, led by President Charles de Gaulle of France, wanted gold), those central banks lent those dollars into the new Eurodollar market, where they traded somewhat separately from domestic dollars.

This created a nightmarish prospect of the United States losing control of its own currency, and in 1971 the Fed chairman, Arthur Burns, negotiated a deal with the European and Japanese central banks. The deal was that they would return to America the dollars they acquired in their own economies, and the Fed would invest the money on their behalf, in absolutely safe government securities, without charge and at the best rates.

Today, the Fed continues as custodian of the "foreign official holdings" of such government obligations. During the Clinton administration, the Fed agreed to invest in federally guaranteed housing securities for those foreign central banks that wanted a better yield on their dollar reserves than they would get from government bonds, and now more than half a trillion dollars of the total official holdings are invested in agency paper. Foreign official holdings of government paper is a miner's canary number. It tells you if there is big trouble ahead. The most common worry is that the number will shrink suddenly, with foreign governments dumping their dollar holdings, driving down the dollar's value and driving up American interest rates, but that's not a real danger. If the price of our government securities dived, the foreign central banks would have to bear the loss. This would be a budget item for their governments, whose leaders would not like it at all.

What we have to watch out for is a sudden and drastic increase in foreign official holdings. Rapid growth in this number in the late 1960's and 1970's forecast the recessions of the early 1970's and 1980's, and it could happen again.

Recent large increases in foreign official holdings indicate that foreign private investors see fewer attractive places to put their money in the American economy. They could presage a significant fall in the price of American assets, stocks (witness the recent drops in American stock markets) and bonds and real estate and all, and a hard landing for a world economy still floating on the crest of cheap credit.

Martin Mayer, a guest scholar at the Brookings Institution, is the author of "The Fate of the Dollar."

From Sizzle To Fizzle For Investors (USAT)

By Matt Krantz

USA Today, June 14, 2006

Stocks and commodities tumbled worldwide Tuesday as investors grew increasingly concerned that rising interest rates could hurt global economies and crimp demand for everything from industrial materials to precious metals.

The Dow Jones industrial average sank 86 points to 10,706, which left it with a 0.1% 2006 loss little more than a month after it was up 8.6% for 2006 (story, 4B).

That's typical of the reversal of fortunes being felt by investors around the world for the same reason. “It's clear central bankers in the U.S. and across the global will slow economic growth,” says Stan Shipley of International Strategy & Investment. “Global interest rates are on the rise.” That is causing a flood of money out of what were once 2006's hot investments:

·Commodities. Gold fell $44.30, or 7.3%, to $562.50 an ounce, which Bloomberg News says was its biggest drop in 15 years. Gold is 20% below its high of a month ago. Other metals fell more: Silver lost 13.0% and palladium, a metal used in jewelry and industry, 12.5%. Silver is off 35% from its 2006 high and palladium 32%.

·Major foreign markets. The Tokyo stock market suffered its biggest drop in two years, as its Nikkei average plunged 4.1%. It's down 19% since its 2006 peak in April. The broad iShares Standard & Poor's Europe 350 exchange-traded fund suffered a 2.7% loss and is off 14% from its early May high.

Alan Skrainka, strategist at Edward Jones, says European investors are worried about the fallout from a slowing U.S. economy. “When the U.S. was growing at 5%, Europe grew at 1%,” he says. “If we slow to 3% — you do the math.”

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·Emerging markets. White-hot emerging nations such as China, Brazil and India continue to suffer as investors look for safer bets, Skrainka says. The iShares MSCI Emerging markets ETF fell 2.2% Tuesday, leaving it 26% below its May high. Bombay's Sensex index dropped 4.4% Tuesday and is down 28% in the past month.

A slowing economy will have a direct impact on emerging markets that export the goods, says Jon Noonan, chief strategist at Appleton Partners. “If we get a consumer slowdown, it means that our trading partners will feel it,” he says.

The sell-offs, especially among commodities, are to be expected given the huge run earlier in the year, says Evan Smith of U.S. Global's Global Resources fund. “We're giving back the quick gains made not that long ago.”

And Fred Sturm, manager of the Ivy Global Natural Resources fund, says a pullback will help shake out people who had been speculating on commodities and move ownership from “short-term weak holders to those investors with long-term perspective.”

Tumbling Markets May Be Reflection Of Strong Growth (WSJ)

By Mark Whitehouse

The Wall Street Journal, June 14, 2006

Global stock and commodity prices tumbled again, extending a rout that appears to defy -- but may simply highlight -- the strong pace of economic growth in much of the world.

The Dow Jones Industrial Average of 30 major U.S. stocks lost 86.44 points, or 0.8%, to 10706.14, surrendering the last of the gains it scored earlier this year. In Japan, the world's second-largest economy, the Nikkei Stock Average shed 614.41, or 4.1%, to close at 14218.60, and other markets were down sharply.

Gold, which often moves in the opposite direction to stocks, also lost ground. The price of a troy ounce, which had recently crossed the $700 mark, dropped $44.30, or 7.3%, to close at $562.50, and the price of silver fell 13%.

Many economists now think the broad reversal in the prices of stocks, bonds and commodities like gold and silver is less a warning signal of an economic downturn than a consequence of the ratcheting up of interest rates by the world's central banks. Indeed, the central bankers' concern is the reverse of a slowdown: that growth may get too hot and could contribute to an upward spiraling of prices -- or inflation.

By raising interest rates, they are making money more "expensive" to borrow and spend, stemming a tide of cheap money that has buoyed the prices of everything from U.S. Treasury bonds to Japanese stocks in recent years. That is tough on investors, because when easy money disappears, asset prices often fall precipitously, and financial bubbles tend to burst.

In Turkey, where stock and bond prices have been battered, Tim Adams, U.S. Treasury undersecretary for international affairs, yesterday offered that analysis, attributing the turmoil more to the end of easy money -- also known as liquidity -- than to the outlook for Turkey's economy.

"We're in a global transition from an era of benign economic conditions and tremendous amount of liquidity sloshing around the world to one in which...central banks are draining some of that liquidity out of the system," he said. "But the underlying fundamentals here are pretty good."

That isn't to say the market turmoil won't be painful. "The fact that we're still in the thick of a global expansion does not mean that we can't have a financial crisis," says Kenneth Rogoff, an economics professor at Harvard University. "Rising interest rates are going to expose some problems."

Scattered minicrises are already unfolding as investors shift their money away from riskier investments. Earlier this year, Iceland and New Zealand both saw their currencies plunge as foreign investors pulled out of high-yielding local-currency bonds. More recently, investors have dumped everything from junk bonds to Russian, Colombian and Japanese stocks. Yesterday, Russia's RTS Index dropped 10.5% and Colombia's stock market slid 9%.

By contrast, the global economy looks poised for a period of more-balanced growth after several years of depending heavily on the free-spending U.S. consumer. Most economists expect the U.S. economy, which spurted ahead at a 5.3% annual rate in the first quarter and now enjoys a low 4.6% unemployment rate, to slow -- to a 3% pace -- as consumer spending tapers off and the Federal Reserve's steady increases in short-term interest rates start to bite. Europe, Japan and emerging economies appear on track to pick up some of the slack. Earlier this week, for example, Japan raised its estimate of annualized first-quarter economic growth, adjusted for inflation, to 3.1% from 1.9%.

In its April economic outlook, the International Monetary Fund forecast world economic growth at an inflation-adjusted 4.9% for 2006 and 4.7% in 2007. The forecast indicates that for the four years ending in 2007, growth will average 4.93%, the highest sustained rate since 1973. The IMF expects only three of the 180 economies it tracks -- Zimbabwe, Equatorial Guinea and the Seychelles -- to contract in 2006. That would be the lowest number since at least 1980.

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Gerd Hausler, director of international capital markets at the IMF, said the recent market volatility hadn't materially changed the fund's forecast. "I think that the prospect of a global economy where the engines of growth are more evenly balanced compared to what we've seen in the recent past should be a source of comfort," he said.

Central banks calibrate their moves to keep the global economy in balance by curbing the inflation that can result if economies grow too fast. Recent data have shown inflation pressures building in the U.S. and Europe, and reappearing in Japan after many years of falling prices.

Federal Reserve officials, including Fed Chairman Ben Bernanke, have said in recent days that they will take a hard line on inflation. Markets have taken that to mean they will raise their target for U.S. short-term interest rates to 5.25% from the current 5% at their next policy-making meeting June 28-29. Last week, the European Central Bank raised its short-term rate to 2.75% from 2.5%, and left open the possibility of further increases. Economists expect Japan's central bank to raise its rate from zero later this year.

Taken together, the central banks' moves drastically change the landscape for investors. For one thing, higher interest rates make the dollar a year or 10 years from now worth less today. So even if the economy looks good, and assets such as stocks and bonds are expected to keep making the same dividend and interest payments in the years to come, the present value of that future income falls.

Moreover, when interest rates rise, it becomes more expensive for investors to increase their returns by using borrowed money -- a strategy known as leverage.

When investors are used to years of low interest rates and cheap money, as they have been until lately, it can take them a while to adjust to the new reality. When they do, prices tend to move quickly. The stock-market crash of 1987, the bursting of the Japanese real-estate bubble in the early 1990s, the Asian financial crisis of 1997 and the Nasdaq meltdown of 2000 all occurred when central banks were raising interest rates.

"The market has to learn again what it means for a central bank to tighten," says Peter Fisher, chairman of money manager BlackRock Asia and a former Fed and Treasury official. As to how investors' changing attitude toward risk will manifest itself this time, "I don't think we know," he said. "Clearly the first accident has been in emerging-markets exposure."

The prevalence of hedge funds and other sophisticated investors in today's financial markets could make those markets more sensitive to the type of risks that appear when central banks take away easy money. That is because many hedge funds' strategies depend on the prices of different investments moving in different directions -- if the fund incurs losses on one, it gains on the other. When financial crises occur, the prices of all assets tend to act in highly unusual ways, confounding the funds' strategies. That, for example, is how the Russian debt crisis in 1998 triggered the downfall of hedge fund Long Term Capital Management.

"These types of events happen every blue moon," says Carlos Asilis, a Miami-based portfolio manager for hedge fund Vega Plus Capital Partners, which has $2 billion under management. "It's hard to model them and it's hard to hedge against them. The best action in this type of market environment is to reduce risks and wait for things to calm down."

To be sure, the march toward higher interest rates could also have an adverse effect on the global economy. Economists and investors in the U.S. and Europe have expressed concerns that central bankers could take rates too high, tipping their economies into recession. That concern is evident in the market for U.S. Treasury bonds, where the yield on two-year notes has risen above the yield on 10-year notes -- an event called a yield-curve inversion that has often, but not always, preceded economic downturns.

Some investors, however, see the central banks' moves as just the right medicine, both for the world economy and for financial markets that had lost their sense of risk. "It's tough love," said Michael Litt, a portfolio manager at Greenwich, Conn.-based asset-management firm FrontPoint Partners LLC. "It feels bad now, but it's very good in the medium and long term."

The 'Noisy Market' Hypothesis (WSJ)

By Jeremy J. Siegel

The Wall Street Journal, June 14, 2006

Although the price-weighted Dow Jones Industrial Average approached its all-time high in early May, the large capitalization-weighted indexes -- such as the S&P 500 or the Russell 3000 -- in which most investors hold their "indexed" investments are still substantially below their tech-bloated peaks reached in March 2000. Those of us who have linked our portfolio returns to these popular indexes wonder whether there is a better way to capture the market's return without enduring the wild swings that characterized the last bubble.

Don't get me wrong. Capitalization-weighted indexation has been one of the great innovations in the last quarter-century. It has allowed millions of investors to capture the return on the market at a very small cost, and has outperformed most actively managed mutual funds. The $5 trillion invested in portfolios tracking cap-weighted indexes speaks to its popularity.

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But we are on the verge of a revolution: New research demonstrates that it is possible to construct broad-based indexes offering investors better returns and lower volatility than capitalization-weighted indexes. These indexes are weighted by fundamental measures of firm value, such as sales or dividends, instead of allowing the market price alone to dictate how much of each firm should be included in the index.

Strong Appeal

The vast majority of indexes, with the exception of the Dow Jones Averages, are capitalization-weighted. This means that the weight of each stock in the index is proportional to the total market value of its shares. This methodology has strong appeal since the return on these indexes represents the aggregate or "average" return to all shareholders.

Strong support for these indexes also emanates from the academic community. The philosophical foundation of these indexes is the "efficient market hypothesis," which assumes that the price of each stock at every point in time represents the best, unbiased estimate of the true underlying value of the firm.

The efficient market hypothesis does not say a stock's price is always equal to its fundamental value. But the theory implies it is impossible to tell which stocks are undervalued and which are overvalued without either costly analysis or an innate skill possessed only by a chosen few, such as Warren Buffett, Peter Lynch or Bill Miller.

It can be shown that under standard portfolio models, if stocks are priced according to the efficient market hypothesis, then capitalization-weighted indexes offer investors the best risk-return combination. And there is no doubt that capitalization-weighted portfolios have performed very well for investors. Research conducted by Jack Bogle, Charles Ellis, Burton Malkiel and myself has undeniably shown that active mutual fund managers fail, after fees, to keep pace with the market indexes.

But as indexed investing gained adherents, cracks were found in the efficient market hypothesis. In the early 1980s, Rolf Banz and Don Keim showed that small stocks earned an outsized return compared to their risks. And, earlier, Sanjoy Basu and David Dreman discovered that stocks with low price-to-earnings ratios had significantly higher returns than stocks with high P/E ratios; small stocks with low P/E ratios (small value stocks) enjoyed particularly outstanding returns. The magnitude of these size- and value-based returns could not be rationalized using the standard asset pricing models of the efficient market hypothesis.

This caused schizophrenia in the financial community. Efficient-market believers still dominate the field of financial research, but many practitioners, including moonlighting academics, recommend that investors overweight value and small stocks in their portfolios. Eugene Fama from the University of Chicago and Ken French from Dartmouth's Tuck School built a very successful investment firm based on slicing the universe of stocks into value- and size-based sectors to market to large individual and institutional investors.

Since the 1980s, the finance profession has searched in vain for the reason why small and value stocks outperformed the market. Efficient-market diehards maintain these stocks contain deeply buried risk hidden in the historical data. They predict that one day, when a crisis hits and investors critically need to liquidate their portfolios, small and value-based stocks will crumble while large growth stocks will shine.

But if this is true, the data are unfortunately moving in the wrong direction. In the past decade we witnessed a huge tech bubble, 9/11, a recession, major corporate scandals and wars in Afghanistan and Iraq -- yet not only did small and value stocks survive, they outperformed the big cap, high-priced stocks by wider margins than they had in the past.

Current attempts to explain the hidden risks in value stocks remind me of the astronomers in the 16th century who attempted to save the earth-centered Ptolemaic view of the universe. They were forced to add complicated "epicycles" to the orbits of the planets to rationalize their movements in the evening sky; the model collapsed when Copernicus showed that a simple sun-centered solar system was an easier explanation. As with Copernicus, there is now a new paradigm for understanding how markets work that can explain why small stocks and value stocks outperform capitalization-weighted indexes.

This new paradigm claims that the prices of securities are not always the best estimate of the true underlying value of the firm. It argues that prices can be influenced by speculators and momentum traders, as well as by insiders and institutions that often buy and sell stocks for reasons unrelated to fundamental value, such as for diversification, liquidity and taxes. In other words, prices of securities are subject to temporary shocks that I call "noise" that obscures their true value. These temporary shocks may last for days or for years, and their unpredictability makes it difficult to design a trading strategy that consistently produces superior returns. To distinguish this paradigm from the reigning efficient market hypothesis, I call it the "noisy market hypothesis." * * *

The noisy market hypothesis easily explains the size and value anomalies. If a stock price falls for reasons unrelated to the changes in the fundamental value, then it is likely -- but not certain -- that overweighting such a stock will yield better than normal returns. On the other hand, stocks that rise in price more than their fundamentals become "large stocks" with high P/E ratios that are likely to underperform.

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These discrepancies are not easy to arbitrage away on a stock-by-stock basis. The noisy market hypothesis does not say that every stock that changes price does so by more than what is justified by fundamentals. Any particular stock may still be undervalued when it moves up in price or overvalued when it moves down.

New research indicates that there is a simple way that investors can capture these mispricings and achieve returns superior to capitalization-weighted indexes. This is through a strategy called "fundamental indexation." Fundamental indexation means that each stock in a portfolio is weighted not by its market capitalization, but by some fundamental metric, such as aggregate sales or aggregate dividends. Like capitalization-weighted indexes, fundamental indexes involve no security analysis but must be rebalanced periodically by purchasing more shares of firms whose price has gone down more than a fundamental metric, such as sales, and selling shares in those firms whose price has risen more than the fundamental metric.

Robert Arnott, editor of the Financial Analysts Journal and chairman of Research Affiliates, LLC, has published research documenting both the theoretical and historical superiority of fundamentally weighted indexes. It can be rigorously proved that if stock prices are subject to noise, then capitalization-weighted indexes will offer investors risk-and-return characteristics that are inferior to those of fundamentally weighted indexes.

I have long advocated the use of dividends in evaluating stocks. Dividends are the only fundamental variable that is completely objective, transparent and unable to be manipulated by managers who tinker with accounting assumptions. (In the interest of full disclosure, I am an adviser to a company that develops and sponsors dividend-based indexes and products.)

According to my research, dividend-weighted indexes outperform capitalization-weighted indexes and are particularly valuable at withstanding bear markets. For example, the Russell 3000 Index lost almost 50% of its value between the bull market peak of March 2000 and the October 2002 low. Over this same period, a comparable total market dividend-weighted index was virtually unchanged. A dividend weighted index did have a bear market, but it only corrected by 20%. Moreover, the dividend-weighted index bear market didn't start until March 2002, and it lasted only six months (compared to 24 months for the cap-weighted index). The dividend-weighted index is now about 40% above its March 2000 close, whereas the S&P 500 and Russell 3000 are still not yet back to even. A similar performance occurred in other bear markets.

The historical data make an extremely persuasive case for fundamental indexing. From 1964 through 2005, a total market dividend-weighted index of all U.S. stocks outperformed a capitalization-weighted total market index by 123 basis points a year and did so with lower volatility. The data indicate that the outperformance by fundamentally weighted indexes during the same period is even greater among mid-sized and small stocks.

'Value Cuts'

Furthermore, dividend-weighted indexes had better risk and return characteristics than capitalization weighted indexes in each industrial sector and each country that I analyzed. Dividend-weighted indexes even outperformed "value cuts" of the popular capitalization-weighted indexes such as the Russell Value and Barra-S&P Value that attempt to choose those stocks whose prices are low relative to fundamentals.

With the advent of fundamental indexes, we're at the brink of a huge paradigm shift. The chinks in the armor of the efficient market hypothesis have grown too large to be ignored. No longer can advisers claim that capitalization-weighted indexes afford investors the best risk and return tradeoff. The noisy market hypothesis, which makes the simple yet convincing claim that the prices of securities often change in ways that are unrelated to fundamentals, is a much better description of reality and offers a simple explanation for why value-based investing beats the market.

If you are a fan of indexing, as I and so many other investors are, you are no longer trapped in capitalization-weighted indexes which overweight overvalued stocks and underweight undervalued stocks. Devotees of value investing who are searching for a simple, low-cost indexed portfolio in which to hold their stocks need wait no longer. Fundamentally weighted indexes are the next wave of investing.

Mr. Siegel, the Russell E. Palmer Professor of Finance at Wharton, is senior investment strategy adviser to WisdomTree Asset Management, Inc. This concludes a two-part series.

Global Capital On The Run (WP)

By Robert J. Samuelson

The Washington Post, June 14, 2006

It is too early to say whether the recent declines in global stock markets signal anything out of the ordinary. Though large, they are hardly unprecedented: 8 percent for the Dow, 19 percent for Japan's Nikkei, 21.7 percent for Brazil's Bovespa (all changes are measured from recent highs, in April or May, until yesterday's closes). But the fact that they've occurred simultaneously suggests herd behavior. Spoiled by years of cheap credit, global investors seem to be reacting to the prospect of higher interest rates by fleeing stock markets almost everywhere. There is danger of a broader financial and economic setback.

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The riskiest and most mysterious aspect of the present situation is the increasingly global nature of investment capital. Once, capital was largely compartmentalized by nation. Americans saved and invested in the United States; Germans saved and invested in Germany. This world is disappearing. It is now routine for pension funds, mutual funds and many wealthy investors to move money in and out of American, European, Asian and Latin American stocks and bonds.

The magnitudes are immense. For 2004 the International Monetary Fund reports that:

Â· Americans invested $856 billion abroad, while foreigners invested $1.44 trillion in the United States. Some flows represented "foreign direct investment": buying factories, real estate or entire companies. But most flows involved corporate stocks and bonds, government bonds or international bank loans.

Â· The Japanese invested $414 billion abroad, and foreigners invested $273 billion in Japan.

Â· "Emerging market" countries (China, India, Brazil and many developing nations) received $570 billion in foreign investment and made $935 billion of investments abroad. About $515 billion of the outflow came from governments -- dominated by China and other Asian nations -- that reinvested their trade surpluses, often in U.S. Treasury bonds.

Thirty years ago, these massive global money movements didn't exist. Most countries had extensive "capital controls" restricting how much (or whether) their citizens could invest abroad and how much (or whether) foreigners could invest in their countries. The United States was a major exception.

A turning point was France's decision in the early 1980s to relax controls, says Rawi Abdelal of the Harvard Business School and author of the forthcoming "Capital Rules: The Construction of Global Finance." The French concluded that controls were so widely evaded by the wealthy that they were impractical, he says. Once France changed, Europe moved to liberalize capital flows. Many other countries gradually joined for fear of losing in the worldwide chase for investment funds.

In theory, liberalization benefits everyone. Capital flows to the most productive investments. Savers earn higher returns. Countries with good investment opportunities expand more rapidly. Huge capital inflows have clearly helped China by financing new factories with modern technology. In many ways, the world economy seems healthy. In 2006, the IMF predicts the fourth consecutive year of growth exceeding 4 percent.

But there's a rub: Global finance has created new risks. At least two stand out.

First, huge trade imbalances. The United States is running massive deficits, counterbalanced by big surpluses in China, Japan and other Asian countries. These imbalances occur in part because countries with trade surpluses can recycle their export earnings -- heavily in dollars -- rather than buying imports or selling dollars for other currencies, leading to a dollar depreciation. That would lower the American trade deficit by making U.S. imports more expensive and U.S. exports less expensive. Most economists consider today's massive imbalances unsustainable.

Second, worldwide financial crises. Global investors may move in herds, first pouring money into some countries -- or investments -- and then withdrawing abruptly. That's what happened in the 1997-98 Asian financial crisis. Capital flight plunged countries into deep recessions; investors suffered large losses. There are now fears that hedge funds and others may be similarly overexposed in some markets. (Hedge funds are lightly regulated pools of money, mostly from big and wealthy investors. They are estimated to control more than $1 trillion in financial assets.) Some economists, most prominently Stephen Roach of Morgan Stanley, consider the recent stock market declines a healthy sign. They signal a retreat from blatantly speculative behavior. A prolonged period of cheap credit pushed too much money into risky investments. Some investors put money into emerging-market stocks and bonds; others preferred commodities (gold, copper). Housing was the small investor's favorite. The result: a series of "bubbles" that are best punctured sooner rather than later.

Roach welcomes higher interest rates. Last week the European Central Bank raised rates; so did government central banks in South Korea, South Africa, Turkey, Thailand and India. The Federal Reserve has been raising short-term rates since June 2004 and may do so again in late June. Sure, says Roach, stock, commodity and housing prices may weaken. Some investors will lose. But the damage to the "real economy" of production and jobs will be modest.

This seems plausible. But so is something more menacing. Losses in one market prompt investors to sell in others. Global investors influence local investors; any whiff of panic spreads. As stock markets and housing prices sag, consumer and business confidence ebb. Economies elsewhere that depend heavily on huge exports to the United States weaken. They can't generate stronger domestic spending. High oil prices hurt.

We really don't know much about the interconnectedness of global financial markets. The presumption that we do is just that -- a presumption. They are too new and changing too fast. We can see the promise and the peril, but we cannot know which will prevail.

Former Reagan Aide Wins Va. Senate Primary (AP-Y2)

By Bob Lewis

AP2, June 14, 2006

DOJ_NMG_0034004

James Webb, a former Reagan administration Navy secretary who left the Republican Party over the Iraq war, won the Democratic nomination Tuesday for the right to take on GOP Sen. George Allen (news, bio, voting record) in the fall.

Webb defeated lobbyist and longtime Democratic Party activist Harris Miller after a bruising primary in which voters decided between a traditional and unabashed liberal (Miller) and a former Republican (Webb) whose populist campaign was aimed at so-called Reagan Democrats — namely, rural, white moderates.

With all but one precinct reporting, Webb had 83,156 votes, or 53.5 percent, compared with 72,352 votes, or 46.5 percent, for Miller. Except for the Washington suburbs, turnout was low across Virginia, a state unaccustomed to primaries. The last Democratic Senate primary was in 1994.

Allen is seeking a second term and also pursuing a 2008 bid for president. He had no GOP challenger.

Four other states also held elections Tuesday, including primaries for governor in Maine and South Carolina; a Democratic runoff for the nomination for lieutenant governor in Arkansas; and referendums on constitutional amendments in North Dakota.

Both Democratic candidates in Virginia sought to tie Allen tightly to Bush, particularly over Iraq. But Webb was seen by some as having particular credibility on military issues because of his background as a decorated Marine lieutenant in Vietnam and later Navy secretary. Webb, who endorsed Allen six years ago, underscored the point by campaigning in desert combat boots.

"We need leadership that will not just follow an administration blindly, but is capable of independent thought," Webb told supporters Tuesday night in Arlington.

Webb, 60, referred to Miller in a televised debate as "the anti-Christ of outsourcing," claiming that Miller, as a lobbyist for a major Internet-industry organization, helped drive technology jobs overseas. Also, a Webb flier contained a caricature of Miller with a hooked nose and cash spilling from his pockets. Miller, who is Jewish, called the brochure "despicable"; Webb said it was not anti-Semitic.

Webb's triumph was a victory for Senate Democratic leaders, many of whom either endorsed him or sent him campaign donations. Party strategists calculated that Webb offered the only chance to mount a credible challenge to Allen in the fall, when Democrats hope to win six seats to gain control of the Senate.

Webb said such support was key to his victory. "Everywhere I went, I had to face a room where people wondered if I really was a Democrat," he said in a telephone interview with The Associated Press.

Miller put nearly $1 million of his own money into the campaign and outspent Webb by more than a 2-to-1 ratio.

In South Carolina, Republican Gov. Mark Sanford easily defeated a political newcomer for the nomination for another term. In the Democratic primary, state Sen. Tommy Moore beat Florence Mayor Frank Willis.

The state's GOP primary for lieutenant governor was headed to a runoff between incumbent Andre Bauer and challenger Mike Campbell, the son of Carroll Campbell, a popular former governor. The race had been energized by news that Bauer at least twice avoided speeding tickets — once after he was caught going more than 100 mph.

In Maine, two little-known Democrats competed for the chance to take on two-term Republican Sen. Olympia Snowe (news, bio, voting record). The candidates were separated by less than 500 votes early Wednesday, and it was unclear when a winner would be determined. Snowe had no GOP challenger.

In the state's Republican primary for governor, Chandler Woodcock narrowly led fellow state Sen. Peter Mills. On the Democratic side, Gov. John Baldacci easily prevailed against a little-known computer specialist.

In Arkansas, former Clinton administration official Bill Halter defeated state Sen. Tim Wooldridge in a runoff to determine the Democratic nominee for lieutenant governor. Halter faces Republican state Sen. Jim Holt this fall.

In North Dakota, voters approved two constitutional amendments — one to remove gender, age and residency references in the constitution's definition of state militia, the other to give the Legislature more authority to regulate how corporate shareholders vote for boards of directors.

Webb Wins Democratic Primary For Senate (WT)

By Seth McLaughlin

The Washington Times, June 14, 2006

James H. Webb Jr., a Reagan Republican-turned-Democrat, defeated longtime party activist Harris N. Miller in the Democratic primary for the U.S. Senate in Virginia yesterday, according to unofficial election results.

With more than 99 percent of precincts reporting, Mr. Webb, a decorated Vietnam War veteran, had 53 percent of the vote, while Mr. Miller garnered 47 percent, according to unofficial results posted on the Virginia State Board of Elections Web site.

Mr. Webb will face Republican incumbent Sen. George Allen, a possible presidential candidate in 2008 who has more than $7 million in his campaign war chest.

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Last night, Mr. Webb told supporters gathered at the Hilton Crystal City Hotel at Ronald Reagan Washington National Airport that voters want someone who is not going to follow the Bush administration "blindly" like Mr. Allen.

"I stand here today because you believed in a vision, not just my vision, a vision for this country," Mr. Webb told supporters after winning the party's nomination.

"Many of you called on me months ago because you wanted a leader to carry that vision to Washington. ... Too much was at stake, and the time had come to bring this country on a different course," he said. "That is a call I am glad I answered."

Meanwhile, Mr. Miller told supporters gathered at the Sheraton Premier Hotel at Tysons Corner to back Mr. Webb and focus on unseating the politically tested Mr. Allen.

"Jim Webb is going to be a great United States senator, and I am going to help him beat George Allen," Mr. Miller said.

Political observers said the race between Mr. Webb and Mr. Allen will be interesting to follow.

"That could be a knock-down, dirty fight," said Toni-Michelle Travis, a political science professor at George Mason University. "Webb is somebody that has those military credentials that could really put Allen in his place."

Except for the D.C. suburbs, turnout was paltry across Virginia, a state unaccustomed to primaries. The last Democratic Senate primary was in 1994. An estimated 3.4 percent of the state's 4.5 million registered voters voted in the primary for the Senate.

In other primaries in the state yesterday, Republican Tom M. O'Donoghue beat challenger Mark. W. Ellmore in the 8th District Republican primary. Mr. O'Donoghue had 69 percent of the vote to Mr. Ellmore's 31 percent, early returns showed. The winner will challenge eight-term Rep. James P. Moran in November.

Democrat Andrew L. Hurst defeated challenger Ken Longmyer in the 11th District for their party's nomination to run against Republican Rep. Thomas M. Davis III. Mr. Hurst had 55 percent of the vote to Mr. Longmyer's 45 percent, unofficial results show.

The campaign between Mr. Webb and Mr. Miller heated up last month, when Mr. Miller, 54, a former president of the Information Technology Association of America, and Mr. Webb, 60, a best-selling author who earned the Navy Cross, the Silver Star, two Bronze Stars and two Purple Hearts in Vietnam, began trading barbs about each other's loyalty to the Democratic Party.

Mr. Miller, a McLean resident and former chairman of the Fairfax County Democratic Party, railed against Mr. Webb for supporting President Bush and Mr. Allen in 2000, and repeatedly criticizing former President Clinton.

Mr. Webb, a Falls Church resident, retaliated by knocking Mr. Miller for contributing more than $5,500 to Republicans in Congress, including House Speaker J. Dennis Hastert of Illinois, when he worked as a lobbyist on Capitol Hill.

They also jockeyed for political endorsements, which stressed a local versus national split in the Democratic Party that more often than not put ideologues behind Mr. Miller, the conventional Democrat, and the "anyone but Allen" pragmatists behind Mr. Webb.

Former Virginia Gov. Mark Warner, a Democrat, helped both candidates raise more than $220,000.

Both painted Mr. Allen as political lackey who voted 97 percent of the time with Mr. Bush. They said Mr. Allen rubber-stamped failed policies that caused the national debt to balloon, led to the deaths of U.S. troops in the Iraq war and caused the president's job-approval ratings to plunge.

They also said Mr. Allen was more concerned with campaigning across the country for a presidential bid than representing Virginians on Capitol Hill. Both said they supported civil unions for homosexuals.

Mr. Webb's campaign centered on foreign policy and national security issues. He touted his early public opposition to the war in Iraq as an example of the leadership he could bring.

Mr. Miller called for the resignation of Defense Secretary Donald H. Rumsfeld, a higher minimum wage and stiffer sanctions, including jail time, for employers who hire illegal aliens.

Virginia Democrats Back Ex-Navy Secretary In Senate Race (NYT)

By Anne E. Kornblut

The New York Times, June 14, 2006

WASHINGTON, June 13 — James Webb won the Democratic Senate nomination in Virginia on Tuesday night, securing his role as the challenger to the incumbent Republican, George Allen, in this fall's midterm election.

With all but one precinct reporting, Mr. Webb, a former Republican who served as Navy secretary during the Reagan administration, had 83,002 votes, or 53 percent. His opponent in the primary election, Harris Miller, a former lobbyist who spent about $1 million of his own money on the race, had 72,263 votes, or 46 percent.

National Democratic Party leaders had pinned their hopes on Mr. Webb as the more viable challenger to Mr. Allen, a popular incumbent who is also considered a potential 2008 presidential candidate.

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Indeed, the primary played out against the backdrop of the next presidential race. Both Mr. Webb and Mr. Miller began their campaigns after Mark Warner, the former Democratic Virginia governor and a potential presidential contender, decided not to challenge Mr. Allen. And in the final hours of the race, Senator John Kerry of Massachusetts, the Democratic presidential nominee in 2004 and another possible candidate in 2008, appeared with Mr. Webb.

With a campaign slogan — "Born Fighting" — that emphasized his independence and his national security experience, Mr. Webb had come under fire from his opponent as having dubious Democratic credentials. Mr. Miller, a party stalwart well known in heavily Democratic Northern Virginia, had repeatedly campaigned on the fact that Mr. Webb had endorsed both Mr. Allen and President Bush in 2000.

Mr. Webb had campaigned against Mr. Miller for his liberal spending on the race, at one point distributing fliers that showed Mr. Miller with money flowing from his pockets and a hooked nose. Mr. Miller, who is Jewish, denounced the image as anti-Semitic; Mr. Webb denied intending a slur.

Senator Charles E. Schumer of New York, the head of the Democratic Senatorial Campaign Committee and a champion of Mr. Webb's, credited his independent streak and his aggressive campaigning for the victory.

"People wanted a candidate who spoke his mind, who said what he thought, who was going to shake Washington up," Mr. Schumer said in an interview after the election results were in. "I think this is going to be quite an interesting race."

Mr. Schumer said that with Mr. Webb's victory, he expected the Virginia race to become more competitive and to put the balance of the Senate into play.

"I think people want change, and George Allen has been part of the status quo," Mr. Schumer said.

Dick Wadhams, the campaign manager for Mr. Allen, said, "We hope that Senator Schumer and John Kerry and Tom Daschle and Harry Reid campaign all day every day in Virginia for Jim Webb."

Mr. Allen, a former Virginia governor and the son of a renowned coach of the Washington Redskins, was first elected in 2000.

Webb Wins Democratic Nomination In Virginia (WP)

By Michael D. Shear

The Washington Post, June 14, 2006

Virginia Democrats yesterday chose Vietnam War hero James Webb to challenge Sen. George Allen (R), siding with their party's national leadership, which had declared the former Republican to be the only candidate with a chance to beat Allen in November.

Webb's support from Democratic senators such as 2004 presidential nominee John F. Kerry (Mass.) swamped the textbook campaign of his opponent, former lobbyist Harris Miller, who used $1 million of his own money to question Webb's commitment to the Democratic Party's core principles.

In other primaries, Democrat Andrew Hurst, a lawyer, defeated Ken Longmyer, a retired Foreign Service officer, for the chance to run against Rep. Thomas M. Davis III (R) in the Nov. 7 general election. Republican Tom O'Donoghue, a military veteran, beat Mark Ellmore, a mortgage broker, and will run against Rep. James P. Moran Jr. (D).

Webb, who was outspent 3 to 1, tapped into national anger over the Iraq war and a desire among Democrats to reach out to moderates who have drifted to the Republican Party over social issues and national security. Webb captured almost two-thirds of the vote across the populous suburban counties in Northern Virginia.

"In too many cases, our leaders are not equal to the challenges they face," Webb said to a screaming crowd at the Crystal City Hilton as he accepted the nomination and promised new leadership in Washington. To Allen, he said: "I wonder, George, what leadership? It's not leadership to follow this administration blindly 97 percent of the time."

The springtime squabble between Democrats produced a near-record low turnout that a state election official described as "dismal." Polling places across Virginia reported being empty for long stretches, even though voting was open to all of the state's 4.5 million registered voters.

Webb now faces the challenge of raising millions of dollars in an attempt to oust Allen, a popular ex-governor who is considering a bid for the presidency in 2008. Allen has more than $7.5 million in the bank and a long history of winning in a state that usually votes for Republicans in federal contests.

Allen, the son of a beloved Washington Redskins coach by the same name, became a darling among conservatives as governor in the mid-1990s, when he abolished parole, toughened education standards and changed the welfare system. He left office in 1997 with strong approval ratings and beat incumbent Charles S. Robb (D) in the 2000 Senate race.

Allen's campaign manager, Dick Wadhams, said the Republicans look forward to running against a "very fractured, divided Democratic Party" and "having John Kerry . . . campaign with Mr. Webb."

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But Allen is running for reelection in the midst of national frustration with congressional corruption scandals, the war in Iraq and rising gas prices. Webb vowed to make Allen answer for those issues as an insider and a Bush administration loyalist.

It was just that contrast that national Democratic leaders hoped to stoke. Sen. Charles E. Schumer (N.Y.), the head of the Democratic Senatorial Campaign Committee, said Webb made a powerful connection with voters.

"He's an original, and that makes a difference to people," Schumer said after Webb's victory.

Miller campaigned on the strength of his 30-year ties to Virginia's Democratic establishment. In his concession speech just after 9 p.m., Miller congratulated Webb and promised to support the party's efforts to defeat Allen.

"Let me tell you what George Allen's worst nightmare is: a unified Democratic Party," Miller told the crowd gathered last night at the Sheraton Premiere Tysons Corner hotel. "The Democratic Party is stronger tonight because of this contest."

Webb was a halting, unpolished candidate, never having run for public office. But his rÃ©sumÃ© as a former Republican and an early critic of the Iraq war appeared to be as tantalizing to the state's rank-and-file Democrats as it was to the party's national leaders.

"I think he can give Allen a run for his money," said Harry Massey, 50, of Baileys Crossroads, who works for a trade organization in Rosslyn. "He's pro-choice. He's antiwar. And he is certainly more receptive to the downstate voters."

Others disagreed.

"Miller seems like a centrist, and that's the way Virginia Democrats can win," said Brenna Copeland, 30, who cast her ballot at the Lyon Park Community Center before heading to work.

Election officials said just over 3 percent of voters went to the polls, far less than the 16 percent who voted in the 1996 primary between Republican Sen. John W. Warner and former Reagan budget director James C. Miller III.

"I just don't understand," said Jean Jensen, secretary of the state Board of Elections. "It's dismal. It's not even very high in Fairfax County," where both candidates live.

Democrats first turned to Miller after Mark R. Warner (D) decided to build on his popularity upon leaving the governor's office to pursue the White House rather than to oppose Allen. Warner urged Miller, a longtime friend, to run.

But what initially seemed like a clear path to the nomination became muddied for Miller in February, when Webb indicated that he would take a break from his lucrative writing career to seek the nomination.

"I don't wake up in the morning wanting to be a U.S. senator," Webb said at the time. "I wake up every morning very concerned about the country. We need to put some focus back in our foreign policy, a different focus."

His decision sparked a brief but fierce fight within Virginia's Democratic Party. For three months, party traditionalists who backed Miller clashed with young and passionately antiwar bloggers, who had helped to persuade Webb to jump into the Senate race.

The contest also divided many of the state's power brokers and political leaders -- who backed Miller early -- from their counterparts at the national level, who saw in Webb a war hero with an antiwar message that would be the perfect challenge to Allen's support for Bush.

"With Jim Webb as the Democratic nominee in Virginia, we have an opportunity to give George Allen a real run for his money," Schumer said.

From the beginning, though, Miller rejected the notion that Webb was more electable.

He quickly attacked Webb's longtime association with the GOP, contending that Webb was still a Republican at heart and questioning his dedication to Democratic principles. Miller repeatedly reminded voters that Webb endorsed Allen in 2000 over Robb and backed President Bush that year as well.

"When we were fighting in the trenches to defeat George Bush and George Allen in 2000, you weren't just voting for them; you were endorsing them," Miller said to Webb during a contentious debate on a Virginia Beach television show in May.

Miller also questioned Webb's commitment to traditional Democratic policies, such as affirmative action and support for women's rights. He pointed to some articles Webb has written, such as one in which Webb wrote that affirmative action has brought about "a permeating state-sponsored racism."

Webb strongly denied the contention that he opposes affirmative action, saying he supports the program for black people but takes issue with broader diversity efforts that do not offer preferential treatment for the economically disadvantaged.

Throughout the campaign, Miller was able to distribute his criticisms widely, thanks to a lead in fundraising that he never relinquished.

Webb fought back. The former Marine, who won several medals for valor during Vietnam, responded angrily during interviews and debates to the suggestion that he was not a legitimate Democrat.

Webb said he had "made a mistake" in supporting Allen and Bush in 2000 but realized it only after the Sept. 11 attacks and the decision to invade Iraq, which Webb criticized in a Washington Post opinion piece in 2002.

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In the two Northern Virginia congressional primaries, the candidates also argued about who was best equipped to beat an entrenched incumbent.

Longmyer, 68, and Hurst, 36, spent much of their campaign criticizing the Bush administration. Longmyer, who has run against Davis before, said he had the experience to mount a successful campaign. Hurst said Longmyer has raised too little money in the past to be a serious challenger.

Ellmore and O'Donoghue focused their campaigns to oust Moran on border security and the need to stay the course in Iraq. Ellmore called himself the real conservative; O'Donoghue stressed his military background.

Webb Will Try To Turn Past GOP Loyalty Into Advantage (WP)

By Robert Barnes

The Washington Post, June 14, 2006

For months, James Webb has dreaded the endless questions about his past support of Republican Sen. George Allen. But last night, after officially claiming the nomination to try to return that Virginia Senate seat to the Democratic Party, it was one of the first things Webb brought up.

"I supported George Allen six years ago because I thought he'd provide leadership," Webb told a cheering crowd in a Crystal City hotel. "I'm still waiting for the first concrete example."

With that, the man who cast his first vote for a Democratic presidential candidate only two years ago made it clear that, in the fall, he will try to turn to his advantage the positions and past alliances that dogged his primary campaign this spring.

He supported Allen and George W. Bush in 2000. He's proud of Ronald Reagan -- he was a prominent member of the administration -- and couldn't abide Jimmy Carter or Bill Clinton. He has questioned affirmative action and supports gun owners. But he also thinks that the war in Iraq was a mistake and that Congress is overwhelmed by special interests and doesn't do enough for the little guy. In all of these ways, he thinks he's like most Virginians.

His first appeal was to people like himself. "It's time to welcome home those Democrats who left for a time, the Reagan Democrats, the conservative Democrats, whatever labels we give them," Webb said. "It's time to welcome them home."

They may be the ones who can deliver Webb to the Senate in the fall, but they are not the ones who gave him his victory yesterday. Although Webb has portrayed himself as the candidate who will appeal to conservative voters in southwest Virginia and bring out new military supporters in the Tidewater, it was the tried-and-true Democrats from Northern Virginia who provided his margin of victory yesterday. More than 42 percent of all the votes were cast in the Washington suburbs, and Webb won an overwhelming majority of them.

It may have been the first election in which all Virginians used electronic voting machines, but some precincts could have been counting on an abacus. Voters south of the Rappahannock River largely stayed home, and the loyal Democrats who turned out there voted mostly for the loyal Democrat on the ballot, longtime party activist Harris Miller.

But in Northern Virginia, where turnout was only miserable compared with pathetic, voters appeared to listen to the plea of national Democratic leaders that Webb is the one they wanted in a fight with Allen. Jurisdiction after jurisdiction in the region gave Webb a 20-point margin.

Those national Democrats who went out on a limb for Webb -- 2004 presidential nominee Sen. John F. Kerry (Mass.), Senate Democratic leader Harry M. Reid (Nev.) and Senate Democratic campaign committee Chairman Charles E. Schumer (N.Y.) chief among them -- were breathing a sigh of relief. They had tossed out the traditional neutrality that comes in a primary in the hopes that, if nothing else, Webb could keep Allen spending money to defend his seat in Virginia rather than burnish his presidential ambitions in Des Moines and Manchester, N.H.

But what Democrats have at this point is more a rÃ©sumÃ© than a candidate. On paper, the 60-year-old Webb is a Vietnam War hero who's against the war in Iraq, a Republican military specialist who has renounced his old party and brings instant national security credibility to Democrats. He's a noted author, screenwriter and journalist, beloved by the liberal blogosphere yet fluent in the language of the commonwealth's rural heart.

On the stump, he can be hesitant and uninterested in domestic policy questions. He hates the demands of fundraising -- "odious" is what he calls the process -- and it shows; he has not been very successful at it. Some find his rawness appealing while others just find it raw.

"Every candidate grows, and Jim will continue to grow," said his campaign adviser Steve Jarding, who managed Mark R. Warner's gubernatorial bid five years ago. "This is a guy that 100 days ago people thought was a Republican and 99 days ago was asking for money from people he didn't know.

"He doesn't have to worry about proving to everyone in the room now that he's a Democrat. He's been ratified."

National Democrats are still not ready to move Virginia into the top tier of races that they think will help give them a majority in the Senate.

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Allen has never lost a statewide race, and he has a huge advantage in fundraising: He has raised more than $10 million. And as withdrawn and shy as Webb sometimes can be, that's just how outgoing and gregarious Allen is on the stump.

Democratic Gov. Timothy M. Kaine said at the outset of the campaign that Allen has an important political skill. "You'll see him at some event talking to someone, and he seems like there's nothing he'd rather be doing than talking to that person at that time," Kaine said.

That's not a description that would be applied to Webb as this point. But the man who made his campaign slogan "Born Fighting" shows signs of taking the battle to Allen.

"We, at the moment, have not a lot of money, a candidate who's never run for office and 2,500 rag-tag rebels who volunteered for . . . " The crowd's cheers kept Webb from finishing the sentence. "I like those odds," he finally concluded.

So Virginians will choose between the cowboy-booted Allen and the combat-booted Webb.

Showdown at Macho Gulch.

Clinton Booed On Iraq (HILL)

By Elana Schor

The Hill, June 14, 2006

Angry boos greeted Sen. Hillary Rodham Clinton (D-N.Y.) at a liberal conference yesterday when she opposed fixing a date for withdrawing American forces from Iraq.

The sour audience response, at the Campaign for America's Future conference, hints at the 2008 presidential front-runner's shaky standing with anti-war Democrats, who wield increasing power in the party.

Clinton's speech packed the room with a crowd billed as the nation's largest gathering of progressives. But, although the left-leaning audience raucously cheered her domestic agenda, there was only a sprinkling of applause mixed with jeers when the senator refused to disavow her vote authorizing the Iraq war, as Sen. John Kerry (D-Mass.) did later in the day, renewing questions about possible fallout from her assiduous appeals to centrist voters.

"Our job is to do everything we can to help this [Iraqi] government succeed," Clinton said to the silent audience. She rapped President Bush's "open-ended commitment" to keeping U.S. troops in Iraq but added, "Nor do I think it is smart strategy to set a date certain" for leaving.

At that, shouts erupted from the audience, dissipating only as Clinton turned back to the Democrats' need to pursue alternative sources of fuel in response to high energy prices. When the senator, whose hawkishness on national security has alienated many liberals, urged Democrats to reach out to "people who may not yet agree with us," a chant flared up in the hall: "Bring the troops home!"

Clinton was not the only 2008 hopeful to stray yesterday from the nascent Democratic orthodoxy of a quick exit from Iraq. Iowa Gov. Tom Vilsack also dismissed calls to set a troop withdrawal date at a briefing that likely previewed his remarks to the liberal conference. As The Hill reported last month, Clinton and Vilsack have both also declined to echo their party's calls for the resignation of Defense Secretary Donald Rumsfeld.

This year's conference has become a breakthrough moment for the Campaign for America's Future. Having started as a small-scale progressive push for a greater voice in Clinton administration policy, the Campaign has grown during the Bush presidency into a thrumming factory for Democratic policy.

"The Campaign has been very helpful and effective in a whole series of campaigns dealing with access to healthcare, the cost of student loans, the minimum wage, corporate corruption," Rep. George Miller (D-Calif.) said in an interview before addressing the conference on education. "They have used peoples' connection with those issues as organizing tools … in all different kinds of congressional districts."

Campaign co-director Roger Hickey cast his group and its allies, from MoveOn.org to USAction, as a winning counterweight to the Democratic Leadership Council (DLC) and other centrist forces.

"The lesson we drew from the Clinton administration is that the progressive wing of the Democratic Party … needs to be better organized in order to be heard, especially given the influence of groups like the DLC and corporate influence in general," Hickey said.

Yet Democratic unity was a pervasive theme of the conference, which opened with a new Greenberg Quinlan Rosner poll that the Campaign touted as proof of the electorate's realigning away from conservatism and toward progressivism. In fact, the poll showed a generic preference for Democrats over Republicans but a continued advantage for political conservatives over progressives.

"What we're seeing now is incredible unanimity among Democrats and increasingly among Americans who have rejected all the signature issues of the Bush presidency," Rep. Jan Schakowsky (D-Ill.), who has appeared at several past Campaign conferences, said in an interview.

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DLC senior fellow Marshall Wittmann pointed out that Democrats have difficult work ahead, even as many party leaders cast plummeting Republican approval ratings as a harbinger of victory in the fall midterms.

"The danger to the Democratic Party right now is, they're lurching to the left and leaving behind the middle," Wittmann said. "It's to Hillary's credit that she's steering a centrist course even if it upsets some on the left, because that's the only way the party is going to be back in control of Congress and win the White House."

A column by author Norman Solomon questioning the Campaign's labeling of Clinton as a "progressive leader" made the rounds yesterday among bloggers who attended the conference. "In the interests of truth-in-labeling, shouldn't Hillary Clinton be described as anti-progressive?" Solomon wrote.

Hickey, meanwhile, reiterated the Campaign's view of liberals as Democratic leaders — "The Democratic Party is a big tent, but the vast majority of Democrats are progressives" — and recalled last year's successful fight against Bush's Social Security plan.

"There was a time when the DLC supported privatization of Social Security. You don't hear them talking about that very much because we have basically won that battle," Hickey said. "There may or may not be [the] same debate on foreign policy, with the DLC saying the party ought to support the administration on Iraq."

Hickey cited Sen. Joe Lieberman (D-Conn.) as the "epitome" of centrist compromise. Lieberman's surging Democratic primary foe, Ned Lamont, tied his evening fundraiser to the conference.

Clinton's speech may have laid bare the Democrats' internal fault lines over the war, but Democratic overconfidence became another contentious conference issue. While Campaign co-director Robert Borosage warned in The Nation this week that "nothing could be more pernicious" than Democrats' expecting to take back Congress on the strength of low presidential approval, the air was thick with anticipation of a new majority.

The Congressional Progressive Caucus, led by California Democratic Reps. Barbara Lee and Lynn Woolsey, hung a hopeful banner on its exhibition table: "If the House majority flips in November, half of chairs of 20 standing House Committees will be Progressive Caucus members. PLUS, An additional 31 Congressional Progressive Caucus members will be subcommittee chairs."

Progressive Caucus policy adviser Bill Goold said the conference was "a golden opportunity" to connect left-leaning lawmakers with grassroots liberal networks outside Washington. Goold pointed to the group's series of ad hoc hearings on U.S.-Iranian relations, the latest of which will take place next week.

The ultimate goal, Goold said, is to "develop an alternative Democratic national-security strategy," separate from but "supplementary to" the security plan that Pelosi and other party leaders unveiled this spring.

"It's a very hard thing to modulate," said Matt Bennett, communications director on Gen. Wesley Clark's 2004 presidential campaign and a co-founder of the new centrist group Third Way. "On the one hand, you definitely don't want to measure drapes. On the other hand, you've got to look confident and got to be able to talk to people about what will happen if they vote for you."

Clinton, in her speech, similarly called on Democrats to amplify their talk of an affirmative agenda, as did House Minority Leader Nancy Pelosi (D-Calif.), who proudly recalled her own vote against the war in Iraq.

When Clinton called U.S. troops "the best we have to offer," she received a few small cheers and loud cries of "No!" from the conference audience. Pelosi made her own plea to support the troops and received a thunderous ovation.

Anti-war Activists Jeer Hillary Clinton (AP-Y2)

By Devlin Barrett

AP2, June 13, 2006

Anti-war activists at a liberal gathering booed Sen. Hillary Rodham Clinton on Tuesday for opposing a set date for pulling U.S. troops from Iraq. Facing down the jeers, Clinton said Democrats need to have "a difficult conversation" about the war.

Another potential presidential candidate, Sen. John Kerry, spoke to the group later in the day and offered an emphatically anti-war appeal.

"Sometimes this is a difficult conversation, in part because this administration has made our world more dangerous than it should be," said Clinton, D-N.Y.

Kerry, who was widely criticized as the party's standard-bearer in 2004 for being too cautious in his criticism of the war, said Tuesday that politicians "cannot have it both ways."

In remarks that could have been aimed at Clinton, Kerry said: "It's not enough to argue with the logistics or to argue about the details. ... It is essential to acknowledge that the war itself was a mistake. ... It was wrong, and I was wrong to vote for that Iraqi war resolution."

Kerry's speech featured some of his strongest comments to date, including a call to "end a war in Iraq that weakens the nation each and every day it goes on."

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The Massachusetts senator is offering an amendment to withdraw troops from Iraq by the end of this year.

While Clinton received loud cheers for her swipes at the Bush administration, many in the crowd jeered her stance on the Iraq war. She voted for the war but has since harshly criticized the Bush administration's handling of the conflict.

"I do not think it is a smart strategy, either, for the president to continue with his open-ended commitment, which I think does not put enough pressure on the new Iraqi government," said Clinton, before turning to the anti-war liberals' core beef with her.

"Nor do I think it is smart strategy to set a date certain. I do not agree that that is in the best interests," said Clinton, prompting loud booing from some at the gathering.

Clinton has been seen as the early favorite among potential Democratic candidates for president in 2008, but she is increasingly at odds with anti-war liberals over her past vote and current position on Iraq.

After addressing Iraq, Clinton quickly turned to the 2006 election, saying her party needs to speak to middle-class Americans and overcome disagreements.

"If we're going to win in November then we have to be smarter, tougher, and better prepared than our opponents, because one thing they do know how to do is win and we have to reach out to people who may not be able to agree with us," she said.

"We have to talk about the range of issues that are on their minds that they talk about around the kitchen table," Clinton said.

Before speaking to the group, another potential presidential candidate, Iowa Gov. Tom Vilsack, questioned whether Congress had done its part in asking tough questions.

"Congress has a responsibility here," Vilsack said, in a subtle criticism of potential 2008 rivals like Kerry and Clinton. "If the tough questions aren't being asked by the administration, the checks and balances system of our government requires that the other branch of government asks the tough questions."

Speaking at the Johns Hopkins University School of Advanced International Studies, Vilsack cautioned against rushing for a quick exit from Iraq now.

"I personally don't think now is a time to say on a date certain we are leaving," he said.

Clinton And Kerry Show Democratic Divide On Troop Withdrawal (NYT)

By Adam Nagourney And Robin Toner

The New York Times, June 14, 2006

WASHINGTON, June 13 — At the moment that the White House is again trying to cast them as weak on national security, Democrats are debating their stance on the war in Iraq with new intensity, with some of the party's leading figures — including potential 2008 presidential candidates — sharply divided over whether the United States should set a deadline for bringing troops home.

Senator Hillary Rodham Clinton, Democrat of New York, faced boos and shouts of "bring them home" from an audience of liberal Democrats here on Tuesday as she argued against setting a deadline, wading into what she called a "difficult conversation." Thirty minutes later, the same crowd applauded wildly as Senator John F. Kerry, Democrat of Massachusetts, the party's 2004 presidential candidate, implored the Senate to back his call for a six-month deadline for withdrawal, and said he regretted his initial support for the war.

"It is essential to acknowledge that the war was a mistake — to say the simple words that contain more truth than pride," Mr. Kerry said, adding: "It was wrong and I was wrong to vote for that resolution."

With President Bush making a high-profile visit to Baghdad, and his chief political adviser, Karl Rove, having unleashed a sharp attack on Democrats over the war, Republicans said Democratic infighting over Iraq would hurt Democrats as the midterm elections approached.

On a day when Defense Secretary Donald H. Rumsfeld and Secretary of State Condoleezza Rice appeared on Capitol Hill to press the administration's message that Iraq was making progress, Representative Thomas M. Reynolds of New York, the head of the National Republican Congressional Committee, described Democrats as "all over the lot" on Iraq.

His Democratic counterpart, Representative Rahm Emanuel of Illinois, said that the war would prove a burden for Republicans, given its unpopularity and the perception that the White House has no withdrawal plan. .

Representative Barney Frank, a Massachusetts Democrat, said the House Democratic caucus shared "a pretty universal disgust" with the Bush administration's management of the war.

He estimated that 50 percent or more of the caucus supported the position of Representative John P. Murtha, the Pennsylvania Democrat who has called for a speedy pullout of American combat troops.

That division was on dramatic display before thousands of liberals at a "Take Back America" convention on Tuesday.

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Mrs. Clinton, while well received on other issues, found herself talking over some boos when she argued against a deadline for troop withdrawal.. "I have to just say it — I do not think it is a smart strategy either for the president to continue with his open-ended commitment, which I think does not put enough pressure on the new Iraqi government, nor do I think it is smart strategy to set a date certain," Mrs. Clinton said. "I do not agree that that is in the best interests of our troops or our country."

Representative Nancy Pelosi of California, the minority leader, was warmly applauded when she reiterated her support for the Murtha proposal.

Both the Senate and the House have scheduled extensive debates and voting this week that will deal with American policy in Iraq. On Thursday, House Republicans will present a resolution that declares the war in Iraq to be a critical part of the "global war on terror" and declares, "It is not in the national security interest of the United States to set an arbitrary date for the withdrawal or redeployment" of troops.

Democrats scoffed at the Republican resolution as pure tactics — "a political not a policy statement," in the words of Representative Steny H. Hoyer, the Democratic whip.

But Democratic leaders in the House and Senate are scrambling to produce their own, unifying resolutions on Iraq, that would go beyond the language they embraced last year, calling for 2006 to be a year of "significant transition" in Iraq.

In the Senate, a variety of amendments are expected to be offered this week to a major defense bill — including Mr. Kerry's proposal for a withdrawal of most American combat troops by the end of the year, combined with a summit to find a political and diplomatic solution to Iraqi's internal strife.

A vote on a Kerry-style amendment could create a hard choice for Democrats in the Senate: antagonize the party's antiwar base or provide fodder for Republican attacks. Senate Democratic leaders, not surprisingly, were seeking a less stark alternative to put before their members — including a possible call for a "responsible redeployment" of American troops starting this year.

Liberal Activists Boo Clinton (WP)

By Dan Balz

The Washington Post, June 14, 2006

Sen. Hillary Rodham Clinton (D-N.Y.) drew boos and hisses from an audience of liberal activists yesterday as she defended her opposition to a timetable for withdrawing U.S. forces from Iraq, and later she received an implicit rebuke from Sen. John F. Kerry (D-Mass.) for failing to acknowledge that her support for the war was a mistake.

Clinton's and Kerry's appearances at the Take Back America conference at the Washington Hilton put on vivid display the Democratic Party's divisions over the foreign policy issue that dominates this year's midterm elections, and the two possible 2008 presidential candidates offered a preview of the debate that could dominate the battle for the party's nomination.

Clinton and Kerry supported the 2002 congressional resolution authorizing the Iraq war. Kerry recently renounced that vote, but Clinton has never done so. She finds herself in opposition to a majority of Democratic activists and is the target of passionate criticism from some of them.

Clinton won repeated applause through most of her speech, which dealt at length with domestic issues but also sharply criticized President Bush's handling of the war. But the audience turned against her when, in what she called a difficult conversation, she restated her long-standing position about timetables for withdrawing U.S forces.

"I have to just say it," she began. "I do not think it is a smart strategy either for the president to continue with his open-ended commitment, which I think does not put enough pressure on the new Iraqi government, nor do I think it is smart strategy to set a date certain. I do not agree that that is in the best interest of our troops or our country."

Clinton finished on a more positive note, with an exhortation about winning the November elections that brought audience members to their feet cheering. But within minutes, as she worked the rope line on her way out of the hotel ballroom, she was the target of protesters, who chanted "Bring the troops home" and "Stop the war."

Later, after Clinton's departure, Kerry delivered a fiery denunciation of the war that was continually interrupted with cheers and applause, and he repeated his call for "a hard and fast deadline" for withdrawing troops. At one point, Kerry, the Democrats' 2004 presidential nominee, appeared to be directing his comments at the woman who leads early national Democratic polls for 2008.

"Let me say it plainly," Kerry said. "It's not enough to argue with the logistics or to argue about the details or the manner of the conflict's execution or the failures of competence, as great as they are. It is essential to acknowledge that the war itself was a mistake, to say the simple words that contain more truth than pride. We were misled. We were given evidence that was not true. It was wrong, and I was wrong to vote for that Iraqi resolution."

Kerry struggled throughout the 2004 campaign to square his vote for the resolution and his later opposition to an $87 billion funding bill for the troops. As if to drive home the point that he thinks Clinton and others who share her views are in a similarly

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untenable position, he told the audience yesterday: "One of the great lessons of life is that you cannot change the future if you're not honest about the past. And we cannot have it both ways in the war in Iraq."

Spokesman David Wade said Kerry's remarks were not directed specifically at Clinton.

Even before Clinton arrived for her speech, it was clear that she faced a potentially hostile audience. Roger Hickey, co-director of the Campaign for America's Future, the conference's sponsor, admonished the audience to be friendly to the morning speakers. "We owe them our courteous attention," he said. As the audience waited for Clinton to arrive, some passed out anti-Clinton literature to reporters.

The Campaign for America's Future, a leading liberal group, has battled with centrist Democrats over the direction of the party.

Clinton and Kerry spoke just as the news was breaking about Bush's secret trip to Baghdad. Administration officials have seized on the formation of the new government in Iraq and the killing last week of Abu Musab al-Zarqawi, the leader of al-Qaeda in Iraq, to mount an offensive to turn around public perceptions about the war that threaten to damage Republicans in the November elections.

House Minority Leader Nancy Pelosi (D-Calif.), who called the war a "grotesque mistake," challenged the administration's claims of progress during her appearance at the conference.

"As we talk about a new direction for America, I think one place that it is very clear that we need a new direction is in the war in Iraq," she said.

Pelosi joined Kerry in calling for a timetable to pull out the troops, saying she supports a plan outlined earlier by Rep. John P. Murtha (D-Pa.).

One Clinton adviser dismissed questions about whether the senator had sought to draw dissents from the crowd as a way to burnish her credentials as a strong-on-national-security centrist. "She had enough respect for her audience not to pander or duck the issue," said strategist Howard Wolfson.

Democrats Are Still Divided Over The War In Iraq (KRT)

By James Kuhnhenn

Knight Ridder, June 13, 2006

WASHINGTON - The Democratic Party's split over the Iraq war cracked into view Tuesday as liberals hissed New York Sen. Hillary Clinton's opposition to setting a date for U.S. troops' withdrawal and cheered Massachusetts Sen. John Kerry's call to bring them home by the end of the year.

The intra-party division has haunted Democrats from the start of the war and bedeviled Kerry during his 2004 presidential run. The lack of a harmonizing party message comes as public opposition to the war has been strong and congressional elections are about five months away.

"We can't have it both ways," Kerry declared to a gathering of liberal activists in Washington. "Tell Hillary!" a member of the audience shouted back.

Clinton, speaking at the same gathering, which was sponsored by the Campaign for America's Future, criticized President Bush for "his open-ended commitment," but the New York senator added: "Nor do I think it is smart strategy to set a date certain. I do not agree that that is in the best interest of our troops or our country."

Her Iraq remark, a brief reference in an otherwise well-received speech on her broader view of the party's agenda, provoked boos and calls of "Bring the troops home!"

The disagreement was all the more illustrative of the Democratic Party's division since it featured two potential rivals for the 2008 Democratic presidential nomination. It also comes as Republicans in Congress are preparing to launch their own debate with Democrats on the war. House Republican leaders have scheduled floor action for Thursday on a resolution that equates the fighting in Iraq with the war on terrorism.

The emerging debate holds political peril for both parties. A majority of Americans oppose the war and call it a mistake. But Republicans believe they'll benefit from last week's killing of al-Qaida leader Abu Musab al-Zarqawi and by the final appointments to the Iraqi Cabinet. They also argue that Democrats alienate voters when they propose deadlines for withdrawing troops to appease the party's left wing.

"There's a lot of angst about Iraq," said Republican pollster Whit Ayres. "But when the debate occurs around whether we should withdraw troops immediately, we're playing on Republican turf."

Kerry calls for U.S. troops to withdraw by the year's end, arguing that the Iraqi government will move decisively to take over security and government functions only when faced with a deadline. The Massachusetts senator plans to introduce an amendment to a defense policy bill on Thursday that would set such a timetable.

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But the cheers Kerry heard from liberals Tuesday morning weren't being echoed by all his Democratic colleagues later in the day.

"I think just a naked date, without it being attached to what our plan as to how you would succeed in leaving something better, would not be the most appropriate way to go," said Sen. Joseph Biden of Delaware, the ranking Democrat on the Senate Foreign Relations Committee.

Senate Democratic Leader Harry Reid of Nevada was negotiating with Kerry and other senators to find a compromise that could win a majority of Democratic votes. Some Democrats are pressing for a withdrawal date of December 2007.

Kerry told reporters he's willing to change his amendment and the specific deadline "if I can get 20 or 30 Democrats who can agree on a date that is a few months different."

He also downplayed his differences with Clinton. "We're united in the notion that you have to change directions," he said.

Democratic strategists argue that the party is better served by presenting a broad alternative to Bush rather than focusing on specific policies.

"What will drive the big vote in November around this issue is general discontent around the course of the war and desire to change direction," said Tad Devine, a Democratic media strategist who helped Kerry's 2004 campaign. "Democrats need to have a very simple message: `We need to change course.' The fundamental question of what we do is a question of governing, not of campaigns."

House Democrats complained Tuesday that the Republican war resolution to be debated Thursday was a political maneuver designed to paint Democrats into a corner. It links the war in Iraq to the war on terrorism, but most conflict in Iraq rises from sectarian violence and nationalist resistance from insurgents.

"It's a political statement, not a policy statement," said Rep. Steny Hoyer of Maryland, who's the second-ranking House Democratic leader as party whip.

Kerry said the House resolution "once again misinterprets the war on terror and poses a false choice for Americans."

House Republican Leader John Boehner of Ohio said the debate is a legitimate one.

"Many of us believe that Iraq is part of the war on terror, and if they (Democrats) don't believe that, they can vote no," he said. "I am sorry that some people have to make an uncomfortable decision."

Liberal Groups Treat Hillary To Jeers, Cheers (WT)

By Eric Pfeiffer And Alison Hoover

The Washington Times, June 14, 2006

Sen. Hillary Rodham Clinton was treated to both heckles and cheers yesterday by liberal activists in a mixed day for the New York Democrat on the campaign trail.

Yesterday morning, Mrs. Clinton spoke at the "Take Back America" conference, held at the Washington Hilton. Protesters upset with Mrs. Clinton's vote to authorize the Iraq war in 2002 stood outside the hotel with a sign that read, "It takes one bomb to raze a village."

Before Mrs. Clinton arrived, event organizer Robert Borosage asked the crowd to be respectful toward her and the other speakers, saying, "We owe them our courteous attention."

Mrs. Clinton took the stage to a standing ovation with only a few scattered boos from the crowd. However, when she said that "it is not a smart strategy" to set a deadline for withdrawal of troops from Iraq, Mrs. Clinton was loudly booed by the audience. At the end of her speech, the crowd began to chant, "Bring them home."

House Minority Leader Nancy Pelosi and Sen. John Kerry followed Mrs. Clinton and were treated to enthusiastic applause in their calls for an immediate withdrawal of American troops from Iraq.

"Have you had enough of a war that is failing to make America secure?" Mrs. Pelosi, California Democrat, asked the crowd.

The bulk of Mr. Kerry's speech dealt with Iraq, including the announcement of his intention to introduce legislation in the Senate this week calling for an up-or-down vote on troop withdrawal.

"A war in Iraq founded on a lie can never be true to America's character," said Mr. Kerry, Massachusetts Democrat.

Mrs. Clinton received a warmer response later in the day when she promised a group of pro-choice activists that she would continue blocking Senate confirmation of President Bush's nominee for Food and Drug Administration commissioner in protest of the FDA's failure to make a decision on over-the-counter sales of Plan B emergency contraception.

Dr. Andrew von Eschenbach was nominated to the post in March, but Mrs. Clinton and Sen. Patty Murray, Washington Democrat, have placed a hold on his nomination.

"We will continue to hold that nomination until the FDA issues a decision on Plan B: yes or no," Mrs. Clinton told the National Family Planning and Reproductive Health Association.

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"The FDA's 2004 decision not to approve over-the-counter sales was politically motivated," Mrs. Clinton said, while accepting the group's public-service award at yesterday's luncheon. "Increasingly, I see Washington being turned into an evidence-free zone where inconvenient facts are totally denied or dismissed ... where the beliefs and values of Americans take a back seat to the ideological agenda of a select few."

However, it was revealed this week that the FDA's former chief told a court under oath that his agency intended to allow over-the-counter sales of Plan B last year, but delayed the move while determining how to limit those sales to adolescents.

Former FDA Commissioner Lester Crawford said he had reserved the right to decide whether to loosen the sales restrictions, but he said his Aug. 26 announcement was to work out how to enforce restricting nonprescription sales to women 17 and older. Girls 16 and younger still would need a prescription.

"There was no -- no talk of denial, there was talk of trying to get straight what the enforcement procedures would be," Mr. Crawford testified in a May 24 sworn deposition in a lawsuit against the FDA.

The transcript of his testimony was released late Monday by the Center for Reproductive Rights, which has sued to force the agency to allow over-the-counter sales for all ages.

Mrs. Clinton also used her luncheon speech luncheon to push for two related measures in the Senate.

The Unintended Pregnancy Reduction Act would expand Medicaid coverage of "family-planning services," Mrs. Clinton said, while the Prevention First Act would require health insurance coverage for contraception and require federally funded hospitals to provide emergency contraception to rape victims. Some Catholic hospitals do not provide such contraception, which they view as inducing abortions.

Democrats Not Finding Unity On Iraq Party Leaders Offer Markedly Different Visions On How To End War (SFC)

By Marc Sandalow

San Francisco Chronicle, June 14, 2006

Washington -- In a span of 90 minutes Tuesday, three prominent Democrats offered competing visions of how to proceed in Iraq and displayed how difficult it will be to turn what was once the Republican Party's strongest asset into its electoral downfall.

As President Bush was returning from his surprise visit to Baghdad, Sen. Hillary Rodham Clinton of New York, a leading contender for the Democratic Party's 2008 presidential nomination, told a gathering of nearly 2,000 liberals that the war was a "strategic blunder," but warned it would not be in the nation's interest to "set a date certain" for withdrawal.

She was followed by House Democratic leader Nancy Pelosi of San Francisco, who told the same group the war was a "grotesque mistake," and that troops should be withdrawn "at the earliest practical date."

And moments later, Sen. John Kerry of Massachusetts, the party's standard bearer in 2004, said he had made a mistake by voting to authorize the president to use military force in Iraq, and called for a "hard and fast deadline" for troop withdrawal.

Democrats have put aside many differences in their common yearning to gain seats in the 2006 midterm congressional elections. Yet when it comes to the war that has polarized the nation, and by some accounts is shaping up as the biggest issue in the November election, Democrats are struggling to speak with a single voice.

A USA Today/Gallup poll released Tuesday found that most Americans considered the killing of al Qaeda leader Abu Musab al-Zarqawi a "major achievement" and suggested that opinion which has turned steadily against the war remains volatile.

The poll found that 51 percent of Americans still say it was a mistake to go to war in Iraq, a drop from nearly 60 percent at the end of last year. The new poll found that 48 percent believe the war is winnable, up from 39 percent in April.

And the Democratic disagreements on display Tuesday came on the eve of debates in the House and Senate over the future of the war, which leaders hope will clarify the different views of the two parties.

After months of negotiating, Democrats have united around a common call that 2006 be a "year of significant transition" in Iraq, a statement so broad that it would be hard for anyone, the president included, to disagree. By comparison, a resolution written by Rep. Lynn Woolsey, D-Petaluma calling on Bush to "develop and implement a plan to begin the immediate withdrawal" of troops, has attracted just 35 co-sponsors.

Strategists have given Democrats mixed advice; some have called on Democrats to exhibit spine by demanding a swift pullout, while others have warned the party risks a backlash if they are seen either as weak or as trying to exploit violence for political purposes.

The conflict was evident Tuesday as Clinton, long a favorite of the party's left, spoke before liberals at the "Take Back America" conference in the ballroom of a Washington hotel.

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"I have to just say it: I do not think it is a smart strategy either for the president to continue with his open-ended commitment," she said, "nor do I think it is smart strategy to set a date certain. I do not agree that that is in the best interest of our troops or our country."

Many in the crowd cheered. Many booed. Hecklers began yelling "bring the troops home." And when Clinton had finished speaking, she was met by a loud chants of "bring the troops home, now!"

By contrast, Kerry who like Clinton is believed to be eyeing a possible presidential candidacy in 2008, delivered an unambiguous indictment of Bush's conduct of the war, displaying clarity and rhetorical resolve that was often missing during his losing campaign against the Republican president in 2004.

Kerry called Iraq and Vietnam, the "two most failed foreign policy choices" in the nation's history, and made a biting contrast between Bush's surprise visit to Iraq early Tuesday and the president's lack of combat duty in Vietnam.

"Now, I fully understand that Iraq is not Vietnam. After all, President Bush is even there today," Kerry said.

Kerry, who earned two purple hearts and a silver medal in Vietnam, went on to draw parallels between the current conflict and the war he protested as a returning veteran in the early 1970s.

In both conflicts, Kerry said, the U.S. intervened "based on official deceptions" and to fight "a larger global war under the misperception that the particular theater was just the latest battleground."

"And as in Vietnam, we have stayed and fought and died even though it is time for us to go," Kerry said. "It was right to dissent from a war in 1971 that was wrong and could not be won. And now, in 2006, it is both a right and an obligation for Americans to stand up to a president who is wrong today."

The largely anti-war crowd cheered Kerry, as they did Pelosi when she reminded them that in 2003 as the ranking Democrat on the House Intelligence Committee, she had warned that the intelligence did not support the threat being made by the administration.

Pelosi said she stood by the plan promoted by Rep. John Murtha, D-Pa., which calls for a redeployment of troops "over the horizon" as soon as is practically possible.

"There are only two directions to take in Iraq: the president's plan of stay the course and let a future president sweep up after you, or the Murtha plan to change the direction of that course. I support the Murtha plan."

Some party leaders say that Democrats are united in their resolve that the U.S. should not set up permanent military bases in Iraq, and that Bush has botched the execution of the war.

And they insist their differences are being blown out of proportion.

On NBC's Today show Tuesday morning, Democratic Party chairman Howard Dean was shown two quotes, one from Pelosi supporting the Murtha plan and one from Rep. Steny Hoyer of Maryland, the No. 2 ranking House Democrat, who said in response to Murtha's plan that "a precipitous withdrawal of American forces in Iraq could lead to disaster, spawning a civil war, fostering a haven for terrorists, damaging our nation's security and credibility."

"I see no difference between what Steny Hoyer just said and what Nancy Pelosi said," Dean responded.

Clinton Opens Debate On Family Planning (NYT)

By The New York Times

The New York Times, June 14, 2006

WASHINGTON, June 13 — Senator Hillary Rodham Clinton moved on Tuesday to shift the debate over abortion rights to the subject of access to family planning services, saying that the nation's focus should be on preventing unwanted pregnancies.

Mrs. Clinton's remarks, made to members of the National Family Planning and Reproductive Health Association in Washington, reflect the degree to which Democrats around the country are trying find a middle ground on the polarizing issue of abortion rights since their party's defeats in the November 2004 elections.

"Let us unite around a common goal of reducing the amount of abortions," the senator said. "Not by making them illegal as many are attempting to do, or overturning Roe v. Wade and undermining the constitutional protections that decision provided, but by preventing unintended pregnancies in the first place through education, contraception, accessible health care and services, empowering women to make decisions."

Mrs. Clinton, a potential candidate for the presidency who is up for re-election in the Senate from New York this year, also used her speech to take a jab at Republicans who, while adamantly opposed to abortion rights, have resisted efforts to pay for programs providing greater access to contraception and other family planning services.

Specifically, Mrs. Clinton criticized the Bush administration for failing to provide adequate money for government family planning programs, as well as for refusing to approve over-the-counter sales of Plan B, an emergency contraceptive.

Mrs. Clinton said that the Food and Drug Administration's refusal to approve the Plan B contraceptive was a prime example of the "Washington Republican war on contraception."

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"Let's really understand what we're up against," she continued. "This is not just about Roe, this is not just about choice, this is about contraception, family planning and, most profoundly, women's roles and responsibilities and rights."

Mrs. Clinton's advisers say that shifting the debate to family planning is a way for the Democratic Party to gain an upper hand over Republicans. "It's time to go on the offensive," one of Mrs. Clinton's advisers said. Her advisers noted how Republicans have put Democrats on the defensive in the debate on this issue, particularly on a procedure that anti-abortion groups call partial-birth abortion.

But the campaign of one of Mrs. Clinton's Republican opponents in the New York Senate race, John Spencer, a former mayor of Yonkers, accused her of engaging in empty political rhetoric.

"It's very good to be talking about a middle ground in the abortion debate," said Kevin Collins, a spokesman for the Spencer campaign. "But she has never supported any limit or restriction on what can be a gruesome procedure, partial-birth abortion."

Mrs. Clinton began talking about a need for compromise more than a year ago, shortly after the 2004 elections, when some Democrats began arguing that the party's poor showing stemmed from the fact that it was seen as too liberal on social issues.

Speaking to abortion rights supporters in Albany in January 2005, Mrs. Clinton said both sides in the debate needed to work together to prevent unwanted pregnancies and ultimately reduce abortions, which she called a "sad, even tragic choice to many, many women." Mrs. Clinton made her remarks on the same day as the annual anti-abortion campaigners' rally in Washington marking the Roe v. Wade anniversary.

On Tuesday, she echoed that sentiment. "There is a lot of common ground we can find together," she said.

In making the case for reducing abortions, rather than outlawing the procedure, Mrs. Clinton noted that her husband's administration managed to reduce teenage pregnancy by nearly one-third through an ambitious campaign that focused on family planning.

"Why did that happen?" Mrs. Clinton said. "Well, it happened because people came together instead of pointing fingers at each other and, you know, walling each other off in our respective camps."

Citing a recent study by the Guttmacher Institute, which is a nonprofit corporation with headquarters in Washington and New York that researches reproductive health, Mrs. Clinton noted that a poor woman is four times as likely to experience an unplanned pregnancy as a higher-income woman.

"High-income women have quick, convenient access to contraceptives; low income women do not," she said. "And the result is often and increasingly becoming unintentional, unintended pregnancy."

Rove Rallies NH GOP Before Midterm Election (MUL)

By John Distaso

The Manchester Union Leader, June 14, 2006

MANCHESTER – When he sharply accused key Democrats this week of "cutting and running" on the Iraq war, Karl Rove was in a broad way urging New Hampshire Republicans to stand by President George W. Bush during this key mid-term election campaign.

ROVE

Bush's approval ratings are at a low ebb. Democrats in New Hampshire and across the country believe the GOP is vulnerable. But Rove, Bush's long-time political adviser, returned to basics on Monday, verbally drawing a clear bright line between the two parties in trying to rally the faithful.

In his 20-minute speech to the New Hampshire Republican State Committee's annual dinner, Rove focused on taxes, spending and national security.

He sharpened the differences between the two parties with vintage "red meat" rhetoric.

"They're for higher taxes," he said of the Democrats. "We're for lower taxes.

"They're for more spending. We're for less spending."

The Democratic National Committee said Rove and the Republicans "are recycling their tired and despicable partisan attacks" and have no "real solutions."

If Rove appeared particularly feisty, it may have been because he had just received good news. According to news reports, when Rove landed in Manchester, he was told by his attorney that he would not be indicted in the Valerie Plame/CIA leak special counsel investigation.

In his speech Rove reminded the crowd economy was already sputtering when Bush took office and was further damaged by the 9/11 terrorist attacks and corporate scandals.

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"In the 90 days after 9/11, the American economy lost 1 million jobs," he said. "Then we had corporate scandals, which caused concern about our markets."

Bush's remedy was to cut taxes "and give people back more of their own money," said Rove. "We have cut taxes every single year this President has been in office" in a host of areas, including income, capital gains and dividends, and Bush temporarily eliminated the death tax.

"We're on our way to cutting the deficit in half by 2009," he said, by cutting taxes and limiting spending.

Democrats , he said, "voted against budget restraint. They voted against the tax cuts.

On foreign policy, Rove said the war in Iraq is a difficult but necessary part of the global war on terrorism.

"The President decided we will no longer tolerate attacks on the people and territory of the United States of America, and we were right to do so," he said.

Rove said Islamic radicals aim to spread their influence from Indonesia to Morocco, continue terrorizing the United States and destroy Israel.

Rove read quotes supportive of removing Saddam Hussein made by Massachusetts Sen. John Kerry in 2002.

"I guess you can say he was for the use of force before he was against the use of force," Rove said. He noted that Kerry now supports the withdrawal of American troops.

For The GOP, A Base Hit Isn't Enough (WP)

By Sarah Chamberlain Resnick

The Washington Post, June 14, 2006

The inside-the-Beltway crowd has been chattering about the need for Republicans to reconnect with the "conservative base." Columnists, talking heads and other so-called experts have been going on at length about the need for the GOP to motivate this base to save our congressional majorities in the fall. While this may make for interesting banter on the Sunday morning talk shows, the reality is that Republican majorities in the House and Senate do not rest on the base alone. While keeping that segment of the party motivated is certainly an important factor in the November midterms, it isn't enough. To maintain our majorities, particularly in the House, our party must reach out to independent and swing voters.

A recent Cook Political Report/RT Strategies poll gave Democrats an 11-point generic ballot advantage on the question, "Which party would you like to see in control of Congress?" Not surprisingly, by a margin of 87 percent to 8, self-identified Republicans say they prefer Republican control. By similar margins, self-identified Democrats prefer Democratic control. The 11-point advantage for Democrats is due not to an unmotivated base but to a dramatic shift among independents against Republican control of Congress. By a greater than 2-to-1 margin (46 percent to 21 percent), independents say they prefer Democratic control of the House.

Against this backdrop, it's not surprising that Democrats are pinning their hopes of retaking the House on what has been dubbed the Northeast Strategy, which targets Republican incumbents in such blue states as New York, New Jersey, Pennsylvania, Connecticut and New Hampshire. According to the New York Times, independent analysts say at least a dozen races in these states will be competitive. And Republican incumbents in closely divided or blue-leaning, Northeastern districts rely heavily on independent voters to provide the margin of victory on Election Day.

In what may be the cruelest of ironies, if Republicans are punished by independent voters in the midterms, it will be the centrist, independent Republicans from the Northeast who will be the most likely victims. For Democratic strategists and left-wing interest groups hoping for a Speaker Pelosi, a Republican legislative agenda that plays only to the conservative base this year is a dream come true.

For Republicans to hold the House, we must win back disaffected independent swing voters. To do this, Republicans in the House must pursue a legislative agenda that reflects the values and priorities of average Americans. In the poll cited above, independents list their top five concerns as jobs and the economy, Iraq, health care, gasoline prices, and education. Independent swing voters want more than just empty rhetoric and divisive wedge politics -- they want results.

Centrist Republicans in the House are showing leadership on the issues independent voters care about. Nancy Johnson of Connecticut and Fred Upton of Michigan have spearheaded the effort to protect critical investments in education and health-care programs during this year's budget process. Efforts to curb skyrocketing gas prices through tough new legislation on price gouging have been championed by Heather Wilson of New Mexico. Mike Castle of Delaware and Jim Gerlach of Pennsylvania have led the way on ethics reform designed to restore and protect the integrity of the legislative process. On issue after issue, centrist Republicans in the House are fighting for an agenda that offers common-sense solutions to the problems facing our nation. Republican leadership in Washington should support and encourage these centrist efforts to reach out to independent swing voters.

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In 1994 a Republican tidal wave brought our party into control in the House and Senate. Success at the polls that year didn't rely solely on a motivated conservative base. From 1992 to 1994 the Republican percentage among independents had grown by 10 points -- from 46 percent to 56. The Republican Revolution was a two-pronged effort relying on both a motivated conservative base and efforts to reach out to independent swing voters. To maintain that majority in 2006, we'd do well to remember the lessons of 1994.

The writer is executive director of the Republican Main Street Partnership, an organization of moderate Republicans that includes a number of members of Congress and other officials.

Laura Bush Stumps For Kean, And Things Go Smoothly (NYT)

By David W. Chen

The New York Times, June 14, 2006

LAKEWOOD, N.J., June 13 — The last time someone from the White House came to New Jersey to campaign for State Senator Thomas H. Kean Jr., things did not go according to plan.

Vice President Dick Cheney arrived in Newark then to show his solidarity with Mr. Kean, but Mr. Kean was late after taking the usually traffic-clogged Route 1 from Trenton rather than the speedier New Jersey Turnpike, prompting speculation that he did not want to be photographed with Mr. Cheney.

Almost three months later, when a far more popular administration figure — Laura Bush, the first lady — arrived here on Tuesday for a fund-raiser for Mr. Kean's candidacy for the United States Senate, everything appeared to run smoothly.

Mr. Kean and Mrs. Bush appeared on stage together, under a big, white tent just a few miles from the Shore, and Mr. Kean delivered, almost verbatim, the same speech from his primary night celebration a week ago.

First, he repeated his line that his Democratic opponent, Senator Robert Menendez, was not running against President Bush, but against Mr. Kean. He repeated his opening quotation from Robert F. Kennedy, and his closing one from Ronald Reagan. In between, he repeated the same lines that generated tremendous party enthusiasm a week ago.

"The people of New Jersey can no longer afford a Hudson County party who puts politics first and people second," he said. "We need to elect a new United States senator who will bring a true moral compass to office."

Mrs. Bush did not refer specifically to Mr. Menendez. Instead, in remarks that lasted 10 minutes and were occasionally interrupted by people shouting, "We love you, Laura!" she praised Mr. Kean's record in Trenton, and his pedigree as the son of a popular governor and grandson of a congressman.

"For Tom, public service is a family tradition, and let me tell you, there is nothing wrong with that," she said, before leaving the stage with Mr. Kean to the strains of Brooks and Dunn's "Play Something Country."

There is no word yet on when, or whether, President Bush will visit New Jersey to campaign, since he remains unpopular in the state. "We haven't had that conversation yet," Mr. Kean said when asked that question.

Still, the fact that Mrs. Bush came to support Mr. Kean so early in the election season is the latest indication of how optimistic the national Republican Party is that it can put a New Jersey Republican in the Senate for the first time in three decades.

Polls foresee a tight race, each camp indicates that up to $20 million might be needed to win, and political heavyweights from both parties have paid a visit. Senator John McCain of Arizona and former Mayor Rudolph W. Giuliani dropped by for Mr. Kean, and Senator Barack Obama of Illinois came on behalf of Mr. Menendez.

Mr. Menendez, with $6.4 million on hand, still has a significant advantage in fund-raising, according to the most recent financial filings, far more than Mr. Kean's $1.8 million. Lawrence E. Bathgate II, a former finance chairman of the Republican National Committee who was the host of Tuesday's fund-raiser on the grounds of his law office here, estimated that the event would bring in $500,000 for both Mr. Kean and the state Republican Party.

Mr. Bathgate is no stranger to festive Republican fund-raisers in his backyard. Twenty-years ago in August, he was the host of a similar event — tent and all — for a candidate running for New Jersey governor. That candidate, of course, was Mr. Kean's father, and the special guest was Mrs. Bush's father-in-law, who was vice president at the time.

In N.Va., Chance Help From DeLay (WP)

By Annie Gowen

The Washington Post, June 14, 2006

One congressional primary candidate in Northern Virginia got some last-minute help from one of his district's newest voters, former House majority leader Tom DeLay, the Texas Republican who recently took up official residence in Alexandria.

Mark Ellmore, a candidate for the GOP nomination in the 8th Congressional District, said he had a chance meeting with DeLay on Sunday. DeLay, under indictment on campaign money-laundering charges in Texas, offered his support.

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Ellmore, who lost to Tom O'Donoghue in the GOP primary to face Rep. James P. Moran Jr. (D) in November, called DeLay's office Monday morning.

DeLay's staff members set up an automated call from their boss that went to 8,000 voters in the district -- which includes Alexandria, Arlington County and part of Fairfax County -- urging them to the polls to support Ellmore.

Problem was, in the intro, DeLay said "Northern California" instead of "Northern Virginia."

"It had to be done rapid-fire, and unfortunately it was just an error," Ellmore said. "People got the gist of the message. That Mark Ellmore -- as Mr. DeLay said -- is most capable of competing on the next level."

He said he welcomed DeLay's support -- regardless of what the majority of left-leaning voters in the district might think of the former Texas congressman.

"Look," Ellmore said, "I have zero political clout. I was honored."

Giuliani Lays Out Energy Strategy In N.Y. (AP-Y2)

By Beth Fouhy

AP2, June 13, 2006

Stepping up his political visibility as he contemplates a run for president, former Mayor Rudolph Giuliani laid out an energy strategy Tuesday that calls for more use of nuclear power and ethanol.

Speaking to the Manhattan Institute, a conservative think tank, Giuliani called for a comprehensive effort to wean the nation from petroleum. The Republican said there was no national strategy to do so, but avoided criticizing President Bush and congressional leaders.

In his State of the Union address, Bush also called for reducing the nation's reliance on foreign oil, in part through increased use of alternative fuels.

Giuliani said the best way for the U.S. to end its reliance on foreign oil is to diversify its own sources of energy.

"I think you can be independent by being diversified, the way many of you are familiar with a terrific portfolio," he said.

Giuliani said nuclear power has had a remarkably safe track record despite lingering concerns about the accidents at the Three Mile Island and Chernobyl nuclear plants in the 1970s and 1980s.

He urged governors and state legislators to make it easier for nuclear power plants to get operating permits.

He also called for more hybrid cars and tax incentives for ethanol, a fuel distilled from corn and mixed with gasoline. Backers have long argued that ethanol reduces dependence on foreign oil and reduces greenhouse gases.

Ethanol is especially important in Iowa, a corn producing state that is also home to the caucuses that begin the presidential nominating process.

Last month, Sen. Hillary Rodham Clinton, a potential Democratic presidential candidate, outlined an energy plan that called for a massive expansion of ethanol use.

Giuliani Says Nation Lacks Energy Policy (NYT)

By Patrick Healy

The New York Times, June 14, 2006

Challenging fellow Republicans in Washington, former Mayor Rudolph W. Giuliani said yesterday that the Bush administration lacked an energy policy and that greater reliance on nuclear power, ethanol-based fuels and hybrid vehicles was more realistic than President Bush's goal of independence from foreign energy sources.

Mr. Giuliani, who is considering a presidential bid in 2008, did not criticize Mr. Bush by name, and some of his ideas reflected Republican orthodoxy about increasing energy supply. Yet in a speech to conservative thinkers from the Manhattan Institute for Policy Research, Mr. Giuliani implicitly accused the White House of doing little to expand energy sources. Afterward, too, he expressed concern about global warming, saying that "everyone accepts the fact that it's happening and it has an impact."

"I can't imagine how you can achieve anything in government without a plan," he said in his remarks at the Princeton Club, referring to the nation's long-range energy needs. "This is an area where we haven't had a plan in a very, very long time."

Mr. Giuliani, whose consulting firm, Giuliani Partners, advises energy companies and a liquefied natural gas project on Long Island Sound, called for easing and hastening permits for more nuclear power plants, natural gas ports and oil refineries. He said the nation could not afford another 30 years without a far-sighted energy policy.

"We've been sitting there for a generation, just hoping there'll be some magic solution," he said.

His comments come as some of the leading Democratic presidential prospects, including Al Gore and Senator Hillary Rodham Clinton, have been highlighting environmental issues, particularly the need to move away from dependence on fossil fuels.

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Asked by an audience member what his advice to Mr. Bush would be, Mr. Giuliani called for fixed numerical goals and deadlines to build more nuclear power plants, encourage use of hybrid cars, and increase the supply of ethanol and other resources. Ethanol is an economic priority in Iowa, which has the nation's first presidential caucuses.

While Mr. Giuliani has spoken recently on immigration and terrorism, he has mostly avoided giving presidential-style addresses this year. He said yesterday he would make a decision about a presidential bid after the 2006 elections.

Yet he also did not fuss yesterday when an audience member asked how he would approach education as president. He spoke forcefully in favor of school choice and vouchers, saying education was "a major civil rights issue" in cities that had failing public schools.

He did not explicitly propose a program of federal vouchers, but he said he would emphasize the idea in office and urge local districts to "go to a choice system and break up the monopoly" of public school education.

Many political analysts regard Mr. Giuliani as a popular national political figure who would nevertheless be a long shot for the presidency, because he would face real challenges winning the Republican Party nomination. He supports abortion rights, gay civil unions and gun control measures, three positions that are unacceptable to many Republican primary voters.

Political advisers to Mr. Giuliani say they believe that national security, terrorism, the economy, and perhaps Iraq will dominate the 2008 race, and that Mr. Giuliani is in the Republican mainstream on those issues. They also note that, in large part because of leadership after the 9/11 attacks, Mr. Giuliani is in first or second place in most public opinion polls surveying the 2008 race; only Senator John McCain tends to do as well.

In recent months, Mr. Giuliani has applied his political muscle to raising money for Republican candidates for state and federal office, as well as defending President Bush's Iraq strategy and tax cuts.

Given how rarely he has publicly disagreed with the White House, Mr. Giuliani's complaints about federal energy policy were intriguing.

During the speech — in which he relied on a slide show instead of prepared remarks and rambled at times — Mr. Giuliani was relentlessly skeptical while also being short on specific solutions. He questioned the notion of energy independence that Mr. Bush and many Democrats have floated, yet his own alternatives were fairly general.

"The idea of energy independence for the United States is maybe the wrong paradigm — I don't know if we can ever be independent," he said. But he added, "I think you can be independent by being diversified," arguing that Americans needed to depend more on home-grown fuels and energy resources.

Mr. Giuliani repeatedly touted hybrid cars and said they needed "to be heavily supported and effectively moved forward." (It did not escape reporters' attention, however, that a large Escalade was idling outside for him.)

At the same time, he sounded a skeptical note about energy conservation, saying it was "helpful but not really very, very effective" in dealing with energy. He said decreasing demand could harm the economy, though he did not go into detail.

Energy analysts said that while his remarks had a theatrical call-to-arms quality, many of his ideas were familiar.

"There's not a lot here that's different from what Dick Cheney would say," said Ashok Gupta, director of the air and energy program at the Natural Resources Defense Council, an environmental group in New York.

"Giuliani is focused so much on supply, instead of dealing with demand and energy efficiency and conservation," Mr. Gupta said. "To pass anything through Congress, you need a balanced message."

Yet Myron Magnet, an audience member and the editor of City Journal, a Manhattan Institute publication, praised Mr. Giuliani's plan as "absolutely coherent."

Later yesterday, Mr. Giuliani was host of a reception at the Four Seasons to raise $2 million for his political action committee, Solutions America.

It drew 200 donors and friends, as well as Ken Mehlman, chairman of the Republican National Committee.

The Reliable Source (WP)

By Amy Argetsinger And Roxanne Roberts

The Washington Post, June 14, 2006

From the White House to Graceland

Bill Clinton was supposedly the biggest presidential Elvis Presley fan ever -- the Secret Service even code-named him "Elvis." But did he ever undertake a diplomatic mission to Graceland?

No, sir! Instead, George W. Bush will become the first sitting president to visit the King's Memphis home when he and Laura escort Japanese Prime Minister Junichiro Koizumi there June 30. The White House yesterday announced the plans for the awesomest road trip ever (except that they'll probably fly), slated for a day after the two heads of state and close pals meet in Washington. A little less conversation, a little more action . . .

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The trip had to have been Koizumi's idea. The 64-year-old PM is well known as the most serious Elvis disciple of today's world leaders. He shares a birthday (Jan. 8) with the rock icon, and his brother once ran the Presley fan club's Yokohama chapter. In 1987, he was one of the key players in erecting a bronze statue of Presley in Tokyo. He's sung Elvis tunes poolside at Bush's Crawford ranch and dazzled Condi Rice with his knowledge of Elvis trivia at a G8 dinner. And in 2001, he released a 25-song compilation CD called "Junichiro Koizumi Presents: My Favorite Elvis Songs." It was sold only in Japan, and all proceeds went to charity.

Surely he had made the grand Memphis pilgrimage before? "This is his first time visiting Graceland as prime minister," a Japanese Embassy spokesman said. "I cannot confirm that he hasn't been there before."

Jack Soden , CEO of Elvis Presley Enterprises, said the only precedent for such a visit is when Jimmy and Rosalynn Carter stopped by, several years after he left office. "We're very excited," he said. "It will be another very fun day at Graceland."

Let's Move Along, Folks. It's Just a Little Typoe.

A campaign breakfast or presidential launch? A recent e-mail from Rep. J.D. Hayworth 's reelection campaign invited supporters to join the Arizona Republican, his wife and "The Honorable Dan Quayle , 44th President of the United States."

Whoa! How did we miss this? Mr. Potatoe Head running in 2008?

Well . . . no. Quayle was actually the 44th vice president, but a typo dropped the "vice" and started a buzz among startled GOPers who thought Quayle wanted to be the next -- that would be 44th -- president.

"We did have a couple people wondering if this was his big announcement," said Todd Sommers , Hayworth's campaign manager. A correction was quickly issued; at press time, the only heart-pounding element at the June 24 event will be the coffee.

Surreal Estate

Buyer: Tucker and Susan Carlson

Listing price: $ 3,995,000

Details : The host of MSNBC's "The Situation With Tucker Carlson" is bringing his show to Washington and will soon close on a 1939 fieldstone colonial in the Palisades. The couple made a killing last year when they sold their Alexandria home and moved to New Jersey for the show's launch; now they're moving their four kids into a six-bedroom, 7 1/2- bath home with a huge family room, back yard and heated pool.

Hey, Isn't That . . . ?

· Bill Clinton and Hillary Rodham Clinton at the liberal schmooze fest for Peter Beinart , author of "The Good Fight." The Clintons book-ended Monday night's party at the Georgetown home of hosts Mark Penn and Nancy Jacobson. Hillary was in and out early; the former prez arrived an hour later after picking up an award from the National Association of Broadcasters.

· Sugar Ray Leonard maintaining his fighting weight at a steak restaurant. The former champion boxer, with his brother and sister-in-law Sunday at Morton's in Bethesda, ate salmon; his tablemates chose crab cakes and Porterhouse.

Strapped States Try New Route, Lease Toll Roads To Foreign Firms (WP)

By Amy Goldstein

The Washington Post, June 14, 2006

ELKHART, Ind. -- Its official state motto is "the crossroads of America." Yet Indiana is about to turn over its entire toll road for the next 75 years to two foreign companies, making it more expensive to drive.

The decision to hand the Indiana Toll Road to an Australian and Spanish team for $3.8 billion at the end of this month has blown up into one of the biggest brawls here in a generation. It has unsettled the state's politics in the months before the November elections, pitting a governor who was President Bush's first budget director against the people of northern Indiana, which the highway passes through.

The decision also places Indiana at the leading edge of a nascent trend in which states and local governments are exploring the idea of privatizing parts of the United States' prized interstate highway system. The idea goes beyond projects, such as Northern Virginia's Dulles Greenway, in which states have turned to private companies to build or widen toll roads. Now, they are considering selling or leasing some of the best-known and most-traveled routes across America.

The trend started 1 1/2 years ago, when Chicago Mayor Richard M. Daley (D) pushed through a 99-year lease of the Chicago Skyway, nearly eight miles of elevated highway across the South Side, for $1.8 billion.

Since then, a New Jersey lawmaker has proposed selling a 49 percent interest in the New Jersey Turnpike and the Garden State Parkway. New York Gov. George E. Pataki (R) is trying to persuade the legislature to let investors rebuild or replace the Hudson River's Tappan Zee Bridge. In Houston, Harris County officials are studying leasing 57 miles of toll roads.

Locally, Virginia transportation officials announced last month that they would lease a debt-ridden toll road outside Richmond, the Pocahontas Parkway, to a private firm for $522 million.

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Half a century after President Dwight D. Eisenhower persuaded the nation to build the interstate highway system, the allure of privatization is a rethinking of the relationship between the government and its roads. It reverses the view of highways as a public responsibility, ingrained since the first half of the 19th century, when states took over roads, bridges and canals that had gone bankrupt in private hands.

The Bush administration advocates the new view. "We are like a poker game," Transportation Secretary Norman Y. Mineta said in an interview. "We are inviting more people to the table and saying, 'Bring money when you come.' " Such eagerness for private investment stems from the financial strains on an overburdened highway system at a time when the White House and the Republican-controlled Congress want to curb domestic spending. The interstate system is decaying, and traffic congestion has worsened. Inflation in the price of building and improving roads is rampant.

Most significantly, money from federal and state gasoline taxes that pay for roads are falling further behind the need, with no political appetite in an era of record gas prices to increase the rates. According to U.S. projections, the part of the federal Highway Trust Fund devoted to roads is to run out of money for the first time in its history in 2009.

In response, the administration persuaded Congress last summer to take steps to make it easier for the private sector to finance new roads -- and take over existing ones. Lawmakers removed several legal barriers to charging tolls on interstates and gave private investors new access to tax-free bonds for transportation projects.

Mineta has been urging U.S. financial institutions to get involved. "This type of dialogue really didn't exist two years ago," said Mark Florian, a managing director at Goldman Sachs Group Inc., which was paid $19 million to negotiate the Indiana deal and has discussed similar possibilities with officials in more than 35 states.

Still, skepticism abounds: Will companies take good care of highways? Will toll roads become too expensive to drive? Will investors pluck profitable routes, leaving others to crumble? What will happen to public toll-road workers -- including 600 in Indiana who have been promised interviews by the new operators, but not the same job?

In Elkhart, resistance to such change runs deep. At a rest stop here on a recent day -- at Milepost 77 near the midpoint between Illinois and Ohio -- both Indiana drivers and interstate truckers were almost uniformly against what the state has done. "I heard that foreigners were going to lease it, and that sounds like a bad deal to me," said Kreig Eberle, 36, a truck driver from Chillicothe, Ill., who uses the toll road nearly every day. "I think it is kind of baloney. Indiana ought to run it itself."

Dankia McLaren, 22, a kitchen designer from nearby South Bend, said: "It is sad. . . . It is just going to make it more expensive to drive."

The passionate opposition has astonished the architect of the deal, Gov. Mitchell E. Daniels Jr. (R), Bush's first budget director.

Daniels said he had his "little epiphany" about the toll road in 2004, after he returned from Washington and was campaigning for governor. At a barbecue in rural western Indiana, a veteran of the state highway department came over and said: "You understand it's a joke, don't you."

The joke, he told Daniels, was that the state for years had a list of promised transportation projects that would never be built. Running on a platform of economic development, Daniels immediately viewed a roads program as a means of creating jobs and attracting business to spur Indiana's sagging economy.

Soon after taking office last year, the governor ordered his staff to compute the price of the pent-up projects -- $2.6 billion more, it turned out, than the state could afford -- and propose ways to pay for them. Of more than 30 options, Daniels said in an interview, generating money by leasing the 157-mile Indiana Toll Road was the only "real bold stroke that could substantially close this huge gap."

In the shower one morning, he came up a name for his plan: "Major Moves," borrowed from the title of a Hank Williams Jr. country song. The governor announced Major Moves in September, saying the state was open for bids on the toll road to raise money for a 10-year transportation plan.

Late in January, he invited legislators, builders, manufacturers, mayors and trade union leaders to his office in Indianapolis to disclose that the winning bid was $3.85 billion, more than enough to fund the state's road projects. The crowd burst into applause. "Everybody thought, that was that," Daniels recalled. "We can stop dreaming and start digging all these big projects."

But, Daniels had not anticipated what he calls "the x-word" -- for xenophobia -- or the protests or the bumper stickers that say, "Keep the Toll Road, Lease Mitch."

"This was an authentic, spontaneous, very emotional reaction," the governor said, "and no interest group caused it."

The proposal stirred up one of the biggest fights the Indiana legislature had ever seen, with rallies and expensive media campaigns on both sides, and the governor unable to change minds at jammed town hall meetings in communities along the toll road where opposition was most fierce.

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"Never in my legislative career will I ever again be faced with a [bill] quite like this," said the chief sponsor, state Rep. Randy Borror (R) of Fort Wayne, who walked the statehouse with thick notebooks filled with figures showing how much transportation money each legislator's district would get from the plan.

The winning bidders were Macquarie Infrastructure Group of Sydney, the same firm that controls the Dulles Greenway, and Cintra Concesiones de Infrastructures de Transporte S.A. of Madrid. Under the lease, the companies got the right to raise tolls -- which have not been increased in two decades -- for cars and trucks right away, and eventually to keep pace annually with inflation. The 103-page lease spells out the companies' responsibilities in meticulous detail, including clearing snow and road kill within specified times, and granting state police the right to patrol.

Steve Allen, Macquarie's chief executive, said the company, which operates toll roads in nine countries, has an incentive to improve the highways to attract more drivers. Since it took over the Chicago Skyway, he said, the company has built electronic toll booths sooner than required and made lane changes that reduce backups.

Indiana legislators were not reassured. Daniels and his allies made big compromises: extra money for each county along the toll road, a postponement of higher rates for cars until electronic tolls are installed, job-training money for economically depressed Gary. Even so, the plan passed the state House by one vote.

Three months after the legislation squeaked through, feelings remain raw.

"The whole thing stinks," said state Rep. B. Patrick Bauer, the House Democratic leader. The two companies, he said, "got a heck of an unbelievable deal. We got a bad deal."

Daniels's approval ratings have plummeted, from about 50 percent early last winter to 37 percent in the most recent polls. Borror said the issue "complicates the election" for state legislators in November.

"There are going to be a lot of states that fail at this," Borror said, "because they underestimate the amount of work it takes to get this bill passed." Even so, Daniels said, "I don't believe we'll ever [again] be able to do any one thing that will be as transformative and positive for the future of this state."

Israeli Missiles Kill 10 In Gaza (NYT)

By Steven Erlanger And Ian Fisher

The New York Times, June 14, 2006

GAZA, June 13 — Eight Palestinian civilians were killed and more than 40 wounded Tuesday by an Israeli missile strike on Islamic militants riding in a van that Israeli officials said was carrying rockets to launch at Israel. Two men in the van were also killed, including a man the Israelis consider an important rocket maker.

The officials said the strike had prevented more of what has been a rising number of Palestinian missile attacks launched from Gaza. But the civilian casualties further inflamed Palestinian rage over eight deaths last week on a beach from what residents said was an errant Israeli shell. Seven of the dead were from one family.

In a news conference in Tel Aviv, Israel's defense minister, Amir Peretz, announced Tuesday that an investigation into the deaths on Friday showed that Israel was not to blame.

"We have enough findings to back up the suspicion that the intention to describe this as an Israeli event is simply not correct," he said, citing films, data on where and when the shells landed, and a piece of shrapnel taken from a victim. "The accumulating evidence proves that this incident was not due to Israeli forces."

The account was quickly disputed by officials from Human Rights Watch, who cited contrary evidence from an investigation of their own.

In the attack on Tuesday, one missile struck a van and killed two members of Islamic Jihad and apparently wounded a third. But a second missile fired shortly afterward hit the curb just in front of a house whose occupants had emerged to see what had happened, and members of the Mughrabi family and their neighbors were killed.

Two children and three medical workers died in the second explosion, after the first had destroyed the yellow Volkswagen van of a noted Islamic Jihad rocket maker, Hamoud Wadiya, who was killed. Israel said Mr. Wadiya was transporting Katyusha rockets to launch at Israel, and rockets were seen in the wreckage.

The Katyusha is a factory-made weapon of longer range and much greater accuracy than the crude Qassam rocket that Palestinian militants build in machine shops with explosives mixed in cooking pots.

The Katyushas, Israel says, have been smuggled into the Gaza Strip from Egypt and represent a significantly enhanced danger to Israeli cities.

Since Israel withdrew from Gaza 10 months ago, scores of Qassam rockets have been launched from Gaza; Israel says there were 100 rockets fired last month. Between June 2004 and March 2006, eight Israelis, including three children, were killed in the attacks, the Israeli military says.

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Israel says it has been forced to go after the launching sites because the Palestinian authorities have done nothing about them.

Palestinian militants say they launch the rockets in response to Israel's continuing campaign to capture or kill Palestinian militants from Islamic Jihad and Al Aksa Martyrs Brigades.

After Tuesday's attack, a weeping Hekmat Mughrabi said her 30-year-old son, Ashraf, had died in her arms. Ashraf ran to the door after the first explosion, trying to calm children playing on the roof, she said. "He was shouting to the kids, 'Don't be afraid, don't be afraid!' " and had not even finished his sentence when the second missile hit, she told The Associated Press.

An angry Palestinian Authority president, Mahmoud Abbas, called the Israeli actions "state terrorism" and accused Israel of trying to "wipe out the Palestinian people."

Mr. Abbas, whose aides feel his support for talks is being undermined by the civilian death toll, said, "Every day there are martyrs, there are wounded people, all of them innocents, all of them bystanders."

The deaths are bound to make it harder for Mr. Abbas and the United States to persuade Hamas, which controls the Palestinian Authority, to recognize the right of Israel to exist, to forswear violence and to accept previous Palestinian-Israeli agreements, which are based on a permanent two-state solution.

Mr. Abbas will also find it more difficult to get Hamas to accept a referendum proposal that would at least implicitly recognize Israel.

There was pandemonium on Tuesday at Al Shifa Hospital, where the dead and the wounded were brought. Gunmen surged through the courtyard, firing weapons into the air, and banging on the door of the morgue to retrieve the bodies of their colleagues or family members.

They grabbed stretchers and paraded the corpses in impromptu marches around the hospital yards and into the streets, bearing the black banners of Islamic Jihad and the yellow ones of Fatah and Al Aksa Martyrs Brigades, to which Ashraf Mughrabi belonged.

In a gruesome scene, one Islamic Jihad militant smeared the blood of his dead colleague onto his rifle and lifted it high into the air. Amid the acrid smoke of burning tires, women shouted, "Death to Israel! Death to the occupation!"

After the explosion on the beach in Gaza on Friday, Hamas said it was abandoning its 16-month cease-fire with Israel, though Israeli officials insist that Hamas had started firing its own Qassams toward Israel a week before.

Human Rights Watch, which has been investigating the Israeli shelling in Gaza on Friday, said of the deaths, "The evidence we have gathered strongly suggests Israeli artillery fire was to blame." It called on Israel to open an independent investigation rather than relying on its own military.

An American expert working with Human Rights Watch, Marc Garlasco, is a former Pentagon official who did bomb damage assessment for the American military in Kosovo and worked for the Defense Intelligence Agency.

He said that he had visited the beach the day after the explosion, and that the crater size, the shrapnel and the location of injuries on the bodies all pointed to "a shell dropping from the sky, not explosives under the sand."

In an interview in Gaza, he said he had found shrapnel "consistent with a 155-mm. Israeli shell fired from a M109 howitzer," including one piece stamped "155mm."

Defense Minister Peretz and other Israeli military officials offered a different analysis.

They contended that the explosion on the beach occurred between 4:57 p.m. and 5:10 p.m. They based that on an array of films, not specifically identified but shown at the news conference in Tel Aviv. One film taken from seaward showed what the officials called normal activity on that stretch of beach, with the time stamped as late as 4:57. A later film stamped at 5:15 showed an ambulance arriving from a hospital about five minutes away.

Brig. Gen. Hezi Levy, Israel's surgeon general and one of the investigators, said that they had accounted for all but one of the shells fired that day, and that none of them had exploded during this time. He said the one unaccounted-for artillery shell was fired "much" before 4:57. Later, another military official specified that that shell was launched at 4:30.

"There is no chance that this shell caused such damage," the general said.

The news conference, however, did make clear that shelling had occurred near that time and place. The last shell fell, according to a photograph of the site marked with the artillery hits, at 4:48, several hundred yards north of the site of the deaths.

General Levy said that four of those injured were taken to Israeli hospitals and that the single piece of shrapnel extracted from one of them did not match any munitions used that day.

The officials said they also reviewed other recent bombardments in the area and ruled out the possibility that an Israeli shell had landed there earlier and might have been set off by the Palestinian family.

Mr. Peretz and the others refused to speculate on what could have caused the explosion, though military officials have contended that Hamas may have planted land mines against Israeli commandos.

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Mr. Peretz did not rule out the possibility of allowing outside experts review Israel's evidence, as Human Rights Watch demanded. But the army's chief of staff, Lt. Gen. Dan Halutz, said he did not see the need.

"What we are doing is very, very, very professional," he told reporters. "We don't need the assistance of anyone."

Israeli Airstrike Kills 11 Palestinians (WP)

By Scott Wilson

The Washington Post, June 14, 2006

GAZA CITY, June 13 -- An Israeli airstrike here Tuesday killed 11 Palestinians, including nine civilians, in the deadliest such attack this year.

Later in the day, the Israeli military said an internal investigation showed that it was not responsible for a deadly explosion on a Gaza beach last week that Palestinian officials have called a war crime.

Tuesday's airstrike occurred just before noon when an Israeli military aircraft fired one missile at a minibus near a busy intersection, killing two gunmen from the radical Islamic Jihad movement. Military officials said the car was transporting homemade missiles of the kind Islamic Jihad has been firing into southern Israel, a near-daily occurrence that has picked up in the past week.

Witnesses said a second missile, fired seven minutes later as a crowd gathered to help the wounded, sprayed shrapnel into the tin-roofed home of Ashraf al-Mughrabi, a 31-year-old barber who was standing outside his front door. The blast killed him instantly, as well as his 6-year-old son, Maher, and his 13-year-old nephew, Hisham. Nisreen al-Mughrabi, Ashraf's wife, was severely wounded.

Also killed in the explosion were four Palestinian medics who had rushed to the scene from the Mohammed al-Dura Children's Hospital a block away after hearing the first blast. Hours later, an angry funeral procession led by armed men from the Fatah party that Ashraf al-Mughrabi belonged to paraded to his home, bearing aloft his body on a makeshift stretcher, along with his son's body.

"They were like family, our comrades," Leila Fatoum, 39, an assistant administrator at the hospital, said of her colleagues.

The strike highlighted the sharp surge in the Israel-Palestinian conflict in recent weeks and came at a time when Palestinian leader Mahmoud Abbas and Israeli Prime Minister Ehud Olmert have pledged to seek ways to return to peace talks, which were abandoned more than five years ago.

According to U.N. humanitarian monitors, the Israeli military has killed 32 Palestinians since the beginning of this month, fewer than half members of armed groups at war with Israel. An additional 109 Palestinians have been wounded, the U.N. Office for the Coordination of Humanitarian Affairs reported.

Over the same period, Palestinian rockets have wounded 11 Israelis, one gravely, according to Magen David Adom, Israel's emergency service. The Israeli military reported that 38 rockets were launched toward Israel from Gaza in the 24-hour period before Tuesday's airstrike.

The armed confrontation between Israel and the Palestinian militias, including the armed wing of the radical Hamas movement now running the Palestinian government ministries, has coincided with a worsening internal conflict among the Palestinian parties. Deep partisan divisions within the security services have split its more than 70,000 members into rival camps, a combustible situation made worse by delays of more than three months in payment of salaries because of economic sanctions.

Fighting between Hamas and Fatah cooled Tuesday after security forces dominated by Fatah loyalists ransacked the Palestinian parliament and cabinet offices -- institutions controlled by Hamas -- in Ramallah the previous day.

The past five days have been particularly volatile ones in the territories.

On Friday, eight civilians picnicking on a beach here were killed in an explosion that Palestinian witnesses said was the result of an Israeli artillery shell. Israel has been firing artillery into Gaza, sometimes hundreds of shells a day, to put down the steady Palestinian rocket fire.

Six members of the Ghaliyah family perished in the blast, and Abbas later adopted the family's 11-year-old girl, Huda, whose desperation in the minutes after the explosion were caught on video and turned her into a symbol of the conflict for many Israelis and Palestinians.

But Israeli defense officials said Tuesday that an internal investigation found that the military was not responsible for the explosion. In a news conference in Tel Aviv, Maj. Gen. Meir Kalifi, who led the inquiry, said it concluded that artillery shells that the Israel Defense Forces fired Friday afternoon could not have landed in the area where the family was picnicking.

"I can say, I can rule out, in a definite and unequivocal manner, the possibility that any kind of firing from the IDF during these hours, or others, is the source that caused the damage," said Kalifi, who is deputy commander of Israel's land forces.

Using maps to illustrate his points, Kalifi said that the military fired six artillery rounds toward the beach during the time in question and that all but the first landed more than 500 yards from the site of the fatal explosion. He said the investigation could

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not determine where the first shell landed, but he said it was fired at the same trajectory and in the same direction as the five others.

Kalifi also said that shrapnel taken from a Palestinian woman being treated for her wounds in Soroka Medical Center, in the Israeli city of Beersheba, did not come from a 155mm artillery round -- the kind fired that day.

Although Israeli military leaders did not officially accuse the Palestinians of responsibility for the explosion, military sources have indicated privately in recent days that the blast was the result of land mines that Hamas gunmen laid along the beach to prevent Israeli commandos from entering the area from the sea.

But a human rights investigator specializing in military affairs raised doubts about those claims during a news conference in Gaza.

Marc Garlasco, a senior military analyst with New York-based Human Rights Watch, said he had not compiled enough evidence to say definitively that the Israeli military fired the fatal shell. But he said shrapnel gathered at the site, the wound patterns on Palestinians treated in Gaza hospitals and the characteristics of the crater left by the blast indicated that the victims were killed by a 155mm artillery shell that fell on the beach.

"It is my contention that the most likely scenario is that the blast was the result of Israeli shells coming down on the beach," said Garlasco, whose military experience includes seven years with U.S. military intelligence.

Garlasco was in Gaza to investigate the Palestinian rocket fire and Israeli response. His presence here at the time of the explosion, he said, was coincidental.

He said he examined the site a day after the explosion and acknowledged that wind and the number of people who trampled the area after the blast made conclusions difficult. Nevertheless, he said shrapnel he found lodged in a car near the explosion and other samples collected by the Palestinian bomb-disposal unit made clear it was from a 155mm shell.

He said the size and depth of the crater -- roughly seven feet in diameter and six to eight inches deep -- suggested it was from a falling shell. He said he compared it with other craters left by Israeli artillery on the beach, a frequent target because of its use by Palestinian rocket launchers, and the sizes were similar.

Garlasco also said most of the 30 people injured in the explosion suffered from wounds to the torso and head, while a land mine generally does the most damage to the lower body. But he said he could not rule out that the shell had been left on the ground.

Gaza Conflicts Gain Deadly Momentum (CSM)

By Ilene R. Prusher

The Christian Science Monitor, June 14, 2006

GAZA CITY, GAZA AND JERUSALEM

Hours after the Israeli military announced Tuesday that it was not responsible for the deadly explosion on a Gaza beach Friday, two more Israeli army missiles struck a van near Gaza's Jabalya Refugee Camp Tuesday, killing 11 people, including two children and two paramedics who arrived after the first strike.

Israeli military officials say the car was carrying Islamic Jihad militants who were on the way to launch Kassam rockets into southern Israel, which has come under a shower of rockets in recent days.

The cross-border arms volley - as well as worsening strife among Palestinians - has gained a deadly momentum since late last week, setting up a dynamic that may put prospects for dialogue among all the parties further out of reach.

Late Monday night, Palestinians loyal to President Mahmoud Abbas and his Fatah party set fire to the parliament building and other West Bank cabinet offices - many of them unused by Hamas cabinet ministers, including Prime Minister Ismail Haniyeh, because most are barred by Israel from leaving Gaza. On the same night in Gaza, Hamas gunmen tried to storm a compound run by the Preventive Security Service, which is closely affiliated with Fatah.

Some Palestinians eyeing the spiraling violence blame Fatah, the mainstream faction of the Palestine Liberation Organization (PLO), previously led by the late Yasser Arafat, for refusing to accept the ascent of Hamas.

"It never entered the mind of Fatah that they should accept the Hamas success in elections, so they will do whatever they want to topple the Hamas government," says Abdel Sattar Qassem, a political scientist at An-Najah University in the West Bank city of Nablus. "We have the additional, internal factor that the US and Israel are pressuring Fatah to topple Hamas," he charges. "Every day, Fatah is doing something to create chaos in the street, so things will deteriorate as long as Hamas is in power. Israel, the US, and also Fatah have an interest in that."

Of course, it is Hamas - not Fatah - that is lobbing Kassam rockets over the border, something Israeli leaders hoped would be less justifiable once Israel pulled troops and settlers out of Gaza, as it did last August. Since the beach attack Friday, which killed seven members of the Ghaliya family, more than 80 Palestinian rockets have fallen on Israel, causing two serious injuries.

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After an investigation, the Israel army said Friday's bloodshed was not the result of a misfired shell, as previously reported, but of explosives laid by Hamas with the intention of attacking the Israeli navy, which patrols the coast. Palestinian officials said such an explanation was highly unlikely.

Who is actually at fault may never be entirely clear, and may matter little now: Palestinians blame Israel and say their "farms have been turned into graveyards" in the words of Ghassan Ghabil, who sat at the mourning tent for his uncle and cousins killed in Friday's bloodshed on the beach.

Israelis lay responsibility at the feet of Hamas and other like-minded militants, who have stepped up rocket attacks nearly a year since the disengagement plan was carried out. Hamas has declared its cease-fire with Israel over, but Hamas spokesmen declined to say what that might mean, insisting that such questions are in the realm of the organization's military wing, the Izz ed-Din al Qassam Brigades.

On Monday, Palestinian parliament members began their session as usual - divided. They sat half in Gaza, half in the West Bank, patched together by videocameras that broadcast with a strange, jumpy lag that makes it seem as if the other territory may as well be thousands of miles away.

But the division that doesn't feel business-as-usual is the yawning ideological divide, separating Palestinians who support forging a two-state solution with Israel from Palestinians who see no chance of permanent peace with the Jewish state.

Moreover, there has been a decline in the usual respect between what, in Palestinian terms, could be considered "both sides of the aisle" - Fatah and Hamas.

Hamas, which holds 74 seats of the 132-seat Palestinian Legislative Council (PLC), had called an emergency meeting to pass a law to try to prevent Fatah's Abbas from holding a referendum, which he announced by presidential decree over the weekend.

Angered by this affront to the president's authority, Fatah legislators staged a walkout from the meeting. "Fatah withdrew from the session because this is an illegal meeting," says Ashraf Juma, a PLC member who was pursued by reporters on the plaza outside Gaza parliamentary meeting hall. "The parliament has no right to discuss the referendum and try to ban it. Today's session means they are confusing executive and legislative powers."

Mr. Juma says that despite the difficulties, Abbas will succeed in his plans to hold the referendum on July 26. The referendum is meant to gauge Palestinian support for the prisoners' document, which some people say implies support for a two-state solution. Prisoners from Hamas and Islamic Jihad say Abbas has extrapolated too much, and have withdrawn their names from the document.

"There is a determination by President Abbas to go ahead with the referendum," says Juma, "and we know from experience that if he wants something to happen on time, as he did with the elections, it will happen."

Analysts say that it isn't really the meaning of the prisoners' document - or even the question of whether Palestinians support a two-state solution with Israel - that is most at stake. Some observers say Abbas would use the results of the referendum to declare that most Palestinians support a return to peacemaking with Israel. Afterwards, Abbas could dismiss the government and call new elections.

After the Fatah walkout, Hamas legislators decided to postpone the vote until June 20 in order to give compromise talks - what Palestinians call the "national dialogue" - more time. But amid daily gun battles, a short-lived spate of kidnappings, and the protest resignation Tuesday of the single Christian government minister in the Hamas-led government, the sounds of dialogue are becoming harder to hear.

The Abbas-Hamas Problem (LAT)

The Los Angeles Times, June 14, 2006

AS PRESIDENT BUSH WAS PREPARING to pay a surprise visit to Iraq, where he arrived Tuesday and where the news lately has broken his way, U.S. interests were taking a beating on another front in the Middle East. Unhappily for the president, the bad news from the West Bank and Gaza — the site of the proposed Palestinian state that he envisions existing alongside Israel — is also bad news for the U.S. mission in Iraq.

For some time, progress toward the elusive objective of an Israeli-Palestinian peace agreement has been frustrated by the schism between Palestinian Authority President Mahmoud Abbas' Fatah movement and Hamas, the rejectionist Islamic party that took control of the Palestinian parliament and Cabinet in elections in January. The split also has endangered international humanitarian assistance to ordinary Palestinians.

Hamas refuses to recognize Israel's right to exist. Such recognition was the price former Palestinian leader Yasser Arafat had to pay to be taken seriously by the Jewish state and by the United States, and it paid dividends in the 1993 agreement signed on the White House lawn and the creation of the Palestinian Authority. Abbas, Arafat's heir, has tried to put Hamas on the defensive with his proposal for a July 26 referendum on a two-state solution. Hamas views the proposed referendum as illegal.

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Deadlock gave way to open conflict after the death last week of eight Palestinian civilians on a beach in Gaza, initially attributed to a wayward Israeli artillery round. (On Tuesday, Israeli military officials suggested that the blast was caused by an explosive device buried in the sand at some earlier time by either Israelis or Palestinians.) On Monday, Fatah followers ransacked and set fire to the offices of the Hamas-led government in Ramallah on the West Bank and briefly kidnapped a Hamas lawmaker. In Gaza, Hamas fighters attacked a building belonging to a Fatah-dominated police force. Abbas announced a state of alert in all of the Palestinian-ruled territories and ordered a security crackdown.

A Palestinian civil war would be a geopolitical as well as a humanitarian disaster. It would invite further military involvement by Israel, which drew Palestinian ire Tuesday with an airstrike on suspected militants in Gaza that killed eight civilian bystanders. And it would increase support in Israel for Prime Minister Ehud Olmert's suggestion that Israel unilaterally draw new Israeli-Palestinian boundaries.

The Bush administration, which has reacted cautiously to Olmert's proposal, may need to urge both Israel and Abbas to exercise restraint in the next few days — and not only to preserve its options in that arena. There is also an Iraq connection.

It's simplistic to argue, as some critics of U.S. foreign policy do, that anti-Americanism in Iraq and the Middle East is grounded exclusively or even primarily in resentment of Israel. But it's equally simplistic to ignore the fact that the Palestinian cause has been embraced — sometimes sincerely, sometimes cynically — by millions of Arabs and Muslims. A bloodbath in the West Bank and Gaza — even a fratricidal one — would have ominous echoes for the United States elsewhere, including Iran and, yes, Iraq.

U.S. Sanctions 4 Chinese Firms For Aiding Iran (WSJ)

By Jay Solomon

The Wall Street Journal, June 14, 2006

WASHINGTON -- In a sign of the Bush administration's focus on constraining Tehran's ability to produce nonconventional weapons, the Treasury Department sanctioned four Chinese companies, saying they had aided Iran's ballistic-missile programs.

The U.S. moves underscore the complexities Washington faces as it seeks to contain Iran. The Bush administration depends on China to support multilateral talks to freeze Tehran's nuclear program and is concerned about Beijing's support of Iran's weapons development.

"The companies targeted today have supplied Iran's military and Iranian proliferators with missile-related and dual-use components," said Stuart Levey, the undersecretary of the Treasury for terrorism and financial intelligence.

The four Chinese state-owned companies are Beijing Alite Technologies Co., LIMMT Economic and Trade Co., China National Precision Machinery Import/Export Corp., and China Great Wall Industry Corp., or CGWIC. The U.S. also cited CGWIC's Torrance, Calif., U.S. subsidiary, G.W. Aerospace Inc. The Treasury froze the companies' U.S. assets, and barred U.S. companies, banks and individuals from doing business with them.

The State Department had sanctioned all four companies for aiding Iran's weapons programs, but the earlier measures had banned only the U.S. government from dealing with the firms. The Treasury said the companies supplied dual-use technologies and financial support to three Iranian companies the U.S. believes are developing missile systems: Shahid Bakeri Industrial Group, Shahid Hemmat Industrial Group and Aerospace Industries Organization, or AIO.

The Treasury described the AIO as a subsidiary of Iran's Ministry of Defense and the overall manager of Iran's missile programs. Many of Iran's missiles are based on designs supplied by North Korea.

Many world powers hold differing interests in its dealings with Iran. China depends on Iran for oil and natural gas. The two countries have developed a close military relationship. Tehran and Beijing are wary of the Bush administration's efforts to promote democracy and free media within their borders. Beijing, concerned about its own domestic standing, is unlikely to support a U.S. policy toward Iran that encourages regime change.

Some Democrats See A Political Motivation In Bush Focus On Iran (HILL)

By Roxana Tiron

The Hill, June 14, 2006

Some Democrats on Capitol Hill say that the White House's recent focus on Iran is a political ploy aimed at boosting the president's low approval ratings.

The rhetorical exchanges between Washington and Tehran about Iran's alleged effort to obtain nuclear weapons has cooled somewhat as a floated compromise on the thorny issue has not been outrightly rejected by the Middle Eastern country.

Still, Democrats point out that the Iran situation could be a win-win for Bush. If he brokers a deal Bush can claim victory, and if it falls apart it would set up an opportunity for the president to talk about homeland security and terrorism in the lead-up to the election.

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While Democrats are quick to point out that keeping nuclear weapons out of Iran's hands is extremely important, some of them say that politics are playing a significant role in the administration's foreign-policy initiative. For those Democrats, the situation is reminiscent of the period before the vote on the war in Iraq.

Many administration critics remember when then-White House Chief of Staff Andrew Card was asked why the administration waited until after Labor Day to try to sell the American people on military action against Iraq in 2002. Card replied, "From a marketing point of view, you don't introduce new products in August."

House Democrats, who have high hopes of gaining the majority this fall, are much more vocal about their concern that the administration's approach toward Iran is a political stunt than their counterparts in the upper chamber.

Rep. Gene Taylor (D-Miss.), a centrist and a member of the House Armed Services Committee, said that some of his Democratic colleagues have mentioned to him that they are concerned the current situation with Iran "looks a lot like the whole scenario prior to the use-of-force vote on Iraq."

"People suspect [Bush is] doing it for political reasons rather than national-security reasons," Taylor said. "There's definitely concern among my colleagues. There's a concern that [administration officials] see a vote on use of force on Iran as a Hail Mary pass before November elections."

Taylor added that it is a fair question to ask whether the debate on Iran is political.

"At best they misled me and at worst they lied to me about weapons of mass destruction" in Iraq, he said. "There could be a vote on use of force in Iran, [but] I want them to be forthright with the American people."

Rep. Neil Abercrombie (D-Hawaii), another member of the Armed Services Committee, said, "The whole issue of diplomacy is to engage in dialogue and to understand that there are going to be rhetorical flourishes on all sides."

But Abercrombie said there are election concerns in play: "It is to give the appearance of reasonableness on part of the U.S. while winking at the [conservative] base."

Meanwhile, Rep. John Murtha (D-Pa.), ranking member of the House Defense Appropriations Subcommittee, said that the administration's earlier approach to Iran's alleged nuclear-weapon ambitions was "absurd."

"When they said those cowboy words, it had a detrimental effect on foreign policy," Murtha added. "We are the most unpopular country in the world."

Murtha, a Marine veteran and a hawk, has become an outspoken critic of the war in Iraq. He emphasized that the United States has no other alternative in Iran than the diplomatic path. Military action would be out of the question, he said. "Iran is three times bigger than Iraq."

The House this spring passed a bill imposing greater sanctions on Iran, causing several Democrats to object to it as a stepping-stone to war.

"By sanctioning foreign countries and companies that have economic relations with Iran, this bill sanctions the very countries we need for a strong diplomatic effort," said Rep. Earl Blumenauer (D-Ore.)

"I feel a sense of déjà vu this morning," he said at the time.

In his floor address, Rep. Jim McDermott (D-Wash.) said, "I know it is an election year, and I know President Bush's ratings are at an all-time low. … Nevertheless, I call upon my colleagues and the president to resist the temptation to start yet another war … and I define bombing from 40,000 feet as war."

But a spokesman for the National Republican Congressional Committee (NRCC) said that Iran is not a problem exacerbated by the GOP.

"Virtually the entire world recognizes the potential threat that exist with Iran," said Ed Patru, an NRCC spokesman. "Democrats can't understand the concept of conducting foreign policy and prosecuting the war on terror without polls and focus groups."

He charged that the Democrats have for decades voted to undercut the military and weaken the defense community.

Democrats are not the only ones raising concerns about the timing of the Iran discussions. In April, Texas Rep. Ron Paul, one of six House Republicans to vote against the Iraq war, said, "It is frightening to see how easily Congress, the media and the people accept many of the same arguments against Iran that were used to justify an invasion of Iraq."

The intelligence failures before the Iraq war prompted Senate Minority Leader Harry Reid (D-Nev.) to seek greater transparency from the Bush administration about possible threats posed by Iran's pursuit of nuclear weapons.

Reid, at a bloggers convention in Las Vegas over the weekend, said that he wants to prevent possible misuse of intelligence as the administration deals with the crisis and that he plans to introduce legislation next week on the issue. His bill would require a new national intelligence estimate for Iran, as well as an unclassified summary that could form the basis for a public debate about possible action if Tehran continues to seek nuclear weapons.

But Reid said in a short interview that he does not think Bush would intensify the rhetoric on Iran to gain approval ratings.

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Sen. Jack Reed (D-R.I.) said several factors are in play when it comes to the administration's position toward Iran. One is political, to prove that it can handle international relations and that the circumstances demand diplomatic action.

"The reality in Iraq has forced them to reconsider what they can do in Iran," Reed said. "This is the only practical action they can take now rather than talking about regime change."

Larry Sabato, the director of the Center for Politics at the University of Virginia, said Democrats should tread cautiously on Iran: "Democrats have a great issue in Iraq, but on Iran complaints about politicizing could backfire. Almost everybody views Iran as a big problem and solidly very anti-American."

The White House did not comment for this article.

Global Image Of The U.S. Is Worsening, Survey Finds (NYT)

By Brian Knowlton

The New York Times, June 14, 2006

WASHINGTON, June 13 — As the war in Iraq continues for a fourth year, the global image of America has slipped further, even among people in some countries closely allied with the United States, a new opinion poll has found.

Favorable views of the United States dropped sharply over the past year in Spain, where only 23 percent said they had a positive opinion, down from 41 percent last year, according to the survey. It was done in 15 nations, including the United States, this spring by the Washington-based Pew Research Center.

Other countries where positive views dropped significantly include India (56 percent, down from 71 percent); Russia (43 percent, down from 52 percent); and Indonesia (30 percent, down from 38 percent). In Turkey, only 12 percent said they held a favorable opinion, down from 23 percent last year.

Declines were less steep in France, Germany and Jordan, while people in China and Pakistan had a slightly more favorable image of the United States this year than last. In Britain, Washington's closest ally in the Iraq war, positive views of America have remained in the mid-50-percent range in the past two years, down sharply from 75 percent in 2002, before the war.

Support for the fight against terrorism led by the United States is also down, Pew found.

Although strong majorities in several countries expressed worries about Iran's nuclear intentions, in 13 of 15 countries polled, most people said the war in Iraq posed more of a danger to world peace. Russians held that view by a 2-to-1 margin.

"Obviously, when you get many more people saying that the U.S. presence in Iraq is a threat to world peace as say that about Iran, it's a measure of how much Iraq is sapping good will to the United States," said Andrew Kohut, president of the Pew Research Center.

The latest declines came after a year in which anti-American sentiment had slightly receded, aided by good feeling over aid for tsunami victims and political progress in Iraq.

The polling was conducted before the completion last week of the Iraqi government or the killing of Abu Musab al-Zarqawi, the leader of Al Qaeda in Mesopotamia.

These were some other findings:

{paragraf}After Hamas's victory in the Palestinian elections, Germans, in a reversal, said they sympathized more with Israel than with the Palestinians. Support for Israel also rose in France, to 38 percent from 20 percent.

{paragraf}After the immigrants' riots and job protests in France, people in every country but one — the United States — said they held dimmer views of the French. The number of Americans favorably impressed by France rose to 52 percent, from 29 percent in 2003, when the French angered many Americans by refusing to back the war in Iraq.

{paragraf}Only 75 percent of Americans had heard reports of abuses at Abu Ghraib prison in Iraq and at the American naval base at Guantánamo Bay, Cuba, while 90 percent of Western Europeans and Japanese had heard about them.

Many respondents distinguished between their largely negative feelings about President Bush and their feelings about Americans in general.

Majorities in 7 of 14 countries polled, not including the United States, had favorable views of Americans, led by Japan, at 82 percent, and Britain, at 69 percent. But majorities in just two countries, India and Nigeria, expressed confidence in Mr. Bush.

After a tumultuous year in Iraq and Afghanistan, the fight against terrorism is now backed by more than 50 percent of people only in Russia and India, while support has virtually collapsed in Japan, the poll found. People in the United States were not asked this question. But as leading powers seek ways to contain the Iranian nuclear program, the poll found strong majorities in Western Europe, Japan, and India sharing underlying American concerns. The percentages of people in Britain, France and Spain who view Tehran as a threat have roughly tripled in three years.

More than 9 in 10 Americans, Germans, Japanese and French opposed Iran's acquiring nuclear arms.

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Pew surveyed 16,710 people from March 31 to May 14 in Britain, China, Egypt, France, Germany, India, Indonesia, Japan, Jordan, Nigeria, Pakistan, Russia, Spain, Turkey and the United States. The margin of error was two to four percentage points in every country except Britain and Germany, where it was six points.

U.S. Warms To Hague Tribunal (WSJ)

By Jess Bravin

The Wall Street Journal, June 14, 2006

WASHINGTON -- The U.S. is quietly beginning to accept the International Criminal Court, the Hague tribunal that President Bush repudiated in 2002, as the White House seeks to temper criticism that it considers itself unbound by international law.

That new approach will be on display today, when the ICC's chief prosecutor reports to the United Nations Security Council on his investigation into alleged war crimes in Darfur. The U.S., which now considers the ICC perhaps the only chance to bring Darfur war criminals to justice, will attend the briefing. U.S. Ambassador John Bolton, for years among the ICC's harshest critics, will send a deputy.

The move comes as the Bush administration softens its stance toward multilateral diplomacy on many fronts, seen most recently in the decision to offer negotiations with Iran.

U.S. officials concede they can't delegitimize a court that now counts 100 member countries, including such allies as Australia, Britain and Canada. While insisting the Bush administration will never allow Americans to be tried by the court, "we do acknowledge that it has a role to play in the overall system of international justice," John Bellinger, the State Department's chief lawyer, said in an interview.

That is a far cry from the tone President Bush took during his 2004 re-election campaign, when he blasted the court during a presidential debate. "It's a body based in The Hague where unaccountable judges and prosecutors can pull our troops or diplomats up for trial," he said. "I just think trying to be popular, kind of, in the global sense, if it's not in our best interest makes no sense."

In a May speech, Mr. Bellinger said "divisiveness over the ICC distracts from our ability to pursue these common goals" of fighting genocide and crimes against humanity.

When the ICC opened in 2002, Washington treated the independent war-crimes tribunal as a threat. President Bush signed legislation cutting aid to certain countries that refused to immunize Americans from court proceedings -- and authorizing the use of military force to free any Americans, should they ever be arrested by the court.

Bush administration officials felt the tribunal was at odds with their vision of international law and multilateral institutions. They prefer that countries apply their own versions of international law in their own courts. One example is the Iraqi Special Tribunal, which the U.S.-backed Baghdad regime favored over an international court to prosecute ousted dictator Saddam Hussein.

The ICC represents a different model, one it traces to the international tribunal at Nuremberg that tried Nazi war criminals.

The ICC was conceived at a 1998 U.N. conference in Rome, six years after the Security Council established a war-crimes tribunal for the former Yugoslavia, the first of several ad hoc courts for specific conflicts. Delegates hoped a single, permanent court for crimes against humanity would help institutionalize emerging doctrines of international law -- and would be less expensive than setting up a court from scratch for each future war zone.

The U.S. delegation managed to impose some checks on the court's power, but failed to force a requirement for Security Council approval before the court could launch a prosecution. Nevertheless, in December 2000 the U.S. signed the treaty establishing the court. President Clinton said that while the treaty had "significant flaws," signing it symbolized America's commitment to punish war criminals, and allowed Washington "to influence the evolution of the court."

But along with such treaties as the Kyoto Protocol on climate change and the Antiballistic Missile Treaty, the incoming Bush administration considered the ICC treaty, known as the Rome Statute, an impingement on U.S. sovereignty. Mr. Bolton, then an undersecretary of state, personally signed the letter renouncing the treaty. During Mr. Bush's first term, Mr. Bolton orchestrated a diplomatic campaign to obtain immunity agreements from foreign governments, pledging not to cooperate with the ICC should it pursue an American.

The U.S. position began to force conflicts with allies. Several, including Mexico, have refused to sign U.S. immunity agreements. That has led to cutoffs of some military assistance, including a program that brings foreign military officers to the U.S. for training.

But some officials now say the immediate loss of military relations is a greater concern than the speculative danger that the ICC could pursue an American for war crimes. In recent weeks, officials from the Defense and State departments have been briefing congressional staffers on proposals to loosen the limits on foreign aid.

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At the same time, ICC Chief Prosecutor Luis Moreno-Ocampo -- a prominent Argentine lawyer who has taught at Harvard and Stanford -- "seems to be going to great lengths to avoid stirring up the ire of the United States," says a Bush administration official who monitors the court.

In particular, the official said, Washington took note when in February Mr. Moreno-Ocampo rejected complaints activists had filed with the ICC accusing the U.S. of atrocities in Iraq. "The death of civilians during an armed conflict, no matter how grave and regrettable, does not in itself constitute a war crime," Mr. Moreno-Ocampo wrote, absent such factors as the deliberate targeting of civilians.

In Darfur, militias backed by the Sudanese government are accused of systematically attacking thousands of villages. It is that case that the U.S. is looking to see what Mr. Moreno-Ocampo can deliver.

The U.S. has called the Darfur militia campaign "genocide," and last year proposed establishing an ad-hoc international court for atrocities there. But European Union countries argued that the ICC was created precisely for such situations as Darfur.

Sudan is not an ICC member, so under the Rome Statute, the court could only act there if requested by the U.N. Security Council. With Britain and France refusing to consider alternatives to the ICC, Washington had to choose which it considered worse: lending the ICC the prestige that would come with a Security Council referral, or leaving atrocities in Darfur unpunished.

When the referral came before the Council in March 2005, the U.S. abstained, allowing investigations to proceed.

In an interview at the time, Antonio Cassese, the Italian jurist who headed a U.N. inquiry on Darfur, called it "a turning point" for both the fledgling court and the U.S.

Secretary of State "Condoleezza Rice deserves a lot of credit" for "a wise and well-balanced position," Mr. Cassese said. "She did not give in to those people...who are ideologically opposed to the ICC."

U.S. Military Broke Law By Transporting Convicted Marine Through Irish Airport (AP)

By Shawn Pogatchnik, Associated Press

AP, June 14, 2006

DUBLIN, Ireland – The U.S. military violated Irish law by transporting a convicted U.S. Marine through Shannon Airport without government permission, Foreign Minister Dermot Ahern announced Tuesday.

The episode – discovered when a cleaner spotted the man, in handcuffs and military fatigues, on the plane at the airport – underscored Irish suspicions that the U.S. military also could be ferrying munitions and terrorism suspects through this officially neutral nation.

U.S. Ambassador James Kenny confirmed that a U.S. Marine, who had been convicted of stealing by a U.S. military tribunal in Kuwait, was being transported Sunday under guard on a Defense Department-chartered aircraft. He said the military should have sought written permission from Ireland's Justice Department to bring the convict into Irish airspace but failed to do so.

“We regret that this incident happened and are reviewing procedures closely with Irish authorities to ensure that this does not happen again,” said Kenny, who pledged that all future U.S. military and chartered troop transports refueling in Shannon would be “completely transparent and in conformity with Irish law and the wishes of the Irish government.”

Ahern, who summoned Kenny for an explanation Monday night, said: “This failure, though inadvertent, is unacceptable. It is a matter of gravest concern to the Irish government.”

He said the legal breach was particularly sensitive because of widespread suspicions that the Central Intelligence Agency was using Shannon – a strategically located, trans-Atlantic refueling point – for transporting al-Qaeda and Taliban suspects. Both the Irish and U.S. governments have denied this.

Ireland's practice of permitting U.S. military troop carriers bound for Iraq to refuel at Shannon has been deeply controversial. This is the first time, however, that the government has formally accused U.S. authorities of overstepping the limits of Irish neutrality.

The Irish government has defended its help for U.S. military flights on the grounds that Ireland permits aircraft from any country to land here, as long as they are not carrying weapons. A battalion of Irish soldiers was deployed around the airport's perimeter in February 2003 after protesters vandalized two U.S. aircraft.

About 330,000 U.S. troops traveled through Shannon in 2005, a record high, and paid Ireland's airport authority $34 million in taxes and other fees for the access. In March, Secretary of State Condoleezza Rice reassured Ahern that the CIA was not using Shannon as a transit point for the so-called “rendition” of terrorism suspects.

But opposition politicians and human rights activists have demanded that Irish police be permitted to search CIA- and Defense Department-chartered aircraft to confirm whether suspects or U.S. munitions are on board.

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Mark Kelly, director of the Irish Council for Civil Liberties, said the case of the Marine convict "highlights the need for an effective system of monitoring and inspection of suspect flights, which is the only way of ensuring that, even inadvertently, Ireland will not collude in future rendition flights."

Sinn Fein, the party linked to the outlawed Irish Republican Army, called for the government to ban all U.S. troop carriers and CIA aircraft from Irish airspace. Sinn Fein lawmaker Aengus O Snodaigh said the United States was "a law onto itself when it comes to human rights violations."

US "not Ready" For Chávez Oil Ban Threat (FT)

By Andy Webb-Vidal

Financial Times, June 14, 2006

A Venezuelan embargo on oil exports to the US would lead to an immediate 15 per cent surge in world oil prices and crimp economic growth in the short term, according to a US congressional investigation.

The study by the Government Accountability Office, Congress's non-partisan investigative agency, obtained by the Financial Times before its release this month, warns that the US is inadequately prepared for a potential loss of oil from Venezuela. The investigation was requested 18 months ago by Senator Richard Lugar, Republican chairman of the Senate foreign relations committee, reflecting growing concerns about the reliability of Venezuelan oil supplies.

Mr Lugar, who has described energy as a national security issue, introduced legislation in March that called on the US to expand its international co-operation on energy issues. The findings are likely to embolden his efforts.

Hugo Chávez, president of the world's fifth largest oil exporting country, has threatened to "cut off" oil shipments to the US if Washington continues, as he alleges, to "plot" his overthrow.

Venezuela supplies 11 per cent of US oil imports while Petróleos de Venezuela (Pdvsa), the state-owned oil company, wholly owns five refineries in the US and partly owns four others through its subsidiary, Citgo.

A production shutdown by managers of Pdvsa in a political dispute with the Chávez government cut supplies to the US for three months in early 2003, just before the US-led invasion of Iraq.

Disruption to these supplies, the GAO report warns, would boost oil prices significantly. "A loss of 2.2m barrels a day of crude oil for six months," the report said, "would, all else remaining equal, result in a crude oil price spike of up to $11 a barrel in the early stages of the disruption."

This increase, equal to about 15 per cent over current prices of about $70 a barrel, would cut US economic output by about $23bn, the report estimated.

The warnings from the GAO come as lawmakers from both parties struggle to boost US energy independence in an attempt to address public anger over high petrol prices.

A disruption or cut in Venezuelan oil supplies could also have a political impact. In the past two years, Venezuelan officials have floated the idea of selling Citgo's assets in the US. The Venezuelan-owned refineries' closure, at least temporarily, would be likely to prompt major diplomatic repercussions, the GAO warned. "If closing the refineries was deemed a threat to US national security, Venezuela could potentially face sanctions by the US government."

The draft GAO report is still subject to final revision by the departments of energy or state.

Short-term options available to Washington to mitigate a disruption to Venezuelan oil supplies, the GAO said, could include use of the US Strategic Petroleum Reserve and attempts to persuade other oil-exporting countries to increase output. Industry experts believe, however, only Saudi Arabia, the largest oil producer, enjoys any significant amount of idle capacity.

In contrast to Mr Chávez, lower-ranking Venezuelan officials have insisted that the country is a reliable supplier of oil. In the short term, Venezuela would also find it difficult to shift its oil to other countries for technical reasons.

Venezuela's heavy crude oil is suited to its refineries in the US. But Mr Chavez's suggestions that he could divert oil exports to China are unrealisable, analysts say, because Chinese refineries are not configured to process Venezuela's heavy crude. Transport costs would also be much higher.

A cut in oil exports would also lead to economic ructions in Venezuela, a factor that casts doubt on the probability of such a scenario. Mr Chávez is dependent on oil for his political survival. Oil accounts for half of Venezuelan government income and 80 per cent of export revenue.

Nevertheless, the GAO also warned of long-term consequences for the US. "The US government's programmes and activities to ensure a reliable long-term supply of oil from Venezuela have been discontinued," it said.

Venezuela is currently almost doubling tax rates on most foreign-operated oilfields, a move that could discourage future investment and reduce output.

The GAO said Venezuelan oil production had fallen by 16 per cent since 2001, to about 2.6m b/d. Venezuelan officials say output is above 3m b/d.

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Members of Congress frequently request GAO studies to help bolster the case for their policy proposals.

"Oil exporting states wield power for which we must account," he said at the time. "Not working with these states will lead to unproductive political showdowns and conflict. Even in challenging relationships such as Venezuela and Russia, we must explore how to improve our energy dialogue."

Mr Lugar has suggested co-ordination with China and India as they develop strategic petroleum reserves and proposed a western hemisphere energy forum to promote co-operation.

Report Cites U.S. Vulnerability To Venezuela Oil-Flow Disruption (WSJ)

By David Luhnow

The Wall Street Journal, June 14, 2006

CARACAS, Venezuela -- Current high oil prices and a lack of new energy supplies make the U.S. economy more vulnerable than ever to short-term and long-term disruptions in oil supplies from Venezuela, according to a draft report by the Government Accountability Office.

The report tries to measure how vulnerable the U.S. is to both short-term and longer-term disruptions in the flow from Venezuela, where President Hugo Chávez has been a vociferous critic of U.S. policy. It calculates, for instance, that a six-month stoppage of Venezuelan output would lead to a short-term price spike of $11 a barrel of oil and cost the U.S. economy some $23 billion. Such a stark turn is unlikely, however, because Mr. Chávez relies on the U.S. as his biggest buyer of oil and needs the revenue to fund half his government's populist agenda.

Commissioned in 2004 by Sen. Richard Lugar, chairman of the Senate Foreign Relations Committee, the report is likely to add to concern in Washington about dependence on foreign oil supplies at a time of high energy prices and rising demand, when even a modest supply shock could cause a further price spike and inflict pain on the U.S. economy. The Wall Street Journal obtained a draft copy of the report, which is due to be released in June.

"In this context, the United States faces challenges in the coming years that may require hard choices regarding energy sources, foreign relations and energy-related diplomacy, and the amount of energy we use," the report concludes.

Perhaps the biggest problem it highlights concerns longer-term oil supplies from the Andean nation. Despite boasting the largest oil reserves outside the Middle East, Venezuelan oil production has fallen to about 2.6 million barrels a day from an average of about 3.1 million barrels a day in 2001, according to U.S. government figures. The Venezuelan government disputes those figures and says output is higher.

While Venezuelan exports to the U.S. have held steady over the past few years, less Venezuelan oil on world markets would increase pressure on international oil prices. The report calls this possibility "a concern for U.S. energy security, especially in light of current tight supply and demand conditions in the world oil market."

The report says Venezuelan output is likely to continue to decline because the country is relying less on private oil companies to boost output and more on state-run oil company Petróleos de Venezuela SA, which has become highly politicized under Mr. Chávez. The company, known as PDVSA, faces a host of problems: It must manage a portfolio of older fields that are in decline, is spending increasing amounts of its budget on social programs and is relying more on other state-run oil firms rather than private companies that are generally more efficient.

With the exception of Canada, virtually all the U.S.'s top sources of oil present headaches of one kind or another for Washington. Mexico, the U.S.'s No. 2 supplier, may have less oil to export in coming years as its production declines and its own economy soaks up more oil. Saudi Arabia sits in the politically charged Middle East, and Nigeria has problems with rebel attacks.

Venezuela was long considered the most secure source for oil, but that has changed under Mr. Chávez, a fiery leftist who has made operating conditions tougher for foreign oil companies and is using an oil bonanza to help alleviate poverty at home and to cobble together a bloc of anti-American countries in South America. Sen. Lugar, an Indian Republican, has been one of many vocal critics of Mr. Chávez but has recently struck a pragmatic tone about the Venezuelan leader. The senator recently proposed creating a regional council including the U.S., Venezuela, Brazil and Mexico to guarantee the stability of energy supplies.

Crude Calculations In Oil's New Era, Power Shifts To Countries With Reserves (WSJ)

By Bhushan Bahree And Chip Cummins

The Wall Street Journal, June 14, 2006

There is more to today's oil crunch than temporary jolts to supply and demand. What is also roiling the energy world is an enduring shift in the balance of power between the fuel-guzzling West and oil-rich developing countries.

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Since World War II, the industrialized world has relied on stable and affordable supplies of crude to fuel economic growth. The U.S., Europe and Japan together needed more oil than they could produce. The developing world had plenty of oil, but little use for it and few alternative markets. So industrialized countries tapped the cheap resources of poor ones.

Now this mutual dependency is unraveling and a new order is taking shape, turning the tables on America, its allies and other big energy consumers. Major exporting nations have concluded that they have more leverage than ever before over consuming countries.

Two forces are behind this change. The accelerating industrialization of the billion-person economies of China and India means that global energy demand is likely to keep growing rapidly for years to come. And just as important, the world's top crude-producing countries are keeping a tighter grip on their spigots.

Saudi Arabia and other oil-rich states have balked at making the large investments Western policy makers think are necessary to meet demand in coming decades, although they plan to expand production somewhat in the medium term. Moreover, these nations are using more of their oil at home to meet surging domestic demand, driven in part by new industries that were once the preserve of the developed world.

"The idea is to use [the] advantage of the availability of energy and build industries on that basis," said Saudi Arabian oil minister Ali Naimi in a recent interview in Riyadh, as the sound of jackhammers pounded through the windows of his office overlooking the booming city. "Any industry that requires intensive energy will be welcome in Saudi Arabia."

In addition, petro-states from Iran to Ecuador are flexing their muscles, brandishing fossil-fuel supplies as a weapon in diplomatic disputes, or tearing up contracts with foreign companies.

Major importing nations are scrambling to adapt. Energy security has emerged as a central foreign-policy concern from Washington to Beijing. Last month, a U.S. House of Representatives subcommittee held hearings on how to cope with nations that use oil as a weapon. Jaap de Hoop Scheffer, secretary-general of the North Atlantic Treaty Organization, said last month that the alliance would consider using force if energy-supply lines were threatened, a major broadening of the group's mandate. "As far as oil and gas is concerned, I think NATO could play a role to defend the sea lanes," he told European parliamentarians.

Major Western oil companies are also struggling to adjust. Ninety percent of the world's untapped conventional oil reserves are in the hands of governments or state-owned oil companies, far more than was the case several decades ago. It doesn't appear that the planet is running out of crude, as proponents of the "peak oil" theory have argued. But some oil experts foresee the big Western oil companies running out of easy-to-tap oil, and most of them are already turning to harder-to-recover reserves.

Royal Dutch Shell PLC and Exxon Mobil Corp. are making gargantuan bets on liquid fuels derived from natural gas. Shell and Total SA of France are extracting fuel from the gooey tar sands of Canada. ENI SpA, the Italian oil major, this month paid $900 million for the right to explore for oil off the shores of Angola. The search for new reserves has become "a nightmare," says Paolo Scaroni, ENI's chief executive officer.

Oil accounts for 98% of the fuel used by the world's cars, trucks and planes. With new crude supplies lagging behind demand growth, a new energy economy is emerging in which a mosaic of other fuels will supplement crude, some energy experts contend. "Bio-diesel," a specially processed vegetable oil that is often mixed with petroleum, and clean-burning liquids squeezed from natural gas are among the resources that will become essential for keeping the world humming, they argue.

"The transition away from oil may take 20 or 30 years, but it has to start now," says Joseph Stanislaw, an energy adviser at Deloitte & Touche USA LLP.

Crude has tripled in price since 2002 due to swelling demand, supply outages and slow growth in output. Oil hit a record of $75.17 a barrel in April, and yesterday settled at $68.56, down $1.80.

PUMPING UP

A number of oil-rich states have flexed their muscle this year, amid rising prices.

Jan. 1 -- Russia's Gazprom cuts off gas supplies to Ukraine in a price dispute.

April 3 -- Venezuela seizes two oil fields from European oil companies Total SA and ENI SpA.

March 11 -- Iranian interior minister vows to use "any means" to counter threats of U.N. sanctions, citing Iran's proximity to the strategically important oil chokepoint of the Strait of Hormuz. "We have control over the biggest and most sensitive energy route in the world," he said.

May 1 -- Bolivian President Evo Morales orders nationalization of the country's gas fields.

May 15 -- Ecuador announces it will seize an oil field operated by Occidental Petroleum Corp. after a contract dispute.

June 4 -- Iranian Supreme Leader Ayatollah Ali Khamenei warns oil shipments will be "seriously jeopardized" if Tehran is punished in its nuclear standoff.

Source: WSJ research

Wealthy industrial nations have weathered oil crises before. A wave of shocks in the 1970s and 1980s, including oil-field nationalizations and the 1973 Arab oil embargo, sent prices soaring and tilted power toward exporting nations. But rich Western

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nations stayed in the driver's seat because they were the main consumers of exports. And the U.S. and Europe had vast and proven oil reserves in Alaska and the North Sea, which they exploited when developing-world suppliers refused to cooperate.

Three decades later, the Western world no longer has such leverage. Crude-oil production by nations who aren't members of the Organization of Petroleum Exporting Countries is widely expected to peak around 2010. Outside of Russia and the Middle East, the biggest opportunities today are in deep waters off politically volatile Africa and in the Caspian Sea, not in the West.

The International Energy Agency, the industrialized world's energy-market watchdog, has forecast that world oil demand will rise 37% by 2030, to 115 million barrels a day from about 85 million today. But the oil-producing nations with the greatest pumping potential either will not or cannot tap their resources sufficiently to meet those projections.

The Paris-based IEA has long expected the Saudis, who now supply about nine million barrels a day, to contribute 18 million to 20 million barrels a day toward that figure. In an interview, however, Mr. Naimi suggested that the Saudis are unlikely to go much beyond 15 million barrels due to concerns about depleting reserves too fast and damaging fields by pumping too quickly. Other suppliers, including Mexico and Kuwait, also appear unwilling or unable to meet the expectations of Western planners.

OPEC members have expressed concern that demand projections such as the IEA's may be overstated. The IEA has concluded that because OPEC does not appear to be investing as much in production as expected, global oil supplies probably won't reach the agency's 115-million-barrel target for 2030. "We are likely to see higher prices for years to come," says Fatih Birol, the IEA's chief economist.

Demand patterns have also changed markedly. During the 1970s oil crisis, oil consumption was still concentrated in the industrialized West and in the Soviet Union, which produced more than enough for itself and its satellites. Today, the Saudis and their OPEC allies have many more big, attractive markets, starting with India and China.

Producing nations also face booming demand at home. Gasoline use in Iran, where the capital city is clogged with cars, is rising by 10% a year. Oil demand in the Middle East has risen by 13% since 2003, a growth rate nearly as high as China's. The Middle East was consuming 6.1 million barrels a day at the end of 2005, compared with 6.6 million barrels for China. This soaring demand equaled about one-third of the increase in global crude supplies, including from OPEC.

Saudi Arabia, which sits on a quarter of the world's oil reserves, also intends to consume more crude at home. The world's largest oil exporter is building new industries that rely on petroleum in an effort to leverage its primary resource, much as China did when it harnessed its vast labor supply to become a global manufacturing power. Mr. Naimi says one of his biggest goals is to create export-oriented fertilizer and aluminum industries.

At Turaif Camp in the Arabian Peninsula's northern desert, state-owned metals giant Ma'aden has dug an open-pit test mine for phosphates, an ingredient in fertilizer. Piles of the white mineral glitter in the sun, sprinkled with tiny fossilized sea creatures. Nearby, workers are digging another mine to excavate bauxite, the raw material of aluminum. These mines are part of a $10 billion project that will include a new coastal city with aluminum and fertilizer factories -- all powered by Saudi's huge reservoirs of heavy crude.

Other oil exporters are using their oil resources in more belligerent ways. Last month, Ecuador expelled Occidental Petroleum Corp. over a contract dispute. Bolivia's president nationalized his country's gas fields, dispatching troops to 53 fields and ordering foreign firms to renegotiate contracts. In April, Venezuela seized fields from Total and ENI.

The new supply-demand landscape has left the West increasingly vulnerable. The IEA estimates that the 26 industrial countries that are members of that organization will need to import 85% of their oil by 2030, compared to 63% today.

This is forcing a rethink of U.S. and European diplomatic and military strategy. For half a century, the energy-security formula had been simple: Protect the oil-supply lines from the Middle East, and the industrialized world would be safe. President Carter codified that thinking in the Carter Doctrine of 1980, which declared Persian Gulf oil a vital national interest and vowed to use military might to defend the region from attack.

When Arab members of OPEC embargoed oil exports in 1973, the West responded by squirreling away strategic stocks of oil for dire emergencies. The oil embargo ultimately fizzled, and the U.S. re-established close ties with Saudi Arabia. After Iraq invaded Kuwait in 1990, the Saudis swiftly increased production to make up for almost all the oil lost in Iraq and Kuwait. They did the same before and during the invasion of Iraq in 2003.

But the Middle East is no longer the shock absorber it once was. Last fall, when hurricanes devastated U.S. oil facilities in the Gulf of Mexico, the Saudis already were pumping about as much as they could. The U.S. and its allies orchestrated a release of strategic stockpiles to stave off shortages.

Regions outside the Persian Gulf now are capable of supplementing Western supplies. But that means the West must build alliances and deploy ships and troops to protect modest supply routes as far afield as the Caspian Sea, the Andean region of South America and West Africa. Now every oil field matters.

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The consequences were clear at a recent NATO conference on energy security in Prague. Addressing NATO officials and oil executives, U.S. Air Force Gen. Charles Wald, at the time the U.S. military's deputy commander for Europe and Africa, blasted the industry for what he saw as lax security around the world. He ticked off crucial pipelines and energy-transportation choke points in his theater. Such vulnerable points include the Oresund Strait between Sweden and Denmark and a pipeline running out of Chad, a small producer.

The energy-security model laid out by President Carter needs an update, said Gen. Wald, who has since stepped down from his post and is set to retire in July. "You just can't call 1-800-dial-the-military," he said. "The oil companies themselves have to start stepping up." During a break in the session, footage of burning oil facilities flashed across the conference hall's screen as the 1960s tune "Eve of Destruction" blared.

Officials in Iran and Venezuela have warned they could disrupt oil supplies if threatened by the U.S. In January, Russia briefly shut off natural-gas supplies to Ukraine, which many observers read as a political warning to independent-minded Kiev.

"The power of [energy] coercion is really equivalent to a military attack," says Richard Lugar, chairman of the Senate Foreign Relations Committee. The Indiana Republican says his stance on energy security hardened in August after a diplomatic mission to North Africa. He spent a night in Libya at Tripoli's gleaming Corinthia Bab Africa Hotel, where he saw Chinese, Indian and Western oil-company executives vying for business in the country oil fields, which had been closed to U.S. oil companies for two decades before the U.S. lifted economic sanctions in 2004.

Mr. Lugar is now pushing for a treaty with China and India that would spell out ways for the three nations -- all large consumers of oil -- to cooperate rather than compete in the event of a supply shock. In today's energy world, he said, natural resources "are strategic weapons."

Western oil giants are racing to adjust. Ever since Edwin Drake started drilling for oil in Pennsylvania in 1859, launching the modern petroleum age, oilmen have dreamed up technologies to coax more crude from the ground. Goldman Sachs estimates the industry will spend $660 billion over the next six years on big projects. Just 13% of the oil expected from these efforts will come from "traditional" extraction, the firm said. The rest will involve more-complex technology or resources formerly deemed too costly to extract.

Shell, for instance, is spending heavily on projects that have more in common with mining operations than with the exploration efforts of the previous century. It recently paid $400 million for rights to explore for oil buried deep in Alberta. Companies have rushed to the region to mine its oil sands, a tar-like muck that requires expensive excavation and processing. Shell says it doesn't yet have commercially proven technology to get at the sands, but considers it a risk worth taking.

"I don't know how long exploration will continue to be a major play" for big oil companies, "but 50 years from now it will be that much more difficult than it is today," says Malcolm Brinded, Shell's head of exploration. "You want to get in there now to get access to the best acreage and drill the best wells. You don't want to hang back in a situation like this."

Oil surpassed coal as the dominant source of energy early in the 20th century, and was essential to the development of aviation and motorized transport. The world now appears to be in the first stage of a bumpy transition to a system in which oil, while still the economy's most important fuel, will no longer so thoroughly dominate it.

Henry Groppe, the 80-year-old founder of a Houston-based energy-consulting firm, has watched the industry morph for half a century. He divides oil history into three epochs. The first was a 100-year era of plenty and U.S. control that lasted until 1970, when prices averaged $13 a barrel in 2004 dollars. The second, an era of transition and rising OPEC influence, lasted until 2004 and saw prices average $36 a barrel over that period.

The current era -- just two years old by Mr. Groppe's reckoning -- looks to be a messy one, with more potential for supply shocks and clashing over resources. Prices are likely to stay volatile as consumers try to outbid each other for constrained and vulnerable flows of crude. Rising prices tend to act as a rationing device, knocking some consumers out of the market altogether.

"We have entered the era of scarcity and price rationing," Mr. Groppe says.

Canada Conservative Gets Aggressive With Big Oil (NYT)

By Ian Austen

The New York Times, June 14, 2006

OTTAWA, June 13 — Danny Williams may be a multimillionaire and a member of the Conservative Party of Canada, but these days he is being compared to a self-proclaimed revolutionary, the Venezuelan president, Hugo Chávez.

Not that Mr. Williams, the premier of Newfoundland and Labrador, minds.

Since walking out on talks with a group led by Exxon Mobil and the Canadian subsidiary of Chevron over the development of the Hebron oil field this spring, Mr. Williams has never been more popular, at least at home. And he has since bolstered that gain by threatening to propose a new law that would revoke the lease on the property that has been held by the oil consortium for more than two decades.

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By taking on Big Oil, which has developed other offshore fields in his province, Mr. Williams is taking quite a gamble. Newfoundland has been Canada's poorest province for more than 50 years, and can hardly afford to lose out on any chance of a windfall from Hebron.

But the fight also illustrates that the era of high prices and concern over energy supplies for the United States has emboldened some caretakers of oil fields enough to demonstrate to major oil companies that there are limits to how much is up for grabs. Indeed, Mr. Williams, who built one of his province's largest personal fortunes through a cable television operation, a law practice and an offshore oil services company, portrays the battle as being fought for the American energy supply as well his province's financial fortunes.

But his current battle with some of the world's largest oil companies over a last major offshore reserve has led critics to label him a revolutionary — kind of a North American version of Mr. Chávez.

To the oil companies involved, even at a time of high energy prices and record oil company profits, Newfoundland's current demands make developing Hebron a financial nonstarter.

"We are prepared to move forward on Hebron on reasonable terms," said Mark MacLeod, the manager of external relations for Chevron Canada, which is based in Calgary, Alberta, and manages the project. "But there were a number of issues we were trying to agree on with the province up front. Perhaps, in retrospect, too many."

Hebron, off the coastline of Labrador, holds an estimated 731 million barrels of oil, roughly the equivalent of two years' production from the oil sands of Alberta. Though the second-largest of the province's four known offshore oil and gas fields, it is the last to be developed. And Hebron has special challenges. Its oil lies in cavities that can be reached only by using special — and costly — drilling methods. The field also contains heavy oil that, according to Mr. MacLeod, sells at a discount of about 20 percent to the lighter oils used for benchmark prices.

After letting the property sit explored but largely undeveloped for more than 25 years, the lease holders, which also include Petro-Canada and Norsk Hydro Canada Oil and Gas, were prompted by high oil prices to begin its development early in 2005. That, in turn, meant dealing with Mr. Williams and his province's relationship with its natural resources.

"In a sense, the oil companies find themselves in a larger scenario involving 500 years of politics in this province," said Christopher Dunn, a political scientist at Memorial University in St. John's, Newfoundland. "It has to be understood in the context of an attitude towards resources in this province that you don't get in other places. There's a feeling of patrimony."

Mr. Williams has walked away before, only to win in the end. He pulled away from talks six years ago with a communications company to acquire a cable operation. In the end, the company came back to the table and agreed to his price of 232 million Canadian dollars. Mr. Williams became widely known as Danny Millions.

Mr. Williams's list of demands for the Hebron consortium included the building of a refinery and the granting of a 10 percent equity stake in the project.

"This was not an attempt to grab more than we deserve," Mr. Williams said. "I have a business background, I understand risk and return."

During the talks, Mr. Williams eventually dropped the refinery and cut his equity demand to 4.9 percent, and he thought a deal was imminent. That is until the oil companies asked for tax credits that, by Mr. Williams's calculations, would have cost the province between 400 million and 500 million Canadian dollars.

From that point on, according to Mr. Williams, the negotiations became divisive, a situation he attributes to Exxon Mobil.

Exxon Mobil rejects the idea that it played spoilsport, as does Mr. MacLeod of Chevron.

"The decision to suspend Hebron was a unanimous decision of all the parties," said Margot Bruce-O'Connell, a spokeswoman for Exxon Mobil Canada.

While several issues remained unresolved when the negotiations broke down early April, one stood out for the industry side.

"We could not come to terms on the equity issue," Mr. MacLeod said. "We felt we could better meet the province's desire to receive more by an enhanced royalty regime."

While both sides say they are still prepared to reopen negotiations, Chevron quickly began reducing its 60-person operation in Newfoundland. Four days after the talks ended, the senior engineering manager for Hebron was off to another of the company's offshore projects in Australia.

Mr. Williams is now threatening to introduce a law by the end of this year that will revoke the oil companies' lease unless they begin developing the field.

But he takes exception to comparisons in Canadian newspapers outside of Newfoundland of his plan and Mr. Chávez's decision to nationalize foreign controlled oil assets.

"It's not expropriation," Mr. Williams said. "It's use it or lose it."

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The idea is not unknown. Alberta, the center of Canada's oil industry, introduced a series of laws in the mid-1970's that essentially give oil and gas leaseholders three years to develop properties or lose their rights.

But Mr. Williams cannot act alone. Unlike oil under the ground, which generally belongs to provinces in Canada, offshore oil is owned by the federal government. In turn, it turns over the management of offshore resources to provinces and shares the resulting royalties.

But Canada's new prime minister, Stephen Harper, another Conservative from Alberta, has indicated that he has no intention of joining Newfoundland's fight. That raises the question of how Mr. Williams can carry out his threat.

If Mr. Williams does succeed in taking back the leases, Mr. MacLeod of Chevron said that the consortium "would not look favorably on it."

While he declined to say what action the companies might take, he added that Mr. Williams would be unlikely to find anyone else interested in developing the property.

"I am not aware of other companies who are itching to get their hands on it," Mr. MacLeod said.

"It's a challenging resource to develop." Peter Fenwick, a fellow at the Atlantic Institute for Market Studies and the former leader of that province's left-leaning New Democratic Party, said that Mr. Williams's showdown could dampen investor interest in the province.

Professor Dunn says he expects that the oil industry will simply try to wait out Mr. Williams.

If so, they should not expect the premier to go quietly.

"I'm independently wealthy, so I'm not in the pay of any particular group or industry," Mr. Williams said. "I'm able to take tough stands. When you take a tough stand against an industry as powerful as oil, you expect a backlash."

Bush To Take No. 1 Elvis Fan On Tour Of Graceland (USAT)

By Oren Dorell

USA Today, June 14, 2006

Looking for that special gift for Japanese Prime Minister Junichiro Koizumi's last official visit to the United States, President Bush decided to invite the self-described Elvis “maniac” on a guided tour through Graceland.

Koizumi will get to visit the home and final resting place of the King on June 30, a day after he and Bush discuss human rights and the U.S.-Japanese alliance, the Japanese Embassy said.

Thousands of Japanese tourists visit Graceland each year. But this will be the first visit by any sitting president or world leader, said Jack Soden, chief executive of Elvis Presley Enterprises, which manages the estate.

“It couldn't have escaped the prez that the prime minister is an Elvis fan,” Soden said.

Koizumi is to step down in September. He will leave as Japan's longest-serving prime minister and, perhaps, the only leader of Japan to wear his graying hair in an Elvis-like mane.

He and his brother, Masaya, have been members of the Elvis Presley fan club in Tokyo for more than 30 years, Soden said. Both Koizumi, 64, and Presley were born on Jan. 8. Presley, 42, died in 1977 but Koizumi has not forgotten him.

Last year, Koizumi crooned to Bush his favorite Elvis tune, I Want You, I Need You, I Love You at Bush's 59th birthday party at the G8 summit in Gleneagles, Scotland, hosted by Britain's Queen Elizabeth. During a 2003 meeting at Bush's ranch in Crawford, Texas, the two men were talking for several hours by the pool when Koizumi started singing an Elvis song.

In 2001, a Japanese record label produced a charity CD called Junichiro Koizumi Presents My Favorite Elvis Songs. The cover shows a digitally altered image of Koizumi standing by Elvis in Graceland.

Soden said the idea for a visit started with the White House. Aides there were trying to think of a unique Elvis-related gift for Koizumi. It occurred to them that “the best Elvis gift” would be a visit to Memphis. “Of course there is always a king at Graceland,” Soden said. “Elvis is in the garden.”

Somalia's Islamic Militias Reaching Out To The West (WP)

By Craig Timberg

The Washington Post, June 14, 2006

NAIROBI, June 13 -- The Islamic militias that took over the capital of Somalia last week are seeking to solidify their rule while reassuring Western leaders that they do not intend to impose an extremist, Taliban-style government on that battered East African country, diplomats, analysts and militia officials say.

In a coordinated effort including private conversations and public declarations, the Islamic Courts Union is portraying itself as a moderate force capable of stabilizing a blood-soaked land that has endured 15 years without a central government.

A letter sent by militia leaders to foreign governments said they want "a friendly relationship with the international community." The chairman of the militia group, Sharif Ahmed, has made conciliatory comments in interviews with several

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Western journalists and invited others to visit Mogadishu, long among the world's most dangerous cities but now transformed to peacefulness, militia officials say, by their rule.

"It is my pleasure to invite you to came to Mogadishu and see it yourself what we have achieved," Ahmed said in an e-mail to Western journalists based in Nairobi.

Abdurahman Osman, a Somali-born U.S. citizen representing Ahmed and the Islamic militias, said in an interview here: "They want to open up. They want the world to come to them."

This contrasts starkly with initial reports that the loosely organized militias are dominated by religious fundamentalists bent on delivering a purist vision of Islamic law, including the banning of certain films, the chopping off of robbers' hands and the public execution of murderers.

That image was enhanced by reports over the weekend that militia members in Mogadishu had shut down public viewings of World Cup television coverage, deeming the broadcasts decadent.

The Islamic Courts Union is a coalition with roots dating to the mid-1990s, when religious courts brought a semblance of order to Mogadishu, an impoverished seaside city of 1.2 million people, after the United States and the United Nations ended a troubled military intervention and nation-building experiment and abandoned Somalia to the rule of warlords.

Among the backers of the courts were Islamic extremists, including Hassan Dahir Aweys, who U.S. officials say was an associate of Osama bin Laden and who today is suspected of harboring fugitive members of al-Qaeda.

According to widely circulating reports, the CIA has backed secular Somali warlords in recent years, paying them hundreds of thousands of dollars to help track suspected terrorists. U.S. officials speaking publicly have neither confirmed nor denied this, but the reports have gained wide currency in Somalia and the region.

The triumph of the Islamic Courts Union over the secular warlords on June 5, following months of fighting that killed more than 300 Somalis, has been seen as a defeat for the United States.

The United States and other Western powers have been reassessing the militias, recognizing that the warlords are unlikely to regain power in Mogadishu. Many diplomats acknowledge the popularity of the Islamic Courts Union and say it is not clear whether moderates or extremists such as Aweys are in charge.

"That's one of the things we're trying to figure out," said a Western diplomat, who spoke on condition of anonymity. "He certainly is laying low."

Others analysts said the militias have not settled on their leadership but, for now, are eager not to be seen as resembling the strict Taliban rule that allowed Afghanistan to become an operational base for bin Laden -- and, after the attacks of Sept. 11, 2001, a target of the U.S. military.

"They are trying to show their good face," said Mario Raffaelli, the Italian special envoy to Somalia. "It would be wrong to target all these people as extremists."

In testimony Tuesday before the Senate Foreign Relations Committee, Henry A. Crumpton, the State Department coordinator for counterterrorism, said the administration had three objectives in Somalia: finding and eliminating what he called an "enduring, resilient" al-Qaeda cell; helping a U.N.-backed transitional government to "gain traction"; and providing humanitarian assistance.

In statements since the Islamic takeover of Mogadishu, administration officials have made clear they are prepared to work with whatever groups can help achieve those objectives. "What we'd like to do is establish some kind of viable political actors" on the ground, one senior administration official said.

In that vein, the administration last week announced establishment of a "contact group" of interested outside parties to come up with a coordinated strategy. The U.S.-led group, which includes representatives from the United Nations and Europe, expects to meet Saturday in New York, the official said. "We want to be open-minded to a variety of options," he said.

While encouraged by the letter from the Islamic courts -- which it decided to answer with public statements rather than a private missive -- the administration believes that the courts' leadership is "clearly lying when they say they don't know where al-Qaeda is" in Somalia, Crumpton said. "Our interest is solely in the al-Qaeda fighters," he said. The administration believes there are "a half-dozen or less" senior al-Qaeda leaders currently or recently in Somalia, along with a fluctuating number of "operatives."

The transitional government, led by President Abdullahi Yusuf, was created with U.N. assistance in 2004 and was initially based in Nairobi. In February, it moved to the Somali town of Baidoa, 155 miles northwest of Mogadishu, but it still has little power, few resources and no ability to protect itself against the Islamic Courts Union.

As Western officials and the Islamic Courts Union have traded tentative communications in recent days, officials from the transitional government have pleaded for more international help.

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Prime Minister Ali Mohamed Gedi on Tuesday accused foreign governments of dawdling as the militias came to power in Mogadishu. "If we sit, wait and see, the situation for the people of Somalia will get worse," he said, addressing a meeting of regional leaders in Nairobi. "It will be a regional problem. It will be a global problem."

At the request of the transitional government, seven East African nations agreed to impose travel bans and banking restrictions on the Somali warlords in an effort to push them into peace talks.

But officials of the transitional government are seeking much more extensive help, including the partial lifting of the U.N. arms embargo so that the government can import arms for its own defense, an idea given tentative support Tuesday by Louis Michel, the European Union's commissioner for development and humanitarian affairs.

The transitional government also has debated seeking peacekeeping troops from the African Union, despite vehement opposition by the Islamic Courts Union to the presence of any foreign troops.

The transitional government and the Islamic militias have expressed interest in negotiating with each other as well. Analysts say that the government craves the real power that entry into Mogadishu would allow, and that the militias are seeking legitimacy and extension of their authority throughout the country.

The Islamic militias control much of the southern part of the country. But in the north, the regions of Puntland and Somaliland are beyond their reach. It is not clear, however, that the Islamic militias have the military might to move far beyond Mogadishu. And even there, their support is based more on their history of providing legal structures and social services than on firepower.

"You're actually seeing the beginnings of governance," said John Prendergast, a former Clinton administration official who is now an analyst for the International Crisis Group, speaking from Washington. But he added: "The Somali allegiance to any authority is as fickle as it gets. This is very tricky terrain."

US Trading Hostilities For Talk In Somalia? (CSM)

By Howard LaFranchi

The Christian Science Monitor, June 14, 2006

WASHINGTON

Having failed to defeat Islamist factions in Somalia through covert action - yet unwilling to see the lawless country on the Horn of Africa become a haven for Islamist extremists, including Al Qaeda - the US is preparing for a more diplomatic kind of intervention.

On Thursday, the US will initiate a "Somalia contact group" of interested countries and organizations to begin deliberating on how the international community can help stabilize what experts consider to be a "failed state."

For many Americans, Somalia is best remembered for the 1993 operation to capture a Somali warlord in Mogadishu that ended in the deaths of 18 US soldiers. That incident led to a hasty US pullout - and the 2001 movie "Black Hawk Down."

But Somalia also offers a textbook example of how a failed state can become a power vacuum where forces opposed to US interests can take refuge and thrive, experts say - especially in an era when the US is taking an aggressive approach to radical Islam worldwide. Somalia has been without a viable central government for more than a decade.

US alarm over Somalia ratcheted up last week when Islamist factions, loosely aligned under the banner of the "Islamic Courts Union," took control of the capital of Mogadishu from rival secular warlords.

The US had been funneling support - arms and as much as $100,000 a month, according to some reports - to warlords opposing the Islamists.

US officials are also concerned that Islamist forces are harboring several Al Qaeda operatives wanted in connection with terrorist acts in Africa against US and Western interests.

Despite those concerns, the US is sending out conciliatory signals to the Islamic Courts Union, which vows to turn Somalia into a religious state under sharia law. In addition to setting up the international contact group, the State Department is issuing cautious, open-minded statements toward the advancing Islamists.

The tone suggests a carefully revised US position on Somalia, analysts say. The broader lesson, they add, may be that instead of rejecting Islamist political groups outright, the US will have to do more to differentiate friend from foe within Islamist political movements.

"It sounds like Plan A didn't work, so we'd better try Plan B," says Jim Bishop, who was the last US ambassador to Somalia, before the US evacuated its embassy there in 1991.

"It's disturbing when you see what appears to be the US government funneling supplies, including arms, to one group that has spent the last 15 years killing innocent civilians," he adds.

"Of course, we want stability and we don't want to see a terrorist haven there, but discussion and finding a compromise is better than Plan A."

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Concerns about a terrorist refuge were at the top of the list when President Bush assessed the Somali Islamists' advance last week: "[Our] first concern of course would be to make sure that Somalia does not become an Al Qaeda safe haven, doesn't become a place from which terrorists plot and plan," Mr. Bush said.

Still, the cautious US approach suggests a realization that covert support for secular warlords appears to have backfired, analysts say.

The outside support for feared warlords may have prompted the Islamists to act, while driving growing numbers of a security-seeking public into the arms of religious militants.

Another reason for American caution may be that Islamist militias are not a unified group. The US is seen to be appealing to the more moderate factions of the Islamic Courts Union, with the intent of separating out those elements that have already declared their opposition to providing a refuge for terrorism in Somalia.

What the US has to guard against, experts in Muslim countries say, is seeing all Islamic political movements through the prism of the war on terror and automatically putting America's weight against Islamist militants in a struggle like Somalia's.

"We need to choose our battles very carefully and avoid situations where Al Qaeda chooses our alignments for us," says James Dobbins, an expert in security issues at the Rand Corp. in Arlington, Va. "If that were the case," adds the former diplomat with experience in the Balkans and Afghanistan, "we would have been on the side of Serbia in Bosnia."

Of course, the US is also dealing with the recent memory of Afghanistan, where the Taliban came to power in 1996, promising stability after years of internecine fighting. But the Taliban ended up imposing an oppressive Islamic regime that granted a safe haven to Al Qaeda leader Osama bin Laden and his training camps.

Still, memories of Afghanistan should not make the US suspicious of all Islamic political advances, some experts say. "It concerns me if we see everything as a battle against Al Qaeda," says Charles Dunbar, a former ambassador to Yemen and Qatar who is now at Boston University.

In fighting Al Qaeda, the US is up against "irreconcilable extremists," he says, but they are only a "very small minority" of Islamist political forces. He notes that truly free elections in many Muslim countries would result in Islamic regimes, so the US should avoid a blanket policy opposing all Islamist movements.

As for Somalia, Mr. Dunbar says, "We can't just say, "Will you impose sharia [law] and provide a base for Al Qaeda?' and think that's enough. We need to be engaged there so we know what's happening."

Perhaps most important, the US may be learning again why it can't just turn its back on failed states - as the Clinton administration, under heavy fire from Congress, did to Somalia after the Black Hawk Down fiasco.

Nor does covert US support for one armed group over another appear to be the answer.

"The US abandoned Somalia more than a decade ago because we weren't willing to pay the price," Mr. Dobbins says.

"Now we're seeing that while nation-building is difficult and expensive, the alternatives aren't very attractive."

Uribe Faces Scandal On Eve Of U.S. Visit (WT)

By Steve Salisbury

The Washington Times, June 14, 2006

BOGOTA, Colombia -- An explosive new scandal has placed the Colombian military under unusual pressure, as newly elected President Alvaro Uribe prepares to meet President Bush at the White House today.

Before leaving, Mr. Uribe ordered investigations into reputed extrajudicial executions by government troops and the possibility of illegal "paramilitary" and drug-trafficking infiltration of the Colombian army, the Colombian presidential intelligence service, and the Colombian national police.

"Let's not rush to judgment here. Let's give the accused their right to due process. I don't think we have seen all to this story yet," said retired Colombian Col. Rodrigo Salazar.

Arriving fresh from a landslide re-election victory May 28, with about 62 percent of the vote, becoming the first Colombian civilian president to be re-elected to a consecutive second term in about 100 years, Mr. Uribe is expected to focus on the not-yet ratified free-trade agreement and Colombia's battle against terrorism, a Marxisit insurgency and drug trafficking.

The Jamundi scandal began May 22, when a unit of one of the army's high-mountain battalions reputedly opened fire on 10 policemen and a civilian accompanying them. The police were reportedly looking for a cocaine cache and suspected drug traffickers near the town of Jamundi, on the outskirts of Cali, in western Colombia.

All 10 police, who belonged to the judicial investigations unit, were killed. Eight or nine were reportedly shot in the back or in the head. The civilian informant was reportedly shot point-blank in the head, according to forensic reports cited by local news reports.

Colombian Attorney General Mario Iguaran said the incident, which still is under investigation, showed signs of being a deliberate crime and he accused soldiers and officers involved of engaging in a cover-up.

"It wasn't an error. It was a crime. [The police and civilian] didn't have an opportunity to defend themselves. There was previous coordination to the attack. And the worst, there was an attempt to make up alibis to confuse the prosecutors and investigators," Mr. Iguaran is quoted as saying in Colombia's newsmagazine Semana.

Eight members of the battalion, including the battalion's commander, Col. Bayron Carvajal, have reportedly been detained, and Col. Carvajal has been sacked from the army.

According to the weekly Semana, judicial sources say that intercepted cell-phone text messages or calls between Col. Carvajal and his men before the killings led prosecutors to suspect that Col. Carvajal was planning an ambush of the anti-narcotics police and that phone intercepts after the incident seem to show attempts by the soldiers to coordinate alibis.

In a few comments that have surfaced in the local Colombian press, Col. Carvajal and his legal counsel have denied this, saying the colonel's purported messages were misinterpreted and that the killings were the result of confusion and accidental "friendly fire."

Suspicion in some law-enforcement circles has been directed at Norte del Valle drug kingpin Diego Leon Montoya Sanchez, alias "Don Diego." Others point to the drug lord's archrival Wilber Varela, an ex-policeman, as the principal suspect. Mr. Varela is thought to have corrupt policemen, soldiers, and other authorities on his payroll.

This is not the first time Col. Carvajal's unit has experienced controversy. Last year, troops under Col. Carvajal's command reportedly killed 15 guerrillas, some or all of whom later were said to be civilian peasants.

Ratifying Death In Colombia (WP)

By Harold Meyerson

The Washington Post, June 14, 2006

Over the past 15 years, the trade agreements that the United States has entered into with other nations have been, when it comes to ensuring the rights of workers in those nations, merely outrageous and inadequate. Now the administration is about to send up to Capitol Hill a new accord that takes our trade agreements to a whole new level. The proposed agreement is with the government of Colombia, and it's ridiculous.

Colombia, you see, has a bit of a workers' rights problem. It's not just that more union leaders, activists and members are killed in Colombia than in any other nation. It's that, year in and year out, more unionists are killed in Colombia than in all other nations combined. In 2004, according to the International Confederation of Free Trade Unions, which produces an annual tally of people killed because of their union activities, 145 unionists around the world were murdered. Of these, 99 were killed in Colombia. Colombia's labor college, the Escuela Nacional Sindical (ENS), came up with a slightly lower count: 94. Either way, that's about two-thirds of the entire planet's casualty count.

And the 2004 death count was a bit on the light side by Colombian standards. In 2002 the number of murdered Colombian unionists, according to the ENS, was 184; in 2003 it was 91. Last year the figure dropped to a mere 70, but in the first three months of this year, it surged to 29. All in all, more than 4,000 Colombians have been murdered for their union commitments since the early 1980s.

One reason for this epidemic of homicides is that killing a unionist is a punishment-free crime. Of the roughly 3,000 murders of unionists between 1986 and 2002, according to a study being released tomorrow by the AFL-CIO's Solidarity Center, only 376 were even investigated by the government, and the number of guilty verdicts returned in those cases totaled five. For the statistically minded among you, that's a conviction rate of one-sixth of 1 percent. Kill a unionist in Colombia and you have about as much chance of doing time as you do of being hit by lightning.

The violence against Colombian unionists afflicts every unionized sector of the nation's economy. The largest number of victims come from the teachers union, since unionized teachers are found, and killed, even in remote villages. But industrial, service and farm workers are regularly slain as well. In December 1996, to take just one case, two members of the local right-wing paramilitary fired 10 shots into Isidro Segundo Gil, a union activist at the Coca-Cola bottling plant in Carepa, and later that night, their energies not yet expended, set fire to the local union offices. Segundo's widow, Alcira Gil, spent the next several years seeking justice in the Colombian courts and reparations from Coca-Cola, with which Segundo's union had been involved in a contractual dispute at the time of his murder. In 2000 Alcira Gil, too, was murdered, leaving two children orphaned. The charges against Segundo's alleged killers were dropped.

Colombia is a land of dropped charges and aborted investigations, because judges and prosecutors are themselves often the victims of paramilitary and guerrilla violence. According to an ENS study, however, the killers of unionists -- in those instances when the police have been able to identify the killers -- tend overwhelmingly to come from the paramilitaries, private armies in the service of drug lords, large landowners and the occasional factory. Unions, after all, run counter to the laissez-faire ethos that is apparently dear to the paramilitaries' hearts. "We kill trade unionists," Carlos Castano, the former leader of AUC, the nation's largest paramilitary group, once said, "because they interfere with people working."

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And in Colombia people work. With unions' ability to set minimal standards for workers under constant and deadly assault, even children work.

That Colombia's million-member union movement functions at all, given the steady reign of paramilitary terror and governmental indifference (if not complicity) to which it is subjected, is a testament to countless acts of daily heroism. The movement is no fan of the proposed trade accord, which it fears will allow U.S. agribusiness to undercut Colombia's non-drug-related agricultural economy while doing nothing about the nation's abysmal standards of worker rights. For the average Colombian, the trade agreement would add insult to what is all too often deadly injury.

U.N. Prepares To Start A New Peacekeeping Mission In East Timor (NYT/AP)

By The Associated Press

The New York Times, June 14, 2006

UNITED NATIONS, June 13 (AP) — Secretary General Kofi Annan said Tuesday that he would send a team to East Timor to prepare for the return of United Nations peacekeepers, but warned that a new mission would need at least six more months to set up.

Mr. Annan also bluntly suggested that the Security Council had scaled down the previous United Nations peacekeeping mission in East Timor too quickly. That, he said, was partly responsible for new violence that has killed more than 30 people in the last month.

"The sad events of recent weeks reflect shortcomings not only on the part of the Timorese leadership but also on the part of the international community in inadequately sustaining Timor-Leste's nation-building process," he told the Council. (The country's official name is the Democratic Republic of Timor-Leste.)

In the last month, East Timor has suffered the worst wave of violence since its violent break from Indonesian rule seven years ago. That came after the United Nations cut its mission over the last four years to a skeleton staff — which had been preparing to withdraw in May.

East Timor's ambassador to the United Nations, José Luís Guterres, told the Council that the United Nations must establish a new mission with a police force to replace the peacekeepers from Australia, New Zealand, Portugal and Malaysia that were sent to quell the latest violence.

"The current force and its successor, as indeed other components of a new U.N. mission, should also comprise a greater number of countries in the region," Mr. Guterres said. He mentioned Fiji, Singapore, Thailand, the Philippines and South Korea.

He said that the emergency was "nearing an end," but that security remained edgy and "the country is in a politically precarious state." He spoke on behalf of Foreign Minister José Ramos-Horta, who could not attend because of the unrest.

The demands for new United Nations peacekeepers in East Timor got strong support from members of the Security Council, including the United States. Washington had led calls earlier this year to shutter the East Timor mission, saying that the country was on the road to stability.

Mr. Annan's envoy for East Timor, Ian Martin, said that after visiting East Timor he believed that the United Nations peacekeepers must primarily handle police work.

"Timor-Leste is a child of the United Nations," said João Salgueiro, Portugal's ambassador to the United Nations. "So it needs the universality and impartiality of the United Nations, which must once again take a leading role."

Mr. Annan also said he would ask his high commissioner for human rights, Louise Arbour, to set up a commission to look into some of the worst violence of recent weeks, as East Timor has demanded.

East Timor's latest unrest began in March when about 600 striking soldiers were dismissed, setting off clashes with loyalist forces.

The fighting gave way to gang warfare and widened political tensions between the powerful prime minister, Mari Alkatiri, and President Xanana Gusmão, who is popular but holds a largely ceremonial role.

In East Timor's capital, Dili, critics of Mr. Alkatiri met Tuesday to discuss amending the Constitution to give the president power to dissolve Parliament and force Mr. Alkatiri to resign, said Manuel Tilman, an opposition legislator attending the talks.

"We have our government, our president, but nothing functions," Mr. Tilman said. "We think provisionally suspending part of our constitution and giving the president legislative and executive powers would give him the legitimacy to restore balance to the country."

U.N. Plans To Send Troops To E. Timor (WP)

By Colum Lynch

The Washington Post, June 14, 2006

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UNITED NATIONS, June 13 -- U.N. Secretary General Kofi Annan said Tuesday that he has begun preparing to send a new U.N. peacekeeping force to East Timor by early next year, saying that the United States and other Security Council members withdrew U.N. troops too soon, leaving a power vacuum that contributed to the country's descent into chaos last month.

The new U.N. mission would replace an Australian-led multinational force of about 2,700 troops that intervened in East Timor last month to quell fighting between military factions, which threatened the stability of the world's youngest independent nation. A senior U.N. envoy, Ian Martin, told reporters that the mission would provide law and order primarily in Dili, the capital, in advance of East Timor's May 2007 presidential and legislative elections.

"There is a lesson here for all of us," Annan told reporters after a Security Council meeting. "We had indicated that the U.N. should remain in East Timor a bit longer, but governments -- some governments -- were quite keen that we scale back as quickly as possible. Given what has happened, we are reassessing our own presence on the ground."

The decision to prepare a new mission -- which could cost hundreds of millions of dollars to run and would require Security Council approval -- follows a sustained U.S. campaign to shut down U.N. peacekeeping operations in East Timor since it gained independence in May 2002.

A U.S. representative, Jackie W. Sanders, told the council on Tuesday that the United Nations would have to consider a "follow-on mission" that would help administer East Timor's elections. But she stopped short of endorsing the need for a new peacekeeping mission.

Annan said he is sending an assessment team to East Timor to determine the size of the mission that would be required. He said it would be at least six months before a peacekeeping force could be sent. But he added that "it is obvious that the U.N. will have to go back . . . in a much larger form than we are at the moment."

Annan has also asked the U.N. high commissioner for human rights, Louise Arbour, to conduct an investigation into the latest upsurge of violence in East Timor. Meanwhile, he appealed to Australia, Portugal, New Zealand and Malaysia to keep their troops there until a U.N. mission is ready to take over.

A force of about 7,500 U.N. peacekeepers went to East Timor in 2000, replacing a previous Australian-led multinational force, to help the former Portuguese colony gain independence after more than 25 years of Indonesian rule. The U.N. Security Council shut down the peacekeeping force in May 2005, leaving a small political mission to help the government run its courts and deliver key services.

At the time, the Bush administration rejected an appeal from Annan to leave a "reassuring presence" of 144 U.N. peacekeepers to help with the transition. Stuart W. Holliday, who oversaw U.N. peacekeeping while he was an ambassador for political affairs at the U.S. mission to the United Nations, said American diplomats reached a compromise to leave a small mission. "You can't draw the logical conclusion that this would have been prevented with the presence of U.N. peacekeepers," he said in a recent interview.

Tensions erupted this spring after a group of 594 soldiers fired from the military organized demonstrations against what they contended was discrimination against soldiers from the country's western region. More than 14,000 civilians fled from their homes as the protests turned violent.

Despite the rise in violence, the United States pressed again for the United Nations to shut down its political mission there. East Timor's foreign minister, Jose Ramos-Horta, appealed to the Security Council in early May for a "modest yet robust" force of about 150 U.N. police officers to be sent to his country to help restore calm in advance of the elections. "The decision is in your hands," he said. "And this decision will decisively influence the course of events in my country, for good or bad."

The U.S. representative at the meeting, William J. Brencick, said that the United States was not prepared to support an even more modest U.N. proposal to reinforce its political mission in the run-up to the elections. Three weeks later, East Timor's military and police force fell apart as fighting broke out.

AIDS Incentives Costly To Agencies (WT)

By Karen Palmer

The Washington Times, June 14, 2006

BLANTYRE, Malawi -- Across the impoverished continent, aid agencies are doling out millions of dollars on "allowance" fees and per diems, financial incentives for people in countries hard hit by the AIDS epidemic to attend meetings and seminars to learn how to prevent it.

Although widely practiced, the custom is rarely talked about: Donors would likely be shocked if they knew their dollars were the only thing that can lure to AIDS seminars the very people who should be most interested in promoting development and battling the disease.

In Malawi, one of the world's 10 poorest countries, nongovernmental organizations (NGOs) have created a monster.

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"If you try to organize an event without [financial incentives], you will not see anyone," said Enock Phiri, who has worked with World Vision and Population Services International.

"The ones to be trained are the people we're having problems with," added Jones Laviwa, director of Churches in Action for Relief and Development.

"The international NGOs all have money. They came here and spoiled the people, and now we have problems. An NGO like this one, we don't have money to dish out to everyone," he said.

It is difficult to get a sense of exactly how much money is being spent because almost no one will talk openly about issuing incentives, but the going rate in Malawi seems to be 1,500 kwachas, worth about $10.

More than three-quarters of Malawi's population lives on less than $2 a day.

Lyford Gideon, a financial officer with the Malawi Network of AIDS Services Organizations (MANASO), an umbrella group, said the per diems are not meant to entice or reward participants, they are simply good hospitality.

A recent training session hosted by MANASO saw 20 percent of the budget for the event go to per diems, amounting to nearly $500 for a three-day event involving 25 participants.

Multiply that by the thousands of HIV seminars or AIDS conferences across the continent, and the figure is staggering.

The practice of paying for attendance started innocently enough. Recognizing that they're working with a population that struggles to simply survive, some NGOs began offering reimbursement for things like transportation, accommodation and food.

Some blame UNICEF, others blame Oxfam, but no one remembers who first offered envelopes of cash in exchange for attendance. The point, they say, is that now everyone does it.

"People say, 'If you don't give us pocket money, sorry, we're not interested,' " Mr. Laviwa said.

The practice is certainly not limited to Malawi -- in Uganda, it's called "motivation" -- nor is it confined to those in the development sector. In Ghana, journalists receive a little packet of cash at the end of press conferences, referred to as "soli," and ostensibly meant to cover travel expenses.

Most infuriating are payments to government officials and civil servants, said Seodi White, national coordinator of the Women and Law of Southern Africa Research Trust.

Although they're paid by the government to attend meetings that will help develop policy, many turn up their nose at seminars that don't pay a little extra, she said.

"If you want a government person, you have to pay," Mr. Laviwa said with a rueful shake of his head.

Mrs. White said government meetings usually close with an envelope containing a "sitting fee," a payment for simply attending.

The result is that some HIV workers use training sessions as a lucrative source of income, floating from one workshop to another, shopping around for conferences where participants stand the greatest chance of making a bit of cash.

Attempts to end the practice have had mixed results.

For Rose Kumwenda of the Malawi Business Coalition against HIV/AIDS, the issue is a simple one: Participants in her training sessions pay the coalition, not the other way around.

"I'm giving expertise and materials. What are you giving? Why should I pay you?" she asked.

Mr. Phiri said there are dire consequences to paying people to attend meetings that could save their communities.

"You are killing development," he said. "It was not Malawians who brought this, it was agencies from outside, and now our people are hooked on it."

Trial For Jailed Times Researcher To Start Friday In A Beijing Court (NYT)

By David Lague

The New York Times, June 14, 2006

BEIJING, June 13 — The trial of a researcher for The New York Times who is accused of disclosing state secrets and fraud will begin here on Friday, his lawyer said Tuesday.

The researcher, Zhao Yan, 44, who worked in the Beijing bureau of The Times, has been in custody for 22 months without appearing in court.

His lawyer, Mo Shaoping, said Mr. Zhao had been formally notified that his trial was scheduled to open in the Beijing No. 2 Intermediate People's Court.

After more than a year in custody while investigators gathered evidence, Mr. Zhao was formally indicted in December 2005.

The accusation that he disclosed state secrets arose from a September 2004 article published in The Times that reported that a former president, Jiang Zemin, had offered to resign his post as head of the military, according to the indictment. The article prompted a high-level leak investigation by the governing Communist Party. Mr. Jiang resigned two weeks later.

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Mr. Zhao denies the charges. The Times also denies that Mr. Zhao disclosed state secrets.

Mr. Mo, a veteran defense lawyer, is preparing to challenge key elements of the evidence against Mr. Zhao and the way prosecutors have handled the case. He said he would also contest the legality of a move by the prosecution to drop the charges in March only to reinstate an almost identical indictment last month.

Mr. Zhao is also being defended by Guan Anping, a former legal adviser to Wu Yi, a Chinese vice premier.

Prosecutors have refused to discuss the case on the ground that it involves state secrets.

Under Chinese law, the definition of state secrets can be extremely broad, covering almost any information linked to the government or the Communist Party. Critical or outspoken journalists are regularly convicted of disclosing state secrets and sentenced to long prison terms.

State security officers arrested Mr. Zhao, a longtime journalist and social activist, in Shanghai on Sept. 17, 2004. His case was handed over to prosecutors in May 2005 but was later returned to investigators so they could gather more evidence.

U.S. Mission In Cuba Gets Power Back (USAT/AP)

By Anita Snow, The Associated Press

USA Today, June 13, 2006

HAVANA — Electricity was restored Tuesday to the U.S. mission in Cuba after Washington accused Fidel Castro's government of deliberately cutting off the building's power. Cuba denied the charge.

U.S. Interests Section Chief Michael Parmly said the power, which was cut on June 5, was restored midmorning. He said he believed the weeklong power outage was deliberate, despite the Cuban government's denials.

“I find it hard to explain otherwise,” Parmly said. “They are denying it now because it became public.”

On Monday, U.S. officials in Havana and Washington accused Cuba of harassing the American mission by deliberately cutting off power and reducing the water supply.

Castro's government hit back Tuesday with a front-page editorial in the Communist Party newspaper Granma. The editorial blamed the outage on a problem in the neighborhood grid and accused U.S. officials of “shamelessly lying.” “Our Revolution would never attack or violate a diplomatic office,” Granma said.

The newspaper said heavy rains in recent weeks had damaged a key underground line leading to the mission and the adjacent Anti-Imperialist Plaza the Cuban government uses for protests against U.S. policies. Workers were laboring to fix affected lines in the area, it said.

Accidental cuts in power lasting days are not unheard-of in Havana. The government, which runs the power company, is working to modernize the power grid. It was not possible to independently ascertain the source of the electrical problem.

The U.S. mission operated on independent generator power after the outage. Regular tasks such as interviewing refugees and issuing visas were not disrupted.

The flap over electricity at the seven-story mission on Havana's Malecn coastal highway is the latest dispute about the building.

In January, Castro complained about the U.S. government's use of the building to display an electronic sign streaming news and human rights messages to passersby. His government erected a forest of towering poles flying huge black flags to block the sign.

U.S. State Department spokesman Sean McCormack on Monday called the power outage “bullying tactics” that he suspected were in response to the mission's efforts to provide information to Cubans.

Havana and Washington have not had full diplomatic relations since January 1961, two years after Castro came to power.

The U.S. Interests Section in Cuba opened in September 1977, during the administration of then-U.S. president Jimmy Carter, to provide a minimum of communications between the two countries. Cuba has an Interests Section in Washington.

Power Returned To U.S. Mission Building (WT/AP)

By Anita Snow

The Washington Times, June 14, 2006

HAVANA -- Electricity was restored yesterday to the U.S. mission in Cuba after Washington accused Fidel Castro's government of deliberately cutting off the building's power and Havana angrily denied it.

U.S. Interests Section chief Michael E. Parmly said power to the building, which was cut June 5, was restored midmorning. Mr. Parmly said he thought the weeklong power outage was deliberate despite the Cuban government's adamant denials.

"I find it hard to explain otherwise," Mr. Parmly said. "They are denying it now because it became public."

U.S. officials in Havana and Washington on Monday accused Cuba of harassing the mission by deliberately cutting off power and reducing the building's water supply.

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Mr. Castro's government hit back yesterday with a front-page editorial in the Communist Party daily newspaper Granma, saying the power outage was caused by a problem in the neighborhood grid and that U.S. officials "lie shamelessly."

"Our Revolution would never assault or violate a diplomatic mission," Granma said. "It never has, and it never will."

During the outage, the building operated on independent generator power and the mission continued regular consular tasks such as interviewing refugees and issuing visas.

State Department officials in Washington and Havana on Monday described the power outage as "bullying tactics" by Cuba.

Mr. Castro in January complained about the U.S. government's use of its building to display an electronic sign streaming news and human rights messages to passers-by. His government erected a forest of towering poles to fly scores of huge black flags blocking the sign.

"We categorically deny that there have been premeditated cuts in the electrical energy to disrupt the functioning of the [U.S.] Interests Section," Granma said.

The newspaper said heavy rains in recent weeks had damaged a key underground line leading to the mission and the adjacent "Anti-Imperialist Plaza" that the Cuban government uses for protests of U.S. policies. Workers were laboring to fix that as well as other affected lines in the area, it said.

Accidental cuts in power can last days in Havana, which has an antiquated power grid that the government is working to modernize.

Granma also objected to the State Department's accusations of other harassment by the Cuban government, including the denial of visas for some U.S. officials Washington assigned to work at the mission.

"Cuba fights with clean weapons," Granma said. "It doesn't have to look for pretexts to harass that office.

"It knows whether to say 'yes' or 'no' to those who they seek to represent the Empire," it added, referring to the rejection of visas for some U.S. officials. "It doesn't look for subterfuge, nor does it cut electrical cables to switch off the written rubbish [on the electronic sign]. It does not harass functionaries or representatives of the United States."

Phone Seizure Seen As Example Of Russian Corruption (NYT)

By Steven Lee Myers

The New York Times, June 14, 2006

MOSCOW, June 13 — On March 29, agents of the Interior Ministry seized 167,500 mobile phones that Motorola had shipped into Sheremetyevo Airport in Moscow, dragging the company into the Kafkaesque world where Russian justice intersects with business.

The phones were first declared counterfeits, then contraband, then a health hazard, and now they are evidence in a criminal investigation focused, again, on suspected smuggling.

In April, the Interior Ministry made a show of destroying some of the phones — 49,991, officials said — after saying that one model violated safety standards, though suspicion abounds that not all the phones were destroyed. The same model remains on sale in shops around Moscow.

Then a patent dispute began.

With a shadowy economy, a growing bureaucracy and a capricious embrace of law, Russia has long been a maddening place for businesses to operate, a developing market that is at once lucrative and full of risks.

But the experience of Motorola has highlighted what executives, analysts and even some pro-government lawmakers in a largely pliant Parliament say is a worrisome trend: law enforcement agencies are not only taking sides in commercial disputes, but also precipitating them to enrich corrupt officials and their intermediaries.

"It is a classic corruption case," Vladimir A. Ryzhkov, an independent member of the lower house of Parliament, said of Motorola's flurry of legal troubles. "They confiscate goods from private companies and sell them for a profit."

Next month Russia will play host to the Group of 8 meeting, during which it will strive to convince the West that it is a responsible and reliable energy partner that welcomes outside investment. Yet, Mr. Ryzhkov and others say that the voraciousness of officials has expanded beyond soliciting bribes, a routine practice in Russian business, into theft, extortion and racketeering.

"There does appear to be more avarice, more boldness, in terms of trying to extort money," said Andrew B. Somers, the president of the American Chamber of Commerce in Russia.

While experts say this sort of corruption is rampant in Russia, it is rare that a company openly challenges the authorities. Motorola, based in Schaumburg, Ill., has taken that step, though its executives are careful not to accuse any official directly.

"It is very much evident that the transition of Russia to a market economy, ruled by well-defined laws, is still going on," said Sergei Kozlov, Motorola's manager in Russia.

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The authorities have stood firm, describing the seizure of Motorola's phones as a legal step in a legitimate criminal prosecution. Dmitri N. Latysh, a special prosecutor in the Moscow regional office, said the phones were confiscated based on "operative information" that he declined to describe. He described the case as a smuggling investigation.

The handling of the case, however, has been contradictory, even comical at times.

Motorola shipped the phones — seven models in all, worth roughly $17 million — to Moscow on March 20 and applied for the necessary declaration of compliance for sale in Russia. It received approval on March 24. And on March 29, after the customs service approved the shipment, it was seized.

Six days later, Department K of the Interior Ministry, which investigates economic crimes, announced that it had taken the phones on the seemingly vague basis that they were "not designed for use on the territory of Russia" and, in an apparent contradiction, that Motorola's distributor, Yevroset, "concealed the fact that the phones imported to Russia were counterfeit."

Hours later, Department K withdrew the statement.

On April 12, Mr. Latysh of the prosecutor's office formally opened a criminal investigation "on the grounds of an illegal transfer" across Russia's customs border, according to a letter from the deputy interior minister, Andrei P. Novikov, to the Parliament. Mr. Kozlov said the government's case rested on an assertion that the necessary declaration, received on March 24, should have been received before the phones arrived in the country, though previous shipments had not required that.

The investigation prompted what Mr. Novikov's letter said was a determination that one model of the phones, C115, posed a "danger to the health of the users of these phones, and may create a destabilizing influence on the integrity, stability of functions and security of electronic communication of the Russian Federation."

Motorola disputed that, saying that an unaccredited agency hired by the prosecutor's office had made the determination, based on its measurement of the battery power, not radiation. Motorola's officials were not allowed to take part in the tests or to challenge them.

And because Russian law allows confiscated material in criminal investigations to be sold or destroyed before the case is completed, let alone tried in court, the company could do nothing when the Interior Ministry destroyed the C115 phones on April 25, with journalists watching.

Mr. Kozlov said Motorola had previously shipped the model without problems. The destroyed phones were worth only $2 million, but the company is concerned about 117,000 phones, worth $15 million, that remain in a legally precarious position.

The seizure — and disposal — of commercial goods without appeal has raised concerns in Parliament. "The authorities can seize things without any proof, without any authorization," said Olga Baranikova, a parliamentary aide.

Motorola's troubles were compounded when a Russian company, RussGPS, said all of Motorola's confiscated phones violated a Russian patent, which was granted in 2003 and which RussGPS later purchased.

RussGPS's owner, Pavel A. Panov, a former president of the Russian Stock Exchange who now works in high-tech industries, arms sales and publishing, appealed to the prosecutor's office. Mr. Latysh then opened a criminal case into patent violation, an extremely unusual step in a patent dispute.

"I will tell you about Russia," Mr. Panov said in an interview in his office, when asked why he had not made a civil claim against Motorola instead of appealing to prosecutors. "All judges cost 3 kopecks."

Motorola executives dismiss the patent claim as groundless and opportunistic; according to a letter written by its lawyers, some of the models in question were built even before the Russian patent was granted.

Last week the company sued Mr. Panov for defamation, but refrained from challenging the government's confiscation or destruction of its phones. "You see any company sue the government?" asked Mr. Kozlov, the Motorola executive in Russia.

President Vladimir V. Putin has spoken out forcefully against corruption, specifically in the customs service. Last month, he dismissed the customs chief. On June 2, he dismissed the prosecutor general, Vladimir V. Ustinov.

Grigory A. Satarov, who leads the Indem Foundation, a group in Moscow that monitors corruption, said that given the publicity surrounding it and the high-level appeals, Motorola's case might well have been a contributing factor to Mr. Ustinov's departure, which he called a positive step in fighting corruption.

"It is clear that the prosecutor was not struggling for law and order," Mr. Satarov said. "It was struggling for competitors."

Rethinking Nuclear Safeguards (WP)

By Mohamed Elbaradei

The Washington Post, June 14, 2006

In regard to nuclear proliferation and arms control, the fundamental problem is clear: Either we begin finding creative, outside-the-box solutions or the international nuclear safeguards regime will become obsolete.

For this reason, I have been calling for new approaches in a number of areas. First, a recommitment to disarmament -- a move away from national security strategies that rely on nuclear weapons, which serve as a constant stimulus for other nations

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to acquire them. Second, tightened controls on the proliferation-sensitive parts of the nuclear fuel cycle. By bringing multinational control to any operation that enriches uranium or separates plutonium, we can lower the risk of these materials being diverted to weapons. A parallel step would be to create a mechanism to ensure a reliable supply of reactor fuel to bona fide users, including a fuel bank under control of the International Atomic Energy Agency.

The third area has been more problematic: how to deal creatively with the three countries that remain outside the nuclear Non-Proliferation Treaty (NPT): Pakistan and India, both holders of nuclear arsenals, and Israel, which maintains an official policy of ambiguity but is believed to be nuclear-weapons-capable. However fervently we might wish it, none of these three is likely to give up its nuclear weapons or the nuclear weapons option outside of a global or regional arms control framework. Our traditional strategy -- of treating such states as outsiders -- is no longer a realistic method of bringing these last few countries into the fold.

Which brings us to a current controversy -- the recent agreement between President Bush and Prime Minister Manmohan Singh regarding the exchange of nuclear technology between the United States and India.

Some insist that the deal will primarily enable India to divert more uranium to produce more weapons -- that it rewards India for having developed nuclear weapons and legitimizes its status as a nuclear weapons state. By contrast, some in India argue that it will bring the downfall of India's nuclear weapons program, because of new restrictions on moving equipment and expertise between civilian and military facilities.

Clearly, this is a complex issue on which intelligent people can disagree. Ultimately, perhaps, it comes down to a balance of judgment. But to this array of opinions, I would offer the following:

First, under the NPT, there is no such thing as a "legitimate" or "illegitimate" nuclear weapons state. The fact that five states are recognized in the treaty as holders of nuclear weapons was regarded as a matter of transition; the treaty does not in any sense confer permanent status on those states as weapons holders. Moreover, the U.S.-India deal is neutral on this point -- it does not add to or detract from India's nuclear weapons program, nor does it confer any "status," legal or otherwise, on India as a possessor of nuclear weapons. India has never joined the NPT; it has therefore not violated any legal commitment, and it has never encouraged nuclear weapons proliferation.

Also, it is important to consider the implications of denying this exchange of peaceful nuclear technology. As a country with one-sixth of the world's population, India has an enormous appetite for energy -- and the fastest-growing civilian nuclear energy program in the world. With this anticipated growth, it is important that India have access to the safest and most advanced technology.

India clearly enjoys close cooperation with the United States and many other countries in a number of areas of technology and security. It is treated as a valued partner, a trusted contributor to international peace and security. It is difficult to understand the logic that would continue to carve out civil nuclear energy as the single area for noncooperation.

Under the agreement, India commits to following the guidelines of the Nuclear Suppliers Group, an organization of states that regulates access to nuclear material and technology. India would bring its civilian nuclear facilities under international safeguards. India has voiced its support for the conclusion of a Fissile Material Cut-Off Treaty. The strong support of both India and the United States -- as well as all other nuclear weapons states -- is sorely needed to make this treaty a reality.

The U.S.-India agreement is a creative break with the past that, handled properly, will be a first step forward for both India and the international community. India will get safe and modern technology to help lift more than 500 million people from poverty, and it will be part of the international effort to combat nuclear terrorism and rid our world of nuclear weapons.

As we face the future, other strategies must be found to enlist Pakistan and Israel as partners in nuclear arms control and nonproliferation. Whatever form those solutions take, they will need to address not only nuclear weapons but also the much broader range of security concerns facing each country. No one ever said controlling nuclear weapons was going to be easy. It will take courage and tenacity in large doses, a great deal more outside-of-the-box thinking, and a sense of realism. And it will be worth the effort.

The writer is director general of the International Atomic Energy Agency. He and the agency won the 2005 Nobel Peace Prize.

Diplomacy Al Dente (WSJ)

By Massimo D'Alema

The Wall Street Journal, June 14, 2006

In a few days I will travel to Washington with a simple and clear message. The new government in Rome is committed to building a stronger Euro-Atlantic community.

The world has changed much since I visited the White House in March 1999. At the time I was prime minister of Italy and the issue was the need for humanitarian intervention in Kosovo. We did it together, Americans and Europeans, and successfully. Seven years later, the major challenge we face has shifted to the broader Middle East. The Western alliance has thus far not

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found the same common approach we forged in dealing with the Balkan tragedy of the 1990s. The results have been negative for all of us: Divisions seriously reduce our collective effectiveness.

The Italian center-left opposed military intervention in Iraq in March 2003. This does not mean, however, that the new Romano Prodi government will turn Italy into a less useful partner for Washington. The opposite may well prove true.

The lessons learned since 2003 are very clear: For the European Union, a sound trans-Atlantic relationship is a condition to remain united; for the U.S., a united Europe proves more helpful than individual allies. The new Italian government -- having more confidence than the previous one in the value of European integration -- can help bring about what we all really need: a Euro-Atlantic community fully able to respond effectively to the post-9/11 global challenges.

It needs to be said that having supported or opposed the Iraq intervention in 2003 is not the litmus test of Atlanticism. Atlanticists, in the U.S. as much as in Europe, stood on both sides of this debate. Real allies discuss all matters of common concern in earnest -- including when they differ. And, in earnest, I would like to state the new Italian government's position on Iraq.

Withdrawal of the Italian troops from Iraq is part of our electoral mandate. The Prodi government will manage it in an orderly way, in consultation with the Iraqi government and the coalition partners. We will guarantee that the modalities of the withdrawal do not exacerbate the problems facing the Iraqi government nor the security of the Multinational Force partners.

Our men and women in uniform have been serving with great pride and professionalism for nearly three years; young lives were lost. My government honors their commitment and their sacrifice. Italy has no intention of turning her back on the Iraqi people: We will withdraw our troops but not our support for the new democratically elected Iraqi government. I was in Baghdad a few days ago, discussing with the Iraqi authorities the optimal Italian contribution to the future of the country -- from training of the Iraqi police to a new package of civilian and economic aid. In the end, we share a common interest in the future stability of a democratic and united Iraq. We will continue to contribute to it, although with different means. * * *

Looking beyond Iraq, Italy will prove steadfast in supporting peace, stability and reconstruction through multinational endeavors in conflict-torn regions: Afghanistan, the Balkans, Africa. Responsibility to protect has too often remained an empty slogan.

The Euro-Atlantic community I have in mind remains grounded in NATO, but must also rely on a strong and united Europe. I want to be clear where I stand on this issue.

- First, we need to work out a way for the EU to remain open while solving the current institutional crisis. Italy is committed to the long-term effort to bring the Balkans and Turkey into the European mainstream.

- Second, a strong EU must be shaped as a partner of the U.S., not as a counterweight. Italy's foreign policy has historically achieved the best results when U.S. policy and European integration have reinforced each other -- something the previous government forgot at times. A stronger Europe is the ally America needs in today's world when facing the threats of terrorism and nuclear proliferation.

- Third, promoting freedom and democracy, and fighting for development and against poverty in the world, is not only a moral duty for democracies, but also our best security policy. We Europeans too believe in "transformational diplomacy." However, the lessons we all learned the hard way since 2003 show the need for more effective strategies to favor change, including on the Israeli-Palestinian front.

- Finally, concrete progress in pacifying Iraq and Afghanistan will remain elusive if we do not reach out to neighboring countries. This is an additional reason to welcome the recent U.S. stance on dealing with Iran, and Europe urges Teheran to respond positively.

There is no readymade recipe for the tangle of issues that hamper progress in the broader Middle East, but Europe and the U.S. can and should devise a regional strategy equally convincing to both sides of the Atlantic, and combine their resources in pursuit of shared visions.

Mr. D'Alema is foreign minister of Italy.

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Ames, Andrew

From: Ames, Andrew
Sent: Wednesday, June 14, 2006 10:42 AM
To: Ames, Andrew; Baxter, Felix (CIV); Blomquist, Kathleen M; Branda, Joyce (CIV); Brett Gerry; Brody, Stephen (CIV); Bucholtz, Jeffrey (CIV); Bukvics, Jennifer (CIV); Claterbos, Barbara (CIV); Cohen, David M. (CIV); Cohn, Jonathan (CIV); Davidson, Jeanne (CIV); Davis, Dan (CIV); Fargo, John (CIV); Fielding, Gabrielle (CIV); Figley, Paul (CIV); Flentje, August (CIV); Frost, Peter (CIV); Garren, Timothy (CIV); Glynn, J.Patrick (CIV); Gorsuch, Neil M; Hertz, Michael (CIV); Hollis, Robert (CIV); Hunt, Jody (CIV); Hussey, Thom (CIV); Jennifer Brosnahan; Jeweler, James (CIV); Katsas, Gregory (CIV); Keisler, Peter D (CIV); Kohn, Chris (CIV); Kopp, Robert (CIV); Letter, Douglas (CIV); Levine, Larry (EOIR); Lindemann, Michael (CIV); Magnuson, Cynthia; McCallum, Robert (SMO); Miller, Charles S; Nichols, Carl (CIV); Nowacki, John; Pyles, Phyllis (CIV); Riley, Sharon (CIV); Rivera, Jennifer (CIV); Roehrkasse, Brian; Schiffer, Stuart (CIV); Scolinos, Tasia; Seidel, Rebecca; Senger, Jeffrey M; Spellberg, Dianne (CIV); Swenson, Lily F; Thirolf, Eugene; Wilson, Karen L; Zwick, Ken (CIV)
Subject: 6/14/06 Civil Division News

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Defense lawyers shut out as war on terror spawns courtroom secrecy

Opinion: Give judges a peek at secrets; Courts don't have to roll over for the executive branch's claims of secrecy.

AP
June 14, 2006

Ex-FDA Chief: Agency Meant to OK Plan B

WASHINGTON (AP) - The Food and Drug Administration had intended to allow over-the-counter sales of Plan B last year but delayed the move while determining how to limit those sales to women 17 and older -- a process that should have wrapped up by now, the agency's former chief testified.

Former FDA commissioner Lester Crawford, in a sworn statement, said he had reserved the right to

decide whether to loosen the sales restrictions on the prescription-only emergency contraceptive pills. His account of that unusual and perhaps unprecedented move, given in a deposition over a lawsuit against the FDA, confirmed earlier testimony given by two senior agency officials who said he'd shut them out of the decision-making process.

But Crawford said his Aug. 26, 2005, announcement that the agency was delaying its decision on Plan B wasn't a move toward denying over-the-counter sales. Instead, it was a bid for time to work out how to enforce restricting nonprescription sales to women 17 and older. Girls 16 and younger would still need a prescription.

"There was no -- no talk of denial, there was talk of trying to get straight what the enforcement procedures would be," Crawford testified, according to a transcript of the May 24 deposition that was released late Monday by the Center for Reproductive Rights -- which has sued to force the FDA to allow over-the-counter sales of Plan B for all ages.

Crawford said he had expected the FDA would take six to nine months -- "tops" -- to work out the enforcement issue following his August announcement. Crawford abruptly resigned from the agency the next month; nearly nine months later, the FDA still has not announced a Plan B decision.

Plan B, also known as the morning-after pill, is a high dose of regular birth control pills. Its hormone, called levonorgestrel, prevents ovulation. If ovulation already has occurred, Plan B prevents fertilization of the egg. It also may prevent the egg from implanting into the uterus, although some research suggests that's not likely. If a woman is already pregnant, it will have no effect.

Crawford's August announcement that the decision was being delayed stirred accusations that the FDA was allowing politics to trump science. But Crawford testified that the science had concluded that it was "possible" for women older than 16 to use Plan B without a prescription.

"I made a decision that that was correct. What I could not decide on is whether or not I could stand before the American people and say this will be successfully enforced. That I could not decide," Crawford said in his deposition.

A November 2005 Government Accountability Office report characterized as unusual the involvement of high-level FDA officials in the review of the application by manufacturer Barr Laboratories to loosen Plan B sales.

Dr. Steven Galson, director of the FDA's Center for Drug Evaluation and Research, testified April 26 that Crawford said in January or February 2005 that he was taking over the decision on Plan B. Galson testified that he wasn't planning to approve over-the-counter sales at the time but was "tending that direction."

Crawford "told me that he was concerned about where we were heading because he knew that I was heading towards this recommendation, and he told me that he was going to make the decision on what to do with the application," Galson testified.

The Center for Reproductive Rights was scheduled to depose Crawford's predecessor, former FDA commissioner Mark McClellan, on Tuesday for his role in an earlier agency denial of Plan B's nonprescription sales.

Last year, Democratic Sens. Patty Murray of Washington state and Hillary Rodham Clinton of New York released a hold on Crawford's nomination in exchange for a pledge from Health and Human Services Secretary Mike Leavitt that the FDA would decide on Plan B by Sept. 1, 2005. Clinton later said the August delay "rudely surprised" her and Murray.

The two have since pledged to block the nomination of Crawford's successor, Dr. Andrew von Eschenbach, until the FDA decides on Plan B.

END

Boston Herald

Updated: Jun 14, 2006 12:41 AM EST

FBI knew agents had mob pals

By Laurel J. Sweet

The FBI called it "going native" - a humiliating label for G-men who became enamored of their mobster informants.
G-men like John "Zip" Connolly. Top-echelon rats like James "Whitey" Bulger and Stephen "The Rifleman" Flemmi.

"We used to call it 'going native' - an agent who would perhaps become friends with the informant and not be as objective as he should be. I heard it. More than once," said Robert Fitzpatrick, former second-in-command of the FBI's Boston office, who testified yesterday in U.S. District Court.

In fact, said Fitzpatrick, when he came to Boston in 1981, he heard a lot of talk by then-Special-Agent-in-Charge Lawrence Sarhatt about agents suspected of turning rotten.

Fitzpatrick is a defendant in the $50 million wrongful-death lawsuit filed against the FBI by the family of John McIntyre, 32, of Quincy, a government witness Bulger and Flemmi tortured and murdered in 1984. The civil trial is now in its second week.

Last week, Flemmi testified it was Connolly, his former handler, who tipped off him and Bulger that a crewman on the fishing boat Valhalla was going to tell the feds their gang tried to ship guns to the Irish Republican Army. Flemmi and Bulger tricked McIntyre into admitting he was the snitch and then shot him to death. His body was not found for 16 years.

McIntyre's mother, Emily McIntyre, 77, openly sobbed as she appeared in court for the first time yesterday.

Fitzpatrick said it was "a high priority" of the FBI to keep the identities of informants, also known as 137s, confidential for the sake of their well-being.

It was expected of agents, he said, that "You adhere to the law, you adhere to the guidelines and you do what is correct and true."

END

Resource News International

June 14, 2006

Canadian Cattlemen Not Taking R-CALF Action Lightly

Dwayne Klassen, Resource News International

WINNIPEG, MB, Jun 14, 2006 (Resource News International via COMTEX) --The Canadian Cattlemen's Association (CCA) are not expecting the US rancher group R-CALF to be successful in its latest attempt to block Canadian beef and cattle from entering the US, but they are also not taking the action "lightly" either, according to an official with the CCA.

R-CALf on June 6 filed a notice of appeal to a US District Court decision in April that allowed Canadian cattle and beef imports to the US to continue.

"We remain frustrated that there has never been full consideration of the merits of our case," R_CALF President Chuck Kiker said in a statement. "The Ninth Circuit Court of Appeals ruled in July 2005 that USDA should be given deference in this matter, but there's never been an evaluation of all the evidence."

"We knew there were some options for R-CALF to pursue from a legal standpoint," Dennis Laycraft, Executive Vice President of the CCA said. "Basically they are appealing to the same court that overturned the decision by Federal Court Judge Richard Cebull in Billings, Montana."

Laycraft said that while it seems like an extraordinary long-shot for R-CALF to pursue, the fact they are going back to the courts, can not be taken lightly.

"Our sense after conversations with our legal council is that R-CALF will not be successful, but we also have come to expect nothing less from them," Laycraft said.

He said the US legal system will probably accept the request for an appeal, but clearly the strength of the appeal court's decision, seems to strongly favor the USDA, keeping the US border open to Canadian cattle and beef products under 30 months of age.

"The CCA will obviously have to engage our legal council and spend some more money on this issue where it would be a far better use of money for all parties involved if Canada and the US were instead working together to sell more beef around the globe," Laycraft said.

Laycraft said the CCA also expects R-CALF to take Rule 2 through the US court system as well.

The implementation of Rule 2 would allow for the movement of Canadian cattle and beef over 30 months of age into the US, he said. Breeding cattle would also be included.

"The implementation of Rule 2 would then see the return of a more fully integrated North American cattle market again," Laycraft said.

However, while negotiations with the USDA on rule 2 have been ongoing, Laycraft said it looks as if it will be sometime in 2007 before it is implemented.

The delay comes in view of the two most recent BSE cases in Canada.

"If things got rolling early and rule 2 went unopposed there would be a good chance of it being implemented by early 2007," he said. "However, if the process is slowed up, it could be mid to later 2007."

The US Government banned imports of Canadian beef and cattle in May 2003 when Canada diagnosed its first case of bovine spongiform encephalopathy (BSE) or mad cow disease.

The USDA in March 2005 issued a Final Rule that would have reopened the border to Canadian live cattle and beef. However, those plans were delayed after R-CALF received an injunction from Judge Cebull.

R-CALF sought a permanent injunction to halt the importation of Canadian beef and cattle, but in April

2006 the USDA had the injunction overturned via arguments to the Court of Appeals.

END

AGENCE FRANCE PRESSE ENGLISH WIRE

June 14, 2006

Dead investigative reporter's family fights FBI over papers

by Charlotte Raab

WASHINGTON, June 14, 2006 (AFP) - Master investigative reporter Jack Anderson was in the FBI's crosshairs most of his life, and six months after his death his family is fighting the agency's bid to get his personal papers.

"We would oppose the efforts of the government to review dad's papers, even to the point of going to prison," the late reporter's son Kevin Anderson told a recent US Senate committee.

Anderson said the Federal Bureau of Investigation wanted to "whitewash the record of history," which his father set straight several times.

A precocious writer who began working for the Deseret News, in Salt Lake City, Utah, when just 12, Anderson blew the lid off the story of the Central Intelligence Agency's involvement with the mafia in an attempt to poison Cuba's Fidel Castro in 1960.

Co-author of the "Washington merry-go-round," a widely-read scandal column about Washington insiders, Jack Anderson was on a blacklist kept by President Richard Nixon.

He revealed the US-Pakistani alignment during Bangladesh's 1972 war of independence, and several corruption scandals in Congress.

Six weeks after his death in December, said Kevin Anderson, the FBI telephoned his 79-year-old widow, Olivia, saying they wanted to consult her husband's documents for classified information "that would help the government with a criminal investigation involving a Middle Eastern country."

The FBI later said Anderson's records were needed for an espionage investigation involving the American Israeli Public Affairs Committee, a pro-Israeli lobby group.

A federal agent visited the widow, who, according to police, agreed to an FBI search of her husband's papers, stored in some 200 cardboard boxes for 20 years after Parkinsons disease stopped him working, the son told the committee.

The boxes a year ago had been turned over to the custody of George Washington University with the aim of eventually making them available to the public.

Alerted by his mother, Kevin Anderson, a lawyer and executor of his father's estate, learned that the FBI intended to "remove any and all material they suspected might be 'classified' and either permanently retain them or return them in some redacted or edited form.

"This would destroy the historic, political and cultural value of Dad's papers," Kevin Anderson told lawmakers.

"Dad often said that documents would come across his desk classified as a 'national security' secrets, but which really involved what he called 'political security' secrets.

"They showed the misdeeds and manipulations of government employees who had abused the public trust and then tried to sweep the evidence under the secrecy stamp. Such information should not be hidden from the people," he stressed.

A Department of Justice official at the hearing refused to comment on the accusations and was criticised by lawmakers for not doing so.

University researcher Mark Feldstein, who consults the Anderson archives for his upcoming biography of the reporter, questioned the FBI's motives.

"After I thought about it, I could recall seeing only one set of papers that might once have been classified: the FBI's own documents on Jack Anderson. But our version of those papers was heavily censored, unlike the original FBI file already in their own office."

Feldstein said the Anderson affair revealed a "troubling" tendency of President George W. Bush's administration.

"It appears to be part of a larger effort by the government to crack down on the media and the publics right to know: from firing suspected whistleblowers\l "I" to withdrawing old historical records from archives to barring the press from photographing returning caskets of US soldiers (from Iraq) for fear of undermining wartime morale."

END

United Press International

June 14, 2006

CIA under new heat on secret detentions

NEW YORK -- The CIA is back in federal court in New York, being challenged by the American Civil Liberties Union over secret terror detentions and interrogation.

A three-judge federal appeals panel is hearing arguments from the ACLU that seek access to two documents authorizing the CIA to detain and interrogate terrorism suspects overseas.

Monday, Judge John Gleeson asked the most forceful questions of CIA lawyer Peter Skinner, the New York Times reported. Gleeson told Skinner it appeared the government was trying to conceal whether the CIA had been granted any independent authority to set up detention centers and interrogate prisoners. Skinner responded on the contrary, the CIA had clarified its role in assisting other agencies, and always under the guidance of the Justice Department, the newspaper said.

The ACLU suit was filed under the Freedom of Information Act and seeks a directive reportedly signed by President George Bush authorizing the agency to set up detention facilities outside the United States. The suit also seeks a Justice Department memorandum "specifying interrogation methods that the CIA may use against top al-Qaida members."

END

The Environmental Magazine

June 14, 2006

Group Calls On FDA To Test, Label GE Foods

Roddy Scheer

The nonprofit Center for Food Safety (CFS) filed suit last week calling on the U.S. Food and Drug Administration (FDA) to require labeling for and conduct mandatory reviews of genetically engineered foods to be sold in the United States. Many environmental and consumer advocates fear that genetically engineered (GE) foods can harm human and ecosystem health, and as such have been lobbying Congress for years to pass more stringent regulations governing what has become the fastest growing sector of agriculture.

"We think the FDA should be the gatekeeper and should require ... a mandatory process that has rigorous science behind it and public involvement and an actual approval process," says Joseph Mendelson, legal director for CFS. "And we're asking that once these products are on the market that they be labeled."

CFS' main complaint is that with science knowing so little about the potential effects of growing and consuming GE crops, the federal government should in the least be more rigorous about testing and identifying such products so that consumers can at least make up their own minds. Currently the U.S. is the world leader in production of GE soybeans, corn and canola, among other crops.

"There has been a conscious effort on the part of the FDA and the administration not to create any kind of regulatory burden for agricultural biotechnology," adds Mendelson. "They view this purely as an issue of economics rather than of human health."

FDA has no immediate comment on the pending lawsuit, which was filed in the U.S. District Court for the District of Columbia. The suit could take months if not years to wind its way through the legal system, during which time CFS and other groups will be working tirelessly on other fronts to convince lawmakers and the public to watch what they eat a little bit more carefully.

END

Associated Press

June 14, 2006

Defense lawyers shut out as war on terror spawns courtroom secrecy

CHICAGO — Witnesses testified under assumed names, the public was barred from the courtroom and part of the hearing was held in the judge's chambers, with defense lawyers shut out.

"I don't know what took place back there," grumbled Michael E. Deutsch, chief defense attorney for Muhammad Salah, a Chicago man charged with laundering hundreds of thousands of dollars to pay for murders, bombings and other acts of terrorism by the Palestinian militant group Hamas.

Court secrecy is getting tighter across the nation as the government wages war on terrorism, lawyers say.

In Maryland, a federal judge last month dismissed a lawsuit filed by a German man, Khaled al-Masri, who claimed to have been illegally detained and tortured in overseas prisons run by the CIA. After receiving a secret written CIA briefing, the judge ruled that going ahead with the civil trial would expose state secrets.

The New York Civil Liberties Union is asking an appeals court to order a federal judge in Albany to unseal his decision refusing to throw out charges against alleged money launderers Yassin Aref and Mohammed Hossain. They say they may have been targets of a warrantless wiretap. The judge's decision came two hours after the government submitted a secret court document.

In Chicago, attorneys for Sami Latchin, a man accused of serving as a "sleeper agent" in the United States for Saddam Hussein's regime, have asked a federal judge whether the National Security Agency eavesdropped on his telephone conversations. Prosecutors say a representative of the Justice Department in Washington will answer the question — but only in the judge's chambers with defense attorneys not allowed.

Such secret procedures, once rare in American courts, have become more common since the Sept. 11 terrorist attacks. Prosecutors say they need secrecy to protect undercover agents, informants and witnesses from terrorist reprisals and to keep critical information pipelines from being shut down.

But defense attorneys say the right of defendants to confront their accusers, guaranteed by the Sixth Amendment to the Constitution, is being worn away under the guise of national security.

"It's critical to the functioning of a healthy democracy that people know what the government is doing in their name," said David Cole, a professor at the Georgetown University Law Center.

Cole said secrecy has gone too far, not only in criminal cases but in civil cases, where he says government attorneys have relied on the state secret privilege to bar challenges.

But former federal prosecutor Andrew McCarthy, who sent the blind Egyptian sheik Omar Abdel-Rahman to prison for plotting to blow up New York landmarks, scoffed at the notion that the public has a right to know what is going on in the shadowy world of terrorism investigations.

"In point of fact, the public doesn't have a right to know a large variety of information maintained by the government, particularly its investigators, its intelligence services, and that presumption doesn't change just because someone is charged with a crime," McCarthy said.

So-called ex parte hearings — from which one side is barred — are legal under the Classified Information Procedures Act, passed three decades ago to combat a practice known as "graymail," in which defendants charged with spying would try to force the government to drop the charges by threatening to expose U.S. secrets on the witness stand.

Attorneys say the law was meant to let judges sort out the classified information behind closed doors and determine what the defense genuinely needed to make public. If the judge concludes the defendant cannot get a fair trial without spilling secrets, the government can decide whether to go forward or drop the case.

But critics say the law is now being overused.

"This has gotten to the crisis point," said professor Jonathan Turley of George Washington University Law School in the nation's capital. "We are turning our courts into something like military tribunals where the evidence is entirely up to the prosecutor."

In the Salah case, U.S. District Judge Amy St. Eve ruled Thursday that prosecutors may use statements that the defendant, a Palestinian who once worked as a Chicago public school teacher, gave to Israeli intelligence a dozen years ago.

Salah claimed that after his 1993 arrest in Israel, he was stripped naked, made to sit in an uncomfortable children's chair for long periods, forced to listen to blaring music, slapped and left with a foul-smelling hood over his head.

Two of his interrogators, testifying under the code names Haim and Nadav, denied that they tortured Salah. Before the hearing, they asked for permission to wear "light disguise," but the judge said no.

Federal marshals barred the press and public from the courtroom and sealed off the hall outside to prevent the curious from peering in. Some testimony came in St. Eve's chambers with Deutsch and other defense attorneys excluded.

The judge issued two versions of her 138-page opinion. One was complete but classified. The other, public version had a number of white spaces where material was deleted for national security reasons.

END

Los Angeles Times

June 14, 2006

Opinion: Give judges a peek at secrets; Courts don't have to roll over for the executive branch's claims of secrecy.

By Louis Fisher

LOUIS FISHER is the author of the forthcoming "In the Name of National Security," which analyzes United States vs. Reynolds.

THE JUSTICE Department told a federal judge Monday that a challenge to the National Security Agency's controversial domestic eavesdropping program must be thrown out of court because the secrets involved are just too sensitive.

"The evidence we need to demonstrate … that it is lawful cannot be disclosed without that process itself causing grave harm to the United States' national security," said the government's lawyer, Anthony J. Coppolino.

This is not the first time the Justice Department has invoked what is known as the "state secrets privilege." It was used, for instance, to dismiss the case of an FBI whistle-blower, and again to derail the case of an African American CIA officer who charged discrimination in the agency. It was used in the case of Khaled Masri, the German citizen who alleges he was detained while on vacation and held for five months in Afghanistan, where he was shackled and beaten before being released as a case of mistaken identity.

Each time, the courts have agreed to dismiss the proceedings simply because the Justice Department says that trying the cases would reveal state secrets.

But that's not the way it has to be.

The fact is that the branch of government that runs the courtroom and decides questions concerning privilege and the introduction of evidence is the judiciary, not the executive branch. Judges have a constitutional duty to function as neutral referees to allow each side to present its case fairly. A court that automatically accepts the government's argument about state secrets, without ever looking at the documents in question, aligns the judiciary with the executive branch and eliminates any chance of a fair trial.

The "state secrets privilege" reached the Supreme Court in 1953 in United States vs. Reynolds, a case in which the widows of three civilians who died in the crash of a B-29 bomber sought damages. They asked the government to give them the accident report and the statements of three surviving crew members. Lower courts held that the government must surrender the secret documents to the trial court or lose the case. The judge would examine the documents in his chambers to determine if the government's demand for secrecy was valid.

Refusing to release the documents, the government lost at the district and appeals court levels. But when the case got to the Supreme Court, the justices reversed course and accepted the government's argument about state secrets — without ever looking at the documents. Even having the judge examine the evidence alone in his chambers could jeopardize national security, the majority ruled. When the documents were declassified in the 1990s, it became evident that the Supreme Court had been misled:

The documents contained no state secrets.

In his authoritative 1940 treatise on evidence, John Henry Wigmore concluded that the executive branch is entitled to protect state secrets but that in cases in which classified information is at issue, it is up to the judge to decide whether such evidence qualifies as legitimately secret, and thus legally privileged. A court that "abdicates its inherent function of determining the facts upon which the admissibility of evidence depends will furnish to bureaucratic officials too ample opportunities for abusing the privilege," Wigmore warned.

I believe that Wigmore was right and that the Supreme Court decided the Reynolds case wrongly. Some federal judges agreed, and they have continued to recognize their obligation to examine disputed documents in their chambers before passing judgment on matters of evidence and privilege.

In 1971, the U.S. Court of Appeals for the Federal Circuit argued that "an essential ingredient of our rule of law is the authority of the courts to determine whether an executive official or agency has complied with the Constitution and with the mandates of Congress which define and limit the authority of the executive."

Claims of executive power "cannot override the duty of the court to assure that an official has not exceeded his charter or flouted the legislative will," the court said.

The executive branch may assert a right to keep its secrets, but this must not be viewed as an absolute right, only a privilege granted by the court when appropriate. Otherwise, even in the age of terrorism, there can be no judicial independence and no fair trial for Americans who would challenge their government.

END

USDOJ- Office of Public Affairs

From:	USDOJ- Office of Public Affairs
Sent:	Thursday, June 15, 2006 8:21 AM
To:	USDOJ- Office of Public Affairs
Subject:	Attorney General's News Briefing for Thursday, June 15, 2006
Attachments:	agnb060615.pdf; agnb060615.doc

This morning's Attorney General's News Briefing is attached.

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THE ATTORNEY GENERAL'S *NEWS BRIEFING*

PREPARED FOR THE OFFICE OF PUBLIC AFFAIRS, U.S. DEPARTMENT OF JUSTICE

TO: THE ATTORNEY GENERAL AND SENIOR STAFF

DATE: THURSDAY, JUNE 15, 2006 7:45 AM EDT

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TERRORISM NEWS:

Judge Upholds Indefinite Detention Of Noncitizens By US. The New York Times (6/15, Bernstein) reports, "A federal judge in Brooklyn ruled yesterday that the government has wide latitude under immigration law to detain noncitizens on the basis of religion, race or national origin, and to hold them indefinitely without explanation." The Times continues, "The ruling came in a class-action lawsuit by Muslim immigrants detained after 9/11, and it dismissed several key claims the detainees had made against the government. But the judge, John Gleeson of United States District Court for the Eastern District of New York, allowed the lawsuit to continue on other claims, mostly that the conditions of confinement were abusive and unconstitutional. Judge Gleeson's decision requires top federal officials, including former Attorney General John Ashcroft and Robert S. Mueller III, the F.B.I. director, to answer to those accusations under oath." The Times adds, "This is the first time a federal judge has addressed the issue of discrimination in the treatment of hundreds of Muslim immigrants who were swept up in the weeks after the 2001 terror attacks and held for months before they were cleared of links to terrorism and deported. The roundups drew intense criticism, not only from immigrant rights advocates, but also from the inspector general of the Justice Department, who issued reports saying that the government had made little or no effort to distinguish between genuine suspects and Muslim immigrants with minor visa violations. … Lawyers in the suit, who vowed to appeal yesterday's decision, said parts of the ruling could potentially be used far more broadly, to detain any noncitizen in the United States for any reason. … 'This decision is a green light to racial profiling and prolonged detention of noncitizens at the whim of the president,' said Rachel Meeropol, a lawyer for the Center for Constitutional Rights, which represented the detainees. 'The decision is profoundly disturbing because it legitimizes the fact that the Bush administration rounded up and imprisoned our clients because of their religion and race.' … A spokesman for the government, Charles S. Miller, would not respond to those assertions, saying only that the Justice Department was 'very pleased that the court upheld the decision to detain plaintiffs, all of whom were illegal aliens, until national security investigations were completed and plaintiffs were removed from the country.' He said the government was reviewing the rest of the opinion to decide whether to appeal the rulings Judge Gleeson made to allow the plaintiffs' other claims to proceed."

Newsday (6/15, DeStefano) reports, "In a 99-page decision, Gleeson, sitting in Brooklyn, said that even if the government held the immigrants for deportation proceedings as a cover for keeping them in the U.S. for possible criminal cases, the law allows such action. … 'An ulterior motive in this context does not render illegal conduct that was within the bounds of the government's authority,' said Gleeson. 'An officer who wants to search a suspect's car for a handgun can pull him over ... for changing lanes without using his blinker (a traffic violation) even if the officer has no interest in enforcing the laws requiring drivers to signal a lane change. … Similarly, the government may use its authority to detain illegal aliens pending deportation, even if its real interest is building criminal cases against them,' reasoned Gleeson."

US Seeks To Block New Jersey Officials From Obtaining Phone Records. The AP (6/15, Sherman) reports, "The federal government sued the New Jersey attorney general and other state officials Wednesday to stop them from seeking information about telephone companies' cooperation with the National Security Agency." The AP continues, "The unusual filing in U.S. District Court in Trenton, N.J., is the latest effort by federal authorities to halt legal proceedings aimed at revealing whether and how often AT&T, Verizon and other phone companies have provided customer records to the NSA without a court order." The AP adds, "New Jersey Attorney General Zulima Farber, a Democrat, and other officials sent subpoenas to five carriers on May 17, asking for documents that would explain whether they supplied customer records to the NSA, the lawsuit said. … The subpoenas followed by a few days a USA Today report that the phone companies had complied with the secretive agency's request for the phone records of millions of ordinary Americans after the Sept. 11 attacks. … The companies' deadline to respond to the subpoenas is Thursday, the federal lawsuit said." The AP notes, "The Justice Department said more than 20 lawsuits have been filed around the country alleging that the phone companies illegally assisted the NSA. The government says sensitive national security information would be revealed if judges allow those cases to proceed. … The American Civil Liberties Union also has filed complaints in more than 20 states, including New Jersey, asking state utility commissions and attorneys general to investigate. … In this matter, the federal government said the New Jersey officials are treading on federal turf and that the companies, if forced to comply with the subpoenas, would be confirming or denying the existence of the program. President Bush and other top federal officials have refused to do that. … Assistant Attorney General Peter Keisler also warned lawyers for the phone companies that

DOJ_NMG_0034067

responding to the subpoenas 'would violate federal laws and executive orders.'"

Specter Defends Legislation On NSA Surveillance. Sen. Arlen Specter writes in USA Today (6/15) about legislation he has authored calling "for the Foreign Intelligence Surveillance Court to determine the constitutionality of the president's electronic surveillance program. It recognizes the importance of protecting our nation by keeping the program secret while protecting civil rights by providing for judicial review to guarantee the program is lawful." Adds Specter, "I believe the program violates the Foreign Intelligence Surveillance Act. Notwithstanding that violation, the president might have the authority to order the surveillance under his inherent Article II constitutional authority, which supersedes a statute."

More Commentary On Specter's Bill. Meanwhile, in an editorial, USA Today (6/15) says, "Specter's goals are admirable. He wants to ensure that challenges to these programs get their day in court and are not dismissed on technical grounds." But "his measure would do more harm than good. It appears to embrace the president's dubious claim that he has the constitutional authority to order wiretaps without the FISA court's approval. By explicitly stating that the president might have such authority, Congress not only would fail to guard its constituents' privacy, it would also deepen the risk."

The New York Times (6/15) editorializes that "Specter's bill is not that bad, but it is fatally flawed and should not go to the Senate floor. He is trying to change the system for judicial approval of government wiretaps in a way that suggests Congress is facing a technical problem with a legislative solution, when in fact it is a constitutional showdown. There is also "a practical problem: a bill on the floor of this Senate becomes the property of the Republican leadership, which will rewrite it to the specifications of Vice President Dick Cheney, the man in charge of this particular show of imperial power. Mr. Specter, of all people, should have no doubt of that, having been forced to watch in embarrassment last week as Mr. Cheney seized control of the committee's deliberations on the spying issue."

Bush Says He Would Like To Close Guantanamo Prison. ABC World News Tonight (6/14, lead story, 3:15, Raddatz) reported that at his press conference yesterday, President Bush "said he wanted to close the prison where we hold alleged terrorists in Guantanamo Bay, Cuba." ABC (Raddatz) added, "He did say that. I think he said it in the past, but not so strongly. But one of the reasons this is in the news, of course, is there were three suicides there over the weekend. And the President also had a big but to that answer. But, he said, there are still very dangerous people there." USA Today (6/15, Parker) offers the full Bush quote, "I'd like to close Guantanamo, but I also recognize that we're holding some people there that are darn dangerous and that we better have a plan to deal with them in our courts." It was, adds USA Today, "the second time in recent weeks that Bush has said he hoped to eventually shut down the prison, where 460 mostly Muslim foreigners are being held as unlawful enemy combatants."

Knight Ridder (6/15, Landay, Taylor) reports "some legal experts say the administration created its detainee dilemma by deciding after the Sept. 11, 2001, terrorist attacks that when it came to suspected al-Qaida and Taliban militants, America no longer had to abide by its own constitutional guarantees of a public trial or by international treaties on human rights and the laws of war. … More than four years after the prison opened, only 10 suspected Islamic militants face charges before military tribunals, whose legality may be determined within days by the US Supreme Court." But "even if they're found to be legal, international legal and human rights experts already have denounced the tribunals as illegitimate."

Detainee Lawyers Decry Journalist Expulsions. Knight Ridder (6/15, Clark, Dodd) reports, "A Pentagon decision to expel three newspaper reporters and a photographer from the Guantanamo Bay, Cuba, detention center for suspected terrorists came under fire Wednesday from attorneys for the detainees, who accused the Bush administration of 'pulling down a wall of secrecy and avoiding public accountability.'" Knight Ridder adds, "The denunciation came as the journalists, who had arrived in Guantanamo on Saturday after the suicides of three detainees, returned to the United States aboard a military flight." The Pentagon "defended its decision, saying the journalists had been allowed to stay for days even though the event they'd been authorized to cover - military hearings against some of the detainees -- had been canceled because of the suicides." The four expelled journalists are Carol Rosenberg of The Miami Herald, Michael Gordon and Todd Sumlin of The Charlotte Observer, and Carol Williams of the Los Angeles Times. The Herald and The Observer are both owned by Knight Ridder. The Los Angeles Times (6/15, Rainey), among other newspapers, also reports the story.

Afghan Team Finds Humane Treatment At Guantanamo But Eyes Some Releases. The New York Times (6/15, Gall) reports an Afghan government delegation to Guantánamo Bay, Cuba "said Wednesday that about half of the 94 Afghans being held there were not guilty of serious crimes and should be released. The remainder, including several high-level members of the former Taliban government, should be tried in Afghan courts." The delegates, including Interior, Defense and Justice Ministry officials, "said the Afghan detainees were not being held in

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bad conditions, and during private interviews, without the presence of American guards or officials, only one or two detainees had complained." The Times notes that Presidents Bush and Karzai "agreed in May 2005 that the Afghan detainees would be returned to Afghanistan once facilities run by Afghans were prepared and personnel trained to handle them," and those preparations could take several months longer. "It has not been decided what kind of judicial process the detainees would face on their return, but being considered are Afghan military tribunals or trials in civilian courts run by the National Security Directorate, which has jurisdiction over terrorism and other serious crimes."

Former Detainee Becomes Leading Opponent Of US Policies. The New York Times (6/15, Golden) writes about ex-detainee Moazzam Begg's post-Guantanamo life, in which Begg has become an "adversary" in the "war of perception that is now a primary front in the American-led campaign against terrorism." With a "new book about his experiences and a small blizzard of media attention, Mr. Begg, a 37-year-old Briton of Pakistani descent, has emerged over the last few months as a minor celebrity in his home country," speaking regularly in opposition to US detention policies. The Times says the "respectful reception for Mr. Begg -- whom the Pentagon still portrays as a terrorist -- is one of many markers of the waning credibility of Washington's detention policies overseas, and particularly in European countries" allied with the US in fighting terror.

Bosnia Confirms It Allowed US To Seize Six Algerian Men. The New York Times (6/15, Smith) reports, "The government of Bosnia and Herzegovina has confirmed to the Council of Europe, the continent's main human rights watchdog, that it allowed American forces to seize six Algerian-born men in January 2002 for transfer out of the country, the council reported." The men "have been detained at Guantánamo Bay, Cuba, since then as enemy combatants."

UK Arrests Two On Terror Charges. The New York Times (6/15, Cowell) reports, "The police in northern England said they had arrested a 21-year-old man and a 16-year-old on charges of conspiracy to murder and of conspiring to 'cause a public nuisance by use of poisons and or explosives.' Both are to appear in court today. The arrests took place last week at Manchester Airport and in Dewsbury, Yorkshire."

French Court Sentences 25 Convicted Of Plotting Terror Attacks. The New York Times (6/15, Smith) reports, "A French court on Wednesday sentenced 25 people convicted of plotting terrorist attacks on the French capital in 2002 to prison terms ranging from 6 months to 10 years." Prosecutors "had charged them with planning attacks on several sites, including the Eiffel Tower. One of the convicts, Menad Benchellali, 32, was accused of trying to concoct chemical or biological weapons at his mother's apartment in a suburb of Lyon." The Times adds, "Twenty-seven people stood trial in the case, which began in December 2002 after chemicals, material for bombs and a chemical weapons protection suit were discovered in an apartment on the outskirts of Paris. The police also found elements for a sophisticated remote control detonator, suggesting that the group was planning a chemical bomb attack." Benchellali, "whose younger brother, Mourad, had been held in the American detention center in Guantánamo Bay, Cuba, and was released two years ago, was sentenced to 10 years in prison with Merouane Benhamed, 33, whom the court described as the group's leader."

Smaller Crowd Than Expected Gathered To Celebrate Released Indonesian Cleric. The New York Times (6/15, Gelling) reports, "Hundreds of Muslim students, thrusting their fists toward the night sky and chanting 'God is great' in Arabic, welcomed their revered spiritual leader, the militant Islamic cleric Abu Bakar Bashir, home from prison on Wednesday night." Bashir "was escorted here from prison by police officers, after serving 26 months for immigration violations and criminal conspiracy." The crowd, however, "did not number in the thousands as many had expected. Mr. Bashir had said he did not want to make too much of his release, and school officials said they had planned only a simple ceremony." But "the low turnout may also indicate that Mr. Bashir no longer enjoys the support he once did. He has been criticized by a number of former followers for his links to terrorist activities."

Economists Find Press Coverage Of Terrorism Increases Attacks. Richard Morin, in his Washington Post (6/15, A2) column writes that economists Bruno S. Frey of the University of Zurich and Dominic Rohner of Cambridge University have written a study claiming "that newspaper coverage of terrorist incidents leads directly to more attacks." Frey and Rohner say the results of their study "were unequivocal: Coverage caused more attacks, and attacks caused more coverage -- a mutually beneficial spiral of death that they say has increased because of a heightened interest in terrorism since Sept. 11, 2001." Frey said one solution would be to keep groups from gaining "publicity by not publicly naming the attackers."

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HOMELAND RESPONSE:

ACLU Sues Pentagon To Force Release Of Information On Antiwar Groups. Knight Ridder (6/15, Brown) reports, "A civil rights group sued the Defense Department on Wednesday in an effort to force the Pentagon to turn over information it's collected on peace groups and antiwar activists under a controversial program designed to track terrorists." The lawsuit, filed in Philadelphia by the American Civil Liberties Union, "asks the Defense Department to produce records it's collected under its Threat and Local Observation Notice program. Former Deputy Defense Secretary Paul Wolfowitz started TALON in 2003 to track groups and individuals with possible links to terrorists and others who might pose a threat to Defense Department installations and personnel."

Congressional Investigator Says "Positive Steps" Taken On Secure Flight Program. USA Today (6/15, Frank) reports that following "years of floundering," Cathleen Berrick, director of homeland security and justice for the Government Accountability Office, told members of a House Homeland Security subcommittee yesterday that the Secure Flight program has made "very positive steps lately that are encouraging." TSA Director Kip Hawley told reporters recently that the program, which "would check domestic passengers' names against comprehensive terrorist databases kept by the government," could "start in 2007 and will definitely be in operation in 2008." USA Today adds, "Berrick's comments…sharply contrasted with her testimony to senators in February that described the program as 'at risk of failure.'"

Corzine Praises 9/11 Families. In a letter to the editor of the New York Times (6/15),. New Jersey Gov. Jon S. Corzine writes, "The Sept. 11 attacks left our nation shocked, confused, angry and hurt. But for those who lost family that day, the pain was far greater. In times of such tragedy, it's often hard to look past your own personal pain, but somehow the families of the 9/11 victims did just that. They took heartache and turned it into something that could effect change for the greater good. … We should ask ourselves, if put in their position, would we have had the strength to speak out for the public good? They could have kept their personal and private pain inside, but if they had, would our nation be any safer today? Their love for their country is as great as their love for their lost ones. Today, their country is safer, and for that, we should all be grateful."

FEMA Taking Measures To Reduce Aid Fraud. The South Florida Sun-Sentinel (6/15, Gibson) reports, "Scorned by government accountants for doling out an estimated $1 billion of fraudulent hurricane aid, the Federal Emergency Management Agency promised on Wednesday to verify the identity of disaster victims before giving them money and housing." The Sun-Sentinel continues, "No more debit cards for victims, at least not this hurricane season. No more double payments to applicants. Social Security numbers will be verified before the money flows. And somebody will be checking to see if recipients actually live in disaster zones. … At least that's what a FEMA official told skeptical members of a House panel who were shocked anew by the latest report of millions of dollars wasted on prisoners, undamaged property and fraudulent applicants living large on taxpayer dollars." The Sun-Sentinel adds, "The agency learned some hard lessons after spreading money to people who didn't deserve it in Florida in 2004 and in Gulf Coast states in 2005, said Donna M. Dannels, FEMA's acting director of recovery. Now it is moving to implement safeguards while preparing for new storms. … At a hearing on Wednesday, members of the House Subcommittee on Investigations pummeled Dannels with questions about how FEMA could have been so easily defrauded last year after disclosures by the South Florida Sun-Sentinel and other warning signs revealed misspending going back to 2004. … Dannels said FEMA was trying new verification systems last year but was simply overwhelmed by the sheer scale of disaster when Hurricanes Katrina and Rita swept across the Gulf Coast. The agency was faced with a vast population of victims, some pulled from rooftops without even shirts on their backs or any form of identification."

FEMA Official Says GAO Study Looked At "Fraction" Of Overall Assistance Provided. The AP (6/15, Margasak) reports Donna Dannels, acting deputy director of recovery for FEMA, "angered" members of a House Homeland Security subcommittee yesterday when she said the GAO study that found up to $1.4 billion in aid was misspent by the agency following Hurricanes Katrina and Rita represented "a fraction of the overall assistance provided." The GAO "estimates that 16 percent of the individual assistance distributed after the two hurricanes last year was misspent. … In a sharp exchange, Rep. Christopher Shays, Connecticut Republican, told Miss Dannels: 'The amount of fraud outlined in this report ... -- I don't think it's refutable.'"

The CBS Evening News (6/14, story 6, 2:20, Pitts) reported on the General Accountability Office report on fraud in FEMA's recovery programs for Hurricane Katrina. Members of Congress "looked on in disgust as the list of FEMA fraud cases in the aftermath of Katrina range from the sinister to the down right shameful." Rep. Michael McCaul: "Money was used to purchase items such as $1,300 handgun, $150 products at 'Condoms To Go.'" Pitts: "Still,

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FEMA's acting deputy director seemed almost defiant noting the $600 million to $1.4 billion in alleged fraud was merely a fraction of the overall assistance provided to Katrina victims." FEMA acting Deputy Director Donna Dannels: "The GAO report references isolated instances." Pitts: "The Justice Department is conducting its own investigation." NBC Nightly News (6/14, story 7, Reid) showed McCaul saying, "Any time you throw that kind of money you are asking for it. There are bad actors there who are going to milk the system."

The Los Angeles Times (6/15, Neuman) reports Dannels "arguments did not sway legislators" and they did not "impress the GAO. Sitting next to her during the hearing was Gregory Kutz, the agency's managing director of forensic audits, who said that FEMA was having trouble accepting the results because it had previously estimated the fraud rate at 2 percent to 3 percent, not the 16 percent the GAO now calculates." Meanwhile, Reps. Michael McCaul and Bob Etheridge "called for further investigations, this time into contract fraud."

CNN's The Situation Room (6/14, Blitzer) reported, "We're learning some new details over the magnitude of the fraud and the waste in FEMA's distribution of disaster assistance following Hurricanes Katrina and Rita. A new government audit -- get this -- estimates, 16 percent of the payments -- 16 percent -- were fraudulent." CNN (Schechner) added, "That 16 percent adds up to about $1 billion, this according to the Government Accountability Office, that has been auditing FEMA. They took a look at the stuff like those debit cards we heard a lot about. They say hundreds of them are unaccounted for, that about $760,000. As for the ones they were able to track, they didn't all go to disaster-related need. They found they were being spent on things like Caribbean vacations, football tickets for the New Orleans Saints, or even 'Girls Gone Wild' videos, other adult videos and objects."

CNN's The Situation Room (6/14, Meserve) reported, "Some members of Congress were unhappy that the director of FEMA and secretary of Homeland Security declined invitations to testify about FEMA and fraud today. They want to hold someone accountable for all the money that appears to have been wasted." CNN added, "FEMA says it is making efforts to recover the money. It also claims to have revamped how it verifies and cross-checks information. By the way, FEMA will not be issuing those debit cards this year."

On Fox News' Fox Report (6/14), host Shephard Smith opened the show by saying, "You paid for strippers. You paid for tropical vacations. You even paid for a sex change operation. Does that sound like hurricane relief to you? It apparently did to FEMA."

HUD Announces New Orleans Public-Housing Plan. USA Today (6/15, Konigsmark) reports HUD Secretary Alphonso Jackson announced yesterday that the agency plans "to rebuild the bulk" of New Orleans' public housing. "More than 1,000 public-housing units will reopen by the end of August, enabling more of the city's poor to come home." While "the slow return of subsidized housing to New Orleans" has been criticized by former public-housing residents, Jackson said yesterday that his agency "couldn't move any faster than we're moving now."

Taking a markedly more negative approach, the New York Times (6/15, Saulny) reports Jackson announced "that more than 5,000 public housing apartments for the poor were to be demolished…and replaced by developments for residents with a wider range of incomes," prompting "strong criticism from low-income tenants and their advocates, several of whom noted that thousands of public housing apartments had been closed since Hurricane Katrina. … The demolition, which is scheduled to begin over the next several months, would be the largest of its kind in the city's history and would erase the sprawling low-rises of the St. Bernard, C. J. Peete, B. W. Cooper and Lafitte housing developments." However, "Mayor C. Ray Nagin responded to Mr. Jackson's announcement enthusiastically."

Blanco Signs NRA-Backed Bill. The Washington Times (6/15, McCaslin) reports in its "Inside the Beltway" column that Louisiana Gov. Kathleen Blanco has "signed into law the NRA-backed Emergency Powers Protection Act. The law prevents governments in her state from confiscating firearms during a state of emergency, as took place in New Orleans last year."

Professors Expect New Orleans To Become "Battleground" For Eminent Domain. Emily Chamlee-Wright, professor of economics at Beloit College and a senior scholar at the Mercatus Center at George Mason University, and Daniel Rothschild, associate director of the Mercatus's Global Prosperity Initiative, in an op-ed in the Wall Street Journal (6/15, A15) write that in New Orleans, "the rights of property owners who had their homes and businesses damaged by Katrina's wrath now face a more powerful and potent threat. Local government officials, armed with the public health code, eminent domain powers and a bevy of dubious legal techniques, aim to demolish buildings -- and, some fear, strip titles from owners -- in what are being euphemistically called 'forced buyouts.'" With activists fearful that New Orleans "may turn to full-scale eminent domain takings over the coming months," the city and its "surrounding communities will likely serve as a major battleground between the increasingly mainstream view of neighborhood collectivism and the renegades determined to preserve the sanctity of homeowners' rights."

USA Today Criticizes Lawmakers For Failing To Visit New Orleans. USA Today (6/15) editorializes, "It's a cliché, but it happens to be true: You have to see the Gulf Coast to grasp the magnitude of the destruction wrought by

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Hurricane Katrina." Though members of Congress "are responsible for allocating tens of billions of tax dollars to the Gulf recovery effort and overseeing how that money is spent," Women of the Storm has found "only 94 of 435 members of the House of Representatives (22%) and 47 of the 100 US senators have made their way to the Gulf to view one of the greatest disasters in our nation's history." USA Today notes that according to a recent study by the Center for Public Integrity, American Public Media and Northwestern University's Medill News Service, Paris and Hawaii have been among "the most popular stops" for lawmakers' "fact finding" trips over the last 5½ years and adds, "Maybe if New Orleans supplied champagne receptions, lobbyists bearing campaign checks and airfields with fighter jets, more members of Congress would deign to witness Katrina's devastation."

WAR NEWS:

Bush Expresses Confidence About Iraq, Warns Tough Days Still Ahead. President Bush again set the news agenda yesterday by holding a Rose Garden news conference on his trip to Iraq. The AP (6/15, Pickler) reports Bush said his recent meeting with the Iraqi Prime Minister "gave him confidence that the new government will be a capable partner to get the country back on its feet -- but he said the Iraqis still need help from US forces."

Bush's appearance is receiving extensive and largely positive coverage from the media. The President is being portrayed as seeking a measured message: projecting optimism about the Iraq mission while at the same time keeping expectations about progress in securing that country realistic. ABC World News Tonight (6/14, lead story, 3:15, Gibson) reported, "In a Rose Garden news conference today, he was equal parts enthusiasm and realism. Progress is being made. But violent attacks will not end. The new Iraqi government can succeed, but he was cautious about US troop withdrawals." ABC (Raddatz) added, "The President was very forceful, today and about as upbeat as possible about Iraq's future." Bush was shown saying, "I sense something different happening in Iraq. The progress will be steady, toward a goal, that is clearly been defined." Raddatz: "But the President also counseled patience." Bush: "I hope there's not an expectation from -- from people that all of a sudden there's going to be zero violence." Raddatz: "And Mr. Bush stressed again and again that the US will not pull out of Iraq until the country is capable of standing on its own."

NBC Nightly News (6/14, lead story, Gregory) reported, "They feel a certain momentum swing around here about Iraq, but the President appeared mindful he has boasted of turning points before only to have events there prove him wrong." Bush's "spirits about Iraq were clearly uplifting after a burst of good news. The death of terrorist Zarqawi and the formation of a new unity government. But Mr. Bush repeatedly resisted the temptation to oversell." President Bush: "I hope there is not an expectation from people that all of a sudden there will be zero violence. It's not going to be the case."

The CBS Evening News (6/14, story 3, 2:10, Schieffer) reported, "In so many words, the President said he went to Baghdad because he wanted to check out the new government in person and to deliver a message. From here on, he said, he expects the Iraqis to take the lead in the war. We can help them, but they are the ones who have to win it." CBS (Axelrod) added, "Even though a majority of Americans still feel things are going badly in Iraq, the President says his visit with Prime Minister Maliki should give Americans hope." President Bush: "Doubts about whether or not this government can...has got the will to go forward was expelled. That's why I went. In other words, sitting here in America wondering whether or not these people have got what it takes creates uncertainty. I've eliminated that uncertainty."

CNN's The Situation Room (6/14, Malveaux) reported, "It certainly was a wide ranging press conference but President Bush really sticking to Iraq as the main focus, of course. He really is trying to pivot here to put the burden on the Iraqi people, the Iraqi government, saying that his first impression was one of confidence, that he felt that the Iraqi people would be able to step forward and this comes at a critical time for the President as he faces more pressure to pull out US troops."

Fox News' Special Report (6/14, Hume) reported that Bush "tried to give people reason to be hopeful about the outcome there without giving the impression the troubles are over."

The Chicago Tribune (6/15, Silva) quotes Bush saying he found a "sense of hopefulness" in Iraq, while the Washington Times (6/15, Dinan) notes he said that "'Islamic fascists' must know he will not bow to political pressure to pull out of Iraq, even as the Senate begins debate on setting a timetable." Bush, adds the Times, "backed away from saying the tide has turned in Iraq, instead telling reporters that he senses 'something different happening in Iraq' and that the new government is making steady progress." The Financial Times (6/15, Dinmore, Khalaf) runs a similar story under the headline "Bush Tries To Lower Expectations Over Iraq."

A more negative piece, in the Washington Post (6/15, A23, Fletcher), says Bush's "measured optimism is at odds with many crucial indicators in Iraq, including oil and electricity production, which are at no better than prewar levels, and the pace of sectarian violence. It also stands in stark contrast to the opinions of many Iraqi citizens, who have expressed growing pessimism about the course of events in their country

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as well as a growing antipathy toward the presence of US-led coalition forces." Still, adds the Post, Bush "struck an upbeat tone as he pointed to the progress he sees, while emphasizing that Iraqis hold the key to their own future."

In "Campaign Mode," Bush Also Sharpens "Political Rhetoric " On Iraq. NBC Nightly News (6/14, lead story, Gregory) reported President Bush "eagerly jumped into campaign mode by attacking Democrats arguing for deadline a troop withdrawal." President Bush: "If the United States of America leaves before this Iraqi can defend itself and sustain itself and govern itself, it will be a major blow in the war on terror. Al Qaeda will benefit." Gregory: "Mr. Bush warned American politics will not determine when US troops come home."

ABC World News Tonight (6/14, story 7, 2:45, Tapper) reported, "The President also sharpened his political rhetoric, promising this political season he will aggressively defend the Iraq war. Saying calls from Democrat for withdrawal of troops is just what the enemy wants." President Bush: "Don't bet it on. Don't bet on American politics forcing my hand, 'cause it's not gonna happen." Tapper: "White House senior political adviser Karl Rove said this week that Democrats have made that call, like Congressman John Murtha, would make the world more dangerous." Rove: "If Murtha had his way, American tops would have been gone by the end of April. And we wouldn't have gotten Zarqawi." Tapper: "But Democrats may not be prepared to take advantage of this. They cannot agree on the next steps for the war. Anti-war liberal activists jeered Democratic presidential frontrunner, Hillary Clinton, when she said a timetable for troop withdrawal is not smart." Hillary Clinton: "I do not believe that is in the best interest of our troops or our country." Tapper: "More enthusiasm for Senator John Kerry, now a war opponent, who called for a timetable to withdraw." Sen. Kerry: "It was wrong, and I was wrong, to vote for that Iraqi war resolution."

The Los Angeles Times (6/15, Neuman) puts Bush's "don't force my hand" quote in a different context, reporting the President "said that he had a message for Al Qaeda and other terrorists seeking to impose their violence on innocent civilians: 'Don't bet on American politics forcing my hand because it's not going to happen.'"

The New York Times (6/15, Stolberg) headlines its story "After Iraq Visit, An Upbeat Bush Urges Patience," and reports the news conference "was the latest in a week of events, beginning with Monday's cabinet meeting at Camp David, carefully staged by a White House that is determined to take the offensive on Iraq. Yet aides to the president are well aware that if Mr. Bush wades too deeply into partisanship, he risks losing a claim to above-the-fray statesmanship." So Bush "stopped well short of the combative attacks being lobbed by some of his advisers."

USA Today (6/15, Jackson, Benedetto) notes Bush "said he welcomes a debate with Democrats on the war before elections Nov. 7. … He expressed eagerness to get out on the campaign trail, but not now. 'The timing's not right for me to get out there yet,' he said."

Bush Exchange With Reporters During Flight Back From Iraq Described. CNN's The Situation Room (6/14, King) reported that during the flight back from Baghdad, Bush sat down with reporters. Most of the discussion was "about Iraq and the trip, a little about Karl Rove and the CIA grand leak jury at the very end. The President was in a very good mood, he was very upbeat. Someone asked him at one point, 'You seem incredibly optimistic.' He said 'don't call me incredibly optimistic, call me optimistic.' He believes this is a government that can work. He believes it is a legitimate in that it will not have the label of the previous temporary government, that it was somehow a puppet of the United States. It was somehow under undue influence from the United States."

Wallace Says Bush Backing Iraq Leader's Priorities And Objectives. White House Communications Director Nicole Wallace said on MSNBC's Hardball (6/14) that the American people want "firsthand accounts of what this new Iraqi leader was like, the sense that the President had from him, and I think it's really important. What the President said today is that we now have a partner in this process. We have a partner in Iraq. We are supporting his priorities and his objectives."

McConnell Says Bush "Upbeat" About Iraq. Sen. Mitch McConnell, who like other lawmakers met with Bush yesterday to discuss the situation in Iraq, said on Fox News' The Big Story with John Gibson (6/14) that the President was "certainly upbeat in the meeting I was in with him this afternoon. He's impressed with the new [Iraqi] prime minister. The government is complete. We've killed Zarqawi, the terrorists are on the run and I think it's very important that the congress not run at this point, cut and run and give us a chance to finish the job. The level of violence in Baghdad is completely unacceptable and I think the effort to quiet down the city is critical, but we also need to remember that a standard of absolutely no violence is a standard that couldn't be met in many of America's major cities. It needs to be down to the level that would be expected in a city of 6 million people and once that's accomplished and I'm confident the new Iraqi prime minister and his government with our help will be able to do that, then it seems to me the country will be moving dramatically in the direction of normalcy."

Pelosi Says Bush Isn't Saying Anything New. House Minority Leader Nancy Pelosi said on CNN's The Situation Room (6/14), "I had hoped, when we went to the White House, that the President would have brought us some good news from Iraq, that there was reason to think that it's

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time for responsible redeployment of our troops. He's upbeat about the people he met there. He said he went to take a measure of them, and he was impressed by them. But I haven't seen anything in what the President has to say that's anything less than, stay the course."

Iraqi Troops Take Lead In Baghdad Security Crackdown. ABC World News Tonight (6/14, story 2, 1:35, Marquez) reported, "In a massive show of its military might, Iraq's security forces searched and inspected almost anything that moved." US troops "are playing a supportive role in the operation and are embedded with Iraqi units. But will the operation bring peace to this city?" Tony Cordesman, Center for Strategic & International Studies: "To make this work, you've got to go beyond Baghdad. Hunt down the rest of the insurgency, bring the rest of the militias under control."

The CBS Evening News (6/14, story 4, 2:00, Cowan) reported, "Just hours after the crackdown began, a string of deadly bombings rocked the capital. This one the result of explosives in a parked car that left four dead and at least six injured just north of Baghdad. Still, by Iraq standards, today's mission, dubbed Operation Forward Together, appeared to keep the violence to a minimum." Still, "anger over the US presence here and the President's surprise visit yesterday boiled over. Thousands of followers of radical Shiite cleric Moqtada al-Sadr made it clear again today that the 130,000 US troops still in Iraq should withdraw immediately and leave Iraq to its own devices."

NBC Nightly News (6/14, story 3, Engel) reported, "Iraqi officials say this operation will intensify over the next few days."

The New York Times (6/15, Tavernise) reports Iraq's new prime minister, Nuri Kamal al-Maliki, "acknowledged in a speech about the security plan on national television on Wednesday that the task was as much about making Iraqis feel 'that life goes on and is not jammed' as it was about killing insurgents." His defense minister "said 80 percent of insurgent attacks were against Iraqi civilians, 15 percent struck Iraqi security forces and just 5 percent hit American forces. Death toll statistics tell the tale: The Baghdad morgue is receiving bodies at roughly double the rate of last year at this time."

The Christian Science Monitor (6/15, Peterson) reports Maliki "called on all factions to 'express their support' for the operation, saying that the sole objective is to 'protect the lives of the people.'"

The Washington Times (6/15, Behn) notes "US and Iraqi soldiers and police stopped almost every car on major roads and conducted random checks at the neighborhood level as they kicked off a massive operation aimed at restoring security to the city of 6 million people." The operation, "which Iraqi soldiers have said will last for at least one month, is expected to build up over the next few days, fueling fears among residents who are not sure what is going to happen next."

Maliki Also Makes Amnesty Offer To Insurgents. USA Today/AP (6/15, Hendawi) reports that "as part of a national reconciliation initiative he planned to detail this week," Maliki also "offered amnesty to detainees found not to have been involved in violence. 'There is also a space for dialogue with insurgents who opposed the political process and now want to join the political process after offering guarantees,' al-Maliki said." He "did not specify what guarantees he seeks. 'On the other hand, we are not going to negotiate with the criminals who have killed the innocent.'"

Meanwhile, the Washington Post (6/15, A1, Knickmeyer, Finer) reports Maliki's amnesty plan "is likely to include pardons for those who had attacked only US troops, a top adviser said."

Zarqawi Replacement Thought To Have Ties To Zawahiri. NBC Nightly News (6/14, story 3, Engel) reported, "Insurgents say they are planning an offensive of their own. A week after a US air strike killed Abu Musab al-Zarqawi, al Qaeda in Iraq promises a wave of vengeance, the threat by Zarqawi's successor, Abu Hamza al Muhajer. Senior US intelligence officials tell NBC News they believe Muhajer is one of several names used by an Egyptian militant. His real name, they say, is Yusif al-Dardiri. He is a trusted al Zarqawi lieutenant who fought US troops in Fallujah in 2004. Intelligence sources say he once belonged to Egypt's Islamic Jihad group led by fellow Egyptian, Ayman al Zawahiri, Osama bin Laden's deputy."

Hadley Calls Zarqawi's Death Important "Victory In The War On Terror." National Security Adviser Stephen Hadley said on CNN's The Situation Room (6/14), "I think the important thing is that the death of Zarqawi is an important element and victory in the war on terror. It's important progress in the war on terror because Zarqawi was not just about Iraq. Zarqawi was the al Qaeda operations boss in Iraq, where he planned operations not just in Iraq, but against his neighbors, Europe, and ultimately potentially against the United States. And so it is a blow to al Qaeda in Iraq. That makes it a blow to al Qaeda generally and helps to enhance the security not only in the region of our -- but the American people."

Bremer Calls Zarqawi Killing "Important Milestone." Paul Bremer, who was presidential envoy to Iraq and chairman of the bipartisan National Commission on Terrorism, writes in the Wall Street Journal (6/15) that "while Zarqawi's death is an important milestone, it is not victory. There will certainly be more violence and terrorism. Al Qaeda is still in Iraq; these killers from the outside have a simple vision for this country, which is to impose by force a Taliban-

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like extremist government that would support terrorism worldwide. Then there are the Iraqi insurgents, almost exclusively Sunnis. … All the audiences to the ongoing drama in Iraq -- the Iraqi people, the American people and terrorists everywhere -- must understand that our objective in Iraq is victory and that we will do whatever is necessary to prevail."

Will Says Zarqawi May Have Succeeded In Dividing Iraq. In his Washington Post column (6/15), George Will says Abu Musab al Zarqawi "was a primitive who understood the wired world and used an emblem of modernity, the Internet, to luxuriate in gore. But although he may have had an almost erotic enjoyment of the gore, it was also in the service of an audacious plan. And he executed it with such brutal efficiency that he became, arguably, the most effective terrorist in history. That appellation still suits Osama bin Laden because, as the animating mind behind the Sept. 11 attacks, he pulled the world's superpower into a war that provided the occasion for Zarqawi's rise to world prominence. Still, Zarqawi set out to prove that a central premise of the U.S. intervention in Iraq was -- is -- false. Or perhaps it is more precise to say that he decided to make it false. But if he could falsify it, it never was quite true. The premise was that Iraqis are primarily nationalists and only secondarily sectarians. Zarqawi's wager was that explosives, used with sufficient cruelty, could blow that premise to smithereens. He may have succeeded."

US-Led Reconstruction Effort In Iraq Running Low On Funds. The Christian Science Monitor (6/15, Grier) reports, "Time and money are running out on the US-directed reconstruction effort in Iraq. The main conduit for American rebuilding aid -- the Iraq Relief and Reconstruction Fund (IRRF) -- is scheduled to close at the end of this year." The Monitor adds "almost all the cash Congress has allocated for the fund, some $20 billion in all, has been spent, or will be, in coming months." But "many important efforts remain unfinished, for reasons ranging from insurgent attacks to incompetence and contractor corruption. More than 75 percent of oil and gas restoration projects are incomplete, as are 50 percent of electrical and 40 percent of water and sanitation projects, according to the April report of the Special Inspector General for Iraq Reconstruction."

House Debate On Iraq Said To Highlight Democratic Divisions. Roll Call (6/15, Ben Pershing, Kornacki), in a story headlined "Iraq Debate Splits Democrats," reports, "More than 40 months after the House voted to authorize the use of force in Iraq, the chamber will spend several hours today in potentially acrimonious debate over the wisdom of that conflict and the overall war on terror. Republicans and Democrats have spent the past three days drawing battle lines for today's 10-hour-plus debate, with GOP leaders telling their Members to emphasize recent good news and Democrats objecting that the structure of the debate and the accompanying resolution is designed to embarrass them." Democrats "have complained that the resolution links Iraq and the war on terror in ways that many Iraq critics fundamentally disagree with, and that Republicans have been unfair by not allowing them to offer their own resolution during the debate."

The Washington Times (6/15, Bellantoni) notes that though Democrats "are frustrated by the resolution's language, some said they may vote in favor of it on Friday because it praises the troops and applauds the elimination of terrorist Abu Musab Zarqawi. Still, Democrats should 'have the courage to vote against it,' said Rep. Maxine Waters, California Democrat. 'It's a sham, a phony debate.'"

The Hill (6/15, Hearn) reports on tensions that "were in full display yesterday morning at a [Democratic] caucus meeting on Iraq where three members of the Out of Iraq Caucus clustered around a microphone to berate House Minority Leader Nancy Pelosi (D-Calif.) loudly for failing to take a stronger stand on leaving Iraq. At times having to speak above her colleagues, one member of the caucus, Rep. Maxine Waters (D-Calif.), told Pelosi that the Out of Iraq Caucus members have been 'leaders on this issue,' according to several attendees, and that they deserve to play a more prominent role in the House's planned debate of Iraq policy today." The Hill adds, "Several Democrats came to Pelosi's defense. Rep. Anna Eshoo (Calif.) attempted to quiet the increasingly unsettled crowd, while Rep. George Miller (Calif.) approached a handful of Out of Iraq Caucus members, most notably Reps. Lynn Woolsey (Calif.), Barbara Lee (Calif.) and Jerrold Nadler (N.Y.), and engaged in a 'heated conversation,' one witness said." The episode "was merely the latest turmoil for a party caucus still reeling from two other distractions: the short-lived majority-leader campaign of Rep. John Murtha (D-Pa.) and the leadership-driven effort to oust Jefferson from Ways and Means while he faces a government corruption investigation."

CNN's The Situation Room (6/14, Bash) reported that Republicans are employing "a strategy they thought worked pretty well for them two years ago. That is to cast the war in Iraq as just part of the war on terrorism and cast Democrats as weak." Yesterday, President Bush's "Rose Garden rhetoric was straight from Karl Rove's election year playbook for Republicans worried about the war. Turn the tables on Democrats by highlighting their differences on Iraq, especially the dicey question, whether to set a timetable to bring troops home." Democrats "are divided."

The Washington Post (6/15, A1, Weisman) reports "a memo from House Majority Leader John A. Boehner (R-Ohio) urged House Republican members Tuesday to make the debate 'a portrait of contrasts between Republicans and

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Democrats.' After Sen. Hillary Rodham Clinton (D-N.Y.) was booed this week by liberal activists for her failure to resolutely oppose the war, Republicans hope to present a united front that highlights the fractures in the Democratic Party." However, adds the Post, "the day-long debate will also give voice to some GOP lawmakers' misgivings about Bush administration policy -- and years of congressional support for it -- in an election year in which Iraq will be a central issue."

Republican Strategists Look To Iraq To Highlight Leadership. In a lengthy analysis of Iraq midterm election politics, the Los Angeles Times (6/15, Wallsten, Reynolds) says the war "is the most immediate foreign policy problem besetting the Bush administration. But as a political issue, the White House and top Republican strategists have concluded that the war is a clear winner." Republican leaders, the Times says, plan to use Democratic disagreement and a call for "steadiness and clarity" to regain the political initiative. Events surrounding President Bush's trip to Iraq "mark the beginning of a planned months-long effort," and "underscored the renewed effort by the White House to regain its footing in the domestic debate over the war. It also reflected Republican strategists' calculation that although public approval of both the president and the continuing U.S. presence in Iraq have soured, Democratic disarray could give the GOP an advantage in November on an issue that once looked to be a major weakness for Republicans."

Kondracke Says Democratic Stance Would Be "A Disaster For America." Morton Kondracke writes in Roll Call (6/15), "Democrats can't come up with a formal unified stance on Iraq, but it's all too clear what most of the party's leaders want: Out, and Soon. It would be a disaster for America if they prevailed."

Attorney For Marine Accused On Haditha Killings Says He'll Call Murtha As Witness. The Washington Times (6/15, Scarborough) reports, "A criminal defense attorney for a Marine under investigation in the Haditha killings says he will call a senior Democratic congressman as a trial witness, if his client is charged, to find out who told the lawmaker that US troops are guilty of cold-blooded murder." Attorney Neal A. Puckett "told The Washington Times that Gen. Michael Hagee, the Marine commandant, briefed Rep. John P. Murtha, Pennsylvania Democrat, on the Nov. 19 killings of 24 Iraqis in the town north of Baghdad." Murtha "later told reporters that the Marines were guilty of killing the civilians in 'cold blood.' Mr. Murtha said he based his statement on Marine commanders, whom he did not identify." Puckett "said such public comments from a congressman via senior Marines amount to 'unlawful command influence.' He said potential Marine jurors could be biased by the knowledge that their commandant, the Corps' top officer, thinks the Haditha Marines are guilty." Said Puckett, "Congressman Murtha will be one of the first witnesses I call to the witness stand."

Conditions Of High Stress Said To Make Incidents Like Haditha Shooting More Likely. USA Today (6/15, Johnson, Hampson) reports US Marines "face an allegation that, if proved, would constitute one of the worst scandals in their history: that members of a squad killed as many as two dozen civilians last year in the city of Haditha in retaliation for a roadside bombing that killed one Marine. The military is still investigating the Haditha case and the possibility of a coverup. … Lawyers for several Marines under suspicion say the killings were justifiable under rules of engagement that allow Marines to storm buildings apparently occupied by insurgents. Considering the situation in Iraq -- 140,000 U.S. troops engaged for three years in a fight against a relentless, faceless, ruthless guerrilla insurgency -- military experts say the question is not whether such a violent encounter between troops and civilians can happen, but when." Marines "are trained to deal with combat stress before they snap and turn on civilians." But "Iraq has been a particularly stressful war for American troops. The insurgents wage a vicious urban guerrilla war with no lines and no rules."

Marine Says Song About Killing Iraqis Was Joke. The New York Times/AP (6/15), reports, "A Marine corporal seen in a video singing about killing members of an Iraqi family says the song was a joke. 'It's a song that I made up and it was nothing more than something supposed to be funny, based off a catchy line of a movie,' Cpl. Joshua Belile said in an article published Wednesday in The Daily News of Jacksonville."

Coalition Troops Prepare Southern Offensive In Afghanistan. ABC World News Tonight (6/14, story 3, :25, Gibson) reported that in Afghanistan, "11,000 coalition forces, including 2,300 US troops, are preparing to launch a major offensive tomorrow, 'Operation Mountain Thrust.' It's going to target Taliban fighters who have been very active in the southern province of the country. Military officials say the US-led offensive will be the largest in Afghanistan since the war began."

Rice Says US Interventions In Iraq, Afghanistan Do Not Guarantee Democracy. The AP (6/15, Gearan, Whitmire) reports remarks by Secretary Rice to the Southern Baptist Convention in which she said "that the U.S. military interventions in Iraq and Afghanistan do not assure those countries will become successful democracies. But she said the chance for success is worth the price," and "knows optimism can hard to sustain in the face of daily sectarian carnage and beheadings in Iraq." Rice "got repeated standing ovations for her call for continued U.S. engagement across the globe." She is quoted saying,

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"We're standing together with people everywhere who desire these fundamental freedoms," and in Iraq and Afghanistan, "we have given more than 55 million people an opportunity to flourish in freedom. Not a guarantee of success, but a chance." Rice "said the image of Bush embracing" Prime Minister Nouri al-Maliki "was a reminder of why the fight is worthwhile," and her "speech was partly an attempt to appeal to Bush's political base after a series of disappointments."

Additional AP (6/15) reporting on a one-on-one interview said Rice "urged respect and sensitivity in the debate over gay marriage, but ducked a question about her own views on the question. … 'When we get into difficult debates about social policy, we get into difficult debates that touch people's lives, the only thing that I ask is that Americans do it with a kind of sensitivity that real individuals and real human beings are involved here.'" Rice told a reporter asking her opinion on the topic, "This is not my area of expertise or, frankly, my area of concentration at this point.'" The Washington Post (6/15, Kessler), among other sources, also reports the story.

CORPORATE SCANDALS:

DOJ May Launch Perjury Investigation Of Former Fannie Mae Executives. USA Today (6/15, Smith) reports, "Rep. Richard Baker, R-La., said Wednesday that he has asked the Justice Department to investigate his allegations that two former Fannie Mae executives lied to Congress in October 2004 when they denied manipulating the mortgage-finance giant's income statement to achieve management pay bonuses." In a letter to the US Attorney's office in Washington, Baker "accused former Fannie Mae CEO Franklin Raines and former chief financial officer Tim Howard of misleading a House subcommittee he chairs in testimony that denied any link between the bonuses and a decision to defer about $200 million in non-cash accounting expenses from late 1998 until the next year."

The Washington Post (6/15, D1, Shin) reports that in his letter, Baker "cited testimony in which Raines and Howard deny that they were involved in accounting decisions that investigators later concluded were calculated to maximize executive bonus pay. '[T]hese men...had an opportunity to come clean, swearing under oath to tell the truth, which I believe the evidence shows they clearly and arrogantly flouted,' Baker said yesterday in a statement."

The AP (6/15, Gordon) reports, "The company's $11 billion accounting scandal came to light in September 2004. Federal regulators found serious accounting problems and alleged that there was a pervasive pattern of earnings manipulation and lax internal controls. The next month, Raines and Howard testified at a hearing before Baker's panel, the House Financial Services subcommittee on capital markets. … They were asked about an episode in 1998 in which Fannie Mae was said to have improperly put off accounting for $200 million in expenses to future periods so that executives could collect $27 million in bonuses. … Raines testified that 'there was no decision made' to defer the accounting for expenses. Howard and Raines both denied that they made accounting decisions with the aim of hitting earnings targets to ensure they received full bonuses. … 'It is my belief that Mr. Franklin Raines and Mr. Timothy Howard, while testifying under oath ... on Oct. 6, 2004, failed to testify truthfully, in violation of applicable law,' Baker said in a letter dated Tuesday to Kenneth Wainstein, the U.S. attorney for the District of Columbia. … 'I request that the Department of Justice conduct an investigation and bring any appropriate prosecution,' Baker wrote."

Fannie Mae Will Pledge To Compete Restatement By Year End. The Wall Street Journal (6/15, Hagerty) reports, "Fannie Mae is expected to pledge today to complete a massive restatement of its earnings by year end." The agency "previously said only that the restatement wouldn't be ready before the second half, leaving open the possibility that it could slip beyond this year." The company also "is expected to announce that one of its veteran outside directors, Ann Korologos, will step down from the board July 31."

Michaels Stores Reports Understated Expenses Due To Options Backdating. The Wall Street Journal (6/15, Bulkeley) reports, "Crafts retailer Michaels Stores Inc. said it understated compensation expenses by as much as $60 million between 1990 and 2001 because of stock options it awarded with effective dates that were earlier than the date on which they were approved." The Journal continues, "The Irving, Texas, company, which previously delayed reporting financial results for its first quarter ended April 29, said the discovery, which emerged from an internal options investigation, will require reclassification of certain financial results but it doesn't expect to make any restatements. Michaels said it changed its practices in 2001 to give options awards on set dates, and its investigation didn't uncover any anomalies since then." The Journal adds, "Michaels didn't specify which options were involved or which executives got them. It said that its practice had been to account for "certain nonroutine grants" as if they were awarded on the date a board committee voted for them. However, the strike price of the options was based on an earlier 'effective date' of the options. A Michaels spokesman declined to say when or how that effective date was chosen. … The Securities and Exchange Commission and federal legislators have both said they are interested in writing regulations that prevent backdating of options from the time

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they are awarded to pick a low point in the stock price to lock in gains."

Tech Executives' Salaries Fall As Firms Cut Options. The Wall Street Journal (6/15, Tam) reports, "Not everything in Silicon Valley is recovering. Just look at Rick Belluzzo's pay package. … Mr. Belluzzo is chief executive of Quantum Corp., a storage-technology company in San Jose, Calif. While Quantum's stock rose last year, Mr. Belluzzo's pay didn't. In fiscal 2005, his compensation totaled $935,919, down 86% from $6.6 million a year earlier, according to company filings and an analysis of the value of CEO stock options prepared for The Wall Street Journal by compensation-research firm Equilar Inc." The Journal continues, "The plunge was driven by a shift in equity compensation. In fiscal 2004, Mr. Belluzzo was awarded stock options valued at $5.9 million. Last year, however, Quantum gave no stock options to the CEO and dished out restricted stock valued at $82,250 instead -- not enough to make up for the move away from stock options. A Quantum spokesman says the stock options the CEO received in 2004 were intended to cover him through fiscal 2007. … Mr. Belluzzo has plenty of high-power company to commiserate with in and around San Jose. According to a study by Equilar being released today, CEO pay at Silicon Valley's 150 biggest companies is headed south. In fiscal 2005, the median total compensation of Silicon Valley CEOs dropped to $2.6 million, down 13% from a year ago. Their pay packages are getting hit even as CEO compensation elsewhere rises. Indeed, median total pay for CEOs of companies in the Standard & Poor's 500-stock index increased 2.2% to $8.4 million in 2005, Equilar says. … The slide in Silicon Valley CEO compensation is largely a result of the shrinking value of stock-option grants. While the average number of options awarded to tech CEOs has stayed at around 150,000 for the past two years, the value of the grants fell 34.9% in 2005 to $1.3 million, Equilar says."

Grasso Invoked Fight Amendment In 2005 SEC Deposition. The Wall Street Journal (6/15, Lucchetti, Mcdonald, Scannell) reports, "Dick Grasso, the former head of the New York Stock Exchange, invoked his Fifth Amendment right to not answer questions more than 150 times in a deposition last year looking into potentially improper trading on the exchange." The Journal continues, "In that deposition, which took place in June 2005, Securities and Exchange Commission investigators asked specifically whether Mr. Grasso tried to influence an NYSE 'specialist' firm -- Spear Leeds & Kellogg Specialists LLC -- to help increase the share price of American International Group Inc., the New York insurer. Specialist firms have responsibility for maintaining orderly trading in specific shares." The Journal adds, "At issue is whether Mr. Grasso and former AIG head Maurice R. 'Hank' Greenberg pressured specialists in recent years to prop up AIG's share price -- particularly in 2001, when AIG was trying to complete a $23 billion purchase of a rival insurer. A falling AIG share price would have made the deal more costly for AIG. … More broadly, the SEC asked questions about how Mr. Grasso policed specialist firms at a time when they were committing widespread infractions, according to later settlements between some of those firms and federal regulators. … Mr. Grasso's decision to invoke his Fifth Amendment protection may reflect a conservative legal strategy, which would have been unsurprising given the string of high-profile white-collar crime cases at that time, such as Martha Stewart, in which defendants' words were used against them. A transcript of the deposition was released yesterday after newspapers, including The Wall Street Journal, requested the document under New York state freedom-of-information law. A second transcript, related to a separate New York state inquiry into Mr. Grasso's pay package, was also released."

The New York Times (6/15, Anderson) reports that Grasso "faced questions from federal regulators about whether he prodded traders to support the American International Group's share price while he was head of the exchange and its regulatory unit, government documents released yesterday disclosed. … The deposition was part of an investigation by the S.E.C. into the oversight of exchange specialists, who the S.E.C. charged cheated their customers by trading ahead of customer orders. It was released yesterday by Justice Charles E. Ramos of New York State Supreme Court in Manhattan, after he denied Mr. Grasso's motion to keep the file sealed. The motion was part of a lawsuit by the New York State attorney general, Eliot Spitzer, against Mr. Grasso over his $190 million compensation package at the Big Board."

CRIMINAL LAW:

Bush Expresses "Relief" Rove Won't Be Charged In CIA Leak Probe. The Washington Post (6/15, A4, VandeHei) reports, "President Bush yesterday reaffirmed his trust in White House strategist Karl Rove, and GOP allies said the longtime presidential adviser has no reason to apologize for his role in the disclosure of a CIA officer's identity three years ago. 'Along with others in the White House, I took a sigh of relief' when the news broke this week that Rove would not be charged in the CIA leak investigation, Bush told reporters in a Rose Garden news conference." Added Bush, "I trust Karl Rove." Meanwhile, "a senior White House official said Bush and his staff are eager to 'put this behind us' as quickly as possible."

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The New York Times (6/15, Rutenberg, Lewis) notes Bush "faced tough questions about the investigation." The President "voiced full support for Mr. Rove, but otherwise declined to go into the details of the investigation, saying, 'There's an ongoing trial; it's a serious business.'"

Former US Attorney Helps Track Down Stolen Roosevelt Pistol. The AP (6/15, Butler) reports, "After a 16-year absence, a pistol that Teddy Roosevelt carried during the Spanish-American War was returned Wednesday to Sagamore Hill, his home on Long Island." The AP continues, "The Colt revolver disappeared from a display case at Oyster Bay's Sagamore Hill National Historical Site in 1990. … It was recovered by the FBI after someone called the museum with a tip in September, said Robert Goldman, a former assistant U.S. attorney in Philadelphia." The AP adds, "Goldman, who led the Justice Department's investigation along with the FBI's art crime unit, was among those who attended a ceremony Wednesday marking the return. … The gun was discovered missing in 1990 during regular visiting hours in the Old Orchard House on the grounds of the museum. Police said a lock had been jimmied open. … The September caller told the museum that he believed he knew where the gun was, Goldman said. Park Rangers then contacted the FBI, who coordinated with Goldman, a specialist in art recovery cases. … Goldman, who left the Justice Department for private practice two months ago, said agents persuaded the caller to turn over the pistol to the FBI. The evidence gathered in the investigation was not sufficient to press charges against anyone, Goldman said."

Senate Bill Would Mandate Labeling Of Sexual Content On Web. CNET News (6/15, Broache) reports, "Operators of commercial Web sites with sexually explicit content would have to post warning labels on each offending page or face imprisonment under a new proposal in the U.S. Senate." CNET continues, "Caving to earlier demands from the U.S. Department of Justice, the 24-page proposed law focuses on a medley of new penalties related to child pornography and other sexual content on the Internet. For instance, Internet service providers that fail to report to authorities any sightings of child pornography on their networks would have to cough up fines that are triple those written into current law: $150,000 for the first violation and $300,000 thereafter. … 'The increase in Internet use has given sexual predators new ways to prey on children,' said Sen. Jon Kyl, an Arizona Republican, who joined eight members of his party in introducing the bill on Tuesday. 'This bill, among other things, is intended to shut down these opportunities, and severely punish the degraded individuals who are involved in the sexual exploitation of our youth.'" CNET notes, "Called the Stop Adults' Facilitation of the Exploitation of Youth Act, or Internet SAFETY Act, the bill actually beefs up the Justice Department's suggested penalties for negligent Web labelers. It would impose up to 15 years in prison--an increase from the five years suggested in the original proposal--on any commercial site operator who fails to place 'clearly identifiable marks or notices' prescribed by the federal government in either the site's code or on the pages themselves, according to a copy of the bill seen by CNET News.com. … The bill would also create a new crime out of 'using misleading domain names to direct children to harmful material on the Internet.' Conviction would carry a prison sentence of up to 20 years. A similar sentence would apply to anyone who knowingly embeds words or images in the source code of their sites with the intent of deceiving minors into viewing 'harmful' content. … Attorney General Alberto Gonzales originally called for the new laws while speaking at an event at the National Center for Missing and Exploited Children in April. He said a mandatory rating system is necessary to 'prevent people from inadvertently stumbling across pornographic images on the Internet.' … At the same event, Gonzales also raised the possibility of requiring Internet service providers to retain records on their subscribers for a set period of time to aid law enforcement in investigations. The Justice Department has since held several private meetings with ISPs, as first reported by CNET News.com."

Alabama Gets DOJ Grant To Fight Child Predators. The AP/AP (6/15) reports, "Alabama is getting $400,000 from the Justice Department to fight child predators. U.S. Sen. Richard Shelby announced the grant yesterday." The AP continues, "He said the funds will be awarded to the Alabama Department of Public Safety's Internet Crimes Against Children's Task Force Program. … The money is earmarked to help the agency to continue working with other law enforcement entities on the federal, state and local level and child welfare organizations. … Shelby said the goal is to target individuals trying to exploit children by way of the Internet."

After One Juror Dismissed, Safavian Jury Ends First Day Of Deliberations. The AP (6/15) reports, "Jurors in the David Safavian trial completed their first day of deliberations Wednesday without deciding whether the former Bush administration executive covered up assistance he gave Republican influence-peddler Jack Abramoff." The AP continues, "The jury of 10 women and two men is weighing charges that while Safavian was the General Services Administration's chief of staff, he obstructed justice and made false statements. He is accused of concealing from GSA ethics officials and Senate investigators how he helped the disgraced lobbyist try to buy or lease two government properties. … In the first trial to arise from the Abramoff

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scandal, the jury deliberated for about five hours. Jurors were to return Thursday." The AP adds, "U.S. District Judge Paul Friedman on Wednesday morning dismissed one juror, seated the only remaining alternate juror, a woman, and told the revised jury to 'put all your previous deliberations aside and start all over again.' … Friedman granted a government motion, over defense objections, to dismiss a female juror for apparently discussing the case with her father in violation of the judge's instructions. … Friedman said he doubted it would be hard to start over from scratch because the jurors had the case for less than two hours on Tuesday and had not discussed it in substantive detail before the problem with the juror arose. The judge questioned that juror and two others Tuesday before sending everyone home while he decided what to do. … In dismissing the juror, Friedman said he questioned her credibility and she had refused to follow instructions, had done independent research and had talked to people she should not have about the case."

FBI Safely Recovers Arizona Girl Abducted 10 Years Ago By Her Father. The Roanoke (VA) Times (6/15, Nair) reports, "An Arizona girl missing for 10 years after she was allegedly abducted by her father has been found safe in South Carolina, officials said. Rebecca Ann Braun, 12, was located by the Federal Bureau of Investigation at 8 p.m. Tuesday in South Carolina, according to Kevin Foust, supervisory special agent for the FBI in Roanoke. Although Braun's biological father, Danny Arthur Moran, was arrested on fugitive charges in Roanoke on Monday, Foust said Moran has been uncooperative and did not play a role in locating his daughter. Foust said Braun was healthy and unharmed when she was found at the residence of an unidentified female." WDBJ-TV Roanoke (6/14) notes, "The FBI would not say exactly what it was that led them to the small town about 30 miles south of Greenville. The Television show 'America's Most Wanted' reports agents tracked his cell phone to a mobile home." The Arizona Republic (6/15, Muench) adds, "Phoenix FBI agents continually collected information from family members and tips responding to publicity by media outlets, National Center for Missing and Exploited Children and America's Most Wanted." Phoenix FBI spokeswoman Deborah McArley said that "when FBI agents arrested him, Moran refused to give any information on Rebekah's whereabouts."

In a widely-distributed story, the AP (6/15) also reports on Braun's recovery and Moran's arrest, noting Special Agent Foust said that "a citizen tip led authorities to Moran. … Tempe police said Helen Braun now lives in Madison, Wis., and the FBI is working to reunite the girl with her mother."

Judge Denies Wecht Motion To Suppress Evidence Seized By FBI. The Pittsburgh Post-Gazette (6/14, Ward, 261K) reported US District Judge Arthur J. Schwab on Tuesday "refused to suppress evidence seized in a search of former Allegheny County Coroner Dr. Cyril H. Wecht's private offices last year. … His attorneys filed a motion to suppress evidence seized in the April 8, 2005, search, claiming that FBI agents did not adhere to the terms of the warrant," but Schwab "said the search and seizure 'fit squarely within the scope' of the warrant and that the agents and support staff who executed it acted in 'good faith.'" KTAE-TV Pittsburgh (6/14) also reported on Schwab's evidence ruling.

Judge Also Orders Release Of Lead FBI Agent's Disciplinary Record. The Pittsburgh Tribune-Review (6/14, Cato) reported, "The disciplinary records of the lead FBI agent in the case against Dr. Cyril H. Wecht must be made public," Judge Schwab also ruled Tuesday. "The records, however, will remain sealed until June 30 to give the U.S. Attorney's Office time to review the order and decide whether to appeal." The Tribune-Review noted, "At question are files from an internal FBI investigation into Special Agent Bradley Orsini while he worked in the Newark, N.J., field office. Wecht's lawyers claim Orsini asked a witness to lie on his behalf during that investigation and have said they plan to use that information to raise questions about the agent's credibility at trial." At the end of its story about the evidence ruling, the Pittsburgh Post-Gazette (6/14, Ward, 261K) also reported on Schwab's ruling about the Orsini records.

Judge Orders Post-Trial Contempt Hearing For Wecht Lawyers Over Delays. The Pittsburgh Tribune-Review (6/15, Cato) reports, "Not following a painstakingly crafted court schedule has the lawyers defending Dr. Cyril H. Wecht in trouble with a federal judge. U.S. District Judge Arthur J. Schwab on Wednesday ordered a post-trial contempt hearing to determine whether the conduct of Wecht's attorneys in repeatedly ignoring the pretrial order constitutes contempt. If Schwab determines it does, he said he will then decide the appropriate punishment." The Tribune-Review adds that Schwab "said Wecht's attorneys claim they did not have time to review the more than 300,000 pages of material but found time to file motions to suppress evidence and dismiss the case well in advance." The Pittsburgh Post-Gazette (6/15, 261K) notes Schwab lambasted "Wecht's lawyers for 'repeatedly ignoring' his orders on how the case will proceed."

Top Daley Lawyer Contradicts Allegation Patronage Chief Ordered Political Hire. The Chicago Tribune (6/15, Bush, Mihalopoulos, 643K) reports, "The top lawyer in Mayor Richard Daley's administration testified Wednesday that she believed the city buildings commissioner — rather than officials in the mayor's office — was responsible for the 2004 hiring of an unqualified 19-year-

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old building inspector. Corporation Counsel Mara Georges said John Doerrer, who was director of the mayor's Office of Intergovernmental Affairs, told her that Buildings Commissioner Stan Kaderbek was to blame." The Tribune adds, "Her testimony appeared to contradict prosecutors' assertions that Daley's former patronage chief Robert Sorich and other Intergovernmental Affairs officials orchestrated the hiring of Andrew Ryan, the son of carpenters union official Thomas Ryan." Georges "also acknowledged that she had heard allegations in 2004 that Intergovernmental Affairs was involved in Ryan's controversial hiring," which WBBM-TV Chicago (6/14, Flannery) notes was different from "an answer she gave Tuesday, when she said that the FBI's April 2005 raid on City Hall was the first time she learned of the inappropriate hiring allegations."

Gotti Met With Prosecutors For Proffer Session Before First Trial Last Year. The New York Sun (6/15, Capeci) reports in its "Gang Land" column, "Normally, it's an unpardonable sin for a wiseguy in good standing to sit down with the feds in a so-called proffer session. Mob prince John 'Junior' Gotti did just that, sources tell Gang Land. Also known as 'Queen for a Day,' such sessions often precede a cooperation agreement and require defendants to confess their crimes, as well as significant offenses by others. Sources say Gotti's secret meeting with the feds occurred before his first trial last year. During the session, the Junior Don allegedly admitted taking part in undisclosed crimes with several mob associates before January 1998, when he was first hit with racketeering charges." However, "'He said that once he realized the feds were looking for him to cooperate, he walked out,' a former member of the defense team said." The New York Post (6/15, Cornell, 624K) adds, "Sources said Gotti did not cop to any of the crimes he's currently charged with - most notably the high-profile kidnapping of radio host Curtis Sliwa. … Gotti's bid to become a turncoat fell through after he refused to give the feds the full story -- he agreed only to provide incriminating information about certain cohorts but insisted on protecting others, sources said."

Two Louisiana Women Charged With FEMA Fraud, Two Others Plead Guilty. The Baton Rouge Advocate (6/15, Kimbrell) reports, "Two Baton Rouge women pleaded guilty to federal fraud charges, and two other Baton Rouge women were indicted Wednesday for allegedly making false and fraudulent claims to FEMA for disaster relief benefits." Kim Cummings and Doretha Francis "were each charged in two-count indictments," bringing "the total number of defendants charged in the Baton Rouge-based Middle District of Louisiana with violations related to Hurricane Katrina fraud to 61." Meanwhile, Vinita Lane and Michelle London "pleaded guilty to making a false and fraudulent claim for disaster relief benefits." The Advocate notes that the Hurricane Katrina Fraud Task Force "includes members of the FBI, the Federal Trade Commission, the Postal Inspector's Office and the Executive Office for U.S. Attorneys."

Antique Map Dealer Expected To Plead Guilty To Library Thefts. The Hartford Courant (6/14, Martineau, 206K) reported, "An antique-maps dealer accused of stealing several vintage maps from Yale University's landmark rare books library is expected to admit to those crimes and a broader series of map thefts from prominent institutions across the Northeast in federal and state courts later this month." E. Forbes Smiley III "is due to appear in U.S. District Court in New Haven on June 22 to accept responsibility for a staggering number of thefts, bringing a yearlong FBI investigation to an end." The Courant noted, "Sources close to the case who confirmed the plea agreement declined to say what charge or charges Smiley will plead guilty to in federal court or how much prison time, if any, he faces."

Three Face Possible Death Penalty After Indiana Crime Spree. The AP (6/15) reports, "Three Indianapolis men killed four people, including a female accomplice, and wounded eight others during an 18-day crime spree that targeted drug and gambling houses in Indianapolis and Evansville, federal prosecutors said Wednesday." The AP continues, "Jarvis Brown and Gabriel Jordan, both 25, and Teddy Weems, 20, face possible sentences including the death penalty and life imprisonment if convicted, Assistant U.S. Attorney Matthew Brookman said. … They were arrested in Indianapolis on Dec. 31, three days after Brown and Jordan fired five bullets into accomplice Vanessa Hankins, 26, of Indianapolis, on a sidewalk on the near east side of the city."

WISH-TV, CBS 8, Indianapolis, IN (6/15, Hermacinski) reports that the three men were indicted "on multiple federal counts that include robbery and murder. … 'All are what we call death eligible in the justice department,' said Susan Brooks, U.S. District Attorney." WISH-TV adds, "The indictment claims the trio targeted drug and gambling houses. Police say the men robbed the drug dealers of their cocaine and marijuana, stole their money and using assault rifles and machine pistols shot anyone that got in their way."

Former FBI Official Testifies He Urged Boston SAC To Drop Bulger As Informant. The Boston Globe (6/15, Murphy, 484K) reports, "A retired FBI official testified yesterday that he urged his superiors to drop gangster James 'White' Bulger as an informant in the early

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1980s, amid allegations that Bulger may have been involved in drug dealing and murder." Former Boston Assistant SAC Robert Fitzpatrick "said he recommended that Bulger be dropped as an informant because he was a gang leader, he allegedly was involved in crimes, and he seemed to be withholding information. But Fitzpatrick said he was advised by superiors, including Sean McWeeney, chief of the FBI's organized crime section in Washington, 'how valuable' Bulger was in investigations. Tensions flared in the FBI's Boston office in 1982, according to Fitzpatrick, when other agents began working with another informant, Brian Halloran, who implicated Bulger and Flemmi in the 1981 murder of Tulsa businessman Roger Wheeler."

New York Appeals Court Removes Judge Who Helped Suspect Evade Arrest. The New York Law Journal (6/15, Caher) reports, "A divided New York Court of Appeals on Tuesday removed Queens Supreme Court Justice Laura D. Blackburne for helping a robbery suspect evade arrest." The Journal continues, "The 5-2 ruling marked a rare and possibly unprecedented case where the court decided that a judge who had no prior disciplinary record, and had committed misconduct that did not involve personal profit, venality, a breach of trust or moral turpitude, is unfit for the bench." The Journal adds, "Tuesday's ruling in Matter of Blackburne, 70, made clear that judicial misconduct cases require case-by-case analysis, and that the court retains the discretion to fashion an appropriate sanction to unique cases, no matter what it has decided in other matters. … Here, Blackburne claimed that the court had never removed a judge for a single, seemingly aberrational act of misconduct where there was no personal gain or evidence of venality. But the majority, in a per curiam opinion, essentially responded that it did not matter. … A two-judge dissent led by Judge George Bundy Smith and joined by Judge Robert S. Smith argued that Blackburne -- who was ridiculed by the New York City tabloids and condemned by public figures such as Governor George E. Pataki and Mayor Michael Bloomberg -- is being treated much more harshly than other jurists."

Homeless Man Arrested In Four New York City Stabbings. The New York Times (6/15, Baker, Fahim) reports, "The tourist from Texas was first, stabbed once in the chest on Tuesday while he sat with his girlfriend on a downtown C train. But he was not the last. … In the next 13 hours, the same assailant attacked repeatedly in Manhattan, the police said, plunging a knife into three more people: one man on a subway platform at Rockefeller Center, and two women from Montreal standing on a traffic island at the northern tip of Times Square. The authorities also believe the attacker terrorized workers at a late-night grocery store, menacing them with a knife and throwing a beer at them." The Times adds, "The attack on the women was witnessed by cabbies and a doorman at the W Hotel at Broadway and West 47th Street, the police and the cabbies said. They called 911 on cellphones as they followed the suspect across the street to a McDonald's restaurant, they said. … The suspect was arrested without a struggle around 4:15 a.m. yesterday, the police said. He was identified by officials as Kenny Alexis, 20, a homeless man who has knocked around between New York and Boston. … All four victims survived, though the man from Texas and one of the Canadian women were in critical condition, and the police said there was no known motive for the attacks."

Man Exonerated By DNA Evidence Graduates From Law School. The Christian Science Monitor (6/15, Bures) reports on Christopher Ochoa, who "is one of 180 people in the US to be exonerated by DNA evidence - and one of the few to thrive: Last month he became only the second exoneree in US history to graduate from law school. As he now heads out to look for a job in a field - criminal justice - that tragically let him down, Ochoa isn't sure what kind of law he might practice. But he does know some of the values he'll bring to the profession." The Monitor adds, "Justice is something that Ochoa, a Hispanic, has learned about the hard way. He'd never been in trouble, when Ochoa and a friend, Richard Danziger, went to a Pizza Hut in Austin, Texas, one day in 1988. The manager of the restaurant had been recently raped and murdered. While there, the two men offered a toast to the woman, they said, to memorialize her. Both worked at a nearby Pizza Hut. … When employees heard the toast, they got suspicious. Police arrested the two men a few days later. During a two-day interrogation, investigators threatened Ochoa with the death penalty if he didn't confess. At one point, one of the detectives threw a chair across the room. Ochoa says he finally gave them what they wanted: This was, after all, Texas - the No. 1 death-penalty state. He was sentenced to life in prison. … After more than a decade behind bars - and a few years after the man who actually committed the crime admitted to it - Ochoa wrote a letter to John Pray, codirector of the Wisconsin Innocence Project, a group at a law school that investigates possible wrongful convictions. The students took up the case. New DNA tests were conducted. Ochoa and Mr. Danziger walked out of prison two years later in 2001 - 12 years after going in."

Smaller Cities See Rise In Violent Crime. The New York Times (6/15, Mansnerus) reports, "In Jersey City, where the gentrifying waterfront deflects the public eye from unchangingly poor neighborhoods, violent crime rose by 8.4 percent last year. Thirty-eight people were killed, an increase of 15 compared with the previous year. … Paterson and

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Elizabeth, N.J., fared even worse with violent crime, each registering an increase of about 20 percent. In New York, Syracuse also had a 20 percent increase, and violent crime was up in Stamford, Conn., as well." The Times continues, "In most smaller cities and even in some quiet suburbs in the region, violent crime rose last year, according to preliminary statistics released Monday by the Federal Bureau of Investigation. The increases were such that New York City, with a slight decline, appeared to be an oasis of relative calm. … Among the 15 other cities with 100,000 or more people in New York, New Jersey and Connecticut, 10 had increases in violent crime, including 4 in the double digits. And in those 15 cities, taken together, the number of homicides rose by 28 percent." The Times adds, "The reasons, experts said, included the spread of gangs to smaller cities and suburbs and cuts in federal grant programs to local police agencies. Many attribute the success of bigger cities in part to sophisticated police techniques that they have developed, while smaller ones are just catching up — especially in their approaches to violent offenders. … While experts do not consider homicides to be a very telling gauge of crime, they agree that the increase is striking — even more so than the nationwide figures, which showed a 12.5 percent increase in homicides last year in cities with populations of 50,000 to 249,000. The numbers underscore what they describe as a resurgence of senseless violence among young men in impoverished neighborhoods."

WPost Backs Federal Shield Law For Journalists. The Washington Post (6/15, A26) says in an editorial, "Perhaps as early as today, the Senate Judiciary Committee could report out a bill to create a modest privilege for reporters to protect their confidential sources in criminal and civil proceedings. Lawyers, priests, psychotherapists and others enjoy varying degrees of such protection for their confidential conversations; so do reporters in almost all state courts." History "makes clear that critical stories, including the exposure of executive malfeasance that we remember as the Watergate scandal, have depended on the confidence of potential sources in journalists' willingness and ability to protect their identities. That ability is under threat. The result could be less reporting on government overreaching and wrongdoing -- and less of the kind of openness on which any democracy depends."

CIVIL LAW:

Texas Jury Awards $13.5 Million In Asbestos Case. The Fulton County (GA) Daily Report (6/15, Land) reports, "A jury in Dallas, Texas, last week awarded $13.5 million to the survivors of a man who contracted an asbestos-related cancer decades after being exposed to a joint-compound product manufactured by Atlanta-based Georgia-Pacific Corp." The Report continues, "Attorneys from Dallas-based Baron & Budd told jurors that Timothy Shawn Bostic, who died of mesothelioma on Sept. 5, 2003, had been exposed to the fire-retardant mineral as a child and teen working with his father. According to Baron & Budd lawyers Charla G. Aldous and Chris Panatier, evidence at trial included documents showing that Georgia-Pacific officials knew of the health hazards caused by asbestos as early as 1966, but the company continued to manufacture asbestos-containing products until 1977." The Report adds, "Bostic's wife and child had been awarded $9.3 million in March 2005 in the case. But, said Aldous, because the trial judge expressed concern over the way the jury had calculated punitive damages, she offered the plaintiffs the opportunity to either accept a reduced award or face a new trial."

Ohio High Court Rejects "Light" Cigarettes Class Action. The Wall Street Journal/AP (6/15) reports, "Two smokers can't bring a class-action lawsuit against Philip Morris USA Inc. over the way the tobacco company markets 'light' cigarettes, the Ohio Supreme Court ruled." The AP continues, "The smokers had argued that Philip Morris knew cigarettes it marketed as having less tar and nicotine would be as dangerous as regular cigarettes. … The tobacco company, a unit of Altria Group Inc., contended that Ohio law requires a more specific warning from the state on a company's marketing practices before allowing lawsuits to apply beyond individuals to an entire class." The AP adds, "The high court threw out a lower court's ruling that had been fought by lobbyists for manufacturers and other Ohio businesses. … Writing for the majority, Justice Evelyn Lundberg Stratton said the court didn't rule on the underlying question of whether Philip Morris acted to "deliberately deceive consumers into believing that Marlboro Lights and Virginia Slims Lights are safer or healthier than other cigarettes" -- only on whether the smokers were eligible for class-action status."

Campaign Finance Reform Laws Criticized. In a Roll Call op-ed (6/15), David M. Primo of the University of Rochester and Jeffrey Milyo of the University of Missouri say, "The imminent Supreme Court decision in Randall v. Sorrell — the closely watched dispute over the permissibility of highly restrictive campaign spending and contribution limits in Vermont — presents an opportunity to address the disconnect between scholarly research and the conventional wisdom about campaign finance reform." The "most current and best scientific evidence flies in the face of the promises made by reform advocates, and more disturbingly, it reveals that the court jurisprudence upholding campaign finance laws

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is built on a shaky empirical foundation." Reform proposals "are invariably touted as a way to elevate democracy: higher turnout, improved citizen perceptions of government and increased electoral competition." The Supreme Court "has recently upheld more severe regulation of campaign financing in the belief that such laws, by reducing the unseemly flow of money in politics, would improve American democracy." But the court "cites only 'common sense' and anecdotes to back the claim that campaign finance is critically linked to perceptions of government. The reason: Systematic, scientific evidence does not exist." In a paper "published in the March 2006 Election Law Journal, we show that there is essentially no connection between the perceptions of government on the one hand and state campaign finance laws on the other. In fact, some types of reforms, such as public funding of candidates in elections, end up having a negative impact on such perceptions."

CIVIL RIGHTS:

DOJ To Review Deaths By Police Taser Use. The AP (6/15, Sherman) reports, "With over 180 deaths since 1986 among suspects subdued with stun guns, the government decided the time had come to take stock of this recent law enforcement phenomenon." The AP continues, "The new review by the Justice Department, initially involving 30 such cases, follows the rapid growth in deployment of stun guns as a nonlethal alternative to bullet-firing weapons. The concern is about people who died after being shocked by the electronic control devices. … The department's research arm, the National Institute of Justice, said there have been 184 such deaths in the last 10 years, the overwhelming majority since 2000. Amnesty International, which has called for a moratorium on stun gun use, said there have been roughly 160 deaths in the past five years." The AP adds, "The study will not look at whether the use of stun guns was appropriate, John Morgan, the institute's assistant director, said Wednesday. … Instead, researchers will make medical assessments of the 30 cases, which include deaths that were attributed to a stun gun and some in which authorities could not determine whether a stun gun caused or contributed to a death, he said."

The Wall Street Journal (6/15) reports, "The decision to carry out the review was made last year, and the department, along with medical and law-enforcement organizations, expects to begin the two-year-long review this summer. … The study, which will initially make medical assessments of 30 in-custody deaths, follows the rapid growth in deployment of stun guns as a nonlethal alternative to firearms."

DOJ Asked To Probe Allegations Of Connecticut Police Brutality. The Connecticut Post (6/15, Weizel) reports, "A (Stratford, CT) Town Council member and the mother of a teenager arrested in a March melee are asking why the disciplinary record of the arresting officer, who they accuse of brutality, was not considered in the decision to exonerate him. … Meanwhile, the Stratford Police Union on Tuesday called on the council member, Alvin O'Neal, D-2, to resign and for criminal charges to be lodged against him for filing a false report over the incident." The Post continues, "Marcia Mitchell-Davis, the mother of 15-year-old Titasheen Mitchell, said Tuesday she is 'irate' previous disciplinary action and complaints against Officer David Gugliotti were not part of the department's lengthy internal affairs report released last Friday. … During a March 21 brawl involving two other teen girls, Gugliotti was accused of using excessive force and making racially derogatory comments while arresting O'Neal and Mitchell outside a market near her mother's restaurant, Caribbean Delights. … The report, released by Mayor James Miron and Police Chief Michael Imbro, said there was no basis to hold Gugliotti responsible for any misconduct. … But Gugliotti, a 12-year Police Department veteran, was reprimanded by superiors for a December 1998 confrontation with a motorist and disciplined for several patrol car accidents, according to personnel records." The Post notes, "Gugliotti was responsible for eight minor accidents on the job between January 1994, when he joined the police force, and Dec. 26, 1998, and was suspended twice for two days and once for three days on separate occasions. He was required to take driver training in November 1998. He also was partially responsible for an accident March 1, 2002, in which a boat he was helping tow struck the overpass of the East Main Street viaduct. … 'I am very disappointed this officer's history was not considered in the final determination he did nothing wrong when brutally arresting my daughter,' said Mitchell-Davis, who on Monday contacted the FBI, U.S. Justice Department and Gov. M. Jodi Rell, seeking an independent probe of the incident."

Court To Consider Free Exercise Case Involving After-School Religious Song. The Christian Science Monitor (6/15, Richey) reports a school superintendent's "decision to bar a second-grade girl from singing 'Awesome God' in an after-school talent show is developing into an important showdown over the role of religious speech in public elementary schools." The issue arose "in May 2005 when an 8-year-old student in Frenchtown, N.J., was told that the song she'd selected to perform in the show was too religious. To some religious groups the incident illustrates unconstitutional government hostility toward people of faith." School officials "defend the

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action, saying they don't op-pose religious songs but that the lyrics of 'Awesome God' cross the line into proselytizing and thus are not appropriate for a show performed by and for young students." Lawyers "for both sides are asking a federal judge in Trenton, N.J., to decide whether school officials exercised reasonable judgment as educators in banning the song, or instead violated the second-grader's free speech and religious rights."

Kerrey Criticizes Flag Burning Amendment. In a Washington Post op-ed (6/15, A27), former Sen. Bob Kerrey says, "Unfortunately, enthusiasm for" the constitutional amendment to ban burning the flag "appears to have grown even as flag-burning incidents have vanished as a means of political protest." The amendment – "never appropriate in the oldest democracy on earth -- has become even less necessary. But necessity is not always the mother of legislation."

LATimes Says Ban On Gay Blood Donations Should Be Lifted. The Los Angeles Times (6/15) editorializes that soon after "the first AIDS cases appeared in the U.S. in the early 1980s, the Food and Drug Administration, which oversees the nation's blood supply, permanently banned practically all gay men from donating blood. At the time, the policy made sense. But a quarter of a century later, there is no longer any scientific reason to continue it." Today, "all donated blood is tested for nine infectious diseases, including hepatitis B, HIV and syphilis. With HIV, two tests are used: The first searches for antibodies produced after an infection; the second, which was added to the process six years ago, looks for the genetic material of the virus. With the two tests, the odds of an HIV-infected batch entering the blood supply are about 1 in 2 million." Although there is "no way to know how many Americans die each year because of blood shortages, allowing gay men to donate would increase the blood supply and potentially save lives."

ANTITRUST:

DOJ Seeks More Information On McClatchy Newspaper Deals. The AP (6/15) reports, "McClatchy Co. said Wednesday it has received antitrust clearance for the sale of two Philadelphia newspapers as part of its acquisition of Knight Ridder Inc. But it also said federal regulators are seeking more information about a separate deal involving the sale of two California papers." The AP continues, "McClatchy, which is based in Sacramento, Calif., said in a statement that it received early termination of Hart-Scott-Rodino inquiries into the sale of The Philadelphia Inquirer and Philadelphia Daily News. Those papers are being acquired by an investor group including Bruce Toll, co-founder of homebuilder Toll Brothers Inc., and advertising executive Brian Tierney." The AP adds, "The company also said it received a request from the Department of Justice for more information regarding the proposed sale of the San Jose Mercury News and Contra Costa Times to MediaNews Group Inc. of Denver. MediaNews owns several other newspapers in that area of northern California, including The Oakland Tribune. … The Philadelphia and California newspapers are among 12 Knight Ridder properties that McClatchy doesn't intend to keep after it closes its purchase of the San Jose, Calif.-based newspaper company. … McClatchy said in a statement that it would respond promptly to the DOJ request, and said that it would not have an impact on the closing of its acquisition of Knight Ridder."

The Denver Business Journal (6/15) reports, "McClatchy wants to sell 12 Knight Ridder papers -- including the two to MediaNews -- to help finance its $6.5 billion acquisition of Knight Ridder. The purchase price includes $4.5 billion in cash and stock, and the assumption of $2 billion in debt. … The justice department is vetting the deal to make sure it doesn't violate antitrust laws." The Journal adds, "MediaNews, with Hearst Corp., agreed in April to buy four Knight Ridder papers for roughly $1 billion, with the Denver company and its partners paying the lion's share of $736.8 million cash. … The Colorado company's partners, Gannett Co. Inc. and Stephens Group Inc., will contribute $325 million toward MediaNews' part of the purchase price."

Judge Approves Antitrust Settlement In Hillenbrand Class-Action. The AP (6/15) reports, "A federal judge on Wednesday approved hospital bed and casket maker Hillenbrand Industries Inc.'s agreement to pay $316 million to settle an antitrust class-action lawsuit that challenged its 'bundled pricing' discounting of specialty hospital beds." The AP continues, "Spartanburg Regional Healthcare System of Spartanburg, S.C., sued Hillenbrand in June 2003, alleging attempted monopolization of the hospital bed market with discounting practices that violated federal antitrust rules. … The deal approved by the judge in South Carolina calls for Batesville, Ind.-based Hillenbrand to pay about $21 million less than what it had agreed to under a settlement announced in November." The AP adds, "Hillenbrand -- the nation's largest maker of caskets and hospital beds -- said the reduction was because of customers who opted out of the settlement. … The company had paid $50 million into an escrow account in March. It anticipates paying the remaining $266 million by mid-August."

Tech Firms Use Grassroots Efforts In Net Neutrality Debate. The Legal Times (6/15, Crea)

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reports, "The tech community, made up of once-scrappy West Coast upstarts, is still feeling its way around Washington's power circles. While its lobbying efforts, in a classical, work-the-committees kind of way, are lacking, it has assembled a vocal grass-roots coalition arguing for network neutrality. Many believe that broadband operators have plans to turn the Internet into a cable system with operators deciding what fees, in addition to normal access rates, can be tacked on to content and service providers. And they want Congress to put the principle of 'Internet freedom' in writing. … But their anemic D.C. presence has been no match for the long-standing telecom industry, a giant in Washington's circles that has pounded Capitol Hill and the public with an advertisement blitzkrieg courtesy of the United States Telecom Association, the industry's chief trade group, urging Congress not to regulate the Internet." The Times adds, "Though the techies have managed to throw some wrenches into the debate, they've arrived late to the game and haven't been able to strategize well beyond their baseline grass-roots support. Their tardiness may seem surprising, since at stake, many techies argue, is the very existence of the Internet. … The debate began last August, when the Federal Communications Commission deregulated broadband. Content providers such as Google, Yahoo and Amazon.com say the move paved the way for the telecom industry to control the Internet. … The tech industry has pushed legislation to reinstate the FCC rules on broadband. But its effort failed last week in the House when a net neutrality amendment, offered up by Rep. Edward Markey, D-Mass., was killed by the Republican leadership. The industry's focus now shifts to Sen. Byron Dorgan, D-N.D. and a network neutrality amendment he introduced in the Senate. … Despite all the rhetoric, the tech community's Hill presence has been spotty."

Apple Under Pressure In Europe Over ITunes. The AP (6/15, Wong) reports, "Portable media player maker Creative Technology Ltd. said Wednesday the U.S. International Trade Commission agreed to investigate whether Apple Computer Inc.'s rival iPod infringes on one of its patents." The AP continues, "LSingapore-based Creative filed the ITC complaint and a federal lawsuit alleging that iPods infringed on its patent for a navigation system used to organize and access music on portable players. Creative dubbed the patent, the 'Zen patent,' after its brand-name Zen media players." The AP adds, "Under the ITC complaint, Creative asked the agency to block imports of the Cupertino-based company's market-leading iPods, which are manufactured abroad. … The ITC will reach a conclusion as soon as possible, setting a target date within 45 days of the investigation's launch, Creative said. … The probe is the latest development in an increasingly twisted patent battle between the two companies. In court documents, Apple has maintained no wrongdoing and has since filed two patent-infringement countersuits against Creative."

AXA To Buy Credit Suisse's Winterthur Unit. The Wall Street Journal (6/15, Bart, Larner) reports, "AXA SA said it agreed to buy the Winterthur insurance unit from Credit Suisse Group for 12.3 billion Swiss francs ($9.9 billion), giving AXA a major presence in Switzerland and bolstering its activities elsewhere in Europe and emerging markets." The Journal continues, "Paris-based AXA, one of Europe's largest insurers, will finance the deal with new shares and €4.8 billion ($6 billion) in debt. AXA will sell €4.1 billion of shares, offering investors one new share for every nine held at €19.80 apiece -- a deep discount to Tuesday's close of €24.30 a share." The Journal adds, "AXA said it expects the integration of Winterthur to deliver pretax cost synergies of as much as €280 million by the end of 2008. AXA will take restructuring charges of €520 million in 2007. … Under terms of the deal, AXA will refinance €1.6 billion of Winterthur's debt upon closing, expected around year end after regulatory approvals. … Winterthur has some 13 million customers. The purchase gives AXA the largest property-and-casualty insurer in Switzerland. AXA said Winterthur's U.S. property-and-casualty business is under strategic review."

ENVIRONMENT:

Bush To Create Large Protected Marine Area In Hawaii. The New York Times (6/15, Revkin) reports, "President Bush will create the world's largest protected marine area today, designating as a national monument a 1,200-mile-long chain of small Hawaiian islands and surrounding waters and reefs that are home to a spectacular array of sea life, senior administration officials said last night." In "his second use of the 100-year old National Antiquities Act, which empowers the president to protect important cultural or geological resources instantly," Bush "will enact a suite of strict rules for the area, including a five-year phasing out of commercial and sport fishing, officials said."

USA Today (6/15, D9, Weise) reports, "The area is considered an ecological jewel. It is a nesting and breeding site to more than 14 million seabirds and home to 7,000 marine and terrestrial species, more than a quarter of which are found nowhere else in the world. … Although most of the islands will be closed to all but scientific researchers, a public visitation center will be created at Midway Islands, the scene of an important World War II battle, using old military buildings."

The Washington Post (6/15, A1, Eilperin) runs a similar story under the headline "Hawaiian Marine Reserve To Be

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World's Largest," and reports "one senior official, who spoke on the condition of anonymity to avoid upstaging the president's announcement, said the plan will end fishing in the area within five years." James L. Connaughton, chairman of the White House Council on Environmental Quality, "toured the islands in December with Cousteau and Lingle. First lady Laura Bush has also taken a personal interest in the island chain, said the senior administration official. She and the president hosted a White House screening of Cousteau's film on April 5."

A similar story appears in today's Los Angeles Times (6/15, A1, Weiss)

Bush Decision Praised. Joshua Reichert, who directs the environment division of the Pew Charitable Trusts, and Theodore Roosevelt IV, an investment banker, writes in the New York Times (6/15), "There are few opportunities for a president to protect such a large swath of ocean or land at little cost to the government, while garnering strong regional support. This is one, and we applaud Mr. Bush for taking the initiative to preserve one of the world's most spectacular marine environments."

Bodman, Clinton Clash Over Federal Energy Policy. The Milwaukee Journal Sentinel (6/15, Reilly) reports Secretary of Energy Samuel Bodman and US Sen. Hillary Clinton (D-NY) "sparred Wednesday over progress on reducing America's dependence on foreign oil at a forum on energy efficiency sponsored by Milwaukee-based Johnson Controls Inc." In the face of skyrocketing gas prices, "officials agree that more needs to be done to reduce dependence on foreign oil and on the importance of alternative fuels such as ethanol. But Bodman and Clinton diverged on whether the nation is on the right path." Clinton said that "accounting for inflation," the Bush administration has "cut the budget for energy efficiency programs by one-third over the past five years." She accused the Bush administration of "talking tough on energy efficiency, then cutting the budget for key programs such as weatherization for low-income family homes and for the State Energy Program," which provides federal grants to states to adopt emerging renewable energy and energy efficiency technologies. For his part, Bodman accused Clinton of "cherry-picking" statistics and said that the Department of Energy is "very committed" to the issue of energy efficiency. Bodman also said he "disagreed strenuously with the issue that our energy policy has had a negative impact on our foreign policy."

Battle Over Offshore Drilling Generates Unusual Political Fault Lines. The Washington Post (6/15, D1, Mufson) reports more than "a mile beneath the surface of the Gulf of Mexico lies a tract of sea floor that is bigger than New Jersey and that oil and gas companies believe holds a trove of natural gas and a measure of salvation for corporate and residential consumers." But the area, "three-quarters of which is closed to development, also lies at the center of a fight in Congress over the future of offshore drilling, with billions of dollars at stake. The battle lines pit Republicans against Republicans, Democrats against Democrats, and industry against environmentalists." For 25 years, a "congressional moratorium, renewed annually, has barred exploration on 85 percent of the Outer Continental Shelf, from three miles offshore, where federal waters begin, to 200 miles out, where U.S. jurisdiction ends. An order issued by President George H.W. Bush and extended by President Bill Clinton through 2012 provides additional protection." Yet the "spike in natural-gas prices last fall has inspired a coalition of industrial users and a variety of lawmakers to try again to modify the moratorium, citing the harm high natural-gas prices do to American competitiveness and the benefits of reducing U.S. dependence on foreign energy sources. Drillers also want to win changes before the Interior Department's 2007-12 leasing plan takes effect." Top House and Senate members "have been bargaining in private to reach a compromise over new contours for offshore drilling. Much of the haggling has been over the New Jersey-size tract, known as Lease 181."

FBI/DEA/ATF/USMS:

Search Continues For Sources Of Fentanyl-Laced Heroin. The New York Times (6/15, Johnson) reports the police and health authorities "are struggling to track down the source of a doctored, intensely powerful heroin that has killed at least 130 people in and around Chicago and Detroit and sent hundreds more to hospitals in cities from St. Louis to Philadelphia. … The Chicago police superintendent, Philip J. Cline, said in an interview that his officers working with the D.E.A. were looking for connections among clusters of overdose cases and then trying to track back from there through undercover purchases, arrests and laboratory tests to understand the pipeline."

On its Web site, WMAQ-TV, Chicago (6/14) reports, "Timothy Ogden, special agent in charge with the DEA, said there was a 'large spike' in drug overdoses in cities across the country. The fentanyl-laced heroin goes by the street name 'drop dead' and has been seen on Chicago's West and South sides. Law-enforcement officials want to know where it is coming from and who is bringing it."

Report: "Killer Drug" Overlooked. According to the Detroit News (6/15), the "killer drug" was overlooked, until "flurry"of deaths. The News says fentanyl-related deaths began in January, but the "alarm sounded" in May. The News adds, "Since April, cities in at least eight other states have similarly reported a sudden surge in overdoses now the subject of a nationwide investigation by the U.S. Drug

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Enforcement Administration and police departments from Philadelphia to Chicago. But for months, as fentanyl-related deaths accumulated, authorities in Detroit said, some of the clues that could have alerted them earlier to the growing toll were obscured by the regular toll of drug deaths in the county, and by testing limitations that kept them from quickly linking any of the deaths to the lethal mixture."

Seven Overdoses In Pennsylvania Linked To Heroin Mixture. WPVI-TV, Philadelphia (6/14) reports on its Web site, "Chester [Pennsylvania] authorities confirmed what they had suspected, seven overdose cases within a 15-hour period in the city, all linked to heroin spiked with the powerful painkiller fentanyl. … DEA agents from around this area met with taskforce counterparts in Chicago to determine where the stuff was coming from. They now believe the primary source was an illegal lab near the western city of Guadalajara, Mexico."

Cable TV Coverage. CLTV, Chicago (6/14, 10:30 a.m.) reported, "Today law enforcement officials are meeting to figure out how to stop drug dealers from mixing heroin and cocaine with fentanyl and putting it out on the streets."

Local TV Coverage. WBBM-TV, Chicago (6/14, 11:00 a.m.) reported, "Stopping the deadly drug trend. That's happening here in Chicago at a two-day strategy summit for officials from all over the country. The focus, fentanyl that dealers are mixing with drugs to apparently produce a more powerful high. … Since 2005, the laced heroin is responsible for the deaths of at least 62 people, and there could be more according to the medical examiner's office. Officers believe this recent graduate possibly overdosed on the dangerous mix. … The message to [the] community? Stay away from any of these drugs. … Officials say five pounds of fentanyl is roughly equivalent to one million hits of heroin just to give you an idea of how strong this stuff is and keep in mind, it has already caused 62 confirmed deaths here."

WGN-TV, Chicago (6/14, 12:00 p.m.) reported, "Law enforcement officials are trying to fight a recent spike in heroin overdoses. They are lacing it with fentanyl. Drug officials from all over the country will be meeting in Chicago today and tomorrow to discuss solutions to the problem. … There had been 60 fentanyl-related overdoses in Cook County this year. At least 100 people have also died in Detroit."

Ohio Doctor Sentenced To Life In Prison For Drug Fraud Resulting In Deaths. The Cleveland Plain Dealer (6/10, Tobin, 375K) reported, "A Bath Township physician was sentenced to life in prison Friday because the massive doses of painkillers he prescribed led to the deaths of two patients. Dr. Jorge Martinez's conviction under a statute punishing health-care fraud resulting in death was the first in the country, as was his life sentence, U.S. Attorney Greg White said. … The packed courtroom erupted in applause when" US District Judge Donald Nugent "announced the sentence." The Plain Dealer noted, "Martinez prescribed painkillers only after patients agreed to receive injections to treat pain," so he "could then bill Medicare, Medicaid, the Ohio Bureau of Workers' Compensation and private insurers for the injections." The AP (6/10) also reported on the sentencing.

In Massachusetts, Drugs Found In Home Depot Cabinets. The AP (6/15) reports that for the fifth time in a week, drugs were "found in a cabinet purchased at a Home Depot store in Massachusetts. A plumber in Southwick discovered 40 pounds of marijuana and 3 kilograms of cocaine stashed in a bathroom vanity he'd purchased at a Home Depot in Chicopee. Southwick Police Lt. David Ricardi said a second stash was found at the Chicopee store and at least two more were discovered at a Tewksbury Home Depot. Police found more drugs in a fifth cabinet." The AP notes that the DEA is investigating the matter. There are more than 100 media references to this drug find, with ABC News, CBS News, the New York Times, Washington Post, Los Angeles Times, Boston Globe, Atlanta Journal Constitution, Seattle Post Intelligencer, and the UK's Guardian publishing in newspapers and/or posting on their Web sites the AP story.

The Billerica (MA) Minuteman (6/15) writes, "A Billerica resident getting ready to install a new vanity and sink he bought at Home Depot in Tewksbury found 50 pounds of marijuana in the package, Police Sgt. Roy Frost said.
Frost said the resident…reported the discovery June 8, after he purchased a two-piece vanity and sink and had a plumber assist in the installation. … Frost said investigators hope to determine whether the marijuana find is linked to a larger distribution problem, with distributors knowingly or unknowingly enlisted to help transport drugs large distances - a practice known as 'muling.'"

CNN (6/14) reports in its Web site, "Tewksbury police and DEA officials conducted a search Tuesday of about 12 Home Depot stores statewide and found other bathroom vanities that contained drugs. … In each incident being investigated by Tewksbury Police, all of the merchandise boxes originated from a Texas location and were distributed through one Massachusetts warehouse."

UPI (6/14) cites the CNN story in its report.

Reputed New Jersey Gang Leader Gets 10-Year Sentence For Drug Trafficking. The Bridgeton (NJ) News (6/14, Mccullen) reports from Camden that a U.S. District Court judge on Tuesday "sentenced Kamal Martin, the reputed leader of Bridgeton street gang 30 Deep, to 10 years in federal prison on a drug-trafficking charge.

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Martin, 28, was arrested July 21, 2005, at the Cumberland County Jail, where he was serving a 20-day sentence for driving with a suspended license, and charged federally with distributing and possessing with intent to distribute more than five grams of crack cocaine." Police Chief Jeff Wentz "commended the work of his department, the FBI, the DEA and the Cumberland County Narcotics Task Force in building the case against Martin."

Secretary Accused In Drug Conspiracy Resigns From Attorney's Office In Arizona. According to the Arizona Daily Star (6/14), a Pima County Attorney's Office secretary who "was arrested by the U.S. Drug Enforcement Agency in May has resigned. Erlinda Alegria-Perez submitted her resignation letter Tuesday afternoon, effective immediately. … Perez and her husband, Abraham, were indicted and arrested as the result of a yearlong DEA investigation that began in Harrisburg, Pa. According to DEA officials, the couple, along with at least five others from Tucson, California and Pennsylvania, conspired to transport marijuana to Pennsylvania."

Dallas Police Officer Resigns, Her Relationship With Accused Drug Dealer Questioned. The Dallas Morning News (6/15) reports Dallas police officer Kesha Thomas "abruptly resigned Wednesday, a day before it was widely expected that she would be fired for her relationship with an Arkansas man accused of dealing drugs. … She was on paid leave for about 10 months after police officials were informed of her relationship with Fred Green, who faces federal charges of drug trafficking in Arkansas. … Police and Drug Enforcement Administration records state that Ms. Thomas once saw a gun in Mr. Green's trunk and that he had asked her to wire money for him several times, but that she didn't question either of those things."

Group Says Meth Reports Are "Grossly Overstated." The AP (6/14) reports a group that "advocates non-prison punishment for drug criminals says methamphetamine use is not a raging epidemic. The Sentencing Project issued a report that says meth – while dangerous -- is really among the least commonly used drugs. The group also contends usage rates have been stable since 1999, and that fewer teens are taking meth." Additionally, the group says assertions that meth is an epidemic spreading across the country are "grossly overstated." According to the AP, the ONDCP did not immediately comment on the report.

In a similar but longer version of the story the AP writes that Sentencing Project policy analyst Ryan King said, "Overheated rhetoric, unsupported assertions and factual errors about the use of the drug - including frequent, misguided comparisons between meth and crack cocaine - lead to poor decisions about how to spend precious public dollars combating drug addiction." Nearly 200 news outlets made reference to the Sentencing Project report. CBS News, FOX News, Forbes, the Washington Post, Los Angeles Times, San Francisco Chronicle, San Diego Union Tribune, Miami Herald, Houston Chronicle, and Knoxville News Sentinel published in newspapers and/or posted on their Web sites the AP story.

Local TV Coverage. KMOV-TV, St. Louis (6/14, 10:00 p.m.) reported, "A new study claims there is no epidemic of methamphetamine use. The study shows that meth use is rare in most parts of the country and is declining among teenagers. An advocacy group that supports alternatives to prison terms for drug users says that meth is among the least commonly used drugs."

NCAA Expands Year-Round Random Drug Screenings. USA Today (6/15, Wieberg) reports the NCAA "is stepping up testing for steroid use in college baseball. For the first time, all 64 teams in the association's Division I baseball tournament were assured of being tested at regionals this year. The NCAA held out the threat of further screening at last week's super regionals and the College World Series, which opens Friday in Omaha. More significantly, officials say, the association is expanding its year-round random screening for steroids and masking agents into the summer, focusing first on baseball and football. The first of those tests will be conducted next week."

Imprisoned Connecticut Trash Mogul Seeks Release. The AP (6/15, Apuzzo) reports, "An imprisoned Danbury (CT) businessman wants to get out of jail and return to the helm of his trash empire, setting the stage for a court battle over control of southern Connecticut's garbage industry." The AP continues, "James Galante, whose businesses handle about 80 percent of southwestern Connecticut's garbage, was arrested in a Mafia case Friday and ordered held without bail. … A federal judge said Wednesday that she'll reconsider that order and Galante's defense attorneys were preparing to challenge a court order putting federal marshals in charge of his businesses. … 'First things first. We've got to get him out,' defense attorney Hugh Keefe said. 'I can't represent him if he's in Rhode Island and incarcerated. We'll take care of the business thing in due course.'" The AP adds, "Federal prosecutors say Galante carved out exclusive routes for his companies and paid Genovese crime family boss Matthew 'Matty the Horse' Ianniello $120,000 a year for mob muscle to enforce his territories. That meant higher prices for businesses and homeowners, authorities said. … It's a traditional moneymaking scheme for the mob, but unlike New York trash cases involving murders and assaults, no such violence is

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alleged in Connecticut's case. … Given that fact, Keefe argued in court papers Wednesday that Galante is being treated unfairly. He is the only person among 29 charged being held without bail, his family's bank accounts are frozen and his multimillion-dollar trash conglomerate is being run by federal marshals."

IMMIGRATION:

More Than 2,100 Arrested For Immigration Violations, Drug Ring Busted In New Jersey. The New York Times (6/15, Lee, Mead) reports, "In a nationwide sweep, law enforcement officials have arrested more than 2,100 people in the past three weeks for immigration violations, including 116 in New Jersey and 114 in New York State, the Department of Homeland Security announced yesterday. About a third of those arrested were in California. … In New Jersey, agents broke up a narcotics ring operating in Plainfield that imported cocaine from Guatemala to members of the Mara Salvatrucha gang and associates."

The AP (6/15) writes, "The operation has caught more than 140 immigrants with convictions for sexual offenses against children; 367 known gang members, including street soldiers in the deadly Mara Salvatrucha, or MS-13; and about 640 people who had already been deported once, immigration officials said. The numbers include more than 720 arrests in California alone."

The Houston Chronicle (6/15) reports, "The operation comes at a time when ICE is under increasing pressure to rid the country of illegal immigrants. The debate about immigration policy reform rages from the halls of Congress to the U.S.-Mexico border, where National Guard troops are being deployed to assist border patrol efforts."

The Chicago Tribune (7/15) reports, "Those arrested in Illinois included an Ecuadorean man who was a high-ranking member of the Gangster Disciples street gang and a Chinese gang member who had remained in the country even after his deportation date following a conviction for human smuggling, drug dealing and other crimes."

According to the Dallas Morning News (6/15), "One man, Angel Lira-Alvarez, 26, an illegal immigrant from Mexico, is a member of the East Side Homeboys gang in Dallas. He has convictions on drug and burglary charges and had been deported. He re-entered the U.S. and was arrested again on a marijuana charge."

The San Diego Union-Tribune (6/14) writes, "The nationwide operation was conducted on six non-consecutive days beginning May 26. Almost half of those arrested in the nationwide sweep had criminal records involving such offenses as drug trafficking, assault with a deadly weapon, burglary, abduction and sexual assault on a minor."

Poll Finds Public Siding With Bush On Immigration By 50%-33% Margin. The Wall Street Journal (6/15, Harwood) reports, "Add this to the list of things that have gone right lately for President Bush: Americans appear to be drawing closer to his view on the immigration debate." But "that hasn't alleviated the squeeze on Republican candidates in the fall elections. A new Wall Street Journal/NBC News poll shows that the party's conservative electoral base remains at odds with broader public opinion on the issue, including sentiment of the nation's swelling Latino population." The Journal adds, "By 50%-33%, the survey shows, Americans support the views expressed by President Bush and also by businesses, Hispanics and Democratic leaders: that steps to strengthen border security should be combined with a guest-worker program for prospective immigrants and those who have been in the US for at least two years. Yet a 44% plurality of conservatives back an agenda combining border security and deportation of illegal immigrants -- making it difficult for Republican politicians to embrace the majority opinion." Democratic pollster Peter Hart, who helps conduct the Journal/NBC survey, said that "on immigration, President Bush 'is where the American public is. … The difficulty is, the base of the Republican Party is marching in the other direction.'"

Sessions Says Lawmakers Are "In Denial" About Immigration. Sen. Jeff Sessions said on CNN's Lou Dobbs Tonight (6/14), "I think the American people care about" immigration "than politicians will admit to themselves. We're almost in denial around here, it seems to me, about the importance of this issue. We talk about other issues when in the minds of the American people, immigration really is a seminal issue. It's a defining issue for our nation and for how they will evaluate their government officials."

Bilbray Calls Amnesty For Illegal Aliens "Stupid," "Immoral." Rep. Brian Bilbray said on MSNBC's Hardball (6/14), "I will not vote for any bill that offers something to somebody who broke our immigration laws that is not offered to the 100 million people waiting to immigrate legally. The fact is that rewarding somebody for breaking the laws and the rules is not only stupid, it is immoral." Bilbray added, "You have to stop paying people for being here illegally and you have to stop allowing people to make money off illegal employment. That's the one thing that is missing the whole time."

Lawmakers Doubt Deal Can Be Reached. The Washington Times (6/15, Hurt) reports, "Lawmakers on Capitol Hill are increasingly doubtful that Congress will pass any sort of immigration reform legislation this year. 'My gut [feeling] is that it's undoable,' Sen. Dianne Feinstein,

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California Democrat, said yesterday about a compromise this year between the House and Senate bills. 'The bills are too different. The sides are really polarized.'" The Times adds, "A poll of lawmakers published in this week's National Journal found that 44 percent of those anonymously surveyed said they doubt any compromise can be reached this year. The most optimistic predictions found in an informal survey conducted yesterday by The Washington Times suggested a perfect tossup."

More Commentary On Immigration Debate. David Broder writes in a column for the Washington Post (6/15, A27), "Out of the past and into the current controversy dividing the Republican Party came former California governor Pete Wilson, charging into Washington this week to argue that he had been right all along in trying to slam the door on illegal Far from dooming Republicans to a series of defeats in the most populous state, Wilson argued, his championing in 1994 of Proposition 187, denying health care and educational services to illegal immigrants and their children, anticipated the kind of hard-line policy many Republicans endorsed this year. … The next few months of House-Senate negotiation will determine whether Pete Wilson and Brian Bilbray or Chuck Hagel and George Bush speak for the Republican Party."

Gary Bauer writes in USA Today (6/15), "The term 'earned citizenship' has been employed to describe proposals requiring illegal immigrants to pay fines and back taxes before applying for legal status." But "if 'earned citizenship' means anything, it surely means a commitment to assimilating into the American way of life. It must mean joining together under one flag, not just one currency." He also writes that "hyphenated Americans put other countries and affiliations first, and they drive a wedge into the heart of 'one nation.' A recent poll of Hispanics in America by Investor's Business Daily shows that 64% consider themselves 'mostly Hispanic,' but that only 15% see themselves as 'mostly American.' The survey further reveals that 31% speak 'only Spanish' in the home, while just 6% speak 'only English.' Finally, 69% of respondents said they lived in predominantly Hispanic neighborhoods."

Tim Wendel, a member of the newspaper's board of contributors, writes in USA Today (6/15) that baseball's "model of assimilation can provide good lessons for the nation as a whole, even if they can't be duplicated on such a massive scale. Major leaguers are afforded the same work permits reserved for internationally recognized artists and entertainers. Today, many teams have bilingual coaches, trainers and front office personnel from rookie ball on up to the majors. … So in today's game, these players fold into US. society -- whether they become US citizens or not. … Major League Baseball makes America accessible to these players, thus making these players accessible to American fans. If other industries dependent on immigrant labor -- in the agriculture and construction trades, for instance -- would make even slight efforts to help their workers assimilate, the benefits would flow through American society."

Immigration Officials Arrest More Than 2000 Illegal Immigrants In Crackdown. ABC World News Tonight (6/14, story 4, 2:00, Gibson) reported, "Back in this country, Federal officials say they've apprehended thousands of undocumented immigrants, gang members and other fugitives in a nationwide sweep. It yielded more than 2,000 arrests in 34 states. But the sobering part of these raids, many of the people arrested worked in what are supposed to be the most secure areas of the country." ABC (Thomas) added, "Federal officials say they've uncovered a disturbing trend. At some of the country's most sensitive sites, the illegal immigrants have had no trouble getting jobs: At the Naval Surface War Center in Indianhead, Maryland; a seaport in Oakland, California; the Crystal River nuclear power plant in Florida; the White Sands missile range in New Mexico; even the Army Special Operations Command at Ft. Bragg, North Carolina." Rep. Tom Tancredo: "Once illegal aliens get here, they can get into a variety of different jobs, no matter how secure those jobs are because document fraud is so rampant."

NBC Nightly News (6/14, story 6, Williams) reported, "The government says nearly 2200 illegal immigrants accused of committing crimes have been tracked down and arrested in a series of raids across the country. This latest crackdown started late last month. About half of those drawn up in it have criminal records." USA Today (6/15, Welch), among other sources, also reports on the arrests, saying Immigration and Customs Enforcement's Operation Return to Sender "was the latest in a series of crackdowns on illegal immigrants since Homeland Security Secretary Michael Chertoff promised a tougher enforcement effort in April."

TAX:

Lawmakers Block IRS Effort To Hire Private Debt Collectors. The Washington Post (6/15, D4, Barr) reports in its "Federal Diary" column, "Two years ago, Congress authorized the Internal Revenue Service to hire private debt collectors to find individual taxpayers who acknowledge that they owe taxes but have not paid up. … Then, last week, the debt-collection project took a surprise hit. By two votes, the House Appropriations Committee approved an amendment to a fiscal 2007 spending bill that would prohibit the IRS from setting up the program. When the bill came to the House floor this week, Republican leaders did not challenge the amendment, allowing it to stand. … Rep. Steven R. Rothman (D-N.J.), who wrote the amendment,

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argued to the committee that it makes no sense to turn over taxpayer data to private debt-collection companies when identity theft seems to be on the rise."

CONGRESS-ADMINISTRATION:

Gerson To Leave White House. NBC Nightly News (6/14, lead story, Gregory) reported, "Another top advisor to the President is leaving tonight. Michael Gerson, one of the most trusted aides going back to 1999, formally his head speechwriter, is stepping down. He says he wants to pursue some other opportunities."

The New York Times (6/15, Rutenberg) reports Gerson "shaped nearly every major address of George W. Bush's presidency." He "has been one of Mr. Bush's closest aides and is credited with giving voice to both the 'compassionate conservatism' that Mr. Bush espouses and his more hawkish lines, like 'axis of evil.'"

Under the headline "Bush's Favorite Author Leaving The White House," the Washington Post (6/15, A3, Baker) reports that Gerson "said in an interview that he has been talking with Bush for many months about leaving for writing and other opportunities but waited until the White House political situation stabilized somewhat. 'It seemed like a good time,' he said. 'Things are back on track a little. Some of the things I care about are on a good trajectory.'" The Post adds, "While toiling for an uncommonly polarizing president," Gerson "made few, if any, enemies, even finding admirers in circles often not friendly to Republicans."

Bush Returns McMillin To OMB. The White House Bulletin/US News (6/14) reports President Bush "has decided to send Stephen McMillin, a former OMB executive now serving as Chief of Staff Josh Bolten's advisor, back to the Office of Management and Budget. The White House said that McMillin will return as deputy director to new OMB Director Rob Portman, replacing Joel Kaplan who moved across the street to become Bolten's deputy in the West Wing. The even up trade returns McMillin to OMB where he is widely respected by the career staff for his previous handling of the general government account when he was program associate director for general government programs. In that role, he handled the government's spending on the Hurricane Katrina cleanup. Insiders said that he has extensive budget and congressional experience, which gives him credibility on Capitol Hill. And because he was a Bolten deputy who also worked for former Chief of Staff Andy Card during his six months in the chief of staff's office, OMB officials said he would give the agency added influence in the West Wing policy shops."

Leavitt Defends Use Of CDC Jet. USA Today/AP (6/15, Freking) reports, "Health and Human Services Secretary Mike Leavitt on Wednesday defended his extensive use of a jet leased to the Centers for Disease Control and Prevention for emergencies." Leavitt "said he could not have overseen the implementation of the new Medicare prescription-drug benefit, plus help prepare states for a potential flu pandemic, without the use of the plane." The AP adds, "His explanation came at a House Ways and Means Committee hearing, where Rep. John Lewis, D-Ga., accused Leavitt of using the jet to 'do public relations for the president' on the drug benefit."

Bush Apologizes For Joking About Legally Blind Reporter's Sunglasses. NBC Nightly News (6/14, story 8, Williams) reported that at his Rose Garden press conference, the President "seemed more familiar than normal with the press corps. He joked with things like the pocket square worn by our own snappy dresser David Gregory. And then came this exchange. The President, who is famous for his nicknames and often snappy banter with reporters, called on a reporter from the Los Angeles Times." President Bush: "Peter, are you going to ask that question with those shades on? No, I'm interested in the shade look." LA Times reporter Peter Wallsten: "I'll keep it then." President Bush: "For our viewers, there is no sun." Wallsten: "I guess that depends on your perspective." Williams: "The problem is the reporter, Peter Wallsten of the LA Times, is legally blind. He has a form of macular degeneration that has robbed him of all of his peripheral vision. Now, you should know, Mr. Wallsten was not offended. He told others he found it amusing. Nonetheless, the President called him today and apologized. He said he likes to needle people from time to time."

GOP Senate Leaders Back Proposal To Curtail Spending. The Washington Times (6/15, Fagan) reports, "Top Senate Republicans yesterday threw their support behind a package of new tools to rein in federal spending, including spending caps, a presidential line-item veto authority and a two-year budget." The legislation, "dubbed 'S.O.S.: Stop Over-Spending,' will reform the budget process, said" Senate Budget Committee Chairman Judd Gregg, "who along with" Senate Majority Leader Bill Frist "is stepping up his role in the Republican Party's election-year war on spending." But "even bill supporters admit that the package will be a heavy lift for many senators, especially those who dole out the money each year."

GOP Senators Seek To Enact Provision Allowing Earmarks To Be Struck. The Hill (6/15, Allen) reports, "Senate Republicans say they are trying to salvage a spending-reform provision empowering individual senators to

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strip new earmarks out of conference reports without handing the rank and file unlimited power to wage wars of attrition to defeat bills they do not like." The impact "of the Senate-specific earmark language could be far-reaching if it is included in a conference report on lobbying reform." The Hill adds, "Conservatives hailed the original Senate language as a powerful tool they could use to limit "immaculate" earmarks — those that appear for the first time in conference reports. One Republican aide called the provision 'the holy grail' of budget-process reforms."

House Conservatives' Attempt To Cut Spending Thwarted. CQ (6/15, Dennis, Higa) reports, "Spending on earmarks such as swimming pools and hydroponic tomato research has won out in this year's appropriations battles on the House floor, with a band of conservative Republicans growing increasingly frustrated at their lack of success in striking the projects from spending bills." Their "latest efforts to strip earmarks from the fiscal 2007 Transportation-Treasury-HUD-Judiciary-D.C. appropriations bill (HR 5576) fell flat Wednesday, losing by large majorities on the House floor as they have on other bills." CQ notes, "Appropriators say that they have successfully sliced billions in earmarked spending compared with last year. Still, conservatives are frustrated by the level of earmarking that continues this year, and that earmark disclosure rules passed as part of a lobbying package (HR 4975) are delayed in conference negotiations with the Senate."

Budget Committee Votes To Create Commission On Wasteful Spending. The Washington Times (6/15, Fagan) notes that the House Budget Committee approved legislation to create "a commission to set sunset dates for wasteful federal programs" at the urging of House conservatives.

Line-Item Veto Approved By House Budget Committee. By a 24-9 vote the House Budget Committee passed a "watered-down" version of a presidential line-item veto. The AP (6/15, Taylor) reports, "Under the proposal, it would take a simple majority in both House and Senate to approve the items over the president's objections." Bush proposed the bill in March and sponsor Rep. Paul Ryan made several adjustments "to ease criticism from Democrats and others who said the original version was tilted too far in the president's favor." Ryan's bill "modified the Bush proposal to ensure he could not paper Congress with spending-cut proposals and require repeated votes on the same item. The new power would expire after a six-year trial. But Ryan also narrowed the measure's application against special interest tax breaks so that, as a practical matter, few such provisions could be targeted by the president."

WSJournal Warns GOP Lack Of Spending Restraint Could Have Electoral Ramifications. The Wall Street Journal (6/15) editorializes, "The Congressional debate over 'earmarks' continues, and not in a way that makes the GOP majority look good. This week the Members are pushing through another 1,500 special spending projects, even as the controversy has engulfed California's Jerry Lewis, who as House Appropriations Chairman is earmarker in chief." Lewis denies the charges, yet "even if all of this is technically legal, the cronyism and revolving door between Congress and lobbyists look terrible and certainly won't help Republicans restore an image of fiscal rectitude before November." It "underscores the link between Member-steered earmarks and the opportunity for corruption." The House GOP "elected new leaders and promised to restrain earmarking. But this week the House is busily approving a $68 billion Treasury, Transportation and Housing and Urban Development spending bill stuffed with more than 1,500 new earmarks at a cost of some $900 million." The Journal concludes, "If Republicans don't change their behavior, earmarking could be the story that does the same for them this year.

Lawmakers Release Personal Finance Information Amid Corruption Probes. Lawmakers released details of their personal finances yesterday. The AP (6/15, Dalrymple) focuses on the details of those facing ethical charges, including former Majority Leader Tom DeLay who "showed his legal troubles have led him into sizable debt. DeLay reported owing $250,001 to $500,000 to four separate lawyers and law firms." He "also reported individual and corporate contributions to a legal defense fund worth $588,320." But other lawmakers have less resources to combat ethics charges. For example Rep. Bob Ney "reported no major assets or liabilities, nor any major outside sources of unearned income." And Rep. William Jefferson "owns two tracts of farmland in Louisiana, each worth $50,001 to $100,000. He loaned $100,001 to $250,000 each to his mayoral and gubernatorial campaigns, as well as $50,001 to $100,000 to 'Jefferson Interests.'" He "also reported three major liabilities. He owes between $50,001 and $100,000 each to Dryades Bank and Noah Samara, chairman and CEO of Worldspace Satellite Radio. He also has a $15,001 to $50,000 loan from Liberty Bank of New Orleans."

The Hill (6/15, Bolton, Schor) notes Rep. Jefferson "made scant reference to his business interests now being investigated by the FBI." His "disclosure form gives no hint of three other businesses connected to the Justice Department's investigation of him."

Congress Continues To Accept Free Travel Despite Scandals. The Wall Street Journal (6/15, Cummings, Lueck) reports, "Singed by controversy over complimentary travel, many members of Congress nevertheless accepted free trips in 2005, according to annual financial disclosure reports released yesterday." Although the "reports showed scant evidence that members were grounding themselves, or

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paying their own way, the scandals seem to have persuaded many to make extra efforts to note anything that could come back to haunt them, on the campaign trail or in a prosecutor's office, in what normally is a routine, annual release of assets and debts by all members of Congress."

Lawmakers Report Payments For Appearing On Maher Show. In its Washington Wire column on its web site, the Wall Street Journal (6/14) reported, "At least three members of Congress reported receiving $800 payments for appearing on 'Real Time with Bill Maher': Delaware senator and potential 2008 presidential candidate Joseph Biden; California Republican Rep. David Drier, and Florida Republican Rep. Ileana Ros-Lehtinen. She said the show also paid for lodging and travel from Washington to Los Angeles, and then back to Miami."

Presidential Aspirants' Financial Disclosures Examined. The Hill (6/15, Bolton, Schor) also examines the personal finances of 2008 presidential hopefuls, including Sen. Chris Dodd who "placed between $15,000 and $50,000 in a Senate Federal Credit Union account. Sen. John McCain (R-Ariz.) reported three small new charge-card debts and one American Express Platinum debt of $100,001-$250,000, all in his wife's name." And some "lawmakers reported large income streams from their spouses. Sen. Hillary Rodham Clinton (D-N.Y.) reported that her husband, former President Bill Clinton, received $7.5 million for speeches worldwide. His highest fee was $350,000 for speeches in the Canary Islands and Toronto."

And the New York Times (6/15, Hernandez) reports, "Former President Bill Clinton and Senator Hillary Rodham Clinton had income of more than $8 million last year, mainly from speaking fees Mr. Clinton collected." Sen. Clinton's disclosed she "earned $872,891 from her book 'Living History,' which was published in 2003 and has been released in paperback. That is down from last year, when she reported earning $2.3 million in royalties from her memoir. In 2001, Simon & Schuster paid her nearly $8 million to write the book." The Clinton's "reported having a joint bank account worth $5 million to $25 million, as well as a blind trust worth $5 million to $25 million. That was the same amount they reported last year but substantially greater than in 2003, when reports valued their assets at a minimum of $2 million."

Focusing on politicians from the region surrounding Washington, DC, the Washington Post (6/15, A4, Turque, Spivack) reports Sen. George Allen "listed assets of between $1.8 million and $3.6 million." The majority "of Allen's wealth comes from commercial rental property in Charlottesville valued at more than $1 million and 98.5 undeveloped acres in Albermarle County valued at between $250,000 and $500,000." His "report also shows that Allen took relatively few privately funded trips last year, traveling to Palm Springs, Colorado Springs, Las Vegas and Florida for speeches and conferences for the Heritage Foundation, the Charles G. Koch Charitable Foundation, the Consumer Electronics Association and the Faith and Politics Institute."

Hastert Aide Examined Some GOP Senators' PFDs. Roll Call (6/15, Stanton) reports, "A senior aide to Speaker Dennis Hastert," Tim Kennedy, "pulled the financial disclosure forms of" Senate Majority Leader Bill Frist, Sen. Ted Stevens, Sen. Lisa Murkowski and Sen. Conrad Burns "late last month." The reason "for the request is unclear" and "several veteran Senators "were taken aback when asked about Kennedy's research and indicated they had never heard of one chamber's leader researching the finances of Members of the other chamber." The records were accessed during "a stretch of bicameral sniping over the size of the fiscal 2006 supplemental spending bill." At the time "Hastert harshly rejected a Senate proposal to make an across-the-board cut to the supplemental spending bill." Roll Call notes, "Frist's proposal was made in part to help make room for a number of proposals either authored by one of the four Members Kennedy researched or that would benefit their constituents." For example, "Frist himself penned a massive avian flu spending package that the Senate included in its version of the supplemental. Burns strongly backed an amendment that added millions of dollars in new disaster relief spending for agriculture. And the bill included numerous earmarks that would have benefited Alaska, Tennessee and Montana."

Report Shows Lewis Aide Earned $500,000 More Than Previously Revealed. The Los Angeles Times (6/15, Hamburger, Simon, Fiore) reports, "A top aide to House Appropriations Committee Chairman Jerry Lewis (R-Redlands) reported Wednesday that he received more money than he previously disclosed from a lobbying firm that has come under scrutiny for its ties to Lewis." Aide Jeffrey Shockey "corrected his financial disclosure reports to reveal that his salary in 2004 from Copeland Lowery Jacquez Denton & White totaled about $500,000 more than he had reported." Shockey "also collected nearly $2 million from the firm as a payout when he left to return to work for Lewis in 2005."

Roll Call (6/15, Kane) notes, "Combined with the buyout package he received in 2005 — which was paid out in full by Aug. 1 of that year — Shockey was paid more than $5.5 million by Copeland Lowery over little more than two and a half years." Sources close to Shockey called it "inadvertent human error" and believe "this latest disclosure may further justify and explain the size of his buyout package, which came in at $1.96 million spread across several payments last year while he was on Lewis' staff." A source said, "This shows that his business was growing. It wasn't a dramatic increase from one year to the next."

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Jefferson Not Expected To Retain Seat On Ways And Means. The House Democratic Caucus will debate whether to remove Rep. William Jefferson from the House Ways and Means Committee. Roll Call (6/15, Kornacki)says even his supporters "concede the numbers don't look good for him." Jefferson's "options seemed exhausted last Thursday night, when Pelosi called a surprise meeting of the Democratic Steering and Policy Committee, a 50-member body dominated by the Leader's allies, which formally recommended Jefferson's removal. Within hours, the full Caucus was called into session to ratify the motion, but before a vote could be taken," CBC chairman Mel Watt "complained that the hasty scheduling of the meeting violated Caucus bylaws. The proceedings were then postponed for one week." The lack of support for Jefferson "among CBC members is likely the result of two factors: a sense from some that Jefferson's indictment is imminent and that a fight is, thus, futile; and Jefferson's past alienation from some of the group's members."

CQ (6/15, Kady II) notes, "On Wednesday, Democrats unveiled a broad domestic policy agenda, but those long-term ideas largely have been overshadowed by the battle over Jefferson's future." It is also "shaping up to be a major test for Minority Leader Nancy Pelosi, D-Calif., who aspires to be the next Speaker of the House but finds her caucus engaged in a serious debate over how to treat a colleague with ethics problems."

Pelosi Stands By Her Call For Jefferson To Resign Ways And Means Seat. House Minority Leader Nancy Pelosi said on CNN's The Situation Room (6/14) that Rep. William Jefferson is "has brought dishonor to the House, and he should step aside from his position on the Ways and Means Committee." Pelosi added, "I believe that members of Congress should be held to a higher standard and a higher ethical standard. And I apply that to all members of our caucus, respecting the magnificent diversity of our caucus. … And any member of Congress who has $90,000 in his freezer can be sure that he's going to hear from me that he or she should step aside."

NBC News/WSJournal Poll Finds Bush Approval At 37%. In its Washington Wire column on its web site, the Wall Street Journal (6/14) reported that a new Wall Street Journal/NBC News survey of 1,002 adults, conducted June 9-12 after Abu Musab al Zarqawi's death, "showed 38% feeling more confident that the war will reach a successful conclusion, up from 33% in April. Some 53% say Mr. Zarqawi's death will improve the situation in Iraq at least a little. The poll has a margin for error of 3.1 percentage points. But that hasn't translated into a substantial political bounce for Mr. Bush or his party five months before the 2006 mid-term elections. The president's overall approval rating has ticked up one percentage point to 37% since April, but so has the proportion disapproving his performance, which now stands at 58%."

NBC Nightly News (6/14, story 2, Russert) reported on the results from the new NBC News/WSJ poll: "The President's problem, one out of five Republicans still disapprove of his job performance. Let's look at Congress. Approval just 23%, disapproval 64%, nearly two of three Americans disapprove of the job Congress is doing." Williams: "What are we finding driving the numbers?" Russert: "Iraq, Iraq, Iraq. Look at this. What are the most important issues facing the country? 53% say Iraq, illegal immigration is second at 32%. Brian, Democrats, two-thirds say it is Iraq. We asked what about the success in Iraq, is it going to happen? More confident, 38%, less confident, 53%. But this is a slight improvement up from April -- about five points." Williams: "Any markers in here that could speak to the coming elections in November?" Russert: "This is what the people told us. Who should control Congress? 38% say the Republicans, 49% say the Democrats. That is an 11 point advantage for the Democrats."

Grassley Confronts HHS Over Forged Drug Data. ABC World News Tonight (6/14, story 5, 2:50, Gibson) reported, "The Senator, Grassley of Iowa, said that government health officials knew" the drug Ketek "was unsafe but won't do anything about it." ABC (Ross) added, "Safety tests done on Ketek and submitted to the FDA showed it met safety standards. But it turns out many of the test results were faked. Now, there have been some deaths. To the outrage of some in Congress, Ketek was approved for sales even after the Food and Drug Administration learned the safety tests were forged. Now, with reports of four deaths and dozens of liver failures and injuries, Senator Grassley is trying to find out what happened. He showed up today at the Department of Health and Human Services to demand access to the investigators who uncovered the Ketek fraud. He was told no and sent home empty-handed." Sen. Grassley: "It's a situation where I smell a cover-up." Ross: "The most serious problems occurred in the tests conducted in Gaston, Alabama, at this weight loss clinic, now closed. A former nurse says she was told to forge signatures and patient data." Michelle Snedeker, former nurse: "90% of the people didn't even take the drug." Ross: "The doctor in charge, Maria Anne Kirkman-Campell, is serving five years in prison for falsifying the tests, which she conducted for the makers of Ketek, Sanofi-Aventis."

The Washington Post (6/15, A10, Kaufman) reports after "months of trying to get firsthand information from a government official familiar with a controversial new antibiotic, Sen. Charles E. Grassley (R-Iowa) marched into the Department of Health and Human Services headquarters

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yesterday asserting his congressional right to receive the data. After a brief meeting with senior HHS and Food and Drug Administration officials, Grassley departed empty-handed and angry." Sen. Grassley said, "This is extraordinary for me. I haven't had to go to an agency like this since 1983 to get information I requested. I smell a coverup." The Post adds FDA officials "denied any impropriety, saying they were cooperating with Grassley's staff and had sent 400 boxes of documents related to the approval and safety of the drug, Ketek. Some information had to be withheld, the agency said, because of continuing investigations."

Marburger Says Lieberman's Concerns About Science Censorship Unfounded. CNN's Situation Room (6/14, 5:49 p.m. ET, Roberts) reported, "Global warming high on the radar screen these days. … Senator Joe Lieberman is asking the president's top science adviser to look into weather the administration is muzzling its top climate researchers. It was this June 6th letter that sparked Lieberman's call for an investigation. NASA admitted it wrongly prevented climate expert James Hansen from speaking to reporters, strong evidence, the senator claims, of an administration pattern to silence the scientists on global warming." The story quotes Senator Lieberman as saying, "You've now got four different agencies, NASA, NOAA, EPA and the U.S. Forest Service where there are very credible reports that scientists have had their work on global warming suppressed. That's very troubling and wrong." But "President Bush's top science adviser John Marburger doesn't see the need for an investigation. [He sent] a statement to CNN saying, "I take any claims of suppression of scientific findings very seriously. As issues are brought to my attention, I look into them. I've found no basis to support senator Lieberman's concerns. We shared that with the senator who seemed surprised Marburger would respond to us before him."

House Denies Funding For Provision Allowing Foreign Ownership Of US Airlines. The Wall Street Journal (6/15, Rogers) reports, "The House approved a $139.6 billion transportation-and-housing bill after voting to deny funding for a Bush administration plan that would permit greater foreign ownership control of US airlines in the future." The 291-137 vote "was the clearest test yet of political sentiment on the pending rules change, which the White House wants as part of its effort to negotiate an 'open skies' agreement with the European Union deregulating trans-Atlantic air traffic." The Journal adds, "As many as 97 Republicans joined Democrats in opposition; together with organized labor, Continental Airlines pressed hard for the amendment, at the expense of distressed carriers like Northwest Airlines and UAL Corp.'s United, which could benefit from more access to overseas capital and landing slots."

Meanwhile, the Washington Post (6/15, A26) editorializes that the House vote "would delay the administration's reform for more than a year, jeopardizing a deal that could save travelers billions of dollars. The Senate has yet to vote on the issue. It should put national interests before vested interests."

House Panel Approves Bill On Reviews Of Foreign Investments. The Wall Street Journal (6/15, Schroeder) reports, "The House Financial Services Committee unanimously approved a bill that would change the process for reviewing proposed foreign investments in the US." The bill "would require all transactions involving state-owned companies to get an additional 45-day review and would allow more of the deal-approval process to be made public."

House Committee Approves Credit-Rating Reform Bill. The Wall Street Journal (6/15) reports, "The House Financial Services Committee voted to approve legislation that would overhaul the credit-rating business." The bill, "approved on a voice vote" by the panel, would bring "sweeping changes to the industry. House lawmakers said legislation is needed to increase competition in a business now dominated by only a few companies." The SEC "would get new power to discipline rating firms and rating-firm employees, and to ban business practices that are coercive or abusive. Rating firms evaluate debt issued by public companies and have come under fire for failing to detect deteriorating credit quality at Enron Corp. and WorldCom Inc."

Panel Says Congress Should Set 2012 Deadline For Affordable Healthcare. USA Today (6/15, Appleby) reports affordable health care "should be available to all Americans by 2012, with protection in the meantime from 'very high out-of-pocket medical costs,' say initial recommendations from a 15-member panel created by Congress." The Citizens' Health Care Working Group's "12-page report, which some say may prompt debate before national elections in November and in 2008, does not specify exactly how to pay for such benefits or what they should include." The report "is thought to be the first wide-ranging effort sponsored by the government to poll average citizens on health care policy."

OTHER NEWS:

Inflation Rose More Than Expected Last Month. The Financial Times (6/15, Swann, Guha, Hughes) reports "US inflation rose more quickly than expected for the third successive month in May, raising the prospect that

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interest rates will continue to rise beyond this month. The core consumer price index – which excludes volatile food and energy prices – rose 0.3 per cent last month, taking the annual rate to 2.4 per cent." The figures "heighten the dilemma for the Federal Reserve, which may feel forced to continue to raise rates in spite of growing signs that the economy is slowing."

NBC Nightly News (6/14, story 4, Thompson) reported, "Once again the high price of gasoline is fueling inflation. Up almost 5% in May and now spilling over to other parts of the economy, pushing up airfares, trucking cost and delivery prices, fanning speculation the Federal Reserve will raise interest rates at the end of the month." The CBS Evening News (6/14, lead story, 2:35, Schieffer) reported, "Well, its back, inflation, that is. It's been more than a decade since it made this much news, but the new government numbers leave no doubt prices are going up again. The Consumer Price Index went up 0.4% in May. That makes it all but certain that the Federal Reserve will soon raise interest rates again." The inflation story is being covered by virtually all major newspapers this morning. USA Today (6/15, Hagenbaugh), Los Angeles Times (6/15, Havemann, Sanchez), Wall Street Journal (6/15, Ip, Conkey), Washington Post (6/15, D1, Henderson), New York Times (6/15, Peters), Christian Science Monitor (6/15, Scherer) and Washington Times (6/15, Hill), for example, run similar reports this morning.

High Prices Starting To Hurt Housing Market. The CBS Evening News (6/14, story 2, 1:55, Regan) reported, "Even with mortgage rates inching higher, prospective home buyers are anxious to get into the real estate market. The only problem? Prices are just too expensive. The median home price is already $223,000 and forecast to jump 5.3% this year." According to "a new study by Harvard University's Joint Center for Housing, nearly 16 million households now spend more than half their income on housing. A 14% increase from the year 2001. And it's not just homeowners who are shelling out lots of cash. Nearly one-third of all US households rent. Like new home buyers, they, too, are feeling the squeeze. Rents are expected to jump 4.1% this year, rising faster than average salaries." The Washington Post (6/15, D3, Crutsinger) runs a similar report.

Stock Markets Rebound Despite Inflation Fears. NBC Nightly News (6/14, story 4, Williams) reported, "On Wall street, a bounce. The Dow gaining almost 111 points [to close at 10816.92], Nasdaq snapped an eight session losing streak, up 13.53 [to 2086.] Some analysts said today the market has been spooked for weeks by inflation fears that it is now priced in another Fed interest rate hike." The CBS Evening News (6/14, lead story, 2:35, Mason) noted that "even with the 100-point rally, the Dow is still down 825 points from its yearly high just a month ago."

USA Today (6/15, Shell) reports the Nasdaq "ended its eight-session skid, rising 13.53 points, or 0.7% to 2086.00. The Standard & Poor's 500 index added 6.35 points, or 0.5%, to 1230.04." The Washington Post/AP (6/15, D3), among other sources, also reports the stock numbers.

Beige Book Sees Signs Growth Is Slowing. USA Today (6/15) reports, "The US economy expanded from mid-April to early June, amid warning signs of slower growth and rising costs, the Federal Reserve said Wednesday." In its beige book, "an anecdotal look at conditions named for the color of its cover, central bank economists noted that growth in economic activity slowed in four of the 12 Fed districts -- Atlanta, Kansas City, Richmond and San Francisco. New York businesses were growing concerned about the outlook. Philadelphia firms were more optimistic."

Lieberman Has Not Ruled Out Independent Bid For Reelection. The Washington Times (6/15, Pierce) reports in its "Inside Politics" column that Sen. Joe Lieberman "must soon decide whether to start collecting signatures for a possible independent bid this November. Mr. Lieberman's campaign says it is focused only on winning the Aug. 8 primary, but the Democrat has not ruled out petitioning his way onto the November ballot as part of a backup plan to secure a fourth term in the Senate." Lieberman "has until Aug. 9 -- the day after the Democratic primary -- to collect 7,500 signatures from registered voters to gain a spot on the ballot as an unaffiliated candidate." The AP (6/15, Haigh) reports Lieberman "recently" said, "I am not going to close out any options."

Webb Seeks Support From "Reagan Democrats" In Challenge To Allen. The AP (6/15, Lewis) reports, "National Democratic leaders on Wednesday relished the prospect of James Webb, a war hero and former Reagan Navy secretary, challenging Republican Sen. George Allen (this November." But "beating Allen, a well-liked former Virginia governor who's also weighing a White House bid, will be a struggle, even for a Republican-turned-Democrat with Webb's made-for-the-movies portfolio." The AP adds, "Unlike most Democratic candidates, Webb is pursuing a populist strategy aimed at returning so-called 'Reagan Democrats' -- moderate, middle-class and largely rural whites -- to the Democratic Party." Those voters "have been unshakably loyal to the folksy, cowboy-booted Allen in two successful statewide campaigns and Allen remains formidable as he seeks re-election."

The Washington Times (6/15, McLaughlin, Bellantoni) reports House Democratic Caucus Chairman Brian J. Moran, "who remained neutral" in the primary, "predicted that Democrats would rally around Mr. Webb. … Former Gov. Mark Warner, the state's most popular politician, will lend his

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support to Mr. Webb, said Warner spokeswoman Ellen Qualls."

"Had Enough?" May Be Democrats' Slogan For Fall Campaigns. The Hill (6/15, Cusack) reports, "House Minority Leader Nancy Pelosi (D-Calif.) raised eyebrows Tuesday when she used a campaign phrase suggested for the Democrats early this year by former Speaker Newt Gingrich (R-Ga.). But it turns out that Pelosi is not alone. Democratic candidates for Congress across the country have been employing the phrase 'Had Enough?' in speeches and on their campaign websites." The Hill adds, "After national Democrats unveiled their 2006 slogan, 'Together We Can Do Better,' Gingrich in March said Democrats would be better off using 'Had Enough?' A month later, former Rep. Tim Roemer (D-Ind.) wrote an op-ed in The New York Times urging Democrats to embrace the phrase 'Had Enough? Vote Democratic!'" In an interview yesterday, Roemer "said the idea for the op-ed came to him after reading a story about Harry Truman that recounted that an advertising executive in 1946 suggested 'Had Enough?' to the Republican Party, which adopted the slogan. Later that year, Republicans gained control of both chambers of Congress."

Friends Say Richardson Will For President In 2008. In his Roll Call column (6/15), political analyst Stuart Rothenberg says, "Officially, New Mexico Gov. Bill Richardson (D) is focused on his November re-election race, even though it's expected to be relatively easy. And as chairman of the Democratic Governors Association, Richardson also hopes to lead his party to a gain of at least a few more governorships." But some Democratic insiders "insist that Richardson has more on his mind than that. They say he is telling friends and political allies that he has decided to run for president in 2008." Now, "savvy political insiders in the state give Richardson high marks as governor, praising his 'bold initiatives,' his willingness to take on challenging issues and his ability to sell his agenda." Whether "because of Richardson's policies or just plain good luck, New Mexico's economy has been strong, another considerable asset if he makes a White House run." Richardson's "greatest asset as a presidential candidate is the breadth of his political experience," and he "is a Hispanic." Richardson "is not without his vulnerabilities."

2008 Candidates Assessed For Poetical Value. In a New York Times op-ed (6/15), Calvin Trillin assesses the 2008 presidential race from the perspective of a deadline poet: "As the names of potential 2008 presidential candidates begin to get tossed around, you can't blame us for looking forward to having someone in the Oval Office who is more compatible with our needs. That is why I groan every time the eminently rhymable Bill Frist shoots himself in the foot. That is why I keep trying to reassure myself that the Republican base would never permit the nomination of Rudolph Giuliani. That is why, in a conversation about the possibility that the governor of Massachusetts could enter the race, I might burst out, 'To me, Romney is just another Clinton.'"

Report Documents Shortcomings Of Emergency Room System. ABC World News Tonight (6/14, story 6, :30, Gibson) reported, "500,000 times a year, that works out to about once every minute, an ambulance with a sick patient is turned away from an ER, which is full, and sent to another one further away. The Institute of Medicine says the emergency system is unprepared to handle disasters like a disease outbreak or a terrorist strike." The CBS Evening News (6/14, story 7, :25, Schieffer) reported, "The report points out that if our hospitals can barely handle a regular day's emergencies, they are hardly ready for something like a bird flu epidemic."

NBC Nightly News (6/14, story 5, Bazell) reported, "Today's report concludes that overcrowded facilities and overburdened staff have become a national crisis. One of the biggest problems is that the emergency room is the only way into the hospital for many people with no health insurance and hospitals don't get reimbursed for providing all of that care to the uninsured. To save money, many hospitals have shut down their ERs." To "solve the problem, the report recommends Congress allocate more money for emergency care and local communities set up coordination plans."

USA Today (6/15, Davis) reports the Institute of Medicine on Wednesday "released the Future of Emergency Care reports, which were prepared by a 40-member board after a two-year investigation. The IOM advises the government on science, medical and health issues. The reports warn that the U.S. lifesaving system is not only failing to handle daily emergencies but also could break down in the face of national disasters, including hurricanes, disease outbreaks or terrorist attacks."

The Washington Post (6/15, A1, Brown) reports in a front page story that emergency medical care "in the United States is on the verge of collapse, with the nation's declining number of emergency rooms dangerously overcrowded and often unable to provide the expertise needed to treat seriously ill people in a safe and efficient manner."

CBS Executives See No Future Role For Rather At 60 Minutes. The Washington Post (6/15, C1, Kurtz) reports CBS executives "have decided there is no future role at the network for Dan Rather, making it certain that the man who sat in the anchor chair for 24 years will depart by this fall." The executives "recognize Rather's

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contributions over four decades and are not trying to boot him because of the controversy surrounding his botched story on President Bush and the National Guard, say network sources who declined to be named while discussing a sensitive personnel matter. But the executives concluded there was no room for Rather at '60 Minutes,' particularly with incoming anchor Katie Couric planning to report a half-dozen stories a year and the hiring of CNN's Anderson Cooper as a part-time contributor." Rather's contract "expires in November, but the sources say he might leave before that, depending on negotiations with CBS." Rather has "said several times that 'my best work is still ahead of me.' He is described by friends as hurt and puzzled by the attitude of CBS management."

Poverty Relief Efforts, Debate Said To Continue On "Subterranean" Level. The Wall Street Journal (6/15, A1, Wessel) reports despite "decades of economic growth and technological progress, tens of millions of Americans still live in poverty. Efforts to reduce the ranks of the poor persist, but they have moved underground. Today's War on Poverty isn't marked by lofty presidential rhetoric. It is a guerrilla war with platoons of idealistic crusaders and skeptical scholars, with dozens of small-scale experiments and local initiatives that largely escape public notice." Yet to a "surprising degree, an intense subterranean debate over what causes poverty and what to do about it continues, and it has echoes of a debate that has hardly changed for a century."

Poverty Statistics Examined. The Wall Street Journal (6/15, Wessel) also reports on the difficulty in counting the number of the poor, adding, "By the official measure, there were 37 million people living below the poverty line in 2004. Most (55%) were between 18 and 64, and most (68%) were white. But the poor are disproportionately children and disproportionately black: While 12.7% of the total population was below the poverty line, 17.8% of children under 18 and 24.7% of blacks were."

Charities Look For New Ways To Entice Bingo Players To Return. USA Today (6/15, Jones) reports charities "that run bingo games for money to sponsor food pantries, recreation programs for poor children and other activities are scrambling to find new customers. That's because many players who once crowded fraternal lodges and community centers to play bingo are flocking to casinos instead, drawn by bigger jackpots and flashier surroundings." To "help charities compete, gaming regulators are enabling non-profit groups to increase jackpots and use electronic gadgets that make it easier for customers to play several bingo cards at once. They're also requiring bingo hall owners to spruce up their venues to make them more fun for players."

US Politics Seen As Falling Along Nationalist Versus Globalist Lines. In his New York Times column (6/15), David Brooks says if American politics "could start with a clean slate today, the main argument wouldn't be between liberalism and conservatism, words that have become labels without coherent philosophies. The main fight would pit populist nationalism against progressive globalism." The populist nationalist party "would be liberal on economics, conservative on values and realist on foreign policy. It would bring together a wide array of people who are disenchanted with their respective parties' elites, and who would find they have a lot in common. It would bring Kevin Phillips together with Pat Buchanan, the Virginia senatorial candidate James Webb together with Lou Dobbs, Al Sharpton together with James Dobson." The "progressive globalists, on the other hand, would be market-oriented on economics, liberal on values and multilateral interventionists in foreign affairs. The leading spokesman for this movement would be Tony Blair. Domestically, it would be led by the major presidential aspirants, who don't differ much: John McCain, Hillary Clinton, Mitt Romney, Mark Warner and Rudy Giuliani."

Smithfield Criticized For Blocking Unionization. In his New York Times column (6/15), Bob Herbert says Smithfield Packing Company is "a case study in both the butchering of hogs (some 32,000 are slaughtered there each day) and the systematic exploitation of vulnerable workers. More than 5,500 men and women work at Smithfield, most of them Latino or black, and nearly all of them undereducated and poor." The big issue "at Smithfield is not necessarily money. Workers are drawn there from all over the region, sometimes traveling in crowded vans for two hours or more each day, because the starting pay — until recently, $8 and change an hour — is higher than the pay at most other jobs available to them. But the work is often brutal beyond imagining. Company officials will tell you everything is fine, but serious injuries abound, and the company has used illegal and, at times, violent tactics over the course of a dozen years to keep the workers from joining a union that would give them a modicum of protection and dignity." The United Food and Commercial Workers Union "has been trying to organize the plant since the mid-1990's. Smithfield has responded with tactics that have ranged from the sleazy to the reprehensible."

Allies Said To Have Soft-Pedaled Penalties To Woo Iran. The New York Times (6/15, Sciolino, Broad) reports, "When a formal incentives package by six nations to encourage Iran to curb its nuclear program was presented in writing in Tehran last week, it omitted a long list of potential punishments should Iran reject it," and "it was left to" EU foreign policy chief Javier Solana "to deliver news about the

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sticks — only orally." The Time says the "decision to focus on the benefits for Iran and to leave no paper trail about possible penalties reflects a new international negotiating strategy toward Iran." The six powers "have decided to treat Iran not as an errant child whose behavior must be modified or a rogue state that must be punished, but as a potential responsible negotiating partner. The possible punishments were kept separate and informal for two reasons: to prevent Iran from rejecting the offer out of hand and to maintain the fragile unity of the six nations that authored it. … The strategy also reflects the recent shift in the policy of the Bush administration, which has long portrayed Iran as the world's worst state perpetrator of terrorism, determined to become a nuclear power. It follows a decision last month by the administration to sit at the same negotiating table with Iran — if Iran fully suspended its uranium enrichment and reprocessing activities." The Times says "the lack of clarity about what constitutes possible penalties could give the Iranians the impression that they could seek even more concessions, as they have done in the past."

Ahmadinejad Lobbying China, Russia For Support. The AP (6/15, Dareini) reports President Mahmoud Ahmadinejad "is doing more than just attending an Asian security summit in China" – he "seeks to gain Russian and Chinese support at a critical moment for his country's nuclear program. He also aims to prove that his country is not isolated, despite U.S. claims to the contrary." While "past trips to Asia have been a chance for Ahmadinejad to tap into anti-U.S. sentiment and tout himself as a leader who is standing up to Washington," his "visit to China, which began Wednesday, will likely be more dedicated to intense diplomacy. [He] is expected to hold separate meetings with his Chinese and Russian counterparts…on the sidelines of the regional summit in Shanghai." The AP adds, "A key question for Iran is likely to be how much change it can seek in the package and still keep Moscow and Beijing's implicit protection. Iran has said it finds parts of the package acceptable but that other parts should be removed."

Hadley Says US Is Concerned About Iranian Influence In Iraq. National Security Adviser Stephen Hadley was asked on CNN's The Situation Room (6/14) what kind of assurances President Bush got from the new Iraqi Prime Minister "that Iran's influence in Iraq won't escalate." Hadley added, "Obviously, we're concerned about some of the Iranian influence in Iraq. There are a lot of Iraqis that are concerned about Iranian influence in Iraq. And one of the messages the government is making very clear to its neighbors is they need to be supportive of this effort to build democracy and prosperity and peace, not countering it. And that's an important message for them to send, and it's a message, of course, that we will reinforce and we hope the international community will reinforce as well."

Group Tied To Al Qaeda Said To Control Parts Of Somalia. The Washington Times (6/15, Gertz) reports, "An Islamist group with ties to al Qaeda is quickly solidifying its grip on parts of Somalia and moving toward setting up a Taliban-style Islamist regime in the country, according to US officials familiar with events in the region. Armed militias of the group known as the Islamic Courts Union (ICU) defeated a US-backed group of Somali warlords called Alliance for the Restoration of Peace and Counterterrorism last week and control large sections of Mogadishu and seized a key town yesterday." The Times adds, "The officials familiar with terrorism and the Horn of Africa, including some who were recently in Somalia, said the Islamists now are seeking to publicly distance themselves from al Qaeda, which also is seeking to play down its ties to the ICU to avoid provoking a military response from the United States or other nations in the region."

Somali Warlords Lose Another Key Town To Islamists. The Washington Post (6/15, A16, Timberg) reports, "Islamic militias asserted control over southern Somalia on Wednesday by routing once-powerful secular warlords from one of their last remaining strongholds and moving closer to the headquarters of the country's fragile, U.N.-backed government." The warlord base at Jowhar "fell in a morning attack that left at least four people dead and prompted several remaining warlords to flee in heavily armed pickup trucks, according to news reports." The "largely powerless transitional government" continues to work out of Baidoa, 130 miles from Jowhar, "one of the last significant places in the southern region not controlled by the militias." The Post says the issue of whether to invite foreign peacekeepers into Somalia, a move the government supports, "threatened to drive apart the militias and the transitional government at a time when international officials are pushing the groups to negotiate a solution to Somalia's lasting trouble. Islamic militia leaders warned repeatedly in the past week that they would end discussions with the transitional government if it invited foreign troops to Somalia."

US, Europeans Will Seek To Craft Common Policy Toward Somalia. The New York Times (6/15, Cooper) reports, "American officials will sit down Thursday with their European counterparts to try to come up with an answer to this central question: Is there anyone left with any authority in Somalia with whom the United States can do business?" The "hurriedly convened Contact Group meeting in New York represents a State Department effort" to form "a new policy on Somalia after more than a decade of neglect. Diplomats are asserting more control over Somalia policy from the Central Intelligence Agency, on the ground that an approach that by many accounts has consisted largely of C.I.A. payments to Somali warlords has been counterproductive."

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Palestinian Civil Servants Protest Lack Of Pay. The New York Times (6/15, Fisher) reports, "Palestinian civil servants stormed the parliament building in the West Bank on Wednesday demanding back pay and chanting 'We are hungry!' Fistfights broke out as protesters hurled plastic water bottles at legislators from Hamas, the militant group that controls parliament, forcing the speaker to flee the building." It was "the second violent protest this week at parliament, in Ramallah, and underscored growing pressure on the Hamas government on several fronts."

Palestinian Medical Relief Plan Delayed By US Funding Rule. The New York Times (6/15, Weisman) reports, "A European proposal to provide aid for Palestinian health care has stalled because of concerns by the Bush administration that the plan may violate an American ban on paying salaries to a Hamas government." Although European experts "have proposed that the World Bank set up a mechanism through which donations from Europe and the Arab world can get to the Palestinians," American and European diplomats "say that might violate American sanctions laws, which could lead to penalties against any bank that allows a transfer of money to employees in a Hamas government, even if the transaction is overseen by the World Bank." The Times adds, "On top of these disputes is a fundamental difference in the American and European assessment of the situation in the West Bank and Gaza, officials on both sides say. European officials charge that there is a real humanitarian crisis because of the aid cutoff, and some say the Bush administration may actually be seeking to block funds in order to promote chaos and eventually bring down the Hamas government. Bush administration officials strongly deny the accusation."

More Commentary. The Wall Street Journal (6/15) editorializes, "Regarding the increasingly violent Palestinian feud between Hamas and Fatah partisans, it's tempting to recall Henry Kissinger's quip about the Iran-Iraq War: 'It's a pity both sides can't lose.' The tragedy is that the certain losers will be average Palestinians. … Too many Palestinians have postponed serious consideration of just what sort of state they wish to have, fixating instead on their endless and unreal claims on Israel: full withdrawal to the 1967 armistice lines, the "right of return" for the refugees of 1948 and their descendants, and so on. What is happening now in Ramallah is the result of that kind of political escapism. Until the Palestinians realize that they can't elect a terrorist group without consequence, there will never be any hope for their state, whenever its birth, whatever its borders."

UN Seeks Links Between Hariri Killing, Death Of Other Critics Of Syria. The Washington Times (6/15, Pisik) reports, "The chief UN investigator into the assassination of former Lebanese Prime Minister Rafik Hariri told the Security Council yesterday that he was seeking links between that death and the killings of 14 other critics of the Syrian regime." Serge Brammertz also "asked for an extension and expansion of his mandate and said he had received generally satisfactory cooperation from Syria."

Polls Find Anti-US Sentiment In Muslim World Soaring. The Washington Times (6/15, Stuhldreher) reports, "Anti-American sentiment in the Muslim world has reached startling levels, but positive US policies like disaster-relief efforts can help reverse the trend, according to poll results released yesterday." The data also "showed that large numbers of people in several of Iran's neighboring countries -- including 70 percent in Pakistan -- would favor a nuclear-armed Iran." The Times adds, "Terror Free Tomorrow, a nonpartisan, nonprofit organization with Sen. John McCain and several members of the 9/11 commission on its advisory board, commissioned the wide-ranging poll on nuclear programs and anti-Western sentiment among Iran's neighbors." When asked how they viewed the United States, "89 percent in Saudi Arabia, 84 percent in the United Arab Emirates, 71 percent in Turkey and 64 percent in Pakistan answered 'unfavorable.' Additionally, 66 percent of Pakistanis opposed the US-led fight against terrorism."

African Union Peacekeepers Unable To Control Situation In Darfur. The CBS Evening News (6/14, story 9, 4:10, Schieffer) reported that in the Darfur region of the Sudan, "today, the United Nations found evidence of the obvious, that people have been subjected to massacres and ethnic cleansing. UN peacekeepers will arrive this fall, but for now a tiny force from the African Union is the only protection the people have." CBS (Logan) added, "It's been called an African solution to an African problem. A job that would normally fall to the UN has until now been left to a small African Union force that's outnumbered and outgunned. They're still expected to restore security, but on this confidence-building patrol with the AU, we found that's not really happening."

Kenyan AIDS Orphan's Murder Said To Show Societal Strains. In a 1,600-word front-page feature, the Los Angeles Times (6/15, Sanders) tells the story of 14-year old orphan Isaiah Gakuyo, who's "death exposes gaps" that many experts identify in Kenya's HIV/AIDS support programs. Gakuyo's "brutal slaying" by a caretaker uncle is described by some "as an honor killing, symptomatic of the hatred and discrimination faced by millions of people living with HIV in Africa. … But even as the killing has shaken Kenyans and sparked a national debate over care and support for those living with HIV, it has also divided the country. Some sympathize with the family, characterizing the attack as a

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spontaneous fit of rage by an overburdened caretaker. The killing, they say, exposes deep gaps in the nation's AIDS support network, particularly for the 750,000 children, like Isaiah, orphaned by the disease."

Obrador Edging Ahead In Tight Mexican Race. The Financial Times (6/15, Thomson) reports Andrés Manuel López Obrador, "Mexico's leftwing candidate, is on course to become the country's next president in the July 2 election, according to two opinion polls out this week." Obrador "has now inched into the lead with 37 per cent of the vote against 35 per cent for Felipe Calderón" in a Reforma Daily poll, which "reinforces the results of a second poll published on Monday" that puts Obrador "3.2 per cent ahead of Mr. Calderón." The Times adds, "Political analysts on Wednesday said the biggest reason for Mr López Obrador's recovery was the perception that he had won an informal round of mud-slinging following this month's live presidential debate… Even so, pollsters still say it is too close to pick a winner." Roberto Madrazo of the PRI continues to poll a distant third.

In a 1,500-word election preview, the Los Angeles Times (6/15, Tobar) says left-wing candidate Andres Manuel Lopez Obrador "is seen as a salvation by some, a danger by others. One thing is sure: He knows politics." He "is the candidate of the common man (and, clearly, of the common woman) in this year's presidential campaign. His critics call him an irresponsible populist who will ruin Mexico's precarious economic stability, but to millions of others, the 52-year-old standard-bearer for the leftist Democratic Revolution Party is hope incarnate, a warrior and father figure rolled into one." The Times says Obrador, whom recent polling shows edging ahead of the right-of-center candidate Felipe Calderon, "fought off impeachment as mayor of Mexico City, took care of the capital's 'little grandmothers' with a monthly subsidy check and launched the most ambitious transportation projects in the traffic-choked metropolis in a generation. Now he's on a crusade to bring the most ambitious social and economic reforms Mexico has seen in decades." He maintains "an undeniably populist vision of Mexico's problems. He makes the crowd laugh and hiss as he strikes out at favorite punching bags," but "sometimes he gets carried away," and he "has many Mexicans wondering exactly what kind of president he might be if were to win the election July 2. Is he a demagogue in waiting? Or is he a democratic reformer who will finally earn the poor a seat at the table with the country's political elite?"

In related reporting, the Washington Post (6/15, A14, Roig-Franzia) says the debate over illegal immigration, which "draws millions of protesters to the streets of U.S. cities" and "touches off podium-pounding on Capitol Hill and passions among talking heads," remains "far from a blockbuster issue in this year's presidential contest. Even though developments in the United States have forced candidates to discuss migration more often in the past two months than in the early stages of the race, none of the three major contenders" has campaigned on the issue.

China Said To Be Softening Taiwan Policy. The Washington Post (6/15, A14, Cody) reports, "Gradually and without fanfare, China has substantially softened its stand on Taiwan, according to senior officials and diplomats. President Hu Jintao, they said, has begun to play down China's long-standing vow to recover the self-ruled island by force if necessary and shifted the focus to preventing any move toward formal independence." The change in tack "has brought China's policy on the volatile Taiwan issue closer to that of the United States." Hu is said to have told a senior official that "he had no plans to act militarily against Taiwan unless the status quo was changed in a way that risked causing him to 'lose face.' That concern reflected the ardor for reunification among many Chinese on the mainland." Hu maintains that "China's bottom line" is "that it would not allow the island to take decisive steps toward legal independence, the visitor recalled." The Post says the Administration "and allied governments have recognized Hu's shift in Taiwan policy and base their calculations on it, according to U.S. and other veteran diplomats in Asia. As a result, they added, a partnership of sorts has evolved in which Beijing relies on the United States to ensure that Chen does nothing to push China up against a wall." Senior Beijing leaders "have explained to" Secretary Rice "and others in Washington that they are concerned [Taiwanese President] Chen might seek to amend the constitution in a way that implies Taiwan is legally independent. In response, they said, U.S. officials have warned Chen in public and private against making substantial changes to the document."

Trial Of NYTimes Researcher Said To Highlight Government's Reliance On Secrecy. The New York Times (6/15, Lague) reports, "The trial of a researcher for The New York Times, which is to begin here on Friday, is evidence of China's increasing reliance on state secrecy laws to tighten control over information, experts in human rights and the legal system say." The researcher, Zhao Yan, who worked in the Beijing bureau of The Times, "is charged with fraud and disclosing state secrets. Mr. Zhao denies the charges. The Times also denies that he disclosed state secrets." The Times adds, "Critics of the case against Mr. Zhao accuse the authorities of applying all-embracing secrecy laws to contain public debate, burgeoning Internet discussion and sometimes rebellious news media."

In an editorial, the New York Times (6/15) says "it has become clear that the Chinese government wants to use this case to send a warning." The researcher's "unfair treatment

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at the hands of his prosecutors is meant to remind journalists in China that nobody is really safe when reporting on matters of state." But "the trumped-up charges against Mr. Zhao and the trial scheduled to open tomorrow also send another larger message to the world. If Mr. Zhao is convicted, it means that despite China's many advances in recent years, the government and the legal system are moving backward. It means that the government is tightening control over information. And it means that China is willing to abuse its citizens' rights and the country's legal code when it needs a scapegoat in the name of state security."

"Death Vans" Shuttle From Town To Town, Administering Lethal Injection. USA Today (6/15, Macleod) reports that China, "the country that executed more than four times as many convicts as the rest of the world combined last year is slowly phasing out public executions by firing squad in favor of lethal injections. Unlike the USA and Singapore, the only two other countries where death is administered by injection, China metes out capital punishment from specially equipped 'death vans' that shuttle from town to town." USA Today adds, "Makers of the death vans say the vehicles and injections are a civilized alternative to the firing squad."

US, Industry To Fight Global Movie, Music Piracy. The Washington Post (6/15, A1, Ahrens) reports, "The US government has joined forces with the entertainment industry to stop the freewheeling global bazaar in pirated movies and music, pressuring foreign governments to crack down or risk incurring trade barriers. … More than a decade of hard lobbying by two powerful trade groups, the Motion Picture Association of America (MPAA) and the Recording Industry Association of America (RIAA), has convinced U.S. lawmakers and law enforcement officials that it's worth using America's muscle to protect movie and music interests abroad. Now, lawmakers are calling the trade groups, asking what else Congress and the government can do for the entertainment industry."

Study Comparing US, Canadian Health Care Systems Criticized. David Gratzer, a senior fellow at the Manhattan Institute, writes in the Wall Street Journal (6/15), "Is socialized medicine the prescription for better health? A recent study comparing Americans and Canadians, widely reported in the press, seems to suggest just that. But there is much less here than meets the eye." In fact, "the data are ambiguous; Americans are more likely to have received a pap test and mammogram, as well as treatment for high blood pressure. Moreover, Americans are generally more satisfied with their health care. (The survey did not ask about access to specialist care or diagnostic imaging.)" The survey's "most trumpeted conclusion was that Canadians are healthier than Americans," because "we shouldn't confuse problems in public health with flaws in health-care systems. Americans may be heavier than Canadians, but this speaks more to genetics, diet, exercise and culture than to the accessibility or inaccessibility of health services."

Russian Government Seen As Encroaching On Media Freedom. Masha Lipman writes in the Washington Post (6/15, A27), "Earlier this month Moscow hosted a congress of the World Association of Newspapers. The organization's president, Gavin O'Reilly, deplored the Russian government's encroachments on media freedom. Then President Vladimir Putin took the podium to respond. The media's situation has grown better, not worse, he said: 'From year to year increasingly favorable conditions are emerging in Russia for media development.'" Lipman adds, "In its hypocrisy, its utter lack of credibility, Putin's statement was reminiscent of the most blatant Soviet propaganda. In fact, it's not just foreign observers but also Russian media professionals who are deeply concerned about state control of the media. … Today's Kremlin is wholly unconstrained. There is nothing, inside or outside the country, to stop Putin and his regime from doing anything they wish on the domestic scene -- political, media or otherwise."

Elimination Of Bomb-Grade HEU Urged. Mohamed ElBaradei, director-general of the International Atomic Energy Agency, and Jonas Gahr Store, the Norwegian minister of foreign affairs, write in the Financial Times (6/15), "Much attention is currently being given to the control of uranium enrichment technology, and rightly so. … But it makes equal sense to protect – or, better, eliminate – the bomb-grade HEU that already exists." They call for the minimization and eventual elimination of "the civilian use of HEU. … Second, all countries should agree to stop producing fissile material for use in nuclear weapons. … Third, to build trust, countries with civilian and military HEU stockpiles should be encouraged to release clear inventories of those stockpiles and to publish a schedule under which the remaining HEU will be verifiably downblended." ElBaradei and Store add that by "investing in these straightforward measures, we could reduce substantially the risk of nuclear terrorism."

THE BIG PICTURE:

Headlines From Today's Front Pages.

Los Angeles Times:
"Kenyan Teen's Death Exposes Gaps Seen In HIV/AIDS Support Network."

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"Mexico's Lopez Obrador: A Common Man Bent On Change."
"Landlords Bullied L.A. Tenants Out To Gentrify Apartments, Suit Says."
"Chandlers Demand Breakup Of Tribune."
"An Accord Between The Getty And Italy Is Slow Going."
"Bush To Create World's Largest Marine Protected Area Near Hawaii."
"The Republican Party's Iraq Offensive."

USA Today:
"Inflation Spreads Beyond Energy."
"Emergency System Called Very Ill."
"Even As President Bush Warns That The U.S. Should Not 'Stand Down Too Soon,' Troops In Iraq Are Pushed To The Edge Fighting An Unseen Enemy."

New York Times:
"After Iraq Visit, An Upbeat Bush Urges Patience."
"Suspect Is Held In 4 Stabbings In Manhattan."
"A Modest Rise Still Amplifies Inflation Fears."
"Jihadist Or Victim: Ex-Detainee Makes A Case."
"That Wild Streak? Maybe It Runs In The Family."
"Woman Breaks Pin Barrier By Making The Pro Tour."

Washington Post:
"Bush To Declare Islands A National Monument."
"U.S. Emergency Rooms 'On Verge Of Collapse'."
"GOP Measure Forces House Debate On War."
"U.S. Joins Industry In Piracy War."
"Iraq Amnesty Plan May Cover Attacks On U.S. Military."
"Metro's Underground Music Scene."

Washington Times:
"Bush Rejects Iraq Pullout."
"Council Friends Told To Pay Tickets."
"Security Crackdown Begins In Baghdad."
"FEMA Official Rejects Katrina Fraud Report."
"Marine May Call Murtha As Witness."
"Airbus Pays Price For Delays In Delivery Of Superjumbos."
"Containers Pile Up As Imports From China Soar."

Detroit Free Press:
"Jobless Rate Drop Has A Catch."
"Ford's Mexico Plan."
"Legislators Push To Allow All-Boy, All-Girl Schools."
"UAW Re-elects Gettelfinger."
"Karmanos Awaits Stanley Glory."

Atlanta Journal-Constitution:
"TV Breaks Out The Bleep Button."
"Democrats Scorch Use Of CDC Jet."
"ERs Near The 'Breaking Point.""
"Forsyth Schools Sour On Homemade Treats."

Houston Chronicle:
"Illegal Immigrant Sweep Nabs 2,179."
"'My little one, they killed her.'"
"Iraqi Plan May Pardon Rebels Who Shed Only U.S. Blood."
"Sculptor's Project Led To His Death."

Story Lineup From Last Night's Network News:
ABC: Bush-Iraq Progress; Baghdad Crackdown; Afghan Offensive; Illegal Immigrant Crackdown; Grassley-Unsafe Drug; Emergency Room Shortages; Iraq-US Politics; Tropical Storm Alberto; WV-Coal Illnesses; Bosnia Refugee-US Citizen.
CBS: Inflation-Interest Rates; Housing Market Slows; Bush-Iraq Progress; Baghdad Crackdown; VA Data Theft; Katrina Relief Fraud; Emergency Room Shortages; Tropical Storm Alberto; Darfur Peacekeepers; Revolutionary War Flags.
NBC: Bush-Iraq Progress; Bush-Approval Ratings; Baghdad Crackdown; Inflation-Interest Rates; Emergency Room Shortages; Illegal Immigrant Roundup; Katrina Relief Fraud; Bush-News Conference Gaffe; Breast Feeding.

Story Lineup From This Morning's Radio News Broadcasts:
ABC: Iraq-reconciliation plan, Bush-Iraq; Senate-spending bill; Afghanistan-US offensive; Bernanke speech; consumer prices; Wall Street; CA-conjoined twins separated.
CBS: Study-emergency care; MA-apartment building fire; CA-conjoined twins separated; Afghanistan-terror attack; Bush-Iraq; Illegal immigration crackdown; Stanley Cup finals.
NPR: Sri Lanka-terror act; Senate-spending bill; Afghanistan-terror attack; Canada Sistani fatwa; FEMA-hurricane aid; CT-Home Depot settlement; Stanley Cup finals.

WASHINGTON'S SCHEDULE:

Today's Events In Washington.
White House:

PRESIDENT BUSH — Participates in swearing-in ceremony for the US Trade Representative, Oval Office; speaks at the Initiative for Global Development's 2006 National Summit, Willard Hotel; signs S. 193, the Broadcast Decency Enforcement Act of 2005, Room 350, Eisenhower EOB; signs S.2803 - the MINER Act, Room 450, Eisenhower EOB; speaks on the Establishment of the Northwestern Hawaiian Islands National Monument, East Room; attends Congressional Picnic, South Lawn.

VICE PRESIDENT CHENEY — No public schedule.

US Senate: FLOOR SCHEDULE _ 9:30 a.m. Highlights: 10 a.m. Vote on Supplemental Appropriations Bill conference report. The Senate will then resume consideration of S. 2766, Defense Authorization Bill with the Santorum amendment re: Iran pending.

9 a.m. JUDICIARY _ Full Committee. Markup of pending legislation and votes on nominations. Location: Room 226, Dirksen.

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9:30 a.m. ENVIRONMENT AND PUBLIC WORKS _ Superfund and Waste Management Subcommittee. Oversight hearing on EPA Superfund program.Testimony from Illinois Sen. Richard Durbin; Washington state Sen. Maria Cantwell; EPA office of Solid Waste and Emergency Response; Resources for the Future; Mt. Sinai Center for Children's Health and the Environment; Superfund Settlements Project; Edison Wetlands Association; and the Waste Policy Center. Location: Room 628, Dirksen.

10 a.m. BANKING, HOUSING AND URBAN AFFAIRS _ Full Committee. Hearing on the Office of Federal Housing Enterprise report on Fannie Mae. Acting Director James Lockhart III; SEC Chairman Christopher Cox; former Fannie Mae Chairman Franklin Raines; Fannie Mae President Daniel Mudd. Location: Room 538, Dirksen.

10 a.m. FOREIGN RELATIONS _ Full Committee. Hearing on nomination of Robert O. Blake Jr. to be ambassador to Sri Lanka, and to serve concurrently and without additional compensation as Ambassador to the Maldives. Location: Room 419, Dirksen.

10 a.m. HOMELAND SECURITY AND GOVERNMENTAL AFFAIRS _ Full committee. Resumes markup of S. 2145, the Chemical Facility Anti-Terrorism Act, and other bills. Location: Room 342, Dirksen.

10:30 a.m. COMMERCE, SCIENCE AND TRANSPORTATION _ Fisheries and Coast Guard Subcommittee. Hearing on the Coasat Guard budget. Commandant Adm. Thad Allen, Stephen Caldwell, GAO. Location: Room 562, Dirksen.

2 p.m. JUDICIARY _ Full Committee. Hearing on pending nominations. Witnesses: Sens. Cochran, Lott and Inhofe and Rep. Luis Fortuno, R-PR; also Jerome Holmes to be US Circuit Judge for the Tenth Circuit; Daniel Jordan III to be US District Judge for the Southern District of Mississippi; Gustavo Gelpi to be US District Judge for Puerto Rico. Location: Room 226, Dirksen.

2:30 p.m. SELECT INTELLIGENCE _ Full Committee. Closed briefing on pending matters. Location: Room 419, Hart.

US House: FLOOR SCHEDULE _ 10 a.m. Meets for legislative business. Highlights: H.R. 861 - Declaring that the U.S. will prevail in the global war on terrorism. 11:45 a.m. HASTERT-WAR ON TERROR _ House Speaker Dennis Hastert gives opening statement to begin the debate on the Global War on Terror.

9 a.m. APPROPRIATIONS _ Interior, Environment and Related Agencies Subcommittee. Hearing on the impact of illegal immigration and public and tribal lands. William T. Civish, District Manager, BLM Gila District; Mitch Ellis, Refuge Manager, Buenos Aires National Wildlife Refuge; Kathy Billings, Superintendent, Organ Pipe Cactus National Monument; Selanhongva McDonald, BIA Southwestern Regional Office; Tina Terrell, Forest Supervisor, Cleveland National Forest. Location: Room B-308, Rayburn.

9 a.m. JUDICIARY _ Courts, the Internet and Intellectual Property Subcommittee. Hearing on granting of minor patents which later have the threat of shutting down entire companies. attorney Ed Reines, Silicon Valley, Calif.; Dean Kamen, president, DEKA Research and Development Corp., Manchester, N.H.; Paul Misener, vice president, Global Policy, Amazon.com, Seattle; Huck Fish, vice president and chief patent counsel, Time Warner Inc., New York. Location: Room 2141, Rayburn.

10 a.m. AGRICULTURE _ General Farm Commodities and Risk Management Subcommittee. Hearing on eliminating waste, fraud and abuse in the Crop Insurance Program. Testimony from USDA, GAO, National Crop Insurance Services, Tarleton State University, and Vega Imaging Solutions. Location: Room 1300, Longworth.

10 a.m. GOVERNMENT REFORM _ Full Committee. Hearing on Homeland Security grants to communities in the national capital area. DHS Undersecretary George Foresman; Deputy D.C. Mayor Edward D. Reiskin; Robert Crouch, assistant to the governor, Commonwealth of Virginia; Dennis Schrader, director, Office of Homeland Security, State of Maryland; David Robertson, executive director, Metropolitan Washington Council of Governments. Location: Room 2154, Rayburn.

10 a.m. RESOURCES _ Fisheries and Oceans Subcommittee. Hearing on pending legislation. Location: Room 1324, Longworth.

10 a.m. TRANSPORTATION AND INFRASTRUCTURE _ Highways, Transit and Pipelines Subcommittee. Oversight hearing on intermodalism. Transportation Undersecretary Jeffrey Shane; Katherine Siggerud, GAO; Patrick Sherry, University of Denver; Daniel A. Grabauskas, general manager, Massachusetts Bay Transportation Authority; Peter McLaughlin, commissioner, Hennepin County; Rick Richmond, CEO, Alameda Corridor-East Construction Authority; Arthur Scheunemann, NW Container Services Inc.; Dave Roberts, Advanced Technologies Group; J. Robert Bray, executive director, Virginia Port Authority; Tim Lynch, American Trucking Associations. Location: Room 2167, Rayburn.

10 a.m. VETERANS AFFAIRS _ Oversight and Investigations Subcommittee. Hearing on patient safety. Testimony from James Bagian, chief patient safety officer, VA National Center for Patient Safety, Department of Veterans Affairs; John Daigh, Assistant Inspector General, VA; Daniel Schultz, Director, Center for Devices and Radiological Health, FDA; others. Location: Room 340, Cannon.

11 a.m. ENERGY AND COMMERCE _ Full Committee. Markup of HR 4157, the Better Health Information Technology Promotion Act; HR 5574, the Children's Hospital

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GME Support Reauthorization; HR 5573, Health Centers Renewal Act; H.Con. Res. 426, recognizing 10th anniversary of the Food and Drug Acts; S. 655, amending the Public Health Act. Location: Room 2123, Rayburn.

11 a.m. WAYS AND MEANS _ Social Security Subcommittee. Hearing on the Social Security Administration's improved disability determination process. Social Security Administrator Jo Anne B. Barnhart; Robert E. Robertson, GAO; Marty Ford, co-chairman, Social Security Task Force, Consortium for Citizens with Disabilities; Sarah H. Bohr, president, National Organization of Social Security Claimants' Representatives, Atlantic Beach, Fla.; James Hill, president, Chapter 224, National Treasury Employees Union, Cleveland; Ronald G. Bernoski, president, Association of Administrative Law Judges Inc., Sussex, Wis.; Gary Flack, chairman, Social Security Section, Federal Bar Association, Atlanta. Location: Room B-318, Rayburn.

11:30 a.m. HOMELAND SECURITY _ Management, Integration and Oversight Subcommittee. Hearing on the Homeland Security Department contract with Shirlingtonb Limousine and Transportation, which has been linked to former Rep. Randy Cunningham. Elaine C. Duke, chief procurement officer, Department of Homeland Security; Carolyn Smith, contracting officer, Office of Procurement Operations, DHS; Shirley Turner, contracting officer, Office of Procurement Operations, DHS; Kevin Boshears, director, Office of Small and Disadvantaged Business Utilization, DHS; Calvin Jenkins, deputy to the associate deputy administrator, Small Business Administration. Location: Room 311, Cannon.

2:30 p.m. RULES _ Full Committee. Markup of H.r. 4890 - Legislative Line Item Veto Act of 2006. Location: Room H-313, Capitol.

3 p.m. ARMED SERVICES _ Tactical Air and Land Forces Subcommittee. Hearing on the use of combat helmets, vehicle armor and body armor by ground forces in Iraq. Retired Navy Capt. Bob Meaders, founder, Operation-Helmet; Maj. Gen. Stephen M. Speakes, director, Force Development, Army G8; Maj. Gen. William D. Catto, commanding general, Marine Corps Systems Command; Deputy Assistant Navy Secretary Roger M. Smith; Maj. Gen. Gary McCoy, director, Logistics Readiness, Air Force. Location: Room 2118, Rayburn.

3:30 p.m. WAYS AND MEANS _ Full Committee. Markup of H.R. 4157 - Health Information Technology Promotion Act. Location: Room 1100, Longworth.

Other: GLOBAL DEVELOPMENT _ The Initiative for Global Development holds its National Summit. Speakers include Bill Gates, Sr., former EPA Administrator Bill Ruckelshaus, retired Gen. John Shalikashvili, former Secretaries of State Madeleine Albright and Colin Powell. Highlights: 9:35 a.m. President Bush speaks. 1:30 p.m. Forum CEO Donald Evans. Location: Willard Inter-Continental Hotel, 1401 Pennsylvania Ave. NW.

HEALTH INFORMATION _ The E-Gov Institute sponsors its Second Annual Government Health IT Conference & Exhibition, ``The National Health Information Network: Partnerships, Progress, Results." Highlights: 8 a.m. Rhode Island Governor Donald Carcieri delivers keynote address. 9:15 a.m. Session on ``Health Information Technology Certification Update," with Alisa Ray, Executive Director, Certification Commission for Healthcare Information Technology; Stephen Badger, CEO, George Washington University Medical Faculty Associates; and Karen Bell, M.D., Director, Office of Health IT Adoption, Office of the National Coordinator for Health Information Technology, Department of Health and Human Services. 10:30 a.m. Session on ``Applying Technology to Healthcare to Enable Higher-Quality, More Economical and More Accessible Healthcare," with Jason, Kimrey, Area Director, Mid-Atlantic Region, Intel Digital Health Group, Intel; others. 2 p.m. Session on ``Governance: Privacy and Protecting the Public Interest , `` with James Reardon, Senior Associate, Booz Allen Hamilton, others. Location: Ronald Reagan Building, 1300 Pennsylvania Ave. NW.

KATRINA COMMISSION _ The Katrina National Justice Commission, sponsored by the the Samuel DeWitt Proctor Conference, holds its first round of hearings to discuss successes and failures regarding Hurricane Katrina. Location: Lutheran Church of the Reformation, 212 E Capitol St.

DHS PRIVACY _ 8:30 a.m. The Homeland Security Department holds a workshop, ``Operating Privacy: Compliance Frameworks and Privacy Impact Assessments." Location: GSA offices, 7th and D Sts. SW. Notes: TSA Administrator Kip Hawley speaks at 8:45 a.m.

IMMIGRATION _ 8:30 a.m. Sen. Jeff Sessions, others, hold a panel discussion sponsored by the Center for Immigration studies to discuss illegal immigration, amnesty and past programs. Location: National Press Club.

US-KOREA-TRADE _ 8:30 a.m. Ambassador Lee Tae-sik of the Republic of Korea and Sen. Max Baucus, ranking member of the Senate Finance Committee, hold breakfast discussion on trade issues. Location: Room G-11, Dirksen.

NATIONAL GUARD/RESERVES _ 9 a.m. The Commission on the National Guard and Reserves holds a hearing on the roles of National Guard and Reserve at home and abroad. Delaware Gov. Ruth Ann Minner; Christine Wormuth of CSIS. Location: Room 2118, Rayburn.

MEDICARE RX _ 9:30 a.m. - 1:30 p.m. The Healthcare Leadership Council hosts a forum examining lessons learned fromn the launch of Medicare Part D and implications for the program's future. Highlights: Mark McClellan, MD,

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commissioner, Center for Medicare and Medicaid Services. Location: Columbus Club, Union Station Foyer.

POLLSTERS-MARKET RESEARCH _ 9:45 a.m. - 10:45 a.m. Four of the nations leading political pollsters will discuss the techniques used in polling for political campaigns and how to apply that to business in the US. A lesson on how consumers view clients in the competitive landscape, and how to utilize traditional polling techniques in corporate market research, will be the topic of a panel discussion at the Marketing Research Associations Annual Conference. Speakers are: Joel Benenson, founding Partner and President of Benenson Strategy Group, a Democratic research and consulting firm; Ed Goeas, President and C.E.O. of The Tarrance Group, a national Republican survey research firm; Bill McInturff, partner and co-founder of the Republican polling firm Public Opinion Strategies; and Mark Mellman is CEO of The Mellman Group, one of the nations leading Democratic polling and consulting firms. Location: J.W. Marriott Hotel, Salon E/F/G, 1331 Pennsylvania Ave. NW.

STEM CELLS _ 10 a.m. Sen. Rick Santorum hosts a panel discussion on alternative methods to deriving embryonic-like stem cells in waysa that do not require destruction of a human embryo. Participants include Dr. Markus Grompe, Oregon Health and Science University; Dr. William B. Hurlbut, Stanford University; Dr. Rudolf Jaenisch, White Head Institute, MIT; Dr. Alan Russell, University of Pittsburgh; Francisco Silva, PrimeCell Therapeutics, LLC; George Sing, Stemnion. Location: Room S-120, Capitol.

USTR-BRITAIN _ 10:30 a.m. USTR Susan Schwab meets with British Trade and Industry Secredtary Alistair Darling. Photo op only. Location: USTR offices, 600 17th St. NW.

PELOSI _ 10:45 a.m. House Democratic leader Rep. Nancy Pelosi holds her weekly news briefing. Location: Room H-206, Capitol.

ABORTION _ 11 a.m. The National Abortion Federation holds a telephone briefing to discuss a report discussing allegedly deceptive tactics of Crisis Pregnancy Centers. Notes: For details and to RSVP call Alexis Rice, 202-667-5881, ext. 219.

DOHA ROUND-MANUFACTURING _ 11 a.m. Representatives of the National Association of Manufacturers and the Confederation of European Business discuss the latest developments from the Doha Round of the WTO negotiations. Location: Industry Room, NAM, Suite 600, 1331 Pennsylvania Ave. NW.

KATRINA-CONTRACT BIDS _ 11 a.m. Sens. Barack Obama (D-IL) and Tom Coburn (R-OK) hold press conference on bill to require competitive bids for Katrina reconstruction in excess of $500,000. Location: Senate Radio-TV.

COMPETITIVENESS _ 11:45 a.m. Media availability with Commerce Secretary Gutierrez, Mexican Economy Minister Sergio Garcia de Alba, Canadian Industry Minister Maxime Bernier, others, following the initial meeting of the North American Competitiveness Council. Location: Main Commerce.

BLIND VETERANS _ 11:30 a.m. - 1:30 p.m. The Blinded American Veterans Foundation holds its 21st annual Congressional Awards Ceremony and will present its George ``Buck'' Gillispie Award for Meritorious Service to Sens. Larry Craig, R-Idaho, and Joseph Lieberman, D-Conn. Also at the program, the BAVF's Carlton Sherwood Media Award will be presented to WUSA9 TV's Madeline LaCore and the Web site Military.com. E. ``Swede'' Huelsewede and William Lehtio will receive the BAVF's George W. Alexander Memorial Volunteer Award, with the Foundation's Corporate Award going to McCormick & Schmick's Seafood Restaurant, whose president will accept the award. Location: Room 334, Cannon House Office Building.

ECONOMY-FORD _ 12 p.m. Ellen Hughes-Cromwick, Chief Econbomist, Ford Motor Co. discusses the auto industry at a National Economists Club luncheon. Location: Chinatown Garden Restaurant, 618 H St. NW.

ESCHENBACH _ 12 p.m. Acting FDA Commissioner Andrew von Eschenbach gives the keynote speech at the National Italian American Foundation public policy forum. Location: Gold Room, Rayburn.

NORTHERN IRELAND _ 12:30 p.m. The US. Institute of Peace holds an event on the Northern Ireland peace process with Stephen Farry of the institute. Location: 2nd floor conference room, 1200 17th St. NW.

BOEHNER-REAL ESTATE _ 1 p.m. House Majority Leader John Boehner gives keynote address at Real Estate Roundtable's Annual Meeting. Location: Mandarin Oriental Hotel.

RAILROADS-ELECTRIC RELIABILITY _ 1 p.m. The Federal Energy Regulatory Commission meets with utility and railroad representatives to discuss railroad coal delivery matters and their impact on markets and electric reliability. Location: Commission meeting room, 888 1st St. NE.

PENTAGON MEMORIAL _ 1:30 p.m. Groundbreaking ceremony for the Pentagon 9/11 Memorial, with Defense Secretary Rumsfeld, Joint Chiefs of Staff Chairman Gen. Peter Pace, others. Location: Pentagon.

IRAN _ 3 p.m. The Middle East Media Research Institute holds a briefing titled ``Must See Iran TV II,'' sponsored by Sens. Rick Santorum and Evan Bayh. Location: Room S-207, Capitol.

SOMALIA-ISLAMIC UPRISING _ 3 p.m. The National Press hosts an afternoon newsmaker, ``The New Face of Islamic Uprising in Somalia and the Role of the United States. Speakers are Omar Jamal, director of the Somali Justice

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Advocacy Center; and Herman Cohen, former U.S. assistant secretary of state for Africa. Location: National Press Club, Zenger Room.

CHAO _ 3:30 p.m. Labor Secretary Chao speaks to Sen. Wayne Allard's Capital Conference on the success of the administration's economic policies. Location: Room G-50, Dirksen.

USTR-MEXICO _ 5 p.m. USTR Susan Schwab holds a photo opportunity with Mexican Economy Secretary Sergio Garcia de Alba Zepada. Location: USTR offices, 600 17th St. NW.

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THE ATTORNEY GENERAL'S *NEWS BRIEFING*

PREPARED FOR THE OFFICE OF PUBLIC AFFAIRS, U.S. DEPARTMENT OF JUSTICE

TO: THE ATTORNEY GENERAL AND SENIOR STAFF

DATE: THURSDAY, JUNE 15, 2006 7:45 AM EDT

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TERRORISM NEWS:

Judge Upholds Indefinite Detention Of Noncitizens By US. The New York Times (6/15, Bernstein) reports, "A federal judge in Brooklyn ruled yesterday that the government has wide latitude under immigration law to detain noncitizens on the basis of religion, race or national origin, and to hold them indefinitely without explanation." The Times continues, "The ruling came in a class-action lawsuit by Muslim immigrants detained after 9/11, and it dismissed several key claims the detainees had made against the government. But the judge, John Gleeson of United States District Court for the Eastern District of New York, allowed the lawsuit to continue on other claims, mostly that the conditions of confinement were abusive and unconstitutional. Judge Gleeson's decision requires top federal officials, including former Attorney General John Ashcroft and Robert S. Mueller III, the F.B.I. director, to answer to those accusations under oath." The Times adds, "This is the first time a federal judge has addressed the issue of discrimination in the treatment of hundreds of Muslim immigrants who were swept up in the weeks after the 2001 terror attacks and held for months before they were cleared of links to terrorism and deported. The roundups drew intense criticism, not only from immigrant rights advocates, but also from the inspector general of the Justice Department, who issued reports saying that the government had made little or no effort to distinguish between genuine suspects and Muslim immigrants with minor visa violations. … Lawyers in the suit, who vowed to appeal yesterday's decision, said parts of the ruling could potentially be used far more broadly, to detain any noncitizen in the United States for any reason. … 'This decision is a green light to racial profiling and prolonged detention of noncitizens at the whim of the president,' said Rachel Meeropol, a lawyer for the Center for Constitutional Rights, which represented the detainees. 'The decision is profoundly disturbing because it legitimizes the fact that the Bush administration rounded up and imprisoned our clients because of their religion and race.' … A spokesman for the government, Charles S. Miller, would not respond to those assertions, saying only that the Justice Department was 'very pleased that the court upheld the decision to detain plaintiffs, all of whom were illegal aliens, until national security investigations were completed and plaintiffs were removed from the country.' He said the government was reviewing the rest of the opinion to decide whether to appeal the rulings Judge Gleeson made to allow the plaintiffs' other claims to proceed."

Newsday (6/15, DeStefano) reports, "In a 99-page decision, Gleeson, sitting in Brooklyn, said that even if the government held the immigrants for deportation proceedings as a cover for keeping them in the U.S. for possible criminal cases, the law allows such action. … 'An ulterior motive in this context does not render illegal conduct that was within the bounds of the government's authority,' said Gleeson. 'An officer who wants to search a suspect's car for a handgun can pull him over ... for changing lanes without using his blinker (a traffic violation) even if the officer has no interest in enforcing the laws requiring drivers to signal a lane change. … Similarly, the government may use its authority to detain illegal aliens pending deportation, even if its real interest is building criminal cases against them,' reasoned Gleeson."

US Seeks To Block New Jersey Officials From Obtaining Phone Records. The AP (6/15, Sherman) reports, "The federal government sued the New Jersey attorney general and other state officials Wednesday to stop them from seeking information about telephone companies' cooperation with the National Security Agency." The AP continues, "The unusual filing in U.S. District Court in Trenton, N.J., is the latest effort by federal authorities to halt legal proceedings aimed at revealing whether and how often AT&T, Verizon and other phone companies have provided customer records to the NSA without a court order." The AP adds, "New Jersey Attorney General Zulima Farber, a Democrat, and other officials sent subpoenas to five carriers on May 17, asking for documents that would explain whether they supplied customer records to the NSA, the lawsuit said. … The subpoenas followed by a few days a USA Today report that the phone companies had complied with the secretive agency's request for the phone records of millions of ordinary Americans after the Sept. 11 attacks. … The companies' deadline to respond to the subpoenas is Thursday, the federal lawsuit said." The AP notes, "The Justice Department said more than 20 lawsuits have been filed around the country alleging that the phone companies illegally assisted the NSA. The government says sensitive national security information would be revealed if judges allow those cases to proceed. … The American Civil Liberties Union also has filed complaints in more than 20 states, including New Jersey, asking state utility commissions and attorneys general to investigate. … In this matter, the federal government said the New Jersey officials are treading on federal turf and that the companies, if forced to comply with the subpoenas, would be confirming or denying the existence of the program. President Bush and other top federal officials have refused to do that. … Assistant Attorney General Peter Keisler also warned lawyers for the phone

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companies that responding to the subpoenas 'would violate federal laws and executive orders.'"

Specter Defends Legislation On NSA Surveillance. Sen. Arlen Specter writes in USA Today (6/15) about legislation he has authored calling "for the Foreign Intelligence Surveillance Court to determine the constitutionality of the president's electronic surveillance program. It recognizes the importance of protecting our nation by keeping the program secret while protecting civil rights by providing for judicial review to guarantee the program is lawful." Adds Specter, "I believe the program violates the Foreign Intelligence Surveillance Act. Notwithstanding that violation, the president might have the authority to order the surveillance under his inherent Article II constitutional authority, which supersedes a statute."

More Commentary On Specter's Bill. Meanwhile, in an editorial, USA Today (6/15) says, "Specter's goals are admirable. He wants to ensure that challenges to these programs get their day in court and are not dismissed on technical grounds." But "his measure would do more harm than good. It appears to embrace the president's dubious claim that he has the constitutional authority to order wiretaps without the FISA court's approval. By explicitly stating that the president might have such authority, Congress not only would fail to guard its constituents' privacy, it would also deepen the risk."

The New York Times (6/15) editorializes that "Specter's bill is not that bad, but it is fatally flawed and should not go to the Senate floor. He is trying to change the system for judicial approval of government wiretaps in a way that suggests Congress is facing a technical problem with a legislative solution, when in fact it is a constitutional showdown. There is also "a practical problem: a bill on the floor of this Senate becomes the property of the Republican leadership, which will rewrite it to the specifications of Vice President Dick Cheney, the man in charge of this particular show of imperial power. Mr. Specter, of all people, should have no doubt of that, having been forced to watch in embarrassment last week as Mr. Cheney seized control of the committee's deliberations on the spying issue."

Bush Says He Would Like To Close Guantanamo Prison. ABC World News Tonight (6/14, lead story, 3:15, Raddatz) reported that at his press conference yesterday, President Bush "said he wanted to close the prison where we hold alleged terrorists in Guantanamo Bay, Cuba." ABC (Raddatz) added, "He did say that. I think he said it in the past, but not so strongly. But one of the reasons this is in the news, of course, is there were three suicides there over the weekend. And the President also had a big but to that answer. But, he said, there are still very dangerous people there." USA Today (6/15, Parker) offers the full Bush quote, "I'd like to close Guantanamo, but I also recognize that we're holding some people there that are darn dangerous and that we better have a plan to deal with them in our courts." It was, adds USA Today, "the second time in recent weeks that Bush has said he hoped to eventually shut down the prison, where 460 mostly Muslim foreigners are being held as unlawful enemy combatants."

Knight Ridder (6/15, Landay, Taylor) reports "some legal experts say the administration created its detainee dilemma by deciding after the Sept. 11, 2001, terrorist attacks that when it came to suspected al-Qaida and Taliban militants, America no longer had to abide by its own constitutional guarantees of a public trial or by international treaties on human rights and the laws of war. … More than four years after the prison opened, only 10 suspected Islamic militants face charges before military tribunals, whose legality may be determined within days by the US Supreme Court." But "even if they're found to be legal, international legal and human rights experts already have denounced the tribunals as illegitimate."

Detainee Lawyers Decry Journalist Expulsions. Knight Ridder (6/15, Clark, Dodd) reports, "A Pentagon decision to expel three newspaper reporters and a photographer from the Guantanamo Bay, Cuba, detention center for suspected terrorists came under fire Wednesday from attorneys for the detainees, who accused the Bush administration of 'pulling down a wall of secrecy and avoiding public accountability.'" Knight Ridder adds, "The denunciation came as the journalists, who had arrived in Guantanamo on Saturday after the suicides of three detainees, returned to the United States aboard a military flight." The Pentagon "defended its decision, saying the journalists had been allowed to stay for days even though the event they'd been authorized to cover - military hearings against some of the detainees -- had been canceled because of the suicides." The four expelled journalists are Carol Rosenberg of The Miami Herald, Michael Gordon and Todd Sumlin of The Charlotte Observer, and Carol Williams of the Los Angeles Times. The Herald and The Observer are both owned by Knight Ridder. The Los Angeles Times (6/15, Rainey), among other newspapers, also reports the story.

Afghan Team Finds Humane Treatment At Guantanamo But Eyes Some Releases. The New York Times (6/15, Gall) reports an Afghan government delegation to Guantánamo Bay, Cuba "said Wednesday that about half of the 94 Afghans being held there were not guilty of serious crimes and should be released. The remainder, including several high-level members of the former Taliban government, should be tried in Afghan courts." The delegates, including Interior, Defense and Justice Ministry officials, "said the Afghan detainees were not being held in

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bad conditions, and during private interviews, without the presence of American guards or officials, only one or two detainees had complained." The Times notes that Presidents Bush and Karzai "agreed in May 2005 that the Afghan detainees would be returned to Afghanistan once facilities run by Afghans were prepared and personnel trained to handle them," and those preparations could take several months longer. "It has not been decided what kind of judicial process the detainees would face on their return, but being considered are Afghan military tribunals or trials in civilian courts run by the National Security Directorate, which has jurisdiction over terrorism and other serious crimes."

Former Detainee Becomes Leading Opponent Of US Policies. The New York Times (6/15, Golden) writes about ex-detainee Moazzam Begg's post-Guantanamo life, in which Begg has become an "adversary" in the "war of perception that is now a primary front in the American-led campaign against terrorism." With a "new book about his experiences and a small blizzard of media attention, Mr. Begg, a 37-year-old Briton of Pakistani descent, has emerged over the last few months as a minor celebrity in his home country," speaking regularly in opposition to US detention policies. The Times says the "respectful reception for Mr. Begg -- whom the Pentagon still portrays as a terrorist -- is one of many markers of the waning credibility of Washington's detention policies overseas, and particularly in European countries" allied with the US in fighting terror.

Bosnia Confirms It Allowed US To Seize Six Algerian Men. The New York Times (6/15, Smith) reports, "The government of Bosnia and Herzegovina has confirmed to the Council of Europe, the continent's main human rights watchdog, that it allowed American forces to seize six Algerian-born men in January 2002 for transfer out of the country, the council reported." The men "have been detained at Guantánamo Bay, Cuba, since then as enemy combatants."

UK Arrests Two On Terror Charges. The New York Times (6/15, Cowell) reports, "The police in northern England said they had arrested a 21-year-old man and a 16-year-old on charges of conspiracy to murder and of conspiring to 'cause a public nuisance by use of poisons and or explosives.' Both are to appear in court today. The arrests took place last week at Manchester Airport and in Dewsbury, Yorkshire."

French Court Sentences 25 Convicted Of Plotting Terror Attacks. The New York Times (6/15, Smith) reports, "A French court on Wednesday sentenced 25 people convicted of plotting terrorist attacks on the French capital in 2002 to prison terms ranging from 6 months to 10 years." Prosecutors "had charged them with planning attacks on several sites, including the Eiffel Tower. One of the convicts, Menad Benchellali, 32, was accused of trying to concoct chemical or biological weapons at his mother's apartment in a suburb of Lyon." The Times adds, "Twenty-seven people stood trial in the case, which began in December 2002 after chemicals, material for bombs and a chemical weapons protection suit were discovered in an apartment on the outskirts of Paris. The police also found elements for a sophisticated remote control detonator, suggesting that the group was planning a chemical bomb attack." Benchellali, "whose younger brother, Mourad, had been held in the American detention center in Guantánamo Bay, Cuba, and was released two years ago, was sentenced to 10 years in prison with Merouane Benhamed, 33, whom the court described as the group's leader."

Smaller Crowd Than Expected Gathered To Celebrate Released Indonesian Cleric. The New York Times (6/15, Gelling) reports, "Hundreds of Muslim students, thrusting their fists toward the night sky and chanting 'God is great' in Arabic, welcomed their revered spiritual leader, the militant Islamic cleric Abu Bakar Bashir, home from prison on Wednesday night." Bashir "was escorted here from prison by police officers, after serving 26 months for immigration violations and criminal conspiracy." The crowd, however, "did not number in the thousands as many had expected. Mr. Bashir had said he did not want to make too much of his release, and school officials said they had planned only a simple ceremony." But "the low turnout may also indicate that Mr. Bashir no longer enjoys the support he once did. He has been criticized by a number of former followers for his links to terrorist activities."

Economists Find Press Coverage Of Terrorism Increases Attacks. Richard Morin, in his Washington Post (6/15, A2) column writes that economists Bruno S. Frey of the University of Zurich and Dominic Rohner of Cambridge University have written a study claiming "that newspaper coverage of terrorist incidents leads directly to more attacks." Frey and Rohner say the results of their study "were unequivocal: Coverage caused more attacks, and attacks caused more coverage -- a mutually beneficial spiral of death that they say has increased because of a heightened interest in terrorism since Sept. 11, 2001." Frey said one solution would be to keep groups from gaining "publicity by not publicly naming the attackers."

HOMELAND RESPONSE:

ACLU Sues Pentagon To Force Release Of Information On Antiwar Groups. Knight Ridder

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(6/15, Brown) reports, "A civil rights group sued the Defense Department on Wednesday in an effort to force the Pentagon to turn over information it's collected on peace groups and antiwar activists under a controversial program designed to track terrorists." The lawsuit, filed in Philadelphia by the American Civil Liberties Union, "asks the Defense Department to produce records it's collected under its Threat and Local Observation Notice program. Former Deputy Defense Secretary Paul Wolfowitz started TALON in 2003 to track groups and individuals with possible links to terrorists and others who might pose a threat to Defense Department installations and personnel."

Congressional Investigator Says "Positive Steps" Taken On Secure Flight Program. USA Today (6/15, Frank) reports that following "years of floundering," Cathleen Berrick, director of homeland security and justice for the Government Accountability Office, told members of a House Homeland Security subcommittee yesterday that the Secure Flight program has made "very positive steps lately that are encouraging." TSA Director Kip Hawley told reporters recently that the program, which "would check domestic passengers' names against comprehensive terrorist databases kept by the government," could "start in 2007 and will definitely be in operation in 2008." USA Today adds, "Berrick's comments…sharply contrasted with her testimony to senators in February that described the program as 'at risk of failure.'"

Corzine Praises 9/11 Families. In a letter to the editor of the New York Times (6/15),. New Jersey Gov. Jon S. Corzine writes, "The Sept. 11 attacks left our nation shocked, confused, angry and hurt. But for those who lost family that day, the pain was far greater. In times of such tragedy, it's often hard to look past your own personal pain, but somehow the families of the 9/11 victims did just that. They took heartache and turned it into something that could effect change for the greater good. … We should ask ourselves, if put in their position, would we have had the strength to speak out for the public good? They could have kept their personal and private pain inside, but if they had, would our nation be any safer today? Their love for their country is as great as their love for their lost ones. Today, their country is safer, and for that, we should all be grateful."

FEMA Taking Measures To Reduce Aid Fraud. The South Florida Sun-Sentinel (6/15, Gibson) reports, "Scorned by government accountants for doling out an estimated $1 billion of fraudulent hurricane aid, the Federal Emergency Management Agency promised on Wednesday to verify the identity of disaster victims before giving them money and housing." The Sun-Sentinel continues, "No more debit cards for victims, at least not this hurricane season. No more double payments to applicants. Social Security numbers will be verified before the money flows. And somebody will be checking to see if recipients actually live in disaster zones. … At least that's what a FEMA official told skeptical members of a House panel who were shocked anew by the latest report of millions of dollars wasted on prisoners, undamaged property and fraudulent applicants living large on taxpayer dollars." The Sun-Sentinel adds, "The agency learned some hard lessons after spreading money to people who didn't deserve it in Florida in 2004 and in Gulf Coast states in 2005, said Donna M. Dannels, FEMA's acting director of recovery. Now it is moving to implement safeguards while preparing for new storms. … At a hearing on Wednesday, members of the House Subcommittee on Investigations pummeled Dannels with questions about how FEMA could have been so easily defrauded last year after disclosures by the South Florida Sun-Sentinel and other warning signs revealed misspending going back to 2004. … Dannels said FEMA was trying new verification systems last year but was simply overwhelmed by the sheer scale of disaster when Hurricanes Katrina and Rita swept across the Gulf Coast. The agency was faced with a vast population of victims, some pulled from rooftops without even shirts on their backs or any form of identification."

FEMA Official Says GAO Study Looked At "Fraction" Of Overall Assistance Provided. The AP (6/15, Margasak) reports Donna Dannels, acting deputy director of recovery for FEMA, "angered" members of a House Homeland Security subcommittee yesterday when she said the GAO study that found up to $1.4 billion in aid was misspent by the agency following Hurricanes Katrina and Rita represented "a fraction of the overall assistance provided." The GAO "estimates that 16 percent of the individual assistance distributed after the two hurricanes last year was misspent. … In a sharp exchange, Rep. Christopher Shays, Connecticut Republican, told Miss Dannels: 'The amount of fraud outlined in this report ... -- I don't think it's refutable.'"

The CBS Evening News (6/14, story 6, 2:20, Pitts) reported on the General Accountability Office report on fraud in FEMA's recovery programs for Hurricane Katrina. Members of Congress "looked on in disgust as the list of FEMA fraud cases in the aftermath of Katrina range from the sinister to the down right shameful." Rep. Michael McCaul: "Money was used to purchase items such as $1,300 handgun, $150 products at 'Condoms To Go.'" Pitts: "Still, FEMA's acting deputy director seemed almost defiant noting the $600 million to $1.4 billion in alleged fraud was merely a fraction of the overall assistance provided to Katrina victims." FEMA acting Deputy Director Donna Dannels: "The GAO report references isolated instances." Pitts: "The Justice

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Department is conducting its own investigation." NBC Nightly News (6/14, story 7, Reid) showed McCaul saying, "Any time you throw that kind of money you are asking for it. There are bad actors there who are going to milk the system."

The Los Angeles Times (6/15, Neuman) reports Dannels "arguments did not sway legislators" and they did not "impress the GAO. Sitting next to her during the hearing was Gregory Kutz, the agency's managing director of forensic audits, who said that FEMA was having trouble accepting the results because it had previously estimated the fraud rate at 2 percent to 3 percent, not the 16 percent the GAO now calculates." Meanwhile, Reps. Michael McCaul and Bob Etheridge "called for further investigations, this time into contract fraud."

CNN's The Situation Room (6/14, Blitzer) reported, "We're learning some new details over the magnitude of the fraud and the waste in FEMA's distribution of disaster assistance following Hurricanes Katrina and Rita. A new government audit -- get this -- estimates, 16 percent of the payments -- 16 percent -- were fraudulent." CNN (Schechner) added, "That 16 percent adds up to about $1 billion, this according to the Government Accountability Office, that has been auditing FEMA. They took a look at the stuff like those debit cards we heard a lot about. They say hundreds of them are unaccounted for, that about $760,000. As for the ones they were able to track, they didn't all go to disaster-related need. They found they were being spent on things like Caribbean vacations, football tickets for the New Orleans Saints, or even 'Girls Gone Wild' videos, other adult videos and objects."

CNN's The Situation Room (6/14, Meserve) reported, "Some members of Congress were unhappy that the director of FEMA and secretary of Homeland Security declined invitations to testify about FEMA and fraud today. They want to hold someone accountable for all the money that appears to have been wasted." CNN added, "FEMA says it is making efforts to recover the money. It also claims to have revamped how it verifies and cross-checks information. By the way, FEMA will not be issuing those debit cards this year."

On Fox News' Fox Report (6/14), host Shephard Smith opened the show by saying, "You paid for strippers. You paid for tropical vacations. You even paid for a sex change operation. Does that sound like hurricane relief to you? It apparently did to FEMA."

HUD Announces New Orleans Public-Housing Plan. USA Today (6/15, Konigsmark) reports HUD Secretary Alphonso Jackson announced yesterday that the agency plans "to rebuild the bulk" of New Orleans' public housing. "More than 1,000 public-housing units will reopen by the end of August, enabling more of the city's poor to come home." While "the slow return of subsidized housing to New Orleans" has been criticized by former public-housing residents, Jackson said yesterday that his agency "couldn't move any faster than we're moving now."

Taking a markedly more negative approach, the New York Times (6/15, Saulny) reports Jackson announced "that more than 5,000 public housing apartments for the poor were to be demolished…and replaced by developments for residents with a wider range of incomes," prompting "strong criticism from low-income tenants and their advocates, several of whom noted that thousands of public housing apartments had been closed since Hurricane Katrina. … The demolition, which is scheduled to begin over the next several months, would be the largest of its kind in the city's history and would erase the sprawling low-rises of the St. Bernard, C. J. Peete, B. W. Cooper and Lafitte housing developments." However, "Mayor C. Ray Nagin responded to Mr. Jackson's announcement enthusiastically."

Blanco Signs NRA-Backed Bill. The Washington Times (6/15, McCaslin) reports in its "Inside the Beltway" column that Louisiana Gov. Kathleen Blanco has "signed into law the NRA-backed Emergency Powers Protection Act. The law prevents governments in her state from confiscating firearms during a state of emergency, as took place in New Orleans last year."

Professors Expect New Orleans To Become "Battleground" For Eminent Domain. Emily Chamlee-Wright, professor of economics at Beloit College and a senior scholar at the Mercatus Center at George Mason University, and Daniel Rothschild, associate director of the Mercatus's Global Prosperity Initiative, in an op-ed in the Wall Street Journal (6/15, A15) write that in New Orleans, "the rights of property owners who had their homes and businesses damaged by Katrina's wrath now face a more powerful and potent threat. Local government officials, armed with the public health code, eminent domain powers and a bevy of dubious legal techniques, aim to demolish buildings -- and, some fear, strip titles from owners -- in what are being euphemistically called 'forced buyouts.'" With activists fearful that New Orleans "may turn to full-scale eminent domain takings over the coming months," the city and its "surrounding communities will likely serve as a major battleground between the increasingly mainstream view of neighborhood collectivism and the renegades determined to preserve the sanctity of homeowners' rights."

USA Today Criticizes Lawmakers For Failing To Visit New Orleans. USA Today (6/15) editorializes, "It's a cliché, but it happens to be true: You have to see the Gulf Coast to grasp the magnitude of the destruction wrought by Hurricane Katrina." Though members of Congress "are responsible for allocating tens of billions of tax dollars to the Gulf recovery effort and overseeing how that money is spent," Women of the Storm has found "only 94 of 435 members of the House of Representatives (22%) and 47 of the 100 US senators have made their way to the Gulf to view one of the

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greatest disasters in our nation's history." USA Today notes that according to a recent study by the Center for Public Integrity, American Public Media and Northwestern University's Medill News Service, Paris and Hawaii have been among "the most popular stops" for lawmakers' "fact finding" trips over the last 5½ years and adds, "Maybe if New Orleans supplied champagne receptions, lobbyists bearing campaign checks and airfields with fighter jets, more members of Congress would deign to witness Katrina's devastation."

WAR NEWS:

Bush Expresses Confidence About Iraq, Warns Tough Days Still Ahead. President Bush again set the news agenda yesterday by holding a Rose Garden news conference on his trip to Iraq. The AP (6/15, Pickler) reports Bush said his recent meeting with the Iraqi Prime Minister "gave him confidence that the new government will be a capable partner to get the country back on its feet -- but he said the Iraqis still need help from US forces."

Bush's appearance is receiving extensive and largely positive coverage from the media. The President is being portrayed as seeking a measured message: projecting optimism about the Iraq mission while at the same time keeping expectations about progress in securing that country realistic. ABC World News Tonight (6/14, lead story, 3:15, Gibson) reported, "In a Rose Garden news conference today, he was equal parts enthusiasm and realism. Progress is being made. But violent attacks will not end. The new Iraqi government can succeed, but he was cautious about US troop withdrawals." ABC (Raddatz) added, "The President was very forceful, today and about as upbeat as possible about Iraq's future." Bush was shown saying, "I sense something different happening in Iraq. The progress will be steady, toward a goal, that is clearly been defined." Raddatz: "But the President also counseled patience." Bush: "I hope there's not an expectation from -- from people that all of a sudden there's going to be zero violence." Raddatz: "And Mr. Bush stressed again and again that the US will not pull out of Iraq until the country is capable of standing on its own."

NBC Nightly News (6/14, lead story, Gregory) reported, "They feel a certain momentum swing around here about Iraq, but the President appeared mindful he has boasted of turning points before only to have events there prove him wrong." Bush's "spirits about Iraq were clearly uplifting after a burst of good news. The death of terrorist Zarqawi and the formation of a new unity government. But Mr. Bush repeatedly resisted the temptation to oversell." President Bush: "I hope there is not an expectation from people that all of a sudden there will be zero violence. It's not going to be the case."

The CBS Evening News (6/14, story 3, 2:10, Schieffer) reported, "In so many words, the President said he went to Baghdad because he wanted to check out the new government in person and to deliver a message. From here on, he said, he expects the Iraqis to take the lead in the war. We can help them, but they are the ones who have to win it." CBS (Axelrod) added, "Even though a majority of Americans still feel things are going badly in Iraq, the President says his visit with Prime Minister Maliki should give Americans hope." President Bush: "Doubts about whether or not this government can...has got the will to go forward was expelled. That's why I went. In other words, sitting here in America wondering whether or not these people have got what it takes creates uncertainty. I've eliminated that uncertainty."

CNN's The Situation Room (6/14, Malveaux) reported, "It certainly was a wide ranging press conference but President Bush really sticking to Iraq as the main focus, of course. He really is trying to pivot here to put the burden on the Iraqi people, the Iraqi government, saying that his first impression was one of confidence, that he felt that the Iraqi people would be able to step forward and this comes at a critical time for the President as he faces more pressure to pull out US troops."

Fox News' Special Report (6/14, Hume) reported that Bush "tried to give people reason to be hopeful about the outcome there without giving the impression the troubles are over."

The Chicago Tribune (6/15, Silva) quotes Bush saying he found a "sense of hopefulness" in Iraq, while the Washington Times (6/15, Dinan) notes he said that "'Islamic fascists' must know he will not bow to political pressure to pull out of Iraq, even as the Senate begins debate on setting a timetable." Bush, adds the Times, "backed away from saying the tide has turned in Iraq, instead telling reporters that he senses 'something different happening in Iraq' and that the new government is making steady progress." The Financial Times (6/15, Dinmore, Khalaf) runs a similar story under the headline "Bush Tries To Lower Expectations Over Iraq."

A more negative piece, in the Washington Post (6/15, A23, Fletcher), says Bush's "measured optimism is at odds with many crucial indicators in Iraq, including oil and electricity production, which are at no better than prewar levels, and the pace of sectarian violence. It also stands in stark contrast to the opinions of many Iraqi citizens, who have expressed growing pessimism about the course of events in their country as well as a growing antipathy toward the presence of US-led coalition forces." Still, adds the Post, Bush "struck an upbeat tone as he pointed to the progress he sees, while emphasizing that Iraqis hold the key to their own future."

In "Campaign Mode," Bush Also Sharpens "Political Rhetoric " On Iraq. NBC Nightly News (6/14, lead story, Gregory) reported President Bush "eagerly jumped into

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campaign mode by attacking Democrats arguing for deadline a troop withdrawal." President Bush: "If the United States of America leaves before this Iraqi can defend itself and sustain itself and govern itself, it will be a major blow in the war on terror. Al Qaeda will benefit." Gregory: "Mr. Bush warned American politics will not determine when US troops come home."

ABC World News Tonight (6/14, story 7, 2:45, Tapper) reported, "The President also sharpened his political rhetoric, promising this political season he will aggressively defend the Iraq war. Saying calls from Democrat for withdrawal of troops is just what the enemy wants." President Bush: "Don't bet it on. Don't bet on American politics forcing my hand, 'cause it's not gonna happen." Tapper: "White House senior political adviser Karl Rove said this week that Democrats have made that call, like Congressman John Murtha, would make the world more dangerous." Rove: "If Murtha had his way, American tops would have been gone by the end of April. And we wouldn't have gotten Zarqawi." Tapper: "But Democrats may not be prepared to take advantage of this. They cannot agree on the next steps for the war. Anti-war liberal activists jeered Democratic presidential frontrunner, Hillary Clinton, when she said a timetable for troop withdrawal is not smart." Hillary Clinton: "I do not believe that is in the best interest of our troops or our country." Tapper: "More enthusiasm for Senator John Kerry, now a war opponent, who called for a timetable to withdraw." Sen. Kerry: "It was wrong, and I was wrong, to vote for that Iraqi war resolution."

The Los Angeles Times (6/15, Neuman) puts Bush's "don't force my hand" quote in a different context, reporting the President "said that he had a message for Al Qaeda and other terrorists seeking to impose their violence on innocent civilians: 'Don't bet on American politics forcing my hand because it's not going to happen.'"

The New York Times (6/15, Stolberg) headlines its story "After Iraq Visit, An Upbeat Bush Urges Patience," and reports the news conference "was the latest in a week of events, beginning with Monday's cabinet meeting at Camp David, carefully staged by a White House that is determined to take the offensive on Iraq. Yet aides to the president are well aware that if Mr. Bush wades too deeply into partisanship, he risks losing a claim to above-the-fray statesmanship." So Bush "stopped well short of the combative attacks being lobbed by some of his advisers."

USA Today (6/15, Jackson, Benedetto) notes Bush "said he welcomes a debate with Democrats on the war before elections Nov. 7. … He expressed eagerness to get out on the campaign trail, but not now. 'The timing's not right for me to get out there yet,' he said."

Bush Exchange With Reporters During Flight Back From Iraq Described. CNN's The Situation Room (6/14, King) reported that during the flight back from Baghdad, Bush sat down with reporters. Most of the discussion was "about Iraq and the trip, a little about Karl Rove and the CIA grand leak jury at the very end. The President was in a very good mood, he was very upbeat. Someone asked him at one point, 'You seem incredibly optimistic.' He said 'don't call me incredibly optimistic, call me optimistic.' He believes this is a government that can work. He believes it is a legitimate in that it will not have the label of the previous temporary government, that it was somehow a puppet of the United States. It was somehow under undue influence from the United States."

Wallace Says Bush Backing Iraq Leader's Priorities And Objectives. White House Communications Director Nicole Wallace said on MSNBC's Hardball (6/14) that the American people want "firsthand accounts of what this new Iraqi leader was like, the sense that the President had from him, and I think it's really important. What the President said today is that we now have a partner in this process. We have a partner in Iraq. We are supporting his priorities and his objectives."

McConnell Says Bush "Upbeat" About Iraq. Sen. Mitch McConnell, who like other lawmakers met with Bush yesterday to discuss the situation in Iraq, said on Fox News' The Big Story with John Gibson (6/14) that the President was "certainly upbeat in the meeting I was in with him this afternoon. He's impressed with the new [Iraqi] prime minister. The government is complete. We've killed Zarqawi, the terrorists are on the run and I think it's very important that the congress not run at this point, cut and run and give us a chance to finish the job. The level of violence in Baghdad is completely unacceptable and I think the effort to quiet down the city is critical, but we also need to remember that a standard of absolutely no violence is a standard that couldn't be met in many of America's major cities. It needs to be down to the level that would be expected in a city of 6 million people and once that's accomplished and I'm confident the new Iraqi prime minister and his government with our help will be able to do that, then it seems to me the country will be moving dramatically in the direction of normalcy."

Pelosi Says Bush Isn't Saying Anything New. House Minority Leader Nancy Pelosi said on CNN's The Situation Room (6/14), "I had hoped, when we went to the White House, that the President would have brought us some good news from Iraq, that there was reason to think that it's time for responsible redeployment of our troops. He's upbeat about the people he met there. He said he went to take a measure of them, and he was impressed by them. But I haven't seen anything in what the President has to say that's anything less than, stay the course."

Iraqi Troops Take Lead In Baghdad Security Crackdown. ABC World News Tonight (6/14, story 2, 1:35, Marquez) reported, "In a massive show of its military might, Iraq's security forces searched and inspected almost

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anything that moved." US troops "are playing a supportive role in the operation and are embedded with Iraqi units. But will the operation bring peace to this city?" Tony Cordesman, Center for Strategic & International Studies: "To make this work, you've got to go beyond Baghdad. Hunt down the rest of the insurgency, bring the rest of the militias under control."

The CBS Evening News (6/14, story 4, 2:00, Cowan) reported, "Just hours after the crackdown began, a string of deadly bombings rocked the capital. This one the result of explosives in a parked car that left four dead and at least six injured just north of Baghdad. Still, by Iraq standards, today's mission, dubbed Operation Forward Together, appeared to keep the violence to a minimum." Still, "anger over the US presence here and the President's surprise visit yesterday boiled over. Thousands of followers of radical Shiite cleric Moqtada al-Sadr made it clear again today that the 130,000 US troops still in Iraq should withdraw immediately and leave Iraq to its own devices."

NBC Nightly News (6/14, story 3, Engel) reported, "Iraqi officials say this operation will intensify over the next few days."

The New York Times (6/15, Tavernise) reports Iraq's new prime minister, Nuri Kamal al-Maliki, "acknowledged in a speech about the security plan on national television on Wednesday that the task was as much about making Iraqis feel 'that life goes on and is not jammed' as it was about killing insurgents." His defense minister "said 80 percent of insurgent attacks were against Iraqi civilians, 15 percent struck Iraqi security forces and just 5 percent hit American forces. Death toll statistics tell the tale: The Baghdad morgue is receiving bodies at roughly double the rate of last year at this time."

The Christian Science Monitor (6/15, Peterson) reports Maliki "called on all factions to 'express their support' for the operation, saying that the sole objective is to 'protect the lives of the people.'"

The Washington Times (6/15, Behn) notes "US and Iraqi soldiers and police stopped almost every car on major roads and conducted random checks at the neighborhood level as they kicked off a massive operation aimed at restoring security to the city of 6 million people." The operation, "which Iraqi soldiers have said will last for at least one month, is expected to build up over the next few days, fueling fears among residents who are not sure what is going to happen next."

Maliki Also Makes Amnesty Offer To Insurgents. USA Today/AP (6/15, Hendawi) reports that "as part of a national reconciliation initiative he planned to detail this week," Maliki also "offered amnesty to detainees found not to have been involved in violence. 'There is also a space for dialogue with insurgents who opposed the political process and now want to join the political process after offering guarantees,' al-Maliki said." He "did not specify what guarantees he seeks. 'On the other hand, we are not going to negotiate with the criminals who have killed the innocent.'"

Meanwhile, the Washington Post (6/15, A1, Knickmeyer, Finer) reports Maliki's amnesty plan "is likely to include pardons for those who had attacked only US troops, a top adviser said."

Zarqawi Replacement Thought To Have Ties To Zawahiri. NBC Nightly News (6/14, story 3, Engel) reported, "Insurgents say they are planning an offensive of their own. A week after a US air strike killed Abu Musab al-Zarqawi, al Qaeda in Iraq promises a wave of vengeance, the threat by Zarqawi's successor, Abu Hamza al Muhajer. Senior US intelligence officials tell NBC News they believe Muhajer is one of several names used by an Egyptian militant. His real name, they say, is Yusif al-Dardiri. He is a trusted al Zarqawi lieutenant who fought US troops in Fallujah in 2004. Intelligence sources say he once belonged to Egypt's Islamic Jihad group led by fellow Egyptian, Ayman al Zawahiri, Osama bin Laden's deputy."

Hadley Calls Zarqawi's Death Important "Victory In The War On Terror." National Security Adviser Stephen Hadley said on CNN's The Situation Room (6/14), "I think the important thing is that the death of Zarqawi is an important element and victory in the war on terror. It's important progress in the war on terror because Zarqawi was not just about Iraq. Zarqawi was the al Qaeda operations boss in Iraq, where he planned operations not just in Iraq, but against his neighbors, Europe, and ultimately potentially against the United States. And so it is a blow to al Qaeda in Iraq. That makes it a blow to al Qaeda generally and helps to enhance the security not only in the region of our -- but the American people."

Bremer Calls Zarqawi Killing "Important Milestone." Paul Bremer, who was presidential envoy to Iraq and chairman of the bipartisan National Commission on Terrorism, writes in the Wall Street Journal (6/15) that "while Zarqawi's death is an important milestone, it is not victory. There will certainly be more violence and terrorism. Al Qaeda is still in Iraq; these killers from the outside have a simple vision for this country, which is to impose by force a Taliban-like extremist government that would support terrorism worldwide. Then there are the Iraqi insurgents, almost exclusively Sunnis. … All the audiences to the ongoing drama in Iraq -- the Iraqi people, the American people and terrorists everywhere -- must understand that our objective in Iraq is victory and that we will do whatever is necessary to prevail."

Will Says Zarqawi May Have Succeeded In Dividing Iraq. In his Washington Post column (6/15), George Will says Abu Musab al Zarqawi "was a primitive who understood the wired world and used an emblem of modernity, the Internet, to luxuriate in gore. But although he may have had

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an almost erotic enjoyment of the gore, it was also in the service of an audacious plan. And he executed it with such brutal efficiency that he became, arguably, the most effective terrorist in history. That appellation still suits Osama bin Laden because, as the animating mind behind the Sept. 11 attacks, he pulled the world's superpower into a war that provided the occasion for Zarqawi's rise to world prominence. Still, Zarqawi set out to prove that a central premise of the U.S. intervention in Iraq was -- is -- false. Or perhaps it is more precise to say that he decided to make it false. But if he could falsify it, it never was quite true. The premise was that Iraqis are primarily nationalists and only secondarily sectarians. Zarqawi's wager was that explosives, used with sufficient cruelty, could blow that premise to smithereens. He may have succeeded."

US-Led Reconstruction Effort In Iraq Running Low On Funds. The Christian Science Monitor (6/15, Grier) reports, "Time and money are running out on the US-directed reconstruction effort in Iraq. The main conduit for American rebuilding aid -- the Iraq Relief and Reconstruction Fund (IRRF) -- is scheduled to close at the end of this year." The Monitor adds "almost all the cash Congress has allocated for the fund, some $20 billion in all, has been spent, or will be, in coming months." But "many important efforts remain unfinished, for reasons ranging from insurgent attacks to incompetence and contractor corruption. More than 75 percent of oil and gas restoration projects are incomplete, as are 50 percent of electrical and 40 percent of water and sanitation projects, according to the April report of the Special Inspector General for Iraq Reconstruction."

House Debate On Iraq Said To Highlight Democratic Divisions. Roll Call (6/15, Ben Pershing, Kornacki), in a story headlined "Iraq Debate Splits Democrats," reports, "More than 40 months after the House voted to authorize the use of force in Iraq, the chamber will spend several hours today in potentially acrimonious debate over the wisdom of that conflict and the overall war on terror. Republicans and Democrats have spent the past three days drawing battle lines for today's 10-hour-plus debate, with GOP leaders telling their Members to emphasize recent good news and Democrats objecting that the structure of the debate and the accompanying resolution is designed to embarrass them." Democrats "have complained that the resolution links Iraq and the war on terror in ways that many Iraq critics fundamentally disagree with, and that Republicans have been unfair by not allowing them to offer their own resolution during the debate."

The Washington Times (6/15, Bellantoni) notes that though Democrats "are frustrated by the resolution's language, some said they may vote in favor of it on Friday because it praises the troops and applauds the elimination of terrorist Abu Musab Zarqawi. Still, Democrats should 'have the courage to vote against it,' said Rep. Maxine Waters, California Democrat. 'It's a sham, a phony debate.'"

The Hill (6/15, Hearn) reports on tensions that "were in full display yesterday morning at a [Democratic] caucus meeting on Iraq where three members of the Out of Iraq Caucus clustered around a microphone to berate House Minority Leader Nancy Pelosi (D-Calif.) loudly for failing to take a stronger stand on leaving Iraq. At times having to speak above her colleagues, one member of the caucus, Rep. Maxine Waters (D-Calif.), told Pelosi that the Out of Iraq Caucus members have been 'leaders on this issue,' according to several attendees, and that they deserve to play a more prominent role in the House's planned debate of Iraq policy today." The Hill adds, "Several Democrats came to Pelosi's defense. Rep. Anna Eshoo (Calif.) attempted to quiet the increasingly unsettled crowd, while Rep. George Miller (Calif.) approached a handful of Out of Iraq Caucus members, most notably Reps. Lynn Woolsey (Calif.), Barbara Lee (Calif.) and Jerrold Nadler (N.Y.), and engaged in a 'heated conversation,' one witness said." The episode "was merely the latest turmoil for a party caucus still reeling from two other distractions: the short-lived majority-leader campaign of Rep. John Murtha (D-Pa.) and the leadership-driven effort to oust Jefferson from Ways and Means while he faces a government corruption investigation."

CNN's The Situation Room (6/14, Bash) reported that Republicans are employing "a strategy they thought worked pretty well for them two years ago. That is to cast the war in Iraq as just part of the war on terrorism and cast Democrats as weak." Yesterday, President Bush's "Rose Garden rhetoric was straight from Karl Rove's election year playbook for Republicans worried about the war. Turn the tables on Democrats by highlighting their differences on Iraq, especially the dicey question, whether to set a timetable to bring troops home." Democrats "are divided."

The Washington Post (6/15, A1, Weisman) reports "a memo from House Majority Leader John A. Boehner (R-Ohio) urged House Republican members Tuesday to make the debate 'a portrait of contrasts between Republicans and Democrats.' After Sen. Hillary Rodham Clinton (D-N.Y.) was booed this week by liberal activists for her failure to resolutely oppose the war, Republicans hope to present a united front that highlights the fractures in the Democratic Party." However, adds the Post, "the day-long debate will also give voice to some GOP lawmakers' misgivings about Bush administration policy -- and years of congressional support for it -- in an election year in which Iraq will be a central issue."

Republican Strategists Look To Iraq To Highlight Leadership. In a lengthy analysis of Iraq midterm election politics, the Los Angeles Times (6/15, Wallsten, Reynolds) says the war "is the most immediate foreign policy problem

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besetting the Bush administration. But as a political issue, the White House and top Republican strategists have concluded that the war is a clear winner." Republican leaders, the Times says, plan to use Democratic disagreement and a call for "steadiness and clarity" to regain the political initiative. Events surrounding President Bush's trip to Iraq "mark the beginning of a planned months-long effort," and "underscored the renewed effort by the White House to regain its footing in the domestic debate over the war. It also reflected Republican strategists' calculation that although public approval of both the president and the continuing U.S. presence in Iraq have soured, Democratic disarray could give the GOP an advantage in November on an issue that once looked to be a major weakness for Republicans."

Kondracke Says Democratic Stance Would Be "A Disaster For America." Morton Kondracke writes in Roll Call (6/15), "Democrats can't come up with a formal unified stance on Iraq, but it's all too clear what most of the party's leaders want: Out, and Soon. It would be a disaster for America if they prevailed."

Attorney For Marine Accused On Haditha Killings Says He'll Call Murtha As Witness. The Washington Times (6/15, Scarborough) reports, "A criminal defense attorney for a Marine under investigation in the Haditha killings says he will call a senior Democratic congressman as a trial witness, if his client is charged, to find out who told the lawmaker that US troops are guilty of cold-blooded murder." Attorney Neal A. Puckett "told The Washington Times that Gen. Michael Hagee, the Marine commandant, briefed Rep. John P. Murtha, Pennsylvania Democrat, on the Nov. 19 killings of 24 Iraqis in the town north of Baghdad." Murtha "later told reporters that the Marines were guilty of killing the civilians in 'cold blood.' Mr. Murtha said he based his statement on Marine commanders, whom he did not identify." Puckett "said such public comments from a congressman via senior Marines amount to 'unlawful command influence.' He said potential Marine jurors could be biased by the knowledge that their commandant, the Corps' top officer, thinks the Haditha Marines are guilty." Said Puckett, "Congressman Murtha will be one of the first witnesses I call to the witness stand."

Conditions Of High Stress Said To Make Incidents Like Haditha Shooting More Likely. USA Today (6/15, Johnson, Hampson) reports US Marines "face an allegation that, if proved, would constitute one of the worst scandals in their history: that members of a squad killed as many as two dozen civilians last year in the city of Haditha in retaliation for a roadside bombing that killed one Marine. The military is still investigating the Haditha case and the possibility of a coverup. … Lawyers for several Marines under suspicion say the killings were justifiable under rules of engagement that allow Marines to storm buildings apparently occupied by insurgents. Considering the situation in Iraq -- 140,000 U.S. troops engaged for three years in a fight against a relentless, faceless, ruthless guerrilla insurgency -- military experts say the question is not whether such a violent encounter between troops and civilians can happen, but when." Marines "are trained to deal with combat stress before they snap and turn on civilians." But "Iraq has been a particularly stressful war for American troops. The insurgents wage a vicious urban guerrilla war with no lines and no rules."

Marine Says Song About Killing Iraqis Was Joke. The New York Times/AP (6/15), reports, "A Marine corporal seen in a video singing about killing members of an Iraqi family says the song was a joke. 'It's a song that I made up and it was nothing more than something supposed to be funny, based off a catchy line of a movie,' Cpl. Joshua Belile said in an article published Wednesday in The Daily News of Jacksonville."

Coalition Troops Prepare Southern Offensive In Afghanistan. ABC World News Tonight (6/14, story 3, :25, Gibson) reported that in Afghanistan, "11,000 coalition forces, including 2,300 US troops, are preparing to launch a major offensive tomorrow, 'Operation Mountain Thrust.' It's going to target Taliban fighters who have been very active in the southern province of the country. Military officials say the US-led offensive will be the largest in Afghanistan since the war began."

Rice Says US Interventions In Iraq, Afghanistan Do Not Guarantee Democracy. The AP (6/15, Gearan, Whitmire) reports remarks by Secretary Rice to the Southern Baptist Convention in which she said "that the U.S. military interventions in Iraq and Afghanistan do not assure those countries will become successful democracies. But she said the chance for success is worth the price," and "knows optimism can hard to sustain in the face of daily sectarian carnage and beheadings in Iraq." Rice "got repeated standing ovations for her call for continued U.S. engagement across the globe." She is quoted saying, "We're standing together with people everywhere who desire these fundamental freedoms," and in Iraq and Afghanistan, "we have given more than 55 million people an opportunity to flourish in freedom. Not a guarantee of success, but a chance." Rice "said the image of Bush embracing" Prime Minister Nouri al-Maliki "was a reminder of why the fight is worthwhile," and her "speech was partly an attempt to appeal to Bush's political base after a series of disappointments."

Additional AP (6/15) reporting on a one-on-one interview said Rice "urged respect and sensitivity in the debate over gay marriage, but ducked a question about her own views on the question. … 'When we get into difficult

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debates about social policy, we get into difficult debates that touch people's lives, the only thing that I ask is that Americans do it with a kind of sensitivity that real individuals and real human beings are involved here.'" Rice told a reporter asking her opinion on the topic, "This is not my area of expertise or, frankly, my area of concentration at this point.'" The Washington Post (6/15, Kessler), among other sources, also reports the story.

CORPORATE SCANDALS:

DOJ May Launch Perjury Investigation Of Former Fannie Mae Executives. USA Today (6/15, Smith) reports, "Rep. Richard Baker, R-La., said Wednesday that he has asked the Justice Department to investigate his allegations that two former Fannie Mae executives lied to Congress in October 2004 when they denied manipulating the mortgage-finance giant's income statement to achieve management pay bonuses." In a letter to the US Attorney's office in Washington, Baker "accused former Fannie Mae CEO Franklin Raines and former chief financial officer Tim Howard of misleading a House subcommittee he chairs in testimony that denied any link between the bonuses and a decision to defer about $200 million in non-cash accounting expenses from late 1998 until the next year."

The Washington Post (6/15, D1, Shin) reports that in his letter, Baker "cited testimony in which Raines and Howard deny that they were involved in accounting decisions that investigators later concluded were calculated to maximize executive bonus pay. '[T]hese men...had an opportunity to come clean, swearing under oath to tell the truth, which I believe the evidence shows they clearly and arrogantly flouted,' Baker said yesterday in a statement."

The AP (6/15, Gordon) reports, "The company's $11 billion accounting scandal came to light in September 2004. Federal regulators found serious accounting problems and alleged that there was a pervasive pattern of earnings manipulation and lax internal controls. The next month, Raines and Howard testified at a hearing before Baker's panel, the House Financial Services subcommittee on capital markets. … They were asked about an episode in 1998 in which Fannie Mae was said to have improperly put off accounting for $200 million in expenses to future periods so that executives could collect $27 million in bonuses. … Raines testified that 'there was no decision made' to defer the accounting for expenses. Howard and Raines both denied that they made accounting decisions with the aim of hitting earnings targets to ensure they received full bonuses. … 'It is my belief that Mr. Franklin Raines and Mr. Timothy Howard, while testifying under oath ... on Oct. 6, 2004, failed to testify truthfully, in violation of applicable law,' Baker said in a letter dated Tuesday to Kenneth Wainstein, the U.S. attorney for the District of Columbia. … 'I request that the Department of Justice conduct an investigation and bring any appropriate prosecution,' Baker wrote."

Fannie Mae Will Pledge To Compete Restatement By Year End. The Wall Street Journal (6/15, Hagerty) reports, "Fannie Mae is expected to pledge today to complete a massive restatement of its earnings by year end." The agency "previously said only that the restatement wouldn't be ready before the second half, leaving open the possibility that it could slip beyond this year." The company also "is expected to announce that one of its veteran outside directors, Ann Korologos, will step down from the board July 31."

Michaels Stores Reports Understated Expenses Due To Options Backdating. The Wall Street Journal (6/15, Bulkeley) reports, "Crafts retailer Michaels Stores Inc. said it understated compensation expenses by as much as $60 million between 1990 and 2001 because of stock options it awarded with effective dates that were earlier than the date on which they were approved." The Journal continues, "The Irving, Texas, company, which previously delayed reporting financial results for its first quarter ended April 29, said the discovery, which emerged from an internal options investigation, will require reclassification of certain financial results but it doesn't expect to make any restatements. Michaels said it changed its practices in 2001 to give options awards on set dates, and its investigation didn't uncover any anomalies since then." The Journal adds, "Michaels didn't specify which options were involved or which executives got them. It said that its practice had been to account for "certain nonroutine grants" as if they were awarded on the date a board committee voted for them. However, the strike price of the options was based on an earlier 'effective date' of the options. A Michaels spokesman declined to say when or how that effective date was chosen. … The Securities and Exchange Commission and federal legislators have both said they are interested in writing regulations that prevent backdating of options from the time they are awarded to pick a low point in the stock price to lock in gains."

Tech Executives' Salaries Fall As Firms Cut Options. The Wall Street Journal (6/15, Tam) reports, "Not everything in Silicon Valley is recovering. Just look at Rick Belluzzo's pay package. … Mr. Belluzzo is chief executive of Quantum Corp., a storage-technology company in San Jose, Calif. While Quantum's stock rose last year, Mr. Belluzzo's pay didn't. In fiscal 2005, his compensation totaled $935,919, down 86% from $6.6 million a year earlier, according to company filings and an analysis of the value of CEO stock options prepared for The Wall Street Journal by compensation-research firm Equilar Inc." The Journal continues, "The plunge was driven by a shift in equity

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compensation. In fiscal 2004, Mr. Belluzzo was awarded stock options valued at $5.9 million. Last year, however, Quantum gave no stock options to the CEO and dished out restricted stock valued at $82,250 instead -- not enough to make up for the move away from stock options. A Quantum spokesman says the stock options the CEO received in 2004 were intended to cover him through fiscal 2007. … Mr. Belluzzo has plenty of high-power company to commiserate with in and around San Jose. According to a study by Equilar being released today, CEO pay at Silicon Valley's 150 biggest companies is headed south. In fiscal 2005, the median total compensation of Silicon Valley CEOs dropped to $2.6 million, down 13% from a year ago. Their pay packages are getting hit even as CEO compensation elsewhere rises. Indeed, median total pay for CEOs of companies in the Standard & Poor's 500-stock index increased 2.2% to $8.4 million in 2005, Equilar says. … The slide in Silicon Valley CEO compensation is largely a result of the shrinking value of stock-option grants. While the average number of options awarded to tech CEOs has stayed at around 150,000 for the past two years, the value of the grants fell 34.9% in 2005 to $1.3 million, Equilar says."

Grasso Invoked Fight Amendment In 2005 SEC Deposition. The Wall Street Journal (6/15, Lucchetti, Mcdonald, Scannell) reports, "Dick Grasso, the former head of the New York Stock Exchange, invoked his Fifth Amendment right to not answer questions more than 150 times in a deposition last year looking into potentially improper trading on the exchange." The Journal continues, "In that deposition, which took place in June 2005, Securities and Exchange Commission investigators asked specifically whether Mr. Grasso tried to influence an NYSE 'specialist' firm -- Spear Leeds & Kellogg Specialists LLC -- to help increase the share price of American International Group Inc., the New York insurer. Specialist firms have responsibility for maintaining orderly trading in specific shares." The Journal adds, "At issue is whether Mr. Grasso and former AIG head Maurice R. 'Hank' Greenberg pressured specialists in recent years to prop up AIG's share price -- particularly in 2001, when AIG was trying to complete a $23 billion purchase of a rival insurer. A falling AIG share price would have made the deal more costly for AIG. … More broadly, the SEC asked questions about how Mr. Grasso policed specialist firms at a time when they were committing widespread infractions, according to later settlements between some of those firms and federal regulators. … Mr. Grasso's decision to invoke his Fifth Amendment protection may reflect a conservative legal strategy, which would have been unsurprising given the string of high-profile white-collar crime cases at that time, such as Martha Stewart, in which defendants' words were used against them. A transcript of the deposition was released yesterday after newspapers, including The Wall Street Journal, requested the document under New York state freedom-of-information law. A second transcript, related to a separate New York state inquiry into Mr. Grasso's pay package, was also released."

The New York Times (6/15, Anderson) reports that Grasso "faced questions from federal regulators about whether he prodded traders to support the American International Group's share price while he was head of the exchange and its regulatory unit, government documents released yesterday disclosed. … The deposition was part of an investigation by the S.E.C. into the oversight of exchange specialists, who the S.E.C. charged cheated their customers by trading ahead of customer orders. It was released yesterday by Justice Charles E. Ramos of New York State Supreme Court in Manhattan, after he denied Mr. Grasso's motion to keep the file sealed. The motion was part of a lawsuit by the New York State attorney general, Eliot Spitzer, against Mr. Grasso over his $190 million compensation package at the Big Board."

CRIMINAL LAW:

Bush Expresses "Relief" Rove Won't Be Charged In CIA Leak Probe. The Washington Post (6/15, A4, VandeHei) reports, "President Bush yesterday reaffirmed his trust in White House strategist Karl Rove, and GOP allies said the longtime presidential adviser has no reason to apologize for his role in the disclosure of a CIA officer's identity three years ago. 'Along with others in the White House, I took a sigh of relief' when the news broke this week that Rove would not be charged in the CIA leak investigation, Bush told reporters in a Rose Garden news conference." Added Bush, "I trust Karl Rove." Meanwhile, "a senior White House official said Bush and his staff are eager to 'put this behind us' as quickly as possible."

The New York Times (6/15, Rutenberg, Lewis) notes Bush "faced tough questions about the investigation." The President "voiced full support for Mr. Rove, but otherwise declined to go into the details of the investigation, saying, 'There's an ongoing trial; it's a serious business.'"

Former US Attorney Helps Track Down Stolen Roosevelt Pistol. The AP (6/15, Butler) reports, "After a 16-year absence, a pistol that Teddy Roosevelt carried during the Spanish-American War was returned Wednesday to Sagamore Hill, his home on Long Island." The AP continues, "The Colt revolver disappeared from a display case at Oyster Bay's Sagamore Hill National Historical Site in 1990. … It was recovered by the FBI after someone called the museum with a tip in September, said Robert Goldman, a former assistant U.S. attorney in Philadelphia." The AP adds,

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"Goldman, who led the Justice Department's investigation along with the FBI's art crime unit, was among those who attended a ceremony Wednesday marking the return. … The gun was discovered missing in 1990 during regular visiting hours in the Old Orchard House on the grounds of the museum. Police said a lock had been jimmied open. … The September caller told the museum that he believed he knew where the gun was, Goldman said. Park Rangers then contacted the FBI, who coordinated with Goldman, a specialist in art recovery cases. … Goldman, who left the Justice Department for private practice two months ago, said agents persuaded the caller to turn over the pistol to the FBI. The evidence gathered in the investigation was not sufficient to press charges against anyone, Goldman said."

Senate Bill Would Mandate Labeling Of Sexual Content On Web. CNET News (6/15, Broache) reports, "Operators of commercial Web sites with sexually explicit content would have to post warning labels on each offending page or face imprisonment under a new proposal in the U.S. Senate." CNET continues, "Caving to earlier demands from the U.S. Department of Justice, the 24-page proposed law focuses on a medley of new penalties related to child pornography and other sexual content on the Internet. For instance, Internet service providers that fail to report to authorities any sightings of child pornography on their networks would have to cough up fines that are triple those written into current law: $150,000 for the first violation and $300,000 thereafter. … 'The increase in Internet use has given sexual predators new ways to prey on children,' said Sen. Jon Kyl, an Arizona Republican, who joined eight members of his party in introducing the bill on Tuesday. 'This bill, among other things, is intended to shut down these opportunities, and severely punish the degraded individuals who are involved in the sexual exploitation of our youth.'" CNET notes, "Called the Stop Adults' Facilitation of the Exploitation of Youth Act, or Internet SAFETY Act, the bill actually beefs up the Justice Department's suggested penalties for negligent Web labelers. It would impose up to 15 years in prison--an increase from the five years suggested in the original proposal--on any commercial site operator who fails to place 'clearly identifiable marks or notices' prescribed by the federal government in either the site's code or on the pages themselves, according to a copy of the bill seen by CNET News.com. … The bill would also create a new crime out of 'using misleading domain names to direct children to harmful material on the Internet.' Conviction would carry a prison sentence of up to 20 years. A similar sentence would apply to anyone who knowingly embeds words or images in the source code of their sites with the intent of deceiving minors into viewing 'harmful' content. … Attorney General Alberto Gonzales originally called for the new laws while speaking at an event at the National Center for Missing and Exploited Children in April. He said a mandatory rating system is necessary to 'prevent people from inadvertently stumbling across pornographic images on the Internet.' … At the same event, Gonzales also raised the possibility of requiring Internet service providers to retain records on their subscribers for a set period of time to aid law enforcement in investigations. The Justice Department has since held several private meetings with ISPs, as first reported by CNET News.com."

Alabama Gets DOJ Grant To Fight Child Predators. The AP/AP (6/15) reports, "Alabama is getting $400,000 from the Justice Department to fight child predators. U.S. Sen. Richard Shelby announced the grant yesterday." The AP continues, "He said the funds will be awarded to the Alabama Department of Public Safety's Internet Crimes Against Children's Task Force Program. … The money is earmarked to help the agency to continue working with other law enforcement entities on the federal, state and local level and child welfare organizations. … Shelby said the goal is to target individuals trying to exploit children by way of the Internet."

After One Juror Dismissed, Safavian Jury Ends First Day Of Deliberations. The AP (6/15) reports, "Jurors in the David Safavian trial completed their first day of deliberations Wednesday without deciding whether the former Bush administration executive covered up assistance he gave Republican influence-peddler Jack Abramoff." The AP continues, "The jury of 10 women and two men is weighing charges that while Safavian was the General Services Administration's chief of staff, he obstructed justice and made false statements. He is accused of concealing from GSA ethics officials and Senate investigators how he helped the disgraced lobbyist try to buy or lease two government properties. … In the first trial to arise from the Abramoff scandal, the jury deliberated for about five hours. Jurors were to return Thursday." The AP adds, "U.S. District Judge Paul Friedman on Wednesday morning dismissed one juror, seated the only remaining alternate juror, a woman, and told the revised jury to 'put all your previous deliberations aside and start all over again.' … Friedman granted a government motion, over defense objections, to dismiss a female juror for apparently discussing the case with her father in violation of the judge's instructions. … Friedman said he doubted it would be hard to start over from scratch because the jurors had the case for less than two hours on Tuesday and had not discussed it in substantive detail before the problem with the juror arose. The judge questioned that juror and two others Tuesday before sending everyone home while he decided what to do. … In dismissing the juror, Friedman said he questioned her credibility and she had refused to follow

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instructions, had done independent research and had talked to people she should not have about the case."

FBI Safely Recovers Arizona Girl Abducted 10 Years Ago By Her Father. The Roanoke (VA) Times (6/15, Nair) reports, "An Arizona girl missing for 10 years after she was allegedly abducted by her father has been found safe in South Carolina, officials said. Rebecca Ann Braun, 12, was located by the Federal Bureau of Investigation at 8 p.m. Tuesday in South Carolina, according to Kevin Foust, supervisory special agent for the FBI in Roanoke. Although Braun's biological father, Danny Arthur Moran, was arrested on fugitive charges in Roanoke on Monday, Foust said Moran has been uncooperative and did not play a role in locating his daughter. Foust said Braun was healthy and unharmed when she was found at the residence of an unidentified female." WDBJ-TV Roanoke (6/14) notes, "The FBI would not say exactly what it was that led them to the small town about 30 miles south of Greenville. The Television show 'America's Most Wanted' reports agents tracked his cell phone to a mobile home." The Arizona Republic (6/15, Muench) adds, "Phoenix FBI agents continually collected information from family members and tips responding to publicity by media outlets, National Center for Missing and Exploited Children and America's Most Wanted." Phoenix FBI spokeswoman Deborah McArley said that "when FBI agents arrested him, Moran refused to give any information on Rebekah's whereabouts."

In a widely-distributed story, the AP (6/15) also reports on Braun's recovery and Moran's arrest, noting Special Agent Foust said that "a citizen tip led authorities to Moran. … Tempe police said Helen Braun now lives in Madison, Wis., and the FBI is working to reunite the girl with her mother."

Judge Denies Wecht Motion To Suppress Evidence Seized By FBI. The Pittsburgh Post-Gazette (6/14, Ward, 261K) reported US District Judge Arthur J. Schwab on Tuesday "refused to suppress evidence seized in a search of former Allegheny County Coroner Dr. Cyril H. Wecht's private offices last year. … His attorneys filed a motion to suppress evidence seized in the April 8, 2005, search, claiming that FBI agents did not adhere to the terms of the warrant," but Schwab "said the search and seizure 'fit squarely within the scope' of the warrant and that the agents and support staff who executed it acted in 'good faith.'" KTAE-TV Pittsburgh (6/14) also reported on Schwab's evidence ruling.

Judge Also Orders Release Of Lead FBI Agent's Disciplinary Record. The Pittsburgh Tribune-Review (6/14, Cato) reported, "The disciplinary records of the lead FBI agent in the case against Dr. Cyril H. Wecht must be made public," Judge Schwab also ruled Tuesday. "The records, however, will remain sealed until June 30 to give the U.S. Attorney's Office time to review the order and decide whether to appeal." The Tribune-Review noted, "At question are files from an internal FBI investigation into Special Agent Bradley Orsini while he worked in the Newark, N.J., field office. Wecht's lawyers claim Orsini asked a witness to lie on his behalf during that investigation and have said they plan to use that information to raise questions about the agent's credibility at trial." At the end of its story about the evidence ruling, the Pittsburgh Post-Gazette (6/14, Ward, 261K) also reported on Schwab's ruling about the Orsini records.

Judge Orders Post-Trial Contempt Hearing For Wecht Lawyers Over Delays. The Pittsburgh Tribune-Review (6/15, Cato) reports, "Not following a painstakingly crafted court schedule has the lawyers defending Dr. Cyril H. Wecht in trouble with a federal judge. U.S. District Judge Arthur J. Schwab on Wednesday ordered a post-trial contempt hearing to determine whether the conduct of Wecht's attorneys in repeatedly ignoring the pretrial order constitutes contempt. If Schwab determines it does, he said he will then decide the appropriate punishment." The Tribune-Review adds that Schwab "said Wecht's attorneys claim they did not have time to review the more than 300,000 pages of material but found time to file motions to suppress evidence and dismiss the case well in advance." The Pittsburgh Post-Gazette (6/15, 261K) notes Schwab lambasted "Wecht's lawyers for 'repeatedly ignoring' his orders on how the case will proceed."

Top Daley Lawyer Contradicts Allegation Patronage Chief Ordered Political Hire. The Chicago Tribune (6/15, Bush, Mihalopoulos, 643K) reports, "The top lawyer in Mayor Richard Daley's administration testified Wednesday that she believed the city buildings commissioner — rather than officials in the mayor's office — was responsible for the 2004 hiring of an unqualified 19-year-old building inspector. Corporation Counsel Mara Georges said John Doerrer, who was director of the mayor's Office of Intergovernmental Affairs, told her that Buildings Commissioner Stan Kaderbek was to blame." The Tribune adds, "Her testimony appeared to contradict prosecutors' assertions that Daley's former patronage chief Robert Sorich and other Intergovernmental Affairs officials orchestrated the hiring of Andrew Ryan, the son of carpenters union official Thomas Ryan." Georges "also acknowledged that she had heard allegations in 2004 that Intergovernmental Affairs was involved in Ryan's controversial hiring," which WBBM-TV Chicago (6/14, Flannery) notes was different from "an answer she gave Tuesday, when she said that the FBI's April 2005 raid on City Hall was the first time she learned of the inappropriate hiring allegations."

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Gotti Met With Prosecutors For Proffer Session Before First Trial Last Year. The New York Sun (6/15, Capeci) reports in its "Gang Land" column, "Normally, it's an unpardonable sin for a wiseguy in good standing to sit down with the feds in a so-called proffer session. Mob prince John 'Junior' Gotti did just that, sources tell Gang Land. Also known as 'Queen for a Day,' such sessions often precede a cooperation agreement and require defendants to confess their crimes, as well as significant offenses by others. Sources say Gotti's secret meeting with the feds occurred before his first trial last year. During the session, the Junior Don allegedly admitted taking part in undisclosed crimes with several mob associates before January 1998, when he was first hit with racketeering charges." However, "'He said that once he realized the feds were looking for him to cooperate, he walked out,' a former member of the defense team said." The New York Post (6/15, Cornell, 624K) adds, "Sources said Gotti did not cop to any of the crimes he's currently charged with - most notably the high-profile kidnapping of radio host Curtis Sliwa. … Gotti's bid to become a turncoat fell through after he refused to give the feds the full story -- he agreed only to provide incriminating information about certain cohorts but insisted on protecting others, sources said."

Two Louisiana Women Charged With FEMA Fraud, Two Others Plead Guilty. The Baton Rouge Advocate (6/15, Kimbrell) reports, "Two Baton Rouge women pleaded guilty to federal fraud charges, and two other Baton Rouge women were indicted Wednesday for allegedly making false and fraudulent claims to FEMA for disaster relief benefits." Kim Cummings and Doretha Francis "were each charged in two-count indictments," bringing "the total number of defendants charged in the Baton Rouge-based Middle District of Louisiana with violations related to Hurricane Katrina fraud to 61." Meanwhile, Vinita Lane and Michelle London "pleaded guilty to making a false and fraudulent claim for disaster relief benefits." The Advocate notes that the Hurricane Katrina Fraud Task Force "includes members of the FBI, the Federal Trade Commission, the Postal Inspector's Office and the Executive Office for U.S. Attorneys."

Antique Map Dealer Expected To Plead Guilty To Library Thefts. The Hartford Courant (6/14, Martineau, 206K) reported, "An antique-maps dealer accused of stealing several vintage maps from Yale University's landmark rare books library is expected to admit to those crimes and a broader series of map thefts from prominent institutions across the Northeast in federal and state courts later this month." E. Forbes Smiley III "is due to appear in U.S. District Court in New Haven on June 22 to accept responsibility for a staggering number of thefts, bringing a yearlong FBI investigation to an end." The Courant noted, "Sources close to the case who confirmed the plea agreement declined to say what charge or charges Smiley will plead guilty to in federal court or how much prison time, if any, he faces."

Three Face Possible Death Penalty After Indiana Crime Spree. The AP (6/15) reports, "Three Indianapolis men killed four people, including a female accomplice, and wounded eight others during an 18-day crime spree that targeted drug and gambling houses in Indianapolis and Evansville, federal prosecutors said Wednesday." The AP continues, "Jarvis Brown and Gabriel Jordan, both 25, and Teddy Weems, 20, face possible sentences including the death penalty and life imprisonment if convicted, Assistant U.S. Attorney Matthew Brookman said. … They were arrested in Indianapolis on Dec. 31, three days after Brown and Jordan fired five bullets into accomplice Vanessa Hankins, 26, of Indianapolis, on a sidewalk on the near east side of the city."

WISH-TV, CBS 8, Indianapolis, IN (6/15, Hermacinski) reports that the three men were indicted "on multiple federal counts that include robbery and murder. … 'All are what we call death eligible in the justice department,' said Susan Brooks, U.S. District Attorney." WISH-TV adds, "The indictment claims the trio targeted drug and gambling houses. Police say the men robbed the drug dealers of their cocaine and marijuana, stole their money and using assault rifles and machine pistols shot anyone that got in their way."

Former FBI Official Testifies He Urged Boston SAC To Drop Bulger As Informant. The Boston Globe (6/15, Murphy, 484K) reports, "A retired FBI official testified yesterday that he urged his superiors to drop gangster James 'White' Bulger as an informant in the early 1980s, amid allegations that Bulger may have been involved in drug dealing and murder." Former Boston Assistant SAC Robert Fitzpatrick "said he recommended that Bulger be dropped as an informant because he was a gang leader, he allegedly was involved in crimes, and he seemed to be withholding information. But Fitzpatrick said he was advised by superiors, including Sean McWeeney, chief of the FBI's organized crime section in Washington, 'how valuable' Bulger was in investigations. Tensions flared in the FBI's Boston office in 1982, according to Fitzpatrick, when other agents began working with another informant, Brian Halloran, who implicated Bulger and Flemmi in the 1981 murder of Tulsa businessman Roger Wheeler."

New York Appeals Court Removes Judge Who Helped Suspect Evade Arrest. The New York Law Journal (6/15, Caher) reports, "A divided New York Court of

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Appeals on Tuesday removed Queens Supreme Court Justice Laura D. Blackburne for helping a robbery suspect evade arrest." The Journal continues, "The 5-2 ruling marked a rare and possibly unprecedented case where the court decided that a judge who had no prior disciplinary record, and had committed misconduct that did not involve personal profit, venality, a breach of trust or moral turpitude, is unfit for the bench." The Journal adds, "Tuesday's ruling in Matter of Blackburne, 70, made clear that judicial misconduct cases require case-by-case analysis, and that the court retains the discretion to fashion an appropriate sanction to unique cases, no matter what it has decided in other matters. … Here, Blackburne claimed that the court had never removed a judge for a single, seemingly aberrational act of misconduct where there was no personal gain or evidence of venality. But the majority, in a per curiam opinion, essentially responded that it did not matter. … A two-judge dissent led by Judge George Bundy Smith and joined by Judge Robert S. Smith argued that Blackburne -- who was ridiculed by the New York City tabloids and condemned by public figures such as Governor George E. Pataki and Mayor Michael Bloomberg -- is being treated much more harshly than other jurists."

Homeless Man Arrested In Four New York City Stabbings. The New York Times (6/15, Baker, Fahim) reports, "The tourist from Texas was first, stabbed once in the chest on Tuesday while he sat with his girlfriend on a downtown C train. But he was not the last. … In the next 13 hours, the same assailant attacked repeatedly in Manhattan, the police said, plunging a knife into three more people: one man on a subway platform at Rockefeller Center, and two women from Montreal standing on a traffic island at the northern tip of Times Square. The authorities also believe the attacker terrorized workers at a late-night grocery store, menacing them with a knife and throwing a beer at them." The Times adds, "The attack on the women was witnessed by cabbies and a doorman at the W Hotel at Broadway and West 47th Street, the police and the cabbies said. They called 911 on cellphones as they followed the suspect across the street to a McDonald's restaurant, they said. … The suspect was arrested without a struggle around 4:15 a.m. yesterday, the police said. He was identified by officials as Kenny Alexis, 20, a homeless man who has knocked around between New York and Boston. … All four victims survived, though the man from Texas and one of the Canadian women were in critical condition, and the police said there was no known motive for the attacks."

Man Exonerated By DNA Evidence Graduates From Law School. The Christian Science Monitor (6/15, Bures) reports on Christopher Ochoa, who "is one of 180 people in the US to be exonerated by DNA evidence - and one of the few to thrive: Last month he became only the second exoneree in US history to graduate from law school. As he now heads out to look for a job in a field - criminal justice - that tragically let him down, Ochoa isn't sure what kind of law he might practice. But he does know some of the values he'll bring to the profession." The Monitor adds, "Justice is something that Ochoa, a Hispanic, has learned about the hard way. He'd never been in trouble, when Ochoa and a friend, Richard Danziger, went to a Pizza Hut in Austin, Texas, one day in 1988. The manager of the restaurant had been recently raped and murdered. While there, the two men offered a toast to the woman, they said, to memorialize her. Both worked at a nearby Pizza Hut. … When employees heard the toast, they got suspicious. Police arrested the two men a few days later. During a two-day interrogation, investigators threatened Ochoa with the death penalty if he didn't confess. At one point, one of the detectives threw a chair across the room. Ochoa says he finally gave them what they wanted: This was, after all, Texas - the No. 1 death-penalty state. He was sentenced to life in prison. … After more than a decade behind bars - and a few years after the man who actually committed the crime admitted to it - Ochoa wrote a letter to John Pray, codirector of the Wisconsin Innocence Project, a group at a law school that investigates possible wrongful convictions. The students took up the case. New DNA tests were conducted. Ochoa and Mr. Danziger walked out of prison two years later in 2001 - 12 years after going in."

Smaller Cities See Rise In Violent Crime. The New York Times (6/15, Mansnerus) reports, "In Jersey City, where the gentrifying waterfront deflects the public eye from unchangingly poor neighborhoods, violent crime rose by 8.4 percent last year. Thirty-eight people were killed, an increase of 15 compared with the previous year. … Paterson and Elizabeth, N.J., fared even worse with violent crime, each registering an increase of about 20 percent. In New York, Syracuse also had a 20 percent increase, and violent crime was up in Stamford, Conn., as well." The Times continues, "In most smaller cities and even in some quiet suburbs in the region, violent crime rose last year, according to preliminary statistics released Monday by the Federal Bureau of Investigation. The increases were such that New York City, with a slight decline, appeared to be an oasis of relative calm. … Among the 15 other cities with 100,000 or more people in New York, New Jersey and Connecticut, 10 had increases in violent crime, including 4 in the double digits. And in those 15 cities, taken together, the number of homicides rose by 28 percent." The Times adds, "The reasons, experts said, included the spread of gangs to smaller cities and suburbs and cuts in federal grant programs to local police agencies. Many attribute the success of bigger cities in part to sophisticated police techniques that they have developed,

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while smaller ones are just catching up — especially in their approaches to violent offenders. … While experts do not consider homicides to be a very telling gauge of crime, they agree that the increase is striking — even more so than the nationwide figures, which showed a 12.5 percent increase in homicides last year in cities with populations of 50,000 to 249,000. The numbers underscore what they describe as a resurgence of senseless violence among young men in impoverished neighborhoods."

WPost Backs Federal Shield Law For Journalists. The Washington Post (6/15, A26) says in an editorial, "Perhaps as early as today, the Senate Judiciary Committee could report out a bill to create a modest privilege for reporters to protect their confidential sources in criminal and civil proceedings. Lawyers, priests, psychotherapists and others enjoy varying degrees of such protection for their confidential conversations; so do reporters in almost all state courts." History "makes clear that critical stories, including the exposure of executive malfeasance that we remember as the Watergate scandal, have depended on the confidence of potential sources in journalists' willingness and ability to protect their identities. That ability is under threat. The result could be less reporting on government overreaching and wrongdoing -- and less of the kind of openness on which any democracy depends."

CIVIL LAW:

Texas Jury Awards $13.5 Million In Asbestos Case. The Fulton County (GA) Daily Report (6/15, Land) reports, "A jury in Dallas, Texas, last week awarded $13.5 million to the survivors of a man who contracted an asbestos-related cancer decades after being exposed to a joint-compound product manufactured by Atlanta-based Georgia-Pacific Corp." The Report continues, "Attorneys from Dallas-based Baron & Budd told jurors that Timothy Shawn Bostic, who died of mesothelioma on Sept. 5, 2003, had been exposed to the fire-retardant mineral as a child and teen working with his father. According to Baron & Budd lawyers Charla G. Aldous and Chris Panatier, evidence at trial included documents showing that Georgia-Pacific officials knew of the health hazards caused by asbestos as early as 1966, but the company continued to manufacture asbestos-containing products until 1977." The Report adds, "Bostic's wife and child had been awarded $9.3 million in March 2005 in the case. But, said Aldous, because the trial judge expressed concern over the way the jury had calculated punitive damages, she offered the plaintiffs the opportunity to either accept a reduced award or face a new trial."

Ohio High Court Rejects "Light" Cigarettes Class Action. The Wall Street Journal/AP (6/15) reports, "Two smokers can't bring a class-action lawsuit against Philip Morris USA Inc. over the way the tobacco company markets 'light' cigarettes, the Ohio Supreme Court ruled." The AP continues, "The smokers had argued that Philip Morris knew cigarettes it marketed as having less tar and nicotine would be as dangerous as regular cigarettes. … The tobacco company, a unit of Altria Group Inc., contended that Ohio law requires a more specific warning from the state on a company's marketing practices before allowing lawsuits to apply beyond individuals to an entire class." The AP adds, "The high court threw out a lower court's ruling that had been fought by lobbyists for manufacturers and other Ohio businesses. … Writing for the majority, Justice Evelyn Lundberg Stratton said the court didn't rule on the underlying question of whether Philip Morris acted to "deliberately deceive consumers into believing that Marlboro Lights and Virginia Slims Lights are safer or healthier than other cigarettes" -- only on whether the smokers were eligible for class-action status."

Campaign Finance Reform Laws Criticized. In a Roll Call op-ed (6/15), David M. Primo of the University of Rochester and Jeffrey Milyo of the University of Missouri say, "The imminent Supreme Court decision in Randall v. Sorrell — the closely watched dispute over the permissibility of highly restrictive campaign spending and contribution limits in Vermont — presents an opportunity to address the disconnect between scholarly research and the conventional wisdom about campaign finance reform." The "most current and best scientific evidence flies in the face of the promises made by reform advocates, and more disturbingly, it reveals that the court jurisprudence upholding campaign finance laws is built on a shaky empirical foundation." Reform proposals "are invariably touted as a way to elevate democracy: higher turnout, improved citizen perceptions of government and increased electoral competition." The Supreme Court "has recently upheld more severe regulation of campaign financing in the belief that such laws, by reducing the unseemly flow of money in politics, would improve American democracy." But the court "cites only 'common sense' and anecdotes to back the claim that campaign finance is critically linked to perceptions of government. The reason: Systematic, scientific evidence does not exist." In a paper "published in the March 2006 Election Law Journal, we show that there is essentially no connection between the perceptions of government on the one hand and state campaign finance laws on the other. In fact, some types of reforms, such as public funding of candidates in elections, end up having a negative impact on such perceptions."

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CIVIL RIGHTS:

DOJ To Review Deaths By Police Taser Use. The AP (6/15, Sherman) reports, "With over 180 deaths since 1986 among suspects subdued with stun guns, the government decided the time had come to take stock of this recent law enforcement phenomenon." The AP continues, "The new review by the Justice Department, initially involving 30 such cases, follows the rapid growth in deployment of stun guns as a nonlethal alternative to bullet-firing weapons. The concern is about people who died after being shocked by the electronic control devices. … The department's research arm, the National Institute of Justice, said there have been 184 such deaths in the last 10 years, the overwhelming majority since 2000. Amnesty International, which has called for a moratorium on stun gun use, said there have been roughly 160 deaths in the past five years." The AP adds, "The study will not look at whether the use of stun guns was appropriate, John Morgan, the institute's assistant director, said Wednesday. … Instead, researchers will make medical assessments of the 30 cases, which include deaths that were attributed to a stun gun and some in which authorities could not determine whether a stun gun caused or contributed to a death, he said."

The Wall Street Journal (6/15) reports, "The decision to carry out the review was made last year, and the department, along with medical and law-enforcement organizations, expects to begin the two-year-long review this summer. … The study, which will initially make medical assessments of 30 in-custody deaths, follows the rapid growth in deployment of stun guns as a nonlethal alternative to firearms."

DOJ Asked To Probe Allegations Of Connecticut Police Brutality. The Connecticut Post (6/15, Weizel) reports, "A (Stratford, CT) Town Council member and the mother of a teenager arrested in a March melee are asking why the disciplinary record of the arresting officer, who they accuse of brutality, was not considered in the decision to exonerate him. … Meanwhile, the Stratford Police Union on Tuesday called on the council member, Alvin O'Neal, D-2, to resign and for criminal charges to be lodged against him for filing a false report over the incident." The Post continues, "Marcia Mitchell-Davis, the mother of 15-year-old Titasheen Mitchell, said Tuesday she is 'irate' previous disciplinary action and complaints against Officer David Gugliotti were not part of the department's lengthy internal affairs report released last Friday. … During a March 21 brawl involving two other teen girls, Gugliotti was accused of using excessive force and making racially derogatory comments while arresting O'Neal and Mitchell outside a market near her mother's restaurant, Caribbean Delights. … The report, released by Mayor James Miron and Police Chief Michael Imbro, said there was no basis to hold Gugliotti responsible for any misconduct. … But Gugliotti, a 12-year Police Department veteran, was reprimanded by superiors for a December 1998 confrontation with a motorist and disciplined for several patrol car accidents, according to personnel records." The Post notes, "Gugliotti was responsible for eight minor accidents on the job between January 1994, when he joined the police force, and Dec. 26, 1998, and was suspended twice for two days and once for three days on separate occasions. He was required to take driver training in November 1998. He also was partially responsible for an accident March 1, 2002, in which a boat he was helping tow struck the overpass of the East Main Street viaduct. … 'I am very disappointed this officer's history was not considered in the final determination he did nothing wrong when brutally arresting my daughter,' said Mitchell-Davis, who on Monday contacted the FBI, U.S. Justice Department and Gov. M. Jodi Rell, seeking an independent probe of the incident."

Court To Consider Free Exercise Case Involving After-School Religious Song. The Christian Science Monitor (6/15, Richey) reports a school superintendent's "decision to bar a second-grade girl from singing 'Awesome God' in an after-school talent show is developing into an important showdown over the role of religious speech in public elementary schools." The issue arose "in May 2005 when an 8-year-old student in Frenchtown, N.J., was told that the song she'd selected to perform in the show was too religious. To some religious groups the incident illustrates unconstitutional government hostility toward people of faith." School officials "defend the action, saying they don't op-pose religious songs but that the lyrics of 'Awesome God' cross the line into proselytizing and thus are not appropriate for a show performed by and for young students." Lawyers "for both sides are asking a federal judge in Trenton, N.J., to decide whether school officials exercised reasonable judgment as educators in banning the song, or instead violated the second-grader's free speech and religious rights."

Kerrey Criticizes Flag Burning Amendment. In a Washington Post op-ed (6/15, A27), former Sen. Bob Kerrey says, "Unfortunately, enthusiasm for" the constitutional amendment to ban burning the flag "appears to have grown even as flag-burning incidents have vanished as a means of political protest." The amendment – "never appropriate in the oldest democracy on earth -- has become even less necessary. But necessity is not always the mother of legislation."

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LATimes Says Ban On Gay Blood Donations Should Be Lifted. The Los Angeles Times (6/15) editorializes that soon after "the first AIDS cases appeared in the U.S. in the early 1980s, the Food and Drug Administration, which oversees the nation's blood supply, permanently banned practically all gay men from donating blood. At the time, the policy made sense. But a quarter of a century later, there is no longer any scientific reason to continue it." Today, "all donated blood is tested for nine infectious diseases, including hepatitis B, HIV and syphilis. With HIV, two tests are used: The first searches for antibodies produced after an infection; the second, which was added to the process six years ago, looks for the genetic material of the virus. With the two tests, the odds of an HIV-infected batch entering the blood supply are about 1 in 2 million." Although there is "no way to know how many Americans die each year because of blood shortages, allowing gay men to donate would increase the blood supply and potentially save lives."

ANTITRUST:

DOJ Seeks More Information On McClatchy Newspaper Deals. The AP (6/15) reports, "McClatchy Co. said Wednesday it has received antitrust clearance for the sale of two Philadelphia newspapers as part of its acquisition of Knight Ridder Inc. But it also said federal regulators are seeking more information about a separate deal involving the sale of two California papers." The AP continues, "McClatchy, which is based in Sacramento, Calif., said in a statement that it received early termination of Hart-Scott-Rodino inquiries into the sale of The Philadelphia Inquirer and Philadelphia Daily News. Those papers are being acquired by an investor group including Bruce Toll, co-founder of homebuilder Toll Brothers Inc., and advertising executive Brian Tierney." The AP adds, "The company also said it received a request from the Department of Justice for more information regarding the proposed sale of the San Jose Mercury News and Contra Costa Times to MediaNews Group Inc. of Denver. MediaNews owns several other newspapers in that area of northern California, including The Oakland Tribune. … The Philadelphia and California newspapers are among 12 Knight Ridder properties that McClatchy doesn't intend to keep after it closes its purchase of the San Jose, Calif.-based newspaper company. … McClatchy said in a statement that it would respond promptly to the DOJ request, and said that it would not have an impact on the closing of its acquisition of Knight Ridder."

The Denver Business Journal (6/15) reports, "McClatchy wants to sell 12 Knight Ridder papers -- including the two to MediaNews -- to help finance its $6.5 billion acquisition of Knight Ridder. The purchase price includes $4.5 billion in cash and stock, and the assumption of $2 billion in debt. … The justice department is vetting the deal to make sure it doesn't violate antitrust laws." The Journal adds, "MediaNews, with Hearst Corp., agreed in April to buy four Knight Ridder papers for roughly $1 billion, with the Denver company and its partners paying the lion's share of $736.8 million cash. … The Colorado company's partners, Gannett Co. Inc. and Stephens Group Inc., will contribute $325 million toward MediaNews' part of the purchase price."

Judge Approves Antitrust Settlement In Hillenbrand Class-Action. The AP (6/15) reports, "A federal judge on Wednesday approved hospital bed and casket maker Hillenbrand Industries Inc.'s agreement to pay $316 million to settle an antitrust class-action lawsuit that challenged its 'bundled pricing' discounting of specialty hospital beds." The AP continues, "Spartanburg Regional Healthcare System of Spartanburg, S.C., sued Hillenbrand in June 2003, alleging attempted monopolization of the hospital bed market with discounting practices that violated federal antitrust rules. … The deal approved by the judge in South Carolina calls for Batesville, Ind.-based Hillenbrand to pay about $21 million less than what it had agreed to under a settlement announced in November." The AP adds, "Hillenbrand -- the nation's largest maker of caskets and hospital beds -- said the reduction was because of customers who opted out of the settlement. … The company had paid $50 million into an escrow account in March. It anticipates paying the remaining $266 million by mid-August."

Tech Firms Use Grassroots Efforts In Net Neutrality Debate. The Legal Times (6/15, Crea) reports, "The tech community, made up of once-scrappy West Coast upstarts, is still feeling its way around Washington's power circles. While its lobbying efforts, in a classical, work-the-committees kind of way, are lacking, it has assembled a vocal grass-roots coalition arguing for network neutrality. Many believe that broadband operators have plans to turn the Internet into a cable system with operators deciding what fees, in addition to normal access rates, can be tacked on to content and service providers. And they want Congress to put the principle of 'Internet freedom' in writing. … But their anemic D.C. presence has been no match for the long-standing telecom industry, a giant in Washington's circles that has pounded Capitol Hill and the public with an advertisement blitzkrieg courtesy of the United States Telecom Association, the industry's chief trade group, urging Congress not to regulate the Internet." The Times adds, "Though the techies have managed to throw some wrenches into the debate, they've arrived late to the game and haven't been able to strategize well beyond their baseline grass-roots

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support. Their tardiness may seem surprising, since at stake, many techies argue, is the very existence of the Internet. … The debate began last August, when the Federal Communications Commission deregulated broadband. Content providers such as Google, Yahoo and Amazon.com say the move paved the way for the telecom industry to control the Internet. … The tech industry has pushed legislation to reinstate the FCC rules on broadband. But its effort failed last week in the House when a net neutrality amendment, offered up by Rep. Edward Markey, D-Mass., was killed by the Republican leadership. The industry's focus now shifts to Sen. Byron Dorgan, D-N.D. and a network neutrality amendment he introduced in the Senate. … Despite all the rhetoric, the tech community's Hill presence has been spotty."

Apple Under Pressure In Europe Over ITunes. The AP (6/15, Wong) reports, "Portable media player maker Creative Technology Ltd. said Wednesday the U.S. International Trade Commission agreed to investigate whether Apple Computer Inc.'s rival iPod infringes on one of its patents." The AP continues, "LSingapore-based Creative filed the ITC complaint and a federal lawsuit alleging that iPods infringed on its patent for a navigation system used to organize and access music on portable players. Creative dubbed the patent, the 'Zen patent,' after its brand-name Zen media players." The AP adds, "Under the ITC complaint, Creative asked the agency to block imports of the Cupertino-based company's market-leading iPods, which are manufactured abroad. … The ITC will reach a conclusion as soon as possible, setting a target date within 45 days of the investigation's launch, Creative said. … The probe is the latest development in an increasingly twisted patent battle between the two companies. In court documents, Apple has maintained no wrongdoing and has since filed two patent-infringement countersuits against Creative."

AXA To Buy Credit Suisse's Winterthur Unit. The Wall Street Journal (6/15, Bart, Larner) reports, "AXA SA said it agreed to buy the Winterthur insurance unit from Credit Suisse Group for 12.3 billion Swiss francs ($9.9 billion), giving AXA a major presence in Switzerland and bolstering its activities elsewhere in Europe and emerging markets." The Journal continues, "Paris-based AXA, one of Europe's largest insurers, will finance the deal with new shares and €4.8 billion ($6 billion) in debt. AXA will sell €4.1 billion of shares, offering investors one new share for every nine held at €19.80 apiece -- a deep discount to Tuesday's close of €24.30 a share." The Journal adds, "AXA said it expects the integration of Winterthur to deliver pretax cost synergies of as much as €280 million by the end of 2008. AXA will take restructuring charges of €520 million in 2007. … Under terms of the deal, AXA will refinance €1.6 billion of Winterthur's debt upon closing, expected around year end after regulatory approvals. … Winterthur has some 13 million customers. The purchase gives AXA the largest property-and-casualty insurer in Switzerland. AXA said Winterthur's U.S. property-and-casualty business is under strategic review."

ENVIRONMENT:

Bush To Create Large Protected Marine Area In Hawaii. The New York Times (6/15, Revkin) reports, "President Bush will create the world's largest protected marine area today, designating as a national monument a 1,200-mile-long chain of small Hawaiian islands and surrounding waters and reefs that are home to a spectacular array of sea life, senior administration officials said last night." In "his second use of the 100-year old National Antiquities Act, which empowers the president to protect important cultural or geological resources instantly," Bush "will enact a suite of strict rules for the area, including a five-year phasing out of commercial and sport fishing, officials said."

USA Today (6/15, D9, Weise) reports, "The area is considered an ecological jewel. It is a nesting and breeding site to more than 14 million seabirds and home to 7,000 marine and terrestrial species, more than a quarter of which are found nowhere else in the world. … Although most of the islands will be closed to all but scientific researchers, a public visitation center will be created at Midway Islands, the scene of an important World War II battle, using old military buildings."

The Washington Post (6/15, A1, Eilperin) runs a similar story under the headline "Hawaiian Marine Reserve To Be World's Largest," and reports "one senior official, who spoke on the condition of anonymity to avoid upstaging the president's announcement, said the plan will end fishing in the area within five years." James L. Connaughton, chairman of the White House Council on Environmental Quality, "toured the islands in December with Cousteau and Lingle. First lady Laura Bush has also taken a personal interest in the island chain, said the senior administration official. She and the president hosted a White House screening of Cousteau's film on April 5."

A similar story appears in today's Los Angeles Times (6/15, A1, Weiss)

Bush Decision Praised. Joshua Reichert, who directs the environment division of the Pew Charitable Trusts, and Theodore Roosevelt IV, an investment banker, writes in the New York Times (6/15), "There are few opportunities for a president to protect such a large swath of ocean or land at little cost to the government, while garnering strong regional support. This is one, and we applaud Mr. Bush for taking the initiative to preserve one of the world's most spectacular marine environments."

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Bodman, Clinton Clash Over Federal Energy Policy. The Milwaukee Journal Sentinel (6/15, Reilly) reports Secretary of Energy Samuel Bodman and US Sen. Hillary Clinton (D-NY) "sparred Wednesday over progress on reducing America's dependence on foreign oil at a forum on energy efficiency sponsored by Milwaukee-based Johnson Controls Inc." In the face of skyrocketing gas prices, "officials agree that more needs to be done to reduce dependence on foreign oil and on the importance of alternative fuels such as ethanol. But Bodman and Clinton diverged on whether the nation is on the right path." Clinton said that "accounting for inflation," the Bush administration has "cut the budget for energy efficiency programs by one-third over the past five years." She accused the Bush administration of "talking tough on energy efficiency, then cutting the budget for key programs such as weatherization for low-income family homes and for the State Energy Program," which provides federal grants to states to adopt emerging renewable energy and energy efficiency technologies. For his part, Bodman accused Clinton of "cherry-picking" statistics and said that the Department of Energy is "very committed" to the issue of energy efficiency. Bodman also said he "disagreed strenuously with the issue that our energy policy has had a negative impact on our foreign policy."

Battle Over Offshore Drilling Generates Unusual Political Fault Lines. The Washington Post (6/15, D1, Mufson) reports more than "a mile beneath the surface of the Gulf of Mexico lies a tract of sea floor that is bigger than New Jersey and that oil and gas companies believe holds a trove of natural gas and a measure of salvation for corporate and residential consumers." But the area, "three-quarters of which is closed to development, also lies at the center of a fight in Congress over the future of offshore drilling, with billions of dollars at stake. The battle lines pit Republicans against Republicans, Democrats against Democrats, and industry against environmentalists." For 25 years, a "congressional moratorium, renewed annually, has barred exploration on 85 percent of the Outer Continental Shelf, from three miles offshore, where federal waters begin, to 200 miles out, where U.S. jurisdiction ends. An order issued by President George H.W. Bush and extended by President Bill Clinton through 2012 provides additional protection." Yet the "spike in natural-gas prices last fall has inspired a coalition of industrial users and a variety of lawmakers to try again to modify the moratorium, citing the harm high natural-gas prices do to American competitiveness and the benefits of reducing U.S. dependence on foreign energy sources. Drillers also want to win changes before the Interior Department's 2007-12 leasing plan takes effect." Top House and Senate members "have been bargaining in private to reach a compromise over new contours for offshore drilling. Much of the haggling has been over the New Jersey-size tract, known as Lease 181."

FBI/DEA/ATF/USMS:

Search Continues For Sources Of Fentanyl-Laced Heroin. The New York Times (6/15, Johnson) reports the police and health authorities "are struggling to track down the source of a doctored, intensely powerful heroin that has killed at least 130 people in and around Chicago and Detroit and sent hundreds more to hospitals in cities from St. Louis to Philadelphia. … The Chicago police superintendent, Philip J. Cline, said in an interview that his officers working with the D.E.A. were looking for connections among clusters of overdose cases and then trying to track back from there through undercover purchases, arrests and laboratory tests to understand the pipeline."

On its Web site, WMAQ-TV, Chicago (6/14) reports, "Timothy Ogden, special agent in charge with the DEA, said there was a 'large spike' in drug overdoses in cities across the country. The fentanyl-laced heroin goes by the street name 'drop dead' and has been seen on Chicago's West and South sides. Law-enforcement officials want to know where it is coming from and who is bringing it."

Report: "Killer Drug" Overlooked. According to the Detroit News (6/15), the "killer drug" was overlooked, until "flurry"of deaths. The News says fentanyl-related deaths began in January, but the "alarm sounded" in May. The News adds, "Since April, cities in at least eight other states have similarly reported a sudden surge in overdoses now the subject of a nationwide investigation by the U.S. Drug Enforcement Administration and police departments from Philadelphia to Chicago. But for months, as fentanyl-related deaths accumulated, authorities in Detroit said, some of the clues that could have alerted them earlier to the growing toll were obscured by the regular toll of drug deaths in the county, and by testing limitations that kept them from quickly linking any of the deaths to the lethal mixture."

Seven Overdoses In Pennsylvania Linked To Heroin Mixture. WPVI-TV, Philadelphia (6/14) reports on its Web site, "Chester [Pennsylvania] authorities confirmed what they had suspected, seven overdose cases within a 15-hour period in the city, all linked to heroin spiked with the powerful painkiller fentanyl. … DEA agents from around this area met with taskforce counterparts in Chicago to determine where the stuff was coming from. They now believe the primary source was an illegal lab near the western city of Guadalajara, Mexico."

Cable TV Coverage. CLTV, Chicago (6/14, 10:30 a.m.) reported, "Today law enforcement officials are meeting to figure out how to stop drug dealers from mixing heroin and cocaine with fentanyl and putting it out on the streets."

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Local TV Coverage. WBBM-TV, Chicago (6/14, 11:00 a.m.) reported, "Stopping the deadly drug trend. That's happening here in Chicago at a two-day strategy summit for officials from all over the country. The focus, fentanyl that dealers are mixing with drugs to apparently produce a more powerful high. … Since 2005, the laced heroin is responsible for the deaths of at least 62 people, and there could be more according to the medical examiner's office. Officers believe this recent graduate possibly overdosed on the dangerous mix. … The message to [the] community? Stay away from any of these drugs. … Officials say five pounds of fentanyl is roughly equivalent to one million hits of heroin just to give you an idea of how strong this stuff is and keep in mind, it has already caused 62 confirmed deaths here."

WGN-TV, Chicago (6/14, 12:00 p.m.) reported, "Law enforcement officials are trying to fight a recent spike in heroin overdoses. They are lacing it with fentanyl. Drug officials from all over the country will be meeting in Chicago today and tomorrow to discuss solutions to the problem. … There had been 60 fentanyl-related overdoses in Cook County this year. At least 100 people have also died in Detroit."

Ohio Doctor Sentenced To Life In Prison For Drug Fraud Resulting In Deaths. The Cleveland Plain Dealer (6/10, Tobin, 375K) reported, "A Bath Township physician was sentenced to life in prison Friday because the massive doses of painkillers he prescribed led to the deaths of two patients. Dr. Jorge Martinez's conviction under a statute punishing health-care fraud resulting in death was the first in the country, as was his life sentence, U.S. Attorney Greg White said. … The packed courtroom erupted in applause when" US District Judge Donald Nugent "announced the sentence." The Plain Dealer noted, "Martinez prescribed painkillers only after patients agreed to receive injections to treat pain," so he "could then bill Medicare, Medicaid, the Ohio Bureau of Workers' Compensation and private insurers for the injections." The AP (6/10) also reported on the sentencing.

In Massachusetts, Drugs Found In Home Depot Cabinets. The AP (6/15) reports that for the fifth time in a week, drugs were "found in a cabinet purchased at a Home Depot store in Massachusetts. A plumber in Southwick discovered 40 pounds of marijuana and 3 kilograms of cocaine stashed in a bathroom vanity he'd purchased at a Home Depot in Chicopee. Southwick Police Lt. David Ricardi said a second stash was found at the Chicopee store and at least two more were discovered at a Tewksbury Home Depot. Police found more drugs in a fifth cabinet." The AP notes that the DEA is investigating the matter. There are more than 100 media references to this drug find, with ABC News, CBS News, the New York Times, Washington Post, Los Angeles Times, Boston Globe, Atlanta Journal Constitution, Seattle Post Intelligencer, and the UK's Guardian publishing in newspapers and/or posting on their Web sites the AP story.

The Billerica (MA) Minuteman (6/15) writes, "A Billerica resident getting ready to install a new vanity and sink he bought at Home Depot in Tewksbury found 50 pounds of marijuana in the package, Police Sgt. Roy Frost said.
Frost said the resident…reported the discovery June 8, after he purchased a two-piece vanity and sink and had a plumber assist in the installation. … Frost said investigators hope to determine whether the marijuana find is linked to a larger distribution problem, with distributors knowingly or unknowingly enlisted to help transport drugs large distances - a practice known as 'muling.'"

CNN (6/14) reports in its Web site, "Tewksbury police and DEA officials conducted a search Tuesday of about 12 Home Depot stores statewide and found other bathroom vanities that contained drugs. … In each incident being investigated by Tewksbury Police, all of the merchandise boxes originated from a Texas location and were distributed through one Massachusetts warehouse."

UPI (6/14) cites the CNN story in its report.

Reputed New Jersey Gang Leader Gets 10-Year Sentence For Drug Trafficking. The Bridgeton (NJ) News (6/14, Mccullen) reports from Camden that a U.S. District Court judge on Tuesday "sentenced Kamal Martin, the reputed leader of Bridgeton street gang 30 Deep, to 10 years in federal prison on a drug-trafficking charge. Martin, 28, was arrested July 21, 2005, at the Cumberland County Jail, where he was serving a 20-day sentence for driving with a suspended license, and charged federally with distributing and possessing with intent to distribute more than five grams of crack cocaine." Police Chief Jeff Wentz "commended the work of his department, the FBI, the DEA and the Cumberland County Narcotics Task Force in building the case against Martin."

Secretary Accused In Drug Conspiracy Resigns From Attorney's Office In Arizona. According to the Arizona Daily Star (6/14), a Pima County Attorney's Office secretary who "was arrested by the U.S. Drug Enforcement Agency in May has resigned. Erlinda Alegria-Perez submitted her resignation letter Tuesday afternoon, effective immediately. … Perez and her husband, Abraham, were indicted and arrested as the result of a yearlong DEA investigation that began in Harrisburg, Pa. According to DEA officials, the couple, along with at least five others from Tucson, California and Pennsylvania, conspired to transport marijuana to Pennsylvania."

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Dallas Police Officer Resigns, Her Relationship With Accused Drug Dealer Questioned. The Dallas Morning News (6/15) reports Dallas police officer Kesha Thomas "abruptly resigned Wednesday, a day before it was widely expected that she would be fired for her relationship with an Arkansas man accused of dealing drugs. … She was on paid leave for about 10 months after police officials were informed of her relationship with Fred Green, who faces federal charges of drug trafficking in Arkansas. … Police and Drug Enforcement Administration records state that Ms. Thomas once saw a gun in Mr. Green's trunk and that he had asked her to wire money for him several times, but that she didn't question either of those things."

Group Says Meth Reports Are "Grossly Overstated." The AP (6/14) reports a group that "advocates non-prison punishment for drug criminals says methamphetamine use is not a raging epidemic. The Sentencing Project issued a report that says meth – while dangerous -- is really among the least commonly used drugs. The group also contends usage rates have been stable since 1999, and that fewer teens are taking meth." Additionally, the group says assertions that meth is an epidemic spreading across the country are "grossly overstated." According to the AP, the ONDCP did not immediately comment on the report.

In a similar but longer version of the story the AP writes that Sentencing Project policy analyst Ryan King said, "Overheated rhetoric, unsupported assertions and factual errors about the use of the drug - including frequent, misguided comparisons between meth and crack cocaine - lead to poor decisions about how to spend precious public dollars combating drug addiction." Nearly 200 news outlets made reference to the Sentencing Project report. CBS News, FOX News, Forbes, the Washington Post, Los Angeles Times, San Francisco Chronicle, San Diego Union Tribune, Miami Herald, Houston Chronicle, and Knoxville News Sentinel published in newspapers and/or posted on their Web sites the AP story.

Local TV Coverage. KMOV-TV, St. Louis (6/14, 10:00 p.m.) reported, "A new study claims there is no epidemic of methamphetamine use. The study shows that meth use is rare in most parts of the country and is declining among teenagers. An advocacy group that supports alternatives to prison terms for drug users says that meth is among the least commonly used drugs."

NCAA Expands Year-Round Random Drug Screenings. USA Today (6/15, Wieberg) reports the NCAA "is stepping up testing for steroid use in college baseball. For the first time, all 64 teams in the association's Division I baseball tournament were assured of being tested at regionals this year. The NCAA held out the threat of further screening at last week's super regionals and the College World Series, which opens Friday in Omaha. More significantly, officials say, the association is expanding its year-round random screening for steroids and masking agents into the summer, focusing first on baseball and football. The first of those tests will be conducted next week."

Imprisoned Connecticut Trash Mogul Seeks Release. The AP (6/15, Apuzzo) reports, "An imprisoned Danbury (CT) businessman wants to get out of jail and return to the helm of his trash empire, setting the stage for a court battle over control of southern Connecticut's garbage industry." The AP continues, "James Galante, whose businesses handle about 80 percent of southwestern Connecticut's garbage, was arrested in a Mafia case Friday and ordered held without bail. … A federal judge said Wednesday that she'll reconsider that order and Galante's defense attorneys were preparing to challenge a court order putting federal marshals in charge of his businesses. … 'First things first. We've got to get him out,' defense attorney Hugh Keefe said. 'I can't represent him if he's in Rhode Island and incarcerated. We'll take care of the business thing in due course.'" The AP adds, "Federal prosecutors say Galante carved out exclusive routes for his companies and paid Genovese crime family boss Matthew 'Matty the Horse' Ianniello $120,000 a year for mob muscle to enforce his territories. That meant higher prices for businesses and homeowners, authorities said. … It's a traditional moneymaking scheme for the mob, but unlike New York trash cases involving murders and assaults, no such violence is alleged in Connecticut's case. … Given that fact, Keefe argued in court papers Wednesday that Galante is being treated unfairly. He is the only person among 29 charged being held without bail, his family's bank accounts are frozen and his multimillion-dollar trash conglomerate is being run by federal marshals."

IMMIGRATION:

More Than 2,100 Arrested For Immigration Violations, Drug Ring Busted In New Jersey. The New York Times (6/15, Lee, Mead) reports, "In a nationwide sweep, law enforcement officials have arrested more than 2,100 people in the past three weeks for immigration violations, including 116 in New Jersey and 114 in New York State, the Department of Homeland Security announced yesterday. About a third of those arrested were in California. … In New Jersey, agents broke up a narcotics ring operating in Plainfield that imported cocaine from Guatemala to members of the Mara Salvatrucha gang and associates."

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The AP (6/15) writes, "The operation has caught more than 140 immigrants with convictions for sexual offenses against children; 367 known gang members, including street soldiers in the deadly Mara Salvatrucha, or MS-13; and about 640 people who had already been deported once, immigration officials said. The numbers include more than 720 arrests in California alone."

The Houston Chronicle (6/15) reports, "The operation comes at a time when ICE is under increasing pressure to rid the country of illegal immigrants. The debate about immigration policy reform rages from the halls of Congress to the U.S.-Mexico border, where National Guard troops are being deployed to assist border patrol efforts."

The Chicago Tribune (7/15) reports, "Those arrested in Illinois included an Ecuadorean man who was a high-ranking member of the Gangster Disciples street gang and a Chinese gang member who had remained in the country even after his deportation date following a conviction for human smuggling, drug dealing and other crimes."

According to the Dallas Morning News (6/15), "One man, Angel Lira-Alvarez, 26, an illegal immigrant from Mexico, is a member of the East Side Homeboys gang in Dallas. He has convictions on drug and burglary charges and had been deported. He re-entered the U.S. and was arrested again on a marijuana charge."

The San Diego Union-Tribune (6/14) writes, "The nationwide operation was conducted on six non-consecutive days beginning May 26. Almost half of those arrested in the nationwide sweep had criminal records involving such offenses as drug trafficking, assault with a deadly weapon, burglary, abduction and sexual assault on a minor."

Poll Finds Public Siding With Bush On Immigration By 50%-33% Margin. The Wall Street Journal (6/15, Harwood) reports, "Add this to the list of things that have gone right lately for President Bush: Americans appear to be drawing closer to his view on the immigration debate." But "that hasn't alleviated the squeeze on Republican candidates in the fall elections. A new Wall Street Journal/NBC News poll shows that the party's conservative electoral base remains at odds with broader public opinion on the issue, including sentiment of the nation's swelling Latino population." The Journal adds, "By 50%-33%, the survey shows, Americans support the views expressed by President Bush and also by businesses, Hispanics and Democratic leaders: that steps to strengthen border security should be combined with a guest-worker program for prospective immigrants and those who have been in the US for at least two years. Yet a 44% plurality of conservatives back an agenda combining border security and deportation of illegal immigrants -- making it difficult for Republican politicians to embrace the majority opinion." Democratic pollster Peter Hart, who helps conduct the Journal/NBC survey, said that "on immigration, President Bush 'is where the American public is. … The difficulty is, the base of the Republican Party is marching in the other direction.'"

Sessions Says Lawmakers Are "In Denial" About Immigration. Sen. Jeff Sessions said on CNN's Lou Dobbs Tonight (6/14), "I think the American people care about" immigration "than politicians will admit to themselves. We're almost in denial around here, it seems to me, about the importance of this issue. We talk about other issues when in the minds of the American people, immigration really is a seminal issue. It's a defining issue for our nation and for how they will evaluate their government officials."

Bilbray Calls Amnesty For Illegal Aliens "Stupid," "Immoral." Rep. Brian Bilbray said on MSNBC's Hardball (6/14), "I will not vote for any bill that offers something to somebody who broke our immigration laws that is not offered to the 100 million people waiting to immigrate legally. The fact is that rewarding somebody for breaking the laws and the rules is not only stupid, it is immoral." Bilbray added, "You have to stop paying people for being here illegally and you have to stop allowing people to make money off illegal employment. That's the one thing that is missing the whole time."

Lawmakers Doubt Deal Can Be Reached. The Washington Times (6/15, Hurt) reports, "Lawmakers on Capitol Hill are increasingly doubtful that Congress will pass any sort of immigration reform legislation this year. 'My gut [feeling] is that it's undoable,' Sen. Dianne Feinstein, California Democrat, said yesterday about a compromise this year between the House and Senate bills. 'The bills are too different. The sides are really polarized.'" The Times adds, "A poll of lawmakers published in this week's National Journal found that 44 percent of those anonymously surveyed said they doubt any compromise can be reached this year. The most optimistic predictions found in an informal survey conducted yesterday by The Washington Times suggested a perfect tossup."

More Commentary On Immigration Debate. David Broder writes in a column for the Washington Post (6/15, A27), "Out of the past and into the current controversy dividing the Republican Party came former California governor Pete Wilson, charging into Washington this week to argue that he had been right all along in trying to slam the door on illegal Far from dooming Republicans to a series of defeats in the most populous state, Wilson argued, his championing in 1994 of Proposition 187, denying health care and educational services to illegal immigrants and their children, anticipated the kind of hard-line policy many Republicans endorsed this year. … The next few months of House-Senate negotiation will determine whether Pete Wilson and Brian Bilbray or Chuck Hagel and George Bush speak for the Republican Party."

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Gary Bauer writes in USA Today (6/15), "The term 'earned citizenship' has been employed to describe proposals requiring illegal immigrants to pay fines and back taxes before applying for legal status." But "if 'earned citizenship' means anything, it surely means a commitment to assimilating into the American way of life. It must mean joining together under one flag, not just one currency." He also writes that "hyphenated Americans put other countries and affiliations first, and they drive a wedge into the heart of 'one nation.' A recent poll of Hispanics in America by Investor's Business Daily shows that 64% consider themselves 'mostly Hispanic,' but that only 15% see themselves as 'mostly American.' The survey further reveals that 31% speak 'only Spanish' in the home, while just 6% speak 'only English.' Finally, 69% of respondents said they lived in predominantly Hispanic neighborhoods."

Tim Wendel, a member of the newspaper's board of contributors, writes in USA Today (6/15) that baseball's "model of assimilation can provide good lessons for the nation as a whole, even if they can't be duplicated on such a massive scale. Major leaguers are afforded the same work permits reserved for internationally recognized artists and entertainers. Today, many teams have bilingual coaches, trainers and front office personnel from rookie ball on up to the majors. … So in today's game, these players fold into US. society -- whether they become US citizens or not. … Major League Baseball makes America accessible to these players, thus making these players accessible to American fans. If other industries dependent on immigrant labor -- in the agriculture and construction trades, for instance -- would make even slight efforts to help their workers assimilate, the benefits would flow through American society."

Immigration Officials Arrest More Than 2000 Illegal Immigrants In Crackdown. ABC World News Tonight (6/14, story 4, 2:00, Gibson) reported, "Back in this country, Federal officials say they've apprehended thousands of undocumented immigrants, gang members and other fugitives in a nationwide sweep. It yielded more than 2,000 arrests in 34 states. But the sobering part of these raids, many of the people arrested worked in what are supposed to be the most secure areas of the country." ABC (Thomas) added, "Federal officials say they've uncovered a disturbing trend. At some of the country's most sensitive sites, the illegal immigrants have had no trouble getting jobs: At the Naval Surface War Center in Indianhead, Maryland; a seaport in Oakland, California; the Crystal River nuclear power plant in Florida; the White Sands missile range in New Mexico; even the Army Special Operations Command at Ft. Bragg, North Carolina." Rep. Tom Tancredo: "Once illegal aliens get here, they can get into a variety of different jobs, no matter how secure those jobs are because document fraud is so rampant."

NBC Nightly News (6/14, story 6, Williams) reported, "The government says nearly 2200 illegal immigrants accused of committing crimes have been tracked down and arrested in a series of raids across the country. This latest crackdown started late last month. About half of those drawn up in it have criminal records." USA Today (6/15, Welch), among other sources, also reports on the arrests, saying Immigration and Customs Enforcement's Operation Return to Sender "was the latest in a series of crackdowns on illegal immigrants since Homeland Security Secretary Michael Chertoff promised a tougher enforcement effort in April."

TAX:

Lawmakers Block IRS Effort To Hire Private Debt Collectors. The Washington Post (6/15, D4, Barr) reports in its "Federal Diary" column, "Two years ago, Congress authorized the Internal Revenue Service to hire private debt collectors to find individual taxpayers who acknowledge that they owe taxes but have not paid up. … Then, last week, the debt-collection project took a surprise hit. By two votes, the House Appropriations Committee approved an amendment to a fiscal 2007 spending bill that would prohibit the IRS from setting up the program. When the bill came to the House floor this week, Republican leaders did not challenge the amendment, allowing it to stand. … Rep. Steven R. Rothman (D-N.J.), who wrote the amendment, argued to the committee that it makes no sense to turn over taxpayer data to private debt-collection companies when identity theft seems to be on the rise."

CONGRESS-ADMINISTRATION:

Gerson To Leave White House. NBC Nightly News (6/14, lead story, Gregory) reported, "Another top advisor to the President is leaving tonight. Michael Gerson, one of the most trusted aides going back to 1999, formally his head speechwriter, is stepping down. He says he wants to pursue some other opportunities."

The New York Times (6/15, Rutenberg) reports Gerson "shaped nearly every major address of George W. Bush's presidency." He "has been one of Mr. Bush's closest aides and is credited with giving voice to both the 'compassionate conservatism' that Mr. Bush espouses and his more hawkish lines, like 'axis of evil.'"

Under the headline "Bush's Favorite Author Leaving The White House," the Washington Post (6/15, A3, Baker) reports that Gerson "said in an interview that he has been talking with Bush for many months about leaving for writing and other opportunities but waited until the White House political situation stabilized somewhat. 'It seemed like a good

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time,' he said. 'Things are back on track a little. Some of the things I care about are on a good trajectory.'" The Post adds, "While toiling for an uncommonly polarizing president," Gerson "made few, if any, enemies, even finding admirers in circles often not friendly to Republicans."

Bush Returns McMillin To OMB. The White House Bulletin/US News (6/14) reports President Bush "has decided to send Stephen McMillin, a former OMB executive now serving as Chief of Staff Josh Bolten's advisor, back to the Office of Management and Budget. The White House said that McMillin will return as deputy director to new OMB Director Rob Portman, replacing Joel Kaplan who moved across the street to become Bolten's deputy in the West Wing. The even up trade returns McMillin to OMB where he is widely respected by the career staff for his previous handling of the general government account when he was program associate director for general government programs. In that role, he handled the government's spending on the Hurricane Katrina cleanup. Insiders said that he has extensive budget and congressional experience, which gives him credibility on Capitol Hill. And because he was a Bolten deputy who also worked for former Chief of Staff Andy Card during his six months in the chief of staff's office, OMB officials said he would give the agency added influence in the West Wing policy shops."

Leavitt Defends Use Of CDC Jet. USA Today/AP (6/15, Freking) reports, "Health and Human Services Secretary Mike Leavitt on Wednesday defended his extensive use of a jet leased to the Centers for Disease Control and Prevention for emergencies." Leavitt "said he could not have overseen the implementation of the new Medicare prescription-drug benefit, plus help prepare states for a potential flu pandemic, without the use of the plane." The AP adds, "His explanation came at a House Ways and Means Committee hearing, where Rep. John Lewis, D-Ga., accused Leavitt of using the jet to 'do public relations for the president' on the drug benefit."

Bush Apologizes For Joking About Legally Blind Reporter's Sunglasses. NBC Nightly News (6/14, story 8, Williams) reported that at his Rose Garden press conference, the President "seemed more familiar than normal with the press corps. He joked with things like the pocket square worn by our own snappy dresser David Gregory. And then came this exchange. The President, who is famous for his nicknames and often snappy banter with reporters, called on a reporter from the Los Angeles Times." President Bush: "Peter, are you going to ask that question with those shades on? No, I'm interested in the shade look." LA Times reporter Peter Wallsten: "I'll keep it then." President Bush: "For our viewers, there is no sun." Wallsten: "I guess that depends on your perspective." Williams: "The problem is the reporter, Peter Wallsten of the LA Times, is legally blind. He has a form of macular degeneration that has robbed him of all of his peripheral vision. Now, you should know, Mr. Wallsten was not offended. He told others he found it amusing. Nonetheless, the President called him today and apologized. He said he likes to needle people from time to time."

GOP Senate Leaders Back Proposal To Curtail Spending. The Washington Times (6/15, Fagan) reports, "Top Senate Republicans yesterday threw their support behind a package of new tools to rein in federal spending, including spending caps, a presidential line-item veto authority and a two-year budget." The legislation, "dubbed 'S.O.S.: Stop Over-Spending,' will reform the budget process, said" Senate Budget Committee Chairman Judd Gregg, "who along with" Senate Majority Leader Bill Frist "is stepping up his role in the Republican Party's election-year war on spending." But "even bill supporters admit that the package will be a heavy lift for many senators, especially those who dole out the money each year."

GOP Senators Seek To Enact Provision Allowing Earmarks To Be Struck. The Hill (6/15, Allen) reports, "Senate Republicans say they are trying to salvage a spending-reform provision empowering individual senators to strip new earmarks out of conference reports without handing the rank and file unlimited power to wage wars of attrition to defeat bills they do not like." The impact "of the Senate-specific earmark language could be far-reaching if it is included in a conference report on lobbying reform." The Hill adds, "Conservatives hailed the original Senate language as a powerful tool they could use to limit "immaculate" earmarks — those that appear for the first time in conference reports. One Republican aide called the provision 'the holy grail' of budget-process reforms."

House Conservatives' Attempt To Cut Spending Thwarted. CQ (6/15, Dennis, Higa) reports, "Spending on earmarks such as swimming pools and hydroponic tomato research has won out in this year's appropriations battles on the House floor, with a band of conservative Republicans growing increasingly frustrated at their lack of success in striking the projects from spending bills." Their "latest efforts to strip earmarks from the fiscal 2007 Transportation-Treasury-HUD-Judiciary-D.C. appropriations bill (HR 5576) fell flat Wednesday, losing by large majorities on the House floor as they have on other bills." CQ notes, "Appropriators say that they have successfully sliced billions in earmarked spending compared with last year. Still, conservatives are frustrated by the level of earmarking that continues this year, and that earmark disclosure rules passed as part of a lobbying package (HR 4975) are delayed in conference negotiations with the Senate."

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Budget Committee Votes To Create Commission On Wasteful Spending. The Washington Times (6/15, Fagan) notes that the House Budget Committee approved legislation to create "a commission to set sunset dates for wasteful federal programs" at the urging of House conservatives.

Line-Item Veto Approved By House Budget Committee. By a 24-9 vote the House Budget Committee passed a "watered-down" version of a presidential line-item veto. The AP (6/15, Taylor) reports, "Under the proposal, it would take a simple majority in both House and Senate to approve the items over the president's objections." Bush proposed the bill in March and sponsor Rep. Paul Ryan made several adjustments "to ease criticism from Democrats and others who said the original version was tilted too far in the president's favor." Ryan's bill "modified the Bush proposal to ensure he could not paper Congress with spending-cut proposals and require repeated votes on the same item. The new power would expire after a six-year trial. But Ryan also narrowed the measure's application against special interest tax breaks so that, as a practical matter, few such provisions could be targeted by the president."

WSJournal Warns GOP Lack Of Spending Restraint Could Have Electoral Ramifications. The Wall Street Journal (6/15) editorializes, "The Congressional debate over 'earmarks' continues, and not in a way that makes the GOP majority look good. This week the Members are pushing through another 1,500 special spending projects, even as the controversy has engulfed California's Jerry Lewis, who as House Appropriations Chairman is earmarker in chief." Lewis denies the charges, yet "even if all of this is technically legal, the cronyism and revolving door between Congress and lobbyists look terrible and certainly won't help Republicans restore an image of fiscal rectitude before November." It "underscores the link between Member-steered earmarks and the opportunity for corruption." The House GOP "elected new leaders and promised to restrain earmarking. But this week the House is busily approving a $68 billion Treasury, Transportation and Housing and Urban Development spending bill stuffed with more than 1,500 new earmarks at a cost of some $900 million." The Journal concludes, "If Republicans don't change their behavior, earmarking could be the story that does the same for them this year.

Lawmakers Release Personal Finance Information Amid Corruption Probes. Lawmakers released details of their personal finances yesterday. The AP (6/15, Dalrymple) focuses on the details of those facing ethical charges, including former Majority Leader Tom DeLay who "showed his legal troubles have led him into sizable debt. DeLay reported owing $250,001 to $500,000 to four separate lawyers and law firms." He "also reported individual and corporate contributions to a legal defense fund worth $588,320." But other lawmakers have less resources to combat ethics charges. For example Rep. Bob Ney "reported no major assets or liabilities, nor any major outside sources of unearned income." And Rep. William Jefferson "owns two tracts of farmland in Louisiana, each worth $50,001 to $100,000. He loaned $100,001 to $250,000 each to his mayoral and gubernatorial campaigns, as well as $50,001 to $100,000 to 'Jefferson Interests.'" He "also reported three major liabilities. He owes between $50,001 and $100,000 each to Dryades Bank and Noah Samara, chairman and CEO of Worldspace Satellite Radio. He also has a $15,001 to $50,000 loan from Liberty Bank of New Orleans."

The Hill (6/15, Bolton, Schor) notes Rep. Jefferson "made scant reference to his business interests now being investigated by the FBI." His "disclosure form gives no hint of three other businesses connected to the Justice Department's investigation of him."

Congress Continues To Accept Free Travel Despite Scandals. The Wall Street Journal (6/15, Cummings, Lueck) reports, "Singed by controversy over complimentary travel, many members of Congress nevertheless accepted free trips in 2005, according to annual financial disclosure reports released yesterday." Although the "reports showed scant evidence that members were grounding themselves, or paying their own way, the scandals seem to have persuaded many to make extra efforts to note anything that could come back to haunt them, on the campaign trail or in a prosecutor's office, in what normally is a routine, annual release of assets and debts by all members of Congress."

Lawmakers Report Payments For Appearing On Maher Show. In its Washington Wire column on its web site, the Wall Street Journal (6/14) reported, "At least three members of Congress reported receiving $800 payments for appearing on 'Real Time with Bill Maher': Delaware senator and potential 2008 presidential candidate Joseph Biden; California Republican Rep. David Drier, and Florida Republican Rep. Ileana Ros-Lehtinen. She said the show also paid for lodging and travel from Washington to Los Angeles, and then back to Miami."

Presidential Aspirants' Financial Disclosures Examined. The Hill (6/15, Bolton, Schor) also examines the personal finances of 2008 presidential hopefuls, including Sen. Chris Dodd who "placed between $15,000 and $50,000 in a Senate Federal Credit Union account. Sen. John McCain (R-Ariz.) reported three small new charge-card debts and one American Express Platinum debt of $100,001-$250,000, all in his wife's name." And some "lawmakers reported large income streams from their spouses. Sen. Hillary Rodham Clinton (D-N.Y.) reported that her husband, former President Bill Clinton, received $7.5 million for speeches worldwide. His highest fee was $350,000 for speeches in the Canary Islands and Toronto."

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And the New York Times (6/15, Hernandez) reports, "Former President Bill Clinton and Senator Hillary Rodham Clinton had income of more than $8 million last year, mainly from speaking fees Mr. Clinton collected." Sen. Clinton's disclosed she "earned $872,891 from her book 'Living History,' which was published in 2003 and has been released in paperback. That is down from last year, when she reported earning $2.3 million in royalties from her memoir. In 2001, Simon & Schuster paid her nearly $8 million to write the book." The Clinton's "reported having a joint bank account worth $5 million to $25 million, as well as a blind trust worth $5 million to $25 million. That was the same amount they reported last year but substantially greater than in 2003, when reports valued their assets at a minimum of $2 million."

Focusing on politicians from the region surrounding Washington, DC, the Washington Post (6/15, A4, Turque, Spivack) reports Sen. George Allen "listed assets of between $1.8 million and $3.6 million." The majority "of Allen's wealth comes from commercial rental property in Charlottesville valued at more than $1 million and 98.5 undeveloped acres in Albermarle County valued at between $250,000 and $500,000." His "report also shows that Allen took relatively few privately funded trips last year, traveling to Palm Springs, Colorado Springs, Las Vegas and Florida for speeches and conferences for the Heritage Foundation, the Charles G. Koch Charitable Foundation, the Consumer Electronics Association and the Faith and Politics Institute."

Hastert Aide Examined Some GOP Senators' PFDs. Roll Call (6/15, Stanton) reports, "A senior aide to Speaker Dennis Hastert," Tim Kennedy, "pulled the financial disclosure forms of" Senate Majority Leader Bill Frist, Sen. Ted Stevens, Sen. Lisa Murkowski and Sen. Conrad Burns "late last month." The reason "for the request is unclear" and "several veteran Senators "were taken aback when asked about Kennedy's research and indicated they had never heard of one chamber's leader researching the finances of Members of the other chamber." The records were accessed during "a stretch of bicameral sniping over the size of the fiscal 2006 supplemental spending bill." At the time "Hastert harshly rejected a Senate proposal to make an across-the-board cut to the supplemental spending bill." Roll Call notes, "Frist's proposal was made in part to help make room for a number of proposals either authored by one of the four Members Kennedy researched or that would benefit their constituents." For example, "Frist himself penned a massive avian flu spending package that the Senate included in its version of the supplemental. Burns strongly backed an amendment that added millions of dollars in new disaster relief spending for agriculture. And the bill included numerous earmarks that would have benefited Alaska, Tennessee and Montana."

Report Shows Lewis Aide Earned $500,000 More Than Previously Revealed. The Los Angeles Times (6/15, Hamburger, Simon, Fiore) reports, "A top aide to House Appropriations Committee Chairman Jerry Lewis (R-Redlands) reported Wednesday that he received more money than he previously disclosed from a lobbying firm that has come under scrutiny for its ties to Lewis." Aide Jeffrey Shockey "corrected his financial disclosure reports to reveal that his salary in 2004 from Copeland Lowery Jacquez Denton & White totaled about $500,000 more than he had reported." Shockey "also collected nearly $2 million from the firm as a payout when he left to return to work for Lewis in 2005."

Roll Call (6/15, Kane) notes, "Combined with the buyout package he received in 2005 — which was paid out in full by Aug. 1 of that year — Shockey was paid more than $5.5 million by Copeland Lowery over little more than two and a half years." Sources close to Shockey called it "inadvertent human error" and believe "this latest disclosure may further justify and explain the size of his buyout package, which came in at $1.96 million spread across several payments last year while he was on Lewis' staff." A source said, "This shows that his business was growing. It wasn't a dramatic increase from one year to the next."

Jefferson Not Expected To Retain Seat On Ways And Means. The House Democratic Caucus will debate whether to remove Rep. William Jefferson from the House Ways and Means Committee. Roll Call (6/15, Kornacki)says even his supporters "concede the numbers don't look good for him." Jefferson's "options seemed exhausted last Thursday night, when Pelosi called a surprise meeting of the Democratic Steering and Policy Committee, a 50-member body dominated by the Leader's allies, which formally recommended Jefferson's removal. Within hours, the full Caucus was called into session to ratify the motion, but before a vote could be taken," CBC chairman Mel Watt "complained that the hasty scheduling of the meeting violated Caucus bylaws. The proceedings were then postponed for one week." The lack of support for Jefferson "among CBC members is likely the result of two factors: a sense from some that Jefferson's indictment is imminent and that a fight is, thus, futile; and Jefferson's past alienation from some of the group's members."

CQ (6/15, Kady II) notes, "On Wednesday, Democrats unveiled a broad domestic policy agenda, but those long-term ideas largely have been overshadowed by the battle over Jefferson's future." It is also "shaping up to be a major test for Minority Leader Nancy Pelosi, D-Calif., who aspires to be the next Speaker of the House but finds her caucus engaged in a serious debate over how to treat a colleague with ethics problems."

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Pelosi Stands By Her Call For Jefferson To Resign Ways And Means Seat. House Minority Leader Nancy Pelosi said on CNN's The Situation Room (6/14) that Rep. William Jefferson is "has brought dishonor to the House, and he should step aside from his position on the Ways and Means Committee." Pelosi added, "I believe that members of Congress should be held to a higher standard and a higher ethical standard. And I apply that to all members of our caucus, respecting the magnificent diversity of our caucus. … And any member of Congress who has $90,000 in his freezer can be sure that he's going to hear from me that he or she should step aside."

NBC News/WSJournal Poll Finds Bush Approval At 37%. In its Washington Wire column on its web site, the Wall Street Journal (6/14) reported that a new Wall Street Journal/NBC News survey of 1,002 adults, conducted June 9-12 after Abu Musab al Zarqawi's death, "showed 38% feeling more confident that the war will reach a successful conclusion, up from 33% in April. Some 53% say Mr. Zarqawi's death will improve the situation in Iraq at least a little. The poll has a margin for error of 3.1 percentage points. But that hasn't translated into a substantial political bounce for Mr. Bush or his party five months before the 2006 mid-term elections. The president's overall approval rating has ticked up one percentage point to 37% since April, but so has the proportion disapproving his performance, which now stands at 58%."

NBC Nightly News (6/14, story 2, Russert) reported on the results from the new NBC News/WSJ poll: "The President's problem, one out of five Republicans still disapprove of his job performance. Let's look at Congress. Approval just 23%, disapproval 64%, nearly two of three Americans disapprove of the job Congress is doing." Williams: "What are we finding driving the numbers?" Russert: "Iraq, Iraq, Iraq. Look at this. What are the most important issues facing the country? 53% say Iraq, illegal immigration is second at 32%. Brian, Democrats, two-thirds say it is Iraq. We asked what about the success in Iraq, is it going to happen? More confident, 38%, less confident, 53%. But this is a slight improvement up from April -- about five points." Williams: "Any markers in here that could speak to the coming elections in November?" Russert: "This is what the people told us. Who should control Congress? 38% say the Republicans, 49% say the Democrats. That is an 11 point advantage for the Democrats."

Grassley Confronts HHS Over Forged Drug Data. ABC World News Tonight (6/14, story 5, 2:50, Gibson) reported, "The Senator, Grassley of Iowa, said that government health officials knew" the drug Ketek "was unsafe but won't do anything about it." ABC (Ross) added, "Safety tests done on Ketek and submitted to the FDA showed it met safety standards. But it turns out many of the test results were faked. Now, there have been some deaths. To the outrage of some in Congress, Ketek was approved for sales even after the Food and Drug Administration learned the safety tests were forged. Now, with reports of four deaths and dozens of liver failures and injuries, Senator Grassley is trying to find out what happened. He showed up today at the Department of Health and Human Services to demand access to the investigators who uncovered the Ketek fraud. He was told no and sent home empty-handed." Sen. Grassley: "It's a situation where I smell a cover-up." Ross: "The most serious problems occurred in the tests conducted in Gaston, Alabama, at this weight loss clinic, now closed. A former nurse says she was told to forge signatures and patient data." Michelle Snedeker, former nurse: "90% of the people didn't even take the drug." Ross: "The doctor in charge, Maria Anne Kirkman-Campell, is serving five years in prison for falsifying the tests, which she conducted for the makers of Ketek, Sanofi-Aventis."

The Washington Post (6/15, A10, Kaufman) reports after "months of trying to get firsthand information from a government official familiar with a controversial new antibiotic, Sen. Charles E. Grassley (R-Iowa) marched into the Department of Health and Human Services headquarters yesterday asserting his congressional right to receive the data. After a brief meeting with senior HHS and Food and Drug Administration officials, Grassley departed empty-handed and angry." Sen. Grassley said, "This is extraordinary for me. I haven't had to go to an agency like this since 1983 to get information I requested. I smell a coverup." The Post adds FDA officials "denied any impropriety, saying they were cooperating with Grassley's staff and had sent 400 boxes of documents related to the approval and safety of the drug, Ketek. Some information had to be withheld, the agency said, because of continuing investigations."

Marburger Says Lieberman's Concerns About Science Censorship Unfounded. CNN's Situation Room (6/14, 5:49 p.m. ET, Roberts) reported, "Global warming high on the radar screen these days. … Senator Joe Lieberman is asking the president's top science adviser to look into weather the administration is muzzling its top climate researchers. It was this June 6th letter that sparked Lieberman's call for an investigation. NASA admitted it wrongly prevented climate expert James Hansen from speaking to reporters, strong evidence, the senator claims, of an administration pattern to silence the scientists on global warming." The story quotes Senator Lieberman as saying, "You've now got four different agencies, NASA, NOAA, EPA and the U.S. Forest Service where there are very credible

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reports that scientists have had their work on global warming suppressed. That's very troubling and wrong." But "President Bush's top science adviser John Marburger doesn't see the need for an investigation. [He sent] a statement to CNN saying, "I take any claims of suppression of scientific findings very seriously. As issues are brought to my attention, I look into them. I've found no basis to support senator Lieberman's concerns. We shared that with the senator who seemed surprised Marburger would respond to us before him."

House Denies Funding For Provision Allowing Foreign Ownership Of US Airlines. The Wall Street Journal (6/15, Rogers) reports, "The House approved a $139.6 billion transportation-and-housing bill after voting to deny funding for a Bush administration plan that would permit greater foreign ownership control of US airlines in the future." The 291-137 vote "was the clearest test yet of political sentiment on the pending rules change, which the White House wants as part of its effort to negotiate an 'open skies' agreement with the European Union deregulating trans-Atlantic air traffic." The Journal adds, "As many as 97 Republicans joined Democrats in opposition; together with organized labor, Continental Airlines pressed hard for the amendment, at the expense of distressed carriers like Northwest Airlines and UAL Corp.'s United, which could benefit from more access to overseas capital and landing slots."

Meanwhile, the Washington Post (6/15, A26) editorializes that the House vote "would delay the administration's reform for more than a year, jeopardizing a deal that could save travelers billions of dollars. The Senate has yet to vote on the issue. It should put national interests before vested interests."

House Panel Approves Bill On Reviews Of Foreign Investments. The Wall Street Journal (6/15, Schroeder) reports, "The House Financial Services Committee unanimously approved a bill that would change the process for reviewing proposed foreign investments in the US." The bill "would require all transactions involving state-owned companies to get an additional 45-day review and would allow more of the deal-approval process to be made public."

House Committee Approves Credit-Rating Reform Bill. The Wall Street Journal (6/15) reports, "The House Financial Services Committee voted to approve legislation that would overhaul the credit-rating business." The bill, "approved on a voice vote" by the panel, would bring "sweeping changes to the industry. House lawmakers said legislation is needed to increase competition in a business now dominated by only a few companies." The SEC "would get new power to discipline rating firms and rating-firm employees, and to ban business practices that are coercive or abusive. Rating firms evaluate debt issued by public companies and have come under fire for failing to detect deteriorating credit quality at Enron Corp. and WorldCom Inc."

Panel Says Congress Should Set 2012 Deadline For Affordable Healthcare. USA Today (6/15, Appleby) reports affordable health care "should be available to all Americans by 2012, with protection in the meantime from 'very high out-of-pocket medical costs,' say initial recommendations from a 15-member panel created by Congress." The Citizens' Health Care Working Group's "12-page report, which some say may prompt debate before national elections in November and in 2008, does not specify exactly how to pay for such benefits or what they should include." The report "is thought to be the first wide-ranging effort sponsored by the government to poll average citizens on health care policy."

OTHER NEWS:

Inflation Rose More Than Expected Last Month. The Financial Times (6/15, Swann, Guha, Hughes) reports "US inflation rose more quickly than expected for the third successive month in May, raising the prospect that interest rates will continue to rise beyond this month. The core consumer price index – which excludes volatile food and energy prices – rose 0.3 per cent last month, taking the annual rate to 2.4 per cent." The figures "heighten the dilemma for the Federal Reserve, which may feel forced to continue to raise rates in spite of growing signs that the economy is slowing."

NBC Nightly News (6/14, story 4, Thompson) reported, "Once again the high price of gasoline is fueling inflation. Up almost 5% in May and now spilling over to other parts of the economy, pushing up airfares, trucking cost and delivery prices, fanning speculation the Federal Reserve will raise interest rates at the end of the month." The CBS Evening News (6/14, lead story, 2:35, Schieffer) reported, "Well, its back, inflation, that is. It's been more than a decade since it made this much news, but the new government numbers leave no doubt prices are going up again. The Consumer Price Index went up 0.4% in May. That makes it all but certain that the Federal Reserve will soon raise interest rates again." The inflation story is being covered by virtually all major newspapers this morning. USA Today (6/15, Hagenbaugh), Los Angeles Times (6/15, Havemann, Sanchez), Wall Street Journal (6/15, Ip, Conkey), Washington Post (6/15, D1, Henderson), New York Times (6/15, Peters), Christian Science Monitor (6/15, Scherer) and Washington Times (6/15, Hill), for example, run similar reports this morning.

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High Prices Starting To Hurt Housing Market. The CBS Evening News (6/14, story 2, 1:55, Regan) reported, "Even with mortgage rates inching higher, prospective home buyers are anxious to get into the real estate market. The only problem? Prices are just too expensive. The median home price is already $223,000 and forecast to jump 5.3% this year." According to "a new study by Harvard University's Joint Center for Housing, nearly 16 million households now spend more than half their income on housing. A 14% increase from the year 2001. And it's not just homeowners who are shelling out lots of cash. Nearly one-third of all US households rent. Like new home buyers, they, too, are feeling the squeeze. Rents are expected to jump 4.1% this year, rising faster than average salaries." The Washington Post (6/15, D3, Crutsinger) runs a similar report.

Stock Markets Rebound Despite Inflation Fears. NBC Nightly News (6/14, story 4, Williams) reported, "On Wall street, a bounce. The Dow gaining almost 111 points [to close at 10816.92], Nasdaq snapped an eight session losing streak, up 13.53 [to 2086.] Some analysts said today the market has been spooked for weeks by inflation fears that it is now priced in another Fed interest rate hike." The CBS Evening News (6/14, lead story, 2:35, Mason) noted that "even with the 100-point rally, the Dow is still down 825 points from its yearly high just a month ago."

USA Today (6/15, Shell) reports the Nasdaq "ended its eight-session skid, rising 13.53 points, or 0.7% to 2086.00. The Standard & Poor's 500 index added 6.35 points, or 0.5%, to 1230.04." The Washington Post/AP (6/15, D3), among other sources, also reports the stock numbers.

Beige Book Sees Signs Growth Is Slowing. USA Today (6/15) reports, "The US economy expanded from mid-April to early June, amid warning signs of slower growth and rising costs, the Federal Reserve said Wednesday." In its beige book, "an anecdotal look at conditions named for the color of its cover, central bank economists noted that growth in economic activity slowed in four of the 12 Fed districts -- Atlanta, Kansas City, Richmond and San Francisco. New York businesses were growing concerned about the outlook. Philadelphia firms were more optimistic."

Lieberman Has Not Ruled Out Independent Bid For Reelection. The Washington Times (6/15, Pierce) reports in its "Inside Politics" column that Sen. Joe Lieberman "must soon decide whether to start collecting signatures for a possible independent bid this November. Mr. Lieberman's campaign says it is focused only on winning the Aug. 8 primary, but the Democrat has not ruled out petitioning his way onto the November ballot as part of a backup plan to secure a fourth term in the Senate." Lieberman "has until Aug. 9 -- the day after the Democratic primary -- to collect 7,500 signatures from registered voters to gain a spot on the ballot as an unaffiliated candidate." The AP (6/15, Haigh) reports Lieberman "recently" said, "I am not going to close out any options."

Webb Seeks Support From "Reagan Democrats" In Challenge To Allen. The AP (6/15, Lewis) reports, "National Democratic leaders on Wednesday relished the prospect of James Webb, a war hero and former Reagan Navy secretary, challenging Republican Sen. George Allen (this November." But "beating Allen, a well-liked former Virginia governor who's also weighing a White House bid, will be a struggle, even for a Republican-turned-Democrat with Webb's made-for-the-movies portfolio." The AP adds, "Unlike most Democratic candidates, Webb is pursuing a populist strategy aimed at returning so-called 'Reagan Democrats' -- moderate, middle-class and largely rural whites -- to the Democratic Party." Those voters "have been unshakably loyal to the folksy, cowboy-booted Allen in two successful statewide campaigns and Allen remains formidable as he seeks re-election."

The Washington Times (6/15, McLaughlin, Bellantoni) reports House Democratic Caucus Chairman Brian J. Moran, "who remained neutral" in the primary, "predicted that Democrats would rally around Mr. Webb. … Former Gov. Mark Warner, the state's most popular politician, will lend his support to Mr. Webb, said Warner spokeswoman Ellen Qualls."

"Had Enough?" May Be Democrats' Slogan For Fall Campaigns. The Hill (6/15, Cusack) reports, "House Minority Leader Nancy Pelosi (D-Calif.) raised eyebrows Tuesday when she used a campaign phrase suggested for the Democrats early this year by former Speaker Newt Gingrich (R-Ga.). But it turns out that Pelosi is not alone. Democratic candidates for Congress across the country have been employing the phrase 'Had Enough?' in speeches and on their campaign websites." The Hill adds, "After national Democrats unveiled their 2006 slogan, 'Together We Can Do Better,' Gingrich in March said Democrats would be better off using 'Had Enough?' A month later, former Rep. Tim Roemer (D-Ind.) wrote an op-ed in The New York Times urging Democrats to embrace the phrase 'Had Enough? Vote Democratic!'" In an interview yesterday, Roemer "said the idea for the op-ed came to him after reading a story about Harry Truman that recounted that an advertising executive in 1946 suggested 'Had Enough?' to the Republican Party, which adopted the slogan. Later that year, Republicans gained control of both chambers of Congress."

Friends Say Richardson Will For President In 2008. In his Roll Call column (6/15), political analyst Stuart Rothenberg says, "Officially, New Mexico Gov. Bill

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Richardson (D) is focused on his November re-election race, even though it's expected to be relatively easy. And as chairman of the Democratic Governors Association, Richardson also hopes to lead his party to a gain of at least a few more governorships." But some Democratic insiders "insist that Richardson has more on his mind than that. They say he is telling friends and political allies that he has decided to run for president in 2008." Now, "savvy political insiders in the state give Richardson high marks as governor, praising his 'bold initiatives,' his willingness to take on challenging issues and his ability to sell his agenda." Whether "because of Richardson's policies or just plain good luck, New Mexico's economy has been strong, another considerable asset if he makes a White House run." Richardson's "greatest asset as a presidential candidate is the breadth of his political experience," and he "is a Hispanic." Richardson "is not without his vulnerabilities."

2008 Candidates Assessed For Poetical Value. In a New York Times op-ed (6/15), Calvin Trillin assesses the 2008 presidential race from the perspective of a deadline poet: "As the names of potential 2008 presidential candidates begin to get tossed around, you can't blame us for looking forward to having someone in the Oval Office who is more compatible with our needs. That is why I groan every time the eminently rhymable Bill Frist shoots himself in the foot. That is why I keep trying to reassure myself that the Republican base would never permit the nomination of Rudolph Giuliani. That is why, in a conversation about the possibility that the governor of Massachusetts could enter the race, I might burst out, 'To me, Romney is just another Clinton.'"

Report Documents Shortcomings Of Emergency Room System. ABC World News Tonight (6/14, story 6, :30, Gibson) reported, "500,000 times a year, that works out to about once every minute, an ambulance with a sick patient is turned away from an ER, which is full, and sent to another one further away. The Institute of Medicine says the emergency system is unprepared to handle disasters like a disease outbreak or a terrorist strike." The CBS Evening News (6/14, story 7, :25, Schieffer) reported, "The report points out that if our hospitals can barely handle a regular day's emergencies, they are hardly ready for something like a bird flu epidemic."

NBC Nightly News (6/14, story 5, Bazell) reported, "Today's report concludes that overcrowded facilities and overburdened staff have become a national crisis. One of the biggest problems is that the emergency room is the only way into the hospital for many people with no health insurance and hospitals don't get reimbursed for providing all of that care to the uninsured. To save money, many hospitals have shut down their ERs." To "solve the problem, the report recommends Congress allocate more money for emergency care and local communities set up coordination plans."

USA Today (6/15, Davis) reports the Institute of Medicine on Wednesday "released the Future of Emergency Care reports, which were prepared by a 40-member board after a two-year investigation. The IOM advises the government on science, medical and health issues. The reports warn that the U.S. lifesaving system is not only failing to handle daily emergencies but also could break down in the face of national disasters, including hurricanes, disease outbreaks or terrorist attacks."

The Washington Post (6/15, A1, Brown) reports in a front page story that emergency medical care "in the United States is on the verge of collapse, with the nation's declining number of emergency rooms dangerously overcrowded and often unable to provide the expertise needed to treat seriously ill people in a safe and efficient manner."

CBS Executives See No Future Role For Rather At 60 Minutes. The Washington Post (6/15, C1, Kurtz) reports CBS executives "have decided there is no future role at the network for Dan Rather, making it certain that the man who sat in the anchor chair for 24 years will depart by this fall." The executives "recognize Rather's contributions over four decades and are not trying to boot him because of the controversy surrounding his botched story on President Bush and the National Guard, say network sources who declined to be named while discussing a sensitive personnel matter. But the executives concluded there was no room for Rather at '60 Minutes,' particularly with incoming anchor Katie Couric planning to report a half-dozen stories a year and the hiring of CNN's Anderson Cooper as a part-time contributor." Rather's contract "expires in November, but the sources say he might leave before that, depending on negotiations with CBS." Rather has "said several times that 'my best work is still ahead of me.' He is described by friends as hurt and puzzled by the attitude of CBS management."

Poverty Relief Efforts, Debate Said To Continue On "Subterranean" Level. The Wall Street Journal (6/15, A1, Wessel) reports despite "decades of economic growth and technological progress, tens of millions of Americans still live in poverty. Efforts to reduce the ranks of the poor persist, but they have moved underground. Today's War on Poverty isn't marked by lofty presidential rhetoric. It is a guerrilla war with platoons of idealistic crusaders and skeptical scholars, with dozens of small-scale experiments and local initiatives that largely escape public notice." Yet to a "surprising degree, an intense subterranean debate over what causes poverty and what to do about it continues, and it has echoes of a debate that has hardly changed for a century."

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Poverty Statistics Examined. The Wall Street Journal (6/15, Wessel) also reports on the difficulty in counting the number of the poor, adding, "By the official measure, there were 37 million people living below the poverty line in 2004. Most (55%) were between 18 and 64, and most (68%) were white. But the poor are disproportionately children and disproportionately black: While 12.7% of the total population was below the poverty line, 17.8% of children under 18 and 24.7% of blacks were."

Charities Look For New Ways To Entice Bingo Players To Return. USA Today (6/15, Jones) reports charities "that run bingo games for money to sponsor food pantries, recreation programs for poor children and other activities are scrambling to find new customers. That's because many players who once crowded fraternal lodges and community centers to play bingo are flocking to casinos instead, drawn by bigger jackpots and flashier surroundings." To "help charities compete, gaming regulators are enabling non-profit groups to increase jackpots and use electronic gadgets that make it easier for customers to play several bingo cards at once. They're also requiring bingo hall owners to spruce up their venues to make them more fun for players."

US Politics Seen As Falling Along Nationalist Versus Globalist Lines. In his New York Times column (6/15), David Brooks says if American politics "could start with a clean slate today, the main argument wouldn't be between liberalism and conservatism, words that have become labels without coherent philosophies. The main fight would pit populist nationalism against progressive globalism." The populist nationalist party "would be liberal on economics, conservative on values and realist on foreign policy. It would bring together a wide array of people who are disenchanted with their respective parties' elites, and who would find they have a lot in common. It would bring Kevin Phillips together with Pat Buchanan, the Virginia senatorial candidate James Webb together with Lou Dobbs, Al Sharpton together with James Dobson." The "progressive globalists, on the other hand, would be market-oriented on economics, liberal on values and multilateral interventionists in foreign affairs. The leading spokesman for this movement would be Tony Blair. Domestically, it would be led by the major presidential aspirants, who don't differ much: John McCain, Hillary Clinton, Mitt Romney, Mark Warner and Rudy Giuliani."

Smithfield Criticized For Blocking Unionization. In his New York Times column (6/15), Bob Herbert says Smithfield Packing Company is "a case study in both the butchering of hogs (some 32,000 are slaughtered there each day) and the systematic exploitation of vulnerable workers. More than 5,500 men and women work at Smithfield, most of them Latino or black, and nearly all of them undereducated and poor." The big issue "at Smithfield is not necessarily money. Workers are drawn there from all over the region, sometimes traveling in crowded vans for two hours or more each day, because the starting pay — until recently, $8 and change an hour — is higher than the pay at most other jobs available to them. But the work is often brutal beyond imagining. Company officials will tell you everything is fine, but serious injuries abound, and the company has used illegal and, at times, violent tactics over the course of a dozen years to keep the workers from joining a union that would give them a modicum of protection and dignity." The United Food and Commercial Workers Union "has been trying to organize the plant since the mid-1990's. Smithfield has responded with tactics that have ranged from the sleazy to the reprehensible."

Allies Said To Have Soft-Pedaled Penalties To Woo Iran. The New York Times (6/15, Sciolino, Broad) reports, "When a formal incentives package by six nations to encourage Iran to curb its nuclear program was presented in writing in Tehran last week, it omitted a long list of potential punishments should Iran reject it," and "it was left to" EU foreign policy chief Javier Solana "to deliver news about the sticks — only orally." The Time says the "decision to focus on the benefits for Iran and to leave no paper trail about possible penalties reflects a new international negotiating strategy toward Iran." The six powers "have decided to treat Iran not as an errant child whose behavior must be modified or a rogue state that must be punished, but as a potential responsible negotiating partner. The possible punishments were kept separate and informal for two reasons: to prevent Iran from rejecting the offer out of hand and to maintain the fragile unity of the six nations that authored it. … The strategy also reflects the recent shift in the policy of the Bush administration, which has long portrayed Iran as the world's worst state perpetrator of terrorism, determined to become a nuclear power. It follows a decision last month by the administration to sit at the same negotiating table with Iran — if Iran fully suspended its uranium enrichment and reprocessing activities." The Times says "the lack of clarity about what constitutes possible penalties could give the Iranians the impression that they could seek even more concessions, as they have done in the past."

Ahmadinejad Lobbying China, Russia For Support. The AP (6/15, Dareini) reports President Mahmoud Ahmadinejad "is doing more than just attending an Asian security summit in China" – he "seeks to gain Russian and Chinese support at a critical moment for his country's nuclear program. He also aims to prove that his country is not isolated, despite U.S. claims to the contrary." While "past trips to Asia have been a chance for Ahmadinejad to tap into anti-U.S. sentiment and tout himself as a leader who is standing up to Washington," his "visit to China, which began

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Wednesday, will likely be more dedicated to intense diplomacy. [He] is expected to hold separate meetings with his Chinese and Russian counterparts…on the sidelines of the regional summit in Shanghai." The AP adds, "A key question for Iran is likely to be how much change it can seek in the package and still keep Moscow and Beijing's implicit protection. Iran has said it finds parts of the package acceptable but that other parts should be removed."

Hadley Says US Is Concerned About Iranian Influence In Iraq. National Security Adviser Stephen Hadley was asked on CNN's The Situation Room (6/14) what kind of assurances President Bush got from the new Iraqi Prime Minister "that Iran's influence in Iraq won't escalate." Hadley added, "Obviously, we're concerned about some of the Iranian influence in Iraq. There are a lot of Iraqis that are concerned about Iranian influence in Iraq. And one of the messages the government is making very clear to its neighbors is they need to be supportive of this effort to build democracy and prosperity and peace, not countering it. And that's an important message for them to send, and it's a message, of course, that we will reinforce and we hope the international community will reinforce as well."

Group Tied To Al Qaeda Said To Control Parts Of Somalia.

The Washington Times (6/15, Gertz) reports, "An Islamist group with ties to al Qaeda is quickly solidifying its grip on parts of Somalia and moving toward setting up a Taliban-style Islamist regime in the country, according to US officials familiar with events in the region. Armed militias of the group known as the Islamic Courts Union (ICU) defeated a US-backed group of Somali warlords called Alliance for the Restoration of Peace and Counterterrorism last week and control large sections of Mogadishu and seized a key town yesterday." The Times adds, "The officials familiar with terrorism and the Horn of Africa, including some who were recently in Somalia, said the Islamists now are seeking to publicly distance themselves from al Qaeda, which also is seeking to play down its ties to the ICU to avoid provoking a military response from the United States or other nations in the region."

Somali Warlords Lose Another Key Town To Islamists. The Washington Post (6/15, A16, Timberg) reports, "Islamic militias asserted control over southern Somalia on Wednesday by routing once-powerful secular warlords from one of their last remaining strongholds and moving closer to the headquarters of the country's fragile, U.N.-backed government." The warlord base at Jowhar "fell in a morning attack that left at least four people dead and prompted several remaining warlords to flee in heavily armed pickup trucks, according to news reports." The "largely powerless transitional government" continues to work out of Baidoa, 130 miles from Jowhar, "one of the last significant places in the southern region not controlled by the militias." The Post says the issue of whether to invite foreign peacekeepers into Somalia, a move the government supports, "threatened to drive apart the militias and the transitional government at a time when international officials are pushing the groups to negotiate a solution to Somalia's lasting trouble. Islamic militia leaders warned repeatedly in the past week that they would end discussions with the transitional government if it invited foreign troops to Somalia."

US, Europeans Will Seek To Craft Common Policy Toward Somalia. The New York Times (6/15, Cooper) reports, "American officials will sit down Thursday with their European counterparts to try to come up with an answer to this central question: Is there anyone left with any authority in Somalia with whom the United States can do business?" The "hurriedly convened Contact Group meeting in New York represents a State Department effort" to form "a new policy on Somalia after more than a decade of neglect. Diplomats are asserting more control over Somalia policy from the Central Intelligence Agency, on the ground that an approach that by many accounts has consisted largely of C.I.A. payments to Somali warlords has been counterproductive."

Palestinian Civil Servants Protest Lack Of Pay.

The New York Times (6/15, Fisher) reports, "Palestinian civil servants stormed the parliament building in the West Bank on Wednesday demanding back pay and chanting 'We are hungry!' Fistfights broke out as protesters hurled plastic water bottles at legislators from Hamas, the militant group that controls parliament, forcing the speaker to flee the building." It was "the second violent protest this week at parliament, in Ramallah, and underscored growing pressure on the Hamas government on several fronts."

Palestinian Medical Relief Plan Delayed By US Funding Rule. The New York Times (6/15, Weisman) reports, "A European proposal to provide aid for Palestinian health care has stalled because of concerns by the Bush administration that the plan may violate an American ban on paying salaries to a Hamas government." Although European experts "have proposed that the World Bank set up a mechanism through which donations from Europe and the Arab world can get to the Palestinians," American and European diplomats "say that might violate American sanctions laws, which could lead to penalties against any bank that allows a transfer of money to employees in a Hamas government, even if the transaction is overseen by the World Bank." The Times adds, "On top of these disputes is a fundamental difference in the American and European assessment of the situation in the West Bank and Gaza, officials on both sides say. European officials charge that there is a real humanitarian crisis because of the aid cutoff, and some say the Bush administration may actually be seeking to block funds in order to promote chaos and

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eventually bring down the Hamas government. Bush administration officials strongly deny the accusation."

More Commentary. The Wall Street Journal (6/15) editorializes, "Regarding the increasingly violent Palestinian feud between Hamas and Fatah partisans, it's tempting to recall Henry Kissinger's quip about the Iran-Iraq War: 'It's a pity both sides can't lose.' The tragedy is that the certain losers will be average Palestinians. … Too many Palestinians have postponed serious consideration of just what sort of state they wish to have, fixating instead on their endless and unreal claims on Israel: full withdrawal to the 1967 armistice lines, the "right of return" for the refugees of 1948 and their descendants, and so on. What is happening now in Ramallah is the result of that kind of political escapism. Until the Palestinians realize that they can't elect a terrorist group without consequence, there will never be any hope for their state, whenever its birth, whatever its borders."

UN Seeks Links Between Hariri Killing, Death Of Other Critics Of Syria. The Washington Times (6/15, Pisik) reports, "The chief UN investigator into the assassination of former Lebanese Prime Minister Rafik Hariri told the Security Council yesterday that he was seeking links between that death and the killings of 14 other critics of the Syrian regime." Serge Brammertz also "asked for an extension and expansion of his mandate and said he had received generally satisfactory cooperation from Syria."

Polls Find Anti-US Sentiment In Muslim World Soaring. The Washington Times (6/15, Stuhldreher) reports, "Anti-American sentiment in the Muslim world has reached startling levels, but positive US policies like disaster-relief efforts can help reverse the trend, according to poll results released yesterday." The data also "showed that large numbers of people in several of Iran's neighboring countries -- including 70 percent in Pakistan -- would favor a nuclear-armed Iran." The Times adds, "Terror Free Tomorrow, a nonpartisan, nonprofit organization with Sen. John McCain and several members of the 9/11 commission on its advisory board, commissioned the wide-ranging poll on nuclear programs and anti-Western sentiment among Iran's neighbors." When asked how they viewed the United States, "89 percent in Saudi Arabia, 84 percent in the United Arab Emirates, 71 percent in Turkey and 64 percent in Pakistan answered 'unfavorable.' Additionally, 66 percent of Pakistanis opposed the US-led fight against terrorism."

African Union Peacekeepers Unable To Control Situation In Darfur. The CBS Evening News (6/14, story 9, 4:10, Schieffer) reported that in the Darfur region of the Sudan, "today, the United Nations found evidence of the obvious, that people have been subjected to massacres and ethnic cleansing. UN peacekeepers will arrive this fall, but for now a tiny force from the African Union is the only protection the people have." CBS (Logan) added, "It's been called an African solution to an African problem. A job that would normally fall to the UN has until now been left to a small African Union force that's outnumbered and outgunned. They're still expected to restore security, but on this confidence-building patrol with the AU, we found that's not really happening."

Kenyan AIDS Orphan's Murder Said To Show Societal Strains. In a 1,600-word front-page feature, the Los Angeles Times (6/15, Sanders) tells the story of 14-year old orphan Isaiah Gakuyo, who's "death exposes gaps" that many experts identify in Kenya's HIV/AIDS support programs. Gakuyo's "brutal slaying" by a caretaker uncle is described by some "as an honor killing, symptomatic of the hatred and discrimination faced by millions of people living with HIV in Africa. … But even as the killing has shaken Kenyans and sparked a national debate over care and support for those living with HIV, it has also divided the country. Some sympathize with the family, characterizing the attack as a spontaneous fit of rage by an overburdened caretaker. The killing, they say, exposes deep gaps in the nation's AIDS support network, particularly for the 750,000 children, like Isaiah, orphaned by the disease."

Obrador Edging Ahead In Tight Mexican Race. The Financial Times (6/15, Thomson) reports Andrés Manuel López Obrador, "Mexico's leftwing candidate, is on course to become the country's next president in the July 2 election, according to two opinion polls out this week." Obrador "has now inched into the lead with 37 per cent of the vote against 35 per cent for Felipe Calderón" in a Reforma Daily poll, which "reinforces the results of a second poll published on Monday" that puts Obrador "3.2 per cent ahead of Mr. Calderón." The Times adds, "Political analysts on Wednesday said the biggest reason for Mr López Obrador's recovery was the perception that he had won an informal round of mud-slinging following this month's live presidential debate… Even so, pollsters still say it is too close to pick a winner." Roberto Madrazo of the PRI continues to poll a distant third.

In a 1,500-word election preview, the Los Angeles Times (6/15, Tobar) says left-wing candidate Andres Manuel Lopez Obrador "is seen as a salvation by some, a danger by others. One thing is sure: He knows politics." He "is the candidate of the common man (and, clearly, of the common woman) in this year's presidential campaign. His critics call him an irresponsible populist who will ruin Mexico's precarious economic stability, but to millions of others, the 52-year-old standard-bearer for the leftist Democratic Revolution Party is hope incarnate, a warrior and father figure rolled into

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one." The Times says Obrador, whom recent polling shows edging ahead of the right-of-center candidate Felipe Calderon, "fought off impeachment as mayor of Mexico City, took care of the capital's 'little grandmothers' with a monthly subsidy check and launched the most ambitious transportation projects in the traffic-choked metropolis in a generation. Now he's on a crusade to bring the most ambitious social and economic reforms Mexico has seen in decades." He maintains "an undeniably populist vision of Mexico's problems. He makes the crowd laugh and hiss as he strikes out at favorite punching bags," but "sometimes he gets carried away," and he "has many Mexicans wondering exactly what kind of president he might be if were to win the election July 2. Is he a demagogue in waiting? Or is he a democratic reformer who will finally earn the poor a seat at the table with the country's political elite?"

In related reporting, the Washington Post (6/15, A14, Roig-Franzia) says the debate over illegal immigration, which "draws millions of protesters to the streets of U.S. cities" and "touches off podium-pounding on Capitol Hill and passions among talking heads," remains "far from a blockbuster issue in this year's presidential contest. Even though developments in the United States have forced candidates to discuss migration more often in the past two months than in the early stages of the race, none of the three major contenders" has campaigned on the issue.

China Said To Be Softening Taiwan Policy. The Washington Post (6/15, A14, Cody) reports, "Gradually and without fanfare, China has substantially softened its stand on Taiwan, according to senior officials and diplomats. President Hu Jintao, they said, has begun to play down China's long-standing vow to recover the self-ruled island by force if necessary and shifted the focus to preventing any move toward formal independence." The change in tack "has brought China's policy on the volatile Taiwan issue closer to that of the United States." Hu is said to have told a senior official that "he had no plans to act militarily against Taiwan unless the status quo was changed in a way that risked causing him to 'lose face.' That concern reflected the ardor for reunification among many Chinese on the mainland." Hu maintains that "China's bottom line" is "that it would not allow the island to take decisive steps toward legal independence, the visitor recalled." The Post says the Administration "and allied governments have recognized Hu's shift in Taiwan policy and base their calculations on it, according to U.S. and other veteran diplomats in Asia. As a result, they added, a partnership of sorts has evolved in which Beijing relies on the United States to ensure that Chen does nothing to push China up against a wall." Senior Beijing leaders "have explained to" Secretary Rice "and others in Washington that they are concerned [Taiwanese President] Chen might seek to amend the constitution in a way that implies Taiwan is legally independent. In response, they said, U.S. officials have warned Chen in public and private against making substantial changes to the document."

Trial Of NYTimes Researcher Said To Highlight Government's Reliance On Secrecy. The New York Times (6/15, Lague) reports, "The trial of a researcher for The New York Times, which is to begin here on Friday, is evidence of China's increasing reliance on state secrecy laws to tighten control over information, experts in human rights and the legal system say." The researcher, Zhao Yan, who worked in the Beijing bureau of The Times, "is charged with fraud and disclosing state secrets. Mr. Zhao denies the charges. The Times also denies that he disclosed state secrets." The Times adds, "Critics of the case against Mr. Zhao accuse the authorities of applying all-embracing secrecy laws to contain public debate, burgeoning Internet discussion and sometimes rebellious news media."

In an editorial, the New York Times (6/15) says "it has become clear that the Chinese government wants to use this case to send a warning." The researcher's "unfair treatment at the hands of his prosecutors is meant to remind journalists in China that nobody is really safe when reporting on matters of state." But "the trumped-up charges against Mr. Zhao and the trial scheduled to open tomorrow also send another larger message to the world. If Mr. Zhao is convicted, it means that despite China's many advances in recent years, the government and the legal system are moving backward. It means that the government is tightening control over information. And it means that China is willing to abuse its citizens' rights and the country's legal code when it needs a scapegoat in the name of state security."

"Death Vans" Shuttle From Town To Town, Administering Lethal Injection. USA Today (6/15, Macleod) reports that China, "the country that executed more than four times as many convicts as the rest of the world combined last year is slowly phasing out public executions by firing squad in favor of lethal injections. Unlike the USA and Singapore, the only two other countries where death is administered by injection, China metes out capital punishment from specially equipped 'death vans' that shuttle from town to town." USA Today adds, "Makers of the death vans say the vehicles and injections are a civilized alternative to the firing squad."

US, Industry To Fight Global Movie, Music Piracy. The Washington Post (6/15, A1, Ahrens) reports, "The US government has joined forces with the entertainment industry to stop the freewheeling global bazaar in pirated movies and music, pressuring foreign governments to crack down or risk incurring trade barriers. … More than a decade of hard lobbying by two powerful trade groups, the Motion Picture Association of America (MPAA) and the Recording Industry Association of America (RIAA), has convinced U.S.

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lawmakers and law enforcement officials that it's worth using America's muscle to protect movie and music interests abroad. Now, lawmakers are calling the trade groups, asking what else Congress and the government can do for the entertainment industry."

Study Comparing US, Canadian Health Care Systems Criticized. David Gratzer, a senior fellow at the Manhattan Institute, writes in the Wall Street Journal (6/15), "Is socialized medicine the prescription for better health? A recent study comparing Americans and Canadians, widely reported in the press, seems to suggest just that. But there is much less here than meets the eye." In fact, "the data are ambiguous; Americans are more likely to have received a pap test and mammogram, as well as treatment for high blood pressure. Moreover, Americans are generally more satisfied with their health care. (The survey did not ask about access to specialist care or diagnostic imaging.)" The survey's "most trumpeted conclusion was that Canadians are healthier than Americans," because "we shouldn't confuse problems in public health with flaws in health-care systems. Americans may be heavier than Canadians, but this speaks more to genetics, diet, exercise and culture than to the accessibility or inaccessibility of health services."

Russian Government Seen As Encroaching On Media Freedom. Masha Lipman writes in the Washington Post (6/15, A27), "Earlier this month Moscow hosted a congress of the World Association of Newspapers. The organization's president, Gavin O'Reilly, deplored the Russian government's encroachments on media freedom. Then President Vladimir Putin took the podium to respond. The media's situation has grown better, not worse, he said: 'From year to year increasingly favorable conditions are emerging in Russia for media development.'" Lipman adds, "In its hypocrisy, its utter lack of credibility, Putin's statement was reminiscent of the most blatant Soviet propaganda. In fact, it's not just foreign observers but also Russian media professionals who are deeply concerned about state control of the media. … Today's Kremlin is wholly unconstrained. There is nothing, inside or outside the country, to stop Putin and his regime from doing anything they wish on the domestic scene -- political, media or otherwise."

Elimination Of Bomb-Grade HEU Urged. Mohamed ElBaradei, director-general of the International Atomic Energy Agency, and Jonas Gahr Store, the Norwegian minister of foreign affairs, write in the Financial Times (6/15), "Much attention is currently being given to the control of uranium enrichment technology, and rightly so. … But it makes equal sense to protect – or, better, eliminate – the bomb-grade HEU that already exists." They call for the minimization and eventual elimination of "the civilian use of HEU. … Second, all countries should agree to stop producing fissile material for use in nuclear weapons. … Third, to build trust, countries with civilian and military HEU stockpiles should be encouraged to release clear inventories of those stockpiles and to publish a schedule under which the remaining HEU will be verifiably downblended." ElBaradei and Store add that by "investing in these straightforward measures, we could reduce substantially the risk of nuclear terrorism."

THE BIG PICTURE:

Headlines From Today's Front Pages.

Los Angeles Times:
"Kenyan Teen's Death Exposes Gaps Seen In HIV/AIDS Support Network."
"Mexico's Lopez Obrador: A Common Man Bent On Change."
"Landlords Bullied L.A. Tenants Out To Gentrify Apartments, Suit Says."
"Chandlers Demand Breakup Of Tribune."
"An Accord Between The Getty And Italy Is Slow Going."
"Bush To Create World's Largest Marine Protected Area Near Hawaii."
"The Republican Party's Iraq Offensive."

USA Today:
"Inflation Spreads Beyond Energy."
"Emergency System Called Very Ill."
"Even As President Bush Warns That The U.S. Should Not 'Stand Down Too Soon,' Troops In Iraq Are Pushed To The Edge Fighting An Unseen Enemy."

New York Times:
"After Iraq Visit, An Upbeat Bush Urges Patience."
"Suspect Is Held In 4 Stabbings In Manhattan."
"A Modest Rise Still Amplifies Inflation Fears."
"Jihadist Or Victim: Ex-Detainee Makes A Case."
"That Wild Streak? Maybe It Runs In The Family."
"Woman Breaks Pin Barrier By Making The Pro Tour."

Washington Post:
"Bush To Declare Islands A National Monument."
"U.S. Emergency Rooms 'On Verge Of Collapse'."
"GOP Measure Forces House Debate On War."
"U.S. Joins Industry In Piracy War."
"Iraq Amnesty Plan May Cover Attacks On U.S. Military."
"Metro's Underground Music Scene."

Washington Times:
"Bush Rejects Iraq Pullout."
"Council Friends Told To Pay Tickets."
"Security Crackdown Begins In Baghdad."
"FEMA Official Rejects Katrina Fraud Report."

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"Marine May Call Murtha As Witness."
"Airbus Pays Price For Delays In Delivery Of Superjumbos."
"Containers Pile Up As Imports From China Soar."

Detroit Free Press:
"Jobless Rate Drop Has A Catch."
"Ford's Mexico Plan."
"Legislators Push To Allow All-Boy, All-Girl Schools."
"UAW Re-elects Gettelfinger."
"Karmanos Awaits Stanley Glory."

Atlanta Journal-Constitution:
"TV Breaks Out The Bleep Button."
"Democrats Scorch Use Of CDC Jet."
"ERs Near The 'Breaking Point.""
"Forsyth Schools Sour On Homemade Treats."

Houston Chronicle:
"Illegal Immigrant Sweep Nabs 2,179."
"'My little one, they killed her.'"
"Iraqi Plan May Pardon Rebels Who Shed Only U.S. Blood."
"Sculptor's Project Led To His Death."

Story Lineup From Last Night's Network News:
ABC: Bush-Iraq Progress; Baghdad Crackdown; Afghan Offensive; Illegal Immigrant Crackdown; Grassley-Unsafe Drug; Emergency Room Shortages; Iraq-US Politics; Tropical Storm Alberto; WV-Coal Illnesses; Bosnia Refugee-US Citizen.
CBS: Inflation-Interest Rates; Housing Market Slows; Bush-Iraq Progress; Baghdad Crackdown; VA Data Theft; Katrina Relief Fraud; Emergency Room Shortages; Tropical Storm Alberto; Darfur Peacekeepers; Revolutionary War Flags.
NBC: Bush-Iraq Progress; Bush-Approval Ratings; Baghdad Crackdown; Inflation-Interest Rates; Emergency Room Shortages; Illegal Immigrant Roundup; Katrina Relief Fraud; Bush-News Conference Gaffe; Breast Feeding.

Story Lineup From This Morning's Radio News Broadcasts:
ABC: Iraq-reconciliation plan, Bush-Iraq; Senate-spending bill; Afghanistan-US offensive; Bernanke speech; consumer prices; Wall Street; CA-conjoined twins separated.
CBS: Study-emergency care; MA-apartment building fire; CA-conjoined twins separated; Afghanistan-terror attack; Bush-Iraq; Illegal immigration crackdown; Stanley Cup finals.
NPR: Sri Lanka-terror act; Senate-spending bill; Afghanistan-terror attack; Canada Sistani fatwa; FEMA-hurricane aid; CT-Home Depot settlement; Stanley Cup finals.

WASHINGTON'S SCHEDULE:

Today's Events In Washington.
White House:

PRESIDENT BUSH — Participates in swearing-in ceremony for the US Trade Representative, Oval Office; speaks at the Initiative for Global Development's 2006 National Summit, Willard Hotel; signs S. 193, the Broadcast Decency Enforcement Act of 2005, Room 350, Eisenhower EOB; signs S.2803 - the MINER Act, Room 450, Eisenhower EOB; speaks on the Establishment of the Northwestern Hawaiian Islands National Monument, East Room; attends Congressional Picnic, South Lawn.

VICE PRESIDENT CHENEY — No public schedule.

US Senate: FLOOR SCHEDULE _ 9:30 a.m. Highlights: 10 a.m. Vote on Supplemental Appropriations Bill conference report. The Senate will then resume consideration of S. 2766, Defense Authorization Bill with the Santorum amendment re: Iran pending.

9 a.m. JUDICIARY _ Full Committee. Markup of pending legislation and votes on nominations. Location: Room 226, Dirksen.

9:30 a.m. ENVIRONMENT AND PUBLIC WORKS _ Superfund and Waste Management Subcommittee. Oversight hearing on EPA Superfund program.Testimony from Illinois Sen. Richard Durbin; Washington state Sen. Maria Cantwell; EPA office of Solid Waste and Emergency Response; Resources for the Future; Mt. Sinai Center for Children's Health and the Environment; Superfund Settlements Project; Edison Wetlands Association; and the Waste Policy Center. Location: Room 628, Dirksen.

10 a.m. BANKING, HOUSING AND URBAN AFFAIRS _ Full Committee. Hearing on the Office of Federal Housing Enterprise report on Fannie Mae. Acting Director James Lockhart III; SEC Chairman Christopher Cox; former Fannie Mae Chairman Franklin Raines; Fannie Mae President Daniel Mudd. Location: Room 538, Dirksen.

10 a.m. FOREIGN RELATIONS _ Full Committee. Hearing on nomination of Robert O. Blake Jr. to be ambassador to Sri Lanka, and to serve concurrently and without additional compensation as Ambassador to the Maldives. Location: Room 419, Dirksen.

10 a.m. HOMELAND SECURITY AND GOVERNMENTAL AFFAIRS _ Full committee. Resumes markup of S. 2145, the Chemical Facility Anti-Terrorism Act, and other bills. Location: Room 342, Dirksen.

10:30 a.m. COMMERCE, SCIENCE AND TRANSPORTATION _ Fisheries and Coast Guard Subcommittee. Hearing on the Coasat Guard budget. Commandant Adm. Thad Allen, Stephen Caldwell, GAO. Location: Room 562, Dirksen.

2 p.m. JUDICIARY _ Full Committee. Hearing on pending nominations. Witnesses: Sens. Cochran, Lott and Inhofe and Rep. Luis Fortuno, R-PR; also Jerome Holmes to be US Circuit Judge for the Tenth Circuit; Daniel Jordan III to be US District Judge for the Southern District of Mississippi;

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Gustavo Gelpi to be US District Judge for Puerto Rico. Location: Room 226, Dirksen.

2:30 p.m. SELECT INTELLIGENCE _ Full Committee. Closed briefing on pending matters. Location: Room 419, Hart.

US House: FLOOR SCHEDULE _ 10 a.m. Meets for legislative business. Highlights: H.R. 861 - Declaring that the U.S. will prevail in the global war on terrorism. 11:45 a.m. HASTERT-WAR ON TERROR _ House Speaker Dennis Hastert gives opening statement to begin the debate on the Global War on Terror.

9 a.m. APPROPRIATIONS _ Interior, Environment and Related Agencies Subcommittee. Hearing on the impact of illegal immigration and public and tribal lands. William T. Civish, District Manager, BLM Gila District; Mitch Ellis, Refuge Manager, Buenos Aires National Wildlife Refuge; Kathy Billings, Superintendent, Organ Pipe Cactus National Monument; Selanhongva McDonald, BIA Southwestern Regional Office; Tina Terrell, Forest Supervisor, Cleveland National Forest. Location: Room B-308, Rayburn.

9 a.m. JUDICIARY _ Courts, the Internet and Intellectual Property Subcommittee. Hearing on granting of minor patents which later have the threat of shutting down entire companies. attorney Ed Reines, Silicon Valley, Calif.; Dean Kamen, president, DEKA Research and Development Corp., Manchester, N.H.; Paul Misener, vice president, Global Policy, Amazon.com, Seattle; Huck Fish, vice president and chief patent counsel, Time Warner Inc., New York. Location: Room 2141, Rayburn.

10 a.m. AGRICULTURE _ General Farm Commodities and Risk Management Subcommittee. Hearing on eliminating waste, fraud and abuse in the Crop Insurance Program. Testimony from USDA, GAO, National Crop Insurance Services, Tarleton State University, and Vega Imaging Solutions. Location: Room 1300, Longworth.

10 a.m. GOVERNMENT REFORM _ Full Committee. Hearing on Homeland Security grants to communities in the national capital area. DHS Undersecretary George Foresman; Deputy D.C. Mayor Edward D. Reiskin; Robert Crouch, assistant to the governor, Commonwealth of Virginia; Dennis Schrader, director, Office of Homeland Security, State of Maryland; David Robertson, executive director, Metropolitan Washington Council of Governments. Location: Room 2154, Rayburn.

10 a.m. RESOURCES _ Fisheries and Oceans Subcommittee. Hearing on pending legislation. Location: Room 1324, Longworth.

10 a.m. TRANSPORTATION AND INFRASTRUCTURE _ Highways, Transit and Pipelines Subcommittee. Oversight hearing on intermodalism. Transportation Undersecretary Jeffrey Shane; Katherine Siggerud, GAO; Patrick Sherry, University of Denver; Daniel A. Grabauskas, general manager, Massachusetts Bay Transportation Authority; Peter McLaughlin, commissioner, Hennepin County; Rick Richmond, CEO, Alameda Corridor-East Construction Authority; Arthur Scheunemann, NW Container Services Inc.; Dave Roberts, Advanced Technologies Group; J. Robert Bray, executive director, Virginia Port Authority; Tim Lynch, American Trucking Associations. Location: Room 2167, Rayburn.

10 a.m. VETERANS AFFAIRS _ Oversight and Investigations Subcommittee. Hearing on patient safety. Testimony from James Bagian, chief patient safety officer, VA National Center for Patient Safety, Department of Veterans Affairs; John Daigh, Assistant Inspector General, VA; Daniel Schultz, Director, Center for Devices and Radiological Health, FDA; others. Location: Room 340, Cannon.

11 a.m. ENERGY AND COMMERCE _ Full Committee. Markup of HR 4157, the Better Health Information Technology Promotion Act; HR 5574, the Children's Hospital GME Support Reauthorization; HR 5573, Health Centers Renewal Act; H.Con. Res. 426, recognizing 10th anniversary of the Food and Drug Acts; S. 655, amending the Public Health Act. Location: Room 2123, Rayburn.

11 a.m. WAYS AND MEANS _ Social Security Subcommittee. Hearing on the Social Security Administration's improved disability determination process. Social Security Administrator Jo Anne B. Barnhart; Robert E. Robertson, GAO; Marty Ford, co-chairman, Social Security Task Force, Consortium for Citizens with Disabilities; Sarah H. Bohr, president, National Organization of Social Security Claimants' Representatives, Atlantic Beach, Fla.; James Hill, president, Chapter 224, National Treasury Employees Union, Cleveland; Ronald G. Bernoski, president, Association of Administrative Law Judges Inc., Sussex, Wis.; Gary Flack, chairman, Social Security Section, Federal Bar Association, Atlanta. Location: Room B-318, Rayburn.

11:30 a.m. HOMELAND SECURITY _ Management, Integration and Oversight Subcommittee. Hearing on the Homeland Security Department contract with Shirlingtonb Limousine and Transportation, which has been linked to former Rep. Randy Cunningham. Elaine C. Duke, chief procurement officer, Department of Homeland Security; Carolyn Smith, contracting officer, Office of Procurement Operations, DHS; Shirley Turner, contracting officer, Office of Procurement Operations, DHS; Kevin Boshears, director, Office of Small and Disadvantaged Business Utilization, DHS; Calvin Jenkins, deputy to the associate deputy administrator, Small Business Administration. Location: Room 311, Cannon.

2:30 p.m. RULES _ Full Committee. Markup of H.r. 4890 - Legislative Line Item Veto Act of 2006. Location: Room H-313, Capitol.

3 p.m. ARMED SERVICES _ Tactical Air and Land Forces Subcommittee. Hearing on the use of combat

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helmets, vehicle armor and body armor by ground forces in Iraq. Retired Navy Capt. Bob Meaders, founder, Operation-Helmet; Maj. Gen. Stephen M. Speakes, director, Force Development, Army G8; Maj. Gen. William D. Catto, commanding general, Marine Corps Systems Command; Deputy Assistant Navy Secretary Roger M. Smith; Maj. Gen. Gary McCoy, director, Logistics Readiness, Air Force. Location: Room 2118, Rayburn.

3:30 p.m. WAYS AND MEANS _ Full Committee. Markup of H.R. 4157 - Health Information Technology Promotion Act. Location: Room 1100, Longworth.

Other: GLOBAL DEVELOPMENT _ The Initiative for Global Development holds its National Summit. Speakers include Bill Gates, Sr., former EPA Administrator Bill Ruckelshaus, retired Gen. John Shalikashvili, former Secretaries of State Madeleine Albright and Colin Powell. Highlights: 9:35 a.m. President Bush speaks. 1:30 p.m. Forum CEO Donald Evans. Location: Willard Inter-Continental Hotel, 1401 Pennsylvania Ave. NW.

HEALTH INFORMATION _ The E-Gov Institute sponsors its Second Annual Government Health IT Conference & Exhibition, ``The National Health Information Network: Partnerships, Progress, Results." Highlights: 8 a.m. Rhode Island Governor Donald Carcieri delivers keynote address. 9:15 a.m. Session on ``Health Information Technology Certification Update," with Alisa Ray, Executive Director, Certification Commission for Healthcare Information Technology; Stephen Badger, CEO, George Washington University Medical Faculty Associates; and Karen Bell, M.D., Director, Office of Health IT Adoption, Office of the National Coordinator for Health Information Technology, Department of Health and Human Services. 10:30 a.m. Session on ``Applying Technology to Healthcare to Enable Higher-Quality, More Economical and More Accessible Healthcare," with Jason, Kimrey, Area Director, Mid-Atlantic Region, Intel Digital Health Group, Intel; others. 2 p.m. Session on ``Governance: Privacy and Protecting the Public Interest , `` with James Reardon, Senior Associate, Booz Allen Hamilton, others. Location: Ronald Reagan Building, 1300 Pennsylvania Ave. NW.

KATRINA COMMISSION _ The Katrina National Justice Commission, sponsored by the the Samuel DeWitt Proctor Conference, holds its first round of hearings to discuss successes and failures regarding Hurricane Katrina. Location: Lutheran Church of the Reformation, 212 E Capitol St.

DHS PRIVACY _ 8:30 a.m. The Homeland Security Department holds a workshop, ``Operating Privacy: Compliance Frameworks and Privacy Impact Assessments." Location: GSA offices, 7th and D Sts. SW. Notes: TSA Administrator Kip Hawley speaks at 8:45 a.m.

IMMIGRATION _ 8:30 a.m. Sen. Jeff Sessions, others, hold a panel discussion sponsored by the Center for Immigration studies to discuss illegal immigration, amnesty and past programs. Location: National Press Club.

US-KOREA-TRADE _ 8:30 a.m. Ambassador Lee Tae-sik of the Republic of Korea and Sen. Max Baucus, ranking member of the Senate Finance Committee, hold breakfast discussion on trade issues. Location: Room G-11, Dirksen.

NATIONAL GUARD/RESERVES _ 9 a.m. The Commission on the National Guard and Reserves holds a hearing on the roles of National Guard and Reserve at home and abroad. Delaware Gov. Ruth Ann Minner; Christine Wormuth of CSIS. Location: Room 2118, Rayburn.

MEDICARE RX _ 9:30 a.m. - 1:30 p.m. The Healthcare Leadership Council hosts a forum examining lessons learned fromn the launch of Medicare Part D and implications for the program's future. Highlights: Mark McClellan, MD, commissioner, Center for Medicare and Medicaid Services. Location: Columbus Club, Union Station Foyer.

POLLSTERS-MARKET RESEARCH _ 9:45 a.m. - 10:45 a.m. Four of the nations leading political pollsters will discuss the techniques used in polling for political campaigns and how to apply that to business in the US. A lesson on how consumers view clients in the competitive landscape, and how to utilize traditional polling techniques in corporate market research, will be the topic of a panel discussion at the Marketing Research Associations Annual Conference. Speakers are: Joel Benenson, founding Partner and President of Benenson Strategy Group, a Democratic research and consulting firm; Ed Goeas, President and C.E.O. of The Tarrance Group, a national Republican survey research firm; Bill McInturff, partner and co-founder of the Republican polling firm Public Opinion Strategies; and Mark Mellman is CEO of The Mellman Group, one of the nations leading Democratic polling and consulting firms. Location: J.W. Marriott Hotel, Salon E/F/G, 1331 Pennsylvania Ave. NW.

STEM CELLS _ 10 a.m. Sen. Rick Santorum hosts a panel discussion on alternative methods to deriving embryonic-like stem cells in waysa that do not require destruction of a human embryo. Participants include Dr. Markus Grompe, Oregon Health and Science University; Dr. William B. Hurlbut, Stanford University; Dr. Rudolf Jaenisch, White Head Institute, MIT; Dr. Alan Russell, University of Pittsburgh; Francisco Silva, PrimeCell Therapeutics, LLC; George Sing, Stemnion. Location: Room S-120, Capitol.

USTR-BRITAIN _ 10:30 a.m. USTR Susan Schwab meets with British Trade and Industry Secredtary Alistair Darling. Photo op only. Location: USTR offices, 600 17th St. NW.

PELOSI _ 10:45 a.m. House Democratic leader Rep. Nancy Pelosi holds her weekly news briefing. Location: Room H-206, Capitol.

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ABORTION _ 11 a.m. The National Abortion Federation holds a telephone briefing to discuss a report discussing allegedly deceptive tactics of Crisis Pregnancy Centers. Notes: For details and to RSVP call Alexis Rice, 202-667-5881, ext. 219.

DOHA ROUND-MANUFACTURING _ 11 a.m. Representatives of the National Association of Manufacturers and the Confederation of European Business discuss the latest developments from the Doha Round of the WTO negotiations. Location: Industry Room, NAM, Suite 600, 1331 Pennsylvania Ave. NW.

KATRINA-CONTRACT BIDS _ 11 a.m. Sens. Barack Obama (D-IL) and Tom Coburn (R-OK) hold press conference on bill to require competitive bids for Katrina reconstruction in excess of $500,000. Location: Senate Radio-TV.

COMPETITIVENESS _ 11:45 a.m. Media availability with Commerce Secretary Gutierrez, Mexican Economy Minister Sergio Garcia de Alba, Canadian Industry Minister Maxime Bernier, others, following the initial meeting of the North American Competitiveness Council. Location: Main Commerce.

BLIND VETERANS _ 11:30 a.m. - 1:30 p.m. The Blinded American Veterans Foundation holds its 21st annual Congressional Awards Ceremony and will present its George ``Buck'' Gillispie Award for Meritorious Service to Sens. Larry Craig, R-Idaho, and Joseph Lieberman, D-Conn. Also at the program, the BAVF's Carlton Sherwood Media Award will be presented to WUSA9 TV's Madeline LaCore and the Web site Military.com. E. ``Swede'' Huelsewede and William Lehtio will receive the BAVF's George W. Alexander Memorial Volunteer Award, with the Foundation's Corporate Award going to McCormick & Schmick's Seafood Restaurant, whose president will accept the award. Location: Room 334, Cannon House Office Building.

ECONOMY-FORD _ 12 p.m. Ellen Hughes-Cromwick, Chief Econbomist, Ford Motor Co. discusses the auto industry at a National Economists Club luncheon. Location: Chinatown Garden Restaurant, 618 H St. NW.

ESCHENBACH _ 12 p.m. Acting FDA Commissioner Andrew von Eschenbach gives the keynote speech at the National Italian American Foundation public policy forum. Location: Gold Room, Rayburn.

NORTHERN IRELAND _ 12:30 p.m. The US. Institute of Peace holds an event on the Northern Ireland peace process with Stephen Farry of the institute. Location: 2nd floor conference room, 1200 17th St. NW.

BOEHNER-REAL ESTATE _ 1 p.m. House Majority Leader John Boehner gives keynote address at Real Estate Roundtable's Annual Meeting. Location: Mandarin Oriental Hotel.

RAILROADS-ELECTRIC RELIABILITY _ 1 p.m. The Federal Energy Regulatory Commission meets with utility and railroad representatives to discuss railroad coal delivery matters and their impact on markets and electric reliability. Location: Commission meeting room, 888 1st St. NE.

PENTAGON MEMORIAL _ 1:30 p.m. Groundbreaking ceremony for the Pentagon 9/11 Memorial, with Defense Secretary Rumsfeld, Joint Chiefs of Staff Chairman Gen. Peter Pace, others. Location: Pentagon.

IRAN _ 3 p.m. The Middle East Media Research Institute holds a briefing titled ``Must See Iran TV II,'' sponsored by Sens. Rick Santorum and Evan Bayh. Location: Room S-207, Capitol.

SOMALIA-ISLAMIC UPRISING _ 3 p.m. The National Press hosts an afternoon newsmaker, ``The New Face of Islamic Uprising in Somalia and the Role of the United States. Speakers are Omar Jamal, director of the Somali Justice Advocacy Center; and Herman Cohen, former U.S. assistant secretary of state for Africa. Location: National Press Club, Zenger Room.

CHAO _ 3:30 p.m. Labor Secretary Chao speaks to Sen. Wayne Allard's Capital Conference on the success of the administration's economic policies. Location: Room G-50, Dirksen.

USTR-MEXICO _ 5 p.m. USTR Susan Schwab holds a photo opportunity with Mexican Economy Secretary Sergio Garcia de Alba Zepada. Location: USTR offices, 600 17th St. NW.

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DEPARTMENT OF JUSTICE *NEWS CLIPS*

PREPARED FOR THE OFFICE OF PUBLIC AFFAIRS, US DEPARTMENT OF JUSTICE

TO: **THE ATTORNEY GENERAL AND SENIOR STAFF**

DATE: **THURSDAY, JUNE 15, 2006 7:45 AM EDT**

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TERRORISM NEWS:

Judge Rules That U.S. Has Broad Powers To Detain Noncitizens Indefinitely (NYT)

By Nina Bernstein

The New York Times, June 15, 2006

A federal judge in Brooklyn ruled yesterday that the government has wide latitude under immigration law to detain noncitizens on the basis of religion, race or national origin, and to hold them indefinitely without explanation.

The ruling came in a class-action lawsuit by Muslim immigrants detained after 9/11, and it dismissed several key claims the detainees had made against the government. But the judge, John Gleeson of United States District Court for the Eastern District of New York, allowed the lawsuit to continue on other claims, mostly that the conditions of confinement were abusive and unconstitutional. Judge Gleeson's decision requires top federal officials, including former Attorney General John Ashcroft and Robert S. Mueller III, the F.B.I. director, to answer to those accusations under oath.

This is the first time a federal judge has addressed the issue of discrimination in the treatment of hundreds of Muslim immigrants who were swept up in the weeks after the 2001 terror attacks and held for months before they were cleared of links to terrorism and deported. The roundups drew intense criticism, not only from immigrant rights advocates, but also from the inspector general of the Justice Department, who issued reports saying that the government had made little or no effort to distinguish between genuine suspects and Muslim immigrants with minor visa violations.

Lawyers in the suit, who vowed to appeal yesterday's decision, said parts of the ruling could potentially be used far more broadly, to detain any noncitizen in the United States for any reason.

"This decision is a green light to racial profiling and prolonged detention of noncitizens at the whim of the president," said Rachel Meeropol, a lawyer for the Center for Constitutional Rights, which represented the detainees. "The decision is profoundly disturbing because it legitimizes the fact that the Bush administration rounded up and imprisoned our clients because of their religion and race."

A spokesman for the government, Charles S. Miller, would not respond to those assertions, saying only that the Justice Department was "very pleased that the court upheld the decision to detain plaintiffs, all of whom were illegal aliens, until national security investigations were completed and plaintiffs were removed from the country." He said the government was reviewing the rest of the opinion to decide whether to appeal the rulings Judge Gleeson made to allow the plaintiffs' other claims to proceed.

In his 99-page ruling, Judge Gleeson rejected the government's argument that the events of Sept. 11 justified extraordinary measures to confine noncitizens who fell under suspicion, or that the attacks heightened top officials' need for government immunity to combat future threats to national security without fear of being sued.

But his interpretation of immigration law gave the government broad discretion to enforce the law selectively against noncitizens of a particular religion, race or national origin, and to detain them indefinitely, for any unspecified reason, after an immigration judge had ordered them removed from the country.

"The executive is free to single out 'nationals of a particular country' and focus enforcement efforts on them," the judge wrote. "This is, of course, an extraordinarily rough and overbroad sort of distinction of which, if applied to citizens, our courts would be highly suspicious."

Yet, he continued, the Supreme Court has repeatedly held that Congress and the executive branch, in exercising their broad power over naturalization and immigration, can make rules that would be unacceptable if applied to American citizens.

In the judge's view, the government has the right to detain people indefinitely as long as their eventual removal is "reasonably foreseeable." If that interpretation stands, it could apply to millions of noncitizens, including tourists removable for visa violations, said Gerald L. Neuman, a law professor at Columbia who is an expert in human rights law and was not involved in the case.

"It doesn't seem to limit the motives the government has to have in being slow in removing them; it could even be just basic neglect," he said.

But Professor Neuman cautioned that "it's only a district judge's decision."

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"The decision encourages the government to behave this way without fear of financial liability," he said, but it does not carry the weight of a ruling by an appellate court. "This interpretation is attackable even among other judges in Brooklyn, let alone Lower Manhattan."

But David Cole, a law professor at Georgetown University and a co-counsel in the lawsuit, said the ruling was the only one of its kind and made New York "an equal protection-free zone" because the government can detain immigrants wherever it chooses.

"What this decision says is the next time there is a terror attack, the government is free to round up every Muslim immigrant in the U.S., based solely on their ethnic and religious identity, and hold them on immigration pretexts for as long as it desires," he said. "We saw after 9/11 what the government did in an era of uncertainty about how far it can go. Judge Gleeson has essentially given them a green light to go much further."

The class-action lawsuit, Turkmen v. Ashcroft, is the first and largest of several brought by immigrants held after 9/11. The named plaintiffs in the case include former detainees who came back to the United States this year for depositions and were required to be in the custody of federal marshals at all times. Among them were Hany Ibrahim, a deli worker, and his brother, Yasser, a Web designer, Egyptian Muslims who said then that putting themselves back in the hands of the government they were suing was an act of faith in America.

Yesterday, Yasser Ibrahim, who had lived in New York for three or four years on an expired tourist visa and was delivered in shackles to the Metropolitan Detention Center in Brooklyn soon after Sept. 11, said through his lawyers that he was shocked and very disappointed by the judge's decision.

"I can't believe the court would allow this to happen," he said." I am frightened for other Muslims in the United States, who could face the same discrimination and abuse that I suffered."

Judge: 9/11 Jailings Lawsuit Can Proceed (NEWSDAY)

By ANTHONY M. DESTEFANO, Newsday Staff Writer

Newsday, June 15, 2006

A federal judge ruled Wednesday that several illegal immigrants from the Middle East could press a lawsuit in which they claim they were detained after Sept. 11 in unsanitary and overcrowded jails in Brooklyn and New Jersey.

But at the same time, U.S. District Judge John Gleeson said federal agents had the right under the law to detain the men, now deported, for up to seven months after the terror attacks while they tried to determine whether the men were terrorists or could help with criminal investigations.

In a 99-page decision, Gleeson, sitting in Brooklyn, said that even if the government held the immigrants for deportation proceedings as a cover for keeping them in the U.S. for possible criminal cases, the law allows such action.

"An ulterior motive in this context does not render illegal conduct that was within the bounds of the government's authority," said Gleeson. "An officer who wants to search a suspect's car for a handgun can pull him over ... for changing lanes without using his blinker (a traffic violation) even if the officer has no interest in enforcing the laws requiring drivers to signal a lane change.

"Similarly, the government may use its authority to detain illegal aliens pending deportation, even if its real interest is building criminal cases against them," reasoned Gleeson.

The ruling came in a lawsuit filed by eight men from the Mideast who were arrested on immigration violations following the Sept. 11 attacks. All but one of the men is a Muslim. They filed suit over their arrest and confinement, alleging they were held far longer than necessary after final orders of deportation or voluntary departure were issued.

They also said the conditions at the Brooklyn federal detention center and Passaic County jail in New Jersey were harsh, with inadequate medical care and overcrowding.

Gleeson is allowing the claims dealing with jail conditions to go forward. The case was filed in 2002 against then-U.S. Attorney General John Ashcroft, FBI director Robert Mueller, and immigration and prison officials.

"The department is very pleased that the court upheld the decision to detain plaintiffs, all of whom were illegal aliens, until national security investigations were completed and plaintiffs removed from the country," said Justice Department spokesman Charles Miller.

Miller said the government was considering whether to appeal Gleeson's decision on the jail claims.

Attorneys for the Center For Constitutional Rights, who represented some of the men, said they, too, are considering an appeal.

Federal Government Tries To Block N.J. Officials From Getting Phone Company Records (AP)

DOJ_NMG_0034157

By Mark Sherman, Associated Press Writer

AP, June 15, 2006

WASHINGTON (AP) The federal government sued the New Jersey attorney general and other state officials Wednesday to stop them from seeking information about telephone companies' cooperation with the National Security Agency.

The unusual filing in U.S. District Court in Trenton, N.J., is the latest effort by federal authorities to halt legal proceedings aimed at revealing whether and how often AT&T, Verizon and other phone companies have provided customer records to the NSA without a court order.

New Jersey Attorney General Zulima Farber, a Democrat, and other officials sent subpoenas to five carriers on May 17, asking for documents that would explain whether they supplied customer records to the NSA, the lawsuit said.

The subpoenas followed by a few days a USA Today report that the phone companies had complied with the secretive agency's request for the phone records of millions of ordinary Americans after the Sept. 11 attacks.

The companies' deadline to respond to the subpoenas is Thursday, the federal lawsuit said.

Farber subpoenaed the phone companies for information because she suspected state consumer protection laws may have been violated if in fact the phone companies were turning over such records, Farber spokesman David Wald said.

``The phone companies were turning over information without any notice to consumers," Wald said. ``We were seeking to protect the people of New Jersey."

The Justice Department said more than 20 lawsuits have been filed around the country alleging that the phone companies illegally assisted the NSA. The government says sensitive national security information would be revealed if judges allow those cases to proceed.

The American Civil Liberties Union also has filed complaints in more than 20 states, including New Jersey, asking state utility commissions and attorneys general to investigate.

In this matter, the federal government said the New Jersey officials are treading on federal turf and that the companies, if forced to comply with the subpoenas, would be confirming or denying the existence of the program. President Bush and other top federal officials have refused to do that.

Assistant Attorney General Peter Keisler also warned lawyers for the phone companies that responding to the subpoenas ``would violate federal laws and executive orders."

A separate letter that Keisler, head of the department's Civil Division, sent to Farber made the same points, but it took a softer approach.

``We sincerely hope that you will withdraw the subpoenas, so that litigation over this matter may be avoided," Keisler said.

Associated Press writer Beth DeFalco in Trenton, N.J., contributed to this report.

Specter: 'My Bill Would Light The Way' (USAT)

USA Today, June 15, 2006

My legislation calls for the Foreign Intelligence Surveillance Court to determine the constitutionality of the president's electronic surveillance program. It recognizes the importance of protecting our nation by keeping the program secret while protecting civil rights by providing for judicial review to guarantee the program is lawful.

I believe the program violates the Foreign Intelligence Surveillance Act. Notwithstanding that violation, the president might have the authority to order the surveillance under his inherent Article II constitutional authority, which supersedes a statute.

OUR VIEW: Congress keeps itself, public in the dark on surveillance

A determination of whether the president has such power depends on the court's balancing the national security interests against the Fourth Amendment's prohibition of unreasonable searches and seizures. The president does not have a "blank check." The determination of constitutionality is up to the court, which is uniquely qualified to make that judgment because of its unblemished record for secrecy and expertise.

My bill would not grant retroactive amnesty or immunity for any past violations of law. It would explicitly recognize the president's Article II power, providing it meets the balancing test. My bill, like any statute, would not be able to add or subtract from the president's Article II power. It is what it is.

The Judiciary Committee has deferred, not abandoned, oversight over any presidential program to obtain telephone company records on calls and callers. I did not have enough votes last week to obtain subpoenas or move into closed session.

Congress' ability to conduct effective oversight depends on what political price the president has to pay for resisting congressional scrutiny. The overwhelming vote to confirm Gen. Michael Hayden, the former NSA director, to be CIA director (78 to 15 — my protest vote was the only Republican opposition) suggests the president hasn't yet paid a price with adverse public reaction.

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The vice president's immediate, extensive response to my critical letter brought the first administration concession for negotiations on my bill, where progress is being made. There is also the prospect of getting more information on what the phone companies have been doing. My committee and I are determined to fulfill our Constitutional responsibility for oversight. So, stay tuned!

Sen. Arlen Specter, R-Pa., is chairman of the Senate Judiciary Committee.

Congress Keeps Itself, Public In The Dark On Surveillance (USAT)

USA Today, June 15, 2006

With its wiretapping of international phone calls and collecting a database of domestic phone records, the Bush administration is busy watching for evildoers.

Unfortunately, spying on those who pose a threat is not easily separated from spying on everyone else, and no one is watching the Bush administration with equal attentiveness. Despite lots of rhetoric, Congress has offered little to fulfill its duty to act as a check on the executive branch.

OPPOSING VIEW: Specter says his bill lights the way

Today, six months after The New YorkTimes disclosed that the National Security Agency has been wiretapping international phone calls of U.S. residents without court orders, and one month after USA TODAY revealed that the NSA has been compiling a huge database of domestic phone records, Congress is poised for its first action.

The Senate Judiciary Committee is set to consider a bill by its chairman, Arlen Specter, R-Pa., that would consolidate a gaggle of lawsuits challenging the constitutionality of the warrantless wiretapping program. It would send the issue to a special court created by the Foreign Intelligence Surveillance Act (FISA), which approves — or in some rare instances denies — wiretap requests.

Specter's goals are admirable. He wants to ensure that challenges to these programs get their day in court and are not dismissed on technical grounds. But his measure would do more harm than good. It appears to embrace the president's dubious claim that he has the constitutional authority to order wiretaps without the FISA court's approval.

By explicitly stating that the president might have such authority, Congress not only would fail to guard its constituents' privacy, it would also deepen the risk. Its actions could influence the court's thinking on the legality of the wiretaps. (An earlier version of the bill would have retroactively shielded officials who carried out the program from prosecution, raising the question: If the program is perfectly legal, as the administration insists, why would anyone need amnesty?)

A more meaningful approach on the wiretapping would be to reaffirm the FISA court's role and require that the administration either comply with the 1978 FISA law or propose changes if it is inadequate to today's global war on terror.

As for the secret database of phone records, Specter has said that lawmakers are "flying blind," and he threatened to summon telephone company executives before his committee to testify. But, amid pressure from committee Republicans and meddling by Vice President Cheney, Specter backed down — he says temporarily — from calling them.

Apparently not content to ignore Congress, the White House is now trying to run it. In an angry letter to Cheney, Specter said he had been advised that "the telephone companies had been instructed not to provide any information" to his committee.

Congress has a right and a responsibility to learn about these secret programs — whether the vice president likes it or not. The wiretapping program might involve an unlawful expansion of executive power carried out under a cloak of secrecy. The call records program also raises constitutional questions, as well as the likelihood that such a vast database will inevitably be abused, by this administration or a future one.

Fireworks between Congress and the White House might light up headlines. But the public remains largely in the dark about government snooping.

A Leap Of Faith, Off A Cliff (NYT)

The New York Times, June 15, 2006

On Monday, the Bush administration told a judge in Detroit that the president's warrantless domestic spying is legal and constitutional, but refused to say why. The judge should just take his word for it, the lawyer said, because merely talking about it would endanger America. Today, Senator Arlen Specter wants his Judiciary Committee to take an even more outlandish leap of faith for an administration that has shown it does not deserve it.

Mr. Specter wants the committee to approve a bill he drafted that tinkers dangerously with the rules on wiretapping, even though the president has said the law doesn't apply to him anyway, and even though Mr. Specter and most of the panel are just as much in the dark as that judge in Detroit. The bill could well diminish the power of the Foreign Intelligence Surveillance Act, known as FISA, which was passed in 1978 to prevent just the sort of abuse that Mr. Bush's program represents.

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The committee is considering four bills. Only one even remotely makes sense now: it would give legal standing to groups that want to challenge the spying in court. The rest vary from highly premature (Senator Dianne Feinstein's proposed changes to FISA) to the stamp of approval for Mr. Bush's claims of unlimited power that Senator Mike DeWine drafted.

Mr. Specter's bill is not that bad, but it is fatally flawed and should not go to the Senate floor. He is trying to change the system for judicial approval of government wiretaps in a way that suggests Congress is facing a technical problem with a legislative solution, when in fact it is a constitutional showdown.

There is also a practical problem: a bill on the floor of this Senate becomes the property of the Republican leadership, which will rewrite it to the specifications of Vice President Dick Cheney, the man in charge of this particular show of imperial power. Mr. Specter, of all people, should have no doubt of that, having been forced to watch in embarrassment last week as Mr. Cheney seized control of the committee's deliberations on the spying issue.

Mr. Specter says his bill would impose judicial review on domestic spying by giving the special court created by FISA power to rule on the constitutionality of the one program that Mr. Bush has acknowledged. But the review would be optional. Mr. Specter's bill would eliminate the vital principle that FISA's rules are the only legal way to eavesdrop on Americans' telephone calls and e-mail. It would give the president power to conduct surveillance under FISA "or under the constitutional authority of the executive." That merely reinforces Mr. Bush's claim that he is the sole judge of what powers he has, and how he exercises them.

Mr. Specter's lawyers have arguments for many of these criticisms, and say the bill is being improved. But the main problem with the bill, like most of the others, is that it exists at all. This is not a time to offer the administration a chance to steamroll Congress into endorsing its decision to ignore the 1978 intelligence act and shred constitutional principles on warrants and on the separation of powers. This is a time for Congress to finally hold Mr. Bush accountable for his extralegal behavior and stop it.

Bush Offers No Timeline For Closing Gitmo Prison (USAT)

By Laura Parker

USA Today, June 15, 2006

Justices must rule on how detainees will be tried, president says

President Bush said Wednesday that he'd like to close the U.S. military-run prison at Guantanamo Bay, Cuba, where three detainees committed suicide Saturday. He said he was awaiting a Supreme Court decision about how terrorism suspects there could be tried.

“I'd like to close Guantanamo, but I also recognize that we're holding some people there that are darn dangerous and that we better have a plan to deal with them in our courts,” Bush said at a news conference in the White House Rose Garden.

It was the second time in recent weeks that Bush has said he hoped to eventually shut down the prison, where 460 mostly Muslim foreigners are being held as unlawful enemy combatants.

The suicides on Saturday of two Saudis and a Yemeni, who hanged themselves with bedsheets, have increased pressure from groups such as Amnesty International and Human Rights Watch to close the prison. European leaders renewed criticism of the facility and might press the point with Bush when they meet him in Vienna for a European Union summit on June 21.

The White House says detainees are treated fairly and humanely. All receive a review by military officers of their status as enemy combatants and are allowed to contest it. Lawyers for the detainees say they should be charged with crimes or released.

Ten detainees have been charged with crimes.

“The government should be ashamed that it has kept people four years without charges,” said Nancy Hollander, a defense lawyer for a detainee.

There have been 41 reported suicide attempts since the prison opened in January 2002. Periodic hunger strikes have taken place. One last month involved 75 detainees.

Bush acknowledged that the prison has damaged the United States' reputation abroad.

“No question, Guantanamo sends a signal to some of our friends — provides an excuse, for example, to say the United States is not upholding the values that they're trying to encourage other countries to adhere to,” he said.

He reiterated that the detainees are among the world's most dangerous terrorism suspects and that it is legal to hold them until the war on terrorism ends.

Navy Rear Adm. Harry Harris, commander of Guantanamo, had termed the suicides an act of “asymmetrical warfare” against the United States.

Hollander, the attorney, called the description “despicable.”

“The question to ask at some point is what would our government do if an American were being held in a foreign country under similar circumstances?” she said.

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James Yee, the former Army chaplain at Guantanamo who was accused as a traitor and later exonerated, said the deaths more likely reflect the despair the inmates have over being held.

“This is a greater indication that these individuals were crying out for help,” he said.

The suicides are the first at the prison. The military has said it will conduct a review of its operations there. An Afghan delegation returning from a 10-day visit to Guantanamo said Wednesday that conditions there were “humane.”

Bush also said that “eventually, these people will have trials.”

Military commissions for the 10 men charged were halted when Salim Ahmed Hamdan, a Yemeni who is accused of serving as a bodyguard for Osama bin Laden and delivering weapons to al-Qaeda, challenged the constitutionality of the military tribunal at which he was scheduled to be tried. The Supreme Court decision on the case is expected before the end of this month.

Mark Denbeaux, a law professor at Seton Hall Law School in New Jersey, said the president doesn't need the high court's ruling to either close the prison or allow detainees to be given hearings challenging the U.S. right to detain them without charges.

“Surely the president is powerful enough to give people he's held for four years a hearing,” he said.

Bush Faces Dilemma Over Demands To Close Guantanamo Bay (KRT)

By Jonathan S. Landay, Marisa Taylor

Knight Ridder, June 15, 2006

WASHINGTON - President Bush reiterated Wednesday that he'd like to close the prison at Guantanamo Bay, Cuba, but his administration is facing an awkward political and legal quandary over what to do with the estimated 460 detainees being held there.

Anger over the administration's detention policies, coupled with allegations of prisoner abuse, the force-feeding of hunger strikers and riots at the facility, have caused even some close allies to demand its closure and hobbled the administration's ability to promote democracy and human rights overseas.

Saturday's suicides of three inmates further sullied the United States' image and provoked new calls for shuttering the prison, a demand that Bush will hear again next week from his European counterparts at a summit in Vienna, Austria.

Some legal experts say the administration created its detainee dilemma by deciding after the Sept. 11, 2001, terrorist attacks that when it came to suspected al-Qaida and Taliban militants, America no longer had to abide by its own constitutional guarantees of a public trial or by international treaties on human rights and the laws of war.

"They were too clever by half," said Ret. Adm. John Hutson, a former Navy judge advocate general who's the dean of the Franklin Pierce Law Center in Concord, N.H. "They thought they could take people and put them in Guantanamo, which the U.S. does not own, and they would be beyond the reach of the law and they could do whatever they wanted with them and no one would care."

More than four years after the prison opened, only 10 suspected Islamic militants face charges before military tribunals, whose legality may be determined within days by the U.S. Supreme Court. But even if they're found to be legal, international legal and human rights experts already have denounced the tribunals as illegitimate.

Approximately 330 other so-called "enemy combatants" linger at the U.S. naval base in Cuba, not charged with any crimes but facing indefinite detention without trial, which the U.N. Human Rights Commission considers a violation of international law.

The Pentagon has found the remaining roughly 120 detainees eligible for transfer or release under a policy aimed at reducing the prison's population to only the most dangerous suspected terrorists.

But these detainees' futures are tied up in complex negotiations by the State Department, the Pentagon and their own governments that began at least two years ago.

U.S. officials are concerned that some detainees would take up arms again if they were released, as have about 30 of some 290 prisoners previously freed.

Before they can be turned over, agreements must be reached on safeguards - such as surveillance, travel bans or incarceration - to be taken by detainees' governments to reduce any threat they might pose.

"We don't want to return them to a country and have them back involved in terrorist activities," said a State Department official, who spoke on condition of anonymity because of the sensitivity of the diplomacy. "We need to have a level of assurance on the security matters that is substantial."

But some countries have resisted requests to re-incarcerate prisoners because there's no clear evidence that they've broken any laws.

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"We don't have many other countries in the world who are stepping up to say this is a problem for the international community. The United States should not have to shoulder this burden alone," John Bellinger, the State Department's top legal officer, complained last month.

In other cases, the United States has to find countries willing to accept foreign prisoners because of concerns that their own governments might torture them. For instance, five ethnic Uighurs from western China waited nine months after their release was approved before U.S. officials could convince Albania to accept them.

"It's a little bit of a Catch 22, but we are working through this," Bush said at a news conference on Wednesday at which he repeated his desire "to close Guantanamo."

There are other problems. Some countries aren't equipped to hold dangerous detainees. Afghanistan agreed last year to accept all 96 Afghans held at Guantanamo, but won't complete a new maximum-security cellblock until at least December.

Bush acknowledged that the prison has hurt the U.S. image abroad.

"My answer . . . is that we are a nation of laws," he said, maintaining that those held at Guantanamo were "picked up off the battlefield" and are "darn dangerous."

Gitanjali Gutierrez, an attorney with the non-profit Center for Constitutional Rights, which is representing 200 detainees, disputed Bush's contention, saying, "The majority of men in Guantanamo Bay have not committed a crime. There is no basis for detaining them."

Some U.S. lawmakers and European leaders, the U.N. Commission on Human Rights, human rights groups and legal experts all have disputed Bush's authority to maintain the prison, and the Supreme Court has ruled that detainees may challenge their detentions in U.S. courts.

U.S. public opinion is split over Guantanamo, according to a poll conducted in March by the Pew Research Center for the People and the Press.

The Supreme Court is due before the end of the month to decide the case of Salim Ahmed Hamdan, Osama bin Laden's former driver in Afghanistan and one of the 10 detainees facing trials before military tribunals.

Hamdan's lawyers said the prisoners should be freed or tried in federal or regular military courts because the tribunals, as designed by the Pentagon, disregard accepted legal standards by ignoring rules of evidence and permitting secret proceedings.

The administration has argued that the Supreme Court has no authority to hear the case because Congress passed a 2005 law that stripped the detainees of their right to challenge their detentions before U.S. courts.

Even if the administration prevails in the Hamdan case, some U.S. officials and legal experts said it could have a hard time proving its cases because much of evidence against the 10 is weak or gathered through questionable means.

"Whatever the Supreme Court decides, I believe a significant number of these men will be released either because the U.S. government will not have the ability to move forward before the tribunals or the government will realize it can't make the cases against these men," said Jeffrey D. Colman, a Chicago attorney whose firm, Jenner & Block, represents nine detainees.

On May 19, three of his clients were released to Saudi authorities with no explanation. Through family members, they've reported being treated better in Saudi custody than they were at Guantanamo, Colman said.

"They get to visit their families, they get to speak with people in their own language and the conditions are better," he said. "As its stands, they would much rather be in custody in Saudi Arabia than at Guantanamo."

Lawyers For Guantanamo Detainees Decry Expulsion Of Journalists (KRT)

By Lesley Clark And Scott Dodd

Knight Ridder, June 15, 2006

WASHINGTON - A Pentagon decision to expel three newspaper reporters and a photographer from the Guantanamo Bay, Cuba, detention center for suspected terrorists came under fire Wednesday from attorneys for the detainees, who accused the Bush administration of "pulling down a wall of secrecy and avoiding public accountability."

The denunciation came as the journalists, who had arrived in Guantanamo on Saturday after the suicides of three detainees, returned to the United States aboard a military flight.

The Pentagon defended its decision, saying the journalists had been allowed to stay for days even though the event they'd been authorized to cover - military hearings against some of the detainees - had been canceled because of the suicides.

Pentagon spokesman Lt. Cmdr J.D. Gordon said the decision to expel the journalists came after other reporters complained that the four on the island were being given special treatment.

"We had vociferous protests from a variety of other media," he said. He said two reporters, whom he declined to name, threatened lawsuits unless they were given access to Guantanamo. "They insisted they fly in or the others come out," he said.

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The four expelled journalists are Carol Rosenberg of The Miami Herald, Michael Gordon and Todd Sumlin of The Charlotte Observer, and Carol Williams of the Los Angeles Times. The Herald and The Observer are both owned by Knight Ridder.

Editors at the newspapers protested the expulsions.

"My belief is that it's in the best interest of the Department of Defense to allow independent news reporting, and I made that argument to them last night in asking that Carol stay, but they were obviously not persuaded," Herald Executive Editor Tom Fiedler said. "This is a story that has drawn international attention, and it's important that the information that is coming from Guantanamo be delivered by the independent news media and not by the Pentagon."

Rosenberg, who has covered the island prison since it opened in January 2002, said she was invited by Navy Rear Adm. Harry Harris Jr., who oversees the prison complex, to report on the aftermath of the suicides. She arrived Saturday night on a flight from Miami.

Gordon and Sumlin were at the base to research and take photos for a profile of Col. Mike Bumgarner, who oversees the complex's guards. Bumgarner is from the Charlotte, N.C., area.

Gordon said he'd been told he could stay a week to research the profile, but when the suicides happened, he switched to reporting that story.

In one story, published Tuesday, Gordon quoted Bumgarner as telling his staff that the suicides had destroyed what little trust existed between the jail guards and the prisoners.

Pentagon spokesman Gordon rejected suggestions that the content of the reporters' dispatches had anything to do with their expulsions. He said that a visit by some reporters that's scheduled to begin Monday would go on as scheduled.

The Center for Constitutional Rights, which represents 200 detainees at the camp and has called for outside investigations of treatment at the camp, decried the move.

"This crackdown on the free press makes everyone ask what else they are hiding down there," said center attorney Gitanjali Gutierrez.

Hours after the reporters were removed from the Navy base, Army Maj. Tom Fleener, a defense attorney for one of the detainees, asked that his client's trial be moved from the remote base to a location where news coverage could be assured.

Reporters Expelled From Guantanamo Bay (LAT)

By James Rainey

The Los Angeles Times, June 15, 2006

Editors at the Los Angeles Times and two other newspapers protested the Pentagon decision to expel their reporters Wednesday from Guantanamo Bay, Cuba, where the journalists were reporting on the weekend suicides of three prisoners.

Journalists from The Times, Miami Herald and Charlotte Observer all received permission from a local commander to be at the U.S. facility where terrorism suspects are held and interrogated. The three reporters and a photographer from the Charlotte paper left the island Wednesday on orders from the Pentagon.

A civilian spokeswoman at the Pentagon said the reporters had to leave the island in fairness to at least five other media outlets that wanted to cover the suicides but did not get permission from commanders at Guantanamo to do so.

"The Defense Department wants to be fair and impartial," said Cynthia Smith, a civilian spokeswoman for the department. "We got them on the next flight out of Guantanamo Bay to be fair to the rest of the media outlets that did not get a chance to go down there."

Smith said the situation could not have been resolved by granting all the reporters access to the prison. She said military personnel at Guantanamo were preoccupied with investigating the suicides and enhancing security and would not have had time to supervise the other journalists, who she said worked for...Associated Press, CNN and two British newspapers.

But the three newspapers that managed to have reporters at Guantanamo to cover the suicides said the military should be doing everything possible to increase public knowledge about the controversial island prison.

"Expelling Carol Williams and her colleagues represents a Stone Age attitude that only feeds suspicions about what is going on at Guantanamo," said Los Angeles Times Managing Editor Doug Frantz. "If the military hierarchy has nothing to hide, it should have respected the invitation extended by the [prison] commander and the professionalism of the journalists."

The military's more than four-year detention of terrorism suspects at the U.S. military facility in Cuba has been criticized by American allies and human rights groups.

The military reported Saturday that three Mideastern prisoners had hanged themselves in their cells. The deaths led the military to cancel a hearing scheduled to begin Monday for an Ethiopian detainee.

Times reporter Carol Williams, Miami Herald reporter Carol Rosenberg and at least five other journalists had been scheduled to travel to the island prison to cover that hearing.

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The Washington-based press operatives for the Pentagon who grant access to such hearings revoked permission for all of the journalists to visit Guantanamo.

The Times and Miami Herald reporters were preparing to depart Saturday afternoon from Fort Lauderdale on a commercial flight at the time the Pentagon Office of Military Commissions revoked their travel authorization.

Both asked and received permission to cover the suicides from Admiral Harry Harris of the Joint Task Force that oversees Guantanamo and were able to proceed.

Reporter Michael Gordon and photographer Todd Sumlin of the Charlotte Observer were already at the base working on a story about a prison official from Charlotte.

On Sunday, the three reporters began conducting interviews, including one with Army Gen. John Craddock, the four-star general who heads the U.S. Southern Command and who came to the prison to review the deaths.

The other journalists, who had planned to fly Sunday to the prison from Andrews Air Force base outside Washington, apparently did not make a separate request for access through commanders at the prison. They were not allowed to proceed.

Spokeswoman Smith said the Pentagon and U.S. Southern Command will review the situation to try to determine how to avoid such conflicting directives to the media in the future.

Delegation Seeks Release Of Afghans Being Held At Guantánamo (NYT)

By Carlotta Gall

The New York Times, June 15, 2006

KABUL, Afghanistan, June 14 — An Afghan government delegation to Guantánamo Bay, Cuba, said Wednesday that about half of the 94 Afghans being held there were not guilty of serious crimes and should be released.

The remainder, including several high-level members of the former Taliban government, should be tried in Afghan courts, said the leader of the delegation, Abdul Jabar Sabit, a legal adviser to the Ministry of the Interior.

"The delegation concluded that some of the detainees should not stay longer in prison on the basis of the allegations against them and they must be returned to their country," Mr. Sabit, a former prosecutor, said at a news briefing. "We want to assure our people that the detainees will return to the country."

The officials said the Afghan detainees were not being held in bad conditions, and during private interviews, without the presence of American guards or officials, only one or two detainees had complained. "The conditions were humane," Mr. Sabit said.

The nine-member delegation, consisting of representatives of the Interior, Defense and Justice Ministries and National Security officials, made a 10-day visit to Guantánamo at the end of May to interview the Afghan detainees, establish whether they really were Afghans and work on plans for their return home. President Hamid Karzai and President Bush agreed in May 2005 that the Afghan detainees would be returned to Afghanistan once facilities run by Afghans were prepared and personnel trained to handle them.

Gen. Abdul Salaam Bakhshi, the chief of the main prison in Kabul, said Wednesday that it would take months to prepare for the return of the detainees, but that those whose crimes were not serious could be returned and released "soon."

Mr. Sabit said the government delegation had interviewed detainees and drawn up a list of those who could be released immediately. The remainder, who face more serious charges, would be returned and dealt with by the Afghan judicial process.

The American military is financing the refurbishment of a wing of Pul-i-Charkhi prison, the large Russian-built facility on the eastern side of the capital, to house some 650 detainees from Guantánamo and Bagram Air Base, and is training prison personnel to take charge of the detainees. The prison is expected to be ready by next spring.

It has not been decided what kind of judicial process the detainees would face on their return, but being considered are Afghan military tribunals or trials in civilian courts run by the National Security Directorate, which has jurisdiction over terrorism and other serious crimes.

An American official in Kabul said the detainees considered for release could go into the peace and reconciliation program far sooner than next spring. Under the program, former Taliban members are allowed to return home under a guarantee from their communities that they will not fight the government. "The sooner we can get them back and into the reconciliation process the better," said the official, asking not to be named because the negotiations with the Afghan government are still taking place.

Afghan officials have visited Guantánamo before and secured the release of a few prisoners, but this was the first comprehensive survey of all the Afghan detainees.

The detainees were dispersed through the five camps that make up Guantánamo, and many were in the most lenient camp, where they had access to television and radio, Mr. Sabit said. Those who had broken prison rules were under more severe regimens. The delegation asked that all of the Afghan detainees be placed in one block, he said.

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The American-led coalition in Afghanistan announced that two coalition soldiers died on Tuesday as a broad offensive against Taliban insurgents in southern Afghanistan was beginning. It will involve 11,000 troops from Canada, Britain, the Netherlands and the United States, an American military spokesman said.

"This is not just about killing or capturing extremists," the spokesman, Col. Tom Collins, said at a news briefing in Kabul. "We are going to go into these areas, take out the security threat and establish conditions where government forces, government institutions, humanitarian organizations can move into these areas and begin the real work that needs to be done."

Jihadist Or Victim: Ex-Detainee Makes A Case (NYT)

By Tim Golden

The New York Times, June 15, 2006

When President Bush ordered Moazzam Begg's release last year from the Guantánamo prison camp, United States officials say, he did so over objections from the Pentagon, the C.I.A. and the F.B.I. — all of which warned that Mr. Begg could still be a dangerous terrorist.

But American officials may not have imagined the sort of adversary Mr. Begg would become in the war of perception that is now a primary front in the American-led campaign against terrorism.

"The issue here is: Apply the law," Mr. Begg told an audience earlier this spring at the Oxford Literary Festival in England, one of many stops on a continuing lecture tour. "If I've committed a crime, we say, take this to court. After all of that, if they can't produce something in court, then shame on them!"

With a new book about his experiences and a small blizzard of media attention, Mr. Begg, a 37-year-old Briton of Pakistani descent, has emerged over the last few months as a minor celebrity in his home country.

Human rights groups have hailed his courage. University students have invited him to speak. Journalists have generally taken at face value his claim that he is an innocent man, unlawfully seized and arbitrarily held. After the three suicides at Guantánamo last Saturday, Mr. Begg instantly became a sought-after commentator for British newspaper and television reporters.

The respectful reception for Mr. Begg — whom the Pentagon still portrays as a terrorist — is one of many markers of the waning credibility of Washington's detention policies overseas, and particularly in European countries that are closely allied with the United States in fighting terrorists.

A British feature film that is to be released in the United States on June 23, "The Road to Guantánamo," depicts another group of former detainees as innocent, good-natured men cruelly mistreated by their American captors. The British attorney general, Peter Goldsmith, recently called the prison "unacceptable" and said it should be shut down.

Whether Mr. Begg is the potential threat the Pentagon claims or the harmless man he professes to be cannot be fully resolved from the available evidence. But the mystery makes Mr. Begg one of the more intriguing case studies in the trans-Atlantic divide on detention policy.

He and another Briton, Feroz Abbasi, were among the first six Guantánamo detainees designated by Mr. Bush in 2003 as eligible for trial by military commissions there. Pentagon officials say Mr. Begg trained at three terrorist camps, "associated" with an array of operatives of Al Qaeda and was ready to fight American-led forces in Afghanistan but fled into the Tora Bora mountains when the Taliban lines collapsed.

The British government's refusal to accept the Guantánamo tribunals, in which rights of due process are sharply limited, eventually forced American officials to set aside the prosecutions of Mr. Begg and Mr. Abbasi. Officials said they and two other Britons were finally sent home, in January 2005, after Mr. Bush overruled most of his senior national security advisers as a favor to Prime Minister Tony Blair, who was then being harshly criticized for his support of the Iraq war.

Now, the Bush administration finds itself in the awkward position of insisting on the danger of a man it set free. "He has strong, long-term ties to terrorism — as a sympathizer, as a recruiter, as a financier and as a combatant," said a Defense Department spokesman, Bryan Whitman.

In interviews in Britain and in his memoir, which is to be published in the United States on Sept. 11 as "Enemy Combatant: My Imprisonment at Guantánamo, Bagram and Kandahar," Mr. Begg denied that he ever supported terrorism, knowingly associated with Qaeda members or took up arms against the United States. Rather, he offers himself as evidence that the wide American net had trapped many Muslims who never threatened United States interests.

A Professorial Air

A small, soft-spoken man with a professorial air, Mr. Begg has distinguished himself from other former prisoners partly by his tone.

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While others have told (and, in some cases, sold) the British press lurid tales of American interrogators' tempting them with prostitutes and torturing them to confess, Mr. Begg avoids the word torture. He was sometimes badly mistreated, he says, and kept in prolonged isolation. But he makes a point of telling audiences of his friendships with some of his military police guards, and he espouses a tolerance that seems incompatible with the hatred of militants to whom American officials link him.

One British interviewer described Mr. Begg as "devastatingly reasonable."

Of nearly 20 American military and intelligence officials who were interviewed about Mr. Begg, none thought he had been wrongly detained. But some said they doubted that he could be tied to any terrorist acts. At Bagram, where he was held for 11 months, Mr. Begg's interrogators nicknamed him Hemingway.

"I don't think he was the mastermind of 9/11, but nor do I think he was just an innocent," said Christopher Hogan, a former military interrogator who oversaw some of Mr. Begg's early questioning there but said he did not have access to top-secret American or British intelligence files on him. "We compared him to somebody who went off to Spain during the civil war — more of a romantic than some sort of ideologically steeled fighter."

Like other military and intelligence personnel familiar with Mr. Begg's interrogations, Mr. Hogan also described him as having been unusually forthcoming. "He provided us with excellent information routinely," he said.

Yet if Mr. Begg is a more ambiguous figure than the Bush administration now describes, the story of his life before he was seized in Pakistan in January 2002 is also more complicated than the account he has put forward, and full of questions.

Like many from Europe who fell in with Islamic militants in the 1990's, Mr. Begg was a son of immigrants who settled in a working-class environment where economic struggles fueled racial prejudice.

During high school in Birmingham, the industrial capital of the English Midlands, he joined a gang of mostly South Asian teenagers who banded together against skinheads, punk rockers and other anti-immigrant legions of the day. Mr. Begg, who now stands 5-foot-3, was the smallest member of the gang; he said he rarely joined in the fights.

But much of his upbringing did not fit the pattern. His family was relatively comfortable and liberal. His father, a Muslim born in India, was a bank manager who wrote poetry in Urdu. He sent Moazzam and his brother to a Jewish primary school, where they wore blazers with the Star of David.

Inspired by Mujahedeen

Moazzam's interest in Islam was awakened during a trip with relatives to Pakistan and Saudi Arabia in his late teens. On a second visit to Pakistan in late 1993, he writes, he crossed into Afghanistan with some young Pakistanis and visited a camp where mujahedeen rebels were training to fight the Soviet-backed Afghan government.

Inspired by the guerrillas' commitment, he threw himself into helping besieged Muslims in Bosnia and Herzegovina. He said he traveled to the Balkans 9 or 10 times with a small aid agency, Convoy of Mercy. But the group's founder, Asad Khan, said he had no recollection of Mr. Begg.

Defense Department officials said one of Mr. Begg's former associates was Omar Saeed Sheikh, who volunteered on a Convoy trip in 1993. Mr. Sheikh was later convicted of kidnapping Western tourists in India and is facing execution in Pakistan for the murder of the Wall Street Journal correspondent Daniel Pearl. Mr. Begg insisted he did not know Mr. Sheikh.

There are some notable gaps in Mr. Begg's memoir. The book does not mention that while working as an interpreter at a government welfare office in 1994, he and a friend were arrested and charged with defrauding the agency. The police found a night-vision sight, a bullet-proof vest and what news reports called "extremist literature" at Mr. Begg's home.

The charges against him were later dropped for lack of evidence, but his friend, Shahid A. Butt, pleaded guilty and served 18 months in prison. Mr. Butt was later convicted with seven other Britons of plotting a terrorist bombing in Yemen, where he served a five-year sentence.

In early 1998 Mr. Begg, by then married, with two small children, moved his family to Peshawar, Pakistan, on the border with Afghanistan. He describes the period as idyllic, with evening strolls through a local park and a quick trip to visit another training camp in Afghanistan, this one run by Iraqi Kurds. He and his wife socialized primarily with members of the town's small Palestinian community, as well as some Arab and Afghan veterans of the anti-Soviet jihad.

But the book does not mention one Palestinian friend, Khalil Deek, who also lived in Peshawar at the time. The United States 9/11 commission described Mr. Deek, a naturalized American, as an associate of Abu Zubaydah, a senior Al Qaeda lieutenant of Palestinian descent who was also in Peshawar then, recruiting new operatives and sending them to train at Afghan camps.

An American counterterrorism official who began tracking Mr. Begg in 1999 said the Central Intelligence Agency and MI5, Britain's domestic intelligence service, suspected Mr. Begg of working with Mr. Deek to create a CD-ROM version of a terrorist manual, "Encyclopedia of Jihad," which Mr. Deek gave to two Palestinians who plotted with Mr. Zubaydah to bomb tourist sites in Jordan.

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American intelligence officials also said Mr. Deek helped arrange transportation to Jordan for some operatives in the foiled plot, but after being held in Jordan for 17 months, he was released without charge.

Mr. Begg acknowledged in an interview that he had met Mr. Deek in Bosnia and later invested with him in a small business deal to sell traditional Pakistani clothing. But he said he had never met Abu Zubaydah — something Pentagon officials said he had admitted to his American interrogators.

He also denied an assertion by Mr. Whitman, the Pentagon spokesman, that he spent five days in early 1998 at Derunta, a notorious Al Qaeda-affiliated training camp in Afghanistan, learning about poisons and explosives.

Two Defense Department officials read to a reporter from what they said were lengthy sworn statements Mr. Begg made to the Federal Bureau of Investigation, admitting that he had supported jihad in Chechnya and Kashmir, knew a half-dozen Al Qaeda figures and had trained at Derunta and two other Afghan camps.

Mr. Begg said that he had never told the F.B.I. anything of the sort, but that he did sign some documents in custody because he feared for his life.

After he returned to Birmingham in the summer of 1998, he and a friend opened an Islamic bookstore, which he described as a meeting place for young Muslims, including some who later fought in the separatist struggle in Kashmir.

Mr. Begg received a first visit from an officer of MI5 soon after the shop opened. A year later, in late 1999, dozens of police agents searched the book shop and Mr. Begg's home. They were raided again in February 2000, and Mr. Begg was arrested under the Prevention of Terrorism Act, but was quickly released without charge.

'It Was Going Too Far'

Mr. Whitman, at the Defense Department, said the British government cited Mr. Begg's "proven or suspected links to persons who have been arrested or convicted of terrorist offenses worldwide," including Richard C. Reid, who was later convicted of trying to blow up a trans-Atlantic flight with a shoe bomb. Mr. Begg said he had never met Mr. Reid or two other men, Ibn al-Shekh al-Libi and Abu Qatada, whom Pentagon officials linked to him.

"Up until this time I had thought it was all just a silly mistake or a fishing trip," Mr. Begg wrote of the security services' interest in his activities, "but now I knew it was going too far."

He said in an interview that he had never even heard of Al Qaeda before 9/11. He knew something about Osama bin Laden, he said, but generally agreed with those who saw Mr. bin Laden's conflict with the United States as counterproductive for Muslims. He said he opposed attacks against civilians but saw justification for jihadi assaults on "military targets" in "times of war."

In July 2001, little more than a year after his brief arrest, Mr. Begg moved his wife and children to Afghanistan. Despite the Taliban's status as an international pariah for its treatment of women and its hospitality toward Al Qaeda, the Beggs saw it as a fine, inexpensive place to raise a family. The memoir describes Mr. Begg's work on charity projects and his fascination with the atmosphere of Kabul. But without television, he writes, he did not grasp the enormity of the Sept. 11 attacks. Only when bombs and cruise missiles began to strike on Oct. 17 did he realize "it was time to go."

But, he said, he became separated from his family and reunited with them only after he crossed the border to Pakistan. They had been in Islamabad only a couple of months when, on Jan. 31, 2002, Pakistani intelligence agents and C.I.A. officers burst into their home, pulled a hood over his head and took him away.

Mr. Begg's memoir recounts a three-year odyssey from a safe house in Pakistan to a prison camp in Kandahar, Afghanistan, to the main military prison at Bagram Air Base and finally to Guantánamo. He describes endlessly repetitive interrogations, with soldiers sometimes demanding information about events that took place after his capture.

Even now, he says, the accusations against him remain maddeningly vague.

"There is no specific allegation; there are no specific charges," he said in one interview. "Whom did I recruit? When did I recruit them? Who told them this? What is the corroborating information — names, times, places?"

After repeated questions about Mr. Begg by The New York Times, Pentagon officials offered some information they said had been declassified from intelligence files. Mr. Whitman said the files showed Mr. Begg to be "a sympathizer, a recruiter and a financier" for terrorists. But officials offered almost nothing to corroborate such assertions other than excerpts they read from the F.B.I. statements.

Still, Mr. Begg has hardly been ignored by the administration. Earlier this year, a State Department public diplomacy official, Colleen P. Graffy, challenged his supporters, saying, "Guantánamo is not a spa, but nor is it an inhumane torture camp." The department's little-known Office of Countermisinformation has also sought to refute Mr. Begg's claims.

But other American officials said their secrecy about the detainees was partly responsible for having Mr. Begg's version of events accepted as credible.

"This has been the story of our lives here in trying to convince the world about the propriety of keeping people in Guantánamo," said one senior administration official in Washington, who asked not to be named because he was criticizing

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government policies. "It's been difficult to persuade all U.S. government agencies to release enough information publicly to show that individuals like Begg represent a significant threat."

Bosnia Admits Handing 6 Algerians Over To U.S. (NYT)

By Craig S. Smith

The New York Times, June 15, 2006

The government of Bosnia and Herzegovina has confirmed to the Council of Europe, the continent's main human rights watchdog, that it allowed American forces to seize six Algerian-born men in January 2002 for transfer out of the country, the council reported. The men have been detained at Guantánamo Bay, Cuba, since then as enemy combatants. While the seizure and transport of the men has long been known, Bosnia is the only one of the council's 46 members to acknowledge it had breached the European Convention on Human Rights by participating in an extrajudicial seizure of individuals by United States authorities.

Britain: 2 Held On Terror Charges (NYT)

By Alan Cowell

The New York Times, June 15, 2006

The police in northern England said they had arrested a 21-year-old man and a 16-year-old on charges of conspiracy to murder and of conspiring to "cause a public nuisance by use of poisons and or explosives." Both are to appear in court today. The arrests took place last week at Manchester Airport and in Dewsbury, Yorkshire.

25 Sentenced To Up To 10 Years For Plotting Terror Attacks In Paris (NYT)

By Craig S. Smith

The New York Times, June 15, 2006

PARIS, June 14 — A French court on Wednesday sentenced 25 people convicted of plotting terrorist attacks on the French capital in 2002 to prison terms ranging from 6 months to 10 years.

Prosecutors had charged them with planning attacks on several sites, including the Eiffel Tower. One of the convicts, Menad Benchellali, 32, was accused of trying to concoct chemical or biological weapons at his mother's apartment in a suburb of Lyon.

Twenty-seven people stood trial in the case, which began in December 2002 after chemicals, material for bombs and a chemical weapons protection suit were discovered in an apartment on the outskirts of Paris. The police also found elements for a sophisticated remote control detonator, suggesting that the group was planning a chemical bomb attack.

Mr. Benchellali, whose younger brother, Mourad, had been held in the American detention center in Guantánamo Bay, Cuba, and was released two years ago, was sentenced to 10 years in prison with Merouane Benhamed, 33, whom the court described as the group's leader.

Said Arif, 40, who had been extradited from Syria to stand trial, was sentenced to nine years, as was Nourredine Merabet, described as the group's financier.

Shorter terms were handed down for others convicted in the case, including Mr. Benchellali's father, mother and brother, Hafed, who were found guilty of "criminal association in relation with a terrorist enterprise." Two people were acquitted.

French counterterrorism officials and the news media referred to the group as the Chechen network because several of its members trained with Chechen rebels in the Caucasus Mountains.

Former Secretary of State Colin L. Powell cited the group as a link between Abu Musab al-Zarqawi and global terrorism in his February 2003 presentation to the United Nations about the threat said to be posed by Iraq. The presentation included a flow chart showing a string of relationships the United States contended existed among Mr. Zarqawi and Mr. Benhamed and Mr. Benchellali. Those ties were never proved, but French investigators said a link existed between Mr. Arif and Mr. Zarqawi.

Mr. Arif was born in Oran, Algeria, in 1965 and was a lieutenant in the Algerian Army before joining the Islamist movement. Counterterrorism experts say he trained in Afghanistan and forged close ties with Mr. Zarqawi, among others. They say he associated with members of a terrorist cell in Frankfurt who were arrested and charged with planning an attack on the Strasbourg Cathedral in France in 2000.

In mid-2001, investigators say, Mr. Arif and other members of the group arrested in Paris went to Pankisi Gorge in the republic of Georgia, where they joined other ethnic Arabs from Europe and the Middle East for paramilitary training. The investigators say they met associates of Mr. Zarqawi who had moved to the gorge from Afghanistan.

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In March 2002, Mr. Arif and two other members of the French group returned to France by way of Barcelona, Spain, where they were briefly held on suspicion of having stolen a laptop computer from an American. The rest of the group was arrested that December, but Mr. Arif had already vanished. He was later arrested in Syria.

In the apartment the group used in 2002, investigators found two integrated circuit boards, each the size of a stick of gum, hidden in a washing machine. Each board was connected to a nine-volt battery. Experts found they were receivers for touch-tone signals sent by a cellphone.

Freed Cleric Is Hailed By Students, But Support Could Be Waning (NYT)

By Peter Gelling

The New York Times, June 15, 2006

SOLO, Indonesia, June 14 — Hundreds of Muslim students, thrusting their fists toward the night sky and chanting "God is great" in Arabic, welcomed their revered spiritual leader, the militant Islamic cleric Abu Bakar Bashir, home from prison on Wednesday night.

Mr. Bashir was escorted here from prison by police officers, after serving 26 months for immigration violations and criminal conspiracy.

He arrived late at night at Al Mukmin, the Islamic boarding school that he helped to found in this central Javanese city, and gave a fiery speech calling on Muslims to fight for Islam, which he called "the only truth," and for the formation of an Islamic state in Indonesia.

With a broad smile, Mr. Bashir condemned Western governments that have lobbied Indonesia for years to keep him locked up. "I need to say to the infidels that your efforts to destroy Islam will be in vain," he said to the raucous supporters gathered in the main courtyard of the school's heavily secured compound. "Someday you will pay the price."

A frail man at 68, Mr. Bashir still commands a powerful voice.

Students guarded the approach to the school's front gates before their teacher's arrival and ran through the streets with banners as local residents looked on. "He is the most Islamic man I know," said a 17-year-old student who said his name was Abdul. "I am very happy about his being released. He is one of our founding fathers."

The crowd, however, did not number in the thousands as many had expected. Mr. Bashir had said he did not want to make too much of his release, and school officials said they had planned only a simple ceremony.

But the low turnout may also indicate that Mr. Bashir no longer enjoys the support he once did. He has been criticized by a number of former followers for his links to terrorist activities.

An Indonesian court acquitted Mr. Bashir in March 2005 of seven terrorism charges involving the 2002 nightclub bombings in Bali that killed more than 200 people and the bombing of the Marriott Hotel in Jakarta in 2003. He was convicted only of conspiracy in the bombings.

During his speech, Mr. Bashir, who is also the spiritual leader of the militant group Jemaah Islamiyah and whom the Bush administration believes was a central operative for Al Qaeda in Southeast Asia, said the suicide bombers who blew up the Bali nightclub were heroes in the fight for Islam. But he added that their methods were wrong, indicating that he would no longer support terrorist activities here.

"The Bali bombers are Islamic heroes," he said. "But they chose the wrong way to fight. They should not have bombed a peaceful area, they should have preached the truth instead."

The bulwark of the membership of Jemaah Islamiyah, which advocates an Islamic state in Indonesia, and a number of people convicted for their involvement in terrorist bombings, are graduates of Al Mukmin. The school has about 1,600 students, mostly young men, from all over Indonesia.

Jemaah Islamiyah's terrorist network has been weakened in recent years as the Indonesian government has prosecuted, killed or sentenced to death most of its top military leaders.

Banners and painted signs adorn the school's walls, promoting an Islamic religious war. A sign near the entrance to the main class building reads, "Be a good Muslim or die."

Mr. Bashir, together with several other Indonesian Muslim leaders, founded Al Mukmin in 1972. Its students receive a general education similar to any public school in Indonesia, but Islamic principles are heavily promoted.

Ibnu Hanifah, vice director of Al Mukmin, said Mr. Bashir would return to the school as a teacher and counselor but would probably spend the majority of his time touring the country and preaching his support for an Islamic state.

What's Black And White And Red All Over? (WP)

By Richard Morin

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The Washington Post, June 15, 2006

More ink equals more blood, claim two economists who say that newspaper coverage of terrorist incidents leads directly to more attacks.

It's a macabre example of win-win in what economists call a "common-interest game," say Bruno S. Frey of the University of Zurich and Dominic Rohner of Cambridge University.

"Both the media and terrorists benefit from terrorist incidents," their study contends. Terrorists get free publicity for themselves and their cause. The media, meanwhile, make money "as reports of terror attacks increase newspaper sales and the number of television viewers."

The researchers counted direct references to terrorism between 1998 and 2005 in the New York Times and Neue Zuercher Zeitung, a respected Swiss newspaper. They also collected data on terrorist attacks around the world during that period. Using a statistical procedure called the Granger Causality Test, they attempted to determine whether more coverage directly led to more attacks.

The results, they said, were unequivocal: Coverage caused more attacks, and attacks caused more coverage -- a mutually beneficial spiral of death that they say has increased because of a heightened interest in terrorism since Sept. 11, 2001.

One partial solution: Deny groups publicity by not publicly naming the attackers, Frey said. But won't they become known anyway through informal channels such as the Internet?

Not necessarily, Frey said. "Many experiences show us that in virtually all cases several groups claimed responsibility for a particular terrorist act. I would like the same rule that obtains within a country: Nobody can be called a criminal -- in our case a terrorist -- if this has not been established by a court of law."

HOMELAND RESPONSE:

ACLU Tries To Force Pentagon To Turn Over Records On Peace Groups (KRT)

By Drew Brown

Knight Ridder, June 15, 2006

WASHINGTON - A civil rights group sued the Defense Department on Wednesday in an effort to force the Pentagon to turn over information it's collected on peace groups and antiwar activists under a controversial program designed to track terrorists.

The lawsuit, filed in Philadelphia by the American Civil Liberties Union, asks the Defense Department to produce records it's collected under its Threat and Local Observation Notice program. Former Deputy Defense Secretary Paul Wolfowitz started TALON in 2003 to track groups and individuals with possible links to terrorists and others who might pose a threat to Defense Department installations and personnel.

ACLU officials say the program has been wrongfully extended to monitor peace groups who were doing nothing more than expressing their views.

"The U.S. military should not be in the business of maintaining secret databases about lawful First Amendment activities," ACLU attorney Ben Wizner said. "It's an abuse of power and an abuse of trust for the military to play any role in monitoring critics of administration policies."

Lt. Col. Brian Maka, a Pentagon spokesman, said it would be inappropriate to comment on ongoing litigation.

TALON was based on an earlier Air Force project launched in 2002 known as "Eagle Eyes," under which military personnel were encouraged to report suspicious activity.

The ACLU said it sued after the Pentagon refused to comply with a Freedom of Information Act request seeking information it had collected on the ACLU, the American Friends Service Committee, Greenpeace, Veterans for Peace, United for Peace and Justice, and 26 other groups and activists.

ACLU affiliates in Florida, Georgia, Rhode Island, Maine, Pennsylvania and Washington state have joined in the lawsuit.

The groups argue that organizations and people monitored by the Pentagon have a right to know what information has been collected about them. The lawsuit seeks to determine whether that information has been shared or will be shared with other federal agencies.

Steven Aftergood, the director of the Federation of American Scientists' Project on Government Secrecy, said the ACLU lawsuit probably would be an uphill battle.

"The courts tend to be deferential to government agencies on issues of national security," he said.

But there are exceptions, and sometimes there's a middle ground under which government agencies will release sensitive information, Aftergood said.

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"Sometimes a lawsuit is necessary to get a serious response from the government," he said. "But only rarely is a judge going to force an agency to disclose records it doesn't want to disclose."

News stories about the secret program prompted the Defense Department last December to order a review of TALON to see whether it complied with Pentagon regulations and U.S. law. The review also was supposed to determine whether some records and information had been stored improperly in the program's database.

Maka said he couldn't comment on whether the review had been completed because of the lawsuit.

Aftergood said the biggest problems with TALON were a lack of oversight and improper collection of information on U.S. citizens.

"Certainly, the Pentagon needs to be alert against threats against its facilities," he said. "But they also need to comply with the law and respect the constitutional rights of U.S. citizens."

Secure Flight Program May Finally Take Off (USAT)

By Thomas Frank

USA Today, June 15, 2006

Passenger background-check plan moves ahead after long delays

WASHINGTON—The government's long-delayed effort to improve background checks of airline passengers is moving ahead after years of floundering, a congressional investigator told lawmakers Wednesday.

"I've seen very positive steps lately that are encouraging," said Cathleen Berrick, director of homeland security and justice for the Government Accountability Office, the investigative agency of Congress.

Even so, the program, called Secure Flight, is still more than a year away from being implemented, according to the Transportation Security Administration (TSA).

Airlines currently check domestic passengers' names against incomplete, declassified terrorist watch lists. Secure Flight would differ in that the TSA would check domestic passengers' names against comprehensive terrorist databases kept by the government.

TSA Director Kip Hawley recently told reporters that Secure Flight might start in 2007 and will definitely be in operation in 2008.

Some obstacles remain. Rep. Nita Lowey, D-N.Y., said Wednesday that she is concerned the TSA has spent $120 million on developing the program since 2003. "We better have some assurance this is going to work," she said.

The TSA is seeking an additional $40 million in 2007 for Secure Flight.

Berrick's comments to Lowey and other members of a House Homeland Security subcommittee sharply contrasted with her testimony to senators in February that described the program as "at risk of failure."

Berrick said the TSA had hired employees with experience building complex information-technology systems, including Stephanie Rowe, a former Accenture executive who took over Secure Flight planning late last year.

Hawley "really wants to do this right," Berrick said, noting he had started planning Secure Flight again from scratch. Previously, Berrick said, the TSA "was rushing to get something that should have taken two years in six months."

TSA began planning Secure Flight in mid-2004 and aimed to launch it in August 2005. But Hawley, who took over TSA last July, told reporters, "We're not going to put an artificial timeline on it. … That encourages people to look at the clock, not the scoreboard."

The Homeland Security Department, which oversees TSA, made an initial effort to take over background checks in 2003 but killed that program, called CAPPS II, in 2004 partly out of concerns it would not protect passengers' privacy.

Hawley said privacy concerns wouldn't be ignored in Secure Flight. Congress requires the program to protect privacy and minimize cases where travelers are mistaken for terrorists.

9/11 Families Serve The Greater Good (NYT)

By Gov Corzine letter to editor

The New York Times, June 15, 2006

To the Editor:

The Sept. 11 attacks left our nation shocked, confused, angry and hurt. But for those who lost family that day, the pain was far greater.

In times of such tragedy, it's often hard to look past your own personal pain, but somehow the families of the 9/11 victims did just that. They took heartache and turned it into something that could effect change for the greater good (news article, June 8).

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If not for the strength of the victims' families, their heartfelt compassion for those who were lost and their concern for safety and security, there would have been no 9/11 commission.

The thorough investigation that exposed dangerous security gaps would not have happened, and there would not have been a thorough re-examination of our national security and vulnerabilities.

If not for the continued vigilance of these families, America would still be in the dark about the oversights that allowed the terrorists to slip through our security net undetected.

We should ask ourselves, if put in their position, would we have had the strength to speak out for the public good? They could have kept their personal and private pain inside, but if they had, would our nation be any safer today?

Their love for their country is as great as their love for their lost ones. Today, their country is safer, and for that, we should all be grateful.

Jon S. Corzine
Governor
Trenton, June 13, 2006

FEMA Vows To Check IDs To Keep Aid From The Undeserving (SFSS)

By William E. Gibson
South Florida Sun-Sentinel, June 15, 2006

WASHINGTON - Scorned by government accountants for doling out an estimated $1 billion of fraudulent hurricane aid, the Federal Emergency Management Agency promised on Wednesday to verify the identity of disaster victims before giving them money and housing.

No more debit cards for victims, at least not this hurricane season. No more double payments to applicants. Social Security numbers will be verified before the money flows. And somebody will be checking to see if recipients actually live in disaster zones.

At least that's what a FEMA official told skeptical members of a House panel who were shocked anew by the latest report of millions of dollars wasted on prisoners, undamaged property and fraudulent applicants living large on taxpayer dollars.

The agency learned some hard lessons after spreading money to people who didn't deserve it in Florida in 2004 and in Gulf Coast states in 2005, said Donna M. Dannels, FEMA's acting director of recovery. Now it is moving to implement safeguards while preparing for new storms.

At a hearing on Wednesday, members of the House Subcommittee on Investigations pummeled Dannels with questions about how FEMA could have been so easily defrauded last year after disclosures by the South Florida Sun-Sentinel and other warning signs revealed misspending going back to 2004.

Dannels said FEMA was trying new verification systems last year but was simply overwhelmed by the sheer scale of disaster when Hurricanes Katrina and Rita swept across the Gulf Coast. The agency was faced with a vast population of victims, some pulled from rooftops without even shirts on their backs or any form of identification.

"We did, in fact, put in place never-before-used and untested (verification) processes that clearly, because they were untested, were subject to error and fraud," she said.

"Our system was overwhelmed. People could not get through on our 800 phone number. So we just made a calculated decision that we were going to help as many people as we could, and that we would have to go back and identify the people we had either taken careof or who were defrauding us and deal with them."

Since then, the agency hired a contractor to help spot fraudulent applications over the Internet and abandoned the practice of handing out debit cards for emergency spending. New computer systems have been designed to prevent duplicate applications and verify Social Security numbers. FEMA's data contractor is supposed to help verify residential ownership and occupancy.

FEMA has recouped $16.8 million of disaster relief that was improperly awarded, the agency reports.

A federal task force, meanwhile, continues to investigate. More than 7,000 cases of suspected fraud have been referred to the Justice Department for prosecution.

The congressional panel promised to keep pressure on FEMA to shore up its verification process. "This is an affront to the hard-working American taxpayer, who has been fleeced by the actions of these criminals and by the lack of FEMA fraud prevention," said subcommittee chairman Michael McCaul, R-Texas.

Problems in FEMA's individual aid program first came to light in October 2004, when the Sun-Sentinel reported that thousands of residents in Miami-Dade County were collecting aid after Hurricane Frances, even though the storm struck 100

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miles to the north. FEMA ultimately paid $31 million in the county. The money bought rooms full of furniture, new wardrobes, TVs and appliances for people who suffered no damage.

After analyzing claims from 20 disasters across the country, the newspaper later determined that FEMA paid at least $330 million in areas spared the devastating effects of fires, floods, hurricanes and tornadoes. From Los Angeles to Cleveland to Detroit, the pattern was the same: Residents of the nation's poorest neighborhoods called FEMA assistance "free money."

The hearing on Wednesday was prompted by a study just released by the Government Accountability Office, which concluded that FEMA's lax control over payments in the aftermath of Hurricanes Katrina and Rita led to an estimated $1 billion of fraudulent aid.

Gregory Kutz, who led the GAO study, testified that 173 federal prisoners had received expedited aid and rental assistance of about $800,000, and that more than 1,000 state prisoners got aid of $10 million. One recipient's property turned out to be a vacant lot. Another was a cemetery.

Hurricane aid was used to buy a $200 bottle of champagne at a Hooters restaurant, adult videos, a $2,000 Caribbean vacation and season tickets for the New Orleans Saints football games. One recipient used aid to stay at a vacation resort in Orlando from September to November at $249 a night.

"The victim?" Kutz said. "The American taxpayer."

FEMA Official Rejects Katrina Fraud Report (WT/AP)

By Larry Margasak

The Washington Times, June 15, 2006

A FEMA official angered a congressional panel yesterday when she discounted a congressional study that concludes that up to $1.4 billion of the individual aid paid out after Hurricanes Katrina and Rita was misspent for fraudulent reasons.

Donna Dannels, acting deputy director of recovery for the Federal Emergency Management Agency, told a House hearing that the congressional conclusions "represent a fraction of the overall assistance provided."

However, the congressional Government Accountability Office (GAO), using statistical analysis, estimates that 16 percent of the individual assistance distributed after the two hurricanes last year was misspent.

Among the items bought with purchase cards intended for storm relief:

•An all-inclusive, one-week Caribbean vacation in the Punta Cana resort in the Dominican Republic.

•Five season tickets to New Orleans Saints professional football games.

•Videos of "Girls Gone Wild."

•Bottles of Dom Perignon champagne at $200 a bottle.

Miss Dannels told a House Homeland Security subcommittee that the GAO looked only at .01 percent of the 2.5 million applications for assistance and said FEMA only learned of the new estimates last week.

In a sharp exchange, Rep. Christopher Shays, Connecticut Republican, told Miss Dannels: "The amount of fraud outlined in this report ... -- I don't think it's refutable."

Miss Dannels' response was criticized as well by Gregory Kutz, managing director of forensic audits and special investigations for the GAO. He said FEMA may be having trouble accepting the results because its director, R. David Paulison, previously testified the fraud rate was only 2 percent to 3 percent.

The GAO concluded that FEMA, which has been criticized for mismanaging Katrina hurricane relief, paid for such items as season tickets for the New Orleans Saints, a vacation in the tropics and even sex-change surgery. One man spent 70 days at a Hawaiian hotel at government expense; another recipient gave a New Orleans cemetery as his address. Several prisoners got government money for "relocating."

GAO special agent John Ryan said that once an applicant receives the assistance there's no control over how it's spent. FEMA said it has identified more than 1,500 cases of potential fraud and has referred those cases to the Homeland Security Department's inspector general. The agency said it has identified $16.8 million in improperly awarded disaster-relief money, but the GAO said it had determined that FEMA had likely paid out between $600 million and $1.4 billion.

The investigative agency said it found refugees who were lodged in hotels often were paid twice, because FEMA gave them rental assistance and paid hotels directly. California hotels received $8,000 to house one person, who also received three rental-assistance payments for both disasters.

In another instance, FEMA paid a person $2,358 in rental assistance, while paying $8,000 for the same person to stay 70 nights in a Hawaii hotel at more than $100 per night.

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"Our forensic audit and investigative work showed that improper and potentially fraudulent payments occurred mainly because FEMA did not validate the identity of the registrant, the physical location of the damaged address, and ownership and occupancy of all registrants at the time of registration," GAO officials said.

Non-Victims Bilk $1.4 Billion From FEMA Katrina Funds (LAT)

By Johanna Neuman

The Los Angeles Times, June 15, 2006

WASHINGTON -- A Caribbean vacation. Pro football tickets. "Girls Gone Wild" videos. Fees for a divorce lawyer. A diamond ring. A sex change operation.

This list is not a celebrity spending spree, but a chronicle of the fraud committed by Americans who said they were victims of Hurricane Katrina and defrauded the federal government of as much as $1.4 billion, according to a report issued Wednesday by the Government Accountability Office.

As many thousands attempted to recover from the loss of their homes in one of the greatest natural disasters to hit U.S. shores, con artists used false addresses -- cemeteries, vacant lots and post office boxes -- and fraudulent Social Security numbers, including some from deceased individuals, to obtain rental assistance checks from the Federal Emergency Management Agency. Some of the fraud was committed from prisons.

Others used federal aid designed for immediate food, shelter and clothing needs to go on spending sprees.

The GAO assigned auditors to work undercover from February to June of 2006 to test how easy it was to defraud the federal government. In its report, the GAO estimated that after examining a statistical sample of 247 claims, 16 percent of FEMA's assistance for housing and emergency provisions was misspent, for a total of between $600 million and $1.4 million lost in fraud.

During a hearing Wednesday before the House Homeland Security subcommittee on investigations, Donna M. Dannels, FEMA's acting director for recovery, said that the "questionable purchases" in the GAO investigation totaled "just under $8,000, or 0.02 percent of nearly $39 million" in aid.

As for the rental assistance checks, she argued that the fraudulent cases represented only "a fraction of the overall assistance provided" -- $6.3 billion in housing payments distributed by the agency.

But her arguments did not sway legislators.

"This is an insult to the victims of Katrina and Rita," said Rep. Michael McCaul, R-Texas, the panel's chairman. "The ultimate victim is the American taxpayer."

The committee's top Democrat, Rep. Bob Etheridge of North Carolina, blamed the White House. "The administration's irresponsible contracting processes and lax oversight have cost taxpayers billions," he said.

Nor did Dannels' statements impress the GAO. Sitting next to her during the hearing was Gregory Kutz, the agency's managing director of forensic audits, who said that FEMA was having trouble accepting the results because it had previously estimated the fraud rate at 2 percent to 3 percent, not the 16 percent the GAO now calculates.

At the podium, Rep. Christopher Shays, R-Conn., said the GAO report was so compelling "I don't think it's refutable."

During the hearing, FEMA was attacked for failing to impose controls or checks on the process. Dannels said the agency has taken steps to reduce the potential for fraud, including a new system to verify the identification of individuals registering by telephone.

But McCaul and Etheridge both called for further investigations, this time into contract fraud. In Senate hearings earlier this year, the U.S. government testified that it wasted $900 million on trailers that were too wide to use in housing-deprived flood zones.

The FEMA money was intended to help victims pay for food, housing, clothes and other essentials. The subcommittee said that based on the information in the GAO report, it has referred 7,000 cases to the Justice Department for prosecution.

In its report, the GAO found that prisoners applied for assistance from jail phones. Using false identities, they routed assistance checks to the homes of relatives or friends. One inmate collected $20,000 using a post office box.

A Texas man filed 19 separate applications and used the money for a sex change operation. Elsewhere in Texas, a recipient used FEMA money to buy a diamond ring and other jewelry worth $3,700. FEMA gave an individual $2,358 in rental assistance while paying an additional $8,000 so that same person could stay at a hotel in Hawaii for more than two months.

FEMA funds also purchased for a $2,200 week-long vacation in the Dominican Republic and five season tickets to the New Orleans Saints. In Houston, federal money was used to buy sexual enhancement products and hire a divorce lawyer. And thanks to FEMA, someone in Santa Monica, Calif., purchased $300 worth of "Girls Gone Wild" sex videos.

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"There were no controls in place, and a clear lack of management," said McCaul, who is pushing legislation that would require FEMA to set up a database to verify and cross-reference individuals and their Social Security numbers. "Americans have good reason to be angry. That's why we held the hearing, to put some sunlight on it."

New Orleans Public-housing Plan Set (USAT)

By Anne Rochell Konigsmark

USA Today, June 15, 2006

NEW ORLEANS — The U.S. Department of Housing and Urban Development announced a plan Wednesday to rebuild the bulk of the city's public housing that was destroyed in Hurricane Katrina.

More than 1,000 public-housing units will reopen by the end of August, enabling more of the city's poor to come home.

HUD Secretary Alphonso Jackson also said the agency will increase the amount of its rent-subsidy vouchers and tear down several crumbling complexes so they can be redeveloped as mixed-income neighborhoods.

"We want to ensure the public housing of the future is a source of pride for all residents of the city," Jackson said.

Today, 1,000 units are occupied in five of the least-damaged housing projects. Before Katrina, residents occupied about 5,000 units in 11 complexes.

Former public-housing residents have expressed outrage at the slow return of subsidized housing to New Orleans, even accusing the government of purposely keeping them out. Jackson said HUD was waiting for a green light from local leaders and for the return of basic services such as utilities and schools. "We couldn't move any faster than we're moving now," he said.

At least a dozen former public-housing residents are staging a round-the-clock protest by living in tents on a grassy median outside the St. Bernard housing complex, the city's largest. A spray-painted sign reading "Survivors Village" hangs between two trees.

Behind a high, razor-wire fence, dozens of two-story buildings are vacant, doors and windows gaping, torn curtains and broken blinds flapping in the breeze. The complex is slated to be torn down and redeveloped, a process that could take years, Jackson said Wednesday.

"I'm so homesick," says Rhonda Mingo, 44, who has been living in a tent with her 1-year-old grandson for two weeks. "I've lived in St. Bernard my whole life."

Her sister, Stephanie Mingo, is living in a tent as well. She becomes upset when she hears that St. Bernard will be torn down and redeveloped. "They don't have time for that," she says. "People want to come home now."

Several local elected leaders have proposed requiring public-housing residents to hold jobs, an attempt to cut down on crime in the complexes. That decision lies with the city's housing authority, Jackson said, even though HUD took over the complexes in 2002 because of corruption and mismanagement by local officials.

Several redevelopment plans were in the works before the Aug. 29 hurricane, and now, those will "move forward," Jackson said.

5,000 Public Housing Units In New Orleans Are To Be Razed (NYT)

By Susan Saulny

The New York Times, June 15, 2006

NEW ORLEANS, June 14 — Federal housing officials announced on Wednesday that more than 5,000 public housing apartments for the poor were to be demolished here and replaced by developments for residents with a wider range of incomes.

The announcement, made by Housing and Urban Development Secretary Alphonso R. Jackson, provoked strong criticism from low-income tenants and their advocates, several of whom noted that thousands of public housing apartments had been closed since Hurricane Katrina. But local officials have for months said they do not want a return to the intense concentrations of poverty in the old projects, where crime and squalor were pervasive.

Acknowledging the immediate need for housing here, Mr. Jackson also said 1,000 apartments in several public housing complexes that were only lightly damaged in the storm would be opened over the next 60 days. Federal housing officials also said they had raised by 35 percent the value of disaster-housing vouchers for displaced residents who wanted to rent market-rate apartments, because the city's housing shortage had caused rents to increase.

The demolition, which is scheduled to begin over the next several months, would be the largest of its kind in the city's history and would erase the sprawling low-rises of the St. Bernard, C. J. Peete, B. W. Cooper and Lafitte housing developments. The four developments were damaged in Hurricane Katrina to varying degrees and have been off-limits — along with most of the city's public housing — to residents ever since.

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The four developments represent more than half of all traditional public housing in the city, where only 1,097 units have been opened since the storm. Before the hurricane, the city had close to 8,000 units, although not all were habitable.

"Hurricane Katrina put a spotlight on the condition of public housing in New Orleans," Mr. Jackson said in a teleconference with reporters in Washington. "I'm here to tell you we can do better."

His announcement appeared to heighten the fears of many displaced tenants that they would be pushed out in favor of higher-income families.

"Right now, we feel it's not the time to start huge building projects because there are lots of people who are displaced as we speak and need a place to stay," said Lynette Bickham, who was evacuated from the St. Bernard project. "We're going to continue to fight for our homes."

This month, former residents began demanding the right to return, setting up a tent city outside the St. Bernard project, the largest of the developments. Local and federal officials refused to open the developments, saying they were unsafe.

Mr. Jackson outlined the first official plans for the projects since the storm, and they were incomplete. He did not specify how many units in the new developments would be set aside for public housing or whether there would be units for all the low-income residents who had such housing before the storm. Planning for the new developments, which are to be financed by bonds, tax credits and federal housing money, has not begun, he said.

Mayor C. Ray Nagin responded to Mr. Jackson's announcement enthusiastically.

The proposed demolitions have renewed a debate about the future of the city's enormous poor population, most of which remains displaced.

"I think the people who've been planning the recovery process never wanted poor people to return to the city in the first place," said Lance Hill, the director of the Southern Institute for Education and Research at Tulane University. "And they haven't made it easy."

Inside The Beltway (WT)

By John Mccaslin

The Washington Times, June 15, 2006

Double-duty 'DNA'

D.C. Metropolitan Police Chief Charles H. Ramsey had to laugh when telling Inside the Beltway that he's been around law enforcement long enough -- three decades and counting -- that "when I used to write the letters DNA all over my police reports, it stood for Does Not Apply."

Chief Ramsey says he still relies on DNA in his police work, albeit today it stands for deoxyribonucleic acid, or the genetic material in humans.

Grandma's boundaries

Speaking of veteran police chiefs -- or, in this case, a former U.S. Park Police chief who was fired by the Interior Department for going public with departmental budget concerns in this age of terrorism -- you'd never know that Teresa Chambers was embroiled in a lawsuit against Uncle Sam over her dismissal.

"People say to me that you must regret [accepting the police chief's job], and I answer, 'Regret? No! It is the greatest place I've ever been. I have the best memories."

Or so Mrs. Chambers, a 30-year police veteran and former police chief in Durham, N.C., told the Northern Virginia Chapter of the American Society for Public Administration during its annual awards dinner Tuesday (where, if we might digress, the Inside the Beltway column was honored with the 2006 Hodding Carter Outstanding Journalism Award).

In remarks centering on ethics in the workplace, the whistleblowing former chief, who accused the Bush administration of silencing dissenting viewpoints such as her own, praised President Bush's father, former President George Bush, for observing that a true leader uses his or her power "to help people ... to serve people."

"A leader leads by good common sense," she recalled. "A leader leads by taking risks."

She cited the popular leadership checklist used by retired Army Gen. H. Norman Schwarzkopf, particularly his Rule 14: "Do what is right."

However, she pointed out, one need only think of his or her grandmother when confronting an ethical quandary: "Ask yourself, 'What will grandmother say?' Stay within those boundaries, and you'll be OK."

Right restored

The National Rifle Association this week delivered once again on its role of upholding the Second Amendment, as Louisiana Gov. Kathleen Babineaux Blanco signed into law the NRA-backed Emergency Powers Protection Act.

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The law prevents governments in her state from confiscating firearms during a state of emergency, as took place in New Orleans last year.

"The aftermath of Hurricane Katrina became the proving ground for what American gun owners have always feared: the day that government bureaucrats throw the Bill of Rights in the trash and declare freedom to be whatever they say it is," says NRA chief Wayne LaPierre.

Inconsistent Al

Al Gore worries the world's getting hot,
And all over the globe he will trot,
Warmly warning the masses
About grave greenhouse gases
Caused by people who travel a lot.

-- F.R. Duplantier

Hillary and Barney

She's not president -- yet -- but one might gather as much given the language used to tout one speech today to the American Constitution Society for Law and Policy.

"Sen. Hillary Rodham Clinton will deliver a major policy address on privacy," the society states, adding that "featured remarks" will then be delivered by Rep. Barney Frank, Massachusetts Democrat.

Oh, well, Mr. Frank already made his waves Tuesday when blasting John R. Bolton, U.S. ambassador to the United Nations, for his "disastrous tenure" leading to a "diminution of American influence."

"Anyone who doubts the wisdom of the constitutional requirement that important officials be confirmed by the Senate before taking up their jobs should ponder the disastrous example of John Bolton, whom the Senate declined to confirm as ambassador to the U.N., and who received a recess appointment from President Bush," Mr. Frank stated.

Cook book

Texas native and White House History Fellow Jane Hampton Cook, who served President Bush for five years in various communications positions, will discuss her new book, "The Faith of America's First Ladies," at today's Conservative Women's Network Luncheon at the Heritage Foundation.

She explains in the book how numerous first ladies triumphed over extreme pressures of their positions.

•John McCaslin, whose column is nationally syndicated, can be reached at 202/636-3284 or jmccaslin@washingtontimes.com.

Government Dines On Katrina Leftovers (WSJ)

By Emily Chamlee-wright And Daniel Rothschild

The Wall Street Journal, June 15, 2006

NEW ORLEANS -- With a history in the Black Panthers and Green Party, Malik Rahim does not fit the stereotype of a property-rights activist. But that is what he's become in the upside-down political world of post-Katrina New Orleans, where government response to the storm is creating some strange bedfellows.

Nine months after the hurricane New Orleans remains in tatters, its population is down to about 200,000 from almost a half-million. Large parts of the city, from posh Lakeview to working-class Mid-City, still have few habitable buildings. Many businesses have not reopened or are gone for good. Almost a quarter of voters in May's mayoral runoff election voted absentee.

To add insult to injury, the rights of property owners who had their homes and businesses damaged by Katrina's wrath now face a more powerful and potent threat. Local government officials, armed with the public health code, eminent domain powers and a bevy of dubious legal techniques, aim to demolish buildings -- and, some fear, strip titles from owners -- in what are being euphemistically called "forced buyouts."

Mr. Rahim is the founder of Common Ground, a homegrown group borne of the aftermath of Katrina. It has established emergency supply distribution centers across southeastern Louisiana, including in the virtually abandoned Lower Ninth Ward, where signs reading "Somebody Lives Here" and "Eminent Domain for Who?" surround the bright blue house that serves as a de facto community center.

Common Ground stepped in where government failed. Its Lower Ninth Ward headquarters is on the only street in the district with electricity or communications. Power was restored the morning after Michelle Shin, coordinator of the group's Lower Ninth Ward Project, mentioned it during an interview on ABC's Nightline. The rest of the ward remains in darkness.

In the last nine months, liberal New Orleans has seen a radical transformation in beliefs about private property. Katrina came on the heels of the Supreme Court's decision on eminent domain in Kelo v. New London. While the city is today using its

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public safety police powers to justify the demolition of homes, Common Ground activists fear it may turn to full-scale eminent domain takings over the coming months. New Orleans and the surrounding communities will likely serve as a major battleground between the increasingly mainstream view of neighborhood collectivism and the renegades determined to preserve the sanctity of homeowners' rights.

The fight that has been brewing since late last year is now coming to a head. Homeowners were allowed back into the area only in December, about the same time the bulldozers arrived. The city began to "red-tag" homes, or slate them for destruction. In January, residents won an injunction prohibiting the city from demolishing homes without meeting certain criteria: Notice must be given on the city's Web site and printed in the Times-Picayune newspaper for three days, and letters must be sent to the last known address of the owner.

For homes on private property, demolitions could not begin until 30 days after notification. So far, 120 homes on the public right-of-way have been cleared. Of the 5,000 buildings initially red-tagged, some of which were unaffected by the hurricane, some 2,000 (mostly in the Lower Ninth Ward) have been listed in the Times-Picayune for destruction, according to Ms. Shin. She says that the city's Web site has not been kept up to date on these properties, rendering the city in violation of the injunction. A third of the area's housing stock could be razed.

This sends a message that will chill much-needed outside investment. If bulldozing private homes and businesses becomes par for the course after a disaster, investors will take their money elsewhere. In any case, the local government's failures regarding Katrina are by now self-evident; should they just be repeated as New Orleans attempts to rebuild?

In a city with a rich history of patronage and corruption, all this is especially worrisome. Homeowners have the right to appeal the destruction of their homes. However, no process was established; it came down to city lawyers working with Common Ground to create one ad hoc. Thus far, says a Common Ground legal coordinator, every challenge has been successful.

Yet this is often moot for those tossed into the bureaucratic maw. Some -- perhaps many -- residents have seen their homes bulldozed, with notices either arriving late or not arriving at all. Several residents of the Lower Ninth Ward we talked to thought the city was spuriously tagging homes "in imminent danger of collapse," the criterion it is using to demolish houses not on the public right-of-way.

They also point to the presence of local development magnates on the Bring New Orleans Back Commission and its famous recommendation of extensive use of eminent domain as evidence of perfidy.

Mayor Nagin tentatively rejected calls for widespread use of eminent domain powers, so the issue has not been at the forefront of the debate. But Mr. Rahim says it "always looms over our heads," and many fear that it is being reborn as Katrina fades as an issue for the rest of the country.

It shouldn't. This has become a fight, in many respects, between those who believe in organic urban development and those who favor political central planning.

Mr. Rahim clearly falls into the former camp. While he is no defender of capitalist principles, with hundreds of thousands still displaced, he is engaged in a struggle for what he calls "self-determination." He wants to "rebuild a community that offers opportunities to all its residents." For that to happen, he adds, property rights will have to be sacrosanct.

After Kelo, property-rights activists argued, quite rightly, that the poor and disenfranchised would be most affected by the decision. Mr. Rahim's efforts demonstrate that, on the issue of private property, Americans across the political spectrum have more in common than we often admit.

Ms. Chamlee-Wright, professor of economics at Beloit College, is a senior scholar at the Mercatus Center at George Mason University. Mr. Rothschild is associate director of Mercatus's Global Prosperity Initiative.

Blind Spot On Katrina (USAT)

USA Today (editorial), June 15, 2006

It's a cliché, but it happens to be true: You have to see the Gulf Coast to grasp the magnitude of the destruction wrought by Hurricane Katrina.

In the silent Gentilly neighborhood just north of downtown New Orleans, block after block of homes sit empty, neither bulldozed nor renovated. In the city's Lower 9th Ward, Hardin Elementary School is frozen in mold and Delta mud. Flights over the region reveal acres of blue tarps and white foundations.

Perhaps no one needs to see this more than members of Congress, who are responsible for allocating tens of billions of tax dollars to the Gulf recovery effort and overseeing how that money is spent.

Incredibly, only 94 of 435 members of the House of Representatives (22%) and 47 of the 100 U.S. senators have made their way to the Gulf to view one of the greatest disasters in our nation's history. That's according to Women of the Storm, a group tracking visits.

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Among the missing: the two Democratic senators from disaster-prone California, Dianne Feinstein and Barbara Boxer. Feinstein says she hasn't been able to schedule a visit but has supported every appropriation request. Boxer, who also has supported funding requests, says she "has seen Hurricane Katrina through the eyes of" Sen. Mary Landrieu, D-La. But funneling money in blindly is hardly a substitute for a first-hand sense of where it should go — or not go.

It's not as though members of Congress don't like to travel. Over 5½ years, ending last June, lawmakers and their aides have taken $50 million worth of "fact finding" trips financed by private sponsors. Some of the most popular stops were Paris (200 trips) and Hawaii (150), according to a recent study by the Center for Public Integrity, American Public Media and Northwestern University's Medill News Service.

Maybe if New Orleans supplied champagne receptions, lobbyists bearing campaign checks and airfields with fighter jets, more members of Congress would deign to witness Katrina's devastation.

WAR NEWS:

Bush Rejects Calls For Pullout From Iraq (AP)

By Nedra Pickler

AP, June 15, 2006

President Bush, just back from Iraq, dismissed calls for a U.S. withdrawal as election-year politics and refused to give a timetable or benchmark for success that would allow troops to come home.

"It's bad policy," Bush said in a Rose Garden news conference Wednesday, about six hours after he returned from Iraq. "I know it may sound good politically. It will endanger our country to pull out of Iraq before we accomplish the mission."

The news conference was arranged to capitalize on Bush's stealthy 5 1/2-hour trip to Baghdad Tuesday. The visit marked his first meeting with Iraqi Prime Minister Nouri al-Maliki, and the president said he was impressed with the new leader's plans and character. "I sense something different happening in Iraq," Bush said.

He defended the decision not to tell the prime minister that the U.S. president was in his country until five minutes before they met and denied that it was because of any concern about al-Maliki's inner circle.

"I'm a high-value target for some," Bush said. "I think if there was ample notification that I was coming, perhaps it would have given somebody a chance to plan, and we just didn't want to take that risk."

Bush said he wanted to see a reduction in the deadly violence in Iraq but would not say how much it must drop before troops can begin to withdraw. He offered other ways of measuring progress in Iraq — an increase in oil production or more electricity delivered to cool sweltering homes or growing numbers of Iraqi military units able to handle the fight.

But again, he did not offer any specific targets to measure when Iraqis will be able to govern themselves. Instead, he declared that the government must be able to succeed and that leaving too early would "make the world a more dangerous place."

Democrats criticized Bush for failing to describe plans for a troop withdrawal.

"What we heard from the president today sounds like more of the same — stay the course, which is a slogan, but it is not a plan," said House Democratic leader Nancy Pelosi after leaving a White House meeting with Bush and other congressional leaders. "What we would like is an approach that says, when we reach certain milestones, then we begin a responsible redeployment of our troops and that the commitment is not open-ended."

Several proposals were before Congress to draw down U.S. troops, including one by Sen. John Kerry, D-Mass., Bush's 2004 election rival, to withdraw U.S. combat forces by year's end.

"Don't bet on American politics forcing my hand, because it's not going to happen," Bush said.

But it won't be too long before U.S. commanders in Iraq make a recommendation on withdrawals, a senior military leader said Wednesday. Bush said he would make the final decision based on recommendations from his commanders.

Army Brig. Gen. Carter Ham told Pentagon reporters that initial plans for the top U.S. commander in Iraq, Gen. George Casey, to make such a recommendation this spring had been delayed by the slow progress in forming the new government in Iraq.

"The government didn't form, so the conditions weren't quite right, so clearly the assessment and the recommendations will be pushed a little bit to the right," said Ham, deputy operations chief for the Joint Chiefs of Staff. "But I don't think it will be too terribly long."

Pentagon officials said Wednesday that there are currently about 127,000 U.S. troops in Iraq, a drop from more than 130,000 in recent days.

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Ham said the decline is due largely to the planned return home of a Pennsylvania National Guard unit — the 2nd Brigade of the 28th Infantry Division — which is at the end of its Iraq rotation. He said it should not be interpreted as the beginning of troop withdrawal from Iraq.

Bush said his recent meeting with al-Maliki gave him confidence that the new government will be a capable partner to get the country back on its feet — but he said the Iraqis still need help from U.S. forces.

"If the United States of America leaves before this Iraqi government can defend itself and sustain itself and govern itself, it will be a major blow in the war on terror," Bush said, pounding his fist on a lectern set up in the Rose Garden.

Bush's news conference lasted nearly an hour and included his trademark teasing of reporters. He complimented one on the fancy handkerchief sticking out of his breast pocket and congratulated another as being knowledgeable for a newcomer to the White House.

Bush also poked fun at a reporter for wearing sunglasses during the news conference — and later apologized in a phone call after learning that the reporter wore sunglasses because he's losing his sight to an eye disease.

Unlike typical presidential press conferences that tend to be more wide-ranging, most of the questions focused on Iraq.

Bush said U.S. agents collected new intelligence in recent days following last week's air raid that killed Iraqi terrorist Abu Musab al-Zarqawi and are conducting raids to stop further violence.

The president also said that a crackdown in Baghdad that al-Maliki began Wednesday offered the promise of reducing the violence. That crackdown sent tens of thousands of Iraqi police and soldiers patrolling the streets, searching cars and securing roads.

"The terrorists are vulnerable, and we will strike their network and disrupt their operations and continue to bring their leaders to justice," Bush said.

He spoke anew about an idea he first proposed publicly Monday at the Camp David meeting with his war council — an oil royalty trust that would give citizens across Iraq a stake in how the resources are developed. He suggested it might be structured like Alaska's system, where citizens get a share of the state's royalties from the trans-Alaska oil pipeline.

Bush also said he was impressed with al-Maliki's ideas for reconciliation after the war, including former supporters of Saddam Hussein. Bush suggested he would not like to see terrorists given amnesty as part of the process. "If somebody has committed a crime, I don't know whether or not they'll be that lenient, frankly," Bush said.

A senior White House official said the Iraqis have indicated that they're looking for "models" in national reconciliation. Another official said al-Maliki had inquired whether Bosnians or South Africans might be able to provide expertise.

Bush: "Politics" Won't Derail Mission In Iraq (CHIT)

By Mark Silva

Chicago Tribune, June 15, 2006

WASHINGTON -- President Bush, stressing the importance of success for the new Iraqi government, vowed today that opposition to the war and "American politics" will not divert him from the mission.

"Don't bet on American politics forcing my hand, because it's not going to happen," Bush said at a Rose Garden press conference today, visibly emboldened by his surprise visit to Baghdad. "It is worth it," Bush said of the war. "It is necessary, and we will succeed.

He refused to address any adjustment of troop levels, saying: "My message to the enemy is, 'Don't count on us leaving before we succeed.'"

The president arrived at the White House this morning at 3:30 a.m. EDT after a surprise visit to the fortified Green Zone of Baghdad—and two overnight transatlantic flights on Air Force One in two days. He's pulling out all the stops of the presidential public relations arsenal to make the case that Iraq's new government offers hope for "success" in Iraq after more than three years of costly war.

The summoning of a U.S.-Iraqi summit this week, the surprise trip to Baghdad and now a 9:45 am Rose Garden appearance follow two events that have given the Bush administration new cause for hope that Iraq's security forces can eventually "stand up" and allow U.S. forces to "stand down." One is the seating of the new government, with Prime Minister Nouri al-Maliki acting swiftly to seek better security in Baghdad and other regions. The other is last week's killing of Abu Musab al-Zarqawi, Al Qaeda's former leader in Iraq.

"I've just returned from Baghdad, and I was inspired," Bush said. A former jet fighter pilot in the Texas Air National Guard, Bush revealed that he had taken a position in the cockpit of Air Force One and watched the captain steer into Baghdad International Airport the day before.

"It was an unbelievable feeling," the president said.

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"Part of the success in Iraq depends on the Iraqis and their will," said Bush, commending the new Iraqi prime minister's plan for restoring security and the economy of the country while seeking "reconciliation" among ethnic and religious factions. "He's got a plan to succeed… It's a tough task, no doubt about it. But I'm confident this government will meet it."

"There's a sense of hopefulness," Bush said.

Underscoring the importance of his visit, he said: "Sitting here in America wondering whether these people have got what it takes creates some uncertainty… I've eliminated that uncertainty."

"I was impressed with the prime minister and I'm impressed by his team," Bush said.

As he has before, Bush refused to set any timetable for withdrawal of U.S. forces, maintaining that "the enemy" desperately awaits that signal.

"The policy of the United States government is to stand with the new government and help them succeed, and we will do what it takes to succeed," Bush said. "Our policy is stand up, stand down. As the Iraqis stand up, we'll stand down, but if we do it too soon, we won't meet our objectives.

"No question, there are concerns whether the United States will stand with this government," Bush said. "I made it very clear to the Iraqis, and I'll make it clear here. We'll stay with them and help them succeed."

Explaining the secrecy of his trip to Baghdad, the president said: "I'm a high-valued target for some… We just wanted to be sure we were extra secret about this deal, and the reason why is, Iraq is a dangerous place."

Bush Rejects Iraq Pullout (WT)

By Stephen Dinan

The Washington Times, June 15, 2006

President Bush said yesterday that "Islamic fascists" must know he will not bow to political pressure to pull out of Iraq, even as the Senate begins debate on setting a timetable.

"Don't bet on American politics forcing my hand, because it's not going to happen," Mr. Bush told reporters at a morning press conference in the White House Rose Garden, seven hours after landing from his surprise trip to Iraq.

Mr. Bush backed away from saying the tide has turned in Iraq, instead telling reporters that he senses "something different happening in Iraq" and that the new government is making steady progress. He also announced that he will send Energy Secretary Samuel W. Bodman to Iraq to help the nation with energy production and Deputy Treasury Secretary Robert M. Kimmitt to the United Nations and then to Baghdad to work on boosting support for the new government.

Of $13 billion pledged to help Iraq, Mr. Bush said that just $3 billion has been paid and that his administration will encourage other nations to "pay up."

The president admitted that he was "fighting off fatigue" as he answered questions for an hour and even appeared to blink back sleep. Most of the questions focused on Iraq, but he also handled questions about inflation fears and how Democrats and Republicans will fare in the upcoming congressional elections.

"What's going to matter is who has got the plan that will enable us to succeed in Iraq and keep the economy growing," Mr. Bush said of the political campaign for control of Congress. "I believe we're going to hold the House and the Senate, because our philosophy is one that is forward-looking and optimistic and has worked. We've got a record to run on."

The president also turned aside two questions asking him to comment further about Karl Rove, his political adviser who was told this week that he won't be indicted in the case stemming from the leaked identity of CIA operative Valerie Plame.

While saying he trusted Mr. Rove, Mr. Bush refused to say any more about the accusations that the White House leaked Mrs. Plame's identity, pointing to the pending trial against Vice President Dick Cheney's former chief of staff.

"You'll keep asking questions during the course of the trial; we're not going to comment beyond that," Mr. Bush said.

The president also committed a minor faux pas at the press conference, asking Peter Wallsten of the Los Angeles Times whether he was going to ask a question while wearing sunglasses. Mr. Wallsten is legally blind and wears the glasses to slow a genetic eye disorder. According to news reports, Mr. Bush later learned of the Mr. Wallsten's medical condition and called to apologize to the reporter, who said he "wasn't the least bit offended."

Mr. Bush also said he had several messages from his trip.

"My message to the Iraqis is: We're going to help you succeed. My message to the enemy is: Don't count on us leaving before we succeed. My message to our troops is: We support you 100 percent. Keep doing what you're doing. And my message to the critics is, is that we listen very carefully and adjust when needed to adjust."

Senate Democrats are trying to craft a consensus amendment setting a timetable for withdrawing from Iraq and yesterday said they were close.

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After meeting with Mr. Bush yesterday afternoon, Sen. Richard J. Durbin, Illinois Democrat, said the president has been clear in sending his message to terrorists that the U.S. isn't leaving, but Mr. Durbin said the concern "is how the Iraqis read that statement."

"When are we going to leave, and if the Iraqis do not believe they have to accept responsibility for their own future, and for their own country, how quickly will they be ready to stand and fight?" the minority whip said.

Some Democrats questioned Mr. Bush's trip to Iraq, with Rep. Elijah E. Cummings, Maryland Democrat, calling it "more like a well-staged media event than a true investigative mission" and top party leaders saying the visit doesn't constitute a plan for victory.

"I don't even think we have a clear idea of what the mission is in Iraq," said House Minority Leader Nancy Pelosi, California Democrat. "The message to the Iraqi people has to be that they must have significant transition this year in taking responsibility for their government and for their security."

Republicans seemed to welcome the debate among Democrats.

"I think this is a particularly bad time to send a message to the terrorists in Iraq that we might be thinking of running, just when they're running," said Senate Majority Whip Mitch McConnell, Kentucky Republican.

The White House also said recent weeks prove why the Democrats' amendment is a bad strategy.

"If we had pulled American troops out of Iraq in April, as some Democrats in Congress had advocated, then our troops wouldn't have brought Zarqawi and many other terrorists to justice," said White House spokeswoman Dana Perino.

Bush Tries To Lower Expectations Over Iraq (FT)

By Guy Dinmore In Washington And Roula Khalaf In London

Financial Times, June 15, 2006

President George W. Bush, fresh from a surprise trip to Iraq, on Wednesday sought to lower expectations of what should be defined as success in the country while sketching out a future strategy that did not appear markedly different from the past.

Americans should not have a “zero violence expectation”, Mr Bush said in a news conference.

“Winning means a government that can sustain itself, defend itself and govern itself, and an ally in the war on terror, and we will help this government do that,” he said in a significant departure from the rhetoric that accompanied the 2003 invasion.

Asked if the US had a specific target level of violence in mind that would be deemed acceptable, Mr Bush answered: “Enough for the government to succeed.”

Success should also be measured in terms of economic progress, the president said, mentioning production of oil and electricity, which are hovering at less than pre-war levels, mostly due to sabotage and corruption.

At the same time Mr Bush sought to damp expectations among Americans that significant numbers of US troops would be withdrawn later this year, even if just to stave off what could be a sizeable defeat for Republicans in November’s midterm elections.

According to senior officials in Baghdad, Iraq’s new government will keep the mandate of United Nations Security Council resolution 1637, which legitimises the presence of foreign troops, when it is reviewed on Thursday.

However, officials say rolling over the mandate in the next review six months from now will prove much more difficult, as pressure for a withdrawal mounts on the government in Baghdad and on the US administration.

But given the security situation, officials say it is unlikely that “substantial” numbers of US troops will be able to leave Iraq before the mid-term elections.

Mr Bush on Wednesday said he had a message for the enemy: “Don’t bet on American politics forcing my hand because it’s not going to happen. I’m going to make decisions not based upon politics, but based upon what’s best for the United States of America.”

A top priority, he said, was securing Baghdad. To maintain the momentum gained from the killing last week of the insurgent leader Abu Musab al-Zarqawi, Iraqi and US forces on Wednesday launched in Baghdad Operation Together Forward, involving 26,000 Iraqi soldiers, 23,000 police and 7,200 coalition forces.

There were clashes reported between gunmen and Iraqi troops and a car bomb killed two people, but the clampdown appeared to keep violence at bay in a city hit almost daily by carnage and kidnappings.

Mr Bush said General George Casey, the US commander in Iraq, would work with Nuri al-Maliki, Iraq’s prime minister, on the important task of bringing militias and other armed groups under government control.

Iraqi officials acknowledge that defeating the insurgency requires ending sectarian killings by Shia militias that are believed to have infiltrated interior ministry and police units. Militia violence has helped insurgent groups fill their ranks with young Sunni Arab recruits.

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Mr Bush said a reconciliation process that might draw on South Africa's experience was also part of the Iraqi government's strategy to isolate the insurgency.

But the president dismissed suggestions of an amnesty for those who had committed crimes.

Iraqi officials, however, say reconciliation steps under consideration include an amnesty for insurgents and negotiations with some leaders of armed groups.

Mr Maliki said the door was open for dialogue with "gunmen who oppose the political process and now want to go back to political activity under pledges".

Bush Sees Progress In Iraq (WP)

By Michael A. Fletcher

The Washington Post, June 15, 2006

But He Says U.S. Success Depends on the People There

President Bush said yesterday that the United States is making steady progress in Iraq toward its goal of standing up a government that can sustain and protect the country, but he emphasized that the ultimate success of the U.S.-led venture lies in the hands of Iraqis.

In a Rose Garden news conference just over six hours after his surprise whirlwind visit to Baghdad, Bush said that "I sense something different happening in Iraq" and predicted that "progress will be steady" toward achieving the U.S. mission there.

Bush's measured optimism is at odds with many crucial indicators in Iraq, including oil and electricity production, which are at no better than prewar levels, and the pace of sectarian violence. It also stands in stark contrast to the opinions of many Iraqi citizens, who have expressed growing pessimism about the course of events in their country as well as a growing antipathy toward the presence of U.S.-led coalition forces.

Still, Bush struck an upbeat tone as he pointed to the progress he sees, while emphasizing that Iraqis hold the key to their own future. "Success in Iraq depends upon the Iraqis," Bush said. "If the Iraqis don't have the will to succeed, they're not going to succeed. We can have all the will we want, I can have all the confidence in the ability for us to bring people to justice, but if they choose not to take the -- make the hard decisions and to implement a plan, they're not going to make it."

Bush's remarks followed a recent flurry of good news for his beleaguered presidency and the U.S.-led effort in Iraq. In the past week, U.S. forces killed the leader of al-Qaeda in Iraq, Abu Musab al-Zarqawi. Also, the country recently completed the contentious, months-long effort to form a government that officials hope will balance the interests of the nation's many ethnic and religious factions.

The recent developments, capped by Bush's meeting Tuesday in Baghdad's heavily fortified Green Zone with new Prime Minister Nouri al-Maliki, have created a sense of momentum that the Bush administration is trying to capture.

Bush said he plans to dispatch Deputy Treasury Secretary Robert M. Kimmitt to help Iraq develop a compact that would commit the nation to a series of political, economic and security goals in exchange for more international aid. Bush also promised to redouble efforts to help Iraq collect the balance of the $13 billion pledged by international community, only $3 billion of which has been paid.

Referring to Iraq's reconciliation process, Bush said that membership in Saddam Hussein's Baath Party should not disqualify a person from being part of the Iraqi government. In the immediate aftermath of the U.S. occupation of Iraq, Baath Party members were purged from public life, which many analysts now call a mistake that fueled the Iraqi insurgency.

"Baath Party membership in order to secure a job or to be able to get an advanced degree should be a part -- shouldn't be held against a person," Bush said. "And I think they're willing to balance the difference between terror and -- 'expediency' isn't the right word, but terror and membership of a party to advance one's life."

Asked whether the tide is turning in Iraq, Bush replied cautiously. "I hope there's not an expectation from people that, all of a sudden, there's going to be zero violence -- in other words, it's just not going to be the case," he said. "On the other hand, I do think we'll be able to measure progress. You can measure progress in capacity of Iraqi units. You can measure progress in megawatts of electricity delivered. You can measure progress in terms of oil sold on the market on behalf of the Iraqi people."

The Iraqi government will have to succeed where the U.S.-led coalition has not if those measures are to improve. Crude oil production remains below prewar levels in Iraq, according to State Department figures, a situation that has been largely offset by higher prices. Despite huge investments, electricity is blacked out more than half the day in most of the country, and in Baghdad, electricity is operational an average of eight hours daily, less than half of prewar levels, the State Department said.

"We are treading water as we gradually try to give the Iraqis the ability to fight the war on their own and hopefully do better than we have been doing," said Michael E. O'Hanlon, a senior fellow at the Brookings Institution who has been tracking a broad spectrum of indicators to measure progress in Iraq.

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The death of Zarqawi is a major boon for efforts to unravel his network, and seizing opportunities created by his demise is a question figuring prominently in Pentagon reevaluations of U.S. strategy in Iraq, according to defense officials.

Still looming large, however, are the long-standing problems of the homegrown Iraqi insurgency, the threat of sectarian violence and the reliability of Iraqi security forces -- all of which are likely to be more important in driving U.S. military strategy in Iraq and the eventual drawdown of the 130,000 U.S. troops.

Sectarian attacks rose dramatically after the bombing of a Shiite mosque in Samarra in February, which pushed Iraq to the brink of civil war. Since February, an average of nearly 1,100 Iraqi civilians and 175 Iraqi and police and military and police members have been killed each month, according to the Iraqi government and Iraq Body Count, an independent group. The Pentagon has reported that at least 250 U.S. troops have died in Iraq since February, and the overall U.S. death toll is approaching 2,500.

Another major concern is that some of the fast-growing Iraqi security forces -- particularly police -- may be perpetrating sectarian violence, officials said.

"How much responsibility can you give to Iraqi security forces when they are susceptible to sectarian agendas?" a defense official said. "Our plan has been to build up the Iraqi security forces to handle it themselves, and it becomes paradoxical and counterproductive if they pursue sectarian agendas," he said.

These factors apparently have left many Iraqis discouraged, and hostile to U.S. forces. A March poll by the International Republican Institute found that only 30 percent of Iraqis felt their country was "headed in the right direction." In March 2004, 51 percent of Iraqis agreed with that assertion. Meanwhile, 76 percent of Iraqis called security conditions in the country "poor." In addition, a January survey by World Public Opinion found that 47 percent of Iraqis approved of attacks on U.S.-led forces.

In his remarks, Bush said he was confident that the elected government in Iraq was up to the task before it. He added that U.S. troops will remain by the government's side as long as is necessary to achieve the mission, despite growing calls for him to set a date certain to withdraw troops.

"One message that I will continue to send to the enemy is, don't count on us leaving before the [mission] is complete," Bush said. "Don't bet on it; don't bet on American politics forcing my hand, because it's not going to happen."

U.S. Committed To Democratic Iraq, Bush Says (LAT)

By Johanna Neuman

The Los Angeles Times, June 15, 2006

WASHINGTON — President Bush, saying he was "inspired to be able to visit the capital of a free and democratic Iraq," vowed today that the United States will stay as long as necessary to ensure a stable government in Iraq.

"America is a nation that keeps its commitments," Bush said in a Rose Garden news conference that lasted nearly an hour. "It's in our interests that Iraq succeed."

A day after his surprise visit to Baghdad, Bush said that it was important to meet with Iraqi Prime Minister Nouri Maliki and see "firsthand the strength of his character and his deep commitment to succeed."

Asked about poll numbers that suggest most Americans no longer support the war, Bush said there will always be different voices out of America.

"No matter the polls and all this business, it's worth it, it's necessary, and we will succeed," he said.

The president also said that he had a message for Al Qaeda and other terrorists seeking to impose their violence on innocent civilians: "Don't bet on American politics forcing my hand because it's not going to happen."

In his meetings Tuesday with Maliki, Bush discussed how the U.S. administration can help stabilize the Iraqi government. In one critical operation to regain control of Baghdad and rein in militias, Bush announced that 7,200 U.S. troops will help 52,000 Iraqi soldiers and policemen in an effort to "restore the rule of law."

Bush said that he is dispatching Deputy Treasury Secretary Robert M. Kimmitt to lead efforts to get financial support for the Iraqi government from the international community. Kimmitt will make stops at the United Nations, and in Europe, the Middle East and Asia.

And the president has ordered several members of the U.S. Cabinet to aid their counterparts in Baghdad. Commerce Secretary Carlos Gutierrez and Agriculture Secretary Mike Johanns will travel to Iraq as soon as possible, Bush said, to help on economic development.

Defending the trip's secrecy — "I'm a high value target for some," he said — Bush thanked the cadre of advisors and security personnel who planned for a month to make it happen.

"It worked well. It was an exciting trip," Bush said.

He disclosed that he sat up in the cockpit as the pilot flew into Baghdad. "It was an unbelievable feeling," he said.

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And he delighted in walking into Saddam Hussein's former ballroom to meet with U.S. troops. "It was a thrill to be able to shake their hands and look in their eyes and say that America appreciates what they're doing," he said.

Asked if the death of terrorist leader Abu Musab Zarqawi and the naming of an Iraqi government constitute a turning point in the war, Bush said there were some alterations.

"I sense something different happening in Iraq," he said. "The progress will be steady toward a goal that has clearly been defined." Later, he added, "There's a noticeable change."

Bush denied that Iraq has become a quagmire like Vietnam, saying, "No, 12 million people voted."

He defended his decision to go to war. "It was the right thing to get rid of Saddam Hussein," he said. "It is the right thing to stand with the Iraqi government as it builds a new democracy."

Among those with whom Bush met in Baghdad was the speaker of the Parliament, jailed both by Hussein and the U.S. government. "He wouldn't have taken my phone call a year ago," Bush said. Yesterday, Bush reported, the two sat next to each other and enjoyed a conversation.

Bush was also asked about whether the war on Iraq could cost Republicans the House or the Senate in this fall's midterm elections.

"Pulling out of Iraq before we accomplish the mission would endanger our country," he said. "Elections are a long way off. I look forward to campaigning. I believe we will hold the House and the Senate."

After Iraq Visit, An Upbeat Bush Urges Patience (NYT)

By Sheryl Gay Stolberg

The New York Times, June 15, 2006

WASHINGTON, June 14 — Seeking political momentum from his surprise trip to Baghdad, President Bush said Wednesday that Iraqis feared "America will lose its nerve," and pointedly warned Democrats that an early withdrawal of troops would set back counterterrorism efforts and "endanger our country."

Mr. Bush, speaking at a news conference in the Rose Garden just hours after his 3 a.m. return from Baghdad, promised to send American diplomats to Europe, Asia and the Middle East to press countries there to make good on $13 billion in pledges toward Iraq reconstruction. So far, only about $3 billion has been paid, and some donors have expressed concerns that their money would be spent on security, not rebuilding.

The president also said he had directed several cabinet members, including the secretaries of commerce, energy and agriculture, to travel to Iraq to offer support to the nascent government of Prime Minister Nuri Kamal al-Maliki.

While Mr. Bush said he sensed a "tangible difference" in Iraq, he warned that the violence there was far from over. And he acknowledged international unease over the treatment of detainees at Guantánamo Bay, Cuba.

"The challenges that remain are serious," Mr. Bush said, referring to Iraq, "and they will require more sacrifice and patience."

In Baghdad, Mr. Maliki began a new crackdown intended to reduce attacks in the capital by putting as many as 75,000 Iraqi troops and police officers on the streets. Iraqi forces took up positions across the city, searching vehicles and imposing a curfew. [Page A13.]

In Washington, Mr. Bush praised the prime minister for "working to build confidence in the Iraqi security forces."

But with three recent public opinion polls showing a fresh hint of optimism about the prospect for long-term stability in Iraq, the president also turned to American politics, drawing a link between Iraq and the fortunes of Congressional Republicans in the coming midterm elections. Hinting at a return to a strategy that proved successful for his party in 2004, Mr. Bush said he believed his course in Iraq was correct and vowed to "keep talking about it and talking about it."

Spotlighting divisions among Democrats, Mr. Bush cited what he called "an interesting debate in the Democrat Party about how quick to pull out of Iraq." He also said he had a message for terrorists: "Don't bet on American politics forcing my hand, because it's not going to happen."

The news conference was the latest in a week of events, beginning with Monday's cabinet meeting at Camp David, carefully staged by a White House that is determined to take the offensive on Iraq. Yet aides to the president are well aware that if Mr. Bush wades too deeply into partisanship, he risks losing a claim to above-the-fray statesmanship.

So Mr. Bush stopped well short of the combative attacks being lobbed by some of his advisers, including Karl Rove, who in a speech in New Hampshire on Monday attacked Democrats for what he called "that party's old pattern of cutting and running."

And the president hinted at the tension between his competing roles as world leader and leader of the Republican Party, saying that while he looks forward to the fall campaign, "The timing's not right for me to get out there yet."

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Though he complained of jet lag and fatigue, Mr. Bush seemed energized by his brief Baghdad trip — a reflection, perhaps, of a string of positive developments for his administration, beginning with the killing last week of the terrorist leader Abu Musab al-Zarqawi.

The president spoke with obvious relish about sitting in the cockpit of Air Force One as he flew into Baghdad. "It was unbelievable — unbelievable feeling," he said. And he recounted meeting the speaker of the Iraqi Parliament, a Sunni Arab who vehemently spoke out against the American invasion and who "wouldn't have taken my phone call a year ago."

Mr. Bush also acknowledged that he was concerned about the image of the United States abroad, particularly in light of the recent suicides of three detainees at the American prison camp at Guantánamo Bay.

"I'd like to close Guantánamo," Mr. Bush said, repeating a comment he made in May, though he quickly added that shutting it down was not feasible in the near future.

"No question Guantánamo sends, you know, a signal to some of our friends," Mr. Bush said. "It provides an excuse, for example, to say the United States is not upholding the values that they're trying to encourage other countries to adhere to."

For Republicans nervous about maintaining control of the House and Senate, Mr. Bush's performance Wednesday morning was a comforting sign. In the afternoon, he met with Congressional leaders to brief them on his trip; afterward, the Senate Republican leader, Bill Frist of Tennessee, said he told Mr. Bush that it was "very useful" for the president to focus public attention on Iraq.

Three national polls suggest that Americans may be more hopeful about the prospects for success in Iraq after Mr. Zarqawi's death, though most of the people surveyed still consider the invasion a mistake.

A USA Today/Gallup Poll found 48 percent of respondents thought the United States would probably or definitely win in Iraq, up from 39 percent in April. In a CNN poll, 43 percent said things were going either very or moderately well in Iraq, up from 38 percent in March. A CBS News poll found 60 percent said it was somewhat or very likely that the United State would eventually succeed in Iraq, a slight increase from May.

Still, there are signs that Republicans in Congress will not give Mr. Bush a free pass on the war. As lawmakers prepared to pass an emergency spending bill to pay for military operations in Iraq and Afghanistan, the Senate on Wednesday voted unanimously to force Mr. Bush to submit a formal budget for future war expenditures rather than financing them through such emergency bills, which receive less scrutiny.

The vote came in the thick of an intense debate on Capitol Hill over the administration's policy in Iraq.

In the Senate, Mr. Bush's 2004 Democratic opponent, Senator John Kerry of Massachusetts, is pressing a resolution calling for Mr. Bush to require the withdrawal of troops by the end of this year. But Mr. Kerry's fellow Democrats are divided over whether and how to call for a withdrawal; the Democratic whip, Senator Richard J. Durbin of Illinois, said the party was trying to come up with an alternative.

The House, meanwhile, is scheduled to vote Thursday on a Republican-backed resolution declaring that "it is not in the national security interest of the United States to set an arbitrary date for the withdrawal or redeployment of troops" in Iraq.

Mr. Bush said that in addition to the security situation, progress in Iraq would be measured in tangible ways: oil sold on the market on behalf of the Iraqi people, megawatts of electricity delivered to Iraqi households. But as with the issue of troop withdrawal, the president refused to set a timetable for when he would like those developments to occur.

"The answer to electricity is, sooner the better," he said. "I mean, it's hot over there!"

Bush Confident About Iraqi Government, U.S. Election (USAT)

By David Jackson, Richard Benedetto

USA Today, June 15, 2006

WASHINGTON — Buoyed by his trip to Baghdad a day earlier, President Bush predicted Wednesday that the Republican Party would retain control of Congress in part because of Democrats who want to withdraw U.S. troops from Iraq too soon.

Bush said he welcomes a debate with Democrats on the war before elections Nov. 7. “Pulling out of Iraq before we accomplish the mission will make the world a more dangerous place,” he said.

He expressed eagerness to get out on the campaign trail, but not now. “The timing's not right for me to get out there yet,” he said.

Speaking at a Rose Garden news conference, Bush said he breathed a “sigh of relief” upon hearing Tuesday that top political adviser Karl Rove would not be indicted in connection with the leak of the name of a CIA operative.

Some Democrats, including Senate Minority Leader Harry Reid, D-Nev., have called for Rove's firing. Bush said he trusts Rove, who remains an “integral part of my team.” The president refused further comment because of ongoing legal proceedings against Vice President Cheney's former chief of staff Lewis “Scooter” Libby, who was indicted in the matter.

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Iraq dominated the 56-minute session, which came a day after Bush flew overnight to Baghdad for a face-to-face meeting with Iraqi Prime Minister Nouri al-Maliki and members of his Cabinet. Bush said of the prime minister: "I met with the man, and I believe he can make the right decisions."

Bush said the visit assured him the new government will be able to "sustain itself, govern itself and defend itself," freeing U.S. troops to come home. He said he has no specific timetable for troops' withdrawal and called Iraq essential to success in the war on terror.

A USA TODAY/Gallup Poll taken Friday to Sunday found 51% of Americans said invading Iraq was a mistake.

"It's worth it, it is necessary and we will succeed," Bush declared.

He cautioned that it is not realistic to expect "zero violence" in Iraq, despite the death last week of terrorist leader Abu Musab al-Zarqawi and the advent of a democratically elected government.

"There are other measures to determine success," he said, including generation of more electricity, stepped-up oil production and a stable government that provides "tangible" benefits to its people.

Some Democrats said Bush lacks a coherent plan for extricating U.S. forces.

"If we are not going to leave too soon, when are we going to leave?" asked Sen. Dick Durbin, D-Ill. Durbin spoke with reporters after Bush briefed him and other bipartisan congressional leaders at the White House on the Baghdad trip.

While Democrats hope to retake control of the Senate and House of Representatives in this fall's elections, they remain divided over what to do about Iraq.

Sen. John Kerry, D-Mass., who lost the 2004 election to Bush, supports a pullout by the end of the year. Others such as Sen. Hillary Rodham Clinton, D-N.Y., oppose setting a date for withdrawal. Both are potential 2008 presidential candidates.

House Minority Leader Nancy Pelosi, D-Calif., said Democratic differences reflect "the diversity of opinion (on Iraq) in our country."

Bush said calls for a quick withdrawal "may sound good politically" but would "endanger our country" in the long run by giving terrorists safe haven in Iraq.

Baghdad Bolsters Security, But Firefights Still Crackle (NYT)

By Sabrina Tavernise

The New York Times, June 15, 2006

BAGHDAD, Iraq, June 14 — On the first day of the new government's security regime in Baghdad, soldiers and police officers took up positions across this exhausted city on Wednesday, poking into glove compartments, opening trunks and even examining a coffin on a roof rack.

But the pace was relatively languid (a soldier worked a crossword puzzle in east Baghdad), the usual firefights in the usual neighborhoods crackled (a guerilla fired a rocket-propelled grenade at a tank in north Baghdad) and Iraqis went about their business, wondering what, if anything, would be different.

"Not useful," snapped Isra Hashim, an employee in the Ministry of Health, in west Baghdad, where insurgents move freely on the streets. "This plan is no different from any other plan."

Three years after the American invasion, Iraq has a permanent government that includes all religions and ethnicities, a national army and police force and a recent military success, with its most-wanted insurgent leader, Abu Musab al-Zarqawi, killed last week.

But while politics has fallen into place inside the fortified walls of the Green Zone, Iraqis outside have faced rising death tolls and ever more brutal killings, which in recent weeks have included heads in banana boxes and executions of students. It remains to be seen whether Iraq's new government will be capable of restoring security, particularly in the capital, where some areas are close to anarchy.

Iraq's new prime minister, Nuri Kamal al-Maliki, acknowledged in a speech about the security plan on national television on Wednesday that the task was as much about making Iraqis feel "that life goes on and is not jammed" as it was about killing insurgents. His defense minister said 80 percent of insurgent attacks were against Iraqi civilians, 15 percent struck Iraqi security forces and just 5 percent hit American forces. Death toll statistics tell the tale: The Baghdad morgue is receiving bodies at roughly double the rate of last year at this time.

In many ways, Wednesday felt like more of the same. Iraqi officials trumpeted new checkpoints and security measures carried out by what they said were as many as 75,000 Iraqi soldiers and police officers, in an echo of a similar crackdown announced by the previous government last spring. It took weeks, however, before Iraqis saw signs of increased police presence.

That effort showed just how tricky providing security was in the capital: As soon as its streets finally filled up with police patrols, Sunni Arabs began to accuse the forces of arresting people in large, indiscriminating sweeps, and killing innocents.

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The accusations broke into a full-throated scream by November, when abused Sunni Arab men were found in an underground prison run by the Shiite police.

The turn of events went to the heart of Iraq's security quandary, one that Mr. Maliki is now facing: How can forces that are predominantly Shiite patrol areas that are Sunni, when residents fear, despise, and even shoot at them?

Sunni Arab hostility on Wednesday came in the form of a rocket-propelled grenade in Adhamiya, the oldest Sunni Arab quarter in the capital. A young man stood watching as Iraqi tanks entered Antar Square, raised a grenade launcher to his shoulder and fired it at a tank, missing it but hitting a house nearby, according to Riyadh al-Adhadh, a medical doctor in the neighborhood.

"He fired the wrong way," Dr. Adhadh said.

Soldiers began to shoot, and gunfire popped through the neighborhood for a while shortly before noon. No one was killed, Dr. Adhadh said, but there were injuries.

Dr. Adhadh echoed a thought expressed by a number of Iraqis on Wednesday: Now that Sunnis are in government and seem to be participating equally, there may be a real chance for this security effort to be effective.

"If it is seen as fair, it might control the violence," he said.

Mr. Maliki spoke directly to those fears in his speech.

"It is an important national campaign that does not target a certain neighborhood or a district," he said.

His interior minister, Jawad Kadem al-Bolani, also tried to ease Sunni Arab concerns, saying in his first public comments that he had visited a prison with abuses and had ordered improvements.

In a hopeful sign, Baghdad was comparatively quiet on Wednesday. A car bomb near a large Sunni Arab mosque killed 2 Iraqis and wounded 10 others, and 6 bodies were found around the city. Some Iraqis said the added security measures were worth the trouble.

"It's good," said Mazin Muhammed, a burly tool importer, who grinned widely as he stood at a checkpoint under a highway overpass. "This is protection for us."

The checkpoints in neighborhoods across the city on Wednesday appeared to be the beginnings of something bigger. First Lt. Mustafa Zukair of the Iraq Army's Second Brigade, which patrols eastern Baghdad, said the goal was to divide and seal the neighborhoods so other forces could conduct raids.

"Our work is incomplete without raids," said Lt. Col. Muhammad Fakher, who was directing a checkpoint choked with traffic in central Baghdad.

Lieutenant Zukair, who was working a crossword puzzle under the shade of a tree, said he expected the new security regime, including an 8:30 p.m. curfew, to last for two months.

Mr. Maliki reiterated the government's readiness to talk with resistance fighters, but only those "whose hands are not stained with Iraqi blood." He said he would announce an amnesty on Thursday to prisoners who had not been involved "in Iraqis' blood or in crimes to destabilize security." He did not say how the state would identify them.

"Without security, we can achieve nothing," Colonel Fakher said, as his troops ordered that a coffin that was fastened to the roof of a beat-up minibus be untied.

Ms. Hashim, the Health Ministry employee, lives in Adel, one of the neighborhoods in west Baghdad that has all but fallen to insurgents. She said the government had a long way to go.

"We are an independent state now," she said, referring sardonically to her neighborhood.

Iraq Launches Drive To Secure Violent Capital (CSM)

By Scott Peterson

The Christian Science Monitor, June 15, 2006

Iraqi and coalition forces Wednesday began a massive operation to calm city streets.

BAGHDAD

Iraqi and US forces began a security buildup in Baghdad Wednesday in a bid by the newly formed government to control insurgent and sectarian attacks in the capital.

The open-ended clampdown is to be one of the largest security operations in Baghdad since the 2003 fall of Saddam Hussein.

Operation Forward Together, which involves more than 40,000 Iraqi and some 7,200 Coalition forces, is a key test of the promises made by Prime Minister Nouri al-Maliki to end the bloodshed that has taken more than 6,000 lives already this year.

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But one day after President Bush made a triumphant surprise visit to Baghdad - meeting Tuesday with a somber-looking Mr. Maliki, who has tried to assert his independence by criticizing some US actions - Iraqis waited anxiously for the crackdown, closing some shops and stocking up on food.

Senior officers said the clashes would probably break out in the Sunni districts that will be main targets of Shiite-led forces.

"Today we are starting to use tanks and armored personnel carriers - we will deal very strongly if [insurgents] resist us," says an Iraqi Army major. "When we enter hot areas, we will try to keep the people safe, to arrest criminals and insurgents," says the major, on duty in northern Baghdad. "But the solution is not in our hands. It is with tribal sheikhs, the clerics, and the people themselves, because they are the root of this problem."

In an acknowledgment of that, Maliki on Wednesday balanced the military effort with the possibility of holding talks with "rebels who are opposed to the political process." Maliki said that "if their hands are not stained with blood, we will open the door to [insurgents] for dialogue."

Maliki called on all factions to "express their support" for the operation, saying that the sole objective is to "protect the lives of the people."

The strategy is to secure roads into the capital, expand the curfew, and hit insurgent hideouts in raids that could prompt US air attacks in support. Heavy-handed raids during a similar operation in May 2005 led to a spike in insurgent attacks.

Iraqi forces are trying to capitalize on the death last week of Abu Musab al- Zarqawi, the high-profile leader of Al Qaeda in Iraq, as well as a squirt of optimism that has come from completing the new government.

"We are expecting that clashes will erupt in predominantly Sunni areas," Maj. Gen. Mahdi al-Gharrawi told the Associated Press. "The terrorists will escalate their violence especially during the first week as revenge for the killing of al-Zarqawi."

The security plan will "enable Iraqis to live in peace in Baghdad," promised Maliki, echoing numerous Iraqi leaders before him. "The raids during this plan will be very tough ... because there will be no mercy toward those who show no mercy to our people."

Iraqis, weary of the constant violence during three years of US occupation and weak Iraqi government, are making preparations. Those in troubled neighborhoods have begun to stock up on food and are moving family members - especially military-age sons - to safer areas. They're also hiding extra guns.

"In this situation, one gun is not enough," says a man called Saif, who lives in a district south of the airport road that is heavily populated by Hussein-era officers, Baathists, and intelligence officials. "Because we don't know who will raid us, we should keep more than one gun."

Each Iraqi family can keep one assault rifle, and many armed civilians emerge at night as locally formed protection committees seal off their own neighborhoods. Saif says any police or military force will need to bring senior officers - or a US escort - if they want to search his house.

"We should attack [insurgents] within their safe houses," says Iraqi policeman Haitham Sami, as he searched a suspect car Wednesday after a car bombing. "As much as we can, we will keep safe neighborhoods safe."

Sectarian violence has flared since February, largely due to the alleged presence of death squads in the Shiite-led Ministry of Interior and other security forces. In some cases, young Sunni men are attempting to get a second identity card made, that might change their Sunni name "Omar," to the Shiite name "Amar."

As the crackdown loomed, some Iraqis were keeping identity cards close at hand so that they could produce them quickly for officers conducting raids. And they were stocking up on nonperishable canned goods and rice. The cost of 30 eggs jumped from 3,750 Iraqi dinar ($2.55) on Monday to 4,500 dinar ($3.06) the next day.

One focus of the raids will be the insurgent stronghold of Dora, in southern Baghdad. Property prices there have dropped by half in the past year, a sign of the neighborhood's instability. On Wednesday, only a tenth of the shops there opened.

"The militia [death squads] will come with the Iraqi police in a formal way, so they can kidnap and kill us," says one worried Sunni security guard, who asked not to be named.

The man planned to move his wife and three children to another area later in the day Wednesday. He says the police often refuse to collect bodies from the streets, and claims that the killing of Sunnis in Dora by Shiites "is very organized."

But there were many reminders of the daily violence across Baghdad even as the security operation gathered pace. Early in the morning, a university student passed American forces defusing a roadside bomb near his house in southwest Baghdad.

Later, during his exam in the northwest Sunni neighborhood of Adhamiya, gunfire erupted. One witness described a man in a bulletproof vest blasting his gun into the sky.

Iraqi troops who deployed to the main square with five tanks said their arrival sparked shooting into the air from insurgents - and that the soldiers responded by also shooting into the air. Later reports spoke of a gun battle, but there were no reports of injuries.

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"Everyone showed their muscle and their power," said one Sunni toy-shop owner nearby. The mutual shooting lasted more than an hour. "These things [sectarian killings] will never end, because of the hatred in the depths of their hearts. Some people even say: 'If my father was a Shiite, I would kill him.' "

Bombs also took their toll, despite the security boost. A woman and her son died when a car bomb ended a shopping trip for a new bedroom set for the soon-to-be groom. The wood panels for the furniture were already loaded into the family's truck in the northern district of Al-Qahirah.

The owner of a building damaged in the blast blamed insurgents, and said it was revenge on the local people for calling the police the day before to disarm another bomb.

"If people don't cooperate, then everything will fail," says Sadiq Hamid, the building owner. "But if people agree to cooperate, [the security operation] will meet success."

Security Crackdown Begins In Baghdad (WT)

By Sharon Behn

The Washington Times, June 15, 2006

Sirens wailed throughout Baghdad yesterday as shoppers rushed out to stock up on food in the face of extended curfews and one of the largest citywide security clampdowns in three years.

U.S. and Iraqi soldiers and police stopped almost every car on major roads and conducted random checks at the neighborhood level as they kicked off a massive operation aimed at restoring security to the city of 6 million people.

Over the past five months, bodies shot in the head, decapitated and some with signs of torture have been strewn in the streets on a daily basis as sectarian, insurgent and criminal violence began to spiral out of control.

The operation, which Iraqi soldiers have said will last for at least one month, is expected to build up over the next few days, fueling fears among residents who are not sure what is going to happen next.

Prime Minister Nouri al-Maliki reassured residents there would be no wholesale storming of neighborhoods. Raids would be directed against specific targets and based on intelligence information, he told reporters yesterday.

"We won't neglect the humanitarian aspect, because these measures are aimed at allowing people to live in peace," he said.

Quieter neighborhoods, like Karrada and Jadriyah, had many checkpoints, mainly controlled by Iraqi police.

The military presence was heavier in the city's "hot spots" where gunfights frequently erupt. Neighborhoods like Saydia, Baiya, Ghazaliya and Adhamiya had fewer checkpoints but many more combined U.S.-Iraqi army foot patrols.

Despite the measures, a car bomb exploded killing four persons in the northern area of Qahira, and gunfights broke out in one Sunni neighborhood, the Associated Press reported.

Ali, a doctor who asked that his last name not be used, said he saw multiple military and police checkpoints as he traveled home from work. Where previously there had been one or two checkpoints, now there are three or four, he said. Each checkpoint was manned by five to 10 soldiers. One reporter was checked four times in a 1½-mile stretch.

"They are closing every major road, and checking every single car for everything. If there is a car with two young guys, they will search them. Families are OK," said Ali. He said traffic was light as most families stayed home, and few students showed up for their annual final exams.

Even Baghdad's popular "Faqma" ice-cream shop, where students normally celebrate the end of classes and get some respite from the 113-degree heat, was empty. Shops closed early, and city streets were practically deserted by 5 p.m., residents said.

The shutdown was welcomed by many who are tired of the daily onslaught of violence.

"We need safety. We want to feel safe when we walk on the street," said Sameer Hachem Mohammed, a 35-year-old ice seller.

"Iraqis are used to a strong hand," agreed Abbas Abdul Jabbar, a generator technician. "The best way to fight terrorism is with an iron fist."

Newspaper headlines focused more on the security plan than President Bush's surprise visit to the city Tuesday, mostly backing the operation which aims to end the daily carnage and get the militias under control.

But an anti-U.S. demonstration by followers of radical Shi'ite cleric Muqtada al-Sadr -- who has thousands of armed supporters in his Mahdi militia -- was largely shrugged off.

Soldiers manning the checkpoints acknowledged they were tired after weeks of struggling with the deteriorating security situation, but said they were hopeful the new operation would reverse the trend.

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"We need the Iraqis to help us so we an help them. Security will come to Baghdad step by step, and God willing we will be safe," said Iraqi soldier Ahmed Acheeb. "The security plan is very good. We start at 6 a.m. until the curfew at 8 p.m., searching every vehicle. We search the hood, the trunk, the person, and check the car papers. We check those cars with a weapon and check the weapon number with the license."

Another soldier, Ali Hussein, 20, said the troops were in it for the long haul: "Day and night, we will be in the street. The Iraqi army has canceled all leave for at least one month."

Baghdad Violence Dips As Government Cracks Down (USAT/AP)

By Hamza Hendawi

USA Today, June 15, 2006

BAGHDAD — Government forces that fanned out across Baghdad on Wednesday set up checkpoints, frisked motorists and caused traffic jams on the first day of the largest security operation in Iraq's capital since Saddam Hussein's ouster three years ago.

Violence dipped slightly in the capital. Baghdad was hit by just one car bombing that killed four people and injured six, police Lt. Ali Mitaab said.

Many stores were closed in Azamiyah and Dora, both strongholds of the Sunni Arab insurgency.

Operation Forward Together, involving 75,000 Iraqi army and police forces backed by U.S. troops, began a day after President Bush visited Baghdad to reassure Iraqis of Washington's continued support and a week after the death of terror leader Abu Musab al-Zarqawi.

It was the first major action by Prime Minister Nouri al-Maliki since his new government of national unity was sworn in May 20.

Tackling security in Baghdad has been the aim of several past counterinsurgency operations including one a year ago. That operation, code-named Lightning, failed to have any impact on the almost daily bombings, shootings and killings in Baghdad.

Al-Maliki pledged Wednesday not to negotiate with those who had shed innocent blood, the latest in a series of tough statements he has made since American bombs killed Zarqawi, the leader of al-Qaeda in Iraq. Al-Maliki, a Shiite Muslim, sought to reassure Sunni Arabs that Operation Forward Together would not indiscriminately target their community, which is the heart of the insurgency.

“We are only going to attack areas that are dens for terrorists,” al-Maliki said.

Launching the operation in a televised news conference, al-Maliki said he was prepared to hold talks with insurgent groups opposed to Iraq's U.S.-backed peace process. He made clear that his offer was conditional and excluded terrorist groups.

As part of a national reconciliation initiative he planned to detail this week, he also offered amnesty to detainees found not to have been involved in violence.

“There is also a space for dialogue with insurgents who opposed the political process and now want to join the political process after offering guarantees,” al-Maliki said. He did not specify what guarantees he seeks. “On the other hand, we are not going to negotiate with the criminals who have killed the innocent.”

The security crackdown in Baghdad includes a curfew extended by 4½ hours — from 8:30 p.m. until dawn — and a weapons ban.

The government did not say how long the crackdown would last and declined to provide the precise number of checkpoints and troops involved.

Iraq Amnesty Plan May Cover Attacks On U.S. Military (WP)

By Ellen Knickmeyer, Jonathan Finer

The Washington Post, June 15, 2006

Leader Also Backs Talks With Resistance

BAGHDAD, June 14 -- Prime Minister Nouri al-Maliki on Wednesday proposed a limited amnesty to help end the Sunni Arab insurgency as part of a national reconciliation plan that Maliki said would be released within days. The plan is likely to include pardons for those who had attacked only U.S. troops, a top adviser said.

Maliki's declaration of openness to talks with some members of Sunni armed factions, and the prospect of pardons, are concessions that previous, interim governments had avoided. The statements marked the first time a leader from Iraq's governing Shiite religious parties has publicly embraced national reconciliation, welcomed dialogue with armed groups and proposed a limited amnesty.

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Reconciliation could include an amnesty for those "who weren't involved in the shedding of Iraqi blood," Maliki told reporters at a Baghdad news conference. "Also, it includes talks with the armed men who opposed the political process and now want to turn back to political activity."

Maliki stressed that he had not yet met with the Sunni resistance and added, "We will talk to those whose hands are not stained with blood, and we hope they would rethink their strategy." He vowed that they "will not be able to interrupt the political process, either by wanting to bring back the old regime, or imposing an ugly, ethnic new regime upon Iraq."

As Maliki spoke, Iraqi soldiers and police led the first day of a security crackdown in Baghdad. A force of more than 30,000 uniformed Iraqi security personnel, backed by more than 30,000 U.S.-led foreign troops, enforced the first day of a dusk-to-dawn curfew and stepped up checkpoints throughout the capital. Iraq's Interior Ministry said Tuesday that no additional troops were brought in for the operation.

Thanks to Wednesday's expanded checkpoints -- one of the first clear efforts of Maliki's new government -- there were traffic-snarling jams across Baghdad. "We have noticed less and less people shopping, but I would rather have security than more customers," said Wisam Saad, 29, who stood in a shop empty of customers, surrounded by cigar boxes, teapots and trinkets.

Iraq's previous, transitional government, led by Ibrahim al-Jafari, a Shiite, launched a similar crackdown last year but it failed to deter the violence. After elections in December selected Iraq's first full-term parliament since the fall of Saddam Hussein, Maliki won appointment as prime minister. His month-old administration has seen rapid movement on some long-standing demands from Sunni opponents of the Shiite governments, such as the U.S.-Iraqi agreement to free thousands of detainees in U.S.-run prisons in Iraq this month. Hundreds are due to be released from the Abu Ghraib prison on Thursday.

Maliki's security crackdown and talk of amnesty and reconciliation came a day after President Bush's unannounced visit to Baghdad's heavily fortified Green Zone. Bush came with what he said were twin messages for Maliki: The United States would not abandon Iraq, but Iraq needed to do more to tackle its problems.

The violence continued Wednesday. A bomb placed in a parked car exploded in northern Baghdad, missing the police patrol that was its apparent target but killing four civilians.

...

President Jalal Talabani, a Kurd, has long talked of negotiations and a possible limited amnesty to help end Iraq's violence. However, Maliki's statements Wednesday marked the greatest public show of willingness to compromise from governments led by the Shiite religious parties.

The Arab League on Wednesday postponed a reconciliation conference for Iraq that had been set for August. Adnan Ali al-Kadhimi, a top adviser to Maliki, said the conference was delayed in part so Iraq could decide who might be eligible for any amnesty. It was not clear how the government would verify which insurgents have been responsible for which types of attacks.

"The government has in mind somehow to do reconciliation, and one way to do it is to offer an amnesty, but not a sort of unconditional amnesty," Kadhimi said in a telephone interview. "We can see if somehow those who are so-called resistance can be accepted if they have not been involved in any kind of criminal behavior, such as killing innocent people or damaging infrastructure, and even infrastructure if it is minor will be pardoned."

The reconciliation effort pioneered by South Africa after the collapse of apartheid might be a model, Kadhimi said. "One way was to admit what you have done and you will be forgiven, and maybe parts of this can be considered. Because once we see people coming forward to admit what they have done, and it's within the areas the government has the right to pardon, it could happen."

Asked about clemency for those who attacked U.S. troops, he said: "That's an area where we can see a green line. There's some sort of preliminary understanding between us and the MNF-I," the U.S.-led Multi-National Force-Iraq, "that there is a patriotic feeling among the Iraqi youth and the belief that those attacks are legitimate acts of resistance and defending their homeland. These people will be pardoned definitely, I believe."

Asked about pardons for those who had attacked Iraqi forces, he said: "This needs to be carefully studied or designed so maybe the family of those individuals killed have a right to make a claim at the court, because that is a public right. Or maybe the government can compensate them."

U.S. diplomatic officials have said previously that they were encouraging dialogue among Iraq's many rival factions, but none has confirmed U.S. backing for an amnesty offer.

Maliki also addressed the problem of militias allied with his Shiite religious bloc. "Our success in the national reconciliation plan and our success in providing services will give . . . a message that there is no need anymore for militias, because security is under the government's control." He had earlier proposed that militias be absorbed into Iraq's security forces.

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Maliki's statements come as there is growing openness to dialogue on all sides of Iraq's ethnic and religious divides. Talabani told reporters at a news conference in the Kurdish north last weekend that he believed 2006 might be the year of peace settlements for Iraq.

Similarly, the top Sunni Arab in Iraq's new government said this week that he believed a peace deal was "very close." Salam al-Zobaie, the deputy prime minister, said in an interview in his Baghdad office this week that the difference this time was that the new Shiite-led government was indicating openness to compromise.

Asked about proposals of amnesty for Sunni insurgents, Zobaie said the previous Shiite governments "closed the door" on the Sunnis "and forced them to take up the gun to defend themselves. We should be talking about an apology, not amnesty."

Bahaa al-Araji, a lawmaker and supporter of Shiite cleric and militia leader Moqtada al-Sadr, said Wednesday that members of the governing Shiite alliance were formally asked by their bloc this week to evaluate who might be acceptable partners for dialogue on the Sunni side.

Speaking before Maliki's news conference, Araji rejected some of what he said were too-easy peace terms being floated by Talabani. He said Talabani was speaking from the perspective of a northern Kurd spared the scale of violence that has bloodied the rest of Iraq.

Rather than a reconciliation conference, Araji said, the best step for peace in Iraq would be for leaders of Sunni, Shiite and Kurdish blocs in parliament to come to terms among themselves.

"That will take care of 90 percent of the people" in Iraq's conflict. The remaining 10 percent "will then be isolated and exposed, so all their evil steps are obvious to us and to them," Araji said. Military forces could deal with the remaining hard-liners after any reconciliation, he said.

Asked if he was optimistic about prospects for an easing of the killings, Araji cited the Feb. 22 bombing of the golden-domed Shiite shrine in Samarra, north of Baghdad. Destruction of the shrine spurred sectarian violence to new and lasting heights.

"Not as optimistic as I was six months ago," the Shiite lawmaker said. "More than I was three months ago."

Staff writer Joshua Partlow and special correspondents Omar Fekeiki and Saad al-Izzi contributed to this report.

Seize The Day (WSJ)

By L. Paul Bremer

The Wall Street Journal, June 15, 2006

George Bush made his trip to Baghdad, he told the new prime minister, Nuri Kamal al-Maliki, "to look you in the eye." Yet his surprise visit established more than a first-hand connection. It signposted the dramatic events of the past week, which bode well both for Iraq's future and for the broader war on terrorism. As he stood in the hall of one of Saddam's former palaces -- quite literally in the eye of the storm -- Mr. Bush implored the Iraqis to "seize the moment." There are now emerging indications that they are doing just that.

Thanks to the efforts of the men and women of America's military, the prayers of millions of Iraqis were answered with the death of al Qaeda's "prince" in Iraq. Abu Musab al-Zarqawi was responsible for the gruesome murder of thousands of innocent Iraqis. He supported al Qaeda's goal of killing Americans and himself beheaded a number of our citizens on video.

Experience with terrorist groups over the past 30 years suggests that his death will help the war on terrorism in three ways. First, taking a terrorist leader off the board has symbolic importance. Terrorist groups are cult-like and depend on a charismatic leader for inspiration. The ramifications of Zarqawi's death go beyond Iraq because of the stakes in the broader war which al Qaeda has declared on the West. With bin Laden in hiding, Zarqawi has been al Qaeda's most important operative. Now he is gone.

Second, the incident will exacerbate internal tensions inside al Qaeda. Terrorist organizations are secretive to the point of paranoia. The tip that led us to Zarqawi came from within his organization. This is sure to concern the remaining killers. Which of their colleagues can they trust? In the past such uncertainty has led to devastating internecine squabbling, even war, inside terrorist groups. And intelligence tips from the Iraqi people have increased tenfold in the past year, suggesting that they are fed up with terrorist atrocities.

Third, the death of a terrorist leader has a serious impact on the operational effectiveness of the group, at least in the short term. Group members lack direction; various men struggle to become the new leader. Paranoia and uncertainty will, at a minimum, crimp their ability to conduct a strategy of coordinated attacks.

But while Zarqawi's death is an important milestone, it is not victory. There will certainly be more violence and terrorism.

Al Qaeda is still in Iraq; these killers from the outside have a simple vision for this country, which is to impose by force a Taliban-like extremist government that would support terrorism worldwide. Then there are the Iraqi insurgents, almost exclusively

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Sunnis. Killers from Saddam's intelligence and security forces, these men have a different, but equally clear, vision for Iraq. They want to shoot their way back into power and install a Saddam-like dictatorship. They share al Qaeda's hatred of democracy, have engaged in some operational coordination with the terrorists, and have given them safe haven.

Finally, Shiite militia have contributed to the violence. This is a new phenomenon of the past two years -- during the 14 months I was in Iraq, the coalition confirmed fewer than 100 deaths attributable to sectarianism.

Zarqawi's stated objective was to provoke a sectarian war between Shiites and Sunnis: He considered all Shiites to be apostates and killed Shiite men, women and children indiscriminately. When the coalition and nascent Iraqi security forces proved unable to stop these attacks, some Shiites turned to their illegal militia. They have been guilty of some horrible acts of revenge.

Despite this terrorism and violence, Iraq has made impressive political progress. Two years ago, in an extraordinary letter, Zarqawi told his followers that democracy was coming to Iraq and that there was no place for them in a democratic Iraq. When the Iraqis held three elections last year, Zarqawi's fear and hatred of democracy was captured in his blunt message to them: "You vote, you die." So every Iraqi who went to the polls was risking his or her life. Yet in the elections on Dec. 15, voter turnout was higher than in any American presidential election in 130 years. It is hard to imagine a more dramatic example of national courage.

By fortunate coincidence, the day Zarqawi died, Mr. Maliki took another important step by completing his cabinet. And in his meetings with President Bush on Tuesday, the prime minister laid out his program. He confirmed his government's intention to prosecute the war to victory. He reiterated that the illegal militia must be brought under central government control. He spoke of reconciliation among Iraqis, while his ministers of defense and interior made stirring calls for unity, stressing their intention to "work for all Iraqis."

The key to success in Iraq is providing security; and the key to security is defeating the Sunni insurgency. This will deny al Qaeda important support and remove the excuse Shiite militia have for taking action into their own hands. It will give the government the opportunity to rebuild the economy and to continue on the path to full democracy.

What is needed is a military campaign to defeat the insurgents. The campaign plan should determine subsidiary questions of the number, type and deployment of coalition forces. The prime minister's announcement Wednesday of a major operation to secure Baghdad may be the first step in such a plan. We should seize the opportunity now to provide all possible support to the Iraqi government. President Bush said at his press conference that ultimate success depends on the Iraqis, and that is true. But he was also right to stress that we will do what is necessary to enable that success.

Some in America instead speak of setting timetables for the withdrawal of our forces. This would be an historic mistake. Withdrawing our troops before Iraqis can defend themselves would endanger American security by encouraging more terrorism. It would betray the democratic government of Iraq and dishonor the sacrifices of American service men and women.

All the audiences to the ongoing drama in Iraq -- the Iraqi people, the American people and terrorists everywhere -- must understand that our objective in Iraq is victory and that we will do whatever is necessary to prevail.

Mr. Bremer was presidential envoy to Iraq and chairman of the bipartisan National Commission on Terrorism.

Iraq's Atomization (WP)

By George F. Will

The Washington Post, June 15, 2006

The dust having settled -- 500-pound bombs can raise, and even manufacture, a lot of dust -- it is time to give the devil his due. To understand the diabolical genius of Abu Musab al-Zarqawi, that pornographer of violence, begin with this:

He was a primitive who understood the wired world and used an emblem of modernity, the Internet, to luxuriate in gore. But although he may have had an almost erotic enjoyment of the gore, it was also in the service of an audacious plan. And he executed it with such brutal efficiency that he became, arguably, the most effective terrorist in history.

That appellation still suits Osama bin Laden because, as the animating mind behind the Sept. 11 attacks, he pulled the world's superpower into a war that provided the occasion for Zarqawi's rise to world prominence. Still, Zarqawi set out to prove that a central premise of the U.S. intervention in Iraq was -- is -- false. Or perhaps it is more precise to say that he decided to make it false. But if he could falsify it, it never was quite true.

The premise was that Iraqis are primarily nationalists and only secondarily sectarians. Zarqawi's wager was that explosives, used with sufficient cruelty, could blow that premise to smithereens. He may have succeeded. If so, the February bombing of the Askariya shrine, although the blast itself killed nobody, may have been the most deadly explosion since the planes hit the twin towers because it provoked sectarian violence that may now constitute a social firestorm.

A firestorm occurs when a fire becomes so hot that rising heat pulls in cold air, an influx of oxygen that feeds the fire. A firestorm is self-perpetuating because, in effect, the fire becomes its own fuel. If Iraq's sectarian violence has reached that point, Zarqawi had made himself somewhat superfluous.

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It is sometimes charged that journalism, which considers the phrase "good news" an oxymoron ("We don't report the planes that land safely"), is missing the good news from Iraq. But so pervasive is the violence, and hence so dangerous has Iraq become for journalists, that the Wall Street Journal, hardly a hostile observer of the U.S. undertaking in Iraq, thinks the bad news might be underreported.

Even the good news often has a dark cast to it. At last -- 25 weeks after the voting -- the Iraqi parliament has produced a full government. But its first task is to conquer itself: It must end the sectarian violence being committed by people wearing government uniforms, in the military and police.

It is frequently said that protracted terrorism has an atomizing effect on a polity, reducing civil society to so much human dust. In Iraq it may be having the opposite effect: Rather than disaggregating Iraqis, the force of the explosions -- especially the one on Feb. 22 that demolished the dome of the Askariya shrine in Samarra -- seems to have blown them together, ruinously, into furious Sunni and Shiite blocs.

Just in May, just in Baghdad, sectarian violence killed 1,400 -- and that figure does not include victims of car bombs. It speaks depressing volumes about the U.S. predicament that the new idea is to . . . conquer Baghdad. On April 20 the Iraq war became as long as the Korean War. As of tomorrow the war will be as long -- 1,185 days -- as U.S. involvement in World War II was when U.S. troops captured the Ludendorff railway bridge at Remagen and became the first foreign troops to cross the Rhine since Napoleon's in 1805. And Baghdad beyond the Green Zone is a war zone, which accounts for the flight from the country of many educated and mobile Iraqis.

But it did not take three years of Zarqawi and terrorism and sectarian violence to turn Iraqis into difficult raw material for self-government. For that, give another devil his due: Saddam Hussein's truly atomizing tyranny and terror. On June 20, 2003, just 72 days after the fall of Baghdad, The Post reported this from Fallujah:

"Military engineers recently cleared garbage from a field in Fallujah, resurfaced it with dirt and put up goal posts to create an instant soccer field. A day later, the goal posts were stolen and all the dirt had been scraped from the field. Garbage began to pile up again."

An Army captain asked, "What kind of people loot dirt?" There are many answers to that question. Here is one: a kind of people who are hard to help.

Funds For Iraq Run Low (CSM)

By Peter Grier

The Christian Science Monitor, June 15, 2006

The $20 billion the US gave for reconstruction will be exhausted within months.

Time and money are running out on the US-directed reconstruction effort in Iraq.

The main conduit for American rebuilding aid - the Iraq Relief and Reconstruction Fund (IRRF) - is scheduled to close at the end of this year.

Almost all the cash Congress has allocated for the fund, some $20 billion in all, has been spent, or will be, in coming months.

Yet many important efforts remain unfinished, for reasons ranging from insurgent attacks to incompetence and contractor corruption. More than 75 percent of oil and gas restoration projects are incomplete, as are 50 percent of electrical and 40 percent of water and sanitation projects, according to the April report of the Special Inspector General for Iraq Reconstruction.

The bottom line: Iraqis are facing what US officials call a "reconstruction gap" as they assume responsibility for rebuilding. Meeting already-identified needs might require a further $18 billion to $28 billion, according to one estimate.

Domestic Iraqi resources, and aid from countries other than the US, might help close this gap. But some experts say that additional US funds - beyond what's currently planned - might be needed, or crucial goals could remain unmet.

"You don't want to be penny-wise and pound-foolish here," says Steven Kosiak, director of budget studies at the Center for Strategic and Budgetary Assessments in Washington.

When the US invaded Iraq in 2003, it took control of a nation with a ruined economy and infrastructure. In the 1970s, Iraq's per-capita income was close to that of Spain. Since then it has dropped to that of a sub-Saharan African nation.

In an effort to jump-start economic activity and civic life, US reconstruction efforts have encompassed much more than the rebuilding of infrastructure ruined by war. More than 3,000 schools have been constructed with US funds, according to the US Army Corps of Engineers. US officials have tried to rescue Iraqi agriculture, such as a date palm industry that deteriorated during the years of Saddam Hussein.

But the general course of reconstruction has not been smooth. Insurgent and factional violence has hobbled rebuilding, as it has the country as a whole.

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Between 16 and 22 percent of reconstruction dollars pay for armed guards and other costs related to security, James Kunder, an assistant administrator of the US Agency for International Development, told the House International Relations Committee at a hearing last week.

Fraud and abuse have also been problems. Stuart Bowen Jr., the Special Inspector General for Iraq Reconstruction (SIGIR), has 72 open investigations into allegations of corruption, according to his latest quarterly report to Congress.

Earlier this year, Robert Stein, who was a regional Coalition Provisional Authority (CPA) comptroller, and contractor Philip Bloom pleaded guilty to participation in a scheme to defraud the CPA of more than $8.6 million, the report noted.

Then there's waste, brought about by haste, inattention, incompetence, or a combination of the three. In May, an audit by Mr. Bowen found that a $243 million program to build healthcare clinics would finish just 20 of the 150 that had been planned, unless extra cash is forthcoming.

Forty-one natural-gas turbines bought with US funds, and meant to generate needed electricity, are being run on fuel oil, due to limited natural-gas availability. This cuts their output by 50 percent, according to the US Government Accountability Office, increases maintenance needs three-fold, and reduces the life of the equipment.

US officials defend the rebuilding effort as the best that could be accomplished under the circumstances. The latest SIGIR quarterly report calls reconstruction "a picture of significant progress achieved through a substantial US investment of time, talent, and tax dollars...."

But critics point out that basic services have yet to be restored three years after the US invasion. Oil and electricity production have yet to return to prewar levels. Some 60 percent of clean water produced in Iraq is lost to leakage and contamination.

"The US aid process has failed. It has had some important individual successes, but it has wasted at least half of the some $22 billion in US funds ... it attempted to use to secure and develop Iraq's economy," wrote Anthony Cordesman, a senior expert on Iraq at the Center for Strategic and International Studies, in a recent study.

The question is, what next? As the IRRF phases out, most projects will turn to Iraqi control. Further US aid would be funneled through the normal foreign-affairs budget.

Yet many projects won't be completed by the handover date. As of April, 277 electricity projects remained incomplete, with 58 not yet even started. Forty-two oil and gas projects aren't finished - and only 13 are.

US budget plans don't call for big additions to the money already spent. For fiscal 2007, the US requested $770 million in reconstruction funds - and a House committee has trimmed that by $200 million pending final passage. US officials are pressing other nations to pay up pledges of aid they've already made. But a reasonable estimate of the money still needed is $18 billion to $28 billion, according to Mr. Kosiak, and total foreign aid pledges are only $13 billion.

"Even assuming ... that this gap could be covered by drawing equally upon US, international, and Iraqi resources, this suggests that an additional $5 billion to $10 billion in US reconstruction assistance might need to be provided," he wrote in an analysis of reconstruction earlier this year.

Iraq Debate Splits Democrats (RC)

By Ben Pershing And Steve Kornacki

Roll Call, June 15, 2006

More than 40 months after the House voted to authorize the use of force in Iraq, the chamber will spend several hours today in potentially acrimonious debate over the wisdom of that conflict and the overall war on terror.

Republicans and Democrats have spent the past three days drawing battle lines for today's 10-hour-plus debate, with GOP leaders telling their Members to emphasize recent good news and Democrats objecting that the structure of the debate and the accompanying resolution is designed to embarrass them.

Democrats have complained that the resolution links Iraq and the war on terror in ways that many Iraq critics fundamentally disagree with, and that Republicans have been unfair by not allowing them to offer their own resolution during the debate.

"It's really a hoax," said Rep. Louise Slaughter (D-N.Y.), the ranking member on the Rules Committee.

Slaughter noted that when Democrats were in charge, the House actually considered three separate resolutions before authorizing the 1991 Gulf War — two offered by Democrats and one presented by then-Minority Leader Bob Michel (R-Ill.).

But Republicans dismissed the idea that multiple resolutions were necessary in this case.

"This resolution is America's commitment to fighting the war on terror and winning the war in Iraq," said Ron Bonjean, spokesman for Speaker Dennis Hastert (R-Ill.). "What alternative to fighting the war on terror is required?"

The debate is expected to last between 10 and 12 hours and could conceivably continue into Friday morning, since the White House Congressional Picnic — postponed from Wednesday — is scheduled for 6 p.m. today. At press time, Republican

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leaders had not decided whether to recess for the picnic or to continue the Iraq debate during it. More than 140 Republicans and an unknown number of Democrats are expected to participate in the White House event.

The debate will be divided into four sections, with each of the House committees that contributed to the resolution controlling a portion of the time. An outline of the debate from the Republican leadership described the breakdown as:

• the Intelligence Committee will manage time "discussing the overall Global War on Terror, including our tangible intelligence successes";

• the International Relations panel will cover "the political achievements in Iraq, the Middle East, and beyond";

• the Armed Services Committee will discuss "increasing warfighting capacity of the Iraqi Security Forces and our military successes"; and

• the Judiciary Committee will manage time on Congress' passage of "laws which have protected Americans, including the intelligence accomplishments which have resulted from these laws."

Democrats say they will use the debate to talk about the redeployment of troops, the administration's mishandling of post-invasion planning, pre-war intelligence, and the calls of several retired generals for the firing of Defense Secretary Donald Rumsfeld.

"There's a lot of unity on the Democratic side," said Brendan Daly, spokesman for Minority Leader Nancy Pelosi (D-Calif.).

More than half of the Democratic Caucus voted against the original war resolution when it came before the House in 2002.

Some Members on Wednesday also talked up the idea of the Caucus voting "present" as a less politically risky way of protesting the content of the GOP-crafted resolution.

"I hope my colleagues will just vote 'present' and be done with it," Slaughter said.

Rep. Peter DeFazio (D-Ore.) said he feared the wording of the resolution would intimidate Democrats into voting with Republicans — thereby allowing war supporters to claim a resounding Congressional mandate.

Referring to his fellow Democrats, DeFazio said, "We need a major focus and strategy going into this."

Late Wednesday, a senior Democratic aide said that Pelosi was not pushing "present" votes, but that she might yet support the idea.

Pelosi had been planning to divvy up the debate time among members of the four committees of jurisdiction, the same arrangement Republicans will employ. But that plan provoked a passionate exchange between the Leader and some of her party's most vehement war opponents at Wednesday morning's Democratic Caucus meeting.

In comments that some witnesses said bordered on outright hostility, Reps. Maxine Waters (Calif.), Lynn Woolsey (Calif.), Barbara Lee (Calif.), Bernie Sanders (I-Vt.) and DeFazio took turns complaining to Pelosi that the 72-member Out of Iraq Caucus would be marginalized under her floor debate plan, since many of them don't sit on the participating committees.

Pelosi initially refused, telling them they would be treated no differently than other Members, a response that appeared to only enrage the anti-war Democrats. But Pelosi seemed to change her posture later in the day, with a Democratic aide saying it is now likely the Out of Iraq Caucus will be given a chunk of Democrats' floor time on Thursday.

"It was very clear that she was surprised by them bringing it up," a source who attended the Caucus meeting reported. "And so her knee-jerk answer was to say, 'There will be plenty of time for everyone who's against the war to make their point — but not as a bloc.'"

Woolsey, one of the co-founders of the Out of Iraq Caucus, said, "We're pushing for the Out of Iraq voice to be accessible and conveniently brought forward. We don't want to have to fight to say our piece."

While Democrats have protested that they were shut out of crafting the resolution, Republicans argue that they did allow Democrats into the process at the committee level, though they admitted that the final resolution did not incorporate any of the suggestions made by the minority.

"Democrats were given the resolution last week and the edits they gave back basically omitted every reference to the global war on terror," said a House GOP aide.

Republican leaders have told their members to emphasize during the debate that they are largely united on the issue of Iraq while Democrats are divided. A memo distributed to GOP lawmakers by Majority Leader John Boehner (R-Ohio) urged them to "clarify just how wrong the Democrats' weak approach has been."

Not every Republican is on board with the GOP strategy for today's debate. Reps. Walter Jones Jr. (N.C.) and Ron Paul (Texas), who are among the small number of Iraq war critics in the Republican Conference, said they would not participate because they were unhappy with the content of the resolution.

GOP Resolution Politicizes War, Democrats Say (WT)

By Christina Bellantoni

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The Washington Times, June 15, 2006

House Democrats are accusing Republicans of politicizing the upcoming debate on the Iraq war, saying the majority party has pulled a bait-and-switch by focusing the debate on terrorism instead of about Iraq policy as promised.

Lawmakers today will spend 10 hours discussing a Republican-authored resolution that, among other things, asserts that former Iraqi dictator Saddam Hussein posed a threat to global peace and declares that the United States is "committed to the completion of the mission to create a sovereign, free, secure and united Iraq." No amendments will be allowed.

"It is inexcusable and indefensible that at a time when we should be discussing the details of [Iraq] policy that they come up with a political document designed for a political message, a political spin and political debate at a time when our men and women are in harm's way," said Rep. Martin T. Meehan, Massachusetts Democrat and Armed Services Committee member.

Rep. Lynn Woolsey, California Democrat, called it a "pointless" debate that is "long on rhetoric and short on solution."

Other Democrats complained that Republican leaders had promised a "substantive" discussion on Iraq.

Instead, Republicans delivered a document that "fuzzes together" the war on terrorism with the increasingly unpopular conflict in Iraq, said Rep. Ike Skelton of Missouri, the top Democrat on the Armed Services Committee.

"Those are two different wars," Mr. Skelton said. "Those that we're fighting have two different goals, and that is being smoothed over by this resolution."

The International Relations Committee took the lead in drafting the resolution, called: "Declaring that the United States will prevail in the global war on terror, the struggle to protect freedom from the terrorist adversary."

Democrats on that committee first saw a draft of the resolution Friday afternoon. They had the weekend to read it and, on Monday, offered their edits to the measure, effectively stripping all references to the "global war on terror." They suggested renaming the resolution: "Declaring that the United States will prevail in the struggle to protect freedom from all adversaries including terrorists."

A senior Republican aide criticized the proposed edits, the majority of which were not adopted, saying Democrats are ignoring "America's commitment to fight the global war on terror."

Lynne Weil, spokeswoman for Rep. Tom Lantos of California, the International Relations Committee's top Democrat, said her boss suggested the edits to correct factual errors.

"He feels that this is a missed opportunity. The resolution as drafted is unfortunately not sufficiently bipartisan or broad enough," she said.

Though Democrats such as Mr. Skelton are frustrated by the resolution's language, some said they may vote in favor of it on Friday because it praises the troops and applauds the elimination of terrorist Abu Musab Zarqawi.

Still, Democrats should "have the courage to vote against it," said Rep. Maxine Waters, California Democrat. "It's a sham, a phony debate."

House Speaker J. Dennis Hastert of Illinois, who rarely speaks on measures, will open the debate tomorrow.

Anti-war Dems Blast Pelosi Over Endgame (HILL)

By Josephine Hearn

The Hill, June 15, 2006

A series of recent internal disputes have sown discontent in some quarters of the House Democratic caucus, threatening to disrupt the unified front Democrats have used to frustrate Republicans in the 109th Congress.

Despite a superior position in the polls and impressive unity on key votes, House Democrats have been feuding in recent weeks over such issues as the seat of Rep. William Jefferson (D-La.) on the Ways and Means Committee, the ambitions of two of their most respected members to be majority leader in a Democratic House and their long-standing lack of consensus on whether to redeploy troops out of Iraq.

Such tensions were in full display yesterday morning at a caucus meeting on Iraq where three members of the Out of Iraq Caucus clustered around a microphone to berate House Minority Leader Nancy Pelosi (D-Calif.) loudly for failing to take a stronger stand on leaving Iraq.

At times having to speak above her colleagues, one member of the caucus, Rep. Maxine Waters (D-Calif.), told Pelosi that the Out of Iraq Caucus members have been “leaders on this issue,” according to several attendees, and that they deserve to play a more prominent role in the House’s planned debate of Iraq policy today.

“We’re all leaders,” Pelosi replied.

Several Democrats came to Pelosi’s defense. Rep. Anna Eshoo (Calif.) attempted to quiet the increasingly unsettled crowd, while Rep. George Miller (Calif.) approached a handful of Out of Iraq Caucus members, most notably Reps. Lynn Woolsey (Calif.), Barbara Lee (Calif.) and Jerrold Nadler (N.Y.), and engaged in a “heated conversation,” one witness said.

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"The whole thing was a circus," a Democratic aide said. "The reaction of most people was to leave."

The episode was merely the latest turmoil for a party caucus still reeling from two other distractions: the short-lived majority-leader campaign of Rep. John Murtha (D-Pa.) and the leadership-driven effort to oust Jefferson from Ways and Means while he faces a government corruption investigation.

Rep. Elijah Cummings (D-Md.) said he is worried by recent intracaucus dust-ups.

"I think we have to be careful. If we're going to take the House back, we need to be unified and have a solid message," he said. "When we have these kinds of things popping up, it does not help these efforts and I think members are concerned."

The Murtha campaign, which began Friday and ended abruptly, if temporarily, Tuesday, pitted his allies against those of House Minority Whip Steny Hoyer (D-Md.).

Caught unawares by Murtha's challenge, Hoyer spent five days shoring up support and had contacted nearly all of his colleagues before Murtha called it off. While some members were elated to see Hoyer challenged, many others, perhaps a majority of the caucus, saw the race as ill-timed and felt Hoyer had done well by them as whip and political leader.

Some were upset that Pelosi had not deterred Murtha from launching the bid and had remained silent on the race for days after it had begun.

"The fact that she said nothing about it for so long and that she allowed him to go through with it in the first place, it shows terrible political judgment," one House Democrat said.

Pelosi spokeswoman Jennifer Crider said, "The House Democrats are unified, organized and disciplined. They're keeping their focus on winning the House in 2006. Unlike the Republicans, the Democratic Caucus promotes diversity of ideas, and they come from the bottom up, unlike the top-down, rubber-stamp approach that Republicans use."

The Jefferson dispute exposed fissures between Democratic leaders and many members of the Congressional Black Caucus. Democrats are expected to vote today to remove him temporarily from Ways and Means.

Rep. Barney Frank (D-Mass.) disagreed that Democrats are showing cracks in their unity, dismissing disagreements on Iraq as "not a big division." But he did note that the Murtha campaign had been mishandled.

"It was a mistake about Jack Murtha, to raise that while the Jefferson thing is still pending," Frank said.

He predicted Murtha that would abandon his bid: "Jack learned it was not a good idea. He saw that the basis for a challenge was not there."

But Murtha, despite having publicly ended his campaign, was still firing salvos at Hoyer yesterday and seemed likely to try to chip away at the whip's backing among moderates.

"You look at his record. He ain't moderate. He's more liberal than Nancy," Murtha said.

GOP Measure Forces House Debate On War (WP)

By Jonathan Weisman

The Washington Post, June 15, 2006

Divisions Within Party Likely to Surface

Nearly four years after it authorized the use of force in Iraq, the House today will embark on its first extended debate on the war, with Republican leaders daring Democrats to vote against a nonbinding resolution to hold firm on Iraq and the war on terrorism.

In the wake of Abu Musab al-Zarqawi's death and President Bush's surprise trip to Baghdad, Republican leaders are moving quickly to capitalize on good news and trying to force Democrats on the defensive. Bush continued his own campaign with a morning news conference and a White House meeting with congressional leaders from both parties, while House leaders strategized on today's 10-hour debate.

A memo from House Majority Leader John A. Boehner (R-Ohio) urged House Republican members Tuesday to make the debate "a portrait of contrasts between Republicans and Democrats." After Sen. Hillary Rodham Clinton (D-N.Y.) was booed this week by liberal activists for her failure to resolutely oppose the war, Republicans hope to present a united front that highlights the fractures in the Democratic Party.

"As a result of our efforts during this debate, Americans will recognize that on the issue of national security, they have a clear choice between a Republican Party aware of the stakes and dedicated to victory, versus a Democratic Party without a coherent national security policy that sheepishly dismisses the challenges America faces in a post-9/11 world," Boehner wrote.

But the day-long debate will also give voice to some GOP lawmakers' misgivings about Bush administration policy -- and years of congressional support for it -- in an election year in which Iraq will be a central issue. The news of recent days has buoyed Republican spirits, but the party is still saddled with a war that remains deeply unpopular and is imperiling its continued

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control of Congress. Some House Republicans have complained that their party has taken flight from its responsibility to debate and oversee administration policy.

"I can't help but feel through eyes of a combat-wounded Marine in Vietnam, if someone was shot, you tried to save his life. . . . While you were in combat, you had a sense of urgency to end the slaughter, and around here we don't have that sense of urgency," said Rep. Wayne T. Gilchrest (Md.), a usually soft-spoken Republican who has urged his leaders to challenge the White House on Iraq. "To me, the administration does not act like there's a war going on. The Congress certainly doesn't act like there's a war going on. If you're raising money to keep the majority, if you're thinking about gay marriage, if you're doing all this other peripheral stuff, what does that say to the guy who's about ready to drive over a land mine?"

The last time Iraq dominated the House's attention, the issue was far less politically fluid. In October 2002, many Democrats went along with Bush's resolution of force, fearing the political consequences of opposing a popular president and a bellicose national mood. Now, some Republicans -- especially those representing battleground districts in the Northeast and Midwest -- will be swimming against the tide of public opinion.

Already, the resolution itself -- declaring that the United States will complete the mission to create a sovereign, free, secure and united Iraq and will prevail in the global war on terror -- has attracted strong criticism from lawmakers in both parties. Democrats and antiwar Republicans object to the linkage between the war in Iraq and the fight against terrorism, while some Republicans have said it sets unrealistic goals. Rep. Thaddeus McCotter (R-Mich.), who supports the war, called the resolution "strategically nebulous and morally obtuse."

But the strongest misgivings may be practical. Rep. Ray LaHood (R-Ill.) called the entire exercise "a dumb idea" that will highlight precisely the issue that is threatening Republican political fortunes.

"When the country is war-weary, when the violence is still playing out on TV, I don't know why we want to highlight all that," he said.

But Gilchrest, who won the Purple Heart and Bronze Star for his Marine service in Vietnam in the 1960s, believes political considerations have already played too large a role in the debate. In November, after Rep. John P. Murtha (D-Pa.) announced his support for a rapid withdrawal from Iraq, Republican leaders hastily pushed a resolution to the House floor calling for immediate pull-out. But the cursory two-hour debate was noteworthy less for serious policy discourse than for the suggestion by the House's newest member, Rep. Jean Schmidt (R-Ohio), that Murtha, a decorated war veteran, was a coward.

"It was ludicrous," Gilchrest said. "It had nothing to do with saving lives. It had nothing to do with the war. It was one-upsmanship against the Democrats."

That sentiment spurred Gilchrest and four other Republicans to break with their leadership this spring and sign on to a Democratic petition pushing for debate. Boehner pledged to do so weeks ago.

But GOP leaders are trying to make sure today's debate is on Republican terms. The resolution, "declaring that the United States will prevail in the Global War on Terror [and] the struggle to protect freedom from the terrorist adversary," was introduced with unabashed partisan overtones. The rules of debate will not allow the resolution to be amended, nor will alternative resolutions be allowed on the floor for a vote.

Some war opponents -- sensing a political trap -- vowed yesterday not to participate. Five House members -- three Democrats and two Republicans -- held a news conference with a yellow rope tied around their hands to denounce the terms of debate.

"This is nothing more or less than really a charade," said Rep. Walter B. Jones Jr. (R-N.C.), who made headlines in the run-up to the Iraq invasion by changing french fries to "freedom fries" in the House dining room but has since turned strongly against the war.

But Rep. Christopher Shays (R-Conn.), whose support for the war has helped put him in his toughest reelection battle yet, said "it is important for everybody to clarify their position, to be clear, and to stop giving mixed messages."

But Gilchrest acknowledged he has ambivalent feelings about the way forward to success in Iraq. Citing his own battlefield experiences, he said this uncertainty is all the more reason for a full debate. "How many members have in their life [experienced] putting the barrel of their gun on another man's chest and pulling the trigger?" he asked in an interview this week. "How many members have experienced the chaos of a 3 a.m. battle, pushing your bayonet through another man's body? How many members have wrapped themselves around a fellow soldier who just lost his legs in a land mine and you feel the last breath and he's dead, calling in airstrikes on a village and walking through, seeing dead babies and others who are still alive, being with someone who's been shot and you can't move, you can't do anything because you're under intense fire and he dies right next to you?"

The Republican Party's Iraq Offensive (LAT)

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By Peter Wallsten And Maura Reynolds, Times Staff Writers

The Los Angeles Times, June 15, 2006

The war may not be popular, but the GOP is betting that steadiness and clarity are, and that Democrats won't be able to muster enough by November.

WASHINGTON — The Iraq war is the most immediate foreign policy problem besetting the Bush administration. But as a political issue, the White House and top Republican strategists have concluded that the war is a clear winner.

GOP officials intend to base the midterm election campaign partly on talking up the war, using speeches and events to contrast President Bush's policies against growing disagreement among leading Democrats over whether to support immediate withdrawal of U.S. troops.

Bush's surprise visit to Baghdad on Tuesday — and a lengthy Rose Garden news conference Wednesday in which he extolled the new Iraqi government — mark the beginning of a planned months-long effort, which got an unexpected boost with the death last week of Abu Musab Zarqawi, the leader of Al Qaeda in Iraq.

"There's an interesting debate in the Democrat Party about how quick to pull out of Iraq," Bush said in the news conference Wednesday. "Pulling out of Iraq before we accomplish the mission will make the world a more dangerous place. It's bad policy. I know it may sound good politically."

Bush's comments underscored the renewed effort by the White House to regain its footing in the domestic debate over the war. It also reflected Republican strategists' calculation that although public approval of both the president and the continuing U.S. presence in Iraq have soured, Democratic disarray could give the GOP an advantage in November on an issue that once looked to be a major weakness for Republicans.

Republican lawmakers and strategists said Wednesday that the campaign to frame the Iraq debate would play out over the summer and into the fall, focusing on battleground congressional districts and states with competitive Senate races.

Republican National Committee Chairman Ken Mehlman has already sent an e-mail to 15 million supporters asking them to reject "craven, politically motivated demands for instant withdrawal."

Ed Gillespie, a former Republican National Committee chairman and a key White House advisor, conceded Wednesday that protracted violence in Iraq and voters' rising doubts "have had a dampening effect on the president's approval rating." But, he said, given a choice between Democrats' uncertainty and Bush's firmness, "that choice favors us."

The Democrats' divisions over Iraq came into clearer focus Tuesday, the same day Bush flew to Baghdad.

Addressing a conference of liberal activists in Washington, Sen. Hillary Rodham Clinton (D-N.Y.) drew boos from some in the audience when she stopped short of calling for a deadline for withdrawing troops.

She was followed by Bush's 2004 challenger, Sen. John F. Kerry (D-Mass.), who earned rousing applause from the same crowd for comparing the conflict in Iraq to Vietnam and calling for a troop withdrawal this year. He called it a "right and an obligation for Americans to stand up to a president who is wrong today."

Republicans in both chambers of Congress have scheduled events and votes on Iraq all week — the Senate as it debates a defense spending bill, the House as it holds a full day of debate today on a resolution on Iraq.

Officially, the House debate will be the first time the chamber has argued the pros and cons of the invasion and occupation of Iraq since the war began more than three years ago. But Democrats, who have repeatedly called for debate on the war, have denounced this week's events as little more than a political trap to embarrass them and force acquiescence with the administration's policy.

The resolution expresses support for U.S. troops and a commitment to combat terrorism. It also unequivocally asserts that the conflict in Iraq is part of a "global war on terror" — an assertion that Democrats and some Republicans dispute.

Bush hammered that assertion Wednesday. "If we fail in Iraq, it's going to embolden Al Qaeda types," he said. "It will weaken the resolve of moderate nations to stand up to the Islamic fascists. It will cause people to lose their nerve and not stay strong."

Rep. Neil Abercrombie (D-Hawaii) complained Wednesday that House leaders were not going to permit Democrats to offer amendments to the resolution, forcing them into a position of either voting against supporting the troops or for the Republican formulation of the war.

"Our hands are tied — literally — on the floor of the people's House," Abercrombie said at a news conference, his hands tied together with yellow rope to symbolize his frustration. "Do not put us through the farce and the fraud of a pseudo-debate."

House Majority Leader John A. Boehner (R-Ohio) was unsympathetic.

"That is not a 'gotcha.' They have a decision to make. That is what we get elected to do," Boehner said.

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Rep. Adam B. Schiff (D-Burbank) said many Democrats might vote "present" on the resolution, rather than yes or no. And during the debate, he said, they would emphasize their points of agreement — that Republicans are "rubber-stamping" the administration's policy.

"It would be better if it was a unified message, but the reality is the country isn't unified about Iraq — Republicans aren't unified about Iraq. We can't fret too much about the fact that our caucus is very diverse and people are coming at it from many different directions," Schiff said.

In the Senate, leading Democrats have met several times to try to forestall an effort by Kerry to introduce an amendment to the defense bill that would require troop withdrawals to begin this year. Senate Minority Leader Harry Reid (D-Nev.) has been trying to persuade proponents and opponents of withdrawal to agree on a formulation. One option has been an amendment calling for the administration to "responsibly redeploy" U.S. forces "starting this year."

Reid spokesman Jim Manley denied that Democratic divisions on the war have hurt the party. "We are not going to shy away from this debate," he said. "The American people are demanding accountability."

Senate Democrats met again late in the day to develop a consensus position on the question of withdrawal.

"It would be helpful to show the American people a position that all Democrats can agree to, but I doubt that that's possible," said Sen. Dianne Feinstein (D-Calif.).

One Republican, Rep. Mark Foley of Florida, described the Democrats' disarray as an unlikely gift at a time when events in Iraq and elsewhere might otherwise paint a dismal political picture for Republicans.

"That's what we're going to bet the ranch on," Foley said Wednesday. "We're not doing everything perfectly, but we certainly have help from the other side. They're just not taking advantage of some strategic opportunities presented to them."

Times staff writer Janet Hook contributed to this report.

Democrats Urge Disastrous Policy Of 'Out' From Iraq (RC)

By Morton M. Kondracke

Roll Call, June 15, 2006

Democrats can't come up with a formal unified stance on Iraq, but it's all too clear what most of the party's leaders want: Out, and Soon. It would be a disaster for America if they prevailed.

Iraq has finally installed a full government that is fighting to establish order against multiple homicidal enemies. Millions of ordinary Iraqis have risked death to vote — a testament to their desire for democracy. Yet Democrats want to pull the plug and abandon them.

President Bush reported following his surprise visit with Iraqi Prime Minister Nouri al-Maliki this week that Iraq's leaders are "deeply concerned that the stability provided by the coalition forces will be removed and there'll be a vacuum. And they're concerned about what gets into the vacuum."

Bush said, "I assured them that we will keep our commitment" but added, "I also made it clear to them that in order for us to keep our commitment and be successful, they themselves have to do some hard things. They themselves have to set an agenda. They themselves have to get some things accomplished."

Clearly, if there's any hope for success in Iraq — that is, the establishment of a stable, pro-Western democracy — it depends principally on the Iraqis' ability to control sectarian strife, to cleanse the police and army of ethnic militias, to win the war against Saddamist insurgents and Islamic jihadists and to establish an effective, nationally representative government.

It's a gigantic order, and it may prove impossible. Yet any prospect for success will vanish if Iraqis get the idea that the United States will withdraw its forces from the country before Iraqis can replace them.

The vacuum will be filled by murderous thugs. Civil war certainly will ensue, and the entire Gulf region will be destabilized.

True, as Democrats devoutly wish, Bush will go down as a failed president. But America also will suffer a catastrophic strategic defeat, probably resulting in domination of the region by a nuclear-armed Iran. It's a future no Democratic presidential prospect should want to inherit.

Yet, Democratic leaders are falling all over themselves to hasten the process. They disagree about whether to set a deadline for withdrawal — and, if so, what the deadline should be — but the overwhelming consensus is for withdrawal, not commitment to victory.

Surely the most irresponsible positions are those taken by House Minority Leader Nancy Pelosi (D-Calif.) and ex-hawk Rep. John Murtha (D-Pa.), who want virtually immediate withdrawal, and by Sens. Russ Feingold (D-Wis.) and John Kerry (D-Mass.), who advocate a full departure by the end of 2006.

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If something like this suddenly became U.S. policy, one could expect the Iraqi government to collapse much as the South Vietnamese government did in April 1975, after Congress rejected President Gerald Ford's appeal for emergency funds amid North Vietnam's final offensive.

Next in line are those like Senate Minority Leader Harry Reid (D-Nev.), who told the left-wing "Take Back America" convention this week that "the American people are understandably confused and certainly frustrated" by Bush's pledges to "stay the course" while U.S. military commanders leak word of gradual withdrawal plans.

Reid called for "a plan that provides our troops with an exit strategy from this seemingly endless conflict." Reid's policy, of course, would eliminate any confusion or frustration in the mind of the enemy and offer it a blueprint to plan its counter-strategy.

Reid and other Senators are contemplating an amendment requiring a reduction of U.S. forces to 100,000 from the present 130,000 by the end of this year and full withdrawal by the end of 2007.

To her credit, the party's 2008 frontrunner, Sen. Hillary Rodham Clinton (D-N.Y.), withstood boos and hisses from the Take Back lefties by saying it isn't "smart strategy" or "in the best interests of our troops" to set a "date certain."

On the other hand, she said it's also not "smart" for "the president to continue with his open-ended commitment." She did not say what strategy she favors — something a prospective president ought to do.

Democratic leaders certainly are responding to the party's rank and file. In the latest Gallup Poll, 24 percent of Democrats (and 17 percent of the total electorate) favor immediate withdrawal, and 47 percent (and 32 percent of all voters) want all U.S. troops out within 12 months.

In other words, 71 percent of Democrats favor either the Pelosi/Murtha or Kerry/Feingold position. Meanwhile, only 42 percent of all voters, including 64 percent of Republicans and 22 percent of Democrats, support Bush's stance of staying until Iraq is secure.

A minuscule 6 percent of voters support the position of Sen. John McCain (R-Ariz.) that the U.S. needs to send more troops.

A compelling case has been made by some hawkish intellectuals, including Frederick Kagan of the American Enterprise Institute, that the U.S. should temporarily increase its forces for an offensive to help Iraqis clear and hold Baghdad and nearby insurgent strongholds.

Maliki is launching such an operation, but with only 75,000 mostly Iraqi military and police personnel. Kagan argues for adding 22,000 U.S. troops for the effort, believing that the Iraqis cannot handle it alone. He was one of four outside experts who briefed Bush and his Cabinet at Camp David prior to the president's trip to Baghdad.

It would be wonderful if some Democratic presidential candidate would join McCain in pressing Bush to add troops to ensure a victory in Iraq. Once upon a time, the Democratic Party had genuine hawks, including Presidents Harry Truman, John Kennedy, and Lyndon Johnson and Sens. Paul Douglas (Ill.) and Henry Jackson (Wash.).

Nowadays, the remnants of that wing, such as Sen. Joe Lieberman (Conn.) and Rep. Jane Harman (Calif.), are lambasted by colleagues and risk the loss of their seats or committee posts.

Republicans plan to brand Democrats as "the party of cut and run" in the election this fall, but that's not what the party should fear the most. Rather, it's the prospect that the U.S. will be defeated in Iraq and a Democratic president will have to deal with the consequences.

Marine May Call Murtha As Witness (WT)

By Rowan Scarborough

The Washington Times, June 15, 2006

A criminal defense attorney for a Marine under investigation in the Haditha killings says he will call a senior Democratic congressman as a trial witness, if his client is charged, to find out who told the lawmaker that U.S. troops are guilty of cold-blooded murder.

Attorney Neal A. Puckett told The Washington Times that Gen. Michael Hagee, the Marine commandant, briefed Rep. John P. Murtha, Pennsylvania Democrat, on the Nov. 19 killings of 24 Iraqis in the town north of Baghdad. Mr. Murtha later told reporters that the Marines were guilty of killing the civilians in "cold blood." Mr. Murtha said he based his statement on Marine commanders, whom he did not identify.

Mr. Puckett said such public comments from a congressman via senior Marines amount to "unlawful command influence." He said potential Marine jurors could be biased by the knowledge that their commandant, the Corps' top officer, thinks the Haditha Marines are guilty.

"Congressman Murtha will be one of the first witnesses I call to the witness stand," Mr. Puckett said yesterday.

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Mr. Puckett represents Staff Sgt. Frank D. Wuterich, an eight-year Marine who was a key participant in the Haditha operations that resulted in the 24 civilian deaths.

The attorney said Sgt. Wuterich, 26, the married father of two daughters, led the squad of Kilo Company that mounted the four major combat actions on Nov. 19 that resulted in 23 deaths at a traffic stop and in three houses. The 24th Iraqi was killed while fleeing a home by a rooftop-stationed Marine or Marines, Mr. Puckett said.

The attorney said his client strongly rejects accusations in the press from Haditha residents that Marines lined up some of the civilians and executed them. Mr. Puckett said Sgt. Wuterich maintains that such an incident never occurred, and that Marines followed proper procedures in clearing the three houses.

"What's being reported out there, it seems an awful lot of it is inaccurate," Mr. Puckett said. He said his client, stationed at Camp Pendleton, Calif., has been promoted to platoon leader and is not under confinement.

"How would you feel to be falsely accused of killing innocent people," the attorney said. "He was angered and hurt by it because he doesn't understand how the public could think he and his Marines could do such a thing."

Col. Dave Lapan, a spokesman at Marine Corps headquarters at the Pentagon, said Mr. Murtha was one of eight senior House members and senators briefed by Gen. Hagee in May on the investigation. "I don't know what he told them," Col. Lapan said.

A spokesman for Mr. Murtha did not return a message yesterday seeking comment.

The Naval Criminal Investigative Service (NCIS) is expected to finish its probe by August, at which time Lt. Gen. John F. Sattler, who commands the 1st Marine Expeditionary Force at Pendleton, will decide whether to bring charges that could include murder.

"If the NCIS has done a good job in this investigation, then Marine commanders will not feel compelled to charge these guys with homicide," Mr. Puckett said.

"But since Congressman Murtha has already judged these guys in public and folks have alleged a Marine Corp cover-up, I'm afraid that the Marine Corps will feel compelled to put these guys on trial to prove the Marine Corps hasn't done anything wrong in terms of a cover-up."

On Nov. 19, Haditha remained one of the most dangerous and rebellious towns in Anbar province, a haven for both Sunni Muslim insurgents loyal to ousted dictator Saddam Hussein and foreign jihadists. The U.S. command in Baghdad had sent Marines on a "persistent presence" mission to pacify the area for Dec. 15 parliamentary elections. Lima Company, an Ohio Reserve unit that Kilo Marines replaced, suffered high fatality rates while patrolling Haditha.

That Saturday, Marine units were under attack at various points in Haditha when an improvised explosive device (IED) took out one of the vehicles in Sgt. Wuterich's patrol. The blast killed Lance Cpl. Miguel Terrazas, a popular member of the 3rd Battalion, 1st Regiment.

Mr. Puckett gave this version of events based on his discussions with Sgt. Wuterich:

After the blast, the Marines set up a defensive perimeter, and called in a quick-reaction force to find out who had placed and remotely detonated the IED.

A car appeared with five Iraqi men inside. Marines, in Arabic, ordered them to halt. The five exited the car. Rather than heed the orders, the men started to run. Sgt. Wuterich and other Marines opened fire, killing the Iraqis. Marines at the time considered Iraqis running after an attack and disobeying orders as confirmation of hostile intent, Mr. Puckett said. He said that sometime after Jan. 1, commanders no longer permitted such a response.

Next, a shot was fired from a home near the perimeter. Someone in the squad recommended clearing the homes along that block. Sgt. Wuterich agreed and gained permission from a second lieutenant platoon leader, who did not take part in the raids.

The Marines then fired grenades to "prep" the first house and went in. All rooms were empty, except one, from where Marines heard "rustling." A Marine, not Sgt. Wuterich, tossed in a grenade and then opened fire, killing all in the room.

The Marines then entered a second house, encountered Iraqis and killed them.

"They're chasing the insurgents who were shooting at them," Mr. Puckett said.

Hours later, they decided to raid a third house based on suspicious behavior. The first Marine to enter spotted four men inside, one holding an AK-47. The Marine's M-16 jammed. He pulled out a 9mm pistol and killed all four.

Sgt. Wuterich, before counting all the bodies, radioed the battalion command and reported that 12 to 15 Iraqis were killed by Marines after the IED attack. He said there was "collateral damage," military speak for civilian deaths.

"My client did nothing contrary to his training on that day," Mr. Puckett said. "Some [of those killed] were innocent. Others, you will never know whether they were innocent civilians or not."

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The next day, the 2nd Marine Division released a statement that 15 Iraqis were killed by an IED and firefight. The statement was inaccurate. An Army general is investigating whether it was part of a broad cover-up.

Combat Stress Takes Toll (USAT)

By Kimberly Johnson, Rick Hampson

USA Today, June 15, 2006

BAGHDAD — As the 1st Marine Division moved across the desert into Iraq on March 19, 2003, each of the 25,000 leathernecks got a letter from their commander.

Although Maj. Gen. James Mattis was known as a tough, blunt warrior — he'd later say at a panel discussion in San Diego that "it's fun to shoot some people" — he told his troops to treat civilian non-combatants with "chivalry and soldierly compassion."

"Engage your brain," he instructed, "before you engage your weapon."

If only it were that easy.

Three years later, the Marines face an allegation that, if proved, would constitute one of the worst scandals in their history: that members of a squad killed as many as two dozen civilians last year in the city of Haditha in retaliation for a roadside bombing that killed one Marine. The military is still investigating the Haditha case and the possibility of a coverup. There are two contrasting, if not contradictory, versions of what happened Nov. 19 in the city on the Euphrates River in rebellious Anbar province.

Iraqi civilians have described a massacre in which a squad of angry Marines — from Kilo Company, 3rd Battalion, 1st Marines — deliberately killed innocent, unarmed civilians, some of them children and some of them elderly.

Lawyers for several Marines under suspicion say the killings were justifiable under rules of engagement that allow Marines to storm buildings apparently occupied by insurgents.

Considering the situation in Iraq — 140,000 U.S. troops engaged for three years in a fight against a relentless, faceless, ruthless guerrilla insurgency — military experts say the question is not whether such a violent encounter between troops and civilians can happen, but when.

"If you have so many people with so much power under so much stress, something's going to happen," says Maj. Peter Kilner, an infantry officer who teaches military ethics at West Point. "You can have a good war, and bad things are still going to happen."

Charles Figley, a Florida State University psychologist who has surveyed Vietnam War veterans about war crimes, says the only thing that surprised him about the Haditha reports was "that anyone was surprised. This is what happens in war."

Particularly when it's fought in what Marine Cpl. Michael Compton, writing by e-mail from Ramadi, calls "the most dangerous place in the world. … The threat is all around you."

As a result, says Mike Harmon, an Army medic who served in Iraq, "There's a lot of little things that are never reported, like civilians getting slapped around, sticking rifles in their faces. Some people get off on that kind of power."

Regardless of the pressures American troops face, President Bush made it clear Wednesday that no quick end to U.S. involvement is likely. "If we stand down too soon, it won't enable us to achieve our objectives," the president said one day after a surprise trip to Iraq. Bush also said that any expectation of "zero violence" in Iraq was unreasonable. "That's not going to happen," he added.

Kilner says that no matter what happened at Haditha, U.S. troops in Iraq are the best trained and most humane ever fielded by a major power.

It's a point of pride among men like 2nd Lt. John Warren, a Marine serving in Ramadi: "My unit has been in what is referred to as 'the worst city in Iraq' for three months. They have been in countless combat engagements and have yet to receive a day off. Even in these conditions, I have yet to see one Marine come close to snapping."

Some observations differ.

"I have seen the best of friends fight, and even draw knives on each other, when you know that they don't really mean it," says Compton, the Marine corporal. "It's just the high stress of being in a place where people are trying to kill you every day."

Marine Lance Cpl. Mike Young restates the issue: "Do we come close to snapping? In our own little personal life we've built within the confines of our bases, yes. The key is, turn off all of those feelings and hostilities when you gear up and head out the door on patrol."

Marines are trained to deal with combat stress before they snap and turn on civilians. But Compton says "there really is no way of training for it. This is a fight for your life. Your body will compensate accordingly by making you more alert, edgy, and particularly short-tempered than you have ever been."

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Iraq has been a particularly stressful war for American troops. The insurgents wage a vicious urban guerrilla war with no lines and no rules. A cellphone can be a weapon. A child can be a lookout. Air support is of little or no use. The enemy hides in sacred buildings, uses civilians as shields and occasionally commits suicide to kill Americans.

"The threat is all around you," Compton says. "It could be one of the hundreds of windows facing your direction. … Every window, every piece of trash, every person that looks at you twice, is a possible threat."

Even being on base doesn't guarantee safety. In December 2004, a suicide bomber slipped into the mess tent at a U.S. base in Mosul and blew himself up, killing 14 U.S. servicemen and four contractors.

As a result, soldiers are under constant stress — "always on your toes, 24/7," says Harmon, the medic. "You're eating dinner and there's an RPG (rocket-propelled grenade) overhead. You're sleeping with mortars going off in the background. There's the constant fear you could be next."

The anxiety is compounded by frustration. "A Marine may go a week or more without ever seeing an actual insurgent," Warren says. "They may get hit with an IED or shot at by a sniper, but even this does not guarantee them a chance for a face-to-face with their assailant. The insurgents simply refuse to come out to play."

One result is an odd nostalgia for "conventional war," even though that included such hells-on-earth as the battle of Okinawa, where in 1945 the United States lost five times as many fighters in 2½ months as it has in Iraq in more than three years.

"In conventional war you have a uniformed enemy, and they fight head on," Compton says. "There is no question about who to kill and who is innocent. The choice is clear, and the fog of war is not nearly as thick."

Kilner, the West Point instructor, understands. "It was more comforting when you could say, 'See that tree line? That's the Germans.' It's the randomness of death in Iraq that's so hard to take."

The chivalry to which Mattis referred in 2003 requires appreciative or at least cooperative recipients. U.S. troops, however, are increasingly estranged from what they view as an apathetic or hostile Iraqi citizenry.

The enemy could be anyone. The translator could be a spy, the base food vendor could be marking off mortar measurements. "You hear it all the time," Kilner says. "You don't know who you can trust."

Insurgent hotbeds — like one near the city of Baqouba that Harmon's unit called "RPG Alley" — are the worst. "The kids were OK, but the adults were two-faced," Harmon says. "They'd say, 'We love the U.S.,' and later they'd throw rocks at us."

He was at a checkpoint when an Iraqi woman got out of a car and pulled a gun from under her clothing. "They put her down," he says of the Army machine gunners. "After that you think, 'Anything's possible.' "

The mistrust is the result of civilian casualties, resentment of outside occupiers, the isolation of U.S. troops on their bases. Above all, it's the result of insurgents trying to drive a wedge between the Iraqis and their would-be liberators. The insurgents dress like, and hide among, civilians. When attacked, the Americans usually err on the side of protecting Americans.

"We engage enemy fire with overwhelming force," says Geoffrey Millard, a sergeant in the Army National Guard who finished an Iraq tour last year. "If you take fire, the procedure is to use the .50 caliber (machine gun) to lay down suppressive fire in the direction the shots came from. It puts soldiers in an impossible position, because if you don't fire back, you're asking to be fired on again."

He adds: "There's a dehumanizing factor. The Iraqis are called Hajis (by U.S. forces), as in 'Don't trust these Hajis.' Usually the F-word precedes it."

Other factors add to the stress:

•The tours pile up. In Vietnam, most soldiers served only one tour. In Iraq, many already have served two or three. The 3rd Marine battalion, whose men were at Haditha, is on its third tour in as many years (although not all its members are).

"Some of the guys have to go three times, and that gets them down," says Cpl. Dmitry Barkon, a scout sniper who has served in Iraq twice and is now at the Marine base at Twentynine Palms, Calif.

"People say, 'We want to go back,' but that kind of service can be psychologically debilitating," leaving troops more jaded, says Aine Donovan, who taught ethics at the Naval Academy for five years.

If they have killed in combat, Kilner wrote in a research paper last year, soldiers are even more likely to suffer from stress-related symptoms such as violent outbursts, nightmares and alcohol abuse.

"The bigwigs are stretching these guys," Harmon says. After several tours, some soldiers "get desensitized to other people. You just don't care."

Repeated absences lead to problems at home, he says. "Your mind is not on the mission. That can get you killed."

•A brutal climate. Iraq is hot, dry and dusty enough to make some long for Vietnam.

"I can't say it's worse than Vietnam — I wasn't there," Millard says. "But it has all the negatives of Vietnam, plus some more. If you've never been in a desert sandstorm, you don't know bad weather or bad terrain."

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•The allure of drugs. Mike Young, the lance corporal, says he deals with the stress of Iraq by strumming a beat-up guitar, working out at the gym and "smoking a lot of Newports."

Others cope by using drugs, Millard says. Part of the problem is boredom. "In Vietnam, you could at least go to Saigon and have a beer," he says. "In Iraq, the Americans don't leave the base unless they're on a mission."

Millard says some troops use amphetamines to keep alert. "Imagine driving around on patrol for 24 hours in 130-degree heat with no air conditioning."

•A dual mission: soldiers or cops? In a counterinsurgency, soldiers must act as police and warriors. Most Marines are trained as the latter.

Balancing those two roles is stressful.

"The complexity of the battlefield is incredibly difficult," Kilner says. "One part of the patrol will be involved in high-intensity fighting while another part is still handing out soccer balls."

Take a sniper. Soldiers go after him and try to kill him. Police, on the other hand, are most concerned about protecting civilians and will wait out the sniper if that's safest. Kilner says, "The Iraqis now expect us to act more like police."

•The objective seems like a mirage. Once a war's goal seems unclear or unreachable, morale sinks and stress rises.

"What makes being a soldier great is the nobility of it — good fighting evil," Kilner says. "If you lose that, all this sacrifice is for no good reason."

Kilner, who organizes online discussion forums for Army field officers, says he recently got an e-mail from an airborne unit commander who said he feared "some of our soldiers are marking time until that inevitable IED or sniper round finds them."

In Ramadi, Compton feels the Marines are fighting "a largely defensive battle, causing us to react rather than act."

Warren says it's difficult to measure progress in the war without yardsticks like territory seized or enemy soldiers killed.

"Soldiers need to see progress," Kilner says. "They can put up with anything if they can see progress."

In the absence of purpose or progress, according to Florida State's Figley, the unit focuses not on its mission but its own preservation — because "no one cares except my buddies."

When one of those buddies is lost — as happened in Kilo Company — the reaction can be extreme and irrational, he says.

Marine Calls Song About Killings A Joke (NYT/AP)

By The Associated Press

The New York Times, June 15, 2006

JACKSONVILLE, N.C., June 14 (AP) — A Marine corporal seen in a video singing about killing members of an Iraqi family says the song was a joke.

"It's a song that I made up and it was nothing more than something supposed to be funny, based off a catchy line of a movie," Cpl. Joshua Belile said in an article published Wednesday in The Daily News of Jacksonville.

In a four-minute video called "Hadji Girl," posted on the Internet, a singer who appears to be a marine tells a cheering audience about gunning down members of an Iraqi woman's family after they confront him with automatic weapons. The title uses a variant spelling of hajji, a Muslim who has made the pilgrimage to Mecca. But American troops often use the term as a pejorative for Iraqis.

Corporal Belile, 23, apologized and said the song was not tied in any way to allegations that marines killed as many as two dozen unarmed civilians in Haditha last year.

A Marine spokesman, Lt. Col. Scott Fazekas, said Tuesday that officers were investigating. He called the song "inappropriate and contrary to the high standards expected of all marines."

Rice: No Guarantees On Iraq, Afghanistan (AP)

By Anne Gearan And Tim Whitmire

AP, June 15, 2006

Secretary of State Condoleezza Rice said Wednesday that the U.S. military interventions in Iraq and Afghanistan do not assure those countries will become successful democracies. But she said the chance for success is worth the price.

Speaking to a largely conservative audience of more than 12,000 Southern Baptists, Rice said she knows optimism can hard to sustain in the face of daily sectarian carnage and beheadings in Iraq.

Although the three-year-old war is increasingly unpopular at home and President Bush's public opinion ratings have sunk as a result, there was little sign of flagging support in the huge convention hall where Rice spoke.

She got repeated standing ovations for her call for continued U.S. engagement across the globe.

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"We're standing together with people everywhere who desire these fundamental freedoms," especially in Afghanistan and Iraq, Rice said in a speech to the annual Southern Baptist Convention.

In those two countries alone, "We have given more than 55 million people an opportunity to flourish in freedom," Rice said. "Not a guarantee of success, but a chance."

Rice said the image of Bush embracing the new democratically elected Iraqi prime minister on Tuesday in Baghdad was a reminder of why the fight is worthwhile. The Bush administration hopes that Prime Minister Nouri al-Maliki can contain the violence and rally support for his government, and allow the United States to begin withdrawing some forces from Iraq.

An AP-Ipsos poll taken last week, before the killing of al-Qaida leader Abu Musab al-Zarqawi in Iraq, showed that more Americans than ever thought the war in Iraq was a mistake. The poll showed 59 percent of adults say the United States made a mistake in going to war, and approval of President Bush's handling of Iraq dipped to 33 percent, a new low.

Just 67 percent of Republicans, 63 percent of conservatives, and 57 percent of white evangelicals believed a stable, democratic government is likely.

Only 68 percent of Republicans, 57 percent of white evangelicals and 51 percent of self-described conservatives — key groups in Bush's base of support — approved of his handling of Iraq.

Rice's speech was partly an attempt to appeal to Bush's political base after a series of disappointments for conservatives, including the administration's handling of the Dubai ports deal earlier this year.

Rice, the daughter and granddaughter of Presbyterian ministers, was introduced by outgoing Southern Baptist Convention President Bobby Welch as "a woman of faith and not ashamed to testify to that."

She referred often to God and prayer, and cast U.S. work overseas, from Iraq to Sudan to the attempts to stem the trafficking of human beings for forced labor or sex, in religious terms.

As she left the podium, delegates in the upper arena began to sing "God Bless America." The whole arena joined in the spontaneous anthem.

Diplomatic Correspondent Anne Gearan reported from Washington.

Rice Urges Respect In Gay Marriage Debate (AP)

AP, June 15, 2006

Secretary of State Condoleezza Rice on Wednesday urged respect and sensitivity in the debate over gay marriage, but ducked a question about her own views on the question.

"This is an issue that can be debated and can be discussed in our country with respect for every human being," Rice told a newspaper interviewer.

"When we get into difficult debates about social policy, we get into difficult debates that touch people's lives, the only thing that I ask is that Americans do it with a kind of sensitivity that real individuals and real human beings are involved here."

The Senate rejected a constitutional amendment to ban gay marriage by a wide margin last week. It was a defeat for President Bush and other Republicans who hope the issue will rally GOP voters for the November elections. The amendment could be brought up again.

Asked for her opinion of the amendment, Rice told The News & Record of Greensboro, N.C., "This is not my area of expertise or, frankly, my area of concentration at this point."

Rice spoke following an address to the Southern Baptist Convention. The newly chosen president of the nation's largest Protestant denomination opposes gay marriage, as does Bush.

"The union of a man and woman in marriage is the most enduring and important human institution," Bush said before the Senate vote. "Our policies should aim to strengthen families, not undermine them. And changing the definition of marriage would undermine the family structure."

Forty-five of the 50 states have acted to define traditional marriage in ways that would ban same-sex marriage — 19 with state constitutional amendments and 26 with statutes.

The proposed federal amendment would prohibit states from recognizing same-sex marriages. After approval by Congress, it would have to be ratified by at least 38 state legislatures.

U.S. Must Play Role In World, Rice Says (WP)

By Glenn Kessler

The Washington Post, June 15, 2006

Religious Group Applauds Speech

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Secretary of State Condoleezza Rice, addressing 12,000 evangelicals who represent the core of the Bush administration's political base, yesterday sought to counter the stirrings of isolationism in the nation, declaring that the "United States must remain engaged as a leader in events beyond our borders."

"Here, ladies and gentlemen, is the choice before our country, before us as Americans," Rice told the annual meeting of the Southern Baptist Convention in Greensboro, N.C. "Will we lead in the world or will we withdraw? Will we rise to the challenges of our time or will we shrink from them?"

President Bush first raised concerns about isolationism in his State of the Union address this year. Since then, the outrage over the potential sale of U.S. port operations to a Dubai-based company and the drive to build a wall along the border with Mexico have added to the worries of administration officials. They fear that it could result in demands even from the president's strongest traditional supporters to pull out troops from Iraq and Afghanistan.

The venue for Rice's speech -- a religious group meeting in a huge convention hall -- was unusual for a secretary of state. Generally, on domestic trips, the chief diplomat speaks to foreign policy associations or universities. Rice's speech included highly personal references to her faith and religious upbringing, and the crowd broke into a spontaneous singing of "God Bless America" after she spoke.

Rice, a Presbyterian who said she prays every day, noted that she "was born on a Sunday morning" and that for the first three years of her life her family "literally lived in the back of the church in two little rooms where my father preached" and which her grandfather had founded. Her speech was interrupted repeatedly by applause, including seven standing ovations.

Rice did not specifically refer to "isolationism," but her inference was clear as she tried to link Southern Baptist work overseas "digging wells and building dams and strengthening communities" with the administration's goal of promoting democracy overseas. She said the nation could not ignore tyranny and persecution overseas or else it will come back to haunt Americans.

"These are tragedies, but they are also threats in the making," Rice said. "For in today's world, we have learned that whenever freedom and tolerance are on the march, we are secure. But when those ideals are in retreat, we are vulnerable."

Appealing to the evangelicals, Rice asked rhetorically: "If not for America," would issues such as religious liberty, human trafficking, HIV/AIDS prevention and violence in Sudan even be addressed?

Evangelical groups have played a major role in shaping the administration's agenda in many of these issues, such as promoting the "ABC" approach to AIDS prevention, which stands for "Abstain from sex; Be faithful; as a last resort, use a Condom." The administration has targeted prostitution as a key factor in the trade in human beings, and it has launched a diplomatic effort to resolve the conflict in Sudan in part because of Christians living in the south of that country.

Rice said that Bush has made religious liberty a key factor in whether the United States has good relations with another country. "We're mindful that too many people of faith can only whisper to God in the silent sanctuaries of their conscience," she said, citing China as an example of where "you cannot help but marvel at their faith and courage."

Addressing Iraq, Rice conceded the difficulties the administration has faced in prosecuting the war there, but she said "the goal of democracy in Iraq is worth the cost and worth the sacrifice."

"The mission has been extremely difficult," Rice said. "I know it's been far more difficult than many of us imagined it would be. And I realize how hard it can be to remain hopeful when we hear of death squads and beheadings and sectarian strife."

In an interview with the Greensboro News & Record before her speech, Rice ducked a question about her views on a constitutional amendment to ban same-sex marriage -- which Southern Baptists strongly support -- but urged that the debate be respectful.

"When we get into difficult debates about social policy, we get into difficult debates that touch people's lives, the only thing that I ask is that Americans do it with a kind of sensitivity that real individuals and real human beings are involved here," Rice said.

CORPORATE SCANDALS:

Former Fannie Mae Execs May Face Investigation (USAT)

By Elliot Blair Smith

USA Today, June 15, 2006

Rep. Richard Baker, R-La., said Wednesday that he has asked the Justice Department to investigate his allegations that two former Fannie Mae executives lied to Congress in October 2004 when they denied manipulating the mortgage-finance giant's income statement to achieve management pay bonuses.

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In a letter to the U.S. Attorney's office in Washington, Baker accused former Fannie Mae CEO Franklin Raines and former chief financial officer Tim Howard of misleading a House subcommittee he chairs in testimony that denied any link between the bonuses and a decision to defer about $200 million in non-cash accounting expenses from late 1998 until the next year.

Separate investigations by federal regulators and the company's board of directors since concluded that management did manipulate 1998 earnings to trigger bonuses. Raines and Howard resigned under pressure in late 2004.

Fannie Mae is a government-sponsored enterprise that borrows money from private investors to buy mortgages originated by private banks and brokers, to keep capital flowing in the housing market.

Baker provided the U.S. Attorney's office with an official transcript of his October 2004 hearing at which Raines denied that the company improperly had delayed recording expenses — "There was no decision made to defer any expense from 1998 to 1999," Raines said — and rejected the possibility that he or Howard manipulated that year's earnings to achieve incentive payouts. "We both deny that," Raines said.

Attorneys for Raines and Howard had no comment. A conviction of perjury before Congress, though rare, could lead to prison terms of up to five years.

Federal authorities have taken no action against any former member of Fannie Mae management. But the company has said the Securities and Exchange Commission and Justice Department are investigating.

In February, a law firm representing Fannie Mae's board of directors released the results of its investigation, chaired by former Sen. Warren Rudman. According to that report, "the evidence strongly suggests that management's decision" to record only $240 million of a calculated $439 million in non-cash accounting expenses in 1998 "was motivated by the desire to meet … internal bonus targets."

Last month, the Office of Federal Housing Enterprise Oversight concluded its own multiyear investigation. OFHEO alleged that Fannie Mae, under Raines and Howard, had manipulated one measure of its profitability, known as earnings per share, to the hundredth of a penny to qualify for the annual bonus payments.

OFHEO said Howard was warned by company auditors in August 1998, only months before failing to properly record that year's expenses, that the SEC was growing suspicious of earnings-management abuses by industry. Last month, OFHEO and the SEC fined the company $400 million in related civil fraud actions.

The SEC said, "Without these improper accounting adjustments, Fannie Mae's management could have received substantially smaller bonuses … or no bonuses at all."

Perjury Probe Sought For Ex-Fannie Officials (WP)

By Annys Shin

The Washington Post, June 15, 2006

A key House member has asked federal prosecutors to investigate whether former Fannie Mae chairman and chief executive Franklin D. Raines and former chief financial officer J. Timothy Howard lied to Congress two years ago about the company's accounting practices.

The allegations by Rep. Richard H. Baker (R-La.) center on statements made by Raines and Howard at an Oct. 6, 2004, appearance before the House Financial Services subcommittee on capital markets, which Baker oversees. Baker said those statements have been contradicted since then by the company's chief regulator, the Office of Federal Housing Enterprise Oversight, which last month issued the findings of its nearly three-year investigation into the company's $10.6 billion accounting scandal.

In a Tuesday letter to U.S. Attorney for the District of Columbia Kenneth Wainstein, Baker cited testimony in which Raines and Howard deny that they were involved in accounting decisions that investigators later concluded were calculated to maximize executive bonus pay.

"[T]hese men . . . had an opportunity to come clean, swearing under oath to tell the truth, which I believe the evidence shows they clearly and arrogantly flouted," Baker said yesterday in a statement.

Howard's attorney, Steven Salky, said that his client "testified truthfully." He added, "We reject any assertion to the contrary."

Raines's attorney, Kevin M. Downey, did not return messages left at his office.

Justice Department officials confirmed receiving Baker's letter but said they could not comment on whether they intend to follow up. The department is already investigating the extent of the two executives' roles in the company's accounting scandal.

Separately, Fannie board member Anne Korologos will leave the company July 31, Fannie is expected to announce today at a hearing before the Senate Banking Committee. The company also is expected to say said it will complete by the end of the year its financial restatements for 2001 to 2004.

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Perjury in general is difficult to prove, legal experts said.

"Perjury is not about inconsistencies. It has to be a knowing and purposeful misrepresentation," said Adam Hoffinger, a former New York prosecutor.

In cases of congressional testimony, it can depend on how questions are posed and whether they are susceptible to misinterpretation.

"Generally speaking, congressional questioning is inartful and does not provide a proper setting for a perjury prosecution," said Joseph DiGenova, a former U.S. attorney for the District of Columbia and independent counsel. "The truth is the members [of Congress] are generally looking for a forum to make a point, not to make a case."

There have been some notable perjury prosecutions, particularly that of former national security adviser John M. Poindexter after the Iran-contra hearings in the 1980s. His initial conviction was overturned on appeal. Former EPA Superfund director Rita Lavelle served nearly five months in prison after being convicted of lying to Congress about a conflict of interest.

Regardless of the outcome of his referral, Baker said he felt "a strong obligation to make sure witnesses do not mislead Congress and think they can get away with it."

Raines, a former Clinton administration budget director, and Howard were ousted in December 2004, after the Securities and Exchange Commission ordered Fannie Mae to restate its earnings. In addition to the Justice Department probe, both men face shareholder lawsuits and an investigation by the Securities and Exchange Commission.

The company settled with the SEC and with OFHEO last month, agreeing to pay $400 million in fines. Company officials have said they expect to spend a total of more than $1 billion to update accounting systems and financial results.

In his letter to Wainstein, Baker attached excerpts from the Oct. 6, 2004, hearing. In one exchange, he questioned Raines about a company decision to defer $200 million in expenses from 1998 to 1999.

Raines told Baker: "There was no decision made to defer any expense from 1998 to 1999. . . . We did not make any deferral."

OFHEO found the company did defer the $200 million.

In a separate line of questioning, Baker asked Raines, "Were there any discussions related to the consequences" of deferring the $200 million, which allowed Fannie Mae to hit its 1998 earnings per share target of $3.23 and ensure executives would receive the maximum bonus payments possible? Raines received a bonus of $1.1 million, and Howard received a bonus of $493,750 for the year.

"No," Raines replied.

Baker later asked Raines, "Was there any discussion in which you participated relative to the determination" of the size of the expenses to be deferred, which Fannie Mae employees referred to as "the catch-up" amount?

"No, I did not participate in determining the amount of the catch-up," Raines replied.

According to the OFHEO report, Raines chaired an "earnings alternative meeting" at which the catch-up was discussed.

In another exchange Baker cited, Rep. Barney Frank (D-Mass.) asked Raines and Howard, "You both deny that trying to hit a certain amount so you could get your bonuses was a factor to any extent in your decisions?"

"We both deny that," Raines replied.

"Yes," Howard said.

OFHEO cited an August 10, 1998, memo in which then-executive vice president Larry Small warned Raines, who was just taking office as chief executive, that there wasn't enough money in a certain "piggy bank" for the company to achieve its earnings targets and to trigger larger bonus payments. Such an outcome, Small argued, would hurt the morale of senior executives.

Lawmaker Asks DOJ To Probe Fannie Execs (AP)

By Marcy Gordon, Ap Business Writer

AP, June 15, 2006

WASHINGTON --A senior House lawmaker has asked the Justice Department to investigate whether Fannie Mae's then-chief executive and finance chief lied to Congress in sworn testimony in 2004.

Rep. Richard Baker, R-La., chairman of the House panel that oversees the government-sponsored mortgage finance company, disclosed Wednesday that he had made a perjury referral regarding former Fannie Mae chief executive Franklin Raines and former chief financial officer Timothy Howard.

The department has been conducting a criminal investigation of Washington-based Fannie Mae, the largest financer and guarantor of home mortgages in the country.

The company's $11 billion accounting scandal came to light in September 2004. Federal regulators found serious accounting problems and alleged that there was a pervasive pattern of earnings manipulation and lax internal controls. The next

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month, Raines and Howard testified at a hearing before Baker's panel, the House Financial Services subcommittee on capital markets.

They were asked about an episode in 1998 in which Fannie Mae was said to have improperly put off accounting for $200 million in expenses to future periods so that executives could collect $27 million in bonuses.

Raines testified that "there was no decision made" to defer the accounting for expenses. Howard and Raines both denied that they made accounting decisions with the aim of hitting earnings targets to ensure they received full bonuses.

"It is my belief that Mr. Franklin Raines and Mr. Timothy Howard, while testifying under oath ... on Oct. 6, 2004, failed to testify truthfully, in violation of applicable law," Baker said in a letter dated Tuesday to Kenneth Wainstein, the U.S. attorney for the District of Columbia.

"I request that the Department of Justice conduct an investigation and bring any appropriate prosecution," Baker wrote.

Attorneys representing Raines and Howard did not immediately return telephone calls Wednesday.

The two executives were swept from office by Fannie Mae's board in December 2004.

Baker first raised accusations of lying by Raines at a hearing last week. The lawmakers said that in light of information in a new report by the regulators, "there seems to be clear evidence to my mind that Mr. Raines perjured himself."

Also at that hearing, the regulator who oversees Fannie Mae blamed Raines and other senior company officials for accounting failures and alleged manipulations designed to enrich executives.

As a huge housing finance company chartered by Congress, "Fannie Mae has a special mandate and position of public trust. The previous management team, led by chairman and chief executive officer Franklin Raines, violated that trust," said James B. Lockhart, acting director of the Office of Federal Housing Enterprise Oversight.

Raines, who was a White House budget director in the Clinton administration, earned $90.1 million from 1998 to 2003, according to the regulators. That total included $52 million in bonuses tied to the company hitting earnings targets. Howard made $30.1 million during the same period, including $16 million in bonuses linked to quarterly earnings targets.

They are among 30 current and former Fannie Mae executives and employees who are being reviewed for possible disciplinary action, termination or forfeiture of their bonuses. The current president and chief executive, Daniel Mudd, also is under review.

Raines' lawyer, Robert Barnett, said last month that "Mr. Raines has repeatedly stated that he never authorized, encouraged or was aware of violations of generally accepted accounting principles at Fannie Mae for the purpose of smoothing earnings, reaching bonus targets or for any other improper reason. The facts on the record and conclusions from previous reports support this statement."

Channing Phillips, spokesman for the U.S. attorney, said the office was reviewing Baker's request.

Fannie Mae was fined $400 million, one of the largest civil penalties ever in an accounting fraud case, in a settlement last month with its regulators and the Securities and Exchange Commission. The company also agreed to temporarily cap its mortgage holdings at $727 billion.

On the Net:

Fannie Mae: http://www.fanniemae.com

Rep. Richard Baker: http://www.baker.house.gov

Justice Department: http://www.usdoj.gov

Office of Federal Housing Enterprise Oversight: http://www.ofheo.gov

Securities and Exchange Commission: http://www.sec.gov

At Fannie, Year End Likely Target For Restatement; Director To Quit (WSJ)

By James R. Hagerty

The Wall Street Journal, June 15, 2006

Fannie Mae is expected to pledge today to complete a massive restatement of its earnings by year end.

The giant provider of funding for home mortgages previously said only that the restatement wouldn't be ready before the second half, leaving open the possibility that it could slip beyond this year.

The company also is expected to announce that one of its veteran outside directors, Ann Korologos, will step down from the board July 31.

The disclosures appear in testimony that Fannie Mae's chief executive, Daniel Mudd, and Chairman Stephen Ashley are due to deliver today to the Senate Banking Committee. That testimony was made available by congressional aides.

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Fannie, which last month agreed to pay a $400 million fine as part of a settlement of accounting-fraud charges, is preparing to restate its earnings for the past several years. The restatement is expected to require the company to recognize about $11 billion of losses on derivatives that had been deferred. The derivatives are financial contracts used to hedge interest-rate risks.

Fannie's regulators have accused the company of manipulating earnings to hit earnings targets that would maximize bonuses for executives. In the prepared testimony, Mr. Mudd argues that Fannie has made considerable progress in improving its internal controls and corporate culture. "We are paying people to do the job -- not hit targets," he says.

The departure of Ms. Korologos, who joined the board in 1994 and took charge of negotiations with regulators in 2004 when the company's accounting scandal erupted, is part of a broader overhaul of the board, which regulators say failed to ask enough tough questions about the company's accounting and controls. In his prepared testimony, Mr. Ashley said she had remained on the board until now because "she felt it was her duty ... to see us through the investigative phase, which is now complete."

Michaels Understated Expenses Due To Past Options Backdating (WSJ)

By William M. Bulkeley

The Wall Street Journal, June 15, 2006

Crafts retailer Michaels Stores Inc. said it understated compensation expenses by as much as $60 million between 1990 and 2001 because of stock options it awarded with effective dates that were earlier than the date on which they were approved.

The Irving, Texas, company, which previously delayed reporting financial results for its first quarter ended April 29, said the discovery, which emerged from an internal options investigation, will require reclassification of certain financial results but it doesn't expect to make any restatements. Michaels said it changed its practices in 2001 to give options awards on set dates, and its investigation didn't uncover any anomalies since then.

Stock options give an executive the opportunity to profit if the company's share price advances. Typically, an option is supposed to be granted with a "strike," or exercise, price set at the market value of the stock on the date the company's board approves it. Choosing a different date for the exercise price could potentially violate federal securities laws.

Michaels didn't specify which options were involved or which executives got them. It said that its practice had been to account for "certain nonroutine grants" as if they were awarded on the date a board committee voted for them. However, the strike price of the options was based on an earlier "effective date" of the options. A Michaels spokesman declined to say when or how that effective date was chosen.

Michaels said it is continuing its investigation.

The Securities and Exchange Commission and federal legislators have both said they are interested in writing regulations that prevent backdating of options from the time they are awarded to pick a low point in the stock price to lock in gains.

In other developments, Monster Worldwide Inc., which owns job-search site Monster.com, said the SEC has asked it to "preserve all relevant information" about timing of stock-options grants. Monster was the subject of an article in The Wall Street Journal on Monday on the timing of its options, with strike prices often set at lows for a quarter or year. The New York company previously said that it was conducting an internal investigation and that it had received a subpoena on its options from the U.S. attorney in Manhattan.

Write to William M. Bulkeley at bill.bulkeley@wsj.com4

Tech CEOs' Pay Falls As Firms Cut Out Options (WSJ)

By Pui-wing Tam

The Wall Street Journal, June 15, 2006

Not everything in Silicon Valley is recovering. Just look at Rick Belluzzo's pay package.

Mr. Belluzzo is chief executive of Quantum Corp., a storage-technology company in San Jose, Calif. While Quantum's stock rose last year, Mr. Belluzzo's pay didn't. In fiscal 2005, his compensation totaled $935,919, down 86% from $6.6 million a year earlier, according to company filings and an analysis of the value of CEO stock options prepared for The Wall Street Journal by compensation-research firm Equilar Inc.

The plunge was driven by a shift in equity compensation. In fiscal 2004, Mr. Belluzzo was awarded stock options valued at $5.9 million. Last year, however, Quantum gave no stock options to the CEO and dished out restricted stock valued at $82,250 instead -- not enough to make up for the move away from stock options. A Quantum spokesman says the stock options the CEO received in 2004 were intended to cover him through fiscal 2007. The spokesman adds that Mr. Belluzzo wasn't available to comment on matters relating to this article.

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Mr. Belluzzo has plenty of high-power company to commiserate with in and around San Jose. According to a study by Equilar being released today, CEO pay at Silicon Valley's 150 biggest companies is headed south. In fiscal 2005, the median total compensation of Silicon Valley CEOs dropped to $2.6 million, down 13% from a year ago. Their pay packages are getting hit even as CEO compensation elsewhere rises. Indeed, median total pay for CEOs of companies in the Standard & Poor's 500-stock index increased 2.2% to $8.4 million in 2005, Equilar says.

The slide in Silicon Valley CEO compensation is largely a result of the shrinking value of stock-option grants. While the average number of options awarded to tech CEOs has stayed at around 150,000 for the past two years, the value of the grants fell 34.9% in 2005 to $1.3 million, Equilar says.

Corporate boards have moved to make up for this falloff by handing out more restricted stock -- the median value of restricted stock awarded to Silicon Valley CEOs rose 33.5% last year to $1.1 million. Cash compensation for Silicon Valley CEOs is also going up. Last year the median salary for tech CEOs rose 5.6% to $465,876 and cash bonuses rose 8.7% to $295,875, Equilar says.

But those moves haven't been enough to compensate for the declining value of stock options. "We're at the front end of a major shift away from stock options to more balanced pay packages of restricted stock and cash bonuses in Silicon Valley," says Steve Fackler, a compensation and benefits attorney at Gibson, Dunn & Crutcher LLP in Palo Alto, Calif.

Stock options gain value when a company's share price rises above the "strike" or "exercise" price at which the holder has the option to buy the shares (and then, ostensibly, sell them for a profit). Meanwhile, restricted stock retains value even when a stock falls below a certain price.

The falling pay of Silicon Valley CEOs comes as the high-tech region overall is reviving. Following the dot-com bust earlier this decade, Silicon Valley companies laid off thousands of workers, shifted some jobs overseas and grappled with lackluster stock prices and customer demand. Only last year did the area record a net new increase in jobs for the first time in several years, as the stock prices of many tech companies improved.

That Silicon Valley CEO pay is down amid this revitalization is a sign of how the tech industry is maturing, says Equilar CEO David Chun. Many industries -- driven by new accounting rules that count stock options as an expense -- switched over to restricted stock from stock options over the past few years, Mr. Chun says, and the tech industry was a relative laggard until recently. "Though tech companies are still high-growth, they're starting to act more like companies in Middle America," Mr. Chun says.

Last year 37 of Silicon Valley's 150 biggest companies awarded restricted stock to their employees, up from 23 in 2004. Equilar found that the average number of stock options granted to each rank-and-file tech employee totaled just 1,957 in 2005, down 32.1% from 2,881 options in 2003.

The changes notwithstanding, not all Silicon Valley CEOs are making less. Big-name CEOs such as Yahoo Inc.'s Terry Semel, Cisco Systems Inc.'s John Chambers and Symantec Corp.'s John Thompson continue to reap tens of millions of dollars a year. Even some CEOs who got only restricted stock last year and got no stock options are making out better than before. Bob Swanson, CEO of chip maker Linear Technology Corp., Milpitas, Calif., says the company issued restricted stock last year to employees whose stock options were under water because of the tech bust. "We looked at all kinds of compensation to make up for the underwater options," he says. "Restricted stock has been a big help: There's been very little attrition since." Mr. Swanson himself benefited from this change: He got a restricted stock grant of $10.2 million in fiscal 2005, compared with the stock-option grant of $6 million in fiscal 2004, according to Equilar.

Thian Hoo Tan, CEO of storage-technology company Komag Inc., is another exception. Mr. Tan got no stock options and just a small restricted-stock award of $90,000 in fiscal 2005, far less than the stock-option grant of $541,140 that he received a year earlier, according to company filings and Equilar. But the San Jose company's board also awarded Mr. Tan a bigger cash bonus of $1.2 million last year, more than three times as much as the cash bonus he received in 2004.

The result: Mr. Tan's compensation last year totaled $1.8 million, up from $1.4 million in 2004. Kathy Bayless, Komag's chief financial officer, says the company began switching to restricted stock from stock options in 2005. She declined to comment on Mr. Tan's pay.

Mr. Tan didn't respond to a request for comment. Earlier this year, he announced he would retire from Komag by late 2006.

Overall, while the shrinkage of CEO pay packages prevails in Silicon Valley, it is hard to argue that the affected CEOs are paid badly. A case in point is Peter Van Camp, CEO of Equinix Inc., a company that operates data centers. In fiscal 2004, Mr. Van Camp was awarded $3.85 million in stock options, according to Equilar.

Last year the Foster City, Calif., company stopped giving out stock options to its executive team, switching to restricted stock. Mr. Van Camp got a restricted-stock grant last year valued at $2.9 million, far less than the value of the stock options he got a year earlier.

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Grasso Invoked Fifth Amendment In Deposition (WSJ)

By Aaron Lucchetti And Ian Mcdonald In New York And Kara Scannell In Washington

The Wall Street Journal, June 15, 2006

Former NYSE Chief Refused To Answer About 150 Queries In SEC Probe of AIG Shares

Dick Grasso, the former head of the New York Stock Exchange, invoked his Fifth Amendment right to not answer questions more than 150 times in a deposition last year looking into potentially improper trading on the exchange.

In that deposition, which took place in June 2005, Securities and Exchange Commission investigators asked specifically whether Mr. Grasso tried to influence an NYSE "specialist" firm -- Spear Leeds & Kellogg Specialists LLC -- to help increase the share price of American International Group Inc., the New York insurer. Specialist firms have responsibility for maintaining orderly trading in specific shares.

At issue is whether Mr. Grasso and former AIG head Maurice R. "Hank" Greenberg pressured specialists in recent years to prop up AIG's share price -- particularly in 2001, when AIG was trying to complete a $23 billion purchase of a rival insurer. A falling AIG share price would have made the deal more costly for AIG.

More broadly, the SEC asked questions about how Mr. Grasso policed specialist firms at a time when they were committing widespread infractions, according to later settlements between some of those firms and federal regulators.

Mr. Grasso's decision to invoke his Fifth Amendment protection may reflect a conservative legal strategy, which would have been unsurprising given the string of high-profile white-collar crime cases at that time, such as Martha Stewart, in which defendants' words were used against them. A transcript of the deposition was released yesterday after newspapers, including The Wall Street Journal, requested the document under New York state freedom-of-information law. A second transcript, related to a separate New York state inquiry into Mr. Grasso's pay package, was also released.

It isn't known whether SEC officials were investigating Mr. Grasso specifically, or whether their questioning of him was part of a wider probe of NYSE trading practices. It also isn't known whether or not the investigations are continuing.

A spokesman for Goldman Sachs Group Inc., Spear Leeds' parent company, declined to comment. A spokesman for Mr. Greenberg's legal team said he was reviewing Mr. Grasso's deposition and had no immediate comment on it, but pointed out that during his long term as chief of AIG, Mr. Greenberg was a loud critic of the specialist system and had called for better support of AIG shares. Mr. Greenberg left AIG in 2005. A spokesman for AIG declined to comment. Lawyers for Mr. Grasso said he responded to questions in the SEC interview in the later deposition, conducted by New York Attorney General Eliot Spitzer's office. Although the SEC deposition took place last year, questions about NYSE trading practices are back in the headlines. This week, a trial against two former specialists accused of harming investors is about to get under way in New York. In addition, cases involving similar claims against other former specialists are due to come to trial later this year. The claims center on allegations that specialist firms would sometimes not act in the best interest of their clients, but instead execute trades in a way that would increase the firms' own bottom lines.

According to the transcript of the SEC deposition, one question posed to Mr. Grasso by regulators: "Did you use your position as Spear's regulator to influence Spear to manipulate AIG stock price?" In a statement yesterday, Mr. Grasso's lawyer called that question "a ridiculous charge" and added that former Big Board directors had "confirmed Dick Grasso's commitment to regulation."

Mr. Grasso was more outspoken in the second deposition, which took place in April. Mr. Grasso is the subject of a civil lawsuit brought by Mr. Spitzer, who contends Mr. Grasso was overpaid as head of what was then a not-for-profit, member-owned exchange. Mr. Grasso disputes the charge. The case could go to trial later this year or in 2007.

Mr. Grasso told officials in the meeting with Mr. Spitzer's attorneys that at times Mr. Greenberg was "cosmically unhappy" with the way the Big Board handled AIG stock. When that happened, Mr. Grasso said he would walk to the trading floor and discuss the matter with the specialists who oversaw AIG shares -- an unusual step to take for the head of the exchange.

However, Mr. Grasso said he didn't suggest that Spear Leeds traders should buy up AIG shares to please Mr. Greenberg. He pointed out that Spear Leeds at one time held about 200,000 shares of AIG stock in an account outside of its obligations as a specialist firm, and considered increasing that stake to 500,000 shares "as a sign of their faith in AIG." NYSE rules allow specialists to maintain such accounts.

Mr. Grasso also said he didn't hear about widespread trading infractions among specialists until about December 2002, when he said he was informed by the head of his regulatory unit.

The SEC and U.S. Attorney's office for the Southern District of New York opened an investigation in mid-2004 into whether Mr. Greenberg tried to manipulate shares of AIG to save money on his company's pending acquisition of insurer American

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General Corp. in August 2001. It isn't known whether those investigations continue. Representatives from the U.S. Attorney couldn't be reached. An SEC spokesman declined to comment.

As reported, Mr. Greenberg called Mr. Grasso's office then to ask him to help shore up the stock's sinking price, people familiar with the case said then. Under terms of the $23 billion acquisition of Houston's American General, AIG would have had to pay more in stock -- possibly much more -- if AIG's share price fell below a certain level in a period shortly before the deal was finalized.

But Mr. Greenberg's complaints about how the Big Board handled trading in AIG shares started well before the American General deal came along, according to Mr. Grasso. The NYSE listed AIG shares in 1984, Mr. Grasso said in his April deposition with Mr. Spitzer's office, adding: "I think he was happy for about six months. So somewhere in 1985 he started complaining."

S.E.C. Asked Grasso If He Buoyed Stock (NYT)

By Jenny Anderson

The New York Times, June 15, 2006

Richard A. Grasso, the former chief executive of the New York Stock Exchange, faced questions from federal regulators about whether he prodded traders to support the American International Group's share price while he was head of the exchange and its regulatory unit, government documents released yesterday disclosed.

During Mr. Grasso's deposition, given before the Securities and Exchange Commission in June 2005, he repeatedly invoked his Fifth Amendment right against self-incrimination, in spite of warnings from S.E.C. lawyers that doing so could be used against him in a civil case.

The deposition was part of an investigation by the S.E.C. into the oversight of exchange specialists, who the S.E.C. charged cheated their customers by trading ahead of customer orders. It was released yesterday by Justice Charles E. Ramos of New York State Supreme Court in Manhattan, after he denied Mr. Grasso's motion to keep the file sealed. The motion was part of a lawsuit by the New York State attorney general, Eliot Spitzer, against Mr. Grasso over his $190 million compensation package at the Big Board.

Mr. Grasso's lawyer, Gerson Zweifach, declined to comment yesterday.

S.E.C. lawyers asked Mr. Grasso in the 2005 deposition whether he had tried to placate powerful executives like Maurice R. Greenberg, the chairman and chief executive of A.I.G., by encouraging the A.I.G. specialists — those assigned to manage floor trading in the stock — and their superiors to prop up the price of the stock, going as far as to set up a $17 million fund to buy shares.

While he invoked the Fifth Amendment in front of S.E.C. lawyers in 2005 in response to various questions, in 2006 he answered many of the same questions in a deposition related to Mr. Spitzer's lawsuit. In the deposition, he said he did not encourage the traders to prop up A.I.G. shares.

Mr. Spitzer is expected to make the case that it was important for Mr. Grasso to appease Mr. Greenberg because he was a member of the compensation committee at the exchange from 1996 until 2002. In 2001, Mr. Grasso received $25.6 million in salary, bonus and deferred compensation.

Mr. Spitzer's suit contends that Mr. Grasso's compensation was "unreasonable," a violation of New York's not-for-profit law. The suit also contends that Mr. Grasso's regulatory authority created a conflict of interest because he oversaw regulation of many of the companies whose chief executives approved his pay.

In the 2005 deposition, S.E.C. lawyers questioned Mr. Grasso about whether he put pressure on specialists at Spear, Leeds & Kellogg, a specialist unit of Goldman Sachs, to support A.I.G.'s stock; encouraged and backed Spear's decision to set up a $17 million fund to support the stock; and whether he knew that Mr. Greenberg wanted to maintain a certain price for the stock when A.I.G. announced it would buy AmGen in 2001.

Lawyers also inquired whether Mr. Grasso yelled at the specialists, threatened to take the stock away from them and arranged meetings with top executives at Spear, Leeds to discuss its performance. Mr. Grasso invoked the Fifth Amendment in response.

Specialists are responsible for creating orderly markets, buying when investors are selling and selling when most are buying. They are prohibited from manipulating a share price — for example, buying at higher prices than are displayed.

A lawyer in Mr. Spitzer's office, Avi Schick, said, "What this transcript demonstrates is that Grasso was unable to defend to the S.E.C. his failure to protect investors and regulate traders."

Representatives of Goldman Sachs and Mr. Greenberg declined to comment.

While Mr. Grasso declined to answer questions regarding his relationship with Mr. Greenberg before S.E.C. lawyers, he was more forthcoming in his recent deposition on his pay.

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Stating that he had overseen the listing of A.I.G. in 1984, Mr. Grasso said the complaints from Mr. Greenberg started soon thereafter.

"Somewhere after 1985 he started complaining," Mr. Grasso said, according to the deposition. "There were instances when he was unhappy, there were instances when he was extremely unhappy and there were instances when he was cosmically unhappy. And in the last case, I would probably get up and go to the floor."

During these visits, according to the deposition, Mr. Grasso would relay word of Mr. Greenberg's unhappiness to Spear traders, but he said he did not encourage them to buy the stock to placate Mr. Greenberg.

Mr. Grasso also said he was aware that Spear maintained a separate investment account, distinct from its main specialist portfolio, that S.E.C. lawyers contended was set up to support A.I.G.'s stock and to appease Mr. Greenberg.

Mr. Grasso said that in 2006, to his knowledge, the account held 200,000 A.I.G. shares and that from time to time, Spear traders discussed increasing that to address Mr. Greenberg's concerns.

Asked whether such separate accounts were normal at the exchange, Mr. Grasso said he was "not aware of any."

"There was a period of time when Mr. Greenberg was so patently unhappy that there was some dialogue that the specialists might increase their position in the investment account from 200,000 shares to 500,000 shares," Mr. Grasso said in the deposition. He added that no such increase was made, and that the number of shares was too small to influence the value of so large a company as A.I.G.

Mr. Grasso said that "it might be a nice gesture of faith that you go from 200,000 to 500,000 but don't think that is going to cure his overall belief that the system is not big enough for certain market-cap-sized companies."

Specialists at the exchange, and the oversight of them, have been under scrutiny for years. In 2004, the S.E.C. brought enforcement actions against seven specialist firms. They paid more than $243 million without admitting wrongdoing. In April 2005, federal prosecutors obtained indictments of 15 specialists on charges of illegally trading ahead of customer accounts and of getting between trades, a practice called interpositioning. Last month, two specialists admitted charges of securities fraud, and await sentencing. This week, two former specialists are scheduled to start trials in New York.

CRIMINAL LAW:

Bush Reaffirms His Confidence In Rove (WP)

By Jim Vandehei

The Washington Post, June 15, 2006

Critics Say Aide's Role In Leak Calls For Accountability

President Bush yesterday reaffirmed his trust in White House strategist Karl Rove, and GOP allies said the longtime presidential adviser has no reason to apologize for his role in the disclosure of a CIA officer's identity three years ago.

"Along with others in the White House, I took a sigh of relief" when the news broke this week that Rove would not be charged in the CIA leak investigation, Bush told reporters in a Rose Garden news conference. "I trust Karl Rove." A senior White House official said Bush and his staff are eager to "put this behind us" as quickly as possible.

But while Rove appears out of legal jeopardy, partisans are already pressing a question that is likely to hound him and Bush for some time: Should Rove be held to account outside the legal system for his part in unmasking CIA officer Valerie Plame and initially telling the nation he was not involved?

The three-year investigation of the Plame leak did not result in criminal charges against Rove, but it did raise questions about his early denials. In 2003, White House spokesman Scott McClellan said he consulted Rove and was assured that the senior aide played no role in the leaking of Plame's name to the media. The White House left the clear impression that Rove knew nothing of the leak and certainly did not participate in it.

The subsequent federal investigation determined that Rove talked with at least two reporters about Plame before her identity was disclosed by columnist Robert D. Novak in July 2003, and that he relayed word of those conversations to other White House officials.

Republicans close to Rove argued yesterday that, technically speaking, the aide never lied about his role and that, if anything, he is owed an apology by the media and some Democrats. Former Republican National Committee chairman Ed Gillespie, echoing an argument Rove has made privately to others, said Rove only discussed Plame briefly when questioned by reporters, never mentioned her name specifically and never intended to blow her cover.

"It is now clear he did not leak anybody's name and did not lie about any action," said Gillespie, a close Rove ally.

Democrats dismissed that defense.

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"He leaked the name of an intelligence operative at a time of war," Democratic National Committee Chairman Howard Dean responded in an interview. "I don't know another president who would not fire someone like this."

Dean said Rove has survived only because Bush suffers from an "incredible blind spot for personal loyalty."

Joseph C. Wilson IV, the former ambassador whose criticism of Bush's use of prewar intelligence set in motion the White House campaign that eventually led to the unmasking of his wife, Plame, said Rove owes them and others an apology -- at the very least.

"There is contemporaneous evidence that Mr. Rove was the source of compromising Valerie's identity" to two reporters -- Novak and Time's Matthew Cooper, Wilson said. "Is that the conduct one should expect from a senior government servant?"

Wilson and Plame are considering a civil suit against Rove.

White House spokesman Tony Snow said it would be inappropriate to discuss the role of specific officials or whether any apologies are necessary until Special Counsel Patrick J. Fitzgerald's investigation is concluded.

"Why does not everybody wait to see what the facts are?" Snow said. At his news conference, Bush, too, said it would be wrong to comment on an ongoing case, despite his statements about it moments earlier and aboard Air Force One on Tuesday. As long as Bush sticks to this position, Democrats are likely to keep raising the issue.

Republicans close to the White House said Bush will not push Rove to apologize at any point and is confident the issue will soon fade from the public debate. For many Bush critics, that position contrasts with the ethical standards the president set as a candidate for president and in the earliest days of the leak probe.

In October 2000, Bush told supporters: "In my administration we will not ask only what is legal but what is right, not what the lawyers allow but what the public deserves." Snow would not comment on whether Rove's role in the leak case met this standard.

After news of the leak case broke, Bush said he would "fire anyone" who leaked the name of a covert CIA operative.

But in July 2005, the president set a high threshold for dismissal to cover only those aides who "committed a crime." The timing and threshold change had the potential to benefit Rove. By then, it was clear Rove was involved in the disclosure of Plame's identity even if his actions did not break the law.

Rove yesterday referred questions to Mark Corallo, his spokesman for the leak case. Corallo said he could not comment because of the pending trial of Vice President Cheney's former chief of staff, I. Lewis "Scooter" Libby, on charges of lying to investigators in the leak probe. But Rove's view of the leak controversy was made clear by Gillespie and others who are close to the White House deputy chief of staff.

"He did nothing wrong, he was not involved, he did everything right and owes nobody any apology," said a source close to Rove, who would discuss the topic only if his name was not used. The source said Rove was technically correct when he told CNN in 2004 that "I didn't know her name. I didn't leak her name."

Gillespie said that there was nothing misleading about McClellan's comments in 2003, when the spokesman denied any role for Rove, because it was commonly known the issue was whether the aide leaked the name of a covert CIA agent. But a transcript of McClellan's comments suggests differently.

McClellan was asked if Rove "told any reporter that Valerie Plame worked for the CIA?" Rove, he said, "assured me" he was not involved in the leak of such information.

It is true there is no known evidence that Rove leaked Plame's name per se; in one instance, he referred to Plame simply as Wilson's wife. But he confirmed her CIA role to two reporters, according to court filings in the Libby case.

"He did not have a role in leaking anything. In this town, leaking is a proactive action: Someone gets on the phone and calls reporters for a purpose," said the source close to Rove.

Bush Says Clearing Of Rove Was A Relief (NYT)

By Jim Rutenberg And Neil A. Lewis

The New York Times, June 15, 2006

WASHINGTON, June 14 — President Bush said on Wednesday that he "took a sigh of relief" when federal prosecutors decided this week not to indict Karl Rove, his top strategist, in the C.I.A. leak case.

But Mr. Bush, speaking with reporters in the Rose Garden, still faced tough questions about the investigation. One journalist asked if the president believed that Mr. Rove owed any apologies for providing "misleading" statements about his role in the case. Another asked, "Do you have any work to do to rebuild credibility that might have been lost?"

Mr. Bush voiced full support for Mr. Rove, but otherwise declined to go into the details of the investigation, saying, "There's an ongoing trial; it's a serious business."

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Certainly the decision by the lead prosecutor, Patrick J. Fitzgerald, not to indict Mr. Rove is a major break for the administration, cutting off an avenue of investigation that had come close to the Oval Office. But questions remain about how straightforward Mr. Rove, a deputy chief of staff, was about his own role in administration efforts to rebut a war critic — even with his own White House colleagues.

And there is still a trial looming for Vice President Dick Cheney's former chief of staff, I. Lewis Libby Jr., who is accused of lying to federal investigators who were trying to find out whether the White House intentionally disclosed the name of a C.I.A. operative, Valerie Wilson, in an effort to undermine a war critic, her husband, former Ambassador Joseph C. Wilson IV.

In a New York Times Op-Ed article in 2003, Mr. Wilson reported that during a fact-finding mission for the C.I.A. he could not verify claims that Iraq had tried to buy uranium in Africa, a major administration claim in justifying the invasion of Iraq.

White House allies have rallied to Mr. Libby's side, setting up a defense fund to help defray his legal costs. The list of advisers to the group includes major supporters and former officials, like Spencer Abraham, the former energy secretary, and Mary Matalin, a longtime Cheney adviser.

Central to Mr. Libby's defense is his argument that any efforts to push back against Mr. Wilson were legitimate.

In a series of court filings in that case, Mr. Fitzgerald has indicated he may call Mr. Cheney as a witness.

A Republican who is close to several administration officials, and who was granted anonymity to discuss internal thinking at the White House, said the White House was troubled that the Libby trial, which is scheduled to begin in January, has the potential to expose some of the inner workings of the vice president's office.

"There's not concern about showing any illegalities as much as there is a window into the policy process that will be unflattering to the vice president," this person said.

Mr. Fitzgerald has already filed papers discussing a copy of The Times's Op-Ed article that includes handwritten notations from Mr. Cheney in the margins, including one that said: "Do we ordinarily send people out pro bono to work for us? Or did his wife send him on a junket?"

Yet for all that, the case against Mr. Libby has been constricted in ways that are said to be helping officials sleep better at night.

The presiding judge, Reggie B. Walton, has narrowed the issues in the trial to whether Mr. Libby lied under oath to a grand jury and F.B.I. agents about his role in the disclosure of Ms. Wilson's status at the C.I.A. Judge Walton has mostly slammed the door on efforts by Mr. Libby's lawyers' to broaden the trial into an exploration of how the Bush administration dealt with criticism of its decision to go to war in Iraq.

Judge Walton's rulings make it unlikely that if vice president were to testify, he would be asked to comment beyond some simple and straightforward facts, notably whether he informed Mr. Libby of Ms. Wilson's role in her husband's trip.

Mr. Libby is charged with lying when he testified that he first learned of Ms. Wilson's identity in a conversation with Tim Russert, the Washington bureau chief of NBC News. Mr. Russert has said that testimony is false. In 2003 Scott McClellan, who was then White House press secretary, told reporters, based on information from Mr. Rove, that Mr. Rove had played no role in disclosing Ms. Wilson's name.

Mr. Rove later admitted to speaking with two reporters, the columnist Robert Novak and Matt Cooper, a reporter for Time magazine, about Ms. Wilson, though associates say he did not know her name. Mr. Rove also initially did not disclose to a grand jury that he had spoken with Mr. Cooper; he said in later testimony that he had forgotten and was reminded by the discovery of an e-mail message he had sent to a White House official recounting the conversation with Mr. Cooper.

An associate of Mr. Rove who spoke on condition of anonymity because he was not cleared to speak publicly on the details said Mr. Rove did not intentionally mislead Mr. McClellan.

On Wednesday Mr. Bush was asked what he thought of Mr. Rove's behavior.

"I trust Karl Rove," Mr. Bush said, "and he's an integral part of my team."

Stolen Pistol Used By Roosevelt Returned To Museum (AP)

By Desmond Butler, Associated Press Writer

AP, June 15, 2006

NEW YORK -- After a 16-year absence, a pistol that Teddy Roosevelt carried during the Spanish-American War was returned Wednesday to Sagamore Hill, his home on Long Island.

The Colt revolver disappeared from a display case at Oyster Bay's Sagamore Hill National Historical Site in 1990.

It was recovered by the FBI after someone called the museum with a tip in September, said Robert Goldman, a former assistant U.S. attorney in Philadelphia.

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Goldman, who led the Justice Department's investigation along with the FBI's art crime unit, was among those who attended a ceremony Wednesday marking the return.

The pistol was originally issued to a Navy officer and salvaged from the wreck of the USS Maine, whose mysterious sinking in Havana's harbor fueled the public outrage that led to war.

Roosevelt got the .38 caliber gun from a brother-in-law who served as a Navy captain, and carried it with him when he rode to war with the Rough Riders, a volunteer regiment he helped form. He purportedly had it with him during the Battle of San Juan Hill.

Roosevelt's legendary bravado during the conflict aided the rise of his political career, which culminated in the presidency.

The pistol became a valued family heirloom, and was later given two inscriptions noting its origins on the USS Maine and its use by Roosevelt, then a colonel, at San Juan Hill.

"This gun symbolizes the diligence and heroism of Roosevelt that propelled him to the national limelight," Goldman said in a telephone interview.

The gun was discovered missing in 1990 during regular visiting hours in the Old Orchard House on the grounds of the museum. Police said a lock had been jimmied open.

The September caller told the museum that he believed he knew where the gun was, Goldman said. Park Rangers then contacted the FBI, who coordinated with Goldman, a specialist in art recovery cases.

Goldman, who owns 150 books by and about Teddy Roosevelt, said he'd long hoped for news of the gun since he clipped a newspaper article when it went missing. He told an FBI investigator years ago: "Before I leave government, we need to find this."

Investigators quickly tracked down the tipster to Daytona Beach, Fla.

Goldman, who left the Justice Department for private practice two months ago, said agents persuaded the caller to turn over the pistol to the FBI. The evidence gathered in the investigation was not sufficient to press charges against anyone, Goldman said.

"This came to us fortuitously," he said. "It was quick and nice and sweet."

On Wednesday, a curator confirmed the authenticity of the gun before the ceremony.

"I felt like was able to give something back to Roosevelt today," Goldman said.

Web Labeling Mandate Surfaces In Senate (CNET)

By Anne Broache, Staff Writer, CNET News.com

CNET News, June 15, 2006

Operators of commercial Web sites with sexually explicit content would have to post warning labels on each offending page or face imprisonment under a new proposal in the U.S. Senate.

Caving to earlier demands from the U.S. Department of Justice, the 24-page proposed law focuses on a medley of new penalties related to child pornography and other sexual content on the Internet. For instance, Internet service providers that fail to report to authorities any sightings of child pornography on their networks would have to cough up fines that are triple those written into current law: $150,000 for the first violation and $300,000 thereafter.

"The increase in Internet use has given sexual predators new ways to prey on children," said Sen. Jon Kyl, an Arizona Republican, who joined eight members of his party in introducing the bill on Tuesday. "This bill, among other things, is intended to shut down these opportunities, and severely punish the degraded individuals who are involved in the sexual exploitation of our youth."

Called the Stop Adults' Facilitation of the Exploitation of Youth Act, or Internet SAFETY Act, the bill actually beefs up the Justice Department's suggested penalties for negligent Web labelers. It would impose up to 15 years in prison--an increase from the five years suggested in the original proposal--on any commercial site operator who fails to place "clearly identifiable marks or notices" prescribed by the federal government in either the site's code or on the pages themselves, according to a copy of the bill seen by CNET News.com.

The bill would also create a new crime out of "using misleading domain names to direct children to harmful material on the Internet." Conviction would carry a prison sentence of up to 20 years. A similar sentence would apply to anyone who knowingly embeds words or images in the source code of their sites with the intent of deceiving minors into viewing "harmful" content.

Attorney General Alberto Gonzales originally called for the new laws while speaking at an event at the National Center for Missing and Exploited Children in April. He said a mandatory rating system is necessary to "prevent people from inadvertently stumbling across pornographic images on the Internet."

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At the same event, Gonzales also raised the possibility of requiring Internet service providers to retain records on their subscribers for a set period of time to aid law enforcement in investigations. The Justice Department has since held several private meetings with ISPs, as first reported by CNET News.com.

No such mandate made it into the Internet SAFETY Act, though other members of Congress have floated proposals bearing those requirements in recent months.

Criticized as ambiguous

The latest proposal drew criticism from civil liberties advocates, who said it presents enough ambiguities to prompt self-censorship of Web content.

"Whether artistic works or political commentary or any type of images that may arguably come close to this category, people may not publish them for fear of being sent to jail for 15 years," said David Greene, director of a free-speech advocacy group called The First Amendment Project.

It's equally unclear how to draw the line between "commercial" Web sites, covered by the regulations, and "noncommercial" sites, which appear to be exempt, the bill's critics said.

"They may sell T-shirts or do things that are unrelated to the image or the content that is labeled," Greene said. "When their commercial transaction doesn't relate to the image, to the sexual content, there's a great danger in these laws."

To some extent, it was the thorny issue of labeling online news sites, which sometimes feature material considered to be sexually explicit as part of their regular coverage, that caused support for an Internet self-rating system to fizzle out during the Clinton administration years. At that time, in the late-1990s, Sen. Patty Murray, a Democrat from Washington state, proposed that misrating a Web site be made a federal crime.

The Internet SAFETY Act pulls its definition of sexually explicit material from existing federal law. It covers sexual intercourse of all types: bestiality, masturbation, sadistic or masochistic abuse, or lascivious exhibition of the genitals or pubic area of any person.

In practice, courts have interpreted those definitions quite broadly. In one case, U.S. v. Knox, the Supreme Court and an appeals court ruled that the "lascivious exhibition" of the pubic area could include images of clothed people wearing bikini bathing suits, leotards and underwear. That suggests, for instance, that photos of people in leotards and bathing suits would have to be rated as sexually explicit if the commercial Web site owner wanted to avoid going to prison.

The Senate proposal grants just one reprieve: Sexual depictions that constitute a "small and insignificant part" of a large Web site do not have to be labeled.

Also problematic, they said, is that, in addition to the labeling requirement, Web site operators would have to ensure that "any matter that is initially viewable" does not contain sexually explicit content.

"What if someone deep links to an image, and someone clicks on that image, and it's the first one they see?" asked Marv Johnson, legislative counsel for the American Civil Liberties Union. "Has the law been violated?"

CNET News.com's Declan McCullagh contributed to this report.

Alabama Awarded $400,000 Grant To Fight Child Predators (AP)

AP, June 15, 2006

WASHINGTON (AP) — Alabama is getting $400,000 from the Justice Department to fight child predators. U.S. Sen. Richard Shelby announced the grant yesterday.

He said the funds will be awarded to the Alabama Department of Public Safety's Internet Crimes Against Children's Task Force Program.

The money is earmarked to help the agency to continue working with other law enforcement entities on the federal, state and local level and child welfare organizations.

Shelby said the goal is to target individuals trying to exploit children by way of the Internet.

The Tuscaloosa Republican is co-chair of the Missing and Exploited Children's Caucus.

Safavian Jury Ends 1st Day Of Deliberations (AP)

AP, June 15, 2006

WASHINGTON (AP) — Jurors in the David Safavian trial completed their first day of deliberations Wednesday without deciding whether the former Bush administration executive covered up assistance he gave Republican influence-peddler Jack Abramoff.

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The jury of 10 women and two men is weighing charges that while Safavian was the General Services Administration's chief of staff, he obstructed justice and made false statements. He is accused of concealing from GSA ethics officials and Senate investigators how he helped the disgraced lobbyist try to buy or lease two government properties.

In the first trial to arise from the Abramoff scandal, the jury deliberated for about five hours. Jurors were to return Thursday.

U.S. District Judge Paul Friedman on Wednesday morning dismissed one juror, seated the only remaining alternate juror, a woman, and told the revised jury to "put all your previous deliberations aside and start all over again."

Friedman granted a government motion, over defense objections, to dismiss a female juror for apparently discussing the case with her father in violation of the judge's instructions.

Friedman said he doubted it would be hard to start over from scratch because the jurors had the case for less than two hours on Tuesday and had not discussed it in substantive detail before the problem with the juror arose. The judge questioned that juror and two others Tuesday before sending everyone home while he decided what to do.

In dismissing the juror, Friedman said he questioned her credibility and she had refused to follow instructions, had done independent research and had talked to people she should not have about the case.

Two jurors told the judge Tuesday they heard the offending juror say she had discussed the costs of a golf trip to Scotland with her father. Safavian's expenses for an August 2002 golf trip to Scotland arranged by Abramoff have been an issue in trial testimony.

Friedman also denied the jury's request for a dictionary and told them to ask him if they needed definitions.

Abramoff, the former business partner of Safavian, was never called to testify, a point Safavian's defense lawyer emphasized in closing arguments Monday.

The defense characterized the trial as a clear case of prosecutorial excess. The government depicted Safavian as an ethically challenged public servant trying to serve two masters.

Prosecutors introduced dozens of e-mails in which Abramoff and Safavian exchanged information about two pieces of GSA-controlled property that Abramoff wanted for himself or his lobbying clients. Many of the e-mails were written in the weeks before Safavian joined the weeklong trans-Atlantic golfing jaunt organized by Abramoff.

Defense lawyer Barbara Van Gelder said Safavian "was trying to do the right thing" when he got approval from GSA ethics officers for the golfing excursion to Scotland and London and paid Abramoff $3,100 for his share of the expenses.

Prosecutors scoffed at the idea anyone could think $3,100 would cover the chartered jet fare, $400 and $500-a-night hotel rooms, $400 rounds of golf at the famed St. Andrews course and $100 rounds of drinks.

Prosecutor Nathaniel Edmonds said Safavian revealed nothing about the three-day London leg of the trip or the extent of the lavish accommodations. Prosecutor Peter Zeidenberg said if Safavian had told the truth, "there would have been questions" about who was paying for it and what business Abramoff had with GSA. Safavian told the ethics officers that Abramoff did all his work on Capitol Hill, a statement Van Gelder said is "literally true."

She said the government failed to prove its case by not summoning Abramoff to testify.

Prosecutors gave no reason for not calling Abramoff, who would likely be a witness if the Justice Department assembles criminal cases against any members of Congress. Abramoff has pleaded guilty to crimes in federal courts in Washington, D.C., and in Miami.

Missing Girl Found In S.C. (ROT)

By Lindsey Nair

Roanoke (VA) Times, June 15, 2006

An Arizona girl missing for 10 years after she was allegedly abducted by her father has been found safe in South Carolina, officials said.

Rebecca Ann Braun, 12, was located by the Federal Bureau of Investigation at 8 p.m. Tuesday in South Carolina, according to Kevin Foust, supervisory special agent for the FBI in Roanoke. Although Braun's biological father, Danny Arthur Moran, was arrested on fugitive charges in Roanoke on Monday, Foust said Moran has been uncooperative and did not play a role in locating his daughter.

Foust said Braun was healthy and unharmed when she was found at the residence of an unidentified female. Foust was uncertain of the female's relationship with Moran and said she was not taken into custody.

Moran has been wanted by Arizona authorities since Rebecca was abducted while standing alone outside her house in February 1996. At the time, Rebecca was in her mother's custody.

Foust said a citizen tip led authorities to Moran, who was working as contract employee for Norfolk Southern.

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FBI Agents Locate Missing Girl In South Carolina (WDBJ-TV)

WDBJ-TV, June 15, 2006

Kidnap victim Rebecca Braun has been found alive and well in South Carolina. Her alleged abductor remains in the Roanoke city jail after his arrest on the job here Monday.

The F-B-I says Denny Arthur Moran has not cooperated at all so far. He refused to tell federal agents where the child was. However, information in Moran's possession led them to Donalds, South Carolina.

The FBI would not say exactly what it was that led them to the small town about 30 miles south of Greenville. The Television show "America's Most Wanted" reports agents tracked his cell phone to a mobile home. Abbeville County Sheriff's office tells News-7 that's where Lillian Jean Kitts has been living with the girl for the past three and a half years.

America's Most Wanted says: A Roanoke woman broke the case by logging onto the "America's Most Wanted" web site to confirm that the man she met here was not Jonathan Richardson- -the alias he used here, but Danny Moran, the man wanted for kidnapping in Arizona in 1996.

Sheriff's Deputy Marion Johnson says kidnap victim Rebecca Braun--now 12 years--had not attended school in Abbeville County, but was supposedly "home-schooled." They'd changed her name to Rebecca Bradley to match the alias of her alleged captor, "Norma Bradley."

The natural mother, Helen Braun now reportedly lives in Wisconsin. A reunion between mother and child is expected soon.

Girl Kidnapped In Tempe In 1996 Found In South Carolina (AR)

By Sarah Muench, The Arizona Republic

The Arizona Republic, June 15, 2006

A Tempe girl who had been missing for 10 years was found in South Carolina after FBI agents arrested her father, who was on the FBI's most wanted list in Phoenix.

Rebekah Ann Braun, 12, was found unharmed Tuesday night in a South Carolina mobile home where she had been living with her father, Danny Moran, 57, and a woman who was also arrested.

Braun had been missing since Feb. 24, 1996 when she was kidnapped at age 2 at 6:20 a.m. from her Tempe home in the 1700 block of East Don Carlos, near University and McClintock drives, police said.

"I'm ecstatic," said the girl's mother, Helen Braun, 51, in a phone call from Philadelphia "I was so in shock. I knew that I would always see her, that this moment would come. But how can you prepare for that?"

Braun and Moran were never married.

Phoenix FBI agents continually collected information from family members and tips responding to publicity by media outlets, National Center for Missing and Exploited Children and America's Most Wanted.

Agents arrested Moran on Sunday without incident at his workplace in Roanoke, Va., after receiving a tip from a woman who recognized him from a flier about the kidnapping. He had been commuting there from Donalds, S.C. where he and his daughter lived, said Deborah McArley, a Phoenix FBI office spokeswoman.

"Any caputre is great. . . . We're always thrilled. Some people tend to give up hope, but this case really shows that there's a reason why we put out publicity on stories," said Steve Katz, supervising producer of the television program.

Moran, who had served two years in prison in 1988 in Arizona, had been commuting to a job as computer technician for six months and used the assumed name Jonathan Richardson, according to Virginia media.

Rebekah had been living with Moran and Lillian Jean Kitts, 52, who he apparently met in Arizona, authorities said. Their relationship was not known.

When FBI agents arrested him, Moran refused to give any information on Rebekah's whereabouts, McArley said.

The FBI wouldn't comment on how they were able to track the girl to the mobile home, but America's Most Wanted said agents were able to track his cellphone to the mobile home.

The girl is now in protective custody and a reunion between mother and daughter is expected soon, McArley said. Moran will be extradited to Tempe.

Girl Taken From Arizona Found Safe In South Carolina (TSSC)

The State (SC), June 15, 2006

DONALDS, S.C. - A girl taken from her mother's home in Arizona 10 years ago has been found safe in Abbeville County, the sheriff's department said.

Rebekah Ann Braun, 12, was found by deputies in a home in Donalds Tuesday night, after a man thought to be her father was arrested in Virginia.

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The girl was taken from the Tempe, Ariz., home on Feb. 24, 1996, where she lived with her mother, the FBI in Phoenix said.

FBI agents arrested Danny Arthur Moran, 57, in Roanoke, Va., on Monday, where he had been living for about six months under an assumed identity, the Greenwood Index-Journal reported Wednesday.

A citizen tip led authorities to Moran, Kevin Foust, supervisory special agent for the FBI in Roanoke told WSPA-TV in Spartanburg.

Agents in Roanoke determined the girl was possibly in the Upstate. She's been taken into protective custody.

The woman who owns the home where the girl was found is a friend of Moran's and was taken into custody, authorities said.

Tempe police said Helen Braun now lives in Madison, Wis., and the FBI is working to reunite the girl with her mother.

Helen Braun told the Greenwood newspaper she was stunned to find out the FBI had arrested her husband. "Late Tuesday they called and said they did find Rebecca and she was OK. I always knew I'd see her again. I just didn't expect it. I was just in shock - complete shock. I'm still in shock."

Police say Helen Braun told them on the day her daughter disappeared, the two were heading out of their apartment when the phone rang. Braun said she turned to answer it and no one was on the other end. When she turned back to her daughter, she was gone.

Officers went door-to-door and the mother got a phone call from Moran who said he had taken Rebekah.

A warrant was issued for Moran on custodial interference charges, and the FBI was called in to the case.

It took them a decade to find Moran, who authorities said even made calls to Helen Braun telling her she wasn't going to see her daughter again because she was an unfit mother who smoked in front of the child, authorities said.

Helen Braun said she has been told her now 12-year-old girl looks a lot like a computer-generated age-progression photo posted on the National Center for Missing and Exploited Children Web site.

"She knew she had another mother, but they told her some nasty things about me," Braun said with a shaky voice. "It's going to be a rough trip for both of us."

Judge Won't Suppress Wecht Evidence (PPG)

By Paula Reed Ward, Pittsburgh Post-gazette

Pittsburgh Post-Gazette, June 15, 2006

A federal judge yesterday refused to suppress evidence seized in a search of former Allegheny County Coroner Dr. Cyril H. Wecht's private offices last year.

That means that documents found in 29 boxes at the Penn Avenue location can be used against him at his criminal trial scheduled to begin in October. Dr. Wecht is charged in an 84-count indictment with misusing his public office for private gain.

His attorneys filed a motion to suppress evidence seized in the April 8, 2005, search, claiming that FBI agents did not adhere to the terms of the warrant.

In a 17-page opinion, U.S. District Judge Arthur J. Schwab said the search and seizure "fit squarely within the scope" of the warrant and that the agents and support staff who executed it acted in "good faith."

Defense attorneys tried to claim, in particular, that one box taken from Dr. Wecht's office should never have been opened.

Box No. 20, which was in the same location as the others, was labeled for "the Wecht Law Firm," which is operated by Dr. Wecht's wife, Sigrid. Defense lawyers said that box should have been off-limits to the FBI.

Judge Schwab disagreed.

"The court has reviewed the contents of box 20, and finds that there are no letterheads, pleadings, statements, correspondence or other documents contained therein that were prepared for, generated by, reviewed by, or used by the Wecht Law Firm," he wrote. "On the contrary, the items in box 20 all appear to have been prepared for ... Wecht Pathology ... for example, invoices and billing records for reimbursement for private autopsy consultations, private limousine services and airfare."

Judge Schwab noted in his opinion that though Mrs. Wecht provided an affidavit with her husband's motion to suppress, she did not testify at the hearing on the matter.

Also yesterday, Judge Schwab issued an order relating to two disciplinary reports against the lead FBI agent investigating Dr. Wecht's case.

Bradley Orsini was transferred to Pittsburgh from Newark, N.J., where, Dr. Wecht's attorneys claim, he was disciplined for urging witnesses to lie to cover up his own misconduct.

Defense attorneys plan to use the information to question Mr. Orsini's credibility, and they, along with several local news organizations, requested that the reports be removed from a protective order so that they can be made public.

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Yesterday, Judge Schwab agreed to unseal the reports. But at the same time, he stayed his order, giving the U.S. attorney's office the opportunity to appeal to the 3rd U.S. Circuit Court of Appeals.

"Even though the material is quite likely irrelevant and not admissible at trial, the government has not established a compelling interest or good cause to justify the continual sealing of [the document]," the judge wrote.

U.S Attorney Mary Beth Buchanan said last night that she was unsure if she would appeal. If she does, the appeal must be filed by noon June 29.

Judge Refuses To Suppress Evidence In Wecht Case (KTAE-TV)

KTAE-TV, June 15, 2006

ALLEGHENY COUNTY, Pa. -- A federal judge refused to suppress evidence seized in a search of former Allegheny County coroner Cyril Wecht's private offices last year.

Sources report that the documents found at the Penn Avenue location can be used against him at his criminal trial scheduled to begin in October.

Wecht is charged with misusing his public office for private gain.

His attorneys filed a motion to suppress evidence seized in April 2005, claiming that FBI agents did not adhere to the terms of the warrant.

Judge Allows All Evidence In Wecht Trial (PTR)

By Jason Cato, TRIBUNE-REVIEW

Pittsburgh Tribune-Review, June 15, 2006

The disciplinary records of the lead FBI agent in the case against Dr. Cyril H. Wecht must be made public, a federal judge ruled Tuesday.

The records, however, will remain sealed until June 30 to give the U.S. Attorney's Office time to review the order and decide whether to appeal, U.S. District Judge Arthur J. Schwab ruled.

At question are files from an internal FBI investigation into Special Agent Bradley Orsini while he worked in the Newark, N.J., field office. Wecht's lawyers claim Orsini asked a witness to lie on his behalf during that investigation and have said they plan to use that information to raise questions about the agent's credibility at trial.

In addition to Wecht's attorneys, lawyers for several media outlets -- including the Pittsburgh Tribune-Review -- fought to have Orsini's files made public. They argued that the background of the lead agent in the case deserved as much public scrutiny as the accusations against Wecht.

"We're delighted," said David A. Strassburger, who represented the Trib and its television news partner, WTAE. "We think the court was extremely willing to listen to the arguments of the media and reach the right result."

U.S. Attorney Mary Beth Buchanan said she was still reviewing the judge's order and had not decided whether to file an appeal, which could take months to resolve. Wecht's trial is scheduled to begin in October.

He is accused of using his office as Allegheny County coroner for the benefit of his private consulting business, Cyril Wecht & Pathology Associates.

Wecht, 75, of Squirrel Hill, was indicted in January on 84 counts of mail fraud, wire fraud and theft of honest services.

Lawyers For Wecht Raise Judge's Ire (PTR)

By Jason Cato, TRIBUNE-REVIEW

Pittsburgh Tribune-Revie, June 15, 2006

Not following a painstakingly crafted court schedule has the lawyers defending Dr. Cyril H. Wecht in trouble with a federal judge.

U.S. District Judge Arthur J. Schwab on Wednesday ordered a post-trial contempt hearing to determine whether the conduct of Wecht's attorneys in repeatedly ignoring the pretrial order constitutes contempt. If Schwab determines it does, he said he will then decide the appropriate punishment.

Wecht, 75, of Squirrel Hill, is represented by Jerry McDevitt and Mark Rush, of the Downtown law firm Kirkpatrick & Lockhart Nicholson Graham.

In February, Schwab, Wecht's attorneys and federal prosecutors worked to create deadlines for pretrial matters.

Since then, Schwab accuses defense lawyers of repeatedly ignoring the schedule, including failing to file objections to government trial exhibits by a May 15 deadline. He said Wecht's attorneys claim they did not have time to review the more than 300,000 pages of material but found time to file motions to suppress evidence and dismiss the case well in advance.

On June 6, Wecht's attorneys requested the pretrial schedule be amended. Under their proposal, Schwab wrote in his opinion, "the trial could not occur on October 16, 2006, and probably not on October 16, 2007, and defendant would have successfully delayed the agreed-to trial date -- but the right of the public to have a fair, just and timely determination of the issue raised in this important public corruption case would have been thwarted."

Wecht was indicted Jan. 20 on 84 counts of mail fraud, wire fraud and theft of honest services. He is accused of using his public office as Allegheny County coroner for private gain.

Contempt Hearing For Wecht Lawyers (PPG)

Pittsburgh Post-Gazette, June 15, 2006

The judge overseeing the federal prosecution of former Allegheny County Coroner Dr. Cyril H. Wecht yesterday said he will hold a contempt hearing after the trial for Dr. Wecht's lawyers for "repeatedly ignoring" his orders on how the case will proceed.

In a long opinion explaining his recent decision not to suppress government evidence, U.S. District Judge Arthur J. Schwab excoriated the defense team for not adhering to the agreed-upon court schedule he set forth in a pretrial order.

Judge Schwab said he'll hold a hearing to "adjudicate" whether the lawyers' conduct constitutes contempt, and "if so, what would be the appropriate penalty."

Dr. Wecht's trial is scheduled for October. He is charged with numerous counts related to abuse of his office.

City's Lawyer Says Buildings Commissioner Ordered Hiring (CHIT)

By Rudolph Bush And Dan Mihalopoulos, Tribune Staff Reporters

Chicago Tribune, June 15, 2006

The top lawyer in Mayor Richard Daley's administration testified Wednesday that she believed the city buildings commissioner—rather than officials in the mayor's office—was responsible for the 2004 hiring of an unqualified 19-year-old building inspector.

Corporation Counsel Mara Georges said John Doerrer, who was director of the mayor's Office of Intergovernmental Affairs, told her that Buildings Commissioner Stan Kaderbek was to blame.

"He said he had told Stan Kaderbek not to hire the kid, but he did it anyway," Georges told jurors.

Her testimony appeared to contradict prosecutors' assertions that Daley's former patronage chief Robert Sorich and other Intergovernmental Affairs officials orchestrated the hiring of Andrew Ryan, the son of carpenters union official Thomas Ryan.

Testifying in the federal corruption trial of Sorich and three other former city officials, Georges also acknowledged that she had heard allegations in 2004 that Intergovernmental Affairs was involved in Ryan's controversial hiring.

In testimony Tuesday, Georges said that she was not aware Intergovernmental Affairs played any role in hiring for building inspector and other blue-collar jobs covered under the 1983 Shakman decree, which restricts patronage hiring.

Prosecutors allege Sorich and his aide Timothy McCarthy fixed the hiring and promotions for scores of applicants with political clout. Former Streets and Sanitation officials John Sullivan and Patrick Slattery are also charged in the scheme.

Assistant U.S. Atty. Patrick Collins said Wednesday that he expects the government to rest its case Monday.

The defense has tried to show that the defendants' involvement in hiring was widely known in City Hall and that they did not knowingly participate in criminal activity.

Sorich's attorney, Thomas Anthony Durkin, suggested Georges' acknowledgment of the allegation linking Intergovernmental Affairs to Ryan conflicted with her testimony Tuesday.

During cross-examination on Wednesday, Georges did not directly respond when Durkin asked whether she knew if Intergovernmental Affairs played a role in Ryan's hiring.

"It would depend what you mean by 'played a role,'" she said.

Georges is the second witness to testify that Kaderbek was more at fault for the Ryan hiring than the mayor's office.

Kaderbek's former managing deputy commissioner in Buildings testified last week that Kaderbek, McCarthy and Doerrer all were involved in the hiring of Ryan. But that witness, Christopher Kozicki, surprised prosecutors by asserting that Kaderbek was the driving force.

McCarthy's lawyer, Patrick Deady, has asked the court to give immunity from prosecution to Doerrer, Kaderbek and Thomas Ryan to testify in the trial. Deady argues that the testimony of the three men would be favorable to McCarthy.

Also Wednesday, the one-time son-in-law of former 11th Ward Ald. Patrick Huels testified that in 1997 he had files deleted from the city's mainframe computer at Sorich's request. Robert Koch, who is divorced from Huels' daughter Allison, managed the city's computer servers.

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One day in the fall of 1997, a colleague came to Koch's office and told him FBI agents were examining files on the city's mainframe computer, Koch said.

Koch said he called Huels, who was then his father-in-law, for advice. Huels told him to sit tight, and about an hour later Sorich called Koch, according to his testimony.

Testifying under a grant of immunity, Koch said Sorich asked him to delete files from the city's mainframe.

Prosecutors have charged that Sorich attempted to conceal the alleged hiring scheme by ordering the destruction of lists of politically sponsored job candidates.

On cross-examination, Durkin suggested Koch destroyed the files to protect Huels, who was under federal investigation.

Another witness Wednesday was a city street sweeper driver, who testified that he was promoted in July 2004 after he campaigned for two years for a pro-Daley organization.

Joseph Pratl's promotion has become an important element in the trial because all four defendants are charged with one count of mail fraud based on the promotion letter that Pratl allegedly received in the mail.

But Pratl testified Wednesday that he is not certain that his promotion letter came by mail. "I thought it might have come in the mail," he said.

Pratl said his wife found the original letter only last week in his basement. The letter was not folded and did not have his address anywhere on it, he said.

All of the defendants except Sullivan face other mail fraud charges in the case. Sullivan also is charged with two counts of lying to the FBI.

Michael Sheahan Jr., the son of Cook County Sheriff Michael Sheahan, testified that in the late 1990s, McCarthy regularly provided him with names of job applicants for positions in the Department of Aviation. The younger Sheahan was in charge of personnel in the department. He told jurors that the applicants on McCarthy's lists were always hired.

Sheahan said he sought and received immunity to testify because he feared he could be indicted. A prosecutor "told me that the government's position was that violating the Shakman decree was a criminal offense," Sheahan said.

Tribune staff reporter Todd Lighty contributed to this report.

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City Hall's Top Lawyer Takes The Stand Again (CBS2CHI)

By Mike Flannery

CBS 2 Chicago, June 15, 2006

Mara Georges Testifies About Corruption Probe

(CBS) CHICAGO City Hall's top lawyer took the stand Wednesday to discuss what she knew about a corruption probe and when she knew about it.

Mara Georges' testimony came at the corruption trial of Mayor Daley's former patronage chief.

Chicago's corporation counsel said she had heard allegations of inappropriate political hiring by the mayor's office months before FBI agents showed up with search warrants.

But, as CBS 2 Political Editor Mike Flannery reports, there was no indication that she or any other top official ever tried to stop it.

Georges declined to discuss Wednesday's trial testimony with reporters.

Mara Georges had sometimes argumentative exchanges with defendant Robert Sorich's lead lawyer, focusing on what she knew about the allegedly inappropriate political hiring that is at the heart of the case against Sorich and three co-defendants. All of them connected at various times to the mayor's Office of Intergovernmental Affairs (IGA).

Attorney Thomas Anthony Durkin asked about a series of memos to Mara Georges that he claimed made explicit references to IGA's political hiring activities.

"Did you (know) that IGA played a role in political hiring?" he asked.

Georges shot back: "It depends on what you mean by played a role."

Georges then changed an answer she gave Tuesday, when she said that the FBI's April 2005 raid on City Hall was the first time she learned of the inappropriate hiring allegations. She said Wednesday that she'd heard those allegations at least seven months earlier.

Michael Sheahan, son of the Cook County Sheriff, testified later about rigged political hiring.

Although prosecutors gave him immunity, Sheahan told the defense: "We had a difference of opinion. Prosecutor (Barry) Miller told me violating the Shakman decree was a criminal offense. I didn't agree."

While Judge David Coar prohibited defense lawyers from asking whether she or any other top city officials took action to stop IGA's hiring activities, the defense has claimed that none did, and that the co-defendants were all just mid-level bureaucrats doing what they though their bosses wanted. None had any intention of breaking the law, they said.

Junior Gotti's Special Session With The Feds (NYS)

By Jerry Capeci

New York Sun, June 15, 2006

Normally, it's an unpardonable sin for a wiseguy in good standing to sit down with the feds in a so-called proffer session. Mob prince John "Junior" Gotti did just that, sources tell Gang Land.

Also known as "Queen for a Day," such sessions often precede a cooperation agreement and require defendants to confess their crimes, as well as significant offenses by others.

JUNIOR HAD A 'SINGING' TRYOUT (NYPOST)

By Kati Cornell

The New York Post, June 15, 2006

John "Junior" Gotti broke omerta in a failed bid to win his freedom - a shocking decision his "Dapper Don" dad would have considered the ultimate betrayal.

The younger Gotti disregarded the Mafia oath of silence and ratted out members of the Gambino crime family during a daylong proffer session with federal prosecutors in the spring of 2005, sources familiar with the meeting told The Post.

The mob scion fessed up to a host of crimes and fingered numerous cohorts for mob-related activity in the hopes of getting out from under racketeering charges that threaten to put him behind bars for 30 years and force him to forfeit $25 million.

Sources said Gotti did not cop to any of the crimes he's currently charged with - most notably the high-profile kidnapping of radio host Curtis Sliwa.

Gotti admitted to his long-suspected role in the stabbing of Danny Silva, 24, during a brawl at the Silver Fox Bar in Ozone Park in March 1983, a source familiar with the meeting said.

Gotti admitted he was among a group of men who fought with Silva and that he wielded a knife - but said he suffered serious puncture wounds and acted in self-defense.

His lawyer, Charles Carnesi, said Gotti had never admitted to personally stabbing Silva and said he would neither confirm nor deny that the proffer session took place.

Gotti's bid to become a turncoat fell through after he refused to give the feds the full story - he agreed only to provide incriminating information about certain cohorts but insisted on protecting others, sources said.

Instead, Gotti went on trial for racketeering in August 2005, mounting a ferocious defense in which defense lawyer Jeffrey Lichtman conceded Gotti had run the Gambino crime family for his father - but that he left the mob in 1999.

That trial ended with a hung jury, as did Gotti's retrial in February. He faces a third trial in August.

The Gambinos have seen their share of canaries, including the notorious former underboss Salvatore "Sammy Bull" Gravano and Junior's right-hand man and best friend Michael "Mikey Scars" DiLeonardo.

But never before has a blood relation of the famously proud John Gotti Sr. dared to cross that dangerous line.

Lichtman, who stopped representing Gotti in November, refused to comment on last year's proffer session or confirm whether it took place.

"Less than a year ago, the government viewed John's trial as an inquisition, a slam-dunk conviction," Lichtman said.

"Two trials later, the government has been brought to its knees and has responded in the only way it can - through a disgraceful whisper campaign designed to embarrass John and pressure him into taking a plea.

"The government is bullying the wrong guy this time," Lichtman continued.

Since Gotti's failed bid to become a mob turncoat, he has negotiated three potential plea deals - all of which he rejected at the last minute.

He turned down an offer in April for a five-year sentence in exchange for pleading guilty to racketeering. As part of the deal, Gotti would have moved out of the area after his prison term.

Recent court papers filed by prosecutors alluded to "admissions" by Gotti as being one of the "bases" for a new grand-jury probe targeting the Gambino crime family.

Transcripts from Gotti's last trial show that prosecutors and defense lawyers battled over how much the jury should know about his admissions.

2 BR Women Plead Guilty, 2 Indicted In Relief Aid Fraud (BRADV)

By Sonya Kimbrell

Baton Rouge Advocate, June 15, 2006

Two Baton Rouge women pleaded guilty to federal fraud charges, and two other Baton Rouge women were indicted Wednesday for allegedly making false and fraudulent claims to FEMA for disaster relief benefits.

Kim Cummings, 38, and Doretha Francis, 35, were each charged in two-count indictments with making a false and fraudulent claim for disaster assistance benefits and with making false and fraudulent statements to the Federal Emergency Management Agency. If convicted, Cummings and Francis could serve five years in prison and pay $250,000 per count.

The two bring the total number of defendants charged in the Baton Rouge-based Middle District of Louisiana with violations related to Hurricane Katrina fraud to 61.

Vinita Lane, 28, and Michelle London, 31, pleaded guilty to making a false and fraudulent claim for disaster relief benefits.

According to court records, Lane filed a false claim by telephone in September stating that her Baton Rouge home was damaged during Katrina. She received $2,000 for her claim.

London also filed a false claim by telephone in September that her Baton Rouge home had been damaged. She received $2,000 in disaster relief.

According to court records, London aided Lane in filing a telephone application with FEMA for disaster relief benefits, claiming that Lane's Baton Rouge home was damaged. Both were indicted on one count of making false and fraudulent claims and one count of making false and fraudulent statements.

Both agreed to plead guilty to the one count of making a false claim and the second counts will be dismissed.

The defendants could be sentenced to five years imprisonment and be fined $250,000.

In September, U.S. Attorney General Alberto R. Gonzales created the Hurricane Katrina Fraud Task Force. It is designed to investigate and prosecute disaster-related federal crimes, such as charity fraud, identity theft, procurement fraud and insurance fraud. The task force includes members of the FBI, the Federal Trade Commission, the Postal Inspector's Office and the Executive Office for U.S. Attorneys.

Map Dealer Due In Court (HARTC)

By Kim Martineau, Courant Staff Writer

The Hartford Courant, June 15, 2006

Expected To Admit Thefts From Yale, Other Institutions

NEW HAVEN -- An antique-maps dealer accused of stealing several vintage maps from Yale University's landmark rare books library is expected to admit to those crimes and a broader series of map thefts from prominent institutions across the Northeast in federal and state courts later this month.

E. Forbes Smiley III, 50, who lives on Martha's Vineyard, is due to appear in U.S. District Court in New Haven on June 22 to accept responsibility for a staggering number of thefts, bringing a yearlong FBI investigation to an end.

After his expected plea in federal court, Smiley is then scheduled to go to state Superior Court a block away to resolve the three larceny charges pending against him there.

Sources close to the case who confirmed the plea agreement declined to say what charge or charges Smiley will plead guilty to in federal court or how much prison time, if any, he faces. The British Library in London, the Newberry Library in Chicago and the Boston Public Library have all confirmed that maps are missing from books that Smiley had handled under the guise of scholarly research.

The widely known map dealer started cooperating with the FBI within months of his arrest on Yale University's campus on June 8, 2005. On that morning, Smiley was leafing through books in the reading room of Yale's Beinecke Rare Book and Manuscript Library when a librarian found a discarded X-Acto blade on the floor of the library, setting the staff into high alert that a thief might be lurking.

A librarian zeroed in on Smiley after pulling up the map dealer's Web page. She then called over to Yale's Sterling library and confirmed he had been a suspect in an earlier theft, according to his arrest warrant. Hours later, a detective from the Yale Police Department trailed Smiley out of the Beinecke and into the lobby of the Yale Center for British Art a few blocks away and confronted him with the X-Acto blade wrapped in a wad of tissue.

The detective asked Smiley to open his briefcase. Inside lay a cache of maps, including three that Yale later identified as having been sliced out of books earlier that day. Smiley surrendered an additional map, a John Smith map of New England, folded into his blazer pocket that Yale also said had been stolen from the Beinecke.

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In all, Yale lost - and recovered - four maps that day. The university pressed charges on three and turned over the fourth map, sliced from Gerard de Jode's 1578 world atlas, "Speculum Orbis Terrarum," to the FBI to launch a larger investigation. Smiley had been caught on tape slicing the map, worth an estimated $150,000, from de Jode's atlas, the warrant states.

News of Smiley's arrest set off alarms far beyond Connecticut. The British Library, the Boston Public Library and the Newberry publicly confirmed that maps were missing from books Smiley had handled. Other libraries he frequented - New York Public Library, Harvard University's Houghton Library and the New York Historical Society - have indicated they, too, may be missing material.

Smiley is scheduled to appear first before U.S. District Judge Janet Arterton on June 22 followed by an appearance before Superior Court Judge Richard Damiani.

3 May Face Federal Death Penalty For Crime Spree That Left 4 Dead (AP)

AP, June 15, 2006

INDIANAPOLIS - Three Indianapolis men killed four people, including a female accomplice, and wounded eight others during an 18-day crime spree that targeted drug and gambling houses in Indianapolis and Evansville, federal prosecutors said Wednesday.

Jarvis Brown and Gabriel Jordan, both 25, and Teddy Weems, 20, face possible sentences including the death penalty and life imprisonment if convicted, Assistant U.S. Attorney Matthew Brookman said.

They were arrested in Indianapolis on Dec. 31, three days after Brown and Jordan fired five bullets into accomplice Vanessa Hankins, 26, of Indianapolis, on a sidewalk on the near east side of the city.

Evansville detectives had questioned Hankins the day before she was killed about the Dec. 26 shooting death of drug dealer Jahi Bell, 28, of Evansville, during a drug house robbery in the southwestern Indiana city. The indictment said Brown shot and killed Bell.

Hankins, whose mother lives in Evansville, had been visiting the city at the time, and her SUV was found near the scene of Bell's shooting.

Hankins had been the getaway driver during several of the trio's alleged crimes in Indianapolis, including the Dec. 20 slaying of marijuana dealer Ricky Green, the indictment said.

"Brown and Jordan agreed to murder Hankins to prevent her from providing information to the police," the indictment said.

On the day of their arrests, Brown and Jordan allegedly shot the fourth slaying victim, David Twitty, and robbed him of cash, the indictment said. The shooting occurred at a north side Indianapolis business where Brown and Jordan had planned to steal marijuana from an acquaintance of Twitty.

Brown, Jordan and Weems, armed with an assault rifle, shotguns and various handguns, also robbed various gambling houses in Indianapolis, prosecutors said.

The charges against the three include conspiracy to distribute and possess with intent to distribute crack cocaine, cocaine and marijuana; conspiracy to commit robbery; and federal firearms charges related to the use of firearms during the commission of drug trafficking or violent crimes.

It was not immediately clear when initial court hearings for the three would be held before a federal magistrate in Evansville, prosecutors said.

Weems was sentenced June 2 to 11 months in prison for convictions on state charges of theft and receiving stolen property. He is incarcerated at the Reception and Diagnostic Center of the Indiana Department of Correction in Plainfield.

Brown is in the custody of federal marshals, and Jordan is being held at the Marion County Jail.

Indianapolis Men Indicted For 18 Day Crime Spree (WISH-TV)

By Jay Hermacinski

WISH-TV, CBS 8, Indianapolis, IN, June 15, 2006

Wednesday the U.S. Attorney announced the indictments of three Indianapolis men charged with a December shooting rampage that killed four people and wounded eight others. The men could now face capital murder charges. A grand jury indicted 25-year-old Jarvis Brown, 25-year-old Gabriel Jordan and 20-year-old Teddy Weems on multiple federal counts that include robbery and murder.

"All are what we call death eligible in the justice department," said Susan Brooks, U.S. District Attorney.

The indictment claims the trio targeted drug and gambling houses. Police say the men robbed the drug dealers of their cocaine and marijuana, stole their money and using assault rifles and machine pistols shot anyone that got in their way.

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"These individuals are very brutal and can become desperate criminals. So we're happy they are in custody and will be brought to justice," said Mike Spears, Indianapolis Police Chief.

Police say one of the murder victims was a key witness in the case. Vanessa Hankin's body was found on North Dorman Street the morning of December 28th. She had been shot in the head. Detectives say Hankin's knew Brown and Jordan and was an accomplice during some of the robberies.

"They killed her from talking to law enforcement about all she knew and had seen," said Brooks.

In all, three people were murdered in Indianapolis and one in Evansville. The crime spree ended with a car chase on December 31. On that day alone police say the suspects robbed and shot one man in the head and murdered another.

Ex-agent Says FBI Was Warned On Bulger (BOS)

By Shelley Murphy, Globe Staff

The Boston Globe, June 15, 2006

Questions raised about reliability

A retired FBI official testified yesterday that he urged his superiors to drop gangster James ``Whitey" Bulger as an informant in the early 1980s, amid allegations that Bulger may have been involved in drug dealing and murder.

After being dispatched to assess Bulger's credibility in a brief meeting at the gangster's Quincy apartment in 1981, the official, Robert Fitzpatrick, testified yesterday that he left believing that Bulger was an egotistical ``big bag of wind."

But Fitzpatrick said that while he was unsuccessfully lobbying to cut Bulger loose, Bulger's handler, FBI agent John J. Connolly Jr. , was inviting top agents in the FBI's Boston office to the State House to meet Bulger's younger brother, William, then president of the Massachusetts Senate.

Recounting how Connolly escorted him to a meeting with William Bulger at his Senate office in 1982, Fitzpatrick said, ``He was a little like his brother, to be honest with you. He did most of the talking. I just listened."

Fitzpatrick was not asked on the stand whether they discussed James Bulger with his politician brother during the meeting.

However, Fitzpatrick told the Globe after the proceedings yesterday that they did not.

Fitzpatrick, who served as an assistant special agent in charge of the Boston office between 1981 and 1986, said it wasn't unusual for top agents in an FBI field office to meet with prominent local officials.

However, he said he was concerned about Connolly's relationship with a powerful politician who was also his informant's brother, and asked him: ``What are you doing with this guy?"

He said Connolly responded that William Bulger ``is the guy who's going to get you the job when you leave [the FBI]. He's going to take care of you."

Yesterday was Fitzpatrick's third day on the stand in US District Court in Boston, where he was testifying in a $50 million wrongful death suit brought against the government by the family of John McIntyre , a Quincy fisherman. The family says that the government had negligently caused McIntyre's death by mishandling longtime FBI informants Bulger and Stephen ``The Rifleman" Flemmi .

Flemmi, who is serving a life sentence for killing McIntyre and nine other people, testified last week that he and Bulger killed McIntyre on Nov. 30, 1984 because Connolly warned them McIntyre was cooperating against them.

McIntyre was involved in an unsuccessful effort to ship weapons to the Irish Republican Army aboard the Valhalla, a Gloucester trawler, and had told government agents that Bulger and Flemmi were involved in the plot.

Bulger, who is listed as one of the FBI's 10 most wanted, is charged with 19 murders and has been a fugitive since he fled Boston just before his 1995 federal racketeering indictment.

Connolly was convicted in 2002 of warning him to flee, and is serving a 10-year prison sentence.

William Bulger resigned as president of the University of Massachusetts three years ago after he was grilled by a congressional committee that was investigating the FBI's handling of his brother.

William Bulger testified before the committee that Connolly was a friend who grew up in the same South Boston housing development, and had worked for him on political campaigns. But he said he had never asked Connolly to protect his brother and had not known his brother was an informant until it was publicly disclosed.

Yesterday, Fitzpatrick testified that he was sent to meet James Bulger in 1981 in an effort to evaluate his ``suitability" as an informant.

Bulger wore dark sunglasses that made it impossible to see his eyes. ``He talked about how tough he was," Fitzpatrick said.

Fitzpatrick recounted how Bulger went into a monologue, showing off his Alcatraz belt buckle and talking about the time he spent at the prison while serving a nine-year sentence for bank robbery in the 1950s and '60s.

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Fitzpatrick said he recommended that Bulger be dropped as an informant because he was a gang leader, he allegedly was involved in crimes, and he seemed to be withholding information.

But Fitzpatrick said he was advised by superiors, including Sean McWeeney, chief of the FBI's organized crime section in Washington, ``how valuable" Bulger was in investigations.

Tensions flared in the FBI's Boston office in 1982, according to Fitzpatrick, when other agents began working with another informant, Brian Halloran, who implicated Bulger and Flemmi in the 1981 murder of Tulsa businessman Roger Wheeler.

Connolly was accused of rifling through FBI files on the Wheeler investigation, which led them to be moved to a safe, according to Fitzpatrick. Halloran was killed in May 1982 and another potential witness in the Wheeler case, John Callahan, was murdered two months later in Florida.

While the investigation into all three murders was underway, the FBI dropped Flemmi as an informant from 1982 to 1986, but continued to use Bulger.

N.Y. Judge Who Helped Robbery Suspect Evade Arrest Is Removed (LAW)

By John Caher, New York Law Journal

New York Law Journal, June 15, 2006

A divided New York Court of Appeals on Tuesday removed Queens Supreme Court Justice Laura D. Blackburne for helping a robbery suspect evade arrest.

The 5-2 ruling marked a rare and possibly unprecedented case where the court decided that a judge who had no prior disciplinary record, and had committed misconduct that did not involve personal profit, venality, a breach of trust or moral turpitude, is unfit for the bench.

Tuesday's ruling in Matter of Blackburne, 70, made clear that judicial misconduct cases require case-by-case analysis, and that the court retains the discretion to fashion an appropriate sanction to unique cases, no matter what it has decided in other matters.

Here, Blackburne claimed that the court had never removed a judge for a single, seemingly aberrational act of misconduct where there was no personal gain or evidence of venality. But the majority, in a per curiam opinion, essentially responded that it did not matter.

"[W]e have never implied that removal is limited to those categories of cases that have formerly come before us," the court said. "Judicial misconduct cases are, by their very nature, sui generis. That until now no judge has thought to prevent the lawful arrest of a suspected felon cannot shield petitioner from the necessary consequences of her actions."

A two-judge dissent led by Judge George Bundy Smith and joined by Judge Robert S. Smith argued that Blackburne -- who was ridiculed by the New York City tabloids and condemned by public figures such as Governor George E. Pataki and Mayor Michael Bloomberg -- is being treated much more harshly than other jurists.

They referred to the "glaring" disparity in sanctions and expressed concern that the court was breaking with its precedents and determinations of the Commission on Judicial Conduct by removing a judge for a single incident of poor judgment.

"No good reason exists to remove from the bench an outstanding jurist who has made one error in judgment," Bundy Smith wrote. "While it is true that judges should set high standards, it is also true that judges are human and may err. An error in judgment by this judge, approximately two years from retirement, should not lead to dismissal."

The dissent referred to the lengthy list of amici supporting Blackburne. On that list are appellate justices, political leaders and several organizations, including the Association of Justices of the Supreme Court, the Association of Black Women Attorneys and the National Association for the Advancement of Colored People. The NAACP had claimed that Blackburne was the target of right-wing extremists and that her removal would perpetuate the perception that blacks are held to a different standard than whites.

Blackburne's removal is rooted in an incident two years ago, when she was presiding over the Queens Treatment Court where defendant Derek Sterling appeared. Sterling was undergoing court-ordered treatment at a residential drug treatment program.

That June morning, New York City Detective Leonard Devlin appeared at Blackburne's court and advised the court officer that he wanted to question Sterling in connection with a robbery. Devlin waited outside the courtroom and made no attempt to accost the suspect in the courtroom. He waited for the proceeding before Blackburne to conclude.

Meanwhile, the court officer, Sergeant Richard Peterson, informed the judge that Devlin was present and wanted to question Sterling. Blackburne later realized that the detective sought not only to question Sterling, but to arrest him.

Outraged at what she viewed as a "ruse," Blackburne directed Peterson to show Sterling out a secure rear exit to evade the police officer.

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Peterson, worried that he would get in trouble if he disregarded Blackburne's directive and fearing that he would be guilty of obstructing justice if he did what she told him, consulted with an assistant district attorney. The prosecutor, Sharon Scott Brooking, agreed it would be inappropriate to help the suspect evade arrest, and so advised both Peterson and Blackburne.

But Blackburne insisted and said that if Peterson did not take Sterling out the back stairwell, she would do so herself.

The court officer, concerned at that point for the judge's safety, reluctantly showed Sterling out.

Sterling was arrested the next day at his drug treatment program and charged with assault and robbery, charges that were ultimately dismissed.

The New York City tabloids had a field day with the incident, denouncing Blackburne as "Let -'Em-Go-Laura" and "Loony Laura" and describing her as a "judicial jerk."

She also was harshly criticized by local and state political leaders.

The Police Benevolent Association, the Detectives Endowment Association and Mayor Bloomberg, through Deputy Mayor for Legal Affairs Carol Robles-Roman, complained to the Commission on Judicial Conduct, which initiated an investigation.

GUILTY OF MISCONDUCT

Following that investigation and a hearing before a referee, former Appellate Division Justice Ernst H. Rosenberger, Blackburne was found guilty of misconduct. The commission then voted 8-2 for removal, with the dissenters contending that censure is a more appropriate penalty for a first-time offense.

On appeal, the sole issue was whether the misconduct in this case was so serious as to warrant the harshest available penalty. For the majority, it seemingly was not a close call.

The majority described Blackburne's conduct as "rash and reckless," and said the judge showed no concern and no respect for the public safety, or, for that matter, for the potential legal predicament in which she was placing Peterson. It said the fact that Sterling returned peacefully to the drug program and apparently did not commit the robbery/assault is of no relevance.

"Things might easily have turned out otherwise," the majority said. "In impeding the legitimate operation of law enforcement by helping a wanted robbery suspect avoid arrest, petitioner placed herself above the law she was sworn to administer, thereby bringing the judiciary into disrepute and undermining public confidence in the integrity and impartiality of her court. [P]etitioner's dangerous actions exceeded all measure of acceptable judicial conduct."

The majority said Blackburne "abandoned her role as a neutral arbiter, and instead became an adversary of the police," a position "completely incompatible with the proper role of an impartial judge."

Judges Bundy Smith and Robert Smith, in dissent, referred to a dozen commission cases in suggesting that Blackburne is being treated more harshly than other jurists who committed equally offensive and even more egregious misconduct, and as harshly as judges whose misconduct was considerably more serious than hers.

"Over the years, this Court and the Commission have removed a number of persons from the bench," the dissenters said. "Not until this case, however, has a judge been removed for one act of bad judgment."

Robert H. Tembeckjian, commission administrator and counsel, said Tuesday that while it is always an "unpleasant and difficult duty to remove a judge from office," he is gratified that the Court of Appeals agreed that removal is the proper sanction here.

'UNFAIR' RULING

Blackburne's attorney, David Godosky of Godosky & Gentile in Manhattan, said the ruling was "unfair and unduly harsh."

"The Court has chosen to ignore its precedents and impose the ultimate sanction on this jurist," Godosky said. "I do think it is unfair to Judge Blackburne because of what was demonstrated to be a rather exemplary 10-year, unblemished career. She did make an error, which she admitted to almost immediately, and has expressed her remorse. To impose this sanction given those factors, given her history, given her career and the character testimony at her hearing is an unfair and unduly harsh result."

In a statement Tuesday, police union president Patrick J. Lynch described Blackburne as a "notorious cop-hater" whose removal by the court amounts to a public service.

"The Patrolmen's Benevolent Association and its 50,000 active and retired members salute the ... Court of Appeals for this courageous decision," Lynch said. "As a judge, Laura Blackburne was a blemish on the outstanding record of service provided to this city by all those who serve on the bench with honor and dignity."

Michael Marr, a spokesman for the governor, said the administration "is pleased that the Court of Appeals has recognized that a judge who assists a suspected felon in avoiding a lawful arrest exceeds all bounds of acceptable judicial conduct and must be removed from office."

Tuesday's ruling has no impact on Blackburne's pension, except to the extent that she will have fewer years of service. She was within two years of retirement. She had been suspended with pay pending the court's consideration of her case.

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Suspect Is Held In 4 Stabbings In Manhattan (NYT)

By Al Baker And Kareem Fahim

The New York Times, June 15, 2006

The tourist from Texas was first, stabbed once in the chest on Tuesday while he sat with his girlfriend on a downtown C train. But he was not the last.

In the next 13 hours, the same assailant attacked repeatedly in Manhattan, the police said, plunging a knife into three more people: one man on a subway platform at Rockefeller Center, and two women from Montreal standing on a traffic island at the northern tip of Times Square. The authorities also believe the attacker terrorized workers at a late-night grocery store, menacing them with a knife and throwing a beer at them.

The attack on the women was witnessed by cabbies and a doorman at the W Hotel at Broadway and West 47th Street, the police and the cabbies said. They called 911 on cellphones as they followed the suspect across the street to a McDonald's restaurant, they said.

The suspect was arrested without a struggle around 4:15 a.m. yesterday, the police said. He was identified by officials as Kenny Alexis, 20, a homeless man who has knocked around between New York and Boston.

All four victims survived, though the man from Texas and one of the Canadian women were in critical condition, and the police said there was no known motive for the attacks.

"While it comes as little solace to the victims of such horrific attacks, the fact remains that the subway system has never been safer," Police Commissioner Raymond W. Kelly said, adding that crime in the subway system is down 26.7 percent from the comparable period last year. He also said, "When you get four and a half million people a day into the system, every once in a while a really bizarre thing can happen."

At 1:30 p.m. on Tuesday, two hours before the first attack, police officers stopped Mr. Alexis when he allegedly tried to enter the subway station at 42nd Street and Eighth Avenue without paying. The officers checked for any outstanding warrants, and when they found none, they issued him a summons and let him go, the authorities said.

About 15 hours later, detectives had Mr. Alexis under arrest and were taking him to the Midtown North Precinct station house. There they began to get a picture of his life and how he had spent his most recent hours, partly from Mr. Alexis's own words and partly from police records.

As of last night, the police had charged Mr. Alexis with two counts of second-degree assault in the attack on the two Canadian women, along with two counts of criminal possession of a weapon and one count of unlawful possession of marijuana. In the attack on the C train passenger, Christopher McCarthy, 21, he was charged with attempted murder and criminal possession of a weapon. In the deli incident, the police charged him with robbery.

Witnesses had also picked him out of lineups and identified him in the C train stabbing and the deli fracas. In addition, Mr. Kelly said, he admitted committing all four stabbings in interviews with detectives.

Mr. Alexis told the police he had no home. The authorities said he had been arrested twice in New York — after he tried to board a subway in Harlem on Feb. 28 without paying the fare, and on April 25, after he tried to push his way past a ticket collector for a Chinatown bus headed to Atlantic City. He pleaded guilty in both cases, officials said.

Mr. Kelly said Mr. Alexis's New York record included arrests with sealed records. Boston authorities said he had a criminal record there.

After he was questioned and charged, the police led Mr. Alexis out of the station house just before 9:30 p.m. to take him to Central Booking. Wearing jeans, a blue hospital smock and two diamond earrings, he was silent until he reached the police car, and then called out something unintelligible to reporters nearby.

The attack on the downtown C train occurred at 3:41 p.m. on Tuesday. The victims, a young couple from Houston — Mr. McCarthy and Ganda Krisananuwatara, 20 — were seated directly across from the attacker in the subway train's last car, the police said. As it approached the 110th Street station, he leapt from his seat and stabbed Mr. McCarthy in the upper right chest with a knife with a three-and-a-half-inch blade.

Mr. McCarthy thought he had been punched, not stabbed.

"I was like, 'What just happened?' " Ms. Krisananuwatara said yesterday. "I looked over at my boyfriend. He said, 'The guy just stabbed me.' " The attacker walked away.

Mr. Kelly said the attacker had not made eye contact with the couple, and Mr. McCarthy's father, Joseph McCarthy, who spoke to his son yesterday, said his son had deliberately avoided the man's gaze.

Surgeons at St. Luke's-Roosevelt Hospital Center spent the next few hours attending to Mr. McCarthy.

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Two surgeons, Ray Wedderburn and Clifford Connery, said yesterday that Mr. McCarthy's heart rate was elevated when he arrived, meaning he was in shock, though he was still able to speak to doctors. Roughly a pint of blood was drained from his chest before surgery, they said.

"He's extremely lucky, given the location of his injury," Dr. Wedderburn said.

In the recovery room, Mr. McCarthy's father said he found his son weak but able to smile and squeeze his parents' hands. "He said he was willing to give him whatever he needed, a camera if he wanted it, his wallet, whatever," Mr. McCarthy said. "In spite of that, he said he still forgives him."

At about 3 a.m., a man who detectives believe was Mr. Alexis approached two men sitting on a bench on the southbound F train platform at 50th Street and Avenue of the Americas.

He demanded a cellphone from one of them, Ambrosio Castro, 30, of Brooklyn, and "when the victim didn't respond, Alexis stabbed him twice, once in the stomach and once in the chest," Mr. Kelly said. "Like the victim in the C train attack, the victim on the F train platform initially thought he had been punched."

Again, the attacker walked away.

At 3:30 a.m. at the West Park Market, a delicatessen at 1802 Broadway near Columbus Circle, the police said, the attacker caused a commotion, waving a knife at workers, drinking water, tossing a beer at the workers, and taking a beer as he left.

Then, a half-hour later, four drivers leaning on their cabs at Broadway and 47th Street said the suspect came toward them, saying something unintelligible, and shook the hand of one driver, Samuel Dupiton, 45. They watched as he veered south across 47th Street.

Melanie Carrier, 22, and Audrey Perrier, 25, two students from Montreal, had left the nearby Edison Hotel and were crossing Broadway at West 47th Street when the attacker came at them from behind as they reached the traffic island at Duffy Square, Mr. Kelly said.

Mr. Kelly said Mr. Alexis stabbed the women in the back.

"One of them fell down," Mr. Dupiton said. "The other tried to give her a hand. They were crying," he said. He and the other drivers ran to the women, and one said, "I got stabbed," Mr. Dupiton said. "She showed me her hands with blood on them."

The women then got to the W hotel, at 1567 Broadway, where some employees came to their assistance. A doorman from the hotel and three or four of the cabbies ran to Broadway and saw Mr. Alexis standing inside the McDonald's at 46th Street and Seventh Avenue, the police said. Officers arrived moments later and arrested him as he came out.

Mr. Castro was in critical but stable condition late yesterday at St. Vincent's Hospital in Greenwich Village. Ms. Carrier underwent surgery late yesterday and was also in critical but stable condition at the same hospital. Ms. Perrier was released from the hospital.

On a seat in the subway car where Mr. McCarthy was attacked, forensic investigators lifted a palm print that the police said belonged to Mr. Alexis. A worker from the delicatessen identified a black and white knife Mr. Alexis was carrying when arrested as the one he brandished in the store.

Backstory: From Prison Bars To Bar Exam (CSM)

By Frank Bures

The Christian Science Monitor, June 15, 2006

MADISON, WIS.

Christopher Ochoa is late as he walks into the Starbucks on University Avenue here and sits down. He takes off his Yankees hat and apologizes. "I'm sorry about that," he says mildly. I assure him it's no problem, but he seems genuinely distraught. It's the kind of thing he's still getting used to: making appointments and keeping them.

"You learn patience in prison," Mr. Ochoa says. "You learn to live one day at a time. You have to. And I have to get out of the habit, because I miss appointments like this one, because I take one day at a time."

Ochoa is short and quiet and blends easily among the students and soccer moms of this university town. He is shy by nature, a trait that may have helped him survive the 12 years he spent in the Texas prison system for a crime he didn't commit. He kept his head down.

Now, however, Ochoa is holding his head high. He is one of 180 people in the US to be exonerated by DNA evidence - and one of the few to thrive: Last month he became only the second exoneree in US history to graduate from law school. As he now heads out to look for a job in a field - criminal justice - that tragically let him down, Ochoa isn't sure what kind of law he might practice. But he does know some of the values he'll bring to the profession.

"You have to have compassion for your client," says Ochoa. "It doesn't matter how much money he has, or whether he's rich or poor, because that's what makes us better lawyers. And compassion is what makes, in essence, justice."

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Justice is something that Ochoa, a Hispanic, has learned about the hard way. He'd never been in trouble, when Ochoa and a friend, Richard Danziger, went to a Pizza Hut in Austin, Texas, one day in 1988. The manager of the restaurant had been recently raped and murdered. While there, the two men offered a toast to the woman, they said, to memorialize her. Both worked at a nearby Pizza Hut.

When employees heard the toast, they got suspicious. Police arrested the two men a few days later. During a two-day interrogation, investigators threatened Ochoa with the death penalty if he didn't confess. At one point, one of the detectives threw a chair across the room. Ochoa says he finally gave them what they wanted: This was, after all, Texas - the No. 1 death-penalty state. He was sentenced to life in prison.

After more than a decade behind bars - and a few years after the man who actually committed the crime admitted to it - Ochoa wrote a letter to John Pray, codirector of the Wisconsin Innocence Project, a group at a law school that investigates possible wrongful convictions. The students took up the case. New DNA tests were conducted. Ochoa and Mr. Danziger walked out of prison two years later in 2001 - 12 years after going in.

"I felt like it was a dream," says Ochoa's uncle, Ron Navejas. "We all had our arms around him when he was walking out."

Later that day, Ochoa boarded a plane with family members and Innocence Project workers to fly back to El Paso, Texas, where he grew up. One of the workers, Cory Tennison, noticed that many of the passengers were reading the story about Ochoa in newspapers. So he went to the intercom and made an announcement: Chris Ochoa is on the plane, flying home.

One passenger asked if he could take up a collection for Ochoa, who had no money in his pockets. "So this guy proceeds to walk around the plane with a barf bag," says Mr. Tennison, "and people were throwing in cash. We counted it later that night: It was over $500."

In El Paso, Ochoa went back to school to finish degrees he had started in prison, then began thinking about his future, even if the past wouldn't always let him go. He moved in with his uncle, who remembers how Ochoa wouldn't look him in the eye. "He was always looking down," says Mr. Navejas. "I asked him, 'why don't you look at me?' He said, 'I can't. That's what they taught us in prison. They make you look down at the ground.' And I said, 'Well you're not in prison any more. You can hold your head up high. You're free.' "

Ochoa was out in the backyard with his uncle one day when he suddenly decided what he wanted to do: get a law degree. His interest had been piqued by a business-law class he had taken and talks he had given at law schools about his ordeal. For the second time, he put something in the mail to the University of Wisconsin-Madison Law School. This time, it was an application.

When Ochoa showed up for classes in 2003, his status as a star exoneree followed him. According to Ochoa's classmate Juan Marchan, some people were drawn to his inspirational story. Others whispered that he was the guy they say killed a woman in Texas.

Ochoa didn't know what to make of the odd looks. He wasn't even sure if they were odd looks. After 12 years in a prison atmosphere of mistrust and keep-to-yourself privacy, he didn't know the rules any more. "I didn't know how to talk to people," Ochoa recalls. "If someone didn't talk to me, I didn't know if that was normal. But as I progressed in law school, people got to know me for who I was. They treated me like one of their own. And that's all an exoneree wants."

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Many innocent inmates who are freed don't do well on the outside. They struggle for years to put their lives back together. Some end up back in prison for crimes they actually do commit. One problem is that they often get less help than if they were guilty.

"The system is not really set up for that," says Mr. Pray. "If you're on parole, you have a parole officer, and you might be set up with certain services. But if you're exonerated, you're just off. You're on your own."

Ochoa did get some money. Halfway through his first year of law school, when he was struggling financially, he received a $5.3 million settlement from the city of Austin in a civil-rights lawsuit over police misconduct. Ochoa has done better than many exonerees, though, despite the money. Sipping his coffee, he offers one reason why. "The one thing you learn in law school," he says, "is that there's no room for emotion. None whatsoever. Not being angry, or happy. You can have compassion. But there's a fine line."

It would be understandable if Ochoa did harbor some anger, at the detectives who wrote part of his confession - at the people who took 12 years of his life. But he tries to let this go, to avoid letting it consume him. "I try not to think about it," he says. "I try to focus on moving forward and not being angry or bitter. I wouldn't be where I am today, if I had remained angry."

And he wouldn't be going where he's going either: first to Italy and Thailand for a much deserved break after 18 tumultuous years. Later this summer, Ochoa hopes to visit Yankee Stadium to watch his beloved team.

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After that, he's not sure what path he'll take. Now 39, Ochoa says he might work in a prosecutor's office, to help prevent wrongful convictions at the outset. Or he may go into something less emotionally charged, like property law. But whatever it is, those around him, like his uncle, expect it to be big. "I know Chris," says Navejas. "He's not done yet."

Small Cities Hit Hard In Crime Report (NYT)

By Laura Mansnerus

The New York Times, June 15, 2006

In Jersey City, where the gentrifying waterfront deflects the public eye from unchangingly poor neighborhoods, violent crime rose by 8.4 percent last year. Thirty-eight people were killed, an increase of 15 compared with the previous year.

Paterson and Elizabeth, N.J., fared even worse with violent crime, each registering an increase of about 20 percent. In New York, Syracuse also had a 20 percent increase, and violent crime was up in Stamford, Conn., as well.

In most smaller cities and even in some quiet suburbs in the region, violent crime rose last year, according to preliminary statistics released Monday by the Federal Bureau of Investigation. The increases were such that New York City, with a slight decline, appeared to be an oasis of relative calm.

Among the 15 other cities with 100,000 or more people in New York, New Jersey and Connecticut, 10 had increases in violent crime, including 4 in the double digits. And in those 15 cities, taken together, the number of homicides rose by 28 percent.

The reasons, experts said, included the spread of gangs to smaller cities and suburbs and cuts in federal grant programs to local police agencies. Many attribute the success of bigger cities in part to sophisticated police techniques that they have developed, while smaller ones are just catching up — especially in their approaches to violent offenders.

While experts do not consider homicides to be a very telling gauge of crime, they agree that the increase is striking — even more so than the nationwide figures, which showed a 12.5 percent increase in homicides last year in cities with populations of 50,000 to 249,000. The numbers underscore what they describe as a resurgence of senseless violence among young men in impoverished neighborhoods.

"These ideas of respect and disrespect and how you have to respond to being disrespected may have started on the mean streets of the core urban areas, but you now see them in smaller places," said David M. Kennedy, the director of the Center for Crime Prevention and Control at John Jay College of Criminal Justice.

By and large, the numbers in the New York region fit the pattern in the nationwide statistics released on Monday, showing a 2.5 percent increase in violent crime — which comprised homicide, rape, robbery and aggravated assault — after an impressive 15-year decline.

Violent crime in the largest cities declined slightly between 2004 and 2005, with New York City recording a 1.9 percent decrease over all and a 5 percent decline in homicides. In cities with populations under one million, however, violent crime was on the rise. The report did not contain data on individual cities with populations of less than 100,000.

"Right now, comparing anywhere to New York City is kind of a setup because New York City has become extraordinarily safe," Mr. Kennedy said. "It's places not just the size of Albany and Buffalo but places the size of Newburgh that are having big-city crime problems."

Experts also caution that a one-year increase in crime may be just a small bump. It is, nonetheless, a bump visible all over the country. While violent crime in cities of over 1 million dipped by 0.4 percent, it rose 8.3 percent in cities of 500,000 to 999,999, 2.9 percent in cities of 250,000 to 499,999 and 3.4 percent in cities of 100,000 to 249,999. In cities of fewer than 10,000 people, violent crime rose 1.6 percent nationally.

John Klofas, a professor of criminal justice at the Rochester Institute of Technology, said that while "the medium-size cities have been affected the most dramatically" in the latest rise in crime, "it's too tempting to try to read a lot into this at this time."

In Rochester, for example, homicides are down slightly so far in 2006, while aggravated assaults are far ahead of the number in the comparable period of 2005, Professor Klofas said. And the increase in homicides last year, to 53 from 36 in 2004, followed a huge decrease from 2003.

The F.B.I. report led officials in some cities to protest that one year's numbers were no basis for judging their handling of crime. In Jersey City, the report prompted Mayor Jerramiah Healy and Police Chief Robert A. Troy to announce that property crimes have been on a significant decline this year and that homicides — 14 so far — were down significantly compared with the same period last year.

The department has added bicycle patrols and surveillance cameras, has offered cash to people who turned in their handguns and has announced a program called "Operation Little Rascal" to enforce a curfew. "We're going to start bringing these kids off the streets and bringing them to their parents," Mayor Healy said.

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In Paterson, a Police Department spokesman, Lt. Anthony Traina, said crime statistics often fluctuated for reasons that might not be immediately apparent, citing one crime wave a few years ago after more than 400 convicts were released from prison and returned home.

As to homicides, which doubled last year, reaching 20, Lieutenant Traina said, "Over the years, we've been over 20 and down to 7."

A few other cities reported numbers just as stark: Hartford had 25 homicides in 2005, up from 16 in 2004, and in Elizabeth the number rose to 17 from 10.

One exception, oddly, was Camden, N.J. — named "America's most dangerous city" for the last two years — which had 35 homicides last year, down from 49 in 2004. The overall violent crime data for Camden, a city of almost 80,000, was not in the F.B.I. report, since it is too small.

And in Newark, where violent crime has slowly receded — declining 1.6 percent in the preliminary 2005 data — homicides increased, to 97 from 84 in 2004.

"To have had an increase in murder for the past two years is very troublesome," said Michael Wagers, the executive director of the Police Institute at Rutgers in Newark. Mr. Wagers said 90 percent of homicides in Newark were committed with guns, compared with 67 percent nationally, in a pattern he saw in other medium-size cities like Hartford and Charlotte, N.C.

"You have an intersection with gangs and guns," he said. "In the typical homicide or shooting, the victim is a gang member in some kind of dispute, disrespecting someone at a party or bumping into them, and then there's an escalation of violence between groups."

Reporters And Sources (WP)

The Washington Post, June 15, 2006

Congress considers a federal shield law.

PERHAPS AS EARLY as today, the Senate Judiciary Committee could report out a bill to create a modest privilege for reporters to protect their confidential sources in criminal and civil proceedings. Lawyers, priests, psychotherapists and others enjoy varying degrees of such protection for their confidential conversations; so do reporters in almost all state courts. Several recent cases -- the Valerie Plame investigation and the recently settled Wen Ho Lee civil lawsuit most prominently -- have served as reminders of the need for a shield in federal court as well. The issue is whether reporters or their employers should face jail or ruinous fines for doing what they have to do to bring the public the news it expects: honoring their promises of confidentiality to sources.

A bill sponsored by Republican Sens. Richard G. Lugar (Ind.) and Arlen Specter (Pa.) and Democrats Charles E. Schumer (N.Y.) and Christopher J. Dodd (Conn.) would not shield journalists in all situations; far from it. In criminal cases, it would allow prosecutors or defendants to subpoena reporters when they have exhausted alternative means of garnering needed information and when a judge finds disclosure, on balance, in the public interest. In civil cases, a judge could compel disclosure of a confidential source when it was "critical to the successful completion of the civil action" and "nondisclosure . . . would be contrary to the public interest" taking into account "the public interest in newsgathering and in maintaining the free flow of information to the widest possible degree about matters that enter the public sphere."

That free flow of information is what this is about. We don't pretend to be unbiased; representatives of The Washington Post Co. have advocated for the bill. But we firmly believe there's a larger interest here. History makes clear that critical stories, including the exposure of executive malfeasance that we remember as the Watergate scandal, have depended on the confidence of potential sources in journalists' willingness and ability to protect their identities. That ability is under threat. The result could be less reporting on government overreaching and wrongdoing -- and less of the kind of openness on which any democracy depends.

CIVIL LAW:

Lawyers' Gamble On Asbestos Trial Pays Off For Plaintiffs (LAW)

By Greg Land, Fulton County Daily Report

Fulton County (GA) Daily Report, June 15, 2006

A jury in Dallas, Texas, last week awarded $13.5 million to the survivors of a man who contracted an asbestos-related cancer decades after being exposed to a joint-compound product manufactured by Atlanta-based Georgia-Pacific Corp.

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Attorneys from Dallas-based Baron & Budd told jurors that Timothy Shawn Bostic, who died of mesothelioma on Sept. 5, 2003, had been exposed to the fire-retardant mineral as a child and teen working with his father. According to Baron & Budd lawyers Charla G. Aldous and Chris Panatier, evidence at trial included documents showing that Georgia-Pacific officials knew of the health hazards caused by asbestos as early as 1966, but the company continued to manufacture asbestos-containing products until 1977.

Bostic's wife and child had been awarded $9.3 million in March 2005 in the case. But, said Aldous, because the trial judge expressed concern over the way the jury had calculated punitive damages, she offered the plaintiffs the opportunity to either accept a reduced award or face a new trial.

"We decided to take a chance on a new trial," said Aldous. "As it turned out, that was a good decision."

After a four-week trial and three hours of deliberations, on June 8 the jury awarded Bostic's survivors $7,554,904 in compensatory damages and $6,038, 910 in punitive damages.

The company will "absolutely" appeal, said Georgia-Pacific spokesman James Malone.

"Georgia-Pacific has always felt that anybody who gets sick because of asbestos in any of our products should be compensated," said Malone. "But we believe Mr. Bostic was exposed to asbestos in other products, not ours."

Malone said the outcome of the Bostic case will have no impact on the dozens of cases pending in Cobb and Fulton counties' Superior Courts, many of which are being handled by Baron & Budd attorneys.

Ohio Supreme Court Rejects Class Action On 'Light' Cigarettes (WSJ/AP)

Associated Press

The Wall Street Journal, June 15, 2006

COLUMBUS, Ohio -- Two smokers can't bring a class-action lawsuit against Philip Morris USA Inc. over the way the tobacco company markets "light" cigarettes, the Ohio Supreme Court ruled.

The smokers had argued that Philip Morris knew cigarettes it marketed as having less tar and nicotine would be as dangerous as regular cigarettes.

The tobacco company, a unit of Altria Group Inc., contended that Ohio law requires a more specific warning from the state on a company's marketing practices before allowing lawsuits to apply beyond individuals to an entire class.

The high court threw out a lower court's ruling that had been fought by lobbyists for manufacturers and other Ohio businesses.

Writing for the majority, Justice Evelyn Lundberg Stratton said the court didn't rule on the underlying question of whether Philip Morris acted to "deliberately deceive consumers into believing that Marlboro Lights and Virginia Slims Lights are safer or healthier than other cigarettes" -- only on whether the smokers were eligible for class-action status.

For class-action status, she wrote, Philip Morris would have had to act in a way "previously declared to be deceptive" under Ohio law, and the smokers failed to demonstrate the company had.

In a dissent, Justice Paul Pfeifer attacked the majority's "unconscionably narrow reading" of Ohio law, saying it would mean "many deceived parties will have no recourse against the company that deceived them."

Attorneys in the case didn't immediately return calls.

The High Court, Hoodwinked On Finance Data (RC)

By David M. Primo And Jeffrey Milyo

Roll Call, June 15, 2006

The imminent Supreme Court decision in Randall v. Sorrell — the closely watched dispute over the permissibility of highly restrictive campaign spending and contribution limits in Vermont — presents an opportunity to address the disconnect between scholarly research and the conventional wisdom about campaign finance reform.

In short, the most current and best scientific evidence flies in the face of the promises made by reform advocates, and more disturbingly, it reveals that the court jurisprudence upholding campaign finance laws is built on a shaky empirical foundation.

Reform proposals are invariably touted as a way to elevate democracy: higher turnout, improved citizen perceptions of government and increased electoral competition. In a recent Roll Call Guest Observer, Deborah Goldberg of the pro-reform Brennan Center for Justice at New York University Law School speaks of the "role of contribution limits in combating real and perceived corruption."

The Supreme Court has recently upheld more severe regulation of campaign financing in the belief that such laws, by reducing the unseemly flow of money in politics, would improve American democracy. Most recently, in McConnell v. FEC, the court appealed to the "eroding of public confidence in the electoral process through the appearance of corruption" to justify limits

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on contributions to political parties. In a recent public lecture, Associate Justice Stephen Breyer stated that campaign finance laws "seek to democratize the influence that money can bring to bear on the electoral process, thereby building public confidence in the process."

Tellingly, the court cites only "common sense" and anecdotes to back the claim that campaign finance is critically linked to perceptions of government. The reason: Systematic, scientific evidence does not exist.

In work published in the March 2006 Election Law Journal, we show that there is essentially no connection between the perceptions of government on the one hand and state campaign finance laws on the other. In fact, some types of reforms, such as public funding of candidates in elections, end up having a negative impact on such perceptions.

In an ongoing study, we find a similarly weak link between campaign finance laws and voter turnout, while research by other scholars suggests that increased campaign spending is associated with a better informed electorate and improved perceptions of government.

Finally, the existing empirical evidence on campaign finance reform and electoral competitiveness is at best mixed, with studies finding a modest increase in competitiveness from some laws, but not from others.

In fact, we are aware of no scholarly studies that yield consistent evidence of large and statistically significant effects of campaign finance regulations on electoral competitiveness. Yet in her op-ed, Goldberg misuses some of our own recent research to argue that the Supreme Court needn't be concerned that Vermont's low contribution limits may harm electoral competition.

In reality, our study found only that the presence of limits on contributions from individual donors reduced the winning vote margin in gubernatorial elections. We did not estimate the effect of states setting very low contribution limits, as is the case in Vermont. We even cautioned readers explicitly that "we want to be clear that our findings do not suggest that contribution limits cannot have deleterious effects on competition if set too low; our findings here suggest that contribution limits, as enacted in the states, have on net had a modest positive impact on competitiveness. Still, very low limits like those in Vermont, which have concerned even pro-reform Supreme Court Justice Breyer, merit caution."

We aren't surprised that pro- reform activists tend to make exaggerated claims that are uninformed or even contradicted by the scientific evidence, but we do expect better of the Supreme Court. Sadly, the reality is that Supreme Court decisions are built on this same shaky foundation. We think it is not too much to expect the court to weigh scientific evidence over anecdote.

David M. Primo is an assistant professor in political science at the University of Rochester. Jeffrey Milyo is an associate professor in economics and the Truman School of Public Affairs at the University of Missouri.

CIVIL RIGHTS:

DOJ To Review Deaths After Stun Gun Use (AP)

By Mark Sherman, Associated Press Writer

AP, June 15, 2006

WASHINGTON (AP) -- With over 180 deaths since 1986 among suspects subdued with stun guns, the government decided the time had come to take stock of this recent law enforcement phenomenom.

The new review by the Justice Department, initially involving 30 such cases, follows the rapid growth in deployment of stun guns as a nonlethal alternative to bullet-firing weapons. The concern is about people who died after being shocked by the electronic control devices.

The department's research arm, the National Institute of Justice, said there have been 184 such deaths in the last 10 years, the overwhelming majority since 2000. Amnesty International, which has called for a moratorium on stun gun use, said there have been roughly 160 deaths in the past five years.

The study will not look at whether the use of stun guns was appropriate, John Morgan, the institute's assistant director, said Wednesday.

Instead, researchers will make medical assessments of the 30 cases, which include deaths that were attributed to a stun gun and some in which authorities could not determine whether a stun gun caused or contributed to a death, he said.

Two deaths occurred in 1986, one in 1990 and the rest since 2000, Morgan added.

In the remaining 154 cases, stun guns were ruled out as a factor in the deaths, but the study could eventually include those deaths as well, he said, saying the review could take up to two years.

"We hope this will help improve less-lethal technology generally," Morgan said. "If we find a particular operating characteristic is contributing to a problem, we hope that will be way to improve that technology."

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Taser International Inc. of Scottsdale, Ariz., the largest maker of stun guns, said that the devices have saved more than 9,000 lives because police officers have been able to the weapon instead of handguns that fire bullets. Tasers deliver a 50,000-volt jolt through two barbed darts that can penetrate clothing.

"Given that the NIJ conducted a similar study on pepper spray which effectively ended the debate regarding its safety, we are hopeful this study will lead to the same outcome regarding electro-muscular disruption devices," Taser vice president Steve Tuttle said.

Dalia Hashad, director of Amnesty's USA Program, said the study is a good first step. "We've been asking the federal government for the last six years to take seriously that people are dying after being shot by this weapon," Hashad said.

A government study last year said more than 7,000 of the nation's 18,000 police agencies used Tasers, up from 1,000 in 2001.

Many of those who died were high on drugs, mentally ill or otherwise agitated, according to an Amnesty International report released in March. Many deaths in the past year occurred after victims were hit by Tasers at least three times and, in some cases, for prolonged periods, the report said.

Some police agencies have tightened their rules on stun-gun use following Taser-related deaths.

One goal of the new study is to get a better understanding of how the body reacts when hit by electricity from the devices.

Researchers will include medical examiners, pathologists, cardiologists and other experts, said Dr. Robert Hunsaker, president of the National Association of Medical Examiners and co-chairman of the group that is designing the study.

The International Association of Chiefs of Police, which has called for careful monitoring of stun gun use, also will be part of the review.

U.S. To Review Deaths Of Suspects Subdued With Electric Stun Guns (WSJ)

The Wall Street Journal, June 15, 2006

At the urging of law-enforcement officials, the Justice Department is preparing to conduct a study of deaths among suspects who were subdued with electric stun guns.

The decision to carry out the review was made last year, and the department, along with medical and law-enforcement organizations, expects to begin the two-year-long review this summer.

The study, which will initially make medical assessments of 30 in-custody deaths, follows the rapid growth in deployment of stun guns as a nonlethal alternative to firearms.

The department's research arm, the National Institute of Justice, said there have been 184 such deaths in the last 10 years, the overwhelming majority since 2000. Amnesty International, which has called for a moratorium on stun-gun use, said there have been roughly 160 deaths in the past five years.

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"Given that the [Justice Department] conducted a similar study on pepper spray which effectively ended the debate regarding its safety, we are hopeful this study will lead to the same outcome regarding electro-muscular disruption devices," said Taser Vice President Steve Tuttle.

Cop Cleared Of Brutality, Fight Goes On (CTPOST)

By Richard Weizel

Connecticut Post, June 15, 2006

STRATFORD — A Town Council member and the mother of a teenager arrested in a March melee are asking why the disciplinary record of the arresting officer, who they accuse of brutality, was not considered in the decision to exonerate him.

Meanwhile, the Stratford Police Union on Tuesday called on the council member, Alvin O'Neal, D-2, to resign and for criminal charges to be lodged against him for filing a false report over the incident.

Marcia Mitchell-Davis, the mother of 15-year-old Titasheen Mitchell, said Tuesday she is "irate" previous disciplinary action and complaints against Officer David Gugliotti were not part of the department's lengthy internal affairs report released last Friday.

During a March 21 brawl involving two other teen girls, Gugliotti was accused of using excessive force and making racially derogatory comments while arresting O'Neal and Mitchell outside a market near her mother's restaurant, Caribbean Delights.

The report, released by Mayor James Miron and Police Chief Michael Imbro, said there was no basis to hold Gugliotti responsible for any misconduct.

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But Gugliotti, a 12-year Police Department veteran, was reprimanded by superiors for a December 1998 confrontation with a motorist and disciplined for several patrol car accidents, according to personnel records.

In the 1998 confrontation Gugliotti was accused of cursing at a driver stopped for running a stop sign.

The officer was found to have violated the department's policy on conduct unbecoming an officer.

Gugliotti was responsible for eight minor accidents on the job between January 1994, when he joined the police force, and Dec. 26, 1998, and was suspended twice for two days and once for three days on separate occasions. He was required to take driver training in November 1998. He also was partially responsible for an accident March 1, 2002, in which a boat he was helping tow struck the overpass of the East Main Street viaduct.

"I am very disappointed this officer's history was not considered in the final determination he did nothing wrong when brutally arresting my daughter," said Mitchell-Davis, who on Monday contacted the FBI, U.S. Justice Department and Gov. M. Jodi Rell, seeking an independent

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probe of the incident. Police Capt. Harvey Maxwell said Tuesday that "each investigation is judged on its own merits, based on physical evidence and witnesses. It has nothing to do with what happened before."

"This is as ridiculous as the charges of brutality" against Gugliotti, said Clayton Quinn, the officer's lawyer. "There have been numerous residents who have written to the department commending him for swift and heroic actions that has saved lives."

A Feb. 8, 2006, memo from Imbro to Gugliotti, just a month before the alleged brutality incident, commended the officer for saving the life of a motorist choking at the side of a road. "Your quick action in saving this person's life is to be commended," Imbro wrote in the memo. Quinn said he will file legal action against the town shortly for "illegally" placing Gugliotti on administrative leave, and for "investigating these ridiculously false complaints."

The 100-member Police Union now wants O'Neal to resign.

"He has been allowed to continue to serve as councilman, while David [Gugliotti] was put on leave," said Union President Shawn Farmer. "A councilman who files false charges against an officer should step down and be prosecuted. There is a double standard here when only some people are held accountable for their actions."

O'Neal said Tuesday previous complaints against Gugliotti were not considered in the probe because, "What do you expect when you have the foxes guarding the henhouse?"

"I'm not lying; I still stand by what I saw," he said, responding to calls for his resignation.

O'Neal also said he would be contacting the National Association for the Advancement of Colored People shortly to plan a demonstration over the outcome of the investigation.

When Is A Song Too Religious - Even In After-school Show? (CSM)

By Warren Richey

The Christian Science Monitor, June 15, 2006

A school superintendent's decision to bar a second-grade girl from singing "Awesome God" in an after-school talent show is developing into an important showdown over the role of religious speech in public elementary schools.

The issue arose in May 2005 when an 8-year-old student in Frenchtown, N.J., was told that the song she'd selected to perform in the show was too religious.

To some religious groups the incident illustrates unconstitutional government hostility toward people of faith.

School officials defend the action, saying they don't op-pose religious songs but that the lyrics of "Awesome God" cross the line into proselytizing and thus are not appropriate for a show performed by and for young students.

Now, a year later, lawyers for both sides are asking a federal judge in Trenton, N.J., to decide whether school officials exercised reasonable judgment as educators in banning the song, or instead violated the second-grader's free speech and religious rights. US District Judge Stanley Chesler is expected to take up the case July 3.

"This is tolerance and political correctness gone awry," says Maryann Turton, the girl's mother. "This is a much bigger picture than just our daughter in our little town. It is going on everywhere."

The case has attracted the attention of the Alliance Defense Fund, an Arizona-based religious rights group that is representing the girl and her parents in a lawsuit against the school district. In addition, the civil rights division of the Justice Department and the New Jersey chapter of the American Civil Liberties Union (ACLU) are filing friend-of-the-court briefs supporting the girl's right to sing "Awesome God" at the talent show.

School officials say the issue is being blown out of proportion. They say they offered to allow the girl to sing a different religious song, but the offer was turned down. Frenchtown School Superintendent Joyce Brennan says the "Awesome God" lyrics were too graphic and violent, and crossed the line into proselytism.

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"The problem came with the words in the song that were not espousing what the child believed but rather indicating what other people should be believing," Ms. Brennan says.

The lyrics read in part:

There's thunder in His footsteps
And lightning in His fists
(Our God is an awesome God)
And the Lord wasn't joking
When He kicked 'em out of Eden
It wasn't for no reason
That He shed His blood
His return is very close
And so you better be believing that
Our God is an awesome God.

The US Supreme Court has not directly addressed the issue of religious speech at the elementary school level. The justices have allowed students to use public school classrooms for religious meetings after school, but they have also struck down the offering of a student-led prayer prior to high school football games in Texas.

The Frenchtown case falls somewhere between those two decisions, analysts say. Judge Chesler must decide whether letting the girl sing "Awesome God" would be a school endorsement of a particular religious outlook in violation of the First Amendment's "establishment clause," or merely be a recognition of the girl's right to express her faith under the "free speech" and "free exercise" clauses.

Brennan says part of her job as superintendent of the 136-student Frenchtown school district is deciding what is appropriate in terms of behavior, dress, and atmosphere at school activities. "We have people of all faiths here, not just Christian. And for me to say 'OK, you'd better believe in this thing,' maybe my Muslim parents wouldn't understand that, nor would their children," Brennan says.

The superintendent says she has no objection to students singing devotional songs professing one's own beliefs. "I have approved many religious songs in my day," she says. "But when you cross that line and say that someone else should believe this particular thing or else ... then that is why I made the decision I made, because it did cross that line."

Mrs. Turton disagrees. "We know there are certain guidelines. We are not talking about having a tent revival meeting in the middle of math class," she says. "We are talking about an after-school talent show where children were supposed to be able to perform something of their own choosing that they enjoyed."

Turton adds, "To take that and make it dirty and wrong and icky - that is just wrong. I didn't like seeing my child made to feel that way and I wouldn't want anybody else's kid to feel that way either."

The school's actions are indefensible, says Turton's lawyer, Demetrios Stratis, allied with the Alliance Defense Fund. "They are sending a message to young impressionable minds that religion is somehow radioactive, and it's not," he says. "Students do have the right to sing about their awesome God, especially in this context and in this forum."

The case involves protected student speech rather than government-endorsed speech, agrees the ACLU's Edward Barocas. "This was not a mandatory assignment. This took place at an after-school event that was voluntary where the individual student could decide what song to sing or what skit to perform," Mr. Barocas says. "It would be a different analysis if the principal sang the song 'Awesome God' over the loudspeaker at school."

School board lawyer Russell Weiss says Superintendent Brennan has been consistent in strictly imposing her view of what was appropriate for a school talent show.

"She required that two other acts be revised to remove content inappropriate for younger students," Mr. Weiss writes in his brief to Judge Chesler. "One was a Bon Jovi song called 'You Give Love a Bad Name,' which was revised to change the word 'Hell' to 'Heck.' The other was a passage from Shakespeare (Macbeth Act IV, Scene 1), known as the 'Witches Scene,' which was revised to delete gruesome images, including the complete elimination of all the lines of the Third Witch."

Our Flag And Our Freedom (WP)

By Bob Kerrey

The Washington Post, June 15, 2006

With campaigns at full tilt and the Fourth of July just around the corner, the Senate's new priority is to debate and vote on yet another resolution to amend our remarkable Constitution. This time it's an amendment that would allow Congress to prohibit a form of protest that a large majority of Americans do not like: the burning or desecration of the American flag. Since 1989, when

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the Supreme Court decided unanimously and correctly that these rare, unpleasant demonstrations are expressions of speech and therefore protected by the First Amendment, there have been many such attempts. Fortunately, all have failed.

Unfortunately, enthusiasm for this amendment appears to have grown even as flag-burning incidents have vanished as a means of political protest. The last time I saw an image of the U.S. flag being desecrated in this way was nearly 20 years ago, when the court issued its decision. Thus this amendment -- never appropriate in the oldest democracy on earth -- has become even less necessary. But necessity is not always the mother of legislation.

In defense of speech I do not like, I recall a ceremony I have come to love: a military funeral. The finest of all is conducted at Arlington National Cemetery. At graveside, an honor guard holds the American flag while taps are played as a final farewell. The guards then fold the flag into a triangle and deliver it to the next of kin.

It is as if the flag becomes the fallen. In the hands of a widow or mother it is much more than a symbol of the nation. At that moment the American flag is a sacred object that holds the sweet memory of a life given to a higher cause. Or so it seems to me each time I am witness to these hallowed events.

To others the ceremony may mean something entirely different. I recall vividly one such situation: A mother of a friend who was killed in Vietnam recoiled when the flag was offered to her. She would not take it. In her heart the American flag had become a symbol of dishonor, treachery and betrayal. At the time, and perhaps to her dying day, she wanted nothing to do with it.

If our First Amendment is altered to permit laws to be passed prohibiting flag desecration, would we like to see our police powers used to arrest an angry mother who burns a flag? Or a brother in arms whose disillusionment leads him to defile this symbol of the nation? I hope the answer is no. I hope we are strong enough to tolerate such rare and wrenching moments. I hope our desire for calm and quiet does not make it a crime for any to demonstrate in such a fashion. In truth, if I know anything about the spirit of our compatriots, some Americans might even choose to burn their flag in protest of such a law.

No doubt the sponsors and advocates of this amendment mean well. They believe it is a reasonable and small sacrifice of our freedoms. They believe no serious consequence will come of this change.

No doubt, too, some of the increasing interest in limiting free speech is a response to the Sept. 11 attacks on the United States. It was a remarkable moment, when the hearts of most of us filled with a kind of pure patriotism we had never felt before. It was a patriotism that bound liberty to equality and fraternity. It was a patriotism that brought us together, friend and stranger alike. We discovered heroes who inspired us. No longer did we say, "It's good to see you," and not mean it.

Most impressive to me was that the "we" included men and women of many nations, every religion and every ethnic group. The "we" was global. The patriotism we felt extended beyond our boundaries and beyond the cramped spaces of ritual nationalistic fervor. We understood that the vulnerability of our freedom bound us together more than any symbol or slogan can. Millions of Americans, then and now, proudly flew their flags because they wanted to, not because any law told them to.

All the more reason, then, for patriotism to turn aside the understandable impulse to protect our flag by degrading the constitutional freedoms for which it stands. Real patriotism cannot be coerced. Our freedom to speak was attacked -- not our flag. The former, not the latter, needs the protection of our Constitution and our laws.

The writer, a former Democratic senator from Nebraska, is president of the New School, a university in New York.

Let Gay Men Donate Blood (LAT)

By Editorial

The Los Angeles Times, June 15, 2006

A 1980s-era ban no longer makes any practical sense.

SOON AFTER THE FIRST AIDS CASES appeared in the U.S. in the early 1980s, the Food and Drug Administration, which oversees the nation's blood supply, permanently banned practically all gay men from donating blood. At the time, the policy made sense. But a quarter of a century later, there is no longer any scientific reason to continue it.

In the 1980s, thousands of people a year unknowingly contracted HIV, the virus that causes AIDS, from blood transfusions. Gay men were the primary group with HIV-infected blood, and there was no adequate technology to screen for HIV, so the FDA banned gay men from donating if they had been sexually active since 1977.

Today, all donated blood is tested for nine infectious diseases, including hepatitis B, HIV and syphilis. With HIV, two tests are used: The first searches for antibodies produced after an infection; the second, which was added to the process six years ago, looks for the genetic material of the virus. With the two tests, the odds of an HIV-infected batch entering the blood supply are about 1 in 2 million. That means about a dozen people a year contract the virus from transfusions. This result is unfortunate but inevitable; transfusions always carry a certain amount of risk because screening isn't perfect. About 85 people contract hepatitis C through transfusions each year, for instance, and about 12 are infected with hepatitis B. Roughly 15,000 people die of hepatitis in the U.S. each year, about the same number as die of AIDS.

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Moreover, although there is no way to know how many Americans die each year because of blood shortages, allowing gay men to donate would increase the blood supply and potentially save lives.

The nation's leading blood donation agencies, including the American Red Cross, asked the FDA this year to change its policy. Currently, only gay men, prostitutes, intravenous drug users and people who have a history of cancer or other blood-borne diseases are banned from donating for life. The blood banks have recommended that gay men who haven't had sex in a year be allowed to donate.

A temporary ban for gay men would still be needed. There's a window during which an individual can be infected with HIV and not test positive. And gay men in the U.S. have a much higher incidence of HIV infections than the rest of the population. So it's necessary to exclude those who have recently had sex, even with condoms. But the new tests can detect the virus within 11 days, on average, after infection. A ban of several weeks or months should be sufficient.

Another issue is that current guidelines fail to adequately take donor behavior into account. Questionnaires don't routinely ask about risky behavior, so even promiscuous heterosexuals can donate. Is blood from a monogamous, HIV-negative gay man more unsafe than blood from a heterosexual man who is sexually active with multiple partners?

The FDA must continue to monitor the nation's blood supply, and it may be necessary to bar donations from those who engage in risky behavior or who are part of a population that is at a much higher risk for a disease. But those decisions should be made according to science.

ANTITRUST:

DOJ Seeks Info On Calif. Newspaper Deals (AP)

AP, June 15, 2006

SACRAMENTO, Calif. (AP) -- McClatchy Co. said Wednesday it has received antitrust clearance for the sale of two Philadelphia newspapers as part of its acquisition of Knight Ridder Inc. But it also said federal regulators are seeking more information about a separate deal involving the sale of two California papers.

McClatchy, which is based in Sacramento, Calif., said in a statement that it received early termination of Hart-Scott-Rodino inquiries into the sale of The Philadelphia Inquirer and Philadelphia Daily News. Those papers are being acquired by an investor group including Bruce Toll, co-founder of homebuilder Toll Brothers Inc., and advertising executive Brian Tierney.

The company also said it received a request from the Department of Justice for more information regarding the proposed sale of the San Jose Mercury News and Contra Costa Times to MediaNews Group Inc. of Denver. MediaNews owns several other newspapers in that area of northern California, including The Oakland Tribune.

The Philadelphia and California newspapers are among 12 Knight Ridder properties that McClatchy doesn't intend to keep after it closes its purchase of the San Jose, Calif.-based newspaper company.

McClatchy said in a statement that it would respond promptly to the DOJ request, and said that it would not have an impact on the closing of its acquisition of Knight Ridder.

Knight Ridder was forced to put itself up for sale last fall by its three largest shareholders, who were dissatisfied with its lagging stock price. McClatchy agreed in March to buy the company for $4.5 billion in cash and stock, plus the assumption of about $2 billion in debt.

McClatchy said at the time that it intends to sell 12 of Knight Ridder's 32 newspapers, mainly because they didn't meet McClatchy's criteria of being located in rapidly growing markets. The company also sold the St. Paul Pioneer Press in Minnesota, where it would have faced antitrust concerns because of its ownership of the Star Tribune in neighboring Minneapolis.

DOJ Extends Review Of MediaNews' Purchase Plans (DENVERBIZ)

Denver Business Journal, June 15, 2006

Federal regulators want more time to review MediaNews Group Inc.'s proposed purchase of two California newspapers from McClatchy Co. for $1 billion.

The U.S. Department of Justice told McClatchy it needs more information about its sale of the San Jose Mercury News and Contra Costa Times to MediaNews, McClatchy said Wednesday.

Based in Denver, MediaNews is headed by William Dean Singleton and owns The Denver Post among other papers.

The MediaNews acquisition is part McClatchy's larger play for Knight Ridder Inc. (NYSE: KRI) of San Jose, Calif., and its 32 newspapers.

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McClatchy (NYSE: MNI) wants to sell 12 Knight Ridder papers -- including the two to MediaNews -- to help finance its $6.5 billion acquisition of Knight Ridder. The purchase price includes $4.5 billion in cash and stock, and the assumption of $2 billion in debt.

The justice department is vetting the deal to make sure it doesn't violate antitrust laws.

MediaNews, with Hearst Corp., agreed in April to buy four Knight Ridder papers for roughly $1 billion, with the Denver company and its partners paying the lion's share of $736.8 million cash.

The Colorado company's partners, Gannett Co. Inc. (NYSE: GCI) and Stephens Group Inc., will contribute $325 million toward MediaNews' part of the purchase price.

Hearst is buying the Monterey Herald of California and the St. Paul Pioneer Press in Minnesota for $263.2 million.

McClatchy said in a statement that it would respond quickly to the justice department's request for information. The publishing company also said the request shouldn't affect the closing of the Knight Ridder deal.

McClatchy also revealed May financial information on Wednesday.

For last month, the company reported a 3.2 percent increase in total revenue to $96.7 million, with consolidated advertising revenue up 4.8 percent to $82.6 million.

But May circulation dropped 4.3 percent to 12.1 million.

Judge Approves Hillenbrand Antitrust Settlement (AP)

AP, June 15, 2006

A federal judge on Wednesday approved hospital bed and casket maker Hillenbrand Industries Inc.'s agreement to pay $316 million to settle an antitrust class-action lawsuit that challenged its "bundled pricing" discounting of specialty hospital beds.

Spartanburg Regional Healthcare System of Spartanburg, S.C., sued Hillenbrand in June 2003, alleging attempted monopolization of the hospital bed market with discounting practices that violated federal antitrust rules.

The deal approved by the judge in South Carolina calls for Batesville, Ind.-based Hillenbrand to pay about $21 million less than what it had agreed to under a settlement announced in November.

Hillenbrand _ the nation's largest maker of caskets and hospital beds _ said the reduction was because of customers who opted out of the settlement.

The company had paid $50 million into an escrow account in March. It anticipates paying the remaining $266 million by mid-August.

"We believe the claims in this case are without merit, but we also believe it is in our company's and customers' best interests to put this matter behind us," Hillenbrand President and CEO Peter Soderberg said.

Spartanburg had said the proceeds were to be distributed to most U.S. buyers or renters of products from Hillenbrand subsidiary Hill-Rom Inc. since 1990. Those include more than 6,000 hospitals and thousands of other health care facilities across the country.

Hillenbrand shares rose 11 cents to close at $48.80 Wednesday on the New York Stock Exchange.

Telecom Mows Down Grassroots Efforts In Net Neutrality Battle (LAW)

By Joe Crea, Legal Times

Legal Times, June 15, 2006

If the current lobbying fight over the future of Internet freedom could be cast in biblical terms, the telecommunications industry would be a natural Goliath, while the technology companies would be an intrinsic David. Though in this version, David can't seem to handle his stone and sling.

The tech community, made up of once-scrappy West Coast upstarts, is still feeling its way around Washington's power circles. While its lobbying efforts, in a classical, work-the-committees kind of way, are lacking, it has assembled a vocal grass-roots coalition arguing for network neutrality. Many believe that broadband operators have plans to turn the Internet into a cable system with operators deciding what fees, in addition to normal access rates, can be tacked on to content and service providers. And they want Congress to put the principle of "Internet freedom" in writing.

But their anemic D.C. presence has been no match for the long-standing telecom industry, a giant in Washington's circles that has pounded Capitol Hill and the public with an advertisement blitzkrieg courtesy of the United States Telecom Association, the industry's chief trade group, urging Congress not to regulate the Internet.

Though the techies have managed to throw some wrenches into the debate, they've arrived late to the game and haven't been able to strategize well beyond their baseline grass-roots support. Their tardiness may seem surprising, since at stake, many techies argue, is the very existence of the Internet.

"We really believe that the future of the Internet hangs on the congressional decision on net neutrality. ... It's the number-one priority," says Ben Scott, policy director for Free Press, a consumer advocate organization in Washington that has partnered with two unlikely bedfellows -- the reliably conservative Christian Coalition of America and the liberal MoveOn.org Civic Action -- for a "Save the Internet" campaign.

The debate began last August, when the Federal Communications Commission deregulated broadband. Content providers such as Google, Yahoo and Amazon.com say the move paved the way for the telecom industry to control the Internet. Their worst fears were confirmed last year, they say, when AT&T CEO Edward Whitacre Jr. noted in a BusinessWeek article that investment in high-speed pipes has been expensive. "What [Google, Vonage and others] would like to do is use my pipes free. But I ain't going to let them do that," he was quoted as saying.

But cable and phone companies such as Verizon Communications, AT&T and BellSouth Corp. say they have no such intentions and that the tech community is hyperventilating.

"There's a very significant overreaction [by net neutrality proponents] on this issue," says Gregory Rohde, president of e-Copernicus, which represents BellSouth. "What they are asking for is akin to seeing someone walking down the street and saying, 'This person is capable of murder; let's tie them up.'"

The tech industry has pushed legislation to reinstate the FCC rules on broadband. But its effort failed last week in the House when a net neutrality amendment, offered up by Rep. Edward Markey, D-Mass., was killed by the Republican leadership. The industry's focus now shifts to Sen. Byron Dorgan, D-N.D. and a network neutrality amendment he introduced in the Senate.

Despite all the rhetoric, the tech community's Hill presence has been spotty. The exceptions: attendance at a Senate hearing nearly two weeks ago as well as the eleventh-hour D.C. fly-in last week by Google co-founder Sergey Brin, who came to lobby the Senate, decked in silver-mesh sneakers and jeans. No tie. No jacket.

The tech industry's late entry into the game and less-than-stellar effort have not been lost on lawmakers or analysts.

"The high-tech folks in cities got started on this late," Rep. John Dingell, D-Mich., who backs net neutrality, told Legal Times. "Coming up with an effective fight when you start way behind is hard. They are not where they should or ought to be."

The buzz on K Street is that content providers are doing a miserable job working the issue. Lobbyists on both sides of the aisle speak almost embarrassingly of their weak Hill presence and ponder whether this is indeed a priority for the industry.

"You can hire the best lobbying team in the world, but if your executive suite and boardroom isn't attuned to it, it's a lot of wasted effort," says one prominent Bell lobbyist. "It's like a 33-year-old veteran pitching against a 19-year-old rookie."

Even so, the techies have been very successful at mobilizing their supporters on a grass-roots level -- a virtual cheering section the telecommunications industry doesn't have. "The Internet has been used to organize before but has never been successful on an issue so arcane," says Scott. "This doesn't hit people in the gut like immigration or health care."

But if the tech community is waiting for an army of bloggers to leap to its rescue, it might have to wait awhile. Opponents say the online community still isn't getting it and that if you look closely at online blogs and e-mail, supporters rarely have elevated their conversations to discussing the details of the legislation or what the language in a proposed amendment should or shouldn't be.

LIKE A ROLLING STONE

For all the success the tech industry has had on the grass-roots level, its Washington presence next to the well-greased telecom lobbying apparatus has been next to invisible. It's understandable. The bell companies have been on Capitol Hill for nearly a century, while the content companies have remained on the Washington sidelines. It wasn't until it was faced with an antitrust suit that Microsoft felt the need to spearhead a D.C. office.

To hear folks like Paul Misener, vice president of global public policy at Amazon, tell it, it all boils down to time. "Time is on our side," he says, then, in a contradiction, adds, "If we had more time to shine light on the facts, we would be in great shape."

Misener takes criticism that content providers have not been working the Hill aggressively as a source of pride.

"They [opponents] prioritize how well they do in Washington. We prioritize how well we do with our customers," he says.

And yet, when asked if a deleterious outcome on net neutrality would harm Amazon customers, Misener says it would, "to some extent."

"This is why time is on our side," he says. "Maybe I'm Pollyanna talking, but I'm hoping the way to achieve the right outcome is to look at the facts. We've been losing so far on getting the facts out there."

And one of telecom's longtime allies has been at the forefront of the issue for the tech industry. Former Rep. Vin Weber, R-Minn. is no stranger to the lobbying tactics of the bells. His firm, Clark and Weinstock, has represented AT&T for years, though they parted last year when the firm began pursuing existing clients eBay and Microsoft's interest in net neutrality.

Weber calls the telecom lobby one of the best-oiled machines in town. "They are well organized, sophisticated and have a lot of experience lobbying the Hill," he says.

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So what type of advice has Weber offered to the tech community? The former lawmaker says he's uncomfortable discussing such counsel but adds he's dished up "the best advice" he has.

And though his Republican friends on the Hill are "slow to understand the issue," he reminds them not to confuse a sophisticated lobbying effort with grass-roots sentiment.

Although MoveOn.org's involvement has been a source of heartburn for some lobbyists pushing the issue -- "For a lot of Republicans, that's a blinking light," notes one lobbyist supportive of net neutrality, referring to conservative unease at the mere mention of the ultraliberal giant -- the coalition was successful at lobbying Rep. Nancy Pelosi, D-Calif. to take a position on the issue.

Cable lobbyists don't seem bothered by Pelosi's strong endorsement. She's not urging her members to support net neutrality, says one prominent cable lobbyist.

"If she were to whip the caucus on it, like [the Central American Free Trade Agreement] or something, then you'd have a higher level of concern," says the lobbyist. "But there has not been the indication that she's twisting arms of the members, saying, 'Hey, this is part of the Democratic agenda.'"

Still, the tech community presses on, in pure Pollyanna mode.

"We don't have a lobbyist in the traditional sense," says Adam Green, civic communications director at MoveOn.org Civic Action. "Our lobbyists are everyday people."

Joe Crea can be contacted at jcrea@alm.com.

European Nations Pressure Apple On ITunes (AP)

By May Wong

AP, June 15, 2006

SAN JOSE, Calif. -- Portable media player maker Creative Technology Ltd. said Wednesday the U.S. International Trade Commission agreed to investigate whether Apple Computer Inc.'s rival iPod infringes on one of its patents.

Singapore-based Creative filed the ITC complaint and a federal lawsuit alleging that iPods infringed on its patent for a navigation system used to organize and access music on portable players. Creative dubbed the patent, the "Zen patent," after its brand-name Zen media players.

Under the ITC complaint, Creative asked the agency to block imports of the Cupertino-based company's market-leading iPods, which are manufactured abroad.

The ITC will reach a conclusion as soon as possible, setting a target date within 45 days of the investigation's launch, Creative said.

The probe is the latest development in an increasingly twisted patent battle between the two companies. In court documents, Apple has maintained no wrongdoing and has since filed two patent-infringement countersuits against Creative.

Apple representatives declined to comment Wednesday.

Findings by the trade agency typically come at a faster pace than patent cases in the court system, but the ITC's conclusions would not necessarily affect a judge's ruling, said Stefani Shanberg, a patent attorney with Perkins Coie LLP in San Francisco.

AXA To Purchase Winterthur Unit Of Credit Suisse (WSJ)

By Katharina Bart And Digby Larner

The Wall Street Journal, June 15, 2006

ZURICH -- AXA SA said it agreed to buy the Winterthur insurance unit from Credit Suisse Group for 12.3 billion Swiss francs ($9.9 billion), giving AXA a major presence in Switzerland and bolstering its activities elsewhere in Europe and emerging markets.

Paris-based AXA, one of Europe's largest insurers, will finance the deal with new shares and €4.8 billion ($6 billion) in debt. AXA will sell €4.1 billion of shares, offering investors one new share for every nine held at €19.80 apiece -- a deep discount to Tuesday's close of €24.30 a share.

AXA's shares fell 1.8%, or 43 European cents, to €23.87 in Paris. Credit Suisse rose 1.4%, or 85 centimes, to 63.70 francs in Zurich, with analysts welcoming the bank's clean exit from insurance.

AXA said it expects the integration of Winterthur to deliver pretax cost synergies of as much as €280 million by the end of 2008. AXA will take restructuring charges of €520 million in 2007.

Under terms of the deal, AXA will refinance €1.6 billion of Winterthur's debt upon closing, expected around year end after regulatory approvals.

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Winterthur has some 13 million customers. The purchase gives AXA the largest property-and-casualty insurer in Switzerland. AXA said Winterthur's U.S. property-and-casualty business is under strategic review.

For Credit Suisse, the sale means forgoing a planned initial public offering of stock for Winterthur. "I don't believe we could have done an IPO for over 12 billion francs and certainly not in current market conditions," Credit Suisse Chief Executive Oswald Grübel said during a conference call.

Zurich-based Credit Suisse said it is sticking with its target of 8.2 billion francs in net profit next year, even after the sale of Winterthur.

"We will invest the capital from the sale of Winterthur to compensate for the loss of earnings," Mr. Grübel said.

Credit Suisse paid $9 billion for Winterthur in 1997, but the unit fared badly in the insurance-market downturn after the Sept. 11, 2001, terror attacks in the U.S. Winterthur was forced to book write-downs and needed two capital injections from Credit Suisse to stay afloat.

Since then, Credit Suisse has installed new management at Winterthur and cleaned up its balance sheet.

---- Hans Schoemaker in Zurich and Goran Mijuk in Johannesburg contributed to this article.

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ENVIRONMENT:

Bush Plans Vast Protected Sea Area In Hawaii (NYT)

By Andrew C. Revkin

The New York Times, June 15, 2006

President Bush will create the world's largest protected marine area today, designating as a national monument a 1,200-mile-long chain of small Hawaiian islands and surrounding waters and reefs that are home to a spectacular array of sea life, senior administration officials said last night.

In his second use of the 100-year old National Antiquities Act, which empowers the president to protect important cultural or geological resources instantly, Mr. Bush will enact a suite of strict rules for the area, including a five-year phasing out of commercial and sport fishing, officials said.

The chain of largely uninhabited atolls, seamounts, reefs and shoals, which sweeps northwest from the big islands of Hawaii, is called the Northwestern Hawaiian Islands and is home to some 7,000 species of marine life, including endangered green sea turtles and Hawaiian monk seals and millions of breeding seabirds.

Earlier yesterday, the region, which at 140,000 square miles is nearly the size of California, was to have been named a national marine sanctuary, a different kind of protection that could have taken a year to enact.

But Mr. Bush, in a last meeting to consider the plan and timetable, decided to cut things short, said a senior official, who spoke on condition of anonymity because he did not want to take attention away from Mr. Bush's public statement today. "He said, Look, I've got this authority, I'm going to use it," the official said.

"What we avoid is another year or more in process when we already have consensus," he said, noting that national-monument status avoided the prospect of lawsuits over proposed sanctuary regulations. Since the Clinton administration, environmental campaigners had pushed for marine sanctuary status for the area, and as recently as early last night they were girding for months of public debate over the proposed sanctuary rules with a few groups representing Pacific fish-processing companies and fishing fleets.

Last night, representatives of the conservation groups were at first startled by the sudden switch, but were then exultant.

"This is really for the first time saying the primary purpose of this area of the ocean is to be a pristine, or nearly pristine, kind of place," said David Festa of a private group. "It would take it off the books as a fishing ground. That's really the first time we'll have done that in any kind of sizable area."

Some environmentalists noted yesterday that the extra protection was an easy call for the administration, in part because there was little significant opposition in Hawaii or Washington. The move could also help the re-election prospects of Linda Lingle, Hawaii's first Republican governor, who last fall banned commercial activities in state waters in the area and endorsed the federal sanctuary plan.

They noted that there were only eight commercial fishing boats licensed to fish in the remote islands, and that rising fuel costs had made such trips less and less profitable.

Still, representatives of groups seeking to sustain Pacific fishing activity expressed concern as news of the new designation spread.

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Kittie M. Simonds, executive director of the Western Pacific Fishery Management Council, one of eight regional advisory bodies to federal fisheries agencies, said the group planned to fight a complete closing of fishing in the area.

"We supported the sanctuary concept but wanted the continuation of our healthy bottom fisheries up there," Ms. Simonds said in a telephone interview.

The move builds on actions of several previous presidents, notably Theodore Roosevelt and Bill Clinton. In 1909, Roosevelt designated much of the island chain a national wildlife refuge. At the end of his second term, Mr. Clinton issued two executive orders protecting marine resources around the refuge and ordering federal marine agencies to prepare for the marine sanctuary designation.

Jean-Michel Cousteau, the marine explorer and filmmaker, said it was important to ensure that the designation came with meaningful rules and enough money to protect and further study the region's biological resources. He recently spent five weeks filming in the area and showed the resulting documentary at the White House in April.

A senior administration official said the film had a powerful effect on Mr. Bush and Laura Bush. Only once before, in February, has Mr. Bush created a national monument: at the African Burial Ground in Lower Manhattan. Some 400 remains of enslaved and free Africans from the 17th and 18th centuries were discovered there in 1991.

Bush To Designate Largest Marine Sanctuary (USAT)

By Elizabeth Weise

USA Today, June 15, 2006

Islands near Hawaii will be a monument

President Bush is expected today to create the world's largest marine sanctuary in a chain of uninhabited islands and atolls 1,200 miles northwest of the main Hawaiian Islands.

White House officials say Bush will elevate the area now known as the Northwestern Hawaiian Island Coral Reef Ecosystem Reserve to national-monument status. The designation will immediately afford the region the strongest legal protections, with fishing and commercial operations immediately outlawed and visitors primarily limited to scientific researchers.

“It's the ocean equivalent of Yellowstone, Yosemite and the Grand Canyon all rolled into one,” says Joshua Reichert, director of the environmental program of the Pew Charitable Trusts in Philadelphia.

The area comprises 140,000 square miles of ocean dotted with dozens of coral reefs and tiny islands; it is a 1,400-mile-long, 100-mile-wide swath of pristine marine habitat larger than all U.S. national parks combined.

The area is considered an ecological jewel. It is a nesting and breeding site to more than 14 million seabirds and home to 7,000 marine and terrestrial species, more than a quarter of which are found nowhere else in the world.

It is an important nesting area for the threatened Hawaiian green sea turtle and home to the endangered Hawaiian monk seal, of which only 1,300 remain. The coral reefs of the region provide vital breeding and nursery habitat for numerous fish and other marine species.

The president can create a national monument under the special authority of the Antiquities Act, which allows the White House to set aside an area of particular national importance for protection, conservation or preservation, says James Connaughton, a senior environmental adviser to the president.

In 1909, President Theodore Roosevelt designated the area a refuge to stop the slaughter of seabirds by Japanese poachers who took the feathers for use in ladies' hats.

In the 1990s, overfishing caused the collapse of the lobster population, leading to the deaths of many monk seal pups that depend upon the crustaceans for food. In 2000, President Clinton increased the protections by issuing an executive order.

Bush had been expected to turn the reserve into a marine sanctuary, a process that had been underway for the past five years.

But after talking to federal and state officials and native Hawaiian leaders, the White House decided there was sufficient consensus to instead grant the region immediate monument status.

The area is home to numerous ancient Hawaiian religious and archaeological sites.

Although most of the islands will be closed to all but scientific researchers, a public visitation center will be created at Midway Islands, the scene of an important World War II battle, using old military buildings.

Hawaiian Marine Reserve To Be World's Largest (WP)

By Juliet Eilperin

The Washington Post, June 15, 2006

Bush to Designate National Park in Pacific Waters

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President Bush plans to designate an island chain spanning nearly 1,400 miles of the Pacific northwest of Hawaii as a national monument today, creating the largest protected marine reserve in the world, according to sources familiar with the plan.

Establishing the Northwestern Hawaiian Islands as a strictly protected marine reserve, which Bush is slated to announce this afternoon, could prove to be the administration's most enduring environmental legacy. The roughly 100-mile-wide area encompasses a string of uninhabited islands that support more than 7,000 marine species, at least a fourth of which are found nowhere else on Earth.

The islands include almost 70 percent of the nation's tropical, shallow-water coral reefs, a rookery for 14 million seabirds, and the last refuge for the endangered Hawaiian monk seal and the threatened green sea turtle. The area also has an abundance of large predatory fish at a time when 90 percent of such species have disappeared from the world's oceans.

Encompassing nearly 140,000 square miles, an area nearly the size of Montana and larger than all the national parks combined, the reserve will just surpass Australia's Great Barrier Reef Marine Park as the largest protected marine area in the world. It will also, however, be one of the least accessible.

"This is a landmark conservation event," said Joshua Reichert, who heads the Pew Charitable Trusts' environment programs and had pushed to have the area designated as a marine sanctuary. "The government is saying in certain places, for certain reasons, it is important to restrict activities that have the potential to damage the marine environment, of which fishing is a big one."

"The Northwestern Hawaiian Islands represent an incredible opportunity to preserve nature much as it was, or has been, for millions of years, because the hand of man has not wreaked the same kind of havoc as we have elsewhere in the world," said Rep. Ed Case (D-Hawaii), who has lobbied for the designation since he was elected in 2002.

The plan had been resisted by local Hawaiian fishing interests that feared losing access to traditional fishing grounds.

The nation has 13 marine sanctuaries scattered from the Florida Keys to the Channel Islands off the California coast. They provide varying levels of protection and have had mixed success in preserving sensitive ecosystems. In areas where fishing was banned outright, scientists have charted a resurgence of larger fish and coral reefs, but in areas that allow commercial and recreational fishing, damaged ecosystems have struggled to rebound.

Administration officials declined to comment on the record, but one senior official, who spoke on the condition of anonymity to avoid upstaging the president's announcement, said the plan will end fishing in the area within five years. It will allow Hawaiians to have access to the area for other traditional activities and will include the Midway World War II memorial, a facility that is open for research, education and ecotourism. Visitors wishing to snorkel, dive or take photographs in the area will have to obtain a permit, and no one may take fish, wildlife, corals or minerals from the region.

President Theodore Roosevelt established a bird sanctuary on some of the islands in 1909. President Bill Clinton created a coral-reef ecosystem reserve in the area by executive orders in late 2000 and early 2001, but he stopped short of designating a permanent sanctuary. Former House speaker Newt Gingrich (R-Ga.) sent the White House a letter in February hailing the sanctuary plan as "a marvelous opportunity to leave a historic mark on U.S. and world conservation history." Hawaii Gov. Linda Lingle (R) also endorsed the idea.

The proposal has had a cooler reception from Democratic Sens. Daniel K. Inouye and Daniel K. Akaka, who have traditionally been protective of local fishermen, but the administration is relying on a coalition of environmental groups -- headed by the Pew Charitable Trusts -- to raise the money for buying out the fishermen.

By declaring the islands a national monument, Bush will circumvent a year-long congressional approval process required in the designation of an area as a marine sanctuary, and will provide the area the highest regulatory protection possible under the law. Clinton designated several terrestrial and marine national monuments toward the end of his tenure, though he did not name a marine monument of this scope.

"Declaring the Northwestern Hawaiian Islands a national monument will mean immediate protection, immediate implementation of the management measures included in the plan that was developed in the marine sanctuary process," the senior official said last night.

Ellen Athas of the Ocean Conservancy said the monument designation is "permanent and does not undergo periodic review like a marine sanctuary." She added: "National monuments can provide lasting protection for the environment."

Eight Hawaiians hold permits to fish commercially in the area, targeting red snapper, black grouper and other species. The fishery made a profit of only $300,000 in 2003, and one of the permitted fishermen, Zenen Ozoa, has lobbied to close it on the grounds that it is too environmentally destructive.

The island archipelago is remote -- it takes fishermen two days to reach the area from the main islands -- but debris from vessels that troll the Pacific have ensnared marine animals and damaged the delicate ecosystem. Filmmaker Jean-Michel

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Cousteau, son of legendary marine explorer Jacques Cousteau, spent six weeks there in 2003 and found debris from 52 countries, including cigarette lighters and toy soldiers.

"That was really shocking," said Cousteau, who produced two one-hour documentaries that aired on public television in April. "There's a lot of really nasty stuff happening over there."

Although the islands are remote, they remain vulnerable: Fishing vessels took about 12 million lobsters from the area between 1977 and 1997, and though a federal judge ordered the lobster fishery closed in 2000, the area has yet to recover.

In contrast to the controversies over administration stands on a number of other environmental issues, advocacy groups, activists and Democrats hailed Bush's work on this matter. Case, the Hawaii congressman, said the president "deserves credit" for undertaking "the most revolutionary act by any president, any administration, in terms of marine resources."

James L. Connaughton, chairman of the White House Council on Environmental Quality, toured the islands in December with Cousteau and Lingle.

First lady Laura Bush has also taken a personal interest in the island chain, said the senior administration official. She and the president hosted a White House screening of Cousteau's film on April 5.

Case, whose district includes the Northwestern Hawaiian Islands, said that, ironically, the designation means fewer Americans will see the region.

"We are all going to have to take it on faith that it's that special, because . . . most of us will never see it, and we never should see it," Case said. "We're just going to have to let it go."

Bush To Create World's Largest Marine Protected Area Near Hawaii (LAT)

By Kenneth R. Weiss

The Los Angeles Times, June 15, 2006

A swath of the Pacific near Hawaii will be the largest such preserve in the world. The president was inspired to act by a Cousteau film.

President Bush today will create the world's largest marine protected area, a total of 140,000 square miles of Pacific Ocean surrounding a necklace of islands and atolls that stretch from the main Hawaiian Islands to Midway Atoll and beyond, senior administration officials said.

The Northwestern Hawaiian Islands National Monument will be larger than all of America's national parks combined. Fishing will be phased out, and the mining of coral for jewelry will be prohibited, along with other practices that can damage delicate reefs.

"With a stroke of a pen, the president not only can accomplish the single largest act of conservation in U.S. history, but he can inspire the American public on the broader importance of our ocean and coastal environments," said a senior administration official who requested anonymity so as to not upstage Bush's announcement today.

The decision is a turnaround for the administration, which five years ago considered stripping more limited protections from the area that President Clinton had declared a coral reef ecosystem reserve. It's also a sharp departure for an administration that has pushed to privatize some federal lands and has designated less wilderness than most presidents over the last 40 years.

A turning point came in April, when Bush sat through a 65-minute private White House screening of a PBS documentary that unveiled the beauty of — and perils facing — the archipelago's aquamarine waters and its nesting seabirds, sea turtles and sleepy-eyed monk seals, all threatened by extinction.

The film seemed to catch Bush's imagination, according to senior officials and others in attendance. The president popped up from his front-row seat after the screening; congratulated filmmaker Jean-Michel Cousteau, son of the late underwater explorer Jacques Cousteau; and urged the White House staff to get moving on protecting these waters.

"He was enthusiastic," Cousteau said. "The show had a major impact on him, the way my father's shows had on so many people. I think he really made a discovery — a connection between the quality of our lives and the oceans."

The northwest Hawaiian Islands are a collection of reefs and 10 points of emergent lands — islands, atolls and pinnacles. Although the total emergent landmass is small, the isolation has kept these islands relatively undisturbed and increased their importance to wildlife.

About 14 million seabirds, including albatross and various species of terns, nest on the islands. Pods of spinner dolphins frolic in lagoons, leaping ahead of boats and making full twists in the air.

About 90% of Hawaii's green turtles nest in these remote beaches, as do nearly all monk seals. So far, scientists have identified about 7,000 species in the Hawaiian Islands, about one-third of which are found nowhere else in the world.

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All of these islands are part of the state of Hawaii, except for Midway Atoll, the site of the historic World War II battle, which is a U.S. territory. The United States has the power to control fishing in its Exclusive Economic Zone, which extends 200 miles from the nearest point of land.

Bush's decision was strongly encouraged by Hawaii Gov. Linda Lingle, a Republican. She signed rules last year to ban fishing in state waters around these atolls and urged Bush to extend protections to federal waters.

Protection of the northwest Hawaiian Islands has emerged as a widely popular move, receiving more than 50,000 letters of support over the last five years. These islands have no resident fishermen who might be hurt by tightening rules. Only a remnant fleet of eight commercial boats now makes the long cruise from the main Hawaiian Islands to fish the reefs for snappers and grouper — often a marginal operation given soaring fuel prices.

At today's White House ceremony, the president will invoke the 1906 Antiquities Act for the second time in his presidency. The only other time was to declare a burial ground in Lower Manhattan as one of the nation's ancient cultural sites. The site, where about 20,000 slaves and free black people were buried in the 18th century, is only about half an acre.

Bush's declaration today will be on a much larger scale. The strip of protected ocean, about 1,200 miles long and 100 miles wide, will dwarf all of the nation's marine sanctuaries as well as national parks on land.

Initially, Bush was going to propose that the area be protected as a national marine sanctuary. But he wanted to move faster, a senior official said.

"Because it's a presidential action, under the authority of a congressional act, it becomes law immediately without going through a prolonged rule-making process and the inevitable legal action that follows," a top aide said. "We can immediately begin with protection and management."

Bush in recent weeks enlarged the boundaries of the new protected area, giving him bragging rights for creating the largest marine protected area in the world. At 139,793 square miles, it will be bigger than Australia's 128,960-square-mile Great Barrier Reef Marine Park.

"This is the best thing that President Bush has done for the environment since he took office," said Elliott A. Norse, president of the Marine Conservation Biology Institute. "Having discussed this with him, I know that the president is personally committed to this."

Norse was one of the 50 guests who witnessed Bush's excitement after the screening of Cousteau's "Voyage to Kure" in the White House. Bush and his wife, Laura, were amazed by photos of the Northwest Hawaiian Islands that appeared in National Geographic magazine, an aide said.

Afterward, the president had dinner with Cousteau, National Geographic explorer-in-residence Sylvia Earle, and other marine scientists and advocates.

Bush was surprised, as are many Americans, that national marine sanctuaries do not forbid fishing except in specially designated areas. That evening, he repeatedly asked James L. Connaughton, chairman of the White House Council on Environmental Quality, how this new marine protected area could end fishing.

That same question has bedeviled the proposed expansion of no-fishing zones in the Channel Islands National Marine Sanctuary off Southern California. In 2002, California banned fishing in 175 square miles of state waters, and it has urged federal officials to extend those no-fishing zones into federal waters. Little has happened since then, except for strong objections from the industry-dominated regional fishery management council.

Even as a new monument, however, the area won't be immune from the infighting that goes on between wildlife managers and the fishery management council, which ferociously guards its control over commercial fishing.

Kitty Simonds, director of the Western Pacific Fishery Management Council, has long opposed any change of status that would further curtail fishing in the Northwest Hawaiian Islands. She was unavailable for comment Wednesday.

The monument will phase out the remaining eight fishing boats over five years — a timeline that conservation groups hope to accelerate by buying out the fishing permits. The Pew Charitable Trusts has brought in a retired judge in Hawaii to broker a deal with fishermen, who in 2003 caught about $1.3 million in snappers and groupers, for a net profit of only $300,000.

"For a buyout to work, it will have to include all of the permit holders," said Joshua S. Reichert, director of Pew's environmental division. Reichert said conservation groups do not want to buy out some of the fishermen only to have the others increase the amount of their catch.

"Although it seems that eight fishing vessels cannot do much damage, we know it can in fragile areas like the Northwestern Hawaiian Islands," Reichert said.

As an example, he pointed out the history of the dozen or fewer commercial boats that caught an estimated 15 million spiny lobster and slipper lobster around the island chain from 1977 to 1998. The lobster populations crashed, wildlife biologists said, robbing newly weaned Hawaiian monk seals of an important, easy-to-catch food.

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Treasure Islands (NYT)

By Joshua Reichert And Theodore Roosevelt IV

The New York Times, June 15, 2006

PRESIDENT Bush is expected to declare the northwestern Hawaiian Islands a national monument today, thereby creating the largest marine reserve on earth. The president's decision caps a century of protection efforts by both Republican and Democratic presidents beginning with Theodore Roosevelt and including Lyndon Johnson, Ronald Reagan and Bill Clinton. But none ever proposed the sweeping level of protection for these islands that is being put in place by the Bush administration.

While we and others in the conservation community have not always agreed with President Bush's environmental policies, we believe it is important to acknowledge a significant policy achievement when it occurs — and one is about to occur.

Beginning 160 miles northwest of Kauai, and extending roughly 1,200 miles into the Pacific Ocean, the uninhabited islands, reefs, shoals and atolls of this archipelago make up one of the most remote and relatively undisturbed coral reef systems in the world. The area marked for protection covers roughly 140,000 square miles of ocean, larger than all of America's national parks combined.

Almost 70 percent of the tropical, shallow-water coral reefs in American waters are in this one place, together with 7,000 species of marine and terrestrial life, a quarter of which aren't found anywhere else. More than 14 million seabirds make these islands their home for at least a part of the year, along with the last population of the endangered Hawaiian monk seal.

The president's plan for the monument designation has the distinction of receiving broad support from the Hawaiian people and from Hawaii's Republican governor, Linda Lingle, who recently closed state waters in the northwestern Hawaiian Islands — everything up to three miles from shore — to commercial activities, including fishing. Many Native Hawaiians, who consider these islands an important part of their cultural and religious heritage, would also like to see commercial fishing ended in federal waters, which stretch three to 50 miles from shore.

In the plan to be announced by the White House, commercial fishing will be phased out over five years. What's more, the president's action will spur efforts to compensate the few remaining fishermen in the area for surrendering their permits to the government, which would then retire them. While it is still too early to know whether these efforts will be successful, such a buyout package would provide for an early end to fishing in the archipelago and offer reasonable compensation to the fishermen who have earned part of their livelihood there.

Just as we have protected spectacular areas on land from destructive activity, we know it is equally important to do so for the sea. The president's announcement is an important step in what we hope will be greater efforts to safeguard the ocean, while also addressing broader problems of overfishing, pollution and habitat destruction.

There are few opportunities for a president to protect such a large swath of ocean or land at little cost to the government, while garnering strong regional support. This is one, and we applaud Mr. Bush for taking the initiative to preserve one of the world's most spectacular marine environments.

Sparks Fly At Forum Over Energy Policy (MJS)

By Daniel W. Reilly

Milwaukee Journal Sentinel, June 15, 2006

Washington - Secretary of Energy Samuel Bodman and U.S. Sen. Hillary Clinton (D-N.Y.) sparred Wednesday over progress on reducing America's dependence on foreign oil at a forum on energy efficiency sponsored by Milwaukee-based Johnson Controls Inc.

In the face of skyrocketing gas prices and an unstable oil supply, officials agree that more needs to be done to reduce dependence on foreign oil and on the importance of alternative fuels such as ethanol. But Bodman and Clinton diverged on whether the nation is on the right path.

Clinton said that accounting for inflation, the Bush administration has cut the budget for energy efficiency programs by one-third over the past five years.

"I believe our present system of energy delivery and use is . . . hurting our pocketbooks, violating our common values and threatening our children's future," Clinton said. She also said "our failed energy policy dictates our national security."

Clinton said in recent years there has been a lack of "evidence-based decision-making" on energy policy.

She accused the Bush administration of talking tough on energy efficiency, then cutting the budget for key programs such as weatherization for low-income family homes and for the State Energy Program, which provides federal grants to states to adopt emerging renewable energy and energy efficiency technologies.

Bodman accused Clinton of "cherry-picking" statistics and said that the Department of Energy is "very committed" to the issue of energy efficiency.

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Bodman said he "disagreed strenuously with the issue that our energy policy has had a negative impact on our foreign policy."

In his keynote speech, Bodman said energy independence is one of President Bush's top concerns and that the answer to high energy costs is the comprehensive approach being pursued by the administration, which includes diversifying energy supply, developing new domestic sources and an increased reliance on efficiency and conservation.

Johnson Controls Vice President for Government Relations Mark Wagner said he was "very encouraged" by the Bush administration's approach to energy conservation but said he would like to see more done, especially on the Energy Savings Performance Contracts, a federal program that finances energy efficiency upgrades for federal buildings and installations.

The program was cut in 2004 but was reinstated in the latest energy bill, which passed last year. Wagner said he wanted to see the program "ramped up" as quickly as possible.

Wagner said the company would also like to see the Bush administration extend more tax credits for energy conservation, especially for commercial and residential building energy efficiency.

Johnson Controls is a leader in interior experience, building energy efficiency and power solutions. The company also runs a consulting business performing energy audits for corporations, school districts and other non-profit organizations, helping to reduce energy costs.

Now in its 17th year, The Energy Efficiency Forum was created by Johnson Controls to raise awareness of energy conservation issues in Washington. This year's forum, at the National Press Club, was co-sponsored by the U.S. Energy Association.

Sen. Dianne Feinstein (D-Calif.) and Pennsylvania Gov. Ed Rendell, a Democrat, also spoke at the event. Bush, who visited the company headquarters in Milwaukee in February, addressed the forum last year.

The New Drilling Battle (WP)

By Steven Mufson

The Washington Post, June 15, 2006

More than a mile beneath the surface of the Gulf of Mexico lies a tract of sea floor that is bigger than New Jersey and that oil and gas companies believe holds a trove of natural gas and a measure of salvation for corporate and residential consumers.

But the area, three-quarters of which is closed to development, also lies at the center of a fight in Congress over the future of offshore drilling, with billions of dollars at stake. The battle lines pit Republicans against Republicans, Democrats against Democrats, and industry against environmentalists.

Ever since a disastrous 1969 oil spill off Santa Barbara, Calif., drilling off U.S. coastlines has been a sensitive subject. For 25 years, a congressional moratorium, renewed annually, has barred exploration on 85 percent of the Outer Continental Shelf, from three miles offshore, where federal waters begin, to 200 miles out, where U.S. jurisdiction ends. An order issued by President George H.W. Bush and extended by President Bill Clinton through 2012 provides additional protection.

"We don't need to sacrifice our beaches, coastal waters and economies to meet America's energy needs," says the Sierra Club, which favors alternative energy sources and energy-efficiency measures.

Yet the spike in natural-gas prices last fall has inspired a coalition of industrial users and a variety of lawmakers to try again to modify the moratorium, citing the harm high natural-gas prices do to American competitiveness and the benefits of reducing U.S. dependence on foreign energy sources. Drillers also want to win changes before the Interior Department's 2007-12 leasing plan takes effect.

Even as gay marriage and immigration grab headlines, top House and Senate members have been bargaining in private to reach a compromise over new contours for offshore drilling. Much of the haggling has been over the New Jersey-size tract, known as Lease 181.

At the moment, the chances of a compromise don't look good. But the wrangling provides a glimpse of how U.S. energy policy is made -- or isn't made -- when Congress and the White House try to balance big business interests, political supporters, environmental concerns and national energy needs.

The fight has made some strange bedfellows. President Bush, though seen as friendly to oil and gas interests, has done little to break the impasse, in deference to his brother Florida Gov. Jeb Bush (R) and Sen. Mel Martinez (R-Fla.), who have opposed offshore drilling, citing the need to protect the state's tourism industry from the harm a spill would do.

That has angered conservative Rep. John E. Peterson (R-Pa.), who together with liberal Rep. Neil Abercrombie (D-Hawaii) tried to strike the words "natural gas" from the moratorium, which would allow natural-gas wells within three miles of U.S. coasts. Without the support of either party's leadership, this political odd couple came within a handful of votes of prevailing. Now the two are seeking support to allow drilling at least 20 miles from shore, far enough to be out of sight of beach-going tourists.

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Each of the lawmakers has taken on his own party. Peterson, who tried and failed to win Bush's support during a flight last summer on Air Force One, says the president argued that the most "doable" cure for tight-natural gas markets was to build more terminals for liquefied-natural-gas imports -- the opposite of what Bush argues when he cites foreign dependence as a reason for opening the Arctic National Wildlife Reserve in Alaska.

"I'm surprised because we have two oil people at the top," Peterson said of the administration. "Yet two states are controlling the most important part of our energy policy," he said of Florida and California.

In the Democratic camp, Abercrombie has criticized what he calls an "environmental Taliban" for opposing offshore natural-gas drilling, and 38 House Democrats defied their minority leader, Rep. Nancy Pelosi (Calif.), and voted in May to keep the Peterson-Abercrombie change in the moratorium.

"I said, 'Nancy, you're wrong on this,' " Abercrombie said of a conversation he had with Pelosi. "I think that the Democratic party should get out in front on this issue instead of standing off to the side."

Florida's senators, Republican Martinez and Democrat Bill Nelson, have teamed up to guard against drilling that they say could mar the shorelines. They have their own proposal to extend the presidential drilling ban on the Atlantic and Pacific coasts until 2020, carve out a slice of Lease 181 to allow some new drilling there, have the federal government buy back other leases closer to Florida's west coast, and permanently ban drilling within 150 miles of Florida's shores.

Some drilling advocates note that Cuba recently decided to allow drilling in its waters, just 50 miles from the tip of Florida, closer than prime U.S. drilling prospects that fall under the moratorium.

But Nelson and Martinez have enlisted Defense Secretary Donald H. Rumsfeld, who wrote a letter in November asserting that the Gulf of Mexico from the west coast of Florida all the way into Lease 181 are essential for military training. "In those areas . . . drilling structures and associated development would be incompatible with military activities, such as missile flights, low-flying drone aircraft, weapons testing and training," Rumsfeld wrote to Senate Armed Services Committee Chairman John W. Warner (R-Va.).

Oil and gas companies have long eyed the Outer Continental Shelf. The Interior Department's Minerals Management Service estimates that the OCS holds 420 trillion cubic feet of undiscovered natural gas, which Anadarko Petroleum Corp.'s exploration manager for the Gulf of Mexico, Stuart Strife, notes is enough to heat every home in the United States for the next 80 years. In the past, Strife notes, the MMS estimates of potential reserves have been, if anything, too conservative.

That's why Anadarko bet on the portion of Lease 181 that was sold in 2001, offering more than a third of the $341 million worth of winning bids. It has drilled, with partners, 10 wells in 8,000 feet of water to reservoirs 10,000 feet below the ocean floor. The company has already found 1 trillion to 2 trillion cubic feet of gas reserves, which travel by pipeline to Louisiana.

Strife says fears of oil spills are overblown. So far Anadarko has only found natural gas, but even if it found oil the industry could handle it well. "People still think back to Santa Barbara in '69 and think that's the state of the industry," Strife says. "The industry has made leaps and bounds since then."

But environmentalists say a single incident can do extensive and possibly irreparable damage to natural habitats. Richard Charter, co-chair of the National OCS Coalition, says, "There is no such thing as a 100 percent failsafe petroleum process."

Despite strong environmental concerns, high natural-gas prices have made the politics of offshore drilling more fluid. Abercrombie has been courting union support, citing job losses to other low-gas-cost countries. Meanwhile, a Quinnipiac University poll in mid-May showed that Floridians, by 51 percent to 42 percent, favored drilling as close as 100 miles from shore, though 55 percent to 36 percent opposed drilling as little as nine miles from the coast.

"A number of Floridians realize that their state is dependent on natural-gas supplies," said Donna Harman, vice president of congressional affairs for the American Forest and Paper Association. "Some of their members are saying that they need to look at this in a more rational way."

But as with so much else in Congress, the issue is fractious. Rep. Bobby Jindal (R-La.) has a proposal that would erase the moratorium but force states to petition for continued drilling bans off their shores. Jindal appealed to lawmakers who favor more power for states, but other lawmakers see a grab for power and money by Louisiana. His proposal would funnel to the states 75 percent of royalties from wells within 12 miles of shore and 50 percent from those further out. Under current law, that money belongs to the federal government.

The best chances for a deal rest with Sens. Pete V. Domenici (R-N.M.) and Jeff Bingaman (D-N.M), who want to open up almost all of Lease 181 while leaving the moratorium on other U.S. waters largely intact. Senate Majority Leader Bill Frist (R-Tenn.) has also been involved in talks with Florida senators over whether to trade the opening of more offshore territory for the extension of the wider moratorium past 2012.

In the House, Reps. Adam Putnam (R-Fla.) and Richard W. Pombo (R-Calif.) have been seeking compromises. But it isn't clear whether Pombo will pursue the issue if he faces a tough reelection contest. The Sierra Club has run ads citing oil and gas

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company campaign contributions to Pombo, who also favors opening up the Arctic wildlife reserve. Last fall, Pombo had floated a plan similar to Jindal's but with a buffer zone for Florida's coasts.

Talking to reporters last week, Jeb Bush hinted that he might be ready to make a deal. "We're kind of on the sideline waiting for a partner to engage with," he said. He said Pombo's proposal was "very fair" and added, "I think people now regret not taking it in the Florida delegation." The governor said, "A degree of certainty for the protection of our coastline is what we're looking for."

Yet Charter says Americans are sensitive about their beaches and predicts that election-year attempts to lift the moratorium will turn out to be "much ado about nothing."

FBI/DEA/ATF/USMS:

Officials Seeking Source Of Lethal Heroin Mixture (NYT)

By Kirk Johnson

The New York Times, June 15, 2006

CHICAGO, June 14 — The police and health authorities are struggling to track down the source of a doctored, intensely powerful heroin that has killed at least 130 people in and around Chicago and Detroit and sent hundreds more to hospitals in cities from St. Louis to Philadelphia.

In the labyrinthine and often paranoid world of illicit drugs, tales of killer heroin have come and gone before. But this time is different, law enforcement and health officials say.

The pattern of cases is broader, involving many markets at once, suggesting, they say, a larger and more sophisticated distribution network. The additive has been traced to laboratories in Mexico, which has traditionally supplied much of the Midwest heroin, raising fears that other hybrid pharmaceutical street drugs might emerge.

"The biggest new thing is the high mortality rate," said Dr. Carl Schmidt, the chief medical examiner for Wayne County, Mich., which includes Detroit and suburbs. The county has had more than 70 deaths since September related to the altered heroin mixture, Dr. Schmidt said, including those of three people found together in a car in April. The three were overcome so quickly that no one could get out to summon help.

The additive, called fentanyl, was developed as a commercial painkiller in the 1960's and surfaced as street-drug compound in the mid-80's on the West Coast, where it killed perhaps 100 people over as many as eight years. It made waves again in the early 90's in the New York metropolitan region, where it killed dozens of people who bought fentanyl-laced heroin under the street brand Tango and Cash.

Fentanyl, which is 50 to 100 times more powerful than morphine, is not a contaminant or filler, drug experts say, but rather a deliberately introduced enhancement intended to improve the product. It kills by shutting down a victim's respiratory system when too much is taken, an easy mistake because of the potency.

Much has changed in the drug world since fentanyl first became a killer. In many parts of the country, the use of synthetic, laboratory-produced drugs like methamphetamine, or meth, has surged. A sharp increase in prescriptions for narcotics, depressants and stimulants has also contributed to an increase in drugs diverted for illicit use and has created drug users familiar with pharmaceuticals, according to a report this year by the National Drug Intelligence Center, a unit of the Justice Department.

And a national crackdown on illegal drug laboratories in the United States has recently pushed more meth production to Mexico, where local police officers and federal Drug Enforcement Administration officials say they think Chicago's fentanyl was produced.

The Chicago police superintendent, Philip J. Cline, said in an interview that his officers working with the D.E.A. were looking for connections among clusters of overdose cases and then trying to track back from there through undercover purchases, arrests and laboratory tests to understand the pipeline.

"Everybody is looking for a signature," Superintendent Cline said. "Is it the same here as in Philly? We're not sure on that yet."

Superintendent Cline said city officials had been frustrated because warnings appeared to have partly backfired. Drug dealers were even seen waving the fliers the city distributed this year, advertising that they were selling the very thing the police were so worried about.

"The biggest problem is that we have willing victims," he said.

One former heroin user, Justin Sorci, said the wave of deaths had given him a mission, to warn people he knows are still using.

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"The thinking of an addict is that 'I won't be the one,' " said Mr. Sorci, 27, who went on Wednesday morning to a mobile treatment van on the North Side of Chicago to receive the methadone tablets that blunt his craving for heroin. "People who are still out there — I'm warning them to be careful."

Fentanyl's re-emergence has revived old fears among some experts that underworld chemists could one day learn to manipulate opiate molecules to produce superdrugs of devastating malevolence — more addictive or corrosive to society than heroin, alcohol or cocaine at their worst. Others say the wave of deaths proves that such a formula has not been perfected, since the fentanyl makers are killing off their own customers.

But people who study the market say more laboratory-produced drugs, of whatever quality, are probably inevitable because the process is cheaper than harvesting and transporting agricultural drugs and can be done anywhere.

"It is becoming easier to manufacture mind-altering substances, and the Internet has spread that knowledge all over the world," said Martin Y. Iguchi, a professor of public health at the University of California, Los Angeles, who was running a drug treatment clinic in New Jersey when the Tango and Cash cases unfolded in the 90's. "That's got to have an impact longer term."

But drug treatment workers and addicts have a tool against overdoses that was not widely available in the past, an injectable medicine called naloxone or narcan that can reverse respiratory failure.

The Chicago Recovery Alliance, a group that works to improve the health of intravenous drug users and runs the methadone van where Mr. Sorci stopped, pioneered the effort to get naloxone into the hands of the city's drug users in 1999. Baltimore, San Francisco and other cities now have anti-overdose programs using the medication, as well.

The group's medical director, Dr. Sarz Maxwell, said she knew of at least five people in Chicago who had stopped breathing after using heroin-fentanyl and were saved by friends.

"We even heard of a couple of complete strangers who found somebody, had naloxone and saved a life," Dr. Maxwell said.

One heroin user, Sean H., 20, who was visiting the treatment van and spoke only on the condition that his last name not be used, said a friend died six weeks ago from a fentanyl-related overdose. The man, 24, specifically sought out fentanyl, Sean said, and had just recovered from one overdose. His body was found on a train.

Sean says he and his brother, who also uses heroin, are more careful now and always have naloxone on hand when they take drugs, though he thinks that none of the heroin they have taken has contained the additive. But the talk about the intensity of the fentanyl experience has intrigued him, he said.

"From an addict's point of view," he said, "that intensity is what you want."

Deadly Heroin Focus Of DEA's Chicago Conference (WMAQ)

WMAQ-TV, June 14, 2006

CHICAGO -- More than 60 deaths in the Chicago area -- and dozens more around the country -- are blamed on heroin that has been tainted with a deadly ingredient.

Chicago police and the U.S. Drug Enforcement Administration on Wednesday began a two-day conference on the tainted heroin, which is now showing up around the country.

Two young men die after allegedly consuming tainted heroin in this South side parking lot…

Justin Jobgen and Josh Serpliss were the eleventh and twelfth victims of what authorities now say are a string of more than 60 deaths attributed to a mixture of heroin and the prescription pain killer Fentanyl.

"Our focus is the influx of Fentanyl-laced heroin that has recently plagued our city," said Frank Limon, with the Chicago Police Department.

Timothy Ogden, special agent in charge with the DEA, said there was a "large spike" in drug overdoses in cities across the country.

The Fentanyl-laced heroin goes by the street name "drop dead" and has been seen on Chicago's West and South sides. Law-enforcement officials want to know where it is coming from and who is bringing it.

Ironically, law enforcement success may also play a factor in the drug's arrival, NBC5's Charlie Wojciechowski reported. Experts say getting drugs and dealers off the streets essentially destabilizes the drug markets.

"When the drug markets are destabilized through the police enforcement of the law, then customers need a new place to go," said Dan Bigg, with the Chicago Recovery Alliance.

Bigg has been an addictions counselor for the last 25 years. His Chicago Recovery Alliance works to improve the health of drug users and those suffering from AIDS and HIV.

Bigg said the Fentanyl-laced heroin provides cost-conscious drug users with more perceived bang for their buck.

"What Fentanyl does is it renders people unconscious. It renders people dead," Bigg said.

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One possible source of the tainted heroin is Mexico. Last week, Mexican police raided an illegal Fentanyl lab in the city of Toluca. Five people, including the alleged chemist, were arrested.

Killer Drug Overlooked, Until Flurry Of Deaths (DN)

By Brad Heath

Detroit News, June 15, 2006

TAYLOR -- Their roommate found them after midnight, dead together in bed.

When the police arrived at the tiny bungalow in a middle-class Taylor neighborhood, they found pills on the bedroom floor. Their roommate told them the man and woman, both 31 years old, were drug users. The medical examiner suspected they had committed suicide that January day because overdose victims almost always die alone.

Weeks later, toxicology tests showed the pair had taken heroin and the painkiller fentanyl.

Their bodies were among the first clues to the escalating damage being inflicted in Wayne County by fentanyl-laced drugs. But for months, police and health officials were unable to make sense of a growing scattering of evidence -- drug users dying suddenly and in groups, growing stacks of toxicology reports mentioning the drug, and a warning from federal agents dating back to November that lethal quantities had been found on the street.

But it wasn't until 12 people died from apparent drug overdoses May 18 and 19 that officials realized the extent of the problem, officials said in interviews. The clues became clear: Fentanyl was most likely to blame.

"People think it's easy to look at the crystal ball and see what's in there," said Dr. Carl Schmidt, Wayne County's chief medical examiner. "I guess it's easy to look. But it's discerning what's in there that's the hard part."

Authorities now suspect the painkiller, mixed with heroin or cocaine, is responsible for a sudden increase in overdose deaths; the toll is 79 deaths in Wayne County over the past four weeks. The drug has been linked to another 130 deaths since January 2005.

Since April, cities in at least eight other states have similarly reported a sudden surge in overdoses now the subject of a nationwide investigation by the U.S. Drug Enforcement Administration and police departments from Philadelphia to Chicago.

But for months, as fentanyl-related deaths accumulated, authorities in Detroit said, some of the clues that could have alerted them earlier to the growing toll were obscured by the regular toll of drug deaths in the county, and by testing limitations that kept them from quickly linking any of the deaths to the lethal mixture.

By the time Wayne County issued its May 19 alert, the number of fentanyl-linked deaths had been increasing since November -- a trend that did not become apparent until months later.

Extent of problem hidden

At first, the corpses came one at a time, collected from suburban bedrooms, inner-city drug houses and emergency rooms where friends dumped them from moving cars. The extent of the problem remained hidden behind overall overdose numbers that fluctuate wildly from month to month: The number of deaths ultimately linked to fentanyl increased from 18 to 22 between February and March, but the total number of overdose deaths dropped from 52 to 49.

Adding to the difficulty, Schmidt said, are toxicology tests that can take as long as six weeks to complete because the county typically stores samples and tests them in batches to save money. The result is that it takes at least a month for investigators to know what blend of drugs a person had taken before they died -- and even then, most drug users have taken so many it's almost impossible to say which killed them.

On top of that, Wayne County has no systematic way to track toxicology results to determine whether a particular drug is killing more people. Instead, officials review pending cases at a weekly meeting. Schmidt said he began seeing fentanyl more often in toxicology results in February, but that there was not enough evidence to think the deaths amounted to a broader health threat. He said the tests typically showed only that people had taken fentanyl before they died, not that the painkiller had killed them. Most had also taken other potentially lethal drugs.

Even today, they can't say with certainty that fentanyl is to blame. Authorities won't know that until they get the results of toxicology tests. But Schmidt said that as soon as he saw overdose deaths spike in May, he suspected the drug's involvement. By then, it had been discovered in the man and woman found dead in Taylor in January, and had been detected in three other people who died together in a car in Detroit. Those cases, he said, offered a good indication that fentanyl was capable of causing such clusters of deaths.

County Executive Robert Ficano said there was little debate about what to do next: County officials summoned television cameras and sounded an alarm about the tainted drugs. Drug treatment workers -- even recovering addicts -- worked parts of Detroit known to be drug havens to warn about the dangers.

Did cocktail disappear?

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The daily death toll from overdoses has since dropped to two or three a day, numbers that were typical for the county before fentanyl surfaced. Public health officials have said it is too soon to know whether that means the lethal cocktail has disappeared from Detroit, though nationwide the drug has vanished suddenly from the streets of several cities.

"It pops up, and then it just goes away," DEA spokesman Garrison Courtney said.

State and county officials said they generally are pleased with the county's response. Ficano said health officials made a "reliable and quick determination" of what was going on.

Others said that while they were satisfied with the county's response, they'll review the case to see whether similar cases could be detected more quickly in the future. "We'll review this situation -- I think all parties involved will -- and make any adjustments we need to," said Dr. Dean Sienko, acting chief medical executive of the state Department of Community Health. There were earlier warnings, too. In November, the DEA's office in Detroit issued an alert saying agents had bought heroin on the street cut with "potentially lethal" levels of fentanyl. The Medical Examiner's Office saw that alert as part of a routine bulletin from the DEA, Schmidt said. He said the alert did not lead them to suspect that the fentanyl was causing more people to die from overdoses, because the total number of deaths was largely unchanged.

In interviews, police, medical examiners and health officials in other cities afflicted by fentanyl said they too discovered the problem only when the number of overdoses -- fatal or not -- shot up suddenly.

In Harrisburg, Pa., officials sounded the alarm the day after police reported three heroin overdoses -- none of them fatal -- in one night. "Normally we're lucky if we see one a month," city spokesman Randy King said. In Camden, N.J., outside Philadelphia, police knew there was a problem after three people overdosed in a day. In Chicago, officials said they knew there was a problem when firefighters saw a surge in ambulance runs linked to drug overdoses.

Most of those cities don't know exactly how many people died from fentanyl because most medical examiners don't regularly test for it. Chicago's medical examiner has traced deaths going back at least six months; in Detroit, officials documented more than 130 deaths linked to fentanyl between January 2005 and April.

Detroit police and firefighters said they saw no such increase here. Hospitals said they had not treated anyone for fentanyl overdoses -- though most typically do not test for the drug -- and poison control centers said they had seen no increase in calls linked to the drug.

Instead, the problem surfaced in the morgue.

"You know there are a lot more people who are using this stuff who are alive than end up dying," Schmidt said. He said the best way to quickly detect such outbreaks in the future is in patients who use them and survive.

More Bad Heroin (WPVI)

By Dann Cuellar

WPVI-TV, June 14, 2006

Agents Cracking Down - Looking For Sources

CHESTER, PA - June 14, 2006 - There were a number of developments Wednesday in the growing problem of bad heroin on the streets.

First, Chester authorities confirmed what they had suspected, seven overdose cases within a 15-hour period in the city, all linked to heroin spiked with the powerful painkiller fentanyl.

Meanwhile members of a major task force including agents from Philadelphia and New Jersey met in Chicago Wednesday. They now believe the stuff is coming from a lab in Mexico.

The fentanyl-laced heroin has killed more than 100 people in 8 states, including 28 in Philadelphia, at least 20 in New Jersey, and more than a dozen in Delaware. Fentanyl is more that 80 times more potent than morphine and it inhibits breathing.

In an effort to combat the crisis, DEA agents from around this area met with taskforce counterparts in Chicago to determine where the stuff was coming from.

They now believe the primary source was an illegal lab near the western city of Guadalajara, Mexico. It was raided by U.S. and Mexican agents recently. Among those arrested was the man believed to be the chemist. Authorities say the fentanyl-laced heroin is still being sold by dealers looking for a competitive edge.

The undercover strike force continues to gather intelligence. Officials expect to make more arrests in this ongoing criminal investigation.

Physician Gets Life For Drug Deaths (CLPD)

By Mike Tobin, Plain Dealer Reporter

The Cleveland Plain Dealer, June 15, 2006

DOJ_NMG_0034260

He overprescribed painkillers and 2 died

A Bath Township physician was sentenced to life in prison Friday because the massive doses of painkillers he prescribed led to the deaths of two patients.

Dr. Jorge Martinez's conviction under a statute punishing health-care fraud resulting in death was the first in the country, as was his life sentence, U.S. Attorney Greg White said.

Martinez remained adamant in federal court in Cleveland that he did the best he could to treat desperate patients whose lives were consumed by chronic pain. Patients often came to his clinics in Parma and Boardman wailing in pain, he said.

"There was nothing else but to numb those nerves," Martinez said. "The responsibility I had was to treat the patient."

But U.S. District Judge Donald Nugent told Martinez his prescriptions of OxyContin, Zoloft and Valium caused more harm than good.

"People came to you in desperation," Nugent said. "You continued to prescribe medication that would continue that downward spiral."

The packed courtroom erupted in applause when Nugent announced the sentence. Relatives of the two dead men, John "Jack" Lancaster and Blair Knight, wiped tears and hugged prosecutors.

In January, after a five-week trial, a jury convicted Martinez of 56 charges, including health care fraud resulting in death, health care fraud and distribution of a controlled substance.

Martinez prescribed painkillers only after patients agreed to receive injections to treat pain, Assistant U.S. Attorney Linda Betzer said. Martinez could then bill Medicare, Medicaid, the Ohio Bureau of Workers' Compensation and private insurers for the injections.

Martinez submitted paperwork claiming he routinely saw more than 100 patients a day from 1998 through 2004, prosecutors said.

He gave patients only cursory exams but billed insurers for sophisticated treatment, prosecutors said. He submitted $60 million in fraudulent claims to insurers and received payment on about $12 million - half of which came from the BWC.

Some of the 2,500 patients Martinez saw became addicted to the painkillers he prescribed. Martinez ignored the symptoms and continued prescribing more.

"The defendant pumped people full of pills, jabbed them with needles and lied to insurers solely to get rich," Assistant U.S. Attorney Virginia Hearey said. "And people died."

Jurors ruled that in the cases of Lancaster, 42, of Parma Heights, and Knight, 35, of Ravenna, those prescriptions contributed to their deaths.

Knight's brother was relieved by Nugent's sentence.

"I'm thankful he's gone for life," Chuck Knight said of Martinez. "I'm glad he can't hurt anyone else."

To reach this Plain Dealer reporter:

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Doctor Gets Life Sentence In Deaths Of Two Patients (AP)

AP, June 15, 2006

CLEVELAND - A doctor was sentenced to life in prison Friday for committing health care fraud that resulted in the deaths of two patients.

Jorge Martinez is the first to be convicted under the health care fraud resulting in death statute passed in 1996, according to the U.S. Attorney's office in Cleveland.

Martinez, 54, of Bath Township, was convicted in January of 56 counts, including drug distribution and mail, wire and health care fraud for prescribing unnecessary drugs for patients suffering from chronic pain.

Prosecutors say Martinez often prescribed medication such as OxyContin, Zoloft and Valium to people already hooked on drugs. He rarely gave a prescription until after the patient agreed to receive injections to treat pain.

He then billed Medicare, Medicaid, the Ohio Bureau of Workers' Compensation and private health insurance plans for the injections.

Martinez contended his clinics in Lorain, Parma and Boardman in northeast Ohio offered people relief from chronic pain.

John "Jack" Lancaster, 42, of Parma Heights, and Blair Knight, 35, of Ravenna, died while under Martinez's care.

On Sept. 5, 2001, Lancaster fell unconscious in Martinez's office for several hours after he received two injections of Zoloft. He overdosed on multiple drugs two days later and died on Sept. 13, 2001.

Martinez submitted $60 million in fraudulent claims to Medicare, Medicaid, the Ohio Bureau of Workers' Compensation and private health insurance plans and was paid more than $12 million. More than $7 million has been recovered.

U.S. District Judge Donald Nugent will hold a hearing in August to determine how the money is divided among the victims and government agencies.

Drugs Again Found In Home Depot Cabinets (AP)

AP, June 15, 2006

SOUTHWICK — For the fifth time in a week, a stash of drugs was found in a cabinet purchased at a Home Depot store in Massachusetts.

A plumber in Southwick discovered 40 pounds of marijuana and 3 kilograms of cocaine stashed in a bathroom vanity he'd purchased at a Home Depot in Chicopee for a home renovation.

Southwick Police Lt. David Ricardi said a second stash was found at the Chicopee store and at least two more were discovered at a Tewksbury Home Depot. Police found more drugs in a fifth cabinet, but Ricardi would not say where or when it was discovered.

One of the Tewksbury stashes was discovered June 8 after a homeowner brought home a cabinet and found 50 pounds of marijuana.

"It's a smuggling operation gone bad," Ricardi said. "Somebody owes some money."

Tony Pettigrew, a spokesman for the Drug Enforcement Administration, confirmed yesterday that his agency was investigating, but declined further comment.

A statement from Atlanta-based Home Depot said the company was cooperating with investigators. The company declined further comment.

Ricardi said the plumber discovered the drugs in Southwick on Monday after he bought the vanity. The man noticed the vanity top hadn't been included in the package and instead found two plastic bags containing the drugs stuffed inside. Ricardi said the drugs were worth $200,000.

Customer Discovered Stash In Vanity From Home Depot (BMI)

By Margaret Smith And Linda Kush

Billerica Minuteman, June 15, 2006

A Billerica resident getting ready to install a new vanity and sink he bought at Home Depot in Tewksbury found 50 pounds of marijuana in the package, Police Sgt. Roy Frost said.

Frost said the resident, whose name was not given, reported the discovery June 8, after he purchased a two-piece vanity and sink and had a plumber assist in the installation.

"He found that it contained, instead of the sink top, about 50 pounds of marijuana," said Frost, adding that the find could fetch as much as $100,000 on the street.

Frost said Billerica and Tewksbury police are working with Home Depot, along with the federal Drug Enforcement Agency. Frost said investigators hope to determine whether the marijuana find is linked to a larger distribution problem, with distributors knowingly or unknowingly enlisted to help transport drugs large distances - a practice known as "muling."

"There is no evidence to suggest that there was a recipient in the Tewksbury or Billerica area. However, there is no evidence to suggest there wasn't," Frost said.

Frost added, "This is very unusual, but not an unusual situation in the broader scope of things. Larger corporations doing shipping nationally and internationally will the subject of muling, whether they know it or not."

Frost said "progress is being made" in determining the marijuana's origin, but decline to comment as the investigation is ongoing.

A Home Depot spokesman confirmed the customer's discovery of the marijuana and believes the customer discovered the marijuana after bringing the vanity home.

"We are working with the local authorities in their ongoing investigation, just making sure they have the information they need," said Yancy Casey, a spokesman for the Home Depot corporate office in Atlanta.

A Drug Enforcement Agency official declined to comment on the case.

Drug Caches Found In Home Depot Vanities (CNN)

CNN, June 14, 2006

(CNN) -- Large quantities of drugs were found inside merchandise from at least two Home Depot stores in Massachusetts, and authorities are investigating, police said Wednesday.

A contractor late last week discovered two 50-pound "bricks" of marijuana wrapped in plastic bags inside a bathroom vanity he had purchased at a Home Depot store in Tewksbury, said Chief of Detectives Lt. Dennis Peterson.

The estimated street value of the marijuana is around $145,000, Peterson said. (Watch as do-it-yourself goes to pot -- 1:30)

Similar incidents have occurred in other parts of the state.

A plumber purchased a vanity in western Massachusetts on Monday in which he later found 3 kilograms of cocaine and around 40 pounds of marijuana, with a total estimated street value of $250,000, according to the Southwick Police Department.

Southwick Police Lt. David A. Ricardi said the item was purchased at "a local hardware store" but would not confirm it came from The Home Depot.

According to Peterson, a third individual discovered large quantities of illegal drugs inside Home Depot merchandise.

Peterson would not provide the details of that incident but said it was part of the overall investigation and that Tewksbury police were working with their Southwick counterparts and the federal Drug Enforcement Administration (DEA).

Tewksbury police and DEA officials conducted a search Tuesday of about 12 Home Depot stores statewide and found other bathroom vanities that contained drugs, Peterson said. He would not elaborate on how many drug caches were discovered in the search.

In each incident being investigated by Tewksbury Police, all of the merchandise boxes originated from a Texas location and were distributed through one Massachusetts warehouse, Peterson said.

"I'm sure the packages were being shipped to the distribution center and someone was supposed to intercept them," Peterson said. "So that person [who was supposed to intercept the packages] either wasn't on duty that day or the packages were marked wrong."

The Southwick and Tewksbury Police Departments both said The Home Depot was cooperating fully with their investigations, and no one employed by the company is a suspect at this time.

Both departments also said none of the customers who purchased the vanities that contained drugs are suspects.

In a written statement, The Home Depot said, "The company is cooperating with authorities as they investigate this matter, and we will support law enforcement in any way possible to help bring those responsible to justice."

Drugs Found In Home Depot Merchandise (UPI)

United Press International, June 15, 2006

TEWKSBURY, Mass. (UPI) -- Massachusetts police are trying to determine how two 50-pound bricks of marijuana wound up in merchandise at two Home Depot stores.

The value of the drug cache was estimated at $145,000.

CNN reports the latest find was at Home Depots in Tewksbury and Chief of Detectives Lt. Dennis Peterson said similar finds have been made elsewhere in the state.

Peterson said a plumber found three kilograms of cocaine and 40 pounds of marijuana in a vanity he bought in Southwick. Peterson said a third individual found a large quantity of drugs inside Home Depot merchandise.

State and federal drug agents searched a dozen Home Depots Tuesday. Peterson said drugs were found in other merchandise but would not elaborate. The boxes containing the merchandise originated from Texas, Peterson said.

Home Depot said it was cooperating fully with investigators.

Martin's Sentence Is 10 Years (BNNJ)

By Sean C. Mccullen, Staff Writer

Bridgeton News (NJ), June 14, 2006

CAMDEN -- A U.S. District Court judge on Tuesday sentenced Kamal Martin, the reputed leader of Bridgeton street gang 30 Deep, to 10 years in federal prison on a drug-trafficking charge, according to authorities.

Martin, 28, was arrested July 21, 2005, at the Cumberland County Jail, where he was serving a 20-day sentence for driving with a suspended license, and charged federally with distributing and possessing with intent to distribute more than five grams of crack cocaine.

He pleaded guilty to distributing a significant amount of crack cocaine on several dates in early 2005 on Jan. 12. He and his attorney in the matter, Assistant Federal Public Defender Christopher O'Malley, had approved the plea deal last November.

U.S. District Court Judge Robert Kugler sentenced Martin Tuesday to 10 years in prison, with the prison term to be followed by five years of supervised release, according to Assistant U.S. Attorney Jason Richardson.

The judge also imposed a $250,000 fine against Martin, Richardson said.

Bridgeton Police hope Martin's sentence on the drug charge will serve as a deterrent to those planning future gang-related and drug-dealing activity in the city.

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"I hope this sentence sends a message to anyone who is involved or contemplating getting involved in gang activity, in drug distribution or in organized or random violent acts," Police Chief Jeff Wentz said.

Wentz commended the work of his department, the FBI, the DEA and the Cumberland County Narcotics Task Force in building the case against Martin.

Martin was facing up to 40 years in prison on the charge, according to Bridgeton Det. Lt. Michael Gaimari, but his cooperation with local, state and federal authorities on several investigations, including homicides and other gang-related crimes, resulted in the shorter sentence.

The minimum sentence for the crack cocaine distribution charge Martin faced is five years, according to the U.S. Attorney's Office,.

However, Greg Reinert, spokesman for the U.S. Attorney's Office in Camden, had said in January that Martin likely was facing 15 to 20 years in prison since he was deemed to be a "career offender" based on prior convictions for terroristic threats and aggravated assault with a deadly weapon.

As part of his cooperation, Martin also turned over a semi-automatic machine gun, according to Gaimari.

Gaimari, who attended Tuesday's sentencing with Bridgeton Det. Rick Pierce, said while he was pleased to see Martin sentenced to time in prison, it was distressing to hear what Martin's daughter said to her father in the Camden courtroom.

"What was sad was hearing (Martin's) small child telling (him) that she loved him as they were leading him away," Gaimari said. "Not only do these individuals destroy their own lives when they get involved in this type of activity, they fail to realize how it affects friends and families.

"It's a no-win situation for everyone involved, but we, along with federal, state and county authorities, are committed to going after every single person involved in these activities with the same vengeance as we pursued Mr. Martin."

Martin still is facing a handgun possession charge in connection with the Aug. 31, 2003, shoot-out at the Samuel J. Roberts Elks Lodge on South Avenue in Bridgeton, in which two men were slain, and still is suspected of being involved in the April 30, 2004, killing of 24-year-old Stephen Jackson on Colfax Street.

Gaimari expressed gratitude for the work of the following individuals and agencies in building and working on the case against Martin: the U.S. Attorney's Office; FBI Special Agent James Lisle; DEA Special Agent James Kerrigan; county narcotics task force Lt. Rosemary Parks; and Bridgeton detectives, especially Pierce for targeting Martin for more than a year.

Secretary In LaWall's Office Quits, Was Arrested (ADS)

By Kim Smith

Arizona Daily Star, June 14, 2006

A Pima County Attorney's Office secretary who was arrested by the U.S. Drug Enforcement Agency in May has resigned.

Erlinda Alegria-Perez submit-ted her resignation letter Tuesday afternoon, effective immediately. She had worked as a legal secretary in the Pima County Attorney's Office since 1991 and has been on paid administrative leave since May 4.

Perez and her husband, Abraham, were indicted and arrested as the result of a yearlong DEA investigation that began in Harrisburg, Pa.

According to DEA officials, the couple, along with at least five others from Tucson, California and Pennsylvania, conspired to transport marijuana to Pennsylvania.

A pre-action meeting to discuss her side of the story had been scheduled for 1 p.m. Tuesday, but she left a message asking for it to be postponed until today.

Following the meeting, Perez could have been disciplined, at which point she could have resigned, accepted her punishment or appealed to the Merit Commission, but she opted to resign without going through the meeting.

By tendering her resignation, Perez waived her right to the pre-action meeting.

In her letter, Perez thanked County Attorney Barbara LaWall for the opportunity to serve the citizens of Pima County.

"The knowledge and experience I take with me is priceless," Perez wrote.

Officer Quits Amid Inquiry: Dallas: She Was On Leave For Dating Drug Suspect; More Firings Likely Today (DMN)

Dallas Morning News, June 15, 2006

One troubled Dallas officer's name won't be on the short list as Police Chief David Kunkle prepares for his next round of firings.

Officer Kesha Thomas abruptly resigned Wednesday, a day before it was widely expected that she would be fired for her relationship with an Arkansas man accused of dealing drugs.

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In the last two weeks, Chief Kunkle has fired nine officers for misconduct as part of a housecleaning aimed at changing the culture of his nearly 3,000-member department. As many as four firings are expected today.

Ms. Thomas' story illustrates the challenge the chief faces. She was on paid leave for about 10 months after police officials were informed of her relationship with Fred Green, who faces federal charges of drug trafficking in Arkansas.

Another officer, Roshonda Parker, is also being investigated, accused of associating with Mr. Green. She remains on paid administrative leave, and Chief Kunkle may decide her fate today.

"What the heck has taken so long?" said James Whalen, Officer Parker's attorney. "Either it's clear-cut or it's not."

Mr. Whalen said Officer Parker did not associate with Mr. Green.

Ms. Thomas' attorney said she became frustrated with the slow pace of the investigation and resigned because she found out about the status of her case through media reports.

"She didn't really think that was fair and didn't want to continue to work for somebody that treats her that way," said the attorney, Phil Burleson Jr.

Mr. Burleson said Ms. Thomas cooperated with investigators.

"When she learned of the extent of [the trouble Mr. Green was in], that's when she broke it off," he said of the relationship.

In May 2005, state troopers seized 13 kilograms (about 29 pounds) of cocaine that investigators linked to Mr. Green, 31. Federal agents soon learned through phone records of Ms. Thomas' relationship with Mr. Green.

Ms. Thomas told federal agents that Officer Parker introduced them in the spring of 2004. Mr. Green had already served prison time on a felony drug conviction.

Ms. Thomas and Mr. Green, who was living in Arkansas and owned two cellphone stores, struck up a long-distance romance.

Police and Drug Enforcement Administration records state that Ms. Thomas once saw a gun in Mr. Green's trunk and that he had asked her to wire money for him several times, but that she didn't question either of those things.

Ms. Thomas told investigators that in mid-2004, Mr. Green told her he had a warrant out for his arrest. She said he told her it was a case of mistaken identity.

"Her side of the story is that she had no indication that the individual she was dating had a criminal problem," Mr. Burleson said. "She thought he was a decent guy."

Department rules prohibit officers from associating with felons and people involved in criminal activity.

Ms. Thomas initially told investigators she stopped dating Mr. Green after she confirmed that he was wanted by authorities by using her patrol car computer in mid-2004 to check his record. She said she told him he needed to take care of the warrant.

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Records show she checked his warrant status four times between November 2004 and June 2005.

Ms. Thomas later admitted that she continued to date Mr. Green.

"I did not take any police action, because I believed this was a personal matter of Mr. Green and since he had hired an attorney, the matter would be resolved," she told investigators.

Ms. Thomas also told investigators that she allowed Mr. Green to give her money after she knew about the warrant. His gifts included $6,000 for a down payment on a house.

Officer Parker told investigators that she'd had an on-again, off-again relationship with Mr. Green's cousin and that she'd known Mr. Green since her days at the University of Arkansas at Pine Bluff in the mid-'90s.

She told investigators that while in college, she once walked into a room in Mr. Green's house and saw a bale of marijuana. She said she closed the door, walked outside and didn't ask questions. She also said Mr. Green once gave her $400 for a car payment after she became a police officer.

Officer Parker said she last saw Mr. Green at Ms. Thomas' home outside of Dallas in the winter of 2004. She'd also been present once when Ms. Thomas checked him on her squad car computer.

"Parker stated she did not arrest Green on this occasion because she was out of her jurisdiction, and she did not contact the local police because she did not want to be involved," according to DEA records of the interview.

Mr. Whalen, Officer Parker's attorney, said his client has been drawn into the investigation unfairly. "Roshonda did not associate with Fred Green," Mr. Whalen said. "Kesha was the one who ran him on the computer."

Officer Parker, hired in 1999, graduated last in her class of 43 recruits. She has been disciplined repeatedly for being tardy to work and missing court dates. She also received a 15-day suspension for a 2003 incident in Cedar Hill in which she hit an ex-boyfriend's car with a tire iron.

In July 2005, U.S. marshals arrested Mr. Green, who was then living in DeSoto. They seized 450 grams (1 pound) of crack cocaine, 180 grams (0.4 pounds) of methamphetamine, $13,000 in cash and several weapons.

Federal investigators notified Dallas police on Aug. 10 of his connections to the officers, who were soon placed on administrative leave.

The slow pace of such investigations has been frustrating to top brass at the department, where Chief Kunkle is approaching the end of his second year on the job. The chief said he hopes the resignation is a signal that the rank and file are beginning to get the message.

"We have to change the environment where people believe that they don't have to follow the rules," Chief Kunkle said. "I'm going to try to make sure that they do it, because they have to."

Meth Myth Busted? Study Says Drug Rarely Used (AP)

AP, June 14, 2006

WASHINGTON -- A group that advocates non-prison punishment for drug criminals says methamphetamine use is not a raging epidemic.

The Sentencing Project issued a report that says meth – while dangerous -- is really among the least commonly used drugs. The group also contends usage rates have been stable since 1999, and that fewer teens are taking meth.

The report's author claims reports of meth being an epidemic spreading across the country are "grossly overstated." The report cites overheated rhetoric, unsupported assertions and factual errors about the use of the drug.

The White House Office of National Drug Control Policy did not immediately comment on the report.

Study: Meth Use Rare In Most Of The U.S. (AP)

By Mark Sherman

AP, June 15, 2006

A pouch containing crystalized methamphetamine and a homemade pipe are shown March 21, 2006 in Window Rock, Ariz. An advocacy group says meth use is rare in most of the U.S., not a raging epidemic described by politicians and the news media. (AP Photo/Matt York, FILE)

WASHINGTON -- Methamphetamine use is rare in most of the United States, not the raging epidemic described by politicians and the news media, says a study by an advocacy group.

Meth is a dangerous drug but among the least commonly used, The Sentencing Project policy analyst Ryan King wrote in a report issued Wednesday. Rates of use have been stable since 1999, and among teenagers meth use has dropped, King said.

"The portrayal of methamphetamine in the United States as an epidemic spreading across the country has been grossly overstated," King said. The Sentencing Project is a not-for-profit group that supports alternatives to prison terms for convicted drug users and other criminals.

Overheated rhetoric, unsupported assertions and factual errors about the use of the drug - including frequent, misguided comparisons between meth and crack cocaine - lead to poor decisions about how to spend precious public dollars combating drug addiction, King said.

The White House Office of National Drug Control Policy did not immediately comment on the report.

The report cites statistics compiled by the government to make its case, including a 2004 survey that estimated 583,000 people used meth in the past month, or two-10ths of 1 percent of the U.S. population. Four times as many people use cocaine regularly and 30 times as many use marijuana, King said.

A separate survey of high-school students showed a 36 percent drop in meth use between 2001 and 2005.

The report acknowledged that methamphetamine is more widely used today than it was 10 years ago. Data from the jail populations of a handful of cities on the West Coast also show what King called a "highly localized" problem.

Among men arrested in Phoenix, 38.3 percent tested positive for methamphetamine. Figures for other cities are: Los Angeles, 28.7 percent; Portland, Ore., 25.4; San Diego, 36.2 percent; and San Jose, Calif., 36.9 percent.

But nationally, just 5 percent of men who had been arrested had meth in their systems. By contrast, 30 percent tested positive for cocaine and 44 percent for marijuana, the report said, citing government statistics.

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Treatment programs for meth also have been portrayed inaccurately, with news reports suggesting that meth users do not respond as well to treatment as users of other drugs, King said. The Bush administration's recent methamphetamine control strategy also referred to a "common misperception that methamphetamine is so addictive that it is impossible to treat."

Programs in 15 states have had promising results, King said.

"Mischaracterizing the impact of methamphetamine by exaggerating its prevalence and consequences while downplaying its receptivity to treatment succeeds neither as a tool of prevention nor a vehicle of education," he wrote.

King called for a tempered approach to the problem, keeping the focus on local trouble spots and using federal money to beef up treatment programs.

On the Net:

The Sentencing Project: http://www.sentencingproject.org

White House Office of National Drug Control Policy: http://www.whitehousedrugpolicy.gov

NCAA Looks To Keep Drugs Off Diamond In Wake Of MLB Scandals (USAT)

By Steve Wieberg, Usa Today

USA Today, June 15, 2006

Prompted in part by the Major League Baseball scandal, the NCAA is stepping up testing for steroid use in college baseball.

For the first time, all 64 teams in the association's Division I baseball tournament were assured of being tested at regionals this year. The NCAA held out the threat of further screening at last week's super regionals and the College World Series, which opens Friday in Omaha.

More significantly, officials say, the association is expanding its year-round random screening for steroids and masking agents into the summer, focusing first on baseball and football. The first of those tests will be conducted next week.

Ten players — five in both baseball and football — from 22 schools ultimately will be tested. Selected at random, they'll be sought out at home or other summer locations and given no more than 48 hours' notice.

"These guys know they're going to be tested at the championship," says Frank Uryasz, president of the Kansas City, Mo., based National Center for Drug Free Sport, which runs the program for the NCAA.

"What we needed to do was fill the obvious hole in the program, and that was the two or 21/2 months in the summer when they simply knew they weren't going to be drug-tested. To fill that time up with some random, short-notice drug testing, I think, is a huge accomplishment."

The additional testing will cost the NCAA $150,000.

Baseball and football players are among those most likely to admit steroid use — 2.3% in both sports, compared with 1.2% of responding athletes across the board — according to the NCAA's most recent substance-use survey.

Revelations and allegations of the use of steroids and other performance-enhancing drugs in Major League Baseball heightened the concern.

"It did have an impact on the folks who were asking for more testing," said Mary Wilfert, liaison to the association's Committee on Competitive Safeguards and Medical Aspects of Sports.

The NCAA has tested during its baseball championships since 1986, though not continuously.

It previously tested some years at regionals, others at super regionals or the College World Series.

Six randomly selected players from each of the 64 participating teams were screened during regionals this month.

In addition to steroids, testing at NCAA championships targets drugs such as amphetamines, marijuana and other recreational substances.

Galante Wants Out Of Prison, Back In Business (AP)

By Matt Apuzzo, Associated Press Writer

AP, June 15, 2006

NEW HAVEN, Conn. -- An imprisoned Danbury businessman wants to get out of jail and return to the helm of his trash empire, setting the stage for a court battle over control of southern Connecticut's garbage industry.

James Galante, whose businesses handle about 80 percent of southwestern Connecticut's garbage, was arrested in a Mafia case Friday and ordered held without bail.

A federal judge said Wednesday that she'll reconsider that order and Galante's defense attorneys were preparing to challenge a court order putting federal marshals in charge of his businesses.

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"First things first. We've got to get him out," defense attorney Hugh Keefe said. "I can't represent him if he's in Rhode Island and incarcerated. We'll take care of the business thing in due course."

Federal prosecutors say Galante carved out exclusive routes for his companies and paid Genovese crime family boss Matthew "Matty the Horse" Ianniello $120,000 a year for mob muscle to enforce his territories. That meant higher prices for businesses and homeowners, authorities said.

It's a traditional moneymaking scheme for the mob, but unlike New York trash cases involving murders and assaults, no such violence is alleged in Connecticut's case.

Given that fact, Keefe argued in court papers Wednesday that Galante is being treated unfairly. He is the only person among 29 charged being held without bail, his family's bank accounts are frozen and his multimillion-dollar trash conglomerate is being run by federal marshals.

Marshals say they'll eventually turn over operation of Galante's businesses to a professional management company.

"Running the business is where he belongs," said company attorney H. James Pickerstein, who said he will file a motion Thursday regarding the federal takeover.

Prosecutors say Galante is too dangerous to be released. The FBI recorded telephone conversations in which Galante at times talks menacingly about his competitors.

"'What I have to do,' tell him, 'is hurt you,'" Galante was recorded instructing a subordinate during a 2005 dispute with a rival company.

Most of the threats played in court, however, were delivered by subordinates who were released on bail. And Ianniello, the 85-year-old charged as the muscle behind Galante's threats, was also released.

U.S. District Judge Ellen Bree Burns will hear arguments for Galante's release June 27. He is being held in a Rhode Island detention center that houses federal prisoners from the region.

IMMIGRATION:

2,100 Are Arrested On Immigration Violations (NYT)

By Jennifer 8. Lee And Julia C. Mead

The New York Times, June 15, 2006

In a nationwide sweep, law enforcement officials have arrested more than 2,100 people in the past three weeks for immigration violations, including 116 in New Jersey and 114 in New York State, the Department of Homeland Security announced yesterday. About a third of those arrested were in California.

The sweep, which started on May 26, was a cooperative effort between local law enforcement agencies and the Immigration and Customs Enforcement branch of the Department of Homeland Security.

"The fugitives captured in this operation threatened public safety in hundreds of neighborhoods and communities around the country," Michael Chertoff, the secretary of the Department of Homeland Security, said in a statement.

Those arrested fell into three broad categories: convicted criminals, members of gangs, and fugitives who had violated deportation orders, the authorities said.

Nearly half of those arrested had been convicted of crimes that made them eligible for deportation, including 146 who had committed sexual crimes involving minors. About 350 of those arrested were known to be involved in violent street gangs. About 650 were fugitives who were ignoring or violating deportation orders.

About 800 of those arrested have already been deported.

In Suffolk County, 19 men were arrested because they had been convicted of crimes that made them eligible for deportation, according Dennis Caine, chief of detectives for the Suffolk County Police Department.

Their names were determined by cross-referencing county lists of convicted sex offenders and known gang members with a federal immigration database. Of those men, 14 were sexual offenders convicted of offenses ranging from endangering the welfare of a child, a misdemeanor, to felony rape, robbery or negligent homicide.

In New Jersey, agents broke up a narcotics ring operating in Plainfield that imported cocaine from Guatemala to members of the Mara Salvatrucha gang and associates, the authorities said.

Agents also arrested 22 suspected members of the Los Cafeteros gang and the Sureno 13 gang in Red Bank. All of the suspected gang members are being held on immigration charges, but many also have criminal records, the authorities said.

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Marc Raimondi, a spokesman for the Immigration and Customs Enforcement agency, said that at least four people were arrested as late as yesterday morning in New York City. "Border security doesn't stop at the border," he said. "It requires a robust interior enforcement effort."

Most of those arrested in the New York metropolitan area were from Latin American countries, but the nationwide sweep also caught immigrants from Africa, East and Southeast Asia, and Europe.

Sweep Nets Nearly 2,100 Illegal Immigrants (AP)

By Andrew Ryan

AP, June 15, 2006

BOSTON (AP)— A blitz by federal agents during the last three weeks captured nearly 2,100 illegal immigrants across the country in raids targeting child molesters, violent gang members and past deportees who re-entered the country.

U.S. Immigration and Customs Enforcement officials credited the roundup to a network of 35 fugitive apprehension teams.

"This is a massive operation," said Marc Raimondi, a spokesman for immigration enforcement or ICE, which is part of the Department of Homeland Security. "We are watching the country's borders from the inside."

The crackdown, dubbed "Operation Return to Sender," kicked off May 26. An Associated Press reporter and photographer accompanied a fugitive task force as it made raids Tuesday night and early Wednesday.

A swarm of immigration agents had sped silently, headlights off, down a Boston side street and surrounded an apartment house.

"Police! Policia! Police!" Monico yelled, holding his badge to a window where someone had pulled back the curtain. "Open the door!"

Soon agents led a dazed-looking Jose Ferreira Da Silva, 35, out in handcuffs. The Brazilian had been arrested in 2002 and deported, but had slipped back into the country. He now faces up to 20 years in prison.

"This sends a message," said Daniel Monico, a deportation officer, after a successful raid early Wednesday. "When we deport you, we're serious."

The operation has caught more than 140 immigrants with convictions for sexual offenses against children; 367 known gang members, including street soldiers in the deadly Mara Salvatrucha, or MS-13; and about 640 people who had already been deported once, immigration officials said. The numbers include more than 720 arrests in California alone.

More than 800 people arrested already have been deported.

ICE's 2006 budget increased the number of fugitive task forces to 52, and the Bush administration is pushing for 70 by 2007. The teams face a mounting challenge.

There are more than 500,000 "fugitive aliens" who have been deported by judges and either slipped back into the country or never left. There is often a disconnect between local and state prisons and the federal government that allows illegal immigrants to serve time and be released without being transferred to federal officials for deportation.

The government has conducted large scale sweeps from time to time, including on April 20, when Homeland Security Secretary Michael Chertoff announced a new get-tough policy. That day, agents rounded up 1,100 illegal immigrants in 40 cities.

During the raid late Tuesday, the federal squad, which includes a Boston police sergeant detective, wore bulging bulletproof vests and stiff Kevlar gloves to protect their hands from needles, knives and rusty fences.

Badges dangled on chains around their necks as they passed around wanted posters and shined flashlights on the face of a 24-year-old Latvian man who had served prison time for assaulting a police officer.

The team moved in the dark, climbing fences and hiding behind parked cars to encircle a three-story house in Boston's Allston-Brighton neighborhood. All at once they emerged from the shadows. A half-dozen agents filled the front porch, their knocks on the door echoing down the block. The target had moved, the agents learned, and a team split off and caught him in Weymouth, about 15 miles south of the city.

Another man caught in the recent blitz was a Salvadoran gang member who was convicted in a stabbing that left a 13-year-old boy paralyzed. Agents caught him working at Budget Rental Car at Boston's Logan Airport.

"The problems with immigration aren't going to be solved overnight," Raimondi said as the team sped toward another raid. "You start chipping away at it … The more teams we get up and running, the more dangerous people we are going to get off the streets."

ILLEGAL IMMIGRANT SWEEP NABS 2,179 (HC)

By Rosanna Ruiz

Houston Chronicle, June 15, 2006

DOJ_NMG_0034269

The operation targets criminals, fugitives; 120 in Houston among those arrested

Immigration officers arrested 2,179 criminal immigrants and fugitives during a nationwide operation touted as a response to Homeland Security Secretary Michael Chertoff's call for greater interior enforcement, what some argue is a political maneuver meant to mollify critics.

Among the people arrested in "Operation Return to Sender," many are illegal immigrants with criminal convictions while others are people who defied final deportation orders.

Julie L. Myers, assistant secretary for U.S. Immigration and Customs Enforcement, said during a news conference in Houston on Wednesday that those arrested represented "the worst of the worst."

"Clearly our communities are much safer with individuals such as these off the streets," Myers said. "We're also sending a clear message that we will no longer allow the interior of the United States to be a safe haven for illegal aliens. There's no question America's welcome does not extend to immigrants who come here to commit crimes or come here illegally."

The operation comes at a time when ICE is under increasing pressure to rid the country of illegal immigrants. The debate about immigration policy reform rages from the halls of Congress to the U.S.-Mexico border, where National Guard troops are being deployed to assist border patrol efforts.

"There's absolutely some symbolism going on," said John Keeley, spokesman for the Center for Immigration Studies, a Washington, D.C.-based think tank that supports tougher immigration reforms. "In the interior of the U.S. you're seeing enforcement activity, and it's standing out because there's any of it at all."

At least 800 people arrested in the operation, which began May 26 and concluded Tuesday, already have been deported, Myers said.

There were 424 immigrants arrested in Texas, including 120 in Houston.

Keeley said the operation and Chertoff's interior enforcement efforts as a whole seem somewhat incongruent with the Bush administration's "unwillingness to enforce immigration laws."

A combination of public opinion polls, anti-illegal-immigration groups such as the Minuteman Project and dramatic rallies by immigration-rights advocates across the country have forced President Bush to address the issue. Still, Keeley said, ICE remains underfunded and understaffed.

Michael Cutler, a former New York immigration agent who has testified before an immigration subcommittee in Congress, called Wednesday's announcement nothing more than a "dog and pony show," meant to deceive the public.

"They're doing it simply because they're trying to show they have the desire and commitment to enforce the laws and legislation is pending on the issue," Cutler said.

Charles Foster, a Houston lawyer who has advised Bush on immigration, said the president recognized early on the need to overhaul the legal process to attain citizenship.

"Damned if you do, damned if you don't," he said. "If they're not enforcing the law they're subject to criticism, and if they do enforce the law it's said to be a political statement."

Foster said it should be difficult to criticize ICE for targeting criminal immigrants given the uproar about the need for greater enforcement.

"Whether it's politics or not, every agency has the survival mechanism in place to put the best foot forward," Foster said. "Once you try to do something you might as well get credit for it."

Foster agreed, however, that ICE suffers from a manpower shortage.

Myers said there are 35 fugitive teams set up in its field offices across the country, three times as many as at the start of the year. Eighteen more teams will be added if a Bush administration budget proposal gains approval, she added.

ICE estimates that there are 11 million to 12 million undocumented immigrants in the United States. About 590,000 are fugitives, according to the agency.

Feds Nab Thousands In Immigration Sweep (CHIT)

By Oscar Avila, Tribune Staff Reporter

Chicago Tribune, June 15, 2006

Federal authorities said Wednesday that they had arrested 75 immigrants in Illinois as part of a 19-day nationwide sweep of immigrants who should not be in the U.S. because they have committed crimes or ignored deportation orders.

Officials with the U.S. Department of Homeland Security said they arrested 2,179 immigrants nationwide as part of Operation Return to Sender, which ended Tuesday.

More than two-thirds of the immigrants arrested in Illinois are from Mexico, but those arrested also included immigrants from Bangladesh, China, Ecuador, El Salvador, Honduras, Iraq, Jamaica, Poland, Peru, South Korea and Turkey.

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Those arrested in Illinois included an Ecuadorean man who was a high-ranking member of the Gangster Disciples street gang and a Chinese gang member who had remained in the country even after his deportation date following a conviction for human smuggling, drug dealing and other crimes.

Most of those arrested in Illinois were gang members, primarily from the Sureno 13 gang, said Tim Counts, a U.S. Immigration and Customs Enforcement spokesman. Nearly 30 immigrants were arrested for violating deportation orders, Counts said.

The operation was no different from the day-to-day work of existing fugitive operations teams, formed four years ago. Yet government officials, including Homeland Security Secretary Michael Chertoff, highlighted the arrests as proof of a new emphasis on enforcement.

Counts discounted skepticism he has heard that the Bush administration is seeking high-profile arrests to address calls from conservatives for stricter immigration enforcement.

"This has been a focus long before the debate on immigration heated up," he said.

424 Criminal Immigrants Are Arrested In State (DMN)

By David Mclemore, The Dallas Morning News

The Dallas Morning News, June 15, 2006

Dallas gang member among 2,179 nabbed nationwide in sweep

HOUSTON – A Dallas gang member was among 424 criminal illegal immigrants rounded up in Texas and nearly 2,200 arrested nationwide in a three-week sweep by federal agents, officials said Wednesday.

The sweep by U.S. Immigration and Customs Enforcement agents resulted in the arrests of 2,179 criminal fugitives from other countries. Their crimes include sexual assault, burglary, drug dealing and other violent offenses, and most had ignored deportation orders from immigration judges.

"We're sending a message that we can't allow the nation's interior to be a safe haven for criminal illegal immigrants," ICE Assistant Secretary Julie Myers said during a Houston news conference. "Our communities are safer with these people off the streets."

The sweep was announced by the U.S. Department of Homeland Security in April as the national debate over border enforcement reached a pitch. Ms. Myers was asked if the operation is related to the continuing debate in Congress.

"We're just doing our job," she said. "We're enforcing the laws on the books."

Nearly 150 of those arrested were convicted sex offenders. An additional 367 – about 17 percent of the total – were members or associates of violent street gangs, including MS-13.

Type of offenders

One man, Angel Lira-Alvarez, 26, an illegal immigrant from Mexico, is a member of the East Side Homeboys gang in Dallas. He has convictions on drug and burglary charges and had been deported. He re-entered the U.S. and was arrested again on a marijuana charge.

When ICE agents arrested him last week, Dallas police wanted Mr. Lira-Alvarez on a parole violation.

"These are exactly the kind of offenders we must prevent from entering our country in the first place," said U.S. Sen. John Cornyn, chairman of the Immigration, Border Security and Citizenship subcommittee.

Most of those taken into custody were arrested on immigration violations and are in the process of being deported. About 829 have already been sent back to their home countries.

"There is no hard data on how many criminal illegal immigrants are now in the U.S.," Ms. Myers said. "ICE's job is to focus on the worst of the worst and get them out of this country."

The operation started May 26. ICE fugitive teams, working with local authorities, began gathering information, identifying criminal immigrants and making arrests. Eventually, there were arrests in 34 states. Texas' 424 arrests trailed only California's 722. Massachusetts was next with 157.

'No particular hot spot'

The result shows criminal activity by illegal immigrants is not restricted to border states, said Marcy Forman, director of ICE's Office of Investigations.

"There is no particular hot spot. Criminal activity by illegal immigrants has spread across the country, particularly through street gangs," she said.

She noted that MS-13, a virulently violent gang now associated as enforcers for Mexican drug organizations, started in Los Angeles as a Salvadoran immigrant criminal gang. It has now spread across the nation, Ms. Forman said.

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At least two MS-13 members were picked up in Boston on June 6, including Franklin Ademir Rodriguez, 25, of El Salvador, who has a lengthy criminal record, including a gang attack that left a 13-year-old boy paralyzed.

Mr. Rodriguez was arrested at his job at a car rental agency at Logan International Airport after he failed to appear for an immigration hearing.

Ms. Myers said her agency's focus on criminal illegal immigrants would continue.

ICE already has increased the number of fugitive investigation teams from 18 to 35, and there will be 52 by the end of the year, she said. President Bush's budget calls for 70 teams.

County Arrests Account For One-fifth Of National Immigration Sweep (SDUT)

By Debbi Farr Baker, Union-tribune Breaking News Team

The San Diego Union-Tribune, June 15, 2006

SAN DIEGO – U.S. immigration officials Wednesday announced a countywide immigration roundup of 402 foreigners – including criminal aliens, fugitives and gang members.

It was part of a national six-day sweep – dubbed "Operation Return to Sender" – in which agents with U.S. Immigration and Customs Enforcement ensnared 2,179 people in more than 30 states.

All of those arrested were in the country illegally and are to be deported or, in some cases, prosecuted.

The foreign nationals arrested in San Diego County accounted for nearly one-fifth of all those picked up in the national sweep. California had the most arrests of any state, a total of 722.

Most of those arrested here are from Mexico; several are from Guatemala. They have all been sent back to their home countries, according to local immigration agency spokeswoman Lauren Mack.

The nationwide operation was conducted on six non-consecutive days beginning May 26. Almost half of those arrested in the nationwide sweep had criminal records involving such offenses as drug trafficking, assault with a deadly weapon, burglary, abduction and sexual assault on a minor, Julie L. Myers, the assistant secretary for Immigration and Customs Enforcement, said in a news release.

One of the men arrested in San Diego County had been convicted of molesting a 14-year-old girl in 2003, Mack said.

Of the total arrested nationwide, about 830 have been deported so far, Mack said. Approximately 146 of those arrested had convictions for sexual offenses involving minors and about 367 were members or associates of violent street gangs, authorities said.

Among the others taken into custody were a violent Salvadoran gang member with a long criminal history who was convicted in a stabbing that left a 13-year-old boy paralyzed, and a Mexican national whose violent criminal history dates back to 1985, with arrests for drug trafficking, aggravated robbery and making terrorist threats.

Immigration agents specifically targeted people who had been issued final orders of deportation, but at some of the addresses they checked they also found others in the country illegally, and took them into custody as well.

They said they apprehended 121 people on criminal charges.

"America's welcome does not extend to immigrants who come here to commit crimes. ICE will leave no stone unturned in hunting down and deporting aliens who victimize our communities," Myers said in a news release.

The operation, which started on May 26, involved virtually every field office in the nation and resulted in arrests from coast to coast.

While California had the most arrested, Mack said it was followed by Texas, with 424; Massachusetts, with 157; New Jersey, with 116; and New York and Michigan, which both had 110.

In Louisiana, 78 people were apprehended, and in Arizona, 49.

The arrestees hailed from countries from all over the world including Angola, Bangladesh, Egypt, Iraq, Italy, Pakistan, Peru, Poland and Uzbekistan.

The arrests are the part of the interior immigration enforcement strategy that was announced in April 20 by Homeland Security Secretary Michael Chertoff.

Public Warms To Bush Immigration Stance (WSJ)

By John Harwood

The Wall Street Journal, June 15, 2006

Republicans Are Unlikely to Benefit in November Amid Weak Poll Results for Congress, President

WASHINGTON -- Add this to the list of things that have gone right lately for President Bush: Americans appear to be drawing closer to his view on the immigration debate.

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But that hasn't alleviated the squeeze on Republican candidates in the fall elections. A new Wall Street Journal/NBC News poll shows that the party's conservative electoral base remains at odds with broader public opinion on the issue, including sentiment of the nation's swelling Latino population.

By 50%-33%, the survey shows, Americans support the views expressed by President Bush and also by businesses, Hispanics and Democratic leaders: that steps to strengthen border security should be combined with a guest-worker program for prospective immigrants and those who have been in the U.S. for at least two years. Yet a 44% plurality of conservatives back an agenda combining border security and deportation of illegal immigrants -- making it difficult for Republican politicians to embrace the majority opinion.

IN THE POLLS

1 • The Wall Street Journal/NBC News poll2

• Track Bush's approval ratings3

On immigration, President Bush "is where the American public is," says Democratic pollster Peter Hart, who helps conduct the Journal/NBC survey. "The difficulty is, the base of the Republican Party is marching in the other direction."

Moreover, conservatives are disproportionately likely to say immigration will be important to their vote. Among Americans calling immigration a top-tier issue, 72% say they are more likely to back a candidate seeking a fence along the Mexican border, while just 37% say they are more likely to support one who favors a guest-worker program.

Mr. Hart's Republican counterpart, Bill McInturff, adds that the guidance Republican lawmakers will take from the findings is "don't blink" from the tough border-security position staked out by the House in negotiations with the more-moderate Senate. Yet that strategy could prove self-defeating, if it sinks prospects for a compromise, because the poll also shows that conservatives will be most upset if Congress doesn't act. The survey of 1,002 adults, conducted June 9-12, has a margin for error of 3.1 percentage points.

Republicans and Mr. Bush are both ill-positioned to suffer further political setbacks. The poll, conducted before Bush adviser Karl Rove was cleared of potential charges in the Central Intelligence Agency leak case but after U.S. forces killed Iraq's al Qaeda leader Abu Musab al Zarqawi, showed Mr. Bush's overall job-approval rating essentially unchanged at 37%.

Optimism about the war edged up slightly, with 53% of Americans saying that Mr. Zarqawi's death would improve the situation in Iraq at least a little. But Americans no longer share the president's assertion that "I made the right decision" to go to war in the first place. A 53% majority calls attacking Iraq "the wrong decision," while 41% side with Mr. Bush.

A 61% majority called things in America "off on the wrong track," more than twice the 27% who said things are headed in the right direction." Approval of Congress remained at an abysmal level -- 23% -- while Americans sided with Democrats on most opinion measures. By 49%-38%, respondents said they want Democrats rather than Republicans to control Congress after November's elections.

The contours of individual congressional districts make it difficult for Democrats to translate such advantages into the 15 seats they need to recapture control of the House; Democrats must gain six seats to regain a Senate majority. But the poll suggests that Republicans' 2006 woes are both broad and deep.

By 51%-36%, Americans say they worry less about a different Democratic direction than about the possibility that Republicans remain in power and keep the same policies. And they prefer Democrats by a wide margin on issues such as health care, gasoline prices and the economy, while traditional Republican advantages on values and terrorism have shrunk.

Five months before Election Day, Democrats also enjoy an edge on voter intensity. Some 60% of self-described Democrats expressed a very high level of interest in fall elections, compared with 52% of self-described Republicans.

One early source of solace for the president's party is that such a differential didn't fuel outsize Democratic turnout in last week's special House election in California won by Republican Brian Bilbray. In part, that may be because neither of America's main political parties currently enjoys a good reputation. While the Republican Party is viewed negatively by 47%-34%, so is the Democratic Party by 39%-35%.

"Somebody has to win this," Mr. McInturff says. But "if there were a 'none of the above' option, people would seriously consider it."

The economy -- an issue Republicans, as the governing party, hoped to capitalize on -- is providing little traction. Reminded of a host of positive statistics on job growth, overall growth and tax cuts, just one in four Americans say those reflect their personal view of the economy.

Even among Americans earning more than $75,000 a year, just one-third embrace the positive view. The top economic concerns cited by respondents: health-care and education costs, gas prices, the federal budget deficit and inflation.

Mr. Bush has fared better in the debate over immigration, which now trails only the Iraq war as a top-priority national issue for voters as a whole. Among Republicans, it outranks even Iraq in importance.

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The survey indicates that Mr. Bush has achieved his goal of "a civil debate" on the issue, despite the cultural, social and economic passions aroused by the presence of 12 million illegal immigrants in the U.S. In December, Americans by 53%-37% said immigration hurts the country more than it helps.

Today, despite predictions of a backlash from demonstrations this spring demanding immigrants' rights, the public is more evenly split. Some 44% say immigration helps the country, while 45% say it hurts.

Moreover, Americans in all regions of the country back the approach supported by Mr. Bush and embodied in recent Senate legislation calling for a 370-mile fence on parts of the Mexican border and a guest-worker program. Conservatives -- almost alone among age, income and demographic categories -- prefer the House approach of building 700 miles of fencing and deporting illegal immigrants.

Immigration Reform Doubts Rise On Hill (WT)

By Charles Hurt

The Washington Times, June 15, 2006

Lawmakers on Capitol Hill are increasingly doubtful that Congress will pass any sort of immigration reform legislation this year.

"My gut [feeling] is that it's undoable," Sen. Dianne Feinstein, California Democrat, said yesterday about a compromise this year between the House and Senate bills. "The bills are too different. The sides are really polarized."

Rep. Tom Tancredo, Colorado Republican and leading critic of the approach favored by Mrs. Feinstein, yesterday gave immigration legislation a 20 percent chance of passage this year.

A poll of lawmakers published in this week's National Journal found that 44 percent of those anonymously surveyed said they doubt any compromise can be reached this year.

The most optimistic predictions found in an informal survey conducted yesterday by The Washington Times suggested a perfect tossup.

"Fifty-fifty," answered Sen. Lindsey Graham, the South Carolina Republican who has been a key supporter of the Senate bill that many say grants "amnesty" to about 10 million illegal aliens.

"We're right on the bubble," said Rep. Steve King, Iowa Republican and harsh critic of the Senate bill. "I think it could go either way."

Whom to blame and who will pay the price in November's elections are more debatable.

"It's increasingly clear that opponents of comprehensive immigration reform are prepared to use every tool possible to defeat any effort to pass immigration reform," said Jim Manley, spokesman for Senate Minority Leader Harry Reid, Nevada Democrat.

The two bills await conference committee, where House and Senate negotiators will hammer out the differences. Those negotiations already have stalled because of a technical, though constitutional, issue with the Senate version of the legislation.

Republicans blame Mr. Reid for refusing to agree to a simple fix that would allow negotiations to begin. Mr. Manley said Mr. Reid wants more assurances that House negotiators won't rip apart the Senate bill.

Republicans say Mr. Reid and other Democrats are trying to quietly scuttle any bill from emerging in order to deny the Republican-led Congress a significant legislative victory before the fall elections.

"Failure is the worst thing we can do," Mr. Graham said. He was countering the mantra of House Republicans, who say a bill that grants a path to citizenship for illegals is worse than no bill at all.

Rep. Elijah E. Cummings, Maryland Democrat, called the Senate bill a "non-starter" in the House because of Republican opposition. He said the Republicans' victory in California last week by Brian P. Bilbray, who campaigned for a congressional seat on a tough immigration stance, assured that House Republicans will not back down from their tough border security bill.

GOP Vs. GOP On Borders (WP)

By David S. Broder

The Washington Post, June 15, 2006

Out of the past and into the current controversy dividing the Republican Party came former California governor Pete Wilson, charging into Washington this week to argue that he had been right all along in trying to slam the door on illegal immigration.

Far from dooming Republicans to a series of defeats in the most populous state, Wilson argued, his championing in 1994 of Proposition 187, denying health care and educational services to illegal immigrants and their children, anticipated the kind of hard-line policy many Republicans endorsed this year.

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The old Marine, as unyielding now at 72 as he was during his eight years as governor, may not be the spokesman the embattled House Republicans would choose for their fight with the White House and the Senate over the immigration reform bill now headed for conference committee. Wilson is blamed by many Republicans, including those around President Bush, for so alienating the growing Hispanic vote in California that the state's hoard of electoral votes has moved permanently into the Democratic column.

But Wilson, a former senator, rejected that charge at a Hudson Institute talk in Washington. And, despite being a Bush appointee (to the Defense Policy Board, a Pentagon advisory panel), he called on his former colleagues to resist White House pressure on the House and Senate to pass a compromise bill that preserves elements of the president's more generous approach and that includes a path to citizenship for the millions of illegal immigrants already here. He said the only reason the Senate voted for a more generous bill was that many senators had been "intimidated."

Wilson said House Republicans are right in insisting that the Mexican border be closed before any thought is given to a guest worker program or anything resembling amnesty. That was also the message the winner of last week's House special election in the San Diego area, Republican Brian Bilbray, said voters were sending when they chose him.

Build a wall the entire 2,000-mile length of the border, and do it first, Wilson said, or else "you'll have 20 million, 35 million, 50 million" illegal immigrants in the country.

Wilson, a former mayor of San Diego, offered a revisionist history of California politics in defending his position. The 1994 campaign ad for which he became famous -- a nighttime shot of shadowy figures sneaking across the border, while the announcer intoned, "They keep coming" -- was falsely depicted in the media, he said, as an anti-immigrant message. It was aimed strictly at illegal immigrants, Wilson said, and in defense of California taxpayers.

Did it cost Republicans California? Many have said so, noting that Democrats have won every presidential race, every Senate contest and every regular election for governor since Prop. 187 passed.

Arnold Schwarzenegger's victory in the 2003 recall election broke that spell, Wilson said, and the blame for the earlier defeats can be assigned to the men who were "nice guys but not good candidates." As for the presidential races, he said Bob Dole in 1996 and George W. Bush in his two campaigns really didn't try hard enough to get California.

That's his story, and he's sticking to it. But Sen. Chuck Hagel (R-Neb.), one of the principal sponsors of the Senate bill, isn't buying any of it. "He really misreads this," Hagel told me. "The intimidation was all coming from the other side," in the form of e-mails and phone calls denouncing the 23 Republicans who, like Hagel, voted for the Senate bill.

Hagel said the 2,000-mile fence "is just not practical" and the "20 million, 35 million, 50 million" illegal immigrants flooding in are numbers Wilson pulled out of the air. And Wilson's interpretation of California political history is equally unpersuasive. "California has become a wasteland for Republicans," Hagel said, "with not one elected official except the governor, who got there by accident. And you can't blame that all on candidates. Parties get a reputation from the policies they support."

Hagel made one other point: Those who, like Wilson, want only a border-closing bill offer no policy for dealing with "the 11 million illegals living in our country or their 3 million legal children. Is the party of Abraham Lincoln going to allow a permanent second class of people waiting to be citizens?"

The next few months of House-Senate negotiation will determine whether Pete Wilson and Brian Bilbray or Chuck Hagel and George Bush speak for the Republican Party.

E Pluribus Pluribus? (USAT)

By Former Presidential Candidate Gary Bauer

USA Today, June 15, 2006

"Any man who says he is an American, but something else also, isn't an American at all." — Theodore Roosevelt

While much of the immigration debate focuses on financial issues — whether illegal immigrants hurt or help the economy — the missing link to understanding Americans' anxiety over the issue is the reality that we are failing to build a citizenry that loves America first. The unasked question is whether we are building allegiance to anything other than the almighty dollar.

For much of our history, immigrants took their first steps onto American soil understanding that coming to this country meant pledging allegiance to one nation, under God, indivisible, with liberty and justice for all. They were enthusiastic about learning our language, our history, our laws and our traditions. They recognized what it meant to become an American.

Today, hyphenated Americans put other countries and affiliations first, and they drive a wedge into the heart of "one nation." A recent poll of Hispanics in America by Investor's Business Daily shows that 64% consider themselves "mostly Hispanic," but that only 15% see themselves as "mostly American." The survey further reveals that 31% speak "only Spanish" in the home, while just 6% speak "only English." Finally, 69% of respondents said they lived in predominantly Hispanic neighborhoods.

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Even more distressing

While these data are troubling, they become downright distressing when one considers that 27% of the survey sample had lived in the USA for more than 25 years, while only 15% lived here fewer than six years.

Whatever your opinion of amnesty and "guest worker" programs, the truth is that for many Hispanics residing in the USA, the great metaphor of America as a "melting pot" has ceded to the notion of America as a "salad bowl" of mutually exclusive groups.

If many immigrants are not assimilating, part of the blame lies with America's academic and political elites. We live in an era where the Pledge of Allegiance is under attack in many schools. Several schools banned the flying of U.S. flags.

Today, multiculturalism is considered a civic virtue — in which accepting foreign traditions, values, laws and languages is put ahead of promoting immigrants' integration into our society. When Hispanics can do so much of their business in Spanish, vote in Spanish, take a driver's license exam in Spanish and send their kids to bilingual public schools, what reason do they have to learn English?

Our shared respect

The United States stands proudly as a nation of legal immigrants. This is not a chance collection of separate peoples united merely by geography or economic opportunity. Rather, this is a nation of citizens united in our shared respect for the inviolable freedoms and rights found in our great documents. As Teddy Roosevelt said, "We have room for but one flag ... but one language ... but one sole loyalty and that is a loyalty to the American people."

A recent news report identified four U.S. servicemen who had died that day in Iraq. Three of the four men had Hispanic surnames. By making the ultimate sacrifice for their country, they represented the true embodiments of the American ideal.

The unmentioned undercurrent in the immigration debate is the lack of Americanization of those who come here unwilling to pledge allegiance to a new flag, and the lack of effort by those in leadership to make one people out of many —E pluribus unum.

The term "earned citizenship" has been employed to describe proposals requiring illegal immigrants to pay fines and back taxes before applying for legal status. But if "earned citizenship" means anything, it surely means a commitment to assimilating into the American way of life. It must mean joining together under one flag, not just one currency.

Former presidential candidate Gary Bauer is president of American Values and chairman of Campaign for Working Families.

A Tip Of The Cap To Pro Baseball (USAT)

By Tim Wendel op-ed

USA Today, June 15, 2006

Junior Noboa stands in the shade of the first-base dugout and surveys his baseball kingdom. The former second baseman for the Montreal Expos operates one of the 30 or so baseball academies now in the Dominican Republic.

Establishments such as Noboa's are modeled, in large part, after Days Inns or Holiday Inns. The effect can be jarring. Dirt roads in the jungle dead-end at vast complexes with emerald-green fields and residence hotels that would be at home off any U.S. interstate.

"We try to make it as close as we can to what they'd find in America," Noboa says. "If we don't, the odds of them making it aren't too high."

In the back-and-forth debate over immigration reform, one footnote likely to be overlooked is the fact that Major League Baseball (MLB) has its own type of a guest-worker program. Despite decades of frustration and failure, the national pastime learned that an effective policy for immigrant labor not only made business sense, it was good citizenship, too. The approach has allowed the sport to foster young stars and a new fan base.

Often, baseball seems antiquated compared with the rest of popular culture. American kids won't play the game because it isn't as high-paced as video games or as cool as the sport du jour, basketball. But when it comes to demographics, MLB surprisingly is cutting-edge.

This season, more than one quarter of the players on U.S. major-league teams are foreign-born. At the minor-league level, overseas players make up 45% of the roster openings, with the majority coming from the Dominican Republic, which is the top exporter of baseball talent. Fans who might object to day laborers have little problem cheering on immigrant stars. After all, MLB's attendance reached an all-time high last season.

'A great boon'

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"Without the influx of Latin players, we certainly wouldn't have 30 major-league teams," Chicago White Sox executive Roland Hemond told The Kansas City Star. "So they've been a great boon for our game, its growth in franchises as well as in quality of play."

Almost sixty years ago, Jackie Robinson broke the color barrier in U.S. sports. While the MLB didn't volunteer for the role, it did show the rest of the country that black and white could not just get along, but could also work hand-in-hand on the same team. A similar evolution continues today between white and brown.

But assimilation in baseball hasn't been easy. Soon after Robinson, Orestes "Minnie" Minoso arrived from Cuba to play for the Chicago White Sox. Early on, he faced many of the same biases and insults that plagued Robinson.

"When I played, I sometimes had to play the clown," he once told me. "I had to listen and laugh, even if I was crying inside. But never did I let them see that it bothered me."

In the early '60s, San Francisco Giants manager Alvin Dark declared that only English would be spoken in the clubhouse and dugout. His edict very well might have kept a team filled with Latino stars — Orlando Cepeda, Juan Marichal, the Alou brothers — from ever winning a World Series. In the hypercompetitive world of professional sports, such division in a locker room is poison for team chemistry.

Though that was four decades ago, today's immigration debate echoes similar themes. Throughout this country's history, immigrants — legal or not — have faced resentment for economic and cultural reasons.

"They take our jobs."

"They don't speak the language."

"They're changing our communities."

In fact, the Senate recently passed immigration legislation that declared English to be the national language of the United States. Another measure deemed it the "common unifying language." It can be, if used as a tool to bring people together rather than a wedge to drive people apart. Unifying? Just ask the Giants team of the early '60s.

Lessons for the rest

But baseball's own model of assimilation can provide good lessons for the nation as a whole, even if they can't be duplicated on such a massive scale.

Major leaguers are afforded the same work permits reserved for internationally recognized artists and entertainers. Today, many teams have bilingual coaches, trainers and front office personnel from rookie ball on up to the majors. The Cleveland Indians and New York Mets not only teach their top prospects English, but they've also begun to send them to school in the Dominican Republic so the prospects receive a high school education while they're playing for their organizations.

"Even if they fail as ballplayers, they are given tools that enable them to go on with life," says Alan Klein, author of Growing the Game: The Globalization of Major League Baseball. "This isn't the case in other (U.S.) industries making use of temporary workers."

So in today's game, these players fold into U.S. society — whether they become U.S. citizens or not. David "Big Papi" Ortiz from the Dominican Republic has become a folk hero in Boston. Another Dominican, Vladimir Guerrero, is a crowd favorite in Southern California. In New York, Omar Minaya, the first Latino general manager at the major-league level, has created "Los Mets," with Pedro Martinez, Carlos Beltran, Carlos Delgado and Julio Franco.

Major League Baseball makes America accessible to these players, thus making these players accessible to American fans.

If other industries dependent on immigrant labor — in the agriculture and construction trades, for instance — would make even slight efforts to help their workers assimilate, the benefits would flow through American society.

And then perhaps instead of two sides screaming at each other across a divide, we could have a civilized debate about immigration reform — regardless of what language we're speaking.

Tim Wendel is a member of USA TODAY's board of contributors. His books include The New Face of Baseball: The One-Hundred-Year Rise and Triumph of Latinos in America's Favorite Sport.

More Than 2,000 Illegal Immigrants Nabbed In Sweep (USAT)

By William M. Welch

USA Today, June 15, 2006

LOS ANGELES - Federal agents have arrested more than 2,000 illegal immigrants, many of them convicted criminals, child predators, gang members and fugitives, in sweeps across the country over the past three weeks, authorities said Wednesday.

Immigration and Customs Enforcement's Operation Return to Sender was the latest in a series of crackdowns on illegal immigrants since Homeland Security Secretary Michael Chertoff promised a tougher enforcement effort in April.

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"America's welcome does not extend to immigrants who come here to commit crimes," ICE Assistant Secretary Julie Myers said in Houston, where she announced 2,179 arrests.

The arrests came in every region of the country — 34 states and the District of Columbia. The most, 722, were in California and included 402 in San Diego, site of the busiest U.S. border crossing with Mexico.

Elsewhere in Southern California, agents focused on illegal immigrants with a record of sexual offenses against children, said Kumar Kibble, assistant special agent in charge for Orange County. He said the agency "targeted the greatest threats" with its operation, which began May 26 and concluded with the announcement.

"Our efforts continue," Kibble said.

Nationwide, those arrested included 146 people previously convicted of sex offenses involving minors; 367 members or associates of violent gangs; and 640 fugitive immigrants who had failed to comply with orders to leave. An additional 121 people were arrested on charges of felony re-entry after deportation, illegal alien possession of a firearm and similar charges.

Among those arrested were Franklin Ademir Rodriguez, 25, a Salvadoran with a criminal history and membership in the violent street gang Mara Salvatrucha, the agency said. He was arrested at his job at a car rental agency at Boston's Logan Airport. Another, Wilber Kuk, 24, is a Mexican national and member of the 18th Street gang in Washington, D.C. Kuk has convictions for abduction, malicious wounding and robbery.

Kibble said agents tracked down people by examining lists of sex offenders, checking criminal and other records and following up on tips.

Some of those arrested fell into the net by accident: In San Marcos near San Diego, agents arrested two illegal immigrants after their car struck an ICE patrol vehicle from the rear, ICE spokeswoman Lauren Mack said.

TAX:

Hold That Back-Tax Chase (WP)

By Stephen Barr

The Washington Post, June 15, 2006

Two years ago, Congress authorized the Internal Revenue Service to hire private debt collectors to find individual taxpayers who acknowledge that they owe taxes but have not paid up.

The agency estimated the debt collectors could pull in about $1.4 billion over 10 years and free up revenue agents to focus on more complex cases and big-time tax cheats. The IRS selected three firms to track down the tax delinquents, but the project has been slowed somewhat by a bid protest and hasn't gotten underway.

Then, last week, the debt-collection project took a surprise hit. By two votes, the House Appropriations Committee approved an amendment to a fiscal 2007 spending bill that would prohibit the IRS from setting up the program. When the bill came to the House floor this week, Republican leaders did not challenge the amendment, allowing it to stand.

To some degree, the IRS setback reflects the unease created by the security breach at the Department of Veterans Affairs, in which at least 26.5 million veterans and military personnel were put at risk of identity theft when a laptop was stolen from a VA employee's home.

Rep. Steven R. Rothman (D-N.J.), who wrote the amendment, argued to the committee that it makes no sense to turn over taxpayer data to private debt-collection companies when identity theft seems to be on the rise.

Yesterday, Rothman teamed with Colleen M. Kelley , president of the National Treasury Employees Union, to press his case against what he called "the outrageous proposal."

Under the IRS plan, companies would be paid commissions on a sliding scale -- from 21 cents to 24 cents for each dollar collected. If one of the companies determined that a targeted taxpayer is bankrupt or dead, it would receive a $100 "administrative resolution fee."

In addition to his privacy concerns, Rothman contends the contracts are a waste because it costs the government only 3 cents for each dollar collected by an IRS employee. He also objects to the project's cost -- about $50 million in the first three years.

The project's initial phase would focus on more than 10,000 people who owe taxes, an IRS spokesman said. Over a two-year period, the debt-collection companies would be asked to track down about 100,000 who are in arrears. Starting in 2008, the IRS intends to hire up to 10 firms to provide collection services.

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IRS Commissioner Mark W. Everson has promised "tough safeguards" to protect taxpayer rights and privacy. Employees of the private firms would undergo background checks and mandatory training, the agency said. The fees that would be paid to the firms would be in line with industry standards, according to the agency.

Yesterday, Everson said he was disappointed by funding provided the agency in the House spending bill. The measure falls $104.5 million short of what the Bush administration requested and "would result in personnel reductions within the IRS." He noted that "using private collection agencies would bring in extra money and help reduce the deficit."

Kelley, however, said a similar IRS project failed about a decade ago and pointed to the irony of the government linking contract fees to the amount of tax dollars collected, a performance measurement that Congress has prohibited IRS managers from using when evaluating their employees.

Rothman's amendment must clear the Senate and subsequent negotiations between the House and Senate later this year -- a tough climb in the face of Bush administration opposition. But, Kelley said, "the House action is an indication that things are turning a bit in our favor."

Citing the VA loss of veterans' names, Social Security numbers and other personal information, she suggested that concern about privacy rights might help the union's effort to kill the IRS project. "Closer and closer to election time, everyone understands that this proposal is very unpopular with the public," she said.

CONGRESS-ADMINISTRATION:

Adviser Who Shaped Bush's Speeches Is Leaving (NYT)

By Jim Rutenberg

The New York Times, June 15, 2006

WASHINGTON, June 14 — Michael Gerson, the White House speechwriter and policy adviser who shaped nearly every major address of George W. Bush's presidency, said Wednesday that he was leaving the administration to pursue new career options.

Mr. Gerson has been one of Mr. Bush's closest aides and is credited with giving voice to both the "compassionate conservatism" that Mr. Bush espouses and his more hawkish lines, like "axis of evil."

Mr. Gerson follows two other close Bush advisers who have left in recent weeks: Andrew H. Card Jr., the former White House chief of staff, and Scott McClellan, the former White House press secretary.

But officials said Mr. Gerson's departure was not part of the staff shakeup instigated by Mr. Card's successor, Joshua B. Bolten, who has tried to invigorate and re-energize Mr. Bush's staff with new faces.

Mr. Gerson, 42, who has worked for Mr. Bush for seven years, said he had been contemplating leaving the administration for some time. Mr. Gerson, who had a heart attack when he was 40, said he told the president four months ago that he was serious about leaving soon. He said he chose now in part because the White House is having a run of good news and the time seemed right. "This was a case where many good things are coming together at the White House," he said. "And it to some extent makes it easier to leave." He said he plans to continue a career in writing.

White House officials said there were no plans to name a successor to Mr. Gerson. "There's no way to replace him — he is a once in a generation," said Karl Rove, a White House deputy chief of staff. "He helped take the president on his best day and represent what was in the president's spirit and soul."

Mr. Gerson was known to have infused Mr. Bush's addresses with the religious allusions for which they became known. It was Mr. Gerson who changed the words "axis of hatred" to the more biblical "axis of evil." Mr. Gerson complained in an interview that the line was often misrepresented to apply directly to Iran, North Korea and Iraq, which were but examples of rogue states.

Asked to cite his favorite addresses, Mr. Gerson pointed to those that immediately followed the Sept. 11 terrorist attacks, specifically a line from an address given three days afterward, at the National Cathedral: "Grief and tragedy and hatred are only for a time. Goodness, remembrance, and love have no end. And the Lord of life holds all who die, and all who mourn."

Bush's Favorite Author Leaving The White House (WP)

By Peter Baker

The Washington Post, June 15, 2006

Top Aide Michael Gerson Knew Just How to Address the President

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Michael J. Gerson, one of President Bush's most trusted advisers and the author of nearly all of his most famous public words over the past seven years, plans to step down in the next couple of weeks in a decision that colleagues believe will leave a hole in the White House at a critical period.

Gerson said in an interview that he has been talking with Bush for many months about leaving for writing and other opportunities but waited until the White House political situation stabilized somewhat. "It seemed like a good time," he said. "Things are back on track a little. Some of the things I care about are on a good trajectory."

Since first joining the presidential campaign as chief speechwriter in 1999, Gerson has evolved into one of the most central figures in Bush's inner circle, often considered among the three or four aides closest to the president. Beyond shaping the language of the Bush presidency, Gerson helped set its broader direction.

He was a formulator of the Bush doctrine making the spread of democracy the fundamental goal of U.S. foreign policy, a policy hailed as revolutionary by some and criticized as unrealistic by others. He led a personal crusade to make unprecedented multibillion-dollar investments in fighting AIDS, malaria and poverty around the globe. He became one of the few voices pressing for a more aggressive policy to stop genocide in Darfur, even as critics complained of U.S. inaction.

"He might have had more influence than any White House staffer who wasn't chief of staff or national security adviser" in modern times, said William Kristol, who was top aide to Vice President Dan Quayle and now edits the Weekly Standard. "Mike was substantively influential, not just a wordsmith, not just a crafter of language for other people's policies, but he influenced policy itself."

"He is the best and most influential presidential speechwriter since Ted Sorenson," said Peter H. Wehner, director of White House strategic initiatives, referring to the adviser to President John F. Kennedy. "Mike is one of the key intellectual architects of the Bush presidency, whether we're talking about compassionate conservatism at home or the freedom agenda abroad."

Gerson is the latest in a series of longtime Bush aides to leave, following White House Chief of Staff Andrew H. Card Jr., press secretary Scott McClellan and Treasury Secretary John W. Snow. But newly installed Chief of Staff Joshua B. Bolten said in an interview that the departure is not part of his broader shakeup of the president's operation. No one is being tapped to take Gerson's most recent assignment as senior adviser.

"He's one of the few people who is irreplaceable," Bolten said. "He's a policy provoker, a grand strategist and a conscience who in many cases has not only articulated but reflected the president's heart."

Gerson, 42, said he had originally planned to leave after Bush's 2004 reelection but decided to stay when he was asked to shift from chief speechwriter to senior adviser with an office a few doors from the Oval Office. He had a heart attack in December 2004 but said his health is now fine and was not an issue in his decision. "It was never my intention to stay to the end," Gerson said.

He plans to look at writing, speaking and think-tank opportunities, with help from Robert B. Barnett, the high-powered lawyer who represents major figures such as former president Bill Clinton and Sen. Hillary Rodham Clinton (D-N.Y.).

Gerson stood out in a White House known for swagger. A somewhat slight, pale, bespectacled and soft-spoken Midwesterner, he nonetheless forged a strong bond with the outgoing, backslapping Texan president, in part through their shared conservative Christian faith. He found a way to channel Bush's thoughts, colleagues said, transforming a sometimes inarticulate president into an occasionally memorable speaker.

Gerson wrote or co-wrote every major speech Bush gave since announcing his candidacy, including convention and inaugural addresses and State of the Union messages. He crafted the two speeches after the Sept. 11, 2001, attacks that will probably be recorded as Bush's signal moments of national leadership: the service at the Washington National Cathedral and the address to Congress.

He crafted the State of the Union language that labeled Iraq, Iran and North Korea an "axis of evil" and the inaugural address that committed the United States to "ending tyranny in our world." He came up with the phrase "soft bigotry of low expectations" to focus on minority education problems.

Gerson believed strongly in the "compassionate" part of Bush's "compassionate conservatism," saying he wanted to pursue liberal goals through conservative means. To that end, he helped promote the president's No Child Left Behind education initiative, the Medicare prescription drug program and grants to faith-based charities. "It's a more activist approach," Gerson said. "That was a major change from what came before."

He also pushed for a $15 billion program to combat HIV and AIDS worldwide, telling Bush in the Oval Office that they would never be forgiven if they passed up the chance. Although he kept a hand in major speeches during the second term, he became increasingly focused on Africa and traveled there four times to see Darfur and other places firsthand, returning to describe searing scenes to his White House colleagues.

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While toiling for an uncommonly polarizing president, he made few, if any, enemies, even finding admirers in circles often not friendly to Republicans.

"Mike Gerson has been an important voice," said the Rev. David Beckmann, president of Bread for the World, a global anti-poverty organization.

Although groups have grievances about how some programs have been administered, it did not redound on Gerson, said David Gartner, policy director for the Global AIDS Alliance. "He's been committed and effective," Gartner said. "To get a moral issue the kind of attention it deserves, I'm sure is not easy to do."

Health Chief Defends Extensive Use Of CDC Jet (USAT/AP)

By Kevin Freking

USA Today, June 15, 2006

WASHINGTON — Health and Human Services Secretary Mike Leavitt on Wednesday defended his extensive use of a jet leased to the Centers for Disease Control and Prevention for emergencies.

Leavitt said he could not have overseen the implementation of the new Medicare prescription-drug benefit, plus help prepare states for a potential flu pandemic, without the use of the plane.

His explanation came at a House Ways and Means Committee hearing, where Rep. John Lewis, D-Ga., accused Leavitt of using the jet to “do public relations for the president” on the drug benefit.

Lewis cited an Atlanta Journal-Constitution article that analyzed the Gulfstream III's flight log and found that the 14-seat jet has been used primarily by Leavitt to attend news conferences promoting the drug plan and meetings with state officials about their flu pandemic plans. The flights have cost more than $700,000 since January, the newspaper reported.

Since January, Leavitt has taken the jet on 19 trips to visit more than 90 cities, said his spokeswoman, Christina Pearson. During the same period, CDC officials said they had used the aircraft to respond to three emergencies and conduct three training exercises.

The newspaper reported that during two emergencies, the CDC was forced to use another plane because Leavitt was using the Gulfstream jet.

“I think this is unbelievable, irresponsible and just dead wrong,” Lewis said.

Lewis' questioning riled some of his Republican colleagues. The Republicans jumped to Leavitt's defense.

“It is important that our national spokesman get out there to where the people are,” said Rep. Nancy Johnson, R-Conn.

Rep. E. Clay Shaw, R-Fla., said lawmakers use federal jets all the time when going on fact-finding missions.

Leavitt said the newspaper article was accurate and that he tried to use commercial jets whenever possible.

The aircraft has cost taxpayers $2.1 million this year, CDC and HHS officials said.

Senate GOP To Push Fix Of Budget (WT)

By Amy Fagan, The Washington Times

The Washington Times, June 15, 2006

Top Senate Republicans yesterday threw their support behind a package of new tools to rein in federal spending, including spending caps, a presidential line-item veto authority and a two-year budget.

Senate Majority Leader Bill Frist and Senate Budget Committee Chairman Judd Gregg, flanked by about a dozen Senate Republicans, said the budget process is broken and encourages spending instead of saving.

The bill, dubbed "S.O.S.: Stop Over-Spending," will reform the budget process, said Mr. Gregg, New Hampshire Republican, who along with Mr. Frist is stepping up his role in the Republican Party's election-year war on spending.

House Republicans have been more proactive in advancing budget reform ideas this year, and yesterday, the House Budget Committee approved line-item-veto legislation that will likely reach the House floor next week, along with a commission to set sunset dates for wasteful federal programs, both of which were demanded by House conservatives.

"We're just glad they're finally getting on board," one House Republican aide said of the Senate.

The senators' budget reform effort comes as the Senate prepares today to clear for President Bush a $94.5 billion emergency spending bill for Iraq, the war on terror, hurricane recovery, avian flu and border security. The Senate's version of the bill ballooned to about $109 billion and contained a host of unrelated items, but House and Senate negotiators cut about $14 billion from the final bill, avoiding a presidential veto.

Mr. Gregg's committee will vote on his new budget reform package next week, but it'll likely have a tougher time after that.

Mr. Frist said, "We'll do as much (of the package) as we possibly can."

The Senate bill would:

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•Switch to federal budgets that cover two years to free up time for more congressional oversight.

•Establish a process to reduce the deficit and balance the budget by 2012, including automatic reductions in the growth of entitlement programs if Congress doesn't meet targets.

•Set caps on discretionary spending and enforce them through across-the-board cuts if Congress doesn't voluntarily adhere.

•Allow the president to target specific spending items in bills and ask Congress to kill the items.

•Create a commission to set sunset dates for wasteful federal programs and another commission to examine ways to fix entitlement programs like Social Security and Medicare.

Still, even bill supporters admit that the package will be a heavy lift for many senators, especially those who dole out the money each year.

Former Appropriations Committee Chairman Ted Stevens, Alaska Republican, was skeptical.

"I'm going to have to study it and see if there's a way we can live with it," he said.

But Sen. Edward M. Kennedy, Massachusetts Democrat, blasted the bill as election-year cover for nervous Republicans.

"It's a political ploy to make up for the fact that under Republican leadership, we've run up the largest deficits," he said.

Striking A Balance On Earmarks (HILL)

By Jonathan Allen

The Hill, June 15, 2006

Call it the Coburn clause.

Senate Republicans say they are trying to salvage a spending-reform provision empowering individual senators to strip new earmarks out of conference reports without handing the rank and file unlimited power to wage wars of attrition to defeat bills they do not like.

"Writing the language in such a way that gets done what we want to accomplish has been very difficult," Sen. Trent Lott (R-Miss.), chairman of the Rules Committee, said yesterday. "You don't want to make it possible for troublemakers to tie up conference reports at the end of a session indefinitely with points of order."

Lott did not single out any such "troublemakers," but Sen. Tom Coburn (R-Okla.) proved last month that he is willing to use all available weapons in a floor fight.

Coburn offered a rare "clay pigeon" amendment to the war supplemental, under which each of the 19 pieces was subject to a vote. Rank-and-file Republican spending hawks have been battling leadership-written bills on the floors of both chambers, and the conference-report provision would give them a brand-new tool with which to fight.

Aides to Sen. John Ensign (R-Nev.) spent an hour with the Senate parliamentarian earlier this week trying to hammer out language that would preserve the original intent but not lead to nightmarish legislative delays, Ensign said yesterday. But Ensign, who is considering attaching his version to another bill, said he has not yet discussed the matter with Lott. If not well-crafted, the new rule could let senators impede legislation, he said.

The backroom maneuvering on earmark rules comes as lawmakers in both chambers are also waging public battles over spending.

Rep. Jeff Flake (R-Ariz.) angered many of his GOP colleagues yesterday by trying to strike their district-specific earmarks from a bill funding transportation and housing programs. Flake's home-state Republican colleague, John McCain, introduced a Senate amendment to the defense authorization bill that is designed to prod the Bush administration into providing estimates of war-funding needs to Congress in its annual budgets.

And Senate Budget Committee Chairman Judd Gregg (R-N.H.) unveiled an omnibus budget-process-overhaul measure yesterday that would establish enforcement mechanisms for caps on mandatory and discretionary spending, create a modified line-item veto and convert the federal government to biennial budgeting.

Flake lost roll calls on his amendments, McCain's amendment is unenforceable and even Republicans predicted that Gregg's budget-process omnibus has little chance of passage. But the effect of the Senate-specific earmark language could be far-reaching if it is included in a conference report on lobbying reform.

Conservatives hailed the original Senate language as a powerful tool they could use to limit "immaculate" earmarks — those that appear for the first time in conference reports. One Republican aide called the provision "the holy grail" of budget-process reforms.

Under that language, senators could raise points of order against conference provisions that did not appear in either the House or Senate version of a bill. If supporters of offending provision could not muster 60 votes to keep them in, they would be struck and the revised conference report would be sent back to the House.

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That, however, raises the prospect of a single senator raising such a point of order, waiting for the House to act on the revised bill, raising a second point of order against a separate provision and repeating the process as a means of killing a bill.

"That's why we're trying to carefully craft the language," Ensign said. "I think it may be used often early, then less often later."

The basic concept has proponents on both sides of the partisan divide, but the devil remains in the details.

"I do like the idea," said Sen. Kent Conrad (D-N.D.), "but I also am wary of anything that would just be designed to rope-a-dope the process."

The final language could include a limitation on the number of points of order available to senators, Lott said.

But while some lawmakers and aides hope to finish a lobbying bill before the July 4 recess, House Speaker Dennis Hastert (R-Ill.) declined to set a deadline yesterday.

"I'm not talking about any timelines," Hastert said.

However, in a joint statement last week, Hastert and Senate Majority Leader Bill Frist (R-Tenn.) said they are aiming to pass a final bill by July 4.

Meanwhile, Senate Republicans rolled out Gregg's budget-process bill, dubbed the Stop Over-Spending — or SOS — Act of 2006.

"We must regain control of this runaway train before it is too late," Gregg said.

Democrats seized on the offering as a "Save Our Seats" plan and predicted it would be a loser on the floor.

Conrad pointed to the GOP's inability to pass a budget this year and mounting debt as evidence of Republicans' fiscal irresponsibility.

"They're cursing the darkness. Whose darkness is it?" Conrad said. "Why didn't they light a candle?"

House Panel Approves Line-item Veto Bill (AP)

By Andrew Taylor

AP, June 15, 2006

Congress is moving to give President Bush and his successors greater power to try to weed bills of certain spending, though the new power would pale compared with the line-item veto law struck down by the Supreme Court in 1998.

The House Budget Committee on Wednesday approved by a 24-9 vote a bill to allow the president to single out wasteful items contained in appropriations bills he signs into law, and it would require Congress to vote on those items again.

Under the proposal, it would take a simple majority in both House and Senate to approve the items over the president's objections.

The idea is that wasteful "pork barrel" spending would be vulnerable since Congress might vote to reject such items once they are no longer protected by their inclusion in bigger bills that the president has little choice but to sign.

This is a far weaker version of the line-item veto that Republicans in Congress gave President Clinton in 1996. That bill allowed Clinton to strike items from appropriations and tax bills unless Congress mustered a two-thirds margin to override him. The bill was found unconstitutional since it allowed the president to amend laws passed by Congress.

Most members of Congress simply said good riddance. Clinton's use of the line-item veto against a military projects bill had provoked howls of outrage on Capitol Hill and Congress promptly overrode them.

But Bush in March proposed the new, watered-down version in concert with conservatives such as Rep. Paul Ryan (news, bio, voting record), R-Wis., sponsor of Wednesday's bill.

"Even if the president identifies numerous pork-barrel projects ... he is unlikely to use his veto power because it must be applied to the bill as a whole and cannot be used to target individual items," said Ryan. "Does he veto an entire spending bill because of a few items of pork when this action may jeopardize funding for our troops, for our homeland security or for the education of our children?"

Ryan made several changes to the measure in a bid to ease criticism from Democrats and others who said the original version was tilted too far in the president's favor.

The new plan modified the Bush proposal to ensure he could not paper Congress with spending-cut proposals and require repeated votes on the same item. The new power would expire after a six-year trial. But Ryan also narrowed the measure's application against special interest tax breaks so that, as a practical matter, few such provisions could be targeted by the president.

"It is so watered down that it is not a line-item veto," said Rep. Jim Cooper (news, bio, voting record), D-Tenn.

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Nonetheless, Cooper was one of the four Democrats on the panel to support the bill. Others such as top panel Democrat John Spratt Jr. of South Carolina opposed the bill despite supporting similar measures in the 1990s that were weaker alternatives to the line-item veto.

Meanwhile, Senate Budget Committee Chairman Judd Gregg, R-N.H., unveiled a broader budget overhaul plan. In addition to a similar mechanism to require revotes on projects deemed wasteful by the president, the bill would revive the old Gramm-Rudman mechanism of setting hard deficit targets and requiring across-the-board cuts if they are not met. The measure sets a target of a reducing the deficit to .5 percent of the size of the economy within six years.

"It will lead to a balanced budget for sure by 2012," Gregg said.

Unlike the Gramm-Rudman law, the across-the-board cuts would apply not just to programs passed by Congress each year but also to benefit programs such as Medicare, welfare and unemployment insurance.

Gregg's proposal, which is likely to clear the Budget Committee but stall thereafter, would also put Congress on a two-year budget cycle and establish a commission to make recommendations to keep Medicare, Social Security and Medicaid solvent.

"The Republican majority simply has no credibility when it comes to our nation's budget. Under their watch, record surpluses have turned into record deficits," said Sen. Kent Conrad (news, bio, voting record), D-N.D. "A Republican effort to change budget process rules now is like having the foxes change how they guard the chickens."

Earmarker In Chief (WSJ)

The Wall Street Journal, June 15, 2006

The Congressional debate over "earmarks" continues, and not in a way that makes the GOP majority look good. This week the Members are pushing through another 1,500 special spending projects, even as the controversy has engulfed California's Jerry Lewis, who as House Appropriations Chairman is earmarker in chief.

Federal investigators are examining whether Mr. Lewis abused his position by steering earmarks to his political friends and former employees. In one case, the Justice Department is investigating whether defense industry lobbyists were urged to contribute money to a political action committee run by Mr. Lewis's stepdaughter, with a good portion of the money used for her own salary.

Another aspect of the probe is said to be whether Mr. Lewis steered hundreds of millions of dollars in earmarked projects to the clients of his friend, campaign contributor and former House colleague Bill Lowery. One of Mr. Lowery's clients is an unindicted co-conspirator in the bribery scandal that sent former Republican Congressman Duke Cunningham to jail for approving earmarks to defense contractors in exchange for personal gifts.

The lobbying firm's defense clients receive hundreds of millions of dollars in federal contracts from Appropriations. Two of the top rainmakers at Mr. Lowery's firm have been former Appropriations staffers who worked for Mr. Lewis. This week, the Los Angeles Times reported that Mr. Lowery's firm paid one of those staffers, Jeffrey Shockey, nearly $2 million when he left the firm and returned to Appropriations when Mr. Lewis became Chairman in 2005. Roll Call newspaper also reported this week that Mr. Shockey's former lobbying firm received more than $1 million in higher fees from government contractors shortly after he returned to Capitol Hill.

Mr. Lewis recently hired a top criminal defense team and denies any wrongdoing. He says that all earmarks and contracts went for projects with the "highest standards of public benefit." But even if all of this is technically legal, the cronyism and revolving door between Congress and lobbyists look terrible and certainly won't help Republicans restore an image of fiscal rectitude before November.

More broadly, the Lewis episode underscores the link between Member-steered earmarks and the opportunity for corruption. Convicted super-lobbyist Jack Abramoff openly boasted that earmarks were his political currency and he called the Appropriations Committee that doles them out a "favor factory" for lobbyists. Duke Cunningham parlayed earmarks into a Rolls Royce in his driveway, until his greed landed him in the pokey. We also now know that one of the major beneficiaries of the most notorious earmark from last year -- the $300 million Bridge to Nowhere in Alaska -- is a relative of GOP Senator Lisa Murkowski.

This spring, House Republicans elected new leaders and promised to restrain earmarking. But this week the House is busily approving a $68 billion Treasury, Transportation and Housing and Urban Development spending bill stuffed with more than 1,500 new earmarks at a cost of some $900 million.

They include $500,000 for a scenic trail in Monterey, California; $1.5 million for the William Faulkner Museum in Oxford, Mississippi; $500,000 for a swimming pool in Columbus, Ohio; and $500,000 for an athletic facility in Yucaipa, California. Several of these projects, including the athletic facility, have been promoted by Bill Lowery's lobbying firm -- the very firm in the middle of the Jerry Lewis probe.

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Yesterday, Jeff Flake of Arizona and other Members offered amendments to strip the earmarks, but they lost those floor votes by a wide margin. Our favorite: a $500,000 earmark for renovating a swimming pool in Banning, California. The same pool had already received a $250,000 earmark in each of the previous two years. Mr. Flake's floor proposal to strike the swimming hole subsidy got all of 61 votes.

In a rare bit of good news, Congressman Mark Kirk of Illinois prevailed on his amendment to prohibit any federal funds for the Alaska bridge project. The House Budget Committee also passed yesterday, on a 24-9 bipartisan vote, a modified line-item veto that would give Presidents the ability to strip out some of the worst of these projects. One of the loudest critics of the item veto is, ahem, Mr. Lewis. But meanwhile, in the spending bills where it matters, Congress is earmarking as usual.

If Republicans aren't spooked by the Lewis investigation, they should be. Here is one of their major barons under investigation for the kind of high-handed spending favoritism that voters detest about Washington. Republicans won the House in 1994 in part because the House Bank and Post Office scandals revealed the arrogance of a Democratic majority that believed it could do anything and voters would never send them packing. If Republicans don't change their behavior, earmarking could be the story that does the same for them this year.

House, Senate Members Disclose Finances (AP)

By Mary Dalrymple

AP, June 15, 2006

Lawmakers caught up in ethics investigations have plenty of cash — just in case they someday face hefty lawyers' bills.

House and Senate members detailed their finances Wednesday in the midst of public and government scrutiny of certain dealings that have caused Congress' popularity to drop.

The reports require lawmakers to list last year's assets and debts, along with any income beyond the $162,100 salary for the rank-and-file House and Senate members. Rules require lawmakers to donate their speaking fees to charity and to limit gifts from any individual to $100 in a year.

Senate Majority Leader Bill Frist, R-Tenn., holds blind trusts worth $7.5 million to $36 million. He reported making $5 million last year from the largest, worth between $5 million to $25 million.

Frist faces a Securities and Exchange Commission insider trading investigation over selling stock in a hospital company his family founded. He denies any wrongdoing and said he ordered the sales to avoid the appearance of a conflict of interest as he considers running for president in 2008.

Rep. Charles Taylor (news, bio, voting record), R-N.C., founder and chairman of Blue Ridge Savings and Loan in Asheville, N.C., reported stock in a holding company for the bank worth more than $50 million. He also purchased 80 percent of a Russian bank and founded a Russian investment company.

State Democrats have called for congressional ethics and conflict of interest investigations into Taylor's banking activities and links to lobbyist Jack Abramoff, who pleaded guilty in a federal bribery investigation.

Republican Tom DeLay of Texas, who resigned his House seat last week, showed his legal troubles have led him into sizable debt. DeLay reported owing $250,001 to $500,000 to four separate lawyers and law firms.

DeLay also reported individual and corporate contributions to a legal defense fund worth $588,320. He has predicted that legal bills will cost him $3 million.

Not every lawmaker under ethical scrutiny, who might amass large legal bills, can count on large bank accounts.

Rep. Bob Ney (news, bio, voting record), R-Ohio, under investigation at the Justice Department and the House ethics committee for his ties to Abramoff, reported no major assets or liabilities, nor any major outside sources of unearned income.

Ney, one of the recipients of an Abramoff golfing trip to Scotland, also reported no privately funded travel. He and his staff have said they stopped allowing any outside groups to pay for trips.

Rep. William Jefferson (news, bio, voting record), D-La., under investigation by the FBI for bribery, owns two tracts of farmland in Louisiana, each worth $50,001 to $100,000. He loaned $100,001 to $250,000 each to his mayoral and gubernatorial campaigns, as well as $50,001 to $100,000 to "Jefferson Interests." His office would not provide additional details.

Jefferson also reported three major liabilities. He owes between $50,001 and $100,000 each to Dryades Bank and Noah Samara, chairman and CEO of Worldspace Satellite Radio. He also has a $15,001 to $50,000 loan from Liberty Bank of New Orleans.

The FBI claims agents found $90,000 in bribe money stashed in Jefferson's home freezer. Jefferson has not been indicted and has denied all wrongdoing in connection with a federal investigation.

Rep. Alan Mollohan (news, bio, voting record), D-W.Va., this week acknowledged some inaccuracies in past financial statements and amended reports dating back to 2000, but he has denied improperly benefiting from his office. He reported

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owning part or all of properties in West Virginia, Washington and North Carolina, and he earned rent from several of those properties.

Books proved a lucrative source of income for multiple lawmakers.

Sen. Robert Byrd (news, bio, voting record), D-W.Va., earned $103,095 in royalties for "Losing America: Confronting a Reckless and Arrogant President." He used the money to pay for medical care for his wife, Erma, who died in March, spokesman Tom Gavin said.

Sen. Hillary Clinton, D-N.Y., made $872,891 from her memoir, "Living History." She has reported earning $8.7 million from the work in prior years. Sen. Barack Obama, D-Ill., reported royalties and a book advance. He revealed that with permission of the Senate Ethics Committee, he agreed with Random House to a $1.9 million advance against royalties for writing two nonfiction books and one children's book. He intends to donate $200,000 to charity.

Sen. Byron Dorgan (news, bio, voting record), D-N.D., received an advance of $42,500 to write a book titled, "Take This Job and Ship It: How Corporate Greed and Brain Dead Politics is Selling Out America." Sen. John Kerry, D-Mass., earned $5,175 in royalties for a reprinting of his 2003 book, "A Call to Service."

House Speaker Dennis Hastert, R-Ill., received royalties worth $15,001 to $50,000 from publication of "Speaker: Lessons from Forty Years of Coaching and Politics." Sen. Trent Lott (news, bio, voting record), R-Miss., received a partial book advance of $106,210.

Some lawmakers were lucky last year. House Majority Leader John Boehner, R-Ohio, took home $2,700 in slot machine winnings. Sen. Judd Gregg (news, bio, voting record), R-N.H., won an $853,492 share of a $340 million multistate Powerball lottery jackpot.

Finances Are Laid Bare (HILL)

By Alexander Bolton And Elana Schor

The Hill, June 15, 2006

In filing financial disclosure forms along with other members of Congress last month, Rep. William Jefferson (D-La.) made scant reference to his business interests now being investigated by the FBI.

He reported that his wife, Andrea, drew a salary of undisclosed amount from the ANJ Group LLC, according to forms that were made public yesterday.

Jefferson's family set up ANJ in 2001, and by 2005 it had received $455,000 in payments from a company owned by Vernon Jackson, who has pleaded guilty to bribing Jefferson with the money, according to court records.

Jefferson's disclosure form gives no hint of three other businesses connected to the Justice Department's investigation of him. There is no mention of W2 International Broadband Services, a company registered in 2004 in Nigeria in which four of the lawmaker's daughters hold equity; no mention of International Broad Band Services, a company similarly structured as W2 but registered last year in Ghana; and no reference to Global Energy & Environmental Services, in which Jefferson's daughters were principals, according to legal documents.

If Jefferson's daughters have financial interests in those firms, Jefferson would not have to report it on the disclosure forms unless they were dependent children. Jefferson's spokeswoman, Melanie Roussell, declined to comment on alleged financial interests not listed on the form.

Meanwhile, the slew of filings made public yesterday brought to light a broad array of personally revealing and sometimes quirky details of lawmakers' private lives.

PRESIDENTIAL HOPEFULS

Two senators weighing White House bids in 2008 incurred new family credit-card debt last year. Sen. Chris Dodd (D-Conn.) placed between $15,000 and $50,000 in a Senate Federal Credit Union account. Sen. John McCain (R-Ariz.) reported three small new charge-card debts and one American Express Platinum debt of $100,001-$250,000, all in his wife's name.

The McCains maintain a multimillion-dollar asset portfolio, most of it stemming from Cindy McCain's lucrative family liquor-distribution business.

McCain's partner in campaign-finance reform, Sen. Russl Feingold (D-Wis.), reported a more modest net worth of no more than $116,000. He took out a second mortgage on his home last year, worth between $50,001 and $100,000.

GAMBLING

House Majority Leader John Boehner (R-Ohio) reported winning $2,700 playing slot machines at the Kewadin Casinos on Michigan's Upper Peninsula. Rep. Paul Kanjorski (D-Pa.) reported winning $19,500 at the Cities of Gold Casino in Pojoaque, N.M. Sen. Judd Gregg (R-N.H.) reported winning more than $800,000 last year playing the lottery.

BOOK ROYALTIES

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Sen. Trent Lott (R-Miss.) reported a $250,000 advance on his book, Herding Cats: A Life in Politics. Sen. Robert Byrd (D-W.Va.) reported more than $100,000 in royalties from Losing America: Confronting a Reckless and Arrogant Presidency. Sen. Barack Obama (D-Ill.) inked a deal last January giving him a $1.9 million advance for two nonfiction books and a children's book. At least two likely presidential hopefuls have reported plans to write books that could serve as campaign tools. Sen. John Kerry (D-Mass.) reported that he has agreed to write a book with his wife, Teresa Heinz Kerry, on the environment. McCain revealed that he has "several agreements" with Random House to write books.

SPOUSES

A few lawmakers reported large income streams from their spouses. Sen. Hillary Rodham Clinton (D-N.Y.) reported that her husband, former President Bill Clinton, received $7.5 million for speeches worldwide. His highest fee was $350,000 for speeches in the Canary Islands and Toronto.

Other congressional spouses drew new salaries last year from campaign work, including the wife of House Energy and Commerce Committee Chairman Joe Barton (R-Texas).

LANDOWNERS

Several members made a profit on real estate. House Majority Whip Roy Blunt (R-Mo.) sold 31 of his 41 acres of farmland in Stafford, Mo., in a deal valued at $100,000-$250,000, while Jefferson sold a New Orleans house in that same price range.

The wife of Rep. Bob Ney (R-Ohio) acquired a second home in Thessaloniki, Greece, which had been his father-in-law's family home, according to disclosures. Ney reported $15,000-$50,000 of income on the European abode but listed it as a rental property.

Rep. Jerry Weller (R-Ill.) continued buying land in Nicaragua, spending $50,001-$100,000 for a lot in San Juan del Sur. He recently married the daughter of a deposed Guatemalan leader and alleged dictator.

Rep. Richard Pombo (R-Calif.) complemented his interest in the Central Valley ranch long owned by his family with a new rental property in his wife's name, valued at $250,000-$500,000. Pombo faces ethics questions over his ranching, including a complaint last month from the left-leaning Citizens for Responsibility and Ethics in Washington (CREW) over legislative acts allegedly intended to benefit his family.

Across the aisle, Rep. Charles Rangel (D-N.Y.) reported enhanced value on property he owns in Sunny Isles, Fla., in addition to a Dominican villa that held steady in value. Sen. Blanche Lincoln (D-Ark.) sold farmland in Phillips City, Ark., a deal worth $100,000-$250,000.

PAYING DOWN DEBT

Several lawmakers reported paying off the lion's share of their credit-card balances in 2005. Rep. Bobby Scott (D-Va.) cleared up charge-card debt that had hit at least $80,000 in 2003 but reported higher margin loans with three brokerage houses that could have helped fund multiple new mutual-fund investments he made last year.

Rep. Gary Ackerman's ((D-N.Y.) form reported two cards with outstanding balances of $25,000-$65,000, an improvement from last year's assorted credit-card liabilities worth as much as $100,000. Ackerman's asset-backed personal-loan debt, however, more than tripled since 2003 and now stands $50,000-$100,000.

Barton closed his revolving charge account with Bank One, and Rep. Howard Berman (Calif.), the ethics committee's new ranking Democrat, reported clearing out MBNA and Citibank balances of $10,000-$15,000. Berman still has $10,000-$15,000 on a Discover card, according to his report.

Sen. Bill Nelson (D-Fla.) reported a new spousal charge balance $10,000-$15,000, but he noted that the Visa debt was paid off within 30 days. Rep. Steve Israel (D-N.Y.) paid off outstanding charges in full, and Rep. Melissa Bean (D-Ill.) reported no more debt on Target and SunTrust credit cards along with a remaining balance on a Citibank business account.

Jefferson amended his disclosure to add a revolving charge account with MBNA that held a $15,001-$50,000 balance.

Erica Flint, Natalie McGill, and Ari Ruben contributed to this report.

Many Lawmakers Accepted Free Travel In 2005 (WSJ)

By Jeanne Cummings And Sarah Lueck

The Wall Street Journal, June 15, 2006

WASHINGTON -- Singed by controversy over complimentary travel, many members of Congress nevertheless accepted free trips in 2005, according to annual financial disclosure reports released yesterday.

Rep. Michael Oxley (R., Ohio), chairman of the Financial Services Committee, reported two trips, including six days of travel to Edinburgh, Scotland, paid for by the Transatlantic Policy Network, a group promoting U.S.-European relations sponsored by big companies such as Boeing Co. and Siemens AG.

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Rep. James Sensenbrenner (R., Wis.), head of the House Judiciary Committee, took six trips, including a week's sojourn through Paris, Liechtenstein and Stuttgart, Germany, paid for by the International Management and Development Institute, a corporate-funded group run by a lobbyist; and another weeklong trip to Sydney covered by the American Australian Association. The National Cable and Telecommunications Association paid for Mr. Sensenbrenner and a relative to travel to San Francisco for a three-day trip, and the National Association of Broadcasters funded travel to Las Vegas.

Lobbyist-sponsored travel has figured in recent Capitol Hill scandals and driven down public opinion of Congress. Senate hearings brought to light that former lobbyist Jack Abramoff had brought former House Majority Leader Tom DeLay and other lawmakers on trips to Scotland and the Marianas Islands. Ohio Republican Rep. Bob Ney, who is the subject of a federal influence-peddling investigation, reported no gifts or trips. He is under scrutiny for joining a 2002 Abramoff trip to Scotland.

While the House and Senate reports showed scant evidence that members were grounding themselves, or paying their own way, the scandals seem to have persuaded many to make extra efforts to note anything that could come back to haunt them, on the campaign trail or in a prosecutor's office, in what normally is a routine, annual release of assets and debts by all members of Congress.

Although nonpartisan watchdog groups have called on Congress to ban such travel, lawmakers distanced themselves from such a provision after businesses -- led by the National Association of Manufacturers -- objected, saying the measure would unfairly restrict a legitimate way by which organizations and businesses educate lawmakers about their issues.

Some Democrats also were frequent travelers in 2005. New York Rep. Charles Rangel, the top Democrat on the House Ways and Means Committee, took a four-day trip to Taipei, care of the Democratic Pacific Assembly, which promotes U.S.-Taiwan relations. He also went to St. Thomas for a three-day trip covered by the New York Carib News, a weekly newspaper for Caribbean-Americans, as did Rep. David Scott (D., Ga.).

Rep. Anna Eshoo (D., Calif.) reported a nine-day, $6,900 trip to Dublin with family members, sponsored by the Aspen Congressional Institute.

As for Mr. DeLay -- who left Congress just last week -- his forms show little official travel in 2005, although he used his legal-expense fund to pay for trips related to his legal troubles. For instance, the fund ferried him three times from Houston to Austin, where a grand jury was reviewing the allegations against him.

Facing money-laundering charges in Texas, he said he owes as much as $1.4 million in legal fees. In his disclosure, Mr. DeLay reported contributions to his legal defense fund of $588,000 in 2005. That money, plus an infusion of donations earlier this year, helped pay down Mr. DeLay's legal fees to the levels roughly estimated in his disclosure report, said Brent C. Perry, an attorney overseeing the fund.

Another legislator facing a criminal probe, Louisiana Democrat Rep. William J. Jefferson, suspected of taking bribes, has paid nearly $100,000 in legal bills, according to his report.

--John R. Wilke and Christopher Cooper contributed to this article.

Washington Wire (WSJ)

WSJ Online's "Washington Wire", June 12, 2006

Libby Defense Team Considers Memory Expert

The defense team for former Vice Presidential Chief of Staff I. Lewis Libby said it is considering calling a memory expert to testify at his trial early next year.

Libby is charged with five counts of lying to federal investigators and the grand jury and obstructing an investigation into whether Bush administration officials wrongfully disclosed the identity of a CIA agent. He has pleaded not guilty.

Attorneys representing Libby have said in court filings that any erroneous statements made to Federal Bureau of Investigation agents or the grand jury were the result of a faulty memory, and not intentional lies. It isn't clear if the federal judge hearing the case would allow such testimony. At a status hearing Monday, Libby's attorneys said they would notify the judge by July 17 if they plan to call such a witness, and the government could then object. – Anne Marie Squeo

Clintons Say Their Income Topped $8 Million Last Year (NYT)

By Raymond Hernandez

The New York Times, June 15, 2006

Former President Bill Clinton and Senator Hillary Rodham Clinton had income of more than $8 million last year, mainly from speaking fees Mr. Clinton collected, according to disclosure forms released by the senator's office yesterday.

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The Senate disclosure also shows that Mrs. Clinton earned $872,891 from her book "Living History," which was published in 2003 and has been released in paperback. That is down from last year, when she reported earning $2.3 million in royalties from her memoir. In 2001, Simon & Schuster paid her nearly $8 million to write the book.

The disclosure did not detail Mr. Clinton's earnings from sales of his book "My Life," which when published in 2004 was widely estimated to have generated $10 million to $12 million in income. Mrs. Clinton was required to disclose only that her husband received at least $1,000 in payments for his memoir.

Mrs. Clinton's disclosure was among scores of statements that senators, who must publicly report their personal finances each year, filed in the Senate. The disclosures give a rough financial picture, with assets reported within a range rather than in exact dollar amounts.

In the senator's disclosure on Tuesday, she and her husband reported having a joint bank account worth $5 million to $25 million, as well as a blind trust worth $5 million to $25 million. That was the same amount they reported last year but substantially greater than in 2003, when reports valued their assets at a minimum of $2 million.

One major source of income was the speaking fees Mr. Clinton collected. The statement showed that he earned more than $7.5 million for 43 speeches that he gave to groups as varied as the Goldman Sachs Group, the Lancaster, Pa., Chamber of Commerce, the Young Presidents' Organization and Leading Minds in Dubai in the United Arab Emirates.

The $7.5 million far surpassed the $875,000 he earned for speaking engagements in 2004, when his speaking schedule was slowed because he was busy releasing his memoir, traveling around the nation promoting it, opening his presidential library in Arkansas and undergoing heart surgery.

In 2003, he earned more than $4 million for speeches given worldwide.

Mrs. Clinton also reported that her husband received at least $1,000 in payments from Yucaipa Companies, a California private equity firm controlled by one of his best friends, the billionaire Ronald W. Burkle. After leaving the White House in 2001, Mr. Clinton agreed to be an adviser to a family of funds run by the Yucaipa Companies.

Local Politicians' Asset Reports Released (WP)

By Bill Turque And Miranda S. Spivack

The Washington Post, June 15, 2006

Sen. George Allen, a likely contender for the 2008 Republican presidential nomination, listed assets of between $1.8 million and $3.6 million, according to financial disclosure reports filed by Virginia, Maryland and District lawmakers that were released yesterday.

The annual reports, which cover calendar year 2005, show that the bulk of Allen's wealth comes from commercial rental property in Charlottesville valued at more than $1 million and 98.5 undeveloped acres in Albermarle County valued at between $250,000 and $500,000.

The rest is held in stocks and bonds, including shares in Dominion Resources Inc. that are held by Allen's wife, Susan, and are worth between $100,000 and $250,000, according to the filings.

Susan Allen resigned her seat on the board of directors of the Richmond-based electric and natural gas utility last year after Allen's appointment to the Senate Energy and Natural Resources Committee raised conflict-of-interest questions. The company is one of Allen's steadiest campaign contributors.

Allen (R-Va.), in a reelection fight against Republican-turned-Democrat James Webb in November, listed as his sole liability a mortgage on investment property in Winston-Salem, N.C., valued at between $50,000 and $100,000. Lawmakers are required to provide ranges of dollar values instead of precise amounts.

The report also shows that Allen took relatively few privately funded trips last year, traveling to Palm Springs, Colorado Springs, Las Vegas and Florida for speeches and conferences for the Heritage Foundation, the Charles G. Koch Charitable Foundation, the Consumer Electronics Association and the Faith and Politics Institute.

Virginia's senior senator, John W. Warner (R), reported assets of between $780,000 and $1.7 million, a sharp drop from past disclosures. A spokesman for Warner said the dip is attributable to his purchase of a home in Alexandria, which is not listed as an asset.

Rep. Thomas M. Davis III (R-Va.), who reported assets of between $435,000 and $1.2 million, received perhaps the most lavish gift reported by a member of the region's congressional delegation. He and his wife, state Sen. Jeannemarie Devolites Davis (R-Fairfax), were flown to Italy last year by real estate developer Robert F. Pence, who was celebrating his 60th birthday and is a longtime friend of Rep. Davis and a prominent GOP campaign contributor. The trip included a chartered cruise along the Amalfi coast and a visit to Venice.

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Davis said that he initially thought the trip, valued at $13,110, was "a stretch" of House ethics rules. But it was cleared by the House Ethics Committee.

Among Maryland lawmakers, Paul S. Sarbanes (D), 73, who is retiring after 30 years in the Senate, reported assets of between $167,000 and $430,000, in addition to a house valued between $250,000 and $500,000. Long active in Greek American groups, Sarbanes received a marble vase valued at $837 from Hellenic Public Radio-Cosmos FM as part of an award for public service, according to the filing. A member of the Senate Foreign Relations Committee, he reported six privately funded trips last year to Princeton University, his alma mater, where he serves as a trustee.

Barbara A. Mikulski (D), first elected to the Senate in 1986, reported assets of between $172,000 and $572,000. She did not report the value of any real estate.

In the House, Maryland's two Republicans and six Democrats reported taking few privately financed trips. Rep. Benjamin L. Cardin (D), who is vying to succeed Sarbanes, took what has become an annual trip funded by the Commonwealth Fund and Harvard in January 2005, attending a weekend health policy conference in January in Florida. Cardin's room and board were paid for, but not airfare. The costs were not disclosed.

Rep. Elijah E. Cummings (D) disclosed 11 privately funded trips, many of them to appear before African American groups or on behalf of the Democratic Party. He reported donating speaking fees totaling about $8,000 to charity.

Rep. Steny H. Hoyer (D), the House minority whip, traveled to New Orleans, Birmingham, Montgomery and Selma, Ala., and to Israel on privately funded trips. The travel tabs were picked up by the Democratic Leadership Council, the Faith and Politics Institute, and the American Israel Education Fund, respectively.

Other Maryland lawmakers -- Democratic Reps. Chris Van Hollen and Albert R. Wynn, C. A. "Dutch" Ruppersberger, and Republican Reps. Roscoe G. Bartlett and Wayne T. Gilchrest, reported no privately subsidized trips.

Del. Eleanor Holmes Norton (D-D.C.) reported assets of between $843,000 and $2.2 million. She listed four privately financed trips: to Queenstown, Md.; Hartford, Conn.; and two to New York. The trips were sponsored by the Public Governance Institute, Yale University, the American Federation of Teachers and the New York Human Rights Commission.

Hastert Staffer Pulled Senators' Forms (RC)

By John Stanton

Roll Call, June 15, 2006

A senior aide to Speaker Dennis Hastert (R-Ill.) pulled the financial disclosure forms of Senate Majority Leader Bill Frist (R-Tenn.) and at least three other Republican Senators late last month, Senate records show.

According to those records, Hastert aide Tim Kennedy accessed the financial records for Alaska Sens. Ted Stevens and Lisa Murkowski and Sen. Conrad Burns of Montana in addition to Frist on May 19.

The motive for the request is unclear, and neither Kennedy nor Hastert aides Ted Van Der Meid and Ron Bonjean responded to several requests for comment.

The documents are publicly available. But while several veteran Senators declined to comment on the story, they visibly were taken aback when asked about Kennedy's research and indicated they had never heard of one chamber's leader researching the finances of Members of the other chamber.

A review of news stories during the week of May 19 do not show any particular tensions that involved all four Senators, and they do not all serve on a single committee.

But the Senate and House leaderships regularly have been at odds this year, with simmering differences over both substance and process exacerbated by a general Republican fracturing amid President Bush's decline in popularity.

The period when the files were taken, for instance, coincided with a stretch of bicameral sniping over the size of the fiscal 2006 supplemental spending bill.

Burns' office declined to comment. A spokesman for Murkowski said, "It's public information and anyone has the right to it." A spokeswoman for Frist did not return requests for comment, while a Stevens spokeswoman echoed the sentiments of Murkowski's office.

A Democratic Senate aide questioned the review, noting it was particularly surprising that Hastert's aides were looking into the finances of other Republicans. And while "there could be a good reason that they're looking, ... it's a good sign [for Democrats] that they're turning on themselves," the aide said.

Kennedy works under two of Hastert's top aides, Van Der Meid and Michael Stokke. A source close to Hastert said it was unlikely the Speaker knew his office was researching the finances of Senate Republicans. However, the source did say that Kennedy is a key staffer for Van Der Meid and Stokke with a wide range of duties, including working with the National Republican Congressional Committee.

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Two days before Kennedy trekked across the Capitol to access Frist's financial forms in the Senate Records Room, Hastert harshly rejected a Senate proposal to make an across-the-board cut to the supplemental spending bill.

In a statement released May 17, Hastert rejected the proposal, saying, "Any calls from the Senate for an across-the-board cut to make room for a bloated supplemental will be met by a busy signal in the House. The House will not join a shell-game spending spree with taxpayer dollars."

Frist's proposal was made in part to help make room for a number of proposals either authored by one of the four Members Kennedy researched or that would benefit their constituents.

For instance, Frist himself penned a massive avian flu spending package that the Senate included in its version of the supplemental. Burns strongly backed an amendment that added millions of dollars in new disaster relief spending for agriculture. And the bill included numerous earmarks that would have benefited Alaska, Tennessee and Montana.

A Mountain Of Riches On Capitol Hill (LAT)

By Tom Hamburger, Richard Simon And Faye Fiore

The Los Angeles Times, June 15, 2006

Annual disclosure data offer a look at the finances of lawmakers and their top aides.

WASHINGTON — A top aide to House Appropriations Committee Chairman Jerry Lewis (R-Redlands) reported Wednesday that he received more money than he previously disclosed from a lobbying firm that has come under scrutiny for its ties to Lewis.

The aide, Jeffrey Shockey, corrected his financial disclosure reports to reveal that his salary in 2004 from Copeland Lowery Jacquez Denton & White totaled about $500,000 more than he had reported.

He also collected nearly $2 million from the firm as a payout when he left to return to work for Lewis in 2005.

The firm, whose partners include former Rep. Bill Lowery (R-San Diego), a longtime Lewis friend, is being examined as part of a federal investigation into the practice among lawmakers of slipping federal money for special-interest projects into spending bills.

Lowery's firm represents a number of cities, institutions and businesses in Lewis' district that have received federal funds. The firm also has helped Lewis raise tens of thousands of dollars in campaign contributions, which helped his drive to gain the Appropriations Committee chairmanship in 2005.

On Friday, Shockey released advance copies of his disclosure report showing that he had received far more than had generally been known — $1.96 million — as a payout from the lobbying firm. On Wednesday, Shockey disclosed that in addition to that payment, he received a higher salary from the firm than previously reported, up from $1.5 million to over $2 million.

Lawyers for Shockey, who also had worked for Lewis before he joined the lobbying firm, said in a letter that the $1.5-million figure was his salary in 2003. They said the error involving his 2004 salary was discovered this week during a review of his financial accounts.

Shockey's high level of compensation — as he moved from Capitol Hill to the lobbying world and back again — shows the value corporate and other interests place on obtaining help in getting federal spending directives, known as earmarks, put onto federal spending bills.

Lewis and Shockey, through his lawyers, say they have done nothing wrong in the roles they have played in the earmarking process and have not been contacted by investigators. Shockey's lawyers point out that their client asked the Ethics Committee to review his compensation from the lobbying firm at the time he returned to public service.

Shockey's report was just one of hundreds released Wednesday by members of Congress and their senior aides. The annual disclosure reports offer a glimpse into the private financial affairs of lawmakers, and although assets and liabilities are detailed only within broad ranges, the information makes it clear that most legislators are well-off.

The reports show that at least 22 of California's 53 House members have assets of more than $1 million.

Sen. Dianne Feinstein (D-Calif.) and her husband, investment banker Richard Blum, have assets that have been estimated to exceed $35 million. She filed one of the thickest reports: 172 pages.

Sen. Barbara Boxer (D-Calif.), in her 10-page statement, reported that her assets consist almost entirely of a blind trust valued at $1 million to $5 million.

Investments by House Minority Leader Nancy Pelosi (D-San Francisco) and her husband include a St. Helena vineyard valued at $5 million to $25 million.

Several California lawmakers were given more time to file their reports, including Rep. Darrell Issa (R-Vista), who previously has ranked among the wealthiest House members.

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The report filed by Lewis and his wife, Arlene Willis, who is his chief of staff, showed them with assets valued at $715,000 to $1.6 million, with no liabilities.

According to the report, the 71-year-old congressman sold stock and a parcel of land in 2005 with a combined value of $30,000 to $100,000.

In the wake of several scandals that raised concerns about influence peddling on Capitol Hill, many lawmakers appear to be taking fewer trips paid for by special interests.

Rep. Bob Ney (R-Ohio), who has faced criticism for a 2002 visit to Scotland arranged by disgraced lobbyist Jack Abramoff, took no trips last year.

Earlier this year, Abramoff pleaded guilty to charges that included defrauding clients and engaging in schemes to bribe members of Congress.

Rep. Alan B. Mollohan (D-W.Va.), the subject of a federal probe into possible links between his personal business activities and his duties as a member of the House Appropriations Committee, on Tuesday released amendments to his disclosure reports from 1999 to 2004 to correct what he called "a limited number of inadvertent errors."

Also, he released a chronology showing how his assets grew from less than $550,000 in 2000 to more than $8 million in 2005.

Mollohan resigned from the House Ethics Committee earlier this year after federal agents began probing his personal finances.

Mollohan's 2005 disclosure statement revealed that he received a loan valued at $15,000 to $50,000 from Don and Laura K. Kuhns.

Laura Kuhns is a former Mollohan aide who invested in real estate with Mollohan and also heads a West Virginia foundation that received earmarks requested by the congressman. Mollohan reported that he repaid the loan from the Kuhnses with 6% interest.

Rep. William J. Jefferson (D-La.), the target of a bribery investigation by federal agents who last year found $90,000 in his kitchen freezer, has debts ranging from $130,000 to as much as $300,000, according to his report.

Jefferson acquired the debt last year without any significant change in his assets, the report indicates.

He had listed no liabilities in the previous two years.

Jefferson's debts include as much as $150,000 to two New Orleans banks and up to $50,000 on a revolving charge with MBNA, a subsidiary of Bank of America.

He also reported owing up to $100,000 to Noah A. Samara, chief executive of WorldSpace Inc., which works to provide digital satellite services to emerging markets in Africa and Asia.

Jefferson was caught on videotape accepting $100,000 from a business associate, whom he allegedly agreed to help win overseas telecommunications contracts in exchange for a third of the profits.

FBI agents later searched Jefferson's freezer and found $90,000 of that money wrapped in foil, according to an affidavit.

Jefferson has denied any wrongdoing. No charges have been filed, but his legal bills have begun to mount.

His disclosure report showed contributions to his legal defense fund totaling nearly $85,000.

Many lawmakers found a variety of ways to supplement their congressional salary, currently $165,200 a year for those not serving in top leadership positions.

The wives of six California House members — Republicans John T. Doolittle of Roseville, Richard W. Pombo of Tracy, Elton Gallegly of Simi Valley and Dana Rohrabacher of Huntington Beach; and Democrats Pete Stark of Fremont and Bob Filner of Chula Vista — earned money working on their husbands' campaigns.

Lawmakers are not required to list spouses' salaries on the forms. But Rohrabacher reported that his wife earned $41,055 from his campaign committee.

Stark said his wife was paid $2,400 a month to work on his campaign. Filner said his wife's salary was about $45,000.

Sen. Hillary Rodham Clinton (D-N.Y.) and former President Clinton earned more than $8 million from speeches and book royalties.

The former president was paid for 43 speeches, collecting up to $350,000 for an appearance.

Sen. Edward M. Kennedy (D-Mass.) earned $50,000 in royalties from a book about his dog, "My Senator and Me." He was one of about a dozen senators who received money from books. Boxer took in about $16,000 from a novel she wrote.

House Majority Leader John A. Boehner (R-Ohio) reported $2,700 in slot machine winnings.

Sen. Judd Gregg (R-N.H.) did better: He collected $853,492 in the Powerball lottery.

Lewis Aide Restates ’04 Income (RC)

DOJ_NMG_0034292

By Paul Kane

Roll Call, June 15, 2006

Acknowledging a $500,000 error in income disclosure for a top aide to House Appropriations Chairman Jerry Lewis (R-Calif.), lawyers filed corrected disclosure reports Wednesday to show that Jeff Shockey earned more than $2 million in 2004, his final year with a lobbying firm that specializes in appropriations earmarks.

Shockey, the committee's deputy staff director, initially had reported that he earned $1.5 million during his last year with the firm Copeland Lowery Jacquez Denton & White, which is now under a federal probe regarding its connections to Lewis.

After a flurry of media reports about Copeland Lowery and the $2 million buyout Shockey received from the firm in 2005, Shockey's lawyers and accountants scrubbed his finances and discovered that he had misreported his 2004 income on a financial disclosure report filed in April 2005.

His income for 2003 was $1.5 million, according to a letter from William Oldaker, Shockey's lawyer, while the 2004 income from Copeland Lowery actually topped $2 million.

Combined with the buyout package he received in 2005 — which was paid out in full by Aug. 1 of that year — Shockey was paid more than $5.5 million by Copeland Lowery over little more than two and a half years.

"The need to adjust the amount of income disclosed on Mr. Shockey's new employee report [from 2005] was discovered earlier this week and immediately thereafter his accountants were consulted to ensure the accuracy of the information," Oldaker and his partner, William Farah, of Oldaker, Biden and Belair, wrote Wednesday in a letter to the Clerk of the House.

Late last month, the FBI examined the financial disclosure form Shockey filed last year, along with additional reports from those of Lewis, Lewis' wife and another former committee aide now working at Copeland Lowery. Federal investigators have subpoenaed records from at least seven clients of Copeland Lowery seeking records relating to their retaining the firm and anything related to Lewis.

Lewis, the firm and Shockey's lawyers have denied any wrongdoing.

Oldaker said Shockey's taxes were not completed in the spring of 2005, when he needed to file his disclosure report, and that the lobbying firm's complicated partnership payouts did not allow him to know his precise income until August. Without precise information, he reported his 2003 income instead.

A source close to Shockey called it "inadvertent human error" that he didn't correct the income report until this week, nearly 10 months after his final 2004 taxes were filed. The source said Shockey had no incentive to misreport his income.

Also, Shockey's camp believes this latest disclosure may further justify and explain the size of his buyout package, which came in at $1.96 million spread across several payments last year while he was on Lewis' staff.

"This shows that his business was growing. It wasn't a dramatic increase from one year to the next," the source said.

The amount Shockey earned in 2004 also indicates that it is likely the firm was billing clients for consulting work performed that it didn't consider lobbying and was not reported publicly. As Roll Call reported Wednesday, Shockey's clients paid the firm about $1.74 million in 2004.

According to documents in his disclosure reports, Shockey's partnership deal called for him to receive all revenues he brought in after subtracting 18 percent for administrative costs. With a little more than $1.7 million in lobbying revenue, Shockey likely would have had to bring in several hundred thousand dollars of additional revenue to get more than $2 million in pay from the firm in 2004.

The size of the buyout package has raised eyebrows among government watchdogs.

The payout was predicated on the projected revenue stream of Shockey's former clients in the first half of 2005, who in the first half of 2004 had paid just $580,000 in publicly reported revenue.

Copeland Lowery estimated in January 2005 that Shockey's clients would produce $1.5 million in revenue for the firm in the first half of that year; that sum, along with another $420,000 in payments based on profits and already performed work, led to the size of the buyout package, according to Shockey's lawyers.

In terms of publicly reported lobbying revenue, the firm hit its estimate almost exactly, as Shockey's former clients paid $1.46 million to Copeland Lowery by mid-2005.

It's unclear whether there were additional, non-lobbying consulting payments on top of that to the firm from the aide's former clients.

Shockey's lawyers have said he is acting ethically and within all bounds of laws, noting that he is not in charge of the earmark projects on the committee that Copeland Lowery and his former clients are pursuing. And he officially has recused himself from dealing with any clients of Alexandra Shockey, his wife, who is doing subcontracting work for the firm on behalf of an undisclosed number of former clients of her husband.

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At least 19 of his former clients — out of 49 in 2004, according to his disclosure forms — have been picked up by Letitia White, a former Lewis staffer who went to work for the firm in 2003. Her financial disclosure forms from her final four years working on Capitol Hill were reviewed by the FBI last month.

Jefferson Vote Expected Today (RC)

By Steve Kornacki

Roll Call, June 15, 2006

Rep. William Jefferson's (La.) fight to retain his seat on the Ways and Means Committee will come to a head this afternoon, with the House Democratic Caucus reconvening at 5 p.m. to resume debate on a motion that was tabled last week to strip him of the plum position.

Even Jefferson's backers, who contend the Louisianan is being singled out for reprisal by House Minority Leader Nancy Pelosi (Calif.), concede the numbers don't look good for him.

"It would appear to me that the leader has the support of the Caucus," acknowledged Rep. Donald Payne (D-N.J.), an outspoken critic of the Pelosi-initiated drive for Jefferson's expulsion from the panel.

Jefferson, who is caught up in a federal bribery probe, has steadfastly resisted Pelosi's calls to leave the exclusive committee "in the interest of upholding the high ethical standard of the House Democratic Caucus."

His options seemed exhausted last Thursday night, when Pelosi called a surprise meeting of the Democratic Steering and Policy Committee, a 50-member body dominated by the Leader's allies, which formally recommended Jefferson's removal. Within hours, the full Caucus was called into session to ratify the motion, but before a vote could be taken, Rep. Mel Watt (N.C.), the chairman of the Congressional Black Caucus, complained that the hasty scheduling of the meeting violated Caucus bylaws. The proceedings were then postponed for one week.

Later that night, Watt issued a public statement blasting the pending move — a step he had warned Pelosi weeks earlier that he would take if she acted to force Jefferson out before he was actually charged with any crime. In the intervening days, some CBC members have echoed Watt's defense of their colleague, noting that other Members suspected of wrongdoing but who had not been charged have not faced the loss of exclusive committee assignments.

The debate has been somewhat muted, with some leading CBC figures, including Reps. Charlie Rangel (N.Y.) and James Clyburn (S.C.), noticeably seeking to stay out of the mix. Clyburn is also the chairman of the Democratic Caucus and is an ally of Pelosi. Rangel, insiders say, has viewed Jefferson with suspicion for years, believing his Ways and Means colleague too often sides with Republicans on free trade issues. Watt, too, has refused to say much beyond his initial statement, ducking reporters during House votes this week.

One source estimated that about two-thirds of the CBC's 43 members were opposed to Jefferson's ouster. And there were some CBC members, most notably Payne and Maryland Rep. Albert Wynn, who went out of their way to press Jefferson's case in public this week. Jefferson also received some help from the Louisiana Legislative Black Caucus, a group of 32 legislators from his home state who sent Pelosi a letter last week arguing that Jefferson's role on Ways and Means was vital to Hurricane Katrina recovery efforts.

"Your request that Congressman William Jefferson resign his seat on the Ways and Means Committee will result in penalizing the citizens who, though displaced, still proudly call the Second Congressional District home," state Rep. Cedric Richmond, the group's chairman, wrote.

The lack of unanimity among CBC members is likely the result of two factors: a sense from some that Jefferson's indictment is imminent and that a fight is, thus, futile; and Jefferson's past alienation from some of the group's members. Indeed, Jefferson was defeated when he vied with Rep. Maxine Waters (Calif.) for the CBC's chairmanship in 1996.

Mindful that a loud outcry from black leaders in Washington, D.C., could create a ballot-box backlash among what is one of her party's most reliable voting blocs, Pelosi granted several interviews to black print and broadcast outlets this week, seeking to explain away any concerns about her posture.

Thursday's Caucus meeting should last a little over an hour, Clyburn indicated today, with each side being given 30 minutes to make its case. Clyburn, who once again refused to express his opinion on the matter, said he will ask unanimous consent to allow Jefferson to speak.

If passed, Jefferson's committee removal will then go to the House floor under a unanimous consent agreement. Technically, a Member of either party could object and force a floor debate. It's doubtful Republicans would do so since they might be seen as aiding an ethically compromised politician. Watt indicated he hadn't reviewed parliamentary options and had no idea if he or other CBC members would pursue the matter beyond the Caucus vote.

"I'm focused on the fact that there is no historical precedent and no rule that is being applied consistently," he said.

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Senator's HHS Trip For Antibiotic Data Yields Only Ire (WP)

By Marc Kaufman

The Washington Post, June 15, 2006

After months of trying to get firsthand information from a government official familiar with a controversial new antibiotic, Sen. Charles E. Grassley (R-Iowa) marched into the Department of Health and Human Services headquarters yesterday asserting his congressional right to receive the data.

After a brief meeting with senior HHS and Food and Drug Administration officials, Grassley departed empty-handed and angry.

"This is extraordinary for me," the senior Republican said outside the headquarters. "I haven't had to go to an agency like this since 1983 to get information I requested.

"I smell a coverup."

FDA officials denied any impropriety, saying they were cooperating with Grassley's staff and had sent 400 boxes of documents related to the approval and safety of the drug, Ketek. Some information had to be withheld, the agency said, because of continuing investigations.

The senator, a persistent critic of the FDA, said he went to HHS out of frustration over the agency's refusal to make available one employee involved with an investigation into the antibiotic. A powerful drug approved in 2004 for the treatment of chronic lung and sinus infections, it has been at the center of the newest controversy over the agency's actions in reviewing new drugs and monitoring their safety.

Liver failure and disease associated with the drug have been reported, but the overriding issue involves the integrity of the clinical trials done to establish its safety and efficacy.

The agency acknowledges that there were major improprieties in a 25,000-patient clinical trial done for the drug's developer, Aventis. One person has gone to prison for fraud in connection with that trial, data from several other trial sites have been discarded because basic standards were not met, and the agency told the company it could not say anything about the trial results on its product label.

Nonetheless, the FDA allowed Aventis to use much of the data to support the company's contention that the drug is safe. It also allowed Aventis to present the data to an FDA advisory panel without telling its members of the widespread fraud allegations clouding the trial. Documents show that some FDA employees argued that the trial should have been discarded because of the company's inadequate oversight.

Grassley has pressed to speak with an agent in the FDA's Division of Scientific Investigations who, he said, "is key to understanding what the FDA did when it became clear that the safety study required by the FDA in order to approve the drug was fraudulent and faulty. Did FDA managers turn a blind eye and let the drug maker off too easy, or did the FDA do the right thing?"

In reply, FDA spokeswoman Susan Bro said: "We would like to do whatever we can to help [Grassley] fulfill his constitutional duty as well as ours to the American people. However, we will not compromise an ongoing investigation."

FDA officials also said that having a senator interview a government investigator in the midst of an inquiry raised the possibility of politicizing criminal proceedings.

Ketek is one of the few antibiotics developed and approved in recent years. The agency has made a priority of encouraging companies to work in the field of antibiotics, which inevitably become less useful as bacteria become resistant.

"We don't want to disincentivize companies interested in going after these bad bugs," Bro said.

The maker of Ketek, now named Sanofi-Aventis, did not return a phone call. Earlier this month, the company stopped recruiting children for a study of pediatric use of Ketek. The "pause" followed reports of four cases of serious liver damage in adults using the drug.

Bro said that the FDA-required labeling identifies the risks and that "we are currently looking at whether new data merits additional warnings."

Grassley has emerged in the past two years as a harsh critic of the FDA, which he accuses of being too close to the drug industry. As chairman of the Senate Finance Committee, which oversees Medicare and Medicaid payments, he called a high-profile hearing in 2004 into the FDA's handling of the withdrawn painkiller Vioxx, and yesterday he said he is contemplating calling another regarding Ketek.

"I'm tired of the runaround," he said after leaving the HHS headquarters. He said that he told the agencies' officials that "I know it's probably not your intent to protect companies, to cover for companies."

"But I said that every time that you stand in the way of information getting out that ought to be public, that's the impression you give the American people."

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House Deals Blow To 'Open Skies' As It Passes Latest Spending Bill (WSJ)

By David Rogers

The Wall Street Journal, June 15, 2006

WASHINGTON -- The House approved a $139.6 billion transportation-and-housing bill after voting to deny funding for a Bush administration plan that would permit greater foreign ownership control of U.S. airlines in the future.

The 291-137 vote was the clearest test yet of political sentiment on the pending rules change, which the White House wants as part of its effort to negotiate an "open skies" agreement with the European Union deregulating trans-Atlantic air traffic.

As many as 97 Republicans joined Democrats in opposition; together with organized labor, Continental Airlines pressed hard for the amendment, at the expense of distressed carriers like Northwest Airlines and UAL Corp.'s United, which could benefit from more access to overseas capital and landing slots.

The action capped two days of budget debate in which the House softened Republican cuts from Amtrak passenger rail services and Internal Revenue Service operations. And by a 214-214 tie vote, the leadership turned back a Democratic amendment to protect older cities' claims to leased housing vouchers.

The greatest political bloodshed stemmed from an internal party fight over conservative attempts to strip out often small home-state projects inserted by the Appropriations leadership.

At stake were federal grants, running from $100,000 to $1.5 million and covering everything from a William Faulkner museum in Mississippi to a community swimming pool in California and road improvements benefiting Xerox Corp. in upstate New York. Arizona Rep. Jeff Flake forced a series of votes that were doomed from the outset but gave him the opportunity to challenge the expenditures, including two sponsored by Appropriations Committee Chairman Jerry Lewis.

When an exasperated Texas Rep. Henry Bonilla bluntly suggested it was "insanity" for Mr. Flake to persist, the 44-year-old lawmaker snapped back, "The definition of insanity is assuming the taxpayers are buying this." Even before the bill passed last night, Mr. Flake issued a news release with the headline at the expense of Mr. Lewis already caught up in lobbying scandals: "California Gets Swimming Pool, Taxpayers Take a Bath."

The floor action came as the House Appropriations panel gave initial approval to the last of the dozen annual spending bills, a $62.9 billion measure funding the departments of State, Justice and Commerce as well as major science and regulatory agencies. Combined spending for the National Aeronautics and Space Administration and National Science Foundation would increase by $551 million. But within the Commerce Department, more than $631 million would be cut, chiefly from the advanced technology program and National Oceanic and Atmospheric Administration.

Among regulatory agencies, the Securities and Exchange Commission would get $880.5 million, a net increase of $17 million. But in the effort to find extra money to preserve popular law-enforcement programs, the Appropriations panel pared legal services to the poor, juvenile justice and Indian tribal programs.

The larger transportation-and-housing measure, adopted 406-22, is among the most unwieldy of the annual spending bills, covering three cabinet departments as well as the federal judiciary. The Treasury Department stands out in the mix, and with it, the IRS budget, which has become a regular target for amendments.

In a surprise for many tax writers, an amendment to block funding for an IRS plan to hire private-sector debt collectors to pursue delinquent taxpayers survived, despite opposition from Ways and Means Committee Chairman Bill Thomas (R., Calif.). But the Appropriations leadership agreed on the floor to restore about a third of what had been a $63 million cut from this year's funding level for the IRS.

The airline foreign ownership rules fight has been brewing for months, with Continental a major player in promoting efforts to block the rule, since it doesn't believe the open-skies agreement will be to its advantage. Northwest and United have powerful allies in Rep. Joe Knollenberg (R., Mich.), the bill's manager, and House Speaker Dennis Hastert (R., Ill.).

But much like the Dubai Ports World controversy earlier this year, the issue has hit a national-security chord, and House Armed Services Committee Chairman Duncan Hunter (R., Calif.) weighed in against the rules change because the airlines are used to move troops when needed.

The Sky's The Limit (WP)

The Washington Post, June 15, 2006

Here's a trade deal that could actually happen.

PROSPECTS FOR a breakthrough in global trade talks are slim, and most bilateral trade deals hold out only modest economic benefits. But there is an opportunity for valuable progress in the airline industry, one of the most regulated and protected corners of business. Last year the United States and the European Union negotiated an "open skies" agreement, which would scrap restrictions on transatlantic travel: All U.S. airlines would be free to bid for slots at all European airports; a

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carrier such as Air France would be free to offer flights between, say, Milan and Chicago, rather than being restricted to a few France-U.S. routes. But this deal, which promises convenient connections and lower fares for travelers, may never be implemented. European ministers are refusing to ratify it until they see the outcome of a separate effort to deregulate U.S. domestic airlines, which has become the subject of a fierce lobbying battle in Congress.

The congressional battle revolves around restrictions on foreign investment in American airlines. Because of anachronistic nationalism, foreigners can't own more than 25 percent of the voting stock in a U.S. airline, and they are not allowed to influence commercial decisions on fares, routes and so on. President Bush's Transportation Department, which has also advanced sensible reforms for the rail network, has proposed a slight relaxation in these restrictions. This promises a double win. Foreign capital and management ideas might revive flagging U.S. carriers. And liberalization would help to persuade European transport ministers to ratify the open-skies agreement.

This win-win formula is opposed by Continental Airlines, which jealously guards its access to London's Gatwick Airport and fears open-skies competition. To block the deal, Continental has joined with labor unions to lobby against relaxation of the rules on foreign ownership. The firm's officials assert that foreign investment in U.S. airlines would compromise national security. But foreigners would be barred from influence over safety or security, and the administration's proposal has the blessing of the Defense Department.

Continental is looking out for its own business interests, pure and simple. The shame is that a powerful caucus in Congress is prepared to accept its specious arguments. Yesterday the House passed a measure that would delay the administration's reform for more than a year, jeopardizing a deal that could save travelers billions of dollars. The Senate has yet to vote on the issue. It should put national interests before vested interests.

House Panel Passes Bill To Look Closer At Foreign Investors (WSJ)

By Robert Schroeder

The Wall Street Journal, June 15, 2006

WASHINGTON -- The House Financial Services Committee unanimously approved a bill that would change the process for reviewing proposed foreign investments in the U.S.

The bill would require all transactions involving state-owned companies to get an additional 45-day review and would allow more of the deal-approval process to be made public.

The Committee on Foreign Investment in the U.S., an interagency group led by the Treasury Department that reviews foreign investments, came under fire for approving a Dubai-based company's application to operate U.S. ports. The transaction was scuttled after members of Congress and others worried the deal could endanger national security.

To become law, the bill must clear the House, be reconciled with a Senate measure and signed by President Bush.

Business groups including the U.S. Chamber of Commerce, the Business Roundtable and the Financial Services Forum praised the House bill, saying it will improve the process for vetting foreign investments without discouraging interest in doing business in the U.S. The bill also creates a role for the director of national intelligence to review proposed deals.

House Panel Backs Credit-Rating Revamp (WSJ)

The Wall Street Journal, June 15, 2006

WASHINGTON -- The House Financial Services Committee voted to approve legislation that would overhaul the credit-rating business.

The bill, approved on a voice vote by the panel, would bring sweeping changes to the industry. House lawmakers said legislation is needed to increase competition in a business now dominated by only a few companies.

Critics say the Securities and Exchange Commission has been part of the problem because it has designated just five credit-rating firms as "nationally recognized," making it hard for new competitors to enter the business. Under the bill, the SEC would no longer designate rating firms as nationally recognized, but would register them under a streamlined three-month process.

The SEC would get new power to discipline rating firms and rating-firm employees, and to ban business practices that are coercive or abusive. Rating firms evaluate debt issued by public companies and have come under fire for failing to detect deteriorating credit quality at Enron Corp. and WorldCom Inc.

Health Care Report Urges Dialogue On Reform (USAT)

By Julie Appleby

USA Today, June 15, 2006

Consumers across USA shared thoughts

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Affordable health care should be available to all Americans by 2012, with protection in the meantime from "very high out-of-pocket medical costs," say initial recommendations from a 15-member panel created by Congress.

The Citizens' Health Care Working Group's 12-page report, which some say may prompt debate before national elections in November and in 2008, does not specify exactly how to pay for such benefits or what they should include.

Before drawing up its recommendations, the panel conducted more than 35 meetings nationwide, along with several Internet polls, to gauge what Americans think of the health system and how they want to change it. The report is thought to be the first wide-ranging effort sponsored by the government to poll average citizens on health care policy. It comes as federal efforts at health reform are minimal, health spending is growing faster than inflation and action on helping the uninsured is heating up in some states.

Members of the working group included professors, a union leader, an advocate for the disabled, hospital administrators, nurses, doctors, a Motorola executive and Michael Leavitt, secretary of Health and Human Services. It has a two-year, $5.5 million budget — about half of which was spent on contractors who organized and ran the meetings — authorized by Congress as part of 2003's Medicare Modernization Act.

At most of the town hall meetings, including a March meeting in Los Angeles covered by USA TODAY, the majority of participants called for a health system in which everyone is covered, generally with a wide-ranging set of health services, including medical, dental and vision care. Significant, but smaller percentages, of participants wanted a so-called single payer system in which the government finances health care through taxes, as in Canada and much of Europe. Others wanted to keep the current employer-based system of health insurance.

Bigger splits were seen when participants were asked how such programs should be paid for and whether some people, such as the wealthy or those who smoke, should pay more.

Rather than outlining in detail the results of the community meetings, the report summarized them this way: "We heard a common message: Americans should have a health care system where everyone participates, regardless of their financial resources or health status, with benefits that are sufficiently comprehensive to provide access to appropriate, high-quality care without endangering individual or family financial security."

After 90 days of public comment, a final version of the recommendations will go to Congress and the president, probably in October. The report can be read online, and comments submitted, at www.citizenshealthcare.gov. Such timing "was clearly designed to force the issue to political discourse this fall," says Len Nichols, a health policy expert at the New America Foundation, a moderate think tank in Washington.

Whether health reform will be a focus of the November elections is questionable, Nichols and others say, because voters are concerned about other sharply divisive issues, such as the war in Iraq and immigration reform. But health care reform may be a hot topic in the next presidential election.

"The report may serve as an important reminder for candidates on both parties who want to seek the presidency in 2008 that they need to develop a serious health care agenda," says Ron Pollack of the liberal advocacy group Families USA.

There is little agreement on how to reform the health care system. Since the demise of the Clinton administration's sweeping reform proposal in the early 1990s, there has been little action in Washington. But this year, state lawmakers have acted to support coverage for the uninsured. Massachusetts approved a complex proposal that would require all individuals to buy coverage. Vermont, Illinois and West Virginia also have approved new programs.

The working group report says that deciding what should be included in a core set of benefits should be up to an appointed panel of experts and citizens. While it says no financing method is "optimal," the report says "multiple financing sources" will be needed. Those could include enrollee contributions or taxes on income, businesses or products.

The group promises greater detail and explanation of its findings before its final report.

Criticism of the report's initial recommendations came from both the right and the left.

Don McCanne of Physicians for a National Health Program, a liberal group that wants a single, government-financed health care system, says the report seemed worded to support Bush administration policies, including high-deductible insurance.

"They carefully crafted this interim report to satisfy policy issues for many of the special interests," says McCanne.

But Joseph Antos at the conservative American Enterprise Institute sees in the report a call for far too much government involvement in health care.

"It would make health care a 'right' and give everyone cradle-to-grave security through the government," Antos said in an e-mail. "That's unrealistic and irresponsible."

Some of the participants at the Los Angeles town hall meeting, which drew more than 400 people, felt the report did not go far enough and said they were disappointed in its recommendations.

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"This is pretty generic," says attorney Yolanda Jackson, who said participants in Los Angeles had much more forceful opinions about changes needed in the health system. "My reading of this is that it's not that different from what we currently have. "

Ara Najarian, who also participated in the Los Angeles meeting and who is a senior partner at social-marketing firm Latino Consultants, says he was also disappointed. "Saying we need a core benefit package is great, but what does core mean? That's still to be debated, as is the definition of affordable," he says. "It's hard to see where the debate ends and actual action takes place."

The working-group effort was added to the Medicare reform act by Sens. Ron Wyden, D-Ore., and Orrin Hatch, R-Utah. Both say they are happy that the initial recommendations are in.

"It's good to have these ideas down on paper to drive a national dialogue on health care, and I'm looking forward to the public comments," Hatch said in a written statement.

Hearings on the report's findings are required, but Congress need not take action. Those hearings are not expected until next year. Wyden says it would be helpful if the report gave more details.

"Now the challenge is to get as much specific meat behind these particular areas as possible," Wyden says. "The more specifics Congress gets, the more opportunity there is to write a bill in line with what the people are saying."

OTHER NEWS:

Rise In Inflation Puts Pressure On US Rates (FT)

By Christopher Swann And Krishna Guha In Washington And Jennifer Hughes In New York

Financial Times, June 15, 2006

US inflation rose more quickly than expected for the third successive month in May, raising the prospect that interest rates will continue to rise beyond this month.

The core consumer price index – which excludes volatile food and energy prices – rose 0.3 per cent last month, taking the annual rate to 2.4 per cent.

The figures heighten the dilemma for the Federal Reserve, which may feel forced to continue to raise rates in spite of growing signs that the economy is slowing.

The futures market on Wednesday priced in a near 100 per cent certainty that the Fed would raise interest rates to 5.25 per cent this month, and doubled the chance, to 44 per cent, of another rise in August.

The Fed's beige book of economic activity reported widespread business concern about high or rising costs, and added "just three districts, Boston, Dallas and Philadelphia, reported that retailers are having success raising retail prices".

The stock market absorbed the news calmly, with the S&P 500 index rising 0.5 per cent.

However, Treasury bonds fell sharply. Yields on two-year Treasuries rose almost 10 basis points to 5.11 per cent, the highest since December 2000. The yield curve inverted further, suggesting the market thinks it increasingly likely that more rate rises will slow the economy.

President George W. Bush told reporters "the Fed is watching inflation very carefully…that's Ben Bernanke's job."

Mr Bernanke, the Fed chairman, will on Thursday give what is expected to be an important speech on the economy.

The May inflation rise pushed the three-month annualised rate of core inflation up from 3.2 per cent to 3.8, the highest since March 1995. "It does raise the probability of a further rate rise in August," said Jan Hatzius, chief US economist at Goldman Sachs. Such a move would increase the likelihood of a hard landing next year, he said.

The rise was driven by a rapid increase in "owners' equivalent rent" – an estimate of the cost of living in your own home, based on what it would cost to rent a similar property. This was due to a technical adjustment and a pick-up in rents as high prices and a cooling-off of house price inflation encouraged more Americans to rent rather than buy.

Excluding this element, the core inflation rate was in line with market forecasts. Headline inflation, including energy costs, rose 0.4 per cent, boosted by a 4.9 per cent increase in petrol prices. There was some evidence higher energy prices were being passed on, with air fares rising 2.6 per cent over the month.

Mickey Levy, chief economist at Bank of America, said: "There has been a clear upward drift in inflation and it is going to continue through year-end. The Fed would definitely like to pause but I don't think it will be able to."

Inflation Spreads Beyond Energy (USAT)

By Barbara Hagenbaugh

DOJ_NMG_0034299

USA Today, June 15, 2006

Prices outpace workers' wages

WASHINGTON — Consumer inflation jumped again in May as higher prices for gasoline, housing and other items pushed up costs at a faster pace than workers' pay, the government said Wednesday.

"Inflation was uncomfortably high pretty much across the board," says Allen Sinai, president of Decision Economics, a consulting group.

Consumer prices rose 0.4% in May following a 0.6% gain in April, the Labor Department said. Excluding the often volatile food and energy sectors, the "core" index, considered a better gauge of inflation trends, rose 0.3% in May for the third consecutive month.

In addition to gasoline, prices rose for clothing, medical care, used cars, food, housing and education. Prices were down for just a handful of items, including personal computers and cigarettes.

The gains in May are just the latest this year. In the first five months, the consumer price index rose at a 5.2% seasonally adjusted annual rate, up from a 3.4% gain in 2005. From January to May, the core index rose at a 3.1% rate after increasing 2.2% last year.

Wages have not kept up with price gains. Adjusted for inflation, average weekly earnings for hourly workers fell 0.7% in May, the biggest decline since September.

The price increases in May strengthened predictions that Federal Reserve policymakers, many of whom have recently expressed concerns about inflation, will continue to raise interest rates to curb borrowing and spending, thus putting a damper on price increases. Chairman Ben Bernanke last week said inflation had risen to an "unwelcome" level.

Fed officials are likely to raise interest rates by a quarter percentage point when they meet June 28-29. That would bring the Fed's target for short-term rates, which influence borrowing costs economywide, to 5.25%. That would be the highest in 51/2 years, although still below the 6.5% peak hit in the last rate-increase cycle in 2000.

Still, many economists, including those at JPMorgan Chase, Moody's Economy .com and Putnam, said inflationary pressures aren't as bad as they appear and there's a risk the Fed could overreact.

The CPI measures housing prices based on how much consumers would pay to rent their homes. But rents are increasing rapidly while home sales and prices are slowing, leading to a possible distortion in the numbers. Changes in utilities prices could also be skewing the data, economists say.

"The inflation story is probably being blown out of proportion," Wachovia senior economist Mark Vitner says.

Investors took a similar view, focusing on stock upgrades by investment banks. The Dow Jones industrial average ended a recent losing streak, jumping 111 points to 10,817.

Strong competition is continuing to make it hard for retailers to increase prices, the Fed said in an anecdotal report out Wednesday. That suggests inflation pressures at the consumer level are not increasing rapidly.

The report also found signs of moderation in economic growth in parts of the USA. A number of economists expect that such slowing from the rapid pace seen earlier in the year will ease inflation pressures later in 2006. "I don't think the outlook is all that scary," Briefing.com chief economist Timothy Rogers says.

Uptick In Inflation Gnaws At Economy (LAT)

By Joel Havemann And Jesus Sanchez

The Los Angeles Times, June 15, 2006

A key indicator of inflation rose for the third consecutive month in May, the government said today, a report that analysts said will likely put pressure on the Federal Reserve to continue hiking interest rates.

The Labor Department announced that the Consumer Price Index rose a seasonally adjusted 0.4% from April because energy prices continued to surge.

What troubled many economists, however, was a larger than expected 0.3% gain in the core index, which strips out volatile energy and food costs. About half of the increase was related to higher housing costs, according to the Labor Department.

Economist Joshua Shapiro said the results from May's CPI report "guarantees" that Federal Reserve policymakers will bump the nation's benchmark short-term interest rate by a quarter point when they meet June 29. Last month, the Fed, headed by its new chairman, Ben S. Bernanke, approved the 16th quarter-point increase in the federal funds rate to 5%.

"Language in the policy statement will leave the door open for further action down the road," Shapiro said in a research note.

In Washington, President Bush today took credit for strong economic growth and said it was up to the Fed to keep inflation in check.

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Asked at a news conference about the economy and other recent signs of a rebound in inflation, Bush said, "That's Ben Bernanke's job."

Bush said the tax cuts enacted in his first term were responsible for what he called a solid economy with strong growth in employment and productivity. Most of those tax cuts are scheduled to end in 2010 and 2011, and Bush urged Congress to make them permanent.

"Pro-growth economic policies work," he said.

The CPI report did not prove very troubling to Wall Street investors, who saw strong gains after a string of declines. The Dow Jones industrial average shot up 110.78 points, or more than 1%, to close at 10,816.92.

Reports Intensify Pressure On Fed To Boost Rates (WSJ)

By Greg Ip And Christopher Conkey

The Wall Street Journal, June 15, 2006

The third month of faster-than-expected price increases raised pressure on the Federal Reserve to back up its tough rhetoric on inflation with higher interest rates, despite more signs the economy is cooling.

Two reports yesterday underscored the dilemma facing central-bank policy makers. The economy appears to be slowing due to higher energy prices and the impact of the cumulative four-percentage-point increase in short-term rates. A slowing economy would normally encourage the Fed to place its interest-rate increases on hold and perhaps eventually cut rates, but the slowing occurs as inflation edges above the zone where most Fed officials are comfortable.

That isn't unusual: typically after the Fed raises rates, the economy, with a lag, slows, and with an additional lag, that weaker economy alleviates inflation pressure. In recent weeks, however, a stream of tough anti-inflation rhetoric from Fed officials coupled with yesterday's price report have convinced markets that short-term interest rates will be raised to 5.25% from 5% at the June 28-29 meeting. Moreover, futures markets now see a roughly 50% probability that the Fed will raise rates again to 5.5% at its Aug. 8 meeting.

Consumer prices rose 0.4% in May from April, the Labor Department said yesterday, and were up 4.2% from a year earlier. More ominously, "core" prices, which exclude volatile food and energy, rose 0.3% in May, the third consecutive increase of that magnitude, and were up 2.4% from a year earlier. That's the highest rate of core inflation in more than a year.

At the same time, the Fed released a report that found economic activity has softened in recent weeks. "Economic activity continued to expand from mid-April to early June, but there were some signs of deceleration," the Fed's "beige book" said.

The beige book, a roundup of anecdotes on business conditions from the Fed's 12 districts, said consumer spending growth "had slowed" and "residential real-estate markets continued to cool across the country....Some districts mentioned that sales were slowing or weaker than anticipated at discount stores or to lower-income customers," perhaps because of higher gasoline prices.

By raising rates later this month, the Fed may dispel doubts about its anti-inflation resolve. But "rate increases heighten the chance the Fed will overshoot the target and prompt greater slowing than necessary to curb inflation," Société Générale SA economist Stephen Gallagher warned in a research note. World stock markets have swooned in recent weeks in part over that concern, although yesterday they were mostly higher. The Dow Jones Industrial Average rose 110.78 points to 10816.92. (See related article4.)

Tom Gallagher, a Fed watcher at investment firm ISI Group, said a rate increase may also feed the incorrect impression that the Fed is targeting current inflation, rather than where inflation will be in six to 12 months. Economists say inflation is a lagging indicator of the impact of monetary policy.

Until early May, Fed officials had indicated an inclination to pause in their rate increases at their late June meeting to assess the impact of prior increases. But the rise in inflation and signs that the public's expectations of inflation were edging up prompted a shift in rhetoric.

Last week, Fed Chairman Ben Bernanke said the recent rise in inflation had been "unwelcome" and a parade of other officials echoed that sentiment. Federal Reserve Bank of Dallas President Richard Fisher yesterday called the recent rise in inflation and expectations "discomforting" and "unacceptable." Earlier this week, Sandra Pianalto, president of the Federal Reserve Bank of Cleveland, said, "The recent news on inflation troubles me," but at 5%, rates are "near a point that is consistent with a gradual improvement in the inflation outlook."

The Fed may conclude it would rather risk more slowing in the economy than allowing the recent rise in inflation to become entrenched. If so, yesterday's reports may have made a decision to raise rates later this month easier, though still unpleasant. Lou Crandall, an economist at Wrightson Associates, a financial-research firm, said Mr. Bernanke may have painted himself into a corner with his hawkish rhetoric, but given the latest inflation number, "it turns out to be a corner they want to be in anyway."

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The biggest contributor to the latest rise in inflation is shelter, whose 0.4% rise accounted for more than half of May's overall price rise. The category includes hotels, tenants' rents and the "owners' equivalent rent," a measure of how much homeowners would pay to rent their own homes. The equivalent rent, the biggest component of shelter prices, was up 0.6% in May following gains of 0.4% in April and March.

Because owners' equivalent rent is more closely linked to tenants' rents than housing prices, some analysts argue recent inflation has been overstated because rents are picking up even as house appreciation slows. Another factor is that the Bureau of Labor Statistics subtracts an estimate of gas utility costs from tenant rents in calculating owners' equivalent rent, with the result that when natural-gas prices are declining, as they have recently, it can put upward pressure on owners' equivalent rent.

The second big contributor to inflation is energy, which rose 2.4% last month following a 3.9% gain in April. The run-up in oil and gas prices earlier this spring appears to be affecting consumers in many places besides the pumps. NY Waterway, which operates commuter ferries to New York City, recently raised fares to compensate for the increase in marine diesel over the past year. A one-way ticket from Weehawken, N.J., to Manhattan rose to $9 from $7.75, while a monthly pass rose to $280 from $257.

Similarly, major airlines have increased fares several times already this year. Overall, transportation costs as measured by the CPI rose 1.5% in May following a 2.4% jump in April. Gasoline was up 33% from last year.

On the other hand, the beige book found little evidence that higher energy and material costs are leaking more broadly into the economy. Half of manufacturers surveyed in New England "have raised their selling prices in recent months or plan to do so shortly" due to rising commodity costs yet there were "few reports" that such increases were broadly reaching the retail level.

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Inflation Mounted Swiftly In May (WP)

By Nell Henderson

The Washington Post, June 15, 2006

Price Increases Outstrip Wages As Gas Takes Toll

Consumer prices rose briskly again in May, led by rising costs for gasoline and housing, the Labor Department reported yesterday, boosting the likelihood that the Federal Reserve will keep raising rates to restrain inflation.

With many motorists paying more than $3 a gallon for gasoline, landlords hiking rents and businesses passing on more of their rising energy and materials costs to shoppers, the department's consumer price index rose 0.4 percent last month after a 0.6 percent increase the month before.

Inflation is eroding consumers' purchasing power, as prices rise faster than most workers' wages, the department said in another report. After adjusting for inflation, average weekly earnings declined 0.7 percent last month and bought 0.2 percent less than in May last year.

"Inflation is definitely on the rise . . . and it will be troubling for many consumers, particularly those at the lower end of the income scale," said Richard Yamarone, director of research for Argus Research Corp., a financial analysis firm. Even so, he added, "inflation is not at a level that is going to cripple the economy, and it appears the Fed is on top of things and will indeed combat these mounting pressures."

Stock markets rose yesterday after sinking for weeks on concerns about inflation and tightening credit. "There's a pause in the panic," said Bank of America market strategist Joseph Quinlan. "Some brave souls are stepping back into the market to buy" blue-chip stocks and other companies they consider to be safe investments.

The Dow Jones industrial average of 30 of the largest companies gained 1.03 percent. The Standard and Poor's 500-stock and the Nasdaq composite index each rose less than 1 percent.

Stocks in Europe, Japan and other developed economies also jumped for the first time in more than a week, though some in less-developed emerging markets continued to fall. "We think we will see a slowdown of this sell-off and a bit of consolidation . . . but the equity markets are still going to be quite nervous for a while," said Anton Pil, head of global fixed-income trading for JPMorgan Private Bank.

Analysts widely predict the Fed will raise its key short-term interest rate to 5.25 percent from 5 percent at their meeting in two weeks, for a 17th consecutive increase.

If inflation pressures ease in coming months, Fed policymakers might leave the rate unchanged for a while at 5.25 percent. But if not, they could raise it to 5.5 percent at their meeting in August.

Fed officials think that the recent spurt of inflation will probably prove to be temporary and that price pressures will be dampened as the economy loses steam. But they are not sure of this forecast and worry that inflation might be more persistent given the economy's underlying strength, low unemployment and higher-than-expected oil prices.

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The Fed's latest survey of regional economic conditions, also released yesterday, found that "high energy costs were fueling price increases in manufacturing and, to a much lesser extent, retail" from mid-April through early June. "Reports of costs being passed forward varied considerably but were more prevalent" than in the previous survey.

The CPI has risen at a 5.2 percent annual rate this year, after adjusting for seasonal variations, a much hotter pace than the 3.4 percent increase recorded for all of last year.

More than half of the May CPI increase reflected higher rents and hotel and motel rates. Rents have been rising as the housing market cools, vacancy rates fall and many landlords boost their prices to cover higher energy bills and property taxes. Lodging companies are raising room rates, and airlines are increasing fares as demand strengthens.

The CPI also got a boost from energy prices, which rose 2.4 percent in May, and were up at a 30.8 percent annual rate in the first five months of the year.

Gasoline prices, in particular, rose 4.9 percent last month, to a level higher than the previous peak in September after Hurricane Katrina battered Gulf Coast refineries and pipelines, the department said.

Prices also rose broadly last month in other categories, as consumers paid more for food, clothing, medical care, education, furnishings, used cars and trucks, and tickets to shows and sporting events.

The May price increases more than offset falling prices for electricity, natural gas, new vehicles, toys, video and audio goods, sporting goods, telephone services, computers and equipment.

Many economists look for signs of whether high energy costs are seeping into other prices by studying so-called core inflation measures, which exclude food and energy items. The core CPI rose 0.3 percent last month, the third consecutive monthly increase at that rate -- and a troubling trend for financial markets and the Fed.

The string of recent core inflation readings "provides a strong signal that producers are gaining some leverage in passing higher energy and materials costs through to consumers," wrote Kenneth Beauchemin, U.S. economist for Global Insight Inc., in an analysis of the report.

Core inflation has risen at a 3.8 percent annual rate over the past three months and at a 2.9 percent pace over the past six months -- exceeding the comparable April figures Fed Chairman Ben S. Bernanke cited last week as "unwelcome."

Bernanke vowed then that the Fed would not allow the recent uptick in core inflation to continue, sending a strong signal to financial markets that interest rates are headed higher.

While Fed officials often focus on core inflation, they also worry that trends in overall inflation affect consumers' and businesses' expectations of future inflation, which can be self-fulfilling. Before Bernanke's speech, both consumer surveys and the bond market indicated a small rise in inflation expectations, which rattled the central bank.

"Expectations can quickly become reality," Richard W. Fisher, president of the Federal Reserve Bank of Dallas, said in a speech yesterday. "We can ill afford to somehow encourage expectations that inflation might gain momentum."

Led By Higher Rents, Prices Continue To Climb (NYT)

By Jeremy W. Peters

The New York Times, June 15, 2006

Prices at the retail level continued to climb in May, led by rising fuel costs and rents.

The government reported today that the so-called core rate of the Consumer Price Index, a closely watched measure of prices excluding the volatile food and energy categories, rose a slightly higher than expected 0.3 percent, reaffirming the belief among many economists and investors that the Federal Reserve will raise interest rates again later this month.

The price data came as a Fed official said in a speech today that recent inflationary pressures have been "corrosive."

The Labor Department said that overall consumer prices rose 0.4 percent in May, a slight deceleration from April's 0.6 percent increase. But compared with last May, prices have jumped 4.2 percent, the government said. That is considerably higher than the 3.9 percent increase economists forecast. The core rate, meanwhile, rose at an annual pace of 2.4 percent in May, up from a 2.3 percent pace in April.

The cost of housing accounted for more than half of the 0.3 increase in the core rate from April to May, the Labor Department said.

Investors, wary that another interest rate increase by the Federal Reserve could slow down economic growth, have pushed stock prices lower worldwide recently.

The stock market appeared to shrug off the news, with the leading market indexes closing higher for the day. But bond prices fell sharply, as the data on prices gave traders more reason to expect interest rates to increase.

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Some economists said today's report on consumer prices not only reaffirmed that the Fed would raise interest rates for the 17th straight time when it meets on June 28 and 29, but it raised the likelihood of yet another increase at the Fed's meeting in August.

"With the core rate of inflation coming in even higher than April, not only does this remove any lingering doubt," about a rate increase, said Rob Carnell, an economist with the financial services company ING, "but it does raise a serious possibility of an August hike as well."

Ian Shepherdson, chief United States economist for High Frequency Economics, said: "A June 29 hike is a done deal. We just hope sense will prevail in August."

In Europe, stocks declined right after the Labor Department report was released, but they cut their losses toward the end of the trading day there. In Asia, leading indexes finished higher after one of their worst trading days in years on Tuesday.

The government report about rising prices came as Richard Fisher, the president of the Federal Reserve Bank of Dallas, said in a speech that it was his duty to be "relentlessly bird-dogging" inflation. His were the latest comments from a growing number of Fed officials who are vowing publicly to combat inflation.

Also today, the Federal Reserve issued its quarterly economic overview, known as the beige book, which said the American economy continued to expand from mid-April to June but showed "some signs of deceleration." The report said the labor market continued to contract while consumer spending tightened.

Neither the Mr. Fisher's remarks nor the Fed report had an obvious impact on the financial markets this afternoon.

Prices Rise, And Interest Rates Sure To Follow (CSM)

By Ron Scherer

The Christian Science Monitor, June 15, 2006

It could be a summer of rising interest rates.

That's the sobering prospect for the US economy following news that the inflation rate is running at a quickening pace. Higher prices for such things as airline tickets, housing, healthcare - and of course, gasoline - are now starting to eat into consumer pocketbooks.

Wednesday, the Labor Department reported the May Consumer Price Index (CPI) rose 0.4 percent, after a 0.6 percent rise in April. This is well above the comfort level of the Federal Reserve, the nation's chief inflation-fighter.

The latest numbers just about guarantee the Fed will hike interest rates at the end of the month. Its new chairman, Ben Bernanke, an avowed inflation-fighter, may follow that with yet another increase in August.

The inflation pop, however, comes at a time when the economy may be starting to cool. This could keep the Fed from hitting the brakes too hard.

"The Fed is going to have to raise rates more out of a desire to keep the market from thinking the new sheriff in town is not serious about fighting inflation," says Anthony Chan, chief economist at JP Morgan Private Client Services in Columbus, Ohio. "Prices are rising against a backdrop of weakening housing and other parts of the economy."

Economists are most concerned that rising prices seem to have moved beyond the energy sector. Removing food and energy - typically the most volatile prices - from the inflation rate indicates that "core" prices in May rose 0.3 percent. Over the past three months, the core rate of inflation is up to an annual rate of 3.8 percent, the fastest pace in more than a decade.

"We're seeing a near-term acceleration in the core rate," says Gregory Miller, chief economist at Suntrust Banks in Atlanta. "An increase of half a percentage point at the next Fed meeting is a strong possibility before the Fed decides to back away."

However, Mr. Chan reports that such a large rate hike is not likely. In the past, Mr. Bernanke has said previously, the Fed has tended to "overshoot" by raising rates too high or dropping them too low. The central bank would then have to change directions, confusing the markets.

"I don't think Bernanke is going to put in a strong case for a half a percentage point increase," Chan says.

Though the inflation rate is accelerating, the economy has changed considerably since the last major period of inflation in the 1970s, Chan says. Back then, whenever the consumer price index rose, wages automatically ticked up via "cost of living adjustments." Most of those arrangements are now gone, he says, particularly at manufacturing facilities, like General Motors Corp., where total remuneration is being cut, not raised.

"A slowing economy will eventually lead to diminished pricing pressures," Chan says.

Until that happens, consumers are starting to feel the effects of rising prices on their pocketbooks. For example, airfares rose 2.6 percent in May, according to the CPI report. Brian Hoyt, a spokesman for Orbitz.com, says airline ticket prices this summer are up 10 percent over last year's.

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Amy Kelley of Calverton, N.Y., can attest to this. She's been searching for less expensive tickets for a vacation to Seattle. "I can't find the bargains I used to," she says.

While the higher airline prices are related to the rising cost of jet fuel, the CPI also points to rising medical expenses, which were up 0.3 percent in May.

In Philadelphia, Warren West, president of Greentree Brokerage Services, says the cost of providing medical benefits to his employees rose 16 percent this year. "There is no way to pass this on to the end user. We don't have that kind of pricing power," he says.

In fact, inflation in services is a growing issue, says economist Robert Brusca of Fact and Opinion Economics in New York.

"The last two months there has been service-sector wage pressure," Mr. Brusca says, pointing out that two-thirds of the jobs in the economy are service-related.

"Inflation pressure on goods is not that bad, but in services they seem to be building."

Part of the reason for the service-sector price increases is supply and demand, says Sandy Horwitz, an accountant in Coral Gables, Fla. His firm, Goldstein Schechter Price Lucas Horwitz & Co., has raised its billing rates 5 to 7 percent this year, he estimates.

"There is a shortage of accountants and pretty strong demand out there, so we need to meet people's salary requirements," he says.

Miami lawyer Matthew Krieger says demand for his legal specialty, immigration law, is so strong he has been able to increase his billing rates from 10 to 20 percent this year.

"There is a shortage of good attorneys in our area," he says. "It's a very complex area of the law."

In terms of prices, "rents" is one of the fastest ascending groups. The government calculates rents by determining what individuals would pay for housing if they were renting to themselves. Last month, rents rose 0.6 percent, the fastest pace in years. Since housing represents 25 percent of the CPI, it is a significant contributor to the overall inflation jump.

In Miami, landlord David Lombardy says tenants are now seeing rents climb - up about 30 percent in the past year, he estimates. A one-bedroom apartment at the Mirador on South Beach is now renting for $1,400 a month, up from $1,000 a month last year, he says.

Still, Mr. Lombardy expects rents to drop eventually due to the rising number of luxury condominiums coming on the market.

"All those people who bought on speculation will try to flip them, and when they can't do that they will try to rent them. So this will bring rents down in 12 to 18 months," he says.

Housing, Energy Costs Boost Inflation (WT)

By Patrice Hill

The Washington Times, June 15, 2006

Higher housing and energy costs drove inflation to a 5.7 percent rate in the past three months, the highest in a decade, sealing expectations yesterday that the Federal Reserve will raise interest rates further this summer and add to the costs weighing on consumers.

Yesterday's consumer price report from the Labor Department raised red flags at the central bank, where officials express dismay at the underlying, or "core," rate of inflation, which accelerated to 3.8 percent last month in the biggest increase since 1995. The core rate is dominated by housing costs and, though it excludes the skyrocketing gas and electricity costs consumers pay directly, it reflects moves by businesses to pass those costs on to consumers.

"That is just too corrosive to be accepted by a virtuous central banker," the president of the Fed's Dallas reserve bank, Richard Fisher, said in a speech in Texas. The Fed must be "relentlessly bird-dogging inflation to prevent a debasement of your dollars."

The uptick in inflation this year has raised consumers' expectations of price increases to 3.2 percent a year -- a rate that would erode the purchasing power of a dollar to as little as 73 cents in a decade, he said.

"To me, this is more than discomforting. It is unacceptable," he said, adding that the Fed should no longer adhere to its practice under former Chairman Alan Greenspan of mostly ignoring volatile spikes in energy and food prices. "People have to eat, drive and air-condition their homes," he said.

The Fed's redoubled attention to energy and housing-driven inflation, as measured by the Consumer Price Index, has heightened the importance and effect of inflation reports on the financial markets and economy. Yesterday's bad inflation news was widely anticipated, however, and markets took it in stride, rallying after a series of tumbles in stock indexes around the world.

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The Dow Jones Industrial Average yesterday added 111 points, recouping some of the 540-point loss it suffered in the past week since Fed Chairman Ben S. Bernanke inspired fears that the central bank would take the hammer to any increase in inflation. The move to 10,817 put the Dow back in positive territory for the year.

Some analysts say the Fed's focus on housing and energy costs is ironic, and perhaps unwise, because the central bank has little control over either and its campaign to raise interest rates will add to the higher housing costs consumers have to bear.

About half of new home purchases in recent years were financed through adjustable-rate loans that will be adjusted sharply higher as a result of the Fed's actions in the months ahead. Homeowners with fixed-rate mortgages do not face sharp increases unless they sell or refinance their homes.

Previous Fed moves to raise short-term rates by 4 percentage points since June 2004 already have contributed to a slowdown in the housing market and are pushing more people to rent rather than seek homeownership. The rush into rentals is driving up rent prices and is the principal force driving up the core rate of inflation, analysts say.

A critical component of the price index designed to track the cost of homeownership for the 69 percent of Americans who own homes actually measures what it would cost to rent the single-family homes they own. That rental index jumped by 0.6 percent last month, the most since 1990.

The Fed is in a "true dilemma" because "the origins of higher consumer prices are currently beyond their scope" and cannot be cured with higher rates, said Roger M. Kubarych, chief economist at HVB Group.

"Higher rates would speed up the slowdown of the housing boom and put further pressure on rents" and housing inflation, he said.

While Fed officials from Mr. Bernanke on down have left little doubt they are bent on raising rates, that is "no longer appropriate for the weakening economy," Mr. Kubarych said. "Overdoing the tightening bears the risk of a recession -- which ultimately would lower rents and [inflation] -- a costly approach."

Other analysts support the Fed's war against inflation.

"The chairman has rediscovered his monetary manhood and is doing the right thing," said Lawrence Kudlow of Kudlow & Co. "Price stability is the key to economic growth."

President Bush expressed confidence that Mr. Bernanke and other Fed governors he appointed will get inflation under control.

"Obviously, the Fed is watching the signals for inflation very carefully," he said at a press conference. "That's Ben Bernanke's job."

Mickey Levy, chief economist at Bank of America Corp., said the Fed has little choice but to raise rates when faced with yesterday's inflation numbers, which included a 35 percent leap in energy costs, 20.9 percent surge in transportation costs, 7.3 percent jump in clothing costs and 4.5 percent rise in health care costs over the past three months.

"It's not that the Fed is losing its grip, but it will have to hike rates to maintain its inflation-fighting credibility," he said. "I believe the Fed would like to pause, but I think a continued upward drift in core inflation numbers will not allow them to."

Consumer Spending Drops Sharply In May (WP)

By Martin Crutsinger

The Washington Post, June 15, 2006

If Not for Higher Energy Costs, Retail Sales Would Have Been in Negative Territory

Consumers cut back sharply on their spending in May, providing further evidence that the economy is slowing, but it is still an open question whether the slowdown is coming soon enough to keep inflation under control.

The Labor Department reported yesterday that wholesale prices rose by 0.2 percent in May, a big drop from the past two months. But core inflation, excluding food and energy, increased 0.3 percent, faster than analysts had expected.

The Commerce Department reported that retail sales edged up only 0.1 percent last month and would have been in negative territory had it not been for a big rise in the price of gasoline.

Inflation worries and signs of a weakening economy meant another bad day on Wall Street. The Dow Jones industrial average fell 86.44 points to close at 10,706.14, erasing the last of its gains for this year.

Fears that higher inflation will trigger further interest rate increases from the Federal Reserve and contribute to a sharper U.S. economic slowdown are not only depressing U.S. investors but have contributed to a global stock sell-off in recent days.

Without the higher payout at gas stations, retail sales would have fallen 0.1 percent last month. The declines were widespread, with sales falling at auto dealerships, furniture stores and hardware stores. Sales at department stores and specialty clothing stores posted modest increases.

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Analysts said consumers, who have been the driving force in the four-year-old economic expansion, are beginning to flag in their shopping zeal under an array of adverse forces.

"With employment growth slowing, interest rates rising, stock prices falling, housing markets cooling and energy prices still elevated, there is much weighing on the minds of consumers," said Michael Gregory, an economist at BMO Nesbitt Burns, a Toronto investment bank.

Consumer spending, which accounts for two-thirds of total economic activity, helped the economy grow 5.3 percent in the first three months of the year. Analysts think economic growth will slow to around 3 percent in the current quarter, reflecting a weaker consumer sector.

"The persistence of high gasoline prices coupled with lower equity prices and badly bruised consumer sentiment will effectively take the wind out of the sales of real consumer spending in the second quarter," said Brian Bethune, U.S. economist at Global Insight Inc., a private forecasting firm.

The tiny 0.1 percent rise in May retail sales was held back by a 1.6 percent drop in auto sales, weakness that has caused automakers to bring back incentive offers this month.

The small 0.2 percent increase in wholesale inflation was the best performance since a 1.3 percent drop in February. Food prices actually fell by 0.5 percent, and energy costs, which had jumped by 4 percent in April, slowed to a much smaller 0.4 percent rise in May.

But outside food and energy, price pressures mounted, with the 0.3 percent increase in core inflation coming after two moderate gains of 0.1 percent in March and April.

While this could raise concerns at the Federal Reserve, analysts said the more important inflation figure will be consumer prices for May, which are to be released today.

In advance of that report, economists were looking for overall prices to be up 0.4 percent, a slower pace than the 0.6 percent jump in April, and core consumer prices to show a modest 0.2 percent increase, down from a 0.3 percent rise in April.

Federal Reserve Chairman Ben S. Bernanke contributed to a 199-point drop in the Dow on June 5 when he called recent increases in inflation "unwelcome" developments, sending a signal that the central bank could boost rates for a 17th time at its June 28-29 meeting.

Dow Ditches Doldrums With Big Bounce (USAT)

By Adam Shell

USA Today, June 15, 2006

NEW YORK — The bleeding on Wall Street subsided Wednesday — at least for a day — with the Dow bouncing back more than 100 points and the Nasdaq composite breaking its eight-session losing streak.

The gains came despite a bigger-than-expected rise in consumer prices in May. Investors have been monitoring inflation data for any signs of an increase, since rising prices are likely to make it more difficult for the Federal Reserve to stop raising short-term interest rates.

The core consumer price index rose 0.3% in May, slightly higher than expected (story, 1A). However, investors shrugged off the news, since it merely confirmed earlier data, says Andy Brooks, head trader at T. Rowe Price.

“The market has sold off considerably in recent weeks, and a lot of the negative news on inflation was already priced into prices,” says Todd Leone, head of listed trading at SG Cowen. He added that it was important that the market held its big gains rather than selling off at the close.

Led by a 6.5% gain in aerospace giant Boeing, the Dow Jones industrial average gained 110.78 points, or 1.0%, to 10,816.92, which pushed it back into the black for 2006. Tuesday, the Dow closed with a year-to-date deficit for the first time since late January. The Nasdaq composite ended its eight-session skid, rising 13.53 points, or 0.7% to 2086.00. The Standard & Poor's 500 index added 6.35 points, or 0.5%, to 1230.04.

Still, it's too early to say stocks have bottomed out, adds Brooks, although he says the sell-off in the past few weeks has created some buying opportunities. Investors who “pick through the ruins might pick up some values,” he says.

The rally might have reflected belief that the worst of the stock market's slide is behind it, Goldman Sachs' chief U.S. investment strategist Abby Joseph Cohen said Wednesday.

Bank stocks fell amid worries that inflation will drive short-term interest rates higher and crimp bank profits. Bank of America lost 43 cents to $46.64, Citigroup sank 41 cents to $47.80, and JPMorgan Chase eased 56 cents to $39.97.

•Union Pacific rallied $1.08 to $87.59. The nation's largest railroad said mild weather helped it haul a record amount of coal during the first five months of this year.

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Dow Back In Positive Territory For Year (WP/AP)

By Associated Press

The Washington Post, June 15, 2006

NEW YORK, June 14 -- Stocks rebounded Wednesday, pulling Wall Street out of a two-week decline that had wiped out the year's gains in every major indicator.

The Dow Jones industrial average rose 110.78, or 1 percent, to 10,816.92. The Standard & Poor's 500-stock index rose 6.35, or 0.5 percent, to 1230.04, and the Nasdaq composite index rose 13.53, or 0.7 percent, to 2086. Wednesday gains put the Dow back into positive territory for the year, but the S&P 500 and the Nasdaq remain lower.

Stocks gained momentum in late afternoon trading after a largely lackluster session marked by mixed reactions to the Commerce Department's consumer price index inflation data. Consumer-level inflation grew in May at an annual rate of 2.4 percent, making another Federal Reserve rate hike a near certainty and putting an end to traders' fretting about the possibility.

The Wall Street adage "sell on the rumor, buy on the fact" held for most of the session. While broad indicators turned negative for part of the afternoon, they saw nothing like the dramatic sell-offs of previous sessions.

Bonds fell, with the yield on the 10-year Treasury note rising to 5.06 percent from 4.97 percent late Tuesday. The U.S. dollar was down against most major currencies. Gold prices also fell, closing at $562.30 a troy ounce, far below their recent highs above $700.Movers

Boeing rose $5.03, to $82.01, after Singapore Airlines said it would buy 20 Boeing 787-9 aircraft for $4.52 billion, hours after it expressed unhappiness about delays in Airbus's delivery of its A380 superjumbo.

Bayer AG rose $3.07, to $41.28, following an agreement that could clear the way for Bayer to take over Schering.

Schering rose $2.54, to $111.55.

Tribune rose 89 cents, to $31.94, after the media company's second-largest shareholder called for a breakup of the company.

Taser International rose 55 cents, to $8.02, after Chairman Phillips W. Smith bought $762,000 worth of the stun-gun maker's stock.Indexes

New York Stock Exchange composite index rose 60.55, to 7780.33.

American Stock Exchange index rose 3.54, to 1814.11.

Russell 2000 index of smaller-company stocks rose 4.37, to 677.09.Volume

NYSE: 2.82 billion shares, down from 3.31 billion. Advancers outnumbered decliners 10 to 9.

Nasdaq: 2.12 billion shares, down from 2.54 billion. Advancers outnumbered decliners 9 to 8.Commodities

Crude oil for July delivery: $69.14, up 58 cents.

Gold for current delivery: $562.30 a troy ounce, down from $562.50 on Tuesday.

Economy Expands, But Signs Show Slowing Growth (USAT)

USA Today, June 15, 2006

WASHINGTON — The U.S. economy expanded from mid-April to early June, amid warning signs of slower growth and rising costs, the Federal Reserve said Wednesday.

In its beige book, an anecdotal look at conditions named for the color of its cover, central bank economists noted that growth in economic activity slowed in four of the 12 Fed districts — Atlanta, Kansas City, Richmond and San Francisco. New York businesses were growing concerned about the outlook. Philadelphia firms were more optimistic.

In further evidence the record housing market is declining, 10 Fed districts reported slower existing home sales. Commercial real estate was surging, however, to the point that officials in the Boston, Chicago and Dallas districts warned of possible overinvestment in the sector. Consumer spending grew, but less quickly. Employers had trouble finding skilled workers, but wage pressures were generally mild.

Manufacturers were pinched by high materials and energy prices. Still, only four Fed districts said manufacturers had been able to raise selling prices, and just three districts said retailers had done so.

Fed Chairman Ben Bernanke and his colleagues will consider the beige book, along with other data including Wednesday's report that consumer inflation rose at a brisk clip in May (story, 1A), as they debate interest rate policy. Economists expect the Fed to raise rates a quarter point to 5.25% at its June 28-29 meeting. USA TODAY economics reporters Sue Kirchhoff and Barbara Hagenbaugh looked at the report.

Maine, Massachusetts, New Hampshire, Rhode Island, Vermont, most of Connecticut. The economy expanded, with the software and information technology sector citing higher revenues. Tourism was brisk in the Boston area, reaching some of the

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highest levels since 1999-2000. Commercial real estate improved: Downtown Boston's vacancy rate fell to 10%. About half of manufacturers contacted said they had raised selling prices or plan to do so.

New York, northern New Jersey, Fairfield County, Conn. Expansion was moderate, with businesses reporting "increasingly widespread cost pressures." Broadway attendance rose. New Jersey home builders lowered sales projections, and some let their options for new projects expire. Manhattan's rental market is picking up, though there is a rising supply of condos for sale. Construction employment is softening. Office markets were steady to better. Bankers see across-the-board weakening in loan demand.

Delaware, southern New Jersey, eastern Pennsylvania. Conditions improved. The job market was good, and manufacturing expanded, though not as quickly as in previous months. Auto dealers expect sluggish sales through the end of 2006. Bank lending was good. Sales of homes in resort areas have dropped sharply. Manufacturers noted shortages and delays in delivery for metals, wood products and electronic components. College job recruiting was up over 2005.

Ohio, eastern Kentucky, western Pennsylvania, northern West Virginia. Most manufacturers had steady to increasing output, though activity at auto plants was notably below 2005. Commercial construction was up. About half the construction and manufacturing contacts were trying to recoup some of their higher costs. Firms were more successful in passing price increases on to smaller firms than larger customers. About a quarter of home builders raised prices to make up for higher materials costs, but a larger share sweetened sales incentives.

Maryland, Virginia, North Carolina, South Carolina, southern West Virginia, District of Columbia. Activity expanded more slowly, as a decline in housing sales was joined by "some downshifting" in manufacturing and retail. A regional hardware and building supply chain got a boost as consumers bought generators and other products ahead of the coming hurricane season. Realtors said prices were holding steady, even though softening in home sales was more widespread.

Alabama, Florida, Georgia, eastern Tennessee, southern Louisiana, southern Mississippi. Activity was mixed. Some cruise lines offered discounts on late-summer cruises in the Caribbean, due to hurricane worries. Florida's tony resorts did booming business. Residential construction remained steady, though Florida condo sales weakened. A growing number of South Florida firms were having trouble finding workers, due to high housing costs.

Iowa, northern Indiana, northern Illinois, southern Michigan, southern Wisconsin. Consumer spending increased "modestly," as demand for clothing, lawn and garden items and electronics rose. Business travel to Chicago was up, in part because of strong convention activity. Firms reported a small net gain in hiring, and manufacturers said they were holding job fairs to find skilled workers for the first time in years. The housing market continued to slow. A few retailers said they were able to increase prices, but most said strong competition was making that difficult.

Arkansas, southern Illinois, southern Indiana, western Kentucky, northern Mississippi, eastern Missouri, western Tennessee. Car dealers in the district reported sales declines, and more than half said their inventories were too high, primarily for new cars. Manufacturers said they were concerned about increasing transportation costs. Contacts in the freight transportation, warehousing and utilities industries said they planned to expand operations in the region.

Minnesota, Montana, North Dakota, South Dakota, upper Michigan, northern Wisconsin. The area economy "grew at a steady pace" marked by gains in consumer spending and tourism. The housing market continued to cool, with new listings in Minneapolis-St. Paul up 18% from a year ago, while pending sales were down 21%. Ethanol plants were springing up across the region. Wages increased slightly.

Colorado, Kansas, Nebraska, Oklahoma, Wyoming, western Missouri, northern New Mexico. The job market continued to strengthen, and "wage pressures increased somewhat." Engineers, auto technicians, nurses, oil and gas workers and skilled manufacturing workers were reported to be in short supply. Drought conditions got worse. The winter wheat crop in some parts of the region was expected to be half that of last year.

Texas, northern Louisiana, southern New Mexico. Retailers reported mixed results. Sales were weakest at stores geared toward lower-income consumers, in part because of higher gas prices. Demand for lower-priced homes in the region also declined because of higher interest rates, rising energy prices and tighter lending standards. But housing activity continued to be "solid at very high levels." The job market continued to tighten as firms in both the manufacturing and services sectors were hiring.

Alaska, Arizona, California, Hawaii, Idaho, Nevada, Oregon, Utah, Washington. Travel and tourism were "vigorous," as hotel occupancy rates were high and room rates rose. The housing market cooled significantly in the region except in Utah and the Pacific Northwest, where markets "remain hot." There was little upward pressure on wages in most occupations, and companies reported that strong competition and productivity gains meant they were not passing along higher prices to customers. Hiring slowed in parts of California.

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Inside Politics (WT)

By Greg Pierce

The Washington Times, June 15, 2006

Moping media

"June has been a miserable month for our left-wing media," New York Post columnist Ralph Peters writes.

"First, the death of Abu Musab al-Zarqawi forced the alleged 'massacre' at Haditha off Page One, frustrating media attempts to manufacture a sequel to Abu Ghraib. Then, President Bush made a midnight ride to Baghdad to put one very important pair of boots on the ground. He didn't hug the airport, either, but crossed the city to the Green Zone for a face-to-face with Iraq's new prime minister. It was a brave and inspiring act. And a worthy one," Mr. Peters said.

"Strategically wise, good for Iraqi and American morale -- and, yes, politically savvy -- the president's trip blew apart the media's effort to recover from their loss of Zarqawi. It also shut down their bid to refocus our attention on the suicides of three poor, deprived terrorists at Guantanamo -- thugs we're expected to mourn as victims of our inhumanity. Hate-America journalists just can't get a break these days.

"But they're still trying. One cable-news anchor [Tuesday] asked if Bush's visit to Iraq was a 'publicity stunt.' Her own network's correspondent shot that down, on-air. True reporters know a missile can kill a president as easily as a private. The Gitmo suicide-trifecta was the real publicity stunt. This accurate statement should never have been retracted: It was an act of asymmetrical warfare. And every save-the-terrorists jerk behind a mike knows it in his or her shriveled bleeding heart."

An opportunity

"Presidents rarely recover from second-term slumps, but President Bush may be on the verge of at least a modest upturn and perhaps a strong recovery," Fred Barnes writes at www.weeklystandard.com.

"For sure, his plunge in job approval over the past year has been halted. He's bottomed out. But how significant will his recovery be and how durable? Those are the questions," Mr. Barnes said.

"The Bush decline in 2005 and 2006 was caused, in part, by intensified terrorist attacks in Iraq, the failure of his Social Security reform initiative, and bad luck in the form of hurricane Katrina and the Dubai ports deal. The president's approval rating in the Gallup Poll plummeted from 51 percent on the day of his second inauguration to 31 percent in May, 16 months later.

"But in recent days, Bush has been blessed with good news. Last week, Americans found and killed the chief jihadist in Iraq, Abu Musab al-Zarqawi, eliminating the top strategist and operational leader of the insurgency. And on Monday, Special Counsel Patrick Fitzgerald informed Karl Rove, one of Bush's most influential advisers, that he has no plans to seek an indictment of Rove in the case of a CIA official whose name was disclosed to the press."

"[And] in the bellwether special House election in San Diego last week, Democrats failed to pull off an upset and capture the Republican-leaning district. The Democratic candidate got the usual Democratic vote, suggesting a Democratic landslide is unlikely in the midterm election on Nov. 7."

Decision time

Sen. Joe Lieberman, Connecticut Democrat, warily watching his primary challenger advance in the polls, must soon decide whether to start collecting signatures for a possible independent bid this November.

Mr. Lieberman's campaign says it is focused only on winning the Aug. 8 primary, but the Democrat has not ruled out petitioning his way onto the November ballot as part of a backup plan to secure a fourth term in the Senate.

"I am not going to close out any options," the senator recently told reporters.

Mr. Lieberman has until Aug. 9 -- the day after the Democratic primary -- to collect 7,500 signatures from registered voters to gain a spot on the ballot as an unaffiliated candidate.

But any effort to gather signatures before the primary would be a sign of weakness, indicating that Mr. Lieberman, the Democratic vice presidential nominee in 2000, fears that he could lose to businessman Ned Lamont, the Associated Press said. The effort also would rile Democrats who already question Mr. Lieberman's party loyalty and his perceived closeness to President Bush.

The senator has been a strong backer of the Iraq war.

Bill's big bucks

Life after the White House has proven lucrative for Bill Clinton, who made nearly $7.5 million in speaking fees last year and sometimes earned as much as $350,000 for a single appearance.

Mr. Clinton earned $650,000 for just two appearances in two days before major gatherings in Canada by motivational speaker Tony Robbins, according to the financial-disclosure report filed yesterday by his wife, New York Sen. Hillary Rodham Clinton.

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In 2004, Mr. Clinton earned just $875,000 for speeches as he recovered from heart-bypass surgery and finished his memoirs. Last year, he made eight times as much on the speech circuit, the Associated Press reports.

Spokesman Jay Carson said the former president had "an exceptionally busy schedule" and paid speeches were sandwiched around charity work on global HIV/AIDS, childhood obesity and other causes.

"Between the foundation and work on Katrina and the tsunami, paid speeches are actually a very small part of his schedule," Mr. Carson said.

'The shade look'

President Bush, who often teases members of the White House press corps, apologized yesterday after he poked fun at a reporter for wearing sunglasses without realizing they were needed to stem vision loss, the Associated Press reports.

The exchange occurred at a press conference in the Rose Garden. Mr. Bush called on Los Angeles Times reporter Peter Wallsten and asked whether he was going to ask his question with his "shades" on.

"For the viewers, there's no sun," Mr. Bush said to the television cameras.

But even though the sun was behind the clouds, Mr. Wallsten still needs sunglasses because he has Stargardt's disease, a form of macular degeneration that causes progressive vision loss. The condition causes Mr. Wallsten to be sensitive to glare and even on a cloudy day can cause pain and increase the loss of sight.

Mr. Wallsten said Mr. Bush called his cellular phone later in the day to apologize and tell him that he didn't know he had the disease. Mr. Wallsten said he interrupted and told the president that no apology was necessary and that he didn't feel offended because he hadn't told anyone at the White House about his condition.

"He said, 'I needle you guys out of affection,' " Mr. Wallsten said. "I said, 'I understand that, but I don't want you to treat me any differently because of this.' "

Mr. Wallsten said the president told him that he would not treat him differently, so Mr. Wallsten encouraged him to "needle away."

"[Mr. Bush] said, 'I will. Next time, I'll just use a different needle,' " the reporter said.

Mr. Wallsten said he thought that was a pretty good line. And said his only complaint is that the president didn't answer his question at the press conference.

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Lieberman Weighs Re-election Bid Options (AP)

By Susan Haigh, Associated Press Writer

AP, June 15, 2006

Democratic Sen. Joe Lieberman, warily watching his primary challenger advance in the polls, must soon decide whether to start collecting signatures for a possible independent bid this November.

Lieberman's campaign contends that it's focused only on winning the Aug. 8 primary, but the Democrat has not ruled out petitioning his way onto the November ballot as part of a backup plan to secure a fourth term in the Senate.

"I am not going to close out any options," the senator recently told reporters.

Lieberman's spokeswoman, Marion Steinfels, said he is "already the party's endorsed candidate and on Aug. 8 he will win the primary, the Democratic primary."

Lieberman has until Aug. 9 — the day after the Democratic primary — to collect 7,500 signatures from registered voters to gain a spot on the ballot as an unaffiliated candidate.

But any effort to gather signatures before the primary would be a sign of weakness, indicating that Lieberman, the Democratic vice presidential nominee in 2000, fears that he could lose to businessman Ned Lamont. The effort also would rile Democrats who already question Lieberman's party loyalty and his perceived closeness to President Bush.

The senator has been a strong backer of the Iraq war.

Christopher Kukk, an associate political science professor at Western Connecticut State University, said it's a risk Lieberman may be willing to take as Lamont continues to make gains in the polls.

"I think he'll alienate Democratic voters, but to be honest with you, I think he already has alienated Democratic voters," Kukk said. "If Lamont is gaining ... I think you'll see Lieberman jump."

According to a recent Quinnipiac University Poll, 57 percent of registered Democrats in Connecticut said they would vote for Lieberman, compared to 32 percent for Lamont. A month ago, Lieberman drew 65 percent to Lamont's 19 percent.

The poll found that if Lieberman runs as an independent, he would win with 56 percent of the vote, compared to 18 percent for Lamont and 8 percent for Republican Alan Schlesinger. Lieberman enjoys higher ratings among Republicans and unaffiliated

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voters than Democrats, the poll found. Unaffiliated voters are the state's largest bloc of voters, followed by Democrats and then Republicans.

Lamont, a multimillionaire owner of a cable television company, launched an ad campaign this week asking for Lieberman's support should he win the primary, and promising to back Lieberman should the senator prevail.

"What do you say, Senator?" Lamont asks in the radio ad. "May the best Democrat win."

Lamont's campaign manager, Tom Swan, said Democrats want to know what Lieberman will do.

"If Joe Lieberman is considering abandoning the Democratic Party, the people have a right to know it," Swan said. "Ned is agreeing to abide by the process and respect the choice of the people. Will Joe?"

No matter what Lieberman does, Kukk said he believes the veteran senator will win re-election. Lieberman still enjoys a strong lead over Lamont, and Kukk said if Lieberman runs as an unaffiliated candidate, it likely won't hurt him with the general electorate because party loyalty isn't very strong anymore.

"I think they are thinking of it," Kukk said of a possible Lieberman independent run. "If you're looking for your political survival, you'd be silly not to."

Webb Poses Challenge To Allen In Va. Race (AP)

By Bob Lewis

AP, June 15, 2006

National Democratic leaders on Wednesday relished the prospect of James Webb, a war hero and former Reagan Navy secretary, challenging Republican Sen. George Allen (news, bio, voting record) this November. But beating Allen, a well-liked former Virginia governor who's also weighing a White House bid, will be a struggle, even for a Republican-turned-Democrat with Webb's made-for-the-movies portfolio.

With the blessing of leading Senate Democrats, Webb, 60, beat party stalwart and traditional liberal Harris Miller, thanks to overwhelming support in the suburbs of Washington, D.C., where congressional politics resonate.

"If you had to construct a candidate who would be a great opponent to Allen, it would be Jim Webb," Sen. Charles Schumer (news, bio, voting record), D-N.Y. and chairman of the Democratic Senatorial Campaign Committee, said in an interview Wednesday.

"On some positions, he's conservative. On some others, he's more moderate. But he is who he is. He's genuine," said Schumer, who gave Webb the DSCC's rare preprimary endorsement.

National party leaders, including Schumer, Democratic chairman Howard Dean, 2004 presidential nominee John Kerry and former Gov. Mark R. Warner, a 2008 presidential prospect, have all pledged financial and campaign support.

Unlike most Democratic candidates, Webb is pursuing a populist strategy aimed at returning so-called "Reagan Democrats" — moderate, middle-class and largely rural whites — to the Democratic Party.

Those voters have been unshakably loyal to the folksy, cowboy-booted Allen in two successful statewide campaigns and Allen remains formidable as he seeks re-election.

As of late May, he had about $7.5 million on hand to barely $220,000 for Webb. Allen is already running television ads, something Webb has never done. Allen's come-from-behind election as governor in 1993 rescued the GOP from irrelevance and began its resurgence in Virginia, giving him an enormous base of volunteers. He's the one Virginia Republican who thoroughly unifies the party's feuding moderate and conservative wings.

Webb remains unknown to most Virginia voters despite his White House experience and the six best-selling war novels he's written. That gives Allen the opportunity to define Webb before Webb can, said Allen campaign manager Dick Wadhams.

"We don't know where Webb is on the issues. He's taken two positions on immigration reform, three or four different positions on affirmative action, two positions on gay marriage," Wadhams said.

"He's even taken two positions on George Allen," Wadhams said with a chuckle, noting that Webb endorsed Allen for the Senate in 2000.

Webb is a key player in the Democrats' fall strategy to win the six seats necessary to take control of the Senate. He calls Allen a rubber stamp for President Bush on Iraq, a crushing federal debt and economic policies that Webb says punish the middle class.

"This raises the visibility of the Virginia Senate race in national politics and it at least makes it competitive," said Merle Black, professor of politics at Emory University in Atlanta. "Allen's still expected to win, but at least he has to work for it now."

If the race is an referendum on Iraq in particular, Webb brings credibility to the debate.

In newspaper columns he wrote in 2002, Webb warned of a Vietnam-style quagmire in Iraq, where U.S. troops would be viewed as an occupying force. After the invasion, he broke with the GOP.

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Webb was wounded commanding a Marine rifle company in Vietnam's bloodiest fighting. Now he campaigns in the buff-colored desert combat boots his son, a Marine, will wear in Iraq this fall.

Webb's war record is "beyond reproach," said Christopher LaCivita, architect of the 2004 Swift Boat Veterans for Truth.

"But he's wrong on the issues. We know Webb opposed the war, but where do we go from here?" said LaCivita, a trusted Allen adviser who is also a Marine combat veteran. "It's very easy to be against something, but what are you for? We don't know because Webb hasn't articulated that."

Allen Faces A Unifier With Webb In Race (WT)

By Seth Mclaughlin And Christina Bellantoni

The Washington Times, June 15, 2006

Sen. George Allen's seat once seemed so safe that Democrats were searching for candidates to challenge him, but national heavy-hitters are now saying James H. Webb Jr.'s win in the Democratic primary Tuesday should have the Republicans running scared.

Mr. Webb, a former Republican who voted for Mr. Allen in 2000, has the full support of the local and national Democratic machines as he tries to unseat the incumbent in the November election, party leaders said yesterday.

The Democratic Senatorial Campaign Committee (DSCC) added the Virginia seat to its list of potential Republican grabs.

Sen. Charles E. Schumer, New York Democrat who heads the DSCC, said primary voters bucked conventional wisdom and chose the more electable candidate by picking Mr. Webb over longtime local party activist Harris N. Miller.

"The victory by Jim Webb is a sure sign that Virginia is really ready to dump George Allen," Mr. Schumer told reporters, noting that Mr. Webb attracts "Bush voters and Reagan Democrats."

Mr. Miller, a technology lobbyist, won the backing of many state legislators, while Mr. Webb attracted Washington Democrats, including 2004 Democratic presidential nominee Sen. John Kerry, Massachusetts Democrat. Mr. Miller and the local activists said they will join Mr. Webb in trying to beat Mr. Allen.

"I think he can win this thing," said Virginia Senate Minority Leader Richard L. Saslaw, Fairfax County Democrat, who previously endorsed Mr. Miller.

House Democratic Caucus Chairman Brian J. Moran, who remained neutral in the race, predicted that Democrats would rally around Mr. Webb. "We will be very united," the Alexandria Democrat said.

Former Gov. Mark Warner, the state's most popular politician, will lend his support to Mr. Webb, said Warner spokeswoman Ellen Qualls.

Mr. Warner, who also is exploring a presidential bid, didn't endorse either candidate but raised money for both before the primary.

"The governor is going to do his part. He believes the senator is vulnerable," Miss Qualls said.

Gov. Timothy M. Kaine, a Democrat who also didn't endorse any candidate in the primary, said: "I look forward to working with [Mr. Webb] during the upcoming campaign."

Mr. Allen, 54, has served as state delegate, a U.S. representative and Virginia governor, an office limited to one term by the state constitution. He ousted Democratic incumbent Sen. Charles S. Robb from his seat in Congress in 2000.

Mr. Webb, 60, a former Marine and decorated Vietnam veteran, was President Reagan's Secretary of the Navy. He left the Republican Party because he opposes the war in Iraq, and he felt the party is too extreme on social issues. His 25-year-old son, Jim, is heading to Iraq later this year.

Mr. Webb, also a best-selling author, never has run for elected office.

Some Democrats said privately that Mr. Webb needs a campaign overhaul because his primary operation made him appear to be disorganized and less energized than Mr. Miller.

Mr. Schumer said the DSCC is working with all Senate campaigns to make sure they have top-notch staffs.

Mr. Webb will need help with fundraising. He had less than $220,000, as of May 24.

Mr. Allen already has dipped into his $7.5 million campaign war chest to air a television advertisement in the expensive Northern Virginia and Hampton Roads markets.

Allen campaign manager Dick Wadhams said Mr. Webb had no chance at winning the primary before the national endorsements, which now make him "beholden" to Washington Democrats.

Mr. Allen, who led the Republican senate campaign arm in 2004 when the party strengthened its majority, has long predicted that national Democrats with a grudge against him will funnel cash into Virginia.

He has further attracted national Democratic ire by traveling to key states such as Iowa and New Hampshire in what many view as an early attempt to test the presidential waters for 2008.

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Mr. Webb and Mr. Miller have criticized Mr. Allen for his national travel, a theme that is sure to continue through the campaign.

Democrats Can't Get Enough Of Newt Gingrich's Slogan (HILL)

By Bob Cusack

The Hill, June 15, 2006

House Minority Leader Nancy Pelosi (D-Calif.) raised eyebrows Tuesday when she used a campaign phrase suggested for the Democrats early this year by former Speaker Newt Gingrich (R-Ga.).

But it turns out that Pelosi is not alone.

Democratic candidates for Congress across the country have been employing the phrase "Had Enough?" in speeches and on their campaign websites.

After national Democrats unveiled their 2006 slogan, "Together We Can Do Better," Gingrich in March said Democrats would be better off using "Had Enough?"

A month later, former Rep. Tim Roemer (D-Ind.) wrote an op-ed in The New York Times urging Democrats to embrace the phrase "Had Enough? Vote Democratic!"

In an interview yesterday, Roemer said the idea for the op-ed came to him after reading a story about Harry Truman that recounted that an advertising executive in 1946 suggested "Had Enough?" to the Republican Party, which adopted the slogan. Later that year, Republicans gained control of both chambers of Congress.

During her speech to the liberal group Campaign for America's Future this week, Pelosi asked the crowd, "Have you had enough?"

"Yeah!" the crowd replied, as it did to each of her "had enough" questions:

"Have you had enough of a war that has failed to make America more secure? Have you had enough of paying higher prices for gasoline and prescription drugs in order to increase the profits of pharmaceutical and oil companies? Have you had enough of seeing America led in the wrong direction?"

She concluded, "I thought so."

The campaign slogan of Ed Perlmutter, running in the Democratic primary in Colorado's 7th District, is "Had Enough? Time for a change." The incumbent in that district, Republican Bob Beauprez, is retiring.

Perlmutter told The Hill that he is not following Gingrich's lead but added, "I haven't liked a lot of things [Gingrich] has done. I'll take that."

If he wins the primary, Perlmutter would face Republican Rick O'Donnell — who used to work for Gingrich's Progress and Freedom Foundation.

Other Democratic candidates who have used the "Had Enough?" phrase include Lois Murphy, who is looking to defeat Rep. Jim Gerlach (R-Pa.), and Dr. David Hunter, who is facing an uphill battle to replace retiring Rep. Ernest Istook (R-Okla.).

But it didn't help certain Democrats in their quest for Congress. Ken Longmyer and Ron Shapiro, who favored the "Had Enough?" slogan, lost in their recent primaries in Virginia and Mississippi, respectively.

Spokespeople for these candidates disputed any connection to Gingrich, with some of them noting that the phrase is common in the English language.

Sen. Barack Obama (D-Ill.), however, acknowledged Gingrich's help — and praised it. During a speech in Ohio earlier this month, Obama said, "I never thought that I'd hear myself say this at a Democratic Party dinner, but Newt Gingrich made a great point the other day" on the "Had Enough?" slogan.

Obama then attracted several standing ovations by using the phrase on port security, healthcare and U.S. dependence on oil.

Democratic strategist James Carville can also claim credit for the phrase. He wrote a book published in 2003 titled Had Enough? A Handbook for Fighting Back.

Regardless, there are some Democrats who believe that "Had Enough?" is better than "Together We Can Do Better."

Liberal commentator Arianna Huffington has called for Democrats to dump "Together We Can Do Better," calling it the "lamest" message she could imagine, according to a report in The Washington Post.

Gingrich told The Hill this week that his advice to Democrats rankled some of his Republican colleagues but added that he is concerned that the GOP is not evolving. He said the reason why Democrats stayed in the majority for decades before 1994 was because they were constantly coming up with new ideas.

Alexander Bolton, Elana Schor and Natalie McGill contributed to this report.

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Bill Richardson: Looking Like A Go For 2008 (RC)

By Stuart Rothenberg, Roll Call Contributing Writer

Roll Call, June 15, 2006

Officially, New Mexico Gov. Bill Richardson (D) is focused on his November re-election race, even though it's expected to be relatively easy. And as chairman of the Democratic Governors Association, Richardson also hopes to lead his party to a gain of at least a few more governorships.

But some Democratic insiders insist that Richardson has more on his mind than that. They say he is telling friends and political allies that he has decided to run for president in 2008.

When I spoke with the governor recently, he would only say, "After November, I will reassess my plan." But Richardson, 58, has long been mentioned for higher office as part of a Democratic national ticket, and I'd be flabbergasted if he didn't take the presidential plunge for 2008.

In 1984, less than two years after he was elected to a new Congressional district created by reapportionment and redistricting, Richardson already was being touted as a possible Senate candidate against Republican Sen. Pete Domenici.

Richardson never made that run, but he subsequently built an unusually impressive political résumé that includes everything from New Mexico Democratic Party executive director, Member of Congress, secretary of Energy, ambassador to the United Nations and chairman of the 2004 Democratic National Convention. He even has served as a hostage-release negotiator.

Then, in 2002, he was elected governor of New Mexico.

More than 20 years ago, observers tagged Richardson as a political up-and-comer, and they were right.

The 1984 edition of the Almanac of American Politics said he "is obviously a young man in a hurry, and one with a well-developed sense of political strategy." Only 10 years later, Congressional Quarterly's Politics in America referred to him as "one of the nation's top Hispanic politicians."

Now, savvy political insiders in the state give Richardson high marks as governor, praising his "bold initiatives," his willingness to take on challenging issues and his ability to sell his agenda. "He is a huge salesman, and a very good one," said one observer.

As governor, he has supported a state income tax cut for most New Mexico residents and has taken steps to cut the state's considerable driving-while-intoxicated rate. He has declared 2006 the "Year of the Child" in the state and offered an agenda that promotes children's health, education and safety — not a bad platform from which to launch a national campaign.

Whether because of Richardson's policies or just plain good luck, New Mexico's economy has been strong, another considerable asset if he makes a White House run.

The governor's greatest asset as a presidential candidate is the breadth of his political experience. He has been in the political trenches as a political operative and as an aide to the Senate Foreign Relations Committee; served as a legislator; had executive experience as governor; and has been involved in formulating and articulating U.S. foreign policy. Few other Democratic contenders are likely to have such experience.

What sets Richardson apart from other potential presidential hopefuls, however, is the fact that he is a Hispanic. Richardson's mother was Mexican, and he was raised in Mexico City. He is fluent in Spanish and is very popular in the Hispanic community.

Richardson's ethnicity could be a powerful asset in states such as New Mexico, Arizona, Florida and even Texas — all states with significant Hispanic populations, and all states carried by President Bush in 2004.

Richardson is also widely regarded as an extremely likable, down-to-earth guy. Unlike some recent (unsuccessful) Democratic presidential nominees who proved to be cold, distant and even artificial, the New Mexico Democrat connects with people.

But Richardson is not without his vulnerabilities.

He had to admit that he had misled people into believing that he was drafted by a Major League Baseball organization (the Kansas City Athletics) in 1966. When an investigation by the Albuquerque Journal found no evidence the he had been drafted by anyone, Richardson acknowledged that he might have been mistaken and was told that he could or would be drafted. Richardson pitched for Tufts University, a Division III school that is better known for its academics than its sports program.

More importantly, Washington, D.C., insiders who have observed Richardson for years raise questions about his self-discipline. They say he overextends himself and often loses focus. And they whisper that he hasn't always carried himself in a style befitting a high elected official.

In December 2005, the Albuquerque Journal carried a front-page article on Richardson's penchant for touching people.

"He hugs, pokes, jabs and tickles. If he sees a man with a bald pate, he rubs it," wrote staff writer Leslie Linthicum.

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The piece quoted Lt. Gov. Diane Denish (D) as saying that his touching and poking is “irritating and annoying,” and that she tries to avoid the physical contact by “trying not to stand or sit next to him.”

“It’s my way of connecting to people,” the governor told the newspaper when asked about his tendency to touch people. “I guess that’s what I get for being friendly,” he added.

But Richardson’s physicality is part of a potentially larger problem. Even admirers acknowledge that he can sometimes be “sophomoric” and overly informal.

But Richardson’s informality also reflects his “regular guy” persona that many voters and reporters will likely find so appealing. (Some state lawmakers, no doubt, would add that the nice-guy governor can be an overpowering bully when he wants to get his way.)

The New Mexico governor is a man of considerable talent. Measured by commitments, money and organization in the early states, Richardson starts behind many of the other contenders for the Democratic nomination. But his résumé and charisma have the potential to carry him a long way in the race. He’s worth keeping an eye on.

Stuart Rothenberg is editor of the Rothenberg Political Report.

Name That Candidate (NYT)

By Calvin Trillin

The New York Times, June 15, 2006

MY excitement at the news that Senator Chris Dodd, Democrat of Connecticut, is considering a bid for president in 2008 is easy to explain: his name has enormous rhyming potential. We all have our own issues.

Rhyme is not my only one; I am also intensely interested in meter. I happen to be a deadline poet, responsible for commenting on the events of the day in verse. Someone in my position tends to see Ross Perot and John McCain as two peas in a pod — blessedly iambic candidates with nearly unlimited rhyming possibilities. During my 16 years in the deadline poetry game, though, we've had nobody with a name like Ross Perot or John McCain in the White House. I've had to deal with presidents whose names are an affront to rhyme and meter. Given the rhyming difficulties of Bill Clinton's name, in fact, I believe future historians will think of him as the "orange" of American presidents.

It's not as if a deadline poet has an easy lot to begin with. Obviously there are those constant deadlines. Without wanting to knock the competition, I might just point out that, say, the romantic poets — Wordsworth and that crowd — could mosey along the countryside for days without feeling any pressure at all to come up with a sunset they considered worth writing about.

Also, the pay is limited. Two years ago, it was revealed that National Review was paying its deadline poet, William H. von Dreele, precisely the same per poem as The Nation magazine pays me — $100. I was shaken by that news.

For years, I've referred to the editor who retained my services for the Nation as "the wily and parsimonious Victor S. Navasky," but I'd always thought that National Review's William F. Buckley Jr. was, whatever our political differences, a considerate and generous-hearted man. I could only conclude that society as a whole undervalues deadline poets. Given those burdens, the last thing we deserved was a second president whose name rhymes with almost nothing beyond "push" and "tush."

I don't want to appear unappreciative. At times George W. Bush has seemed interested in making my life easier. He must have known before the appointments were made, for instance, that Condoleezza Rice's name fits exactly into the meter of "The March of the Siamese Children" from "The King and I" ("Condoleezza Rice, who is cold as ice, is precise with her advice") and that Alberto Gonzales rhymes with "loyal über alles."

Still, as the names of potential 2008 presidential candidates begin to get tossed around, you can't blame us for looking forward to having someone in the Oval Office who is more compatible with our needs. That is why I groan every time the eminently rhymable Bill Frist shoots himself in the foot. That is why I keep trying to reassure myself that the Republican base would never permit the nomination of Rudolph Giuliani. That is why, in a conversation about the possibility that the governor of Massachusetts could enter the race, I might burst out, "To me, Romney is just another Clinton."

Reading about the renewed interest lately in Al Gore, whom I once referred to in a poem as "a man-like object," I have to admit that his name rhymes with more than "bore" and "snore." My worries about the Democrats go beyond the growing sense that their leading candidate is literally another Clinton. They have a tendency to thrust forward candidates whose names we can't even imagine at this point in the process; witness Jimmy Carter and Howard Dean.

In my more pessimistic contemplations of the 2008 campaign, I see myself telling some political operative that I've made my peace with the possibility that the Democrats, desperate for some charisma, could turn to Barack Obama — a man whose rhymes I long ago used up in trying to deal with Osama bin Laden.

"But Obama's not the only Illinois contender," the operative says. "There's also the governor."

"The governor?"

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"The governor," he repeats. "Rod Blagojevich."

Emergency System Called Very Ill (USAT)

By Robert Davis, Usa Today

USA Today, June 15, 2006

WASHINGTON — The nation's emergency medical system — from the 911 centers that take phone calls for help to the emergency rooms that have become primary treatment centers for millions of Americans — is in a dangerous state of crisis, says a new series of landmark reports.

The Institute of Medicine on Wednesday released the Future of Emergency Care reports, which were prepared by a 40-member board after a two-year investigation. The IOM advises the government on science, medical and health issues.

The reports warn that the U.S. lifesaving system is not only failing to handle daily emergencies but also could break down in the face of national disasters, including hurricanes, disease outbreaks or terrorist attacks.

“We are not prepared,” says Brent Eastman, a board member and chief medical officer at Scripps Health in San Diego. “We struggle to survive day-to-day.”

Nels Sanddal, board member and president of the Critical Illness and Trauma Foundation in Bozeman, Mont., agrees. “To ramp up” to treat high numbers of patients, he says, “we have to have backbone.”

The reports say that, on average, in every minute of every day an ambulance carrying a patient is turned away from a hospital on “diversion,” when an emergency room says it's too full to take more patients.

That must end, says Arthur Kellermann, director of the Center for Injury Control at Emory University School of Medicine in Atlanta. “We cannot let the most time-sensitive portal in the hospital get gridlocked.”

The IOM reports detail how hundreds of thousands of lives are affected every year by EMS deficiencies that are not obvious. “What the public perceives and what is real, in many cases, there is a disconnect,” says Gail Warden, president emeritus of the Henry Ford Health System in Detroit, who chaired the panel. “In most communities, there is a crisis under the surface.”

Many emergency rooms barely can handle their daily patient loads, children don't always get good care, and the quality of rescue services is erratic, the reports say.

And geography determines survival.

“There is a wide disparity,” says Shirley Gamble, a United Way board member in Austin. She cited a 2003 USA TODAY probe that found a 10-fold difference between major cities in cardiac arrest survival rates.

The reports say that by following the lead of those cities that save more lives, entire regions can raise the quality of their care.

Improvements to emergency medical services, Eastman says, “should be built on islands of excellence that exist today.”

Crisis Seen In Nation's ER Care (WP)

By David Brown

The Washington Post, June 15, 2006

Capacity, Expertise Are Found Lacking

Emergency medical care in the United States is on the verge of collapse, with the nation's declining number of emergency rooms dangerously overcrowded and often unable to provide the expertise needed to treat seriously ill people in a safe and efficient manner.

That's the grim conclusion of three reports released yesterday by the Institute of Medicine, the product of an extensive two-year look at emergency care.

Long waits for treatment are epidemic, the reports said, with ambulances sometimes idling for hours to unload patients. Once in the ER, patients sometimes wait up to two days to be admitted to a hospital bed.

As a system, U.S. emergency care lacks stability and the capacity to respond to large disasters or epidemics, according to the 25 experts who conducted the study. It provides care of variable and often unknown quality and depends on the willingness of doctors and hospitals to lose large amounts of money.

Fixing the problems is likely to cost billions of dollars and will require the leadership of a new federal agency, which Congress should create in the next two years, they wrote.

"This is a crisis that could jeopardize everyone in this room, and all their loved ones," A. Brent Eastman, a surgeon and chief medical officer of the ScrippsHealth hospitals in San Diego, said at a daylong conference on the reports, which were prepared by the National Academy of Sciences' Institute of Medicine.

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"There is just such a gap between what the public knows, or thinks it knows, and the reality. And it is getting worse," said Robert B. Giffin, the Institute of Medicine staffer who headed the study.

The reports -- on hospital ERs, on pediatric emergency care and on pre-hospital care given by ambulance services -- were embraced by the 24,000-member American College of Emergency Physicians, and its president said that the endorsement was telling.

"What other industry says, 'Hey, look at us, our whole system is broken'?" said the group's president, Frederick C. Blum, a physician in Morgantown, W.Va.

Two key steps for improving emergency care are regional planning and creating a standard way to measure outcomes, so that low-quality ERs and ambulance services can be identified and fixed, the committee wrote.

Emergency medical care is a legal right for all Americans. Under a law enacted in 1986, emergency rooms must evaluate and stabilize anyone who shows up. That requirement -- bolstered by physicians' ethical duty to treat the ill -- has made hospital emergency departments subject to unique pressures.

From 1993 to 2003, the U.S. population grew by 12 percent but emergency room visits grew by 27 percent, from 90 million to 114 million. In that same period, however, 425 emergency departments closed, along with about 700 hospitals and nearly 200,000 beds.

ERs are notorious money losers. About 14 percent of ER patients are uninsured. About 16 percent are covered by Medicaid, the federal-state insurance program for the poor, and 21 percent by Medicare, the program for the elderly. More than half of hospitals report losing money on emergency care of both groups of government-insured patients.

All of this has led to extreme bottlenecks in ERs, manifested by delays in every step of treatment, according to the reports.

In 2003, 501,000 ambulances were diverted from the hospital where they normally would have delivered a patient because the ER was full. In 2004, 70 percent of urban hospitals reported that their emergency departments had been "on diversion" at least once.

Nationwide, about 14 percent of ER patients end up admitted to the hospital. A study by the Government Accountability Office in 2003 found that 20 percent of emergency departments had to "board" patients in hallways or other temporary space, for an average of eight hours, before a bed opened. The American College of Emergency Physicians several years ago surveyed 90 emergency departments on a single Monday evening. Seventy-three percent reported that they had two or more patients boarding.

A 2004 study found that ERs at university-based hospitals were classified as crowded 35 percent of the time, meaning all emergency beds were occupied, patients were in the hallways, the waiting room was full, and the waiting time for treatment was more than one hour.

Another hazard largely unrecognized by Americans is that hospitals, especially in rural areas, often cannot find specialists such as orthopedic surgeons and neurosurgeons willing to cover the ER.

In some cases, this is because doctors are unwilling to treat high-risk patients with complicated ailments, many of them uninsured, at inconvenient times. Sometimes it is simply a function of shortages. In 2002, there were fewer practicing neurosurgeons in the United States (about 3,000) than a decade earlier.

Largely unknown is the human cost of these problems.

Many studies have shown that high-stress, chaotic environments contribute to errors. One from 1991 showed that though relatively few "adverse outcomes" occur in the ER, it was the site of 70 percent of those attributable to negligence.

The number of deaths caused by a delay in treatment or lack of expertise is especially uncertain, though it may not be small. San Diego established a trauma system in 1984 after autopsies of accident victims who died after reaching the ER suggested that 22 percent of the deaths were preventable, said Eastman, one of the Institute of Medicine committee members.

Trauma care in many ways is the model on which the committee hopes the emergency care system will be rebuilt.

Some states and urban areas have systems in which the level of trauma care every hospital is capable of providing is known and a centralized dispatching agency directs patients based on real-time information about each hospital's capacity and staffing.

Although the vast majority of ER patients have not suffered trauma, about half need attention within an hour of arrival at the hospital, according to a study in 2003. Because not every hospital or even every city can provide all services, "the committee supports further regionalization of emergency care services," the authors wrote.

Even without systemwide reform, hospitals can do many things to make the flow of patients more efficient and to be ready for predictable spikes in demand, said Benjamin K. Chu, an ER physician and regional president of a Kaiser Health Plan in California who was also on the expert panel.

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The report on ambulance service called for standardizing the training of paramedics and creating guidelines for pre-hospital care based on research.

The report on pediatric care emphasized that 27 percent of ER patients are children and that many hospitals lack the expertise or the equipment to meet the needs of those who are critically ill.

The District's emergency and trauma services measure up well. A report this year gave the city an A-plus in "its support of an emergency care system."

Though the assessment was somewhat skewed by the District's compact geography and urban makeup, population-adjusted numbers showed more emergency departments, board-certified emergency doctors, hospital-staffed beds and trauma centers than in any state, and probably more than in many local jurisdictions, although the report did not look so narrowly.

Still, the American College of Emergency Physicians noted, emergency services in the city "are regularly reaching their capacity, and patients are frequently and increasingly diverted to other facilities." In 2004, for example, Washington Hospital Center's ER was "on diversion" for nearly 2,100 hours. Howard University Hospital's ER turned away patients for the same reasons for almost 1,200 hours.

Staff writer Susan Levine contributed to this report.

Stopwatch Ticking For Dan Rather (WP)

By Howard Kurtz

The Washington Post, June 15, 2006

CBS to Drop Ex-Anchor From '60 Minutes'

NEW YORK -- CBS executives have decided there is no future role at the network for Dan Rather, making it certain that the man who sat in the anchor chair for 24 years will depart by this fall.

These executives recognize Rather's contributions over four decades and are not trying to boot him because of the controversy surrounding his botched story on President Bush and the National Guard, say network sources who declined to be named while discussing a sensitive personnel matter. But the executives concluded there was no room for Rather at "60 Minutes," particularly with incoming anchor Katie Couric planning to report a half-dozen stories a year and the hiring of CNN's Anderson Cooper as a part-time contributor.

Rather's contract expires in November, but the sources say he might leave before that, depending on negotiations with CBS.

Rather, 74, declined to discuss his future this week. "I'm contracted to be a full-time '60 Minutes' correspondent, and I'm working on that contract," he said. People familiar with Rather's situation say he has had no serious negotiations with any of the cable networks but has attracted interest from people developing projects for television.

Rather has said several times that "my best work is still ahead of me." He is described by friends as hurt and puzzled by the attitude of CBS management.

Rather joined "60 Minutes II" after leaving the anchor job in March 2005, and was shifted to the original Sunday night program when the weekday edition was canceled months later. But with the Sunday program's team of correspondents -- Ed Bradley, Morley Safer, Lesley Stahl and Steve Kroft -- having been joined by such former "60 II" reporters as Scott Pelley and Bob Simon and part-timers such as Lara Logan, executive producer Jeff Fager has a glut of contributors.

Rather has done eight pieces for the program this season, ranging from interviews with Bill Clinton and George Clooney to a segment on the Whole Foods grocery chain to a report on his visit to North Korea. But with "60 Minutes" largely in reruns for the summer, Rather has had little to do since then and is not in the program's plans for the fall season.

Some CBS staffers are sad about the turn of events, viewing it as a difficult moment for a man who once interviewed world leaders and went into war zones for the network. They question why the network can't find a suitable place for Rather in light of his long service to CBS.

The CBS executives hope a dignified exit can be arranged and that Rather can find a second career, perhaps in cable, the sources say. But they also believe that with Couric debuting as anchor in September, the news division needs to move on from the Rather era. And the fallout over his 2004 piece alleging that the Guard had given Bush favorable treatment -- based on documents that the network later acknowledged could not be authenticated -- has been a complicating factor.

Rather has accumulated his share of detractors at the network over the years. Mike Wallace, the "60 Minutes" veteran who recently relinquished his full-time duties, has said Rather should have resigned over the Guard story in a gesture of solidarity with his colleagues who worked on the segment. Three top CBS News executives quit under pressure, and Rather's producer Mary Mapes was fired, after an independent panel found that they had "failed miserably" to verify the disputed documents and that some had made misleading statements in defending the story.

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Rather, who apologized on the air for the segment, relinquished the anchor chair earlier than he had planned. He made the announcement weeks before the panel, headed by former U.S. attorney general Dick Thornburgh and former Associated Press chief executive Lou Boccardi, released its findings.

CBS is also trying to attract a younger audience for "60 Minutes," which has been on the air since 1968, and Rather's age is hardly consistent with giving the broadcast a fresher look.

Pictures of Rather reporting from around the world still line the corridors at CBS, a reminder of the storied if controversial career of the man who covered John F. Kennedy's assassination and succeeded Walter Cronkite in 1981. Rather's broadcast was No. 1 among the evening newscasts for several years, and when "CBS Evening News" slipped into third place in the 1990s, Rather cast himself as a hard-news champion in an era when television was increasingly focusing on softer features, crime and celebrities.

Interim CBS anchor Bob Schieffer has made the program more competitive with ABC's second-place "World News Tonight," which last month handed the anchor reins to Charlie Gibson.

From his talking back to President Richard Nixon at a 1973 news conference about Watergate to his confrontational 1988 interview with then-Vice President George Bush over Iran-contra, Rather became a lightning rod for conservatives who argued that he leaned to the left. But he also had a knack for landing big interviews and big stories. Rather was the last Western journalist to interview Saddam Hussein before the 2003 war, and the following year disclosed the first photos of Iraqi prisoners being abused at Abu Ghraib.

At his peak, Rather anchored the evening news, contributed to "60 Minutes," hosted "48 Hours" and did regular radio commentaries, often sprinkling his delivery with the down-home Texas sayings that became known as "Dan-isms."

Changing Attack In Poverty Tactics, An Old Debate: Who Is At Fault? (WSJ)

By David Wessel

The Wall Street Journal, June 15, 2006

More than 40 years ago, Lyndon Johnson launched his War on Poverty with an ambitious declaration: "We know what must be done, and this nation of abundance can surely afford to do it."

Despite decades of economic growth and technological progress, tens of millions of Americans still live in poverty. Efforts to reduce the ranks of the poor persist, but they have moved underground. Today's War on Poverty isn't marked by lofty presidential rhetoric. It is a guerrilla war with platoons of idealistic crusaders and skeptical scholars, with dozens of small-scale experiments and local initiatives that largely escape public notice.

Sprawling government Great Society programs are out. And it has been a full decade since Bill Clinton signed a Republican-backed bill "to end welfare as we know it." Except for a flicker of attention in the aftermath of Hurricane Katrina last year, poverty is neither in the headlines nor on the lips of politicians. When President Bush refers to it, he usually is referring to other countries. ("Free trade is the only proven path out of poverty for developing nations," he says.)

Yet to a surprising degree, an intense subterranean debate over what causes poverty and what to do about it continues, and it has echoes of a debate that has hardly changed for a century. In a 1894 treatise regarded as the first U.S. social-welfare textbook, Amos Griswold Warner wrote words that could easily have figured in the 1990s congressional debate over revamping welfare: "Nearly all the experiences in this country indicate" that welfare "is a source of corruption to politics, of expense to the community, and of degradation and increased pauperization to the poor," he said. "The more generous public relief, the more likely the poor will prefer it to working," argued Mr. Warner, a social-work pioneer and the District of Columbia's first superintendent of charities.

"Either you blame the poor -- 'the poverty is in the people' -- or you blame the system," says James T. Patterson, a Brown University historian. "It is a constant divide." If the poor are primarily responsible for their plight, then government ought to prod them to change their ways. If poverty is primarily the consequence of economic and social forces largely beyond their control, then government ought to give them money and change the rules of the economy.

Among those who dominate American politics and poverty policy today, the argument that government programs create dependency rather than foster independence has stuck. There is little appetite among governing Republicans for sweeping federal antipoverty initiatives, or even for fine-tuning Mr. Clinton's 1996 law that limits the time any person can remain on welfare. Eliminating poverty for all time isn't even a slogan anymore; the problem is seen as far more intractable and complex. Republicans read the decline in poverty during the boom of the 1990s as evidence that the best way to fight poverty is to promote a growing economy, and they offer tax cuts to that end.

So the pendulum has swung toward using tax credits, vouchers, rules and penalties to prod individuals to make choices that steer them away from lives of poverty, by getting and staying married, for instance, or taking even low-paid jobs to stay off

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welfare. In place of big government programs, boutique experiments proliferate. There are intensive community efforts to discourage teen pregnancy, widely seen as a precursor to a life of poverty, and experiments with offering frequent-flier style points to encourage public-housing residents to show up for work on time. All reflect a continuing struggle to find an effective combination of carrots and sticks to help the poverty-prone avoid the abyss of privation and reliance on government benefits.

Democrats fault the economy for creating too few good jobs and for inequitably distributing the fruits of economic growth. They say they would, if in power, raise the minimum wage, alter the tax code to take more from the rich and spend more on programs that appear successful. But even many of them -- the children and grandchildren of those who forged big-government antipoverty programs of Lyndon Johnson and Franklin Roosevelt -- embrace the notion that the government should make the poor take more responsibility for their circumstances.

Democrats say they have learned one lesson in political reality: "If people believe your ideas about alleviating poverty are value-based -- that you expect the poor to work, expect them to be responsible, to keep their part of the bargain -- then people have a positive response," says John Edwards, the unsuccessful 2004 Democratic vice presidential candidate who now heads a University of North Carolina center on poverty. "If they believe it's just another government program that creates dependency, then they won't," he says. * * *

Eradicating poverty in the U.S. is an old goal. In the frothy days of 1928, Herbert Hoover said, "We shall soon, with the help of God, be in sight of the day when poverty will be banished in the nation." Incomes did rise sharply in the 1920s; the working class did better; life expectancy grew. But he was wrong about poverty.

When the prosperity of the 1920s gave way to the Great Depression, Franklin Roosevelt responded with programs that laid the foundation for generations of big government. "Government had to respond to rising expectations, and as government reacted, appetites were whetted still more, expanding...a bureaucracy whose business was to serve its customers," the people who got government benefits, Mr. Patterson writes in his history of 20th-century antipoverty efforts. "The early welfare state thereby acquired two assets that proved invaluable...an organized constituency and a bureaucratic momentum that could not easily be stopped."

Although the vigorous economy of the late 1940s and 1950s boosted living standards for many, poverty didn't vanish. Yet as a public concern, it was nearly invisible until activist Michael Harrington jolted the nation with a 1962 book that described "the other America," which he said was "populated by failures, by those driven from the land and bewildered by the city, by old people suddenly confronted with the torments of loneliness and poverty, and by minorities facing a wall of prejudice."

Just two years later, President Johnson launched his War on Poverty, declaring, "We cannot and need not wait for the gradual growth of the economy to lift this forgotten fifth of our nation above the poverty line." He wasn't nuts. His economic advisers were certain the economy would continue to grow as robustly as it had for decades and told him poverty was beatable.

But neither LBJ's determination, tens of billions of dollars nor the enthusiasm of poverty fighters in and out of government eliminated poverty. "I guess you could say: Poverty won the War," Ronald Reagan quipped famously in 1986. That isn't precisely true. The poverty rate fell more in the 1960s than in any decade since, and remains below the level confronted by the Kennedy-Johnson administration. Back in 1960, nearly one in every four elderly Americans was below the official poverty line; today, less than one in 10 is. In 1960, one in every six households lacked complete indoor-plumbing facilities; today, one in 166 do.

But at last count, according to the Census Bureau, there were 37 million Americans below the official, albeit flawed and controversial, poverty line. That is 12.7% of the population, about the same fraction as in 1968. Alternative measures that take account of tax credits, food stamps and other noncash government aid put many fewer Americans below the line, but most show a similar trend: ups and downs with the economy, but little sustained, significant progress in the past three decades. (See sidebar: Counting the Poor7.)

The 1960s

In retrospect, the War on Poverty was "not a choice among policies so much as a collection of them," Daniel Patrick Moynihan, who was a Labor Department official in the 1960s, wrote years later. There was an attempt to avoid dependency-creating programs of the past by promoting "maximum feasible participation" of the poor themselves, a strategy that sowed the seeds of grass-roots activism in the years that followed. There was Mr. Johnson's prediction that "the days of the dole...are numbered."

But mostly the pendulum swung toward government doing more. There were scores of federal programs, some of which endured. Head Start now enrolls more than 900,000 low-income children in early childhood education at a cost of close to $7 billion a year -- despite continuing debates over its long-term benefits. The Job Corps, designed to put 16- to 24-year-olds on the path to good jobs, is regarded as successful, though costly.

Even after 40 years, there is still debate over the War on Poverty's diagnosis and prescriptions. The effort rested on a widespread conviction that the U.S. had figured out how to avoid recessions and could afford to lick poverty. "We were extremely

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rich and extremely secure about our ability to continue getting richer," recalls Charles Murray, a conservative critic of the War on Poverty.

But it also reflected a Kennedy-Johnson view that economic growth alone wouldn't pull people out of poverty. "If the poor included many who did not gain from economic growth -- mostly people outside the labor market -- then they probably needed handouts of some sort," Mr. Patterson explains. Yet the notion of a permanent class of welfare recipients made planners and Congress so uncomfortable that the War on Poverty instead emphasized enhancing opportunity -- with education, training, health care, urban renewal. That suggested they believed that the economy would lift those who were properly equipped. Such programs offered "a hand, not a handout," as Mr. Johnson put it.

Some Johnson aides, sensing a contradiction, wanted a large government jobs program. But they wanted a cigarette tax to pay for it, and LBJ rejected that.

"The problem with the '60s programs is essentially we stopped before we finished," Peter Edelman, who was an aide to Robert Kennedy and to President Clinton, said at a recent University of North Carolina forum. "But we were especially weak on this question of helping people gain access to the job market...and on the question of concentrated poverty,"

Modern-day critics of the War on Poverty suggest that it sometimes made things worse. "They did induce dependency, they did not emphasize work nearly enough, and the watchword of the War on Poverty seemed to be spend more, demand less," says Ron Haskins, a former Republican congressional staffer now at the Brookings Institution think tank.

The 1970s

While fighting poverty often was politically popular, welfare wasn't. Created in the Depression to keep mothers of young children out of the work force, the program drew fire from a later generation of politicians. "The present welfare system has to be judged a colossal failure," Richard Nixon said in 1969. Between 1960 and 1974, welfare rolls more than tripled to 10.8 million people.

Inspired by such strange bedfellows as conservative Milton Friedman and liberal James Tobin, both later Nobel laureates in economics, Mr. Nixon advanced a proposal that would put him to the left of most Democrats today: a Family Assistance Program (FAP) that would have guaranteed every adult the equivalent of about $2,700 a year in today's dollars and every child $1,620.

Sometimes called a "negative income tax," it was a simple approach for curing poverty: Give money to those who don't have it, no strings attached. Mr. Friedman's notion was to use it to replace all other antipoverty programs, and eliminate the need for social workers and bureaucrats. Liberals saw it as a supplement to other safety-net programs. In any event, Congress rejected it. Liberals thought it too stingy; conservatives thought it an expensive way to coddle those who didn't work.

Congress did create a miniversion in 1972 that put a floor under the incomes of the old, blind and disabled. Dubbed the Supplemental Security Income, it now pays 7.2 million people an average of $450 a month. A few years later, Sen. Russell Long, a Democrat who chaired the Senate Finance Committee and detested the notion of paying people for not working, successfully crafted an alternative to the Nixon plan that was offered only to low-income people with jobs. Though few saw the potential when the Earned Income Tax Credit was born, the program has blossomed with bipartisan support into the largest federal antipoverty program outside of health care.

The U.S. economy weakened in the 1970s in ways that would be cruel to the working poor, restraining their wages. What economic growth did occur after 1979 was shared less evenly than it had been in previous decades; in a significant change, those at the top did better than those at the bottom.

Looking back, economists Sheldon Danziger and Peter Gottschalk cite the slower growth and widening of inequality as the primary reason that poverty fell much more slowly after 1970 than in preceding decades. Had "incomes grown as rapidly...as they had had during the economic 'golden age' after World War II," the poverty rate in 2002 would have been half what it actually was," they wrote in a 2005 book of essays published by the Russell Sage Foundation and Population Reference Bureau.

The 1980s and 1990s

The poverty rate was rising before Mr. Reagan took office. Inflation was eroding the spending power of welfare checks. Jimmy Carter had begun to put the brakes on spending. And then came the deep recession. By 1983, the official poverty rate had risen to where it had been in the late 1960s.

Mr. Reagan, decrying "welfare queens," pared spending on food stamps, unemployment compensation, child nutrition, vocational education, the Job Corps and welfare. The "goal of social policy in the Johnson (and even the Nixon) years had started with the question, 'How can we help the poor?' Reagan, in contrast, tended to ask 'How can we cut costs, and how can we get people to work?' " Mr. Patterson writes.

If liberal Michael Harrington's "The Other America" had been the defining text for the 1960s, then Mr. Murray's 1984 "Losing Ground" sought to play that role in the 1980s. Assailing the programs of the 1960s as failures, he argued that welfare gave poor people, particularly inner-city blacks, incentives to shun work and marriage.

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By the 1990s, as the U.S. suffered another recession followed by another boom, there was no longer bold talk from the White House about eliminating poverty. The new slogans were Mr. Clinton's "end welfare as we know it" and Harvard University professor (and later Clinton adviser) David Ellwood's "If you play by the rules you shouldn't be poor." The decade represented another lurch toward pushing the poor to take responsibility for their circumstances, with an offer of government aid to reward those who did.

With loud dissents from liberals, Mr. Clinton joined Republicans in 1996 to replace the old welfare program with a new Temporary Assistance for Needy Families (TANF.) Among things, it required able-bodied recipients to leave welfare for work after two years.

Liberals were pleasantly surprised by the results. "That experiment with welfare reform has been far more successful than I certainly anticipated and than most people anticipated," says Isabel Sawhill, a former Clinton official who now oversees economic studies at Brookings. "We all remember Senator Moynihan saying children would be sleeping on grates. And although I'm sure there are some children who have not been helped and have, in fact, been harmed, I think that on average families have been better off -- helped by a strong economy, to be sure."

The welfare rolls have fallen from 3.9 million families in fiscal 1997 to 1.9 million in fiscal 2005, according to federal data. A growing fraction of unmarried women with children are working.

If government made it harder to stay on welfare, Mr. Clinton argued, it had to make sure that those who worked rose above poverty. "We will reward the work of working poor Americans by realizing the principle that if you work 40 hours a week, and you've got a child in the house, you will no longer be in poverty," he said in his first State of the Union address.

Raising the minimum wage in the 1990s from $3.35 an hour to $5.15 was one response. The other was a massive expansion of the Earned Income Tax Credit, which had already been sweetened by Presidents Reagan and George H.W. Bush. The federal government will spend more than $38 billion this year on the Earned Income Tax Credit -- both in reducing taxes owed by low-wage workers and, for those who don't owe taxes, giving them cash -- twice what it spends on Temporary Assistance for Needy Families. More than 22 million households, roughly one-fifth of the total, benefit.

The Clinton welfare overhaul came just as the economy roared and unemployment fell to the lowest level in more than a generation. Wages rose even at the very bottom of the economy for the first time in years -- and the poverty rate, by almost every measure, fell.

The 2000s

The end of the 1990s boom reversed some of the progress made against poverty in the late 1990s. And though Mr. Bush hasn't made reducing poverty central to his agenda, intellectual ferment over poverty continues. And so does the debate over whether it is the poor themselves or the economy that is primarily at fault.

One major plank in today's response to poverty is the promotion of marriage, a reaction to the perception that old-style welfare contributed to an unhealthy breakup of the family. "The contract we promulgated was very simple: You can to get access cash...so long as...you don't go to work and you don't marry someone who's working. And so what we got was a lot more out-of-wedlock childbearing and a lot less family formation; no great mystery, we told them don't do it," says Wade Horn, an assistant secretary of Health and Human Services, echoing Mr. Murray's 1984 argument. "What's extraordinary in the last five years or so is that we started to have a public conversation about the need for more-friendly public policy when it comes to family formation," he says.

Indeed, liberals such as Ms. Sawhill and former Sen. Edwards, who argue that those who play by the rules ought not to be poor, have expanded their working definition of what it means to play by the rules: "Perhaps it should...include such things as finishing school, at least high school; perhaps it should include delaying child-bearing until you're old enough to support a child, or at least make a good effort at supporting a child -- then maybe we link some new benefits to those new kinds of responsibility," Ms. Sawhill says. Dissenters say marriage, despite its economic advantages, is oversold as an antipoverty strategy.

Another concept drawing favor across the political spectrum is to help poor people build nest-eggs, an approach that fits with Mr. Bush's enthusiasm for an "ownership society." Prominent proponent Michael Sherraden of Washington University in St. Louis argues that a "small amount of wealth" in the hands of a poor family can be important if it "enables a family to move to a better neighborhood, or enables an investment in education or training that wouldn't happen otherwise, or enables a purchase of a home."

There is today, however, a different sense about the potency of any government response to poverty than when the War on Poverty was born. "There was a sense in those early...days that the possibilities were endless," Lisbeth Schorr, who worked in the Johnson White House, recalled at a recent retrospective sponsored by the Brookings Institution and Georgetown University. "Of course," she said, "nobody knows what would have happened if we had been able to continue and expand what we started."

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Counting The Poor: Methods And Controversy (WSJ)

By David Wessel

The Wall Street Journal, June 15, 2006

Who are the poor?

By the official measure, there were 37 million people living below the poverty line in 2004. Most (55%) were between 18 and 64, and most (68%) were white. But the poor are disproportionately children and disproportionately black: While 12.7% of the total population was below the poverty line, 17.8% of children under 18 and 24.7% of blacks were.

What is the official poverty line?

Developed in the early 1960s by Mollie Orshansky of the Social Security Administration, it is three times the amount of money the Agriculture Department estimated it would cost to feed a family, adjusted for inflation using the consumer-price index. The poverty line varies by family size. For a single mother with one child, it was $13,461 in 2005; for a two-parent, two-child family, it was $19,806.

What income counts in determining whether a family is above the official poverty line?

All cash income before taxes, whether from wages or government benefits, counts. Capital gains, noncash government benefits such as Medicaid, food stamps or housing subsidies don't count, nor does the Earned Income Tax Credit.

Does that make sense?

No. But efforts to change the official poverty measure are mired in political controversy. There is even controversy over which alternatives to the official measure should be published by the Census Bureau. Until recently, it published 17 alternatives based on recommendations by a National Academy of Sciences panel. Most showed a poverty rate above the official number because they used a higher poverty line. Influenced by the arguments of Douglas Besharov, of the conservative American Enterprise Institute think tank, the Census Bureau this year adopted a new approach and published alternatives to the official measure that put poverty rates below the official one.

What do alternative measures show?

Almost anything you want. One Census Bureau calculation, based on the NAS recommendations, adds food stamps, housing subsidies, discount school lunches, capital gains and the Earned Income Tax Credit to family income, and then subtracts federal and state taxes and the cost of getting to work and caring for children. This would put 16% of Americans below the poverty line for 2003, well above the 12.5% official measure. One of the new Census Bureau approaches incorporates many of those changes to calculating income and adds an "imputed return of home equity" for those who own homes -- but doesn't adjust the poverty threshold. That approach brings the 2003 poverty rate down to 9%, relying on the consumer-price index to adjust Ms. Orshansky's numbers, and to 7.4% by applying what many economists say is a more accurate measure of inflation over time.

Do the alternatives show different trends?

No. Most measures show that poverty fell in the 1990s as a result of a booming economy and changes in government policies, such as an increase in the minimum wage. Most measures also show that poverty has risen since the end of the 1990s.

How do other countries measure poverty?

In contrast to the U.S. approach of setting an absolute threshold and adjusting it for inflation, Europeans tend to use a relative measure, adjusting the thresholds so they rise not just with inflation but with the incomes of typical families. Such an approach would produce a higher number of Americans living in poverty than the current official measure because the typical American family's income has risen far more than the poverty line has.

Charity Bingo Trying 'to Reinvent Itself' (USAT)

By Charisse Jones

USA Today, June 15, 2006

Groups boost payoffs, fun to win players back from casinos

Julia Eddy has volunteered at bingo games for more than 20 years. She remembers the glory days.

"It used to be 180 to 200 (people) whenever you opened the doors. It didn't matter what time of day," says Eddy, 39, who manages three charity bingo games a week in Aurora, Colo., near Denver.

Now on a Saturday morning, fewer than half that number show up. Several bingo halls in the area have closed in the past year for lack of business, she says.

Charities that run bingo games for money to sponsor food pantries, recreation programs for poor children and other activities are scrambling to find new customers. That's because many players who once crowded fraternal lodges and community centers to play bingo are flocking to casinos instead, drawn by bigger jackpots and flashier surroundings.

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To help charities compete, gaming regulators are enabling non-profit groups to increase jackpots and use electronic gadgets that make it easier for customers to play several bingo cards at once. They're also requiring bingo hall owners to spruce up their venues to make them more fun for players.

"You can't make much with bake sales and car washes," says Corky Kyle, executive director of the Colorado Charitable Bingo Association. "The non-profits just cannot compete with the for-profit gaming industry unless they're given the opportunity to conduct their gaming the same way. … Bingo needs to reinvent itself."

Profits for charities from bingo and other gaming dropped about 13% from 2001 to 2003 before rebounding about 1% in 2004 in about 30 states that track the business, says Mary Magnuson, legal counsel for the Minnesota-based National Association of Fundraising Ticket Manufacturers.

"Clearly, the commercial gambling is having an impact," Magnuson says. Other factors that have diminished bingo's appeal are smoking bans that prevent players from lighting up and the game's image as a pastime for seniors, she says.

Bingo's decline coincides with the explosion of legalized gambling across the USA in the past 15 years. States have sanctioned commercial casinos and expanded lotteries to raise revenue and avoid hiking taxes to pay for services. More recently, states such as Iowa and Louisiana have begun allowing slot machines at racetracks. Utah and Hawaii are the only states that ban gambling.

Steps states are taking or considering to help charity gaming:

•Last week, Minnesota began allowing several bingo halls to link up for a single game via the Internet, potentially increasing the jackpot from hundreds to thousands of dollars. "It's one of the things … (for) charitable foundations to help them raise money," says Tom Barrett, executive director of the state's Gambling Control Board.

•Michigan will require bingo halls to meet minimum appearance standards by Oct. 1 to make them more appealing to patrons, says Robert Blessing, gaming director of the charitable gaming division of Michigan's Bureau of State Lottery. "We're trying to make our bingo halls more like other gambling venues … so as we attract new players, they'll be willing to continue playing." Hall owners will get credit for such things as good lighting and smudge-free walls.

•In Pennsylvania, a bill that would double the amount of bingo prize money groups can award in a single day to $8,000 was approved by the state House of Representatives last year and awaits action in the Senate.

The fall in bingo proceeds has "become disastrous," says Kristine Corn, 63, founder of Ride to Walk, a program in Lincoln, Calif., that provides therapeutic horseback rides for children who have neurological disabilities stemming from accidents and illnesses such as cerebral palsy.

In November, the program ended its Tuesday night bingo games in nearby Sacramento because they were losing money, Corn says. Before the nearby Thunder Valley Casino opened in June 2003, she says, the games grossed up to $10,000 a month and financed most of the program. Corn says she now must charge families $45 a ride. Ride to Walk is trying new activities, including a barn dance and a golf tournament, to fill the gap.

"I think that the casinos are trying to support the community," she says. Thunder Valley donated $10,000 to the program, she says, though her group asked for $50,000. "I think with the kind of money they're bringing in, they probably could be more charitable … particularly to the little charities running things like bingo, because they do take away from us."

The United Auburn Indian Community, owner of the Thunder Valley Casino, has given more than $1 million a year to local non-profit groups such as Ride to Walk, spokesman Douglas Elmets says. He also says casinos don't compete for players with charity games. "I do think there's a different crowd," he says.

In 2004, Michigan gave non-profits a new weapon to lure players at special fundraisers: Texas Hold 'Em poker. After the popular poker game was introduced, the number of licenses issued to charities to hold the fundraisers, known as "millionaire parties," jumped to 1,417 in 2005 from 684 in 2004, Blessing says. "It's been a real attractive venue for our non-profits to make money," he says.

Changes also are occurring in Minnesota, where earnings for charity bingo dropped roughly 4% each of the past five years, Barrett says. "Industry representatives came to us and said bingo has lost its sizzle and pop — 'it's a game my parents played,' " Barrett says. "We're proposing new alternatives to an old game."

Linking several bingo halls over the Internet is important, says Bob Matson, executive director of the North Suburban Youth Foundation in Roseville, Minn. "We're counting on it," says Matson, whose group raises about $150,000 a year for youth programs in St. Paul and two suburban school districts.

Reviving bingo's fortunes is vital to non-profit groups, advocates say. "In many instances, it is (their) primary source of money," Magnuson says. "What happens to the volunteer fire department if they can't raise money through bingo?"

Changing Bedfellows (NYT)

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By David Brooks

The New York Times, June 15, 2006

If American politics could start with a clean slate today, the main argument wouldn't be between liberalism and conservatism, words that have become labels without coherent philosophies. The main fight would pit populist nationalism against progressive globalism.

The populist nationalist party would be liberal on economics, conservative on values and realist on foreign policy. It would bring together a wide array of people who are disenchanted with their respective parties' elites, and who would find they have a lot in common. It would bring Kevin Phillips together with Pat Buchanan, the Virginia senatorial candidate James Webb together with Lou Dobbs, Al Sharpton together with James Dobson.

Here's how a populist nationalist candidate would sound: "We are the ordinary, burden-bearing people of this country. We are the ones who work hard and build communities. It's time for us to come together and recognize that our loyalty to our fellow Americans comes first.

"That means we can't waste our precious blood and treasure on poorly planned, pie-in-the-sky wars to bring democracy to the Middle East. We need to get out of Iraq now. That means we can't sell our ports to our enemies. That means we must secure our borders against terrorists and illegal immigrants who break the law, take our jobs and drive down wages.

"We need to stand up to the big money interests who value their own profits more than their own countrymen, who outsource jobs to China and India, who destroy unions and control Washington. We need to fight off their efforts to take away our Social Security and Medicare. Instead of widening inequality and a race to the bottom, we need universal health care and decent wages. We need a government that will stand up to Internet porn and for decent family values.

"We're tired of both the corporate elites and the cultural elites. We want leaders who understand our anxieties and are, like us, tired of a world where nothing is safe, where everything can be swept away by a serious illness, a divorce or a terrorist's bomb."

Populist nationalism of this sort would be politically potent. It would be against the war without seeming naïve and dovish. It would be against corporate power without seeming socialist. It would tap the passions aroused by immigration and outsourcing and cohere with the populist uprisings taking place in different forms around the world.

The progressive globalists, on the other hand, would be market-oriented on economics, liberal on values and multilateral interventionists in foreign affairs. The leading spokesman for this movement would be Tony Blair. Domestically, it would be led by the major presidential aspirants, who don't differ much: John McCain, Hillary Clinton, Mitt Romney, Mark Warner and Rudy Giuliani.

Here's how a globalist might sound: "We're inspired by the opportunities a globalizing and flattening world open up before us. We embrace technological dynamism and cultural diversity and reject beggar-thy-neighbor policies. But we understand that globalization means interdependence, and we have to build institutions to ensure everybody shares the new prosperity.

"We have to reform education and improve skills so that more people succeed. We need to reform entitlements so the economy can remain flexible and not buried by debt. We have to work together to address global warming, oil dependence and protectionist barriers. We have to understand that this open, diverse world has enemies. We have to confront Islamic extremism ideologically and militarily, and battle it at its roots with democracy and freedom. We need to manage the movement of peoples without shutting off the flow, open up trade, not shut it down."

This modernizing progressivism would also be politically potent. It would thrive among the educated, among aspiring suburbanites, among hawks and among immigrants who look to the future more than the past.

Of course these alignments won't come about instantaneously. Our political institutions and habits have staying power, and the politics of globalization is lagging far behind the reality of it. But the issues that realigned politics in the 1960's are fading, and issues like immigration, trade and interdependence are rising to the fore. Politics is becoming less about left versus right and more about open versus closed. Or, to put it in starker terms, the populists are getting more populist while the elitists are getting more elitist.

Where The Hogs Come First (NYT)

By Bob Herbert

The New York Times, June 15, 2006

Think pork. Sizzling bacon and breakfast sausage. Juicy chops and ribs and robust holiday hams.

The pork capital of the planet is this tiny town in the Cape Fear River basin, not far from the South Carolina border. Spending a few days in Tar Heel and the surrounding area — dotted with hog farms, cornfields and the occasional Confederate flag — is like stepping back in time. This is a place where progress has slowed to a crawl.

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Tar Heel's raison d'être (and the employment anchor for much of the region) is the mammoth plant of the Smithfield Packing Company, a million-square-foot colossus that is the largest pork processing facility in the world.

You can learn a lot at Smithfield. It's a case study in both the butchering of hogs (some 32,000 are slaughtered there each day) and the systematic exploitation of vulnerable workers. More than 5,500 men and women work at Smithfield, most of them Latino or black, and nearly all of them undereducated and poor.

The big issue at Smithfield is not necessarily money. Workers are drawn there from all over the region, sometimes traveling in crowded vans for two hours or more each day, because the starting pay — until recently, $8 and change an hour — is higher than the pay at most other jobs available to them.

But the work is often brutal beyond imagining. Company officials will tell you everything is fine, but serious injuries abound, and the company has used illegal and, at times, violent tactics over the course of a dozen years to keep the workers from joining a union that would give them a modicum of protection and dignity.

"It was depressing inside there," said Edward Morrison, who spent hour after hour flipping bloody hog carcasses on the kill floor, until he was injured last fall after just a few months on the job. "You have to work fast because that machine is shooting those hogs out at you constantly. You can end up with all this blood dripping down on you, all these feces and stuff just hanging off of you. It's a terrible environment.

"We've had guys walk off after the first break and never return."

Mr. Morrison's comments were echoed by a young man who was with a group of Smithfield workers waiting for a van to pick them up at a gas station in Dillon, S.C., nearly 50 miles from Tar Heel. "The line do move fast," the young man said, "and people do get hurt. You can hear 'em hollering when they're on their way to the clinic."

Workers are cut by the flashing, slashing knives that slice the meat from the bones. They are hurt sliding and falling on floors and stairs that are slick with blood, guts and a variety of fluids. They suffer repetitive motion injuries.

The processing line on the kill floor moves hogs past the workers at the dizzying rate of one every three or four seconds.

Union representation would make a big difference for Smithfield workers. The United Food and Commercial Workers Union has been trying to organize the plant since the mid-1990's. Smithfield has responded with tactics that have ranged from the sleazy to the reprehensible.

After an exhaustive investigation, a judge found that the company had threatened to shut down the entire plant if the workers dared to organize, and had warned Latino workers that immigration authorities would be alerted if they voted for a union.

The union lost votes to organize the plant in 1994 and 1997, but the results of those elections were thrown out by the National Labor Relations Board after the judge found that Smithfield had prevented the union from holding fair elections. The judge said the company had engaged in myriad "egregious" violations of federal labor law, including threatening, intimidating and firing workers involved in the organizing effort, and beating up a worker "for engaging in union activities."

Rather than obey the directives of the board and subsequent court decisions, the company has tied the matter up on appeals that have lasted for years. A U.S. Court of Appeals ruling just last month referred to "the intense and widespread coercion prevalent at the Tar Heel facility."

Workers at Smithfield and their families are suffering while the government dithers, refusing to require a mighty corporation like Smithfield to obey the nation's labor laws in a timely manner.

The defiance, greed and misplaced humanity of the merchants of misery at the apex of the Smithfield power structure are matters consumers might keep in mind as they bite into that next sizzling, succulent morsel of Smithfield pork.

Iran Quietly Learns Of Penalties In A Nuclear Incentives Deal (NYT)

By Elaine Sciolino And William J. Broad

The New York Times, June 15, 2006

PARIS, June 14 — When a formal incentives package by six nations to encourage Iran to curb its nuclear program was presented in writing in Tehran last week, it omitted a long list of potential punishments should Iran reject it, according to senior officials familiar with the package.

Instead, it was left to Javier Solana, the European Union's foreign policy chief, to deliver news about the sticks — only orally.

In a one-on-one meeting without aides, Mr. Solana told Ali Larijani, the chief Iranian negotiator, that there would be "serious consequences" against Iran in the United Nations Security Council if Iran did not suspend key nuclear activities and embrace the offer, the officials added.

The decision to focus on the benefits for Iran and to leave no paper trail about possible penalties reflects a new international negotiating strategy toward Iran.

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The six nations — the United States, Russia, China, France, Britain and Germany — have decided to treat Iran not as an errant child whose behavior must be modified or a rogue state that must be punished, but as a potential responsible negotiating partner.

The possible punishments were kept separate and informal for two reasons: to prevent Iran from rejecting the offer out of hand and to maintain the fragile unity of the six nations that authored it, officials said.

"In the past, we were told we didn't have enough respect" for the Iranians, one senior official said. "Maybe we're learning, and this time our approach was different, more respectful."

The strategy also reflects the recent shift in the policy of the Bush administration, which has long portrayed Iran as the world's worst state perpetrator of terrorism, determined to become a nuclear power. It follows a decision last month by the administration to sit at the same negotiating table with Iran — if Iran fully suspended its uranium enrichment and reprocessing activities.

Iran had rejected as insulting a previous 31-page proposal presented by France, Britain and Germany last August that promised some incentives in exchange for tough measures to freeze Iran's activities related to enriching uranium, which can be used to fuel nuclear reactors or atom bombs.

This time, the United States, Russia and China are full partners in the negotiations, with all six nations determined to give Iran a package so generous that it would have no reason to say no.

The disclosure that the formal written proposal omitted disincentives came to light after extracts were published Wednesday by Agence France-Presse. The text was read to The New York Times by an official.

Some officials involved in the negotiations expressed dismay that the tightly held document had leaked, and that its elements could be misunderstood, in part because only part of it is written down.

For example, those in the United States opposed to any reconciliation with Iran could use it to criticize the administration for appearing to abandon its tough line. Those in Iran who want the country to continue its enrichment-related activities could fault it for depriving Iran of what is widely considered a sovereign right.

"We need private diplomacy and this is very bad," said one senior official. "The paper presented only tells part of the story."

Indeed, an earlier written draft of the proposal listed a variety of possible punitive measures, like an embargo on goods and technologies and a ban on financial transactions related to Iran's nuclear program.

Now, the lack of clarity about what constitutes possible penalties could give the Iranians the impression that they could seek even more concessions, as they have done in the past.

Two weeks ago, on the day before Secretary of State Condoleezza Rice met with her five counterparts in Vienna to work out the final package, she gave the impression it included both incentives and disincentives.

But Ms. Rice was swayed by the Europeans, particularly the Russians and the Germans, that the best way to get the Iranians on board was to formally offer carrots, and informally offer sticks, an administration official said.

The Russians, in particular, who have opposed Security Council sanctions against Iran, argued that the incentives option had to be exhausted first. Mr. Solana, a nuclear physicist by training, was given the leeway on how to present what was called the "two pathways," officials said.

All officials spoke on the condition of anonymity under normal rules of diplomacy.

One key goal of the offer, according to the text, is "to develop relations and cooperation with Iran based on mutual respect," the first time the Bush administration has indicated that it is prepared to deal with Iran in such a positive way.

Many elements of the proposal were already known, but the disclosure of the text was the first authoritative rendering of its details.

It includes such technical inducements as international commitments to support joint projects with Tehran for building new light-water reactors to make electricity.

The offer lays out two ways that Tehran could fuel such reactors without resorting to its own enrichment of uranium for the production of nuclear fuel — the central objection of the West because such material can be used to fuel not only nuclear reactors but also atom bombs.

The first alternative would have Iran participate in an "international facility" in Russia that would enrich uranium, an idea that Tehran has consistently rejected.

The second would have Iran draw on a commercial supply of nuclear fuel that the International Atomic Energy Agency would supervise and that would act as a "buffer stock" lasting for up to five years.

In exchange, the proposal requires Iran to "suspend all enrichment-related and reprocessing activities" and to commit to continue the suspension throughout negotiations on the incentives package.

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In an indication that informal negotiations with Iran have essentially begun, Mr. Solana and Mr. Larijani spoke by phone on Wednesday. They "touched base and compared notes," but did not discuss the substance of the proposal, an aide to Mr. Solana said.

Mr. Solana called it "a constructive conversation," adding, "It will be followed by others."

Ahmadinejad Seeks Chinese, Russian Support (AP)

By Ali Akbar Dareini, Associated Press Writer

AP, June 15, 2006

Iran's hard-line president is doing more than just attending an Asian security summit in China: Mahmoud Ahmadinejad seeks to gain Russian and Chinese support at a critical moment for his country's nuclear program.

He also aims to prove that his country is not isolated, despite U.S. claims to the contrary.

Past trips to Asia have been a chance for Ahmadinejad to tap into anti-U.S. sentiment and tout himself as a leader who is standing up to Washington. Last month, he was cheered by Indonesian students and by a crowd shouting "Fight America! Fight Israel!" outside a Jakarta mosque where he performed prayers.

His visit to China, which began Wednesday, will likely be more dedicated to intense diplomacy. Ahmadinejad is expected to hold separate meetings with his Chinese and Russian counterparts, Hu Jintao and Vladimir Putin, on the sidelines of the regional summit in Shanghai.

It will be a chance to sound out his two allies on a package of incentives offered by the Big Five Powers at the U.N., plus Germany, seeking to persuade Iran to freeze its uranium enrichment program. If Iran agrees, Tehran would then be able to enter negotiations with the United States and Europe over a long-term resolution to the standoff over its nuclear program.

Russia and China have backed the incentives package. But the two countries — longtime allies and trading partners of Iran who hold veto powers at the U.N. — have opposed any move to impose sanctions, which Washington seeks if Tehran turns down the offer.

A key question for Iran is likely to be how much change it can seek in the package and still keep Moscow and Beijing's implicit protection.

Iran has said it finds parts of the package acceptable but that other parts should be removed. And it has said the key issue of uranium enrichment remains unclear and needs further explanation. Tehran has outright rejected demands it scrap enrichment and has been highly reluctant to suspend it.

Tehran has not yet responded to the offer, given to it a week ago.

"Iran is taking its own time (in responding) to get Russia and China to modify the Western pressures on Tehran," said political analyst Davoud Hermidas Bavand.

Ahmadinejad will likely urge Moscow and Beijing to "follow their independent policy and don't go the U.S. way," said analyst Mostafa Kavakebian.

The Iranian president will try to push his own ideas, seeking a compromise that will guarantee his country's right to enrich uranium and at the same time offer guarantees that its nuclear program won't be diverted toward weapons, he said.

In Shanghai, Ahmadinejad joins the leaders of Russia, China and four Central Asian countries who comprise the Shanghai Cooperation Organization.

The trip is also a chance to show that Iran has friends around the world despite U.S. attempts to isolate it. Iran has made clear it is adjusting its relations with nations based on the nuclear standoff.

"We are redefining our relations with the world," Foreign Minister Manouchehr Mottaki told a television program last week. "We are managing our relations with other countries based on our national interests and the way we are treated (over the nuclear dispute)."

Iran has repeatedly said it will offer giant economic projects to countries that support its nuclear program and punish those who vote against it.

China's state energy company has signed long-term deals for natural gas. Those deals display the growing disregard for Washington's priorities. In 1996 the U.S. said it would consider sanctions on any company that invests more than $20 million annually in the Iranian oil and gas sectors. The threat was never enforced.

Ahmadinejad's participation in the Shanghai summit, as an observer, is a particular irritant to the United States, which views the body as an attempted counterweight against Western influence in Central Asia and the presence of American bases there.

Defense Secretary Donald H. Rumsfeld last week chided China and Russia for backing Tehran's participation in the summit, saying he found it strange to bring the "leading terrorist nation in the world into an organization that says it's against terror."

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But host China dismissed the criticism. "We cannot abide by other countries calling our observer nations sponsors of terror," Shanghai Cooperation Organization chief Zhang Deguang said.

Group Linked To Al Qaeda Tightening Grip On Somalia (WT)

By Bill Gertz

The Washington Times, June 15, 2006

An Islamist group with ties to al Qaeda is quickly solidifying its grip on parts of Somalia and moving toward setting up a Taliban-style Islamist regime in the country, according to U.S. officials familiar with events in the region.

Armed militias of the group known as the Islamic Courts Union (ICU) defeated a U.S.-backed group of Somali warlords called Alliance for the Restoration of Peace and Counterterrorism last week and control large sections of Mogadishu and seized a key town yesterday.

The officials familiar with terrorism and the Horn of Africa, including some who were recently in Somalia, said the Islamists now are seeking to publicly distance themselves from al Qaeda, which also is seeking to play down its ties to the ICU to avoid provoking a military response from the United States or other nations in the region.

"We missed the center of gravity when we engaged with the warlords and did not stand up to the ICU," one official said.

The ICU is "putting on a good face" after its military gains, the official said, warning that the ICU is engaged in a disinformation campaign that is designed to hide its true goals.

The situation in the East African country, which has not had a central government in over a decade, is fluid. Yesterday, ICU militias took over the town of Jowhar, northeast of Mogadishu, an area that was the last stronghold of the counterterrorism group warlords. The group now may focus attacks on Baidoa, where a non-Islamist Somali-led transitional government is based.

Retired Vice Adm. Scott Redd, director of the National Counterterrorism Center, said at a Senate hearing Tuesday that "obviously, there have been some things going on inside Somalia."

"I would not jump to the conclusion, however, that that means that al Qaeda now owns Somalia, by any stretch of the imagination," said Adm. Redd, who commanded a task force that evacuated United Nations peacekeepers from Somalia in 1995.

State Department Coordinator for Counterterrorism Henry Crumpton, appearing with Adm. Redd at the Senate Foreign Relations Committee hearing, said last week's rise to power of the ICU was "not anticipated."

Mr. Crumpton said the administration is cautious about statements from the ICU that it is not an Islamist regime.

"We still have some concern because, despite their public overtures, we're not sure what Islamic Courts really want in terms of their strategies and in terms of their relationship with al Qaeda," he said.

Behind the scenes, the Islamic Courts group is taking steps to institute Shariah, or Islamic law, and to install an Islamist, Taliban-style government, other U.S. officials said.

The ICU's most significant step has been to take over all schools in areas that it controls and to change the curriculum to Islamist-centered teaching.

The Bush administration decided to help the counterterrorism group of warlords against the ICU, mainly with funding, but rejected providing support for what is known as the Transitional Federal Government, or TFG, currently located in Baidoa. The TFG has some international support and controls some areas of Mogadishu, but lacks forces sufficient to challenge the ICU on its own, the officials said.

That government includes Hussein Mohamed Farrah, a pro-Western former U.S. Marine and son of the late Somali warlord Mohamed Farrah Aidid, who fought U.S. military forces in the early 1990s during the failed U.S. humanitarian operation. Aidid's forces were behind the deadly 1993 shootout in Mogadishu that led to the deaths of 18 U.S. soldiers and up to 1,000 Somalis.

The U.S. Central Command currently has several hundred troops, including special operations commandos, in Djibouti as part of Combined Joint Task Force-Horn of Africa.

Intelligence reports from the region indicate that the ICU has close ties to a small group of al Qaeda terrorists who are left over from the terrorist cell that launched the 1998 operation to bomb the U.S. embassies in Tanzania and Kenya. The al Qaeda cell is providing advice to the ICU and is helping facilitate support for the group from radical Wahhabi Muslims in Saudi Arabia, Yemen and elsewhere, the officials said.

Islamic Militias Extend Control In Southern Somalia (WP)

By Craig Timberg

The Washington Post, June 15, 2006

Stronghold of Secular Warlords Falls; Transitional Government Calls for Foreign Peacekeepers

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NAIROBI, June 14 -- Islamic militias asserted control over southern Somalia on Wednesday by routing once-powerful secular warlords from one of their last remaining strongholds and moving closer to the headquarters of the country's fragile, U.N.-backed government.

The town of Jowhar, about 60 miles north of the militias' base in the capital, Mogadishu, fell in a morning attack that left at least four people dead and prompted several remaining warlords to flee in heavily armed pickup trucks, according to news reports.

More than 300 Somalis have died in fighting in recent months as the Islamic militias have driven the secular warlords, who have had U.S. support, from most of southern Somalia.

The militias immediately declared a nighttime curfew in Jowhar and announced plans to impose Islamic law, or sharia , which in recent years has brought some order to lawless Mogadishu.

...

Fearing an attack, members of the country's largely powerless transitional government voted Wednesday to invite foreign peacekeepers to enter Somalia. The government is based in Baidoa, about 130 miles from Jowhar. The town is one of the last significant places in the southern region not controlled by the militias.

The Islamic militias have repeatedly rejected calls for foreign peacekeepers, fearing that neighboring countries, especially Somalia's historic enemy, Ethiopia, would use such a deployment as a pretext to meddle in Somalia's affairs. That fear has been sharpened by the reportedly warm relations between Ethiopia and the president of the transitional government, Abdullahi Yusuf.

"They will back Yusuf. They will come to Mogadishu," said Abdurahman Osman, a representative of the Islamic militias, speaking in Nairobi.

The issue threatened to drive apart the militias and the transitional government at a time when international officials are pushing the groups to negotiate a solution to Somalia's lasting trouble. Islamic militia leaders warned repeatedly in the past week that they would end discussions with the transitional government if it invited foreign troops to Somalia.

Somalia has been without an effective central government since largely clan-based warlords overthrew longtime dictator Mohamed Siad Barre in 1991. The warlords then began fighting one another, turning the country into a patchwork of rival fiefdoms. Central and northern Somalia became largely self-governed as the nominal capital descended into chaos.

The United States reportedly became involved in supporting the warlords as it sought help in capturing terrorism suspects hiding in Somalia. Among the leaders of the Islamic militias, U.S. officials have said, are extremists with links to al-Qaeda. Since taking control of Mogadishu last week, however, militia leaders have made repeated overtures to the United States and sought to portray themselves as moderates seeking to stabilize a chaotic country.

U.S. Meeting Europeans To Forge Policy On Somalia (NYT)

By Helene Cooper

The New York Times, June 15, 2006

WASHINGTON, June 14 — American officials will sit down Thursday with their European counterparts to try to come up with an answer to this central question: Is there anyone left with any authority in Somalia with whom the United States can do business?

The hurriedly convened Contact Group meeting in New York represents a State Department effort to form a new policy on Somalia after more than a decade of neglect. Diplomats are asserting more control over Somalia policy from the Central Intelligence Agency, on the ground that an approach that by many accounts has consisted largely of C.I.A. payments to Somali warlords has been counterproductive.

That came into stark relief last week when the American-backed warlords fighting a proxy war for the United States against Islamists believed to be harboring operatives of Al Qaeda were run out of Mogadishu, the capital, by those Islamists. For the United States, the lawless place that spawned "Black Hawk Down" was suddenly back, this time as a potent symbol of America's faltering counterterrorism efforts. Washington had backed the losing side, Somalia was now under new management, and the United States had few allies on the ground.

Somalia has not had an effective central government since early 1991, when largely clan-based warlords overthrew its dictator, Mohamed Siad Barre, then turned on one another. An interim government, formed with United Nations support, has not even been able to enter Mogadishu, and has instead been stuck in Baidoa, about 150 miles away.

"We need to have legitimate actors inside Somalia with whom we can work," Henry A. Crumpton, the State Department's top counterterrorism official, told a Senate committee on Tuesday. "That's probably the most difficult challenge right now."

Sheik Sharif Ahmed, chairman of the Islamist militia group, would have to be at the top of the list of people who exert power in Somalia. Mr. Ahmed has sought to moderate the image of his Islamic Courts Union, which is seen in the West as wanting to

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impose a Taliban-style government on Somalia, with strict religious codes and a willingness to harbor Qaeda members. He sent a conciliatory letter last week to foreign governments, including the United States, that said the Islamists wanted a "friendly relationship with the international community."

American officials have maintained that Islamic leaders in Mogadishu are sheltering Qaeda operatives who were indicted in the 1998 bombings of the United States Embassies in Kenya and Tanzania. Since those bombings, American officials have been tracking a Qaeda cell whose members are believed to move freely among Somalia, Kenya, Ethiopia and parts of the Middle East. The American payments to the warlords were intended at least in part to help achieve the capture of the Qaeda operatives.

Shortly after an attack on a hotel in Mombasa, Kenya, and the failed attempt to shoot down a plane bound for Israel from the Mombasa airport — both in November 2002 — the United States began informally reaching out to Somali clans in the hope that local forces might provide intelligence about people suspected of being members of Al Qaeda in Somalia, said a recent report by the International Crisis Group, a nonprofit research organization with extensive experience in Somalia.

That approach brought a few successes. Militiamen loyal to the warlord Mohammed Deere caught Suleiman Abdalla Salim Hemed, who was suspected of being a Qaeda operative, in April 2003 and turned him over to American officials.

Bush administration officials say that they are willing to take Mr. Ahmed's letter at "face value," but that they believe that Qaeda operatives remain in Somalia. "We're still not quite sure what the Islamic courts really want in terms of their strategies and in terms of their relationship with Al Qaeda," Mr. Crumpton said.

But the United States cannot continue to view Somalia solely through the prism of counterterrorism. Critics say that is why America has no real allies in a country that has become a haven for terrorists.

"These guys are very different from the Taliban," said Robert Rotberg, author of "Terrorism in the Horn of Africa" and director of the intrastate conflict program at the Kennedy School of Government at Harvard. "They have a potential to be a buffer between terrorism and chaos, and that's a good role if we can find a way to talk to them sensibly."

Palestinians Mount Violent Protest Over Lack Of Paychecks (NYT)

By Ian Fisher

The New York Times, June 15, 2006

JERUSALEM, June 14 — Palestinian civil servants stormed the parliament building in the West Bank on Wednesday demanding back pay and chanting "We are hungry!"

Fistfights broke out as protesters hurled plastic water bottles at legislators from Hamas, the militant group that controls parliament, forcing the speaker to flee the building.

It was the second violent protest this week at parliament, in Ramallah, and underscored growing pressure on the Hamas government on several fronts.

Much of the Western aid that had been used to run the Palestinian Authority has been withheld since Hamas took over the government after winning January elections. Many Muslim nations had pledged their support, but international banks, most tied to the American system, have refused to transfer money from other donors.

So on Wednesday, the Hamas foreign minister, Mahmoud Zahar, crossed over into Gaza from Egypt carrying what Palestinian officials said was $20 million in cash in his suitcases. He was returning from a long trip to Indonesia, Malaysia, Brunei, China, Pakistan, Iran and Egypt.

Hamas, responsible for many of the deadliest suicide attacks against Israel, has refused to renounce violence or recognize the Israeli state since it won control of parliament in January.

Though a substantial sum, the $20 million is a fraction of $120 million the Palestinian Authority needs each month just for the salaries of its 165,000 employees, most of whom have not been paid for four months. Its current budget would require an additional $45 million for all costs other than salaries.

A power struggle between Hamas and Fatah, the party it ousted from power, continues to worsen. About two dozen people have been killed in recent weeks in factional fighting, including a Hamas gunman in southern Gaza on Wednesday. The protesters at the parliament, which was also attacked Monday night along with two cabinet buildings, were reported largely to be loyal to Fatah.

"We deplore and regret these incidents," Ismail Haniya, the prime minister and a top Hamas leader, said after the death of the gunman, The Associated Press reported. "The government is going to carry out its responsibilities along with the security branches in order to maintain law and order."

To defuse the tensions, Mr. Haniya and Mahmoud Abbas, president of the Palestinian Authority and a member of Fatah, have agreed to a series of talks, which continued on Wednesday.

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Mr. Abbas, a moderate, has been pressing Hamas to accept even implicit recognition of Israel, a move aimed at freeing up foreign money and restarting peace talks with Israel. Barring that, Mr. Abbas has said he will schedule a referendum next month calling for a Palestinian state within pre-1967 borders, a proposal that polls indicate most Palestinians support.

Hamas's leadership strongly opposes the referendum as illegal and an effort to undermine the party's election victory.

But there were indications on Wednesday that the two sides might have made progress on the difficult question of the Hamas militia, which is still outside government control. Fatah officials said Hamas had agreed to steps to integrate about 3,000 fighters into the security forces, though no timetable was given. Hamas has already agreed in principle to such a move.

Mr. Zahar was allowed to bring his cash into Gaza on Wednesday. Since the international banks refused to transfer funds to the Palestinians, at least two other Hamas leaders have been stopped at the border between Egypt and Gaza carrying large amounts of cash.

The earlier shipments, totaling some $5 million, had been confiscated but then released, supposedly to the Palestinian government. Some employees received part of their back pay a week ago, but some Palestinians suggested that the money might not have gone to the Finance Ministry but instead was used by Hamas to pay its loyalists.

The conflict between Palestinians and the Israeli military was largely quiet on Wednesday. The Israeli military reported that Palestinians had fired a rocket toward Israel from Gaza, but that it landed in the desert without hitting anyone.

In recent months, the number of rocket attacks has increased significantly, to nearly 100 this month alone. Last week, during an Israeli retaliatory attack, seven members of a Palestinian family were killed on a beach in Gaza, causing Hamas to call off its 16-month truce.

On Tuesday, however, the Israeli military contended that an internal investigation showed its munitions had not been responsible, a finding rejected by the Palestinians.

The deaths, and 10 more in Gaza on Tuesday, among them 8 civilians, came at a sensitive time, as Prime Minister Ehud Olmert made his first trip in office to Europe. He met Wednesday with President Jacques Chirac of France, trying to persuade Mr. Chirac to accept Israeli plans to withdraw unilaterally from parts of the West Bank in the absence of a peace with the Palestinians.

"The realignment plan is inevitable," he told reporters in France. "It will be implemented."

Europe Plan To Aid Palestinians Stalls Over U.S. Salary Sanctions (NYT)

By Steven R. Weisman

The New York Times, June 15, 2006

WASHINGTON, June 14 — A European proposal to provide aid for Palestinian health care has stalled because of concerns by the Bush administration that the plan may violate an American ban on paying salaries to a Hamas government.

Despite what has been described as a humanitarian crisis in Gaza and the West Bank, American and European officials say they strongly doubt that any aid will reach the Palestinians quickly, given the violent chaos in Palestinian areas and Hamas's declared intention to scrap a truce with Israel.

The Europeans have proposed that the World Bank set up a "mechanism" through which donations from Europe and the Arab world can get to the Palestinians.

But American and European officials say that might violate American sanctions laws, which could lead to penalties against any bank that allows a transfer of money to employees in a Hamas government, even if the transaction is overseen by the World Bank.

"This is a nasty situation," said a European diplomat, who was not authorized to speak publicly on the issue. "No bank wants to run afoul of American banking laws and get shut down by the Treasury Department."

The United States Treasury has barred almost all financial dealings with the Palestinian Authority in response to Hamas's rise to power, under a federal law that makes it a crime to provide funds to terrorist groups.

A senior administration official, also speaking anonymously, noted that the Palestinian situation was a vivid illustration of the reach of American sanctions laws.

"What you've got is a system of banks, even Arab banks, that cannot ignore the risk to their reputations of doing business with terrorists," the official said. "That's quite apart from what they might actually face as a legal risk, which could be substantial."

Hamas, which is on the State Department's list of terrorist organizations, took office in April. Europe and the United States then cut off most of the $1 billion that outside donor governments have given annually to keep the Palestinian Authority afloat. Some 160,000 employees have had their pay suspended or delayed, and banks have halted the transfer of money to the government out of fear of violating American sanctions laws.

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Faced with criticism from Arab countries, the United States joined with Russia, Europe and the United Nations in early May on a plan to speed aid to the Palestinians, bypassing the Hamas government. At the time, officials expressed concerns that some of this money might end up paying nurses, doctors, teachers and others previously on the government payroll, thereby helping to finance Hamas.

But as negotiations on the plan proceeded, a rift opened between the Bush administration and its allies in the Middle East negotiating process. The World Bank is now caught in the middle, various officials said.

The bank president, Paul D. Wolfowitz, the deputy defense secretary in President Bush's first term, has told European negotiators that he wants to help the Palestinians but that the bank has not received adequate guidance from the United States and the Europeans about where the money is to go.

"The World Bank would like to facilitate the delivery of assistance that a number of donors are eager to provide, so that the Palestinian people do not suffer from a lack of social services, particularly health and education," Mr. Wolfowitz said Wednesday.

On top of these disputes is a fundamental difference in the American and European assessment of the situation in the West Bank and Gaza, officials on both sides say.

European officials charge that there is a real humanitarian crisis because of the aid cutoff, and some say the Bush administration may actually be seeking to block funds in order to promote chaos and eventually bring down the Hamas government. Bush administration officials strongly deny the accusation.

"There is no humanitarian crisis in the Palestinian territories," the senior administration official said. "There is a political and security crisis, and the Hamas government has to make some responsible decisions about how to handle it." The best way, he said, would be for Hamas to reject violence and recognize Israel.

Palestinian Suicide Politics (WSJ)

The Wall Street Journal, June 15, 2006

Regarding the increasingly violent Palestinian feud between Hamas and Fatah partisans, it's tempting to recall Henry Kissinger's quip about the Iran-Iraq War: "It's a pity both sides can't lose." The tragedy is that the certain losers will be average Palestinians.

Fatah is the political party founded by Yasser Arafat and now nominally led by Palestinian President Mamoud Abbas. On Monday, several hundred Fatah "soldiers" stormed and then set fire to the Hamas-dominated Palestinian Parliament in the West Bank city of Ramallah, reportedly in retaliation for a Hamas attack on a Fatah building in the Gaza Strip. That's only the latest in a series of clashes and assassinations that now claim more Palestinian lives than the Israeli army. For once, the term "cycle of violence" actually applies.

The two groups are currently at loggerheads over the so-called Prisoners' Document, a manifesto by Palestinians jailed by Israel, which proposes terms for a future Palestinian state in Gaza, the West Bank and East Jerusalem. Mr. Abbas, sensing an opportunity to corner Hamas politically, wants the document put to a vote in a July 26 referendum. Hamas, which calls the referendum procedurally illegal, objects to its implicit recognition of Israel. Both Hamas and Fatah field well-armed militias, and there is a real possibility that the episodic shooting and looting of the past months could descend into full-scale civil war.

That's not something anyone should wish for, but it hardly comes as a surprise. Both Israel and the U.S. urged Mr. Abbas to confront Hamas when he came to power in January 2005. He dithered and was taken by surprise when Hamas swept parliamentary elections earlier this year. Nor did Mr. Abbas do much to rein in the Al-Aqsa Martyrs' Brigades, the Fatah paramilitary outfit responsible for dozens of suicide bombings in Israel. Instead, he made heroes of the prisoners, even calling on President Bush to lean on Israel for their release despite their terrorist records.

As for Hamas, it recently reaffirmed its murderous bona fides when it mourned the death of "brother" Abu Musab al-Zarqawi, "who was martyred at the hands of the savage crusade campaign" of the U.S. in the Middle East. Hamas refuses to recognize Israel, though the Palestinian Authority is itself a product of the 1993 Oslo Accords, which affirm Israel's right to live "in peace and security."

Both sides in the Palestinian divide have thus contributed to a cult of violence and terror that now engulfs them. Israel's full withdrawal last year from Gaza was supposed to have given the Palestinians an opportunity to demonstrate their ability to govern themselves. What it has shown so far is how little Israel's occupation had to do with the deepest sources of Palestine's grief.

Too many Palestinians have postponed serious consideration of just what sort of state they wish to have, fixating instead on their endless and unreal claims on Israel: full withdrawal to the 1967 armistice lines, the "right of return" for the refugees of 1948 and their descendants, and so on. What is happening now in Ramallah is the result of that kind of political escapism. Until the Palestinians realize that they can't elect a terrorist group without consequence, there will never be any hope for their state, whenever its birth, whatever its borders.

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U.N. Eyes Links To Hariri Slaying (WT)

By Betsy Pisik, The Washington Times

The Washington Times, June 15, 2006

NEW YORK -- The chief U.N. investigator into the assassination of former Lebanese Prime Minister Rafik Hariri told the Security Council yesterday that he was seeking links between that death and the killings of 14 other critics of the Syrian regime.

Serge Brammertz also asked for an extension and expansion of his mandate and said he had received generally satisfactory cooperation from Syria.

The international inquiry has already determined many of the facts behind the Feb. 14, 2005, assassination of Mr. Hariri, which also killed 22 others, Mr. Brammertz said in a report to the council. However, the identities of the people or groups behind it are still largely unknown.

He said his group's probes of the 14 other killings -- all believed to be connected to the victims' outspoken rejection of Syrian interference in Lebanon -- were largely stalled.

Mr. Brammertz said he has been examining the cases with two objectives -- to solve the individual murders, and to establish any connections among them.

"Analytically, the cases can be linked in a number of different ways and from varying perspectives, notably in the similarities in the modus operandi, and their intent." he said, "However, in terms of evidence, none of the cases is developed to an extent that would allow identification and linking of perpetrators."

The Security Council is expected today to extend the inquiry for another year, and to authorize its staff to help Lebanese authorities investigate other "terrorist attacks" committed since Oct. 2004.

Mr. Brammertz, a former Belgian prosecutor who took up the inquiry six months ago, said the Syrian government has "generally responded to all requests in a timely manner." His predecessor, Detlev Mehlis of Germany, had more difficulty with Damascus.

The government of Lebanon has been supportive of the commission's work and has actively sought U.N. legal assistance to set up a hybrid court of international and Lebanese judges to try the perpetrators.

Richard Dicker, director of the International Justice Program for Human Rights Watch, said he is delighted that the Lebanese authorities want to bring international law to the Middle East, a region where few countries have signed onto the International Criminal Court or other international legal mechanisms.

"If they are all linked, the 14 and the Hariri killings, and if they are part of a systematic plan by a group or a government, they would be crimes against humanity," Mr. Dicker said.

"Look at the definition: It includes murder committed as part of a systematic or widespread attack on a civilian population [or] as part of a plan or policy of a group to advance its objectives. The stakes here are really quite historic in terms of an internationalized court."

The 14 assassinations over the last two years have targeted critics of Syrian interference, including two journalists, human rights advocates and Lebanese lawmakers.

Muslims' Anti-U.S. Sentiment Up (WT)

By Katie Stuhldreher, The Washington Times

The Washington Times, June 15, 2006

Anti-American sentiment in the Muslim world has reached startling levels, but positive U.S. policies like disaster-relief efforts can help reverse the trend, according to poll results released yesterday.

The data also showed that large numbers of people in several of Iran's neighboring countries -- including 70 percent in Pakistan -- would favor a nuclear-armed Iran.

Terror Free Tomorrow, a nonpartisan, nonprofit organization with Sen. John McCain and several members of the 9/11 commission on its advisory board, commissioned the wide-ranging poll on nuclear programs and anti-Western sentiment among Iran's neighbors.

When asked how they viewed the United States, 89 percent in Saudi Arabia, 84 percent in the United Arab Emirates, 71 percent in Turkey and 64 percent in Pakistan answered "unfavorable." Additionally, 66 percent of Pakistanis opposed the U.S.-led fight against terrorism.

Ken Ballen, president of Terror Free Tomorrow and a former federal prosecutor and counsel to the Iran-Contra committee, said the poll results were "startling" and showed that radical anti-Western views were becoming the consensus in the Muslim world.

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"U.S. policy-makers need to take these opinions into account. I know we don't make policies based on poll data, but we need to try to understand why these radical ideas are gaining traction and figure out if our policies are being counterproductive," said Mr. Ballen.

According to the polls, 67 percent in both Pakistan and Turkey and 65 percent in Saudi Arabia viewed a series of Danish cartoons lampooning the prophet Muhammad as evidence that the West is antagonistic toward Islam.

Wayne White, former deputy director of the State Department's Middle East intelligence shop, said, "Unfortunately, a lot of this is true. [Al Qaeda leader Osama] bin Laden succeeded in generating an impression that there is a war of cultures, a divide between East and West, Christian and Muslim."

Mr. Ballen said there was "a silver lining" to the poll results. "Positive U.S. policies like earthquake relief in Pakistan and tsunami aid in Indonesia improved pro-Western attitudes."

The polls showed that U.S. aid promoted a more favorable view of the United States among 75 percent of Pakistanis and 63 percent of Indonesians.

"Many people in that region have seen too much of the military side of the U.S. and not enough of the humanitarian side," Mr. White said. "But it's hard for the U.S. to step up programs there because with budget constraints and financing the war in Iraq, the money just isn't there to do everything."

Among Palestinians, 68 percent had an unfavorable opinion of the United States, but 60 percent said that they wanted the United States to do more to help resolve the Palestinian-Israeli conflict.

Mr. White said, "This seems confusing because the U.S. is seen as such a big ally of Israel. The Palestinians might not like a lot of the things that the U.S. does, but they know if there is anyone on the globe who can talk Israel into being more reasonable, it's Washington."

When asked about nuclear programs in Iran, 68 percent in Pakistan, 46 percent in Saudi Arabia and 44 percent in Turkey said that they would prefer the United States to accept a nuclear Iran rather than intervene to prevent it.

"I don't think they really support nuclear weapons in Iran," Mr. White said. "It's probably more of a pushback against the U.S., basically saying that they'd mind that a lot less than more U.S. involvement in the region."

Frederic Grare, a South Asia specialist at the Carnegie Endowment for International Peace, said the nearly 70 percent support for Iranian nuclear weapons in Pakistan simply reflected that country's own interests.

"If you ask the elite in Pakistan, they are increasingly insecure with nuclear weapons in Iran. But there is always the fear that if steps are taken to limit Iran, they might be next. Pakistan has only two main interests: Kashmir and nuclear weapons. And they will protect them.

"Also, Pakistan wants to keep good relations with Iran right now, because they are getting closer to India, a rival of Pakistan," he said.

Kenyan Teen's Death Exposes Gaps Seen In HIV/AIDS Support Network (LAT)

By Edmund Sanders, Times Staff Writer

The Los Angeles Times, June 15, 2006

A 14-year-old who was infected with the virus and orphaned by the disease was brutally beaten by an uncle who struggled to care for him. Some blame not the killer, but an inadequate community of care.

WANDUMBI, Kenya — After losing his parents to AIDS, Isaiah Gakuyo spent most of his short life shuttled among relatives who said the boy had only himself to blame for the beatings and abuse they heaped upon him. "He was always looking for trouble," an aunt said of the HIV-positive 14-year-old.

By the time AIDS activists came to move Isaiah to a rescue home, relatives had banished him to a woodshed, where he was forced to use a separate cup and plate and wasn't allowed to play with a younger cousin.

Their intervention would not be enough. On a wet morning this spring, one of Isaiah's uncles hacked him to death with a forked hoe. As the boy lay bleeding, relatives and neighbors watched in horror, but none offered help until plastic gloves arrived from the local dispensary.

Many describe Isaiah's brutal slaying as an "honor killing," symptomatic of the hatred and discrimination faced by millions of people living with HIV in Africa. Efforts to arrest the 26-year-old uncle have failed, police say, because family members are taking food to him in the forest.

"The family wanted him dead," Nazlin Omar Rahput, an outspoken political activist in Kenya, said of Isaiah. "They saw him as an eyesore."

But even as the killing has shaken Kenyans and sparked a national debate over care and support for those living with HIV, it has also divided the country. Some sympathize with the family, characterizing the attack as a spontaneous fit of rage by an

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overburdened caretaker. The killing, they say, exposes deep gaps in the nation's AIDS support network, particularly for the 750,000 children, like Isaiah, orphaned by the disease.

"I can only imagine the pressures of taking care of a child you know is dying," said Wangari Muta Maathai, the Nobel Peace Prize-winning environmentalist and parliament member who represents the Nyeri district, where the family lives. "We are all angry at the uncle, but how many of us tried to help him when he was taking care of the boy?"

Isaiah's problems began shortly after his birth in 1991. When his parents learned they were HIV-positive, his father abandoned the family, forcing his mother to return here to her family homestead near Nyeri, a quiet, impoverished community in the Rift Valley in central Kenya. She died in 1994, and Isaiah and a baby sister were taken in by their grandmother.

Soon AIDS would decimate the family. Isaiah's young sister died. Then two aunts. Then the grandmother. By 2000, the family's suffering was apparent around the community. "Everybody knew," said Daniel Gathuku, 53, a neighbor.

Isaiah ended up in the custody of Justice Ndumia, one of the several uncles who cared for the boy. This one was prone to abandoning his own family for months at a time.

Though Isaiah was beginning to suffer health problems, he excelled in school.

"He was a very bright boy," recalled Marwa Kihumba, headmaster of Wandumbi Primary School. Isaiah was so eager to be accepted at a top secondary school that he decided to repeat the eighth grade and retake his graduation exams because he believed he could score higher, Kihumba said.

But clashes at home with his uncle were growing. Isaiah complained about feeling sick and developed skin rashes. His hair fell out in patches, which he tried to cover with headbands and hooded jackets. When the uncle threatened to whip the boy for failing to do his chores, Isaiah ran away.

After Isaiah stayed briefly with neighbors, tribal leaders persuaded a distant relative, a Presbyterian Church elder, to shelter the boy.

Worried he might infect their grandson, who was also living at their farm, Charles Kariuki, 65, and his wife, Grace, put Isaiah in a shack once used for chickens. They bought him a strong disinfectant soap, hoping it would clear up his boils and sores.

"We had another little boy here to think about," Kariuki said.

After Isaiah complained to teachers about mistreatment at home, they contacted AIDS activists. By the time Isaiah arrived at a Nyeri rescue center, his CD4 count, a key indicator of the body's immune system, was 2. Normal CD counts range from 500 to 1,500.

Doctors at the center, run by the Kenya Network of Women with AIDS/HIV, immediately prescribed a daily regimen of antiretroviral drugs and began treating possible tuberculosis. Center officials say the gaunt, 4-foot-6 boy thrived, playing with other HIV-positive children, watching cartoons and learning for the first time about his disease.

"People hated him because of his appearance, so it was a good environment for him," said Francis Muiruri, head of the Nyeri center.

During group therapy and counseling, Isaiah frequently broke into tears while recalling his life and the treatment by his family, counselors said. But they said he appeared to accept his HIV status, even mentoring younger children about the disease.

After a month, Isaiah was asked whether there was anyone in the family who could care for him. He mentioned a young uncle, John Kiboi.

At 26, Kiboi was barely able to care for himself. An orphan like Isaiah, he was unemployed, uneducated and unmarried. Relatives and villagers considered the young man, known for drinking and pot smoking, an unsuitable choice, but no one intervened.

In the fall of 2005, the arrangement seemed to be working. Isaiah returned to school, and Kiboi appeared to be taking an interest, fetching the free food and medicine offered at the center, officials said.

But Isaiah's mood began to darken, friends and family members say.

"After he came back from the rescue center, he said he didn't want to take his medicine anymore," said Ann Mumbi, 18, a neighbor and friend who often cooked for Isaiah and washed his clothes. "He said he just wanted to die."

His behavior became more erratic. Once he burned his clothes and bed blankets, according to an aunt. Another day he announced he planned to dig up his mother's grave to retrieve a watch he believed was buried with her.

"He did all that just so he would be beaten," said Mary Njeri, an aunt married to Ndumia, the uncle who had driven Isaiah to run away.

Isaiah repeated his exams at the end of 2005. He not only scored worse, but his mark was below the minimum required to be accepted at any secondary school.

At the center's Christmas party, volunteers from the AIDS/HIV network tried to bolster his mood, promising they would intervene with school officials to find someplace willing to accept him. They promised to raise the money for his school fees.

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The arrangement with Kiboi was beginning to strain. The young man expected other family members to share in Isaiah's care, but none stepped forward. He tried to return Isaiah to the rescue center, but the boy pleaded to return home with him.

"He was fed up with taking care of the boy," said Nancy Macharia, a center counselor. A week before the attack, Isaiah showed up at the center complaining he wasn't being fed.

Mumbi said tensions peaked the night before the attack. Uncle and nephew quarreled after Kiboi accused Isaiah of disclosing Kiboi's secret courtship of a local girl to the girl's mother.

Mumbi said she spent that night in Isaiah and Kiboi's home, and when they awoke she sent the boy to a neighbor's for fire or matches to cook breakfast. But no one was home there. When the boy returned, Kiboi became enraged, hitting Isaiah with his fists, Mumbi said. She said she'd seen such beatings before, and she fled up the hill to wait until it was over.

A few moments later, she saw Kiboi running away and heard hysterical screaming from one of Isaiah's cousins, who had been working nearby in a field.

Mumbi and a dozen other neighbors rushed to find Isaiah lying on his stomach, deep punctures and gashes on the left side of his head. Eyes open and breathing steadily, Isaiah bled profusely and appeared to be unconscious. Next to him lay the bloodied hoe.

Bystanders were too afraid to bandage his wounds and sent someone to fetch a doctor.

"No one touched him," said Ann Wanjiku, 23, a neighbor. About 40 minutes later, someone returned with plastic gloves, and they carried Isaiah to a clinic a mile away.

"By the time he got here he already was in a deep coma," said Gichuki Nderitu, head of Wandumbi Health Dispensary. Nderitu said he'd treated Isaiah many times over the years and had deep reservations about Kiboi's ability to care for the boy. "I wasn't surprised it ended this way," he said.

Few members of Isaiah's family attended the funeral. Neighbors and tribal elders also stayed away. Instead, the boy's coffin was carried by AIDS activists and his friends at the rescue center.

At Isaiah and Kiboi's now vacant home, new padlocks keep visitors out. But a few reminders of the struggle can be seen by peering inside. Two broken windows. A picture of Isaiah's mother askew on the wall.

Today, only the aunt, Njeri, is left, supporting three children. Her husband died of AIDS in December. She said she hadn't seen Kiboi since he fled.

Tilling the soil around her home, she denied that AIDS had devastated the family, blaming Isaiah for the family's troubles. "It was all the boy," she said.

Less than 50 feet away is Isaiah's grave, a mound of red soil overlooking a sweeping green valley. Njeri said she thought Isaiah was buried near his mother, next to the cornfield, but no one could remember the exact location of her grave.

There is no marker or stone. Land is considered too valuable to dedicate for burial ground. After a few years, the mound will simply erode. Grasses and plants will take over. Eventually Isaiah's grave, like his mother's, will disappear under the cornfield.

Mexican Opinion Polls Predict López Obrador Win (FT)

By Adam Thomson

Financial Times, June 15, 2006

Andrés Manuel López Obrador, Mexico's leftwing candidate, is on course to become the country's next president in the July 2 election, according to two opinion polls out this week.

Mr López Obrador, who is running for the Democratic Revolutionary Party (PRD), has now inched into the lead with 37 per cent of the vote against 35 per cent for Felipe Calderón, the centre-right candidate for the ruling National Action Party (PAN).

The poll, published in the Reforma daily newspaper, reinforces the results of a second poll published on Monday, which puts the leftwing candidate 3.2 per cent ahead of Mr Calderón.

While both polls show a technical tie – the margin of error in each is more than 2 per cent – they also show a clear improvement in Mr López Obrador's standings since last month, and suggest that he will win the July 2 election if the trend holds.

In the case of Wednesday's Reforma poll, for example, it is the first time the PRD candidate has led since March. The newspaper's previous poll, published on May 24, had Mr López Obrador trailing his main rival by four points.

"López Obrador is definitely rising," said Rafael Fernández de Castro, a professor of politics at Mexico City's ITAM university, on Wednesday.

A third poll, due to be published on Wednesday by the GEA consultancy in Mexico City, showed Mr López Obrador regaining seven points from his main rival since last month – although it still has Mr Calderón in the lead by two points.

Political analysts on Wednesday said the biggest reason for Mr López Obrador's recovery was the perception that he had won an informal round of mud-slinging following this month's live presidential debate between the main candidates.

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His allegations that Mr Calderón's brother-in-law had won lucrative state contracts during Mr Calderón's brief stint as energy secretary have been the centrepiece of up-market dinner parties and downtown cantina tequila sessions alike this week.

Mr Fernández de Castro said: "Independently of how much truth there is in the allegations, López Obrador managed to complicated life for a candidate who has presented himself as a man with clean hands."

Even so, pollsters still say it is too close to pick a winner. Guillermo Valdés of GEA said on Wednesday that Mr Calderón is likely to continue promising stability and economic security while attacking Mr López Obrador with suggestions that he is a radical and dangerous leftist.

He said Mr López Obrador would likely try to maximise the mileage from last week's muckraking, and promote his economic platform of providing benefits to the poor.

Mexico's Lopez Obrador: A Common Man Bent On Change (LAT)

By Héctor Tobar, Times Staff Writer

The Los Angeles Times, June 15, 2006

Presidential front-runner Andres Manuel Lopez Obrador is seen as a salvation by some, a danger by others. One thing is sure: He knows politics.

MEXICO CITY — The candidate has a certain sex appeal. Imagine a mestizo Bill Clinton: cappuccino-colored skin, a full head of white hair and a charismatic stage presence. Sometimes, his arrival at a campaign stop will provoke a scream from a woman who, a second later, realizes she's too old to be acting that way.

Andres Manuel Lopez Obrador is the candidate of the common man (and, clearly, of the common woman) in this year's presidential campaign. His critics call him an irresponsible populist who will ruin Mexico's precarious economic stability, but to millions of others, the 52-year-old standard-bearer for the leftist Democratic Revolution Party is hope incarnate, a warrior and father figure rolled into one.

Polls released this week show he has retaken the lead from conservative, free-market candidate Felipe Calderon.

Lopez Obrador fought off impeachment as mayor of Mexico City, took care of the capital's "little grandmothers" with a monthly subsidy check and launched the most ambitious transportation projects in the traffic-choked metropolis in a generation. Now he's on a crusade to bring the most ambitious social and economic reforms Mexico has seen in decades.

As mayor, he drove a white Nissan Tsuru, a variation of the Sentra sold in the U.S., and the kind of unassuming vehicle favored here by penny-pinching office workers. Today, while his opponents charter jets, Lopez Obrador crisscrosses the country on commercial flights and in a caravan of white SUVs.

From the Indian villages near the Guatemalan border to the barrios of Tijuana, he revels in oddities of local protocol. They give him silly belts to wear in Jalisco and crowns of pink roses in Chiapas, and he never hesitates to put them on. Very often, women float near the front of his rallies wearing yellow T-shirts emblazoned with the catch phrase, "Andres Manuel, you are my rooster!"

In the quaint town of San Martin de Hidalgo near Guadalajara, roustabout men and young mothers sweat in the shade of the central plaza's few trees as Lopez Obrador launches into his standard stump speech.

His is an undeniably populist vision of Mexico's problems. He makes the crowd laugh and hiss as he strikes out at favorite punching bags, such as former President Carlos Salinas de Gortari, reviled by many as a symbol of corruption, or the banker Roberto Hernandez, one of the richest men in Mexico.

"I could have made a deal with those men, but I didn't," he says. "We don't want to go down the same old path…. The country is tired of cosmetic changes. We need major surgery."

Sometimes he gets carried away. So far on the campaign trail this year, Lopez Obrador has called outgoing conservative President Vicente Fox a "puppet" of the United States and a "squawking bird," earning widespread criticism each time.

In fact, Lopez Obrador's rough-and-tumble campaign has many Mexicans wondering exactly what kind of president he might be if were to win the election July 2.

Is he a demagogue in waiting? Or is he a democratic reformer who will finally earn the poor a seat at the table with the country's political elite?

Or will he simply continue to be Lopez Obrador: the son of a humble family from the gulf coast state of Tabasco who's never quite shaken his provincial air, but who is widely acknowledged to be the most talented political fighter in Mexico?

Lopez Obrador was born in 1953, the eldest of eight children of a lower-middle-class family in the village of Tepetitan, a place of slow-moving rivers where baseball, not soccer, is the favorite pastime.

"Back then, Tepetitan had 600 people or so," Lopez Obrador recalled in a recent interview with filmmaker Luis Mandoki. "There was no high school, no roads. All the communication was by river. Tabasco is water. We have as much water as sky."

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His parents ran a small store. Andres Manuel the child was as headstrong as Lopez Obrador the politician would grow up to be. Because he tensed up every time his parents found fault in his behavior, he earned the family nickname "The Rock."

The young Lopez Obrador's dream was to make it to baseball's major leagues, said Luis Alonso Torres, a childhood friend. "We weren't from rich families. Like every public school student, he had to make a lot of sacrifices to continue his education."

In the 1960s, his family moved to the nearby oil-patch boomtown of Villahermosa, and he joined the party that dominated all aspects of Mexico's political life, the Revolutionary Institutional Party, known by its Spanish initials, PRI.

Lopez Obrador was a true believer in the PRI and even wrote the lyrics to the PRI's Tabasco anthem. But by 1988, he and other dissenters were accusing the party of betraying the poor and soon formed the new Democratic Revolution Party, or PRD.

Lopez Obrador became the PRD leader in Tabasco. In 1994, he ran for governor and lost to the PRI candidate, Roberto Madrazo. He denounced the result as a fraud and launched a protest campaign to force the federal government to overturn the result. It left him bloodied by police.

The fight in Tabasco helped propel Lopez Obrador to national prominence. Two years later, he was elected national president of the PRD. And in 2000, he won election as mayor of Mexico City.

Lopez Obrador quickly made it clear that he would be unlike any mayor the city had ever seen. He scheduled daily 6:30 a.m. news conferences. The news day began with Lopez Obrador, and often it ended that way.

"It was the first time a politician had made himself available to the Mexico City press corps every day without reading from a script," said Hector Aguilar Camin, an author here.

His government began building elevated roads and special bus lanes to relieve traffic congestion, the most important public works in the city in 20 years.

Lopez Obrador also bucked the fiscal austerity of Fox's government by launching monthly subsidies for all residents over 70. His popularity soared.

Though he charmed many with his lilting Tabasco accent and often acerbic commentary, the Mexico City elite squirmed.

"He is a man of deep prejudices, and he doesn't think much of the Mexican bourgeoisie," said Rossana Fuentes Berain, a political analyst at the Autonomous Technological Institute of Mexico.

Political analysts widely agreed that he was the favorite to win the presidential election, with his pledge to fight poverty by increasing social spending and using government funds to stimulate the economy.

Then, last April, PRI and National Action Party legislators joined in an effort to impeach Lopez Obrador on an obscure charge, a move that would have prohibited him from running for president.

The political drama that followed polarized Mexico.

Addressing a crowd of thousands in Mexico City's central square on the day he was to be removed from office by Congress, the tough politician looked, if only for a moment, thoroughly beaten. He wiped his brow as he approached the microphone, struggling to hold back tears.

"I was worried," he would tell friends later.

"I asked people what I could do to hold on. The best they could tell me was, 'Breathe deeply.' "

In the end, it was the "hard and angry tone" of the opening lines of his speech that saved him, he said.

Congress voted to impeach him. Within days, more than half a million of his supporters took to the streets of Mexico City. A local judge tossed out the original complaint. The attorney general resigned, and Fox announced that the case would not proceed. "The Rock" had won.

Lopez Obrador returned to the mayor's office more popular than ever: Three polls gave him approval ratings above 80%.

"He is the most talented politician we have," Fuentes Berain said. "He is creative, inventive and has a tremendous capacity for response under fire."

Months later, as the presidential campaign got underway in earnest, Lopez Obrador made what is widely regarded as a crucial mistake. He refused to respond to a series of attack ads by Calderon, the National Action Party candidate, including one that compared him to Venezuelan President Hugo Chavez, the bete noir of Latin American conservatives.

Then he chose not to show up for the first presidential debate.

By late May, however, the old Lopez Obrador was back, firing with ads and interviews on TV news programs.

"I hate to use the media, because it's ridiculously expensive," he told one interviewer. This was the same man, after all, who still lived in a modest Mexico City apartment rather than the sprawling residential compounds favored by many top politicos here.

Lopez Obrador says he doesn't want to lose his authenticity, the qualities that keep him close to the common people. At nearly every rally, he repeats the same promise: "I will not steal, I will not lie, and I will not betray the people."

If Lopez Obrador wins the presidential election next month, it will be because millions of Mexicans believe he will keep that promise.

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Cecilia Sanchez of The Times' Mexico City Bureau contributed to this report.

In Mexico, Migration Issue Gets No Traction (WP)

By Manuel Roig-franzia

The Washington Post, June 15, 2006

Ahead of July Vote, Presidential Candidates Find Little to Gain From Highly Charged Debate in U.S.

HUEJUTLA, Mexico -- The illegal immigration debate draws millions of protesters to the streets of U.S. cities. It touches off podium-pounding on Capitol Hill and passions among talking heads.

But the same debate here in Mexico, the country of origin of most illegal immigrants in the United States, is far from a blockbuster issue in this year's presidential contest. Even though developments in the United States have forced candidates to discuss migration more often in the past two months than in the early stages of the race, none of the three major contenders has made the issue a central tenet of his campaign.

Their calculus is simple, according to political analysts and advisers to the candidates: They don't think it will help them win the July 2 election.

"Foreign policy doesn't give you any votes in Mexico," Jorge MontaÃ±o, a former Mexican ambassador to the United States and to the United Nations, said in an interview. "The candidates have been extremely practical."

Beyond the political calculation, the candidates' strategies are grounded in fundamentals, including the reality that a Mexican president has no control over U.S. immigration law, and in hard numbers. Expectations that huge numbers of Mexicans living in the United States would register to vote went unmet. After 1 million absentee ballots were printed, only 40,800 of an estimated 4 million eligible Mexicans living in the United States registered.

Recent political history also plays into the calculation, illustrating the risks candidates face by emphasizing migration. After his victory in 2000, President Vicente Fox staked much of his political capital on hopes of reaching an immigration accord with the United States. Those hopes disintegrated when the United States tightened its border policy following the Sept. 11, 2001, attacks, leaving the perception that Fox had failed in one of his most important missions.

All three leading contenders in this year's race, Felipe CalderÃ³n of Fox's National Action Party, or PAN; AndrÃ©s Manuel LÃ³pez Obrador of the Democratic Revolutionary Party, or PRD; and Roberto Madrazo of the Institutional Revolutionary Party, or PRI, have said they want an immigration accord with the United States. But none has guaranteed they will deliver. On the stump they tend to race past any mention of an accord and on to pledges that they will stem migration by improving the economy.

"I would rather see a Huastecan working in a packing house in Huejutla than in a packing house in California," CalderÃ³n said during a recent campaign stop in Huejutla, a mountain town in eastern Mexico, 120 miles northeast of Mexico City, where indigenous Huastecan women placed a mound of flower petals on his head.

CalderÃ³n, who has spoken against building more fences along the U.S.-Mexico border, is proposing that Mexico solicit aid funds from the United States and Canada, another major destination of Mexican workers, for development programs in impoverished areas of Mexico that send the most illegal migrants abroad.

Arturo Sarukhan, a former Mexican consul general in New York who is CalderÃ³n's lead foreign policy adviser, said he expects candidates to address migration more often in the final weeks of the campaign. But he believes the discussion has to be presented through the prism of the economy of Mexico, where, the World Bank has estimated, half the population lives in poverty.

"The immigration issue, per se, does not weigh significantly in the campaign," Sarukhan said in an interview. "At the end of the day, the debate is about job creation."

LÃ³pez Obrador, who is tied with or slightly ahead of CalderÃ³n in new opinion polls, is taking a similar tack. In a televised presidential debate last week, LÃ³pez Obrador said Mexico needed to address the root causes of illegal immigration by providing more jobs, and he promised not to insert Mexico into the "internal lives of other countries and other governments."

"If we make things good in Mexico, if we clean our house, if there is progress in our country, if there is justice, if there is security, if there is political and social stability, they will respect us on the outside," he said.

LÃ³pez Obrador asserts that Mexico must convince the United States that illegal migration will not be slowed by building more fences and "militarizing the border," a reference to President Bush's decision to deploy 6,000 National Guard troops to support the U.S. Border Patrol. But the main thrust of his campaign has been trained on domestic issues, primarily promises to help poor voters, who form his political base, to lower their gas and electricity bills.

Migration "is a very important issue, but it will not define the Mexican elections," JosÃ© MarÃ-a PÃ©rez Gay, a former Mexican ambassador to Portugal, who is LÃ³pez Obrador's chief foreign policy adviser, said in an interview.

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The migration question is particularly ticklish for CalderÃ³n. He has positioned himself as a candidate who will continue policies instituted by Fox, whose historic victory ended 70 years of PRI rule, an era marked by corruption and rigged elections. But he also faces the fact that the number of Mexicans living illegally in the United States has surged during Fox's six-year term to a record 6.2 million, according to the Pew Hispanic Center.

By linking his political identity to Fox, CalderÃ³n has given the other candidates an opening to indirectly slam his candidacy by criticizing Fox during flashpoints in the U.S. immigration debate. LÃ³pez Obrador and Madrazo, who is a distant third in most opinion polls, went on the attack last month after Fox applauded a U.S. Senate vote that preserved proposals to create a guest-worker program and to develop a process for migrants living illegally in the United States to gain legal status.

LÃ³pez Obrador accused Fox, who is prohibited by Mexican law from campaigning for his party's candidate, of acting as CalderÃ³n's unofficial campaign manager and of being a puppet of the United States. Madrazo, who has pledged to slow migration by creating 9 million jobs in six years, accused Fox of "losing the battle" with the U.S. Congress.

"It's a deceit," Roberta Lajous, a former Mexican ambassador who advises Madrazo on foreign policy, said of Fox's reaction to the Senate vote. "He's acting as if there was a result. Nothing is final."

The uncertainty about the outcome in Congress is creating complications for the candidates here as they try to formulate their stances on migration issues, PÃ©rez Gay said, and it is one of the main reasons migration has not taken a larger role in the campaign.

What is clear, PÃ©rez Gay and the other candidates' campaign advisers say, is that millions of Mexican migrants, legal and illegal, will be in the United States for years to come.

LÃ³pez Obrador has proposed converting all of Mexico's consulates in the United States into offices tasked with protecting Mexican migrants from discrimination. During the presidential debate, which had a pre-formatted question about migration, he described his proposals for the consulates using a Spanish phrase that can mean "branches of the Mexican attorney general's office." PÃ©rez Gay later said that the candidate's wording has been misinterpreted and that consular staff would act in a defense capacity, rather than attempt to be prosecutors.

Nonetheless, CalderÃ³n pounced on the remark, using it to further his contention that LÃ³pez Obrador is "dangerous" and would damage Mexico's relations with other countries.

"Having a dignified relationship with the United States does not necessarily imply having a confrontational relationship," CalderÃ³n said during a speech to a group of migrant leaders on June 7, the day after the presidential debate. "If we sum up the immigration theme, and many other themes, as themes of controversy and hate between the people of the United States and the people of Mexico, we'll be making a mistake and closing doors."

But by the next day, migration had slipped into the background again, and the candidates had moved on to other things.

China Easing Its Stance On Taiwan (WP)

By Edward Cody

The Washington Post, June 15, 2006

Tolerance Grows For Status Quo

BEIJING -- Gradually and without fanfare, China has substantially softened its stand on Taiwan, according to senior officials and diplomats. President Hu Jintao, they said, has begun to play down China's long-standing vow to recover the self-ruled island by force if necessary and shifted the focus to preventing any move toward formal independence.

The adjustment, which has become clearer in recent months, has brought China's policy on the volatile Taiwan issue closer to that of the United States. Washington has long maintained that the island's half-century-old status quo -- independent in fact but not in law -- should not be changed until Beijing and Taipei can work out a mutually acceptable peaceful solution.

"Before, we never said 'status quo,' " said a Chinese academic who advises Hu's government on Taiwan. "Now we say it all the time."

Officials and diplomats spoke on condition of anonymity because of the sensitivity of the issue. One of them, a high-level official, said he had visited Beijing and spoken to Hu privately about Taiwan for several hours. Hu, according to the visitor, said he had no plans to act militarily against Taiwan unless the status quo was changed in a way that risked causing him to "lose face." That concern reflected the ardor for reunification among many Chinese on the mainland.

Despite continuing propaganda about "liberating" Taiwan, Hu said China's bottom line was that it would not allow the island to take decisive steps toward legal independence, the visitor recalled. Backing up that resolution, China has deployed nearly 800 medium- and short-range ballistic missiles in southern China, with targets around the Taiwan Strait, and is steadily building its military forces with Taiwan as a principal focus.

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The government also passed an anti-secession law in March 2005 that legally enshrined the long-standing pledge to use military force as a last resort to prevent independence. But barring changes in the status quo, Hu told the visitor, Beijing's policy is to encourage more economic and other exchanges between Taiwan and the mainland in hopes that, at some undefined point, China will have liberalized enough that peaceful reunification will be possible.

To encourage those ties, the two governments announced on Wednesday, China and Taiwan will launch direct charter passenger flights between them during major holidays. The decision appeared to represent a step toward restoring regular direct flights cut in 1949 during civil war.

As part of China's longer-term strategy, Hu's government has high hopes that Taiwan's strongly pro-independence president, Chen Shui-bian of the Democratic Progressive Party, will be voted out of office in the island's next elections, scheduled for 2008, and will be replaced by Ma Ying-jeou, the Nationalist Party leader, who favors better relations with the mainland.

The Bush administration and allied governments have recognized Hu's shift in Taiwan policy and base their calculations on it, according to U.S. and other veteran diplomats in Asia. As a result, they added, a partnership of sorts has evolved in which Beijing relies on the United States to ensure that Chen does nothing to push China up against a wall.

The United States has long been Taiwan's main ally, wielding heavy influence in Taipei. Since it has promised to help defend Taiwan against any Chinese attack, Washington also has its own reasons for preventing Chen from doing anything that could raise tensions.

According to Chinese sources, senior Chinese officials have explained to Secretary of State Condoleezza Rice and others in Washington that they are concerned Chen might seek to amend the constitution in a way that implies Taiwan is legally independent. In response, they said, U.S. officials have warned Chen in public and private against making substantial changes to the document.

Chen, in a recent interview, said a number of amendments nevertheless would soon be proposed by his Democratic Progressive Party. But he said U.S. and Chinese leaders should not be worried because the opposition Nationalists, who control the legislature, would not allow them to pass. Since then, Chen has been engulfed by financial scandals involving his family; it is unclear what effect this will have on his plans.

China's adjustment was decided at senior levels of the Communist Party in the summer of 2004, shortly after Chen was reelected to a second four-year term and Beijing realized its policy was going nowhere, officials said. The Chinese decided that talk of conquering Taiwan within a short time was not fruitful and that the real answer lay in the longer-term strategy, based on making China more attractive to Taiwan's 23 million inhabitants through economic and political development, explained the academic, who is well connected on the Taiwan issue.

Taiwan has been self-ruled since 1949, when Chiang Kai-shek's Nationalist forces, defeated by Mao Zedong's Communists, fled across the strait and set up an exile government. China has always maintained that Taiwan is part of the country and must return to rule by Beijing. But in recent years, Taiwan has developed into a flourishing democracy, creating an additional divide with the mainland's authoritarian, one-party Communist system. Hu's shift was in part a recognition of this new barrier to reunification.

Hu's predecessor, former president Jiang Zemin, had emphasized early reunification, by force if necessary. A number of deadlines were attributed to him -- 10 years, 15 years and 50 years -- although he never laid out a clear road map. In addition, he ordered an acceleration of China's military modernization after the Clinton administration sent two aircraft carrier battle groups into the Taiwan Strait during a period of high tension in the mid-1990s.

This encouraged an enduring public debate, particularly in Taiwan and the United States, about the likelihood of an imminent Chinese military invasion. The discussion also was fed by the defection a half-dozen years ago of a People's Liberation Army colonel who revealed Chinese battle plans against the island and, more recently, by Chen's frequent assertions that China has drawn up a schedule calling for an attack in the coming years.

Secrecy As A Tool Of Government In China (NYT)

By David Lague

The New York Times, June 15, 2006

BEIJING, June 14 — The trial of a researcher for The New York Times, which is to begin here on Friday, is evidence of China's increasing reliance on state secrecy laws to tighten control over information, experts in human rights and the legal system say.

The researcher, Zhao Yan, 44, who worked in the Beijing bureau of The Times, is charged with fraud and disclosing state secrets. Mr. Zhao denies the charges. The Times also denies that he disclosed state secrets.

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Critics of the case against Mr. Zhao accuse the authorities of applying all-embracing secrecy laws to contain public debate, burgeoning Internet discussion and sometimes rebellious news media.

Even as China's headlong economic boom continues to deliver wider economic and personal freedom, the scope of these laws has been broadened over the last two decades to include almost all information related to the ruling Communist Party and the government.

"The system is actually expanding," said Nicolas Becquelin, a Hong Kong-based researcher for Human Rights Watch. "Basically, anything can be classified as a state secret."

Mr. Zhao has been in custody since his arrest in September 2004. If he is found guilty here in the No. 2 Intermediate People's Court, he could face 10 years or more in prison.

The charges are linked to an article in The Times on Sept. 7, 2004, reporting that the former president, Jiang Zemin, had offered to resign as head of the military. The report proved to be accurate; Mr. Jiang retired less than two weeks later.

But Mr. Zhao's indictment does not allege that he was the conduit for this information.

Instead, the principal evidence against him is a photocopy of a handwritten note he prepared in July 2004 about rumors of the possible promotion of two generals as part of the battle for influence in the military between Mr. Jiang and his eventual successor, Hu Jintao.

This information was included in the Sept. 7 article to illustrate the rivalry between the leaders. Only one of the generals was promoted.

The original note remains in the Beijing office of The Times.

In March, prosecutors dropped the charges against him, and it appeared that Mr. Zhao might be released. But an almost identical set of charges was reinstated last month.

For defense lawyers in China, cases involving state secrecy laws can present formidable obstacles.

A powerful government agency, the State Secrets Bureau, has absolute authority to decide whether disclosed information is a state secret, according to experts on the Chinese legal system. Courts have no power to challenge these rulings.

In addition, the authorities can limit contact between lawyers and their clients, deny access to evidence and hold closed hearings.

After Mr. Zhao's arrest, his lawyer, Mo Shaoping, was repeatedly barred from consulting with his client because the case involved state secrets. Legal experts noted that Mr. Mo must be careful about his public comments on the case because exposing how the law worked could also be deemed an offense.

The scope of the state secrets laws also serves to deter public analysis and criticism of prosecutions. Chinese legal experts approached for comment, for example, insisted that their names not appear in any article about Mr. Zhao's case, for fear of official reprisals.

The legal experts have little doubt that Mr. Zhao, a journalist and social advocate, will be found guilty, because a decision to proceed to trial in China is tantamount to a conviction — particularly in cases involving state secrets or national security.

But Mr. Mo said that he was preparing a robust challenge to the prosecution's handling of the case and that he would contest critical elements of the evidence. He said he would argue that the court should not have agreed to hear the case because prosecutors had reintroduced the same charges against Mr. Zhao, ignoring the requirement to include substantial new evidence.

On the state secrets charge, he said, he will argue that the prosecution's version of events is incomplete because it fails to show how secrets were relayed to The Times. And, he said, he will tell the court that prosecutors are unable to explain how a copy of the handwritten note came to be part of the evidence.

Mr. Mo said he also intended to contest the ruling by the State Secrets Bureau that the note contained state secrets.

With the prosecution relying on what were described as rumors in the note, Mr. Mo said, he intends to ask the court if a rumor can be deemed a state secret. If it is, he said, he plans to ask if a rumor must be accurate to deserve the classification, given that events suggested in the note were only partly borne out.

Mr. Mo said a judge who would preside over the trial, Wang Wantie, had told him that the court would rely heavily on prosecution evidence and Mr. Zhao's testimony on the charge of disclosing state secrets.

Joseph Kahn, bureau chief for The Times in Beijing and writer of the Sept. 7 article, would be the only witness for the defense, Mr. Mo said.

Mr. Kahn has provided written testimony, and Mr. Mo has sought approval for him to appear at the trial, though it does not appear likely that permission will be given.

Judge Wang said only the Foreign Affairs Office of China's highest court, the Supreme People's Court, has the power to approve such an application, according to Mr. Mo.

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Mr. Mo said Judge Wang had also told him there would be no witnesses called on the fraud charge. Prosecution witnesses lived outside Beijing and the cost of travel was deemed too high to require them to attend the hearing, according to the judge. Without prosecution witnesses, there was no need for the defense to call witnesses, Judge Wang told Mr. Mo.

"This may be a trial with no witnesses," Mr. Mo said.

The Journalist As Scapegoat (NYT)

The New York Times, June 15, 2006

Over the 22 months that the journalist Zhao Yan has been unjustly held in a Beijing prison, it has become clear that the Chinese government wants to use this case to send a warning. His unfair treatment at the hands of his prosecutors is meant to remind journalists in China that nobody is really safe when reporting on matters of state.

But the trumped-up charges against Mr. Zhao and the trial scheduled to open tomorrow also send another larger message to the world. If Mr. Zhao is convicted, it means that despite China's many advances in recent years, the government and the legal system are moving backward. It means that the government is tightening control over information. And it means that China is willing to abuse its citizens' rights and the country's legal code when it needs a scapegoat in the name of state security.

Mr. Zhao, a prominent expert on rural China and a researcher for The New York Times, has been imprisoned since September 2004 after a Times article that month about a shift in power in China. The article predicted correctly that former President Jiang Zemin would cede his authority over the military to President Hu Jintao. Ten days after the story and a few days before President Hu took control of the military, Mr. Zhao was arrested. He is charged with fraud and disclosing state secrets. Over these long months, he has denied the charges and The Times has repeatedly denied that he was the source of any state secrets.

Charges against Mr. Zhao were dropped in March, at the same time President Hu was visiting the United States, then reinstated — a maneuver that is illegal in China. Despite having two expert Chinese lawyers, his prospects now look grim, since in most cases a trial is tantamount to conviction.

Keeping this journalist in prison will stand as a black mark against the Chinese government and, of course, a tragedy for Mr. Zhao and his friends and family. As Mr. Hu works to modernize his nation, the world will also judge China by how its government and courts treat an individual like Zhao Yan.

China Makes Ultimate Punishment Mobile (USAT)

By Calum Macleod

USA Today, June 15, 2006

Fatal injections administered from vehicles

CHONGQING, China — Zhang Shiqiang, known as the Nine-Fingered Devil, first tasted justice at 13. His father caught him stealing and cut off one of Zhang's fingers.

Twenty-five years later, in 2004, Zhang met retribution once more, after his conviction for double murder and rape. He was one of the first people put to death in China's new fleet of mobile execution chambers.

The country that executed more than four times as many convicts as the rest of the world combined last year is slowly phasing out public executions by firing squad in favor of lethal injections. Unlike the USA and Singapore, the only two other countries where death is administered by injection, China metes out capital punishment from specially equipped “death vans” that shuttle from town to town.

Makers of the death vans say the vehicles and injections are a civilized alternative to the firing squad, ending the life of the condemned more quickly, clinically and safely. The switch from gunshots to injections is a sign that China “promotes human rights now,” says Kang Zhongwen, who designed the Jinguan Automobile death van in which “Devil” Zhang took his final ride.

For years, foreign human rights groups have accused China of arbitrary executions and cruelty in its use of capital punishment. The exact number of convicts put to death is a state secret. Amnesty International estimates there were at least 1,770 executions in China in 2005 — vs. 60 in the USA, but the group says on its website that the toll could be as high as 8,000 prisoners.

The “majority are still by gunshot,” says Liu Renwen, death penalty researcher at the Chinese Academy of Social Sciences, a think tank in Beijing. “But the use of injections has grown in recent years, and may have reached 40%.”

China's critics contend that the transition from firing squads to injections in death vans facilitates an illegal trade in prisoners' organs.

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Injections leave the whole body intact and require participation of doctors. Organs can "be extracted in a speedier and more effective way than if the prisoner is shot," says Mark Allison, East Asia researcher at Amnesty International in Hong Kong. "We have gathered strong evidence suggesting the involvement of (Chinese) police, courts and hospitals in the organ trade."

Executions in death vans are recorded on video and audio that is played live to local law enforcement authorities — a measure intended to ensure they are carried out legally.

China's refusal to give outsiders access to the bodies of executed prisoners has added to suspicions about what happens afterward: Corpses are typically driven to a crematorium and burned before relatives or independent witnesses can view them.

Chinese authorities are sensitive to allegations that they are complicit in the organ trade. In March, the Ministry of Health issued regulations explicitly banning the sale of organs and tightening approval standards for transplants.

Even so, Amnesty International said in a report in April that huge profits from the sale of prisoners' organs might be part of why China refuses to consider doing away with the death penalty.

"Given the high commercial value of organs, it is doubtful the new regulations will have an effect," Allison says.

Makers of death vans say they save money for poor localities that would otherwise have to pay to construct execution facilities in prisons or court buildings. The vans ensure that prisoners sentenced to death can be executed locally, closer to communities where they broke the law.

That "deters others from committing crime and has more impact" than executions carried out elsewhere, Kang says.

Jinguan — "Golden Champion" in Chinese — lies an hour's drive from Chongqing in southwestern China, below the green slopes of Cliff Mountain. Along with the death vans, the company also makes bulletproof limousines for the country's rich and armored trucks for banks. Jinguan's glossy death van brochure is printed in both Chinese and English.

From the outside, the vans resemble the police vehicles seen daily on China's roads. A look inside reveals their function.

"I'm most proud of the bed. It's very humane, like an ambulance," Kang says. He points to the power-driven metal stretcher that glides out at an incline. "It's too brutal to haul a person aboard," he says. "This makes it convenient for the criminal and the guards."

The lethal cocktail used in the injections is mixed only in Beijing, something that has prompted complaints from local courts.

"Some places can't afford the cost of sending a person to Beijing — perhaps $250 — plus $125 more for the drug," says Qiu Xingsheng, a former judge working as a lawyer in Chongqing. Death-by-gunshot requires "very little expense," he says.

Qiu has attended executions by firing squad where the kneeling prisoner is shot in the back of the head. The guards "ask the prisoner to open his mouth, so the bullet can pass out of the mouth and leave the face intact," he says.

In the USA, some death row inmates and death penalty opponents want the Supreme Court to declare lethal injections cruel and unusual. A recent lawsuit claimed inmates suffer excruciating pain during executions because they do not get enough anesthetic.

There is no such debate in China, which uses the same three-drug cocktail as the U.S. federal government and most U.S. states: sodium thiopental to make the condemned unconscious, pancuronium bromide to stop breathing, potassium chloride to stop the heart.

People's Daily and other state media describe the mix as a "non-virulent drug," bringing about "immediate clinical death while inflicting no physiological pain."

"It doesn't matter what method you use," Qiu says. "If someone is convicted of a capital crime, they should be executed."

Chinese prisoners condemned to death are not offered a choice of injection over gunshot, but Qiu and others suspect wealth and connections can buy the newer method.

"It is a real phenomenon that gangsters and corrupt officials are killed by injection more than gunshot, so their bodies are intact, and death is less painful," Liu says. "But I doubt it is government policy. These criminals are usually held in cities, where the injection is used. Common criminals are held in county-level facilities, where shooting is more common."

Tycoon Yuan Baojing was executed in March in a death van, in northeast China's Liaoyang city. He had been convicted of arranging the murder of a man trying to blackmail him for attempting to assassinate a business partner.

Sixty-eight different crimes — more than half non-violent offenses such as tax evasion and drug smuggling — are punishable by death in China. That means the death vans are likely to keep rolling.

"If we abolish the death penalty, then crime will grow," Kang says.

U.S. Joins Industry In Piracy War (WP)

By Frank Ahrens

The Washington Post, June 15, 2006

Nations Pressed On Copyrights

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The U.S. government has joined forces with the entertainment industry to stop the freewheeling global bazaar in pirated movies and music, pressuring foreign governments to crack down or risk incurring trade barriers.

Last year, for instance, the movie industry lobby suggested that Sweden change its laws to make it a crime to swap copyrighted movies and music for free over the Internet. Shortly after, the Swedish government complied. Last month, Swedish authorities briefly shut down an illegal file-sharing Web site after receiving a briefing on the site's activities from U.S. officials in April in Washington. The raid incited political and popular backlash in the Scandinavian nation.

In Russia, the government's inability, or reluctance, to shut down another unauthorized file-sharing site may prevent that nation's entrance into the World Trade Organization, as effective action against intellectual property theft tops the U.S. government's list of requirements for Russian WTO membership.

As more residents of more nations get high-speed Internet access -- making the downloading of movies and music fast and easy -- the stakes are higher than ever. The intellectual property industry and law enforcement officials estimate U.S. companies lose as much as $250 billion per year to Internet pirates, who swap digital copies of "The DaVinci Code," Chamillionaire's new album and the latest Grand Theft Auto video game for free.

Such entertainment and other copyright exports -- worth about $626 billion annually, or 6 percent of the U.S. gross domestic product -- are as important to today's American economy as autos, steel and coal were to yesterday's.

More than a decade of hard lobbying by two powerful trade groups, the Motion Picture Association of America (MPAA) and the Recording Industry Association of America (RIAA), has convinced U.S. lawmakers and law enforcement officials that it's worth using America's muscle to protect movie and music interests abroad. Now, lawmakers are calling the trade groups, asking what else Congress and the government can do for the entertainment industry.

Efforts to stem piracy within the United States by targeting peer-to-peer file-sharing networks have produced mixed results. Kazaa -- once the most popular of them and a hard target of the music industry -- has half as many users as it did at its peak three years ago, thanks in part to the music industry's lawsuit and education campaign. At the same time, the total number of peer-to-peer users has grown in the past year, according to Internet traffic researchers.

Overseas, U.S. government officials say, it is in the national interest to work on behalf of Hollywood and other entertainment and intellectual property industries.

The United States does not offer specific dictates on how other nations handle their border controls, said Assistant U.S. Trade Representative Victoria Espinel, "but they need to have an effective intellectual property system for protecting our rights holders abroad."

The U.S. trade representative's office maintains a "priority watch list" of countries that, in its estimate, do not adequately protect intellectual property rights. China and Russia top the most recent list. Unlike the case with Sweden, U.S. government pressure has brought little change in China, home to perhaps the world's most prolific DVD and CD pirates.

An ongoing battle between Swedish authorities and an illegal file-sharing service called the Pirate Bay can be traced to an April meeting in Washington between the Swedes and the U.S. government.

Officials from the State Department, the Department of Commerce and the U.S. trade representative's office told visitors from the Swedish Ministry of Justice in April that Sweden was harboring one of the world's biggest Web sites for enabling the massive and unauthorized distribution of movies, music and games. It uses a file-swapping technology known as BitTorrent that is tougher to contain than earlier systems such as the original Napster, which the U.S. government shut down in 2001, and popular current peer-to-peer services, such as LimeWire.

A little more than a month later, Swedish police hit the headquarters of the Pirate Bay and closed the site. The MPAA crowed, saying it had helped the effort by filing a criminal complaint against the site.

The raid prompted a backlash of criticism in the Swedish press and from some members of government. Politicians and editorialists wanted to know why America was meddling in Swedish affairs.

Claes Hammar, Swedish minister for trade and economic affairs, said U.S. authorities noted that copyrighted Swedish material, as well as U.S. movies and music, was being stolen on the Pirate Bay.

"We don't like to be seen as negligent and losing out rather than cooperating with the U.S. and other markets," Hammar said.

In the aftermath of the raid, members of the Left and Moderate parties in Sweden have proposed scrapping last year's law that criminalized illegal file-sharing, reported the Local, an English-language newspaper in Sweden.

At the same time, hundreds of demonstrators have gathered in Stockholm and Goteborg in recent days, hoisting pirate flags and demanding that the government return the Pirate Bay's seized servers, according to reports.

Several attempts to reach Pirate Bay administrators through the Web site were unsuccessful. They did, however, post a defiant manifesto on a related Web site.

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Shut down on May 31, the Pirate Bay moved to the Netherlands and was back up and running three days later, sporting a logo of a pirate ship sinking the word "Hollywood" with a fusillade of cannon fire and demonstrating how difficult it is to stop anything on the Internet.

Dan Glickman, president of the MPAA, confirmed that his group had asked Sweden to toughen its laws on intellectual property theft.

"What we do is look around the world to look if laws need to be improved, then we make suggestions," Glickman said. He emphasized that the MPAA respects the sovereign rights of foreign nations. As for the backlash, Glickman said, "Yes, I'm sure the pirates in Sweden are upset."

Russia's pirates may cost their country more than domestic unrest.

Entrance into the World Trade Organization would grant the country numerous trading benefits. Each of the WTO's 149 members has veto power over accession and each has key demands of applicants.

For the United States, the focus is on intellectual property. And the U.S. wants to make sure the mistake of China is not repeated.

"We let China in and China has not fully complied with the WTO requirements" for protecting intellectual property, Glickman said. The MPAA has an enforcement division in Hong Kong whose members accompany local law enforcement officials on raids. "The time to get action is now, rather than after they get in," Glickman said.

In Russia, CD and DVD pirates have established manufacturing plants on abandoned Soviet military bases, Glickman and RIAA President Mitch Bainwol said. A Web site called Allofmp3.com is selling millions of songs without authorization from copyright holders. The site looks as professional and legal as Apple Computer Inc.'s popular iTunes online music store. It claims to be licensed by a Russian agency to sell music, but U.S. trade groups aren't satisfied. None of the revenue generated from the 10-cent song downloads on the site goes to the artists, Bainwol said.

Moscow began an investigation of Allofmp3.com, dropped it, then picked it back up again after U.S. pressure was applied, said RIAA Executive Vice President Neil Turkowitz, who has traveled several times to Russia and filed criminal complaints with prosecutors there about the site.

"The Russian government is aware of all really existing problems in the [intellectual property] sphere and makes active efforts to solve them step-by-step," the Russian Ministry of Economic Development and Trade wrote in an April paper translated into English. "We will undertake a complex of additional measures in [the intellectual property] sphere in the nearest future with the intention to speed up the work in this sphere."

Two e-mails to the site administrator of Allofmp3.com went unanswered.

Assistant U.S. Trade Representative Espinel said shutting down Allofmp3.com "is right at the top of the agenda. This is a top-priority issue in terms of our discussion with Russia and the WTO."

As the bilateral talks with Russia continue, congressional leaders are bringing pressure to bear on President Bush, who has vowed to speed that nation's entry into the WTO. Working against Russia, the lawmakers say, are its plans to make intellectual property rights violators subject to civil, rather than criminal, penalties.

The U.S. government and the entertainment industry have a right to raise such issues with foreign nations, the RIAA's Turkowitz said. Movie and music piracy, he said, "is a problem that really doesn't know any borders."

Where Would You Rather Be Sick? (WSJ)

By David Gratzer

The Wall Street Journal, June 15, 2006

Is socialized medicine the prescription for better health? A recent study comparing Americans and Canadians, widely reported in the press, seems to suggest just that. But there is much less here than meets the eye.

The study, based on a telephone survey of 3,500 Canadians and 5,200 Americans (conducted by Statistics Canada and the U.S. National Center for Health Statistics), was released by the American Journal of Public Health. According to it, Canadians are healthier and have better access to health care than Americans, and at lower overall cost. So is the Canadian system, where the government pays for and manages the health-care system, superior? "Our study," says co-author Dr. Steffie Woolhandler, "is a terrible indictment of the U.S. health-care system. Universal coverage under a national health insurance system is key to improving health."

It is not so clear that the survey data back up these claims. Consider access. According to the survey, Canadians are more likely to have a regular physician, to have seen a doctor in the past year, and to be able to afford medications. But the data are ambiguous; Americans are more likely to have received a pap test and mammogram, as well as treatment for high blood

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pressure. Moreover, Americans are generally more satisfied with their health care. (The survey did not ask about access to specialist care or diagnostic imaging.)

The survey's most trumpeted conclusion was that Canadians are healthier than Americans. According to co-author Dr. David Himmelstein, "We pay almost twice what Canada does for care, more than $6,000 for every American, yet Canadians are healthier, and live two to three years longer." The survey says Americans have higher rates of diabetes (6.7% vs. 4.7%), arthritis (17.9% vs. 16.0%) and high blood pressure (18.3% vs. 13.9%). Americans are also more likely to be obese and lead a sedentary lifestyle. It's damning stuff. But we shouldn't confuse problems in public health with flaws in health-care systems. Americans may be heavier than Canadians, but this speaks more to genetics, diet, exercise and culture than to the accessibility or inaccessibility of health services. The remedy for obese Americans will be found in less fast food and more gym memberships.

So how does American health care actually measure up? If we look at how well it serves its sick citizens, American medicine excels. Prostate cancer is a case in point. The mortality rate from prostate cancer among American men is 19%. In contrast, mortality rates are somewhat higher in Canada (25%) and much higher in Europe (up to 57% in the U.K.). And comparisons in cardiac care -- such as the recent Heart and Stroke Foundation of Canada study on post-heart-attack quality of life -- find that American patients fare far better in morbidity. Say what you want about the problems of American health care: For those stricken with serious disease, there's no better place to be than in the U.S.

Socialized health-care systems fall short in these critical cases because governments strictly ration care in order to reduce the explosive growth of health spending. As a result, patients have less access to specialists, diagnostic equipment and pharmaceuticals. Economist David Henderson, who grew up in Canada, once remarked that it has the best health-care system in the world -- if you have only a cold and you're willing to wait in your family doctor's office for three hours. But some patients have more than a simple cold -- and the long waits they must endure before they get access to various diagnostic tests and medical procedures have been documented for years. Montreal businessman George Zeliotis, for example, faced a year-long wait for a hip replacement. He sued and, as the co-plaintiff in a recent, landmark case, got the Supreme Court of Canada to strike down two major Quebec laws that banned private health insurance.

Dr. Karen Lasser, the study's third author, says that "Based on our findings, if I had to choose between the two systems for my patients, I would choose the Canadian system hands down." Perhaps she would. But as a physician licensed in both countries, I'd disagree.

Dr. Gratzer is a senior fellow at the Manhattan Institute.

Russia's Lid On The Media (WP)

By Masha Lipman

The Washington Post, June 15, 2006

MOSCOW -- Earlier this month Moscow hosted a congress of the World Association of Newspapers. The organization's president, Gavin O'Reilly, deplored the Russian government's encroachments on media freedom. Then President Vladimir Putin took the podium to respond. The media's situation has grown better, not worse, he said: "From year to year increasingly favorable conditions are emerging in Russia for media development . . . Mr. O'Reilly spoke about the increasing state presence in the media. I have different information on this point."

In its hypocrisy, its utter lack of credibility, Putin's statement was reminiscent of the most blatant Soviet propaganda. In fact, it's not just foreign observers but also Russian media professionals who are deeply concerned about state control of the media. In the autumn of 2004 a number of members of the Russian Television Academy signed a letter that stated that "Russian television today is not free." They said they were being forced to broadcast official reports "instead of objective information. Propaganda instead of free discussions. Censorship has been basically established on television." And other restrictions, the letter emphasized, had led to self-censorship.

Putin sees it differently: "Our country continues to value talent, honesty and courage on the part of journalists," he declared at the newspaper association's congress.

Speaking of talent: Russia's best television anchor, Leonid Parfyonov; its best daily newspaper editor, Raf Shakirov; and its best newsmagazine editor, Sergei Parkhomenko (he and I founded and edited a newsweekly that was taken over by the state-controlled gas monopoly Gazprom in 2001), have been forced out of their jobs, as have about a dozen other prominent media professionals. One of the latest to go was Olga Romanova, a fiery and incisive political anchor, forced out of her position on a minor TV channel after a change of ownership orchestrated by the Kremlin. Some of the banished have quit journalism altogether. Others have gone to work for outlets with much smaller audiences.

Another way to view infringement on the media under Putin is to track changes in coverage of the news in recent years. Of the many tragedies that have befallen the Russian people during Putin's presidency, the worst were the sinking of the submarine

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Kursk in 2000, the Moscow theater siege in 2002 and the terrorist seizure of the school in Beslan in 2004. Back in 2000 coverage of the Kursk catastrophe was a professional and cohesive effort. Both television and print journalists worked hard to provide honest and thorough coverage, bringing to light things that the government tried to hide. Officials -- civilian and military -- were forced to appear on the air to give comments "live." As they sought to avoid responsibility, their lies, cover-ups and conflicting reports were fully exposed to an angry nation.

Putin did not restrain himself in expressing his anger at the coverage. He publicly blamed media tycoons for the destruction of the army and the navy. But at that time, there was little he could do about it: The media, in the wake of Boris Yeltsin's presidency, were still largely unrestrained.

But by the time terrorists seized a Moscow theater and took some 900 hostages, the state had gone a long way toward regaining control of television. At least one channel, NTV, still had its professional standards and drive, though. It set about investigating the botched rescue operation, which caused the deaths of 129 people in the middle of Moscow. NTV couldn't do much, but at least people in Russia could see that the government wasn't letting the journalists do their jobs. Putin's response? He accused reporters of having base motives. They were mere publicity-seekers, he said, capitalizing on human blood. A few months later the manager of NTV was forced to resign.

State control was fully in place by 2004. The television coverage of Beslan stopped after the operation ended on day three of the monstrous terrorist attack, which left 331 people dead, more than half of them children. No high-ranking official -- security, law enforcement or otherwise -- has appeared on the air to account for what happened. To this day it has not been disclosed who was in charge of the operation. A Duma investigative commission has simply ignored much of the bloodcurdling testimony of witnesses, including that which surfaced during the trial of the only surviving terrorist. The trial itself was barely covered.

Four years into Putin's presidency, television has been tamed and taken securely under government control. Nothing is left to chance: Even seemingly live political talk shows get some editing so that nothing unexpected or unwelcome will appear on the screen. Whatever high-level criticism of Russia might be voiced at the G-8 summit in St. Petersburg next month, Russia's mass TV audience is unlikely to learn about it.

Since the Beslan tragedy, the Kremlin has moved to expand control over minor media, such as small-audience television outlets and, increasingly, print media. The once-respected daily Izvestia was acquired by Gazprom.

Lately there are persistent rumors that the next target may be the publishing house Kommersant and its crown jewel, the newspaper of the same name. This is Russia's most professional and high-quality mainstream daily. If the rumors are true, Kommersant will likely be handled as other media have been: The state will "appoint" a loyal buyer whose editorial line will no longer be a source of concern to the Kremlin.

There are still other, smaller outlets besides Kommersant that have preserved independent editorial stances. But these can barely break the basic media monopoly of Putin's Kremlin. The state television news channels reach 100 percent of the Russian audience, while alternative sources of information have limited circulation. Moreover, the Kremlin has ensured that national television is separated from independent-minded media: Television does not pick up their stories or invite their reporters to appear on the air.

Today's Kremlin is wholly unconstrained. There is nothing, inside or outside the country, to stop Putin and his regime from doing anything they wish on the domestic scene -- political, media or otherwise.

Masha Lipman, editor of the Carnegie Moscow Center's Pro et Contra journal, writes a monthly column for The Post.

How The World Can Combat Nuclear Terrorism (FT)

By Mohamed Elbaradei, Jonas Gahr Store

Financial Times, June 15, 2006

The simplest way to produce an atomic explosion is to slam together two sizeable chunks of high-enriched uranium (HEU) in what is commonly called a “gun-type nuke”. The approach might sound crude, and it is. No country currently uses this design for its nuclear weapons.

But it is worth remembering two things. First, that it was an HEU gun-type nuclear weapon that killed more than 70,000 people at Hiroshima. Second, that terrorists tend to be less focused on elegance of design than on results. This brings us to a critical question: after nearly five years of living under the threat of sophisticated terrorism – and with clear signs of terrorists trying to acquire nuclear material through criminal networks – why are we still moving so sluggishly to get rid of global HEU stockpiles and to minimise civilian uses of HEU?

Much attention is currently being given to the control of uranium enrichment technology, and rightly so. If all enrichment operations were brought under multinational control, it would become far more difficult for any country to divert enriched uranium for use in weapons. But it makes equal sense to protect – or, better, eliminate – the bomb-grade HEU that already exists.

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Experts say there are about 1,850 metric tonnes of HEU in global stockpiles, enough to make tens of thousands of nuclear weapons. The great bulk of this is in military use. On the civilian side, the numbers are much smaller – but the level of security is uneven. Nearly 100 civilian facilities around the world operate with small amounts of weapon-grade HEU – that is, uranium that has been enriched to 90 per cent or greater. These facilities, primarily research reactors, provide important benefits. The isotopes they produce are vital to medical treatments, industrial productivity, water management and many other humanitarian uses. Research conducted at these facilities has greatly enhanced our quality of life.

But most if not all of these benefits could also be achieved using low-enriched uranium (LEU). As far back as the late 1970s, the US and other countries began efforts to convert such facilities from HEU to LEU, to reduce the proliferation risk. In recent years, good progress has been made. Many research reactors have been converted. Large quantities of HEU reactor fuel, both used and unused, have been removed from vulnerable locations and returned to the countries of origin.

Civil society has become involved, raising awareness of the problem and supporting change. A good example is the Nuclear Threat Initiative. Just last year it completed a project with the government of Kazakhstan that successfully "downblended" nearly 3,000kg of fresh HEU fuel to LEU and placed it in secure storage.

But more successes such as these are needed. Many vulnerabilities remain. We need to ratchet up the sense of urgency. We need more coherent global action. First, the countries involved should join forces to minimise and eventually eliminate the civilian use of HEU. Joint research should be conducted to address the remaining technical hurdles involved in converting from HEU to LEU operations. The commercial interests of the companies concerned should be protected. Financing should be made available where needed to assist countries with conversion operations. The HEU fuel should be sent back to the countries of origin for downblending and reuse.

Second, all countries should agree to stop producing fissile material for use in nuclear weapons. The elements are already in place for such an agreement, in the form of a Fissile Material Cut-off Treaty. It is high time to negotiate and conclude such a treaty.

Third, to build trust, countries with civilian and military HEU stockpiles should be encouraged to release clear inventories of those stockpiles and to publish a schedule under which the remaining HEU will be verifiably downblended.

By investing in these straightforward measures, we could reduce substantially the risk of nuclear terrorism. The work could be done jointly, as an international community; this is one initiative in which all countries – nuclear weapon states and non-nuclear weapon states alike – could play a role and from which all would clearly benefit.

Mohamed ElBaradei is the director-general of the International Atomic Energy Agency and the winner of the 2005 Nobel Peace Prize. Jonas Gahr Støre is the Norwegian minister of foreign affairs. An International Symposium on the Minimisation of HEU in the Civilian Nuclear Sector begins at the Nobel Peace Centre in Oslo on Saturday

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DEPARTMENT OF JUSTICE *NEWS CLIPS*

PREPARED FOR THE OFFICE OF PUBLIC AFFAIRS, US DEPARTMENT OF JUSTICE

TO: THE ATTORNEY GENERAL AND SENIOR STAFF

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TERRORISM NEWS:

Judge Rules That U.S. Has Broad Powers To Detain Noncitizens Indefinitely (NYT)

By Nina Bernstein

The New York Times, June 15, 2006

A federal judge in Brooklyn ruled yesterday that the government has wide latitude under immigration law to detain noncitizens on the basis of religion, race or national origin, and to hold them indefinitely without explanation.

The ruling came in a class-action lawsuit by Muslim immigrants detained after 9/11, and it dismissed several key claims the detainees had made against the government. But the judge, John Gleeson of United States District Court for the Eastern District of New York, allowed the lawsuit to continue on other claims, mostly that the conditions of confinement were abusive and unconstitutional. Judge Gleeson's decision requires top federal officials, including former Attorney General John Ashcroft and Robert S. Mueller III, the F.B.I. director, to answer to those accusations under oath.

This is the first time a federal judge has addressed the issue of discrimination in the treatment of hundreds of Muslim immigrants who were swept up in the weeks after the 2001 terror attacks and held for months before they were cleared of links to terrorism and deported. The roundups drew intense criticism, not only from immigrant rights advocates, but also from the inspector general of the Justice Department, who issued reports saying that the government had made little or no effort to distinguish between genuine suspects and Muslim immigrants with minor visa violations.

Lawyers in the suit, who vowed to appeal yesterday's decision, said parts of the ruling could potentially be used far more broadly, to detain any noncitizen in the United States for any reason.

"This decision is a green light to racial profiling and prolonged detention of noncitizens at the whim of the president," said Rachel Meeropol, a lawyer for the Center for Constitutional Rights, which represented the detainees. "The decision is profoundly disturbing because it legitimizes the fact that the Bush administration rounded up and imprisoned our clients because of their religion and race."

A spokesman for the government, Charles S. Miller, would not respond to those assertions, saying only that the Justice Department was "very pleased that the court upheld the decision to detain plaintiffs, all of whom were illegal aliens, until national security investigations were completed and plaintiffs were removed from the country." He said the government was reviewing the rest of the opinion to decide whether to appeal the rulings Judge Gleeson made to allow the plaintiffs' other claims to proceed.

In his 99-page ruling, Judge Gleeson rejected the government's argument that the events of Sept. 11 justified extraordinary measures to confine noncitizens who fell under suspicion, or that the attacks heightened top officials' need for government immunity to combat future threats to national security without fear of being sued.

But his interpretation of immigration law gave the government broad discretion to enforce the law selectively against noncitizens of a particular religion, race or national origin, and to detain them indefinitely, for any unspecified reason, after an immigration judge had ordered them removed from the country.

"The executive is free to single out 'nationals of a particular country' and focus enforcement efforts on them," the judge wrote. "This is, of course, an extraordinarily rough and overbroad sort of distinction of which, if applied to citizens, our courts would be highly suspicious."

Yet, he continued, the Supreme Court has repeatedly held that Congress and the executive branch, in exercising their broad power over naturalization and immigration, can make rules that would be unacceptable if applied to American citizens.

In the judge's view, the government has the right to detain people indefinitely as long as their eventual removal is "reasonably foreseeable." If that interpretation stands, it could apply to millions of noncitizens, including tourists removable for visa violations, said Gerald L. Neuman, a law professor at Columbia who is an expert in human rights law and was not involved in the case.

"It doesn't seem to limit the motives the government has to have in being slow in removing them; it could even be just basic neglect," he said.

But Professor Neuman cautioned that "it's only a district judge's decision."

"The decision encourages the government to behave this way without fear of financial liability," he said, but it does not carry the weight of a ruling by an appellate court. "This interpretation is attackable even among other judges in Brooklyn, let alone Lower Manhattan."

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But David Cole, a law professor at Georgetown University and a co-counsel in the lawsuit, said the ruling was the only one of its kind and made New York "an equal protection-free zone" because the government can detain immigrants wherever it chooses.

"What this decision says is the next time there is a terror attack, the government is free to round up every Muslim immigrant in the U.S., based solely on their ethnic and religious identity, and hold them on immigration pretexts for as long as it desires," he said. "We saw after 9/11 what the government did in an era of uncertainty about how far it can go. Judge Gleeson has essentially given them a green light to go much further."

The class-action lawsuit, Turkmen v. Ashcroft, is the first and largest of several brought by immigrants held after 9/11. The named plaintiffs in the case include former detainees who came back to the United States this year for depositions and were required to be in the custody of federal marshals at all times. Among them were Hany Ibrahim, a deli worker, and his brother, Yasser, a Web designer, Egyptian Muslims who said then that putting themselves back in the hands of the government they were suing was an act of faith in America.

Yesterday, Yasser Ibrahim, who had lived in New York for three or four years on an expired tourist visa and was delivered in shackles to the Metropolitan Detention Center in Brooklyn soon after Sept. 11, said through his lawyers that he was shocked and very disappointed by the judge's decision.

"I can't believe the court would allow this to happen," he said." I am frightened for other Muslims in the United States, who could face the same discrimination and abuse that I suffered."

Judge: 9/11 Jailings Lawsuit Can Proceed (NEWSDAY)

By ANTHONY M. DESTEFANO, Newsday Staff Writer

Newsday, June 15, 2006

A federal judge ruled Wednesday that several illegal immigrants from the Middle East could press a lawsuit in which they claim they were detained after Sept. 11 in unsanitary and overcrowded jails in Brooklyn and New Jersey.

But at the same time, U.S. District Judge John Gleeson said federal agents had the right under the law to detain the men, now deported, for up to seven months after the terror attacks while they tried to determine whether the men were terrorists or could help with criminal investigations.

In a 99-page decision, Gleeson, sitting in Brooklyn, said that even if the government held the immigrants for deportation proceedings as a cover for keeping them in the U.S. for possible criminal cases, the law allows such action.

"An ulterior motive in this context does not render illegal conduct that was within the bounds of the government's authority," said Gleeson. "An officer who wants to search a suspect's car for a handgun can pull him over ... for changing lanes without using his blinker (a traffic violation) even if the officer has no interest in enforcing the laws requiring drivers to signal a lane change.

"Similarly, the government may use its authority to detain illegal aliens pending deportation, even if its real interest is building criminal cases against them," reasoned Gleeson.

The ruling came in a lawsuit filed by eight men from the Mideast who were arrested on immigration violations following the Sept. 11 attacks. All but one of the men is a Muslim. They filed suit over their arrest and confinement, alleging they were held far longer than necessary after final orders of deportation or voluntary departure were issued.

They also said the conditions at the Brooklyn federal detention center and Passaic County jail in New Jersey were harsh, with inadequate medical care and overcrowding.

Gleeson is allowing the claims dealing with jail conditions to go forward. The case was filed in 2002 against then-U.S. Attorney General John Ashcroft, FBI director Robert Mueller, and immigration and prison officials.

"The department is very pleased that the court upheld the decision to detain plaintiffs, all of whom were illegal aliens, until national security investigations were completed and plaintiffs removed from the country," said Justice Department spokesman Charles Miller.

Miller said the government was considering whether to appeal Gleeson's decision on the jail claims.

Attorneys for the Center For Constitutional Rights, who represented some of the men, said they, too, are considering an appeal.

Federal Government Tries To Block N.J. Officials From Getting Phone Company Records (AP)

By Mark Sherman, Associated Press Writer

AP, June 15, 2006

WASHINGTON (AP) The federal government sued the New Jersey attorney general and other state officials Wednesday to stop them from seeking information about telephone companies' cooperation with the National Security Agency.

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The unusual filing in U.S. District Court in Trenton, N.J., is the latest effort by federal authorities to halt legal proceedings aimed at revealing whether and how often AT&T, Verizon and other phone companies have provided customer records to the NSA without a court order.

New Jersey Attorney General Zulima Farber, a Democrat, and other officials sent subpoenas to five carriers on May 17, asking for documents that would explain whether they supplied customer records to the NSA, the lawsuit said.

The subpoenas followed by a few days a USA Today report that the phone companies had complied with the secretive agency's request for the phone records of millions of ordinary Americans after the Sept. 11 attacks.

The companies' deadline to respond to the subpoenas is Thursday, the federal lawsuit said.

Farber subpoenaed the phone companies for information because she suspected state consumer protection laws may have been violated if in fact the phone companies were turning over such records, Farber spokesman David Wald said.

``The phone companies were turning over information without any notice to consumers," Wald said. ``We were seeking to protect the people of New Jersey."

The Justice Department said more than 20 lawsuits have been filed around the country alleging that the phone companies illegally assisted the NSA. The government says sensitive national security information would be revealed if judges allow those cases to proceed.

The American Civil Liberties Union also has filed complaints in more than 20 states, including New Jersey, asking state utility commissions and attorneys general to investigate.

In this matter, the federal government said the New Jersey officials are treading on federal turf and that the companies, if forced to comply with the subpoenas, would be confirming or denying the existence of the program. President Bush and other top federal officials have refused to do that.

Assistant Attorney General Peter Keisler also warned lawyers for the phone companies that responding to the subpoenas ``would violate federal laws and executive orders."

A separate letter that Keisler, head of the department's Civil Division, sent to Farber made the same points, but it took a softer approach.

``We sincerely hope that you will withdraw the subpoenas, so that litigation over this matter may be avoided," Keisler said.

Associated Press writer Beth DeFalco in Trenton, N.J., contributed to this report.

Specter: 'My Bill Would Light The Way' (USAT)

USA Today, June 15, 2006

My legislation calls for the Foreign Intelligence Surveillance Court to determine the constitutionality of the president's electronic surveillance program. It recognizes the importance of protecting our nation by keeping the program secret while protecting civil rights by providing for judicial review to guarantee the program is lawful.

I believe the program violates the Foreign Intelligence Surveillance Act. Notwithstanding that violation, the president might have the authority to order the surveillance under his inherent Article II constitutional authority, which supersedes a statute.

OUR VIEW: Congress keeps itself, public in the dark on surveillance

A determination of whether the president has such power depends on the court's balancing the national security interests against the Fourth Amendment's prohibition of unreasonable searches and seizures. The president does not have a "blank check." The determination of constitutionality is up to the court, which is uniquely qualified to make that judgment because of its unblemished record for secrecy and expertise.

My bill would not grant retroactive amnesty or immunity for any past violations of law. It would explicitly recognize the president's Article II power, providing it meets the balancing test. My bill, like any statute, would not be able to add or subtract from the president's Article II power. It is what it is.

The Judiciary Committee has deferred, not abandoned, oversight over any presidential program to obtain telephone company records on calls and callers. I did not have enough votes last week to obtain subpoenas or move into closed session.

Congress' ability to conduct effective oversight depends on what political price the president has to pay for resisting congressional scrutiny. The overwhelming vote to confirm Gen. Michael Hayden, the former NSA director, to be CIA director (78 to 15 — my protest vote was the only Republican opposition) suggests the president hasn't yet paid a price with adverse public reaction.

The vice president's immediate, extensive response to my critical letter brought the first administration concession for negotiations on my bill, where progress is being made. There is also the prospect of getting more information on what the phone companies have been doing. My committee and I are determined to fulfill our Constitutional responsibility for oversight. So, stay tuned!

Sen. Arlen Specter, R-Pa., is chairman of the Senate Judiciary Committee.

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Congress Keeps Itself, Public In The Dark On Surveillance (USAT)

USA Today, June 15, 2006

With its wiretapping of international phone calls and collecting a database of domestic phone records, the Bush administration is busy watching for evildoers.

Unfortunately, spying on those who pose a threat is not easily separated from spying on everyone else, and no one is watching the Bush administration with equal attentiveness. Despite lots of rhetoric, Congress has offered little to fulfill its duty to act as a check on the executive branch.

OPPOSING VIEW: Specter says his bill lights the way

Today, six months after The New YorkTimes disclosed that the National Security Agency has been wiretapping international phone calls of U.S. residents without court orders, and one month after USA TODAY revealed that the NSA has been compiling a huge database of domestic phone records, Congress is poised for its first action.

The Senate Judiciary Committee is set to consider a bill by its chairman, Arlen Specter, R-Pa., that would consolidate a gaggle of lawsuits challenging the constitutionality of the warrantless wiretapping program. It would send the issue to a special court created by the Foreign Intelligence Surveillance Act (FISA), which approves — or in some rare instances denies — wiretap requests.

Specter's goals are admirable. He wants to ensure that challenges to these programs get their day in court and are not dismissed on technical grounds. But his measure would do more harm than good. It appears to embrace the president's dubious claim that he has the constitutional authority to order wiretaps without the FISA court's approval.

By explicitly stating that the president might have such authority, Congress not only would fail to guard its constituents' privacy, it would also deepen the risk. Its actions could influence the court's thinking on the legality of the wiretaps. (An earlier version of the bill would have retroactively shielded officials who carried out the program from prosecution, raising the question: If the program is perfectly legal, as the administration insists, why would anyone need amnesty?)

A more meaningful approach on the wiretapping would be to reaffirm the FISA court's role and require that the administration either comply with the 1978 FISA law or propose changes if it is inadequate to today's global war on terror.

As for the secret database of phone records, Specter has said that lawmakers are "flying blind," and he threatened to summon telephone company executives before his committee to testify. But, amid pressure from committee Republicans and meddling by Vice President Cheney, Specter backed down — he says temporarily — from calling them.

Apparently not content to ignore Congress, the White House is now trying to run it. In an angry letter to Cheney, Specter said he had been advised that "the telephone companies had been instructed not to provide any information" to his committee.

Congress has a right and a responsibility to learn about these secret programs — whether the vice president likes it or not. The wiretapping program might involve an unlawful expansion of executive power carried out under a cloak of secrecy. The call records program also raises constitutional questions, as well as the likelihood that such a vast database will inevitably be abused, by this administration or a future one.

Fireworks between Congress and the White House might light up headlines. But the public remains largely in the dark about government snooping.

A Leap Of Faith, Off A Cliff (NYT)

The New York Times, June 15, 2006

On Monday, the Bush administration told a judge in Detroit that the president's warrantless domestic spying is legal and constitutional, but refused to say why. The judge should just take his word for it, the lawyer said, because merely talking about it would endanger America. Today, Senator Arlen Specter wants his Judiciary Committee to take an even more outlandish leap of faith for an administration that has shown it does not deserve it.

Mr. Specter wants the committee to approve a bill he drafted that tinkers dangerously with the rules on wiretapping, even though the president has said the law doesn't apply to him anyway, and even though Mr. Specter and most of the panel are just as much in the dark as that judge in Detroit. The bill could well diminish the power of the Foreign Intelligence Surveillance Act, known as FISA, which was passed in 1978 to prevent just the sort of abuse that Mr. Bush's program represents.

The committee is considering four bills. Only one even remotely makes sense now: it would give legal standing to groups that want to challenge the spying in court. The rest vary from highly premature (Senator Dianne Feinstein's proposed changes to FISA) to the stamp of approval for Mr. Bush's claims of unlimited power that Senator Mike DeWine drafted.

Mr. Specter's bill is not that bad, but it is fatally flawed and should not go to the Senate floor. He is trying to change the system for judicial approval of government wiretaps in a way that suggests Congress is facing a technical problem with a legislative solution, when in fact it is a constitutional showdown.

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There is also a practical problem: a bill on the floor of this Senate becomes the property of the Republican leadership, which will rewrite it to the specifications of Vice President Dick Cheney, the man in charge of this particular show of imperial power. Mr. Specter, of all people, should have no doubt of that, having been forced to watch in embarrassment last week as Mr. Cheney seized control of the committee's deliberations on the spying issue.

Mr. Specter says his bill would impose judicial review on domestic spying by giving the special court created by FISA power to rule on the constitutionality of the one program that Mr. Bush has acknowledged. But the review would be optional. Mr. Specter's bill would eliminate the vital principle that FISA's rules are the only legal way to eavesdrop on Americans' telephone calls and e-mail. It would give the president power to conduct surveillance under FISA "or under the constitutional authority of the executive." That merely reinforces Mr. Bush's claim that he is the sole judge of what powers he has, and how he exercises them.

Mr. Specter's lawyers have arguments for many of these criticisms, and say the bill is being improved. But the main problem with the bill, like most of the others, is that it exists at all. This is not a time to offer the administration a chance to steamroll Congress into endorsing its decision to ignore the 1978 intelligence act and shred constitutional principles on warrants and on the separation of powers. This is a time for Congress to finally hold Mr. Bush accountable for his extralegal behavior and stop it.

Bush Offers No Timeline For Closing Gitmo Prison (USAT)

By Laura Parker

USA Today, June 15, 2006

Justices must rule on how detainees will be tried, president says

President Bush said Wednesday that he'd like to close the U.S. military-run prison at Guantanamo Bay, Cuba, where three detainees committed suicide Saturday. He said he was awaiting a Supreme Court decision about how terrorism suspects there could be tried.

“I'd like to close Guantanamo, but I also recognize that we're holding some people there that are darn dangerous and that we better have a plan to deal with them in our courts,” Bush said at a news conference in the White House Rose Garden.

It was the second time in recent weeks that Bush has said he hoped to eventually shut down the prison, where 460 mostly Muslim foreigners are being held as unlawful enemy combatants.

The suicides on Saturday of two Saudis and a Yemeni, who hanged themselves with bedsheets, have increased pressure from groups such as Amnesty International and Human Rights Watch to close the prison. European leaders renewed criticism of the facility and might press the point with Bush when they meet him in Vienna for a European Union summit on June 21.

The White House says detainees are treated fairly and humanely. All receive a review by military officers of their status as enemy combatants and are allowed to contest it. Lawyers for the detainees say they should be charged with crimes or released.

Ten detainees have been charged with crimes.

“The government should be ashamed that it has kept people four years without charges,” said Nancy Hollander, a defense lawyer for a detainee.

There have been 41 reported suicide attempts since the prison opened in January 2002. Periodic hunger strikes have taken place. One last month involved 75 detainees.

Bush acknowledged that the prison has damaged the United States' reputation abroad.

“No question, Guantanamo sends a signal to some of our friends — provides an excuse, for example, to say the United States is not upholding the values that they're trying to encourage other countries to adhere to,” he said.

He reiterated that the detainees are among the world's most dangerous terrorism suspects and that it is legal to hold them until the war on terrorism ends.

Navy Rear Adm. Harry Harris, commander of Guantanamo, had termed the suicides an act of “asymmetrical warfare” against the United States.

Hollander, the attorney, called the description “despicable.”

“The question to ask at some point is what would our government do if an American were being held in a foreign country under similar circumstances?” she said.

James Yee, the former Army chaplain at Guantanamo who was accused as a traitor and later exonerated, said the deaths more likely reflect the despair the inmates have over being held.

“This is a greater indication that these individuals were crying out for help,” he said.

The suicides are the first at the prison. The military has said it will conduct a review of its operations there. An Afghan delegation returning from a 10-day visit to Guantanamo said Wednesday that conditions there were “humane.”

Bush also said that “eventually, these people will have trials.”

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Military commissions for the 10 men charged were halted when Salim Ahmed Hamdan, a Yemeni who is accused of serving as a bodyguard for Osama bin Laden and delivering weapons to al-Qaeda, challenged the constitutionality of the military tribunal at which he was scheduled to be tried. The Supreme Court decision on the case is expected before the end of this month.

Mark Denbeaux, a law professor at Seton Hall Law School in New Jersey, said the president doesn't need the high court's ruling to either close the prison or allow detainees to be given hearings challenging the U.S. right to detain them without charges.

"Surely the president is powerful enough to give people he's held for four years a hearing," he said.

Bush Faces Dilemma Over Demands To Close Guantanamo Bay (KRT)

By Jonathan S. Landay, Marisa Taylor

Knight Ridder, June 15, 2006

WASHINGTON - President Bush reiterated Wednesday that he'd like to close the prison at Guantanamo Bay, Cuba, but his administration is facing an awkward political and legal quandary over what to do with the estimated 460 detainees being held there.

Anger over the administration's detention policies, coupled with allegations of prisoner abuse, the force-feeding of hunger strikers and riots at the facility, have caused even some close allies to demand its closure and hobbled the administration's ability to promote democracy and human rights overseas.

Saturday's suicides of three inmates further sullied the United States' image and provoked new calls for shuttering the prison, a demand that Bush will hear again next week from his European counterparts at a summit in Vienna, Austria.

Some legal experts say the administration created its detainee dilemma by deciding after the Sept. 11, 2001, terrorist attacks that when it came to suspected al-Qaida and Taliban militants, America no longer had to abide by its own constitutional guarantees of a public trial or by international treaties on human rights and the laws of war.

"They were too clever by half," said Ret. Adm. John Hutson, a former Navy judge advocate general who's the dean of the Franklin Pierce Law Center in Concord, N.H. "They thought they could take people and put them in Guantanamo, which the U.S. does not own, and they would be beyond the reach of the law and they could do whatever they wanted with them and no one would care."

More than four years after the prison opened, only 10 suspected Islamic militants face charges before military tribunals, whose legality may be determined within days by the U.S. Supreme Court. But even if they're found to be legal, international legal and human rights experts already have denounced the tribunals as illegitimate.

Approximately 330 other so-called "enemy combatants" linger at the U.S. naval base in Cuba, not charged with any crimes but facing indefinite detention without trial, which the U.N. Human Rights Commission considers a violation of international law.

The Pentagon has found the remaining roughly 120 detainees eligible for transfer or release under a policy aimed at reducing the prison's population to only the most dangerous suspected terrorists.

But these detainees' futures are tied up in complex negotiations by the State Department, the Pentagon and their own governments that began at least two years ago.

U.S. officials are concerned that some detainees would take up arms again if they were released, as have about 30 of some 290 prisoners previously freed.

Before they can be turned over, agreements must be reached on safeguards - such as surveillance, travel bans or incarceration - to be taken by detainees' governments to reduce any threat they might pose.

"We don't want to return them to a country and have them back involved in terrorist activities," said a State Department official, who spoke on condition of anonymity because of the sensitivity of the diplomacy. "We need to have a level of assurance on the security matters that is substantial."

But some countries have resisted requests to re-incarcerate prisoners because there's no clear evidence that they've broken any laws.

"We don't have many other countries in the world who are stepping up to say this is a problem for the international community. The United States should not have to shoulder this burden alone," John Bellinger, the State Department's top legal officer, complained last month.

In other cases, the United States has to find countries willing to accept foreign prisoners because of concerns that their own governments might torture them. For instance, five ethnic Uighurs from western China waited nine months after their release was approved before U.S. officials could convince Albania to accept them.

"It's a little bit of a Catch 22, but we are working through this," Bush said at a news conference on Wednesday at which he repeated his desire "to close Guantanamo."

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There are other problems. Some countries aren't equipped to hold dangerous detainees. Afghanistan agreed last year to accept all 96 Afghans held at Guantanamo, but won't complete a new maximum-security cellblock until at least December.

Bush acknowledged that the prison has hurt the U.S. image abroad.

"My answer . . . is that we are a nation of laws," he said, maintaining that those held at Guantanamo were "picked up off the battlefield" and are "darn dangerous."

Gitanjali Gutierrez, an attorney with the non-profit Center for Constitutional Rights, which is representing 200 detainees, disputed Bush's contention, saying, "The majority of men in Guantanamo Bay have not committed a crime. There is no basis for detaining them."

Some U.S. lawmakers and European leaders, the U.N. Commission on Human Rights, human rights groups and legal experts all have disputed Bush's authority to maintain the prison, and the Supreme Court has ruled that detainees may challenge their detentions in U.S. courts.

U.S. public opinion is split over Guantanamo, according to a poll conducted in March by the Pew Research Center for the People and the Press.

The Supreme Court is due before the end of the month to decide the case of Salim Ahmed Hamdan, Osama bin Laden's former driver in Afghanistan and one of the 10 detainees facing trials before military tribunals.

Hamdan's lawyers said the prisoners should be freed or tried in federal or regular military courts because the tribunals, as designed by the Pentagon, disregard accepted legal standards by ignoring rules of evidence and permitting secret proceedings.

The administration has argued that the Supreme Court has no authority to hear the case because Congress passed a 2005 law that stripped the detainees of their right to challenge their detentions before U.S. courts.

Even if the administration prevails in the Hamdan case, some U.S. officials and legal experts said it could have a hard time proving its cases because much of evidence against the 10 is weak or gathered through questionable means.

"Whatever the Supreme Court decides, I believe a significant number of these men will be released either because the U.S. government will not have the ability to move forward before the tribunals or the government will realize it can't make the cases against these men," said Jeffrey D. Colman, a Chicago attorney whose firm, Jenner & Block, represents nine detainees.

On May 19, three of his clients were released to Saudi authorities with no explanation. Through family members, they've reported being treated better in Saudi custody than they were at Guantanamo, Colman said.

"They get to visit their families, they get to speak with people in their own language and the conditions are better," he said. "As its stands, they would much rather be in custody in Saudi Arabia than at Guantanamo."

Lawyers For Guantanamo Detainees Decry Expulsion Of Journalists (KRT)

By Lesley Clark And Scott Dodd

Knight Ridder, June 15, 2006

WASHINGTON - A Pentagon decision to expel three newspaper reporters and a photographer from the Guantanamo Bay, Cuba, detention center for suspected terrorists came under fire Wednesday from attorneys for the detainees, who accused the Bush administration of "pulling down a wall of secrecy and avoiding public accountability."

The denunciation came as the journalists, who had arrived in Guantanamo on Saturday after the suicides of three detainees, returned to the United States aboard a military flight.

The Pentagon defended its decision, saying the journalists had been allowed to stay for days even though the event they'd been authorized to cover - military hearings against some of the detainees - had been canceled because of the suicides.

Pentagon spokesman Lt. Cmdr J.D. Gordon said the decision to expel the journalists came after other reporters complained that the four on the island were being given special treatment.

"We had vociferous protests from a variety of other media," he said. He said two reporters, whom he declined to name, threatened lawsuits unless they were given access to Guantanamo. "They insisted they fly in or the others come out," he said.

The four expelled journalists are Carol Rosenberg of The Miami Herald, Michael Gordon and Todd Sumlin of The Charlotte Observer, and Carol Williams of the Los Angeles Times. The Herald and The Observer are both owned by Knight Ridder.

Editors at the newspapers protested the expulsions.

"My belief is that it's in the best interest of the Department of Defense to allow independent news reporting, and I made that argument to them last night in asking that Carol stay, but they were obviously not persuaded," Herald Executive Editor Tom Fiedler said. "This is a story that has drawn international attention, and it's important that the information that is coming from Guantanamo be delivered by the independent news media and not by the Pentagon."

Rosenberg, who has covered the island prison since it opened in January 2002, said she was invited by Navy Rear Adm. Harry Harris Jr., who oversees the prison complex, to report on the aftermath of the suicides. She arrived Saturday night on a flight from Miami.

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Gordon and Sumlin were at the base to research and take photos for a profile of Col. Mike Bumgarner, who oversees the complex's guards. Bumgarner is from the Charlotte, N.C., area.

Gordon said he'd been told he could stay a week to research the profile, but when the suicides happened, he switched to reporting that story.

In one story, published Tuesday, Gordon quoted Bumgarner as telling his staff that the suicides had destroyed what little trust existed between the jail guards and the prisoners.

Pentagon spokesman Gordon rejected suggestions that the content of the reporters' dispatches had anything to do with their expulsions. He said that a visit by some reporters that's scheduled to begin Monday would go on as scheduled.

The Center for Constitutional Rights, which represents 200 detainees at the camp and has called for outside investigations of treatment at the camp, decried the move.

"This crackdown on the free press makes everyone ask what else they are hiding down there," said center attorney Gitanjali Gutierrez.

Hours after the reporters were removed from the Navy base, Army Maj. Tom Fleener, a defense attorney for one of the detainees, asked that his client's trial be moved from the remote base to a location where news coverage could be assured.

Reporters Expelled From Guantanamo Bay (LAT)

By James Rainey

The Los Angeles Times, June 15, 2006

Editors at the Los Angeles Times and two other newspapers protested the Pentagon decision to expel their reporters Wednesday from Guantanamo Bay, Cuba, where the journalists were reporting on the weekend suicides of three prisoners.

Journalists from The Times, Miami Herald and Charlotte Observer all received permission from a local commander to be at the U.S. facility where terrorism suspects are held and interrogated. The three reporters and a photographer from the Charlotte paper left the island Wednesday on orders from the Pentagon.

A civilian spokeswoman at the Pentagon said the reporters had to leave the island in fairness to at least five other media outlets that wanted to cover the suicides but did not get permission from commanders at Guantanamo to do so.

"The Defense Department wants to be fair and impartial," said Cynthia Smith, a civilian spokeswoman for the department. "We got them on the next flight out of Guantanamo Bay to be fair to the rest of the media outlets that did not get a chance to go down there."

Smith said the situation could not have been resolved by granting all the reporters access to the prison. She said military personnel at Guantanamo were preoccupied with investigating the suicides and enhancing security and would not have had time to supervise the other journalists, who she said worked for...Associated Press, CNN and two British newspapers.

But the three newspapers that managed to have reporters at Guantanamo to cover the suicides said the military should be doing everything possible to increase public knowledge about the controversial island prison.

"Expelling Carol Williams and her colleagues represents a Stone Age attitude that only feeds suspicions about what is going on at Guantanamo," said Los Angeles Times Managing Editor Doug Frantz. "If the military hierarchy has nothing to hide, it should have respected the invitation extended by the [prison] commander and the professionalism of the journalists."

The military's more than four-year detention of terrorism suspects at the U.S. military facility in Cuba has been criticized by American allies and human rights groups.

The military reported Saturday that three Mideastern prisoners had hanged themselves in their cells. The deaths led the military to cancel a hearing scheduled to begin Monday for an Ethiopian detainee.

Times reporter Carol Williams, Miami Herald reporter Carol Rosenberg and at least five other journalists had been scheduled to travel to the island prison to cover that hearing.

The Washington-based press operatives for the Pentagon who grant access to such hearings revoked permission for all of the journalists to visit Guantanamo.

The Times and Miami Herald reporters were preparing to depart Saturday afternoon from Fort Lauderdale on a commercial flight at the time the Pentagon Office of Military Commissions revoked their travel authorization.

Both asked and received permission to cover the suicides from Admiral Harry Harris of the Joint Task Force that oversees Guantanamo and were able to proceed.

Reporter Michael Gordon and photographer Todd Sumlin of the Charlotte Observer were already at the base working on a story about a prison official from Charlotte.

On Sunday, the three reporters began conducting interviews, including one with Army Gen. John Craddock, the four-star general who heads the U.S. Southern Command and who came to the prison to review the deaths.

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The other journalists, who had planned to fly Sunday to the prison from Andrews Air Force base outside Washington, apparently did not make a separate request for access through commanders at the prison. They were not allowed to proceed.

Spokeswoman Smith said the Pentagon and U.S. Southern Command will review the situation to try to determine how to avoid such conflicting directives to the media in the future.

Delegation Seeks Release Of Afghans Being Held At Guantánamo (NYT)

By Carlotta Gall

The New York Times, June 15, 2006

KABUL, Afghanistan, June 14 — An Afghan government delegation to Guantánamo Bay, Cuba, said Wednesday that about half of the 94 Afghans being held there were not guilty of serious crimes and should be released.

The remainder, including several high-level members of the former Taliban government, should be tried in Afghan courts, said the leader of the delegation, Abdul Jabar Sabit, a legal adviser to the Ministry of the Interior.

"The delegation concluded that some of the detainees should not stay longer in prison on the basis of the allegations against them and they must be returned to their country," Mr. Sabit, a former prosecutor, said at a news briefing. "We want to assure our people that the detainees will return to the country."

The officials said the Afghan detainees were not being held in bad conditions, and during private interviews, without the presence of American guards or officials, only one or two detainees had complained. "The conditions were humane," Mr. Sabit said.

The nine-member delegation, consisting of representatives of the Interior, Defense and Justice Ministries and National Security officials, made a 10-day visit to Guantánamo at the end of May to interview the Afghan detainees, establish whether they really were Afghans and work on plans for their return home. President Hamid Karzai and President Bush agreed in May 2005 that the Afghan detainees would be returned to Afghanistan once facilities run by Afghans were prepared and personnel trained to handle them.

Gen. Abdul Salaam Bakhshi, the chief of the main prison in Kabul, said Wednesday that it would take months to prepare for the return of the detainees, but that those whose crimes were not serious could be returned and released "soon."

Mr. Sabit said the government delegation had interviewed detainees and drawn up a list of those who could be released immediately. The remainder, who face more serious charges, would be returned and dealt with by the Afghan judicial process.

The American military is financing the refurbishment of a wing of Pul-i-Charkhi prison, the large Russian-built facility on the eastern side of the capital, to house some 650 detainees from Guantánamo and Bagram Air Base, and is training prison personnel to take charge of the detainees. The prison is expected to be ready by next spring.

It has not been decided what kind of judicial process the detainees would face on their return, but being considered are Afghan military tribunals or trials in civilian courts run by the National Security Directorate, which has jurisdiction over terrorism and other serious crimes.

An American official in Kabul said the detainees considered for release could go into the peace and reconciliation program far sooner than next spring. Under the program, former Taliban members are allowed to return home under a guarantee from their communities that they will not fight the government. "The sooner we can get them back and into the reconciliation process the better," said the official, asking not to be named because the negotiations with the Afghan government are still taking place.

Afghan officials have visited Guantánamo before and secured the release of a few prisoners, but this was the first comprehensive survey of all the Afghan detainees.

The detainees were dispersed through the five camps that make up Guantánamo, and many were in the most lenient camp, where they had access to television and radio, Mr. Sabit said. Those who had broken prison rules were under more severe regimens. The delegation asked that all of the Afghan detainees be placed in one block, he said.

The American-led coalition in Afghanistan announced that two coalition soldiers died on Tuesday as a broad offensive against Taliban insurgents in southern Afghanistan was beginning. It will involve 11,000 troops from Canada, Britain, the Netherlands and the United States, an American military spokesman said.

"This is not just about killing or capturing extremists," the spokesman, Col. Tom Collins, said at a news briefing in Kabul. "We are going to go into these areas, take out the security threat and establish conditions where government forces, government institutions, humanitarian organizations can move into these areas and begin the real work that needs to be done."

Jihadist Or Victim: Ex-Detainee Makes A Case (NYT)

By Tim Golden

The New York Times, June 15, 2006

When President Bush ordered Moazzam Begg's release last year from the Guantánamo prison camp, United States officials say, he did so over objections from the Pentagon, the C.I.A. and the F.B.I. — all of which warned that Mr. Begg could still be a dangerous terrorist.

But American officials may not have imagined the sort of adversary Mr. Begg would become in the war of perception that is now a primary front in the American-led campaign against terrorism.

"The issue here is: Apply the law," Mr. Begg told an audience earlier this spring at the Oxford Literary Festival in England, one of many stops on a continuing lecture tour. "If I've committed a crime, we say, take this to court. After all of that, if they can't produce something in court, then shame on them!"

With a new book about his experiences and a small blizzard of media attention, Mr. Begg, a 37-year-old Briton of Pakistani descent, has emerged over the last few months as a minor celebrity in his home country.

Human rights groups have hailed his courage. University students have invited him to speak. Journalists have generally taken at face value his claim that he is an innocent man, unlawfully seized and arbitrarily held. After the three suicides at Guantánamo last Saturday, Mr. Begg instantly became a sought-after commentator for British newspaper and television reporters.

The respectful reception for Mr. Begg — whom the Pentagon still portrays as a terrorist — is one of many markers of the waning credibility of Washington's detention policies overseas, and particularly in European countries that are closely allied with the United States in fighting terrorists.

A British feature film that is to be released in the United States on June 23, "The Road to Guantánamo," depicts another group of former detainees as innocent, good-natured men cruelly mistreated by their American captors. The British attorney general, Peter Goldsmith, recently called the prison "unacceptable" and said it should be shut down.

Whether Mr. Begg is the potential threat the Pentagon claims or the harmless man he professes to be cannot be fully resolved from the available evidence. But the mystery makes Mr. Begg one of the more intriguing case studies in the trans-Atlantic divide on detention policy.

He and another Briton, Feroz Abbasi, were among the first six Guantánamo detainees designated by Mr. Bush in 2003 as eligible for trial by military commissions there. Pentagon officials say Mr. Begg trained at three terrorist camps, "associated" with an array of operatives of Al Qaeda and was ready to fight American-led forces in Afghanistan but fled into the Tora Bora mountains when the Taliban lines collapsed.

The British government's refusal to accept the Guantánamo tribunals, in which rights of due process are sharply limited, eventually forced American officials to set aside the prosecutions of Mr. Begg and Mr. Abbasi. Officials said they and two other Britons were finally sent home, in January 2005, after Mr. Bush overruled most of his senior national security advisers as a favor to Prime Minister Tony Blair, who was then being harshly criticized for his support of the Iraq war.

Now, the Bush administration finds itself in the awkward position of insisting on the danger of a man it set free. "He has strong, long-term ties to terrorism — as a sympathizer, as a recruiter, as a financier and as a combatant," said a Defense Department spokesman, Bryan Whitman.

In interviews in Britain and in his memoir, which is to be published in the United States on Sept. 11 as "Enemy Combatant: My Imprisonment at Guantánamo, Bagram and Kandahar," Mr. Begg denied that he ever supported terrorism, knowingly associated with Qaeda members or took up arms against the United States. Rather, he offers himself as evidence that the wide American net had trapped many Muslims who never threatened United States interests.

A Professorial Air

A small, soft-spoken man with a professorial air, Mr. Begg has distinguished himself from other former prisoners partly by his tone.

While others have told (and, in some cases, sold) the British press lurid tales of American interrogators' tempting them with prostitutes and torturing them to confess, Mr. Begg avoids the word torture. He was sometimes badly mistreated, he says, and kept in prolonged isolation. But he makes a point of telling audiences of his friendships with some of his military police guards, and he espouses a tolerance that seems incompatible with the hatred of militants to whom American officials link him.

One British interviewer described Mr. Begg as "devastatingly reasonable."

Of nearly 20 American military and intelligence officials who were interviewed about Mr. Begg, none thought he had been wrongly detained. But some said they doubted that he could be tied to any terrorist acts. At Bagram, where he was held for 11 months, Mr. Begg's interrogators nicknamed him Hemingway.

"I don't think he was the mastermind of 9/11, but nor do I think he was just an innocent," said Christopher Hogan, a former military interrogator who oversaw some of Mr. Begg's early questioning there but said he did not have access to top-secret American or British intelligence files on him. "We compared him to somebody who went off to Spain during the civil war — more of a romantic than some sort of ideologically steeled fighter."

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Like other military and intelligence personnel familiar with Mr. Begg's interrogations, Mr. Hogan also described him as having been unusually forthcoming. "He provided us with excellent information routinely," he said.

Yet if Mr. Begg is a more ambiguous figure than the Bush administration now describes, the story of his life before he was seized in Pakistan in January 2002 is also more complicated than the account he has put forward, and full of questions.

Like many from Europe who fell in with Islamic militants in the 1990's, Mr. Begg was a son of immigrants who settled in a working-class environment where economic struggles fueled racial prejudice.

During high school in Birmingham, the industrial capital of the English Midlands, he joined a gang of mostly South Asian teenagers who banded together against skinheads, punk rockers and other anti-immigrant legions of the day. Mr. Begg, who now stands 5-foot-3, was the smallest member of the gang; he said he rarely joined in the fights.

But much of his upbringing did not fit the pattern. His family was relatively comfortable and liberal. His father, a Muslim born in India, was a bank manager who wrote poetry in Urdu. He sent Moazzam and his brother to a Jewish primary school, where they wore blazers with the Star of David.

Inspired by Mujahedeen

Moazzam's interest in Islam was awakened during a trip with relatives to Pakistan and Saudi Arabia in his late teens. On a second visit to Pakistan in late 1993, he writes, he crossed into Afghanistan with some young Pakistanis and visited a camp where mujahedeen rebels were training to fight the Soviet-backed Afghan government.

Inspired by the guerrillas' commitment, he threw himself into helping besieged Muslims in Bosnia and Herzegovina. He said he traveled to the Balkans 9 or 10 times with a small aid agency, Convoy of Mercy. But the group's founder, Asad Khan, said he had no recollection of Mr. Begg.

Defense Department officials said one of Mr. Begg's former associates was Omar Saeed Sheikh, who volunteered on a Convoy trip in 1993. Mr. Sheikh was later convicted of kidnapping Western tourists in India and is facing execution in Pakistan for the murder of the Wall Street Journal correspondent Daniel Pearl. Mr. Begg insisted he did not know Mr. Sheikh.

There are some notable gaps in Mr. Begg's memoir. The book does not mention that while working as an interpreter at a government welfare office in 1994, he and a friend were arrested and charged with defrauding the agency. The police found a night-vision sight, a bullet-proof vest and what news reports called "extremist literature" at Mr. Begg's home.

The charges against him were later dropped for lack of evidence, but his friend, Shahid A. Butt, pleaded guilty and served 18 months in prison. Mr. Butt was later convicted with seven other Britons of plotting a terrorist bombing in Yemen, where he served a five-year sentence.

In early 1998 Mr. Begg, by then married, with two small children, moved his family to Peshawar, Pakistan, on the border with Afghanistan. He describes the period as idyllic, with evening strolls through a local park and a quick trip to visit another training camp in Afghanistan, this one run by Iraqi Kurds. He and his wife socialized primarily with members of the town's small Palestinian community, as well as some Arab and Afghan veterans of the anti-Soviet jihad.

But the book does not mention one Palestinian friend, Khalil Deek, who also lived in Peshawar at the time. The United States 9/11 commission described Mr. Deek, a naturalized American, as an associate of Abu Zubaydah, a senior Al Qaeda lieutenant of Palestinian descent who was also in Peshawar then, recruiting new operatives and sending them to train at Afghan camps.

An American counterterrorism official who began tracking Mr. Begg in 1999 said the Central Intelligence Agency and MI5, Britain's domestic intelligence service, suspected Mr. Begg of working with Mr. Deek to create a CD-ROM version of a terrorist manual, "Encyclopedia of Jihad," which Mr. Deek gave to two Palestinians who plotted with Mr. Zubaydah to bomb tourist sites in Jordan.

American intelligence officials also said Mr. Deek helped arrange transportation to Jordan for some operatives in the foiled plot, but after being held in Jordan for 17 months, he was released without charge.

Mr. Begg acknowledged in an interview that he had met Mr. Deek in Bosnia and later invested with him in a small business deal to sell traditional Pakistani clothing. But he said he had never met Abu Zubaydah — something Pentagon officials said he had admitted to his American interrogators.

He also denied an assertion by Mr. Whitman, the Pentagon spokesman, that he spent five days in early 1998 at Derunta, a notorious Al Qaeda-affiliated training camp in Afghanistan, learning about poisons and explosives.

Two Defense Department officials read to a reporter from what they said were lengthy sworn statements Mr. Begg made to the Federal Bureau of Investigation, admitting that he had supported jihad in Chechnya and Kashmir, knew a half-dozen Al Qaeda figures and had trained at Derunta and two other Afghan camps.

Mr. Begg said that he had never told the F.B.I. anything of the sort, but that he did sign some documents in custody because he feared for his life.

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After he returned to Birmingham in the summer of 1998, he and a friend opened an Islamic bookstore, which he described as a meeting place for young Muslims, including some who later fought in the separatist struggle in Kashmir.

Mr. Begg received a first visit from an officer of MI5 soon after the shop opened. A year later, in late 1999, dozens of police agents searched the book shop and Mr. Begg's home. They were raided again in February 2000, and Mr. Begg was arrested under the Prevention of Terrorism Act, but was quickly released without charge.

'It Was Going Too Far'

Mr. Whitman, at the Defense Department, said the British government cited Mr. Begg's "proven or suspected links to persons who have been arrested or convicted of terrorist offenses worldwide," including Richard C. Reid, who was later convicted of trying to blow up a trans-Atlantic flight with a shoe bomb. Mr. Begg said he had never met Mr. Reid or two other men, Ibn al-Shekh al-Libi and Abu Qatada, whom Pentagon officials linked to him.

"Up until this time I had thought it was all just a silly mistake or a fishing trip," Mr. Begg wrote of the security services' interest in his activities, "but now I knew it was going too far."

He said in an interview that he had never even heard of Al Qaeda before 9/11. He knew something about Osama bin Laden, he said, but generally agreed with those who saw Mr. bin Laden's conflict with the United States as counterproductive for Muslims. He said he opposed attacks against civilians but saw justification for jihadi assaults on "military targets" in "times of war."

In July 2001, little more than a year after his brief arrest, Mr. Begg moved his wife and children to Afghanistan. Despite the Taliban's status as an international pariah for its treatment of women and its hospitality toward Al Qaeda, the Beggs saw it as a fine, inexpensive place to raise a family. The memoir describes Mr. Begg's work on charity projects and his fascination with the atmosphere of Kabul. But without television, he writes, he did not grasp the enormity of the Sept. 11 attacks. Only when bombs and cruise missiles began to strike on Oct. 17 did he realize "it was time to go."

But, he said, he became separated from his family and reunited with them only after he crossed the border to Pakistan. They had been in Islamabad only a couple of months when, on Jan. 31, 2002, Pakistani intelligence agents and C.I.A. officers burst into their home, pulled a hood over his head and took him away.

Mr. Begg's memoir recounts a three-year odyssey from a safe house in Pakistan to a prison camp in Kandahar, Afghanistan, to the main military prison at Bagram Air Base and finally to Guantánamo. He describes endlessly repetitive interrogations, with soldiers sometimes demanding information about events that took place after his capture.

Even now, he says, the accusations against him remain maddeningly vague.

"There is no specific allegation; there are no specific charges," he said in one interview. "Whom did I recruit? When did I recruit them? Who told them this? What is the corroborating information — names, times, places?"

After repeated questions about Mr. Begg by The New York Times, Pentagon officials offered some information they said had been declassified from intelligence files. Mr. Whitman said the files showed Mr. Begg to be "a sympathizer, a recruiter and a financier" for terrorists. But officials offered almost nothing to corroborate such assertions other than excerpts they read from the F.B.I. statements.

Still, Mr. Begg has hardly been ignored by the administration. Earlier this year, a State Department public diplomacy official, Colleen P. Graffy, challenged his supporters, saying, "Guantánamo is not a spa, but nor is it an inhumane torture camp." The department's little-known Office of Countermisinformation has also sought to refute Mr. Begg's claims.

But other American officials said their secrecy about the detainees was partly responsible for having Mr. Begg's version of events accepted as credible.

"This has been the story of our lives here in trying to convince the world about the propriety of keeping people in Guantánamo," said one senior administration official in Washington, who asked not to be named because he was criticizing government policies. "It's been difficult to persuade all U.S. government agencies to release enough information publicly to show that individuals like Begg represent a significant threat."

Bosnia Admits Handing 6 Algerians Over To U.S. (NYT)

By Craig S. Smith

The New York Times, June 15, 2006

The government of Bosnia and Herzegovina has confirmed to the Council of Europe, the continent's main human rights watchdog, that it allowed American forces to seize six Algerian-born men in January 2002 for transfer out of the country, the council reported. The men have been detained at Guantánamo Bay, Cuba, since then as enemy combatants. While the seizure and transport of the men has long been known, Bosnia is the only one of the council's 46 members to acknowledge it had breached the European Convention on Human Rights by participating in an extrajudicial seizure of individuals by United States authorities.

Britain: 2 Held On Terror Charges (NYT)

By Alan Cowell

The New York Times, June 15, 2006

The police in northern England said they had arrested a 21-year-old man and a 16-year-old on charges of conspiracy to murder and of conspiring to "cause a public nuisance by use of poisons and or explosives." Both are to appear in court today. The arrests took place last week at Manchester Airport and in Dewsbury, Yorkshire.

25 Sentenced To Up To 10 Years For Plotting Terror Attacks In Paris (NYT)

By Craig S. Smith

The New York Times, June 15, 2006

PARIS, June 14 — A French court on Wednesday sentenced 25 people convicted of plotting terrorist attacks on the French capital in 2002 to prison terms ranging from 6 months to 10 years.

Prosecutors had charged them with planning attacks on several sites, including the Eiffel Tower. One of the convicts, Menad Benchellali, 32, was accused of trying to concoct chemical or biological weapons at his mother's apartment in a suburb of Lyon.

Twenty-seven people stood trial in the case, which began in December 2002 after chemicals, material for bombs and a chemical weapons protection suit were discovered in an apartment on the outskirts of Paris. The police also found elements for a sophisticated remote control detonator, suggesting that the group was planning a chemical bomb attack.

Mr. Benchellali, whose younger brother, Mourad, had been held in the American detention center in Guantánamo Bay, Cuba, and was released two years ago, was sentenced to 10 years in prison with Merouane Benhamed, 33, whom the court described as the group's leader.

Said Arif, 40, who had been extradited from Syria to stand trial, was sentenced to nine years, as was Nourredine Merabet, described as the group's financier.

Shorter terms were handed down for others convicted in the case, including Mr. Benchellali's father, mother and brother, Hafed, who were found guilty of "criminal association in relation with a terrorist enterprise." Two people were acquitted.

French counterterrorism officials and the news media referred to the group as the Chechen network because several of its members trained with Chechen rebels in the Caucasus Mountains.

Former Secretary of State Colin L. Powell cited the group as a link between Abu Musab al-Zarqawi and global terrorism in his February 2003 presentation to the United Nations about the threat said to be posed by Iraq. The presentation included a flow chart showing a string of relationships the United States contended existed among Mr. Zarqawi and Mr. Benhamed and Mr. Benchellali. Those ties were never proved, but French investigators said a link existed between Mr. Arif and Mr. Zarqawi.

Mr. Arif was born in Oran, Algeria, in 1965 and was a lieutenant in the Algerian Army before joining the Islamist movement. Counterterrorism experts say he trained in Afghanistan and forged close ties with Mr. Zarqawi, among others. They say he associated with members of a terrorist cell in Frankfurt who were arrested and charged with planning an attack on the Strasbourg Cathedral in France in 2000.

In mid-2001, investigators say, Mr. Arif and other members of the group arrested in Paris went to Pankisi Gorge in the republic of Georgia, where they joined other ethnic Arabs from Europe and the Middle East for paramilitary training. The investigators say they met associates of Mr. Zarqawi who had moved to the gorge from Afghanistan.

In March 2002, Mr. Arif and two other members of the French group returned to France by way of Barcelona, Spain, where they were briefly held on suspicion of having stolen a laptop computer from an American. The rest of the group was arrested that December, but Mr. Arif had already vanished. He was later arrested in Syria.

In the apartment the group used in 2002, investigators found two integrated circuit boards, each the size of a stick of gum, hidden in a washing machine. Each board was connected to a nine-volt battery. Experts found they were receivers for touch-tone signals sent by a cellphone.

Freed Cleric Is Hailed By Students, But Support Could Be Waning (NYT)

By Peter Gelling

The New York Times, June 15, 2006

SOLO, Indonesia, June 14 — Hundreds of Muslim students, thrusting their fists toward the night sky and chanting "God is great" in Arabic, welcomed their revered spiritual leader, the militant Islamic cleric Abu Bakar Bashir, home from prison on Wednesday night.

Mr. Bashir was escorted here from prison by police officers, after serving 26 months for immigration violations and criminal conspiracy.

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He arrived late at night at Al Mukmin, the Islamic boarding school that he helped to found in this central Javanese city, and gave a fiery speech calling on Muslims to fight for Islam, which he called "the only truth," and for the formation of an Islamic state in Indonesia.

With a broad smile, Mr. Bashir condemned Western governments that have lobbied Indonesia for years to keep him locked up. "I need to say to the infidels that your efforts to destroy Islam will be in vain," he said to the raucous supporters gathered in the main courtyard of the school's heavily secured compound. "Someday you will pay the price."

A frail man at 68, Mr. Bashir still commands a powerful voice.

Students guarded the approach to the school's front gates before their teacher's arrival and ran through the streets with banners as local residents looked on. "He is the most Islamic man I know," said a 17-year-old student who said his name was Abdul. "I am very happy about his being released. He is one of our founding fathers."

The crowd, however, did not number in the thousands as many had expected. Mr. Bashir had said he did not want to make too much of his release, and school officials said they had planned only a simple ceremony.

But the low turnout may also indicate that Mr. Bashir no longer enjoys the support he once did. He has been criticized by a number of former followers for his links to terrorist activities.

An Indonesian court acquitted Mr. Bashir in March 2005 of seven terrorism charges involving the 2002 nightclub bombings in Bali that killed more than 200 people and the bombing of the Marriott Hotel in Jakarta in 2003. He was convicted only of conspiracy in the bombings.

During his speech, Mr. Bashir, who is also the spiritual leader of the militant group Jemaah Islamiyah and whom the Bush administration believes was a central operative for Al Qaeda in Southeast Asia, said the suicide bombers who blew up the Bali nightclub were heroes in the fight for Islam. But he added that their methods were wrong, indicating that he would no longer support terrorist activities here.

"The Bali bombers are Islamic heroes," he said. "But they chose the wrong way to fight. They should not have bombed a peaceful area, they should have preached the truth instead."

The bulwark of the membership of Jemaah Islamiyah, which advocates an Islamic state in Indonesia, and a number of people convicted for their involvement in terrorist bombings, are graduates of Al Mukmin. The school has about 1,600 students, mostly young men, from all over Indonesia.

Jemaah Islamiyah's terrorist network has been weakened in recent years as the Indonesian government has prosecuted, killed or sentenced to death most of its top military leaders.

Banners and painted signs adorn the school's walls, promoting an Islamic religious war. A sign near the entrance to the main class building reads, "Be a good Muslim or die."

Mr. Bashir, together with several other Indonesian Muslim leaders, founded Al Mukmin in 1972. Its students receive a general education similar to any public school in Indonesia, but Islamic principles are heavily promoted.

Ibnu Hanifah, vice director of Al Mukmin, said Mr. Bashir would return to the school as a teacher and counselor but would probably spend the majority of his time touring the country and preaching his support for an Islamic state.

What's Black And White And Red All Over? (WP)

By Richard Morin

The Washington Post, June 15, 2006

More ink equals more blood, claim two economists who say that newspaper coverage of terrorist incidents leads directly to more attacks.

It's a macabre example of win-win in what economists call a "common-interest game," say Bruno S. Frey of the University of Zurich and Dominic Rohner of Cambridge University.

"Both the media and terrorists benefit from terrorist incidents," their study contends. Terrorists get free publicity for themselves and their cause. The media, meanwhile, make money "as reports of terror attacks increase newspaper sales and the number of television viewers."

The researchers counted direct references to terrorism between 1998 and 2005 in the New York Times and Neue Zuercher Zeitung, a respected Swiss newspaper. They also collected data on terrorist attacks around the world during that period. Using a statistical procedure called the Granger Causality Test, they attempted to determine whether more coverage directly led to more attacks.

The results, they said, were unequivocal: Coverage caused more attacks, and attacks caused more coverage -- a mutually beneficial spiral of death that they say has increased because of a heightened interest in terrorism since Sept. 11, 2001.

One partial solution: Deny groups publicity by not publicly naming the attackers, Frey said. But won't they become known anyway through informal channels such as the Internet?

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Not necessarily, Frey said. "Many experiences show us that in virtually all cases several groups claimed responsibility for a particular terrorist act. I would like the same rule that obtains within a country: Nobody can be called a criminal -- in our case a terrorist -- if this has not been established by a court of law."

HOMELAND RESPONSE:

ACLU Tries To Force Pentagon To Turn Over Records On Peace Groups (KRT)

By Drew Brown

Knight Ridder, June 15, 2006

WASHINGTON - A civil rights group sued the Defense Department on Wednesday in an effort to force the Pentagon to turn over information it's collected on peace groups and antiwar activists under a controversial program designed to track terrorists.

The lawsuit, filed in Philadelphia by the American Civil Liberties Union, asks the Defense Department to produce records it's collected under its Threat and Local Observation Notice program. Former Deputy Defense Secretary Paul Wolfowitz started TALON in 2003 to track groups and individuals with possible links to terrorists and others who might pose a threat to Defense Department installations and personnel.

ACLU officials say the program has been wrongfully extended to monitor peace groups who were doing nothing more than expressing their views.

"The U.S. military should not be in the business of maintaining secret databases about lawful First Amendment activities," ACLU attorney Ben Wizner said. "It's an abuse of power and an abuse of trust for the military to play any role in monitoring critics of administration policies."

Lt. Col. Brian Maka, a Pentagon spokesman, said it would be inappropriate to comment on ongoing litigation.

TALON was based on an earlier Air Force project launched in 2002 known as "Eagle Eyes," under which military personnel were encouraged to report suspicious activity.

The ACLU said it sued after the Pentagon refused to comply with a Freedom of Information Act request seeking information it had collected on the ACLU, the American Friends Service Committee, Greenpeace, Veterans for Peace, United for Peace and Justice, and 26 other groups and activists.

ACLU affiliates in Florida, Georgia, Rhode Island, Maine, Pennsylvania and Washington state have joined in the lawsuit.

The groups argue that organizations and people monitored by the Pentagon have a right to know what information has been collected about them. The lawsuit seeks to determine whether that information has been shared or will be shared with other federal agencies.

Steven Aftergood, the director of the Federation of American Scientists' Project on Government Secrecy, said the ACLU lawsuit probably would be an uphill battle.

"The courts tend to be deferential to government agencies on issues of national security," he said.

But there are exceptions, and sometimes there's a middle ground under which government agencies will release sensitive information, Aftergood said.

"Sometimes a lawsuit is necessary to get a serious response from the government," he said. "But only rarely is a judge going to force an agency to disclose records it doesn't want to disclose."

News stories about the secret program prompted the Defense Department last December to order a review of TALON to see whether it complied with Pentagon regulations and U.S. law. The review also was supposed to determine whether some records and information had been stored improperly in the program's database.

Maka said he couldn't comment on whether the review had been completed because of the lawsuit.

Aftergood said the biggest problems with TALON were a lack of oversight and improper collection of information on U.S. citizens.

"Certainly, the Pentagon needs to be alert against threats against its facilities," he said. "But they also need to comply with the law and respect the constitutional rights of U.S. citizens."

Secure Flight Program May Finally Take Off (USAT)

By Thomas Frank

USA Today, June 15, 2006

Passenger background-check plan moves ahead after long delays

DOJ_NMG_0034369

WASHINGTON—The government's long-delayed effort to improve background checks of airline passengers is moving ahead after years of floundering, a congressional investigator told lawmakers Wednesday.

"I've seen very positive steps lately that are encouraging," said Cathleen Berrick, director of homeland security and justice for the Government Accountability Office, the investigative agency of Congress.

Even so, the program, called Secure Flight, is still more than a year away from being implemented, according to the Transportation Security Administration (TSA).

Airlines currently check domestic passengers' names against incomplete, declassified terrorist watch lists. Secure Flight would differ in that the TSA would check domestic passengers' names against comprehensive terrorist databases kept by the government.

TSA Director Kip Hawley recently told reporters that Secure Flight might start in 2007 and will definitely be in operation in 2008.

Some obstacles remain. Rep. Nita Lowey, D-N.Y., said Wednesday that she is concerned the TSA has spent $120 million on developing the program since 2003. "We better have some assurance this is going to work," she said.

The TSA is seeking an additional $40 million in 2007 for Secure Flight.

Berrick's comments to Lowey and other members of a House Homeland Security subcommittee sharply contrasted with her testimony to senators in February that described the program as "at risk of failure."

Berrick said the TSA had hired employees with experience building complex information-technology systems, including Stephanie Rowe, a former Accenture executive who took over Secure Flight planning late last year.

Hawley "really wants to do this right," Berrick said, noting he had started planning Secure Flight again from scratch. Previously, Berrick said, the TSA "was rushing to get something that should have taken two years in six months."

TSA began planning Secure Flight in mid-2004 and aimed to launch it in August 2005. But Hawley, who took over TSA last July, told reporters, "We're not going to put an artificial timeline on it. … That encourages people to look at the clock, not the scoreboard."

The Homeland Security Department, which oversees TSA, made an initial effort to take over background checks in 2003 but killed that program, called CAPPS II, in 2004 partly out of concerns it would not protect passengers' privacy.

Hawley said privacy concerns wouldn't be ignored in Secure Flight. Congress requires the program to protect privacy and minimize cases where travelers are mistaken for terrorists.

9/11 Families Serve The Greater Good (NYT)

By Gov Corzine letter to editor

The New York Times, June 15, 2006

To the Editor:

The Sept. 11 attacks left our nation shocked, confused, angry and hurt. But for those who lost family that day, the pain was far greater.

In times of such tragedy, it's often hard to look past your own personal pain, but somehow the families of the 9/11 victims did just that. They took heartache and turned it into something that could effect change for the greater good (news article, June 8).

If not for the strength of the victims' families, their heartfelt compassion for those who were lost and their concern for safety and security, there would have been no 9/11 commission.

The thorough investigation that exposed dangerous security gaps would not have happened, and there would not have been a thorough re-examination of our national security and vulnerabilities.

If not for the continued vigilance of these families, America would still be in the dark about the oversights that allowed the terrorists to slip through our security net undetected.

We should ask ourselves, if put in their position, would we have had the strength to speak out for the public good? They could have kept their personal and private pain inside, but if they had, would our nation be any safer today?

Their love for their country is as great as their love for their lost ones. Today, their country is safer, and for that, we should all be grateful.

Jon S. Corzine
Governor
Trenton, June 13, 2006

FEMA Vows To Check IDs To Keep Aid From The Undeserving (SFSS)

By William E. Gibson

DOJ_NMG_0034370

South Florida Sun-Sentinel, June 15, 2006

WASHINGTON - Scorned by government accountants for doling out an estimated $1 billion of fraudulent hurricane aid, the Federal Emergency Management Agency promised on Wednesday to verify the identity of disaster victims before giving them money and housing.

No more debit cards for victims, at least not this hurricane season. No more double payments to applicants. Social Security numbers will be verified before the money flows. And somebody will be checking to see if recipients actually live in disaster zones.

At least that's what a FEMA official told skeptical members of a House panel who were shocked anew by the latest report of millions of dollars wasted on prisoners, undamaged property and fraudulent applicants living large on taxpayer dollars.

The agency learned some hard lessons after spreading money to people who didn't deserve it in Florida in 2004 and in Gulf Coast states in 2005, said Donna M. Dannels, FEMA's acting director of recovery. Now it is moving to implement safeguards while preparing for new storms.

At a hearing on Wednesday, members of the House Subcommittee on Investigations pummeled Dannels with questions about how FEMA could have been so easily defrauded last year after disclosures by the South Florida Sun-Sentinel and other warning signs revealed misspending going back to 2004.

Dannels said FEMA was trying new verification systems last year but was simply overwhelmed by the sheer scale of disaster when Hurricanes Katrina and Rita swept across the Gulf Coast. The agency was faced with a vast population of victims, some pulled from rooftops without even shirts on their backs or any form of identification.

"We did, in fact, put in place never-before-used and untested (verification) processes that clearly, because they were untested, were subject to error and fraud," she said.

"Our system was overwhelmed. People could not get through on our 800 phone number. So we just made a calculated decision that we were going to help as many people as we could, and that we would have to go back and identify the people we had either taken careof or who were defrauding us and deal with them."

Since then, the agency hired a contractor to help spot fraudulent applications over the Internet and abandoned the practice of handing out debit cards for emergency spending. New computer systems have been designed to prevent duplicate applications and verify Social Security numbers. FEMA's data contractor is supposed to help verify residential ownership and occupancy.

FEMA has recouped $16.8 million of disaster relief that was improperly awarded, the agency reports.

A federal task force, meanwhile, continues to investigate. More than 7,000 cases of suspected fraud have been referred to the Justice Department for prosecution.

The congressional panel promised to keep pressure on FEMA to shore up its verification process. "This is an affront to the hard-working American taxpayer, who has been fleeced by the actions of these criminals and by the lack of FEMA fraud prevention," said subcommittee chairman Michael McCaul, R-Texas.

Problems in FEMA's individual aid program first came to light in October 2004, when the Sun-Sentinel reported that thousands of residents in Miami-Dade County were collecting aid after Hurricane Frances, even though the storm struck 100 miles to the north. FEMA ultimately paid $31 million in the county. The money bought rooms full of furniture, new wardrobes, TVs and appliances for people who suffered no damage.

After analyzing claims from 20 disasters across the country, the newspaper later determined that FEMA paid at least $330 million in areas spared the devastating effects of fires, floods, hurricanes and tornadoes. From Los Angeles to Cleveland to Detroit, the pattern was the same: Residents of the nation's poorest neighborhoods called FEMA assistance "free money."

The hearing on Wednesday was prompted by a study just released by the Government Accountability Office, which concluded that FEMA's lax control over payments in the aftermath of Hurricanes Katrina and Rita led to an estimated $1 billion of fraudulent aid.

Gregory Kutz, who led the GAO study, testified that 173 federal prisoners had received expedited aid and rental assistance of about $800,000, and that more than 1,000 state prisoners got aid of $10 million. One recipient's property turned out to be a vacant lot. Another was a cemetery.

Hurricane aid was used to buy a $200 bottle of champagne at a Hooters restaurant, adult videos, a $2,000 Caribbean vacation and season tickets for the New Orleans Saints football games. One recipient used aid to stay at a vacation resort in Orlando from September to November at $249 a night.

"The victim?" Kutz said. "The American taxpayer."

FEMA Official Rejects Katrina Fraud Report (WT/AP)

By Larry Margasak

The Washington Times, June 15, 2006

A FEMA official angered a congressional panel yesterday when she discounted a congressional study that concludes that up to $1.4 billion of the individual aid paid out after Hurricanes Katrina and Rita was misspent for fraudulent reasons.

Donna Dannels, acting deputy director of recovery for the Federal Emergency Management Agency, told a House hearing that the congressional conclusions "represent a fraction of the overall assistance provided."

However, the congressional Government Accountability Office (GAO), using statistical analysis, estimates that 16 percent of the individual assistance distributed after the two hurricanes last year was misspent.

Among the items bought with purchase cards intended for storm relief:

·An all-inclusive, one-week Caribbean vacation in the Punta Cana resort in the Dominican Republic.

·Five season tickets to New Orleans Saints professional football games.

·Videos of "Girls Gone Wild."

·Bottles of Dom Perignon champagne at $200 a bottle.

Miss Dannels told a House Homeland Security subcommittee that the GAO looked only at .01 percent of the 2.5 million applications for assistance and said FEMA only learned of the new estimates last week.

In a sharp exchange, Rep. Christopher Shays, Connecticut Republican, told Miss Dannels: "The amount of fraud outlined in this report ... -- I don't think it's refutable."

Miss Dannels' response was criticized as well by Gregory Kutz, managing director of forensic audits and special investigations for the GAO. He said FEMA may be having trouble accepting the results because its director, R. David Paulison, previously testified the fraud rate was only 2 percent to 3 percent.

The GAO concluded that FEMA, which has been criticized for mismanaging Katrina hurricane relief, paid for such items as season tickets for the New Orleans Saints, a vacation in the tropics and even sex-change surgery. One man spent 70 days at a Hawaiian hotel at government expense; another recipient gave a New Orleans cemetery as his address. Several prisoners got government money for "relocating."

GAO special agent John Ryan said that once an applicant receives the assistance there's no control over how it's spent. FEMA said it has identified more than 1,500 cases of potential fraud and has referred those cases to the Homeland Security Department's inspector general. The agency said it has identified $16.8 million in improperly awarded disaster-relief money, but the GAO said it had determined that FEMA had likely paid out between $600 million and $1.4 billion.

The investigative agency said it found refugees who were lodged in hotels often were paid twice, because FEMA gave them rental assistance and paid hotels directly. California hotels received $8,000 to house one person, who also received three rental-assistance payments for both disasters.

In another instance, FEMA paid a person $2,358 in rental assistance, while paying $8,000 for the same person to stay 70 nights in a Hawaii hotel at more than $100 per night.

"Our forensic audit and investigative work showed that improper and potentially fraudulent payments occurred mainly because FEMA did not validate the identity of the registrant, the physical location of the damaged address, and ownership and occupancy of all registrants at the time of registration," GAO officials said.

Non-Victims Bilk $1.4 Billion From FEMA Katrina Funds (LAT)

By Johanna Neuman

The Los Angeles Times, June 15, 2006

WASHINGTON -- A Caribbean vacation. Pro football tickets. "Girls Gone Wild" videos. Fees for a divorce lawyer. A diamond ring. A sex change operation.

This list is not a celebrity spending spree, but a chronicle of the fraud committed by Americans who said they were victims of Hurricane Katrina and defrauded the federal government of as much as $1.4 billion, according to a report issued Wednesday by the Government Accountability Office.

As many thousands attempted to recover from the loss of their homes in one of the greatest natural disasters to hit U.S. shores, con artists used false addresses -- cemeteries, vacant lots and post office boxes -- and fraudulent Social Security numbers, including some from deceased individuals, to obtain rental assistance checks from the Federal Emergency Management Agency. Some of the fraud was committed from prisons.

Others used federal aid designed for immediate food, shelter and clothing needs to go on spending sprees.

The GAO assigned auditors to work undercover from February to June of 2006 to test how easy it was to defraud the federal government. In its report, the GAO estimated that after examining a statistical sample of 247 claims, 16 percent of FEMA's assistance for housing and emergency provisions was misspent, for a total of between $600 million and $1.4 million lost in fraud.

During a hearing Wednesday before the House Homeland Security subcommittee on investigations, Donna M. Dannels, FEMA's acting director for recovery, said that the "questionable purchases" in the GAO investigation totaled "just under $8,000, or 0.02 percent of nearly $39 million" in aid.

As for the rental assistance checks, she argued that the fraudulent cases represented only "a fraction of the overall assistance provided" -- $6.3 billion in housing payments distributed by the agency.

But her arguments did not sway legislators.

"This is an insult to the victims of Katrina and Rita," said Rep. Michael McCaul, R-Texas, the panel's chairman. "The ultimate victim is the American taxpayer."

The committee's top Democrat, Rep. Bob Etheridge of North Carolina, blamed the White House. "The administration's irresponsible contracting processes and lax oversight have cost taxpayers billions," he said.

Nor did Dannels' statements impress the GAO. Sitting next to her during the hearing was Gregory Kutz, the agency's managing director of forensic audits, who said that FEMA was having trouble accepting the results because it had previously estimated the fraud rate at 2 percent to 3 percent, not the 16 percent the GAO now calculates.

At the podium, Rep. Christopher Shays, R-Conn., said the GAO report was so compelling "I don't think it's refutable."

During the hearing, FEMA was attacked for failing to impose controls or checks on the process. Dannels said the agency has taken steps to reduce the potential for fraud, including a new system to verify the identification of individuals registering by telephone.

But McCaul and Etheridge both called for further investigations, this time into contract fraud. In Senate hearings earlier this year, the U.S. government testified that it wasted $900 million on trailers that were too wide to use in housing-deprived flood zones.

The FEMA money was intended to help victims pay for food, housing, clothes and other essentials. The subcommittee said that based on the information in the GAO report, it has referred 7,000 cases to the Justice Department for prosecution.

In its report, the GAO found that prisoners applied for assistance from jail phones. Using false identities, they routed assistance checks to the homes of relatives or friends. One inmate collected $20,000 using a post office box.

A Texas man filed 19 separate applications and used the money for a sex change operation. Elsewhere in Texas, a recipient used FEMA money to buy a diamond ring and other jewelry worth $3,700. FEMA gave an individual $2,358 in rental assistance while paying an additional $8,000 so that same person could stay at a hotel in Hawaii for more than two months.

FEMA funds also purchased for a $2,200 week-long vacation in the Dominican Republic and five season tickets to the New Orleans Saints. In Houston, federal money was used to buy sexual enhancement products and hire a divorce lawyer. And thanks to FEMA, someone in Santa Monica, Calif., purchased $300 worth of "Girls Gone Wild" sex videos.

"There were no controls in place, and a clear lack of management," said McCaul, who is pushing legislation that would require FEMA to set up a database to verify and cross-reference individuals and their Social Security numbers. "Americans have good reason to be angry. That's why we held the hearing, to put some sunlight on it."

New Orleans Public-housing Plan Set (USAT)

By Anne Rochell Konigsmark

USA Today, June 15, 2006

NEW ORLEANS — The U.S. Department of Housing and Urban Development announced a plan Wednesday to rebuild the bulk of the city's public housing that was destroyed in Hurricane Katrina.

More than 1,000 public-housing units will reopen by the end of August, enabling more of the city's poor to come home.

HUD Secretary Alphonso Jackson also said the agency will increase the amount of its rent-subsidy vouchers and tear down several crumbling complexes so they can be redeveloped as mixed-income neighborhoods.

“We want to ensure the public housing of the future is a source of pride for all residents of the city,” Jackson said.

Today, 1,000 units are occupied in five of the least-damaged housing projects. Before Katrina, residents occupied about 5,000 units in 11 complexes.

Former public-housing residents have expressed outrage at the slow return of subsidized housing to New Orleans, even accusing the government of purposely keeping them out. Jackson said HUD was waiting for a green light from local leaders and for the return of basic services such as utilities and schools. “We couldn't move any faster than we're moving now,” he said.

At least a dozen former public-housing residents are staging a round-the-clock protest by living in tents on a grassy median outside the St. Bernard housing complex, the city's largest. A spray-painted sign reading “Survivors Village” hangs between two trees.

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Behind a high, razor-wire fence, dozens of two-story buildings are vacant, doors and windows gaping, torn curtains and broken blinds flapping in the breeze. The complex is slated to be torn down and redeveloped, a process that could take years, Jackson said Wednesday.

"I'm so homesick," says Rhonda Mingo, 44, who has been living in a tent with her 1-year-old grandson for two weeks. "I've lived in St. Bernard my whole life."

Her sister, Stephanie Mingo, is living in a tent as well. She becomes upset when she hears that St. Bernard will be torn down and redeveloped. "They don't have time for that," she says. "People want to come home now."

Several local elected leaders have proposed requiring public-housing residents to hold jobs, an attempt to cut down on crime in the complexes. That decision lies with the city's housing authority, Jackson said, even though HUD took over the complexes in 2002 because of corruption and mismanagement by local officials.

Several redevelopment plans were in the works before the Aug. 29 hurricane, and now, those will "move forward," Jackson said.

5,000 Public Housing Units In New Orleans Are To Be Razed (NYT)

By Susan Saulny

The New York Times, June 15, 2006

NEW ORLEANS, June 14 — Federal housing officials announced on Wednesday that more than 5,000 public housing apartments for the poor were to be demolished here and replaced by developments for residents with a wider range of incomes.

The announcement, made by Housing and Urban Development Secretary Alphonso R. Jackson, provoked strong criticism from low-income tenants and their advocates, several of whom noted that thousands of public housing apartments had been closed since Hurricane Katrina. But local officials have for months said they do not want a return to the intense concentrations of poverty in the old projects, where crime and squalor were pervasive.

Acknowledging the immediate need for housing here, Mr. Jackson also said 1,000 apartments in several public housing complexes that were only lightly damaged in the storm would be opened over the next 60 days. Federal housing officials also said they had raised by 35 percent the value of disaster-housing vouchers for displaced residents who wanted to rent market-rate apartments, because the city's housing shortage had caused rents to increase.

The demolition, which is scheduled to begin over the next several months, would be the largest of its kind in the city's history and would erase the sprawling low-rises of the St. Bernard, C. J. Peete, B. W. Cooper and Lafitte housing developments. The four developments were damaged in Hurricane Katrina to varying degrees and have been off-limits — along with most of the city's public housing — to residents ever since.

The four developments represent more than half of all traditional public housing in the city, where only 1,097 units have been opened since the storm. Before the hurricane, the city had close to 8,000 units, although not all were habitable.

"Hurricane Katrina put a spotlight on the condition of public housing in New Orleans," Mr. Jackson said in a teleconference with reporters in Washington. "I'm here to tell you we can do better."

His announcement appeared to heighten the fears of many displaced tenants that they would be pushed out in favor of higher-income families.

"Right now, we feel it's not the time to start huge building projects because there are lots of people who are displaced as we speak and need a place to stay," said Lynette Bickham, who was evacuated from the St. Bernard project. "We're going to continue to fight for our homes."

This month, former residents began demanding the right to return, setting up a tent city outside the St. Bernard project, the largest of the developments. Local and federal officials refused to open the developments, saying they were unsafe.

Mr. Jackson outlined the first official plans for the projects since the storm, and they were incomplete. He did not specify how many units in the new developments would be set aside for public housing or whether there would be units for all the low-income residents who had such housing before the storm. Planning for the new developments, which are to be financed by bonds, tax credits and federal housing money, has not begun, he said.

Mayor C. Ray Nagin responded to Mr. Jackson's announcement enthusiastically.

The proposed demolitions have renewed a debate about the future of the city's enormous poor population, most of which remains displaced.

"I think the people who've been planning the recovery process never wanted poor people to return to the city in the first place," said Lance Hill, the director of the Southern Institute for Education and Research at Tulane University. "And they haven't made it easy."

Inside The Beltway (WT)

DOJ_NMG_0034374

By John Mccaslin

The Washington Times, June 15, 2006

Double-duty 'DNA'

D.C. Metropolitan Police Chief Charles H. Ramsey had to laugh when telling Inside the Beltway that he's been around law enforcement long enough -- three decades and counting -- that "when I used to write the letters DNA all over my police reports, it stood for Does Not Apply."

Chief Ramsey says he still relies on DNA in his police work, albeit today it stands for deoxyribonucleic acid, or the genetic material in humans.

Grandma's boundaries

Speaking of veteran police chiefs -- or, in this case, a former U.S. Park Police chief who was fired by the Interior Department for going public with departmental budget concerns in this age of terrorism -- you'd never know that Teresa Chambers was embroiled in a lawsuit against Uncle Sam over her dismissal.

"People say to me that you must regret [accepting the police chief's job], and I answer, 'Regret? No! It is the greatest place I've ever been. I have the best memories."

Or so Mrs. Chambers, a 30-year police veteran and former police chief in Durham, N.C., told the Northern Virginia Chapter of the American Society for Public Administration during its annual awards dinner Tuesday (where, if we might digress, the Inside the Beltway column was honored with the 2006 Hodding Carter Outstanding Journalism Award).

In remarks centering on ethics in the workplace, the whistleblowing former chief, who accused the Bush administration of silencing dissenting viewpoints such as her own, praised President Bush's father, former President George Bush, for observing that a true leader uses his or her power "to help people ... to serve people."

"A leader leads by good common sense," she recalled. "A leader leads by taking risks."

She cited the popular leadership checklist used by retired Army Gen. H. Norman Schwarzkopf, particularly his Rule 14: "Do what is right."

However, she pointed out, one need only think of his or her grandmother when confronting an ethical quandary: "Ask yourself, 'What will grandmother say?' Stay within those boundaries, and you'll be OK."

Right restored

The National Rifle Association this week delivered once again on its role of upholding the Second Amendment, as Louisiana Gov. Kathleen Babineaux Blanco signed into law the NRA-backed Emergency Powers Protection Act.

The law prevents governments in her state from confiscating firearms during a state of emergency, as took place in New Orleans last year.

"The aftermath of Hurricane Katrina became the proving ground for what American gun owners have always feared: the day that government bureaucrats throw the Bill of Rights in the trash and declare freedom to be whatever they say it is," says NRA chief Wayne LaPierre.

Inconsistent Al

Al Gore worries the world's getting hot,
And all over the globe he will trot,
Warmly warning the masses
About grave greenhouse gases
Caused by people who travel a lot.

-- F.R. Duplantier

Hillary and Barney

She's not president -- yet -- but one might gather as much given the language used to tout one speech today to the American Constitution Society for Law and Policy.

"Sen. Hillary Rodham Clinton will deliver a major policy address on privacy," the society states, adding that "featured remarks" will then be delivered by Rep. Barney Frank, Massachusetts Democrat.

Oh, well, Mr. Frank already made his waves Tuesday when blasting John R. Bolton, U.S. ambassador to the United Nations, for his "disastrous tenure" leading to a "diminution of American influence."

"Anyone who doubts the wisdom of the constitutional requirement that important officials be confirmed by the Senate before taking up their jobs should ponder the disastrous example of John Bolton, whom the Senate declined to confirm as ambassador to the U.N., and who received a recess appointment from President Bush," Mr. Frank stated.

Cook book

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Texas native and White House History Fellow Jane Hampton Cook, who served President Bush for five years in various communications positions, will discuss her new book, "The Faith of America's First Ladies," at today's Conservative Women's Network Luncheon at the Heritage Foundation.

She explains in the book how numerous first ladies triumphed over extreme pressures of their positions.

·John McCaslin, whose column is nationally syndicated, can be reached at 202/636-3284 or jmccaslin@washingtontimes.com.

Government Dines On Katrina Leftovers (WSJ)

By Emily Chamlee-wright And Daniel Rothschild

The Wall Street Journal, June 15, 2006

NEW ORLEANS -- With a history in the Black Panthers and Green Party, Malik Rahim does not fit the stereotype of a property-rights activist. But that is what he's become in the upside-down political world of post-Katrina New Orleans, where government response to the storm is creating some strange bedfellows.

Nine months after the hurricane New Orleans remains in tatters, its population is down to about 200,000 from almost a half-million. Large parts of the city, from posh Lakeview to working-class Mid-City, still have few habitable buildings. Many businesses have not reopened or are gone for good. Almost a quarter of voters in May's mayoral runoff election voted absentee.

To add insult to injury, the rights of property owners who had their homes and businesses damaged by Katrina's wrath now face a more powerful and potent threat. Local government officials, armed with the public health code, eminent domain powers and a bevy of dubious legal techniques, aim to demolish buildings -- and, some fear, strip titles from owners -- in what are being euphemistically called "forced buyouts."

Mr. Rahim is the founder of Common Ground, a homegrown group borne of the aftermath of Katrina. It has established emergency supply distribution centers across southeastern Louisiana, including in the virtually abandoned Lower Ninth Ward, where signs reading "Somebody Lives Here" and "Eminent Domain for Who?" surround the bright blue house that serves as a de facto community center.

Common Ground stepped in where government failed. Its Lower Ninth Ward headquarters is on the only street in the district with electricity or communications. Power was restored the morning after Michelle Shin, coordinator of the group's Lower Ninth Ward Project, mentioned it during an interview on ABC's Nightline. The rest of the ward remains in darkness.

In the last nine months, liberal New Orleans has seen a radical transformation in beliefs about private property. Katrina came on the heels of the Supreme Court's decision on eminent domain in Kelo v. New London. While the city is today using its public safety police powers to justify the demolition of homes, Common Ground activists fear it may turn to full-scale eminent domain takings over the coming months. New Orleans and the surrounding communities will likely serve as a major battleground between the increasingly mainstream view of neighborhood collectivism and the renegades determined to preserve the sanctity of homeowners' rights.

The fight that has been brewing since late last year is now coming to a head. Homeowners were allowed back into the area only in December, about the same time the bulldozers arrived. The city began to "red-tag" homes, or slate them for destruction. In January, residents won an injunction prohibiting the city from demolishing homes without meeting certain criteria: Notice must be given on the city's Web site and printed in the Times-Picayune newspaper for three days, and letters must be sent to the last known address of the owner.

For homes on private property, demolitions could not begin until 30 days after notification. So far, 120 homes on the public right-of-way have been cleared. Of the 5,000 buildings initially red-tagged, some of which were unaffected by the hurricane, some 2,000 (mostly in the Lower Ninth Ward) have been listed in the Times-Picayune for destruction, according to Ms. Shin. She says that the city's Web site has not been kept up to date on these properties, rendering the city in violation of the injunction. A third of the area's housing stock could be razed.

This sends a message that will chill much-needed outside investment. If bulldozing private homes and businesses becomes par for the course after a disaster, investors will take their money elsewhere. In any case, the local government's failures regarding Katrina are by now self-evident; should they just be repeated as New Orleans attempts to rebuild?

In a city with a rich history of patronage and corruption, all this is especially worrisome. Homeowners have the right to appeal the destruction of their homes. However, no process was established; it came down to city lawyers working with Common Ground to create one ad hoc. Thus far, says a Common Ground legal coordinator, every challenge has been successful.

Yet this is often moot for those tossed into the bureaucratic maw. Some -- perhaps many -- residents have seen their homes bulldozed, with notices either arriving late or not arriving at all. Several residents of the Lower Ninth Ward we talked to thought the city was spuriously tagging homes "in imminent danger of collapse," the criterion it is using to demolish houses not on the public right-of-way.

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They also point to the presence of local development magnates on the Bring New Orleans Back Commission and its famous recommendation of extensive use of eminent domain as evidence of perfidy.

Mayor Nagin tentatively rejected calls for widespread use of eminent domain powers, so the issue has not been at the forefront of the debate. But Mr. Rahim says it "always looms over our heads," and many fear that it is being reborn as Katrina fades as an issue for the rest of the country.

It shouldn't. This has become a fight, in many respects, between those who believe in organic urban development and those who favor political central planning.

Mr. Rahim clearly falls into the former camp. While he is no defender of capitalist principles, with hundreds of thousands still displaced, he is engaged in a struggle for what he calls "self-determination." He wants to "rebuild a community that offers opportunities to all its residents." For that to happen, he adds, property rights will have to be sacrosanct.

After Kelo, property-rights activists argued, quite rightly, that the poor and disenfranchised would be most affected by the decision. Mr. Rahim's efforts demonstrate that, on the issue of private property, Americans across the political spectrum have more in common than we often admit.

Ms. Chamlee-Wright, professor of economics at Beloit College, is a senior scholar at the Mercatus Center at George Mason University. Mr. Rothschild is associate director of Mercatus's Global Prosperity Initiative.

Blind Spot On Katrina (USAT)

USA Today (editorial), June 15, 2006

It's a cliché, but it happens to be true: You have to see the Gulf Coast to grasp the magnitude of the destruction wrought by Hurricane Katrina.

In the silent Gentilly neighborhood just north of downtown New Orleans, block after block of homes sit empty, neither bulldozed nor renovated. In the city's Lower 9th Ward, Hardin Elementary School is frozen in mold and Delta mud. Flights over the region reveal acres of blue tarps and white foundations.

Perhaps no one needs to see this more than members of Congress, who are responsible for allocating tens of billions of tax dollars to the Gulf recovery effort and overseeing how that money is spent.

Incredibly, only 94 of 435 members of the House of Representatives (22%) and 47 of the 100 U.S. senators have made their way to the Gulf to view one of the greatest disasters in our nation's history. That's according to Women of the Storm, a group tracking visits.

Among the missing: the two Democratic senators from disaster-prone California, Dianne Feinstein and Barbara Boxer. Feinstein says she hasn't been able to schedule a visit but has supported every appropriation request. Boxer, who also has supported funding requests, says she "has seen Hurricane Katrina through the eyes of" Sen. Mary Landrieu, D-La. But funneling money in blindly is hardly a substitute for a first-hand sense of where it should go — or not go.

It's not as though members of Congress don't like to travel. Over 5½ years, ending last June, lawmakers and their aides have taken $50 million worth of "fact finding" trips financed by private sponsors. Some of the most popular stops were Paris (200 trips) and Hawaii (150), according to a recent study by the Center for Public Integrity, American Public Media and Northwestern University's Medill News Service.

Maybe if New Orleans supplied champagne receptions, lobbyists bearing campaign checks and airfields with fighter jets, more members of Congress would deign to witness Katrina's devastation.

WAR NEWS:

Bush Rejects Calls For Pullout From Iraq (AP)

By Nedra Pickler

AP, June 15, 2006

President Bush, just back from Iraq, dismissed calls for a U.S. withdrawal as election-year politics and refused to give a timetable or benchmark for success that would allow troops to come home.

"It's bad policy," Bush said in a Rose Garden news conference Wednesday, about six hours after he returned from Iraq. "I know it may sound good politically. It will endanger our country to pull out of Iraq before we accomplish the mission."

The news conference was arranged to capitalize on Bush's stealthy 5 1/2-hour trip to Baghdad Tuesday. The visit marked his first meeting with Iraqi Prime Minister Nouri al-Maliki, and the president said he was impressed with the new leader's plans and character. "I sense something different happening in Iraq," Bush said.

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He defended the decision not to tell the prime minister that the U.S. president was in his country until five minutes before they met and denied that it was because of any concern about al-Maliki's inner circle.

"I'm a high-value target for some," Bush said. "I think if there was ample notification that I was coming, perhaps it would have given somebody a chance to plan, and we just didn't want to take that risk."

Bush said he wanted to see a reduction in the deadly violence in Iraq but would not say how much it must drop before troops can begin to withdraw. He offered other ways of measuring progress in Iraq — an increase in oil production or more electricity delivered to cool sweltering homes or growing numbers of Iraqi military units able to handle the fight.

But again, he did not offer any specific targets to measure when Iraqis will be able to govern themselves. Instead, he declared that the government must be able to succeed and that leaving too early would "make the world a more dangerous place."

Democrats criticized Bush for failing to describe plans for a troop withdrawal.

"What we heard from the president today sounds like more of the same — stay the course, which is a slogan, but it is not a plan," said House Democratic leader Nancy Pelosi after leaving a White House meeting with Bush and other congressional leaders. "What we would like is an approach that says, when we reach certain milestones, then we begin a responsible redeployment of our troops and that the commitment is not open-ended."

Several proposals were before Congress to draw down U.S. troops, including one by Sen. John Kerry, D-Mass., Bush's 2004 election rival, to withdraw U.S. combat forces by year's end.

"Don't bet on American politics forcing my hand, because it's not going to happen," Bush said.

But it won't be too long before U.S. commanders in Iraq make a recommendation on withdrawals, a senior military leader said Wednesday. Bush said he would make the final decision based on recommendations from his commanders.

Army Brig. Gen. Carter Ham told Pentagon reporters that initial plans for the top U.S. commander in Iraq, Gen. George Casey, to make such a recommendation this spring had been delayed by the slow progress in forming the new government in Iraq.

"The government didn't form, so the conditions weren't quite right, so clearly the assessment and the recommendations will be pushed a little bit to the right," said Ham, deputy operations chief for the Joint Chiefs of Staff. "But I don't think it will be too terribly long."

Pentagon officials said Wednesday that there are currently about 127,000 U.S. troops in Iraq, a drop from more than 130,000 in recent days.

Ham said the decline is due largely to the planned return home of a Pennsylvania National Guard unit — the 2nd Brigade of the 28th Infantry Division — which is at the end of its Iraq rotation. He said it should not be interpreted as the beginning of troop withdrawal from Iraq.

Bush said his recent meeting with al-Maliki gave him confidence that the new government will be a capable partner to get the country back on its feet — but he said the Iraqis still need help from U.S. forces.

"If the United States of America leaves before this Iraqi government can defend itself and sustain itself and govern itself, it will be a major blow in the war on terror," Bush said, pounding his fist on a lectern set up in the Rose Garden.

Bush's news conference lasted nearly an hour and included his trademark teasing of reporters. He complimented one on the fancy handkerchief sticking out of his breast pocket and congratulated another as being knowledgeable for a newcomer to the White House.

Bush also poked fun at a reporter for wearing sunglasses during the news conference — and later apologized in a phone call after learning that the reporter wore sunglasses because he's losing his sight to an eye disease.

Unlike typical presidential press conferences that tend to be more wide-ranging, most of the questions focused on Iraq.

Bush said U.S. agents collected new intelligence in recent days following last week's air raid that killed Iraqi terrorist Abu Musab al-Zarqawi and are conducting raids to stop further violence.

The president also said that a crackdown in Baghdad that al-Maliki began Wednesday offered the promise of reducing the violence. That crackdown sent tens of thousands of Iraqi police and soldiers patrolling the streets, searching cars and securing roads.

"The terrorists are vulnerable, and we will strike their network and disrupt their operations and continue to bring their leaders to justice," Bush said.

He spoke anew about an idea he first proposed publicly Monday at the Camp David meeting with his war council — an oil royalty trust that would give citizens across Iraq a stake in how the resources are developed. He suggested it might be structured like Alaska's system, where citizens get a share of the state's royalties from the trans-Alaska oil pipeline.

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Bush also said he was impressed with al-Maliki's ideas for reconciliation after the war, including former supporters of Saddam Hussein. Bush suggested he would not like to see terrorists given amnesty as part of the process. "If somebody has committed a crime, I don't know whether or not they'll be that lenient, frankly," Bush said.

A senior White House official said the Iraqis have indicated that they're looking for "models" in national reconciliation. Another official said al-Maliki had inquired whether Bosnians or South Africans might be able to provide expertise.

Bush: "Politics" Won't Derail Mission In Iraq (CHIT)

By Mark Silva

Chicago Tribune, June 15, 2006

WASHINGTON -- President Bush, stressing the importance of success for the new Iraqi government, vowed today that opposition to the war and "American politics" will not divert him from the mission.

"Don't bet on American politics forcing my hand, because it's not going to happen," Bush said at a Rose Garden press conference today, visibly emboldened by his surprise visit to Baghdad. "It is worth it," Bush said of the war. "It is necessary, and we will succeed.

He refused to address any adjustment of troop levels, saying: "My message to the enemy is, 'Don't count on us leaving before we succeed.'"

The president arrived at the White House this morning at 3:30 a.m. EDT after a surprise visit to the fortified Green Zone of Baghdad—and two overnight transatlantic flights on Air Force One in two days. He's pulling out all the stops of the presidential public relations arsenal to make the case that Iraq's new government offers hope for "success" in Iraq after more than three years of costly war.

The summoning of a U.S.-Iraqi summit this week, the surprise trip to Baghdad and now a 9:45 am Rose Garden appearance follow two events that have given the Bush administration new cause for hope that Iraq's security forces can eventually "stand up" and allow U.S. forces to "stand down." One is the seating of the new government, with Prime Minister Nouri al-Maliki acting swiftly to seek better security in Baghdad and other regions. The other is last week's killing of Abu Musab al-Zarqawi, Al Qaeda's former leader in Iraq.

"I've just returned from Baghdad, and I was inspired," Bush said. A former jet fighter pilot in the Texas Air National Guard, Bush revealed that he had taken a position in the cockpit of Air Force One and watched the captain steer into Baghdad International Airport the day before.

"It was an unbelievable feeling," the president said.

"Part of the success in Iraq depends on the Iraqis and their will," said Bush, commending the new Iraqi prime minister's plan for restoring security and the economy of the country while seeking "reconciliation" among ethnic and religious factions. "He's got a plan to succeed… It's a tough task, no doubt about it. But I'm confident this government will meet it."

"There's a sense of hopefulness," Bush said.

Underscoring the importance of his visit, he said: "Sitting here in America wondering whether these people have got what it takes creates some uncertainty… I've eliminated that uncertainty."

"I was impressed with the prime minister and I'm impressed by his team," Bush said.

As he has before, Bush refused to set any timetable for withdrawal of U.S. forces, maintaining that "the enemy" desperately awaits that signal.

"The policy of the United States government is to stand with the new government and help them succeed, and we will do what it takes to succeed," Bush said. "Our policy is stand up, stand down. As the Iraqis stand up, we'll stand down, but if we do it too soon, we won't meet our objectives.

"No question, there are concerns whether the United States will stand with this government," Bush said. "I made it very clear to the Iraqis, and I'll make it clear here. We'll stay with them and help them succeed."

Explaining the secrecy of his trip to Baghdad, the president said: "I'm a high-valued target for some… We just wanted to be sure we were extra secret about this deal, and the reason why is, Iraq is a dangerous place."

Bush Rejects Iraq Pullout (WT)

By Stephen Dinan

The Washington Times, June 15, 2006

President Bush said yesterday that "Islamic fascists" must know he will not bow to political pressure to pull out of Iraq, even as the Senate begins debate on setting a timetable.

"Don't bet on American politics forcing my hand, because it's not going to happen," Mr. Bush told reporters at a morning press conference in the White House Rose Garden, seven hours after landing from his surprise trip to Iraq.

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Mr. Bush backed away from saying the tide has turned in Iraq, instead telling reporters that he senses "something different happening in Iraq" and that the new government is making steady progress. He also announced that he will send Energy Secretary Samuel W. Bodman to Iraq to help the nation with energy production and Deputy Treasury Secretary Robert M. Kimmitt to the United Nations and then to Baghdad to work on boosting support for the new government.

Of $13 billion pledged to help Iraq, Mr. Bush said that just $3 billion has been paid and that his administration will encourage other nations to "pay up."

The president admitted that he was "fighting off fatigue" as he answered questions for an hour and even appeared to blink back sleep. Most of the questions focused on Iraq, but he also handled questions about inflation fears and how Democrats and Republicans will fare in the upcoming congressional elections.

"What's going to matter is who has got the plan that will enable us to succeed in Iraq and keep the economy growing," Mr. Bush said of the political campaign for control of Congress. "I believe we're going to hold the House and the Senate, because our philosophy is one that is forward-looking and optimistic and has worked. We've got a record to run on."

The president also turned aside two questions asking him to comment further about Karl Rove, his political adviser who was told this week that he won't be indicted in the case stemming from the leaked identity of CIA operative Valerie Plame.

While saying he trusted Mr. Rove, Mr. Bush refused to say any more about the accusations that the White House leaked Mrs. Plame's identity, pointing to the pending trial against Vice President Dick Cheney's former chief of staff.

"You'll keep asking questions during the course of the trial; we're not going to comment beyond that," Mr. Bush said.

The president also committed a minor faux pas at the press conference, asking Peter Wallsten of the Los Angeles Times whether he was going to ask a question while wearing sunglasses. Mr. Wallsten is legally blind and wears the glasses to slow a genetic eye disorder. According to news reports, Mr. Bush later learned of the Mr. Wallsten's medical condition and called to apologize to the reporter, who said he "wasn't the least bit offended."

Mr. Bush also said he had several messages from his trip.

"My message to the Iraqis is: We're going to help you succeed. My message to the enemy is: Don't count on us leaving before we succeed. My message to our troops is: We support you 100 percent. Keep doing what you're doing. And my message to the critics is, is that we listen very carefully and adjust when needed to adjust."

Senate Democrats are trying to craft a consensus amendment setting a timetable for withdrawing from Iraq and yesterday said they were close.

After meeting with Mr. Bush yesterday afternoon, Sen. Richard J. Durbin, Illinois Democrat, said the president has been clear in sending his message to terrorists that the U.S. isn't leaving, but Mr. Durbin said the concern "is how the Iraqis read that statement."

"When are we going to leave, and if the Iraqis do not believe they have to accept responsibility for their own future, and for their own country, how quickly will they be ready to stand and fight?" the minority whip said.

Some Democrats questioned Mr. Bush's trip to Iraq, with Rep. Elijah E. Cummings, Maryland Democrat, calling it "more like a well-staged media event than a true investigative mission" and top party leaders saying the visit doesn't constitute a plan for victory.

"I don't even think we have a clear idea of what the mission is in Iraq," said House Minority Leader Nancy Pelosi, California Democrat. "The message to the Iraqi people has to be that they must have significant transition this year in taking responsibility for their government and for their security."

Republicans seemed to welcome the debate among Democrats.

"I think this is a particularly bad time to send a message to the terrorists in Iraq that we might be thinking of running, just when they're running," said Senate Majority Whip Mitch McConnell, Kentucky Republican.

The White House also said recent weeks prove why the Democrats' amendment is a bad strategy.

"If we had pulled American troops out of Iraq in April, as some Democrats in Congress had advocated, then our troops wouldn't have brought Zarqawi and many other terrorists to justice," said White House spokeswoman Dana Perino.

Bush Tries To Lower Expectations Over Iraq (FT)

By Guy Dinmore In Washington And Roula Khalaf In London

Financial Times, June 15, 2006

President George W. Bush, fresh from a surprise trip to Iraq, on Wednesday sought to lower expectations of what should be defined as success in the country while sketching out a future strategy that did not appear markedly different from the past.

Americans should not have a “zero violence expectation”, Mr Bush said in a news conference.

“Winning means a government that can sustain itself, defend itself and govern itself, and an ally in the war on terror, and we will help this government do that,” he said in a significant departure from the rhetoric that accompanied the 2003 invasion.

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Asked if the US had a specific target level of violence in mind that would be deemed acceptable, Mr Bush answered: "Enough for the government to succeed."

Success should also be measured in terms of economic progress, the president said, mentioning production of oil and electricity, which are hovering at less than pre-war levels, mostly due to sabotage and corruption.

At the same time Mr Bush sought to damp expectations among Americans that significant numbers of US troops would be withdrawn later this year, even if just to stave off what could be a sizeable defeat for Republicans in November's midterm elections.

According to senior officials in Baghdad, Iraq's new government will keep the mandate of United Nations Security Council resolution 1637, which legitimises the presence of foreign troops, when it is reviewed on Thursday.

However, officials say rolling over the mandate in the next review six months from now will prove much more difficult, as pressure for a withdrawal mounts on the government in Baghdad and on the US administration.

But given the security situation, officials say it is unlikely that "substantial" numbers of US troops will be able to leave Iraq before the mid-term elections.

Mr Bush on Wednesday said he had a message for the enemy: "Don't bet on American politics forcing my hand because it's not going to happen. I'm going to make decisions not based upon politics, but based upon what's best for the United States of America."

A top priority, he said, was securing Baghdad. To maintain the momentum gained from the killing last week of the insurgent leader Abu Musab al-Zarqawi, Iraqi and US forces on Wednesday launched in Baghdad Operation Together Forward, involving 26,000 Iraqi soldiers, 23,000 police and 7,200 coalition forces.

There were clashes reported between gunmen and Iraqi troops and a car bomb killed two people, but the clampdown appeared to keep violence at bay in a city hit almost daily by carnage and kidnappings.

Mr Bush said General George Casey, the US commander in Iraq, would work with Nuri al-Maliki, Iraq's prime minister, on the important task of bringing militias and other armed groups under government control.

Iraqi officials acknowledge that defeating the insurgency requires ending sectarian killings by Shia militias that are believed to have infiltrated interior ministry and police units. Militia violence has helped insurgent groups fill their ranks with young Sunni Arab recruits.

Mr Bush said a reconciliation process that might draw on South Africa's experience was also part of the Iraqi government's strategy to isolate the insurgency.

But the president dismissed suggestions of an amnesty for those who had committed crimes.

Iraqi officials, however, say reconciliation steps under consideration include an amnesty for insurgents and negotiations with some leaders of armed groups.

Mr Maliki said the door was open for dialogue with "gunmen who oppose the political process and now want to go back to political activity under pledges".

Bush Sees Progress In Iraq (WP)

By Michael A. Fletcher

The Washington Post, June 15, 2006

But He Says U.S. Success Depends on the People There

President Bush said yesterday that the United States is making steady progress in Iraq toward its goal of standing up a government that can sustain and protect the country, but he emphasized that the ultimate success of the U.S.-led venture lies in the hands of Iraqis.

In a Rose Garden news conference just over six hours after his surprise whirlwind visit to Baghdad, Bush said that "I sense something different happening in Iraq" and predicted that "progress will be steady" toward achieving the U.S. mission there.

Bush's measured optimism is at odds with many crucial indicators in Iraq, including oil and electricity production, which are at no better than prewar levels, and the pace of sectarian violence. It also stands in stark contrast to the opinions of many Iraqi citizens, who have expressed growing pessimism about the course of events in their country as well as a growing antipathy toward the presence of U.S.-led coalition forces.

Still, Bush struck an upbeat tone as he pointed to the progress he sees, while emphasizing that Iraqis hold the key to their own future. "Success in Iraq depends upon the Iraqis," Bush said. "If the Iraqis don't have the will to succeed, they're not going to succeed. We can have all the will we want, I can have all the confidence in the ability for us to bring people to justice, but if they choose not to take the -- make the hard decisions and to implement a plan, they're not going to make it."

Bush's remarks followed a recent flurry of good news for his beleaguered presidency and the U.S.-led effort in Iraq. In the past week, U.S. forces killed the leader of al-Qaeda in Iraq, Abu Musab al-Zarqawi. Also, the country recently completed the

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contentious, months-long effort to form a government that officials hope will balance the interests of the nation's many ethnic and religious factions.

The recent developments, capped by Bush's meeting Tuesday in Baghdad's heavily fortified Green Zone with new Prime Minister Nouri al-Maliki, have created a sense of momentum that the Bush administration is trying to capture.

Bush said he plans to dispatch Deputy Treasury Secretary Robert M. Kimmitt to help Iraq develop a compact that would commit the nation to a series of political, economic and security goals in exchange for more international aid. Bush also promised to redouble efforts to help Iraq collect the balance of the $13 billion pledged by international community, only $3 billion of which has been paid.

Referring to Iraq's reconciliation process, Bush said that membership in Saddam Hussein's Baath Party should not disqualify a person from being part of the Iraqi government. In the immediate aftermath of the U.S. occupation of Iraq, Baath Party members were purged from public life, which many analysts now call a mistake that fueled the Iraqi insurgency.

"Baath Party membership in order to secure a job or to be able to get an advanced degree should be a part -- shouldn't be held against a person," Bush said. "And I think they're willing to balance the difference between terror and -- 'expediency' isn't the right word, but terror and membership of a party to advance one's life."

Asked whether the tide is turning in Iraq, Bush replied cautiously. "I hope there's not an expectation from people that, all of a sudden, there's going to be zero violence -- in other words, it's just not going to be the case," he said. "On the other hand, I do think we'll be able to measure progress. You can measure progress in capacity of Iraqi units. You can measure progress in megawatts of electricity delivered. You can measure progress in terms of oil sold on the market on behalf of the Iraqi people."

The Iraqi government will have to succeed where the U.S.-led coalition has not if those measures are to improve. Crude oil production remains below prewar levels in Iraq, according to State Department figures, a situation that has been largely offset by higher prices. Despite huge investments, electricity is blacked out more than half the day in most of the country, and in Baghdad, electricity is operational an average of eight hours daily, less than half of prewar levels, the State Department said.

"We are treading water as we gradually try to give the Iraqis the ability to fight the war on their own and hopefully do better than we have been doing," said Michael E. O'Hanlon, a senior fellow at the Brookings Institution who has been tracking a broad spectrum of indicators to measure progress in Iraq.

The death of Zarqawi is a major boon for efforts to unravel his network, and seizing opportunities created by his demise is a question figuring prominently in Pentagon reevaluations of U.S. strategy in Iraq, according to defense officials.

Still looming large, however, are the long-standing problems of the homegrown Iraqi insurgency, the threat of sectarian violence and the reliability of Iraqi security forces -- all of which are likely to be more important in driving U.S. military strategy in Iraq and the eventual drawdown of the 130,000 U.S. troops.

Sectarian attacks rose dramatically after the bombing of a Shiite mosque in Samarra in February, which pushed Iraq to the brink of civil war. Since February, an average of nearly 1,100 Iraqi civilians and 175 Iraqi and police and military and police members have been killed each month, according to the Iraqi government and Iraq Body Count, an independent group. The Pentagon has reported that at least 250 U.S. troops have died in Iraq since February, and the overall U.S. death toll is approaching 2,500.

Another major concern is that some of the fast-growing Iraqi security forces -- particularly police -- may be perpetrating sectarian violence, officials said.

"How much responsibility can you give to Iraqi security forces when they are susceptible to sectarian agendas?" a defense official said. "Our plan has been to build up the Iraqi security forces to handle it themselves, and it becomes paradoxical and counterproductive if they pursue sectarian agendas," he said.

These factors apparently have left many Iraqis discouraged, and hostile to U.S. forces. A March poll by the International Republican Institute found that only 30 percent of Iraqis felt their country was "headed in the right direction." In March 2004, 51 percent of Iraqis agreed with that assertion. Meanwhile, 76 percent of Iraqis called security conditions in the country "poor." In addition, a January survey by World Public Opinion found that 47 percent of Iraqis approved of attacks on U.S.-led forces.

In his remarks, Bush said he was confident that the elected government in Iraq was up to the task before it. He added that U.S. troops will remain by the government's side as long as is necessary to achieve the mission, despite growing calls for him to set a date certain to withdraw troops.

"One message that I will continue to send to the enemy is, don't count on us leaving before the [mission] is complete," Bush said. "Don't bet on it; don't bet on American politics forcing my hand, because it's not going to happen."

U.S. Committed To Democratic Iraq, Bush Says (LAT)

By Johanna Neuman

The Los Angeles Times, June 15, 2006

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WASHINGTON — President Bush, saying he was "inspired to be able to visit the capital of a free and democratic Iraq," vowed today that the United States will stay as long as necessary to ensure a stable government in Iraq.

"America is a nation that keeps its commitments," Bush said in a Rose Garden news conference that lasted nearly an hour. "It's in our interests that Iraq succeed."

A day after his surprise visit to Baghdad, Bush said that it was important to meet with Iraqi Prime Minister Nouri Maliki and see "firsthand the strength of his character and his deep commitment to succeed."

Asked about poll numbers that suggest most Americans no longer support the war, Bush said there will always be different voices out of America.

"No matter the polls and all this business, it's worth it, it's necessary, and we will succeed," he said.

The president also said that he had a message for Al Qaeda and other terrorists seeking to impose their violence on innocent civilians: "Don't bet on American politics forcing my hand because it's not going to happen."

In his meetings Tuesday with Maliki, Bush discussed how the U.S. administration can help stabilize the Iraqi government. In one critical operation to regain control of Baghdad and rein in militias, Bush announced that 7,200 U.S. troops will help 52,000 Iraqi soldiers and policemen in an effort to "restore the rule of law."

Bush said that he is dispatching Deputy Treasury Secretary Robert M. Kimmitt to lead efforts to get financial support for the Iraqi government from the international community. Kimmitt will make stops at the United Nations, and in Europe, the Middle East and Asia.

And the president has ordered several members of the U.S. Cabinet to aid their counterparts in Baghdad. Commerce Secretary Carlos Gutierrez and Agriculture Secretary Mike Johanns will travel to Iraq as soon as possible, Bush said, to help on economic development.

Defending the trip's secrecy — "I'm a high value target for some," he said — Bush thanked the cadre of advisors and security personnel who planned for a month to make it happen.

"It worked well. It was an exciting trip," Bush said.

He disclosed that he sat up in the cockpit as the pilot flew into Baghdad. "It was an unbelievable feeling," he said.

And he delighted in walking into Saddam Hussein's former ballroom to meet with U.S. troops. "It was a thrill to be able to shake their hands and look in their eyes and say that America appreciates what they're doing," he said.

Asked if the death of terrorist leader Abu Musab Zarqawi and the naming of an Iraqi government constitute a turning point in the war, Bush said there were some alterations.

"I sense something different happening in Iraq," he said. "The progress will be steady toward a goal that has clearly been defined." Later, he added, "There's a noticeable change."

Bush denied that Iraq has become a quagmire like Vietnam, saying, "No, 12 million people voted."

He defended his decision to go to war. "It was the right thing to get rid of Saddam Hussein," he said. "It is the right thing to stand with the Iraqi government as it builds a new democracy."

Among those with whom Bush met in Baghdad was the speaker of the Parliament, jailed both by Hussein and the U.S. government. "He wouldn't have taken my phone call a year ago," Bush said. Yesterday, Bush reported, the two sat next to each other and enjoyed a conversation.

Bush was also asked about whether the war on Iraq could cost Republicans the House or the Senate in this fall's midterm elections.

"Pulling out of Iraq before we accomplish the mission would endanger our country," he said. "Elections are a long way off. I look forward to campaigning. I believe we will hold the House and the Senate."

After Iraq Visit, An Upbeat Bush Urges Patience (NYT)

By Sheryl Gay Stolberg

The New York Times, June 15, 2006

WASHINGTON, June 14 — Seeking political momentum from his surprise trip to Baghdad, President Bush said Wednesday that Iraqis feared "America will lose its nerve," and pointedly warned Democrats that an early withdrawal of troops would set back counterterrorism efforts and "endanger our country."

Mr. Bush, speaking at a news conference in the Rose Garden just hours after his 3 a.m. return from Baghdad, promised to send American diplomats to Europe, Asia and the Middle East to press countries there to make good on $13 billion in pledges toward Iraq reconstruction. So far, only about $3 billion has been paid, and some donors have expressed concerns that their money would be spent on security, not rebuilding.

The president also said he had directed several cabinet members, including the secretaries of commerce, energy and agriculture, to travel to Iraq to offer support to the nascent government of Prime Minister Nuri Kamal al-Maliki.

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While Mr. Bush said he sensed a "tangible difference" in Iraq, he warned that the violence there was far from over. And he acknowledged international unease over the treatment of detainees at Guantánamo Bay, Cuba.

"The challenges that remain are serious," Mr. Bush said, referring to Iraq, "and they will require more sacrifice and patience."

In Baghdad, Mr. Maliki began a new crackdown intended to reduce attacks in the capital by putting as many as 75,000 Iraqi troops and police officers on the streets. Iraqi forces took up positions across the city, searching vehicles and imposing a curfew. [Page A13.]

In Washington, Mr. Bush praised the prime minister for "working to build confidence in the Iraqi security forces."

But with three recent public opinion polls showing a fresh hint of optimism about the prospect for long-term stability in Iraq, the president also turned to American politics, drawing a link between Iraq and the fortunes of Congressional Republicans in the coming midterm elections. Hinting at a return to a strategy that proved successful for his party in 2004, Mr. Bush said he believed his course in Iraq was correct and vowed to "keep talking about it and talking about it."

Spotlighting divisions among Democrats, Mr. Bush cited what he called "an interesting debate in the Democrat Party about how quick to pull out of Iraq." He also said he had a message for terrorists: "Don't bet on American politics forcing my hand, because it's not going to happen."

The news conference was the latest in a week of events, beginning with Monday's cabinet meeting at Camp David, carefully staged by a White House that is determined to take the offensive on Iraq. Yet aides to the president are well aware that if Mr. Bush wades too deeply into partisanship, he risks losing a claim to above-the-fray statesmanship.

So Mr. Bush stopped well short of the combative attacks being lobbed by some of his advisers, including Karl Rove, who in a speech in New Hampshire on Monday attacked Democrats for what he called "that party's old pattern of cutting and running."

And the president hinted at the tension between his competing roles as world leader and leader of the Republican Party, saying that while he looks forward to the fall campaign, "The timing's not right for me to get out there yet."

Though he complained of jet lag and fatigue, Mr. Bush seemed energized by his brief Baghdad trip — a reflection, perhaps, of a string of positive developments for his administration, beginning with the killing last week of the terrorist leader Abu Musab al-Zarqawi.

The president spoke with obvious relish about sitting in the cockpit of Air Force One as he flew into Baghdad. "It was unbelievable — unbelievable feeling," he said. And he recounted meeting the speaker of the Iraqi Parliament, a Sunni Arab who vehemently spoke out against the American invasion and who "wouldn't have taken my phone call a year ago."

Mr. Bush also acknowledged that he was concerned about the image of the United States abroad, particularly in light of the recent suicides of three detainees at the American prison camp at Guantánamo Bay.

"I'd like to close Guantánamo," Mr. Bush said, repeating a comment he made in May, though he quickly added that shutting it down was not feasible in the near future.

"No question Guantánamo sends, you know, a signal to some of our friends," Mr. Bush said. "It provides an excuse, for example, to say the United States is not upholding the values that they're trying to encourage other countries to adhere to."

For Republicans nervous about maintaining control of the House and Senate, Mr. Bush's performance Wednesday morning was a comforting sign. In the afternoon, he met with Congressional leaders to brief them on his trip; afterward, the Senate Republican leader, Bill Frist of Tennessee, said he told Mr. Bush that it was "very useful" for the president to focus public attention on Iraq.

Three national polls suggest that Americans may be more hopeful about the prospects for success in Iraq after Mr. Zarqawi's death, though most of the people surveyed still consider the invasion a mistake.

A USA Today/Gallup Poll found 48 percent of respondents thought the United States would probably or definitely win in Iraq, up from 39 percent in April. In a CNN poll, 43 percent said things were going either very or moderately well in Iraq, up from 38 percent in March. A CBS News poll found 60 percent said it was somewhat or very likely that the United State would eventually succeed in Iraq, a slight increase from May.

Still, there are signs that Republicans in Congress will not give Mr. Bush a free pass on the war. As lawmakers prepared to pass an emergency spending bill to pay for military operations in Iraq and Afghanistan, the Senate on Wednesday voted unanimously to force Mr. Bush to submit a formal budget for future war expenditures rather than financing them through such emergency bills, which receive less scrutiny.

The vote came in the thick of an intense debate on Capitol Hill over the administration's policy in Iraq.

In the Senate, Mr. Bush's 2004 Democratic opponent, Senator John Kerry of Massachusetts, is pressing a resolution calling for Mr. Bush to require the withdrawal of troops by the end of this year. But Mr. Kerry's fellow Democrats are divided over whether and how to call for a withdrawal; the Democratic whip, Senator Richard J. Durbin of Illinois, said the party was trying to come up with an alternative.

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The House, meanwhile, is scheduled to vote Thursday on a Republican-backed resolution declaring that "it is not in the national security interest of the United States to set an arbitrary date for the withdrawal or redeployment of troops" in Iraq.

Mr. Bush said that in addition to the security situation, progress in Iraq would be measured in tangible ways: oil sold on the market on behalf of the Iraqi people, megawatts of electricity delivered to Iraqi households. But as with the issue of troop withdrawal, the president refused to set a timetable for when he would like those developments to occur.

"The answer to electricity is, sooner the better," he said. "I mean, it's hot over there!"

Bush Confident About Iraqi Government, U.S. Election (USAT)

By David Jackson, Richard Benedetto

USA Today, June 15, 2006

WASHINGTON — Buoyed by his trip to Baghdad a day earlier, President Bush predicted Wednesday that the Republican Party would retain control of Congress in part because of Democrats who want to withdraw U.S. troops from Iraq too soon.

Bush said he welcomes a debate with Democrats on the war before elections Nov. 7. “Pulling out of Iraq before we accomplish the mission will make the world a more dangerous place,” he said.

He expressed eagerness to get out on the campaign trail, but not now. “The timing's not right for me to get out there yet,” he said.

Speaking at a Rose Garden news conference, Bush said he breathed a “sigh of relief” upon hearing Tuesday that top political adviser Karl Rove would not be indicted in connection with the leak of the name of a CIA operative.

Some Democrats, including Senate Minority Leader Harry Reid, D-Nev., have called for Rove's firing. Bush said he trusts Rove, who remains an “integral part of my team.” The president refused further comment because of ongoing legal proceedings against Vice President Cheney's former chief of staff Lewis “Scooter” Libby, who was indicted in the matter.

Iraq dominated the 56-minute session, which came a day after Bush flew overnight to Baghdad for a face-to-face meeting with Iraqi Prime Minister Nouri al-Maliki and members of his Cabinet. Bush said of the prime minister: “I met with the man, and I believe he can make the right decisions.”

Bush said the visit assured him the new government will be able to “sustain itself, govern itself and defend itself,” freeing U.S. troops to come home. He said he has no specific timetable for troops' withdrawal and called Iraq essential to success in the war on terror.

A USA TODAY/Gallup Poll taken Friday to Sunday found 51% of Americans said invading Iraq was a mistake.

“It's worth it, it is necessary and we will succeed,” Bush declared.

He cautioned that it is not realistic to expect “zero violence” in Iraq, despite the death last week of terrorist leader Abu Musab al-Zarqawi and the advent of a democratically elected government.

“There are other measures to determine success,” he said, including generation of more electricity, stepped-up oil production and a stable government that provides “tangible” benefits to its people.

Some Democrats said Bush lacks a coherent plan for extricating U.S. forces.

“If we are not going to leave too soon, when are we going to leave?” asked Sen. Dick Durbin, D-Ill. Durbin spoke with reporters after Bush briefed him and other bipartisan congressional leaders at the White House on the Baghdad trip.

While Democrats hope to retake control of the Senate and House of Representatives in this fall's elections, they remain divided over what to do about Iraq.

Sen. John Kerry, D-Mass., who lost the 2004 election to Bush, supports a pullout by the end of the year. Others such as Sen. Hillary Rodham Clinton, D-N.Y., oppose setting a date for withdrawal. Both are potential 2008 presidential candidates.

House Minority Leader Nancy Pelosi, D-Calif., said Democratic differences reflect “the diversity of opinion (on Iraq) in our country.”

Bush said calls for a quick withdrawal “may sound good politically” but would “endanger our country” in the long run by giving terrorists safe haven in Iraq.

Baghdad Bolsters Security, But Firefights Still Crackle (NYT)

By Sabrina Tavernise

The New York Times, June 15, 2006

BAGHDAD, Iraq, June 14 — On the first day of the new government's security regime in Baghdad, soldiers and police officers took up positions across this exhausted city on Wednesday, poking into glove compartments, opening trunks and even examining a coffin on a roof rack.

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But the pace was relatively languid (a soldier worked a crossword puzzle in east Baghdad), the usual firefights in the usual neighborhoods crackled (a guerilla fired a rocket-propelled grenade at a tank in north Baghdad) and Iraqis went about their business, wondering what, if anything, would be different.

"Not useful," snapped Isra Hashim, an employee in the Ministry of Health, in west Baghdad, where insurgents move freely on the streets. "This plan is no different from any other plan."

Three years after the American invasion, Iraq has a permanent government that includes all religions and ethnicities, a national army and police force and a recent military success, with its most-wanted insurgent leader, Abu Musab al-Zarqawi, killed last week.

But while politics has fallen into place inside the fortified walls of the Green Zone, Iraqis outside have faced rising death tolls and ever more brutal killings, which in recent weeks have included heads in banana boxes and executions of students. It remains to be seen whether Iraq's new government will be capable of restoring security, particularly in the capital, where some areas are close to anarchy.

Iraq's new prime minister, Nuri Kamal al-Maliki, acknowledged in a speech about the security plan on national television on Wednesday that the task was as much about making Iraqis feel "that life goes on and is not jammed" as it was about killing insurgents. His defense minister said 80 percent of insurgent attacks were against Iraqi civilians, 15 percent struck Iraqi security forces and just 5 percent hit American forces. Death toll statistics tell the tale: The Baghdad morgue is receiving bodies at roughly double the rate of last year at this time.

In many ways, Wednesday felt like more of the same. Iraqi officials trumpeted new checkpoints and security measures carried out by what they said were as many as 75,000 Iraqi soldiers and police officers, in an echo of a similar crackdown announced by the previous government last spring. It took weeks, however, before Iraqis saw signs of increased police presence.

That effort showed just how tricky providing security was in the capital: As soon as its streets finally filled up with police patrols, Sunni Arabs began to accuse the forces of arresting people in large, indiscriminating sweeps, and killing innocents.

The accusations broke into a full-throated scream by November, when abused Sunni Arab men were found in an underground prison run by the Shiite police.

The turn of events went to the heart of Iraq's security quandary, one that Mr. Maliki is now facing: How can forces that are predominantly Shiite patrol areas that are Sunni, when residents fear, despise, and even shoot at them?

Sunni Arab hostility on Wednesday came in the form of a rocket-propelled grenade in Adhamiya, the oldest Sunni Arab quarter in the capital. A young man stood watching as Iraqi tanks entered Antar Square, raised a grenade launcher to his shoulder and fired it at a tank, missing it but hitting a house nearby, according to Riyadh al-Adhadh, a medical doctor in the neighborhood.

"He fired the wrong way," Dr. Adhadh said.

Soldiers began to shoot, and gunfire popped through the neighborhood for a while shortly before noon. No one was killed, Dr. Adhadh said, but there were injuries.

Dr. Adhadh echoed a thought expressed by a number of Iraqis on Wednesday: Now that Sunnis are in government and seem to be participating equally, there may be a real chance for this security effort to be effective.

"If it is seen as fair, it might control the violence," he said.

Mr. Maliki spoke directly to those fears in his speech.

"It is an important national campaign that does not target a certain neighborhood or a district," he said.

His interior minister, Jawad Kadem al-Bolani, also tried to ease Sunni Arab concerns, saying in his first public comments that he had visited a prison with abuses and had ordered improvements.

In a hopeful sign, Baghdad was comparatively quiet on Wednesday. A car bomb near a large Sunni Arab mosque killed 2 Iraqis and wounded 10 others, and 6 bodies were found around the city. Some Iraqis said the added security measures were worth the trouble.

"It's good," said Mazin Muhammed, a burly tool importer, who grinned widely as he stood at a checkpoint under a highway overpass. "This is protection for us."

The checkpoints in neighborhoods across the city on Wednesday appeared to be the beginnings of something bigger. First Lt. Mustafa Zukair of the Iraq Army's Second Brigade, which patrols eastern Baghdad, said the goal was to divide and seal the neighborhoods so other forces could conduct raids.

"Our work is incomplete without raids," said Lt. Col. Muhammad Fakher, who was directing a checkpoint choked with traffic in central Baghdad.

Lieutenant Zukair, who was working a crossword puzzle under the shade of a tree, said he expected the new security regime, including an 8:30 p.m. curfew, to last for two months.

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Mr. Maliki reiterated the government's readiness to talk with resistance fighters, but only those "whose hands are not stained with Iraqi blood." He said he would announce an amnesty on Thursday to prisoners who had not been involved "in Iraqis' blood or in crimes to destabilize security." He did not say how the state would identify them.

"Without security, we can achieve nothing," Colonel Fakher said, as his troops ordered that a coffin that was fastened to the roof of a beat-up minibus be untied.

Ms. Hashim, the Health Ministry employee, lives in Adel, one of the neighborhoods in west Baghdad that has all but fallen to insurgents. She said the government had a long way to go.

"We are an independent state now," she said, referring sardonically to her neighborhood.

Iraq Launches Drive To Secure Violent Capital (CSM)

By Scott Peterson

The Christian Science Monitor, June 15, 2006

Iraqi and coalition forces Wednesday began a massive operation to calm city streets.

BAGHDAD

Iraqi and US forces began a security buildup in Baghdad Wednesday in a bid by the newly formed government to control insurgent and sectarian attacks in the capital.

The open-ended clampdown is to be one of the largest security operations in Baghdad since the 2003 fall of Saddam Hussein.

Operation Forward Together, which involves more than 40,000 Iraqi and some 7,200 Coalition forces, is a key test of the promises made by Prime Minister Nouri al-Maliki to end the bloodshed that has taken more than 6,000 lives already this year.

But one day after President Bush made a triumphant surprise visit to Baghdad - meeting Tuesday with a somber-looking Mr. Maliki, who has tried to assert his independence by criticizing some US actions - Iraqis waited anxiously for the crackdown, closing some shops and stocking up on food.

Senior officers said the clashes would probably break out in the Sunni districts that will be main targets of Shiite-led forces.

"Today we are starting to use tanks and armored personnel carriers - we will deal very strongly if [insurgents] resist us," says an Iraqi Army major. "When we enter hot areas, we will try to keep the people safe, to arrest criminals and insurgents," says the major, on duty in northern Baghdad. "But the solution is not in our hands. It is with tribal sheikhs, the clerics, and the people themselves, because they are the root of this problem."

In an acknowledgment of that, Maliki on Wednesday balanced the military effort with the possibility of holding talks with "rebels who are opposed to the political process." Maliki said that "if their hands are not stained with blood, we will open the door to [insurgents] for dialogue."

Maliki called on all factions to "express their support" for the operation, saying that the sole objective is to "protect the lives of the people."

The strategy is to secure roads into the capital, expand the curfew, and hit insurgent hideouts in raids that could prompt US air attacks in support. Heavy-handed raids during a similar operation in May 2005 led to a spike in insurgent attacks.

Iraqi forces are trying to capitalize on the death last week of Abu Musab al- Zarqawi, the high-profile leader of Al Qaeda in Iraq, as well as a squirt of optimism that has come from completing the new government.

"We are expecting that clashes will erupt in predominantly Sunni areas," Maj. Gen. Mahdi al-Gharrawi told the Associated Press. "The terrorists will escalate their violence especially during the first week as revenge for the killing of al-Zarqawi."

The security plan will "enable Iraqis to live in peace in Baghdad," promised Maliki, echoing numerous Iraqi leaders before him. "The raids during this plan will be very tough ... because there will be no mercy toward those who show no mercy to our people."

Iraqis, weary of the constant violence during three years of US occupation and weak Iraqi government, are making preparations. Those in troubled neighborhoods have begun to stock up on food and are moving family members - especially military-age sons - to safer areas. They're also hiding extra guns.

"In this situation, one gun is not enough," says a man called Saif, who lives in a district south of the airport road that is heavily populated by Hussein-era officers, Baathists, and intelligence officials. "Because we don't know who will raid us, we should keep more than one gun."

Each Iraqi family can keep one assault rifle, and many armed civilians emerge at night as locally formed protection committees seal off their own neighborhoods. Saif says any police or military force will need to bring senior officers - or a US escort - if they want to search his house.

"We should attack [insurgents] within their safe houses," says Iraqi policeman Haitham Sami, as he searched a suspect car Wednesday after a car bombing. "As much as we can, we will keep safe neighborhoods safe."

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Sectarian violence has flared since February, largely due to the alleged presence of death squads in the Shiite-led Ministry of Interior and other security forces. In some cases, young Sunni men are attempting to get a second identity card made, that might change their Sunni name "Omar," to the Shiite name "Amar."

As the crackdown loomed, some Iraqis were keeping identity cards close at hand so that they could produce them quickly for officers conducting raids. And they were stocking up on nonperishable canned goods and rice. The cost of 30 eggs jumped from 3,750 Iraqi dinar ($2.55) on Monday to 4,500 dinar ($3.06) the next day.

One focus of the raids will be the insurgent stronghold of Dora, in southern Baghdad. Property prices there have dropped by half in the past year, a sign of the neighborhood's instability. On Wednesday, only a tenth of the shops there opened.

"The militia [death squads] will come with the Iraqi police in a formal way, so they can kidnap and kill us," says one worried Sunni security guard, who asked not to be named.

The man planned to move his wife and three children to another area later in the day Wednesday. He says the police often refuse to collect bodies from the streets, and claims that the killing of Sunnis in Dora by Shiites "is very organized."

But there were many reminders of the daily violence across Baghdad even as the security operation gathered pace. Early in the morning, a university student passed American forces defusing a roadside bomb near his house in southwest Baghdad.

Later, during his exam in the northwest Sunni neighborhood of Adhamiya, gunfire erupted. One witness described a man in a bulletproof vest blasting his gun into the sky.

Iraqi troops who deployed to the main square with five tanks said their arrival sparked shooting into the air from insurgents - and that the soldiers responded by also shooting into the air. Later reports spoke of a gun battle, but there were no reports of injuries.

"Everyone showed their muscle and their power," said one Sunni toy-shop owner nearby. The mutual shooting lasted more than an hour. "These things [sectarian killings] will never end, because of the hatred in the depths of their hearts. Some people even say: 'If my father was a Shiite, I would kill him.' "

Bombs also took their toll, despite the security boost. A woman and her son died when a car bomb ended a shopping trip for a new bedroom set for the soon-to-be groom. The wood panels for the furniture were already loaded into the family's truck in the northern district of Al-Qahirah.

The owner of a building damaged in the blast blamed insurgents, and said it was revenge on the local people for calling the police the day before to disarm another bomb.

"If people don't cooperate, then everything will fail," says Sadiq Hamid, the building owner. "But if people agree to cooperate, [the security operation] will meet success."

Security Crackdown Begins In Baghdad (WT)

By Sharon Behn

The Washington Times, June 15, 2006

Sirens wailed throughout Baghdad yesterday as shoppers rushed out to stock up on food in the face of extended curfews and one of the largest citywide security clampdowns in three years.

U.S. and Iraqi soldiers and police stopped almost every car on major roads and conducted random checks at the neighborhood level as they kicked off a massive operation aimed at restoring security to the city of 6 million people.

Over the past five months, bodies shot in the head, decapitated and some with signs of torture have been strewn in the streets on a daily basis as sectarian, insurgent and criminal violence began to spiral out of control.

The operation, which Iraqi soldiers have said will last for at least one month, is expected to build up over the next few days, fueling fears among residents who are not sure what is going to happen next.

Prime Minister Nouri al-Maliki reassured residents there would be no wholesale storming of neighborhoods. Raids would be directed against specific targets and based on intelligence information, he told reporters yesterday.

"We won't neglect the humanitarian aspect, because these measures are aimed at allowing people to live in peace," he said.

Quieter neighborhoods, like Karrada and Jadriyah, had many checkpoints, mainly controlled by Iraqi police.

The military presence was heavier in the city's "hot spots" where gunfights frequently erupt. Neighborhoods like Saydia, Baiya, Ghazaliya and Adhamiya had fewer checkpoints but many more combined U.S.-Iraqi army foot patrols.

Despite the measures, a car bomb exploded killing four persons in the northern area of Qahira, and gunfights broke out in one Sunni neighborhood, the Associated Press reported.

Ali, a doctor who asked that his last name not be used, said he saw multiple military and police checkpoints as he traveled home from work. Where previously there had been one or two checkpoints, now there are three or four, he said. Each checkpoint was manned by five to 10 soldiers. One reporter was checked four times in a 1½-mile stretch.

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"They are closing every major road, and checking every single car for everything. If there is a car with two young guys, they will search them. Families are OK," said Ali. He said traffic was light as most families stayed home, and few students showed up for their annual final exams.

Even Baghdad's popular "Faqma" ice-cream shop, where students normally celebrate the end of classes and get some respite from the 113-degree heat, was empty. Shops closed early, and city streets were practically deserted by 5 p.m., residents said.

The shutdown was welcomed by many who are tired of the daily onslaught of violence.

"We need safety. We want to feel safe when we walk on the street," said Sameer Hachem Mohammed, a 35-year-old ice seller.

"Iraqis are used to a strong hand," agreed Abbas Abdul Jabbar, a generator technician. "The best way to fight terrorism is with an iron fist."

Newspaper headlines focused more on the security plan than President Bush's surprise visit to the city Tuesday, mostly backing the operation which aims to end the daily carnage and get the militias under control.

But an anti-U.S. demonstration by followers of radical Shi'ite cleric Muqtada al-Sadr -- who has thousands of armed supporters in his Mahdi militia -- was largely shrugged off.

Soldiers manning the checkpoints acknowledged they were tired after weeks of struggling with the deteriorating security situation, but said they were hopeful the new operation would reverse the trend.

"We need the Iraqis to help us so we an help them. Security will come to Baghdad step by step, and God willing we will be safe," said Iraqi soldier Ahmed Acheeb. "The security plan is very good. We start at 6 a.m. until the curfew at 8 p.m., searching every vehicle. We search the hood, the trunk, the person, and check the car papers. We check those cars with a weapon and check the weapon number with the license."

Another soldier, Ali Hussein, 20, said the troops were in it for the long haul: "Day and night, we will be in the street. The Iraqi army has canceled all leave for at least one month."

Baghdad Violence Dips As Government Cracks Down (USAT/AP)

By Hamza Hendawi

USA Today, June 15, 2006

BAGHDAD — Government forces that fanned out across Baghdad on Wednesday set up checkpoints, frisked motorists and caused traffic jams on the first day of the largest security operation in Iraq's capital since Saddam Hussein's ouster three years ago.

Violence dipped slightly in the capital. Baghdad was hit by just one car bombing that killed four people and injured six, police Lt. Ali Mitaab said.

Many stores were closed in Azamiyah and Dora, both strongholds of the Sunni Arab insurgency.

Operation Forward Together, involving 75,000 Iraqi army and police forces backed by U.S. troops, began a day after President Bush visited Baghdad to reassure Iraqis of Washington's continued support and a week after the death of terror leader Abu Musab al-Zarqawi.

It was the first major action by Prime Minister Nouri al-Maliki since his new government of national unity was sworn in May 20.

Tackling security in Baghdad has been the aim of several past counterinsurgency operations including one a year ago. That operation, code-named Lightning, failed to have any impact on the almost daily bombings, shootings and killings in Baghdad.

Al-Maliki pledged Wednesday not to negotiate with those who had shed innocent blood, the latest in a series of tough statements he has made since American bombs killed Zarqawi, the leader of al-Qaeda in Iraq. Al-Maliki, a Shiite Muslim, sought to reassure Sunni Arabs that Operation Forward Together would not indiscriminately target their community, which is the heart of the insurgency.

“We are only going to attack areas that are dens for terrorists,” al-Maliki said.

Launching the operation in a televised news conference, al-Maliki said he was prepared to hold talks with insurgent groups opposed to Iraq's U.S.-backed peace process. He made clear that his offer was conditional and excluded terrorist groups.

As part of a national reconciliation initiative he planned to detail this week, he also offered amnesty to detainees found not to have been involved in violence.

“There is also a space for dialogue with insurgents who opposed the political process and now want to join the political process after offering guarantees,” al-Maliki said. He did not specify what guarantees he seeks. “On the other hand, we are not going to negotiate with the criminals who have killed the innocent.”

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The security crackdown in Baghdad includes a curfew extended by 4½ hours — from 8:30 p.m. until dawn — and a weapons ban.

The government did not say how long the crackdown would last and declined to provide the precise number of checkpoints and troops involved.

Iraq Amnesty Plan May Cover Attacks On U.S. Military (WP)

By Ellen Knickmeyer, Jonathan Finer

The Washington Post, June 15, 2006

Leader Also Backs Talks With Resistance

BAGHDAD, June 14 -- Prime Minister Nouri al-Maliki on Wednesday proposed a limited amnesty to help end the Sunni Arab insurgency as part of a national reconciliation plan that Maliki said would be released within days. The plan is likely to include pardons for those who had attacked only U.S. troops, a top adviser said.

Maliki's declaration of openness to talks with some members of Sunni armed factions, and the prospect of pardons, are concessions that previous, interim governments had avoided. The statements marked the first time a leader from Iraq's governing Shiite religious parties has publicly embraced national reconciliation, welcomed dialogue with armed groups and proposed a limited amnesty.

Reconciliation could include an amnesty for those "who weren't involved in the shedding of Iraqi blood," Maliki told reporters at a Baghdad news conference. "Also, it includes talks with the armed men who opposed the political process and now want to turn back to political activity."

Maliki stressed that he had not yet met with the Sunni resistance and added, "We will talk to those whose hands are not stained with blood, and we hope they would rethink their strategy." He vowed that they "will not be able to interrupt the political process, either by wanting to bring back the old regime, or imposing an ugly, ethnic new regime upon Iraq."

As Maliki spoke, Iraqi soldiers and police led the first day of a security crackdown in Baghdad. A force of more than 30,000 uniformed Iraqi security personnel, backed by more than 30,000 U.S.-led foreign troops, enforced the first day of a dusk-to-dawn curfew and stepped up checkpoints throughout the capital. Iraq's Interior Ministry said Tuesday that no additional troops were brought in for the operation.

Thanks to Wednesday's expanded checkpoints -- one of the first clear efforts of Maliki's new government -- there were traffic-snarling jams across Baghdad. "We have noticed less and less people shopping, but I would rather have security than more customers," said Wisam Saad, 29, who stood in a shop empty of customers, surrounded by cigar boxes, teapots and trinkets.

Iraq's previous, transitional government, led by Ibrahim al-Jafari, a Shiite, launched a similar crackdown last year but it failed to deter the violence. After elections in December selected Iraq's first full-term parliament since the fall of Saddam Hussein, Maliki won appointment as prime minister. His month-old administration has seen rapid movement on some long-standing demands from Sunni opponents of the Shiite governments, such as the U.S.-Iraqi agreement to free thousands of detainees in U.S.-run prisons in Iraq this month. Hundreds are due to be released from the Abu Ghraib prison on Thursday.

Maliki's security crackdown and talk of amnesty and reconciliation came a day after President Bush's unannounced visit to Baghdad's heavily fortified Green Zone. Bush came with what he said were twin messages for Maliki: The United States would not abandon Iraq, but Iraq needed to do more to tackle its problems.

The violence continued Wednesday. A bomb placed in a parked car exploded in northern Baghdad, missing the police patrol that was its apparent target but killing four civilians.

...

President Jalal Talabani, a Kurd, has long talked of negotiations and a possible limited amnesty to help end Iraq's violence. However, Maliki's statements Wednesday marked the greatest public show of willingness to compromise from governments led by the Shiite religious parties.

The Arab League on Wednesday postponed a reconciliation conference for Iraq that had been set for August. Adnan Ali al-Kadhimi, a top adviser to Maliki, said the conference was delayed in part so Iraq could decide who might be eligible for any amnesty. It was not clear how the government would verify which insurgents have been responsible for which types of attacks.

"The government has in mind somehow to do reconciliation, and one way to do it is to offer an amnesty, but not a sort of unconditional amnesty," Kadhimi said in a telephone interview. "We can see if somehow those who are so-called resistance can be accepted if they have not been involved in any kind of criminal behavior, such as killing innocent people or damaging infrastructure, and even infrastructure if it is minor will be pardoned."

The reconciliation effort pioneered by South Africa after the collapse of apartheid might be a model, Kadhimi said. "One way was to admit what you have done and you will be forgiven, and maybe parts of this can be considered. Because once we

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see people coming forward to admit what they have done, and it's within the areas the government has the right to pardon, it could happen."

Asked about clemency for those who attacked U.S. troops, he said: "That's an area where we can see a green line. There's some sort of preliminary understanding between us and the MNF-I," the U.S.-led Multi-National Force-Iraq, "that there is a patriotic feeling among the Iraqi youth and the belief that those attacks are legitimate acts of resistance and defending their homeland. These people will be pardoned definitely, I believe."

Asked about pardons for those who had attacked Iraqi forces, he said: "This needs to be carefully studied or designed so maybe the family of those individuals killed have a right to make a claim at the court, because that is a public right. Or maybe the government can compensate them."

U.S. diplomatic officials have said previously that they were encouraging dialogue among Iraq's many rival factions, but none has confirmed U.S. backing for an amnesty offer.

Maliki also addressed the problem of militias allied with his Shiite religious bloc. "Our success in the national reconciliation plan and our success in providing services will give . . . a message that there is no need anymore for militias, because security is under the government's control." He had earlier proposed that militias be absorbed into Iraq's security forces.

Maliki's statements come as there is growing openness to dialogue on all sides of Iraq's ethnic and religious divides. Talabani told reporters at a news conference in the Kurdish north last weekend that he believed 2006 might be the year of peace settlements for Iraq.

Similarly, the top Sunni Arab in Iraq's new government said this week that he believed a peace deal was "very close." Salam al-Zobaie, the deputy prime minister, said in an interview in his Baghdad office this week that the difference this time was that the new Shiite-led government was indicating openness to compromise.

Asked about proposals of amnesty for Sunni insurgents, Zobaie said the previous Shiite governments "closed the door" on the Sunnis "and forced them to take up the gun to defend themselves. We should be talking about an apology, not amnesty."

Bahaa al-Araji, a lawmaker and supporter of Shiite cleric and militia leader Moqtada al-Sadr, said Wednesday that members of the governing Shiite alliance were formally asked by their bloc this week to evaluate who might be acceptable partners for dialogue on the Sunni side.

Speaking before Maliki's news conference, Araji rejected some of what he said were too-easy peace terms being floated by Talabani. He said Talabani was speaking from the perspective of a northern Kurd spared the scale of violence that has bloodied the rest of Iraq.

Rather than a reconciliation conference, Araji said, the best step for peace in Iraq would be for leaders of Sunni, Shiite and Kurdish blocs in parliament to come to terms among themselves.

"That will take care of 90 percent of the people" in Iraq's conflict. The remaining 10 percent "will then be isolated and exposed, so all their evil steps are obvious to us and to them," Araji said. Military forces could deal with the remaining hard-liners after any reconciliation, he said.

Asked if he was optimistic about prospects for an easing of the killings, Araji cited the Feb. 22 bombing of the golden-domed Shiite shrine in Samarra, north of Baghdad. Destruction of the shrine spurred sectarian violence to new and lasting heights.

"Not as optimistic as I was six months ago," the Shiite lawmaker said. "More than I was three months ago."

Staff writer Joshua Partlow and special correspondents Omar Fekeiki and Saad al-Izzi contributed to this report.

Seize The Day (WSJ)

By L. Paul Bremer

The Wall Street Journal, June 15, 2006

George Bush made his trip to Baghdad, he told the new prime minister, Nuri Kamal al-Maliki, "to look you in the eye." Yet his surprise visit established more than a first-hand connection. It signposted the dramatic events of the past week, which bode well both for Iraq's future and for the broader war on terrorism. As he stood in the hall of one of Saddam's former palaces -- quite literally in the eye of the storm -- Mr. Bush implored the Iraqis to "seize the moment." There are now emerging indications that they are doing just that.

Thanks to the efforts of the men and women of America's military, the prayers of millions of Iraqis were answered with the death of al Qaeda's "prince" in Iraq. Abu Musab al-Zarqawi was responsible for the gruesome murder of thousands of innocent Iraqis. He supported al Qaeda's goal of killing Americans and himself beheaded a number of our citizens on video.

Experience with terrorist groups over the past 30 years suggests that his death will help the war on terrorism in three ways. First, taking a terrorist leader off the board has symbolic importance. Terrorist groups are cult-like and depend on a charismatic leader for inspiration. The ramifications of Zarqawi's death go beyond Iraq because of the stakes in the broader war which al

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Qaeda has declared on the West. With bin Laden in hiding, Zarqawi has been al Qaeda's most important operative. Now he is gone.

Second, the incident will exacerbate internal tensions inside al Qaeda. Terrorist organizations are secretive to the point of paranoia. The tip that led us to Zarqawi came from within his organization. This is sure to concern the remaining killers. Which of their colleagues can they trust? In the past such uncertainty has led to devastating internecine squabbling, even war, inside terrorist groups. And intelligence tips from the Iraqi people have increased tenfold in the past year, suggesting that they are fed up with terrorist atrocities.

Third, the death of a terrorist leader has a serious impact on the operational effectiveness of the group, at least in the short term. Group members lack direction; various men struggle to become the new leader. Paranoia and uncertainty will, at a minimum, crimp their ability to conduct a strategy of coordinated attacks.

But while Zarqawi's death is an important milestone, it is not victory. There will certainly be more violence and terrorism.

Al Qaeda is still in Iraq; these killers from the outside have a simple vision for this country, which is to impose by force a Taliban-like extremist government that would support terrorism worldwide. Then there are the Iraqi insurgents, almost exclusively Sunnis. Killers from Saddam's intelligence and security forces, these men have a different, but equally clear, vision for Iraq. They want to shoot their way back into power and install a Saddam-like dictatorship. They share al Qaeda's hatred of democracy, have engaged in some operational coordination with the terrorists, and have given them safe haven.

Finally, Shiite militia have contributed to the violence. This is a new phenomenon of the past two years -- during the 14 months I was in Iraq, the coalition confirmed fewer than 100 deaths attributable to sectarianism.

Zarqawi's stated objective was to provoke a sectarian war between Shiites and Sunnis: He considered all Shiites to be apostates and killed Shiite men, women and children indiscriminately. When the coalition and nascent Iraqi security forces proved unable to stop these attacks, some Shiites turned to their illegal militia. They have been guilty of some horrible acts of revenge.

Despite this terrorism and violence, Iraq has made impressive political progress. Two years ago, in an extraordinary letter, Zarqawi told his followers that democracy was coming to Iraq and that there was no place for them in a democratic Iraq. When the Iraqis held three elections last year, Zarqawi's fear and hatred of democracy was captured in his blunt message to them: "You vote, you die." So every Iraqi who went to the polls was risking his or her life. Yet in the elections on Dec. 15, voter turnout was higher than in any American presidential election in 130 years. It is hard to imagine a more dramatic example of national courage.

By fortunate coincidence, the day Zarqawi died, Mr. Maliki took another important step by completing his cabinet. And in his meetings with President Bush on Tuesday, the prime minister laid out his program. He confirmed his government's intention to prosecute the war to victory. He reiterated that the illegal militia must be brought under central government control. He spoke of reconciliation among Iraqis, while his ministers of defense and interior made stirring calls for unity, stressing their intention to "work for all Iraqis."

The key to success in Iraq is providing security; and the key to security is defeating the Sunni insurgency. This will deny al Qaeda important support and remove the excuse Shiite militia have for taking action into their own hands. It will give the government the opportunity to rebuild the economy and to continue on the path to full democracy.

What is needed is a military campaign to defeat the insurgents. The campaign plan should determine subsidiary questions of the number, type and deployment of coalition forces. The prime minister's announcement Wednesday of a major operation to secure Baghdad may be the first step in such a plan. We should seize the opportunity now to provide all possible support to the Iraqi government. President Bush said at his press conference that ultimate success depends on the Iraqis, and that is true. But he was also right to stress that we will do what is necessary to enable that success.

Some in America instead speak of setting timetables for the withdrawal of our forces. This would be an historic mistake. Withdrawing our troops before Iraqis can defend themselves would endanger American security by encouraging more terrorism. It would betray the democratic government of Iraq and dishonor the sacrifices of American service men and women.

All the audiences to the ongoing drama in Iraq -- the Iraqi people, the American people and terrorists everywhere -- must understand that our objective in Iraq is victory and that we will do whatever is necessary to prevail.

Mr. Bremer was presidential envoy to Iraq and chairman of the bipartisan National Commission on Terrorism.

Iraq's Atomization (WP)

By George F. Will

The Washington Post, June 15, 2006

The dust having settled -- 500-pound bombs can raise, and even manufacture, a lot of dust -- it is time to give the devil his due. To understand the diabolical genius of Abu Musab al-Zarqawi, that pornographer of violence, begin with this:

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He was a primitive who understood the wired world and used an emblem of modernity, the Internet, to luxuriate in gore. But although he may have had an almost erotic enjoyment of the gore, it was also in the service of an audacious plan. And he executed it with such brutal efficiency that he became, arguably, the most effective terrorist in history.

That appellation still suits Osama bin Laden because, as the animating mind behind the Sept. 11 attacks, he pulled the world's superpower into a war that provided the occasion for Zarqawi's rise to world prominence. Still, Zarqawi set out to prove that a central premise of the U.S. intervention in Iraq was -- is -- false. Or perhaps it is more precise to say that he decided to make it false. But if he could falsify it, it never was quite true.

The premise was that Iraqis are primarily nationalists and only secondarily sectarians. Zarqawi's wager was that explosives, used with sufficient cruelty, could blow that premise to smithereens. He may have succeeded. If so, the February bombing of the Askariya shrine, although the blast itself killed nobody, may have been the most deadly explosion since the planes hit the twin towers because it provoked sectarian violence that may now constitute a social firestorm.

A firestorm occurs when a fire becomes so hot that rising heat pulls in cold air, an influx of oxygen that feeds the fire. A firestorm is self-perpetuating because, in effect, the fire becomes its own fuel. If Iraq's sectarian violence has reached that point, Zarqawi had made himself somewhat superfluous.

It is sometimes charged that journalism, which considers the phrase "good news" an oxymoron ("We don't report the planes that land safely"), is missing the good news from Iraq. But so pervasive is the violence, and hence so dangerous has Iraq become for journalists, that the Wall Street Journal, hardly a hostile observer of the U.S. undertaking in Iraq, thinks the bad news might be underreported.

Even the good news often has a dark cast to it. At last -- 25 weeks after the voting -- the Iraqi parliament has produced a full government. But its first task is to conquer itself: It must end the sectarian violence being committed by people wearing government uniforms, in the military and police.

It is frequently said that protracted terrorism has an atomizing effect on a polity, reducing civil society to so much human dust. In Iraq it may be having the opposite effect: Rather than disaggregating Iraqis, the force of the explosions -- especially the one on Feb. 22 that demolished the dome of the Askariya shrine in Samarra -- seems to have blown them together, ruinously, into furious Sunni and Shiite blocs.

Just in May, just in Baghdad, sectarian violence killed 1,400 -- and that figure does not include victims of car bombs. It speaks depressing volumes about the U.S. predicament that the new idea is to . . . conquer Baghdad. On April 20 the Iraq war became as long as the Korean War. As of tomorrow the war will be as long -- 1,185 days -- as U.S. involvement in World War II was when U.S. troops captured the Ludendorff railway bridge at Remagen and became the first foreign troops to cross the Rhine since Napoleon's in 1805. And Baghdad beyond the Green Zone is a war zone, which accounts for the flight from the country of many educated and mobile Iraqis.

But it did not take three years of Zarqawi and terrorism and sectarian violence to turn Iraqis into difficult raw material for self-government. For that, give another devil his due: Saddam Hussein's truly atomizing tyranny and terror. On June 20, 2003, just 72 days after the fall of Baghdad, The Post reported this from Fallujah:

"Military engineers recently cleared garbage from a field in Fallujah, resurfaced it with dirt and put up goal posts to create an instant soccer field. A day later, the goal posts were stolen and all the dirt had been scraped from the field. Garbage began to pile up again."

An Army captain asked, "What kind of people loot dirt?" There are many answers to that question. Here is one: a kind of people who are hard to help.

Funds For Iraq Run Low (CSM)

By Peter Grier

The Christian Science Monitor, June 15, 2006

The $20 billion the US gave for reconstruction will be exhausted within months.

Time and money are running out on the US-directed reconstruction effort in Iraq.

The main conduit for American rebuilding aid - the Iraq Relief and Reconstruction Fund (IRRF) - is scheduled to close at the end of this year.

Almost all the cash Congress has allocated for the fund, some $20 billion in all, has been spent, or will be, in coming months.

Yet many important efforts remain unfinished, for reasons ranging from insurgent attacks to incompetence and contractor corruption. More than 75 percent of oil and gas restoration projects are incomplete, as are 50 percent of electrical and 40 percent of water and sanitation projects, according to the April report of the Special Inspector General for Iraq Reconstruction.

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The bottom line: Iraqis are facing what US officials call a "reconstruction gap" as they assume responsibility for rebuilding. Meeting already-identified needs might require a further $18 billion to $28 billion, according to one estimate.

Domestic Iraqi resources, and aid from countries other than the US, might help close this gap. But some experts say that additional US funds - beyond what's currently planned - might be needed, or crucial goals could remain unmet.

"You don't want to be penny-wise and pound-foolish here," says Steven Kosiak, director of budget studies at the Center for Strategic and Budgetary Assessments in Washington.

When the US invaded Iraq in 2003, it took control of a nation with a ruined economy and infrastructure. In the 1970s, Iraq's per-capita income was close to that of Spain. Since then it has dropped to that of a sub-Saharan African nation.

In an effort to jump-start economic activity and civic life, US reconstruction efforts have encompassed much more than the rebuilding of infrastructure ruined by war. More than 3,000 schools have been constructed with US funds, according to the US Army Corps of Engineers. US officials have tried to rescue Iraqi agriculture, such as a date palm industry that deteriorated during the years of Saddam Hussein.

But the general course of reconstruction has not been smooth. Insurgent and factional violence has hobbled rebuilding, as it has the country as a whole.

Between 16 and 22 percent of reconstruction dollars pay for armed guards and other costs related to security, James Kunder, an assistant administrator of the US Agency for International Development, told the House International Relations Committee at a hearing last week.

Fraud and abuse have also been problems. Stuart Bowen Jr., the Special Inspector General for Iraq Reconstruction (SIGIR), has 72 open investigations into allegations of corruption, according to his latest quarterly report to Congress.

Earlier this year, Robert Stein, who was a regional Coalition Provisional Authority (CPA) comptroller, and contractor Philip Bloom pleaded guilty to participation in a scheme to defraud the CPA of more than $8.6 million, the report noted.

Then there's waste, brought about by haste, inattention, incompetence, or a combination of the three. In May, an audit by Mr. Bowen found that a $243 million program to build healthcare clinics would finish just 20 of the 150 that had been planned, unless extra cash is forthcoming.

Forty-one natural-gas turbines bought with US funds, and meant to generate needed electricity, are being run on fuel oil, due to limited natural-gas availability. This cuts their output by 50 percent, according to the US Government Accountability Office, increases maintenance needs three-fold, and reduces the life of the equipment.

US officials defend the rebuilding effort as the best that could be accomplished under the circumstances. The latest SIGIR quarterly report calls reconstruction "a picture of significant progress achieved through a substantial US investment of time, talent, and tax dollars...."

But critics point out that basic services have yet to be restored three years after the US invasion. Oil and electricity production have yet to return to prewar levels. Some 60 percent of clean water produced in Iraq is lost to leakage and contamination.

"The US aid process has failed. It has had some important individual successes, but it has wasted at least half of the some $22 billion in US funds ... it attempted to use to secure and develop Iraq's economy," wrote Anthony Cordesman, a senior expert on Iraq at the Center for Strategic and International Studies, in a recent study.

The question is, what next? As the IRRF phases out, most projects will turn to Iraqi control. Further US aid would be funneled through the normal foreign-affairs budget.

Yet many projects won't be completed by the handover date. As of April, 277 electricity projects remained incomplete, with 58 not yet even started. Forty-two oil and gas projects aren't finished - and only 13 are.

US budget plans don't call for big additions to the money already spent. For fiscal 2007, the US requested $770 million in reconstruction funds - and a House committee has trimmed that by $200 million pending final passage. US officials are pressing other nations to pay up pledges of aid they've already made. But a reasonable estimate of the money still needed is $18 billion to $28 billion, according to Mr. Kosiak, and total foreign aid pledges are only $13 billion.

"Even assuming ... that this gap could be covered by drawing equally upon US, international, and Iraqi resources, this suggests that an additional $5 billion to $10 billion in US reconstruction assistance might need to be provided," he wrote in an analysis of reconstruction earlier this year.

Iraq Debate Splits Democrats (RC)

By Ben Pershing And Steve Kornacki

Roll Call, June 15, 2006

More than 40 months after the House voted to authorize the use of force in Iraq, the chamber will spend several hours today in potentially acrimonious debate over the wisdom of that conflict and the overall war on terror.

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Republicans and Democrats have spent the past three days drawing battle lines for today's 10-hour-plus debate, with GOP leaders telling their Members to emphasize recent good news and Democrats objecting that the structure of the debate and the accompanying resolution is designed to embarrass them.

Democrats have complained that the resolution links Iraq and the war on terror in ways that many Iraq critics fundamentally disagree with, and that Republicans have been unfair by not allowing them to offer their own resolution during the debate.

"It's really a hoax," said Rep. Louise Slaughter (D-N.Y.), the ranking member on the Rules Committee.

Slaughter noted that when Democrats were in charge, the House actually considered three separate resolutions before authorizing the 1991 Gulf War — two offered by Democrats and one presented by then-Minority Leader Bob Michel (R-Ill.).

But Republicans dismissed the idea that multiple resolutions were necessary in this case.

"This resolution is America's commitment to fighting the war on terror and winning the war in Iraq," said Ron Bonjean, spokesman for Speaker Dennis Hastert (R-Ill.). "What alternative to fighting the war on terror is required?"

The debate is expected to last between 10 and 12 hours and could conceivably continue into Friday morning, since the White House Congressional Picnic — postponed from Wednesday — is scheduled for 6 p.m. today. At press time, Republican leaders had not decided whether to recess for the picnic or to continue the Iraq debate during it. More than 140 Republicans and an unknown number of Democrats are expected to participate in the White House event.

The debate will be divided into four sections, with each of the House committees that contributed to the resolution controlling a portion of the time. An outline of the debate from the Republican leadership described the breakdown as:

· the Intelligence Committee will manage time "discussing the overall Global War on Terror, including our tangible intelligence successes";

· the International Relations panel will cover "the political achievements in Iraq, the Middle East, and beyond";

· the Armed Services Committee will discuss "increasing warfighting capacity of the Iraqi Security Forces and our military successes"; and

· the Judiciary Committee will manage time on Congress' passage of "laws which have protected Americans, including the intelligence accomplishments which have resulted from these laws."

Democrats say they will use the debate to talk about the redeployment of troops, the administration's mishandling of post-invasion planning, pre-war intelligence, and the calls of several retired generals for the firing of Defense Secretary Donald Rumsfeld.

"There's a lot of unity on the Democratic side," said Brendan Daly, spokesman for Minority Leader Nancy Pelosi (D-Calif.).

More than half of the Democratic Caucus voted against the original war resolution when it came before the House in 2002.

Some Members on Wednesday also talked up the idea of the Caucus voting "present" as a less politically risky way of protesting the content of the GOP-crafted resolution.

"I hope my colleagues will just vote 'present' and be done with it," Slaughter said.

Rep. Peter DeFazio (D-Ore.) said he feared the wording of the resolution would intimidate Democrats into voting with Republicans — thereby allowing war supporters to claim a resounding Congressional mandate.

Referring to his fellow Democrats, DeFazio said, "We need a major focus and strategy going into this."

Late Wednesday, a senior Democratic aide said that Pelosi was not pushing "present" votes, but that she might yet support the idea.

Pelosi had been planning to divvy up the debate time among members of the four committees of jurisdiction, the same arrangement Republicans will employ. But that plan provoked a passionate exchange between the Leader and some of her party's most vehement war opponents at Wednesday morning's Democratic Caucus meeting.

In comments that some witnesses said bordered on outright hostility, Reps. Maxine Waters (Calif.), Lynn Woolsey (Calif.), Barbara Lee (Calif.), Bernie Sanders (I-Vt.) and DeFazio took turns complaining to Pelosi that the 72-member Out of Iraq Caucus would be marginalized under her floor debate plan, since many of them don't sit on the participating committees.

Pelosi initially refused, telling them they would be treated no differently than other Members, a response that appeared to only enrage the anti-war Democrats. But Pelosi seemed to change her posture later in the day, with a Democratic aide saying it is now likely the Out of Iraq Caucus will be given a chunk of Democrats' floor time on Thursday.

"It was very clear that she was surprised by them bringing it up," a source who attended the Caucus meeting reported. "And so her knee-jerk answer was to say, 'There will be plenty of time for everyone who's against the war to make their point — but not as a bloc.'"

Woolsey, one of the co-founders of the Out of Iraq Caucus, said, "We're pushing for the Out of Iraq voice to be accessible and conveniently brought forward. We don't want to have to fight to say our piece."

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While Democrats have protested that they were shut out of crafting the resolution, Republicans argue that they did allow Democrats into the process at the committee level, though they admitted that the final resolution did not incorporate any of the suggestions made by the minority.

"Democrats were given the resolution last week and the edits they gave back basically omitted every reference to the global war on terror," said a House GOP aide.

Republican leaders have told their members to emphasize during the debate that they are largely united on the issue of Iraq while Democrats are divided. A memo distributed to GOP lawmakers by Majority Leader John Boehner (R-Ohio) urged them to "clarify just how wrong the Democrats' weak approach has been."

Not every Republican is on board with the GOP strategy for today's debate. Reps. Walter Jones Jr. (N.C.) and Ron Paul (Texas), who are among the small number of Iraq war critics in the Republican Conference, said they would not participate because they were unhappy with the content of the resolution.

GOP Resolution Politicizes War, Democrats Say (WT)

By Christina Bellantoni

The Washington Times, June 15, 2006

House Democrats are accusing Republicans of politicizing the upcoming debate on the Iraq war, saying the majority party has pulled a bait-and-switch by focusing the debate on terrorism instead of about Iraq policy as promised.

Lawmakers today will spend 10 hours discussing a Republican-authored resolution that, among other things, asserts that former Iraqi dictator Saddam Hussein posed a threat to global peace and declares that the United States is "committed to the completion of the mission to create a sovereign, free, secure and united Iraq." No amendments will be allowed.

"It is inexcusable and indefensible that at a time when we should be discussing the details of [Iraq] policy that they come up with a political document designed for a political message, a political spin and political debate at a time when our men and women are in harm's way," said Rep. Martin T. Meehan, Massachusetts Democrat and Armed Services Committee member.

Rep. Lynn Woolsey, California Democrat, called it a "pointless" debate that is "long on rhetoric and short on solution."

Other Democrats complained that Republican leaders had promised a "substantive" discussion on Iraq.

Instead, Republicans delivered a document that "fuzzes together" the war on terrorism with the increasingly unpopular conflict in Iraq, said Rep. Ike Skelton of Missouri, the top Democrat on the Armed Services Committee.

"Those are two different wars," Mr. Skelton said. "Those that we're fighting have two different goals, and that is being smoothed over by this resolution."

The International Relations Committee took the lead in drafting the resolution, called: "Declaring that the United States will prevail in the global war on terror, the struggle to protect freedom from the terrorist adversary."

Democrats on that committee first saw a draft of the resolution Friday afternoon. They had the weekend to read it and, on Monday, offered their edits to the measure, effectively stripping all references to the "global war on terror." They suggested renaming the resolution: "Declaring that the United States will prevail in the struggle to protect freedom from all adversaries including terrorists."

A senior Republican aide criticized the proposed edits, the majority of which were not adopted, saying Democrats are ignoring "America's commitment to fight the global war on terror."

Lynne Weil, spokeswoman for Rep. Tom Lantos of California, the International Relations Committee's top Democrat, said her boss suggested the edits to correct factual errors.

"He feels that this is a missed opportunity. The resolution as drafted is unfortunately not sufficiently bipartisan or broad enough," she said.

Though Democrats such as Mr. Skelton are frustrated by the resolution's language, some said they may vote in favor of it on Friday because it praises the troops and applauds the elimination of terrorist Abu Musab Zarqawi.

Still, Democrats should "have the courage to vote against it," said Rep. Maxine Waters, California Democrat. "It's a sham, a phony debate."

House Speaker J. Dennis Hastert of Illinois, who rarely speaks on measures, will open the debate tomorrow.

Anti-war Dems Blast Pelosi Over Endgame (HILL)

By Josephine Hearn

The Hill, June 15, 2006

A series of recent internal disputes have sown discontent in some quarters of the House Democratic caucus, threatening to disrupt the unified front Democrats have used to frustrate Republicans in the 109th Congress.

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Despite a superior position in the polls and impressive unity on key votes, House Democrats have been feuding in recent weeks over such issues as the seat of Rep. William Jefferson (D-La.) on the Ways and Means Committee, the ambitions of two of their most respected members to be majority leader in a Democratic House and their long-standing lack of consensus on whether to redeploy troops out of Iraq.

Such tensions were in full display yesterday morning at a caucus meeting on Iraq where three members of the Out of Iraq Caucus clustered around a microphone to berate House Minority Leader Nancy Pelosi (D-Calif.) loudly for failing to take a stronger stand on leaving Iraq.

At times having to speak above her colleagues, one member of the caucus, Rep. Maxine Waters (D-Calif.), told Pelosi that the Out of Iraq Caucus members have been "leaders on this issue," according to several attendees, and that they deserve to play a more prominent role in the House's planned debate of Iraq policy today.

"We're all leaders," Pelosi replied.

Several Democrats came to Pelosi's defense. Rep. Anna Eshoo (Calif.) attempted to quiet the increasingly unsettled crowd, while Rep. George Miller (Calif.) approached a handful of Out of Iraq Caucus members, most notably Reps. Lynn Woolsey (Calif.), Barbara Lee (Calif.) and Jerrold Nadler (N.Y.), and engaged in a "heated conversation," one witness said.

"The whole thing was a circus," a Democratic aide said. "The reaction of most people was to leave."

The episode was merely the latest turmoil for a party caucus still reeling from two other distractions: the short-lived majority-leader campaign of Rep. John Murtha (D-Pa.) and the leadership-driven effort to oust Jefferson from Ways and Means while he faces a government corruption investigation.

Rep. Elijah Cummings (D-Md.) said he is worried by recent intracaucus dust-ups.

"I think we have to be careful. If we're going to take the House back, we need to be unified and have a solid message," he said. "When we have these kinds of things popping up, it does not help these efforts and I think members are concerned."

The Murtha campaign, which began Friday and ended abruptly, if temporarily, Tuesday, pitted his allies against those of House Minority Whip Steny Hoyer (D-Md.).

Caught unawares by Murtha's challenge, Hoyer spent five days shoring up support and had contacted nearly all of his colleagues before Murtha called it off. While some members were elated to see Hoyer challenged, many others, perhaps a majority of the caucus, saw the race as ill-timed and felt Hoyer had done well by them as whip and political leader.

Some were upset that Pelosi had not deterred Murtha from launching the bid and had remained silent on the race for days after it had begun.

"The fact that she said nothing about it for so long and that she allowed him to go through with it in the first place, it shows terrible political judgment," one House Democrat said.

Pelosi spokeswoman Jennifer Crider said, "The House Democrats are unified, organized and disciplined. They're keeping their focus on winning the House in 2006. Unlike the Republicans, the Democratic Caucus promotes diversity of ideas, and they come from the bottom up, unlike the top-down, rubber-stamp approach that Republicans use."

The Jefferson dispute exposed fissures between Democratic leaders and many members of the Congressional Black Caucus. Democrats are expected to vote today to remove him temporarily from Ways and Means.

Rep. Barney Frank (D-Mass.) disagreed that Democrats are showing cracks in their unity, dismissing disagreements on Iraq as "not a big division." But he did note that the Murtha campaign had been mishandled.

"It was a mistake about Jack Murtha, to raise that while the Jefferson thing is still pending," Frank said.

He predicted Murtha that would abandon his bid: "Jack learned it was not a good idea. He saw that the basis for a challenge was not there."

But Murtha, despite having publicly ended his campaign, was still firing salvos at Hoyer yesterday and seemed likely to try to chip away at the whip's backing among moderates.

"You look at his record. He ain't moderate. He's more liberal than Nancy," Murtha said.

GOP Measure Forces House Debate On War (WP)

By Jonathan Weisman

The Washington Post, June 15, 2006

Divisions Within Party Likely to Surface

Nearly four years after it authorized the use of force in Iraq, the House today will embark on its first extended debate on the war, with Republican leaders daring Democrats to vote against a nonbinding resolution to hold firm on Iraq and the war on terrorism.

In the wake of Abu Musab al-Zarqawi's death and President Bush's surprise trip to Baghdad, Republican leaders are moving quickly to capitalize on good news and trying to force Democrats on the defensive. Bush continued his own campaign

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with a morning news conference and a White House meeting with congressional leaders from both parties, while House leaders strategized on today's 10-hour debate.

A memo from House Majority Leader John A. Boehner (R-Ohio) urged House Republican members Tuesday to make the debate "a portrait of contrasts between Republicans and Democrats." After Sen. Hillary Rodham Clinton (D-N.Y.) was booed this week by liberal activists for her failure to resolutely oppose the war, Republicans hope to present a united front that highlights the fractures in the Democratic Party.

"As a result of our efforts during this debate, Americans will recognize that on the issue of national security, they have a clear choice between a Republican Party aware of the stakes and dedicated to victory, versus a Democratic Party without a coherent national security policy that sheepishly dismisses the challenges America faces in a post-9/11 world," Boehner wrote.

But the day-long debate will also give voice to some GOP lawmakers' misgivings about Bush administration policy -- and years of congressional support for it -- in an election year in which Iraq will be a central issue. The news of recent days has buoyed Republican spirits, but the party is still saddled with a war that remains deeply unpopular and is imperiling its continued control of Congress. Some House Republicans have complained that their party has taken flight from its responsibility to debate and oversee administration policy.

"I can't help but feel through eyes of a combat-wounded Marine in Vietnam, if someone was shot, you tried to save his life. . . . While you were in combat, you had a sense of urgency to end the slaughter, and around here we don't have that sense of urgency," said Rep. Wayne T. Gilchrest (Md.), a usually soft-spoken Republican who has urged his leaders to challenge the White House on Iraq. "To me, the administration does not act like there's a war going on. The Congress certainly doesn't act like there's a war going on. If you're raising money to keep the majority, if you're thinking about gay marriage, if you're doing all this other peripheral stuff, what does that say to the guy who's about ready to drive over a land mine?"

The last time Iraq dominated the House's attention, the issue was far less politically fluid. In October 2002, many Democrats went along with Bush's resolution of force, fearing the political consequences of opposing a popular president and a bellicose national mood. Now, some Republicans -- especially those representing battleground districts in the Northeast and Midwest -- will be swimming against the tide of public opinion.

Already, the resolution itself -- declaring that the United States will complete the mission to create a sovereign, free, secure and united Iraq and will prevail in the global war on terror -- has attracted strong criticism from lawmakers in both parties. Democrats and antiwar Republicans object to the linkage between the war in Iraq and the fight against terrorism, while some Republicans have said it sets unrealistic goals. Rep. Thaddeus McCotter (R-Mich.), who supports the war, called the resolution "strategically nebulous and morally obtuse."

But the strongest misgivings may be practical. Rep. Ray LaHood (R-Ill.) called the entire exercise "a dumb idea" that will highlight precisely the issue that is threatening Republican political fortunes.

"When the country is war-weary, when the violence is still playing out on TV, I don't know why we want to highlight all that," he said.

But Gilchrest, who won the Purple Heart and Bronze Star for his Marine service in Vietnam in the 1960s, believes political considerations have already played too large a role in the debate. In November, after Rep. John P. Murtha (D-Pa.) announced his support for a rapid withdrawal from Iraq, Republican leaders hastily pushed a resolution to the House floor calling for immediate pull-out. But the cursory two-hour debate was noteworthy less for serious policy discourse than for the suggestion by the House's newest member, Rep. Jean Schmidt (R-Ohio), that Murtha, a decorated war veteran, was a coward.

"It was ludicrous," Gilchrest said. "It had nothing to do with saving lives. It had nothing to do with the war. It was one-upsmanship against the Democrats."

That sentiment spurred Gilchrest and four other Republicans to break with their leadership this spring and sign on to a Democratic petition pushing for debate. Boehner pledged to do so weeks ago.

But GOP leaders are trying to make sure today's debate is on Republican terms. The resolution, "declaring that the United States will prevail in the Global War on Terror [and] the struggle to protect freedom from the terrorist adversary," was introduced with unabashed partisan overtones. The rules of debate will not allow the resolution to be amended, nor will alternative resolutions be allowed on the floor for a vote.

Some war opponents -- sensing a political trap -- vowed yesterday not to participate. Five House members -- three Democrats and two Republicans -- held a news conference with a yellow rope tied around their hands to denounce the terms of debate.

"This is nothing more or less than really a charade," said Rep. Walter B. Jones Jr. (R-N.C.), who made headlines in the run-up to the Iraq invasion by changing french fries to "freedom fries" in the House dining room but has since turned strongly against the war.

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But Rep. Christopher Shays (R-Conn.), whose support for the war has helped put him in his toughest reelection battle yet, said "it is important for everybody to clarify their position, to be clear, and to stop giving mixed messages."

But Gilchrest acknowledged he has ambivalent feelings about the way forward to success in Iraq. Citing his own battlefield experiences, he said this uncertainty is all the more reason for a full debate. "How many members have in their life [experienced] putting the barrel of their gun on another man's chest and pulling the trigger?" he asked in an interview this week. "How many members have experienced the chaos of a 3 a.m. battle, pushing your bayonet through another man's body? How many members have wrapped themselves around a fellow soldier who just lost his legs in a land mine and you feel the last breath and he's dead, calling in airstrikes on a village and walking through, seeing dead babies and others who are still alive, being with someone who's been shot and you can't move, you can't do anything because you're under intense fire and he dies right next to you?"

The Republican Party's Iraq Offensive (LAT)

By Peter Wallsten And Maura Reynolds, Times Staff Writers

The Los Angeles Times, June 15, 2006

The war may not be popular, but the GOP is betting that steadiness and clarity are, and that Democrats won't be able to muster enough by November.

WASHINGTON — The Iraq war is the most immediate foreign policy problem besetting the Bush administration. But as a political issue, the White House and top Republican strategists have concluded that the war is a clear winner.

GOP officials intend to base the midterm election campaign partly on talking up the war, using speeches and events to contrast President Bush's policies against growing disagreement among leading Democrats over whether to support immediate withdrawal of U.S. troops.

Bush's surprise visit to Baghdad on Tuesday — and a lengthy Rose Garden news conference Wednesday in which he extolled the new Iraqi government — mark the beginning of a planned months-long effort, which got an unexpected boost with the death last week of Abu Musab Zarqawi, the leader of Al Qaeda in Iraq.

"There's an interesting debate in the Democrat Party about how quick to pull out of Iraq," Bush said in the news conference Wednesday. "Pulling out of Iraq before we accomplish the mission will make the world a more dangerous place. It's bad policy. I know it may sound good politically."

Bush's comments underscored the renewed effort by the White House to regain its footing in the domestic debate over the war. It also reflected Republican strategists' calculation that although public approval of both the president and the continuing U.S. presence in Iraq have soured, Democratic disarray could give the GOP an advantage in November on an issue that once looked to be a major weakness for Republicans.

Republican lawmakers and strategists said Wednesday that the campaign to frame the Iraq debate would play out over the summer and into the fall, focusing on battleground congressional districts and states with competitive Senate races.

Republican National Committee Chairman Ken Mehlman has already sent an e-mail to 15 million supporters asking them to reject "craven, politically motivated demands for instant withdrawal."

Ed Gillespie, a former Republican National Committee chairman and a key White House advisor, conceded Wednesday that protracted violence in Iraq and voters' rising doubts "have had a dampening effect on the president's approval rating." But, he said, given a choice between Democrats' uncertainty and Bush's firmness, "that choice favors us."

The Democrats' divisions over Iraq came into clearer focus Tuesday, the same day Bush flew to Baghdad.

Addressing a conference of liberal activists in Washington, Sen. Hillary Rodham Clinton (D-N.Y.) drew boos from some in the audience when she stopped short of calling for a deadline for withdrawing troops.

She was followed by Bush's 2004 challenger, Sen. John F. Kerry (D-Mass.), who earned rousing applause from the same crowd for comparing the conflict in Iraq to Vietnam and calling for a troop withdrawal this year. He called it a "right and an obligation for Americans to stand up to a president who is wrong today."

Republicans in both chambers of Congress have scheduled events and votes on Iraq all week — the Senate as it debates a defense spending bill, the House as it holds a full day of debate today on a resolution on Iraq.

Officially, the House debate will be the first time the chamber has argued the pros and cons of the invasion and occupation of Iraq since the war began more than three years ago. But Democrats, who have repeatedly called for debate on the war, have denounced this week's events as little more than a political trap to embarrass them and force acquiescence with the administration's policy.

The resolution expresses support for U.S. troops and a commitment to combat terrorism. It also unequivocally asserts that the conflict in Iraq is part of a "global war on terror" — an assertion that Democrats and some Republicans dispute.

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Bush hammered that assertion Wednesday. "If we fail in Iraq, it's going to embolden Al Qaeda types," he said. "It will weaken the resolve of moderate nations to stand up to the Islamic fascists. It will cause people to lose their nerve and not stay strong."

Rep. Neil Abercrombie (D-Hawaii) complained Wednesday that House leaders were not going to permit Democrats to offer amendments to the resolution, forcing them into a position of either voting against supporting the troops or for the Republican formulation of the war.

"Our hands are tied — literally — on the floor of the people's House," Abercrombie said at a news conference, his hands tied together with yellow rope to symbolize his frustration. "Do not put us through the farce and the fraud of a pseudo-debate."

House Majority Leader John A. Boehner (R-Ohio) was unsympathetic.

"That is not a 'gotcha.' They have a decision to make. That is what we get elected to do," Boehner said.

Rep. Adam B. Schiff (D-Burbank) said many Democrats might vote "present" on the resolution, rather than yes or no. And during the debate, he said, they would emphasize their points of agreement — that Republicans are "rubber-stamping" the administration's policy.

"It would be better if it was a unified message, but the reality is the country isn't unified about Iraq — Republicans aren't unified about Iraq. We can't fret too much about the fact that our caucus is very diverse and people are coming at it from many different directions," Schiff said.

In the Senate, leading Democrats have met several times to try to forestall an effort by Kerry to introduce an amendment to the defense bill that would require troop withdrawals to begin this year. Senate Minority Leader Harry Reid (D-Nev.) has been trying to persuade proponents and opponents of withdrawal to agree on a formulation. One option has been an amendment calling for the administration to "responsibly redeploy" U.S. forces "starting this year."

Reid spokesman Jim Manley denied that Democratic divisions on the war have hurt the party. "We are not going to shy away from this debate," he said. "The American people are demanding accountability."

Senate Democrats met again late in the day to develop a consensus position on the question of withdrawal.

"It would be helpful to show the American people a position that all Democrats can agree to, but I doubt that that's possible," said Sen. Dianne Feinstein (D-Calif.).

One Republican, Rep. Mark Foley of Florida, described the Democrats' disarray as an unlikely gift at a time when events in Iraq and elsewhere might otherwise paint a dismal political picture for Republicans.

"That's what we're going to bet the ranch on," Foley said Wednesday. "We're not doing everything perfectly, but we certainly have help from the other side. They're just not taking advantage of some strategic opportunities presented to them."

Times staff writer Janet Hook contributed to this report.

Democrats Urge Disastrous Policy Of 'Out' From Iraq (RC)

By Morton M. Kondracke

Roll Call, June 15, 2006

Democrats can't come up with a formal unified stance on Iraq, but it's all too clear what most of the party's leaders want: Out, and Soon. It would be a disaster for America if they prevailed.

Iraq has finally installed a full government that is fighting to establish order against multiple homicidal enemies. Millions of ordinary Iraqis have risked death to vote — a testament to their desire for democracy. Yet Democrats want to pull the plug and abandon them.

President Bush reported following his surprise visit with Iraqi Prime Minister Nouri al-Maliki this week that Iraq's leaders are "deeply concerned that the stability provided by the coalition forces will be removed and there'll be a vacuum. And they're concerned about what gets into the vacuum."

Bush said, "I assured them that we will keep our commitment" but added, "I also made it clear to them that in order for us to keep our commitment and be successful, they themselves have to do some hard things. They themselves have to set an agenda. They themselves have to get some things accomplished."

Clearly, if there's any hope for success in Iraq — that is, the establishment of a stable, pro-Western democracy — it depends principally on the Iraqis' ability to control sectarian strife, to cleanse the police and army of ethnic militias, to win the war against Saddamist insurgents and Islamic jihadists and to establish an effective, nationally representative government.

It's a gigantic order, and it may prove impossible. Yet any prospect for success will vanish if Iraqis get the idea that the United States will withdraw its forces from the country before Iraqis can replace them.

The vacuum will be filled by murderous thugs. Civil war certainly will ensue, and the entire Gulf region will be destabilized.

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True, as Democrats devoutly wish, Bush will go down as a failed president. But America also will suffer a catastrophic strategic defeat, probably resulting in domination of the region by a nuclear-armed Iran. It's a future no Democratic presidential prospect should want to inherit.

Yet, Democratic leaders are falling all over themselves to hasten the process. They disagree about whether to set a deadline for withdrawal — and, if so, what the deadline should be — but the overwhelming consensus is for withdrawal, not commitment to victory.

Surely the most irresponsible positions are those taken by House Minority Leader Nancy Pelosi (D-Calif.) and ex-hawk Rep. John Murtha (D-Pa.), who want virtually immediate withdrawal, and by Sens. Russ Feingold (D-Wis.) and John Kerry (D-Mass.), who advocate a full departure by the end of 2006.

If something like this suddenly became U.S. policy, one could expect the Iraqi government to collapse much as the South Vietnamese government did in April 1975, after Congress rejected President Gerald Ford's appeal for emergency funds amid North Vietnam's final offensive.

Next in line are those like Senate Minority Leader Harry Reid (D-Nev.), who told the left-wing "Take Back America" convention this week that "the American people are understandably confused and certainly frustrated" by Bush's pledges to "stay the course" while U.S. military commanders leak word of gradual withdrawal plans.

Reid called for "a plan that provides our troops with an exit strategy from this seemingly endless conflict." Reid's policy, of course, would eliminate any confusion or frustration in the mind of the enemy and offer it a blueprint to plan its counter-strategy.

Reid and other Senators are contemplating an amendment requiring a reduction of U.S. forces to 100,000 from the present 130,000 by the end of this year and full withdrawal by the end of 2007.

To her credit, the party's 2008 frontrunner, Sen. Hillary Rodham Clinton (D-N.Y.), withstood boos and hisses from the Take Back lefties by saying it isn't "smart strategy" or "in the best interests of our troops" to set a "date certain."

On the other hand, she said it's also not "smart" for "the president to continue with his open-ended commitment." She did not say what strategy she favors — something a prospective president ought to do.

Democratic leaders certainly are responding to the party's rank and file. In the latest Gallup Poll, 24 percent of Democrats (and 17 percent of the total electorate) favor immediate withdrawal, and 47 percent (and 32 percent of all voters) want all U.S. troops out within 12 months.

In other words, 71 percent of Democrats favor either the Pelosi/Murtha or Kerry/Feingold position. Meanwhile, only 42 percent of all voters, including 64 percent of Republicans and 22 percent of Democrats, support Bush's stance of staying until Iraq is secure.

A minuscule 6 percent of voters support the position of Sen. John McCain (R-Ariz.) that the U.S. needs to send more troops.

A compelling case has been made by some hawkish intellectuals, including Frederick Kagan of the American Enterprise Institute, that the U.S. should temporarily increase its forces for an offensive to help Iraqis clear and hold Baghdad and nearby insurgent strongholds.

Maliki is launching such an operation, but with only 75,000 mostly Iraqi military and police personnel. Kagan argues for adding 22,000 U.S. troops for the effort, believing that the Iraqis cannot handle it alone. He was one of four outside experts who briefed Bush and his Cabinet at Camp David prior to the president's trip to Baghdad.

It would be wonderful if some Democratic presidential candidate would join McCain in pressing Bush to add troops to ensure a victory in Iraq. Once upon a time, the Democratic Party had genuine hawks, including Presidents Harry Truman, John Kennedy, and Lyndon Johnson and Sens. Paul Douglas (Ill.) and Henry Jackson (Wash.).

Nowadays, the remnants of that wing, such as Sen. Joe Lieberman (Conn.) and Rep. Jane Harman (Calif.), are lambasted by colleagues and risk the loss of their seats or committee posts.

Republicans plan to brand Democrats as "the party of cut and run" in the election this fall, but that's not what the party should fear the most. Rather, it's the prospect that the U.S. will be defeated in Iraq and a Democratic president will have to deal with the consequences.

Marine May Call Murtha As Witness (WT)

By Rowan Scarborough

The Washington Times, June 15, 2006

A criminal defense attorney for a Marine under investigation in the Haditha killings says he will call a senior Democratic congressman as a trial witness, if his client is charged, to find out who told the lawmaker that U.S. troops are guilty of cold-blooded murder.

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Attorney Neal A. Puckett told The Washington Times that Gen. Michael Hagee, the Marine commandant, briefed Rep. John P. Murtha, Pennsylvania Democrat, on the Nov. 19 killings of 24 Iraqis in the town north of Baghdad. Mr. Murtha later told reporters that the Marines were guilty of killing the civilians in "cold blood." Mr. Murtha said he based his statement on Marine commanders, whom he did not identify.

Mr. Puckett said such public comments from a congressman via senior Marines amount to "unlawful command influence." He said potential Marine jurors could be biased by the knowledge that their commandant, the Corps' top officer, thinks the Haditha Marines are guilty.

"Congressman Murtha will be one of the first witnesses I call to the witness stand," Mr. Puckett said yesterday.

Mr. Puckett represents Staff Sgt. Frank D. Wuterich, an eight-year Marine who was a key participant in the Haditha operations that resulted in the 24 civilian deaths.

The attorney said Sgt. Wuterich, 26, the married father of two daughters, led the squad of Kilo Company that mounted the four major combat actions on Nov. 19 that resulted in 23 deaths at a traffic stop and in three houses. The 24th Iraqi was killed while fleeing a home by a rooftop-stationed Marine or Marines, Mr. Puckett said.

The attorney said his client strongly rejects accusations in the press from Haditha residents that Marines lined up some of the civilians and executed them. Mr. Puckett said Sgt. Wuterich maintains that such an incident never occurred, and that Marines followed proper procedures in clearing the three houses.

"What's being reported out there, it seems an awful lot of it is inaccurate," Mr. Puckett said. He said his client, stationed at Camp Pendleton, Calif., has been promoted to platoon leader and is not under confinement.

"How would you feel to be falsely accused of killing innocent people," the attorney said. "He was angered and hurt by it because he doesn't understand how the public could think he and his Marines could do such a thing."

Col. Dave Lapan, a spokesman at Marine Corps headquarters at the Pentagon, said Mr. Murtha was one of eight senior House members and senators briefed by Gen. Hagee in May on the investigation. "I don't know what he told them," Col. Lapan said.

A spokesman for Mr. Murtha did not return a message yesterday seeking comment.

The Naval Criminal Investigative Service (NCIS) is expected to finish its probe by August, at which time Lt. Gen. John F. Sattler, who commands the 1st Marine Expeditionary Force at Pendleton, will decide whether to bring charges that could include murder.

"If the NCIS has done a good job in this investigation, then Marine commanders will not feel compelled to charge these guys with homicide," Mr. Puckett said.

"But since Congressman Murtha has already judged these guys in public and folks have alleged a Marine Corp cover-up, I'm afraid that the Marine Corps will feel compelled to put these guys on trial to prove the Marine Corps hasn't done anything wrong in terms of a cover-up."

On Nov. 19, Haditha remained one of the most dangerous and rebellious towns in Anbar province, a haven for both Sunni Muslim insurgents loyal to ousted dictator Saddam Hussein and foreign jihadists. The U.S. command in Baghdad had sent Marines on a "persistent presence" mission to pacify the area for Dec. 15 parliamentary elections. Lima Company, an Ohio Reserve unit that Kilo Marines replaced, suffered high fatality rates while patrolling Haditha.

That Saturday, Marine units were under attack at various points in Haditha when an improvised explosive device (IED) took out one of the vehicles in Sgt. Wuterich's patrol. The blast killed Lance Cpl. Miguel Terrazas, a popular member of the 3rd Battalion, 1st Regiment.

Mr. Puckett gave this version of events based on his discussions with Sgt. Wuterich:

After the blast, the Marines set up a defensive perimeter, and called in a quick-reaction force to find out who had placed and remotely detonated the IED.

A car appeared with five Iraqi men inside. Marines, in Arabic, ordered them to halt. The five exited the car. Rather than heed the orders, the men started to run. Sgt. Wuterich and other Marines opened fire, killing the Iraqis. Marines at the time considered Iraqis running after an attack and disobeying orders as confirmation of hostile intent, Mr. Puckett said. He said that sometime after Jan. 1, commanders no longer permitted such a response.

Next, a shot was fired from a home near the perimeter. Someone in the squad recommended clearing the homes along that block. Sgt. Wuterich agreed and gained permission from a second lieutenant platoon leader, who did not take part in the raids.

The Marines then fired grenades to "prep" the first house and went in. All rooms were empty, except one, from where Marines heard "rustling." A Marine, not Sgt. Wuterich, tossed in a grenade and then opened fire, killing all in the room.

The Marines then entered a second house, encountered Iraqis and killed them.

"They're chasing the insurgents who were shooting at them," Mr. Puckett said.

Hours later, they decided to raid a third house based on suspicious behavior. The first Marine to enter spotted four men inside, one holding an AK-47. The Marine's M-16 jammed. He pulled out a 9mm pistol and killed all four.

Sgt. Wuterich, before counting all the bodies, radioed the battalion command and reported that 12 to 15 Iraqis were killed by Marines after the IED attack. He said there was "collateral damage," military speak for civilian deaths.

"My client did nothing contrary to his training on that day," Mr. Puckett said. "Some [of those killed] were innocent. Others, you will never know whether they were innocent civilians or not."

The next day, the 2nd Marine Division released a statement that 15 Iraqis were killed by an IED and firefight. The statement was inaccurate. An Army general is investigating whether it was part of a broad cover-up.

Combat Stress Takes Toll (USAT)

By Kimberly Johnson, Rick Hampson

USA Today, June 15, 2006

BAGHDAD — As the 1st Marine Division moved across the desert into Iraq on March 19, 2003, each of the 25,000 leathernecks got a letter from their commander.

Although Maj. Gen. James Mattis was known as a tough, blunt warrior — he'd later say at a panel discussion in San Diego that "it's fun to shoot some people" — he told his troops to treat civilian non-combatants with "chivalry and soldierly compassion."

"Engage your brain," he instructed, "before you engage your weapon."

If only it were that easy.

Three years later, the Marines face an allegation that, if proved, would constitute one of the worst scandals in their history: that members of a squad killed as many as two dozen civilians last year in the city of Haditha in retaliation for a roadside bombing that killed one Marine. The military is still investigating the Haditha case and the possibility of a coverup. There are two contrasting, if not contradictory, versions of what happened Nov. 19 in the city on the Euphrates River in rebellious Anbar province.

Iraqi civilians have described a massacre in which a squad of angry Marines — from Kilo Company, 3rd Battalion, 1st Marines — deliberately killed innocent, unarmed civilians, some of them children and some of them elderly.

Lawyers for several Marines under suspicion say the killings were justifiable under rules of engagement that allow Marines to storm buildings apparently occupied by insurgents.

Considering the situation in Iraq — 140,000 U.S. troops engaged for three years in a fight against a relentless, faceless, ruthless guerrilla insurgency — military experts say the question is not whether such a violent encounter between troops and civilians can happen, but when.

"If you have so many people with so much power under so much stress, something's going to happen," says Maj. Peter Kilner, an infantry officer who teaches military ethics at West Point. "You can have a good war, and bad things are still going to happen."

Charles Figley, a Florida State University psychologist who has surveyed Vietnam War veterans about war crimes, says the only thing that surprised him about the Haditha reports was "that anyone was surprised. This is what happens in war."

Particularly when it's fought in what Marine Cpl. Michael Compton, writing by e-mail from Ramadi, calls "the most dangerous place in the world. … The threat is all around you."

As a result, says Mike Harmon, an Army medic who served in Iraq, "There's a lot of little things that are never reported, like civilians getting slapped around, sticking rifles in their faces. Some people get off on that kind of power."

Regardless of the pressures American troops face, President Bush made it clear Wednesday that no quick end to U.S. involvement is likely. "If we stand down too soon, it won't enable us to achieve our objectives," the president said one day after a surprise trip to Iraq. Bush also said that any expectation of "zero violence" in Iraq was unreasonable. "That's not going to happen," he added.

Kilner says that no matter what happened at Haditha, U.S. troops in Iraq are the best trained and most humane ever fielded by a major power.

It's a point of pride among men like 2nd Lt. John Warren, a Marine serving in Ramadi: "My unit has been in what is referred to as 'the worst city in Iraq' for three months. They have been in countless combat engagements and have yet to receive a day off. Even in these conditions, I have yet to see one Marine come close to snapping."

Some observations differ.

"I have seen the best of friends fight, and even draw knives on each other, when you know that they don't really mean it," says Compton, the Marine corporal. "It's just the high stress of being in a place where people are trying to kill you every day."

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Marine Lance Cpl. Mike Young restates the issue: “Do we come close to snapping? In our own little personal life we've built within the confines of our bases, yes. The key is, turn off all of those feelings and hostilities when you gear up and head out the door on patrol.”

Marines are trained to deal with combat stress before they snap and turn on civilians. But Compton says “there really is no way of training for it. This is a fight for your life. Your body will compensate accordingly by making you more alert, edgy, and particularly short-tempered than you have ever been.”

Iraq has been a particularly stressful war for American troops. The insurgents wage a vicious urban guerrilla war with no lines and no rules. A cellphone can be a weapon. A child can be a lookout. Air support is of little or no use. The enemy hides in sacred buildings, uses civilians as shields and occasionally commits suicide to kill Americans.

“The threat is all around you,” Compton says. “It could be one of the hundreds of windows facing your direction. … Every window, every piece of trash, every person that looks at you twice, is a possible threat.”

Even being on base doesn't guarantee safety. In December 2004, a suicide bomber slipped into the mess tent at a U.S. base in Mosul and blew himself up, killing 14 U.S. servicemen and four contractors.

As a result, soldiers are under constant stress — “always on your toes, 24/7,” says Harmon, the medic. “You're eating dinner and there's an RPG (rocket-propelled grenade) overhead. You're sleeping with mortars going off in the background. There's the constant fear you could be next.”

The anxiety is compounded by frustration. “A Marine may go a week or more without ever seeing an actual insurgent,” Warren says. “They may get hit with an IED or shot at by a sniper, but even this does not guarantee them a chance for a face-to-face with their assailant. The insurgents simply refuse to come out to play.”

One result is an odd nostalgia for “conventional war,” even though that included such hells-on-earth as the battle of Okinawa, where in 1945 the United States lost five times as many fighters in 2½ months as it has in Iraq in more than three years.

“In conventional war you have a uniformed enemy, and they fight head on,” Compton says. “There is no question about who to kill and who is innocent. The choice is clear, and the fog of war is not nearly as thick.”

Kilner, the West Point instructor, understands. “It was more comforting when you could say, ‘See that tree line? That's the Germans.' It's the randomness of death in Iraq that's so hard to take.”

The chivalry to which Mattis referred in 2003 requires appreciative or at least cooperative recipients. U.S. troops, however, are increasingly estranged from what they view as an apathetic or hostile Iraqi citizenry.

The enemy could be anyone. The translator could be a spy, the base food vendor could be marking off mortar measurements. “You hear it all the time,” Kilner says. “You don't know who you can trust.”

Insurgent hotbeds — like one near the city of Baqouba that Harmon's unit called “RPG Alley” — are the worst. “The kids were OK, but the adults were two-faced,” Harmon says. “They'd say, ‘We love the U.S.,' and later they'd throw rocks at us.”

He was at a checkpoint when an Iraqi woman got out of a car and pulled a gun from under her clothing. “They put her down,” he says of the Army machine gunners. “After that you think, ‘Anything's possible.' ”

The mistrust is the result of civilian casualties, resentment of outside occupiers, the isolation of U.S. troops on their bases. Above all, it's the result of insurgents trying to drive a wedge between the Iraqis and their would-be liberators. The insurgents dress like, and hide among, civilians. When attacked, the Americans usually err on the side of protecting Americans.

“We engage enemy fire with overwhelming force,” says Geoffrey Millard, a sergeant in the Army National Guard who finished an Iraq tour last year. “If you take fire, the procedure is to use the .50 caliber (machine gun) to lay down suppressive fire in the direction the shots came from. It puts soldiers in an impossible position, because if you don't fire back, you're asking to be fired on again.”

He adds: “There's a dehumanizing factor. The Iraqis are called Hajis (by U.S. forces), as in ‘Don't trust these Hajis.' Usually the F-word precedes it.”

Other factors add to the stress:

·The tours pile up. In Vietnam, most soldiers served only one tour. In Iraq, many already have served two or three. The 3rd Marine battalion, whose men were at Haditha, is on its third tour in as many years (although not all its members are).

“Some of the guys have to go three times, and that gets them down,” says Cpl. Dmitry Barkon, a scout sniper who has served in Iraq twice and is now at the Marine base at Twentynine Palms, Calif.

“People say, ‘We want to go back,' but that kind of service can be psychologically debilitating,” leaving troops more jaded, says Aine Donovan, who taught ethics at the Naval Academy for five years.

If they have killed in combat, Kilner wrote in a research paper last year, soldiers are even more likely to suffer from stress-related symptoms such as violent outbursts, nightmares and alcohol abuse.

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"The bigwigs are stretching these guys," Harmon says. After several tours, some soldiers "get desensitized to other people. You just don't care."

Repeated absences lead to problems at home, he says. "Your mind is not on the mission. That can get you killed."

·A brutal climate. Iraq is hot, dry and dusty enough to make some long for Vietnam.

"I can't say it's worse than Vietnam — I wasn't there," Millard says. "But it has all the negatives of Vietnam, plus some more. If you've never been in a desert sandstorm, you don't know bad weather or bad terrain."

·The allure of drugs. Mike Young, the lance corporal, says he deals with the stress of Iraq by strumming a beat-up guitar, working out at the gym and "smoking a lot of Newports."

Others cope by using drugs, Millard says. Part of the problem is boredom. "In Vietnam, you could at least go to Saigon and have a beer," he says. "In Iraq, the Americans don't leave the base unless they're on a mission."

Millard says some troops use amphetamines to keep alert. "Imagine driving around on patrol for 24 hours in 130-degree heat with no air conditioning."

·A dual mission: soldiers or cops? In a counterinsurgency, soldiers must act as police and warriors. Most Marines are trained as the latter.

Balancing those two roles is stressful.

"The complexity of the battlefield is incredibly difficult," Kilner says. "One part of the patrol will be involved in high-intensity fighting while another part is still handing out soccer balls."

Take a sniper. Soldiers go after him and try to kill him. Police, on the other hand, are most concerned about protecting civilians and will wait out the sniper if that's safest. Kilner says, "The Iraqis now expect us to act more like police."

·The objective seems like a mirage. Once a war's goal seems unclear or unreachable, morale sinks and stress rises.

"What makes being a soldier great is the nobility of it — good fighting evil," Kilner says. "If you lose that, all this sacrifice is for no good reason."

Kilner, who organizes online discussion forums for Army field officers, says he recently got an e-mail from an airborne unit commander who said he feared "some of our soldiers are marking time until that inevitable IED or sniper round finds them."

In Ramadi, Compton feels the Marines are fighting "a largely defensive battle, causing us to react rather than act."

Warren says it's difficult to measure progress in the war without yardsticks like territory seized or enemy soldiers killed.

"Soldiers need to see progress," Kilner says. "They can put up with anything if they can see progress."

In the absence of purpose or progress, according to Florida State's Figley, the unit focuses not on its mission but its own preservation — because "no one cares except my buddies."

When one of those buddies is lost — as happened in Kilo Company — the reaction can be extreme and irrational, he says.

Marine Calls Song About Killings A Joke (NYT/AP)

By The Associated Press

The New York Times, June 15, 2006

JACKSONVILLE, N.C., June 14 (AP) — A Marine corporal seen in a video singing about killing members of an Iraqi family says the song was a joke.

"It's a song that I made up and it was nothing more than something supposed to be funny, based off a catchy line of a movie," Cpl. Joshua Belile said in an article published Wednesday in The Daily News of Jacksonville.

In a four-minute video called "Hadji Girl," posted on the Internet, a singer who appears to be a marine tells a cheering audience about gunning down members of an Iraqi woman's family after they confront him with automatic weapons. The title uses a variant spelling of hajji, a Muslim who has made the pilgrimage to Mecca. But American troops often use the term as a pejorative for Iraqis.

Corporal Belile, 23, apologized and said the song was not tied in any way to allegations that marines killed as many as two dozen unarmed civilians in Haditha last year.

A Marine spokesman, Lt. Col. Scott Fazekas, said Tuesday that officers were investigating. He called the song "inappropriate and contrary to the high standards expected of all marines."

Rice: No Guarantees On Iraq, Afghanistan (AP)

By Anne Gearan And Tim Whitmire

AP, June 15, 2006

Secretary of State Condoleezza Rice said Wednesday that the U.S. military interventions in Iraq and Afghanistan do not assure those countries will become successful democracies. But she said the chance for success is worth the price.

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Speaking to a largely conservative audience of more than 12,000 Southern Baptists, Rice said she knows optimism can hard to sustain in the face of daily sectarian carnage and beheadings in Iraq.

Although the three-year-old war is increasingly unpopular at home and President Bush's public opinion ratings have sunk as a result, there was little sign of flagging support in the huge convention hall where Rice spoke.

She got repeated standing ovations for her call for continued U.S. engagement across the globe.

"We're standing together with people everywhere who desire these fundamental freedoms," especially in Afghanistan and Iraq, Rice said in a speech to the annual Southern Baptist Convention.

In those two countries alone, "We have given more than 55 million people an opportunity to flourish in freedom," Rice said. "Not a guarantee of success, but a chance."

Rice said the image of Bush embracing the new democratically elected Iraqi prime minister on Tuesday in Baghdad was a reminder of why the fight is worthwhile. The Bush administration hopes that Prime Minister Nouri al-Maliki can contain the violence and rally support for his government, and allow the United States to begin withdrawing some forces from Iraq.

An AP-Ipsos poll taken last week, before the killing of al-Qaida leader Abu Musab al-Zarqawi in Iraq, showed that more Americans than ever thought the war in Iraq was a mistake. The poll showed 59 percent of adults say the United States made a mistake in going to war, and approval of President Bush's handling of Iraq dipped to 33 percent, a new low.

Just 67 percent of Republicans, 63 percent of conservatives, and 57 percent of white evangelicals believed a stable, democratic government is likely.

Only 68 percent of Republicans, 57 percent of white evangelicals and 51 percent of self-described conservatives — key groups in Bush's base of support — approved of his handling of Iraq.

Rice's speech was partly an attempt to appeal to Bush's political base after a series of disappointments for conservatives, including the administration's handling of the Dubai ports deal earlier this year.

Rice, the daughter and granddaughter of Presbyterian ministers, was introduced by outgoing Southern Baptist Convention President Bobby Welch as "a woman of faith and not ashamed to testify to that."

She referred often to God and prayer, and cast U.S. work overseas, from Iraq to Sudan to the attempts to stem the trafficking of human beings for forced labor or sex, in religious terms.

As she left the podium, delegates in the upper arena began to sing "God Bless America." The whole arena joined in the spontaneous anthem.

Diplomatic Correspondent Anne Gearan reported from Washington.

Rice Urges Respect In Gay Marriage Debate (AP)

AP, June 15, 2006

Secretary of State Condoleezza Rice on Wednesday urged respect and sensitivity in the debate over gay marriage, but ducked a question about her own views on the question.

"This is an issue that can be debated and can be discussed in our country with respect for every human being," Rice told a newspaper interviewer.

"When we get into difficult debates about social policy, we get into difficult debates that touch people's lives, the only thing that I ask is that Americans do it with a kind of sensitivity that real individuals and real human beings are involved here."

The Senate rejected a constitutional amendment to ban gay marriage by a wide margin last week. It was a defeat for President Bush and other Republicans who hope the issue will rally GOP voters for the November elections. The amendment could be brought up again.

Asked for her opinion of the amendment, Rice told The News & Record of Greensboro, N.C., "This is not my area of expertise or, frankly, my area of concentration at this point."

Rice spoke following an address to the Southern Baptist Convention. The newly chosen president of the nation's largest Protestant denomination opposes gay marriage, as does Bush.

"The union of a man and woman in marriage is the most enduring and important human institution," Bush said before the Senate vote. "Our policies should aim to strengthen families, not undermine them. And changing the definition of marriage would undermine the family structure."

Forty-five of the 50 states have acted to define traditional marriage in ways that would ban same-sex marriage — 19 with state constitutional amendments and 26 with statutes.

The proposed federal amendment would prohibit states from recognizing same-sex marriages. After approval by Congress, it would have to be ratified by at least 38 state legislatures.

U.S. Must Play Role In World, Rice Says (WP)

DOJ_NMG_0034406

By Glenn Kessler
The Washington Post, June 15, 2006
Religious Group Applauds Speech

Secretary of State Condoleezza Rice, addressing 12,000 evangelicals who represent the core of the Bush administration's political base, yesterday sought to counter the stirrings of isolationism in the nation, declaring that the "United States must remain engaged as a leader in events beyond our borders."

"Here, ladies and gentlemen, is the choice before our country, before us as Americans," Rice told the annual meeting of the Southern Baptist Convention in Greensboro, N.C. "Will we lead in the world or will we withdraw? Will we rise to the challenges of our time or will we shrink from them?"

President Bush first raised concerns about isolationism in his State of the Union address this year. Since then, the outrage over the potential sale of U.S. port operations to a Dubai-based company and the drive to build a wall along the border with Mexico have added to the worries of administration officials. They fear that it could result in demands even from the president's strongest traditional supporters to pull out troops from Iraq and Afghanistan.

The venue for Rice's speech -- a religious group meeting in a huge convention hall -- was unusual for a secretary of state. Generally, on domestic trips, the chief diplomat speaks to foreign policy associations or universities. Rice's speech included highly personal references to her faith and religious upbringing, and the crowd broke into a spontaneous singing of "God Bless America" after she spoke.

Rice, a Presbyterian who said she prays every day, noted that she "was born on a Sunday morning" and that for the first three years of her life her family "literally lived in the back of the church in two little rooms where my father preached" and which her grandfather had founded. Her speech was interrupted repeatedly by applause, including seven standing ovations.

Rice did not specifically refer to "isolationism," but her inference was clear as she tried to link Southern Baptist work overseas "digging wells and building dams and strengthening communities" with the administration's goal of promoting democracy overseas. She said the nation could not ignore tyranny and persecution overseas or else it will come back to haunt Americans.

"These are tragedies, but they are also threats in the making," Rice said. "For in today's world, we have learned that whenever freedom and tolerance are on the march, we are secure. But when those ideals are in retreat, we are vulnerable."

Appealing to the evangelicals, Rice asked rhetorically: "If not for America," would issues such as religious liberty, human trafficking, HIV/AIDS prevention and violence in Sudan even be addressed?

Evangelical groups have played a major role in shaping the administration's agenda in many of these issues, such as promoting the "ABC" approach to AIDS prevention, which stands for "Abstain from sex; Be faithful; as a last resort, use a Condom." The administration has targeted prostitution as a key factor in the trade in human beings, and it has launched a diplomatic effort to resolve the conflict in Sudan in part because of Christians living in the south of that country.

Rice said that Bush has made religious liberty a key factor in whether the United States has good relations with another country. "We're mindful that too many people of faith can only whisper to God in the silent sanctuaries of their conscience," she said, citing China as an example of where "you cannot help but marvel at their faith and courage."

Addressing Iraq, Rice conceded the difficulties the administration has faced in prosecuting the war there, but she said "the goal of democracy in Iraq is worth the cost and worth the sacrifice."

"The mission has been extremely difficult," Rice said. "I know it's been far more difficult than many of us imagined it would be. And I realize how hard it can be to remain hopeful when we hear of death squads and beheadings and sectarian strife."

In an interview with the Greensboro News & Record before her speech, Rice ducked a question about her views on a constitutional amendment to ban same-sex marriage -- which Southern Baptists strongly support -- but urged that the debate be respectful.

"When we get into difficult debates about social policy, we get into difficult debates that touch people's lives, the only thing that I ask is that Americans do it with a kind of sensitivity that real individuals and real human beings are involved here," Rice said.

CORPORATE SCANDALS:

Former Fannie Mae Execs May Face Investigation (USAT)

By Elliot Blair Smith
USA Today, June 15, 2006

DOJ_NMG_0034407

Rep. Richard Baker, R-La., said Wednesday that he has asked the Justice Department to investigate his allegations that two former Fannie Mae executives lied to Congress in October 2004 when they denied manipulating the mortgage-finance giant's income statement to achieve management pay bonuses.

In a letter to the U.S. Attorney's office in Washington, Baker accused former Fannie Mae CEO Franklin Raines and former chief financial officer Tim Howard of misleading a House subcommittee he chairs in testimony that denied any link between the bonuses and a decision to defer about $200 million in non-cash accounting expenses from late 1998 until the next year.

Separate investigations by federal regulators and the company's board of directors since concluded that management did manipulate 1998 earnings to trigger bonuses. Raines and Howard resigned under pressure in late 2004.

Fannie Mae is a government-sponsored enterprise that borrows money from private investors to buy mortgages originated by private banks and brokers, to keep capital flowing in the housing market.

Baker provided the U.S. Attorney's office with an official transcript of his October 2004 hearing at which Raines denied that the company improperly had delayed recording expenses — "There was no decision made to defer any expense from 1998 to 1999," Raines said — and rejected the possibility that he or Howard manipulated that year's earnings to achieve incentive payouts. "We both deny that," Raines said.

Attorneys for Raines and Howard had no comment. A conviction of perjury before Congress, though rare, could lead to prison terms of up to five years.

Federal authorities have taken no action against any former member of Fannie Mae management. But the company has said the Securities and Exchange Commission and Justice Department are investigating.

In February, a law firm representing Fannie Mae's board of directors released the results of its investigation, chaired by former Sen. Warren Rudman. According to that report, "the evidence strongly suggests that management's decision" to record only $240 million of a calculated $439 million in non-cash accounting expenses in 1998 "was motivated by the desire to meet … internal bonus targets."

Last month, the Office of Federal Housing Enterprise Oversight concluded its own multiyear investigation. OFHEO alleged that Fannie Mae, under Raines and Howard, had manipulated one measure of its profitability, known as earnings per share, to the hundredth of a penny to qualify for the annual bonus payments.

OFHEO said Howard was warned by company auditors in August 1998, only months before failing to properly record that year's expenses, that the SEC was growing suspicious of earnings-management abuses by industry. Last month, OFHEO and the SEC fined the company $400 million in related civil fraud actions.

The SEC said, "Without these improper accounting adjustments, Fannie Mae's management could have received substantially smaller bonuses … or no bonuses at all."

Perjury Probe Sought For Ex-Fannie Officials (WP)

By Annys Shin

The Washington Post, June 15, 2006

A key House member has asked federal prosecutors to investigate whether former Fannie Mae chairman and chief executive Franklin D. Raines and former chief financial officer J. Timothy Howard lied to Congress two years ago about the company's accounting practices.

The allegations by Rep. Richard H. Baker (R-La.) center on statements made by Raines and Howard at an Oct. 6, 2004, appearance before the House Financial Services subcommittee on capital markets, which Baker oversees. Baker said those statements have been contradicted since then by the company's chief regulator, the Office of Federal Housing Enterprise Oversight, which last month issued the findings of its nearly three-year investigation into the company's $10.6 billion accounting scandal.

In a Tuesday letter to U.S. Attorney for the District of Columbia Kenneth Wainstein, Baker cited testimony in which Raines and Howard deny that they were involved in accounting decisions that investigators later concluded were calculated to maximize executive bonus pay.

"[T]hese men . . . had an opportunity to come clean, swearing under oath to tell the truth, which I believe the evidence shows they clearly and arrogantly flouted," Baker said yesterday in a statement.

Howard's attorney, Steven Salky, said that his client "testified truthfully." He added, "We reject any assertion to the contrary."

Raines's attorney, Kevin M. Downey, did not return messages left at his office.

Justice Department officials confirmed receiving Baker's letter but said they could not comment on whether they intend to follow up. The department is already investigating the extent of the two executives' roles in the company's accounting scandal.

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Separately, Fannie board member Anne Korologos will leave the company July 31, Fannie is expected to announce today at a hearing before the Senate Banking Committee. The company also is expected to say said it will complete by the end of the year its financial restatements for 2001 to 2004.

Perjury in general is difficult to prove, legal experts said.

"Perjury is not about inconsistencies. It has to be a knowing and purposeful misrepresentation," said Adam Hoffinger, a former New York prosecutor.

In cases of congressional testimony, it can depend on how questions are posed and whether they are susceptible to misinterpretation.

"Generally speaking, congressional questioning is inartful and does not provide a proper setting for a perjury prosecution," said Joseph DiGenova, a former U.S. attorney for the District of Columbia and independent counsel. "The truth is the members [of Congress] are generally looking for a forum to make a point, not to make a case."

There have been some notable perjury prosecutions, particularly that of former national security adviser John M. Poindexter after the Iran-contra hearings in the 1980s. His initial conviction was overturned on appeal. Former EPA Superfund director Rita Lavelle served nearly five months in prison after being convicted of lying to Congress about a conflict of interest.

Regardless of the outcome of his referral, Baker said he felt "a strong obligation to make sure witnesses do not mislead Congress and think they can get away with it."

Raines, a former Clinton administration budget director, and Howard were ousted in December 2004, after the Securities and Exchange Commission ordered Fannie Mae to restate its earnings. In addition to the Justice Department probe, both men face shareholder lawsuits and an investigation by the Securities and Exchange Commission.

The company settled with the SEC and with OFHEO last month, agreeing to pay $400 million in fines. Company officials have said they expect to spend a total of more than $1 billion to update accounting systems and financial results.

In his letter to Wainstein, Baker attached excerpts from the Oct. 6, 2004, hearing. In one exchange, he questioned Raines about a company decision to defer $200 million in expenses from 1998 to 1999.

Raines told Baker: "There was no decision made to defer any expense from 1998 to 1999. . . . We did not make any deferral."

OFHEO found the company did defer the $200 million.

In a separate line of questioning, Baker asked Raines, "Were there any discussions related to the consequences" of deferring the $200 million, which allowed Fannie Mae to hit its 1998 earnings per share target of $3.23 and ensure executives would receive the maximum bonus payments possible? Raines received a bonus of $1.1 million, and Howard received a bonus of $493,750 for the year.

"No," Raines replied.

Baker later asked Raines, "Was there any discussion in which you participated relative to the determination" of the size of the expenses to be deferred, which Fannie Mae employees referred to as "the catch-up" amount?

"No, I did not participate in determining the amount of the catch-up," Raines replied.

According to the OFHEO report, Raines chaired an "earnings alternative meeting" at which the catch-up was discussed.

In another exchange Baker cited, Rep. Barney Frank (D-Mass.) asked Raines and Howard, "You both deny that trying to hit a certain amount so you could get your bonuses was a factor to any extent in your decisions?"

"We both deny that," Raines replied.

"Yes," Howard said.

OFHEO cited an August 10, 1998, memo in which then-executive vice president Larry Small warned Raines, who was just taking office as chief executive, that there wasn't enough money in a certain "piggy bank" for the company to achieve its earnings targets and to trigger larger bonus payments. Such an outcome, Small argued, would hurt the morale of senior executives.

Lawmaker Asks DOJ To Probe Fannie Execs (AP)

By Marcy Gordon, Ap Business Writer

AP, June 15, 2006

WASHINGTON --A senior House lawmaker has asked the Justice Department to investigate whether Fannie Mae's then-chief executive and finance chief lied to Congress in sworn testimony in 2004.

Rep. Richard Baker, R-La., chairman of the House panel that oversees the government-sponsored mortgage finance company, disclosed Wednesday that he had made a perjury referral regarding former Fannie Mae chief executive Franklin Raines and former chief financial officer Timothy Howard.

The department has been conducting a criminal investigation of Washington-based Fannie Mae, the largest financer and guarantor of home mortgages in the country.

The company's $11 billion accounting scandal came to light in September 2004. Federal regulators found serious accounting problems and alleged that there was a pervasive pattern of earnings manipulation and lax internal controls. The next month, Raines and Howard testified at a hearing before Baker's panel, the House Financial Services subcommittee on capital markets.

They were asked about an episode in 1998 in which Fannie Mae was said to have improperly put off accounting for $200 million in expenses to future periods so that executives could collect $27 million in bonuses.

Raines testified that "there was no decision made" to defer the accounting for expenses. Howard and Raines both denied that they made accounting decisions with the aim of hitting earnings targets to ensure they received full bonuses.

"It is my belief that Mr. Franklin Raines and Mr. Timothy Howard, while testifying under oath ... on Oct. 6, 2004, failed to testify truthfully, in violation of applicable law," Baker said in a letter dated Tuesday to Kenneth Wainstein, the U.S. attorney for the District of Columbia.

"I request that the Department of Justice conduct an investigation and bring any appropriate prosecution," Baker wrote.

Attorneys representing Raines and Howard did not immediately return telephone calls Wednesday.

The two executives were swept from office by Fannie Mae's board in December 2004.

Baker first raised accusations of lying by Raines at a hearing last week. The lawmakers said that in light of information in a new report by the regulators, "there seems to be clear evidence to my mind that Mr. Raines perjured himself."

Also at that hearing, the regulator who oversees Fannie Mae blamed Raines and other senior company officials for accounting failures and alleged manipulations designed to enrich executives.

As a huge housing finance company chartered by Congress, "Fannie Mae has a special mandate and position of public trust. The previous management team, led by chairman and chief executive officer Franklin Raines, violated that trust," said James B. Lockhart, acting director of the Office of Federal Housing Enterprise Oversight.

Raines, who was a White House budget director in the Clinton administration, earned $90.1 million from 1998 to 2003, according to the regulators. That total included $52 million in bonuses tied to the company hitting earnings targets. Howard made $30.1 million during the same period, including $16 million in bonuses linked to quarterly earnings targets.

They are among 30 current and former Fannie Mae executives and employees who are being reviewed for possible disciplinary action, termination or forfeiture of their bonuses. The current president and chief executive, Daniel Mudd, also is under review.

Raines' lawyer, Robert Barnett, said last month that "Mr. Raines has repeatedly stated that he never authorized, encouraged or was aware of violations of generally accepted accounting principles at Fannie Mae for the purpose of smoothing earnings, reaching bonus targets or for any other improper reason. The facts on the record and conclusions from previous reports support this statement."

Channing Phillips, spokesman for the U.S. attorney, said the office was reviewing Baker's request.

Fannie Mae was fined $400 million, one of the largest civil penalties ever in an accounting fraud case, in a settlement last month with its regulators and the Securities and Exchange Commission. The company also agreed to temporarily cap its mortgage holdings at $727 billion.

On the Net:

Fannie Mae: http://www.fanniemae.com

Rep. Richard Baker: http://www.baker.house.gov

Justice Department: http://www.usdoj.gov

Office of Federal Housing Enterprise Oversight: http://www.ofheo.gov

Securities and Exchange Commission: http://www.sec.gov

At Fannie, Year End Likely Target For Restatement; Director To Quit (WSJ)

By James R. Hagerty

The Wall Street Journal, June 15, 2006

Fannie Mae is expected to pledge today to complete a massive restatement of its earnings by year end.

The giant provider of funding for home mortgages previously said only that the restatement wouldn't be ready before the second half, leaving open the possibility that it could slip beyond this year.

The company also is expected to announce that one of its veteran outside directors, Ann Korologos, will step down from the board July 31.

The disclosures appear in testimony that Fannie Mae's chief executive, Daniel Mudd, and Chairman Stephen Ashley are due to deliver today to the Senate Banking Committee. That testimony was made available by congressional aides.

Fannie, which last month agreed to pay a $400 million fine as part of a settlement of accounting-fraud charges, is preparing to restate its earnings for the past several years. The restatement is expected to require the company to recognize about $11 billion of losses on derivatives that had been deferred. The derivatives are financial contracts used to hedge interest-rate risks.

Fannie's regulators have accused the company of manipulating earnings to hit earnings targets that would maximize bonuses for executives. In the prepared testimony, Mr. Mudd argues that Fannie has made considerable progress in improving its internal controls and corporate culture. "We are paying people to do the job -- not hit targets," he says.

The departure of Ms. Korologos, who joined the board in 1994 and took charge of negotiations with regulators in 2004 when the company's accounting scandal erupted, is part of a broader overhaul of the board, which regulators say failed to ask enough tough questions about the company's accounting and controls. In his prepared testimony, Mr. Ashley said she had remained on the board until now because "she felt it was her duty ... to see us through the investigative phase, which is now complete."

Michaels Understated Expenses Due To Past Options Backdating (WSJ)

By William M. Bulkeley

The Wall Street Journal, June 15, 2006

Crafts retailer Michaels Stores Inc. said it understated compensation expenses by as much as $60 million between 1990 and 2001 because of stock options it awarded with effective dates that were earlier than the date on which they were approved.

The Irving, Texas, company, which previously delayed reporting financial results for its first quarter ended April 29, said the discovery, which emerged from an internal options investigation, will require reclassification of certain financial results but it doesn't expect to make any restatements. Michaels said it changed its practices in 2001 to give options awards on set dates, and its investigation didn't uncover any anomalies since then.

Stock options give an executive the opportunity to profit if the company's share price advances. Typically, an option is supposed to be granted with a "strike," or exercise, price set at the market value of the stock on the date the company's board approves it. Choosing a different date for the exercise price could potentially violate federal securities laws.

Michaels didn't specify which options were involved or which executives got them. It said that its practice had been to account for "certain nonroutine grants" as if they were awarded on the date a board committee voted for them. However, the strike price of the options was based on an earlier "effective date" of the options. A Michaels spokesman declined to say when or how that effective date was chosen.

Michaels said it is continuing its investigation.

The Securities and Exchange Commission and federal legislators have both said they are interested in writing regulations that prevent backdating of options from the time they are awarded to pick a low point in the stock price to lock in gains.

In other developments, Monster Worldwide Inc., which owns job-search site Monster.com, said the SEC has asked it to "preserve all relevant information" about timing of stock-options grants. Monster was the subject of an article in The Wall Street Journal on Monday on the timing of its options, with strike prices often set at lows for a quarter or year. The New York company previously said that it was conducting an internal investigation and that it had received a subpoena on its options from the U.S. attorney in Manhattan.

Write to William M. Bulkeley at bill.bulkeley@wsj.com4

Tech CEOs' Pay Falls As Firms Cut Out Options (WSJ)

By Pui-wing Tam

The Wall Street Journal, June 15, 2006

Not everything in Silicon Valley is recovering. Just look at Rick Belluzzo's pay package.

Mr. Belluzzo is chief executive of Quantum Corp., a storage-technology company in San Jose, Calif. While Quantum's stock rose last year, Mr. Belluzzo's pay didn't. In fiscal 2005, his compensation totaled $935,919, down 86% from $6.6 million a year earlier, according to company filings and an analysis of the value of CEO stock options prepared for The Wall Street Journal by compensation-research firm Equilar Inc.

The plunge was driven by a shift in equity compensation. In fiscal 2004, Mr. Belluzzo was awarded stock options valued at $5.9 million. Last year, however, Quantum gave no stock options to the CEO and dished out restricted stock valued at $82,250 instead -- not enough to make up for the move away from stock options. A Quantum spokesman says the stock options the CEO received in 2004 were intended to cover him through fiscal 2007. The spokesman adds that Mr. Belluzzo wasn't available to comment on matters relating to this article.

Mr. Belluzzo has plenty of high-power company to commiserate with in and around San Jose. According to a study by Equilar being released today, CEO pay at Silicon Valley's 150 biggest companies is headed south. In fiscal 2005, the median

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total compensation of Silicon Valley CEOs dropped to $2.6 million, down 13% from a year ago. Their pay packages are getting hit even as CEO compensation elsewhere rises. Indeed, median total pay for CEOs of companies in the Standard & Poor's 500-stock index increased 2.2% to $8.4 million in 2005, Equilar says.

The slide in Silicon Valley CEO compensation is largely a result of the shrinking value of stock-option grants. While the average number of options awarded to tech CEOs has stayed at around 150,000 for the past two years, the value of the grants fell 34.9% in 2005 to $1.3 million, Equilar says.

Corporate boards have moved to make up for this falloff by handing out more restricted stock -- the median value of restricted stock awarded to Silicon Valley CEOs rose 33.5% last year to $1.1 million. Cash compensation for Silicon Valley CEOs is also going up. Last year the median salary for tech CEOs rose 5.6% to $465,876 and cash bonuses rose 8.7% to $295,875, Equilar says.

But those moves haven't been enough to compensate for the declining value of stock options. "We're at the front end of a major shift away from stock options to more balanced pay packages of restricted stock and cash bonuses in Silicon Valley," says Steve Fackler, a compensation and benefits attorney at Gibson, Dunn & Crutcher LLP in Palo Alto, Calif.

Stock options gain value when a company's share price rises above the "strike" or "exercise" price at which the holder has the option to buy the shares (and then, ostensibly, sell them for a profit). Meanwhile, restricted stock retains value even when a stock falls below a certain price.

The falling pay of Silicon Valley CEOs comes as the high-tech region overall is reviving. Following the dot-com bust earlier this decade, Silicon Valley companies laid off thousands of workers, shifted some jobs overseas and grappled with lackluster stock prices and customer demand. Only last year did the area record a net new increase in jobs for the first time in several years, as the stock prices of many tech companies improved.

That Silicon Valley CEO pay is down amid this revitalization is a sign of how the tech industry is maturing, says Equilar CEO David Chun. Many industries -- driven by new accounting rules that count stock options as an expense -- switched over to restricted stock from stock options over the past few years, Mr. Chun says, and the tech industry was a relative laggard until recently. "Though tech companies are still high-growth, they're starting to act more like companies in Middle America," Mr. Chun says.

Last year 37 of Silicon Valley's 150 biggest companies awarded restricted stock to their employees, up from 23 in 2004. Equilar found that the average number of stock options granted to each rank-and-file tech employee totaled just 1,957 in 2005, down 32.1% from 2,881 options in 2003.

The changes notwithstanding, not all Silicon Valley CEOs are making less. Big-name CEOs such as Yahoo Inc.'s Terry Semel, Cisco Systems Inc.'s John Chambers and Symantec Corp.'s John Thompson continue to reap tens of millions of dollars a year. Even some CEOs who got only restricted stock last year and got no stock options are making out better than before. Bob Swanson, CEO of chip maker Linear Technology Corp., Milpitas, Calif., says the company issued restricted stock last year to employees whose stock options were under water because of the tech bust. "We looked at all kinds of compensation to make up for the underwater options," he says. "Restricted stock has been a big help: There's been very little attrition since." Mr. Swanson himself benefited from this change: He got a restricted stock grant of $10.2 million in fiscal 2005, compared with the stock-option grant of $6 million in fiscal 2004, according to Equilar.

Thian Hoo Tan, CEO of storage-technology company Komag Inc., is another exception. Mr. Tan got no stock options and just a small restricted-stock award of $90,000 in fiscal 2005, far less than the stock-option grant of $541,140 that he received a year earlier, according to company filings and Equilar. But the San Jose company's board also awarded Mr. Tan a bigger cash bonus of $1.2 million last year, more than three times as much as the cash bonus he received in 2004.

The result: Mr. Tan's compensation last year totaled $1.8 million, up from $1.4 million in 2004. Kathy Bayless, Komag's chief financial officer, says the company began switching to restricted stock from stock options in 2005. She declined to comment on Mr. Tan's pay.

Mr. Tan didn't respond to a request for comment. Earlier this year, he announced he would retire from Komag by late 2006.

Overall, while the shrinkage of CEO pay packages prevails in Silicon Valley, it is hard to argue that the affected CEOs are paid badly. A case in point is Peter Van Camp, CEO of Equinix Inc., a company that operates data centers. In fiscal 2004, Mr. Van Camp was awarded $3.85 million in stock options, according to Equilar.

Last year the Foster City, Calif., company stopped giving out stock options to its executive team, switching to restricted stock. Mr. Van Camp got a restricted-stock grant last year valued at $2.9 million, far less than the value of the stock options he got a year earlier.

Write to Pui-Wing Tam at pui-wing.tam@wsj.com1

Grasso Invoked Fifth Amendment In Deposition (WSJ)

By Aaron Lucchetti And Ian Mcdonald In New York And Kara Scannell In Washington

The Wall Street Journal, June 15, 2006

Former NYSE Chief Refused To Answer About 150 Queries In SEC Probe of AIG Shares

Dick Grasso, the former head of the New York Stock Exchange, invoked his Fifth Amendment right to not answer questions more than 150 times in a deposition last year looking into potentially improper trading on the exchange.

In that deposition, which took place in June 2005, Securities and Exchange Commission investigators asked specifically whether Mr. Grasso tried to influence an NYSE "specialist" firm -- Spear Leeds & Kellogg Specialists LLC -- to help increase the share price of American International Group Inc., the New York insurer. Specialist firms have responsibility for maintaining orderly trading in specific shares.

At issue is whether Mr. Grasso and former AIG head Maurice R. "Hank" Greenberg pressured specialists in recent years to prop up AIG's share price -- particularly in 2001, when AIG was trying to complete a $23 billion purchase of a rival insurer. A falling AIG share price would have made the deal more costly for AIG.

More broadly, the SEC asked questions about how Mr. Grasso policed specialist firms at a time when they were committing widespread infractions, according to later settlements between some of those firms and federal regulators.

Mr. Grasso's decision to invoke his Fifth Amendment protection may reflect a conservative legal strategy, which would have been unsurprising given the string of high-profile white-collar crime cases at that time, such as Martha Stewart, in which defendants' words were used against them. A transcript of the deposition was released yesterday after newspapers, including The Wall Street Journal, requested the document under New York state freedom-of-information law. A second transcript, related to a separate New York state inquiry into Mr. Grasso's pay package, was also released.

It isn't known whether SEC officials were investigating Mr. Grasso specifically, or whether their questioning of him was part of a wider probe of NYSE trading practices. It also isn't known whether or not the investigations are continuing.

A spokesman for Goldman Sachs Group Inc., Spear Leeds' parent company, declined to comment. A spokesman for Mr. Greenberg's legal team said he was reviewing Mr. Grasso's deposition and had no immediate comment on it, but pointed out that during his long term as chief of AIG, Mr. Greenberg was a loud critic of the specialist system and had called for better support of AIG shares. Mr. Greenberg left AIG in 2005. A spokesman for AIG declined to comment. Lawyers for Mr. Grasso said he responded to questions in the SEC interview in the later deposition, conducted by New York Attorney General Eliot Spitzer's office. Although the SEC deposition took place last year, questions about NYSE trading practices are back in the headlines. This week, a trial against two former specialists accused of harming investors is about to get under way in New York. In addition, cases involving similar claims against other former specialists are due to come to trial later this year. The claims center on allegations that specialist firms would sometimes not act in the best interest of their clients, but instead execute trades in a way that would increase the firms' own bottom lines.

According to the transcript of the SEC deposition, one question posed to Mr. Grasso by regulators: "Did you use your position as Spear's regulator to influence Spear to manipulate AIG stock price?" In a statement yesterday, Mr. Grasso's lawyer called that question "a ridiculous charge" and added that former Big Board directors had "confirmed Dick Grasso's commitment to regulation."

Mr. Grasso was more outspoken in the second deposition, which took place in April. Mr. Grasso is the subject of a civil lawsuit brought by Mr. Spitzer, who contends Mr. Grasso was overpaid as head of what was then a not-for-profit, member-owned exchange. Mr. Grasso disputes the charge. The case could go to trial later this year or in 2007.

Mr. Grasso told officials in the meeting with Mr. Spitzer's attorneys that at times Mr. Greenberg was "cosmically unhappy" with the way the Big Board handled AIG stock. When that happened, Mr. Grasso said he would walk to the trading floor and discuss the matter with the specialists who oversaw AIG shares -- an unusual step to take for the head of the exchange.

However, Mr. Grasso said he didn't suggest that Spear Leeds traders should buy up AIG shares to please Mr. Greenberg. He pointed out that Spear Leeds at one time held about 200,000 shares of AIG stock in an account outside of its obligations as a specialist firm, and considered increasing that stake to 500,000 shares "as a sign of their faith in AIG." NYSE rules allow specialists to maintain such accounts.

Mr. Grasso also said he didn't hear about widespread trading infractions among specialists until about December 2002, when he said he was informed by the head of his regulatory unit.

The SEC and U.S. Attorney's office for the Southern District of New York opened an investigation in mid-2004 into whether Mr. Greenberg tried to manipulate shares of AIG to save money on his company's pending acquisition of insurer American General Corp. in August 2001. It isn't known whether those investigations continue. Representatives from the U.S. Attorney couldn't be reached. An SEC spokesman declined to comment.

As reported, Mr. Greenberg called Mr. Grasso's office then to ask him to help shore up the stock's sinking price, people familiar with the case said then. Under terms of the $23 billion acquisition of Houston's American General, AIG would have had

to pay more in stock -- possibly much more -- if AIG's share price fell below a certain level in a period shortly before the deal was finalized.

But Mr. Greenberg's complaints about how the Big Board handled trading in AIG shares started well before the American General deal came along, according to Mr. Grasso. The NYSE listed AIG shares in 1984, Mr. Grasso said in his April deposition with Mr. Spitzer's office, adding: "I think he was happy for about six months. So somewhere in 1985 he started complaining."

S.E.C. Asked Grasso If He Buoyed Stock (NYT)

By Jenny Anderson

The New York Times, June 15, 2006

Richard A. Grasso, the former chief executive of the New York Stock Exchange, faced questions from federal regulators about whether he prodded traders to support the American International Group's share price while he was head of the exchange and its regulatory unit, government documents released yesterday disclosed.

During Mr. Grasso's deposition, given before the Securities and Exchange Commission in June 2005, he repeatedly invoked his Fifth Amendment right against self-incrimination, in spite of warnings from S.E.C. lawyers that doing so could be used against him in a civil case.

The deposition was part of an investigation by the S.E.C. into the oversight of exchange specialists, who the S.E.C. charged cheated their customers by trading ahead of customer orders. It was released yesterday by Justice Charles E. Ramos of New York State Supreme Court in Manhattan, after he denied Mr. Grasso's motion to keep the file sealed. The motion was part of a lawsuit by the New York State attorney general, Eliot Spitzer, against Mr. Grasso over his $190 million compensation package at the Big Board.

Mr. Grasso's lawyer, Gerson Zweifach, declined to comment yesterday.

S.E.C. lawyers asked Mr. Grasso in the 2005 deposition whether he had tried to placate powerful executives like Maurice R. Greenberg, the chairman and chief executive of A.I.G., by encouraging the A.I.G. specialists — those assigned to manage floor trading in the stock — and their superiors to prop up the price of the stock, going as far as to set up a $17 million fund to buy shares.

While he invoked the Fifth Amendment in front of S.E.C. lawyers in 2005 in response to various questions, in 2006 he answered many of the same questions in a deposition related to Mr. Spitzer's lawsuit. In the deposition, he said he did not encourage the traders to prop up A.I.G. shares.

Mr. Spitzer is expected to make the case that it was important for Mr. Grasso to appease Mr. Greenberg because he was a member of the compensation committee at the exchange from 1996 until 2002. In 2001, Mr. Grasso received $25.6 million in salary, bonus and deferred compensation.

Mr. Spitzer's suit contends that Mr. Grasso's compensation was "unreasonable," a violation of New York's not-for-profit law. The suit also contends that Mr. Grasso's regulatory authority created a conflict of interest because he oversaw regulation of many of the companies whose chief executives approved his pay.

In the 2005 deposition, S.E.C. lawyers questioned Mr. Grasso about whether he put pressure on specialists at Spear, Leeds & Kellogg, a specialist unit of Goldman Sachs, to support A.I.G.'s stock; encouraged and backed Spear's decision to set up a $17 million fund to support the stock; and whether he knew that Mr. Greenberg wanted to maintain a certain price for the stock when A.I.G. announced it would buy AmGen in 2001.

Lawyers also inquired whether Mr. Grasso yelled at the specialists, threatened to take the stock away from them and arranged meetings with top executives at Spear, Leeds to discuss its performance. Mr. Grasso invoked the Fifth Amendment in response.

Specialists are responsible for creating orderly markets, buying when investors are selling and selling when most are buying. They are prohibited from manipulating a share price — for example, buying at higher prices than are displayed.

A lawyer in Mr. Spitzer's office, Avi Schick, said, "What this transcript demonstrates is that Grasso was unable to defend to the S.E.C. his failure to protect investors and regulate traders."

Representatives of Goldman Sachs and Mr. Greenberg declined to comment.

While Mr. Grasso declined to answer questions regarding his relationship with Mr. Greenberg before S.E.C. lawyers, he was more forthcoming in his recent deposition on his pay.

Stating that he had overseen the listing of A.I.G. in 1984, Mr. Grasso said the complaints from Mr. Greenberg started soon thereafter.

"Somewhere after 1985 he started complaining," Mr. Grasso said, according to the deposition. "There were instances when he was unhappy, there were instances when he was extremely unhappy and there were instances when he was cosmically unhappy. And in the last case, I would probably get up and go to the floor."

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During these visits, according to the deposition, Mr. Grasso would relay word of Mr. Greenberg's unhappiness to Spear traders, but he said he did not encourage them to buy the stock to placate Mr. Greenberg.

Mr. Grasso also said he was aware that Spear maintained a separate investment account, distinct from its main specialist portfolio, that S.E.C. lawyers contended was set up to support A.I.G.'s stock and to appease Mr. Greenberg.

Mr. Grasso said that in 2006, to his knowledge, the account held 200,000 A.I.G. shares and that from time to time, Spear traders discussed increasing that to address Mr. Greenberg's concerns.

Asked whether such separate accounts were normal at the exchange, Mr. Grasso said he was "not aware of any."

"There was a period of time when Mr. Greenberg was so patently unhappy that there was some dialogue that the specialists might increase their position in the investment account from 200,000 shares to 500,000 shares," Mr. Grasso said in the deposition. He added that no such increase was made, and that the number of shares was too small to influence the value of so large a company as A.I.G.

Mr. Grasso said that "it might be a nice gesture of faith that you go from 200,000 to 500,000 but don't think that is going to cure his overall belief that the system is not big enough for certain market-cap-sized companies."

Specialists at the exchange, and the oversight of them, have been under scrutiny for years. In 2004, the S.E.C. brought enforcement actions against seven specialist firms. They paid more than $243 million without admitting wrongdoing. In April 2005, federal prosecutors obtained indictments of 15 specialists on charges of illegally trading ahead of customer accounts and of getting between trades, a practice called interpositioning. Last month, two specialists admitted charges of securities fraud, and await sentencing. This week, two former specialists are scheduled to start trials in New York.

CRIMINAL LAW:

Bush Reaffirms His Confidence In Rove (WP)

By Jim Vandehei

The Washington Post, June 15, 2006

Critics Say Aide's Role In Leak Calls For Accountability

President Bush yesterday reaffirmed his trust in White House strategist Karl Rove, and GOP allies said the longtime presidential adviser has no reason to apologize for his role in the disclosure of a CIA officer's identity three years ago.

"Along with others in the White House, I took a sigh of relief" when the news broke this week that Rove would not be charged in the CIA leak investigation, Bush told reporters in a Rose Garden news conference. "I trust Karl Rove." A senior White House official said Bush and his staff are eager to "put this behind us" as quickly as possible.

But while Rove appears out of legal jeopardy, partisans are already pressing a question that is likely to hound him and Bush for some time: Should Rove be held to account outside the legal system for his part in unmasking CIA officer Valerie Plame and initially telling the nation he was not involved?

The three-year investigation of the Plame leak did not result in criminal charges against Rove, but it did raise questions about his early denials. In 2003, White House spokesman Scott McClellan said he consulted Rove and was assured that the senior aide played no role in the leaking of Plame's name to the media. The White House left the clear impression that Rove knew nothing of the leak and certainly did not participate in it.

The subsequent federal investigation determined that Rove talked with at least two reporters about Plame before her identity was disclosed by columnist Robert D. Novak in July 2003, and that he relayed word of those conversations to other White House officials.

Republicans close to Rove argued yesterday that, technically speaking, the aide never lied about his role and that, if anything, he is owed an apology by the media and some Democrats. Former Republican National Committee chairman Ed Gillespie, echoing an argument Rove has made privately to others, said Rove only discussed Plame briefly when questioned by reporters, never mentioned her name specifically and never intended to blow her cover.

"It is now clear he did not leak anybody's name and did not lie about any action," said Gillespie, a close Rove ally.

Democrats dismissed that defense.

"He leaked the name of an intelligence operative at a time of war," Democratic National Committee Chairman Howard Dean responded in an interview. "I don't know another president who would not fire someone like this."

Dean said Rove has survived only because Bush suffers from an "incredible blind spot for personal loyalty."

Joseph C. Wilson IV, the former ambassador whose criticism of Bush's use of prewar intelligence set in motion the White House campaign that eventually led to the unmasking of his wife, Plame, said Rove owes them and others an apology -- at the very least.

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"There is contemporaneous evidence that Mr. Rove was the source of compromising Valerie's identity" to two reporters -- Novak and Time's Matthew Cooper, Wilson said. "Is that the conduct one should expect from a senior government servant?"

Wilson and Plame are considering a civil suit against Rove.

White House spokesman Tony Snow said it would be inappropriate to discuss the role of specific officials or whether any apologies are necessary until Special Counsel Patrick J. Fitzgerald's investigation is concluded.

"Why does not everybody wait to see what the facts are?" Snow said. At his news conference, Bush, too, said it would be wrong to comment on an ongoing case, despite his statements about it moments earlier and aboard Air Force One on Tuesday. As long as Bush sticks to this position, Democrats are likely to keep raising the issue.

Republicans close to the White House said Bush will not push Rove to apologize at any point and is confident the issue will soon fade from the public debate. For many Bush critics, that position contrasts with the ethical standards the president set as a candidate for president and in the earliest days of the leak probe.

In October 2000, Bush told supporters: "In my administration we will not ask only what is legal but what is right, not what the lawyers allow but what the public deserves." Snow would not comment on whether Rove's role in the leak case met this standard.

After news of the leak case broke, Bush said he would "fire anyone" who leaked the name of a covert CIA operative.

But in July 2005, the president set a high threshold for dismissal to cover only those aides who "committed a crime." The timing and threshold change had the potential to benefit Rove. By then, it was clear Rove was involved in the disclosure of Plame's identity even if his actions did not break the law.

Rove yesterday referred questions to Mark Corallo, his spokesman for the leak case. Corallo said he could not comment because of the pending trial of Vice President Cheney's former chief of staff, I. Lewis "Scooter" Libby, on charges of lying to investigators in the leak probe. But Rove's view of the leak controversy was made clear by Gillespie and others who are close to the White House deputy chief of staff.

"He did nothing wrong, he was not involved, he did everything right and owes nobody any apology," said a source close to Rove, who would discuss the topic only if his name was not used. The source said Rove was technically correct when he told CNN in 2004 that "I didn't know her name. I didn't leak her name."

Gillespie said that there was nothing misleading about McClellan's comments in 2003, when the spokesman denied any role for Rove, because it was commonly known the issue was whether the aide leaked the name of a covert CIA agent. But a transcript of McClellan's comments suggests differently.

McClellan was asked if Rove "told any reporter that Valerie Plame worked for the CIA?" Rove, he said, "assured me" he was not involved in the leak of such information.

It is true there is no known evidence that Rove leaked Plame's name per se; in one instance, he referred to Plame simply as Wilson's wife. But he confirmed her CIA role to two reporters, according to court filings in the Libby case.

"He did not have a role in leaking anything. In this town, leaking is a proactive action: Someone gets on the phone and calls reporters for a purpose," said the source close to Rove.

Bush Says Clearing Of Rove Was A Relief (NYT)

By Jim Rutenberg And Neil A. Lewis

The New York Times, June 15, 2006

WASHINGTON, June 14 — President Bush said on Wednesday that he "took a sigh of relief" when federal prosecutors decided this week not to indict Karl Rove, his top strategist, in the C.I.A. leak case.

But Mr. Bush, speaking with reporters in the Rose Garden, still faced tough questions about the investigation. One journalist asked if the president believed that Mr. Rove owed any apologies for providing "misleading" statements about his role in the case. Another asked, "Do you have any work to do to rebuild credibility that might have been lost?"

Mr. Bush voiced full support for Mr. Rove, but otherwise declined to go into the details of the investigation, saying, "There's an ongoing trial; it's a serious business."

Certainly the decision by the lead prosecutor, Patrick J. Fitzgerald, not to indict Mr. Rove is a major break for the administration, cutting off an avenue of investigation that had come close to the Oval Office. But questions remain about how straightforward Mr. Rove, a deputy chief of staff, was about his own role in administration efforts to rebut a war critic — even with his own White House colleagues.

And there is still a trial looming for Vice President Dick Cheney's former chief of staff, I. Lewis Libby Jr., who is accused of lying to federal investigators who were trying to find out whether the White House intentionally disclosed the name of a C.I.A. operative, Valerie Wilson, in an effort to undermine a war critic, her husband, former Ambassador Joseph C. Wilson IV.

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In a New York Times Op-Ed article in 2003, Mr. Wilson reported that during a fact-finding mission for the C.I.A. he could not verify claims that Iraq had tried to buy uranium in Africa, a major administration claim in justifying the invasion of Iraq.

White House allies have rallied to Mr. Libby's side, setting up a defense fund to help defray his legal costs. The list of advisers to the group includes major supporters and former officials, like Spencer Abraham, the former energy secretary, and Mary Matalin, a longtime Cheney adviser.

Central to Mr. Libby's defense is his argument that any efforts to push back against Mr. Wilson were legitimate.

In a series of court filings in that case, Mr. Fitzgerald has indicated he may call Mr. Cheney as a witness.

A Republican who is close to several administration officials, and who was granted anonymity to discuss internal thinking at the White House, said the White House was troubled that the Libby trial, which is scheduled to begin in January, has the potential to expose some of the inner workings of the vice president's office.

"There's not concern about showing any illegalities as much as there is a window into the policy process that will be unflattering to the vice president," this person said.

Mr. Fitzgerald has already filed papers discussing a copy of The Times's Op-Ed article that includes handwritten notations from Mr. Cheney in the margins, including one that said: "Do we ordinarily send people out pro bono to work for us? Or did his wife send him on a junket?"

Yet for all that, the case against Mr. Libby has been constricted in ways that are said to be helping officials sleep better at night.

The presiding judge, Reggie B. Walton, has narrowed the issues in the trial to whether Mr. Libby lied under oath to a grand jury and F.B.I. agents about his role in the disclosure of Ms. Wilson's status at the C.I.A. Judge Walton has mostly slammed the door on efforts by Mr. Libby's lawyers' to broaden the trial into an exploration of how the Bush administration dealt with criticism of its decision to go to war in Iraq.

Judge Walton's rulings make it unlikely that if vice president were to testify, he would be asked to comment beyond some simple and straightforward facts, notably whether he informed Mr. Libby of Ms. Wilson's role in her husband's trip.

Mr. Libby is charged with lying when he testified that he first learned of Ms. Wilson's identity in a conversation with Tim Russert, the Washington bureau chief of NBC News. Mr. Russert has said that testimony is false. In 2003 Scott McClellan, who was then White House press secretary, told reporters, based on information from Mr. Rove, that Mr. Rove had played no role in disclosing Ms. Wilson's name.

Mr. Rove later admitted to speaking with two reporters, the columnist Robert Novak and Matt Cooper, a reporter for Time magazine, about Ms. Wilson, though associates say he did not know her name. Mr. Rove also initially did not disclose to a grand jury that he had spoken with Mr. Cooper; he said in later testimony that he had forgotten and was reminded by the discovery of an e-mail message he had sent to a White House official recounting the conversation with Mr. Cooper.

An associate of Mr. Rove who spoke on condition of anonymity because he was not cleared to speak publicly on the details said Mr. Rove did not intentionally mislead Mr. McClellan.

On Wednesday Mr. Bush was asked what he thought of Mr. Rove's behavior.

"I trust Karl Rove," Mr. Bush said, "and he's an integral part of my team."

Stolen Pistol Used By Roosevelt Returned To Museum (AP)

By Desmond Butler, Associated Press Writer

AP, June 15, 2006

NEW YORK -- After a 16-year absence, a pistol that Teddy Roosevelt carried during the Spanish-American War was returned Wednesday to Sagamore Hill, his home on Long Island.

The Colt revolver disappeared from a display case at Oyster Bay's Sagamore Hill National Historical Site in 1990.

It was recovered by the FBI after someone called the museum with a tip in September, said Robert Goldman, a former assistant U.S. attorney in Philadelphia.

Goldman, who led the Justice Department's investigation along with the FBI's art crime unit, was among those who attended a ceremony Wednesday marking the return.

The pistol was originally issued to a Navy officer and salvaged from the wreck of the USS Maine, whose mysterious sinking in Havana's harbor fueled the public outrage that led to war.

Roosevelt got the .38 caliber gun from a brother-in-law who served as a Navy captain, and carried it with him when he rode to war with the Rough Riders, a volunteer regiment he helped form. He purportedly had it with him during the Battle of San Juan Hill.

Roosevelt's legendary bravado during the conflict aided the rise of his political career, which culminated in the presidency.

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The pistol became a valued family heirloom, and was later given two inscriptions noting its origins on the USS Maine and its use by Roosevelt, then a colonel, at San Juan Hill.

"This gun symbolizes the diligence and heroism of Roosevelt that propelled him to the national limelight," Goldman said in a telephone interview.

The gun was discovered missing in 1990 during regular visiting hours in the Old Orchard House on the grounds of the museum. Police said a lock had been jimmied open.

The September caller told the museum that he believed he knew where the gun was, Goldman said. Park Rangers then contacted the FBI, who coordinated with Goldman, a specialist in art recovery cases.

Goldman, who owns 150 books by and about Teddy Roosevelt, said he'd long hoped for news of the gun since he clipped a newspaper article when it went missing. He told an FBI investigator years ago: "Before I leave government, we need to find this."

Investigators quickly tracked down the tipster to Daytona Beach, Fla.

Goldman, who left the Justice Department for private practice two months ago, said agents persuaded the caller to turn over the pistol to the FBI. The evidence gathered in the investigation was not sufficient to press charges against anyone, Goldman said.

"This came to us fortuitously," he said. "It was quick and nice and sweet."

On Wednesday, a curator confirmed the authenticity of the gun before the ceremony.

"I felt like was able to give something back to Roosevelt today," Goldman said.

Web Labeling Mandate Surfaces In Senate (CNET)

By Anne Broache, Staff Writer, CNET News.com

CNET News, June 15, 2006

Operators of commercial Web sites with sexually explicit content would have to post warning labels on each offending page or face imprisonment under a new proposal in the U.S. Senate.

Caving to earlier demands from the U.S. Department of Justice, the 24-page proposed law focuses on a medley of new penalties related to child pornography and other sexual content on the Internet. For instance, Internet service providers that fail to report to authorities any sightings of child pornography on their networks would have to cough up fines that are triple those written into current law: $150,000 for the first violation and $300,000 thereafter.

"The increase in Internet use has given sexual predators new ways to prey on children," said Sen. Jon Kyl, an Arizona Republican, who joined eight members of his party in introducing the bill on Tuesday. "This bill, among other things, is intended to shut down these opportunities, and severely punish the degraded individuals who are involved in the sexual exploitation of our youth."

Called the Stop Adults' Facilitation of the Exploitation of Youth Act, or Internet SAFETY Act, the bill actually beefs up the Justice Department's suggested penalties for negligent Web labelers. It would impose up to 15 years in prison--an increase from the five years suggested in the original proposal--on any commercial site operator who fails to place "clearly identifiable marks or notices" prescribed by the federal government in either the site's code or on the pages themselves, according to a copy of the bill seen by CNET News.com.

The bill would also create a new crime out of "using misleading domain names to direct children to harmful material on the Internet." Conviction would carry a prison sentence of up to 20 years. A similar sentence would apply to anyone who knowingly embeds words or images in the source code of their sites with the intent of deceiving minors into viewing "harmful" content.

Attorney General Alberto Gonzales originally called for the new laws while speaking at an event at the National Center for Missing and Exploited Children in April. He said a mandatory rating system is necessary to "prevent people from inadvertently stumbling across pornographic images on the Internet."

At the same event, Gonzales also raised the possibility of requiring Internet service providers to retain records on their subscribers for a set period of time to aid law enforcement in investigations. The Justice Department has since held several private meetings with ISPs, as first reported by CNET News.com.

No such mandate made it into the Internet SAFETY Act, though other members of Congress have floated proposals bearing those requirements in recent months.

Criticized as ambiguous

The latest proposal drew criticism from civil liberties advocates, who said it presents enough ambiguities to prompt self-censorship of Web content.

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"Whether artistic works or political commentary or any type of images that may arguably come close to this category, people may not publish them for fear of being sent to jail for 15 years," said David Greene, director of a free-speech advocacy group called The First Amendment Project.

It's equally unclear how to draw the line between "commercial" Web sites, covered by the regulations, and "noncommercial" sites, which appear to be exempt, the bill's critics said.

"They may sell T-shirts or do things that are unrelated to the image or the content that is labeled," Greene said. "When their commercial transaction doesn't relate to the image, to the sexual content, there's a great danger in these laws."

To some extent, it was the thorny issue of labeling online news sites, which sometimes feature material considered to be sexually explicit as part of their regular coverage, that caused support for an Internet self-rating system to fizzle out during the Clinton administration years. At that time, in the late-1990s, Sen. Patty Murray, a Democrat from Washington state, proposed that misrating a Web site be made a federal crime.

The Internet SAFETY Act pulls its definition of sexually explicit material from existing federal law. It covers sexual intercourse of all types: bestiality, masturbation, sadistic or masochistic abuse, or lascivious exhibition of the genitals or pubic area of any person.

In practice, courts have interpreted those definitions quite broadly. In one case, U.S. v. Knox, the Supreme Court and an appeals court ruled that the "lascivious exhibition" of the pubic area could include images of clothed people wearing bikini bathing suits, leotards and underwear. That suggests, for instance, that photos of people in leotards and bathing suits would have to be rated as sexually explicit if the commercial Web site owner wanted to avoid going to prison.

The Senate proposal grants just one reprieve: Sexual depictions that constitute a "small and insignificant part" of a large Web site do not have to be labeled.

Also problematic, they said, is that, in addition to the labeling requirement, Web site operators would have to ensure that "any matter that is initially viewable" does not contain sexually explicit content.

"What if someone deep links to an image, and someone clicks on that image, and it's the first one they see?" asked Marv Johnson, legislative counsel for the American Civil Liberties Union. "Has the law been violated?"

CNET News.com's Declan McCullagh contributed to this report.

Alabama Awarded $400,000 Grant To Fight Child Predators (AP)

AP, June 15, 2006

WASHINGTON (AP) — Alabama is getting $400,000 from the Justice Department to fight child predators. U.S. Sen. Richard Shelby announced the grant yesterday.

He said the funds will be awarded to the Alabama Department of Public Safety's Internet Crimes Against Children's Task Force Program.

The money is earmarked to help the agency to continue working with other law enforcement entities on the federal, state and local level and child welfare organizations.

Shelby said the goal is to target individuals trying to exploit children by way of the Internet.

The Tuscaloosa Republican is co-chair of the Missing and Exploited Children's Caucus.

Safavian Jury Ends 1st Day Of Deliberations (AP)

AP, June 15, 2006

WASHINGTON (AP) — Jurors in the David Safavian trial completed their first day of deliberations Wednesday without deciding whether the former Bush administration executive covered up assistance he gave Republican influence-peddler Jack Abramoff.

The jury of 10 women and two men is weighing charges that while Safavian was the General Services Administration's chief of staff, he obstructed justice and made false statements. He is accused of concealing from GSA ethics officials and Senate investigators how he helped the disgraced lobbyist try to buy or lease two government properties.

In the first trial to arise from the Abramoff scandal, the jury deliberated for about five hours. Jurors were to return Thursday.

U.S. District Judge Paul Friedman on Wednesday morning dismissed one juror, seated the only remaining alternate juror, a woman, and told the revised jury to "put all your previous deliberations aside and start all over again."

Friedman granted a government motion, over defense objections, to dismiss a female juror for apparently discussing the case with her father in violation of the judge's instructions.

Friedman said he doubted it would be hard to start over from scratch because the jurors had the case for less than two hours on Tuesday and had not discussed it in substantive detail before the problem with the juror arose. The judge questioned that juror and two others Tuesday before sending everyone home while he decided what to do.

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In dismissing the juror, Friedman said he questioned her credibility and she had refused to follow instructions, had done independent research and had talked to people she should not have about the case.

Two jurors told the judge Tuesday they heard the offending juror say she had discussed the costs of a golf trip to Scotland with her father. Safavian's expenses for an August 2002 golf trip to Scotland arranged by Abramoff have been an issue in trial testimony.

Friedman also denied the jury's request for a dictionary and told them to ask him if they needed definitions.

Abramoff, the former business partner of Safavian, was never called to testify, a point Safavian's defense lawyer emphasized in closing arguments Monday.

The defense characterized the trial as a clear case of prosecutorial excess. The government depicted Safavian as an ethically challenged public servant trying to serve two masters.

Prosecutors introduced dozens of e-mails in which Abramoff and Safavian exchanged information about two pieces of GSA-controlled property that Abramoff wanted for himself or his lobbying clients. Many of the e-mails were written in the weeks before Safavian joined the weeklong trans-Atlantic golfing jaunt organized by Abramoff.

Defense lawyer Barbara Van Gelder said Safavian "was trying to do the right thing" when he got approval from GSA ethics officers for the golfing excursion to Scotland and London and paid Abramoff $3,100 for his share of the expenses.

Prosecutors scoffed at the idea anyone could think $3,100 would cover the chartered jet fare, $400 and $500-a-night hotel rooms, $400 rounds of golf at the famed St. Andrews course and $100 rounds of drinks.

Prosecutor Nathaniel Edmonds said Safavian revealed nothing about the three-day London leg of the trip or the extent of the lavish accommodations. Prosecutor Peter Zeidenberg said if Safavian had told the truth, "there would have been questions" about who was paying for it and what business Abramoff had with GSA. Safavian told the ethics officers that Abramoff did all his work on Capitol Hill, a statement Van Gelder said is "literally true."

She said the government failed to prove its case by not summoning Abramoff to testify.

Prosecutors gave no reason for not calling Abramoff, who would likely be a witness if the Justice Department assembles criminal cases against any members of Congress. Abramoff has pleaded guilty to crimes in federal courts in Washington, D.C., and in Miami.

Missing Girl Found In S.C. (ROT)

By Lindsey Nair

Roanoke (VA) Times, June 15, 2006

An Arizona girl missing for 10 years after she was allegedly abducted by her father has been found safe in South Carolina, officials said.

Rebecca Ann Braun, 12, was located by the Federal Bureau of Investigation at 8 p.m. Tuesday in South Carolina, according to Kevin Foust, supervisory special agent for the FBI in Roanoke. Although Braun's biological father, Danny Arthur Moran, was arrested on fugitive charges in Roanoke on Monday, Foust said Moran has been uncooperative and did not play a role in locating his daughter.

Foust said Braun was healthy and unharmed when she was found at the residence of an unidentified female. Foust was uncertain of the female's relationship with Moran and said she was not taken into custody.

Moran has been wanted by Arizona authorities since Rebecca was abducted while standing alone outside her house in February 1996. At the time, Rebecca was in her mother's custody.

Foust said a citizen tip led authorities to Moran, who was working as contract employee for Norfolk Southern.

FBI Agents Locate Missing Girl In South Carolina (WDBJ-TV)

WDBJ-TV, June 15, 2006

Kidnap victim Rebecca Braun has been found alive and well in South Carolina. Her alleged abductor remains in the Roanoke city jail after his arrest on the job here Monday.

The F-B-I says Denny Arthur Moran has not cooperated at all so far. He refused to tell federal agents where the child was. However, information in Moran's possession led them to Donalds, South Carolina.

The FBI would not say exactly what it was that led them to the small town about 30 miles south of Greenville. The Television show "America's Most Wanted" reports agents tracked his cell phone to a mobile home. Abbeville County Sheriff's office tells News-7 that's where Lillian Jean Kitts has been living with the girl for the past three and a half years.

America's Most Wanted says: A Roanoke woman broke the case by logging onto the "America's Most Wanted" web site to confirm that the man she met here was not Jonathan Richardson- -the alias he used here, but Danny Moran, the man wanted for kidnapping in Arizona in 1996.

Sheriff's Deputy Marion Johnson says kidnap victim Rebecca Braun--now 12 years--had not attended school in Abbeville County, but was supposedly "home-schooled." They'd changed her name to Rebecca Bradley to match the alias of her alleged captor, "Norma Bradley."

The natural mother, Helen Braun now reportedly lives in Wisconsin. A reunion between mother and child is expected soon.

Girl Kidnapped In Tempe In 1996 Found In South Carolina (AR)

By Sarah Muench, The Arizona Republic

The Arizona Republic, June 15, 2006

A Tempe girl who had been missing for 10 years was found in South Carolina after FBI agents arrested her father, who was on the FBI's most wanted list in Phoenix.

Rebekah Ann Braun, 12, was found unharmed Tuesday night in a South Carolina mobile home where she had been living with her father, Danny Moran, 57, and a woman who was also arrested.

Braun had been missing since Feb. 24, 1996 when she was kidnapped at age 2 at 6:20 a.m. from her Tempe home in the 1700 block of East Don Carlos, near University and McClintock drives, police said.

"I'm ecstatic," said the girl's mother, Helen Braun, 51, in a phone call from Philadelphia "I was so in shock. I knew that I would always see her, that this moment would come. But how can you prepare for that?"

Braun and Moran were never married.

Phoenix FBI agents continually collected information from family members and tips responding to publicity by media outlets, National Center for Missing and Exploited Children and America's Most Wanted.

Agents arrested Moran on Sunday without incident at his workplace in Roanoke, Va., after receiving a tip from a woman who recognized him from a flier about the kidnapping. He had been commuting there from Donalds, S.C. where he and his daughter lived, said Deborah McArley, a Phoenix FBI office spokeswoman.

"Any caputre is great. . . . We're always thrilled. Some people tend to give up hope, but this case really shows that there's a reason why we put out publicity on stories," said Steve Katz, supervising producer of the television program.

Moran, who had served two years in prison in 1988 in Arizona, had been commuting to a job as computer technician for six months and used the assumed name Jonathan Richardson, according to Virginia media.

Rebekah had been living with Moran and Lillian Jean Kitts, 52, who he apparently met in Arizona, authorities said. Their relationship was not known.

When FBI agents arrested him, Moran refused to give any information on Rebekah's whereabouts, McArley said.

The FBI wouldn't comment on how they were able to track the girl to the mobile home, but America's Most Wanted said agents were able to track his cellphone to the mobile home.

The girl is now in protective custody and a reunion between mother and daughter is expected soon, McArley said. Moran will be extradited to Tempe.

Girl Taken From Arizona Found Safe In South Carolina (TSSC)

The State (SC), June 15, 2006

DONALDS, S.C. - A girl taken from her mother's home in Arizona 10 years ago has been found safe in Abbeville County, the sheriff's department said.

Rebekah Ann Braun, 12, was found by deputies in a home in Donalds Tuesday night, after a man thought to be her father was arrested in Virginia.

The girl was taken from the Tempe, Ariz., home on Feb. 24, 1996, where she lived with her mother, the FBI in Phoenix said.

FBI agents arrested Danny Arthur Moran, 57, in Roanoke, Va., on Monday, where he had been living for about six months under an assumed identity, the Greenwood Index-Journal reported Wednesday.

A citizen tip led authorities to Moran, Kevin Foust, supervisory special agent for the FBI in Roanoke told WSPA-TV in Spartanburg.

Agents in Roanoke determined the girl was possibly in the Upstate. She's been taken into protective custody.

The woman who owns the home where the girl was found is a friend of Moran's and was taken into custody, authorities said.

Tempe police said Helen Braun now lives in Madison, Wis., and the FBI is working to reunite the girl with her mother.

Helen Braun told the Greenwood newspaper she was stunned to find out the FBI had arrested her husband. "Late Tuesday they called and said they did find Rebecca and she was OK. I always knew I'd see her again. I just didn't expect it. I was just in shock - complete shock. I'm still in shock."

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Police say Helen Braun told them on the day her daughter disappeared, the two were heading out of their apartment when the phone rang. Braun said she turned to answer it and no one was on the other end. When she turned back to her daughter, she was gone.

Officers went door-to-door and the mother got a phone call from Moran who said he had taken Rebekah.

A warrant was issued for Moran on custodial interference charges, and the FBI was called in to the case.

It took them a decade to find Moran, who authorities said even made calls to Helen Braun telling her she wasn't going to see her daughter again because she was an unfit mother who smoked in front of the child, authorities said.

Helen Braun said she has been told her now 12-year-old girl looks a lot like a computer-generated age-progression photo posted on the National Center for Missing and Exploited Children Web site.

"She knew she had another mother, but they told her some nasty things about me," Braun said with a shaky voice. "It's going to be a rough trip for both of us."

Judge Won't Suppress Wecht Evidence (PPG)

By Paula Reed Ward, Pittsburgh Post-gazette

Pittsburgh Post-Gazette, June 15, 2006

A federal judge yesterday refused to suppress evidence seized in a search of former Allegheny County Coroner Dr. Cyril H. Wecht's private offices last year.

That means that documents found in 29 boxes at the Penn Avenue location can be used against him at his criminal trial scheduled to begin in October. Dr. Wecht is charged in an 84-count indictment with misusing his public office for private gain.

His attorneys filed a motion to suppress evidence seized in the April 8, 2005, search, claiming that FBI agents did not adhere to the terms of the warrant.

In a 17-page opinion, U.S. District Judge Arthur J. Schwab said the search and seizure "fit squarely within the scope" of the warrant and that the agents and support staff who executed it acted in "good faith."

Defense attorneys tried to claim, in particular, that one box taken from Dr. Wecht's office should never have been opened.

Box No. 20, which was in the same location as the others, was labeled for "the Wecht Law Firm," which is operated by Dr. Wecht's wife, Sigrid. Defense lawyers said that box should have been off-limits to the FBI.

Judge Schwab disagreed.

"The court has reviewed the contents of box 20, and finds that there are no letterheads, pleadings, statements, correspondence or other documents contained therein that were prepared for, generated by, reviewed by, or used by the Wecht Law Firm," he wrote. "On the contrary, the items in box 20 all appear to have been prepared for ... Wecht Pathology ... for example, invoices and billing records for reimbursement for private autopsy consultations, private limousine services and airfare."

Judge Schwab noted in his opinion that though Mrs. Wecht provided an affidavit with her husband's motion to suppress, she did not testify at the hearing on the matter.

Also yesterday, Judge Schwab issued an order relating to two disciplinary reports against the lead FBI agent investigating Dr. Wecht's case.

Bradley Orsini was transferred to Pittsburgh from Newark, N.J., where, Dr. Wecht's attorneys claim, he was disciplined for urging witnesses to lie to cover up his own misconduct.

Defense attorneys plan to use the information to question Mr. Orsini's credibility, and they, along with several local news organizations, requested that the reports be removed from a protective order so that they can be made public.

Yesterday, Judge Schwab agreed to unseal the reports. But at the same time, he stayed his order, giving the U.S. attorney's office the opportunity to appeal to the 3rd U.S. Circuit Court of Appeals.

"Even though the material is quite likely irrelevant and not admissible at trial, the government has not established a compelling interest or good cause to justify the continual sealing of [the document]," the judge wrote.

U.S Attorney Mary Beth Buchanan said last night that she was unsure if she would appeal. If she does, the appeal must be filed by noon June 29.

Judge Refuses To Suppress Evidence In Wecht Case (KTAE-TV)

KTAE-TV, June 15, 2006

ALLEGHENY COUNTY, Pa. -- A federal judge refused to suppress evidence seized in a search of former Allegheny County coroner Cyril Wecht's private offices last year.

Sources report that the documents found at the Penn Avenue location can be used against him at his criminal trial scheduled to begin in October.

Wecht is charged with misusing his public office for private gain.

His attorneys filed a motion to suppress evidence seized in April 2005, claiming that FBI agents did not adhere to the terms of the warrant.

Judge Allows All Evidence In Wecht Trial (PTR)

By Jason Cato, TRIBUNE-REVIEW

Pittsburgh Tribune-Review, June 15, 2006

The disciplinary records of the lead FBI agent in the case against Dr. Cyril H. Wecht must be made public, a federal judge ruled Tuesday.

The records, however, will remain sealed until June 30 to give the U.S. Attorney's Office time to review the order and decide whether to appeal, U.S. District Judge Arthur J. Schwab ruled.

At question are files from an internal FBI investigation into Special Agent Bradley Orsini while he worked in the Newark, N.J., field office. Wecht's lawyers claim Orsini asked a witness to lie on his behalf during that investigation and have said they plan to use that information to raise questions about the agent's credibility at trial.

In addition to Wecht's attorneys, lawyers for several media outlets -- including the Pittsburgh Tribune-Review -- fought to have Orsini's files made public. They argued that the background of the lead agent in the case deserved as much public scrutiny as the accusations against Wecht.

"We're delighted," said David A. Strassburger, who represented the Trib and its television news partner, WTAE. "We think the court was extremely willing to listen to the arguments of the media and reach the right result."

U.S. Attorney Mary Beth Buchanan said she was still reviewing the judge's order and had not decided whether to file an appeal, which could take months to resolve. Wecht's trial is scheduled to begin in October.

He is accused of using his office as Allegheny County coroner for the benefit of his private consulting business, Cyril Wecht & Pathology Associates.

Wecht, 75, of Squirrel Hill, was indicted in January on 84 counts of mail fraud, wire fraud and theft of honest services.

Lawyers For Wecht Raise Judge's Ire (PTR)

By Jason Cato, TRIBUNE-REVIEW

Pittsburgh Tribune-Revie, June 15, 2006

Not following a painstakingly crafted court schedule has the lawyers defending Dr. Cyril H. Wecht in trouble with a federal judge.

U.S. District Judge Arthur J. Schwab on Wednesday ordered a post-trial contempt hearing to determine whether the conduct of Wecht's attorneys in repeatedly ignoring the pretrial order constitutes contempt. If Schwab determines it does, he said he will then decide the appropriate punishment.

Wecht, 75, of Squirrel Hill, is represented by Jerry McDevitt and Mark Rush, of the Downtown law firm Kirkpatrick & Lockhart Nicholson Graham.

In February, Schwab, Wecht's attorneys and federal prosecutors worked to create deadlines for pretrial matters.

Since then, Schwab accuses defense lawyers of repeatedly ignoring the schedule, including failing to file objections to government trial exhibits by a May 15 deadline. He said Wecht's attorneys claim they did not have time to review the more than 300,000 pages of material but found time to file motions to suppress evidence and dismiss the case well in advance.

On June 6, Wecht's attorneys requested the pretrial schedule be amended. Under their proposal, Schwab wrote in his opinion, "the trial could not occur on October 16, 2006, and probably not on October 16, 2007, and defendant would have successfully delayed the agreed-to trial date -- but the right of the public to have a fair, just and timely determination of the issue raised in this important public corruption case would have been thwarted."

Wecht was indicted Jan. 20 on 84 counts of mail fraud, wire fraud and theft of honest services. He is accused of using his public office as Allegheny County coroner for private gain.

Contempt Hearing For Wecht Lawyers (PPG)

Pittsburgh Post-Gazette, June 15, 2006

The judge overseeing the federal prosecution of former Allegheny County Coroner Dr. Cyril H. Wecht yesterday said he will hold a contempt hearing after the trial for Dr. Wecht's lawyers for "repeatedly ignoring" his orders on how the case will proceed.

In a long opinion explaining his recent decision not to suppress government evidence, U.S. District Judge Arthur J. Schwab excoriated the defense team for not adhering to the agreed-upon court schedule he set forth in a pretrial order.

Judge Schwab said he'll hold a hearing to "adjudicate" whether the lawyers' conduct constitutes contempt, and "if so, what would be the appropriate penalty."

Dr. Wecht's trial is scheduled for October. He is charged with numerous counts related to abuse of his office.

City's Lawyer Says Buildings Commissioner Ordered Hiring (CHIT)

By Rudolph Bush And Dan Mihalopoulos, Tribune Staff Reporters

Chicago Tribune, June 15, 2006

The top lawyer in Mayor Richard Daley's administration testified Wednesday that she believed the city buildings commissioner—rather than officials in the mayor's office—was responsible for the 2004 hiring of an unqualified 19-year-old building inspector.

Corporation Counsel Mara Georges said John Doerrer, who was director of the mayor's Office of Intergovernmental Affairs, told her that Buildings Commissioner Stan Kaderbek was to blame.

"He said he had told Stan Kaderbek not to hire the kid, but he did it anyway," Georges told jurors.

Her testimony appeared to contradict prosecutors' assertions that Daley's former patronage chief Robert Sorich and other Intergovernmental Affairs officials orchestrated the hiring of Andrew Ryan, the son of carpenters union official Thomas Ryan.

Testifying in the federal corruption trial of Sorich and three other former city officials, Georges also acknowledged that she had heard allegations in 2004 that Intergovernmental Affairs was involved in Ryan's controversial hiring.

In testimony Tuesday, Georges said that she was not aware Intergovernmental Affairs played any role in hiring for building inspector and other blue-collar jobs covered under the 1983 Shakman decree, which restricts patronage hiring.

Prosecutors allege Sorich and his aide Timothy McCarthy fixed the hiring and promotions for scores of applicants with political clout. Former Streets and Sanitation officials John Sullivan and Patrick Slattery are also charged in the scheme.

Assistant U.S. Atty. Patrick Collins said Wednesday that he expects the government to rest its case Monday.

The defense has tried to show that the defendants' involvement in hiring was widely known in City Hall and that they did not knowingly participate in criminal activity.

Sorich's attorney, Thomas Anthony Durkin, suggested Georges' acknowledgment of the allegation linking Intergovernmental Affairs to Ryan conflicted with her testimony Tuesday.

During cross-examination on Wednesday, Georges did not directly respond when Durkin asked whether she knew if Intergovernmental Affairs played a role in Ryan's hiring.

"It would depend what you mean by 'played a role,'" she said.

Georges is the second witness to testify that Kaderbek was more at fault for the Ryan hiring than the mayor's office.

Kaderbek's former managing deputy commissioner in Buildings testified last week that Kaderbek, McCarthy and Doerrer all were involved in the hiring of Ryan. But that witness, Christopher Kozicki, surprised prosecutors by asserting that Kaderbek was the driving force.

McCarthy's lawyer, Patrick Deady, has asked the court to give immunity from prosecution to Doerrer, Kaderbek and Thomas Ryan to testify in the trial. Deady argues that the testimony of the three men would be favorable to McCarthy.

Also Wednesday, the one-time son-in-law of former 11th Ward Ald. Patrick Huels testified that in 1997 he had files deleted from the city's mainframe computer at Sorich's request. Robert Koch, who is divorced from Huels' daughter Allison, managed the city's computer servers.

One day in the fall of 1997, a colleague came to Koch's office and told him FBI agents were examining files on the city's mainframe computer, Koch said.

Koch said he called Huels, who was then his father-in-law, for advice. Huels told him to sit tight, and about an hour later Sorich called Koch, according to his testimony.

Testifying under a grant of immunity, Koch said Sorich asked him to delete files from the city's mainframe.

Prosecutors have charged that Sorich attempted to conceal the alleged hiring scheme by ordering the destruction of lists of politically sponsored job candidates.

On cross-examination, Durkin suggested Koch destroyed the files to protect Huels, who was under federal investigation.

Another witness Wednesday was a city street sweeper driver, who testified that he was promoted in July 2004 after he campaigned for two years for a pro-Daley organization.

Joseph Pratl's promotion has become an important element in the trial because all four defendants are charged with one count of mail fraud based on the promotion letter that Pratl allegedly received in the mail.

But Pratl testified Wednesday that he is not certain that his promotion letter came by mail. "I thought it might have come in the mail," he said.

Pratl said his wife found the original letter only last week in his basement. The letter was not folded and did not have his address anywhere on it, he said.

DOJ_NMG_0034424

All of the defendants except Sullivan face other mail fraud charges in the case. Sullivan also is charged with two counts of lying to the FBI.

Michael Sheahan Jr., the son of Cook County Sheriff Michael Sheahan, testified that in the late 1990s, McCarthy regularly provided him with names of job applicants for positions in the Department of Aviation. The younger Sheahan was in charge of personnel in the department. He told jurors that the applicants on McCarthy's lists were always hired.

Sheahan said he sought and received immunity to testify because he feared he could be indicted. A prosecutor "told me that the government's position was that violating the Shakman decree was a criminal offense," Sheahan said.

Tribune staff reporter Todd Lighty contributed to this report.

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City Hall's Top Lawyer Takes The Stand Again (CBS2CHI)

By Mike Flannery

CBS 2 Chicago, June 15, 2006

Mara Georges Testifies About Corruption Probe

(CBS) CHICAGO City Hall's top lawyer took the stand Wednesday to discuss what she knew about a corruption probe and when she knew about it.

Mara Georges' testimony came at the corruption trial of Mayor Daley's former patronage chief.

Chicago's corporation counsel said she had heard allegations of inappropriate political hiring by the mayor's office months before FBI agents showed up with search warrants.

But, as CBS 2 Political Editor Mike Flannery reports, there was no indication that she or any other top official ever tried to stop it.

Georges declined to discuss Wednesday's trial testimony with reporters.

Mara Georges had sometimes argumentative exchanges with defendant Robert Sorich's lead lawyer, focusing on what she knew about the allegedly inappropriate political hiring that is at the heart of the case against Sorich and three co-defendants. All of them connected at various times to the mayor's Office of Intergovernmental Affairs (IGA).

Attorney Thomas Anthony Durkin asked about a series of memos to Mara Georges that he claimed made explicit references to IGA's political hiring activities.

"Did you (know) that IGA played a role in political hiring?" he asked.

Georges shot back: "It depends on what you mean by played a role."

Georges then changed an answer she gave Tuesday, when she said that the FBI's April 2005 raid on City Hall was the first time she learned of the inappropriate hiring allegations. She said Wednesday that she'd heard those allegations at least seven months earlier.

Michael Sheahan, son of the Cook County Sheriff, testified later about rigged political hiring.

Although prosecutors gave him immunity, Sheahan told the defense: "We had a difference of opinion. Prosecutor (Barry) Miller told me violating the Shakman decree was a criminal offense. I didn't agree."

While Judge David Coar prohibited defense lawyers from asking whether she or any other top city officials took action to stop IGA's hiring activities, the defense has claimed that none did, and that the co-defendants were all just mid-level bureaucrats doing what they though their bosses wanted. None had any intention of breaking the law, they said.

Junior Gotti's Special Session With The Feds (NYS)

By Jerry Capeci

New York Sun, June 15, 2006

Normally, it's an unpardonable sin for a wiseguy in good standing to sit down with the feds in a so-called proffer session. Mob prince John "Junior" Gotti did just that, sources tell Gang Land.

Also known as "Queen for a Day," such sessions often precede a cooperation agreement and require defendants to confess their crimes, as well as significant offenses by others.

JUNIOR HAD A 'SINGING' TRYOUT (NYPOST)

By Kati Cornell

The New York Post, June 15, 2006

John "Junior" Gotti broke omerta in a failed bid to win his freedom - a shocking decision his "Dapper Don" dad would have considered the ultimate betrayal.

The younger Gotti disregarded the Mafia oath of silence and ratted out members of the Gambino crime family during a daylong proffer session with federal prosecutors in the spring of 2005, sources familiar with the meeting told The Post.

The mob scion fessed up to a host of crimes and fingered numerous cohorts for mob-related activity in the hopes of getting out from under racketeering charges that threaten to put him behind bars for 30 years and force him to forfeit $25 million.

Sources said Gotti did not cop to any of the crimes he's currently charged with - most notably the high-profile kidnapping of radio host Curtis Sliwa.

Gotti admitted to his long-suspected role in the stabbing of Danny Silva, 24, during a brawl at the Silver Fox Bar in Ozone Park in March 1983, a source familiar with the meeting said.

Gotti admitted he was among a group of men who fought with Silva and that he wielded a knife - but said he suffered serious puncture wounds and acted in self-defense.

His lawyer, Charles Carnesi, said Gotti had never admitted to personally stabbing Silva and said he would neither confirm nor deny that the proffer session took place.

Gotti's bid to become a turncoat fell through after he refused to give the feds the full story - he agreed only to provide incriminating information about certain cohorts but insisted on protecting others, sources said.

Instead, Gotti went on trial for racketeering in August 2005, mounting a ferocious defense in which defense lawyer Jeffrey Lichtman conceded Gotti had run the Gambino crime family for his father - but that he left the mob in 1999.

That trial ended with a hung jury, as did Gotti's retrial in February. He faces a third trial in August.

The Gambinos have seen their share of canaries, including the notorious former underboss Salvatore "Sammy Bull" Gravano and Junior's right-hand man and best friend Michael "Mikey Scars" DiLeonardo.

But never before has a blood relation of the famously proud John Gotti Sr. dared to cross that dangerous line.

Lichtman, who stopped representing Gotti in November, refused to comment on last year's proffer session or confirm whether it took place.

"Less than a year ago, the government viewed John's trial as an inquisition, a slam-dunk conviction," Lichtman said.

"Two trials later, the government has been brought to its knees and has responded in the only way it can - through a disgraceful whisper campaign designed to embarrass John and pressure him into taking a plea.

"The government is bullying the wrong guy this time," Lichtman continued.

Since Gotti's failed bid to become a mob turncoat, he has negotiated three potential plea deals - all of which he rejected at the last minute.

He turned down an offer in April for a five-year sentence in exchange for pleading guilty to racketeering. As part of the deal, Gotti would have moved out of the area after his prison term.

Recent court papers filed by prosecutors alluded to "admissions" by Gotti as being one of the "bases" for a new grand-jury probe targeting the Gambino crime family.

Transcripts from Gotti's last trial show that prosecutors and defense lawyers battled over how much the jury should know about his admissions.

2 BR Women Plead Guilty, 2 Indicted In Relief Aid Fraud (BRADV)

By Sonya Kimbrell

Baton Rouge Advocate, June 15, 2006

Two Baton Rouge women pleaded guilty to federal fraud charges, and two other Baton Rouge women were indicted Wednesday for allegedly making false and fraudulent claims to FEMA for disaster relief benefits.

Kim Cummings, 38, and Doretha Francis, 35, were each charged in two-count indictments with making a false and fraudulent claim for disaster assistance benefits and with making false and fraudulent statements to the Federal Emergency Management Agency. If convicted, Cummings and Francis could serve five years in prison and pay $250,000 per count.

The two bring the total number of defendants charged in the Baton Rouge-based Middle District of Louisiana with violations related to Hurricane Katrina fraud to 61.

Vinita Lane, 28, and Michelle London, 31, pleaded guilty to making a false and fraudulent claim for disaster relief benefits.

According to court records, Lane filed a false claim by telephone in September stating that her Baton Rouge home was damaged during Katrina. She received $2,000 for her claim.

London also filed a false claim by telephone in September that her Baton Rouge home had been damaged. She received $2,000 in disaster relief.

According to court records, London aided Lane in filing a telephone application with FEMA for disaster relief benefits, claiming that Lane's Baton Rouge home was damaged. Both were indicted on one count of making false and fraudulent claims and one count of making false and fraudulent statements.

Both agreed to plead guilty to the one count of making a false claim and the second counts will be dismissed.

The defendants could be sentenced to five years imprisonment and be fined $250,000.

In September, U.S. Attorney General Alberto R. Gonzales created the Hurricane Katrina Fraud Task Force. It is designed to investigate and prosecute disaster-related federal crimes, such as charity fraud, identity theft, procurement fraud and insurance fraud. The task force includes members of the FBI, the Federal Trade Commission, the Postal Inspector's Office and the Executive Office for U.S. Attorneys.

Map Dealer Due In Court (HARTC)

By Kim Martineau, Courant Staff Writer

The Hartford Courant, June 15, 2006

Expected To Admit Thefts From Yale, Other Institutions

NEW HAVEN -- An antique-maps dealer accused of stealing several vintage maps from Yale University's landmark rare books library is expected to admit to those crimes and a broader series of map thefts from prominent institutions across the Northeast in federal and state courts later this month.

E. Forbes Smiley III, 50, who lives on Martha's Vineyard, is due to appear in U.S. District Court in New Haven on June 22 to accept responsibility for a staggering number of thefts, bringing a yearlong FBI investigation to an end.

After his expected plea in federal court, Smiley is then scheduled to go to state Superior Court a block away to resolve the three larceny charges pending against him there.

Sources close to the case who confirmed the plea agreement declined to say what charge or charges Smiley will plead guilty to in federal court or how much prison time, if any, he faces. The British Library in London, the Newberry Library in Chicago and the Boston Public Library have all confirmed that maps are missing from books that Smiley had handled under the guise of scholarly research.

The widely known map dealer started cooperating with the FBI within months of his arrest on Yale University's campus on June 8, 2005. On that morning, Smiley was leafing through books in the reading room of Yale's Beinecke Rare Book and Manuscript Library when a librarian found a discarded X-Acto blade on the floor of the library, setting the staff into high alert that a thief might be lurking.

A librarian zeroed in on Smiley after pulling up the map dealer's Web page. She then called over to Yale's Sterling library and confirmed he had been a suspect in an earlier theft, according to his arrest warrant. Hours later, a detective from the Yale Police Department trailed Smiley out of the Beinecke and into the lobby of the Yale Center for British Art a few blocks away and confronted him with the X-Acto blade wrapped in a wad of tissue.

The detective asked Smiley to open his briefcase. Inside lay a cache of maps, including three that Yale later identified as having been sliced out of books earlier that day. Smiley surrendered an additional map, a John Smith map of New England, folded into his blazer pocket that Yale also said had been stolen from the Beinecke.

In all, Yale lost - and recovered - four maps that day. The university pressed charges on three and turned over the fourth map, sliced from Gerard de Jode's 1578 world atlas, "Speculum Orbis Terrarum," to the FBI to launch a larger investigation. Smiley had been caught on tape slicing the map, worth an estimated $150,000, from de Jode's atlas, the warrant states.

News of Smiley's arrest set off alarms far beyond Connecticut. The British Library, the Boston Public Library and the Newberry publicly confirmed that maps were missing from books Smiley had handled. Other libraries he frequented - New York Public Library, Harvard University's Houghton Library and the New York Historical Society - have indicated they, too, may be missing material.

Smiley is scheduled to appear first before U.S. District Judge Janet Arterton on June 22 followed by an appearance before Superior Court Judge Richard Damiani.

3 May Face Federal Death Penalty For Crime Spree That Left 4 Dead (AP)

AP, June 15, 2006

INDIANAPOLIS - Three Indianapolis men killed four people, including a female accomplice, and wounded eight others during an 18-day crime spree that targeted drug and gambling houses in Indianapolis and Evansville, federal prosecutors said Wednesday.

Jarvis Brown and Gabriel Jordan, both 25, and Teddy Weems, 20, face possible sentences including the death penalty and life imprisonment if convicted, Assistant U.S. Attorney Matthew Brookman said.

They were arrested in Indianapolis on Dec. 31, three days after Brown and Jordan fired five bullets into accomplice Vanessa Hankins, 26, of Indianapolis, on a sidewalk on the near east side of the city.

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Evansville detectives had questioned Hankins the day before she was killed about the Dec. 26 shooting death of drug dealer Jahi Bell, 28, of Evansville, during a drug house robbery in the southwestern Indiana city. The indictment said Brown shot and killed Bell.

Hankins, whose mother lives in Evansville, had been visiting the city at the time, and her SUV was found near the scene of Bell's shooting.

Hankins had been the getaway driver during several of the trio's alleged crimes in Indianapolis, including the Dec. 20 slaying of marijuana dealer Ricky Green, the indictment said.

"Brown and Jordan agreed to murder Hankins to prevent her from providing information to the police," the indictment said.

On the day of their arrests, Brown and Jordan allegedly shot the fourth slaying victim, David Twitty, and robbed him of cash, the indictment said. The shooting occurred at a north side Indianapolis business where Brown and Jordan had planned to steal marijuana from an acquaintance of Twitty.

Brown, Jordan and Weems, armed with an assault rifle, shotguns and various handguns, also robbed various gambling houses in Indianapolis, prosecutors said.

The charges against the three include conspiracy to distribute and possess with intent to distribute crack cocaine, cocaine and marijuana; conspiracy to commit robbery; and federal firearms charges related to the use of firearms during the commission of drug trafficking or violent crimes.

It was not immediately clear when initial court hearings for the three would be held before a federal magistrate in Evansville, prosecutors said.

Weems was sentenced June 2 to 11 months in prison for convictions on state charges of theft and receiving stolen property. He is incarcerated at the Reception and Diagnostic Center of the Indiana Department of Correction in Plainfield.

Brown is in the custody of federal marshals, and Jordan is being held at the Marion County Jail.

Indianapolis Men Indicted For 18 Day Crime Spree (WISH-TV)

By Jay Hermacinski

WISH-TV, CBS 8, Indianapolis, IN, June 15, 2006

Wednesday the U.S. Attorney announced the indictments of three Indianapolis men charged with a December shooting rampage that killed four people and wounded eight others. The men could now face capital murder charges. A grand jury indicted 25-year-old Jarvis Brown, 25-year-old Gabriel Jordan and 20-year-old Teddy Weems on multiple federal counts that include robbery and murder.

"All are what we call death eligible in the justice department," said Susan Brooks, U.S. District Attorney.

The indictment claims the trio targeted drug and gambling houses. Police say the men robbed the drug dealers of their cocaine and marijuana, stole their money and using assault rifles and machine pistols shot anyone that got in their way.

"These individuals are very brutal and can become desperate criminals. So we're happy they are in custody and will be brought to justice," said Mike Spears, Indianapolis Police Chief.

Police say one of the murder victims was a key witness in the case. Vanessa Hankin's body was found on North Dorman Street the morning of December 28th. She had been shot in the head. Detectives say Hankin's knew Brown and Jordan and was an accomplice during some of the robberies.

"They killed her from talking to law enforcement about all she knew and had seen," said Brooks.

In all, three people were murdered in Indianapolis and one in Evansville. The crime spree ended with a car chase on December 31. On that day alone police say the suspects robbed and shot one man in the head and murdered another.

Ex-agent Says FBI Was Warned On Bulger (BOS)

By Shelley Murphy, Globe Staff

The Boston Globe, June 15, 2006

Questions raised about reliability

A retired FBI official testified yesterday that he urged his superiors to drop gangster James ``Whitey" Bulger as an informant in the early 1980s, amid allegations that Bulger may have been involved in drug dealing and murder.

After being dispatched to assess Bulger's credibility in a brief meeting at the gangster's Quincy apartment in 1981, the official, Robert Fitzpatrick, testified yesterday that he left believing that Bulger was an egotistical ``big bag of wind."

But Fitzpatrick said that while he was unsuccessfully lobbying to cut Bulger loose, Bulger's handler, FBI agent John J. Connolly Jr. , was inviting top agents in the FBI's Boston office to the State House to meet Bulger's younger brother, William, then president of the Massachusetts Senate.

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Recounting how Connolly escorted him to a meeting with William Bulger at his Senate office in 1982, Fitzpatrick said, ``He was a little like his brother, to be honest with you. He did most of the talking. I just listened."

Fitzpatrick was not asked on the stand whether they discussed James Bulger with his politician brother during the meeting.

However, Fitzpatrick told the Globe after the proceedings yesterday that they did not.

Fitzpatrick, who served as an assistant special agent in charge of the Boston office between 1981 and 1986, said it wasn't unusual for top agents in an FBI field office to meet with prominent local officials.

However, he said he was concerned about Connolly's relationship with a powerful politician who was also his informant's brother, and asked him: ``What are you doing with this guy?"

He said Connolly responded that William Bulger ``is the guy who's going to get you the job when you leave [the FBI]. He's going to take care of you."

Yesterday was Fitzpatrick's third day on the stand in US District Court in Boston, where he was testifying in a $50 million wrongful death suit brought against the government by the family of John McIntyre , a Quincy fisherman. The family says that the government had negligently caused McIntyre's death by mishandling longtime FBI informants Bulger and Stephen ``The Rifleman" Flemmi .

Flemmi, who is serving a life sentence for killing McIntyre and nine other people, testified last week that he and Bulger killed McIntyre on Nov. 30, 1984 because Connolly warned them McIntyre was cooperating against them.

McIntyre was involved in an unsuccessful effort to ship weapons to the Irish Republican Army aboard the Valhalla, a Gloucester trawler, and had told government agents that Bulger and Flemmi were involved in the plot.

Bulger, who is listed as one of the FBI's 10 most wanted, is charged with 19 murders and has been a fugitive since he fled Boston just before his 1995 federal racketeering indictment.

Connolly was convicted in 2002 of warning him to flee, and is serving a 10-year prison sentence.

William Bulger resigned as president of the University of Massachusetts three years ago after he was grilled by a congressional committee that was investigating the FBI's handling of his brother.

William Bulger testified before the committee that Connolly was a friend who grew up in the same South Boston housing development, and had worked for him on political campaigns. But he said he had never asked Connolly to protect his brother and had not known his brother was an informant until it was publicly disclosed.

Yesterday, Fitzpatrick testified that he was sent to meet James Bulger in 1981 in an effort to evaluate his ``suitability" as an informant.

Bulger wore dark sunglasses that made it impossible to see his eyes. ``He talked about how tough he was," Fitzpatrick said.

Fitzpatrick recounted how Bulger went into a monologue, showing off his Alcatraz belt buckle and talking about the time he spent at the prison while serving a nine-year sentence for bank robbery in the 1950s and '60s.

Fitzpatrick said he recommended that Bulger be dropped as an informant because he was a gang leader, he allegedly was involved in crimes, and he seemed to be withholding information.

But Fitzpatrick said he was advised by superiors, including Sean McWeeney, chief of the FBI's organized crime section in Washington, ``how valuable" Bulger was in investigations.

Tensions flared in the FBI's Boston office in 1982, according to Fitzpatrick, when other agents began working with another informant, Brian Halloran, who implicated Bulger and Flemmi in the 1981 murder of Tulsa businessman Roger Wheeler.

Connolly was accused of rifling through FBI files on the Wheeler investigation, which led them to be moved to a safe, according to Fitzpatrick. Halloran was killed in May 1982 and another potential witness in the Wheeler case, John Callahan, was murdered two months later in Florida.

While the investigation into all three murders was underway, the FBI dropped Flemmi as an informant from 1982 to 1986, but continued to use Bulger.

N.Y. Judge Who Helped Robbery Suspect Evade Arrest Is Removed (LAW)

By John Caher, New York Law Journal

New York Law Journal, June 15, 2006

A divided New York Court of Appeals on Tuesday removed Queens Supreme Court Justice Laura D. Blackburne for helping a robbery suspect evade arrest.

The 5-2 ruling marked a rare and possibly unprecedented case where the court decided that a judge who had no prior disciplinary record, and had committed misconduct that did not involve personal profit, venality, a breach of trust or moral turpitude, is unfit for the bench.

Tuesday's ruling in Matter of Blackburne, 70, made clear that judicial misconduct cases require case-by-case analysis, and that the court retains the discretion to fashion an appropriate sanction to unique cases, no matter what it has decided in other matters.

Here, Blackburne claimed that the court had never removed a judge for a single, seemingly aberrational act of misconduct where there was no personal gain or evidence of venality. But the majority, in a per curiam opinion, essentially responded that it did not matter.

"[W]e have never implied that removal is limited to those categories of cases that have formerly come before us," the court said. "Judicial misconduct cases are, by their very nature, sui generis. That until now no judge has thought to prevent the lawful arrest of a suspected felon cannot shield petitioner from the necessary consequences of her actions."

A two-judge dissent led by Judge George Bundy Smith and joined by Judge Robert S. Smith argued that Blackburne -- who was ridiculed by the New York City tabloids and condemned by public figures such as Governor George E. Pataki and Mayor Michael Bloomberg -- is being treated much more harshly than other jurists.

They referred to the "glaring" disparity in sanctions and expressed concern that the court was breaking with its precedents and determinations of the Commission on Judicial Conduct by removing a judge for a single incident of poor judgment.

"No good reason exists to remove from the bench an outstanding jurist who has made one error in judgment," Bundy Smith wrote. "While it is true that judges should set high standards, it is also true that judges are human and may err. An error in judgment by this judge, approximately two years from retirement, should not lead to dismissal."

The dissent referred to the lengthy list of amici supporting Blackburne. On that list are appellate justices, political leaders and several organizations, including the Association of Justices of the Supreme Court, the Association of Black Women Attorneys and the National Association for the Advancement of Colored People. The NAACP had claimed that Blackburne was the target of right-wing extremists and that her removal would perpetuate the perception that blacks are held to a different standard than whites.

Blackburne's removal is rooted in an incident two years ago, when she was presiding over the Queens Treatment Court where defendant Derek Sterling appeared. Sterling was undergoing court-ordered treatment at a residential drug treatment program.

That June morning, New York City Detective Leonard Devlin appeared at Blackburne's court and advised the court officer that he wanted to question Sterling in connection with a robbery. Devlin waited outside the courtroom and made no attempt to accost the suspect in the courtroom. He waited for the proceeding before Blackburne to conclude.

Meanwhile, the court officer, Sergeant Richard Peterson, informed the judge that Devlin was present and wanted to question Sterling. Blackburne later realized that the detective sought not only to question Sterling, but to arrest him.

Outraged at what she viewed as a "ruse," Blackburne directed Peterson to show Sterling out a secure rear exit to evade the police officer.

Peterson, worried that he would get in trouble if he disregarded Blackburne's directive and fearing that he would be guilty of obstructing justice if he did what she told him, consulted with an assistant district attorney. The prosecutor, Sharon Scott Brooking, agreed it would be inappropriate to help the suspect evade arrest, and so advised both Peterson and Blackburne.

But Blackburne insisted and said that if Peterson did not take Sterling out the back stairwell, she would do so herself.

The court officer, concerned at that point for the judge's safety, reluctantly showed Sterling out.

Sterling was arrested the next day at his drug treatment program and charged with assault and robbery, charges that were ultimately dismissed.

The New York City tabloids had a field day with the incident, denouncing Blackburne as "Let -'Em-Go-Laura" and "Loony Laura" and describing her as a "judicial jerk."

She also was harshly criticized by local and state political leaders.

The Police Benevolent Association, the Detectives Endowment Association and Mayor Bloomberg, through Deputy Mayor for Legal Affairs Carol Robles-Roman, complained to the Commission on Judicial Conduct, which initiated an investigation.

GUILTY OF MISCONDUCT

Following that investigation and a hearing before a referee, former Appellate Division Justice Ernst H. Rosenberger, Blackburne was found guilty of misconduct. The commission then voted 8-2 for removal, with the dissenters contending that censure is a more appropriate penalty for a first-time offense.

On appeal, the sole issue was whether the misconduct in this case was so serious as to warrant the harshest available penalty. For the majority, it seemingly was not a close call.

The majority described Blackburne's conduct as "rash and reckless," and said the judge showed no concern and no respect for the public safety, or, for that matter, for the potential legal predicament in which she was placing Peterson. It said the fact that Sterling returned peacefully to the drug program and apparently did not commit the robbery/assault is of no relevance.

"Things might easily have turned out otherwise," the majority said. "In impeding the legitimate operation of law enforcement by helping a wanted robbery suspect avoid arrest, petitioner placed herself above the law she was sworn to administer, thereby bringing the judiciary into disrepute and undermining public confidence in the integrity and impartiality of her court. [P]etitioner's dangerous actions exceeded all measure of acceptable judicial conduct."

The majority said Blackburne "abandoned her role as a neutral arbiter, and instead became an adversary of the police," a position "completely incompatible with the proper role of an impartial judge."

Judges Bundy Smith and Robert Smith, in dissent, referred to a dozen commission cases in suggesting that Blackburne is being treated more harshly than other jurists who committed equally offensive and even more egregious misconduct, and as harshly as judges whose misconduct was considerably more serious than hers.

"Over the years, this Court and the Commission have removed a number of persons from the bench," the dissenters said. "Not until this case, however, has a judge been removed for one act of bad judgment."

Robert H. Tembeckjian, commission administrator and counsel, said Tuesday that while it is always an "unpleasant and difficult duty to remove a judge from office," he is gratified that the Court of Appeals agreed that removal is the proper sanction here.

'UNFAIR' RULING

Blackburne's attorney, David Godosky of Godosky & Gentile in Manhattan, said the ruling was "unfair and unduly harsh."

"The Court has chosen to ignore its precedents and impose the ultimate sanction on this jurist," Godosky said. "I do think it is unfair to Judge Blackburne because of what was demonstrated to be a rather exemplary 10-year, unblemished career. She did make an error, which she admitted to almost immediately, and has expressed her remorse. To impose this sanction given those factors, given her history, given her career and the character testimony at her hearing is an unfair and unduly harsh result."

In a statement Tuesday, police union president Patrick J. Lynch described Blackburne as a "notorious cop-hater" whose removal by the court amounts to a public service.

"The Patrolmen's Benevolent Association and its 50,000 active and retired members salute the ... Court of Appeals for this courageous decision," Lynch said. "As a judge, Laura Blackburne was a blemish on the outstanding record of service provided to this city by all those who serve on the bench with honor and dignity."

Michael Marr, a spokesman for the governor, said the administration "is pleased that the Court of Appeals has recognized that a judge who assists a suspected felon in avoiding a lawful arrest exceeds all bounds of acceptable judicial conduct and must be removed from office."

Tuesday's ruling has no impact on Blackburne's pension, except to the extent that she will have fewer years of service. She was within two years of retirement. She had been suspended with pay pending the court's consideration of her case.

Suspect Is Held In 4 Stabbings In Manhattan (NYT)

By Al Baker And Kareem Fahim

The New York Times, June 15, 2006

The tourist from Texas was first, stabbed once in the chest on Tuesday while he sat with his girlfriend on a downtown C train. But he was not the last.

In the next 13 hours, the same assailant attacked repeatedly in Manhattan, the police said, plunging a knife into three more people: one man on a subway platform at Rockefeller Center, and two women from Montreal standing on a traffic island at the northern tip of Times Square. The authorities also believe the attacker terrorized workers at a late-night grocery store, menacing them with a knife and throwing a beer at them.

The attack on the women was witnessed by cabbies and a doorman at the W Hotel at Broadway and West 47th Street, the police and the cabbies said. They called 911 on cellphones as they followed the suspect across the street to a McDonald's restaurant, they said.

The suspect was arrested without a struggle around 4:15 a.m. yesterday, the police said. He was identified by officials as Kenny Alexis, 20, a homeless man who has knocked around between New York and Boston.

All four victims survived, though the man from Texas and one of the Canadian women were in critical condition, and the police said there was no known motive for the attacks.

"While it comes as little solace to the victims of such horrific attacks, the fact remains that the subway system has never been safer," Police Commissioner Raymond W. Kelly said, adding that crime in the subway system is down 26.7 percent from the comparable period last year. He also said, "When you get four and a half million people a day into the system, every once in a while a really bizarre thing can happen."

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At 1:30 p.m. on Tuesday, two hours before the first attack, police officers stopped Mr. Alexis when he allegedly tried to enter the subway station at 42nd Street and Eighth Avenue without paying. The officers checked for any outstanding warrants, and when they found none, they issued him a summons and let him go, the authorities said.

About 15 hours later, detectives had Mr. Alexis under arrest and were taking him to the Midtown North Precinct station house. There they began to get a picture of his life and how he had spent his most recent hours, partly from Mr. Alexis's own words and partly from police records.

As of last night, the police had charged Mr. Alexis with two counts of second-degree assault in the attack on the two Canadian women, along with two counts of criminal possession of a weapon and one count of unlawful possession of marijuana. In the attack on the C train passenger, Christopher McCarthy, 21, he was charged with attempted murder and criminal possession of a weapon. In the deli incident, the police charged him with robbery.

Witnesses had also picked him out of lineups and identified him in the C train stabbing and the deli fracas. In addition, Mr. Kelly said, he admitted committing all four stabbings in interviews with detectives.

Mr. Alexis told the police he had no home. The authorities said he had been arrested twice in New York — after he tried to board a subway in Harlem on Feb. 28 without paying the fare, and on April 25, after he tried to push his way past a ticket collector for a Chinatown bus headed to Atlantic City. He pleaded guilty in both cases, officials said.

Mr. Kelly said Mr. Alexis's New York record included arrests with sealed records. Boston authorities said he had a criminal record there.

After he was questioned and charged, the police led Mr. Alexis out of the station house just before 9:30 p.m. to take him to Central Booking. Wearing jeans, a blue hospital smock and two diamond earrings, he was silent until he reached the police car, and then called out something unintelligible to reporters nearby.

The attack on the downtown C train occurred at 3:41 p.m. on Tuesday. The victims, a young couple from Houston — Mr. McCarthy and Ganda Krisananuwatara, 20 — were seated directly across from the attacker in the subway train's last car, the police said. As it approached the 110th Street station, he leapt from his seat and stabbed Mr. McCarthy in the upper right chest with a knife with a three-and-a-half-inch blade.

Mr. McCarthy thought he had been punched, not stabbed.

"I was like, 'What just happened?' " Ms. Krisananuwatara said yesterday. "I looked over at my boyfriend. He said, 'The guy just stabbed me.' " The attacker walked away.

Mr. Kelly said the attacker had not made eye contact with the couple, and Mr. McCarthy's father, Joseph McCarthy, who spoke to his son yesterday, said his son had deliberately avoided the man's gaze.

Surgeons at St. Luke's-Roosevelt Hospital Center spent the next few hours attending to Mr. McCarthy.

Two surgeons, Ray Wedderburn and Clifford Connery, said yesterday that Mr. McCarthy's heart rate was elevated when he arrived, meaning he was in shock, though he was still able to speak to doctors. Roughly a pint of blood was drained from his chest before surgery, they said.

"He's extremely lucky, given the location of his injury," Dr. Wedderburn said.

In the recovery room, Mr. McCarthy's father said he found his son weak but able to smile and squeeze his parents' hands. "He said he was willing to give him whatever he needed, a camera if he wanted it, his wallet, whatever," Mr. McCarthy said. "In spite of that, he said he still forgives him."

At about 3 a.m., a man who detectives believe was Mr. Alexis approached two men sitting on a bench on the southbound F train platform at 50th Street and Avenue of the Americas.

He demanded a cellphone from one of them, Ambrosio Castro, 30, of Brooklyn, and "when the victim didn't respond, Alexis stabbed him twice, once in the stomach and once in the chest," Mr. Kelly said. "Like the victim in the C train attack, the victim on the F train platform initially thought he had been punched."

Again, the attacker walked away.

At 3:30 a.m. at the West Park Market, a delicatessen at 1802 Broadway near Columbus Circle, the police said, the attacker caused a commotion, waving a knife at workers, drinking water, tossing a beer at the workers, and taking a beer as he left.

Then, a half-hour later, four drivers leaning on their cabs at Broadway and 47th Street said the suspect came toward them, saying something unintelligible, and shook the hand of one driver, Samuel Dupiton, 45. They watched as he veered south across 47th Street.

Melanie Carrier, 22, and Audrey Perrier, 25, two students from Montreal, had left the nearby Edison Hotel and were crossing Broadway at West 47th Street when the attacker came at them from behind as they reached the traffic island at Duffy Square, Mr. Kelly said.

Mr. Kelly said Mr. Alexis stabbed the women in the back.

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"One of them fell down," Mr. Dupiton said. "The other tried to give her a hand. They were crying," he said. He and the other drivers ran to the women, and one said, "I got stabbed," Mr. Dupiton said. "She showed me her hands with blood on them."

The women then got to the W hotel, at 1567 Broadway, where some employees came to their assistance. A doorman from the hotel and three or four of the cabbies ran to Broadway and saw Mr. Alexis standing inside the McDonald's at 46th Street and Seventh Avenue, the police said. Officers arrived moments later and arrested him as he came out.

Mr. Castro was in critical but stable condition late yesterday at St. Vincent's Hospital in Greenwich Village. Ms. Carrier underwent surgery late yesterday and was also in critical but stable condition at the same hospital. Ms. Perrier was released from the hospital.

On a seat in the subway car where Mr. McCarthy was attacked, forensic investigators lifted a palm print that the police said belonged to Mr. Alexis. A worker from the delicatessen identified a black and white knife Mr. Alexis was carrying when arrested as the one he brandished in the store.

Backstory: From Prison Bars To Bar Exam (CSM)

By Frank Bures

The Christian Science Monitor, June 15, 2006

MADISON, WIS.

Christopher Ochoa is late as he walks into the Starbucks on University Avenue here and sits down. He takes off his Yankees hat and apologizes. "I'm sorry about that," he says mildly. I assure him it's no problem, but he seems genuinely distraught. It's the kind of thing he's still getting used to: making appointments and keeping them.

"You learn patience in prison," Mr. Ochoa says. "You learn to live one day at a time. You have to. And I have to get out of the habit, because I miss appointments like this one, because I take one day at a time."

Ochoa is short and quiet and blends easily among the students and soccer moms of this university town. He is shy by nature, a trait that may have helped him survive the 12 years he spent in the Texas prison system for a crime he didn't commit. He kept his head down.

Now, however, Ochoa is holding his head high. He is one of 180 people in the US to be exonerated by DNA evidence - and one of the few to thrive: Last month he became only the second exoneree in US history to graduate from law school. As he now heads out to look for a job in a field - criminal justice - that tragically let him down, Ochoa isn't sure what kind of law he might practice. But he does know some of the values he'll bring to the profession.

"You have to have compassion for your client," says Ochoa. "It doesn't matter how much money he has, or whether he's rich or poor, because that's what makes us better lawyers. And compassion is what makes, in essence, justice."

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Justice is something that Ochoa, a Hispanic, has learned about the hard way. He'd never been in trouble, when Ochoa and a friend, Richard Danziger, went to a Pizza Hut in Austin, Texas, one day in 1988. The manager of the restaurant had been recently raped and murdered. While there, the two men offered a toast to the woman, they said, to memorialize her. Both worked at a nearby Pizza Hut.

When employees heard the toast, they got suspicious. Police arrested the two men a few days later. During a two-day interrogation, investigators threatened Ochoa with the death penalty if he didn't confess. At one point, one of the detectives threw a chair across the room. Ochoa says he finally gave them what they wanted: This was, after all, Texas - the No. 1 death-penalty state. He was sentenced to life in prison.

After more than a decade behind bars - and a few years after the man who actually committed the crime admitted to it - Ochoa wrote a letter to John Pray, codirector of the Wisconsin Innocence Project, a group at a law school that investigates possible wrongful convictions. The students took up the case. New DNA tests were conducted. Ochoa and Mr. Danziger walked out of prison two years later in 2001 - 12 years after going in.

"I felt like it was a dream," says Ochoa's uncle, Ron Navejas. "We all had our arms around him when he was walking out."

Later that day, Ochoa boarded a plane with family members and Innocence Project workers to fly back to El Paso, Texas, where he grew up. One of the workers, Cory Tennison, noticed that many of the passengers were reading the story about Ochoa in newspapers. So he went to the intercom and made an announcement: Chris Ochoa is on the plane, flying home.

One passenger asked if he could take up a collection for Ochoa, who had no money in his pockets. "So this guy proceeds to walk around the plane with a barf bag," says Mr. Tennison, "and people were throwing in cash. We counted it later that night: It was over $500."

In El Paso, Ochoa went back to school to finish degrees he had started in prison, then began thinking about his future, even if the past wouldn't always let him go. He moved in with his uncle, who remembers how Ochoa wouldn't look him in the eye. "He was always looking down," says Mr. Navejas. "I asked him, 'why don't you look at me?' He said, 'I can't. That's what they

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taught us in prison. They make you look down at the ground.' And I said, 'Well you're not in prison any more. You can hold your head up high. You're free.' "

Ochoa was out in the backyard with his uncle one day when he suddenly decided what he wanted to do: get a law degree. His interest had been piqued by a business-law class he had taken and talks he had given at law schools about his ordeal. For the second time, he put something in the mail to the University of Wisconsin-Madison Law School. This time, it was an application.

When Ochoa showed up for classes in 2003, his status as a star exoneree followed him. According to Ochoa's classmate Juan Marchan, some people were drawn to his inspirational story. Others whispered that he was the guy they say killed a woman in Texas.

Ochoa didn't know what to make of the odd looks. He wasn't even sure if they were odd looks. After 12 years in a prison atmosphere of mistrust and keep-to-yourself privacy, he didn't know the rules any more. "I didn't know how to talk to people," Ochoa recalls. "If someone didn't talk to me, I didn't know if that was normal. But as I progressed in law school, people got to know me for who I was. They treated me like one of their own. And that's all an exoneree wants."

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Many innocent inmates who are freed don't do well on the outside. They struggle for years to put their lives back together. Some end up back in prison for crimes they actually do commit. One problem is that they often get less help than if they were guilty.

"The system is not really set up for that," says Mr. Pray. "If you're on parole, you have a parole officer, and you might be set up with certain services. But if you're exonerated, you're just off. You're on your own."

Ochoa did get some money. Halfway through his first year of law school, when he was struggling financially, he received a $5.3 million settlement from the city of Austin in a civil-rights lawsuit over police misconduct. Ochoa has done better than many exonerees, though, despite the money. Sipping his coffee, he offers one reason why. "The one thing you learn in law school," he says, "is that there's no room for emotion. None whatsoever. Not being angry, or happy. You can have compassion. But there's a fine line."

It would be understandable if Ochoa did harbor some anger, at the detectives who wrote part of his confession - at the people who took 12 years of his life. But he tries to let this go, to avoid letting it consume him. "I try not to think about it," he says. "I try to focus on moving forward and not being angry or bitter. I wouldn't be where I am today, if I had remained angry."

And he wouldn't be going where he's going either: first to Italy and Thailand for a much deserved break after 18 tumultuous years. Later this summer, Ochoa hopes to visit Yankee Stadium to watch his beloved team.

After that, he's not sure what path he'll take. Now 39, Ochoa says he might work in a prosecutor's office, to help prevent wrongful convictions at the outset. Or he may go into something less emotionally charged, like property law. But whatever it is, those around him, like his uncle, expect it to be big. "I know Chris," says Navejas. "He's not done yet."

Small Cities Hit Hard In Crime Report (NYT)

By Laura Mansnerus

The New York Times, June 15, 2006

In Jersey City, where the gentrifying waterfront deflects the public eye from unchangingly poor neighborhoods, violent crime rose by 8.4 percent last year. Thirty-eight people were killed, an increase of 15 compared with the previous year.

Paterson and Elizabeth, N.J., fared even worse with violent crime, each registering an increase of about 20 percent. In New York, Syracuse also had a 20 percent increase, and violent crime was up in Stamford, Conn., as well.

In most smaller cities and even in some quiet suburbs in the region, violent crime rose last year, according to preliminary statistics released Monday by the Federal Bureau of Investigation. The increases were such that New York City, with a slight decline, appeared to be an oasis of relative calm.

Among the 15 other cities with 100,000 or more people in New York, New Jersey and Connecticut, 10 had increases in violent crime, including 4 in the double digits. And in those 15 cities, taken together, the number of homicides rose by 28 percent.

The reasons, experts said, included the spread of gangs to smaller cities and suburbs and cuts in federal grant programs to local police agencies. Many attribute the success of bigger cities in part to sophisticated police techniques that they have developed, while smaller ones are just catching up — especially in their approaches to violent offenders.

While experts do not consider homicides to be a very telling gauge of crime, they agree that the increase is striking — even more so than the nationwide figures, which showed a 12.5 percent increase in homicides last year in cities with populations of 50,000 to 249,000. The numbers underscore what they describe as a resurgence of senseless violence among young men in impoverished neighborhoods.

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"These ideas of respect and disrespect and how you have to respond to being disrespected may have started on the mean streets of the core urban areas, but you now see them in smaller places," said David M. Kennedy, the director of the Center for Crime Prevention and Control at John Jay College of Criminal Justice.

By and large, the numbers in the New York region fit the pattern in the nationwide statistics released on Monday, showing a 2.5 percent increase in violent crime — which comprised homicide, rape, robbery and aggravated assault — after an impressive 15-year decline.

Violent crime in the largest cities declined slightly between 2004 and 2005, with New York City recording a 1.9 percent decrease over all and a 5 percent decline in homicides. In cities with populations under one million, however, violent crime was on the rise. The report did not contain data on individual cities with populations of less than 100,000.

"Right now, comparing anywhere to New York City is kind of a setup because New York City has become extraordinarily safe," Mr. Kennedy said. "It's places not just the size of Albany and Buffalo but places the size of Newburgh that are having big-city crime problems."

Experts also caution that a one-year increase in crime may be just a small bump. It is, nonetheless, a bump visible all over the country. While violent crime in cities of over 1 million dipped by 0.4 percent, it rose 8.3 percent in cities of 500,000 to 999,999, 2.9 percent in cities of 250,000 to 499,999 and 3.4 percent in cities of 100,000 to 249,999. In cities of fewer than 10,000 people, violent crime rose 1.6 percent nationally.

John Klofas, a professor of criminal justice at the Rochester Institute of Technology, said that while "the medium-size cities have been affected the most dramatically" in the latest rise in crime, "it's too tempting to try to read a lot into this at this time."

In Rochester, for example, homicides are down slightly so far in 2006, while aggravated assaults are far ahead of the number in the comparable period of 2005, Professor Klofas said. And the increase in homicides last year, to 53 from 36 in 2004, followed a huge decrease from 2003.

The F.B.I. report led officials in some cities to protest that one year's numbers were no basis for judging their handling of crime. In Jersey City, the report prompted Mayor Jerramiah Healy and Police Chief Robert A. Troy to announce that property crimes have been on a significant decline this year and that homicides — 14 so far — were down significantly compared with the same period last year.

The department has added bicycle patrols and surveillance cameras, has offered cash to people who turned in their handguns and has announced a program called "Operation Little Rascal" to enforce a curfew. "We're going to start bringing these kids off the streets and bringing them to their parents," Mayor Healy said.

In Paterson, a Police Department spokesman, Lt. Anthony Traina, said crime statistics often fluctuated for reasons that might not be immediately apparent, citing one crime wave a few years ago after more than 400 convicts were released from prison and returned home.

As to homicides, which doubled last year, reaching 20, Lieutenant Traina said, "Over the years, we've been over 20 and down to 7."

A few other cities reported numbers just as stark: Hartford had 25 homicides in 2005, up from 16 in 2004, and in Elizabeth the number rose to 17 from 10.

One exception, oddly, was Camden, N.J. — named "America's most dangerous city" for the last two years — which had 35 homicides last year, down from 49 in 2004. The overall violent crime data for Camden, a city of almost 80,000, was not in the F.B.I. report, since it is too small.

And in Newark, where violent crime has slowly receded — declining 1.6 percent in the preliminary 2005 data — homicides increased, to 97 from 84 in 2004.

"To have had an increase in murder for the past two years is very troublesome," said Michael Wagers, the executive director of the Police Institute at Rutgers in Newark. Mr. Wagers said 90 percent of homicides in Newark were committed with guns, compared with 67 percent nationally, in a pattern he saw in other medium-size cities like Hartford and Charlotte, N.C.

"You have an intersection with gangs and guns," he said. "In the typical homicide or shooting, the victim is a gang member in some kind of dispute, disrespecting someone at a party or bumping into them, and then there's an escalation of violence between groups."

Reporters And Sources (WP)

The Washington Post, June 15, 2006

Congress considers a federal shield law.

PERHAPS AS EARLY as today, the Senate Judiciary Committee could report out a bill to create a modest privilege for reporters to protect their confidential sources in criminal and civil proceedings. Lawyers, priests, psychotherapists and others enjoy varying degrees of such protection for their confidential conversations; so do reporters in almost all state courts. Several

recent cases -- the Valerie Plame investigation and the recently settled Wen Ho Lee civil lawsuit most prominently -- have served as reminders of the need for a shield in federal court as well. The issue is whether reporters or their employers should face jail or ruinous fines for doing what they have to do to bring the public the news it expects: honoring their promises of confidentiality to sources.

A bill sponsored by Republican Sens. Richard G. Lugar (Ind.) and Arlen Specter (Pa.) and Democrats Charles E. Schumer (N.Y.) and Christopher J. Dodd (Conn.) would not shield journalists in all situations; far from it. In criminal cases, it would allow prosecutors or defendants to subpoena reporters when they have exhausted alternative means of garnering needed information and when a judge finds disclosure, on balance, in the public interest. In civil cases, a judge could compel disclosure of a confidential source when it was "critical to the successful completion of the civil action" and "nondisclosure . . . would be contrary to the public interest" taking into account "the public interest in newsgathering and in maintaining the free flow of information to the widest possible degree about matters that enter the public sphere."

That free flow of information is what this is about. We don't pretend to be unbiased; representatives of The Washington Post Co. have advocated for the bill. But we firmly believe there's a larger interest here. History makes clear that critical stories, including the exposure of executive malfeasance that we remember as the Watergate scandal, have depended on the confidence of potential sources in journalists' willingness and ability to protect their identities. That ability is under threat. The result could be less reporting on government overreaching and wrongdoing -- and less of the kind of openness on which any democracy depends.

CIVIL LAW:

Lawyers' Gamble On Asbestos Trial Pays Off For Plaintiffs (LAW)

By Greg Land, Fulton County Daily Report

Fulton County (GA) Daily Report, June 15, 2006

A jury in Dallas, Texas, last week awarded $13.5 million to the survivors of a man who contracted an asbestos-related cancer decades after being exposed to a joint-compound product manufactured by Atlanta-based Georgia-Pacific Corp.

Attorneys from Dallas-based Baron & Budd told jurors that Timothy Shawn Bostic, who died of mesothelioma on Sept. 5, 2003, had been exposed to the fire-retardant mineral as a child and teen working with his father. According to Baron & Budd lawyers Charla G. Aldous and Chris Panatier, evidence at trial included documents showing that Georgia-Pacific officials knew of the health hazards caused by asbestos as early as 1966, but the company continued to manufacture asbestos-containing products until 1977.

Bostic's wife and child had been awarded $9.3 million in March 2005 in the case. But, said Aldous, because the trial judge expressed concern over the way the jury had calculated punitive damages, she offered the plaintiffs the opportunity to either accept a reduced award or face a new trial.

"We decided to take a chance on a new trial," said Aldous. "As it turned out, that was a good decision."

After a four-week trial and three hours of deliberations, on June 8 the jury awarded Bostic's survivors $7,554,904 in compensatory damages and $6,038, 910 in punitive damages.

The company will "absolutely" appeal, said Georgia-Pacific spokesman James Malone.

"Georgia-Pacific has always felt that anybody who gets sick because of asbestos in any of our products should be compensated," said Malone. "But we believe Mr. Bostic was exposed to asbestos in other products, not ours."

Malone said the outcome of the Bostic case will have no impact on the dozens of cases pending in Cobb and Fulton counties' Superior Courts, many of which are being handled by Baron & Budd attorneys.

Ohio Supreme Court Rejects Class Action On 'Light' Cigarettes (WSJ/AP)

Associated Press

The Wall Street Journal, June 15, 2006

COLUMBUS, Ohio -- Two smokers can't bring a class-action lawsuit against Philip Morris USA Inc. over the way the tobacco company markets "light" cigarettes, the Ohio Supreme Court ruled.

The smokers had argued that Philip Morris knew cigarettes it marketed as having less tar and nicotine would be as dangerous as regular cigarettes.

The tobacco company, a unit of Altria Group Inc., contended that Ohio law requires a more specific warning from the state on a company's marketing practices before allowing lawsuits to apply beyond individuals to an entire class.

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The high court threw out a lower court's ruling that had been fought by lobbyists for manufacturers and other Ohio businesses.

Writing for the majority, Justice Evelyn Lundberg Stratton said the court didn't rule on the underlying question of whether Philip Morris acted to "deliberately deceive consumers into believing that Marlboro Lights and Virginia Slims Lights are safer or healthier than other cigarettes" -- only on whether the smokers were eligible for class-action status.

For class-action status, she wrote, Philip Morris would have had to act in a way "previously declared to be deceptive" under Ohio law, and the smokers failed to demonstrate the company had.

In a dissent, Justice Paul Pfeifer attacked the majority's "unconscionably narrow reading" of Ohio law, saying it would mean "many deceived parties will have no recourse against the company that deceived them."

Attorneys in the case didn't immediately return calls.

The High Court, Hoodwinked On Finance Data (RC)

By David M. Primo And Jeffrey Milyo

Roll Call, June 15, 2006

The imminent Supreme Court decision in Randall v. Sorrell — the closely watched dispute over the permissibility of highly restrictive campaign spending and contribution limits in Vermont — presents an opportunity to address the disconnect between scholarly research and the conventional wisdom about campaign finance reform.

In short, the most current and best scientific evidence flies in the face of the promises made by reform advocates, and more disturbingly, it reveals that the court jurisprudence upholding campaign finance laws is built on a shaky empirical foundation.

Reform proposals are invariably touted as a way to elevate democracy: higher turnout, improved citizen perceptions of government and increased electoral competition. In a recent Roll Call Guest Observer, Deborah Goldberg of the pro-reform Brennan Center for Justice at New York University Law School speaks of the “role of contribution limits in combating real and perceived corruption.”

The Supreme Court has recently upheld more severe regulation of campaign financing in the belief that such laws, by reducing the unseemly flow of money in politics, would improve American democracy. Most recently, in McConnell v. FEC, the court appealed to the “eroding of public confidence in the electoral process through the appearance of corruption” to justify limits on contributions to political parties. In a recent public lecture, Associate Justice Stephen Breyer stated that campaign finance laws “seek to democratize the influence that money can bring to bear on the electoral process, thereby building public confidence in the process.”

Tellingly, the court cites only “common sense” and anecdotes to back the claim that campaign finance is critically linked to perceptions of government. The reason: Systematic, scientific evidence does not exist.

In work published in the March 2006 Election Law Journal, we show that there is essentially no connection between the perceptions of government on the one hand and state campaign finance laws on the other. In fact, some types of reforms, such as public funding of candidates in elections, end up having a negative impact on such perceptions.

In an ongoing study, we find a similarly weak link between campaign finance laws and voter turnout, while research by other scholars suggests that increased campaign spending is associated with a better informed electorate and improved perceptions of government.

Finally, the existing empirical evidence on campaign finance reform and electoral competitiveness is at best mixed, with studies finding a modest increase in competitiveness from some laws, but not from others.

In fact, we are aware of no scholarly studies that yield consistent evidence of large and statistically significant effects of campaign finance regulations on electoral competitiveness. Yet in her op-ed, Goldberg misuses some of our own recent research to argue that the Supreme Court needn’t be concerned that Vermont’s low contribution limits may harm electoral competition.

In reality, our study found only that the presence of limits on contributions from individual donors reduced the winning vote margin in gubernatorial elections. We did not estimate the effect of states setting very low contribution limits, as is the case in Vermont. We even cautioned readers explicitly that “we want to be clear that our findings do not suggest that contribution limits cannot have deleterious effects on competition if set too low; our findings here suggest that contribution limits, as enacted in the states, have on net had a modest positive impact on competitiveness. Still, very low limits like those in Vermont, which have concerned even pro-reform Supreme Court Justice Breyer, merit caution.”

We aren’t surprised that pro- reform activists tend to make exaggerated claims that are uninformed or even contradicted by the scientific evidence, but we do expect better of the Supreme Court. Sadly, the reality is that Supreme Court decisions are built on this same shaky foundation. We think it is not too much to expect the court to weigh scientific evidence over anecdote.

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David M. Primo is an assistant professor in political science at the University of Rochester. Jeffrey Milyo is an associate professor in economics and the Truman School of Public Affairs at the University of Missouri.

CIVIL RIGHTS:

DOJ To Review Deaths After Stun Gun Use (AP)

By Mark Sherman, Associated Press Writer

AP, June 15, 2006

WASHINGTON (AP) -- With over 180 deaths since 1986 among suspects subdued with stun guns, the government decided the time had come to take stock of this recent law enforcement phenomenom.

The new review by the Justice Department, initially involving 30 such cases, follows the rapid growth in deployment of stun guns as a nonlethal alternative to bullet-firing weapons. The concern is about people who died after being shocked by the electronic control devices.

The department's research arm, the National Institute of Justice, said there have been 184 such deaths in the last 10 years, the overwhelming majority since 2000. Amnesty International, which has called for a moratorium on stun gun use, said there have been roughly 160 deaths in the past five years.

The study will not look at whether the use of stun guns was appropriate, John Morgan, the institute's assistant director, said Wednesday.

Instead, researchers will make medical assessments of the 30 cases, which include deaths that were attributed to a stun gun and some in which authorities could not determine whether a stun gun caused or contributed to a death, he said.

Two deaths occurred in 1986, one in 1990 and the rest since 2000, Morgan added.

In the remaining 154 cases, stun guns were ruled out as a factor in the deaths, but the study could eventually include those deaths as well, he said, saying the review could take up to two years.

"We hope this will help improve less-lethal technology generally," Morgan said. "If we find a particular operating characteristic is contributing to a problem, we hope that will be way to improve that technology."

Taser International Inc. of Scottsdale, Ariz., the largest maker of stun guns, said that the devices have saved more than 9,000 lives because police officers have been able to the weapon instead of handguns that fire bullets. Tasers deliver a 50,000-volt jolt through two barbed darts that can penetrate clothing.

"Given that the NIJ conducted a similar study on pepper spray which effectively ended the debate regarding its safety, we are hopeful this study will lead to the same outcome regarding electro-muscular disruption devices," Taser vice president Steve Tuttle said.

Dalia Hashad, director of Amnesty's USA Program, said the study is a good first step. "We've been asking the federal government for the last six years to take seriously that people are dying after being shot by this weapon," Hashad said.

A government study last year said more than 7,000 of the nation's 18,000 police agencies used Tasers, up from 1,000 in 2001.

Many of those who died were high on drugs, mentally ill or otherwise agitated, according to an Amnesty International report released in March. Many deaths in the past year occurred after victims were hit by Tasers at least three times and, in some cases, for prolonged periods, the report said.

Some police agencies have tightened their rules on stun-gun use following Taser-related deaths.

One goal of the new study is to get a better understanding of how the body reacts when hit by electricity from the devices.

Researchers will include medical examiners, pathologists, cardiologists and other experts, said Dr. Robert Hunsaker, president of the National Association of Medical Examiners and co-chairman of the group that is designing the study.

The International Association of Chiefs of Police, which has called for careful monitoring of stun gun use, also will be part of the review.

U.S. To Review Deaths Of Suspects Subdued With Electric Stun Guns (WSJ)

The Wall Street Journal, June 15, 2006

At the urging of law-enforcement officials, the Justice Department is preparing to conduct a study of deaths among suspects who were subdued with electric stun guns.

The decision to carry out the review was made last year, and the department, along with medical and law-enforcement organizations, expects to begin the two-year-long review this summer.

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The study, which will initially make medical assessments of 30 in-custody deaths, follows the rapid growth in deployment of stun guns as a nonlethal alternative to firearms.

The department's research arm, the National Institute of Justice, said there have been 184 such deaths in the last 10 years, the overwhelming majority since 2000. Amnesty International, which has called for a moratorium on stun-gun use, said there have been roughly 160 deaths in the past five years.

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"Given that the [Justice Department] conducted a similar study on pepper spray which effectively ended the debate regarding its safety, we are hopeful this study will lead to the same outcome regarding electro-muscular disruption devices," said Taser Vice President Steve Tuttle.

Cop Cleared Of Brutality, Fight Goes On (CTPOST)

By Richard Weizel

Connecticut Post, June 15, 2006

STRATFORD — A Town Council member and the mother of a teenager arrested in a March melee are asking why the disciplinary record of the arresting officer, who they accuse of brutality, was not considered in the decision to exonerate him.

Meanwhile, the Stratford Police Union on Tuesday called on the council member, Alvin O'Neal, D-2, to resign and for criminal charges to be lodged against him for filing a false report over the incident.

Marcia Mitchell-Davis, the mother of 15-year-old Titasheen Mitchell, said Tuesday she is "irate" previous disciplinary action and complaints against Officer David Gugliotti were not part of the department's lengthy internal affairs report released last Friday.

During a March 21 brawl involving two other teen girls, Gugliotti was accused of using excessive force and making racially derogatory comments while arresting O'Neal and Mitchell outside a market near her mother's restaurant, Caribbean Delights.

The report, released by Mayor James Miron and Police Chief Michael Imbro, said there was no basis to hold Gugliotti responsible for any misconduct.

But Gugliotti, a 12-year Police Department veteran, was reprimanded by superiors for a December 1998 confrontation with a motorist and disciplined for several patrol car accidents, according to personnel records.

In the 1998 confrontation Gugliotti was accused of cursing at a driver stopped for running a stop sign.

The officer was found to have violated the department's policy on conduct unbecoming an officer.

Gugliotti was responsible for eight minor accidents on the job between January 1994, when he joined the police force, and Dec. 26, 1998, and was suspended twice for two days and once for three days on separate occasions. He was required to take driver training in November 1998. He also was partially responsible for an accident March 1, 2002, in which a boat he was helping tow struck the overpass of the East Main Street viaduct.

"I am very disappointed this officer's history was not considered in the final determination he did nothing wrong when brutally arresting my daughter," said Mitchell-Davis, who on Monday contacted the FBI, U.S. Justice Department and Gov. M. Jodi Rell, seeking an independent

Advertisement

probe of the incident. Police Capt. Harvey Maxwell said Tuesday that "each investigation is judged on its own merits, based on physical evidence and witnesses. It has nothing to do with what happened before."

"This is as ridiculous as the charges of brutality" against Gugliotti, said Clayton Quinn, the officer's lawyer. "There have been numerous residents who have written to the department commending him for swift and heroic actions that has saved lives."

A Feb. 8, 2006, memo from Imbro to Gugliotti, just a month before the alleged brutality incident, commended the officer for saving the life of a motorist choking at the side of a road. "Your quick action in saving this person's life is to be commended," Imbro wrote in the memo. Quinn said he will file legal action against the town shortly for "illegally" placing Gugliotti on administrative leave, and for "investigating these ridiculously false complaints."

The 100-member Police Union now wants O'Neal to resign.

"He has been allowed to continue to serve as councilman, while David [Gugliotti] was put on leave," said Union President Shawn Farmer. "A councilman who files false charges against an officer should step down and be prosecuted. There is a double standard here when only some people are held accountable for their actions."

O'Neal said Tuesday previous complaints against Gugliotti were not considered in the probe because, "What do you expect when you have the foxes guarding the henhouse?"

"I'm not lying; I still stand by what I saw," he said, responding to calls for his resignation.

O'Neal also said he would be contacting the National Association for the Advancement of Colored People shortly to plan a demonstration over the outcome of the investigation.

When Is A Song Too Religious - Even In After-school Show? (CSM)

By Warren Richey

The Christian Science Monitor, June 15, 2006

A school superintendent's decision to bar a second-grade girl from singing "Awesome God" in an after-school talent show is developing into an important showdown over the role of religious speech in public elementary schools.

The issue arose in May 2005 when an 8-year-old student in Frenchtown, N.J., was told that the song she'd selected to perform in the show was too religious.

To some religious groups the incident illustrates unconstitutional government hostility toward people of faith.

School officials defend the action, saying they don't op-pose religious songs but that the lyrics of "Awesome God" cross the line into proselytizing and thus are not appropriate for a show performed by and for young students.

Now, a year later, lawyers for both sides are asking a federal judge in Trenton, N.J., to decide whether school officials exercised reasonable judgment as educators in banning the song, or instead violated the second-grader's free speech and religious rights. US District Judge Stanley Chesler is expected to take up the case July 3.

"This is tolerance and political correctness gone awry," says Maryann Turton, the girl's mother. "This is a much bigger picture than just our daughter in our little town. It is going on everywhere."

The case has attracted the attention of the Alliance Defense Fund, an Arizona-based religious rights group that is representing the girl and her parents in a lawsuit against the school district. In addition, the civil rights division of the Justice Department and the New Jersey chapter of the American Civil Liberties Union (ACLU) are filing friend-of-the-court briefs supporting the girl's right to sing "Awesome God" at the talent show.

School officials say the issue is being blown out of proportion. They say they offered to allow the girl to sing a different religious song, but the offer was turned down. Frenchtown School Superintendent Joyce Brennan says the "Awesome God" lyrics were too graphic and violent, and crossed the line into proselytism.

"The problem came with the words in the song that were not espousing what the child believed but rather indicating what other people should be believing," Ms. Brennan says.

The lyrics read in part:

There's thunder in His footsteps
And lightning in His fists
(Our God is an awesome God)
And the Lord wasn't joking
When He kicked 'em out of Eden
It wasn't for no reason
That He shed His blood
His return is very close
And so you better be believing that
Our God is an awesome God.

The US Supreme Court has not directly addressed the issue of religious speech at the elementary school level. The justices have allowed students to use public school classrooms for religious meetings after school, but they have also struck down the offering of a student-led prayer prior to high school football games in Texas.

The Frenchtown case falls somewhere between those two decisions, analysts say. Judge Chesler must decide whether letting the girl sing "Awesome God" would be a school endorsement of a particular religious outlook in violation of the First Amendment's "establishment clause," or merely be a recognition of the girl's right to express her faith under the "free speech" and "free exercise" clauses.

Brennan says part of her job as superintendent of the 136-student Frenchtown school district is deciding what is appropriate in terms of behavior, dress, and atmosphere at school activities. "We have people of all faiths here, not just Christian. And for me to say 'OK, you'd better believe in this thing,' maybe my Muslim parents wouldn't understand that, nor would their children," Brennan says.

The superintendent says she has no objection to students singing devotional songs professing one's own beliefs. "I have approved many religious songs in my day," she says. "But when you cross that line and say that someone else should believe this particular thing or else ... then that is why I made the decision I made, because it did cross that line."

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Mrs. Turton disagrees. "We know there are certain guidelines. We are not talking about having a tent revival meeting in the middle of math class," she says. "We are talking about an after-school talent show where children were supposed to be able to perform something of their own choosing that they enjoyed."

Turton adds, "To take that and make it dirty and wrong and icky - that is just wrong. I didn't like seeing my child made to feel that way and I wouldn't want anybody else's kid to feel that way either."

The school's actions are indefensible, says Turton's lawyer, Demetrios Stratis, allied with the Alliance Defense Fund. "They are sending a message to young impressionable minds that religion is somehow radioactive, and it's not," he says. "Students do have the right to sing about their awesome God, especially in this context and in this forum."

The case involves protected student speech rather than government-endorsed speech, agrees the ACLU's Edward Barocas. "This was not a mandatory assignment. This took place at an after-school event that was voluntary where the individual student could decide what song to sing or what skit to perform," Mr. Barocas says. "It would be a different analysis if the principal sang the song 'Awesome God' over the loudspeaker at school."

School board lawyer Russell Weiss says Superintendent Brennan has been consistent in strictly imposing her view of what was appropriate for a school talent show.

"She required that two other acts be revised to remove content inappropriate for younger students," Mr. Weiss writes in his brief to Judge Chesler. "One was a Bon Jovi song called 'You Give Love a Bad Name,' which was revised to change the word 'Hell' to 'Heck.' The other was a passage from Shakespeare (Macbeth Act IV, Scene 1), known as the 'Witches Scene,' which was revised to delete gruesome images, including the complete elimination of all the lines of the Third Witch."

Our Flag And Our Freedom (WP)

By Bob Kerrey

The Washington Post, June 15, 2006

With campaigns at full tilt and the Fourth of July just around the corner, the Senate's new priority is to debate and vote on yet another resolution to amend our remarkable Constitution. This time it's an amendment that would allow Congress to prohibit a form of protest that a large majority of Americans do not like: the burning or desecration of the American flag. Since 1989, when the Supreme Court decided unanimously and correctly that these rare, unpleasant demonstrations are expressions of speech and therefore protected by the First Amendment, there have been many such attempts. Fortunately, all have failed.

Unfortunately, enthusiasm for this amendment appears to have grown even as flag-burning incidents have vanished as a means of political protest. The last time I saw an image of the U.S. flag being desecrated in this way was nearly 20 years ago, when the court issued its decision. Thus this amendment -- never appropriate in the oldest democracy on earth -- has become even less necessary. But necessity is not always the mother of legislation.

In defense of speech I do not like, I recall a ceremony I have come to love: a military funeral. The finest of all is conducted at Arlington National Cemetery. At graveside, an honor guard holds the American flag while taps are played as a final farewell. The guards then fold the flag into a triangle and deliver it to the next of kin.

It is as if the flag becomes the fallen. In the hands of a widow or mother it is much more than a symbol of the nation. At that moment the American flag is a sacred object that holds the sweet memory of a life given to a higher cause. Or so it seems to me each time I am witness to these hallowed events.

To others the ceremony may mean something entirely different. I recall vividly one such situation: A mother of a friend who was killed in Vietnam recoiled when the flag was offered to her. She would not take it. In her heart the American flag had become a symbol of dishonor, treachery and betrayal. At the time, and perhaps to her dying day, she wanted nothing to do with it.

If our First Amendment is altered to permit laws to be passed prohibiting flag desecration, would we like to see our police powers used to arrest an angry mother who burns a flag? Or a brother in arms whose disillusionment leads him to defile this symbol of the nation? I hope the answer is no. I hope we are strong enough to tolerate such rare and wrenching moments. I hope our desire for calm and quiet does not make it a crime for any to demonstrate in such a fashion. In truth, if I know anything about the spirit of our compatriots, some Americans might even choose to burn their flag in protest of such a law.

No doubt the sponsors and advocates of this amendment mean well. They believe it is a reasonable and small sacrifice of our freedoms. They believe no serious consequence will come of this change.

No doubt, too, some of the increasing interest in limiting free speech is a response to the Sept. 11 attacks on the United States. It was a remarkable moment, when the hearts of most of us filled with a kind of pure patriotism we had never felt before. It was a patriotism that bound liberty to equality and fraternity. It was a patriotism that brought us together, friend and stranger alike. We discovered heroes who inspired us. No longer did we say, "It's good to see you," and not mean it.

Most impressive to me was that the "we" included men and women of many nations, every religion and every ethnic group. The "we" was global. The patriotism we felt extended beyond our boundaries and beyond the cramped spaces of ritual

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nationalistic fervor. We understood that the vulnerability of our freedom bound us together more than any symbol or slogan can. Millions of Americans, then and now, proudly flew their flags because they wanted to, not because any law told them to.

All the more reason, then, for patriotism to turn aside the understandable impulse to protect our flag by degrading the constitutional freedoms for which it stands. Real patriotism cannot be coerced. Our freedom to speak was attacked -- not our flag. The former, not the latter, needs the protection of our Constitution and our laws.

The writer, a former Democratic senator from Nebraska, is president of the New School, a university in New York.

Let Gay Men Donate Blood (LAT)

By Editorial

The Los Angeles Times, June 15, 2006

A 1980s-era ban no longer makes any practical sense.

SOON AFTER THE FIRST AIDS CASES appeared in the U.S. in the early 1980s, the Food and Drug Administration, which oversees the nation's blood supply, permanently banned practically all gay men from donating blood. At the time, the policy made sense. But a quarter of a century later, there is no longer any scientific reason to continue it.

In the 1980s, thousands of people a year unknowingly contracted HIV, the virus that causes AIDS, from blood transfusions. Gay men were the primary group with HIV-infected blood, and there was no adequate technology to screen for HIV, so the FDA banned gay men from donating if they had been sexually active since 1977.

Today, all donated blood is tested for nine infectious diseases, including hepatitis B, HIV and syphilis. With HIV, two tests are used: The first searches for antibodies produced after an infection; the second, which was added to the process six years ago, looks for the genetic material of the virus. With the two tests, the odds of an HIV-infected batch entering the blood supply are about 1 in 2 million. That means about a dozen people a year contract the virus from transfusions. This result is unfortunate but inevitable; transfusions always carry a certain amount of risk because screening isn't perfect. About 85 people contract hepatitis C through transfusions each year, for instance, and about 12 are infected with hepatitis B. Roughly 15,000 people die of hepatitis in the U.S. each year, about the same number as die of AIDS.

Moreover, although there is no way to know how many Americans die each year because of blood shortages, allowing gay men to donate would increase the blood supply and potentially save lives.

The nation's leading blood donation agencies, including the American Red Cross, asked the FDA this year to change its policy. Currently, only gay men, prostitutes, intravenous drug users and people who have a history of cancer or other blood-borne diseases are banned from donating for life. The blood banks have recommended that gay men who haven't had sex in a year be allowed to donate.

A temporary ban for gay men would still be needed. There's a window during which an individual can be infected with HIV and not test positive. And gay men in the U.S. have a much higher incidence of HIV infections than the rest of the population. So it's necessary to exclude those who have recently had sex, even with condoms. But the new tests can detect the virus within 11 days, on average, after infection. A ban of several weeks or months should be sufficient.

Another issue is that current guidelines fail to adequately take donor behavior into account. Questionnaires don't routinely ask about risky behavior, so even promiscuous heterosexuals can donate. Is blood from a monogamous, HIV-negative gay man more unsafe than blood from a heterosexual man who is sexually active with multiple partners?

The FDA must continue to monitor the nation's blood supply, and it may be necessary to bar donations from those who engage in risky behavior or who are part of a population that is at a much higher risk for a disease. But those decisions should be made according to science.

ANTITRUST:

DOJ Seeks Info On Calif. Newspaper Deals (AP)

AP, June 15, 2006

SACRAMENTO, Calif. (AP) -- McClatchy Co. said Wednesday it has received antitrust clearance for the sale of two Philadelphia newspapers as part of its acquisition of Knight Ridder Inc. But it also said federal regulators are seeking more information about a separate deal involving the sale of two California papers.

McClatchy, which is based in Sacramento, Calif., said in a statement that it received early termination of Hart-Scott-Rodino inquiries into the sale of The Philadelphia Inquirer and Philadelphia Daily News. Those papers are being acquired by an investor group including Bruce Toll, co-founder of homebuilder Toll Brothers Inc., and advertising executive Brian Tierney.

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The company also said it received a request from the Department of Justice for more information regarding the proposed sale of the San Jose Mercury News and Contra Costa Times to MediaNews Group Inc. of Denver. MediaNews owns several other newspapers in that area of northern California, including The Oakland Tribune.

The Philadelphia and California newspapers are among 12 Knight Ridder properties that McClatchy doesn't intend to keep after it closes its purchase of the San Jose, Calif.-based newspaper company.

McClatchy said in a statement that it would respond promptly to the DOJ request, and said that it would not have an impact on the closing of its acquisition of Knight Ridder.

Knight Ridder was forced to put itself up for sale last fall by its three largest shareholders, who were dissatisfied with its lagging stock price. McClatchy agreed in March to buy the company for $4.5 billion in cash and stock, plus the assumption of about $2 billion in debt.

McClatchy said at the time that it intends to sell 12 of Knight Ridder's 32 newspapers, mainly because they didn't meet McClatchy's criteria of being located in rapidly growing markets. The company also sold the St. Paul Pioneer Press in Minnesota, where it would have faced antitrust concerns because of its ownership of the Star Tribune in neighboring Minneapolis.

DOJ Extends Review Of MediaNews' Purchase Plans (DENVERBIZ)

Denver Business Journal, June 15, 2006

Federal regulators want more time to review MediaNews Group Inc.'s proposed purchase of two California newspapers from McClatchy Co. for $1 billion.

The U.S. Department of Justice told McClatchy it needs more information about its sale of the San Jose Mercury News and Contra Costa Times to MediaNews, McClatchy said Wednesday.

Based in Denver, MediaNews is headed by William Dean Singleton and owns The Denver Post among other papers.

The MediaNews acquisition is part McClatchy's larger play for Knight Ridder Inc. (NYSE: KRI) of San Jose, Calif., and its 32 newspapers.

McClatchy (NYSE: MNI) wants to sell 12 Knight Ridder papers -- including the two to MediaNews -- to help finance its $6.5 billion acquisition of Knight Ridder. The purchase price includes $4.5 billion in cash and stock, and the assumption of $2 billion in debt.

The justice department is vetting the deal to make sure it doesn't violate antitrust laws.

MediaNews, with Hearst Corp., agreed in April to buy four Knight Ridder papers for roughly $1 billion, with the Denver company and its partners paying the lion's share of $736.8 million cash.

The Colorado company's partners, Gannett Co. Inc. (NYSE: GCI) and Stephens Group Inc., will contribute $325 million toward MediaNews' part of the purchase price.

Hearst is buying the Monterey Herald of California and the St. Paul Pioneer Press in Minnesota for $263.2 million.

McClatchy said in a statement that it would respond quickly to the justice department's request for information. The publishing company also said the request shouldn't affect the closing of the Knight Ridder deal.

McClatchy also revealed May financial information on Wednesday.

For last month, the company reported a 3.2 percent increase in total revenue to $96.7 million, with consolidated advertising revenue up 4.8 percent to $82.6 million.

But May circulation dropped 4.3 percent to 12.1 million.

Judge Approves Hillenbrand Antitrust Settlement (AP)

AP, June 15, 2006

A federal judge on Wednesday approved hospital bed and casket maker Hillenbrand Industries Inc.'s agreement to pay $316 million to settle an antitrust class-action lawsuit that challenged its "bundled pricing" discounting of specialty hospital beds.

Spartanburg Regional Healthcare System of Spartanburg, S.C., sued Hillenbrand in June 2003, alleging attempted monopolization of the hospital bed market with discounting practices that violated federal antitrust rules.

The deal approved by the judge in South Carolina calls for Batesville, Ind.-based Hillenbrand to pay about $21 million less than what it had agreed to under a settlement announced in November.

Hillenbrand _ the nation's largest maker of caskets and hospital beds _ said the reduction was because of customers who opted out of the settlement.

The company had paid $50 million into an escrow account in March. It anticipates paying the remaining $266 million by mid-August.

"We believe the claims in this case are without merit, but we also believe it is in our company's and customers' best interests to put this matter behind us," Hillenbrand President and CEO Peter Soderberg said.

Spartanburg had said the proceeds were to be distributed to most U.S. buyers or renters of products from Hillenbrand subsidiary Hill-Rom Inc. since 1990. Those include more than 6,000 hospitals and thousands of other health care facilities across the country.

Hillenbrand shares rose 11 cents to close at $48.80 Wednesday on the New York Stock Exchange.

Telecom Mows Down Grassroots Efforts In Net Neutrality Battle (LAW)

By Joe Crea, Legal Times

Legal Times, June 15, 2006

If the current lobbying fight over the future of Internet freedom could be cast in biblical terms, the telecommunications industry would be a natural Goliath, while the technology companies would be an intrinsic David. Though in this version, David can't seem to handle his stone and sling.

The tech community, made up of once-scrappy West Coast upstarts, is still feeling its way around Washington's power circles. While its lobbying efforts, in a classical, work-the-committees kind of way, are lacking, it has assembled a vocal grass-roots coalition arguing for network neutrality. Many believe that broadband operators have plans to turn the Internet into a cable system with operators deciding what fees, in addition to normal access rates, can be tacked on to content and service providers. And they want Congress to put the principle of "Internet freedom" in writing.

But their anemic D.C. presence has been no match for the long-standing telecom industry, a giant in Washington's circles that has pounded Capitol Hill and the public with an advertisement blitzkrieg courtesy of the United States Telecom Association, the industry's chief trade group, urging Congress not to regulate the Internet.

Though the techies have managed to throw some wrenches into the debate, they've arrived late to the game and haven't been able to strategize well beyond their baseline grass-roots support. Their tardiness may seem surprising, since at stake, many techies argue, is the very existence of the Internet.

"We really believe that the future of the Internet hangs on the congressional decision on net neutrality. ... It's the number-one priority," says Ben Scott, policy director for Free Press, a consumer advocate organization in Washington that has partnered with two unlikely bedfellows -- the reliably conservative Christian Coalition of America and the liberal MoveOn.org Civic Action -- for a "Save the Internet" campaign.

The debate began last August, when the Federal Communications Commission deregulated broadband. Content providers such as Google, Yahoo and Amazon.com say the move paved the way for the telecom industry to control the Internet. Their worst fears were confirmed last year, they say, when AT&T CEO Edward Whitacre Jr. noted in a BusinessWeek article that investment in high-speed pipes has been expensive. "What [Google, Vonage and others] would like to do is use my pipes free. But I ain't going to let them do that," he was quoted as saying.

But cable and phone companies such as Verizon Communications, AT&T and BellSouth Corp. say they have no such intentions and that the tech community is hyperventilating.

"There's a very significant overreaction [by net neutrality proponents] on this issue," says Gregory Rohde, president of e-Copernicus, which represents BellSouth. "What they are asking for is akin to seeing someone walking down the street and saying, 'This person is capable of murder; let's tie them up.'"

The tech industry has pushed legislation to reinstate the FCC rules on broadband. But its effort failed last week in the House when a net neutrality amendment, offered up by Rep. Edward Markey, D-Mass., was killed by the Republican leadership. The industry's focus now shifts to Sen. Byron Dorgan, D-N.D. and a network neutrality amendment he introduced in the Senate.

Despite all the rhetoric, the tech community's Hill presence has been spotty. The exceptions: attendance at a Senate hearing nearly two weeks ago as well as the eleventh-hour D.C. fly-in last week by Google co-founder Sergey Brin, who came to lobby the Senate, decked in silver-mesh sneakers and jeans. No tie. No jacket.

The tech industry's late entry into the game and less-than-stellar effort have not been lost on lawmakers or analysts.

"The high-tech folks in cities got started on this late," Rep. John Dingell, D-Mich., who backs net neutrality, told Legal Times. "Coming up with an effective fight when you start way behind is hard. They are not where they should or ought to be."

The buzz on K Street is that content providers are doing a miserable job working the issue. Lobbyists on both sides of the aisle speak almost embarrassingly of their weak Hill presence and ponder whether this is indeed a priority for the industry.

"You can hire the best lobbying team in the world, but if your executive suite and boardroom isn't attuned to it, it's a lot of wasted effort," says one prominent Bell lobbyist. "It's like a 33-year-old veteran pitching against a 19-year-old rookie."

Even so, the techies have been very successful at mobilizing their supporters on a grass-roots level -- a virtual cheering section the telecommunications industry doesn't have. "The Internet has been used to organize before but has never been successful on an issue so arcane," says Scott. "This doesn't hit people in the gut like immigration or health care."

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But if the tech community is waiting for an army of bloggers to leap to its rescue, it might have to wait awhile. Opponents say the online community still isn't getting it and that if you look closely at online blogs and e-mail, supporters rarely have elevated their conversations to discussing the details of the legislation or what the language in a proposed amendment should or shouldn't be.

LIKE A ROLLING STONE

For all the success the tech industry has had on the grass-roots level, its Washington presence next to the well-greased telecom lobbying apparatus has been next to invisible. It's understandable. The bell companies have been on Capitol Hill for nearly a century, while the content companies have remained on the Washington sidelines. It wasn't until it was faced with an antitrust suit that Microsoft felt the need to spearhead a D.C. office.

To hear folks like Paul Misener, vice president of global public policy at Amazon, tell it, it all boils down to time. "Time is on our side," he says, then, in a contradiction, adds, "If we had more time to shine light on the facts, we would be in great shape."

Misener takes criticism that content providers have not been working the Hill aggressively as a source of pride.

"They [opponents] prioritize how well they do in Washington. We prioritize how well we do with our customers," he says.

And yet, when asked if a deleterious outcome on net neutrality would harm Amazon customers, Misener says it would, "to some extent."

"This is why time is on our side," he says. "Maybe I'm Pollyanna talking, but I'm hoping the way to achieve the right outcome is to look at the facts. We've been losing so far on getting the facts out there."

And one of telecom's longtime allies has been at the forefront of the issue for the tech industry. Former Rep. Vin Weber, R-Minn. is no stranger to the lobbying tactics of the bells. His firm, Clark and Weinstock, has represented AT&T for years, though they parted last year when the firm began pursuing existing clients eBay and Microsoft's interest in net neutrality.

Weber calls the telecom lobby one of the best-oiled machines in town. "They are well organized, sophisticated and have a lot of experience lobbying the Hill," he says.

So what type of advice has Weber offered to the tech community? The former lawmaker says he's uncomfortable discussing such counsel but adds he's dished up "the best advice" he has.

And though his Republican friends on the Hill are "slow to understand the issue," he reminds them not to confuse a sophisticated lobbying effort with grass-roots sentiment.

Although MoveOn.org's involvement has been a source of heartburn for some lobbyists pushing the issue -- "For a lot of Republicans, that's a blinking light," notes one lobbyist supportive of net neutrality, referring to conservative unease at the mere mention of the ultraliberal giant -- the coalition was successful at lobbying Rep. Nancy Pelosi, D-Calif. to take a position on the issue.

Cable lobbyists don't seem bothered by Pelosi's strong endorsement. She's not urging her members to support net neutrality, says one prominent cable lobbyist.

"If she were to whip the caucus on it, like [the Central American Free Trade Agreement] or something, then you'd have a higher level of concern," says the lobbyist. "But there has not been the indication that she's twisting arms of the members, saying, 'Hey, this is part of the Democratic agenda.'"

Still, the tech community presses on, in pure Pollyanna mode.

"We don't have a lobbyist in the traditional sense," says Adam Green, civic communications director at MoveOn.org Civic Action. "Our lobbyists are everyday people."

Joe Crea can be contacted at jcrea@alm.com.

European Nations Pressure Apple On ITunes (AP)

By May Wong

AP, June 15, 2006

SAN JOSE, Calif. -- Portable media player maker Creative Technology Ltd. said Wednesday the U.S. International Trade Commission agreed to investigate whether Apple Computer Inc.'s rival iPod infringes on one of its patents.

Singapore-based Creative filed the ITC complaint and a federal lawsuit alleging that iPods infringed on its patent for a navigation system used to organize and access music on portable players. Creative dubbed the patent, the "Zen patent," after its brand-name Zen media players.

Under the ITC complaint, Creative asked the agency to block imports of the Cupertino-based company's market-leading iPods, which are manufactured abroad.

The ITC will reach a conclusion as soon as possible, setting a target date within 45 days of the investigation's launch, Creative said.

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The probe is the latest development in an increasingly twisted patent battle between the two companies. In court documents, Apple has maintained no wrongdoing and has since filed two patent-infringement countersuits against Creative.

Apple representatives declined to comment Wednesday.

Findings by the trade agency typically come at a faster pace than patent cases in the court system, but the ITC's conclusions would not necessarily affect a judge's ruling, said Stefani Shanberg, a patent attorney with Perkins Coie LLP in San Francisco.

AXA To Purchase Winterthur Unit Of Credit Suisse (WSJ)

By Katharina Bart And Digby Larner

The Wall Street Journal, June 15, 2006

ZURICH -- AXA SA said it agreed to buy the Winterthur insurance unit from Credit Suisse Group for 12.3 billion Swiss francs ($9.9 billion), giving AXA a major presence in Switzerland and bolstering its activities elsewhere in Europe and emerging markets.

Paris-based AXA, one of Europe's largest insurers, will finance the deal with new shares and €4.8 billion ($6 billion) in debt. AXA will sell €4.1 billion of shares, offering investors one new share for every nine held at €19.80 apiece -- a deep discount to Tuesday's close of €24.30 a share.

AXA's shares fell 1.8%, or 43 European cents, to €23.87 in Paris. Credit Suisse rose 1.4%, or 85 centimes, to 63.70 francs in Zurich, with analysts welcoming the bank's clean exit from insurance.

AXA said it expects the integration of Winterthur to deliver pretax cost synergies of as much as €280 million by the end of 2008. AXA will take restructuring charges of €520 million in 2007.

Under terms of the deal, AXA will refinance €1.6 billion of Winterthur's debt upon closing, expected around year end after regulatory approvals.

Winterthur has some 13 million customers. The purchase gives AXA the largest property-and-casualty insurer in Switzerland. AXA said Winterthur's U.S. property-and-casualty business is under strategic review.

For Credit Suisse, the sale means forgoing a planned initial public offering of stock for Winterthur. "I don't believe we could have done an IPO for over 12 billion francs and certainly not in current market conditions," Credit Suisse Chief Executive Oswald Grübel said during a conference call.

Zurich-based Credit Suisse said it is sticking with its target of 8.2 billion francs in net profit next year, even after the sale of Winterthur.

"We will invest the capital from the sale of Winterthur to compensate for the loss of earnings," Mr. Grübel said.

Credit Suisse paid $9 billion for Winterthur in 1997, but the unit fared badly in the insurance-market downturn after the Sept. 11, 2001, terror attacks in the U.S. Winterthur was forced to book write-downs and needed two capital injections from Credit Suisse to stay afloat.

Since then, Credit Suisse has installed new management at Winterthur and cleaned up its balance sheet.

---- Hans Schoemaker in Zurich and Goran Mijuk in Johannesburg contributed to this article.

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ENVIRONMENT:

Bush Plans Vast Protected Sea Area In Hawaii (NYT)

By Andrew C. Revkin

The New York Times, June 15, 2006

President Bush will create the world's largest protected marine area today, designating as a national monument a 1,200-mile-long chain of small Hawaiian islands and surrounding waters and reefs that are home to a spectacular array of sea life, senior administration officials said last night.

In his second use of the 100-year old National Antiquities Act, which empowers the president to protect important cultural or geological resources instantly, Mr. Bush will enact a suite of strict rules for the area, including a five-year phasing out of commercial and sport fishing, officials said.

The chain of largely uninhabited atolls, seamounts, reefs and shoals, which sweeps northwest from the big islands of Hawaii, is called the Northwestern Hawaiian Islands and is home to some 7,000 species of marine life, including endangered green sea turtles and Hawaiian monk seals and millions of breeding seabirds.

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Earlier yesterday, the region, which at 140,000 square miles is nearly the size of California, was to have been named a national marine sanctuary, a different kind of protection that could have taken a year to enact.

But Mr. Bush, in a last meeting to consider the plan and timetable, decided to cut things short, said a senior official, who spoke on condition of anonymity because he did not want to take attention away from Mr. Bush's public statement today. "He said, Look, I've got this authority, I'm going to use it," the official said.

"What we avoid is another year or more in process when we already have consensus," he said, noting that national-monument status avoided the prospect of lawsuits over proposed sanctuary regulations. Since the Clinton administration, environmental campaigners had pushed for marine sanctuary status for the area, and as recently as early last night they were girding for months of public debate over the proposed sanctuary rules with a few groups representing Pacific fish-processing companies and fishing fleets.

Last night, representatives of the conservation groups were at first startled by the sudden switch, but were then exultant.

"This is really for the first time saying the primary purpose of this area of the ocean is to be a pristine, or nearly pristine, kind of place," said David Festa of a private group. "It would take it off the books as a fishing ground. That's really the first time we'll have done that in any kind of sizable area."

Some environmentalists noted yesterday that the extra protection was an easy call for the administration, in part because there was little significant opposition in Hawaii or Washington. The move could also help the re-election prospects of Linda Lingle, Hawaii's first Republican governor, who last fall banned commercial activities in state waters in the area and endorsed the federal sanctuary plan.

They noted that there were only eight commercial fishing boats licensed to fish in the remote islands, and that rising fuel costs had made such trips less and less profitable.

Still, representatives of groups seeking to sustain Pacific fishing activity expressed concern as news of the new designation spread.

Kittie M. Simonds, executive director of the Western Pacific Fishery Management Council, one of eight regional advisory bodies to federal fisheries agencies, said the group planned to fight a complete closing of fishing in the area.

"We supported the sanctuary concept but wanted the continuation of our healthy bottom fisheries up there," Ms. Simonds said in a telephone interview.

The move builds on actions of several previous presidents, notably Theodore Roosevelt and Bill Clinton. In 1909, Roosevelt designated much of the island chain a national wildlife refuge. At the end of his second term, Mr. Clinton issued two executive orders protecting marine resources around the refuge and ordering federal marine agencies to prepare for the marine sanctuary designation.

Jean-Michel Cousteau, the marine explorer and filmmaker, said it was important to ensure that the designation came with meaningful rules and enough money to protect and further study the region's biological resources. He recently spent five weeks filming in the area and showed the resulting documentary at the White House in April.

A senior administration official said the film had a powerful effect on Mr. Bush and Laura Bush. Only once before, in February, has Mr. Bush created a national monument: at the African Burial Ground in Lower Manhattan. Some 400 remains of enslaved and free Africans from the 17th and 18th centuries were discovered there in 1991.

Bush To Designate Largest Marine Sanctuary (USAT)

By Elizabeth Weise

USA Today, June 15, 2006

Islands near Hawaii will be a monument

President Bush is expected today to create the world's largest marine sanctuary in a chain of uninhabited islands and atolls 1,200 miles northwest of the main Hawaiian Islands.

White House officials say Bush will elevate the area now known as the Northwestern Hawaiian Island Coral Reef Ecosystem Reserve to national-monument status. The designation will immediately afford the region the strongest legal protections, with fishing and commercial operations immediately outlawed and visitors primarily limited to scientific researchers.

“It's the ocean equivalent of Yellowstone, Yosemite and the Grand Canyon all rolled into one,” says Joshua Reichert, director of the environmental program of the Pew Charitable Trusts in Philadelphia.

The area comprises 140,000 square miles of ocean dotted with dozens of coral reefs and tiny islands; it is a 1,400-mile-long, 100-mile-wide swath of pristine marine habitat larger than all U.S. national parks combined.

The area is considered an ecological jewel. It is a nesting and breeding site to more than 14 million seabirds and home to 7,000 marine and terrestrial species, more than a quarter of which are found nowhere else in the world.

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It is an important nesting area for the threatened Hawaiian green sea turtle and home to the endangered Hawaiian monk seal, of which only 1,300 remain. The coral reefs of the region provide vital breeding and nursery habitat for numerous fish and other marine species.

The president can create a national monument under the special authority of the Antiquities Act, which allows the White House to set aside an area of particular national importance for protection, conservation or preservation, says James Connaughton, a senior environmental adviser to the president.

In 1909, President Theodore Roosevelt designated the area a refuge to stop the slaughter of seabirds by Japanese poachers who took the feathers for use in ladies' hats.

In the 1990s, overfishing caused the collapse of the lobster population, leading to the deaths of many monk seal pups that depend upon the crustaceans for food. In 2000, President Clinton increased the protections by issuing an executive order.

Bush had been expected to turn the reserve into a marine sanctuary, a process that had been underway for the past five years.

But after talking to federal and state officials and native Hawaiian leaders, the White House decided there was sufficient consensus to instead grant the region immediate monument status.

The area is home to numerous ancient Hawaiian religious and archaeological sites.

Although most of the islands will be closed to all but scientific researchers, a public visitation center will be created at Midway Islands, the scene of an important World War II battle, using old military buildings.

Hawaiian Marine Reserve To Be World's Largest (WP)

By Juliet Eilperin

The Washington Post, June 15, 2006

Bush to Designate National Park in Pacific Waters

President Bush plans to designate an island chain spanning nearly 1,400 miles of the Pacific northwest of Hawaii as a national monument today, creating the largest protected marine reserve in the world, according to sources familiar with the plan.

Establishing the Northwestern Hawaiian Islands as a strictly protected marine reserve, which Bush is slated to announce this afternoon, could prove to be the administration's most enduring environmental legacy. The roughly 100-mile-wide area encompasses a string of uninhabited islands that support more than 7,000 marine species, at least a fourth of which are found nowhere else on Earth.

The islands include almost 70 percent of the nation's tropical, shallow-water coral reefs, a rookery for 14 million seabirds, and the last refuge for the endangered Hawaiian monk seal and the threatened green sea turtle. The area also has an abundance of large predatory fish at a time when 90 percent of such species have disappeared from the world's oceans.

Encompassing nearly 140,000 square miles, an area nearly the size of Montana and larger than all the national parks combined, the reserve will just surpass Australia's Great Barrier Reef Marine Park as the largest protected marine area in the world. It will also, however, be one of the least accessible.

"This is a landmark conservation event," said Joshua Reichert, who heads the Pew Charitable Trusts' environment programs and had pushed to have the area designated as a marine sanctuary. "The government is saying in certain places, for certain reasons, it is important to restrict activities that have the potential to damage the marine environment, of which fishing is a big one."

"The Northwestern Hawaiian Islands represent an incredible opportunity to preserve nature much as it was, or has been, for millions of years, because the hand of man has not wreaked the same kind of havoc as we have elsewhere in the world," said Rep. Ed Case (D-Hawaii), who has lobbied for the designation since he was elected in 2002.

The plan had been resisted by local Hawaiian fishing interests that feared losing access to traditional fishing grounds.

The nation has 13 marine sanctuaries scattered from the Florida Keys to the Channel Islands off the California coast. They provide varying levels of protection and have had mixed success in preserving sensitive ecosystems. In areas where fishing was banned outright, scientists have charted a resurgence of larger fish and coral reefs, but in areas that allow commercial and recreational fishing, damaged ecosystems have struggled to rebound.

Administration officials declined to comment on the record, but one senior official, who spoke on the condition of anonymity to avoid upstaging the president's announcement, said the plan will end fishing in the area within five years. It will allow Hawaiians to have access to the area for other traditional activities and will include the Midway World War II memorial, a facility that is open for research, education and ecotourism. Visitors wishing to snorkel, dive or take photographs in the area will have to obtain a permit, and no one may take fish, wildlife, corals or minerals from the region.

President Theodore Roosevelt established a bird sanctuary on some of the islands in 1909. President Bill Clinton created a coral-reef ecosystem reserve in the area by executive orders in late 2000 and early 2001, but he stopped short of designating a

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permanent sanctuary. Former House speaker Newt Gingrich (R-Ga.) sent the White House a letter in February hailing the sanctuary plan as "a marvelous opportunity to leave a historic mark on U.S. and world conservation history." Hawaii Gov. Linda Lingle (R) also endorsed the idea.

The proposal has had a cooler reception from Democratic Sens. Daniel K. Inouye and Daniel K. Akaka, who have traditionally been protective of local fishermen, but the administration is relying on a coalition of environmental groups -- headed by the Pew Charitable Trusts -- to raise the money for buying out the fishermen.

By declaring the islands a national monument, Bush will circumvent a year-long congressional approval process required in the designation of an area as a marine sanctuary, and will provide the area the highest regulatory protection possible under the law. Clinton designated several terrestrial and marine national monuments toward the end of his tenure, though he did not name a marine monument of this scope.

"Declaring the Northwestern Hawaiian Islands a national monument will mean immediate protection, immediate implementation of the management measures included in the plan that was developed in the marine sanctuary process," the senior official said last night.

Ellen Athas of the Ocean Conservancy said the monument designation is "permanent and does not undergo periodic review like a marine sanctuary." She added: "National monuments can provide lasting protection for the environment."

Eight Hawaiians hold permits to fish commercially in the area, targeting red snapper, black grouper and other species. The fishery made a profit of only $300,000 in 2003, and one of the permitted fishermen, Zenen Ozoa, has lobbied to close it on the grounds that it is too environmentally destructive.

The island archipelago is remote -- it takes fishermen two days to reach the area from the main islands -- but debris from vessels that troll the Pacific have ensnared marine animals and damaged the delicate ecosystem. Filmmaker Jean-Michel Cousteau, son of legendary marine explorer Jacques Cousteau, spent six weeks there in 2003 and found debris from 52 countries, including cigarette lighters and toy soldiers.

"That was really shocking," said Cousteau, who produced two one-hour documentaries that aired on public television in April. "There's a lot of really nasty stuff happening over there."

Although the islands are remote, they remain vulnerable: Fishing vessels took about 12 million lobsters from the area between 1977 and 1997, and though a federal judge ordered the lobster fishery closed in 2000, the area has yet to recover.

In contrast to the controversies over administration stands on a number of other environmental issues, advocacy groups, activists and Democrats hailed Bush's work on this matter. Case, the Hawaii congressman, said the president "deserves credit" for undertaking "the most revolutionary act by any president, any administration, in terms of marine resources."

James L. Connaughton, chairman of the White House Council on Environmental Quality, toured the islands in December with Cousteau and Lingle.

First lady Laura Bush has also taken a personal interest in the island chain, said the senior administration official. She and the president hosted a White House screening of Cousteau's film on April 5.

Case, whose district includes the Northwestern Hawaiian Islands, said that, ironically, the designation means fewer Americans will see the region.

"We are all going to have to take it on faith that it's that special, because . . . most of us will never see it, and we never should see it," Case said. "We're just going to have to let it go."

Bush To Create World's Largest Marine Protected Area Near Hawaii (LAT)

By Kenneth R. Weiss

The Los Angeles Times, June 15, 2006

A swath of the Pacific near Hawaii will be the largest such preserve in the world. The president was inspired to act by a Cousteau film.

President Bush today will create the world's largest marine protected area, a total of 140,000 square miles of Pacific Ocean surrounding a necklace of islands and atolls that stretch from the main Hawaiian Islands to Midway Atoll and beyond, senior administration officials said.

The Northwestern Hawaiian Islands National Monument will be larger than all of America's national parks combined. Fishing will be phased out, and the mining of coral for jewelry will be prohibited, along with other practices that can damage delicate reefs.

"With a stroke of a pen, the president not only can accomplish the single largest act of conservation in U.S. history, but he can inspire the American public on the broader importance of our ocean and coastal environments," said a senior administration official who requested anonymity so as to not upstage Bush's announcement today.

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The decision is a turnaround for the administration, which five years ago considered stripping more limited protections from the area that President Clinton had declared a coral reef ecosystem reserve. It's also a sharp departure for an administration that has pushed to privatize some federal lands and has designated less wilderness than most presidents over the last 40 years.

A turning point came in April, when Bush sat through a 65-minute private White House screening of a PBS documentary that unveiled the beauty of — and perils facing — the archipelago's aquamarine waters and its nesting seabirds, sea turtles and sleepy-eyed monk seals, all threatened by extinction.

The film seemed to catch Bush's imagination, according to senior officials and others in attendance. The president popped up from his front-row seat after the screening; congratulated filmmaker Jean-Michel Cousteau, son of the late underwater explorer Jacques Cousteau; and urged the White House staff to get moving on protecting these waters.

"He was enthusiastic," Cousteau said. "The show had a major impact on him, the way my father's shows had on so many people. I think he really made a discovery — a connection between the quality of our lives and the oceans."

The northwest Hawaiian Islands are a collection of reefs and 10 points of emergent lands — islands, atolls and pinnacles. Although the total emergent landmass is small, the isolation has kept these islands relatively undisturbed and increased their importance to wildlife.

About 14 million seabirds, including albatross and various species of terns, nest on the islands. Pods of spinner dolphins frolic in lagoons, leaping ahead of boats and making full twists in the air.

About 90% of Hawaii's green turtles nest in these remote beaches, as do nearly all monk seals. So far, scientists have identified about 7,000 species in the Hawaiian Islands, about one-third of which are found nowhere else in the world.

All of these islands are part of the state of Hawaii, except for Midway Atoll, the site of the historic World War II battle, which is a U.S. territory. The United States has the power to control fishing in its Exclusive Economic Zone, which extends 200 miles from the nearest point of land.

Bush's decision was strongly encouraged by Hawaii Gov. Linda Lingle, a Republican. She signed rules last year to ban fishing in state waters around these atolls and urged Bush to extend protections to federal waters.

Protection of the northwest Hawaiian Islands has emerged as a widely popular move, receiving more than 50,000 letters of support over the last five years. These islands have no resident fishermen who might be hurt by tightening rules. Only a remnant fleet of eight commercial boats now makes the long cruise from the main Hawaiian Islands to fish the reefs for snappers and grouper — often a marginal operation given soaring fuel prices.

At today's White House ceremony, the president will invoke the 1906 Antiquities Act for the second time in his presidency. The only other time was to declare a burial ground in Lower Manhattan as one of the nation's ancient cultural sites. The site, where about 20,000 slaves and free black people were buried in the 18th century, is only about half an acre.

Bush's declaration today will be on a much larger scale. The strip of protected ocean, about 1,200 miles long and 100 miles wide, will dwarf all of the nation's marine sanctuaries as well as national parks on land.

Initially, Bush was going to propose that the area be protected as a national marine sanctuary. But he wanted to move faster, a senior official said.

"Because it's a presidential action, under the authority of a congressional act, it becomes law immediately without going through a prolonged rule-making process and the inevitable legal action that follows," a top aide said. "We can immediately begin with protection and management."

Bush in recent weeks enlarged the boundaries of the new protected area, giving him bragging rights for creating the largest marine protected area in the world. At 139,793 square miles, it will be bigger than Australia's 128,960-square-mile Great Barrier Reef Marine Park.

"This is the best thing that President Bush has done for the environment since he took office," said Elliott A. Norse, president of the Marine Conservation Biology Institute. "Having discussed this with him, I know that the president is personally committed to this."

Norse was one of the 50 guests who witnessed Bush's excitement after the screening of Cousteau's "Voyage to Kure" in the White House. Bush and his wife, Laura, were amazed by photos of the Northwest Hawaiian Islands that appeared in National Geographic magazine, an aide said.

Afterward, the president had dinner with Cousteau, National Geographic explorer-in-residence Sylvia Earle, and other marine scientists and advocates.

Bush was surprised, as are many Americans, that national marine sanctuaries do not forbid fishing except in specially designated areas. That evening, he repeatedly asked James L. Connaughton, chairman of the White House Council on Environmental Quality, how this new marine protected area could end fishing.

That same question has bedeviled the proposed expansion of no-fishing zones in the Channel Islands National Marine Sanctuary off Southern California. In 2002, California banned fishing in 175 square miles of state waters, and it has urged federal

officials to extend those no-fishing zones into federal waters. Little has happened since then, except for strong objections from the industry-dominated regional fishery management council.

Even as a new monument, however, the area won't be immune from the infighting that goes on between wildlife managers and the fishery management council, which ferociously guards its control over commercial fishing.

Kitty Simonds, director of the Western Pacific Fishery Management Council, has long opposed any change of status that would further curtail fishing in the Northwest Hawaiian Islands. She was unavailable for comment Wednesday.

The monument will phase out the remaining eight fishing boats over five years — a timeline that conservation groups hope to accelerate by buying out the fishing permits. The Pew Charitable Trusts has brought in a retired judge in Hawaii to broker a deal with fishermen, who in 2003 caught about $1.3 million in snappers and groupers, for a net profit of only $300,000.

"For a buyout to work, it will have to include all of the permit holders," said Joshua S. Reichert, director of Pew's environmental division. Reichert said conservation groups do not want to buy out some of the fishermen only to have the others increase the amount of their catch.

"Although it seems that eight fishing vessels cannot do much damage, we know it can in fragile areas like the Northwestern Hawaiian Islands," Reichert said.

As an example, he pointed out the history of the dozen or fewer commercial boats that caught an estimated 15 million spiny lobster and slipper lobster around the island chain from 1977 to 1998. The lobster populations crashed, wildlife biologists said, robbing newly weaned Hawaiian monk seals of an important, easy-to-catch food.

Treasure Islands (NYT)

By Joshua Reichert And Theodore Roosevelt IV

The New York Times, June 15, 2006

PRESIDENT Bush is expected to declare the northwestern Hawaiian Islands a national monument today, thereby creating the largest marine reserve on earth. The president's decision caps a century of protection efforts by both Republican and Democratic presidents beginning with Theodore Roosevelt and including Lyndon Johnson, Ronald Reagan and Bill Clinton. But none ever proposed the sweeping level of protection for these islands that is being put in place by the Bush administration.

While we and others in the conservation community have not always agreed with President Bush's environmental policies, we believe it is important to acknowledge a significant policy achievement when it occurs — and one is about to occur.

Beginning 160 miles northwest of Kauai, and extending roughly 1,200 miles into the Pacific Ocean, the uninhabited islands, reefs, shoals and atolls of this archipelago make up one of the most remote and relatively undisturbed coral reef systems in the world. The area marked for protection covers roughly 140,000 square miles of ocean, larger than all of America's national parks combined.

Almost 70 percent of the tropical, shallow-water coral reefs in American waters are in this one place, together with 7,000 species of marine and terrestrial life, a quarter of which aren't found anywhere else. More than 14 million seabirds make these islands their home for at least a part of the year, along with the last population of the endangered Hawaiian monk seal.

The president's plan for the monument designation has the distinction of receiving broad support from the Hawaiian people and from Hawaii's Republican governor, Linda Lingle, who recently closed state waters in the northwestern Hawaiian Islands — everything up to three miles from shore — to commercial activities, including fishing. Many Native Hawaiians, who consider these islands an important part of their cultural and religious heritage, would also like to see commercial fishing ended in federal waters, which stretch three to 50 miles from shore.

In the plan to be announced by the White House, commercial fishing will be phased out over five years. What's more, the president's action will spur efforts to compensate the few remaining fishermen in the area for surrendering their permits to the government, which would then retire them. While it is still too early to know whether these efforts will be successful, such a buyout package would provide for an early end to fishing in the archipelago and offer reasonable compensation to the fishermen who have earned part of their livelihood there.

Just as we have protected spectacular areas on land from destructive activity, we know it is equally important to do so for the sea. The president's announcement is an important step in what we hope will be greater efforts to safeguard the ocean, while also addressing broader problems of overfishing, pollution and habitat destruction.

There are few opportunities for a president to protect such a large swath of ocean or land at little cost to the government, while garnering strong regional support. This is one, and we applaud Mr. Bush for taking the initiative to preserve one of the world's most spectacular marine environments.

Sparks Fly At Forum Over Energy Policy (MJS)

By Daniel W. Reilly

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Milwaukee Journal Sentinel, June 15, 2006

Washington - Secretary of Energy Samuel Bodman and U.S. Sen. Hillary Clinton (D-N.Y.) sparred Wednesday over progress on reducing America's dependence on foreign oil at a forum on energy efficiency sponsored by Milwaukee-based Johnson Controls Inc.

In the face of skyrocketing gas prices and an unstable oil supply, officials agree that more needs to be done to reduce dependence on foreign oil and on the importance of alternative fuels such as ethanol. But Bodman and Clinton diverged on whether the nation is on the right path.

Clinton said that accounting for inflation, the Bush administration has cut the budget for energy efficiency programs by one-third over the past five years.

"I believe our present system of energy delivery and use is . . . hurting our pocketbooks, violating our common values and threatening our children's future," Clinton said. She also said "our failed energy policy dictates our national security."

Clinton said in recent years there has been a lack of "evidence-based decision-making" on energy policy.

She accused the Bush administration of talking tough on energy efficiency, then cutting the budget for key programs such as weatherization for low-income family homes and for the State Energy Program, which provides federal grants to states to adopt emerging renewable energy and energy efficiency technologies.

Bodman accused Clinton of "cherry-picking" statistics and said that the Department of Energy is "very committed" to the issue of energy efficiency.

Bodman said he "disagreed strenuously with the issue that our energy policy has had a negative impact on our foreign policy."

In his keynote speech, Bodman said energy independence is one of President Bush's top concerns and that the answer to high energy costs is the comprehensive approach being pursued by the administration, which includes diversifying energy supply, developing new domestic sources and an increased reliance on efficiency and conservation.

Johnson Controls Vice President for Government Relations Mark Wagner said he was "very encouraged" by the Bush administration's approach to energy conservation but said he would like to see more done, especially on the Energy Savings Performance Contracts, a federal program that finances energy efficiency upgrades for federal buildings and installations.

The program was cut in 2004 but was reinstated in the latest energy bill, which passed last year. Wagner said he wanted to see the program "ramped up" as quickly as possible.

Wagner said the company would also like to see the Bush administration extend more tax credits for energy conservation, especially for commercial and residential building energy efficiency.

Johnson Controls is a leader in interior experience, building energy efficiency and power solutions. The company also runs a consulting business performing energy audits for corporations, school districts and other non-profit organizations, helping to reduce energy costs.

Now in its 17th year, The Energy Efficiency Forum was created by Johnson Controls to raise awareness of energy conservation issues in Washington. This year's forum, at the National Press Club, was co-sponsored by the U.S. Energy Association.

Sen. Dianne Feinstein (D-Calif.) and Pennsylvania Gov. Ed Rendell, a Democrat, also spoke at the event. Bush, who visited the company headquarters in Milwaukee in February, addressed the forum last year.

The New Drilling Battle (WP)

By Steven Mufson

The Washington Post, June 15, 2006

More than a mile beneath the surface of the Gulf of Mexico lies a tract of sea floor that is bigger than New Jersey and that oil and gas companies believe holds a trove of natural gas and a measure of salvation for corporate and residential consumers.

But the area, three-quarters of which is closed to development, also lies at the center of a fight in Congress over the future of offshore drilling, with billions of dollars at stake. The battle lines pit Republicans against Republicans, Democrats against Democrats, and industry against environmentalists.

Ever since a disastrous 1969 oil spill off Santa Barbara, Calif., drilling off U.S. coastlines has been a sensitive subject. For 25 years, a congressional moratorium, renewed annually, has barred exploration on 85 percent of the Outer Continental Shelf, from three miles offshore, where federal waters begin, to 200 miles out, where U.S. jurisdiction ends. An order issued by President George H.W. Bush and extended by President Bill Clinton through 2012 provides additional protection.

"We don't need to sacrifice our beaches, coastal waters and economies to meet America's energy needs," says the Sierra Club, which favors alternative energy sources and energy-efficiency measures.

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Yet the spike in natural-gas prices last fall has inspired a coalition of industrial users and a variety of lawmakers to try again to modify the moratorium, citing the harm high natural-gas prices do to American competitiveness and the benefits of reducing U.S. dependence on foreign energy sources. Drillers also want to win changes before the Interior Department's 2007-12 leasing plan takes effect.

Even as gay marriage and immigration grab headlines, top House and Senate members have been bargaining in private to reach a compromise over new contours for offshore drilling. Much of the haggling has been over the New Jersey-size tract, known as Lease 181.

At the moment, the chances of a compromise don't look good. But the wrangling provides a glimpse of how U.S. energy policy is made -- or isn't made -- when Congress and the White House try to balance big business interests, political supporters, environmental concerns and national energy needs.

The fight has made some strange bedfellows. President Bush, though seen as friendly to oil and gas interests, has done little to break the impasse, in deference to his brother Florida Gov. Jeb Bush (R) and Sen. Mel Martinez (R-Fla.), who have opposed offshore drilling, citing the need to protect the state's tourism industry from the harm a spill would do.

That has angered conservative Rep. John E. Peterson (R-Pa.), who together with liberal Rep. Neil Abercrombie (D-Hawaii) tried to strike the words "natural gas" from the moratorium, which would allow natural-gas wells within three miles of U.S. coasts. Without the support of either party's leadership, this political odd couple came within a handful of votes of prevailing. Now the two are seeking support to allow drilling at least 20 miles from shore, far enough to be out of sight of beach-going tourists.

Each of the lawmakers has taken on his own party. Peterson, who tried and failed to win Bush's support during a flight last summer on Air Force One, says the president argued that the most "doable" cure for tight-natural gas markets was to build more terminals for liquefied-natural-gas imports -- the opposite of what Bush argues when he cites foreign dependence as a reason for opening the Arctic National Wildlife Reserve in Alaska.

"I'm surprised because we have two oil people at the top," Peterson said of the administration. "Yet two states are controlling the most important part of our energy policy," he said of Florida and California.

In the Democratic camp, Abercrombie has criticized what he calls an "environmental Taliban" for opposing offshore natural-gas drilling, and 38 House Democrats defied their minority leader, Rep. Nancy Pelosi (Calif.), and voted in May to keep the Peterson-Abercrombie change in the moratorium.

"I said, 'Nancy, you're wrong on this,' " Abercrombie said of a conversation he had with Pelosi. "I think that the Democratic party should get out in front on this issue instead of standing off to the side."

Florida's senators, Republican Martinez and Democrat Bill Nelson, have teamed up to guard against drilling that they say could mar the shorelines. They have their own proposal to extend the presidential drilling ban on the Atlantic and Pacific coasts until 2020, carve out a slice of Lease 181 to allow some new drilling there, have the federal government buy back other leases closer to Florida's west coast, and permanently ban drilling within 150 miles of Florida's shores.

Some drilling advocates note that Cuba recently decided to allow drilling in its waters, just 50 miles from the tip of Florida, closer than prime U.S. drilling prospects that fall under the moratorium.

But Nelson and Martinez have enlisted Defense Secretary Donald H. Rumsfeld, who wrote a letter in November asserting that the Gulf of Mexico from the west coast of Florida all the way into Lease 181 are essential for military training. "In those areas . . . drilling structures and associated development would be incompatible with military activities, such as missile flights, low-flying drone aircraft, weapons testing and training," Rumsfeld wrote to Senate Armed Services Committee Chairman John W. Warner (R-Va.).

Oil and gas companies have long eyed the Outer Continental Shelf. The Interior Department's Minerals Management Service estimates that the OCS holds 420 trillion cubic feet of undiscovered natural gas, which Anadarko Petroleum Corp.'s exploration manager for the Gulf of Mexico, Stuart Strife, notes is enough to heat every home in the United States for the next 80 years. In the past, Strife notes, the MMS estimates of potential reserves have been, if anything, too conservative.

That's why Anadarko bet on the portion of Lease 181 that was sold in 2001, offering more than a third of the $341 million worth of winning bids. It has drilled, with partners, 10 wells in 8,000 feet of water to reservoirs 10,000 feet below the ocean floor. The company has already found 1 trillion to 2 trillion cubic feet of gas reserves, which travel by pipeline to Louisiana.

Strife says fears of oil spills are overblown. So far Anadarko has only found natural gas, but even if it found oil the industry could handle it well. "People still think back to Santa Barbara in '69 and think that's the state of the industry," Strife says. "The industry has made leaps and bounds since then."

But environmentalists say a single incident can do extensive and possibly irreparable damage to natural habitats. Richard Charter, co-chair of the National OCS Coalition, says, "There is no such thing as a 100 percent failsafe petroleum process."

Despite strong environmental concerns, high natural-gas prices have made the politics of offshore drilling more fluid. Abercrombie has been courting union support, citing job losses to other low-gas-cost countries. Meanwhile, a Quinnipiac

University poll in mid-May showed that Floridians, by 51 percent to 42 percent, favored drilling as close as 100 miles from shore, though 55 percent to 36 percent opposed drilling as little as nine miles from the coast.

"A number of Floridians realize that their state is dependent on natural-gas supplies," said Donna Harman, vice president of congressional affairs for the American Forest and Paper Association. "Some of their members are saying that they need to look at this in a more rational way."

But as with so much else in Congress, the issue is fractious. Rep. Bobby Jindal (R-La.) has a proposal that would erase the moratorium but force states to petition for continued drilling bans off their shores. Jindal appealed to lawmakers who favor more power for states, but other lawmakers see a grab for power and money by Louisiana. His proposal would funnel to the states 75 percent of royalties from wells within 12 miles of shore and 50 percent from those further out. Under current law, that money belongs to the federal government.

The best chances for a deal rest with Sens. Pete V. Domenici (R-N.M.) and Jeff Bingaman (D-N.M), who want to open up almost all of Lease 181 while leaving the moratorium on other U.S. waters largely intact. Senate Majority Leader Bill Frist (R-Tenn.) has also been involved in talks with Florida senators over whether to trade the opening of more offshore territory for the extension of the wider moratorium past 2012.

In the House, Reps. Adam Putnam (R-Fla.) and Richard W. Pombo (R-Calif.) have been seeking compromises. But it isn't clear whether Pombo will pursue the issue if he faces a tough reelection contest. The Sierra Club has run ads citing oil and gas company campaign contributions to Pombo, who also favors opening up the Arctic wildlife reserve. Last fall, Pombo had floated a plan similar to Jindal's but with a buffer zone for Florida's coasts.

Talking to reporters last week, Jeb Bush hinted that he might be ready to make a deal. "We're kind of on the sideline waiting for a partner to engage with," he said. He said Pombo's proposal was "very fair" and added, "I think people now regret not taking it in the Florida delegation." The governor said, "A degree of certainty for the protection of our coastline is what we're looking for."

Yet Charter says Americans are sensitive about their beaches and predicts that election-year attempts to lift the moratorium will turn out to be "much ado about nothing."

FBI/DEA/ATF/USMS:

Officials Seeking Source Of Lethal Heroin Mixture (NYT)

By Kirk Johnson

The New York Times, June 15, 2006

CHICAGO, June 14 — The police and health authorities are struggling to track down the source of a doctored, intensely powerful heroin that has killed at least 130 people in and around Chicago and Detroit and sent hundreds more to hospitals in cities from St. Louis to Philadelphia.

In the labyrinthine and often paranoid world of illicit drugs, tales of killer heroin have come and gone before. But this time is different, law enforcement and health officials say.

The pattern of cases is broader, involving many markets at once, suggesting, they say, a larger and more sophisticated distribution network. The additive has been traced to laboratories in Mexico, which has traditionally supplied much of the Midwest heroin, raising fears that other hybrid pharmaceutical street drugs might emerge.

"The biggest new thing is the high mortality rate," said Dr. Carl Schmidt, the chief medical examiner for Wayne County, Mich., which includes Detroit and suburbs. The county has had more than 70 deaths since September related to the altered heroin mixture, Dr. Schmidt said, including those of three people found together in a car in April. The three were overcome so quickly that no one could get out to summon help.

The additive, called fentanyl, was developed as a commercial painkiller in the 1960's and surfaced as street-drug compound in the mid-80's on the West Coast, where it killed perhaps 100 people over as many as eight years. It made waves again in the early 90's in the New York metropolitan region, where it killed dozens of people who bought fentanyl-laced heroin under the street brand Tango and Cash.

Fentanyl, which is 50 to 100 times more powerful than morphine, is not a contaminant or filler, drug experts say, but rather a deliberately introduced enhancement intended to improve the product. It kills by shutting down a victim's respiratory system when too much is taken, an easy mistake because of the potency.

Much has changed in the drug world since fentanyl first became a killer. In many parts of the country, the use of synthetic, laboratory-produced drugs like methamphetamine, or meth, has surged. A sharp increase in prescriptions for narcotics,

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depressants and stimulants has also contributed to an increase in drugs diverted for illicit use and has created drug users familiar with pharmaceuticals, according to a report this year by the National Drug Intelligence Center, a unit of the Justice Department.

And a national crackdown on illegal drug laboratories in the United States has recently pushed more meth production to Mexico, where local police officers and federal Drug Enforcement Administration officials say they think Chicago's fentanyl was produced.

The Chicago police superintendent, Philip J. Cline, said in an interview that his officers working with the D.E.A. were looking for connections among clusters of overdose cases and then trying to track back from there through undercover purchases, arrests and laboratory tests to understand the pipeline.

"Everybody is looking for a signature," Superintendent Cline said. "Is it the same here as in Philly? We're not sure on that yet."

Superintendent Cline said city officials had been frustrated because warnings appeared to have partly backfired. Drug dealers were even seen waving the fliers the city distributed this year, advertising that they were selling the very thing the police were so worried about.

"The biggest problem is that we have willing victims," he said.

One former heroin user, Justin Sorci, said the wave of deaths had given him a mission, to warn people he knows are still using.

"The thinking of an addict is that 'I won't be the one,' " said Mr. Sorci, 27, who went on Wednesday morning to a mobile treatment van on the North Side of Chicago to receive the methadone tablets that blunt his craving for heroin. "People who are still out there — I'm warning them to be careful."

Fentanyl's re-emergence has revived old fears among some experts that underworld chemists could one day learn to manipulate opiate molecules to produce superdrugs of devastating malevolence — more addictive or corrosive to society than heroin, alcohol or cocaine at their worst. Others say the wave of deaths proves that such a formula has not been perfected, since the fentanyl makers are killing off their own customers.

But people who study the market say more laboratory-produced drugs, of whatever quality, are probably inevitable because the process is cheaper than harvesting and transporting agricultural drugs and can be done anywhere.

"It is becoming easier to manufacture mind-altering substances, and the Internet has spread that knowledge all over the world," said Martin Y. Iguchi, a professor of public health at the University of California, Los Angeles, who was running a drug treatment clinic in New Jersey when the Tango and Cash cases unfolded in the 90's. "That's got to have an impact longer term."

But drug treatment workers and addicts have a tool against overdoses that was not widely available in the past, an injectable medicine called naloxone or narcan that can reverse respiratory failure.

The Chicago Recovery Alliance, a group that works to improve the health of intravenous drug users and runs the methadone van where Mr. Sorci stopped, pioneered the effort to get naloxone into the hands of the city's drug users in 1999. Baltimore, San Francisco and other cities now have anti-overdose programs using the medication, as well.

The group's medical director, Dr. Sarz Maxwell, said she knew of at least five people in Chicago who had stopped breathing after using heroin-fentanyl and were saved by friends.

"We even heard of a couple of complete strangers who found somebody, had naloxone and saved a life," Dr. Maxwell said.

One heroin user, Sean H., 20, who was visiting the treatment van and spoke only on the condition that his last name not be used, said a friend died six weeks ago from a fentanyl-related overdose. The man, 24, specifically sought out fentanyl, Sean said, and had just recovered from one overdose. His body was found on a train.

Sean says he and his brother, who also uses heroin, are more careful now and always have naloxone on hand when they take drugs, though he thinks that none of the heroin they have taken has contained the additive. But the talk about the intensity of the fentanyl experience has intrigued him, he said.

"From an addict's point of view," he said, "that intensity is what you want."

Deadly Heroin Focus Of DEA's Chicago Conference (WMAQ)

WMAQ-TV, June 14, 2006

CHICAGO -- More than 60 deaths in the Chicago area -- and dozens more around the country -- are blamed on heroin that has been tainted with a deadly ingredient.

Chicago police and the U.S. Drug Enforcement Administration on Wednesday began a two-day conference on the tainted heroin, which is now showing up around the country.

Two young men die after allegedly consuming tainted heroin in this South side parking lot…

Justin Jobgen and Josh Serpliss were the eleventh and twelfth victims of what authorities now say are a string of more than 60 deaths attributed to a mixture of heroin and the prescription pain killer Fentanyl.

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"Our focus is the influx of Fentanyl-laced heroin that has recently plagued our city," said Frank Limon, with the Chicago Police Department.

Timothy Ogden, special agent in charge with the DEA, said there was a "large spike" in drug overdoses in cities across the country.

The Fentanyl-laced heroin goes by the street name "drop dead" and has been seen on Chicago's West and South sides. Law-enforcement officials want to know where it is coming from and who is bringing it.

Ironically, law enforcement success may also play a factor in the drug's arrival, NBC5's Charlie Wojciechowski reported. Experts say getting drugs and dealers off the streets essentially destabilizes the drug markets.

"When the drug markets are destabilized through the police enforcement of the law, then customers need a new place to go," said Dan Bigg, with the Chicago Recovery Alliance.

Bigg has been an addictions counselor for the last 25 years. His Chicago Recovery Alliance works to improve the health of drug users and those suffering from AIDS and HIV.

Bigg said the Fentanyl-laced heroin provides cost-conscious drug users with more perceived bang for their buck.

"What Fentanyl does is it renders people unconscious. It renders people dead," Bigg said.

One possible source of the tainted heroin is Mexico. Last week, Mexican police raided an illegal Fentanyl lab in the city of Toluca. Five people, including the alleged chemist, were arrested.

Killer Drug Overlooked, Until Flurry Of Deaths (DN)

By Brad Heath

Detroit News, June 15, 2006

TAYLOR -- Their roommate found them after midnight, dead together in bed.

When the police arrived at the tiny bungalow in a middle-class Taylor neighborhood, they found pills on the bedroom floor. Their roommate told them the man and woman, both 31 years old, were drug users. The medical examiner suspected they had committed suicide that January day because overdose victims almost always die alone.

Weeks later, toxicology tests showed the pair had taken heroin and the painkiller fentanyl.

Their bodies were among the first clues to the escalating damage being inflicted in Wayne County by fentanyl-laced drugs. But for months, police and health officials were unable to make sense of a growing scattering of evidence -- drug users dying suddenly and in groups, growing stacks of toxicology reports mentioning the drug, and a warning from federal agents dating back to November that lethal quantities had been found on the street.

But it wasn't until 12 people died from apparent drug overdoses May 18 and 19 that officials realized the extent of the problem, officials said in interviews. The clues became clear: Fentanyl was most likely to blame.

"People think it's easy to look at the crystal ball and see what's in there," said Dr. Carl Schmidt, Wayne County's chief medical examiner. "I guess it's easy to look. But it's discerning what's in there that's the hard part."

Authorities now suspect the painkiller, mixed with heroin or cocaine, is responsible for a sudden increase in overdose deaths; the toll is 79 deaths in Wayne County over the past four weeks. The drug has been linked to another 130 deaths since January 2005.

Since April, cities in at least eight other states have similarly reported a sudden surge in overdoses now the subject of a nationwide investigation by the U.S. Drug Enforcement Administration and police departments from Philadelphia to Chicago.

But for months, as fentanyl-related deaths accumulated, authorities in Detroit said, some of the clues that could have alerted them earlier to the growing toll were obscured by the regular toll of drug deaths in the county, and by testing limitations that kept them from quickly linking any of the deaths to the lethal mixture.

By the time Wayne County issued its May 19 alert, the number of fentanyl-linked deaths had been increasing since November -- a trend that did not become apparent until months later.

Extent of problem hidden

At first, the corpses came one at a time, collected from suburban bedrooms, inner-city drug houses and emergency rooms where friends dumped them from moving cars. The extent of the problem remained hidden behind overall overdose numbers that fluctuate wildly from month to month: The number of deaths ultimately linked to fentanyl increased from 18 to 22 between February and March, but the total number of overdose deaths dropped from 52 to 49.

Adding to the difficulty, Schmidt said, are toxicology tests that can take as long as six weeks to complete because the county typically stores samples and tests them in batches to save money. The result is that it takes at least a month for investigators to know what blend of drugs a person had taken before they died -- and even then, most drug users have taken so many it's almost impossible to say which killed them.

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On top of that, Wayne County has no systematic way to track toxicology results to determine whether a particular drug is killing more people. Instead, officials review pending cases at a weekly meeting. Schmidt said he began seeing fentanyl more often in toxicology results in February, but that there was not enough evidence to think the deaths amounted to a broader health threat. He said the tests typically showed only that people had taken fentanyl before they died, not that the painkiller had killed them. Most had also taken other potentially lethal drugs.

Even today, they can't say with certainty that fentanyl is to blame. Authorities won't know that until they get the results of toxicology tests. But Schmidt said that as soon as he saw overdose deaths spike in May, he suspected the drug's involvement. By then, it had been discovered in the man and woman found dead in Taylor in January, and had been detected in three other people who died together in a car in Detroit. Those cases, he said, offered a good indication that fentanyl was capable of causing such clusters of deaths.

County Executive Robert Ficano said there was little debate about what to do next: County officials summoned television cameras and sounded an alarm about the tainted drugs. Drug treatment workers -- even recovering addicts -- worked parts of Detroit known to be drug havens to warn about the dangers.

Did cocktail disappear?

The daily death toll from overdoses has since dropped to two or three a day, numbers that were typical for the county before fentanyl surfaced. Public health officials have said it is too soon to know whether that means the lethal cocktail has disappeared from Detroit, though nationwide the drug has vanished suddenly from the streets of several cities.

"It pops up, and then it just goes away," DEA spokesman Garrison Courtney said.

State and county officials said they generally are pleased with the county's response. Ficano said health officials made a "reliable and quick determination" of what was going on.

Others said that while they were satisfied with the county's response, they'll review the case to see whether similar cases could be detected more quickly in the future. "We'll review this situation -- I think all parties involved will -- and make any adjustments we need to," said Dr. Dean Sienko, acting chief medical executive of the state Department of Community Health. There were earlier warnings, too. In November, the DEA's office in Detroit issued an alert saying agents had bought heroin on the street cut with "potentially lethal" levels of fentanyl. The Medical Examiner's Office saw that alert as part of a routine bulletin from the DEA, Schmidt said. He said the alert did not lead them to suspect that the fentanyl was causing more people to die from overdoses, because the total number of deaths was largely unchanged.

In interviews, police, medical examiners and health officials in other cities afflicted by fentanyl said they too discovered the problem only when the number of overdoses -- fatal or not -- shot up suddenly.

In Harrisburg, Pa., officials sounded the alarm the day after police reported three heroin overdoses -- none of them fatal -- in one night. "Normally we're lucky if we see one a month," city spokesman Randy King said. In Camden, N.J., outside Philadelphia, police knew there was a problem after three people overdosed in a day. In Chicago, officials said they knew there was a problem when firefighters saw a surge in ambulance runs linked to drug overdoses.

Most of those cities don't know exactly how many people died from fentanyl because most medical examiners don't regularly test for it. Chicago's medical examiner has traced deaths going back at least six months; in Detroit, officials documented more than 130 deaths linked to fentanyl between January 2005 and April.

Detroit police and firefighters said they saw no such increase here. Hospitals said they had not treated anyone for fentanyl overdoses -- though most typically do not test for the drug -- and poison control centers said they had seen no increase in calls linked to the drug.

Instead, the problem surfaced in the morgue.

"You know there are a lot more people who are using this stuff who are alive than end up dying," Schmidt said. He said the best way to quickly detect such outbreaks in the future is in patients who use them and survive.

More Bad Heroin (WPVI)

By Dann Cuellar

WPVI-TV, June 14, 2006

Agents Cracking Down - Looking For Sources

CHESTER, PA - June 14, 2006 - There were a number of developments Wednesday in the growing problem of bad heroin on the streets.

First, Chester authorities confirmed what they had suspected, seven overdose cases within a 15-hour period in the city, all linked to heroin spiked with the powerful painkiller fentanyl.

Meanwhile members of a major task force including agents from Philadelphia and New Jersey met in Chicago Wednesday. They now believe the stuff is coming from a lab in Mexico.

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The fentanyl-laced heroin has killed more than 100 people in 8 states, including 28 in Philadelphia, at least 20 in New Jersey, and more than a dozen in Delaware. Fentanyl is more that 80 times more potent than morphine and it inhibits breathing.

In an effort to combat the crisis, DEA agents from around this area met with taskforce counterparts in Chicago to determine where the stuff was coming from.

They now believe the primary source was an illegal lab near the western city of Guadalajara, Mexico. It was raided by U.S. and Mexican agents recently. Among those arrested was the man believed to be the chemist. Authorities say the fentanyl-laced heroin is still being sold by dealers looking for a competitive edge.

The undercover strike force continues to gather intelligence. Officials expect to make more arrests in this ongoing criminal investigation.

Physician Gets Life For Drug Deaths (CLPD)

By Mike Tobin, Plain Dealer Reporter

The Cleveland Plain Dealer, June 15, 2006

He overprescribed painkillers and 2 died

A Bath Township physician was sentenced to life in prison Friday because the massive doses of painkillers he prescribed led to the deaths of two patients.

Dr. Jorge Martinez's conviction under a statute punishing health-care fraud resulting in death was the first in the country, as was his life sentence, U.S. Attorney Greg White said.

Martinez remained adamant in federal court in Cleveland that he did the best he could to treat desperate patients whose lives were consumed by chronic pain. Patients often came to his clinics in Parma and Boardman wailing in pain, he said.

"There was nothing else but to numb those nerves," Martinez said. "The responsibility I had was to treat the patient."

But U.S. District Judge Donald Nugent told Martinez his prescriptions of OxyContin, Zoloft and Valium caused more harm than good.

"People came to you in desperation," Nugent said. "You continued to prescribe medication that would continue that downward spiral."

The packed courtroom erupted in applause when Nugent announced the sentence. Relatives of the two dead men, John "Jack" Lancaster and Blair Knight, wiped tears and hugged prosecutors.

In January, after a five-week trial, a jury convicted Martinez of 56 charges, including health care fraud resulting in death, health care fraud and distribution of a controlled substance.

Martinez prescribed painkillers only after patients agreed to receive injections to treat pain, Assistant U.S. Attorney Linda Betzer said. Martinez could then bill Medicare, Medicaid, the Ohio Bureau of Workers' Compensation and private insurers for the injections.

Martinez submitted paperwork claiming he routinely saw more than 100 patients a day from 1998 through 2004, prosecutors said.

He gave patients only cursory exams but billed insurers for sophisticated treatment, prosecutors said. He submitted $60 million in fraudulent claims to insurers and received payment on about $12 million - half of which came from the BWC.

Some of the 2,500 patients Martinez saw became addicted to the painkillers he prescribed. Martinez ignored the symptoms and continued prescribing more.

"The defendant pumped people full of pills, jabbed them with needles and lied to insurers solely to get rich," Assistant U.S. Attorney Virginia Hearey said. "And people died."

Jurors ruled that in the cases of Lancaster, 42, of Parma Heights, and Knight, 35, of Ravenna, those prescriptions contributed to their deaths.

Knight's brother was relieved by Nugent's sentence.

"I'm thankful he's gone for life," Chuck Knight said of Martinez. "I'm glad he can't hurt anyone else."

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Doctor Gets Life Sentence In Deaths Of Two Patients (AP)

AP, June 15, 2006

CLEVELAND - A doctor was sentenced to life in prison Friday for committing health care fraud that resulted in the deaths of two patients.

Jorge Martinez is the first to be convicted under the health care fraud resulting in death statute passed in 1996, according to the U.S. Attorney's office in Cleveland.

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Martinez, 54, of Bath Township, was convicted in January of 56 counts, including drug distribution and mail, wire and health care fraud for prescribing unnecessary drugs for patients suffering from chronic pain.

Prosecutors say Martinez often prescribed medication such as OxyContin, Zoloft and Valium to people already hooked on drugs. He rarely gave a prescription until after the patient agreed to receive injections to treat pain.

He then billed Medicare, Medicaid, the Ohio Bureau of Workers' Compensation and private health insurance plans for the injections.

Martinez contended his clinics in Lorain, Parma and Boardman in northeast Ohio offered people relief from chronic pain.

John "Jack" Lancaster, 42, of Parma Heights, and Blair Knight, 35, of Ravenna, died while under Martinez's care.

On Sept. 5, 2001, Lancaster fell unconscious in Martinez's office for several hours after he received two injections of Zoloft. He overdosed on multiple drugs two days later and died on Sept. 13, 2001.

Martinez submitted $60 million in fraudulent claims to Medicare, Medicaid, the Ohio Bureau of Workers' Compensation and private health insurance plans and was paid more than $12 million. More than $7 million has been recovered.

U.S. District Judge Donald Nugent will hold a hearing in August to determine how the money is divided among the victims and government agencies.

Drugs Again Found In Home Depot Cabinets (AP)

AP, June 15, 2006

SOUTHWICK — For the fifth time in a week, a stash of drugs was found in a cabinet purchased at a Home Depot store in Massachusetts.

A plumber in Southwick discovered 40 pounds of marijuana and 3 kilograms of cocaine stashed in a bathroom vanity he'd purchased at a Home Depot in Chicopee for a home renovation.

Southwick Police Lt. David Ricardi said a second stash was found at the Chicopee store and at least two more were discovered at a Tewksbury Home Depot. Police found more drugs in a fifth cabinet, but Ricardi would not say where or when it was discovered.

One of the Tewksbury stashes was discovered June 8 after a homeowner brought home a cabinet and found 50 pounds of marijuana.

"It's a smuggling operation gone bad," Ricardi said. "Somebody owes some money."

Tony Pettigrew, a spokesman for the Drug Enforcement Administration, confirmed yesterday that his agency was investigating, but declined further comment.

A statement from Atlanta-based Home Depot said the company was cooperating with investigators. The company declined further comment.

Ricardi said the plumber discovered the drugs in Southwick on Monday after he bought the vanity. The man noticed the vanity top hadn't been included in the package and instead found two plastic bags containing the drugs stuffed inside. Ricardi said the drugs were worth $200,000.

Customer Discovered Stash In Vanity From Home Depot (BMI)

By Margaret Smith And Linda Kush

Billerica Minuteman, June 15, 2006

A Billerica resident getting ready to install a new vanity and sink he bought at Home Depot in Tewksbury found 50 pounds of marijuana in the package, Police Sgt. Roy Frost said.

Frost said the resident, whose name was not given, reported the discovery June 8, after he purchased a two-piece vanity and sink and had a plumber assist in the installation.

"He found that it contained, instead of the sink top, about 50 pounds of marijuana," said Frost, adding that the find could fetch as much as $100,000 on the street.

Frost said Billerica and Tewksbury police are working with Home Depot, along with the federal Drug Enforcement Agency. Frost said investigators hope to determine whether the marijuana find is linked to a larger distribution problem, with distributors knowingly or unknowingly enlisted to help transport drugs large distances - a practice known as "muling."

"There is no evidence to suggest that there was a recipient in the Tewksbury or Billerica area. However, there is no evidence to suggest there wasn't," Frost said.

Frost added, "This is very unusual, but not an unusual situation in the broader scope of things. Larger corporations doing shipping nationally and internationally will the subject of muling, whether they know it or not."

Frost said "progress is being made" in determining the marijuana's origin, but decline to comment as the investigation is ongoing.

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A Home Depot spokesman confirmed the customer's discovery of the marijuana and believes the customer discovered the marijuana after bringing the vanity home.

"We are working with the local authorities in their ongoing investigation, just making sure they have the information they need," said Yancy Casey, a spokesman for the Home Depot corporate office in Atlanta.

A Drug Enforcement Agency official declined to comment on the case.

Drug Caches Found In Home Depot Vanities (CNN)

CNN, June 14, 2006

(CNN) -- Large quantities of drugs were found inside merchandise from at least two Home Depot stores in Massachusetts, and authorities are investigating, police said Wednesday.

A contractor late last week discovered two 50-pound "bricks" of marijuana wrapped in plastic bags inside a bathroom vanity he had purchased at a Home Depot store in Tewksbury, said Chief of Detectives Lt. Dennis Peterson.

The estimated street value of the marijuana is around $145,000, Peterson said. (Watch as do-it-yourself goes to pot -- 1:30)

Similar incidents have occurred in other parts of the state.

A plumber purchased a vanity in western Massachusetts on Monday in which he later found 3 kilograms of cocaine and around 40 pounds of marijuana, with a total estimated street value of $250,000, according to the Southwick Police Department.

Southwick Police Lt. David A. Ricardi said the item was purchased at "a local hardware store" but would not confirm it came from The Home Depot.

According to Peterson, a third individual discovered large quantities of illegal drugs inside Home Depot merchandise.

Peterson would not provide the details of that incident but said it was part of the overall investigation and that Tewksbury police were working with their Southwick counterparts and the federal Drug Enforcement Administration (DEA).

Tewksbury police and DEA officials conducted a search Tuesday of about 12 Home Depot stores statewide and found other bathroom vanities that contained drugs, Peterson said. He would not elaborate on how many drug caches were discovered in the search.

In each incident being investigated by Tewksbury Police, all of the merchandise boxes originated from a Texas location and were distributed through one Massachusetts warehouse, Peterson said.

"I'm sure the packages were being shipped to the distribution center and someone was supposed to intercept them," Peterson said. "So that person [who was supposed to intercept the packages] either wasn't on duty that day or the packages were marked wrong."

The Southwick and Tewksbury Police Departments both said The Home Depot was cooperating fully with their investigations, and no one employed by the company is a suspect at this time.

Both departments also said none of the customers who purchased the vanities that contained drugs are suspects.

In a written statement, The Home Depot said, "The company is cooperating with authorities as they investigate this matter, and we will support law enforcement in any way possible to help bring those responsible to justice."

Drugs Found In Home Depot Merchandise (UPI)

United Press International, June 15, 2006

TEWKSBURY, Mass. (UPI) -- Massachusetts police are trying to determine how two 50-pound bricks of marijuana wound up in merchandise at two Home Depot stores.

The value of the drug cache was estimated at $145,000.

CNN reports the latest find was at Home Depots in Tewksbury and Chief of Detectives Lt. Dennis Peterson said similar finds have been made elsewhere in the state.

Peterson said a plumber found three kilograms of cocaine and 40 pounds of marijuana in a vanity he bought in Southwick. Peterson said a third individual found a large quantity of drugs inside Home Depot merchandise.

State and federal drug agents searched a dozen Home Depots Tuesday. Peterson said drugs were found in other merchandise but would not elaborate. The boxes containing the merchandise originated from Texas, Peterson said.

Home Depot said it was cooperating fully with investigators.

Martin's Sentence Is 10 Years (BNNJ)

By Sean C. Mccullen, Staff Writer

Bridgeton News (NJ), June 14, 2006

DOJ_NMG_0034460

CAMDEN -- A U.S. District Court judge on Tuesday sentenced Kamal Martin, the reputed leader of Bridgeton street gang 30 Deep, to 10 years in federal prison on a drug-trafficking charge, according to authorities.

Martin, 28, was arrested July 21, 2005, at the Cumberland County Jail, where he was serving a 20-day sentence for driving with a suspended license, and charged federally with distributing and possessing with intent to distribute more than five grams of crack cocaine.

He pleaded guilty to distributing a significant amount of crack cocaine on several dates in early 2005 on Jan. 12. He and his attorney in the matter, Assistant Federal Public Defender Christopher O'Malley, had approved the plea deal last November.

U.S. District Court Judge Robert Kugler sentenced Martin Tuesday to 10 years in prison, with the prison term to be followed by five years of supervised release, according to Assistant U.S. Attorney Jason Richardson.

The judge also imposed a $250,000 fine against Martin, Richardson said.

Bridgeton Police hope Martin's sentence on the drug charge will serve as a deterrent to those planning future gang-related and drug-dealing activity in the city.

"I hope this sentence sends a message to anyone who is involved or contemplating getting involved in gang activity, in drug distribution or in organized or random violent acts," Police Chief Jeff Wentz said.

Wentz commended the work of his department, the FBI, the DEA and the Cumberland County Narcotics Task Force in building the case against Martin.

Martin was facing up to 40 years in prison on the charge, according to Bridgeton Det. Lt. Michael Gaimari, but his cooperation with local, state and federal authorities on several investigations, including homicides and other gang-related crimes, resulted in the shorter sentence.

The minimum sentence for the crack cocaine distribution charge Martin faced is five years, according to the U.S. Attorney's Office,.

However, Greg Reinert, spokesman for the U.S. Attorney's Office in Camden, had said in January that Martin likely was facing 15 to 20 years in prison since he was deemed to be a "career offender" based on prior convictions for terroristic threats and aggravated assault with a deadly weapon.

As part of his cooperation, Martin also turned over a semi-automatic machine gun, according to Gaimari.

Gaimari, who attended Tuesday's sentencing with Bridgeton Det. Rick Pierce, said while he was pleased to see Martin sentenced to time in prison, it was distressing to hear what Martin's daughter said to her father in the Camden courtroom.

"What was sad was hearing (Martin's) small child telling (him) that she loved him as they were leading him away," Gaimari said. "Not only do these individuals destroy their own lives when they get involved in this type of activity, they fail to realize how it affects friends and families.

"It's a no-win situation for everyone involved, but we, along with federal, state and county authorities, are committed to going after every single person involved in these activities with the same vengeance as we pursued Mr. Martin."

Martin still is facing a handgun possession charge in connection with the Aug. 31, 2003, shoot-out at the Samuel J. Roberts Elks Lodge on South Avenue in Bridgeton, in which two men were slain, and still is suspected of being involved in the April 30, 2004, killing of 24-year-old Stephen Jackson on Colfax Street.

Gaimari expressed gratitude for the work of the following individuals and agencies in building and working on the case against Martin: the U.S. Attorney's Office; FBI Special Agent James Lisle; DEA Special Agent James Kerrigan; county narcotics task force Lt. Rosemary Parks; and Bridgeton detectives, especially Pierce for targeting Martin for more than a year.

Secretary In LaWall's Office Quits, Was Arrested (ADS)

By Kim Smith

Arizona Daily Star, June 14, 2006

A Pima County Attorney's Office secretary who was arrested by the U.S. Drug Enforcement Agency in May has resigned.

Erlinda Alegria-Perez submit-ted her resignation letter Tuesday afternoon, effective immediately. She had worked as a legal secretary in the Pima County Attorney's Office since 1991 and has been on paid administrative leave since May 4.

Perez and her husband, Abraham, were indicted and arrested as the result of a yearlong DEA investigation that began in Harrisburg, Pa.

According to DEA officials, the couple, along with at least five others from Tucson, California and Pennsylvania, conspired to transport marijuana to Pennsylvania.

A pre-action meeting to discuss her side of the story had been scheduled for 1 p.m. Tuesday, but she left a message asking for it to be postponed until today.

Following the meeting, Perez could have been disciplined, at which point she could have resigned, accepted her punishment or appealed to the Merit Commission, but she opted to resign without going through the meeting.

By tendering her resignation, Perez waived her right to the pre-action meeting.

In her letter, Perez thanked County Attorney Barbara LaWall for the opportunity to serve the citizens of Pima County.

"The knowledge and experience I take with me is priceless," Perez wrote.

Officer Quits Amid Inquiry: Dallas: She Was On Leave For Dating Drug Suspect; More Firings Likely Today (DMN)

Dallas Morning News, June 15, 2006

One troubled Dallas officer's name won't be on the short list as Police Chief David Kunkle prepares for his next round of firings.

Officer Kesha Thomas abruptly resigned Wednesday, a day before it was widely expected that she would be fired for her relationship with an Arkansas man accused of dealing drugs.

In the last two weeks, Chief Kunkle has fired nine officers for misconduct as part of a housecleaning aimed at changing the culture of his nearly 3,000-member department. As many as four firings are expected today.

Ms. Thomas' story illustrates the challenge the chief faces. She was on paid leave for about 10 months after police officials were informed of her relationship with Fred Green, who faces federal charges of drug trafficking in Arkansas.

Another officer, Roshonda Parker, is also being investigated, accused of associating with Mr. Green. She remains on paid administrative leave, and Chief Kunkle may decide her fate today.

"What the heck has taken so long?" said James Whalen, Officer Parker's attorney. "Either it's clear-cut or it's not."

Mr. Whalen said Officer Parker did not associate with Mr. Green.

Ms. Thomas' attorney said she became frustrated with the slow pace of the investigation and resigned because she found out about the status of her case through media reports.

"She didn't really think that was fair and didn't want to continue to work for somebody that treats her that way," said the attorney, Phil Burleson Jr.

Mr. Burleson said Ms. Thomas cooperated with investigators.

"When she learned of the extent of [the trouble Mr. Green was in], that's when she broke it off," he said of the relationship.

In May 2005, state troopers seized 13 kilograms (about 29 pounds) of cocaine that investigators linked to Mr. Green, 31. Federal agents soon learned through phone records of Ms. Thomas' relationship with Mr. Green.

Ms. Thomas told federal agents that Officer Parker introduced them in the spring of 2004. Mr. Green had already served prison time on a felony drug conviction.

Ms. Thomas and Mr. Green, who was living in Arkansas and owned two cellphone stores, struck up a long-distance romance.

Police and Drug Enforcement Administration records state that Ms. Thomas once saw a gun in Mr. Green's trunk and that he had asked her to wire money for him several times, but that she didn't question either of those things.

Ms. Thomas told investigators that in mid-2004, Mr. Green told her he had a warrant out for his arrest. She said he told her it was a case of mistaken identity.

"Her side of the story is that she had no indication that the individual she was dating had a criminal problem," Mr. Burleson said. "She thought he was a decent guy."

Department rules prohibit officers from associating with felons and people involved in criminal activity.

Ms. Thomas initially told investigators she stopped dating Mr. Green after she confirmed that he was wanted by authorities by using her patrol car computer in mid-2004 to check his record. She said she told him he needed to take care of the warrant.

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Records show she checked his warrant status four times between November 2004 and June 2005.

Ms. Thomas later admitted that she continued to date Mr. Green.

"I did not take any police action, because I believed this was a personal matter of Mr. Green and since he had hired an attorney, the matter would be resolved," she told investigators.

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Ms. Thomas also told investigators that she allowed Mr. Green to give her money after she knew about the warrant. His gifts included $6,000 for a down payment on a house.

Officer Parker told investigators that she'd had an on-again, off-again relationship with Mr. Green's cousin and that she'd known Mr. Green since her days at the University of Arkansas at Pine Bluff in the mid-'90s.

She told investigators that while in college, she once walked into a room in Mr. Green's house and saw a bale of marijuana. She said she closed the door, walked outside and didn't ask questions. She also said Mr. Green once gave her $400 for a car payment after she became a police officer.

Officer Parker said she last saw Mr. Green at Ms. Thomas' home outside of Dallas in the winter of 2004. She'd also been present once when Ms. Thomas checked him on her squad car computer.

"Parker stated she did not arrest Green on this occasion because she was out of her jurisdiction, and she did not contact the local police because she did not want to be involved," according to DEA records of the interview.

Mr. Whalen, Officer Parker's attorney, said his client has been drawn into the investigation unfairly. "Roshonda did not associate with Fred Green," Mr. Whalen said. "Kesha was the one who ran him on the computer."

Officer Parker, hired in 1999, graduated last in her class of 43 recruits. She has been disciplined repeatedly for being tardy to work and missing court dates. She also received a 15-day suspension for a 2003 incident in Cedar Hill in which she hit an ex-boyfriend's car with a tire iron.

In July 2005, U.S. marshals arrested Mr. Green, who was then living in DeSoto. They seized 450 grams (1 pound) of crack cocaine, 180 grams (0.4 pounds) of methamphetamine, $13,000 in cash and several weapons.

Federal investigators notified Dallas police on Aug. 10 of his connections to the officers, who were soon placed on administrative leave.

The slow pace of such investigations has been frustrating to top brass at the department, where Chief Kunkle is approaching the end of his second year on the job. The chief said he hopes the resignation is a signal that the rank and file are beginning to get the message.

"We have to change the environment where people believe that they don't have to follow the rules," Chief Kunkle said. "I'm going to try to make sure that they do it, because they have to."

Meth Myth Busted? Study Says Drug Rarely Used (AP)

AP, June 14, 2006

WASHINGTON -- A group that advocates non-prison punishment for drug criminals says methamphetamine use is not a raging epidemic.

The Sentencing Project issued a report that says meth – while dangerous -- is really among the least commonly used drugs. The group also contends usage rates have been stable since 1999, and that fewer teens are taking meth.

The report's author claims reports of meth being an epidemic spreading across the country are "grossly overstated." The report cites overheated rhetoric, unsupported assertions and factual errors about the use of the drug.

The White House Office of National Drug Control Policy did not immediately comment on the report.

Study: Meth Use Rare In Most Of The U.S. (AP)

By Mark Sherman

AP, June 15, 2006

A pouch containing crystalized methamphetamine and a homemade pipe are shown March 21, 2006 in Window Rock, Ariz. An advocacy group says meth use is rare in most of the U.S., not a raging epidemic described by politicians and the news media. (AP Photo/Matt York, FILE)

WASHINGTON -- Methamphetamine use is rare in most of the United States, not the raging epidemic described by politicians and the news media, says a study by an advocacy group.

Meth is a dangerous drug but among the least commonly used, The Sentencing Project policy analyst Ryan King wrote in a report issued Wednesday. Rates of use have been stable since 1999, and among teenagers meth use has dropped, King said.

"The portrayal of methamphetamine in the United States as an epidemic spreading across the country has been grossly overstated," King said. The Sentencing Project is a not-for-profit group that supports alternatives to prison terms for convicted drug users and other criminals.

Overheated rhetoric, unsupported assertions and factual errors about the use of the drug - including frequent, misguided comparisons between meth and crack cocaine - lead to poor decisions about how to spend precious public dollars combating drug addiction, King said.

The White House Office of National Drug Control Policy did not immediately comment on the report.

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The report cites statistics compiled by the government to make its case, including a 2004 survey that estimated 583,000 people used meth in the past month, or two-10ths of 1 percent of the U.S. population. Four times as many people use cocaine regularly and 30 times as many use marijuana, King said.

A separate survey of high-school students showed a 36 percent drop in meth use between 2001 and 2005.

The report acknowledged that methamphetamine is more widely used today than it was 10 years ago. Data from the jail populations of a handful of cities on the West Coast also show what King called a "highly localized" problem.

Among men arrested in Phoenix, 38.3 percent tested positive for methamphetamine. Figures for other cities are: Los Angeles, 28.7 percent; Portland, Ore., 25.4; San Diego, 36.2 percent; and San Jose, Calif., 36.9 percent.

But nationally, just 5 percent of men who had been arrested had meth in their systems. By contrast, 30 percent tested positive for cocaine and 44 percent for marijuana, the report said, citing government statistics.

Treatment programs for meth also have been portrayed inaccurately, with news reports suggesting that meth users do not respond as well to treatment as users of other drugs, King said. The Bush administration's recent methamphetamine control strategy also referred to a "common misperception that methamphetamine is so addictive that it is impossible to treat."

Programs in 15 states have had promising results, King said.

"Mischaracterizing the impact of methamphetamine by exaggerating its prevalence and consequences while downplaying its receptivity to treatment succeeds neither as a tool of prevention nor a vehicle of education," he wrote.

King called for a tempered approach to the problem, keeping the focus on local trouble spots and using federal money to beef up treatment programs.

On the Net:

The Sentencing Project: http://www.sentencingproject.org

White House Office of National Drug Control Policy: http://www.whitehousedrugpolicy.gov

NCAA Looks To Keep Drugs Off Diamond In Wake Of MLB Scandals (USAT)

By Steve Wieberg, Usa Today

USA Today, June 15, 2006

Prompted in part by the Major League Baseball scandal, the NCAA is stepping up testing for steroid use in college baseball.

For the first time, all 64 teams in the association's Division I baseball tournament were assured of being tested at regionals this year. The NCAA held out the threat of further screening at last week's super regionals and the College World Series, which opens Friday in Omaha.

More significantly, officials say, the association is expanding its year-round random screening for steroids and masking agents into the summer, focusing first on baseball and football. The first of those tests will be conducted next week.

Ten players — five in both baseball and football — from 22 schools ultimately will be tested. Selected at random, they'll be sought out at home or other summer locations and given no more than 48 hours' notice.

"These guys know they're going to be tested at the championship," says Frank Uryasz, president of the Kansas City, Mo., based National Center for Drug Free Sport, which runs the program for the NCAA.

"What we needed to do was fill the obvious hole in the program, and that was the two or 21/2 months in the summer when they simply knew they weren't going to be drug-tested. To fill that time up with some random, short-notice drug testing, I think, is a huge accomplishment."

The additional testing will cost the NCAA $150,000.

Baseball and football players are among those most likely to admit steroid use — 2.3% in both sports, compared with 1.2% of responding athletes across the board — according to the NCAA's most recent substance-use survey.

Revelations and allegations of the use of steroids and other performance-enhancing drugs in Major League Baseball heightened the concern.

"It did have an impact on the folks who were asking for more testing," said Mary Wilfert, liaison to the association's Committee on Competitive Safeguards and Medical Aspects of Sports.

The NCAA has tested during its baseball championships since 1986, though not continuously.

It previously tested some years at regionals, others at super regionals or the College World Series.

Six randomly selected players from each of the 64 participating teams were screened during regionals this month.

In addition to steroids, testing at NCAA championships targets drugs such as amphetamines, marijuana and other recreational substances.

DOJ_NMG_0034464

Galante Wants Out Of Prison, Back In Business (AP)

By Matt Apuzzo, Associated Press Writer

AP, June 15, 2006

NEW HAVEN, Conn. -- An imprisoned Danbury businessman wants to get out of jail and return to the helm of his trash empire, setting the stage for a court battle over control of southern Connecticut's garbage industry.

James Galante, whose businesses handle about 80 percent of southwestern Connecticut's garbage, was arrested in a Mafia case Friday and ordered held without bail.

A federal judge said Wednesday that she'll reconsider that order and Galante's defense attorneys were preparing to challenge a court order putting federal marshals in charge of his businesses.

"First things first. We've got to get him out," defense attorney Hugh Keefe said. "I can't represent him if he's in Rhode Island and incarcerated. We'll take care of the business thing in due course."

Federal prosecutors say Galante carved out exclusive routes for his companies and paid Genovese crime family boss Matthew "Matty the Horse" Ianniello $120,000 a year for mob muscle to enforce his territories. That meant higher prices for businesses and homeowners, authorities said.

It's a traditional moneymaking scheme for the mob, but unlike New York trash cases involving murders and assaults, no such violence is alleged in Connecticut's case.

Given that fact, Keefe argued in court papers Wednesday that Galante is being treated unfairly. He is the only person among 29 charged being held without bail, his family's bank accounts are frozen and his multimillion-dollar trash conglomerate is being run by federal marshals.

Marshals say they'll eventually turn over operation of Galante's businesses to a professional management company.

"Running the business is where he belongs," said company attorney H. James Pickerstein, who said he will file a motion Thursday regarding the federal takeover.

Prosecutors say Galante is too dangerous to be released. The FBI recorded telephone conversations in which Galante at times talks menacingly about his competitors.

"'What I have to do,' tell him, 'is hurt you,'" Galante was recorded instructing a subordinate during a 2005 dispute with a rival company.

Most of the threats played in court, however, were delivered by subordinates who were released on bail. And Ianniello, the 85-year-old charged as the muscle behind Galante's threats, was also released.

U.S. District Judge Ellen Bree Burns will hear arguments for Galante's release June 27. He is being held in a Rhode Island detention center that houses federal prisoners from the region.

IMMIGRATION:

2,100 Are Arrested On Immigration Violations (NYT)

By Jennifer 8. Lee And Julia C. Mead

The New York Times, June 15, 2006

In a nationwide sweep, law enforcement officials have arrested more than 2,100 people in the past three weeks for immigration violations, including 116 in New Jersey and 114 in New York State, the Department of Homeland Security announced yesterday. About a third of those arrested were in California.

The sweep, which started on May 26, was a cooperative effort between local law enforcement agencies and the Immigration and Customs Enforcement branch of the Department of Homeland Security.

"The fugitives captured in this operation threatened public safety in hundreds of neighborhoods and communities around the country," Michael Chertoff, the secretary of the Department of Homeland Security, said in a statement.

Those arrested fell into three broad categories: convicted criminals, members of gangs, and fugitives who had violated deportation orders, the authorities said.

Nearly half of those arrested had been convicted of crimes that made them eligible for deportation, including 146 who had committed sexual crimes involving minors. About 350 of those arrested were known to be involved in violent street gangs. About 650 were fugitives who were ignoring or violating deportation orders.

About 800 of those arrested have already been deported.

In Suffolk County, 19 men were arrested because they had been convicted of crimes that made them eligible for deportation, according Dennis Caine, chief of detectives for the Suffolk County Police Department.

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Their names were determined by cross-referencing county lists of convicted sex offenders and known gang members with a federal immigration database. Of those men, 14 were sexual offenders convicted of offenses ranging from endangering the welfare of a child, a misdemeanor, to felony rape, robbery or negligent homicide.

In New Jersey, agents broke up a narcotics ring operating in Plainfield that imported cocaine from Guatemala to members of the Mara Salvatrucha gang and associates, the authorities said.

Agents also arrested 22 suspected members of the Los Cafeteros gang and the Sureno 13 gang in Red Bank. All of the suspected gang members are being held on immigration charges, but many also have criminal records, the authorities said.

Marc Raimondi, a spokesman for the Immigration and Customs Enforcement agency, said that at least four people were arrested as late as yesterday morning in New York City. "Border security doesn't stop at the border," he said. "It requires a robust interior enforcement effort."

Most of those arrested in the New York metropolitan area were from Latin American countries, but the nationwide sweep also caught immigrants from Africa, East and Southeast Asia, and Europe.

Sweep Nets Nearly 2,100 Illegal Immigrants (AP)

By Andrew Ryan

AP, June 15, 2006

BOSTON (AP)— A blitz by federal agents during the last three weeks captured nearly 2,100 illegal immigrants across the country in raids targeting child molesters, violent gang members and past deportees who re-entered the country.

U.S. Immigration and Customs Enforcement officials credited the roundup to a network of 35 fugitive apprehension teams.

"This is a massive operation," said Marc Raimondi, a spokesman for immigration enforcement or ICE, which is part of the Department of Homeland Security. "We are watching the country's borders from the inside."

The crackdown, dubbed "Operation Return to Sender," kicked off May 26. An Associated Press reporter and photographer accompanied a fugitive task force as it made raids Tuesday night and early Wednesday.

A swarm of immigration agents had sped silently, headlights off, down a Boston side street and surrounded an apartment house.

"Police! Policia! Police!" Monico yelled, holding his badge to a window where someone had pulled back the curtain. "Open the door!"

Soon agents led a dazed-looking Jose Ferreira Da Silva, 35, out in handcuffs. The Brazilian had been arrested in 2002 and deported, but had slipped back into the country. He now faces up to 20 years in prison.

"This sends a message," said Daniel Monico, a deportation officer, after a successful raid early Wednesday. "When we deport you, we're serious."

The operation has caught more than 140 immigrants with convictions for sexual offenses against children; 367 known gang members, including street soldiers in the deadly Mara Salvatrucha, or MS-13; and about 640 people who had already been deported once, immigration officials said. The numbers include more than 720 arrests in California alone.

More than 800 people arrested already have been deported.

ICE's 2006 budget increased the number of fugitive task forces to 52, and the Bush administration is pushing for 70 by 2007. The teams face a mounting challenge.

There are more than 500,000 "fugitive aliens" who have been deported by judges and either slipped back into the country or never left. There is often a disconnect between local and state prisons and the federal government that allows illegal immigrants to serve time and be released without being transferred to federal officials for deportation.

The government has conducted large scale sweeps from time to time, including on April 20, when Homeland Security Secretary Michael Chertoff announced a new get-tough policy. That day, agents rounded up 1,100 illegal immigrants in 40 cities.

During the raid late Tuesday, the federal squad, which includes a Boston police sergeant detective, wore bulging bulletproof vests and stiff Kevlar gloves to protect their hands from needles, knives and rusty fences.

Badges dangled on chains around their necks as they passed around wanted posters and shined flashlights on the face of a 24-year-old Latvian man who had served prison time for assaulting a police officer.

The team moved in the dark, climbing fences and hiding behind parked cars to encircle a three-story house in Boston's Allston-Brighton neighborhood. All at once they emerged from the shadows. A half-dozen agents filled the front porch, their knocks on the door echoing down the block. The target had moved, the agents learned, and a team split off and caught him in Weymouth, about 15 miles south of the city.

Another man caught in the recent blitz was a Salvadoran gang member who was convicted in a stabbing that left a 13-year-old boy paralyzed. Agents caught him working at Budget Rental Car at Boston's Logan Airport.

DOJ_NMG_0034466

"The problems with immigration aren't going to be solved overnight," Raimondi said as the team sped toward another raid. "You start chipping away at it … The more teams we get up and running, the more dangerous people we are going to get off the streets."

ILLEGAL IMMIGRANT SWEEP NABS 2,179 (HC)

By Rosanna Ruiz

Houston Chronicle, June 15, 2006

The operation targets criminals, fugitives; 120 in Houston among those arrested

Immigration officers arrested 2,179 criminal immigrants and fugitives during a nationwide operation touted as a response to Homeland Security Secretary Michael Chertoff's call for greater interior enforcement, what some argue is a political maneuver meant to mollify critics.

Among the people arrested in "Operation Return to Sender," many are illegal immigrants with criminal convictions while others are people who defied final deportation orders.

Julie L. Myers, assistant secretary for U.S. Immigration and Customs Enforcement, said during a news conference in Houston on Wednesday that those arrested represented "the worst of the worst."

"Clearly our communities are much safer with individuals such as these off the streets," Myers said. "We're also sending a clear message that we will no longer allow the interior of the United States to be a safe haven for illegal aliens. There's no question America's welcome does not extend to immigrants who come here to commit crimes or come here illegally."

The operation comes at a time when ICE is under increasing pressure to rid the country of illegal immigrants. The debate about immigration policy reform rages from the halls of Congress to the U.S.-Mexico border, where National Guard troops are being deployed to assist border patrol efforts.

"There's absolutely some symbolism going on," said John Keeley, spokesman for the Center for Immigration Studies, a Washington, D.C.-based think tank that supports tougher immigration reforms. "In the interior of the U.S. you're seeing enforcement activity, and it's standing out because there's any of it at all."

At least 800 people arrested in the operation, which began May 26 and concluded Tuesday, already have been deported, Myers said.

There were 424 immigrants arrested in Texas, including 120 in Houston.

Keeley said the operation and Chertoff's interior enforcement efforts as a whole seem somewhat incongruent with the Bush administration's "unwillingness to enforce immigration laws."

A combination of public opinion polls, anti-illegal-immigration groups such as the Minuteman Project and dramatic rallies by immigration-rights advocates across the country have forced President Bush to address the issue. Still, Keeley said, ICE remains underfunded and understaffed.

Michael Cutler, a former New York immigration agent who has testified before an immigration subcommittee in Congress, called Wednesday's announcement nothing more than a "dog and pony show," meant to deceive the public.

"They're doing it simply because they're trying to show they have the desire and commitment to enforce the laws and legislation is pending on the issue," Cutler said.

Charles Foster, a Houston lawyer who has advised Bush on immigration, said the president recognized early on the need to overhaul the legal process to attain citizenship.

"Damned if you do, damned if you don't," he said. "If they're not enforcing the law they're subject to criticism, and if they do enforce the law it's said to be a political statement."

Foster said it should be difficult to criticize ICE for targeting criminal immigrants given the uproar about the need for greater enforcement.

"Whether it's politics or not, every agency has the survival mechanism in place to put the best foot forward," Foster said. "Once you try to do something you might as well get credit for it."

Foster agreed, however, that ICE suffers from a manpower shortage.

Myers said there are 35 fugitive teams set up in its field offices across the country, three times as many as at the start of the year. Eighteen more teams will be added if a Bush administration budget proposal gains approval, she added.

ICE estimates that there are 11 million to 12 million undocumented immigrants in the United States. About 590,000 are fugitives, according to the agency.

Feds Nab Thousands In Immigration Sweep (CHIT)

By Oscar Avila, Tribune Staff Reporter

Chicago Tribune, June 15, 2006

DOJ_NMG_0034467

Federal authorities said Wednesday that they had arrested 75 immigrants in Illinois as part of a 19-day nationwide sweep of immigrants who should not be in the U.S. because they have committed crimes or ignored deportation orders.

Officials with the U.S. Department of Homeland Security said they arrested 2,179 immigrants nationwide as part of Operation Return to Sender, which ended Tuesday.

More than two-thirds of the immigrants arrested in Illinois are from Mexico, but those arrested also included immigrants from Bangladesh, China, Ecuador, El Salvador, Honduras, Iraq, Jamaica, Poland, Peru, South Korea and Turkey.

Those arrested in Illinois included an Ecuadorean man who was a high-ranking member of the Gangster Disciples street gang and a Chinese gang member who had remained in the country even after his deportation date following a conviction for human smuggling, drug dealing and other crimes.

Most of those arrested in Illinois were gang members, primarily from the Sureno 13 gang, said Tim Counts, a U.S. Immigration and Customs Enforcement spokesman. Nearly 30 immigrants were arrested for violating deportation orders, Counts said.

The operation was no different from the day-to-day work of existing fugitive operations teams, formed four years ago. Yet government officials, including Homeland Security Secretary Michael Chertoff, highlighted the arrests as proof of a new emphasis on enforcement.

Counts discounted skepticism he has heard that the Bush administration is seeking high-profile arrests to address calls from conservatives for stricter immigration enforcement.

"This has been a focus long before the debate on immigration heated up," he said.

424 Criminal Immigrants Are Arrested In State (DMN)

By David Mclemore, The Dallas Morning News

The Dallas Morning News, June 15, 2006

Dallas gang member among 2,179 nabbed nationwide in sweep

HOUSTON – A Dallas gang member was among 424 criminal illegal immigrants rounded up in Texas and nearly 2,200 arrested nationwide in a three-week sweep by federal agents, officials said Wednesday.

The sweep by U.S. Immigration and Customs Enforcement agents resulted in the arrests of 2,179 criminal fugitives from other countries. Their crimes include sexual assault, burglary, drug dealing and other violent offenses, and most had ignored deportation orders from immigration judges.

"We're sending a message that we can't allow the nation's interior to be a safe haven for criminal illegal immigrants," ICE Assistant Secretary Julie Myers said during a Houston news conference. "Our communities are safer with these people off the streets."

The sweep was announced by the U.S. Department of Homeland Security in April as the national debate over border enforcement reached a pitch. Ms. Myers was asked if the operation is related to the continuing debate in Congress.

"We're just doing our job," she said. "We're enforcing the laws on the books."

Nearly 150 of those arrested were convicted sex offenders. An additional 367 – about 17 percent of the total – were members or associates of violent street gangs, including MS-13.

Type of offenders

One man, Angel Lira-Alvarez, 26, an illegal immigrant from Mexico, is a member of the East Side Homeboys gang in Dallas. He has convictions on drug and burglary charges and had been deported. He re-entered the U.S. and was arrested again on a marijuana charge.

When ICE agents arrested him last week, Dallas police wanted Mr. Lira-Alvarez on a parole violation.

"These are exactly the kind of offenders we must prevent from entering our country in the first place," said U.S. Sen. John Cornyn, chairman of the Immigration, Border Security and Citizenship subcommittee.

Most of those taken into custody were arrested on immigration violations and are in the process of being deported. About 829 have already been sent back to their home countries.

"There is no hard data on how many criminal illegal immigrants are now in the U.S.," Ms. Myers said. "ICE's job is to focus on the worst of the worst and get them out of this country."

The operation started May 26. ICE fugitive teams, working with local authorities, began gathering information, identifying criminal immigrants and making arrests. Eventually, there were arrests in 34 states. Texas' 424 arrests trailed only California's 722. Massachusetts was next with 157.

'No particular hot spot'

The result shows criminal activity by illegal immigrants is not restricted to border states, said Marcy Forman, director of ICE's Office of Investigations.

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"There is no particular hot spot. Criminal activity by illegal immigrants has spread across the country, particularly through street gangs," she said.

She noted that MS-13, a virulently violent gang now associated as enforcers for Mexican drug organizations, started in Los Angeles as a Salvadoran immigrant criminal gang. It has now spread across the nation, Ms. Forman said.

At least two MS-13 members were picked up in Boston on June 6, including Franklin Ademir Rodriguez, 25, of El Salvador, who has a lengthy criminal record, including a gang attack that left a 13-year-old boy paralyzed.

Mr. Rodriguez was arrested at his job at a car rental agency at Logan International Airport after he failed to appear for an immigration hearing.

Ms. Myers said her agency's focus on criminal illegal immigrants would continue.

ICE already has increased the number of fugitive investigation teams from 18 to 35, and there will be 52 by the end of the year, she said. President Bush's budget calls for 70 teams.

County Arrests Account For One-fifth Of National Immigration Sweep (SDUT)

By Debbi Farr Baker, Union-tribune Breaking News Team

The San Diego Union-Tribune, June 15, 2006

SAN DIEGO – U.S. immigration officials Wednesday announced a countywide immigration roundup of 402 foreigners – including criminal aliens, fugitives and gang members.

It was part of a national six-day sweep – dubbed "Operation Return to Sender" – in which agents with U.S. Immigration and Customs Enforcement ensnared 2,179 people in more than 30 states.

All of those arrested were in the country illegally and are to be deported or, in some cases, prosecuted.

The foreign nationals arrested in San Diego County accounted for nearly one-fifth of all those picked up in the national sweep. California had the most arrests of any state, a total of 722.

Most of those arrested here are from Mexico; several are from Guatemala. They have all been sent back to their home countries, according to local immigration agency spokeswoman Lauren Mack.

The nationwide operation was conducted on six non-consecutive days beginning May 26. Almost half of those arrested in the nationwide sweep had criminal records involving such offenses as drug trafficking, assault with a deadly weapon, burglary, abduction and sexual assault on a minor, Julie L. Myers, the assistant secretary for Immigration and Customs Enforcement, said in a news release.

One of the men arrested in San Diego County had been convicted of molesting a 14-year-old girl in 2003, Mack said.

Of the total arrested nationwide, about 830 have been deported so far, Mack said. Approximately 146 of those arrested had convictions for sexual offenses involving minors and about 367 were members or associates of violent street gangs, authorities said.

Among the others taken into custody were a violent Salvadoran gang member with a long criminal history who was convicted in a stabbing that left a 13-year-old boy paralyzed, and a Mexican national whose violent criminal history dates back to 1985, with arrests for drug trafficking, aggravated robbery and making terrorist threats.

Immigration agents specifically targeted people who had been issued final orders of deportation, but at some of the addresses they checked they also found others in the country illegally, and took them into custody as well.

They said they apprehended 121 people on criminal charges.

"America's welcome does not extend to immigrants who come here to commit crimes. ICE will leave no stone unturned in hunting down and deporting aliens who victimize our communities," Myers said in a news release.

The operation, which started on May 26, involved virtually every field office in the nation and resulted in arrests from coast to coast.

While California had the most arrested, Mack said it was followed by Texas, with 424; Massachusetts, with 157; New Jersey, with 116; and New York and Michigan, which both had 110.

In Louisiana, 78 people were apprehended, and in Arizona, 49.

The arrestees hailed from countries from all over the world including Angola, Bangladesh, Egypt, Iraq, Italy, Pakistan, Peru, Poland and Uzbekistan.

The arrests are the part of the interior immigration enforcement strategy that was announced in April 20 by Homeland Security Secretary Michael Chertoff.

Public Warms To Bush Immigration Stance (WSJ)

By John Harwood

The Wall Street Journal, June 15, 2006

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Republicans Are Unlikely to Benefit in November Amid Weak Poll Results for Congress, President

WASHINGTON -- Add this to the list of things that have gone right lately for President Bush: Americans appear to be drawing closer to his view on the immigration debate.

But that hasn't alleviated the squeeze on Republican candidates in the fall elections. A new Wall Street Journal/NBC News poll shows that the party's conservative electoral base remains at odds with broader public opinion on the issue, including sentiment of the nation's swelling Latino population.

By 50%-33%, the survey shows, Americans support the views expressed by President Bush and also by businesses, Hispanics and Democratic leaders: that steps to strengthen border security should be combined with a guest-worker program for prospective immigrants and those who have been in the U.S. for at least two years. Yet a 44% plurality of conservatives back an agenda combining border security and deportation of illegal immigrants -- making it difficult for Republican politicians to embrace the majority opinion.

IN THE POLLS

1 · The Wall Street Journal/NBC News poll2

· Track Bush's approval ratings3

On immigration, President Bush "is where the American public is," says Democratic pollster Peter Hart, who helps conduct the Journal/NBC survey. "The difficulty is, the base of the Republican Party is marching in the other direction."

Moreover, conservatives are disproportionately likely to say immigration will be important to their vote. Among Americans calling immigration a top-tier issue, 72% say they are more likely to back a candidate seeking a fence along the Mexican border, while just 37% say they are more likely to support one who favors a guest-worker program.

Mr. Hart's Republican counterpart, Bill McInturff, adds that the guidance Republican lawmakers will take from the findings is "don't blink" from the tough border-security position staked out by the House in negotiations with the more-moderate Senate. Yet that strategy could prove self-defeating, if it sinks prospects for a compromise, because the poll also shows that conservatives will be most upset if Congress doesn't act. The survey of 1,002 adults, conducted June 9-12, has a margin for error of 3.1 percentage points.

Republicans and Mr. Bush are both ill-positioned to suffer further political setbacks. The poll, conducted before Bush adviser Karl Rove was cleared of potential charges in the Central Intelligence Agency leak case but after U.S. forces killed Iraq's al Qaeda leader Abu Musab al Zarqawi, showed Mr. Bush's overall job-approval rating essentially unchanged at 37%.

Optimism about the war edged up slightly, with 53% of Americans saying that Mr. Zarqawi's death would improve the situation in Iraq at least a little. But Americans no longer share the president's assertion that "I made the right decision" to go to war in the first place. A 53% majority calls attacking Iraq "the wrong decision," while 41% side with Mr. Bush.

A 61% majority called things in America "off on the wrong track," more than twice the 27% who said things are headed in the right direction." Approval of Congress remained at an abysmal level -- 23% -- while Americans sided with Democrats on most opinion measures. By 49%-38%, respondents said they want Democrats rather than Republicans to control Congress after November's elections.

The contours of individual congressional districts make it difficult for Democrats to translate such advantages into the 15 seats they need to recapture control of the House; Democrats must gain six seats to regain a Senate majority. But the poll suggests that Republicans' 2006 woes are both broad and deep.

By 51%-36%, Americans say they worry less about a different Democratic direction than about the possibility that Republicans remain in power and keep the same policies. And they prefer Democrats by a wide margin on issues such as health care, gasoline prices and the economy, while traditional Republican advantages on values and terrorism have shrunk.

Five months before Election Day, Democrats also enjoy an edge on voter intensity. Some 60% of self-described Democrats expressed a very high level of interest in fall elections, compared with 52% of self-described Republicans.

One early source of solace for the president's party is that such a differential didn't fuel outsize Democratic turnout in last week's special House election in California won by Republican Brian Bilbray. In part, that may be because neither of America's main political parties currently enjoys a good reputation. While the Republican Party is viewed negatively by 47%-34%, so is the Democratic Party by 39%-35%.

"Somebody has to win this," Mr. McInturff says. But "if there were a 'none of the above' option, people would seriously consider it."

The economy -- an issue Republicans, as the governing party, hoped to capitalize on -- is providing little traction. Reminded of a host of positive statistics on job growth, overall growth and tax cuts, just one in four Americans say those reflect their personal view of the economy.

Even among Americans earning more than $75,000 a year, just one-third embrace the positive view. The top economic concerns cited by respondents: health-care and education costs, gas prices, the federal budget deficit and inflation.

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Mr. Bush has fared better in the debate over immigration, which now trails only the Iraq war as a top-priority national issue for voters as a whole. Among Republicans, it outranks even Iraq in importance.

The survey indicates that Mr. Bush has achieved his goal of "a civil debate" on the issue, despite the cultural, social and economic passions aroused by the presence of 12 million illegal immigrants in the U.S. In December, Americans by 53%-37% said immigration hurts the country more than it helps.

Today, despite predictions of a backlash from demonstrations this spring demanding immigrants' rights, the public is more evenly split. Some 44% say immigration helps the country, while 45% say it hurts.

Moreover, Americans in all regions of the country back the approach supported by Mr. Bush and embodied in recent Senate legislation calling for a 370-mile fence on parts of the Mexican border and a guest-worker program. Conservatives -- almost alone among age, income and demographic categories -- prefer the House approach of building 700 miles of fencing and deporting illegal immigrants.

Immigration Reform Doubts Rise On Hill (WT)

By Charles Hurt

The Washington Times, June 15, 2006

Lawmakers on Capitol Hill are increasingly doubtful that Congress will pass any sort of immigration reform legislation this year.

"My gut [feeling] is that it's undoable," Sen. Dianne Feinstein, California Democrat, said yesterday about a compromise this year between the House and Senate bills. "The bills are too different. The sides are really polarized."

Rep. Tom Tancredo, Colorado Republican and leading critic of the approach favored by Mrs. Feinstein, yesterday gave immigration legislation a 20 percent chance of passage this year.

A poll of lawmakers published in this week's National Journal found that 44 percent of those anonymously surveyed said they doubt any compromise can be reached this year.

The most optimistic predictions found in an informal survey conducted yesterday by The Washington Times suggested a perfect tossup.

"Fifty-fifty," answered Sen. Lindsey Graham, the South Carolina Republican who has been a key supporter of the Senate bill that many say grants "amnesty" to about 10 million illegal aliens.

"We're right on the bubble," said Rep. Steve King, Iowa Republican and harsh critic of the Senate bill. "I think it could go either way."

Whom to blame and who will pay the price in November's elections are more debatable.

"It's increasingly clear that opponents of comprehensive immigration reform are prepared to use every tool possible to defeat any effort to pass immigration reform," said Jim Manley, spokesman for Senate Minority Leader Harry Reid, Nevada Democrat.

The two bills await conference committee, where House and Senate negotiators will hammer out the differences. Those negotiations already have stalled because of a technical, though constitutional, issue with the Senate version of the legislation.

Republicans blame Mr. Reid for refusing to agree to a simple fix that would allow negotiations to begin. Mr. Manley said Mr. Reid wants more assurances that House negotiators won't rip apart the Senate bill.

Republicans say Mr. Reid and other Democrats are trying to quietly scuttle any bill from emerging in order to deny the Republican-led Congress a significant legislative victory before the fall elections.

"Failure is the worst thing we can do," Mr. Graham said. He was countering the mantra of House Republicans, who say a bill that grants a path to citizenship for illegals is worse than no bill at all.

Rep. Elijah E. Cummings, Maryland Democrat, called the Senate bill a "non-starter" in the House because of Republican opposition. He said the Republicans' victory in California last week by Brian P. Bilbray, who campaigned for a congressional seat on a tough immigration stance, assured that House Republicans will not back down from their tough border security bill.

GOP Vs. GOP On Borders (WP)

By David S. Broder

The Washington Post, June 15, 2006

Out of the past and into the current controversy dividing the Republican Party came former California governor Pete Wilson, charging into Washington this week to argue that he had been right all along in trying to slam the door on illegal immigration.

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Far from dooming Republicans to a series of defeats in the most populous state, Wilson argued, his championing in 1994 of Proposition 187, denying health care and educational services to illegal immigrants and their children, anticipated the kind of hard-line policy many Republicans endorsed this year.

The old Marine, as unyielding now at 72 as he was during his eight years as governor, may not be the spokesman the embattled House Republicans would choose for their fight with the White House and the Senate over the immigration reform bill now headed for conference committee. Wilson is blamed by many Republicans, including those around President Bush, for so alienating the growing Hispanic vote in California that the state's hoard of electoral votes has moved permanently into the Democratic column.

But Wilson, a former senator, rejected that charge at a Hudson Institute talk in Washington. And, despite being a Bush appointee (to the Defense Policy Board, a Pentagon advisory panel), he called on his former colleagues to resist White House pressure on the House and Senate to pass a compromise bill that preserves elements of the president's more generous approach and that includes a path to citizenship for the millions of illegal immigrants already here. He said the only reason the Senate voted for a more generous bill was that many senators had been "intimidated."

Wilson said House Republicans are right in insisting that the Mexican border be closed before any thought is given to a guest worker program or anything resembling amnesty. That was also the message the winner of last week's House special election in the San Diego area, Republican Brian Bilbray, said voters were sending when they chose him.

Build a wall the entire 2,000-mile length of the border, and do it first, Wilson said, or else "you'll have 20 million, 35 million, 50 million" illegal immigrants in the country.

Wilson, a former mayor of San Diego, offered a revisionist history of California politics in defending his position. The 1994 campaign ad for which he became famous -- a nighttime shot of shadowy figures sneaking across the border, while the announcer intoned, "They keep coming" -- was falsely depicted in the media, he said, as an anti-immigrant message. It was aimed strictly at illegal immigrants, Wilson said, and in defense of California taxpayers.

Did it cost Republicans California? Many have said so, noting that Democrats have won every presidential race, every Senate contest and every regular election for governor since Prop. 187 passed.

Arnold Schwarzenegger's victory in the 2003 recall election broke that spell, Wilson said, and the blame for the earlier defeats can be assigned to the men who were "nice guys but not good candidates." As for the presidential races, he said Bob Dole in 1996 and George W. Bush in his two campaigns really didn't try hard enough to get California.

That's his story, and he's sticking to it. But Sen. Chuck Hagel (R-Neb.), one of the principal sponsors of the Senate bill, isn't buying any of it. "He really misreads this," Hagel told me. "The intimidation was all coming from the other side," in the form of e-mails and phone calls denouncing the 23 Republicans who, like Hagel, voted for the Senate bill.

Hagel said the 2,000-mile fence "is just not practical" and the "20 million, 35 million, 50 million" illegal immigrants flooding in are numbers Wilson pulled out of the air. And Wilson's interpretation of California political history is equally unpersuasive. "California has become a wasteland for Republicans," Hagel said, "with not one elected official except the governor, who got there by accident. And you can't blame that all on candidates. Parties get a reputation from the policies they support."

Hagel made one other point: Those who, like Wilson, want only a border-closing bill offer no policy for dealing with "the 11 million illegals living in our country or their 3 million legal children. Is the party of Abraham Lincoln going to allow a permanent second class of people waiting to be citizens?"

The next few months of House-Senate negotiation will determine whether Pete Wilson and Brian Bilbray or Chuck Hagel and George Bush speak for the Republican Party.

E Pluribus Pluribus? (USAT)

By Former Presidential Candidate Gary Bauer

USA Today, June 15, 2006

"Any man who says he is an American, but something else also, isn't an American at all." — Theodore Roosevelt

While much of the immigration debate focuses on financial issues — whether illegal immigrants hurt or help the economy — the missing link to understanding Americans' anxiety over the issue is the reality that we are failing to build a citizenry that loves America first. The unasked question is whether we are building allegiance to anything other than the almighty dollar.

For much of our history, immigrants took their first steps onto American soil understanding that coming to this country meant pledging allegiance to one nation, under God, indivisible, with liberty and justice for all. They were enthusiastic about learning our language, our history, our laws and our traditions. They recognized what it meant to become an American.

Today, hyphenated Americans put other countries and affiliations first, and they drive a wedge into the heart of "one nation." A recent poll of Hispanics in America by Investor's Business Daily shows that 64% consider themselves "mostly Hispanic," but that only 15% see themselves as "mostly American." The survey further reveals that 31% speak "only Spanish" in

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the home, while just 6% speak "only English." Finally, 69% of respondents said they lived in predominantly Hispanic neighborhoods.

Even more distressing

While these data are troubling, they become downright distressing when one considers that 27% of the survey sample had lived in the USA for more than 25 years, while only 15% lived here fewer than six years.

Whatever your opinion of amnesty and "guest worker" programs, the truth is that for many Hispanics residing in the USA, the great metaphor of America as a "melting pot" has ceded to the notion of America as a "salad bowl" of mutually exclusive groups.

If many immigrants are not assimilating, part of the blame lies with America's academic and political elites. We live in an era where the Pledge of Allegiance is under attack in many schools. Several schools banned the flying of U.S. flags.

Today, multiculturalism is considered a civic virtue — in which accepting foreign traditions, values, laws and languages is put ahead of promoting immigrants' integration into our society. When Hispanics can do so much of their business in Spanish, vote in Spanish, take a driver's license exam in Spanish and send their kids to bilingual public schools, what reason do they have to learn English?

Our shared respect

The United States stands proudly as a nation of legal immigrants. This is not a chance collection of separate peoples united merely by geography or economic opportunity. Rather, this is a nation of citizens united in our shared respect for the inviolable freedoms and rights found in our great documents. As Teddy Roosevelt said, "We have room for but one flag ... but one language ... but one sole loyalty and that is a loyalty to the American people."

A recent news report identified four U.S. servicemen who had died that day in Iraq. Three of the four men had Hispanic surnames. By making the ultimate sacrifice for their country, they represented the true embodiments of the American ideal.

The unmentioned undercurrent in the immigration debate is the lack of Americanization of those who come here unwilling to pledge allegiance to a new flag, and the lack of effort by those in leadership to make one people out of many —E pluribus unum.

The term "earned citizenship" has been employed to describe proposals requiring illegal immigrants to pay fines and back taxes before applying for legal status. But if "earned citizenship" means anything, it surely means a commitment to assimilating into the American way of life. It must mean joining together under one flag, not just one currency.

Former presidential candidate Gary Bauer is president of American Values and chairman of Campaign for Working Families.

A Tip Of The Cap To Pro Baseball (USAT)

By Tim Wendel op-ed

USA Today, June 15, 2006

Junior Noboa stands in the shade of the first-base dugout and surveys his baseball kingdom. The former second baseman for the Montreal Expos operates one of the 30 or so baseball academies now in the Dominican Republic.

Establishments such as Noboa's are modeled, in large part, after Days Inns or Holiday Inns. The effect can be jarring. Dirt roads in the jungle dead-end at vast complexes with emerald-green fields and residence hotels that would be at home off any U.S. interstate.

"We try to make it as close as we can to what they'd find in America," Noboa says. "If we don't, the odds of them making it aren't too high."

In the back-and-forth debate over immigration reform, one footnote likely to be overlooked is the fact that Major League Baseball (MLB) has its own type of a guest-worker program. Despite decades of frustration and failure, the national pastime learned that an effective policy for immigrant labor not only made business sense, it was good citizenship, too. The approach has allowed the sport to foster young stars and a new fan base.

Often, baseball seems antiquated compared with the rest of popular culture. American kids won't play the game because it isn't as high-paced as video games or as cool as the sport du jour, basketball. But when it comes to demographics, MLB surprisingly is cutting-edge.

This season, more than one quarter of the players on U.S. major-league teams are foreign-born. At the minor-league level, overseas players make up 45% of the roster openings, with the majority coming from the Dominican Republic, which is the top exporter of baseball talent. Fans who might object to day laborers have little problem cheering on immigrant stars. After all, MLB's attendance reached an all-time high last season.

'A great boon'

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"Without the influx of Latin players, we certainly wouldn't have 30 major-league teams," Chicago White Sox executive Roland Hemond told The Kansas City Star. "So they've been a great boon for our game, its growth in franchises as well as in quality of play."

Almost sixty years ago, Jackie Robinson broke the color barrier in U.S. sports. While the MLB didn't volunteer for the role, it did show the rest of the country that black and white could not just get along, but could also work hand-in-hand on the same team. A similar evolution continues today between white and brown.

But assimilation in baseball hasn't been easy. Soon after Robinson, Orestes "Minnie" Minoso arrived from Cuba to play for the Chicago White Sox. Early on, he faced many of the same biases and insults that plagued Robinson.

"When I played, I sometimes had to play the clown," he once told me. "I had to listen and laugh, even if I was crying inside. But never did I let them see that it bothered me."

In the early '60s, San Francisco Giants manager Alvin Dark declared that only English would be spoken in the clubhouse and dugout. His edict very well might have kept a team filled with Latino stars — Orlando Cepeda, Juan Marichal, the Alou brothers — from ever winning a World Series. In the hypercompetitive world of professional sports, such division in a locker room is poison for team chemistry.

Though that was four decades ago, today's immigration debate echoes similar themes. Throughout this country's history, immigrants — legal or not — have faced resentment for economic and cultural reasons.

"They take our jobs."

"They don't speak the language."

"They're changing our communities."

In fact, the Senate recently passed immigration legislation that declared English to be the national language of the United States. Another measure deemed it the "common unifying language." It can be, if used as a tool to bring people together rather than a wedge to drive people apart. Unifying? Just ask the Giants team of the early '60s.

Lessons for the rest

But baseball's own model of assimilation can provide good lessons for the nation as a whole, even if they can't be duplicated on such a massive scale.

Major leaguers are afforded the same work permits reserved for internationally recognized artists and entertainers. Today, many teams have bilingual coaches, trainers and front office personnel from rookie ball on up to the majors. The Cleveland Indians and New York Mets not only teach their top prospects English, but they've also begun to send them to school in the Dominican Republic so the prospects receive a high school education while they're playing for their organizations.

"Even if they fail as ballplayers, they are given tools that enable them to go on with life," says Alan Klein, author of Growing the Game: The Globalization of Major League Baseball. "This isn't the case in other (U.S.) industries making use of temporary workers."

So in today's game, these players fold into U.S. society — whether they become U.S. citizens or not. David "Big Papi" Ortiz from the Dominican Republic has become a folk hero in Boston. Another Dominican, Vladimir Guerrero, is a crowd favorite in Southern California. In New York, Omar Minaya, the first Latino general manager at the major-league level, has created "Los Mets," with Pedro Martinez, Carlos Beltran, Carlos Delgado and Julio Franco.

Major League Baseball makes America accessible to these players, thus making these players accessible to American fans.

If other industries dependent on immigrant labor — in the agriculture and construction trades, for instance — would make even slight efforts to help their workers assimilate, the benefits would flow through American society.

And then perhaps instead of two sides screaming at each other across a divide, we could have a civilized debate about immigration reform — regardless of what language we're speaking.

Tim Wendel is a member of USA TODAY's board of contributors. His books include The New Face of Baseball: The One-Hundred-Year Rise and Triumph of Latinos in America's Favorite Sport.

More Than 2,000 Illegal Immigrants Nabbed In Sweep (USAT)

By William M. Welch

USA Today, June 15, 2006

LOS ANGELES - Federal agents have arrested more than 2,000 illegal immigrants, many of them convicted criminals, child predators, gang members and fugitives, in sweeps across the country over the past three weeks, authorities said Wednesday.

Immigration and Customs Enforcement's Operation Return to Sender was the latest in a series of crackdowns on illegal immigrants since Homeland Security Secretary Michael Chertoff promised a tougher enforcement effort in April.

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"America's welcome does not extend to immigrants who come here to commit crimes," ICE Assistant Secretary Julie Myers said in Houston, where she announced 2,179 arrests.

The arrests came in every region of the country — 34 states and the District of Columbia. The most, 722, were in California and included 402 in San Diego, site of the busiest U.S. border crossing with Mexico.

Elsewhere in Southern California, agents focused on illegal immigrants with a record of sexual offenses against children, said Kumar Kibble, assistant special agent in charge for Orange County. He said the agency "targeted the greatest threats" with its operation, which began May 26 and concluded with the announcement.

"Our efforts continue," Kibble said.

Nationwide, those arrested included 146 people previously convicted of sex offenses involving minors; 367 members or associates of violent gangs; and 640 fugitive immigrants who had failed to comply with orders to leave. An additional 121 people were arrested on charges of felony re-entry after deportation, illegal alien possession of a firearm and similar charges.

Among those arrested were Franklin Ademir Rodriguez, 25, a Salvadoran with a criminal history and membership in the violent street gang Mara Salvatrucha, the agency said. He was arrested at his job at a car rental agency at Boston's Logan Airport. Another, Wilber Kuk, 24, is a Mexican national and member of the 18th Street gang in Washington, D.C. Kuk has convictions for abduction, malicious wounding and robbery.

Kibble said agents tracked down people by examining lists of sex offenders, checking criminal and other records and following up on tips.

Some of those arrested fell into the net by accident: In San Marcos near San Diego, agents arrested two illegal immigrants after their car struck an ICE patrol vehicle from the rear, ICE spokeswoman Lauren Mack said.

TAX:

Hold That Back-Tax Chase (WP)

By Stephen Barr

The Washington Post, June 15, 2006

Two years ago, Congress authorized the Internal Revenue Service to hire private debt collectors to find individual taxpayers who acknowledge that they owe taxes but have not paid up.

The agency estimated the debt collectors could pull in about $1.4 billion over 10 years and free up revenue agents to focus on more complex cases and big-time tax cheats. The IRS selected three firms to track down the tax delinquents, but the project has been slowed somewhat by a bid protest and hasn't gotten underway.

Then, last week, the debt-collection project took a surprise hit. By two votes, the House Appropriations Committee approved an amendment to a fiscal 2007 spending bill that would prohibit the IRS from setting up the program. When the bill came to the House floor this week, Republican leaders did not challenge the amendment, allowing it to stand.

To some degree, the IRS setback reflects the unease created by the security breach at the Department of Veterans Affairs, in which at least 26.5 million veterans and military personnel were put at risk of identity theft when a laptop was stolen from a VA employee's home.

Rep. Steven R. Rothman (D-N.J.), who wrote the amendment, argued to the committee that it makes no sense to turn over taxpayer data to private debt-collection companies when identity theft seems to be on the rise.

Yesterday, Rothman teamed with Colleen M. Kelley , president of the National Treasury Employees Union, to press his case against what he called "the outrageous proposal."

Under the IRS plan, companies would be paid commissions on a sliding scale -- from 21 cents to 24 cents for each dollar collected. If one of the companies determined that a targeted taxpayer is bankrupt or dead, it would receive a $100 "administrative resolution fee."

In addition to his privacy concerns, Rothman contends the contracts are a waste because it costs the government only 3 cents for each dollar collected by an IRS employee. He also objects to the project's cost -- about $50 million in the first three years.

The project's initial phase would focus on more than 10,000 people who owe taxes, an IRS spokesman said. Over a two-year period, the debt-collection companies would be asked to track down about 100,000 who are in arrears. Starting in 2008, the IRS intends to hire up to 10 firms to provide collection services.

IRS Commissioner Mark W. Everson has promised "tough safeguards" to protect taxpayer rights and privacy. Employees of the private firms would undergo background checks and mandatory training, the agency said. The fees that would be paid to the firms would be in line with industry standards, according to the agency.

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Yesterday, Everson said he was disappointed by funding provided the agency in the House spending bill. The measure falls $104.5 million short of what the Bush administration requested and "would result in personnel reductions within the IRS." He noted that "using private collection agencies would bring in extra money and help reduce the deficit."

Kelley, however, said a similar IRS project failed about a decade ago and pointed to the irony of the government linking contract fees to the amount of tax dollars collected, a performance measurement that Congress has prohibited IRS managers from using when evaluating their employees.

Rothman's amendment must clear the Senate and subsequent negotiations between the House and Senate later this year -- a tough climb in the face of Bush administration opposition. But, Kelley said, "the House action is an indication that things are turning a bit in our favor."

Citing the VA loss of veterans' names, Social Security numbers and other personal information, she suggested that concern about privacy rights might help the union's effort to kill the IRS project. "Closer and closer to election time, everyone understands that this proposal is very unpopular with the public," she said.

CONGRESS-ADMINISTRATION:

Adviser Who Shaped Bush's Speeches Is Leaving (NYT)

By Jim Rutenberg

The New York Times, June 15, 2006

WASHINGTON, June 14 — Michael Gerson, the White House speechwriter and policy adviser who shaped nearly every major address of George W. Bush's presidency, said Wednesday that he was leaving the administration to pursue new career options.

Mr. Gerson has been one of Mr. Bush's closest aides and is credited with giving voice to both the "compassionate conservatism" that Mr. Bush espouses and his more hawkish lines, like "axis of evil."

Mr. Gerson follows two other close Bush advisers who have left in recent weeks: Andrew H. Card Jr., the former White House chief of staff, and Scott McClellan, the former White House press secretary.

But officials said Mr. Gerson's departure was not part of the staff shakeup instigated by Mr. Card's successor, Joshua B. Bolten, who has tried to invigorate and re-energize Mr. Bush's staff with new faces.

Mr. Gerson, 42, who has worked for Mr. Bush for seven years, said he had been contemplating leaving the administration for some time. Mr. Gerson, who had a heart attack when he was 40, said he told the president four months ago that he was serious about leaving soon. He said he chose now in part because the White House is having a run of good news and the time seemed right. "This was a case where many good things are coming together at the White House," he said. "And it to some extent makes it easier to leave." He said he plans to continue a career in writing.

White House officials said there were no plans to name a successor to Mr. Gerson. "There's no way to replace him — he is a once in a generation," said Karl Rove, a White House deputy chief of staff. "He helped take the president on his best day and represent what was in the president's spirit and soul."

Mr. Gerson was known to have infused Mr. Bush's addresses with the religious allusions for which they became known. It was Mr. Gerson who changed the words "axis of hatred" to the more biblical "axis of evil." Mr. Gerson complained in an interview that the line was often misrepresented to apply directly to Iran, North Korea and Iraq, which were but examples of rogue states.

Asked to cite his favorite addresses, Mr. Gerson pointed to those that immediately followed the Sept. 11 terrorist attacks, specifically a line from an address given three days afterward, at the National Cathedral: "Grief and tragedy and hatred are only for a time. Goodness, remembrance, and love have no end. And the Lord of life holds all who die, and all who mourn."

Bush's Favorite Author Leaving The White House (WP)

By Peter Baker

The Washington Post, June 15, 2006

Top Aide Michael Gerson Knew Just How to Address the President

Michael J. Gerson, one of President Bush's most trusted advisers and the author of nearly all of his most famous public words over the past seven years, plans to step down in the next couple of weeks in a decision that colleagues believe will leave a hole in the White House at a critical period.

Gerson said in an interview that he has been talking with Bush for many months about leaving for writing and other opportunities but waited until the White House political situation stabilized somewhat. "It seemed like a good time," he said. "Things are back on track a little. Some of the things I care about are on a good trajectory."

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Since first joining the presidential campaign as chief speechwriter in 1999, Gerson has evolved into one of the most central figures in Bush's inner circle, often considered among the three or four aides closest to the president. Beyond shaping the language of the Bush presidency, Gerson helped set its broader direction.

He was a formulator of the Bush doctrine making the spread of democracy the fundamental goal of U.S. foreign policy, a policy hailed as revolutionary by some and criticized as unrealistic by others. He led a personal crusade to make unprecedented multibillion-dollar investments in fighting AIDS, malaria and poverty around the globe. He became one of the few voices pressing for a more aggressive policy to stop genocide in Darfur, even as critics complained of U.S. inaction.

"He might have had more influence than any White House staffer who wasn't chief of staff or national security adviser" in modern times, said William Kristol, who was top aide to Vice President Dan Quayle and now edits the Weekly Standard. "Mike was substantively influential, not just a wordsmith, not just a crafter of language for other people's policies, but he influenced policy itself."

"He is the best and most influential presidential speechwriter since Ted Sorenson," said Peter H. Wehner, director of White House strategic initiatives, referring to the adviser to President John F. Kennedy. "Mike is one of the key intellectual architects of the Bush presidency, whether we're talking about compassionate conservatism at home or the freedom agenda abroad."

Gerson is the latest in a series of longtime Bush aides to leave, following White House Chief of Staff Andrew H. Card Jr., press secretary Scott McClellan and Treasury Secretary John W. Snow. But newly installed Chief of Staff Joshua B. Bolten said in an interview that the departure is not part of his broader shakeup of the president's operation. No one is being tapped to take Gerson's most recent assignment as senior adviser.

"He's one of the few people who is irreplaceable," Bolten said. "He's a policy provoker, a grand strategist and a conscience who in many cases has not only articulated but reflected the president's heart."

Gerson, 42, said he had originally planned to leave after Bush's 2004 reelection but decided to stay when he was asked to shift from chief speechwriter to senior adviser with an office a few doors from the Oval Office. He had a heart attack in December 2004 but said his health is now fine and was not an issue in his decision. "It was never my intention to stay to the end," Gerson said.

He plans to look at writing, speaking and think-tank opportunities, with help from Robert B. Barnett, the high-powered lawyer who represents major figures such as former president Bill Clinton and Sen. Hillary Rodham Clinton (D-N.Y.).

Gerson stood out in a White House known for swagger. A somewhat slight, pale, bespectacled and soft-spoken Midwesterner, he nonetheless forged a strong bond with the outgoing, backslapping Texan president, in part through their shared conservative Christian faith. He found a way to channel Bush's thoughts, colleagues said, transforming a sometimes inarticulate president into an occasionally memorable speaker.

Gerson wrote or co-wrote every major speech Bush gave since announcing his candidacy, including convention and inaugural addresses and State of the Union messages. He crafted the two speeches after the Sept. 11, 2001, attacks that will probably be recorded as Bush's signal moments of national leadership: the service at the Washington National Cathedral and the address to Congress.

He crafted the State of the Union language that labeled Iraq, Iran and North Korea an "axis of evil" and the inaugural address that committed the United States to "ending tyranny in our world." He came up with the phrase "soft bigotry of low expectations" to focus on minority education problems.

Gerson believed strongly in the "compassionate" part of Bush's "compassionate conservatism," saying he wanted to pursue liberal goals through conservative means. To that end, he helped promote the president's No Child Left Behind education initiative, the Medicare prescription drug program and grants to faith-based charities. "It's a more activist approach," Gerson said. "That was a major change from what came before."

He also pushed for a $15 billion program to combat HIV and AIDS worldwide, telling Bush in the Oval Office that they would never be forgiven if they passed up the chance. Although he kept a hand in major speeches during the second term, he became increasingly focused on Africa and traveled there four times to see Darfur and other places firsthand, returning to describe searing scenes to his White House colleagues.

While toiling for an uncommonly polarizing president, he made few, if any, enemies, even finding admirers in circles often not friendly to Republicans.

"Mike Gerson has been an important voice," said the Rev. David Beckmann, president of Bread for the World, a global anti-poverty organization.

Although groups have grievances about how some programs have been administered, it did not redound on Gerson, said David Gartner, policy director for the Global AIDS Alliance. "He's been committed and effective," Gartner said. "To get a moral issue the kind of attention it deserves, I'm sure is not easy to do."

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Health Chief Defends Extensive Use Of CDC Jet (USAT/AP)

By Kevin Freking

USA Today, June 15, 2006

WASHINGTON — Health and Human Services Secretary Mike Leavitt on Wednesday defended his extensive use of a jet leased to the Centers for Disease Control and Prevention for emergencies.

Leavitt said he could not have overseen the implementation of the new Medicare prescription-drug benefit, plus help prepare states for a potential flu pandemic, without the use of the plane.

His explanation came at a House Ways and Means Committee hearing, where Rep. John Lewis, D-Ga., accused Leavitt of using the jet to "do public relations for the president" on the drug benefit.

Lewis cited an Atlanta Journal-Constitution article that analyzed the Gulfstream III's flight log and found that the 14-seat jet has been used primarily by Leavitt to attend news conferences promoting the drug plan and meetings with state officials about their flu pandemic plans. The flights have cost more than $700,000 since January, the newspaper reported.

Since January, Leavitt has taken the jet on 19 trips to visit more than 90 cities, said his spokeswoman, Christina Pearson. During the same period, CDC officials said they had used the aircraft to respond to three emergencies and conduct three training exercises.

The newspaper reported that during two emergencies, the CDC was forced to use another plane because Leavitt was using the Gulfstream jet.

"I think this is unbelievable, irresponsible and just dead wrong," Lewis said.

Lewis' questioning riled some of his Republican colleagues. The Republicans jumped to Leavitt's defense.

"It is important that our national spokesman get out there to where the people are," said Rep. Nancy Johnson, R-Conn.

Rep. E. Clay Shaw, R-Fla., said lawmakers use federal jets all the time when going on fact-finding missions.

Leavitt said the newspaper article was accurate and that he tried to use commercial jets whenever possible.

The aircraft has cost taxpayers $2.1 million this year, CDC and HHS officials said.

Senate GOP To Push Fix Of Budget (WT)

By Amy Fagan, The Washington Times

The Washington Times, June 15, 2006

Top Senate Republicans yesterday threw their support behind a package of new tools to rein in federal spending, including spending caps, a presidential line-item veto authority and a two-year budget.

Senate Majority Leader Bill Frist and Senate Budget Committee Chairman Judd Gregg, flanked by about a dozen Senate Republicans, said the budget process is broken and encourages spending instead of saving.

The bill, dubbed "S.O.S.: Stop Over-Spending," will reform the budget process, said Mr. Gregg, New Hampshire Republican, who along with Mr. Frist is stepping up his role in the Republican Party's election-year war on spending.

House Republicans have been more proactive in advancing budget reform ideas this year, and yesterday, the House Budget Committee approved line-item-veto legislation that will likely reach the House floor next week, along with a commission to set sunset dates for wasteful federal programs, both of which were demanded by House conservatives.

"We're just glad they're finally getting on board," one House Republican aide said of the Senate.

The senators' budget reform effort comes as the Senate prepares today to clear for President Bush a $94.5 billion emergency spending bill for Iraq, the war on terror, hurricane recovery, avian flu and border security. The Senate's version of the bill ballooned to about $109 billion and contained a host of unrelated items, but House and Senate negotiators cut about $14 billion from the final bill, avoiding a presidential veto.

Mr. Gregg's committee will vote on his new budget reform package next week, but it'll likely have a tougher time after that.

Mr. Frist said, "We'll do as much (of the package) as we possibly can."

The Senate bill would:

·Switch to federal budgets that cover two years to free up time for more congressional oversight.

·Establish a process to reduce the deficit and balance the budget by 2012, including automatic reductions in the growth of entitlement programs if Congress doesn't meet targets.

·Set caps on discretionary spending and enforce them through across-the-board cuts if Congress doesn't voluntarily adhere.

·Allow the president to target specific spending items in bills and ask Congress to kill the items.

·Create a commission to set sunset dates for wasteful federal programs and another commission to examine ways to fix entitlement programs like Social Security and Medicare.

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Still, even bill supporters admit that the package will be a heavy lift for many senators, especially those who dole out the money each year.

Former Appropriations Committee Chairman Ted Stevens, Alaska Republican, was skeptical.

"I'm going to have to study it and see if there's a way we can live with it," he said.

But Sen. Edward M. Kennedy, Massachusetts Democrat, blasted the bill as election-year cover for nervous Republicans.

"It's a political ploy to make up for the fact that under Republican leadership, we've run up the largest deficits," he said.

Striking A Balance On Earmarks (HILL)

By Jonathan Allen

The Hill, June 15, 2006

Call it the Coburn clause.

Senate Republicans say they are trying to salvage a spending-reform provision empowering individual senators to strip new earmarks out of conference reports without handing the rank and file unlimited power to wage wars of attrition to defeat bills they do not like.

"Writing the language in such a way that gets done what we want to accomplish has been very difficult," Sen. Trent Lott (R-Miss.), chairman of the Rules Committee, said yesterday. "You don't want to make it possible for troublemakers to tie up conference reports at the end of a session indefinitely with points of order."

Lott did not single out any such "troublemakers," but Sen. Tom Coburn (R-Okla.) proved last month that he is willing to use all available weapons in a floor fight.

Coburn offered a rare "clay pigeon" amendment to the war supplemental, under which each of the 19 pieces was subject to a vote. Rank-and-file Republican spending hawks have been battling leadership-written bills on the floors of both chambers, and the conference-report provision would give them a brand-new tool with which to fight.

Aides to Sen. John Ensign (R-Nev.) spent an hour with the Senate parliamentarian earlier this week trying to hammer out language that would preserve the original intent but not lead to nightmarish legislative delays, Ensign said yesterday. But Ensign, who is considering attaching his version to another bill, said he has not yet discussed the matter with Lott. If not well-crafted, the new rule could let senators impede legislation, he said.

The backroom maneuvering on earmark rules comes as lawmakers in both chambers are also waging public battles over spending.

Rep. Jeff Flake (R-Ariz.) angered many of his GOP colleagues yesterday by trying to strike their district-specific earmarks from a bill funding transportation and housing programs. Flake's home-state Republican colleague, John McCain, introduced a Senate amendment to the defense authorization bill that is designed to prod the Bush administration into providing estimates of war-funding needs to Congress in its annual budgets.

And Senate Budget Committee Chairman Judd Gregg (R-N.H.) unveiled an omnibus budget-process-overhaul measure yesterday that would establish enforcement mechanisms for caps on mandatory and discretionary spending, create a modified line-item veto and convert the federal government to biennial budgeting.

Flake lost roll calls on his amendments, McCain's amendment is unenforceable and even Republicans predicted that Gregg's budget-process omnibus has little chance of passage. But the effect of the Senate-specific earmark language could be far-reaching if it is included in a conference report on lobbying reform.

Conservatives hailed the original Senate language as a powerful tool they could use to limit "immaculate" earmarks — those that appear for the first time in conference reports. One Republican aide called the provision "the holy grail" of budget-process reforms.

Under that language, senators could raise points of order against conference provisions that did not appear in either the House or Senate version of a bill. If supporters of offending provision could not muster 60 votes to keep them in, they would be struck and the revised conference report would be sent back to the House.

That, however, raises the prospect of a single senator raising such a point of order, waiting for the House to act on the revised bill, raising a second point of order against a separate provision and repeating the process as a means of killing a bill.

"That's why we're trying to carefully craft the language," Ensign said. "I think it may be used often early, then less often later."

The basic concept has proponents on both sides of the partisan divide, but the devil remains in the details.

"I do like the idea," said Sen. Kent Conrad (D-N.D.), "but I also am wary of anything that would just be designed to rope-a-dope the process."

The final language could include a limitation on the number of points of order available to senators, Lott said.

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But while some lawmakers and aides hope to finish a lobbying bill before the July 4 recess, House Speaker Dennis Hastert (R-Ill.) declined to set a deadline yesterday.

"I'm not talking about any timelines," Hastert said.

However, in a joint statement last week, Hastert and Senate Majority Leader Bill Frist (R-Tenn.) said they are aiming to pass a final bill by July 4.

Meanwhile, Senate Republicans rolled out Gregg's budget-process bill, dubbed the Stop Over-Spending — or SOS — Act of 2006.

"We must regain control of this runaway train before it is too late," Gregg said.

Democrats seized on the offering as a "Save Our Seats" plan and predicted it would be a loser on the floor.

Conrad pointed to the GOP's inability to pass a budget this year and mounting debt as evidence of Republicans' fiscal irresponsibility.

"They're cursing the darkness. Whose darkness is it?" Conrad said. "Why didn't they light a candle?"

House Panel Approves Line-item Veto Bill (AP)

By Andrew Taylor

AP, June 15, 2006

Congress is moving to give President Bush and his successors greater power to try to weed bills of certain spending, though the new power would pale compared with the line-item veto law struck down by the Supreme Court in 1998.

The House Budget Committee on Wednesday approved by a 24-9 vote a bill to allow the president to single out wasteful items contained in appropriations bills he signs into law, and it would require Congress to vote on those items again.

Under the proposal, it would take a simple majority in both House and Senate to approve the items over the president's objections.

The idea is that wasteful "pork barrel" spending would be vulnerable since Congress might vote to reject such items once they are no longer protected by their inclusion in bigger bills that the president has little choice but to sign.

This is a far weaker version of the line-item veto that Republicans in Congress gave President Clinton in 1996. That bill allowed Clinton to strike items from appropriations and tax bills unless Congress mustered a two-thirds margin to override him. The bill was found unconstitutional since it allowed the president to amend laws passed by Congress.

Most members of Congress simply said good riddance. Clinton's use of the line-item veto against a military projects bill had provoked howls of outrage on Capitol Hill and Congress promptly overrode them.

But Bush in March proposed the new, watered-down version in concert with conservatives such as Rep. Paul Ryan (news, bio, voting record), R-Wis., sponsor of Wednesday's bill.

"Even if the president identifies numerous pork-barrel projects ... he is unlikely to use his veto power because it must be applied to the bill as a whole and cannot be used to target individual items," said Ryan. "Does he veto an entire spending bill because of a few items of pork when this action may jeopardize funding for our troops, for our homeland security or for the education of our children?"

Ryan made several changes to the measure in a bid to ease criticism from Democrats and others who said the original version was tilted too far in the president's favor.

The new plan modified the Bush proposal to ensure he could not paper Congress with spending-cut proposals and require repeated votes on the same item. The new power would expire after a six-year trial. But Ryan also narrowed the measure's application against special interest tax breaks so that, as a practical matter, few such provisions could be targeted by the president.

"It is so watered down that it is not a line-item veto," said Rep. Jim Cooper (news, bio, voting record), D-Tenn.

Nonetheless, Cooper was one of the four Democrats on the panel to support the bill. Others such as top panel Democrat John Spratt Jr. of South Carolina opposed the bill despite supporting similar measures in the 1990s that were weaker alternatives to the line-item veto.

Meanwhile, Senate Budget Committee Chairman Judd Gregg, R-N.H., unveiled a broader budget overhaul plan. In addition to a similar mechanism to require revotes on projects deemed wasteful by the president, the bill would revive the old Gramm-Rudman mechanism of setting hard deficit targets and requiring across-the-board cuts if they are not met. The measure sets a target of a reducing the deficit to .5 percent of the size of the economy within six years.

"It will lead to a balanced budget for sure by 2012," Gregg said.

Unlike the Gramm-Rudman law, the across-the-board cuts would apply not just to programs passed by Congress each year but also to benefit programs such as Medicare, welfare and unemployment insurance.

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Gregg's proposal, which is likely to clear the Budget Committee but stall thereafter, would also put Congress on a two-year budget cycle and establish a commission to make recommendations to keep Medicare, Social Security and Medicaid solvent.

"The Republican majority simply has no credibility when it comes to our nation's budget. Under their watch, record surpluses have turned into record deficits," said Sen. Kent Conrad (news, bio, voting record), D-N.D. "A Republican effort to change budget process rules now is like having the foxes change how they guard the chickens."

Earmarker In Chief (WSJ)

The Wall Street Journal, June 15, 2006

The Congressional debate over "earmarks" continues, and not in a way that makes the GOP majority look good. This week the Members are pushing through another 1,500 special spending projects, even as the controversy has engulfed California's Jerry Lewis, who as House Appropriations Chairman is earmarker in chief.

Federal investigators are examining whether Mr. Lewis abused his position by steering earmarks to his political friends and former employees. In one case, the Justice Department is investigating whether defense industry lobbyists were urged to contribute money to a political action committee run by Mr. Lewis's stepdaughter, with a good portion of the money used for her own salary.

Another aspect of the probe is said to be whether Mr. Lewis steered hundreds of millions of dollars in earmarked projects to the clients of his friend, campaign contributor and former House colleague Bill Lowery. One of Mr. Lowery's clients is an unindicted co-conspirator in the bribery scandal that sent former Republican Congressman Duke Cunningham to jail for approving earmarks to defense contractors in exchange for personal gifts.

The lobbying firm's defense clients receive hundreds of millions of dollars in federal contracts from Appropriations. Two of the top rainmakers at Mr. Lowery's firm have been former Appropriations staffers who worked for Mr. Lewis. This week, the Los Angeles Times reported that Mr. Lowery's firm paid one of those staffers, Jeffrey Shockey, nearly $2 million when he left the firm and returned to Appropriations when Mr. Lewis became Chairman in 2005. Roll Call newspaper also reported this week that Mr. Shockey's former lobbying firm received more than $1 million in higher fees from government contractors shortly after he returned to Capitol Hill.

Mr. Lewis recently hired a top criminal defense team and denies any wrongdoing. He says that all earmarks and contracts went for projects with the "highest standards of public benefit." But even if all of this is technically legal, the cronyism and revolving door between Congress and lobbyists look terrible and certainly won't help Republicans restore an image of fiscal rectitude before November.

More broadly, the Lewis episode underscores the link between Member-steered earmarks and the opportunity for corruption. Convicted super-lobbyist Jack Abramoff openly boasted that earmarks were his political currency and he called the Appropriations Committee that doles them out a "favor factory" for lobbyists. Duke Cunningham parlayed earmarks into a Rolls Royce in his driveway, until his greed landed him in the pokey. We also now know that one of the major beneficiaries of the most notorious earmark from last year -- the $300 million Bridge to Nowhere in Alaska -- is a relative of GOP Senator Lisa Murkowski.

This spring, House Republicans elected new leaders and promised to restrain earmarking. But this week the House is busily approving a $68 billion Treasury, Transportation and Housing and Urban Development spending bill stuffed with more than 1,500 new earmarks at a cost of some $900 million.

They include $500,000 for a scenic trail in Monterey, California; $1.5 million for the William Faulkner Museum in Oxford, Mississippi; $500,000 for a swimming pool in Columbus, Ohio; and $500,000 for an athletic facility in Yucaipa, California. Several of these projects, including the athletic facility, have been promoted by Bill Lowery's lobbying firm -- the very firm in the middle of the Jerry Lewis probe.

Yesterday, Jeff Flake of Arizona and other Members offered amendments to strip the earmarks, but they lost those floor votes by a wide margin. Our favorite: a $500,000 earmark for renovating a swimming pool in Banning, California. The same pool had already received a $250,000 earmark in each of the previous two years. Mr. Flake's floor proposal to strike the swimming hole subsidy got all of 61 votes.

In a rare bit of good news, Congressman Mark Kirk of Illinois prevailed on his amendment to prohibit any federal funds for the Alaska bridge project. The House Budget Committee also passed yesterday, on a 24-9 bipartisan vote, a modified line-item veto that would give Presidents the ability to strip out some of the worst of these projects. One of the loudest critics of the item veto is, ahem, Mr. Lewis. But meanwhile, in the spending bills where it matters, Congress is earmarking as usual.

If Republicans aren't spooked by the Lewis investigation, they should be. Here is one of their major barons under investigation for the kind of high-handed spending favoritism that voters detest about Washington. Republicans won the House in 1994 in part because the House Bank and Post Office scandals revealed the arrogance of a Democratic majority that believed it

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could do anything and voters would never send them packing. If Republicans don't change their behavior, earmarking could be the story that does the same for them this year.

House, Senate Members Disclose Finances (AP)

By Mary Dalrymple

AP, June 15, 2006

Lawmakers caught up in ethics investigations have plenty of cash — just in case they someday face hefty lawyers' bills.

House and Senate members detailed their finances Wednesday in the midst of public and government scrutiny of certain dealings that have caused Congress' popularity to drop.

The reports require lawmakers to list last year's assets and debts, along with any income beyond the $162,100 salary for the rank-and-file House and Senate members. Rules require lawmakers to donate their speaking fees to charity and to limit gifts from any individual to $100 in a year.

Senate Majority Leader Bill Frist, R-Tenn., holds blind trusts worth $7.5 million to $36 million. He reported making $5 million last year from the largest, worth between $5 million to $25 million.

Frist faces a Securities and Exchange Commission insider trading investigation over selling stock in a hospital company his family founded. He denies any wrongdoing and said he ordered the sales to avoid the appearance of a conflict of interest as he considers running for president in 2008.

Rep. Charles Taylor (news, bio, voting record), R-N.C., founder and chairman of Blue Ridge Savings and Loan in Asheville, N.C., reported stock in a holding company for the bank worth more than $50 million. He also purchased 80 percent of a Russian bank and founded a Russian investment company.

State Democrats have called for congressional ethics and conflict of interest investigations into Taylor's banking activities and links to lobbyist Jack Abramoff, who pleaded guilty in a federal bribery investigation.

Republican Tom DeLay of Texas, who resigned his House seat last week, showed his legal troubles have led him into sizable debt. DeLay reported owing $250,001 to $500,000 to four separate lawyers and law firms.

DeLay also reported individual and corporate contributions to a legal defense fund worth $588,320. He has predicted that legal bills will cost him $3 million.

Not every lawmaker under ethical scrutiny, who might amass large legal bills, can count on large bank accounts.

Rep. Bob Ney (news, bio, voting record), R-Ohio, under investigation at the Justice Department and the House ethics committee for his ties to Abramoff, reported no major assets or liabilities, nor any major outside sources of unearned income.

Ney, one of the recipients of an Abramoff golfing trip to Scotland, also reported no privately funded travel. He and his staff have said they stopped allowing any outside groups to pay for trips.

Rep. William Jefferson (news, bio, voting record), D-La., under investigation by the FBI for bribery, owns two tracts of farmland in Louisiana, each worth $50,001 to $100,000. He loaned $100,001 to $250,000 each to his mayoral and gubernatorial campaigns, as well as $50,001 to $100,000 to "Jefferson Interests." His office would not provide additional details.

Jefferson also reported three major liabilities. He owes between $50,001 and $100,000 each to Dryades Bank and Noah Samara, chairman and CEO of Worldspace Satellite Radio. He also has a $15,001 to $50,000 loan from Liberty Bank of New Orleans.

The FBI claims agents found $90,000 in bribe money stashed in Jefferson's home freezer. Jefferson has not been indicted and has denied all wrongdoing in connection with a federal investigation.

Rep. Alan Mollohan (news, bio, voting record), D-W.Va., this week acknowledged some inaccuracies in past financial statements and amended reports dating back to 2000, but he has denied improperly benefiting from his office. He reported owning part or all of properties in West Virginia, Washington and North Carolina, and he earned rent from several of those properties.

Books proved a lucrative source of income for multiple lawmakers.

Sen. Robert Byrd (news, bio, voting record), D-W.Va., earned $103,095 in royalties for "Losing America: Confronting a Reckless and Arrogant President." He used the money to pay for medical care for his wife, Erma, who died in March, spokesman Tom Gavin said.

Sen. Hillary Clinton, D-N.Y., made $872,891 from her memoir, "Living History." She has reported earning $8.7 million from the work in prior years. Sen. Barack Obama, D-Ill., reported royalties and a book advance. He revealed that with permission of the Senate Ethics Committee, he agreed with Random House to a $1.9 million advance against royalties for writing two nonfiction books and one children's book. He intends to donate $200,000 to charity.

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Sen. Byron Dorgan (news, bio, voting record), D-N.D., received an advance of $42,500 to write a book titled, "Take This Job and Ship It: How Corporate Greed and Brain Dead Politics is Selling Out America." Sen. John Kerry, D-Mass., earned $5,175 in royalties for a reprinting of his 2003 book, "A Call to Service."

House Speaker Dennis Hastert, R-Ill., received royalties worth $15,001 to $50,000 from publication of "Speaker: Lessons from Forty Years of Coaching and Politics." Sen. Trent Lott (news, bio, voting record), R-Miss., received a partial book advance of $106,210.

Some lawmakers were lucky last year. House Majority Leader John Boehner, R-Ohio, took home $2,700 in slot machine winnings. Sen. Judd Gregg (news, bio, voting record), R-N.H., won an $853,492 share of a $340 million multistate Powerball lottery jackpot.

Finances Are Laid Bare (HILL)

By Alexander Bolton And Elana Schor

The Hill, June 15, 2006

In filing financial disclosure forms along with other members of Congress last month, Rep. William Jefferson (D-La.) made scant reference to his business interests now being investigated by the FBI.

He reported that his wife, Andrea, drew a salary of undisclosed amount from the ANJ Group LLC, according to forms that were made public yesterday.

Jefferson's family set up ANJ in 2001, and by 2005 it had received $455,000 in payments from a company owned by Vernon Jackson, who has pleaded guilty to bribing Jefferson with the money, according to court records.

Jefferson's disclosure form gives no hint of three other businesses connected to the Justice Department's investigation of him. There is no mention of W2 International Broadband Services, a company registered in 2004 in Nigeria in which four of the lawmaker's daughters hold equity; no mention of International Broad Band Services, a company similarly structured as W2 but registered last year in Ghana; and no reference to Global Energy & Environmental Services, in which Jefferson's daughters were principals, according to legal documents.

If Jefferson's daughters have financial interests in those firms, Jefferson would not have to report it on the disclosure forms unless they were dependent children. Jefferson's spokeswoman, Melanie Roussell, declined to comment on alleged financial interests not listed on the form.

Meanwhile, the slew of filings made public yesterday brought to light a broad array of personally revealing and sometimes quirky details of lawmakers' private lives.

PRESIDENTIAL HOPEFULS

Two senators weighing White House bids in 2008 incurred new family credit-card debt last year. Sen. Chris Dodd (D-Conn.) placed between $15,000 and $50,000 in a Senate Federal Credit Union account. Sen. John McCain (R-Ariz.) reported three small new charge-card debts and one American Express Platinum debt of $100,001-$250,000, all in his wife's name.

The McCains maintain a multimillion-dollar asset portfolio, most of it stemming from Cindy McCain's lucrative family liquor-distribution business.

McCain's partner in campaign-finance reform, Sen. Russl Feingold (D-Wis.), reported a more modest net worth of no more than $116,000. He took out a second mortgage on his home last year, worth between $50,001 and $100,000.

GAMBLING

House Majority Leader John Boehner (R-Ohio) reported winning $2,700 playing slot machines at the Kewadin Casinos on Michigan's Upper Peninsula. Rep. Paul Kanjorski (D-Pa.) reported winning $19,500 at the Cities of Gold Casino in Pojoaque, N.M. Sen. Judd Gregg (R-N.H.) reported winning more than $800,000 last year playing the lottery.

BOOK ROYALTIES

Sen. Trent Lott (R-Miss.) reported a $250,000 advance on his book, Herding Cats: A Life in Politics. Sen. Robert Byrd (D-W.Va.) reported more than $100,000 in royalties from Losing America: Confronting a Reckless and Arrogant Presidency. Sen. Barack Obama (D-Ill.) inked a deal last January giving him a $1.9 million advance for two nonfiction books and a children's book. At least two likely presidential hopefuls have reported plans to write books that could serve as campaign tools. Sen. John Kerry (D-Mass.) reported that he has agreed to write a book with his wife, Teresa Heinz Kerry, on the environment. McCain revealed that he has "several agreements" with Random House to write books.

SPOUSES

A few lawmakers reported large income streams from their spouses. Sen. Hillary Rodham Clinton (D-N.Y.) reported that her husband, former President Bill Clinton, received $7.5 million for speeches worldwide. His highest fee was $350,000 for speeches in the Canary Islands and Toronto.

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Other congressional spouses drew new salaries last year from campaign work, including the wife of House Energy and Commerce Committee Chairman Joe Barton (R-Texas).

LANDOWNERS

Several members made a profit on real estate. House Majority Whip Roy Blunt (R-Mo.) sold 31 of his 41 acres of farmland in Stafford, Mo., in a deal valued at $100,000-$250,000, while Jefferson sold a New Orleans house in that same price range.

The wife of Rep. Bob Ney (R-Ohio) acquired a second home in Thessaloniki, Greece, which had been his father-in-law's family home, according to disclosures. Ney reported $15,000-$50,000 of income on the European abode but listed it as a rental property.

Rep. Jerry Weller (R-Ill.) continued buying land in Nicaragua, spending $50,001-$100,000 for a lot in San Juan del Sur. He recently married the daughter of a deposed Guatemalan leader and alleged dictator.

Rep. Richard Pombo (R-Calif.) complemented his interest in the Central Valley ranch long owned by his family with a new rental property in his wife's name, valued at $250,000-$500,000. Pombo faces ethics questions over his ranching, including a complaint last month from the left-leaning Citizens for Responsibility and Ethics in Washington (CREW) over legislative acts allegedly intended to benefit his family.

Across the aisle, Rep. Charles Rangel (D-N.Y.) reported enhanced value on property he owns in Sunny Isles, Fla., in addition to a Dominican villa that held steady in value. Sen. Blanche Lincoln (D-Ark.) sold farmland in Phillips City, Ark., a deal worth $100,000-$250,000.

PAYING DOWN DEBT

Several lawmakers reported paying off the lion's share of their credit-card balances in 2005. Rep. Bobby Scott (D-Va.) cleared up charge-card debt that had hit at least $80,000 in 2003 but reported higher margin loans with three brokerage houses that could have helped fund multiple new mutual-fund investments he made last year.

Rep. Gary Ackerman's ((D-N.Y.) form reported two cards with outstanding balances of $25,000-$65,000, an improvement from last year's assorted credit-card liabilities worth as much as $100,000. Ackerman's asset-backed personal-loan debt, however, more than tripled since 2003 and now stands $50,000-$100,000.

Barton closed his revolving charge account with Bank One, and Rep. Howard Berman (Calif.), the ethics committee's new ranking Democrat, reported clearing out MBNA and Citibank balances of $10,000-$15,000. Berman still has $10,000-$15,000 on a Discover card, according to his report.

Sen. Bill Nelson (D-Fla.) reported a new spousal charge balance $10,000-$15,000, but he noted that the Visa debt was paid off within 30 days. Rep. Steve Israel (D-N.Y.) paid off outstanding charges in full, and Rep. Melissa Bean (D-Ill.) reported no more debt on Target and SunTrust credit cards along with a remaining balance on a Citibank business account.

Jefferson amended his disclosure to add a revolving charge account with MBNA that held a $15,001-$50,000 balance.

Erica Flint, Natalie McGill, and Ari Ruben contributed to this report.

Many Lawmakers Accepted Free Travel In 2005 (WSJ)

By Jeanne Cummings And Sarah Lueck

The Wall Street Journal, June 15, 2006

WASHINGTON -- Singed by controversy over complimentary travel, many members of Congress nevertheless accepted free trips in 2005, according to annual financial disclosure reports released yesterday.

Rep. Michael Oxley (R., Ohio), chairman of the Financial Services Committee, reported two trips, including six days of travel to Edinburgh, Scotland, paid for by the Transatlantic Policy Network, a group promoting U.S.-European relations sponsored by big companies such as Boeing Co. and Siemens AG.

Rep. James Sensenbrenner (R., Wis.), head of the House Judiciary Committee, took six trips, including a week's sojourn through Paris, Liechtenstein and Stuttgart, Germany, paid for by the International Management and Development Institute, a corporate-funded group run by a lobbyist; and another weeklong trip to Sydney covered by the American Australian Association. The National Cable and Telecommunications Association paid for Mr. Sensenbrenner and a relative to travel to San Francisco for a three-day trip, and the National Association of Broadcasters funded travel to Las Vegas.

Lobbyist-sponsored travel has figured in recent Capitol Hill scandals and driven down public opinion of Congress. Senate hearings brought to light that former lobbyist Jack Abramoff had brought former House Majority Leader Tom DeLay and other lawmakers on trips to Scotland and the Marianas Islands. Ohio Republican Rep. Bob Ney, who is the subject of a federal influence-peddling investigation, reported no gifts or trips. He is under scrutiny for joining a 2002 Abramoff trip to Scotland.

While the House and Senate reports showed scant evidence that members were grounding themselves, or paying their own way, the scandals seem to have persuaded many to make extra efforts to note anything that could come back to haunt

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them, on the campaign trail or in a prosecutor's office, in what normally is a routine, annual release of assets and debts by all members of Congress.

Although nonpartisan watchdog groups have called on Congress to ban such travel, lawmakers distanced themselves from such a provision after businesses -- led by the National Association of Manufacturers -- objected, saying the measure would unfairly restrict a legitimate way by which organizations and businesses educate lawmakers about their issues.

Some Democrats also were frequent travelers in 2005. New York Rep. Charles Rangel, the top Democrat on the House Ways and Means Committee, took a four-day trip to Taipei, care of the Democratic Pacific Assembly, which promotes U.S.-Taiwan relations. He also went to St. Thomas for a three-day trip covered by the New York Carib News, a weekly newspaper for Caribbean-Americans, as did Rep. David Scott (D., Ga.).

Rep. Anna Eshoo (D., Calif.) reported a nine-day, $6,900 trip to Dublin with family members, sponsored by the Aspen Congressional Institute.

As for Mr. DeLay -- who left Congress just last week -- his forms show little official travel in 2005, although he used his legal-expense fund to pay for trips related to his legal troubles. For instance, the fund ferried him three times from Houston to Austin, where a grand jury was reviewing the allegations against him.

Facing money-laundering charges in Texas, he said he owes as much as $1.4 million in legal fees. In his disclosure, Mr. DeLay reported contributions to his legal defense fund of $588,000 in 2005. That money, plus an infusion of donations earlier this year, helped pay down Mr. DeLay's legal fees to the levels roughly estimated in his disclosure report, said Brent C. Perry, an attorney overseeing the fund.

Another legislator facing a criminal probe, Louisiana Democrat Rep. William J. Jefferson, suspected of taking bribes, has paid nearly $100,000 in legal bills, according to his report.

--John R. Wilke and Christopher Cooper contributed to this article.

Washington Wire (WSJ)

WSJ Online's "Washington Wire", June 12, 2006

Libby Defense Team Considers Memory Expert

The defense team for former Vice Presidential Chief of Staff I. Lewis Libby said it is considering calling a memory expert to testify at his trial early next year.

Libby is charged with five counts of lying to federal investigators and the grand jury and obstructing an investigation into whether Bush administration officials wrongfully disclosed the identity of a CIA agent. He has pleaded not guilty.

Attorneys representing Libby have said in court filings that any erroneous statements made to Federal Bureau of Investigation agents or the grand jury were the result of a faulty memory, and not intentional lies. It isn't clear if the federal judge hearing the case would allow such testimony. At a status hearing Monday, Libby's attorneys said they would notify the judge by July 17 if they plan to call such a witness, and the government could then object. – Anne Marie Squeo

Clintons Say Their Income Topped $8 Million Last Year (NYT)

By Raymond Hernandez

The New York Times, June 15, 2006

Former President Bill Clinton and Senator Hillary Rodham Clinton had income of more than $8 million last year, mainly from speaking fees Mr. Clinton collected, according to disclosure forms released by the senator's office yesterday.

The Senate disclosure also shows that Mrs. Clinton earned $872,891 from her book "Living History," which was published in 2003 and has been released in paperback. That is down from last year, when she reported earning $2.3 million in royalties from her memoir. In 2001, Simon & Schuster paid her nearly $8 million to write the book.

The disclosure did not detail Mr. Clinton's earnings from sales of his book "My Life," which when published in 2004 was widely estimated to have generated $10 million to $12 million in income. Mrs. Clinton was required to disclose only that her husband received at least $1,000 in payments for his memoir.

Mrs. Clinton's disclosure was among scores of statements that senators, who must publicly report their personal finances each year, filed in the Senate. The disclosures give a rough financial picture, with assets reported within a range rather than in exact dollar amounts.

In the senator's disclosure on Tuesday, she and her husband reported having a joint bank account worth $5 million to $25 million, as well as a blind trust worth $5 million to $25 million. That was the same amount they reported last year but substantially greater than in 2003, when reports valued their assets at a minimum of $2 million.

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One major source of income was the speaking fees Mr. Clinton collected. The statement showed that he earned more than $7.5 million for 43 speeches that he gave to groups as varied as the Goldman Sachs Group, the Lancaster, Pa., Chamber of Commerce, the Young Presidents' Organization and Leading Minds in Dubai in the United Arab Emirates.

The $7.5 million far surpassed the $875,000 he earned for speaking engagements in 2004, when his speaking schedule was slowed because he was busy releasing his memoir, traveling around the nation promoting it, opening his presidential library in Arkansas and undergoing heart surgery.

In 2003, he earned more than $4 million for speeches given worldwide.

Mrs. Clinton also reported that her husband received at least $1,000 in payments from Yucaipa Companies, a California private equity firm controlled by one of his best friends, the billionaire Ronald W. Burkle. After leaving the White House in 2001, Mr. Clinton agreed to be an adviser to a family of funds run by the Yucaipa Companies.

Local Politicians' Asset Reports Released (WP)

By Bill Turque And Miranda S. Spivack

The Washington Post, June 15, 2006

Sen. George Allen, a likely contender for the 2008 Republican presidential nomination, listed assets of between $1.8 million and $3.6 million, according to financial disclosure reports filed by Virginia, Maryland and District lawmakers that were released yesterday.

The annual reports, which cover calendar year 2005, show that the bulk of Allen's wealth comes from commercial rental property in Charlottesville valued at more than $1 million and 98.5 undeveloped acres in Albermarle County valued at between $250,000 and $500,000.

The rest is held in stocks and bonds, including shares in Dominion Resources Inc. that are held by Allen's wife, Susan, and are worth between $100,000 and $250,000, according to the filings.

Susan Allen resigned her seat on the board of directors of the Richmond-based electric and natural gas utility last year after Allen's appointment to the Senate Energy and Natural Resources Committee raised conflict-of-interest questions. The company is one of Allen's steadiest campaign contributors.

Allen (R-Va.), in a reelection fight against Republican-turned-Democrat James Webb in November, listed as his sole liability a mortgage on investment property in Winston-Salem, N.C., valued at between $50,000 and $100,000. Lawmakers are required to provide ranges of dollar values instead of precise amounts.

The report also shows that Allen took relatively few privately funded trips last year, traveling to Palm Springs, Colorado Springs, Las Vegas and Florida for speeches and conferences for the Heritage Foundation, the Charles G. Koch Charitable Foundation, the Consumer Electronics Association and the Faith and Politics Institute.

Virginia's senior senator, John W. Warner (R), reported assets of between $780,000 and $1.7 million, a sharp drop from past disclosures. A spokesman for Warner said the dip is attributable to his purchase of a home in Alexandria, which is not listed as an asset.

Rep. Thomas M. Davis III (R-Va.), who reported assets of between $435,000 and $1.2 million, received perhaps the most lavish gift reported by a member of the region's congressional delegation. He and his wife, state Sen. Jeannemarie Devolites Davis (R-Fairfax), were flown to Italy last year by real estate developer Robert F. Pence, who was celebrating his 60th birthday and is a longtime friend of Rep. Davis and a prominent GOP campaign contributor. The trip included a chartered cruise along the Amalfi coast and a visit to Venice.

Davis said that he initially thought the trip, valued at $13,110, was "a stretch" of House ethics rules. But it was cleared by the House Ethics Committee.

Among Maryland lawmakers, Paul S. Sarbanes (D), 73, who is retiring after 30 years in the Senate, reported assets of between $167,000 and $430,000, in addition to a house valued between $250,000 and $500,000. Long active in Greek American groups, Sarbanes received a marble vase valued at $837 from Hellenic Public Radio-Cosmos FM as part of an award for public service, according to the filing. A member of the Senate Foreign Relations Committee, he reported six privately funded trips last year to Princeton University, his alma mater, where he serves as a trustee.

Barbara A. Mikulski (D), first elected to the Senate in 1986, reported assets of between $172,000 and $572,000. She did not report the value of any real estate.

In the House, Maryland's two Republicans and six Democrats reported taking few privately financed trips. Rep. Benjamin L. Cardin (D), who is vying to succeed Sarbanes, took what has become an annual trip funded by the Commonwealth Fund and Harvard in January 2005, attending a weekend health policy conference in January in Florida. Cardin's room and board were paid for, but not airfare. The costs were not disclosed.

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Rep. Elijah E. Cummings (D) disclosed 11 privately funded trips, many of them to appear before African American groups or on behalf of the Democratic Party. He reported donating speaking fees totaling about $8,000 to charity.

Rep. Steny H. Hoyer (D), the House minority whip, traveled to New Orleans, Birmingham, Montgomery and Selma, Ala., and to Israel on privately funded trips. The travel tabs were picked up by the Democratic Leadership Council, the Faith and Politics Institute, and the American Israel Education Fund, respectively.

Other Maryland lawmakers -- Democratic Reps. Chris Van Hollen and Albert R. Wynn, C. A. "Dutch" Ruppersberger, and Republican Reps. Roscoe G. Bartlett and Wayne T. Gilchrest, reported no privately subsidized trips.

Del. Eleanor Holmes Norton (D-D.C.) reported assets of between $843,000 and $2.2 million. She listed four privately financed trips: to Queenstown, Md.; Hartford, Conn.; and two to New York. The trips were sponsored by the Public Governance Institute, Yale University, the American Federation of Teachers and the New York Human Rights Commission.

Hastert Staffer Pulled Senators' Forms (RC)

By John Stanton

Roll Call, June 15, 2006

A senior aide to Speaker Dennis Hastert (R-Ill.) pulled the financial disclosure forms of Senate Majority Leader Bill Frist (R-Tenn.) and at least three other Republican Senators late last month, Senate records show.

According to those records, Hastert aide Tim Kennedy accessed the financial records for Alaska Sens. Ted Stevens and Lisa Murkowski and Sen. Conrad Burns of Montana in addition to Frist on May 19.

The motive for the request is unclear, and neither Kennedy nor Hastert aides Ted Van Der Meid and Ron Bonjean responded to several requests for comment.

The documents are publicly available. But while several veteran Senators declined to comment on the story, they visibly were taken aback when asked about Kennedy's research and indicated they had never heard of one chamber's leader researching the finances of Members of the other chamber.

A review of news stories during the week of May 19 do not show any particular tensions that involved all four Senators, and they do not all serve on a single committee.

But the Senate and House leaderships regularly have been at odds this year, with simmering differences over both substance and process exacerbated by a general Republican fracturing amid President Bush's decline in popularity.

The period when the files were taken, for instance, coincided with a stretch of bicameral sniping over the size of the fiscal 2006 supplemental spending bill.

Burns' office declined to comment. A spokesman for Murkowski said, "It's public information and anyone has the right to it." A spokeswoman for Frist did not return requests for comment, while a Stevens spokeswoman echoed the sentiments of Murkowski's office.

A Democratic Senate aide questioned the review, noting it was particularly surprising that Hastert's aides were looking into the finances of other Republicans. And while "there could be a good reason that they're looking, ... it's a good sign [for Democrats] that they're turning on themselves," the aide said.

Kennedy works under two of Hastert's top aides, Van Der Meid and Michael Stokke. A source close to Hastert said it was unlikely the Speaker knew his office was researching the finances of Senate Republicans. However, the source did say that Kennedy is a key staffer for Van Der Meid and Stokke with a wide range of duties, including working with the National Republican Congressional Committee.

Two days before Kennedy trekked across the Capitol to access Frist's financial forms in the Senate Records Room, Hastert harshly rejected a Senate proposal to make an across-the-board cut to the supplemental spending bill.

In a statement released May 17, Hastert rejected the proposal, saying, "Any calls from the Senate for an across-the-board cut to make room for a bloated supplemental will be met by a busy signal in the House. The House will not join a shell-game spending spree with taxpayer dollars."

Frist's proposal was made in part to help make room for a number of proposals either authored by one of the four Members Kennedy researched or that would benefit their constituents.

For instance, Frist himself penned a massive avian flu spending package that the Senate included in its version of the supplemental. Burns strongly backed an amendment that added millions of dollars in new disaster relief spending for agriculture. And the bill included numerous earmarks that would have benefited Alaska, Tennessee and Montana.

A Mountain Of Riches On Capitol Hill (LAT)

By Tom Hamburger, Richard Simon And Faye Fiore

The Los Angeles Times, June 15, 2006

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Annual disclosure data offer a look at the finances of lawmakers and their top aides.

WASHINGTON — A top aide to House Appropriations Committee Chairman Jerry Lewis (R-Redlands) reported Wednesday that he received more money than he previously disclosed from a lobbying firm that has come under scrutiny for its ties to Lewis.

The aide, Jeffrey Shockey, corrected his financial disclosure reports to reveal that his salary in 2004 from Copeland Lowery Jacquez Denton & White totaled about $500,000 more than he had reported.

He also collected nearly $2 million from the firm as a payout when he left to return to work for Lewis in 2005.

The firm, whose partners include former Rep. Bill Lowery (R-San Diego), a longtime Lewis friend, is being examined as part of a federal investigation into the practice among lawmakers of slipping federal money for special-interest projects into spending bills.

Lowery's firm represents a number of cities, institutions and businesses in Lewis' district that have received federal funds. The firm also has helped Lewis raise tens of thousands of dollars in campaign contributions, which helped his drive to gain the Appropriations Committee chairmanship in 2005.

On Friday, Shockey released advance copies of his disclosure report showing that he had received far more than had generally been known — $1.96 million — as a payout from the lobbying firm. On Wednesday, Shockey disclosed that in addition to that payment, he received a higher salary from the firm than previously reported, up from $1.5 million to over $2 million.

Lawyers for Shockey, who also had worked for Lewis before he joined the lobbying firm, said in a letter that the $1.5-million figure was his salary in 2003. They said the error involving his 2004 salary was discovered this week during a review of his financial accounts.

Shockey's high level of compensation — as he moved from Capitol Hill to the lobbying world and back again — shows the value corporate and other interests place on obtaining help in getting federal spending directives, known as earmarks, put onto federal spending bills.

Lewis and Shockey, through his lawyers, say they have done nothing wrong in the roles they have played in the earmarking process and have not been contacted by investigators. Shockey's lawyers point out that their client asked the Ethics Committee to review his compensation from the lobbying firm at the time he returned to public service.

Shockey's report was just one of hundreds released Wednesday by members of Congress and their senior aides. The annual disclosure reports offer a glimpse into the private financial affairs of lawmakers, and although assets and liabilities are detailed only within broad ranges, the information makes it clear that most legislators are well-off.

The reports show that at least 22 of California's 53 House members have assets of more than $1 million.

Sen. Dianne Feinstein (D-Calif.) and her husband, investment banker Richard Blum, have assets that have been estimated to exceed $35 million. She filed one of the thickest reports: 172 pages.

Sen. Barbara Boxer (D-Calif.), in her 10-page statement, reported that her assets consist almost entirely of a blind trust valued at $1 million to $5 million.

Investments by House Minority Leader Nancy Pelosi (D-San Francisco) and her husband include a St. Helena vineyard valued at $5 million to $25 million.

Several California lawmakers were given more time to file their reports, including Rep. Darrell Issa (R-Vista), who previously has ranked among the wealthiest House members.

The report filed by Lewis and his wife, Arlene Willis, who is his chief of staff, showed them with assets valued at $715,000 to $1.6 million, with no liabilities.

According to the report, the 71-year-old congressman sold stock and a parcel of land in 2005 with a combined value of $30,000 to $100,000.

In the wake of several scandals that raised concerns about influence peddling on Capitol Hill, many lawmakers appear to be taking fewer trips paid for by special interests.

Rep. Bob Ney (R-Ohio), who has faced criticism for a 2002 visit to Scotland arranged by disgraced lobbyist Jack Abramoff, took no trips last year.

Earlier this year, Abramoff pleaded guilty to charges that included defrauding clients and engaging in schemes to bribe members of Congress.

Rep. Alan B. Mollohan (D-W.Va.), the subject of a federal probe into possible links between his personal business activities and his duties as a member of the House Appropriations Committee, on Tuesday released amendments to his disclosure reports from 1999 to 2004 to correct what he called "a limited number of inadvertent errors."

Also, he released a chronology showing how his assets grew from less than $550,000 in 2000 to more than $8 million in 2005.

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Mollohan resigned from the House Ethics Committee earlier this year after federal agents began probing his personal finances.

Mollohan's 2005 disclosure statement revealed that he received a loan valued at $15,000 to $50,000 from Don and Laura K. Kuhns.

Laura Kuhns is a former Mollohan aide who invested in real estate with Mollohan and also heads a West Virginia foundation that received earmarks requested by the congressman. Mollohan reported that he repaid the loan from the Kuhnses with 6% interest.

Rep. William J. Jefferson (D-La.), the target of a bribery investigation by federal agents who last year found $90,000 in his kitchen freezer, has debts ranging from $130,000 to as much as $300,000, according to his report.

Jefferson acquired the debt last year without any significant change in his assets, the report indicates.

He had listed no liabilities in the previous two years.

Jefferson's debts include as much as $150,000 to two New Orleans banks and up to $50,000 on a revolving charge with MBNA, a subsidiary of Bank of America.

He also reported owing up to $100,000 to Noah A. Samara, chief executive of WorldSpace Inc., which works to provide digital satellite services to emerging markets in Africa and Asia.

Jefferson was caught on videotape accepting $100,000 from a business associate, whom he allegedly agreed to help win overseas telecommunications contracts in exchange for a third of the profits.

FBI agents later searched Jefferson's freezer and found $90,000 of that money wrapped in foil, according to an affidavit.

Jefferson has denied any wrongdoing. No charges have been filed, but his legal bills have begun to mount.

His disclosure report showed contributions to his legal defense fund totaling nearly $85,000.

Many lawmakers found a variety of ways to supplement their congressional salary, currently $165,200 a year for those not serving in top leadership positions.

The wives of six California House members — Republicans John T. Doolittle of Roseville, Richard W. Pombo of Tracy, Elton Gallegly of Simi Valley and Dana Rohrabacher of Huntington Beach; and Democrats Pete Stark of Fremont and Bob Filner of Chula Vista — earned money working on their husbands' campaigns.

Lawmakers are not required to list spouses' salaries on the forms. But Rohrabacher reported that his wife earned $41,055 from his campaign committee.

Stark said his wife was paid $2,400 a month to work on his campaign. Filner said his wife's salary was about $45,000.

Sen. Hillary Rodham Clinton (D-N.Y.) and former President Clinton earned more than $8 million from speeches and book royalties.

The former president was paid for 43 speeches, collecting up to $350,000 for an appearance.

Sen. Edward M. Kennedy (D-Mass.) earned $50,000 in royalties from a book about his dog, "My Senator and Me." He was one of about a dozen senators who received money from books. Boxer took in about $16,000 from a novel she wrote.

House Majority Leader John A. Boehner (R-Ohio) reported $2,700 in slot machine winnings.

Sen. Judd Gregg (R-N.H.) did better: He collected $853,492 in the Powerball lottery.

Lewis Aide Restates '04 Income (RC)

By Paul Kane

Roll Call, June 15, 2006

Acknowledging a $500,000 error in income disclosure for a top aide to House Appropriations Chairman Jerry Lewis (R-Calif.), lawyers filed corrected disclosure reports Wednesday to show that Jeff Shockey earned more than $2 million in 2004, his final year with a lobbying firm that specializes in appropriations earmarks.

Shockey, the committee's deputy staff director, initially had reported that he earned $1.5 million during his last year with the firm Copeland Lowery Jacquez Denton & White, which is now under a federal probe regarding its connections to Lewis.

After a flurry of media reports about Copeland Lowery and the $2 million buyout Shockey received from the firm in 2005, Shockey's lawyers and accountants scrubbed his finances and discovered that he had misreported his 2004 income on a financial disclosure report filed in April 2005.

His income for 2003 was $1.5 million, according to a letter from William Oldaker, Shockey's lawyer, while the 2004 income from Copeland Lowery actually topped $2 million.

Combined with the buyout package he received in 2005 — which was paid out in full by Aug. 1 of that year — Shockey was paid more than $5.5 million by Copeland Lowery over little more than two and a half years.

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"The need to adjust the amount of income disclosed on Mr. Shockey's new employee report [from 2005] was discovered earlier this week and immediately thereafter his accountants were consulted to ensure the accuracy of the information," Oldaker and his partner, William Farah, of Oldaker, Biden and Belair, wrote Wednesday in a letter to the Clerk of the House.

Late last month, the FBI examined the financial disclosure form Shockey filed last year, along with additional reports from those of Lewis, Lewis' wife and another former committee aide now working at Copeland Lowery. Federal investigators have subpoenaed records from at least seven clients of Copeland Lowery seeking records relating to their retaining the firm and anything related to Lewis.

Lewis, the firm and Shockey's lawyers have denied any wrongdoing.

Oldaker said Shockey's taxes were not completed in the spring of 2005, when he needed to file his disclosure report, and that the lobbying firm's complicated partnership payouts did not allow him to know his precise income until August. Without precise information, he reported his 2003 income instead.

A source close to Shockey called it "inadvertent human error" that he didn't correct the income report until this week, nearly 10 months after his final 2004 taxes were filed. The source said Shockey had no incentive to misreport his income.

Also, Shockey's camp believes this latest disclosure may further justify and explain the size of his buyout package, which came in at $1.96 million spread across several payments last year while he was on Lewis' staff.

"This shows that his business was growing. It wasn't a dramatic increase from one year to the next," the source said.

The amount Shockey earned in 2004 also indicates that it is likely the firm was billing clients for consulting work performed that it didn't consider lobbying and was not reported publicly. As Roll Call reported Wednesday, Shockey's clients paid the firm about $1.74 million in 2004.

According to documents in his disclosure reports, Shockey's partnership deal called for him to receive all revenues he brought in after subtracting 18 percent for administrative costs. With a little more than $1.7 million in lobbying revenue, Shockey likely would have had to bring in several hundred thousand dollars of additional revenue to get more than $2 million in pay from the firm in 2004.

The size of the buyout package has raised eyebrows among government watchdogs.

The payout was predicated on the projected revenue stream of Shockey's former clients in the first half of 2005, who in the first half of 2004 had paid just $580,000 in publicly reported revenue.

Copeland Lowery estimated in January 2005 that Shockey's clients would produce $1.5 million in revenue for the firm in the first half of that year; that sum, along with another $420,000 in payments based on profits and already performed work, led to the size of the buyout package, according to Shockey's lawyers.

In terms of publicly reported lobbying revenue, the firm hit its estimate almost exactly, as Shockey's former clients paid $1.46 million to Copeland Lowery by mid-2005.

It's unclear whether there were additional, non-lobbying consulting payments on top of that to the firm from the aide's former clients.

Shockey's lawyers have said he is acting ethically and within all bounds of laws, noting that he is not in charge of the earmark projects on the committee that Copeland Lowery and his former clients are pursuing. And he officially has recused himself from dealing with any clients of Alexandra Shockey, his wife, who is doing subcontracting work for the firm on behalf of an undisclosed number of former clients of her husband.

At least 19 of his former clients — out of 49 in 2004, according to his disclosure forms — have been picked up by Letitia White, a former Lewis staffer who went to work for the firm in 2003. Her financial disclosure forms from her final four years working on Capitol Hill were reviewed by the FBI last month.

Jefferson Vote Expected Today (RC)

By Steve Kornacki

Roll Call, June 15, 2006

Rep. William Jefferson's (La.) fight to retain his seat on the Ways and Means Committee will come to a head this afternoon, with the House Democratic Caucus reconvening at 5 p.m. to resume debate on a motion that was tabled last week to strip him of the plum position.

Even Jefferson's backers, who contend the Louisianan is being singled out for reprisal by House Minority Leader Nancy Pelosi (Calif.), concede the numbers don't look good for him.

"It would appear to me that the leader has the support of the Caucus," acknowledged Rep. Donald Payne (D-N.J.), an outspoken critic of the Pelosi-initiated drive for Jefferson's expulsion from the panel.

Jefferson, who is caught up in a federal bribery probe, has steadfastly resisted Pelosi's calls to leave the exclusive committee "in the interest of upholding the high ethical standard of the House Democratic Caucus."

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His options seemed exhausted last Thursday night, when Pelosi called a surprise meeting of the Democratic Steering and Policy Committee, a 50-member body dominated by the Leader's allies, which formally recommended Jefferson's removal. Within hours, the full Caucus was called into session to ratify the motion, but before a vote could be taken, Rep. Mel Watt (N.C.), the chairman of the Congressional Black Caucus, complained that the hasty scheduling of the meeting violated Caucus bylaws. The proceedings were then postponed for one week.

Later that night, Watt issued a public statement blasting the pending move — a step he had warned Pelosi weeks earlier that he would take if she acted to force Jefferson out before he was actually charged with any crime. In the intervening days, some CBC members have echoed Watt's defense of their colleague, noting that other Members suspected of wrongdoing but who had not been charged have not faced the loss of exclusive committee assignments.

The debate has been somewhat muted, with some leading CBC figures, including Reps. Charlie Rangel (N.Y.) and James Clyburn (S.C.), noticeably seeking to stay out of the mix. Clyburn is also the chairman of the Democratic Caucus and is an ally of Pelosi. Rangel, insiders say, has viewed Jefferson with suspicion for years, believing his Ways and Means colleague too often sides with Republicans on free trade issues. Watt, too, has refused to say much beyond his initial statement, ducking reporters during House votes this week.

One source estimated that about two-thirds of the CBC's 43 members were opposed to Jefferson's ouster. And there were some CBC members, most notably Payne and Maryland Rep. Albert Wynn, who went out of their way to press Jefferson's case in public this week. Jefferson also received some help from the Louisiana Legislative Black Caucus, a group of 32 legislators from his home state who sent Pelosi a letter last week arguing that Jefferson's role on Ways and Means was vital to Hurricane Katrina recovery efforts.

"Your request that Congressman William Jefferson resign his seat on the Ways and Means Committee will result in penalizing the citizens who, though displaced, still proudly call the Second Congressional District home," state Rep. Cedric Richmond, the group's chairman, wrote.

The lack of unanimity among CBC members is likely the result of two factors: a sense from some that Jefferson's indictment is imminent and that a fight is, thus, futile; and Jefferson's past alienation from some of the group's members. Indeed, Jefferson was defeated when he vied with Rep. Maxine Waters (Calif.) for the CBC's chairmanship in 1996.

Mindful that a loud outcry from black leaders in Washington, D.C., could create a ballot-box backlash among what is one of her party's most reliable voting blocs, Pelosi granted several interviews to black print and broadcast outlets this week, seeking to explain away any concerns about her posture.

Thursday's Caucus meeting should last a little over an hour, Clyburn indicated today, with each side being given 30 minutes to make its case. Clyburn, who once again refused to express his opinion on the matter, said he will ask unanimous consent to allow Jefferson to speak.

If passed, Jefferson's committee removal will then go to the House floor under a unanimous consent agreement. Technically, a Member of either party could object and force a floor debate. It's doubtful Republicans would do so since they might be seen as aiding an ethically compromised politician. Watt indicated he hadn't reviewed parliamentary options and had no idea if he or other CBC members would pursue the matter beyond the Caucus vote.

"I'm focused on the fact that there is no historical precedent and no rule that is being applied consistently," he said.

Senator's HHS Trip For Antibiotic Data Yields Only Ire (WP)

By Marc Kaufman

The Washington Post, June 15, 2006

After months of trying to get firsthand information from a government official familiar with a controversial new antibiotic, Sen. Charles E. Grassley (R-Iowa) marched into the Department of Health and Human Services headquarters yesterday asserting his congressional right to receive the data.

After a brief meeting with senior HHS and Food and Drug Administration officials, Grassley departed empty-handed and angry.

"This is extraordinary for me," the senior Republican said outside the headquarters. "I haven't had to go to an agency like this since 1983 to get information I requested.

"I smell a coverup."

FDA officials denied any impropriety, saying they were cooperating with Grassley's staff and had sent 400 boxes of documents related to the approval and safety of the drug, Ketek. Some information had to be withheld, the agency said, because of continuing investigations.

The senator, a persistent critic of the FDA, said he went to HHS out of frustration over the agency's refusal to make available one employee involved with an investigation into the antibiotic. A powerful drug approved in 2004 for the treatment of

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chronic lung and sinus infections, it has been at the center of the newest controversy over the agency's actions in reviewing new drugs and monitoring their safety.

Liver failure and disease associated with the drug have been reported, but the overriding issue involves the integrity of the clinical trials done to establish its safety and efficacy.

The agency acknowledges that there were major improprieties in a 25,000-patient clinical trial done for the drug's developer, Aventis. One person has gone to prison for fraud in connection with that trial, data from several other trial sites have been discarded because basic standards were not met, and the agency told the company it could not say anything about the trial results on its product label.

Nonetheless, the FDA allowed Aventis to use much of the data to support the company's contention that the drug is safe. It also allowed Aventis to present the data to an FDA advisory panel without telling its members of the widespread fraud allegations clouding the trial. Documents show that some FDA employees argued that the trial should have been discarded because of the company's inadequate oversight.

Grassley has pressed to speak with an agent in the FDA's Division of Scientific Investigations who, he said, "is key to understanding what the FDA did when it became clear that the safety study required by the FDA in order to approve the drug was fraudulent and faulty. Did FDA managers turn a blind eye and let the drug maker off too easy, or did the FDA do the right thing?"

In reply, FDA spokeswoman Susan Bro said: "We would like to do whatever we can to help [Grassley] fulfill his constitutional duty as well as ours to the American people. However, we will not compromise an ongoing investigation."

FDA officials also said that having a senator interview a government investigator in the midst of an inquiry raised the possibility of politicizing criminal proceedings.

Ketek is one of the few antibiotics developed and approved in recent years. The agency has made a priority of encouraging companies to work in the field of antibiotics, which inevitably become less useful as bacteria become resistant.

"We don't want to disincentivize companies interested in going after these bad bugs," Bro said.

The maker of Ketek, now named Sanofi-Aventis, did not return a phone call. Earlier this month, the company stopped recruiting children for a study of pediatric use of Ketek. The "pause" followed reports of four cases of serious liver damage in adults using the drug.

Bro said that the FDA-required labeling identifies the risks and that "we are currently looking at whether new data merits additional warnings."

Grassley has emerged in the past two years as a harsh critic of the FDA, which he accuses of being too close to the drug industry. As chairman of the Senate Finance Committee, which oversees Medicare and Medicaid payments, he called a high-profile hearing in 2004 into the FDA's handling of the withdrawn painkiller Vioxx, and yesterday he said he is contemplating calling another regarding Ketek.

"I'm tired of the runaround," he said after leaving the HHS headquarters. He said that he told the agencies' officials that "I know it's probably not your intent to protect companies, to cover for companies."

"But I said that every time that you stand in the way of information getting out that ought to be public, that's the impression you give the American people."

House Deals Blow To 'Open Skies' As It Passes Latest Spending Bill (WSJ)

By David Rogers

The Wall Street Journal, June 15, 2006

WASHINGTON -- The House approved a $139.6 billion transportation-and-housing bill after voting to deny funding for a Bush administration plan that would permit greater foreign ownership control of U.S. airlines in the future.

The 291-137 vote was the clearest test yet of political sentiment on the pending rules change, which the White House wants as part of its effort to negotiate an "open skies" agreement with the European Union deregulating trans-Atlantic air traffic.

As many as 97 Republicans joined Democrats in opposition; together with organized labor, Continental Airlines pressed hard for the amendment, at the expense of distressed carriers like Northwest Airlines and UAL Corp.'s United, which could benefit from more access to overseas capital and landing slots.

The action capped two days of budget debate in which the House softened Republican cuts from Amtrak passenger rail services and Internal Revenue Service operations. And by a 214-214 tie vote, the leadership turned back a Democratic amendment to protect older cities' claims to leased housing vouchers.

The greatest political bloodshed stemmed from an internal party fight over conservative attempts to strip out often small home-state projects inserted by the Appropriations leadership.

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At stake were federal grants, running from $100,000 to $1.5 million and covering everything from a William Faulkner museum in Mississippi to a community swimming pool in California and road improvements benefiting Xerox Corp. in upstate New York. Arizona Rep. Jeff Flake forced a series of votes that were doomed from the outset but gave him the opportunity to challenge the expenditures, including two sponsored by Appropriations Committee Chairman Jerry Lewis.

When an exasperated Texas Rep. Henry Bonilla bluntly suggested it was "insanity" for Mr. Flake to persist, the 44-year-old lawmaker snapped back, "The definition of insanity is assuming the taxpayers are buying this." Even before the bill passed last night, Mr. Flake issued a news release with the headline at the expense of Mr. Lewis already caught up in lobbying scandals: "California Gets Swimming Pool, Taxpayers Take a Bath."

The floor action came as the House Appropriations panel gave initial approval to the last of the dozen annual spending bills, a $62.9 billion measure funding the departments of State, Justice and Commerce as well as major science and regulatory agencies. Combined spending for the National Aeronautics and Space Administration and National Science Foundation would increase by $551 million. But within the Commerce Department, more than $631 million would be cut, chiefly from the advanced technology program and National Oceanic and Atmospheric Administration.

Among regulatory agencies, the Securities and Exchange Commission would get $880.5 million, a net increase of $17 million. But in the effort to find extra money to preserve popular law-enforcement programs, the Appropriations panel pared legal services to the poor, juvenile justice and Indian tribal programs.

The larger transportation-and-housing measure, adopted 406-22, is among the most unwieldy of the annual spending bills, covering three cabinet departments as well as the federal judiciary. The Treasury Department stands out in the mix, and with it, the IRS budget, which has become a regular target for amendments.

In a surprise for many tax writers, an amendment to block funding for an IRS plan to hire private-sector debt collectors to pursue delinquent taxpayers survived, despite opposition from Ways and Means Committee Chairman Bill Thomas (R., Calif.). But the Appropriations leadership agreed on the floor to restore about a third of what had been a $63 million cut from this year's funding level for the IRS.

The airline foreign ownership rules fight has been brewing for months, with Continental a major player in promoting efforts to block the rule, since it doesn't believe the open-skies agreement will be to its advantage. Northwest and United have powerful allies in Rep. Joe Knollenberg (R., Mich.), the bill's manager, and House Speaker Dennis Hastert (R., Ill.).

But much like the Dubai Ports World controversy earlier this year, the issue has hit a national-security chord, and House Armed Services Committee Chairman Duncan Hunter (R., Calif.) weighed in against the rules change because the airlines are used to move troops when needed.

The Sky's The Limit (WP)

The Washington Post, June 15, 2006

Here's a trade deal that could actually happen.

PROSPECTS FOR a breakthrough in global trade talks are slim, and most bilateral trade deals hold out only modest economic benefits. But there is an opportunity for valuable progress in the airline industry, one of the most regulated and protected corners of business. Last year the United States and the European Union negotiated an "open skies" agreement, which would scrap restrictions on transatlantic travel: All U.S. airlines would be free to bid for slots at all European airports; a carrier such as Air France would be free to offer flights between, say, Milan and Chicago, rather than being restricted to a few France-U.S. routes. But this deal, which promises convenient connections and lower fares for travelers, may never be implemented. European ministers are refusing to ratify it until they see the outcome of a separate effort to deregulate U.S. domestic airlines, which has become the subject of a fierce lobbying battle in Congress.

The congressional battle revolves around restrictions on foreign investment in American airlines. Because of anachronistic nationalism, foreigners can't own more than 25 percent of the voting stock in a U.S. airline, and they are not allowed to influence commercial decisions on fares, routes and so on. President Bush's Transportation Department, which has also advanced sensible reforms for the rail network, has proposed a slight relaxation in these restrictions. This promises a double win. Foreign capital and management ideas might revive flagging U.S. carriers. And liberalization would help to persuade European transport ministers to ratify the open-skies agreement.

This win-win formula is opposed by Continental Airlines, which jealously guards its access to London's Gatwick Airport and fears open-skies competition. To block the deal, Continental has joined with labor unions to lobby against relaxation of the rules on foreign ownership. The firm's officials assert that foreign investment in U.S. airlines would compromise national security. But foreigners would be barred from influence over safety or security, and the administration's proposal has the blessing of the Defense Department.

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Continental is looking out for its own business interests, pure and simple. The shame is that a powerful caucus in Congress is prepared to accept its specious arguments. Yesterday the House passed a measure that would delay the administration's reform for more than a year, jeopardizing a deal that could save travelers billions of dollars. The Senate has yet to vote on the issue. It should put national interests before vested interests.

House Panel Passes Bill To Look Closer At Foreign Investors (WSJ)

By Robert Schroeder

The Wall Street Journal, June 15, 2006

WASHINGTON -- The House Financial Services Committee unanimously approved a bill that would change the process for reviewing proposed foreign investments in the U.S.

The bill would require all transactions involving state-owned companies to get an additional 45-day review and would allow more of the deal-approval process to be made public.

The Committee on Foreign Investment in the U.S., an interagency group led by the Treasury Department that reviews foreign investments, came under fire for approving a Dubai-based company's application to operate U.S. ports. The transaction was scuttled after members of Congress and others worried the deal could endanger national security.

To become law, the bill must clear the House, be reconciled with a Senate measure and signed by President Bush.

Business groups including the U.S. Chamber of Commerce, the Business Roundtable and the Financial Services Forum praised the House bill, saying it will improve the process for vetting foreign investments without discouraging interest in doing business in the U.S. The bill also creates a role for the director of national intelligence to review proposed deals.

House Panel Backs Credit-Rating Revamp (WSJ)

The Wall Street Journal, June 15, 2006

WASHINGTON -- The House Financial Services Committee voted to approve legislation that would overhaul the credit-rating business.

The bill, approved on a voice vote by the panel, would bring sweeping changes to the industry. House lawmakers said legislation is needed to increase competition in a business now dominated by only a few companies.

Critics say the Securities and Exchange Commission has been part of the problem because it has designated just five credit-rating firms as "nationally recognized," making it hard for new competitors to enter the business. Under the bill, the SEC would no longer designate rating firms as nationally recognized, but would register them under a streamlined three-month process.

The SEC would get new power to discipline rating firms and rating-firm employees, and to ban business practices that are coercive or abusive. Rating firms evaluate debt issued by public companies and have come under fire for failing to detect deteriorating credit quality at Enron Corp. and WorldCom Inc.

Health Care Report Urges Dialogue On Reform (USAT)

By Julie Appleby

USA Today, June 15, 2006

Consumers across USA shared thoughts

Affordable health care should be available to all Americans by 2012, with protection in the meantime from “very high out-of-pocket medical costs,” say initial recommendations from a 15-member panel created by Congress.

The Citizens' Health Care Working Group's 12-page report, which some say may prompt debate before national elections in November and in 2008, does not specify exactly how to pay for such benefits or what they should include.

Before drawing up its recommendations, the panel conducted more than 35 meetings nationwide, along with several Internet polls, to gauge what Americans think of the health system and how they want to change it. The report is thought to be the first wide-ranging effort sponsored by the government to poll average citizens on health care policy. It comes as federal efforts at health reform are minimal, health spending is growing faster than inflation and action on helping the uninsured is heating up in some states.

Members of the working group included professors, a union leader, an advocate for the disabled, hospital administrators, nurses, doctors, a Motorola executive and Michael Leavitt, secretary of Health and Human Services. It has a two-year, $5.5 million budget — about half of which was spent on contractors who organized and ran the meetings — authorized by Congress as part of 2003's Medicare Modernization Act.

At most of the town hall meetings, including a March meeting in Los Angeles covered by USA TODAY, the majority of participants called for a health system in which everyone is covered, generally with a wide-ranging set of health services,

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including medical, dental and vision care. Significant, but smaller percentages, of participants wanted a so-called single payer system in which the government finances health care through taxes, as in Canada and much of Europe. Others wanted to keep the current employer-based system of health insurance.

Bigger splits were seen when participants were asked how such programs should be paid for and whether some people, such as the wealthy or those who smoke, should pay more.

Rather than outlining in detail the results of the community meetings, the report summarized them this way: "We heard a common message: Americans should have a health care system where everyone participates, regardless of their financial resources or health status, with benefits that are sufficiently comprehensive to provide access to appropriate, high-quality care without endangering individual or family financial security."

After 90 days of public comment, a final version of the recommendations will go to Congress and the president, probably in October. The report can be read online, and comments submitted, at www.citizenshealthcare.gov. Such timing "was clearly designed to force the issue to political discourse this fall," says Len Nichols, a health policy expert at the New America Foundation, a moderate think tank in Washington.

Whether health reform will be a focus of the November elections is questionable, Nichols and others say, because voters are concerned about other sharply divisive issues, such as the war in Iraq and immigration reform. But health care reform may be a hot topic in the next presidential election.

"The report may serve as an important reminder for candidates on both parties who want to seek the presidency in 2008 that they need to develop a serious health care agenda," says Ron Pollack of the liberal advocacy group Families USA.

There is little agreement on how to reform the health care system. Since the demise of the Clinton administration's sweeping reform proposal in the early 1990s, there has been little action in Washington. But this year, state lawmakers have acted to support coverage for the uninsured. Massachusetts approved a complex proposal that would require all individuals to buy coverage. Vermont, Illinois and West Virginia also have approved new programs.

The working group report says that deciding what should be included in a core set of benefits should be up to an appointed panel of experts and citizens. While it says no financing method is "optimal," the report says "multiple financing sources" will be needed. Those could include enrollee contributions or taxes on income, businesses or products.

The group promises greater detail and explanation of its findings before its final report.

Criticism of the report's initial recommendations came from both the right and the left.

Don McCanne of Physicians for a National Health Program, a liberal group that wants a single, government-financed health care system, says the report seemed worded to support Bush administration policies, including high-deductible insurance.

"They carefully crafted this interim report to satisfy policy issues for many of the special interests," says McCanne.

But Joseph Antos at the conservative American Enterprise Institute sees in the report a call for far too much government involvement in health care.

"It would make health care a 'right' and give everyone cradle-to-grave security through the government," Antos said in an e-mail. "That's unrealistic and irresponsible."

Some of the participants at the Los Angeles town hall meeting, which drew more than 400 people, felt the report did not go far enough and said they were disappointed in its recommendations.

"This is pretty generic," says attorney Yolanda Jackson, who said participants in Los Angeles had much more forceful opinions about changes needed in the health system. "My reading of this is that it's not that different from what we currently have. "

Ara Najarian, who also participated in the Los Angeles meeting and who is a senior partner at social-marketing firm Latino Consultants, says he was also disappointed. "Saying we need a core benefit package is great, but what does core mean? That's still to be debated, as is the definition of affordable," he says. "It's hard to see where the debate ends and actual action takes place."

The working-group effort was added to the Medicare reform act by Sens. Ron Wyden, D-Ore., and Orrin Hatch, R-Utah. Both say they are happy that the initial recommendations are in.

"It's good to have these ideas down on paper to drive a national dialogue on health care, and I'm looking forward to the public comments," Hatch said in a written statement.

Hearings on the report's findings are required, but Congress need not take action. Those hearings are not expected until next year. Wyden says it would be helpful if the report gave more details.

"Now the challenge is to get as much specific meat behind these particular areas as possible," Wyden says. "The more specifics Congress gets, the more opportunity there is to write a bill in line with what the people are saying."

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OTHER NEWS:

Rise In Inflation Puts Pressure On US Rates (FT)

By Christopher Swann And Krishna Guha In Washington And Jennifer Hughes In New York

Financial Times, June 15, 2006

US inflation rose more quickly than expected for the third successive month in May, raising the prospect that interest rates will continue to rise beyond this month.

The core consumer price index – which excludes volatile food and energy prices – rose 0.3 per cent last month, taking the annual rate to 2.4 per cent.

The figures heighten the dilemma for the Federal Reserve, which may feel forced to continue to raise rates in spite of growing signs that the economy is slowing.

The futures market on Wednesday priced in a near 100 per cent certainty that the Fed would raise interest rates to 5.25 per cent this month, and doubled the chance, to 44 per cent, of another rise in August.

The Fed's beige book of economic activity reported widespread business concern about high or rising costs, and added "just three districts, Boston, Dallas and Philadelphia, reported that retailers are having success raising retail prices".

The stock market absorbed the news calmly, with the S&P 500 index rising 0.5 per cent.

However, Treasury bonds fell sharply. Yields on two-year Treasuries rose almost 10 basis points to 5.11 per cent, the highest since December 2000. The yield curve inverted further, suggesting the market thinks it increasingly likely that more rate rises will slow the economy.

President George W. Bush told reporters "the Fed is watching inflation very carefully…that's Ben Bernanke's job."

Mr Bernanke, the Fed chairman, will on Thursday give what is expected to be an important speech on the economy.

The May inflation rise pushed the three-month annualised rate of core inflation up from 3.2 per cent to 3.8, the highest since March 1995. "It does raise the probability of a further rate rise in August," said Jan Hatzius, chief US economist at Goldman Sachs. Such a move would increase the likelihood of a hard landing next year, he said.

The rise was driven by a rapid increase in "owners' equivalent rent" – an estimate of the cost of living in your own home, based on what it would cost to rent a similar property. This was due to a technical adjustment and a pick-up in rents as high prices and a cooling-off of house price inflation encouraged more Americans to rent rather than buy.

Excluding this element, the core inflation rate was in line with market forecasts. Headline inflation, including energy costs, rose 0.4 per cent, boosted by a 4.9 per cent increase in petrol prices. There was some evidence higher energy prices were being passed on, with air fares rising 2.6 per cent over the month.

Mickey Levy, chief economist at Bank of America, said: "There has been a clear upward drift in inflation and it is going to continue through year-end. The Fed would definitely like to pause but I don't think it will be able to."

Inflation Spreads Beyond Energy (USAT)

By Barbara Hagenbaugh

USA Today, June 15, 2006

Prices outpace workers' wages

WASHINGTON — Consumer inflation jumped again in May as higher prices for gasoline, housing and other items pushed up costs at a faster pace than workers' pay, the government said Wednesday.

"Inflation was uncomfortably high pretty much across the board," says Allen Sinai, president of Decision Economics, a consulting group.

Consumer prices rose 0.4% in May following a 0.6% gain in April, the Labor Department said. Excluding the often volatile food and energy sectors, the "core" index, considered a better gauge of inflation trends, rose 0.3% in May for the third consecutive month.

In addition to gasoline, prices rose for clothing, medical care, used cars, food, housing and education. Prices were down for just a handful of items, including personal computers and cigarettes.

The gains in May are just the latest this year. In the first five months, the consumer price index rose at a 5.2% seasonally adjusted annual rate, up from a 3.4% gain in 2005. From January to May, the core index rose at a 3.1% rate after increasing 2.2% last year.

Wages have not kept up with price gains. Adjusted for inflation, average weekly earnings for hourly workers fell 0.7% in May, the biggest decline since September.

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The price increases in May strengthened predictions that Federal Reserve policymakers, many of whom have recently expressed concerns about inflation, will continue to raise interest rates to curb borrowing and spending, thus putting a damper on price increases. Chairman Ben Bernanke last week said inflation had risen to an “unwelcome” level.

Fed officials are likely to raise interest rates by a quarter percentage point when they meet June 28-29. That would bring the Fed's target for short-term rates, which influence borrowing costs economywide, to 5.25%. That would be the highest in 51/2 years, although still below the 6.5% peak hit in the last rate-increase cycle in 2000.

Still, many economists, including those at JPMorgan Chase, Moody's Economy .com and Putnam, said inflationary pressures aren't as bad as they appear and there's a risk the Fed could overreact.

The CPI measures housing prices based on how much consumers would pay to rent their homes. But rents are increasing rapidly while home sales and prices are slowing, leading to a possible distortion in the numbers. Changes in utilities prices could also be skewing the data, economists say.

“The inflation story is probably being blown out of proportion,” Wachovia senior economist Mark Vitner says.

Investors took a similar view, focusing on stock upgrades by investment banks. The Dow Jones industrial average ended a recent losing streak, jumping 111 points to 10,817.

Strong competition is continuing to make it hard for retailers to increase prices, the Fed said in an anecdotal report out Wednesday. That suggests inflation pressures at the consumer level are not increasing rapidly.

The report also found signs of moderation in economic growth in parts of the USA. A number of economists expect that such slowing from the rapid pace seen earlier in the year will ease inflation pressures later in 2006. “I don't think the outlook is all that scary,” Briefing.com chief economist Timothy Rogers says.

Uptick In Inflation Gnaws At Economy (LAT)

By Joel Havemann And Jesus Sanchez

The Los Angeles Times, June 15, 2006

A key indicator of inflation rose for the third consecutive month in May, the government said today, a report that analysts said will likely put pressure on the Federal Reserve to continue hiking interest rates.

The Labor Department announced that the Consumer Price Index rose a seasonally adjusted 0.4% from April because energy prices continued to surge.

What troubled many economists, however, was a larger than expected 0.3% gain in the core index, which strips out volatile energy and food costs. About half of the increase was related to higher housing costs, according to the Labor Department.

Economist Joshua Shapiro said the results from May's CPI report "guarantees" that Federal Reserve policymakers will bump the nation's benchmark short-term interest rate by a quarter point when they meet June 29. Last month, the Fed, headed by its new chairman, Ben S. Bernanke, approved the 16th quarter-point increase in the federal funds rate to 5%.

"Language in the policy statement will leave the door open for further action down the road," Shapiro said in a research note.

In Washington, President Bush today took credit for strong economic growth and said it was up to the Fed to keep inflation in check.

Asked at a news conference about the economy and other recent signs of a rebound in inflation, Bush said, "That's Ben Bernanke's job."

Bush said the tax cuts enacted in his first term were responsible for what he called a solid economy with strong growth in employment and productivity. Most of those tax cuts are scheduled to end in 2010 and 2011, and Bush urged Congress to make them permanent.

"Pro-growth economic policies work," he said.

The CPI report did not prove very troubling to Wall Street investors, who saw strong gains after a string of declines. The Dow Jones industrial average shot up 110.78 points, or more than 1%, to close at 10,816.92.

Reports Intensify Pressure On Fed To Boost Rates (WSJ)

By Greg Ip And Christopher Conkey

The Wall Street Journal, June 15, 2006

The third month of faster-than-expected price increases raised pressure on the Federal Reserve to back up its tough rhetoric on inflation with higher interest rates, despite more signs the economy is cooling.

Two reports yesterday underscored the dilemma facing central-bank policy makers. The economy appears to be slowing due to higher energy prices and the impact of the cumulative four-percentage-point increase in short-term rates. A slowing

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economy would normally encourage the Fed to place its interest-rate increases on hold and perhaps eventually cut rates, but the slowing occurs as inflation edges above the zone where most Fed officials are comfortable.

That isn't unusual: typically after the Fed raises rates, the economy, with a lag, slows, and with an additional lag, that weaker economy alleviates inflation pressure. In recent weeks, however, a stream of tough anti-inflation rhetoric from Fed officials coupled with yesterday's price report have convinced markets that short-term interest rates will be raised to 5.25% from 5% at the June 28-29 meeting. Moreover, futures markets now see a roughly 50% probability that the Fed will raise rates again to 5.5% at its Aug. 8 meeting.

Consumer prices rose 0.4% in May from April, the Labor Department said yesterday, and were up 4.2% from a year earlier. More ominously, "core" prices, which exclude volatile food and energy, rose 0.3% in May, the third consecutive increase of that magnitude, and were up 2.4% from a year earlier. That's the highest rate of core inflation in more than a year.

At the same time, the Fed released a report that found economic activity has softened in recent weeks. "Economic activity continued to expand from mid-April to early June, but there were some signs of deceleration," the Fed's "beige book" said.

The beige book, a roundup of anecdotes on business conditions from the Fed's 12 districts, said consumer spending growth "had slowed" and "residential real-estate markets continued to cool across the country....Some districts mentioned that sales were slowing or weaker than anticipated at discount stores or to lower-income customers," perhaps because of higher gasoline prices.

By raising rates later this month, the Fed may dispel doubts about its anti-inflation resolve. But "rate increases heighten the chance the Fed will overshoot the target and prompt greater slowing than necessary to curb inflation," Société Générale SA economist Stephen Gallagher warned in a research note. World stock markets have swooned in recent weeks in part over that concern, although yesterday they were mostly higher. The Dow Jones Industrial Average rose 110.78 points to 10816.92. (See related article4.)

Tom Gallagher, a Fed watcher at investment firm ISI Group, said a rate increase may also feed the incorrect impression that the Fed is targeting current inflation, rather than where inflation will be in six to 12 months. Economists say inflation is a lagging indicator of the impact of monetary policy.

Until early May, Fed officials had indicated an inclination to pause in their rate increases at their late June meeting to assess the impact of prior increases. But the rise in inflation and signs that the public's expectations of inflation were edging up prompted a shift in rhetoric.

Last week, Fed Chairman Ben Bernanke said the recent rise in inflation had been "unwelcome" and a parade of other officials echoed that sentiment. Federal Reserve Bank of Dallas President Richard Fisher yesterday called the recent rise in inflation and expectations "discomforting" and "unacceptable." Earlier this week, Sandra Pianalto, president of the Federal Reserve Bank of Cleveland, said, "The recent news on inflation troubles me," but at 5%, rates are "near a point that is consistent with a gradual improvement in the inflation outlook."

The Fed may conclude it would rather risk more slowing in the economy than allowing the recent rise in inflation to become entrenched. If so, yesterday's reports may have made a decision to raise rates later this month easier, though still unpleasant. Lou Crandall, an economist at Wrightson Associates, a financial-research firm, said Mr. Bernanke may have painted himself into a corner with his hawkish rhetoric, but given the latest inflation number, "it turns out to be a corner they want to be in anyway."

The biggest contributor to the latest rise in inflation is shelter, whose 0.4% rise accounted for more than half of May's overall price rise. The category includes hotels, tenants' rents and the "owners' equivalent rent," a measure of how much homeowners would pay to rent their own homes. The equivalent rent, the biggest component of shelter prices, was up 0.6% in May following gains of 0.4% in April and March.

Because owners' equivalent rent is more closely linked to tenants' rents than housing prices, some analysts argue recent inflation has been overstated because rents are picking up even as house appreciation slows. Another factor is that the Bureau of Labor Statistics subtracts an estimate of gas utility costs from tenant rents in calculating owners' equivalent rent, with the result that when natural-gas prices are declining, as they have recently, it can put upward pressure on owners' equivalent rent.

The second big contributor to inflation is energy, which rose 2.4% last month following a 3.9% gain in April. The run-up in oil and gas prices earlier this spring appears to be affecting consumers in many places besides the pumps. NY Waterway, which operates commuter ferries to New York City, recently raised fares to compensate for the increase in marine diesel over the past year. A one-way ticket from Weehawken, N.J., to Manhattan rose to $9 from $7.75, while a monthly pass rose to $280 from $257.

Similarly, major airlines have increased fares several times already this year. Overall, transportation costs as measured by the CPI rose 1.5% in May following a 2.4% jump in April. Gasoline was up 33% from last year.

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On the other hand, the beige book found little evidence that higher energy and material costs are leaking more broadly into the economy. Half of manufacturers surveyed in New England "have raised their selling prices in recent months or plan to do so shortly" due to rising commodity costs yet there were "few reports" that such increases were broadly reaching the retail level.

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Inflation Mounted Swiftly In May (WP)

By Nell Henderson

The Washington Post, June 15, 2006

Price Increases Outstrip Wages As Gas Takes Toll

Consumer prices rose briskly again in May, led by rising costs for gasoline and housing, the Labor Department reported yesterday, boosting the likelihood that the Federal Reserve will keep raising rates to restrain inflation.

With many motorists paying more than $3 a gallon for gasoline, landlords hiking rents and businesses passing on more of their rising energy and materials costs to shoppers, the department's consumer price index rose 0.4 percent last month after a 0.6 percent increase the month before.

Inflation is eroding consumers' purchasing power, as prices rise faster than most workers' wages, the department said in another report. After adjusting for inflation, average weekly earnings declined 0.7 percent last month and bought 0.2 percent less than in May last year.

"Inflation is definitely on the rise . . . and it will be troubling for many consumers, particularly those at the lower end of the income scale," said Richard Yamarone, director of research for Argus Research Corp., a financial analysis firm. Even so, he added, "inflation is not at a level that is going to cripple the economy, and it appears the Fed is on top of things and will indeed combat these mounting pressures."

Stock markets rose yesterday after sinking for weeks on concerns about inflation and tightening credit. "There's a pause in the panic," said Bank of America market strategist Joseph Quinlan. "Some brave souls are stepping back into the market to buy" blue-chip stocks and other companies they consider to be safe investments.

The Dow Jones industrial average of 30 of the largest companies gained 1.03 percent. The Standard and Poor's 500-stock and the Nasdaq composite index each rose less than 1 percent.

Stocks in Europe, Japan and other developed economies also jumped for the first time in more than a week, though some in less-developed emerging markets continued to fall. "We think we will see a slowdown of this sell-off and a bit of consolidation . . . but the equity markets are still going to be quite nervous for a while," said Anton Pil, head of global fixed-income trading for JPMorgan Private Bank.

Analysts widely predict the Fed will raise its key short-term interest rate to 5.25 percent from 5 percent at their meeting in two weeks, for a 17th consecutive increase.

If inflation pressures ease in coming months, Fed policymakers might leave the rate unchanged for a while at 5.25 percent. But if not, they could raise it to 5.5 percent at their meeting in August.

Fed officials think that the recent spurt of inflation will probably prove to be temporary and that price pressures will be dampened as the economy loses steam. But they are not sure of this forecast and worry that inflation might be more persistent given the economy's underlying strength, low unemployment and higher-than-expected oil prices.

The Fed's latest survey of regional economic conditions, also released yesterday, found that "high energy costs were fueling price increases in manufacturing and, to a much lesser extent, retail" from mid-April through early June. "Reports of costs being passed forward varied considerably but were more prevalent" than in the previous survey.

The CPI has risen at a 5.2 percent annual rate this year, after adjusting for seasonal variations, a much hotter pace than the 3.4 percent increase recorded for all of last year.

More than half of the May CPI increase reflected higher rents and hotel and motel rates. Rents have been rising as the housing market cools, vacancy rates fall and many landlords boost their prices to cover higher energy bills and property taxes. Lodging companies are raising room rates, and airlines are increasing fares as demand strengthens.

The CPI also got a boost from energy prices, which rose 2.4 percent in May, and were up at a 30.8 percent annual rate in the first five months of the year.

Gasoline prices, in particular, rose 4.9 percent last month, to a level higher than the previous peak in September after Hurricane Katrina battered Gulf Coast refineries and pipelines, the department said.

Prices also rose broadly last month in other categories, as consumers paid more for food, clothing, medical care, education, furnishings, used cars and trucks, and tickets to shows and sporting events.

The May price increases more than offset falling prices for electricity, natural gas, new vehicles, toys, video and audio goods, sporting goods, telephone services, computers and equipment.

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Many economists look for signs of whether high energy costs are seeping into other prices by studying so-called core inflation measures, which exclude food and energy items. The core CPI rose 0.3 percent last month, the third consecutive monthly increase at that rate -- and a troubling trend for financial markets and the Fed.

The string of recent core inflation readings "provides a strong signal that producers are gaining some leverage in passing higher energy and materials costs through to consumers," wrote Kenneth Beauchemin, U.S. economist for Global Insight Inc., in an analysis of the report.

Core inflation has risen at a 3.8 percent annual rate over the past three months and at a 2.9 percent pace over the past six months -- exceeding the comparable April figures Fed Chairman Ben S. Bernanke cited last week as "unwelcome."

Bernanke vowed then that the Fed would not allow the recent uptick in core inflation to continue, sending a strong signal to financial markets that interest rates are headed higher.

While Fed officials often focus on core inflation, they also worry that trends in overall inflation affect consumers' and businesses' expectations of future inflation, which can be self-fulfilling. Before Bernanke's speech, both consumer surveys and the bond market indicated a small rise in inflation expectations, which rattled the central bank.

"Expectations can quickly become reality," Richard W. Fisher, president of the Federal Reserve Bank of Dallas, said in a speech yesterday. "We can ill afford to somehow encourage expectations that inflation might gain momentum."

Led By Higher Rents, Prices Continue To Climb (NYT)

By Jeremy W. Peters

The New York Times, June 15, 2006

Prices at the retail level continued to climb in May, led by rising fuel costs and rents.

The government reported today that the so-called core rate of the Consumer Price Index, a closely watched measure of prices excluding the volatile food and energy categories, rose a slightly higher than expected 0.3 percent, reaffirming the belief among many economists and investors that the Federal Reserve will raise interest rates again later this month.

The price data came as a Fed official said in a speech today that recent inflationary pressures have been "corrosive."

The Labor Department said that overall consumer prices rose 0.4 percent in May, a slight deceleration from April's 0.6 percent increase. But compared with last May, prices have jumped 4.2 percent, the government said. That is considerably higher than the 3.9 percent increase economists forecast. The core rate, meanwhile, rose at an annual pace of 2.4 percent in May, up from a 2.3 percent pace in April.

The cost of housing accounted for more than half of the 0.3 increase in the core rate from April to May, the Labor Department said.

Investors, wary that another interest rate increase by the Federal Reserve could slow down economic growth, have pushed stock prices lower worldwide recently.

The stock market appeared to shrug off the news, with the leading market indexes closing higher for the day. But bond prices fell sharply, as the data on prices gave traders more reason to expect interest rates to increase.

Some economists said today's report on consumer prices not only reaffirmed that the Fed would raise interest rates for the 17th straight time when it meets on June 28 and 29, but it raised the likelihood of yet another increase at the Fed's meeting in August.

"With the core rate of inflation coming in even higher than April, not only does this remove any lingering doubt," about a rate increase, said Rob Carnell, an economist with the financial services company ING, "but it does raise a serious possibility of an August hike as well."

Ian Shepherdson, chief United States economist for High Frequency Economics, said: "A June 29 hike is a done deal. We just hope sense will prevail in August."

In Europe, stocks declined right after the Labor Department report was released, but they cut their losses toward the end of the trading day there. In Asia, leading indexes finished higher after one of their worst trading days in years on Tuesday.

The government report about rising prices came as Richard Fisher, the president of the Federal Reserve Bank of Dallas, said in a speech that it was his duty to be "relentlessly bird-dogging" inflation. His were the latest comments from a growing number of Fed officials who are vowing publicly to combat inflation.

Also today, the Federal Reserve issued its quarterly economic overview, known as the beige book, which said the American economy continued to expand from mid-April to June but showed "some signs of deceleration." The report said the labor market continued to contract while consumer spending tightened.

Neither the Mr. Fisher's remarks nor the Fed report had an obvious impact on the financial markets this afternoon.

Prices Rise, And Interest Rates Sure To Follow (CSM)

DOJ_NMG_0034500

By Ron Scherer

The Christian Science Monitor, June 15, 2006

It could be a summer of rising interest rates.

That's the sobering prospect for the US economy following news that the inflation rate is running at a quickening pace. Higher prices for such things as airline tickets, housing, healthcare - and of course, gasoline - are now starting to eat into consumer pocketbooks.

Wednesday, the Labor Department reported the May Consumer Price Index (CPI) rose 0.4 percent, after a 0.6 percent rise in April. This is well above the comfort level of the Federal Reserve, the nation's chief inflation-fighter.

The latest numbers just about guarantee the Fed will hike interest rates at the end of the month. Its new chairman, Ben Bernanke, an avowed inflation-fighter, may follow that with yet another increase in August.

The inflation pop, however, comes at a time when the economy may be starting to cool. This could keep the Fed from hitting the brakes too hard.

"The Fed is going to have to raise rates more out of a desire to keep the market from thinking the new sheriff in town is not serious about fighting inflation," says Anthony Chan, chief economist at JP Morgan Private Client Services in Columbus, Ohio. "Prices are rising against a backdrop of weakening housing and other parts of the economy."

Economists are most concerned that rising prices seem to have moved beyond the energy sector. Removing food and energy - typically the most volatile prices - from the inflation rate indicates that "core" prices in May rose 0.3 percent. Over the past three months, the core rate of inflation is up to an annual rate of 3.8 percent, the fastest pace in more than a decade.

"We're seeing a near-term acceleration in the core rate," says Gregory Miller, chief economist at Suntrust Banks in Atlanta. "An increase of half a percentage point at the next Fed meeting is a strong possibility before the Fed decides to back away."

However, Mr. Chan reports that such a large rate hike is not likely. In the past, Mr. Bernanke has said previously, the Fed has tended to "overshoot" by raising rates too high or dropping them too low. The central bank would then have to change directions, confusing the markets.

"I don't think Bernanke is going to put in a strong case for a half a percentage point increase," Chan says.

Though the inflation rate is accelerating, the economy has changed considerably since the last major period of inflation in the 1970s, Chan says. Back then, whenever the consumer price index rose, wages automatically ticked up via "cost of living adjustments." Most of those arrangements are now gone, he says, particularly at manufacturing facilities, like General Motors Corp., where total remuneration is being cut, not raised.

"A slowing economy will eventually lead to diminished pricing pressures," Chan says.

Until that happens, consumers are starting to feel the effects of rising prices on their pocketbooks. For example, airfares rose 2.6 percent in May, according to the CPI report. Brian Hoyt, a spokesman for Orbitz.com, says airline ticket prices this summer are up 10 percent over last year's.

Amy Kelley of Calverton, N.Y., can attest to this. She's been searching for less expensive tickets for a vacation to Seattle. "I can't find the bargains I used to," she says.

While the higher airline prices are related to the rising cost of jet fuel, the CPI also points to rising medical expenses, which were up 0.3 percent in May.

In Philadelphia, Warren West, president of Greentree Brokerage Services, says the cost of providing medical benefits to his employees rose 16 percent this year. "There is no way to pass this on to the end user. We don't have that kind of pricing power," he says.

In fact, inflation in services is a growing issue, says economist Robert Brusca of Fact and Opinion Economics in New York.

"The last two months there has been service-sector wage pressure," Mr. Brusca says, pointing out that two-thirds of the jobs in the economy are service-related.

"Inflation pressure on goods is not that bad, but in services they seem to be building."

Part of the reason for the service-sector price increases is supply and demand, says Sandy Horwitz, an accountant in Coral Gables, Fla. His firm, Goldstein Schechter Price Lucas Horwitz & Co., has raised its billing rates 5 to 7 percent this year, he estimates.

"There is a shortage of accountants and pretty strong demand out there, so we need to meet people's salary requirements," he says.

Miami lawyer Matthew Krieger says demand for his legal specialty, immigration law, is so strong he has been able to increase his billing rates from 10 to 20 percent this year.

"There is a shortage of good attorneys in our area," he says. "It's a very complex area of the law."

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In terms of prices, "rents" is one of the fastest ascending groups. The government calculates rents by determining what individuals would pay for housing if they were renting to themselves. Last month, rents rose 0.6 percent, the fastest pace in years. Since housing represents 25 percent of the CPI, it is a significant contributor to the overall inflation jump.

In Miami, landlord David Lombardy says tenants are now seeing rents climb - up about 30 percent in the past year, he estimates. A one-bedroom apartment at the Mirador on South Beach is now renting for $1,400 a month, up from $1,000 a month last year, he says.

Still, Mr. Lombardy expects rents to drop eventually due to the rising number of luxury condominiums coming on the market.

"All those people who bought on speculation will try to flip them, and when they can't do that they will try to rent them. So this will bring rents down in 12 to 18 months," he says.

Housing, Energy Costs Boost Inflation (WT)

By Patrice Hill

The Washington Times, June 15, 2006

Higher housing and energy costs drove inflation to a 5.7 percent rate in the past three months, the highest in a decade, sealing expectations yesterday that the Federal Reserve will raise interest rates further this summer and add to the costs weighing on consumers.

Yesterday's consumer price report from the Labor Department raised red flags at the central bank, where officials express dismay at the underlying, or "core," rate of inflation, which accelerated to 3.8 percent last month in the biggest increase since 1995. The core rate is dominated by housing costs and, though it excludes the skyrocketing gas and electricity costs consumers pay directly, it reflects moves by businesses to pass those costs on to consumers.

"That is just too corrosive to be accepted by a virtuous central banker," the president of the Fed's Dallas reserve bank, Richard Fisher, said in a speech in Texas. The Fed must be "relentlessly bird-dogging inflation to prevent a debasement of your dollars."

The uptick in inflation this year has raised consumers' expectations of price increases to 3.2 percent a year -- a rate that would erode the purchasing power of a dollar to as little as 73 cents in a decade, he said.

"To me, this is more than discomforting. It is unacceptable," he said, adding that the Fed should no longer adhere to its practice under former Chairman Alan Greenspan of mostly ignoring volatile spikes in energy and food prices. "People have to eat, drive and air-condition their homes," he said.

The Fed's redoubled attention to energy and housing-driven inflation, as measured by the Consumer Price Index, has heightened the importance and effect of inflation reports on the financial markets and economy. Yesterday's bad inflation news was widely anticipated, however, and markets took it in stride, rallying after a series of tumbles in stock indexes around the world.

The Dow Jones Industrial Average yesterday added 111 points, recouping some of the 540-point loss it suffered in the past week since Fed Chairman Ben S. Bernanke inspired fears that the central bank would take the hammer to any increase in inflation. The move to 10,817 put the Dow back in positive territory for the year.

Some analysts say the Fed's focus on housing and energy costs is ironic, and perhaps unwise, because the central bank has little control over either and its campaign to raise interest rates will add to the higher housing costs consumers have to bear.

About half of new home purchases in recent years were financed through adjustable-rate loans that will be adjusted sharply higher as a result of the Fed's actions in the months ahead. Homeowners with fixed-rate mortgages do not face sharp increases unless they sell or refinance their homes.

Previous Fed moves to raise short-term rates by 4 percentage points since June 2004 already have contributed to a slowdown in the housing market and are pushing more people to rent rather than seek homeownership. The rush into rentals is driving up rent prices and is the principal force driving up the core rate of inflation, analysts say.

A critical component of the price index designed to track the cost of homeownership for the 69 percent of Americans who own homes actually measures what it would cost to rent the single-family homes they own. That rental index jumped by 0.6 percent last month, the most since 1990.

The Fed is in a "true dilemma" because "the origins of higher consumer prices are currently beyond their scope" and cannot be cured with higher rates, said Roger M. Kubarych, chief economist at HVB Group.

"Higher rates would speed up the slowdown of the housing boom and put further pressure on rents" and housing inflation, he said.

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While Fed officials from Mr. Bernanke on down have left little doubt they are bent on raising rates, that is "no longer appropriate for the weakening economy," Mr. Kubarych said. "Overdoing the tightening bears the risk of a recession -- which ultimately would lower rents and [inflation] -- a costly approach."

Other analysts support the Fed's war against inflation.

"The chairman has rediscovered his monetary manhood and is doing the right thing," said Lawrence Kudlow of Kudlow & Co. "Price stability is the key to economic growth."

President Bush expressed confidence that Mr. Bernanke and other Fed governors he appointed will get inflation under control.

"Obviously, the Fed is watching the signals for inflation very carefully," he said at a press conference. "That's Ben Bernanke's job."

Mickey Levy, chief economist at Bank of America Corp., said the Fed has little choice but to raise rates when faced with yesterday's inflation numbers, which included a 35 percent leap in energy costs, 20.9 percent surge in transportation costs, 7.3 percent jump in clothing costs and 4.5 percent rise in health care costs over the past three months.

"It's not that the Fed is losing its grip, but it will have to hike rates to maintain its inflation-fighting credibility," he said. "I believe the Fed would like to pause, but I think a continued upward drift in core inflation numbers will not allow them to."

Consumer Spending Drops Sharply In May (WP)

By Martin Crutsinger

The Washington Post, June 15, 2006

If Not for Higher Energy Costs, Retail Sales Would Have Been in Negative Territory

Consumers cut back sharply on their spending in May, providing further evidence that the economy is slowing, but it is still an open question whether the slowdown is coming soon enough to keep inflation under control.

The Labor Department reported yesterday that wholesale prices rose by 0.2 percent in May, a big drop from the past two months. But core inflation, excluding food and energy, increased 0.3 percent, faster than analysts had expected.

The Commerce Department reported that retail sales edged up only 0.1 percent last month and would have been in negative territory had it not been for a big rise in the price of gasoline.

Inflation worries and signs of a weakening economy meant another bad day on Wall Street. The Dow Jones industrial average fell 86.44 points to close at 10,706.14, erasing the last of its gains for this year.

Fears that higher inflation will trigger further interest rate increases from the Federal Reserve and contribute to a sharper U.S. economic slowdown are not only depressing U.S. investors but have contributed to a global stock sell-off in recent days.

Without the higher payout at gas stations, retail sales would have fallen 0.1 percent last month. The declines were widespread, with sales falling at auto dealerships, furniture stores and hardware stores. Sales at department stores and specialty clothing stores posted modest increases.

Analysts said consumers, who have been the driving force in the four-year-old economic expansion, are beginning to flag in their shopping zeal under an array of adverse forces.

"With employment growth slowing, interest rates rising, stock prices falling, housing markets cooling and energy prices still elevated, there is much weighing on the minds of consumers," said Michael Gregory, an economist at BMO Nesbitt Burns, a Toronto investment bank.

Consumer spending, which accounts for two-thirds of total economic activity, helped the economy grow 5.3 percent in the first three months of the year. Analysts think economic growth will slow to around 3 percent in the current quarter, reflecting a weaker consumer sector.

"The persistence of high gasoline prices coupled with lower equity prices and badly bruised consumer sentiment will effectively take the wind out of the sales of real consumer spending in the second quarter," said Brian Bethune, U.S. economist at Global Insight Inc., a private forecasting firm.

The tiny 0.1 percent rise in May retail sales was held back by a 1.6 percent drop in auto sales, weakness that has caused automakers to bring back incentive offers this month.

The small 0.2 percent increase in wholesale inflation was the best performance since a 1.3 percent drop in February. Food prices actually fell by 0.5 percent, and energy costs, which had jumped by 4 percent in April, slowed to a much smaller 0.4 percent rise in May.

But outside food and energy, price pressures mounted, with the 0.3 percent increase in core inflation coming after two moderate gains of 0.1 percent in March and April.

While this could raise concerns at the Federal Reserve, analysts said the more important inflation figure will be consumer prices for May, which are to be released today.

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In advance of that report, economists were looking for overall prices to be up 0.4 percent, a slower pace than the 0.6 percent jump in April, and core consumer prices to show a modest 0.2 percent increase, down from a 0.3 percent rise in April.

Federal Reserve Chairman Ben S. Bernanke contributed to a 199-point drop in the Dow on June 5 when he called recent increases in inflation "unwelcome" developments, sending a signal that the central bank could boost rates for a 17th time at its June 28-29 meeting.

Dow Ditches Doldrums With Big Bounce (USAT)

By Adam Shell

USA Today, June 15, 2006

NEW YORK — The bleeding on Wall Street subsided Wednesday — at least for a day — with the Dow bouncing back more than 100 points and the Nasdaq composite breaking its eight-session losing streak.

The gains came despite a bigger-than-expected rise in consumer prices in May. Investors have been monitoring inflation data for any signs of an increase, since rising prices are likely to make it more difficult for the Federal Reserve to stop raising short-term interest rates.

The core consumer price index rose 0.3% in May, slightly higher than expected (story, 1A). However, investors shrugged off the news, since it merely confirmed earlier data, says Andy Brooks, head trader at T. Rowe Price.

“The market has sold off considerably in recent weeks, and a lot of the negative news on inflation was already priced into prices,” says Todd Leone, head of listed trading at SG Cowen. He added that it was important that the market held its big gains rather than selling off at the close.

Led by a 6.5% gain in aerospace giant Boeing, the Dow Jones industrial average gained 110.78 points, or 1.0%, to 10,816.92, which pushed it back into the black for 2006. Tuesday, the Dow closed with a year-to-date deficit for the first time since late January. The Nasdaq composite ended its eight-session skid, rising 13.53 points, or 0.7% to 2086.00. The Standard & Poor's 500 index added 6.35 points, or 0.5%, to 1230.04.

Still, it's too early to say stocks have bottomed out, adds Brooks, although he says the sell-off in the past few weeks has created some buying opportunities. Investors who “pick through the ruins might pick up some values,” he says.

The rally might have reflected belief that the worst of the stock market's slide is behind it, Goldman Sachs' chief U.S. investment strategist Abby Joseph Cohen said Wednesday.

Bank stocks fell amid worries that inflation will drive short-term interest rates higher and crimp bank profits. Bank of America lost 43 cents to $46.64, Citigroup sank 41 cents to $47.80, and JPMorgan Chase eased 56 cents to $39.97.

·Union Pacific rallied $1.08 to $87.59. The nation's largest railroad said mild weather helped it haul a record amount of coal during the first five months of this year.

Dow Back In Positive Territory For Year (WP/AP)

By Associated Press

The Washington Post, June 15, 2006

NEW YORK, June 14 -- Stocks rebounded Wednesday, pulling Wall Street out of a two-week decline that had wiped out the year's gains in every major indicator.

The Dow Jones industrial average rose 110.78, or 1 percent, to 10,816.92. The Standard & Poor's 500-stock index rose 6.35, or 0.5 percent, to 1230.04, and the Nasdaq composite index rose 13.53, or 0.7 percent, to 2086. Wednesday gains put the Dow back into positive territory for the year, but the S&P 500 and the Nasdaq remain lower.

Stocks gained momentum in late afternoon trading after a largely lackluster session marked by mixed reactions to the Commerce Department's consumer price index inflation data. Consumer-level inflation grew in May at an annual rate of 2.4 percent, making another Federal Reserve rate hike a near certainty and putting an end to traders' fretting about the possibility.

The Wall Street adage "sell on the rumor, buy on the fact" held for most of the session. While broad indicators turned negative for part of the afternoon, they saw nothing like the dramatic sell-offs of previous sessions.

Bonds fell, with the yield on the 10-year Treasury note rising to 5.06 percent from 4.97 percent late Tuesday. The U.S. dollar was down against most major currencies. Gold prices also fell, closing at $562.30 a troy ounce, far below their recent highs above $700.Movers

Boeing rose $5.03, to $82.01, after Singapore Airlines said it would buy 20 Boeing 787-9 aircraft for $4.52 billion, hours after it expressed unhappiness about delays in Airbus's delivery of its A380 superjumbo.

Bayer AG rose $3.07, to $41.28, following an agreement that could clear the way for Bayer to take over Schering.

Schering rose $2.54, to $111.55.

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Tribune rose 89 cents, to $31.94, after the media company's second-largest shareholder called for a breakup of the company.

Taser International rose 55 cents, to $8.02, after Chairman Phillips W. Smith bought $762,000 worth of the stun-gun maker's stock.Indexes

New York Stock Exchange composite index rose 60.55, to 7780.33.

American Stock Exchange index rose 3.54, to 1814.11.

Russell 2000 index of smaller-company stocks rose 4.37, to 677.09.Volume

NYSE: 2.82 billion shares, down from 3.31 billion. Advancers outnumbered decliners 10 to 9.

Nasdaq: 2.12 billion shares, down from 2.54 billion. Advancers outnumbered decliners 9 to 8.Commodities

Crude oil for July delivery: $69.14, up 58 cents.

Gold for current delivery: $562.30 a troy ounce, down from $562.50 on Tuesday.

Economy Expands, But Signs Show Slowing Growth (USAT)

USA Today, June 15, 2006

WASHINGTON — The U.S. economy expanded from mid-April to early June, amid warning signs of slower growth and rising costs, the Federal Reserve said Wednesday.

In its beige book, an anecdotal look at conditions named for the color of its cover, central bank economists noted that growth in economic activity slowed in four of the 12 Fed districts — Atlanta, Kansas City, Richmond and San Francisco. New York businesses were growing concerned about the outlook. Philadelphia firms were more optimistic.

In further evidence the record housing market is declining, 10 Fed districts reported slower existing home sales. Commercial real estate was surging, however, to the point that officials in the Boston, Chicago and Dallas districts warned of possible overinvestment in the sector. Consumer spending grew, but less quickly. Employers had trouble finding skilled workers, but wage pressures were generally mild.

Manufacturers were pinched by high materials and energy prices. Still, only four Fed districts said manufacturers had been able to raise selling prices, and just three districts said retailers had done so.

Fed Chairman Ben Bernanke and his colleagues will consider the beige book, along with other data including Wednesday's report that consumer inflation rose at a brisk clip in May (story, 1A), as they debate interest rate policy. Economists expect the Fed to raise rates a quarter point to 5.25% at its June 28-29 meeting. USA TODAY economics reporters Sue Kirchhoff and Barbara Hagenbaugh looked at the report.

Maine, Massachusetts, New Hampshire, Rhode Island, Vermont, most of Connecticut. The economy expanded, with the software and information technology sector citing higher revenues. Tourism was brisk in the Boston area, reaching some of the highest levels since 1999-2000. Commercial real estate improved: Downtown Boston's vacancy rate fell to 10%. About half of manufacturers contacted said they had raised selling prices or plan to do so.

New York, northern New Jersey, Fairfield County, Conn. Expansion was moderate, with businesses reporting “increasingly widespread cost pressures.” Broadway attendance rose. New Jersey home builders lowered sales projections, and some let their options for new projects expire. Manhattan's rental market is picking up, though there is a rising supply of condos for sale. Construction employment is softening. Office markets were steady to better. Bankers see across-the-board weakening in loan demand.

Delaware, southern New Jersey, eastern Pennsylvania. Conditions improved. The job market was good, and manufacturing expanded, though not as quickly as in previous months. Auto dealers expect sluggish sales through the end of 2006. Bank lending was good. Sales of homes in resort areas have dropped sharply. Manufacturers noted shortages and delays in delivery for metals, wood products and electronic components. College job recruiting was up over 2005.

Ohio, eastern Kentucky, western Pennsylvania, northern West Virginia. Most manufacturers had steady to increasing output, though activity at auto plants was notably below 2005. Commercial construction was up. About half the construction and manufacturing contacts were trying to recoup some of their higher costs. Firms were more successful in passing price increases on to smaller firms than larger customers. About a quarter of home builders raised prices to make up for higher materials costs, but a larger share sweetened sales incentives.

Maryland, Virginia, North Carolina, South Carolina, southern West Virginia, District of Columbia. Activity expanded more slowly, as a decline in housing sales was joined by “some downshifting” in manufacturing and retail. A regional hardware and building supply chain got a boost as consumers bought generators and other products ahead of the coming hurricane season. Realtors said prices were holding steady, even though softening in home sales was more widespread.

Alabama, Florida, Georgia, eastern Tennessee, southern Louisiana, southern Mississippi. Activity was mixed. Some cruise lines offered discounts on late-summer cruises in the Caribbean, due to hurricane worries. Florida's tony resorts did booming

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business. Residential construction remained steady, though Florida condo sales weakened. A growing number of South Florida firms were having trouble finding workers, due to high housing costs.

Iowa, northern Indiana, northern Illinois, southern Michigan, southern Wisconsin. Consumer spending increased "modestly," as demand for clothing, lawn and garden items and electronics rose. Business travel to Chicago was up, in part because of strong convention activity. Firms reported a small net gain in hiring, and manufacturers said they were holding job fairs to find skilled workers for the first time in years. The housing market continued to slow. A few retailers said they were able to increase prices, but most said strong competition was making that difficult.

Arkansas, southern Illinois, southern Indiana, western Kentucky, northern Mississippi, eastern Missouri, western Tennessee. Car dealers in the district reported sales declines, and more than half said their inventories were too high, primarily for new cars. Manufacturers said they were concerned about increasing transportation costs. Contacts in the freight transportation, warehousing and utilities industries said they planned to expand operations in the region.

Minnesota, Montana, North Dakota, South Dakota, upper Michigan, northern Wisconsin. The area economy "grew at a steady pace" marked by gains in consumer spending and tourism. The housing market continued to cool, with new listings in Minneapolis-St. Paul up 18% from a year ago, while pending sales were down 21%. Ethanol plants were springing up across the region. Wages increased slightly.

Colorado, Kansas, Nebraska, Oklahoma, Wyoming, western Missouri, northern New Mexico. The job market continued to strengthen, and "wage pressures increased somewhat." Engineers, auto technicians, nurses, oil and gas workers and skilled manufacturing workers were reported to be in short supply. Drought conditions got worse. The winter wheat crop in some parts of the region was expected to be half that of last year.

Texas, northern Louisiana, southern New Mexico. Retailers reported mixed results. Sales were weakest at stores geared toward lower-income consumers, in part because of higher gas prices. Demand for lower-priced homes in the region also declined because of higher interest rates, rising energy prices and tighter lending standards. But housing activity continued to be "solid at very high levels." The job market continued to tighten as firms in both the manufacturing and services sectors were hiring.

Alaska, Arizona, California, Hawaii, Idaho, Nevada, Oregon, Utah, Washington. Travel and tourism were "vigorous," as hotel occupancy rates were high and room rates rose. The housing market cooled significantly in the region except in Utah and the Pacific Northwest, where markets "remain hot." There was little upward pressure on wages in most occupations, and companies reported that strong competition and productivity gains meant they were not passing along higher prices to customers. Hiring slowed in parts of California.

Inside Politics (WT)

By Greg Pierce

The Washington Times, June 15, 2006

Moping media

"June has been a miserable month for our left-wing media," New York Post columnist Ralph Peters writes.

"First, the death of Abu Musab al-Zarqawi forced the alleged 'massacre' at Haditha off Page One, frustrating media attempts to manufacture a sequel to Abu Ghraib. Then, President Bush made a midnight ride to Baghdad to put one very important pair of boots on the ground. He didn't hug the airport, either, but crossed the city to the Green Zone for a face-to-face with Iraq's new prime minister. It was a brave and inspiring act. And a worthy one," Mr. Peters said.

"Strategically wise, good for Iraqi and American morale -- and, yes, politically savvy -- the president's trip blew apart the media's effort to recover from their loss of Zarqawi. It also shut down their bid to refocus our attention on the suicides of three poor, deprived terrorists at Guantanamo -- thugs we're expected to mourn as victims of our inhumanity. Hate-America journalists just can't get a break these days.

"But they're still trying. One cable-news anchor [Tuesday] asked if Bush's visit to Iraq was a 'publicity stunt.' Her own network's correspondent shot that down, on-air. True reporters know a missile can kill a president as easily as a private. The Gitmo suicide-trifecta was the real publicity stunt. This accurate statement should never have been retracted: It was an act of asymmetrical warfare. And every save-the-terrorists jerk behind a mike knows it in his or her shriveled bleeding heart."

An opportunity

"Presidents rarely recover from second-term slumps, but President Bush may be on the verge of at least a modest upturn and perhaps a strong recovery," Fred Barnes writes at www.weeklystandard.com.

"For sure, his plunge in job approval over the past year has been halted. He's bottomed out. But how significant will his recovery be and how durable? Those are the questions," Mr. Barnes said.

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"The Bush decline in 2005 and 2006 was caused, in part, by intensified terrorist attacks in Iraq, the failure of his Social Security reform initiative, and bad luck in the form of hurricane Katrina and the Dubai ports deal. The president's approval rating in the Gallup Poll plummeted from 51 percent on the day of his second inauguration to 31 percent in May, 16 months later.

"But in recent days, Bush has been blessed with good news. Last week, Americans found and killed the chief jihadist in Iraq, Abu Musab al-Zarqawi, eliminating the top strategist and operational leader of the insurgency. And on Monday, Special Counsel Patrick Fitzgerald informed Karl Rove, one of Bush's most influential advisers, that he has no plans to seek an indictment of Rove in the case of a CIA official whose name was disclosed to the press."

"[And] in the bellwether special House election in San Diego last week, Democrats failed to pull off an upset and capture the Republican-leaning district. The Democratic candidate got the usual Democratic vote, suggesting a Democratic landslide is unlikely in the midterm election on Nov. 7."

Decision time

Sen. Joe Lieberman, Connecticut Democrat, warily watching his primary challenger advance in the polls, must soon decide whether to start collecting signatures for a possible independent bid this November.

Mr. Lieberman's campaign says it is focused only on winning the Aug. 8 primary, but the Democrat has not ruled out petitioning his way onto the November ballot as part of a backup plan to secure a fourth term in the Senate.

"I am not going to close out any options," the senator recently told reporters.

Mr. Lieberman has until Aug. 9 -- the day after the Democratic primary -- to collect 7,500 signatures from registered voters to gain a spot on the ballot as an unaffiliated candidate.

But any effort to gather signatures before the primary would be a sign of weakness, indicating that Mr. Lieberman, the Democratic vice presidential nominee in 2000, fears that he could lose to businessman Ned Lamont, the Associated Press said. The effort also would rile Democrats who already question Mr. Lieberman's party loyalty and his perceived closeness to President Bush.

The senator has been a strong backer of the Iraq war.

Bill's big bucks

Life after the White House has proven lucrative for Bill Clinton, who made nearly $7.5 million in speaking fees last year and sometimes earned as much as $350,000 for a single appearance.

Mr. Clinton earned $650,000 for just two appearances in two days before major gatherings in Canada by motivational speaker Tony Robbins, according to the financial-disclosure report filed yesterday by his wife, New York Sen. Hillary Rodham Clinton.

In 2004, Mr. Clinton earned just $875,000 for speeches as he recovered from heart-bypass surgery and finished his memoirs. Last year, he made eight times as much on the speech circuit, the Associated Press reports.

Spokesman Jay Carson said the former president had "an exceptionally busy schedule" and paid speeches were sandwiched around charity work on global HIV/AIDS, childhood obesity and other causes.

"Between the foundation and work on Katrina and the tsunami, paid speeches are actually a very small part of his schedule," Mr. Carson said.

'The shade look'

President Bush, who often teases members of the White House press corps, apologized yesterday after he poked fun at a reporter for wearing sunglasses without realizing they were needed to stem vision loss, the Associated Press reports.

The exchange occurred at a press conference in the Rose Garden. Mr. Bush called on Los Angeles Times reporter Peter Wallsten and asked whether he was going to ask his question with his "shades" on.

"For the viewers, there's no sun," Mr. Bush said to the television cameras.

But even though the sun was behind the clouds, Mr. Wallsten still needs sunglasses because he has Stargardt's disease, a form of macular degeneration that causes progressive vision loss. The condition causes Mr. Wallsten to be sensitive to glare and even on a cloudy day can cause pain and increase the loss of sight.

Mr. Wallsten said Mr. Bush called his cellular phone later in the day to apologize and tell him that he didn't know he had the disease. Mr. Wallsten said he interrupted and told the president that no apology was necessary and that he didn't feel offended because he hadn't told anyone at the White House about his condition.

"He said, 'I needle you guys out of affection,' " Mr. Wallsten said. "I said, 'I understand that, but I don't want you to treat me any differently because of this.' "

Mr. Wallsten said the president told him that he would not treat him differently, so Mr. Wallsten encouraged him to "needle away."

"[Mr. Bush] said, 'I will. Next time, I'll just use a different needle,' " the reporter said.

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Mr. Wallsten said he thought that was a pretty good line. And said his only complaint is that the president didn't answer his question at the press conference.

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Lieberman Weighs Re-election Bid Options (AP)

By Susan Haigh, Associated Press Writer

AP, June 15, 2006

Democratic Sen. Joe Lieberman, warily watching his primary challenger advance in the polls, must soon decide whether to start collecting signatures for a possible independent bid this November.

Lieberman's campaign contends that it's focused only on winning the Aug. 8 primary, but the Democrat has not ruled out petitioning his way onto the November ballot as part of a backup plan to secure a fourth term in the Senate.

"I am not going to close out any options," the senator recently told reporters.

Lieberman's spokeswoman, Marion Steinfels, said he is "already the party's endorsed candidate and on Aug. 8 he will win the primary, the Democratic primary."

Lieberman has until Aug. 9 — the day after the Democratic primary — to collect 7,500 signatures from registered voters to gain a spot on the ballot as an unaffiliated candidate.

But any effort to gather signatures before the primary would be a sign of weakness, indicating that Lieberman, the Democratic vice presidential nominee in 2000, fears that he could lose to businessman Ned Lamont. The effort also would rile Democrats who already question Lieberman's party loyalty and his perceived closeness to President Bush.

The senator has been a strong backer of the Iraq war.

Christopher Kukk, an associate political science professor at Western Connecticut State University, said it's a risk Lieberman may be willing to take as Lamont continues to make gains in the polls.

"I think he'll alienate Democratic voters, but to be honest with you, I think he already has alienated Democratic voters," Kukk said. "If Lamont is gaining ... I think you'll see Lieberman jump."

According to a recent Quinnipiac University Poll, 57 percent of registered Democrats in Connecticut said they would vote for Lieberman, compared to 32 percent for Lamont. A month ago, Lieberman drew 65 percent to Lamont's 19 percent.

The poll found that if Lieberman runs as an independent, he would win with 56 percent of the vote, compared to 18 percent for Lamont and 8 percent for Republican Alan Schlesinger. Lieberman enjoys higher ratings among Republicans and unaffiliated voters than Democrats, the poll found. Unaffiliated voters are the state's largest bloc of voters, followed by Democrats and then Republicans.

Lamont, a multimillionaire owner of a cable television company, launched an ad campaign this week asking for Lieberman's support should he win the primary, and promising to back Lieberman should the senator prevail.

"What do you say, Senator?" Lamont asks in the radio ad. "May the best Democrat win."

Lamont's campaign manager, Tom Swan, said Democrats want to know what Lieberman will do.

"If Joe Lieberman is considering abandoning the Democratic Party, the people have a right to know it," Swan said. "Ned is agreeing to abide by the process and respect the choice of the people. Will Joe?"

No matter what Lieberman does, Kukk said he believes the veteran senator will win re-election. Lieberman still enjoys a strong lead over Lamont, and Kukk said if Lieberman runs as an unaffiliated candidate, it likely won't hurt him with the general electorate because party loyalty isn't very strong anymore.

"I think they are thinking of it," Kukk said of a possible Lieberman independent run. "If you're looking for your political survival, you'd be silly not to."

Webb Poses Challenge To Allen In Va. Race (AP)

By Bob Lewis

AP, June 15, 2006

National Democratic leaders on Wednesday relished the prospect of James Webb, a war hero and former Reagan Navy secretary, challenging Republican Sen. George Allen (news, bio, voting record) this November. But beating Allen, a well-liked former Virginia governor who's also weighing a White House bid, will be a struggle, even for a Republican-turned-Democrat with Webb's made-for-the-movies portfolio.

With the blessing of leading Senate Democrats, Webb, 60, beat party stalwart and traditional liberal Harris Miller, thanks to overwhelming support in the suburbs of Washington, D.C., where congressional politics resonate.

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"If you had to construct a candidate who would be a great opponent to Allen, it would be Jim Webb," Sen. Charles Schumer (news, bio, voting record), D-N.Y. and chairman of the Democratic Senatorial Campaign Committee, said in an interview Wednesday.

"On some positions, he's conservative. On some others, he's more moderate. But he is who he is. He's genuine," said Schumer, who gave Webb the DSCC's rare preprimary endorsement.

National party leaders, including Schumer, Democratic chairman Howard Dean, 2004 presidential nominee John Kerry and former Gov. Mark R. Warner, a 2008 presidential prospect, have all pledged financial and campaign support.

Unlike most Democratic candidates, Webb is pursuing a populist strategy aimed at returning so-called "Reagan Democrats" — moderate, middle-class and largely rural whites — to the Democratic Party.

Those voters have been unshakably loyal to the folksy, cowboy-booted Allen in two successful statewide campaigns and Allen remains formidable as he seeks re-election.

As of late May, he had about $7.5 million on hand to barely $220,000 for Webb. Allen is already running television ads, something Webb has never done. Allen's come-from-behind election as governor in 1993 rescued the GOP from irrelevance and began its resurgence in Virginia, giving him an enormous base of volunteers. He's the one Virginia Republican who thoroughly unifies the party's feuding moderate and conservative wings.

Webb remains unknown to most Virginia voters despite his White House experience and the six best-selling war novels he's written. That gives Allen the opportunity to define Webb before Webb can, said Allen campaign manager Dick Wadhams.

"We don't know where Webb is on the issues. He's taken two positions on immigration reform, three or four different positions on affirmative action, two positions on gay marriage," Wadhams said.

"He's even taken two positions on George Allen," Wadhams said with a chuckle, noting that Webb endorsed Allen for the Senate in 2000.

Webb is a key player in the Democrats' fall strategy to win the six seats necessary to take control of the Senate. He calls Allen a rubber stamp for President Bush on Iraq, a crushing federal debt and economic policies that Webb says punish the middle class.

"This raises the visibility of the Virginia Senate race in national politics and it at least makes it competitive," said Merle Black, professor of politics at Emory University in Atlanta. "Allen's still expected to win, but at least he has to work for it now."

If the race is an referendum on Iraq in particular, Webb brings credibility to the debate.

In newspaper columns he wrote in 2002, Webb warned of a Vietnam-style quagmire in Iraq, where U.S. troops would be viewed as an occupying force. After the invasion, he broke with the GOP.

Webb was wounded commanding a Marine rifle company in Vietnam's bloodiest fighting. Now he campaigns in the buff-colored desert combat boots his son, a Marine, will wear in Iraq this fall.

Webb's war record is "beyond reproach," said Christopher LaCivita, architect of the 2004 Swift Boat Veterans for Truth.

"But he's wrong on the issues. We know Webb opposed the war, but where do we go from here?" said LaCivita, a trusted Allen adviser who is also a Marine combat veteran. "It's very easy to be against something, but what are you for? We don't know because Webb hasn't articulated that."

Allen Faces A Unifier With Webb In Race (WT)

By Seth Mclaughlin And Christina Bellantoni

The Washington Times, June 15, 2006

Sen. George Allen's seat once seemed so safe that Democrats were searching for candidates to challenge him, but national heavy-hitters are now saying James H. Webb Jr.'s win in the Democratic primary Tuesday should have the Republicans running scared.

Mr. Webb, a former Republican who voted for Mr. Allen in 2000, has the full support of the local and national Democratic machines as he tries to unseat the incumbent in the November election, party leaders said yesterday.

The Democratic Senatorial Campaign Committee (DSCC) added the Virginia seat to its list of potential Republican grabs.

Sen. Charles E. Schumer, New York Democrat who heads the DSCC, said primary voters bucked conventional wisdom and chose the more electable candidate by picking Mr. Webb over longtime local party activist Harris N. Miller.

"The victory by Jim Webb is a sure sign that Virginia is really ready to dump George Allen," Mr. Schumer told reporters, noting that Mr. Webb attracts "Bush voters and Reagan Democrats."

Mr. Miller, a technology lobbyist, won the backing of many state legislators, while Mr. Webb attracted Washington Democrats, including 2004 Democratic presidential nominee Sen. John Kerry, Massachusetts Democrat. Mr. Miller and the local activists said they will join Mr. Webb in trying to beat Mr. Allen.

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"I think he can win this thing," said Virginia Senate Minority Leader Richard L. Saslaw, Fairfax County Democrat, who previously endorsed Mr. Miller.

House Democratic Caucus Chairman Brian J. Moran, who remained neutral in the race, predicted that Democrats would rally around Mr. Webb. "We will be very united," the Alexandria Democrat said.

Former Gov. Mark Warner, the state's most popular politician, will lend his support to Mr. Webb, said Warner spokeswoman Ellen Qualls.

Mr. Warner, who also is exploring a presidential bid, didn't endorse either candidate but raised money for both before the primary.

"The governor is going to do his part. He believes the senator is vulnerable," Miss Qualls said.

Gov. Timothy M. Kaine, a Democrat who also didn't endorse any candidate in the primary, said: "I look forward to working with [Mr. Webb] during the upcoming campaign."

Mr. Allen, 54, has served as state delegate, a U.S. representative and Virginia governor, an office limited to one term by the state constitution. He ousted Democratic incumbent Sen. Charles S. Robb from his seat in Congress in 2000.

Mr. Webb, 60, a former Marine and decorated Vietnam veteran, was President Reagan's Secretary of the Navy. He left the Republican Party because he opposes the war in Iraq, and he felt the party is too extreme on social issues. His 25-year-old son, Jim, is heading to Iraq later this year.

Mr. Webb, also a best-selling author, never has run for elected office.

Some Democrats said privately that Mr. Webb needs a campaign overhaul because his primary operation made him appear to be disorganized and less energized than Mr. Miller.

Mr. Schumer said the DSCC is working with all Senate campaigns to make sure they have top-notch staffs.

Mr. Webb will need help with fundraising. He had less than $220,000, as of May 24.

Mr. Allen already has dipped into his $7.5 million campaign war chest to air a television advertisement in the expensive Northern Virginia and Hampton Roads markets.

Allen campaign manager Dick Wadhams said Mr. Webb had no chance at winning the primary before the national endorsements, which now make him "beholden" to Washington Democrats.

Mr. Allen, who led the Republican senate campaign arm in 2004 when the party strengthened its majority, has long predicted that national Democrats with a grudge against him will funnel cash into Virginia.

He has further attracted national Democratic ire by traveling to key states such as Iowa and New Hampshire in what many view as an early attempt to test the presidential waters for 2008.

Mr. Webb and Mr. Miller have criticized Mr. Allen for his national travel, a theme that is sure to continue through the campaign.

Democrats Can't Get Enough Of Newt Gingrich's Slogan (HILL)

By Bob Cusack

The Hill, June 15, 2006

House Minority Leader Nancy Pelosi (D-Calif.) raised eyebrows Tuesday when she used a campaign phrase suggested for the Democrats early this year by former Speaker Newt Gingrich (R-Ga.).

But it turns out that Pelosi is not alone.

Democratic candidates for Congress across the country have been employing the phrase "Had Enough?" in speeches and on their campaign websites.

After national Democrats unveiled their 2006 slogan, "Together We Can Do Better," Gingrich in March said Democrats would be better off using "Had Enough?"

A month later, former Rep. Tim Roemer (D-Ind.) wrote an op-ed in The New York Times urging Democrats to embrace the phrase "Had Enough? Vote Democratic!"

In an interview yesterday, Roemer said the idea for the op-ed came to him after reading a story about Harry Truman that recounted that an advertising executive in 1946 suggested "Had Enough?" to the Republican Party, which adopted the slogan. Later that year, Republicans gained control of both chambers of Congress.

During her speech to the liberal group Campaign for America's Future this week, Pelosi asked the crowd, "Have you had enough?"

"Yeah!" the crowd replied, as it did to each of her "had enough" questions:

"Have you had enough of a war that has failed to make America more secure? Have you had enough of paying higher prices for gasoline and prescription drugs in order to increase the profits of pharmaceutical and oil companies? Have you had enough of seeing America led in the wrong direction?"

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She concluded, "I thought so."

The campaign slogan of Ed Perlmutter, running in the Democratic primary in Colorado's 7th District, is "Had Enough? Time for a change." The incumbent in that district, Republican Bob Beauprez, is retiring.

Perlmutter told The Hill that he is not following Gingrich's lead but added, "I haven't liked a lot of things [Gingrich] has done. I'll take that."

If he wins the primary, Perlmutter would face Republican Rick O'Donnell — who used to work for Gingrich's Progress and Freedom Foundation.

Other Democratic candidates who have used the "Had Enough?" phrase include Lois Murphy, who is looking to defeat Rep. Jim Gerlach (R-Pa.), and Dr. David Hunter, who is facing an uphill battle to replace retiring Rep. Ernest Istook (R-Okla.).

But it didn't help certain Democrats in their quest for Congress. Ken Longmyer and Ron Shapiro, who favored the "Had Enough?" slogan, lost in their recent primaries in Virginia and Mississippi, respectively.

Spokespeople for these candidates disputed any connection to Gingrich, with some of them noting that the phrase is common in the English language.

Sen. Barack Obama (D-Ill.), however, acknowledged Gingrich's help — and praised it. During a speech in Ohio earlier this month, Obama said, "I never thought that I'd hear myself say this at a Democratic Party dinner, but Newt Gingrich made a great point the other day" on the "Had Enough?" slogan.

Obama then attracted several standing ovations by using the phrase on port security, healthcare and U.S. dependence on oil.

Democratic strategist James Carville can also claim credit for the phrase. He wrote a book published in 2003 titled Had Enough? A Handbook for Fighting Back.

Regardless, there are some Democrats who believe that "Had Enough?" is better than "Together We Can Do Better."

Liberal commentator Arianna Huffington has called for Democrats to dump "Together We Can Do Better," calling it the "lamest" message she could imagine, according to a report in The Washington Post.

Gingrich told The Hill this week that his advice to Democrats rankled some of his Republican colleagues but added that he is concerned that the GOP is not evolving. He said the reason why Democrats stayed in the majority for decades before 1994 was because they were constantly coming up with new ideas.

Alexander Bolton, Elana Schor and Natalie McGill contributed to this report.

Bill Richardson: Looking Like A Go For 2008 (RC)

By Stuart Rothenberg, Roll Call Contributing Writer

Roll Call, June 15, 2006

Officially, New Mexico Gov. Bill Richardson (D) is focused on his November re-election race, even though it's expected to be relatively easy. And as chairman of the Democratic Governors Association, Richardson also hopes to lead his party to a gain of at least a few more governorships.

But some Democratic insiders insist that Richardson has more on his mind than that. They say he is telling friends and political allies that he has decided to run for president in 2008.

When I spoke with the governor recently, he would only say, "After November, I will reassess my plan." But Richardson, 58, has long been mentioned for higher office as part of a Democratic national ticket, and I'd be flabbergasted if he didn't take the presidential plunge for 2008.

In 1984, less than two years after he was elected to a new Congressional district created by reapportionment and redistricting, Richardson already was being touted as a possible Senate candidate against Republican Sen. Pete Domenici.

Richardson never made that run, but he subsequently built an unusually impressive political résumé that includes everything from New Mexico Democratic Party executive director, Member of Congress, secretary of Energy, ambassador to the United Nations and chairman of the 2004 Democratic National Convention. He even has served as a hostage-release negotiator.

Then, in 2002, he was elected governor of New Mexico.

More than 20 years ago, observers tagged Richardson as a political up-and-comer, and they were right.

The 1984 edition of the Almanac of American Politics said he "is obviously a young man in a hurry, and one with a well-developed sense of political strategy." Only 10 years later, Congressional Quarterly's Politics in America referred to him as "one of the nation's top Hispanic politicians."

Now, savvy political insiders in the state give Richardson high marks as governor, praising his "bold initiatives," his willingness to take on challenging issues and his ability to sell his agenda. "He is a huge salesman, and a very good one," said one observer.

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As governor, he has supported a state income tax cut for most New Mexico residents and has taken steps to cut the state's considerable driving-while-intoxicated rate. He has declared 2006 the "Year of the Child" in the state and offered an agenda that promotes children's health, education and safety — not a bad platform from which to launch a national campaign.

Whether because of Richardson's policies or just plain good luck, New Mexico's economy has been strong, another considerable asset if he makes a White House run.

The governor's greatest asset as a presidential candidate is the breadth of his political experience. He has been in the political trenches as a political operative and as an aide to the Senate Foreign Relations Committee; served as a legislator; had executive experience as governor; and has been involved in formulating and articulating U.S. foreign policy. Few other Democratic contenders are likely to have such experience.

What sets Richardson apart from other potential presidential hopefuls, however, is the fact that he is a Hispanic. Richardson's mother was Mexican, and he was raised in Mexico City. He is fluent in Spanish and is very popular in the Hispanic community.

Richardson's ethnicity could be a powerful asset in states such as New Mexico, Arizona, Florida and even Texas — all states with significant Hispanic populations, and all states carried by President Bush in 2004.

Richardson is also widely regarded as an extremely likable, down-to-earth guy. Unlike some recent (unsuccessful) Democratic presidential nominees who proved to be cold, distant and even artificial, the New Mexico Democrat connects with people.

But Richardson is not without his vulnerabilities.

He had to admit that he had misled people into believing that he was drafted by a Major League Baseball organization (the Kansas City Athletics) in 1966. When an investigation by the Albuquerque Journal found no evidence the he had been drafted by anyone, Richardson acknowledged that he might have been mistaken and was told that he could or would be drafted. Richardson pitched for Tufts University, a Division III school that is better known for its academics than its sports program.

More importantly, Washington, D.C., insiders who have observed Richardson for years raise questions about his self-discipline. They say he overextends himself and often loses focus. And they whisper that he hasn't always carried himself in a style befitting a high elected official.

In December 2005, the Albuquerque Journal carried a front-page article on Richardson's penchant for touching people.

"He hugs, pokes, jabs and tickles. If he sees a man with a bald pate, he rubs it," wrote staff writer Leslie Linthicum.

The piece quoted Lt. Gov. Diane Denish (D) as saying that his touching and poking is "irritating and annoying," and that she tries to avoid the physical contact by "trying not to stand or sit next to him."

"It's my way of connecting to people," the governor told the newspaper when asked about his tendency to touch people. "I guess that's what I get for being friendly," he added.

But Richardson's physicality is part of a potentially larger problem. Even admirers acknowledge that he can sometimes be "sophomoric" and overly informal.

But Richardson's informality also reflects his "regular guy" persona that many voters and reporters will likely find so appealing. (Some state lawmakers, no doubt, would add that the nice-guy governor can be an overpowering bully when he wants to get his way.)

The New Mexico governor is a man of considerable talent. Measured by commitments, money and organization in the early states, Richardson starts behind many of the other contenders for the Democratic nomination. But his résumé and charisma have the potential to carry him a long way in the race. He's worth keeping an eye on.

Stuart Rothenberg is editor of the Rothenberg Political Report.

Name That Candidate (NYT)

By Calvin Trillin

The New York Times, June 15, 2006

MY excitement at the news that Senator Chris Dodd, Democrat of Connecticut, is considering a bid for president in 2008 is easy to explain: his name has enormous rhyming potential. We all have our own issues.

Rhyme is not my only one; I am also intensely interested in meter. I happen to be a deadline poet, responsible for commenting on the events of the day in verse. Someone in my position tends to see Ross Perot and John McCain as two peas in a pod — blessedly iambic candidates with nearly unlimited rhyming possibilities. During my 16 years in the deadline poetry game, though, we've had nobody with a name like Ross Perot or John McCain in the White House. I've had to deal with presidents whose names are an affront to rhyme and meter. Given the rhyming difficulties of Bill Clinton's name, in fact, I believe future historians will think of him as the "orange" of American presidents.

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It's not as if a deadline poet has an easy lot to begin with. Obviously there are those constant deadlines. Without wanting to knock the competition, I might just point out that, say, the romantic poets — Wordsworth and that crowd — could mosey along the countryside for days without feeling any pressure at all to come up with a sunset they considered worth writing about.

Also, the pay is limited. Two years ago, it was revealed that National Review was paying its deadline poet, William H. von Dreele, precisely the same per poem as The Nation magazine pays me — $100. I was shaken by that news.

For years, I've referred to the editor who retained my services for the Nation as "the wily and parsimonious Victor S. Navasky," but I'd always thought that National Review's William F. Buckley Jr. was, whatever our political differences, a considerate and generous-hearted man. I could only conclude that society as a whole undervalues deadline poets. Given those burdens, the last thing we deserved was a second president whose name rhymes with almost nothing beyond "push" and "tush."

I don't want to appear unappreciative. At times George W. Bush has seemed interested in making my life easier. He must have known before the appointments were made, for instance, that Condoleezza Rice's name fits exactly into the meter of "The March of the Siamese Children" from "The King and I" ("Condoleezza Rice, who is cold as ice, is precise with her advice") and that Alberto Gonzales rhymes with "loyal über alles."

Still, as the names of potential 2008 presidential candidates begin to get tossed around, you can't blame us for looking forward to having someone in the Oval Office who is more compatible with our needs. That is why I groan every time the eminently rhymable Bill Frist shoots himself in the foot. That is why I keep trying to reassure myself that the Republican base would never permit the nomination of Rudolph Giuliani. That is why, in a conversation about the possibility that the governor of Massachusetts could enter the race, I might burst out, "To me, Romney is just another Clinton."

Reading about the renewed interest lately in Al Gore, whom I once referred to in a poem as "a man-like object," I have to admit that his name rhymes with more than "bore" and "snore." My worries about the Democrats go beyond the growing sense that their leading candidate is literally another Clinton. They have a tendency to thrust forward candidates whose names we can't even imagine at this point in the process; witness Jimmy Carter and Howard Dean.

In my more pessimistic contemplations of the 2008 campaign, I see myself telling some political operative that I've made my peace with the possibility that the Democrats, desperate for some charisma, could turn to Barack Obama — a man whose rhymes I long ago used up in trying to deal with Osama bin Laden.

"But Obama's not the only Illinois contender," the operative says. "There's also the governor."

"The governor?"

"The governor," he repeats. "Rod Blagojevich."

Emergency System Called Very Ill (USAT)

By Robert Davis, Usa Today

USA Today, June 15, 2006

WASHINGTON — The nation's emergency medical system — from the 911 centers that take phone calls for help to the emergency rooms that have become primary treatment centers for millions of Americans — is in a dangerous state of crisis, says a new series of landmark reports.

The Institute of Medicine on Wednesday released the Future of Emergency Care reports, which were prepared by a 40-member board after a two-year investigation. The IOM advises the government on science, medical and health issues.

The reports warn that the U.S. lifesaving system is not only failing to handle daily emergencies but also could break down in the face of national disasters, including hurricanes, disease outbreaks or terrorist attacks.

“We are not prepared,” says Brent Eastman, a board member and chief medical officer at Scripps Health in San Diego. “We struggle to survive day-to-day.”

Nels Sanddal, board member and president of the Critical Illness and Trauma Foundation in Bozeman, Mont., agrees. “To ramp up” to treat high numbers of patients, he says, “we have to have backbone.”

The reports say that, on average, in every minute of every day an ambulance carrying a patient is turned away from a hospital on “diversion,” when an emergency room says it's too full to take more patients.

That must end, says Arthur Kellermann, director of the Center for Injury Control at Emory University School of Medicine in Atlanta. “We cannot let the most time-sensitive portal in the hospital get gridlocked.”

The IOM reports detail how hundreds of thousands of lives are affected every year by EMS deficiencies that are not obvious. “What the public perceives and what is real, in many cases, there is a disconnect,” says Gail Warden, president emeritus of the Henry Ford Health System in Detroit, who chaired the panel. “In most communities, there is a crisis under the surface.”

Many emergency rooms barely can handle their daily patient loads, children don't always get good care, and the quality of rescue services is erratic, the reports say.

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And geography determines survival.

“There is a wide disparity,” says Shirley Gamble, a United Way board member in Austin. She cited a 2003 USA TODAY probe that found a 10-fold difference between major cities in cardiac arrest survival rates.

The reports say that by following the lead of those cities that save more lives, entire regions can raise the quality of their care.

Improvements to emergency medical services, Eastman says, “should be built on islands of excellence that exist today.”

Crisis Seen In Nation's ER Care (WP)

By David Brown

The Washington Post, June 15, 2006

Capacity, Expertise Are Found Lacking

Emergency medical care in the United States is on the verge of collapse, with the nation's declining number of emergency rooms dangerously overcrowded and often unable to provide the expertise needed to treat seriously ill people in a safe and efficient manner.

That's the grim conclusion of three reports released yesterday by the Institute of Medicine, the product of an extensive two-year look at emergency care.

Long waits for treatment are epidemic, the reports said, with ambulances sometimes idling for hours to unload patients. Once in the ER, patients sometimes wait up to two days to be admitted to a hospital bed.

As a system, U.S. emergency care lacks stability and the capacity to respond to large disasters or epidemics, according to the 25 experts who conducted the study. It provides care of variable and often unknown quality and depends on the willingness of doctors and hospitals to lose large amounts of money.

Fixing the problems is likely to cost billions of dollars and will require the leadership of a new federal agency, which Congress should create in the next two years, they wrote.

"This is a crisis that could jeopardize everyone in this room, and all their loved ones," A. Brent Eastman, a surgeon and chief medical officer of the ScrippsHealth hospitals in San Diego, said at a daylong conference on the reports, which were prepared by the National Academy of Sciences' Institute of Medicine.

"There is just such a gap between what the public knows, or thinks it knows, and the reality. And it is getting worse," said Robert B. Giffin, the Institute of Medicine staffer who headed the study.

The reports -- on hospital ERs, on pediatric emergency care and on pre-hospital care given by ambulance services -- were embraced by the 24,000-member American College of Emergency Physicians, and its president said that the endorsement was telling.

"What other industry says, 'Hey, look at us, our whole system is broken'?" said the group's president, Frederick C. Blum, a physician in Morgantown, W.Va.

Two key steps for improving emergency care are regional planning and creating a standard way to measure outcomes, so that low-quality ERs and ambulance services can be identified and fixed, the committee wrote.

Emergency medical care is a legal right for all Americans. Under a law enacted in 1986, emergency rooms must evaluate and stabilize anyone who shows up. That requirement -- bolstered by physicians' ethical duty to treat the ill -- has made hospital emergency departments subject to unique pressures.

From 1993 to 2003, the U.S. population grew by 12 percent but emergency room visits grew by 27 percent, from 90 million to 114 million. In that same period, however, 425 emergency departments closed, along with about 700 hospitals and nearly 200,000 beds.

ERs are notorious money losers. About 14 percent of ER patients are uninsured. About 16 percent are covered by Medicaid, the federal-state insurance program for the poor, and 21 percent by Medicare, the program for the elderly. More than half of hospitals report losing money on emergency care of both groups of government-insured patients.

All of this has led to extreme bottlenecks in ERs, manifested by delays in every step of treatment, according to the reports.

In 2003, 501,000 ambulances were diverted from the hospital where they normally would have delivered a patient because the ER was full. In 2004, 70 percent of urban hospitals reported that their emergency departments had been "on diversion" at least once.

Nationwide, about 14 percent of ER patients end up admitted to the hospital. A study by the Government Accountability Office in 2003 found that 20 percent of emergency departments had to "board" patients in hallways or other temporary space, for an average of eight hours, before a bed opened. The American College of Emergency Physicians several years ago surveyed 90 emergency departments on a single Monday evening. Seventy-three percent reported that they had two or more patients boarding.

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A 2004 study found that ERs at university-based hospitals were classified as crowded 35 percent of the time, meaning all emergency beds were occupied, patients were in the hallways, the waiting room was full, and the waiting time for treatment was more than one hour.

Another hazard largely unrecognized by Americans is that hospitals, especially in rural areas, often cannot find specialists such as orthopedic surgeons and neurosurgeons willing to cover the ER.

In some cases, this is because doctors are unwilling to treat high-risk patients with complicated ailments, many of them uninsured, at inconvenient times. Sometimes it is simply a function of shortages. In 2002, there were fewer practicing neurosurgeons in the United States (about 3,000) than a decade earlier.

Largely unknown is the human cost of these problems.

Many studies have shown that high-stress, chaotic environments contribute to errors. One from 1991 showed that though relatively few "adverse outcomes" occur in the ER, it was the site of 70 percent of those attributable to negligence.

The number of deaths caused by a delay in treatment or lack of expertise is especially uncertain, though it may not be small. San Diego established a trauma system in 1984 after autopsies of accident victims who died after reaching the ER suggested that 22 percent of the deaths were preventable, said Eastman, one of the Institute of Medicine committee members.

Trauma care in many ways is the model on which the committee hopes the emergency care system will be rebuilt.

Some states and urban areas have systems in which the level of trauma care every hospital is capable of providing is known and a centralized dispatching agency directs patients based on real-time information about each hospital's capacity and staffing.

Although the vast majority of ER patients have not suffered trauma, about half need attention within an hour of arrival at the hospital, according to a study in 2003. Because not every hospital or even every city can provide all services, "the committee supports further regionalization of emergency care services," the authors wrote.

Even without systemwide reform, hospitals can do many things to make the flow of patients more efficient and to be ready for predictable spikes in demand, said Benjamin K. Chu, an ER physician and regional president of a Kaiser Health Plan in California who was also on the expert panel.

The report on ambulance service called for standardizing the training of paramedics and creating guidelines for pre-hospital care based on research.

The report on pediatric care emphasized that 27 percent of ER patients are children and that many hospitals lack the expertise or the equipment to meet the needs of those who are critically ill.

The District's emergency and trauma services measure up well. A report this year gave the city an A-plus in "its support of an emergency care system."

Though the assessment was somewhat skewed by the District's compact geography and urban makeup, population-adjusted numbers showed more emergency departments, board-certified emergency doctors, hospital-staffed beds and trauma centers than in any state, and probably more than in many local jurisdictions, although the report did not look so narrowly.

Still, the American College of Emergency Physicians noted, emergency services in the city "are regularly reaching their capacity, and patients are frequently and increasingly diverted to other facilities." In 2004, for example, Washington Hospital Center's ER was "on diversion" for nearly 2,100 hours. Howard University Hospital's ER turned away patients for the same reasons for almost 1,200 hours.

Staff writer Susan Levine contributed to this report.

Stopwatch Ticking For Dan Rather (WP)

By Howard Kurtz

The Washington Post, June 15, 2006

CBS to Drop Ex-Anchor From '60 Minutes'

NEW YORK -- CBS executives have decided there is no future role at the network for Dan Rather, making it certain that the man who sat in the anchor chair for 24 years will depart by this fall.

These executives recognize Rather's contributions over four decades and are not trying to boot him because of the controversy surrounding his botched story on President Bush and the National Guard, say network sources who declined to be named while discussing a sensitive personnel matter. But the executives concluded there was no room for Rather at "60 Minutes," particularly with incoming anchor Katie Couric planning to report a half-dozen stories a year and the hiring of CNN's Anderson Cooper as a part-time contributor.

Rather's contract expires in November, but the sources say he might leave before that, depending on negotiations with CBS.

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Rather, 74, declined to discuss his future this week. "I'm contracted to be a full-time '60 Minutes' correspondent, and I'm working on that contract," he said. People familiar with Rather's situation say he has had no serious negotiations with any of the cable networks but has attracted interest from people developing projects for television.

Rather has said several times that "my best work is still ahead of me." He is described by friends as hurt and puzzled by the attitude of CBS management.

Rather joined "60 Minutes II" after leaving the anchor job in March 2005, and was shifted to the original Sunday night program when the weekday edition was canceled months later. But with the Sunday program's team of correspondents -- Ed Bradley, Morley Safer, Lesley Stahl and Steve Kroft -- having been joined by such former "60 II" reporters as Scott Pelley and Bob Simon and part-timers such as Lara Logan, executive producer Jeff Fager has a glut of contributors.

Rather has done eight pieces for the program this season, ranging from interviews with Bill Clinton and George Clooney to a segment on the Whole Foods grocery chain to a report on his visit to North Korea. But with "60 Minutes" largely in reruns for the summer, Rather has had little to do since then and is not in the program's plans for the fall season.

Some CBS staffers are sad about the turn of events, viewing it as a difficult moment for a man who once interviewed world leaders and went into war zones for the network. They question why the network can't find a suitable place for Rather in light of his long service to CBS.

The CBS executives hope a dignified exit can be arranged and that Rather can find a second career, perhaps in cable, the sources say. But they also believe that with Couric debuting as anchor in September, the news division needs to move on from the Rather era. And the fallout over his 2004 piece alleging that the Guard had given Bush favorable treatment -- based on documents that the network later acknowledged could not be authenticated -- has been a complicating factor.

Rather has accumulated his share of detractors at the network over the years. Mike Wallace, the "60 Minutes" veteran who recently relinquished his full-time duties, has said Rather should have resigned over the Guard story in a gesture of solidarity with his colleagues who worked on the segment. Three top CBS News executives quit under pressure, and Rather's producer Mary Mapes was fired, after an independent panel found that they had "failed miserably" to verify the disputed documents and that some had made misleading statements in defending the story.

Rather, who apologized on the air for the segment, relinquished the anchor chair earlier than he had planned. He made the announcement weeks before the panel, headed by former U.S. attorney general Dick Thornburgh and former Associated Press chief executive Lou Boccardi, released its findings.

CBS is also trying to attract a younger audience for "60 Minutes," which has been on the air since 1968, and Rather's age is hardly consistent with giving the broadcast a fresher look.

Pictures of Rather reporting from around the world still line the corridors at CBS, a reminder of the storied if controversial career of the man who covered John F. Kennedy's assassination and succeeded Walter Cronkite in 1981. Rather's broadcast was No. 1 among the evening newscasts for several years, and when "CBS Evening News" slipped into third place in the 1990s, Rather cast himself as a hard-news champion in an era when television was increasingly focusing on softer features, crime and celebrities.

Interim CBS anchor Bob Schieffer has made the program more competitive with ABC's second-place "World News Tonight," which last month handed the anchor reins to Charlie Gibson.

From his talking back to President Richard Nixon at a 1973 news conference about Watergate to his confrontational 1988 interview with then-Vice President George Bush over Iran-contra, Rather became a lightning rod for conservatives who argued that he leaned to the left. But he also had a knack for landing big interviews and big stories. Rather was the last Western journalist to interview Saddam Hussein before the 2003 war, and the following year disclosed the first photos of Iraqi prisoners being abused at Abu Ghraib.

At his peak, Rather anchored the evening news, contributed to "60 Minutes," hosted "48 Hours" and did regular radio commentaries, often sprinkling his delivery with the down-home Texas sayings that became known as "Dan-isms."

Changing Attack In Poverty Tactics, An Old Debate: Who Is At Fault? (WSJ)

By David Wessel

The Wall Street Journal, June 15, 2006

More than 40 years ago, Lyndon Johnson launched his War on Poverty with an ambitious declaration: "We know what must be done, and this nation of abundance can surely afford to do it."

Despite decades of economic growth and technological progress, tens of millions of Americans still live in poverty. Efforts to reduce the ranks of the poor persist, but they have moved underground. Today's War on Poverty isn't marked by lofty presidential rhetoric. It is a guerrilla war with platoons of idealistic crusaders and skeptical scholars, with dozens of small-scale experiments and local initiatives that largely escape public notice.

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Sprawling government Great Society programs are out. And it has been a full decade since Bill Clinton signed a Republican-backed bill "to end welfare as we know it." Except for a flicker of attention in the aftermath of Hurricane Katrina last year, poverty is neither in the headlines nor on the lips of politicians. When President Bush refers to it, he usually is referring to other countries. ("Free trade is the only proven path out of poverty for developing nations," he says.)

Yet to a surprising degree, an intense subterranean debate over what causes poverty and what to do about it continues, and it has echoes of a debate that has hardly changed for a century. In a 1894 treatise regarded as the first U.S. social-welfare textbook, Amos Griswold Warner wrote words that could easily have figured in the 1990s congressional debate over revamping welfare: "Nearly all the experiences in this country indicate" that welfare "is a source of corruption to politics, of expense to the community, and of degradation and increased pauperization to the poor," he said. "The more generous public relief, the more likely the poor will prefer it to working," argued Mr. Warner, a social-work pioneer and the District of Columbia's first superintendent of charities.

"Either you blame the poor -- 'the poverty is in the people' -- or you blame the system," says James T. Patterson, a Brown University historian. "It is a constant divide." If the poor are primarily responsible for their plight, then government ought to prod them to change their ways. If poverty is primarily the consequence of economic and social forces largely beyond their control, then government ought to give them money and change the rules of the economy.

Among those who dominate American politics and poverty policy today, the argument that government programs create dependency rather than foster independence has stuck. There is little appetite among governing Republicans for sweeping federal antipoverty initiatives, or even for fine-tuning Mr. Clinton's 1996 law that limits the time any person can remain on welfare. Eliminating poverty for all time isn't even a slogan anymore; the problem is seen as far more intractable and complex. Republicans read the decline in poverty during the boom of the 1990s as evidence that the best way to fight poverty is to promote a growing economy, and they offer tax cuts to that end.

So the pendulum has swung toward using tax credits, vouchers, rules and penalties to prod individuals to make choices that steer them away from lives of poverty, by getting and staying married, for instance, or taking even low-paid jobs to stay off welfare. In place of big government programs, boutique experiments proliferate. There are intensive community efforts to discourage teen pregnancy, widely seen as a precursor to a life of poverty, and experiments with offering frequent-flier style points to encourage public-housing residents to show up for work on time. All reflect a continuing struggle to find an effective combination of carrots and sticks to help the poverty-prone avoid the abyss of privation and reliance on government benefits.

Democrats fault the economy for creating too few good jobs and for inequitably distributing the fruits of economic growth. They say they would, if in power, raise the minimum wage, alter the tax code to take more from the rich and spend more on programs that appear successful. But even many of them -- the children and grandchildren of those who forged big-government antipoverty programs of Lyndon Johnson and Franklin Roosevelt -- embrace the notion that the government should make the poor take more responsibility for their circumstances.

Democrats say they have learned one lesson in political reality: "If people believe your ideas about alleviating poverty are value-based -- that you expect the poor to work, expect them to be responsible, to keep their part of the bargain -- then people have a positive response," says John Edwards, the unsuccessful 2004 Democratic vice presidential candidate who now heads a University of North Carolina center on poverty. "If they believe it's just another government program that creates dependency, then they won't," he says. * * *

Eradicating poverty in the U.S. is an old goal. In the frothy days of 1928, Herbert Hoover said, "We shall soon, with the help of God, be in sight of the day when poverty will be banished in the nation." Incomes did rise sharply in the 1920s; the working class did better; life expectancy grew. But he was wrong about poverty.

When the prosperity of the 1920s gave way to the Great Depression, Franklin Roosevelt responded with programs that laid the foundation for generations of big government. "Government had to respond to rising expectations, and as government reacted, appetites were whetted still more, expanding...a bureaucracy whose business was to serve its customers," the people who got government benefits, Mr. Patterson writes in his history of 20th-century antipoverty efforts. "The early welfare state thereby acquired two assets that proved invaluable...an organized constituency and a bureaucratic momentum that could not easily be stopped."

Although the vigorous economy of the late 1940s and 1950s boosted living standards for many, poverty didn't vanish. Yet as a public concern, it was nearly invisible until activist Michael Harrington jolted the nation with a 1962 book that described "the other America," which he said was "populated by failures, by those driven from the land and bewildered by the city, by old people suddenly confronted with the torments of loneliness and poverty, and by minorities facing a wall of prejudice."

Just two years later, President Johnson launched his War on Poverty, declaring, "We cannot and need not wait for the gradual growth of the economy to lift this forgotten fifth of our nation above the poverty line." He wasn't nuts. His economic advisers were certain the economy would continue to grow as robustly as it had for decades and told him poverty was beatable.

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But neither LBJ's determination, tens of billions of dollars nor the enthusiasm of poverty fighters in and out of government eliminated poverty. "I guess you could say: Poverty won the War," Ronald Reagan quipped famously in 1986. That isn't precisely true. The poverty rate fell more in the 1960s than in any decade since, and remains below the level confronted by the Kennedy-Johnson administration. Back in 1960, nearly one in every four elderly Americans was below the official poverty line; today, less than one in 10 is. In 1960, one in every six households lacked complete indoor-plumbing facilities; today, one in 166 do.

But at last count, according to the Census Bureau, there were 37 million Americans below the official, albeit flawed and controversial, poverty line. That is 12.7% of the population, about the same fraction as in 1968. Alternative measures that take account of tax credits, food stamps and other noncash government aid put many fewer Americans below the line, but most show a similar trend: ups and downs with the economy, but little sustained, significant progress in the past three decades. (See sidebar: Counting the Poor7.)

The 1960s

In retrospect, the War on Poverty was "not a choice among policies so much as a collection of them," Daniel Patrick Moynihan, who was a Labor Department official in the 1960s, wrote years later. There was an attempt to avoid dependency-creating programs of the past by promoting "maximum feasible participation" of the poor themselves, a strategy that sowed the seeds of grass-roots activism in the years that followed. There was Mr. Johnson's prediction that "the days of the dole...are numbered."

But mostly the pendulum swung toward government doing more. There were scores of federal programs, some of which endured. Head Start now enrolls more than 900,000 low-income children in early childhood education at a cost of close to $7 billion a year -- despite continuing debates over its long-term benefits. The Job Corps, designed to put 16- to 24-year-olds on the path to good jobs, is regarded as successful, though costly.

Even after 40 years, there is still debate over the War on Poverty's diagnosis and prescriptions. The effort rested on a widespread conviction that the U.S. had figured out how to avoid recessions and could afford to lick poverty. "We were extremely rich and extremely secure about our ability to continue getting richer," recalls Charles Murray, a conservative critic of the War on Poverty.

But it also reflected a Kennedy-Johnson view that economic growth alone wouldn't pull people out of poverty. "If the poor included many who did not gain from economic growth -- mostly people outside the labor market -- then they probably needed handouts of some sort," Mr. Patterson explains. Yet the notion of a permanent class of welfare recipients made planners and Congress so uncomfortable that the War on Poverty instead emphasized enhancing opportunity -- with education, training, health care, urban renewal. That suggested they believed that the economy would lift those who were properly equipped. Such programs offered "a hand, not a handout," as Mr. Johnson put it.

Some Johnson aides, sensing a contradiction, wanted a large government jobs program. But they wanted a cigarette tax to pay for it, and LBJ rejected that.

"The problem with the '60s programs is essentially we stopped before we finished," Peter Edelman, who was an aide to Robert Kennedy and to President Clinton, said at a recent University of North Carolina forum. "But we were especially weak on this question of helping people gain access to the job market...and on the question of concentrated poverty,"

Modern-day critics of the War on Poverty suggest that it sometimes made things worse. "They did induce dependency, they did not emphasize work nearly enough, and the watchword of the War on Poverty seemed to be spend more, demand less," says Ron Haskins, a former Republican congressional staffer now at the Brookings Institution think tank.

The 1970s

While fighting poverty often was politically popular, welfare wasn't. Created in the Depression to keep mothers of young children out of the work force, the program drew fire from a later generation of politicians. "The present welfare system has to be judged a colossal failure," Richard Nixon said in 1969. Between 1960 and 1974, welfare rolls more than tripled to 10.8 million people.

Inspired by such strange bedfellows as conservative Milton Friedman and liberal James Tobin, both later Nobel laureates in economics, Mr. Nixon advanced a proposal that would put him to the left of most Democrats today: a Family Assistance Program (FAP) that would have guaranteed every adult the equivalent of about $2,700 a year in today's dollars and every child $1,620.

Sometimes called a "negative income tax," it was a simple approach for curing poverty: Give money to those who don't have it, no strings attached. Mr. Friedman's notion was to use it to replace all other antipoverty programs, and eliminate the need for social workers and bureaucrats. Liberals saw it as a supplement to other safety-net programs. In any event, Congress rejected it. Liberals thought it too stingy; conservatives thought it an expensive way to coddle those who didn't work.

Congress did create a miniversion in 1972 that put a floor under the incomes of the old, blind and disabled. Dubbed the Supplemental Security Income, it now pays 7.2 million people an average of $450 a month. A few years later, Sen. Russell Long,

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a Democrat who chaired the Senate Finance Committee and detested the notion of paying people for not working, successfully crafted an alternative to the Nixon plan that was offered only to low-income people with jobs. Though few saw the potential when the Earned Income Tax Credit was born, the program has blossomed with bipartisan support into the largest federal antipoverty program outside of health care.

The U.S. economy weakened in the 1970s in ways that would be cruel to the working poor, restraining their wages. What economic growth did occur after 1979 was shared less evenly than it had been in previous decades; in a significant change, those at the top did better than those at the bottom.

Looking back, economists Sheldon Danziger and Peter Gottschalk cite the slower growth and widening of inequality as the primary reason that poverty fell much more slowly after 1970 than in preceding decades. Had "incomes grown as rapidly...as they had had during the economic 'golden age' after World War II," the poverty rate in 2002 would have been half what it actually was," they wrote in a 2005 book of essays published by the Russell Sage Foundation and Population Reference Bureau.

The 1980s and 1990s

The poverty rate was rising before Mr. Reagan took office. Inflation was eroding the spending power of welfare checks. Jimmy Carter had begun to put the brakes on spending. And then came the deep recession. By 1983, the official poverty rate had risen to where it had been in the late 1960s.

Mr. Reagan, decrying "welfare queens," pared spending on food stamps, unemployment compensation, child nutrition, vocational education, the Job Corps and welfare. The "goal of social policy in the Johnson (and even the Nixon) years had started with the question, 'How can we help the poor?' Reagan, in contrast, tended to ask 'How can we cut costs, and how can we get people to work?' " Mr. Patterson writes.

If liberal Michael Harrington's "The Other America" had been the defining text for the 1960s, then Mr. Murray's 1984 "Losing Ground" sought to play that role in the 1980s. Assailing the programs of the 1960s as failures, he argued that welfare gave poor people, particularly inner-city blacks, incentives to shun work and marriage.

By the 1990s, as the U.S. suffered another recession followed by another boom, there was no longer bold talk from the White House about eliminating poverty. The new slogans were Mr. Clinton's "end welfare as we know it" and Harvard University professor (and later Clinton adviser) David Ellwood's "If you play by the rules you shouldn't be poor." The decade represented another lurch toward pushing the poor to take responsibility for their circumstances, with an offer of government aid to reward those who did.

With loud dissents from liberals, Mr. Clinton joined Republicans in 1996 to replace the old welfare program with a new Temporary Assistance for Needy Families (TANF.) Among things, it required able-bodied recipients to leave welfare for work after two years.

Liberals were pleasantly surprised by the results. "That experiment with welfare reform has been far more successful than I certainly anticipated and than most people anticipated," says Isabel Sawhill, a former Clinton official who now oversees economic studies at Brookings. "We all remember Senator Moynihan saying children would be sleeping on grates. And although I'm sure there are some children who have not been helped and have, in fact, been harmed, I think that on average families have been better off -- helped by a strong economy, to be sure."

The welfare rolls have fallen from 3.9 million families in fiscal 1997 to 1.9 million in fiscal 2005, according to federal data. A growing fraction of unmarried women with children are working.

If government made it harder to stay on welfare, Mr. Clinton argued, it had to make sure that those who worked rose above poverty. "We will reward the work of working poor Americans by realizing the principle that if you work 40 hours a week, and you've got a child in the house, you will no longer be in poverty," he said in his first State of the Union address.

Raising the minimum wage in the 1990s from $3.35 an hour to $5.15 was one response. The other was a massive expansion of the Earned Income Tax Credit, which had already been sweetened by Presidents Reagan and George H.W. Bush. The federal government will spend more than $38 billion this year on the Earned Income Tax Credit -- both in reducing taxes owed by low-wage workers and, for those who don't owe taxes, giving them cash -- twice what it spends on Temporary Assistance for Needy Families. More than 22 million households, roughly one-fifth of the total, benefit.

The Clinton welfare overhaul came just as the economy roared and unemployment fell to the lowest level in more than a generation. Wages rose even at the very bottom of the economy for the first time in years -- and the poverty rate, by almost every measure, fell.

The 2000s

The end of the 1990s boom reversed some of the progress made against poverty in the late 1990s. And though Mr. Bush hasn't made reducing poverty central to his agenda, intellectual ferment over poverty continues. And so does the debate over whether it is the poor themselves or the economy that is primarily at fault.

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One major plank in today's response to poverty is the promotion of marriage, a reaction to the perception that old-style welfare contributed to an unhealthy breakup of the family. "The contract we promulgated was very simple: You can to get access cash...so long as...you don't go to work and you don't marry someone who's working. And so what we got was a lot more out-of-wedlock childbearing and a lot less family formation; no great mystery, we told them don't do it," says Wade Horn, an assistant secretary of Health and Human Services, echoing Mr. Murray's 1984 argument. "What's extraordinary in the last five years or so is that we started to have a public conversation about the need for more-friendly public policy when it comes to family formation," he says.

Indeed, liberals such as Ms. Sawhill and former Sen. Edwards, who argue that those who play by the rules ought not to be poor, have expanded their working definition of what it means to play by the rules: "Perhaps it should...include such things as finishing school, at least high school; perhaps it should include delaying child-bearing until you're old enough to support a child, or at least make a good effort at supporting a child -- then maybe we link some new benefits to those new kinds of responsibility," Ms. Sawhill says. Dissenters say marriage, despite its economic advantages, is oversold as an antipoverty strategy.

Another concept drawing favor across the political spectrum is to help poor people build nest-eggs, an approach that fits with Mr. Bush's enthusiasm for an "ownership society." Prominent proponent Michael Sherraden of Washington University in St. Louis argues that a "small amount of wealth" in the hands of a poor family can be important if it "enables a family to move to a better neighborhood, or enables an investment in education or training that wouldn't happen otherwise, or enables a purchase of a home."

There is today, however, a different sense about the potency of any government response to poverty than when the War on Poverty was born. "There was a sense in those early...days that the possibilities were endless," Lisbeth Schorr, who worked in the Johnson White House, recalled at a recent retrospective sponsored by the Brookings Institution and Georgetown University. "Of course," she said, "nobody knows what would have happened if we had been able to continue and expand what we started."

Counting The Poor: Methods And Controversy (WSJ)

By David Wessel

The Wall Street Journal, June 15, 2006

Who are the poor?

By the official measure, there were 37 million people living below the poverty line in 2004. Most (55%) were between 18 and 64, and most (68%) were white. But the poor are disproportionately children and disproportionately black: While 12.7% of the total population was below the poverty line, 17.8% of children under 18 and 24.7% of blacks were.

What is the official poverty line?

Developed in the early 1960s by Mollie Orshansky of the Social Security Administration, it is three times the amount of money the Agriculture Department estimated it would cost to feed a family, adjusted for inflation using the consumer-price index. The poverty line varies by family size. For a single mother with one child, it was $13,461 in 2005; for a two-parent, two-child family, it was $19,806.

What income counts in determining whether a family is above the official poverty line?

All cash income before taxes, whether from wages or government benefits, counts. Capital gains, noncash government benefits such as Medicaid, food stamps or housing subsidies don't count, nor does the Earned Income Tax Credit.

Does that make sense?

No. But efforts to change the official poverty measure are mired in political controversy. There is even controversy over which alternatives to the official measure should be published by the Census Bureau. Until recently, it published 17 alternatives based on recommendations by a National Academy of Sciences panel. Most showed a poverty rate above the official number because they used a higher poverty line. Influenced by the arguments of Douglas Besharov, of the conservative American Enterprise Institute think tank, the Census Bureau this year adopted a new approach and published alternatives to the official measure that put poverty rates below the official one.

What do alternative measures show?

Almost anything you want. One Census Bureau calculation, based on the NAS recommendations, adds food stamps, housing subsidies, discount school lunches, capital gains and the Earned Income Tax Credit to family income, and then subtracts federal and state taxes and the cost of getting to work and caring for children. This would put 16% of Americans below the poverty line for 2003, well above the 12.5% official measure. One of the new Census Bureau approaches incorporates many of those changes to calculating income and adds an "imputed return of home equity" for those who own homes -- but doesn't adjust the poverty threshold. That approach brings the 2003 poverty rate down to 9%, relying on the consumer-price index to

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adjust Ms. Orshansky's numbers, and to 7.4% by applying what many economists say is a more accurate measure of inflation over time.

Do the alternatives show different trends?

No. Most measures show that poverty fell in the 1990s as a result of a booming economy and changes in government policies, such as an increase in the minimum wage. Most measures also show that poverty has risen since the end of the 1990s.

How do other countries measure poverty?

In contrast to the U.S. approach of setting an absolute threshold and adjusting it for inflation, Europeans tend to use a relative measure, adjusting the thresholds so they rise not just with inflation but with the incomes of typical families. Such an approach would produce a higher number of Americans living in poverty than the current official measure because the typical American family's income has risen far more than the poverty line has.

Charity Bingo Trying 'to Reinvent Itself' (USAT)

By Charisse Jones

USA Today, June 15, 2006

Groups boost payoffs, fun to win players back from casinos

Julia Eddy has volunteered at bingo games for more than 20 years. She remembers the glory days.

"It used to be 180 to 200 (people) whenever you opened the doors. It didn't matter what time of day," says Eddy, 39, who manages three charity bingo games a week in Aurora, Colo., near Denver.

Now on a Saturday morning, fewer than half that number show up. Several bingo halls in the area have closed in the past year for lack of business, she says.

Charities that run bingo games for money to sponsor food pantries, recreation programs for poor children and other activities are scrambling to find new customers. That's because many players who once crowded fraternal lodges and community centers to play bingo are flocking to casinos instead, drawn by bigger jackpots and flashier surroundings.

To help charities compete, gaming regulators are enabling non-profit groups to increase jackpots and use electronic gadgets that make it easier for customers to play several bingo cards at once. They're also requiring bingo hall owners to spruce up their venues to make them more fun for players.

"You can't make much with bake sales and car washes," says Corky Kyle, executive director of the Colorado Charitable Bingo Association. "The non-profits just cannot compete with the for-profit gaming industry unless they're given the opportunity to conduct their gaming the same way. … Bingo needs to reinvent itself."

Profits for charities from bingo and other gaming dropped about 13% from 2001 to 2003 before rebounding about 1% in 2004 in about 30 states that track the business, says Mary Magnuson, legal counsel for the Minnesota-based National Association of Fundraising Ticket Manufacturers.

"Clearly, the commercial gambling is having an impact," Magnuson says. Other factors that have diminished bingo's appeal are smoking bans that prevent players from lighting up and the game's image as a pastime for seniors, she says.

Bingo's decline coincides with the explosion of legalized gambling across the USA in the past 15 years. States have sanctioned commercial casinos and expanded lotteries to raise revenue and avoid hiking taxes to pay for services. More recently, states such as Iowa and Louisiana have begun allowing slot machines at racetracks. Utah and Hawaii are the only states that ban gambling.

Steps states are taking or considering to help charity gaming:

·Last week, Minnesota began allowing several bingo halls to link up for a single game via the Internet, potentially increasing the jackpot from hundreds to thousands of dollars. "It's one of the things … (for) charitable foundations to help them raise money," says Tom Barrett, executive director of the state's Gambling Control Board.

·Michigan will require bingo halls to meet minimum appearance standards by Oct. 1 to make them more appealing to patrons, says Robert Blessing, gaming director of the charitable gaming division of Michigan's Bureau of State Lottery. "We're trying to make our bingo halls more like other gambling venues … so as we attract new players, they'll be willing to continue playing." Hall owners will get credit for such things as good lighting and smudge-free walls.

·In Pennsylvania, a bill that would double the amount of bingo prize money groups can award in a single day to $8,000 was approved by the state House of Representatives last year and awaits action in the Senate.

The fall in bingo proceeds has "become disastrous," says Kristine Corn, 63, founder of Ride to Walk, a program in Lincoln, Calif., that provides therapeutic horseback rides for children who have neurological disabilities stemming from accidents and illnesses such as cerebral palsy.

In November, the program ended its Tuesday night bingo games in nearby Sacramento because they were losing money, Corn says. Before the nearby Thunder Valley Casino opened in June 2003, she says, the games grossed up to $10,000 a month

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and financed most of the program. Corn says she now must charge families $45 a ride. Ride to Walk is trying new activities, including a barn dance and a golf tournament, to fill the gap.

"I think that the casinos are trying to support the community," she says. Thunder Valley donated $10,000 to the program, she says, though her group asked for $50,000. "I think with the kind of money they're bringing in, they probably could be more charitable … particularly to the little charities running things like bingo, because they do take away from us."

The United Auburn Indian Community, owner of the Thunder Valley Casino, has given more than $1 million a year to local non-profit groups such as Ride to Walk, spokesman Douglas Elmets says. He also says casinos don't compete for players with charity games. "I do think there's a different crowd," he says.

In 2004, Michigan gave non-profits a new weapon to lure players at special fundraisers: Texas Hold 'Em poker. After the popular poker game was introduced, the number of licenses issued to charities to hold the fundraisers, known as "millionaire parties," jumped to 1,417 in 2005 from 684 in 2004, Blessing says. "It's been a real attractive venue for our non-profits to make money," he says.

Changes also are occurring in Minnesota, where earnings for charity bingo dropped roughly 4% each of the past five years, Barrett says. "Industry representatives came to us and said bingo has lost its sizzle and pop — 'it's a game my parents played,' " Barrett says. "We're proposing new alternatives to an old game."

Linking several bingo halls over the Internet is important, says Bob Matson, executive director of the North Suburban Youth Foundation in Roseville, Minn. "We're counting on it," says Matson, whose group raises about $150,000 a year for youth programs in St. Paul and two suburban school districts.

Reviving bingo's fortunes is vital to non-profit groups, advocates say. "In many instances, it is (their) primary source of money," Magnuson says. "What happens to the volunteer fire department if they can't raise money through bingo?"

Changing Bedfellows (NYT)

By David Brooks

The New York Times, June 15, 2006

If American politics could start with a clean slate today, the main argument wouldn't be between liberalism and conservatism, words that have become labels without coherent philosophies. The main fight would pit populist nationalism against progressive globalism.

The populist nationalist party would be liberal on economics, conservative on values and realist on foreign policy. It would bring together a wide array of people who are disenchanted with their respective parties' elites, and who would find they have a lot in common. It would bring Kevin Phillips together with Pat Buchanan, the Virginia senatorial candidate James Webb together with Lou Dobbs, Al Sharpton together with James Dobson.

Here's how a populist nationalist candidate would sound: "We are the ordinary, burden-bearing people of this country. We are the ones who work hard and build communities. It's time for us to come together and recognize that our loyalty to our fellow Americans comes first.

"That means we can't waste our precious blood and treasure on poorly planned, pie-in-the-sky wars to bring democracy to the Middle East. We need to get out of Iraq now. That means we can't sell our ports to our enemies. That means we must secure our borders against terrorists and illegal immigrants who break the law, take our jobs and drive down wages.

"We need to stand up to the big money interests who value their own profits more than their own countrymen, who outsource jobs to China and India, who destroy unions and control Washington. We need to fight off their efforts to take away our Social Security and Medicare. Instead of widening inequality and a race to the bottom, we need universal health care and decent wages. We need a government that will stand up to Internet porn and for decent family values.

"We're tired of both the corporate elites and the cultural elites. We want leaders who understand our anxieties and are, like us, tired of a world where nothing is safe, where everything can be swept away by a serious illness, a divorce or a terrorist's bomb."

Populist nationalism of this sort would be politically potent. It would be against the war without seeming naïve and dovish. It would be against corporate power without seeming socialist. It would tap the passions aroused by immigration and outsourcing and cohere with the populist uprisings taking place in different forms around the world.

The progressive globalists, on the other hand, would be market-oriented on economics, liberal on values and multilateral interventionists in foreign affairs. The leading spokesman for this movement would be Tony Blair. Domestically, it would be led by the major presidential aspirants, who don't differ much: John McCain, Hillary Clinton, Mitt Romney, Mark Warner and Rudy Giuliani.

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Here's how a globalist might sound: "We're inspired by the opportunities a globalizing and flattening world open up before us. We embrace technological dynamism and cultural diversity and reject beggar-thy-neighbor policies. But we understand that globalization means interdependence, and we have to build institutions to ensure everybody shares the new prosperity.

"We have to reform education and improve skills so that more people succeed. We need to reform entitlements so the economy can remain flexible and not buried by debt. We have to work together to address global warming, oil dependence and protectionist barriers. We have to understand that this open, diverse world has enemies. We have to confront Islamic extremism ideologically and militarily, and battle it at its roots with democracy and freedom. We need to manage the movement of peoples without shutting off the flow, open up trade, not shut it down."

This modernizing progressivism would also be politically potent. It would thrive among the educated, among aspiring suburbanites, among hawks and among immigrants who look to the future more than the past.

Of course these alignments won't come about instantaneously. Our political institutions and habits have staying power, and the politics of globalization is lagging far behind the reality of it. But the issues that realigned politics in the 1960's are fading, and issues like immigration, trade and interdependence are rising to the fore. Politics is becoming less about left versus right and more about open versus closed. Or, to put it in starker terms, the populists are getting more populist while the elitists are getting more elitist.

Where The Hogs Come First (NYT)

By Bob Herbert

The New York Times, June 15, 2006

Think pork. Sizzling bacon and breakfast sausage. Juicy chops and ribs and robust holiday hams.

The pork capital of the planet is this tiny town in the Cape Fear River basin, not far from the South Carolina border. Spending a few days in Tar Heel and the surrounding area — dotted with hog farms, cornfields and the occasional Confederate flag — is like stepping back in time. This is a place where progress has slowed to a crawl.

Tar Heel's raison d'être (and the employment anchor for much of the region) is the mammoth plant of the Smithfield Packing Company, a million-square-foot colossus that is the largest pork processing facility in the world.

You can learn a lot at Smithfield. It's a case study in both the butchering of hogs (some 32,000 are slaughtered there each day) and the systematic exploitation of vulnerable workers. More than 5,500 men and women work at Smithfield, most of them Latino or black, and nearly all of them undereducated and poor.

The big issue at Smithfield is not necessarily money. Workers are drawn there from all over the region, sometimes traveling in crowded vans for two hours or more each day, because the starting pay — until recently, $8 and change an hour — is higher than the pay at most other jobs available to them.

But the work is often brutal beyond imagining. Company officials will tell you everything is fine, but serious injuries abound, and the company has used illegal and, at times, violent tactics over the course of a dozen years to keep the workers from joining a union that would give them a modicum of protection and dignity.

"It was depressing inside there," said Edward Morrison, who spent hour after hour flipping bloody hog carcasses on the kill floor, until he was injured last fall after just a few months on the job. "You have to work fast because that machine is shooting those hogs out at you constantly. You can end up with all this blood dripping down on you, all these feces and stuff just hanging off of you. It's a terrible environment.

"We've had guys walk off after the first break and never return."

Mr. Morrison's comments were echoed by a young man who was with a group of Smithfield workers waiting for a van to pick them up at a gas station in Dillon, S.C., nearly 50 miles from Tar Heel. "The line do move fast," the young man said, "and people do get hurt. You can hear 'em hollering when they're on their way to the clinic."

Workers are cut by the flashing, slashing knives that slice the meat from the bones. They are hurt sliding and falling on floors and stairs that are slick with blood, guts and a variety of fluids. They suffer repetitive motion injuries.

The processing line on the kill floor moves hogs past the workers at the dizzying rate of one every three or four seconds.

Union representation would make a big difference for Smithfield workers. The United Food and Commercial Workers Union has been trying to organize the plant since the mid-1990's. Smithfield has responded with tactics that have ranged from the sleazy to the reprehensible.

After an exhaustive investigation, a judge found that the company had threatened to shut down the entire plant if the workers dared to organize, and had warned Latino workers that immigration authorities would be alerted if they voted for a union.

The union lost votes to organize the plant in 1994 and 1997, but the results of those elections were thrown out by the National Labor Relations Board after the judge found that Smithfield had prevented the union from holding fair elections. The

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judge said the company had engaged in myriad "egregious" violations of federal labor law, including threatening, intimidating and firing workers involved in the organizing effort, and beating up a worker "for engaging in union activities."

Rather than obey the directives of the board and subsequent court decisions, the company has tied the matter up on appeals that have lasted for years. A U.S. Court of Appeals ruling just last month referred to "the intense and widespread coercion prevalent at the Tar Heel facility."

Workers at Smithfield and their families are suffering while the government dithers, refusing to require a mighty corporation like Smithfield to obey the nation's labor laws in a timely manner.

The defiance, greed and misplaced humanity of the merchants of misery at the apex of the Smithfield power structure are matters consumers might keep in mind as they bite into that next sizzling, succulent morsel of Smithfield pork.

Iran Quietly Learns Of Penalties In A Nuclear Incentives Deal (NYT)

By Elaine Sciolino And William J. Broad

The New York Times, June 15, 2006

PARIS, June 14 — When a formal incentives package by six nations to encourage Iran to curb its nuclear program was presented in writing in Tehran last week, it omitted a long list of potential punishments should Iran reject it, according to senior officials familiar with the package.

Instead, it was left to Javier Solana, the European Union's foreign policy chief, to deliver news about the sticks — only orally.

In a one-on-one meeting without aides, Mr. Solana told Ali Larijani, the chief Iranian negotiator, that there would be "serious consequences" against Iran in the United Nations Security Council if Iran did not suspend key nuclear activities and embrace the offer, the officials added.

The decision to focus on the benefits for Iran and to leave no paper trail about possible penalties reflects a new international negotiating strategy toward Iran.

The six nations — the United States, Russia, China, France, Britain and Germany — have decided to treat Iran not as an errant child whose behavior must be modified or a rogue state that must be punished, but as a potential responsible negotiating partner.

The possible punishments were kept separate and informal for two reasons: to prevent Iran from rejecting the offer out of hand and to maintain the fragile unity of the six nations that authored it, officials said.

"In the past, we were told we didn't have enough respect" for the Iranians, one senior official said. "Maybe we're learning, and this time our approach was different, more respectful."

The strategy also reflects the recent shift in the policy of the Bush administration, which has long portrayed Iran as the world's worst state perpetrator of terrorism, determined to become a nuclear power. It follows a decision last month by the administration to sit at the same negotiating table with Iran — if Iran fully suspended its uranium enrichment and reprocessing activities.

Iran had rejected as insulting a previous 31-page proposal presented by France, Britain and Germany last August that promised some incentives in exchange for tough measures to freeze Iran's activities related to enriching uranium, which can be used to fuel nuclear reactors or atom bombs.

This time, the United States, Russia and China are full partners in the negotiations, with all six nations determined to give Iran a package so generous that it would have no reason to say no.

The disclosure that the formal written proposal omitted disincentives came to light after extracts were published Wednesday by Agence France-Presse. The text was read to The New York Times by an official.

Some officials involved in the negotiations expressed dismay that the tightly held document had leaked, and that its elements could be misunderstood, in part because only part of it is written down.

For example, those in the United States opposed to any reconciliation with Iran could use it to criticize the administration for appearing to abandon its tough line. Those in Iran who want the country to continue its enrichment-related activities could fault it for depriving Iran of what is widely considered a sovereign right.

"We need private diplomacy and this is very bad," said one senior official. "The paper presented only tells part of the story."

Indeed, an earlier written draft of the proposal listed a variety of possible punitive measures, like an embargo on goods and technologies and a ban on financial transactions related to Iran's nuclear program.

Now, the lack of clarity about what constitutes possible penalties could give the Iranians the impression that they could seek even more concessions, as they have done in the past.

Two weeks ago, on the day before Secretary of State Condoleezza Rice met with her five counterparts in Vienna to work out the final package, she gave the impression it included both incentives and disincentives.

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But Ms. Rice was swayed by the Europeans, particularly the Russians and the Germans, that the best way to get the Iranians on board was to formally offer carrots, and informally offer sticks, an administration official said.

The Russians, in particular, who have opposed Security Council sanctions against Iran, argued that the incentives option had to be exhausted first. Mr. Solana, a nuclear physicist by training, was given the leeway on how to present what was called the "two pathways," officials said.

All officials spoke on the condition of anonymity under normal rules of diplomacy.

One key goal of the offer, according to the text, is "to develop relations and cooperation with Iran based on mutual respect," the first time the Bush administration has indicated that it is prepared to deal with Iran in such a positive way.

Many elements of the proposal were already known, but the disclosure of the text was the first authoritative rendering of its details.

It includes such technical inducements as international commitments to support joint projects with Tehran for building new light-water reactors to make electricity.

The offer lays out two ways that Tehran could fuel such reactors without resorting to its own enrichment of uranium for the production of nuclear fuel — the central objection of the West because such material can be used to fuel not only nuclear reactors but also atom bombs.

The first alternative would have Iran participate in an "international facility" in Russia that would enrich uranium, an idea that Tehran has consistently rejected.

The second would have Iran draw on a commercial supply of nuclear fuel that the International Atomic Energy Agency would supervise and that would act as a "buffer stock" lasting for up to five years.

In exchange, the proposal requires Iran to "suspend all enrichment-related and reprocessing activities" and to commit to continue the suspension throughout negotiations on the incentives package.

In an indication that informal negotiations with Iran have essentially begun, Mr. Solana and Mr. Larijani spoke by phone on Wednesday. They "touched base and compared notes," but did not discuss the substance of the proposal, an aide to Mr. Solana said.

Mr. Solana called it "a constructive conversation," adding, "It will be followed by others."

Ahmadinejad Seeks Chinese, Russian Support (AP)

By Ali Akbar Dareini, Associated Press Writer

AP, June 15, 2006

Iran's hard-line president is doing more than just attending an Asian security summit in China: Mahmoud Ahmadinejad seeks to gain Russian and Chinese support at a critical moment for his country's nuclear program.

He also aims to prove that his country is not isolated, despite U.S. claims to the contrary.

Past trips to Asia have been a chance for Ahmadinejad to tap into anti-U.S. sentiment and tout himself as a leader who is standing up to Washington. Last month, he was cheered by Indonesian students and by a crowd shouting "Fight America! Fight Israel!" outside a Jakarta mosque where he performed prayers.

His visit to China, which began Wednesday, will likely be more dedicated to intense diplomacy. Ahmadinejad is expected to hold separate meetings with his Chinese and Russian counterparts, Hu Jintao and Vladimir Putin, on the sidelines of the regional summit in Shanghai.

It will be a chance to sound out his two allies on a package of incentives offered by the Big Five Powers at the U.N., plus Germany, seeking to persuade Iran to freeze its uranium enrichment program. If Iran agrees, Tehran would then be able to enter negotiations with the United States and Europe over a long-term resolution to the standoff over its nuclear program.

Russia and China have backed the incentives package. But the two countries — longtime allies and trading partners of Iran who hold veto powers at the U.N. — have opposed any move to impose sanctions, which Washington seeks if Tehran turns down the offer.

A key question for Iran is likely to be how much change it can seek in the package and still keep Moscow and Beijing's implicit protection.

Iran has said it finds parts of the package acceptable but that other parts should be removed. And it has said the key issue of uranium enrichment remains unclear and needs further explanation. Tehran has outright rejected demands it scrap enrichment and has been highly reluctant to suspend it.

Tehran has not yet responded to the offer, given to it a week ago.

"Iran is taking its own time (in responding) to get Russia and China to modify the Western pressures on Tehran," said political analyst Davoud Hermidas Bavand.

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Ahmadinejad will likely urge Moscow and Beijing to "follow their independent policy and don't go the U.S. way," said analyst Mostafa Kavakebian.

The Iranian president will try to push his own ideas, seeking a compromise that will guarantee his country's right to enrich uranium and at the same time offer guarantees that its nuclear program won't be diverted toward weapons, he said.

In Shanghai, Ahmadinejad joins the leaders of Russia, China and four Central Asian countries who comprise the Shanghai Cooperation Organization.

The trip is also a chance to show that Iran has friends around the world despite U.S. attempts to isolate it. Iran has made clear it is adjusting its relations with nations based on the nuclear standoff.

"We are redefining our relations with the world," Foreign Minister Manouchehr Mottaki told a television program last week. "We are managing our relations with other countries based on our national interests and the way we are treated (over the nuclear dispute)."

Iran has repeatedly said it will offer giant economic projects to countries that support its nuclear program and punish those who vote against it.

China's state energy company has signed long-term deals for natural gas. Those deals display the growing disregard for Washington's priorities. In 1996 the U.S. said it would consider sanctions on any company that invests more than $20 million annually in the Iranian oil and gas sectors. The threat was never enforced.

Ahmadinejad's participation in the Shanghai summit, as an observer, is a particular irritant to the United States, which views the body as an attempted counterweight against Western influence in Central Asia and the presence of American bases there.

Defense Secretary Donald H. Rumsfeld last week chided China and Russia for backing Tehran's participation in the summit, saying he found it strange to bring the "leading terrorist nation in the world into an organization that says it's against terror."

But host China dismissed the criticism. "We cannot abide by other countries calling our observer nations sponsors of terror," Shanghai Cooperation Organization chief Zhang Deguang said.

Group Linked To Al Qaeda Tightening Grip On Somalia (WT)

By Bill Gertz

The Washington Times, June 15, 2006

An Islamist group with ties to al Qaeda is quickly solidifying its grip on parts of Somalia and moving toward setting up a Taliban-style Islamist regime in the country, according to U.S. officials familiar with events in the region.

Armed militias of the group known as the Islamic Courts Union (ICU) defeated a U.S.-backed group of Somali warlords called Alliance for the Restoration of Peace and Counterterrorism last week and control large sections of Mogadishu and seized a key town yesterday.

The officials familiar with terrorism and the Horn of Africa, including some who were recently in Somalia, said the Islamists now are seeking to publicly distance themselves from al Qaeda, which also is seeking to play down its ties to the ICU to avoid provoking a military response from the United States or other nations in the region.

"We missed the center of gravity when we engaged with the warlords and did not stand up to the ICU," one official said.

The ICU is "putting on a good face" after its military gains, the official said, warning that the ICU is engaged in a disinformation campaign that is designed to hide its true goals.

The situation in the East African country, which has not had a central government in over a decade, is fluid. Yesterday, ICU militias took over the town of Jowhar, northeast of Mogadishu, an area that was the last stronghold of the counterterrorism group warlords. The group now may focus attacks on Baidoa, where a non-Islamist Somali-led transitional government is based.

Retired Vice Adm. Scott Redd, director of the National Counterterrorism Center, said at a Senate hearing Tuesday that "obviously, there have been some things going on inside Somalia."

"I would not jump to the conclusion, however, that that means that al Qaeda now owns Somalia, by any stretch of the imagination," said Adm. Redd, who commanded a task force that evacuated United Nations peacekeepers from Somalia in 1995.

State Department Coordinator for Counterterrorism Henry Crumpton, appearing with Adm. Redd at the Senate Foreign Relations Committee hearing, said last week's rise to power of the ICU was "not anticipated."

Mr. Crumpton said the administration is cautious about statements from the ICU that it is not an Islamist regime.

"We still have some concern because, despite their public overtures, we're not sure what Islamic Courts really want in terms of their strategies and in terms of their relationship with al Qaeda," he said.

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Behind the scenes, the Islamic Courts group is taking steps to institute Shariah, or Islamic law, and to install an Islamist, Taliban-style government, other U.S. officials said.

The ICU's most significant step has been to take over all schools in areas that it controls and to change the curriculum to Islamist-centered teaching.

The Bush administration decided to help the counterterrorism group of warlords against the ICU, mainly with funding, but rejected providing support for what is known as the Transitional Federal Government, or TFG, currently located in Baidoa. The TFG has some international support and controls some areas of Mogadishu, but lacks forces sufficient to challenge the ICU on its own, the officials said.

That government includes Hussein Mohamed Farrah, a pro-Western former U.S. Marine and son of the late Somali warlord Mohamed Farrah Aidid, who fought U.S. military forces in the early 1990s during the failed U.S. humanitarian operation. Aidid's forces were behind the deadly 1993 shootout in Mogadishu that led to the deaths of 18 U.S. soldiers and up to 1,000 Somalis.

The U.S. Central Command currently has several hundred troops, including special operations commandos, in Djibouti as part of Combined Joint Task Force-Horn of Africa.

Intelligence reports from the region indicate that the ICU has close ties to a small group of al Qaeda terrorists who are left over from the terrorist cell that launched the 1998 operation to bomb the U.S. embassies in Tanzania and Kenya. The al Qaeda cell is providing advice to the ICU and is helping facilitate support for the group from radical Wahhabi Muslims in Saudi Arabia, Yemen and elsewhere, the officials said.

Islamic Militias Extend Control In Southern Somalia (WP)

By Craig Timberg

The Washington Post, June 15, 2006

Stronghold of Secular Warlords Falls; Transitional Government Calls for Foreign Peacekeepers

NAIROBI, June 14 -- Islamic militias asserted control over southern Somalia on Wednesday by routing once-powerful secular warlords from one of their last remaining strongholds and moving closer to the headquarters of the country's fragile, U.N.-backed government.

The town of Jowhar, about 60 miles north of the militias' base in the capital, Mogadishu, fell in a morning attack that left at least four people dead and prompted several remaining warlords to flee in heavily armed pickup trucks, according to news reports.

More than 300 Somalis have died in fighting in recent months as the Islamic militias have driven the secular warlords, who have had U.S. support, from most of southern Somalia.

The militias immediately declared a nighttime curfew in Jowhar and announced plans to impose Islamic law, or sharia , which in recent years has brought some order to lawless Mogadishu.

...

Fearing an attack, members of the country's largely powerless transitional government voted Wednesday to invite foreign peacekeepers to enter Somalia. The government is based in Baidoa, about 130 miles from Jowhar. The town is one of the last significant places in the southern region not controlled by the militias.

The Islamic militias have repeatedly rejected calls for foreign peacekeepers, fearing that neighboring countries, especially Somalia's historic enemy, Ethiopia, would use such a deployment as a pretext to meddle in Somalia's affairs. That fear has been sharpened by the reportedly warm relations between Ethiopia and the president of the transitional government, Abdullahi Yusuf.

"They will back Yusuf. They will come to Mogadishu," said Abdurahman Osman, a representative of the Islamic militias, speaking in Nairobi.

The issue threatened to drive apart the militias and the transitional government at a time when international officials are pushing the groups to negotiate a solution to Somalia's lasting trouble. Islamic militia leaders warned repeatedly in the past week that they would end discussions with the transitional government if it invited foreign troops to Somalia.

Somalia has been without an effective central government since largely clan-based warlords overthrew longtime dictator Mohamed Siad Barre in 1991. The warlords then began fighting one another, turning the country into a patchwork of rival fiefdoms. Central and northern Somalia became largely self-governed as the nominal capital descended into chaos.

The United States reportedly became involved in supporting the warlords as it sought help in capturing terrorism suspects hiding in Somalia. Among the leaders of the Islamic militias, U.S. officials have said, are extremists with links to al-Qaeda. Since taking control of Mogadishu last week, however, militia leaders have made repeated overtures to the United States and sought to portray themselves as moderates seeking to stabilize a chaotic country.

U.S. Meeting Europeans To Forge Policy On Somalia (NYT)

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By Helene Cooper

The New York Times, June 15, 2006

WASHINGTON, June 14 — American officials will sit down Thursday with their European counterparts to try to come up with an answer to this central question: Is there anyone left with any authority in Somalia with whom the United States can do business?

The hurriedly convened Contact Group meeting in New York represents a State Department effort to form a new policy on Somalia after more than a decade of neglect. Diplomats are asserting more control over Somalia policy from the Central Intelligence Agency, on the ground that an approach that by many accounts has consisted largely of C.I.A. payments to Somali warlords has been counterproductive.

That came into stark relief last week when the American-backed warlords fighting a proxy war for the United States against Islamists believed to be harboring operatives of Al Qaeda were run out of Mogadishu, the capital, by those Islamists. For the United States, the lawless place that spawned "Black Hawk Down" was suddenly back, this time as a potent symbol of America's faltering counterterrorism efforts. Washington had backed the losing side, Somalia was now under new management, and the United States had few allies on the ground.

Somalia has not had an effective central government since early 1991, when largely clan-based warlords overthrew its dictator, Mohamed Siad Barre, then turned on one another. An interim government, formed with United Nations support, has not even been able to enter Mogadishu, and has instead been stuck in Baidoa, about 150 miles away.

"We need to have legitimate actors inside Somalia with whom we can work," Henry A. Crumpton, the State Department's top counterterrorism official, told a Senate committee on Tuesday. "That's probably the most difficult challenge right now."

Sheik Sharif Ahmed, chairman of the Islamist militia group, would have to be at the top of the list of people who exert power in Somalia. Mr. Ahmed has sought to moderate the image of his Islamic Courts Union, which is seen in the West as wanting to impose a Taliban-style government on Somalia, with strict religious codes and a willingness to harbor Qaeda members. He sent a conciliatory letter last week to foreign governments, including the United States, that said the Islamists wanted a "friendly relationship with the international community."

American officials have maintained that Islamic leaders in Mogadishu are sheltering Qaeda operatives who were indicted in the 1998 bombings of the United States Embassies in Kenya and Tanzania. Since those bombings, American officials have been tracking a Qaeda cell whose members are believed to move freely among Somalia, Kenya, Ethiopia and parts of the Middle East. The American payments to the warlords were intended at least in part to help achieve the capture of the Qaeda operatives.

Shortly after an attack on a hotel in Mombasa, Kenya, and the failed attempt to shoot down a plane bound for Israel from the Mombasa airport — both in November 2002 — the United States began informally reaching out to Somali clans in the hope that local forces might provide intelligence about people suspected of being members of Al Qaeda in Somalia, said a recent report by the International Crisis Group, a nonprofit research organization with extensive experience in Somalia.

That approach brought a few successes. Militiamen loyal to the warlord Mohammed Deere caught Suleiman Abdalla Salim Hemed, who was suspected of being a Qaeda operative, in April 2003 and turned him over to American officials.

Bush administration officials say that they are willing to take Mr. Ahmed's letter at "face value," but that they believe that Qaeda operatives remain in Somalia. "We're still not quite sure what the Islamic courts really want in terms of their strategies and in terms of their relationship with Al Qaeda," Mr. Crumpton said.

But the United States cannot continue to view Somalia solely through the prism of counterterrorism. Critics say that is why America has no real allies in a country that has become a haven for terrorists.

"These guys are very different from the Taliban," said Robert Rotberg, author of "Terrorism in the Horn of Africa" and director of the intrastate conflict program at the Kennedy School of Government at Harvard. "They have a potential to be a buffer between terrorism and chaos, and that's a good role if we can find a way to talk to them sensibly."

Palestinians Mount Violent Protest Over Lack Of Paychecks (NYT)

By Ian Fisher

The New York Times, June 15, 2006

JERUSALEM, June 14 — Palestinian civil servants stormed the parliament building in the West Bank on Wednesday demanding back pay and chanting "We are hungry!"

Fistfights broke out as protesters hurled plastic water bottles at legislators from Hamas, the militant group that controls parliament, forcing the speaker to flee the building.

It was the second violent protest this week at parliament, in Ramallah, and underscored growing pressure on the Hamas government on several fronts.

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Much of the Western aid that had been used to run the Palestinian Authority has been withheld since Hamas took over the government after winning January elections. Many Muslim nations had pledged their support, but international banks, most tied to the American system, have refused to transfer money from other donors.

So on Wednesday, the Hamas foreign minister, Mahmoud Zahar, crossed over into Gaza from Egypt carrying what Palestinian officials said was $20 million in cash in his suitcases. He was returning from a long trip to Indonesia, Malaysia, Brunei, China, Pakistan, Iran and Egypt.

Hamas, responsible for many of the deadliest suicide attacks against Israel, has refused to renounce violence or recognize the Israeli state since it won control of parliament in January.

Though a substantial sum, the $20 million is a fraction of $120 million the Palestinian Authority needs each month just for the salaries of its 165,000 employees, most of whom have not been paid for four months. Its current budget would require an additional $45 million for all costs other than salaries.

A power struggle between Hamas and Fatah, the party it ousted from power, continues to worsen. About two dozen people have been killed in recent weeks in factional fighting, including a Hamas gunman in southern Gaza on Wednesday. The protesters at the parliament, which was also attacked Monday night along with two cabinet buildings, were reported largely to be loyal to Fatah.

"We deplore and regret these incidents," Ismail Haniya, the prime minister and a top Hamas leader, said after the death of the gunman, The Associated Press reported. "The government is going to carry out its responsibilities along with the security branches in order to maintain law and order."

To defuse the tensions, Mr. Haniya and Mahmoud Abbas, president of the Palestinian Authority and a member of Fatah, have agreed to a series of talks, which continued on Wednesday.

Mr. Abbas, a moderate, has been pressing Hamas to accept even implicit recognition of Israel, a move aimed at freeing up foreign money and restarting peace talks with Israel. Barring that, Mr. Abbas has said he will schedule a referendum next month calling for a Palestinian state within pre-1967 borders, a proposal that polls indicate most Palestinians support.

Hamas's leadership strongly opposes the referendum as illegal and an effort to undermine the party's election victory.

But there were indications on Wednesday that the two sides might have made progress on the difficult question of the Hamas militia, which is still outside government control. Fatah officials said Hamas had agreed to steps to integrate about 3,000 fighters into the security forces, though no timetable was given. Hamas has already agreed in principle to such a move.

Mr. Zahar was allowed to bring his cash into Gaza on Wednesday. Since the international banks refused to transfer funds to the Palestinians, at least two other Hamas leaders have been stopped at the border between Egypt and Gaza carrying large amounts of cash.

The earlier shipments, totaling some $5 million, had been confiscated but then released, supposedly to the Palestinian government. Some employees received part of their back pay a week ago, but some Palestinians suggested that the money might not have gone to the Finance Ministry but instead was used by Hamas to pay its loyalists.

The conflict between Palestinians and the Israeli military was largely quiet on Wednesday. The Israeli military reported that Palestinians had fired a rocket toward Israel from Gaza, but that it landed in the desert without hitting anyone.

In recent months, the number of rocket attacks has increased significantly, to nearly 100 this month alone. Last week, during an Israeli retaliatory attack, seven members of a Palestinian family were killed on a beach in Gaza, causing Hamas to call off its 16-month truce.

On Tuesday, however, the Israeli military contended that an internal investigation showed its munitions had not been responsible, a finding rejected by the Palestinians.

The deaths, and 10 more in Gaza on Tuesday, among them 8 civilians, came at a sensitive time, as Prime Minister Ehud Olmert made his first trip in office to Europe. He met Wednesday with President Jacques Chirac of France, trying to persuade Mr. Chirac to accept Israeli plans to withdraw unilaterally from parts of the West Bank in the absence of a peace with the Palestinians.

"The realignment plan is inevitable," he told reporters in France. "It will be implemented."

Europe Plan To Aid Palestinians Stalls Over U.S. Salary Sanctions (NYT)

By Steven R. Weisman

The New York Times, June 15, 2006

WASHINGTON, June 14 — A European proposal to provide aid for Palestinian health care has stalled because of concerns by the Bush administration that the plan may violate an American ban on paying salaries to a Hamas government.

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Despite what has been described as a humanitarian crisis in Gaza and the West Bank, American and European officials say they strongly doubt that any aid will reach the Palestinians quickly, given the violent chaos in Palestinian areas and Hamas's declared intention to scrap a truce with Israel.

The Europeans have proposed that the World Bank set up a "mechanism" through which donations from Europe and the Arab world can get to the Palestinians.

But American and European officials say that might violate American sanctions laws, which could lead to penalties against any bank that allows a transfer of money to employees in a Hamas government, even if the transaction is overseen by the World Bank.

"This is a nasty situation," said a European diplomat, who was not authorized to speak publicly on the issue. "No bank wants to run afoul of American banking laws and get shut down by the Treasury Department."

The United States Treasury has barred almost all financial dealings with the Palestinian Authority in response to Hamas's rise to power, under a federal law that makes it a crime to provide funds to terrorist groups.

A senior administration official, also speaking anonymously, noted that the Palestinian situation was a vivid illustration of the reach of American sanctions laws.

"What you've got is a system of banks, even Arab banks, that cannot ignore the risk to their reputations of doing business with terrorists," the official said. "That's quite apart from what they might actually face as a legal risk, which could be substantial."

Hamas, which is on the State Department's list of terrorist organizations, took office in April. Europe and the United States then cut off most of the $1 billion that outside donor governments have given annually to keep the Palestinian Authority afloat. Some 160,000 employees have had their pay suspended or delayed, and banks have halted the transfer of money to the government out of fear of violating American sanctions laws.

Faced with criticism from Arab countries, the United States joined with Russia, Europe and the United Nations in early May on a plan to speed aid to the Palestinians, bypassing the Hamas government. At the time, officials expressed concerns that some of this money might end up paying nurses, doctors, teachers and others previously on the government payroll, thereby helping to finance Hamas.

But as negotiations on the plan proceeded, a rift opened between the Bush administration and its allies in the Middle East negotiating process. The World Bank is now caught in the middle, various officials said.

The bank president, Paul D. Wolfowitz, the deputy defense secretary in President Bush's first term, has told European negotiators that he wants to help the Palestinians but that the bank has not received adequate guidance from the United States and the Europeans about where the money is to go.

"The World Bank would like to facilitate the delivery of assistance that a number of donors are eager to provide, so that the Palestinian people do not suffer from a lack of social services, particularly health and education," Mr. Wolfowitz said Wednesday.

On top of these disputes is a fundamental difference in the American and European assessment of the situation in the West Bank and Gaza, officials on both sides say.

European officials charge that there is a real humanitarian crisis because of the aid cutoff, and some say the Bush administration may actually be seeking to block funds in order to promote chaos and eventually bring down the Hamas government. Bush administration officials strongly deny the accusation.

"There is no humanitarian crisis in the Palestinian territories," the senior administration official said. "There is a political and security crisis, and the Hamas government has to make some responsible decisions about how to handle it." The best way, he said, would be for Hamas to reject violence and recognize Israel.

Palestinian Suicide Politics (WSJ)

The Wall Street Journal, June 15, 2006

Regarding the increasingly violent Palestinian feud between Hamas and Fatah partisans, it's tempting to recall Henry Kissinger's quip about the Iran-Iraq War: "It's a pity both sides can't lose." The tragedy is that the certain losers will be average Palestinians.

Fatah is the political party founded by Yasser Arafat and now nominally led by Palestinian President Mamoud Abbas. On Monday, several hundred Fatah "soldiers" stormed and then set fire to the Hamas-dominated Palestinian Parliament in the West Bank city of Ramallah, reportedly in retaliation for a Hamas attack on a Fatah building in the Gaza Strip. That's only the latest in a series of clashes and assassinations that now claim more Palestinian lives than the Israeli army. For once, the term "cycle of violence" actually applies.

The two groups are currently at loggerheads over the so-called Prisoners' Document, a manifesto by Palestinians jailed by Israel, which proposes terms for a future Palestinian state in Gaza, the West Bank and East Jerusalem. Mr. Abbas, sensing an opportunity to corner Hamas politically, wants the document put to a vote in a July 26 referendum. Hamas, which calls the

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referendum procedurally illegal, objects to its implicit recognition of Israel. Both Hamas and Fatah field well-armed militias, and there is a real possibility that the episodic shooting and looting of the past months could descend into full-scale civil war.

That's not something anyone should wish for, but it hardly comes as a surprise. Both Israel and the U.S. urged Mr. Abbas to confront Hamas when he came to power in January 2005. He dithered and was taken by surprise when Hamas swept parliamentary elections earlier this year. Nor did Mr. Abbas do much to rein in the Al-Aqsa Martyrs' Brigades, the Fatah paramilitary outfit responsible for dozens of suicide bombings in Israel. Instead, he made heroes of the prisoners, even calling on President Bush to lean on Israel for their release despite their terrorist records.

As for Hamas, it recently reaffirmed its murderous bona fides when it mourned the death of "brother" Abu Musab al-Zarqawi, "who was martyred at the hands of the savage crusade campaign" of the U.S. in the Middle East. Hamas refuses to recognize Israel, though the Palestinian Authority is itself a product of the 1993 Oslo Accords, which affirm Israel's right to live "in peace and security."

Both sides in the Palestinian divide have thus contributed to a cult of violence and terror that now engulfs them. Israel's full withdrawal last year from Gaza was supposed to have given the Palestinians an opportunity to demonstrate their ability to govern themselves. What it has shown so far is how little Israel's occupation had to do with the deepest sources of Palestine's grief.

Too many Palestinians have postponed serious consideration of just what sort of state they wish to have, fixating instead on their endless and unreal claims on Israel: full withdrawal to the 1967 armistice lines, the "right of return" for the refugees of 1948 and their descendants, and so on. What is happening now in Ramallah is the result of that kind of political escapism. Until the Palestinians realize that they can't elect a terrorist group without consequence, there will never be any hope for their state, whenever its birth, whatever its borders.

U.N. Eyes Links To Hariri Slaying (WT)

By Betsy Pisik, The Washington Times

The Washington Times, June 15, 2006

NEW YORK -- The chief U.N. investigator into the assassination of former Lebanese Prime Minister Rafik Hariri told the Security Council yesterday that he was seeking links between that death and the killings of 14 other critics of the Syrian regime.

Serge Brammertz also asked for an extension and expansion of his mandate and said he had received generally satisfactory cooperation from Syria.

The international inquiry has already determined many of the facts behind the Feb. 14, 2005, assassination of Mr. Hariri, which also killed 22 others, Mr. Brammertz said in a report to the council. However, the identities of the people or groups behind it are still largely unknown.

He said his group's probes of the 14 other killings -- all believed to be connected to the victims' outspoken rejection of Syrian interference in Lebanon -- were largely stalled.

Mr. Brammertz said he has been examining the cases with two objectives -- to solve the individual murders, and to establish any connections among them.

"Analytically, the cases can be linked in a number of different ways and from varying perspectives, notably in the similarities in the modus operandi, and their intent." he said, "However, in terms of evidence, none of the cases is developed to an extent that would allow identification and linking of perpetrators."

The Security Council is expected today to extend the inquiry for another year, and to authorize its staff to help Lebanese authorities investigate other "terrorist attacks" committed since Oct. 2004.

Mr. Brammertz, a former Belgian prosecutor who took up the inquiry six months ago, said the Syrian government has "generally responded to all requests in a timely manner." His predecessor, Detlev Mehlis of Germany, had more difficulty with Damascus.

The government of Lebanon has been supportive of the commission's work and has actively sought U.N. legal assistance to set up a hybrid court of international and Lebanese judges to try the perpetrators.

Richard Dicker, director of the International Justice Program for Human Rights Watch, said he is delighted that the Lebanese authorities want to bring international law to the Middle East, a region where few countries have signed onto the International Criminal Court or other international legal mechanisms.

"If they are all linked, the 14 and the Hariri killings, and if they are part of a systematic plan by a group or a government, they would be crimes against humanity," Mr. Dicker said.

"Look at the definition: It includes murder committed as part of a systematic or widespread attack on a civilian population [or] as part of a plan or policy of a group to advance its objectives. The stakes here are really quite historic in terms of an internationalized court."

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The 14 assassinations over the last two years have targeted critics of Syrian interference, including two journalists, human rights advocates and Lebanese lawmakers.

Muslims' Anti-U.S. Sentiment Up (WT)

By Katie Stuhldreher, The Washington Times

The Washington Times, June 15, 2006

Anti-American sentiment in the Muslim world has reached startling levels, but positive U.S. policies like disaster-relief efforts can help reverse the trend, according to poll results released yesterday.

The data also showed that large numbers of people in several of Iran's neighboring countries -- including 70 percent in Pakistan -- would favor a nuclear-armed Iran.

Terror Free Tomorrow, a nonpartisan, nonprofit organization with Sen. John McCain and several members of the 9/11 commission on its advisory board, commissioned the wide-ranging poll on nuclear programs and anti-Western sentiment among Iran's neighbors.

When asked how they viewed the United States, 89 percent in Saudi Arabia, 84 percent in the United Arab Emirates, 71 percent in Turkey and 64 percent in Pakistan answered "unfavorable." Additionally, 66 percent of Pakistanis opposed the U.S.-led fight against terrorism.

Ken Ballen, president of Terror Free Tomorrow and a former federal prosecutor and counsel to the Iran-Contra committee, said the poll results were "startling" and showed that radical anti-Western views were becoming the consensus in the Muslim world.

"U.S. policy-makers need to take these opinions into account. I know we don't make policies based on poll data, but we need to try to understand why these radical ideas are gaining traction and figure out if our policies are being counterproductive," said Mr. Ballen.

According to the polls, 67 percent in both Pakistan and Turkey and 65 percent in Saudi Arabia viewed a series of Danish cartoons lampooning the prophet Muhammad as evidence that the West is antagonistic toward Islam.

Wayne White, former deputy director of the State Department's Middle East intelligence shop, said, "Unfortunately, a lot of this is true. [Al Qaeda leader Osama] bin Laden succeeded in generating an impression that there is a war of cultures, a divide between East and West, Christian and Muslim."

Mr. Ballen said there was "a silver lining" to the poll results. "Positive U.S. policies like earthquake relief in Pakistan and tsunami aid in Indonesia improved pro-Western attitudes."

The polls showed that U.S. aid promoted a more favorable view of the United States among 75 percent of Pakistanis and 63 percent of Indonesians.

"Many people in that region have seen too much of the military side of the U.S. and not enough of the humanitarian side," Mr. White said. "But it's hard for the U.S. to step up programs there because with budget constraints and financing the war in Iraq, the money just isn't there to do everything."

Among Palestinians, 68 percent had an unfavorable opinion of the United States, but 60 percent said that they wanted the United States to do more to help resolve the Palestinian-Israeli conflict.

Mr. White said, "This seems confusing because the U.S. is seen as such a big ally of Israel. The Palestinians might not like a lot of the things that the U.S. does, but they know if there is anyone on the globe who can talk Israel into being more reasonable, it's Washington."

When asked about nuclear programs in Iran, 68 percent in Pakistan, 46 percent in Saudi Arabia and 44 percent in Turkey said that they would prefer the United States to accept a nuclear Iran rather than intervene to prevent it.

"I don't think they really support nuclear weapons in Iran," Mr. White said. "It's probably more of a pushback against the U.S., basically saying that they'd mind that a lot less than more U.S. involvement in the region."

Frederic Grare, a South Asia specialist at the Carnegie Endowment for International Peace, said the nearly 70 percent support for Iranian nuclear weapons in Pakistan simply reflected that country's own interests.

"If you ask the elite in Pakistan, they are increasingly insecure with nuclear weapons in Iran. But there is always the fear that if steps are taken to limit Iran, they might be next. Pakistan has only two main interests: Kashmir and nuclear weapons. And they will protect them.

"Also, Pakistan wants to keep good relations with Iran right now, because they are getting closer to India, a rival of Pakistan," he said.

Kenyan Teen's Death Exposes Gaps Seen In HIV/AIDS Support Network (LAT)

By Edmund Sanders, Times Staff Writer

DOJ_NMG_0034532

The Los Angeles Times, June 15, 2006

A 14-year-old who was infected with the virus and orphaned by the disease was brutally beaten by an uncle who struggled to care for him. Some blame not the killer, but an inadequate community of care.

WANDUMBI, Kenya — After losing his parents to AIDS, Isaiah Gakuyo spent most of his short life shuttled among relatives who said the boy had only himself to blame for the beatings and abuse they heaped upon him. "He was always looking for trouble," an aunt said of the HIV-positive 14-year-old.

By the time AIDS activists came to move Isaiah to a rescue home, relatives had banished him to a woodshed, where he was forced to use a separate cup and plate and wasn't allowed to play with a younger cousin.

Their intervention would not be enough. On a wet morning this spring, one of Isaiah's uncles hacked him to death with a forked hoe. As the boy lay bleeding, relatives and neighbors watched in horror, but none offered help until plastic gloves arrived from the local dispensary.

Many describe Isaiah's brutal slaying as an "honor killing," symptomatic of the hatred and discrimination faced by millions of people living with HIV in Africa. Efforts to arrest the 26-year-old uncle have failed, police say, because family members are taking food to him in the forest.

"The family wanted him dead," Nazlin Omar Rahput, an outspoken political activist in Kenya, said of Isaiah. "They saw him as an eyesore."

But even as the killing has shaken Kenyans and sparked a national debate over care and support for those living with HIV, it has also divided the country. Some sympathize with the family, characterizing the attack as a spontaneous fit of rage by an overburdened caretaker. The killing, they say, exposes deep gaps in the nation's AIDS support network, particularly for the 750,000 children, like Isaiah, orphaned by the disease.

"I can only imagine the pressures of taking care of a child you know is dying," said Wangari Muta Maathai, the Nobel Peace Prize-winning environmentalist and parliament member who represents the Nyeri district, where the family lives. "We are all angry at the uncle, but how many of us tried to help him when he was taking care of the boy?"

Isaiah's problems began shortly after his birth in 1991. When his parents learned they were HIV-positive, his father abandoned the family, forcing his mother to return here to her family homestead near Nyeri, a quiet, impoverished community in the Rift Valley in central Kenya. She died in 1994, and Isaiah and a baby sister were taken in by their grandmother.

Soon AIDS would decimate the family. Isaiah's young sister died. Then two aunts. Then the grandmother. By 2000, the family's suffering was apparent around the community. "Everybody knew," said Daniel Gathuku, 53, a neighbor.

Isaiah ended up in the custody of Justice Ndumia, one of the several uncles who cared for the boy. This one was prone to abandoning his own family for months at a time.

Though Isaiah was beginning to suffer health problems, he excelled in school.

"He was a very bright boy," recalled Marwa Kihumba, headmaster of Wandumbi Primary School. Isaiah was so eager to be accepted at a top secondary school that he decided to repeat the eighth grade and retake his graduation exams because he believed he could score higher, Kihumba said.

But clashes at home with his uncle were growing. Isaiah complained about feeling sick and developed skin rashes. His hair fell out in patches, which he tried to cover with headbands and hooded jackets. When the uncle threatened to whip the boy for failing to do his chores, Isaiah ran away.

After Isaiah stayed briefly with neighbors, tribal leaders persuaded a distant relative, a Presbyterian Church elder, to shelter the boy.

Worried he might infect their grandson, who was also living at their farm, Charles Kariuki, 65, and his wife, Grace, put Isaiah in a shack once used for chickens. They bought him a strong disinfectant soap, hoping it would clear up his boils and sores.

"We had another little boy here to think about," Kariuki said.

After Isaiah complained to teachers about mistreatment at home, they contacted AIDS activists. By the time Isaiah arrived at a Nyeri rescue center, his CD4 count, a key indicator of the body's immune system, was 2. Normal CD counts range from 500 to 1,500.

Doctors at the center, run by the Kenya Network of Women with AIDS/HIV, immediately prescribed a daily regimen of antiretroviral drugs and began treating possible tuberculosis. Center officials say the gaunt, 4-foot-6 boy thrived, playing with other HIV-positive children, watching cartoons and learning for the first time about his disease.

"People hated him because of his appearance, so it was a good environment for him," said Francis Muiruri, head of the Nyeri center.

During group therapy and counseling, Isaiah frequently broke into tears while recalling his life and the treatment by his family, counselors said. But they said he appeared to accept his HIV status, even mentoring younger children about the disease.

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After a month, Isaiah was asked whether there was anyone in the family who could care for him. He mentioned a young uncle, John Kiboi.

At 26, Kiboi was barely able to care for himself. An orphan like Isaiah, he was unemployed, uneducated and unmarried. Relatives and villagers considered the young man, known for drinking and pot smoking, an unsuitable choice, but no one intervened.

In the fall of 2005, the arrangement seemed to be working. Isaiah returned to school, and Kiboi appeared to be taking an interest, fetching the free food and medicine offered at the center, officials said.

But Isaiah's mood began to darken, friends and family members say.

"After he came back from the rescue center, he said he didn't want to take his medicine anymore," said Ann Mumbi, 18, a neighbor and friend who often cooked for Isaiah and washed his clothes. "He said he just wanted to die."

His behavior became more erratic. Once he burned his clothes and bed blankets, according to an aunt. Another day he announced he planned to dig up his mother's grave to retrieve a watch he believed was buried with her.

"He did all that just so he would be beaten," said Mary Njeri, an aunt married to Ndumia, the uncle who had driven Isaiah to run away.

Isaiah repeated his exams at the end of 2005. He not only scored worse, but his mark was below the minimum required to be accepted at any secondary school.

At the center's Christmas party, volunteers from the AIDS/HIV network tried to bolster his mood, promising they would intervene with school officials to find someplace willing to accept him. They promised to raise the money for his school fees.

The arrangement with Kiboi was beginning to strain. The young man expected other family members to share in Isaiah's care, but none stepped forward. He tried to return Isaiah to the rescue center, but the boy pleaded to return home with him.

"He was fed up with taking care of the boy," said Nancy Macharia, a center counselor. A week before the attack, Isaiah showed up at the center complaining he wasn't being fed.

Mumbi said tensions peaked the night before the attack. Uncle and nephew quarreled after Kiboi accused Isaiah of disclosing Kiboi's secret courtship of a local girl to the girl's mother.

Mumbi said she spent that night in Isaiah and Kiboi's home, and when they awoke she sent the boy to a neighbor's for fire or matches to cook breakfast. But no one was home there. When the boy returned, Kiboi became enraged, hitting Isaiah with his fists, Mumbi said. She said she'd seen such beatings before, and she fled up the hill to wait until it was over.

A few moments later, she saw Kiboi running away and heard hysterical screaming from one of Isaiah's cousins, who had been working nearby in a field.

Mumbi and a dozen other neighbors rushed to find Isaiah lying on his stomach, deep punctures and gashes on the left side of his head. Eyes open and breathing steadily, Isaiah bled profusely and appeared to be unconscious. Next to him lay the bloodied hoe.

Bystanders were too afraid to bandage his wounds and sent someone to fetch a doctor.

"No one touched him," said Ann Wanjiku, 23, a neighbor. About 40 minutes later, someone returned with plastic gloves, and they carried Isaiah to a clinic a mile away.

"By the time he got here he already was in a deep coma," said Gichuki Nderitu, head of Wandumbi Health Dispensary. Nderitu said he'd treated Isaiah many times over the years and had deep reservations about Kiboi's ability to care for the boy. "I wasn't surprised it ended this way," he said.

Few members of Isaiah's family attended the funeral. Neighbors and tribal elders also stayed away. Instead, the boy's coffin was carried by AIDS activists and his friends at the rescue center.

At Isaiah and Kiboi's now vacant home, new padlocks keep visitors out. But a few reminders of the struggle can be seen by peering inside. Two broken windows. A picture of Isaiah's mother askew on the wall.

Today, only the aunt, Njeri, is left, supporting three children. Her husband died of AIDS in December. She said she hadn't seen Kiboi since he fled.

Tilling the soil around her home, she denied that AIDS had devastated the family, blaming Isaiah for the family's troubles. "It was all the boy," she said.

Less than 50 feet away is Isaiah's grave, a mound of red soil overlooking a sweeping green valley. Njeri said she thought Isaiah was buried near his mother, next to the cornfield, but no one could remember the exact location of her grave.

There is no marker or stone. Land is considered too valuable to dedicate for burial ground. After a few years, the mound will simply erode. Grasses and plants will take over. Eventually Isaiah's grave, like his mother's, will disappear under the cornfield.

Mexican Opinion Polls Predict López Obrador Win (FT)

By Adam Thomson

Financial Times, June 15, 2006

Andrés Manuel López Obrador, Mexico's leftwing candidate, is on course to become the country's next president in the July 2 election, according to two opinion polls out this week.

Mr López Obrador, who is running for the Democratic Revolutionary Party (PRD), has now inched into the lead with 37 per cent of the vote against 35 per cent for Felipe Calderón, the centre-right candidate for the ruling National Action Party (PAN).

The poll, published in the Reforma daily newspaper, reinforces the results of a second poll published on Monday, which puts the leftwing candidate 3.2 per cent ahead of Mr Calderón.

While both polls show a technical tie – the margin of error in each is more than 2 per cent – they also show a clear improvement in Mr López Obrador's standings since last month, and suggest that he will win the July 2 election if the trend holds.

In the case of Wednesday's Reforma poll, for example, it is the first time the PRD candidate has led since March. The newspaper's previous poll, published on May 24, had Mr López Obrador trailing his main rival by four points.

"López Obrador is definitely rising," said Rafael Fernández de Castro, a professor of politics at Mexico City's ITAM university, on Wednesday.

A third poll, due to be published on Wednesday by the GEA consultancy in Mexico City, showed Mr López Obrador regaining seven points from his main rival since last month – although it still has Mr Calderón in the lead by two points.

Political analysts on Wednesday said the biggest reason for Mr López Obrador's recovery was the perception that he had won an informal round of mud-slinging following this month's live presidential debate between the main candidates.

His allegations that Mr Calderón's brother-in-law had won lucrative state contracts during Mr Calderón's brief stint as energy secretary have been the centrepiece of up-market dinner parties and downtown cantina tequila sessions alike this week.

Mr Fernández de Castro said: "Independently of how much truth there is in the allegations, López Obrador managed to complicated life for a candidate who has presented himself as a man with clean hands."

Even so, pollsters still say it is too close to pick a winner. Guillermo Valdés of GEA said on Wednesday that Mr Calderón is likely to continue promising stability and economic security while attacking Mr López Obrador with suggestions that he is a radical and dangerous leftist.

He said Mr López Obrador would likely try to maximise the mileage from last week's muckraking, and promote his economic platform of providing benefits to the poor.

Mexico's Lopez Obrador: A Common Man Bent On Change (LAT)

By Héctor Tobar, Times Staff Writer

The Los Angeles Times, June 15, 2006

Presidential front-runner Andres Manuel Lopez Obrador is seen as a salvation by some, a danger by others. One thing is sure: He knows politics.

MEXICO CITY — The candidate has a certain sex appeal. Imagine a mestizo Bill Clinton: cappuccino-colored skin, a full head of white hair and a charismatic stage presence. Sometimes, his arrival at a campaign stop will provoke a scream from a woman who, a second later, realizes she's too old to be acting that way.

Andres Manuel Lopez Obrador is the candidate of the common man (and, clearly, of the common woman) in this year's presidential campaign. His critics call him an irresponsible populist who will ruin Mexico's precarious economic stability, but to millions of others, the 52-year-old standard-bearer for the leftist Democratic Revolution Party is hope incarnate, a warrior and father figure rolled into one.

Polls released this week show he has retaken the lead from conservative, free-market candidate Felipe Calderon.

Lopez Obrador fought off impeachment as mayor of Mexico City, took care of the capital's "little grandmothers" with a monthly subsidy check and launched the most ambitious transportation projects in the traffic-choked metropolis in a generation. Now he's on a crusade to bring the most ambitious social and economic reforms Mexico has seen in decades.

As mayor, he drove a white Nissan Tsuru, a variation of the Sentra sold in the U.S., and the kind of unassuming vehicle favored here by penny-pinching office workers. Today, while his opponents charter jets, Lopez Obrador crisscrosses the country on commercial flights and in a caravan of white SUVs.

From the Indian villages near the Guatemalan border to the barrios of Tijuana, he revels in oddities of local protocol. They give him silly belts to wear in Jalisco and crowns of pink roses in Chiapas, and he never hesitates to put them on. Very often, women float near the front of his rallies wearing yellow T-shirts emblazoned with the catch phrase, "Andres Manuel, you are my rooster!"

In the quaint town of San Martin de Hidalgo near Guadalajara, roustabout men and young mothers sweat in the shade of the central plaza's few trees as Lopez Obrador launches into his standard stump speech.

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His is an undeniably populist vision of Mexico's problems. He makes the crowd laugh and hiss as he strikes out at favorite punching bags, such as former President Carlos Salinas de Gortari, reviled by many as a symbol of corruption, or the banker Roberto Hernandez, one of the richest men in Mexico.

"I could have made a deal with those men, but I didn't," he says. "We don't want to go down the same old path…. The country is tired of cosmetic changes. We need major surgery."

Sometimes he gets carried away. So far on the campaign trail this year, Lopez Obrador has called outgoing conservative President Vicente Fox a "puppet" of the United States and a "squawking bird," earning widespread criticism each time.

In fact, Lopez Obrador's rough-and-tumble campaign has many Mexicans wondering exactly what kind of president he might be if were to win the election July 2.

Is he a demagogue in waiting? Or is he a democratic reformer who will finally earn the poor a seat at the table with the country's political elite?

Or will he simply continue to be Lopez Obrador: the son of a humble family from the gulf coast state of Tabasco who's never quite shaken his provincial air, but who is widely acknowledged to be the most talented political fighter in Mexico?

Lopez Obrador was born in 1953, the eldest of eight children of a lower-middle-class family in the village of Tepetitan, a place of slow-moving rivers where baseball, not soccer, is the favorite pastime.

"Back then, Tepetitan had 600 people or so," Lopez Obrador recalled in a recent interview with filmmaker Luis Mandoki. "There was no high school, no roads. All the communication was by river. Tabasco is water. We have as much water as sky."

His parents ran a small store. Andres Manuel the child was as headstrong as Lopez Obrador the politician would grow up to be. Because he tensed up every time his parents found fault in his behavior, he earned the family nickname "The Rock."

The young Lopez Obrador's dream was to make it to baseball's major leagues, said Luis Alonso Torres, a childhood friend. "We weren't from rich families. Like every public school student, he had to make a lot of sacrifices to continue his education."

In the 1960s, his family moved to the nearby oil-patch boomtown of Villahermosa, and he joined the party that dominated all aspects of Mexico's political life, the Revolutionary Institutional Party, known by its Spanish initials, PRI.

Lopez Obrador was a true believer in the PRI and even wrote the lyrics to the PRI's Tabasco anthem. But by 1988, he and other dissenters were accusing the party of betraying the poor and soon formed the new Democratic Revolution Party, or PRD.

Lopez Obrador became the PRD leader in Tabasco. In 1994, he ran for governor and lost to the PRI candidate, Roberto Madrazo. He denounced the result as a fraud and launched a protest campaign to force the federal government to overturn the result. It left him bloodied by police.

The fight in Tabasco helped propel Lopez Obrador to national prominence. Two years later, he was elected national president of the PRD. And in 2000, he won election as mayor of Mexico City.

Lopez Obrador quickly made it clear that he would be unlike any mayor the city had ever seen. He scheduled daily 6:30 a.m. news conferences. The news day began with Lopez Obrador, and often it ended that way.

"It was the first time a politician had made himself available to the Mexico City press corps every day without reading from a script," said Hector Aguilar Camin, an author here.

His government began building elevated roads and special bus lanes to relieve traffic congestion, the most important public works in the city in 20 years.

Lopez Obrador also bucked the fiscal austerity of Fox's government by launching monthly subsidies for all residents over 70. His popularity soared.

Though he charmed many with his lilting Tabasco accent and often acerbic commentary, the Mexico City elite squirmed.

"He is a man of deep prejudices, and he doesn't think much of the Mexican bourgeoisie," said Rossana Fuentes Berain, a political analyst at the Autonomous Technological Institute of Mexico.

Political analysts widely agreed that he was the favorite to win the presidential election, with his pledge to fight poverty by increasing social spending and using government funds to stimulate the economy.

Then, last April, PRI and National Action Party legislators joined in an effort to impeach Lopez Obrador on an obscure charge, a move that would have prohibited him from running for president.

The political drama that followed polarized Mexico.

Addressing a crowd of thousands in Mexico City's central square on the day he was to be removed from office by Congress, the tough politician looked, if only for a moment, thoroughly beaten. He wiped his brow as he approached the microphone, struggling to hold back tears.

"I was worried," he would tell friends later.

"I asked people what I could do to hold on. The best they could tell me was, 'Breathe deeply.' "

In the end, it was the "hard and angry tone" of the opening lines of his speech that saved him, he said.

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Congress voted to impeach him. Within days, more than half a million of his supporters took to the streets of Mexico City. A local judge tossed out the original complaint. The attorney general resigned, and Fox announced that the case would not proceed. "The Rock" had won.

Lopez Obrador returned to the mayor's office more popular than ever: Three polls gave him approval ratings above 80%.

"He is the most talented politician we have," Fuentes Berain said. "He is creative, inventive and has a tremendous capacity for response under fire."

Months later, as the presidential campaign got underway in earnest, Lopez Obrador made what is widely regarded as a crucial mistake. He refused to respond to a series of attack ads by Calderon, the National Action Party candidate, including one that compared him to Venezuelan President Hugo Chavez, the bete noir of Latin American conservatives.

Then he chose not to show up for the first presidential debate.

By late May, however, the old Lopez Obrador was back, firing with ads and interviews on TV news programs.

"I hate to use the media, because it's ridiculously expensive," he told one interviewer. This was the same man, after all, who still lived in a modest Mexico City apartment rather than the sprawling residential compounds favored by many top politicos here.

Lopez Obrador says he doesn't want to lose his authenticity, the qualities that keep him close to the common people. At nearly every rally, he repeats the same promise: "I will not steal, I will not lie, and I will not betray the people."

If Lopez Obrador wins the presidential election next month, it will be because millions of Mexicans believe he will keep that promise.

Cecilia Sanchez of The Times' Mexico City Bureau contributed to this report.

In Mexico, Migration Issue Gets No Traction (WP)

By Manuel Roig-franzia

The Washington Post, June 15, 2006

Ahead of July Vote, Presidential Candidates Find Little to Gain From Highly Charged Debate in U.S.

HUEJUTLA, Mexico -- The illegal immigration debate draws millions of protesters to the streets of U.S. cities. It touches off podium-pounding on Capitol Hill and passions among talking heads.

But the same debate here in Mexico, the country of origin of most illegal immigrants in the United States, is far from a blockbuster issue in this year's presidential contest. Even though developments in the United States have forced candidates to discuss migration more often in the past two months than in the early stages of the race, none of the three major contenders has made the issue a central tenet of his campaign.

Their calculus is simple, according to political analysts and advisers to the candidates: They don't think it will help them win the July 2 election.

"Foreign policy doesn't give you any votes in Mexico," Jorge MontaÃ±o, a former Mexican ambassador to the United States and to the United Nations, said in an interview. "The candidates have been extremely practical."

Beyond the political calculation, the candidates' strategies are grounded in fundamentals, including the reality that a Mexican president has no control over U.S. immigration law, and in hard numbers. Expectations that huge numbers of Mexicans living in the United States would register to vote went unmet. After 1 million absentee ballots were printed, only 40,800 of an estimated 4 million eligible Mexicans living in the United States registered.

Recent political history also plays into the calculation, illustrating the risks candidates face by emphasizing migration. After his victory in 2000, President Vicente Fox staked much of his political capital on hopes of reaching an immigration accord with the United States. Those hopes disintegrated when the United States tightened its border policy following the Sept. 11, 2001, attacks, leaving the perception that Fox had failed in one of his most important missions.

All three leading contenders in this year's race, Felipe CalderÃ³n of Fox's National Action Party, or PAN; AndrÃ©s Manuel LÃ³pez Obrador of the Democratic Revolutionary Party, or PRD; and Roberto Madrazo of the Institutional Revolutionary Party, or PRI, have said they want an immigration accord with the United States. But none has guaranteed they will deliver. On the stump they tend to race past any mention of an accord and on to pledges that they will stem migration by improving the economy.

"I would rather see a Huastecan working in a packing house in Huejutla than in a packing house in California," CalderÃ³n said during a recent campaign stop in Huejutla, a mountain town in eastern Mexico, 120 miles northeast of Mexico City, where indigenous Huastecan women placed a mound of flower petals on his head.

CalderÃ³n, who has spoken against building more fences along the U.S.-Mexico border, is proposing that Mexico solicit aid funds from the United States and Canada, another major destination of Mexican workers, for development programs in impoverished areas of Mexico that send the most illegal migrants abroad.

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Arturo Sarukhan, a former Mexican consul general in New York who is CalderÃ³n's lead foreign policy adviser, said he expects candidates to address migration more often in the final weeks of the campaign. But he believes the discussion has to be presented through the prism of the economy of Mexico, where, the World Bank has estimated, half the population lives in poverty.

"The immigration issue, per se, does not weigh significantly in the campaign," Sarukhan said in an interview. "At the end of the day, the debate is about job creation."

LÃ³pez Obrador, who is tied with or slightly ahead of CalderÃ³n in new opinion polls, is taking a similar tack. In a televised presidential debate last week, LÃ³pez Obrador said Mexico needed to address the root causes of illegal immigration by providing more jobs, and he promised not to insert Mexico into the "internal lives of other countries and other governments."

"If we make things good in Mexico, if we clean our house, if there is progress in our country, if there is justice, if there is security, if there is political and social stability, they will respect us on the outside," he said.

LÃ³pez Obrador asserts that Mexico must convince the United States that illegal migration will not be slowed by building more fences and "militarizing the border," a reference to President Bush's decision to deploy 6,000 National Guard troops to support the U.S. Border Patrol. But the main thrust of his campaign has been trained on domestic issues, primarily promises to help poor voters, who form his political base, to lower their gas and electricity bills.

Migration "is a very important issue, but it will not define the Mexican elections," JosÃ© MarÃ-a PÃ©rez Gay, a former Mexican ambassador to Portugal, who is LÃ³pez Obrador's chief foreign policy adviser, said in an interview.

The migration question is particularly ticklish for CalderÃ³n. He has positioned himself as a candidate who will continue policies instituted by Fox, whose historic victory ended 70 years of PRI rule, an era marked by corruption and rigged elections. But he also faces the fact that the number of Mexicans living illegally in the United States has surged during Fox's six-year term to a record 6.2 million, according to the Pew Hispanic Center.

By linking his political identity to Fox, CalderÃ³n has given the other candidates an opening to indirectly slam his candidacy by criticizing Fox during flashpoints in the U.S. immigration debate. LÃ³pez Obrador and Madrazo, who is a distant third in most opinion polls, went on the attack last month after Fox applauded a U.S. Senate vote that preserved proposals to create a guest-worker program and to develop a process for migrants living illegally in the United States to gain legal status.

LÃ³pez Obrador accused Fox, who is prohibited by Mexican law from campaigning for his party's candidate, of acting as CalderÃ³n's unofficial campaign manager and of being a puppet of the United States. Madrazo, who has pledged to slow migration by creating 9 million jobs in six years, accused Fox of "losing the battle" with the U.S. Congress.

"It's a deceit," Roberta Lajous, a former Mexican ambassador who advises Madrazo on foreign policy, said of Fox's reaction to the Senate vote. "He's acting as if there was a result. Nothing is final."

The uncertainty about the outcome in Congress is creating complications for the candidates here as they try to formulate their stances on migration issues, PÃ©rez Gay said, and it is one of the main reasons migration has not taken a larger role in the campaign.

What is clear, PÃ©rez Gay and the other candidates' campaign advisers say, is that millions of Mexican migrants, legal and illegal, will be in the United States for years to come.

LÃ³pez Obrador has proposed converting all of Mexico's consulates in the United States into offices tasked with protecting Mexican migrants from discrimination. During the presidential debate, which had a pre-formatted question about migration, he described his proposals for the consulates using a Spanish phrase that can mean "branches of the Mexican attorney general's office." PÃ©rez Gay later said that the candidate's wording has been misinterpreted and that consular staff would act in a defense capacity, rather than attempt to be prosecutors.

Nonetheless, CalderÃ³n pounced on the remark, using it to further his contention that LÃ³pez Obrador is "dangerous" and would damage Mexico's relations with other countries.

"Having a dignified relationship with the United States does not necessarily imply having a confrontational relationship," CalderÃ³n said during a speech to a group of migrant leaders on June 7, the day after the presidential debate. "If we sum up the immigration theme, and many other themes, as themes of controversy and hate between the people of the United States and the people of Mexico, we'll be making a mistake and closing doors."

But by the next day, migration had slipped into the background again, and the candidates had moved on to other things.

China Easing Its Stance On Taiwan (WP)

By Edward Cody

The Washington Post, June 15, 2006

Tolerance Grows For Status Quo

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BEIJING -- Gradually and without fanfare, China has substantially softened its stand on Taiwan, according to senior officials and diplomats. President Hu Jintao, they said, has begun to play down China's long-standing vow to recover the self-ruled island by force if necessary and shifted the focus to preventing any move toward formal independence.

The adjustment, which has become clearer in recent months, has brought China's policy on the volatile Taiwan issue closer to that of the United States. Washington has long maintained that the island's half-century-old status quo -- independent in fact but not in law -- should not be changed until Beijing and Taipei can work out a mutually acceptable peaceful solution.

"Before, we never said 'status quo,' " said a Chinese academic who advises Hu's government on Taiwan. "Now we say it all the time."

Officials and diplomats spoke on condition of anonymity because of the sensitivity of the issue. One of them, a high-level official, said he had visited Beijing and spoken to Hu privately about Taiwan for several hours. Hu, according to the visitor, said he had no plans to act militarily against Taiwan unless the status quo was changed in a way that risked causing him to "lose face." That concern reflected the ardor for reunification among many Chinese on the mainland.

Despite continuing propaganda about "liberating" Taiwan, Hu said China's bottom line was that it would not allow the island to take decisive steps toward legal independence, the visitor recalled. Backing up that resolution, China has deployed nearly 800 medium- and short-range ballistic missiles in southern China, with targets around the Taiwan Strait, and is steadily building its military forces with Taiwan as a principal focus.

The government also passed an anti-secession law in March 2005 that legally enshrined the long-standing pledge to use military force as a last resort to prevent independence. But barring changes in the status quo, Hu told the visitor, Beijing's policy is to encourage more economic and other exchanges between Taiwan and the mainland in hopes that, at some undefined point, China will have liberalized enough that peaceful reunification will be possible.

To encourage those ties, the two governments announced on Wednesday, China and Taiwan will launch direct charter passenger flights between them during major holidays. The decision appeared to represent a step toward restoring regular direct flights cut in 1949 during civil war.

As part of China's longer-term strategy, Hu's government has high hopes that Taiwan's strongly pro-independence president, Chen Shui-bian of the Democratic Progressive Party, will be voted out of office in the island's next elections, scheduled for 2008, and will be replaced by Ma Ying-jeou, the Nationalist Party leader, who favors better relations with the mainland.

The Bush administration and allied governments have recognized Hu's shift in Taiwan policy and base their calculations on it, according to U.S. and other veteran diplomats in Asia. As a result, they added, a partnership of sorts has evolved in which Beijing relies on the United States to ensure that Chen does nothing to push China up against a wall.

The United States has long been Taiwan's main ally, wielding heavy influence in Taipei. Since it has promised to help defend Taiwan against any Chinese attack, Washington also has its own reasons for preventing Chen from doing anything that could raise tensions.

According to Chinese sources, senior Chinese officials have explained to Secretary of State Condoleezza Rice and others in Washington that they are concerned Chen might seek to amend the constitution in a way that implies Taiwan is legally independent. In response, they said, U.S. officials have warned Chen in public and private against making substantial changes to the document.

Chen, in a recent interview, said a number of amendments nevertheless would soon be proposed by his Democratic Progressive Party. But he said U.S. and Chinese leaders should not be worried because the opposition Nationalists, who control the legislature, would not allow them to pass. Since then, Chen has been engulfed by financial scandals involving his family; it is unclear what effect this will have on his plans.

China's adjustment was decided at senior levels of the Communist Party in the summer of 2004, shortly after Chen was reelected to a second four-year term and Beijing realized its policy was going nowhere, officials said. The Chinese decided that talk of conquering Taiwan within a short time was not fruitful and that the real answer lay in the longer-term strategy, based on making China more attractive to Taiwan's 23 million inhabitants through economic and political development, explained the academic, who is well connected on the Taiwan issue.

Taiwan has been self-ruled since 1949, when Chiang Kai-shek's Nationalist forces, defeated by Mao Zedong's Communists, fled across the strait and set up an exile government. China has always maintained that Taiwan is part of the country and must return to rule by Beijing. But in recent years, Taiwan has developed into a flourishing democracy, creating an additional divide with the mainland's authoritarian, one-party Communist system. Hu's shift was in part a recognition of this new barrier to reunification.

Hu's predecessor, former president Jiang Zemin, had emphasized early reunification, by force if necessary. A number of deadlines were attributed to him -- 10 years, 15 years and 50 years -- although he never laid out a clear road map. In addition, he

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ordered an acceleration of China's military modernization after the Clinton administration sent two aircraft carrier battle groups into the Taiwan Strait during a period of high tension in the mid-1990s.

This encouraged an enduring public debate, particularly in Taiwan and the United States, about the likelihood of an imminent Chinese military invasion. The discussion also was fed by the defection a half-dozen years ago of a People's Liberation Army colonel who revealed Chinese battle plans against the island and, more recently, by Chen's frequent assertions that China has drawn up a schedule calling for an attack in the coming years.

Secrecy As A Tool Of Government In China (NYT)

By David Lague

The New York Times, June 15, 2006

BEIJING, June 14 — The trial of a researcher for The New York Times, which is to begin here on Friday, is evidence of China's increasing reliance on state secrecy laws to tighten control over information, experts in human rights and the legal system say.

The researcher, Zhao Yan, 44, who worked in the Beijing bureau of The Times, is charged with fraud and disclosing state secrets. Mr. Zhao denies the charges. The Times also denies that he disclosed state secrets.

Critics of the case against Mr. Zhao accuse the authorities of applying all-embracing secrecy laws to contain public debate, burgeoning Internet discussion and sometimes rebellious news media.

Even as China's headlong economic boom continues to deliver wider economic and personal freedom, the scope of these laws has been broadened over the last two decades to include almost all information related to the ruling Communist Party and the government.

"The system is actually expanding," said Nicolas Becquelin, a Hong Kong-based researcher for Human Rights Watch. "Basically, anything can be classified as a state secret."

Mr. Zhao has been in custody since his arrest in September 2004. If he is found guilty here in the No. 2 Intermediate People's Court, he could face 10 years or more in prison.

The charges are linked to an article in The Times on Sept. 7, 2004, reporting that the former president, Jiang Zemin, had offered to resign as head of the military. The report proved to be accurate; Mr. Jiang retired less than two weeks later.

But Mr. Zhao's indictment does not allege that he was the conduit for this information.

Instead, the principal evidence against him is a photocopy of a handwritten note he prepared in July 2004 about rumors of the possible promotion of two generals as part of the battle for influence in the military between Mr. Jiang and his eventual successor, Hu Jintao.

This information was included in the Sept. 7 article to illustrate the rivalry between the leaders. Only one of the generals was promoted.

The original note remains in the Beijing office of The Times.

In March, prosecutors dropped the charges against him, and it appeared that Mr. Zhao might be released. But an almost identical set of charges was reinstated last month.

For defense lawyers in China, cases involving state secrecy laws can present formidable obstacles.

A powerful government agency, the State Secrets Bureau, has absolute authority to decide whether disclosed information is a state secret, according to experts on the Chinese legal system. Courts have no power to challenge these rulings.

In addition, the authorities can limit contact between lawyers and their clients, deny access to evidence and hold closed hearings.

After Mr. Zhao's arrest, his lawyer, Mo Shaoping, was repeatedly barred from consulting with his client because the case involved state secrets. Legal experts noted that Mr. Mo must be careful about his public comments on the case because exposing how the law worked could also be deemed an offense.

The scope of the state secrets laws also serves to deter public analysis and criticism of prosecutions. Chinese legal experts approached for comment, for example, insisted that their names not appear in any article about Mr. Zhao's case, for fear of official reprisals.

The legal experts have little doubt that Mr. Zhao, a journalist and social advocate, will be found guilty, because a decision to proceed to trial in China is tantamount to a conviction — particularly in cases involving state secrets or national security.

But Mr. Mo said that he was preparing a robust challenge to the prosecution's handling of the case and that he would contest critical elements of the evidence. He said he would argue that the court should not have agreed to hear the case because prosecutors had reintroduced the same charges against Mr. Zhao, ignoring the requirement to include substantial new evidence.

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On the state secrets charge, he said, he will argue that the prosecution's version of events is incomplete because it fails to show how secrets were relayed to The Times. And, he said, he will tell the court that prosecutors are unable to explain how a copy of the handwritten note came to be part of the evidence.

Mr. Mo said he also intended to contest the ruling by the State Secrets Bureau that the note contained state secrets.

With the prosecution relying on what were described as rumors in the note, Mr. Mo said, he intends to ask the court if a rumor can be deemed a state secret. If it is, he said, he plans to ask if a rumor must be accurate to deserve the classification, given that events suggested in the note were only partly borne out.

Mr. Mo said a judge who would preside over the trial, Wang Wantie, had told him that the court would rely heavily on prosecution evidence and Mr. Zhao's testimony on the charge of disclosing state secrets.

Joseph Kahn, bureau chief for The Times in Beijing and writer of the Sept. 7 article, would be the only witness for the defense, Mr. Mo said.

Mr. Kahn has provided written testimony, and Mr. Mo has sought approval for him to appear at the trial, though it does not appear likely that permission will be given.

Judge Wang said only the Foreign Affairs Office of China's highest court, the Supreme People's Court, has the power to approve such an application, according to Mr. Mo.

Mr. Mo said Judge Wang had also told him there would be no witnesses called on the fraud charge. Prosecution witnesses lived outside Beijing and the cost of travel was deemed too high to require them to attend the hearing, according to the judge. Without prosecution witnesses, there was no need for the defense to call witnesses, Judge Wang told Mr. Mo.

"This may be a trial with no witnesses," Mr. Mo said.

The Journalist As Scapegoat (NYT)

The New York Times, June 15, 2006

Over the 22 months that the journalist Zhao Yan has been unjustly held in a Beijing prison, it has become clear that the Chinese government wants to use this case to send a warning. His unfair treatment at the hands of his prosecutors is meant to remind journalists in China that nobody is really safe when reporting on matters of state.

But the trumped-up charges against Mr. Zhao and the trial scheduled to open tomorrow also send another larger message to the world. If Mr. Zhao is convicted, it means that despite China's many advances in recent years, the government and the legal system are moving backward. It means that the government is tightening control over information. And it means that China is willing to abuse its citizens' rights and the country's legal code when it needs a scapegoat in the name of state security.

Mr. Zhao, a prominent expert on rural China and a researcher for The New York Times, has been imprisoned since September 2004 after a Times article that month about a shift in power in China. The article predicted correctly that former President Jiang Zemin would cede his authority over the military to President Hu Jintao. Ten days after the story and a few days before President Hu took control of the military, Mr. Zhao was arrested. He is charged with fraud and disclosing state secrets. Over these long months, he has denied the charges and The Times has repeatedly denied that he was the source of any state secrets.

Charges against Mr. Zhao were dropped in March, at the same time President Hu was visiting the United States, then reinstated — a maneuver that is illegal in China. Despite having two expert Chinese lawyers, his prospects now look grim, since in most cases a trial is tantamount to conviction.

Keeping this journalist in prison will stand as a black mark against the Chinese government and, of course, a tragedy for Mr. Zhao and his friends and family. As Mr. Hu works to modernize his nation, the world will also judge China by how its government and courts treat an individual like Zhao Yan.

China Makes Ultimate Punishment Mobile (USAT)

By Calum Macleod

USA Today, June 15, 2006

Fatal injections administered from vehicles

CHONGQING, China — Zhang Shiqiang, known as the Nine-Fingered Devil, first tasted justice at 13. His father caught him stealing and cut off one of Zhang's fingers.

Twenty-five years later, in 2004, Zhang met retribution once more, after his conviction for double murder and rape. He was one of the first people put to death in China's new fleet of mobile execution chambers.

The country that executed more than four times as many convicts as the rest of the world combined last year is slowly phasing out public executions by firing squad in favor of lethal injections. Unlike the USA and Singapore, the only two other

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countries where death is administered by injection, China metes out capital punishment from specially equipped “death vans” that shuttle from town to town.

Makers of the death vans say the vehicles and injections are a civilized alternative to the firing squad, ending the life of the condemned more quickly, clinically and safely. The switch from gunshots to injections is a sign that China “promotes human rights now,” says Kang Zhongwen, who designed the Jinguan Automobile death van in which “Devil” Zhang took his final ride.

For years, foreign human rights groups have accused China of arbitrary executions and cruelty in its use of capital punishment. The exact number of convicts put to death is a state secret. Amnesty International estimates there were at least 1,770 executions in China in 2005 — vs. 60 in the USA, but the group says on its website that the toll could be as high as 8,000 prisoners.

The “majority are still by gunshot,” says Liu Renwen, death penalty researcher at the Chinese Academy of Social Sciences, a think tank in Beijing. “But the use of injections has grown in recent years, and may have reached 40%.”

China's critics contend that the transition from firing squads to injections in death vans facilitates an illegal trade in prisoners' organs.

Injections leave the whole body intact and require participation of doctors. Organs can “be extracted in a speedier and more effective way than if the prisoner is shot,” says Mark Allison, East Asia researcher at Amnesty International in Hong Kong. “We have gathered strong evidence suggesting the involvement of (Chinese) police, courts and hospitals in the organ trade.”

Executions in death vans are recorded on video and audio that is played live to local law enforcement authorities — a measure intended to ensure they are carried out legally.

China's refusal to give outsiders access to the bodies of executed prisoners has added to suspicions about what happens afterward: Corpses are typically driven to a crematorium and burned before relatives or independent witnesses can view them.

Chinese authorities are sensitive to allegations that they are complicit in the organ trade. In March, the Ministry of Health issued regulations explicitly banning the sale of organs and tightening approval standards for transplants.

Even so, Amnesty International said in a report in April that huge profits from the sale of prisoners' organs might be part of why China refuses to consider doing away with the death penalty.

“Given the high commercial value of organs, it is doubtful the new regulations will have an effect,” Allison says.

Makers of death vans say they save money for poor localities that would otherwise have to pay to construct execution facilities in prisons or court buildings. The vans ensure that prisoners sentenced to death can be executed locally, closer to communities where they broke the law.

That “deters others from committing crime and has more impact” than executions carried out elsewhere, Kang says.

Jinguan — “Golden Champion” in Chinese — lies an hour's drive from Chongqing in southwestern China, below the green slopes of Cliff Mountain. Along with the death vans, the company also makes bulletproof limousines for the country's rich and armored trucks for banks. Jinguan's glossy death van brochure is printed in both Chinese and English.

From the outside, the vans resemble the police vehicles seen daily on China's roads. A look inside reveals their function.

“I'm most proud of the bed. It's very humane, like an ambulance,” Kang says. He points to the power-driven metal stretcher that glides out at an incline. “It's too brutal to haul a person aboard,” he says. “This makes it convenient for the criminal and the guards.”

The lethal cocktail used in the injections is mixed only in Beijing, something that has prompted complaints from local courts.

“Some places can't afford the cost of sending a person to Beijing — perhaps $250 — plus $125 more for the drug,” says Qiu Xingsheng, a former judge working as a lawyer in Chongqing. Death-by-gunshot requires “very little expense,” he says.

Qiu has attended executions by firing squad where the kneeling prisoner is shot in the back of the head. The guards “ask the prisoner to open his mouth, so the bullet can pass out of the mouth and leave the face intact,” he says.

In the USA, some death row inmates and death penalty opponents want the Supreme Court to declare lethal injections cruel and unusual. A recent lawsuit claimed inmates suffer excruciating pain during executions because they do not get enough anesthetic.

There is no such debate in China, which uses the same three-drug cocktail as the U.S. federal government and most U.S. states: sodium thiopental to make the condemned unconscious, pancuronium bromide to stop breathing, potassium chloride to stop the heart.

People's Daily and other state media describe the mix as a “non-virulent drug,” bringing about “immediate clinical death while inflicting no physiological pain.”

“It doesn't matter what method you use,” Qiu says. “If someone is convicted of a capital crime, they should be executed.”

Chinese prisoners condemned to death are not offered a choice of injection over gunshot, but Qiu and others suspect wealth and connections can buy the newer method.

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"It is a real phenomenon that gangsters and corrupt officials are killed by injection more than gunshot, so their bodies are intact, and death is less painful," Liu says. "But I doubt it is government policy. These criminals are usually held in cities, where the injection is used. Common criminals are held in county-level facilities, where shooting is more common."

Tycoon Yuan Baojing was executed in March in a death van, in northeast China's Liaoyang city. He had been convicted of arranging the murder of a man trying to blackmail him for attempting to assassinate a business partner.

Sixty-eight different crimes — more than half non-violent offenses such as tax evasion and drug smuggling — are punishable by death in China. That means the death vans are likely to keep rolling.

"If we abolish the death penalty, then crime will grow," Kang says.

U.S. Joins Industry In Piracy War (WP)

By Frank Ahrens

The Washington Post, June 15, 2006

Nations Pressed On Copyrights

The U.S. government has joined forces with the entertainment industry to stop the freewheeling global bazaar in pirated movies and music, pressuring foreign governments to crack down or risk incurring trade barriers.

Last year, for instance, the movie industry lobby suggested that Sweden change its laws to make it a crime to swap copyrighted movies and music for free over the Internet. Shortly after, the Swedish government complied. Last month, Swedish authorities briefly shut down an illegal file-sharing Web site after receiving a briefing on the site's activities from U.S. officials in April in Washington. The raid incited political and popular backlash in the Scandinavian nation.

In Russia, the government's inability, or reluctance, to shut down another unauthorized file-sharing site may prevent that nation's entrance into the World Trade Organization, as effective action against intellectual property theft tops the U.S. government's list of requirements for Russian WTO membership.

As more residents of more nations get high-speed Internet access -- making the downloading of movies and music fast and easy -- the stakes are higher than ever. The intellectual property industry and law enforcement officials estimate U.S. companies lose as much as $250 billion per year to Internet pirates, who swap digital copies of "The DaVinci Code," Chamillionaire's new album and the latest Grand Theft Auto video game for free.

Such entertainment and other copyright exports -- worth about $626 billion annually, or 6 percent of the U.S. gross domestic product -- are as important to today's American economy as autos, steel and coal were to yesterday's.

More than a decade of hard lobbying by two powerful trade groups, the Motion Picture Association of America (MPAA) and the Recording Industry Association of America (RIAA), has convinced U.S. lawmakers and law enforcement officials that it's worth using America's muscle to protect movie and music interests abroad. Now, lawmakers are calling the trade groups, asking what else Congress and the government can do for the entertainment industry.

Efforts to stem piracy within the United States by targeting peer-to-peer file-sharing networks have produced mixed results. Kazaa -- once the most popular of them and a hard target of the music industry -- has half as many users as it did at its peak three years ago, thanks in part to the music industry's lawsuit and education campaign. At the same time, the total number of peer-to-peer users has grown in the past year, according to Internet traffic researchers.

Overseas, U.S. government officials say, it is in the national interest to work on behalf of Hollywood and other entertainment and intellectual property industries.

The United States does not offer specific dictates on how other nations handle their border controls, said Assistant U.S. Trade Representative Victoria Espinel, "but they need to have an effective intellectual property system for protecting our rights holders abroad."

The U.S. trade representative's office maintains a "priority watch list" of countries that, in its estimate, do not adequately protect intellectual property rights. China and Russia top the most recent list. Unlike the case with Sweden, U.S. government pressure has brought little change in China, home to perhaps the world's most prolific DVD and CD pirates.

An ongoing battle between Swedish authorities and an illegal file-sharing service called the Pirate Bay can be traced to an April meeting in Washington between the Swedes and the U.S. government.

Officials from the State Department, the Department of Commerce and the U.S. trade representative's office told visitors from the Swedish Ministry of Justice in April that Sweden was harboring one of the world's biggest Web sites for enabling the massive and unauthorized distribution of movies, music and games. It uses a file-swapping technology known as BitTorrent that is tougher to contain than earlier systems such as the original Napster, which the U.S. government shut down in 2001, and popular current peer-to-peer services, such as LimeWire.

A little more than a month later, Swedish police hit the headquarters of the Pirate Bay and closed the site. The MPAA crowed, saying it had helped the effort by filing a criminal complaint against the site.

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The raid prompted a backlash of criticism in the Swedish press and from some members of government. Politicians and editorialists wanted to know why America was meddling in Swedish affairs.

Claes Hammar, Swedish minister for trade and economic affairs, said U.S. authorities noted that copyrighted Swedish material, as well as U.S. movies and music, was being stolen on the Pirate Bay.

"We don't like to be seen as negligent and losing out rather than cooperating with the U.S. and other markets," Hammar said.

In the aftermath of the raid, members of the Left and Moderate parties in Sweden have proposed scrapping last year's law that criminalized illegal file-sharing, reported the Local, an English-language newspaper in Sweden.

At the same time, hundreds of demonstrators have gathered in Stockholm and Goteborg in recent days, hoisting pirate flags and demanding that the government return the Pirate Bay's seized servers, according to reports.

Several attempts to reach Pirate Bay administrators through the Web site were unsuccessful. They did, however, post a defiant manifesto on a related Web site.

Shut down on May 31, the Pirate Bay moved to the Netherlands and was back up and running three days later, sporting a logo of a pirate ship sinking the word "Hollywood" with a fusillade of cannon fire and demonstrating how difficult it is to stop anything on the Internet.

Dan Glickman, president of the MPAA, confirmed that his group had asked Sweden to toughen its laws on intellectual property theft.

"What we do is look around the world to look if laws need to be improved, then we make suggestions," Glickman said. He emphasized that the MPAA respects the sovereign rights of foreign nations. As for the backlash, Glickman said, "Yes, I'm sure the pirates in Sweden are upset."

Russia's pirates may cost their country more than domestic unrest.

Entrance into the World Trade Organization would grant the country numerous trading benefits. Each of the WTO's 149 members has veto power over accession and each has key demands of applicants.

For the United States, the focus is on intellectual property. And the U.S. wants to make sure the mistake of China is not repeated.

"We let China in and China has not fully complied with the WTO requirements" for protecting intellectual property, Glickman said. The MPAA has an enforcement division in Hong Kong whose members accompany local law enforcement officials on raids. "The time to get action is now, rather than after they get in," Glickman said.

In Russia, CD and DVD pirates have established manufacturing plants on abandoned Soviet military bases, Glickman and RIAA President Mitch Bainwol said. A Web site called Allofmp3.com is selling millions of songs without authorization from copyright holders. The site looks as professional and legal as Apple Computer Inc.'s popular iTunes online music store. It claims to be licensed by a Russian agency to sell music, but U.S. trade groups aren't satisfied. None of the revenue generated from the 10-cent song downloads on the site goes to the artists, Bainwol said.

Moscow began an investigation of Allofmp3.com, dropped it, then picked it back up again after U.S. pressure was applied, said RIAA Executive Vice President Neil Turkowitz, who has traveled several times to Russia and filed criminal complaints with prosecutors there about the site.

"The Russian government is aware of all really existing problems in the [intellectual property] sphere and makes active efforts to solve them step-by-step," the Russian Ministry of Economic Development and Trade wrote in an April paper translated into English. "We will undertake a complex of additional measures in [the intellectual property] sphere in the nearest future with the intention to speed up the work in this sphere."

Two e-mails to the site administrator of Allofmp3.com went unanswered.

Assistant U.S. Trade Representative Espinel said shutting down Allofmp3.com "is right at the top of the agenda. This is a top-priority issue in terms of our discussion with Russia and the WTO."

As the bilateral talks with Russia continue, congressional leaders are bringing pressure to bear on President Bush, who has vowed to speed that nation's entry into the WTO. Working against Russia, the lawmakers say, are its plans to make intellectual property rights violators subject to civil, rather than criminal, penalties.

The U.S. government and the entertainment industry have a right to raise such issues with foreign nations, the RIAA's Turkowitz said. Movie and music piracy, he said, "is a problem that really doesn't know any borders."

Where Would You Rather Be Sick? (WSJ)

By David Gratzer

The Wall Street Journal, June 15, 2006

DOJ_NMG_0034544

Is socialized medicine the prescription for better health? A recent study comparing Americans and Canadians, widely reported in the press, seems to suggest just that. But there is much less here than meets the eye.

The study, based on a telephone survey of 3,500 Canadians and 5,200 Americans (conducted by Statistics Canada and the U.S. National Center for Health Statistics), was released by the American Journal of Public Health. According to it, Canadians are healthier and have better access to health care than Americans, and at lower overall cost. So is the Canadian system, where the government pays for and manages the health-care system, superior? "Our study," says co-author Dr. Steffie Woolhandler, "is a terrible indictment of the U.S. health-care system. Universal coverage under a national health insurance system is key to improving health."

It is not so clear that the survey data back up these claims. Consider access. According to the survey, Canadians are more likely to have a regular physician, to have seen a doctor in the past year, and to be able to afford medications. But the data are ambiguous; Americans are more likely to have received a pap test and mammogram, as well as treatment for high blood pressure. Moreover, Americans are generally more satisfied with their health care. (The survey did not ask about access to specialist care or diagnostic imaging.)

The survey's most trumpeted conclusion was that Canadians are healthier than Americans. According to co-author Dr. David Himmelstein, "We pay almost twice what Canada does for care, more than $6,000 for every American, yet Canadians are healthier, and live two to three years longer." The survey says Americans have higher rates of diabetes (6.7% vs. 4.7%), arthritis (17.9% vs. 16.0%) and high blood pressure (18.3% vs. 13.9%). Americans are also more likely to be obese and lead a sedentary lifestyle. It's damning stuff. But we shouldn't confuse problems in public health with flaws in health-care systems. Americans may be heavier than Canadians, but this speaks more to genetics, diet, exercise and culture than to the accessibility or inaccessibility of health services. The remedy for obese Americans will be found in less fast food and more gym memberships.

So how does American health care actually measure up? If we look at how well it serves its sick citizens, American medicine excels. Prostate cancer is a case in point. The mortality rate from prostate cancer among American men is 19%. In contrast, mortality rates are somewhat higher in Canada (25%) and much higher in Europe (up to 57% in the U.K.). And comparisons in cardiac care -- such as the recent Heart and Stroke Foundation of Canada study on post-heart-attack quality of life -- find that American patients fare far better in morbidity. Say what you want about the problems of American health care: For those stricken with serious disease, there's no better place to be than in the U.S.

Socialized health-care systems fall short in these critical cases because governments strictly ration care in order to reduce the explosive growth of health spending. As a result, patients have less access to specialists, diagnostic equipment and pharmaceuticals. Economist David Henderson, who grew up in Canada, once remarked that it has the best health-care system in the world -- if you have only a cold and you're willing to wait in your family doctor's office for three hours. But some patients have more than a simple cold -- and the long waits they must endure before they get access to various diagnostic tests and medical procedures have been documented for years. Montreal businessman George Zeliotis, for example, faced a year-long wait for a hip replacement. He sued and, as the co-plaintiff in a recent, landmark case, got the Supreme Court of Canada to strike down two major Quebec laws that banned private health insurance.

Dr. Karen Lasser, the study's third author, says that "Based on our findings, if I had to choose between the two systems for my patients, I would choose the Canadian system hands down." Perhaps she would. But as a physician licensed in both countries, I'd disagree.

Dr. Gratzer is a senior fellow at the Manhattan Institute.

Russia's Lid On The Media (WP)

By Masha Lipman

The Washington Post, June 15, 2006

MOSCOW -- Earlier this month Moscow hosted a congress of the World Association of Newspapers. The organization's president, Gavin O'Reilly, deplored the Russian government's encroachments on media freedom. Then President Vladimir Putin took the podium to respond. The media's situation has grown better, not worse, he said: "From year to year increasingly favorable conditions are emerging in Russia for media development . . . Mr. O'Reilly spoke about the increasing state presence in the media. I have different information on this point."

In its hypocrisy, its utter lack of credibility, Putin's statement was reminiscent of the most blatant Soviet propaganda. In fact, it's not just foreign observers but also Russian media professionals who are deeply concerned about state control of the media. In the autumn of 2004 a number of members of the Russian Television Academy signed a letter that stated that "Russian television today is not free." They said they were being forced to broadcast official reports "instead of objective information. Propaganda instead of free discussions. Censorship has been basically established on television." And other restrictions, the letter emphasized, had led to self-censorship.

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Putin sees it differently: "Our country continues to value talent, honesty and courage on the part of journalists," he declared at the newspaper association's congress.

Speaking of talent: Russia's best television anchor, Leonid Parfyonov; its best daily newspaper editor, Raf Shakirov; and its best newsmagazine editor, Sergei Parkhomenko (he and I founded and edited a newsweekly that was taken over by the state-controlled gas monopoly Gazprom in 2001), have been forced out of their jobs, as have about a dozen other prominent media professionals. One of the latest to go was Olga Romanova, a fiery and incisive political anchor, forced out of her position on a minor TV channel after a change of ownership orchestrated by the Kremlin. Some of the banished have quit journalism altogether. Others have gone to work for outlets with much smaller audiences.

Another way to view infringement on the media under Putin is to track changes in coverage of the news in recent years. Of the many tragedies that have befallen the Russian people during Putin's presidency, the worst were the sinking of the submarine Kursk in 2000, the Moscow theater siege in 2002 and the terrorist seizure of the school in Beslan in 2004. Back in 2000 coverage of the Kursk catastrophe was a professional and cohesive effort. Both television and print journalists worked hard to provide honest and thorough coverage, bringing to light things that the government tried to hide. Officials -- civilian and military -- were forced to appear on the air to give comments "live." As they sought to avoid responsibility, their lies, cover-ups and conflicting reports were fully exposed to an angry nation.

Putin did not restrain himself in expressing his anger at the coverage. He publicly blamed media tycoons for the destruction of the army and the navy. But at that time, there was little he could do about it: The media, in the wake of Boris Yeltsin's presidency, were still largely unrestrained.

But by the time terrorists seized a Moscow theater and took some 900 hostages, the state had gone a long way toward regaining control of television. At least one channel, NTV, still had its professional standards and drive, though. It set about investigating the botched rescue operation, which caused the deaths of 129 people in the middle of Moscow. NTV couldn't do much, but at least people in Russia could see that the government wasn't letting the journalists do their jobs. Putin's response? He accused reporters of having base motives. They were mere publicity-seekers, he said, capitalizing on human blood. A few months later the manager of NTV was forced to resign.

State control was fully in place by 2004. The television coverage of Beslan stopped after the operation ended on day three of the monstrous terrorist attack, which left 331 people dead, more than half of them children. No high-ranking official -- security, law enforcement or otherwise -- has appeared on the air to account for what happened. To this day it has not been disclosed who was in charge of the operation. A Duma investigative commission has simply ignored much of the bloodcurdling testimony of witnesses, including that which surfaced during the trial of the only surviving terrorist. The trial itself was barely covered.

Four years into Putin's presidency, television has been tamed and taken securely under government control. Nothing is left to chance: Even seemingly live political talk shows get some editing so that nothing unexpected or unwelcome will appear on the screen. Whatever high-level criticism of Russia might be voiced at the G-8 summit in St. Petersburg next month, Russia's mass TV audience is unlikely to learn about it.

Since the Beslan tragedy, the Kremlin has moved to expand control over minor media, such as small-audience television outlets and, increasingly, print media. The once-respected daily Izvestia was acquired by Gazprom.

Lately there are persistent rumors that the next target may be the publishing house Kommersant and its crown jewel, the newspaper of the same name. This is Russia's most professional and high-quality mainstream daily. If the rumors are true, Kommersant will likely be handled as other media have been: The state will "appoint" a loyal buyer whose editorial line will no longer be a source of concern to the Kremlin.

There are still other, smaller outlets besides Kommersant that have preserved independent editorial stances. But these can barely break the basic media monopoly of Putin's Kremlin. The state television news channels reach 100 percent of the Russian audience, while alternative sources of information have limited circulation. Moreover, the Kremlin has ensured that national television is separated from independent-minded media: Television does not pick up their stories or invite their reporters to appear on the air.

Today's Kremlin is wholly unconstrained. There is nothing, inside or outside the country, to stop Putin and his regime from doing anything they wish on the domestic scene -- political, media or otherwise.

Masha Lipman, editor of the Carnegie Moscow Center's Pro et Contra journal, writes a monthly column for The Post.

How The World Can Combat Nuclear Terrorism (FT)

By Mohamed Elbaradei, Jonas Gahr Store

Financial Times, June 15, 2006

DOJ_NMG_0034546

The simplest way to produce an atomic explosion is to slam together two sizeable chunks of high-enriched uranium (HEU) in what is commonly called a “gun-type nuke”. The approach might sound crude, and it is. No country currently uses this design for its nuclear weapons.

But it is worth remembering two things. First, that it was an HEU gun-type nuclear weapon that killed more than 70,000 people at Hiroshima. Second, that terrorists tend to be less focused on elegance of design than on results. This brings us to a critical question: after nearly five years of living under the threat of sophisticated terrorism – and with clear signs of terrorists trying to acquire nuclear material through criminal networks – why are we still moving so sluggishly to get rid of global HEU stockpiles and to minimise civilian uses of HEU?

Much attention is currently being given to the control of uranium enrichment technology, and rightly so. If all enrichment operations were brought under multinational control, it would become far more difficult for any country to divert enriched uranium for use in weapons. But it makes equal sense to protect – or, better, eliminate – the bomb-grade HEU that already exists.

Experts say there are about 1,850 metric tonnes of HEU in global stockpiles, enough to make tens of thousands of nuclear weapons. The great bulk of this is in military use. On the civilian side, the numbers are much smaller – but the level of security is uneven. Nearly 100 civilian facilities around the world operate with small amounts of weapon-grade HEU – that is, uranium that has been enriched to 90 per cent or greater. These facilities, primarily research reactors, provide important benefits. The isotopes they produce are vital to medical treatments, industrial productivity, water management and many other humanitarian uses. Research conducted at these facilities has greatly enhanced our quality of life.

But most if not all of these benefits could also be achieved using low-enriched uranium (LEU). As far back as the late 1970s, the US and other countries began efforts to convert such facilities from HEU to LEU, to reduce the proliferation risk. In recent years, good progress has been made. Many research reactors have been converted. Large quantities of HEU reactor fuel, both used and unused, have been removed from vulnerable locations and returned to the countries of origin.

Civil society has become involved, raising awareness of the problem and supporting change. A good example is the Nuclear Threat Initiative. Just last year it completed a project with the government of Kazakhstan that successfully “downblended” nearly 3,000kg of fresh HEU fuel to LEU and placed it in secure storage.

But more successes such as these are needed. Many vulnerabilities remain. We need to ratchet up the sense of urgency. We need more coherent global action. First, the countries involved should join forces to minimise and eventually eliminate the civilian use of HEU. Joint research should be conducted to address the remaining technical hurdles involved in converting from HEU to LEU operations. The commercial interests of the companies concerned should be protected. Financing should be made available where needed to assist countries with conversion operations. The HEU fuel should be sent back to the countries of origin for downblending and reuse.

Second, all countries should agree to stop producing fissile material for use in nuclear weapons. The elements are already in place for such an agreement, in the form of a Fissile Material Cut-off Treaty. It is high time to negotiate and conclude such a treaty.

Third, to build trust, countries with civilian and military HEU stockpiles should be encouraged to release clear inventories of those stockpiles and to publish a schedule under which the remaining HEU will be verifiably downblended.

By investing in these straightforward measures, we could reduce substantially the risk of nuclear terrorism. The work could be done jointly, as an international community; this is one initiative in which all countries – nuclear weapon states and non-nuclear weapon states alike – could play a role and from which all would clearly benefit.

Mohamed ElBaradei is the director-general of the International Atomic Energy Agency and the winner of the 2005 Nobel Peace Prize. Jonas Gahr Støre is the Norwegian minister of foreign affairs. An International Symposium on the Minimisation of HEU in the Civilian Nuclear Sector begins at the Nobel Peace Centre in Oslo on Saturday

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Ames, Andrew

From: Ames, Andrew
Sent: Thursday, June 15, 2006 11:23 AM
To: Ames, Andrew; Baxter, Felix (CIV); Blomquist, Kathleen M; Branda, Joyce (CIV); Brett Gerry; Brody, Stephen (CIV); Bucholtz, Jeffrey (CIV); Bukvics, Jennifer (CIV); Claterbos, Barbara (CIV); Cohen, David M. (CIV); Cohn, Jonathan (CIV); Davidson, Jeanne (CIV); Davis, Dan (CIV); Fargo, John (CIV); Fielding, Gabrielle (CIV); Figley, Paul (CIV); Flentje, August (CIV); Frost, Peter (CIV); Garren, Timothy (CIV); Glynn, J.Patrick (CIV); Gorsuch, Neil M; Hertz, Michael (CIV); Hollis, Robert (CIV); Hunt, Jody (CIV); Hussey, Thom (CIV); Jennifer Brosnahan; Jeweler, James (CIV); Katsas, Gregory (CIV); Keisler, Peter D (CIV); Kohn, Chris (CIV); Kopp, Robert (CIV); Letter, Douglas (CIV); Levine, Larry (EOIR); Lindemann, Michael (CIV); Magnuson, Cynthia; McCallum, Robert (SMO); Miller, Charles S; Nichols, Carl (CIV); Nowacki, John; Pyles, Phyllis (CIV); Riley, Sharon (CIV); Rivera, Jennifer (CIV); Roehrkasse, Brian; Schiffer, Stuart (CIV); Scolinos, Tasia; Seidel, Rebecca; Senger, Jeffrey M; Spellberg, Dianne (CIV); Swenson, Lily F; Thirolf, Eugene; Wilson, Karen L; Zwick, Ken (CIV)
Subject: 6/15/06 Civil Division News

Judge Rules That U.S. Has Broad Powers to Detain Noncitizens Indefinitely

Officials sued over phone records access

ACLU Sues Pentagon for Monitoring

Ex-agent says FBI was warned on Bulger, Questions raised about reliability

Editorial: Give Kempthorne a chance on Cobell

New York Times

June 15, 2006

Judge Rules That U.S. Has Broad Powers to Detain Noncitizens Indefinitely

By NINA BERNSTEIN

A federal judge in Brooklyn ruled yesterday that the government has wide latitude under immigration law to detain noncitizens on the basis of religion, race or national origin, and to hold them indefinitely without explanation.

The ruling came in a class-action lawsuit by Muslim immigrants detained after 9/11, and it dismissed several key claims the detainees had made against the government. But the judge, John Gleeson of United States District Court for the Eastern District of New York, allowed the lawsuit to continue on other claims, mostly that the conditions of confinement were abusive and unconstitutional. Judge Gleeson's decision requires top federal officials, including former Attorney General John Ashcroft and Robert S.

Mueller III, the F.B.I. director, to answer to those accusations under oath.

This is the first time a federal judge has addressed the issue of discrimination in the treatment of hundreds of Muslim immigrants who were swept up in the weeks after the 2001 terror attacks and held for months before they were cleared of links to terrorism and deported. The roundups drew intense criticism, not only from immigrant rights advocates, but also from the inspector general of the Justice Department, who issued reports saying that the government had made little or no effort to distinguish between genuine suspects and Muslim immigrants with minor visa violations.

Lawyers in the suit, who vowed to appeal yesterday's decision, said parts of the ruling could potentially be used far more broadly, to detain any noncitizen in the United States for any reason.

"This decision is a green light to racial profiling and prolonged detention of noncitizens at the whim of the president," said Rachel Meeropol, a lawyer for the Center for Constitutional Rights, which represented the detainees. "The decision is profoundly disturbing because it legitimizes the fact that the Bush administration rounded up and imprisoned our clients because of their religion and race."

A spokesman for the government, Charles S. Miller, would not respond to those assertions, saying only that the Justice Department was "very pleased that the court upheld the decision to detain plaintiffs, all of whom were illegal aliens, until national security investigations were completed and plaintiffs were removed from the country." He said the government was reviewing the rest of the opinion to decide whether to appeal the rulings Judge Gleeson made to allow the plaintiffs' other claims to proceed.

In his 99-page ruling, Judge Gleeson rejected the government's argument that the events of Sept. 11 justified extraordinary measures to confine noncitizens who fell under suspicion, or that the attacks heightened top officials' need for government immunity to combat future threats to national security without fear of being sued.

But his interpretation of immigration law gave the government broad discretion to enforce the law selectively against noncitizens of a particular religion, race or national origin, and to detain them indefinitely, for any unspecified reason, after an immigration judge had ordered them removed from the country.

"The executive is free to single out 'nationals of a particular country' and focus enforcement efforts on them," the judge wrote. "This is, of course, an extraordinarily rough and overbroad sort of distinction of which, if applied to citizens, our courts would be highly suspicious."

Yet, he continued, the Supreme Court has repeatedly held that Congress and the executive branch, in exercising their broad power over naturalization and immigration, can make rules that would be unacceptable if applied to American citizens.

In the judge's view, the government has the right to detain people indefinitely as long as their eventual removal is "reasonably foreseeable." If that interpretation stands, it could apply to millions of noncitizens, including tourists removable for visa violations, said Gerald L. Neuman, a law professor at Columbia who is an expert in human rights law and was not involved in the case.

"It doesn't seem to limit the motives the government has to have in being slow in removing them; it could even be just basic neglect," he said.

But Professor Neuman cautioned that "it's only a district judge's decision."

"The decision encourages the government to behave this way without fear of financial liability," he said, but it does not carry the weight of a ruling by an appellate court. "This interpretation is attackable even among other judges in Brooklyn, let alone Lower Manhattan."

But David Cole, a law professor at Georgetown University and a co-counsel in the lawsuit, said the ruling was the only one of its kind and made New York "an equal protection-free zone" because the government can detain immigrants wherever it chooses.

"What this decision says is the next time there is a terror attack, the government is free to round up every Muslim immigrant in the U.S., based solely on their ethnic and religious identity, and hold them on immigration pretexts for as long as it desires," he said. "We saw after 9/11 what the government did in an era of uncertainty about how far it can go. Judge Gleeson has essentially given them a green light to go much further."

The class-action lawsuit, Turkmen v. Ashcroft, is the first and largest of several brought by immigrants held after 9/11. The named plaintiffs in the case include former detainees who came back to the United States this year for depositions and were required to be in the custody of federal marshals at all times. Among them were Hany Ibrahim, a deli worker, and his brother, Yasser, a Web designer, Egyptian Muslims who said then that putting themselves back in the hands of the government they were suing was an act of faith in America.

Yesterday, Yasser Ibrahim, who had lived in New York for three or four years on an expired tourist visa and was delivered in shackles to the Metropolitan Detention Center in Brooklyn soon after Sept. 11, said through his lawyers that he was shocked and very disappointed by the judge's decision.

"I can't believe the court would allow this to happen," he said." I am frightened for other Muslims in the United States, who could face the same discrimination and abuse that I suffered."

END

AP

Officials sued over phone records access

By MARK SHERMAN
ASSOCIATED PRESS WRITER

WASHINGTON -- The federal government sued the New Jersey attorney general and other state officials Wednesday to stop them from seeking information about telephone companies' cooperation with the National Security Agency.

The unusual filing in U.S. District Court in Trenton, N.J., is the latest effort by federal authorities to halt legal proceedings aimed at revealing whether and how often AT&T, Verizon and other phone companies have provided customer records to the NSA without a court order.

New Jersey Attorney General Zulima Farber, a Democrat, and other officials sent subpoenas to five carriers on May 17, asking for documents that would explain whether they supplied customer records to the NSA, the lawsuit said.

The subpoenas followed by a few days a USA Today report that the phone companies had complied with the secretive agency's request for the phone records of millions of ordinary Americans after the Sept. 11 attacks.

The companies' deadline to respond to the subpoenas is Thursday, the federal lawsuit said.

Farber subpoenaed the phone companies for information because she suspected state consumer protection laws may have been violated if in fact the phone companies were turning over such records, Farber spokesman David Wald said.

"The phone companies were turning over information without any notice to consumers," Wald said. "We were seeking to protect the people of New Jersey."

The Justice Department said more than 20 lawsuits have been filed around the country alleging that the phone companies illegally assisted the NSA. The government says sensitive national security information would be revealed if judges allow those cases to proceed.

The American Civil Liberties Union also has filed complaints in more than 20 states, including New Jersey, asking state utility commissions and attorneys general to investigate.

In this matter, the federal government said the New Jersey officials are treading on federal turf and that the companies, if forced to comply with the subpoenas, would be confirming or denying the existence of the program. President Bush and other top federal officials have refused to do that.

Assistant Attorney General Peter Keisler also warned lawyers for the phone companies that responding to the subpoenas "would violate federal laws and executive orders."

A separate letter that Keisler, head of the department's Civil Division, sent to Farber made the same points, but it took a softer approach.

"We sincerely hope that you will withdraw the subpoenas, so that litigation over this matter may be avoided," Keisler said.

END

Reuters

Jun, 14, 2006

ACLU Sues Pentagon for Monitoring

PHILADELPHIA -- The American Civil Liberties Union sued the U.S. Defense Department Wednesday to demand information it says the government has collected on groups opposed to the war in Iraq.

The group says the Pentagon has been monitoring antiwar groups and individuals and has compiled lists on people it sees as potential threats but who the ACLU says are exercising their free-speech rights.

The suit was the ACLU's first attempt to force the Pentagon to disclose domestic surveillance and followed similar suits by the organization against the FBI and the Justice Department.

"It's absolutely improper for the U.S. military to keep databases on lawful First Amendment activities," said ACLU attorney Ben Wizner. "These are peaceful, law-abiding groups and individuals that oppose U.S. war policy but pose no threat to the military."

The ACLU said the Defense Department shared the information with other government agencies through the database, known as the Threat and Local Observation Notice, or Talon.

A Pentagon spokeswoman said the Defense Department never commented on pending lawsuits.
In April, the Pentagon said a review found it had collected data on U.S. peace activists and discovered that about 260 entries in the Talon database should not have been kept there or should have been removed.

The suit, filed in U.S. District Court for eastern Pennsylvania, charges the Pentagon is refusing to comply with requests by the ACLU to declare who had been monitored.

The ACLU filed the requests after learning through an NBC News report of Pentagon surveillance of peace groups.

The ACLU has also challenged President Bush's order authorizing the National Security Agency to tap into private phone calls without court permission.

The latest suit is filed on behalf of some 30 groups, including the Americans Friends Service Committee, also known as the Quakers.

END

Boston Globe

June 15, 2006

Ex-agent says FBI was warned on Bulger, Questions raised about reliability

By Shelley Murphy

A retired FBI official testified yesterday that he urged his superiors to drop gangster James ``Whitey" Bulger as an informant in the early 1980s, amid allegations that Bulger may have been involved in drug dealing and murder.

After being dispatched to assess Bulger's credibility in a brief meeting at the gangster's Quincy apartment in 1981, the official, Robert Fitzpatrick, testified yesterday that he left believing that Bulger was an egotistical ``big bag of wind."

But Fitzpatrick said that while he was unsuccessfully lobbying to cut Bulger loose, Bulger's handler, FBI agent John J. Connolly Jr. , was inviting top agents in the FBI's Boston office to the State House to meet Bulger's younger brother, William, then president of the Massachusetts Senate.

Recounting how Connolly escorted him to a meeting with William Bulger at his Senate office in 1982, Fitzpatrick said, ``He was a little like his brother, to be honest with you. He did most of the talking. I just listened."

Fitzpatrick was not asked on the stand whether they discussed James Bulger with his politician brother during the meeting.

However, Fitzpatrick told the Globe after the proceedings yesterday that they did not.
Fitzpatrick, who served as an assistant special agent in charge of the Boston office between 1981 and 1986, said it wasn't unusual for top agents in an FBI field office to meet with prominent local officials.

However, he said he was concerned about Connolly's relationship with a powerful politician who was also his informant's brother, and asked him: ``What are you doing with this guy?"

He said Connolly responded that William Bulger ``is the guy who's going to get you the job when you leave [the FBI]. He's going to take care of you."

Yesterday was Fitzpatrick's third day on the stand in US District Court in Boston, where he was testifying in a $50 million wrongful death suit brought against the government by the family of John McIntyre , a Quincy fisherman. The family says that the government had negligently caused McIntyre's death by mishandling longtime FBI informants Bulger and Stephen ``The Rifleman" Flemmi.

Flemmi, who is serving a life sentence for killing McIntyre and nine other people, testified last week that he and Bulger killed McIntyre on Nov. 30, 1984 because Connolly warned them McIntyre was cooperating against them.

McIntyre was involved in an unsuccessful effort to ship weapons to the Irish Republican Army aboard the Valhalla, a Gloucester trawler, and had told government agents that Bulger and Flemmi were involved in the plot.

Bulger, who is listed as one of the FBI's 10 most wanted, is charged with 19 murders and has been a fugitive since he fled Boston just before his 1995 federal racketeering indictment.

Connolly was convicted in 2002 of warning him to flee, and is serving a 10-year prison sentence.
William Bulger resigned as president of the University of Massachusetts three years ago after he was grilled by a congressional committee that was investigating the FBI's handling of his brother.

William Bulger testified before the committee that Connolly was a friend who grew up in the same South Boston housing development, and had worked for him on political campaigns. But he said he had never asked Connolly to protect his brother and had not known his brother was an informant until it was publicly disclosed.

Yesterday, Fitzpatrick testified that he was sent to meet James Bulger in 1981 in an effort to evaluate his ``suitability" as an informant.

Bulger wore dark sunglasses that made it impossible to see his eyes. ``He talked about how tough he was," Fitzpatrick said.

Fitzpatrick recounted how Bulger went into a monologue, showing off his Alcatraz belt buckle and talking about the time he spent at the prison while serving a nine-year sentence for bank robbery in the 1950s and '60s.
Fitzpatrick said he recommended that Bulger be dropped as an informant because he was a gang leader, he allegedly was involved in crimes, and he seemed to be withholding information.

But Fitzpatrick said he was advised by superiors, including Sean McWeeney, chief of the FBI's organized crime section in Washington, ``how valuable" Bulger was in investigations.

Tensions flared in the FBI's Boston office in 1982, according to Fitzpatrick, when other agents began working with another informant, Brian Halloran, who implicated Bulger and Flemmi in the 1981 murder of Tulsa businessman Roger Wheeler.

Connolly was accused of rifling through FBI files on the Wheeler investigation, which led them to be moved to a safe, according to Fitzpatrick. Halloran was killed in May 1982 and another potential witness in the Wheeler case, John Callahan, was murdered two months later in Florida.

While the investigation into all three murders was underway, the FBI dropped Flemmi as an informant from 1982 to 1986, but continued to use Bulger.

END

Indianz.com

June 15, 2006

Editorial: Give Kempthorne a chance on Cobell

"Being found in contempt of court may become part of the job description for whoever heads the U.S. Department of Interior.

But Interior Secretary Dirk Kempthorne, the former governor of Idaho, has been on the job less than a month and he's already been dragged into a 10-year-old class-action lawsuit filed by American Indians who are demanding an accounting for more than a century's worth of alleged federal mismanagement of tribal trust funds.

In a motion filed Friday, plaintiffs asked U.S. District Judge Royce Lamberth to make Kempthorne the third successive interior secretary held in contempt of court in the lawsuit. They charge the Interior Department has continued to conceal computer security problems in violation of a 2005 court ruling requiring it to report weaknesses that could put Indian records at risk.

As of this writing, no decision has been made, but there's plenty of precedent in both the Bush and Clinton administrations. Lamberth has found Kempthorne's predecessors, Bruce Babbitt and Gale Norton, in contempt, outraged at what he saw as Interior's refusal to cooperate.

But, in all fairness, Kempthorne really hasn't even had a chance to cooperate. He certainly hasn't had time to be found in contempt of court."

END

Wulf, David M.

From: Wulf, David M.

Sent: Thursday, June 15, 2006 6:29 PM

To: Vasaio, Tony; Scolinos, Tasia; Rybicki, James E; Gorsuch, Neil M; Ferber, Alan L; Burton, Faith; Bradbury, Steve; Allen, Michael (JMD); Jezierski, Crystal; Taylor, Jeffrey (OAG); McIntosh, Brent; Hart, Rosemary; Todd, Gordon (SMO); Vargas, Omar; McAtamney, James A; Cagigas, Jaime (DHS); Tzitzon, Nicholas; [redacted]@ic.fbi.gov; Schofield, Regina; Palma, Josephine; Hagy, David; Gillis, John; Carter, Judy (USPC); [redacted]@ic.fbi.gov; Rubin, Jim (ENRD); Vanyur, John; Trono, Robert (USMS); Snelson, William (USMS); Schmitz, Fran (CTS); [redacted] (USMS); McManamon, Michael J; Conley, Joyce; [redacted]@ic.fbi.gov; [redacted]@ic.fbi.gov; [redacted]@ic.fbi.gov; Scavo, Tara; O'Keefe, Kevin C.; Bukovac, Michael A.; Zellers, Steven S.; Metzger, C. Michael; Augustine, Donald P.; Graham-Wyatt, Nina; Metzger, C. Michael; Drake, Herbert W.; Augustine, Donald P.; James.Burch@usdoj.gov; [redacted]@usda.gov; [redacted]@ios.doi.gov; [redacted]@ios.doi.gov; [redacted]@ios.doi.gov; [redacted]@do.treas.gov; [redacted]@ios.doi.gov; [redacted]@dhs.gov; [redacted]@dhs.gov; [redacted]@dhs.gov; [redacted]@dhs.gov; [redacted]@usss.dhs.gov; [redacted]@dhs.gov; [redacted]@dhs.gov; [redacted]@DOC.gov; Martin, Mark D.; [redacted]; [redacted]@ios.doi.gov; Chait, Mark R.; Lowrey, Stuart L.; [redacted]@oig.treas.gov; [redacted]@secureskies.net; [redacted]@dhs.gov; [redacted]@ic.fbi.gov; [redacted]@ios.doi.gov; [redacted]@secureskies.net; [redacted]@epa.gov; [redacted]@va.gov; [redacted]@bop.gov; [redacted]@usmint.treas.gov; [redacted]@hud.gov; [redacted]@dhs.gov; [redacted]@who.eop.gov; Vargas, Omar

Cc: Goddard, Valerie J.; Rowley, Raymond G.

Attachments: [redacted] Phone list.pdf

ESF-13 National Steering Committee Members:

As we move forward with our planning efforts for this summer and beyond, we would like to gather the names and contact information for law-enforcement personnel from your agencies who will be available to staff ESF-13 (by serving as members of the ESF-13 coordinating committees and/or as ESF-13 desk officers) at Joint Field Offices in the gulf-coast region and elsewhere. Also, with respect specifically to our planning efforts for the State of Louisiana, we are hoping you might provide us with a description of the law-enforcement resources (personnel, equipment, etc.) that you would be prepared to "surge" into Louisiana in the event of a hurricane. If you could please send this information to me, with a cc to Val Goddard, within the next week, it would be very much appreciated.

Also, for your planning purposes, please be advised that we anticipate holding another National Steering Committee meeting during the week of June 25. Attached very belatedly is the sign-in sheet from our May 17 kickoff meeting.

As always, thanks very much for your support.

[redacted]

Bureau of Alcohol, Tobacco, Firearms and Explosives
United States Department of Justice
[redacted]

CONTACT SHEET

Name	Agency	Phone#	Email Address
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2. [redacted]	BOP	[redacted]	[redacted]
3. [redacted]	DEA	[redacted]	[redacted]
4. [redacted]	Texas 16	[redacted]	[redacted]
5. [redacted]	ATF	[redacted]	[redacted]
6. [redacted]	FAMS	[redacted]	[redacted]
7. [redacted]	ATF	[redacted]	[redacted]
8. [redacted]	ICE	[redacted]	[redacted]
9. [redacted]	ICE . ICE	[redacted]	[redacted]
10. [redacted]	[redacted]	[redacted]	[redacted]
11. [redacted]	FBI	[redacted]	[redacted]
12. [redacted]	DOJ	[redacted]	[redacted]
13. [redacted]	USDA-FS	[redacted]	[redacted]
14. [redacted]	ATF	[redacted]	[redacted]
15. [redacted]	DHS	[redacted]	[redacted]
16. [redacted]	USMS	[redacted]	[redacted]
17. [redacted]	TSA-FAMS	[redacted]	[redacted]
18. [redacted]	DOJ/OASG	[redacted]	[redacted]
19. [redacted]	DOJ·OIPL	[redacted]	[redacted]
20. [redacted]	DOI	[redacted]	[redacted]
21. [redacted]	EPA	[redacted]	[redacted]
23. [redacted]	VA	[redacted]	[redacted]

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25 [redacted]	HUD-CPD Grants		[redacted]
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27. [redacted]	Hart DOJ/OLC		[redacted]
28. [redacted]	HSC	[redacted]	[redacted]
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Contact Sheet Continued

Name	Agency	Phone#	Email Address
46.			
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USDOJ- Office of Public Affairs

From:	USDOJ- Office of Public Affairs
Sent:	Friday, June 16, 2006 8:32 AM
To:	USDOJ- Office of Public Affairs
Subject:	Attorney General's News Briefing for Friday, June 16, 2006
Attachments:	agnb060616.pdf; agnb060616.doc

THE ATTORNEY GENERAL'S *NEWS BRIEFING*

PREPARED FOR THE OFFICE OF PUBLIC AFFAIRS, U.S. DEPARTMENT OF JUSTICE

TO: THE ATTORNEY GENERAL AND SENIOR STAFF

DATE: FRIDAY, JUNE 16, 2006 7:45 AM EDT

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TERRORISM NEWS:

Specter Threatens To Subpoena NSA Surveillance Documents. The AP (6/16, Kellman) reports, "Senate Judiciary Committee Chairman Arlen Specter cranked up his dispute with the Bush administration over executive power on Thursday, threatening to subpoena documents on the White House's warrantless surveillance program." The AP continues, "Specter said he had not received a response to his request that Attorney General Alberto Gonzales appear before the panel this month to answer questions about the surveillance program and other touchy subjects – such as the FBI raid on a lawmaker's office last month. … 'I will ask for authorization for a subpoena if we do not get an adequate response,' Specter told the committee." The AP adds, "Such prodding may not be necessary, according to the Bush administration. … 'We are currently working with Chairman Specter to set a date for the attorney general to appear,' Justice Department spokesman Eric Holland said."

Congress Struggles To Resume Oversight Of Executive Branch. The Christian Science Monitor (6/16, Chaddock, 61K) reports the debates in Congress over the Iraq war, emergency spending bills, and NSA domestic surveillance "signal that Congress is trying - again - to revive its flagging oversight role of an executive branch that is claiming broad wartime powers. It's doing so, analysts say, because control of Congress in this fall's midterm elections could turn on the issue." Brookings Institution analyst Thomas Mann said, "The broader motivation in Congress by the majority party is clearly the sinking political fortunes of the president and the party and the fear of retribution in November." The Monitor adds that so far, "however, both chambers of Congress have struggled to make headway. Sen. Arlen Specter (R) of Pennsylvania, for example, has repeatedly been stymied in his bid to bring the government's secret eavesdropping program in line with the 1978 Foreign Intelligence Surveillance Act."

Bush's Comments On Hamdan Case Could Signal Detainee About-Face. The Legal Times (6/16, Mauro) reports, "It is rare for a president to comment on

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a pending Supreme Court case. But President George W. Bush has been doing just that in recent weeks, making several mentions of the Hamdan v. Rumsfeld case that will decide the fate of the military commissions he ordered to handle detainees at Guantanamo Bay, Cuba. … 'We're waiting on our Supreme Court to act,' Bush said at a press conference Wednesday, one of several comments that indicate he is eager to follow the Court's lead, even if it rules against his claim of broad power to deal with the detainees outside the established military and civilian court system." The Times continues, "Bush's remarks and tone have confounded opponents of the military commissions, leaving some wondering if Bush is trying to soften the blow of an expected defeat -- or already preparing the public for civilian alternatives to military commissions. … Covington & Burling partner David Remes, one of the coordinators of the legal effort against the administration position, says Bush's comments have led him to ask 'why Bush made Hamdan a test of presidential power in the first place. If Bush could accomplish his goals within the existing legal framework, why did he confront the judicial branch with such breathtaking claims of presidential power?'" The Times adds, "The presidential commentary on the case was so frequent in recent days that expectations were high that the Court might hand down the decision on Thursday. The two lawyers who argued against each other in the case -- Solicitor General Paul Clement and Georgetown University Law Center's Neal Katyal -- were in the courtroom, but the justices instead handed down four criminal and business law cases. The Court will convene again next Monday and Thursday to issue more decisions in its push toward adjournment by month's end."

New Jersey Seeks Telephone Surveillance Data From US. The New York Times (6/16, Chen, Richtel) reports, "The New Jersey attorney general has issued subpoenas to five telephone companies to determine whether any of them violated the state's consumer protection laws by providing records to the National Security Agency. Experts say it is the first legal move by a state to question the agency's program to compile calling records to track terrorist activities." The Times continues, "On Wednesday, the United States filed a lawsuit to block the subpoenas, setting up a legal showdown pitting the state's authority to protect consumers' rights against the federal government's national security powers. … 'People in New Jersey and people everywhere have privacy rights,' the state's attorney general, Zulima V. Farber, said on Thursday. 'What we were trying to determine was whether the phone companies in New Jersey had violated any law or any contractual obligations with their consumers by supplying information to some government entity, simply by request, and not by any court order or search warrant.'" The Times adds, "This latest confrontation over the invocation of national security began last month, when Ms. Farber issued the subpoenas to the companies — AT&T, Verizon, Qwest, Sprint Nextel and Cingular Wireless — to determine whether they had turned over the phone records to the federal government without a court order, in possible violation of state laws. … But when the Justice Department filed suit in United States District Court here to block those subpoenas — a suit that Ms. Farber received on Thursday — it asserted that the state was straying into a federal matter, and that compliance with the subpoenas would imperil national security."

Defense Lawyer Says FBI Agent Tricked Georgia Terror Suspect Into Confessing. In a widely-distributed story, the AP (6/16, Weber) reports, "Investigators preyed on a Georgia Tech student's devotion to Islam to get him to help their terrorism probe and then reneged on their promise not to arrest him if he told the truth, the suspect's lawyer said in court papers Thursday. The allegations by Jack Martin, a lawyer for 21-year-old Syed Ahmed, were contained in a motion in which Martin seeks to suppress Ahmed's statements to the FBI or make the government abide by the alleged agreement not to prosecute him. … Martin said an FBI agent and a task force investigator who questioned Ahmed…told him that as long as he told the truth he would not be arrested. He said one of the investigators told Ahmed that he, too, was a Muslim and used that to get a statement from Ahmed." The AP notes, "FBI spokesman Stephen Emmett said the agency would have no comment."

The Atlanta Journal-Constitution (6/16, Torpy, 430K) adds, "In the motion…Martin argued that the U.S. Supreme Court and other courts have determined that a statement is involuntary if induced 'by significant and powerful promises or threats, such as the promise of nonprosecution here and the threat of arrest if the defendant did not "cooperate."' The motion quotes an agent telling Ahmed, 'You have the rest of your life in front of you. ... You know eventually you are going to have to get a job some day. Do you want any type of

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criminal record?'" The Journal-Constitution also reports, "In a separate filing, Martin asks the court to force prosecutors to divulge any wiretaps or electronic surveillance the government used to keep track of his client."

Some Canadian Muslim Leaders Urge Crackdown On Extremists. USA Today (6/16, For, 2.31M) reports, "Some Canadian Muslim leaders are urging a crackdown on extremists within their community two weeks after 17 males, including five teenagers, were arrested in suburban Toronto on terrorism-related charges." The response to the arrests" has exposed a rift between Muslim leaders. Some reject the notion that a violent ideology may have taken root in their community; others argue that Muslims must acknowledge radicalism in their midst and work harder to extinguish it. … Some Canadian Muslim leaders say they're offended by the suggestion they should be responsible for combating radical influences. … Others say radicals are spreading extremism and the danger can no longer be ignored. 'They were young kids, and they were taken down this road by someone'" says Sheik Husain Patel, cleric at the Toronto Islamic Center, where one suspect occasionally worshiped."

Plaintiffs Lawyer Compares Ruling In 9/11 Case To Japanese Internment. In a Los Angeles Times (6/16, 958K) op-ed, Georgetown law professor and Turkmen vs. Ashcroft plaintiffs co-counsel David Cole writes that with his ruling this week upholding US authority to arrest foreign nationals on immigration charges and detain them indefinitely, US District Judge John Gleeson, "in essence…authorized a repeat of the Japanese internment — as long as the internment is limited to foreign nationals charged with visa violations (a group that at last count numbered about 11 million people)." Cole concludes that Gleeson's ruling gives "federal authorities…explicit permission to let prejudice and fear run roughshod over the most basic of human rights — the rights to equal treatment and liberty."

Kinsley Condemns Administration Anti-Terror Tactics. In a Washington Post column (6/16, A25), Michael Kinsley writes, "It is not yet clear -- though there is little reason for optimism -- whether the courts will let them get away with it, but the official position of the executive branch under President Bush is that the US government can lock you up anywhere in the world, torture you and tell no one about it. And if someone does find out and starts talking trash like 'habeas corpus' or 'Fourth Amendment,' too bad: It's all okay under the president's inherent powers as commander in chief. Congress -- unbeknownst to Congress -- approved it all in its resolution shortly after Sept. 11, 2001, urging the president to fight terrorism. And the president deputized the CIA and other agencies to go forth and use this authority, in documents that you can't have and that may or may not exist." In "a twist fully worthy of Kafka, or at least Joseph Heller ("Catch-22"), the very suspicion that bad things are going on is a reason you can't find out."

HOMELAND RESPONSE:

DHS Stands By Risk-Analysis Process For Anti-Terror Funding. The Washington Post (6/16, B3, Layton, 744K) reports DHS Undersecretary for Preparedness George W. Foresman faced "criticism and pointed questioning yesterday" during a hearing of the House Committee on Government Reform, but stood by the agency's "decision to cut anti-terror grants for Washington and New York by 40 percent." Foresman said he felt "confident in the risk analysis process and the peer review process," for distributing the grants and said the agency needed to do "a better job in communicating with the communities." However, "Foresman appeared to have a difficult time communicating with" lawmakers, who called DHS' "decision-making process 'mind-boggling,' 'a mystery' and 'goofy' and said it doesn't appear to meet its stated goal -- distributing federal dollars to regions that face the greatest risk of attack."

DHS Analysis Finds Most Cities, States Lack Adequate Disaster Preparedness. The AP (6/16, Jordan) reports that an analysis by DHS that was delivered to Congress yesterday has found that "shortcomings in emergency planning" in a majority of American cities and states are cause "for significant national concern." The AP continues, "Although emergency plans appear to be stronger in 18 states along the nation's 'Hurricane Belt,' the analysis cited preparedness gaps in 131 state and city emergency response plans." The report "is the latest in a series of government and expert analyses since Katrina slammed into the Gulf Coast," almost all of which "have found lacking preparedness levels for large-scale disasters."

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"Unusual Circumstances" Surrounding DHS Limo Contract Outlined At Hearing. The Washington Post (6/16, A4, Hsu, Babcock, 744K) reports congressional investigators told a House Homeland Security subcommittee hearing yesterday that Shirlington Limousine and Transportation Inc. "offered its services to the Department of Homeland Security more than three months before the agency sought bids for a transportation contract, and eventually won contracts worth $25 million over six years." Rep. Mike Rogers said the "unusual circumstances" surrounding the contract didn't "look right," and that he couldn't see why Shirlington President Christopher D. Baker had a letter recommending the company for the contract from convicted former congressman Randy "Duke" Cunningham, "instead of his own congressman or some congressman of the district where the business will be conducted." DHS "officials previously denied the existence" of such a letter. Rep. Bennie Thompson "called for DHS Secretary Michael Chertoff and Deputy Secretary Michael P. Jackson to appear before Congress to discuss 'major missteps,'" adding, "It is unconscionable to think that the agency charged with tracking down terrorists cannot even track down letters of recommendation."

In an article appearing on at least 77 news websites, the AP (6/16, Werner) reports Cunningham's letter "prompted renewed protests from lawmakers about the Homeland Security Department's awarding of two contracts to Shirlington despite the company's history of problems." Rep. Peter King noted Baker's "criminal record and business dealings with a defense contractor named as an unindicted coconspirator in the prosecution of Cunningham. 'And then we find out that the congressman at the center of all of this sends a letter on behalf of this limousine company. If that doesn't raise issues, if that isn't more than a series of coincidences, I don't know what is.' … Outside the hearing, King questioned the department's failure to find Cunningham's letter. 'Did somebody clean out the file?' he asked. Homeland Security spokesman Russ Knocke said that never happened."

The Los Angeles Times (6/16, Gehlert, 958K) reports, "Homeland Security's chief procurement officer, Elaine Duke, said that her agency made a distinction between company owners and drivers, and that the drivers had undergone background checks. No such checks on the company or its owner were required by law. 'The drivers have a clean slate,' she said."

Long Island Newsday (6/16, Palmer) reports, "House Homeland Security Committee Chairman Peter King said the information might warrant a Justice Department examination. 'It all adds up to a pretty strong case of DHS incompetence or a special deal was made,' said King."

Rumsfeld Attends Ground Breaking For Pentagon 9/11 Memorial. Defense Secretary Donald Rumsfeld and family member of those killed on September 11, 2001 attended the ground breaking for a memorial at the Pentagon yesterday. ABC World News Tonight (6/15, story 7, :20, Gibson, 8.78M) reported, "It will feature 184 trees and 184 benches, one for each victim." The CBS Evening News (6/15, story 4, 0:40, Schieffer, 7.66M) reported, "At the two-acre memorial site, Defense Secretary Donald Rumsfeld read the inscription carved on the cornerstone." Secretary Rumsfeld: "To honor the 184 people whose lives were lost, their families, and all those who sacrifice, that we may live in freedom. We will never forget." NBC Nightly News (6/15, story 10, 0:30, Brown, 9.87M) reported, "An emotional Secretary of Defense Donald Rumsfeld said, 'Today, we claim this ground for them.'"

The Washington Post (6/16, B1, Dwyer, 744K) reports, "When the ceremony ended, Rumsfeld stayed behind. For about an hour, he stood in the bright sunlight, shaking hand after hand, autographing programs and taking pictures with family members. He stayed until every person who wanted a word with him got the opportunity. 'If there is anything these families felt,' he said in a brief interview, 'it's that we must not forget what took place. This is visible progress, and the memorial, when it is completed, is going to be a very special place. It is going to be about memories and reflections, to be sure. But it is going to be a place to think about today and tomorrow and the next day and the world.'" The AP (6/16, Barakat) notes Rumsfeld "said he wanted the memorial to convey to future Americans 'that their countrymen's grief was turned toward the cause of their nation's defense.'"

Fox News (6/15, 7:09 p.m., Smith) called it "an emotional groundbreaking." Secretary Rumsfeld "appearing to choke up as he talked about the 184 people who died on the attacks there, saying they shared a tragic destiny. He said the spot where they were killed is sacred ground." CNN Headline News (6/15, 5:34 p.m.) called it "an emotional afternoon at the Pentagon," saying "the usually-stoic Rumsfeld seemed to get a little choked up while talking about those who shared a tragic destiny that day." CNN (6/15, 3:13

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p.m.) also said Rumsfeld was "emotional, perhaps unexpectedly emotional." The Washington Times (6/16, Emerling, 90K) also calls the ceremony "an emotional affair."

WUSA-TV Washington (6/15, 11:09 p.m.) said, "It's been a long time coming, but today ground was finally broken" for the memorial. WTTG-TV Washington (6/15, 11:17 p.m.) said, "Even if you wanted to, you'll never forget where you were or what you were doing" on 9/11, but now "families of victims are taking back that area of the Pentagon where 184 men, women and children died" and "the crash site is turning into a place of peace." WRC-TV Washington (6/15, 6:02 p.m.) also had a report.

CNN's The Situation Room (6/15, 7:22 p.m.) and MSNBC (6/15, 2:46 p.m.) ran brief reports on the event. CNN (6/15, 2:13 p.m.) also interviewed Joey Rickets, "a boy scout from Lynchburg, Virginia" who "has his own plans for a 9/11 memorial."

On CNN (6/15, 1:18 p.m.), reporter Barbara Starr said, "This is not a day for politics, of course, but a day of remembrance. And what many people remember is that this building did not shut down. The headquarters of the U.S. Military, attacked, in flames, people, of course were tending to the dead and the wounded, but this building did not shut down, it kept going. And one of the major reasons this building kept going was because Defense Secretary Donald Rumsfeld flat-out refused to leave. There was certainly advice to do that. He didn't leave. That meant his top staff didn't leave. The view here, if they were going down, they were all going down together." Starr also said, "Secretary Rumsfeld and his wife made a very significant private contribution to this memorial."

Pataki, Bloomberg Hear Recommendations For WTC Memorial. The Wall Street Journal (6/16, Frangos, 2.11M) reports, "The World Trade Center Memorial faces simplification of its design, including moving carved-in-stone names of Sept. 11 victims to ground level, possibly eliminating or scaling back waterfalls and reducing the size of a museum." Those were among "the recommendations made yesterday to New York Gov. George Pataki and New York Mayor Michael Bloomberg in a closed-door meeting, according to people close to the situation. A formal report on the redesign will be released next week."

WAR NEWS:

Senate Rejects Iraq Withdrawal Measure As Both Chambers Debate War. The AP (6/16, Sidoti) reports, "Congress plunged into divisive election-year debate on the Iraq war Thursday as the US military death toll reached 2,500. The Senate soundly rejected a call to withdraw combat troops by year's end, and House Republicans laid the groundwork for their own vote. In a move Democrats criticized as gamesmanship, Senate Republicans brought up the withdrawal measure and quickly dispatched it -- for now -- on a 93-6 vote." Across Capitol Hill "in a daylong House debate," Republicans "defended the Iraq war as a key part of the global fight against terrorism while Democrats assailed President Bush's war policies and called for a new direction in the conflict."

The Washington Times (6/16, Bellantoni, 90K) says Republicans "attempted to embarrass Sen. John Kerry by forcing a vote on a measure identical to one he had drafted calling for troop withdrawal by the end of 2006. Senators opposed the measure on a 93-6 vote, which was forced to the Senate floor by Majority Whip Mitch McConnell, Kentucky Republican." Kerry "said he is crafting the withdrawal proposal with other Democrats, and said he was frustrated at what he called political games by the Republicans." Majority Leader Bill Frist said on MSNBC's Hardball (6/15) that the Senate vote "was 93-6 about cutting and running in Iraq. I think it does help the American people crystallize where they are, by looking where their representatives are. So the cut and run amendment came to the floor of the Senate about two hours ago and in terms of tabling it, overwhelmingly 93-6 is the support of staying the course there and supporting that democracy until they can take over their own security."

The debate on both chambers of Congress is receiving extensive media coverage, much of it describing it with adjectives such as "heated," "fierce" or "raucous." Media accounts depict both parties as seeking the political edge on the issue with eye on the November elections. Republicans are portrayed as seizing "the initiative," though some analysts believe their strategy very risky. The Wall Street Journal (6/16, Rogers, 2.11M) says Republicans "seized the offensive, taking advantage of divisions among Democrats to force quick votes against withdrawal." But "on the day that U.S. troop deaths in Iraq reached 2,500, the partisan tone

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distressed members in both parties and could create a backlash against the majority."

The New York Times (6/16, Toner, Zernike, 1.19M) says the House debate "came after three days in which President Bush and his aides had sought to portray Iraq as moving gradually toward a stable, functioning democracy, and to portray Democrats as lacking the will to see the conflict through to victory." Democrats, throughout the day, "countered, at times with barely controlled fury." The AP (6/16, Sidoti) says the House "erupted in impassioned, election year debate over Iraq war." The war was "a grotesque mistake," said the Democratic leader, Rep. Nancy Pelosi," adding that "the Administration continues to dig a hole. They refuse to come up and see the light."

The Los Angeles Times (6/16, Reynolds, 958K) notes the "rancor" in both chambers, adding "many Republicans believe that discussing the war works to their party's favor politically, allowing them to press the assertion that Democrats are weak and indecisive on national security issues." In a news analysis piece, the Los Angeles Times (6/16, Brownstein, 958K) says the "new Republican drive to focus attention on the Iraq war represents a high-stakes gamble: that doubts about the direction Democrats might set on national security exceed anxieties about the course charted by…Bush." The Times adds Republicans "are aiming to portray Democrats as too soft and too divided to steer the Iraq conflict to a successful conclusion." But "in the process, Republicans risk deepening their identification with a war that, surveys show, still sparks skepticism and concern among most Americans."

USA Today (6/16, Stone, 2.31M) reports John Pitney, a political scientist at California's Claremont McKenna College, "said that while the strategy 'diminishes the Democratic advantage on the issue,' speeches aren't enough. 'The situation in Iraq would have to improve dramatically before it became a net plus for the GOP,' he said."

ABC World News Tonight (6/15, story 4, 1:50, Gibson, 8.78M) said the Iraq debate "will shape this year's congressional elections. Republicans in the House arguing the war is critical on the war on terror." Rep. Rick Renzi: "This is about taking the fight to those who will strike America again and will wound this nation and kill our innocent civilians. America must endure, endure and prevail." Rep. Charles Norwood: "Many, not all, but on the other side of the aisle, lack the will to win. The American people needs to no precisely who they are. The public can decide the course of this war in November, by hopefully throwing the defeatists out of office." Gibson: "Democrats fired back, branding the President's handling of the war a failure." Rep. John Murtha: "I know what rhetoric is. And I know what fighting in the front lines are. I know the difference between them. I know standing here does not solve the problem. It hasn't gotten better. It's gotten worse. That's the problem."

The CBS Evening News (6/15, story 3, 1:50, Schieffer, 7.66M) reported, "A fierce debate over the war broke out in both the House and the Senate today, and the House Republicans defended the war, and the Senate, by a 93-6 vote, turned back a proposal to bring home American troops by the end of the year." CBS (Attkisson) added, "In the House, think of it not so much as a real debate with a real chance of changing anything in the war on Iraq. It's more of a political dare, a nonbinding resolution that Republicans are putting to a vote, calling for the US to stand firm in Iraq and the war on terror, and who in their right mind would vote against that?" But Democrats "argued that a timeframe for getting US troops out is what's needed, rather than a symbolic vote in favor of victory." To "counter arguments from war opponents like John Murtha, the Pentagon handed out this unusual debate prep book to congressional supporters, and it suggests things that they could say in the floor debate."

NBC Nightly News (6/15, story 6, 2:05, Reid, 9.87M) reported, "In a debate that ranged from raucous to solemn, supporters of the Iraq war, mostly Republicans, called for total defeat of a brutal enemy." Rep. Mike Rogers, Michigan: "They'll behead you, they'll shoot you, they'll blow you up; they don't care." Rep. Henry Hyde, Illinois: "To trust our fate to those who would destroy us is to die." Reid: "The only option, they said, is to stay the course." There was "agreement on one thing, a moment of silence to honor Americans who've died in Iraq. But critics of the war, mostly Democrats, said the growing death toll is one of the best reasons for getting the troops out." Rep. John Murtha, Pennsylvania: "Americans are realizing there is a better way to support our troops than just sending more of them off to be killed."

The Washington Post (6/16, A1, Weisman, Babington, 744K) says that "though the day's rhetoric was often partisan in tone, the discontent over the status quo in Iraq was evident on both sides. Dozens of lawmakers spoke emotionally -- recriminations mixed with appeals to patriotism -- on how the nation should proceed in the three-year-old conflict that has become more protracted, deadly and complex than most of them had expected at its outset."

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A similar analysis in the Chicago Tribune (6/16, Zuckman, 643K) says Democrats "are trying to capitalize on voters' disenchantment, while Republicans are trying to portray themselves as resolute and strong." House Speaker Dennis Hastert was first to speak in the House debate, "casting the debate in sweeping, historic terms as a means to protect Americans from terrorists at home and to nurture a way of life." Democrats, however, "called the proceedings undemocratic because Republicans would not allow them to offer amendments. And they accused the president of politicizing intelligence, barreling into the war without a plan and making repeated mistakes along the way." Democratic Rep. Marty Meehan, for example, said on CNN's The Situation Room (6/15), "I think, frankly, we should have had a discussion about the war in Iraq. We should have discussed oversight of the war in Iraq and we should have had a real debate. There are no other options. It's not a debate when the Republican leadership that control the Senate, the House, and the White House say, you vote up or down."

CNN's The Situation Room (6/15, Blitzer) spoke of a "bitter war of words" in both chambers, adding that in the House "the sparks…were flying." Knight Ridder (6/16, Kuhnhenn, Douglas) disagrees with the other characterization of the House debate. It was an "election-year debate…freighted with politics," as Republicans "seized on recent upbeat news from Iraq to portray Democratic calls for troop withdrawals as a policy of 'cut and run.'" Yet "for all the political overtones, the tone of the House debate was strikingly civil, sober and morally serious." Knight Ridder also says, "The Democrats' stance against Bush belied deep divisions within their party on whether to withdraw from Iraq, and if so, how fast. In the Senate, an expected debate on a Democratic measure calling for gradual withdrawal wallowed on hold all day amid disputes among Democrats over the precise language of their proposal."

Meanwhile, a Washington Post (6/16, A2, 744K) piece by Dana Milbank takes a rather flippant look at Cher's attendance of a House Armed Services subcommittee meeting. The singer is an activist for a group that provides helmets to soldiers in Iraq. Milbank writes that "everybody was performing his own version of 'If I Could Turn Back Time'" Thursday, with the House spending "10 hours re-debating the decision to invade Iraq in 2003 -- at least until several of them left for a picnic at the White House."

Pentagon Aide Mistakenly Distributed Iraq Debate Document. The Washington Post (6/16, A23, Kamen, 744K) reports in its "In the Loop" column that it "seems Traci Scott, who works in the Pentagon's legislative affairs office, sent an e-mail Wednesday to a group of Hill folks with an attachment titled 'Iraq Floor Debate Prep Book.' The 74-page attachment, just in time for the House floor debate yesterday, is full of great facts and fine political arguments. Section 3, for example, 'Victory in Iraq,' summarizes Saddam Hussein's 'support for terrorist groups' and 'his defiance of the world community' and how he 'wanted WMD.'" Though "coming from the Pentagon, the prep book reads like a White House playbook -- which, a Pentagon spokesman said, it is." The document "rebuts all those arguments from the 'cut and run' crowd about prewar intelligence manipulation, or how the war in Iraq has made the world more dangerous for Americans. Problem is that the e-mail was sent to some of those cutters and runners."

More Commentary. Democratic Rep. John Murtha writes in USA Today (6/16, 2.31M), "Iraq is not the center of the global war on terrorism, and nor is it overwhelmed by foreign terrorist groups, as this administration would like Americans to believe. … The American people are not naive. They know a failed policy when they see one. Iraq is a failed policy. It's time to redeploy." In an editorial, USA Today (6/16, 2.31M) disagrees, saying "US troops should not stay in Iraq, as in Vietnam, purely for pride in a hopeless battle. They should remain, however, as long as there is a reasonable chance that they can bring some stability, reinforce the fledgling democratic government and prevent Iraq from becoming a haven for terrorists. Announcing a timetable for withdrawal…would just invite the insurgents to wait out the American presence."

Nina Kamp and Michael O'Hanlon, of the Brookings Institution in Washington, and Amy Unikewicz, a graphic designer in South Norwalk, CT, write in the New York Times (6/16, 1.19M), "Those looking for signs of promise in Iraq can still find footholds beyond the killing of the terrorist leader Abu Musab al-Zarqawi. The security forces, particularly the Iraqi Army, continue to improve in technical proficiency -- even if their interethnic cohesiveness remains suspect. Reductions in consumer subsidies have strengthened the financial standing of the government, and high oil prices compensate for Iraq's anemic production levels." But "overall, it is increasingly hard to describe Iraq as a glass half-full."

In the Washington Post (6/16, A25, 744K), Eugene Robinson writes, "Iraq is just one theater in Bush's 'war.' Elsewhere, Afghanistan is once again ablaze as the resurgent

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Taliban counterattacks. Somalia is coming under the sway of an Islamic militia that may harbor al-Qaeda militants. America's popularity in the world continues to fall." But Bush "forges ahead, trying vainly to kill a poisonous, retrograde ideology with bullets and bombs. His 'war' is self-perpetuating, and no one even knows what victory would look like. Long after he's gone, we'll still be looking for a way to end the mess he began."

Purported Al Qaeda Documents Suggest US Counter-Insurgency Effort Working. The Iraqi national security adviser, Mowafak al Rubaie, yesterday released documents attributed to al Qaeda in Iraq that suggest the insurgents felt the US and Iraqi forces had gained the upper hand. However, some experts questioned the authenticity of the documents. NBC Nightly News (6/15, story 4, 2:10, Engel, 9.87M) reported, "To prevent a strong leader from emerging, the Iraqi government today tried to demoralize al Qaeda. The government released a document it claimed was found at an al Qaeda safe house." Mouwafak Al-Rubaie, Iraqi National Security Advisor: "This is the beginning of the end of al Qaeda in Iraq." Engel: "The purported al Qaeda document complains about US and Iraqi successes in killing their leaders and cutting off finances. It suggests trying to bog down American troops by triggering an American war with Iran. It would be a major coup, a terror blueprint uncovered, but tonight some US officials are skeptical of authenticity and origin."

ABC World News Tonight (6/15, story 6, 2:45, Ross, 8.78M) reported, "The documents, if they are authentic, suggest that the US strategy in Iraq is working extremely well, in almost every respect. But there are questions being raised about authenticity." One document describe what it calls "'the current bleak situation,' and says, 'Time is now beginning to be of service to the American forces and harmful to the resistance.'" But US officials "said the document was not, in fact, found on or near Zarqawi's body, but in a raid three weeks earlier on other targets." On the CBS Evening News (6/15, lead story, 3:10, Cowan, 7.66M), Mouwafak Al-Rubaie was shown saying, "We believe that this is the beginning of the end of al Qaeda in Iraq."

The AP (6/16, Quinn) reports "there was no way to confirm the authenticity of the information attributed to al-Qaida, and U.S. and Iraqi officials offered conflicting accounts of when and where it was seized." Iraqi Prime Minister Nouri al-Maliki's office "said Iraqi forces found the document in al-Zarqawi's hideout after the June 7 U.S. airstrike that killed him." However, US Maj. Gen. William Caldwell "said the document had been taken from a computer in a raid during the three-week operation to track down al-Zarqawi." Caldwell "said sweeps across Iraq since al-Zarqawi's death led to 28 significant arms caches. He said the raids included 255 joint operations and 143 by Iraqi forces alone." The Al Qaeda document "said its insurgency was being hurt by an increase in U.S.-trained Iraqi forces, by widespread arrests and seizures of weapons, and by a crackdown on financial outlets."

USA Today (6/16, Soriano, 2.31M) says "a copy of the original document, handwritten in Arabic, was provided to USA TODAY by al-Rubaie. He also released an English translation. … It is not clear who wrote the document. The US military says it appears to be from someone influential in al-Qaeda's Iraq operation. '"It seems to be from an author who has insight from within al-Qaeda because a number of strategies and tactics are noted,' said Navy Lt. Christina Skacan, a military spokeswoman."

The Christian Science Monitor (6/16, Peterson, 61K) runs a similar story titled "Picture Of A Weakened Iraqi Insurgency," in which it also says the document "could not be independently authenticated."

CNN's The Situation Room (6/15, Vause) reported, "While CNN cannot verify the authenticity, there are extensive details of al Qaeda's concern over the growing number of Iraqi forces, the inability to attract new recruits, confiscation of weapons and ammunition, and a squeeze on funds."

Harman Calls Zarqawi Killing "Huge Tactical Victory." Rep. Jane Harman said on Fox News' The Big Story with John Gibson (6/15), "I think the takedown of Zarqawi was a huge tactical victory. I want to commend those who did it. It really was the kind of intelligence action we need to see more of and it also was a tribute to the Iraqis who originally tipped us off to this spiritual healer whom we traced and then he led us to Zarqawi."

Document Says Terrorists Considered Trying To Trigger US War Against Iran. USA Today (6/16, Soriano, 2.31M) reports, "A captured al-Qaeda in Iraq document says the terrorist group considered drawing the United States into a war with Iran in order to undermine the success U.S. and Iraqi forces have had in weakening the organization."

The Washington Times (6/16, Scarborough, 90K) reports, "The group's major goal is to get the US involved in a new war, this one against the Shi'ites in Iraq and Iran, and to

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provoke another war between Iraqi Shi'ites and Sunni countries in the Middle East. One option, the paper says, is to blow up targets in the West and plant evidence that the bombing was done by Iranians."

US Death Toll In Iraq Reaches "Sad Benchmark" Of 2,500 Dead. ABC World News Tonight (6/15, story 4, 1:50, Gibson, 8.78M) reported, "There is a sad milestone to be noted in the Iraq war. The Pentagon announced today that 2,500 American servicemen and women have now died in Iraq. On Capitol Hill, both the House and the Senate stood and observed a moment of silence."

NBC Nightly News (6/15, story 3, 0:15, Brown, 9.87M) reported, "Today, the US death toll reached 2,500. The President's spokesman called the milestone a 'sad benchmark' and said that President Bush is committed to insuring no American sacrifice will be in vain."

The CBS Evening News (6/15, lead story, 3:10, Schieffer, 7.66M) reported, "There was also a grim milestone today. US military deaths in Iraq now total 2,500. White House press secretary Tony Snow called it a sad benchmark."

CNN's The Situation Room (6/15, Blitzer) also referred to "another grim milestone." Knight Ridder (6/16, Brown, Youssef) reports on the "death toll in Iraq," while the AP (6/16, Raum) says "the story of the Iraq war can be told in stark numbers and mournful milestones as the death toll for US troops reached 2,500 on Thursday and the price tag rose to $320 billion."

Suicide Attack On Shiite Mosque Kills At Least Seven. The AP (6/16) is reporting this morning, "A suicide bomber struck a Shiite mosque during Friday prayers in Baghdad, killing at least seven people and wounding 18, police said, as violence persisted despite a driving ban and increased security measures aimed at restoring order in the capital." The attacker "was wearing an explosives belt and blew himself up at the Buratha mosque in northern Baghdad, police Lt. Thaer Mahmoud said."

More Sectarian Killings Reported In Iraq. NBC Nightly News (6/15, story 4, 2:10, Engel, 9.87M) reported, "The US military and Iraqi governments are now focused on stopping al Qaeda in Iraq from recovering after Zarqawi's death, but the daily sectarian killings here seem to be continuing unaffected. More killing on both sides today -- gunmen in Tikrit shot dead four Sunni worshipers in a mosque. In Baquba, ten Shiite workers were forced off a bus and executed."

Iraqi Prime Minister Indicates Government May Offer Limited Amnesty To Insurgents. The CBS Evening News (6/15, lead story, 3:10, Cowan, 7.66M) reported, "Iraq's prime minister, though, did indicate that he would be willing to offer a limited amnesty program for some of those insurgents, but late tonight, especially after the Pentagon announced that the official US military death toll here in Iraq had topped 2500, both US and Iraqi officials were quick to insist that amnesty would not be extended to anyone found guilty of killing either US troops or Iraqi civilians."

Maliki Accepts Resignation Of Aide Who Discussed Amnesty. The Washington Post (6/16, A22, Knickmeyer, Finer, 744K) reports, "Maliki's office on Thursday accepted the resignation of an aide who had told a reporter that Maliki was considering a limited amnesty that would likely include guerrillas who had attacked U.S. troops, the aide said." The aide, "Adnan Ali al-Kadhimi, stood by his account of amnesty considerations." He "said Maliki had indicated the same position less directly in public." The Prime Minister's office earlier Thursday issued a statement saying, "Mr. Adnan Kadhimi doesn't represent the Iraqi government in this issue, and Mr. Kadhimi is not an advisor or spokesman for the prime minister."

US Transition Teams Aid Iraqi Troops In Baghdad Crackdown. NBC Nightly News (6/15, story 5, 1:50, Brown, 9.87M) reported, "Trying to stop the insurgency from disrupting daily life in Baghdad is the focus of a new US-Iraqi campaign that's now underway." NBC (Boettcher) added, "Tanks roaring down a crowded Baghdad street today, intimidating but mostly symbolic in Iraq's new operation, Together Forward, intended to secure Baghdad from insurgents. But a more realistic way of defeating the insurgency, according to senior US military officers, is with this strategy -- Iraqi troops on the ground advised by small numbers of American soldiers called military transition, or MiTT teams. We traveled with this US Army team from the 101st Airborne Division, which constantly questions and prods units of Iraq's new army." Their job, "mentor a growing but still immature military force and to win their loyalty. The MiTT teams say one of the biggest problems they face is to get the

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Iraqi army to be proactive rather than reactive, be the hunter, not the hunted."

US Commanders Release Photo Of New Al Qaeda In Iraq Leader. The CBS Evening News (6/15, lead story, 3:10, Cowan, 7.66M) reported, "For the first time, US military commanders revealed the face of the man they believe is the new leader of al Qaeda in Iraq, a wide-eyed Egyptian named Abu Ayyub al-Masri, with a resume of violence that is decades long."

NBC Nightly News (6/15, story 4, 2:10, Engel, 9.87M) reported the military "says al-Masri is in his 30s, trained in Afghanistan, is an expert in making car bombs and an associate of Osama bin Laden's deputy, but there are still power struggles within al Qaeda here. Some are not convinced al-Masri is going to be Iraq's next top terror leader." Stephen Hadley, US National Security Advisor: "That's clearly one of the leading names, but we're going to need a little bit of time."

The CBS Evening News (6/15, story 2, 2:15, Schieffer, 7.66M) reported, "CBS consultant and former CIA analyst, Michael Scheuer, believes al-Masri is Osama bin Laden's personal choice to replace Zarqawi." Michael Scheuer, CBS News analyst: "Bin Laden's choice for major military commanders have always been Egyptian, and if this man – if this man is an Egyptian, al-Masri means Egyptian, then I would – I would imagine it is bin Laden's direct choice."

The Los Angeles Times (6/16, 958K) reports Gen. William B. Caldwell IV, spokesman for US-led forces in Iraq, "said US officials debated for days before deciding to release the photo and a brief biographical sketch of the alleged insurgent leader. They worried that bolstering his media profile would play into his hands." The AP (6/16, Gamel, Thayer), New York Times (6/16, Filkins, 1.19M) and Washington Post (6/16, Knickmeyer, Wilgoren, 744K) run similar reports.

Shiite Militias Said To Control Iraqi Prison System. The Washington Post (6/16, A1, Finer, Knickmeyer, 744K) reports, "Iraq's prison system is overrun with Shiite Muslim militiamen who have freed fellow militia members convicted of major crimes and executed Sunni Arab inmates, the country's deputy justice minister said in an interview this week." Pusho Ibrahim Ali Daza Yei, an ethnic Kurd, said, "We cannot control the prisons. It's as simple as that. … Our jails are infiltrated by the militias from top to bottom, from Basra to Baghdad." The Post adds, "As a result, Yei has asked US authorities to suspend plans to transfer prisons and detainees from American to Iraqi control."

489 Released From Abu Ghraib. The Washington Post (6/16, A22, Partlow, 744K) reports on the "489 detainees who walked under a harsh sun out of the chain-link pen at Iraq's most infamous prison. The mass release, part of a larger plan to free 2,500 prisoners this month, is intended to bolster Prime Minister Nouri al-Maliki's efforts to defuse the Sunni Arab insurgency. … The prisoner release on Thursday was the third this month. Before walking out in single file, the men stood quietly behind the fence as Deputy Prime Minister Salam al-Zobaie addressed them from atop a wooden platform."

Alleged Iraq Agent Charged With Lying To FBI About Oil-For-Food Role. The AP (6/16) reports, "A South Korean businessman accused of accepting millions of dollars from Iraq in the United Nations oil-for-food scandal has been charged with lying to the FBI. On Wednesday, a federal grand jury returned an indictment accusing Tongsun Park of falsely telling investigators in 2004 that he played no role more than a decade ago in the adoption of the U.N. resolution that set up the oil-for-food program." The new "indictment also says Park made false statements when he said he had no business dealings with an unidentified U.N. official, and when he told the FBI that he did not exchange money with an unidentified Iraqi-American, and that he had never been to that person's office." Bloomberg (6/15, O'Reilly) noted that Park, "accused of working as an unregistered agent for Iraq, was charged in a new case with making false statements to the FBI.

Military Investigates Killing Of Three Civilians At Northern Iraq Checkpoint. The Los Angeles Times (6/16, Barnes, Spiegel, 958K) reports, "The US military is investigating the killing of three Iraqi civilians by American forces in northern Iraq." The inquiry into the May 9 deaths "was requested by Army Lt. Gen. Peter Chiarelli, the U.S. commander in charge of day-to-day operations in Iraq." The military is investigating whether the Iraqis who were killed "were threatening American troops or whether the troops acted improperly and had no cause to use force against the civilians."

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Sources Expect Marines To Face Charges Over Haditha Incident. The Washington Times (6/16, Gertz, Scarborough, 90K) reports in its "Inside the Ring" column, "As more reporters travel to Haditha…the stories about what U.S. Marines did in the town Nov. 19 get more and more gruesome. Defense attorneys deny assertions by some residents that Marines lined up unarmed civilians and executed them. They say the Marines of Kilo Company, after being fired upon, did three house-clearing operations in which civilians, and suspected insurgents, some armed, some not, were killed. Some of the 24 were women and children. … Marine Corps defenders also are questioning the authenticity of a video, purportedly of the victims and made by a Sunni man. They question why the images did not surface until months afterward. Still, sources close to the case expect Marines to face criminal charges once an investigation is complete."

62% Believe Haditha Deaths Will Harm US Relationship With Muslim World. The Wall Street Journal (6/16, Harwood, 2.11M) reports in its "Washington Wire" column, "In Wall Street Journal/NBC News poll, 62% say reported massacre of Iraqi civilians will harm U.S. relationship with Muslim world. But by 49%-33%, they want reprimands rather than criminal charges." The Journal adds, "Optimism rises after Zarqawi's death, but 57% still want US forces cut."

General Leading Investigation Praised. The Washington Post (6/16, A8, Tyson, 744K) runs a story titled "General Leading Haditha Probe Known For Integrity, Toughness," in which it says "the two-star Army general leading the main inquiry into the killings of 24 civilians in the Iraqi town of Haditha is a decorated Delta Force operative known among his peers for integrity and uncanny judgment in combat." Maj. Gen. Eldon A. Bargewell "rose from a Special Forces staff sergeant in Vietnam to commander of the secretive Delta Force, earning a reputation as an unusually skilled fighter who bluntly confronted superiors to get what he needed for his men. He is one of the Army's most highly decorated soldiers on active duty."

US Reservist Becomes Attraction On Armed Forces Radio In Iraq. NBC Nightly News (6/15, story 11, 2:25, Brown, 9.87M) reported, "Finally tonight, an unlikely star emerging from the war in Iraq. She is southern comfort to the troops on the front lines. They are tuning in like crazy to a girl from Louisiana who is sharing her love for country music and providing just the right distraction." NBC (Maceda) added, "What gets an American soldier in Iraq through his dangerous day? If he hails from the South or the West, it's likely to be..." Specialist Kristen King: "You've got Specialist Kristen King on Freedom Radio, AFN, Iraq. If you've got a request, go ahead and get those in to me now." Maceda: "In only weeks, this 21-year-old Louisiana deejay, a compact bundle of energy has become a phenomenon. Her live, 4-hour, one-woman Armed Forces radio show, called 'Country Convoy', is the most listened to English language program in Iraq, a high-charged mix of country hits and homey chat, weather reports, and public service announcements."

Louisiana Center Prepares Soldiers For Iraqi Battlefield. The Washington Times (6/16, Axe, 90K) profiles a "combat readiness training center" at Fort Polk in Louisiana, reporting, "the focus of the training is fighting insurgents in crowded Iraqi villages with cultural sensitivity and limiting civilian casualties. A cluster of fabricated neighborhoods represents Iraq's chaotic urban battlefield. Combat brigades numbering as many as 5,000 soldiers spend three weeks living and fighting there." Soldiers have complained that the training "is harder than combat in Iraq. Center commander Brig. Gen. Michael Barbero says that is the point." The Times reports, "With the spread of small wars and insurgencies like those in Iraq and Afghanistan, …winning hearts and minds is as important as winning firefights."

Bomb Kills Eight On Bus Taking Workers To Afghan Air Base. The New York Times (6/16, Gall, 1.19M) reports, "A bomb exploded on a bus taking workers to the United States military air base at Kandahar in southern Afghanistan on Thursday, killing 8 people and wounding at least 16 others, among them 4 children." The "bomb was the first specifically directed at civilians working at the base." The Times says, "NATO troops are taking over military command of southern Afghanistan from American forces and Taliban insurgents appear intent on disrupting the transfer."

Taliban's Appeal Grows In Pakistani Tribal Areas. The Christian Science Monitor (6/16, Montero, 61K) reports that in Pakistan's Federally Administered Tribal Areas "the tribal system, once strong and proud, is now falling apart," leading many young people to embrace the Taliban. The tribal areas' "problems were exacerbated when the

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Pakistani military entered the tribal areas for the first time in 2003." The Monitor reports, "In such strife, pragmatism draws young people to the Taliban. They are building a new form of social capital, a network that offers the opportunities and prestige that the tribal system once did." The integration of the tribal areas with the rest of Pakistan is "a dream shared by many, and perhaps the best way to dampen the appeal of groups like the Taliban, analysts say."

Pet Projects Said To Trump Strategic Priorities In Defense Spending Boom. The Wall Street Journal (6/16, Karp, 2.11M) reports "the US defense machine is still churning out weapons made for old-style, conventional conflicts, even as it needs new tools to battle terrorists and insurgents. One big reason is the sclerotic nature of the procurement process, in which the military, the White House, the defense industry and Congress fight for pet projects that aren't always in synch with strategic priorities." Although the increase in defense spending "has been a blessing" for Lockheed Martin, Northrop Grumman, General Dynamics, and Boeing, "it has done little to change the military." The Journal reports, "Military budgets have long been shaped by pork and pet projects," but "[t]he problem is particularly acute right now because of the huge increase in defense spending and the Pentagon's new strategic shift to fight terrorism."

CORPORATE SCANDALS:

Fannie Mae CEO Grilled Over Accounting Fraud. The Washington Post (6/16, Hilzenrath, Shin, 744K) reports Fannie Mae chief executive Daniel H. Mudd "came under fire yesterday from members of a Senate committee who questioned how he could have been unaware of the company's alleged accounting fraud." Mudd was "chief operating officer during the years in which regulators have concluded that the housing finance company manipulated its accounting to maximize executive bonuses." Sen. Chuck Hagel said, "I'm astounded you would even stay with this institution. Have you thought about resigning?" The Post adds Mudd, who was "promoted after the accounting scandal cost Franklin D. Raines the combined job of chairman and chief executive, said he did not like 'the old Fannie Mae' any more than Hagel did and was 'as shocked as anyone' when Fannie's accounting problems came to light." Mudd said he "thought about leaving but is 'not a quitter' and stayed to fix Fannie's problems. Hagel countered that Mudd's $8 million compensation package last year might have had something to do with the decision."

Senate Republicans Press Fannie Mae On Bill To Restrict Mortgage Holdings. The Wall Street Journal (6/16, Hagerty, 2.11M) reports Senate Republicans "prodded Fannie Mae executives to support legislative provisions that might force the company to shed most of its holdings of mortgages and related securities. Those holdings, about $730 billion, are the company's main source of profit." Pressuring the company "to back legislation sought by the White House, the Republicans used a Senate Banking Committee hearing yesterday to berate Fannie executives and directors for greed and failure to blow the whistle years ago on wrongdoing that resulted in last month's $400 million settlement of accounting-fraud charges." But Democrats "on the committee cautioned against crippling Fannie and its rival, Freddie Mac, with restraints that might reduce their support for affordable housing."

Enron Defense Firm Still Waiting For Fees. The Washington Post (6/16, D1, Johnson) reports, "To the list of employees, investors and businesses who suffered financial misfortune in Enron Corp.'s demise, add this one: the law firm defending former chief executive Jeffrey K. Skilling." The Post continues, "Los Angeles-based O'Melveny & Myers LLP, which has represented Skilling on both civil and criminal charges since 2001, collected what in a typical case would be a fat payday: $23 million from its client and $17 million more from his insurance policies. … But, true to form, Enron is still destroying financial expectations. Even before the trial began in January, Skilling's team of more than 20 lawyers, paralegals and support staff burned through those funds, leaving the law firm holding the bag for 'multiple tens of millions' of dollars in unpaid fees and expenses racked up during the four-month trial, Skilling's lead defense lawyer said. While Daniel M. Petrocelli declined to provide an exact tally, one source put the price tag at more than $25 million on top of the $40 million O'Melveny already collected." The Post adds, "The trial, which culminated in the convictions of Skilling and former chairman Kenneth L. Lay last month, featured 56 witnesses and some of the most sophisticated business deals ever to make their way into a courtroom. The Skilling defense, which experts say may be one of the most expensive in history, is a case study in how high the stakes can rise in white-collar criminal representation. … 'This is

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almost a carte blanche to the lawyers: Do everything you can to keep me out of jail,' said John Marquess, president of Legal Cost Control Inc., a New Jersey firm that monitors legal fees in bankruptcies and for Fortune 500 clients. 'Very little thought is given to cost. It is not a concern.'"

Former HealthSouth Executive Sentenced To Eight Years. The Wall Street Journal (6/16) reports, "The only HealthSouth Corp. executive convicted by jurors in a $2.7 billion fraud was sentenced to eight years in federal prison Thursday, the longest term given to anyone in the huge accounting scam at the rehabilitation chain." The Journal continues, "Hannibal 'Sonny' Crumpler, a former vice president and division controller, was sentenced by U.S. District Judge Virginia Emerson Hopkins after the defense urged her to impose probation or a combination of house arrest and parole. Mr. Crumpler's attorneys said they may appeal. … Prosecutors sought a far tougher penalty, asking the judge to send Mr. Crumpler to prison for 15 years on his conviction on charges of conspiracy and making false statements to auditors. They described the sentence as too lenient." The Journal adds, "Fifteen former HealthSouth executives avoided trial by pleading guilty in plea deals, and fired Chief Executive Richard Scrushy was acquitted on all charges a year ago after a six-month trial. Mr. Crumpler also opted for a trial but was convicted in November. … Prosecutors argued that Mr. Crumpler was in on the fraud while at HealthSouth and maintained a role even after he became finance chief at a related company, Source Medical Solutions. While at Source Medical, Mr. Crumpler sent HealthSouth auditors a letter overstating Source Medical's debt to HealthSouth by $20 million, prosecutors said."

US Subpoenas Medarex In Option Backdating Probe. The AP (6/16) reports, "Biotech company Medarex Inc. said Thursday it recently received a a grand jury subpoena from the U.S. Attorney's Office in the District of New Jersey over the timing of its stock options grants." The AP continues, "The company has already received a letter of informal inquiry from the Securities and Exchange Commission over the matter. Medarex said it is cooperating fully with both investigations. … In addition, Medarex said two shareholder derivative lawsuits have been filed in New Jersey, naming the company and certain current and former directors and officers as defendants. Medarex said the lawsuits allege breach of fiduciary duty associated with its stock options grants practices, as well as federal securities laws violations. The lawsuits seek unspecified damages." The AP adds, "More than 40 companies are under SEC or Justice Department investigations looking into whether executives backdated stock options grants."

EMI Settles Payola Probe With Spitzer For $3.75 Million. The AP (6/16, Gormley) reports, "EMI Music North America, the third largest recording label in the world, has settled for $3.75 million a pay-for-play investigation into radio air time sold or traded to benefit artists including the Rolling Stones, Coldplay and Norah Jones." The AP continues, "The settlement was the latest during more than two years of a 'payola' investigation by New York Attorney General Eliot Spitzer. … 'When a record label engages in an elaborate scheme to purchase air time for its artists, it violates state and federal law and presents consumers with a skewed picture of the country's proclaimed "best" and "most popular" music,' Spitzer said." The AP adds, "He said payola - a term coined during a 1950s scandal combining the words pay and Victrola, an early record player - also hurts struggling artists who are not judged on the merits of their music. … Spitzer said the compensation for radio airplay was paid by EMI, which includes Virgin Records America, Capitol Records, EMI Christian Music Group and S Curve Records. One deal included tickets to a Rolling Stones concert in Toronto that were given to a radio program director for his personal use."

Senate Republicans Press Fannie Mae On Bill To Restrict Mortgage Holdings. The Wall Street Journal (6/16, Hagerty, 2.11M) reports Senate Republicans "prodded Fannie Mae executives to support legislative provisions that might force the company to shed most of its holdings of mortgages and related securities. Those holdings, about $730 billion, are the company's main source of profit." Pressuring the company "to back legislation sought by the White House, the Republicans used a Senate Banking Committee hearing yesterday to berate Fannie executives and directors for greed and failure to blow the whistle years ago on wrongdoing that resulted in last month's $400 million settlement of accounting-fraud charges." But Democrats "on the committee cautioned against crippling Fannie and its rival, Freddie Mac, with restraints that might reduce their support for affordable housing."

Fannie Mae CEO Grilled Over Accounting Fraud. The Washington Post (6/16, Hilzenrath, Shin, 744K) reports

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Fannie Mae chief executive Daniel H. Mudd "came under fire yesterday from members of a Senate committee who questioned how he could have been unaware of the company's alleged accounting fraud." Mudd was "chief operating officer during the years in which regulators have concluded that the housing finance company manipulated its accounting to maximize executive bonuses." Sen. Chuck Hagel said, "I'm astounded you would even stay with this institution. Have you thought about resigning?" The Post adds Mudd, who was "promoted after the accounting scandal cost Franklin D. Raines the combined job of chairman and chief executive, said he did not like 'the old Fannie Mae' any more than Hagel did and was 'as shocked as anyone' when Fannie's accounting problems came to light." Mudd said he "thought about leaving but is 'not a quitter' and stayed to fix Fannie's problems. Hagel countered that Mudd's $8 million compensation package last year might have had something to do with the decision."

Accountant Firms Prove To Be Financial Beneficiaries Of Sarbanes-Oxley. The Financial Times (6/16, Guerrera) reports, "Accountancy firms have emerged as surprise long-lasting beneficiaries of the Sarbanes-Oxley Act, as US-listed companies have been forced to pay their auditors larger fees to comply with the tough corporate governance rules, according to a new study" by the law firm Foley & Lardner. The Times notes, "US-listed companies paid auditors $4.9m (€3.9m) on average in 2005, 3 per cent more than in 2004 and 11 per cent more than in 2001, the year before the passage of the Act, according to the study which analysed public findings from more than 850 US-listed companies. The rise in total fees came despite a dramatic fall in non-audit fees as companies hired third-party consultants to avoid conflicts of interest. Non-audit fees paid by US companies fell 42 per cent in 2005, contributing to a 97 per cent collapse in these type of payments to accountancy firms since 2001. 'This decline in other fees has been more than made up by a rise in audit fees,' said Thomas Hartman at Foley & Lardner. 'Companies are paying the same amount, or more, to their auditors as they were before Sarbanes-Oxley.'"

WSJournal Weighs In On Milberg Weiss Indictments. The Wall Street Journal (6/16, 2.11M) says in an editorial that Rep. Charles Rangel "was in full voice this week -- along with fellow New York Democrats Carolyn McCarthy and Gary Ackerman, as well as Florida's Robert Wexler -- about the injustice federal prosecutors had visited on plaintiffs' firm Milberg Weiss. The four released a statement lambasting Justice for going after the 'entire' firm rather than just the partners accused of wrongdoing, claiming this could rob 'average' citizens of Milberg's services." The Journal adds, "We couldn't have said it better, though we've been saying exactly that for years -- ever since the Justice Department in 2003 issued new guidelines, via the 'Thompson memo,' on when to indict entire firms in criminal investigations." Federal prosecutors have "since threatened to destroy any company that doesn't 'cooperate' by waiving attorney-client privilege and cutting off accused employees from legal support. Milberg Weiss stood by its due-process rights, and duly received a potential corporate death sentence."

CRIMINAL LAW:

House Democrats Vote 99-58 To Remove Jefferson From Ways And Means. After a three-hour, closed-door meeting last night, the House Democratic Caucus voted 99-58 to remove Rep. William Jefferson from his seat on the Ways and Means Committee in light of the ongoing FBI bribery investigation. If Jefferson does not voluntarily quit the committee, the question will move to the full House for a final vote.

In a widely-distributed story, the AP (6/16, Espo) notes that Democrats were "determined to make an election-year point about ethics" and reports, "The rank and file acted despite a last-minute plea by the embattled Louisiana lawmaker and persistent complaints from the Congressional Black Caucus that there was neither rule nor precedent for the action." After the vote, House Minority Leader Nancy Pelosi said, "This isn't about proof in a court of law. This is about an ethical standard. I wish the White House would follow our lead on this."

USA Today (6/16, 4A, 2.31M) runs a truncated version of the AP story, and the Baton Rouge Advocate (6/16, Shields) calls the vote "an unprecedented move" and reports, "Pelosi had called on Jefferson to observe the 'high ethical standard of the House Democratic caucus,'" but last night, she "did not gloat. 'It's not about victory,' Pelosi said. 'It's very sad. Our Democratic caucus said it would hold a high ethical standard, and now we're doing it.'"

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The New York Times (6/16, Zernike, 1.19M) adds that the Democrats voted to remove Jefferson "as they tried to avoid any taint of scandal in a year when they want to ride accusations of Republican corruption to election victories. … Some members of the Congressional Black Caucus have supported Mr. Jefferson," but Pelosi said that Jefferson "had been afforded due process," and she "sought to draw a line between Republican scandals and what she called 'individual mistakes.'" Pelosi added, "The entire Republican caucus condoned, enabled and benefited from the culture of corruption, and that is what I will continue to rail against."

The Washington Post (6/16, Murray, 744K) also reports Pelosi "sought to take a strong election-year stance on ethics, while Jefferson's allies -- mainly fellow members of the Congressional Black Caucus -- protested that he was being singled out for unfair treatment." CBC "members said their concern was the lack of any rule pertaining to lawmakers in Jefferson's situation. He has not been indicted in the case but could face serious charges." The Post notes, "The pressure from Pelosi and others was stepped up when the FBI revealed it videotaped Jefferson accepting $100,000 in $100 bills from a government witness."

The Washington Times (6/16, DeBose, 90K) reports Pelosi "denied any racial bias in her effort to oust Mr. Jefferson but not Rep. Alan B. Mollohan…who is white and is suspected of using his House Appropriations Committee seat to funnel money and contracts to numerous nonprofit groups and a business-partner relative. … 'Mr. Jefferson has had two people plead guilty to bribing him,' she said. 'We don't know if Mr. Mollohan is even being investigated.'"

Under the headline "Black Caucus Opposes Democrats' Move to Take Jefferson Off Key Committee," the Los Angeles Times (6/16, Hook,, 958K) notes, "Some Democrats have expressed concern that the dispute will undercut Pelosi's efforts to forge party cohesiveness in the House ahead of the 2006 elections. But she dismissed such worries. … 'We can withstand debate; it isn't stifled,'" Pelosi said after the vote.

CQ (6/16, Ferrechio) reports, "The next move is up to Rep. James E. Clyburn…who is a former chairman of the Congressional Black Caucus. It would be Clyburn's responsibility as Democratic Caucus chairman to introduce a privileged resolution in the House calling for Jefferson's removal from the exclusive committee."

FBI Raid Pulls House General Counsel Office Into Limelight. The New York Times (6/16, von Zielbauer, 1.19M) reports that "the F.B.I.'s raid last month on the offices of Representative William J. Jefferson…has drawn" the House Office of the General Counsel "and the woman who leads it, Geraldine R. Gennet, into a rare public fight with the executive branch. … The Justice Department, which prevented lawyers from Ms. Gennet's office to be present during the search, has defended it as a perfectly legal act." But in support of Jefferson's suit to have the seized items returned, Gennet "filed a 90-page memorandum criticizing the raid as a 'grave threat'" to Congressional independence.

Judge To Hear Arguments In Jefferson Documents Lawsuit Today. MSNBC.com (6/15, Seidman) reports, "The federal judge who signed the search warrant allowing the FBI to enter…Jefferson's Capitol Hill office…will preside at a potentially contentious hearing Friday – a hearing pitting the executive and legislative branches of government in a showdown over the United States Constitution." MSNBC notes, "It is still not known exactly what was seized from Jefferson's office," because "the materials…have been kept on ice, so-to-speak. In a move designed to allow the U.S. House of Representatives and the U.S. Justice Department enough time to try to resolve the issue, President George W. Bush ordered the seized material sealed and kept in the Solicitor General's office until mid-July."

Jury To Resume Deliberations In Safavian Case Today. The AP (6/16, Yost) reports the jury in the corruption case of former Bush Administration procurement official David Safavian "deliberated for a second day Thursday without reaching a verdict in the first trial arising from the Jack Abramoff lobbying scandal." Jurors "are to resume on Friday trying to decide whether" Safavian "covered up his assistance to Republican influence-peddler Jack Abramoff."

Former Chicago Official Told FBI He Copied Hiring Files Out Of Fear For His Life. The Chicago Tribune (6/16, Mihalopoulos, Bush, 643K) reports, "The former son-in-law of a prominent ex-alderman told federal investigators that he copied and saved city computer files 'because he was scared that he may be killed,' according to portions of an FBI interview cited Thursday in the City Hall corruption trial. Robert Koch, a former manager of city computer servers, said later that he may have exaggerated those fears." Koch "testified that he had files deleted at the behest of Mayor Richard Daley aide Robert

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Sorich in 1997. But under cross-examination by Sorich lawyer Thomas Anthony Durkin, Koch acknowledged that he secretly saved a copy of the files from the mayor's office in his locker at a gym. 'You told the FBI you were afraid because you had been at family events with the Huelses and the Daleys where other people had talked about getting people knocked off?' Durkin asked. 'I'm not going to admit that,' Koch replied," but after Durkin showed him the FBI record of agents' meeting with him, "Koch finally acknowledged that he did express fear to authorities."

FBI Agent Testifies About Conversation With Sorich About Hiring Records. The Chicago Tribune (6/16, Mihalopoulos, Bush, 643K) also reports, "A veteran FBI agent testified later Thursday that he questioned Sorich about hiring records in preparation for the 1997 corruption trial of former Water Department Commissioner John Bolden. FBI Agent Reges Fay said that while investigating Bolden for taking kickbacks from Water Department job applicants, he learned Sorich might have had a role in the applicants' hiring. Sorich told Fay in a telephone conversation in 1997 that he referred 10 applicants to Bolden, Fay said. Sorich said the names came from local community leaders, and that his office kept no records of the applicants, Fay testified. Fay said Sorich provided him no other information about his alleged role in hiring applicants in Water or any other department."

The Chicago Sun-Times (6/16, Korecki, Warmbir) reports, "Durkin suggested Koch was trying to protect his father-in-law by saying he destroyed the files for Sorich." Then-Alderman Patrick Huels "was under FBI investigation after the Chicago Sun-Times exposed a questionable loan he received." But "Fay testified Thursday that the FBI didn't even open its investigation into Huels until October of 1997 -- about a month after Koch had the computer files destroyed."

Library Records Subpoenaed In FBI Investigation Of Suburban Chicago Mayor. The Niles Herald-Spectator (6/15, Johnson) reported, "The Niles Public Library was subpoenaed Monday by the U.S. Attorney's Office and told to supply all financial information regarding the library's dealings with the insurance agency of Ralph Weiner & Associates. Library Administrator Cary Czarnecki said staff is cooperating with authorities and in the process of gathering the required information. During an FBI investigation into possible fraudulent dealings involving Niles Mayor Nicholas Blase and the Weiner agency, agents raided the insurance company's Wheeling office June 6 and uncovered check vouchers for payments to S.M.P. Insurance Service, Inc., noting the Niles Public Library in the description line."

Suspect In Shooting Of Nevada Judge Still At Large. The AP (6/16, Gardner) reports, "A man sought by police Thursday in the slaying of his estranged wife and the attack on a family court judge left a phone message saying he wanted 'the true story' to get out to the public, his cousin said." The AP continues, "Authorities have searched for Darren Mack since Monday when the judge was shot and wounded in his office by a sniper. Mack was charged the next day with murder in the stabbing death of Charla Mack, 39. … His cousin, Jeffrey Donner, said he received a phone message from Mack shortly after the shooting, saying, 'If anything happens to me, please make sure that the true story about the injustices that are going on in that courtroom get out to the media and the public.'" The AP adds, "Donner said his cousin had complained about Judge Chuck Weller, who was handling Mack's divorce case, for the past year and got the impression the judge was biased and made decisions before he heard all the facts. … 'He was just obsessed with bringing this judge down. Not physically. I never heard anything like that, but by reputation,' Donner said of Mack. … Police said Weller, 53, who was shot once in the chest, was released from the hospital on Tuesday to an undisclosed, secure location. … The Justice Department also charged Mack Thursday with unlawful flight to avoid prosecution."

DOJ Official Says Online Threats On The Rise. CNET News (6/16, Evers) reports, "Authorities are cracking down on phishing and botnets, but the threats are advancing instead of diminishing, two law enforcement officials said." CNET continues, "Cybercrooks are organizing better and moving to more sophisticated tactics to get their hands on confidential data and turn PCs of unwitting users into bots, representatives from the U.S. Department of Justice and the U.S. Air Force Office of Special Investigations said in separate presentations here at the Computer Security Institute's NetSec event this week." CNET adds, "Law enforcement has had increased successes in catching, prosecuting and convicting phishers and bot herders over the past couple of years. However, catching the bad guys is getting tougher as the criminals become more professional, the representatives said. … 'We're seeing increasingly sophisticated groups online that are more indicative of crime groups,' Jonathan Rusch, special counsel for fraud

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prevention at the Justice Department, said in a presentation. The criminals who have been caught range from teenagers to retirees, he said. … Rusch spoke about phishing, a prevalent type of online attack that combines e-mail spam and fraudulent Web sites made to look like trusted sites, which are aimed at tricking a user into giving up sensitive information such as a credit card or Social Security number. Almost 17,500 phishing Web sites were reported to the Anti-Phishing Working Group in April. … A top phishing concern is the increased use of malicious software, Rusch said."

Supreme Court Rules Evidence Seized In Searches Without Knocking Admissible. The Supreme Court yesterday announced a decision in a 4th Amendment case that increases the leeway of police in home searches. ABC World News Tonight (6/15, story 9, :20, Gibson, 8.78M) reported, "The government won a major Supreme Court victory today. The court ruled that police who have a warrant can break into homes and seize evidence even if they don't knock and identify themselves first. President Bush's two appointees sided with the majority as the court decided the case on a 5-4 vote."

NBC Nightly News (6/15, story 9, 1:05, Williams, 9.87M) reported, "There is no dispute here that police in Detroit conducted an illegal search, violating the rule that requires them to knock first, announce what they are up to, and then wait a bit before barging in to protect the homeowner's privacy. In the past, the courts would have thrown out the evidence from such an illegal search, hoping to encourage police to follow the rules, but today the Supreme Court said excluding the evidence goes too far. The court said there are other ways to discourage police misconduct, such as a recent law that allows citizens to sue the police. The court split 5-4 on this with the two newest members in the majority, Sam Alito and the Chief Justice John Roberts. But the dissenters say this takes away the strongest incentive for getting the police to follow the knock-and-announce rule."

The Los Angeles Times (6/16, Savage, 958K) notes that in 1995, "the justices agreed unanimously that the 4th Amendment usually required officers to knock on the door and call out 'Police!' before they burst into a home. This rule helped protect the safety of the police and the privacy of the residents, the court said then." Until now, however, "it was not clear whether the police would be penalized if they ignored this rule. Officers were told they should usually wait about 20 seconds after announcing their presence before they tried to enter a house. They may move faster if they suspect the residents are going to flush drugs down a toilet, the court said."

USA Today (6/16, Biskupic, 2.31M) reports the decision "undercuts a nearly century-old rule that says evidence found during an unlawful search cannot be used." The decision also "offers a sign that the court might be more apt to strengthen the hand of police with Justice Samuel Alito in the place of retired justice Sandra Day O'Connor." The New York Times (6/16, Greenhouse, 1.19M) says the "knock-and-announce" rule "dates to 13th-century England as protection against illegal entry by the police into private homes."

The Washington Post (6/16, A1, Lane, 744K) reports "the broadly worded majority opinion by Justice Antonin Scalia, joined by Chief Justice John G. Roberts Jr. and Justices Anthony M. Kennedy, Clarence Thomas and Samuel A. Alito Jr., suggested that the nation has moved into a new era of improved policing in which such strong medicine may no longer be justified." The ruling "underscored the court's rightward shift."

The Legal Times (6/16, Mauro) reports, "Scalia's ruling was confined to the context of the knock-and-announce rule, but some elements of it could apply more broadly, possibly setting the stage for a future attack on the exclusionary rule, which excludes from use at trial any evidence that is illegally obtained by police. That rule, first established by the Supreme Court for federal courts in 1914 and applied to states in 1961, has been a hardy but controversial tool for discouraging police misconduct." The Times adds, "Law enforcement advocates applauded the ruling. 'Today's decision not to expand the exclusionary rule is very important to law enforcement,' said Kent Scheidegger, legal director of the Criminal Justice Legal Foundation. 'Justice is best served when juries are allowed to consider all relevant evidence.'"

The decision is generally being described as an expansion of police powers. The Christian Science Monitor (6/16, Richey, 61K), for example, titles its report "Supreme Court Gives Police More Power," with the AP (6/16, Holland), Los Angeles Times (6/16, Savage, 958K) and Washington Times (6/16, Seper, 90K) running similar stories.

Knight Ridder (6/16, Henderson) reports Justice Stephen Breyer "penned a sharp dissent that accused the court of misreading its own precedents and defying 'elementary logic.'" The Wall Street Journal (6/16, Bravin, Ben Winograd, 2.11M) notes the dissent "noted many exceptions to the knock-and-announce rule already exist,

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including when police reasonably suspect that obeying it would expose them to danger or allow suspects to destroy evidence."

NYTimes, LATimes Criticize Decision. The New York Times (6/16, 1.19M) editorializes, "This decision should offend anyone, liberal or conservative, who worries about the privacy rights of ordinary Americans. … For those who worry that Chief Justice John Roberts and Justice Samuel Alito will take the court in a radically conservative direction, it is sobering how easily the majority tossed aside a principle that traces back to 13th-century Britain, and a legal doctrine that dates to 1914, to let the government invade people's homes." Meanwhile, the Los Angeles Times (6/16, 958K) editorializes that "Scalia's opinion gives the police exactly" a "blank check by removing the best deterrent to police misconduct: the exclusion of evidence at trial."

Former Prosecutor Relishes Role In Recovering Roosevelt Pistol. Under the headline "A TR 'Nut' Savors His Big Find," the Philadelphia Inquirer (6/16, Shiffman, 423K) reports, "For 17 years, Robert Goldman policed the art world as a federal prosecutor based in Philadelphia. He helped recover $150 million worth of stolen artifacts," but "it wasn't until this week that Goldman snagged his white whale," Theodore Roosevelt's "priceless Colt revolver." Goldman told the Inquirer, "I felt like a kid returning it. I'm a Roosevelt nut." The Inquirer notes, "Goldman and his former partner, FBI agent Robert Wittman, returned the gun to Cove Neck during a brief ceremony Wednesday." Discussing the tip which led to the gun's recovery, Sagamore Hill curator Amy Verone said, "It was not exactly a rugged investigation. A guy calls you on the phone and gives you a gift. Hey, I'm happy to have the gift." But "it was a bit more than a gift, the FBI agent said. 'Luck is the result of a lot of preparation that allows you take advantage of situations when they happen,' Wittman said."

Kentucky High Court Rules Inmate Can Be Executed. The AP (6/16, Barrouquere) reports, "The Kentucky Supreme Court ruled Thursday that the mental age of a death row inmate does not prevent the state from executing him." The AP continues, "An attorney for Thomas Clyde Bowling had argued that the inmate had the mental capacity of an 11-year-old when he killed two people in Lexington in 1990, citing testimony from psychologists." The AP adds, "The state high court in Frankfort noted the U.S. Supreme Court's decision last year barring executions for killers who were not at least 18 years old at the time of the crime, but said the ruling did not specifically prohibit putting to death someone with a mental age below that. … 'There is simply no language to support such a conclusion,' Justice Martin Johnstone wrote in a 5-0 opinion. … Johnstone wrote that there is some validity to the idea put forth by Bowling's attorneys, but that the federal high court intentionally established chronological age, not mental age, as the deciding factor."

Implementation Of Death Penalty Said To Be Lawless. In a New York Times op-ed (6/16), David R. Dow, a law professor at the University of Houston, says, "Earlier this week, the Supreme Court decided, in a 5-to-3 opinion, that a Tennessee prison inmate named Paul G. House was entitled to prove he did not commit the crime for which he was sent to death row." The House case "will make it hard for abolitionists to shift their focus from the question of innocence, but that is what they ought to do. They ought to focus on the far more pervasive problem: that the machinery of death in America is lawless, and in carrying out death sentences, we violate our legal principles nearly all of the time."

Maryland Police Have No Evidence Linking VA Theft To Other Burglaries. The AP (6/16, Yen) reports police "investigating the theft of private data on 26.5 million veterans and military troops said Thursday they have no evidence the crime is related to other burglaries in which computers were resold after the hard drives were erased." Police said they "still believe the May 3 burglary was random and that thieves were not aware of the data when they stole a personal laptop and external hard drive from a Veterans Affairs employee's Aspen Hill, Md., home." Last week, VA Secretary Jim Nicholson "told Congress that the VA remained hopeful that the May 3 burglary was a random theft, noting there had been no evidence any of the information had been used for identity theft." But police in Montgomery County, Md., "investigating the theft said that was not necessarily the case."

Malvo Told Police Of Other Shootings. The Washington Post (6/16, A1Ernesto Londoã±, Rich) reports, "Lee Boyd Malvo told law enforcement officials this spring that he and fellow sniper John Allen Muhammad are responsible for four shootings across the country that have not been publicly attributed to them, a source familiar with the case

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said." The Post continues, "A second source confirmed that investigators have received information implicating the snipers in those shootings, which claimed the lives of two men and wounded two others in the months before the October 2002 slayings that terrorized the Washington region. The sources declined to speak for attribution because of the sensitivity of the information." The Post adds, "Malvo was interviewed extensively by law enforcement officials in preparation for his testimony at Muhammad's trial last month in Maryland. … It is unclear to what degree, if any, authorities have corroborated Malvo's new claims. He has provided conflicting accounts of shootings in the past and testified last month that he lied to investigators after he and Muhammad were arrested. … The claims bring the list of confirmed and suspected sniper shootings to 27, including 17 homicides, and add two states to the list of jurisdictions that could file charges against Muhammad and Malvo."

Maryland Governor To Sign Bill Strengthening Laws On Sex Offenders. The Washington Post (6/16, B1, Mosk) reports that Maryland Gov. Robert Ehrlich Jr. (R) "said that he would sign legislation passed in the predawn hours yesterday that would enhance the monitoring of convicted sex offenders and impose mandatory minimum sentences for those who prey on minors. … The legislation passed yesterday provides for more stringent monitoring of released offenders and gives police the authority to notify a broader list of community leaders when an offender moves into a neighborhood. Offenders would be required to check in with police more frequently and regularly update their photographs for an online database. It also calls for a team, which includes a mental health professional, to evaluate sex offenders before they are released and to determine appropriate monitoring methods, including the option of a Global Positioning System chip in an ankle bracelet."

Private Developers Banning Sex Offenders. USA Today (6/16, Koch) reports, "A Texas-based company, I&S Investment Group, is breaking ground this summer on a 154-lot development in Lenexa, Kan., that will bar registered sex offenders. If someone is convicted of a sex crime while living there, the subdivision will fine the person $1,500 daily until he or she moves. The group has sold out all 150 lots in its first such development in Lubbock, Texas, begun 10 months ago, and plans to offer 250 more lots there this fall. … 'The sex offender deal has improved demand. It's probably increased our sales three to four times,' says I&S partner Clayton Isom, 24. 'We're fighting sex offenders head on.'" USA continues, "Another Texan, Taylor Goodman, today launched a website, Blockwatcher.com, listing homes for sale that have no registered sex offenders living within a half-mile radius. He says only 20% of available homes will qualify. … The new private efforts complement an accelerating push by states and cities to bar sex offenders from living near schools or playgrounds. Hundreds of cities, including more than a dozen this year alone, have approved such ordinances, some of which block out entire downtowns. … At least 15 states have enacted such laws, including three (Nebraska, Mississippi and South Dakota) that did so for the first time this year and two (Georgia and Indiana) that expanded prior restrictions. Others, including California and Pennsylvania, restrict offenders on parole or probation. The restrictions have increased despite U.S. data showing sex crimes against children have decreased in the last decade."

CIVIL LAW:

Honeywell Settles Whistleblower Charges With US For $2.6 Million. The AP (6/16, Gold) reports, "Honeywell International Inc. has paid the federal government $2.625 million to settle charges it failed to properly test packaging for sensitive parts used by the Defense Department and NASA, authorities said Thursday." The AP continues, "Fifteen percent of the settlement, or $393,750, went to a California company and one of its executives, who brought a whistleblower lawsuit several years ago against Morris Township-based Honeywell." The AP adds, "Honeywell was accused of violating the False Claims Act over testing of electrostatic protective metallic sheets that were to package more than 186,000 sensitive parts, the Justice Department said. … A Justice spokesman, Charles Miller, said he could not comment on the nature of the parts but said none were damaged because of the packaging. … The lawsuit charged that Honeywell knowingly made and sold sheets that did not meet military specifications. Honeywell disputed the allegations, said court papers unsealed with the settlement."

St. Barnabas Health Care To Pay $265 Million Medicare Fraud Settlement. In a widely-distributed story, the AP (6/16, Parry) reports, "New Jersey's largest health care provider will pay $265 million to settle federal charges

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that it cheated Medicare out of more than half a billion dollars by inflating charges for seriously ill patients, prosecutors said Thursday. The agreement between prosecutors and Saint Barnabas Health Care System, which operates nine hospitals and a behavioral treatment center in New Jersey, concerns a program Medicare provides to supplement its normal payments. … As part of the settlement, under which Saint Barnabas did not admit wrongdoing, authorities said the hospital system must accept an outside monitor who will supervise its Medicare billings for the next six years." FBI Newark SAC Les Wiser Jr. said, "Saint Barnabas was a man who gave away all his worldly goods to follow a higher calling. If he were alive today, he would surely be ashamed at what has been done in his name." The Newark Star-Ledger (6/16, Martin, 420K) notes, "The settlement…represented a first-of-its-kind agreement for a form of health care fraud that has been largely invisible to patients but has cost taxpayers billions of dollars in the past decade." Wiser "noted that Saint Barnabas was 'a man who gave away all his worldly goods to follow a higher calling.' 'If he was alive today,' Wiser said, 'he would surely be ashamed at what has been done in his name.'"

The Legal Intelligencer (6/16, Duffy) reports, "In the suits, the whistleblowers claimed Saint Barnabas was abusing a Medicare provision that provides for supplemental payments for unusually expensive cases, referred to as 'outliers.' … Justice Department lawyers said yesterday that between October 1995 and August 2003, the nine hospitals operated by West Orange, N.J.-based Saint Barnabas "purposefully inflated charges for inpatient and outpatient care to make these cases appear more costly than they actually were."

The New York Times (6/16, Smothers, 1.19M) reports, "St. Barnabas officials said they welcomed a resolution to the federal inquiry, and the United States attorney's office here emphasized that the settlement was not an admission of guilt to any criminal charges. But federal investigators accused the hospital network of 'gaming the system and exploiting loopholes' to increase its revenues. 'St. Barnabas was a man who gave up his worldly wealth to help others,' said Leslie Wiser, the special agent in charge of the F.B.I. office here. 'If he were alive today he would be ashamed.'" The Wall Street Journal (6/16, B2, 2.11M) also reports on the settlement.

CIVIL RIGHTS:

Former DOJ Attorney Pleads Guilty To Conflict Charges In California. The Fremont (CA) Argus (6/16, Richman) reports, "A former U.S. Justice Department civil rights attorney admits he was angling for a state job to monitor and reform California's youth prisons even as he led a federal probe of one of those facilities in Stockton." The Argus continues, "Ryan Rainey, 48, has pleaded guilty to one count of violating the federal conflict-of-interest law and is scheduled to be sentenced Sept. 15 by U.S. Magistrate Judge John Facciola of Washington, D.C. … A civil lawsuit challenging the living conditions in youth prisons had required the appointment of a 'special master' to monitor and oversee reforms." The Argus adds, "Rainey admits that while leading the federal probe he was negotiating with state Attorney General Bill Lockyer's office for the special master's job, even though he knew the state had a financial interest in the findings and recommendations of the probe he was conducting. … The maximum sentence for the crime is a year in prison and a $100,000 fine but Rainey's May 26 plea agreement indicates the government will seek a zero-to-six-month term and won't oppose a sentence carrying no time behind bars. … Rainey was a senior trial attorney in the Special Litigation Section of the Justice Department's Civil Rights Division from January 2002 through April 2005. Earlier he'd been a federal prosecutor in Washington, D.C., for seven years."

FBI Investigating Alleged Racist Firing By Washington State Police Chief. The Oregonian (6/16, Gilbert, 346K) reports, "Ridgefield, Wash., Police Chief Bruce Hall should be replaced, according to two Kirkland, Wash., police lieutenants who investigated allegations of racism in the firing of Ridgefield's only African American officer," Carl Mealing. "Now, the Federal Bureau of Investigation has begun its own investigation in Ridgefield. Council member Scott Hanson said Thursday that he talked with the FBI earlier this week but declined to say what about. Interim Ridgefield City Manager Justin L. Clary said an FBI agent attended meetings with him, interim Ridgefield Police Chief Erin Nolan and Clark County Sheriff Garry Lucas, but he declined to say what was discussed. An FBI probe 'was not something requested by the city,' Clary said. An FBI

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spokeswoman in Seattle declined to confirm or deny an investigation was under way."

Los Angeles Sheriff Orders Probe Of Fatal Police Shooting. The Los Angeles Times (6/16, Winton) reports, "Faced with the third case in a year of deputies firing scores of shots at a suspect, Los Angeles County Sheriff Lee Baca on Thursday said he had ordered an investigation into whether six deputies used too much force earlier this week when they unleashed 70 rounds at a suspect." The Times continues, "Scrutiny of the shooting intensified as officials Thursday revealed that at least one deputy had fired so many shots that he reloaded his weapon during the Walnut Park incident, which left 27-year-old Carl Williams dead. … 'Obviously, we have to look at this very closely. We will get to the bottom of this fast,' Baca said. 'We will know the motivation of each of the shooters. They know what the policy is here. Because it is the heat of battle, it doesn't dismiss your objectivity.'" The Times adds, "The shooting comes a year after deputies in Compton had fired 120 rounds at a suspect they were chasing on a residential street. Some of the bullets flew into nearby homes and embedded in walls. … After that incident, the Sheriff's Department imposed rules that made it more difficult for deputies to fire at moving cars and to fire multiple times. Baca said he was concerned that the shooting could have been a case of "contagious fire," in which deputies fire their weapons because they hear a gunshot. He said he hoped that the new rules would reduce such problems. … But in January, deputies fired more than 50 shots into a Compton house where a suspect was holed up. That case is being investigated by the department's Internal Affairs detectives."

Senate Panel Approves Flag Desecration Amendment. The Washington Times/AP (6/16) reports, "The Senate Judiciary Committee gave a nod yesterday to a constitutional amendment to protect the American flag from desecration, moving it to the Senate floor, where vote counters on both sides say it could be within one vote of passing. The 11-7 vote sent the amendment to the floor. Majority Leader Bill Frist, Tennessee Republican, has said the measure will get a Senate vote this month."

Bloomberg (6/16) reports GOP Sen. Orrin Hatch "said he believed more than 67 senators, or two-thirds, would support the measure if they were 'allowed to vote their consciences.'' Both sides "predict a close Senate vote." Senate Democratic leader Harry Reid "supports the proposed amendment. The Senate's No. 2 Republican, Kentucky Senator Mitch McConnell, opposes it."

Louisiana Senate Alters Bill To Change Open Primary Elections. The AP (6/16) reports, "If Louisiana is going to shed its unique 'open primary' system, then the state must make sure independent voters are allowed to cast ballots in the new party primary elections, the House voted on Thursday." The AP continues, "Sen. Cleo Fields introduced a bill that would replace the state's open primaries with Republican and Democratic primaries in congressional races, leaving it up to the parties to decide whether independents and third-party voters are allowed to cast ballots. … The House decided to change the measure slightly, adding a provision that would allow an independent voter to pick one or the other party's primaries to vote in. They then passed the measure 58-35, sending it back to the Senate for approval of the change." The AP adds, "Despite the change, Rep. Joel Robideaux of Lafayette, who has no party affiliation, said it was unfair to independent candidates. Robideaux said the measure would make it increasingly difficult for independents to run for Congress because they would wait on the sidelines until the general election. … Fields, D-Baton Rouge, a former congressman, has tried for years to get rid of open primaries, arguing that the current system often results in Louisiana's newly elected members of Congress getting a late start - and less desirable committee assignments - on Capitol Hill because the state holds its runoff elections in December, a month later than other states. … If it becomes law, voters could cast ballots in two party primaries, then a November runoff, to select their congressmen and U.S. senators. … The measure would also need approval from the U.S. Justice Department, because any change to Louisiana election law needs federal approval, a restriction stemming from the Voting Rights Act of 1965."

Baltimore Police, Jail Sued For Arrests Without Charges. The Baltimore Sun (6/16, Bykowicz, Yakaitis) reports, "The NAACP and the American Civil Liberties Union sued the Baltimore Police Department and the state-run city jail Thursday, using the experiences of five men to allege a broad pattern of abuse in which they say thousands of people are routinely arrested and held for hours without being charged with a crime." The Sun continues,

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"The lawsuit, filed in Baltimore Circuit Court by the Maryland ACLU, condemns the practice of jailing citizens for so-called quality-of-life crimes such as loitering -- one of the central strategies employed by police here and in other cities in their efforts to drive down crime. … The issue emerged just over a year ago with reports in The Sun of overcrowding at the Central Booking and Intake Facility." The Sun adds, "The plaintiffs, including a 19-year-old Morgan State engineering student and two Pennsylvania residents visiting Baltimore for a bachelor party, allege that city police officers routinely make arrests without probable cause and do so 'under a pattern and practice set and enforced by city officials.' … City Solicitor Ralph S. Tyler said the plaintiffs 'will not be able to prove their truly wild allegations.' … 'The illegal arrests claim rests largely on a false equation,' he said. 'The fact that the state's attorney declines to charge in many cases does not suggest that the arrest was illegal.'"

California Police Accused Of Sleeping On The Job. The Los Angeles Times (6/16, Lait, Rubin) reports, "Police officers assigned to protect Compton schools against vandalism and other campus crimes have been asleep at the wheel, quite literally, according to photographs and sworn testimony in a racial discrimination lawsuit." The Times continues, "The photographs appear to show several uniformed school officers in the driver's seats of parked squad cars with eyes shut and, in some cases, heads leaning back." The Times adds, "The pictures emerged in a suit against the Compton Unified School District, which operates the 34-member police department. The case was filed by a white ex-officer and two Latino officers who contend that they were treated differently from black colleagues within the predominantly African American department. … Former Officer Mark Shiva, who at one time served as president of the police officers union, and current Officers Victor Ayala and Sergio Reynoso allege that they were hit with racial slurs, ridiculed and retaliated against after lodging complaints against black colleagues. … Shiva, who was fired after the suit was filed in 2005, took the photographs within the last two years, according to testimony in the case. Shiva shot the pictures to prove that colleagues were sleeping on duty. … According to testimony, all of the officers accused of sleeping in patrol cars are black. But in the background of one photo, a white officer also appears to be sleeping. When the conduct was brought to the attention of supervisors, none of the officers were disciplined, authorities said."

Ehrlich Fires Appointee Over Remarks On Gays. The Washington Post (6/16, A1, Sun, Mosk, 744K) reports Maryland Gov. Robert L. Ehrlich Jr. "yesterday fired Robert J. Smith, his appointee on the Metro transit authority board, for referring to gay people as sexual deviants on a cable television show." In a statement, Ehrlich said, "Robert Smith's comments were highly inappropriate, insensitive and unacceptable. They are in direct conflict to my administration's commitment to inclusiveness, tolerance and opportunity."

WPost Criticizes House Over Military Rules On Religious Expression. The Washington Post (6/16, A24, 744K) says in an editorial, "The military has been making a good-faith effort in recent months to write rules on religious activities that preserve both the rights of free expression among service members and the separation of church and state. It's unfortunate, therefore, that the House of Representatives, responding to pressure from evangelical Christian groups, has unnecessarily inserted itself into this debate, with a provision in the recent defense authorization bill aimed at ensuring that evangelical chaplains can pray in Jesus's name at public ceremonies. The Senate is debating a version that wisely leaves out the House provision and lets the military services continue to work out this complex issue the right way -- without congressional interference."

ANTITRUST:

Official Pleads Guilty To Military Bid-Rigging. The Virginian-Pilot (6/16, Mcglone) reports, "An executive with a marine products company has agreed to plead guilty to conspiring to rig bids in the sale of foam buoys and fenders to the Navy and the Coast Guard, the Justice Department announced Thursday" The V-P continues, "Gerald Thermos, president of Marine Fenders International, based in Wilmington, Calif., was charged in Norfolk federal court this week with violating the Sherman Antitrust Act. … The Justice Department said Thermos has agreed to plead guilty to the felony, serve four months in jail and four months of home detention, and pay a $50,000 fine. No court date has been set." The V-P adds, "The department said that from June 2000 to August 2005, Thermos and other unidentified co-conspirators schemed to fix prices for marine fenders and buoys that were sold to the Navy, the Coast Guard and other government and private entities. … 'Price fixing and bid

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rigging are serious concerns when it relates to products and services procured by the Department of Defense,' Rick Gwin, special agent in charge of the Defense Criminal Investigative Service, western field office, said in a news release."

Bill Gates To Relinquish Day-To-Day Control Of Microsoft For Philanthropy. ABC World News Tonight (6/15, lead story, 3:00, Gibson, 8.78M) reported Microsoft founder Bill Gates "announced today he will step down in two years, giving up day-to-day responsibility at Microsoft. Rather than making money, now, he wants to devote his life to giving it away." ABC (B. Stark) added, "Speaking at Microsoft headquarters in Seattle, he announced he will give up the helm of the world's largest software company to commit himself full-time to philanthropy." The CBS Evening News (6/15, story 5, 2:50, Schieffer, 7.66M) and NBC Nightly News (6/15, lead story, 3:30, Brown, 9.87M) also reported the story.

USA Today (6/16, Acohido, Kessler) reports, "Microsoft chairman Bill Gates announced Thursday that he will let loose the reins of the company he co-founded in college and shaped into a behemoth, to focus on philanthropy." USA continues, "Gates, 50, who was also Microsoft's chief software architect, will give up day-to-day duties in July 2008, retaining the title of chairman. … That will leave Microsoft CEO Steve Ballmer and Chief Technical Officers Ray Ozzie and Craig Mundie to carry out a transition the software giant is struggling to make from lumbering supplier of desktop computer software to nimble competitor in a rapidly changing tech market." USA adds, "Gates insisted that the change announced Thursday 'is not a retirement.' He plans to spend most of his time working for his charity, the Bill & Melinda Gates Foundation. … Gates says he plans to have a relationship with Microsoft for many years."

Antitrust Battles Have Marked Gates' Tenure. The Financial Times (6/16, Buck) reports, "Microsoft's battles with antitrust regulators on both sides of the Atlantic have been a consistent feature of Bill Gates' tenure." The Times continues, "While the software group managed to broker a deal with the US authorities in 2002 that ended its regulatory troubles in the country, Microsoft's fight with the European Commission in Brussels is still very much alive." The Times adds, "In a landmark ruling in March 2004, the Commission found Microsoft guilty of violating European Union competition rules by abusing its dominant position in the market for personal computer operating systems. Microsoft was fined a record €497m ($628m) and told to change its business practices. … The group was told to share more information about its flagship Windows programme with rival companies and to stop bundling its Windows Media Player software with the operating system. … The ruling, which is under appeal, has since sparked a new case against Microsoft, because the Commission alleges that the group has not implemented the ruling properly. It has threatened to impose fresh fines of up to €2m a day unless Microsoft complies with the Brussels ruling speedily. … Adding to Microsoft's regulatory worries in Europe is the fact that Brussels is also taking aim at Vista, the operating system set to replace Windows next year."

Microsoft Wins Patent Case Using "eBay Argument." The California Recorder (6/16, Kobylarz) reports, "Microsoft Corp. appears to be the first company to benefit from the U.S. Supreme Court's recent decision to end the long-standing presumption in patent cases that an injunction should be issued almost automatically when infringement is found." The Recorder continues, "Applying the Supreme Court's May ruling in MercExchange v. eBay, a Texas federal judge denied the request of Z4 Technologies Inc., a tiny Michigan software firm, to bar Microsoft from selling, making and using its infringing Windows and Office products." The Recorder adds, "The ruling, issued on Thursday by Judge Leonard Davis in the Eastern District of Texas, signals a major shift in patent litigation practice and is the first indication of how the eBay ruling has quickly become important to the way companies fight patent infringement claims. … In April, a Texas jury found Microsoft and Autodesk willfully infringed two of Z4's patents covering methods for limiting unauthorized use of computer software. Both Microsoft and Autodesk use the anti-piracy program in some of their products. The jury ordered the two companies to pay Z4 a combined $133 million in damages, the biggest award ever in a patent case to come out of the U.S. District Court for the Eastern District of Texas."

Vinci Rebuffs Veolia's Merger Proposal. The Wall Street Journal (6/16) reports, "Vinci SA rejected a merger approach from French water utility Veolia Environnement SA, calling it unsolicited and hostile." The Journal continues, "In rejecting the proposal, Vinci, a French construction company, said a merger of the two entities 'would have no strategic interest, would not create synergies and would not create value for its shareholders.'" The Journal adds, "Veolia's board

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had asked Veolia's chairman Wednesday to study a friendly merger with Vinci, a move that would create a utility and services company valued at about €34 billion, or $43 billion. … After Vinci rejected the proposal, Veolia said it 'regrets Vinci's opposition to review the interest of a potential friendly alliance.' … Veolia, the world's largest water utility by revenue, has been looking to expand its concessions business and is eager to increase its €16.9 billion market capitalization to compete with larger, more financially powerful conglomerates such as water and energy utility Suez SA. Vinci's market capitalization is €19 billion."

ENVIRONMENT:

Bush Authorizes Marine Reserve In Northwest Hawaiian Islands. The CBS Evening News (6/15, story 9, 0:40, Schieffer, 7.66M) reported, "President Bush today created the world's largest protected marine reserve, the Northwestern Hawaiian Islands. The chain of uninhabited islands, 100 hundred miles wide, stretches across the Pacific Ocean for 1,400 miles. If laid across the continental United States, they'd reach from Idaho to Missouri."

The move was widely praised by conservation advocates. ABC World News Tonight (6/15, story 8, 2:30, Gibson, 8.78M) reported, "The President has had his battles with environmentalists. But tonight, they are cheering." ABC (Potter) added, "These islands and the vast coral around them are so wild and so remote, that even the most adventurous of us will likely never see them." President Bush "had put a low priority on a far away corals. It took a bit of celebrity to change his mind." In April, "at a White House dinner, Jean Michelle Cousteau, son of the famous explorer Jacques Cousteau, showed this documentary he had made, showing how seabirds were choking on debris from thousands of miles away." People "who were there said the President was moved."

NBC Nightly News (6/15, story 8, 2:20, Brown, 9.87M) reported "nearly all" conservationists "are thrilled about his decision to make one of the most spectacular places on earth, a chain of Hawaiian islands, a new national monument, giving them extraordinary protection for years to come." After President Bush "screened a documentary by Jacques Cousteau's son, Jean-Michel, he went further, demanding the stronger protections allowed for a national monument. Now, ship traffic, trash dumping, and most recreational activities will be prohibited. And over a five-year period, commercial fishing will be phased out completely."

The Washington Times and Los Angeles Times, among other newspapers, run an AP story (6/16) reporting, "It is only the second time that Bush has invoked the 1906 National Antiquities Act, which gives the president authority to create national monuments to preserve the nation's ancient cultural sites and unusual geological features. The law itself turned 100 this month." The President "had planned as late as Wednesday to use instead the National Marine Sanctuary Act, a law that would allow challenges from Congress and others to the decision, said a senior administration official, speaking on condition of anonymity so as not to upstage Bush." But he "opted at the last minute to create a national monument after realizing the process had gone on for five years and elicited thousands of comments." The Washington Post (6/16, A6, Baker, 744K) mentions the marine reserve announces as part of a story on he President signing a bill boosting broadcast indecency fines,

The Christian Science Monitor (6/16, Spotts, 61K) reports that "several analysts add that, in some respects, the move is a political no-brainer for the White House. Hawaii's Republican governor, Linda Lingle, has imposed similar restrictions in the region out to the state's three-mile limit, which built local support for expanding the restrictions." The Monitor adds, "Except for a handful of commercial fishermen, the proposal has drawn virtually no opposition from other commercial interests because the region lacks oil deposits and other easily exploitable resources."

NYTimes, WPost Praise Bush. The New York Times (6/16, 1.19M) editorializes, "An unfamiliar but highly appealing side of President Bush showed itself at the White House yesterday. It was Mr. Bush the compassionate conservationist, friend of green sea turtles, seabirds and Hawaiian monk seals, savior of coral reefs and spiny lobsters, creator of the largest ocean sanctuary on the planet." Bush "made exemplary use of presidential power yesterday. We hope he does more of it."

The Washington Post (6/16, A24, 744K) editorializes, "This administration and future ones should follow up with similar actions to protect other ecologically sensitive marine systems. America began protecting its land-based national parks and monuments a century ago, but the country has lagged in shielding its underwater treasures." Bush's action "offers an exciting example of assertive action to put essential areas beyond further human destruction."

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Democrats Say EPA Blocked Information About Toxic Sites. The Los Angeles Times (6/16, Miller, 958K) reports. "Senate Democrats on Thursday accused the Bush administration of withholding key details about toxic waste sites that present risks of exposure to nearby residents." At a congressional hearing, Sen. Barbara Boxer "said the Environmental Protection Agency had designated as confidential the details of about 140 Superfund sites where toxic exposure remains uncontrolled." Boxer and other Democrats "said the secret data included information about how much money and time it would take to clean up the dangerous sites, including one where the EPA predicted it would take 26 years to close off access to toxics." The EPA "said that it had only blocked information related to law enforcement and that the public had access to all relevant health risk data for the sites, seven of which are in California."

Sago Mine Disaster Survivor Attends Mine Safety Bill Signing. ABC World News Tonight (6/15, story 12, :20, Gibson, 8.78M) reported, "There was a very emotional event at the White House today. The only man to survive the Sago West Virginia mine explosion, Randall McCloy was there, for the signing into law of sweeping, new mine safety rules. Relatives of the men who died also attended the ceremony."

The AP (6/16, Zuckerbrod) reports "the new law, the first of its kind since 1977, requires miners to have two hours' worth of oxygen on hand while they work, rather than one." Bush said yesterday, "We make this promise to American miners and their families: We'll do everything possible to prevent mine accidents and make sure you're able to return safely to your loved ones."

Bill Clinton Applauds Evangelical Focus On Global Warming. The AP (6/16) reports, "Former President Bill Clinton praised evangelical Christians on Thursday for their recent efforts on global warming and debt relief for poor nations and said he sees growing understanding between people of different faiths." He "said religion is a problem for both liberals and conservatives in the United States." Clinton said, "For people in America who are a part of my political tradition, our great sin has often been ignoring religion or denying its power or refusing to engage it because it seemed hostile to us. … For ... the so-called Christian right and its allies, their great sin has been believing they were in full possession of the truth."

Dionne Sees Moderation Of Evangelical Agenda. E. J. Dionne in his column in the Washington Post (6/16, A25, 744K) sees the recent election the moderate Rev. Frank Page as president of the Southern Baptist Convention as "one of many signs that new breezes are blowing through the broader evangelical Christian world." Recently "the evangelical political agenda is broadening as new voices insist on the urgency of issues such as Third World poverty and the fights against AIDS and human trafficking." Evangelicals are "going through a quiet evolution as believers reflect on the perils of partisanship and ideology and their reasons for being Christian. This will probably affect the nation's political life, but it will certainly affect the country's spiritual direction. My hunch is that not only moderates and liberals but also many solid conservatives welcome the departure."

Alaska Seen As Front Line In US Battle Against Bird Flu. In a front page article, USA Today (6/16, A1, Kasindorf, 2.31M) profiles the USDA's Alaskan early-warning project, which it calls "the front line of a $29 million federal program to test thousands of birds in 50 states this year to guard against a possible [avian flu] pandemic." Bird testing by the US and Canadian governments will be "more extensive this year," with US scientists planning to sample 75,000 to 100,000 birds, including 19,000 in Alaska. In addition, poultry flocks will be monitored, the USDA says. If a sample tests positive, "the finding will be announced by Agriculture Secretary Mike Johanns or Interior Secretary Dirk Kempthorne," says USDA spokeswoman Gail Keirn.

New Death Reported In Indonesia Deepens Fears Of Bird Flu Spread. The New York Times (6/16, McNeil, Jr., 1.19M) reports, "The death of a 38th person from avian flu in Indonesia was confirmed yesterday by the World Health Organization and the situation in that country continued to worsen." The number of human cases reported in Indonesia is "climbing rapidly," and the World Bank said Monday that Indonesia's response to the flu was "disorganized and underfinanced." Also raising concern is a report this week by The Jakarta Post quoting "several local health experts as saying that the government was not disclosing how widespread the disease was or how many times human-to-human transmission might have occurred."

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FBI/DEA/ATF/USMS:

FBI Solicits Bids To Create Nationwide Crime Data Network. The White House Bulletin/US News (6/15) reported, "The FBI has quietly put out a Request for Proposal for bidders to build an unprecedented, national network linking together records from local, state and federal law enforcement agencies." The National Data Exchange would be "a giant, electronic catalog of incident data and other criminal records from over 18,000 law enforcement bodies. 'It's every criminal incident' along with the software to analyze them, explains one insider, who estimates the initial cost at over $20 million, and up to $100 million as the project expands nationally. … Investigators hope to use N-Dex to better track patterns of robberies, arsons and other crimes across city and county lines. Among concerns voiced by critics: that N-Dex will suck away money from other needed homeland security projects, such as intelligence centers and training; that it will squander scarce funds in trying to link up thousands of rural districts; and that the FBI, which has had years of headaches in trying to manage its own case files, is not the best manager for the project."

North Carolina FBI Agent Sentenced To Probation For Ethics Violation. The Charlotte Observer (6/16, Morrill, 234K) reports US District Judge Carlton Tilley "Thursday sentenced former Charlotte FBI agent Erik Blowers, who was the ethics adviser to agents across North Carolina, to two years probation for failing to disclose gifts and favors from a one-time informant. … He was the first FBI agent ever charged in the state." The Observer adds, "Documents filed by U.S. Justice Department prosecutors claimed Blowers misled supervisors, lied to investigators and had extensive business dealings with a convicted drug trafficker." In a widely-distributed story, the AP (6/16) notes Tilley's lawer, Chris Fialko, said after the sentencing, "We are pleased that the judge found that Erik did not adversely effect (sic) the integrity of any FBI investigation."

FBI Approval At 42% In Wall Street Journal Poll. The Wall Street Journal (6/16, A4, Harwood, 2.11M) reports in its "Washington Wire" column, "IRAN-CONTRA VETERANS North, Secord, Hall and Clarridge gather to salute 1980s-era anti-Sandinista rebels before Nicaragua's November elections. U.S. attitudes on CIA are 31% positive; FBI draws a 42% positive mark." The Journal notes, "The poll's margin of error is plus or minus 3.1 percentage points."

DEA Arrests 22 In Heroin-Smuggling Investigation. The Washington Times (6/16, Seper) reports federal drug agents "have disrupted an international heroin smuggling ring responsible for shipping more than $14 million worth of the drug into the United States since 2004, arresting 22 suspected gang members and seizing more than 60 pounds of heroin." Rusty Payne "said agents also confiscated more than $220,000 in cash during raids with authorities in Trinidad and Ecuador, as well as heroin abandoned by drug couriers in a Guayaquil, Ecuador, hotel, at George Bush Intercontinental Airport in Houston, at John F. Kennedy International Airport in New York and at Piarco International Airport in Trinidad. … The arrests culminated a 10-month undercover investigation led by Justice Department's Organized Crime Drug Enforcement Task Force and, Mr. Payne said, involved multiple confidential witnesses and sources, court-authorized wiretaps, surveillance and a controlled heroin delivery."

Report: Fentanyl Linked To Nearly 200 Deaths. NBC Nightly News (6/15, story 7, 2:10, Brown) reported, "A more potent and lethal form of heroin is now creating a trail of death that stretches from the Midwest to the East Coast." NBC (Tibbles) added, "On the street, drug users have a simple name for it." Unidentified male: "The bomb." Tibbles: "Emergency room doctors call it a killer." Dr. Chuck Thomas, Norwegian American Hospital, Chicago: "It goes to the central nervous system, and they, they almost immediately stop breathing." Tibbles: "Super-charged heroin mixed with the powerful painkiller, fentanyl, up to 100 times stronger than morphine, is rampaging through drug communities. It's already killed nearly 200 people this year. Police have seen a spike in overdose deaths in cities from Chicago, St. Louis and Detroit in the Midwest to Philadelphia, Camden, New Jersey and Wilmington, Delaware. Today in Chicago, law enforcement agencies from across the country discussed plans to address the threat." Scott Burns, Office of National Drug Control Policy: "If you are addicted to heroin, there has never been a better time to stop."

The Detroit Free Press (6/15, Norris) reports, "Timothy Ogden, Drug Enforcement Administration associate special agent… likened the use of illegal drugs to playing Russian

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roulette with a single bullet, but with fentanyl, he said, 'It's like playing Russian roulette with six bullets in the gun.'"

The Washington Times/UPI (6/15) cites yesterday's New York Times story on the fentanyl-related overdoses.

Drug Enforcement Officials Coordinate Fentanyl-Related Investigations At Summit. From Chicago, the AP (6/15, Tarm) reports drug enforcement officials from around the country "ended two days of discussions Thursday on the possible source of the bad heroin that killed…at least 100 [people] from Chicago to Philadelphia. … The summit provided officials from 12 states and Washington D.C. the chance to coordinate their investigations into the spike of fentanyl-related deaths since the beginning of this year. There were outbreaks of fentanyl-laced heroin in the '80s and early '90s, said Arlington, Va.-based DEA spokeswoman Mary Irene Cooper, who was in Chicago for the meeting. The difference is that the outbreaks aren't isolated this time to one city."

In a sidebar, the AP (6/15) provides more details about fentanyl and its side effects.

Health Commission In Illinois To Discuss Alerting Public About Fentanyl-Laced Heroin. The Park Ridge (IL) Herald Advocate (6/15) reports, "Members of the city's Health Commission, which has set a goal of tackling addiction in the community, say parents need to know that heroin use exists among teens. … At the Health Commission's next meeting, on June 22…the group will discuss how to alert the community to what is taking place, particularly regarding the distribution of fentanyl-laced heroin and its deadly consequences."

DC Man Acquitted Of Drug, Conspiracy Charges. The Washington Post (6/16, B4, Weiss) reports, "Corey A. Moore, the D.C. street legend who has slipped through the hands of prosecutors again and again, has survived another trial -- one that featured his half brother as the key government witness. Moore, 30, was acquitted yesterday by a federal jury of drug, firearms and conspiracy charges -- clearing the way for his release after nearly two years of denying wrongdoing and awaiting trial. … He had said that he was living a law-abiding life when authorities arrested him in August 2004, holding jobs as a youth counselor and car salesman. Prosecutors saw it differently: Moore, they said, had participated in a drug conspiracy with others for at least two years and helped supply crack cocaine and heroin."

Selig Writes Letter To Fans, Says MLB Will Fund HGH Study. The New York Times (6/16, Curry) reports, "Nine days after federal agents reported that pitcher Jason Grimsley had admitted using performance-enhancing substances, Commissioner Bud Selig issued an open letter to fans about the development. Selig acknowledged that 'there are problems' in Major League Baseball and said he was 'committed to protecting our game.' … He noted that baseball tests for steroids and amphetamines, and that human growth hormone is banned. But Selig also explained that there is no effective blood test to detect human growth hormone and said it 'represents a threat to all sports everywhere.'"

According to USA Today (6/16, Bodley), in the letter, Selig said, "We are committed to funding a study of HGH and how to detect it. … Also, we are willing to make additional contributions to fund other studies to determine how to detect HGH and are currently reaching out to experts in the field to ascertain what other studies can immediately begin."

Mail, Garbage Provided Clues In Federal Steroid Investigation. The Albany (NY) Times Union (6/15, Higgins) reports a two-year federal investigation of a North Greenbush man "included intercepting his mail and, on one occasion, rifling through his trash before authorities charged him with attempting to receive anabolic steroids from China. Christopher Magnano, 33, faces charges connected to what officials described as an Internet-based sales operation of the illegal substances, which were seized from his North Greenbush home following his May 19 arrest. Police said the seizure of anabolic steroids and human growth hormone was the largest ever in the Capital Region."

CA: Thousands Of Marijuana Plants Found On Forest Service Land. The Sacramento Bee (6/15) reports, "An anonymous tip led Placer County sheriff's investigators on Wednesday to more than 17,000 marijuana plants being grown on U.S. Forest Service land between Auburn and Foresthill. … Authorities warned people to be careful when hiking off-trail in the wilderness, since marijuana growers often are armed."

US Charges New York Jeweler In Cocaine Money-Laundering Scheme. The New York Post (6/16, Cornell, Mangan) reports, "The famed Manhattan purveyor of diamond-encrusted 'bling' to Madonna, Diddy,

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hoop star Allen Iverson and other celebs was busted yesterday on charges he helped two coke kingpins launder some of their $270 million in dirty drug profits by selling them jewelry." The Post continues, "Jacob 'The Jeweler' Arabo received 'large sums of currency' for various pieces of jewelry from the leaders of the so-called Black Mafia Family drug ring and their flunkies, according to a Detroit federal-court indictment unsealed yesterday that also charges 15 others with drug and laundering crimes." The Post adds, "The 41-year-old Uzbeki immigrant, born Jakov Arabov, then either failed to file tax forms required for business transactions totaling more than $10,000, or submitted false tax forms that declared the purchasers were people other than the actual buyers, the indictment claims. … The scheme allegedly was designed to conceal that the jewelry purchases were made with proceeds from the Black Mafia Family's sales of thousands of kilos of cocaine in Detroit, California, Kentucky, Georgia, Texas and elsewhere, and to hide the true ownership of those funds. … The gang's alleged leaders operate BMF Entertainment, a rap-music label, and have extensive connections in the hip-hop world, as does Arabo."

Mississippi Man Arrested In Federal Witness Slaying. The Jackson Clarion-Ledger (6/16) reports, "A 24-year-old Clarksdale (MS) man has been arrested in connection with the slaying of a federal witness found dead earlier this month on a Coahoma County road." The Clarion-Ledger continues, "Kenneth C. Walker was arrested by an ATF violent crime federal task force for his alleged involvement in the retaliation against a federal witness and on a charge of discharge/possession of a firearm during a federal violent crime. … William Christopher Haro, 27, a witness in a Bureau of Alcohol, Tobacco, Firearms & Explosives case, was found shot multiple times June 9. … Walker was arrested without incident Tuesday and made an initial appearance before a federal judge."

West Virginia Attorney Jailed On Gun Charges. The Charleston Gazette (6/16, Searls) reports, "Federal authorities want to keep Charleston attorney Dante di Trapano in jail until a trial on gun charges related to drug addiction, contending he could be a danger to the community." The Gazette continues, "Di Trapano was indicted on two counts Wednesday by a federal grand jury in Charleston and arrested Thursday morning. Federal authorities argued he could be a danger to the community and pointed out his former law firm has hired an off-duty Charleston police officer for protection against him. … Di Trapano was indicted based on eight guns found in an April raid federal agents conducted on his South Hills residence." The Gazette adds, "Already charged in March with possession with intent to deliver crack cocaine in Florida, di Trapano had said then he was checking himself into a drug rehabilitation program. Wednesday's indictment charged him with being 'an unlawful user of and addicted to a controlled substance' while in possession of the guns and for allegedly lying on a federal form when he purchased a gun Feb. 4, stating he was not addicted to or using drugs. … While his attorney, Michael Del Giudice, requested an immediate bond hearing, U.S. attorneys said di Trapano needed to be locked up for at least three days while the probation office prepares a report. U.S. Magistrate Judge Mary Stanley agreed and set a hearing for Tuesday at 2 p.m. on the government's motion to detain him without bond until trial."

House Appropriators Approve Explosives Fee To Help Fund ATF. The House Appropriations Committee approved a new half-cent per pound fee on explosives as lawmakers and the Administration debate funding for the Bureau of Alcohol, Tobacco, Firearms and Explosives. The Washington Post (6/16, A3, Eggen, 744K) reports, "The debate over the fee comes at a time of mounting budget difficulties for ATF, which is already facing rising costs on a new headquarters building in Washington." The DOJ IG is investigating allegations of budgetary mismanagement by the ATF and some senior ATF officials "said ATF's budget could be crippled without the explosives fee at a time when terrorists are seeking materials for bombs."

IMMIGRATION:

Report Says Senate Bill Would Grant Amnesty To 14.4 Million Illegal Immigrants. The Washington Times (6/16, Seper, 90K) reports more than "9.9 million illegal aliens now in the United States will receive amnesty under an immigration-reform bill passed by the Senate, though about a quarter will do so fraudulently, and the bill allows for 4.5 million family members to join them in the United States, according to a report." The report, "released yesterday by the Washington-based Center for Immigration Studies (CIS)," says, "Of the 14.4 million illegals and their family members who will receive amnesty, we estimate that

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13.5 million will eventually become permanent residents, which means they can stay as long as they wish and apply for citizenship."

States Trying To Limit Services To Immigrants. The Christian Science Monitor (6/16, Oliver, 61K) reports that with "no resolution of immigration-reform legislation at the federal level, states have been pressing ahead with their own measures intended to discourage illegal immigration and curtail costs of providing services to that population." Lawmakers in Kansas, Iowa, and Arizona "have voted this year to restrict certain social services to illegal immigrants, following similar action last year in Virginia. Other states have passed legislation cracking down on employers of illegal immigrants and those who sell forged documents to illegals." In all, state legislatures "have seen some 500 immigration-reform bills introduced in 2006, according to the National Conference of State Legislatures (NCSL)." But even as lawmakers "try to make it harder for illegals to live in their states, they are bumping into one roadblock after another, rendering their efforts toothless and mostly symbolic. For one, states cannot sidestep federal law by simply denying certain services, such as public education and emergency healthcare, to undocumented people. For another, the courts often ruled against their immigration-control proposals."

National Guard Deployment Seen As Not Discouraging Illegal Immigrants. The CBS Evening News (6/15, story 6, 2:45, Schieffer, 7.66M) reported, "It has been exactly one month since President Bush addressed the nation on his plan to reform immigration policy and ordered thousands of National Guard soldiers to the Mexican border, but is the growing military presence slowing down the flood of illegal crossings?" CBS (Cobiella) added, "Washington hopes the sight of soldiers on the border fixing roads and building fences will scare away would-be illegals. But even on this small stretch of border in New Mexico, with the National Guard in plain view and just a quarter of a mile from the end of their fence, people are still walking across the border. The only deterrent for this group was the summer sun."

Chertoff Wants Social Security To Provide ICE With No-Match Data. Secretary Chertoff, in an op-ed in the Washington Times (6/16, 90K) writes that worksite enforcement is a "key part" of President Bush's "comprehensive vision for immigration reform." While employers need to be given "better tools to verify the legal status of their employees," ICE must also be given "a better way to determine which employers are habitually using or providing fraudulent Social Security information. One way to do that is by giving our agents sufficient access to no-match data. Under current law, the Social Security Administration does not provide sufficient access in sharing this information. This is simply wrong, and Congress needs to change the law."

CONGRESS-ADMINISTRATION:

Bush Signs Supplemental Spending Bill. ABC World News Tonight (6/15, story 5, :15, Gibson, 8.78M) reported President Bush "signed a bill providing $94.5 billion more for war spending and hurricane relief. The measure brings the total authorized for Iraq, Afghanistan and the war on terror, to almost $500 billion."

The New York Times (6/16, Pear, 1.19M) notes Bush "acted hours after the Senate approved the $94.5 billion bill by a 98-to-1 vote. Senator Arlen Specter, Republican of Pennsylvania, voted against the measure, saying it did not provide enough for domestic health and education programs. … Final approval of the bill was accompanied by growing frustration on Capitol Hill over the use of emergency spending measures to pay for overseas military operations."

The AP (6/16, Taylor) says Bush "praised Congress for providing funds to 'fight terrorism, defend our homeland, enforce our borders, and fulfill our moral obligation to help our fellow Americans in need.'"

The Washington Post (6/16, A7, Murray, 744K) reports, "Faced with a White House veto threat, House and Senate negotiators stripped out $14 billion in unrelated funding that the Senate had added to its version of the legislation. But the final bill did include a few unrelated items. 'We've made considerable progress toward limiting unnecessary and wasteful spending,' Senate Majority Leader Bill Frist (R-Tenn.) said in a statement after the vote. 'But more can be done.'"

The Washington Times (6/16, Fagan, 90K) headlines its report "Reduced Spending Bill Approved In Senate," and says Senate leaders "credited Republicans in both chambers for saving the legislation. 'Republican-led efforts ensured the bill didn't exceed the president's emergency request while focusing our resources on the critical priorities,'" said Frist. But "others said the spending bill would have ballooned out of control without the hard line drawn by House leaders, especially Speaker J. Dennis Hastert, Illinois Republican. 'It

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would have been much higher without the insistence of the House,' said Rep. C.W. Bill Young, Florida Republican."

Bush Signs Bill Boosting Broadcast Indecency Fines. The Washington Post (6/16, A6, Baker, 744K) reports, "Complaining that television and radio shows in recent years have 'too often pushed the bounds of decency,' President Bush signed legislation yesterday to escalate dramatically the penalties against broadcasters who violate federal standards." The White House "decided to showcase the signing of the Broadcast Decency Enforcement Act at a time when Bush and Republican congressional allies are trying to reassure disaffected conservative supporters that they remain committed to conservative causes. With midterm elections approaching, Bush recently gave two speeches promoting a constitutional amendment banning same-sex marriage and the Senate plans to vote on another amendment that outlaws flag burning."

Senate Confirms Bush FDIC Nominee. The AP (6/16) reports, "Sheila Bair, President Bush's nominee to head the Federal Deposit Insurance Corp., was approved by the Senate on Thursday along with nominees for three other government positions." The four "were confirmed without dissent. In addition to Bair, they are: James B. Lockhart as director of the Office of Federal Housing Enterprise Oversight; Kathleen Casey as a member of the Securities and Exchange Commission; and Robert Couch as president of the Government National Mortgage Association, known as Ginnie Mae."

Bush Hosts Congressional Picnic. The AP (6/16, Riechmann) reports, "President Bush was the host of the annual congressional picnic Thursday at the White House, but it was his chief of staff's band that came close to stealing the show. 'We got some interesting entertainment for you tonight,' Bush told lawmakers and their families to the picnic, called 'Rodeo on the South Lawn.' 'We got some people who can play music and some people who think they can play music,' the president said." The AP adds, "The Compassionates, Joshua Bolten's band, and the Second Amendments, a bipartisan congressional band, were the opening acts. The featured entertainment came from Riders in the Sky, professional musicians who played in fancy chaps and Western attire." Bush "was upbeat, although still weary from his trip this week to Baghdad. … Spotted in the crowd were Defense Secretary Donald H. Rumsfeld, CIA chief Michael Hayden and Bush's top political adviser Karl Rove. The national intelligence director, John Negroponte, showed up in jeans and a cowboy hat."

Bush Apologizes For Teasing Sight-Impaired Reporter Over Sunglasses. The New York Times (6/16, Rutenberg, 1.19M) reports on President Bush's apology to Los Angeles Times reporter Peter Wallsten for wearing sun glasses during a news conference. Wallsten suffers from a kind of macular degeneration. Afterward, "staff members told Mr. Bush that Mr. Wallsten was not wearing the sunglasses to look hip, but for health reasons. Mr. Wallsten has Stargardt's disease, a degenerative condition that causes blindness and can be painfully exacerbated by sunlight. By late afternoon Mr. Bush called Mr. Wallsten to apologize."

Spellings Has Undertaken Extensive Foreign Travel. The AP (6/16, Ben Feller) reports, "Education Secretary Margaret Spellings has put a passport stamp on her job, taking more overseas trips since 2005 than her predecessor did in four years. In less than a year and a half, Spellings has taken seven overseas trips, traveling to Afghanistan, England, Egypt, France, India, Italy, Japan, Jordan and Russia. She plans to visit Greece and Spain later this month." The AP adds, "Transportation, food and lodging for her overseas travel cost $36,981, according to Education Department records. The total cost of her travel was thousands of dollars higher because other agencies picked up the tab for a few trips." It's "not a matter of wanderlust, Spellings says. In her view, the top school official ought to see the nations that the United States is helping and competing against." In an interview with the AP, Spellings said, "We believe that education is a universally shared value. … We are looked to and admired around the world as people who know how to do education for the masses."

Credit Overhaul Bill Seen As Gaining Momentum. USA Today (6/16, Smith, 2.31M) reports, "A move to more closely regulate the major Wall Street credit-rating agencies at the tail end of an era of corporate scandals gained momentum this week, when the House Financial Services Committee approved reform legislation that moves to the full House for review." The bill, sponsored by GOP Rep. Michael Fitzpatrick, "is dubbed the Credit Rating Agency Duopoly Relief Act, a dig at the two biggest US credit-rating

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firms, Moody's and Standard and Poor's." The legislation "would require the firms to file confidential financial statements with the Securities and Exchange Commission, publish regular reports on how well their ratings perform, and make mandatory the practice of employing compliance officers to ensure the firms comply with securities laws." The Senate Banking Committee "plans to introduce similar legislation this summer."

Transition To Medicare Prescription Drug Plan From Medicaid Still Problematic. USA Today (6/16, Wolf, 2.31M) reports the problems "that plagued low-income seniors and people with disabilities during the rollout of Medicare's prescription-drug program in January have continued on a smaller scale, causing some new beneficiaries to lose coverage or spend their own money at pharmacy counters." The problems "occur when people turn 65 or become eligible for Medicare disability benefits and are involuntarily switched from Medicaid drug coverage to the new Medicare plan. Thousands lose Medicaid drug coverage, typically for two to six weeks, before Medicare kicks in. Health counselors say the trouble dominates their caseloads."

Bush Approval Up To 40% In Fox News Poll. Fox News' Special Report (6/15, Hume) reported, "The latest Fox News opinion dynamics poll out today shows President Bush's approval rating up a full five points from a month ago up to 40%. The first time the President's rating has been out of the 30's since February. But the survey taken on the day the President went to Baghdad and the following day found 58% of Americans now disprove of the job Mr. Bush is doing in Iraq. That's up from 55% back in jab."

Federal Retirees Could Get A Large COLA In January. The Washington Post (6/16, D4, Barr, 744K) reports in its "Federal Diary" column, "With consumer prices on the rise, federal retirees are paying more attention to inflation trends and what they mean for their pensions. Several callers this week pointed to a notice posted by the National Active and Retired Federal Employees Association that showed that most government retirees have banked 2.9 percent toward their next cost-of-living adjustment. The calculation, based on a Labor Department index showing that consumer prices rose again in May, suggests that federal retirees could be in line for a jumbo COLA in January Of course, it's too early to tell if the run-up in inflation -- a reflection of $3-a-gallon gasoline and other, higher consumer prices -- will continue into the fall, when officials will crunch the numbers for the 2007 COLA."

OTHER NEWS:

Bernanke Says Economy Can Handle Increased Energy Prices. NBC Nightly News (6/15, story 2, 0:30, Brown, 9.87M) reported Federal Reserve Chairman Ben Bernanke "had some news for the rest of us today on the high cost of energy. He said it isn't likely to change anytime soon, but he said the American economy can handle it as long as those prices don't rise even more."

The CBS Evening News (6/15, story 5, 2:50, Schieffer, 7.66M) reported Bernanke "was speaking to the Economic Club in Chicago, and he said that the impact of higher energy prices appear to be manageable and suddenly it was off to the races at the markets."

The Financial Times (6/16, Guha) says Bernanke "eased nerves on Thursday with a measured assessment of the threat posed by higher energy prices to inflation and growth, as stocks advanced worldwide."

The Wall Street Journal (6/16, Blackstone, 2.11M) reports "economists expect that, in light of the recent rise in core inflation and some hawkish inflation remarks by Mr. Bernanke and other Fed officials in recent days, the central bank will most likely raise official interest rates a 17th consecutive time at its June 28-29 meeting, to 5.25%."

Stocks Rally For Second Day. NBC Nightly News (6/15, story 2, 0:30, Brown, 9.87M) reported Federal Reserve Chairman Ben Bernanke's message on energy costs "may have helped the stock market rally today, the Dow up 198 points [to close at 11,015.19], the NASDAQ up more than 58 [to close at 2,144.15.]" ABC World News Tonight (6/15, story 3, :20, Gibson, 8.78M) said it was "the second rally in a row on Wall Street." The New York Times (6/16, Bajaj, 1.19M) notes the Standard & Poor's 500-stock index "rose 26.12 points, or 2.1 percent, to close at 1,256.16."

The CBS Evening News (6/15, story 5, 2:50, Schieffer, 7.66M) reported, "We've been talking about the market and the fear of inflation, and suddenly the stock market goes up today like a skyrocket. What, what's happened?" CBS (Mason) added, "It took off. It was almost a 200-point rally today. It's the biggest rally the Dow has had in more than a year. It climbed back over 11,000 [to close at 11,015.19]. We've had two days of increases now to over 309 points and

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we're back in positive territory for the year, so that's very encouraging."

The Wall Street Journal (6/16, Browning, 2.11M) and Washington Post/AP (6/16, D3) also report the stock numbers, while USA Today (6/16, Shell, 2.31M) reports that "while professional investors welcomed the Dow Jones industrial average's 309-point gain to 11,015 on Wednesday and Thursday, they said it did not repair all the damage caused by the 8% swoon it suffered over the past five weeks and advised investors to tread cautiously."

39% Expect Economy To Get Worse Next Year. The Wall Street Journal (6/16, Harwood, 2.11M) reports in its "Washington Wire" column, "By 39%-16%, Americans expect economy to get worse in next year; 43% say it'll stay the same. Democrats lead on handling the economy by the largest margin, 16 percentage points, since 1993." The Wall Street Journal/NBC News poll's margin of error "is plus or minus 3.1 percentage points. Among independents, 25% worry Democrats will too quickly raise taxes and spending. But 37% say Bush's party isn't sufficiently curbing spending and shrinking the deficit. As House and Senate near minimum-wage clashes next week, 55% of independents are more likely to support a candidate who backs an increase."

Factory Output Declines. The Wall Street Journal (6/16, Conkey, lp, 2.11M) reports, "Factory output fell slightly last month as manufacturers adjusted to milder consumer demand, and Federal Reserve Chairman Ben Bernanke sounded a guardedly optimistic note on inflation." In "another sign the economy has entered a period of slower growth," the Fed said "industrial production declined 0.1% in May after three consecutive monthly gains, but output at the nation's factories, mines and utilities is still running 4.3% higher than a year earlier. Lower auto production last month spurred a 0.1% decline in the manufacturing sector and mining output dropped as well."

Krugman Says Fed Overreacting To Inflation Threat. In his New York Times column (6/16), Paul Krugman writes he is worried about "the Fed's overreaction," because "when it comes to inflation, the main thing we have to fear is fear itself. Discussions of inflation can be numbingly arcane -- are you a core C.P.I. type or a trimmed-mean P.C.E. person? But the real issue is whether there's a serious risk that inflation will become embedded in the economy. … It would be an exaggeration to say that there's no inflation threat at all," but "it's much easier to think of ways in which the Federal Reserve, wrongly focused on the phantom menace of a new wage-price spiral, could be slow to respond to bigger threats, like a rapidly deflating housing bubble. So I don't fear inflation nearly as much as I fear the fear of inflation. And I wish the Fed would lighten up on the subject."

Glut Looms For US Natural Gas Industry. The Washington Post (6/16, D1, Mufson, 744K) reports the "whole world is talking about energy shortages, but for the moment, the U.S. natural gas business is looking at a potential glut." Thanks "in part to a warm winter, inventories of natural gas have built up to levels far greater than normal for this time of year. And terminals built to handle imports of liquefied natural gas from other countries are operating at about half of their capacity." But it is "unfortunately for consumers, a situation that may not last. Energy traders are still pricing futures contracts at high levels, and natural gas producers are planning for big increases in U.S. demand over the coming years." The "only things that can rescue natural gas producers from having to slash prices later this year: another big hurricane or a hot summer."

Altman Says Debate Over High Energy Prices Focused On Wrong Issues. In a Wall Street Journal op-ed (6/16), Roger Altman of Evercore Partners says that in dealing with the US' dependence on foreign energy sources, "Washington is still focused on the wrong issues. Recent talk of price gouging, windfall profits and CEO pay is a distraction. Yes, there may be abuses, but no actions in those areas will have any impact whatsoever on energy prices or supply. Incessant pledges of energy independence within 15 or 20 years, i.e., national self-sufficiency, are completely unattainable and thus misleading. The sweeping embrace of wind, solar and hydrogen power is similarly misplaced, as these are not among the most promising alternatives." What is "needed from Washington are three big steps. First, to confess to the public that America is in deep trouble from its oil dependence and its carbon emissions. Second, to impel oil conservation through deep new incentives and mandates. Third, to finance an acceleration of those technologies which could truly replace oil and gas."

Democrats Hope To Make Electoral Gains In Suburbs. The New York Times (6/16, Egan, 1.19M) reports, "After years in which Republicans capitalized on rapid growth in outlying areas, Democrats now see an opportunity to make gains in close-in suburbs where changes in the composition of the population are working in their favor. In a

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dozen or so Congressional districts that are leading battlegrounds in the midterm elections, older, more densely packed suburbs are trending Democratic, helping to offset Republican dominance on the sprawling exurban frontier."

Cheney Confident Of GOP Prospects In 2006. The AP (6/16) reports, "Vice President Dick Cheney said Thursday that the Republicans will prevail in the midterm elections because of a strong economy and the ability of the Bush administration to prevent another terrorist attack." Although polls show the public supports a switch to Democrats, Cheney "cited an economy that's 'kicking along in very good shape' and President Bush's record in the war on terror."

Differences Examined Between 1994, 2006 Election Cycles. The Wall Street Journal (6/16, Calmes, 2.11M) reports examines the possibility of a Democratic takeover of Congress by comparing the current political environment with 1994 and noting key differences. Polls currently favor Democrats, but "The number of competitive seats is lower than in 1994, due largely to partisan gerrymandering of the House's 435 districts and to the particular lineup of Senate seats up for election this year." The Bush Administration has had similar domestic policy failures but "the issue dragging down Mr. Bush's standing and Congress's is an unpopular war. 'There was nothing like Iraq in 1994,'" said former NRCC chairman Bill Paxon. Republicans are also facing similar problems with ethics allegations and Democrats appear to be energized, but "Democrats lack a unifying figure like former Rep. Newt Gingrich. … Also, congressional Republicans worked in tandem with then-party chairman Haley Barbour…whereas Democratic leaders have assailed party chairman Howard Dean for not providing enough financial support." And Republicans won key special election victories in formerly safe Democrat districts 1994, but Democrats failed to accomplish that recently in the special election to replace former Rep. Randy "Duke" Cunningham.

Barone Says Democratic Hopes For Watergate-Era Repeat Not Materializing. Michael Barone writes in the Wall Street Journal (6/16, 2.11M), "It has been a tough 10 days for those who see current events through the prisms of Vietnam and Watergate. First, the Democrats failed to win a breakthrough victory in the California 50th special election -- a breakthrough that would have summoned up memories of Democrats winning Gerald Ford's old congressional district in a special election in 1974. Instead the Democratic nominee got 45% of the vote, just 1% more than John Kerry did in the district in 2004. Second, US forces with a precision air strike killed Abu Musab al-Zarqawi, on the same day that Iraqis finished forming a government. … Third, special prosecutor Patrick Fitzgerald announced that he would not seek an indictment of Karl Rove. The leftward blogosphere had Mr. Rove pegged for the role of Bob Haldeman and John Ehrlichman. Theories were spun about plea bargains that would implicate Vice President Dick Cheney. Talk of impeachment was in the air. But it turns out that history doesn't repeat itself. George W. Bush, whether you like it or not, is not a second Richard Nixon." Barone later writes, "The pursuit of Karl Rove by the left and the press has been just the latest episode in the attempted criminalization of political differences. Is there any hope that it might turn out to be the last?"

Election Officials Make Preparations For Midterms. The AP (6/16, Lester) reports, "With memories of the disputed 2000 presidential election still fresh, the Election Assistance Commission is encouraging careful preparation by election supervisors, aggressive recruitment of new poll workers and thorough education of voters." It "is sending out a 'Quick Start Management Guide for New Voting Systems' to 6,700 local election officials around the country. The guide is necessary as about a third of voters will be using new machines this year and many longtime poll workers have retired because the punch-card and lever voting machines have been replaced."

Judge Dismisses Much Of GOP Phone-Jamming Lawsuit. The AP (6/16, Wang) reports, "A judge has dismissed most of a Democratic lawsuit against Republicans stemming from the jamming of Democratic phone lines in the November 2002 elections, a crime that led to criminal convictions against three former GOP officials." Representing the Republicans, lawyer Ovide Lamontagne said, "What the court has basically done is reduced this claim, this lawsuit, to a small claims complaint. … A thousand dollars of damage is what we think they could probably show for the interruption of phones for an hour and a half."

Rather To Leave CBS. USA Today (6/16, Johnson, 2.31M) reports Dan Rather, "who stepped down as anchor of

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The CBS Evening News 15 months ago in the wake of the Memogate scandal, said Thursday that he'll soon leave the network after 44 years — at the request of network executives." Rather said, "They wanted this resolution, and I'm willing to accept that and move on."

Research On Genetics, Intelligence Generates Controversy. The Wall Street Journal (6/16, Regalado, 2.11M) reports last September, Bruce Lahn, "a professor of human genetics at the University of Chicago, stood before a packed lecture hall and reported the results of a new DNA analysis: He had found signs of recent evolution in the brains of some people, but not of others." But Dr. Lahn "had touched a raw nerve in science: race and intelligence. What Dr. Lahn told his audience was that genetic changes over the past several thousand years might be linked to brain size and intelligence. He flashed maps that showed the changes had taken hold and spread widely in Europe, Asia and the Americas, but weren't common in sub-Saharan Africa." Web sites and magazines "promoting white 'racialism' quickly seized on Dr. Lahn's suggestive scientific snapshot. One magazine that blames black and Hispanic people for social ills hailed his discovery as 'the moment the antiracists and egalitarians have dreaded.'" Dr. Lahn has "drawn sharp fire from other leading genetics researchers. They say the genetic differences he found may not signify any recent evolution -- and even if they do, it is too big a leap to suggest any link to intelligence."

Responsible Fatherhood Pioneer Profiled. The Washington Times (6/16, Wetzstein, 90K) reports Charles Augustus Ballard has "overcome the loss of his coal-miner father, functional illiteracy, a stint in prison and unwed fatherhood. His experiences led him to found in 1982 a national organization that was one of the first -- if not the first -- to promote "responsible fatherhood" as a social policy, the Institute for Responsible Fatherhood and Family Revitalization (IRFFR)." Last month, "one of his dreams came true: The Department of Health and Human Services (HHS) announced the availability of its first funding stream dedicated to 'responsible fatherhood' programs." But "for Mr. Ballard, the $32 million announcement comes amid a difficult personal struggle: He came home Wednesday from a Bowie rehabilitation center, where he has been recovering from a devastating stroke suffered in January." Ballard and his wife, Frances, are "already in discussions with several organizations about partnering with the IRFFR. Applications for the new grants are due in two weeks."

Friedman Suggests Creation Of New Green Party. In his New York Times column (6/16), Thomas Friedman says the "recent focus of the Republican-led Congress on divisive diversions, like gay marriage and flag burning, coupled with the unveiling of Unity '08, an Internet-based third party that plans to select its presidential candidate through online voting, has intensified the chatter that a third party, and maybe even a fourth, will emerge in the 2008 election." Most of that talk "has been about how a third party might galvanize voters, using the Web, rather than what it would actually galvanize them to do. I'd like to toss out an idea in the hopes that some enterprising politician or group of citizens — or Unity '08 — will develop it. It's the concept I call 'Geo-Green.'" Its centerpiece "would be a $1 a gallon gasoline tax, called 'The Patriot Tax,' which would be phased in over a year. People earning less than $50,000 a year, and those with unusual driving needs, would get a reduction on their payroll taxes as an offset." The Patriot Tax "would increase the price of gasoline to a level that would ensure that many of the most promising alternatives — ethanol, biodiesel, coal gasification, solar energy, nuclear energy and wind — would all be economically competitive with oil and thereby reduce both our dependence on crude and our emissions of greenhouse gases. In short: the Geo-Green party could claim that it has a plan for shoring up America's energy security, environmental security, economic security and Social Security with one move."

Political Center Said To Be Regaining Power. In his Washington Post column (6/16, A25), David Ignatius says, "For a change, the extreme wings of the two parties aren't calling the shots; bad ideas pitched by one-issue zealots are falling flat; the news out of Iraq is upbeat; the Bush administration is appointing Rockefeller Republicans to top positions." David Brooks of the New York Times "has argued that we're seeing a reanimation of the political center, and I think he's right. The middle is getting tired of the tyranny of the extremes. One sign is the launch this month of Unity08, a bipartisan group that plans to hold an online convention to nominate a split Democratic-Republican 2008 presidential ticket."

NYTimes Criticizes Effort To End Public Financing Of Presidential Elections. The New

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York Times (6/16, 1.19M) says in an editorial that, "The nation is fortunate that a sudden attempt to kill one of the hallowed anticorruption reforms from the Watergate scandal — the option of public financing in presidential elections — was smoked out in the House this week." Rep. John Doolittle, the sponsor, "may try another day with his plan to block the flow of taxpayers' voluntary contributions from the government treasury. Mr. Doolittle has such faith in private money-raising that he boosted his family income by setting up his wife, Julie, as a consultant being paid a 15 percent commission on every dollar his campaign raises. Call it family values. Call it brazen. But the missus has received $180,000 since late 2001, operating this private business out of the couple's suburban Virginia home, including among her clients the corrupt lobbyist Jack Abramoff. The pathetic state of Congressional ethics is that such nepotic profiteering is deemed legal so long as the compensation is 'consistent with the market rate.'"

WPost Criticizes Maryland Effort To Deal With Rising Electricity Rates. The Washington Post (6/16, A24, 744K) says in an editorial, "In Maryland's efforts to cushion the blow of soaring electricity bills for consumers, there is the distinctive whiff of post-Soviet economic adjustment. Much like the disoriented subjects of former communist regimes a decade ago, Marylanders -- coddled for years by artificially low energy prices -- are suddenly confronted by the trauma of having to pay market rates. Unsurprisingly, they don't like it a bit. And the politicians in Annapolis, just like those hapless old apparatchiks in Moscow, are scrambling for cover." In a "special session of the state legislature, a number of Republican lawmakers broke ranks with Gov. Robert L. Ehrlich Jr. (R) and joined Democrats in providing some rate relief to Baltimore Gas and Electric's 1.2 million residential customers. Instead of bearing the full brunt of a 72 percent increase in their electricity bills next month, BGE ratepayers, mostly around Baltimore but also in some Washington suburbs, will initially be hit with jumps of just 15 percent starting July 1."

Ahmadinejad Reaches Out To Russia, China. The Wall Street Journal (6/16, Fairclough, 2.11M) reports Iranian President Mahmoud Ahmadinejad "urged China, Russia and Central Asian nations to increase cooperation and blunt the interference of 'domineering powers' in global affairs -- an apparent reference to the U.S. -- while dangling Iran's energy supplies as an inducement to work together." Ahmadinejad is "under mounting pressure from Washington to curb his country's nuclear ambitions," and in remarks at the Shanghai Cooperation Organization, "emphasized that Iran's large reserves of crude oil provide 'conducive grounds' for these countries to cooperate with Tehran." The Journal notes that he "appeared alongside the leaders of Russia and China…in a move that Iran apparently hopes will strengthen its hand and undercut that of its rivals before it enters into potential negotiations with the U.S. and other countries over the future of Tehran's nuclear programs." Meanwhile, the Journal says, US delegation head Greg Schulte told the IAEA that Tehran is "'withholding cooperation' from international inspectors and warned that further intransigence risks the 'weight of the Security Council.' He called on Iran to accept a proposal for multilateral talks."

Also reporting on the Central Asia-focused summit, the Financial Times (6/16, Smyth, Dyer, Khalaf) says Russian President Vladimir Putin "struck an optimistic note on Iran's nuclear crisis, saying Tehran had responded positively to the six-nation package of incentives designed to persuade it to curb its nuclear programme" and "was 'ready to negotiate' with world powers over the proposal. However, it was far from clear that Tehran had in fact accepted the conditions for talks – the suspension of uranium enrichment." The Washington Post (6/16, A14, Cody, 744K) runs a similar story under the headline "Iran Seeks Aid In Asia In Resisting The West."

The AP (6/16, Karimi) says Tehran "sent mixed signals Thursday on how it will respond to the world's incentives to give up uranium enrichment, with its supreme leader vowing his country would never back down, while the president and chief envoy to the U.N. nuclear watchdog said Tehran was prepared to negotiate." White House spokesman Tony Snow "said he fully expected Iran to try any number of ways to shape the debate over its nuclear program. 'I think it is safe to say they will try to test the unity' of the [US and European allies], Snow said."

Senate Endorses Bush Approach To Iran. Separately, the AP (6/16) is also reporting the US Senate "endorsed" by a 99-0 vote "President Bush's diplomatic approach to the problem of Iran's nuclear program after rejecting a proposal that would have increased sanctions against the Tehran government and those helping it."

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Hamas Recommits To Cease-Fire. The Washington Times/AP (6/16, Barzak) reports the Hamas-dominated Palestinian government "offered Thursday to restore a cease-fire with Israel, several days after calling off the truce to protest a deadly explosion on a Gaza beach, but said the calm would depend on Israel's response. Hamas said it is ready to put pressure on other militant groups to halt rocket fire against Israel," which has provoked Israeli retaliations. "Israel welcomed the gesture" and "said Thursday it appeared Hamas was serious about restoring the truce, though the decision was likely a short-term tactical maneuver. They said the group apparently had second thoughts after Israeli threats to kill Prime Minister Ismail Haniyeh and other government figures."

Chinese Intelligence Officer Reportedly Aided Hamas. The Washington Times (6/16, Gertz, Scarborough, 90K) reports in its "Inside the Ring" column, "A Chinese intelligence officer is engaged in covertly aiding the ruling Palestinian Hamas terrorist group, according to a Paris-based intelligence newsletter. Gong Xiaosheng was identified as a Ministry of State Security (MSS) official who has worked out of Ramallah since November 2002, Intelligence Online reported in its June 9 edition. … According to the report, Mr. Gong in the past was constantly seen in the company of Palestinian leader Yasser Arafat but has since begun helping Hamas."

Rockets Fired From Gaza Could Ignite Conflict. The New York Times (6/16, Fisher, 1.19M) reports, "The Qassam rocket is not much to look at: a 70-pound tube of rough steel and hand-mixed explosive, like the one that pounded through the roof of Universe Packaging here on Thursday. Tons of falling concrete just missed Lior Levi, 28, a worker there. … However crude, the Qassam rocket, fired by Palestinian militants from Gaza into Israel, has nonetheless won its spot as symbol of the moment in the long conflict here. At a delicate time, the rocket is not only raising tensions between Palestinians and Israelis, as usual, but is also dividing Palestinian from Palestinian, Israeli from Israeli." The Times adds, "Most immediately, the number of rockets fired by Palestinians from Gaza, and whether they happen to hit anyone, will be crucial in determining whether the Israeli-Palestinian conflict explodes again into high-intensity warfare."

North Korea Said To Be Moving Toward Missile Test. The Financial Times (6/16, Sevastopul, Fifield) reports remarks by "a Bush administration official" that "North Korean preparations for a possible long-range missile test have advanced to where Pyongyang could launch a Taepodong-2 missile on 'very short notice.' A senior Bush administration official last week said the US was not yet 'on the edge of our seat.' But another official on Thursday said more recent intelligence suggested Pyongyang was now much closer to being ready to conduct a test." The Times adds, "Taking the threat of a possible test very seriously, the Pentagon has positioned military assets to deal with any launch." The Times notes NSA Stephen Hadley said this week that "it would be a 'bad idea' for North Korea to conduct a test, and urged Pyongyang to return to the six-party talks which have been stalled since last September."

US "Defensive Measures" Costing North Korea Millions. The Washington Times (6/16, Gertz, 90K) reports, "US economic 'defensive measures' aimed at curbing illegal activities by North Korea have cost the Pyongyang regime millions of dollars in lost cash over the past several months through banking restrictions and other actions, US officials estimate." The Times adds, "One sign that the economic measures are hurting the communist regime in North Korea is Pyongyang's continued refusal to rejoin six-nation talks on its nuclear program until the United States lifts what it regards as sanctions, said Bush administration officials involved in Asia matters."

Bush To Push For Trade Deal As Doha Deadline Looms. With time running out on the World Trade Organization's Doha round of trade talks, the Wall Street Journal (6/16, A6, Hitt, 2.11M) reports President Bush "hopes to kick-start negotiations on a visit to Europe next week. But major issues remain, particularly over cuts in farm subsidies." In a speech yesterday, the president "pressed major players in negotiations to look past their differences," saying the talks are "at a critical moment." The Journal says his remarks "represent a rare direct foray into the global trade debate. But they come as the Bush administration is making a more concerted effort to raise the US profile overseas."

The Washington Times (6/16, Dinan, 90K) notes that the Administration bas "been pushing for the broader agreement," but Thursday's speech by the president "elevates the stakes and the pressure to complete an agreement." The AP (6/15, Riechmann) also reports on the president's comments.

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WTO Failure Would Be "Huge Disappointment" For White House. The New York Times (6/16, Weisman, 1.19M) reports the newly confirmed US Trade Representative Susan Schwab has "a deadline of six weeks or so to succeed or fail." While President Bush praised his new envoy on Thursday as "a good, hard negotiator," Schwab "faces long odds as trade diplomats struggle to salvage a global accord that the Bush administration hopes will be one of its signal economic achievements." If trade officials are unable to resolve at "a critical meeting in late July," the Times says the "failure to achieve a deal could prove a huge disappointment for the White House." Schwab is "certainly prepared to step into the role," but critics her appointment was "a sign that the Bush administration was scaling back its hopes for a successful Doha negotiation."

US Will Drop Opposition To Unified Asian Currency. The Financial Times (6/16, Guha, Mallet) reports, "The US on Thursday signalled it would not fight efforts to create an Asian currency unit, turning the page on over a decade of largely consistent opposition to Asian monetary integration." US "officials said the move is intended to show that the US does not fear greater monetary co-operation between Asia's rising economic powers and wants to play a constructive role in helping to shape it." The Times adds, "The green light from the US is a big boost for Japan, which has been pushing the idea of an Asian currency unit loosely modelled on the European currency unit, the precursor to the euro, in face of considerable regional scepticism. It comes at a time of growing diplomatic closeness between Washington and Tokyo."

Sri Lankan Violence Could Portend War. The New York Times (6/16, Senanayake, Sengupta, 1.19M) reports the Sri Lankan military "pounded rebel posts in the northern and eastern parts of the country by land, sea and air on Thursday, …after a land mine explosion ripped through a crowded passenger bus on Thursday morning in northern Sri Lanka." The Times calls the bus bombing "the most serious attack on civilians since the government and rebels signed a cease-fire four years ago," and adds, "The greater uncertainty was whether the deadly events on Thursday were the beginning of full-scale war. Despite mounting violence, neither side has been willing to explicitly renounce the February 2002 cease-fire." This year has seen "several months of carnage" between the government, the Tigers and the eastern-based Karuna Group.

The Financial Times (6/16, Merchant) says the government in Colombo "unleashed military attacks against Tamil targets after rebels blew up a bus killing at least 64 civilians in the worst terrorist atrocity since a ceasefire four years ago." This violence follows "intense diplomatic activity designed to forestall what many neutral observers say is a slow slide into a civil war." The Washington Times/AP (6/16, Ganguly) and Los Angeles Times (6/16, Chu, 958K) also report on the attacks.

Syrians Feel Pressure Is Off As Hariri Investigation Continues. The New York Times (6/126, Slackman, 1.19M) reports that there is a sense in Damascus that "the pressure was off" and Syria "was no longer in danger of being charged or punished by the international community," even as the UN Security Council voted yesterday to extend the investigation into the assassination of former Lebanese Prime Minister Rafik Hariri. There was also "a feeling here that Syria might simply be sitting in the eye of the storm. Officials at the highest levels fear that the new low-key investigator, Serge Brammertz of Belgium, may in the long run prove more dangerous than his high-profile predecessor, Detlev Mehlis of Germany, according to political analysts and people who work with the government." The Times adds, "Faced with such uncertainty, but also empowered by the release of immediate pressure, the leadership here has tried to shore up its position, bracing for the day when, or if, a damning report is produced."

Somalia Contact Group Holds First Meeting. The AP (6/16, Wadhams) reports that the International Somalia Contact Group, a US-organized group of nations concerned about the growing power of Islamic militants in Somalia, held its first meeting yesterday and lent its support "to the country's weak interim government and demanded unfettered access so aid groups can help its impoverished people." The group "also called for dialogue between the government and the Islamic militants who have taken over the capital Mogadishu and other areas of the lawless country after months of fighting that have killed more than 330. … U.S. Assistant Secretary of State Jendayi Frazier, who co-chaired the meeting, said the group 'will help to increase the profile of Somalia as a destination for more assistance, more support.'"

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The New York Times (6/16, Cooper, 1.19M) reports, "The countries in the group are the United States, Britain, Italy, Norway, Sweden and Tanzania. The document represents a resurgence for the State Department, where officials have been critical of the Bush administration's policy on Somalia, which consisted largely of C.I.A. payments to Somali warlords to help them defeat the Islamists." The Times also notes that Washington "is adopting a more conciliatory approach to the Islamists. Jendayi E. Frazer, the State Department's top Africa official, had kind words yesterday about a second letter from Sheik Sharif Ahmed, chairman of the Islamist militia group."

Demonstrators Oppose Foreign Peacekeepers In Somalia. Meanwhile, in a separate story, the AP (6/16, Hassan) reports, "Hundreds of supporters of the Islamic group that holds Somalia's capital and much of the south demonstrated Thursday against a proposal to deploy foreign peacekeepers. … In Mogadishu, the demonstrators gathered at the main stadium carrying placards that read, 'We don't need foreign peacekeepers,' and 'We can restore peace and stability ourselves.'"

Knight Ridder (6/16, Allam) reports, "To many Somalis, the Islamist takeover was the natural culmination of a religious movement that took root with the withdrawal of international forces in 1995 and blossomed as residents turned to faith in the absence of any government. … To many Somalis struggling to raise families in their anarchic city, a pious lifestyle is a small price to pay for security."

Somali Leaders Say US Can't Afford To Ignore Ayro. Knight Ridder (6/16, Allam) reports, "Even in the violent, anarchic landscape of Mogadishu, Adan Hashi Ayro stands out. Some describe him as a ruthless holy warrior, a student of the Taliban and a relentless fighter who can scale walls and jump from moving trucks without dropping his weapon. Others offer a more sympathetic portrait of a misguided young militant who is at odds with his own clan, bitter over foreign meddling in Somalia and the scapegoat of U.S. agents who needed to put a face on their enemy. Somali community leaders agree, however, that the United States can't afford to ignore Ayro, who they say was crucial to the recent victory of the militant Islamic Courts Union over U.S.-backed warlords. If Ayro splits with the Islamic Courts' relatively moderate leadership, he could form an army of extremists prepared to attack American interests in the Horn of Africa, they fear."

Islamic Militia Leader Decries Terrorists. The Washington Post (6/16, A14, Timberg, 744K) reports that Sharif Ahmed, the leader of Somalia's increasingly powerful Islamic militias "sent a letter to the United States this week asserting that they would assist international efforts to prevent the fractured, chaotic country from becoming "a transit route or hiding ground" for terrorists." The letter "gives a direct though conciliatory response to concerns by U.S. officials that the Islamic militias harbor terrorists linked to attacks across East Africa, including the 1998 bombings of the U.S. embassies in Nairobi and Dar es Salaam, Tanzania." In the letter, Ahmed, chairman of the "loosely organized confederation of Islamic militias that took control of Mogadishu" last week, "compared international terrorists such as al-Qaeda to the brutal warlords who had ruled the city since 1991."

Senate Approves $60 Million For UN Darfur Peacekeeping Mission. The CBS Evening News (6/15, story 7, 4:30, Schieffer, 7.66M) reported, "The Senate today approved $60 million for a UN peacekeeping mission in the Darfur region of Western Sudan, where three years of fighting between rebels and government-backed Arab militias have killed 180,000 people and left 2 million homeless."

US, Russia Extend Program For Eradicating Soviet WMD. USA Today (6/16, Eisler, 2.31M) reports, "U.S. and Russian officials have agreed on terms for a seven-year extension of programs that provide U.S. money and expertise to secure and destroy Soviet-era caches of nuclear, chemical and biological weapons." USA Today adds, "Bush has hailed the programs as an important part of the administration's efforts to keep terrorists from obtaining weapons of mass destruction. But the programs' future has been in flux since 2004 due to a U.S.-Russian dispute over liability protections for U.S. companies, workers and government personnel working at Russian weapons sites."

Former Liberian Leader May Serve Sentence In UK. The New York Times (6/16, Lyall, 1.19M) reports, "Britain said on Thursday that the former Liberian president, Charles Taylor, might serve his sentence in a British prison if he is convicted at his forthcoming war crimes trial." Other European countries had refused to take Taylor but British foreign minister Margaret Beckett "said the decision to take in

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Mr. Taylor…was evidence of Britain's "commitment to international justice."

The Washington Post (6/16, A16, Lynch, 744K) notes, "U.N. Secretary General Kofi Annan welcomed the decision. 'I am very grateful to Prime Minister Tony Blair and Foreign Secretary Margaret Beckett for this statesmanlike decision, which marks another step forward in our battle against impunity for the most heinous crimes,' Annan said."

Cholera Epidemic Spreading In Angola. The New York Times (6/16, LaFraniere, 1.19M) reports that despite the wealth Angola has earned from its oil industry, the country's poor living conditions have led to a cholera epidemic. Experts blame the government which "seems powerless to address even the basic issues of clean water and sewers that would make such epidemics entirely preventable — a paradox that critics attribute to corruption, incompetence or the hangover of a 27-year civil war that flooded the capital with refugees, or all three."

Top Uganda Officials Accused Of Corruption. The Washington Times (6/16, Witter, 90K) reports, "Uganda, which continues to win praise from President Bush and others as a model of success battling AIDS, is reeling from the disclosure that top officials, their relatives and colleagues siphoned off tens of millions of dollars in grants from the Geneva-based Global Fund." The Times notes, "Money went to charities that did not exist, into the personal bank accounts of government employees and even to fund a nationwide campaign to scrap term limits so that President Yoweri Museveni could run for a third term in office."

Annan Confident UN Will Avoid Shutdown Despite Dispute With US. The New York Times (6/16, Hoge, 1.19M) reports, "Secretary General Kofi Annan said Thursday that he thought the United Nations would avoid a threatened budget showdown at the end of this month over management changes, but he warned against threats to 'pull the plug' on the organization if it did not meet some countries' expectations." US ambassador John Bolton "has periodically hinted that if sufficient changes are not made, the United States Congress will move to withhold its United Nations dues." But "Annan predicted that the progress being made now would be sufficient to forestall a crisis" and "that the tactic pressed by the United States had provoked a strong reaction from many nations."

The Washington Times (6/16, Pisik, 90K) reports, "U.S. Ambassador John R. Bolton, who negotiated the six-month spending authority with other countries in late December, said yesterday that the Bush administration, European Union and Japan have been meeting with the powerful bloc of 132 developing nations and were working toward a consensus on how to streamline the organization to mutual satisfaction." Bolton said, "Our positions were quite in accord with one another. … We have tried not to draw lines in the sand."

US Seen As Reluctantly Working With Allies. Philip Stephens in his column in the Financial Times (6/16) writes that "For all Mr Bolton's bluster, George W. Bush's administration has acknowledged that acting effectively in the world requires legitimacy as well as power. No one hates the idea of admitting this more than its ambassador in New York." But "If the wilder ambitions of Mr Bolton have been decisively checked by Iraq, America remains the indispensable power. How it exercises that power determines the shape and stability of the global system. We can probably expect no more of this administration than its reluctant conversion to pragmatism. But one of these days an American president needs to explain that Roosevelt and Truman were not altruists. They built the UN because, for all its inevitable flaws, it serves American interests."

Chavez Popular With US Leftists. The Wall Street Journal (6/16, A1, Davis, 2.11M) in a front page story reports, "To a slice of the American left," Venezuelan president Hugo Chávez "has become a revolutionary hero nearly on a par with Che Guevara and Fidel Castro." Whenever "Chávez clashes with Mr. Bush -- most recently over the Venezuelan's torpedoing of a U.S. effort to create a hemispheric free-trade agreement -- his stock rises with the amalgam of college students, antiglobalization protesters and graying allies of Central American rebels."

China Seeks Tighter Controls Over Economic Growth. The Washington Post (6/16, D1, Goodman, 744K) reports, "China's premier, Wen Jiabao, has ordered banks and local governments to tighten financing for construction projects, the state media reported Thursday, signaling growing unease among top leaders that an ongoing surge of investment is imperiling the world's fastest-growing major economy." The Post notes, "China's leaders are again grappling with the prospect that excessive economic growth -- erecting more factories and office towers than even this

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giant country can use -- could give way to a disastrous bust and cause prices to plunge. That could leave China's banks, stocked with about $500 billion in bad loans, facing an even larger toll."

Krauthammer Criticizes Palestinians For Failing To Accept Negotiated Peace. Charles Krauthammer in his column in the Washington Post (6/16, A25, 744K) blames the Palestinians for the recent deaths of a family after an Israeli missile reportedly struck a beach in Gaza because the Palestinians have failed to accept offers of peace. The Palestinians "are offered an independent state. They are given all of Gaza. And they respond with rocket attacks into peaceful Israeli towns -- in pre-1967 Israel proper, mind you." Krauthammer asks, "What can Israel do but try to take out those rocket bases and their crews? What would the United States do if rockets were raining into San Diego from across the border with Mexico? Now look again at that terrible photograph and ask yourself: Who is responsible for the heart-rending grief of that poor Palestinian girl?"

O'Grady Sees Private Investment As Remedy For Mexican Economy. Mary Anastasia O'Grady in her column in the Wall Street Journal (6/16, 2.11M) asks "Why, in the midst of this energy boom, is Mexico so poor, while Alberta lives large? My guess is that it has to do with the fact that the Canadian province welcomes private-sector investment (otherwise known as money) in its energy sector while Mexico has a government-owned oil monopoly (Pemex) and forbids private-sector risk capital." O'Grady states, "Mexico's President Vicente Fox likes to talk about his concerns for the dignity of Mexican migrants in the U.S. But as long as the country clings to the Pemex monopoly, it will be hard to take Mr. Fox or any Mexican president seriously when he feigns concern for jobless Mexicans."

WSJournal Blames Airbus Meltdown On European Subsidies. The Wall Street Journal (6/16, 2.11M) editorializes, "Airbus is fast becoming the current airborne testament to the hubris of state-led industrial policy in Europe. Driven as much by political ego as business sense, the aircraft maker flew for the sun only, like Icarus, to see its wings start to melt away." The meltdown in its stock prices last week, "is portrayed as a blow to European pride rather than to the company's shareholders and millions of air travelers, who will suffer directly. This is the real trans-Atlantic gap. Americans tend to judge corporations by the bottom line, not the national flag. Europeans relate to big companies as to their World Cup teams. In this they get plenty of encouragement from politicians, in particular the Gallic variety, who think business is their business." But without the "subsidies and politics, Airbus would be free to behave like a normal company. It is not that today."

NYTimes Sees Benefits In Russian Experiment With Young Politicians. The New York Times (6/16, 1.19M) editorializes, "If the young will line up to sing badly for national attention or eat worms for money, why not get them to compete for political office?" The idea "has apparently taken hold in parts of Russia, where political leaders have begun to worry that their Parliament is a little too heavy on middle-aged men." The Times conclude, "Russian politics is not exactly a model of democracy, of course, but maybe, for those trying to interest young American voters, a political reality show might not be such a bad idea. Let's face it, looking at the demographics, it could hardly hurt."

THE BIG PICTURE:

Headlines From Today's Front Pages.

Los Angeles Times:

"Congress Wages Partisan Battle Over Iraq War."
"A Long Fight To Free Man Convicted Of Child Abuse Killing."
"Bill Gates Programs New Life As Donor."
"Mexico's Calderon: Chasing A Legacy."
"Assembly Speaker Warns Villaraigosa That School Takeover Plan Is In Serious Trouble."
"Supreme Court Weakens Police 'Knock And Announce' Rule."

USA Today:

"Justices Allow No-Knock Searches."
"Alaska Is Front Line Vs. Avian Virus."
"Drug-Plan Shuffle Disrupts Coverage."

New York Times:

"Congress Erupts In Partisan Fight Over War In Iraq."
"U.S. Portrayal Helps Flesh Out Zarqawi's Heir."
"In Oil-Rich Angola, Cholera Preys Upon Poorest."
"Gates To Cede Software Reins In Era Change."
"'06 Race Focuses On The Suburbs, Inner And Outer."

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"U.S.-Style Pay Deals For Chiefs Become All The Rage In Europe."

Washington Post:

"Parties Face Off Over Iraq War In 11-Hour Debate."
"Militias Hold Sway In Prisons, Iraqi Says."
"Malvo Claims 4 Other Shootings, Source Says."
"Court Eases 'No Knock' Search Ban."
"Metro Board Member Fired For Comment On Gays."
"Bill Gates, Version 2.0: Full-Time Philanthropist."

Washington Times:

"Papers Reveal Weakening Terror Group."
"Uganda Shaken By Fund Scandal."
"U.S. Troop Pullout From Iraq From Iraq Rejected By Senate."
"Pioneer Urges 'Responsible Fatherhood.'"
"Bash Set For Tai Shan's Birthday."
"Baghdad On The Bayou."
"IPods Offer Athletes Easy Access To Game Videos."

Detroit Free Press:

"Tiger Stadium: It's History."
"Soon, Urban Drivers Can Go 70 M.P.H."
"Cops Don't Have To Knock."
"Dude, Where's My Gun?"

Atlanta Journal-Constitution:

"Atlanta To Launch N.Y.-Style Marathon."
"Airlines Jump On Fare Hike."
"State Reworks New Grading System."
"Out Of The Hospital, But Into A Flap Over Risk-Prone Athletes."
"Life After GM: Early Retiree Feels At Home With Homeless."

Houston Chronicle:

"High Court Back No-Knock Search."
"Something In The Air At Bush?"
"Battle Breaks Out In Congress On Pros, Cons Of U.S. Pullout."
"List Of Teen Deaths Grows With Two More Shootings."
"Like Many At Rice, Coach Is A True Scholar In His Field."

Story Lineup From Last Night's Network News:

ABC: Gates Stepping Down; Gates-Philanthropy; Stock Markets; Iraq-2500 US KIAs; Bush-Supplemental Spending Bill; Al Qaeda Documents; Pentagon-9/11 Memorial; Bush-Hawaii Marine Reserve; Supreme Court-Police Searches; Pittsburgh QB Released; LA-Conjoined Twins; Mine Safety Bill; Woman Bowler.

CBS: Iraq-Zarqawi's Successor; Zarqawi's Successor-Background; Congress-Iraq War; Pentagon-9/11 Memorial; Gates Stepping Down; Mexican Border-National Guard; South Sudan-Aid Needs; Pittsburgh QB Released; Bush-Hawaii Marine Reserve.

NBC: Gates Stepping Down; Bernanke-Energy Prices; Iraq-2500 US KIAs; Iraq-Zarqawi's Successor; Baghdad Crackdown; Congress-Iraq War; Killer Heroin; Bush-Hawaii Marine Reserve; Supreme Court-Police Searches; Pentagon-9/11 Memorial; Iraq-American Deejay.

Story Lineup From This Morning's Radio News Broadcasts:

ABC: House-Iraq Resolution; Jefferson Removed From Ways And Means; Wall Street; Foreign Stock Markets.

CBS: Iraq-Security; Iran-Nuclear Program; India-Flooding; Jefferson Removed From Ways And Means; Prostate Cancer.

NPR: Iran-Nuclear Program; Iraq-US Death Toll; National Guard-Border Patrols; Oil Prices; Foreign Stock Markets; Taylor Trial; Microsoft-Gates Stepping Down.

WASHINGTON'S SCHEDULE:

Today's Events In Washington.

White House:

PRESIDENT BUSH — Attends Friends of Dave Reichert and Washington State Republican Party reception, Private residence, Medina, Wash.; attends Heather Wilson for Congress reception, Hyatt Regency Albuquerque.

VICE PRESIDENT CHENEY — No public schedule.

PRESIDENT BUSH — Speaks at a Jon Kyl for Senate luncheon, Hilton Scottsdale Resort, Scottsdale, Ariz.; attends performance of Tomas and the Library Lady, Boys and Girls Club of the East Valley, Guadalupe, Ariz.

US Senate: FLOOR SCHEDULE _ 9:30 a.m. FLOOR SCHEDULE _ Routine morning business until 10:45am. Highlights: After morning business, Senate resumes consideration of S. 2766, Defense Authorization.

10 a.m. HUMAN RIGHTS-ROMA _ Helsinki Commission holds briefing on the Roma human rights situation, spotlighting the Europes largest ethnic minority. Witnesses: Madga Matache; Romani Center for Social Intervention and Studies, Romania; Timea Junghaus, Arts and Culture Network Program, Open Society Institute, Hungary; Tano Bechev, Regional Policy Development Centre, Bulgaria; Nicolae Gheorghe, Office for Democratic

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Institutions and Human Rights, Organization for Security and Cooperation in Europe. Location: Room 226 Dirksen.

US House: FLOOR SCHEDULE _ 9 a.m. Meets for legislative business. Highlights: H.Res.861 - Declaring that th U.S. will prevail in the Global War on Terror, the struggle to protect freedom from the terrorist adversary.

9 a.m. GOVERNMENT REFORM _ Criminal Justice, Drug Policy and Human Resources Subcommittee. Hearing on the synthetic drug control strategy. Scott Burns, Deputy Director for State and Local Affairs, White House Office of National Drug Control Policy; Uttam Dhillon, Director of Office of Counter-Narcotics Enforcement, Department of Homeland Security; Joseph Rannazzissi, Deputy Assistant Administrator, Office of Diversion Control, Drug Enforcement Administration; Don Young, Acting Assistant Secretary for Planning and Evaluation, Department of Health and Human Services; Ron Brooks, President of National Narcotic Officers' Associations' Coalition; Eric Coleman, Oakland County Commissioner (Mich.); Lewis E. Gallant, Executive Director, National Association of State Alcohol and Drug Abuse Directors; Sherry Green, Executive Director, National Alliance for Model State Drug Laws; Sue Thau, Public Policy Consultant, Community Anti-Drug Coalition of America. Location: Room 2247, Rayburn.

10 a.m. GOVERNMENT REFORM _ Full Committee. Hearing on services for the disabled in the District of Columbia. Testimony from Robert Bobb, Deputy Mayor/City Administrator, DC; Brenda Donald Walker, Deputy Mayor of Children, Youth, Families, and Elders; Marsha Thompson, Former Director, Mental Retardation Development and Disabilities Administration; Holly Morrison, Vice President and Chief Administrative Officer, The Council on Quality and Leadership; Robert M. Gettings, Executive Director, National Association of State Directors of Developmental Disabilities Services. Location: Room 2154, Rayburn.

10 a.m. HOMELAND SECURITY _ Economic Security, Infrastructure Protection and Cybersecurity Subcommittee. Hearing on legislation dealing with security screening processes for trucks. Location: Room 311, Cannon.

Other: KATRINA COMMISSION _ The Katrina National Justice Commission, sponsored by the the Samuel DeWitt Proctor Conference, holds its first round of hearings to discuss successes and failures regarding Hurricane Katrina. Location: Lutheran Church of the Reformation, 212 E Capitol St.

AMERICAN-ARAB ANTI-DISCRIMINATION _ The American-Arab Anti-Discrimination Committee holds its 26th annual convention. Highlights: 12 p.m. Session on the media, with Helen Thomas, Mike Wallace and Jim Naureckas of Fairness and Accuracy in Reporting. Washington Rooms 1-2. 1:30 p.m. Luncheon session, with Rep. Mary Rose Oakar and retired Col. Larry Wilkerson. Cotillion Ballroms. 3 p.m. Session on Lebanon, with Amb. Farid Abboud, others. Washington Rooms 1-2. 7 p.m. Banquet, with awards to Mike Wallace of 60 Minutes; Osama Siblani of Arab American News; actor Ghassan Massoud; movie director Hany Abu-Assad; and Lifetime Achievement Award to actor Omar Sharif. Marriott Ballroom. Location: Washington Marriott Wardman Park, 2660 Woodley Road NW.

COPENHAGEN CONSENSUS _ The Copenhagen Consensus Center and Georgetown University, along with nine UN ambassadors, hold a conference on how to cope with major global challenges with limited funds. Highlights: 8 a.m. Media briefing on malnutrition and hunger. 9:30 a.m. Media briefing with US Amb. to the UN John Bolton, India Amb. to the UN Nirupam Sen, and Bjorn Lomborg, director of the Copenhagen Consensus Center. 12 p.m. Media briefing on climate change. Location: Georgetown University, unless otherwise noted.

CONSTITUTIONAL LAW _ The American Constitution Society for Law and Policy holds its national convention. Highlights: 9 a.m. Sen. Hillary Clinton delivers a ``major'' speech on privacy rights. 9:45 a.m. Plenary session on separation of powers, with former Sen. Gary Hart, others. 1:15 p.m. Luncheon speaker: Rep. Barney Frank. Location: Hyatt Regency-Washington on Captiol Hill, 400 New Jersey Ave. NW.

TAX POLICY _ 9 a.m. Tax Analysts holds an event on key issues in tax policy, with Katherine Baicker of the President's Council of Economic Advisers, others. Location: National Press Club.

US-INDIA-ENERGY _ 9 a.m. Energy Secretary Samuel Bodman delivers remarks at the National Academies U.S.-India Conference, along with Vice Chairman Montek Singh Ahluwalia. Location: National Academy of Sciences, 2100 C St.NW.

EMPLOYERS-HEALTH INSURANCE _ 9 a.m. - 12 p.m. The Brookings Institution-New America Foundation hosts a forum, ``Employment-Based Health Insurance: A Prominent Past, but Does it Have a Future?'' Panel one participants are:

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Moderator Henry Aaron, senior fellow, Brookings Institution; and Andrew Stern, president, Service Employees International Union. Panel two participants are: Moderator Len Nichols, director, Health Policy Program, New America Foundation; John Matthews, senior vice president, Costco; and Todd McCracken, president, National Small Business Association. Location: Falk Auditorium, The Brookings Institution, 1775 Massachusetts Ave. NW.

NET NEUTRALITY _ 9:15 a.m. The Institute for Politics, Democracy and the Internet holds a discussion on ``Net Neutrality," with Mike McCurry of the Hands Off the Internet group, Paul Misener of Amazon, others. Location: Morton Auditorium, 805 21st St. NW.

FEMA BRIEFING _ 10 a.m. FEMA Director David Paulison and senior FEMA officials hold pen-and-pad media briefing on hurricane preparations and operations. Location: Discovery Room, FEMA HQ, 500 C St. NW.

JOHANNS _ 10 a.m. Agriculture Secretary Johanns speaks at the 2006 Allard Capital Conference. Location: Room G-50, Dirksen.

NUCLEAR RENAISSANCE _ 10 a.m. Dr. Nils J. Diaz, Chairman of the Nuclear Regulatory Commission, will be the guest at a media breakfast, sponsored by The Energy Daily and cosponsor BP America. Location: Suite 1003, 1325 G St. NW.

DEMOCRATS-AGENDA _ 10:15 a.m. Senate Democratic leader Harry Reid, House Democratic leader Nancy Pelosi, and members of the House and Senate Democratic leadership hold a news conference to ``announce a new direction for America." discuss Democrats' commitment to fighting for a new direction for America." Location: S-207, US Capitol.

PENTAGON BRIEFING _ 9 a.m. Army Maj. Gen. James Thurman, commander of the Multi-National Division-Baghdad, will brief live from Iraq at 9 a.m. EDT. Location: Pentagon briefing room.

NUCLEAR STATES _ 12 p.m. The Russian American Nuclear Security Advisory Council holds a briefing on the Iranian and North Korean nuclear programs, with David Albright of the Institute for Science and International Security, Thomas Donnelly of AEI, and Robert Gallucci of the Georgetown University School of Foreign Service. Location: Room B-340, Rayburn.

MEDICAID _ 12:15 p.m. The Alliance for Health Reform and the Commonwealth Fund hold a luncheon briefing on improving coverage stability for kids in Medicaid and SCHIP, with Laura Summer of Georgetown University, Stan Dorn of the Economic and Social Research Institute, others. Location: Room 325, Russell.

CHAO _ 1:30 p.m. Labor Secretary Chao speaks at the Clare Boothe Luce Policy Institute seminar. Location: Room HC-5, Capitol.

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THE ATTORNEY GENERAL'S *NEWS BRIEFING*

PREPARED FOR THE OFFICE OF PUBLIC AFFAIRS, U.S. DEPARTMENT OF JUSTICE

TO: THE ATTORNEY GENERAL AND SENIOR STAFF

DATE: FRIDAY, JUNE 16, 2006 7:45 AM EDT

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TERRORISM NEWS:

Specter Threatens To Subpoena NSA Surveillance Documents. The AP (6/16, Kellman) reports, "Senate Judiciary Committee Chairman Arlen Specter cranked up his dispute with the Bush administration over executive power on Thursday, threatening to subpoena documents on the White House's warrantless surveillance program." The AP continues, "Specter said he had not received a response to his request that Attorney General Alberto Gonzales appear before the panel this month to answer questions about the surveillance program and other touchy subjects – such as the FBI raid on a lawmaker's office last month. … 'I will ask for authorization for a subpoena if we do not get an adequate response,' Specter told the committee." The AP adds, "Such prodding may not be necessary, according to the Bush administration. … 'We are currently working with Chairman Specter to set a date for the attorney general to appear,' Justice Department spokesman Eric Holland said."

Congress Struggles To Resume Oversight Of Executive Branch. The Christian Science Monitor (6/16, Chaddock, 61K) reports the debates in Congress over the Iraq war, emergency spending bills, and NSA domestic surveillance "signal that Congress is trying - again - to revive its flagging oversight role of an executive branch that is claiming broad wartime powers. It's doing so, analysts say, because control of Congress in this fall's midterm elections could turn on the issue." Brookings Institution analyst Thomas Mann said, "The broader motivation in Congress by the majority party is clearly the sinking political fortunes of the president and the party and the fear of retribution in November." The Monitor adds that so far, "however, both chambers of Congress have struggled to make headway. Sen. Arlen Specter (R) of Pennsylvania, for example, has repeatedly been stymied in his bid to bring the government's secret eavesdropping program in line with the 1978 Foreign Intelligence Surveillance Act."

Bush's Comments On Hamdan Case Could Signal Detainee About-Face. The Legal Times (6/16, Mauro) reports, "It is rare for a president to comment on a pending Supreme Court case. But President George W. Bush has been doing just that in recent weeks, making several mentions of the Hamdan v. Rumsfeld case that will decide the fate of the military commissions he ordered to handle detainees at Guantanamo Bay, Cuba. … 'We're waiting on our Supreme Court to act,' Bush said at a press conference Wednesday, one of several comments that indicate he is eager to follow the Court's lead, even if it rules against his claim of broad power to deal with the detainees outside the established military and civilian court system." The Times continues, "Bush's remarks and tone have confounded opponents of the military commissions, leaving some wondering if Bush is trying to soften the blow of an expected defeat -- or already preparing the public for civilian alternatives to military commissions. … Covington & Burling partner David Remes, one of the coordinators of the legal effort against the administration position, says Bush's comments have led him to ask 'why Bush made Hamdan a test of presidential power in the first place. If Bush could accomplish his goals within the existing legal framework, why did he confront the judicial branch with such breathtaking claims of presidential power?'" The Times adds, "The presidential commentary on the case was so frequent in recent days that expectations were high that the Court might hand down the decision on Thursday. The two lawyers who argued against each other in the case -- Solicitor General Paul Clement and Georgetown University Law Center's Neal Katyal -- were in the courtroom, but the justices instead handed down four criminal and business law cases. The Court will convene again next Monday and Thursday to issue more decisions in its push toward adjournment by month's end."

New Jersey Seeks Telephone Surveillance Data From US. The New York Times (6/16, Chen, Richtel) reports, "The New Jersey attorney general has issued subpoenas to five telephone companies to determine whether any of them violated the state's consumer protection laws by providing records to the National Security Agency. Experts say it is the first legal move by a state to question the agency's program to compile calling records to track terrorist activities." The Times continues, "On Wednesday, the United States filed a lawsuit to block the subpoenas, setting up a legal showdown pitting the state's authority to protect consumers' rights against the federal government's national security powers. … 'People in New Jersey and people everywhere have privacy rights,' the state's attorney general, Zulima V. Farber, said on Thursday. 'What we were trying to determine was whether the phone companies in New Jersey had violated any law or any contractual obligations with their consumers by supplying information to some government entity, simply by request, and not by any court order or search warrant.'" The Times adds, "This latest confrontation over the invocation of national security began last month, when Ms. Farber issued the subpoenas to the companies — AT&T, Verizon, Qwest, Sprint Nextel and Cingular Wireless

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— to determine whether they had turned over the phone records to the federal government without a court order, in possible violation of state laws. … But when the Justice Department filed suit in United States District Court here to block those subpoenas — a suit that Ms. Farber received on Thursday — it asserted that the state was straying into a federal matter, and that compliance with the subpoenas would imperil national security."

Defense Lawyer Says FBI Agent Tricked Georgia Terror Suspect Into Confessing. In a widely-distributed story, the AP (6/16, Weber) reports, "Investigators preyed on a Georgia Tech student's devotion to Islam to get him to help their terrorism probe and then reneged on their promise not to arrest him if he told the truth, the suspect's lawyer said in court papers Thursday. The allegations by Jack Martin, a lawyer for 21-year-old Syed Ahmed, were contained in a motion in which Martin seeks to suppress Ahmed's statements to the FBI or make the government abide by the alleged agreement not to prosecute him. … Martin said an FBI agent and a task force investigator who questioned Ahmed…told him that as long as he told the truth he would not be arrested. He said one of the investigators told Ahmed that he, too, was a Muslim and used that to get a statement from Ahmed." The AP notes, "FBI spokesman Stephen Emmett said the agency would have no comment."

The Atlanta Journal-Constitution (6/16, Torpy, 430K) adds, "In the motion…Martin argued that the U.S. Supreme Court and other courts have determined that a statement is involuntary if induced 'by significant and powerful promises or threats, such as the promise of nonprosecution here and the threat of arrest if the defendant did not "cooperate."' The motion quotes an agent telling Ahmed, 'You have the rest of your life in front of you. ... You know eventually you are going to have to get a job some day. Do you want any type of criminal record?'" The Journal-Constitution also reports, "In a separate filing, Martin asks the court to force prosecutors to divulge any wiretaps or electronic surveillance the government used to keep track of his client."

Some Canadian Muslim Leaders Urge Crackdown On Extremists. USA Today (6/16, For, 2.31M) reports, "Some Canadian Muslim leaders are urging a crackdown on extremists within their community two weeks after 17 males, including five teenagers, were arrested in suburban Toronto on terrorism-related charges." The response to the arrests" has exposed a rift between Muslim leaders. Some reject the notion that a violent ideology may have taken root in their community; others argue that Muslims must acknowledge radicalism in their midst and work harder to extinguish it. … Some Canadian Muslim leaders say they're offended by the suggestion they should be responsible for combating radical influences. … Others say radicals are spreading extremism and the danger can no longer be ignored. 'They were young kids, and they were taken down this road by someone'" says Sheik Husain Patel, cleric at the Toronto Islamic Center, where one suspect occasionally worshiped."

Plaintiffs Lawyer Compares Ruling In 9/11 Case To Japanese Internment. In a Los Angeles Times (6/16, 958K) op-ed, Georgetown law professor and Turkmen vs. Ashcroft plaintiffs co-counsel David Cole writes that with his ruling this week upholding US authority to arrest foreign nationals on immigration charges and detain them indefinitely, US District Judge John Gleeson, "in essence…authorized a repeat of the Japanese internment — as long as the internment is limited to foreign nationals charged with visa violations (a group that at last count numbered about 11 million people)." Cole concludes that Gleeson's ruling gives "federal authorities…explicit permission to let prejudice and fear run roughshod over the most basic of human rights — the rights to equal treatment and liberty."

Kinsley Condemns Administration Anti-Terror Tactics. In a Washington Post column (6/16, A25), Michael Kinsley writes, "It is not yet clear -- though there is little reason for optimism -- whether the courts will let them get away with it, but the official position of the executive branch under President Bush is that the US government can lock you up anywhere in the world, torture you and tell no one about it. And if someone does find out and starts talking trash like 'habeas corpus' or 'Fourth Amendment,' too bad: It's all okay under the president's inherent powers as commander in chief. Congress -- unbeknownst to Congress -- approved it all in its resolution shortly after Sept. 11, 2001, urging the president to fight terrorism. And the president deputized the CIA and other agencies to go forth and use this authority, in documents that you can't have and that may or may not exist." In "a twist fully worthy of Kafka, or at least Joseph Heller ("Catch-22"), the very suspicion that bad things are going on is a reason you can't find out."

HOMELAND RESPONSE:

DHS Stands By Risk-Analysis Process For Anti-Terror Funding. The Washington Post (6/16, B3, Layton, 744K) reports DHS Undersecretary for Preparedness George W. Foresman faced "criticism and pointed questioning yesterday" during a hearing of the House Committee on Government Reform, but stood by the

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agency's "decision to cut anti-terror grants for Washington and New York by 40 percent." Foresman said he felt "confident in the risk analysis process and the peer review process," for distributing the grants and said the agency needed to do "a better job in communicating with the communities." However, "Foresman appeared to have a difficult time communicating with" lawmakers, who called DHS' "decision-making process 'mind-boggling,' 'a mystery' and 'goofy' and said it doesn't appear to meet its stated goal -- distributing federal dollars to regions that face the greatest risk of attack."

DHS Analysis Finds Most Cities, States Lack Adequate Disaster Preparedness. The AP (6/16, Jordan) reports that an analysis by DHS that was delivered to Congress yesterday has found that "shortcomings in emergency planning" in a majority of American cities and states are cause "for significant national concern." The AP continues, "Although emergency plans appear to be stronger in 18 states along the nation's 'Hurricane Belt,' the analysis cited preparedness gaps in 131 state and city emergency response plans." The report "is the latest in a series of government and expert analyses since Katrina slammed into the Gulf Coast," almost all of which "have found lacking preparedness levels for large-scale disasters."

"Unusual Circumstances" Surrounding DHS Limo Contract Outlined At Hearing. The Washington Post (6/16, A4, Hsu, Babcock, 744K) reports congressional investigators told a House Homeland Security subcommittee hearing yesterday that Shirlington Limousine and Transportation Inc. "offered its services to the Department of Homeland Security more than three months before the agency sought bids for a transportation contract, and eventually won contracts worth $25 million over six years." Rep. Mike Rogers said the "unusual circumstances" surrounding the contract didn't "look right," and that he couldn't see why Shirlington President Christopher D. Baker had a letter recommending the company for the contract from convicted former congressman Randy "Duke" Cunningham, "instead of his own congressman or some congressman of the district where the business will be conducted." DHS "officials previously denied the existence" of such a letter. Rep. Bennie Thompson "called for DHS Secretary Michael Chertoff and Deputy Secretary Michael P. Jackson to appear before Congress to discuss 'major missteps,'" adding, "It is unconscionable to think that the agency charged with tracking down terrorists cannot even track down letters of recommendation."

In an article appearing on at least 77 news websites, the AP (6/16, Werner) reports Cunningham's letter "prompted renewed protests from lawmakers about the Homeland Security Department's awarding of two contracts to Shirlington despite the company's history of problems." Rep. Peter King noted Baker's "criminal record and business dealings with a defense contractor named as an unindicted coconspirator in the prosecution of Cunningham. 'And then we find out that the congressman at the center of all of this sends a letter on behalf of this limousine company. If that doesn't raise issues, if that isn't more than a series of coincidences, I don't know what is.' … Outside the hearing, King questioned the department's failure to find Cunningham's letter. 'Did somebody clean out the file?' he asked. Homeland Security spokesman Russ Knocke said that never happened."

The Los Angeles Times (6/16, Gehlert, 958K) reports, "Homeland Security's chief procurement officer, Elaine Duke, said that her agency made a distinction between company owners and drivers, and that the drivers had undergone background checks. No such checks on the company or its owner were required by law. 'The drivers have a clean slate,' she said."

Long Island Newsday (6/16, Palmer) reports, "House Homeland Security Committee Chairman Peter King said the information might warrant a Justice Department examination. 'It all adds up to a pretty strong case of DHS incompetence or a special deal was made,' said King."

Rumsfeld Attends Ground Breaking For Pentagon 9/11 Memorial. Defense Secretary Donald Rumsfeld and family member of those killed on September 11, 2001 attended the ground breaking for a memorial at the Pentagon yesterday. ABC World News Tonight (6/15, story 7, :20, Gibson, 8.78M) reported, "It will feature 184 trees and 184 benches, one for each victim." The CBS Evening News (6/15, story 4, 0:40, Schieffer, 7.66M) reported, "At the two-acre memorial site, Defense Secretary Donald Rumsfeld read the inscription carved on the cornerstone." Secretary Rumsfeld: "To honor the 184 people whose lives were lost, their families, and all those who sacrifice, that we may live in freedom. We will never forget." NBC Nightly News (6/15, story 10, 0:30, Brown, 9.87M) reported, "An emotional Secretary of Defense Donald Rumsfeld said, 'Today, we claim this ground for them.'"

The Washington Post (6/16, B1, Dwyer, 744K) reports, "When the ceremony ended, Rumsfeld stayed behind. For about an hour, he stood in the bright sunlight, shaking hand after hand, autographing programs and taking pictures with family members. He stayed until every person who wanted a word with him got the opportunity. 'If there is anything these families felt,' he said in a brief interview, 'it's that we must not forget what took place. This is visible progress, and the memorial, when it is completed, is going to be a very special place. It is going to be about memories and reflections, to be sure. But it is going to be a place to think about today and

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tomorrow and the next day and the world.'" The AP (6/16, Barakat) notes Rumsfeld "said he wanted the memorial to convey to future Americans 'that their countrymen's grief was turned toward the cause of their nation's defense.'"

Fox News (6/15, 7:09 p.m., Smith) called it "an emotional groundbreaking." Secretary Rumsfeld "appearing to choke up as he talked about the 184 people who died on the attacks there, saying they shared a tragic destiny. He said the spot where they were killed is sacred ground." CNN Headline News (6/15, 5:34 p.m.) called it "an emotional afternoon at the Pentagon," saying "the usually-stoic Rumsfeld seemed to get a little choked up while talking about those who shared a tragic destiny that day." CNN (6/15, 3:13 p.m.) also said Rumsfeld was "emotional, perhaps unexpectedly emotional." The Washington Times (6/16, Emerling, 90K) also calls the ceremony "an emotional affair."

WUSA-TV Washington (6/15, 11:09 p.m.) said, "It's been a long time coming, but today ground was finally broken" for the memorial. WTTG-TV Washington (6/15, 11:17 p.m.) said, "Even if you wanted to, you'll never forget where you were or what you were doing" on 9/11, but now "families of victims are taking back that area of the Pentagon where 184 men, women and children died" and "the crash site is turning into a place of peace." WRC-TV Washington (6/15, 6:02 p.m.) also had a report.

CNN's The Situation Room (6/15, 7:22 p.m.) and MSNBC (6/15, 2:46 p.m.) ran brief reports on the event. CNN (6/15, 2:13 p.m.) also interviewed Joey Rickets, "a boy scout from Lynchburg, Virginia" who "has his own plans for a 9/11 memorial."

On CNN (6/15, 1:18 p.m.), reporter Barbara Starr said, "This is not a day for politics, of course, but a day of remembrance. And what many people remember is that this building did not shut down. The headquarters of the U.S. Military, attacked, in flames, people, of course were tending to the dead and the wounded, but this building did not shut down, it kept going. And one of the major reasons this building kept going was because Defense Secretary Donald Rumsfeld flat-out refused to leave. There was certainly advice to do that. He didn't leave. That meant his top staff didn't leave. The view here, if they were going down, they were all going down together." Starr also said, "Secretary Rumsfeld and his wife made a very significant private contribution to this memorial."

Pataki, Bloomberg Hear Recommendations For WTC Memorial. The Wall Street Journal (6/16, Frangos, 2.11M) reports, "The World Trade Center Memorial faces simplification of its design, including moving carved-in-stone names of Sept. 11 victims to ground level, possibly eliminating or scaling back waterfalls and reducing the size of a museum." Those were among "the recommendations made yesterday to New York Gov. George Pataki and New York Mayor Michael Bloomberg in a closed-door meeting, according to people close to the situation. A formal report on the redesign will be released next week."

WAR NEWS:

Senate Rejects Iraq Withdrawal Measure As Both Chambers Debate War. The AP (6/16, Sidoti) reports, "Congress plunged into divisive election-year debate on the Iraq war Thursday as the US military death toll reached 2,500. The Senate soundly rejected a call to withdraw combat troops by year's end, and House Republicans laid the groundwork for their own vote. In a move Democrats criticized as gamesmanship, Senate Republicans brought up the withdrawal measure and quickly dispatched it -- for now -- on a 93-6 vote." Across Capitol Hill "in a daylong House debate," Republicans "defended the Iraq war as a key part of the global fight against terrorism while Democrats assailed President Bush's war policies and called for a new direction in the conflict."

The Washington Times (6/16, Bellantoni, 90K) says Republicans "attempted to embarrass Sen. John Kerry by forcing a vote on a measure identical to one he had drafted calling for troop withdrawal by the end of 2006. Senators opposed the measure on a 93-6 vote, which was forced to the Senate floor by Majority Whip Mitch McConnell, Kentucky Republican." Kerry "said he is crafting the withdrawal proposal with other Democrats, and said he was frustrated at what he called political games by the Republicans." Majority Leader Bill Frist said on MSNBC's Hardball (6/15) that the Senate vote "was 93-6 about cutting and running in Iraq. I think it does help the American people crystallize where they are, by looking where their representatives are. So the cut and run amendment came to the floor of the Senate about two hours ago and in terms of tabling it, overwhelmingly 93-6 is the support of staying the course there and supporting that democracy until they can take over their own security."

The debate on both chambers of Congress is receiving extensive media coverage, much of it describing it with adjectives such as "heated," "fierce" or "raucous." Media accounts depict both parties as seeking the political edge on the issue with eye on the November elections. Republicans are portrayed as seizing "the initiative," though some analysts believe their strategy very risky. The Wall Street Journal (6/16, Rogers, 2.11M) says Republicans "seized the offensive, taking advantage of divisions among Democrats to force quick votes against withdrawal." But "on the day that U.S. troop deaths in Iraq reached 2,500, the partisan tone distressed members in both parties and could create a backlash against the majority."

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The New York Times (6/16, Toner, Zernike, 1.19M) says the House debate "came after three days in which President Bush and his aides had sought to portray Iraq as moving gradually toward a stable, functioning democracy, and to portray Democrats as lacking the will to see the conflict through to victory." Democrats, throughout the day, "countered, at times with barely controlled fury." The AP (6/16, Sidoti) says the House "erupted in impassioned, election year debate over Iraq war." The war was "a grotesque mistake," said the Democratic leader, Rep. Nancy Pelosi," adding that "the Administration continues to dig a hole. They refuse to come up and see the light."

The Los Angeles Times (6/16, Reynolds, 958K) notes the "rancor" in both chambers, adding "many Republicans believe that discussing the war works to their party's favor politically, allowing them to press the assertion that Democrats are weak and indecisive on national security issues." In a news analysis piece, the Los Angeles Times (6/16, Brownstein, 958K) says the "new Republican drive to focus attention on the Iraq war represents a high-stakes gamble: that doubts about the direction Democrats might set on national security exceed anxieties about the course charted by…Bush." The Times adds Republicans "are aiming to portray Democrats as too soft and too divided to steer the Iraq conflict to a successful conclusion." But "in the process, Republicans risk deepening their identification with a war that, surveys show, still sparks skepticism and concern among most Americans."

USA Today (6/16, Stone, 2.31M) reports John Pitney, a political scientist at California's Claremont McKenna College, "said that while the strategy 'diminishes the Democratic advantage on the issue,' speeches aren't enough. 'The situation in Iraq would have to improve dramatically before it became a net plus for the GOP,' he said."

ABC World News Tonight (6/15, story 4, 1:50, Gibson, 8.78M) said the Iraq debate "will shape this year's congressional elections. Republicans in the House arguing the war is critical on the war on terror." Rep. Rick Renzi: "This is about taking the fight to those who will strike America again and will wound this nation and kill our innocent civilians. America must endure, endure and prevail." Rep. Charles Norwood: "Many, not all, but on the other side of the aisle, lack the will to win. The American people needs to no precisely who they are. The public can decide the course of this war in November, by hopefully throwing the defeatists out of office." Gibson: "Democrats fired back, branding the President's handling of the war a failure." Rep. John Murtha: "I know what rhetoric is. And I know what fighting in the front lines are. I know the difference between them. I know standing here does not solve the problem. It hasn't gotten better. It's gotten worse. That's the problem."

The CBS Evening News (6/15, story 3, 1:50, Schieffer, 7.66M) reported, "A fierce debate over the war broke out in both the House and the Senate today, and the House Republicans defended the war, and the Senate, by a 93-6 vote, turned back a proposal to bring home American troops by the end of the year." CBS (Attkisson) added, "In the House, think of it not so much as a real debate with a real chance of changing anything in the war on Iraq. It's more of a political dare, a nonbinding resolution that Republicans are putting to a vote, calling for the US to stand firm in Iraq and the war on terror, and who in their right mind would vote against that?" But Democrats "argued that a timeframe for getting US troops out is what's needed, rather than a symbolic vote in favor of victory." To "counter arguments from war opponents like John Murtha, the Pentagon handed out this unusual debate prep book to congressional supporters, and it suggests things that they could say in the floor debate."

NBC Nightly News (6/15, story 6, 2:05, Reid, 9.87M) reported, "In a debate that ranged from raucous to solemn, supporters of the Iraq war, mostly Republicans, called for total defeat of a brutal enemy." Rep. Mike Rogers, Michigan: "They'll behead you, they'll shoot you, they'll blow you up; they don't care." Rep. Henry Hyde, Illinois: "To trust our fate to those who would destroy us is to die." Reid: "The only option, they said, is to stay the course." There was "agreement on one thing, a moment of silence to honor Americans who've died in Iraq. But critics of the war, mostly Democrats, said the growing death toll is one of the best reasons for getting the troops out." Rep. John Murtha, Pennsylvania: "Americans are realizing there is a better way to support our troops than just sending more of them off to be killed."

The Washington Post (6/16, A1, Weisman, Babington, 744K) says that "though the day's rhetoric was often partisan in tone, the discontent over the status quo in Iraq was evident on both sides. Dozens of lawmakers spoke emotionally -- recriminations mixed with appeals to patriotism -- on how the nation should proceed in the three-year-old conflict that has become more protracted, deadly and complex than most of them had expected at its outset."

A similar analysis in the Chicago Tribune (6/16, Zuckman, 643K) says Democrats "are trying to capitalize on voters' disenchantment, while Republicans are trying to portray themselves as resolute and strong." House Speaker Dennis Hastert was first to speak in the House debate, "casting the debate in sweeping, historic terms as a means to protect Americans from terrorists at home and to nurture a way of life." Democrats, however, "called the proceedings undemocratic because Republicans would not allow them to offer amendments. And they accused the president of politicizing intelligence, barreling into the war without a plan and making repeated mistakes along the way." Democratic Rep. Marty Meehan, for example, said on CNN's The Situation Room (6/15), "I think, frankly, we should have had a

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discussion about the war in Iraq. We should have discussed oversight of the war in Iraq and we should have had a real debate. There are no other options. It's not a debate when the Republican leadership that control the Senate, the House, and the White House say, you vote up or down."

CNN's The Situation Room (6/15, Blitzer) spoke of a "bitter war of words" in both chambers, adding that in the House "the sparks…were flying." Knight Ridder (6/16, Kuhnhenn, Douglas) disagrees with the other characterization of the House debate. It was an "election-year debate…freighted with politics," as Republicans "seized on recent upbeat news from Iraq to portray Democratic calls for troop withdrawals as a policy of 'cut and run.'" Yet "for all the political overtones, the tone of the House debate was strikingly civil, sober and morally serious." Knight Ridder also says, "The Democrats' stance against Bush belied deep divisions within their party on whether to withdraw from Iraq, and if so, how fast. In the Senate, an expected debate on a Democratic measure calling for gradual withdrawal wallowed on hold all day amid disputes among Democrats over the precise language of their proposal."

Meanwhile, a Washington Post (6/16, A2, 744K) piece by Dana Milbank takes a rather flippant look at Cher's attendance of a House Armed Services subcommittee meeting. The singer is an activist for a group that provides helmets to soldiers in Iraq. Milbank writes that "everybody was performing his own version of 'If I Could Turn Back Time'" Thursday, with the House spending "10 hours re-debating the decision to invade Iraq in 2003 -- at least until several of them left for a picnic at the White House."

Pentagon Aide Mistakenly Distributed Iraq Debate Document. The Washington Post (6/16, A23, Kamen, 744K) reports in its "In the Loop" column that it "seems Traci Scott, who works in the Pentagon's legislative affairs office, sent an e-mail Wednesday to a group of Hill folks with an attachment titled 'Iraq Floor Debate Prep Book.' The 74-page attachment, just in time for the House floor debate yesterday, is full of great facts and fine political arguments. Section 3, for example, 'Victory in Iraq,' summarizes Saddam Hussein's 'support for terrorist groups' and 'his defiance of the world community' and how he 'wanted WMD.'" Though "coming from the Pentagon, the prep book reads like a White House playbook -- which, a Pentagon spokesman said, it is." The document "rebuts all those arguments from the 'cut and run' crowd about prewar intelligence manipulation, or how the war in Iraq has made the world more dangerous for Americans. Problem is that the e-mail was sent to some of those cutters and runners."

More Commentary. Democratic Rep. John Murtha writes in USA Today (6/16, 2.31M), "Iraq is not the center of the global war on terrorism, and nor is it overwhelmed by foreign terrorist groups, as this administration would like Americans to believe. … The American people are not naive. They know a failed policy when they see one. Iraq is a failed policy. It's time to redeploy." In an editorial, USA Today (6/16, 2.31M) disagrees, saying "US troops should not stay in Iraq, as in Vietnam, purely for pride in a hopeless battle. They should remain, however, as long as there is a reasonable chance that they can bring some stability, reinforce the fledgling democratic government and prevent Iraq from becoming a haven for terrorists. Announcing a timetable for withdrawal…would just invite the insurgents to wait out the American presence."

Nina Kamp and Michael O'Hanlon, of the Brookings Institution in Washington, and Amy Unikewicz, a graphic designer in South Norwalk, CT, write in the New York Times (6/16, 1.19M), "Those looking for signs of promise in Iraq can still find footholds beyond the killing of the terrorist leader Abu Musab al-Zarqawi. The security forces, particularly the Iraqi Army, continue to improve in technical proficiency -- even if their interethnic cohesiveness remains suspect. Reductions in consumer subsidies have strengthened the financial standing of the government, and high oil prices compensate for Iraq's anemic production levels." But "overall, it is increasingly hard to describe Iraq as a glass half-full."

In the Washington Post (6/16, A25, 744K), Eugene Robinson writes, "Iraq is just one theater in Bush's 'war.' Elsewhere, Afghanistan is once again ablaze as the resurgent Taliban counterattacks. Somalia is coming under the sway of an Islamic militia that may harbor al-Qaeda militants. America's popularity in the world continues to fall." But Bush "forges ahead, trying vainly to kill a poisonous, retrograde ideology with bullets and bombs. His 'war' is self-perpetuating, and no one even knows what victory would look like. Long after he's gone, we'll still be looking for a way to end the mess he began."

Purported Al Qaeda Documents Suggest US Counter-Insurgency Effort Working. The Iraqi national security adviser, Mowafak al Rubaie, yesterday released documents attributed to al Qaeda in Iraq that suggest the insurgents felt the US and Iraqi forces had gained the upper hand. However, some experts questioned the authenticity of the documents. NBC Nightly News (6/15, story 4, 2:10, Engel, 9.87M) reported, "To prevent a strong leader from emerging, the Iraqi government today tried to demoralize al Qaeda. The government released a document it claimed was found at an al Qaeda safe house." Mouwafak Al-Rubaie, Iraqi National Security Advisor: "This is the beginning of the end of al Qaeda in Iraq." Engel: "The purported al Qaeda document complains about US and Iraqi successes in killing their leaders and cutting off finances. It suggests trying to bog down American troops by triggering an American war with Iran. It would be a major coup, a terror

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blueprint uncovered, but tonight some US officials are skeptical of authenticity and origin."

ABC World News Tonight (6/15, story 6, 2:45, Ross, 8.78M) reported, "The documents, if they are authentic, suggest that the US strategy in Iraq is working extremely well, in almost every respect. But there are questions being raised about authenticity." One document describe what it calls "'the current bleak situation,' and says, 'Time is now beginning to be of service to the American forces and harmful to the resistance.'" But US officials "said the document was not, in fact, found on or near Zarqawi's body, but in a raid three weeks earlier on other targets." On the CBS Evening News (6/15, lead story, 3:10, Cowan, 7.66M), Mouwafak Al-Rubaie was shown saying, "We believe that this is the beginning of the end of al Qaeda in Iraq."

The AP (6/16, Quinn) reports "there was no way to confirm the authenticity of the information attributed to al-Qaida, and U.S. and Iraqi officials offered conflicting accounts of when and where it was seized." Iraqi Prime Minister Nouri al-Maliki's office "said Iraqi forces found the document in al-Zarqawi's hideout after the June 7 U.S. airstrike that killed him." However, US Maj. Gen. William Caldwell "said the document had been taken from a computer in a raid during the three-week operation to track down al-Zarqawi." Caldwell "said sweeps across Iraq since al-Zarqawi's death led to 28 significant arms caches. He said the raids included 255 joint operations and 143 by Iraqi forces alone." The Al Qaeda document "said its insurgency was being hurt by an increase in U.S.-trained Iraqi forces, by widespread arrests and seizures of weapons, and by a crackdown on financial outlets."

USA Today (6/16, Soriano, 2.31M) says "a copy of the original document, handwritten in Arabic, was provided to USA TODAY by al-Rubaie. He also released an English translation. … It is not clear who wrote the document. The US military says it appears to be from someone influential in al-Qaeda's Iraq operation. "'It seems to be from an author who has insight from within al-Qaeda because a number of strategies and tactics are noted,' said Navy Lt. Christina Skacan, a military spokeswoman."

The Christian Science Monitor (6/16, Peterson, 61K) runs a similar story titled "Picture Of A Weakened Iraqi Insurgency," in which it also says the document "could not be independently authenticated."

CNN's The Situation Room (6/15, Vause) reported, "While CNN cannot verify the authenticity, there are extensive details of al Qaeda's concern over the growing number of Iraqi forces, the inability to attract new recruits, confiscation of weapons and ammunition, and a squeeze on funds."

Harman Calls Zarqawi Killing "Huge Tactical Victory." Rep. Jane Harman said on Fox News' The Big Story with John Gibson (6/15), "I think the takedown of Zarqawi was a huge tactical victory. I want to commend those who did it. It really was the kind of intelligence action we need to see more of and it also was a tribute to the Iraqis who originally tipped us off to this spiritual healer whom we traced and then he led us to Zarqawi."

Document Says Terrorists Considered Trying To Trigger US War Against Iran. USA Today (6/16, Soriano, 2.31M) reports, "A captured al-Qaeda in Iraq document says the terrorist group considered drawing the United States into a war with Iran in order to undermine the success U.S. and Iraqi forces have had in weakening the organization."

The Washington Times (6/16, Scarborough, 90K) reports, "The group's major goal is to get the US involved in a new war, this one against the Shi'ites in Iraq and Iran, and to provoke another war between Iraqi Shi'ites and Sunni countries in the Middle East. One option, the paper says, is to blow up targets in the West and plant evidence that the bombing was done by Iranians."

US Death Toll In Iraq Reaches "Sad Benchmark" Of 2,500 Dead. ABC World News Tonight (6/15, story 4, 1:50, Gibson, 8.78M) reported, "There is a sad milestone to be noted in the Iraq war. The Pentagon announced today that 2,500 American servicemen and women have now died in Iraq. On Capitol Hill, both the House and the Senate stood and observed a moment of silence."

NBC Nightly News (6/15, story 3, 0:15, Brown, 9.87M) reported, "Today, the US death toll reached 2,500. The President's spokesman called the milestone a 'sad benchmark' and said that President Bush is committed to insuring no American sacrifice will be in vain."

The CBS Evening News (6/15, lead story, 3:10, Schieffer, 7.66M) reported, "There was also a grim milestone today. US military deaths in Iraq now total 2,500. White House press secretary Tony Snow called it a sad benchmark."

CNN's The Situation Room (6/15, Blitzer) also referred to "another grim milestone." Knight Ridder (6/16, Brown, Youssef) reports on the "death toll in Iraq," while the AP (6/16, Raum) says "the story of the Iraq war can be told in stark numbers and mournful milestones as the death toll for US troops reached 2,500 on Thursday and the price tag rose to $320 billion."

Suicide Attack On Shiite Mosque Kills At Least Seven. The AP (6/16) is reporting this morning, "A suicide bomber struck a Shiite mosque during Friday prayers in Baghdad, killing at least seven people and wounding 18, police said, as violence persisted despite a driving ban and increased security measures aimed at restoring order in the capital." The attacker "was wearing an explosives belt and

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blew himself up at the Buratha mosque in northern Baghdad, police Lt. Thaer Mahmoud said."

More Sectarian Killings Reported In Iraq. NBC Nightly News (6/15, story 4, 2:10, Engel, 9.87M) reported, "The US military and Iraqi governments are now focused on stopping al Qaeda in Iraq from recovering after Zarqawi's death, but the daily sectarian killings here seem to be continuing unaffected. More killing on both sides today -- gunmen in Tikrit shot dead four Sunni worshipers in a mosque. In Baquba, ten Shiite workers were forced off a bus and executed."

Iraqi Prime Minister Indicates Government May Offer Limited Amnesty To Insurgents. The CBS Evening News (6/15, lead story, 3:10, Cowan, 7.66M) reported, "Iraq's prime minister, though, did indicate that he would be willing to offer a limited amnesty program for some of those insurgents, but late tonight, especially after the Pentagon announced that the official US military death toll here in Iraq had topped 2500, both US and Iraqi officials were quick to insist that amnesty would not be extended to anyone found guilty of killing either US troops or Iraqi civilians."

Maliki Accepts Resignation Of Aide Who Discussed Amnesty. The Washington Post (6/16, A22, Knickmeyer, Finer, 744K) reports, "Maliki's office on Thursday accepted the resignation of an aide who had told a reporter that Maliki was considering a limited amnesty that would likely include guerrillas who had attacked U.S. troops, the aide said." The aide, "Adnan Ali al-Kadhimi, stood by his account of amnesty considerations." He "said Maliki had indicated the same position less directly in public." The Prime Minister's office earlier Thursday issued a statement saying, "Mr. Adnan Kadhimi doesn't represent the Iraqi government in this issue, and Mr. Kadhimi is not an advisor or spokesman for the prime minister."

US Transition Teams Aid Iraqi Troops In Baghdad Crackdown. NBC Nightly News (6/15, story 5, 1:50, Brown, 9.87M) reported, "Trying to stop the insurgency from disrupting daily life in Baghdad is the focus of a new US-Iraqi campaign that's now underway." NBC (Boettcher) added, "Tanks roaring down a crowded Baghdad street today, intimidating but mostly symbolic in Iraq's new operation, Together Forward, intended to secure Baghdad from insurgents. But a more realistic way of defeating the insurgency, according to senior US military officers, is with this strategy -- Iraqi troops on the ground advised by small numbers of American soldiers called military transition, or MiTT teams. We traveled with this US Army team from the 101st Airborne Division, which constantly questions and prods units of Iraq's new army." Their job, "mentor a growing but still immature military force and to win their loyalty. The MiTT teams say one of the biggest problems they face is to get the Iraqi army to be proactive rather than reactive, be the hunter, not the hunted."

US Commanders Release Photo Of New Al Qaeda In Iraq Leader. The CBS Evening News (6/15, lead story, 3:10, Cowan, 7.66M) reported, "For the first time, US military commanders revealed the face of the man they believe is the new leader of al Qaeda in Iraq, a wide-eyed Egyptian named Abu Ayyub al-Masri, with a resume of violence that is decades long."

NBC Nightly News (6/15, story 4, 2:10, Engel, 9.87M) reported the military "says al-Masri is in his 30s, trained in Afghanistan, is an expert in making car bombs and an associate of Osama bin Laden's deputy, but there are still power struggles within al Qaeda here. Some are not convinced al-Masri is going to be Iraq's next top terror leader." Stephen Hadley, US National Security Advisor: "That's clearly one of the leading names, but we're going to need a little bit of time."

The CBS Evening News (6/15, story 2, 2:15, Schieffer, 7.66M) reported, "CBS consultant and former CIA analyst, Michael Scheuer, believes al-Masri is Osama bin Laden's personal choice to replace Zarqawi." Michael Scheuer, CBS News analyst: "Bin Laden's choice for major military commanders have always been Egyptian, and if this man – if this man is an Egyptian, al-Masri means Egyptian, then I would – I would imagine it is bin Laden's direct choice."

The Los Angeles Times (6/16, 958K) reports Gen. William B. Caldwell IV, spokesman for US-led forces in Iraq, "said US officials debated for days before deciding to release the photo and a brief biographical sketch of the alleged insurgent leader. They worried that bolstering his media profile would play into his hands." The AP (6/16, Gamel, Thayer), New York Times (6/16, Filkins, 1.19M) and Washington Post (6/16, Knickmeyer, Wilgoren, 744K) run similar reports.

Shiite Militias Said To Control Iraqi Prison System. The Washington Post (6/16, A1, Finer, Knickmeyer, 744K) reports, "Iraq's prison system is overrun with Shiite Muslim militiamen who have freed fellow militia members convicted of major crimes and executed Sunni Arab inmates, the country's deputy justice minister said in an interview this week." Pusho Ibrahim Ali Daza Yei, an ethnic Kurd, said, "We cannot control the prisons. It's as simple as that. … Our jails are infiltrated by the militias from top to bottom, from Basra to Baghdad." The Post adds, "As a result, Yei has asked US authorities to suspend plans to transfer prisons and detainees from American to Iraqi control."

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489 Released From Abu Ghraib. The Washington Post (6/16, A22, Partlow, 744K) reports on the "489 detainees who walked under a harsh sun out of the chain-link pen at Iraq's most infamous prison. The mass release, part of a larger plan to free 2,500 prisoners this month, is intended to bolster Prime Minister Nouri al-Maliki's efforts to defuse the Sunni Arab insurgency. … The prisoner release on Thursday was the third this month. Before walking out in single file, the men stood quietly behind the fence as Deputy Prime Minister Salam al-Zobaie addressed them from atop a wooden platform."

Alleged Iraq Agent Charged With Lying To FBI About Oil-For-Food Role. The AP (6/16) reports, "A South Korean businessman accused of accepting millions of dollars from Iraq in the United Nations oil-for-food scandal has been charged with lying to the FBI. On Wednesday, a federal grand jury returned an indictment accusing Tongsun Park of falsely telling investigators in 2004 that he played no role more than a decade ago in the adoption of the U.N. resolution that set up the oil-for-food program." The new "indictment also says Park made false statements when he said he had no business dealings with an unidentified U.N. official, and when he told the FBI that he did not exchange money with an unidentified Iraqi-American, and that he had never been to that person's office." Bloomberg (6/15, O'Reilly) noted that Park, "accused of working as an unregistered agent for Iraq, was charged in a new case with making false statements to the FBI.

Military Investigates Killing Of Three Civilians At Northern Iraq Checkpoint. The Los Angeles Times (6/16, Barnes, Spiegel, 958K) reports, "The US military is investigating the killing of three Iraqi civilians by American forces in northern Iraq." The inquiry into the May 9 deaths "was requested by Army Lt. Gen. Peter Chiarelli, the U.S. commander in charge of day-to-day operations in Iraq." The military is investigating whether the Iraqis who were killed "were threatening American troops or whether the troops acted improperly and had no cause to use force against the civilians."

Sources Expect Marines To Face Charges Over Haditha Incident. The Washington Times (6/16, Gertz, Scarborough, 90K) reports in its "Inside the Ring" column, "As more reporters travel to Haditha…the stories about what U.S. Marines did in the town Nov. 19 get more and more gruesome. Defense attorneys deny assertions by some residents that Marines lined up unarmed civilians and executed them. They say the Marines of Kilo Company, after being fired upon, did three house-clearing operations in which civilians, and suspected insurgents, some armed, some not, were killed. Some of the 24 were women and children. … Marine Corps defenders also are questioning the authenticity of a video, purportedly of the victims and made by a Sunni man. They question why the images did not surface until months afterward. Still, sources close to the case expect Marines to face criminal charges once an investigation is complete."

62% Believe Haditha Deaths Will Harm US Relationship With Muslim World. The Wall Street Journal (6/16, Harwood, 2.11M) reports in its "Washington Wire" column, "In Wall Street Journal/NBC News poll, 62% say reported massacre of Iraqi civilians will harm U.S. relationship with Muslim world. But by 49%-33%, they want reprimands rather than criminal charges." The Journal adds, "Optimism rises after Zarqawi's death, but 57% still want US forces cut."

General Leading Investigation Praised. The Washington Post (6/16, A8, Tyson, 744K) runs a story titled "General Leading Haditha Probe Known For Integrity, Toughness," in which it says "the two-star Army general leading the main inquiry into the killings of 24 civilians in the Iraqi town of Haditha is a decorated Delta Force operative known among his peers for integrity and uncanny judgment in combat." Maj. Gen. Eldon A. Bargewell "rose from a Special Forces staff sergeant in Vietnam to commander of the secretive Delta Force, earning a reputation as an unusually skilled fighter who bluntly confronted superiors to get what he needed for his men. He is one of the Army's most highly decorated soldiers on active duty."

US Reservist Becomes Attraction On Armed Forces Radio In Iraq. NBC Nightly News (6/15, story 11, 2:25, Brown, 9.87M) reported, "Finally tonight, an unlikely star emerging from the war in Iraq. She is southern comfort to the troops on the front lines. They are tuning in like crazy to a girl from Louisiana who is sharing her love for country music and providing just the right distraction." NBC (Maceda) added, "What gets an American soldier in Iraq through his dangerous day? If he hails from the South or the West, it's likely to be..." Specialist Kristen King: "You've got Specialist Kristen King on Freedom Radio, AFN, Iraq. If you've got a request, go ahead and get those in to me now." Maceda: "In only weeks, this 21-year-old Louisiana deejay, a compact bundle of energy has become a phenomenon. Her live, 4-hour, one-woman Armed Forces radio show, called 'Country Convoy', is the most listened to English language program in Iraq, a high-charged mix of country hits and homey chat, weather reports, and public service announcements."

Louisiana Center Prepares Soldiers For Iraqi Battlefield. The Washington Times (6/16, Axe, 90K) profiles a "combat readiness training center" at Fort Polk in Louisiana, reporting, "the focus of the training is fighting

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insurgents in crowded Iraqi villages with cultural sensitivity and limiting civilian casualties. A cluster of fabricated neighborhoods represents Iraq's chaotic urban battlefield. Combat brigades numbering as many as 5,000 soldiers spend three weeks living and fighting there." Soldiers have complained that the training "is harder than combat in Iraq. Center commander Brig. Gen. Michael Barbero says that is the point." The Times reports, "With the spread of small wars and insurgencies like those in Iraq and Afghanistan, …winning hearts and minds is as important as winning firefights."

Bomb Kills Eight On Bus Taking Workers To Afghan Air Base. The New York Times (6/16, Gall, 1.19M) reports, "A bomb exploded on a bus taking workers to the United States military air base at Kandahar in southern Afghanistan on Thursday, killing 8 people and wounding at least 16 others, among them 4 children." The "bomb was the first specifically directed at civilians working at the base." The Times says, "NATO troops are taking over military command of southern Afghanistan from American forces and Taliban insurgents appear intent on disrupting the transfer."

Taliban's Appeal Grows In Pakistani Tribal Areas. The Christian Science Monitor (6/16, Montero, 61K) reports that in Pakistan's Federally Administered Tribal Areas "the tribal system, once strong and proud, is now falling apart," leading many young people to embrace the Taliban. The tribal areas' "problems were exacerbated when the Pakistani military entered the tribal areas for the first time in 2003." The Monitor reports, "In such strife, pragmatism draws young people to the Taliban. They are building a new form of social capital, a network that offers the opportunities and prestige that the tribal system once did." The integration of the tribal areas with the rest of Pakistan is "a dream shared by many, and perhaps the best way to dampen the appeal of groups like the Taliban, analysts say."

Pet Projects Said To Trump Strategic Priorities In Defense Spending Boom. The Wall Street Journal (6/16, Karp, 2.11M) reports "the US defense machine is still churning out weapons made for old-style, conventional conflicts, even as it needs new tools to battle terrorists and insurgents. One big reason is the sclerotic nature of the procurement process, in which the military, the White House, the defense industry and Congress fight for pet projects that aren't always in synch with strategic priorities." Although the increase in defense spending "has been a blessing" for Lockheed Martin, Northrop Grumman, General Dynamics, and Boeing, "it has done little to change the military." The Journal reports, "Military budgets have long been shaped by pork and pet projects," but "[t]he problem is particularly acute right now because of the huge increase in defense spending and the Pentagon's new strategic shift to fight terrorism."

CORPORATE SCANDALS:

Fannie Mae CEO Grilled Over Accounting Fraud. The Washington Post (6/16, Hilzenrath, Shin, 744K) reports Fannie Mae chief executive Daniel H. Mudd "came under fire yesterday from members of a Senate committee who questioned how he could have been unaware of the company's alleged accounting fraud." Mudd was "chief operating officer during the years in which regulators have concluded that the housing finance company manipulated its accounting to maximize executive bonuses." Sen. Chuck Hagel said, "I'm astounded you would even stay with this institution. Have you thought about resigning?" The Post adds Mudd, who was "promoted after the accounting scandal cost Franklin D. Raines the combined job of chairman and chief executive, said he did not like 'the old Fannie Mae' any more than Hagel did and was 'as shocked as anyone' when Fannie's accounting problems came to light." Mudd said he "thought about leaving but is 'not a quitter' and stayed to fix Fannie's problems. Hagel countered that Mudd's $8 million compensation package last year might have had something to do with the decision."

Senate Republicans Press Fannie Mae On Bill To Restrict Mortgage Holdings. The Wall Street Journal (6/16, Hagerty, 2.11M) reports Senate Republicans "prodded Fannie Mae executives to support legislative provisions that might force the company to shed most of its holdings of mortgages and related securities. Those holdings, about $730 billion, are the company's main source of profit." Pressuring the company "to back legislation sought by the White House, the Republicans used a Senate Banking Committee hearing yesterday to berate Fannie executives and directors for greed and failure to blow the whistle years ago on wrongdoing that resulted in last month's $400 million settlement of accounting-fraud charges." But Democrats "on the committee cautioned against crippling Fannie and its rival, Freddie Mac, with restraints that might reduce their support for affordable housing."

Enron Defense Firm Still Waiting For Fees. The Washington Post (6/16, D1, Johnson) reports, "To the list of employees, investors and businesses who suffered financial misfortune in Enron Corp.'s demise, add this one: the law firm defending former chief executive Jeffrey K. Skilling." The Post continues, "Los Angeles-based O'Melveny & Myers LLP, which has represented Skilling on both civil and criminal charges since 2001, collected what in a typical case would be a fat payday: $23 million from its client and $17 million more from his insurance policies. … But, true to form, Enron is still

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destroying financial expectations. Even before the trial began in January, Skilling's team of more than 20 lawyers, paralegals and support staff burned through those funds, leaving the law firm holding the bag for 'multiple tens of millions' of dollars in unpaid fees and expenses racked up during the four-month trial, Skilling's lead defense lawyer said. While Daniel M. Petrocelli declined to provide an exact tally, one source put the price tag at more than $25 million on top of the $40 million O'Melveny already collected." The Post adds, "The trial, which culminated in the convictions of Skilling and former chairman Kenneth L. Lay last month, featured 56 witnesses and some of the most sophisticated business deals ever to make their way into a courtroom. The Skilling defense, which experts say may be one of the most expensive in history, is a case study in how high the stakes can rise in white-collar criminal representation. … 'This is almost a carte blanche to the lawyers: Do everything you can to keep me out of jail,' said John Marquess, president of Legal Cost Control Inc., a New Jersey firm that monitors legal fees in bankruptcies and for Fortune 500 clients. 'Very little thought is given to cost. It is not a concern.'"

Former HealthSouth Executive Sentenced To Eight Years. The Wall Street Journal (6/16) reports, "The only HealthSouth Corp. executive convicted by jurors in a $2.7 billion fraud was sentenced to eight years in federal prison Thursday, the longest term given to anyone in the huge accounting scam at the rehabilitation chain." The Journal continues, "Hannibal 'Sonny' Crumpler, a former vice president and division controller, was sentenced by U.S. District Judge Virginia Emerson Hopkins after the defense urged her to impose probation or a combination of house arrest and parole. Mr. Crumpler's attorneys said they may appeal. … Prosecutors sought a far tougher penalty, asking the judge to send Mr. Crumpler to prison for 15 years on his conviction on charges of conspiracy and making false statements to auditors. They described the sentence as too lenient." The Journal adds, "Fifteen former HealthSouth executives avoided trial by pleading guilty in plea deals, and fired Chief Executive Richard Scrushy was acquitted on all charges a year ago after a six-month trial. Mr. Crumpler also opted for a trial but was convicted in November. … Prosecutors argued that Mr. Crumpler was in on the fraud while at HealthSouth and maintained a role even after he became finance chief at a related company, Source Medical Solutions. While at Source Medical, Mr. Crumpler sent HealthSouth auditors a letter overstating Source Medical's debt to HealthSouth by $20 million, prosecutors said."

US Subpoenas Medarex In Option Backdating Probe. The AP (6/16) reports, "Biotech company Medarex Inc. said Thursday it recently received a a grand jury subpoena from the U.S. Attorney's Office in the District of New Jersey over the timing of its stock options grants." The AP continues, "The company has already received a letter of informal inquiry from the Securities and Exchange Commission over the matter. Medarex said it is cooperating fully with both investigations. … In addition, Medarex said two shareholder derivative lawsuits have been filed in New Jersey, naming the company and certain current and former directors and officers as defendants. Medarex said the lawsuits allege breach of fiduciary duty associated with its stock options grants practices, as well as federal securities laws violations. The lawsuits seek unspecified damages." The AP adds, "More than 40 companies are under SEC or Justice Department investigations looking into whether executives backdated stock options grants."

EMI Settles Payola Probe With Spitzer For $3.75 Million. The AP (6/16, Gormley) reports, "EMI Music North America, the third largest recording label in the world, has settled for $3.75 million a pay-for-play investigation into radio air time sold or traded to benefit artists including the Rolling Stones, Coldplay and Norah Jones." The AP continues, "The settlement was the latest during more than two years of a 'payola' investigation by New York Attorney General Eliot Spitzer. … 'When a record label engages in an elaborate scheme to purchase air time for its artists, it violates state and federal law and presents consumers with a skewed picture of the country's proclaimed "best" and "most popular" music,' Spitzer said." The AP adds, "He said payola - a term coined during a 1950s scandal combining the words pay and Victrola, an early record player - also hurts struggling artists who are not judged on the merits of their music. … Spitzer said the compensation for radio airplay was paid by EMI, which includes Virgin Records America, Capitol Records, EMI Christian Music Group and S Curve Records. One deal included tickets to a Rolling Stones concert in Toronto that were given to a radio program director for his personal use."

Senate Republicans Press Fannie Mae On Bill To Restrict Mortgage Holdings. The Wall Street Journal (6/16, Hagerty, 2.11M) reports Senate Republicans "prodded Fannie Mae executives to support legislative provisions that might force the company to shed most of its holdings of mortgages and related securities. Those holdings, about $730 billion, are the company's main source of profit." Pressuring the company "to back legislation sought by the White House, the Republicans used a Senate Banking Committee hearing yesterday to berate Fannie executives and directors for greed and failure to blow the whistle years ago on wrongdoing that resulted in last month's $400 million settlement of accounting-fraud charges." But Democrats "on the committee cautioned against crippling Fannie and its rival,

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Freddie Mac, with restraints that might reduce their support for affordable housing."

Fannie Mae CEO Grilled Over Accounting Fraud. The Washington Post (6/16, Hilzenrath, Shin, 744K) reports Fannie Mae chief executive Daniel H. Mudd "came under fire yesterday from members of a Senate committee who questioned how he could have been unaware of the company's alleged accounting fraud." Mudd was "chief operating officer during the years in which regulators have concluded that the housing finance company manipulated its accounting to maximize executive bonuses." Sen. Chuck Hagel said, "I'm astounded you would even stay with this institution. Have you thought about resigning?" The Post adds Mudd, who was "promoted after the accounting scandal cost Franklin D. Raines the combined job of chairman and chief executive, said he did not like 'the old Fannie Mae' any more than Hagel did and was 'as shocked as anyone' when Fannie's accounting problems came to light." Mudd said he "thought about leaving but is 'not a quitter' and stayed to fix Fannie's problems. Hagel countered that Mudd's $8 million compensation package last year might have had something to do with the decision."

Accountant Firms Prove To Be Financial Beneficiaries Of Sarbanes-Oxley. The Financial Times (6/16, Guerrera) reports, "Accountancy firms have emerged as surprise long-lasting beneficiaries of the Sarbanes-Oxley Act, as US-listed companies have been forced to pay their auditors larger fees to comply with the tough corporate governance rules, according to a new study" by the law firm Foley & Lardner. The Times notes, "US-listed companies paid auditors $4.9m (€3.9m) on average in 2005, 3 per cent more than in 2004 and 11 per cent more than in 2001, the year before the passage of the Act, according to the study which analysed public findings from more than 850 US-listed companies. The rise in total fees came despite a dramatic fall in non-audit fees as companies hired third-party consultants to avoid conflicts of interest. Non-audit fees paid by US companies fell 42 per cent in 2005, contributing to a 97 per cent collapse in these type of payments to accountancy firms since 2001. 'This decline in other fees has been more than made up by a rise in audit fees,' said Thomas Hartman at Foley & Lardner. 'Companies are paying the same amount, or more, to their auditors as they were before Sarbanes-Oxley.'"

WSJournal Weighs In On Milberg Weiss Indictments. The Wall Street Journal (6/16, 2.11M) says in an editorial that Rep. Charles Rangel "was in full voice this week -- along with fellow New York Democrats Carolyn McCarthy and Gary Ackerman, as well as Florida's Robert Wexler -- about the injustice federal prosecutors had visited on plaintiffs' firm Milberg Weiss. The four released a statement lambasting Justice for going after the 'entire' firm rather than just the partners accused of wrongdoing, claiming this could rob 'average' citizens of Milberg's services." The Journal adds, "We couldn't have said it better, though we've been saying exactly that for years -- ever since the Justice Department in 2003 issued new guidelines, via the 'Thompson memo,' on when to indict entire firms in criminal investigations." Federal prosecutors have "since threatened to destroy any company that doesn't 'cooperate' by waiving attorney-client privilege and cutting off accused employees from legal support. Milberg Weiss stood by its due-process rights, and duly received a potential corporate death sentence."

CRIMINAL LAW:

House Democrats Vote 99-58 To Remove Jefferson From Ways And Means. After a three-hour, closed-door meeting last night, the House Democratic Caucus voted 99-58 to remove Rep. William Jefferson from his seat on the Ways and Means Committee in light of the ongoing FBI bribery investigation. If Jefferson does not voluntarily quit the committee, the question will move to the full House for a final vote.

In a widely-distributed story, the AP (6/16, Espo) notes that Democrats were "determined to make an election-year point about ethics" and reports, "The rank and file acted despite a last-minute plea by the embattled Louisiana lawmaker and persistent complaints from the Congressional Black Caucus that there was neither rule nor precedent for the action." After the vote, House Minority Leader Nancy Pelosi said, "This isn't about proof in a court of law. This is about an ethical standard. I wish the White House would follow our lead on this."

USA Today (6/16, 4A, 2.31M) runs a truncated version of the AP story, and the Baton Rouge Advocate (6/16, Shields) calls the vote "an unprecedented move" and reports, "Pelosi had called on Jefferson to observe the 'high ethical standard of the House Democratic caucus,'" but last night, she "did not gloat. 'It's not about victory,' Pelosi said. 'It's very sad. Our Democratic caucus said it would hold a high ethical standard, and now we're doing it.'"

The New York Times (6/16, Zernike, 1.19M) adds that the Democrats voted to remove Jefferson "as they tried to avoid any taint of scandal in a year when they want to ride accusations of Republican corruption to election victories. … Some members of the Congressional Black Caucus have supported Mr. Jefferson," but Pelosi said that Jefferson "had been afforded due process," and she "sought to draw a line between Republican scandals and what she called 'individual mistakes.'" Pelosi added, "The entire Republican caucus

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condoned, enabled and benefited from the culture of corruption, and that is what I will continue to rail against."

The Washington Post (6/16, Murray, 744K) also reports Pelosi "sought to take a strong election-year stance on ethics, while Jefferson's allies -- mainly fellow members of the Congressional Black Caucus -- protested that he was being singled out for unfair treatment." CBC "members said their concern was the lack of any rule pertaining to lawmakers in Jefferson's situation. He has not been indicted in the case but could face serious charges." The Post notes, "The pressure from Pelosi and others was stepped up when the FBI revealed it videotaped Jefferson accepting $100,000 in $100 bills from a government witness."

The Washington Times (6/16, DeBose, 90K) reports Pelosi "denied any racial bias in her effort to oust Mr. Jefferson but not Rep. Alan B. Mollohan…who is white and is suspected of using his House Appropriations Committee seat to funnel money and contracts to numerous nonprofit groups and a business-partner relative. … 'Mr. Jefferson has had two people plead guilty to bribing him,' she said. 'We don't know if Mr. Mollohan is even being investigated.'"

Under the headline "Black Caucus Opposes Democrats' Move to Take Jefferson Off Key Committee," the Los Angeles Times (6/16, Hook,, 958K) notes, "Some Democrats have expressed concern that the dispute will undercut Pelosi's efforts to forge party cohesiveness in the House ahead of the 2006 elections. But she dismissed such worries. … 'We can withstand debate; it isn't stifled,'" Pelosi said after the vote.

CQ (6/16, Ferrechio) reports, "The next move is up to Rep. James E. Clyburn…who is a former chairman of the Congressional Black Caucus. It would be Clyburn's responsibility as Democratic Caucus chairman to introduce a privileged resolution in the House calling for Jefferson's removal from the exclusive committee."

FBI Raid Pulls House General Counsel Office Into Limelight. The New York Times (6/16, von Zielbauer, 1.19M) reports that "the F.B.I.'s raid last month on the offices of Representative William J. Jefferson…has drawn" the House Office of the General Counsel "and the woman who leads it, Geraldine R. Gennet, into a rare public fight with the executive branch. … The Justice Department, which prevented lawyers from Ms. Gennet's office to be present during the search, has defended it as a perfectly legal act." But in support of Jefferson's suit to have the seized items returned, Gennet "filed a 90-page memorandum criticizing the raid as a 'grave threat'" to Congressional independence.

Judge To Hear Arguments In Jefferson Documents Lawsuit Today. MSNBC.com (6/15, Seidman) reports, "The federal judge who signed the search warrant allowing the FBI to enter…Jefferson's Capitol Hill office…will preside at a potentially contentious hearing Friday – a hearing pitting the executive and legislative branches of government in a showdown over the United States Constitution." MSNBC notes, "It is still not known exactly what was seized from Jefferson's office," because "the materials…have been kept on ice, so-to-speak. In a move designed to allow the U.S. House of Representatives and the U.S. Justice Department enough time to try to resolve the issue, President George W. Bush ordered the seized material sealed and kept in the Solicitor General's office until mid-July."

Jury To Resume Deliberations In Safavian Case Today. The AP (6/16, Yost) reports the jury in the corruption case of former Bush Administration procurement official David Safavian "deliberated for a second day Thursday without reaching a verdict in the first trial arising from the Jack Abramoff lobbying scandal." Jurors "are to resume on Friday trying to decide whether" Safavian "covered up his assistance to Republican influence-peddler Jack Abramoff."

Former Chicago Official Told FBI He Copied Hiring Files Out Of Fear For His Life. The Chicago Tribune (6/16, Mihalopoulos, Bush, 643K) reports, "The former son-in-law of a prominent ex-alderman told federal investigators that he copied and saved city computer files 'because he was scared that he may be killed,' according to portions of an FBI interview cited Thursday in the City Hall corruption trial. Robert Koch, a former manager of city computer servers, said later that he may have exaggerated those fears." Koch "testified that he had files deleted at the behest of Mayor Richard Daley aide Robert Sorich in 1997. But under cross-examination by Sorich lawyer Thomas Anthony Durkin, Koch acknowledged that he secretly saved a copy of the files from the mayor's office in his locker at a gym. 'You told the FBI you were afraid because you had been at family events with the Huelses and the Daleys where other people had talked about getting people knocked off?' Durkin asked. 'I'm not going to admit that,' Koch replied," but after Durkin showed him the FBI record of agents' meeting with him, "Koch finally acknowledged that he did express fear to authorities."

FBI Agent Testifies About Conversation With Sorich About Hiring Records. The Chicago Tribune (6/16, Mihalopoulos, Bush, 643K) also reports, "A veteran FBI agent testified later Thursday that he questioned Sorich about hiring records in preparation for the 1997 corruption trial of former Water Department Commissioner John Bolden. FBI Agent Reges Fay said that while investigating Bolden for taking kickbacks from Water Department job applicants, he learned Sorich might have had a role in the applicants' hiring. Sorich told Fay in a telephone conversation in 1997 that he referred 10 applicants to Bolden, Fay said. Sorich said the names came from local community leaders, and that his office kept

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no records of the applicants, Fay testified. Fay said Sorich provided him no other information about his alleged role in hiring applicants in Water or any other department."

The Chicago Sun-Times (6/16, Korecki, Warmbir) reports, "Durkin suggested Koch was trying to protect his father-in-law by saying he destroyed the files for Sorich." Then-Alderman Patrick Huels "was under FBI investigation after the Chicago Sun-Times exposed a questionable loan he received." But "Fay testified Thursday that the FBI didn't even open its investigation into Huels until October of 1997 -- about a month after Koch had the computer files destroyed."

Library Records Subpoenaed In FBI Investigation Of Suburban Chicago Mayor. The Niles Herald-Spectator (6/15, Johnson) reported, "The Niles Public Library was subpoenaed Monday by the U.S. Attorney's Office and told to supply all financial information regarding the library's dealings with the insurance agency of Ralph Weiner & Associates. Library Administrator Cary Czarnecki said staff is cooperating with authorities and in the process of gathering the required information. During an FBI investigation into possible fraudulent dealings involving Niles Mayor Nicholas Blase and the Weiner agency, agents raided the insurance company's Wheeling office June 6 and uncovered check vouchers for payments to S.M.P. Insurance Service, Inc., noting the Niles Public Library in the description line."

Suspect In Shooting Of Nevada Judge Still At Large. The AP (6/16, Gardner) reports, "A man sought by police Thursday in the slaying of his estranged wife and the attack on a family court judge left a phone message saying he wanted 'the true story' to get out to the public, his cousin said." The AP continues, "Authorities have searched for Darren Mack since Monday when the judge was shot and wounded in his office by a sniper. Mack was charged the next day with murder in the stabbing death of Charla Mack, 39. … His cousin, Jeffrey Donner, said he received a phone message from Mack shortly after the shooting, saying, 'If anything happens to me, please make sure that the true story about the injustices that are going on in that courtroom get out to the media and the public.'" The AP adds, "Donner said his cousin had complained about Judge Chuck Weller, who was handling Mack's divorce case, for the past year and got the impression the judge was biased and made decisions before he heard all the facts. … 'He was just obsessed with bringing this judge down. Not physically. I never heard anything like that, but by reputation,' Donner said of Mack. … Police said Weller, 53, who was shot once in the chest, was released from the hospital on Tuesday to an undisclosed, secure location. … The Justice Department also charged Mack Thursday with unlawful flight to avoid prosecution."

DOJ Official Says Online Threats On The Rise. CNET News (6/16, Evers) reports, "Authorities are cracking down on phishing and botnets, but the threats are advancing instead of diminishing, two law enforcement officials said." CNET continues, "Cybercrooks are organizing better and moving to more sophisticated tactics to get their hands on confidential data and turn PCs of unwitting users into bots, representatives from the U.S. Department of Justice and the U.S. Air Force Office of Special Investigations said in separate presentations here at the Computer Security Institute's NetSec event this week." CNET adds, "Law enforcement has had increased successes in catching, prosecuting and convicting phishers and bot herders over the past couple of years. However, catching the bad guys is getting tougher as the criminals become more professional, the representatives said. … 'We're seeing increasingly sophisticated groups online that are more indicative of crime groups,' Jonathan Rusch, special counsel for fraud prevention at the Justice Department, said in a presentation. The criminals who have been caught range from teenagers to retirees, he said. … Rusch spoke about phishing, a prevalent type of online attack that combines e-mail spam and fraudulent Web sites made to look like trusted sites, which are aimed at tricking a user into giving up sensitive information such as a credit card or Social Security number. Almost 17,500 phishing Web sites were reported to the Anti-Phishing Working Group in April. … A top phishing concern is the increased use of malicious software, Rusch said."

Supreme Court Rules Evidence Seized In Searches Without Knocking Admissible. The Supreme Court yesterday announced a decision in a 4th Amendment case that increases the leeway of police in home searches. ABC World News Tonight (6/15, story 9, :20, Gibson, 8.78M) reported, "The government won a major Supreme Court victory today. The court ruled that police who have a warrant can break into homes and seize evidence even if they don't knock and identify themselves first. President Bush's two appointees sided with the majority as the court decided the case on a 5-4 vote."

NBC Nightly News (6/15, story 9, 1:05, Williams, 9.87M) reported, "There is no dispute here that police in Detroit conducted an illegal search, violating the rule that requires them to knock first, announce what they are up to, and then wait a bit before barging in to protect the homeowner's privacy. In the past, the courts would have thrown out the evidence from such an illegal search, hoping to encourage police to follow the rules, but today the Supreme Court said excluding the evidence goes too far. The court said there are other ways to discourage police misconduct, such as a recent law that allows citizens to sue the police. The court split 5-4 on this with the two newest members in the majority, Sam Alito and the Chief Justice John Roberts. But the dissenters say this takes away the

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strongest incentive for getting the police to follow the knock-and-announce rule."

The Los Angeles Times (6/16, Savage, 958K) notes that in 1995, "the justices agreed unanimously that the 4th Amendment usually required officers to knock on the door and call out 'Police!' before they burst into a home. This rule helped protect the safety of the police and the privacy of the residents, the court said then." Until now, however, "it was not clear whether the police would be penalized if they ignored this rule. Officers were told they should usually wait about 20 seconds after announcing their presence before they tried to enter a house. They may move faster if they suspect the residents are going to flush drugs down a toilet, the court said."

USA Today (6/16, Biskupic, 2.31M) reports the decision "undercuts a nearly century-old rule that says evidence found during an unlawful search cannot be used." The decision also "offers a sign that the court might be more apt to strengthen the hand of police with Justice Samuel Alito in the place of retired justice Sandra Day O'Connor." The New York Times (6/16, Greenhouse, 1.19M) says the "knock-and-announce" rule "dates to 13th-century England as protection against illegal entry by the police into private homes."

The Washington Post (6/16, A1, Lane, 744K) reports "the broadly worded majority opinion by Justice Antonin Scalia, joined by Chief Justice John G. Roberts Jr. and Justices Anthony M. Kennedy, Clarence Thomas and Samuel A. Alito Jr., suggested that the nation has moved into a new era of improved policing in which such strong medicine may no longer be justified." The ruling "underscored the court's rightward shift."

The Legal Times (6/16, Mauro) reports, "Scalia's ruling was confined to the context of the knock-and-announce rule, but some elements of it could apply more broadly, possibly setting the stage for a future attack on the exclusionary rule, which excludes from use at trial any evidence that is illegally obtained by police. That rule, first established by the Supreme Court for federal courts in 1914 and applied to states in 1961, has been a hardy but controversial tool for discouraging police misconduct." The Times adds, "Law enforcement advocates applauded the ruling. 'Today's decision not to expand the exclusionary rule is very important to law enforcement,' said Kent Scheidegger, legal director of the Criminal Justice Legal Foundation. 'Justice is best served when juries are allowed to consider all relevant evidence.'"

The decision is generally being described as an expansion of police powers. The Christian Science Monitor (6/16, Richey, 61K), for example, titles its report "Supreme Court Gives Police More Power," with the AP (6/16, Holland), Los Angeles Times (6/16, Savage, 958K) and Washington Times (6/16, Seper, 90K) running similar stories.

Knight Ridder (6/16, Henderson) reports Justice Stephen Breyer "penned a sharp dissent that accused the court of misreading its own precedents and defying 'elementary logic.'" The Wall Street Journal (6/16, Bravin, Ben Winograd, 2.11M) notes the dissent "noted many exceptions to the knock-and-announce rule already exist, including when police reasonably suspect that obeying it would expose them to danger or allow suspects to destroy evidence."

NYTimes, LATimes Criticize Decision. The New York Times (6/16, 1.19M) editorializes, "This decision should offend anyone, liberal or conservative, who worries about the privacy rights of ordinary Americans. … For those who worry that Chief Justice John Roberts and Justice Samuel Alito will take the court in a radically conservative direction, it is sobering how easily the majority tossed aside a principle that traces back to 13th-century Britain, and a legal doctrine that dates to 1914, to let the government invade people's homes." Meanwhile, the Los Angeles Times (6/16, 958K) editorializes that "Scalia's opinion gives the police exactly" a "blank check by removing the best deterrent to police misconduct: the exclusion of evidence at trial."

Former Prosecutor Relishes Role In Recovering Roosevelt Pistol. Under the headline "A TR 'Nut' Savors His Big Find," the Philadelphia Inquirer (6/16, Shiffman, 423K) reports, "For 17 years, Robert Goldman policed the art world as a federal prosecutor based in Philadelphia. He helped recover $150 million worth of stolen artifacts," but "it wasn't until this week that Goldman snagged his white whale," Theodore Roosevelt's "priceless Colt revolver." Goldman told the Inquirer, "I felt like a kid returning it. I'm a Roosevelt nut." The Inquirer notes, "Goldman and his former partner, FBI agent Robert Wittman, returned the gun to Cove Neck during a brief ceremony Wednesday." Discussing the tip which led to the gun's recovery, Sagamore Hill curator Amy Verone said, "It was not exactly a rugged investigation. A guy calls you on the phone and gives you a gift. Hey, I'm happy to have the gift." But "it was a bit more than a gift, the FBI agent said. 'Luck is the result of a lot of preparation that allows you take advantage of situations when they happen,' Wittman said."

Kentucky High Court Rules Inmate Can Be Executed. The AP (6/16, Barrouquere) reports, "The Kentucky Supreme Court ruled Thursday that the mental age of a death row inmate does not prevent the state from executing him." The AP continues, "An attorney for Thomas Clyde Bowling had argued that the inmate had the mental capacity of an 11-year-old when he killed two people in Lexington in 1990, citing testimony from psychologists." The AP adds, "The state high court in Frankfort noted the U.S. Supreme Court's decision last year barring executions for killers who were not at least 18 years old at the time of the

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crime, but said the ruling did not specifically prohibit putting to death someone with a mental age below that. … 'There is simply no language to support such a conclusion,' Justice Martin Johnstone wrote in a 5-0 opinion. … Johnstone wrote that there is some validity to the idea put forth by Bowling's attorneys, but that the federal high court intentionally established chronological age, not mental age, as the deciding factor."

Implementation Of Death Penalty Said To Be Lawless. In a New York Times op-ed (6/16), David R. Dow, a law professor at the University of Houston, says, "Earlier this week, the Supreme Court decided, in a 5-to-3 opinion, that a Tennessee prison inmate named Paul G. House was entitled to prove he did not commit the crime for which he was sent to death row." The House case "will make it hard for abolitionists to shift their focus from the question of innocence, but that is what they ought to do. They ought to focus on the far more pervasive problem: that the machinery of death in America is lawless, and in carrying out death sentences, we violate our legal principles nearly all of the time."

Maryland Police Have No Evidence Linking VA Theft To Other Burglaries. The AP (6/16, Yen) reports police "investigating the theft of private data on 26.5 million veterans and military troops said Thursday they have no evidence the crime is related to other burglaries in which computers were resold after the hard drives were erased." Police said they "still believe the May 3 burglary was random and that thieves were not aware of the data when they stole a personal laptop and external hard drive from a Veterans Affairs employee's Aspen Hill, Md., home." Last week, VA Secretary Jim Nicholson "told Congress that the VA remained hopeful that the May 3 burglary was a random theft, noting there had been no evidence any of the information had been used for identity theft." But police in Montgomery County, Md., "investigating the theft said that was not necessarily the case."

Malvo Told Police Of Other Shootings. The Washington Post (6/16, A1Ernesto Londoã±, Rich) reports, "Lee Boyd Malvo told law enforcement officials this spring that he and fellow sniper John Allen Muhammad are responsible for four shootings across the country that have not been publicly attributed to them, a source familiar with the case said." The Post continues, "A second source confirmed that investigators have received information implicating the snipers in those shootings, which claimed the lives of two men and wounded two others in the months before the October 2002 slayings that terrorized the Washington region. The sources declined to speak for attribution because of the sensitivity of the information." The Post adds, "Malvo was interviewed extensively by law enforcement officials in preparation for his testimony at Muhammad's trial last month in Maryland. … It is unclear to what degree, if any, authorities have corroborated Malvo's new claims. He has provided conflicting accounts of shootings in the past and testified last month that he lied to investigators after he and Muhammad were arrested. … The claims bring the list of confirmed and suspected sniper shootings to 27, including 17 homicides, and add two states to the list of jurisdictions that could file charges against Muhammad and Malvo."

Maryland Governor To Sign Bill Strengthening Laws On Sex Offenders. The Washington Post (6/16, B1, Mosk) reports that Maryland Gov. Robert Ehrlich Jr. (R) "said that he would sign legislation passed in the predawn hours yesterday that would enhance the monitoring of convicted sex offenders and impose mandatory minimum sentences for those who prey on minors. … The legislation passed yesterday provides for more stringent monitoring of released offenders and gives police the authority to notify a broader list of community leaders when an offender moves into a neighborhood. Offenders would be required to check in with police more frequently and regularly update their photographs for an online database. It also calls for a team, which includes a mental health professional, to evaluate sex offenders before they are released and to determine appropriate monitoring methods, including the option of a Global Positioning System chip in an ankle bracelet."

Private Developers Banning Sex Offenders. USA Today (6/16, Koch) reports, "A Texas-based company, I&S Investment Group, is breaking ground this summer on a 154-lot development in Lenexa, Kan., that will bar registered sex offenders. If someone is convicted of a sex crime while living there, the subdivision will fine the person $1,500 daily until he or she moves. The group has sold out all 150 lots in its first such development in Lubbock, Texas, begun 10 months ago, and plans to offer 250 more lots there this fall. … 'The sex offender deal has improved demand. It's probably increased our sales three to four times,' says I&S partner Clayton Isom, 24. 'We're fighting sex offenders head on.'" USA continues, "Another Texan, Taylor Goodman, today launched a website, Blockwatcher.com, listing homes for sale that have no registered sex offenders living within a half-mile radius. He says only 20% of available homes will qualify. … The new private efforts complement an accelerating push by states and cities to bar sex offenders from living near schools or playgrounds. Hundreds of cities, including more than a dozen this year alone, have approved such ordinances, some of which block out entire downtowns. … At least 15 states have enacted such laws, including three (Nebraska, Mississippi and South Dakota) that did so for the first time this year and two (Georgia and Indiana) that expanded prior restrictions. Others, including California and Pennsylvania, restrict

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offenders on parole or probation. The restrictions have increased despite U.S. data showing sex crimes against children have decreased in the last decade."

CIVIL LAW:

Honeywell Settles Whistleblower Charges With US For $2.6 Million. The AP (6/16, Gold) reports, "Honeywell International Inc. has paid the federal government $2.625 million to settle charges it failed to properly test packaging for sensitive parts used by the Defense Department and NASA, authorities said Thursday." The AP continues, "Fifteen percent of the settlement, or $393,750, went to a California company and one of its executives, who brought a whistleblower lawsuit several years ago against Morris Township-based Honeywell." The AP adds, "Honeywell was accused of violating the False Claims Act over testing of electrostatic protective metallic sheets that were to package more than 186,000 sensitive parts, the Justice Department said. … A Justice spokesman, Charles Miller, said he could not comment on the nature of the parts but said none were damaged because of the packaging. … The lawsuit charged that Honeywell knowingly made and sold sheets that did not meet military specifications. Honeywell disputed the allegations, said court papers unsealed with the settlement."

St. Barnabas Health Care To Pay $265 Million Medicare Fraud Settlement. In a widely-distributed story, the AP (6/16, Parry) reports, "New Jersey's largest health care provider will pay $265 million to settle federal charges that it cheated Medicare out of more than half a billion dollars by inflating charges for seriously ill patients, prosecutors said Thursday. The agreement between prosecutors and Saint Barnabas Health Care System, which operates nine hospitals and a behavioral treatment center in New Jersey, concerns a program Medicare provides to supplement its normal payments. … As part of the settlement, under which Saint Barnabas did not admit wrongdoing, authorities said the hospital system must accept an outside monitor who will supervise its Medicare billings for the next six years." FBI Newark SAC Les Wiser Jr. said, "Saint Barnabas was a man who gave away all his worldly goods to follow a higher calling. If he were alive today, he would surely be ashamed at what has been done in his name." The Newark Star-Ledger (6/16, Martin, 420K) notes, "The settlement…represented a first-of-its-kind agreement for a form of health care fraud that has been largely invisible to patients but has cost taxpayers billions of dollars in the past decade." Wiser "noted that Saint Barnabas was 'a man who gave away all his worldly goods to follow a higher calling.' 'If he was alive today,' Wiser said, 'he would surely be ashamed at what has been done in his name.'"

The Legal Intelligencer (6/16, Duffy) reports, "In the suits, the whistleblowers claimed Saint Barnabas was abusing a Medicare provision that provides for supplemental payments for unusually expensive cases, referred to as 'outliers.' … Justice Department lawyers said yesterday that between October 1995 and August 2003, the nine hospitals operated by West Orange, N.J.-based Saint Barnabas "purposefully inflated charges for inpatient and outpatient care to make these cases appear more costly than they actually were."

The New York Times (6/16, Smothers, 1.19M) reports, "St. Barnabas officials said they welcomed a resolution to the federal inquiry, and the United States attorney's office here emphasized that the settlement was not an admission of guilt to any criminal charges. But federal investigators accused the hospital network of 'gaming the system and exploiting loopholes' to increase its revenues. 'St. Barnabas was a man who gave up his worldly wealth to help others,' said Leslie Wiser, the special agent in charge of the F.B.I. office here. 'If he were alive today he would be ashamed.'" The Wall Street Journal (6/16, B2, 2.11M) also reports on the settlement.

CIVIL RIGHTS:

Former DOJ Attorney Pleads Guilty To Conflict Charges In California. The Fremont (CA) Argus (6/16, Richman) reports, "A former U.S. Justice Department civil rights attorney admits he was angling for a state job to monitor and reform California's youth prisons even as he led a federal probe of one of those facilities in Stockton." The Argus continues, "Ryan Rainey, 48, has pleaded guilty to one count of violating the federal conflict-of-interest law and is scheduled to be sentenced Sept. 15 by U.S. Magistrate Judge John Facciola of Washington, D.C. … A civil lawsuit challenging the living conditions in youth prisons had required the appointment of a 'special master' to monitor and oversee reforms." The Argus adds, "Rainey admits that while leading the federal probe he was negotiating with state Attorney General Bill Lockyer's office for the special master's job, even though he knew the state had a financial interest in the findings and recommendations of the probe he was conducting. … The maximum sentence for the crime is a year in prison and a $100,000 fine but Rainey's May 26 plea agreement indicates the government will seek a zero-to-six-month term and won't oppose a sentence carrying no time behind bars. … Rainey was a senior trial attorney in the Special Litigation Section of the Justice Department's Civil Rights Division from January 2002 through April 2005. Earlier he'd been a federal prosecutor in Washington, D.C., for seven years."

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FBI Investigating Alleged Racist Firing By Washington State Police Chief. The Oregonian (6/16, Gilbert, 346K) reports, "Ridgefield, Wash., Police Chief Bruce Hall should be replaced, according to two Kirkland, Wash., police lieutenants who investigated allegations of racism in the firing of Ridgefield's only African American officer," Carl Mealing. "Now, the Federal Bureau of Investigation has begun its own investigation in Ridgefield. Council member Scott Hanson said Thursday that he talked with the FBI earlier this week but declined to say what about. Interim Ridgefield City Manager Justin L. Clary said an FBI agent attended meetings with him, interim Ridgefield Police Chief Erin Nolan and Clark County Sheriff Garry Lucas, but he declined to say what was discussed. An FBI probe 'was not something requested by the city,' Clary said. An FBI spokeswoman in Seattle declined to confirm or deny an investigation was under way."

Los Angeles Sheriff Orders Probe Of Fatal Police Shooting. The Los Angeles Times (6/16, Winton) reports, "Faced with the third case in a year of deputies firing scores of shots at a suspect, Los Angeles County Sheriff Lee Baca on Thursday said he had ordered an investigation into whether six deputies used too much force earlier this week when they unleashed 70 rounds at a suspect." The Times continues, "Scrutiny of the shooting intensified as officials Thursday revealed that at least one deputy had fired so many shots that he reloaded his weapon during the Walnut Park incident, which left 27-year-old Carl Williams dead. … 'Obviously, we have to look at this very closely. We will get to the bottom of this fast,' Baca said. 'We will know the motivation of each of the shooters. They know what the policy is here. Because it is the heat of battle, it doesn't dismiss your objectivity.'" The Times adds, "The shooting comes a year after deputies in Compton had fired 120 rounds at a suspect they were chasing on a residential street. Some of the bullets flew into nearby homes and embedded in walls. … After that incident, the Sheriff's Department imposed rules that made it more difficult for deputies to fire at moving cars and to fire multiple times. Baca said he was concerned that the shooting could have been a case of "contagious fire," in which deputies fire their weapons because they hear a gunshot. He said he hoped that the new rules would reduce such problems. … But in January, deputies fired more than 50 shots into a Compton house where a suspect was holed up. That case is being investigated by the department's Internal Affairs detectives."

Senate Panel Approves Flag Desecration Amendment. The Washington Times/AP (6/16) reports, "The Senate Judiciary Committee gave a nod yesterday to a constitutional amendment to protect the American flag from desecration, moving it to the Senate floor, where vote counters on both sides say it could be within one vote of passing. The 11-7 vote sent the amendment to the floor. Majority Leader Bill Frist, Tennessee Republican, has said the measure will get a Senate vote this month."

Bloomberg (6/16) reports GOP Sen. Orrin Hatch "said he believed more than 67 senators, or two-thirds, would support the measure if they were 'allowed to vote their consciences.'' Both sides "predict a close Senate vote." Senate Democratic leader Harry Reid "supports the proposed amendment. The Senate's No. 2 Republican, Kentucky Senator Mitch McConnell, opposes it."

Louisiana Senate Alters Bill To Change Open Primary Elections. The AP (6/16) reports, "If Louisiana is going to shed its unique 'open primary' system, then the state must make sure independent voters are allowed to cast ballots in the new party primary elections, the House voted on Thursday." The AP continues, "Sen. Cleo Fields introduced a bill that would replace the state's open primaries with Republican and Democratic primaries in congressional races, leaving it up to the parties to decide whether independents and third-party voters are allowed to cast ballots. … The House decided to change the measure slightly, adding a provision that would allow an independent voter to pick one or the other party's primaries to vote in. They then passed the measure 58-35, sending it back to the Senate for approval of the change." The AP adds, "Despite the change, Rep. Joel Robideaux of Lafayette, who has no party affiliation, said it was unfair to independent candidates. Robideaux said the measure would make it increasingly difficult for independents to run for Congress because they would wait on the sidelines until the general election. … Fields, D-Baton Rouge, a former congressman, has tried for years to get rid of open primaries, arguing that the current system often results in Louisiana's newly elected members of Congress getting a late start - and less desirable committee assignments - on Capitol Hill because the state holds its runoff elections in December, a month later than other states. … If it becomes law, voters could cast ballots in two party primaries, then a November runoff, to select their congressmen and U.S. senators. … The measure would also need approval from the U.S. Justice Department, because any change to Louisiana election law needs federal approval, a restriction stemming from the Voting Rights Act of 1965."

Baltimore Police, Jail Sued For Arrests Without Charges. The Baltimore Sun (6/16, Bykowicz, Yakaitis) reports, "The NAACP and the American Civil Liberties Union sued the Baltimore Police Department and the state-run city jail Thursday, using the experiences of five men to allege a broad pattern of abuse in which they say thousands of people

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are routinely arrested and held for hours without being charged with a crime." The Sun continues, "The lawsuit, filed in Baltimore Circuit Court by the Maryland ACLU, condemns the practice of jailing citizens for so-called quality-of-life crimes such as loitering -- one of the central strategies employed by police here and in other cities in their efforts to drive down crime. … The issue emerged just over a year ago with reports in The Sun of overcrowding at the Central Booking and Intake Facility." The Sun adds, "The plaintiffs, including a 19-year-old Morgan State engineering student and two Pennsylvania residents visiting Baltimore for a bachelor party, allege that city police officers routinely make arrests without probable cause and do so 'under a pattern and practice set and enforced by city officials.' … City Solicitor Ralph S. Tyler said the plaintiffs 'will not be able to prove their truly wild allegations.' … 'The illegal arrests claim rests largely on a false equation,' he said. 'The fact that the state's attorney declines to charge in many cases does not suggest that the arrest was illegal.'"

California Police Accused Of Sleeping On The Job. The Los Angeles Times (6/16, Lait, Rubin) reports, "Police officers assigned to protect Compton schools against vandalism and other campus crimes have been asleep at the wheel, quite literally, according to photographs and sworn testimony in a racial discrimination lawsuit." The Times continues, "The photographs appear to show several uniformed school officers in the driver's seats of parked squad cars with eyes shut and, in some cases, heads leaning back." The Times adds, "The pictures emerged in a suit against the Compton Unified School District, which operates the 34-member police department. The case was filed by a white ex-officer and two Latino officers who contend that they were treated differently from black colleagues within the predominantly African American department. … Former Officer Mark Shiva, who at one time served as president of the police officers union, and current Officers Victor Ayala and Sergio Reynoso allege that they were hit with racial slurs, ridiculed and retaliated against after lodging complaints against black colleagues. … Shiva, who was fired after the suit was filed in 2005, took the photographs within the last two years, according to testimony in the case. Shiva shot the pictures to prove that colleagues were sleeping on duty. … According to testimony, all of the officers accused of sleeping in patrol cars are black. But in the background of one photo, a white officer also appears to be sleeping. When the conduct was brought to the attention of supervisors, none of the officers were disciplined, authorities said."

Ehrlich Fires Appointee Over Remarks On Gays. The Washington Post (6/16, A1, Sun, Mosk, 744K) reports Maryland Gov. Robert L. Ehrlich Jr. "yesterday fired Robert J. Smith, his appointee on the Metro transit authority board, for referring to gay people as sexual deviants on a cable television show." In a statement, Ehrlich said, "Robert Smith's comments were highly inappropriate, insensitive and unacceptable. They are in direct conflict to my administration's commitment to inclusiveness, tolerance and opportunity."

WPost Criticizes House Over Military Rules On Religious Expression. The Washington Post (6/16, A24, 744K) says in an editorial, "The military has been making a good-faith effort in recent months to write rules on religious activities that preserve both the rights of free expression among service members and the separation of church and state. It's unfortunate, therefore, that the House of Representatives, responding to pressure from evangelical Christian groups, has unnecessarily inserted itself into this debate, with a provision in the recent defense authorization bill aimed at ensuring that evangelical chaplains can pray in Jesus's name at public ceremonies. The Senate is debating a version that wisely leaves out the House provision and lets the military services continue to work out this complex issue the right way -- without congressional interference."

ANTITRUST:

Official Pleads Guilty To Military Bid-Rigging. The Virginian-Pilot (6/16, Mcglone) reports, "An executive with a marine products company has agreed to plead guilty to conspiring to rig bids in the sale of foam buoys and fenders to the Navy and the Coast Guard, the Justice Department announced Thursday " The V-P continues, "Gerald Thermos, president of Marine Fenders International, based in Wilmington, Calif., was charged in Norfolk federal court this week with violating the Sherman Antitrust Act. … The Justice Department said Thermos has agreed to plead guilty to the felony, serve four months in jail and four months of home detention, and pay a $50,000 fine. No court date has been set." The V-P adds, "The department said that from June 2000 to August 2005, Thermos and other unidentified co-conspirators schemed to fix prices for marine fenders and buoys that were sold to the Navy, the Coast Guard and other government and private entities. … 'Price fixing and bid rigging are serious concerns when it relates to products and services procured by the Department of Defense,' Rick Gwin, special agent in charge of the Defense Criminal Investigative Service, western field office, said in a news release."

Bill Gates To Relinquish Day-To-Day Control Of Microsoft For Philanthropy. ABC World News Tonight (6/15, lead story, 3:00, Gibson, 8.78M) reported Microsoft founder Bill Gates "announced today he will step

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down in two years, giving up day-to-day responsibility at Microsoft. Rather than making money, now, he wants to devote his life to giving it away." ABC (B. Stark) added, "Speaking at Microsoft headquarters in Seattle, he announced he will give up the helm of the world's largest software company to commit himself full-time to philanthropy." The CBS Evening News (6/15, story 5, 2:50, Schieffer, 7.66M) and NBC Nightly News (6/15, lead story, 3:30, Brown, 9.87M) also reported the story.

USA Today (6/16, Acohido, Kessler) reports, "Microsoft chairman Bill Gates announced Thursday that he will let loose the reins of the company he co-founded in college and shaped into a behemoth, to focus on philanthropy." USA continues, "Gates, 50, who was also Microsoft's chief software architect, will give up day-to-day duties in July 2008, retaining the title of chairman. … That will leave Microsoft CEO Steve Ballmer and Chief Technical Officers Ray Ozzie and Craig Mundie to carry out a transition the software giant is struggling to make from lumbering supplier of desktop computer software to nimble competitor in a rapidly changing tech market." USA adds, "Gates insisted that the change announced Thursday 'is not a retirement.' He plans to spend most of his time working for his charity, the Bill & Melinda Gates Foundation. … Gates says he plans to have a relationship with Microsoft for many years."

Antitrust Battles Have Marked Gates' Tenure. The Financial Times (6/16, Buck) reports, "Microsoft's battles with antitrust regulators on both sides of the Atlantic have been a consistent feature of Bill Gates' tenure." The Times continues, "While the software group managed to broker a deal with the US authorities in 2002 that ended its regulatory troubles in the country, Microsoft's fight with the European Commission in Brussels is still very much alive." The Times adds, "In a landmark ruling in March 2004, the Commission found Microsoft guilty of violating European Union competition rules by abusing its dominant position in the market for personal computer operating systems. Microsoft was fined a record €497m ($628m) and told to change its business practices. … The group was told to share more information about its flagship Windows programme with rival companies and to stop bundling its Windows Media Player software with the operating system. … The ruling, which is under appeal, has since sparked a new case against Microsoft, because the Commission alleges that the group has not implemented the ruling properly. It has threatened to impose fresh fines of up to €2m a day unless Microsoft complies with the Brussels ruling speedily. … Adding to Microsoft's regulatory worries in Europe is the fact that Brussels is also taking aim at Vista, the operating system set to replace Windows next year."

Microsoft Wins Patent Case Using "eBay Argument." The California Recorder (6/16, Kobylarz) reports, "Microsoft Corp. appears to be the first company to benefit from the U.S. Supreme Court's recent decision to end the long-standing presumption in patent cases that an injunction should be issued almost automatically when infringement is found." The Recorder continues, "Applying the Supreme Court's May ruling in MercExchange v. eBay, a Texas federal judge denied the request of Z4 Technologies Inc., a tiny Michigan software firm, to bar Microsoft from selling, making and using its infringing Windows and Office products." The Recorder adds, "The ruling, issued on Thursday by Judge Leonard Davis in the Eastern District of Texas, signals a major shift in patent litigation practice and is the first indication of how the eBay ruling has quickly become important to the way companies fight patent infringement claims. … In April, a Texas jury found Microsoft and Autodesk willfully infringed two of Z4's patents covering methods for limiting unauthorized use of computer software. Both Microsoft and Autodesk use the anti-piracy program in some of their products. The jury ordered the two companies to pay Z4 a combined $133 million in damages, the biggest award ever in a patent case to come out of the U.S. District Court for the Eastern District of Texas."

Vinci Rebuffs Veolia's Merger Proposal. The Wall Street Journal (6/16) reports, "Vinci SA rejected a merger approach from French water utility Veolia Environnement SA, calling it unsolicited and hostile." The Journal continues, "In rejecting the proposal, Vinci, a French construction company, said a merger of the two entities 'would have no strategic interest, would not create synergies and would not create value for its shareholders.'" The Journal adds, "Veolia's board had asked Veolia's chairman Wednesday to study a friendly merger with Vinci, a move that would create a utility and services company valued at about €34 billion, or $43 billion. … After Vinci rejected the proposal, Veolia said it 'regrets Vinci's opposition to review the interest of a potential friendly alliance.' … Veolia, the world's largest water utility by revenue, has been looking to expand its concessions business and is eager to increase its €16.9 billion market capitalization to compete with larger, more financially powerful conglomerates such as water and energy utility Suez SA. Vinci's market capitalization is €19 billion."

ENVIRONMENT:

Bush Authorizes Marine Reserve In Northwest Hawaiian Islands. The CBS Evening News (6/15, story 9, 0:40, Schieffer, 7.66M) reported, "President Bush today created the world's largest protected marine reserve, the Northwestern Hawaiian Islands. The chain of uninhabited islands, 100 hundred miles wide, stretches across the Pacific Ocean for 1,400 miles. If laid across the continental United States, they'd reach from Idaho to Missouri."

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The move was widely praised by conservation advocates. ABC World News Tonight (6/15, story 8, 2:30, Gibson, 8.78M) reported, "The President has had his battles with environmentalists. But tonight, they are cheering." ABC (Potter) added, "These islands and the vast coral around them are so wild and so remote, that even the most adventurous of us will likely never see them." President Bush "had put a low priority on a far away corals. It took a bit of celebrity to change his mind." In April, "at a White House dinner, Jean Michelle Cousteau, son of the famous explorer Jacques Cousteau, showed this documentary he had made, showing how seabirds were choking on debris from thousands of miles away." People "who were there said the President was moved."

NBC Nightly News (6/15, story 8, 2:20, Brown, 9.87M) reported "nearly all" conservationists "are thrilled about his decision to make one of the most spectacular places on earth, a chain of Hawaiian islands, a new national monument, giving them extraordinary protection for years to come." After President Bush "screened a documentary by Jacques Cousteau's son, Jean-Michel, he went further, demanding the stronger protections allowed for a national monument. Now, ship traffic, trash dumping, and most recreational activities will be prohibited. And over a five-year period, commercial fishing will be phased out completely."

The Washington Times and Los Angeles Times, among other newspapers, run an AP story (6/16) reporting, "It is only the second time that Bush has invoked the 1906 National Antiquities Act, which gives the president authority to create national monuments to preserve the nation's ancient cultural sites and unusual geological features. The law itself turned 100 this month." The President "had planned as late as Wednesday to use instead the National Marine Sanctuary Act, a law that would allow challenges from Congress and others to the decision, said a senior administration official, speaking on condition of anonymity so as not to upstage Bush." But he "opted at the last minute to create a national monument after realizing the process had gone on for five years and elicited thousands of comments." The Washington Post (6/16, A6, Baker, 744K) mentions the marine reserve announces as part of a story on he President signing a bill boosting broadcast indecency fines,

The Christian Science Monitor (6/16, Spotts, 61K) reports that "several analysts add that, in some respects, the move is a political no-brainer for the White House. Hawaii's Republican governor, Linda Lingle, has imposed similar restrictions in the region out to the state's three-mile limit, which built local support for expanding the restrictions." The Monitor adds, "Except for a handful of commercial fishermen, the proposal has drawn virtually no opposition from other commercial interests because the region lacks oil deposits and other easily exploitable resources."

NYTimes, WPost Praise Bush. The New York Times (6/16, 1.19M) editorializes, "An unfamiliar but highly appealing side of President Bush showed itself at the White House yesterday. It was Mr. Bush the compassionate conservationist, friend of green sea turtles, seabirds and Hawaiian monk seals, savior of coral reefs and spiny lobsters, creator of the largest ocean sanctuary on the planet." Bush "made exemplary use of presidential power yesterday. We hope he does more of it."

The Washington Post (6/16, A24, 744K) editorializes, "This administration and future ones should follow up with similar actions to protect other ecologically sensitive marine systems. America began protecting its land-based national parks and monuments a century ago, but the country has lagged in shielding its underwater treasures." Bush's action "offers an exciting example of assertive action to put essential areas beyond further human destruction."

Democrats Say EPA Blocked Information About Toxic Sites. The Los Angeles Times (6/16, Miller, 958K) reports. "Senate Democrats on Thursday accused the Bush administration of withholding key details about toxic waste sites that present risks of exposure to nearby residents." At a congressional hearing, Sen. Barbara Boxer "said the Environmental Protection Agency had designated as confidential the details of about 140 Superfund sites where toxic exposure remains uncontrolled." Boxer and other Democrats "said the secret data included information about how much money and time it would take to clean up the dangerous sites, including one where the EPA predicted it would take 26 years to close off access to toxics." The EPA "said that it had only blocked information related to law enforcement and that the public had access to all relevant health risk data for the sites, seven of which are in California."

Sago Mine Disaster Survivor Attends Mine Safety Bill Signing. ABC World News Tonight (6/15, story 12, :20, Gibson, 8.78M) reported, "There was a very emotional event at the White House today. The only man to survive the Sago West Virginia mine explosion, Randall McCloy was there, for the signing into law of sweeping, new mine safety rules. Relatives of the men who died also attended the ceremony."

The AP (6/16, Zuckerbrod) reports "the new law, the first of its kind since 1977, requires miners to have two hours' worth of oxygen on hand while they work, rather than one." Bush said yesterday, "We make this promise to American miners and their families: We'll do everything possible to prevent mine accidents and make sure you're able to return safely to your loved ones."

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Bill Clinton Applauds Evangelical Focus On Global Warming. The AP (6/16) reports, "Former President Bill Clinton praised evangelical Christians on Thursday for their recent efforts on global warming and debt relief for poor nations and said he sees growing understanding between people of different faiths." He "said religion is a problem for both liberals and conservatives in the United States." Clinton said, "For people in America who are a part of my political tradition, our great sin has often been ignoring religion or denying its power or refusing to engage it because it seemed hostile to us. … For ... the so-called Christian right and its allies, their great sin has been believing they were in full possession of the truth."

Dionne Sees Moderation Of Evangelical Agenda. E. J. Dionne in his column in the Washington Post (6/16, A25, 744K) sees the recent election the moderate Rev. Frank Page as president of the Southern Baptist Convention as "one of many signs that new breezes are blowing through the broader evangelical Christian world." Recently "the evangelical political agenda is broadening as new voices insist on the urgency of issues such as Third World poverty and the fights against AIDS and human trafficking." Evangelicals are "going through a quiet evolution as believers reflect on the perils of partisanship and ideology and their reasons for being Christian. This will probably affect the nation's political life, but it will certainly affect the country's spiritual direction. My hunch is that not only moderates and liberals but also many solid conservatives welcome the departure."

Alaska Seen As Front Line In US Battle Against Bird Flu. In a front page article, USA Today (6/16, A1, Kasindorf, 2.31M) profiles the USDA's Alaskan early-warning project, which it calls "the front line of a $29 million federal program to test thousands of birds in 50 states this year to guard against a possible [avian flu] pandemic." Bird testing by the US and Canadian governments will be "more extensive this year," with US scientists planning to sample 75,000 to 100,000 birds, including 19,000 in Alaska. In addition, poultry flocks will be monitored, the USDA says. If a sample tests positive, "the finding will be announced by Agriculture Secretary Mike Johanns or Interior Secretary Dirk Kempthorne," says USDA spokeswoman Gail Keirn.

New Death Reported In Indonesia Deepens Fears Of Bird Flu Spread. The New York Times (6/16, McNeil, Jr., 1.19M) reports, "The death of a 38th person from avian flu in Indonesia was confirmed yesterday by the World Health Organization and the situation in that country continued to worsen." The number of human cases reported in Indonesia is "climbing rapidly," and the World Bank said Monday that Indonesia's response to the flu was "disorganized and underfinanced." Also raising concern is a report this week by The Jakarta Post quoting "several local health experts as saying that the government was not disclosing how widespread the disease was or how many times human-to-human transmission might have occurred."

FBI/DEA/ATF/USMS:

FBI Solicits Bids To Create Nationwide Crime Data Network. The White House Bulletin/US News (6/15) reported, "The FBI has quietly put out a Request for Proposal for bidders to build an unprecedented, national network linking together records from local, state and federal law enforcement agencies." The National Data Exchange would be "a giant, electronic catalog of incident data and other criminal records from over 18,000 law enforcement bodies. 'It's every criminal incident' along with the software to analyze them, explains one insider, who estimates the initial cost at over $20 million, and up to $100 million as the project expands nationally. … Investigators hope to use N-Dex to better track patterns of robberies, arsons and other crimes across city and county lines. Among concerns voiced by critics: that N-Dex will suck away money from other needed homeland security projects, such as intelligence centers and training; that it will squander scarce funds in trying to link up thousands of rural districts; and that the FBI, which has had years of headaches in trying to manage its own case files, is not the best manager for the project."

North Carolina FBI Agent Sentenced To Probation For Ethics Violation. The Charlotte Observer (6/16, Morrill, 234K) reports US District Judge Carlton Tilley "Thursday sentenced former Charlotte FBI agent Erik Blowers, who was the ethics adviser to agents across North Carolina, to two years probation for failing to disclose gifts and favors from a one-time informant. … He was the first FBI agent ever charged in the state." The Observer adds, "Documents filed by U.S. Justice Department prosecutors claimed Blowers misled supervisors, lied to investigators and had extensive business dealings with a convicted drug trafficker." In a widely-distributed story, the AP (6/16) notes Tilley's lawer, Chris Fialko, said after the sentencing, "We are pleased that the judge found that Erik did not adversely effect (sic) the integrity of any FBI investigation."

FBI Approval At 42% In Wall Street Journal Poll. The Wall Street Journal (6/16, A4, Harwood, 2.11M) reports in its "Washington Wire" column, "IRAN-CONTRA VETERANS North, Secord, Hall and Clarridge gather to salute 1980s-era anti-Sandinista rebels before Nicaragua's November elections. U.S. attitudes on CIA are 31% positive;

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FBI draws a 42% positive mark." The Journal notes, "The poll's margin of error is plus or minus 3.1 percentage points."

DEA Arrests 22 In Heroin-Smuggling Investigation. The Washington Times (6/16, Seper) reports federal drug agents "have disrupted an international heroin smuggling ring responsible for shipping more than $14 million worth of the drug into the United States since 2004, arresting 22 suspected gang members and seizing more than 60 pounds of heroin." Rusty Payne "said agents also confiscated more than $220,000 in cash during raids with authorities in Trinidad and Ecuador, as well as heroin abandoned by drug couriers in a Guayaquil, Ecuador, hotel, at George Bush Intercontinental Airport in Houston, at John F. Kennedy International Airport in New York and at Piarco International Airport in Trinidad. … The arrests culminated a 10-month undercover investigation led by Justice Department's Organized Crime Drug Enforcement Task Force and, Mr. Payne said, involved multiple confidential witnesses and sources, court-authorized wiretaps, surveillance and a controlled heroin delivery."

Report: Fentanyl Linked To Nearly 200 Deaths. NBC Nightly News (6/15, story 7, 2:10, Brown) reported, "A more potent and lethal form of heroin is now creating a trail of death that stretches from the Midwest to the East Coast." NBC (Tibbles) added, "On the street, drug users have a simple name for it." Unidentified male: "The bomb." Tibbles: "Emergency room doctors call it a killer." Dr. Chuck Thomas, Norwegian American Hospital, Chicago: "It goes to the central nervous system, and they, they almost immediately stop breathing." Tibbles: "Super-charged heroin mixed with the powerful painkiller, fentanyl, up to 100 times stronger than morphine, is rampaging through drug communities. It's already killed nearly 200 people this year. Police have seen a spike in overdose deaths in cities from Chicago, St. Louis and Detroit in the Midwest to Philadelphia, Camden, New Jersey and Wilmington, Delaware. Today in Chicago, law enforcement agencies from across the country discussed plans to address the threat." Scott Burns, Office of National Drug Control Policy: "If you are addicted to heroin, there has never been a better time to stop."

The Detroit Free Press (6/15, Norris) reports, "Timothy Ogden, Drug Enforcement Administration associate special agent… likened the use of illegal drugs to playing Russian roulette with a single bullet, but with fentanyl, he said, 'It's like playing Russian roulette with six bullets in the gun.'"

The Washington Times/UPI (6/15) cites yesterday's New York Times story on the fentanyl-related overdoses.

Drug Enforcement Officials Coordinate Fentanyl-Related Investigations At Summit. From Chicago, the AP (6/15, Tarm) reports drug enforcement officials from around the country "ended two days of discussions Thursday on the possible source of the bad heroin that killed…at least 100 [people] from Chicago to Philadelphia. … The summit provided officials from 12 states and Washington D.C. the chance to coordinate their investigations into the spike of fentanyl-related deaths since the beginning of this year. There were outbreaks of fentanyl-laced heroin in the '80s and early '90s, said Arlington, Va.-based DEA spokeswoman Mary Irene Cooper, who was in Chicago for the meeting. The difference is that the outbreaks aren't isolated this time to one city."

In a sidebar, the AP (6/15) provides more details about fentanyl and its side effects.

Health Commission In Illinois To Discuss Alerting Public About Fentanyl-Laced Heroin. The Park Ridge (IL) Herald Advocate (6/15) reports, "Members of the city's Health Commission, which has set a goal of tackling addiction in the community, say parents need to know that heroin use exists among teens. … At the Health Commission's next meeting, on June 22…the group will discuss how to alert the community to what is taking place, particularly regarding the distribution of fentanyl-laced heroin and its deadly consequences."

DC Man Acquitted Of Drug, Conspiracy Charges. The Washington Post (6/16, B4, Weiss) reports, "Corey A. Moore, the D.C. street legend who has slipped through the hands of prosecutors again and again, has survived another trial -- one that featured his half brother as the key government witness. Moore, 30, was acquitted yesterday by a federal jury of drug, firearms and conspiracy charges -- clearing the way for his release after nearly two years of denying wrongdoing and awaiting trial. … He had said that he was living a law-abiding life when authorities arrested him in August 2004, holding jobs as a youth counselor and car salesman. Prosecutors saw it differently: Moore, they said, had participated in a drug conspiracy with others for at least two years and helped supply crack cocaine and heroin."

Selig Writes Letter To Fans, Says MLB Will Fund HGH Study. The New York Times (6/16, Curry) reports, "Nine days after federal agents reported that pitcher Jason Grimsley had admitted using performance-enhancing substances, Commissioner Bud Selig issued an open letter to fans about the development. Selig acknowledged that 'there are problems' in Major League Baseball and said he was 'committed to protecting our game.' … He noted that baseball tests for steroids and amphetamines, and that human growth hormone is banned. But Selig also explained that there is no effective blood test to detect human growth hormone and said it 'represents a threat to all sports everywhere.'"

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According to USA Today (6/16, Bodley), in the letter, Selig said, "We are committed to funding a study of HGH and how to detect it. … Also, we are willing to make additional contributions to fund other studies to determine how to detect HGH and are currently reaching out to experts in the field to ascertain what other studies can immediately begin."

Mail, Garbage Provided Clues In Federal Steroid Investigation. The Albany (NY) Times Union (6/15, Higgins) reports a two-year federal investigation of a North Greenbush man "included intercepting his mail and, on one occasion, rifling through his trash before authorities charged him with attempting to receive anabolic steroids from China. Christopher Magnano, 33, faces charges connected to what officials described as an Internet-based sales operation of the illegal substances, which were seized from his North Greenbush home following his May 19 arrest. Police said the seizure of anabolic steroids and human growth hormone was the largest ever in the Capital Region."

CA: Thousands Of Marijuana Plants Found On Forest Service Land. The Sacramento Bee (6/15) reports, "An anonymous tip led Placer County sheriff's investigators on Wednesday to more than 17,000 marijuana plants being grown on U.S. Forest Service land between Auburn and Foresthill. … Authorities warned people to be careful when hiking off-trail in the wilderness, since marijuana growers often are armed."

US Charges New York Jeweler In Cocaine Money-Laundering Scheme. The New York Post (6/16, Cornell, Mangan) reports, "The famed Manhattan purveyor of diamond-encrusted 'bling' to Madonna, Diddy, hoop star Allen Iverson and other celebs was busted yesterday on charges he helped two coke kingpins launder some of their $270 million in dirty drug profits by selling them jewelry." The Post continues, "Jacob 'The Jeweler' Arabo received 'large sums of currency' for various pieces of jewelry from the leaders of the so-called Black Mafia Family drug ring and their flunkies, according to a Detroit federal-court indictment unsealed yesterday that also charges 15 others with drug and laundering crimes." The Post adds, "The 41-year-old Uzbeki immigrant, born Jakov Arabov, then either failed to file tax forms required for business transactions totaling more than $10,000, or submitted false tax forms that declared the purchasers were people other than the actual buyers, the indictment claims. … The scheme allegedly was designed to conceal that the jewelry purchases were made with proceeds from the Black Mafia Family's sales of thousands of kilos of cocaine in Detroit, California, Kentucky, Georgia, Texas and elsewhere, and to hide the true ownership of those funds. … The gang's alleged leaders operate BMF Entertainment, a rap-music label, and have extensive connections in the hip-hop world, as does Arabo."

Mississippi Man Arrested In Federal Witness Slaying. The Jackson Clarion-Ledger (6/16) reports, "A 24-year-old Clarksdale (MS) man has been arrested in connection with the slaying of a federal witness found dead earlier this month on a Coahoma County road." The Clarion-Ledger continues, "Kenneth C. Walker was arrested by an ATF violent crime federal task force for his alleged involvement in the retaliation against a federal witness and on a charge of discharge/possession of a firearm during a federal violent crime. … William Christopher Haro, 27, a witness in a Bureau of Alcohol, Tobacco, Firearms & Explosives case, was found shot multiple times June 9. … Walker was arrested without incident Tuesday and made an initial appearance before a federal judge."

West Virginia Attorney Jailed On Gun Charges. The Charleston Gazette (6/16, Searls) reports, "Federal authorities want to keep Charleston attorney Dante di Trapano in jail until a trial on gun charges related to drug addiction, contending he could be a danger to the community." The Gazette continues, "Di Trapano was indicted on two counts Wednesday by a federal grand jury in Charleston and arrested Thursday morning. Federal authorities argued he could be a danger to the community and pointed out his former law firm has hired an off-duty Charleston police officer for protection against him. … Di Trapano was indicted based on eight guns found in an April raid federal agents conducted on his South Hills residence." The Gazette adds, "Already charged in March with possession with intent to deliver crack cocaine in Florida, di Trapano had said then he was checking himself into a drug rehabilitation program. Wednesday's indictment charged him with being 'an unlawful user of and addicted to a controlled substance' while in possession of the guns and for allegedly lying on a federal form when he purchased a gun Feb. 4, stating he was not addicted to or using drugs. … While his attorney, Michael Del Giudice, requested an immediate bond hearing, U.S. attorneys said di Trapano needed to be locked up for at least three days while the probation office prepares a report. U.S. Magistrate Judge Mary Stanley agreed and set a hearing for Tuesday at 2 p.m. on the government's motion to detain him without bond until trial."

House Appropriators Approve Explosives Fee To Help Fund ATF. The House Appropriations Committee approved a new half-cent per pound fee on explosives as lawmakers and the Administration debate funding for the Bureau of Alcohol, Tobacco, Firearms and Explosives. The Washington Post (6/16, A3, Eggen, 744K) reports, "The debate over the fee comes at a time of

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mounting budget difficulties for ATF, which is already facing rising costs on a new headquarters building in Washington." The DOJ IG is investigating allegations of budgetary mismanagement by the ATF and some senior ATF officials "said ATF's budget could be crippled without the explosives fee at a time when terrorists are seeking materials for bombs."

IMMIGRATION:

Report Says Senate Bill Would Grant Amnesty To 14.4 Million Illegal Immigrants. The Washington Times (6/16, Seper, 90K) reports more than "9.9 million illegal aliens now in the United States will receive amnesty under an immigration-reform bill passed by the Senate, though about a quarter will do so fraudulently, and the bill allows for 4.5 million family members to join them in the United States, according to a report." The report, "released yesterday by the Washington-based Center for Immigration Studies (CIS)," says, "Of the 14.4 million illegals and their family members who will receive amnesty, we estimate that 13.5 million will eventually become permanent residents, which means they can stay as long as they wish and apply for citizenship."

States Trying To Limit Services To Immigrants. The Christian Science Monitor (6/16, Oliver, 61K) reports that with "no resolution of immigration-reform legislation at the federal level, states have been pressing ahead with their own measures intended to discourage illegal immigration and curtail costs of providing services to that population." Lawmakers in Kansas, Iowa, and Arizona "have voted this year to restrict certain social services to illegal immigrants, following similar action last year in Virginia. Other states have passed legislation cracking down on employers of illegal immigrants and those who sell forged documents to illegals." In all, state legislatures "have seen some 500 immigration-reform bills introduced in 2006, according to the National Conference of State Legislatures (NCSL)." But even as lawmakers "try to make it harder for illegals to live in their states, they are bumping into one roadblock after another, rendering their efforts toothless and mostly symbolic. For one, states cannot sidestep federal law by simply denying certain services, such as public education and emergency healthcare, to undocumented people. For another, the courts often ruled against their immigration-control proposals."

National Guard Deployment Seen As Not Discouraging Illegal Immigrants. The CBS Evening News (6/15, story 6, 2:45, Schieffer, 7.66M) reported, "It has been exactly one month since President Bush addressed the nation on his plan to reform immigration policy and ordered thousands of National Guard soldiers to the Mexican border, but is the growing military presence slowing down the flood of illegal crossings?" CBS (Cobiella) added, "Washington hopes the sight of soldiers on the border fixing roads and building fences will scare away would-be illegals. But even on this small stretch of border in New Mexico, with the National Guard in plain view and just a quarter of a mile from the end of their fence, people are still walking across the border. The only deterrent for this group was the summer sun."

Chertoff Wants Social Security To Provide ICE With No-Match Data. Secretary Chertoff, in an op-ed in the Washington Times (6/16, 90K) writes that worksite enforcement is a "key part" of President Bush's "comprehensive vision for immigration reform." While employers need to be given "better tools to verify the legal status of their employees," ICE must also be given "a better way to determine which employers are habitually using or providing fraudulent Social Security information. One way to do that is by giving our agents sufficient access to no-match data. Under current law, the Social Security Administration does not provide sufficient access in sharing this information. This is simply wrong, and Congress needs to change the law."

CONGRESS-ADMINISTRATION:

Bush Signs Supplemental Spending Bill. ABC World News Tonight (6/15, story 5, :15, Gibson, 8.78M) reported President Bush "signed a bill providing $94.5 billion more for war spending and hurricane relief. The measure brings the total authorized for Iraq, Afghanistan and the war on terror, to almost $500 billion."

The New York Times (6/16, Pear, 1.19M) notes Bush "acted hours after the Senate approved the $94.5 billion bill by a 98-to-1 vote. Senator Arlen Specter, Republican of Pennsylvania, voted against the measure, saying it did not provide enough for domestic health and education programs. … Final approval of the bill was accompanied by growing frustration on Capitol Hill over the use of emergency spending measures to pay for overseas military operations."

The AP (6/16, Taylor) says Bush "praised Congress for providing funds to 'fight terrorism, defend our homeland, enforce our borders, and fulfill our moral obligation to help our fellow Americans in need.'"

The Washington Post (6/16, A7, Murray, 744K) reports, "Faced with a White House veto threat, House and Senate negotiators stripped out $14 billion in unrelated funding that the Senate had added to its version of the legislation. But the final bill did include a few unrelated items. 'We've made considerable progress toward limiting unnecessary and wasteful spending,' Senate Majority Leader Bill Frist (R-Tenn.) said in a statement after the vote. 'But more can be done.'"

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The Washington Times (6/16, Fagan, 90K) headlines its report "Reduced Spending Bill Approved In Senate," and says Senate leaders "credited Republicans in both chambers for saving the legislation. 'Republican-led efforts ensured the bill didn't exceed the president's emergency request while focusing our resources on the critical priorities,'" said Frist. But "others said the spending bill would have ballooned out of control without the hard line drawn by House leaders, especially Speaker J. Dennis Hastert, Illinois Republican. 'It would have been much higher without the insistence of the House,' said Rep. C.W. Bill Young, Florida Republican."

Bush Signs Bill Boosting Broadcast Indecency Fines. The Washington Post (6/16, A6, Baker, 744K) reports, "Complaining that television and radio shows in recent years have 'too often pushed the bounds of decency,' President Bush signed legislation yesterday to escalate dramatically the penalties against broadcasters who violate federal standards." The White House "decided to showcase the signing of the Broadcast Decency Enforcement Act at a time when Bush and Republican congressional allies are trying to reassure disaffected conservative supporters that they remain committed to conservative causes. With midterm elections approaching, Bush recently gave two speeches promoting a constitutional amendment banning same-sex marriage and the Senate plans to vote on another amendment that outlaws flag burning."

Senate Confirms Bush FDIC Nominee. The AP (6/16) reports, "Sheila Bair, President Bush's nominee to head the Federal Deposit Insurance Corp., was approved by the Senate on Thursday along with nominees for three other government positions." The four "were confirmed without dissent. In addition to Bair, they are: James B. Lockhart as director of the Office of Federal Housing Enterprise Oversight; Kathleen Casey as a member of the Securities and Exchange Commission; and Robert Couch as president of the Government National Mortgage Association, known as Ginnie Mae."

Bush Hosts Congressional Picnic. The AP (6/16, Riechmann) reports, "President Bush was the host of the annual congressional picnic Thursday at the White House, but it was his chief of staff's band that came close to stealing the show. 'We got some interesting entertainment for you tonight,' Bush told lawmakers and their families to the picnic, called 'Rodeo on the South Lawn.' 'We got some people who can play music and some people who think they can play music,' the president said." The AP adds, "The Compassionates, Joshua Bolten's band, and the Second Amendments, a bipartisan congressional band, were the opening acts. The featured entertainment came from Riders in the Sky, professional musicians who played in fancy chaps and Western attire." Bush "was upbeat, although still weary from his trip this week to Baghdad. … Spotted in the crowd were Defense Secretary Donald H. Rumsfeld, CIA chief Michael Hayden and Bush's top political adviser Karl Rove. The national intelligence director, John Negroponte, showed up in jeans and a cowboy hat."

Bush Apologizes For Teasing Sight-Impaired Reporter Over Sunglasses. The New York Times (6/16, Rutenberg, 1.19M) reports on President Bush's apology to Los Angeles Times reporter Peter Wallsten for wearing sun glasses during a news conference. Wallsten suffers from a kind of macular degeneration. Afterward, "staff members told Mr. Bush that Mr. Wallsten was not wearing the sunglasses to look hip, but for health reasons. Mr. Wallsten has Stargardt's disease, a degenerative condition that causes blindness and can be painfully exacerbated by sunlight. By late afternoon Mr. Bush called Mr. Wallsten to apologize."

Spellings Has Undertaken Extensive Foreign Travel. The AP (6/16, Ben Feller) reports, "Education Secretary Margaret Spellings has put a passport stamp on her job, taking more overseas trips since 2005 than her predecessor did in four years. In less than a year and a half, Spellings has taken seven overseas trips, traveling to Afghanistan, England, Egypt, France, India, Italy, Japan, Jordan and Russia. She plans to visit Greece and Spain later this month." The AP adds, "Transportation, food and lodging for her overseas travel cost $36,981, according to Education Department records. The total cost of her travel was thousands of dollars higher because other agencies picked up the tab for a few trips." It's "not a matter of wanderlust, Spellings says. In her view, the top school official ought to see the nations that the United States is helping and competing against." In an interview with the AP, Spellings said, "We believe that education is a universally shared value. … We are looked to and admired around the world as people who know how to do education for the masses."

Credit Overhaul Bill Seen As Gaining Momentum. USA Today (6/16, Smith, 2.31M) reports, "A move to more closely regulate the major Wall Street credit-rating agencies at the tail end of an era of corporate scandals gained momentum this week, when the House Financial Services Committee approved reform legislation that moves to the full House for review." The bill, sponsored by GOP Rep. Michael Fitzpatrick, "is dubbed the Credit Rating Agency Duopoly Relief Act, a dig at the two biggest US credit-rating firms, Moody's and Standard and Poor's." The legislation "would require the firms to file confidential financial statements with the Securities and Exchange Commission, publish regular reports on how well their ratings perform, and

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make mandatory the practice of employing compliance officers to ensure the firms comply with securities laws." The Senate Banking Committee "plans to introduce similar legislation this summer."

Transition To Medicare Prescription Drug Plan From Medicaid Still Problematic. USA Today (6/16, Wolf, 2.31M) reports the problems "that plagued low-income seniors and people with disabilities during the rollout of Medicare's prescription-drug program in January have continued on a smaller scale, causing some new beneficiaries to lose coverage or spend their own money at pharmacy counters." The problems "occur when people turn 65 or become eligible for Medicare disability benefits and are involuntarily switched from Medicaid drug coverage to the new Medicare plan. Thousands lose Medicaid drug coverage, typically for two to six weeks, before Medicare kicks in. Health counselors say the trouble dominates their caseloads."

Bush Approval Up To 40% In Fox News Poll. Fox News' Special Report (6/15, Hume) reported, "The latest Fox News opinion dynamics poll out today shows President Bush's approval rating up a full five points from a month ago up to 40%. The first time the President's rating has been out of the 30's since February. But the survey taken on the day the President went to Baghdad and the following day found 58% of Americans now disprove of the job Mr. Bush is doing in Iraq. That's up from 55% back in jab."

Federal Retirees Could Get A Large COLA In January. The Washington Post (6/16, D4, Barr, 744K) reports in its "Federal Diary" column, "With consumer prices on the rise, federal retirees are paying more attention to inflation trends and what they mean for their pensions. Several callers this week pointed to a notice posted by the National Active and Retired Federal Employees Association that showed that most government retirees have banked 2.9 percent toward their next cost-of-living adjustment. The calculation, based on a Labor Department index showing that consumer prices rose again in May, suggests that federal retirees could be in line for a jumbo COLA in January Of course, it's too early to tell if the run-up in inflation -- a reflection of $3-a-gallon gasoline and other, higher consumer prices -- will continue into the fall, when officials will crunch the numbers for the 2007 COLA."

OTHER NEWS:

Bernanke Says Economy Can Handle Increased Energy Prices. NBC Nightly News (6/15, story 2, 0:30, Brown, 9.87M) reported Federal Reserve Chairman Ben Bernanke "had some news for the rest of us today on the high cost of energy. He said it isn't likely to change anytime soon, but he said the American economy can handle it as long as those prices don't rise even more."

The CBS Evening News (6/15, story 5, 2:50, Schieffer, 7.66M) reported Bernanke "was speaking to the Economic Club in Chicago, and he said that the impact of higher energy prices appear to be manageable and suddenly it was off to the races at the markets."

The Financial Times (6/16, Guha) says Bernanke "eased nerves on Thursday with a measured assessment of the threat posed by higher energy prices to inflation and growth, as stocks advanced worldwide."

The Wall Street Journal (6/16, Blackstone, 2.11M) reports "economists expect that, in light of the recent rise in core inflation and some hawkish inflation remarks by Mr. Bernanke and other Fed officials in recent days, the central bank will most likely raise official interest rates a 17th consecutive time at its June 28-29 meeting, to 5.25%."

Stocks Rally For Second Day. NBC Nightly News (6/15, story 2, 0:30, Brown, 9.87M) reported Federal Reserve Chairman Ben Bernanke's message on energy costs "may have helped the stock market rally today, the Dow up 198 points [to close at 11,015.19], the NASDAQ up more than 58 [to close at 2,144.15.]" ABC World News Tonight (6/15, story 3, :20, Gibson, 8.78M) said it was "the second rally in a row on Wall Street." The New York Times (6/16, Bajaj, 1.19M) notes the Standard & Poor's 500-stock index "rose 26.12 points, or 2.1 percent, to close at 1,256.16."

The CBS Evening News (6/15, story 5, 2:50, Schieffer, 7.66M) reported, "We've been talking about the market and the fear of inflation, and suddenly the stock market goes up today like a skyrocket. What, what's happened?" CBS (Mason) added, "It took off. It was almost a 200-point rally today. It's the biggest rally the Dow has had in more than a year. It climbed back over 11,000 [to close at 11,015.19]. We've had two days of increases now to over 309 points and we're back in positive territory for the year, so that's very encouraging."

The Wall Street Journal (6/16, Browning, 2.11M) and Washington Post/AP (6/16, D3) also report the stock numbers, while USA Today (6/16, Shell, 2.31M) reports that "while professional investors welcomed the Dow Jones industrial average's 309-point gain to 11,015 on Wednesday and Thursday, they said it did not repair all the damage caused by the 8% swoon it suffered over the past five weeks and advised investors to tread cautiously."

39% Expect Economy To Get Worse Next Year. The Wall Street Journal (6/16, Harwood, 2.11M) reports in its "Washington Wire" column, "By 39%-16%, Americans expect economy to get worse in next year; 43% say it'll stay the same. Democrats lead on handling the economy by the largest margin, 16 percentage points, since 1993." The Wall

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Street Journal/NBC News poll's margin of error "is plus or minus 3.1 percentage points. Among independents, 25% worry Democrats will too quickly raise taxes and spending. But 37% say Bush's party isn't sufficiently curbing spending and shrinking the deficit. As House and Senate near minimum-wage clashes next week, 55% of independents are more likely to support a candidate who backs an increase."

Factory Output Declines. The Wall Street Journal (6/16, Conkey, lp, 2.11M) reports, "Factory output fell slightly last month as manufacturers adjusted to milder consumer demand, and Federal Reserve Chairman Ben Bernanke sounded a guardedly optimistic note on inflation." In "another sign the economy has entered a period of slower growth," the Fed said "industrial production declined 0.1% in May after three consecutive monthly gains, but output at the nation's factories, mines and utilities is still running 4.3% higher than a year earlier. Lower auto production last month spurred a 0.1% decline in the manufacturing sector and mining output dropped as well."

Krugman Says Fed Overreacting To Inflation Threat. In his New York Times column (6/16), Paul Krugman writes he is worried about "the Fed's overreaction," because "when it comes to inflation, the main thing we have to fear is fear itself. Discussions of inflation can be numbingly arcane -- are you a core C.P.I. type or a trimmed-mean P.C.E. person? But the real issue is whether there's a serious risk that inflation will become embedded in the economy. … It would be an exaggeration to say that there's no inflation threat at all," but "it's much easier to think of ways in which the Federal Reserve, wrongly focused on the phantom menace of a new wage-price spiral, could be slow to respond to bigger threats, like a rapidly deflating housing bubble. So I don't fear inflation nearly as much as I fear the fear of inflation. And I wish the Fed would lighten up on the subject."

Glut Looms For US Natural Gas Industry. The Washington Post (6/16, D1, Mufson, 744K) reports the "whole world is talking about energy shortages, but for the moment, the U.S. natural gas business is looking at a potential glut." Thanks "in part to a warm winter, inventories of natural gas have built up to levels far greater than normal for this time of year. And terminals built to handle imports of liquefied natural gas from other countries are operating at about half of their capacity." But it is "unfortunately for consumers, a situation that may not last. Energy traders are still pricing futures contracts at high levels, and natural gas producers are planning for big increases in U.S. demand over the coming years." The "only things that can rescue natural gas producers from having to slash prices later this year: another big hurricane or a hot summer."

Altman Says Debate Over High Energy Prices Focused On Wrong Issues. In a Wall Street Journal op-ed (6/16), Roger Altman of Evercore Partners says that in dealing with the US' dependence on foreign energy sources, "Washington is still focused on the wrong issues. Recent talk of price gouging, windfall profits and CEO pay is a distraction. Yes, there may be abuses, but no actions in those areas will have any impact whatsoever on energy prices or supply. Incessant pledges of energy independence within 15 or 20 years, i.e., national self-sufficiency, are completely unattainable and thus misleading. The sweeping embrace of wind, solar and hydrogen power is similarly misplaced, as these are not among the most promising alternatives." What is "needed from Washington are three big steps. First, to confess to the public that America is in deep trouble from its oil dependence and its carbon emissions. Second, to impel oil conservation through deep new incentives and mandates. Third, to finance an acceleration of those technologies which could truly replace oil and gas."

Democrats Hope To Make Electoral Gains In Suburbs. The New York Times (6/16, Egan, 1.19M) reports, "After years in which Republicans capitalized on rapid growth in outlying areas, Democrats now see an opportunity to make gains in close-in suburbs where changes in the composition of the population are working in their favor. In a dozen or so Congressional districts that are leading battlegrounds in the midterm elections, older, more densely packed suburbs are trending Democratic, helping to offset Republican dominance on the sprawling exurban frontier."

Cheney Confident Of GOP Prospects In 2006. The AP (6/16) reports, "Vice President Dick Cheney said Thursday that the Republicans will prevail in the midterm elections because of a strong economy and the ability of the Bush administration to prevent another terrorist attack." Although polls show the public supports a switch to Democrats, Cheney "cited an economy that's 'kicking along in very good shape' and President Bush's record in the war on terror."

Differences Examined Between 1994, 2006 Election Cycles. The Wall Street Journal (6/16, Calmes, 2.11M) reports examines the possibility of a Democratic takeover of Congress by comparing the current political environment with 1994 and noting key differences. Polls currently favor Democrats, but "The number of competitive seats is lower than in 1994, due largely to partisan gerrymandering of the House's 435 districts and to the particular lineup of Senate seats up for election this year." The Bush Administration has had similar domestic policy failures but "the issue dragging down Mr. Bush's standing and Congress's is an unpopular war. 'There was nothing like Iraq in 1994,'" said former NRCC chairman Bill Paxon. Republicans are also facing similar problems with ethics allegations and Democrats appear to be energized, but

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"Democrats lack a unifying figure like former Rep. Newt Gingrich. … Also, congressional Republicans worked in tandem with then-party chairman Haley Barbour…whereas Democratic leaders have assailed party chairman Howard Dean for not providing enough financial support." And Republicans won key special election victories in formerly safe Democrat districts 1994, but Democrats failed to accomplish that recently in the special election to replace former Rep. Randy "Duke" Cunningham.

Barone Says Democratic Hopes For Watergate-Era Repeat Not Materializing. Michael Barone writes in the Wall Street Journal (6/16, 2.11M), "It has been a tough 10 days for those who see current events through the prisms of Vietnam and Watergate. First, the Democrats failed to win a breakthrough victory in the California 50th special election -- a breakthrough that would have summoned up memories of Democrats winning Gerald Ford's old congressional district in a special election in 1974. Instead the Democratic nominee got 45% of the vote, just 1% more than John Kerry did in the district in 2004. Second, US forces with a precision air strike killed Abu Musab al-Zarqawi, on the same day that Iraqis finished forming a government. … Third, special prosecutor Patrick Fitzgerald announced that he would not seek an indictment of Karl Rove. The leftward blogosphere had Mr. Rove pegged for the role of Bob Haldeman and John Ehrlichman. Theories were spun about plea bargains that would implicate Vice President Dick Cheney. Talk of impeachment was in the air. But it turns out that history doesn't repeat itself. George W. Bush, whether you like it or not, is not a second Richard Nixon." Barone later writes, "The pursuit of Karl Rove by the left and the press has been just the latest episode in the attempted criminalization of political differences. Is there any hope that it might turn out to be the last?"

Election Officials Make Preparations For Midterms. The AP (6/16, Lester) reports, "With memories of the disputed 2000 presidential election still fresh, the Election Assistance Commission is encouraging careful preparation by election supervisors, aggressive recruitment of new poll workers and thorough education of voters." It "is sending out a 'Quick Start Management Guide for New Voting Systems' to 6,700 local election officials around the country. The guide is necessary as about a third of voters will be using new machines this year and many longtime poll workers have retired because the punch-card and lever voting machines have been replaced."

Judge Dismisses Much Of GOP Phone-Jamming Lawsuit. The AP (6/16, Wang) reports, "A judge has dismissed most of a Democratic lawsuit against Republicans stemming from the jamming of Democratic phone lines in the November 2002 elections, a crime that led to criminal convictions against three former GOP officials." Representing the Republicans, lawyer Ovide Lamontagne said, "What the court has basically done is reduced this claim, this lawsuit, to a small claims complaint. … A thousand dollars of damage is what we think they could probably show for the interruption of phones for an hour and a half."

Rather To Leave CBS. USA Today (6/16, Johnson, 2.31M) reports Dan Rather, "who stepped down as anchor of The CBS Evening News 15 months ago in the wake of the Memogate scandal, said Thursday that he'll soon leave the network after 44 years — at the request of network executives." Rather said, "They wanted this resolution, and I'm willing to accept that and move on."

Research On Genetics, Intelligence Generates Controversy. The Wall Street Journal (6/16, Regalado, 2.11M) reports last September, Bruce Lahn, "a professor of human genetics at the University of Chicago, stood before a packed lecture hall and reported the results of a new DNA analysis: He had found signs of recent evolution in the brains of some people, but not of others." But Dr. Lahn "had touched a raw nerve in science: race and intelligence. What Dr. Lahn told his audience was that genetic changes over the past several thousand years might be linked to brain size and intelligence. He flashed maps that showed the changes had taken hold and spread widely in Europe, Asia and the Americas, but weren't common in sub-Saharan Africa." Web sites and magazines "promoting white 'racialism' quickly seized on Dr. Lahn's suggestive scientific snapshot. One magazine that blames black and Hispanic people for social ills hailed his discovery as 'the moment the antiracists and egalitarians have dreaded.'" Dr. Lahn has "drawn sharp fire from other leading genetics researchers. They say the genetic differences he found may not signify any recent evolution -- and even if they do, it is too big a leap to suggest any link to intelligence."

Responsible Fatherhood Pioneer Profiled. The Washington Times (6/16, Wetzstein, 90K) reports Charles Augustus Ballard has "overcome the loss of his coal-miner father, functional illiteracy, a stint in prison and unwed fatherhood. His experiences led him to found in 1982 a national organization that was one of the first -- if not the first -- to promote "responsible fatherhood" as a social policy, the Institute for Responsible Fatherhood and Family Revitalization (IRFFR)." Last month, "one of his dreams came true: The Department of Health and Human Services (HHS) announced the availability of its first funding stream dedicated to 'responsible fatherhood' programs." But "for Mr. Ballard, the $32 million announcement comes amid a difficult personal struggle: He came home Wednesday from a Bowie

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rehabilitation center, where he has been recovering from a devastating stroke suffered in January." Ballard and his wife, Frances, are "already in discussions with several organizations about partnering with the IRFFR. Applications for the new grants are due in two weeks."

Friedman Suggests Creation Of New Green Party. In his New York Times column (6/16), Thomas Friedman says the "recent focus of the Republican-led Congress on divisive diversions, like gay marriage and flag burning, coupled with the unveiling of Unity '08, an Internet-based third party that plans to select its presidential candidate through online voting, has intensified the chatter that a third party, and maybe even a fourth, will emerge in the 2008 election." Most of that talk "has been about how a third party might galvanize voters, using the Web, rather than what it would actually galvanize them to do. I'd like to toss out an idea in the hopes that some enterprising politician or group of citizens — or Unity '08 — will develop it. It's the concept I call 'Geo-Green.'" Its centerpiece "would be a $1 a gallon gasoline tax, called 'The Patriot Tax,' which would be phased in over a year. People earning less than $50,000 a year, and those with unusual driving needs, would get a reduction on their payroll taxes as an offset." The Patriot Tax "would increase the price of gasoline to a level that would ensure that many of the most promising alternatives — ethanol, biodiesel, coal gasification, solar energy, nuclear energy and wind — would all be economically competitive with oil and thereby reduce both our dependence on crude and our emissions of greenhouse gases. In short: the Geo-Green party could claim that it has a plan for shoring up America's energy security, environmental security, economic security and Social Security with one move."

Political Center Said To Be Regaining Power. In his Washington Post column (6/16, A25), David Ignatius says, "For a change, the extreme wings of the two parties aren't calling the shots; bad ideas pitched by one-issue zealots are falling flat; the news out of Iraq is upbeat; the Bush administration is appointing Rockefeller Republicans to top positions." David Brooks of the New York Times "has argued that we're seeing a reanimation of the political center, and I think he's right. The middle is getting tired of the tyranny of the extremes. One sign is the launch this month of Unity08, a bipartisan group that plans to hold an online convention to nominate a split Democratic-Republican 2008 presidential ticket."

NYTimes Criticizes Effort To End Public Financing Of Presidential Elections. The New York Times (6/16, 1.19M) says in an editorial that, "The nation is fortunate that a sudden attempt to kill one of the hallowed anticorruption reforms from the Watergate scandal — the option of public financing in presidential elections — was smoked out in the House this week." Rep. John Doolittle, the sponsor, "may try another day with his plan to block the flow of taxpayers' voluntary contributions from the government treasury. Mr. Doolittle has such faith in private money-raising that he boosted his family income by setting up his wife, Julie, as a consultant being paid a 15 percent commission on every dollar his campaign raises. Call it family values. Call it brazen. But the missus has received $180,000 since late 2001, operating this private business out of the couple's suburban Virginia home, including among her clients the corrupt lobbyist Jack Abramoff. The pathetic state of Congressional ethics is that such nepotic profiteering is deemed legal so long as the compensation is 'consistent with the market rate.'"

WPost Criticizes Maryland Effort To Deal With Rising Electricity Rates. The Washington Post (6/16, A24, 744K) says in an editorial, "In Maryland's efforts to cushion the blow of soaring electricity bills for consumers, there is the distinctive whiff of post-Soviet economic adjustment. Much like the disoriented subjects of former communist regimes a decade ago, Marylanders -- coddled for years by artificially low energy prices -- are suddenly confronted by the trauma of having to pay market rates. Unsurprisingly, they don't like it a bit. And the politicians in Annapolis, just like those hapless old apparatchiks in Moscow, are scrambling for cover." In a "special session of the state legislature, a number of Republican lawmakers broke ranks with Gov. Robert L. Ehrlich Jr. (R) and joined Democrats in providing some rate relief to Baltimore Gas and Electric's 1.2 million residential customers. Instead of bearing the full brunt of a 72 percent increase in their electricity bills next month, BGE ratepayers, mostly around Baltimore but also in some Washington suburbs, will initially be hit with jumps of just 15 percent starting July 1."

Ahmadinejad Reaches Out To Russia, China. The Wall Street Journal (6/16, Fairclough, 2.11M) reports Iranian President Mahmoud Ahmadinejad "urged China, Russia and Central Asian nations to increase cooperation and blunt the interference of 'domineering powers' in global affairs -- an apparent reference to the U.S. -- while dangling Iran's energy supplies as an inducement to work together." Ahmadinejad is "under mounting pressure from Washington to curb his country's nuclear ambitions," and in remarks at the Shanghai Cooperation Organization, "emphasized that Iran's large reserves of crude oil provide 'conducive grounds' for these countries to cooperate with Tehran." The Journal notes that he "appeared alongside the leaders of Russia and China…in a move that Iran apparently hopes will strengthen its hand and undercut that of its rivals before it enters into potential negotiations with the U.S. and other countries over

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the future of Tehran's nuclear programs." Meanwhile, the Journal says, US delegation head Greg Schulte told the IAEA that Tehran is "'withholding cooperation' from international inspectors and warned that further intransigence risks the 'weight of the Security Council.' He called on Iran to accept a proposal for multilateral talks."

Also reporting on the Central Asia-focused summit, the Financial Times (6/16, Smyth, Dyer, Khalaf) says Russian President Vladimir Putin "struck an optimistic note on Iran's nuclear crisis, saying Tehran had responded positively to the six-nation package of incentives designed to persuade it to curb its nuclear programme" and "was 'ready to negotiate' with world powers over the proposal. However, it was far from clear that Tehran had in fact accepted the conditions for talks – the suspension of uranium enrichment." The Washington Post (6/16, A14, Cody, 744K) runs a similar story under the headline "Iran Seeks Aid In Asia In Resisting The West."

The AP (6/16, Karimi) says Tehran "sent mixed signals Thursday on how it will respond to the world's incentives to give up uranium enrichment, with its supreme leader vowing his country would never back down, while the president and chief envoy to the U.N. nuclear watchdog said Tehran was prepared to negotiate." White House spokesman Tony Snow "said he fully expected Iran to try any number of ways to shape the debate over its nuclear program. 'I think it is safe to say they will try to test the unity' of the [US and European allies], Snow said."

Senate Endorses Bush Approach To Iran. Separately, the AP (6/16) is also reporting the US Senate "endorsed" by a 99-0 vote "President Bush's diplomatic approach to the problem of Iran's nuclear program after rejecting a proposal that would have increased sanctions against the Tehran government and those helping it."

Hamas Recommits To Cease-Fire. The Washington Times/AP (6/16, Barzak) reports the Hamas-dominated Palestinian government "offered Thursday to restore a cease-fire with Israel, several days after calling off the truce to protest a deadly explosion on a Gaza beach, but said the calm would depend on Israel's response. Hamas said it is ready to put pressure on other militant groups to halt rocket fire against Israel," which has provoked Israeli retaliations. "Israel welcomed the gesture" and "said Thursday it appeared Hamas was serious about restoring the truce, though the decision was likely a short-term tactical maneuver. They said the group apparently had second thoughts after Israeli threats to kill Prime Minister Ismail Haniyeh and other government figures."

Chinese Intelligence Officer Reportedly Aided Hamas. The Washington Times (6/16, Gertz, Scarborough, 90K) reports in its "Inside the Ring" column, "A Chinese intelligence officer is engaged in covertly aiding the ruling Palestinian Hamas terrorist group, according to a Paris-based intelligence newsletter. Gong Xiaosheng was identified as a Ministry of State Security (MSS) official who has worked out of Ramallah since November 2002, Intelligence Online reported in its June 9 edition. … According to the report, Mr. Gong in the past was constantly seen in the company of Palestinian leader Yasser Arafat but has since begun helping Hamas."

Rockets Fired From Gaza Could Ignite Conflict. The New York Times (6/16, Fisher, 1.19M) reports, "The Qassam rocket is not much to look at: a 70-pound tube of rough steel and hand-mixed explosive, like the one that pounded through the roof of Universe Packaging here on Thursday. Tons of falling concrete just missed Lior Levi, 28, a worker there. … However crude, the Qassam rocket, fired by Palestinian militants from Gaza into Israel, has nonetheless won its spot as symbol of the moment in the long conflict here. At a delicate time, the rocket is not only raising tensions between Palestinians and Israelis, as usual, but is also dividing Palestinian from Palestinian, Israeli from Israeli." The Times adds, "Most immediately, the number of rockets fired by Palestinians from Gaza, and whether they happen to hit anyone, will be crucial in determining whether the Israeli-Palestinian conflict explodes again into high-intensity warfare."

North Korea Said To Be Moving Toward Missile Test. The Financial Times (6/16, Sevastopul, Fifield) reports remarks by "a Bush administration official" that "North Korean preparations for a possible long-range missile test have advanced to where Pyongyang could launch a Taepodong-2 missile on 'very short notice.' A senior Bush administration official last week said the US was not yet 'on the edge of our seat.' But another official on Thursday said more recent intelligence suggested Pyongyang was now much closer to being ready to conduct a test." The Times adds, "Taking the threat of a possible test very seriously, the Pentagon has positioned military assets to deal with any launch." The Times notes NSA Stephen Hadley said this week that "it would be a 'bad idea' for North Korea to conduct a test, and urged Pyongyang to return to the six-party talks which have been stalled since last September."

US "Defensive Measures" Costing North Korea Millions. The Washington Times (6/16, Gertz, 90K) reports, "US economic 'defensive measures' aimed at curbing illegal activities by North Korea have cost the Pyongyang regime millions of dollars in lost cash over the past several months through banking restrictions and other actions, US officials estimate." The Times adds, "One sign that the economic measures are hurting the communist regime in North Korea is Pyongyang's continued refusal to rejoin six-nation talks on its nuclear program until the United States lifts what it regards as

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sanctions, said Bush administration officials involved in Asia matters."

Bush To Push For Trade Deal As Doha Deadline Looms. With time running out on the World Trade Organization's Doha round of trade talks, the Wall Street Journal (6/16, A6, Hitt, 2.11M) reports President Bush "hopes to kick-start negotiations on a visit to Europe next week. But major issues remain, particularly over cuts in farm subsidies." In a speech yesterday, the president "pressed major players in negotiations to look past their differences," saying the talks are "at a critical moment." The Journal says his remarks "represent a rare direct foray into the global trade debate. But they come as the Bush administration is making a more concerted effort to raise the US profile overseas."

The Washington Times (6/16, Dinan, 90K) notes that the Administration bas "been pushing for the broader agreement," but Thursday's speech by the president "elevates the stakes and the pressure to complete an agreement." The AP (6/15, Riechmann) also reports on the president's comments.

WTO Failure Would Be "Huge Disappointment" For White House. The New York Times (6/16, Weisman, 1.19M) reports the newly confirmed US Trade Representative Susan Schwab has "a deadline of six weeks or so to succeed or fail." While President Bush praised his new envoy on Thursday as "a good, hard negotiator," Schwab "faces long odds as trade diplomats struggle to salvage a global accord that the Bush administration hopes will be one of its signal economic achievements." If trade officials are unable to resolve at "a critical meeting in late July," the Times says the "failure to achieve a deal could prove a huge disappointment for the White House." Schwab is "certainly prepared to step into the role," but critics her appointment was "a sign that the Bush administration was scaling back its hopes for a successful Doha negotiation."

US Will Drop Opposition To Unified Asian Currency. The Financial Times (6/16, Guha, Mallet) reports, "The US on Thursday signalled it would not fight efforts to create an Asian currency unit, turning the page on over a decade of largely consistent opposition to Asian monetary integration." US "officials said the move is intended to show that the US does not fear greater monetary co-operation between Asia's rising economic powers and wants to play a constructive role in helping to shape it." The Times adds, "The green light from the US is a big boost for Japan, which has been pushing the idea of an Asian currency unit loosely modelled on the European currency unit, the precursor to the euro, in face of considerable regional scepticism. It comes at a time of growing diplomatic closeness between Washington and Tokyo."

Sri Lankan Violence Could Portend War. The New York Times (6/16, Senanayake, Sengupta, 1.19M) reports the Sri Lankan military "pounded rebel posts in the northern and eastern parts of the country by land, sea and air on Thursday, …after a land mine explosion ripped through a crowded passenger bus on Thursday morning in northern Sri Lanka." The Times calls the bus bombing "the most serious attack on civilians since the government and rebels signed a cease-fire four years ago," and adds, "The greater uncertainty was whether the deadly events on Thursday were the beginning of full-scale war. Despite mounting violence, neither side has been willing to explicitly renounce the February 2002 cease-fire." This year has seen "several months of carnage" between the government, the Tigers and the eastern-based Karuna Group.

The Financial Times (6/16, Merchant) says the government in Colombo "unleashed military attacks against Tamil targets after rebels blew up a bus killing at least 64 civilians in the worst terrorist atrocity since a ceasefire four years ago." This violence follows "intense diplomatic activity designed to forestall what many neutral observers say is a slow slide into a civil war." The Washington Times/AP (6/16, Ganguly) and Los Angeles Times (6/16, Chu, 958K) also report on the attacks.

Syrians Feel Pressure Is Off As Hariri Investigation Continues. The New York Times (6/126, Slackman, 1.19M) reports that there is a sense in Damascus that "the pressure was off" and Syria "was no longer in danger of being charged or punished by the international community," even as the UN Security Council voted yesterday to extend the investigation into the assassination of former Lebanese Prime Minister Rafik Hariri. There was also "a feeling here that Syria might simply be sitting in the eye of the storm. Officials at the highest levels fear that the new low-key investigator, Serge Brammertz of Belgium, may in the long run prove more dangerous than his high-profile predecessor, Detlev Mehlis of Germany, according to political analysts and people who work with the government." The Times adds, "Faced with such uncertainty, but also empowered by the release of immediate pressure, the leadership here has tried to shore up its position, bracing for the day when, or if, a damning report is produced."

Somalia Contact Group Holds First Meeting. The AP (6/16, Wadhams) reports that the International Somalia Contact Group, a US-organized group of nations concerned about the growing power of Islamic militants in Somalia, held its first meeting yesterday and lent its support "to the country's weak interim government and demanded unfettered access so aid groups can help its impoverished people." The group "also called for dialogue between the

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government and the Islamic militants who have taken over the capital Mogadishu and other areas of the lawless country after months of fighting that have killed more than 330. … U.S. Assistant Secretary of State Jendayi Frazier, who co-chaired the meeting, said the group 'will help to increase the profile of Somalia as a destination for more assistance, more support.'"

The New York Times (6/16, Cooper, 1.19M) reports, "The countries in the group are the United States, Britain, Italy, Norway, Sweden and Tanzania. The document represents a resurgence for the State Department, where officials have been critical of the Bush administration's policy on Somalia, which consisted largely of C.I.A. payments to Somali warlords to help them defeat the Islamists." The Times also notes that Washington "is adopting a more conciliatory approach to the Islamists. Jendayi E. Frazer, the State Department's top Africa official, had kind words yesterday about a second letter from Sheik Sharif Ahmed, chairman of the Islamist militia group."

Demonstrators Oppose Foreign Peacekeepers In Somalia. Meanwhile, in a separate story, the AP (6/16, Hassan) reports, "Hundreds of supporters of the Islamic group that holds Somalia's capital and much of the south demonstrated Thursday against a proposal to deploy foreign peacekeepers. … In Mogadishu, the demonstrators gathered at the main stadium carrying placards that read, 'We don't need foreign peacekeepers,' and 'We can restore peace and stability ourselves.'"

Knight Ridder (6/16, Allam) reports, "To many Somalis, the Islamist takeover was the natural culmination of a religious movement that took root with the withdrawal of international forces in 1995 and blossomed as residents turned to faith in the absence of any government. … To many Somalis struggling to raise families in their anarchic city, a pious lifestyle is a small price to pay for security."

Somali Leaders Say US Can't Afford To Ignore Ayro. Knight Ridder (6/16, Allam) reports, "Even in the violent, anarchic landscape of Mogadishu, Adan Hashi Ayro stands out. Some describe him as a ruthless holy warrior, a student of the Taliban and a relentless fighter who can scale walls and jump from moving trucks without dropping his weapon. Others offer a more sympathetic portrait of a misguided young militant who is at odds with his own clan, bitter over foreign meddling in Somalia and the scapegoat of U.S. agents who needed to put a face on their enemy. Somali community leaders agree, however, that the United States can't afford to ignore Ayro, who they say was crucial to the recent victory of the militant Islamic Courts Union over U.S.-backed warlords. If Ayro splits with the Islamic Courts' relatively moderate leadership, he could form an army of extremists prepared to attack American interests in the Horn of Africa, they fear."

Islamic Militia Leader Decries Terrorists. The Washington Post (6/16, A14, Timberg, 744K) reports that Sharif Ahmed, the leader of Somalia's increasingly powerful Islamic militias "sent a letter to the United States this week asserting that they would assist international efforts to prevent the fractured, chaotic country from becoming "a transit route or hiding ground" for terrorists." The letter "gives a direct though conciliatory response to concerns by U.S. officials that the Islamic militias harbor terrorists linked to attacks across East Africa, including the 1998 bombings of the U.S. embassies in Nairobi and Dar es Salaam, Tanzania." In the letter, Ahmed, chairman of the "loosely organized confederation of Islamic militias that took control of Mogadishu" last week, "compared international terrorists such as al-Qaeda to the brutal warlords who had ruled the city since 1991."

Senate Approves $60 Million For UN Darfur Peacekeeping Mission. The CBS Evening News (6/15, story 7, 4:30, Schieffer, 7.66M) reported, "The Senate today approved $60 million for a UN peacekeeping mission in the Darfur region of Western Sudan, where three years of fighting between rebels and government-backed Arab militias have killed 180,000 people and left 2 million homeless."

US, Russia Extend Program For Eradicating Soviet WMD. USA Today (6/16, Eisler, 2.31M) reports, "U.S. and Russian officials have agreed on terms for a seven-year extension of programs that provide U.S. money and expertise to secure and destroy Soviet-era caches of nuclear, chemical and biological weapons." USA Today adds, "Bush has hailed the programs as an important part of the administration's efforts to keep terrorists from obtaining weapons of mass destruction. But the programs' future has been in flux since 2004 due to a U.S.-Russian dispute over liability protections for U.S. companies, workers and government personnel working at Russian weapons sites."

Former Liberian Leader May Serve Sentence In UK. The New York Times (6/16, Lyall, 1.19M) reports, "Britain said on Thursday that the former Liberian president, Charles Taylor, might serve his sentence in a British prison if he is convicted at his forthcoming war crimes trial." Other European countries had refused to take Taylor but British foreign minister Margaret Beckett "said the decision to take in Mr. Taylor…was evidence of Britain's "commitment to international justice."

The Washington Post (6/16, A16, Lynch, 744K) notes, "U.N. Secretary General Kofi Annan welcomed the decision. 'I am very grateful to Prime Minister Tony Blair and Foreign Secretary Margaret Beckett for this statesmanlike decision,

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which marks another step forward in our battle against impunity for the most heinous crimes,' Annan said."

Cholera Epidemic Spreading In Angola. The New York Times (6/16, LaFraniere, 1.19M) reports that despite the wealth Angola has earned from its oil industry, the country's poor living conditions have led to a cholera epidemic. Experts blame the government which "seems powerless to address even the basic issues of clean water and sewers that would make such epidemics entirely preventable — a paradox that critics attribute to corruption, incompetence or the hangover of a 27-year civil war that flooded the capital with refugees, or all three."

Top Uganda Officials Accused Of Corruption. The Washington Times (6/16, Witter, 90K) reports, "Uganda, which continues to win praise from President Bush and others as a model of success battling AIDS, is reeling from the disclosure that top officials, their relatives and colleagues siphoned off tens of millions of dollars in grants from the Geneva-based Global Fund." The Times notes, "Money went to charities that did not exist, into the personal bank accounts of government employees and even to fund a nationwide campaign to scrap term limits so that President Yoweri Museveni could run for a third term in office."

Annan Confident UN Will Avoid Shutdown Despite Dispute With US. The New York Times (6/16, Hoge, 1.19M) reports, "Secretary General Kofi Annan said Thursday that he thought the United Nations would avoid a threatened budget showdown at the end of this month over management changes, but he warned against threats to 'pull the plug' on the organization if it did not meet some countries' expectations." US ambassador John Bolton "has periodically hinted that if sufficient changes are not made, the United States Congress will move to withhold its United Nations dues." But "Annan predicted that the progress being made now would be sufficient to forestall a crisis" and "that the tactic pressed by the United States had provoked a strong reaction from many nations."

The Washington Times (6/16, Pisik, 90K) reports, "U.S. Ambassador John R. Bolton, who negotiated the six-month spending authority with other countries in late December, said yesterday that the Bush administration, European Union and Japan have been meeting with the powerful bloc of 132 developing nations and were working toward a consensus on how to streamline the organization to mutual satisfaction." Bolton said, "Our positions were quite in accord with one another. … We have tried not to draw lines in the sand."

US Seen As Reluctantly Working With Allies. Philip Stephens in his column in the Financial Times (6/16) writes that "For all Mr Bolton's bluster, George W. Bush's administration has acknowledged that acting effectively in the world requires legitimacy as well as power. No one hates the idea of admitting this more than its ambassador in New York." But "If the wilder ambitions of Mr Bolton have been decisively checked by Iraq, America remains the indispensable power. How it exercises that power determines the shape and stability of the global system. We can probably expect no more of this administration than its reluctant conversion to pragmatism. But one of these days an American president needs to explain that Roosevelt and Truman were not altruists. They built the UN because, for all its inevitable flaws, it serves American interests."

Chavez Popular With US Leftists. The Wall Street Journal (6/16, A1, Davis, 2.11M) in a front page story reports, "To a slice of the American left," Venezuelan president Hugo Chávez "has become a revolutionary hero nearly on a par with Che Guevara and Fidel Castro." Whenever "Chávez clashes with Mr. Bush -- most recently over the Venezuelan's torpedoing of a U.S. effort to create a hemispheric free-trade agreement -- his stock rises with the amalgam of college students, antiglobalization protesters and graying allies of Central American rebels."

China Seeks Tighter Controls Over Economic Growth. The Washington Post (6/16, D1, Goodman, 744K) reports, "China's premier, Wen Jiabao, has ordered banks and local governments to tighten financing for construction projects, the state media reported Thursday, signaling growing unease among top leaders that an ongoing surge of investment is imperiling the world's fastest-growing major economy." The Post notes, "China's leaders are again grappling with the prospect that excessive economic growth -- erecting more factories and office towers than even this giant country can use -- could give way to a disastrous bust and cause prices to plunge. That could leave China's banks, stocked with about $500 billion in bad loans, facing an even larger toll."

Krauthammer Criticizes Palestinians For Failing To Accept Negotiated Peace. Charles Krauthammer in his column in the Washington Post (6/16, A25, 744K) blames the Palestinians for the recent deaths of a family after an Israeli missile reportedly struck a beach in Gaza because the Palestinians have failed to accept offers of peace. The Palestinians "are offered an independent state. They are given all of Gaza. And they respond with rocket attacks into peaceful Israeli towns -- in pre-1967 Israel proper, mind you." Krauthammer asks, "What can Israel do but try to take out those rocket bases and their crews? What would the United States do if rockets were raining into San Diego from across the border with Mexico? Now look again at that terrible photograph and ask yourself: Who is responsible for the heart-rending grief of that poor Palestinian girl?"

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O'Grady Sees Private Investment As Remedy For Mexican Economy. Mary Anastasia O'Grady in her column in the Wall Street Journal (6/16, 2.11M) asks "Why, in the midst of this energy boom, is Mexico so poor, while Alberta lives large? My guess is that it has to do with the fact that the Canadian province welcomes private-sector investment (otherwise known as money) in its energy sector while Mexico has a government-owned oil monopoly (Pemex) and forbids private-sector risk capital." O'Grady states, "Mexico's President Vicente Fox likes to talk about his concerns for the dignity of Mexican migrants in the U.S. But as long as the country clings to the Pemex monopoly, it will be hard to take Mr. Fox or any Mexican president seriously when he feigns concern for jobless Mexicans."

WSJournal Blames Airbus Meltdown On European Subsidies. The Wall Street Journal (6/16, 2.11M) editorializes, "Airbus is fast becoming the current airborne testament to the hubris of state-led industrial policy in Europe. Driven as much by political ego as business sense, the aircraft maker flew for the sun only, like Icarus, to see its wings start to melt away." The meltdown in its stock prices last week, "is portrayed as a blow to European pride rather than to the company's shareholders and millions of air travelers, who will suffer directly. This is the real trans-Atlantic gap. Americans tend to judge corporations by the bottom line, not the national flag. Europeans relate to big companies as to their World Cup teams. In this they get plenty of encouragement from politicians, in particular the Gallic variety, who think business is their business." But without the "subsidies and politics, Airbus would be free to behave like a normal company. It is not that today."

NYTimes Sees Benefits In Russian Experiment With Young Politicians. The New York Times (6/16, 1.19M) editorializes, "If the young will line up to sing badly for national attention or eat worms for money, why not get them to compete for political office?" The idea "has apparently taken hold in parts of Russia, where political leaders have begun to worry that their Parliament is a little too heavy on middle-aged men." The Times conclude, "Russian politics is not exactly a model of democracy, of course, but maybe, for those trying to interest young American voters, a political reality show might not be such a bad idea. Let's face it, looking at the demographics, it could hardly hurt."

THE BIG PICTURE:

Headlines From Today's Front Pages.

Los Angeles Times:
"Congress Wages Partisan Battle Over Iraq War."
"A Long Fight To Free Man Convicted Of Child Abuse Killing."
"Bill Gates Programs New Life As Donor."
"Mexico's Calderon: Chasing A Legacy."
"Assembly Speaker Warns Villaraigosa That School Takeover Plan Is In Serious Trouble."
"Supreme Court Weakens Police 'Knock And Announce' Rule."

USA Today:
"Justices Allow No-Knock Searches."
"Alaska Is Front Line Vs. Avian Virus."
"Drug-Plan Shuffle Disrupts Coverage."

New York Times:
"Congress Erupts In Partisan Fight Over War In Iraq."
"U.S. Portrayal Helps Flesh Out Zarqawi's Heir."
"In Oil-Rich Angola, Cholera Preys Upon Poorest."
"Gates To Cede Software Reins In Era Change."
"'06 Race Focuses On The Suburbs, Inner And Outer."
"U.S.-Style Pay Deals For Chiefs Become All The Rage In Europe."

Washington Post:
"Parties Face Off Over Iraq War In 11-Hour Debate."
"Militias Hold Sway In Prisons, Iraqi Says."
"Malvo Claims 4 Other Shootings, Source Says."
"Court Eases 'No Knock' Search Ban."
"Metro Board Member Fired For Comment On Gays."
"Bill Gates, Version 2.0: Full-Time Philanthropist."

Washington Times:
"Papers Reveal Weakening Terror Group."
"Uganda Shaken By Fund Scandal."
"U.S. Troop Pullout From Iraq From Iraq Rejected By Senate."
"Pioneer Urges 'Responsible Fatherhood.'"
"Bash Set For Tai Shan's Birthday."
"Baghdad On The Bayou."
"IPods Offer Athletes Easy Access To Game Videos."

Detroit Free Press:
"Tiger Stadium: It's History."
"Soon, Urban Drivers Can Go 70 M.P.H."
"Cops Don't Have To Knock."
"Dude, Where's My Gun?"

Atlanta Journal-Constitution:
"Atlanta To Launch N.Y.-Style Marathon."
"Airlines Jump On Fare Hike."
"State Reworks New Grading System."
"Out Of The Hospital, But Into A Flap Over Risk-Prone Athletes."
"Life After GM: Early Retiree Feels At Home With Homeless."

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Houston Chronicle:
"High Court Back No-Knock Search."
"Something In The Air At Bush?"
"Battle Breaks Out In Congress On Pros, Cons Of U.S. Pullout."
"List Of Teen Deaths Grows With Two More Shootings."
"Like Many At Rice, Coach Is A True Scholar In His Field."

Story Lineup From Last Night's Network News:
ABC: Gates Stepping Down; Gates-Philanthropy; Stock Markets; Iraq-2500 US KIAs; Bush-Supplemental Spending Bill; Al Qaeda Documents; Pentagon-9/11 Memorial; Bush-Hawaii Marine Reserve; Supreme Court-Police Searches; Pittsburgh QB Released; LA-Conjoined Twins; Mine Safety Bill; Woman Bowler.
CBS: Iraq-Zarqawi's Successor; Zarqawi's Successor-Background; Congress-Iraq War; Pentagon-9/11 Memorial; Gates Stepping Down; Mexican Border-National Guard; South Sudan-Aid Needs; Pittsburgh QB Released; Bush-Hawaii Marine Reserve.
NBC: Gates Stepping Down; Bernanke-Energy Prices; Iraq-2500 US KIAs; Iraq-Zarqawi's Successor; Baghdad Crackdown; Congress-Iraq War; Killer Heroin; Bush-Hawaii Marine Reserve; Supreme Court-Police Searches; Pentagon-9/11 Memorial; Iraq-American Deejay.

Story Lineup From This Morning's Radio News Broadcasts:
ABC: House-Iraq Resolution; Jefferson Removed From Ways And Means; Wall Street; Foreign Stock Markets.
CBS: Iraq-Security; Iran-Nuclear Program; India-Flooding; Jefferson Removed From Ways And Means; Prostate Cancer.
NPR: Iran-Nuclear Program; Iraq-US Death Toll; National Guard-Border Patrols; Oil Prices; Foreign Stock Markets; Taylor Trial; Microsoft-Gates Stepping Down.

WASHINGTON'S SCHEDULE:

Today's Events In Washington.

White House:

PRESIDENT BUSH — Attends Friends of Dave Reichert and Washington State Republican Party reception, Private residence, Medina, Wash.; attends Heather Wilson for Congress reception, Hyatt Regency Albuquerque.

VICE PRESIDENT CHENEY — No public schedule.

PRESIDENT BUSH — Speaks at a Jon Kyl for Senate luncheon, Hilton Scottsdale Resort, Scottsdale, Ariz.; attends performance of Tomas and the Library Lady, Boys and Girls Club of the East Valley, Guadalupe, Ariz.

US Senate: FLOOR SCHEDULE _ 9:30 a.m. FLOOR SCHEDULE _ Routine morning business until 10:45am. Highlights: After morning business, Senate resumes consideration of S. 2766, Defense Authorization.

10 a.m. HUMAN RIGHTS-ROMA _ Helsinki Commission holds briefing on the Roma human rights situation, spotlighting the Europes largest ethnic minority. Witnesses: Madga Matache; Romani Center for Social Intervention and Studies, Romania; Timea Junghaus, Arts and Culture Network Program, Open Society Institute, Hungary; Tano Bechev, Regional Policy Development Centre, Bulgaria; Nicolae Gheorghe, Office for Democratic Institutions and Human Rights, Organization for Security and Cooperation in Europe. Location: Room 226 Dirksen.

US House: FLOOR SCHEDULE _ 9 a.m. Meets for legislative business. Highlights: H.Res.861 - Declaring that th U.S. will prevail in the Global War on Terror, the struggle to protect freedom from the terrorist adversary.

9 a.m. GOVERNMENT REFORM _ Criminal Justice, Drug Policy and Human Resources Subcommittee. Hearing on the synthetic drug control strategy. Scott Burns, Deputy Director for State and Local Affairs, White House Office of National Drug Control Policy; Uttam Dhillon, Director of Office of Counter-Narcotics Enforcement, Department of Homeland Security; Joseph Rannazzissi, Deputy Assistant Administrator, Office of Diversion Control, Drug Enforcement Administration; Don Young, Acting Assistant Secretary for Planning and Evaluation, Department of Health and Human Services; Ron Brooks, President of National Narcotic Officers' Associations' Coalition; Eric Coleman, Oakland County Commissioner (Mich.); Lewis E. Gallant, Executive Director, National Association of State Alcohol and Drug Abuse Directors; Sherry Green, Executive Director, National Alliance for Model State Drug Laws; Sue Thau, Public Policy Consultant, Community Anti-Drug Coalition of America. Location: Room 2247, Rayburn.

10 a.m. GOVERNMENT REFORM _ Full Committee. Hearing on services for the disabled in the District of Columbia. Testimony from Robert Bobb, Deputy Mayor/City Administrator, DC; Brenda Donald Walker, Deputy Mayor of Children, Youth, Families, and Elders; Marsha Thompson, Former Director, Mental Retardation Development and Disabilities Administration; Holly Morrison, Vice President and Chief Administrative Officer, The Council on Quality and Leadership; Robert M. Gettings, Executive Director, National Association of State Directors of Developmental Disabilities Services. Location: Room 2154, Rayburn.

10 a.m. HOMELAND SECURITY _ Economic Security, Infrastructure Protection and Cybersecurity Subcommittee. Hearing on legislation dealing with security screening processes for trucks. Location: Room 311, Cannon.

Other: KATRINA COMMISSION _ The Katrina National Justice Commission, sponsored by the the Samuel DeWitt Proctor Conference, holds its first round of hearings to

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discuss successes and failures regarding Hurricane Katrina. Location: Lutheran Church of the Reformation, 212 E Capitol St.

AMERICAN-ARAB ANTI-DISCRIMINATION _ The American-Arab Anti-Discrimination Committee holds its 26th annual convention. Highlights: 12 p.m. Session on the media, with Helen Thomas, Mike Wallace and Jim Naureckas of Fairness and Accuracy in Reporting. Washington Rooms 1-2. 1:30 p.m. Luncheon session, with Rep. Mary Rose Oakar and retired Col. Larry Wilkerson. Cotillion Ballroms. 3 p.m. Session on Lebanon, with Amb. Farid Abboud, others. Washington Rooms 1-2. 7 p.m. Banquet, with awards to Mike Wallace of 60 Minutes; Osama Siblani of Arab American News; actor Ghassan Massoud; movie director Hany Abu-Assad; and Lifetime Achievement Award to actor Omar Sharif. Marriott Ballroom. Location: Washington Marriott Wardman Park, 2660 Woodley Road NW.

COPENHAGEN CONSENSUS _ The Copenhagen Consensus Center and Georgetown University, along with nine UN ambassadors, hold a conference on how to cope with major global challenges with limited funds. Highlights: 8 a.m. Media briefing on malnutrition and hunger. 9:30 a.m. Media briefing with US Amb. to the UN John Bolton, India Amb. to the UN Nirupam Sen, and Bjorn Lomborg, director of the Copenhagen Consensus Center. 12 p.m. Media briefing on climate change. Location: Georgetown University, unless otherwise noted.

CONSTITUTIONAL LAW _ The American Constitution Society for Law and Policy holds its national convention. Highlights: 9 a.m. Sen. Hillary Clinton delivers a ``major'' speech on privacy rights. 9:45 a.m. Plenary session on separation of powers, with former Sen. Gary Hart, others. 1:15 p.m. Luncheon speaker: Rep. Barney Frank. Location: Hyatt Regency-Washington on Captiol Hill, 400 New Jersey Ave. NW.

TAX POLICY _ 9 a.m. Tax Analysts holds an event on key issues in tax policy, with Katherine Baicker of the President's Council of Economic Advisers, others. Location: National Press Club.

US-INDIA-ENERGY _ 9 a.m. Energy Secretary Samuel Bodman delivers remarks at the National Academies U.S.-India Conference, along with Vice Chairman Montek Singh Ahluwalia. Location: National Academy of Sciences, 2100 C St.NW.

EMPLOYERS-HEALTH INSURANCE _ 9 a.m. - 12 p.m. The Brookings Institution-New America Foundation hosts a forum, ``Employment-Based Health Insurance: A Prominent Past, but Does it Have a Future?'' Panel one participants are: Moderator Henry Aaron, senior fellow, Brookings Institution; and Andrew Stern, president, Service Employees International Union. Panel two participants are: Moderator Len Nichols, director, Health Policy Program, New America Foundation; John Matthews, senior vice president, Costco; and Todd McCracken, president, National Small Business Association. Location: Falk Auditorium, The Brookings Institution, 1775 Massachusetts Ave. NW.

NET NEUTRALITY _ 9:15 a.m. The Institute for Politics, Democracy and the Internet holds a discussion on ``Net Neutrality,'' with Mike McCurry of the Hands Off the Internet group, Paul Misener of Amazon, others. Location: Morton Auditorium, 805 21st St. NW.

FEMA BRIEFING _ 10 a.m. FEMA Director David Paulison and senior FEMA officials hold pen-and-pad media briefing on hurricane preparations and operations. Location: Discovery Room, FEMA HQ, 500 C St. NW.

JOHANNS _ 10 a.m. Agriculture Secretary Johanns speaks at the 2006 Allard Capital Conference. Location: Room G-50, Dirksen.

NUCLEAR RENAISSANCE _ 10 a.m. Dr. Nils J. Diaz, Chairman of the Nuclear Regulatory Commission, will be the guest at a media breakfast, sponsored by The Energy Daily and cosponsor BP America. Location: Suite 1003, 1325 G St. NW.

DEMOCRATS-AGENDA _ 10:15 a.m. Senate Democratic leader Harry Reid, House Democratic leader Nancy Pelosi, and members of the House and Senate Democratic leadership hold a news conference to ``announce a new direction for America.'' discuss Democrats' commitment to fighting for a new direction for America.'' Location: S-207, US Capitol.

PENTAGON BRIEFING _ 9 a.m. Army Maj. Gen. James Thurman, commander of the Multi-National Division-Baghdad, will brief live from Iraq at 9 a.m. EDT. Location: Pentagon briefing room.

NUCLEAR STATES _ 12 p.m. The Russian American Nuclear Security Advisory Council holds a briefing on the Iranian and North Korean nuclear programs, with David Albright of the Institute for Science and International Security, Thomas Donnelly of AEI, and Robert Gallucci of the Georgetown University School of Foreign Service. Location: Room B-340, Rayburn.

MEDICAID _ 12:15 p.m. The Alliance for Health Reform and the Commonwealth Fund hold a luncheon briefing on improving coverage stability for kids in Medicaid and SCHIP, with Laura Summer of Georgetown University, Stan Dorn of the Economic and Social Research Institute, others. Location: Room 325, Russell.

CHAO _ 1:30 p.m. Labor Secretary Chao speaks at the Clare Boothe Luce Policy Institute seminar. Location: Room HC-5, Capitol.

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DEPARTMENT OF JUSTICE *NEWS CLIPS*

PREPARED FOR THE OFFICE OF PUBLIC AFFAIRS, US DEPARTMENT OF JUSTICE

TO: THE ATTORNEY GENERAL AND SENIOR STAFF

DATE: FRIDAY, JUNE 16, 2006 7:45 AM EDT

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TERRORISM NEWS:

Specter Threatens To Subpoena White House Documents On Surveillance Program (AP)

By Laurie Kellman, Associated Press

AP, June 16, 2006

WASHINGTON – Senate Judiciary Committee Chairman Arlen Specter cranked up his dispute with the Bush administration over executive power on Thursday, threatening to subpoena documents on the White House's warrantless surveillance program.

Specter said he had not received a response to his request that Attorney General Alberto Gonzales appear before the panel this month to answer questions about the surveillance program and other touchy subjects – such as the FBI raid on a lawmaker's office last month.

"I will ask for authorization for a subpoena if we do not get an adequate response," Specter told the committee.

Such prodding may not be necessary, according to the Bush administration.

"We are currently working with Chairman Specter to set a date for the attorney general to appear," Justice Department spokesman Eric Holland said.

The Pennsylvania Republican, who won the administration's goodwill by ushering two of its nominees onto the Supreme Court in the last year, has engaged in an increasingly tense standoff with the White House over matters he believes could amount to abuses of executive power.

Under that umbrella fall several administration policies that Specter wants to examine and the White House has resisted explaining. The administration argues that the details are matters of national security and subject to executive privilege.

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The policies include a probe into Bush's domestic surveillance program that has been dropped by Gonzales' Office of Professional Responsibility; revelations that the government, aided by telephone companies, is keeping records of calls made by Americans; the government's attempts to investigate and prosecute journalists who refuse to reveal their sources; and the FBI's raid last month on Rep. William Jefferson's Capitol Hill offices as part of a bribery probe.

Specter also wants to examine the statements Bush issues when he signs bills into law, in which the president enumerates how he will interpret them.

"There's a whole litany of questions that the attorney general is going to have to answer," Specter said this week. "We're going to press him as hard as we can."

Congress Struggles To Ramp Up Oversight (CSM)

By Gail Russell Chaddock

The Christian Science Monitor, June 16, 2006

WASHINGTON

Forty-four months after authorizing the use of force in Iraq, the House Thursday opened the floor to its first day-long debate about the war. A key theme: Keeping the White House accountable.

Meanwhile, on the other side of the Capitol, the Senate voted Wednesday to pay for future war costs through the regular budget process, rather than through "emergency" spending bills. It's a move lawmakers say will increase congressional oversight of the war.

At the same time, a Senate panel will grapple next week with how to oversee the National Security Agency's (NSA) warrantless surveillance of communication between Americans and suspected terrorists abroad.

The moves signal that Congress is trying - again - to revive its flagging oversight role of an executive branch that is claiming broad wartime powers. It's doing so, analysts say, because control of Congress in this fall's midterm elections could turn on the issue.

"The broader motivation in Congress by the majority party is clearly the sinking political fortunes of the president and the party and the fear of retribution in November," says Thomas Mann, a senior fellow at the Brookings Institution, a center-left think tank in Washington.

So far, however, both chambers of Congress have struggled to make headway. Sen. Arlen Specter (R) of Pennsylvania, for example, has repeatedly been stymied in his bid to bring the government's secret eavesdropping program in line with the 1978 Foreign Intelligence Surveillance Act. On Thursday, the Judiciary Committee he chairs postponed the consideration of four versions of legislation to require more oversight. The Senate Intelligence Committee is developing its own plan to strengthen supervision of the NSA program. "Congress's ability to conduct effective oversight depends on what political price the president has to pay for resisting congressional scrutiny," wrote Senator Specter, in an opinion piece Thursday.

So far, that price has not been high. And this week, one of the few congressional committees that had been cruising on a bipartisan basis stalled out on party lines over the issue of congressional oversight.

Last week, Democrats on the House Armed Services Committee called on Chairman Duncan Hunter (R) of California to reestablish the subcommittee on oversight and investigations, which traditionally led probes of the Pentagon. Republicans did away with that panel when they took back the House in 1995.

"At the end of [Thursday's] debate, we are still going to be left with a House Armed Services Committee that is not doing the kind of oversight ... as has been done in past wars and past Congresses, regardless of what administration is in power," said Rep. Marty Meehan (D) of Massachusetts at a press conference on Wednesday.

Inertia has been strongest on the highest- profile investigations. Nearly two years after promising a report on whether the prewar intelligence on weapons of mass destruction in Iraq was politically manipulated, the Senate intelligence panel is still gridlocked over the terms of completing the investigation.

"[Democrats] keep moving the goal posts and asking for more information," says Sen. Pat Roberts (R) of Kansas, who chairs the Select Committee on Intelligence. In comments off the floor of the Senate, he said he expected the report to be completed by mid-July.

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Senate Democrats, who can't offer any detail on the panel's secret work, say the Republicans are dragging their feet. "It's like the marquee on an old movie house that always reads: 'Coming soon'," says Sen. Ron Wyden (D) of Oregon, a member of the Intelligence committee. "It's critically important that this be wrapped up quickly."

Some observers see the low level of supervision as a function of partisan deference. Republicans are "afraid if you do look at anything out there, it could prove embarrassing," says Norman Ornstein of the American Enterprise Institute, a conservative think tank in Washington.

But history suggests that one party's dominance need not preclude meaningful oversight. Nine months after German tanks rolled into Paris, the junior senator from Missouri called for a probe of the US buildup in World War II to "head off scandals before they started."

The Truman Committee, created at a time when Democrats controlled the presidency and both houses of Congress, set the gold standard for congressional investigations - and gave Harry Truman a leg up to the presidency. Between 1941 and 1948, this panel held 432 public hearings and 300 executive sessions, and is credited with saving the government billions of dollars.

"Presidents are well served by a Congress that aggressively but responsibly pursues its oversight responsibilities. It helps keep them from making mistakes and helps administrations make corrections in a more timely fashion," says Mr. Mann.

Is Bush Signaling An About-Face On Detainees? (LAW)

By Tony Mauro, Legal Times

Legal Times, June 16, 2006

It is rare for a president to comment on a pending Supreme Court case. But President George W. Bush has been doing just that in recent weeks, making several mentions of the Hamdan v. Rumsfeld case that will decide the fate of the military commissions he ordered to handle detainees at Guantanamo Bay, Cuba.

"We're waiting on our Supreme Court to act," Bush said at a press conference Wednesday, one of several comments that indicate he is eager to follow the Court's lead, even if it rules against his claim of broad power to deal with the detainees outside the established military and civilian court system.

Bush's remarks and tone have confounded opponents of the military commissions, leaving some wondering if Bush is trying to soften the blow of an expected defeat -- or already preparing the public for civilian alternatives to military commissions.

Covington & Burling partner David Remes, one of the coordinators of the legal effort against the administration position, says Bush's comments have led him to ask "why Bush made Hamdan a test of presidential power in the first place. If Bush could accomplish his goals within the existing legal framework, why did he confront the judicial branch with such breathtaking claims of presidential power?"

The presidential commentary on the case was so frequent in recent days that expectations were high that the Court might hand down the decision on Thursday. The two lawyers who argued against each other in the case -- Solicitor General Paul Clement and Georgetown University Law Center's Neal Katyal -- were in the courtroom, but the justices instead handed down four criminal and business law cases. The Court will convene again next Monday and Thursday to issue more decisions in its push toward adjournment by month's end.

The Hamdan case asks whether the president has constitutional or statutory authority to establish the commissions -- and whether federal courts have jurisdiction over the issue. Lawyers challenging the commissions say the limited rules of evidence and trial procedures violate the Uniform Code of Military Justice and the Geneva Conventions on prisoners of war. The administration has argued that Bush has ample authority to decide that military necessity requires a special process for handling the detainees outside the court system.

But during a joint press conference June 9 with the prime minister of Denmark, Bush said he thought Guantanamo detainees "ought to be tried in courts here in the United States. We will file such court claims once the Supreme Court makes its decision as to whether or not -- as to the proper venue for these trials." That comment seemed to some to contradict his legal position, which was that the detainees should be tried by military commissions at Guantanamo, not courts in the United States.

"This is a dramatic about-face from the Administration's position in the high court, and an admission that the detainees have been right all along," said Katyal, who argued on behalf of detainee Salim Ahmed Hamdan before the justices on March 28.

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"These cases belong in our courts, not in a makeshift military system that lacks credibility. President Bush's statement reaffirms that national security doesn't require this makeshift system, which is precisely what Mr. Hamdan has been saying for three years."

On Wednesday, at a press conference after his surprise visit to Iraq, Bush seemed to amend his comments, emphasizing that he had military, not civilian courts in mind. "I'd like to close Guantanamo," Bush said, "but I also recognize that we're holding some people that are darn dangerous, and that we better have a plan to deal with them in our courts. And the best way to handle ... these types of people is through our military courts. And that's why we're waiting on the Supreme Court to make a decision."

But on May 7, in comments during an interview on a German television network, Bush seemed indifferent about which courts the detainees ultimately face. "I very much would like to get people to a court," Bush said, according to the transcript. "And we're waiting for our Supreme Court to give us a decision as to whether the people need to have a fair trial in a civilian court or in a military court. But in either case, they will get a trial which they, themselves, were unwilling to give to the people that they're willing to kill."

Richard Samp of the Washington Legal Foundation, which filed a brief in support of the Bush Administration's position on military commissions, said not much should be made of these remarks.

"He has been talking to a lot of foreign leaders lately about Guantanamo, and I am sure he wants to not appear insensitive to their concerns," said Samp. Samp adds that it is prudent for the administration to be planning now for the ramifications of a high court ruling -- no matter which way it comes down.

Deborah Pearlstein of Human Rights First, a leading critic of the commissions, agrees that Bush's comments about the case reflect "national and international pressure on the administration to finally come up with some definitive -- and lawful -- resolution to a global detention system that long ago stopped serving U.S. policy interests in promoting freedom, or in protecting its own security."

But she too was astonished at Bush's seeming acceptance of trials for the detainees, no matter where they take place. "The suggestion that the Guantanamo detainees should be tried at all, much less tried in U.S. courts, contradicts the administration's position all along that the President can just detain, without trial if he wants, the 'worst of the worst' at Guantanamo forever."

New Jersey Demands Data On Phone Call Surveillance And Is Sued By U.S. (NYT)

By David W. Chen And Matt Richtel

The New York Times, June 16, 2006

TRENTON, June 15 — The New Jersey attorney general has issued subpoenas to five telephone companies to determine whether any of them violated the state's consumer protection laws by providing records to the National Security Agency. Experts say it is the first legal move by a state to question the agency's program to compile calling records to track terrorist activities.

On Wednesday, the United States filed a lawsuit to block the subpoenas, setting up a legal showdown pitting the state's authority to protect consumers' rights against the federal government's national security powers.

"People in New Jersey and people everywhere have privacy rights," the state's attorney general, Zulima V. Farber, said on Thursday. "What we were trying to determine was whether the phone companies in New Jersey had violated any law or any contractual obligations with their consumers by supplying information to some government entity, simply by request, and not by any court order or search warrant."

This latest confrontation over the invocation of national security began last month, when Ms. Farber issued the subpoenas to the companies — AT&T, Verizon, Qwest, Sprint Nextel and Cingular Wireless — to determine whether they had turned over the phone records to the federal government without a court order, in possible violation of state laws.

But when the Justice Department filed suit in United States District Court here to block those subpoenas — a suit that Ms. Farber received on Thursday — it asserted that the state was straying into a federal matter, and that compliance with the subpoenas would imperil national security.

As a matter of national security policy, the dispute represents the latest twist in the controversy over the boundaries of domestic spying and personal privacy. But as a matter of government practice and legal precedent, the dispute is significant

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because it transforms what had primarily been a fight between the federal government and civil liberties groups into a far knottier one pitting federal authorities against state ones.

Clifford Fishman, a professor at Catholic University Law School who is an expert on electronic-surveillance law, also said the actions by both state and federal government were laden with political overtones.

Professor Fishman said New Jersey's subpoenas — issued by a Democratic administration — appeared to be "a political move to try to embarrass the Bush administration as well as the phone companies." But he added that "the Bush administration is responding with a howitzer instead of a sniper."

The professor, who noted that he had not seen the government's suit, said each party had alternatives to what he saw as a significant development over the disputed reach of the National Security Agency. He said the federal government need not have sued New Jersey to make its argument against the subpoenas, and he said the state could have allowed numerous private parties to pursue litigation against the phone companies, rather than getting involved.

In the lawsuit, the federal government invokes the state-secrets privilege, in which the government asserts that any discussion of a given lawsuit's claims would threaten national security.

"Compliance with the subpoenas issued by those officers would first place the carriers in a position of having to confirm or deny the existence of information that cannot be confirmed or denied without causing exceptionally grave harm to national security," Assistant United States Attorney Irene Dowdy claimed in the government's complaint. "And if particular carriers are indeed supplying foreign intelligence information to the federal government, compliance with the subpoenas would require disclosure of the details of that activity."

But in an interview on Thursday, Ms. Farber said that it was incumbent upon her to insure that the phone companies were not violating state law if they had turned in any phone records to the N.S.A. The New York Times first reported in December that President Bush had authorized the security agency to conduct eavesdropping without warrants. Last month, USA Today reported that the N.S.A. had created a large database of phone calls made by customers of several phone companies.

A few days after the USA Today article was published, Ms. Farber issued subpoenas to phone companies that operate in New Jersey. Yet few people outside of state government and the phone companies knew about them.

Ms. Farber had originally demanded responses by May 30. She said that telephone company representatives, unable to persuade her to withdraw the subpoenas, had asked for an extension until Thursday. One day before that extended deadline, the federal government filed its lawsuit.

The question of whether phone companies have turned over customer records to the spy agency already has spawned a handful of lawsuits. Some companies have denied surrendering the records; others denied wrongdoing or declined to comment. For instance, a federal judge in San Francisco has scheduled a hearing for next Friday in a lawsuit filed by the Electronic Frontier Foundation, a privacy-rights advocacy group that seeks to enjoin phone companies from turning over records and seeks damages for affected customers.

Selim Bingol, a spokesman for AT&T, said that the lawsuit filed by the federal government to block New Jersey's subpoenas showed that the phone companies should not be the ones that have to address these policy issues.

The American Civil Liberties Union has filed complaints in 22 states demanding that attorneys general and utility regulators officials investigate whether consumer protection laws have been violated. Officials in a few states in addition to New Jersey. including Vermont, Maine and Washington, have promised to investigate.

"All we're really trying to do is to make sure that the phone companies have followed the law," said David J. O'Brien, Vermont's commissioner of the Department of Public Service.

But none had gone as far as New Jersey, according to Barry Steinhardt, director of the A.C.L.U.'s Technology and Liberty Project.

According to some critics, one potential weakness of the government's state-secrets claim is that Ms. Farber — as well as Gov. Jon S. Corzine and Richard L. Cañas, the state director of homeland security — has top federal security clearance, and might well not divulge any sensitive national security information she received as a result of the subpoenas.

"Our state officials are cleared for security purposes all the time," said Bruce Afran, a lawyer in Princeton, N.J., who, with his partner, Carl Mayer, filed a federal suit in Manhattan last month against Verizon.

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Lawyer Says Investigators Tricked Ga. Terror Suspect (AP)

By Harry R. Weber, The Associated Press

AP, June 16, 2006

ATLANTA - Investigators preyed on a Georgia Tech student's devotion to Islam to get him to help their terrorism probe and then reneged on their promise not to arrest him if he told the truth, the suspect's lawyer said in court papers Thursday.

The allegations by Jack Martin, a lawyer for 21-year-old Syed Ahmed, were contained in a motion in which Martin seeks to suppress Ahmed's statements to the FBI or make the government abide by the alleged agreement not to prosecute him.

In a subsequent motion, Martin insisted that the government be forced to say whether the National Security Agency used its power to obtain phone records for Ahmed or conduct other electronic surveillance of him without a warrant.

"All the defendant asks for now is notice and access to the relevant information and documents, " Martin said.

Since the arrest, the FBI has said that Ahmed and another man from the Atlanta area, Ehsanul Islam Sadequee, may have had contact with some of the 17 people arrested in Canada earlier this month on terrorism-related charges.

Martin said an FBI agent and a task force investigator who questioned Ahmed on March 10 at his Atlanta apartment told him that as long as he told the truth he would not be arrested. He said one of the investigators told Ahmed that he, too, was a Muslim and used that to get a statement from Ahmed.

"Allah does not want you to go to jail, "the investigator told Ahmed, according to the motion. "I want you to help us. Obviously, that is why we are talking to you.'"

As a result, Ahmed spoke to investigators for more than 12 hours over several days, identified videos and photographs, and assisted the agents in investigating Internet sites, Martin said. The motion does not say what Ahmed told investigators. Martin said in a telephone interview that no lawyer was present for the questioning. He refused to comment further.

On March 23, Ahmed was indicted on a single charge of providing material support to terrorists and has been held in custody since then, the motion says.

FBI spokesman Stephen Emmett said the agency would have no comment. A spokesman for the U.S. Attorney's Office in Atlanta, Patrick Crosby, said, "The motions filed today were expected, and we will respond to them in court at the appropriate time.'"

According to previously released court papers, Ahmed and Sadequee are accused of traveling to Canada to meet with Islamic extremists to discuss "strategic locations in the United States suitable for a terrorist strike.'"

Both men, who are U.S. citizens who grew up in the Atlanta area, met with at least three other targets of ongoing FBI terrorism investigations during a trip to Canada in March 2005, the documents say.

The documents say the men discussed attacks against military bases and oil refineries and planned to travel to Pakistan to get military training at a terrorist camp, which authorities said Ahmed attempted.

Attorney Says FBI Lied To Terror Suspect Agents Promised Not To Arrest Ga. Tech Student (AJC)

By Bill Torpy, The Atlanta Journal-constitution

The Atlanta Journal-Constitution, June 16, 2006

Six statements by a Georgia Tech student arrested on terrorism-related charges should be thrown out because of false promises and implied threats from investigators, the man's attorney said in court filings Thursday.

Syed Haris Ahmed, 21, talked to FBI agents after being told he would not be arrested if he cooperated. Ahmed did talk — six interviews over a week's time — and then was arrested, his court-appointed attorney Jack Martin said.

The agents also "prey[ed] on the defendant's devotion to Islam" to gain his trust and cooperation, he said.

"Office [Khalid] Sediqui, who revealed that he was a devout Muslim himself, stated 'Allah does not want you to go to jail. I want you to help us,' " the motion states.

Sediqui told Ahmed if he answered the investigators' questions, "then we are going to leave you alone," the motion states.

Ahmed gave more than 12 hours of statements, totaling 400 pages of transcripts, and identified photographs and videos. On March 23, he was indicted on a charge of providing material support to terrorists.

Another Georgia man, Ehsanul Sadequee, 19, of Roswell, a friend of Ahmed's, was arrested in April while traveling in Bangladesh. The two men allegedly took a Greyhound bus to Toronto in March 2005 to meet with "like-minded extremists" and plot "strategic locations in the United States suitable for a terrorist strike."

The men allegedly made contact with two of the 17 suspects arrested this month in Toronto on terrorism charges, according to documents filed in Canadian court.

The two men also allegedly discussed traveling to Pakistan to receive military-style training. Prosecutors say Ahmed tried to do that last summer.

In April 2005, a month after the Canada visit, the two allegedly shot some "casing videos" of sites in Washington. Those videos were found on the computer of a man arrested in London on terrorism charges.

In the motion filed Thursday, Martin argued that the U.S. Supreme Court and other courts have determined that a statement is involuntary if induced "by significant and powerful promises or threats, such as the promise of nonprosecution here and the threat of arrest if the defendant did not 'cooperate.' "

The motion quotes an agent telling Ahmed, "You have the rest of your life in front of you. ... You know eventually you are going to have to get a job some day. Do you want any type of criminal record?"

Ahmed answered, "No."

In a separate filing, Martin asks the court to force prosecutors to divulge any wiretaps or electronic surveillance the government used to keep track of his client.

The FBI declined to comment on the case. Patrick Crosby, spokesman for the U.S. Attorney's Office, said, "The motions filed today were expected, and we will respond to them at the appropriate time."

Canadian Muslims Urged To Keep Eye On Extremism (USAT)

By Rebecca Cook Dube

USA Today, June 16, 2006

TORONTO — Some Canadian Muslim leaders are urging a crackdown on extremists within their community two weeks after 17 males, including five teenagers, were arrested in suburban Toronto on terrorism-related charges.

“We knew of these children. We'd see them coming to our mosque wearing military fatigues, and we didn't think much of it,” says Asad Dean, chairman of Meadowvale Islamic Center in a western suburb of Toronto. Several of the suspects occasionally attended services there, he says. “We need to be more vigilant.”

The response to the arrests has exposed a rift between Muslim leaders. Some reject the notion that a violent ideology may have taken root in their community; others argue that Muslims must acknowledge radicalism in their midst and work harder to extinguish it.

The allegations that 17 Muslim men and boys, most of whom were born and raised in Canada, plotted to blow up buildings and behead the prime minister caused ripples as far away as Iraq.

Iraq's most senior Shiite Muslim cleric issued a religious decree Wednesday addressing the charges against the men in Canada. “Muslims have undertaken to obey the laws of a country of their residence, and thus they must be faithful to that undertaking,” read the fatwa, or legal opinion, issued by the Grand Ayatollah Ali al-Sistani.

The suspects, all but two of whom are younger than 26, were arrested in raids across the Toronto area June 2 and 3. Gary Batasar, a lawyer for one of the accused men, said the government alleges the group planned to behead Prime Minister Stephen Harper and possibly blow up the headquarters of the Canadian Broadcasting Corp.

The suspects, who are being held in solitary confinement at a prison southwest of Toronto, await bail hearings and trials.

The young men are part of a Muslim community that has more than doubled, according to the government's Statistics Canada agency, from about 250,000 in 1991 to nearly 580,000 in 2001 — about 2% of Canada's population. The Center for Immigration Studies, a Washington-based research group, estimates the Muslim population in the USA at 2 million, or almost 1% of the total population.

Some Canadian Muslim leaders say they're offended by the suggestion they should be responsible for combating radical influences.

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At a news conference the day after the arrests were announced, several Muslim leaders denounced the idea that their mosques might include extremists, even on the fringes.

"That is a scandalous allegation," said Zafar Bangash of the Institute of Contemporary Islamic Thought in Toronto.

Others say radicals are spreading extremism and the danger can no longer be ignored. "They were young kids, and they were taken down this road by someone," says Sheik Husain Patel, cleric at the Toronto Islamic Center, where one suspect occasionally worshiped.

"It's about time Muslims owned up to the fact it's a Muslim problem," Farzana Hassan-Shahid of the Canadian Islamic Congress (CIC) said after a meeting last weekend between Canadian Prime Minister Stephen Harper and Muslim community leaders.

The CIC issued a flier in October that warns the Muslim community of attempts by extremists to influence children and advises parents on how to watch for and counter radicalism.

Yasmin Ratansi, a Liberal member of Parliament from Toronto, is among those who agree with Patel and the CIC that parents and Muslim leaders need to pay closer attention to what children learn at mosques and on the Internet.

"Canadian youths of Muslim faith have been unduly influenced by radical thought," Ratansi says.

Dean blames Saudi-funded organizations for spreading fundamentalist Islam in North America and Europe.

Saudi Arabia's puritanical Wahhabist strain of Islam urges a literal interpretation of the Quran, Islam's holy book, that puts its followers at odds with many other Muslims. "We should not have Saudi Wahhabi literature in North America and Europe," Dean says. "We have to address the root of this problem."

He says several suspects in the terror case approached him about hosting a religious program.

When he turned them down, Dean says, they urged other Muslims to boycott his suburban mosque.

"They view the traditional Muslims as compromisers, as collaborators, as wimps," he says. "It's a serious crisis. These kids were born and raised in Canada, and there could be more of these kids out there. That's what concerns me."

Manzanar Redux? (LAT)

By David Cole

The Los Angeles Times, June 16, 2006

'WHAT WILL they do to us if there is another attack? Will they intern us like they interned the Japanese?"

That is the single most common question I get when speaking about counter-terrorism policies and civil liberties to Arab and Muslim audiences. Until Wednesday, I assured them that such a response was unthinkable. The Japanese internment during World War II is now so widely recognized as morally, legally and ethically wrong, I told them , that it could not possibly be repeated.

But after a decision by a federal judge in New York, I'm no longer confident that I can be so reassuring. Dismissing a case challenging the detention of Arab and Muslim foreign nationals in the weeks after 9/11, U.S. District Judge John Gleeson ruled that it is constitutionally permissible to round up foreign nationals on immigration charges based solely on their race, religion or country of origin. What's more, he said that they can be detained indefinitely, even after they have agreed to be removed to their home countries.

In essence, he authorized a repeat of the Japanese internment — as long as the internment is limited to foreign nationals charged with visa violations (a group that at last count numbered about 11 million people).

The case, Turkmen vs. Ashcroft, was filed on behalf of Arab and Muslim foreign nationals swept up on the pretext of immigration charges in the weeks after 9/11. Many were initially arrested on no charges at all — only to be served with immigration papers days, weeks or sometimes months later. All were arrested in secret — in many cases without being allowed to contact anyone — and hundreds were tried in closed hearings that even their family members were not allowed to attend.

They were picked up on the slightest of suspicions. In one representative case, according to the Justice Department's inspector general, the FBI arrested several men on a tip that "too many" Middle Eastern men worked at a convenience store down the street.

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Many of those arrested admitted that they had violated their visas and agreed to leave the country, but they were kept locked up for months so that the FBI could investigate them. They were not allowed to go until they were "cleared" of any connection to terrorism. In a complete reversal of the American system of justice, they were treated as guilty until proved innocent.

In all, the government detained more than 1,000 foreign nationals in the first seven weeks after 9/11, and more than 5,000 in the first two years after the attack. Yet as of today, not one of these persons stands convicted of a terrorist crime. From a security standpoint, the roundups were an utter failure.

In Turkmen vs. Ashcroft, the detainees argued that the government denied them equal protection of the law when it rounded them up on the basis of their race and religion, and violated their due-process rights when it kept them after their immigration cases were resolved. The district court rejected both claims, concluding that the government is free to detain deportable foreigners for as long as it wants as long as their ultimate removal is "reasonably foreseeable." And the judge concluded that using race or religion to select the foreign nationals subject to such detention was neither "irrational" nor "outrageous" because the 9/11 hijackers, after all, were Arab foreign nationals belonging to an Islamic fundamentalist group, Al Qaeda.

In other words, the next time we are attacked, the government is free to round up all foreign nationals with alleged visa violations who share the race or religion of the attacker and to keep them behind bars as long as it wishes. If the attack is perpetrated by an Arab Muslim, all Arab and Muslim immigrants are vulnerable. If the attacker is a Latino Christian, the government could round up all Latino Christians with alleged visa problems.

It's true that the World War II internment included citizens as well as foreign nationals, and in many cases, it rounded up people who had done nothing wrong. But what was most offensive about it was the fact that people were selected based on their race. And just as racial profiling of drivers is not acceptable merely because black and Latino drivers stopped are allegedly speeding, so racial profiling of immigrants is not acceptable even if the immigrants are alleged to have violated their immigration status.

WHEN THE Supreme Court in Korematsu vs. United States upheld the legality of the Japanese internment, Justice Robert Jackson warned in his dissent that the precedent would "lie about like a loaded weapon ready for the hand of any authority that can bring forward a plausible claim of an urgent need."

Until Wednesday, I thought history had proved Jackson wrong. Virtually every living Supreme Court justice has condemned Korematsu as wrongly decided — Justice Antonin Scalia has compared it to the Dred Scott decision of 1857, in which the court refused to recognize that slaves were "persons." Congress has formally apologized to the survivors of the internment and paid reparations for their injuries.

Yet the Turkmen decision has taken the loaded weapon out of the closet, dusted it off and handed it to federal authorities, giving them explicit permission to let prejudice and fear run roughshod over the most basic of human rights — the rights to equal treatment and liberty.

David Cole, a law professor at Georgetown University and volunteer attorney with the Center for Constitutional Rights, was co-counsel to the plaintiffs in Turkmen vs. Ashcroft.

The Name Is Kafka . . . Franz Kafka (WP)

By Michael Kinsley

The Washington Post, June 16, 2006

"So put aside your Captain Crunch decoder ring," recommends the Central Intelligence Agency, "for the moment." This is on the Internet site of the CIA's legal department. It's part of a pitch for recruits so startlingly moronic -- even as an attempt at adorable self-mockery -- that you think it must be some subtle comment on the double meaning of the word "intelligence." In good hall-of-mirrors fashion, it's lifted from some book, but the book quotes supposedly real CIA employees. Whatever, this is the agency's self-presentation on its own Web site.

"If the theme music from Mission Impossible runs through your head," it says, "or you get the urge to order a martini 'shaken, not stirred,' at the mention of the letters 'CIA,' " -- why, then, you're just the kind of lawyer we want!

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"We've been a major player in developing the law of national security vs. the First Amendment," the agency deadpans. "Or the Fourth Amendment. . . ." When "Americans [abroad] come across on our screen, they've got constitutional rights we've got to think about . . . . Or electronic surveillance . . . . In areas like that, we're helping to create the law, and that's a real rush."

And it's all true. The CIA is in the forefront of efforts to make sure that democracy, individual rights and stuff like that don't get in the way of our crusade for the spread of democracy, individual rights and stuff like that.

For years, all the intelligence agencies have been tussling with the American Civil Liberties Union over documents about the innovative Bush administration policy of locking people up in foreign countries where they can be tortured without the inconvenience of anyone knowing about it or bringing up, you know, like, the Constitution. It is not yet clear -- though there is little reason for optimism -- whether the courts will let them get away with it, but the official position of the executive branch under President Bush is that the U.S. government can lock you up anywhere in the world, torture you and tell no one about it. And if someone does find out and starts talking trash like "habeas corpus" or "Fourth Amendment," too bad: It's all okay under the president's inherent powers as commander in chief. Congress -- unbeknownst to Congress -- approved it all in its resolution shortly after Sept. 11, 2001, urging the president to fight terrorism. And the president deputized the CIA and other agencies to go forth and use this authority, in documents that you can't have and that may or may not exist.

In a twist fully worthy of Kafka, or at least Joseph Heller ("Catch-22"), the very suspicion that bad things are going on is a reason you can't find out. As a CIA legal document explains: "CIA confirmation of the existence of [evidence] would confirm a CIA interest in or use of specific intelligence methods and activities." After all, the agency gaily reasons, the "CIA would not request . . . authorization from the president for intelligence activities in which it had no interest."

Meanwhile, in another federal court, the ACLU has been arguing with the National Security Agency about the wiretapping of international phone calls to and from the United States. The 1978 intelligence reform law made clear as cellophane that these agencies had no authority to wiretap citizens of this country and in this country without permission from a judge. So clear, in fact, that the president doesn't deny that his wiretapping program violates the 1978 law. Instead, he says that Congress overruled that law in its 2001 resolution to oppose terrorism. That, plus the usual inherent powers of the presidency.

What's more, government lawyers say, they can prove all this. Or at least they could, but they can't, because the evidence must remain secret for national security reasons. And what are those reasons? Well, the reasons why the reasons why the program is okay are also secret. And without this evidence, there cannot be a trial. Sorry.

It's true that you and I are not being grabbed on the streets and sent to a former secret police torture-training camp in Godforsakistan. Nor is the government eavesdropping on your international phone calls or mine. Probably. Because I like you, I'll forgo the usual ominous warning about how they came after him and then they came after her and then they came after you. I'll even skip the liberal sermonette about how even bad guys have rights.

But your rights and mine are not supposed to be at the whim of the government, let alone the president. They are based in the Constitution and the willingness of those we put in power to obey it -- even as interpreted by judges they may disagree with. The most distressing aspect of this story is the apparent attitude of our current rulers that the Constitution is an obstacle to be overcome -- by conducting dirty business abroad or by wildly disingenuous interpretations of laws and the Constitution.

Just look at what these supposed worshipers at the shrine of "strict constructionism" and "original meaning" have done to the 2001 anti-terrorism resolution. Did any senator who voted for this resolution have any idea that he or she was, in essence, voting to repeal all the protections for individuals against government agency abuse that Congress enacted in 1978?

The fact that there are countries in this world where the government can torture people in secret and without fear of courts is supposed to be a tragedy -- not a convenience.

HOMELAND RESPONSE:

DHS Stands By Anti-Terror Cuts (WP)

By Lyndsey Layton

The Washington Post, June 16, 2006

DOJ_NMG_0034659

A top official at the Department of Homeland Security said the agency will not reconsider its decision to cut anti-terror grants for Washington and New York by 40 percent, despite criticism and pointed questioning yesterday by congressional representatives from those regions.

George W. Foresman, DHS undersecretary for preparedness, stood by the complicated formulas used by a secret panel of reviewers to divide $711 million in 2006 funds for urban areas across the country. The result was that Washington and New York, the two areas targeted on Sept. 11, 2001, will get less than last year, while Omaha, Charlotte, Louisville and other cities will receive more.

"I feel confident in the risk analysis process and the peer review process," Foresman said at a congressional hearing, calling his agency's risk analysis "incredible." "What we need to do is a better job in communicating with the communities."

But Foresman appeared to have a difficult time communicating with the congressional panel. Lawmakers from both parties lambasted DHS and called its decision-making process "mind-boggling," "a mystery" and "goofy" and said it doesn't appear to meet its stated goal -- distributing federal dollars to regions that face the greatest risk of attack.

Rep. Carolyn B. Maloney (D-N.Y.) called it "one of the greatest displays of incompetence."

More than two hours into the hearing, a top Maryland official attending the session said he still did not understand why his state is receiving only $24 million in a separate grant program when it expected as much as $40 million. "To be honest with you, I'm mystified still," said Dennis Schrader, Maryland's director of homeland security.

The Washington region, which received $77 million in the urban anti-terrorism program last year, is slated to get $46 million. It had requested $160 million.

Foresman, the former homeland security chief for Virginia, said it wasn't that the risk has dropped in New York or the Washington region but that federal officials have a better understanding of the national picture. The number of urban areas that federal officials consider under threat has grown from seven to more than 100, he said.

He tried to correct earlier statements by DHS officials that the District and New York got less money because of weak applications. "They were not deficient in their applications," he said. "Effectiveness measures were reviewed in relation to others around the country and ranked."

And Foresman dismissed recent statements from some area elected leaders that politics may have played a part. "It's an incorrect allegation that this was driven by politics," he said.

This marked the first time that DHS used risk as a key factor in evaluating competing requests for money from cities and states. The lawmakers and heads of homeland security in Virginia, Maryland and the District applauded that goal but not its execution.

Edward D. Reiskin, the District's deputy mayor for public safety, said the outcomes "don't seem to square with professional and common sense."

Rep. Thomas M. Davis III (R-Va.), who called the hearing as chairman of the House Committee on Government Reform, got into a back-and-forth with Foresman, pressing him to explain why the District will get less money than Montana in one grant program.

"Do you think Montana is at greater risk than D.C.?" Davis asked.

"We don't rate one community against another," Foresman said.

"Doesn't it seem on risk alone, D.C. would have a higher risk than Montana?" Davis said.

"On just risk, D.C. would have scored higher," Foresman said, adding that other factors were involved, including an analysis of the way each community intended to spend its grant, whether that plan would be effective and whether it advanced national homeland security goals.

Davis wasn't swayed. "How in the world is a risk or threat or anything in Montana or North Dakota or South Dakota higher than in the District?" he asked. "I don't think it passes the laugh test."

Rep. C.A. Dutch Ruppersberger (D-Md.) calculated that his state was receiving $4.50 per resident while Wyoming was getting $16 per resident.

"We're protecting the grizzly bears in Wyoming, as opposed to the people who work around Fort Meade and NSA," Ruppersberger said.

Agency: States Unprepared For Disasters (AP)

By Lara Jakes Jordan

The AP, June 16, 2006

Most American cities and states remain unprepared for catastrophes, a government analysis concludes, calling the shortcomings in emergency planning a cause "for significant national concern."

Nearly five years after the 9/11 attacks and 10 months after Hurricane Katrina, the Homeland Security Department concluded that local response plans for major disasters are often antiquated and uncoordinated.

Although emergency plans appear to be stronger in 18 states along the nation's "Hurricane Belt," the analysis cited preparedness gaps in 131 state and city emergency response plans. Planning for evacuations, too, remain "an area of profound concern," the review found.

"We rely to a troubling extent on plans that are created in isolation, are insufficiently detailed and are not subject to adequate review," concluded the department's 160-page review of findings and annexes that was delivered to Congress on Thursday evening. A copy of the review was obtained by The Associated Press.

"Time and again, these factors extract a severe penalty in the midst of a crisis: precious time is consumed in the race to correct the misperceptions of federal, state and local responders about roles, responsibilities and actions," the review found. "The result is uneven performance and repeated and costly operational miscues."

President Bush ordered the review of state and city emergency plans in a speech in New Orleans last Sept. 15, weeks after Katrina ravaged the city. It analyzes response and evacuation procedures for all 50 states, the nation's 75 largest cities and six U.S. territories.

Documents made available to the AP did not cite individual cities or states, and a Homeland Security official suggested that portion of the report will be released later.

It criticized the states and cities in several key areas, including:

• Failing to address emergency needs for sick, elderly or poor people unable to help themselves.

• Being too slow to issue disaster warnings and other alerts to the public.

• Failing to designate a clear chain of command during major disasters.

"Most review participants have demonstrated that they are able to successfully manage commonly experienced incidents, yet are not fully prepared for a catastrophic event," the review concluded. It called the gaps cause "for significant national concern."

But it found that 18 hurricane-prone states, from Maine to Texas, appeared to be better prepared for disasters than the rest of the country.

Those states hugging the Atlantic and Gulf coasts were judged by peers to have emergency plans "that were more likely to be rated sufficient ... than other states," the review noted. Plans by Hurricane Belt states to manage resources, health and medical issues and communications were "noticeably stronger" in comparison, it found.

Similarly, cities in Hurricane Belt states also were rated more likely to be prepared in issuing warnings, managing resources, distributing emergency public information and mass care. But in a glaring exception, the cities were judged as comparatively not sufficient in planning for evacuations.

The review is the latest in a series of government and expert analyses since Katrina slammed into the Gulf Coast last Aug. 29. Nearly all have found lacking preparedness levels for large-scale disasters. The Sept. 11 commission and other panels have also found shortcomings in preparedness for another terrorist attack.

The latest report was released as the Senate sent President Bush a $94.5 billion emergency spending bill that included funds for new aid for Gulf Coast hurricane victims.

The review noted several failings on the federal government's part, citing a need for clearer guidance and up-to-date preparedness data to state and local officials. It also urged better collaboration with private businesses to help evacuate disabled people and with charities and other non-governmental services to stockpile aid for disaster victims.

Limo Company Offered To Aid DHS Prior To Bid (WP)

DOJ_NMG_0034661

By Spencer S. Hsu And Charles R. Babcock

The Washington Post, June 16, 2006

A limousine company linked to a congressional bribery investigation offered its services to the Department of Homeland Security more than three months before the agency sought bids for a transportation contract, and eventually won contracts worth $25 million over six years, congressional investigators disclosed yesterday.

The local firm, Shirlington Limousine and Transportation Inc., also told DHS that it held special status under a federal program designed to help small businesses in economically distressed areas before it applied for and won such a designation, lawmakers said yesterday. That designation turned out to be a condition for obtaining the contracts.

Recently convicted former congressman Randy "Duke" Cunningham (R-Calif.) recommended Shirlington Limousine to the DHS in an April 2004 letter to the department, according to a written affidavit provided to House investigators by Shirlington Limousine President Christopher D. Baker.

The unusual circumstances laid out at a House Homeland Security subcommittee hearing yesterday created more controversy for the company, whose executives have been questioned in an investigation of whether it helped provide prostitutes to Cunningham and other lawmakers on behalf of a California defense contractor. The company has denied wrongdoing.

"It just doesn't seem to be a reasonable sequence of events if there was not some political manipulation of the bid process. . . . This doesn't look right," said Rep. Mike Rogers (R-Ala.), chairman of the management, integration and oversight subcommittee, which held the hearing.

Rogers added, "I can't understand why [Baker has] a letter from a California congressman as to his character or competence and quality, instead of his own congressman or some congressman of the district where the business will be conducted."

DHS procurement director Elaine Duke said the department routinely receives all sorts of offers from vendors, and DHS officials spoke with Baker around January 2004. But such a conversation is not a formal proposal, and all rules were followed, department spokesman Larry Orluskie said.

"I don't think it's fishy," Orluskie said. "They wanted to turn it [the contract] really fast, but I know they did it in accordance with federal acquisition regulations."

Duke said the department has no copy of Cunningham's letter. However, the department provided investigators with an April 20 e-mail from Shirlington Limousine in which the company said it had faxed a letter of recommendation from Cunningham, as well as a request for an advance -- seven days before DHS publicly awarded the contract and six days after DHS sought bids.

Rogers said lawmakers invited Baker and Shirlington Limousine's vice president to testify, but they declined because of a federal grand jury investigation. But both are cooperating by answering written questions, he said.

Agents are examining the relationship between Shirlington Limousine and Brent R. Wilkes, a San Diego businessman who is under investigation for bribing Cunningham in return for millions of dollars in federal contracts. Cunningham is serving more than eight years in prison for his part in the scheme.

The FBI is also investigating whether former CIA executive director Kyle "Dusty" Foggo steered contracts to Wilkes.

Michael York, one of Baker's attorneys, said yesterday that his client has been to San Diego and talked to the FBI, prosecutors and a grand jury. But he disputed any suggestion that Cunningham's letter improperly influenced the department's decision to award the firm contracts to provide limousine and shuttle services.

Homeland Security officials previously denied the existence of a Cunningham letter.

In comments released by his press secretary, House Homeland Security Committee Chairman Peter T. King (R-N.Y.) said: "If there's a reference to a letter, [Cunningham] is involved and DHS has not been truthful. . . . Did somebody clean out the file?"

The committee's senior Democrat, Rep. Bennie Thompson (Miss.), called for DHS Secretary Michael Chertoff and Deputy Secretary Michael P. Jackson to appear before Congress to discuss "major missteps."

"It is unconscionable to think that the agency charged with tracking down terrorists cannot even track down letters of recommendation," Thompson wrote.

Cunningham Said To Have Helped Limo Firm (AP)

By Erica Werner

The AP, June 16, 2006

WASHINGTON - A limousine company involved in congressional prostitution and bribery allegations got a Homeland Security contract after then-Rep. Randy "Duke" Cunningham interceded on the company's behalf, the company's president has told lawmakers.

The statement by the president of Shirlington Limousine was made in an affidavit discussed at a House Homeland Security subcommittee hearing Thursday.

It prompted renewed protests from lawmakers about the Homeland Security Department's awarding of two contracts to Shirlington despite the company's history of problems.

Committee Chairman Peter King, R-N.Y., noted that Shirlington president Christopher Baker had a criminal record and business dealings with a defense contractor named as an unindicted coconspirator in the prosecution of Cunningham.

"And then we find out that the congressman at the center of all of this sends a letter on behalf of this limousine company. If that doesn't raise issues, if that isn't more than a series of coincidences, I don't know what is," King lectured government witnesses.

Cunningham is serving more than eight years in prison after admitting accepting $2.4 million in bribes from the defense contractor and others. Federal officials are investigating whether the contractor also supplied the California Republican lawmaker with prostitutes and limousines from Baker's company. Baker did not testify Thursday because a federal grand jury investigation is under way.

DHS Chief Procurement Officer Elaine Duke said department officials turned up no evidence they actually received a letter from Cunningham except for a reference to it in an e-mail from the limousine company.

She said Shirlington got the two contracts through normal procedures - including one last October for up to $21 million over five years to transport department employees around the Washington, D.C. area.

No background check was performed on Baker because the department doesn't perform such checks on company owners, and contracting officers did not learn of Shirlington's problems with other contracts, including one terminated by Howard University over poor service, Duke said.

"I have no evidence that there was any type of outside influence," Duke said.

"If there's a reference to a letter, (Cunningham) is involved and DHS has not been truthful," King said.

Outside the hearing, King questioned the department's failure to find Cunningham's letter. "Did somebody clean out the file?" he asked.

Homeland Security spokesman Russ Knocke said that never happened.

Rep. Mike Rogers, R-Ala., also questioned the timing of Shirlington's first Homeland Security Department contract, in April 2004. He said Shirlington had a proposal drafted months before the contract was even bid and ended up being the only qualified bidder.

"That strikes me as very odd," Rogers said. "It really raises concerns that maybe there was some manipulation of the process."

Knocke said there wasn't.

An attorney for Baker, Michael York, said his client could not find a copy of Cunningham's letter but that it was a "brief, plain vanilla recommendation" that Cunningham wrote based on his familiarity with Shirlington.

Baker acknowledges providing transportation services for Cunningham and defense contractor Brent Wilkes but denies any knowledge of or involvement in illegal or illicit activities, York said. He said Baker is cooperating with the investigation and has testified to the grand jury.

An attorney for Cunningham did not immediately return a call for comment.

The committee's ranking Democrat, Rep. Bennie Thompson of Mississippi, wrote King on Thursday requesting that Homeland Security Secretary Michael Chertoff and his deputy Michael Jackson be called - and subpoenaed if necessary - to answer questions on "the overwhelming evidence of waste, fraud, abuse, and incompetence" at the department, including the failure to find Cunningham's letter.

House Panel Probes Limo Firm's Deal (LAT)

By Heather Gehlert, Times Staff Writer

The Los Angeles Times, June 16, 2006

Homeland Security's awarding of contracts to a company whose selection was backed by convicted congressman prompts an inquiry.

WASHINGTON — The Department of Homeland Security came under renewed scrutiny Thursday as a House panel sought to determine how it awarded $25 million in contracts to a transportation company whose selection was recommended by Randy "Duke" Cunningham, the former San Diego-area congressman convicted of accepting millions of dollars in bribes from defense contractors.

After receiving bids from three companies, agency officials said, they chose Shirlington Limousine and Transportation Inc. of Washington, based on both price and the company's ability to perform the needed services.

But Rep. Peter T. King (R-N.Y.), chairman of the House Homeland Security Committee, noted that the company's president, Christopher Baker, had done business with Brent R. Wilkes, a San Diego defense contractor identified as an unindicted co-conspirator in the Cunningham case.

"Then we find out that the congressman at the center of all of this sends a letter on behalf of this limousine company," he said. "If that doesn't raise issues, if that isn't more than a series of coincidences, I don't know what is."

Cunningham was the only member of Congress to support Shirlington's selection, King said.

The government is investigating allegations that Wilkes provided Cunningham, and perhaps other officials, with prostitutes and limousines. Citing an ongoing grand jury investigation, Baker did not testify Thursday.

Baker has a criminal record, including attempted robbery, auto theft and drug possession, and Shirlington has a history of bankruptcy and other financial problems. In 2002, the company lost a shuttle-bus contract with Howard University, which accused the company of low-quality service.

Homeland Security's chief procurement officer, Elaine Duke, said that her agency made a distinction between company owners and drivers, and that the drivers had undergone background checks. No such checks on the company or its owner were required by law.

"The drivers have a clean slate," she said.

But King called the situation a "disgrace."

"Almost everything that could have gone wrong did go wrong," he said. "It casts doubt over the whole department."

But Homeland Security was not the only agency feeling the heat at Thursday's hearing before the House Homeland Security subcommittee on management, integration and oversight.

Because the department was specifically seeking a small business for the contracted services, it sought a company that was "HUBZone approved" — a program that falls under the jurisdiction of the Small Business Administration.

HUBZone is an SBA program that supports small businesses in poor communities by preventing large companies or those in more advantaged areas from competing with them.

Calvin Jenkins, the SBA's deputy to the associate deputy administrator, told the panel that his agency ensures that the company in question is a small business, is located in a historically underutilized region and has more than a third of its employees living in HUBZone areas.

Shirlington's office is in a luxury apartment building in Washington. It told the SBA that it had had an office in a hangar at Ronald Reagan Washington National Airport and that service in the building was suspended after the 2001 terrorist attacks.

Jenkins said SBA staff visited the office on April 7, 2004, ensured that the company met the criteria and approved it the next day.

Later that month, Homeland Security awarded Shirlington the first of two contracts.

The company began providing shuttle services and executive sedans for the department in spring 2004. Its first one-year contract was for $4 million. The second, a one-year contract with the option to extend for four additional years, totals $21.2 million for the full five years.

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Homeland Security spokesman Larry Orluskie said the total went up because the need for services increased. The 2005 contract, he said, had to cover the cost for 10 limousine drivers and 12 mini-buses with a 16-person staff.

"That doesn't necessarily mean we're going to spend $21.2 million," Orluskie said. "They're not guaranteed that until the job is done.

"That selection was made based on their performance, not this controversy," he added.

In fact, Homeland Security recognized Shirlington Limo with a small-business achievement award last year for providing outstanding customer service.

Many in attendance at the hearing tried to stifle laughter after that statement. But in an interview, Orluskie said the service has been top-notch.

"I ride them all the time. The drivers are courteous, respectful, on time, and the vehicles are clean," he said.

Congress Probes Limousine Deal (NSDY)

By J. Jioni Palmer, Newsday Washington Bureau

Long Island Newsday, June 16, 2006

WASHINGTON -- Congressional investigators have uncovered evidence that a former congressman convicted on bribery charges helped steer a $20-million contract to a limousine company with ties to the ex-lawmaker, Capitol Hill sources say.

The House Homeland Security Committee is probing how Shirlington Limousine and Transportation won a lucrative bid to chauffeur high-ranking Homeland Security Department officials, despite a shoddy performance record and its owner having a lengthy criminal record.

Sources familiar with the inquiry say former Rep. Randy Cunningham (R-Calif.), who pleaded guilty to accepting at least $2.4 million in bribes from a defense contractor, potentially swayed the Shirlington case.

In a sworn affidavit, Shirlington's owner, Christopher Baker, said "the only letter of reference sent on Shirlington's behalf" to Homeland Security came from Cunningham, according to sources.

Additionally, investigators are looking into allegations that a lawyer working in Homeland Security's General Counsel's Office threatened to deny future contracts to a rival who questioned why Shirlington won the bid.

House Homeland Security Committee Chairman Peter King said the information might warrant a Justice Department examination. "It all adds up to a pretty strong case of DHS incompetence or a special deal was made," said King (R-Seaford).

Among many concerns about the contract, King said, is the fact that Homeland Security officials never ran a background check on Shirlington's owner. "Bin Laden could have owned the company and they never would have checked him out," King said.

"No congressman influenced that process," Homeland Security spokesman Larry Orluskie said of the Shirlington contract.

Shirlington has also been linked to defense contractor Brent Wilkes, a central figure in the bribery scandal that ensnared Cunningham.

9/11 Pentagon Memorial To Reflect Pangs Of Loss, Recollections Of Joy (WP)

By Timothy Dwyer

The Washington Post, June 16, 2006

A few hundred feet from the spot where American Airlines Flight 77 crashed into the Pentagon on Sept. 11, Defense Secretary Donald H. Rumsfeld and victims of the attack held a short and solemn groundbreaking ceremony yesterday for the Pentagon memorial.

Nearly five years after a private group began raising money for the memorial, about 450 people attended the invitation-only ceremony, including members of the Cabinet and Congress and 300 family members of victims and survivors of the attack.

They sat on plastic folding chairs in brilliant sunlight at the memorial site and listened to brief remarks from Rumsfeld and James J. Laychak, the president of the Pentagon Memorial Fund.

Rumsfeld thanked architects Keith Kaseman and Julie Beckman for their design and then said he wanted to speak directly to the family members and survivors.

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"At some point in the future, most of you will return to this sacred ground," Rumsfeld said. " . . . As you reflect, you will be flooded with memories of your loss, to be sure, but also split-second images of love and laughter and joyous times. This memorial was meant for you, to offer some comfort."

About $10.8 million has been raised for construction of the memorial. The money has come from neighborhood lemonade sales and corporate and personal donations. The goal is to raise $22 million for construction, which is expected to be complete by September 2008, as well as an additional $10 million to maintain the memorial.

Before the ceremony, Laychak was invited by Rumsfeld to talk with Cabinet members about the fundraising. Laychak, whose brother David was killed in the attack, said he didn't want to be "crass" and ask Cabinet members for donations, so he asked them to use their influence instead.

"I said that if they wanted to ask for money, that would be great, but I asked them to ask people to take a meeting, to meet with me and members of the memorial fund and ask them to hear our story," Laychak said.

Shortly after the 2001 attacks, Congress authorized the defense secretary to create a memorial to be paid for with private donations. Although yesterday's ceremony was about the official beginning of construction, Laychak said he hopes the event will help generate donations to finance the project.

The memorial will have 184 cantilevered benches, one each in memory of the victims on the plane and in the building. Each bench will have a reflecting pool beneath it, and the 1.93-acre site will be shaded with about 80 paperbark maple trees, which were chosen because they keep their leaves late into the autumn.

Kaseman and Beckman, two New York architects whose design won a competition that had more than 1,000 entries from all over the world, sat next to D.C. Mayor Anthony A. Williams (D) and the congressional delegation.

"This is a big milestone, no doubt," Kaseman said. "One thing we are happy about is that a lot of the partners we have been working with are here. . . . This might be the first time that everyone is together."

The ceremony lasted less than 30 minutes. Rumsfeld and Laychak made brief remarks, and retired Navy Adm. Barry C. Black, a chaplain, offered a prayer in memory of those who died. At the conclusion, everyone stood and sang "God Bless America."

Each family member was given a red-white-and-blue ribbon and a button with the image of a flag draped over the Pentagon to wear on their shirts and blouses.

When the ceremony ended, Rumsfeld stayed behind. For about an hour, he stood in the bright sunlight, shaking hand after hand, autographing programs and taking pictures with family members. He stayed until every person who wanted a word with him got the opportunity.

"If there is anything these families felt," he said in a brief interview, "it's that we must not forget what took place. This is visible progress, and the memorial, when it is completed, is going to be a very special place. It is going to be about memories and reflections, to be sure. But it is going to be a place to think about today and tomorrow and the next day and the world."

The ceremony concluded with Rumsfeld and Rosemary Dillard, the vice president of the Pentagon Memorial Fund, unveiling an engraved piece of marble salvaged from the building after the attack. It will be placed at the entrance of the memorial when it is completed.

Dillard said she was thinking about her husband, Eddie, when she helped Rumsfeld remove the blue covering from the stone. He died on board Flight 77. Wednesday was their 20th wedding anniversary.

Pentagon Breaks Ground On 9/11 Memorial (AP)

By Matthew Barakat

AP, June 15, 2006

Friends and relatives of Sept. 11 victims joined Defense Secretary Donald H. Rumsfeld on Thursday for the groundbreaking on a memorial to the 184 people killed in the terrorist attack on the Pentagon.

The two-acre memorial, to be built near the site of the attack at the Pentagon's west wall, will feature benches set over small reflecting pools for each of the victims. It is expected to be completed by the fall of 2008.

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The memorial "will remind visitors that every one of these lives was special ... with lives cut short and families left behind," Rumsfeld said during a brief ceremony that drew more than 500 invited guests.

Lisa Dolan, whose husband, Robert, was a Navy officer killed in the attack, said "it was important to have a place with some peace and tranquility."

The designs for the memorial will make it "a place where you can really sit and reflect. At night, with all the lights, it's going to be beautiful. It's going to be very peaceful."

The design was selected in 2003 from more than 1,000 entries. Architects Julie Beckman and Keith Kaseman said they incorporated family members' suggestions into their final blueprint. For instance, the pair initially planned to plant a maple tree at each of the 184 benches.

But family members were concerned that when a tree died, its death would be associated with that particular victim. So they reduced the number of trees and will plant them so that no individual tree will be associated with any victim.

Beckman said she wanted the design to emphasize life and resemble a park more than a monument.

Rumsfeld said he wanted the memorial to convey to future Americans "that their countrymen's grief was turned toward the cause of their nation's defense.

Organizers hope to raise a total of $22 million for construction, plus another $10 million for maintenance. About $11 million has been raised so far.

Remembering 9/11 (WT)

By Gary Emerling

The Washington Times, June 16, 2006

Secretary of Defense Donald H. Rumsfeld yesterday led a solemn gathering outside the Pentagon marking the ceremonial groundbreaking for a memorial to the 184 persons killed there September 11, 2001.

"At some time in the future, most of you will return to this sacred ground," Mr. Rumsfeld told the many friends and family members of those killed in the attack who attended the ceremony on the west side of the Pentagon. "This memorial was meant for you, to offer some comfort ... now you can know that we will never forget."

The Pentagon Memorial, designed by architects Julie Beckman and Keith Kaseman, will honor those killed inside the building and on American Airlines Flight 77, which hijackers crashed into the building.

It will include 184 illuminated benches arranged according to the victims' ages, from 3-year-old Dana Falkenberg to John D. Yamnicky, 71. Reflecting pools also will be built beneath each bench.

Nearly $11 million of the $22 million needed to construct the memorial has been raised, said memorial officials, who also are hoping to raise $10 million for maintenance costs. Construction is expected to be completed in 2008.

More than 500 people attended the ceremony, including White House Cabinet members such as Secretary of State Condoleezza Rice, local dignitaries such as D.C. Mayor Anthony A. Williams, and Virginia Republican Sens. George Allen and John W. Warner.

Mr. Rumsfeld and the Pentagon Memorial Fund's president, James J. Laychak -- whose brother David was killed in the attack -- spoke to the crowd before unveiling a limestone marker that will be part of the memorial.

"Today marks a positive outcome from a tragic day," Mr. Laychak said, recalling in his speech his brother's laugh and bear hugs. "Let's remember what was special about those we lost."

The ceremony was an emotional affair for the victims' friends and family members, as the celebration of the memorial's beginning still was clouded by what was being remembered.

"It's a bittersweet day, but there's a huge amount of accomplishment and pride," said Lisa Dolan, a member of the board of directors of the Pentagon Memorial Fund, whose husband, U.S. Navy Capt. Robert E. Dolan Jr. was killed in the attack. "The memorial being built shows the world that we've come back ... We're not going to forget."

Marine Corps Gen. Peter Pace, chairman of the Joint Chiefs of Staff and one of the ceremony's participants, said the ceremony served as a reminder of where the United States has been and where the country is going after the attacks.

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"It's a chance for those of us who have the privilege of wearing the uniform of the United States to rededicate ourselves to this country," Gen. Pace said. "These deaths mean something."

Joey Ricketts, a Boy Scout from Lynchburg, Va., who is creating a memorial in his hometown to "all the innocent lives lost" on September 11 as part of an Eagle Scout project, also attended the ceremony. He said he was motivated "in every single way" by attending.

"I've raised $10,000," said Joey, 15, who was to receive after the ceremony a piece of the Pentagon that was damaged in the attacks to use in his memorial. "For a 15-year-old, that's pretty good."

New Plan Calls For Scaling Back WTC Memorial (WSJ)

By Alex Frangos

The Wall Street Journal, June 16, 2006

The World Trade Center Memorial faces simplification of its design, including moving carved-in-stone names of Sept. 11 victims to ground level, possibly eliminating or scaling back waterfalls and reducing the size of a museum.

Those were among the recommendations made yesterday to New York Gov. George Pataki and New York Mayor Michael Bloomberg in a closed-door meeting, according to people close to the situation. A formal report on the redesign will be released next week. Real-estate developer Frank Sciame presented the plans after Gov. Pataki asked him last month to create a budget that would bring the bulk of the project's cost to $500 million. A construction estimate in May put the total cost of the memorial, including infrastructure and other elements, at $1 billion.

Mr. Sciame also recommended -- and Gov. Pataki agreed -- that the Port Authority of New York and New Jersey, which owns the site, build the memorial. That task lies with the World Trade Center Memorial Foundation, a publicly chartered, privately run group that also is in charge of fund raising.

The original memorial design by architect Michael Arad called for two square openings that covered the footprints of the Twin Towers. Waterfalls would fall from the edge of the openings into underground chambers, where victims' names would be etched in granite. Mr. Arad couldn't be reached for comment.

People who have been briefed on Mr. Sciame's report say it simplifies the project by doing away with separate entrances for the memorial, an adjacent museum and a visitor center. The museum would be reduced in size, but still would be underground. There would be a much smaller amount of space underground dedicated to the memorial. The waterfalls could be eliminated or greatly reduced. Scale mock-ups of the waterfalls showed they would be difficult to operate in the wind and cold.

People familiar with the project said Gov. Pataki favored Mr. Sciame's recommendation to bring the etched victims' names to ground level -- an idea preferred by several groups representing family members of victims killed in the 2001 attacks. Placing the names underground -- and providing space where visitors could reflect on the attacks -- was a centerpiece of Mr. Arad's vision.

Moving the names would eliminate the need for large underground chambers and would fundamentally change the visitors' experience. Instead of descending into the underground chambers, visitors would look at the names amid an open-air, tree-lined park. Nine million people are expected to visit the memorial the year after its planned opening, which, despite the redesign, is scheduled for Sept. 11, 2009.

Visitor access to the underground slurry wall, which protects the site from the nearby Hudson River and survived the collapse of the Twin Towers, would be limited to a smaller area than before.

Before the Port Authority of New York and New Jersey could take responsibility for building the memorial, the transportation agency -- controlled by the two states' governors -- would have to agree to take on the cost of underground infrastructure shared by the memorial and a neighboring rail station, shopping mall and office buildings. The May report estimated the cost of infrastructure -- including ramps, air-conditioning plants and sidewalks -- at $300 million. Mr. Sciame's analysis put the cost between $150 million and $200 million, according to those familiar with his report.

WAR NEWS:

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Senate Rejects US Troop Pullout In Iraq (AP)

By Liz Sidoti

AP, June 16, 2006

Congress plunged into divisive election-year debate on the Iraq war Thursday as the U.S. military death toll reached 2,500. The Senate soundly rejected a call to withdraw combat troops by year's end, and House Republicans laid the groundwork for their own vote.

In a move Democrats criticized as gamesmanship, Senate Republicans brought up the withdrawal measure and quickly dispatched it — for now — on a 93-6 vote.

The proposal would have allowed "only forces that are critical to completing the mission of standing up Iraqi security forces" to remain in Iraq in 2007.

Across Capitol Hill in a daylong House debate, Republicans defended the Iraq war as a key part of the global fight against terrorism while Democrats assailed President Bush's war policies and called for a new direction in the conflict.

"When our freedom is challenged, Americans do not run," House Speaker Dennis Hastert, R-Ill., said in remarks laden with references to the Sept. 11, 2001, terrorist attacks.

"This is a war that is a grotesque mistake," countered House Democratic leader Nancy Pelosi of California. She called for a fresh strategy — "one that will make us safer, strengthen our military, and restore our reputation in the world."

House Republicans moved toward a vote on a nonbinding resolution Friday morning to reject any timetable for withdrawing U.S. forces.

Democrats, for their part, seized on reports that Iraqi Prime Minister Nouri al-Maliki wants, as part of a national reconciliation plan, to pardon insurgents who had attacked U.S. troops. In both the House and Senate, Democrats urged Republicans and the president to denounce the plan.

Congress roared into debate on the three-year conflict four months before midterm elections that will decide the control of both the House and Senate — and as Bush was trying to rebuild waning public support for the conflict.

The administration was so determined to get its message out that the Pentagon distributed a highly unusual 74-page "debate prep book" filled with ready-made answers for criticism of the war.

"We cannot cut and run," the Pentagon battle plan says at one point, anticipating Democratic calls for a troop withdrawal on a fixed timetable.

As the debates got under way, the Senate sent the president an additional $66 billion for military operations in Iraq and Afghanistan — legislation Bush promptly signed — and the same day, the Pentagon announced the U.S. death toll for the war had reached 2,500.

"It's a number," White House press secretary Tony Snow said of the grim milestone. He said that Bush "feels very deeply the pain that the families feel."

The president has tried to rally support for the Iraq war in the days since the death of terror leader Abu Musab al-Zarqawi and the recent completion of a new Iraqi government.

But as the death toll and price tag of the conflict continue to rise, opinion polls show voters increasingly frustrated with the war and favoring Democrats to control Congress instead of the Republicans who now run the show.

Sensitive to those political realities, Republicans in both the Senate and House sought to put lawmakers of both parties on record on an issue certain to be central in this fall's congressional elections.

The Senate vote unfolded unexpectedly as the second-ranking leader, Mitch McConnell, R-Ky., introduced legislation he said was taken from a proposal by Sen. John Kerry, the Massachusetts Democrat and war critic. It called for Bush to agree with the Iraqi government on a schedule for withdrawal of combat troops by Dec. 31, 2006.

Senate Majority Leader Bill Frist, R-Tenn., said if the United States withdrew prematurely, "I am absolutely convinced the terrorists would see this as vindication." He predicted terrorism would spread around the world, and eventually reach the United States if the United States were to "cut and run" before Iraq can defend itself.

Democratic leader Harry Reid of Nevada shot back: "Two things that don't exist in Iraq and have not, weapons of mass destruction, and cutting and running."

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He accused Republicans of political gamesmanship and sought to curtail floor debate on the proposal. The vote occurred quickly.

Kerry called the vote "fictitious" and promised further debate next week on the issue. He and five other Democrats were in the minority on the vote — Russ Feingold of Wisconsin, Barbara Boxer of California, Robert Byrd of West Virginia, Tom Harkin of Iowa and Edward M. Kennedy of Massachusetts.

Senate Republicans claimed victory with the lopsided tally. "This sent a good message that the United States Senate overwhelmingly opposes a cut-and-run strategy," said John Cornyn of Texas.

In the House, partisan politics took center stage from the day's outset.

Rep. Charles Norwood (news, bio, voting record), R-Ga., attacked war critics as defeatists who do not deserve re-election. "Is it al-Qaida or is it America? Let the voters take note of this debate," he said.

In turn, Rep. Rahm Emanuel (news, bio, voting record), D-Ill., said: "Democrats will never put American service members in harm's way without a plan, and without support. For that, you need the sit-and-watch complacency of a Republican Congress."

"In this fight for the future of peace, freedom and democracy in the Middle East and around the globe, winning should be our only option," Rep. Phil Gingrey (news, bio, voting record), R-Ga., said, sticking to the GOP script.

"Stay and we'll pay," countered Rep. John Murtha (news, bio, voting record), D-Pa., who criticized "the failed policy of this administration" and lamented the lives lost, billions of dollars spent and the bruised U.S. image since the war started. "It's time to redeploy," he said.

Republicans arranged for the debate to culminate in a vote on a resolution that praises U.S. troops, labels the Iraq war part of the larger global fight against terrorism and says an "arbitrary date for the withdrawal or redeployment" of troops is not in the national interest.

Democrats decried the debate as a sham, saying Republicans promised an open discussion but, instead, stacked the deck in their favor by limiting debate to 10 hours and barring any amendments. They also complained that Republicans refused to allow them to present an alternative resolution — though Democrats weren't able to agree on just what to offer.

US Troop Pullout From Iraq Rejected By Senate (WT)

By Christina Bellantoni

The Washington Times, June 16, 2006

Members of Congress yesterday engaged in a bitter and sometimes raucous debate over Iraq war policy, with the Senate overwhelmingly rejecting a measure to bring troops home by year's end, a move several Democrats have called for but did not back with their votes yesterday.

Meanwhile, House lawmakers traded barbs on whether the Iraq war is linked to terrorism during debate over a Republican-written resolution that rejects a timetable for withdrawal of troops and affirms a commitment to staying in Iraq until the nation is "sovereign, free, secure and united."

The events came during an election year in which Democrats see a chance to regain control of each chamber, and as the United States marked a grim milestone of 2,500 troops killed since the war began in March 2003.

"We've done everything we can do militarily," said Rep. John P. Murtha of Pennsylvania, the most vocal Democratic war opponent. "Only Iraqis can solve the problem in Iraq. I say it's time to redeploy and be ready."

"President Bush told us from the beginning that this road would not be easy," said House Speaker J. Dennis Hastert in a rare floor speech that opened the debate.

"The battle is not over," the Illinois Republican said. "The alternative would be to cut and run and wait for them to group and regroup and bring the terror back to our shores."

"Three and a half years is hardly cutting and running," countered Rep. Diane Watson, California Democrat.

The House will vote today on the resolution, which also praises the troops and applauds the elimination of terrorist Abu Musab Zarqawi in Iraq.

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In the Senate, Republicans attempted to embarrass Sen. John Kerry by forcing a vote on a measure identical to one he had drafted calling for troop withdrawal by the end of 2006. Senators opposed the measure on a 93-6 vote, which was forced to the Senate floor by Majority Whip Mitch McConnell, Kentucky Republican.

Mr. Kerry, the Massachusetts Democrat who ran for president in 2004, said he is crafting the withdrawal proposal with other Democrats, and said he was frustrated at what he called political games by the Republicans. Mr. Kerry added he plans a "serious debate" on a measure "that bears my name."

Senate Majority Leader Bill Frist of Tennessee said withdrawal would vindicate terrorists.

"This sent a good message that the United States Senate overwhelmingly opposes a cut-and-run strategy," said Sen. John Cornyn, Texas Republican.

Besides Mr. Kerry, the resolution was backed by five Democrats -- Barbara Boxer of California, Robert C. Byrd of West Virginia, Russ Feingold of Wisconsin, Tom Harkin of Iowa and Edward M. Kennedy of Massachusetts.

In the House, Republicans, armed with talking points from the leadership and the Pentagon, invoked September 11 and the bombing of the USS Cole.

"If some people continue to preach cut and run for this war then they will continue to kill Americans and kill Americans and kill Americans," said Rep. Terry Everett, Alabama Republican. "I prefer doing it over in Iraq rather than in New York or Washington, D.C., or San Francisco."

Mr. Murtha, a decorated Vietnam veteran, angrily responded: "I know what rhetoric is and I know what fighting in the front lines are. ... You're not talking about Iraq. I'm talking about Iraq."

Republicans noted progress they have seen in Iraq, including establishment of the government, advancement of women's rights and democratic voting.

"Iraq is a catalyst for hope, a vivid example that the future of the broader Middle East belongs to freedom and democracy," said Rep. Ileana Ros-Lehtinen, Florida Republican.

Democrats said President Bush misled the country and lashed the administration for gaffes such as the torture of detainees in the Abu Ghraib prison. Several called for the firing of Defense Secretary Donald H. Rumsfeld.

"Our postwar mission as presently defined cannot succeed," said Rep. Jane Harman of California, the ranking Democrat on the House intelligence panel, who called for a "dramatic change of course."

Mr. Murtha rattled off some grisly statistics, including the increase in the number of attacks in Iraq daily, the rise in the number of insurgents and the conflict's $8 billion per month price tag.

Rep. George Miller, California Democrat, called the war "a blunder of historic proportions by this president."

But Rep. Henry J. Hyde, chairman of the House International Relations Committee and the resolution's sponsor, said lawmakers owe Mr. Bush "thanks, not condemnation."

"To insist that decisions must await perfect intelligence ... is to guarantee our defeat," the Illinois Republican said, adding, "Defeat in this new and more dangerous world means annihilation."

Democrats pointedly thanked and praised the troops before making their remarks.

But statements of support for the troops "ring hollow if we don't also say we support their mission," Mr. Hastert said.

Congress Boosts Iraq War Funds But Debates How Long To Stay (WSJ)

By David Rogers

The Wall Street Journal, June 16, 2006

WASHINGTON -- Congress sent President Bush billions of dollars more for the war in Iraq even as lawmakers debated into the night over how long the U.S. can afford to keep troops there.

Republicans seized the offensive, taking advantage of divisions among Democrats to force quick votes against withdrawal. But on the day that U.S. troop deaths in Iraq reached 2,500, the partisan tone distressed members in both parties and could create a backlash against the majority.

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"The signs are evident that we are close today to a calamity if we don't recalibrate our policies," said Rep. Jim Leach (R., Iowa) in an implicit warning to fellow Republicans. "The issue is no longer the need to stay the course. It is to avoid overstaying the present."

The wartime-spending measure, including an additional $65.8 billion for military operations overseas, brings the total U.S. financial commitment in Iraq to almost $320 billion. Thus far, Congress has shown no willingness to withhold funds as it has in past wars, like Vietnam. While Senate Democrats are beginning to coalesce around an amendment calling for a phased withdrawal through 2007, the proposal is nonbinding on Mr. Bush.

In a pre-emptive skirmish yesterday, Senate Republicans engineered a 93-6 vote rejecting a more severe plan calling for withdrawal by the end of the year. The House will vote this morning on a Republican resolution opposing any "arbitrary date" for a pullout and committing the U.S. to complete the "mission to create a sovereign, free, secure and united Iraq."

Debate ran late last night as House leaders promised time for all members to air their ideas. But what was once billed by Majority Leader John Boehner (R., Ohio) as a "conversation" on Iraq evolved into more of a Republican political offensive that Democrats called a "charade."

"It's already uglier than I thought it would be," said Rep. Wayne Gilchrest (R., Md.), a Marine veteran of Vietnam, on his way to the floor. A debate prep book, compiled by the National Security Council and including Pentagon documents, was distributed by the White House. Rep. Charles Norwood (R., Ga.) urged voters to throw out the "defeatists" in November: "Is it al Qaeda or is it America?" he said.

A central question is whether Republicans can convince voters that Iraq is "the central battlefield of this moment" in the larger war against terrorism as described by Rep. Tom Cole (R., Okla.) In opening debate, Speaker Dennis Hastert (R., Ill.) devoted much of his remarks to the immediate aftermath of the Sept. 11, 2001, terrorist attacks.

"It is a battle we must endure," he said. "The alternative would be to cut and run and wait for them to regroup and bring the terror back to our shores."

Responding for the Democrats, Rep. John Murtha of Pennsylvania said Iraq has proved a costly distraction from the larger war against al Qaeda, whose presence in Iraq has grown since the U.S. invasion but is outweighed by the threat to U.S. troops from insurgents and sectarian violence.

"We think we're caught in a civil war. The military cannot win this war. It's the way we're doing it is what I disagree with," said Mr. Murtha, who argued the U.S. can either "stay and pay" or "redeploy and be ready."

A Marine veteran of Vietnam, Mr. Murtha has become his party's lead spokesman for withdrawal and was confident the House debate hadn't helped Republicans. But Minority Leader Nancy Pelosi (D., Calif.) hasn't been able to express a strategy for her party, given the continued divisions. At a Democratic whip meeting, Rep. Barney Frank (D., Mass.) joked that perhaps the House should vote first on the Republican resolution and then debate later.

By nightfall, both sides seemed to admit there had been too much focus on the past. "Let's look ahead...How are you going to achieve this pep talk that's going to be voted on?" Rep. Vic Snyder (D., Ark,) asked Republicans.

In turn, Republicans were more willing to admit errors if Democrats would also stop talking about the past and help shape a consensus on what to do next.

"We are in Iraq. Today it is a training ground, a recruiting ground for terrorists," said Rep. John McHugh (R., N.Y.). "We should talk about how that happened so we don't repeat it in the future, but it is the reality for the moment. What do we do to end it? Where do we draw the line? Where do we say this is where we have to win?"

Congress Erupts In Partisan Fight Over War In Iraq (NYT)

By Robin Toner And Kate Zernike

The New York Times, June 16, 2006

WASHINGTON, June 15 — The House and the Senate engaged in angry, intensely partisan debate on Thursday over the war in Iraq, as Republicans sought to rally support for the Bush administration's policies and exploit Democratic divisions in an election year shadowed by unease over the war.

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It was one of the sharpest legislative clashes yet over the three-year-old conflict, and it came after three days in which President Bush and his aides had sought to portray Iraq as moving gradually toward a stable, functioning democracy, and to portray Democrats as lacking the will to see the conflict through to victory.

In the House, lawmakers moved toward a vote on a Republican resolution promising to "complete the mission" in Iraq, prevail in the global fight against terrorism and oppose any "arbitrary date for withdrawal." In the Senate, lawmakers voted overwhelmingly to shelve an amendment calling on the United States to withdraw most troops by the end of this year, although Democrats vowed to revisit the debate next week.

Both actions were carefully engineered by the Republicans in charge, and for the moment put both chambers on a path to rejecting Congressional timetables for withdrawal .

House Republicans asserted that their resolution was essential to assure American troops and the world that the United States was behind the war in Iraq and the broader struggle against terrorism.

Speaker J. Dennis Hastert of Illinois opened the formal debate on a war that, the government announced Thursday, had claimed the lives of 2,500 American troops. "It is a battle we must endure and one in which we can and will be victorious," he said of the fight in Iraq and beyond. "The alternative would be to cut and run and wait for them to regroup and bring the terror back to our shores."

He said the American troops in Iraq knew their cause was noble. "It is time for this House of Representatives to tell the world that we know it, too, that we know our cause is right and that we are proud of it." Democrats, divided over the wisdom of the war but more or less united in condemning Mr. Bush's management of it, countered that the Republican resolution was a political ploy, "a press release for staying the course in Iraq," as Representative Jane Harman, Democrat of California, put it.

At the start of the debate, Representative Ike Skelton, Democrat of Missouri, asked for a moment of silence to recognize the 2,500 American military deaths in Iraq. Many lawmakers talked about visiting the troops, in Iraq and in hospitals, and about the toll in death and suffering.

Representative John P. Murtha, the Pennsylvania Democrat and Vietnam War veteran whose call for a speedy withdrawal of troops transformed the debate last year, rose repeatedly to tell Republicans, "Rhetoric does not solve the problem." He added: "We need a plan. It's not enough to say stay the course."

Referring to the sectarian violence cleaving Iraq, Mr. Murtha said, "They're fighting each other, and our troops are caught in between." The House, which debated the resolution for more than 11 hours on Thursday, is scheduled to vote on it on Friday. The Senate debate will continue into next week.

Five months before the November elections, partisan passions ran high. Republicans argued repeatedly that their Democratic opponents lacked the toughness to confront terrorism, returning to themes that they used successfully in 2004. "Many, but not all, on the other side of the aisle lack the will to win," said Representative Charlie Norwood, Republican of Georgia. "The American people need to know precisely who they are." He said: "It is time to stand up and vote. Is it Al Qaeda, or is it America?"

Democrats countered, at times with barely controlled fury. Representative Nancy Pelosi of California, the Democratic leader, described the war "as a grotesque mistake." She and others said Congressional Republicans were simply trying to "trap" Democrats, not engage them in a true debate. The resolution Republicans offered could not be amended, but only voted up or down.

Democrats in the Senate cried foul when Republicans forced a vote on a withdrawal amendment originally developed by Senator John Kerry, Democrat of Massachusetts. Mr. Kerry had held off from seeking a vote on it, while working with other Democrats to seek a broader consensus. But Senator Mitch McConnell of Kentucky, the Republican whip, simply scratched out Mr. Kerry's name, replaced it with his own and offered it for debate. Senator Bill Frist of Tennessee, the majority leader, characterized the amendment as "cutting and running."

Senator Harry Reid of Nevada, one of many Senate Democrats who oppose Mr. Kerry's amendment, rose to declare, "There are two things that don't exist in Iraq: cutting and running, and weapons of mass destruction." Mr. Reid moved to remove the amendment from consideration, and his motion was approved by a vote of 93 to 6. Senate Democrats promised to return next week with additional amendments on an exit strategy for American troops.

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Senator John Cornyn, Republican of Texas, portrayed the vote to table the amendment as a declaration of support for the fledgling Iraqi government. "This sends a good message that the United States government opposes, overwhelmingly, a cut-and-run strategy."

But Democrats said the vote was just a political game. "It's just kind of a jump-ball, stick-it-to-them kind of thing," said Senator Dianne Feinstein, a California Democrat.

Democrats have been divided over a deadline for the withdrawal of American troops. Last November, they rallied around legislation, which passed in an overwhelming bipartisan vote, that declared 2006 should be a "year of significant transition" in Iraq. In both chambers, Democrats have been trying to arrive at language that goes beyond that, but stops short of a firm deadline.

In a highly unusual attempt to influence the debate, the Pentagon sent a 74-page "prep book" to several members of Congress, outlining what it called "rapid response" talking points to rebut criticism of Mr. Bush's handling of the war and prewar intelligence. The Pentagon sent the book to Democratic leaders on Wednesday night, apparently in error, then sent an e-mail message two hours later asking to recall it.

The resolution under debate in the House declares that the United States and its allies are "engaged in a global war on terror, a long and demanding struggle against an adversary that is driven by hatred of American values and that is committed to imposing, by the use of terror, its repressive ideology throughout the world." It also declares that "the terrorists have declared Iraq to be the central front in their war against all who oppose their ideology."

Representative Barney Frank, Democrat of Massachusetts, asserted that "the war in Afghanistan was the response to the terrorist attacks" — not the war in Iraq.

The combination of the popular and unpopular in this resolution — support for the troops, combined with an endorsement of the administration's policy and a rejection of any withdrawal deadline — left many Democrats in a bind as they headed toward Friday's vote. But some Democrats argued that it left Republicans in a bind, too, committed to an open-ended presence in Iraq.

House Debate On Iraq War Gets Under Way (AP)

By Liz Sidoti

AP, June 15, 2006

The House erupted in impassioned, election year debate over Iraq war on Thursday, Republicans defending the conflict as key to winning the global struggle against terrorism while Democrats excoriated President Bush and his policies.

"Is it al Qaida or is it America? Let the voters take note of this debate," said Republican Rep. Charles Norwood (news, bio, voting record) of Georgia, attacking war critics as defeatists who do not deserve re-election.

The war was "a grotesque mistake," countered the Democratic leader, Rep. Nancy Pelosi (news, bio, voting record) of California. "The administration continues to dig a hole. They refuse to come up and see the light," she said.

The debate unfolded four months before midterm elections that will decide the control of Congress.

The United States has absorbed the deaths of 2,500 troops in the three-year conflict, which began when a U.S.-led invasion toppled Saddam Hussein, but quickly turned sour in the face of a brutal insurgency.

Polls show the war has become unpopular. But Bush has tried to rally support in the days since the death of terror leader Abu Musab al-Zarqawi, and the recent completion of an new Iraqi government.

The Pentagon prepared a battle plan for the debate, distributing a highly unusual 74-page "debate prep book" filled with ready-made answers for criticism of the war.

"Iraq will become a haven for terrorists, murderers and thugs," if the United States leaves "before the job is done," the booklet says.

"We cannot cut and run," it says at another point, anticipating Democratic calls for a troop withdrawal on a fixed timetable.

The Associated Press obtained a copy of the 74-page document. It was sent to both Republicans and Democrats and it laid out the administration's positions in strong terms and offered page after page of counterpoints to criticisms that Democrats typically level against Bush's war policies.

"In this fight for the future of peace, freedom and democracy in the Middle East and around the globe, winning should be our only option," said Rep. Phil Gingrey (news, bio, voting record), R-Ga.

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Countered Rep. Carolyn Kilpatrick (news, bio, voting record), D-Mich.: "Retired generals have spoken. We need a new direction. The troops should be redeployed. They should be brought home at the most practicable time with a plan that we don't now have under this administration."

Republicans arranged for the debate to culminate in a vote either later Thursday or Friday on legislation — a resolution — that labels the Iraq war part of the larger global fight against terrorism and says an "arbitrary date for the withdrawal or redeployment" of troops is not in the national interest.

Across the Capitol, partisan tensions on the Iraq war were clear as the Senate debated annual military legislation. Sen. John Kerry, the Democratic Party presidential candidate in 2004 and a potential 2008 standard-bearer, expected to introduce an amendment that calls for the administration to redeploy combat forces from that war zone by year's end.

In the House, Republicans sought to put lawmakers of both parties on record on an issue certain to be central in this fall's congressional elections.

"The fundamental question in this debate is: Are we going to confront the threat of terrorism and defeat it, or will we relent and retreat and hope the problem goes away?" House Majority Leader John Boehner, R-Ohio, said, providing a preview of the possible GOP line of attack should Democrats balk.

As the death toll and price tag of Iraq rise, opinion polls show voters are frustrated with the war and favor Democrats to control Congress instead of the Republicans who now run the show.

Sensitive to those political realities, House Republican leaders want to make Democrats defend their positions on Iraq — and highlight deep differences on the matter within the Democratic Party — while trying to present their own unified position calling for staying the course in both Iraq and the larger war on terrorism.

But differences also exist within the GOP and those are sure to be discussed as well.

Republican leaders portray the debate as the first of its kind since the Iraq war started in 2003. But they staged a similar vote on a resolution rejecting the immediate withdrawal of troops last year after Democratic Rep. John Murtha (news, bio, voting record) of Pennsylvania, in a reversal, called for a quick exit from Iraq.

Democrats dismiss the House GOP resolution as nothing more than political theatrics, and they were expected to use the debate to rail against Bush's wartime policies. Yet they also are mindful that voting against such a resolution could leave them vulnerable to attacks by Republicans who could claim that Democrats who opposed the resolution don't support U.S. troops and advocate a "cut-and-run" strategy.

To that end, a memo this week by Boehner urged his fellow Republicans to frame the debate as "a portrait of contrasts between Republicans and Democrats."

In both the House and Senate, Democrats appear to be divided into three camps. Some want troops to leave Iraq this year. Others object to setting any kind of timetable. A number of them want the United States to start redeploying forces by year's end but don't want to set a date when all troops should be out.

Congress Becomes A Battleground In Iraq War (LAT)

By Maura Reynolds

The Los Angeles Times, June 16, 2006

WASHINGTON -- For the first time since the United States invaded Iraq three years ago, Republican leaders on Thursday officially convened a full-scale debate over the war -- an effort that they hoped would showcase the increasingly divergent positions of the two parties and that wound up unleashing fierce passions and acrimony on both sides.

Democrats denounced the debate in the House of Representatives as a "sham," objecting to Republicans' characterization of debate on a nonbinding resolution on the war as a choice between "staying the course" and "cutting and running."

Republicans accused Democrats of indecision and division, repeatedly equating talk of withdrawal with "retreat."

"Members, this is not the time to go wobbly. Let's give victory a chance," proclaimed Rep. Gil Gutknecht, R-Minn.

"This side is not trying to go wobbly," countered Rep. Jane Harman of California, the top Democrat on the House Intelligence Committee. "We're trying to articulate what we think would be a better strategy for success in Iraq."

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The rancor spilled over to the Senate, where Republican leaders forced a test vote on the idea of withdrawal in an effort to fan divisions among Democrats. The measure failed 93-6.

"This sends a good message that the U.S. Senate overwhelming opposes a cut-and-run strategy in Iraq," said Sen. John Cornyn, R-Texas.

Sen. John F. Kerry (D-Mass.), whose ideas on withdrawal formed the basis for the Republican-offered measure, denounced the maneuver as a "fibbing and fictitious vote." He said he was still working on his version of a withdrawal plan and would introduce it next week.

"I look forward to having a debate, but I look forward to having a debate on the amendment that I bring as a senator," Kerry said.

The long-postponed debate on Iraq comes four months before the midterm congressional elections, in which some strategists believe that sentiment for and against the war could determine which party emerges with a majority in Congress.

And it coincided with an announcement by the Pentagon that the number of U.S. personnel who have died in Iraq has reached 2,500. Rep. Ike Skelton, D-Mo., took advantage of that milestone to call for a moment of silence on the House floor in honor of the fallen.

"This nation is at a strategic crossroads," Skelton said. "We are spending $9 billion a month and have spent over $300 billion total on this war. More strikingly, we are losing a battalion's worth of casualties a month, killed and injured ....

"We have been there some three years," he added. "I think it's time for us to seriously look at where we are, where we're going."

Until Thursday, the House of Representatives had not formally debated military operations in Iraq since October 2002, when the chamber voted to authorize the use of force if Iraq failed to comply with United Nations demands. The United States invaded and occupied Iraq six months later.

An upsurge in violence and a perceived lack of progress in rebuilding the country politically and economically has sapped public support for the war.

All the same, many Republicans believe that discussing the war works to their party's favor politically, allowing them to press the assertion that Democrats are weak and indecisive on national security issues.

"Frankly, I believe their real challenge is that they have no common unified position on Iraq as a party," said Rep. Tom Cole, R-Okla. "Whether we are right or wrong on our side of the aisle, we do have a common position and it's expressed in this resolution."

House Speaker J. Dennis Hastert, R-Ill., outlined the GOP position in opening the debate. He spoke at length about the Sept. 11 terrorist attacks, and asserted that Iraq was an integral part of the campaign against terrorism that began that day.

"It is a battle we must endure and one in which we can and will be victorious. The alternative would be to cut and run and wait for them to regroup and bring the terror back to our shores," Hastert said.

In an effort to force Democrats into an uncomfortable vote, Republican leaders -- including Hastert -- crafted a resolution that combined expressions of support for the troops and resolve in combating terrorism with a commitment to the engagement in Iraq. They also adopted rules that did not permit Democrats to offer amendments.

"It's really unfortunate, as the president contends that we are fighting for democracy in Iraq, that we can't have democracy on the House floor," said House Minority Leader Nancy Pelosi, D-Calif.

"We expected a resolution confined to the country of Iraq and the conflict there," Skelton said. "That is not what this resolution is. This resolution covers the entire Middle East waterfront, trying to blend together the Iraqi war and the war against terrorism, which has its genesis in Afghanistan. These are two separate and distinct wars."

A vote on the House resolution is expected Friday.

In the Senate, Democrats and Republicans engaged in parliamentary hardball throughout the day as they debated a defense spending authorization bill.

Seizing on news reports that Iraq's new prime minister, Nouri al-Maliki, supported amnesty for some insurgents who had killed Americans, Democrats sought to embarrass the administration by quickly offering an amendment to the bill condemning the idea.

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Republicans, seeking to encourage the divisions between Democrats over whether and when to withdraw from Iraq, countered by introducing an amendment calling for withdrawal by the end of the year.

Sen. Mitch McConnell of Kentucky, the chamber's second-ranking Republican, introduced under his own name a withdrawal proposal that Kerry had outlined earlier in the week.

Senate Minority Leader Harry Reid, D-Nev., seeking to scuttle the Republican move, quickly called for a test vote on the measure. In Iraq, he said, there are "two things that don't exist: weapons of mass destruction and 'cutting and running.' "

Just six Democrats -- Sens. Barbara Boxer, D-Calif., Robert Byrd, D-W.Va., Russell Feingold, D-Wis., Tom Harkin, D-Iowa, Edward M. Kennedy, D-Mass., and Kerry -- voted for the withdrawal measure.

Reid is working on a withdrawal proposal that he hopes will attract the support of a large number of Senate Democrats. Debate continues on the defense bill next week.

Iraq Debate Pits Uncertainty Against Anxiety (LAT)

By Ronald Brownstein

The Los Angeles Times, June 16, 2006

WASHINGTON — The new Republican drive to focus attention on the Iraq war represents a high-stakes gamble: that doubts about the direction Democrats might set on national security exceed anxieties about the course charted by President Bush.

Through a series of high-profile efforts culminating Thursday with sustained House and Senate debates on the war, the White House and congressional Republicans are aiming to portray Democrats as too soft and too divided to steer the Iraq conflict to a successful conclusion.

But in the process, Republicans risk deepening their identification with a war that, surveys show, still sparks skepticism and concern among most Americans — even after the spike in public support that followed the killing of Abu Musab Zarqawi, the leader of Al Qaeda in Iraq.

In Thursday's debates on Capitol Hill, Republicans argued that Democrats would withdraw U.S. troops from Iraq too quickly. But they also provided the opportunity for a succession of Democrats to argue that Bush would stay too long.

The political fallout from this escalating confrontation in November's midterm election may pivot on which three words voters find more troubling: "cut and run" or "stay the course."

Steven Kull, director of the Program on International Policy Attitudes at the University of Maryland, said that although the debate illuminated divisions among Democrats, it also posed a clear political danger to Republicans.

"The Republicans have the potential of being seen as overreaching, of trying to stay in Iraq until we have it exactly the way we want it," Kull said.

The coordinated Republican push on Iraq, which included Bush's surprise visit to the country this week and a lengthy news conference after his return, highlights a core element of the GOP strategy for the fall's vote. Among Republican strategists, it is an article of faith that the party will fare better if it can shift the focus of voters from a backward-looking referendum on Bush's record to a forward-looking choice over the path America should follow.

Democratic candidates have been encouraging voters to use the election as a means of expressing discontent with the Bush administration's Iraq policy since the U.S. invasion more than three years ago. But Republicans want voters to ask which party they believe would be more likely to produce progress in Iraq in the months and years ahead.

"We think we can win that debate," said one senior GOP strategist familiar with White House thinking, who requested anonymity when discussing internal party deliberations. "We won it in 2004, and the Iraq war was not particularly popular then. It is better when we debate other people instead of debating events."

As part of this strategy, House GOP leaders offered a resolution Thursday asserting that U.S. interests would not be served by setting "an arbitrary date" for withdrawing troops from Iraq. The measure, due for a vote today, also expresses support for the Iraq war "as part of the global war on terror."

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Senate Republican leaders, seeking to embarrass their Democratic colleagues, forced a vote on a resolution supporting the withdrawal of almost all U.S. troops by year's end — a plan Sen. John F. Kerry (D-Mass.) has said he expects to propose next week. The resolution failed, 93-6.

In pressing their case on Iraq, Republicans have argued that most Democrats want to precipitously withdraw U.S. troops from Iraq before the country is secured — a policy Republicans deride as "cutting and running."

Bush, at his news conference Wednesday, and GOP lawmakers, during Thursday's debates, argued that the key to success in Iraq was perseverance and determination.

"We know this: Our enemies are persistent and will stay the course," said Rep. Heather A. Wilson (R-N.M.). "So that is the choice we face as a nation … a choice between resolve and retreat."

Such pronouncements, GOP strategists say, taps into a traditional, if diluted, Bush strength — the sense among most voters that he provides strong leadership — as well as a traditional Democratic weakness — doubts about the party's toughness on national security.

Yet the Republican stress on "staying the course" allowed Democrats to maintain that Bush and his congressional supporters were promising Americans only an open-ended commitment in Iraq.

The core Democratic strategy in the House debate was to catalog the costs and disappointments of the war — Rep. Ike Skelton (D-Mo.) noted that the death toll for U.S. troops had reached 2,500 — and to charge that the Republican position guaranteed more of the same.

"Instead of staying the course, we need to chart a smarter course," Rep. Lloyd Doggett (D-Texas) said. "It's not weakness or retreat to realize the administration offers us only an endless spend-and-bleed policy."

Rep. Rahm Emanuel (D-Ill.), chairman of the Democratic Congressional Campaign Committee, declared: "Stand pat, stay put, status quo: That is the Republican policy."

The political danger for Republicans is that although public opinion has moved in Bush's direction since Zarqawi's death, polls show that most Americans remain disillusioned with the war. For instance, in an NBC News/Wall Street Journal survey released Thursday, 52% said the war had not been worth the cost, whereas 40% said it had.

Kull, of the University of Maryland, noted that past gains in public support for the war "have had a short half-life," receding as the violence in Iraq continued.

For Democrats, the polls show political danger if Republicans can succeed in portraying them as backing a policy of "retreat" that would leave Iraq in chaos. In recent surveys, Americans have divided almost evenly on whether the U.S. should withdraw its troops before Iraq is stabilized.

Carl Forti, communications director for the National Republican Congressional Committee, predicted that the principal political value for his party from this week's congressional debate would come from identifying Democrats with an antiwar position that he argued most Americans would reject.

Americans "understand we can't walk away," Forti said. "To have Democrats so far out to the left on this is almost more effective than anything we can say ourselves."

Some critics of the war raised the opposite charge against congressional Democrats, complaining that they had not identified the party with a clear alternative to Bush's Iraq policy.

House Democrats failed to offer a partywide alternative to the GOP resolution. And the Senate's vote suggested that the amendment Kerry is planning on U.S. troop withdrawal will attract scant support. Despite intensive internal negotiations, other Senate Democrats have not reached agreement on a more moderate alternative.

"As long as no one is going to have a clear stand on the war … [Democrats] are not going to maximize the political benefits from the troubles the president finds himself in," said Ivo H. Daalder, a war critic and senior fellow at the Brookings Institution think tank.

GOP Bill Would Reject Deadline For Withdrawal (USAT)

By Andrea Stone

USA Today, June 16, 2006

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WASHINGTON — Republicans in Congress sought on Thursday to capitalize on recent good news from Iraq by opening an election-year debate on a resolution to back President Bush's wartime policy, a bid they hope will neutralize Democrats' advantage on the issue.

The House of Representatives is expected to vote today on a resolution declaring "that it is not in the national security interest … to set an arbitrary date" for withdrawing troops from Iraq.

In the Senate, Republicans pulled a switch on the Democrats by offering an amendment to withdraw combat troops by the end of the year, saying it was based on a plan by Sen. John Kerry, D-Mass. It was shelved on a vote of 93-6.

Earlier, the Senate approved and Bush later signed a $94.5 billion emergency spending bill to fund the wars in Iraq and Afghanistan, as well as to aid hurricane victims.

Recent polls indicate the public believes Democrats would do a better job on Iraq than Republicans. GOP leaders hoped to shift momentum after the death of terrorist Abu Musab al-Zarqawi and the formation of an Iraqi government.

Bush made a surprise visit to Iraq on Tuesday. He chided Democrats on Wednesday that while bringing troops home "may sound good politically, it will endanger our country to pull out of Iraq before we accomplish the mission."

House Majority Leader John Boehner of Ohio said the floor debate would "help educate Americans about where their members are" on Iraq. In a memo to other Republicans, he said he wanted the debate to create a "portrait of contrast" between Republicans who "believe victory in Iraq will be an important blow to terrorism" and Democrats who "are prone to waver endlessly about the use of force to protect American ideals."

On a day when both chambers of Congress paused in silence to mark the 2,500th U.S. death in Iraq, House Democrats accused Republican leaders of playing politics.

Republicans are "trying to create a trap" to force Democrats to appear opposed to supporting the troops, said House Minority Leader Nancy Pelosi of California. While Democrats have differed over whether to set timetables for withdrawal, Pelosi said, they agree the war was "a grotesque mistake."

Some Republicans also questioned their leaders' decision to give Democrats a platform to remind voters of missteps in Iraq.

"This is dragging everyone down in the polls," said Rep. Ray LaHood, R-Ill. "Now is not the right time to be highlighting the war."

The House resolution is "a continuation of our rhetoric from the past," said Rep. Wayne Gilchrest, R-Md. "We need a sense of urgency to end the war successfully."

It's not clear which party will get a boost that will help in November.

John Pitney, a political scientist at California's Claremont McKenna College, said that while the strategy "diminishes the Democratic advantage on the issue," speeches aren't enough. "The situation in Iraq would have to improve dramatically before it became a net plus for the GOP," he said.

Parties Face Off Over Iraq War In 11-Hour Debate (WP)

By Jonathan Weisman And Charles Babington

The Washington Post, June 16, 2006

Congress plunged into a wide-ranging debate over the origins and conduct of the war in Iraq yesterday, with each party excoriating the other for alleged weakness and complacency about the stakes involved.

As the Pentagon announced the 2,500th death of a U.S. service member in the conflict, the House embarked on its first extended discussion of the war since Congress authorized force nearly four years ago. More than 140 lawmakers took the floor to applaud or attack President Bush's prosecution of the war in an 11-hour debate scheduled to last until nearly midnight.

The debate will culminate today with a vote on a Republican-drafted resolution declaring that the United States must complete "the mission to create a sovereign, free, secure and united Iraq" without setting "an arbitrary date for the withdrawal or redeployment" of U.S. troops.

In the Senate, Republicans tried to put Democrats on the record as supporting or opposing an amendment -- drafted by Sen. John F. Kerry (D-Mass.) but submitted for a vote by Sen. Mitch McConnell (R-Ky.) -- to demand a timetable for the

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withdrawal of U.S. forces from Iraq. Senate Democrats, meanwhile, pushed Republicans to condemn a proposal by the newly formed Iraqi government to offer limited amnesty to insurgents who had killed U.S. troops.

Though the day's rhetoric was often partisan in tone, the discontent over the status quo in Iraq was evident on both sides. Dozens of lawmakers spoke emotionally -- recriminations mixed with appeals to patriotism -- on how the nation should proceed in the three-year-old conflict that has become more protracted, deadly and complex than most of them had expected at its outset.

The votes will not bind the administration, but the debates had the effect of putting scores of elected officials on the record concerning the nation's most pressing issue at a moment when the approaching midterm elections are putting control of both the House and the Senate in play.

House Republicans took the offensive, repeatedly asserting that Democrats have adopted a "defeatist" policy of retreat that would embolden international terrorists and imperil national security. Their position was bolstered by a 74-page document drafted by the White House and distributed by the Pentagon, replete with talking points, quotations and timelines to back administration policy. Rep. Jim McDermott (D-Wash.) called the document "an affront to the American people."

"We're not making progress," said Rep. John P. Murtha (D-Pa.), a Marine Corps veteran who has emerged as his party's leading opponent of the war. He said Iraqis are fighting a low-grade civil war in which U.S. soldiers should not be involved. "They're fighting each other, and our troops are caught in between," he said.

"We make progress every day," countered Rep. Mike Rogers (R-Mich.), who contended that the only people who want the U.S. military to leave Iraq are terrorists and "some politicians." Looking at Murtha, he added: "Don't get confused about every little problem that happens."

In the Senate, Republicans were also spoiling for a chance to depict Democrats as soft on the war, but Democrats largely thwarted the effort. GOP senators wanted a vote on language recently drafted by Kerry calling for nearly all U.S. troops to be withdrawn from Iraq by the year's end. But Kerry, his party's 2004 presidential nominee, surprised the Republicans by declining to offer the language as an amendment to a defense authorization bill, after colleagues had urged him to consider possible revisions.

To force a debate and a vote, McConnell, the GOP whip, introduced Kerry's language as his own, knowing that all Senate Republicans and most Democrats would vote against it. Democrats objected when Majority Leader Bill Frist (R-Tenn.) called the measure "Kerry's amendment." Kerry said the maneuver led to "a fibbing, fictitious vote."

The Senate voted 93 to 6 to reject the amendment. The six Democrats who voted against killing it were Kerry, Barbara Boxer (Calif.), Robert C. Byrd (W.Va.), Russell Feingold (Wis.), Tom Harkin (Iowa) and Edward M. Kennedy (Mass.).

Vice President Cheney weighed in, taking note of Kerry's statement earlier this week urging fellow Democrats who joined him in authorizing force in 2002 to acknowledge that the war is a mistake. "I'm not surprised at John Kerry switching his position yet again," Cheney said on Sean Hannity's radio talk show. Kerry is charging "that somehow he was misled," the vice president said. "He wasn't misled. He saw the same intelligence all the rest of us saw. He knew what an evil actor Saddam Hussein was."

Frist used the brief Senate debate to say that a substantial troop withdrawal by Dec. 31 would amount to "cutting and running" and would prompt Iraq to renew its pursuit of "weapons of mass destruction." Minority Leader Harry M. Reid (D-Nev.) replied that "two things don't exist in Iraq: weapons of mass destruction, and cutting and running."

Reid spokesman Jim Manley said Democrats will propose language next week calling on Bush to "begin the phased redeployment of U.S. troops this year."

Senate Democrats tried to gain the upper hand in yesterday's debate by seizing on a Washington Post article reporting that Iraq's new prime minister is considering limited amnesty for guerrillas who had attacked U.S. troops. Two Democrats who are running in competitive states this fall -- Sens. Bill Nelson (Fla.) and Robert Menendez (N.J.) -- introduced a "sense of the Senate resolution" calling on Bush to strongly oppose the amnesty idea.

Republicans called the effort a pointless diversion, with Iraqi Prime Minister Nouri al-Maliki's office having accepted the resignation of the aide who had described the possible amnesty plan.

Central to the House Republicans' argument was the much-disputed link between the attacks of Sept. 11, 2001, and the war in Iraq. "We in this Congress must show the same steely resolve as those men and women on United Flight 93; the same

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sense of duty as the first responders who headed up the stairs of the twin towers," said Speaker J. Dennis Hastert (R-Ill.). "We must stand firm in our commitment to fight terrorism and the evil it inflicts throughout the world."

"It is a choice between resolve and retreat," said Rep. Heather A. Wilson (N.M.), one of the most vulnerable Republicans in a swing district that has turned against the war.

Democrats criticized what they called nearly four years of congressional refusal to exercise oversight powers and to challenge the administration's Iraq policies. "Congress cannot be infinitely passive," said Rep. Jane Harman (D-Calif.).

Rep. Rahm Emanuel (Ill.), chairman of the Democratic Congressional Campaign Committee, said: "This Republican Congress sat and watched the president make mistake after mistake after mistake. . . . You have adopted an approach of 'see no evil, speak no evil, hear no evil' with abandon."

Party lines stiffened during the debate. Even Rep. Wayne T. Gilchrest (Md.), one of five Republicans who signed a Democratic resolution demanding that the president develop an exit strategy, was content to simply implore his colleagues to "have a powerful sense of urgency to end the war and end the war successfully."

The debates played out less than five months before elections that will be colored by what recent polls have shown to be an unpopular war that has dragged down voter confidence in Bush and the GOP-led Congress.

But Republican strategists say their party can still take a page from Bush's 2004 reelection campaign and use the debate to portray Democrats as weak on national defense. GOP pollster Tony Fabrizio said Democrats "have been badly outmaneuvered" by the White House and GOP leaders in capitalizing on Abu Musab al-Zarqawi's death. "A couple of weeks ago, all the focus was on divisions in the GOP over immigration. Now it's Democratic division over the war and national security."

Congress Debates War As Death Toll Rises (CHIT)

By Jill Zuckman

Chicago Tribune, June 16, 2006

WASHINGTON -- After more than three years and 2,500 deaths, the House embarked Thursday on its most extensive and impassioned debate about the war in Iraq, with Republicans demanding support for President Bush's course and Democrats calling for a change in direction to allow U.S. troops to come home.

Lawmakers were expected to talk late into the night, resuming their debate Friday and then voting on a resolution crafted by Republican leaders. The highly partisan resolution would shun specific timetables for redeploying troops out of Iraq and casts the war as a central front in the war on terrorism.

The spectacle of Congress plunging into a substantive, heartfelt and relatively civil debate on the merits of the war reflects the urgency that lawmakers feel about addressing what has become a volatile political situation with midterm congressional elections looming in November. Democrats are trying to capitalize on voters' disenchantment, while Republicans are trying to portray themselves as resolute and strong.

House Speaker Dennis Hastert (R-Ill.) was first to speak, casting the debate in sweeping, historic terms as a means to protect Americans from terrorists at home and to nurture a way of life.

"This resolution is about more than the war in Iraq and Afghanistan," said Hastert, who rarely speaks on the floor and votes on only the most important occasions. "It is about a global war to protect American ideals, and the democracy and values on which this great nation was founded. This resolution, like this war itself, is about freedom."

Democrats, however, called the proceedings undemocratic because Republicans would not allow them to offer amendments. And they accused the president of politicizing intelligence, barreling into the war without a plan and making repeated mistakes along the way.

"Democrats are united in saying we need a new direction in Iraq," said House Democratic Leader Nancy Pelosi of California. "This is a war that is a grotesque mistake."

As the elections draw closer, Republicans are hoping to tout achievements in Iraq and to turn public opinion in their favor. But polls show Americans believe the war in Iraq is the most important issue facing the nation, and they have been disappointed in the way Bush and Congress have handled it.

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Still, the timing of this week's debate could not have been better for Republicans. The recent killing of terrorist Abu Musab al-Zarqawi, the formation of an Iraqi Cabinet and the emergence of Prime Minister Nouri al-Maliki may help the GOP make the case that the picture in Iraq is improving.

In the Senate, Republicans scored a quick political victory Thursday when Sen. Mitch McConnell (R-Ky.) offered an amendment written by Sen. John Kerry (D-Mass.) that called for the withdrawal of U.S. combat troops by the end of the year. The amendment was defeated 93-6.

But Democrats employed their own bit of symbolism when Rep. Ike Skelton of Missouri, the ranking Democrat on the Armed Services Committee, asked for a moment of silence on the House floor to mark the 2,500th U.S. combat death, which occurred Thursday.

At the White House, Press Secretary Tony Snow called the number a "sad benchmark."

"Any president who goes through a time of war feels very deeply the responsibility for sending men and women into harm's way, and feels very deeply the pain that the families feel," Snow said. "And this president is no different."

From one speaker to the next throughout the long day of House speeches, the strategy on both sides of the aisle was clear. Republicans stressed the evils of terrorism and the need to supporting the troops, while Democrats questioned the administration's competence and credibility.

"The truth has been a major casualty of the war in Iraq," said Rep. Jan Schakowksy (D-Ill.), a founder of the "Out of Iraq" caucus. "It is worth reviewing just a few of the statements presented as truth that were told over the last four years, some remarkably being said again today, that have been proven not true, never true and still not true."

Schakowsky noted that Vice President Dick Cheney said Saddam Hussein had weapons of mass destruction; Defense Secretary Donald Rumsfeld said the war would cost $50 billion, and Bush himself declared that major combat operations in Iraq had ended on May 1, 2003.

Other Democrats said that Congress has abandoned its oversight responsibilities, allowing the administration to say or do anything without consequence.

"This Congress has adopted an approach of 'see no evil, hear no evil, speak no evil' with abandon," said Rep. Rahm Emanuel (D-Ill.). "Democrats will never put American service members in harm's way without a plan and without support. For that, you need to sit and watch complacency of a Republican Congress."

In preparation for the debate, the Pentagon put together an unusual briefing book, laying out the case for war and providing responses to potential criticism that might arise. The book was sent to lawmakers, including anti-war congressmen, and the Pentagon later tried to recall it.

In their remarks, Republicans ticked off all the terrorist attacks that have occurred in recent years, beginning with the bombing of the Marine barracks in Beirut when Ronald Reagan was president and including the Sept. 11 attacks on the United States. Linking those attacks and the war in Iraq, lawmakers said the United States must not waver.

"We must stand firm in our commitment to fight terrorism and the evil it inflicts throughout the world," Hastert said. "We must renew our resolve that the actions of evildoers will not dictate American policy."

But Rep. Jack Murtha (D-Pa.), the Democrats' leading war critic, said it is time to leave the war-torn nation.

"Only the Iraqis can solve the problem in Iraq," said Murtha, a decorated Marine. "They're fighting with each other, and our troops are caught in between, and I say it's time to redeploy."

Congressional Debate On Iraq War More About Politics Than Policy (KRT)

By James Kuhnhenn And William Douglas

Knight Ridder, June 15, 2006

WASHINGTON - Republicans firmly defended President Bush's policies in Iraq and Democrats accused his administration of waging a botched and mistaken war as the House of Representatives engaged Thursday in its first extended debate on the war since U.S. troops removed Saddam Hussein from power more than three years ago.

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The election-year debate was freighted with politics, as Republicans seized on recent upbeat news from Iraq to portray Democratic calls for troop withdrawals as a policy of "cut and run." Yet for all the political overtones, the tone of the House debate was strikingly civil, sober and morally serious.

"We are making progress toward our goal, but the battle is not over," Speaker Dennis Hastert, R-Ill., said. "It is a battle we must endure and one in which we can and will be victorious. The alternative would be to cut and run and wait for them to regroup and bring the terror back to our shores."

Democrats largely avoided discussion of a withdrawal deadline, focusing their attention on the continuing bloodshed in Iraq, as the U.S. military death toll reached 2,500 there on Thursday. They described conditions in Iraq as worse than when the war began in 2003 and said the war has damaged America's image abroad.

"It's not getting better. . . . Things are getting worse. . . . More Americans are being killed every day," said Rep. John Murtha, D-Pa. "We're caught in a civil war between 100,000 Shias and 20,000 Sunnis fighting each other."

The Democrats' stance against Bush belied deep divisions within their party on whether to withdraw from Iraq, and if so, how fast. In the Senate, an expected debate on a Democratic measure calling for gradual withdrawal wallowed on hold all day amid disputes among Democrats over the precise language of their proposal.

In one parliamentary ploy, Republicans forced Democrats to vote against an amendment similar to one pending from Sen. John Kerry, D-Mass. It called for the United States to withdraw the bulk of its troops from Iraq by the end of this year. The Senate voted 93-6 to kill the measure. Kerry was among the six voting no, but he accused Republicans of forcing a "fictitious vote" and pledged to bring up his own version of the measure next week.

Kerry urged the Senate to eschew parliamentary gamesmanship and give "seriousness of purpose" to a "debate of this kind of consequence."

That vote, however, illustrated the squeamishness among Democratic lawmakers over supporting a hard and fast deadline for withdrawal, especially such an immediate one, despite pressure from the party's liberal base. Senate Democratic Leader Harry Reid of Nevada, consulting with his party's top foreign policy leaders, was inclined to seek a gradual withdrawal that would begin this year, aides said. The Senate is expected to debate that proposal next week.

Sen. Dianne Feinstein, D-Calif., has proposed that troops withdraw from Iraq by the end of 2007. Sen. Carl Levin of Michigan, the ranking Democrat on the Armed Services Committee, would like redeployment to begin by the end of this year and conclude by the end of 2007.

In the House, lawmakers held a 10-hour debate on a resolution that equated the war in Iraq with the broader war against terrorism and specifically rejected setting a deadline for the withdrawal of troops from Iraq. Under Republican rules, Democrats weren't able to offer any amendments. A vote on the resolution was expected Friday.

Rep. Jim Leach, R-Iowa, offered a rare voice of Republican dissent, arguing that the Bush administration should reconsider its policy.

"The longer we stay, the greater the prospect that anarchistic acts will multiply and spread perhaps to our shores," he said. "The issue is no longer, as is so frequently asserted, the need to stay the course. It is to avoid overstaying the present."

In an unusual move, the Pentagon distributed a 72-page defense of the war to lawmakers. The document says that the Bush administration has a "three pillared strategy for victory" - establishing a liberal constitution with increased political participation, training Iraqi security forces and helping build the Iraqi economy.

Political strategists have said that the debate poses political dangers and opportunities for both sides. After steadily declining public support for the war and for his handling of it, President Bush appears for the moment to be benefiting from a spate of positive news from Iraq, including the death of al-Qaida in Iraq leader Abu Musab al-Zarqawi and the completion of the Iraqi Cabinet.

But Iraq has proved to be unpredictable.

"Unless you are sure that things are going to get better there, you're putting an awful lot of chips on that number on the table," said Republican pollster and strategist Tony Fabrizio.

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"The danger for Republicans is that it looks like (Democrats) have a better plan to extricate ourselves and maintain Iraqi security than we do," Fabrizio said. "So it all is going to come down to salesmanship. If (Democrats) get painted as cut and run, then they've lost that argument."

Democrats paint it as Bush's responsibility.

"This is the president's war," House Democratic Leader Nancy Pelosi of California told reporters. "He has to answer for it."

They Don't Know Why They Did The Things They Did (WP)

By Dana Milbank

The Washington Post, June 16, 2006

Cher, on Capitol Hill yesterday to promote better combat helmets for the troops, has long been a friend of the military. Seventeen years ago, she danced on the deck of the USS Missouri and, cladding her tattooed bottom in fishnet, straddled one of its 16-inch guns as she recorded her "If I Could Turn Back Time" video.

Cher had weightier thoughts on her mind, and more fabric on her body, when she took her seat yesterday for a hearing of a House Armed Services subcommittee, attended by a pack of solicitous congressmen and the other former Mrs. Sonny Bono, Rep. Mary Bono (R-Calif.). But even in full attire and a sedate setting, the presence of the ageless entertainer had a magical effect: Everybody was performing his own version of "If I Could Turn Back Time."

On the day the Pentagon announced that 2,500 troops had died in Iraq, the House spent 10 hours re-debating the decision to invade Iraq in 2003 -- at least until several of them left for a picnic at the White House.

Six years after his candidacy helped to deprive Al Gore of the presidency, Ralph Nader stopped by a Gore book-signing event to patch things up with his former foe.

Meanwhile, the House Government Reform Committee was meeting to find out why the Bush administration cut counterterrorism funding for the Washington area for this year by 40 percent -- even as lawmakers conceded it was too late to do anything about it.

The beat goes on.

The daylong retrospective began at the House Government Reform Committee, where Chairman Tom Davis (R-Va.) and other lawmakers were scolding Homeland Security Undersecretary George Foresman for his agency's decision to stiff Washington.

"One of the greatest displays of incompetence," said Carolyn Maloney (D-N.Y.) "It does boggle the mind," agreed Jim Moran (D-Va.). Florida's John Mica (R) added: "I've never seen a goofier list of priorities."

"You really think," Davis demanded, that "Montana is at a higher risk than D.C.?"

Foresman, his hands trembling slightly, advised Davis: "Congressman, there are all kinds of intricacies." Behind him, his aides were chewing gum, shaking their heads and passing notes.

But all Davis and his colleagues could do was complain. Foresman said he has no plan to revisit the decision, and lawmakers said the best they could do would be to fix things next year so it doesn't happen again.

La de da de de. La de da de da.

Next stop on the Turn-Back-Time tour: Olsson's book shop on 7th Street Northwest, where Gore was signing books at noon. "I'm not supposed to say anything, just sign books," he announced when he started. But when he got to number 214 in the line, he noticed the lanky figure and stood up. "Nice to see you! How you doing? . . . I'm really so grateful to you for coming by."

After more pleasantries, Gore scribbled a line in the book: "For my friend, Ralph Nader. With respect, Al Gore."

Nader was smitten. "He's liberated!" Nader said. "He's defining what progressive Democrats should be about."

Had they reached such a rapport six years ago, Gore might have won the election in 2000, as two men in line reminded Nader. "Thanks to you, we had Bush all these years," said one. "How many are dead in Iraq because of that?"

La de da de de. La de da de da.

Back on the Hill, both houses of Congress were in a raucous, backward-looking debate about the war in Iraq. Rep. George Miller (D-Calif.) tried to Turn Back Time to 2003. "This is a blunder of historic proportions," he said of the war.

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Pete Hoekstra (R-Mich.) went back even further back in time: "The historic blunder is that we didn't confront the problem in the 1990s."

Disgusted with the proceedings, Rep. Barney Frank (D-Mass.) advised any Iraqi parliamentarians watching on television: "Don't try this at home."

The Senate attempted a more forward-looking debate: a resolution calling for most troops to be withdrawn from Iraq by the end of the year. But it was difficult to take the senators seriously: A third of them wore blue-and-white striped suits in honor of "Seersucker Thursday," making the floor of the Senate resemble a Good Humor convention.

"If we were to cut and run," said Majority Leader Bill Frist (R-Tenn.), wearing a seersucker suit and white shoes, "bloody civil war would result." Frist returned to his office, where free ice cream was being served to all.

The Senate dispensed with the Iraq debate quickly, freeing the lawmakers to attend the annual congressional picnic at the White House.

La de da de de. La de da de da.

With everybody else living in the past, Cher herself seemed to be enjoying the present yesterday, as lawmakers fussed over her.

At the hearing room, signs on chairs dictated the seating: "Reserved Army;" "Reserved Navy;" "Reserved Cher."

"I'm waiting for Cher!" a star-struck Curt Weldon (R-Pa.) boasted to a colleague as he stood near the elevator. "Do you know who I'm waiting for?" he asked another.

Lawmakers besieged the singer when she emerged, in blue sunglasses and a black suit. Mike Conaway (R-Tex.) invited her to take a trip with him to Germany and Iraq, "whenever you want."

"I'd love to," Cher said politely.

Afterward, the giddy Conaway told an aide: "She said she'd do it!"

But will she wear fishnet?

On Keeping Current (WP)

By Al Kamen

The Washington Post, June 16, 2006

A colleague, strolling through the Bush Diplomatic Hall of Glory at the State Department -- that series of snappy large photographs begun by this administration to tout our leader's world leadership -- says the photos include a large, beautiful one of President Bush and the Iraqi prime minister.

"The prime minister is a great Iraqi patriot, he's a friend of liberty, he's a strong partner for peace and freedom," Bush said at their meeting, praising him for "brave leadership" and being a "bold man" and a "frank, open fella." Bush told him he did a "good job" at their news conference.

But wait a minute! That was last June in the White House with former prime minister Ibrahim al-Jafari , a complete loser, as it turns out. Almost as bad as the first guy, Ayad Allawi . Jafari was hanging on to office like Al Gore, hoping for a miracle, until Secretary of State Condoleezza Rice went to Baghdad and told him to take a hike.

Where's the photograph in Baghdad with the new guy, Nouri al-Maliki ? Bush said on his quick visit he "saw firsthand the strength of his character and his deep determination to succeed." Better still, Maliki's "got a plan to succeed," which is always a good thing, and Bush said he was "impressed" by him.

So let's get that new picture up there real quick, okay?Check, Check, Click. Check, Check, Check, Click.

How many times, oh, Lord, must we warn people to check once, twice, even thrice, before clicking the "send" button?

Seems Traci Scott , who works in the Pentagon's legislative affairs office, sent an e-mail Wednesday to a group of Hill folks with an attachment titled "Iraq Floor Debate Prep Book." The 74-page attachment, just in time for the House floor debate yesterday, is full of great facts and fine political arguments.

Section 3, for example, "Victory in Iraq," summarizes Saddam Hussein 's "support for terrorist groups" and "his defiance of the world community" and how he "wanted WMD." Section 4 is the "Rapid Response" part.

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Though coming from the Pentagon, the prep book reads like a White House playbook -- which, a Pentagon spokesman said, it is. "It's an NSC [National Security Council] document which we passed along," he said. It rebuts all those arguments from the "cut and run" crowd about prewar intelligence manipulation, or how the war in Iraq has made the world more dangerous for Americans.

Problem is that the e-mail was sent to some of those cutters and runners.

Next thing you know, there's a second e-mail from Scott.

"The sender would like to recall the message, 'Prep Book.' "

Too late. "Once again the Bush administration is spending time and taxpayer money on public relations, rather than developing a real plan for success in Iraq," said Brendan Daly , a recipient who is a spokesman for House Democratic leader Nancy Pelosi (Calif.). "Americans know the war is going in the wrong direction, and the Pentagon PR machine won't change that fact."

Turns out the e-mail list was an old one, used to distribute general info from the Defense Department.

So, please, please, be careful hitting "send."Parallel Universe, the Best Defense

What with all their legal troubles, we thought folks such as Enron's Ken Lay , former representative Randy "Duke" Cunningham and Rep. William J. "Frozen Dollar Bill" Jefferson (D-La.) might come up with more creative defense lines.

So here, from the Montomery Advertiser in Alabama, is an example of how the best handle such inquiries:

" Ronald Wayne Blankenship , who is in the Democratic runoff for Jefferson County sheriff, says it's a coincidence that a man with a criminal history shares his name. And birth date. And has a wife with the same name -- Judy Ruth Green Stonecipher Blankenship .

"And does the same kind of work. And looks like him.

"Blankenship, 63, says he isn't the same Ronald Wayne Blankenship who was suspected of faking his own death in 1990 and did time in jail for assault that same year.

" 'Do you know how many Ronald Blankenships there are?' " he told the Birmingham News. Blankenship, who got 26 percent of the vote in a three-way primary last week, acknowledged that he looked like a newspaper photo of the man who faked his death.

"It looks like me in a way," he said, "but all Blankenships get to looking alike."

Talk about creating reasonable doubt.Honest Abe and Honest Bill

Rudderless Democrats had best not count on Bill Clinton returning to the political fray anytime soon.

The former president, at a book party for New Republic editor Peter Beinart 's "The Good Fight: Why Liberals -- and Only Liberals -- Can Win the War on Terror and Make America Great Again," approached Jay Winik , author of "April 1865: The Month That Saved America," and asked Winik what he thought of "Lincoln's Melancholy" by Joshua Wolf Shenk .

"Fascinating," Winik said. "And intriguing."

"I wanted to write that book, but he beat me to the punch," Clinton said. "I was going to write it next year. I love Lincoln -- for all of his problems, he grows larger with history."

Clinton can only hope . . .

"Enough Is Enough" (USAT)

By John Murtha

USA Today, June 16, 2006

Iraq is not the center of the global war on terrorism, and nor is it overwhelmed by foreign terrorist groups, as this administration would like Americans to believe.

Iraqis are fighting Iraqis in sectarian violence, and U.S. troops have become the target.

On Thursday, we heard House Republicans argue that the United States cannot change the policy in Iraq. But a change in direction is in the best interest of the United States and Iraq. Saying we must "stay the course" amounts to an open-ended commitment, one that we can not afford in terms of human and financial sacrifice.

Our view: Setting deadline for troops' withdrawal will backfire

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The president continues to say we must stay in Iraq. Iraq has formed a government, trained 265,600 Iraq security forces and the Iraqis want to govern themselves. We have more than 20,000 deaths from this war, and yet terrorist attacks rose sharply last year to more than 10,000. By the end of this year, we will have spent $450 billion U.S. taxpayer dollars on this war. Enough is enough. Our nation deserves better.

Instead of sticking with a failed policy, I propose a new policy. Instead of "stay and pay," which is what this administration continues to argue, I propose that we "redeploy and be ready." We must redeploy American troops out of the cities to the periphery and create a quick reaction force ready to attack only when the national security of the United States or its allies in the region is at risk.

The American people are not naive. They know a failed policy when they see one. Iraq is a failed policy. It's time to redeploy.

Rep. John Murtha of Pennsylvania is the top Democrat on the House Defense Appropriations Subcommittee.

Setting Deadline For Troops' Withdrawal Will Backfire (USAT)

USA Today, June 16, 2006

When the public turned against the Vietnam War, many returning soldiers found themselves ignored, disdained and shunned. Iraq is different. Though most Americans now believe the war was a mistake, they still honor the troops.

That support became particularly poignant Thursday when the number of dead in Iraq reached yet another milestone: 2,500.

The grim announcement coincided with the start of a two-day debate in the House of Representatives on Iraq, which has been discussed far too little there in the three years since the United States invaded, the original plan went horribly awry, and the costs in lives and money soared.

Republican leaders capitalized on the rare good news of the past week in Iraq — the killing of terrorist leader Abu Musab al-Zarqawi and the filling of key posts in the new Iraqi government — to put forth a resolution labeling the Iraq war part of the global fight against terrorism and saying an arbitrary date for the withdrawal or redeployment of U.S. forces is not in the national interest.

At one level, the debate is a cynical display of election-year politics that turns the troops fighting in Iraq into political pawns. Because Republicans wrote the resolution to express support for the troops as well as for President Bush's policy, a "no" vote can easily be twisted into a campaign attack ad claiming that anyone opposing the war is hostile to the troops fighting it, which is absurd.

But cheap political stunts aside, the thrust of the resolution, it seems to us, has merit. Iraq has become an important part of the war on terror, even if it wasn't when the war began. It's hard to argue otherwise when the organization led by Zarqawi and his successor calls itself "al-Qaeda in Iraq" and pledges allegiance to Osama bin Laden.

And while the war itself was a mistake based on faulty intelligence and delusional optimism, pulling out now, as advocated by Rep. John Murtha and other Democrats, risks making a bad situation worse.

U.S. troops should not stay in Iraq, as in Vietnam, purely for pride in a hopeless battle. They should remain, however, as long as there is a reasonable chance that they can bring some stability, reinforce the fledgling democratic government and prevent Iraq from becoming a haven for terrorists. Announcing a timetable for withdrawal, as Sen. John Kerry proposes (Kerry's resolution in the Senate was rejected 93-6 on Thursday), would just invite the insurgents to wait out the American presence.

Thursday's fireworks on the House floor did serve to illuminate how Congress has been egregiously missing in action on sustained discussion and oversight of the Iraq war. A two-day debate hardly begins to address the many critical issues: What would success look like? Is the $320 billion allocated to the war effort being well spent? Can more be done to protect the troops from lethal roadside bombings? What is being done to engage surrounding countries? What about the training of Iraqi forces?

Careful, extended examinations of those questions would do more to honor the 2,500 U.S. military dead and 18,490 wounded than would the sensible yet politically loaded resolution poised for passage today.

The State Of Iraq: An Update (NYT)

By Nina Kamp, Michael O'Hanlon, And Amy Unikewicz

DOJ_NMG_0034687

The New York Times, June 16, 2006

AFTER his surprise trip to Baghdad this week, President Bush struck a hopeful tone. "I do think we'll be able to measure progress," he declared at a news conference on Wednesday. "You can measure progress in capacity of Iraqi units ... in megawatts of electricity delivered ... in oil sold on the market .... There's ways to determine whether or not this government's plans are succeeding."

We agree. Unfortunately, according to our latest tally of metrics (compiled from a variety of government and news media sources), Iraq has a long way to go. To be successful, the new Iraqi government will have to do things that its predecessors and the United States have generally failed to accomplish.

Violence on the whole is as bad as ever. Sectarian strife is worse than ever. The economy has slowly come back to prewar levels for the most part, but is now treading water. As a result, optimism has waned. According to an International Republican Institute poll conducted in late March, more than 75 percent of Iraqis consider the security environment to be poor and the economy poor or mediocre.

Those looking for signs of promise in Iraq can still find footholds beyond the killing of the terrorist leader Abu Musab al-Zarqawi. The security forces, particularly the Iraqi Army, continue to improve in technical proficiency — even if their interethnic cohesiveness remains suspect. Reductions in consumer subsidies have strengthened the financial standing of the government, and high oil prices compensate for Iraq's anemic production levels. But overall, it is increasingly hard to describe Iraq as a glass half-full.

Stay The Course? What Course? (WP)

By Eugene Robinson

The Washington Post, June 16, 2006

Fresh from his triumphal visit to Baghdad -- a place so dangerous he had to sneak in without even telling the Iraqi prime minister -- George W. Bush is full of new resolve to stay the course in his open-ended "global war on terror." That leaves the rest of us to wonder, in sadness and frustration, just what that course might be and where on earth it can possibly lead.

This is a "war" in which three men held for years without due process at the Guantanamo Bay prison kill themselves by hanging, and their jailers are so unnerved and self-absorbed that they see the suicides as an attack. Rear Adm. Harry Harris's all-about-me lament -- "I believe this was not an act of desperation but an act of asymmetrical warfare waged against us" -- was worthy of delivery from Oprah's couch.

Bush claimed at his news conference the other day that he'd "like to close Guantanamo" if only the people being held there weren't so "darn dangerous." These bad people, in other words, are forcing him to hold them indefinitely under conditions that mock international norms. But if the inmates are indeed beyond redemption, why order them to be hog-tied and force-fed when they go on hunger strikes? Why not just let them starve? Why freak out when three of the evildoers hang themselves? Why not pass out rope and tell the rest to bring it on?

This is a "war" in which the United States drops two 500-pound bombs with the express intent of assassinating Abu Musab al-Zarqawi, the leader of al-Qaeda in Iraq, a group that wouldn't have existed if Bush hadn't decided to invade. But when the world learns that Zarqawi briefly survived the bombing, and rumors circulate that U.S. forces shot him dead, officials rush to release an autopsy report showing that the butcher with a $25 million bounty on his head died from blast injuries. An American medic, we are told, was about to administer first aid when Zarqawi mumbled something unintelligible and expired.

Why do your best to kill an enemy leader -- a bad, bad man, the worst of the worst -- and then try to revive him? Didn't you want him dead?

In this amorphous, open-ended "war" that we're spending precious lives and billions of dollars to wage, the rules of engagement seem to be shoot first and apologize later.

We're sorry if U.S. Marines massacred 24

civilians in Haditha. We're even more sorry than we were after U.S. military personnel tortured and humiliated those prisoners at Abu Ghraib. Bush's stalwart ally, British Prime Minister Tony Blair, is sorry if London police, conducting an

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anti-terrorist raid this month, shot and wounded an innocent man whose only "crime" was to come downstairs in his underwear to see who was breaking into his house. But not as sorry as Blair was after the London subway bombings, when commandos shot dead an innocent Brazilian electrician whom they mistook for a possible, potential, just-might-be terrorist.

Nobody's sorry, though, about secret CIA prisons or extralegal detention or interrogation by brutal "waterboarding" or an Orwellian blanket of domestic surveillance. After all, we're at "war."

The military announced yesterday that the number of U.S. troops killed in Iraq has reached 2,500, another of those awful, round-number milestones. It is widely expected that the new Iraqi government will consider an amnesty for some of the insurgents who killed some of those American servicemen and women -- drawing a distinction between roadside bombs placed by Sunni Muslims in "resistance" to the U.S. occupation and those placed by foreign al-Qaeda jihadists. If this happens, we'll have taught the Iraqis well. They'll be saying "pardon me" just like their American tutors.

Today's generation of jihadists was forged in Afghanistan fighting the Soviet occupation. How long will the next generation, being forged in Iraq fighting the American occupation, be with us?

Iraq is just one theater in Bush's "war." Elsewhere, Afghanistan is once again ablaze as the resurgent Taliban counterattacks. Somalia is coming under the sway of an Islamic militia that may harbor al-Qaeda militants. America's popularity in the world continues to fall.

But George W. Bush forges ahead, trying vainly to kill a poisonous, retrograde ideology with bullets and bombs. His "war" is self-perpetuating, and no one even knows what victory would look like. Long after he's gone, we'll still be looking for a way to end the mess he began.

Captured Papers Show Weakening Insurgency (AP)

By Patrick Quinn

The Associated Press, June 15, 2006

A document purportedly captured in an al-Qaida hideout portrays the insurgency in Iraq as being in "bleak" shape, saying that it is losing strength and proposing ways to stir up trouble between the U.S. and Iran to divert American attention.

American and Iraqi forces have killed 104 insurgents in 452 raids nationwide since al-Qaida in Iraq leader Abu Musab al-Zarqawi was killed last week, the U.S. military said.

Arrests, weapons seizures and money shortages are taking a heavy toll on al-Qaida's insurgency in Iraq, according to the three-page transcript released Thursday by the Iraqi government, which said it reflects al-Qaida policy and the terror organization's cooperation with groups loyal to Saddam Hussein.

There was no way to confirm the authenticity of the information attributed to al-Qaida, and U.S. and Iraqi officials offered conflicting accounts of when and where it was seized.

Iraqi Prime Minister Nouri al-Maliki's office said Iraqi forces found the document in al-Zarqawi's hideout after the June 7 U.S. airstrike that killed him.

However, U.S. Maj. Gen. William Caldwell said the document had been taken from a computer in a raid during the three-week operation to track down al-Zarqawi.

Caldwell said sweeps across Iraq since al-Zarqawi's death led to 28 significant arms caches. He said the raids included 255 joint operations and 143 by Iraqi forces alone.

The al-Qaida document said its insurgency was being hurt by an increase in U.S.-trained Iraqi forces, by widespread arrests and seizures of weapons, and by a crackdown on financial outlets.

According to a translation provided by National Security Adviser Mouwafak al-Rubaie, the document said the best way to overcome the "current bleak situation" would be to involve U.S. forces in a "war against another country" or hostile group.

The way to do this, the document said, "is to try and inflame the situation between America and Iran" or between the U.S. and followers of Grand Ayatollah Ali al-Sistani, Iraq's most influential Shiite cleric.

It suggests carrying out a range of terrorist acts for which it will falsely implicate Iran, including bombings in the West and kidnappings. It also recommends declaring the existence of a relationship between Iran and terrorist groups, and disseminating bogus confessions showing that Iran has weapons of mass destruction.

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Vice President Dick Cheney said the document, if authenticated, shows the terrorists know they are losing the war.

The words "are fascinating because they do reveal — obviously whoever wrote them, assuming they are authentic — somebody who believes they are on the losing end of the engagement," Cheney said on the Sean Hannity radio show.

"I think the psychological business here is really enormously important as well, too. Somebody said the other day that ... the way we win is when ... the terrorists finally become convinced that we won't quit."

Al-Rubaie called it "the beginning of the end of al-Qaida in Iraq."

"Now we have the upper hand," he told reporters. "We feel that we know their locations, the names of their leaders, their whereabouts, their movements, through the documents we found during the last few days."

Mustafa Alani, a terror expert at the Gulf Research Center in Dubai, said he did not believe the document was authentic.

"I wonder why they would put their strategy down in writing, even on a computer. These people learned a good lesson a long time ago," he said, recalling that one of al-Zarqawi's computers was seized earlier.

Terror consultant Evan Kohlmann called Alani's criticism "simplistic."

"They do have to write these ideas down somewhere. At a certain point, you have to have written records," said Kohlmann, the New York-based founder of globalterroralert.com.

But, Kohlmann said, "it's impossible to say" whether the document is authentic. "Without knowing the author, it's really impossible to know the document's credibility, its relevance and its significance."

The U.S. military has in the past released documents it said were seized from Al-Qaida in Iraq, including one in February 2004 reportedly written by al-Zarqawi complaining that if the insurgency fails to prevent the handover of sovereignty, "then there will be no choice to pack our bags and move to another land..."

In May, documents were released that showed the group was concerned about disorganization within its cells in the capital area, with one extremist describing them as simply "a daily annoyance" to the Iraqi government.

Despite the document's pessimistic assessment and a fresh security crackdown in Baghdad, new violence erupted in the capital Thursday and at least 24 killings were reported throughout the country.

A bomb in a parked car detonated in a southwest Baghdad neighborhood, killing at least three civilians and wounding 14. In an even deadlier attack, gunmen shot and killed 10 men riding a bus in the industrial area of Baqouba, close to where al-Zarqawi was killed.

The U.S. military said Abu Ayyub al-Masri, an Egyptian with ties to Osama bin Laden's al-Qaida network, has taken over from al-Zarqawi as head of al-Qaida in Iraq. Al-Masri apparently is the man that the terrorist group identified in a Web posting last week as its new leader — Abu Hamza al-Muhajer, a nom de guerre, said Caldwell.

The military showed a picture of al-Masri — who was named in a most-wanted list issued in February 2005 by the U.S. command and who now has a $200,000 bounty on his head — wearing a traditional white Arab headdress.

Al-Qaida has been responsible for numerous attacks on U.S. forces in Iraq, where the American death toll has now hit 2,500, according to the military.

Meanwhile, the Iraqi prime minister pressed forward with a plan to begin reconciling Iraq's ethnic and sectarian groups. But he canceled a planned announcement of the program, apparently after disagreements with Sunni Arab and Kurdish members of his coalition government.

Al-Maliki has opened the door for talks with insurgents opposed to the country's political process as part of his national reconciliation initiative, but said any negotiations would exclude terrorist groups. The plan could include a pardon for some prisoners.

Yassin Majeed, an aide to al-Maliki, denied reports that talks were on with armed groups of any kind. "There is absolutely no dialogue with any armed group at the present time."

Iraqi Leaders: Memo Details Al-Qaeda Plans (USAT)

By César G. Soriano

USA Today, June 16, 2006

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BAGHDAD — A captured al-Qaeda in Iraq document says the terrorist group considered drawing the United States into a war with Iran in order to undermine the success U.S. and Iraqi forces have had in weakening the organization.

Iraqi national security adviser Mouwafak al-Rubaie said the document, released Thursday, proves al-Qaeda in Iraq is in "pretty bad shape."

"We believe that this is the beginning of the end of al-Qaeda in Iraq," al-Rubaie said.

The author of the document complained that the terrorist group was weak and suggested that opening another front in the war would divert U.S. efforts in Iraq.

A copy of the original document, handwritten in Arabic, was provided to USA TODAY by al-Rubaie. He also released an English translation.

Although the office of Prime Minister Nouri al-Maliki said the document was found in Abu Musab al-Zarqawi's hide-out after a June 7 airstrike that killed him, a U.S. military spokesman, Maj. Gen. William Caldwell, said the document was found in a previous raid as part of a three-week operation to track Zarqawi. "We can verify that this information did come off some kind of computer asset that was at a safe location," Caldwell said. "This was prior to the al-Zarqawi safe house."

It is not clear who wrote the document. The U.S. military says it appears to be from someone influential in al-Qaeda's Iraq operation. "It seems to be from an author who has insight from within al-Qaeda because a number of strategies and tactics are noted," said Navy Lt. Christina Skacan, a military spokeswoman.

The document takes a sweeping view of the insurgency, expressing worries that the tide was turning against the insurgency and laying out a plan for reversing that trend.

The memo says the insurgency is being hurt by the increasing capabilities of Iraqi security forces, a shortage of weapons and fighters, a lack of funds and internal divisions. The document says time is now on the side of the United States and not the insurgents.

The document says to reverse this trend, insurgents must:

•Use the media to improve their image.

•Infiltrate Iraq's security forces.

•Reorganize recruiting efforts.

•Lessen internal dissent and bolster respect for the insurgency's leadership.

The document says the best plan for improving the "current bleak situation" is "to entangle the American forces into another war against another country" or to create friction between the United States and its Shiite allies in Iraq.

The document recommends "first to exaggerate the Iranian danger and to convince America, and the West in general, of the real danger coming from Iran," it says.

The insurgents proposed fabricating "bogus messages" that Iran has chemical or nuclear weapons or that its agents planned to hit targets in the West.

Some experts questioned the authenticity of the document.

"I wonder why they would put their strategy down in writing, even on a computer," said Mustafa Alani, a terrorism expert at the Gulf Research Center, a think tank in Dubai. Alani said he doesn't believe the document is authentic. The Iraqi government has trumpeted the memo in an effort to show al-Qaeda in Iraq is reeling from recent U.S. and Iraqi successes.

Al-Rubaie also said that the hunt for Zarqawi and the search of his bombed hide-out and subsequent raids have produced additional intelligence that will lead to victory over al-Qaeda's Iraq operation.

"These documents give us the edge," he said. "They reveal their locations, the names of their leaders, their whereabouts and their movements." He did not elaborate or release other documents.

Caldwell said U.S. and Iraqi forces have launched 452 raids, captured 759 suspects and killed 104 terrorists since Zarqawi's death.

In other Iraq news:

•The U.S. military said Abu Ayyub al-Masri, an Egyptian with ties to al-Qaeda and Osama bin Laden, had taken over as the leader of al-Qaeda in Iraq, which had been led by Zarqawi.

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•Iraq's government is considering an amnesty program that would pardon some insurgents. “This program will distinguish between those who want to destroy Iraq and kill Iraqis, and those who simply disagree with the presence of multinational troops or the political process,” al-Rubaie said. He did not address whether the plan would include insurgents who have attacked U.S. troops.

•Gunmen shot and killed 10 men — nine workers and a driver — riding a bus in the industrial area of Baqouba, near the location where Zarqawi was killed.

Picture Of A Weakened Iraqi Insurgency (CSM)

By Scott Peterson

Christian Science Monitor, June 16, 2006

BAGHDAD

An Al Qaeda document linked to Abu Musab al-Zarqawi purports to show that Iraq's insurgents believe they face a "current bleak situation" that may require fomenting a war between the US and Iran to "get out of this crisis."

The document, released Thursday, could not be independently authenticated. But senior Iraqi officials were ebullient about its message, as well as the magnitude of intelligence "treasure" that has emerged surrounding Mr. Zarqawi's death.

This is "the beginning of the end of Al Qaeda in Iraq," Mowafaq al-Rubaie, Iraq's national security adviser, declared Thursday, adding that the data include network names and locations gleaned from Al Qaeda computers captured before Zarqawi's death. "The government is on the attack now ... to destroy Al Qaeda and to finish this terrorist organization in Iraq."

"The documents and all the arrests mean there has been a depletion of talent" among Zarqawi's group, says Magnus Ranstorp, a terrorism expert at the Swedish National Defense College in Stockholm.

"They will have to lick their wounds and reconfigure their security, to protect whatever assets they have left," says Mr. Ranstorp, who heads the Center for Asymmetric Threat Studies. The document indicates that Al Qaeda needs to recalibrate "not just psychological warfare, but must shape its actions to get some traction in the population."

"If I were the US, I would continue to drill a hole, and continue to undermine [Qaeda's] legitimacy," adds Ranstorp. "With the killing of Zarqawi, the Americans momentarily have the upper hand."

Since American jets struck Zarqawi's hideout last Wednesday, the US military and Iraqi forces have conducted 452 raids, killing 104 insurgents and capturing 759 "anti-Iraqi elements," Maj. Gen. William Caldwell said in Baghdad Thursday.

The news came as the Pentagon confirmed that US military deaths in Iraq have now reached 2,500.

The release of the document coincides with a security clampdown in Baghdad, meant to prevent Zarqawi followers from fulfilling promises to launch revenge attacks.

Spearheading that campaign is the new leader of Al Qaeda in Iraq, who the US military Thursday identified as Abu Ayyub al-Masri, an Egyptian who met Zarqawi in Afghanistan in 1999. Al Qaeda websites claimed the new leader to be Abu Hamza al-Muhajer, apparently a nom de guerre for Mr. Masri.

"Al-Masri's intimate knowledge of Al Qaeda in Iraq and his close relationship with [Zarqawi's] operations will undoubtedly help facilitate and enable them to regain some momentum if in fact he is the one that assumes the leadership role," said General Caldwell.

Masri is an Afghan-trained explosives expert who began his militant career in 1982, when Al Qaeda No. 2, Ayman al-Zawahiri, led Egyptian Islamic Jihad, Caldwell said. In Iraq, he said, intelligence gleaned from raids in April and May show that Masri has been the key link for foreign fighters traveling from Syria to Iraq.

But the organization Masri takes over may be weakening under pressure from US and Iraqi forces, if the assessment from the Al Qaeda document reflects the view of this extreme faction of Iraq's insurgency.

The document appears undated and does not mention Al Qaeda by name, but was found on "some kind of computer asset that was at a safe location" prior to Zarqawi's death, said Caldwell.

"Here in Iraq, time is now beginning to be of service to the American forces and harmful to the resistance," reads the document, according to an English translation from Mr. Rubaie's office. "Massive arrest operations" have caused the resistance

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to "lose many of its elements," it notes. Insurgents are at a further disadvantage by the growing number of trained Iraqi forces, are losing a media campaign "presenting its work as harmful to the population," and suffering from tighter financial restrictions.

The result is that US and Iraqi tactics are "creating a big division among the ranks of the resistance and jeopardizing its attack operations," which have "weakened [insurgent] influence," the document reads.

It makes no mention of specific tactics, such as beheadings, targeting civilians and any Shiite Iraqis - elements pioneered in Iraq by Zarqawi - which have alienated many Iraqis sympathetic to the broader, antioccupation aim of the insurgency.

It says only that US and Iraqi forces are "taking advantage of the resistance's mistakes and magnifying them to misinform."

Among the solutions is to "use the media for spreading an effective and creative image of the resistance," the document states. That may prove difficult, says Ranstorp in Sweden, because a top Al Qaeda in Iraq media chief, Abu Maysara al-Iraqi, was believed killed in the week before Zarqawi.

"This means their ability to put on a brave face has been damaged," says Ranstorp. "There have been some substantive man losses - qualitative losses" of Al Qaeda operatives.

The Al Qaeda document gives a broad assessment, from apparent ordnance shortages to stoking a clash between the US and Iran. It also includes a lengthy list of potential "delegated wars" that would ease pressure on the resistance.

"The best of these wars to be ignited is the one between the Americans and Iran, because it will have many benefits in favor of the Sunni and the resistance," the document reads. Among those benefits are the "possibility of acquiring new weapons from the Iranian side, either after the fall of Iran or during the battles."

It even asks the rhetorical question of how to draw the US into open conflict with Iran. "It is necessary first to exaggerate the Iranian danger and convince America ... of the real danger coming from Iran."

Its six suggested methods that read like a how-to guide for creating friction. They include sending out "threatening messages against American interests" and blaming Iran; "executing operations of kidnapping hostages" and blaming Iran; "advertising" that Iran has chemical and nuclear weapons "and is threatening the West."

Bomb attacks against the West would be blamed on Iran "by planting Iranian Shiite fingerprints and evidence"; declaring ties between Iran and "terrorist groups (as termed by the Americans)"; and "disseminating bogus messages" that Iran has weapons of mass destruction and "there are attempts by the Iranian intelligence to undertake terrorist operations in America."

Violence continued, despite the Baghdad crackdown. Ten Shiites were pulled off a bus and executed by gunmen in Baquba, 35 miles northeast of Baghdad, and just a few miles east of the village of Hibhib, where Zarqawi was killed.

Papers Reveal Weakening Terror Group (WT)

By Rowan Scarborough

The Washington Times, June 16, 2006

The U.S. military in recent weeks has seized a "huge treasure" of intelligence materials on al Qaeda in Iraq, including a revealing document in which the terror group acknowledges its own "bleak situation" caused by losses on both the public relations and war fronts.

The documents seized in the weeks leading up to the June 7 killing of Abu Musab Zarqawi also have provided intelligence that has helped direct nearly 500 allied combat operations and resulted in the killings of 104 insurgents, the U.S. command in Baghdad said yesterday.

Al Qaeda's acknowledged failures and the military offensive have been so successful that Iraq's national security adviser flatly predicted that Zarqawi's group, al Qaeda in Iraq, is at "the beginning of the end." He said all U.S. troops could be out of Iraq by 2008.

However, al Qaeda in Iraq has promised renewed attacks in retaliation for the U.S. air strike that killed Zarqawi.

Egyptian-born Abu Ayyub al-Masri -- an explosives specialist also known by the alias Sheik Abu Hamza al-Muhajer -- has become the leader of Zarqawi's terror network, Army Maj. Gen. William Caldwell said yesterday. Al Qaeda in Iraq is thought to number in the thousands and includes suicide bombers from Saudi Arabia, Yemen, Jordan and some North African countries.

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"Our initial assessment is we think he will probably continue with the same tactics and techniques that Zarqawi did," Gen. Caldwell told reporters. "There is nothing to indicate to us that he would do differently, because he has already been here in this country for almost three, four years now, and has been a part of and associated with the ... killing of Iraqi civilians."

The Baghdad command continued to give an optimistic message on Iraq, boosted by President Bush's surprise visit this week, even as the war's death toll for the U.S. military topped 2,500.

"We believe al Qaeda in Iraq was taken by surprise," said Mowaffak Rubaie, Iraq's national security adviser. "They did not anticipate how powerful the Iraqi security forces are and how the government is on the attack now." He referred to the intelligence take as a "huge treasure."

The government of Prime Minister Nouri al-Maliki and U.S. commanders this week ordered a major clampdown on violence in the capital, sending more than 50,000 troops into the streets to conduct raids and patrols.

The seized al Qaeda in Iraq document released yesterday reflects discouragement by the terror group's leadership.

"Time is now beginning to be of service to the American forces and harmful to the resistance," the documents state.

It lists a number of allied successes against the terrorist "resistance":

•"Undertaking massive arrest operations, invading regions that have an impact on the resistance, and hence causing the resistance to lose many of its elements."

•"Undertaking a media campaign against the resistance resulting in weakening its influence inside the country and presenting its work as harmful to the population rather than being beneficial to the population."

•"By tightening the resistance's financial outlets, restricting its moral options and by confiscating its ammunition and weapons."

•"By taking advantage of the resistance's mistakes and magnifying them in order to misinform."

Zarqawi's strategy, as disclosed in previously seized letters, was to spark a civil war between Sunni Muslims, who supported Saddam Hussein, and the majority Shi'ites, who now hold political power. Zarqawi did this by recruiting foreign Sunni suicide bombers to attack Shi'ite markets, schools, mosques and other public places.

The al Qaeda document said if it is to rebound from setbacks it needs to "improve the image of the resistance in society, increase the number of supporters who are refusing occupation and show the class of interest between society and the occupation and its collaborators."

The document also said al Qaeda in Iraq needs to build its own arms industry and to "avoid mistakes that will blemish the image of the resistance."

The group's major goal is to get the U.S. involved in a new war, this one against the Shi'ites in Iraq and Iran, and to provoke another war between Iraqi Shi'ites and Sunni countries in the Middle East.

One option, the paper says, is to blow up targets in the West and plant evidence that the bombing was done by Iranians.

The document concludes: "Let us hope for success and for God's help."

US Deaths In Iraq Reach 2,500 As The Country Is Torn By Violence (KRT)

By Drew Brown And Nancy A. Youssef

Knight Ridder, June 15, 2006

BAGHDAD, Iraq - The U.S. death toll in Iraq reached 2,500 on Thursday as American forces remained locked in a bitter fight against insurgents and foreign terrorists.

The Pentagon also reported that 18,940 U.S. service members have been wounded in the war to topple Iraqi leader Saddam Hussein, which began more than three years ago and has left tens of thousands of Iraqis dead.

Meanwhile, an American general said coalition forces had killed 104 insurgents in 452 raids since terrorist chief Abu Musab al-Zarqawi was killed June 7 in a U.S. bombing raid.

Maj. Gen. William Caldwell, a coalition spokesman, said the name of the man whom the American military had identified as Zarqawi's successor, Abu Ayyub al-Masri, probably is another name for Abu Hamza al-Muhajer, the man whom a Web posting Monday by the group al-Qaida in Iraq named as the successor.

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Both names probably are aliases. Abu means "father of" in Arabic, and al-Masri means "the Egyptian." The other name, al-Muhajer means "the emigrant."

Al-Masri is an Egyptian who joined Islamic Jihad in 1982, a terrorist group formed by al-Qaida No. 2 Ayman al-Zawahri. Masri went to Afghanistan in 1999, where he became an expert in making car bombs, Caldwell said.

Though it's unclear when they met, al-Masri and al-Zarqawi trained together at al Farouq in Afghanistan, Caldwell said, a terrorist training camp operated by Osama bin Laden.

Al-Masri made his way to Iraq after the fall of the Taliban in 2001 and is thought to have fought U.S. forces during the siege of Fallujah in 2004. He later operated an al-Qaida cell in Baghdad and was known as the "emir of southern Iraq," Caldwell said.

He said al-Masri probably would continue the tactics his predecessor had used. American military forces blamed the Jordanian-born al-Zarqawi for suicide bombings, beheadings and sectarian killings meant to provoke civil war between Iraq's majority Shiite Muslims and minority Sunni Muslims, from whom the insurgency draws most of its support.

"Nothing indicates to us that he will do differently, because he has been in this country for over three to four years now," Caldwell said. "For him to make a change, there is nothing that shows or reflects that he would do that."

Caldwell said coalition forces would continue to try to eliminate al-Qaida in Iraq by going after its midlevel leaders.

With a nightly curfew in effect and tens of thousands of Iraqi and U.S. troops on the streets of Baghdad, a new security crackdown announced by Prime Minister Nouri al-Maliki appeared to have curbed violence. No car bombs were reported in Baghdad on Thursday, a rare occurrence in the Iraqi capital, but it remained unclear what long-term effect the tighter measures would have.

Similar crackdowns in Baghdad, including Operation Thunder, launched in May 2005, haven't ended insurgent attacks and suicide bombings.

Iraqi police reported that unidentified gunmen had shot and killed 10 Shiites after pulling them off a bus Thursday near Baqouba, 35 miles northeast of Baghdad.

The mixed Sunni-Shiite area, which has been the scene of numerous sectarian killings and fierce fighting between American troops and insurgents, isn't far from where the U.S. airstrike killed Zarqawi.

Asked earlier this week to comment on the significance of the 2,500 American deaths in Iraq, Army Brig. Gen. Carter Ham, the deputy director of regional operations for the Joint Chiefs of Staff, said it was important to remember that behind each of those deaths was an individual.

"And those individuals are those to whom we should be very, very grateful, and to their families," Ham said Wednesday, during a Pentagon briefing.

Newsview: Iraq War Has Mournful Milestones (AP)

By Tom Raum

AP, June 15, 2006

WASHINGTON - The story of the Iraq war can be told in stark numbers and mournful milestones as the death toll for U.S. troops reached 2,500 on Thursday and the price tag rose to $320 billion.

"It's a number ... a sad benchmark," White House spokesman Tony Snow said of the new death count. It was reached two days after President Bush's secretive trip to Baghdad to meet with Iraq's new leaders and to rally American troops.

"The president would like the war to be over now," Snow added.

Numbers abound. Some are marshaled by war defenders. Others are used by critics to condemn the war. And there are some few can dispute:

_The war that began March 19, 2003, with a U.S.-led invasion to oust Saddam Hussein has lasted almost three years and three months, longer than U.S. involvement in World War I (one year, seven months) and the Korean conflict (three years, one month). It is closing in on World War II (three years, eight months).

_According to Pentagon figures, 18,490 U.S. troops have been wounded in action, including 8,501 who did not return to duty.

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_About 4,800 Iraqi police and security forces have died and at least 30,000 Iraqi civilians have been killed, according to some estimates.

"The numbers are sobering for what was designed to be sort of a quick action," said Thomas Mann, a senior fellow in governance studies at the Brookings Institution. "The broader point is, we made a commitment to depose Saddam with our eyes closed, not our eyes open. Now all of this is coming back to haunt the entire operation."

The Bush administration and its defenders in Congress argue that the tide is turning.

They cite the completion of Prime Minister Nouri al-Maliki's unity Cabinet and his efforts to restore order in Baghdad, and the killing of terror leader Abu Musab al-Zarqawi last week and subsequent raids on dozens of terrorist targets.

Some of the statistics trumpeted by the administration:

_American and Iraqi forces have carried out 452 raids since al-Zarqawi's death on June 7. This has led to the deaths of 104 insurgents, the capture of 255 and the discovery of 28 significant arms caches, according to Maj. Gen. William Caldwell, a U.S. military spokesman in Baghdad.

_The 127,000 U.S. troops now in Iraq is a drop from more than 130,000 in recent days.

_The Army surpassed its recruiting goal for May. It was the 12th consecutive month of meeting or exceeding its target, even though the Army fell short of its 2005 full-year goals, as did the Army National Guard and Army Reserve.

"I sense something different happening in Iraq. The progress will be steady toward a goal that has clearly been defined," Bush told reporters in the Rose Garden after his quick trip to Baghdad.

But Democrats cite different statistics from the nonpartisan Congressional Research Service: 54 percent of Iraqi households lack access to clean water; 85 percent lack reliable electricity; one in four Iraqi children suffers from chronic malnutrition; oil production still lags behind prewar levels.

The Senate on Thursday sent Bush an emergency spending bill for America's wars in Iraq and Afghanistan and aid to hurricane victims. Bush was expected to sign the measure, already approved by the House.

Of the bill's $94.5 billion, $66 billion goes to the Pentagon for military operations overseas. That brings to almost $320 billion the tally for the war in Iraq and $89 billion for Afghanistan.

When Lawrence Lindsey, then chairman of Bush's National Economic Council, predicted in September 2002 that war with Iraq could cost $100 billion to $200 billion, the White House openly scoffed. Lindsey was eased out of his job.

Stephen Daggett, a budget analyst for the Congressional Research Service, said the 1991 Gulf War waged by the first President Bush cost $61 billion, or $87 billion in inflation-adjusted dollars.

The Korean conflict cost $434 billion in inflation-adjusted dollars. The Vietnam War - which lasted 8 1/2 years - cost $614 billion in inflation-adjusted dollars. World War II cost the equivalent of $5.1 trillion.

One set of numbers Bush will not give - and which Democrats and some Republicans are pressing for the hardest - is the timing and size of a U.S. troop withdrawal. Telegraphing such a timetable would be "bad policy," Bush says.

Democrat Party chief Howard Dean, however, says, "The reality is that our troops and their families still have no strategy from this president to get the job done in Iraq and get them home."

One number from the Iraq war still stands at zero by all accounts: The number of weapons of mass destruction found by Iraqi and coalition forces. Bush had cited such weapons as the main reason for invading.

Maliki Aide Who Discussed Amnesty Leaves Job (WP)

By Ellen Knickmeyer And Jonathan Finer

The Washington Post, June 16, 2006

BAGHDAD, June 15 -- Prime Minister Nouri al-Maliki's office on Thursday accepted the resignation of an aide who had told a reporter that Maliki was considering a limited amnesty that would likely include guerrillas who had attacked U.S. troops, the aide said.

Also, on a day when the U.S. military announced that the death toll for American personnel had reached 2,500, U.S. military and counterterrorism officials said they believed they had identified the new head of the insurgent group al-Qaeda in Iraq: Abu Ayyub al-Masri, an Egyptian about 40 years old and a longtime associate of Osama bin Laden's deputy, Ayman al-Zawahiri. A

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Web site tied to al-Qaeda in Iraq on Monday identified the same man as Abu Hamza al-Muhajer, a pseudonym meaning "the immigrant."

A veteran of the Zawahiri-led Egyptian Islamic Jihad and of al-Qaeda's organization in Afghanistan, Masri -- also a pseudonym, meaning "the Egyptian" -- has been in Iraq at least since 2003, officials said. Since the 2004 battle of Fallujah, he had been a trusted lieutenant of Abu Musab al-Zarqawi, the insurgent leader killed in a U.S. attack north of Baghdad last week.

Since Fallujah, Masri had been in charge of Zarqawi's operations in southern Iraq. Officials say they believe he also has been instrumental in enlisting and managing foreign fighters allied with the Sunni Arab insurgency.

The Maliki aide who resigned, Adnan Ali al-Kadhimi, stood by his account of amnesty considerations, reported Thursday by The Washington Post. Kadhimi said Maliki had indicated the same position less directly in public. "The prime minister himself has said that he is ready to give amnesty to the so-called resistance, provided they have not been involved in killing Iraqis," Kadhimi said Thursday.

Maliki's office issued a statement earlier Thursday saying, "Mr. Adnan Kadhimi doesn't represent the Iraqi government in this issue, and Mr. Kadhimi is not an advisor or spokesman for the prime minister."

Kadhimi, who also worked as an aide to the previous prime minister, Ibrahim al-Jafari, said he had submitted his resignation earlier in the week. He was informed Thursday that it had been accepted, he said.

Another Maliki aide, asked if the amnesty being considered by the government was likely to apply to those who had attacked U.S. forces, said Maliki had been "clear, saying those whose hands weren't stained with Iraqi blood" may be eligible for any amnesty.

That aide spoke on condition of anonymity, saying Maliki had not authorized anyone to speak for him. Another aide declined to comment, on the same grounds.

On the issue of clemency for those who had attacked U.S. troops, Kadhimi was quoted in Thursday's Post as saying: "That's an area where we can see a green line. There's some sort of preliminary understanding between us and the MNF-I," the U.S.-led Multi-National Force-Iraq, "that there is a patriotic feeling among the Iraqi youth and the belief that those attacks are legitimate acts of resistance and defending their homeland. These people will be pardoned definitely, I believe."

In Washington, Senate Democrats offered a resolution Thursday demanding that President Bush repudiate the amnesty proposal regarding those who attacked American forces.

"It is shocking that the Iraqi prime minister is reportedly considering granting amnesty to insurgents who have killed U.S. troops," said Senate Minority Leader Harry M. Reid (D-Nev.). "On the day we lost the 2,500th soldier in Iraq, the mere idea that this proposal may go forward is an insult to the brave men and women who have died in the name of Iraqi freedom. I call on President Bush to denounce this proposal immediately."

Maliki's broad statements about amnesty, at a news conference Wednesday in Baghdad, marked the first time a leader from Iraq's dominant Shiite religious parties had indicated openness to pardoning members of the Sunni insurgency.

The statement from Maliki's office Thursday also said: "It is not true what some of the media outlets including The Washington Post have said about the willingness of the Iraqi government to talk with armed groups."

At Wednesday's news conference, Maliki said reconciliation could include an amnesty for those "who weren't involved in the shedding of Iraqi blood. Also, it includes talks with the armed men who opposed the political process and now want to turn back to political activity." Maliki's comments were in Arabic and televised. Other Western media outlets rendered the same translation, although saying "gunmen" instead of "armed men."

Meanwhile Thursday, bombings in Baghdad and northern Iraq killed eight Iraqi policemen and soldiers as the capital remained under heavy security during daylight hours.

In the southern city of Karbala, U.S. and Iraqi forces detained the leader of the provincial council, Aqeel al-Zubaidy, leading the council to suspend operations and sparking small-scale street protests, Iraqi officials said. The U.S. military, in a statement later, announced the arrest of a "terrorist leader" it referred to as Sheik Aqeel.

"Aqeel commands a Karbala terrorist network and is wanted for assassinating Iraqi citizens and planning and ordering attacks against Iraqi and Coalition forces," said the statement, which said Aqeel was responsible for the deaths of six soldiers from the U.S.-led military force last year and a soldier and interpreter earlier this month.

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Shiite militias are considered the main threat to security in southern Iraq, but it was not immediately clear if the detained official belonged to one.

Shiite officials in Baghdad and Karbala, a city holy to Shiites, rushed to his defense. Karbala's governor called the arrest "a dangerous precedent."

Also Thursday, the Iraqi government released a document it said was found before Zarqawi's death during a raid on an insurgent safe house. The document, which described the insurgency as "gloomy" because of gains by Iraq's security forces, called on insurgents to foment strife among Shiites and between the United States and Iran.

The authenticity of the document, which closely echoes accounts of insurgent strategy offered by Iraq's Shiite political leaders, could not be independently verified. It was written in a style different from typical statements issued by al-Qaeda in Iraq, which refer to Shiites as "rejectionists" or "dogs" and to U.S. forces as "crusaders."

The U.S. military death toll in Iraq of 2,500 announced Thursday includes nearly 2,000 killed in action. These deaths have been caused mainly by roadside bombs, which continue to inflict a stream of American casualties despite gains in armor and the growth of Iraqi security forces.

In addition, 18,490 U.S. service members have been wounded since the March 2003 invasion, more than 8,500 of them seriously enough that they were not returned to duty within three days, according to Pentagon figures.

Roadside bombs -- known as improvised explosive devices, or IEDs -- accounted for more than half of the deaths this year. Hostile fire from small arms and other weapons were the second-biggest cause of death. To date, 528 of the deaths have been non-hostile, resulting from accidents, illness, suicides and other causes.

"What is significant and troublesome is that the casualty rate per month hasn't really declined," said Michael O'Hanlon, a military analyst at the Brookings Institution here. "Unfortunately, any hopes we had that we have come to the end of this rate of taking casualties have been dashed."

At this rate, if the war extends until 2008, "it's very likely that victory will mean 4,000 killed," said Anthony Cordesman, a military historian at the Center for Strategic and International Studies.

The number of Iraqi civilians and military personnel killed since the start of the war ranges from 43,000 to 49,000, according to estimates from news agencies, research groups and other sources.

The issue of Zarqawi's successor has been a major question for Iraqi and U.S. officials. In the days following Zarqawi's death, several presumed candidates surfaced in statements appearing on Web sites used by militant groups. One statement, in the name of al-Qaeda in Iraq, was signed by Abu Hamza al-Muhajer and vowed to avenge Zarqawi's death.

At a news conference Thursday in Baghdad, a U.S. military spokesman said Muhajer had been identified as Masri. "We think they are one and the same at this point," said Maj. Gen. William B. Caldwell IV. "We'll continue to do further analysis."

"Al-Masri's intimate knowledge of al-Qaeda in Iraq and his close relationship with [Zarqawi's] operations will undoubtedly help facilitate and enable them to regain some momentum if, in fact, he is the one that assumes the leadership role," Caldwell said.

Beyond some bare facts, little is certain about the person whose photograph -- showing a youthful man with neatly trimmed facial hair, in traditional white Gulf Arab dress -- was released in Baghdad by the U.S. Central Command. Officials in Washington said Masri is also known -- and equally unknown -- by the name Yusif al-Dardiri.

The question of who takes over Zarqawi's leadership role is important, one counterterrorism official said, because of perceived past divisions between al-Qaeda and Zarqawi's operations in Iraq. Last October, the U.S. government released a letter it said had been intercepted en route from Zawahiri to Zarqawi expressing concerns about public beheadings of hostages in Iraq and attempts to foment divisions between Sunnis and the majority Shiites.

"Zawahiri's big issue was the negative publicity that those attacks were generating," said the official, who said he was not authorized to discuss the subject on the record. The question now, he said, was whether Masri's primary allegiance is to his Egyptian mentor, Zawahiri, or to Zarqawi.

U.S. analysts have also been watching carefully for signs of a split between domestic-led Sunni groups with nationalistic aims in Iraq and those elements of the insurgency whose goals are more in keeping with bin Laden's overall objective of expanding violent jihad across the Arab word.

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US Military Releases Image Of Zarqawi's Successor (LAT)

By Borzou Daragahi

The Los Angeles Times, June 16, 2006

BAGHDAD — The U.S. military today released new information about Abu Musab Zarqawi's successor, quickly elevating the stature of the Egyptian militant who is said in Internet postings to be the new head of Al Qaeda in Iraq.

The U.S. military also announced today that the number of American military deaths in Iraq has reached 2,500, though the 24 killed so far this month has been relatively low.

Calm prevailed throughout much of Baghdad, which is under a new security plan and a 9 p.m. curfew. But violence exploded throughout much of the country, including the murder of 10 relatives of a Sunni Arab politician who uncovered prisoner abuse in Baqubah, the assassination of a Basra city official, and a roadside bombing that killed three civilians near Hilla.

At a press briefing in the Iraqi capital, the U.S. military showed reporters a previously classified picture of the Egyptian-born militant man who goes by the name Abu Ayyub Masri or Sheik Abu Hamza Muhajer, wearing traditional Arab headdress.

"It's important for the people of Iraq to know who this is," said Maj. Gen. William B. Caldwell IV, spokesman for U.S.-led forces in Iraq.

Caldwell said U.S. officials debated for days before deciding to release the photo and a brief biographical sketch of the alleged insurgent leader. They worried that bolstering his media profile would play into his hands. "Our intention is not to glorify him," Caldwell said.

But by making Masri or Muhajer, whose two names mean "Egyptian" and "immigrant" in Arabic, the U.S. continues painting Iraq's Sunni Arab rebellion as driven by outsiders, even though foreign fighters make up a small portion of guerrillas fighting Americans and the Iraqi government.

"He has absolutely no ties to this country," Caldwell said.

U.S. military officials today also provided details of the June 7 bombing of Zarqawi's safe house near Baqubah. According to a timeline provided by the military, two men in a motor vehicle — possibly informants deep inside Zarqawi's network — departed the house just minutes before U.S. forces began verifying there were no friendly forces in the area and ordering the airstrike.

Caldwell said Zarqawi, who lived for nearly an hour after the bombing, spit up a pint-and-a-half of blood while being treated, a sign that he had suffered massive internal injuries by the force of the bombing.

Caldwell said the bombing badly damaged Zarqawi's network, throwing its leadership into disarray and forcing them to abandon trusted safe houses, but that the organization was expected to "reset" under new leadership. "They've been very resilient," he said.

Masri began his journey in Islamist circles in 1982 as a disciple of Ayman Zawahiri, the Egyptian physician now a deputy to Osama bin Laden, said Caldwell, citing information held by the Defense Intelligence Agency, the Pentagon's spy agency.

Masri went to Taliban-ruled Afghanistan in 1999, where he trained at Bin Laden's Farouk camp, and met Zarqawi. After the 2001 U.S. invasion of Afghanistan, Masri made his way to Iraq, where he reunited with Zarqawi and became his trusted deputy.

During the first year of the insurgency, Masri helped draw other insurgent groups into Al Qaeda's fold and worked with Zarqawi's deputies in Fallouja, providing suicide bombers and car bombs to other parts of the country, the military said.

After U.S. Marines overran Fallouja in November 2004, Masri became Al Qaeda emir, or prince, of southern Iraq.

In addition to depicting the insurgents in a negative light, U.S. and Iraqi officials have tried to get Iraqis to lay down their weapons by periodically touting reconciliation plans with some insurgents.

But the scheduled announcement of a new reconciliation plan was scuttled today under unusual circumstances.

Prime Minister Jawad Maliki, after inviting reporters to his office in the Green Zone, failed to show up. At first, aides distributed two-page communiqués titled "National Reconciliation," then insisted on taking the documents back and canceled the press conference without explanation.

In other violence today, Interior Ministry officials in Baqubah said 10 tribal relatives of lawmaker Mohammad Daini were pulled off a bus, and shot dead near Baqubah. Daini had videotaped prisoners alleging torture and corruption in a local jail and sent the footage to Arab television stations.

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Police also discovered seven unidentified bodies, with bullet wounds and signs of torture, in various parts of Baghdad. Local police in Khalidiya, west of Baghdad, reported clashes between insurgents and U.S. troops after a roadside bomb targeted a passing convoy.

US Military Shows Al-Zarqawi's Successor (AP)

By Kim Gamel, Willa Thayer

AP, June 15, 2006

The U.S. military presented the new face of al-Qaida in Iraq on Thursday, displaying a photograph of a bearded man in a traditional white Arab headdress and saying he was taking over after the death of Abu Musab al-Zarqawi.

The new leader is Abu Ayyub al-Masri, an Afghanistan-trained explosives expert with links to Osama bin Laden's top deputy, said Maj. Gen. William Caldwell.

He also is the man behind the nom de guerre made public by al-Qaida in Iraq after al-Zarqawi was killed last week in an U.S. airstrike on his safe house outside of Baghdad, the military spokesman said.

However, U.S. National Security Adviser Stephen Hadley said it's not certain that al-Masri is al-Zarqawi's successor.

"That's clearly one of the leading names, but we're going to need a little bit of time to sort out — and they're clearly needing a little time — to sort out where they go after what is clearly a big blow to al-Qaida," Hadley said at the White House.

Caldwell said al-Masri was the man identified in an Internet posting by al-Qaida that said Abu Hamza al-Muhajer was al-Zarqawi's successor. The name means "immigrant" in Arabic and suggested he was not an Iraqi.

According to the U.S. military, Al-Masri was a founding member of al-Qaida in Iraq. After meeting the Jordanian-born al-Zarqawi in Afghanistan, he followed him to Iraq to help set up the terror cell in 2003.

Even before terror leader's death, the Bush administration posted a $200,000 bounty on al-Masri because of his level of leadership within al-Qaida, Caldwell said.

Citing recently declassified documents, he said al-Masri has been a terrorist since 1982, "beginning with his involvement in the Egyptian Islamic Jihad," which was led by Ayman al-Zawahri, bin Laden's top deputy.

Going by that chronology, the photograph the military presented — showing a young man with a sparse mustache and a trimmed goatee — appeared to be at least several years old.

Caldwell said the U.S. Defense Intelligence Agency provided the picture, adding: "Everything we had was classified just 24 hours ago associated with this gentleman — this terrorist."

Yet Islamist watchers in Egypt and abroad said they had never heard of al-Masri — whose name means "the Egyptian" — and expressed skepticism about U.S. claims that he was poised to become Iraq's new terror leader.

"His codename doesn't ring a bell for me; he's not one of the wanted Jihadis in Egypt," said Egyptian lawyer Montasser el-Zayat, who was imprisoned with al-Qaida No. 2 al-Zawahri from 1981-84.

In an indication of the confusion surrounding the identity of the group's new leader, the U.S. first announced al-Masri's name shortly after the Jordanian-born al-Zarqawi was killed June 7. But al-Qaida in Iraq later identified its new leader as al-Muhajer.

The new leader issued a Web statement Tuesday vowing to avenge al-Zarqawi's death and threatening horrific attacks "in the coming days."

"Don't be overcome with joy about killing our sheik Abu Musab (al-Zarqawi), God bless his soul, because he has left lions behind him," the statement said.

Citing recently declassified information, Caldwell said the military believes al-Masri first went to Afghanistan in 1999 to receive training and lecture on Islam to other militants. There he became an expert in building roadside bombs, skills he used in Fallujah and Baghdad.

He trained with al-Zarqawi at the al-Farouq camp in Afghanistan and they began to collaborate in Iraq. Raids in April and May in southern Baghdad recovered material confirming his high-level involvement in moving foreign fighters from Syria to Iraq, Caldwell said.

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However, Yasser al-Sirri, an Egyptian who runs the Islamic Observation Center in London, said information supplied by al-Qaida in announcing the new leader pointed to another man: Abdullah bin Rashid al-Baghdadi, the leader of the Mujahedeen Shura Council — five allied groups in the Sunni Arab-dominated insurgency.

"I'm 95 percent sure that this al-Masri doesn't exist," al-Sirri said, adding that the group could be trying to cover up the nationality of its new leader to promote a broader Islamic identity.

"Al-Qaida does not want to show that he is an Iraqi because they work under the Islamic banner ... and they seek international jihad," al-Sirri said.

Caldwell acknowledged that al-Masri's ability to exert leadership over al-Qaida cells remained unclear and said other "al-Qaida senior leadership members and Sunni terrorists" could try to take over the operations.

He pointed to al-Baghdadi along with Abu Abdul-Rahman al-Iraqi, whom al-Qaida in Iraq statements have identified as the group's deputy. Al-Iraqi was believed to have been killed in the airstrike along with al-Zarqawi.

Mustafa Alani, a terror expert at the Gulf Research Center, said the ultimate call for the new leader would be made by bin Laden or al-Zawahri, believed to be hiding in the rugged border area between Pakistan and Afghanistan.

U.S. Portrayal Helps Flesh Out Zarqawi's Heir (NYT)

By Dexter Filkins

The New York Times, June 16, 2006

BAGHDAD, Iraq, June 15 — American military officers on Thursday put a face on the new chief of Al Qaeda in Mesopotamia, releasing a photograph and details of the man they say succeeded Abu Musab al-Zarqawi after he was killed in an airstrike last week.

In a news briefing, Maj. Gen. William B. Caldwell IV, the American military spokesman here, identified Mr. Zarqawi's successor as Abu Ayyub al-Masri, an Egyptian who he said had trained in one of the terrorist camps in Afghanistan run by Al Qaeda in 1999.

Mr. Masri, he said, was a "founding member" of Al Qaeda in Mesopotamia and had become one of Mr. Zarqawi's "closest remaining associates." The group is believed to be responsible for dozens of suicide attacks and car bombings across Iraq that have killed thousands of Iraqi civilians.

General Caldwell said Mr. Masri — the name means "the Egyptian" in Arabic — was the same person as Abu Hamza al-Muhajer, whom Al Qaeda in Mesopotamia declared as its new leader in an Internet posting this week. Both names are thought to be pseudonyms. Shortly after Mr. Zarqawi was killed, American officials predicted that Mr. Masri was the likely successor.

In the photograph released Thursday, the man the Americans claim to be Mr. Masri is wearing a kaffiyeh, the traditional Arabic headwear, and sporting a wispy mustache and goatee. He seems a young man, perhaps in his late 20's, and he is not smiling. He is staring directly into the camera, as if sitting for a passport photograph. American officials said they believed Mr. Masri to be in his late 30's, suggesting that the photograph is old.

The Americans said Mr. Masri joined the Egyptian militant group Islamic Jihad in 1982 and went to Afghanistan in 1999 to train in the Farouq militant camp, where he learned about explosives.

Islamic Jihad was headed by Ayman al-Zawahiri, an Egyptian doctor who later became Osama bin Laden's deputy in Al Qaeda. The Farouq camp, set up by Mr. Zawahiri and Mr. bin Laden, was one of the main Qaeda training camps before it was bombed by the United States in October 2001.

General Caldwell said he was not sure whether Mr. Masri had developed a relationship with either Mr. Zawahiri or Mr. bin Laden.

But, the general said, it was in Afghanistan that Mr. Masri developed a relationship with Mr. Zarqawi.

Mr. Masri, he said, came to Iraq in early 2003 and helped to set up the original cell in Baghdad of what later became Al Qaeda in Mesopotamia. More recently, Mr. Masri was a senior operational commander for the group, supplying suicide bombers and car bombs. He was responsible for all operations in southern Iraq, General Caldwell said.

Mr. Masri is believed to be operating in Baghdad, he said.

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The link between Mr. Masri and Mr. Zawahiri is intriguing, in part because of a letter that American officials captured last year that they said they believed was written by Mr. Zawahiri to Mr. Zarqawi. In that letter, Mr. Zawahiri, believed to be hiding along the mountainous border between Pakistan and Afghanistan, questioned Mr. Zarqawi's emphasis on killing Shiite civilians, suggesting that such killings alienated Iraqis and detracted from the larger goal of driving out the Americans.

That raises the possibility that the leadership of Al Qaeda in Mesopotamia could be contemplating a change in tactics.

Earlier this week, a man identifying himself as Abu Hamza al-Muhajer — who the Americans believe is Mr. Masri — issued a statement through a jihadi Internet site pledging to continue attacks against "crusaders and Shiites."

Still, American officials said they believed that Mr. Zarqawi's death had disrupted the leadership of Al Qaeda in Mesopotamia, and that a struggle for control of the organization might be under way.

General Caldwell suggested that others in the organization might be challenging Mr. Masri, including Abdullah al-Rashid al-Baghdadi, the leader of the Mujahedeen Shura, or Council of Holy Warriors, an organization that claims to oversee Al Qaeda in Mesopotamia and several other militant groups.

"As we continue looking at the Al Qaeda network, there is no question that it is in some kind of disarray and disorganization at this point," General Caldwell said.

The Iraqi government released what it said was a document drawn up by Al Qaeda in Mesopotamia that showed the difficulties being endured by insurgents in Iraq. The document called for efforts to sabotage America's relationship with Iraq's Shiites — and to start a war between America and Iran — to salvage the prospects of the insurgency.

The document said the insurgency was being weakened by the American program to train Iraqi security forces, as well as "massive attacks and arrests," the disruption of insurgents' financial networks and the launching of a propaganda campaign that was prompting Iraqis to believe that the insurgents were acting against the public interest.

"Time is now beginning to be of service to the American forces and harmful to the resistance," the document said.

"We mean specifically attempting to escalate the tension between America and Iran, and America and the Shiites in Iraq," the document said.

There was no way to verify the authenticity of the document. General Caldwell said it came from a "mass storage device" discovered in a raid carried out before the airstrike on Mr. Zarqawi.

In Washington, White House officials played down reports out of Iraq that as a way to promote unity, the new government would consider granting amnesty to those who had attacked American troops.

During a news briefing with reporters on Thursday, Stephen J. Hadley, the national security adviser, urged patience, noting that the Iraqis were still working through their unification plan.

"They have talked of steps to try and get people into the — to lay down their arms and come into the political process," he said.

"They've talked about dealing with the issue of militia," he added. "They've talked about a kind of truth and reconciliation commission on the approach of South Africa, and they've talked about amnesty. But that's kind of the level of discussion."

For the first time, American officers offered a detailed timeline of the airstrike that killed Mr. Zarqawi. Though the Americans declined to discuss the details, the sequence of events suggested the presence of a mole inside Al Qaeda in Mesopotamia who tipped off the Americans about Mr. Zarqawi's location inside the house where he was killed.

According to the timeline, a critical moment leading up the attack came at 4:18 p.m., about two hours before the airstrike. That was when a vehicle containing two people pulled up to an unidentified Iraqi house near the one in Hibhib where Mr. Zarqawi was waiting. One of the people in the vehicle was Sheik Abd al-Rahman, Mr. Zarqawi's spiritual adviser, whom the Americans had been tracking. Mr. Rahman went inside.

Five minutes later, another vehicle arrived at the same house. The identities of those in the second car were not disclosed. But, according to the timeline, Mr. Rahman drove away 23 minutes later to meet Mr. Zarqawi.

The first meeting at the undisclosed location, General Caldwell said, was the main tip-off that Mr. Rahman would soon be going to see Mr. Zarqawi, the Americans' ultimate target.

The purpose of this first meeting, it appears, was for Mr. Rahman to be told of Mr. Zarqawi's exact location, and whether it would be safe to go there. Until that time, it is unlikely that Mr. Rahman even knew where Mr. Zarqawi was.

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"This is the first time where we saw Rahman move to a meeting location, moving from his vehicle inside another place," General Caldwell said. "That was a movement along a path that eventually took him to the safe house."

Fourteen minutes after leaving the first house, Mr. Rahman arrived at the house in Hibhib, where Mr. Zarqawi was waiting for him. He got out of his vehicle and walked inside.

The meeting went on for about 45 minutes, officials said, when an unidentified vehicle left the safe house with two passengers. Mr. Zarqawi and Mr. Rahman were still inside.

Shortly thereafter, the Americans ordered an F-16 pilot to drop two 500-pound bombs on the house, killing Mr. Zarqawi, Mr. Rahman and four others, including a young girl.

Asked whether the vehicle that left the house before the airstrike contained the mole, General Caldwell offered an intriguing answer.

"We have been asked not to talk about any of the individuals who left the place, or where they may have ended up or where they are today," he said.

Al-Masri Identified As Apparent Zarqawi Successor (WP)

By Ellen Knickmeyer And Debbi Wilgoren

The Washington Post, June 16, 2006

Correction to This Article

Earlier versions of this story incorrectly reported from Washington that the 2,500 death toll included civilian contractors. It does not. The figure includes military troops and 7 Department of Defense civilian casualties. The story also said that nearly 17,500 U.S. troops had been wounded. That figure should be 18,500. It also included an incorrect translation for the pseudonym al-Muhajer. That means "the immigrant." This version has been corrected.

BAGHDAD, June 15 -- U.S. military leaders Thursday unveiled a photograph of the Egyptian-born explosives expert they believe has been tapped as the apparent successor to Abu Musab al-Zarqawi, the insurgent leader killed in an airstrike June 7.

The announcement came as the death toll for U.S. troops and Defense Department civilians in Iraq reached 2,500, Pentagon officials said. A total of 1,972 personnel have been killed in action since the March 2003 invasion, officials said, while 528 died from accidents, illness and other causes. Nearly 18,500 U.S. soldiers have been wounded in the conflict, with about 10,000 of them returning to duty within three days, the Pentagon said. Of the fatalities, seven were civilian employees of the Pentagon.

Maj. Gen. William B. Caldwell IV told reporters Thursday morning that Abu Hamza al-Muhajer, the man identified on Web postings as the new leader of al-Qaeda in Iraq, is known to U.S. officials as Abu Ayyub al-Masri.

Masri was trained as an explosives expert in Afghanistan, Caldwell told reporters at a briefing. Masri is believed to have ties to fellow Egyptian Ayman al-Zawahiri, the deputy to Osama bin Laden in the al-Qaeda terrorist network.

Caldwell said Masri has been involved in terrorist activity since 1982, initially working with the Egyptian Islamic Jihad, which was led by Zawahiri. He was pictured in a large photograph on display at the media briefing wearing a traditional white Arab headdress secured with a black cord.

Masri's high-level involvement in al-Qaeda in Iraq was confirmed by material seized in military raids in southern Iraq in April and May, Caldwell said. The loose-knit insurgent group has been responsible for hundreds of bombings, kidnappings and killings of Iraqi civilians and U.S. and Iraqi soldiers.

Caldwell said the United States cannot determine whether Masri has assumed full control of the group.

"Al-Masri's ability to effectively assert his leadership over al-Qaeda cells remains unclear," he said, adding that there are other "al-Qaeda senior leadership members and Sunni terrorists" who could compete with him for power.

Among them, Caldwell cited Abu Abdul-Rahman al-Iraqi, who in the past has been identified as deputy leader of al-Qaeda in Iraq, and Abdullah bin Rashid al-Baghdadi, the leader of the Mujaheddin Shura Council.

In the Internet posting last week, the man identifying himself as Muhajer claimed to have succeeded Zarqawi, and vowed to avenge his death.

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Both "al-Muhajer" and "al-Masri" are pseudonyms -- al-Muhajer means "the immigrant," and al-Masri means "the Egyptian." Abu Hamza and Abu Ayyub mean "father of Hamza" and "father of Ayyub," respectively. Arab men who have children commonly are known by their eldest son's name.

The men calling themselves al-Iraqi and al-Baghdadi also appear to be using aliases.

In a separate news briefing in Baghdad, Iraqi national security adviser Mowaffak al-Rubaie on Thursday unveiled a document he said was written by al-Qaeda leaders and suggested the insurgency was weakening.

Wire service reports quoted Rubaie as saying that al-Qaeda leaders wanted to encourage a war between the United States and Iran, to distract the United States from its campaign against the insurgent group. He said the document described the current situation as a "crisis" for the insurgency, and outlined the need to lessen cooperation between Iraqi Shiites and the United States.

But U.S. officials cautioned that there was no way to verify whether that was in fact the insurgents' position.

Although the office of Prime Minister Nouri al-Maliki said the document was found in Zarqawi's hideout following the June 7 airstrike that killed him, Caldwell said the document actually was taken off a computer drive in the days before military forces pinpointed Zarqawi's location.

Shiite Militias Control Prisons, Official Says (WP)

By Jonathan Finer And Ellen Knickmeyer

The Washington Post, June 16, 2006

BAGHDAD -- Iraq's prison system is overrun with Shiite Muslim militiamen who have freed fellow militia members convicted of major crimes and executed Sunni Arab inmates, the country's deputy justice minister said in an interview this week.

"We cannot control the prisons. It's as simple as that," said the deputy minister, Pusho Ibrahim Ali Daza Yei, an ethnic Kurd. "Our jails are infiltrated by the militias from top to bottom, from Basra to Baghdad."

As a result, Yei has asked U.S. authorities to suspend plans to transfer prisons and detainees from American to Iraqi control. "Our ministry is unprepared at this time to take over the facilities, especially those in areas where Shiite militias exist," he said in a letter to U.S. Army Maj. Gen. John D. Gardner, the official in charge of American detention facilities.

U.S. officials said months ago that they planned to turn over Baghdad's Abu Ghraib prison and three other American-run facilities to the Iraqi government, but the handoff has been repeatedly pushed back. Gardner has said he will not authorize the transfers until he is convinced that standards of inmate treatment and security match those maintained in U.S.-run facilities.

"We will not transfer the facilities and legal custody of the detainees until each respective facility and the Iraqi Corrections system have demonstrated the ability to maintain the required standards, especially in the areas of care and custody," Gardner said in a written response to questions. "We fully recognize that there are significant challenges that must be overcome but believe that we will be able to address these as we move through 2006 into 2007."

He said Abu Ghraib would be transferred to Iraqi control "in the next few months."

Gardner said the eventual transfer of prisons to Iraqi control would proceed gradually, preceded by several weeks of training for Iraqi guards, conducted by U.S. corrections officers and military police. The Iraqis would then work under the supervision of American guards for at least six months. A U.S. transition team would then be left in place for an additional period before the prison was handed over.

While allegations of abuse at U.S.-run prisons have waned since the 2004 Abu Ghraib prisoner abuse scandal, Iraqi facilities have drawn increased scrutiny since a U.S. Army raid exposed torture of dozens of detainees -- most of them Sunnis -- at a secret Interior Ministry facility in the Baghdad neighborhood of Jadriyah.

The prison was widely alleged to have been operated by a special police unit staffed largely by members of the Badr Organization, a Shiite militia with ties to Iraq's largest Shiite political party. The government investigated the facility but never announced the results.

Yei said that because of mounting concern over detention centers run by Iraq's Interior and Defense ministries, where militias retain heavy influence, the police and army have agreed to turn over all their prisoners to the Justice Ministry by the end of the month.

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As of early June, there were 7,426 inmates housed in Justice Ministry facilities, Yei said. The Interior Ministry had an additional 1,797 prisoners and the Defense Ministry a smaller number. More than 15,000 inmates were being held in five U.S. prisons in Iraq.

But while a U.N. human rights report issued last month stressed that the Defense and Interior ministries have legal authority to hold inmates only a brief time, Sunni Arabs charge that Sunnis are regularly imprisoned in the centers for months or even more than a year.

"The police are not supposed to be holding them beyond the time it takes to conduct an investigation," Yei said. "As long as the Interior Ministry doesn't hide anything, they will all be handed to us this month."

Already, the transfer plan is meeting resistance. The provincial council in Wasit province, south of Baghdad, ordered police there not to transfer detainees to a Justice Ministry facility, according to Muhammed Hasan al-Attabi, a provincial government spokesman.

A major general with Iraq's Interior Ministry, speaking on condition he not be named, said the transfer was already underway and would be completed on schedule. He denied that militias ran roughshod over the prisons. "All the detention centers in Baghdad and southern Iraq are under our control, except for some centers in Basra, maybe two or three there, which are run by militia officers," he said.

In an interview this week, Deputy Prime Minister Salam al-Zobaie, the top Sunni Arab in Iraq's new government, showed photographs taken from one recent inspection of an Interior Ministry detention center. An inmate in one of the photos held out his misshapen, limp hands for the camera. The man's hands had been broken in a beating, Zobaie said. Other inmates showed massive, dark bruises on their skin; one bore a large, open infected sore.

Inmates in another photo clustered around chains hung from the middle of one of the crowded cells. The chains were used to hoist prisoners by their bound hands, Zobaie said. The practice, noted frequently in inspection reports of Interior Ministry detention centers, often results in the dislocation of prisoners' shoulders.

Ninety percent of the men crowded into Interior Ministry detention centers are Sunni Arabs, Zobaie said. He called treatment in the Interior Ministry prisons "inhumane" and indicated it still was less than certain whether the Defense and Interior ministries would follow through on their agreement to turn over the inmates to the Justice Ministry. "Hopefully, they will," he said.

Yei gave several detailed accounts of abuses by militias, the names of which he declined to provide, saying only that "there are two, everyone knows them." U.S. officials recently said they consider the militias to be as grave a threat to Iraq's security as the Sunni-led insurgency.

On Aug. 13, 2004, he said, militia members freed 552 prisoners in the southern city of Hilla during a militia-led attack. A week later, 122 inmates escaped from the main prison in Amarah, also in the south, with the help of guards who were also militia members.

On Jan. 13, 2005, he said, 38 prisoners escaped during an attack on a convoy carrying them to Baghdad's Abu Ghraib. Eight were eventually rearrested. A month later, seven prisoners escaped while being transferred to the Badoush prison in the northern city of Mosul.

On June 14, 2005, seven prisoners escaped from Abu Ghraib in an incident still under investigation.

Last December, militia members entered the maximum-security prison in the Kadhimiyah section of Baghdad, a mostly Shiite neighborhood, freeing one militia member on death row and four others serving life sentences. At the same prison, on Feb. 28, guards and militia members freed two men who were to be executed that week.

And in the once-tranquil southern city of Basra, where militia violence has surged in recent months to the point that the Iraqi government declared a state of emergency in late May, militia members in early March took 12 foreign-born prisoners -- Egyptian, Saudi and Sudanese -- from their cells and shot them dead them by the facilities' main gate.

Yei's account adds to a growing list of alleged abuses in Iraq's overburdened prison system, long criticized by Sunni leaders who say Sunni prisoners are commonly mistreated.

Visits to detention centers in southern Iraq in recent months indicated they are often badly overcrowded and unsanitary. At the Tesfirat prison in Najaf last October, 122 prisoners were packed into cells designed for a maximum of 60, according to Lt.

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Jassim Juwad, the prison officer in charge. A prison maintained by police commandos in Hilla and designed for 150 inmates housed 400 as recently as April. Inmates at both locations had been incarcerated for up to 18 months without trial.

On Saturday, a group of parliament members paid a surprise visit to a detention facility run by the Interior Ministry in Baqubah, north of Baghdad. "We have found terrible violations of the law," said Muhammed al-Dayni, a Sunni parliament member who said as many as 120 detainees were packed into a 35-by-20-foot cell. "They told us that they've been raped," Dayni said. "Their families were called in and tortured to force the detainees to testify against other people."

"The detention facilities of the ministries of Defense and Interior are places for the most brutal human rights abuse," he added.

Despite broad U.S. efforts to encourage the Iraqi government to improve conditions in prisons, the problem of militia control could prove particularly intractable. Shiite militias such as the Badr Organization and the Mahdi Army, loyal to cleric Moqtada al-Sadr, are backed by dozens of members of parliament whose political parties run the armed groups.

"You can't even talk to the militias, because they are the government," Yei said. "They have ministers on their side."

After A Dark Time, A Walk Into The Sun (WP)

By Joshua Partlow

The Washington Post, June 16, 2006

BAGHDAD, June 15 -- The desert hut that became his home for more than a year, the place he lived in captivity with some 30 other men at Abu Ghraib prison, was No. 6 -- known, he said, as the "freedom tent."

At the prison, Omar Taha, 24, pined for his girlfriend and his favorite nightclubs, passed time playing soccer and listening to the radio and never got over his bewilderment at being arrested for what he says was simply being too close to an explosion in Baghdad.

"I was just driving my car," he said. "Two soldiers came up to me and said, 'Why are you stopped?' I said, 'I am scared.' Then they took me here."

On Thursday, Taha was one of 489 detainees who walked under a harsh sun out of the chain-link pen at Iraq's most infamous prison. The mass release, part of a larger plan to free 2,500 prisoners this month, is intended to bolster Prime Minister Nouri al-Maliki's efforts to defuse the Sunni Arab insurgency.

This week Maliki, a member of the Shiite Muslim majority, expressed a willingness to talk with insurgents and proposed pardoning people involved in the resistance that has destabilized Iraq. A fuller description of his reconciliation plan is expected soon.

The prisoner release on Thursday was the third this month. Before walking out in single file, the men stood quietly behind the fence as Deputy Prime Minister Salam al-Zobaie addressed them from atop a wooden platform.

"We want to see people who are innocent released, and go back to their homes, and go back to their normal lives," Zobaie said, adding: "Anyone who is innocent must be released. Anyone whose hands are drenched in blood must not be let go."

Some of the men were barefoot; others wore sandals. They were each given a copy of the Koran, a new set of clothes, $25 and a bus ticket. Some held up their Korans to reporters, who were kept outside the fence, and others put towels over their heads to block the sun. One elderly man, missing his left leg, hobbled out of the prison on crutches.

Mizher Jasim, 20, said he had fallen behind his economics classmates at the University of Tikrit after 6 1/2 months in prison for a "random arrest."

"There was some shootout, and they brought a lot of people in," he said, calling his treatment "not so bad."

"But I was still in detention," he said.

As of early June, more than 15,000 inmates were being held in five U.S. prisons in Iraq, according to the Iraqi Justice Ministry. Abu Ghraib currently holds 3,600 prisoners, but the number fluctuates because the prison serves as a transfer point for detainees moving to and from other detention centers, said Lt. Col. Keir-Kevin Curry, a spokesman for the American military command.

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To gain their freedom, the detainees -- most of whom have not been formally charged -- had to renounce violence and pledge to be good citizens, Curry said. Their cases were reviewed, and those who were found to be "relatively low risk" were released, he said.

"In the spirit of unity and reconciliation, we need to reintegrate the detainees who were found not guilty of the serious violent crimes -- bombing, torture, kidnapping, murder," Curry said.

Iraq's deputy justice minister, Pusho Ibrahim Ali Daza Yei, sharply criticized the U.S.-led forces for imprisoning so many people.

"If there is an incident in this neighborhood or that neighborhood, they will arrest the whole neighborhood, 400 or 500 people, and there are only four or five criminals. This is why they don't send them to court," he said in an interview this week. "I say, why keep them here? They are chickens? They say, if we send them to the court, the court will release them. I say this is the law, but it's in one ear and out the other."

S. Korean Charged In Oil - For - Food Scandal (NYT/AP)

By The Associated Press

The New York Times, June 16, 2006

Filed at 1:08 p.m. ET

WASHINGTON (AP) -- A South Korean businessman accused of accepting millions of dollars from Iraq in the United Nations oil-for-food scandal has been charged with lying to the FBI.

On Wednesday, a federal grand jury returned an indictment accusing Tongsun Park of falsely telling investigators in 2004 that he played no role more than a decade ago in the adoption of the U.N. resolution that set up the oil-for-food program.

The one-count, single-sentence indictment also says Park made false statements when he said he had no business dealings with an unidentified U.N. official, and when he told the FBI that he did not exchange money with an unidentified Iraqi-American, and that he had never been to that person's office.

In New York, Park already is facing charges of conspiracy to commit wire fraud, acting as an unregistered agent of a foreign government and money laundering. He has pleaded not guilty.

Park's lawyer, Michael Kim, said the government is concerned it will lose the case in New York and is seeking "a second bite of the apple" with the Washington case, which was assigned to U.S. District Judge Emmet Sullivan. The New York case is scheduled to go to trial June 26.

The oil-for-food program ran from 1996 to 2003 to help Iraqis cope with U.N. sanctions imposed after Baghdad's 1990 invasion of Kuwait.

Park was charged in New York in April 2005 with accepting millions of dollars from the Iraqi government while he operated in the United States as an unregistered agent for Iraq's oil-for-food program. He became a fugitive when he failed to respond to a U.S. warrant, and he was arrested in Houston in January after being expelled from Mexico.

In the 1970s, Park was at the center of what became known as the Koreagate scandal, in which he was accused of trying to buy influence in Congress.

Park was indicted in the scandal, but the charges were dropped.

South Korean Businessman Hit With Another Indictment (HC/BLOOM)

By Cary O'reilly, Bloomberg News

Houston Chronicle, June 16, 2006

Tongsun Park, the South Korean businessman accused of working as an unregistered agent for Iraq, was charged in a new case with making false statements to the FBI.

Park "knowingly and willfully" lied about the United Nations Oil-for-Food program, according to an indictment issued this week in Washington.

"Park falsely told FBI agents that he played no role in the adoption of United Nations Security Council Resolution 986," which established the U.N. program, according to the indictment. He also falsely said he didn't exchange money with an unnamed Iraqi-American and that he had no business dealings with an unnamed U.N. official, the indictment said.

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The businessman already faces trial in Manhattan later this month for alleged work on behalf of Saddam Hussein's regime. Park was accused in a January indictment of working as an unregistered agent for Iraq after it invaded Kuwait in 1990. Park lobbied the U.S. and the U.N. to repeal sanctions and set up the Oil-for-food program, the government says.

Michael Kim, a lawyer representing Park, said the government is "piling on" before the June 26 Manhattan trial.

The U.S. investigation into the Oil-for-Food program has resulted in charges against 11 people, including Houston oilman Oscar Wyatt.

Most defendants are accused of paying illegal kickbacks to Saddam's regime in exchange for oil.

Military Investigates U.S. Killings Of Iraqis At Checkpoint (LAT)

By Julian E. Barnes And Peter Spiegel

The Los Angeles Times, June 16, 2006

WASHINGTON — The U.S. military is investigating the killing of three Iraqi civilians by American forces in northern Iraq, Pentagon officials said Thursday.

The inquiry into the May 9 deaths in Salahuddin province was requested by Army Lt. Gen. Peter Chiarelli, the U.S. commander in charge of day-to-day operations in Iraq, officials in Baghdad announced today.

Pentagon officials said they could provide few details about the deaths of the Iraqis, who were killed at a checkpoint in province's southern region. The military is investigating whether they were threatening American troops or whether the troops acted improperly and had no cause to use force against the civilians, an official said.

Chiarelli requested that the Army's Criminal Investigation Command undertake the inquiry as a result of soldiers' reported suspicions about the deaths. At the time of the deaths, the Iraqis were in the custody of U.S.-led forces, according to the statement released in Baghdad.

Salahuddin, which includes former Iraqi President Saddam Hussein's hometown of Tikrit, begins about 40 miles north of Baghdad and is part of an area overseen by the Army's 101st Airborne Division. Pentagon officials said they were unable to say whether the forces involved in the killings were Army personnel or members of another service.

Checkpoints have become a contentious issue in Iraq. Vehicles laden with explosives are one of the most deadly threats to American troops, and service members are most vulnerable at roadblocks. But Iraqi officials have said the Americans are too quick to fire on vehicles as they approach the roadblocks.

Under Chiarelli, troops have been looking for methods other than firing warning shots to caution civilians as they approach checkpoints.

Dozens of people have been killed at checkpoints, including an Italian intelligence agent who had just helped rescue a kidnapped journalist in March 2005.

The investigation into the Salahuddin deaths comes at a time of increased attention to such incidents because of recent allegations that U.S. Marines killed two dozen innocent Iraqi civilians in Haditha in November.

Inside The Ring (WT)

By Bill Gertz And Rowan Scarborough

The Washington Times, June 16, 2006

Haditha stories

As more reporters travel to Haditha, some of them Iraqi stringers hired by Western newspapers, the stories about what U.S. Marines did in the town Nov. 19 get more and more gruesome.

Defense attorneys deny assertions by some residents that Marines lined up unarmed civilians and executed them. They say the Marines of Kilo Company, after being fired upon, did three house-clearing operations in which civilians, and suspected insurgents, some armed, some not, were killed. Some of the 24 were women and children.

More troubling to defense attorneys is an account from one resident that the Marines killed an elderly man in a wheelchair. Marines have told lawyers they saw no man in a wheelchair during the operations in what is one of the most dangerous towns in Anbar province.

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Marine Corps defenders also are questioning the authenticity of a video, purportedly of the victims and made by a Sunni man. They question why the images did not surface until months afterward.

Still, sources close to the case expect Marines to face criminal charges once an investigation is complete.

Fat terrorist

For a man constantly on the run planning new ways to murder innocents, Abu Musab Zarqawi didn't miss many meals.

Among the findings of an autopsy, which found he died June 7 of bomb-damaged lungs, was that the al Qaeda in Iraq leader was a bit hefty.

"He was fit, but I think he was on the heavyweight side," an unidentified forensic pathologist, who conducted the postmortem, told reporters in Baghdad.

The U.S. military previously had captured and shown a homemade video of a plump Zarqawi unable to operate a machine gun and calling for help from fellow terrorists.

Shrinkage

The Air Force has sent a memo to airmen explaining why the service is cutting the force by 40,000 in the coming years. The bottom line: The Air Force wants to free up money to pay for expensive weapons systems, such as the F-22 Raptor.

"We are reducing end strength and becoming more efficient," the memo states. "It is important to maintain our technological edge to fight the wars of today and tomorrow."

Warning that pink slips are coming, the memo adds, "We understand this could be a difficult time for some airmen and their families. We will use every authority available to minimize the impact for those transitioning to civilian life."

The active-duty Air Force is slated to shrink from 351,800 this year to 334,200 in 2007.

Prison break

Not much was known about one of Delta Forces' biggest successes, that is until Kurt Muse decided to tell his story of survival, which is closely linked to the secretive special operations unit.

In 1989, as U.S. forces prepared to invade Panama from within (from American bases protecting the canal) and from without, Delta commandos first used Little Bird helicopters to scale the walls of Panama's main prison and free Mr. Muse.

Years later, Mr. Muse writes about the rescue in his book, "Six Minutes to Freedom: How a Band of Heroes Defied a Dictator and Helped Free a Nation."

Mr. Muse, now a Northern Virginia resident, lived and worked in Panama, seeing the brutality of Manuel Noriega up close. He decided to work against the dictator by building an underground radio station, the Voice of Liberty, to broadcast the truth. Noriega imported Cuban agents to hunt down the station's location. They did, capturing Mr. Muse and imprisoning him for nine months, with orders to execute him if he tried to escape.

Mr. Muse, whose research included interviewing former President George Bush in his Houston office, tells us he thinks he is the only American civilian ever rescued by Delta Force. He plans a reunion with some of his rescuers at a book launch party this month.

An excerpt: "Total elapsed time from touch-down to dust-off was six minutes. But the night was about to get a lot longer. ... Three feet past the edge of the roof, the chopper pilot dropped the bird into a nose-down dive that first nearly had them smashing into the prison yard dirt and then again into the prison yard wall. ... On the far side of the wall, the chopper landed in the middle of the street. ... This was about to get ugly."

Army ammo

The Army recently concluded a $3 million, three-year study to find out what it was told by a group of specialists years ago: The killing power of the M-16/M-4 carbine is good for close combat.

The Army study started after some soldiers in Afghanistan claimed that the 62-grain, 5.56 mm round did not have enough stopping power to kill terrorists in close combat. The complaints appeared aimed at trying to get the Army to adopt bigger caliber guns and ammo, something the service opposes.

According to defense officials close to the study, a group of assembled specialists on the matter, including both ballistics specialists and medical doctors familiar with bullet wounds, told the Army before it started the study that the problem is not the size of the bullet but the person pulling the trigger.

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The specialists concluded that disabling an enemy combatant with an M-16 is more dependent on where a shot is placed, the number of hits that are placed on target, and the level of marksmanship training of the solider. The size of the bullet and its design are less important and the standard M855 ammunition, known as "green tip" ammo is fine.

The Army study concluded almost the same thing but failed to identify one fault of its own soldiers: They need more training to be better shots.

The study proved that the complaints from some units in Afghanistan were unwarranted. "There are some special operations units that never complained because they could shoot," one official told us. For those lacking marksmanship training, "they could shoot at someone 10 times but only hit him once or twice."

"The Army is very willing to spend a lot of money on guns and ammunition, but very little on marksmanship training," the official said.

China-Hamas links

A Chinese intelligence officer is engaged in covertly aiding the ruling Palestinian Hamas terrorist group, according to a Paris-based intelligence newsletter.

Gong Xiaosheng was identified as a Ministry of State Security (MSS) official who has worked out of Ramallah since November 2002, Intelligence Online reported in its June 9 edition.

The report said Mr. Gong is a "strategic agent" who was trained in Division 8 of the ministry and also at the China Institute of Contemporary International Relations (CICIR), an MSS think tank whose Middle East section is headed by Jin Ruikun, a specialist on Palestine and Jordan, and Chen Shuanqing, a specialist on Israeli-Palestinian relations and Israel's Likud Party.

The institute produces in-house studies for Chinese communist and military leaders and predicted in January that Hamas would win the Palestinian elections.

According to the report, Mr. Gong in the past was constantly seen in the company of Palestinian leader Yasser Arafat but has since begun helping Hamas.

Mr. Gong arranged an invitation to China for Mahmud al-Zahar, the Hamas foreign minister to take part in a China-Arab Cooperation Forum in Beijing last month.

Unlike the United States and other Western governments who rightly view Hamas as a terrorist organization, China was quick to recognize the new Palestinian government ruled by Hamas.

Americans Fear Haditha Fallout (WSJ)

By John Harwood

The Wall Street Journal, June 16, 2006

See updates to Washington Wire each weekday at www.washwire.com1.

AMERICANS FEAR Haditha fallout but oppose prosecuting Marines.

In Wall Street Journal/NBC News poll, 62% say reported massacre of Iraqi civilians will harm U.S. relationship with Muslim world. But by 49%-33%, they want reprimands rather than criminal charges.

Americans say troops "shouldn't be the fall guys," says Democratic pollster Peter Hart, who conducts survey with Republican Bill McInturff. Only 32% believe such incidents are "common."

Optimism rises after Zarqawi's death, but 57% still want U.S. forces cut.

ECONOMIC GLOOM gives Democrats a political opening.

By 39%-16%, Americans expect economy to get worse in next year; 43% say it'll stay the same. Democrats lead on handling the economy by the largest margin, 16 percentage points, since 1993. The poll's margin of error is plus or minus 3.1 percentage points.

Among independents, 25% worry Democrats will too quickly raise taxes and spending. But 37% say Bush's party isn't sufficiently curbing spending and shrinking the deficit. As House and Senate near minimum-wage clashes next week, 55% of independents are more likely to support a candidate who backs an increase.

INCONVENIENT TRUTH: Gore's ratings remain negative.

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Americans view former vice president unfavorably by 42%-30%, though 53% of Democrats give a thumbs-up. But his cause draws adherents: 59% say climate change warrants "some action" or "immediate" steps, up from 51% in 1999.

After appearing with Falwell, 2008 hopeful McCain sees favorable ratings among conservatives tick up to 40% from 36% in April. McCain's standing among Republicans, 47% positive and 16% negative, exceeds the 36%-13% showing for potential rival Gingrich.

Among 2004 Bush backers, 8% say their 2006 vote will signal opposition to the president.

STAR QUALITY? Senate Democratic Leader Reid launches "Your Congress" on PoliticsTV.com, a Webcast network for the left. "When it comes to a regular political analyst, we think we have Fox News, CNN and MSNBC beat," says PoliticsTV Chairman Mike Lux. Some 15% of Americans under 35 call themselves "strong Republicans," matching the proportion of "strong Democrats."

WANING WEDGE? Among Republicans most interested in 2006 elections, gay marriage trails Iraq and immigration as issue; 22% cite it as a top factor in November choice. Just 5% say flag-burning.

DANGER ZONE? An environmental group says National Oceanic and Atmospheric Administration's new Tsunami Warning Center in Hawaii is vulnerable to storms. An NOAA spokeswoman says tsunamis in the past century have never reached the third-floor level where offices will be. By 28%-27%, Republicans say Democratic Party would better protect the environment.

IRAN-CONTRA VETERANS North, Secord, Hall and Clarridge gather to salute 1980s-era anti-Sandinista rebels before Nicaragua's November elections. U.S. attitudes on CIA are 31% positive; FBI draws a 42% positive mark.

SCANDAL FAILS to emerge as pivotal midterm-election issue.

Prosecutor Fitzgerald's decision not to charge Rove in CIA leak case makes it harder for Democrats to tie "culture of corruption" to Bush. Attention to Abramoff and DeLay sagas, partly offset by woes of Democrat Jefferson, have left minority party with modest seven percentage-point edge on ethics.

Pluralities of voters in all regions except the Northeast say both parties are "equally" influenced by special interests and lobbyists. But if Democrats recapture Congress, 69% want Congress to investigate Bush administration's energy task force.

Americans back Congressional probes of Iraq intelligence by 57%-40%, and of warrantless wiretaps by 53%-44%.

MINOR MEMOS: Census says 147,000 of 66.3 million American fathers are married and home with kids under 15. ... Among men, 42% are more likely to back a congressional candidate who'd make most abortions illegal, compared with 38% of women.

General Leading Haditha Probe Known For Integrity, Toughness (WP)

By Ann Scott Tyson

The Washington Post, June 16, 2006

The two-star Army general leading the main inquiry into the killings of 24 civilians in the Iraqi town of Haditha is a decorated Delta Force operative known among his peers for integrity and uncanny judgment in combat.

Maj. Gen. Eldon A. Bargewell rose from a Special Forces staff sergeant in Vietnam to commander of the secretive Delta Force, earning a reputation as an unusually skilled fighter who bluntly confronted superiors to get what he needed for his men. He is one of the Army's most highly decorated soldiers on active duty.

Bargewell's intimate familiarity with combat -- he was wounded seven times -- gives him credibility as the chief investigator into allegations of some of the worst war crimes committed by the U.S. military in Iraq, according to active-duty and retired Special Forces officers who know him.

"Key to the investigation will be to ask the right questions, and he knows exactly what to ask," said one officer who has served overseas with Bargewell. He, like others, spoke on the condition of anonymity because he was not authorized to comment on the record.

His investigation is one of two probes into what happened in Haditha and how commanders reacted. On Nov. 19, 2005, a Marine convoy was hit by a roadside bomb, and in the aftermath, the Marines killed unarmed civilians, including women and children, in their homes. A criminal inquiry by the Naval Criminal Investigative Service is underway. Bargewell's report, submitted

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to senior commanders in Iraq this month, examines whether Marines tried to cover up the shootings and whether commanders were negligent in failing to investigate the deaths.

The 59-year-old general is seen as unlikely to bend to pressure to sway his conclusions, both by virtue of his character and because he plans to retire this year after nearly four decades in the Army. "He has unimpeachable integrity," said retired Maj. Gen. Geoffrey Lambert, a Special Forces officer who has known Bargewell for decades. "He has no constituency that could influence findings. Bargewell is his own man."

Bargewell is considered so unflinchingly candid that another officer suggested that military leaders "may be sorry they chose him" to lead the probe.

Bargewell grew up in Hoquiam, Wash., where his father was an elementary-school principal, and graduated from Hoquiam High School in 1965. He attended a local college on a football scholarship before suffering a knee injury, according to a newspaper profile that Bargewell provided to The Washington Post.

In 1967, he enlisted in the Army and volunteered for the Special Forces, or Green Berets, an elite force that specializes in working with indigenous fighters.

During two tours in Vietnam, he led a team of three American and six Vietnamese Montagnard soldiers as part of a secret unit conducting strike and surveillance missions in Laos, Cambodia and North Vietnam and in the demilitarized zone between North and South Vietnam. The unit, MACV Special Operations and Augmentation OP-35, "was considered a highly classified and hidden unit based on our mission area," according to Bargewell, who speaks French and Spanish.

Bargewell saw heavy combat in Vietnam, where he was awarded four Purple Hearts for battle wounds and won the Distinguished Service Cross, which is second among military decorations only to the Medal of Honor.

According to the citation, on Sept. 27, 1971, Bargewell and his team were on a long-range reconnaissance mission deep in enemy territory when they came under attack from 75 to 100 fighters. Bargewell was seriously wounded by a B-40 rocket but managed to fire back a torrent of machine-gun rounds, inflicting enough casualties to twice break enemy assaults that threatened to overrun his small group. His "extraordinary heroism" under fire allowed the team to be extracted, the citation said.

"His judgment in combat was almost supernatural," Lambert said. "He was not only absolutely fearless, he could do everything. He had 20/10 vision. His sniping was off the scale. He had perfect eye-hand coordination."

Bargewell also was known for his toughness, a trait he continued to exhibit after he left the enlisted ranks and was commissioned as a second lieutenant in the 75th Ranger Regiment in 1973. Bargewell stayed primarily with the Rangers until 1981, when as a major he began a 17-year stint with the Special Forces Operational Detachment -- Delta, also known as Delta Force, based at Fort Bragg, N.C.

During training for the U.S. invasion of Panama in 1989, Bargewell badly injured his back in a Black Hawk helicopter crash. But doctors patched him up, and he led a Delta squadron in Operation Just Cause in Panama, conducting dozens of missions, including the rescue of U.S. citizen Kurt Muse from a prison, according to Bargewell and officers who know him. In 1991, he led a Delta task force in northern Iraq during the Persian Gulf War.

In 1998, he took command of Special Operations Forces in Europe, overseeing activities in Kosovo and Bosnia as a brigadier general. At the time of the Sept. 11, 2001, terrorist attacks, he was operations chief for the U.S. Special Operations Command in Tampa and later served with NATO. Bargewell took his current post, as operations chief for the U.S. military in Iraq, in April 2005.

Inside the small -- and in the eyes of some, incestuous -- world of Delta Force, Bargewell has enjoyed support from another veteran commander, Gen. Peter J. Schoomaker, the Army chief of staff, the officers said. Both men are pragmatic, with Schoomaker grasping the big picture and Bargewell excelling at the nuts and bolts of military operations. If Bargewell has a weakness, some said, it is that he can become too tactically focused.

Bargewell, known as fiercely loyal and "so down to earth it hurts," as one officer said, has two sons in the military and plans to retire to Alabama.

Bargewell's fondness for sleek cars -- he owns a Corvette -- contrasts with his introverted personality. "In a roomful of officers at a social, he'd be the one over in the corner with a beer -- even as a two-star general," said one Army acquaintance. "But the rewards of drawing him out are great."

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Baghdad On The Bayou (WT)

By David Axe

The Washington Times, June 16, 2006

FORT POLK, La. -- A combat readiness training center at this remote base in Louisiana once prepared U.S. soldiers for infantry gunbattle with Soviet forces. These days, the focus of the training is fighting insurgents in crowded Iraqi villages with cultural sensitivity and limiting civilian casualties.

A cluster of fabricated neighborhoods represents Iraq's chaotic urban battlefield. Combat brigades numbering as many as 5,000 soldiers spend three weeks living and fighting there.

Aggressive paratroopers trained in insurgent tactics prowl the swamps. Actors and local residents wearing Middle Eastern-style clothing stand in for Iraqi civilians. Iraqi expatriates play the roles of tribal leaders and town mayors. Combatants and civilians alike wear vests that detect lasers beamed by modified weapons that fire noisy blanks. Pyrotechnics specialists add smoke and explosions to simulate improvised explosive devices. Combat veteran "observer-controllers" referee clashes among trainees, "insurgents" and restive civilians.

Soldiers have complained that training at Fort Polk's Joint Readiness Training Center is harder than combat in Iraq. Center commander Brig. Gen. Michael Barbero says that is the point.

"We want their worst day to be at Fort Polk and not in Baghdad."

With the spread of small wars and insurgencies like those in Iraq and Afghanistan, Fort Polk has shifted gears from the Cold War-era battle readiness. Now winning hearts and minds is as important as winning firefights.

"We could go over there in theater and kill every bad guy, but that doesn't mean we will be successful," said Maj. Eric Baus, center spokesman. Like in Iraq, he added, success for trainees at Fort Polk means convincing the populace to point out insurgents and make them unwelcome in their villages.

But winning over civilians is hard when insurgents blend in, strike on crowded streets and draw U.S. fire that kills innocents.

During a June 5 exercise, soldiers from the Texas-based 1st Cavalry Division, slated to deploy to Iraq in a few weeks, patrolled a street in a simulated village. Actors portraying Iraqi vendors gathered around the Humvees and trucks. Then a bomb exploded, rockets streaked in from the countryside and insurgents attacked with small arms. Civilians screamed and scattered; some fell to the ground writhing from imaginary wounds. One actor, an amputee, was wearing gory makeup to replicate massive trauma.

U.S. troops returned fire, gathered up some of the wounded and raced away, leaving some casualties untreated.

Observer-controllers at the exercise said that despite the civilian casualties and their failure to evacuate all the wounded, the unit's effort was stellar. It was enough that the Capt. Robert Nevins, the unit commander, maintained control of his troops in a chaotic situation.

However, leaving injured civilians behind makes Capt. Nevins and his troops unpopular with the locals. To head off an uprising, the next day Capt. Nevins meets with a Kurdish-born American portraying a tribal sheik.

These meetings are hosted at Fort Polk's new "Engagement University," a series of rooms decorated to look like Iraqi homes and monitored by closed-circuit TV cameras. Specialists in Iraqi culture take notes as Capt. Nevins and other commanders work out problems caused by failures in past exercises.

Capt. Nevins' Iraqi counterpart is skeptical despite the commander's apologies. The sheik brings up the purported massacre in Haditha -- where Marines are accused of killing two dozen innocent Iraqis in November -- and puts Capt. Nevins on the defensive.

"We try to make our scenarios as relevant as possible," explains Lt. Col. Dennis Smith, director of Engagement University.

Eight Afghans Killed On Way To Work At U.S. Air Base (NYT)

By Carlotta Gall

The New York Times, June 16, 2006

DOJ_NMG_0034713

KABUL, Afghanistan, June 15 — A bomb exploded on a bus taking workers to the United States military air base at Kandahar in southern Afghanistan on Thursday, killing 8 people and wounding at least 16 others, among them 4 children, officials said.

Kandahar, the spiritual home of the Taliban, has been the scene of frequent suicide bomb attacks and roadside explosions in recent months, but this bomb was the first specifically directed at civilians working at the base.

The explosion occurred as the bus was leaving the city at 7.30 a.m. The men on the bus were mostly laborers and wore their identity badges, a duty officer at the hospital said. The driver was also killed, said Daoud Ahmadi, a spokesman for the provincial governor.

Children and other civilians standing outside shops lining the road were also caught in the blast.

"These innocent workers were the breadwinners of the poorest families and they were on their way to work," President Hamid Karzai said in a statement from China, where he is attending a meeting of the Shanghai Cooperation Organization, a regional security group of Russia, China and Central Asian nations. "The enemies of Afghanistan deliberately targeted innocent civilians," he said.

"We don't know if it was a remote-controlled bomb or a time bomb, but it was placed inside the minibus," Mr. Ahmadi said. Two cars were also caught in the blast, he said.

He said he believed that none of the passengers had known about the bomb. "This is the action of the Taliban and terrorists," he said. "The terrorists are usually targeting civilian people, and they get rewarded for killing innocent people."

The final toll was 8 dead and 16 wounded, several of them seriously, said Azizullah, the registrar at the Kandahar city hospital. Among the wounded were four children, aged 8, 9, 15 and 16, he said.

NATO troops are taking over military command of southern Afghanistan from American forces and Taliban insurgents appear intent on disrupting the transfer.

With increased insurgent activity, the American-led coalition has started a major effort, involving 11,000 troops, intended to drive insurgents from their sanctuaries. It also seeks to extend reconstruction and government services into remote areas of southern Afghanistan largely left to bandits, drug lords and Taliban supporters for the last four years.

Why The Taliban Appeal To Pakistani Youth (CSM)

By David Montero

Christian Science Monitor, June 16, 2006

PESHAWAR, PAKISTAN

Imran Gul would like to see a better future for the tribal youth of his corner of Pakistan, but most days he only sees military helicopters returning from Waziristan, ferrying wounded and dead. Casualties in the conflicts along the Afghan border serve as a reminder that the tribal system, once strong and proud, is now falling apart.

History and war have slowly eaten away its edifice, and Mr. Gul worries that what the tribal system can no longer provide young people - peace, income, a sense of purpose, a social network - a new and rising force can: the Taliban.

"Due to poverty, young people have no activities," says Gul, program director of the Sustainable Participation Development Program, a nongovernmental organization in Banu, just outside North Waziristan. "They do not want to join the Taliban. But their sympathies are with the Taliban to bring peace to our area."

The field for such sympathies is wide and growing, many say. The Federally Administered Tribal Areas (FATA) have always been the least advanced lands in Pakistan. Illiteracy and joblessness are rampant. There are no universities in FATA, and political parties are absent due to colonial-era tribal laws, robbing youth of an outlet for talent and expression.

The tribal system itself is partly to blame. Many elders have traditionally resisted modern education, roads, and electricity, fearing their power would be threatened the more FATA opened up. But the government is also at fault, observers say, by failing to integrate FATA into Pakistan. Voting rights were extended to the full tribal populace only in 2000.

"Young people ... oppose the current tribal system because they know that this is not ... harnessing their potential," says Naveed Ahmad Shinwari, chief executive of the Community Appraisal & Motivation Program, which works on development in the

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tribal zone. "If you ask any young man, he's frustrated because the government of Pakistan is clearly not doing much to create employment for young people." Military incursion further eroded old system

These problems were exacerbated when the Pakistani military entered the tribal areas for the first time in 2003. Their operations, which many tribes believe is the dirty work of Washington, have further weakened the system while sowing sympathies for extremism. In such situations, analysts say, people look to the standard-bearers of Islam for guidance and solace.

Tariq Aziz, a 17-year-old from Mir Ali in North Waziristan, sees the Taliban as a viable solution for future generations. "There are no opportunities for young people," he says by telephone from Banu. "The people of Mir Ali have sympathies for the Taliban. They fight for Islam."

Mr. Aziz says he might like to join the Taliban himself, but that his parents prefer him to continue his studies.

Like many his age, Aziz is trapped between the present danger of conflict and the elusive dream of a better life. Only hours after he hung up the phone, two suicide bombers struck a military convoy just outside Banu, killing four soldiers and wounding seven. It is to the Taliban that he looks for peace. "Under the Taliban government, there was peace in Afghanistan and no crimes occurred in the government."

In such strife, pragmatism draws young people to the Taliban. They are building a new form of social capital, a network that offers the opportunities and prestige that the tribal system once did.

"Where do they go for problem solutions? Their [members of the National Assembly] are marginalized pieces of the political system. The [tribal elders] are not recognized. The cost of living has gone up," says Khalid Aziz, chair of the Regional Institute of Policy Research & Training, a think tank in Peshawar. "[The Taliban] make life livable. They have a bureaucracy, soldiers." Slim opportunities, but education a way out

Such prospects are an oasis in a desert of grim statistics, Mr. Aziz says. "Twenty five percent of an ordinary man's income [in FATA] is spent on medical expenses, aggravated by bad delivery of basic services. Sixty percent of the incomes come from migrant workers. Eighty-five percent are working on land. Seventy percent are working on rented land. The only asset left for a frontiersman is to get a job. If I were in that area, I would definitely go Taliban."

Alternatives seem in short supply, but a few find another way of life in education. One of them is now a student at Peshawar University. He is afraid to be named because his family in Miran Shah, North Waziristan, was recently the victim of violence. Like others his age, he feels the tribal system cannot adequately prepare his generation to interact with the modern world, and hopes that education can repair the cracks left by the tribal system.

"Today people in Waziristan are interested in coming to university. Our young generation is interested in business," he says, adding that the best solution is to integrate the tribal areas with the rest of Pakistan.

It's a dream shared by many, and perhaps the best way to dampen the appeal of groups like the Taliban, analysts say. Optimists hope the way will be paved by education programs and development projects in the short term, and the introduction of political parties in the longer term. The latter, they say, are one of the few immediate prospects for confronting the growing power of the mullahs and the Taliban they support.

Perhaps the greatest question for youth to ponder is how modern they want to be.

Akmal Sayal, the 16-year-old son of a tribal elder from Mohmand Agency, intends someday to lead his tribe of 200,000, but for now he's concentrating on learning computer science. "I hope to go back to the tribal area and teach computers," he says. "The solution must be education."

But he is careful to underscore the delicate business of embracing modernity. "I've got my [studies], but I don't want that this cap can't be used," he says, pointing to the traditional skullcap worn by Muslims.

Weapons Permit In Military-Spending Boom, Expensive Pet Projects Prevail (WSJ)

By Jonathan Karp

The Wall Street Journal, June 16, 2006

Last year, in an effort to save money, the Navy secretary proposed building a new $3 billion destroyer in just one shipyard rather than at facilities in both Mississippi and Maine. He estimated the move could cut $300 million from the cost of each ship.

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Congressional reaction was swift. Senators from the two states stalled the official's promotion to deputy defense secretary. One Maine senator used her seat on the Armed Services Committee to help push through legislation that blocked the idea.

Five years after the Sept. 11 attacks changed American military priorities, the U.S. defense machine is still churning out weapons made for old-style, conventional conflicts, even as it needs new tools to battle terrorists and insurgents. One big reason is the sclerotic nature of the procurement process, in which the military, the White House, the defense industry and Congress fight for pet projects that aren't always in synch with strategic priorities. In the case of the destroyers, the senators maintained a weapon whose origins dated to the last decade for the sake of jobs.

Overall, the Pentagon's recent spending has largely reinforced the status quo. Weapons spending has swelled faster than the overall Pentagon budget, soaring 43% since in the past five years to $147 billion, with the vast majority of funding going to programs conceived before 9/11. The estimated lifetime cost of the Pentagon's five biggest weapons systems is $550 billion, 89% more than the top-five programs were projected to cost in 2001.

That has been a blessing for Lockheed Martin Corp. and its fighter planes; Northrop Grumman Corp. and General Dynamics Corp., which make big warships; and Boeing Co., the lead contractor for a missile-defense shield that dates back to Ronald Reagan. Major defense stocks hit historic highs this year and the industry has outperformed the market since 2001.

But it has done little to change the military. The spike in Pentagon spending doesn't reflect a move to develop "a whole bunch of new systems because the world is changing," says Steven Kosiak, director of budget studies at the Center for Strategic and Budgetary Assessments in Washington, D.C. Instead, the military is "buying pretty much the same things as before... They just cost more."

Military budgets have long been shaped by pork and pet projects. The Clinton administration faced similar issues as it tried to adapt a Cold War military to a new era. The problem is particularly acute right now because of the huge increase in defense spending and the Pentagon's new strategic shift to fight terrorism.

The defense industry was on pins and needles when George W. Bush became president. Declining spending in the 1990s had hurt its profits, and the incoming administration seemed intent on cutting big weapons programs geared toward Cold War threats. In particular, Defense Secretary Donald Rumsfeld vowed to transform the military into a smaller, nimbler force.

Since then, Mr. Rumsfeld has managed to scrap just three big military weapons programs out of dozens. Even as Pentagon strategists make a case for training soldiers to fight counterinsurgencies and terrorism, an expensive proposition, funding priorities haven't shifted substantially. Thanks to the entrenched nature of the military procurement process, big weapons systems survive despite skepticism of their relevance and cost.

At the pinnacle of the system is the White House, which has long been able to advance favored projects, such as the missile-defense shield. The decades-old concept involves an array of weapons designed to destroy incoming enemy warheads. In his first federal budget, Mr. Bush accelerated the shield project, which is seen these days as a deterrent to countries such as North Korea, proposing to nearly double annual spending to some $8.3 billion.

Days before the Sept. 11 attacks, senators challenged the increase at a hearing dominated by concern over government finances. Democratic Sen. Dianne Feinstein of California asked Mr. Rumsfeld why missile defense should be a higher priority than guarding against terrorist attacks. He agreed they were "the more likely threats in the period ahead," but said such dangers ranged from terrorism to missiles fired by rogue states. The Senate slashed the funding increase.

The attacks of 9/11, rather than reinforcing a shift in priorities, obliterated opposition to the president. Congress ended up approving $7.8 billion for missile defense, almost as much as Mr. Bush sought. The next year, as war against Iraq loomed, Congress gave Mr. Bush more missile-defense money than he had requested.

"Missile defense has maintained momentum because of the president's political commitment to it and conservative ideological support, rather than its relevance to our current defense needs," says Loren Thompson, a critic of the current defense secretary, who runs the Lexington Institute think tank in Arlington, Va., and consults for defense companies.

With funding between $7.4 billion and $9 billion a year since fiscal 2002, missile defense has been a boon to industry. Boeing oversees the main ground-based missile system in Alaska and California and the development of a laser gun to be carried aboard a modified 747 airliner. Lockheed, Northrop and Raytheon are prime contractors for other related programs.

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Despite Mr. Bush's goal of making the system operational by 2004, the shield still isn't permanently up and running. And despite consuming a hefty chunk of the Pentagon's total R&D budget, it isn't equipped, however, to deal with a rising post-9/11 concern: cruise missiles.

Since last September, the program has notched some successful flight tests, the Pentagon says. Congress is poised to give Mr. Bush most, if not all, of his latest budget request: $9.3 billion for fiscal 2007.

The military's muscle in protecting programs has also been evident in recent years. All the services want to replenish aged or depleted arsenals, a need that even the Pentagon's civilian leadership concedes. "Clearly there is a recapitalization problem," says Kenneth Krieg, the Pentagon's top acquisition official. "If I look at what keeps me awake at night, obviously [it is] the average age of the fleet."

That argument has helped the Air Force, the biggest recipient of procurement dollars, maneuver aggressively to protect some of its glamorous fighter jets against attacks on their relevance. In 2001, the average age of the F-15, the nation's top air-superiority warplane, was 17 years, three shy of its expected service life.

The Air Force's priority is now the F-22, made by Lockheed, which was designed to replace the F-15 as the service's top combat plane. The service said it needed 381 of the super-fast, radar-evading fighters, despite their high costs and development snags, to deal with the growing military sophistication of countries such as China and India. Critics questioned their usefulness, arguing that even these incipient world powers don't pose a credible threat to U.S. air power. In 1999, the Air Force beat back California Republican Rep. Jerry Lewis's attempt to kill the program by organizing support from all three service branches.

Under Scrutiny

In Mr. Rumsfeld's Pentagon, fighter jets came under scrutiny as the military lobbied for spending on more immediate priorities, such as ground vehicles and helicopters in Iraq and Afghanistan. Army generals who craved a bigger share of the weapons pie, also questioned the value of short-range fighters, even in a potential conventional conflict with China.

"I'm not really sure how the F-22 fits into either scenario," adds Ivan Eland, a military analyst at the Independent Institute, a research group based in Oakland, Calif.

In response, the Air Force joined forces with Lockheed to make the F-22s more versatile, which also made it more costly. It explored a bomber version and added ground-scanning radar to give the plane a reconnaissance role. By making them adaptable, "we can multiply their value," says Robert Stevens, Lockheed's chairman and chief executive, in an interview last year.

The Air Force even began horse-trading with its own programs to save the F-22, which currently cost $133 million apiece, excluding development costs. For example, Air Force officers offered to forgo hundreds of Joint Strike Fighters -- a $276 billion program to replace Air Force, Navy and Marine plane models with a common airframe.

Although it appeared to lose the fight when the Pentagon, in late 2004, slashed the proposed F-22 fleet to 179 planes, and ordered production to end in 2008, the Air Force didn't surrender. It argued that closing the F-22 line before starting full production of the Joint Strike Fighter would harm national security. Now, the Pentagon's plan is to buy 183 F-22s and extend production to 2010. Those extra two years leave the F-22's fate to the next administration.

As a result of this increased spending, defense contractors are booming. Sales at the top five contractors -- Lockheed, Boeing, Northrop, General Dynamics and Raytheon Co. -- have grown 10% a year since 2001, excluding acquisitions, according to Joseph Nadol, an industry analyst at J.P. Morgan. Last year, the big five's operating profits rose 25% compared with 2004, to $12.94 billion. The companies generated so much cash they spent $4.26 billion buying back their appreciating stock.

Battle Over Planes

Their clout in the procurement process can be seen through a battle over cargo planes that the Pentagon wants to stop building. The fight shows the defense companies at their most muscular: spending heavily on lobbyists and sprinkling political donations strategically across the congressional map.

In early 2005, Lockheed moved with lightning speed in to reverse a Pentagon proposal to accelerate the demise of the C-130 aircraft, which has been made in Marietta, Ga., since 1954. As word of the move leaked, Lockheed officials coordinated with Georgia's two Republican senators, who enlisted 22 colleagues from both parties to sign a letter of complaint to President Bush. Lockheed spokesmen steered reporters to Sen. Saxby Chambliss of Georgia, a blunt-talking member of the Armed Services Committee who was publicly leading efforts to save the program.

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Days after the Pentagon announced the move, Mr. Rumsfeld began backtracking. His stated reason: "new information" that the cost of terminating the contract could exceed the related savings. Three months later, he reinstated the C-130 program. In a written statement, Lockheed pronounced itself "pleased" with the result.

Boeing is in the midst of a similar scramble to stretch the life of its C-17, a mammoth jet that has proven valuable in hauling everything from armored vehicles to relief supplies. Faced with budget pressures, the Pentagon recently moved to begin shutting down the C-17 production line in Long Beach, Calif.

Boeing flooded Capitol Hill with lobbyists and subcontractors. In May, Congress authorized fresh C-17 purchases and the Air Force said it needed eight additional planes. Boeing is shooting for even more.

"We're working that very, very hard," Boeing defense chief Jim Albaugh said at a recent investor conference, referring to extending the programs like the C-17.

On Capitol Hill, new strategic imperatives are often trumped by the realities of daily politics. Congress rarely makes tough weapons choices when jobs are at stake, as the battle over the DDG-1000, a next-generation Navy destroyer, attests.

Formerly known as the DD(X), the destroyer was conceived in the 1990s as a relatively inexpensive, largely automated warship, costing $750 million. The price has since ballooned to $3 billion a ship, three times the cost of current destroyers. In a move to make the destroyer more relevant to post-9/11 threats, the Navy stuffed it with additional features such as more-powerful guns, quieter technology; and advanced radar. The warship is so expensive it threatens the Navy's plan to upgrade its fleet.

"Usually when you are building a new ship class, you put two or three new technologies into the ship class, and we have put nine or 10" in the DDG-1000, says Rear Adm. Barry McCullough, the Navy's director of surface warfare.

When then-Navy Secretary Gordon England made his move to trim costs by building the ship in just one shipyard -- either Northrop's facility in Mississippi or the General Dynamics yard in Maine -- he ran into the buzz saw set up by senators from the two states, including Trent Lott, the powerful Mississippi senator.

After preserving the two-shipyard approach, Maine's Sen. Olympia Snowe toured her state's Bath Iron Works with Mr. England's successor as Navy secretary and declared, "We're all in synch."

Not quite. Due to cost increases, the Navy now foresees building just seven DDG-1000s, compared with the original plan for 32. The House, concerned about cost and the destroyer's complex technology, wants to build just two of the ships.

The House recently approved $2.6 billion in fiscal 2007 to begin building the first one -- in Mississippi. Maine's other senator, Susan Collins, said the House bill would "be devastating to the skilled work force" at Bath Iron Works. Next, the Senate authorized $3.4 billion to build the first two destroyers -- including one in Maine. Lawmakers will have to negotiate to resolve the clash.

CORPORATE SCANDALS:

Senators Grill Fannie Mae Chief (WP)

By David S. Hilzenrath And Annys Shin

The Washington Post, June 16, 2006

Fannie Mae chief executive Daniel H. Mudd came under fire yesterday from members of a Senate committee who questioned how he could have been unaware of the company's alleged accounting fraud.

Mudd was chief operating officer during the years in which regulators have concluded that the housing finance company manipulated its accounting to maximize executive bonuses.

"I'm astounded you would even stay with this institution," Sen. Chuck Hagel (R-Neb.) told Mudd at a hearing of the Senate Banking Committee. "Have you thought about resigning?"

Mudd, who was promoted after the accounting scandal cost Franklin D. Raines the combined job of chairman and chief executive, said he did not like "the old Fannie Mae" any more than Hagel did and was "as shocked as anyone" when Fannie's accounting problems came to light.

Mudd said he thought about leaving but is "not a quitter" and stayed to fix Fannie's problems.

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Hagel countered that Mudd's $8 million compensation package last year might have had something to do with the decision.

Yesterday's hearing was held to review a report by the Office of Federal Housing Enterprise Oversight, which detailed widespread accounting violations and described an executive culture fixated on hitting bonus targets.

OFHEO Director James B. Lockhart III, who also was confirmed in his job by the Senate yesterday, said during a break in the hearing that as far as his agency was concerned, whether Mudd should keep his job remained an open question.

In a settlement with the Securities and Exchange Commission and OFHEO, Fannie recently agreed to pay penalties of $400 million. The SEC and the Justice Department still are investigating the conduct of individual executives.

Raines and outgoing audit committee Chairman Thomas P. Gerrity declined invitations to testify yesterday.

Board Chairman Stephen B. Ashley, a director of the company since 1995, also faced sharp questioning.

"I think you failed, the entire board failed. . . . Now, can you sit there and tell this committee that you knew nothing about what was going on?" Hagel asked.

Ashley replied that he felt "deep disappointment and anger" that the trust the board placed in Fannie Mae's management was "not just broken but shattered."

Some committee members said the regulators' findings showed why the full Senate should take up long-stalled legislation to strengthen oversight of Fannie and its competitor Freddie Mac, which were chartered by the government to provide a steady flow of funds for home mortgages. But other committee members said the Senate should avoid overreacting and possibly harming the companies.

In prepared testimony yesterday, Mudd said the days "of arrogant, defiant, 'my way' Fannie Mae had to end." He said the company supported creation of a strong new regulator and would work with lawmakers.

Sen. Richard C. Shelby (R-Ala.), chairman of the Banking Committee, said he saw no sign of that.

"When are you going to start?" Shelby asked. "We haven't seen any evidence of any changes in tone that you talked about."

Legislation to strengthen oversight of Fannie Mae and Freddie Mac has been stalled on Capitol Hill since last summer. Lawmakers are at loggerheads over a provision that would empower regulators to reduce the companies' investment holdings. Those mortgage-related investments have grown enormously over the past decade, becoming a major source of profit while making the companies more vulnerable to interest-rate fluctuations.

Executives for Fannie and Freddie have defended the investment portfolios, calling them essential to fulfilling the companies' mission to keep money flowing into the housing market.

The new OFHEO director yesterday provided fodder for the companies' critics, agreeing that the investments do not affect mortgage interest rates or the availability of conventional mortgages.

Republicans Push Fannie To Accept Operating Limits (WSJ)

By James R. Hagerty

The Wall Street Journal, June 16, 2006

Senate Republicans prodded Fannie Mae executives to support legislative provisions that might force the company to shed most of its holdings of mortgages and related securities. Those holdings, about $730 billion, are the company's main source of profit.

Pressuring the company to back legislation sought by the White House, the Republicans used a Senate Banking Committee hearing yesterday to berate Fannie executives and directors for greed and failure to blow the whistle years ago on wrongdoing that resulted in last month's $400 million settlement of accounting-fraud charges.

But Democrats on the committee cautioned against crippling Fannie and its rival, Freddie Mac, with restraints that might reduce their support for affordable housing.

Fannie and Freddie are shareholder-owned companies chartered by Congress to provide funding for home mortgages. In the wake of accounting scandals at both companies, Congress is debating legislation to tighten regulation of them. The biggest issue is whether to go along with White House-backed provisions that would essentially remove Fannie and Freddie from the

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lucrative business of investing in mortgage securities. That would force them to focus almost entirely on their smaller business of providing guarantees on such securities held by others.

The Bush administration says the companies' mortgage portfolios are so large that stumbles by either Fannie or Freddie could set off a financial crisis. But Democrats and many Republicans in Congress support the position of Fannie and Freddie that the mortgage holdings make more money available for mortgages.

"We should never advocate destroying critical U.S. enterprises because of management failures," Sen. Charles Schumer (D., N.Y.) said at the hearing.

The committee's chairman, Sen. Richard Shelby (R., Ala.), grilled Fannie's chief executive officer, Daniel Mudd, who testified at the hearing about the company's efforts to clean up its books and culture. Sen. Shelby noted that Mr. Mudd had promised to help Congress craft legislation. "When are you going to start," Sen. Shelby said, "because I've seen no evidence of that."

Republicans have long accused Fannie and Freddie of lobbying heavily to block legislation they dislike. Mr. Mudd promised to address any lapses in the company's dealings with Congress.

Sen. Chuck Hagel (R., Neb.) asked how Mr. Mudd, who was Fannie's chief operating officer during the first half of this decade, could have been unaware of pervasive accounting violations. Mr. Mudd said he was aware of problems with the company's culture, but wasn't responsible for accounting at that time and didn't know rules were being broken.

Sen. Hagel said in an interview after the hearing that Mr. Mudd "should seriously consider resigning," and added: "I'm not sure the whole board shouldn't go." During the hearing, Mr. Mudd said he had thought about resigning but decided to stay and fix the company's problems. "I'm not a quitter," he said.

Both Sen. Shelby and Sen. Hagel said after the hearing that current and former executives such as Mr. Mudd, who received bonuses inflated by earnings manipulation, should return them. "That's the decent thing to do," Sen. Hagel said. Fannie has said its board is determining what to do about those bonuses.

After The Enron Trial, Defense Firm Is Stuck With The Tab (WP)

By Carrie Johnson

The Washington Post, June 16, 2006

To the list of employees, investors and businesses who suffered financial misfortune in Enron Corp.'s demise, add this one: the law firm defending former chief executive Jeffrey K. Skilling.

Los Angeles-based O'Melveny & Myers LLP, which has represented Skilling on both civil and criminal charges since 2001, collected what in a typical case would be a fat payday: $23 million from its client and $17 million more from his insurance policies.

But, true to form, Enron is still destroying financial expectations. Even before the trial began in January, Skilling's team of more than 20 lawyers, paralegals and support staff burned through those funds, leaving the law firm holding the bag for "multiple tens of millions" of dollars in unpaid fees and expenses racked up during the four-month trial, Skilling's lead defense lawyer said. While Daniel M. Petrocelli declined to provide an exact tally, one source put the price tag at more than $25 million on top of the $40 million O'Melveny already collected.

The trial, which culminated in the convictions of Skilling and former chairman Kenneth L. Lay last month, featured 56 witnesses and some of the most sophisticated business deals ever to make their way into a courtroom. The Skilling defense, which experts say may be one of the most expensive in history, is a case study in how high the stakes can rise in white-collar criminal representation.

"This is almost a carte blanche to the lawyers: Do everything you can to keep me out of jail," said John Marquess, president of Legal Cost Control Inc., a New Jersey firm that monitors legal fees in bankruptcies and for Fortune 500 clients. "Very little thought is given to cost. It is not a concern."

In the beginning, O'Melveny did not have to worry about how its high-profile client would pay his bills. Skilling exited the Houston energy trader in August 2001, with enough time to sell more than half of his remaining Enron stock before the company hit bottom and filed for bankruptcy protection that December. But, on the heels of his 2004 indictment, prosecutors put a hold on

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nearly $60 million in cash, brokerage accounts and other assets, including a $5 million Mediterranean-style Houston mansion and a $350,000 condominium in Dallas that Skilling bought to use when he visited his daughter, then a student at Southern Methodist University. Meanwhile, a settlement by board members depleted the company's insurance policies, closing off that avenue of recovery for lawyers hired by Skilling and Lay.

Within weeks, the government is expected to start legal proceedings to transfer Skilling's assets to its coffers, from which proceeds might be distributed to shareholders and other victims of Enron's collapse -- setting up a fight over the money.

Lay and Skilling's "accumulated money was gained at our expense," said Rod Jordan, chairman of a group of former Enron employees. The assets "should first be used to return money lost by the employees and only then be used for their defense," he said.

Defense lawyers said they will urge U.S. District Judge Simeon T. Lake III to release most of it to Skilling because jurors acquitted him on nine of 10 insider-trading charges. The defense argued in court papers filed this week that "only a very small portion" of the frozen assets is subject to forfeiture under the government's initial analysis.

"Jeff's not trying to get rich off anything," his lawyer Petrocelli said in an interview. "He's got child-support obligations, legal obligations from the sentencing and the appeal, and hundreds of civil lawsuits to defend. . . . He wants to take care of his family and his lawyers."

Justice Department prosecutors on Wednesday reiterated their desire to seek Skilling's assets and said they would file a motion for a money judgment against Skilling by the end of June. Despite his acquittal on most of the insider-trading counts, prosecutors said, the jury convicted Skilling of 19 other charges, including engaging in a conspiracy to prop up Enron's stock price and enrich himself. To win a forfeiture action, prosecutors must prove by a preponderance of evidence that assets are proceeds of the conspiracy.

The single biggest expense in any trial, according to legal experts, is personnel.

"The biggest trial team is a bit like an iceberg," said John Toothman, president of the Devil's Advocate, a Great Falls legal fee review firm. "You have some people at the table, and you have some people in the pews."

Toothman said he asks clients a central question: "Do we really need all this?"

To O'Melveny, faced with millions of documents and other evidence amassed by the government during its five-year investigation and a potential decades-long prison sentence for client Skilling should he be convicted, the answer was a resounding yes.

O'Melveny enlisted five partners, led by Petrocelli, who now bills at $850 per hour but who said that for the Skilling defense, as an "accommodation," he and others capped their rates at the 2004 level -- in his case, closer to $800 an hour. M. Randall Oppenheimer, who leads the firm's entertainment division and who has won major cases for Exxon Mobil Corp., and Mark Holscher, a onetime federal prosecutor who has a bustling white-collar defense practice with such clients as former congressman Randy "Duke" Cunningham, also logged hundreds of hours at similar rates.

On top of that, the team included more than a dozen associates and other counsel: junior lawyers who reviewed documents, scoured databases and investigated witnesses, uncovering e-mails Petrocelli used to impeach government cooperators in aggressive cross-examination. Those younger lawyers billed $200 to $500 per hour, depending upon their level of experience. Some worked "around the clock," Petrocelli said, noting that the partners at times had to order them to sleep. For five months, several partners, none of whom came from Houston, stayed at the Four Seasons Hotel, where they got a special rate on accommodations. Many junior lawyers resided at the Post Rice Lofts, a historic downtown apartment building close to the courthouse and their makeshift trial offices.

To sift through documents from Enron's Internet and retail energy units, the firm hired an outside supplier and purchased 20 computer servers. The firm also employed graphics and projection specialists, as well as a jury consultant and a team of expert witnesses to handle insider-trading and stock-market issues, and accounting and other matters.

Former Securities and Exchange Commission accountant Walter K. Rush testified that he spent 954 hours on the case as an expert witness, at a rate of $600 per hour. University of Chicago law professor Daniel R. Fischel, a specialist in corporations and stock markets, charges $1,000 per hour. The defense decided not to call him to the witness stand as the case dragged on, but he was paid for the hours he logged learning the case, Petrocelli said.

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A.B. Culvahouse Jr., a former counsel to President Ronald Reagan and chairman of O'Melveny, said the Skilling case was "an investment we made and were prepared to make."

"There wasn't a lot of second-guessing" among the firm's policy committee, of which Petrocelli is a member, Culvahouse said. "We felt an obligation to our client. . . . .It was the right thing to do for our client and the smart thing to do for our firm."

Culvahouse said any negative financial impact has been spread across the firm, which he said reported profit per partner of $1.65 million last year, $340,000 more than a year before. He said lawyers in other parts of the firm, made up of more than 1,000 lawyers and 240 partners, did not rise up in anger over the mounting costs of the Enron trial, though there were some piercing questions. Most painful was probably the missed opportunities to make money on other clients while some of the firm's best trial lawyers were tied up for months on Enron.

It is not unusual for law firms to discount fees from well-known clients, experts said.

Many law firms build uncollectible debts into their financial projections. Ward Bower, a principal at the Newtown Square, Pa., consulting firm Altman Weil Inc., said law firms typically shave their bills by 10 percent before they send them to clients. Most firms recognize that they will not collect all of their fees, and they pay taxes on the money they actually receive from clients, not on what they bill. That means unpaid legal fees are probably not tax-deductible, but expenses are, Bower said.

The difference in the Skilling case appears to be one of scale. The most recent Altman Weil survey suggests that law firms often eat about 22 percent of their costs -- far less than what O'Melveny may have to absorb.

Other law firms have made similar decisions in recent months, according to Joel F. Henning, head of the Chicago office of legal consulting firm Hildebrandt International.

The Chicago law firm Winston & Strawn LLP recently comped former Illinois governor George H. Ryan for his defense on corruption charges, estimated by the Chicago Sun-Times at more than $10 million. The defense effort, led by Dan K. Webb, a former U.S. attorney who has represented Philip Morris, the New York Stock Exchange and Microsoft Corp., ended in conviction on all 18 counts against Ryan after an intense six-month trial. Ryan's supporters contributed to a legal defense fund that topped $475,000, the paper said.

For O'Melveny, the work is not yet done. Several members of the trial team, with help from Washington-based former acting solicitor general and O'Melveny partner Walter Dellinger, now are gearing up for an appeal.

"We've just got to keep fighting a good fight," said Petrocelli.

Former HealthSouth Official Receives Eight-Year Sentence (WSJ)

By A Wall Street Journal Online News Roundup

The Wall Street Journal, June 16, 2006

BIRMINGHAM, Ala. -- The only HealthSouth Corp. executive convicted by jurors in a $2.7 billion fraud was sentenced to eight years in federal prison Thursday, the longest term given to anyone in the huge accounting scam at the rehabilitation chain.

Hannibal "Sonny" Crumpler, a former vice president and division controller, was sentenced by U.S. District Judge Virginia Emerson Hopkins after the defense urged her to impose probation or a combination of house arrest and parole. Mr. Crumpler's attorneys said they may appeal.

Prosecutors sought a far tougher penalty, asking the judge to send Mr. Crumpler to prison for 15 years on his conviction on charges of conspiracy and making false statements to auditors. They described the sentence as too lenient.

Fifteen former HealthSouth executives avoided trial by pleading guilty in plea deals, and fired Chief Executive Richard Scrushy was acquitted on all charges a year ago after a six-month trial. Mr. Crumpler also opted for a trial but was convicted in November.

Prosecutors argued that Mr. Crumpler was in on the fraud while at HealthSouth and maintained a role even after he became finance chief at a related company, Source Medical Solutions. While at Source Medical, Mr. Crumpler sent HealthSouth auditors a letter overstating Source Medical's debt to HealthSouth by $20 million, prosecutors said.

During a sentencing hearing, defense lawyer Jim Henry argued that Mr. Crumpler had a limited role in the fraud and wasn't responsible for anything close to the $7 billion loss the government claimed stockholders and bondholders suffered when the

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scam was exposed. Mr. Crumpler couldn't foresee that the fraud would push HealthSouth to the edge of bankruptcy, Mr. Henry said.

But Judge Hopkins challenged Mr. Henry's arguments, citing testimony from former finance chief Weston Smith that Mr. Crumpler attended meetings where the fraud was planned and carried out. "Why should I accept your argument?" she asked Mr. Henry.

The stiffest sentence yet for the HealthSouth fraud was the five-year prison term for former finance chief Bill Owens, who pleaded guilty to a leading role in the scheme and spent days testifying against Mr. Scrushy. Others who pleaded guilty have received shorter prison terms or a combination of house arrest, probation, fines and financial forfeitures.

Separately, a federal jury began deliberations in the government corruption trial of former Alabama Gov. Don Siegelman, accused of bribery in a wide-ranging case that alleges illegal donations from Mr. Scrushy.

"Here's what you ought to remember about this case. It's that if you don't donate, you don't participate," chief prosecutor Louis Franklin said in closing arguments yesterday. "You've got to be Richard Scrushy to get to see the governor."

But defense attorneys said the government's case was based on testimony from witnesses who shouldn't be trusted by jurors.

Fred D. Gray, a lawyer for Mr. Scrushy, also quoted Martin Luther King Jr. and the Bible, asking jurors to "render a verdict you will be able to live with -- not guilty on all charges. When you do that, justice will run down like water and righteousness."

Mr. Scrushy is accused of arranging for $500,000 in donations to be made -- and not publicly reported as required -- to Mr. Siegelman's campaign for a state lottery, with Mr. Siegelman promising Mr. Scrushy a seat on a state hospital regulatory board.

Medarex Subpoenaed Over Options Grants (AP)

AP, June 16, 2006

Medarex Receives Subpoena Over Stock Options Grants; Shareholders File Suit

PRINCETON, N.J. (AP) -- Biotech company Medarex Inc. said Thursday it recently received a a grand jury subpoena from the U.S. Attorney's Office in the District of New Jersey over the timing of its stock options grants.

The company has already received a letter of informal inquiry from the Securities and Exchange Commission over the matter. Medarex said it is cooperating fully with both investigations.

In addition, Medarex said two shareholder derivative lawsuits have been filed in New Jersey, naming the company and certain current and former directors and officers as defendants. Medarex said the lawsuits allege breach of fiduciary duty associated with its stock options grants practices, as well as federal securities laws violations. The lawsuits seek unspecified damages.

More than 40 companies are under SEC or Justice Department investigations looking into whether executives backdated stock options grants. This increases the value of the stock options by timing them at low points, boosting the payout.

Shares slipped 21 cents, or 2.1 percent, to $9.60 in after-hours trading, having earlier closed up 52 cents, or 5.6 percent, at $9.81 on the Nasdaq. The stock has ranged between $7.14 and $16.07 over the past year.

EMI Settles Pay-for-play Probe For $3.75 Million (AP)

By Michael Gormley, Associated Press Writer

AP, June 16, 2006

(AP) - ALBANY, New York-EMI Music North America, the third largest recording label in the world, has settled for $3.75 million (â‚¬2.97 million) a pay-for-play investigation into radio air time sold or traded to benefit artists including the Rolling Stones, Coldplay and Norah Jones.

The settlement was the latest during more than two years of a "payola" investigation by New York Attorney General Eliot Spitzer.

"When a record label engages in an elaborate scheme to purchase air time for its artists, it violates state and federal law and presents consumers with a skewed picture of the country's proclaimed `best' and `most popular' music," Spitzer said.

He said payola - a term coined during a 1950s scandal combining the words pay and Victrola, an early record player - also hurts struggling artists who are not judged on the merits of their music.

Spitzer said the compensation for radio airplay was paid by EMI, which includes Virgin Records America, Capitol Records, EMI Christian Music Group and S Curve Records. One deal included tickets to a Rolling Stones concert in Toronto that were given to a radio program director for his personal use.

The radio executive in Watertown, New York, was willing to offer "what it takes for us to get them," according to Spitzer's investigation. In exchange for the tickets, Virgin Records received airplay for the Rolling Stones and The Exies.

EMI is agreeing to reform its practices and to pay the settlement money to nonprofit music education groups in New York, to be distributed through the Rockefeller Philanthropy Advisors.

"EMI is pleased to have resolved these radio promotion matters with the New York State Attorney General with this agreement," the company said in a statement. "In addition to voluntarily adopting strict policies last year, we have been working cooperatively with the attorney general to reinforce these policies."

In May, Universal Music Group Recordings Inc., the world's largest record company, agreed to pay $12 million (â,¬9.52 million) to settle a payola case that claimed the company provided vacations, electronics and other bribes to increase radio play for their artists. Those bribes and gifts were used to gain airplay for songs by Nick Lachey, Ashlee Simpson, Brian McKnight, Big Tymers, and Lindsay Lohan, Spitzer said.

Spitzer launched a U.S.-wide investigation into alleged wrongdoing by music and radio companies in 2004 . Earlier this year, Spitzer sued Entercom Communications Corp., accusing its executives of running scams to trade cash for airplay.

Entercom has denied the allegations.

Sony's music arm has agreed to pay $10 million (â,¬7.93 million) to settle with Spitzer, and Warner Music agreed to a $5 million (â,¬3.97 million) settlement.

Sarbanes-Oxley Gives Accountants Fees Bonanza (FT)

By Francesco Guerrera

Financial Times, June 16, 2006

Accountancy firms have emerged as surprise long-lasting beneficiaries of the Sarbanes-Oxley Act, as US-listed companies have been forced to pay their auditors larger fees to comply with the tough corporate governance rules, according to a new study.

The findings, in a report by law firm Foley & Lardner, confound predictions that US companies would only face a one-off increase in audit fees and other costs as a result of the legislation, introduced after the Enron and WorldCom scandals.

They also dispel accountancy firms' fears that Sarbanes-Oxley's strict requirement for auditor independence, which contributed to the demise of Andersen, would hurt their business by depriving them of fees for non-audit work.

US-listed companies paid auditors $4.9m (€3.9m) on average in 2005, 3 per cent more than in 2004 and 11 per cent more than in 2001, the year before the passage of the Act, according to the study which analysed public findings from more than 850 US-listed companies.

The rise in total fees came despite a dramatic fall in non-audit fees as companies hired third-party consultants to avoid conflicts of interest.

Non-audit fees paid by US companies fell 42 per cent in 2005, contributing to a 97 per cent collapse in these type of payments to accountancy firms since 2001.

"This decline in other fees has been more than made up by a rise in audit fees," said Thomas Hartman at Foley & Lardner. "Companies are paying the same amount, or more, to their auditors as they were before Sarbanes-Oxley."

The rise in auditors fees will fuel the concerns of European companies about a backdoor implementation of Sarbanes-Oxley if the New York Stock Exchange takes over Euronext.

Among US groups, small companies were the hardest hit, with total fees paid to auditors nearly doubling between 2001 and 2005, to an average of $1.4m.

Last year, fees paid by small companies, which often say they lack staff and resources to meet Sarbanes-Oxley's requirements, rose 16 per cent, mainly due to a 22 per cent rise in audit fees.

By comparison the biggest 500 companies in the US witnessed a modest 1 per cent rise in total fees to an average of $9.6m.

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The finding will reinforce criticism of a recent decision by the Securities and Exchange Commission not to exempt companies with a market value of less than $128m from some onerous Sarbanes-Oxley demands.

Milberg Mores (WSJ)

The Wall Street Journal, June 16, 2006

We don't often find ourselves on the same side of the political fence as House Democrat Charlie Rangel, so imagine our thrill to hear that the New Yorker and several of his liberal colleagues had recently discovered the perils of an overzealous Justice Department. Corporate America couldn't ask for a more eloquent spokesman.

Mr. Rangel was in full voice this week -- along with fellow New York Democrats Carolyn McCarthy and Gary Ackerman, as well as Florida's Robert Wexler -- about the injustice federal prosecutors had visited on plaintiffs' firm Milberg Weiss. The four released a statement lambasting Justice for going after the "entire" firm rather than just the partners accused of wrongdoing, claiming this could rob "average" citizens of Milberg's services. As Mr. Ackerman said: "I thought it was a bum deal to indict the entire firm. If you think someone did something wrong, go get him."

We couldn't have said it better, though we've been saying exactly that for years -- ever since the Justice Department in 2003 issued new guidelines, via the "Thompson memo," on when to indict entire firms in criminal investigations. Federal prosecutors have since threatened to destroy any company that doesn't "cooperate" by waiving attorney-client privilege and cutting off accused employees from legal support. Milberg Weiss stood by its due-process rights, and duly received a potential corporate death sentence.

Til now, Democrats have been largely mum on this prosecutorial fervor, choosing to use the indictments as opportunities to blame Republicans for corporate scandals. It isn't as if these four congressional Milberg defenders were popping blood vessels when Justice slapped Arthur Andersen with an indictment or forced a deferred prosecution agreement on KPMG -- actions that lost thousands of "average" accounting employees their jobs. Better late than never. With any luck, Mr. Rangel might take time out from his next trial-lawyer fund-raiser to read the Thompson memo in its entirety.

Still, the Milberg indictment has had one benefit; it has directed a bright, overdue light on the great tort-lawyer money-laundering machine. It's no secret that the tort bar has long been the Democratic Party's financial engine; the news is how many cylinders were being fired by Milberg Weiss alone. According to the watchdog Center for Responsive Politics, the firm and individuals there made nearly $2.8 million in donations to Democrats since 1999. (Republicans: $23,000.)

Democrats are now rushing to return the tainted money; at this pace Milberg won't have much trouble footing its legal bills. New York Attorney General Eliot Spitzer was one of the first off the payback block, with his office saying it would return nearly $125,000 in contributions. Wisconsin Governor Jim Doyle is bouncing back $10,000 after the state GOP threatened to make it an issue in Mr. Doyle's re-election race.

The Democratic National Party is having a bit more difficulty outing the damned spot, given that of the $1.28 million it raked in from the firm and its partners, $500,000 went to the DNC's new headquarters. Its solution: Return the grand sum of $5,000, or that which had been given by two individual Milberg lawyers indicted last month. Apparently it has also adopted a principled position against corporate indictments. No action so far from 2008 presidential hopeful Hillary Clinton, who saw some $24,000 in Milberg-related donations flow to herself and to her political action committee. Then again, Ms. Clinton understands how complicated law-firm finances can get.

The Democrats returning money are doing so in the hope of avoiding reminders that only a few months ago they were accusing Republicans of a "culture of corruption." If anything the Abramoff scandal seems minor in comparison, isolated to a few instances of influence peddling. The plaintiffs' bar, by contrast, has been paying off Democrats for decades to protect its judicial abuses. This has proved a virtuous circle: Well-funded Democrats refuse to pass tort reform, allowing tort lawyers to cash in on more cases and then make greater contributions to Democrats.

Milberg Weiss is a perfect example, having built up its destructive business of shareholder "strike suits" on the assurances that Democrats would stifle real reform. The good news is that federal prosecutors are starting to plumb the depths of this Democratic donor base. Democrats may be right to question Justice's decision to indict the Milberg firm, but Americans are right to demand a full airing of that entity's behavior, and to know who was benefiting.

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CRIMINAL LAW:

House Dems Strip Jefferson Of Panel Seat (AP)

By David Espo

The Associated Press, June 16, 2006

WASHINGTON - Add political banishment to the list of problems confronting Rep. William Jefferson, ensnared in a bribery scandal that fellow Democrats hope to turn to their election-year advantage.

"Democrats are determined to hold a high ethical standard," the party's leader, Rep. Nancy Pelosi, said Thursday night after engineering a 99-58 vote of the rank and file that stripped Jefferson of his seat on the tax-writing House Ways and Means Committee.

"This isn't about proof in the court of law. This is about an ethical standard," Pelosi said. "I wish that the White House would do the same."

Democrats long have accused Republicans of nourishing a "culture of corruption" in Congress, and signaled their desire to make ethics a key issue in their drive to win control of the House in the November elections.

The vote came despite a final plea from Jefferson and persistent complaints from members of the Congressional Black Caucus, which said the Louisianan was being sanctioned without a rule or a precedent to justify it.

For his part, Jefferson conceded to reporters he faced "serious allegations" in connection with an investigation that has netted two convictions. The congressman maintains his innocence and has not been indicted, although the FBI says it found $90,000 in bribe money several months ago stashed in a food freezer in his home.

With the action of the Democratic caucus subject to ratification by the full House, Jefferson publicly left open for the first time that he might be willing to give up his committee seat voluntarily.

"I don't want to speculate," he said.

Within an hour of the vote, Jefferson disclosed he had offered on Wednesday to step aside on two conditions. They were that the caucus establish a rule covering cases like his and that his seat on Ways and Means go temporarily to a fellow Louisiana Democrat, Rep. Charles Melancon.

Pelosi, who controlled the votes to prevail in a showdown, declined the offer.

"So it was her decision to expose the rift in this caucus and to move forward with this unjust action," Jefferson said in a statement.

The vote in a closed-door meeting of Democrats marked the culmination of Pelosi's effort to stake out the high election-year ground on ethics.

The issue was a difficult one for many Democrats, and some members of the black caucus have privately appealed to Jefferson in recent weeks to step aside voluntarily.

Rep. James Clyburn of South Carolina, a member of the Democratic leadership as well as the black caucus, said the rank and file had confronted "two competing interests - the legal interest and the political interest."

While the vote was not close, it also underscored the concern among Democrats that Jefferson was being sanctioned arbitrarily.

The chairman of the Congressional Black Caucus, Rep. Melvin Watt of North Carolina, said after the vote that by taking the action they did, fellow Democrats chose "political expediency" or some other unacceptable factor over precedent. "Even at the end of the meeting, we don't know what the standard has been," he said.

Watt said that constituents of some lawmakers will adopt the view that race was a factor in the decision. "I think there are people who will say that's the basis," he said. Blacks are among the Democrats' most loyal voters.

Democrats earlier in the evening rejected a call to sidetrack the proceedings until a rule had been adopted to cover situations like Jefferson's. Rep. Steven Rothman, D-N.J., said he sought the step because without rules, the action was "extraordinarily arbitrary."

Fellow Dems Vote To Take Jefferson Off Panel (USAT)

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USA Today, June 16, 2006

House Democrats voted 99-58 Thursday night to strip Rep. William Jefferson of Louisiana of his seat on the House Ways and Means Committee while a federal bribery investigation runs its course. For weeks, the Louisiana Democrat has rebuffed requests from party leaders that he step aside on his own.

The FBI says that it videotaped Jefferson last summer taking $100,000 in bribe money and that agents found $90,000 of it in a freezer at his home. Jefferson maintains his innocence. He has not been indicted.

Within an hour of the vote, Jefferson disclosed he had offered on Wednesday to step aside on the condition that the caucus establish a rule covering cases like his and that his seat go temporarily to Rep. Charlie Melancon, D-La. "Ms. Pelosi politely declined my offer," he said in a written statement, referring to Rep. Nancy Pelosi of California, the Democratic leader. Pelosi's office confirmed the exchange.

As the only survivor of the Sago Mine disaster looked on, President Bush signed into law Thursday the first major overhaul of mine-safety laws in three decades. "Only one man came out, and he's with us today," Bush said of Randy McCloy, who is recovering from carbon monoxide poisoning from the accident in January that killed a dozen miners in West Virginia.

Congress passed the bill following accidents that have left 33 miners dead since Jan. 1, up from 22 in 2005. The new law requires miners to have two hours' worth of oxygen rather than one. Also, mine operators must store additional oxygen underground and put new communications equipment and devices to track lost miners in mines within three years.

President Bush created the world's largest marine sanctuary by extending stronger federal protections to the Northwestern Hawaiian Islands and nearby waters. The area covers a Pacific archipelago 1,400 miles long and 100 miles wide. Endangered monk seals and nesting green sea turtles are among the more than 7,000 species that inhabit the area. At least one-fourth of the species are found nowhere else.

"This national monument is more than 100 times larger than Yosemite National Park," Bush said. "It's larger than 46 of our 50 states, and more than seven times larger than all our national marine sanctuaries combined." Federal and state agencies will oversee the 140,000 square miles of mostly uninhabited islands, atolls, coral reefs and underwater peaks.

The Senate Judiciary Committee approved a proposed constitutional amendment that would allow Congress to make desecrating the American flag a crime. The vote was 11-7. Majority Leader Bill Frist, R-Tenn., plans a floor vote this month.

Jefferson Voted Off House Panel (BRADV)

By Gerard Shields

Baton Rouge Advocate, June 16, 2006

WASHINGTON — In an unprecedented move, House Democrats voted 99-58 Thursday to forcibly suspend one of their own, U.S. Rep. William Jefferson of New Orleans, from his seat on the powerful House Ways and Means Committee.

The action followed an almost month-long campaign by House Minority Leader Nancy Pelosi, who had asked Jefferson — who is under investigation for bribery — to voluntarily step down.

Jefferson refused, arguing he has not been charged with a crime and denying any wrongdoing.

Pelosi had called on Jefferson to observe the "high ethical standard of the House Democratic caucus." But after the vote, which concluded a three-hour party meeting, Pelosi did not gloat.

"It's not about victory," Pelosi said. "It's very sad. Our Democratic caucus said it would hold a high ethical standard, and now we're doing it."

Unless Jefferson steps down, the matter will go to the House floor for a resolution vote by the full chamber. That vote could come as soon as today.

Jefferson, a 16-year congressman, entered the caucus meeting shortly after 5 p.m. and met with reporters, saying he made a 10-minute pitch to his fellow Democrats.

"I simply asked the members of the caucus to put themselves in my shoes," Jefferson said.

Jefferson argued that he shouldn't be demoted because he hasn't been charged. Caucus rules contain four provisions to remove members, but only after they are indicted, he said.

Rep. Steven Rothman of New Jersey tried to table the motion to suspend Jefferson, at least until a rule can be established.

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Louisiana's only other House Democrat, Rep. Charles "Charlie" Melancon of Napoleonville, spoke on behalf of Rothman's amendment, said Rep. Albert Wynn of Maryland.

"In the absence of any rule, this was extremely arbitrary and invited substantial abuse," Rothman said of the motion to suspend Jefferson.

The Rothman motion failed 91-61. Melancon declined to comment after the meeting.

Pelosi has said that she would not appoint a person to replace Jefferson on the committee and that he could return with full seniority when his legal troubles are resolved.

Pelosi, who hopes to be House speaker if the Democrats win control of the chamber in November, experienced a political pushback from an organization considered to be a pillar of the Democratic party, the Congressional Black Caucus.

With 42 members, the group accounts for one in five of the 201 party votes in the House. Caucus members have supported Jefferson, writing a letter to Pelosi on his behalf.

Black Caucus members leaving the meeting Thursday called the vote a matter of fairness.

"It's not fair," said Rep. Major Owens of New York. "It sets a precedent."

Most members exiting the meeting declined to talk about their vote.

"It's a secret ballot," House Minority Whip Steny Hoyer of Maryland, who has called for Jefferson to step down, shouted to reporters.

Rep. Danny Davis of Illinois had no qualms revealing his vote.

"I personally believe a person is innocent until proven guilty," said Davis, a Black Caucus member. "There have been no charges brought and no indictment made."

Jefferson returned to the meeting to vote, but did not stay around for the tally. He joked with reporters while leaving that he could not reveal which way he voted.

Jefferson said in a statement after the vote that he offered to step down if the caucus instituted an across-the-board rule that members under investigation can be removed from an "exclusive" committee.

Jefferson also wanted Melancon to be his committee replacement until his return. Pelosi balked on the request.

"Ms. Pelosi politely declined my offer," Jefferson said. "So it was her decision to expose the rift in this caucus and move forward with this unjust action."

Jefferson is accused of demanding hundreds of thousands of dollars in cash for himself and his family in return for brokering telecommunications deals in Africa between 2001 and 2005. Two men have pleaded guilty in the investigation.

Jefferson has not been charged with any crime and has repeatedly denied any wrongdoing.

Democrats Vote To Force Jefferson Aside (NYT)

By Kate Zernike

The New York Times, June 16, 2006

WASHINGTON, June 15 — House Democrats voted on Thursday night to strip a Louisiana congressman of a key committee position as they tried to avoid any taint of scandal in a year when they want to ride accusations of Republican corruption to election victories.

The congressman, William J. Jefferson, is the subject of a federal bribery investigation and has insisted he has done nothing wrong. He has rebuffed efforts to get him to step aside voluntarily.

After a meeting stretching more than three hours, the Democrats voted to remove him from the House Ways and Means Committee until his case is resolved. The action, on a 99-to-58 vote, is subject to the approval by the full House.

Mr. Jefferson, who is accused of taking hundreds of thousands of dollars in bribes and stowing $90,000 of it in his freezer, spoke to the party caucus briefly as it convened. Caucus members, who talked to reporters outside the meeting, said Mr. Jefferson had asked them "to put themselves in my shoes."

He acknowledged that he was facing serious accusations but called the punishment "unauthorized and unnecessary."

Some members of the Congressional Black Caucus have supported Mr. Jefferson, who is black, arguing it was premature to remove him before he was found guilty of any crime.

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But the minority leader, Nancy Pelosi, of California, said Mr. Jefferson had been afforded due process. "This is not a court of law," Ms. Pelosi said. "This is about a higher ethical standard, and you know it when it isn't being met."

The Federal Bureau of Investigation has said in court documents that Mr. Jefferson, an eight-term congressman, took the bribes to help a small technology company win federal contracts and secure business in Nigeria.

The F.B.I. statements focused unfavorable attention on the Democrats just as they were trying to capitalize on the accusations of corruption among Republicans that led to the resignation of the former House majority leader, Tom DeLay.

Ms. Pelosi sought to draw a line between Republican scandals and what she called "individual mistakes."

"If we have any of that in our caucus, we will deal with them," she said. "That is quite different from the Republican caucus. The entire Republican caucus condoned, enabled and benefited from the culture of corruption, and that is what I will continue to rail against."

Agents raided Mr. Jefferson's Congressional office on a Saturday night last month, setting off a fight between the Justice Department and Congress, with Republican leaders joining the Democrats in arguing that the search violated convention and the Constitution.

To smooth things over, President Bush sealed the papers taken from Mr. Jefferson's office for 45 days to allow lawyers to agree on rules for searching Congressional offices.

Ms. Pelosi noted that she had supported Mr. Jefferson's efforts to get his records back, and had opposed the raid on his office.

Party Urges Jefferson To Leave Committee (WP)

By Shailagh Murray

The Washington Post, June 16, 2006

Democrats voted last night to strip Rep. William J. Jefferson (La.) of a plum committee assignment while he is embroiled in a federal bribery investigation.

The 99 to 58 vote followed weeks of public and private wrangling, as Democratic leader Nancy Pelosi (Calif.) sought to take a strong election-year stance on ethics, while Jefferson's allies -- mainly fellow members of the Congressional Black Caucus -- protested that he was being singled out for unfair treatment.

Jefferson left immediately after voting and said he would spend the evening considering his next move.

"I'm just going to go to my office," Jefferson said. "I'm just going to wait and see."

If he refuses to step aside from the Ways and Means Committee, as urged by the Democratic Caucus, the next step would be a vote on the House floor to remove him from the prestigious committee. Even his allies want to avoid that.

Black Caucus members said their concern was the lack of any rule pertaining to lawmakers in Jefferson's situation. He has not been indicted in the case but could face serious charges. Jefferson says he is innocent of wrongdoing.

Before the Democratic Caucus met, Jefferson offered to resign under two conditions: that a rule be written establishing that any member under investigation may be asked to step aside, regardless of whether charges are filed; and that Rep. Charlie Melancon (D-La.), whose district adjoins Jefferson's, be named his temporary replacement on Ways and Means.

Pelosi declined the offer.

"Our concern is that the rule is really political expediency," said Rep. Melvin Watt (N.C.), chairman of the Congressional Black Caucus. Rep. Danny K. Davis (Ill.) said the legal question was foremost. "I don't think this has to do with race," Davis said. "Members of the Democratic Caucus are above and beyond that."

Not all of the resolution's opponents were black caucus members. Some sought a new rule that would apply to Jefferson's situation, so members could debate language on the books. Rep. Steven R. Rothman (N.J.) moved to table the resolution to remove Jefferson until the issue had been addressed, but that failed 91 to 61.

The investigation involves Jefferson's alleged role in African business dealings. The pressure from Pelosi and others was stepped up when the FBI revealed it videotaped Jefferson accepting $100,000 in $100 bills from a government witness, explaining that he would pass it on to the vice president of Nigeria to assist in a telecommunications deal. All but $10,000 of the cash was later found in Jefferson's freezer in his Washington home.

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Jefferson has refused repeated behind-the-scenes entreaties, including those by several prominent Black Caucus members, to voluntarily step aside. Venting his frustration in an op-ed column Saturday in the New Orleans Times-Picayune, he accused Pelosi of playing politics with his career and reputation.

"Her behavior is rooted in a political strategy she believes will enable the Democrats to gain the majority in the House and realize her dream of becoming Speaker of the House, which disregards the interests of the people of Louisiana, ignores firmly established House precedent, and fails to observe the rules of fairness and nondiscrimination," Jefferson wrote.

He noted that he has not been charged with a crime, and that "historically, even when a member of Congress has been so charged, he or she steps aside from a committee or subcommittee chairmanship, but not from the committee itself."

Pelosi denied that she is being unfairly harsh. "I told all my colleagues, anybody with $90,000 in their freezer, you have a problem at that point."

Jefferson and some of his Black Caucus allies have noted Pelosi's relative silence on the legal troubles facing Rep. Alan B. Mollohan (D-W.Va.), whose commercial investments are being scrutinized by federal investigators for potential connections to his duties as a member of the Appropriations Committee.

Mollohan acknowledged this week that he misstated more than a dozen transactions on his financial disclosure forms and said he had amended them "to correct any inaccurate impressions about my finances." He resigned earlier this year as the ranking Democrat on the House ethics committee but retains his Appropriations Committee seat.

One of Jefferson's former business partners, Vernon L. Jackson, and a former top aide, Brett M. Pfeffer, have pleaded guilty in the investigation, confessing to conspiring to bribe Jefferson.

Democrats Vote Jefferson Off Panel (WT)

By Brian DeBose

The Washington Times, June 16, 2006

House Democrats voted by a nearly 2-to-1 margin yesterday to oust Rep. William J. Jefferson from his seat on the House Ways and Means Committee, a little-precedented move that angered the party's black lawmakers.

The 99-58 vote, taken last night in a Cannon Caucus Room gathering of the party's representatives and delegates, sends the measure to the House floor.

Several members of the Congressional Black Caucus denounced House Minority Leader Nancy Pelosi's campaign against Mr. Jefferson, Louisiana Democrat. The caucus members were reluctant to oust Mr. Jefferson from his tax-committee seat based on press and broadcast reports and leaked information related to an ongoing bribery investigation before he has been charged with any crime.

"I asked the caucus to put themselves in my shoes and if this was fair, where there are only allegations from third parties and some in the press, whether we would be ruled or make up our rules based on that," Mr. Jefferson said.

Mrs. Pelosi, California Democrat, said criminal trials and past caucus procedures were not the issue and that Mr. Jefferson has had his opportunity to plead his case, defend himself before the caucus and work with the leadership by voluntarily stepping down, which he refused to do.

"We have a higher ethical standard. This is not a court of law; this is about a higher ethical standard, and you know when it isn't being met," she said, adding that she had "been more than fair" to Mr. Jefferson by noting her opposition to the FBI raid of his office and her support of his amicus brief to have his records returned.

Mrs. Pelosi denied any racial bias in her effort to oust Mr. Jefferson but not Rep. Alan B. Mollohan, a West Virginia Democrat who is white and is suspected of using his House Appropriations Committee seat to funnel money and contracts to numerous nonprofit groups and a business-partner relative. Mr. Mollohan did step down from the ethics panel.

"Mr. Jefferson has had two people plead guilty to bribing him," she said. "We don't know if Mr. Mollohan is even being investigated."

Many in the black caucus have said other members under investigation remained in committee seats before charges were filed. Caucus members and staff could come up with only one case of a Democrat being ousted from a House panel without any

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charges being filed. Rep. Adam Clayton Powell of New York, who was black, was ousted in 1967 over corruption accusations that were not crimes under pre-Watergate ethics laws.

"Our experience has been throughout history is that you have to have a set of rules to adhere to and abide by, and if you don't, it leaves you with a process that can be abused and one that you can't count on," said Rep. Melvin Watt, North Carolina Democrat and caucus chairman.

Black caucus sources also dismissed Mrs. Pelosi's claim that the situations are not analogous because of the lack of confirmation of any Mollohan probe. The sources point out that Mr. Mollohan also sits on the subcommittee that oversees the FBI and Justice Department.

The Democratic caucus met for an hour as Mrs. Pelosi and Mr. Jefferson made their cases. Reps. G.K. Butterfield of North Carolina and Steven R. Rothman of New Jersey managed the debate. Mr. Rothman told reporters that his motion to table the matter was rejected by a 91-61 vote, and added, "I felt that in the absence of any rule this was extremely arbitrary and provides potential for abuse."

Black Caucus Opposes Democrats' Move To Take Jefferson Off Key Committee (LAT)

By Janet Hook

The Los Angeles Times, June 16, 2006

WASHINGTON — In a clash highlighting tensions between Democratic leaders and one of their party's most important constituencies, House Democrats on Thursday backed a move to oust scandal-scarred Rep. William J. Jefferson (D-La.) from a powerful committee post, despite opposition from the Congressional Black Caucus.

On a 99-58 vote, the House Democratic Caucus endorsed a proposal by their leader, Nancy Pelosi of San Francisco, that would remove Jefferson temporarily from the Ways and Means Committee because of an FBI investigation of bribery allegations against him.

Jefferson, who is African American, has resisted pressure from colleagues to step aside voluntarily. But after making his case to the closed-door meeting of House Democrats, he left open the possibility that he may give up his committee seat rather than fight the matter on the House floor, where it would have to be ratified to take effect. The timing of that floor debate is uncertain.

Members of the black caucus who have supported Jefferson argued it would be unprecedented to force him off the committee before any criminal charges had been filed against him.

Rep. Melvin Watt (D-N.C.), head of the black caucus, warned that Pelosi's push for Jefferson's removal might cause black voters to conclude that "a different standard … based on race" was being applied.

The controversy pits Pelosi and other House Democratic leaders against the black caucus at a time when the clout its members exert within their districts is especially important.

Turnout by black voters is considered crucial to Democratic hopes of winning control of the House in November's elections. The black lawmakers will be counted on to help spur that turnout, as well as to stymie efforts by Republicans to make political inroads among African Americans.

If Democrats do take charge of the House, African Americans stand to gain a large share of power: Five black lawmakers are in line to become chairmen of some of the House's most important committees.

Still, Pelosi took the risk of alienating the black caucus in service of another political goal: her party's efforts to promote the election-year argument that Republicans have fostered a "culture of corruption" in Washington.

"Our House Democratic Caucus is determined to uphold a high ethical standard," she said after Thursday's vote. "We said it, and now we are doing it."

Some Democrats have expressed concern that the dispute will undercut Pelosi's efforts to forge party cohesiveness in the House ahead of the 2006 elections. But she dismissed such worries.

"I'm very proud of the unity of my caucus," she told reporters Thursday. "We can withstand debate; it isn't stifled."

Jefferson has maintained his innocence, but a business associate recently pleaded guilty to bribing him in hopes of winning a telecommunications contract with Nigeria. A former Jefferson aide also has pleaded guilty in the case.

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The investigation gained widespread national attention when a recent court filing revealed that last year, the FBI videotaped a transaction that showed Jefferson accepting $100,000 in bribe money, according to federal agents. The filing said $90,000 of that money was found a few days later wrapped in aluminum foil in the freezer of Jefferson's Washington home.

Following news stories about the cash, Pelosi called for Jefferson to leave the Ways and Means Committee until the case was resolved.

Some of the 43 members of the black caucus — all of whom are Democrats — supported Pelosi. But as a group, the caucus decided to oppose her.

In its official stance, the caucus argued that lawmakers under investigation deserved the "presumption of innocence."

It also noted that Rep. Alan B. Mollohan (D-W.Va.) had not been asked to step down from the powerful Appropriations Committee, despite reports that he was under scrutiny for allegedly steering millions of dollars in federal funds to nonprofit organizations that he helped control.

Pelosi countered that so far, the case against Mollohan was not as serious or clear-cut as the one against Jefferson.

In an effort to reach out to black voters, Pelosi in recent days conducted interviews with several black news organizations to explain her position.

In Thursday's vote, some white Democrats joined in opposing the move against Jefferson. One of them, Rep. Steven R. Rothman of New Jersey, said he objected to applying an "arbitrary" standard in the absence of clear guidelines for determining when a lawmaker should lose a committee assignment.

Most Democrats on Capitol Hill are hoping the dispute over Jefferson fades quickly and does not pack a broader political punch.

"There needs to be an effort to reiterate to the black community that the Democratic Party values their support and is with them on their issues," said an aide to House Democratic leaders who requested anonymity because of the politically sensitive nature of the flap.

As part of an effort by President Bush to improve the standing of the GOP among black voters, Republicans are running African American candidates in three major statewide races this year — for governor in Ohio and Pennsylvania and for senator in Maryland.

Although none of them is considered a front-runner, Jennifer Duffy, an analyst for the nonpartisan Cook Political Report, said Democrats had reason to be concerned.

She cited a report on black voters in Maryland commissioned by the state's Democratic Party that concluded that Michael S. Steele, the GOP's Senate candidate, had "a clear ability to break through … among African American voters."

Still, Republicans have a lot of ground to make up in the battle for black voters: An April poll by NBC and the Wall Street Journal found that Bush's approval rating among blacks was just 16%.

Little Office Becomes Big Player After Raid By The F.B.I. (NYT)

By Paul Von Zielbauer

The New York Times, June 16, 2006

There was a time — four weeks ago, for instance — when the Office of the General Counsel for the House of Representatives was just another nearly invisible government agency, working about as far from public notice as is possible on Capitol Hill.

But the F.B.I.'s raid last month on the offices of Representative William J. Jefferson, a Louisiana Democrat at the center of a bribery investigation, has drawn the general counsel's office and the woman who leads it, Geraldine R. Gennet, into a rare public fight with the executive branch. The May 20 raid, the first executed on a Congressional office at least since the United States Constitution was adopted, has angered a bipartisan group in Congress that views it as an unjustified intrusion into the legislative branch's autonomy and a violation of the government's fundamental separation of powers.

The Justice Department, which prevented lawyers from Ms. Gennet's office to be present during the search, has defended it as a perfectly legal act.

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On Friday, lawyers for Mr. Jefferson and the Justice Department are scheduled to argue before Judge Thomas F. Hogan of Federal District Court in Washington. Ms. Gennet, asked to weigh in by the House Republican leadership, filed a 90-page memorandum criticizing the raid as a "grave threat" to the immunity that Congress has enjoyed from intrusions into its official business.

"Weaken the legislative branch, and the likelihood of abuses of authority by the other branches necessarily increases," the memorandum said. In its reply to the court, the Justice Department said Ms. Gennet's arguments ventured "well beyond anything the law can support."

Though she will be at Friday's hearing, Ms. Gennet, a Democrat whose first government job, in 1986, was as legal counsel to the Washington Metro Police Department, will leave oral arguments to a deputy.

The limelight is unusual for an office that is so low in profile that it has no public Web site, no spokesperson and only five lawyers, including Ms. Gennet, who declined to comment for this article.

"It's generally an obscure office that you don't hear much about," said Melanie Sloan, executive director of Citizens for Responsibility and Ethics in Washington and a former assistant United States attorney. "Their role has become more prominent because of all the subpoenas being issued over there."

The Office of the General Counsel is appointed by the House speaker and represents the House and its elected members in their official capacities, regardless of political affiliation. The nonpartisanship can be relative, however. House rules require the counsel's office to "function pursuant to the direction of the speaker," who must consult with a bipartisan advisory group that is, nonetheless, controlled by the majority party.

"The House counsel is like a hybrid car," said Charles Tiefer, a former House counsel who is a professor at the University of Baltimore School of Law. "Sometimes it runs on bipartisanship, sometimes it runs on just the majority party."

In 2001, for example, after a group of Democratic congressmen sued the Commerce Department for Census data that they believed would show more accurate counts of minorities, Ms. Gennet filed a brief opposing the lawsuit, on orders from Speaker J. Dennis Hastert, Republican of Illinois.

Working as the House of Representatives' chief lawyer was not always considered all that important. The job began in the early 1970's as a low-level administrative post within the House clerk's office. In 1976, Speaker Thomas P. O'Neill Jr., a Democrat, appointed a young lawyer, Stanley M. Brand, as the first counsel with authority to take on constitutional challenges from the executive branch.

"There were guys before me," Mr. Brand recalled in an interview last week, "but they basically wrote the contracts for curtains."

In 1978, the office nearly vanished after a Senate bill proposed creating one general counsel for the House and Senate. But House leaders, led by Mr. O'Neill, declined to go along, fearing "that the office would be paying more attention to senators," said Steven R. Ross, the House general counsel from 1983 to 1993.

When Republicans took control of the House in the mid-1990's, they considered the counsel's office, located directly below the speaker's offices, as a Democratic creation that had outgrown its usefulness, Mr. Brand said. The new Republican speaker, Newt Gingrich, had the office moved into a Congressional office building across the street, and returned it to the purview of the House clerk.

In 1997, when Ms. Gennet was named House counsel, Republicans made the office independent of the clerk.

Mr. Brand and Mr. Ross, now in private practice in Washington, said they relished their years as House counsel, which placed them at the center of constitutional battles with the executive branch. In 1979, Mr. Brand argued and won United States v. Helstoski, in which the Supreme Court held that the Constitution prevented the government from prosecuting members of Congress for the performance of official acts.

Mr. Ross fought on behalf of a Democrat-controlled Congress against the Reagan administration's attempt to expand its executive powers.

"I thought it was the single best legal job in Washington," Mr. Ross said.

Mr. Tiefer, who was appointed acting House counsel in 1993, said the current battle over the F.B.I.'s search of Representative Jefferson's office last month was, in a sense, a welcome reawakening.

"It represents a return to the larger role that counsel's office played during separation of powers struggles 10 to 20 years ago," he said.

Separation Of Powers Showdown Friday (MSNBC)

By Joel Seidman

MSNBC.com, June 15, 2006

WASHINGTON - The federal judge who signed the search warrant allowing the FBI to enter Louisiana Rep. William Jefferson's Capitol Hill office last month, will preside at a potentially contentious hearing Friday – a hearing pitting the executive and legislative branches of government in a showdown over the United States Constitution.

The ornate ceremonial courtroom at U.S. District Court in Washingotn, D.C. will be the backdrop for Judge Thomas Hogan to hear arguments from the Department of Justice and the House of Representatives, as well as Jefferson's lawyer, on the search which Hogan condoned.

The raid, say both Congressional and executive branch officials, was the first ever on a congressman's office in the sprawling Capitol complex. House leaders have called the search unconstitutional. DOJ said any special treatment for lawmakers would essentially allow Congress to block criminal investigations.

A clause in the constitution known as the "Speech and Debate Clause" lies at the crux of the looming separation of powers battle. It protects members of Congress from being questioned by the president, a prosecutor or a plaintiff in a lawsuit concerning their legislative work.

It is still not known exactly what was seized from Jefferson's office, but, whatever it was, the congressman wants it back. The materials that have been confiscated have been kept on ice, so-to-speak. In a move designed to allow the U.S. House of Representatives and the U.S. Justice Department enough time to try to resolve the issue, President George W. Bush ordered the seized material sealed and kept in the Solicitor General's office until mid-July

Federal disagreements

The courtroom arguments are likely to go something like this: The government, in their filing this week, acknowledges that under the clause, members "shall not be questioned for any speech or debate." But, the government argues, "This prohibition has nothing to say about a search warrant that, as in this case, was not directed at -- and thus did not question Representative Jefferson about - legislative activity."

The House counsel's argument maintains that the search of Jefferson's office "violated the Constitution because it took place without Congressman Jefferson having had a prior opportunity to screen out and remove records and files (or determine not to assert the privilege)." The House counsel also argues that, absent extraordinary measures, searching a congressional office violates the Speech or Debate Clause, because it "threatens to impair the legislative branch's conduct of its constitutionally-mandated functions."

Jefferson is under investigation for allegedly taking bribes in order to influence high-ranking government officials in Africa to do business with a Kentucky-based Internet company.

Jefferson has not been charged and repeatedly has denied any wrongdoing in the alleged scheme. But, a Kentucky business owner and a former congressional aide have both pleaded guilty to bribing the congressman.

Jefferson's former aide, Brett Pfeffer, who is cooperating with the Justice Department's investigation, received an eight-year prison sentence recently for his role in the scandal. Vernon Jackson, chief executive of iGate - the Kentucky company - pleaded to paying more than $400,000 in bribes to Jefferson. He has yet to be sentenced.

Joel Seidman is an NBC producer, based in Washington, DC

Safavian Jury Yet To Reach Verdict (AP-Y2)

By Pete Yost

AP2, June 15, 2006

A jury deliberated for a second day Thursday without reaching a verdict in the first trial arising from the Jack Abramoff lobbying scandal.

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They are to resume on Friday trying to decide whether former Bush administration official David Safavian covered up his assistance to Republican influence-peddler Jack Abramoff.

The General Services Administration's chief of staff in 2002, Safavian allegedly concealed from GSA ethics officials, the GSA inspector general and Senate investigators his assistance to the now-convicted lobbyist. Abramoff wanted to buy, lease or redevelop two government properties including the Old Post Office in downtown Washington.

The jury of 10 women and two men is considering whether Safavian is guilty on two counts of engaging in obstruction and three counts of making false statements.

U.S. District Judge Paul Friedman dismissed a juror Wednesday morning, seated the only remaining alternate juror, a woman, and told the revised jury to begin deliberations anew. The jury originally started deliberating Tuesday.

The juror had done independent research and had talked to people she should not have about the case, according to the judge.

Safavian, a former chief federal procurement officer in the Bush White House, acknowledged on the witness stand that Abramoff e-mailed him that he was working on trying to buy or lease 40 acres of the GSA's White Oak property in Maryland for a school Abramoff set up. Safavian also acknowledged he knew Abramoff "was putting together a team in order to bid" on the redevelopment of the Old Post Office a few blocks from the White House.

But he said he didn't tell GSA officials and the Senate about his advice to Abramoff because the GSA had not decided in 2002 what to do with the properties so he didn't consider that Abramoff's inquiries amounted to doing or seeking business with the agency.

Corruption Trial Witness Feared For His Life (CHIT)

By Dan Mihalopoulos And Rudolph Bush, Tribune Staff Reporters

Chicago Tribune, June 16, 2006

The former son-in-law of a prominent ex-alderman told federal investigators that he copied and saved city computer files "because he was scared that he may be killed," according to portions of an FBI interview cited Thursday in the City Hall corruption trial.

Robert Koch, a former manager of city computer servers, said later that he may have exaggerated those fears.

Koch, who is divorced from former 11th Ward Ald. Patrick Huels' daughter Allison, testified that he had files deleted at the behest of Mayor Richard Daley aide Robert Sorich in 1997.

But under cross-examination by Sorich lawyer Thomas Anthony Durkin, Koch acknowledged that he secretly saved a copy of the files from the mayor's office in his locker at a gym.

"You told the FBI you were afraid because you had been at family events with the Huelses and the Daleys where other people had talked about getting people knocked off?" Durkin asked.

"I'm not going to admit that," Koch replied.

Durkin pressed him on the subject again, asking if Koch denied making the statement to the FBI on July 28. After Durkin showed Koch the FBI report of that meeting, Koch finally acknowledged that he did express fear to authorities.

"So I'm a 23-year-old kid in a world I really didn't understand that well, and I was leaving a life behind that I was nervous to do," said Koch, now 34. "Did I ever think anyone would kill me? The thought may have crossed my mind, but that's a little extreme."

Sorich and three other ex-city officials are charged with rigging city hiring and promotions to favor politically connected applicants. Federal prosecutors say Sorich, Daley's longtime patronage chief, took steps to cover up the hiring fraud.

The trial has brought unwanted attention to the Daley administration and the mayor's political organization. Koch's testimony took jurors into the tight-knit world of power brokers in the Daley family's Bridgeport power base.

Durkin questioned Koch's credibility, suggesting Koch concealed from the FBI that he secretly kept copies of the files Sorich allegedly wanted him to erase.

Koch said a colleague told him in early September 1997 that FBI agents were examining files in the mainframe computer. Koch testified that he called for advice from Huels, who was then his father-in-law and Daley's City Council floor leader.

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An hour after his conversation with Huels, Koch said, Sorich called and asked him to delete files from the computer's mainframe.

A few months later, an FBI agent came to the South Side home where Koch was living with a friend. In the Dec. 10, 1997, meeting, the agent asked Koch about Huels and about a tip they had received of computer file deletions at the city, according to testimony.

"When you were talking to the FBI, you knew you were sitting on a copy of [the computer files] in your gym locker?" Durkin asked.

Koch said he kept the computer files at a time when Huels was mired in a City Hall scandal that led to his resignation. Koch did not tell authorities that he had preserved them until they contacted him a year ago.

Durkin suggested that Koch thought the files contained information about Huels and Michael Tadin, a city trucking contractor and boyhood friend of the mayor. Huels resigned in October 1997 after accepting a $1.25 million loan from Tadin.

But Koch flatly rejected the notion that he had acted to protect Huels, noting that aldermanic files were not backed up on the city's mainframe.

"These files came from the mayor's office," where Sorich worked, Koch replied.

Durkin asked whether Koch felt regret because at the time he was divorcing Huels' daughter and leaving the tight-knit circle of the 11th Ward.

"It was very difficult," Koch said.

He said he still respects Huels and didn't want anyone to get hurt by what he said on the witness stand.

"I'm sick to my stomach that I'm here testifying," said Koch, whose cross-examination by Durkin lasted most of Thursday.

After Koch left the stand, outside the presence of the jury, prosecutor Patrick Collins told U.S. District Judge David Coar that "we've passed the point of relevance" regarding the 1997 computer files. Collins said the destruction of the computer records wasn't connected to Huels, because the FBI did not open an investigation into Huels until late October 1997.

A veteran FBI agent testified later Thursday that he questioned Sorich about hiring records in preparation for the 1997 corruption trial of former Water Department Commissioner John Bolden.

FBI Agent Reges Fay said that while investigating Bolden for taking kickbacks from Water Department job applicants, he learned Sorich might have had a role in the applicants' hiring.

Sorich told Fay in a telephone conversation in 1997 that he referred 10 applicants to Bolden, Fay said.

Sorich said the names came from local community leaders, and that his office kept no records of the applicants, Fay testified.

Fay said Sorich provided him no other information about his alleged role in hiring applicants in Water or any other department.

Prosecutors plan to rest their case Monday, after the testimony of Sorich's former assistant, Patty Molloy.

Durkin told reporters he did not know whether he would call any witnesses on Sorich's behalf.

"We're still not sure we're going to put a case on," he said.

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Did Witness Fear For Life? It 'may Have Crossed My Mind' (CHIST)

By Natasha Korecki And Steve Warmbir, Staff Reporters

Chicago Sun-Times, June 16, 2006

A prosecution witness said "the thought may have crossed my mind" when asked Thursday if he feared he'd be killed after getting caught between an FBI investigation and a powerful 11th Ward family.

Witness Robert Koch, a former City Hall computer technician and onetime son-in-law to former Ald. Patrick Huels, testified that the mayor's patronage chief, Robert Sorich, told him in 1997 to delete city computer files.

Prosecutors contend Sorich, a top official with the Intergovernmental Affairs Office, ordered the files destroyed to hide his office's role in hirings and promotions.

Defense lawyer Tom Durkin contended that Koch really destroyed the files to protect Huels. Durkin suggested Koch once told the FBI he was scared for his life because while at family events with the Huels and Daleys, he sometimes heard about people getting "knocked off."

"Did I ever think anyone would kill me? The thought may have crossed my mind but that's a little extreme," Koch said of his state of mind in 1997.

Koch explained he was young and going through a divorce at the time with Huels' daughter, breaking his once-powerful connections.

"I'm a 23-year-old kid in a world I really didn't understand that well. I was leaving a world behind," Koch said.

Agent: Probe was after deletion

Durkin suggested Koch was trying to protect his father-in-law by saying he destroyed the files for Sorich. Huels was under FBI investigation after the Chicago Sun-Times exposed a questionable loan he received. Huels, who was also Daley's City Council floor leader, was never charged but later resigned.

But FBI Special Agent Reges Fay testified Thursday that the FBI didn't even open its investigation into Huels until October of 1997 -- about a month after Koch had the computer files destroyed.

Prosecutors could rest their case Monday. Defense lawyers say they're still determining whether they will put on a case.

Also Thursday, a female juror was excused after she told the judge her employer would no longer pay her salary during jury duty. That brings the number of jurors to 16, down from 18. Another was excused weeks ago. Twelve jurors are needed for deliberations.

FBI Subpoenas Records From Library's Policy (NILESHS)

By Jennifer Johnson, STAFF WRITER

Niles Herald-Spectator, June 16, 2006

The Niles Public Library was subpoenaed Monday by the U.S. Attorney's Office and told to supply all financial information regarding the library's dealings with the insurance agency of Ralph Weiner & Associates.

Library Administrator Cary Czarnecki said staff is cooperating with authorities and in the process of gathering the required information.

During an FBI investigation into possible fraudulent dealings involving Niles Mayor Nicholas Blase and the Weiner agency, agents raided the insurance company's Wheeling office June 6 and uncovered check vouchers for payments to S.M.P. Insurance Service, Inc., noting the Niles Public Library in the description line.

The FBI has identified S.M.P. as a "shell company" in Blase's law office, and the funds paid to S.M.P by the Weiner Agency as kickbacks paid to Blase for getting Niles businesses to sign up for insurance coverage with Weiner, the FBI alleges.

According to the FBI's criminal complaint against Blase and Steven Weiner of the Weiner agency, the check vouchers are for amounts of $1,050, dated Aug. 8, 2003; $550, dated Aug. 17, 2004; and $550, dated Aug. 5, 2005. Each of the vouchers states, "Pay SMP %% For Niles Public Library," in various abbreviations, according to the complaint.

The complaint also alleges that commission statements and a recovered memorandum from the Weiner agency indicate the library was coded under "4 Doves Restaurant."

Czarnecki said the library never received money from S.M.P and has had no dealings with a company of that name. He did say that the library has its insurance coverage through the Weiner agency, including property, casualty and liability insurance. Weiner is also the broker for health insurance provided to employees, he said.

Czarnecki said the library board sent out bid requests for each insurance contract, and the last time the library sought insurance bids, Weiner was the only company to provide one.

Czarnecki denied the library board was ever pressured by the mayor to purchase insurance through Weiner. It is believed the library has purchased its insurance through the Weiner agency since at least the late 1980s.

Morgan Dubiel, vice president of the Niles Library Board, said he knew nothing about the alleged payments to the library from S.M.P.

"We are an innocent bystander," he said.

Both Dubiel and Czarnecki said they were surprised by the news of Blase's arrest on June 8 and the allegations made against him by the FBI and U.S. Attorney's Office.

Man Sought In Nev. Wants 'Truth' To Emerge (AP)

By Tom Gardner, Associated Press Writer

AP, June 16, 2006

A man sought by police Thursday in the slaying of his estranged wife and the attack on a family court judge left a phone message saying he wanted "the true story" to get out to the public, his cousin said.

Authorities have searched for Darren Mack since Monday when the judge was shot and wounded in his office by a sniper. Mack was charged the next day with murder in the stabbing death of Charla Mack, 39.

His cousin, Jeffrey Donner, said he received a phone message from Mack shortly after the shooting, saying, "'If anything happens to me, please make sure that the true story about the injustices that are going on in that courtroom get out to the media and the public.'"

Donner said his cousin had complained about Judge Chuck Weller, who was handling Mack's divorce case, for the past year and got the impression the judge was biased and made decisions before he heard all the facts.

"He was just obsessed with bringing this judge down. Not physically. I never heard anything like that, but by reputation," Donner said of Mack.

Still, Donner said he was shocked by reports of the shooting because Mack is "just not a violent person."

"If he is in fact responsible for this, it is totally out of character and it is simply an example of somebody that has snapped," he said, choking back tears.

Police said Weller, 53, who was shot once in the chest, was released from the hospital on Tuesday to an undisclosed, secure location.

A custody hearing in the Macks' divorce case was scheduled before Weller in September. Charla Mack filed for divorce in 2005, and a mutual restraining order was signed the same year, according to court records.

Mack, who owned a pawn shop, earned more than $500,000 a year and had a net worth of $9.4 million, according to court documents.

Shawn Meador, Charla Mack's lawyer, said in a court filing that Mack ignored Weller's order in May 2005 to pay $10,000 a month in temporary alimony payments. Weller found him in contempt of court, but Mack filed for bankruptcy in August to avoid paying, according to the filing.

Investigators said Mack may have headed west because of the contact with Donner, who lives in Moraga, Calif., and because a credit card used by the company he owns was used at the Sacramento airport Monday afternoon.

The Justice Department also charged Mack Thursday with unlawful flight to avoid prosecution.

Online Threats Outpacing Law Crackdowns (CNET)

By Joris Evers, CNET News.com

CNET News, June 16, 2006

SCOTTSDALE, Ariz.--Authorities are cracking down on phishing and botnets, but the threats are advancing instead of diminishing, two law enforcement officials said.

Cybercrooks are organizing better and moving to more sophisticated tactics to get their hands on confidential data and turn PCs of unwitting users into bots, representatives from the U.S. Department of Justice and the U.S. Air Force Office of Special Investigations said in separate presentations here at the Computer Security Institute's NetSec event this week.

Law enforcement has had increased successes in catching, prosecuting and convicting phishers and bot herders over the past couple of years. However, catching the bad guys is getting tougher as the criminals become more professional, the representatives said.

"We're seeing increasingly sophisticated groups online that are more indicative of crime groups," Jonathan Rusch, special counsel for fraud prevention at the Justice Department, said in a presentation. The criminals who have been caught range from teenagers to retirees, he said.

Rusch spoke about phishing, a prevalent type of online attack that combines e-mail spam and fraudulent Web sites made to look like trusted sites, which are aimed at tricking a user into giving up sensitive information such as a credit card or Social Security number. Almost 17,500 phishing Web sites were reported to the Anti-Phishing Working Group in April.

A top phishing concern is the increased use of malicious software, Rusch said. Increasingly, phishers use Trojan horses that pack backdoors, screen grabbers or keystroke loggers to capture log-in names, passwords and other information, he said. In April, there were 180 unique examples of such malicious code, he said.

Backdoor software gives attackers remote access to an infected PC, which could let them piggyback onto a user's Internet connection and conduct online transactions from the victim's PC while masquerading as the person, Rusch said.

Screen grabbers and keystroke loggers can be programmed to capture very specific information and are even designed to wait until a user logs on to a certain banking Web site and send that information to the attacker.

Malicious software is where phishers intersect with bot herders, those who run networks of compromised machines, called a bot net. Computers typically become compromised and turned into a bot, also popularly called a zombie, after visiting a malicious Web site or opening an infected e-mail message or attachment. The bot software often nestles itself on a PC unbeknownst to the user by exploiting an unpatched security flaw on the system.

Law enforcement has been catching up to bot herders, and there have been some high-profile convictions. But here, too, the battle is getting harder, Wendi Whitmore, a special agent with the Air Force Office of Special Investigations, said in a presentation on botnets.

"Botnets are one of the greatest facilitators of cybercrime these days. Really the cybercrime arena is wrapped around botnets," she said.

With ubiquitous broadband connections and exploits for security flaws in software out before patches, the Internet environment is ideal for bots or zombies to proliferate, she said. That assertion is backed by a recent analysis by Microsoft. The software maker found that bots were the most common Windows threat, with more than 60 percent of compromised computers running bot code.

A zombie PC can be used by miscreants to store illegal content, such as child pornography, or in a botnet to relay spam and launch cyberattacks. Additionally, hackers often steal the victim's data and install spyware and adware on PCs, to earn a kickback from the spyware or adware maker.

Practice makes perfect

Meanwhile, bot masters are getting smarter about hiding. Today, most botnets are controlled using Internet Relay Chat, or IRC, servers and channels. Soon that could become instant messaging, peer-to-peer technology or protocols used by Internet phone services such as Skype or Vonage, Whitmore said.

"That is something that we're worried about because those protocols are proprietary," she said. "They don't publish routing protocols; it would be very difficult to catch that kind of crime."

Also, Whitmore expects cybercrooks to maintain smaller botnets with the hope of staying under the radar. People being caught today operate networks of as many as 1 million PCs. "There is a greater chance that you're going to get caught, if you do that much activity and command and control that many computers," she said.

Cybercriminals are often after data they can turn into cash, such as credit card numbers or even trade secrets. "If you have a smaller botnet and you combine that with targeted, really sophisticated social engineering tactics, you're going to be potentially a lot more successful," Whitmore said.

The military has seen a rise in such attacks over the last couple of years, Whitmore said. The attackers know what organizations work together, which generals would be involved and what issues they would talk about, she said. It's "incredibly disturbing, because those are the kinds of things that should be kept somewhat secret," she said.

Law enforcement alone cannot solve the phishing and botnet problems, Rusch and Whitmore said. The technology industry and consumers have key parts to play, they said.

"Part of the problem is the way we design the online environment for users," Rusch said. It should be easier for people to see whether a site can be trusted or not, he said. Some of that is happening today with increased security coming in new Web browsers, for example.

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A stronger effort to take down phishing Web sites is also welcome, he said. The average phishing Web site was up for five days in April, and that's too long, Rusch said.

In fighting bots, Whitmore sees benefits in Internet service providers delivering security software to their users. "The long-term benefit of ISPs becoming more involved would be an overall reduction of malicious code on the Internet, and most of us believe that's a good thing," she said.

Court Rules Warrant Is Enough (LAT)

By David G. Savage

The Los Angeles Times, June 16, 2006

WASHINGTON — A closely divided Supreme Court ruled today that drug evidence found in the search of a home may be used against a suspect even if police officers violated the law by not giving the homeowner fair warning before they rushed inside.

In a 5-4 decision, the court said it would be rash to reject evidence simply because of a technical violation of the so-called knock-and-announce rule.

Criminals should not be handed a "get out of jail free card" in cases where the police have a valid search warrant, said Justice Antonin Scalia.

In the past, the court has insisted that evidence must be thrown out if the police violated the Constitution's ban on "unreasonable searches and seizures." This so-called exclusionary rule was among the most controversial legal developments of the 1960s, and it continues to irritate many law and order conservatives.

Scalia, who is among them, said that suppressing evidence should be "our last resort, not our first impulse." His opinion was joined in full by Chief Justice John G. Roberts Jr., Justice Clarence Thomas and new Justice Samuel A. Alito Jr.

Justice Anthony M. Kennedy, casting the decisive fifth vote, said the exclusionary rule itself was "settled" and "not in doubt." At issue, he said, was only whether to extend it to cases in which police had a valid warrant to enter a home but failed to give the proper warning.

In 1995, the justices agreed unanimously that the 4th Amendment usually required officers to knock on the door and call out "Police!" before they burst into a home. This rule helped protect the safety of the police and the privacy of the residents, the court said then.

Until now, however, it was not clear whether the police would be penalized if they ignored this rule. Officers were told they should usually wait about 20 seconds after announcing their presence before they tried to enter a house. They may move faster if they suspect the residents are going to flush drugs down a toilet, the court said.

In the case decided today, Detroit police admitted they did not wait long before entering the home of Booker T. Hudson. They had obtained a search warrant to look for drugs and guns.

On a summer afternoon in 1998, seven officers approached the house and saw nothing unusual. Several called out "Police! Search warrant." Less than 5 seconds later, the lead officer turned the doorknob and walked into the living room.

There sat Hudson, along with 23 plastic bags that contained crack cocaine. Under a chair cushion, police also found a loaded revolver and five rocks of cocaine. Elsewhere in the house, they found more bags of drugs.

Charged with the drug and gun crimes, Hudson urged the judge to suppress the evidence because police had violated his rights under the knock-and-announce rule.

A prosecutor agreed the police had violated the rule, and a trial judge ruled that the evidence should be suppressed. But the Michigan Supreme Court disagreed and said suppressing the evidence was "not an appropriate remedy" for such a violation.

Hudson appealed to the Supreme Court, which agreed last year to hear his case.

Scalia said this was not an instance where police obtained evidence by breaking the law. They had a valid warrant to search for and seize the drugs. "Since the interests were violated in this case have nothing to do with the seizure of the evidence, the exclusionary rule is inapplicable," he said in Hudson vs. Michigan.

The four dissenters said the requirement to "knock and announce" would be meaningless with no penalty for violating it.

The decision "represents a significant departure from the court's precedents. And it weakens, perhaps destroys, much of the practical value of the Constitution's knock-and-announce protection," wrote Justice Stephen G. Breyer for the dissenters.

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Scalia responded that victims of such an unlawful entry could sue the city and the police for violating their rights. He also pointed to the "increasing professionalism of police forces, including a new emphasis on internal police discipline."

Breyer scoffed at these suggestions, insisting that the exclusionary rule was adopted because it was the only effective deterrent for police misconduct.

Justices Allow No-knock Searches (USAT)

By Joan Biskupic

USA Today, June 16, 2006

WASHINGTON — Drugs or other evidence seized at a home can be used in a trial even if police failed to knock and announce their presence, the Supreme Court ruled Thursday in a major shift in its rulings on illegal searches by police.

The 5-4 decision in a Detroit drug case undercuts a nearly century-old rule that says evidence found during an unlawful search cannot be used. The decision also offers a sign that the court might be more apt to strengthen the hand of police with Justice Samuel Alito in the place of retired justice Sandra Day O'Connor.

O'Connor, who was on the court when the case was first argued, had worried about "the sanctity of the home."

Alito sided fully with Justice Antonin Scalia's majority opinion, which emphasized that tossing out evidence acquired in violation of the knock-and-announce rule — but with a valid warrant — could mean "releasing dangerous criminals."

In a dissent, Justice Stephen Breyer called the decision "doubly troubling."

"It represents a significant departure from the court's precedents," he wrote, joined by John Paul Stevens, David Souter and Ruth Bader Ginsburg. "It weakens, perhaps destroys, much of the practical value of the Constitution's knock-and-announce protection."

The rule is based on a centuries-old idea of home privacy and the Fourth Amendment protection against unreasonable searches. It requires police to knock, announce themselves and wait a "reasonable" time, which justices noted can be about 20 seconds, before entering. The practice shields occupants from surprise and property damage.

In the Detroit case, officers had a warrant to search for drugs and firearms in the home of Booker Hudson. They called out their presence and, after three to five seconds, entered through an unlocked front door.

Hudson tried unsuccessfully to suppress the evidence — rocks of cocaine — that police found and was convicted of drug possession. In an appeal, he argued that unless tainted evidence is suppressed, police will not be deterred from barging into homes. O'Connor was sympathetic to the view at January arguments.

After she retired, the eight remaining justices apparently were deadlocked. The case was re-argued in May with Alito on the court. His vote gave Scalia the majority. Joining them were Chief Justice John Roberts and Justices Clarence Thomas and Anthony Kennedy.

Kennedy noted that he didn't agree with a section of Scalia's decision that would have more broadly weakened the rule requiring evidence from an improper search to be kept out, depriving Scalia of the necessary fifth vote to further curtail the Fourth Amendment.

Regarding the no-knock rule, Kennedy agreed with Scalia that police are sufficiently deterred from improper searches by the right of occupants to sue under civil rights law. Breyer countered that such lawsuits are rare and often do not bring much relief for victims.

Critics said the decision could lead to an increase in no-knock police raids. Jack King, a spokesman for the National Association of Criminal Defense Lawyers, said, "The only sanction that police really care about is if the evidence is thrown out."

Tim Richardson, a senior legislative liaison for the Fraternal Order of Police, rejected the idea that police would change their practices. "There's a new professionalism among law enforcement officers. They want to have clean, successful, swift prosecutions."

Court Limits Protection Against Improper Entry (NYT)

By Linda Greenhouse

The New York Times, June 16, 2006

DOJ_NMG_0034741

WASHINGTON, June 15 — Evidence found by police officers who enter a home to execute a search warrant without first following the requirement to "knock and announce" can be used at trial despite that constitutional violation, the Supreme Court ruled on Thursday.

The 5-to-4 decision left uncertain the value of the "knock-and-announce" rule, which dates to 13th-century England as protection against illegal entry by the police into private homes.

Justice Antonin Scalia, in the majority opinion, said that people subject to an improper police entry remained free to go to court and bring a civil rights suit against the police.

But Justice Stephen G. Breyer, writing for the dissenters, said the ruling "weakens, perhaps destroys, much of the practical value of the Constitution's knock-and-announce protection." He said the majority's reasoning boiled down to: "The requirement is fine, indeed, a serious matter, just don't enforce it."

The decision followed a reargument less than a month ago, with the newest justice, Samuel A. Alito Jr., evidently casting the decisive vote. Justice Breyer's dissenting opinion was clearly drafted to speak for a majority that was lost when Justice Sandra Day O'Connor left the court shortly after the first argument in January.

The justices' lineup in this case, which upheld a Detroit man's conviction for drug possession, may become a familiar one as the court proceeds through its criminal-law docket. In addition to Justice Alito, those who joined the majority opinion by Justice Scalia were Chief Justice John G. Roberts Jr. and Justices Clarence Thomas and Anthony M. Kennedy. Justice Breyer's dissenting opinion was joined by Justices John Paul Stevens, David H. Souter and Ruth Bader Ginsburg.

The decision answered a question that the court had left open in 1995, when it held in a unanimous opinion by Justice Thomas that the traditional expectation that the police should knock and announce their presence was part of what made a search "reasonable" within the meaning of the Fourth Amendment. The amendment bars unreasonable searches.

In that case, Wilson v. Arkansas, the court declined to say what the remedy should be for a violation of the knock-and-announce rule. Ordinarily, evidence that is seized illegally — in the absence of a warrant, for example — may not be used at trial, under what is known as the exclusionary rule.

By a strong majority, most state and federal courts that have considered the issue have applied the exclusionary rule to violations of the knock-and-announce requirement. In its decision on Thursday in Hudson v. Michigan, No. 04-1360, the Supreme Court upheld a ruling by the Michigan Court of Appeals, one of the few courts to have rejected the exclusionary rule in this context.

In the case, the Detroit police had a warrant to search for drugs in the home of Booker T. Hudson Jr. At his unlocked door, they announced their presence, but did not knock and waited only three to five seconds before entering, not the 15 to 20 seconds suggested by the Supreme Court's precedents.

Had the police observed a longer wait, they would have executed the search warrant and found the evidence anyway, Justice Scalia said. That made the connection between the improper entry and the discovery of the evidence "too attenuated" to justify the "massive remedy of suppressing evidence of guilt."

Justice Scalia said the knock-and-announce rule was designed to protect life, property and dignity by giving the homeowner time to respond to the knock and eliminating the need for the police to break down the door. But he said the rule has never protected "one's interest in preventing the government from seeing or taking evidence described in a warrant."

Throughout his opinion, Justice Scalia made clear his view that the right at issue was a minimal, even trivial, one — "the right not to be intruded upon in one's nightclothes," he said at one point — that could not hold its own when balanced against the "grave adverse consequences that exclusion of relevant incriminating evidence always entails."

The majority opinion was sufficiently dismissive of the exclusionary rule as to serve as an invitation to bring a direct challenge to the rule in a future case.

Justice Scalia surveyed changes in the legal landscape since 1961, when the court in the landmark case Mapp v. Ohio made the exclusionary rule binding on the states. Noting that the purpose of the exclusionary rule was to deter constitutional violations by making them costly for the prosecution, Justice Scalia said there was less need for deterrence today, when the police are better trained and when the ability to bring civil rights suits against the government has greatly expanded. Under current federal law, he noted, successful civil rights plaintiffs are reimbursed for their attorney fees.

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The conditions that made deterrence necessary "in different contexts and long ago" no longer exist, Justice Scalia said, adding that a strict application of the exclusionary rule as envisioned by the court in 1961 "would be forcing the public today to pay for the sins and inadequacies of a legal regime that existed almost half a century ago."

It is rare to find Justice Scalia, a self-described "originalist," incorporating evolving conditions into his constitutional analysis. Almost always, when the court in a constitutional case takes account of changing conditions, the result is an expansion of constitutional rights, rather than, as Justice Scalia advocated in this case, a contraction.

One puzzling aspect of the decision was a concurring opinion by Justice Kennedy, who said that he wished to underscore the point that "the continued operation of the exclusionary rule, as settled and defined by our precedents, is not in doubt." Nonetheless, he signed the part of Justice Scalia's opinion that suggested that the exclusionary rule rested on an increasingly weak foundation.

Justice Breyer argued that "the court destroys the strongest legal incentive to comply with the Constitution's knock-and-announce requirement. And the court does so without significant support in precedent."

He called the majority's argument "an argument against the Fourth Amendment's exclusionary principle itself," adding, "And it is an argument that this court until now has consistently rejected."

Court Eases 'No Knock' Search Ban (WP)

By Charles Lane

The Washington Post, June 16, 2006

The Constitution does not require the government to forfeit evidence gathered through illegal "no knock" searches, the Supreme Court ruled yesterday, in a far-reaching ruling that could encourage police with search warrants to conduct more aggressive raids.

The 5 to 4 decision broke with the court's modern tradition of enforcing constitutional limitations on police investigations by keeping improperly obtained evidence out of court. The "exclusionary rule" has been imposed to protect a series of rights, such as the right to remain silent in police custody and the right against warrantless searches.

But the broadly worded majority opinion by Justice Antonin Scalia, joined by Chief Justice John G. Roberts Jr. and Justices Anthony M. Kennedy, Clarence Thomas and Samuel A. Alito Jr., suggested that the nation has moved into a new era of improved policing in which such strong medicine may no longer be justified.

The ruling underscored the court's rightward shift since Alito replaced Justice Sandra Day O'Connor, who seemed to disagree with Scalia about the case while she was on the court. And it once again focused attention on the pivotal role of Kennedy, a moderate conservative, who supplied a fifth vote to the majority while issuing a separate concurring opinion that disavowed a portion of Scalia's opinion and asserted that it did not portend any broader erosion of the exclusionary rule.

At issue in yesterday's case, Hudson v. Michigan , No. 04-1360, was the "knock and announce" rule, which has deep roots in Anglo American law. In 1995, the court made it part of what defines a "reasonable search" under the Fourth Amendment, without saying how it should be enforced.

But most federal and state lower courts to consider the matter have ruled that it should be enforced through an "exclusionary rule," along with the rest of the Fourth Amendment.

Before yesterday's decision, police executing a search warrant in most jurisdictions had to worry that they might lose a case if they did not first knock on the door, announce themselves and wait a reasonable time for a response before forcing their way in.

Now, unless state law says otherwise, the most they would face is administrative discipline or a lawsuit for damages.

Civil liberties groups and defense lawyers had argued to the court that those deterrents are far too weak to enforce the "knock and announce" rule, which, they argued, is often all that stands between an innocent citizen and an errant SWAT team.

That position was urged on the Supreme Court by attorneys for Booker T. Hudson Jr., a Michigan man convicted of drug possession after police found crack cocaine in his pockets during a 1998 no-knock raid that the state admitted was unlawful.

But Michigan's Supreme Court was one of the few lower courts to reject an exclusionary rule for "knock and announce" violations. Hudson's conviction was upheld, and he appealed to the U.S. Supreme Court.

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Scalia's opinion focused on the guilty defendants who go free when otherwise valid evidence is thrown out of court. He concluded that that "social cost" is too high in relation to whatever additional privacy protection residents get from the "knock and announce" rule.

"Resort to the massive remedy of suppression of evidence of guilt is unjustified," Scalia wrote.

Scalia argued that the law enforcement landscape has changed dramatically since 1961, when the Supreme Court first imposed an exclusionary rule on the states to protect against warrantless searches. Today's police are more professional than those of 45 years ago, he observed, and there is "increasing evidence that police forces across the United States take the constitutional rights of citizens seriously."

In this environment, Scalia argued, lawsuits and administrative proceedings are enough to ensure that police comply with the "knock and announce" rule.

That line of reasoning prompted a 30-page dissenting opinion from Justice Stephen G. Breyer, who disputed Scalia's upbeat view of modern policing and argued that lawsuits and police discipline have already proved inadequate to punish and deter "knock and announce" violations.

"Today's opinion," Breyer wrote in dissent, "weakens, perhaps destroys, much of the practical value of the Constitution's knock-and-announce protection." Justices John Paul Stevens, David H. Souter and Ruth Bader Ginsburg joined Breyer.

Scalia's cost-benefit analysis could be invoked not only to deny a new exclusionary rule in this case, Breyer argued, but also to roll back the use of the exclusionary rule to enforce the Fourth Amendment in areas where it has long been recognized.

"The majority's 'substantial social costs' argument is an argument against the Fourth Amendment's exclusionary principle itself," Breyer wrote. "And it is an argument that this Court, until now, has consistently rejected."

Kennedy tried to diminish the apparent sweep of Scalia's opinion, indicating that "the continued operation of the exclusionary rule as settled and defined by our precedents, is not in doubt."

There was strong circumstantial evidence that, if O'Connor had not been replaced by Alito, Breyer would have been speaking for the court.

In January, when the justices heard the case and cast tentative votes, Connor was still on the court. Her comments at argument suggested she favored Breyer's view.

But after she left the court Jan. 31, the court announced the case would be reargued -- a sign that it had reverted to a 4 to 4 tie without her vote.

High Court Eases 'Knock And Announce' Rule For Police (LAW)

By Tony Mauro, Legal Times

Legal Times, June 16, 2006

The Supreme Court on Thursday weakened the longstanding "knock and announce" rule under which police must in most circumstances knock on the door, announce their presence, and wait briefly before forcibly entering a house with a search warrant.

Although not repealing the rule itself, Justice Antonin Scalia's 5-4 majority opinion said the traditional remedy for police violation of the rule -- namely, barring the use at trial of the evidence found -- is no longer required.

Citing the increasing professionalism of today's police and the availability of other remedies, such as civil rights suits under §1983 of Title 42 of the U.S. Code, Scalia said the "massive remedy" of exclusion of evidence was unwarranted and would invite a flood of allegations of police violation of the rule.

"The cost of entering this lottery," Scalia wrote, "would be small, but the jackpot enormous: suppression of all evidence, amounting in many cases to a get-out-of-jail-free card."

Scalia's ruling was confined to the context of the knock-and-announce rule, but some elements of it could apply more broadly, possibly setting the stage for a future attack on the exclusionary rule, which excludes from use at trial any evidence that is illegally obtained by police. That rule, first established by the Supreme Court for federal courts in 1914 and applied to states in 1961, has been a hardy but controversial tool for discouraging police misconduct.

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Law enforcement advocates applauded the ruling. "Today's decision not to expand the exclusionary rule is very important to law enforcement," said Kent Scheidegger, legal director of the Criminal Justice Legal Foundation. "Justice is best served when juries are allowed to consider all relevant evidence."

The ruling in Hudson v. Michigan, one of four handed down Thursday, was one sign that the much-heralded era of unanimity under new Chief Justice John Roberts Jr. may have been short-lived. And it also highlighted the impact of the Court's new lineup. When the Court first heard arguments in the Hudson case in January, Justice Sandra Day O'Connor was still on the Court and appeared sympathetic to defendant Booker Hudson Jr. The case was reheard in May after Justice Samuel Alito Jr. replaced O'Connor, and on Thursday he joined the Scalia majority against Hudson. Also in the majority were Roberts and Justices Anthony Kennedy and Clarence Thomas.

In dissent, Justice Stephen Breyer said the ruling "weakens, perhaps destroys, much of the practical value of the Constitution's knock-and-announce protection." Justices John Paul Stevens, David Souter and Ruth Bader Ginsburg joined the dissent.

The decision also drew criticism from groups that have pointed to a sharp increase in recent years in no-knock, SWAT-type police raids on private homes, usually in pursuit of drugs. "Because of today's decision, we can expect to see an even more pronounced increase in the use of illegal, military-style no-knock raids," said Radley Balko of the Cato Institute, which filed a brief in the Hudson case. "We can expect to see more innocent civilians wrongly targeted."

Balko also discounted Scalia's reference to the alternative remedy of suing police officers under §1983, asserting that the courts had already "set the bar extremely high" against such suits.

In the case before the Court, lawyers for Detroit police acknowledged that they violated the traditional knock-and-announce rule when they entered Hudson's home in a drug bust. They shouted "Police, search warrant," but did not knock and waited less than five seconds before opening the unlocked door.

A state court judge suppressed the cocaine evidence that was obtained in the raid, but the Michigan Court of Appeals said the evidence should have been allowed because it would have been discovered even if the police had obeyed the rule.

Scalia said the "ancient" knock-and-announce rule protected valid interests that benefit police and homeowners. Police benefit because if they force their way into homes without announcement, those inside might shoot them as intruders. It also "protects those elements of privacy and dignity that can be destroyed by a sudden entrance," Scalia said, by allowing inhabitants to pull on clothes or get out of bed.

But the Court has already allowed police to ignore the rule if the circumstances "present a threat of physical violence" or if there is reason to believe that waiting would lead to the destruction of evidence inside.

The Court also ruled Thursday in Howard Delivery Service v. Zurich American Insurance Co. that insurance company claims for unpaid workers' compensation premiums are not entitled to priority in bankruptcy proceedings. And in Kircher v. Putnam Funds Trust, the Court ruled that federal appeals courts have no jurisdiction to second-guess lower court decisions to remand to state court lawsuits filed under the Securities Litigation Uniform Standards Act of 1998. The ruling is a defeat for investment companies that seek to keep investor class actions out of state courts.

Supreme Court Gives Police More Power (CSM)

By Warren Richey

The Christian Science Monitor, June 16, 2006

WASHINGTON

Police who burst into a private building without first knocking and announcing their presence can use evidence they discover in a criminal case.

In a boost to aggressive police tactics and a setback to the privacy rights of business and home owners, the US Supreme Court has rejected the legal principle that evidence obtained in violation of the so-called knock-and-announce rule must be excluded from use at a trial.

Instead, the high court said in a 5-to-4 decision announced Thursday that such evidence can be used at trial. The social costs of excluding evidence because of a violation of the knock-and-announce rule are considerable, the high court said.

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"Resort to the massive remedy of suppressing evidence of guilt is unjustified," writes Justice Antonin Scalia for the majority. He was joined by Chief Justice John Roberts, and Justices Anthony Kennedy, Clarence Thomas, and Samuel Alito.

The decision marks a rejection - in the context of knock-and-announce - of a basic safeguard in the criminal justice system established in the 1960s by the high court under then Chief Justice Earl Warren. That court adopted the approach that violations of certain procedural requirements by law enforcement officials could carry the heavy penalty of exclusion of evidence from use at a trial.

The process created an incentive for police officers to not only know the law, but to scrupulously follow it while carrying out their criminal investigations.

"The court destroys the strongest legal incentive to comply with the Constitution's knock-and-announce requirement," Justice Stephen Breyer writes in a dissent, joined by three other justices.

He says he could find no legal precedent supporting the high court's ruling in any of the Fourth Amendment privacy cases decided since 1914. "It represents a significant departure from the court's precedents," Justice Breyer writes. "And it weakens, perhaps destroys, much of the practical value of the Constitution's knock-and-announce protection."

The decision is "very disturbing," says David Moran, a law professor at Wayne State University Law School who argued the case at the Supreme Court. "It seems to rethink the entire exclusionary rule, which is the only thing that has caused the police for the past 50 years to generally comply with the Fourth Amendment."

The decision comes in a case called Hudson v. Michigan. It stems from an August 1998 search by seven Detroit police officers of the home of Booker Hudson. The police obtained a warrant to search for weapons and drugs at Mr. Hudson's home. When they arrived at the front door, an officer shouted: "Police, search warrant." They paused for three to five seconds before one of the officers turned the doorknob and entered the home through the unlocked front door. They did not knock, nor did they wait to see if anyone would answer the door in response to their shout, according to briefs filed in the case.

Police rushed into the house and saw Hudson seated in a chair in the living room. Five other men and women were running throughout the house, the briefs say. In the search that followed, police discovered in the chair in which Hudson had been sitting crack cocaine in plastic bags and a loaded revolver. In Hudson's pockets, police found five rocks of cocaine and $225 in cash.

Hudson was charged with possession with intent to deliver cocaine and possession of a firearm while committing a crime. He was convicted and sentenced to 18 months probation.

On appeal, his lawyer argued that the gun and drugs should have been suppressed because of the improper tactics used by police during the search. The state appeals court upheld the conviction and the Michigan Supreme Court declined to hear the case.

In affirming the conviction, the US Supreme Court said that applying the exclusionary rule to knock-and-announce violations is not "worth a lot" as a deterrent. Instead, it creates an incentive for criminal defendants to attack police conduct, Scalia writes.

"The cost of entering this lottery would be small, but the jackpot enormous; suppression of all evidence, amounting in many cases to a get-out-of-jail-free card," Scalia writes.

Top Court Upholds No-knock Police Search (AP-Y2)

By Gina Holland

AP2, June 16, 2006

The Supreme Court made it easier Thursday for police to barge into homes and seize evidence without knocking or waiting, a sign of the court's new conservatism with Samuel Alito on board.

The court, on a 5-4 vote, said judges cannot throw out evidence collected by police who have search warrants but do not properly announce their arrival.

It was a significant rollback of earlier rulings protective of homeowners, even unsympathetic homeowners like Booker Hudson, who had a loaded gun next to him and cocaine rocks in his pocket when Detroit police entered his unlocked home in 1998 without knocking.

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The court's five-member conservative majority, anchored by new Chief Justice John Roberts and Alito, said that police blunders should not result in "a get-out-of-jail-free card" for defendants.

Dissenting justices predicted that police will now feel free to ignore previous court rulings requiring officers with search warrants to knock and announce themselves to avoid running afoul of the Constitution's Fourth Amendment ban on unreasonable searches.

"The knock-and-announce rule is dead in the United States," said David Moran, a Wayne State University professor who represented Hudson. "There are going to be a lot more doors knocked down. There are going to be a lot more people terrified and humiliated."

Supporters said the ruling will help police do their jobs.

"People who are caught red-handed with evidence of guilt have one less weapon to get off," said Kent Scheidegger, legal director of the Criminal Justice Legal Foundation.

The case provides the clearest sign yet of the court without Justice Sandra Day O'Connor.

Hudson had lost his case in a Michigan appeals court. Justices agreed to hear his appeal last June, four days before O'Connor's surprise announcement that she was retiring.

O'Connor was still on the bench in January when his case was first argued, and she seemed ready to vote with Hudson. "Is there no policy of protecting the home owner a little bit and the sanctity of the home from this immediate entry?" she asked.

She retired before the case was decided, and a new argument was held this spring so that Alito could participate, apparently to break a 4-4 tie.

Four justices, including Alito and Roberts, would have given prosecutors a more sweeping victory but did not have the vote of Justice Anthony M. Kennedy, a moderate conservative.

Ronald Allen, a Northwestern University Law professor, said the ruling "suggests those four would be happy to consider overturning" a 1961 Supreme Court opinion that said evidence collected in violation of the Fourth Amendment cannot be used in trials. "It would be a significant change," he said.

Kennedy joined in most of the ruling but wrote to explain that he did not support ending the knock requirement. "It bears repeating that it is a serious matter if law enforcement officers violate the sanctity of the home by ignoring the requisites of lawful entry," he said.

Kennedy said that legislatures can intervene if police officers do not "act competently and lawfully." He also said that people whose homes are wrongly searched can file a civil rights lawsuit.

Justice Antonin Scalia, writing for the majority, said that there are public-interest law firms and attorneys who specialize in civil rights grievances.

Detroit police acknowledge violating the knock-and-announce rule when they called out their presence at Hudson's door, failed to knock, then went inside three seconds to five seconds later. The court has endorsed longer waits, of 15 seconds to 20 seconds. Hudson was convicted of drug possession.

"Whether that preliminary misstep had occurred or not, the police would have executed the warrant they had obtained, and would have discovered the gun and drugs inside the house," Scalia wrote.

Four justices complained in the dissent that the decision erases more than 90 years of Supreme Court precedent.

"It weakens, perhaps destroys, much of the practical value of the Constitution's knock-and-announce protection," Justice Stephen Breyer wrote for himself and Justices John Paul Stevens, David H. Souter and Ruth Bader Ginsburg.

Breyer said that while police departments can be sued, there is no evidence of anyone collecting much money in such cases.

The case is Hudson v. Michigan, 04-1360.

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On the Net:

Supreme Court decisions: http://www.supremecourtus.gov/opinions/05slipopinion.html

Supreme Court Weakens Police 'Knock And Announce' Rule (LAT)

DOJ_NMG_0034747

By David G. Savage

The Los Angeles Times, June 16, 2006

WASHINGTON — A divided Supreme Court ruled Thursday that police armed with a search warrant may rush into a house without giving a required warning to the occupants and may use the evidence they find there.

In a 5-4 decision, the court said it would be rash to bar evidence in a criminal trial simply because police did not wait long enough before entering, a technical violation of the "knock and announce" rule.

Criminals should not be handed a "get out of jail free card" in cases where the police have a valid search warrant, said Justice Antonin Scalia, who wrote the opinion for the majority.

The dissenters said the court's ruling all but repealed a decision that had protected the privacy and dignity of homeowners.

New Justice Samuel A. Alito Jr. cast the decisive vote. Justice Sandra Day O'Connor heard the case when it was argued in January but retired in February before the case was decided. At that point, the court was evenly split. The case was reargued when Alito replaced her, and he became the tie-breaker.

Until Thursday, the court had usually insisted that evidence be thrown out in cases where the police violate the Constitution's ban on "unreasonable searches and seizures." This so-called exclusionary rule was among the most controversial legal developments of the 1960s, and many law-and-order conservatives continue to chafe at it.

Scalia is among them. Suppressing evidence should be "our last resort, not our first impulse," he said, and his opinion was joined in full by Chief Justice John G. Roberts Jr., Clarence Thomas and Alito.

Justice Anthony M. Kennedy voted with the majority but wrote separately to emphasize that the exclusionary rule is "settled" and "not in doubt." The issue in this case, Kennedy wrote, was whether the police's failure to give a proper warning even when they had a valid warrant to enter a home, merited an extension of the exclusionary rule.

In 1995, the justices agreed unanimously that the 4th Amendment usually requires officers to knock on the door and call out "Police!" before they burst into a home. This rule helps ensure the safety of the police and the privacy of the residents, the court said then.

Officers have been advised in other cases that they should usually wait about 20 seconds after knocking and announcing their presence before trying to enter a house, but the court has said in past rulings that officers may move faster if they suspect residents are going to flush drugs down a toilet.

In the current case, Detroit police admitted they did not wait long before entering the home of Booker T. Hudson Jr.

They had obtained a search warrant to look for drugs and guns at his residence. On a summer afternoon in 1998, seven officers approached Hudson's house and saw nothing unusual. Several called out "Police! Search warrant!" but less than five seconds later, the lead officer turned the doorknob and walked into the living room.

There sat Hudson with 23 bags that contained crack cocaine. Under the cushion of his chair, they also found a loaded revolver and five rocks of cocaine. Elsewhere in the house, police found more bags of drugs.

Hudson was charged with drug and gun crimes, but his lawyers urged the judge to suppress the evidence because police had violated the "knock and announce" rule.

A prosecutor agreed the police had violated the rule, and a trial judge suppressed the evidence. But the Michigan Supreme Court disagreed and said disallowing the evidence was "not an appropriate remedy" for such a violation.

Hudson appealed to the U.S. Supreme Court, which agreed last year to hear his case.

Scalia said this was not an instance where police obtained evidence by breaking the law. They had a valid warrant to search for and seize the drugs. Since the homeowner's privacy rights were not violated, "the exclusionary rule is inapplicable," he said in Hudson vs. Michigan.

The four dissenters said the requirement to "knock and announce" will be meaningless if it can be ignored and the evidence used in court.

Thursday's decision "represents a significant departure from the court's precedents. And it weakens, perhaps destroys, much of the practical value of the Constitution's knock-and-announce protection," wrote Justice Stephen G. Breyer.

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Scalia responded that people like Hudson still have recourse against the city and the police by suing them for violating their constitutional rights. He also pointed to the "increasing professionalism of police forces, including a new emphasis on internal police discipline."

These checks, he suggested, will deter the police from being overly aggressive and reckless.

Breyer scoffed at this notion and insisted that the exclusionary rule was adopted because it was the only effective deterrent for misconduct by the police.

In 1914, the Supreme Court first announced the exclusionary rule but applied it only to federal agents who violated the Constitution. Even then, it was a disputed notion. Benjamin Cardozo, then a New York state judge, said in 1926 that "the criminal is to go free because the constable has blundered."

The Supreme Court under Chief Justice Earl Warren gave this rule a national reach in 1961 when it said evidence must be suppressed when state and local police violate the 4th Amendment. Critics charged the Warren Court was too friendly to the rights of criminal defendants at the expense of law enforcement.

The high court has issued a mixed bag of rulings on the exclusionary rule in recent cases. The justices have given police more leeway to search cars and their passengers, but they have usually held the line against searches of homes without a warrant.

In March, the court ruled the police had violated the rights of a Georgia homeowner who disagreed with his wife and refused to consent to their entering his residence. In that 5-3 decision, Kennedy sided with the court's liberal faction.

Last month, the justices in a 9-0 decision said police may enter a home without a warrant to break up a fight in progress.

Evidence Allowed In No-knock Raid (WT)

By Jerry Seper

The Washington Times, June 16, 2006

Evidence seized by police officers who have a warrant but fail to follow the "knock and announce" rule before entering a suspect's home is still admissible in court, a divided 5-4 Supreme Court ruled yesterday.

Justice Antonin Scalia, writing for the majority, said a long-established knock-and-announce rule never was intended to protect a person's right to prevent the government "from seeing or taking evidence described in a warrant."

Justice Scalia, noting that Detroit police admitted that they violated the rule in a drug raid, said that regardless of the "misstep," the officers would have seized the drugs and gun inside the house when executing the warrant.

The majority opinion said allowing judges to throw out such incriminating evidence "always entails ... the risk of releasing dangerous criminals ..." and would "generate a constant flood of alleged failures to observe the rule."

"Another consequence ... would be police officers' refraining from timely entry after knocking and announcing ... producing preventable violence against officers in some cases, and the destruction of evidence in many others," Justice Scalia wrote.

Joining in the majority opinion were Chief Justice John G. Roberts Jr. and Justices Anthony M. Kennedy, Clarence Thomas and Samuel A. Alito Jr.

The minority opinion, written by Justice Stephen G. Breyer, called the ruling "doubly troubling." It "destroys the strongest legal incentive to comply with the Constitution's knock-and-announce" and did so "without significant support in precedent."

"I can find nothing persuasive in the majority's opinion that could justify its refusal to apply the rule," Justice Breyer said. "Without that unlawful entry they would not have been inside the house; so there would have been no discovery.

"Of course, had the police entered the house lawfully, they would have found the gun and drugs. But that fact is beside the point," he said.

Justice Breyer was joined by Justices John Paul Stevens, David H. Souter and Ruth Bader Ginsburg.

The Cato Institute called the ruling "regrettable."

"Because of today's decision, we can expect to see an even more pronounced increase in the use of illegal, military-style no-knock raids. And we can expect to see more innocent civilians wrongly targeted," the Cato Institute said in a statement.

But Kent Scheidegger, legal director for the California-based Criminal Justice Legal Foundation, applauded the ruling, saying the court's refusal to expand the exclusionary rule for evidence was "very important to law enforcement."

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"The knock-and-announce rule regulates how to conduct a search rather than whether a search can take place," he said.

The case involved an Aug. 27, 1998, arrest by Detroit police who had obtained a search warrant for drugs and guns at the home of Booker Hudson. After entering the home, police found large quantities of drugs, including rock cocaine in Hudson's pocket, and a loaded gun lodged between the cushion and armrest of the chair in which he was sitting.

Hudson was charged with unlawful drug and firearm possession. Later, he was convicted on drug charges, acquitted on the firearm charge and sentenced to 18 months' probation. He challenged the arrest, saying the unannounced entry by police violated his Fourth Amendment rights against unreasonable searches and seizures.

In 1995, the Supreme Court ruled in an Arkansas case that the Fourth Amendment required police officers executing search warrants to knock and announce their presence before entering. The decision also recognized that in some circumstances a search still would be legal without a knock-and-announce by police.

Former Justice Sandra Day O'Connor, whom Justice Alito replaced, appeared to oppose the Detroit search when the case was argued in January and was expected to have voted against it.

Supreme Court Backs Wide Police Search Powers (KRT)

By Stephen Henderson

Knight Ridder, June 15, 2006

WASHINGTON - A divided Supreme Court said Thursday that police with search warrants who barged into homes without knocking didn't risk having evidence they uncovered tossed out at trial, a ruling that civil liberties advocates called a major blow to privacy protections.

The 5-4 decision turns on a distinction drawn between how police enter a home and what they find once they're inside.

Yes, the so-called knock-and-announce rule is violated when police fail to announce their presence and wait a reasonable amount of time before entering someone's home. But no, that violation isn't sufficiently related to what they find during a search to justify banning drugs, guns or any other evidence that's uncovered from later criminal proceedings.

Justice Antonin Scalia said the increasing professionalism of police and the threat of civil suits was enough of a deterrent to keep officers from abusing their authority.

To exclude evidence from a trial merely because of an entry violation, the court said, would unnecessarily increase the risk of "grave, adverse" consequences, including the technical exoneration of guilty - and often dangerous - criminals.

The "jackpot" for criminals would be enormous, wrote Scalia, who was joined by Chief Justice John G. Roberts and Justices Anthony Kennedy, Clarence Thomas and Samuel Alito. He said the court essentially would be issuing "get-out-of-jail-free" cards if it indulged suppression of evidence based on an entry violation.

Scalia, Roberts, Thomas and Alito went further, and seemed to question decades of precedents on the exclusionary rule, which calls for booting evidence when police break the law during a search. Kennedy didn't join that part of the opinion, however, and wrote a concurrence that said the exclusionary rule wasn't in jeopardy.

Justice Stephen Breyer penned a sharp dissent that accused the court of misreading its own precedents and defying "elementary logic." Compliance with knock-and-announce procedure is one way that the court judges the reasonableness of a search under the Constitution's Fourth Amendment, he wrote. And the threat of losing valuable evidence for defying the rules is the "driving purpose" behind provisions such as the knock-and-announce requirement.

The court's ruling means that a Detroit man's conviction for drug possession stands, despite the fact that police rushed into his home without knocking. Once inside, they found crack cocaine in Booker Hudson's pockets.

Hudson's attorneys, relying on a line of court decisions over the last decade, said the officers' failure to knock and announce themselves before entering made the evidence they obtained the "fruit" of a "poisonous tree."

That idea is bedrock in Fourth Amendment law, which governs when and how government may search a citizen's home or person. It presumes, most of the time, that any illegal action during a search taints all the evidence that's turned up. It's the reason that confessions that come after a beating aren't any good and that an unreasonable search performed without a warrant can't help convict someone.

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Scalia wrote, though, that "the interests protected by the knock-and-announce requirement are quite different." He said the rule was intended to protect police whose unannounced entry might trigger a self-defense instinct by a homeowner, to give citizens the chance to comply with requests for police access and to give homeowners time to "collect" themselves before answering the door.

Those interests don't extend to shielding relevant evidence from government eyes, he wrote.

Breyer said the court's opinion "weakens, perhaps destroys, much of the practical value of the Constitution's knock-and-announce protection." He said separating the manner of entry from the ensuing search "slices the violation too finely." He said the failure to knock and announce wasn't an independent event, but a "factor that renders the search constitutionally defective."

High Court Allows Use Of Evidence Taken In Violation Of Knock Rule (WSJ)

By Jess Bravin And Ben Winograd

The Wall Street Journal, June 16, 2006

WASHINGTON -- Prosecutors can use evidence taken in violation of the Fourth Amendment requirement that police knock and announce themselves before entering a home, the Supreme Court ruled.

The 5-4 opinion, by Justice Antonin Scalia, acknowledged that such entries are unconstitutional, but not serious enough to invoke the traditional sanction for unlawful searches: exclusion of the evidence they yield.

Plus, read the Supreme Court opinions in Hudson v. Michigan3, Empire Healthchoice v. McVeigh4, Howard Delivery Service v. Zurich American Insurance5 and Kircher v. Putnam Funds6, by arrangement with FindLaw.

The price of applying the so-called exclusionary rule sometimes includes "setting the guilty free and the dangerous at large," Justice Scalia wrote. Other remedies, such as civil damages or internal discipline by a police department, were adequate for violations of "the right not to be intruded upon in one's nightclothes."

In a dissent by Justice Stephen Breyer, the court's four liberal-leaning members argued that such remedies largely were illusory, and thus the majority "destroys the strongest legal incentive to comply with the Constitution's knock-and-announce requirement."

Justice Clarence Thomas and President George W. Bush's two appointees, Chief Justice John Roberts and Justice Samuel Alito, joined the majority. Justices John Paul Stevens, David Souter and Ruth Bader Ginsburg joined the dissent.

The case was argued in January when Justice Sandra Day O'Connor was on the court, and reargued after she retired. Justice Anthony Kennedy -- seen as inheriting the court's ideological midpoint from Justice O'Connor -- concurred in the result, but he wrote separately, suggesting stronger remedies might be needed for a "demonstrated pattern of knock-and-announce violations."

The case came from Detroit, where police bearing a warrant to search for drugs and guns waited several seconds after shouting, "Police, search warrant," to enter a suspect's house. Inside, they found what they were looking for. Prosecutors conceded police violated the rule, and the trial judge threw out the evidence. A Michigan appeals court reversed, and the defendant appealed to the Supreme Court.

Police officers generally are required to give a suspect a chance to voluntarily admit them inside their home before entering and searching it. Justice Scalia explained three purposes behind the knock-and-announce rule: keeping surprised occupants from reflexively attacking intruding police; sparing residents the cost of repairing broken doors; and safeguarding "elements of privacy and dignity."

But the rule "has never protected ... one's interest in preventing the government" from obtaining evidence listed in a warrant, Justice Scalia wrote. Had police obeyed the rule, it might have delayed their entry by several more seconds, but they would have found the evidence anyway.

Zealous enforcement of the knock-and-announce rule would tie courts in knots, he wrote, forcing them to spend hours deciding "how many seconds' wait are too few."

Justice Breyer's dissent accused the majority of abandoning doctrines that had developed since 1914, when the court first imposed the exclusionary rule on federal officers.

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The dissent noted many exceptions to the knock-and-announce rule already exist, including when police reasonably suspect that obeying it would expose them to danger or allow suspects to destroy evidence.

(Hudson v. Michigan)

Separately, the justices found a federal appeals court erroneously dismissed a suit by mutual-fund holders who claimed managers facilitated market timing, or the practice in which investors find ways to buy into a mutual fund before the fund's price fully reflects underlying movements of the stocks in that fund, profiting from the discrepancy.

The decision sent the suit back to the state court where it originally was filed -- but under another high-court ruling from March, it likely will be dismissed again.

(Kircher v. Putnam Funds Trust)

The Don't-Bother-to-Knock Rule (NYT)

The New York Times, June 16, 2006

The Supreme Court yesterday substantially diminished Americans' right to privacy in their own homes. The rule that police officers must "knock and announce" themselves before entering a private home is a venerable one, and a well-established part of Fourth Amendment law. But President Bush's two recent Supreme Court appointments have now provided the votes for a 5-4 decision eviscerating this rule.

This decision should offend anyone, liberal or conservative, who worries about the privacy rights of ordinary Americans.

The case arose out of the search of Booker T. Hudson's home in Detroit in 1998. The police announced themselves but did not knock, and after waiting a few seconds, entered his home and seized drugs and a gun. There is no dispute that the search violated the knock-and-announce rule.

The question in the case was what to do about it. Mr. Hudson wanted the evidence excluded at his trial. That is precisely what should have happened. Since 1914, the Supreme Court has held that, except in rare circumstances, evidence seized in violation of the Constitution cannot be used. The exclusionary rule has sometimes been criticized for allowing criminals to go free just because of police error. But as the court itself recognized in that 1914 case, if this type of evidence were admissible, the Fourth Amendment "might as well be stricken."

The court ruled yesterday that the evidence could be used against Mr. Hudson. Justice Antonin Scalia, writing for the majority, argued that even if police officers did not have to fear losing a case if they disobeyed the knock-and-announce rule, the subjects of improper searches could still bring civil lawsuits to challenge them. But as the dissenters rightly pointed out, there is little chance that such suits would keep the police in line. Justice Scalia was also far too dismissive of the important privacy rights at stake, which he essentially reduced to "the right not to be intruded upon in one's nightclothes." Justice Stephen Breyer noted in dissent that even a century ago the court recognized that when the police barge into a house unannounced, it is an assault on "the sanctity of a man's home and the privacies of life."

If Justice Sandra Day O'Connor had stayed on the court, this case might well have come out the other way. For those who worry that Chief Justice John Roberts and Justice Samuel Alito will take the court in a radically conservative direction, it is sobering how easily the majority tossed aside a principle that traces back to 13th-century Britain, and a legal doctrine that dates to 1914, to let the government invade people's homes.

Court To Cops: Knock The Door Down (LAT)

The Los Angeles Times, June 16, 2006

IN A DECISION THAT MIGHT HAVE gone the other way if Justice Sandra Day O'Connor hadn't retired, the U.S. Supreme Court on Thursday needlessly gutted a venerable protection for personal privacy. By a 5-4 vote — with Samuel A. Alito Jr., O'Connor's replacement, in the majority — the justices ruled that Detroit police who entered a suspect's home unlawfully would not suffer the usual penalty for an illegal search: exclusion of the evidence at trial.

The court upheld the conviction of Booker T. Hudson, who was arrested after police, armed with a warrant, found drugs and firearms in his apartment. So what was the problem with the search? As the state of Michigan conceded, the police violated a 4th Amendment rule requiring that they make their presence known to the target of the search before rushing in.

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This "knock and announce" rule is not a newfangled creation of softheaded liberal judges. Even Justice Antonin Scalia, the author of the majority opinion in this case, conceded that "the common-law principle that law enforcement officers must announce their presence and provide residents an opportunity to open the door is an ancient one." But having identified that principle, Scalia went on to trash it by holding that the evidence the police found could be used against Hudson at trial.

Reaching that conclusion required some heavy-duty legal hair-splitting. The seizure of the evidence, Scalia wrote, did not result from the officers' refusal to announce themselves and wait more than a few seconds for the door to be opened. "Whether that preliminary misstep had occurred or not," Scalia argued, "the police would have executed the warrant they had obtained and would have discovered the gun and drugs inside the house."

Dissenting Justice Stephen Breyer countered persuasively that the question was what the officers actually did. "Although the police might have entered Hudson's home lawfully," Breyer wrote for himself and three colleagues, "they did not in fact do so. Their unlawful behavior inseparably characterizes their actual entry; that entry was a necessary condition of their presence in Hudson's home; and their presence in Hudson's home was a necessary condition of their finding and seizing the evidence."

The dispute between Scalia and Breyer is more than an abstract law school debate. It has ominous real-world consequences. If police feel they needn't announce their presence before executing a warrant, some of them won't — sometimes endangering themselves, sometimes endangering the occupants of the residence they have arrived to search. Scalia's opinion gives the police exactly that sort of blank check by removing the best deterrent to police misconduct: the exclusion of evidence at trial.

Many Americans may shake their heads at the idea that, as the late Justice Benjamin Cardozo once complained, the "criminal is to go free because the constable has blundered." Yet holding police accountable protects not only criminals but anyone who might be the target of overreaching or reckless police conduct. One of the officers who served the warrant on Hudson said that, after announcing themselves, police waited about as long as "it took me to go in the door." Is that the way you'd want to be served with a warrant?

A TR 'Nut' Savors His Big Find (PHI)

By John Shiffman

The Philadelphia Inquirer, June 16, 2006

For 17 years, Robert Goldman policed the art world as a federal prosecutor based in Philadelphia. He helped recover $150 million worth of stolen artifacts - works by Rembrandt and Norman Rockwell, gold Peruvian body armor, an original copy of the Bill of Rights.

But it wasn't until this week that Goldman snagged his white whale, an artifact that disappeared in 1990, shortly after he began working the art-crime beat.

It was Teddy Roosevelt's priceless Colt revolver, the one the future president carried as he led his famous charge up San Juan Heights during the Spanish-American War. Someone had stolen it from a display case on the grounds of Sagamore Hill National Historic Site in Long Island, N.Y., Roosevelt's home from 1885 until his death in 1919.

"I felt like a kid returning it," said Goldman, now a lawyer in private practice with Fox Rothschild L.L.P. in Philadelphia. "I'm a Roosevelt nut."

To say that Goldman is a TR aficionado is like saying Gov. Rendell likes to snack now and then. The lawyer owns 150 books on Roosevelt and credits the colorful president with "shaping modern America." He also sports a drooping, bushy TR mustache.

"Bob's got what one would call a period look going," said Amy Verone, the curator at the historic site.

Goldman and his former partner, FBI agent Robert Wittman, returned the gun to Cove Neck during a brief ceremony Wednesday. As he posed for pictures with the weapon, the 53-year-old lawyer grinned like a star-struck groupie.

"I felt like a kid; my wits weren't with me while I was there," he said. "I felt a good connection with TR. For me, just the fact that I can help recover something for someone who is my hero or mentor or whatever, it's fabulous. It's history."

The .38-caliber revolver was given to Roosevelt in 1898 by his brother-in-law, a diver who recovered it from the USS Maine, the ship whose sinking sparked the Spanish-American War. Roosevelt carried it up the hill to honor the soldiers who died.

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"This revolver is one of the icons one associates with Theodore Roosevelt, along with his Rough Rider uniform and hat," said Greg Marshall, the superintendent at Sagamore Hill.

After the gun was stolen from Sagamore Hill in 1990, Goldman and Wittman tried for years to track it.

"Whenever we'd go to gun shows, we'd ask dealers about it," Goldman said. "We got nothing."

Goldman vowed to find it before he retired this year as a prosecutor. He left the government in April, a few months after the gun was discovered, and two months before its formal return. Goldman said the couple who had the gun won't be prosecuted - or identified - because there's not enough evidence to determine who stole it.

"As investigations go, it turned out that this one wasn't very juicy," he said.

Late last year, out of nowhere, a man from Daytona Beach, Fla., called employees at Sagamore Hill to say he knew how to find the gun.

"We'd had false starts before," said Verone, who recalled speaking with the man. "We weren't sure initially."

The man explained that he was having an affair with a woman whose husband had the Roosevelt weapon. He offered to try to fetch it.

"He had been shown the gun," Verone said. "And he kept saying, 'It doesn't belong to the person who has it. It belongs to Theodore Roosevelt. It belongs to the American people. It belongs at home.' "

Park Service employees called Wittman, and within two hours, he had agents at from the bureau's Daytona Beach office meet the man to recover the gun.

"It was not exactly a rugged investigation," Verone said. "A guy calls you on the phone and gives you a gift. Hey, I'm happy to have the gift."

It was a bit more than a gift, the FBI agent said. "Luck is the result of a lot of preparation that allows you take advantage of situations when they happen," Wittman said.

Goldman agreed. No matter how the case was solved, it seemed perfect that it became his last as a prosecutor.

Ky. Court Rules Inmate Can Be Executed (FINDLAW/AP)

By Brett Barrouquere, Associated Press Writer

AP, June 16, 2006

(AP) - LOUISVILLE, Ky.-The Kentucky Supreme Court ruled Thursday that the mental age of a death row inmate does not prevent the state from executing him.

An attorney for Thomas Clyde Bowling had argued that the inmate had the mental capacity of an 11-year-old when he killed two people in Lexington in 1990, citing testimony from psychologists.

The state high court in Frankfort noted the U.S. Supreme Court's decision last year barring executions for killers who were not at least 18 years old at the time of the crime, but said the ruling did not specifically prohibit putting to death someone with a mental age below that.

"There is simply no language to support such a conclusion," Justice Martin Johnstone wrote in a 5-0 opinion.

Johnstone wrote that there is some validity to the idea put forth by Bowling's attorneys, but that the federal high court intentionally established chronological age, not mental age, as the deciding factor.

Defense attorneys have 20 days to ask for a rehearing from the high court and they said Thursday they would seek one.

Bowling's attorney, David Barron, said he was heartened that the court said the mental age argument had merit.

"This court recognized this as a valid legal concept that all courts should be concerned about," Barron said.

Vicki Glass, a spokeswoman for Kentucky Attorney General Greg Stumbo, called the ruling "an important step toward carrying out the jury's verdict."

Bowling, 53, also has asked a federal judge to stop his execution on the grounds that he is mentally retarded.

The state supreme court rejected the claim last year, saying they found no conclusive evidence that Bowling was mentally retarded. His IQ has ranged from the mid-60s to mid-70s in different tests.

A U.S. Supreme Court ruling in 2002 bars execution of the mentally retarded as unconstitutionally cruel, but left states to decided how to ensure that mentally retarded people are not executed.

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In a case still under review by the Kentucky Supreme Court, Bowling also has challenged the legality of lethal injection.

Bowling originally was scheduled to be executed in November 2004 for shooting Lexington residents Eddie and Tina Earley outside their dry cleaning business. Their 2-year-old son also was shot in the assault but survived.

The End Of Innocence (NYT)

By David R. Dow

The New York Times, June 16, 2006

Houston

EARLIER this week, the Supreme Court decided, in a 5-to-3 opinion, that a Tennessee prison inmate named Paul G. House was entitled to prove he did not commit the crime for which he was sent to death row. On the same day, I received a letter from Centurion Ministries, which argued for more than a decade that a Virginia man named Roger K. Coleman had not committed the crime for which he was executed in 1992. The letter admitted that Centurion had been wrong.

These cases have something in common: they pivot on the question of innocence. For too many years now, though, death penalty opponents have seized on the nightmare of executing an innocent man as a tactic to erode support for capital punishment in America.

Innocence is a distraction. Most people on death row are like Roger Coleman, not Paul House, which is to say that most people on death row did what the state said they did. But that does not mean they should be executed.

Focusing on innocence forces abolitionists into silence when a cause célèbre turns out to be guilty. When the DNA testing ordered by Gov. Mark Warner of Virginia proved that Mr. Coleman was a murderer, and a good liar besides, abolitionists wrung their hands about how to respond. They seemed sorry that he had been guilty after all.

I, too, am a death penalty opponent, but I was happy to learn that Mr. Coleman was a murderer. I was happy that the prosecutors would not have to live with the guilt of knowing that they sent an innocent man to death row.

The day before the DNA results were reported in the Coleman case last January, the Supreme Court heard oral arguments in the Paul House case. In Mr. House's case, the DNA testing has already been done, and it tends to suggest that he is indeed innocent. During oral arguments, however, Justice Antonin Scalia (who was one of the three dissenters when the court decided the case this week) argued that disputes over factual findings in a case can't be endlessly rehashed.

He is certainly right about that. As Justice Scalia has said elsewhere, of course we are going to execute innocent people if we have the death penalty. The criminal justice system is made up of human beings, and fallible beings make mistakes.

But perhaps that is a price society is willing to pay. If the death penalty is worth having, it might still be worth having, despite the occasional loss of innocent life. Paul House might be innocent, but how long will we keep death row inmates alive, waiting to find out?

In Mr. Coleman's case, the Virginia Supreme Court did not address the arguments that he had raised in his appeal, because his lawyer had filed the papers one day late. When the case got to the United States Supreme Court, the court, in an opinion by Justice Sandra Day O'Connor, began its analysis by saying, "This is a case about federalism."

The case did have something to do with the relationship between the Supreme Court and Virginia's highest court. But is that what the case was really about? Mr. Coleman was saying that his trial lawyer had been incompetent, and that the Virginia courts were refusing to address the question of whether his trial lawyer had been incompetent because his appellate lawyer had filed the appeal a day late.

Federalism might be a plot line in this story, but it hardly seems to be the major issue. When the Supreme Court brushed aside Mr. Coleman's appeal 15 years ago, the justices said that a death row inmate cannot complain when his lawyer misses a filing deadline, because the lawyer is the agent of the client, and clients are responsible for the failings of their agents.

As a result of this syllogism, my client Johnny Joe Martinez was executed in 2002, because his court-appointed appellate lawyer neglected to file a proper appeal — a mistake he freely admitted to, attributing it to inexperience. When the Martinez case reached the federal courts, those courts, invoking the Coleman decision, said too bad for Mr. Martinez; the mistake of his lawyer was attributable to him. I could go on with other examples.

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Of the 50 or so death row inmates I have represented, I have serious doubts about the guilt of three or four — that is, 6 to 8 percent, about what scholars estimate to be the percentage of innocent people on death row.

In 98 percent of the cases, however, in 49 out of 50, there were appalling violations of legal principles: prosecutors struck jurors based on their race; the police hid or manufactured evidence; prosecutors reached secret deals with jailhouse snitches; lab analysts misrepresented forensic results. Most of the cases do not involve bogus claims of innocence, like the one that swirled for 15 years around Roger Coleman, but the government corruption that the federal courts overlook so that the states can go about their business of executing.

The House case will make it hard for abolitionists to shift their focus from the question of innocence, but that is what they ought to do. They ought to focus on the far more pervasive problem: that the machinery of death in America is lawless, and in carrying out death sentences, we violate our legal principles nearly all of the time.

David R. Dow, a law professor at the University of Houston, is the author of "Executed on a Technicality: Lethal Injustice on America's Death Row."

VA Data Theft Not Linked To Other Crimes (AP)

By Hope Yen

AP, June 15, 2006

Police investigating the theft of private data on 26.5 million veterans and military troops said Thursday they have no evidence the crime is related to other burglaries in which computers were resold after the hard drives were erased.

Police said they still believe the May 3 burglary was random and that thieves were not aware of the data when they stole a personal laptop and external hard drive from a Veterans Affairs employee's Aspen Hill, Md., home.

Last week, VA Secretary Jim Nicholson told Congress that the VA remained hopeful that the May 3 burglary was a random theft, noting there had been no evidence any of the information had been used for identity theft.

Explaining police's theory in the case, Nicholson said: "They believe that these were young burglars whose goal was to get computers and computer peripheral equipment. And from other houses, like they did this house, they took a laptop and hard drive, and overlooked other valuable or semi-valuable things."

"They further think that their M.O. is to take these things, clean them up — actually erase them — and then fence them into a market for college campuses and high schools," he said.

But on Thursday, police in Montgomery County, Md., investigating the theft said that was not necessarily the case.

"It would be wrong to think that this is the only theory being considered," said spokeswoman Lucille Bauer. "We still believe there is more of a chance this was a random burglary, but we have no evidence to link this to other cases at this time."

Veterans groups have criticized the VA for a three-week delay in publicizing the May 3 burglary. The VA disclosed the burglary May 22, saying it involved the names, birth dates and Social Security numbers — and in some cases, disability codes — of veterans discharged since 1975.

Since then, it has also acknowledged that phone numbers and addresses of many of those veterans, as well as personal data for 2.2 million active-duty military, Guard and Reserve personnel, also may have been included.

On Thursday, Maryland police began distributing flyers in Aspen Hill offering a $50,000 reward for information related to the stolen Hewlett-Packard laptop and external drive. The FBI, which is also investigating, has noted that "unless the equipment is recovered, veterans will never be certain their personal information is safe."

People are asked to call 1-800-CALL-FBI or 1-866-411-TIPS if anyone purchased after May 3 a secondhand HP Pavilion Notebook Laptop, which it said could be identified as either model number zv5360us or 5300 series, or a HP External Personal Media Drive.

Investigators said it is possible the two items were sold separately. Those who turn in the equipment anonymously also may become eligible for the reward.

Malvo Claims 4 Other Shootings, Source Says (WP)

By Ernesto Londono And Eric Rich

The Washington Post, June 16, 2006

DOJ_NMG_0034756

Lee Boyd Malvo told law enforcement officials this spring that he and fellow sniper John Allen Muhammad are responsible for four shootings across the country that have not been publicly attributed to them, a source familiar with the case said.

A second source confirmed that investigators have received information implicating the snipers in those shootings, which claimed the lives of two men and wounded two others in the months before the October 2002 slayings that terrorized the Washington region. The sources declined to speak for attribution because of the sensitivity of the information.

Malvo was interviewed extensively by law enforcement officials in preparation for his testimony at Muhammad's trial last month in Maryland.

It is unclear to what degree, if any, authorities have corroborated Malvo's new claims. He has provided conflicting accounts of shootings in the past and testified last month that he lied to investigators after he and Muhammad were arrested.

The claims bring the list of confirmed and suspected sniper shootings to 27, including 17 homicides, and add two states to the list of jurisdictions that could file charges against Muhammad and Malvo.

The first previously undisclosed homicide victim was a man shot in California in February or March 2002. The second was a 37-year-old Texas man shot in the head from a distance May 27 in a sparsely populated area of Denton, about 40 miles northwest of Dallas.

The two survivors are a 76-year-old Tucson man shot May 18, 2002, at a golf course in west-central Florida and a 54-year-old Louisiana man robbed and shot Aug. 1, 2002, after leaving a shopping mall in Hammond, about 45 miles east of Baton Rouge.

Malvo also said recently that the pair was involved in five homicides and two nonfatal shootings outside the Washington area to which they had previously been linked by varying amounts of physical and circumstantial evidence.

These are the slayings of Keenya Cook, 21, of Tacoma, Wash.; Jerry Ray Taylor, 60, of Tucson; Million A. Woldemariam, 41, of Atlanta; Claudine Lee Parker, 52, of Montgomery, Ala.; and Hong Im Ballenger, 45, of Baton Rouge. The survivors are Kellie Adams, 27, of Montgomery; and Wright Williams Jr., 55, of Baton Rouge.

Unlike most of the Washington area slayings, which targeted random victims shot from afar with a powerful rifle, some of the earlier shootings were conducted at close range with a .22-caliber handgun.

In September and October 2002, the snipers committed 10 homicides and wounded six people in the Washington area. Muhammad has been convicted of murder in Virginia and Maryland for his role in the sniper shootings and is awaiting execution in Virginia. Malvo was convicted of murder in Virginia, where he was sentenced to life in prison without the possibility of parole, and has agreed to plead guilty to six counts of first-degree murder in the Maryland slayings. He took the stand against Muhammad in Maryland and testified that the snipers sought to kill more people than they did. He also testified that he expected nothing in exchange for his cooperation.

Malvo's attorneys, William Brennan and Timothy J. Sullivan, declined to comment on the information Malvo shared with law enforcement in recent months. "We are fully aware of the universe of Mr. Malvo's potential criminal problems," they said in a statement yesterday. "We have received several inquiries from other jurisdictions concerning possible investigations."

Muhammad has consistently claimed his innocence. When he defended himself at his recent trial in Montgomery County, he argued that he was framed by authorities.

Malvo told investigators that the California victim was shot at close range in Los Angeles during a robbery, the first source said. The victim's identity, the date of the shooting and other details could not be determined.

Malvo also provided general information about the victims, locations and dates in the other cases, the source said.

In one case that matches Malvo's claim, Albert Michalczyk, a retired contractor from Tucson, was shot while playing golf at Glen Oaks Golf Course in Clearwater, Fla., on May 18 while visiting his daughter.

Standing at the course's seventh hole, he heard a loud bang that the dozens of golfers in the area initially mistook for a firecracker. In fact, it was a bullet that had struck him on the upper-right side of the chest.

"I was really fortunate that it went right through my right breast," Michalczyk said in an interview. "If I hadn't been standing that way, I wouldn't be here today."

Michalczyk said the shooting still mystifies him.

"The one who was devastated was my poor grandson," he said. "He's 9 years old."

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Michalczyk said he's no longer haunted by the shooting but remains intrigued.

"I've been thinking about it," he said. "I'd like to know who did it."

Clearwater police could not be reached for comment late yesterday. Michalczyk said he considers Malvo and Muhammad suspects because Malvo's mother lived at the time in Fort Myers, Fla., which is a two-hour drive from Clearwater.

Michalczyk didn't stay long at the hospital. When he was discharged, a doctor told him he was a "lucky guy."

"You should go buy yourself a lottery ticket," the doctor told him.

Malvo also provided information that matches the killing of landscaper Billy Gene Dillon in Texas. According to police reports and interviews, Dillon was working on a yard on a quiet street in unincorporated Denton County the morning of May 27, which was Memorial Day in 2002. It was a warm day, and a storm was brewing nearby.

He was wearing blue jeans and brown boots and had 50 cents in his pocket.

About 10:15 a.m., a bullet pierced the left side of his head, blasted through his brain and exited through the right side of the skull. The high-velocity gunshot wound killed him instantly.

At 10:27 a.m., Don Lovelace, the owner of the house where Dillon was working, saw the body and dialed 911.

"Caller just pulled up and found a male in front of his [residence] with severe injuries to the head and can not confirm if he is [conscious] or [breathing]," wrote the Denton 911 dispatcher who answered the call.

The homicide was perplexing to investigators at the Denton County Sheriff's Office, which generally tackles no more than a dozen homicides a year.

"The investigation didn't uncover anyone who was mad at him," said Tom Reedy, a spokesman for the sheriff's office.

Reedy said Dillon's mother, with whom he lived, still periodically calls investigators to ask whether they have any leads.

"We were very surprised," Lovelace said in an interview. "We're kind of out in the country. We walk up and down the road. We were just shocked."

After months of chasing leads, Denton investigators in November sent ballistics evidence recovered at the scene to the Bureau of Alcohol, Tobacco, Firearms and Explosives in Washington, which was analyzing ballistics evidence from the sniper scenes. Authorities in Texas later said they had been unable to link the homicide to the snipers.

Informed by a reporter of Malvo's new claim, Reedy said he would notify the sheriff of the information.

The fourth claim made by Malvo matches the shooting of John C. Gaeta, 54, in Hammond, La.

On Aug. 1, 2002, Gaeta walked out of a Sears store at a mall in Hammond. He arrived roughly 20 minutes before 9 p.m. -- closing time -- and walked back to his 2001 Chevrolet pickup truck only to find that one of his tires had been slashed. As he began to change the tire, two black men approached him, Gaeta said in a recent interview.

"One of them said, 'What time does the mall close?' or something to that effect," Gaeta said. "Then he said, 'Looks like you have a flat tire,' and he kind of laughed about it."

The men offered to help him, but Gaeta, suspicious of their demeanor, declined. Minutes later, the younger and shorter of the two returned. Their eyes locked for an instant. Then Gaeta saw the man, standing a few feet away, point a handgun to his head.

"I just figured I was going to be dead," Gaeta said. "You see a gun pointed to your head, and you say this is it. You think about family, religion, a whole bunch of things. You can't believe this is happening to you. When you see a gun pointed to your head, you think you're never going to wake up again."

The shot sliced into the right side of his neck, tore through layers of muscle and exited about 1 1/2 inches from his spinal cord. Gaeta said he jumped to the ground and pretended to be dead. The shooter took his wallet out of his pants. He had $40 on him.

Months after being shot, Gaeta got an unexpected visit from detectives from Fairfax County. He was shown a photograph of Malvo. He said he told them that Malvo resembled the shooter but that he couldn't say so conclusively.

"It was dark, and it happened so fast," Gaeta said.

Hammond police could not be reached late yesterday.

Malvo did not describe these shootings during his testimony, but there were indications that his testimony was being strictly limited. Montgomery Circuit Court Judge James L. Ryan noted at one point that Malvo did not "intend to voluntarily testify about

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any other potential charges" beyond the shootings in October 2002. And attorney Brennan said Malvo would assert his right to remain silent "on all questions" outside of the shootings in Maryland and Virginia.

As she questioned Malvo in court May 24, Deputy State's Attorney Katherine Winfree alluded to "other matters" that he had discussed with authorities during meetings in recent weeks, matters she said he did not testify about.

"And in fact, that was a lot of the time we spent, wasn't it?" she said.

"Yes."

Muhammad mentioned Denton during his closing argument, saying investigators in the sniper case reviewed ballistics evidence from that shooting. Muhammad twice misstated the date of the shooting in a confused effort to suggest that the sniper attacks continued after he and Malvo were arrested Oct. 24, 2002.

"Denton Texas -- that particular shooting was May 27, '03. Why would people in Texas -- people they got some smart people in Texas -- why would people in Texas send around to this area pertaining to a shooting that happened . . ?"

"Your honor, he's misstating the evidence," Winfree interrupted.

The objection was sustained, but Muhammad continued on the same topic moments later. "Denton, Texas -- that was November 18, that was after Muhammad was arrested," he said.

"Your honor, he's mixing dates of reports with dates of incidents," Winfree said, leading the judge to tell Muhammad to move on.

Offender Bill To Get Nod From Governor (WP)

By Matthew Mosk

The Washington Post, June 16, 2006

Maryland Gov. Robert L. Ehrlich Jr. said that he would sign legislation passed in the predawn hours yesterday that would enhance the monitoring of convicted sex offenders and impose mandatory minimum sentences for those who prey on minors.

The Maryland House of Delegates gave final approval to the bill at 4:36 a.m. yesterday on a vote of 126 to 0. The Senate had voted 39 to 5 for the bill just minutes earlier.

In addition to Ehrlich (R), Attorney General J. Joseph Curran Jr. (D) and Baltimore Mayor Martin O'Malley (D) made the legislation a priority during the regular session of the General Assembly, which ended in April. But disagreement over mandatory jail terms prevented the bill from reaching a final vote.

Discontent over skyrocketing electricity costs forced lawmakers back to Annapolis for a rare special session Wednesday, when the offender issue was revived.

Lengthy negotiations produced 36 pages of amendments and changes, but when the bill was finally passed, backers said it was a strong new law aimed largely at better identifying and tracking convicted child sex offenders after their release from jail.

"The sexual predator package is plenty good enough to sign," Ehrlich said. "It will be signed."

Curran, who has announced plans to retire after two decades, said the decision to revive the measure was an unexpected relief, because he believes that the system in place has been inadequate.

"We've tried for six years to get this done," Curran said. "A lot of people have had deep concerns about this issue."

The legislation passed yesterday provides for more stringent monitoring of released offenders and gives police the authority to notify a broader list of community leaders when an offender moves into a neighborhood.

Offenders would be required to check in with police more frequently and regularly update their photographs for an online database.

It also calls for a team, which includes a mental health professional, to evaluate sex offenders before they are released and to determine appropriate monitoring methods, including the option of a Global Positioning System chip in an ankle bracelet.

"That will be critical," said Lisae C. Jordan, legislative counsel for the Maryland Coalition Against Sexual Assault Inc.

The second component, which prompted the most strenuous debate, dealt with sentencing rules. Republican lawmakers led the charge for "nonsuspendable, nonparolable, mandatory 25-year sentences" for those who commit violent sex crimes against children 13 or younger.

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Some Democrats, however, raised concerns about the proposal, known as "Jessica's Law" because it is modeled on a Florida law passed after a 9-year-old girl was killed by a convicted sex offender.

"I think mandatory minimum sentences are a mistake," said Sen. Brian E. Frosh (D-Montgomery). "There is no one-size-fits-all justice." Frosh noted that certain crimes punishable by the stiff sentences could inadvertently apply in circumstances where both offenders are teenagers and are engaged in consensual acts. The eventual compromise excluded those cases.

Del. Anthony J. O'Donnell (R-Calvert), one of the most strident advocates for mandatory minimums, said early yesterday that the compromise was a victory. "It's a big, big step forward for our kids," he said.

Developments Bar Sex Offenders (USAT)

By Wendy Koch

USA Today, June 16, 2006

Private housing developers are joining a surging number of communities that are telling convicted sex offenders who need a place to live: "Not in my backyard."

A Texas-based company, I&S Investment Group, is breaking ground this summer on a 154-lot development in Lenexa, Kan., that will bar registered sex offenders. If someone is convicted of a sex crime while living there, the subdivision will fine the person $1,500 daily until he or she moves. The group has sold out all 150 lots in its first such development in Lubbock, Texas, begun 10 months ago, and plans to offer 250 more lots there this fall.

"The sex offender deal has improved demand. It's probably increased our sales three to four times," says I&S partner Clayton Isom, 24. "We're fighting sex offenders head on."

Another Texan, Taylor Goodman, today launched a website, Blockwatcher.com, listing homes for sale that have no registered sex offenders living within a half-mile radius. He says only 20% of available homes will qualify.

"These guys are just everywhere," Goodman says of roughly 567,000 sex offenders registered nationwide. The site carries disclaimers, however, noting that thousands of offenders haven't registered and thousands more have listed phony addresses.

The new private efforts complement an accelerating push by states and cities to bar sex offenders from living near schools or playgrounds. Hundreds of cities, including more than a dozen this year alone, have approved such ordinances, some of which block out entire downtowns.

At least 15 states have enacted such laws, including three (Nebraska, Mississippi and South Dakota) that did so for the first time this year and two (Georgia and Indiana) that expanded prior restrictions. Others, including California and Pennsylvania, restrict offenders on parole or probation. The restrictions have increased despite U.S. data showing sex crimes against children have decreased in the last decade.

"It's grown out of public demand" fueled by media coverage of high-profile cases, says Blake Harrison, analyst at the National Conference of State Legislatures. "Nobody wants them (sex offenders) in their backyard."

Several restrictions on where sex offenders can live, including Iowa's statewide law, have been upheld in court.

Banning sex offenders from private property does not violate the Fair Housing Act, but restrictions by states and cities are worrisome, says Brett Shirk of the American Civil Liberties Union of Kansas & Western Missouri.

"Everybody wants a sex-offender-free neighborhood, but it is an unfortunate fact, they are going to live somewhere," he says. "What's going to happen is they're going to go underground and create a nightmare for law enforcement."

The restrictions may give a false sense of security, because they do not bar offenders from traveling into a prohibited area, says Carolyn Atwell-Davis of the National Center for Missing & Exploited Children. The private group prefers better tracking of offenders, workplace restrictions and increased penalties for non-registration.

The bans focus on strangers, but parents need to understand that 80% of offenders know their victims, says John La Fond, author of Preventing Sexual Violence: How Society Should Cope With Sex Offenders.

He says as more communities impose restrictions, neighboring ones will pass copycat laws for their own protection.

CIVIL LAW:

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Honeywell Agrees To Pay U.S. $2.6M To Settle False Claims Charges (AP)

By Jeffrey Gold

AP, June 16, 2006

NEWARK, N.J. - Honeywell International Inc. has paid the federal government $2.625 million to settle charges it failed to properly test packaging for sensitive parts used by the Defense Department and NASA, authorities said Thursday.

Fifteen percent of the settlement, or $393,750, went to a California company and one of its executives, who brought a whistleblower lawsuit several years ago against Morris Township-based Honeywell.

Honeywell was accused of violating the False Claims Act over testing of electrostatic protective metallic sheets that were to package more than 186,000 sensitive parts, the Justice Department said.

A Justice spokesman, Charles Miller, said he could not comment on the nature of the parts but said none were damaged because of the packaging.

The lawsuit charged that Honeywell knowingly made and sold sheets that did not meet military specifications. Honeywell disputed the allegations, said court papers unsealed with the settlement.

Messages seeking comment from Honeywell were not immediately returned Thursday after the U.S. Justice Department announced the settlement.

The deal was approved May 22 by U.S. District Judge Dickinson R. Debevoise in Newark.

Caltex Plastics, of Vernon, Calif., was a purchaser of Honeywell sheets, which it would make into bags and other products, said its lawyer, Robert G. Klein.

During the course of a prior lawsuit between the two companies, Caltex and its vice president, Jim Higgs, determined that Honeywell was selling goods to the military that had not gone through proper testing, Klein said.

That prompted the whistleblower lawsuit, which was joined by the federal government.

Shares of Honeywell, which have been trading in a 52-week range of $32.68 to $44.48 per share, rose 91 cents, or 2.4 percent, to close at $38.93 Thursday on the New York Stock Exchange.

ON THE NET

Honeywell: http://www.honeywell.com

Caltex Plastics: http://www.caltexplastics.com

Feds: NJ Hospital Co. To Pay $265M In Medicare Billing Settlement (SDUT/AP)

By Wayne Parry, Associated Press

The San Diego Union-Tribune, June 16, 2006

NEWARK, N.J. – New Jersey's largest health care provider will pay $265 million to settle federal charges that it cheated Medicare out of more than half a billion dollars by inflating charges for seriously ill patients, prosecutors said Thursday.

The agreement between prosecutors and Saint Barnabas Health Care System, which operates nine hospitals and a behavioral treatment center in New Jersey, concerns a program Medicare provides to supplement its normal payments.

Prosecutors allege that between October 1995 and August 2003, Saint Barnabas hospitals deliberately inflated charges for inpatient and outpatient care under the Medicare program, the federal health care insurance program for people aged 65 and over, and for the disabled. It is designed to increase reimbursements to hospitals that care for people with medical complications.

As part of the settlement, under which Saint Barnabas did not admit wrongdoing, authorities said the hospital system must accept an outside monitor who will supervise its Medicare billings for the next six years.

In a statement, Michael Slusarz, vice president for public relations and marketing at Saint Barnabas, said the company cooperated with the government during the inquiry.

"This agreement will allow us to focus our energy and resources on our mission of providing the highest quality of care to our patients," he said. "We are pleased this matter is now behind us and look forward to continuing to serve the citizens of New Jersey."

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Authorities said it is the first settlement involving Medicare's supplemental reimbursement program, but added that others are pending around the country.

“Saint Barnabas was a man who gave away all his worldly goods to follow a higher calling,” said Les Wiser Jr., special agent in charge of the Newark FBI office. “If he were alive today, he would surely be ashamed at what has been done in his name.”

First Assistant U.S. Attorney Ralph Marra Jr. said the hospital system “overreached” by padding bills submitted to the government.

The problem occurred when the hospitals started tacking on extra charges, such as the cost of nursing, housecleaning and other routine expenses, making a patient's treatment appear more costly than it actually was, authorities said.

“Saint Barnabas, in a very systematic way, gamed the system and exploited loopholes in the reimbursement system to obtain more money than they were entitled to,” Marra said.

He added no hospital employee derived a personal financial benefit from the overpayments.

Government prosecutors said they became aware of the allegations in 2002 when three whistleblowers filed sealed lawsuits alleging that Saint Barnabas was overcharging Medicare. Prosecutors would not say how the whistleblowers knew about what was going on, and said the amount of the settlement they would be entitled to under federal law has not yet been determined. But payments usually range from between 15 to 25 percent of the settlement, authorities said.

Although Marra said the amount of wrongful payments exceeded $500 million, the government took into account the corporation's ability to pay in calculating a settlement amount.

“As the largest health care organization in the state, we did not want to put them out of business,” he said.

Marra said such activity is “not unique” to Saint Barnabas, but he would not say whether other hospitals in New Jersey are under investigation for similar overcharging.

The corporation operates Saint Barnabas Behavioral Health Center in Toms River and nine hospitals in the state: St. Barnabas in Livingston; Clara Maass, with campuses in Belleville and Kearny; Newark Beth Israel Medical Center; Children's Hospital in Newark; Union Hospital; Monmouth Medical Center in Long Branch; Kimball Medical Center in Lakewood; Community Medical Center in Toms River.

Saint Barnabas To Settle Fraud Charges (NSL)

By JOHN P. MARTIN, Star-Ledger Staff

Newark Star-Ledger, June 16, 2006

Hospital network to pay feds $265 million for 8 years of alleged Medicare bilk

Saint Barnabas Health Care System, New Jersey's largest medical network, will pay a record $265 million to settle charges that it bilked the government by inflating costs on tens of thousands of Medicare claims.

The settlement, announced yesterday by federal prosecutors in Newark, represented a first-of-its-kind agreement for a form of health care fraud that has been largely invisible to patients but has cost taxpayers billions of dollars in the past decade.

The agreement spares Saint Barnabas or its officers from criminal charges but requires the West Orange-based hospital system to enter into a corporate integrity agreement, appoint a compliance officer and permit regular monitoring of its Medicare billings for the next six years.

Between 1995 and 2003, prosecutors said, the network's nine hospitals filed tens of thousands of inflated claims for reimbursement of the costliest treatments. Patients under such care are called "outliers" because their needs stretch beyond typical parameters of Medicare definitions.

The government more than a decade ago agreed to outlier payments to prevent hospitals from turning away the neediest patients. But rampant abuse has led to a wave of new investigations.

Saint Barnabas, for instance, collected more than $500 million in Medicare outlier payments that it didn't deserve, investigators said.

"Saint Barnabas, in a very systematic way, gamed the system and exploited loopholes in this reimbursement procedure," First Assistant U.S. Attorney Ralph Marra said. "They were caught -- we are getting them to pay the money back."

NATIONAL MODEL

Seven government agencies and departments participated in the negotiations, and the result could be used as a national model for settlements with hospital networks, Marra said. He declined to say if other investigations or deals are looming.

A four-paragraph statement released by Saint Barnabas' public relations office said the chain was "pleased to have resolved an outstanding inquiry" into its billing practices. In the agreement, the hospital system denied any wrongdoing or liability.

The statement from spokesman Michael Slusarz also said the arrangement protected Saint Barnabas' financial standing, but one investor service warned yesterday that the news could prompt a downgrade on its debt rating.

The payments will be spread over six years. The first $45 million check is due July 1.

With 5,000 doctors and more than 22,000 employees, Saint Barnabas is the state's second-largest private employer. It treats more than 2 million people each year at facilities in Livingston, Belleville, Toms River, Newark, Lakewood, Long Branch, Wayne, West Orange and Union.

The investigation stemmed from two whistleblower lawsuits filed under seal in Pennsylvania and New Jersey since 2002 and only partially unsealed yesterday. The three plaintiffs in those cases are expected to share as much as 25 percent of the payout, or up to $66 million.

One is James T. Monahan, a Little Silver resident and former chief executive at the now-defunct Memorial Medical Center in South Amboy. His attorney, Marc Raspanti, said Monahan hoped his efforts "will lead to real change in the hospitals' outlier system."

GAMING THE SYSTEM

Outlier payments are easy to manipulate because they tend to be complicated and subjective, prosecutors said.

Under typical Medicare rules, procedures such as an appendectomy generate a flat-fee reimbursement. But if the patient is elderly and has chronic conditions or other diseases, his or her hospitalization could last weeks. By claiming that patient as an outlier and inflating the costs of that treatment, hospitals ensured themselves a higher Medicare payment that often went unchecked.

Outlier costs are supposed to hover between 5 and 6 percent of total Medicare payouts to hospitals nationally, but have crept into the double digits. Congress moved to tighten loopholes in the regulations three years ago, but the scope of the fraud is just becoming apparent.

"This was big-time looting," said Patrick Burns, a spokesman for Taxpayers Against Fraud in Washington, D.C., a consumer advocacy group. "This was fraud calculated by MBAs."

Burns predicted that more hospitals in New Jersey and across the country will become entangled in criminal or civil cases over outlier payments. "This is the edge of the wedge," he said.

Dallas-based Tenet Healthcare, the nation's second-largest hospital system, has agreed to repay $215 million to investors who sued over its mishandling of outlier payments.

In New Jersey, Saint Barnabas was the state's largest Medicare biller. Between 1995 and 2003, the company collected $4.l billion in Medicare receipts, although it is unclear what portion of the money stemmed from outliers.

Only parts of Monahan's lawsuit were unsealed. It describes him as a financial management consultant to the hospital industry, but doesn't explain how he learned of the fraud at Saint Barnabas. It recounted a 1999 or 2000 meeting of Saint Barnabas officials where at least one executive stated that the network's "corporate goals" included maximizing outlier payments.

DIFFERENT RATES

Between 1998 and 2001, he alleged, the hospitals' outlier costs were more than 15 percent of its total Medicare claims, or at least three times the preferred level. Among the ways it achieved that, he alleged, was by charging higher rates for Medicare patients than for non-Medicare patients.

"Indeed, the sole reason the defendant hospitals inflated charges to Medicare and other federal government agencies was to obtain outlier payments to which they were not legally entitled," the lawsuit claimed.

His lawsuit appears to name many other hospitals as defendants, but those names remain under seal and prosecutors would not discuss them.

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The lawsuit, and a related one filed in Philadelphia, triggered a criminal investigation by the FBI, the Office of the Inspector General of the Department of Health and Human Services, and the U.S. Postal Inspection Service. Yesterday's settlement ends those lawsuits.

Assistant U.S. Attorney Stuart Minkowitz, one of the prosecutors on the case, said Monahan and the Pennsylvania plaintiffs, Peter Salvatori and Sara Iverson, are likely to share between 15 and 25 percent of the settlement, but that the government has yet to decide how large the payout will be.

The agreement was unrelated to a separate $3.8 million Medicare overbilling settlement that Saint Barnabas reached last December with prosecutors, or to other similar cases involving the University of Medicine and Dentistry of New Jersey or Cathedral Healthcare Systems.

U.S. Attorney Christopher Christie recused himself from the case because his family foundation has donated to Saint Barnabas, his office said.

Leslie Wiser, the special agent in charge of the FBI's Newark division, noted that Saint Barnabas was "a man who gave away all his worldly goods to follow a higher calling."

"If he was alive today," Wiser said, "he would surely be ashamed at what has been done in his name."

Staff writers Carol Ann Campbell and Ted Sherman contributed to this report. John P. Martin covers federal courts and law enforcement. He may be reached at (973) 622-3405 or jmartin@starledger.com..

Hospital Chain To Pay $265M To Settle Whistleblower Suits (LAW)

By Shannon P. Duffy, The Legal Intelligencer

Legal Intelligencer, June 16, 2006

A New Jersey hospital chain will pay $265 million to settle a pair of whistleblower lawsuits that claimed it had systematically inflated charges to Medicare patients in order to obtain enhanced reimbursements, Justice Department lawyers said Thursday.

According to court papers, the massive settlement by Saint Barnabas Corp. -- the largest health care system in New Jersey and second largest employer in the state -- could be just the first in a wave because numerous other unidentified hospitals are apparently facing similar accusations.

The settlement could also lead to huge rewards for the three whistleblowers, who are represented by Philadelphia attorneys Peter F. Vaira and John E. Riley of Vaira & Riley, and Marc S. Raspanti of Miller Alfano & Raspanti.

In the suits, the whistleblowers claimed Saint Barnabas was abusing a Medicare provision that provides for supplemental payments for unusually expensive cases, referred to as "outliers."

Justice Department lawyers said yesterday that between October 1995 and August 2003, the nine hospitals operated by West Orange, N.J.-based Saint Barnabas "purposefully inflated charges for inpatient and outpatient care to make these cases appear more costly than they actually were."

Whistleblower lawsuits, also known as qui tam actions, allege claims under the False Claims Act. Initially, such cases are filed under seal and immediately referred to the local U.S. Attorney in order to give the Justice Department the option of pursuing the case. The two suits that led to Thursday's settlement were only partially unsealed, suggesting that other hospitals may also have been named as defendants.

A redacted copy of one of the lawsuits, unsealed by U.S. District Judge Juan R. Sanchez, shows that the identities of numerous additional defendants have been blacked out. Sanchez ordered that the original version of the suit must remain under seal.

In a press release, Assistant Attorney General Peter Keisler, head of the Justice Department's Civil Division, said, "Today's settlement demonstrates the United States' determination to make sure health care providers do not overcharge the Medicare program."

In the settlement, Saint Barnabas did not admit to any wrongdoing, but it entered into a "corporate integrity agreement" in which it promised to take a series of steps to ensure compliance with Medicare regulations and policies in the future.

Vaira and Riley filed suit in U.S. District Court in Philadelphia on behalf of two whistleblowers, Peter Salvatori and Sara C. Iverson.

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Raspanti filed a similar suit in U.S. District Court in New Jersey on behalf of James T. Monahan.

Both suits were filed in November 2002 and apparently sparked a massive federal investigation involving both the Philadelphia and New Jersey U.S. Attorney's offices; the Justice Department's Civil Division in Washington, D.C.; the FBI; the Department of Health and Human Services' Office of Inspector General; the Centers for Medicare and Medicaid Services; and the U.S. Postal inspectors.

Riley declined to comment on the settlement, saying he was unsure whether or not court documents had yet been unsealed. Raspanti was out of town and could not be reached for comment.

Justice Department lawyers also had no comment on the size of the reward that will be paid to the whistleblowers.

The settlement agreement filed in court yesterday specifically leaves the issue of the rewards for another day.

"Nothing in this agreement is intended to address any [whistleblower's] entitlement to a share of the settlement amount or the validity of either of the civil actions," the settlement says.

Sometimes the issue of a whistleblower's reward can lead to protracted litigation. In the late 1990s, when SmithKline Beecham paid $325 million to settle a trio of whistleblower suits, Justice Department lawyers argued that no rewards should be paid since all of the information provided by the whistleblowers was already public.

But Senior U.S. District Judge Donald W. VanArtsdalen rejected the government's argument and awarded $42 million to the three whistleblowers.

The 3rd U.S. Circuit Court of Appeals later overturned the awards and ordered VanArtsdalen to take another look at whether any of the three was truly an "original source."

VanArtsdalen later ruled that only one of the three should get any money, saying that two of the three were "original sources," but that only one, Robert Merena, had the right to a reward since his lawsuit was the first filed.

The suits involved allegations that SmithKline Beecham Clinical Laboratories and several other medical laboratories had adopted a scheme that allowed them to bill the federal government for unauthorized and unnecessary laboratory tests.

In his September 2000 decision, VanArtsdalen awarded Merena more than $24 million -- a 10 percent cut of the portion of the settlement to which his information led.

Merena, who was represented by Raspanti, ultimately garnered nearly $37 million for his whistle blowing efforts because on six other claims for which the government agreed Merena deserved an award, he was paid $11 million and VanArtsdalen added another $1.9 million.

But VanArtsdalen ruled that another former SmithKline employee, Charles Robinson Jr., and his lawyer, Glenn Grossenbacher, who had assisted him in blowing the whistle, were not entitled to any reward due to the strict "first to file" rule in the False Claims Act.

Health Care Group To Repay $265 Million To Medicare (NYT)

By Ronald L. Smothers

The New York Times, June 16, 2006

NEWARK, June 15 — St. Barnabas Health Care System, the state's largest private hospital network, has agreed to reimburse Medicare $265 million to settle charges that it overbilled the federal program over an eight-year period.

The out-of-court settlement — which grew out of whistle-blower lawsuits filed by a hospital consultant in Little Silver, N.J., a Pennsylvania hospital administrator and a third person — also stipulated that St. Barnabas must accept an outside monitor to supervise its Medicare billings for the next six years.

Federal prosecutors had charged that from October 1995 to August 2003, St. Barnabas deliberately inflated charges under a Medicare program intended to increase reimbursements to hospitals that care for patients with medical complications. The prosecutors speculated that, had their investigation continued, the overcharges could have come to half a billion dollars.

St. Barnabas officials said they welcomed a resolution to the federal inquiry, and the United States attorney's office here emphasized that the settlement was not an admission of guilt to any criminal charges.

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But federal investigators accused the hospital network of "gaming the system and exploiting loopholes" to increase its revenues. "St. Barnabas was a man who gave up his worldly wealth to help others," said Leslie Wiser, the special agent in charge of the F.B.I. office here. "If he were alive today he would be ashamed."

In a statement Michael Slusarz, a vice president and spokesman for the hospital operator, said in part: "This agreement will allow us to focus our energy and resources on our mission of providing the highest quality of care to our patients."

Ralph J. Marra Jr., the first assistant United States attorney for New Jersey, said the terms of the settlement — repaying the federal government in six yearly installments and agreeing to the monitor — were designed to keep the hospital, the state's second largest private employer, from going out of business.

"The government investigators in our office believed that the overbilling could have been quite a bit higher," Mr. Marra said in a news conference at the United States attorney's office here on Thursday. "But at some point we made a decision to go the route of civil settlement rather than criminal charges. We do not want to put them out of business, and so their ability to pay was a consideration in the settlement."

The inflated charges involved the complex rules under the Medicare system for reimbursement to hospitals providing treatment that lies outside of federally set standard payments for various procedures and normal hospital costs.

Gary Heuer, a lawyer with the inspector general's office of the federal Department of Health and Human Services, which administers Medicare, said that the payment mechanism recognizes that in some cases complications require longer hospital stays and additional procedures, but that the program St. Barnabas was accused of exploiting was devised to give hospitals "the incentive to treat inpatients whose care requires unusually high costs."

Federal investigators said that although St. Barnabas had been "on our radar screen" for possible excessive claims, two whistle-blower lawsuits filed in 2002 more sharply focused their investigation on the reimbursement process. Under federal law, the whistle-blowers are entitled to 15 percent to 25 percent of the value of the settlement, said Mr. Marra.

Court papers identified the whistle-blowers as John T. Monahan of Little Silver, who was described as the head of a firm that provides financial management consulting services to the hospital industry; Sara C. Iveson, the executive director of Barnes-Kasson Hospital in Susquehanna, Pa.; and Peter Salvatori, a Pennsylvania resident. Mr. Monahan and Ms. Iveson did not respond to telephone messages seeking comment, and further information was not available on Mr. Salvatori.

The health care network operates St. Barnabas Behavioral Health Center in Toms River and nine hospitals in New Jersey: St. Barnabas in Livingston; Clara Maass, with facilities in Belleville and Kearny; Newark Beth Israel Medical Center; Children's Hospital in Newark; Union Hospital; Monmouth Medical Center in Long Branch; Kimball Medical Center in Lakewood and Community Medical Center in Toms River.

Saint Barnabas Settles Medicare Case (WSJ)

By A Wall Street Journal News Roundup

The Wall Street Journal, June 16, 2006

Saint Barnabas Health Care System will pay $265 million to settle charges that it cheated Medicare out of more than half a billion dollars, federal prosecutors said.

The agreement between prosecutors and the New Jersey hospital system concerns payments by Medicare that supplement its normal payments.

Prosecutors allege that between October 1995 and August 2003, Saint Barnabas hospitals deliberately inflated charges for inpatient and outpatient care under the supplemental-reimbursement program.

Hospitals caring for Medicare patients receive fixed payments from the government that are related to the patient's diagnosis. However, hospitals can collect supplemental payments related to the care of the sickest patients.

These "outlier" payments are for patients who are so ill that their care costs much more than for normal patients with a particular diagnosis. The settlement involves outlier payments.

Authorities said the Saint Barnabas settlement is the first involving Medicare's supplemental-reimbursement program but added that others are pending around the country. Saint Barnabas didn't admit wrongdoing in the settlement.

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Tenet Healthcare Corp., one of the largest U.S. hospital companies, has been negotiating with the government to settle its own outlier dispute. Tenet has said it regrets its policy, which it has since changed, but the company hasn't admitted wrongdoing.

In response to yesterday's settlement, Moody's Investors Service put the credit rating of Saint Barnabas under review for a possible downgrade. Currently, the health system's debt is rated Baa1. The not-for-profit health system has about $900 million in debt affected by the ratings review.

The $265 million settlement "sounds like a lot of money," said Pamela Federbusch, senior vice president at Moody's, "although they do have a healthy balance sheet." Moody's said the settlement will be paid over six years.

Michael Slusarz, vice president for public relations and marketing at Saint Barnabas, said the company cooperated with the government during the inquiry. "This agreement will allow us to focus our energy and resources on our mission of providing the highest quality of care to our patients," he said.

As part of the Saint Barnabas settlement, authorities said the hospital system must accept an outside monitor who will supervise its Medicare billings for the next six years.

Some municipal-bond investors say they have been shying away from buying the debt issues of hospitals out of concern over allegations of Medicare and Medicaid fraud, says Carolyn Dolan, principal at Samson Capital Advisors LLC.

CIVIL RIGHTS:

Ex-federal Attorney Enters Guilty Plea (FREMARG)

By Josh Richman, STAFF WRITER

Fremont (CA) Argus, June 16, 2006

Investigator of state's youth prisons admits conflict of interest

A former U.S. Justice Department civil rights attorney admits he was angling for a state job to monitor and reform California's youth prisons even as he led a federal probe of one of those facilities in Stockton.

Ryan Rainey, 48, has pleaded guilty to one count of violating the federal conflict-of-interest law and is scheduled to be sentenced Sept. 15 by U.S. Magistrate Judge John Facciola of Washington, D.C.

A civil lawsuit challenging the living conditions in youth prisons had required the appointment of a "special master" to monitor and oversee reforms.

Rainey admits that while leading the federal probe he was negotiating with state Attorney General Bill Lockyer's office for the special master's job, even though he knew the state had a financial interest in the findings and recommendations of the probe he was conducting.

The maximum sentence for the crime is a year in prison and a $100,000 fine.

but Rainey's May 26 plea agreement indicates the government will seek a zero-to-six-month term and won't oppose a sentence carrying no time behind bars.

Rainey was a senior trial attorney in the Special Litigation Section of the Justice Department's Civil Rights Division from January 2002 through April 2005. Earlier he'd been a federal prosecutor in Washington, D.C., for seven years.

In April 2003 his division launched a probe — with Rainey as lead counsel — of alleged civil rights abuses at the California Youth Authority's N.A. Chaderjian Youth Correctional Facility in Stockton.

In fact, the state recommended him for the job. An attorney representing the civil lawsuit's plaintiffs objected. San Francisco civil rights attorney Donna Brorby, who had spent much of her career forcing Texas to clean up its prisons, eventually was appointed as the special master.

The federal investigation of the Chad facility continues.

What used to be called the California Youth Authority is now called the Division of Juvenile Justice within the Youth and Adult Correction Agency, renamed as part of Gov. Arnold Schwarzenegger's overhaul of the state's prisons. The state is still revising its remediation plans for reforming its youth prisons.

Outsiders Recommend New Chief In Ridgefield (OREG)

DOJ_NMG_0034767

By Holley Gilbert

The Oregonian, June 16, 2006

Police case - City officials say the FBI has conducted several interviews this week

Ridgefield, Wash., Police Chief Bruce Hall should be replaced, according to two Kirkland, Wash., police lieutenants who investigated allegations of racism in the firing of Ridgefield's only African American officer.

Hall's hiring decisions have put the city at risk of a civil lawsuit and his lack of leadership "has resulted in an environment of low accountability, distrust and poor morale," said the lieutenants' report, which was released this week.

The report found no racist motivation in the Sept. 28, 2005, dismissal of Carl Mealing. Two months later, Mealing filed a federal lawsuit charging discrimination against Ridgefield, its police department, City Manager George A. Fox and Hall. Fox was put on administrative leave Dec. 1; Hall, who earlier was Mealing's chief in Forks, Wash., and the Nisqually Tribal Police, was put on leave May 18.

Now, the Federal Bureau of Investigation has begun its own investigation in Ridgefield. Council member Scott Hanson said Thursday that he talked with the FBI earlier this week but declined to say what about.

Interim Ridgefield City Manager Justin L. Clary said an FBI agent attended meetings with him, interim Ridgefield Police Chief Erin Nolan and Clark County Sheriff Garry Lucas, but he declined to say what was discussed. An FBI probe "was not something requested by the city," Clary said.

An FBI spokeswoman in Seattle declined to confirm or deny an investigation was under way.

The Kirkland lieutenants' report was done at the request of Eileen M. Lawrence, a Seattle attorney hired to represent Ridgefield in Mealing's federal lawsuit. Initially, the report was to be used only in the federal court case, Lawrence said. "Beyond that, the report is tied into other issues that the city needed to be addressed and be part of the ongoing investigation," she said Thursday.

Also, at the request of Nolan, the interim chief, Vancouver police have been looking into the backgrounds of two officers who were being considered for full-time employment in the Ridgefield department, according to Mitch Barker, Vancouver's assistant police chief.

One of the two, Glen Kilmer, was "released from his probation" Wednesday, Clary said. Kilmer, who previously worked at Forks, was hired last year as a school resource officer and dismissed during a standard probationary period, Barker said.

The temporary appointment of the second officer, David Bone, ended May 31, before the background check could be completed. He is still on the candidate list to be hired permanently.

Hall's decision to hire Mealing in Ridgefield and his failure to act when allegations surfaced that Mealing was harassing women while on duty were "negligent," Kirkland Lt. Bill Hamilton and Lt. Rick Krebs concluded in their report.

"Mealing has a long history of allegations regarding his conduct, which clearly demonstrate a pattern of harassment," the 34-page report said. "Chief Hall had personal knowledge of the investigations and complaints regarding Mealing's unprofessional behavior at two prior agencies. Hall fired Mealing for his conduct at Forks yet rehired him at Ridgefield."

That Hall fired for cause other Ridgefield officers, then hired them in Kalama, where he also heads the police department, "is beyond comprehension," the report states. The report is accompanied by interviews, affidavits, memorandums, correspondence and other records.

Hall "cannot afford to give officers a second chance while it is at the expense of the City, the community. . . and the general morale of the police department," the report said.

"This state of affairs at the Ridgefield Police Department is similar to that of a dysfunctional family," the lieutenants wrote.

L.A. Sheriff Orders Probe Of Fatal Barrage (LAT)

By Richard Winton, Times Staff Writer

The Los Angeles Times, June 16, 2006

Deputies fired 70 times at the suspect in Walnut Park. It was the third department shooting in the last year involving scores of gunshots.

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Faced with the third case in a year of deputies firing scores of shots at a suspect, Los Angeles County Sheriff Lee Baca on Thursday said he had ordered an investigation into whether six deputies used too much force earlier this week when they unleashed 70 rounds at a suspect.

Scrutiny of the shooting intensified as officials Thursday revealed that at least one deputy had fired so many shots that he reloaded his weapon during the Walnut Park incident, which left 27-year-old Carl Williams dead.

"Obviously, we have to look at this very closely. We will get to the bottom of this fast," Baca said. "We will know the motivation of each of the shooters. They know what the policy is here. Because it is the heat of battle, it doesn't dismiss your objectivity."

The shooting comes a year after deputies in Compton had fired 120 rounds at a suspect they were chasing on a residential street. Some of the bullets flew into nearby homes and embedded in walls.

After that incident, the Sheriff's Department imposed rules that made it more difficult for deputies to fire at moving cars and to fire multiple times. Baca said he was concerned that the shooting could have been a case of "contagious fire," in which deputies fire their weapons because they hear a gunshot. He said he hoped that the new rules would reduce such problems.

But in January, deputies fired more than 50 shots into a Compton house where a suspect was holed up. That case is being investigated by the department's Internal Affairs detectives.

Michael Gennaco, head of the Office of Independent Review, a sheriff's watchdog agency, said the department's internal review of the Walnut Park shooting would include an examination of whether deputies needed to discharge so many rounds, whether they were influenced by contagious fire and whether they endangered residents. The shooting occurred at the end of an alley near apartment buildings.

Baca and Gennaco stressed that it was too early to judge the deputies and that the circumstances of the chase could have meant that the 70 shots were justified.

Sheriff's officials have not said how many shots the officer who reloaded his weapon fired. Each clip in the deputy's 9-millimeter handgun holds 15 rounds, with an additional bullet in the chamber. So the deputy probably fired at least 16 rounds plus whatever shots he discharged from the second clip.

"It adds a complexity to issues in this shooting when a deputy reloads," Gennaco said. "It gives a deputy another opportunity to reassess. That means there has to be numerous threats in the mind of the deputy" for the shooting to be within department policy.

The pursuit of Williams began shortly after 11 p.m. Tuesday, when deputies in a patrol car said they saw Williams driving erratically near 113th Street and Mona Boulevard and tried to pull him over, sheriff's homicide unit Capt. Ray Peavy said.

Williams allegedly drove 60 mph through an alley before plowing into a patrol car. He then drove into a light pole, Peavy said, prompting two deputies to leave their cars and move toward him. Williams allegedly put his car in reverse and drove toward the deputies, hitting a patrol car. He pulled forward, then backed into a second cruiser. The six deputies on the scene opened fire.

Though it was unclear how many times Williams was hit, the deputies fired from relatively close range, hitting the vehicle multiple times and shooting out its back window.

A resident in a nearby apartment, Alvaro Ramirez, 18, said he heard gunfire for about 30 seconds, during which he dove for cover.

Investigators found a handgun in Williams' car and drugs in his possession. But they said the deputies were unaware of the gun when they opened fire and cited the car as the deadly weapon in their reports.

Peavy, who is handling the criminal investigation of the shooting, said the unusual nature of the pursuit might have required an unusual amount of force.

"There was a lot of activity going on. It was continuous action," he said. "When a deputy shoots at someone they continue to assess the threat. Here the suspect kept going, hitting the radio cars … there was a pretty good reason for continuing to shoot."

The Sheriff's Department has been trying to reduce the number of shootings in which many rounds are fired for some time. Some of those shootings have been attributed to contagious fire, which Gennaco has likened to a chain reaction in which deputies who hear gunshots fire almost as a reflex.

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In 2004, deputies fired 111 rounds at a man with an assault rifle in Carson. Businesses were sprayed with bullets, and a roofer working a block away was wounded.

The rules imposed last year allow deputies to fire at moving cars only if their lives or those of bystanders are at risk. In addition, the department requires deputies to make an independent decision about firing, rather than fire simply because another deputy is shooting.

Gennaco said no data has been analyzed to determine whether the rules have changed deputies' behavior.

The Walnut Park shooting came as the Sheriff's Department and Baca were struggling with several major issues, including violence in the jails and the early release of inmates because of jail overcrowding.

Baca said the internal investigation was ongoing but investigators would consider "contagious fire" as playing a role in the Walnut Park shooting.

But he also said the deputies could have been in danger because the suspect allegedly tried to run them down.

"You can never dismiss a vehicle in the hands of a desperate person as a weapon that could harm and kill someone else," he said. "How deputies tactically were exposed to this suspect who tragically has died has to be looked at very closely."

Panel Advances Old Glory Protection (WT/AP)

By The Associated Press

The Washington Times, June 16, 2006

The Senate Judiciary Committee gave a nod yesterday to a constitutional amendment to protect the American flag from desecration, moving it to the Senate floor, where vote counters on both sides say it could be within one vote of passing.

The 11-7 vote sent the amendment to the floor. Majority Leader Bill Frist, Tennessee Republican, has said the measure will get a Senate vote this month.

To Senate is considering the amendment during the patriotic season between Flag Day this week and the Fourth of July. The substance and timing are designed to appeal to veterans during this year of midterm elections.

"The Congress shall have power to prohibit the physical desecration of the flag of the United States," the amendment reads. To become the Constitution's 28th Amendment, the measure must be approved by two-thirds of those present in each chamber, then ratified within seven years by at least 38 state legislatures.

The House a year ago passed the bill by a vote of 286-130, more than the required two-thirds of those present to pass. Vote counters on both sides of the issue say the amendment has commitments of support from 66 senators, one fewer than the required 67 votes if all 100 members of the chamber are present.

Sen. Dianne Feinstein of California was the lone committee Democrat to vote for the measure, saying its language was designed to protect both the flag and the First Amendment right to free speech.

The committee rejected an amendment by Sen. Joseph R. Biden Jr., Delaware Democrat, to replace "desecration" with specific types of defilement. Using the word desecration, he said, would leave the government too much power to define the term.

Senate Panel Advances U.S. Flag-Burning Ban Proposal (Update2) (BLOOM)

Bloomberg, June 16, 2006

June 15 (Bloomberg) -- The U.S. Senate Judiciary Committee approved a constitutional amendment that would empower Congress to outlaw flag burning, setting the stage for an election-year debate about ``desecration" of the national symbol.

The measure, passed by a vote of 11-7, has already been approved by a two-thirds majority in the House of Representatives. To become part of the Constitution, the amendment must be passed by the same margin in the Senate and ratified by 38 state legislatures.

The measure would overturn a 1989 Supreme Court ruling. The justices, voting 5-4, struck down a Texas law that barred flag burning, ruling it restricted freedom of expression guaranteed by the Constitution. Supporters argued today the proposed amendment would restore the power of Congress to decide the flag-burning issue, not unelected judges.

``If we can protect the bald eagle, another symbol of our nation, from killing, I think we ought to be able to protect our flag," said Texas Republican Senator John Cornyn.

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Utah Senator Orrin Hatch, a Republican, said he believed more than 67 senators, or two-thirds, would support the measure if they were ``allowed to vote their consciences."

Both sides predict a close Senate vote. Senate Democratic leader Harry Reid of Nevada supports the proposed amendment. The Senate's No. 2 Republican, Kentucky Senator Mitch McConnell, opposes it.

Grant of Authority

The proposal would give state legislatures seven years to ratify the proposed amendment. If it became part of the Constitution, the House and Senate would have to pass separate legislation to ban flag burning, mutilation or other forms of desecration.

``The point is to have a general grant of authority to Congress to legislate in this area," said Arizona Republican Jon Kyl.

Before the high court's 1989 decision, 48 states outlawed flag burning.

All 10 Republicans on the Judiciary Committee voted in favor of the amendment. Seven of the panel's eight Democrats opposed it. Democrats accused Republicans of using the debate to score political points in an election year.

Delaware Senator Joseph R. Biden Jr., who has supported legislation to ban flag burning, argued that the amendment was too vague because it doesn't define desecration.

The amendment would ``leave to the authority of the government to make a subjective judgment as to whether or not the action taken relative to the flag is a violation of the law," Biden said.

`Very Skimpy Bathing Suit'

That could permit the prosecution of women on beaches ``wearing a very skimpy bathing suit" decorated with the flag's stars and stripes, he said. ``Is that desecration of the flag?"

``When you get to a bikini or a bathing suit, it's not a flag, it's a bikini," said California Senator Dianne Feinstein, the only Democrat to support the measure.

Biden argued that the measure amounts to a ``de facto amendment" of the First Amendment, which guarantees freedom of speech, by allowing the government to decide what was desecration.

``Protecting the flag is not going to prevent people from expressing their point of view," Feinstein said.

Biden said he would support an amendment that allowed Congress to ban ``burning, mutilation and trampling" of the flag.

``If it's not some political stunt, let's do it," he said. The panel rejected Biden's proposed change on a voice vote. Hatch said lawmakers would ``be able to refine and define" what was illegal flag desecration when the legislation is debated by Congress.

The House approved a proposed flag-burning amendment five times, most recently in June 2005 on a 286-130 vote. The Senate last voted on a flag-burning amendment in 2000, falling four votes short of the 67 required to pass.

Senate Alters Bill To Transform La. Congressional Elections (AP)

AP, June 16, 2006

BATON ROUGE, La. - If Louisiana is going to shed its unique "open primary" system, then the state must make sure independent voters are allowed to cast ballots in the new party primary elections, the House voted on Thursday.

Sen. Cleo Fields introduced a bill that would replace the state's open primaries with Republican and Democratic primaries in congressional races, leaving it up to the parties to decide whether independents and third-party voters are allowed to cast ballots.

The House decided to change the measure slightly, adding a provision that would allow an independent voter to pick one or the other party's primaries to vote in. They then passed the measure 58-35, sending it back to the Senate for approval of the change.

Despite the change, Rep. Joel Robideaux of Lafayette, who has no party affiliation, said it was unfair to independent candidates. Robideaux said the measure would make it increasingly difficult for independents to run for Congress because they would wait on the sidelines until the general election.

"We're basically saying we're going to have a Democrat or a Republican for a congressman and nobody else is really going to have a chance," he said.

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Fields, D-Baton Rouge, a former congressman, has tried for years to get rid of open primaries, arguing that the current system often results in Louisiana's newly elected members of Congress getting a late start - and less desirable committee assignments - on Capitol Hill because the state holds its runoff elections in December, a month later than other states.

His bill would have no effect on statewide and local elections.

If it becomes law, voters could cast ballots in two party primaries, then a November runoff, to select their congressmen and U.S. senators.

Under the current system, Louisiana holds a general primary in November, with candidates from all parties running on the same ballot. A December runoff follows if no candidate wins more than 50 percent of the vote.

The measure would also need approval from the U.S. Justice Department, because any change to Louisiana election law needs federal approval, a restriction stemming from the Voting Rights Act of 1965.

On the Net: Senate Bill 18 can be viewed at:

Baltimore Sued For Arrests Without Charges (BSUN)

By Julie Bykowicz And Chris Yakaitis, Sun Reporters

The Baltimore Sun, June 16, 2006

ACLU, NAACP allege pattern; city solicitor denies actions illegal

The NAACP and the American Civil Liberties Union sued the Baltimore Police Department and the state-run city jail Thursday, using the experiences of five men to allege a broad pattern of abuse in which they say thousands of people are routinely arrested and held for hours without being charged with a crime.

The lawsuit, filed in Baltimore Circuit Court by the Maryland ACLU, condemns the practice of jailing citizens for so-called quality-of-life crimes such as loitering -- one of the central strategies employed by police here and in other cities in their efforts to drive down crime.

The issue emerged just over a year ago with reports in The Sun of overcrowding at the Central Booking and Intake Facility.

The plaintiffs, including a 19-year-old Morgan State engineering student and two Pennsylvania residents visiting Baltimore for a bachelor party, allege that city police officers routinely make arrests without probable cause and do so "under a pattern and practice set and enforced by city officials."

City Solicitor Ralph S. Tyler said the plaintiffs "will not be able to prove their truly wild allegations."

"The illegal arrests claim rests largely on a false equation," he said. "The fact that the state's attorney declines to charge in many cases does not suggest that the arrest was illegal."

Tyler said many factors play into a prosecutor's decision not to pursue charges. For example, a prosecutor might determine that the hours a person spent in Central Booking was an appropriate punishment for a minor crime -- a situation called "abatement by arrest."

Unaudited figures provided by the city State's Attorney's Office for the first three months of this year show that about one-third of the 3,110 arrests that did not result in charges were because of abatement by arrest.

The other two-thirds were because prosecutors believed they could not prove beyond a reasonable doubt that a crime occurred.

The number of declined cases is about half what it was last year -- a sign that police have become more selective in their arrests, perhaps responding to criticism voiced during a raucous community meeting in January.

David R. Rocah, an ACLU attorney, said an aim of the lawsuit, which he said has been in the works for almost a year, is to change police policy. Other defendants include the City Council, the mayor, state prison officials and individual police and correctional officers.

The lawsuit alleges "perverse incentives" for officers to arrest a large number of people, even if they have not committed crimes that will be prosecuted.

"Each patrol officer is required to tally his enforcement statistics, including citations and arrests," the lawsuit alleges.

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"These numbers are then compared to averages from that officer's squad and shift. The three officers in each district with the lowest scores are subject to reassignment to other districts."

Paul M. Blair Jr., president of Baltimore's Fraternal Order of Police, said that in the past, "low-performers" were moved to other districts, but he said the command staff never made it clear whether performance was tied to arrest numbers.

He said that practice was abandoned more than a year ago, after a City Council meeting in which Police Commissioner Leonard D. Hamm assured the council there is no quota system.

But Blair said that during crime spikes, such as one last month, officers are told to flood neighborhoods and aggressively enforce quality-of-life crimes.

The suit also delves into three situations in which five named plaintiffs were arrested, detained for hours at Central Booking and then released without being charged with any crime.

Evan Howard, the Morgan State student, and his friend Tyrone Braxton, 19,were arrested April 15 of last year outside Howard's home on Poplar Grove Street in West Baltimore.

The men were told they were being arrested for loitering. They were taken to Central Booking, strip-searched and held there, Braxton for 36 hours and Howard for 54, the lawsuit states.

Donald Wilson, 21, was arrested April 10 on the front steps of a the Barclay home of his girlfriend and toddler. A crowd gathered when an unmarked police car raced past chasing a dirt bike, the lawsuit states.

Officers turned their attention toward the crowd when they did not catch the cyclist. One officer "threatened" Wilson after Wilson "firmly" responded to a question, the lawsuit states.

Wilson was arrested and held at Central Booking for about five hours before being released without charges.

A soon-to-be groom and six friends were celebrating his coming wedding near the Inner Harbor in May 2005. As they walked from the Power Plant Live entertainment area back to their hotel, a marked police car approached.

Officers told the group to keep walking.

"All of a sudden I see the cop hit my one buddy in the chest with a nightstick and he grabbed my other buddy and threw him up against the wall," said Robert Lowery, 27.

He and the groom, Aaron Stoner, 27, of Chambersburg, Pa., were arrested and taken to Central Booking for "failure to obey" an order to stop loitering, the officers told them.

They were strip-searched and held for about 17 hours. Neither was prosecuted.

Lowery, of Greencastle, Pa., said he had never had any trouble with the law and the experience soured his view of the city.

"Before, I enjoyed coming down to the Inner Harbor and hanging out for the day and walking around," he said. "Now I don't want to come back down."

The lawsuit also levels criticism at Central Booking, citing "filthy" conditions and "humiliating" strip-searches.

Mark A. Vernarelli, a spokesman for the state Department of Public Safety and Correctional Services, declined to comment on the suit because he had not seen it. But he said numerous improvements were announced last summer to speed the booking process.

Rocah said the named plaintiffs are "among the many" who have contacted the ACLU reporting similar incidents. He said the lawsuit seeks monetary damages -- the amount is not specified -- for the five named plaintiffs.

Baltimore attorney James Rhodes, who said he represents hundreds of people who have complained about "frivolous arrests," said he doubted any change would result from the ACLU's lawsuit.

"They seem to want to get police to agree to stop making arrests when a citation could be issued," he said. "There is no way you will get an outright agreement like that because it takes away police power."

The ACLU and NAACP also released Thursday an action plan that proposes ways the police can resolve these issues.

Suggestions include creating incentives for officers for arrests that are successfully prosecuted, forcing officers to stop arresting people whom prosecutors won't charge, expunging arrest records when charges are not pursued and delaying strip and cavity searches of suspects until it can be determined whether charges will be filed.

Rocah said the lawsuit is long overdue on an issue that has undermined police relationships with city residents for years.

DOJ_NMG_0034773

Police Accused Of Sleeping On The Job (LAT)

By Matt Lait And Joel Rubin

The Los Angeles Times, June 16, 2006

Police officers assigned to protect Compton schools against vandalism and other campus crimes have been asleep at the wheel, quite literally, according to photographs and sworn testimony in a racial discrimination lawsuit.

The photographs appear to show several uniformed school officers in the driver's seats of parked squad cars with eyes shut and, in some cases, heads leaning back.

The pictures emerged in a suit against the Compton Unified School District, which operates the 34-member police department. The case was filed by a white ex-officer and two Latino officers who contend that they were treated differently from black colleagues within the predominantly African American department.

Former Officer Mark Shiva, who at one time served as president of the police officers union, and current Officers Victor Ayala and Sergio Reynoso allege that they were hit with racial slurs, ridiculed and retaliated against after lodging complaints against black colleagues.

Shiva, who was fired after the suit was filed in 2005, took the photographs within the last two years, according to testimony in the case. Shiva shot the pictures to prove that colleagues were sleeping on duty.

According to testimony, all of the officers accused of sleeping in patrol cars are black. But in the background of one photo, a white officer also appears to be sleeping. When the conduct was brought to the attention of supervisors, none of the officers were disciplined, authorities said.

During Sgt. James Bradford's deposition in March, he recalled being shown one of the pictures and thinking it was of such poor quality that he could not be sure it was even him in the photograph.

When pressed by an attorney as to whether he had ever slept on the job, Bradford responded by saying, "Let me clarify sleeping." He said that any officer on the night shift who denied sleeping "is lying."

"Sleeping, you can pull your car up to the site and ... you know, lay back with your eyes open for a few minutes, that's sleeping. All of us does."

Asked if it was permitted to take a nap on the job, Bradford said, "Your lunch break is your time."

Other police employees, however, testified that Bradford and other officers sometimes slept when not on breaks.

Police dispatcher Gwendolyn Holmes testified that she had seen Bradford sleeping on duty and estimated that it occurred at least 10 times over an unspecified two-month period. Occasionally, she said, she had heard him snoring.

Another sergeant testified that Bradford's sleeping on the job was a weekly occurrence.

Bradford declined to comment when contacted by The Times.

At least five other officers have also been accused of sleeping on duty, according to testimony, police records and photographs obtained by The Times.

The school district officers are armed and trained to face the same potential dangers as the Los Angeles County sheriff's deputies who serve the rest of Compton. In fact, in 1987 a Compton school officer was shot to death by a sniper while on foot patrol at an adult campus.

Sleeping on duty is against department policy and was identified as a problem in 2002 under the district's then-Police Chief Anthony Alba.

"Obviously this activity is considered dereliction of duty and will be dealt with administratively," Alba wrote in a Jan. 9, 2002, memo to officers. "I must also remind everyone that depending on the location, sleeping on duty may result in deadly officer safety consequences."

The district's current police chief, Hourie Taylor, testified in March that he had been made aware of the sleeping allegations but had not seen the photographs. He said he directed subordinates, one of whom was Sgt. Bradford, to conduct an investigation and that at some point they returned saying they were satisfied that the allegations had no substance.

In an interview this week, Taylor said the allegations were "unsubstantiated," but he declined further comment citing the pending litigation. He declined a request from The Times to review the photographs and identify the officers.

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However, one sergeant, who was shown several photographs during his deposition, identified two others as Sgt. Bradford and Officer Douglas Mushett, who has since retired, and said he believed that a third picture showed an Officer Steve Scott, who resigned late last year, officials said.

In an interview Thursday, Mushett denied that he slept in his squad car when he was supposed to be on patrol but acknowledged that he would occasionally sleep during his lunch and twice daily 15-minute breaks.

"Let's face it, guys working late shifts would get tired and on their breaks would go back to the [station] and snooze," Mushett said. "We all did it. I did it."

He said he found it hard to believe that officers would sleep in their cars on the streets or on campuses. "That's just asking to get popped," he said.

Scott could not be reached for comment.

In an interview last week, Compton school board member Joel Estrada reacted angrily when told of the photographs.

"If those officers are not on a permitted break, then that is completely, utterly unacceptable," Estrada said. "I would definitely want an investigation launched to see what's going on — how common is this? We're paying these individuals to patrol."

Estrada said district lawyers had told board members about the claims of police sleeping on duty but that police officials had concluded the claims were unfounded.

School district attorney J. Michael Declues said the district denies the allegations contained in the lawsuit but declined to comment on the photographs.

Shiva also declined to comment to The Times, but in a deposition in April he elaborated on his allegations. He said he saw a female officer take a pillow to her patrol car so she could sleep while working overtime.

"It's been an ongoing problem since I've worked there," said Shiva, who served for five years.

Shiva also alleged that officers would drive their squad cars home and sleep there when they should have been patrolling.

Internal police documents show that Shiva was terminated for allegedly orchestrating an unlawful job action, or "blue flu," among other reasons. Ayala and Reynoso, who remain on the job, were disciplined for allegedly participating in the job action.

Attorney Yael Trock, who represents Ayala and Reynoso, said police administrators unjustly punished her clients while allowing other officers to "get away with failing to do their jobs." Co-counsel Etan Z. Lorant said the lawsuit is expected to go to trial this summer.

Metro Board Member Fired For Comment On Gays (WP)

By Lena H. Sun And Matthew Mosk

The Washington Post, June 16, 2006

Maryland Gov. Robert L. Ehrlich Jr. yesterday fired Robert J. Smith, his appointee on the Metro transit authority board, for referring to gay people as sexual deviants on a cable television show.

"Robert Smith's comments were highly inappropriate, insensitive and unacceptable," Ehrlich (R) said in a statement less than five hours after the controversy erupted during a Metro board meeting. "They are in direct conflict to my administration's commitment to inclusiveness, tolerance and opportunity."

At the Metro meeting, board member Jim Graham, who represents the District, had called for Smith to disavow his remarks or apologize or for Ehrlich to remove him. "As someone who cares deeply about human rights, and as an openly gay elected official . . . I cannot remain silent in the face of these comments," Graham said, reading from a prepared statement.

Smith acknowledged after the meeting that he had referred to homosexuals as "persons of sexual deviancy" during a political round-table discussion on a Montgomery County cable show that was shown on Sunday.

"Homosexual behavior, in my view, is deviant," he said. "I'm a Roman Catholic." Smith said his comments had been part of a discussion about a proposed ban on same-sex marriage. "The comments I make in public outside of my [Metro board job] I'm entitled to make," he said. His personal beliefs, he said, have "absolutely nothing to do with running trains and buses and have not affected my actions or decisions on this board."

Ehrlich appointed Raymond J. Briscuso Jr., who heads a biotech consulting company, to take Smith's place. Briscuso, 46, will serve the remainder of Smith's three-year term, which began June 1, 2004.

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Briscuso, who used to ride Metro's Red Line regularly between his Bethesda home and his downtown Washington office, said he is "very excited" to serve on the board. Briscuso managed George H.W. Bush's presidential campaign in Maryland in 1988.

For several months, Ehrlich, who is likely to announce his reelection bid this month, has been working to position himself as a centrist. One recent report about a political advertisement the governor is recording suggested that he is considering the line: "Bob Ehrlich governs not from the right or the left, but the center, where we are."

Montgomery County Executive Douglas M. Duncan, who with Baltimore Mayor Martin O'Malley is seeking the Democratic nomination to oppose Ehrlich, said that "Smith's hateful and mean-spirited comments suggest that he is unfit to serve the public, and his immediate removal is wholly justified."

Smith, 47, a Gaithersburg architect, could not be reached by phone last night. Earlier in the day, he said he served at the pleasure of the governor.

Almost immediately after he was appointed, Smith drew attention by questioning expenses at the agency, criticizing spending on promotional materials and other items he considered luxuries. He read lengthy budget documents that other board members tend to skim and asked sharp questions of finance managers.

The Metro directors oversee a $1 billion operating budget and nearly 10,000 employees. They set policy for the nation's second-busiest subway and fifth-busiest bus system. Metro carries more than 1.1 million riders a day.

The board is made up of six voting members and six alternates. Maryland, the District and Virginia each appoint two voting and two alternate members. The board has a vacancy for an alternate D.C. member to fill the spot of Dan Tangherlini, who became the agency's interim general manager this year.

After Smith's removal from the board, Graham complimented Ehrlich for his swift action. "The governor appreciated the seriousness of this problem," he said.

After the meeting, Smith accused Graham, a D.C. Council member, of using "high theater" to seek the media spotlight. He called his actions "highly out of order and inappropriate for this forum."

Smith said he has always supported the transit agency's policy against all forms of discrimination.

Asked whether he planned to apologize to Graham after Graham said the remarks were offensive, Smith replied: "I didn't make the comments to Mr. Graham. . . . I'm sorry he feels that way. I don't agree that his lifestyle is an appropriate way to lead one's life."

Smith's comments drew an immediate negative reaction from Dennis Jaffe, chairman of the Riders Advisory Council, who has been working with Smith the past several months on a committee to improve MetroAccess, the transit service for the disabled.

"I know how dedicated Bob Smith is, but his comments that homosexuals are sexual deviants are most unfortunate and reflect poorly on Metro as an agency," Jaffe said.

In an e-mail sent to all Metro employees yesterday, Tangherlini said he wanted to take the opportunity "to re-affirm to all . . . employees that discrimination of any kind will not be tolerated."

Smith said he has been a regular panelist on the weekly political round-table show, "21 This Week," telecast on Access Montgomery cable Channel 21, for the past 12 years. He appears as a "Republican activist," according to Rodney Bryant, the show's producer.

On last weekend's show, Smith interrupted another speaker who was talking about federalism and Vice President Cheney's daughter. The speaker said Cheney's daughter, who is a lesbian, would not want the government interfering in her life, according to a recording of that portion of the show.

"That's fine, that's fine," Smith interrupted. "But that doesn't mean that government should proffer a special place of entitlement within the laws of the United States for persons of sexual deviancy."

Prayers In The Military (WP)

The Washington Post, June 16, 2006

DOJ_NMG_0034776

THE MILITARY has been making a good-faith effort in recent months to write rules on religious activities that preserve both the rights of free expression among service members and the separation of church and state. It's unfortunate, therefore, that the House of Representatives, responding to pressure from evangelical Christian groups, has unnecessarily inserted itself into this debate, with a provision in the recent defense authorization bill aimed at ensuring that evangelical chaplains can pray in Jesus's name at public ceremonies. The Senate is debating a version that wisely leaves out the House provision and lets the military services continue to work out this complex issue the right way -- without congressional interference.

No one questions that military chaplains of all denominations may pray as they wish in voluntary, private services. The issue is what they can say in public prayers. This is especially complicated because, in the view of some evangelical ministers, it would contravene their faith not to invoke Jesus; at the same time, having such sectarian prayers is problematic, particularly at mandatory events attended by service members of all faiths.

Recent guidelines adopted by the Air Force and Navy suggest that nondenominational prayer is strongly preferred in such circumstances. For example, the Navy policy says that "absent extraordinary circumstances," prayers at such functions "should be nonsectarian in nature."

Similarly, the Air Force policy says that chaplains "will not be required to participate in religious activities, including public prayer, inconsistent with their faiths" -- a provision designed to protect evangelical chaplains who believe sharing their faith in Jesus is an essential part of their ministry. However, the Air Force guideline adds, "nondenominational, inclusive prayer or a moment of silence may be appropriate for military ceremonies when its primary purpose is not the advancement of religious beliefs."

Though the Air Force regulations were watered down from their initial stance, they were still too restrictive for some evangelical groups. So the House stepped in with a provision, championed by Rep. Walter B. Jones Jr. (R-N.C.), heavy on the rights of chaplains and light on concerns about how their public prayer could affect service members who are nonbelievers or who adhere to a different religion.

The provision guarantees chaplains "the prerogative to pray according to the dictates of the chaplain's own conscience, except as must be limited by military necessity, with any such limitation being imposed in the least restrictive manner feasible." In other words, almost anything goes.

This tilts too far in the direction of chaplains' freedom to pray, without due respect for those whose beliefs differ. As Rear Adm. Louis V. Iasiello, the chief of Navy chaplains, wrote in opposing the provision, "it is essential that the chaplain possess the trust and respect of all the crew, not simply the members of his or her own faith group."

Maybe the solution isn't to drain prayer at public ceremonies of specific religious content, but to discourage prayer at such events as inherently and unnecessarily divisive. Chaplains shouldn't be required to mute their faith, but neither should service members who aren't believers be compelled to be present for such prayers.

ANTITRUST:

Executive Pleads Guilty In Military Bid-rigging Case Over Foam Sales (VP)

By Tim Mcglone, The Virginian-Pilot

Virginian-Pilot, June 16, 2006

NORFOLK - An executive with a marine products company has agreed to plead guilty to conspiring to rig bids in the sale of foam buoys and fenders to the Navy and the Coast Guard, the Justice Department announced Thursday.

Gerald Thermos, president of Marine Fenders International, based in Wilmington, Calif., was charged in Norfolk federal court this week with violating the Sherman Antitrust Act.

The Justice Department said Thermos has agreed to plead guilty to the felony, serve four months in jail and four months of home detention, and pay a $50,000 fine. No court date has been set.

The department said that from June 2000 to August 2005, Thermos and other unidentified co-conspirators schemed to fix prices for marine fenders and buoys that were sold to the Navy, the Coast Guard and other government and private entities.

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Foam-filled fenders are used as a cushion between ships and docks, piers, other ships, and fixed structures. The buoys are used for channel markers and navigational aids.

Thermos and the others agreed which company would get contract bids, some at inflated prices. The other companies were not identified.

"Price fixing and bid rigging are serious concerns when it relates to products and services procured by the Department of Defense," Rick Gwin, special agent in charge of the Defense Criminal Investigative Service, western field office, said in a news release.

The executives involved maintained log books and agreed not to compete with one another's customers either by not submitting bids or by submitting intentionally high prices, according to court records.

Department officials could not estimate how much taxpayers were overcharged.

According to charge papers filed Wednesday, the conspiracy occurred while Thermos was president of Marine Fenders International and while he was president of another company, Urethane Products Corp., from June 2000 to April 2004. Both companies are based in the Los Angeles area.

Urethane Products Corp. has received millions of dollars in Defense Department contracts in the past 10 years, mostly with the Navy, according to federal records. Marine Fenders, which is about two years old, received nearly $500,000 in government contracts.

Thermos could not be reached Thursday, and his attorney could not immediately comment.

Violations of the antitrust act carry penalties against individuals of as much as 10 years in prison and fines as great as $1 million.

Reach Tim McGlone at (757) 446-2343 or tim.mcglone@pilotonline.com.

Microsoft's Gates To Step Back (USAT)

By Byron Acohido And Michelle Kessler

USA Today, June 16, 2006

Microsoft chairman Bill Gates announced Thursday that he will let loose the reins of the company he co-founded in college and shaped into a behemoth, to focus on philanthropy.

Gates, 50, who was also Microsoft's chief software architect, will give up day-to-day duties in July 2008, retaining the title of chairman.

That will leave Microsoft CEO Steve Ballmer and Chief Technical Officers Ray Ozzie and Craig Mundie to carry out a transition the software giant is struggling to make from lumbering supplier of desktop computer software to nimble competitor in a rapidly changing tech market.

Gates insisted that the change announced Thursday "is not a retirement." He plans to spend most of his time working for his charity, the Bill & Melinda Gates Foundation.

Gates says he plans to have a relationship with Microsoft for many years. "I don't see a time in the foreseeable future in which I won't be the chairman of this company," he said.

"This was a hard decision for me," said Gates, who founded the world's largest software company with childhood friend Paul Allen. "I'm very lucky to have two passions that I feel are so important and so challenging. As I prepare for this change, I firmly believe the road ahead for Microsoft is as bright as ever."

Ozzie will immediately assume Gates' title as chief software architect and begin working with Gates on overseeing all software technical design.

Mundie will immediately take the new title of chief research and strategy officer and will work with Gates in those areas. Mundie also will partner with general counsel Brad Smith to guide intellectual property and technology policy efforts.

"Bill and I are confident we've got a great team that can step up to fill his shoes and drive Microsoft innovation forward without missing a beat," Ballmer said. The news, released after the market closed, sent Microsoft shares down less than 1% in after-hours trading. It wasn't a complete surprise to analysts and investors who follow the company closely.

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Gates gave up the CEO role to Harvard classmate and longtime confidant Ballmer in January 2000. Last year, he signaled a desire to further reduce his role by recruiting Ozzie, a renowned right-brain thinker, to infuse a fresh perspective. "The stage has been set for an orderly transition, and a two-year timeline assures there won't be a radical departure," says analyst Michael Gartenberg, of JupiterResearch. "And as my grandfather was fond of saying, 'Cemeteries are full of people who couldn't be replaced.' "

In its last fiscal year, ended June 30, Microsoft's revenue had doubled and profit grown nearly 60% from fiscal 1999, six months before Ballmer became CEO.

Ushering in Vista

Gates' primary job has been to usher in Windows Vista, the latest upgrade to the operating system used on nine of 10 desktop PCs. Vista, due early next year, has been beset by delays and feature downgrades just as the company is struggling to drum up reasons for corporations to ante up for upgrades of Windows and its signature Microsoft Office software suite.

"This might be the last generation of classic Microsoft products," says Charles King, principal analyst at Pund-IT Research. "Microsoft in five years is going to be a very different company than the one today."

The leadership will come from a different mold.

Gates, 50, and Allen started Microsoft in 1975, soon dropping out of college to devote full time to it. Gates took Microsoft public in 1986 and was chairman and CEO until 2000, the year he and his wife formed the Bill & Melinda Gates Foundation, whose assets now total $29.1 billion.

Vista and Office 12 may be the last classic Windows upgrades, feature-laden software that requires a lot of computer memory and processing power. But technology has shifted to harnessing the power of corporate networks and leveraging the Internet. Software and digital entertainment delivered over the Web signal the future course of technology.

Microsoft has hustled to catch up and is branching into those arenas, but its profits continue to revolve around Windows and Office. Meanwhile, it has faced ugly antitrust lawsuits in the USA and Europe.

Additionally, Microsoft's expansion into new markets has forced the company "to engage in a four-front war," says software analyst Stuart Williams at Technology Business Research. It must fight off Sony in video games, Google and Yahoo on the Internet, Oracle and SAP in business software and the free Linux operating system in servers.

Still, Gates said, Microsoft is on the right track - and that the leadership change will have little impact on the company's success.

"The world has had a tendency to focus a disproportionate amount of attention on me," he said. But in reality, Microsoft's success is based on hundreds of people, he said. "We are ready for members of our current team to step into an expanded role," he said.

When Gates steps down in 2008, Vista and Office 12 will have been on the market for a year.

The new team

Ozzie, 50, worked on the first electronic spreadsheet, VisiCalc, in the early 1980s. In 1983, he joined Lotus Development - Microsoft's archrival then - to develop Lotus Notes and other business software.

He later founded Groove Networks, where he developed Groove Virtual Office. Microsoft acquired Groove in April 2005 and named Ozzie chief technical officer. Gates once called Ozzie one of the five best software programmers alive.

"Ozzie gets the power of networks and the power of the Internet," says RedMonk analyst Stephen O'Grady.

Mundie, 56, joined Microsoft in 1992 to create and run its Consumer Platforms Division, responsible for non-personal computer software. Mundie also started Microsoft's digital TV efforts. His current responsibilities include global technology policy and a variety of technical and business incubation efforts.

Ozzie and Mundie will continue to report to Gates. At an unspecified time during the two-year transition, they will shift to reporting to Ballmer.

"Losing a person of (Gates') talent is a big deal, of course," Ballmer said. "But it's a chance for other people to assume even more responsibility."

Gates is legendary for his "ability to motivate employees at the lowest level of the company," says software analyst Al Gillen with researcher IDC. "Clearly, it's going to be a loss for the company not to have him filling that role."

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But Ballmer, Ozzie and Mundie are "fantastically strong executives," Gillen says.

Gates said he's been mulling the role change for several weeks, and talking about it with his wife, Melinda. But he avoided bringing up the subject with Ballmer, his long-time business partner. Gates, laughing, said he repeatedly told his wife the subject "wasn't easy to bring up today. Maybe it will be easy to bring up tomorrow." Gates said he didn't make a final decision until Tuesday. Wednesday night, he told key executives at a dinner at Ballmer's house. Thursday morning, about 100 key Microsoft employees were notified.

Gates said he's not sure how he will handle the transition. "I don't know what it's going to feel like, not coming in every day and working 10 hours," he said.

Ballmer said Gates "is now headed, in my opinion, to become the greatest philanthropist of all time."

Two of Gates' contemporaries have made similar moves. Long-time Sun Microsystems CEO Scott McNealy stepped down from the post earlier this year, though he remains chairman. And Ted Waitt, co-founder of PC-maker Gateway, retired in 2005. Both said they wanted more time for other projects.

It's not surprising that Gates does too, says tech analyst Roger Kay with Endpoint Technologies Associates. The role change "was a long time coming," he says. "At 50, (Gates) is still young, but not that young. It's time

After US Regulators, Came The Europeans . . . And It's Not Over Yet (FT)

By Tobias Buck In Brussels

Financial Times, June 16, 2006

Microsoft's battles with antitrust regulators on both sides of the Atlantic have been a consistent feature of Bill Gates' tenure.

While the software group managed to broker a deal with the US authorities in 2002 that ended its regulatory troubles in the country, Microsoft's fight with the European Commission in Brussels is still very much alive.

In a landmark ruling in March 2004, the Commission found Microsoft guilty of violating European Union competition rules by abusing its dominant position in the market for personal computer operating systems. Microsoft was fined a record €497m ($628m) and told to change its business practices.

The group was told to share more information about its flagship Windows programme with rival companies and to stop bundling its Windows Media Player software with the operating system.

The ruling, which is under appeal, has since sparked a new case against Microsoft, because the Commission alleges that the group has not implemented the ruling properly. It has threatened to impose fresh fines of up to €2m a day unless Microsoft complies with the Brussels ruling speedily.

Adding to Microsoft's regulatory worries in Europe is the fact that Brussels is also taking aim at Vista, the operating system set to replace Windows next year.

Neelie Kroes, the EU competition commissioner, wrote to Microsoft this year warning that Vista could fall foul of competition rules - again by bundling new functionalities into the operating system and so shutting out rival software that is sold on a standalone basis.

Mr Gates, who took a highly active and very visible role in Microsoft's battle with US regulators, has largely taken a backseat role in Europe.

In fact, his first contact with Mario Monti, the former EU competition commissioner who presided over the Microsoft ruling, came only days before the Commission decided to rule against the group. The two men spoke briefly on the telephone, but did not discuss the substance of the case.

As with so many of the other challenges faced by the group today, the task of dealing with regulators around the globe has over recent years fallen largely to Steve Ballmer, who took over as Microsoft CEO in 2000.

Microsoft Wins Patent Case With 'EBay' Argument (LAW)

By Xenia P. Kobylarz, The Recorder

California Recorder, June 16, 2006

Microsoft Corp. appears to be the first company to benefit from the U.S. Supreme Court's recent decision to end the long-standing presumption in patent cases that an injunction should be issued almost automatically when infringement is found.

Applying the Supreme Court's May ruling in MercExchange v. eBay, a Texas federal judge denied the request of Z4 Technologies Inc., a tiny Michigan software firm, to bar Microsoft from selling, making and using its infringing Windows and Office products.

The ruling, issued on Thursday by Judge Leonard Davis in the Eastern District of Texas, signals a major shift in patent litigation practice and is the first indication of how the eBay ruling has quickly become important to the way companies fight patent infringement claims.

"This will be the classic first example of how the eBay case is going to limit the number of injunctions in patent cases," said Michael Barclay, a patent litigation partner at Wilson Sonsini Goodrich & Rosati.

"This is also big news, given the reputation of the Eastern District of Texas as being pro plaintiff," he added.

Harold McElhinny, co-chairman of Morrison & Foerster's patent litigation group, said the ruling is likely to break "wide open" the question of whether an injunction applies in every patent case.

"Z4 does not fit the traditional definition of a patent troll. It is a company that is in the market and making a product and trying to compete with Microsoft, so now it looks like every defendant can use the eBay logic against all companies, regardless of whether they're trolls or not," McElhinny said.

In April, a Texas jury found Microsoft and Autodesk willfully infringed two of Z4's patents covering methods for limiting unauthorized use of computer software. Both Microsoft and Autodesk use the anti-piracy program in some of their products. The jury ordered the two companies to pay Z4 a combined $133 million in damages, the biggest award ever in a patent case to come out of the U.S. District Court for the Eastern District of Texas.

In refusing Z4's request for a permanent injunction against Microsoft, Davis used the traditional four-factor test recommended by the high court to determine whether to issue an injunction. He concluded that Z4 will not suffer irreparable harm in the absence of a permanent injunction.

The judge ruled that because Microsoft only uses the infringing technology as a small component of its own software, Z4 will not lose profits, brand-name recognition or market share.

"[I]t is not likely that any consumer of Microsoft's Windows or Office software purchases these products for their product activation functionality," Davis wrote.

Davis also cited Justice Anthony Kennedy's concurring opinion from the eBay case in justifying the denial of an injunction. He said Kennedy's comment that if a patented invention is but a small component of the infringing product, monetary damages should be sufficient compensation.

The court also found that the balance of hardships tilts in favor of Microsoft because it would require the company to redesign and re-release all its Office software products, which currently are distributed in 450 variations in 37 languages. Its Windows product currently has 600 variations in more than 40 languages.

Neither Microsoft nor Z4 returned calls for comment on Thursday.

Davis' ruling cited possible harm in public interest if the court enjoins Microsoft.

"Microsoft's Windows and Office software products are likely the most popular software products in the world," Davis wrote. "Accordingly, the public interest is likely to be disserved if a permanent injunction were entered against Microsoft."

Barclay said that reasoning surprised him.

"It's ironic that Microsoft was able to use its enormous market position to stop the court from issuing an injunction," Barclay said.

But McElhinny said it is a positive development that courts may now weigh the public's interest in cases where the public could be greatly inconvenienced and the plaintiff can be served by a royalty fee.

"It seems right to deny an injunction in a case like that," McElhinny said.

Prior to the eBay ruling, however, Blackberry maker Research In Motion failed to persuade a court to stop an injunction based on the inconvenience its millions of users would have faced had the company been enjoined from offering its wireless e-mail service. The Canadian company ended up paying more than $600 million to settle the patent suit against it.

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France's Vinci Snubs Merger Proposal From Utility Veolia DOW JONES NEWSWIRES (WSJ/DJN)

By Dow Jones Newswires

The Wall Street Journal, June 16, 2006

PARIS -- Vinci SA rejected a merger approach from French water utility Veolia Environnement SA, calling it unsolicited and hostile.

In rejecting the proposal, Vinci, a French construction company, said a merger of the two entities "would have no strategic interest, would not create synergies and would not create value for its shareholders."

Veolia's board had asked Veolia's chairman Wednesday to study a friendly merger with Vinci, a move that would create a utility and services company valued at about €34 billion, or $43 billion.

After Vinci rejected the proposal, Veolia said it "regrets Vinci's opposition to review the interest of a potential friendly alliance."

Veolia, the world's largest water utility by revenue, has been looking to expand its concessions business and is eager to increase its €16.9 billion market capitalization to compete with larger, more financially powerful conglomerates such as water and energy utility Suez SA. Vinci's market capitalization is €19 billion.

Many analysts have criticized the idea of a Veolia-Vinci combination, agreeing with Vinci management on the merger's lack of industrial or financial merit.

"We see little strategic and financial interest in this merger for Vinci shareholders, and there is in our view very little chance that it could succeed," said Cheuvreux analyst Arnaud Lehmann.

ENVIRONMENT:

Bush Creates Marine Sanctuary (WT/AP)

By The Associated Press

The Washington Times, June 16, 2006

President Bush created a vast marine sanctuary yesterday, extending stronger federal protections to the northwestern Hawaiian Islands and the surrounding waters with their endangered monk seals, nesting green sea turtles and other rare species.

The nation's newest national monument covers an archipelago stretching 1,400 miles long and 100 miles wide in the Pacific Ocean. It is home to more than 7,000 species, at least a fourth of them found nowhere else.

"To put this area in context, this national monument is more than 100 times larger than Yosemite National Park," Mr. Bush said. "It's larger than 46 of our 50 states, and more than seven times larger than all our national marine sanctuaries combined. This is a big deal."

Mr. Bush announced his creation of the nation's 75th national monument at a White House ceremony. The decision immediately sets aside 140,000 square miles of largely uninhabited islands, atolls, coral reef colonies and underwater peaks known as seamounts to be managed by federal and state agencies.

In introducing the president, first lady Laura Bush quoted Mark Twain, who once described Hawaii as "the loveliest fleet of islands that lies anchored in any ocean."

Conrad C. Lautenbacher, head of the National Oceanic and Atmospheric Administration, which will manage nearly all of it, said the new protected area would dwarf all others.

"It's the single-largest act of ocean conservation in history. It's a large milestone," Mr. Lautenbacher said. "It is a place to maintain biodiversity and to maintain basically the nurseries of the Pacific. It spawns a lot of the life that permeates the middle of the Pacific Ocean."

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It is the second time that Mr. Bush has invoked the 1906 National Antiquities Act, which gives the president authority to create national monuments to preserve the nation's ancient cultural sites and unusual geological features. The law turned 100 this month.

The president had planned as late as Wednesday to use instead the National Marine Sanctuary Act, a law that would allow challenges from Congress and others to the decision, said a senior administration official, speaking on the condition of anonymity so as not to upstage Mr. Bush.

"This means the area will get immediate protection rather than having to wait another year," the official said, adding that Mr. Bush opted at the last minute to create a national monument after realizing the process had been ongoing for five years and elicited thousands of comments.

With the national monument designation, the federal government can begin an immediate five-year phaseout of the eight commercial fishing permits in the area and impose strict prohibitions on any other extractive uses, the official said.

In February, Mr. Bush used the antiquities law for the first time when he declared part of the African Burial Ground in the Lower Manhattan section of New York City a national monument. The site, covering less than half an acre, marks where an estimated 20,000 slaves and free blacks were buried in the 18th century.

President Clinton used the act to create 19 national monuments and expand three others to set aside 5.9 million acres of land.

Pacific Sanctuary Gets Bush's Signature (LAT/AP)

By The Associated Press

The Los Angeles Times, June 16, 2006

WASHINGTON — President Bush created a vast new marine sanctuary Thursday, extending stronger federal protections to the northwest Hawaiian Islands and the surrounding waters with their endangered monk seals, nesting green sea turtles and other rare species.

The Northwestern Hawaiian Islands National Monument covers an archipelago 1,400 miles long and 100 miles wide in the Pacific Ocean. It is home to more than 7,000 species, at least one-fourth of them found nowhere else.

"To put this area in context, this national monument is more than 100 times larger than Yosemite National Park," Bush said. "It's larger than 46 of our 50 states, and more than seven times larger than all our national marine sanctuaries combined. This is a big deal."

Creation of the nation's 75th national monument was announced at a White House ceremony. The decision immediately sets aside 140,000 square miles of largely uninhabited islands, atolls, coral reef colonies and underwater peaks known as seamounts to be managed by federal and state agencies.

Bush said he drew inspiration from a documentary on the island chain's biological resources shown at the White House in April by Jean-Michel Cousteau, the marine explorer and filmmaker. Over dinner that night, Bush said he also got "a pretty good lecture about life" from marine biologist Sylvia Earle, an explorer-in-residence at the National Geographic Society.

In introducing the president, First Lady Laura Bush quoted Mark Twain, who once described Hawaii as "the loveliest fleet of islands that lies anchored in any ocean."

Conrad C. Lautenbacher, head of the National Oceanic and Atmospheric Administration, which will manage nearly all of the protected area, said: "It's the single largest act of ocean conservation in history. It's a large milestone."

He added: "It is a place to maintain biodiversity and to maintain basically the nurseries of the Pacific. It spawns a lot of the life that permeates the middle of the Pacific Ocean."

It is only the second time that Bush has invoked the 1906 National Antiquities Act, which gives the president authority to create national monuments to preserve the nation's ancient cultural sites and unusual geological features.

Bush had planned as late as Wednesday to use the National Marine Sanctuary Act, a law that would allow challenges from Congress and others.

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"As we drew closer and closer to our target to propose a marine sanctuary, and coupled with his great experience with Jean-Michel Cousteau and Sylvia Earle, he realized that we had the consensus, that we had run the process, and the time was right to just get the job done," said James Connaughton, chairman of the White House Council on Environmental Quality.

Designating the area as a national monument takes immediate effect, Connaughton said, and the government doesn't have to wait to begin a five-year phaseout of the eight or nine commercial fishing permits in the area and to impose strict prohibitions on any other extractive uses.

In February, Bush used the antiquities law for the first time when he declared part of the African Burial Ground in Lower Manhattan a national monument. The site, covering less than half an acre, marks where an estimated 20,000 slaves and free blacks were buried in the 18th century.

Bush Signs Legislation On Broadcast Decency (WP)

By Peter Baker

The Washington Post, June 16, 2006

Complaining that television and radio shows in recent years have "too often pushed the bounds of decency," President Bush signed legislation yesterday to escalate dramatically the penalties against broadcasters who violate federal standards.

"The language is becoming coarser during the times when it's more likely children will be watching television," Bush said, citing a study of nighttime programming. "It's a bad trend, a bad sign." He noted that complaints to regulators have exploded since he took office. "People are saying, 'We're tired of it, and we expect the government to do something about it.' "

The ceremony came on a busy day for Bush as he tended to various matters in between his surprise visit to Baghdad this week and a domestic fundraising trip starting today followed by a European summit next week. In back-to-back events, Bush also gave a speech calling for action on stalled global trade talks, signed a bill to improve coal mine safety and authorized creation of the world's largest protected marine reserve.

The White House decided to showcase the signing of the Broadcast Decency Enforcement Act at a time when Bush and Republican congressional allies are trying to reassure disaffected conservative supporters that they remain committed to conservative causes. With midterm elections approaching, Bush recently gave two speeches promoting a constitutional amendment banning same-sex marriage and the Senate plans to vote on another amendment that outlaws flag burning.

The decency act, coming two years after one of singer Janet Jackson's breasts was exposed in a "wardrobe malfunction" during a Super Bowl halftime show, increases the maximum penalty for broadcasting indecent material on radio or television between 6 a.m. and 10 p.m. from $32,500 to $325,000. The new law does not change the standards of indecency, which is defined as "patently offensive" sexual or excretory content.

Broadcasters and free-speech advocates argue that the legislation attacks expression and unfairly targets broadcast networks while cable and satellite programming remains beyond the reach of federal regulation. The main television networks and affiliates recently sued to challenge the government's power to regulate on-air content.

The National Association of Broadcasters yesterday released the same statement it issued when the legislation passed, calling "responsible self-regulation" the preferred path and asserting that any rules "should be applied equally" to cable and satellite outlets.

Bush also signed legislation to bolster safety in coal mines after a spate of deadly accidents, including the January explosion in West Virginia that trapped a dozen men who ultimately died. The lone survivor of that accident, Randal McCloy Jr., attended yesterday's ceremony. The new law requires more emergency supplies of breathable air, more accessible rescue teams and higher fines for violations.

At a separate event, the president signed a proclamation designating 140,000 square miles of sea and uninhabited islands northwest of Hawaii a national monument, an area larger than all but four states. The designation affords federal protection for the home of 7,000 marine species, including virtually the entire population of endangered Hawaiian monk seals.

The president also devoted part of his day to international trade and development, addressing a group formed by former secretaries of state Colin L. Powell and Madeleine K. Albright aimed at reducing global poverty. Bush used the occasion to urge

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Congress to pass his proposed increases in foreign aid and to press foreign leaders to work harder to reach a global trade deal with a June 30 deadline for basic agreements looming.

Accompanied by newly sworn-in U.S. Trade Representative Susan C. Schwab, Bush acknowledged that the so-called Doha trade talks have encountered "tough sledding" but said he would push for breakthroughs to lower trade barriers when he travels to Austria and Hungary next week.

"In my view, countries in Europe have to make a tough decision on farming and the G-20 countries have to make a tough decision on manufacturing," he said, referring to a group of 20 developing nations. "And the United States is prepared to make a tough decision along with them. That's my message to the world."

Bush Plan: World's Largest Ocean Reserve (CSM)

By Peter N. Spotts

The Christian Science Monitor, June 16, 2006

With the stroke of a pen, President Bush has established the largest ocean wildlife reserve in the world, centered along a string of islands, reefs, and atolls that stretch 1,400 miles northwest of the main Hawaiian Islands.

Other reef systems, such as Australia's Great Barrier Reef, are larger. But only a third of that UN-designated World Heritage reef is protected, analysts say, leaving far more of it open to exploitation.

The move comes from an administration not known as the darling of the environmental and conservation crowd. But it's drawing kudos from a variety of marine-conservation groups. The region's relative isolation has allowed it to retain some of the most pristine coral reefs in the world. The president's proclamation Thursday, which designated the area as a national monument, immediately created a reserve that covers some 140,000 square miles, more territory than all of America's national parks combined.

"This is just amazing," says Ellen Athas, ecosystems-protection director for the Ocean Conservancy in Washington, who served on the president's Council on Environmental Quality under Bill Clinton. "This is an important first step in protecting some of the world's healthiest reefs for future generations."

The key provisions include:

• Restricting tourism activities, such as fishing and diving, to Midway Island, at the far northwest end of the chain.

• Phasing out commercial fishing over the next five years and banning it thereafter.

• Banning all resource extraction and waste-dumping.

• Banning "boats for hire," only allowing access to the area for research benefiting the reserve and for educational purposes.

• Preserving access for native Hawaiians - whose ancestors hopscotched down the chain to settle the Hawaiian Islands - for religious and cultural uses.

"This represents the first big symbol of - and inspiration for - a new generation of ocean conservation," says a senior White House official, who notes that the administration has been working on the issue for five years. "These are the Galápagos Islands in our own backyard."

Several analysts add that, in some respects, the move is a political no-brainer for the White House. Hawaii's Republican governor, Linda Lingle, has imposed similar restrictions in the region out to the state's three-mile limit, which built local support for expanding the restrictions. Except for a handful of commercial fishermen, the proposal has drawn virtually no opposition from other commercial interests because the region lacks oil deposits and other easily exploitable resources.

Still, "this is an extraordinary act for any sitting president," enthuses Joshua Reichert, director of policy initiatives and the environment program for the Pew Charitable Trust.

For all their biological diversity, the Northwest Hawaiian Islands are a chain of geophysical leftovers - about 10 islands and 100 coral atolls - that have emerged over geological time. They point to the eventual future for today's main islands as the crust continues to move and generate new undersea volcanoes to the southeast of the chain.

The first efforts to conserve the area came under Teddy Roosevelt, who designated the islands as national wildlife sanctuaries to protect seabird populations.

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The next major move came under President Clinton, who signed an executive order in 2000 setting portions of the region aside as a national marine sanctuary. But executive orders can be rescinded by subsequent presidents.

President Bush's proclamation makes this permanent.

A key reason for the excitement among scientist and conservation groups is the reefs' relatively untrammeled condition. As a result, they represent the best example of what coral reef ecosystems should look like at a time many reefs around the world are under increasing stress from human and natural causes. Thus, it can provide a blueprint for restoration efforts elsewhere.

And their isolation has led to the evolution there of a large number of rare species of marine life found nowhere else in the world, notes Aulani Wilhelm, acting manager of the existing reserve. "This really is a living laboratory," she says.

To accelerate the phase-out of commercial fishing, one conservation group has expressed interest in negotiating a buyout of their permits, in effect retiring them immediately. Researchers point out that even the small amount of commercial fishing that has taken place in the Northwest Hawaiian Islands has virtually wiped out the chain's lobster population. The chain's bottom-dwelling fish are under increased pressure as well, researchers say.

And it's unclear what sort of stimulus this move will provide for setting other areas aside along US coasts because of the remote location, lack of deep commercial controversies, and a congressional moratorium on additional reserves. Still, a new reserve would represent a significant addition to those being established by other Pacific nations, such as Fiji and Kiribati.

Says one administration official: "By setting aside something on this scale, this is telling the rest of the world that the US is willing to walk the walk" on marine conservation.

Islands Apart (NYT)

The New York Times, June 16, 2006

An unfamiliar but highly appealing side of President Bush showed itself at the White House yesterday. It was Mr. Bush the compassionate conservationist, friend of green sea turtles, seabirds and Hawaiian monk seals, savior of coral reefs and spiny lobsters, creator of the largest ocean sanctuary on the planet.

Mr. Bush has made the Northwestern Hawaiian Islands a national monument, putting them under some of the strictest environmental protections the law provides. It was an act of wilderness preservation that, acre for acre, instantly put him into the same league as the conservation-minded presidents Theodore Roosevelt, Jimmy Carter and Bill Clinton.

If the state of Hawaii is a garland of flowers, the Northwestern Hawaiian Islands are a spray of petals, an arc of tiny reefs and atolls extending 1,200 miles beyond the last bits of Hawaii any tourists see. They are strewn across an area bigger than 100 Yosemites. They are among the remotest islands in the world, and in many ways pristine. Some in Hawaii call them the "kupuna islands," using the Hawaiian word for elders, since they teach people what the Pacific was like before plundering and pollution. Sharks, not fishing boats, are still at the top of the food chain. Ancient colonies of living coral reach heights of 80 feet. A quarter of the 7,000 marine species there exist nowhere else.

These islands are distant, but not undisturbed. The monk seals are endangered. Black-lipped pearl oysters were wiped out 75 years ago. The lobster fishery crashed in the 1990's. The islands' bottom-dwelling fish, snappers known on Hawaiian menus as opakapaka and onaga, are in serious decline.

Mr. Bush created the sanctuary by fiat, but his decision reflects a long-held consensus that the islands need protecting. Theodore Roosevelt created the first refuge there in 1909. Governor Linda Lingle had already imposed strict protections on her state's portion of the islands' waters. Mr. Bush, who overturned many of Bill Clinton's executive orders soon after taking office, spared two that had enabled the creation of a sanctuary there. His action yesterday, which ends sportfishing immediately and commercial fishing in five years, brought that process to a satisfying and necessary close.

In some ways, Mr. Bush's decision was supremely easy — the end of commercial fishing will affect only eight fishermen. But even so, the mind reels a little at what Mr. Bush has done. The Northwestern Hawaiian Islands are a vast place few Americans have ever visited or ever will. But they are being protected anyway — not for divers, fishermen or cruise ships, but for their own sake, for science and forever. Mr. Bush made exemplary use of presidential power yesterday. We hope he does more of it.

Saving The Islands (WP)

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The Washington Post, June 16, 2006

ENVIRONMENTAL protection is not an area in which the Bush administration has cloaked itself in glory. But yesterday the president took a major step in ecosystem protection, designating as a national monument 140,000 square miles of some of the nation's most precious but vulnerable waters and islands.

The territory -- about the size of Montana -- is a remote, unpopulated string of islands extending 1,400 miles northwest from Hawaii's populated regions. The Northwestern Hawaiian Islands, despite human impact, remain one of the most pristine natural regions left in the country. The waters there contain America's largest coral reef system. The islands are the nesting grounds of millions of seabirds, sea turtles and the endangered Hawaiian monk seal. The chain is home to at least 7,000 species, a quarter of which live nowhere else in the world -- along with relatively healthy stocks of large predatory fish whose populations elsewhere have been decimated by commercial fishing. The designation turns the waters around the island chain into the largest protected marine area in the world and sets an important marker for aggressive conservation of sensitive ocean regions under threat from human activity.

What's impressive is not just the designation itself but the fine print of President Bush's order. Despite tenacious pressure from regional fisheries managers, Mr. Bush decided not to permit any commercial fishing in the area. The small amount that goes on now will be phased out; a coalition of private donors will buy out the fishing permits of the eight fishermen who currently work those waters. What's more, in a happy surprise, Mr. Bush used his power under the National Antiquities Act to designate national monuments, not the more cumbersome federal marine sanctuaries law. As a result the plan goes into effect immediately, bypassing months of additional bureaucratic wrangling.

This administration and future ones should follow up with similar actions to protect other ecologically sensitive marine systems. America began protecting its land-based national parks and monuments a century ago, but the country has lagged in shielding its underwater treasures. Mr. Bush's action offers an exciting example of assertive action to put essential areas beyond further human destruction.

Senate Democrats Cry Foul Over Toxic Waste Sites (LAT)

By T. Christian Miller

The Los Angeles Times, June 16, 2006

Washington — Senate Democrats on Thursday accused the Bush administration of withholding key details about toxic waste sites that present risks of exposure to nearby residents.

At a congressional hearing, Sen. Barbara Boxer, D-Calif., said the Environmental Protection Agency had designated as confidential the details of about 140 Superfund sites where toxic exposure remains uncontrolled.

Boxer and other Democrats said the secret data included information about how much money and time it would take to clean up the dangerous sites, including one where the EPA predicted it would take 26 years to close off access to toxics.

"This isn't a question of left or right," Boxer said, waving a document marked "Privileged" by EPA officials to prevent its release to the public. "This is a question of right and wrong."

The EPA said that it had only blocked information related to law enforcement and that the public had access to all relevant health risk data for the sites, seven of which are in California.

"There is far more information available for each (high priority) site than has ever been available before," said Susan Parker Bodine, the assistant administrator responsible for the Superfund program, which was designed to clean up toxic waste sites, such as chemical dumping grounds and contaminated factories.

Republicans said Democrats were trying to manufacture a political issue, noting that Senate tradition has long prevented the release of sensitive information.

They also said they feared Democrats were seeking to reinstate a controversial tax in which chemical manufacturers and other companies are forced to pay a fee to contribute to cleaning up waste sites, even if the companies played no role in creating the mess.

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"This tax would fall on businesses already paying for their own cleanup or that had never created any kind of a Superfund site," said Sen. James Inhofe, R-Okla., the chairman of the Senate Environment Committee. "It would put a burden on those companies."

Democrats have routinely accused the Bush administration of restricting access to information designed to protect the public. One Republican-sponsored bill moving through Congress would limit data available on toxic substances released into local communities, while the U.S. Army Corps of Engineers has blocked information on flooding dangers in Florida.

Thursday's hearing of the Superfund and Waste Management Subcommittee was the first in four years. The Superfund program was created almost three decades ago in response to environmental disasters such as Love Canal, a neighborhood in Niagara Falls, N.Y., where chemical contamination forced the removal of 800 families and $200 million in remediation costs.

The cleanup effort has drawn criticism ever since, from environmentalists who claim it is under-funded and too slow, and from industry officials who say it is costly and punitive.

Bodine said that the agency had made significant progress, but that larger, more costly projects take more time to remediate, including many of the 140 sites at issue at Thursday's hearing.

Sen. Frank Lautenberg, D-N.J., said he was "disturbed" by some of the answers from Bodine, who at times appeared flustered and at a loss for words under the Democrats' withering questions. New Jersey, with 20, has the highest number of sites with uncontrolled exposure.

The EPA's decision to withhold information is "nonsense and everybody knows it's nonsense," Lautenberg said. "It's deceptive."

TOXIC SITES

Of the roughly 140 Superfund sites said by Senate Democrats to cause "uncontrolled human exposure" to toxic waste, seven are in California:

Site Name..... City
Ft. Ord .....Marina
Lava Cap Mine..... Nevada City
McCormick & Baxter Creosoting Co. Stockton
Montrose Chemical Corp..... Torrance
Omega Chemical Corp..... Whittier
Sulphur Bank Mercury Mine..... Clearlake
United Heckathorn Co..... Richmond
. Source: Sen. Barbara Boxer (D-Calif.)

Bush Signs Bill Overhauling Mine Safety (AP-Y2)

By Nancy Zuckerbrod

AP2, June 15, 2006

With the sole survivor of the Sago mine disaster looking on, President Bush signed into law the first major overhaul of mine safety laws in three decades.

"Only one man came out, and he's with us today," Bush said Thursday of Randal McCloy Jr., who is still recovering from carbon monoxide poisoning from the January accident that killed a dozen miners in West Virginia. McCloy received a standing ovation from those attending the White House ceremony.

The new law, the first of its kind since 1977, requires miners to have two hours' worth of oxygen on hand while they work, rather than one.

Mine operators also must store additional oxygen supplies underground and must put new communications equipment and devices to track lost miners in mines within three years.

Congress passed the mine safety bill following a string of fatal accidents this year. Thirty-three miners have been killed on the job in the United States since the beginning of January, up from 22 throughout 2005.

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"We make this promise to American miners and their families: We'll do everything possible to prevent mine accidents and make sure you're able to return safely to your loved ones," Bush said.

The president exchanged hugs and words with miners' families after he signed the bill.

In an emotional exchange with Pam Campbell, whose brother-in-law Marty Bennett died at Sago, Bush said, "I saw your eyes," referring to the tears Campbell shed when Bush was making his remarks.

"They've been that way a while," Campbell replied.

Deborah Hamner, whose husband, George Hamner, was killed at Sago, told the president that she was honored to attend the ceremony but opposed his choice to head the Mine Safety and Health Administration.

Bush's nominee, Richard Stickler, faces staunch opposition from Senate Democrats and miners' advocates. They say he has spent too many years as a coal industry executive.

Bush defended his pick during the speech before the bill signing. "He was a miner, mine shift foreman, a superintendent, and a manager, and the Senate needs to confirm Richard Stickler to this key position," Bush said.

The new safety law includes a requirement that rescue teams be located within an hour of each mine, rather than two hours away.

The law also calls for the government to study whether mine rescue chambers ought to be built into underground coal mines. Such refuges are credited with saving the lives of 72 potash miners in Canada earlier this year.

Pennsylvania Democratic Gov. Ed Rendell, who attended the signing, said the bill should have required the rescue chambers to be put in place in coal mines.

West Virginia Democratic Gov. Joe Manchin and Kentucky Republican Gov. Ernie Fletcher also turned out for the ceremony, and both praised the new law.

"We've kept the promise to the families that their brave loved ones have not died in vain," Manchin said.

Peggy Cohen, who lost her father, Fred Ware, at Sago, said she hoped lawmakers would continue to strengthen mine safety laws. "It's a start," she said of the new law. "Let's hope it's not the end."

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On the Net:

Mine Safety and Health Administration: http://www.msha.gov/

Clinton Praises Evangelical Christians (AP-Y2)

AP2, June 15, 2006

Former President Bill Clinton praised evangelical Christians on Thursday for their recent efforts on global warming and debt relief for poor nations and said he sees growing understanding between people of different faiths.

Clinton made the remarks while accepting an award from the Tanenbaum Center for Interreligious Understanding. He said that as president he had "a consuming interest in the intersection of religion and politics."

He said evangelicals, few of whom voted for him, "were instrumental in the biggest debt relief initiative in history in my last year as president because they believed in the admonition of the Scripture to alleviate the burdens of the poor."

Clinton also noted the publication earlier this year of "Climate Change: An Evangelical Call to Action," which was signed by many leading conservative Christians and which frames environmental protection as a Christian imperative.

The mission of the New York-based Tanenbaum Center is to defuse physical violence perpetrated in the name of religion worldwide.

Clinton, speaking at the group's awards luncheon, said religion is a problem for both liberals and conservatives in the United States.

"For people in America who are a part of my political tradition, our great sin has often been ignoring religion or denying its power or refusing to engage it because it seemed hostile to us," he said. "For ... the so-called Christian right and its allies, their great sin has been believing they were in full possession of the truth."

Clinton, a Southern Baptist, noted that there was once a resolution at his denomination's convention to expel his church because of his positions in favor of abortion rights and gay rights. It failed.

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A Shift Among The Evangelicals (WP)

By E. J. Dionne Jr.

The Washington Post, June 16, 2006

Sometimes very important elections receive very little attention.

When the Southern Baptist Convention elected the Rev. Frank Page as the group's president at its meeting this week in Greensboro, N.C., the news appeared on the back pages of most secular newspapers -- or it didn't appear at all.

But Page's upset victory could be very significant, both to the nation's religious life and to politics. He defeated candidates supported by the convention's staunchly conservative establishment, which has dominated the organization since the mid-1980s. His triumph is one of many signs that new breezes are blowing through the broader evangelical Christian world.

No, this is not some liberal victory. Indeed, the Baptist Press reported that Page went out of his way to tell reporters that he was not elected "to somehow undo the conservative resurgence" in the convention. But he also signaled that the spirit he hopes to embody is quite different from that of the angry, right-wing, politicized preacher who has been a stock figure in American life for more than two decades.

"I believe in the word of God," Page said. "I'm just not mad about it."

The mellowing of evangelical Christianity may well be the big American religious story of this decade. The evolution of the evangelical movement should not be confused with the rise of a religious left. Although the margin of the Republican Party's advantage among white evangelicals is likely to decline from its exceptionally high level in the 2004 election, a substantial majority of white evangelicals will probably remain conservative and continue to vote Republican.

But the evangelical political agenda is broadening as new voices insist on the urgency of issues such as Third World poverty and the fights against AIDS and human trafficking. Among the most prominent advocates for a wider view of Christian obligation is Rick Warren, pastor of Saddleback Church in Lake Forest, Calif., and author of "The Purpose Driven Life."

In the meantime, Rich Cizik, vice president for governmental affairs at the National Association of Evangelicals (and a self-described "Ronald Reagan movement conservative"), has been a leader in urging evangelicals to make environmental stewardship a central element of their political mission. This has earned him attacks from such prominent leaders on the Christian right as James Dobson.

In the Southern Baptist election, Page, pastor of First Baptist Church in Taylors, S.C., defeated two candidates more closely associated with the convention's conservative leadership, the Rev. Ronnie Floyd of Springdale, Ark., and the Rev. Jerry Sutton of Nashville. The election was important because the Southern Baptist Convention has been the locus of fierce struggles between moderates and conservatives in which the right emerged triumphant.

In response to the resulting purges and acrimony, moderate and progressive Baptists formed new organizations such as the Nashville-based Baptist Center for Ethics. Robert Parham, the center's executive director, argues that it would be a mistake to read too much into Page's triumph. "This was a race between the right and the far right," Parham said. "One election neither makes a positive trend nor unmakes the essence of fundamentalism."

Bill Leonard, the dean of the Wake Forest University Divinity School, largely agrees with Parham's analysis but argues that many Baptists are sensitive to "static or declining" membership numbers and the rising popularity of nondenominational churches such as Warren's.

The election, he said, indicates that "the leadership of the denomination that pushed it hard to the right on theological and social issues is aging or passing from the scene and is unable to rally the troops as they once did."

"Some people," Leonard added, "are tired of just fighting liberals. You need a reason to be a Southern Baptist other than just fighting liberals in the culture or in the church."

One other force was at work in this year's Baptist voting: the rise of the blogosphere.

Over the past several years, an active network of Baptist bloggers has opened up discussion in the convention and given reformers and moderates avenues around what Parham called "the Baptist establishment papers" and other means of communication controlled by the convention's leadership. Thus may some of our oldest and most traditional institutions be transformed by new technologies.

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Religious movements stay vibrant thanks to the complicated interaction of fidelity, reflection and reform. The evangelical world is going through a quiet evolution as believers reflect on the perils of partisanship and ideology and their reasons for being Christian. This will probably affect the nation's political life, but it will certainly affect the country's spiritual direction. My hunch is that not only moderates and liberals but also many solid conservatives welcome the departure.

Alaska Is Front Line Vs. Avian Virus (USAT)

By Martin Kasindorf

USA Today, June 16, 2006

BARROW, Alaska — Within sight of an Arctic radar station built for Cold War warnings of air attacks from Soviet Siberia, government scientists are stalking birds that could be carrying a new menace from Asia: the H5N1 avian influenza virus.

Tundra swans, lesser snow geese, spectacled eiders, long-billed dowitchers, bar-tailed godwits, northern pintails, ruddy turnstones: They all come to America. Wildlife biologists don't know which of these birds, if any, will be the first to carry the killer virus from the Eastern Hemisphere over the North Pole and down the flyways to the Lower 48.

Barrow, on the icy shore of the Arctic Ocean, is the USA's northernmost settlement. Two flyways for wild birds on their spring migration from Asia cross above the predominantly Inupiat Eskimo city of 4,800 people. As the birds nest on the marshy tundra under the midnight sun, 25 biologists are checking them for the first signs that H5N1 has reached the Americas.

"So far, no positives," says Hon Ip, a virologist at the National Wildlife Health Center in Madison, Wis., which has analyzed 1,000 bird samples shipped by scientists in Alaska since April.

"I hope we don't find it," says Corey Rossi, a U.S. Agriculture Department wildlife biologist based in Alaska. "But we're going to look as hard as we can. The public can take some reassurance in that."

The Alaskan early-warning project is on the front line of a $29 million federal program to test thousands of birds in 50 states this year to guard against a possible pandemic. "It's a good thing they're here, hopefully protecting the rest of the North American continent," says Bekah Barr, 20, a hotel employee in Barrow.

Biologists here find that in addition to anal swabs for sampling bird feces, they'll need plenty of patience to get the job done.

In snow flurries at Barrow's municipal landfill one afternoon, Rossi sets out bait for sea gulls. It's chunks of the pink whale blubber Eskimos call muktuk, a local delicacy. If the seabirds roost on the bait, Rossi's team will fire cannons to deploy a net that traps them for testing. But the birds aren't gulled; they don't nibble until the scientists have left for the day.

There's another disappointment later that day at a nearby pond. Sandpipers, phalaropes and dunlins, small shorebirds that winter near Chinese and Vietnamese chicken farms devastated by the flu, walk toward Rossi's gossamer-thin "mist" net. A wind ripples the net, making it visible to the birds. They flutter away.

"Some days you spend a lot of energy, and you get an empty sack," Rossi says. "But you just gotta keep pressing on."

Undeterred, U.S. Fish and Wildlife Service biologists go off by helicopter the next day to search for nests on the Alaskan North Slope tundra south of here. They tote shotguns in case bears attack.

"Swabbing butts is not my usual thing, but it's a national emergency," biologist Rick Lanctot says.

Public health officials have been bird-watchers since an outbreak of the H5N1 strain in poultry in Hong Kong in 1997 was blamed for 18 influenza cases in people. Six people died. An outbreak in Southeast Asia in 2003 has spread to more than 50 countries in Asia, Europe and Africa. It has caused the deaths of 200 million birds and at least 129 people, says Juan Lubroth, a veterinary scientist with the United Nations Food and Agriculture Organization (FAO) in Rome.

If the virus turns up in the USA, the first threat would be to the $43 billion-a-year poultry industry. A greater fear is that a pandemic could break out if the virus were to mutate into a form that is easier to transmit from person to person. In 1918, a bird flu that jumped into humans caused the "Spanish flu" pandemic. It killed 20 million to 50 million people worldwide, including more than 500,000 in the USA.

Until last year, Lubroth says, scientists doubted that wild birds could carry or transmit lethal avian flu viruses such as H5N1. The only precedent was in 1961, when H5N1 killed terns in South Africa.

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Then in the spring of 2005, 6,200 birds — bar-headed geese, cormorants, gulls and shelducks — were found dead at Qinghai Lake in west-central China. The HN51 viruses that killed them spread from the lake through swans and other migratory waterfowl across Asia and into Europe, according to a study by Hualan Chen of China's Harbin Veterinary Research Institute.

Chen called it "worrisome" that the viruses were in "a form associated with … adaptation to humans."

At an FAO conference in Rome last month, researchers concluded that migrating birds are one way the virus could spread and called for further investigation. Another way is through the export of poultry and poultry products.

"Wild birds can introduce the virus, but it's through the human activities of commerce, production and marketing of poultry that the disease spreads," Lubroth says.

The World Health Organization (WHO) says most human fatalities have resulted from handling sick birds on poultry farms or in backyard flocks. The Alaska Department of Fish and Game says that "if it arrives in North America, Asian H5N1 is more likely to be transported through virus-contaminated articles or illegally imported birds or bird products" than through migratory birds.

The WHO cites a half-dozen "very likely" cases of limited human-to-human transmission of bird flu that resulted in death. A single case of suspected human-to-human transmission began with wild birds, Caroline Brown, a WHO communicable-diseases researcher, told the Rome conference.

In Azerbaijan last February, she reported, there was a die-off of 1,952 swans from Siberia. Members of a family that depended on hunting for its income plucked feathers from dying swans. Seven people caught bird flu from viruses "closely related" to the Qinghai Lake strain, Brown said. Four died. A study by the WHO and U.S. Navy scientists said it was unlikely that all seven people contracted the virus directly from the swans.

The Alaska virus search is literally a wild goose chase. And it could turn out to be, well, a wild goose chase.

The government gathered 12,000 bird samples in Alaska between 1998 and 2005. No trace of H5N1 virus was found. Canada tested nearly 5,000 birds last year and found no H5N1.

Though the die-offs in Europe and Asia show that wild birds can carry the killer virus long distances, scientists don't know which species are infectious carriers of the virus, Lubroth says.

Henry Niman, a Pittsburgh biochemist who is researching bird-flu vaccines, says Russian scientists last year found H5N1 in the carcasses of 25 wild bird species. "This indicated that the virus isn't going to have a major barrier between waterfowl," Niman says. "But which species is bringing a lot of it over, by which flyway, is not totally nailed down yet. That's a key question."

Terry McElwain, director of the Washington Animal Disease Diagnostic Laboratory in Pullman, Wash., says he's not convinced that the virus will spread "through the mixing of the populations of birds in the Pacific Flyway." If this can happen, flocks now in Alaska are "a likely population to be targeting."

Bird testing by the U.S. and Canadian governments will be more extensive this year. U.S. scientists plan to sample 75,000 to 100,000 birds, including 19,000 in Alaska. Also, some poultry flocks will be monitored, and scientists will watch for suspicious die-offs of wild birds, the Agriculture Department says.

Rossi and other biologists in Alaska are reporting success in capturing 29 targeted species of live waterfowl, shorebirds and land birds that are swabbed and released.

Biologists are also taking samples from the intestinal tracts of dead game birds that hunters bring in. And the biologists are collecting bird droppings in wetlands.

Samples go to labs in the Lower 48. If a swab tests positive for exposure to H5N1, the finding will be announced by Agriculture Secretary Mike Johanns or Interior Secretary Dirk Kempthorne, says Gail Keirn, a spokeswoman for the Agriculture Department.

Next, a second lab will seek to confirm the result. Scientists will converge on the site where the affected bird was found. Poultry breeders will be warned to keep flocks from wild birds, Keirn says.

"Should the H5N1 virus appear in the U.S., it does not mean the start of a pandemic," the Department of Health and Human Services says.

A WHO study says wild birds pose a lower risk of spreading a pandemic than poultry. The virus carried by wild birds "will have less opportunity" to mutate into a human-to-human threat because relatively few people — hunters and ornithologists, mostly — are exposed to wild birds, the organization says.

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Many Eskimos on Alaska's North Slope hunt wildfowl — as well as whales, walruses, seals and polar bears — as staples of their diet and traditional subsistence culture. The reception they give the scientists who are advising them of a potential threat isn't always warm.

"Right now, bird flu doesn't scare me at all," says James Nukapigak, an Inupiat tribal elder. "We eat what God has provided us for thousands of years, and we're still living on it."

Tommy Olemaun, executive director of the Native Village of Barrow, tribal government for the 51% of the city's population that is Eskimo, says just a handful of residents have taken government advice to wear rubber gloves when handling game birds.

"We hunt these birds since time immemorial, and we know when one is sick," says Olemaun, who says he kills 40 geese a year to feed his family and make soup for community feasts.

Olemaun criticizes the visiting biologists for failing to "communicate with our tradition, our own knowledge." Rather than ask natives about the best places to find birds, he says, "government men drop off the plane" and go to inappropriate testing places.

Charles Brower, 55, retired wildlife director for the tribal government, agrees. He says the biologists erred by stalking shorebirds in a pond abutting the city's sewage-outfall lagoon.

"It just makes me laugh to see them get all these birds from the most unsanitary area here," he says.

Brian Person, a wildlife biologist for North Slope Borough — the Alaska equivalent of a county government — says Brower was right in saying the pond was potentially contaminated. "But that wouldn't affect tests for the bird flu virus," Person says. Besides, he says, "that's where the birds were."

Another Death In Indonesia Deepens Fears Of Bird Flu's Spread (NYT)

By Donald G. McNeil Jr.

The New York Times, June 16, 2006

The death of a 38th person from avian flu in Indonesia was confirmed yesterday by the World Health Organization and the situation in that country continued to worsen.

Indonesia is now in second place, after Vietnam, which has had 42 deaths, but none this year, while Indonesia's caseload is climbing rapidly and striking many family clusters.

The World Bank said Monday that Indonesia's response to the flu was disorganized and underfinanced. On Tuesday, the World Animal Health Organization said Indonesia was no longer even counting most poultry outbreaks. In the last year, it has officially reported the deaths of only 800 chickens, while there have been news reports of the deaths of thousands of birds from 29 of the country's 33 provinces.

Indonesia, the world's fourth-most-populous nation, has 242 million inhabitants and an estimated 1.3 billion chickens spread across 18,000 islands.

On Monday The Jakarta Post quoted several local health experts as saying that the government was not disclosing how widespread the disease was or how many times human-to-human transmission might have occurred. And last week Indonesia's health minister, Siti Fadilah Supari, said she was "running out of ideas for how to make the public aware" of the threat and get them to kill sick chickens instead of eating them.

Yesterday the Indonesian Health Ministry said the death of a 7-year-old girl in Banten Province on June 1 was the country's 38th from avian flu. The girl's 10-year-old brother died May 29, but he was buried before specimens were taken, so he was not included in the count. Chickens in the family's household had died earlier.

According to news agency reports quoting health officials, the 7-year-old had tested negative for avian flu in nose and throat swabs taken when she was alive, but then tested positive when lung tissue was taken after her death.

Nose and throat swabs — the routine way of diagnosing regular flu — may give false negatives because the bird flu virus attaches to cells deep in the lungs, not to the upper respiratory tract. In January, according to the World Health Organization, the same error caused the first human cases in Turkey's outbreak to be misdiagnosed.

Dr. Henry L. Niman, a biochemist who has questioned many of the health organization's official counts, argued that flu cases were underestimated because of that error and because blood tests could also produce false negatives if the blood was

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drawn before detectable antibodies had built up. Victims can die before that happens, and the outbreak in Indonesia has a very high death rate: of the 50 known cases, 38 have died.

An Indonesian newspaper, The Tempo, reported yesterday that one of its reporters who covered the extermination of infected poultry and the funeral of a flu victim near Jakarta had been hospitalized with flu symptoms; the newspaper did not report any test results.

Dick Thompson, a World Health Organization spokesman, said he knew nothing about the reporter who fell ill, but he said the agency was drafting safety guidelines for journalists. "Some of them are getting pretty close to cases," he said.

There have been several reports of Indonesian nurses' falling sick after tending avian flu victims, which could indicate that the virus was spreading more easily between humans. On June 6, the World Health Organization reported that tests on four such nurses had convincingly ruled out A(H5N1), the avian flu, and indicated that one had a seasonal flu, A(H1N1), instead.

Dr. Niman said convincing evidence could be obtained only from blood tests.

Mr. Thompson, who recently returned from Indonesia, said that he did not know how the nurses had been tested, but that he thought that Indonesian health authorities "are really on top of the human cases, investigating them aggressively," even though animal cases were spiraling out of control.

FBI/DEA/ATF/USMS:

FBI Agent Sentenced (CO)

By Jim Morrill

The Charlotte Observer, June 16, 2006

A federal judge Thursday sentenced former Charlotte FBI agent Erik Blowers, who was the ethics adviser to agents across North Carolina, to two years probation for failing to disclose gifts and favors from a one-time informant.

The sentencing by U.S. District Judge Carlton Tilley in Greensboro came six months after Blowers pleaded guilty to a misdemeanor offense that could have brought him up to a year in prison. He was the first FBI agent ever charged in the state.

That plea followed Blowers' indictment on a felony charge for the same conduct. Documents filed by U.S. Justice Department prosecutors claimed Blowers misled supervisors, lied to investigators and had extensive business dealings with a convicted drug trafficker.

Former FBI Agent Sentenced To Probation (KCS)

The Kansas City Star, June 16, 2006

GREENSBORO, N.C. - A former FBI agent accused of lying about two trips to Las Vegas that were paid for by an informant was sentenced Thursday to two years probation, his attorney said.

Erik Blowers, once the chief legal counsel and ethics adviser for the FBI office in Charlotte, pleaded guilty in November to making a false report. He also resigned from the agency.

Blowers was also ordered Thursday to perform 400 hours of community service.

"We are pleased that the judge found that Erik did not adversely effect the integrity of any FBI investigation," said his lawyer, Chris Fialko.

The case against Blowers stemmed from two trips he took to Las Vegas in 2000 with David Simonini, and for his failure to report thousands of dollars in travel expenses and gifts from the homebuilder.

Blowers headed an FBI investigation of Simonini, a former informant who later pleaded guilty to money laundering and bank fraud.

22 Suspects Arrested As U.S. Targets Global Drug Network (WT)

By Jerry Seper

The Washington Times, June 16, 2006

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Federal drug agents have disrupted an international heroin smuggling ring responsible for shipping more than $14 million worth of the drug into the United States since 2004, arresting 22 suspected gang members and seizing more than 60 pounds of heroin.

U.S. Drug Enforcement Administration (DEA) spokesman Rusty Payne said agents also confiscated more than $220,000 in cash during raids with authorities in Trinidad and Ecuador, as well as heroin abandoned by drug couriers in a Guayaquil, Ecuador, hotel, at George Bush Intercontinental Airport in Houston, at John F. Kennedy International Airport in New York and at Piarco International Airport in Trinidad.

"Heroin-laden clothes or heroin hidden in soles of shoes -- it makes no difference how it is smuggled into the United States, law enforcement will find it," said John P. Gilbride, special agent in charge of the DEA's New York office. "This investigation shows that through collaborative efforts with our local and international partners, the DEA is committed to identifying, investigating and dismantling drug trafficking organizations so we can stop the flow of poison onto the streets of our communities."

The arrests culminated a 10-month undercover investigation led by Justice Department's Organized Crime Drug Enforcement Task Force and, Mr. Payne said, involved multiple confidential witnesses and sources, court-authorized wiretaps, surveillance and a controlled heroin delivery.

On Wednesday and yesterday, he said, nine suspects were arrested in Las Vegas, one in Palm Springs, Calif., one in Caguas, Puerto Rico, and one in New York. Other suspects were taken into custody earlier this month.

A criminal complaint in the case, unsealed yesterday in New York, identified the organization's leaders as Javier Alexander Alvarez Monroy, 26, a former police officer in Bogota, Colombia, and Marc Klindt, 29, both of whom are accused of using couriers to smuggle the organization's heroin from several countries, including Ecuador, Venezuela, Trinidad and Tobago, Colombia, Brazil and Mexico, to New York for distribution.

One of the couriers is identified in the complaint as Jeanette Vidal, 47, a Las Vegas-area school teacher.

Mr. Payne said the organization employed more than a dozen drug couriers and recruiters, many of whom made multiple drug trips and were based in the Las Vegas area. He said the couriers smuggled 6 to 10 pounds of heroin per trip within the lining of clothes.

He also said investigators discovered that Mr. Monroy and Mr. Klindt used the Internet to communicate with their foreign suppliers and their drug couriers.

Others charged were Wendy Holiday, 35, Chantelle Davila, 31, and Paola Lujan, age unknown, accused of recruiting couriers for the organization. Hector Navarro was accused of assisting in the gang's money-laundering activities.

Officials Gather To Fight Deadly Fentanyl Outbreak (DFP)

By Kim Norris

Detroit Free Press, June 15, 2006

CHICAGO - Just one hundred and twenty-five micrograms - the equivalent of six grains of salt - is enough fentanyl to kill.

Mix it with heroin or cocaine, and you have a high to die for - literally.

In Pittsburgh, heroin mixed with fentanyl is being marketed on the street under the name "get high or die tryin.'"

In metro Detroit, so far this year, 83 people have died trying.

The seriousness of the spreading threat drew more than 125 law enforcement officials, scientists, public health officials and emergency first responders from seven cities and Mexico to Chicago on Wednesday and Thursday to learn about the potentially lethal painkiller and where it's coming from. Even Scott Burns, deputy drug czar, in the Bush administration was on hand.

"This is a serious drug," said Timothy Ogden, Drug Enforcement Administration associate special agent,

He held up a little plastic bag in which tiny particles of powder were barely visible.

"This is enough fentanyl to kill you, " he said.

"In my 30 years of drug enforcement work, I haven't seen a threat that bothers me as much," Ogden said.

He likened the use of illegal drugs to playing Russian roulette with a single bullet, but with fentanyl, he said, "It's like playing Russian roulette with six bullets in the gun."

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The fentanyl being mixed with street drugs most likely was manufactured in multiple clandestine labs, possibly in Mexico, Ogden said Thursday.

This outbreak is more widespread than previous ones, he said. "It appears there may be independent distributors operating in different cities," he added.

Chicago has had an explosion of drug overdose cases in the last two months, many in people taking heroin laced with fentanyl. The city has had 60 deaths in about a year.

Detroit experienced a similar increase, but in a much more concentrated period of time. And, unlike in Chicago, where people are surviving the overdoses, most of the known fentanyl cases in Detroit have been dead on arrival.

Fentanyl is a synthetically manufactured pain medication that is 50 to 100 times more powerful than morphine. In its legally prescribed form, it typically is administered through a patch, an oral lozenge or through injections. It often is prescribed to cancer patients.

Although the number of suspected drug deaths has fallen back to more normal levels in the past two weeks in metro Detroit, fentanyl-laced heroin has been popping up in more and more cities, with similar deadly results. And a lull does not indicate the problem is past, authorities said.

"There's always a concern when the drug is being manufactured that it can come back at any time, especially if it's being manufactured in the states," said James Tolbert, commander of the organized crime division for the Detroit Police Department, who attended the conference.

"That's why we're cooperating with all our local folks and the people here, to try to determine where the source is."

John Arvanitis, assistant special agent in charge of the Detroit field division of the DEA, said the most important thing that came out of the conference, was "the realization of the magnitude of the situation.

"That will facilitate coordination among state, local and federal authorities in a national effort to disrupt and dismantle the organizations involved in this, " he said.

130 Dead From New U.S. Super-heroin (WT/UPI)

The Washington Times/UPI, June 15, 2006

Federal and local officials in the U.S. Midwest are trying to determine the source of a new enhanced form of heroin that has killed at least 130 people.

The bulk of the deaths have been in and around Chicago and Detroit but victims have also shown up from St. Louis to Philadelphia, The New York Times reported Thursday.

The additive to the heroin is the commercial painkiller fentanyl, which is 50 to 100 times more powerful than morphine. Fentanyl enhances the effect of the heroin, but can also cause the user's respiratory system to shut down, health officials told the Times.

Chicago Police Superintendent Philip Cline, said in an interview his officers are working with the Drug Enforcement Administration looking for common contacts among overdose cases.

The city published fliers warning drug users of the consequences of using the drug, but Cline said drug dealers were seen waving the fliers, advertising they were selling the very thing the fliers warned about.

Amid Fentanyl Deaths, Investigation, Addicts Keep Using (AP)

By Michael Tarm

AP, June 15, 2006

CHICAGO - A self-described drug addict stood by a vacant lot on the city's South Side Thursday and pointed down the block where he says more than a dozen of his friends and acquaintances died after using fentanyl-laced heroin.

"Joe died down there, and then there was Rita, Cherlyn, Marvin died somewhere over there - and Chico there," said Don Howard, 59, flanked by rows of derelict buildings and a sign atop a lamppost that read, "Chicago Blues District."

Several miles away, police and drug enforcement officials from around the country ended two days of discussions Thursday on the possible source of the bad heroin that killed Don's friends and at least 100 others from Chicago to Philadelphia.

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"In my almost 30 years of law enforcement experience, I haven't seen a threat that concerns me this much," said Tim Ogden, an agent with the U.S. Drug Enforcement Administration's Chicago office. "Fentanyl is a very, very potent substance."

The summit provided officials from 12 states and Washington D.C. the chance to coordinate their investigations into the spike of fentanyl-related deaths since the beginning of this year, Ogden said at a news conference.

There were outbreaks of fentanyl-laced heroin in the '80s and early '90s, said Arlington, Va.-based DEA spokeswoman Mary Irene Cooper, who was in Chicago for the meeting. The difference is that the outbreaks aren't isolated this time to one city.

"We're trying to figure out why it's spreading so widely," she said.

Fentanyl is a legally produced prescription pain killer. But the type of fentanyl currently being mixed with heroin is most likely manufactured in illicit labs, Ogden said.

Ogden said that just 125 micrograms of the illegal fentanyl - the equivalent of a few grains of salt - are more than enough to kill.

"I view fentanyl use as taking a six (chamber) revolver, putting five bullets in it, putting it to your temple and pulling the trigger," he said.

Yet, its deadliness doesn't appear to have dissuaded hardened drug addicts.

After Chicago police publicized one street corner where samples of fentanyl-laced heroin had been handed out - thinking addicts would steer clear of the area - drug users flocked there hoping to score free heroin, Police Supt. Philip Cline said.

"We have willing victims here," he said. "That's part of the problem."

In Chicago, there have been more than 60 confirmed fentanyl overdoses since April, 2005, with the vast majority of them coming this year, the DEA said. Detroit, Philadelphia, New Jersey and Delaware have also reported an uptick in fentanyl deaths.

Howard, who also goes by the nickname "Moon," agreed there is less fear among many addicts than non-addicts might presume.

"Some addicts are frightened, but others aren't," he said. "They just feel that if it's their time it's their time."

"Suicidal behavior comes from being an addict," agreed Francois Seets, a 58-year-old recovering addict from Chicago. "They think they're immortal. ... And they think it (the fentanyl contamination) will pass."

So infinitesimal are the amounts of fentanyl, said Seets, that there is virtually no way of determining whether a bag of heroin is laced with it. The fentanyl, he said, wouldn't affect the taste or look of the narcotic.

"You wouldn't know it's bad until you collapse," he said.

Howard, who said he struggles to scrape together the $10 it costs for a small bag of heroin, said he doesn't turn down free samples of heroin - even though such samples have been linked to the recent fentanyl deaths.

But he does take precautions.

Before settling down to shoot up a sample with friends, "I let somebody else go first to be sure," Howard said.

Seets said the fentanyl outbreak does serve as an inspiration to him, driving home the potentially deadly consequences of a relapse.

"It makes me understand I am mortal," he said.

Some Facts About Fentanyl (AP)

AP, June 15, 2006

WHAT IS IT?: Fentanyl, which is considered 80 times stronger than morphine, is used legally to treat chronic pain and as anesthesia for open-heart surgery. Some drug dealers mix it into heroin to make the narcotic more potent.

WHERE: There have been deaths from fentanyl-laced heroin in at least half a dozen U.S. cities - from Chicago to Detroit to Philadelphia. Medical experts say fentanyl can cause breathing problems and make users feel as if they are suffocating.

WHERE'S IT COMING FROM?: It's not clear. Drug enforcement officials say the fentanyl was probably made at one or more illicit labs. They're also considering the possibility that at least some of it came from sources in Mexico.

Death Ignites New Discussion On Drug Use In Park Ridge (PRHA)

By Jennifer Johnson

Park Ridge Herald Advocate, June 16, 2006

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The death of Park Ridge resident Joseph Krecker, 17, in what Chicago police identified as an apparent drug overdose, has ignited more discussion about drug use among Park Ridge youth.

Members of the city's Health Commission, which has set a goal of tackling addiction in the community, say parents need to know that heroin use exists among teens.

According to commission member Dr. John Bello, Krecker's death "illustrates the need to make sure we educate the parents out there that [heroin use] is still a major issue and a problem that everyone needs to be aware of."

At the Health Commission's next meeting, on June 22 at City Hall, Bello said the group will discuss how to alert the community to what is taking place, particularly regarding the distribution of fentanyl-laced heroin and its deadly consequences.

"We want to know what would be the best way to reach people," Bello said. "I think it will be trial and error, to see what is most effective."

During a Town Hall Meeting held in Park Ridge in March to address drug and alcohol use among teens, Park Ridge Deputy Police Chief Tom Swoboda said heroin and Ecstasy are the most prevalent "hard drugs" found in Park Ridge.

Park Ridge police have said that while open dealing of heroin does not occur on Park Ridge street corners, users are known to drive to certain Chicago neighborhoods to purchase drugs.

A survey of Maine Township High School District 207 students in December found that 2 percent of seniors, 1 percent of juniors, 2 percent of sophomores and 1 percent of freshmen admitted to trying heroin. Fewer than 1 percent of the students in each grade admitted they had used heroin in the last month before taking the survey.

Dr. Martin Doot, medical director of Advocate Lutheran General Hospital's Addiction Treatment Program and a member of the Park Ridge Health Commission, said the Substance Abuse and Mental Health Administration recently sent out a warning to physicians about the presence of fentanyl in many overdose victims.

"There's been a rash of fatalities or overdoses that have been seen in the Chicago area and they have tragically affected Park Ridge residents," Doot said.

Doot advises parents to get their children professional help "as soon as possible" if they have been experimenting with drugs, or if they already have an addiction.

Some local resources parents can turn to include the Maine Center at 832 Busse Highway, in Park Ridge, or addiction treatment programs at Advocate Lutheran General Hospital or Northwest Community Hospital in Arlington Heights.

"Good help is available," Doot said.

New treatments for heroin addiction, including medication that is an alternative to methadone maintenance traditionally used to treat heroin withdrawal, are available and "very promising," Doot added.

"The problem is, often people wait too long to get the help they need," he said.

Park Ridge Police Chief Jeff Caudill said feedback from the police department's social worker, school resource officers and surveys taken by students indicates that teens "want their school to be drug free." The support from parents for drug sniffing dogs in the District 207's three high schools is also positive, Caudill said.

D.C.'s 'Teflon Defendant' Acquitted In Latest Trial (WP)

By Eric M. Weiss

The Washington Post, June 16, 2006

Half Brother Testified for Prosecution

Corey A. Moore, the D.C. street legend who has slipped through the hands of prosecutors again and again, has survived another trial -- one that featured his half brother as the key government witness.

Moore, 30, was acquitted yesterday by a federal jury of drug, firearms and conspiracy charges -- clearing the way for his release after nearly two years of denying wrongdoing and awaiting trial.

"Thank you," a visibly relieved Moore said to jurors after the verdict was read. The decision came after a trial that stretched for more than two months. Family members embraced in the courtroom.

Moore famously stood trial four times for a 1994 slaying -- and four times the jury came back deadlocked, leading prosecutors to finally drop the murder charge. The string of prosecutorial failures led some authorities to dub Moore the "Teflon

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defendant." Over the years, Moore has been charged with three murders, assault with intent to kill, assault with a deadly weapon and armed robbery. Each charge was dismissed before trial or resulted in an acquittal.

Moore was convicted once, in 1996, of a weapons charge that netted him a 51-month prison term.

He had said that he was living a law-abiding life when authorities arrested him in August 2004, holding jobs as a youth counselor and car salesman. Prosecutors saw it differently: Moore, they said, had participated in a drug conspiracy with others for at least two years and helped supply crack cocaine and heroin.

Besides the drug charges, a grand jury indicted Moore for weapons violations after federal agents said they found a bag they described as an "assassin's tool kit" when searching his Northeast Washington home. The items included a .357 magnum, a ski mask and a glove.

Moore's attorney, Jonathan Zucker, said prosecutors had little evidence against his client and accused them of an effort to punish Moore for his alleged past sins.

Zucker said the only witness to testify that Moore was seen with drugs was his half brother, Andre Richardson. In closing arguments, Zucker told jurors that Richardson was lying to shave years off his sentence for carjacking and other crimes. Zucker also raised questions about whether the "assassin's kit" was Moore's.

The jury was not told about Moore's previous trials.

One of Moore's co-defendants, Timothy Thomas, was found guilty of drug and conspiracy charges. U.S. District Judge Royce C. Lamberth instructed jurors to continue deliberating on the fate of a third defendant, Frederick A. Miller.

Sitting in a courtroom wearing wire-rimmed glasses and a suit several sizes too big, Moore looked bookish, not like the person who prosecutors have said was once a teenage enforcer for the Condon Terrace Crew, a violent band of young men who lorded over a stretch of turf east of the Anacostia River. He did not testify.

After the verdict, Moore's wife, Holly Williams, said she hoped prosecutors would stop targeting her husband but added, "I think that may be naive."

Throughout the trial, Assistant U.S. Attorney Julius Rothstein sought to portray Moore as a thug who tried to intimidate his brother into silence through emotional appeals and veiled threats.

Allegations of witness tampering and intimidation almost threw the trial in disarray, with Richardson at one point refusing to continue testifying because he said he feared for his safety. At issue was a number of telephone calls from family members in which they appeared to pressure Richardson to stop testifying against his brother.

Moore also sent his half brother a letter, introduced as evidence, that said by relying on informers, the "prison-industrial complex is a disguise for modern-day slavery." By participating, the letter added, "You will be an outcast, and may the curse of the ancestors be upon you if you take the poison to be exploited by the United States."

At the bottom of the letter was a quote: "Death B4 Dishonor."

Richardson testified that he understood the letter to be a threat. But faced with a 30-years-to-life sentence and hoping for a break by assisting the prosecution, he continued to testify.

Holly Williams said Richardson's testimony was hurtful. "It was just sad," she said. "But we pray for him."

Selig Admits Baseball's 'Problems' (NYT)

By Jack Curry

The New York Times, June 16, 2006

Nine days after federal agents reported that pitcher Jason Grimsley had admitted using performance-enhancing substances, Commissioner Bud Selig issued an open letter to fans about the development. Selig acknowledged that "there are problems" in Major League Baseball and said he was "committed to protecting our game."

In a letter that Selig gave to mlb.com and placed in a number of newspapers today, he said that he was "disappointed and angered by revelations that a major league player had acknowledged using human growth hormone" and "had said that others were using HGH as well." Grimsley, who was pitching for the Diamondbacks but was released after reports of his drug use, was not cited by name in Selig's letter.

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The Grimsley matter has created new questions about how many players might be using performance-enhancing substances. Selig's letter was an attempt to assure the fans, and perhaps some politicians as well, that Major League Baseball officials are serious about solving the problem.

Selig has been frustrated that baseball has been criticized for not having a test for human growth hormone. But no professional sports leagues test for it, and the letter, in a way, allowed Selig to vent.

He noted that baseball tests for steroids and amphetamines, and that human growth hormone is banned. But Selig also explained that there is no effective blood test to detect human growth hormone and said it "represents a threat to all sports everywhere."

Selig said that the overwhelming majority of the 750 major leaguers are honorable, but added that there are players who will cheat to try to gain an unfair advantage. Selig said those players damage themselves, raise doubts about the players who follow the rules and violate the trust fans place in them.

"These players who use performance-enhancing substances offend all of us who care for the game, and I will not tolerate their actions," Selig said.

MLB To Fund HGH Detection Study (USAT)

By Hal Bodley, Usa Today

USA Today, June 16, 2006

Commissioner Bud Selig, in an open letter to baseball fans that appears Friday in five major publications, including USA TODAY, blasts players who use performance-enhancing substances and says he is committed to protecting the integrity of the sport.

"These players who use performing-enhancing substances offend all of us who care for the game and I will not tolerate their actions," Selig wrote. "I won't be deterred and will do everything I can to try to keep up with or even stay ahead of those who break the law and break our rules."

Selig said he was prompted to write the letter after former Arizona Diamondbacks pitcher Jason Grimsley told an Internal Revenue Service investigator in a search warrant affidavit unsealed last week that he used steroids, human growth hormone (HGH) and amphetamines throughout his career.

The next day he was released by the Diamondbacks. He was also suspended for 50 games by Selig should he attempt to return to the major leagues.

In the letter, Selig said "we are committed to funding a study of HGH and how to detect it.... Also, we are willing to make additional contributions to fund other studies to determine how to detect HGH and are currently reaching out to experts in the field to ascertain what other studies can immediately begin."

Garbage Held Clues In Steroid Import Case (ALBANYTU)

By Dan Higgins, Staff Writer

Albany Times Union, June 15, 2006

Court papers detail how agents sought evidence of alleged dealing

A two-year federal investigation of a North Greenbush man included intercepting his mail and, on one occasion, rifling through his trash before authorities charged him with attempting to receive anabolic steroids from China, according to documents filed in federal court.

Christopher Magnano, 33, faces charges connected to what officials described as an Internet-based sales operation of the illegal substances, which were seized from his North Greenbush home following his May 19 arrest. Police said the seizure of anabolic steroids and human growth hormone was the largest ever in the Capital Region.

The documents filed in U.S. District Court in Albany shed more light on the investigation that led agents to suspect Magnano. Magnano is charged with illegal possession of anabolic steroids with the intent to distribute. Federal officials said more charges could follow as the investigation continues.

Authorities allege that when they confronted him, Magnano explained how he received anabolic steroids from China for several years and resold them over the Internet. But his attorney, Bryan Rounds, challenged that claim Tuesday.

"The words attributed to my client were not spoken by him," Rounds said. He said whatever Magnano told investigators has been "pulled, twisted, and taken out of context," and that the paraphrasing in the court documents shows that it was a "second- or third-hand account."

Rounds said no evidence shows that Magnano had any intention to sell the substances and that he questions whether the materials seized have been correctly tested and identified as illegal steroids.

Magnano had been under suspicion by at least three federal agencies, according to an affidavit from a U.S. postal inspector. Postal inspectors had intercepted his mail, and agents from the Food and Drug Administration's criminal enforcement unit even searched the garbage outside his Sequoia Drive home, where they said they found empty bottles of anabolic steroids and used syringes. That information was used to obtain the search warrant that led to the seizure.

In a statement, a postal inspector assigned to Troy said agents were alerted after Magnano set up several post office boxes around the Capital Region and received mail at his home address. He frequently received packages from other countries and was evasive on one occasion when postal employees asked him about a parcel's contents, according to the inspector's deposition.

Adding to their suspicions, inspectors learned Magnano had a history of drug convictions. He served time in state prison for selling LSD and hallucinogenic mushrooms in the 1990s.

Last year, the FDA's Office of Criminal Investigations told a Troy-based postal inspector that their agency also was investigating Magnano. They suspected he had been receiving anabolic steroids and human growth hormone. Immigration and Customs Enforcement agents at Kennedy Airport in New York City intercepted mail addressed to Magnano from China that they said contained the illegal substances.

The week Magnano was arrested in May, FDA agents learned Magnano was going to receive another suspicious shipment from China. The authorities set up a bust in which police asked a DHL employee in Latham to call Magnano and tell him his package had arrived. When Magnano turned up to retrieve the package, an undercover agent handed it to him. That's when Colonie police took him into custody.

According to court records, Magnano had packages in his car containing more illegal steroids that agents contend he was preparing to mail to his buyers.

Magnano has pleaded not guilty to the charges and remains free on bail.

Deputies Find Remote Pot Garden (SACBEE)

The Sacramento Bee, June 15, 2006

AUBURN -- An anonymous tip led Placer County sheriff's investigators on Wednesday to more than 17,000 marijuana plants being grown on U.S. Forest Service land between Auburn and Foresthill, authorities said.

The pot plot, in Gas Canyon, had plants between 6 inches and 2 feet tall, according to the Sheriff's Department.

As investigators were removing the plants, a person carrying a rifle was seen fleeing on foot, but was not caught. One rifle was recovered at the scene.

Authorities warned people to be careful when hiking off-trail in the wilderness, since marijuana growers often are armed.

KING OF BLING BUSTED (NYPOST)

By Kati Cornell And Dan Mangan

The New York Post, June 16, 2006

The feds want to ice Jacob the Jeweler.

The famed Manhattan purveyor of diamond-encrusted "bling" to Madonna, Diddy, hoop star Allen Iverson and other celebs was busted yesterday on charges he helped two coke kingpins launder some of their $270 million in dirty drug profits by selling them jewelry.

Jacob "The Jeweler" Arabo received "large sums of currency" for various pieces of jewelry from the leaders of the so-called Black Mafia Family drug ring and their flunkies, according to a Detroit federal-court indictment unsealed yesterday that also charges 15 others with drug and laundering crimes.

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The 41-year-old Uzbeki immigrant, born Jakov Arabov, then either failed to file tax forms required for business transactions totaling more than $10,000, or submitted false tax forms that declared the purchasers were people other than the actual buyers, the indictment claims.

The scheme allegedly was designed to conceal that the jewelry purchases were made with proceeds from the Black Mafia Family's sales of thousands of kilos of cocaine in Detroit, California, Kentucky, Georgia, Texas and elsewhere, and to hide the true ownership of those funds.

The gang's alleged leaders operate BMF Entertainment, a rap-music label, and have extensive connections in the hip-hop world, as does Arabo.

He was arrested at 8:30 a.m. yesterday at his Jacob & Company boutique at 48 E. 57th Street by federal agents, and led away in handcuffs.

Authorities also seized documents from the exclusive boutique - a converted brownstone designed to resemble the interior of a diamond mine - where the "King of Bling" has welcomed some of the world's most famous singers and athletes.

The boutique was shuttered for the rest of the day, with a sign hung on the doorway saying, "Closed for inventory," on Jacob & Company stationery.

"Holy s---, I have a necklace in there!" yelped one female customer after a reporter told her the actual reason she would not be able to collect her purchase.

Arabo later appeared in the afternoon at Manhattan federal court for a hearing, where he was released on a $100,000 personal-recognizance bond.

Wearing charcoal-gray pinstripe pants and a blue dress shirt, his wavy black hair slicked back on his head, the jeweler paid rapt attention during the proceeding.

Federal Magistrate Frank Maas noted Arabo allegedly "conspired with others to laun der monetary instruments . . . in connection with your jewelry business."

Arabo, who left court with wife Angela, next is due to appear in Detroit federal court on July 10.

His defense lawyer, Benjamin Brafman, said, "The arrest of Mr. Arabo is the result of an unfortunate misunderstanding that we believe will be straightened out in the next several weeks.

"We are confident that once the government is advised of all the facts surrounding these issues that all of the charges against Mr. Arabo will be completely dismissed."

Arabo's arrest is a rare wrong note in his Horatio Alger-like rise in New York, where he arrived at age 16 to work in the Diamond District, and later began developing clientele from the world of rap music.

Yesterday's indictment is related to a prior set of federal charges filed in October in Detroit against a slew of members and associates of the Black Mafia Family, allegedly headed by Demetrius "Meech" Flenory, 45, and his 35-year-old brother, Terry Lee Flenory.

Demetrius is charged in an unrelated case with murdering two close friends of rap impresario Sean "Diddy" Combs in Atlanta in 2003.

One of the victims, Anthony "Wolf" Jones, was a former bodyguard for Combs and was with him, singer Jennifer Lopez, and rapper Jamal "Shyne" Barrow in Club New York in Manhattan in 1999 when Barrow shot and wounded two men.

Jones and Combs were acquitted of criminal charges in a subsequent trial, but Barrow was convicted and sentenced to 10 years in prison.

The Flenory brothers, originally from Detroit, allegedly grew the Black Mafia Family over two decades from a drug organization that dealt smaller quantities of cocaine in that city into a much bigger operation with tentacles throughout the country.

The profits of those sales allegedly were laundered in a variety of ways to make the money appear legitimate, including purchases from Jacob.

Authorities said the Black Mafia Family would purchase winning Michigan lottery tickets worth more than $1 million from their true winners so that the ducats could be redeemed, with the money used to purchase homes and cars, and make mortgage payments.

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Additional reporting by Mathew Charles

Clarksdale Man Arrested In Slaying Of Federal Witness (JACKCL)

Jackson Clarion-Ledger, June 16, 2006

A 24-year-old Clarksdale man has been arrested in connection with the slaying of a federal witness found dead earlier this month on a Coahoma County road.

Kenneth C. Walker was arrested by an ATF violent crime federal task force for his alleged involvement in the retaliation against a federal witness and on a charge of discharge/possession of a firearm during a federal violent crime.

William Christopher Haro, 27, a witness in a Bureau of Alcohol, Tobacco, Firearms & Explosives case, was found shot multiple times June 9.

Walker was arrested without incident Tuesday and made an initial appearance before a federal judge.

Lawyer Jailed On Gun Charges (CHASGAZ)

By Tom Searls, Staff writer

Charleston Gazette, June 16, 2006

Indictment stems from April raid on residence

Federal authorities want to keep Charleston attorney Dante di Trapano in jail until a trial on gun charges related to drug addiction, contending he could be a danger to the community.

Di Trapano was indicted on two counts Wednesday by a federal grand jury in Charleston and arrested Thursday morning. Federal authorities argued he could be a danger to the community and pointed out his former law firm has hired an off-duty Charleston police officer for protection against him.

Di Trapano was indicted based on eight guns found in an April raid federal agents conducted on his South Hills residence.

Already charged in March with possession with intent to deliver crack cocaine in Florida, di Trapano had said then he was checking himself into a drug rehabilitation program. Wednesday's indictment charged him with being "an unlawful user of and addicted to a controlled substance" while in possession of the guns and for allegedly lying on a federal form when he purchased a gun Feb. 4, stating he was not addicted to or using drugs.

While his attorney, Michael Del Giudice, requested an immediate bond hearing, U.S. attorneys said di Trapano needed to be locked up for at least three days while the probation office prepares a report. U.S. Magistrate Judge Mary Stanley agreed and set a hearing for Tuesday at 2 p.m. on the government's motion to detain him without bond until trial.

As part of their argument to keep di Trapano in jail, the government noted that on May 31 diTrapano's former law firm, Di Trapano Barrett & DiPiero, hired the off-duty officer "based on the concern that [Dante di Trapano] would damage the building or equipment and out of concern for the safety of the employees of the firm."

No one from the firm, established by Dante di Trapano's father, former state Democratic Party chairman Rudolph Di Trapano, would comment.

Del Giudice said he had no knowledge of his client's relationship with his former firm. "There's obviously been a divorce between he and his partners," he said.

Prosecutors also noted di Trapano's Sunday arrest for driving with a suspended license. When he was arrested Thursday, prosecutors noted he was again driving with a suspended license. Magistrate Judge Stanley also said she had seen di Trapano driving on Wednesday.

He was being held in South Central Regional Jail in Charleston.

House Panel Backs ATF Fee, At A Discount (WP)

By Dan Eggen

The Washington Post, June 16, 2006

The House Appropriations Committee approved a new fee for manufacturing and importing explosives this week, prompting objections from industry groups but at least a tentative sigh of relief from the Bureau of Alcohol, Tobacco, Firearms and Explosives.

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The debate over the fee comes at a time of mounting budget difficulties for ATF, which is already facing rising costs on a new headquarters building in Washington. Cost overruns on that project attributed to decisions by the agency's director, Carl J. Truscott, and other expenditures are the subject of an investigation by the Justice Department inspector general.

The Bush administration proposed a 2-cent-per-pound fee on explosives to generate $120 million of ATF's proposed $980 million budget in 2007. The Appropriations committee cut the fee back to half a cent -- or $30 million -- and funded the rest of ATF's requested budget from other sources.

But committee staffers concede that even the smaller fee may not be approved by the full House, where many lawmakers believe such charges should be formally authorized by Congress before they are implemented. Lawmakers rejected a similar attempt by the administration last year, and the explosives and mining industries oppose the idea as a de facto tax increase.

"To force ATF to create a tax-collections division or whatever it would be to fund their inspection regime just doesn't make sense," said Chris Ronay, president of the Institute of Makers of Explosives, a Washington lobbying group. "It's unnecessary and problematic."

Truscott told lawmakers in late April that losing the explosives fee would have a "significant effect" on the agency, but he declined to say whether that would include layoffs or other cutbacks. About a week later, however, Truscott told ATF managers meeting in Denver that there could be some layoffs if the fee is not approved, according to senior ATF officials who were present or familiar with the remarks.

The comments sent shock waves through the small Justice Department agency, which includes about 2,400 special agents and 2,500 other employees.

Several senior ATF officials, who requested anonymity for fear of retaliation, said ATF's budget could be crippled without the explosives fee at a time when terrorists are seeking materials for bombs. The officials also criticized Truscott's handling of the budget dispute, saying he should have been more aggressive with Congress in explaining the agency's funding needs.

ATF spokeswoman Sheree L. Mixell -- speaking before the House committee acted Wednesday -- said Truscott made it clear to lawmakers that loss of the funding would have a significant impact but that it was too early to address specifics. She declined to comment on Truscott's remarks about layoffs.

Truscott and Attorney General Alberto R. Gonzales have come under sharp questioning in recent months from key members of the House Appropriations subcommittee that oversees the ATF. Chairman Frank R. Wolf (R-Va.) faulted Truscott and other officials for not seeking to work the issue out with the panel.

"To say that you're going to offset something by $120 million and put it in a budget and get it printed and not come up and work for, it would be like somebody saying that I'm really for something but I do nothing about it," Wolf told Truscott in April.

Senior subcommittee Democrat Alan B. Mollohan (W.Va.), whose home state would be hard hit by an explosives fee, questioned whether the program would actually raise as much money as predicted.

Gonzales defended the explosives fee, testifying earlier this year that "it is appropriate to have the industry pay for the costs of implementing" new rules for the sale and importation of explosives.

ATF has been buffeted by allegations that Truscott approved or proposed hundreds of thousands of dollars in unnecessary upgrades to the new ATF headquarters. The building, due to open later this year, is at least $19 million over budget.

Inspector General Glenn A. Fine has opened an investigation into complaints over that project and other spending, questioning dozens of ATF officials earlier this year, according to several officials who have been interviewed. In addition to the construction project, investigators have questioned ATF employees about a costly trip that Truscott and others took to London last year and about allegations that ATF staff members helped assemble a school video report for a relative of Truscott's, according to the officials.

Mixell said she could not comment on the inspector general's inquiry. Truscott has declined to talk about the allegations.

IMMIGRATION:

14 Million Aliens Forecast To Get Amnesty (WT)

By Jerry Seper

The Washington Times, June 16, 2006

More than 9.9 million illegal aliens now in the United States will receive amnesty under an immigration-reform bill passed by the Senate, though about a quarter will do so fraudulently, and the bill allows for 4.5 million family members to join them in the United States, according to a report.

"Of the 14.4 million illegals and their family members who will receive amnesty, we estimate that 13.5 million will eventually become permanent residents, which means they can stay as long as they wish and apply for citizenship," according to the report released yesterday by the Washington-based Center for Immigration Studies (CIS).

The report, written by CIS Research Director Steven A. Camarota, said the projected 14.4 million figure does not include other expected increases in legal immigration allowed by the bill. The Heritage Foundation predicted in a report last month that the number could total 193 million in the next 20 years.

The Senate bill still faces conference hearings with House members, who passed immigration-reform legislation in December focusing on border security.

The CIS report, which based its findings on the 1986 Immigration Reform and Control Act (IRCA) that granted amnesty to about 3 million illegal aliens and their relatives, said that about 7.4 million illegals eligible for amnesty under the Senate bill will come forward and receive amnesty legitimately.

The report said there will be one fraudulent amnesty awarded for every three legitimate ones -- meaning that more than 2.5 million illegals will become legal fraudulently. In addition to the amnesty beneficiaries, the bill will allow an estimated 4.5 million family members currently living abroad to join their newly legalized relatives, the report said.

"Our assumption that the share of illegals who come forward will be similar to the share in 1986 may be too low because, unlike the last legalization, illegals now know that amnesties are real and not a ruse by the government to deport them," Mr. Camarota said. "Moreover, because the border is now more difficult to cross illegally, legalization is a more attractive option."

The report cautioned that its estimate of more than 2.5 million fraudulent amnesties, based on IRCA, may be too low, as well, because the false-document industry "is now more developed." It said the "overworked immigration bureaucracy already" has a severe fraud problem, according to a report by the Government Accountability Office.

"As its workload mushrooms with amnesty, fraud will become even more difficult to detect," Mr. Camarota said.

The CIS report also predicted that if the Senate bill were to become law, nearly 8 million more illegal aliens still would enter the country by 2016.

The report does not describe the illegal aliens affected by the bill as "guest workers," noting that amnesty applies to people who are given some kind of legal status, are not subject to deportation and can work in the United States.

"In our view, any policy or legislation that does not require those who break the law to abide by it, but instead suspends the normal penalty and in some way changes the law to accommodate violators is an amnesty," Mr. Camarota said. "An amnesty in the immigration system is any change that allows people who would otherwise be subject to deportation to stay in the country."

States Struggle To Cut Costs Of Immigration (CSM)

By Jeff Oliver

The Christian Science Monitor, June 16, 2006

DENVER

With no resolution of immigration-reform legislation at the federal level, states have been pressing ahead with their own measures intended to discourage illegal immigration and curtail costs of providing services to that population.

Lawmakers in Kansas, Iowa, and Arizona have voted this year to restrict certain social services to illegal immigrants, following similar action last year in Virginia. Other states have passed legislation cracking down on employers of illegal immigrants and those who sell forged documents to illegals.

In all, state legislatures have seen some 500 immigration-reform bills introduced in 2006, according to the National Conference of State Legislatures (NCSL).

But even as lawmakers try to make it harder for illegals to live in their states, they are bumping into one roadblock after another, rendering their efforts toothless and mostly symbolic. For one, states cannot sidestep federal law by simply denying

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certain services, such as public education and emergency healthcare, to undocumented people. For another, the courts often ruled against their immigration-control proposals.

"Mostly, [the measures] are just unsuccessful," says Josh Bernstein, director of federal policy at the National Immigration Law Center, an advocate for low-income immigrants. Mr. Bernstein, along with colleagues, has tracked many of the measures.

The latest setback came this week in Colorado, where the state's Supreme Court disallowed a ballot initiative that asked voters if they wanted to bar illegal immigrants in the state from receiving "nonemergency" social services. The judges on Monday ruled, 4 to 2, that the measure could not appear on the November ballot because it improperly mixed two subjects: services to immigrants and decreases in taxation.

The ruling touched off a firestorm of criticism from those who had hoped Colo- rado would be next to undertake a state-level immigration crackdown.

"This was an unprincipled, unjustified, and unfair decision. [The judges] took the matter away from the voters," says a disappointed Richard Lamm, a former Colorado governor, who spearheaded the three-year effort to qualify the measure for the ballot. "No one was as close as we were."

US Rep. Tom Tancredo (R) of Colorado, one of the country's most outspoken advocates of immigration reform, echoed Mr. Lamm, claiming that the decision was the product of "naked" partisan politics. "I would certainly impeach them," he said, referring to the judges.

Gov. Bill Owens (R) threatened to call a special session in the legislature to get the measure on the ballot unless the state Supreme Court reconsiders its ruling.

Others were pleased. Federico Peña, a former Denver mayor and head of Keep Colorado Safe, a group that opposed the initiative, hailed the decision as a victory for Colorado, calling the measure "mean-spirited." The judges, he said, simply beat Coloradoans to the punch, knocking down a measure that never should have been introduced in the first place.

In Colorado, in 2005, 70 percent of illegal immigrants did not have health insurance, according to the Center for Immigration Studies, a nonprofit research organization which advocates controlling immigration. In addition, 18 percent of households headed by illegal immigrants had someone in the household who used a major welfare program, including food assistance or Medicaid, the CIS reported.

State-level immigration reforms have had trouble from the beginning. In 1994, Californians passed Proposition 187, the first state ballot initiative to deny social services to illegal immigrants. The measure languished in the courts, costing the state a bundle in legal fees before a US District Court declared it unconstitutional in 1997 because it was considered too broad and trampled on federal jurisdiction.

The measures are typically motivated by frustration over inaction in Washington, but those who support them often expect no real results. "Many people who voted for 187 would agree with the statement that they just wanted to send a message to Congress," says Hans Johnson, a researcher with the Public Policy Institute of California in San Francisco.

Not everyone agrees that such legislation is a waste of time. Representative Tancredo says denying social services to illegals is an effective way to save taxpayer dollars and remove a possible incentive for illegal entry into the US. "It's one of the few things states can actually do to make a difference," he says.

Protect Washington Now is currently pushing a ballot initiative there similar to Colorado's. Bob Baker, who leads the group, calls the Colorado court decision "heart-breaking," but he continues to push forward. "I would love to let the feds take care of it. I would have a lot more free time on my hands," he says.

Still, there is little confidence by immigration experts that state activists can achieve the reforms they want to curb illegal immigration. The most they can do is "convey a real sense of public outrage and frustration," says Steven Camarota, director of research for the Center for Immigration Studies.

Mr. Baker says he believes a ballot initiative restricting social services in Washington State will help advance the group's agenda. "If nothing else, we've got people talking about the issue."

Immigration Enforcement (WT)

By Michael Chertoff

DOJ_NMG_0034806

The Washington Times, June 16, 2006

President Bush has put forward a comprehensive vision for immigration reform that will secure our borders, strengthen interior enforcement and create a temporary worker program that is not amnesty but will provide a legal, regulated path for those seeking work in the United States.

A key part of this strategy is effective worksite enforcement. Simply put, we need to give employers better tools to verify the legal status of their employees. Under the president's plan, we will provide new tools — including a tamper-proof identification card for legal foreign workers and an expanded electronic verification system that will allow employers to quickly and accurately confirm work eligibility.

At the same time, we need to enforce stronger penalties against employers who knowingly hire illegal aliens, including employers who have made illegal labor part of their business model. Congress is hard at work on a bill that will make the president's vision a reality, but two additional reforms will help us hold employers accountable for breaking the law and help the Department of Homeland Security identify and prosecute employers who are blatantly abusing our immigration system.

First, employers have an obligation under existing law to take action when the federal government notifies them that they may have hired an illegal alien. In certain instances, when a worker's Social Security number does not match that worker's name on tax or employment eligibility documents, the federal government sends out a "no-match" letter asking them to resolve the discrepancy. In fact, out of 250 million wage reports the Social Security Administration receives each year, as many as 10 percent belong to employees whose names don't match their Social Security numbers. SSA attempts to clear up these mismatches, sorting out reports where the worker's name or Social Security number was mistyped but still ends up with almost 9 million unmatched reports.

SSA then frequently mails out no-match notices that explain to workers how to clear up the mismatch. SSA does this because workers whose wages cannot be matched to correct Social Security numbers may lose a portion of their retirement and disability benefits.

But despite this threat of lost benefits, less than 1 percent of workers actually clear up the mismatch. Why? Experience tells us that as many as 90 percent of these workers do not clear up the mismatch for the simple reason that they are illegal aliens not authorized to be working or to even be in this country and who procured their jobs through immigration fraud.

As it stands, although some employers are charged with constructive knowledge of ignoring no-match letters, some employers simply disregard "no-match" notices with little consequence. But that is going to change. Last week, the Department of Homeland Security issued a proposed regulation that will establish a specific process for employers to take corrective action when they receive a "no-match" notice. Under the proposed regulation, it will be clear that employers must check employment records, determine the cause of the mismatch and notify the appropriate federal agencies if they cannot resolve the problem. If employers fail to do so in a reasonable period of time, U.S. Immigration and Customs Enforcement can, in appropriate circumstances, hold them legally accountable for knowingly continuing to employ an illegal worker.

But clarifying mismatches is only part of the solution. We also need to give our Immigration and Customs Enforcement agents a better way to determine which employers are habitually using or providing fraudulent Social Security information. One way to do that is by giving our agents sufficient access to no-match data. Under current law, the Social Security Administration does not provide sufficient access in sharing this information. This is simply wrong, and Congress needs to change the law.

If we had sufficient access to no-match data, we could better target our enforcement efforts to the companies that are most likely to be deliberately exploiting illegal labor: the companies that have the largest percentage of no-match employees. In fact, in a study conducted last year, the Government Accountability Office discovered dozens of employers who provided the very same Social Security number for more than a hundred employees. In one instance, an employer used the same Social Security number for more than 2,500 employees in a single tax year. Certainly there will be occasions where employers will be able to offer legitimate explanations for their behavior, but Immigration and Customs Enforcement agents need sufficient access to scrutinize the no-match data.

Even more important, the Department of Homeland Security could use the additional data to find potential immigration fraud at critical infrastructure facilities, such as dams, chemical plants or airports. These are places where sabotage or an

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accident could kill hundreds or thousands of Americans. They are not places where we should tolerate workers who have lied to get their jobs and who may pose a danger to this country.

Congress needs to break down the wall that separates our Immigration and Customs Enforcement agents from data that would help them find illegal workers and the employers who exploit them. Changing the law will not mean an invasion of workers' privacy. Indeed, it can help protect privacy by preventing identity theft and misuse of an individual's Social Security number.

We cannot stop illegal migration if we do not stop illegal employment, strengthen our border defenses and offer illegal workers a chance to come out of the shadows and take legal, temporary jobs. But we will not succeed in bringing these workers out of the shadows if we ourselves do not have the information we need to enforce our immigration laws.

Michael Chertoff is secretary of the Department of Homeland Security.

CONGRESS-ADMINISTRATION:

Bush Signs Spending Bill For Wars And Hurricanes (NYT)

By Robert Pear

The New York Times, June 16, 2006

WASHINGTON, June 15 — President Bush signed an emergency spending bill on Thursday to finance the wars in Iraq and Afghanistan and to help hurricane victims in Gulf Coast states.

Mr. Bush acted hours after the Senate approved the $94.5 billion bill by a 98-to-1 vote. Senator Arlen Specter, Republican of Pennsylvania, voted against the measure, saying it did not provide enough for domestic health and education programs.

The measure provides $65.8 billion for military operations in Iraq and Afghanistan, $3.9 billion for foreign aid, $19.8 billion for hurricane relief and $2.3 billion for pandemic flu preparations. Most of the remainder is for border security.

"I am pleased that Congress has addressed these urgent national priorities within the spending limits I set," Mr. Bush said. To stay within the limits, House and Senate negotiators scrapped many items that had been added by the Senate.

Final approval of the bill was accompanied by growing frustration on Capitol Hill over the use of emergency spending measures to pay for overseas military operations.

The Senate voted 98 to 0 to force President Bush to submit a budget for the Iraq and Afghanistan wars, instead of using emergency bills, outside the regular budget and appropriations process.

"We are blowing the budget process," said Senator John McCain, Republican of Arizona, who proposed the new requirement. "We are carving gigantic holes in the system. Since 2001, the administration has sought to fund the war operations almost entirely through emergency supplemental appropriations measures."

Congress has passed nine supplemental appropriations bills providing $420 billion for the wars in Iraq and Afghanistan, Mr. McCain said. By contrast, he said, "during the 11-year Vietnam War, there were four supplemental appropriations bills."

Mr. McCain's proposal was approved as an amendment to a separate bill setting forth military policies for the coming year. It stipulates that Mr. Bush, as part of his annual budget, must request money for military operations in Iraq and Afghanistan and provide an estimate of the full amount needed, together with "a detailed justification."

The administration has argued that it cannot predict the exact amounts that will be required.

But Senator John W. Warner, Republican of Virginia, who is chairman of the Armed Services Committee, said, "It is now time for the administration to present these costs as part of the regular budgeting process."

Senator Carl Levin of Michigan, the senior Democrat on the committee, said, "It is essential that our budget begin to reflect reality and recognize the enormous cost of these ongoing military operations."

Senator Robert C. Byrd of West Virginia, the senior Democrat on the Appropriations Committee, said: "The administration has chosen to hide those costs. Where? In emergency spending bills."

The president's requests came to Congress "with little or no detailed justification," Mr. Byrd said.

The bill includes money for a wide range of hurricane recovery efforts: $3.7 billion for flood control projects and levee repairs in Louisiana, more than $4 billion in housing assistance, $550 million for a new veterans hospital in New Orleans, $50 million for higher education and $235 million to help elementary and secondary school students displaced by the hurricanes.

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Senate Sends Bush $94.5B For Iraq, Katrina (AP)

By Andrew Taylor

AP, June 15, 2006

The Senate Thursday sent President Bush an emergency spending bill meeting his funding requests for America's wars in Iraq and Afghanistan and aid to Gulf Coast hurricane victims.

The 98-1 vote on the $94.5 billion House-Senate compromise legislation gave much-needed funds to support U.S. troops overseas. Most of the money — $66 billion — goes to the Pentagon for military operations overseas.

Bush praised Congress for providing funds to "fight terrorism, defend our homeland, enforce our borders, and fulfill our moral obligation to help our fellow Americans in need."

The bill would bring to almost $320 billion the tally for the campaign in Iraq and $89 billion for the one in Afghanistan.

Only Sen. Arlen Specter (news, bio, voting record), R-Pa., voted against the bill. He is opposed to a provision endorsing Bush's $873 billion "cap" on the annual appropriations bills that Congress passes each year. Specter is pushing for $7 billion in additional money for education and health programs.

Still, there is increasing concern in Congress about the cost of the war in Iraq and the fact that the spending is kept on a set of loosely policed books that are kept separate from the rest of government operations.

Final action on the bill was welcomed by Gulf Coast lawmakers, especially relatively junior Louisiana delegation members who felt their Katrina-devastated state was shortchanged in a similar measure last December.

The bill contains $3.7 billion for Louisiana flood control projects, and Louisiana Democratic Sen. Mary Landrieu (news, bio, voting record) and GOP colleague David Vitter are confident their state will receive $4.2 billion of $5.2 billion contained in the bill for direct grants to states. Louisiana plans to use its share to repair and rebuild housing stocks.

"Many people didn't have insurance because they weren't in a flood plain," Landrieu said. "And then the levees broke and people, middle-income families, wealthy families and poor families lost the largest asset they had."

An earlier veto threat by Bush forced senators to strip some things out:

_More than $14 billion for such things as aid to farmers outside the hurricane zone and for the Gulf Coast seafood industry.

_Democratic initiatives to beef up port security and veterans medical services.

_A controversial plan backed by Mississippi GOP Gov. Haley Barbour and the state's powerful Senate delegation to pay CSX Transportation $700 million for a recently rebuilt freight rail line along the coast so the state could use its path for a new highway.

Notwithstanding approval of the emergency spending measure, lawmakers are getting restless over the practice of funding wars through ad hoc supplemental bills outside the annual budget and thus not subject to budget limits that curb the growth of other government programs.

On an unrelated defense policy bill, senators Wednesday voted 98-0 for an amendment by John McCain, R-Ariz., to require future funding for the wars to be considered in the same way as other government spending measures.

"This bill continues the charade that this war should be funded off budget instead on including the money our troops need in the regular budget that's requested by the president and sent to us," said Patty Murray, D-Wash., as debate closed Thursday.

The bill adheres to Bush's demand of a bill capped at $94.5 billion — including $2.3 billion to combat avian flu — though lawmakers found extra money for grants for Mississippi, Texas and Alabama by cutting back on the Federal Emergency Management Agency's chief disaster fund.

That move raises the likelihood that more FEMA funds will have to be passed before the end of the year if not before Election Day.

The compromise bill includes Bush's plan to provide 1,000 more Border Patrol agents along the Mexican border, send about 6,000 National Guard troops there and build detention space for 4,000 illegal immigrants.

Efforts by Gregg to add funding for capital needs for border security such as helicopters and other aircraft and new vehicles to patrol the border were rebuffed by the White House.

The overall emergency bill's long path into law began in February as a $92.2 billion request by Bush. He later agreed to additions for Louisiana levee projects, border security and avian flu.

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Bush's determination that the measure not exceed his request set the terms for endgame talks, and when the agreement was unveiled, the White House and House Republicans trumpeted their success in sticking with the target.

But while many Senate extras were tossed overboard, others were financed by simply putting off spending that will be required to be included in the next emergency bill, expected early next year.

Senate Approves $94.5B For War, Hurricane Funds (WP)

By Shailagh Murray

The Washington Post, June 16, 2006

An emergency spending bill to pay for war and storm-recovery costs is headed to President Bush after easily passing the Senate yesterday.

The 98 to 1 vote was a rare moment of consensus on a day of anguished debate in both chambers over the Iraq war.

The $94.5 billion emergency bill includes nearly $66 billion for continued operations in Iraq and Afghanistan, and nearly $20 billion in disaster assistance for the Gulf Coast. Lawmakers added the $2.3 billion that Bush had sought to combat avian flu and nearly $2 billion to beef up security along the U.S.-Mexico border, including $708 million to deploy National Guard troops.

Faced with a White House veto threat, House and Senate negotiators stripped out $14 billion in unrelated funding that the Senate had added to its version of the legislation. But the final bill did include a few unrelated items.

"We've made considerable progress toward limiting unnecessary and wasteful spending," Senate Majority Leader Bill Frist (R-Tenn.) said in a statement after the vote. "But more can be done."

Though Congress has not resisted Iraq-related costs, which now total nearly $320 billion, lawmakers are increasingly irritated by the White House's reliance on the emergency spending process. The Senate voted unanimously Wednesday night to require that future war funding be factored into the annual federal budgets. The bill approved yesterday was the ninth emergency measure since Sept. 11, 2001 -- all off the books, "as if it were free money," said Sen. John McCain (R-Ariz.).

Emergency bills invite abuse, McCain said, because they are not scrutinized by authorizing committees, and become magnets for special perks. "We are blowing the budget process. We are carving gigantic holes in the system," McCain said.

Reduced Spending Bill Approved In Senate (WT)

By Amy Fagan

The Washington Times, June 16, 2006

The Senate yesterday overwhelmingly passed a $94.5 billion emergency spending bill to fund the war on terror and hurricane recovery, but only after House leaders forced the Senate to cut about $14 billion from its version.

The bill, which the House passed Tuesday, was approved by the Senate on a 98-1 vote and was signed yesterday evening by President Bush, who had threatened a veto if the final version exceeded $94.5 billion. The Senate bill had reached $109 billion.

In his signing statement, Mr. Bush praised the bill for providing "additional resources needed to fight the war on terror, help citizens of the Gulf States recover from devastating hurricanes, and protect Americans from a potential influenza pandemic."

Senate leaders immediately credited Republicans in both chambers for saving the legislation.

"Republican-led efforts ensured the bill didn't exceed the president's emergency request while focusing our resources on the critical priorities," said Senate Majority Leader Bill Frist, Tennessee Republican.

Others said the spending bill would have ballooned out of control without the hard line drawn by House leaders, especially Speaker J. Dennis Hastert, Illinois Republican.

"It would have been much higher without the insistence of the House," said Rep. C.W. Bill Young, Florida Republican.

The measure provides $65.8 billion for the war efforts in Iraq and Afghanistan, including money for Humvees and tanks; and $19.8 billion for Gulf Coast hurricane recovery, including $500 million in agricultural assistance. The agricultural package was reduced from about $4 billion in the Senate version.

The bill also funds two specific extra requests from Mr. Bush: $2.3 billion for avian flu preparedness efforts and $1.9 billion for border security.

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Before he signed the bill, Mr. Bush credited congressional leadership and the chairmen of the House and Senate Appropriations committees -- Rep. Jerry Lewis, California Republican and Sen. Thad Cochran, Mississippi Republican -- for reducing the bill to an acceptable level.

"I am pleased that Congress has addressed these urgent national priorities within the spending limits I set," Mr. Bush said.

Rep. Mike Pence, Indiana Republican, and other House conservatives voted against the bill and recommended that Mr. Bush veto it because about $5 billion of the allocation is unrelated to either the war or hurricane recovery. The bill passed the House by a 351-67 vote.

Conservatives said items that don't belong in the bill include $35.6 million for mine safety, $27.6 million to repair utility steam tunnels in the Capitol Power Plant and $38 million for oyster activities.

Negotiators from both chambers killed a contentious Senate project that would have provided $700 million to reroute a railroad in Mississippi, as well as language that critics said would have forced the Navy to reimburse Northrop Grumman Corp. for hurricane damage, lifting the burden from insurance companies.

Sen. Arlen Specter, Pennsylvania Republican, cast the only opposing vote yesterday, saying it didn't include an extra $7 billion in the annual budget for labor, health and education. Mr. Specter is chairman of the Senate Appropriations subcommittee that oversees that bill.

"This vote should not be misconstrued as voting against our troops or hurricane recovery efforts," he said.

Senate Approves Bush Nominee To Head FDIC (AP-Y2)

AP2, June 15, 2006

Sheila Bair, President Bush's nominee to head the Federal Deposit Insurance Corp., was approved by the Senate on Thursday along with nominees for three other government positions.

The four were confirmed without dissent. In addition to Bair, they are: James B. Lockhart as director of the Office of Federal Housing Enterprise Oversight; Kathleen Casey as a member of the Securities and Exchange Commission; and Robert Couch as president of the Government National Mortgage Association, known as Ginnie Mae.

Bair, a former assistant Treasury secretary, is a professor at the University of Massachusetts. She will become chairman of the agency created during the Depression that insures up to $100,000 in deposits in individual accounts and, in line with legislation enacted in February, up to $250,000 for individual retirement accounts held in banks.

Lockhart, now the acting director of OFHEO, is a longtime Bush friend. He was the executive director of the Pension Benefit Guaranty Corp., the federal agency that backs private pensions, from 1989 to 1993.

At his confirmation hearing last week, Lockhart assured senators he would maintain his independence as the chief regulator of embattled mortgage company Fannie Mae and its smaller government-sponsored sibling, Freddie Mac.

At a hearing Thursday, Lockhart said it will take years for Fannie Mae to completely reform and recover from its $11 billion accounting scandal.

Casey is the staff director and counsel for the Senate Banking, Housing and Urban Affairs Committee. Couch is president and chief executive of New South Federal Savings Bank in Birmingham, Ala.

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On the Net:

Federal Deposit Insurance Corp.: http://www.fdic.gov

Office of Federal Housing Enterprise Oversight: http://www.ofheo.gov

Securities and Exchange Commission: http://www.sec.gov

Government National Mortgage Association: http://www.ginniemae.gov

Bush Hosts Annual Congressional Picnic (AP-Y2)

By Deb Riechmann

AP2, June 16, 2006

President Bush was the host of the annual congressional picnic Thursday at the White House, but it was his chief of staff's band that came close to stealing the show.

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"We got some interesting entertainment for you tonight," Bush told lawmakers and their families to the picnic, called "Rodeo on the South Lawn."

"We got some people who can play music and some people who think they can play music," the president said.

The Compassionates, Joshua Bolten's band, and the Second Amendments, a bipartisan congressional band, were the opening acts. The featured entertainment came from Riders in the Sky, professional musicians who played in fancy chaps and Western attire.

Rain clouds scuttled the picnic Wednesday night. No such problem for the makeup.

Bush was upbeat, although still weary from his trip this week to Baghdad.

The Compassionates, appearing like the Blues Brothers in their dark shades, white shirts and ties, ended their set with "Born To Be Wild." Then the congressmen took the stage.

Rep. Collin Peterson (news, bio, voting record), D-Minn., said the band had played all over the world, including Iraq, Kuwait and Afghanistan.

"No politics, just rock 'n roll," he said.

The other members of the group are Reps. Kenny Hulshof, R-Mo., Jon Porter, R-Nev., Dave Weldon, R-Fla., and Thaddeus McCotter of Michigan, a Republican whom Bush called "that rock 'n roll dude."

Spotted in the crowd were Defense Secretary Donald H. Rumsfeld, CIA chief Michael Hayden and Bush's top political adviser Karl Rove. The national intelligence director, John Negroponte, showed up in jeans and a cowboy hat.

A Little Needling From Bush, And Then A Call Of Regret (NYT)

By Jim Rutenberg

The New York Times, June 16, 2006

WASHINGTON, June 15 — Every once in awhile, at a news briefing, President Bush will poke fun at the reporters who cover him. And, every once in awhile, he will cause a little heartburn for his staff, and the White House press corps, in the process.

So it was during a Rose Garden press briefing Wednesday when Mr. Bush called upon a reporter for The Los Angeles Times, Peter Wallsten, and promptly commented on his inquisitor's sunglasses: "Are you going to ask that question with shades on?"

Mr. Wallsten offered to take them off, but the president said, "I'm interested in the shade look, seriously," and Mr. Wallsten did not.

Undaunted, he went on to ask Mr. Bush whether he had "any work to do to rebuild credibility that might have been lost" in the C.I.A. leak investigation. (Mr. Bush said a prosecutor's decision this week not to indict the president's deputy chief of staff, Karl Rove, "speaks for itself.")

Afterward, staff members told Mr. Bush that Mr. Wallsten was not wearing the sunglasses to look hip, but for health reasons. Mr. Wallsten has Stargardt's disease, a degenerative condition that causes blindness and can be painfully exacerbated by sunlight.

By late afternoon Mr. Bush called Mr. Wallsten to apologize. Mr. Wallsten said the call came without warning, on his cellphone, which listed the presidential phone number as "unknown."

"He said, 'I needle you guys out of affection,' and I said, 'Now that you know about this, don't treat me any different than you would ordinarily,' " Mr. Wallsten said. "He said, 'I won't.' "

Mr. Wallsten said he invited the president to "needle away," to which Mr. Bush replied, "I will, but next time I'll just use a different needle."

Spellings Goes Overseas To Tout Education (AP-Y2)

By Ben Feller

AP2, June 16, 2006

Education Secretary Margaret Spellings has put a passport stamp on her job, taking more overseas trips since 2005 than her predecessor did in four years.

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In less than a year and a half, Spellings has taken seven overseas trips, traveling to Afghanistan, England, Egypt, France, India, Italy, Japan, Jordan and Russia. She plans to visit Greece and Spain later this month.

Transportation, food and lodging for her overseas travel cost $36,981, according to Education Department records. The total cost of her travel was thousands of dollars higher because other agencies picked up the tab for a few trips.

It's not a matter of wanderlust, Spellings says. In her view, the top school official ought to see the nations that the United States is helping and competing against.

"We believe that education is a universally shared value," Spellings said in an interview with The Associated Press on Thursday. "We are looked to and admired around the world as people who know how to do education for the masses."

Spellings has served as a natural spokeswoman for the White House campaign for greater U.S. competitiveness. Better education is at the heart of that effort. She is also close to Bush, as his former top domestic policy adviser and as a longtime friend from Texas.

Spellings took office in January 2005. Rod Paige, Bush's first education secretary, took six overseas trip during his four years in the Cabinet. Three of Spellings' trips came at the request of the White House.

She accompanied first lady Laura Bush to launch a training institute for women teachers in Kabul, Afghanistan. She also led U.S. delegations to the 2005 World Expo in Nagoya, Japan, and to the 2006 Paralympics in Turin, Italy.

Her other trips focused mainly on meetings with international peers. Some examples:

• Spellings traveled with congressional members in April 2006 to Bangalore, New Delhi, and Agra in India. The purpose of the trip was to help the U.S. learn how to compete better.

• Spellings attended two meetings of the Broader Middle East and North Africa Initiative, an effort launched in 2004 by Bush and leaders of other major nations. Her travel took her along the Dead Sea in Jordan in May 2005 and to Sharm El-Sheikh, Egypt, in May 2006.

• Spellings went to Moscow in May 2006 for a meeting of education ministers from G8 nations. She also met with Russian teachers and students about math, science and foreign language study and signed a deal with Russian leaders about student and scholar exchanges.

The trips have had different purposes, she said. But all reflect a greater international focus for the Education Department since Bush's first term.

"The landscape has changed, and is changing, since the earliest days of the administration," Spellings said. "The things that we're doing in the Middle East have evolved over these several years. ... It's a smaller world, and we are invested in key parts of the world."

Keith Ashdown, spokesman for the watchdog group Taxpayers for Common Sense, questioned how much benefit taxpayers would get out of the trips. The Education Department would be better served, he said, to send midlevel employees who handle day-to-day activities.

"These trips by executives at agencies, there's not a lot of bang for the buck," Ashdown said. "They're mainly expensive public relations events to make the agencies look good."

In speeches, Spellings loves to reference "The World is Flat." The Thomas Friedman best-seller explores how technology is exploding the global economy and forcing the U.S. to adapt.

"It's very significant that she's traveling abroad as much as she can, and more so than her predecessor did," said Victor Johnson, associate executive director of NAFSA, a prominent association of international educators.

"It's certainly important that she gets out there and understands what some of our key competitors in the international education market are doing," Johnson said. "We need to compete for the students and the scholars and the talent of the world."

Paige had a more domestically focused mission: starting No Child Left Behind. The sweeping education law was Bush's first priority in office. Bush signed it in January 2002.

"Secretary Paige traveled a lot domestically — that's just where the need was," said William Hansen, who was Paige's deputy secretary.

The Sept. 11 attacks, the ensuing wars and the fresh attention on economic competitiveness have all put more focus on international travel for Spellings.

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Credit-rating Agencies Closer To Tough Regulations (USAT)

By Elliot Blair Smith

USA Today, June 16, 2006

A move to more closely regulate the major Wall Street credit-rating agencies at the tail end of an era of corporate scandals gained momentum this week, when the House Financial Services Committee approved reform legislation that moves to the full House for review.

The bill, sponsored by Rep. Michael Fitzpatrick, R-Pa., is dubbed the Credit Rating Agency Duopoly Relief Act, a dig at the two biggest U.S. credit-rating firms, Moody's and Standard and Poor's.

The legislation would require the firms to file confidential financial statements with the Securities and Exchange Commission, publish regular reports on how well their ratings perform, and make mandatory the practice of employing compliance officers to ensure the firms comply with securities laws.

The Senate Banking Committee plans to introduce similar legislation this summer. Those efforts compete with a bid by Moody's and S&P to head off lawmakers by enacting voluntary reforms.

The two firms dominate the roughly $3 billion-a-year business of grading debt securities issued by companies and municipalities that pay them for those investor report cards. But their independence and reliability came into criticism after they failed to anticipate the defaults of such clients as Enron, Global Crossing and WorldCom, which enjoyed investment-grade ratings only months — and, in the case of Enron, days — before the companies' bankruptcy filings.

The credit raters deny misleading investors, contending that their analysts were duped. But, Moody's Vice President Fran Laserson says the firms are now working with the Securities and Exchange Commission to develop a voluntary program of internal controls and disclosures modeled after a European standard. "We think we are close on achieving this self-regulatory framework that we think will satisfy the calls for greater transparency and accountability, which we support," she says.

That is unlikely to satisfy the big firms' smaller competitors, which argue they are locked out of 90% of the credit-rating business through allegedly anti-competitive tactics that stifle competition and fail to serve investors.

"We would be delighted if the SEC took action, but I think it's only going to happen if Congress puts pressure on them through legislation," says Jim Kaitz, CEO of the Association for Financial Professionals, a trade group that represents 14,000 finance professionals.

Glenn Reynolds, chief executive of CreditSights, a small research firm, says the House legislation "marks the first real progress on the issue since it was taken up in early 2002, after the Enron fiasco that the agencies have still failed to take any responsibility for."

Sean Egan, managing director of Egan-Jones Ratings, says, "I think there's been a shift. As of four years ago, we were screaming in the wind. Now, I think there's widespread realization that something has to be done to correct the fundamental problems in this industry."

Drug-plan Shuffle Disrupts Coverage (USAT)

By Richard Wolf

USA Today, June 16, 2006

WASHINGTON — The problems that plagued low-income seniors and people with disabilities during the rollout of Medicare's prescription-drug program in January have continued on a smaller scale, causing some new beneficiaries to lose coverage or spend their own money at pharmacy counters.

The problems occur when people turn 65 or become eligible for Medicare disability benefits and are involuntarily switched from Medicaid drug coverage to the new Medicare plan. Thousands lose Medicaid drug coverage, typically for two to six weeks, before Medicare kicks in. Health counselors say the trouble dominates their caseloads.

"It is a national problem," says Barbara Murock, a state health policy specialist in Allegheny County, Pa. "It's happening all the time."

Since January, most of the early problems have been rectified. But each month, 10,000 to 70,000 new people fall into the gap between Medicaid and Medicare.

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Darin Byrd, a 40-year-old cancer patient in North Versailles, Pa., who lives on about $700 a month in disability payments, had to charge $270 to his mother's credit card and pay $100 in cash when he lost Medicaid drug coverage May 15. His new coverage began June 1. “They dropped me before Medicare picked me up,” Byrd says.

Medicare's prescription program got off to a rocky start in January, when roughly 6 million low-income beneficiaries who had Medicaid drug coverage had to change to the new Medicare plan. Tens of thousands were turned away or overcharged at pharmacies because the private insurance plans that run the Medicare program didn't honor their coverage. More than half the states stepped in with their own money to rectify the situation; some, such as California and Maine, are still paying.

The requirement to move from Medicaid to Medicare was made by Congress when it created the drug program in 2003. Gale Arden, of the Centers for Medicare and Medicaid Services, told state officials last month the agency “is working on a means” to more quickly find and enroll people forced to make the switch. Meanwhile, says the agency's Peter Ashkenaz, “there are protections.” Among them:

•People can enroll in a Medicare drug plan at pharmacy counters to avoid any gap in coverage.

•Several states fill the gap with emergency funds.

•If beneficiaries pay out of pocket, insurance plans eventually will provide retroactive coverage.

State officials say that's not enough. “This is no way to run a drug benefit,” says Jude Walsh, an aide to Maine Gov. John Baldacci. “We're always a month behind.”

They also say it's up to Medicare to fix the gap. “It's an inherent problem in the design of the program,” says George Oestreich, a Missouri Medicaid official.

Counting On COLAs To Bring Relief (WP)

By Stephen Barr

The Washington Post, June 16, 2006

With consumer prices on the rise, federal retirees are paying more attention to inflation trends and what they mean for their pensions.

Several callers this week pointed to a notice posted by the National Active and Retired Federal Employees Association that showed that most government retirees have banked 2.9 percent toward their next cost-of-living adjustment. The calculation, based on a Labor Department index showing that consumer prices rose again in May, suggests that federal retirees could be in line for a jumbo COLA in January.

Of course, it's too early to tell if the run-up in inflation -- a reflection of $3-a-gallon gasoline and other, higher consumer prices -- will continue into the fall, when officials will crunch the numbers for the 2007 COLA.

But, regardless of whether the inflation trend line goes up or down, the federal COLAs have proved to be an important benefit, helping lower-income retirees cope with increased costs for fuel, housing and health care.

As Patrick Purcell , a social policy specialist at the Congressional Research Service, wrote in a recent report, COLAs typically do not make retirees better off financially but merely protect them from becoming financially worse off over time.

At the start of this year, federal retirees covered by the Civil Service Retirement System received a 4.1 percent COLA, and retirees in the newer Federal Employees Retirement System who were at least 62 received a 3.1 percent increase. That COLA was the biggest in 15 years.

Nationwide, there were nearly 1.8 million civil service retirees on the government's annuity roll as of Oct. 1, according to the Office of Personnel Management. Of those, 1.57 million retired under the CSRS and about 220,000 under FERS.

(The tallies by the OPM are partial snapshots of the government retirement community: They do not include retirees from the military, the U.S. Postal Service, and the congressional and judicial branches of government.) Last year, the OPM counted 265,277 civil service retirees in the District, Maryland, Virginia and West Virginia. An additional 77,574 people in the region received survivor benefits.

The average annuity for a CSRS retiree is $2,396 per month. The average pension for a FERS retiree, who receives a Social Security benefit, is $868 monthly.2.7 Percent for Whom?

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As expected, the House this week approved a fiscal 2007 spending bill that includes a 2.7 percent pay raise for civil service employees next year. The bill requires that the raise also go to employees in the departments of Defense and Homeland Security, which are replacing the government-wide pay system with performance-oriented systems.

The Bush administration, which had recommended a 2.2 percent raise, objected to the House action and urged deletion of the provision covering Defense and Homeland Security employees. "The provision is ambiguous as to how the increase would be applied to employees covered under these departments' modernized pay systems and will unnecessarily complicate their implementation," the White House budget office said.

But Darryl Perkinson , president of the Federal Managers Association, welcomed the House action, saying employees in the two departments are concerned about "what will happen to their pay." He added, "It's positive to see that for 2007, at least, we are assured that they will be recognized for their dedication and commitment to serving America."

The Senate plans to address federal pay issues later this year, aides said.Talk Shows

Gary A. Amelio , executive director of the Federal Retirement Thrift Investment Board, will be the guest on "FEDtalk" at 11 a.m. today on http://federalnewsradio.com and WFED radio (1050 AM).

Vice Adm. Justin D. McCarthy , director of Navy material readiness and logistics, will be the guest on "The IBM Business of Government Hour" at 9 a.m. Saturday on WJFK radio (106.7 FM).

OTHER NEWS:

Bernanke Speech Soothes Nerves On Economy (FT)

By Krishna Guha

Financial Times, June 16, 2006

Ben Bernanke, Federal Reserve chairman, eased nerves on Thursday with a measured assessment of the threat posed by higher energy prices to inflation and growth, as stocks advanced worldwide.

The S&P 500 index rebounded before his speech – reflecting positive reports on jobless claims and manufacturing orders – and ended the day up more than 2 per cent at 1,256.16. But bond prices fell, with the yield on 10-year US Treasury bills rising 3 basis points as investors digested the implications for interest rates.

Mr Bernanke zeroed in on the sustained increase in energy prices as one of the root causes of the recent inflation scare, and pledged to keep a careful watch on inflation expectations. But he did so in a calm tone, without the aggressively hawkish language that rocked markets on June 5.

“In the short run, sharply higher energy prices create a rather different, and in some ways, a more difficult set of economic challenges,” Mr Bernanke told an audience of business-people in Chicago. “A significant increase in energy prices can simultaneously slow economic growth while raising inflation.”

He said the rise in energy costs had imposed the equivalent of a tax of $185bn – almost 1.5 per cent of gross domestic product – on US residents since the end of 2003, while putting upward pressure on prices.

Mr Bernanke also cautioned that “in the long run, higher energy prices are likely to reduce somewhat the productive capacity of the US economy” by making some energy-intensive capital equipment obsolete. High energy prices also resulted in a deterioration in the US terms of trade – the relative price of its exports and imports – and a larger current account deficit, he said.

But Mr Bernanke said that provided energy prices did not move sharply higher from their existing elevated levels, “these long-run effects, though clearly negative, appear to be manageable”.

He reiterated his message of June 5 that the Fed was alert to changes in inflation expectations, ahead of the publication today of survey data from the University of Michigan. However, he noted, “inflation compensation implied by yields on government debt has fallen back somewhat in the past month”.

Mr Bernanke said: “These developments bear watching.” This was a relatively gentle phrase, compared with the description of inflation expectations in the last Fed minutes as “worrisome”.

Mr Bernanke implicitly dismissed suggestions that speculators were responsible for the run-up in prices, saying “for the most part, high oil prices reflect high and growing demand for oil and limited and uncertain supplies”.

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Significantly, he declined to blame the increase in core inflation, which was up 0.3 per cent in May, on technical adjustments to the estimate of the cost of living in owner-occupied homes, as many private sector analysts did.

Bernanke Highlights Inflation Risks, But Sounds Somewhat Dovish Note (WSJ)

By Brian Blackstone

The Wall Street Journal, June 16, 2006

WASHINGTON -- After edging up in recent months, market-based inflation expectations implied by nominal and inflation-indexed Treasurys' yields have "fallen back somewhat" in the past month, Federal Reserve Chairman Ben Bernanke said Thursday.

Still, inflation expectations "bear watching" given their importance in keeping high energy prices, which are likely to persist, from feeding into the broader economy, Mr. Bernanke said in prepared remarks to the Economic Club of Chicago. (Read the full text.1)

"Unlike in earlier episodes, the significantly higher relative price of energy that we are now experiencing is expected to be relatively long lasting and thus will likely prompt more-significant adjustments by households and businesses over time," Mr. Bernanke said.

Mr. Bernanke said keeping inflation expectations contained is key in preventing "second round" effects of higher energy prices.

"To the extent that households and business owners expect that the Fed will keep inflation low, firms have both less incentive and less ability to pass on increased energy costs in the form of higher prices," he said.

"And likewise, workers have less incentive to demand compensating increases in their nominal wages," Mr. Bernanke said.

The Fed chairman noted that survey-based inflation expectations and market-based gauges such as nominal and inflation-indexed government-bond yields "have edged up, on net, in recent months."

"As yet, these expectations measures have remained within the ranges in which they have fluctuated in recent years and inflation compensation implied by yields on government debt has fallen back somewhat in the past month," Mr. Bernanke said.

"Nevertheless, these developments bear watching," he added.

Recent government inflation data have suggested that higher energy prices are feeding into underlying prices. The core consumer price index that excludes food and energy prices has increased 0.3% on-month for each of the past three months through May. Each gain came in above market expectations.

Mr. Bernanke noted that while the pass-through of energy and commodity prices has been "relatively low" thus far, "the cumulative increases in energy and commodity prices have been large enough that they could account for some of the recent pickup in core inflation."

Economists expect that, in light of the recent rise in core inflation and some hawkish inflation remarks by Mr. Bernanke and other Fed officials in recent days, the central bank will most likely raise official interest rates a 17th consecutive time at its June 28-29 meeting, to 5.25%.

Besides the inflationary effect of higher oil and other energy prices, Mr. Bernanke also noted that the long-run economic effects, "though clearly negative, appear to be manageable."

"The U.S. economy is remarkably flexible, and it seems to have absorbed the cost shocks of the past few years with only a few dislocations," he said.

However, he did note that higher energy prices "are likely to reduce somewhat the productive capacity of the U.S. economy" over the long run, and may restrain productivity growth by causing businesses to trim new investment.

A higher oil import bill also "will increase the U.S. current account deficit, implying a greater need for foreign financing" over the medium term, Mr. Bernanke added.

And with imported energy costs up $185 billion since late 2003, "all else being equal, this constitutes a noticeable drag on real household incomes and spending," Mr. Bernanke said.

Stocks Post Sharp Gains In Rebound From Sell-Off (NYT)

By Vikas Bajaj

DOJ_NMG_0034817

The New York Times, June 16, 2006

After five tumultuous weeks, investors finally breathed a collective sigh of relief today.

Stock prices turned up sharply in most world markets. In the United States, the Standard & Poor's 500-stock index rose 2 percent and the Nasdaq composite index jumped more than 2.8 percent, their second straight day in the black after almost 10 straight days of declines. The Dow Jones industrial average rose 1.8 percent, pushing it back above the 11,000 mark.

Elsewhere in the world, the frenetic selling of the last few weeks gave way to buying from Tokyo, up 1.1 percent, to London, up 2 percent.

Stocks staged an even bigger comeback in emerging markets, which had been hammered on concerns that they were beginning to resemble the American technology bubble of the late 1990's and 2000. India's Sensex index, which had fallen more than 27 percent in the five-week period that ended Tuesday, was up almost 7 percent today.

Cautioning that the rally could prove to be a brief interlude in a more sustained slide, experts said the snapback appears to reflect the fundamental strength of the American and world economies. Inflation remains low by historical standards and economic growth, while slowing, is not expected to stall.

"To me, this is a lack of sell orders combined with a little bit of a sigh of relief that maybe this isn't a hard landing" for the economy, said Chris M. Hyzy, an investment strategist at U.S. Trust, an investment firm in New York.

A report showing that American industrial activity pulled back slightly in May appeared to have helped propel stocks higher because investors believe a slowdown in economic activity will help rein in inflation, a development that could allow the Federal Reserve to stop raising interest rates later this summer.

And breaking from a recent pattern, in which comments by Federal Reserve officials have driven the markets down, a speech by Ben S. Bernanke, the Fed's chairman, on energy and the economy this afternoon did not break the rally. He said policymakers should be on guard to make sure that high oil prices do not drive up the costs of other goods and services, but he noted that the impact of high prices thus far appears to be minimal.

"As yet, these expectations measures have remained within the ranges in which they have fluctuated in recent years and inflation compensation implied by yields on government debt has fallen back somewhat in the past month," Mr. Bernanke said at the Economic Club of Chicago. "Nevertheless, these developments bear watching."

Stocks may also be rising for technical reasons.

Investors who believe that the price of a stock will fall often borrow shares and sell them short. If prices do indeed fall, the short seller will buy back them at a lower price to complete his bet and turn a profit. Those purchases, in turn, can help briefly bolster price of the fallen stocks.

It is hard to determine exactly how much short selling is contributing to the current market movements, but analysts say it appears to have played some part in bolstering the price of metals and other commodities, which have staged a small return in the last two days. The price of gold rose $4.20, to 0.8 percent, to $566.50 an ounce.

"Short positions have been closed out significantly in commodities," Mr. Hyzy of U.S. Trust said.

As for stocks today, the Standard & Poor's 500-stock index rose 26.12 points, or 2.1 percent, to close at 1,256.16; the Nasdaq composite index climbed 58.15 points, or 2.8 percent, to 2,144.15; and the Dow Jones industrial average climbed 198.27 points, or 1.8 percent, to 11,015.19.

Technology, energy and financial stocks, which had taken an intense drubbing in recent weeks were among the leading gainers today.

Meanwhile, bond prices fell. The yield on the benchmark 10-year Treasury note, which moves in the opposite direction of its price, rose to 5.09 percent this afternoon from 5.06 percent late Wednesday.

Blue Chips (WSJ)

By E.S. Browning

The Wall Street Journal, June 16, 2006

DOJ_NMG_0034818

REASSURING COMMENTS on inflation from Federal Reserve Chairman Ben Bernanke helped propel the Dow Jones Industrial Average ahead almost 200 points, marking its biggest two-day gain in three years and pushing it past the 11000 milestone again.

Although many on Wall Street remained nervous about the market's outlook, few were standing in its way yesterday as surging markets abroad and good news at home spurred the buying.

The Dow industrials finished with a gain of 198.27 points, or 1.83%, at 11015.19. The Dow is ahead 2.8% for 2006, although still down 5.4% since its six-year high set May 10.

It was the biggest one-day gain in point or percentage terms since April 2005. Together with Wednesday's 111-point surge, the 2.89% two-session gain was the biggest since April 2003. All 30 Dow-industrials components rose, the second time that has happened since early 2004. (The other was in April 2006.)

After all the losses, "this market was kind of like a rubber band. It got stretched too much on the downside and snapped back," said Todd Clark, director of stock trading at San Francisco money-management and brokerage firm Nollenberger Capital Partners. "Bernanke's comments about the inflation bugaboo also reassured people. But the proof is going to be next week. What I don't want to see is another ungluing."

The day's big news was Mr. Bernanke's speech to the Economics Club of Chicago, in which he said inflation expectations indicated by yields on Treasury bonds have "fallen back somewhat." He said energy prices so far have had a "relatively low" impact on other prices.

Mr. Bernanke, who took over Fed leadership in February, gave no direct hints about his plans for interest-rate increases this summer. Investors expect the Fed to push short-term rates up another quarter percentage point at its policy meeting June 28 and 29. The comments suggested that Mr. Bernanke has a balanced view on inflation risks, which renewed hopes for a pause in rate increases.

"Investors still are learning how to dance with Mr. Bernanke," said Jon Brorson, head of growth-stock investing at money-management group Neuberger Berman. "But it sounds like he assuaged people's fears a little bit in Chicago." Mr. Brorson said he is confident that Mr. Bernanke "isn't going to drive the economy into the ground."

Like Mr. Clark, Mr. Brorson said the rally was in part a technical reaction to the heavy selling of the past month. He said he expects stocks to remain volatile, as investors try to understand the likely outlook for interest rates. Some short-term investors could use the current rebound as an opportunity to sell some stocks they had trouble unloading during the downdraft.

Even before Mr. Bernanke spoke, stocks began the day with gains, partly in reaction to sharp rallies abroad. India's benchmark index jumped almost 7%, Tokyo's 1%, Russia's 5% and those of Britain and Germany 2%. Colombia's soared almost 16%.

Some of the market swings could be due to the "quadruple-witching" expiration of options and futures contracts at week's end. When stocks and indexes move sharply, they can make options and futures contracts pay off, causing traders to buy or sell stocks to cover their exposure. When trading is distorted by short-term buying and selling, market moves can be partly unwound in later days.

Some of the buying also could be by short sellers, who borrow stock and sell it in a bet that it will decline. To take profits, they must buy stocks back and return them, which can temporarily contribute to market rallies after big declines.

Investors welcomed a series of mixed economic reports, which together suggested that inflation isn't getting out of control and that the economy is continuing to expand. Industrial production unexpectedly fell in May, as did the pace of expansion of Philadelphia-area factory activity. May manufacturing activity in New York state was strong and last week's new jobless claims declined. Brokerage firm Bear Stearns posted record quarterly profits.

Treasury prices, which had risen during the stock downdraft as money flowed to Treasurys' relative safety, declined for a second day, pushing yields slightly higher. The 10-year Treasury note fell 10/32, or $3.13 for each $1,000 invested, pushing the yield up to 5.104%. The 30-year bond was down 18/32 to yield 5.138%.

Oil futures rose 36 cents, but finished below $70 at $69.50 a barrel. Gold futures rebounded after seven consecutive declines, rising $4.20 to $566.50 a troy ounce. Gold futures are down 21% since hitting a 26-year high in May.

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Investors are looking ahead to quarterly profit reports, due next month. Early forecasts of problems and triumphs are starting to trickle out.

The Standard & Poor's 500-stock index rose 2.12%, or 26.12 points, to 1256.16, the biggest percentage gain since 2003. It is 5.2% off the five-year high it hit May 5, but back in the black for 2006, up 0.6%.

The Nasdaq Composite Index posted its biggest percentage gain since 2004, up 2.79%, or 58.15 points, at 2144.15. Although the Nasdaq has returned to its level of one week ago, it remains down 9.6% from its April 19 five-year high and off 2.8% since the year began.

The Russell 2000 small-stock index jumped 3.54% to 701.05, its biggest one-day gain since 2002. It is down more than 10% from the record it hit in May.

Outside the U.S., stocks advanced in dollar terms. The Dow Jones World Stock Index, excluding U.S. stocks, rose 1.94%, or 3.84 points, to 201.71.

Stocks Extend Rally; Dow Over 11,000 (WP/AP)

By Associated Press

The Washington Post, June 16, 2006

NEW YORK, June 15 -- Wall Street rallied for a second session Thursday as strong earnings from Bear Stearns and mild economic data helped stocks regain their footing after several weeks of hefty losses.

The Dow Jones industrial average jumped 198.27, or 1.8 percent, to 11,015.19, finishing above the 11,000 mark for the first time since June 6. The Standard & Poor's 500-stock index gained 26.12, or 2.1 percent, to 1256.16, and the Nasdaq composite index surged 58.15, or 2.8 percent, to 2144.15.

Although the day's data gave mixed signals on economic growth, investors again brushed aside worries about inflation and interest rates following a month of selling that pulled the Dow down more than 8 percent. The market turned sharply higher Thursday afternoon after Fed Chairman Ben S. Bernanke said that record energy and commodity prices could account for some of the recent uptick in core prices but that inflation expectations have remained within historical ranges.

Crude futures had another day of gains after the government reported a larger-than-expected drop in U.S. oil reserves, as refineries stepped up output to meet summer gasoline demand.

Despite two days of sturdy gains, some analysts were skeptical about whether Wall Street has finally reversed course. Stocks are expected to remain volatile until the Fed issues its opinion on the economy's health at the June 28-29 policy meeting.Movers

Microsoft closed up 19 cents, at $22.07, prior to the announcement that co-founder Bill Gates plans to step away from day-to-day duties by July 2008. Microsoft shares slipped in after-hours trading.

Bear Stearns swelled $7.36, to $131.56. Its quarterly profit grew 81 percent to easily beat Wall Street estimates, lifted by strength in equity trading and fixed-income revenue.

Goldman Sachs Group gained $5.62, to $144.12. It boosted its offer for Associated British Ports Holdings to about $4.8 billion, which was matched by Australia's Macquarie Bank in an intensifying bidding war.Indexes

New York Stock Exchange composite index rose 196.12, to 7976.45.

American Stock Exchange index rose 52.62, to 1866.73.

Russell 2000 index of smaller-company stocks rose 23.96, to 701.05.Volume

NYSE: 2.89 billion shares, up from 2.82 billion on Wednesday. Advancers outnumbered decliners 17 to 4.

Nasdaq: 2.25 billion shares, up from 2.12 billion. Advancers outnumbered decliners 4 to 1.Commodities

Crude oil for July delivery: $69.50, up 36 cents.

Gold for current delivery: $566.50 a troy ounce, up from $562.30 on Wednesday.

Dow's Rally 'does Not Mean That Much' (USAT)

By Adam Shell

USA Today, June 16, 2006

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NEW YORK — Pinpointing the precise end of scary stock market downturns is, at best, an inexact science. So it's no surprise Wall Street is unwilling to concede that the struggling Dow's surge back above 11,000 after its biggest two-day gain in three years is definitive proof the corrective phase is over.

While professional investors welcomed the Dow Jones industrial average's 309-point gain to 11,015 on Wednesday and Thursday, they said it did not repair all the damage caused by the 8% swoon it suffered over the past five weeks and advised investors to tread cautiously.

"One or two days of a rally does not mean that much," cautions Price Headley, chief analyst at BigTrends.com. Headley, citing historical patterns, notes that the beaten-down market was due for "a bounce." But for the bounce to stick, stocks will likely have to drop again and prove that they can stay above the lowest levels hit in the current downdraft.

The two-day surge — which gained steam Thursday after Federal Reserve Chairman Ben Bernanke didn't say anything to alarm investors — provided welcome relief from a free fall that began in early May. That sell-off was sparked by fears that the era of cheap money fostered by historically low interest rates was nearing an end as central banks in the USA, Europe and Asia moved to raise interest rates to contain inflation.

The biggest losses have been suffered by riskier asset classes, such as emerging-markets stocks, commodities and shares of small companies.

Back-to-back up days, however, while a sure "sign of life" for stocks, "is not convincing evidence of a new uptrend," says Ken Tower, chief market strategist at CyberTrader. He says it's unclear whether the rally was fueled by bargain hunters, or a wave of buying by short sellers who had been betting against the market.

Short sellers hope to make money on falling shares by selling borrowed shares and buying them back later at a lower price. When stocks rebounded, these investors opted to buy stocks back before they went even higher, to avoid risking bigger losses.

Tower says it will likely take about a month for the market to work through the bottoming process. Signs that stocks are done falling would be either a massive decline on huge trading volume followed by a sharp rebound, or a successful test of the recent lows and a slow, steady march upward.

Wall Street is debating whether the downturn is over or whether this is a rally in a bear market. Ironically, the Dow's top five daily point gains all came in bear markets. Still, Sam Stovall, chief investment strategist at Standard & Poor's, says this is no bear market. "This is a correction," he says. "Corrections are like a slap in the face, like what we've seen in the past month. Bears can be equated with grinding downward movements that you equate with water torture."

Factory Output Fell Slightly In May (WSJ)

By Christopher Conkey And Greg Ip

The Wall Street Journal, June 16, 2006

WASHINGTON -- Factory output fell slightly last month as manufacturers adjusted to milder consumer demand, and Federal Reserve Chairman Ben Bernanke sounded a guardedly optimistic note on inflation.

In another sign the economy has entered a period of slower growth, the Fed said industrial production declined 0.1% in May after three consecutive monthly gains, but output at the nation's factories, mines and utilities is still running 4.3% higher than a year earlier. Lower auto production last month spurred a 0.1% decline in the manufacturing sector and mining output dropped as well. Halting a recent upswing, capacity utilization fell to 81.7% in May from 81.9% in April.

The May decline in manufacturing activity was a response to slackening consumer spending after a robust first quarter. "For the first time in more than three years, production of consumer goods, business equipment, construction supplies and business supplies all fell in May," said David Huether, the National Association of Manufacturers' chief economist. "This shows that a broad-based slowdown in the economy is taking place."

After surging at an inflation-adjusted 5.3% annual rate in the first quarter, many analysts say the economy is advancing at a slower pace -- around 3% -- in the current quarter. Rising interest rates, a gradually cooling real-estate market and elevated gasoline prices are restraining consumer spending, but businesses are picking up some of the slack. Recent trends in exports, investment and productivity all point to further gains in business spending, and economists expect industrial production to resume growth in the months ahead.

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"So what if industrial production slid back a shade in May?" said Jason Schenker, an economist at Wachovia Corp. "All major market and industry groups have seen their industrial production rise over the past year...Growth is a go."

Bison Gear & Engineering Corp., based in St. Charles, Ill., is seeing strong demand for the industrial motors it makes for restaurant and health-care equipment. Chief Executive Ron Bullock said a recent investment of "a couple million dollars" in manufacturing gear will enable growth of 15% next year, and exports are accounting for an increasing share of sales. The company's work force, Mr. Bullock added, is up 11% from a year earlier.

Mr. Bernanke, in his speech to the Economic Club of Chicago yesterday, noted that expected inflation, as measured by inflation-protected bonds, had "fallen back somewhat in the past month." He acknowledged that the public's expectations of inflation in surveys and in the bond market had "edged up," developments that "bear watching."

He didn't repeat his stronger warning from a speech last week in which he called recent developments on inflation "unwelcome" and said the Fed would remain "vigilant" to ensure recent increases weren't sustained. That language helped boost expectations for another rise in interest rates later this month and roiled stock markets. But it also appears to have convinced bond investors of his anti-inflation resolve, leading to the recent retreat in their expectations of inflation.

Mr. Bernanke said that while the rise in energy and commodity prices since 2003 hasn't led to the spiral of rising prices and wages of the 1970s, they "have been large enough that they could account for some of the recent pickup in core inflation."

He also said he expects productivity growth -- output per worker-hour -- to continue at 2.5% to 3% a year "for some years ahead." Such a high rate of productivity growth would enable the U.S. economy to grow at roughly 3% to 4% a year without generating inflation.

Separately, the Labor Department said 295,000 people filed initial unemployment claims last week, 8,000 fewer than the week before. The drop pushed the closely watched four-week moving average of jobless claims down to 315,750, which suggests a robust level of job creation this month.

With the unemployment rate at 4.6%, economists have been searching for signs of wage gains that could add to inflationary pressures. The labor market has been sending mixed signals recently, however, and pay increases are lagging behind the prevailing inflation rate.

Mr. Huether of NAM and other manufacturing groups have called on the Fed to stop raising short-term interest rates, but several Fed officials have recently indicated that the recent rise in prices and inflation expectations are greater concerns than slower growth. Futures markets are all but certain the Fed will opt to raise the federal-funds rate to 5.25% later this month.

The Phantom Menace (NYT)

By Paul Krugman

The New York Times, June 16, 2006

Over the last few weeks monetary officials have sounded increasingly worried about rising prices. On Wednesday, Richard Fisher, the president of the Federal Reserve Bank of Dallas, declared that inflation "is running at a rate that is just too corrosive to be accepted by a virtuous central banker."

I'm worried too — but not about recent price increases. What worries me, instead, is the Fed's overreaction to those increases. When it comes to inflation, the main thing we have to fear is fear itself.

Discussions of inflation can be numbingly arcane — are you a core C.P.I. type or a trimmed-mean P.C.E. person? But the real issue is whether there's a serious risk that inflation will become embedded in the economy.

The classic example of embedded inflation is the wage-price spiral — better described as wage-price leapfrogging — of the 1970's. Back then, whenever wage contracts came up for renewal, workers demanded big raises, both to catch up with past inflation and to offset expected future inflation. And whenever companies changed their prices, they raised them by a lot, both to catch up with past wage increases and to offset expected future increases.

The result of this leapfrogging process was that inflation became a self-sustaining process, feeding on itself. And ending that self-sustaining process proved very difficult. The Fed eventually brought the inflation of the 1970's under control, but only by raising interest rates so high that in the early 1980's the U.S. economy suffered its worst slump since the Great Depression.

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Fed officials now seem worried that we may be seeing the start of another round of self-sustaining inflation. But is that a realistic fear? Only if you think we can have a wage-price spiral without, you know, the wages part.

The point is that wage increases can be a major driver of inflation only if workers consistently receive raises that substantially exceed productivity growth. And that just hasn't been happening.

In fact, the distinctive feature of the current economic expansion — the reason most Americans are unhappy with the state of the economy, in spite of good numbers for the gross domestic product and explosive growth in corporate profits — is the disconnect between rising worker productivity and stagnant wages. Over the past five years productivity, as measured by real G.D.P. per hour worked, has risen by about 14 percent, but the real wages of nonmanagerial workers have risen less than 2 percent.

Nor is there much sign that things are changing on that front. The official unemployment rate is low by historical standards, but workers still don't seem to have much bargaining power. (Does this mean that the official unemployment rate makes the job situation look better than it really is? Yes.) The Federal Reserve's Beige Book, an informal survey of economic conditions across the country, reports that over the last couple of months "wage pressures remained moderate over all, with the exception being workers with hotly demanded skills."

But if wage pressures are so moderate, where's the inflation coming from? The answer is soaring oil and commodity prices.

It's true that some widely used inflation measures, like so-called core inflation, strip out the direct "first-round" effects of rising energy prices. But there are still indirect effects, which usually take some time to show up in the data. Much of the recent rise in core inflation probably represents the delayed effect of the big run-up in fuel prices a few months ago. And unless something else happens to drive up oil prices — like, to give a wild example, a military strike on Iran — inflation will probably subside in the months ahead.

And bear in mind that many economists, including Ben Bernanke, the Federal Reserve chairman, have said that a little bit of inflation — say, 2 percent a year on average — is actually good for the economy.

It would be an exaggeration to say that there's no inflation threat at all. I can think of ways in which inflation could become a problem. But it's much easier to think of ways in which the Federal Reserve, wrongly focused on the phantom menace of a new wage-price spiral, could be slow to respond to bigger threats, like a rapidly deflating housing bubble.

So I don't fear inflation nearly as much as I fear the fear of inflation. And I wish the Fed would lighten up on the subject.

As Natural Gas Glut Looms, Producers Eye The Weather (WP)

By Steven Mufson

The Washington Post, June 16, 2006

The whole world is talking about energy shortages, but for the moment, the U.S. natural gas business is looking at a potential glut.

Thanks in part to a warm winter, inventories of natural gas have built up to levels far greater than normal for this time of year. And terminals built to handle imports of liquefied natural gas from other countries are operating at about half of their capacity.

It is, unfortunately for consumers, a situation that may not last. Energy traders are still pricing futures contracts at high levels, and natural gas producers are planning for big increases in U.S. demand over the coming years. Yesterday, the Federal Energy Regulatory Commission approved proposals to build three new terminals and expand two others that together would triple the nation's capacity to import liquefied natural gas (LNG). One of those projects is an expansion of the LNG terminal at Cove Point in Calvert County, Md.

But for now, as anxiety grips oil markets, natural gas markets have calmed down in the past five months. At the end of last week, natural gas in storage amounted to 2.4 trillion cubic feet, up 23 percent from a year earlier and 38 percent higher than the five-year average, according to the Energy Information Administration. As a result, natural gas prices, which spiked as high as $15 a thousand cubic feet last winter, finished yesterday at $6.32 at Henry Hub, La., an industry benchmark.

The only things that can rescue natural gas producers from having to slash prices later this year: another big hurricane or a hot summer.

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"What people are counting on is that there will be a hurricane that will disrupt [natural gas] production in the Gulf of Mexico the way Katrina and Rita did and that all that gas in storage is needed to make things work," said Adam Sieminski, chief energy economist of Deutsche Bank.

A report last week by Cambridge Energy Research Associates says that without another major disruption of natural gas production in the Gulf of Mexico or a particularly hot summer to drive up air-conditioning needs, the nation's storage capacity for natural gas will fill to the brim by autumn, producing a "real potential for an abrupt decrease in gas prices" as some storage fields become unable to accommodate additional injections.

This doesn't mean that consumers can expect any immediate relief. Most utilities sign contracts for anywhere from one to three years, and the benefits of lower prices will hinge on when contracts expire, as well as the weather between now and the fall. And current prices are still substantially higher than they were three or four years ago.

The most immediate effect of falling natural gas prices will come at utilities or power-generating firms with the capability to burn either coal or natural gas. "We're beginning to get substitutions," Sieminski said. "At this price level, it actually makes sense to stop burning coal and start burning natural gas."

Most energy analysts, however, see the bulge in natural gas supplies as temporary. "We have a little bit of a reprieve, but I don't think it's a sustainable reprieve," said John Dearborn, vice president for global energy at Dow Chemical Co., a major natural gas user. "We have been able to build up inventories faster than in years prior, but that's no indication of where gas inventories are going to end up. If we have a warm summer and a normal-to-cold winter, we will find ourselves back in the position we were in last winter."

Most players in futures markets agree. Prices for natural gas to be delivered in January stand at $11.10 a thousand cubic feet, what Dearborn calls "the danger area" for consumers like Dow Chemical.

Most oil and gas companies and natural-gas-producing countries are going ahead with plans to meet demand that they expect to rise quickly over the next five to 15 years. In the United States, Sieminski noted, consumption of natural gas is expected to rise by about 30 percent by 2020. Since domestic natural gas production is essentially flat, most of the supply needed to meet that demand is expected to come from abroad in the form of LNG.

That has set off a scramble over LNG terminals and permits to build them. Many states and cities are reluctant to have such terminals. Last week, ConocoPhillips withdrew an application to build an LNG terminal 11 miles off the coast of Alabama, citing uncertainty about local environmental concerns. But it said it might file a new application "after consideration of all the economic factors."

Lord John Browne, chief executive of BP PLC, said in a speech in Washington yesterday that his company plans to invest $700 million in LNG terminals in the United States.

Yesterday's FERC approvals would have impact on both the Gulf and Atlantic coasts. Dominion will be able to increase its LNG import capacity to 1.8 billion cubic feet a day, up from 1 billion currently. In addition to Dominion's project, other projects approved by FERC yesterday were in Louisiana, Texas and New Jersey.

"This supply increase will have a significant impact on domestic natural gas prices in the future," said FERC Chairman Joseph T. Kelliher.

"If you need the gas, you have to build the terminals," Qatar's oil minister, Abdullah bin Hamad al-Attiyah, said yesterday in a briefing in Washington.

Qatar is gearing up to meet the demand on its end. It is in the midst of a massive expansion program to triple its capacity to export LNG. After meeting with representatives of U.S. natural gas consuming companies yesterday, Attiyah said, "I told them: 'I am a seller. I am here. But you have to provide the facilities.' "

The Beltway's Energy (WSJ)

By Roger C. Altman

The Wall Street Journal, June 16, 2006

We first saw America's energy vulnerability in 1973, when the OPEC embargo raised prices dramatically. Then the 1979 Iranian hostage crisis caused gasoline rationing. The message from these two events could not have been louder: The U.S. was

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too dependent on oil, and especially imports. For over 30 years, however, we have done nothing to reduce this vulnerability. Now we are again facing near-record energy prices, an angry public and the new threat of climate change. Yet Washington is still focused on the wrong issues.

Recent talk of price gouging, windfall profits and CEO pay is a distraction. Yes, there may be abuses, but no actions in those areas will have any impact whatsoever on energy prices or supply. Incessant pledges of energy independence within 15 or 20 years, i.e., national self-sufficiency, are completely unattainable and thus misleading. The sweeping embrace of wind, solar and hydrogen power is similarly misplaced, as these are not among the most promising alternatives.

Instead, what's needed from Washington are three big steps. First, to confess to the public that America is in deep trouble from its oil dependence and its carbon emissions. Second, to impel oil conservation through deep new incentives and mandates. Third, to finance an acceleration of those technologies which could truly replace oil and gas.

Let's start with the bad facts. For the public to support tough steps, it must know the real picture on our oil dependence and our carbon emissions. Our oil problem is about imports. A majority of the oil we use -- primarily for gasoline -- is imported. But over 60% of the world's proved oil reserves lie in Saudi Arabia, Russia, Iran, Iraq, Venezuela and the United Arab Emirates. And the governments in these nations own the reserves, not private parties. These are increasingly unstable places and increasingly unfriendly to America. Does anyone really believe that every single one of these governments, or their successors, will continue to supply oil to the West on reasonable terms?

Moreover, while they are not running out of oil, these nations also have very little spare production capacity right now -- perhaps only two million barrels in an 80-million-barrel daily market. That is why, with China and India now becoming big importers, world oil prices have risen into the mid-$70 range per barrel.

The U.S. will steadily consume more oil, not less; indeed, our daily consumption is projected to nearly double by 2030. Therefore, there is no scenario, absent a breakthrough technology, for our becoming independent of imported oil or natural gas. Our political leaders are obliged to make this clear to the American people.

The second set of bad facts concerns carbon dioxide emissions and climate change. I am not a climatologist, but the evidence of global warming, and the role of human-caused emissions in it, seems close to irrefutable. The National Academy of Sciences sees it that way. Both U.S. and global CO2 emissions are projected to grow indefinitely. Continued warming of the earth may irreversibly reduce its suitability for human life. This catastrophic risk is like that of a large asteroid which might strike this planet over the next 20 to 30 years. This also must be explained in stark terms to the public.

There are only two serious approaches to reducing energy vulnerability and carbon emissions. One is oil conservation and the other is investment in new technology.

The only real strategy on oil is to use less of it. But, every year, the size of the U.S. auto fleet grows and, with fuel economy flat for 20 years, the result is more oil imports. Our leadership must accept that oil conservation is not just a "personal virtue," to quote Vice President Cheney, but a national requirement.

For starters, vehicles must be made more efficient. Corporate average fuel efficiency standards (CAFE) must be raised sharply, perhaps together with a stretch-out of legacy costs for the U.S. auto producers. Owners of the oldest, least efficient vehicles should be paid to turn them in. And we need much deeper tax incentives for production of hybrid and clean diesel engines and for consumer purchases of them. The expected growth in our oil consumption could be cut by 25% to 50% with these steps.

The permanent solution to oil vulnerability and climate change, however, lies in technology. My generation has seen breathtaking technologies emerge, but they will pale before the next ones. Thus, we should aim for technologies to truly end our use of oil and gas. The front-end risks must be financed at the federal level; after all, this is how NASA achieved key computing breakthroughs and the Defense Department developed the Internet.

Right now, however, federal R&D efforts are so small and unfocused as to be embarrassing -- for example, only $300 million for all renewable energy. To change this, some have proposed that the format, intensity and scale of the Defense Advanced Research Progress Agency be replicated in the Department of Energy. This is a good idea that is overdue.

Emission-free coal technology and next-generation nuclear power technology are areas that would benefit from that type of focus. In each case, the technology conceivably could replace oil and gas, unlike wind and solar. And, in each case, the

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technology works but not at commercial scale and competitive costs. The latest forecasts for reaching beginning competitiveness extend to 20 years. That must be shortened, and only Washington can provide the bridge financing to do so. Such financing is always risky, but far less so than the oil insecurity and climate risks we are running right now.

Since the first energy crisis 33 years ago, our nation has been unable to develop effective solutions. When you think about it, this is a stunning failure of leadership. Now, with America facing even greater danger, we deserve much better. Let's hope we finally get it.

Mr. Altman, chairman of Evercore Partners, was deputy Treasury secretary in the first Clinton administration.

'06 Race Focuses On The Suburbs, Inner And Outer (NYT)

By Timothy Egan

The New York Times, June 16, 2006

BELLEVUE, Wash., June 15 — In searching for any advantage in this year's Congressional elections, the two parties are focusing with increased intensity on those cul de sac jungles of tenuous political loyalties, the suburbs and exurbs.

After years in which Republicans capitalized on rapid growth in outlying areas, Democrats now see an opportunity to make gains in close-in suburbs where changes in the composition of the population are working in their favor. In a dozen or so Congressional districts that are leading battlegrounds in the midterm elections, older, more densely packed suburbs are trending Democratic, helping to offset Republican dominance on the sprawling exurban frontier.

Democratic hopes of retaking the House, party strategists say, could hinge on places like Bellevue, a city of 107,000 just across Lake Washington from Seattle. Here, a fast-growing Asian population and an influx of empty-nesters and singles living in new residential complexes have helped to make this the kind of district that, while continuing to send a Republican to Congress, has turned increasingly Democratic.

Both sides are taking steps to tailor their messages to, and train their firepower on, those swing suburbs. On Friday, President Bush will fly into this prosperous district as the draw of a fund-raiser intended to help Representative Dave Reichert hold on to his seat. The president's arrival will follow hard on the heels of a visit by Representative Rahm Emanuel of Illinois, who is in charge of the Democrats' efforts to win back the House.

"The future of both parties is in the suburbs," said Mr. Emanuel, who was here on behalf of Mr. Reichert's Democratic challenger, Darcy Burner, a 35-year-old former Microsoft employee new to politics.

Representative Mark Steven Kirk, who represents the North Shore district outside Chicago, said suburban voters were focused less on culture-war issues like same-sex marriage and abortion than on safety, education and environmental protection. As the population changes, he said, those voters no longer fit neatly into partisan types.

"I see this new reality in my district," said Mr. Kirk, a third-term Republican whose district voted Democratic in the 2004 presidential race. "In the old days, when you looked at a detached house with a big yard, that was usually a Republican home."

At the core of the political calculation is a demographic reality: older, more thickly populated inner suburbs, far from being static and homogeneous, are attracting residents of a type that never lived there in large numbers before.

"Something happens as these suburbs age," said Robert E. Lang, director of the Metropolitan Institute at Virginia Tech, a research body focusing on the factors that shape metropolitan growth. "It's not, 'Honey, we've got an attached dwelling unit, it's time to vote Democratic.' It's a difference in the type of people who move there. With density, you get more racial diversity, singles and retired people."

In older suburbs, where growth peaked from the 1970's to the 1990's, and which are home to nearly 60 percent of people who live in the nation's 50 biggest metropolitan areas, Democrats have built a slight advantage, Dr. Lang said in an interview.

While most Congressional districts have been drawn by the state legislature to give a clear advantage to one party or the other, many of the most competitive House races this year are in districts encompassing both older and newer suburbs. That makes them less politically predictable.

In "The New Metro Politics," a study he conducted with Thomas W. Sanchez, Dr. Lang found that in the last several presidential elections, a clear pattern had emerged: the more crowded the suburb, the greater the Democratic vote; the more open space or newer the suburb, the greater the Republican vote.

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In the inner suburbs, the rings just around big cities, Democrats won 58 percent of the presidential vote in 2004, Dr. Lang found. In the mature suburbs, the next tier out, the Democratic share was less, 51.9 percent.

But the fastest-growing areas are at the far edge, sometimes 80 miles or more from the urban center, and that is where Republicans built up huge majorities. In the outer two tiers of the study, President Bush won 56.6 percent of the 2004 vote in what Dr. Lang called "the emerging suburbs," and 62.3 percent in the exurbs.

"At each greater increment of urban density, Democrat John Kerry received a higher proportion of the vote," Dr. Lang wrote. The pattern was the same in red states as in blue.

Democrats, who need a change of 15 seats to win control of the House, are studying Dr. Lang's research in an effort to get there.

"His thesis is very much at the center of this race," said Zack Silk, the campaign manager for Ms. Burner, the Democratic challenger to Mr. Reichert here.

There are clear limits to the demography-as-destiny calculation. Mr. Reichert, like many other Republicans in potentially close races, enjoys the considerable power of incumbency. Further, traditional voting patterns can be broken if national political conditions are right, as Democrats discovered in 1994, when, after four decades in power, they lost control of the House in a nationwide Republican sweep. Big issues like the war in Iraq can overwhelm partisan loyalty.

And so can the smaller ones. Mr. Reichert said the No. 1 concern of his constituents was traffic congestion. At a time when Democrats say their polls give Mr. Bush an approval rating of just 26 percent in this district, Mr. Reichert has been campaigning on that issue within a portfolio also touching on matters like gang crime and school safety.

"Yes, the war is important," he said, "but everywhere I go people want to do something about traffic, something to improve their daily lives."

Whatever the issues, though, the mix of demography and politics has been playing out in many districts. In the cluster of counties outside Philadelphia — Bucks, Delaware and Montgomery among them — John Kerry in 2004 improved on the vote of Al Gore four years earlier. Similarly, in Fairfax County, Va., Democrats carried the presidential race easily in 2004 after losing to Mr. Bush in 2000. In Colorado, Democrats made big gains in the populous Denver suburbs of Arapahoe and Jefferson Counties, though Mr. Bush won both, by small margins.

And in the aging suburbs outside Chicago, Democrats have gradually made enough gains that they think they can now win the seat being vacated by Representative Henry J. Hyde, a 16-term Republican. The district includes much of DuPage County, still reliably Republican but becoming more Democratic as it grows.

For every Democratic opportunity in older, more dense and more diverse suburbs, there is a Republican opening in the fast-growing exurbs. For example, in Douglas County, Colo., the nation's fastest-growing county in the late 1990's, Mr. Bush defeated Mr. Kerry by two to one. In the epicenter of California growth, Riverside County, the president won by 57 percent to 41 percent, a big gain over his showing in 2000.

In fact, Mr. Bush won 97 of the nation's 100 fastest-growing counties in 2004. Republicans had homed in on these outer suburbs — often places that were little more than farmland or meadows just a generation ago — with campaigns built around family values.

But Dr. Lang and other experts note that the exurbs in the fastest-growing counties provide a very small share of the nation's vote, and say bigger gains can be had by either party in focusing on places of transition, where older and newer suburbs meet. In looking at the 50 biggest metropolitan areas, which have about 150 million people, Dr. Lang found that 90 million lived in a somewhat older suburb and that only 5.6 million lived in the exurbs, where Mr. Bush's vote was strongest.

Republicans won the last two presidential elections, Dr. Lang said, by running up huge majorities in rural and exurban areas, then winning a bare majority of the suburbs closer to the urban core.

Cheney Sees GOP Winning Midterm Elections (AP-Y2)

AP2, June 15, 2006

Vice President Dick Cheney said Thursday that the Republicans will prevail in the midterm elections because of a strong economy and the ability of the Bush administration to prevent another terrorist attack.

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Polls show voters favor Democrats taking charge in November, but Cheney said the GOP will maintain its majority control in the Senate and House. He cited an economy that's "kicking along in very good shape" and President Bush's record in the war on terror.

"And we protected the United States against further attack from the terrorists," Cheney said in an interview on Sean Hannity's radio show. "You can't guarantee there won't be further attacks, but I think the track record is remarkable."

At his news conference Wednesday, Bush also predicted Republican victories in November, saying the GOP "philosophy is one that is forward-looking and optimistic and has worked."

Last week, the Associated Press-Ipsos poll found that only 24 percent of those surveyed approve of the way the Republican-controlled Congress is doing its job. Fifty-two percent said they want Democrats to capture control of Congress in November, about the same as in last month's survey.

Bipartisan Query: Will 2006 Reprise 1994? (WSJ)

By Jackie Calmes

The Wall Street Journal, June 16, 2006

WASHINGTON -- For the Capital's political junkies, it is the question of the year: Could 2006 be another 1994?

Twelve years ago, voters turned on Democrats and gave Republicans control of both houses of Congress for the first time in 40 years. The House speaker was among the Democrats' casualties; not a single Republican incumbent lost.

Now, both parties wonder whether another wave is building, this time to wash out Republican majorities. Parallels between then and now are stoking Democrats' hopes and Republicans' fears. But there are key differences as well.

The party in power: In 1994, Democrats controlled the White House and Congress, just as Republicans do now. President Bill Clinton and his party were low in the polls and divided. The midterm elections that November became a referendum on the president. He wasn't on the ballot, so voters punished his party in Congress.

Today's polls are even worse for President Bush and the Republican-led Congress. In October 1994, a pre-election Wall Street Journal/NBC News poll showed 48% of Americans approved of Mr. Clinton's performance. That compares with Mr. Bush's 37% in a new Journal/NBC poll1, conducted June 9-12. Congress's approval rating is 23% -- four percentage points lower than in October 1994. And by an 11-point margin, Americans now prefer a Democratic-run Congress; in October 1994, Republicans had a six-point edge.

"Do I wish the numbers were better? I wish they were a lot better," says lobbyist and former New York Rep. Bill Paxon, who headed the House Republicans' campaign committee in 1994. But he and other Republicans draw a contrast between Republicans now and Democrats then: Republicans know they are in danger and are acting accordingly.

"Every Republican I've talked to, from entrenched incumbents down to the newest members, they are all working overtime," Mr. Paxon says. "We caught the Democrats napping in '94."

His 1994 Democratic counterpart, former California Rep. Vic Fazio, concedes as much. Only by late summer in 1994 did Democrats realize a storm loomed, he recalls, yet party elders remained complacent or feared that signaling trouble would cause contributions to dry up. "We did save a lot of people," Mr. Fazio says, "but the tide was rising so high, and so fast."

Smaller battleground: The number of competitive seats is lower than in 1994, due largely to partisan gerrymandering of the House's 435 districts and to the particular lineup of Senate seats up for election this year.

Before the 1994 elections, the nonpartisan Cook Political Report counted 10 Democratic Senate seats as tossups, or too close to call; Republicans needed to gain at least seven for a majority. (They went on to win eight and then pick up a ninth when Alabama Sen. Richard Shelby switched parties.) Today, the Cook Report has six Republican seats as tossups; Democrats need every one for a bare majority.

For the House, the 1994 Cook Report listed 82 Democratic seats as competitive -- more than double the 35 vulnerable Republican seats it sees today. Many of those 1994 districts were in the conservative South and had been redrawn to Republicans' advantage after the 1990 census -- "low-lying fruit," in Mr. Fazio's words, and "the biggest single reason" in Mr. Paxon's view that Republicans were able to seize Congress.

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Yet Democrats don't need as many House seats. In 1994, Republicans needed at least 40. The Democrats' magic number is 15.

The issues: After winning in 1992 promising universal health care, Mr. Clinton and the Democratic Congress couldn't even bring a bill to a committee vote in 1994, depressing party loyalists and signaling dysfunction. "We pointed our finger like Babe Ruth, out into the stands, and we missed," Mr. Fazio recalls.

House Democrats' chaotic passage of a crime bill further suggested incompetence and angered liberals and conservatives alike with its gun-control and death-penalty provisions. Republicans attacked Mr. Clinton's 1993 deficit-reduction law for its tax increases, while proposing in late September their "Contract with America," with promises from a balanced budget to term limits. When Democratic leaders had to schedule a lame-duck session so panicked members could rush home to campaign, political scientist Thomas Mann presciently predicted the "disastrous ending ... makes even more likely the electoral earthquake that many of us sense is occurring."

Mr. Bush's top domestic promise of 2004 -- creating private accounts from Social Security -- likewise crashed without a vote. But that failure was last year -- not pre-election like the Clinton health bill. More worrisome to Republicans now is the issue of illegal immigration, which has divided the party and enflamed constituents. Republican leaders already are assuming they will need a lame-duck session to finish the year's work -- just as Democrats did in 1994.

But the issue dragging down Mr. Bush's standing and Congress's is an unpopular war. "There was nothing like Iraq in 1994," Mr. Paxon says.

A backdrop of corruption: As in 1994, scandals have tarred both parties. But the one in power appears most blackened.

By late 1994, four members of Congress, two from each party, were under indictment on charges including fraud and sexual misconduct. Voters recalled a 1992 check-kiting scandal at legislators' House bank. Democrats, bearing the brunt of blame as Congress's majority, proposed reforms, but the legislation languished. Republicans pledged to do better.

Now the roles are reversed. Two House Democrats are under federal investigations. But two Republicans have left Congress -- California's Randy "Duke" Cunningham for prison, and former House Majority Leader Tom DeLay to face a corruption trial in Texas -- and several others face questions about their ties to convicted lobbyist Jack Abramoff. House Appropriations Committee Chairman Jerry Lewis of California has hired a legal team amid an investigation of spending earmarks benefiting lobbyist friends.

An emboldened opposition: In 1994 Republican voters were energized against Clinton Democrats, as were a critical mass of antitax, term-limit, pro-gun and private-property groups. Disillusioned Democratic voters stayed home.

Now the political energy is on Democrats' side, among antiwar, environmental, abortion-rights and pro-immigration Hispanic groups, while Republicans worry that demoralized conservatives won't vote. And where conservative talk-radio hosts emerged in 1994 to spread Republicans' message, today liberal bloggers seek to do the same for Democrats.

However, Democrats lack a unifying figure like former Rep. Newt Gingrich, who led the "Republican Revolution." Also, congressional Republicans worked in tandem with then-party chairman Haley Barbour, now Mississippi governor, whereas Democratic leaders have assailed party chairman Howard Dean for not providing enough financial support.

The tea leaves: Special elections for vacated seats are read as harbingers of November. On this score, today's Republicans find reassurance.

In May 1994, Republicans won special elections in Oklahoma and Kentucky for seats that Democrats long held. Last week, with the Republican-tilted seat Mr. Cunningham held up for grabs in California, the narrow winner was another Republican, Brian Bilbray.

Vietnam, Watergate And Rove (WSJ)

By Michael Barone

The Wall Street Journal, June 16, 2006

It has been a tough 10 days for those who see current events through the prisms of Vietnam and Watergate. First, the Democrats failed to win a breakthrough victory in the California 50th special election -- a breakthrough that would have summoned up memories of Democrats winning Gerald Ford's old congressional district in a special election in 1974. Instead

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the Democratic nominee got 45% of the vote, just 1% more than John Kerry did in the district in 2004. Second, U.S. forces with a precision air strike killed Abu Musab al-Zarqawi, on the same day that Iraqis finished forming a government. Zarqawi will not be available to gloat over American setbacks or our allies' defeat, as the leaders of the Viet Cong and North Vietnam did.

Third, special prosecutor Patrick Fitzgerald announced that he would not seek an indictment of Karl Rove. The leftward blogosphere had Mr. Rove pegged for the role of Bob Haldeman and John Ehrlichman. Theories were spun about plea bargains that would implicate Vice President Dick Cheney. Talk of impeachment was in the air. But it turns out that history doesn't repeat itself. George W. Bush, whether you like it or not, is not a second Richard Nixon.

It is hard in retrospect to understand why the left put so much psychic energy into the notion that Mr. Rove would be indicted. He certainly was an important target. No one in American history has been as powerful an aide to a president, both on politics and on public policy, as Karl Rove. Only Robert Kennedy in his brother's administration and Hamilton Jordan in Jimmy Carter's come close, and neither was as involved in electoral politics as Mr. Rove has been.

Still, it was clear early on that the likelihood that Mr. Rove violated the Intelligence Identities Protection Act was near zero. Under the law, the agent whose name was disclosed would have had to have served overseas within the preceding five years (Valerie Plame, according to her husband's book, had been stationed in the U.S. since 1997) and Mr. Rove would have had to know that she was undercover (not very likely). The left enjoyed raising an issue on which, for once, it could charge that a Republican administration had undermined national security. But that rang hollow when the left gleefully seized on the New York Times's disclosure of NSA surveillance of phone calls from suspected al Qaeda operatives abroad to persons in the U.S.

In all this a key role was played by the press. Cries went up early for the appointment of a special prosecutor: Patrick Fitzgerald would be another Archibald Cox or Leon Jaworski. Eager to bring down another Republican administration, the editorialists of the New York Times evidently failed to realize that the case could not be pursued without asking reporters to reveal the names of sources who had been promised confidentiality. America's newsrooms are populated largely by liberals who regard the Vietnam and Watergate stories as the great achievements of their profession. The peak of their ambition is to achieve the fame and wealth of great reporters like David Halberstam and Bob Woodward. But this time it was not Republican administration officials who went to prison. It was Judith Miller, then of the New York Times itself.

Interestingly, Bob Woodward himself contradicted Mr. Fitzgerald's statement, made the day that he announced the one indictment he has obtained, of former vice presidential chief of staff Scooter Libby, that Mr. Libby was the first to disclose Ms. Plame's name to a reporter. The press reaction was to turn on Mr. Woodward, who has been covering this administration as a new story rather than as a reprise of Vietnam and Watergate.

Historians may regard it as a curious thing that the left and the press have been so determined to fit current events into templates based on events that occurred 30 to 40 years ago. The people who effectively framed the issues raised by Vietnam and Watergate did something like the opposite; they insisted that Vietnam was not a reprise of World War II or Korea and that Watergate was something different from the operations J. Edgar Hoover conducted for Franklin Roosevelt or John Kennedy. Journalists in the 1940s, '50s and early '60s tended to believe they had a duty to buttress Americans' faith in their leaders and their government. Journalists since Vietnam and Watergate have tended to believe that they have a duty to undermine such faith, especially when the wrong party is in office.

That belief has its perils for journalism, as the Fitzgerald investigation has shown. The peril that the press may find itself in the hot seat, but even more the peril that it will get the story wrong. The visible slavering over the prospect of a Rove indictment is just another item in the list of reasons why the credibility of the "mainstream media" has been plunging. There's also a peril for the political left. Vietnam and Watergate were arguably triumphs for honest reporting. But they were also defeats for America -- and for millions of freedom-loving people in the world. They ushered in an era when the political opposition and much of the press have sought not just to defeat administrations but to delegitimize them. The pursuit of Karl Rove by the left and the press has been just the latest episode in the attempted criminalization of political differences. Is there any hope that it might turn out to be the last?

Mr. Barone is a senior writer at U.S. News & World Report.

Officials Prepare For Midterm Elections (AP-Y2)

By Will Lester

AP2, June 15, 2006

Memo to election supervisors: Make sure the voting machines are set at zero before sending them to polling places.

That's the kind of simple but critical advice federal officials are offering local election supervisors as they prepare for the midterm elections in November.

With memories of the disputed 2000 presidential election still fresh, the Election Assistance Commission is encouraging careful preparation by election supervisors, aggressive recruitment of new poll workers and thorough education of voters.

Another tip: "If election officials just proofread all ballots, it'll save them a lot of headaches, because they'll find mistakes and they'll fix them," commission chairman Paul DeGregorio said Thursday.

The Election Assistance Commission is sending out a "Quick Start Management Guide for New Voting Systems" to 6,700 local election officials around the country. The guide is necessary as about a third of voters will be using new machines this year and many longtime poll workers have retired because the punch-card and lever voting machines have been replaced.

"Chicago experienced significant problems during the elections in March because of new equipment, new Illinois laws and new federal requirements," said DeGregorio, who added the city should be ready for November.

The 2002 law required improvements to voting systems and voter access after the problems in 2000. States were required to improve their voter information, replace outdated voting equipment and allow provisional voting, which means questionable votes can be verified later.

The commission heard Thursday from several experienced local election officials, who offered suggestions on how the nation could be prepared to run smooth elections.

Connie Schmidt, a retired election commissioner from Kansas, said the election system is undergoing dramatic changes and — "there's no dry run, no practice, no dress rehearsal."

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On the Web:

Election Assistance Commission: http://www.eac.gov

Judge Dismisses Most Of Phone-jamming Suit (AP-Y2)

By Beverley Wang

AP2, June 15, 2006

A judge has dismissed most of a Democratic lawsuit against Republicans stemming from the jamming of Democratic phone lines in the November 2002 elections, a crime that led to criminal convictions against three former GOP officials.

State Democratic Chairwoman Kathy Sullivan said Thursday that a judge in Manchester dismissed five of eight claims Democrats had made in the civil lawsuit. The ruling was dated Tuesday.

Both parties called the decision a victory.

The dismissed counts alleged Republicans commited civil harassment and conspiracy, including conspiring against Democrats' constitutional rights to vote and associate. The remaining claims deal with interference with phone systems and seek compensation.

"What the court has basically done is reduced this claim, this lawsuit, to a small claims complaint," said Ovide Lamontagne, a lawyer for the Republicans. "A thousand dollars of damage is what we think they could probably show for the interruption of phones for an hour and a half."

"This is not a good day for the Republican Party," Sullivan said. "Basically what this case is about is their interference with our phone lines, and what the court has said is, 'You can continue to go forward.'"

The civil trial is scheduled to begin in November. Sullivan said she had not yet settled on a dollar figure for damages.

The get-out-the-vote and ride-to-the-polls phone banks run by Democrats and the nonpartisan Manchester firefighters union were jammed for more than an hour on Election Day 2002, during a hotly contested U.S. Senate race between then-Democratic Gov. Jeanne Shaheen and Republican John Sununu. Sununu won by about 20,000 votes.

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James Tobin, of Bangor, Maine, a former regional chairman of President Bush's re-election campaign, was convicted in December of two felony telephone harassment charges but acquitted of a third, more serious charge of conspiring against voters' rights. He was sentenced to 10 months in prison.

Former GOP Marketplace president Allen Raymond and former state Republican Committee Executive Director Charles McGee pleaded guilty in the case and testified against Tobin. McGee served seven months, and Raymond received a three-month sentence.

Dan Rather Will Leave CBS After 44 Years (USAT)

By Peter Johnson

USA Today, June 16, 2006

Dan Rather, who stepped down as anchor of The CBS Evening News 15 months ago in the wake of the Memogate scandal, said Thursday that he'll soon leave the network after 44 years — at the request of network executives.

"They wanted this resolution, and I'm willing to accept that and move on," said Rather, 74, whose contract expires in November.

Rather had been a correspondent for 60 Minutes since leaving his anchor chair on the Evening News in March 2005. Eight of his stories aired last season — far fewer than many of his colleagues' stories.

Former Today star Katie Couric is set to anchor the Evening News in September and contribute to 60 Minutes along with CNN's Anderson Cooper. And with younger CBS correspondents such as Lara Logan and Scott Pelley also vying for time on 60 Minutes, executives have said that CBS wants to usher in a new look and feel for the top-rated newsmagazine.

In an interview Thursday, Rather said he had planned to stay at CBS for the rest of his career.

"But life takes its twists and turns, and I'm a pro," he said. "I've been a reporter since I was in my teens. I'm blessed with good health and high energy, and I want to be fully occupied, doing meaningful work. I had hoped that would be possible at 60 Minutes."

Rather's star at the network rose dramatically after his coverage of President Kennedy's assassination in 1963 and lasted throughout the ensuing four decades. He succeeded Walter Cronkite as anchor in 1981.

Rather's star virtually vanished at CBS after the 2004 discredited 60 Minutes story regarding President Bush's military record. That story, which cited documents that could later not be verified, resulted in the firing of three CBS News executives.

Asked whether Memogate had been his undoing, Rather said, "That's history. I'm not interested in going there. I'm focused on the future."

He said he is now talking about what to do next and hopes to make an announcement soon.

CBS confirmed that an exit deal for Rather was in the works, but executives declined to comment further.

Head Examined Scientist's Study Of Brain Genes Sparks A Backlash (WSJ)

By Antonio Regalado

The Wall Street Journal, June 16, 2006

CHICAGO -- Last September, Bruce Lahn, a professor of human genetics at the University of Chicago, stood before a packed lecture hall and reported the results of a new DNA analysis: He had found signs of recent evolution in the brains of some people, but not of others.

It was a triumphant moment for the young scientist. He was up for tenure and his research was being featured in back-to-back articles in the country's most prestigious science journal. Yet today, Dr. Lahn says he is moving away from the research. "It's getting too controversial," he says.

Dr. Lahn had touched a raw nerve in science: race and intelligence.

What Dr. Lahn told his audience was that genetic changes over the past several thousand years might be linked to brain size and intelligence. He flashed maps that showed the changes had taken hold and spread widely in Europe, Asia and the Americas, but weren't common in sub-Saharan Africa.

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Web sites and magazines promoting white "racialism" quickly seized on Dr. Lahn's suggestive scientific snapshot. One magazine that blames black and Hispanic people for social ills hailed his discovery as "the moment the antiracists and egalitarians have dreaded."

Dr. Lahn has drawn sharp fire from other leading genetics researchers. They say the genetic differences he found may not signify any recent evolution -- and even if they do, it is too big a leap to suggest any link to intelligence. "This is not the place you want to report a weak association that might or might not stand up," says Francis Collins, director of the genome program at the National Institutes of Health.

Several scientific groups have set out to disprove or challenge Dr. Lahn's discoveries. His own university now says it is abandoning a patent application it filed to cover a DNA-based intelligence test that drew on his work.

As scientific tools for probing genes become increasingly powerful, research into human differences has exploded. Most of the time, scientists are looking for clues about the causes of disease. But some research is raising tensions as scientists such as Dr. Lahn venture into studies of genetic differences in behavior or intelligence.

Pilar Ossorio, a professor of law and medical ethics at the University of Wisconsin, criticizes Dr. Lahn for implying a conclusion similar to "The Bell Curve," a controversial 1994 bestseller by Richard J. Herrnstein and Charles Murray. The book argued that the lower average performance by African-Americans on IQ tests had a genetic component and wasn't solely the result of social factors. Referring to Dr. Lahn and his co-authors, Prof. Ossorio says: "It's exactly what they were getting at. There was a lot of hallway talk. People said he's doing damage to the whole field of genetics."

The 37-year-old Dr. Lahn says his research papers, published in Science last September, offered no view on race and intelligence. He personally believes it is possible that some populations will have more advantageous intelligence genes than others. And he thinks that "society will have to grapple with some very difficult facts" as scientific data accumulate. Yet Dr. Lahn, who left China after participating in prodemocracy protests, says intellectual "police" in the U.S. make such questions difficult to pursue.

Scientists believe that a small group of anatomically modern humans struck out from Africa probably less than 100,000 years ago. After arriving on the Eurasian land mass, they continued to split up and eventually humans populated nearly every corner of the globe. One use of genetic research is to probe how each group evolved differently after becoming isolated from the others. Recently created genetic maps of people of African, Asian and European ancestry make that research easier.

For instance, researchers have found that most Europeans have a genetic variant that lets them fully digest milk as adults. The variant is much less common in Africa and Asia, where lactose intolerance is widespread. Scientists theorize that it spread quickly among Europeans because drinking milk from domesticated dairy animals conferred a nutritional advantage. Similar evolutionary reasoning may explain why many people in malaria-prone parts of Africa carry gene variants linked to malaria resistance.

Other research is starting to explain variations in human skin color and hair texture. But scientists tense up when it comes to doing the same sort of research on the brain. Sociologist Troy Duster, who studies the use of racial categories by geneticists, worries that scientists will interpret data in ways that fit their prejudices. He cites the sorry history of phrenology, a study of skull shapes popular in the 19th century, and other pseudoscientific techniques used to categorize people as inferior. "Science doesn't transcend the social milieu," says Dr. Duster, of New York University.

Dr. Lahn traces his interest in human differences back to his youth in China. Foreigners there used to have a special currency that they could use at stores closed to ordinary Chinese. "I wondered why people were different, and why Chinese were at the bottom," he says.

By the time violence struck Tiananmen Square in 1989, Dr. Lahn, the son of two physicists, was an undergraduate at Harvard University. He channeled his curiosity into genetics and built his reputation with a groundbreaking study of the Y chromosome. After taking a post at the University of Chicago in 2000, Dr. Lahn won a prestigious fellowship from the Howard Hughes Medical Institute.

The fellowship pays most of his research bills and has allowed him to pursue creative projects, often on attention-grabbing subjects. One study looked at how promiscuity among female chimpanzees, gorillas and humans affected the evolution of a

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gene that makes sperm sticky. "Bruce is in a hurry to be famous," says Martin Kreitman, a Chicago colleague who is friendly with him.

Henry Harpending, a University of Utah anthropology professor who recently published a theory for why Ashkenazi Jews tend to have high IQ's, says Dr. Lahn once suggested they co-author an article for Scientific American about the genetics of behavior, in which they could explain why "Chinese are boring."

"I think that Bruce doesn't understand political correctness," Dr. Harpending says. Dr. Lahn says he only vaguely recalls the conversation but confirms that he wonders whether during China's imperial times there was "some selection" against rebellious individuals.

In recent years, Dr. Lahn has become interested in why the human brain is so large and complex. Although humans and chimpanzees share about 96% of their DNA, human brains are about four times larger. Even today, researchers can find a correlation, on average, between people's brain size and their IQ.

Dr. Lahn's group zeroed in on the role of two genes, called ASPM and microcephalin, that are known to have a role in brain size. Humans with defective copies of either gene are born with brains only about one-third the normal size.

Studying DNA from several species, the Chicago team found that, over millions of years, the genes had undergone more rapid change in monkeys, apes and humans than in other animals. Their next step was to determine if evolution had continued in modern humans. Dr. Lahn's graduate students began decoding DNA from 1,184 people belonging to 59 groups from around the world, including Bedouins, Pima Indians and French-speaking Basques.

The data showed that evolution had continued in recent millennia. A statistical analysis of DNA patterns suggested that new mutations in each of the two brain-related genes had spread quickly through some human populations. Evidently, these mutations were advantageous among those populations -- just as the genetic variant promoting milk digestion was advantageous to early Europeans. Dr. Lahn and his team further observed that the new mutations are found most frequently outside of Africa.

What the data didn't say was how the mutations were advantageous. Perhaps the genes play a role outside of the brain or affect a brain function that has nothing to do with intelligence.

While acknowledging that the evidence doesn't permit a firm conclusion, Dr. Lahn favors the idea that the advantage conferred by the mutations was a bigger and smarter brain. He found ways to suggest that in his papers. One mutation, which according to his estimates arose some 40,000 years ago, coincided with the first art found in caves, the paper observed. The other mutation, present mostly in people from the Middle East and Europe, and estimated to be 5,800 years old, coincided with the "development of cities and written language."

That suggested brain evolution might have occurred in tandem with important cultural changes. Yet because neither variant is common in sub-Saharan Africa, there was another potential implication: Some groups had been left out.

The dean of the University of Chicago's medical school, James L. Madara, says he approached Dr. Lahn before the papers were published. They discussed whether the report could be taken out of context. "Let the chips lie where they may," Dr. Madara says he told Dr. Lahn. As long as the ideas and data are clear, "don't worry about the implications," the dean said.

John Easton, head of media relations at the medical school, says his office was worried the work could be misinterpreted and abused by racist groups. Mr. Easton borrowed a copy of "The Mismeasure of Man," the famous attack on IQ tests and brain-volume measurements by the late paleontologist Stephen Jay Gould. Mr. Easton helped Dr. Lahn with talking points about his research. "We said, 'Don't be shy about telling people what it doesn't mean,' " Mr. Easton recalls.

Mr. Easton says Dr. Lahn "makes us nervous" but "with Bruce we know it's not driven by personal bias." That is because Asians "don't score at the top" in the frequency of the brain-gene mutations, Mr. Easton says.

Dr. Lahn's paper and talk at his university -- in which he also claimed the gene variants were probably linked to higher IQ -- provoked a strong reaction both on and off campus. Dr. Collins, head of the federal genome program, obtained advance copies of the papers and circulated them to top population geneticists. He wasn't persuaded by the statistical evidence for evolution and criticized Dr. Lahn's work in media interviews.

The papers won wide attention among researchers, and several responded by setting out to test Dr. Lahn's findings. Scientists at the Broad Institute, a top genetics center in Cambridge, Mass., have been reanalyzing some of the data and say they

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may challenge Dr. Lahn's finding that evolution acted on ASPM, one of the genes. Broad's influential chief, Eric Lander, says scientists probing recent evolution run the risk of "seeing a difference, and saying there is a story to fit it."

A team at the University of California, Los Angeles, recently tested whether the gene variants actually affect brain size. They studied DNA from 120 people whose brain volumes they had already measured using magnetic-resonance imaging. They didn't find any difference. "It certainly makes you want to look at other explanations" of what the variations mean, says Roger P. Woods, a UCLA brain-mapping expert who reported the results in May.

Some of Dr. Lahn's co-authors are also uncomfortable with the work. Sarah Tishkoff, a geneticist at the University of Maryland who provided DNA from remote African groups, says she is bothered how one paper drew a link between the genetic changes and the rise of civilization. She thinks it is too early to reach any conclusions about why the changes spread and says it is "very simplistic" to imagine that a single gene could have a major effect on complex cultural traits.

Several groups of scientists have sent letters to Science criticizing the papers. Dr. Lahn prepared responses, sending one earlier this month, but Dr. Tishkoff wasn't willing to add her name to them.

"You have to follow the data wherever it leads, but speculating in this field is dangerous," says Spencer Wells, head of the National Geographic Society's Genographic Project, a five-year, $40 million effort to collect DNA samples from 100,000 indigenous people. Dr. Wells says the project team might try to find evolutionary reasons for physical differences such as why Danes are taller than pygmies. But Dr. Wells says National Geographic won't study the brain. "I think there is very little evidence of IQ differences between races," he says.

The accuracy of Dr. Lahn's work and his views on race came up in his tenure review last fall, says a person familiar with it. After debate, his department voted unanimously in his favor, according to another faculty member. A more senior committee agreed and awarded Dr. Lahn the post of full professor, although it wasn't unanimous, this person says.

Dr. Lahn stands by his work but says that because of the controversy he is moving into other projects. Earlier this year, Mr. Easton of the university's media department forwarded Dr. Lahn a paper by two economists looking at the IQ of infants of different races. Dr. Lahn wasn't interested. "I'm surprised anyone studies this," he replied in an email.

Dr. Lahn says he isn't as eager as he once was to continue studying brain differences. P. Thomas Schoenemann, a professor of anthropology at the University of Michigan-Dearborn, says that at Dr. Lahn's request he collected DNA from 25 people whose brain sizes he had studied previously. But the two scientists haven't been in touch recently.

The university's patent office is also having second thoughts. Its director, Alan Thomas, says his office is dropping a patent application filed last year that would cover using Dr. Lahn's work as a DNA-based intelligence test. "We really don't want to end up on the front page...for doing eugenics," Mr. Thomas says.

More recently, Dr. Lahn says he was moved when a student asked him whether some knowledge might not be worth having. It is a notion to which he has been warming. Dr. Lahn says he once tried testing himself for which version of the brain genes he has. The experiment's outcome was blurry "but it wasn't looking good," he says. He hasn't tried testing himself again.

Pioneer Urges 'Responsible Fatherhood' (WT)

By Cheryl Wetzstein

The Washington Times, June 16, 2006

In his 70 years, Charles Augustus Ballard has overcome the loss of his coal-miner father, functional illiteracy, a stint in prison and unwed fatherhood.

His experiences led him to found in 1982 a national organization that was one of the first -- if not the first -- to promote "responsible fatherhood" as a social policy, the Institute for Responsible Fatherhood and Family Revitalization (IRFFR).

Last month, one of his dreams came true: The Department of Health and Human Services (HHS) announced the availability of its first funding stream dedicated to "responsible fatherhood" programs.

But for Mr. Ballard, the $32 million announcement comes amid a difficult personal struggle: He came home Wednesday from a Bowie rehabilitation center, where he has been recovering from a devastating stroke suffered in January.

His new goals are to walk without a cane and resume jogging; write a book about restoring broken relationships; and help his wife, Frances, rebuild their organization.

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The couple is already in discussions with several organizations about partnering with the IRFFR. Applications for the new grants are due in two weeks.

For the moment, Mr. Ballard is grateful to be home again, having relearned how to talk, walk and eat.

"I am going to really hit the road running," he said in his Glenn Dale home.

"My husband is a man of tremendous faith and I am, too," Mrs. Ballard said. "The mission and purpose and drive goes forward."

The problem of "fatherlessness" first gained widespread national attention more than a decade ago.

Milestones include Ken Canfield's 1990 founding of the National Center for Fathering; the 1994 debut of the National Fatherhood Initiative (NFI), founded by Don E. Eberly; and the 1995 publication of "Fatherless America: Confronting Our Most Urgent Social Problem," by David Blankenhorn.

"Fathers are not superfluous. They are indispensable and irreplaceable," Wade F. Horn, HHS assistant secretary for children and families, said in 1995 when he was NFI director.

When NFI started, there were about 100 fatherhood programs. Today, there are "too many to count" because so many programs now include fatherhood programming, said NFI spokesman Vincent DiCaro.

But all this interest came years after Mr. Ballard started the IRFFR in Cleveland.

Galvanized by his personal experiences with fatherlessness -- his father died when he was 3 and he became an unwed father as a teen -- plus his conversion to Christianity while in prison, Mr. Ballard decided to work to connect men to their children. He chose his motto from the Bible's Book of Malachi -- "turning the hearts of fathers to their children and the hearts of children to their fathers."

Mr. Ballard's novel approach was to use married "mentor couples" as his outreach workers. The couples scoured neighborhoods for single fathers and served them and their families around the clock, teaching the men why they should establish paternity, strengthen their fathering skills, finish school, get jobs and support their children. The vast majority of IRFFR fathers achieved these goals, and more than a few got married.

"The most powerful job-creation program is one that instills in a father a desire to fulfill his first job -- that is, to love his children and respect their mother," Mr. Ballard said in 1998 in one of his many appeals to Congress to fund programs that show fathers how to be financially, emotionally, physically and spiritually responsible for their children.

Thanks to federal and private grants, Mr. Ballard's IRFFR spread to a dozen cities -- including Washington -- and generated national confidence in the idea of responsible fatherhood programs.

Each of the new HHS grants for fatherhood programs "will be a testament to the leadership Charles has shown through the years on this most important issue," said Rep. Wally Herger, California Republican and chairman of the House subcommittee that wrote the legislation.

In recent years, however, the IRFFR lost ground: Funding complications meant that many sites had to be closed and staff let go. Mr. Ballard's Jan. 19 stroke was another blow.

But the Ballards see his swift recovery as "miraculous" and the way to new and even greater opportunities to strengthen families.

"There is a God. There really is a God," Mr. Ballard said.

Seeds For A Geo-Green Party (NYT)

By Thomas L. Friedman

The New York Times, June 16, 2006

The recent focus of the Republican-led Congress on divisive diversions, like gay marriage and flag burning, coupled with the unveiling of Unity '08, an Internet-based third party that plans to select its presidential candidate through online voting, has intensified the chatter that a third party, and maybe even a fourth, will emerge in the 2008 election.

Up to now, though, most of that talk has been about how a third party might galvanize voters, using the Web, rather than what it would actually galvanize them to do. I'd like to toss out an idea in the hopes that some enterprising politician or group of citizens — or Unity '08 — will develop it. It's the concept I call "Geo-Green."

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What might a Geo-Green third party platform look like?

Its centerpiece would be a $1 a gallon gasoline tax, called "The Patriot Tax," which would be phased in over a year. People earning less than $50,000 a year, and those with unusual driving needs, would get a reduction on their payroll taxes as an offset.

The billions of dollars raised by the Patriot Tax would go first to shore up Social Security, second to subsidize clean mass transit in and between every major American city, third to reduce the deficit, and fourth to massively increase energy research by the National Science Foundation and the Energy and Defense Departments' research arms.

Most important, though, the Patriot Tax would increase the price of gasoline to a level that would ensure that many of the most promising alternatives — ethanol, biodiesel, coal gasification, solar energy, nuclear energy and wind — would all be economically competitive with oil and thereby reduce both our dependence on crude and our emissions of greenhouse gases.

In short: the Geo-Green party could claim that it has a plan for shoring up America's energy security, environmental security, economic security and Social Security with one move.

It could also claim that — however the Iraq war ends — the Geo-Green party has a strategy for advancing political and economic reform in the Arab-Muslim world, without another war. By stimulating all these alternatives to oil, we would gradually bring down the price, possibly as low as $25 to $30 a barrel. That, better than anything else, would force regimes like those in Iran, Sudan, Egypt, Angola, Venezuela and Saudi Arabia to open up. Countries don't reform when you tell them they should. They reform when they tell themselves they must — and only when the price of oil goes down will they tell themselves they must.

Moreover, by making America the leader in promoting clean power, the Geo-Greens would be offering a credible plan for recouping a lot of America's lost prestige in the world — prestige it lost when the Bush team trashed Kyoto. This would put America in a much better position to galvanize allies to combat jihadism.

Last, Geo-Greenism could be the foundation of a new American patriotism and educational renaissance. Under the banner "Green is the New Red, White and Blue," the Geo-Green party would seek to inspire young Americans to study math, science and engineering to help make America not only energy independent but also the dominant player in what will be the dominant industry of the 21st century: clean power and green technology.

Frankly, I wish we did not need a third party. I wish the Democrats would adopt a Geo-Green agenda as their own. (Republicans never would.) But if not, I hope it will become the soul of a third party.

"Historically, third parties arise in America when they seize a neglected issue and demonstrate that there is a real constituency for it," said Micah Sifry, author of "Spoiling for a Fight: Third-Party Politics in America." "They win by forcing that issue into the mainstream — even if the party itself is later forgotten. Conditions certainly seem ripe for such a third-party bid today."

But rather than artificially splitting the difference between the Democrats and the Republicans, Mr. Sifry added, "a successful third party has to get in front of both — with an agenda that inspires hope and with leadership that inspires trust. Fear of a dark future isn't the best motivator; hope for a better one is."

That's Geo-Greenism. To be sure, Geo-Greenism is not a complete philosophy on par with liberalism or conservatism. But it can be paired with either of them to make them more relevant to the biggest challenges of our time. Even if Geo-Greenism couldn't attract enough voters to win an election, it might attract a big enough following to frighten both Democrats and Republicans into finally doing the right things.

New Gravity For The Political Center (WP)

By David Ignatius

The Washington Post (opinion), June 16, 2006

My grandfather used to amaze us kids with a home movie he called "Gravity Remover." It showed balls rolling up steep hills, and spilled water flowing back into cups. It took us years to realize he was just running the normal film backward.

I've had that same pleasant suspension of disbelief the past few weeks watching the political scene. It's as if somebody has poured gravity remover all over Washington, dissolving the normal laws of political behavior. For a change, the extreme wings of

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the two parties aren't calling the shots; bad ideas pitched by one-issue zealots are falling flat; the news out of Iraq is upbeat; the Bush administration is appointing Rockefeller Republicans to top positions. What the heck is going on, Grandpa?

A week ago Senate conservatives tried to whip up a divisive dither about gay marriage. This wedge issue had worked brilliantly for the GOP in 2004, but this time the campaign fizzled after a few days. Perhaps credit is due to the vice president's gutsy lesbian daughter, Mary Cheney, who is on a tour promoting her book celebrating diversity, tolerance and her gay-rights-supporting dad.

Gravity remover has been dusted over the National Rifle Association, too. The fearsome NRA launched a nationwide campaign last month demanding that

every mayor and police chief in America sign a pledge that they won't disarm "law-abiding citizens" in the event of a terrorist attack or natural disaster. The NRA

is also proposing federal legislation that would make it a crime for cops to disarm lawfully gun-toting citizens during

emergencies.

Even by NRA standards, this is a bad idea -- not just divisive but downright dangerous. Does the gun lobby really want to remake America in the image of Iraq? The proposal was apparently motivated by the lawlessness in New Orleans after Hurricane Katrina, but if there aren't enough cops to patrol the streets, then hire more cops. When individual citizens, even "law-abiding" ones, decide to go it alone, the result is anarchy.

Given the gun lobby's usual success in muscling special-interest provisions into law, you might expect to see politicians rushing to sign the America-as-Baghdad pledge. But no. The NRA's proposal is getting the cool reception it deserves, and mayors actually seem to be moving in the opposite direction. Michael Bloomberg, the Republican mayor of New York, has organized a coalition to fight for tougher gun laws, and it now includes 50 other mayors. Meanwhile, on Capitol Hill, the bill that would throw cops in jail if they tried to disarm NRA members after a terrorist attack is mercifully going nowhere.

Gaithersburg Police Chief Mary Ann Viverette, president of the International Association of Chiefs of Police, dismisses the pledge as "a thing to get attention for NRA issues." She explains: "It's really absurd. It asks us to sign a pledge to do something we do anyway -- uphold the Constitution."

David Brooks of the New York Times has argued that we're seeing a reanimation of the political center, and I think he's right. The middle is getting tired of the tyranny of the extremes. One sign is the launch this month of Unity08, a bipartisan group that plans to hold an online convention to nominate a split Democratic-Republican 2008 presidential ticket. Unity08's pitch to the big, unhappy middle is expressed succinctly in one of its slogans: "Depressed about the Democrats? Revolted by the Republicans? You're not alone."

One big factor that has locked in the status quo is political money, which gives inordinate power to special interests. But here, too, there seem to be sprinkles of gravity remover. Unity08's co-founders, Hamilton Jordan and Doug Bailey, say they are convinced they can fund an independent ticket from fed-up small donors. And there may be big money, too: Louis Bacon, who runs the giant hedge fund Moore Capital Management, has been discussing the creation of a "center for the center" that would help build a congressional third party. His argument is that if a third party could capture even a handful of House and Senate seats, it would hold the balance of power -- and would force the Democrats and Republicans to bargain toward the middle rather than the extremes.

Why do I think these traces of gravity remover are any more real than my grandfather Richard Weiser's home movie? Well, maybe the film of American politics has actually been running in reverse in recent years -- producing the illusion that you can govern America from the wings of each party. Maybe the movie is finally beginning to run forward again.

Politics Begins At Home (NYT)

The New York Times, June 16, 2006

The nation is fortunate that a sudden attempt to kill one of the hallowed anticorruption reforms from the Watergate scandal — the option of public financing in presidential elections — was smoked out in the House this week. The sponsor, Representative John Doolittle, a powerful California Republican, may try another day with his plan to block the flow of taxpayers' voluntary contributions from the government treasury. Mr. Doolittle has such faith in private money-raising that he boosted his

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family income by setting up his wife, Julie, as a consultant being paid a 15 percent commission on every dollar his campaign raises.

Call it family values. Call it brazen. But the missus has received $180,000 since late 2001, operating this private business out of the couple's suburban Virginia home, including among her clients the corrupt lobbyist Jack Abramoff.

The pathetic state of Congressional ethics is that such nepotic profiteering is deemed legal so long as the compensation is "consistent with the market rate." Questions have gone unanswered about whether Julie Doolittle has any real experience in the field. Professional fund-raising associations have condemned payment by commission as unethical, but Mr. Doolittle's office defends it as legal and based on "tireless and effective work."

Mr. Doolittle sits on the Appropriations Committee, to which lobbyists and special interests have an attraction that borders on Pavlovian. No great drumbeating is needed to fill those campaign kitties. Like other lawmakers, Mr. Doolittle indulges "earmarking" — the odious practice of delivering government contracts to favored pleaders who often requite with campaign contributions.

Such quid pro quo politicking predates Watergate. But the insult to taxpayers by Doolittle Inc. is compounded by the move to kill the public financing alternative to big-money political pandering. The presidential check-off system has worked well for three decades, but is being strained by the rocketing private donations that politicians eagerly welcome. Congress needs to update the system's matching fund and spending limits, not obliterate them.

Power Struggles In Maryland (WP)

The Washington Post, June 16, 2006

IN MARYLAND'S efforts to cushion the blow of soaring electricity bills for consumers, there is the distinctive whiff of post-Soviet economic adjustment. Much like the disoriented subjects of former communist regimes a decade ago, Marylanders -- coddled for years by artificially low energy prices -- are suddenly confronted by the trauma of having to pay market rates. Unsurprisingly, they don't like it a bit. And the politicians in Annapolis, just like those hapless old apparatchiks in Moscow, are scrambling for cover.

They seem to have found it this week. In a special session of the state legislature, a number of Republican lawmakers broke ranks with Gov. Robert L. Ehrlich Jr. (R) and joined Democrats in providing some rate relief to Baltimore Gas and Electric's 1.2 million residential customers. Instead of bearing the full brunt of a 72 percent increase in their electricity bills next month, BGE ratepayers, mostly around Baltimore but also in some Washington suburbs, will initially be hit with jumps of just 15 percent starting July 1. The balance of the increase will kick in next June (read: after this year's elections), though customers will have the option of deferring that for another seven months, until Jan. 1, 2008. BGE, which will have to borrow money to make up the difference, will recover the borrowing costs by charging ratepayers a monthly fee, about $2.19 for the average household for 10 years.

Constellation Energy Group, BGE's parent company, seems reasonably content with the deal, which is significant, as it had brandished the threat of its own financial instability and rolling blackouts if things turned out badly. Lawmakers, too, are asserting a victory for average Marylanders, as you'd expect in an election year. True to form, Mr. Ehrlich is threatening a veto -- one that would be strictly symbolic because it would be easily overridden. The threat is reminiscent of his role in the December 2004 debate over medical malpractice, when the governor convened a special session, then vetoed the compromise bill that emerged.

In the current set-to, Mr. Ehrlich is not happy that the legislature's bill on several counts. He thinks his own plan -- thrown out by a judge who thought it ignored consumers' interests -- drove a better bargain for the state. He also dislikes the current bill's plan to disband Maryland's utility regulating body, the Public Service Commission, four of whose five members were named by the governor. They would be replaced by regulators chosen by the governor -- but from a list supplied by the legislature. But Mr. Ehrlich has partly himself to blame for naming PSC members clearly tilted toward the utilities, even to the point of plotting strategy and planning hunting trips with senior executives.

Obviously, rates must rise to reflect the world energy market. The General Assembly was foolish in the first place, back in 1999, to craft deregulatory legislation that locked in prices at 1993 levels -- minus 6.5 percent. At the time, lawmakers were

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interested mostly in covering their political hides and evading responsibility for the consequences of deregulation, but as world energy prices soared, the prices charged to BGE customers became increasingly disconnected from reality. The new legislation will correct that original sin, gradually and sensibly. As repair work goes, it is serviceable and sensible.

Iran Lobbies China, Russia To Help Curb U.S. (WSJ)

By Gordon Fairclough

The Wall Street Journal, June 16, 2006

SHANGHAI -- Iranian president Mahmoud Ahmadinejad urged China, Russia and Central Asian nations to increase cooperation and blunt the interference of "domineering powers" in global affairs -- an apparent reference to the U.S. -- while dangling Iran's energy supplies as an inducement to work together.

The Iranian leader, under mounting pressure from Washington to curb his country's nuclear ambitions, was speaking yesterday at the annual summit of the Shanghai Cooperation Organization, a regional economic-and-security bloc fashioned by Beijing. Besides China and Russia, the group includes Kazakhstan, Kyrgyzstan, Tajikistan and Uzbekistan.

Countries of the region should work together to "prevent the threats of domineering powers and their aggressive interference in global affairs," Mr. Ahmadinejad said. He emphasized that Iran's large reserves of crude oil provide "conducive grounds" for these countries to cooperate with Tehran.

Mr. Ahmadinejad appeared alongside the leaders of Russia and China, both permanent members of the United Nations Security Council, in a move that Iran apparently hopes will strengthen its hand and undercut that of its rivals before it enters into potential negotiations with the U.S. and other countries over the future of Tehran's nuclear programs.

While Mr. Ahmadinejad was enjoying a warm public welcome in Shanghai, U.S. and European diplomats at the International Atomic Energy Agency in Vienna tried to press Iran to halt sensitive nuclear activities that could produce material for atomic bombs.

Gregory L. Schulte, the chief U.S. delegate to the IAEA, blasted Tehran for "withholding cooperation" from international inspectors and warned that further intransigence risks the "weight of the Security Council." He called on Iran to accept a proposal for multilateral talks.

The U.S., China, Russia and three other European nations have said that if Tehran suspends uranium enrichment, they would start negotiations on incentives for Iran to limit its nuclear programs.

Russian President Vladimir Putin, who met with Mr. Ahmadinejad, told reporters "Iran is ready to enter negotiations." But it remained unclear whether Tehran would agree first to stop uranium-enrichment efforts. That process can produce fuel for power plants or nuclear weapons.

Both Beijing and Moscow have opposed U.S. efforts to pressure Iran with economic or diplomatic sanctions. Russia wants to sell nuclear-reactor technology to Tehran. China, preoccupied with securing enough energy for its industrial expansion, also is looking to cultivate ties with Iran.

Iran is China's third-largest supplier of crude oil, according to Chinese government figures. The country accounted for 13% of China's oil imports in the first four months of the year. Beijing also is negotiating a multibillion-dollar deal with Iran for the development and supply of further oil and natural gas to China.

For China, oil has increasingly become the focus of the Shanghai Cooperation Organization, which was initially formed to deal with terrorism and separatist threats. Now, Chinese analysts increasingly talk about turning the old Silk Road across Central Asia into an "energy road."

China's oil imports from Kazakhstan more than doubled in the first four months of the year, compared with the same period in 2005. Crude imports from Russia climbed 36% during the same period, making the country China's fourth-biggest oil supplier.

Mr. Putin talked of the Shanghai Cooperation Organization's role as an "energy club." India, an observer at the meeting, was represented by its oil minister. Pakistan's president, Gen. Pervez Musharraf, in campaigning for full membership in the group said his country could serve as a "trade and energy corridor" connecting China and others to oil and gas supplies.

The U.S. and other major oil importers are becoming increasingly concerned about energy security. To some officials in Washington, the Shanghai Cooperation Organization is looking more threatening and anti-Western.

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Mr. Ahmadinejad wasn't the only one to complain about outside influence in the region. Uzbekistan President Islam Karimov railed against the stationing of foreign military forces in the region. He said their presence marks an effort to "drive a wedge" between neighbors and "rope" host countries "into [the] sphere of influence" of countries posting the troops.

Other leaders defended the presence of international troops. Afghan President Hamid Karzai said foreign soldiers are essential to fighting terrorism and strengthening government institutions in his country.

Iran "ready To Negotiate" Over Nuclear Stance (FT)

By Gareth Smyth, Geoff Dyer, And Roula Khalaf

Financial Times, June 16, 2006

Russian President Vladimir Putin on Thursday struck an optimistic note on Iran's nuclear crisis, saying Tehran had responded positively to the six-nation package of incentives designed to persuade it to curb its nuclear programme.

After meeting Mahmoud Ahmadi-Nejad, his Iranian counterpart, in Shanghai, Mr Putin said Iran was "ready to negotiate" with world powers over the proposal.

However, it was far from clear that Tehran had in fact accepted the conditions for talks – the suspension of uranium enrichment.

Mr Putin, who was attending a summit of the Shanghai Co-operation Organisation, a central Asian security group of which Iran is an observer, said Tehran would soon set a date for the start of talks. "The Iranian side responded positively to the six-nation proposal for a way out of the crisis," Mr Putin said.

The international proposal, which includes a package of incentives, was made at the beginning of June by the five permanent members of the United Nations Security Council plus Germany.

"It is not what the Russians say that is going to be decisive," said an EU diplomat. "The response that really matters is the Iranian one."

European officials also caution that the Iranian response is likely to be a "fudge" that will require clarification in further talks.

Tehran says it is closely studying the package and preparing a counter-proposal. One official considered a regime insider told the FT that Iran would reply in one or two weeks but this response would be "general rather than specific". It would say it was ready for talks but not with preconditions, he added. "There is no chance whatsoever of Iran stopping enrichment."

Saudi Arabia this week joined the diplomatic effort to persuade Iran to accept the suspension of uranium enrichment and begin negotiations on the incentives package.

Saud al-Faisal, the foreign minister, met Ali Khamenei, Iran's supreme leader and the ultimate decision-maker. Saudi sources indicated the mood in Tehran was in favour of negotiations and that a formula to resolve the uranium enrichment condition might be found.

Nuclear experts say Iran could justify a short suspension as a necessary technical break and allow negotiations to start.

Iran's leaders are also still assessing Washington's decision to reverse earlier policy and agree to talk to Tehran about the package, albeit under conditions.

According to an official in Tehran, the leadership was puzzled as to whether the US was ready for a "dignified solution" to its stand-off with Tehran.

Alternatively, he said, the US could merely be manoeuvring to persuade Russia and China to back UN sanctions.

Still, he said, Iran did not feel under the kind of pressure that would force it to back down over its enrichment policy.

Some western banks had reduced their operations with Iran, but the high price of oil was boosting Iran's foreign exchange earnings, he said.

Nevertheless, it did not compare with the pressures Tehran was under in the 1980-1988 Gulf war, when western and Arab governments were supporting Saddam Hussein's regime.

Iran's largely conservative media, meanwhile, has in recent days argued that the US has acted from weakness rather than strength, particularly because of its problems in Iraq.

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The Kayhan newspaper said that the west “had no more cards to play”, that Russia and China had “maintained their opposition to a military attack or sanctions” and that Monday’s statement from the Non-Aligned Movement supporting Iran’s right to peaceful atomic energy had “inserted a large spanner in the US works”.

Iran Seeks Aid In Asia In Resisting The West (WP)

By Edward Cody

The Washington Post, June 16, 2006

SHANGHAI, June 15 -- Overshadowing a regional summit, Iranian President Mahmoud Ahmadinejad suggested Thursday that China, Russia and neighboring Central Asian nations should help Iran resist growing pressure from the United States and Europe to limit its nuclear development program.

The appeal, in a speech to leaders of the six-nation Shanghai Cooperation Organization, seemed aimed in particular at China and Russia. The two nations, permanent members of the U.N. Security Council, have been reluctant to endorse the threat of U.N. sanctions and other steps being pushed by the Bush administration to persuade Iran to stop enriching uranium and submit its nuclear program to international controls.

Ahmadinejad's remarks were also framed to portray the Shanghai Cooperation Organization as a bloc opposed to the threats that have accompanied the U.S. and European campaign against Tehran's nuclear program. In addition to China and Russia, Kazakhstan, Tajikistan, Uzbekistan and Kyrgyzstan make up the group, which was founded five years ago under Chinese leadership to foster regional security and economic cooperation.

"We want this organization to develop into a powerful body, influential in regional and international politics, economics and trade, and also serve to block threats and unlawful strong-arm interference from various countries," Ahmadinejad declared.

The five permanent Security Council members -- the United States, Britain, France, Russia and China -- along with Germany recently proposed a new package of incentives designed to persuade Iran to halt uranium enrichment and begin negotiations on its nuclear ambitions. Although Russia and China signed on, they have signaled reluctance to approve sanctions or other punitive action that Washington has warned could follow unless Iran buys into the proposals.

Iran has insisted that its program is aimed exclusively at producing energy and that it is within its rights to develop nuclear technology like other nations. But U.S. and European officials have suggested that the ultimate goal is nuclear weapons.

A Chinese Foreign Ministry spokesman, Liu Jianchao, urged Iran to accept the incentives package. In keeping with the Chinese position, he said diplomacy, not force or threats of sanctions, was the way to deal with the standoff. Foreign Minister Li Zhaoxing met with his Iranian counterpart to foster a favorable reply from Tehran, Liu said. But he added, "They still need a little time."

Presidents Vladimir Putin of Russia and Hu Jintao of China did not respond publicly to Ahmadinejad's appeal, but Putin told reporters that Iran was favorably disposed to the U.S.-European offer.

Appearing uncomfortable with the focus on the nuclear standoff, Liu suggested that reporters here were paying too much attention to Iran and not enough to festivities marking the Shanghai Cooperation Organization's fifth anniversary. Iran was invited as an observer nation, along with leaders from Pakistan, Mongolia and India. President Hamid Karzai of Afghanistan was also on hand, at the invitation of China, because joint action against drug smuggling was high on the agenda.

Defense Secretary Donald H. Rumsfeld suggested recently that Ahmadinejad should not have been allowed to attend because one of the organization's main goals is to fight terrorism -- and according to the Bush administration, Iran is a state sponsor of terrorism. Rumsfeld's comments also highlighted a more general U.S. uneasiness over the Shanghai Cooperation Organization, a group with growing influence revolving around Chinese and Russian leadership and excluding the United States.

In a communique, the participating heads of state said they intended to work out a mechanism "to adopt measures in response to developments that threaten regional peace, stability and security." While vague, the agreement suggested more formal military cooperation among Russia, China and their Central Asian partners. Hu also proposed that the body's six members begin negotiations toward a friendship and security treaty.

Recognizing U.S. concerns, Hu and other leaders emphasized in speeches that the organization was not aimed against any other countries.

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But the background music of independence from U.S. influence seemed clearly audible as the six nations celebrated their cooperation. President Islam Karimov of Uzbekistan, for instance, complained that "foreign forces stationed in the region" had failed to dampen drug smuggling from Afghanistan and had sought to "rope in" Central Asian nations to advance their own interests.

Uzbekistan, along with Kyrgyzstan, accepted U.S. military forces on its soil to support the U.S. invasion of Afghanistan after the attacks of Sept. 11, 2001. But Uzbekistan has since expelled the U.S. military from its base in the country, and Karimov's relations with Washington have soured. At a summit last year, Shanghai Cooperation Organization leaders called on the United States to set a deadline for the withdrawal of military installations from all member states.

Pakistan's president, Gen. Pervez Musharraf, said his country was keen to upgrade its status in the organization from observer to full member. Musharraf portrayed Pakistan as an "energy corridor" for the movement of Persian Gulf oil into the giant Chinese economy, reflecting the organization's strong appeal to the nations surrounding China that are eager to share in its growing prosperity.

China has helped finance a port at Gwadar, in southwestern Pakistan, and planning is underway for a road link between Gwadar and western China. Similarly, China has given low-interest loans for several projects in the Central Asian nations belonging to the organization.

Ahmadinejad suggested that Iran, with its large oil reserves, was also eager to play a part. He called for a regional energy conference to be held in Tehran, an idea that Liu said appealed to China.

Iran Sends Mixed Signals On Response (AP)

By Nasser Karimi, Associated Press Writer

AP, June 16, 2006

Iran sent mixed signals Thursday on how it will respond to the world's incentives to give up uranium enrichment, with its supreme leader vowing his country would never back down, while the president and chief envoy to the U.N. nuclear watchdog said Tehran was prepared to negotiate.

The Iranians spoke as American and European officials in Vienna urged Tehran to freeze enrichment and stop withholding information about its nuclear program. The chief U.S. delegate to the International Atomic Energy Agency, Gregory L. Schulte, warned that if Iran rejected the incentives, it could face "the weight of the Security Council."

But supreme leader Ayatollah Ali Khamenei dismissed such talk.

"The Islamic Republic of Iran will not succumb to these pressures," state television quoted Khamenei as saying.

Speaking to Iranian nuclear experts, Khamenei said the development of nuclear technology was more important than oil extraction — the source of about 80 percent of Iran's foreign exchange.

"Let me tell you, the importance of achieving and using nuclear energy is higher than oil exploration for our country," Khamenei said.

The five permanent members of the U.N. Security Council, plus Germany, have offered Iran a package of incentives in return for a long-term moratorium on enrichment — a process that can produce fuel for nuclear power plants or material for atomic weapons. The package calls on Iran to suspend enrichment for the duration of any negotiations.

Iran has not responded formally so far, but its officials have insisted that enrichment is an inalienable right and that talks must be unconditional.

The country denies accusations by the U.S. and others that it is seeking to develop nuclear weapons, saying its program would only generate energy.

White House spokesman Tony Snow said he fully expected Iran to try any number of ways to shape the debate over its nuclear program.

"I think it is safe to say they will try to test the unity" of the United States, Britain, France, Russia, China and Germany, Snow said.

Russian President Vladimir Putin said Iran was prepared to negotiate on the basis of the incentives.

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Speaking after talks with Iranian President Mahmoud Ahmadinejad in Shanghai for a regional summit, Putin said: "The Iranian side responded positively to the six-nation proposal for a way out of the crisis."

He added he hoped Iran would soon set a date for the start of talks.

Ehsan Jahandideh, a member of Ahmadinejad's delegation in Shanghai, confirmed the president had offered to negotiate "to ease tensions."

In Vienna, the chief Iranian delegate to the IAEA, Ali Ashgar Soltanieh, warned the West against threatening Tehran, saying "the carrot and stick has always been counterproductive."

But Soltanieh told reporters Iran was "determined to ... find a negotiated solution."

He spoke after the Europeans and the U.S. had criticized Iran before the 35-nation IAEA board.

"Cooperation with the agency has been reduced to almost nothing these last few months and ... numerous important questions remain to be resolved," said chief French delegate Francois-Xavier Deniau, who was speaking on behalf of France, Britain and Germany.

Schulte agreed, saying, "Iran continues to withhold cooperation with the IAEA on almost every outstanding issue."

When Iran received the incentives last week, it said they contained "positive steps" but also ambiguities, which had to be clarified in further talks.

The package included some significant concessions by the U.S., aimed at enticing Tehran to freeze enrichment. The U.S. would provide Iran with peaceful nuclear technology, lift some sanctions and join direct negotiations with Tehran.

The package also pulls back from demands that Iran outright scrap its enrichment program as an initial condition for negotiations, seeking instead a suspension. However, it also contains the implicit threat of U.N. sanctions if Iran remains defiant.

Senate Backs President's Iran Policies (AP)

AP, June 16, 2006

The Senate on Thursday endorsed President Bush's diplomatic approach to the problem of Iran's nuclear program after rejecting a proposal that would have increased sanctions against the Tehran government and those helping it.

The Senate voted 99-0 to support the decision, announced by Secretary of State Condoleezza Rice on May 31, that the United States would join other Western states in engaging Iran in negotiations and offering a package of incentives if Tehran suspends its uranium enrichment activities.

That vote came minutes after a 54-45 vote to defeat a proposal by Sen. Rick Santorum (news, bio, voting record), R-Pa., that would have imposed mandatory sanctions on entities that help Iran acquire or develop weapons of mass destruction.

Both the Santorum measure, and the vote of support for the administration, introduced by Sen. Joe Biden, D-Del., were amendments to a defense spending bill the Senate is debating.

Santorum's proposal was in line with a bill passed by the House last April, over the objections of the administration, that also would impose sanctions on those contributing to Iran's WMD programs and cut off aid to countries investing in Iran's energy sector. It also authorized $100 million to promote pro-democracy efforts in Iran.

The administration said the House bill would limit the flexibility it needed to reach a diplomatic solution to the deadlock over Iran's nuclear program.

Hamas Offers To Revive Cease-fire (WT/AP)

By Ibrahim Barzak

The Washington Times, June 16, 2006

GAZA CITY, Gaza Strip -- The Hamas-led Palestinian government offered yesterday to restore a cease-fire with Israel, nearly a week after calling off the truce to protest a deadly explosion on a Gaza beach.

Israel responded favorably, signaling that both sides are prepared to step back from fighting that threatened to escalate into a broader conflict.

A Hamas official said the group was in touch with other Gaza militants to try to halt daily rocket barrages against Israel, which set off Israeli air and artillery retaliation.

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The truce, declared in February 2005, greatly reduced Palestinian-Israeli violence, which had claimed more than 3,000 lives in the four years before.

But Hamas called it off after an explosion last Friday on a Gaza beach that killed eight Palestinian civilians. Israel was shelling Gaza around that time but insisted it was not responsible for the explosion.

Hamas sent its own rocket squads to fire at Israel alongside Islamic Jihad and other militants.

The barrages have tapered off somewhat in the past day, an indication that Hamas was sidelining its militants. Islamic Jihad fired five rockets yesterday.

"We are interested to keep the ... quiet, especially in the Gaza Strip," government spokesman Ghazi Hamad of Hamas said yesterday. "We have contacts with the Palestinian factions. We are ready to do it, but [only] if the Israeli side has a strong intention to respond positively to the call ... to stop their aggression."

Israel welcomed the gesture. "If it is quiet, we will answer that with quiet," said Mark Regev, spokesman for Israel's Foreign Ministry.

The initiative received backing from the powerful exiled Hamas leadership.

In Damascus, Syria, the deputy head of Hamas' political bureau, Moussa Abu Marzouk, said: "If Israel agrees to stop targeting civilians, then [Hamas] will take a positive stance."

The Hamas announcement came shortly after the Palestinian information minister arrived in Gaza with $2 million in his luggage, the second straight day a senior Hamas official has hand-delivered money to the cash-strapped government.

Youssef Rizka's suitcase delivery signaled that Hamas has opened a new front in its battle against international sanctions by taking matters into its own hands -- literally.

On Wednesday, Foreign Minister Mahmoud Zahar returned to Gaza from a trip to Muslim countries with $20 million in his luggage. Hamas said all the money came from private donations and charities, not governments.

The fighting with Israel has complicated an already difficult situation for Hamas, which is under intense international pressure to adopt a more moderate stance and is grappling with bloody infighting against the rival Fatah movement of Palestinian Authority President Mahmoud Abbas.

How Clumsy, Inaccurate Gaza Rockets Could Start A War (NYT)

By Ian Fisher

The New York Times, June 16, 2006

SDEROT, Israel, June 15 — The Qassam rocket is not much to look at: a 70-pound tube of rough steel and hand-mixed explosive, like the one that pounded through the roof of Universe Packaging here on Thursday. Tons of falling concrete just missed Lior Levi, 28, a worker there.

"My ears were ringing, so it took me a few seconds to realize what really happened," said Mr. Levi, who counts himself a lucky man. "I didn't realize it was a direct hit."

However crude, the Qassam rocket, fired by Palestinian militants from Gaza into Israel, has nonetheless won its spot as symbol of the moment in the long conflict here. At a delicate time, the rocket is not only raising tensions between Palestinians and Israelis, as usual, but is also dividing Palestinian from Palestinian, Israeli from Israeli.

Most immediately, the number of rockets fired by Palestinians from Gaza, and whether they happen to hit anyone, will be crucial in determining whether the Israeli-Palestinian conflict explodes again into high-intensity warfare.

On Thursday, after a week in which at least 16 Palestinian civilians were killed and several Israelis wounded, there were signs that Israel and the Palestinian government, now led by the militant group Hamas, did not want that to happen.

After several Qassams landed here and elsewhere in the Negev, a Hamas spokesman said the group was willing to reinstate a 16-month cease-fire that it had proclaimed invalid last week after seven members of a Palestinian family were killed on a beach during an Israeli retaliatory bombardment.

"I spoke today with the prime minister and he said we definitely want quiet everywhere," the spokesman, Ghazi Hamad, said Thursday on Israeli radio, referring to Ismail Haniya, the top Hamas leader. "We are interested in a cease-fire everywhere."

He later qualified that, saying Israel would have to stop all attacks against Palestinians in both Gaza and the West Bank.

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But he also said that in that case, Hamas would attempt the difficult task of restraining other Palestinian militants from firing Qassams on their own. In Gaza the launchings are generally regarded as legitimate resistance in the wider war against Israel.

Israel responded with its own condition — that the rocket attacks end — but did not dismiss the offer.

"If this terrorist activity ceases, of course we will be more than happy to cease our defensive measures," said Mark Regev, a spokesman for the Foreign Ministry.

For such a simple rocket, with low accuracy and a range of less than five miles, the Qassam has raised complicated issues.

On the Palestinian side, Hamas is being forced to evaluate the transition it has made from a resistance group that carried out deadly attacks against Israeli civilians, to leader of the Palestinian government. Already, a lack of money is weakening Hamas's grip on power, and more rockets and wider fighting are unlikely to persuade Western governments to resume financial aid.

Israel is divided by the question of its military response, whether it has been disproportionate to the threat of the Qassams, and whether the lives of innocent Palestinians could have been spared.

As with many issues here, the Qassam problem began in earnest with the Israeli pullout of settlers from Gaza, completed last September.

For many Israelis, full disengagement should have begun the moment Gaza, finally free from Israeli soldiers, ceased to be a threat. But according to the Israeli military, more than 600 rockets have fallen since then. They have killed one person inside Israel and injured many more, including a friend of the Israeli defense minister, Amir Peretz, who lives here in Sderot.

But even with relatively few casualties, the barrage has infuriated residents, many of them working poor Israelis with roots in Morocco and Ethiopia.

"Disengagement blew up in our faces, in the faces of our children," said Alon David, 32, a leader of a group of Sderot residents who have been camped out in front of Mr. Peretz's house here.

Mr. David and five other people have been on a liquids-only protest diet for the past five days. Since a barrage of Qassams that peaked at 30 or 40 last week, children have stopped going to school, and residents have complained that the government has abandoned them in the name of its international image.

"The children are sleeping in bed with us," said Sima Hadad, 33, one of the hunger strikers. "Every boom — even things that are not Qassams — scares them."

Another hunger striker, Sharon Ben Abu, 33, added, "Even if the watermelon salesman screams 'Watermelon!' on the street, they get scared."

The mayor and others have called for a huge military assault on Gaza. But human rights groups, and some Israelis, contend that has already happened: Israel has fired nearly 6,000 artillery shells into Gaza over roughly the past year in retaliation for the Qassams, and the United Nations says that more than 80 Palestinians have been killed by Israeli attacks since the beginning of the year. Since 2004, eight people have died in Israel from Qassam fire, the military says.

The issue came into tragic focus last week when seven members of a Palestinian family were killed on the beach as Israel attacked Gaza. (An eighth person was also killed.)

On Tuesday the military said its internal investigation showed the blast that killed them was not an Israeli explosive. But Israel has been plunged into introspection, highlighted in dueling commentaries on Thursday in the newspaper Maariv.

One writer said that when such tragedies occurred, "we regret it, but we must not condemn and vilify those who do it." Another sarcastically bemoaned avoidable death: "When they kill us, it is a massacre. When we kill them, it is a pinpointed killing."

Peter Bouckaert, a Human Rights Watch official who investigated both the Qassam firing and the Israeli response, said neither side was adequately safeguarding civilians.

"The Qassams are ineffective from a military perspective, but it doesn't matter how many people they kill because they indiscriminately target civilians," he said. "On the other hand, the Israeli response has been a lot more deadly in terms of the civilians killed in Gaza.

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"Both sides justify their methods by the abuses committed by the other side, but I think we need to get out of this cycle of violence."

US Warns On Readiness Of North Korean Missile (FT)

By Demetri Sevastopul Ans Anna Fifield

Financial Times, June 16, 2006

North Korean preparations for a possible long-range missile test have advanced to where Pyongyang could launch a Taepodong-2 missile on "very short notice," a Bush administration official told the Financial Times on Thursday.

The US has been monitoring activity at a launch site in North Korea for weeks following indications that Pyongyang was preparing to test an intercontinental ballistic missile for the first time. A senior Bush administration official last week said the US was not yet "on the edge of our seat". But another official on Thursday said more recent intelligence suggested Pyongyang was now much closer to being ready to conduct a test.

"They appear to be moving closer to the ability to actually conduct a launch on very short notice," said the administration official.

In 1998, Pyongyang stunned the US and Japan by firing an intermediate range Taepodong-1 missile over Japan into the Pacific Ocean. While US intelligence now shows that test preparations are very advanced, Washington does not know whether Kim Jong-il, the North Korean leader, will go ahead with a test.

Taking the threat of a possible test very seriously, the Pentagon has positioned military assets to deal with any launch. Washington believes increasingly strident and frequent North Korean protests over US spy plane reconnaissance flights may signal its intention to test the Taepodong-2. US and South Korean officials have also urged North Korea to abandon any test.

"We are currently trying to get all of the parties in the six-party talks process to send a strong message to North Korea to discourage them from launching," said a senior US official.

The Taepodong-2 is an untested two-, or three-, stage "integrated" missile. The three-stage version consists of a solid-fuel booster rocket strapped atop a Scud missile, which is in turn attached to a short-range Nodong missile. North Korea appears close to the position where it only needs to fuel the missile. Once it does, it would significantly increase the likelihood of a test since the move is dangerous and difficult to reverse.

Vice-admiral Lowell Jacoby, then head of the Defence Intelligence Agency, last year told Congress that a three-stage version of the Taepodong-2 had the "theoretical capability [to] reach most of the continental US". But some experts doubt whether the missile has the range to hit the US and whether it can carry a significant payload. The US believes North Korea is trying to develop the technology to put a nuclear warhead on an ICBM that could reach the US, but has not yet succeeded.

South Korea is "bracing" for a possible missile launch, Ban Ki-moon, South Korea's foreign minister, said on Thursday.

"We are very concerned that international opinion turns increasingly negative towards North Korea, especially the six party talks [which] are still in a deadlock," Mr Ban said. "North Korea should stop its plan, if [there is] any, to fire a missile and come back to the negotiating table."

Tensions over the missile test preparations come as delegates from the two Koreas are meeting in the Southern city of Kwangju to celebrate the sixth anniversary of a historic summit between Kim Jong-il and Kim Dae-jung, then president of South Korea.

Inter-Korean relations have warmed significantly since the summit, but there has been no follow-up meeting, as pledged at the time. Kim Dae-jung is preparing to return to Pyongyang at the end of this month, a visit that the current South Korean government hopes will pave the way for a second summit.

"We are in a state of truce, not having resolved the issue of war and peace. The threat of war is constantly around us," said Ahn Kyong-ho, the chief Northern delegate. "As we look to the future of the nation, we must think big and implement it."

Earlier this week, Stephen Hadley, the White House national security adviser, said it would be a "bad idea" for North Korea to conduct a test, and urged Pyongyang to return to the six-party talks which have been stalled since last September. North Korea has refused to return to the talks because of US financial sanctions that are crippling its economy.

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Another US administration official said: “Our concerns about North Korea’s missile programme are pretty well known. North Korea should abide by the long-range missile test moratorium it has observed since 1999.”

U.S. Sanctions Cost North Korea Millions (WT)

By Bill Gertz

The Washington Times, June 16, 2006

U.S. economic "defensive measures" aimed at curbing illegal activities by North Korea have cost the Pyongyang regime millions of dollars in lost cash over the past several months through banking restrictions and other actions, U.S. officials estimate.

One sign that the economic measures are hurting the communist regime in North Korea is Pyongyang's continued refusal to rejoin six-nation talks on its nuclear program until the United States lifts what it regards as sanctions, said Bush administration officials involved in Asia matters.

"We think the defensive measures are hurting them," said one official who spoke on the condition of anonymity.

North Korean officials have told Chinese officials that they will not come back to the six-party talks until the United States lifts economic restrictions imposed on the Macau-based Banco Delta Asia, something the Bush administration is refusing to do, saying the measures are not nuclear-related, but simply efforts to protect the U.S. financial system and to pressure Pyongyang into halting activities such as counterfeiting U.S. currency.

The Bush administration official pointed out that U.S. financial actions against North Korea were never part of the agenda of talks aimed at halting covert North Korean nuclear programs. Those talks also include representatives of China, South Korea, Japan and Russia.

Officials said there are intelligence reports that North Korea is continuing work on its nuclear programs, including plutonium-fueled efforts and a uranium-enrichment program that remains couched in mystery. The impoverished communist-ruled state has earned hard cash through counterfeiting U.S. currency, specifically a high-quality forged $100 bill. Its other activities include selling illegal drugs, such as heroin and cocaine.

The latest U.S. action was a May 8 ban that blocked any U.S.-based company from flying the North Korean flag on its merchant ships. The ban was imposed after the government learned that North Korea was selling its flag to companies at two to three times the usual international price as a way to raise cash. The Clinton administration permitted the flaggings in 2000.

Weeks after the Bush-era ban went into effect, U.S. intelligence agencies detected launch-preparation activities at a North Korean missile facility that indicate the regime may be preparing to conduct a missile test. Officials said the North Koreans are unpredictable and could be engaging in brinksmanship, but they do not expect Pyongyang to break its self-imposed moratorium on missile tests.

The most effective restrictions were Treasury Department penalties imposed on Banco Delta Asia in September. The bank was sanctioned as a "primary money-laundering concern" for its 20-year role in helping the North Korean government.

The bank was involved in major North Korean foreign purchases including precious metals used in manufacturing and was the main outlet for more than $45 million in North Korean-made counterfeit $100 bills since 1989, the officials said.

The Treasury Department said a North Korean government front company used Banco Delta Asia for more than a decade to carry out illegal activities, including smuggling counterfeit-brand tobacco products. The company also took part in international drug trafficking on behalf of North Korean government agents.

Officials said the penalties against Banco Delta Asia, which have been supported by China's government, have had a ripple effect among international financial institutions that now are taking steps to avoid working with North Korean government agents and front companies linked in the past to illegal activities.

Bush Pushes For Trade Deal As A Deadline Looms (WSJ)

By Greg Hitt

The Wall Street Journal, June 16, 2006

WASHINGTON -- With time running short on stalled global trade talks, President Bush hopes to kick-start negotiations on a visit to Europe next week. But major issues remain, particularly over cuts in farm subsidies.

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"It's tough sledding right now," Mr. Bush said of the multilateral talks launched four years ago in Doha, Qatar, under the auspices of the World Trade Organization. In a speech yesterday, Mr. Bush, who will visit Vienna next week for a U.S.-European Union summit, pressed major players in negotiations to look past their differences. He suggested a global trade deal could accomplish the twin goals of lifting the world economy and reducing poverty.

"The Doha negotiations are at a critical moment," he said. "Now is the time for the world to come together."

With increasing intensity, the Bush administration is raising pressure to break the deadlock. In recent weeks, U.S. negotiators have been shuttling back and forth between Washington and Geneva, where the WTO is based, in an effort to move the round forward.

WTO Director-General Pascal Lamy has set an end-of-June deadline to reach consensus on the outlines of a deal to lower trade barriers in farm and manufacturing goods, the two most contentious components of the talks so far. The White House needs a framework deal soon if it is to have time to guide a global trade package through Congress before the president's trade-promotion authority expires in July 2007. Without the authority, Mr. Bush will lose his leverage to force Congress to deal with the issue.

Mr. Bush's remarks on Doha represent a rare direct foray into the global trade debate. But they come as the Bush administration is making a more concerted effort to raise the U.S. profile overseas. Among other things, Mr. Bush, who made a surprise visit to Baghdad this week, is stepping up efforts to bolster Iraq's fragile new government. And the administration is pursuing a sharpened diplomatic effort aimed at blunting Iran's nuclear ambitions.

In Geneva, the Doha talks are hung up on a cross-cutting set of issues. The U.S. and Europe are at odds over a Bush-backed proposal to make deep cuts in trade-distorting farm subsidies. The cuts would expose American farmers to greater foreign competition, but also open new markets, a crucial White House goal. European negotiators say the proposed cuts go too far. At the same time, the Europe and the U.S. are at loggerheads with major developing nations, chief among them India and Brazil, over proposals to deeply cut tariffs on manufactured goods. India and Brazil fear increased competition from U.S. and European manufacturers.

Mr. Bush conceded that "national interests" seem to be overriding efforts to find compromises. "Local politics has a lot to do with whether or not this Doha Round is going to get completed," he said.

Mr. Bush stressed that the U.S. is ready to make concessions, but needs corresponding compromises from Europe and the major developing nations that will ensure American farmers and manufacturers have increased access to markets abroad.

Bush Pledges To Push EU To Cut Agriculture Subsidies (WT)

By Stephen Dinan

The Washington Times, June 16, 2006

President Bush, facing a June deadline to restart the embattled Doha round of world trade talks, said he will tell European leaders next week that they must relent on agriculture subsidies.

Although admitting that "it's tough sledding right now" to complete the next round of World Trade Organization talks, Mr. Bush said dropping subsidies on agriculture, services and manufacturing would benefit poorer nations and help reduce global poverty.

"We're ready to make the move -- on agriculture and services and manufacturing -- but we expect other nations to do the same thing," Mr. Bush said at the Initiative for Global Development's 2006 summit, promising to take that message when he visits Austria and Hungary next week.

Also yesterday, Mr. Bush signed several measures, including the Broadcast Decency Enforcement Act, the Miner Act and a proclamation establishing the Northwestern Hawaiian Islands National Monument.

In signing the broadcast legislation, Mr. Bush said parents must take the lead in controlling what their children watch, but he said broadcast companies also must play a role -- and have been failing in recent years.

"Broadcast programming has too often pushed the bounds of decency," Mr. Bush said, citing a study that said TV's use of profanity during the 8-9 p.m. hour increased 95 percent from 1988 to 2002. "In other words, the language is becoming coarser during the times when it's more likely children will be watching television. It's a bad trend, a bad sign."

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He also said complaints to the Federal Communications Commission have increased from hundreds in 2000 to hundreds of thousands today.

"In other words, people are saying, 'We're tired of it, and we expect the government to do something about it,' " he said.

The bill he signed increased the penalties the FCC can levy per violation of decency standards from $32,500 to $325,000.

"By allowing the FCC to levy stiffer and more meaningful fines on broadcasters who violate decency standards, this law will ensure that broadcasters take seriously their duty to keep the public airwaves free of obscene, profane and indecent material."

On the trade agenda, Mr. Bush goes to Vienna, Austria, next week for the U.S.-EU summit. He said he will push his subsidies message to the European nations, which are balking at a broad agreement. The WTO has set a deadline to reach a preliminary deal, but European officials have said they do not think the end-of-the-month deadline is final.

The Bush administration under U.S. Trade Representative Susan Schwab, and her predecessor, Rob Portman, have been pushing for the broader agreement. But the president's speech yesterday elevates the stakes and the pressure to complete an agreement.

Talks have been stalled since October, when the United States made its ambitious proposal to cut subsidies and tariffs. The European Union proposed smaller cuts, and the middle proposal, from the so-called Group of 20 countries, proposes major cuts in developed countries' tariffs but shallower cuts for developing nations.

"Countries in Europe have to make a tough decision on farming. And the G-20 countries have to make a tough decision on manufacturing," Mr. Bush said.

Bush: 'Tough Sledding' For Poverty Talks (AP)

By Deb Riechmann

AP, June 15, 2006

President Bush, trying to jump start global trade negotiations, urged European and developing nations Thursday to make tough decisions to finish a trade deal that he claims will curb poverty.

The United States is among 149 nations trying to finish the international round of trade talks known as the Doha Round. Negotiators have missed several deadlines.

"It's tough sledding right now," Bush said at the Initiative for Global Development's national summit focused on getting the public and private sectors to work together to end poverty across the world.

There are disagreements over cutting farm barriers in Europe, the United States and other rich nations. Major developing countries, such as India and Brazil, also are refusing to significantly reduce trade barriers that protect their manufacturing and service industries.

"We're ready to eliminate all tariffs and subsidies and other barriers to free flow of goods and services, and we expect other nations to do the same," Bush said.

He said countries in Europe have to make a tough decision on farming, and the G20 group of developing countries that is pushing for increased access to industrialized markets for their farmers have to make difficult decisions on manufacturing.

Bush said he planned to carry that message to next week's European Union summit.

"Now is the time for the world to come together and make this world a free trading world, not only for the benefit of our own economies, but as an important part of the strategy to reduce poverty around the world," the president said.

Bush spoke after attending a ceremonial swearing-in at the White House of the new U.S. trade representative, Susan Schwab, who is working to wrap up key elements of a deal by the end of July.

Former Secretary of States Colin Powell and Madeleine Albright co-chaired the summit, which was attended by some of the nation's top business leaders, philanthropists, policy experts, government officials and civic leaders.

"Americans have got to understand that when we talk about trade, we're not only talking about enhancing economic growth and vitality, we're helping people get out of poverty," Bush said, adding that impoverished states are attractive safe havens for terrorists and tyrants and international criminals.

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The Initiative for Global Development was founded in 2003 by former Sen. Daniel Evans of Washington; Bill Gates Sr., father of Microsoft founder Bill Gates; Bill Ruckelshaus, former administrator of the Environmental Protection Agency; Bill Clapp, chief executive officer of Global Partnerships; and Gen. John Shalikashvili, former chairman of the Joint Chiefs of Staff.

A New Trade Envoy, With A Battle On Her Hands (NYT)

By Steven R. Weisman

The New York Times, June 16, 2006

WASHINGTON, June 15 — Not many new Cabinet members take office with a deadline of six weeks or so to succeed or fail in their jobs. But that was what Susan C. Schwab faced Thursday when she was sworn in as the new United States trade representative.

President Bush praised his new envoy on Thursday as "a good, hard negotiator." Still, she faces long odds as trade diplomats struggle to salvage a global accord that the Bush administration hopes will be one of its signal economic achievements.

But if trade officials are unable to resolve their fundamental differences by the time of a critical meeting in late July, the failure to achieve a deal could prove a huge disappointment for the White House.

The tight time limit derives from the Congressional authority for the United States to negotiate a trade-expanding agreement under the so-called Doha round, named after the city in Qatar where talks began, and then get an up-or-down legislative vote. The authority expires in mid-2007, and it is doubtful that Congress can approve any deal unless the basic framework is established by mid-2006.

"We are at a critical juncture in a once-in-generation multilateral negotiation," Ms. Schwab said in an interview. "We're getting to the point in the Doha negotiations where some very tough decisions have to be made."

Ms. Schwab is certainly prepared to step into the role. She was a deputy trade representative under Rob Portman, the former Ohio representative who was named director of the Office of Management and Budget in April. At the age of 51, she has been involved in trade issues in government, business and the academic community all of her career, but is not a well-known figure outside that world.

But some critics say the appointment of Ms. Schwab — succeeding a recognized power hitter with close ties on Capitol Hill — was a sign that the Bush administration was scaling back its hopes for a successful Doha negotiation.

"In my judgment, she's first class," said Bill Frenzel, a former Republican congressman from Minnesota and now a guest scholar at the Brookings Institution. "But she succeeds a very popular and active trade representative whisked out of his job. I think everyone agrees that the chances of a successful Doha round seem quite limited."

Ms. Schwab, not surprisingly, says she sees it differently and appears undaunted by the suggestions that she is not up to the job.

"The only way you can respond to those questions is by exceeding expectations," she said. "The joy comes in proving the critics wrong."

Moreover, she points out, when the time comes to lobby Congress on trade, she will have the help of Mr. Portman and Joshua B. Bolten, the White House chief of staff, who also has a trade background.

Another heavy hitter, Robert B. Zoellick, the former trade representative who is now deputy secretary of state, is also prepared to step up to bat.

To be sure, the Bush administration has not invested all its trade policy in a successful Doha round, which involves trying to get a multilateral agreement among 147 countries. Its trade record also rests on more than a dozen bilateral agreements so far, and more in the offing, with countries in Latin America, the Caribbean and the Middle East.

In addition, the administration has tried to win over Congressional critics of freer trade by using the World Trade Organization and other legal avenues to press countries to drop what Washington has charged are illegal or unfair practices keeping out American goods and services.

It has achieved some gains on that front. Ms. Schwab's nomination for the trade representative job was held up in the Senate until she satisfied Senator Charles E. Schumer, Democrat of New York, that the United States would be tougher toward

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China. "She has convinced me that she will be a very strong voice on opening markets," Mr. Schumer said when she was confirmed. From the American point of view, the main roadblock to progress in the Doha trade talks is not the so-called emerging markets like China, India or Brazil, whose barriers are a problem in Congress, but a few wealthy European countries opposed to lowering their barriers on farm imports.

European barriers are a particular anathema to American farmers, and their reservations about any trade deal would doom it on Capitol Hill. Yet there is no sign of bridging the impasse between the Europeans and the United States on the agriculture issue.

Ms. Schwab said that without a deal on agriculture, the progress that has been made on opening doors to American services, particularly financial, would go for naught, as would what little progress had been achieved in manufactured goods.

If the United States has a strategy to change European thinking, she said, it is to enlist India, Brazil, China and other fast-developing countries to pressure the Europeans. In addition, she has been meeting with European business associations that would gain from a trade deal.

Finally, Ms. Schwab said, Mr. Bush has lobbied Prime Minister Tony Blair of Britain and Chancellor Angela Merkel of Germany to press President Jacques Chirac of France to ease his opposition to lower farm barriers.

But Peter Mandelson, the chief European Union trade negotiator and a friend of Mr. Blair, has charged that it is the United States that is intransigent.

Rebutting the American argument that the poor and developing countries of the world will side with the United States, European negotiators say that the cuts sought by Washington in European farm products would actually hurt the poorest countries of Asia, Africa and the Caribbean by wiping out the advantages of their trade preferences in Europe.

Mr. Mandelson has called the American demands "unrealistic" and insists that at the next round of talks in Geneva at the end of this month, they must be scaled back if the Doha round is to succeed.

"We all have our work cut out for us, including Sue," Mr. Mandelson said through a spokesman on Thursday. "None of our domestic constituencies give us an easy ride. And it really is a question of doing the heavy lifting together."

Ms. Schwab is the kind of person, in any case, who finds all these political difficulties "fun."

Growing up in poor countries in Africa and Asia as the daughter of parents in the foreign service, Ms. Schwab said she realized early on that trade was far more potent than foreign aid in combating poverty and opening up opportunity, a conviction that deepened in graduate school. In that, she says, she has found a kindred spirit in Mr. Bush.

Ms. Schwab has worked at the Commerce Department, the United States embassy in Japan, on Capitol Hill as a Senate aide and at Motorola, an export powerhouse. She wrote a book about the trade battles of the 1980's and served as dean of the University of Maryland School of Public Policy before joining the Bush administration.

But now that she is in charge of trade policy, Ms. Schwab argues that she can prove the skeptics wrong about a possible breakthrough.

"How can you not be excited and thrilled by this opportunity?" Ms. Schwab said. "If you have watched development of U.S. trade policy and global negotiations over the years, you'd be hard pressed to find a more exciting time than the present to be stepping in to this kind of role."

US Drops Opposition To Asian Currency Unit (FT)

By Krishna Guha And Victor Mallet

Financial Times, June 16, 2006

The US on Thursday signalled it would not fight efforts to create an Asian currency unit, turning the page on over a decade of largely consistent opposition to Asian monetary integration.

US officials said the move is intended to show that the US does not fear greater monetary co-operation between Asia's rising economic powers and wants to play a constructive role in helping to shape it.

The green light from the US is a big boost for Japan, which has been pushing the idea of an Asian currency unit loosely modelled on the European currency unit, the precursor to the euro, in face of considerable regional scepticism. It comes at a time of growing diplomatic closeness between Washington and Tokyo.

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While formidable obstacles remain to the creation of an Asian currency unit, with Asian countries unable to agree on weightings or on the inclusion of Taiwan, the US decision and the broader evolution of US Asia policy it represents may in time be seen as highly significant.

The signal was given by Tim Adams, the under-secretary for international affairs at the US Treasury, in a closed session of the World Economic Forum in Tokyo.

While Mr Adams spoke in general terms, a copy of his prepared remarks, which has been obtained by the Financial Times, spells out clearly the US position on the Asian currency unit. The remarks say the US believes there has been "some confusion" about its attitude on the ACU. They say "we do not see the ACU as a competitor to the dollar."

They say the US is "open minded" and adds "we view proposals for Asian currency co-operation with interest." Mr Adams presented his remarks as a clarification rather than a shift in US policy. US officials admit the US is seen in Asia as being hostile to regional monetary and financial integration in principle, and wants to change that view.

Sri Lankan Military Attacks Rebels In Response To Fatal Bus Blast (NYT)

By Shimali Senanayake And Somini Sengupta

The New York Times, June 16, 2006

COLOMBO, Sri Lanka, June 15 — The Sri Lankan military pounded rebel posts in the northern and eastern parts of the country by land, sea and air on Thursday, independent monitors and guerrilla officials said, after a land mine explosion ripped through a crowded passenger bus on Thursday morning in northern Sri Lanka.

The death toll rose to 64 by the end of the day, with 86 wounded, in the most serious attack on civilians since the government and rebels signed a cease-fire four years ago in the country's ethnic insurgency.

The military said only that its forces had taken "deterrent" measures. The government was swift to blame the rebel Liberation Tigers of Tamil Eelam for the attack on the civilian bus, which the rebels promptly denied, pointing at the government.

The Sri Lanka Monitoring Mission, which was created by the cease-fire and which documents truce violations, said it had not determined who was responsible.

The greater uncertainty was whether the deadly events on Thursday were the beginning of full-scale war. Despite mounting violence, neither side has been willing to explicitly renounce the February 2002 cease-fire. "The substance of the peace process has been completely eroded," was how Jehan Perera of the Colombo-based National Peace Council, an independent research and advocacy group, put it. "Only the outer trappings remain."

Talks in Oslo between the warring parties collapsed last week. The topic of the Norwegian-brokered negotiations was supposed to be the role of European-led truce monitors. The Tamil Tigers pulled out before the talks began, objecting to the composition of the government delegation.

The latest violence follows several months of carnage among Sri Lankan soldiers, Tamil Tiger guerrillas and a breakaway faction in the east known as the Karuna group.

Over the last few months, fighting has emptied villages in the northeast. In April, a bomb exploded in a market in Trincomalee, a port town. The same month, the rebels, known as the L.T.T.E., were accused of trying to assassinate the leader of the Sri Lankan Army in the military headquarters here in the capital. That suicide bombing, which killed nine people and wounded the army commander, Lt. Gen. Sarath Fonseca, and more than 20 others, was followed by airstrikes on rebel posts near Sampur. Since April, 500 people have been killed in the conflict, mostly civilians, the Sri Lanka Monitoring Mission said. The toll on Thursday was by far the largest number of civilian deaths since the 2002 truce.

The Tamil Tigers accused the government on Thursday of having bombed rebel-held Kilinochchi, the northern town that is the guerrilla headquarters, as well as Sampur and Mullaittivu, strategic eastern installations for the Tamil naval fleet. The Sri Lanka Monitoring Mission reported seeing artillery fire from the Sri Lankan Army and Navy.

"Known L.T.T.E. targets are being taken as a deterrent," the Sri Lankan military spokesman, Brig. Prasad Samarasinghe, said Thursday afternoon, without elaborating.

Brigadier Samarasinghe said the explosion of the crowded state-owned bus at rush hour involved two so-called Claymore mines, placed side by side and detonated by remote control. The bus was traveling to a market town in the historic Anuradhapura

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district, about 100 miles north of here. Anuradhapura's border villages were favorite targets in the war, because the district is at the crossroads between government and rebel-held territories.

Police officers said 15 children were among the 64 dead. Most of the injured, who also included children, were being treated at two hospitals in the town of Anuradhapura. Nine with serious head injuries were moved to Colombo General Hospital.

Calling the attack "a barbaric terrorist act," a government minister accused the Tigers of deliberately selecting the bus. "This was not a mistake," said Keheliya Rabukwella, the policy planning minister.

On the Web site of its peace secretariat, the rebels accused the government of attacking the bus, saying attacks on civilians "cannot be justified under any circumstances."

The European Union put the Tigers on its list of banned terrorist groups last month, following the United States, Britain and India. The Tamil diaspora in Europe is a major fund-raising source for the Tigers.

The State Department spokesman, Sean McCormack, blamed the rebels for the bus attack.

Sri Lanka Retaliates After 64 Civilians Killed (FT)

By Khozem Merchant

Financial Times, June 16, 2006

Sri Lanka yesterday unleashed military attacks against Tamil targets after rebels blew up a bus killing at least 64 civilians in the worst terrorist atrocity since a ceasefire four years ago.

Government air and naval forces launched reprisal rocket attacks and artillery fire against two Tamil towns near the government-controlled city of Trincomalee in the north-east at 30-minute intervals for nearly five hours, according to peace monitors in Colombo.

The Sri Lankan government pinned the atrocity on the Liberation Tigers of Tamil Eelam, the separatist movement, which has denied complicity but which in the past several months has accelerated its military campaign against government security targets.

“This is an escalation of a strategy by both sides to retaliate and cause terror among civilians. Unless there is a change of heart by both sides this situation will get worse,” said Jehan Perera, director of the National Peace Council in the capital Colombo.

At least 18 children were among the dead after the bus taking them and many adults to a medical clinic was struck by a claymore mine – a plastic device that scatters a fusillade of ball-bearings on impact – near Kebitigollawa town in the northern-central province.

All the fatalities and dozens more injured were poor Sinhalese, the majority community in the south Asian island state, where the LTTE has been fighting for a homeland in the north-east for the minority Tamils.

Analysts fear a backlash by the Sinhalese. The government appealed for calm and urged the people to “defeat the aim of the terrorists to instigate a backlash in other parts of the country”.

The attack follows intense diplomatic activity designed to forestall what many neutral observers say is a slow slide into a civil war that had officially ended with a ceasefire in 2002.

Explosion Kills 64, Shakes Cease-fire (WT/AP)

By Dilip Ganguly, The Associated Press

The Washington Times, June 16, 2006

KABITHIGOLLEWA, Sri Lanka -- A powerful land mine ripped through a packed bus in northern Sri Lanka yesterday, killing at least 64 persons in the worst act of violence since a 2002 cease-fire.

Sri Lanka's air force responded by bombing rebel-held areas in the northeast.

The government blamed the Tamil Tiger rebels for the violence. The bus was crowded with commuters and schoolchildren, many of whom were on their way to attend a funeral for a slain police officer.

The cease-fire was shaken last summer with the assassination of Sri Lanka's foreign minister, and the explosion brought the fractured country even closer to full-scale war.

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In Washington, State Department spokesman Sean McCormack said the United States condemned what it termed a terrorist attack and called for resumed negotiations.

"This vicious attack bears all the hallmarks of the Liberation Tigers of Tamil Eelam" and violates the cease-fire agreement, Mr. McCormack said. "The Tamil Tigers must renounce terror and enter into direct negotiations with the Sri Lankan government."

The explosion tore through the bus in a crowded part of the northern town of Kabithigollewa, about 130 miles northeast of the capital, Colombo, at about 8 a.m. It was thought to have been caused by two land mines hanging from a tree and detonated from a remote position, military spokesman Brig. Prasad Samarasinghe said. Rigging mines to trees or bicycles is a common Tiger tactic because it prevents the ground from absorbing much of the force of the blast.

A doctor at the hospital where the bus victims were taken, S.B. Bothota, said 15 schoolchildren were among the 64 dead. Another 78 persons were wounded, he said.

Hours later, the pro-rebel TamilNet Web site said two jets bombed areas in the north of the country. Brig. Samarasinghe confirmed the bombings, saying the air force was taking limited deterrent action.

The Liberation Tigers of Tamil Eelam fought for 20 years to carve out a separate homeland in Sri Lanka's north and east for the country's 3.2 million minority Tamils, who are largely Hindu. The majority of Sri Lankans are Sinhalese Buddhists.

The Tigers now control large parts of the island's north and east, where they have their own de-facto state.

The cease-fire four years ago ended large-scale fighting, but violence has persisted, intensifying after the assassination in August of Foreign Minister Lakshman Kadirgamar. The government blamed the killing on the Tigers.

Diplomatic efforts to quell the violence and get the peace process back on track have shown little progress. The Tigers pulled out of peace talks in April, and last week scuttled negotiations by refusing to meet with representatives of the government side after arriving in Oslo, the venue for the talks.

Sri Lankans Seek Escape Across The Sea (LAT)

By Henry Chu

The Los Angeles Times, June 16, 2006

TALAIMANNAR, Sri Lanka — The thin wisps of land here where Sri Lanka and India nearly meet look like outstretched arms straining to touch: one reaching for sanctuary, the other pulling to safety.

Pirabakaran Kumari and her three children almost connected. They set out from the Sri Lankan side on a peaceful day, the skies blue, the seas calm. Soon, as their motorboat hopscotched the waves, they caught sight of refuge in the form of a telecom tower standing tall on Indian soil.

"I was very happy when I saw the tower," Kumari said. "I thought, 'I'm just about there.' "

But fate intervened — or, rather, the Sri Lankan navy, which quickly surrounded the boat and forced Kumari and her fellow passengers back to the country they were trying to flee. For two weeks, they've been staying in a makeshift refugee camp at a church here on Sri Lanka's northwest coast, only about 18 miles from India.

The people here are desperate to escape the conflict convulsing their hometowns, a spasm of violence that threatens to plunge this island nation back into all-out civil war after a few years of fragile peace. Since December, the Sri Lankan military and the rebel Liberation Tigers of Tamil Eelam have turned their official cease-fire into a fiction with near-daily attacks and counterattacks.

On Thursday, 64 people were killed when two mines blew apart a bus in the deadliest attack since the truce.

Diplomats are scrambling to get the parties back to the negotiating table and away from a war of attrition that has killed more than 64,000 people in the last 23 years. But no one is betting on a quick return to calm, certainly not the 2,000 Sri Lankans who have crossed over to India since April or the 500 others who have flocked to this area hoping to follow suit. A dozen people have drowned making the attempt.

"If the government says we have to go back … they can shoot us and take our bodies," said one elderly woman who declined to give her name for fear of reprisals against family members who stayed behind. "Or we'll pour gasoline on ourselves and burn ourselves to death. We won't go back."

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Nearly all the would-be refugees come from around the eastern port city of Trincomalee, where clashes have been heaviest, including bomb attacks, shootings and slashings. They are ethnic Tamils, the minority group in whose name the rebels claim to be fighting to establish a homeland in the island's north and east, separate from the Sinhalese-dominated south and west.

The rebels, known as the Tamil Tigers, are a fierce and disciplined force, notorious for pioneering suicide bombings, recruiting children and wearing cyanide capsules around their necks for use in the event of capture. The U.S., Britain and Canada classify the Tamil Tigers as terrorists; the European Union just added the group to its list of terrorist organizations, a move the rebels warn will exacerbate tensions.

But those who have fled Trincomalee also fear the Sri Lankan army, with its history of harassment of Tamils and alleged summary killings. When the bodies of five Tamil youths were found on a beach this year, suspicion immediately fell on government security forces, most of whose members are Sinhalese.

"Our kids can't go to school, and if our menfolk walk along the road, they get fired on by the army," said Nisha Dharshan, 24. Her father and brother have now made it over to India.

Dharshan and many of the others housed here at St. Lawrence's Church are from the village of Uppuveli, an area of stunning white-sand beaches lapped by turquoise waters, a paradise for the tourists who started coming back after peace descended in 2002.

That blissful calm was punctured last year when a statue of the Buddha was suddenly erected near Trincomalee's main square, a step local Tamils, who are mostly Hindu, saw as aggression by the Buddhist Sinhalese.

The town's delicate ethnic and religious mix then turned into a volatile brew, with tit-for-tat violence culminating in a bomb that exploded in the marketplace April 12, killing at least five people. The Tamil Tigers were blamed, and a vengeful Sinhalese mob went on a rampage, setting Tamil shops ablaze and hacking some people to death — half a dozen people died in the retaliatory violence — while soldiers and police officers looked on, witnesses say.

The elderly woman who refuses to go back to Trincomalee said she was shopping at the time but was lucky enough to be inside a store that swiftly locked its doors. Her niece was caught outside.

"I saw her being killed when I was peeking through the door. She was trying to get into a three-wheel taxi when these guys pulled her out and killed her," the woman said. "I couldn't do anything. If I'd gone out there, I would've met the same fate."

Two weeks later, a female suicide bomber blew herself up in the capital, Colombo, in an assassination attempt against the Sri Lankan army chief, who survived. The government retaliated by pounding rebel positions around Trincomalee.

Since then, attacks and brutal reprisals have been almost daily occurrences. In particular, the rebels have used claymore mines against the military with lethal effect.

Yet both sides insist that the cease-fire remains in place. That is because the agreement is the only blueprint for peace out there, and neither the government nor the guerrillas can politically afford to walk away from it and resume a full-scale war, even if the peace process remains in effect stalled.

"Neither side wants to be seen as the aggressor," said Paikiasothy Saravanamuttu, executive director of the Center for Policy Alternatives in Colombo. "But constituting a real cease-fire, and providing a bridge to real political negotiations — that is not happening."

Although critics condemn the Tamil Tigers for pushing the conflict into a "low-intensity war," they also accuse President Mahinda Rajapakse of failing to show leadership in addressing Tamil demands and of appeasing the hard-line Sinhalese nationalists who helped him win election last November.

Newly complicating the picture is a third party: a breakaway Tamil rebel leader known as "Colonel" Karuna, whose followers have engaged in murderous fighting with the main group. The Tamil Tigers say that Sri Lankan forces, in violation of their agreement, have provided havens for Karuna loyalists in government-held areas and allowed — if not actually connived in — the renegade rebels' assaults on their former comrades in arms.

Late last month, a diplomatic coalition including the U.S. issued a statement declaring that "the government has failed to prevent attacks of armed groups, including Karuna."

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Sri Lankan officials deny any collusion with the breakaway faction. But observers note that in February, when the two sides agreed to meet for another round of peace talks in Geneva, the tally of dead that month dropped to nine, a dramatic decrease from 101 in January.

In all, about 700 people have been killed in the conflict since December.

Determined not to be among them, Dharshan and members of her extended family in Uppuveli gathered up what they could stuff into a few suitcases and made their way here to Mannar Island, a tiny trigger of land connected to the rest of Sri Lanka by a causeway.

Local fishermen offered to transport them to India's southern state of Tamil Nadu, home of many ethnic Tamils, for $100 a head. On May 24, they took the gamble — and got caught.

Now Dharshan and her two children live with other would-be refugees in a classroom marked "Grade 8" on the St. Lawrence's Church school campus in Talaimannar, on Mannar Island's westernmost tip.

Aid groups are providing regular meals and helpful villagers are letting the refugees use their toilets, but many of those housed here don't intend to stay. As soon as they can scrounge up enough cash, they'll make another attempt to get to India, perilous as the crossing may be.

"If we die," said one matriarch, "we die as a family."

As U.N. Inquiry Drags On, Syrians Ask If They Should Relax (NYT)

By Michael Slackman

The New York Times, June 16, 2006

DAMASCUS, Syria, June 15 — Even as the United Nations Security Council voted Thursday to extend the investigation into the assassination of Rafik Hariri, the former Lebanese prime minister, there was a sense here that the pressure was off, that Syria was no longer in imminent danger of being charged with the crime or punished by the international community.

"After 14 months, there is no concrete evidence that incriminates Syria," said Georges Jabbour, a Baathist member of Parliament. "Since the world rushed to blame Syria, I think that the damage to Syria's image is something that must be rectified by those who are responsible."

But that view was only half the picture. There was also a feeling here that Syria might simply be sitting in the eye of the storm. Officials at the highest levels fear that the new low-key investigator, Serge Brammertz of Belgium, may in the long run prove more dangerous than his high-profile predecessor, Detlev Mehlis of Germany, according to political analysts and people who work with the government.

Mr. Mehlis named names and leveled charges against the leadership's inner circle, providing a target for the government to try to undermine, which it did aggressively. By comparison Mr. Brammertz has disclosed little about what he may or may not have come up with, leaving those in power to guess where he is going.

"They are worried inside, but they are not showing it," said Marwan Kabalan, a professor of international relations at Damascus University, speaking about the Syrian leadership. "Under Mehlis, everything was clear to everybody. There were no secrets. This is why Brammertz is more dangerous."

Faced with such uncertainty, but also empowered by the release of immediate pressure, the leadership here has tried to shore up its position, bracing for the day when, or if, a damning report is produced.

The government has strengthened ties with Iran, arrested opposition leaders and sought to pacify Islamists. Perhaps most striking, it has worked to appease Washington by trying to seal the borders with Iraq and by planning to send the foreign minister to Baghdad this week, an overture being portrayed as an effort to help stabilize Iraq.

The assassination of Mr. Hariri in February 2005 was a critical moment in Syria's modern history. Even while the government insisted it did not play any role in the killing, the murder generated so much pressure that Damascus was forced to pull its troops out of Lebanon. The humiliating withdrawal fueled rumors that the government was in trouble.

The pressure intensified when the first prosecutor reported that witnesses implicated the president's brother and brother-in-law in planning the assassination, while telling the Security Council that the Syrians were defiant about not cooperating.

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But the murder of Mr. Hariri can no longer be viewed as a singular act — if it ever could. It is one strand among many that have come to define the contemporary Middle East, from the election of Hamas to run the Palestinian Authority, to the bloodshed in Iraq. Those events have strengthened the Syrian government's position, even if only for the short run.

Syria's own problems with Islamic militants have also proved to be a short-term plus for the government. Earlier this month, Syria reported that its security forces killed four armed terrorists in Umayyad Square during a shootout. Diplomats and analysts in Syria have been saying for months that Islamist radicals have been debating whether to bring the fight here, and the recent shootout demonstrated that some have decided to try.

But for the government, the Islamist threat offers the government a chance to press back against efforts to undermine or oust President Bashar al-Assad and his secular Baathist government.

"Practically, for Syria, America won't be able to occupy Damascus anytime soon," said Dr. Samir al-Taqi, who serves as a health adviser to the government and is helping to build a new research organization focusing on international relations. "They won't embark tomorrow on attacking Iran. Subsequently, the major players are the regional players."

But as is the case with most of the good news for Syria these days, this is conditional.

The United Nations investigator, Mr. Brammertz, issued his most recent report to the Security Council this week, and it was immediately viewed as positive for Damascus.

But a more subtle look at the investigation also suggested that Mr. Brammertz had settled on the notion that the crime had political motivations. More ominously to Syrian officials, he appeared to be linking Mr. Hariri's killing to 14 other bombings in Lebanon, political analysts here said.

"The pressure is off but not finished," said Ibrahim Hamidi, the Damascus bureau chief for a pan-Arab newspaper, Al Hayat. "The sword is still at the Syrian neck."

Somalia Contact Group Meets For First Time (AP)

By Nick Wadhams

AP, June 15, 2006

A U.S.-organized group of nations concerned about the growing power of Islamic militants in Somalia lent its support Thursday to the country's weak interim government and demanded unfettered access so aid groups can help its impoverished people.

In its first meeting, the International Somalia Contact Group also called for dialogue between the government and the Islamic militants who have taken over the capital Mogadishu and other areas of the lawless country after months of fighting that have killed more than 330.

"We look forward to further progress in the ongoing political process, including with respect to Mogadishu and the need for improved security," the group said in a statement released after its meeting.

U.S. Assistant Secretary of State Jendayi Frazier, who co-chaired the meeting, said the group "will help to increase the profile of Somalia as a destination for more assistance, more support."

The statement agreed to at the end of the meeting reaffirmed that the transitional government and the charter it abides by were a "legitimate and viable framework" for resurrecting Somalia.

The contact group was part of U.S. efforts to put renewed focus on Somalia after the militants took over, though officials acknowledged there was little they could do now for the East African nation. It has been without a government for 15 years.

The United Nations helped set up the interim government two years ago. But based in the town of Baidoa, it has been unable to enter the capital and has little control.

The interim government was formed at the insistence of the United States, which backed the warlords defeated by the Islamic fighters. U.S. officials fear the Islamic groups are harboring al-Qaida members and other terrorists.

"The reality is that unless you have some form of peace agreement and some form of peace, there's nothing to stabilize, there's nothing to get a grip on," Britain's U.N. Ambassador Emyr Jones-Parry said.

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Several diplomats described the meeting as a bid to come up with a new strategy for dealing with Somalia after years of neglect. For now, that would most likely mean deferring to the African Union and the Inter-Governmental Authority on Development, a group of seven Horn of Africa nations that includes Somalia.

They said Thursday's meeting reflects a change in tone after 10 years in which Somalia has barely surfaced on the international community's agenda even though it is a failed state.

The international community turned away from the country after a 1993 battle that killed 18 U.S. troops — the basis for the "Black Hawk Down" book and movie — and a U.N. peacekeeping mission ended in failure in 1995.

Osama bin Laden considered the subsequent withdrawal of U.S. troops from Somalia his first victory against America.

"What we need to do first is get a better understanding of the situation in the country," U.S. Ambassador John Bolton said. "It's premature to frame this in terms of decisions or potential decisions at this point."

The new group consists of the United States, Britain, Sweden, Norway, Tanzania, Italy and the European Union, with the U.N. and the African Union as observers.

It will also study the Somalian government's decision Wednesday to approve Ugandan and Sudanese peacekeepers for the country. The prospects for an actual mission are unclear because the Islamic militants are opposed to foreign troops.

Some European officials have said an arms embargo on Somalia should also be eased so its government can develop a police force and army.

Six Nations Urge Talks In Somalia For Exiled Rulers And Islamists (NYT)

By Helene Cooper

The New York Times, June 16, 2006

The United States joined five other countries yesterday in calling for negotiations between Somalia's largely powerless government in exile and the Islamists who have seized control in Mogadishu and swaths of southern Somalia.

The diplomats also pledged economic and political support to Somalia's long-neglected interim government, which was formed with United Nations support but has been unable to enter Mogadishu, the previous capital, and has been stuck in Baidoa, about 150 miles away.

A communiqué issued after the hurriedly convened meeting is filled with diplomatic but nonspecific references to the need for "enhanced multilateral engagement" and "overall co-ordination of the international community's support."

The countries in the group are the United States, Britain, Italy, Norway, Sweden and Tanzania.

The document represents a resurgence for the State Department, where officials have been critical of the Bush administration's policy on Somalia, which consisted largely of C.I.A. payments to Somali warlords to help them defeat the Islamists.

With the warlords now on the run, critics inside and outside the administration are saying that strategy was counterproductive, leaving Washington with no allies in an area that has been fertile breeding ground for terrorists.

Secretary General Kofi Annan of the United Nations publicly took on the old policy yesterday. "I would not have supported the warlords," he told a news conference when asked about American involvement. "I don't think I would have recommended the United Nations or the Security Council supporting the warlords."

In any event, Washington is adopting a more conciliatory approach to the Islamists. Jendayi E. Frazer, the State Department's top Africa official, had kind words yesterday about a second letter from Sheik Sharif Ahmed, chairman of the Islamist militia group.

"Before our meeting, we received a letter from the Islamic Courts Union," Ms. Frazer said. "They said they won't allow Somalia and Mogadishu to become a haven for terrorists, and that's encouraging."

Mr. Ahmed and the Islamic Courts Union seized control of Mogadishu last week. The first letter to the international community was also conciliatory, saying that the Islamists wanted a "friendly relationship."

But Ms. Frazer questioned why the Islamic militias were continuing to push north into other Somali towns.

...

"What is the purpose, what is the intent?" Ms. Frazer asked.

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Somalia has not had an effective central government since early 1991, when largely clan-based warlords overthrew its dictator, Mohamed Siad Barre, then turned on one another. Last week, American-backed warlords fighting against Islamists were run out of Mogadishu. Washington fears the Somali Islamists may be harboring operatives of Al Qaeda.

The United States began informally reaching out to Somali clans in late 2002, shortly after an attack on a hotel in Mombasa, Kenya, and a failed attempt to shoot down a plane bound for Israel from Mombasa. Washington was seeking intelligence about people suspected of being members of Al Qaeda, said a recent report by the International Crisis Group, a nonprofit research organization with extensive experience in Somalia.

But while that approach brought a few successes, it may also be part of the reason for the Islamic resurgence in Somalia, which is far better known for clan loyalty than for adherence to strict Islamic codes.

Yesterday's communiqué also called on the international community to increase relief assistance to Somalia. There are some 250,000 displaced people in Mogadishu, and Jan Egeland, the United Nations emergency relief coordinator, said he told the diplomats, "Somalia today is one of the worst human crises on earth."

"It's a place where people do not go to school but become child soldiers and terrorists," Mr. Egeland said after the meeting.

Norway and the United States were co-chairmen of the meeting. Norwegian diplomats initially proposed talks on Somalia in April, approaching the Pentagon, the State Department and the National Security Council. Last Friday, four days after the Islamists announced they had taken control of Mogadishu, American officials announced that they would convene a meeting.

Diplomats say the next step is to figure out how to channel money — perhaps through the World Bank and other institutions — to Somalia's interim government and, through relief agencies, to the Somali people.

Somalia Demonstrators Reject Peacekeepers (AP)

By Mohamed Olad Hassan

AP, June 15, 2006

Hundreds of supporters of the Islamic group that holds Somalia's capital and much of the south demonstrated Thursday against a proposal to deploy foreign peacekeepers.

A day earlier, the country's weak transitional parliament approved the deployment of Ugandan and Sudanese peacekeepers to help it establish stability and its authority. That could set the government up for a confrontation with the Islamic fighters, who have repeatedly rejected the idea of foreign troops.

While the Islamic fighters are consolidating their hold over southern Somalia, the government is relegated to Baidoa, 155 miles northwest of Mogadishu. A demonstration in favor of peacekeepers was held in Baidoa Thursday.

In Mogadishu, the demonstrators gathered at the main stadium carrying placards that read, "We don't need foreign peacekeepers," and "We can restore peace and stability ourselves."

The transitional government, whose military consists of little more than the president's personal militia, has watched from the sidelines as the Islamic forces overcame a coalition of secular warlords to take control of southern Somalia. The Islamic forces took Mogadishu on June 6.

U.S. officials have acknowledged backing the warlords against the Islamic group. In response to the Islamic militia's growing power, the United States convened a meeting on Somalia in New York on Thursday.

The Islamic group, accused by the United States of harboring al-Qaida, portrays itself as free of links to Somalia's past turmoil and capable of bringing order and unity.

The Islamic group's control over southern Somalia is a feat unmatched since the fall of dictator Mohamed Siad Barre in 1991. The country has had no effective central government since then.

Somalis Welcome The Quiet Brought By Islamist Takeover (KRT)

By Hannah Allam

Knight Ridder, June 15, 2006

MOGADISHU, Somalia - When he was 10, Abdullahi Nur began peddling machine guns and grenade launchers from a rickety stall on the edge of the Bakara Market, where the largest arms bazaar in Africa is flush with dollars from warring militias in this outlaw city.

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Over the years, Nur watched anxiously as Islamist factions tried to bring order to the dangerous capital, cracking down on drug traffickers, alcohol sellers, prostitutes and cinema owners. Nur worried that his lucrative trade would be next.

But now, at 25, even Nur is weary of the mayhem. He said he'd close shop if ordered to by the Islamic Courts Union, whose militia has brought a tenuous calm to Mogadishu after its surprise defeat of U.S.-backed warlords June 5.

"If the Islamists ban the sale of guns, we'll do it if it means 100 percent security here," Nur said with an air of resignation. "I can find other work."

To many Somalis, the Islamist takeover was the natural culmination of a religious movement that took root with the withdrawal of international forces in 1995 and blossomed as residents turned to faith in the absence of any government.

It's also a backlash against the United States, which everyone in Mogadishu believes bankrolled the warlords to carry out an American proxy war against terrorists that resulted in kidnappings of religious figures and false accusations that innocents were affiliated with al-Qaida.

"I used to close for five or 10 minutes every day because of the fighting, but now it is quiet," said Ali Sheikh Mahmoud, 45, who sells household goods in another section of the Bakara Market. "We are all Muslims. We agree with the Islamist movement for now, but we don't know what the future will bring."

The Bush administration, which has never confirmed that it's funded the warlords, also is worried about Mogadishu's future, suspecting that its new rulers are harboring some of the world's most-wanted fugitives, including at least three known al-Qaida terrorists.

On Thursday, a U.S.-organized "Contact Group" of American, European and African diplomats met in New York to coordinate policy toward Somalia. State Department spokesman Sean McCormack said the Bush administration still needed more information. "We want to have a better assessment of this group and the situation on the ground," he said.

For now, Mogadishu residents said, the Islamic Courts is a vast improvement over the chaos of the last 15 years.

"Deep down, we're not sure 100 percent what's behind the Islamic Courts. But this is a new revolution for the people of Mogadishu, and for now they have full support," said Abdelkadir Mohamed Nur, a Somali-American businessman and the chairman of the city's main port, which employs 10,000 people.

He and other community leaders said the rise of conservative Islam in Mogadishu began when international groups fled the city but didn't truly flourish until about three years ago. By that time, this coastal city - which once boasted fine Italian architecture and bustling country clubs - had degenerated into a crumbling, barren battleground for gunmen from competing clans.

With no government, little foreign aid and neither law nor order, life in Mogadishu became a harrowing test of survival. Famine and fighting created Africa's largest group of internally displaced people - 250,000 of them in Mogadishu alone, the U.N. estimates, packed into squalid camps that are breeding grounds for disease and crime.

With the city too perilous for Western aid workers - the nearest U.N. presence is more than 30 miles away - Islamic charities from Saudi Arabia and Persian Gulf nations filled the void. Today, most schools in the capital teach in Arabic rather than Somali, using imported curricula that include mandatory religious instruction. The charities also established clinics and sponsored street cleanings.

The habits of their wealthy gulf benefactors seeped into the daily lives of traditionally secular Somalis. Men grew their beards and shortened their robes, considered signs of piety by some Muslims. A growing number of women adopted Saudi Arabia's full veil, which reveals only the eyes, but tweaked it to local tastes by using vivid turquoise and purples rather than the customary black.

"I wear this because of my own feelings, not out of imitation," said Kawthar Ali, 17, who wore a black veil, polka-dotted scarf and violet cloak to go shopping last week.

Somalis also became increasingly anti-American, community leaders said. A Somali entrepreneur opened the Ayman al-Zawahri cultural center, named after al-Qaida's Egyptian second in command, though in recent months it was shuttered and Zawahri's last name disappeared from the colorful facade. And workaday Somalis were incensed at their depiction in the film "Black Hawk Down."

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Clans set up courts governed by Islamic law to bring some semblance of order to the city. Last year, with just $4,000 in donations, the clans formed the Islamic Courts Union to deal better with the abductions and slayings that intensified in the vicious war between the U.S.-backed warlords and their Islamist opponents, according to several Somalis involved in the project.

They installed Sheik Sherif Ahmed - a geography teacher from a prominent clan and a long line of respected clerics - as chairman. Immediately, his heavily armed militia set out to control the streets, taking particular aim at the moorayaan, the freelance gunmen sometimes hired for the warlords' counterterrorism operations.

"I saw so many problems some people were bringing to the Muslims, especially our religious figures being captured and sold to the Americans, and that's what inspired me to join," said Abdel Fatah Ali, 25, a gunman in the Islamic Courts militia whose older brother died in the battle for Mogadishu. "The day the warlords were ejected, so many people were celebrating. I felt proud."

The courts also have imposed restrictions on the personal lives of ordinary Somalis.

Several Mogadishu residents, who asked that their names not be published for fear of retaliation, recalled a hand-grenade attack that closed a brothel, written threats to blow up cinemas that screened "Bollywood" films from India, and smuggling rings that brought the wayward children of Somali families abroad back home for religious and cultural indoctrination.

It's become hard to find expensive gin from Ethiopia and "calaq," cheaper Somali moonshine, they said. The Islamists also frown on cigarettes and the pervasive chewing of khat, an addictive plant with stimulant properties.

One hotel owner said Islamists warned him not to hold his annual New Year's party this year. When he persisted, a rocket-propelled grenade interrupted the festivities. Next year, he said, there'll be no party.

To many Somalis struggling to raise families in their anarchic city, a pious lifestyle is a small price to pay for security.

At Madina Hospital, the number of patients admitted with gunshot wounds has dropped steadily since the Islamist ascension, hospital administrator Ali Mualem Mohamed said. At the height of the fighting earlier this month, he said, the 65-bed hospital was flooded with 170 patients, and all but a handful were civilians caught in the crossfire.

As of last week, 54 patients remained, including a 10-year-old girl whose shoulder bone was shattered by a stray bullet, a 40-year-old mother whose chest was filled with shrapnel from a mortar round and an 18-year-old man whose brother accidentally shot him with the rifle the family keeps at home for protection. Mohamed said he welcomed the quiet.

Classes have resumed at the Alpha School, where Omar Mahmoud, 42, struggles to teach civics to teenagers who've never known a government. Students might even take their finals on time now that the violence has subsided.

But there are changes. More girls are turning up in all-encompassing veils and a group of boys dropped out, explaining that they were off to fight for Islam.

Mahmoud said he had serious doubts about the Islamic Courts, but that he was desperate for any group that could prevent his two young children from growing up with the question his students put forth every year.

"Always they ask me, `What is a government?' It is only a theory for them," Mahmoud said. "I tell them, `One day you'll have one, and you'll play an important role.' We're just pacifying them, trying to encourage them."

US Can't Afford To Ignore Young Militant, Somali Leaders Say (KRT)

By Hannah Allam

Knight Ridder, June 15, 2006

MOGADISHU, Somalia - Even in the violent, anarchic landscape of Mogadishu, Adan Hashi Ayro stands out.

Some describe him as a ruthless holy warrior, a student of the Taliban and a relentless fighter who can scale walls and jump from moving trucks without dropping his weapon. Others offer a more sympathetic portrait of a misguided young militant who is at odds with his own clan, bitter over foreign meddling in Somalia and the scapegoat of U.S. agents who needed to put a face on their enemy.

Somali community leaders agree, however, that the United States can't afford to ignore Ayro, who they say was crucial to the recent victory of the militant Islamic Courts Union over U.S.-backed warlords. If Ayro splits with the Islamic Courts' relatively moderate leadership, he could form an army of extremists prepared to attack American interests in the Horn of Africa, they fear.

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"The Courts have a very extremist wing, and maybe Adan is leading this wing. He is said to be the real commander of the fighting, the mastermind," said Abdullahi M. Shirwa, a secular peace activist who supported the Islamic Courts as an antidote to Mogadishu's violence and disorder. "This is a critical time. The United States should not threaten the Islamic Courts with bombings or military action. They should show a deep and committed plan for Somali reconstruction."

U.S. officials met with Somali counterparts in New York on Thursday to help craft a new policy toward the impoverished, battle-scarred country, which has had no real government for 15 years. Many here urge the Bush administration to try to begin a dialogue.

"Go straight to the Islamists and see what they have achieved," said Osman Hassan Ali, a member of Somalia's figurehead transitional government whom American forces detained during fighting in the 1990s. "If the U.S. pushes too much, then they will go against everything. But at least open the dialogue, create some trust."

An International Crisis Group report last year named Ayro as the "main protagonist on the jihadi side" and implicated him in the assassinations of four foreign-aid workers and at least 10 Somali former military and police officers.

"The group is also believed to have helped al-Qaida operatives in Somalia with logistics, jobs, identities and protection, and to operate training sites," the report said.

Ayro, said to be in his late 20s or early 30s, is a relative and protege of a commander of a now-disbanded militia. The Crisis Group report says Ayro was sent to Afghanistan for training and, by at least one account, arrived on the eve of the American offensive against the Taliban after the Sept. 11 terrorist attacks. He didn't return to Somalia for several months.

Sheik Sherif Ahmed, the chairman of the Islamic Courts Union, confirmed in an interview with Knight Ridder that Ayro had been in Afghanistan, but he declined to offer details. Ahmed said his group didn't shelter al-Qaida or other terrorism suspects and that U.S. claims to the contrary were false.

"Adan is a normal citizen, a Somali individual trying to contribute," Ahmed said. "Anyone can go to Afghanistan, and people like Adan should not be blamed for it."

In Mogadishu, several Somalis who've met Ayro or know him through his clan said they doubted he was the terrorist chief portrayed by international intelligence agencies.

"He looks like a starving kid," said Ali Iman Sharmarke, a managing partner of HornAfric, a media group in Mogadishu whose radio station last year broadcast the only known interview with Ayro. "I think they are blowing him out of proportion, but that is the culture of the Americans. They have to create a monster so they can take action. Unfortunately, the monster they `create' then becomes a monster."

Sharmarke, who's met Ayro twice, said most Somalis had never heard of the militant until January 2005, when Ayro's forces dug up a colonial-era Italian cemetery in Mogadishu, removing the remains from about 300 Italian graves. Part of what's now Somalia was an Italian colony until World War II.

Sharmarke said the desecration was in part to embarrass Ayro's clan because it had failed to defend him when the forces of a U.S.-backed warlord, seeking a senior al-Qaida suspect, raided Ayro's house. The suspect wasn't there, according to the Crisis Group report, but raiders found a bomb-making manual and Ayro's brother-in-law, a fugitive who was wanted in connection with assassinations in the Somaliland region.

Ayro's role in the recent battle for Mogadishu is in dispute, though all Somali officials said he was crucial to victory. Some said he was valued for the insurgent tactics he allegedly picked up from the Taliban. Others said his battlewagons, equipped with antiaircraft artillery used as ground weapons, were able to penetrate even the best-defended warlord positions.

Somalis here said Ayro represented a faction of Islamic Courts supporters who came of age in vicious, modern-day Mogadishu and were less educated and more dogmatic than the older clerics who form a moderate majority. Many think the moderates can stay in power only if the United States and other interested countries engage in negotiations without recriminations.

"If they come with the mentality that the Taliban is there, let's get them out, we will see a very harsh Courts that's probably capable of driving out 20,000 peacekeepers, like what happened in the past," Sharmarke said.

Somali Militias Decry Terrorists (WP)

DOJ_NMG_0034863

By Craig Timberg

The Washington Post, June 16, 2006

NAIROBI, June 15 -- The leader of Somalia's increasingly powerful Islamic militias sent a letter to the United States this week asserting that they would assist international efforts to prevent the fractured, chaotic country from becoming "a transit route or hiding ground" for terrorists.

The letter, dated Wednesday and sent to the State Department and the embassies of several other countries, gives a direct though conciliatory response to concerns by U.S. officials that the Islamic militias harbor terrorists linked to attacks across East Africa, including the 1998 bombings of the U.S. embassies in Nairobi and Dar es Salaam, Tanzania.

In the three-page letter, Sharif Ahmed, chairman of the loosely organized confederation of Islamic militias that took control of Mogadishu, the Somali capital, last week, compared international terrorists such as al-Qaeda to the brutal warlords who had ruled the city since 1991.

"Our communities have been subjected to terrorism longer than any community anywhere else in the world," he said in the letter. "Some of our leaders' families had the unfortunate experiences of loved ones being kidnapped, tortured and murdered at the hands of the warlords and criminal gangs during the last decade. We feel the pain of all people who had to face tyranny of terrorists and organized criminals. Our commitment in this regard is steadfast."

Meanwhile in New York, the United States met with key African and European governments to forge a new international strategy on Somalia. The meeting of the so-called International Contact Group on Somalia marked a renewed effort by the State Department to engage on Somalia.

The group, which included representatives from the United States, Italy, Norway, Sweden and the European Union, issued a communique after the meeting that urged all Somali parties to begin negotiations with the country's U.N.-backed but largely powerless transitional government. It also vowed to step up support for the government and press for greater access for aid workers.

Diplomats said Sweden would host another meeting next month.

U.S. Assistant Secretary of State Jendayi Frazier said after the meeting that the group would strive "to increase the profile of Somalia as a destination for more assistance, more support."

Frazier sounded upbeat about the willingness of Somalia's Islamic militias to accommodate the international community. "They have clearly signaled to us that they are someone that we can work with," she said.

Frazier defended U.S. dealings with the secular warlords, who portrayed themselves as part of an anti-terrorism alliance and enjoyed U.S. support.

"We've never supported anyone to fight anyone else," Frazier said. "We have supported trying to get information from whoever we can get information, about particular terrorists like Harun Fazul, who was indicted for attacking our embassies. And we will continue to seek informtion from any and every party to try to get these guys turned over."

The issue of terrorism in Somalia has loomed over the political and military developments there in recent weeks. As residents of Mogadishu have signaled support for their new rulers, Western countries have expressed fears that the militias are a reincarnation of the Taliban, the former leaders of Afghanistan who practiced a severe form of Islam and allowed Osama bin Laden to set up a base.

The Islamic militias, which Thursday continued extending their control throughout southern Somalia, grew out of a decade-long effort to bring order to Mogadishu in the absence of a federal government. The courts relied on Islamic law, or sharia , and banned pornography, cut off the hands of thieves and ordered public execution of murderers.

But in the past week, the militias have mounted what amounts to a public relations campaign, portraying themselves as moderates interested in bringing peace and security to their country.

The letter, the Islamic militias' most detailed statement yet about their intentions, included promises that a civilian police force would soon be installed and that former militia members would be demobilized to work on such public works projects as street cleaning and tree planting. A letter sent last week to foreign governments said the militias wanted "a friendly relationship with the international community."

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The mayor of Mogadishu, Mahamud Hassan Ali, warned in an interview Thursday that only a rapid, massive infusion of cash and other outside help could prevent the Islamic forces from tilting toward extremism and turning Somalia into a haven for terrorists.

Ali, who was born in Somalia but moved to Minneapolis in 2000, was appointed mayor of Mogadishu by Somalia's transitional government. He said last week's victory by the Islamic militias had delivered the best chance for peace and stability in 15 years.

Ali disputed suggestions by U.S. officials that Mogadishu harbors terrorists but said extremist forms of Islam could appeal to the city's disaffected, largely uneducated youth. Preventing that, he said, would require that significant rebuilding efforts, financed mainly by the West, begin in the next two months.

"Somalia could become the biggest place for al-Qaeda or anybody else," he said in an interview in Nairobi, a regional political and economic hub where he has spent the week seeking help from diplomats.

The courts that brought Islamic law to Mogadishu also could become more severe in their punishments, he said.

If Somalia is neglected and left as it is, he said, "sharia may get strong."

US, Russia Reach Deal On Securing Soviet WMD (USAT)

By Peter Eisler

USA Today, June 16, 2006

WASHINGTON — U.S. and Russian officials have agreed on terms for a seven-year extension of programs that provide U.S. money and expertise to secure and destroy Soviet-era caches of nuclear, chemical and biological weapons.

The agreement resolves legal disputes that threatened to derail the programs, which send hundreds of millions of dollars a year to Russia for “cooperative threat reduction” efforts. It will be signed by week's end, according to Frederick Jones, a spokesman for President Bush's National Security Council.

“The agreement ensures that critical cooperation with Russia continues to combat the proliferation threat posed by large quantities of Soviet legacy weapons of mass destruction and missile(s),” Jones says.

The cooperation programs, initiated in 1992, comprise a broad range of initiatives meant to reduce the risk that old Soviet weapons of mass destruction will fall into the hands of rogue states or terrorists. Projects include constructing facilities to lock down nuclear material and warheads; strengthening security at labs storing dangerous biological pathogens; developing special facilities to destroy chemical weapons; and dismantling long-range missiles and bombers.

Bush has hailed the programs as an important part of the administration's efforts to keep terrorists from obtaining weapons of mass destruction. But the programs' future has been in flux since 2004 due to a U.S.-Russian dispute over liability protections for U.S. companies, workers and government personnel working at Russian weapons sites.

The original agreement governing the projects gave U.S. workers blanket protection from liability for damages in case of an on-site accident. That might include, for example, the accidental release of nerve gas at a chemical weapons disposal facility. But Russia was reluctant to continue that arrangement based on concerns that it would indemnify U.S. workers even for intentional acts of sabotage.

The new pact essentially retains the same blanket protections for U.S. workers involved in projects already underway. For new projects, the countries will develop liability protections that are not as sweeping as the current agreement.

William Hoehn, a non-proliferation expert at the Russian American Nuclear Security Advisory Council, said the new agreement would ensure that old Soviet weapons stocks are properly secured and disposed of.

Britain May Take Liberian Ex-Ruler (NYT)

By Sarah Lyall

The New York Times, June 16, 2006

LONDON, June 15 — Britain said on Thursday that the former Liberian president, Charles Taylor, might serve his sentence in a British prison if he is convicted at his forthcoming war crimes trial.

The announcement paves the way for Mr. Taylor, who is being held in Sierra Leone on charges related to his role in that country's bloody civil war, to face trial in The Hague. The Netherlands has agreed to be host to the trial, but only on the condition

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that Mr. Taylor would not serve his sentence there if convicted. Other European countries have refused to allow Mr. Taylor to serve any sentence within their borders, but Britain, the former colonial power in Sierra Leone and a country that sent troops there in 2000 to help end the war, said it had started the process, "and we want to finish it," in the words of Lord Triesman, the minister for Africa.

Margaret Beckett, the British foreign minister, said the decision to take in Mr. Taylor, who has been charged with 11 counts of war crimes, crimes against humanity and other violations, was evidence of Britain's "commitment to international justice."

"I am delighted to be able to respond positively to the request of the United Nations secretary general that, should he be convicted, Charles Taylor serve his sentence in the U.K.," Mrs. Beckett said.

Mr. Taylor stands accused of financing the rebel force in Sierra Leone, the Revolutionary United Front, by selling diamonds on its behalf and then supplying it with arms. In a decade-long war that left 50,000 people dead and countless others maimed and displaced, the rebels were notorious for raping civilians and for using machetes to kill people and to hack off limbs and other body parts.

The trial is to be held in the International Criminal Court complex in The Hague under the auspices of the United Nations-backed court established in Sierra Leone to try people suspected of atrocities in the war, which lasted from 1991 to 2002.

Mr. Taylor, who was arrested in March 2006, is to be tried in The Hague because of fears that trying him in West Africa, where he still has allies, would further destabilize a region trying to recover from its wounds.

Britain To Imprison Liberia's Taylor If He's Convicted (WP)

By Colum Lynch

The Washington Post, June 16, 2006

UNITED NATIONS, June 15 -- Britain agreed Thursday to jail former Liberian president Charles Taylor if he is found guilty of responsibility for atrocities in Sierra Leone, ending an impasse that for months had delayed his transfer to The Hague to stand trial before a war crimes tribunal.

"I was delighted to be able to respond positively to the request of the United Nations secretary general that, should he be convicted, Charles Taylor serve his sentence in the U.K.," British Foreign Secretary Margaret Beckett said in London. "My decision was driven by two compelling arguments. Firstly, that Taylor's presence in Sierra Leone remains a threat to peace in that region. Secondly, that we are demonstrating through concrete action the U.K.'s commitment to international justice."

Taylor faces 11 counts of war crimes, crimes against humanity and other violations of international humanitarian law. The United Nations-backed Special Court for Sierra Leone was set up in 2002 to prosecute those bearing greatest responsibility for atrocities committed by rebels under Taylor's sway in the Sierra Leone civil war, which lasted from 1991 to 2002. Taylor has said he is not guilty of the charges.

Beckett's announcement ends a protracted U.N.-led effort to locate a country that would be prepared to detain Taylor.

U.N. Secretary General Kofi Annan welcomed the decision. "I am very grateful to Prime Minister Tony Blair and Foreign Secretary Margaret Beckett for this statesmanlike decision, which marks another step forward in our battle against impunity for the most heinous crimes," Annan said at a news conference at U.N. headquarters.

Taylor was arrested March 29 in Nigeria, where he lived in exile since being forced to give up the Liberian presidency in 2003. Taylor sought to flee Nigeria after Liberia's new president, Ellen Johnson-Sirleaf, requested this year that he be surrendered to the Sierra Leone court to face trial. He was captured as he tried to slip across the border and flown to Monrovia, Liberia, where he was detained by U.N. peacekeepers and transferred to a prison in Sierra Leone.

The court's president asked to try him in another country because of concerns that Taylor supporters could threaten members of the court and possibly help him escape. The Netherlands agreed to allow the Sierra Leone court to carry out its trial at the headquarters of the International Criminal Court, on the condition that another country agree to take Taylor. Several countries, including Austria, Sweden and Denmark, had refused to take him.

Beckett said the decision still requires approval by the British Parliament. But Britain's U.N. ambassador, Emyr Jones Parry, said he would seek passage of a Security Council resolution on Friday to authorize Taylor's transfer from Sierra Leone to a prison cell at the headquarters of International Criminal Court.

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Taylor launched a bloody insurgency in Liberia in 1989, where he ruled as a warlord before being elected president in 1997. While in power, he supported rebel movements in neighboring countries, including Sierra Leone, and contributed to instability across West Africa.

He faces charges of backing Sierra Leone's Revolutionary United Front, which killed, raped, enslaved and mutilated thousands of civilians during the civil war.

In Oil-Rich Angola, Cholera Preys Upon Poorest (NYT)

By Sharon LaFraniere

The New York Times, June 16, 2006

LUANDA, Angola, June 10 — In a nation whose multibillion-dollar oil boom should arguably make its people rich enough to drink Evian, the water that many in this capital depend on goes by a less fancy name: Bengo.

The Bengo River passes north of here, its waters dark with grit, its banks strewn with garbage.

Two dozen roaring pumping stations suck in 1.3 million gallons from the river each day, filling 450 tanker trucks that in turn supply 10,000 vendors across Luanda's endless slums. The vendors then fill the jerry cans and washtubs of the city's slum dwellers, who buy the water to drink and bathe in.

This is one reason, health experts here say, that Luanda's slums are now the center of one of the worst cholera epidemics to strike Africa in nearly a decade, an outbreak that has sickened 43,000 Angolans and killed more than 1,600 since it began in February.

But it is only one reason. Cholera typically spreads through contact with contaminated water or sewage, and in Luanda's slums, both are everywhere. Neighborhoods here are ringed by mountains of garbage, often soaked by rivulets of human waste. Only about half of slum dwellers have even an outdoor latrine.

Children stripped to their underwear dance through sewage-clogged creeks and slide down garbage dumps on sleds made of sheet metal into excrement-fouled puddles.

Much of the city has no drainage system; in heavy rains, the filthy water rises hip-high in some of the poorest dwellings.

One development group estimated that it would take 22,000 dump trucks to clear away the trash. That was in 1994, when Luanda had half the population of 4.5 million it has now.

"I have never seen anything like it," said David Weatherill, a water and sanitation expert for Doctors Without Borders, which is leading the response to the epidemic. "You see conditions like this on a smaller scale. But I have never seen it on such a huge scale. It is quite shocking."

Angola is in the midst of a gusher in oil revenue, its hotels crammed with oil executives and its harbor filled with tankers carrying away the 1.4 million barrels of crude pumped here each day. The economy grew by 18 percent last year. The government racked up a budget surplus of more than $2 billion.

This year it is expected to take in $16.8 billion in revenue, well over twice the $7.5 billion it received in 2004. Next year, revenue is expected to rise by a third again, almost all because of oil.

Economists say the government simply has more money than it can spend.

Yet it seems powerless to address even the basic issues of clean water and sewers that would make such epidemics entirely preventable — a paradox that critics attribute to corruption, incompetence or the hangover of a 27-year civil war that flooded the capital with refugees, or all three.

"We are talking about a government that has the means," said Stephan Goetghebuer, East Africa coordinator for Doctors Without Borders. "There are a lot of things they could be doing. The living conditions are really terrible, and they are terrible even if you compare them to other places in Africa."

Sebastião Veloso, Angola's health minister, said the scope of the problem defied a quick fix. "We just do our best," he said. "The lack of infrastructure is a very complicated administrative problem. We are doing our part at the Ministry of Health, and the rest of government must do its part. We are pressuring the government, because otherwise these epidemics will continue."

Only one in six Luandan households is lucky enough to have running water, and for many of them, it comes from a community standpipe, according to Development Workshop, a nonprofit group in Angola. The often-contaminated river water

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from trucks that roam the slums costs up to 12 cents a gallon — a hefty sum in a nation where two-thirds of the people live on less than $2 a day, and up to 160 times the price paid in better-off neighborhoods with piped water.

So the poor ration their water use, limiting themselves to about two gallons a day per person for drinking, bathing, washing clothes and cleaning. That is far below the five-gallon daily minimum recommended by the United Nations — and one twenty-sixth the average use in Western countries, according to Doctors Without Borders.

In an attempt to beat back the epidemic, the government, with the help of the United Nations, is distributing a limited amount of free clean water. The few distribution points are easy to spot. Hundreds of people rise before dawn to set their plastic buckets in lines that stretch for blocks. The crowds remain long after the water is gone.

One afternoon last week, dozens of people crowded around one empty plastic water tank about eight miles from downtown. "They are waiting for the last drop," said José Mateus, a neighborhood coordinator.

No one knows precisely why cholera arose out of the slums this year after a cholera-free decade in Angola. Epidemiologists say the long absence of the disease worsened the outbreak because the population had no built-up immunity.

Once it began, not even the tidiest slum household could halt it.

It first hit Boa Vista, a shantytown minutes from downtown. Ombrina Cabanga, a 20-year-old mother of a 2-year-old girl, did everything to protect herself, said her sister-in-law, Oriana Gabriel. She washed vegetables, rinsed plates and cleaned the latrine the family shares with three others. As the Health Ministry recommended, she used bleach to disinfect the drinking water she bought from the neighborhood vendor.

But her house is a few feet from a giant trash-filled gulley. Her latrine, like everyone else's, drains directly into it. And she sold soap every day in the city's famously squalid outdoor market, a job she hoped to escape by taking adult literacy classes.

One Tuesday in late March, she came home and vomited into a bucket. Two nights later, she was dead.

"I am just a working man, I don't know why the government doesn't help us," said her husband, Vieira Muieba, 27, a construction worker. "I don't know where the money goes. We become angry but we don't know what to do."

From Boa Vista, the epidemic moved along the major highways to all but 4 of the nation's 18 provinces. Maria André lost her 15-year-old daughter, 13-year-old niece and 4-year-old nephew in the span of two days. Five other children in the household were also taken ill but recovered.

Ms. André is racked with guilt nearly three weeks after the deaths. "I don't know what happened," she said. "I heard about the disease on the radio, and all of a sudden, it was here. They were all healthy and now, they are dead.

"It is not easy to lose three children all at once."

Angolan government officials say there is no overnight solution to the lack of basic water and sanitation. In late May, President José Eduardo dos Santos promised new measures to improve conditions, including moving Luandans out of the most appalling slums.

But the government's plans are in their infancy and, despite the gusher of oil revenues, short on financing.

Consider the government's plan to take over some of the provision of water to Luanda's slums. Four months into Angola's cholera epidemic, 20 trucks have been ordered — minuscule compared to the fleet of more than 300 private trucks now supplying the poor. As of early June, Mr. Veloso, the health minister, was still waiting for the first delivery.

The government's harshest critics blame corruption for the abysmal living conditions. Transparency International, which promotes good governance worldwide, ranks Angola as the world's seventh most corrupt nation. The State Department said in a 2002 report that Angola's wealth was concentrated in the hands of a tiny elite, in part made up of government officials who had enriched themselves on an enormous scale.

Other diplomats and analysts say Angola's ruling party is still trying to get on its feet after a civil war that raged almost nonstop from 1975, when Angola gained independence from Portugal, until mid-2002.

Dauda Wurie, a project officer for the United Nations Children's Fund, said the war had eviscerated the government's corps of competent managers, leaving disarray.

"I am not defending them," he said of the government officials. "They buy big cars. They live in big houses. But it would be wrong to expect that everything will turn around just because war stopped."

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Doctors Without Borders officials say the government response to the outbreak has been woefully slow and underfinanced. A crisis committee began work only two and a half months after the epidemic began, and the government has set aside a mere $5 million in emergency money to fight the disease.

Assessing the water taken by private truckers from the Bengo fell to Doctors Without Borders. Last month it issued its report: laboratory tests in April showed the raw river water was unsafe to drink.

But only one in 10 truckers chlorinated water tanks; the others simply delivered untreated water to the city.

Presented with those findings, the government did nothing, the report states. So Doctors Without Borders organized the distribution of free chlorine. It now plans to insist that the truckers pour chlorine crystals into their tanks while inspectors watch, lest they sell them instead.

How much those truckers — and the neighborhood vendors they supply — earn in profits is unclear. But Janetta Jamela's bedroom in eastern Luanda is one hint. Fifteen bags of concrete are stacked against the wall — to add three new bedrooms and a new kitchen and bathroom.

Since she and her husband scraped up $200 to build an underground water tank three years ago, she estimated, she has earned about $235 a month selling water — $75 a month more than her husband earns as a government security officer.

"But you have to have the $200 to start with," she said.

The cholera epidemic is now waning, having run what epidemiologists call its natural, devastating course. But without an improvement in slum conditions, said Mr. Weatherill, the group's water and sanitation expert, the respite may last only until the next rainy season.

"Unless things change, we probably will be back the next year," he said in a telephone interview, "and the year after that."

Uganda Shaken By Fund Scandal (WT)

By Willis Witter

The Washington Times, June 16, 2006

KAMPALA, Uganda -- Uganda, which continues to win praise from President Bush and others as a model of success battling AIDS, is reeling from the disclosure that top officials, their relatives and colleagues siphoned off tens of millions of dollars in grants from the Geneva-based Global Fund.

Money went to charities that did not exist, into the personal bank accounts of government employees and even to fund a nationwide campaign to scrap term limits so that President Yoweri Museveni could run for a third term in office.

The most prominent official named was Jim Muhwezi, who served as health minister until being sacked last month. Two other senior ministry officials, Alex Kamugisha and Mike Mukula, also were named, with a recommendation that they be further investigated.

"This is the big leagues," said Justice James Ogoola, when asked to compare this week's American scandal over hurricane relief to the findings of a 10-month investigation that he just completed.

"This was assistance for people who were dying, who had absolutely no hope. This is exactly what the Global Fund was created for. The money came, and people were diving in for the kill," said Justice Ogoola, the top judge in Uganda's High Court.

Since its creation in 2002, the Global Fund to Fight AIDS, Tuberculosis and Malaria has committed $5.1 billion in grants to more than 130 countries to fight the three diseases that kill more than 6 million people each year. As of last year, the United States had given the fund $1.49 billion, according to the fund's Web site.

In addition to contributions from governments, rock star Bono and other celebrities have helped raise hundreds of millions of dollars from corporations and private charities such as the Bill & Melinda Gates Foundation.

The disappearance of a large amount of money first became public in August, when the fund abruptly suspended a $200 million grant. Mr. Museveni responded by appointing Justice Ogoola to investigate, and the fund lifted the suspension three months later.

"We didn't hold a single in-camera session. It was all public hearings, and we did that quite deliberately, so the people of Uganda could see with their own eyes what was going on," the judge said.

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Immaculately dressed in a dark suit, he sat ramrod straight behind a huge mahogany desk, his hands folded as he answered a reporter's questions with a soft, deep voice.

Between September and April, he and a panel of investigators interviewed 150 witnesses and reviewed more than 500 exhibits, mostly documents.

"The government did everything they could to facilitate the inquiry. They set it up and never interfered," Justice Ogoola said.

The probe yielded a barrage of banner headlines, unprecedented live radio and television coverage and constant chatter on talk shows.

A preliminary report given to Mr. Museveni in a public ceremony May 31 and published in the Daily Monitor newspaper three days later recommends criminal investigation of "three personal assistants" for forgery and other crimes.

A final copy of the report is being bound and prepared for public release shortly, one official said.

The investigation uncovered typical tokens of corruption, including brand-new luxury cars and junkets to exotic cities, such as Paris and Oslo.

The scandal centered on a newly created organization within the Health Ministry, known as the Project Management Unit (PMU), which funneled $47 million from the fund to about 400 private organizations, known as nongovernmental organizations (NGOs).

Many of the NGOs existed only on paper.

PMU paid grossly inflated salaries to its 15 professionals and 20 support staff, who often doubled their take-home pay with generous and largely undocumented expense allowances.

Much of the money disappeared into personal bank accounts of PMU employees and final grant recipients, who sometimes wrote large personal checks to their supervisors.

A bank that received nearly $20 million wired from Geneva in U.S. dollars skimmed about $245,000, by using an artificially low exchange rate.

In all, about $37 million of the money remains unaccounted for.

"You could count the number of honest recipients with two hands, and even they were not without sin," Justice Ogoola said, his face cringing ever so slightly as he spoke.

Problems have surfaced with other recipients of Global Fund money, including Burma, which has been cut off completely. Local newspaper reports tell of similar problems accounting for money in Kenya.

The Global Fund disbursement was poorly conceived in the first place, said Onapito Ekomoloit, the press secretary for Mr. Museveni.

"The message was vague. It was for workshops, and people were cooking up all kinds of numbers and books to justify the money. It was just talk. Talk, talk, talk, and anybody could claim the capacity to do it," Mr. Ekomoloit said.

It could have been worse, as less than 25 percent of a $200 million grant had been disbursed.

Future money from the Global Fund is earmarked for HIV, malaria and tuberculosis drugs, Mr. Ekomoloit said.

"It will be much easier to keep track of," said Justice Ogoola.

Annan Sees No Standoff Over Budget At The U.N. (NYT)

By Warren Hoge

The New York Times, June 16, 2006

UNITED NATIONS, June 15 — Secretary General Kofi Annan said Thursday that he thought the United Nations would avoid a threatened budget showdown at the end of this month over management changes, but he warned against threats to "pull the plug" on the organization if it did not meet some countries' expectations.

"The cap on the budget will be lifted, there will be no crisis, as far as I can see, this month," Mr. Annan said at a news conference.

Led by the United States, the major contributors to the United Nations in December obtained agreement on a six-month cap on the current budget that links disbursement of money after June 30 for the two-year, $3.8-billion budget to progress in management improvements.

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In addition, John R. Bolton, the United States ambassador, has periodically hinted that if sufficient changes are not made, the United States Congress will move to withhold its United Nations dues.

Mr. Annan predicted that the progress being made now would be sufficient to forestall a crisis, but he added that the tactic pressed by the United States had provoked a strong reaction from many nations.

"For someone to say that because you have not reformed to my satisfaction, I am going to pull the plug and stop all the activities is going to be a very hard sell for other member states to swallow — and rightly so," he said.

Mr. Bolton said Thursday that the United States and its allies were in extensive consultations with the so-called Group of 77, which represents 132 developing nations.

"We hope we can agree on a consensus decision with respect to the expenditure cap which the United States, the European Union and Japan all said should be based on substantial movement on the reform question by June 30 and a road map through the end of the year," he said.

Mr. Bolton said the group was adopting a "flexible, accommodating position" but needed to make progress to increase accountability, toughen oversight and start eliminating committees with expired mandates. "What we'd like to see is substantial progress in some combination in all three of those areas, but we have not said, 'This is a prerequisite or that is an absolute prerequisite,' " he said.

Relations between Mr. Annan and Mr. Bolton remained strained in the aftermath of a speech last week by Mark Malloch Brown, the deputy secretary general, asserting that the United States had failed to stand up for the United Nations or to acknowledge its value to American policymakers, letting its harshest American detractors dominate debate.

Mr. Bolton unsuccessfully sought a repudiation of the remarks from Mr. Annan, and he said they represented a patronizing attack on American public opinion. He added that they would set back the cause of reform.

Mr. Annan disagreed with that position on Thursday, saying that a "poisonous" atmosphere that had arisen between wealthy and developing nations was subsiding and that he trusted Americans to understand Mr. Malloch Brown's speech. "I do not think they will read the Mark Malloch Brown statement as insulting, condescending or rude," he said.

But Mr. Bolton was unrelenting on Thursday. "I can tell you that criticism of the intelligence of the American people is never a smart thing to do politically," he said.

"And I do believe that the comments have had a negative impact politically and that impact continues," he added. "I'm not trying to dwell on it, I just think it's a fact of life, and if you don't realize it, you're blinking reality in Washington."

U.N. Given Reprieve On Spending Cap By U.S., EU (WT)

By Betsy Pisik

The Washington Times, June 16, 2006

NEW YORK -- The United Nations appears to have postponed a financial crisis that threatened to dim the lights at the end of June, as the United States and other key governments have agreed to extend its spending authority.

Washington had imposed a spending cap, set to expire at the end of the month, in an effort to ensure that difficult management reforms were not delayed until the end of the usual two-year budget cycle.

But U.N. officials and diplomats say that the United States, Japan and other nations are not willing to see the lights go out -- yet.

"The cap on the budget will be lifted. There will be no crisis, as far as I can see, this month," U.N. Secretary-General Kofi Annan said yesterday during a press conference that touched on crises in Somalia and East Timor, and the field to succeed him as secretary-general.

He noted that "the tensions and poisonous atmosphere" that marked earlier discussions had dissipated.

U.S. Ambassador John R. Bolton, who negotiated the six-month spending authority with other countries in late December, said yesterday that the Bush administration, European Union and Japan have been meeting with the powerful bloc of 132 developing nations and were working toward a consensus on how to streamline the organization to mutual satisfaction.

"Our positions were quite in accord with one another," said Mr. Bolton, stressing Washington's flexibility. "We have tried not to draw lines in the sand."

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Specifically, the big donors want to make the organization more efficient and responsive by streamlining administrative matters and consolidating more power in the hands of the next secretary-general.

But a bloc of 132 poorer nations fear that the Secretariat will be beholden to large donors, and are reluctant to give up their own negotiating power in the General Assembly.

They have two weeks before the cap expires, but Mr. Annan said he has not yet felt the need to raise the issue during regular phone calls with Secretary of State Condoleezza Rice.

"I believe that perhaps the sense of crisis has been exaggerated," said Pakistani Ambassador Munir Akram, whose country has been a vocal member of the developing nations. "The budget cap, one way or another, will be lifted. I hope it's unanimous, so that no one feels they will have a reason to withhold their money in the future."

Mr. Akram, who with Canadian Ambassador Alan Rock has been serving as a liaison in the negotiating process, indicated that key sticking points remain.

Tensions between the international organization and its host country are still raw.

Asked by reporters yesterday about his relationship with Mr. Bolton, Mr. Annan firmly replied, "I work with him as I work with 190 others." And Mr. Bolton who spoke harshly of Mr. Annan's deputy, Mark Malloch Brown, for telling a left-leaning gathering that the American heartland does not understand the United Nations' positive aspects repeated criticisms yesterday.

"I can tell you the criticism of the intelligence of the American people is never a smart thing to do, politically," he said in response to reporters' questions. "The comments have had a negative impact, politically, and that impact continues. I'm not trying to dwell on it but it's a reality in Washington."

Mr. Annan yesterday repeated that he supported his deputy's remarks, and noted that the comments about Middle America had been misconstrued.

The UN Serves US Interests (FT)

By Philip Stephens

Financial Times, June 16, 2006

You could touch John Bolton's pain. Last week, the occasionally irascible US ambassador to the United Nations assailed that organisation's deputy secretary-general. Some saw a crude attempt at bullying. More interesting, I thought, was the anguish behind the rage. For all Mr Bolton's bluster, George W. Bush's administration has acknowledged that acting effectively in the world requires legitimacy as well as power. No one hates the idea of admitting this more than its ambassador in New York.

During the past 18 months or so, American foreign policy has been stranded in an uncomfortable no-man's land between hubris and reality. Mr Bush has abandoned the assumption of unbridled hegemony that underpinned the decision to go to war in Iraq. In its place is the reluctant pragmatism that now sees Washington ready to open negotiations with Iran. But the administration has not changed its ideological spots. It still shuns the institutional internationalism that secured US leadership during the second half of the last century.

The proximate cause of Mr Bolton's invective was a speech given by Mark Malloch Brown. The deputy secretary-general had the temerity to suggest that the US should face up to the deliberate ambiguities of its attitude to the UN. When it suited it, he said, Washington saw the organisation as a useful instrument to promote its interests. In between, it played to a raucous gallery of anti-UN prejudice among segments of the media and Middle America.

Mr Bolton is accustomed to plain language – as long, that is, as he is the one delivering it. The ambassador, I have heard a US official observe, is one of those people who calls a spade a spade. The downside, this official lamented, was that to Mr Bolton's eye almost everything looks like a spade.

So a UN bureaucrat telling America how to behave was never going to elicit a friendly response. Mr Bolton's temper has not been improved by the knowledge that the clock is ticking fast on his own career. He was sidelined by Condoleezza Rice, the US secretary of state, in the recent decision to offer talks to Iran. A refusal by the US congress to ratify his appointment means that his term in New York expires early next year.

Given his role as an international civil servant, Mr Malloch Brown's observations were brave. In objective terms they were essentially unremarkable. The admonition, as he explained, was aimed at successive US administrations rather than simply

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Mr Bush. Though the US had created the present global architecture, its politicians rarely felt comfortable with selling the advantages to their voters.

My guess is that there are no more than a handful of officials at the US state department who would balk at this broad analysis. Fitful engagement has rarely, if ever, served US interests. But, for Mr Bolton, Mr Malloch Brown's remarks exposed a deeper sore. The ambassador is right to say that the UN's largest paymaster has the capacity to wreck the organisation. The threat, though, is empty. The important question is whether the US needs an effective UN. The answer the Bush administration has given, pace Mr Bolton, is yes.

Iraq has shown the limits of military might in general and of American intervention in particular. As Mr Malloch Brown suggested, it has thrown up new international coalitions intent on balancing US power. Many of the sensible and necessary reforms of the UN advocated or supported by the US are opposed by some non-aligned nations simply because they bear Washington's stamp. Suspicion of his motives, in other words, has shackled a ball and chain to Mr Bush's ankle.

Mr Malloch Brown might have gone further. Anti-Americanism has become the principal countervailing force to US power. That was confirmed again this week when a 15-nation opinion poll by the Pew Research Center reported a further weakening of international respect for the US. In most nations, the US presence in Iraq is seen as a greater threat to world peace than Iran's nuclear ambitions.

All this is anathema to Mr Bolton. As an official in the state department, he epitomised the assertive nationalism that drove US foreign policy during Mr Bush's first term. Scornful of international institutions and law, he openly celebrated America's muscular unilateralism.

The administration has travelled halfway back from this position. It has accepted, albeit grudgingly, the value of legitimacy in the exercise of power. It still instinctively favours coalitions of the willing over rules-based multilateralism but has at least begun to make the effort.

The big test now is Iran. The suspicion of US motives to which Mr Malloch Brown alluded has weakened the impact of Washington's offer to join negotiations with Tehran. Many non-aligned nations are asking themselves whether the démarche is a genuine effort to secure a negotiated end to the stand-off over Iran's nuclear ambitions or simply a tactical manoeuvre to bind the UN into supporting punitive sanctions.

My guess is that it is a bit of both. Circumstance – a vast army pinned down in Iraq, the threat of violent confrontation between Israel and the Palestinians and evidence that the UN security council was close to fracture – forced a volte-face in Washington. But the success or otherwise of the new diplomatic effort will rest to a significant degree on the judgment of others on Mr Bush's motives.

Iran, of course, also provides a challenge for others. China insists on the exclusive legitimacy of the UN in the ordering of international relations. Its willingness or otherwise to allow the security council to act if Iran persists in the quest for a nuclear weapons capability will say much about whether China intends to become a responsible global actor.

For Russia's Vladimir Putin, the choice will be between the vanity of wielding a veto and real authority in the security council. The European troika of France, Britain and Germany must show that, when the going is tough, they are ready to give multilateralism a hard edge.

The big choice, though, is for the US. If the wilder ambitions of Mr Bolton have been decisively checked by Iraq, America remains the indispensable power. How it exercises that power determines the shape and stability of the global system. We can probably expect no more of this administration than its reluctant conversion to pragmatism. But one of these days an American president needs to explain that Roosevelt and Truman were not altruists. They built the UN because, for all its inevitable flaws, it serves American interests.

Move Over, Che: Chávez Is New Icon Of Radical Chic (WSJ)

By Bob Davis

The Wall Street Journal, June 16, 2006

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BOSTON -- Hugo Chávez, the fiery president of Venezuela, has called President Bush a "donkey," a "coward," a "drunkard," and, most famously, "Mr. Danger." Such statements win him few friends in Washington, but they recently brought together a dozen ardent supporters here.

Over a cramped conference table in a Chinatown loft, the group, including several engineers, a student, a nurse and couple of full-time activists, met to plot their next move. They'd helped lead a pro-Chávez demonstration in Washington just a few weeks earlier. And a pro-Chávez movie night seemed old hat.

Jorge Marin, a Boston engineer, had a different idea: a birthday party for Mr. Chávez's idol, Simón Bolívar, who helped liberate South America from Spanish rule. They quickly started planning a "Boogie for Bolívar" party, complete with a birthday cake, on July 24, when "the Liberator" would have turned 223. Two young women also pushed for a dance band.

To a slice of the American left, Mr. Chávez has become a revolutionary hero nearly on a par with Che Guevara and Fidel Castro. The 51-year-old Venezuelan president has used his nation's oil riches to prop up Mr. Castro's regime and improve the education and health care of Venezuela's poor. His dream is to spread the Venezuelan brand of socialism across Latin America.

Human-rights groups and the Bush administration warn that he is also dangerously centralizing power, emasculating Venezuela's judiciary and threatening press freedoms. Chavistas wave off those complaints as the ravings of the anti-Chávez U.S. media.

"My political belief is that the U.S. is a horrendous empire that needs to end," says Jake Irwin, a Chávez supporter at Evergreen State College in Olympia, Wash., which is pretty much what Mr. Chávez argues. Every time Mr. Chávez clashes with Mr. Bush -- most recently over the Venezuelan's torpedoing of a U.S. effort to create a hemispheric free-trade agreement -- his stock rises with the amalgam of college students, antiglobalization protesters and graying allies of Central American rebels.

For 54-year-old Chuck Kaufman, national co-coordinator of the Nicaragua Network, Mr. Chávez is also a business opportunity. The network, run out of a converted grocery store near a housing project in Washington, was formed in 1979 to support the leftist Sandinista rebels, who toppled a U.S.-allied strongman. But after voters ousted the Sandinistas, the Nicaraguan network eventually slashed its staff to three from 13. Now, Mr. Kaufman sees a new market in Mr. Chávez. The bearded former advertising rep for a model-airplane magazine recently helped create the Venezuela Support Network, which he figures will energize backers, and may help him land a big-time donor: Venezuela's government-owned U.S. refiner, Citgo Petroleum Corp. "No luck so far," he says. Citgo says it only backs requests "in line with corporate programs."

Other Chávez supporters have formed support groups known as Bolivarian Circles. (Mr. Chávez is so taken with Bolívar's efforts to create a united South America that he renamed his country "The Bolivarian Republic of Venezuela.") In Venezuela, the circles are neighborhood associations that run local health clinics and literacy classes. They have a darker side, too: helping the government identify opponents, who are then denied remedial education and other government services, according to a study by Brigham Young University scholars Kirk Hawkins and David Hansen.

The 20 or so U.S. Bolivarian Circles, which each have one or two dozen members, view themselves as advocates for the Chávez regime. New York, San Diego and Boston have Bolivarian Circles; South Florida has three -- one each in Miami and Fort Lauderdale and a third at Florida International University in Miami-Dade County. So do places far from a Latin beat, including Cincinnati and Salem, Ore. The insignia of the Oregon Bolivarian circle is a bust of Bolívar in front of Mount Hood.

There is a long history of Americans embracing Latin American revolutionaries, dating at least to Nicaraguan rebel Augusto Sandino, who battled U.S. Marines in the 1920s. Others include Mr. Castro and his comrade Che, and the man known as Subcomandante Marcos, who led a short-lived rebellion in the Mexican state of Chiapas in 1994. All were symbols of defiance romanticized by intellectuals of the day.

Fifty-three-year-old Gunnar Gundersen says he formed the Oregon Bolivarian Circle in 2002, after becoming outraged at a failed coup attempt against Mr. Chávez. On annual trips to Venezuela with his Venezuela-born wife, Xiomara, Mr. Gundersen was impressed by Mr. Chávez's efforts to improve health care and education for the poor. He couldn't understand why the U.S. press didn't see it his way, so he and a dozen like-minded Oregonians began to sponsor pro-Chávez movies, college lectures and rallies.

His activities landed him an appearance on Mr. Chávez's Sunday television show, "Aló Presidente," in 2004. Mr. Gundersen, who often wears red knit shirts -- red being the color of the Chávez revolution -- read an English translation of a

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stanza of one of Mr. Chávez's favorite songs. Then he handed the Venezuelan leader a copy of the Oregon circle's nonprofit registration, which Mr. Gundersen claimed meant the Oregon circle was "recognized by the state of Oregon." Clearly touched, Mr. Chávez called him a "brother" and said to the audience, "Look how far this is going in the world."

Now, Mr. Gundersen, whose day job is managing a study-abroad program for Japanese college students in Oregon, figures he spends several thousand dollars a year crisscrossing the U.S. for pro-Chávez events. These included a March "National Solidarity Conference" in Washington, where the several hundred delegates chanted the Chávez rally cry, "Oh, ah. Chávez no se va!" (Roughly: "Oh, no. Chávez won't go!")

The Philadelphia circle has produced three pro-Chávez videos, including one about oil workers who helped keep the state-owned oil company operating despite an anti-Chávez strike. The Fort Lauderdale circle bought 35 wheelchairs for Venezuelan hospitals and, in return, the Venezuelan government sent 200 Spanish-language versions of "Don Quixote" for Broward County libraries. A Fort Lauderdale circle member, Ali Gutiérrez, broke into a Spanish love song as the books were handed over.

The circles aren't funded by the Venezuelan government, but they help the country's lobbying efforts by presenting a sympathetic face of the Chávez regime and helping organize tours of the country. Moisés Naím, a pre-Chávez Venezuelan trade minister who is now editor of Foreign Policy magazine, believes the circle members "are shamelessly exploited by the regime." But Bernardo Alvarez, Venezuela's ambassador to the U.S., says the groups operate on their own and "help us counteract the campaign that there isn't freedom of expression in Venezuela."

The circles applauded this past winter when Citgo says it provided about 40 million gallons of low-cost home heating oil to 181,000 households in the Northeast. So did True Majority, an Internet-based advocacy group founded by Ben Cohen of Ben and Jerry's fame, which sent emails to its 500,000 members urging them to purchase Citgo gasoline -- a "buy-cott," as activists call it.

Financing Controls Ordered In China (WP)

By Peter S. Goodman

The Washington Post, June 16, 2006

SHANGHAI, June 15 -- China's premier, Wen Jiabao, has ordered banks and local governments to tighten financing for construction projects, the state media reported Thursday, signaling growing unease among top leaders that an ongoing surge of investment is imperiling the world's fastest-growing major economy.

China's leaders are again grappling with the prospect that excessive economic growth -- erecting more factories and office towers than even this giant country can use -- could give way to a disastrous bust and cause prices to plunge. That could leave China's banks, stocked with about $500 billion in bad loans, facing an even larger toll.

"The main problem in the operation of the economy is the high growth rate of fixed asset investment and too much currency lending," declared China's State Council, the functional equivalent of a cabinet, in a statement published in the state media Thursday, the day after a meeting chaired by Wen. "Structural problems are obvious."

The latest cause for concern came as the government released figures showing that growth in fixed asset investments in urban areas -- essentially, large public works projects, factory construction and commercial real estate development -- reached $318 billion for the first five months of the year, up more than 30 percent over the previous period.

That data came a day after the release of numbers showing an alarming expansion of bank lending, with total loans for the first five months of the year reaching $224 billion -- about 85 percent of the central bank's target for the full year. In May alone, new loans exceeded $26 billion, almost double the same month in 2005. In China, where stock and bond markets remain in early stages of development, the banks are the primary source of capital.

"Banks must take notice of the trend of accelerating loan growth and the risks that this brings," the People's Bank of China declared on its Web site. "Banks must abide by the spirit of the macroeconomic controls that the central government is currently implementing."

Economists parsing the high-level rhetoric saw signals that new, more stringent measures are in the offing aimed at reining in the economy. China has already raised the minimum down payment for purchases of apartments to cool real estate speculation. On April 28, the central bank raised interest rates by 0.27 percentage points, to 5.85 percent, and it might now do so again. The bank's governor, Zhou Xiaochuan, recently disavowed that option, but he told reporters on the sidelines of a

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conference in Beijing on Thursday that he would now take some unspecified steps to limit the money supply, according to Dow Jones.

China might also allow a rise in the value of its currency, the renminbi, or yuan, an act long sought by manufacturing groups in the United States, who argue that Chinese factories are racking up huge export sales with unfair help from artificially cheap money.

"The message sent by the State Council meeting is strong, and it illustrates their recognition of a possibly overheated economy," said Ha Jiming, chief economist at China International Capital Corporation Ltd., the country's largest investment bank. "Policymakers are determined to step in to control the situation."

Much of the cash now sloshing through the banks is the result of speculators bringing currency into China to bet on an eventual increase in the value of the renminbi, Ha said. "Policymakers could remove the heat from the economy by speeding up the process" of allowing the Chinese currency to climb, he said.

Of particular concern to China's leaders is the prospect that greater waves of investment will worsen a glut of production capacity in key sectors of the economy, particularly in automobile and steel manufacturing, which could diminish prices and erode profits.

That is prompting some companies to unload excess goods on world markets, a trend that partially explains why China's global trade surplus is growing faster than ever. China's trade surplus reached $13 billion in May, the government announced this week, a record for a single month. Exports grew by 25 percent compared with the previous year. That brought China's surplus for the year to $47 billion, a jump of 57 percent compared with the same period last year.

Those figures are sure to intensify trade frictions with the United States, while amplifying demands that China raise the value of its money.

For more than two years, China has been grappling with how to gradually restrain its economy without dampening things so much as to jeopardize the creation of jobs for millions of farmers now streaming into the cities. Two years ago, amid worries of overheating and spiking prices for commodities such as coal and iron ore, Beijing ordered a halt in lending to the fastest-growing areas of the economy. China also forced developers to put down larger slices of their own capital for new projects rather than rely entirely on bank loans.

Late last year, those measures appeared to have put China in reach of a soft landing, the gradual slowdown its leaders desired. But the recent data have has rekindled worries, along with the expectation of stronger measures ahead.

"There have to be measures to contain the desire of local governments to invest more in infrastructure while preventing banks from over-lending," said Zuo Xiaolei, chief economist at China Galaxy Securities Co. in Beijing. "Otherwise, medium- and long-term bad debts will pile up. and overcapacity in sectors like steel and cement will be exacerbated."

Who Is To Blame For Grief On A Beach? (WP)

By Charles Krauthammer

The Washington Post, June 16, 2006

It was another one of those pictures that goes instantly around the world. A young Palestinian, wailing in wretched sorrow, grieving over her dead father, stepmother and five siblings who had been killed by an explosion on a Gaza beach. Then came the blame. Palestinian Authority President Mahmoud Abbas (he's the moderate) immediately called the killings an act of Israeli "genocide" and, to dramatize the crime, legally adopted the bereaved girl.

The sensational coverage and sensational charges raise the obvious question: Why would Israel deliberately shell a peaceful family on a beach?

The Israeli government, clumsy as ever, seemed to semi-apologize by expressing regret about the deaths, implying that perhaps they had been caused by an errant Israeli shell targeting a Palestinian rocket base. But then, a few days later, an army investigation concluded that it was not Israel's doing at all.

First, because the shrapnel taken from the victims (treated at Israeli hospitals -- some "genocide") were not the ordnance used in Israeli artillery. Second, because aerial photography revealed no crater that could have been caused by Israeli artillery.

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And, third, because Israel could account for five of the six shells it launched at the rocket base nearby, and the missing one had been launched at least five minutes before the one that killed the family.

An expert at a local chapter of a human rights group disputes the Israeli claims. Okay. Let's concede for the sake of argument that the question of whether it was an errant Israeli shell remains unresolved. But the obvious question not being asked is this: Who is to blame if Palestinians are setting up rocket launchers to attack Israel -- and placing them 400 yards from a beach crowded with Palestinian families on the Muslim Sabbath?

Answer: This is another example of the Palestinians' classic and cowardly human-shield tactic -- attacking innocent Israeli civilians while hiding behind innocent Palestinian civilians. For Palestinian terrorists -- and the Palestinian governments (both Fatah and Hamas) that allow them to operate unmolested -- it's a win-win: If their rockets aimed into Israeli towns kill innocent Jews, no one abroad notices and it's another success in the terrorist war against Israel. And if Israel's preventive and deterrent attacks on those rocket bases inadvertently kill Palestinian civilians, the iconic "Israeli massacre" picture makes the front page of the New York Times, and the Palestinians win the propaganda war.

But there is an even larger question not asked. Whether the rocket bases are near civilian beaches or in remote areas, why are the Gazans launching any rockets at Israel in the first place -- about 1,000 in the past year?

To get Israel to remove its settlers, end the occupation and let the Palestinians achieve dignity and independence? But Israel did exactly that in Gaza last year. It completely evacuated Gaza, dismantled all its military installations, removed its soldiers, destroyed all Israeli settlements and expelled all 7,000 Israeli settlers. Israel then declared the line that separates Israel from Gaza to be an international frontier. Gaza became the first independent Palestinian territory ever.

And what have the Palestinians done with this independence, this judenrein territory under the Palestinians' control? They have used their freedom to launch rockets at civilians in nearby Israeli towns.

Why? Because the Palestinians prefer victimhood to statehood. They have demonstrated that for 60 years, beginning with their rejection of the United Nations decision to establish a Palestinian state in 1947 because it would have also created a small Jewish state next door. They declared war instead.

Half a century later, at the Camp David summit with President Bill Clinton, Israel renewed the offer of a Palestinian state -- with its capital in Jerusalem, with not a single Jewish settler remaining in Palestine, and on a contiguous territory encompassing 95 percent of the West Bank (Israel making up the other 5 percent with pieces of Israel proper).

The Palestinian answer? War again -- Yasser Arafat's terror war, aka the second intifada, which killed a thousand Jews.

This embrace of victimhood, of martyrdom, of blood and suffering, is the Palestinian disease. They are offered an independent state. They are given all of Gaza. And they respond with rocket attacks into peaceful Israeli towns -- in pre-1967 Israel proper, mind you.

What can Israel do but try to take out those rocket bases and their crews? What would the United States do if rockets were raining into San Diego from across the border with Mexico?

Now look again at that terrible photograph and ask yourself: Who is responsible for the heart-rending grief of that poor Palestinian girl?

A Tale Of Two Oil Patches (WSJ)

By Mary Anastasia O'Grady

The Wall Street Journal, June 16, 2006

Canada's province of Alberta and the country of Mexico are both renowned oil economies and in both places, the government owns the oil reserves. But that's where the similarities between the two end.

Alberta has an annual per-capita gross domestic product just shy of $55,000; Mexico's is roughly $6,000. To put it another way, Albertans are swimming in their black gold while Mexicans are swimming the Rio Grande for the right to wash dishes for Tom Tancredo's constituents, while the congressman hurls insults at them on cable TV.

Why, in the midst of this energy boom, is Mexico so poor, while Alberta lives large? My guess is that it has to do with the fact that the Canadian province welcomes private-sector investment (otherwise known as money) in its energy sector while Mexico has a government-owned oil monopoly (Pemex) and forbids private-sector risk capital.

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Money in an economy has a way of making people wealthier. Alberta estimates the long-term capital investment value of its inventory of privately funded energy projects at almost $80 billion. Mexico has made such investment illegal, creating a lack of funds. We call this poverty.

The idea of a virtual wall to stop risk capital from entering Mexico is so dumb that only a political class actively pursuing poverty could be perpetuating it in today's global economy. With oil at $70 a barrel, the opportunity costs of Mexico's monopoly energy policy are skyrocketing. That's not the only problem. Pemex's union pensions are unfunded and Mexico's proven reserves are shrinking. If nothing is done to change the model, Mexico's oil sector and Pemex retirees are both in real jeopardy.

Yet for some reason this abject failure -- against the reality of Alberta's success -- has yet to become a winning issue in Mexican politics. In the July 2 presidential race, the hard-left candidate of the Democratic Revolutionary Party, Andres Manuel López Obrador, is running on a pledge to protect Pemex as is.

This champion of old, authoritarian Mexico from the desperately poor, oil-rich state of Tabasco is now in a statistical dead heat with the more free-market National Action Party candidate Felipe Calderon. Mr. Calderon has timidly suggested that, yes, perhaps Mexico might open the energy market to some private investment but he has not made it a major issue in the campaign.

Voters are rational but not necessarily informed. That's what political debate is for. Unfortunately, Mexican politicians seem to have concluded that Pemex -- the Mexican symbol of sovereignty against the mighty North -- is the third rail of politics and it's best not to go near it. If that's the case, the past is prologue.

But if some enterprising politician decides to communicate the magnitude of the problems looming at Pemex and the opportunity cost of failing to reform, Mexico could become something besides the international symbol for human-capital exports. The union might even sign onto reform in return for guaranteeing its pension. The Alberta experience is instructive.

Mexicans may be surprised to learn that despite the rush of private-sector investment in the province, both oil and gas reserves in Alberta belong to the provincial government, much as they belong to the national government in Mexico. This simple fact is bound to reassure a nation that has been brainwashed for nearly a century to believe that private investment means giving away its "oil patrimony."

In Alberta, provincial ownership has not stopped private exploration. Instead, Albertans are having their cake and eating it too. By utilizing land leases and oil-well licensing permits, the province welcomes billions of dollars of risk capital. This in turn employs people, creates secondary and tertiary wealth effects, pays for exploration, increases provincial revenues through royalties and covers the cost of land reclamation after resources are extracted. In other words, there has been no selling out to Yankee exploiters, only a common-sense policy of putting foreign capital to use for the betterment of the locals.

The results are impressive. Last year alone, the province attracted almost $50 billion in investment, going mostly to oil and gas and oil-sands development projects and to the service and manufacturing sectors that support them.

These two starkly different attitudes toward capital flows have also made for polar opposites in migratory and employment patterns. According to the Conference Board of Canada, Alberta's population is growing "by leaps and bounds." The board says that "net inter-provincial migration surged to 42,000 in 2005, and almost as many people are expected to relocate in the province in 2006." The board further states that despite the migration, "labor shortages are looming in key areas such as construction, drilling and engineering services, and even in lower paying service-oriented occupations." The unemployment rate in Alberta is 3.3%. Meanwhile Mexican culture is still too often defined by poverty, joblessness and emigration.

If all this is not enough to persuade Mexicans that their government is taking them for a ride, perhaps the demise of Pemex as a revenue generator will be. Pemex estimates that Mexico's reserves-to-production ratio dropped to 10 years in 2005 from 20 years in 2002. The company blames the central government for this, on the grounds that oil income has been going to other national purposes at the expense of reinvestment and exploration in the oil sector.

That may be true. But since when does a country have to choose between a robust economy and funding health care, education and infrastructure? And even when Pemex wins out over other demands on the central government and gets a relatively generous budgetary allotment like it did this year -- $13 billion in government and government-guaranteed funding -- the company is far short of what is needed to revive the energy sector. Corruption, low productivity and failure to maximize well development have all eaten away at returns. Did I mention that Pemex is notorious for environmental degradation?

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Mexico's President Vicente Fox likes to talk about his concerns for the dignity of Mexican migrants in the U.S. But as long as the country clings to the Pemex monopoly, it will be hard to take Mr. Fox or any Mexican president seriously when he feigns concern for jobless Mexicans.

Icarus Inc. (WSJ)

The Wall Street Journal, June 16, 2006

With the Concorde now mothballed or in museums, Airbus is fast becoming the current airborne testament to the hubris of state-led industrial policy in Europe. Driven as much by political ego as business sense, the aircraft maker flew for the sun only, like Icarus, to see its wings start to melt away.

The meltdown in the stock price of its parent company this week was dramatic, but no surprise. Markets don't like bad news, and Airbus has produced bushels of late. Wednesday's 26% drop, which shaved $6.3 billion from the market value of European Aeronautic Defense & Space Co. before rebounding some yesterday, came a day after Airbus announced that its superjumbo A380 won't be produced on schedule through 2010. Delays have plagued this marquee project.

Airlines are unhappy with Airbus's proposed A350, the competitor to Boeing's surprisingly popular 787 "Dreamliner," forcing the Europeans back to the drawing board, at significant cost. The EU taxpayer may, once again, pick up a big part of the bill through launch aid and other handouts, all for the glory of this "pan-European flagship." Any more state aid is likely to lead to another complaint against Airbus before the World Trade Organization in Geneva.

The troubles on the factory floor may not be as serious a problem down the road as the company's unwieldy -- and, on current evidence, unworkable -- management structure. Airbus was born of a French, German, British and Spanish government initiative. Its political patrons have kept their noses in the business since. No prize for guessing who does so more than any other. Last year President Jacques Chirac tried to install Airbus boss Noël Forgeard, who happens to be French, into the top job at EADS. The messy fight ended when a German executive was named to share the CEO job with him. Then this year EADS was pulled into France's scandal du jour, the murky "Clearstream affair," when Mr. Forgeard's former close aide admitted to supplying evidence (later declared a forgery) that linked leading politicians to corruption. Close ties to government can be a source of trouble, EADS learned, not just interest-free loans.

A fair conclusion, reached by the markets this week, is that an executive suite preoccupied with political mumbo-jumbo took its eyes off the superjumbo. With so much riding on the A380, the production glitches are a stunning indictment of management. The delays in delivering the plane will cost EADS $2.5 billion in 2007-2010. EADS yesterday launched a probe into the A380 program. The cost in terms of fines, canceled orders and lost future orders adds to the bill. The blow to prestige is far bigger.

It is instructive to note that Boeing itself was, only a few years ago, in a similar pickle. Two CEOs lost their jobs and a senior executive landed in jail, but Boeing got through painful restructuring, including deep job cuts, and made hard decisions (like refusing to fight Airbus for the A380 market) knowing that money was finite. Its updated product line is led by the "Dreamliner." Suddenly, Boeing is poised to dominate its market for years to come.

In its present guise Airbus, or EADS, looks ill-disposed to take this road. The dual management structure -- in fact an improvement on the previous consortium model -- makes the company, by nature, less flexible. So do its political links. State treasuries have been eager to build toys that boost national egos, to the tune of $15 billion in taxpayer handouts over the past three decades. The leaders of France, Britain, Spain and Germany were all on hand last year at the maiden flight of the A380. Financial realism was never a big part of the equation at Airbus. In return, the politicians expect the company to shun Anglo-Saxon-style restructuring.

No wonder that the big industrial shareholders are running for the doors. British Aerospace was right in the middle of negotiating to sell its 20% stake in Airbus back to EADS when the share price nosedived. France's Lagardere cut its stake in EADS in half, to 15%, in April. Germany's DaimlerChrylser, another big owner, is moving to do the same.

Tellingly, Airbus's fall from grace is portrayed as a blow to European pride rather than to the company's shareholders and millions of air travelers, who will suffer directly. This is the real trans-Atlantic gap. Americans tend to judge corporations by the

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bottom line, not the national flag. Europeans relate to big companies as to their World Cup teams. In this they get plenty of encouragement from politicians, in particular the Gallic variety, who think business is their business.

With a duopoly in aircraft manufacturing, we all benefit from having two healthy, competitive producers. Cut free from subsidies and politics, Airbus would be free to behave like a normal company. It is not that today.

Young? Bored? Win A Parliament Seat (NYT)

The New York Times, June 16, 2006

If the young will line up to sing badly for national attention or eat worms for money, why not get them to compete for political office? That notion seems more suitable for a Hollywood treatment than an actual country, but it has apparently taken hold in parts of Russia, where political leaders have begun to worry that their Parliament is a little too heavy on middle-aged men.

Perhaps fearing that the under-30 set could take their political concerns to the streets — as in neighboring Ukraine and Georgia — President Putin's United Russia party decided it needed to reroute the young into the political system. So it decided earlier this year that at least 20 percent of its candidates should be under 28 years old.

Scaring up young people to enter the political party apparently turned out to be easier decreed than done. Russia's youth may have soured on a political system increasingly controlled from Mr. Putin's office. Or, perhaps like the young in too many other places, they just think politics is boring.

So, leaders of the Young Guard, the more youthful branch of United Russia party, decided on a kind of political version of "American Idol" or the Russian "Star Factory" talent contest. As detailed in The Washington Post, the competition began with questionnaires, and a first round of winners was announced by a D.J. at a beach party south of Moscow.

Some of the views of these competitors were surprising, like the young man who said Mikhail Khodorkovsky was jailed for his political views. That opinion certainly puts him at odds with Mr. Putin's administration, but the young man is apparently still in the running. In the end, after the 60 contestants are whittled down, at least three are expected to be awarded party seats in the Duma, the lower house of Parliament.

Russian politics is not exactly a model of democracy, of course, but maybe, for those trying to interest young American voters, a political reality show might not be such a bad idea. Let's face it, looking at the demographics, it could hardly hurt.

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DEPARTMENT OF JUSTICE *NEWS CLIPS*

PREPARED FOR THE OFFICE OF PUBLIC AFFAIRS, US DEPARTMENT OF JUSTICE

TO: THE ATTORNEY GENERAL AND SENIOR STAFF

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TERRORISM NEWS:

Specter Threatens To Subpoena White House Documents On Surveillance Program (AP)

By Laurie Kellman, Associated Press

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AP, June 16, 2006

WASHINGTON – Senate Judiciary Committee Chairman Arlen Specter cranked up his dispute with the Bush administration over executive power on Thursday, threatening to subpoena documents on the White House's warrantless surveillance program.

Specter said he had not received a response to his request that Attorney General Alberto Gonzales appear before the panel this month to answer questions about the surveillance program and other touchy subjects – such as the FBI raid on a lawmaker's office last month.

"I will ask for authorization for a subpoena if we do not get an adequate response," Specter told the committee.

Such prodding may not be necessary, according to the Bush administration.

"We are currently working with Chairman Specter to set a date for the attorney general to appear," Justice Department spokesman Eric Holland said.

The Pennsylvania Republican, who won the administration's goodwill by ushering two of its nominees onto the Supreme Court in the last year, has engaged in an increasingly tense standoff with the White House over matters he believes could amount to abuses of executive power.

Under that umbrella fall several administration policies that Specter wants to examine and the White House has resisted explaining. The administration argues that the details are matters of national security and subject to executive privilege.

The policies include a probe into Bush's domestic surveillance program that has been dropped by Gonzales' Office of Professional Responsibility; revelations that the government, aided by telephone companies, is keeping records of calls made by Americans; the government's attempts to investigate and prosecute journalists who refuse to reveal their sources; and the FBI's raid last month on Rep. William Jefferson's Capitol Hill offices as part of a bribery probe.

Specter also wants to examine the statements Bush issues when he signs bills into law, in which the president enumerates how he will interpret them.

"There's a whole litany of questions that the attorney general is going to have to answer," Specter said this week. "We're going to press him as hard as we can."

Congress Struggles To Ramp Up Oversight (CSM)

By Gail Russell Chaddock

The Christian Science Monitor, June 16, 2006

WASHINGTON

Forty-four months after authorizing the use of force in Iraq, the House Thursday opened the floor to its first day-long debate about the war. A key theme: Keeping the White House accountable.

Meanwhile, on the other side of the Capitol, the Senate voted Wednesday to pay for future war costs through the regular budget process, rather than through "emergency" spending bills. It's a move lawmakers say will increase congressional oversight of the war.

At the same time, a Senate panel will grapple next week with how to oversee the National Security Agency's (NSA) warrantless surveillance of communication between Americans and suspected terrorists abroad.

The moves signal that Congress is trying - again - to revive its flagging oversight role of an executive branch that is claiming broad wartime powers. It's doing so, analysts say, because control of Congress in this fall's midterm elections could turn on the issue.

"The broader motivation in Congress by the majority party is clearly the sinking political fortunes of the president and the party and the fear of retribution in November," says Thomas Mann, a senior fellow at the Brookings Institution, a center-left think tank in Washington.

So far, however, both chambers of Congress have struggled to make headway. Sen. Arlen Specter (R) of Pennsylvania, for example, has repeatedly been stymied in his bid to bring the government's secret eavesdropping program in line with the 1978 Foreign Intelligence Surveillance Act. On Thursday, the Judiciary Committee he chairs postponed the consideration of four versions of legislation to require more oversight. The Senate Intelligence Committee is developing its own plan to strengthen supervision of the NSA program. "Congress's ability to conduct effective oversight depends on what political price the president has to pay for resisting congressional scrutiny," wrote Senator Specter, in an opinion piece Thursday.

So far, that price has not been high. And this week, one of the few congressional committees that had been cruising on a bipartisan basis stalled out on party lines over the issue of congressional oversight.

Last week, Democrats on the House Armed Services Committee called on Chairman Duncan Hunter (R) of California to reestablish the subcommittee on oversight and investigations, which traditionally led probes of the Pentagon. Republicans did away with that panel when they took back the House in 1995.

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"At the end of [Thursday's] debate, we are still going to be left with a House Armed Services Committee that is not doing the kind of oversight ... as has been done in past wars and past Congresses, regardless of what administration is in power," said Rep. Marty Meehan (D) of Massachusetts at a press conference on Wednesday.

Inertia has been strongest on the highest- profile investigations. Nearly two years after promising a report on whether the prewar intelligence on weapons of mass destruction in Iraq was politically manipulated, the Senate intelligence panel is still gridlocked over the terms of completing the investigation.

"[Democrats] keep moving the goal posts and asking for more information," says Sen. Pat Roberts (R) of Kansas, who chairs the Select Committee on Intelligence. In comments off the floor of the Senate, he said he expected the report to be completed by mid-July.

Senate Democrats, who can't offer any detail on the panel's secret work, say the Republicans are dragging their feet. "It's like the marquee on an old movie house that always reads: 'Coming soon'," says Sen. Ron Wyden (D) of Oregon, a member of the Intelligence committee. "It's critically important that this be wrapped up quickly."

Some observers see the low level of supervision as a function of partisan deference. Republicans are "afraid if you do look at anything out there, it could prove embarrassing," says Norman Ornstein of the American Enterprise Institute, a conservative think tank in Washington.

But history suggests that one party's dominance need not preclude meaningful oversight. Nine months after German tanks rolled into Paris, the junior senator from Missouri called for a probe of the US buildup in World War II to "head off scandals before they started."

The Truman Committee, created at a time when Democrats controlled the presidency and both houses of Congress, set the gold standard for congressional investigations - and gave Harry Truman a leg up to the presidency. Between 1941 and 1948, this panel held 432 public hearings and 300 executive sessions, and is credited with saving the government billions of dollars.

"Presidents are well served by a Congress that aggressively but responsibly pursues its oversight responsibilities. It helps keep them from making mistakes and helps administrations make corrections in a more timely fashion," says Mr. Mann.

Is Bush Signaling An About-Face On Detainees? (LAW)

By Tony Mauro, Legal Times

Legal Times, June 16, 2006

It is rare for a president to comment on a pending Supreme Court case. But President George W. Bush has been doing just that in recent weeks, making several mentions of the Hamdan v. Rumsfeld case that will decide the fate of the military commissions he ordered to handle detainees at Guantanamo Bay, Cuba.

"We're waiting on our Supreme Court to act," Bush said at a press conference Wednesday, one of several comments that indicate he is eager to follow the Court's lead, even if it rules against his claim of broad power to deal with the detainees outside the established military and civilian court system.

Bush's remarks and tone have confounded opponents of the military commissions, leaving some wondering if Bush is trying to soften the blow of an expected defeat -- or already preparing the public for civilian alternatives to military commissions.

Covington & Burling partner David Remes, one of the coordinators of the legal effort against the administration position, says Bush's comments have led him to ask "why Bush made Hamdan a test of presidential power in the first place. If Bush could accomplish his goals within the existing legal framework, why did he confront the judicial branch with such breathtaking claims of presidential power?"

The presidential commentary on the case was so frequent in recent days that expectations were high that the Court might hand down the decision on Thursday. The two lawyers who argued against each other in the case -- Solicitor General Paul Clement and Georgetown University Law Center's Neal Katyal -- were in the courtroom, but the justices instead handed down four criminal and business law cases. The Court will convene again next Monday and Thursday to issue more decisions in its push toward adjournment by month's end.

The Hamdan case asks whether the president has constitutional or statutory authority to establish the commissions -- and whether federal courts have jurisdiction over the issue. Lawyers challenging the commissions say the limited rules of evidence and trial procedures violate the Uniform Code of Military Justice and the Geneva Conventions on prisoners of war. The administration has argued that Bush has ample authority to decide that military necessity requires a special process for handling the detainees outside the court system.

But during a joint press conference June 9 with the prime minister of Denmark, Bush said he thought Guantanamo detainees "ought to be tried in courts here in the United States. We will file such court claims once the Supreme Court makes its decision as to whether or not -- as to the proper venue for these trials." That comment seemed to some to contradict his legal position, which was that the detainees should be tried by military commissions at Guantanamo, not courts in the United States.

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"This is a dramatic about-face from the Administration's position in the high court, and an admission that the detainees have been right all along," said Katyal, who argued on behalf of detainee Salim Ahmed Hamdan before the justices on March 28. "These cases belong in our courts, not in a makeshift military system that lacks credibility. President Bush's statement reaffirms that national security doesn't require this makeshift system, which is precisely what Mr. Hamdan has been saying for three years."

On Wednesday, at a press conference after his surprise visit to Iraq, Bush seemed to amend his comments, emphasizing that he had military, not civilian courts in mind. "I'd like to close Guantanamo," Bush said, "but I also recognize that we're holding some people that are darn dangerous, and that we better have a plan to deal with them in our courts. And the best way to handle ... these types of people is through our military courts. And that's why we're waiting on the Supreme Court to make a decision."

But on May 7, in comments during an interview on a German television network, Bush seemed indifferent about which courts the detainees ultimately face. "I very much would like to get people to a court," Bush said, according to the transcript. "And we're waiting for our Supreme Court to give us a decision as to whether the people need to have a fair trial in a civilian court or in a military court. But in either case, they will get a trial which they, themselves, were unwilling to give to the people that they're willing to kill."

Richard Samp of the Washington Legal Foundation, which filed a brief in support of the Bush Administration's position on military commissions, said not much should be made of these remarks.

"He has been talking to a lot of foreign leaders lately about Guantanamo, and I am sure he wants to not appear insensitive to their concerns," said Samp. Samp adds that it is prudent for the administration to be planning now for the ramifications of a high court ruling -- no matter which way it comes down.

Deborah Pearlstein of Human Rights First, a leading critic of the commissions, agrees that Bush's comments about the case reflect "national and international pressure on the administration to finally come up with some definitive -- and lawful -- resolution to a global detention system that long ago stopped serving U.S. policy interests in promoting freedom, or in protecting its own security."

But she too was astonished at Bush's seeming acceptance of trials for the detainees, no matter where they take place. "The suggestion that the Guantanamo detainees should be tried at all, much less tried in U.S. courts, contradicts the administration's position all along that the President can just detain, without trial if he wants, the 'worst of the worst' at Guantanamo forever."

New Jersey Demands Data On Phone Call Surveillance And Is Sued By U.S. (NYT)

By David W. Chen And Matt Richtel

The New York Times, June 16, 2006

TRENTON, June 15 — The New Jersey attorney general has issued subpoenas to five telephone companies to determine whether any of them violated the state's consumer protection laws by providing records to the National Security Agency. Experts say it is the first legal move by a state to question the agency's program to compile calling records to track terrorist activities.

On Wednesday, the United States filed a lawsuit to block the subpoenas, setting up a legal showdown pitting the state's authority to protect consumers' rights against the federal government's national security powers.

"People in New Jersey and people everywhere have privacy rights," the state's attorney general, Zulima V. Farber, said on Thursday. "What we were trying to determine was whether the phone companies in New Jersey had violated any law or any contractual obligations with their consumers by supplying information to some government entity, simply by request, and not by any court order or search warrant."

This latest confrontation over the invocation of national security began last month, when Ms. Farber issued the subpoenas to the companies — AT&T, Verizon, Qwest, Sprint Nextel and Cingular Wireless — to determine whether they had turned over the phone records to the federal government without a court order, in possible violation of state laws.

But when the Justice Department filed suit in United States District Court here to block those subpoenas — a suit that Ms. Farber received on Thursday — it asserted that the state was straying into a federal matter, and that compliance with the subpoenas would imperil national security.

As a matter of national security policy, the dispute represents the latest twist in the controversy over the boundaries of domestic spying and personal privacy. But as a matter of government practice and legal precedent, the dispute is significant because it transforms what had primarily been a fight between the federal government and civil liberties groups into a far knottier one pitting federal authorities against state ones.

Clifford Fishman, a professor at Catholic University Law School who is an expert on electronic-surveillance law, also said the actions by both state and federal government were laden with political overtones.

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Professor Fishman said New Jersey's subpoenas — issued by a Democratic administration — appeared to be "a political move to try to embarrass the Bush administration as well as the phone companies." But he added that "the Bush administration is responding with a howitzer instead of a sniper."

The professor, who noted that he had not seen the government's suit, said each party had alternatives to what he saw as a significant development over the disputed reach of the National Security Agency. He said the federal government need not have sued New Jersey to make its argument against the subpoenas, and he said the state could have allowed numerous private parties to pursue litigation against the phone companies, rather than getting involved.

In the lawsuit, the federal government invokes the state-secrets privilege, in which the government asserts that any discussion of a given lawsuit's claims would threaten national security.

"Compliance with the subpoenas issued by those officers would first place the carriers in a position of having to confirm or deny the existence of information that cannot be confirmed or denied without causing exceptionally grave harm to national security," Assistant United States Attorney Irene Dowdy claimed in the government's complaint. "And if particular carriers are indeed supplying foreign intelligence information to the federal government, compliance with the subpoenas would require disclosure of the details of that activity."

But in an interview on Thursday, Ms. Farber said that it was incumbent upon her to insure that the phone companies were not violating state law if they had turned in any phone records to the N.S.A. The New York Times first reported in December that President Bush had authorized the security agency to conduct eavesdropping without warrants. Last month, USA Today reported that the N.S.A. had created a large database of phone calls made by customers of several phone companies.

A few days after the USA Today article was published, Ms. Farber issued subpoenas to phone companies that operate in New Jersey. Yet few people outside of state government and the phone companies knew about them.

Ms. Farber had originally demanded responses by May 30. She said that telephone company representatives, unable to persuade her to withdraw the subpoenas, had asked for an extension until Thursday. One day before that extended deadline, the federal government filed its lawsuit.

The question of whether phone companies have turned over customer records to the spy agency already has spawned a handful of lawsuits. Some companies have denied surrendering the records; others denied wrongdoing or declined to comment. For instance, a federal judge in San Francisco has scheduled a hearing for next Friday in a lawsuit filed by the Electronic Frontier Foundation, a privacy-rights advocacy group that seeks to enjoin phone companies from turning over records and seeks damages for affected customers.

Selim Bingol, a spokesman for AT&T, said that the lawsuit filed by the federal government to block New Jersey's subpoenas showed that the phone companies should not be the ones that have to address these policy issues.

The American Civil Liberties Union has filed complaints in 22 states demanding that attorneys general and utility regulators officials investigate whether consumer protection laws have been violated. Officials in a few states in addition to New Jersey. including Vermont, Maine and Washington, have promised to investigate.

"All we're really trying to do is to make sure that the phone companies have followed the law," said David J. O'Brien, Vermont's commissioner of the Department of Public Service.

But none had gone as far as New Jersey, according to Barry Steinhardt, director of the A.C.L.U.'s Technology and Liberty Project.

According to some critics, one potential weakness of the government's state-secrets claim is that Ms. Farber — as well as Gov. Jon S. Corzine and Richard L. Cañas, the state director of homeland security — has top federal security clearance, and might well not divulge any sensitive national security information she received as a result of the subpoenas.

"Our state officials are cleared for security purposes all the time," said Bruce Afran, a lawyer in Princeton, N.J., who, with his partner, Carl Mayer, filed a federal suit in Manhattan last month against Verizon.

Lawyer Says Investigators Tricked Ga. Terror Suspect (AP)

By Harry R. Weber, The Associated Press

AP, June 16, 2006

ATLANTA - Investigators preyed on a Georgia Tech student's devotion to Islam to get him to help their terrorism probe and then reneged on their promise not to arrest him if he told the truth, the suspect's lawyer said in court papers Thursday.

The allegations by Jack Martin, a lawyer for 21-year-old Syed Ahmed, were contained in a motion in which Martin seeks to suppress Ahmed's statements to the FBI or make the government abide by the alleged agreement not to prosecute him.

In a subsequent motion, Martin insisted that the government be forced to say whether the National Security Agency used its power to obtain phone records for Ahmed or conduct other electronic surveillance of him without a warrant.

"All the defendant asks for now is notice and access to the relevant information and documents, " Martin said.

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Since the arrest, the FBI has said that Ahmed and another man from the Atlanta area, Ehsanul Islam Sadequee, may have had contact with some of the 17 people arrested in Canada earlier this month on terrorism-related charges.

Martin said an FBI agent and a task force investigator who questioned Ahmed on March 10 at his Atlanta apartment told him that as long as he told the truth he would not be arrested. He said one of the investigators told Ahmed that he, too, was a Muslim and used that to get a statement from Ahmed.

"Allah does not want you to go to jail, "the investigator told Ahmed, according to the motion. "I want you to help us. Obviously, that is why we are talking to you.'"

As a result, Ahmed spoke to investigators for more than 12 hours over several days, identified videos and photographs, and assisted the agents in investigating Internet sites, Martin said. The motion does not say what Ahmed told investigators. Martin said in a telephone interview that no lawyer was present for the questioning. He refused to comment further.

On March 23, Ahmed was indicted on a single charge of providing material support to terrorists and has been held in custody since then, the motion says.

FBI spokesman Stephen Emmett said the agency would have no comment. A spokesman for the U.S. Attorney's Office in Atlanta, Patrick Crosby, said, "The motions filed today were expected, and we will respond to them in court at the appropriate time.'"

According to previously released court papers, Ahmed and Sadequee are accused of traveling to Canada to meet with Islamic extremists to discuss "strategic locations in the United States suitable for a terrorist strike.'"

Both men, who are U.S. citizens who grew up in the Atlanta area, met with at least three other targets of ongoing FBI terrorism investigations during a trip to Canada in March 2005, the documents say.

The documents say the men discussed attacks against military bases and oil refineries and planned to travel to Pakistan to get military training at a terrorist camp, which authorities said Ahmed attempted.

Attorney Says FBI Lied To Terror Suspect Agents Promised Not To Arrest Ga. Tech Student (AJC)

By Bill Torpy, The Atlanta Journal-constitution

The Atlanta Journal-Constitution, June 16, 2006

Six statements by a Georgia Tech student arrested on terrorism-related charges should be thrown out because of false promises and implied threats from investigators, the man's attorney said in court filings Thursday.

Syed Haris Ahmed, 21, talked to FBI agents after being told he would not be arrested if he cooperated. Ahmed did talk — six interviews over a week's time — and then was arrested, his court-appointed attorney Jack Martin said.

The agents also "prey[ed] on the defendant's devotion to Islam" to gain his trust and cooperation, he said.

"Office [Khalid] Sediqui, who revealed that he was a devout Muslim himself, stated 'Allah does not want you to go to jail. I want you to help us,' " the motion states.

Sediqui told Ahmed if he answered the investigators' questions, "then we are going to leave you alone," the motion states.

Ahmed gave more than 12 hours of statements, totaling 400 pages of transcripts, and identified photographs and videos. On March 23, he was indicted on a charge of providing material support to terrorists.

Another Georgia man, Ehsanul Sadequee, 19, of Roswell, a friend of Ahmed's, was arrested in April while traveling in Bangladesh. The two men allegedly took a Greyhound bus to Toronto in March 2005 to meet with "like-minded extremists" and plot "strategic locations in the United States suitable for a terrorist strike."

The men allegedly made contact with two of the 17 suspects arrested this month in Toronto on terrorism charges, according to documents filed in Canadian court.

The two men also allegedly discussed traveling to Pakistan to receive military-style training. Prosecutors say Ahmed tried to do that last summer.

In April 2005, a month after the Canada visit, the two allegedly shot some "casing videos" of sites in Washington. Those videos were found on the computer of a man arrested in London on terrorism charges.

In the motion filed Thursday, Martin argued that the U.S. Supreme Court and other courts have determined that a statement is involuntary if induced "by significant and powerful promises or threats, such as the promise of nonprosecution here and the threat of arrest if the defendant did not 'cooperate.' "

The motion quotes an agent telling Ahmed, "You have the rest of your life in front of you. ... You know eventually you are going to have to get a job some day. Do you want any type of criminal record?"

Ahmed answered, "No."

In a separate filing, Martin asks the court to force prosecutors to divulge any wiretaps or electronic surveillance the government used to keep track of his client.

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The FBI declined to comment on the case. Patrick Crosby, spokesman for the U.S. Attorney's Office, said, "The motions filed today were expected, and we will respond to them at the appropriate time."

Canadian Muslims Urged To Keep Eye On Extremism (USAT)

By Rebecca Cook Dube

USA Today, June 16, 2006

TORONTO — Some Canadian Muslim leaders are urging a crackdown on extremists within their community two weeks after 17 males, including five teenagers, were arrested in suburban Toronto on terrorism-related charges.

"We knew of these children. We'd see them coming to our mosque wearing military fatigues, and we didn't think much of it," says Asad Dean, chairman of Meadowvale Islamic Center in a western suburb of Toronto. Several of the suspects occasionally attended services there, he says. "We need to be more vigilant."

The response to the arrests has exposed a rift between Muslim leaders. Some reject the notion that a violent ideology may have taken root in their community; others argue that Muslims must acknowledge radicalism in their midst and work harder to extinguish it.

The allegations that 17 Muslim men and boys, most of whom were born and raised in Canada, plotted to blow up buildings and behead the prime minister caused ripples as far away as Iraq.

Iraq's most senior Shiite Muslim cleric issued a religious decree Wednesday addressing the charges against the men in Canada. "Muslims have undertaken to obey the laws of a country of their residence, and thus they must be faithful to that undertaking," read the fatwa, or legal opinion, issued by the Grand Ayatollah Ali al-Sistani.

The suspects, all but two of whom are younger than 26, were arrested in raids across the Toronto area June 2 and 3. Gary Batasar, a lawyer for one of the accused men, said the government alleges the group planned to behead Prime Minister Stephen Harper and possibly blow up the headquarters of the Canadian Broadcasting Corp.

The suspects, who are being held in solitary confinement at a prison southwest of Toronto, await bail hearings and trials.

The young men are part of a Muslim community that has more than doubled, according to the government's Statistics Canada agency, from about 250,000 in 1991 to nearly 580,000 in 2001 — about 2% of Canada's population. The Center for Immigration Studies, a Washington-based research group, estimates the Muslim population in the USA at 2 million, or almost 1% of the total population.

Some Canadian Muslim leaders say they're offended by the suggestion they should be responsible for combating radical influences.

At a news conference the day after the arrests were announced, several Muslim leaders denounced the idea that their mosques might include extremists, even on the fringes.

"That is a scandalous allegation," said Zafar Bangash of the Institute of Contemporary Islamic Thought in Toronto.

Others say radicals are spreading extremism and the danger can no longer be ignored. "They were young kids, and they were taken down this road by someone," says Sheik Husain Patel, cleric at the Toronto Islamic Center, where one suspect occasionally worshiped.

"It's about time Muslims owned up to the fact it's a Muslim problem," Farzana Hassan-Shahid of the Canadian Islamic Congress (CIC) said after a meeting last weekend between Canadian Prime Minister Stephen Harper and Muslim community leaders.

The CIC issued a flier in October that warns the Muslim community of attempts by extremists to influence children and advises parents on how to watch for and counter radicalism.

Yasmin Ratansi, a Liberal member of Parliament from Toronto, is among those who agree with Patel and the CIC that parents and Muslim leaders need to pay closer attention to what children learn at mosques and on the Internet.

"Canadian youths of Muslim faith have been unduly influenced by radical thought," Ratansi says.

Dean blames Saudi-funded organizations for spreading fundamentalist Islam in North America and Europe.

Saudi Arabia's puritanical Wahhabist strain of Islam urges a literal interpretation of the Quran, Islam's holy book, that puts its followers at odds with many other Muslims. "We should not have Saudi Wahhabi literature in North America and Europe," Dean says. "We have to address the root of this problem."

He says several suspects in the terror case approached him about hosting a religious program.

When he turned them down, Dean says, they urged other Muslims to boycott his suburban mosque.

"They view the traditional Muslims as compromisers, as collaborators, as wimps," he says. "It's a serious crisis. These kids were born and raised in Canada, and there could be more of these kids out there. That's what concerns me."

Manzanar Redux? (LAT)

DOJ_NMG_0034889

By David Cole

The Los Angeles Times, June 16, 2006

'WHAT WILL they do to us if there is another attack? Will they intern us like they interned the Japanese?"

That is the single most common question I get when speaking about counter-terrorism policies and civil liberties to Arab and Muslim audiences. Until Wednesday, I assured them that such a response was unthinkable. The Japanese internment during World War II is now so widely recognized as morally, legally and ethically wrong, I told them, that it could not possibly be repeated.

But after a decision by a federal judge in New York, I'm no longer confident that I can be so reassuring. Dismissing a case challenging the detention of Arab and Muslim foreign nationals in the weeks after 9/11, U.S. District Judge John Gleeson ruled that it is constitutionally permissible to round up foreign nationals on immigration charges based solely on their race, religion or country of origin. What's more, he said that they can be detained indefinitely, even after they have agreed to be removed to their home countries.

In essence, he authorized a repeat of the Japanese internment — as long as the internment is limited to foreign nationals charged with visa violations (a group that at last count numbered about 11 million people).

The case, Turkmen vs. Ashcroft, was filed on behalf of Arab and Muslim foreign nationals swept up on the pretext of immigration charges in the weeks after 9/11. Many were initially arrested on no charges at all — only to be served with immigration papers days, weeks or sometimes months later. All were arrested in secret — in many cases without being allowed to contact anyone — and hundreds were tried in closed hearings that even their family members were not allowed to attend.

They were picked up on the slightest of suspicions. In one representative case, according to the Justice Department's inspector general, the FBI arrested several men on a tip that "too many" Middle Eastern men worked at a convenience store down the street.

Many of those arrested admitted that they had violated their visas and agreed to leave the country, but they were kept locked up for months so that the FBI could investigate them. They were not allowed to go until they were "cleared" of any connection to terrorism. In a complete reversal of the American system of justice, they were treated as guilty until proved innocent.

In all, the government detained more than 1,000 foreign nationals in the first seven weeks after 9/11, and more than 5,000 in the first two years after the attack. Yet as of today, not one of these persons stands convicted of a terrorist crime. From a security standpoint, the roundups were an utter failure.

In Turkmen vs. Ashcroft, the detainees argued that the government denied them equal protection of the law when it rounded them up on the basis of their race and religion, and violated their due-process rights when it kept them after their immigration cases were resolved. The district court rejected both claims, concluding that the government is free to detain deportable foreigners for as long as it wants as long as their ultimate removal is "reasonably foreseeable." And the judge concluded that using race or religion to select the foreign nationals subject to such detention was neither "irrational" nor "outrageous" because the 9/11 hijackers, after all, were Arab foreign nationals belonging to an Islamic fundamentalist group, Al Qaeda.

In other words, the next time we are attacked, the government is free to round up all foreign nationals with alleged visa violations who share the race or religion of the attacker and to keep them behind bars as long as it wishes. If the attack is perpetrated by an Arab Muslim, all Arab and Muslim immigrants are vulnerable. If the attacker is a Latino Christian, the government could round up all Latino Christians with alleged visa problems.

It's true that the World War II internment included citizens as well as foreign nationals, and in many cases, it rounded up people who had done nothing wrong. But what was most offensive about it was the fact that people were selected based on their race. And just as racial profiling of drivers is not acceptable merely because black and Latino drivers stopped are allegedly speeding, so racial profiling of immigrants is not acceptable even if the immigrants are alleged to have violated their immigration status.

WHEN THE Supreme Court in Korematsu vs. United States upheld the legality of the Japanese internment, Justice Robert Jackson warned in his dissent that the precedent would "lie about like a loaded weapon ready for the hand of any authority that can bring forward a plausible claim of an urgent need."

Until Wednesday, I thought history had proved Jackson wrong. Virtually every living Supreme Court justice has condemned Korematsu as wrongly decided — Justice Antonin Scalia has compared it to the Dred Scott decision of 1857, in which the court refused to recognize that slaves were "persons." Congress has formally apologized to the survivors of the internment and paid reparations for their injuries.

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Yet the Turkmen decision has taken the loaded weapon out of the closet, dusted it off and handed it to federal authorities, giving them explicit permission to let prejudice and fear run roughshod over the most basic of human rights — the rights to equal treatment and liberty.

David Cole, a law professor at Georgetown University and volunteer attorney with the Center for Constitutional Rights, was co-counsel to the plaintiffs in Turkmen vs. Ashcroft.

The Name Is Kafka . . . Franz Kafka (WP)

By Michael Kinsley

The Washington Post, June 16, 2006

"So put aside your Captain Crunch decoder ring," recommends the Central Intelligence Agency, "for the moment." This is on the Internet site of the CIA's legal department. It's part of a pitch for recruits so startlingly moronic -- even as an attempt at adorable self-mockery -- that you think it must be some subtle comment on the double meaning of the word "intelligence." In good hall-of-mirrors fashion, it's lifted from some book, but the book quotes supposedly real CIA employees. Whatever, this is the agency's self-presentation on its own Web site.

"If the theme music from Mission Impossible runs through your head," it says, "or you get the urge to order a martini 'shaken, not stirred,' at the mention of the letters 'CIA,' " -- why, then, you're just the kind of lawyer we want!

"We've been a major player in developing the law of national security vs. the First Amendment," the agency deadpans. "Or the Fourth Amendment. . . ." When "Americans [abroad] come across on our screen, they've got constitutional rights we've got to think about . . . . Or electronic surveillance . . . . In areas like that, we're helping to create the law, and that's a real rush."

And it's all true. The CIA is in the forefront of efforts to make sure that democracy, individual rights and stuff like that don't get in the way of our crusade for the spread of democracy, individual rights and stuff like that.

For years, all the intelligence agencies have been tussling with the American Civil Liberties Union over documents about the innovative Bush administration policy of locking people up in foreign countries where they can be tortured without the inconvenience of anyone knowing about it or bringing up, you know, like, the Constitution. It is not yet clear -- though there is little reason for optimism -- whether the courts will let them get away with it, but the official position of the executive branch under President Bush is that the U.S. government can lock you up anywhere in the world, torture you and tell no one about it. And if someone does find out and starts talking trash like "habeas corpus" or "Fourth Amendment," too bad: It's all okay under the president's inherent powers as commander in chief. Congress -- unbeknownst to Congress -- approved it all in its resolution shortly after Sept. 11, 2001, urging the president to fight terrorism. And the president deputized the CIA and other agencies to go forth and use this authority, in documents that you can't have and that may or may not exist.

In a twist fully worthy of Kafka, or at least Joseph Heller ("Catch-22"), the very suspicion that bad things are going on is a reason you can't find out. As a CIA legal document explains: "CIA confirmation of the existence of [evidence] would confirm a CIA interest in or use of specific intelligence methods and activities." After all, the agency gaily reasons, the "CIA would not request . . . authorization from the president for intelligence activities in which it had no interest."

Meanwhile, in another federal court, the ACLU has been arguing with the National Security Agency about the wiretapping of international phone calls to and from the United States. The 1978 intelligence reform law made clear as cellophane that these agencies had no authority to wiretap citizens of this country and in this country without permission from a judge. So clear, in fact, that the president doesn't deny that his wiretapping program violates the 1978 law. Instead, he says that Congress overruled that law in its 2001 resolution to oppose terrorism. That, plus the usual inherent powers of the presidency.

What's more, government lawyers say, they can prove all this. Or at least they could, but they can't, because the evidence must remain secret for national security reasons. And what are those reasons? Well, the reasons why the reasons why the program is okay are also secret. And without this evidence, there cannot be a trial. Sorry.

It's true that you and I are not being grabbed on the streets and sent to a former secret police torture-training camp in Godforsakistan. Nor is the government eavesdropping on your international phone calls or mine. Probably. Because I like you, I'll forgo the usual ominous warning about how they came after him and then they came after her and then they came after you. I'll even skip the liberal sermonette about how even bad guys have rights.

But your rights and mine are not supposed to be at the whim of the government, let alone the president. They are based in the Constitution and the willingness of those we put in power to obey it -- even as interpreted by judges they may disagree with. The most distressing aspect of this story is the apparent attitude of our current rulers that the Constitution is an obstacle to be overcome -- by conducting dirty business abroad or by wildly disingenuous interpretations of laws and the Constitution.

Just look at what these supposed worshipers at the shrine of "strict constructionism" and "original meaning" have done to the 2001 anti-terrorism resolution. Did any senator who voted for this resolution have any idea that he or she was, in essence, voting to repeal all the protections for individuals against government agency abuse that Congress enacted in 1978?

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The fact that there are countries in this world where the government can torture people in secret and without fear of courts is supposed to be a tragedy -- not a convenience.

HOMELAND RESPONSE:

DHS Stands By Anti-Terror Cuts (WP)

By Lyndsey Layton

The Washington Post, June 16, 2006

A top official at the Department of Homeland Security said the agency will not reconsider its decision to cut anti-terror grants for Washington and New York by 40 percent, despite criticism and pointed questioning yesterday by congressional representatives from those regions.

George W. Foresman, DHS undersecretary for preparedness, stood by the complicated formulas used by a secret panel of reviewers to divide $711 million in 2006 funds for urban areas across the country. The result was that Washington and New York, the two areas targeted on Sept. 11, 2001, will get less than last year, while Omaha, Charlotte, Louisville and other cities will receive more.

"I feel confident in the risk analysis process and the peer review process," Foresman said at a congressional hearing, calling his agency's risk analysis "incredible." "What we need to do is a better job in communicating with the communities."

But Foresman appeared to have a difficult time communicating with the congressional panel. Lawmakers from both parties lambasted DHS and called its decision-making process "mind-boggling," "a mystery" and "goofy" and said it doesn't appear to meet its stated goal -- distributing federal dollars to regions that face the greatest risk of attack.

Rep. Carolyn B. Maloney (D-N.Y.) called it "one of the greatest displays of incompetence."

More than two hours into the hearing, a top Maryland official attending the session said he still did not understand why his state is receiving only $24 million in a separate grant program when it expected as much as $40 million. "To be honest with you, I'm mystified still," said Dennis Schrader, Maryland's director of homeland security.

The Washington region, which received $77 million in the urban anti-terrorism program last year, is slated to get $46 million. It had requested $160 million.

Foresman, the former homeland security chief for Virginia, said it wasn't that the risk has dropped in New York or the Washington region but that federal officials have a better understanding of the national picture. The number of urban areas that federal officials consider under threat has grown from seven to more than 100, he said.

He tried to correct earlier statements by DHS officials that the District and New York got less money because of weak applications. "They were not deficient in their applications," he said. "Effectiveness measures were reviewed in relation to others around the country and ranked."

And Foresman dismissed recent statements from some area elected leaders that politics may have played a part. "It's an incorrect allegation that this was driven by politics," he said.

This marked the first time that DHS used risk as a key factor in evaluating competing requests for money from cities and states. The lawmakers and heads of homeland security in Virginia, Maryland and the District applauded that goal but not its execution.

Edward D. Reiskin, the District's deputy mayor for public safety, said the outcomes "don't seem to square with professional and common sense."

Rep. Thomas M. Davis III (R-Va.), who called the hearing as chairman of the House Committee on Government Reform, got into a back-and-forth with Foresman, pressing him to explain why the District will get less money than Montana in one grant program.

"Do you think Montana is at greater risk than D.C.?" Davis asked.

"We don't rate one community against another," Foresman said.

"Doesn't it seem on risk alone, D.C. would have a higher risk than Montana?" Davis said.

"On just risk, D.C. would have scored higher," Foresman said, adding that other factors were involved, including an analysis of the way each community intended to spend its grant, whether that plan would be effective and whether it advanced national homeland security goals.

Davis wasn't swayed. "How in the world is a risk or threat or anything in Montana or North Dakota or South Dakota higher than in the District?" he asked. "I don't think it passes the laugh test."

Rep. C.A. Dutch Ruppersberger (D-Md.) calculated that his state was receiving $4.50 per resident while Wyoming was getting $16 per resident.

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"We're protecting the grizzly bears in Wyoming, as opposed to the people who work around Fort Meade and NSA," Ruppersberger said.

Agency: States Unprepared For Disasters (AP)

By Lara Jakes Jordan

The AP, June 16, 2006

Most American cities and states remain unprepared for catastrophes, a government analysis concludes, calling the shortcomings in emergency planning a cause "for significant national concern."

Nearly five years after the 9/11 attacks and 10 months after Hurricane Katrina, the Homeland Security Department concluded that local response plans for major disasters are often antiquated and uncoordinated.

Although emergency plans appear to be stronger in 18 states along the nation's "Hurricane Belt," the analysis cited preparedness gaps in 131 state and city emergency response plans. Planning for evacuations, too, remain "an area of profound concern," the review found.

"We rely to a troubling extent on plans that are created in isolation, are insufficiently detailed and are not subject to adequate review," concluded the department's 160-page review of findings and annexes that was delivered to Congress on Thursday evening. A copy of the review was obtained by The Associated Press.

"Time and again, these factors extract a severe penalty in the midst of a crisis: precious time is consumed in the race to correct the misperceptions of federal, state and local responders about roles, responsibilities and actions," the review found. "The result is uneven performance and repeated and costly operational miscues."

President Bush ordered the review of state and city emergency plans in a speech in New Orleans last Sept. 15, weeks after Katrina ravaged the city. It analyzes response and evacuation procedures for all 50 states, the nation's 75 largest cities and six U.S. territories.

Documents made available to the AP did not cite individual cities or states, and a Homeland Security official suggested that portion of the report will be released later.

It criticized the states and cities in several key areas, including:

· Failing to address emergency needs for sick, elderly or poor people unable to help themselves.

· Being too slow to issue disaster warnings and other alerts to the public.

· Failing to designate a clear chain of command during major disasters.

"Most review participants have demonstrated that they are able to successfully manage commonly experienced incidents, yet are not fully prepared for a catastrophic event," the review concluded. It called the gaps cause "for significant national concern."

But it found that 18 hurricane-prone states, from Maine to Texas, appeared to be better prepared for disasters than the rest of the country.

Those states hugging the Atlantic and Gulf coasts were judged by peers to have emergency plans "that were more likely to be rated sufficient ... than other states," the review noted. Plans by Hurricane Belt states to manage resources, health and medical issues and communications were "noticeably stronger" in comparison, it found.

Similarly, cities in Hurricane Belt states also were rated more likely to be prepared in issuing warnings, managing resources, distributing emergency public information and mass care. But in a glaring exception, the cities were judged as comparatively not sufficient in planning for evacuations.

The review is the latest in a series of government and expert analyses since Katrina slammed into the Gulf Coast last Aug. 29. Nearly all have found lacking preparedness levels for large-scale disasters. The Sept. 11 commission and other panels have also found shortcomings in preparedness for another terrorist attack.

The latest report was released as the Senate sent President Bush a $94.5 billion emergency spending bill that included funds for new aid for Gulf Coast hurricane victims.

The review noted several failings on the federal government's part, citing a need for clearer guidance and up-to-date preparedness data to state and local officials. It also urged better collaboration with private businesses to help evacuate disabled people and with charities and other non-governmental services to stockpile aid for disaster victims.

Limo Company Offered To Aid DHS Prior To Bid (WP)

By Spencer S. Hsu And Charles R. Babcock

The Washington Post, June 16, 2006

DOJ_NMG_0034893

A limousine company linked to a congressional bribery investigation offered its services to the Department of Homeland Security more than three months before the agency sought bids for a transportation contract, and eventually won contracts worth $25 million over six years, congressional investigators disclosed yesterday.

The local firm, Shirlington Limousine and Transportation Inc., also told DHS that it held special status under a federal program designed to help small businesses in economically distressed areas before it applied for and won such a designation, lawmakers said yesterday. That designation turned out to be a condition for obtaining the contracts.

Recently convicted former congressman Randy "Duke" Cunningham (R-Calif.) recommended Shirlington Limousine to the DHS in an April 2004 letter to the department, according to a written affidavit provided to House investigators by Shirlington Limousine President Christopher D. Baker.

The unusual circumstances laid out at a House Homeland Security subcommittee hearing yesterday created more controversy for the company, whose executives have been questioned in an investigation of whether it helped provide prostitutes to Cunningham and other lawmakers on behalf of a California defense contractor. The company has denied wrongdoing.

"It just doesn't seem to be a reasonable sequence of events if there was not some political manipulation of the bid process. . . . This doesn't look right," said Rep. Mike Rogers (R-Ala.), chairman of the management, integration and oversight subcommittee, which held the hearing.

Rogers added, "I can't understand why [Baker has] a letter from a California congressman as to his character or competence and quality, instead of his own congressman or some congressman of the district where the business will be conducted."

DHS procurement director Elaine Duke said the department routinely receives all sorts of offers from vendors, and DHS officials spoke with Baker around January 2004. But such a conversation is not a formal proposal, and all rules were followed, department spokesman Larry Orluskie said.

"I don't think it's fishy," Orluskie said. "They wanted to turn it [the contract] really fast, but I know they did it in accordance with federal acquisition regulations."

Duke said the department has no copy of Cunningham's letter. However, the department provided investigators with an April 20 e-mail from Shirlington Limousine in which the company said it had faxed a letter of recommendation from Cunningham, as well as a request for an advance -- seven days before DHS publicly awarded the contract and six days after DHS sought bids.

Rogers said lawmakers invited Baker and Shirlington Limousine's vice president to testify, but they declined because of a federal grand jury investigation. But both are cooperating by answering written questions, he said.

Agents are examining the relationship between Shirlington Limousine and Brent R. Wilkes, a San Diego businessman who is under investigation for bribing Cunningham in return for millions of dollars in federal contracts. Cunningham is serving more than eight years in prison for his part in the scheme.

The FBI is also investigating whether former CIA executive director Kyle "Dusty" Foggo steered contracts to Wilkes.

Michael York, one of Baker's attorneys, said yesterday that his client has been to San Diego and talked to the FBI, prosecutors and a grand jury. But he disputed any suggestion that Cunningham's letter improperly influenced the department's decision to award the firm contracts to provide limousine and shuttle services.

Homeland Security officials previously denied the existence of a Cunningham letter.

In comments released by his press secretary, House Homeland Security Committee Chairman Peter T. King (R-N.Y.) said: "If there's a reference to a letter, [Cunningham] is involved and DHS has not been truthful. . . . Did somebody clean out the file?"

The committee's senior Democrat, Rep. Bennie Thompson (Miss.), called for DHS Secretary Michael Chertoff and Deputy Secretary Michael P. Jackson to appear before Congress to discuss "major missteps."

"It is unconscionable to think that the agency charged with tracking down terrorists cannot even track down letters of recommendation," Thompson wrote.

Cunningham Said To Have Helped Limo Firm (AP)

By Erica Werner

The AP, June 16, 2006

WASHINGTON - A limousine company involved in congressional prostitution and bribery allegations got a Homeland Security contract after then-Rep. Randy "Duke" Cunningham interceded on the company's behalf, the company's president has told lawmakers.

The statement by the president of Shirlington Limousine was made in an affidavit discussed at a House Homeland Security subcommittee hearing Thursday.

It prompted renewed protests from lawmakers about the Homeland Security Department's awarding of two contracts to Shirlington despite the company's history of problems.

Committee Chairman Peter King, R-N.Y., noted that Shirlington president Christopher Baker had a criminal record and business dealings with a defense contractor named as an unindicted coconspirator in the prosecution of Cunningham.

"And then we find out that the congressman at the center of all of this sends a letter on behalf of this limousine company. If that doesn't raise issues, if that isn't more than a series of coincidences, I don't know what is," King lectured government witnesses.

Cunningham is serving more than eight years in prison after admitting accepting $2.4 million in bribes from the defense contractor and others. Federal officials are investigating whether the contractor also supplied the California Republican lawmaker with prostitutes and limousines from Baker's company. Baker did not testify Thursday because a federal grand jury investigation is under way.

DHS Chief Procurement Officer Elaine Duke said department officials turned up no evidence they actually received a letter from Cunningham except for a reference to it in an e-mail from the limousine company.

She said Shirlington got the two contracts through normal procedures - including one last October for up to $21 million over five years to transport department employees around the Washington, D.C. area.

No background check was performed on Baker because the department doesn't perform such checks on company owners, and contracting officers did not learn of Shirlington's problems with other contracts, including one terminated by Howard University over poor service, Duke said.

"I have no evidence that there was any type of outside influence," Duke said.

"If there's a reference to a letter, (Cunningham) is involved and DHS has not been truthful," King said.

Outside the hearing, King questioned the department's failure to find Cunningham's letter. "Did somebody clean out the file?" he asked.

Homeland Security spokesman Russ Knocke said that never happened.

Rep. Mike Rogers, R-Ala., also questioned the timing of Shirlington's first Homeland Security Department contract, in April 2004. He said Shirlington had a proposal drafted months before the contract was even bid and ended up being the only qualified bidder.

"That strikes me as very odd," Rogers said. "It really raises concerns that maybe there was some manipulation of the process."

Knocke said there wasn't.

An attorney for Baker, Michael York, said his client could not find a copy of Cunningham's letter but that it was a "brief, plain vanilla recommendation" that Cunningham wrote based on his familiarity with Shirlington.

Baker acknowledges providing transportation services for Cunningham and defense contractor Brent Wilkes but denies any knowledge of or involvement in illegal or illicit activities, York said. He said Baker is cooperating with the investigation and has testified to the grand jury.

An attorney for Cunningham did not immediately return a call for comment.

The committee's ranking Democrat, Rep. Bennie Thompson of Mississippi, wrote King on Thursday requesting that Homeland Security Secretary Michael Chertoff and his deputy Michael Jackson be called - and subpoenaed if necessary - to answer questions on "the overwhelming evidence of waste, fraud, abuse, and incompetence" at the department, including the failure to find Cunningham's letter.

House Panel Probes Limo Firm's Deal (LAT)

By Heather Gehlert, Times Staff Writer

The Los Angeles Times, June 16, 2006

Homeland Security's awarding of contracts to a company whose selection was backed by convicted congressman prompts an inquiry.

WASHINGTON — The Department of Homeland Security came under renewed scrutiny Thursday as a House panel sought to determine how it awarded $25 million in contracts to a transportation company whose selection was recommended by Randy "Duke" Cunningham, the former San Diego-area congressman convicted of accepting millions of dollars in bribes from defense contractors.

After receiving bids from three companies, agency officials said, they chose Shirlington Limousine and Transportation Inc. of Washington, based on both price and the company's ability to perform the needed services.

But Rep. Peter T. King (R-N.Y.), chairman of the House Homeland Security Committee, noted that the company's president, Christopher Baker, had done business with Brent R. Wilkes, a San Diego defense contractor identified as an unindicted co-conspirator in the Cunningham case.

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"Then we find out that the congressman at the center of all of this sends a letter on behalf of this limousine company," he said. "If that doesn't raise issues, if that isn't more than a series of coincidences, I don't know what is."

Cunningham was the only member of Congress to support Shirlington's selection, King said.

The government is investigating allegations that Wilkes provided Cunningham, and perhaps other officials, with prostitutes and limousines. Citing an ongoing grand jury investigation, Baker did not testify Thursday.

Baker has a criminal record, including attempted robbery, auto theft and drug possession, and Shirlington has a history of bankruptcy and other financial problems. In 2002, the company lost a shuttle-bus contract with Howard University, which accused the company of low-quality service.

Homeland Security's chief procurement officer, Elaine Duke, said that her agency made a distinction between company owners and drivers, and that the drivers had undergone background checks. No such checks on the company or its owner were required by law.

"The drivers have a clean slate," she said.

But King called the situation a "disgrace."

"Almost everything that could have gone wrong did go wrong," he said. "It casts doubt over the whole department."

But Homeland Security was not the only agency feeling the heat at Thursday's hearing before the House Homeland Security subcommittee on management, integration and oversight.

Because the department was specifically seeking a small business for the contracted services, it sought a company that was "HUBZone approved" — a program that falls under the jurisdiction of the Small Business Administration.

HUBZone is an SBA program that supports small businesses in poor communities by preventing large companies or those in more advantaged areas from competing with them.

Calvin Jenkins, the SBA's deputy to the associate deputy administrator, told the panel that his agency ensures that the company in question is a small business, is located in a historically underutilized region and has more than a third of its employees living in HUBZone areas.

Shirlington's office is in a luxury apartment building in Washington. It told the SBA that it had had an office in a hangar at Ronald Reagan Washington National Airport and that service in the building was suspended after the 2001 terrorist attacks.

Jenkins said SBA staff visited the office on April 7, 2004, ensured that the company met the criteria and approved it the next day.

Later that month, Homeland Security awarded Shirlington the first of two contracts.

The company began providing shuttle services and executive sedans for the department in spring 2004. Its first one-year contract was for $4 million. The second, a one-year contract with the option to extend for four additional years, totals $21.2 million for the full five years.

Homeland Security spokesman Larry Orluskie said the total went up because the need for services increased. The 2005 contract, he said, had to cover the cost for 10 limousine drivers and 12 mini-buses with a 16-person staff.

"That doesn't necessarily mean we're going to spend $21.2 million," Orluskie said. "They're not guaranteed that until the job is done.

"That selection was made based on their performance, not this controversy," he added.

In fact, Homeland Security recognized Shirlington Limo with a small-business achievement award last year for providing outstanding customer service.

Many in attendance at the hearing tried to stifle laughter after that statement. But in an interview, Orluskie said the service has been top-notch.

"I ride them all the time. The drivers are courteous, respectful, on time, and the vehicles are clean," he said.

Congress Probes Limousine Deal (NSDY)

By J. Jioni Palmer, Newsday Washington Bureau

Long Island Newsday, June 16, 2006

WASHINGTON -- Congressional investigators have uncovered evidence that a former congressman convicted on bribery charges helped steer a $20-million contract to a limousine company with ties to the ex-lawmaker, Capitol Hill sources say.

The House Homeland Security Committee is probing how Shirlington Limousine and Transportation won a lucrative bid to chauffeur high-ranking Homeland Security Department officials, despite a shoddy performance record and its owner having a lengthy criminal record.

Sources familiar with the inquiry say former Rep. Randy Cunningham (R-Calif.), who pleaded guilty to accepting at least $2.4 million in bribes from a defense contractor, potentially swayed the Shirlington case.

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In a sworn affidavit, Shirlington's owner, Christopher Baker, said "the only letter of reference sent on Shirlington's behalf" to Homeland Security came from Cunningham, according to sources.

Additionally, investigators are looking into allegations that a lawyer working in Homeland Security's General Counsel's Office threatened to deny future contracts to a rival who questioned why Shirlington won the bid.

House Homeland Security Committee Chairman Peter King said the information might warrant a Justice Department examination. "It all adds up to a pretty strong case of DHS incompetence or a special deal was made," said King (R-Seaford).

Among many concerns about the contract, King said, is the fact that Homeland Security officials never ran a background check on Shirlington's owner. "Bin Laden could have owned the company and they never would have checked him out," King said.

"No congressman influenced that process," Homeland Security spokesman Larry Orluskie said of the Shirlington contract.

Shirlington has also been linked to defense contractor Brent Wilkes, a central figure in the bribery scandal that ensnared Cunningham.

9/11 Pentagon Memorial To Reflect Pangs Of Loss, Recollections Of Joy (WP)

By Timothy Dwyer

The Washington Post, June 16, 2006

A few hundred feet from the spot where American Airlines Flight 77 crashed into the Pentagon on Sept. 11, Defense Secretary Donald H. Rumsfeld and victims of the attack held a short and solemn groundbreaking ceremony yesterday for the Pentagon memorial.

Nearly five years after a private group began raising money for the memorial, about 450 people attended the invitation-only ceremony, including members of the Cabinet and Congress and 300 family members of victims and survivors of the attack.

They sat on plastic folding chairs in brilliant sunlight at the memorial site and listened to brief remarks from Rumsfeld and James J. Laychak, the president of the Pentagon Memorial Fund.

Rumsfeld thanked architects Keith Kaseman and Julie Beckman for their design and then said he wanted to speak directly to the family members and survivors.

"At some point in the future, most of you will return to this sacred ground," Rumsfeld said. " . . . As you reflect, you will be flooded with memories of your loss, to be sure, but also split-second images of love and laughter and joyous times. This memorial was meant for you, to offer some comfort."

About $10.8 million has been raised for construction of the memorial. The money has come from neighborhood lemonade sales and corporate and personal donations. The goal is to raise $22 million for construction, which is expected to be complete by September 2008, as well as an additional $10 million to maintain the memorial.

Before the ceremony, Laychak was invited by Rumsfeld to talk with Cabinet members about the fundraising. Laychak, whose brother David was killed in the attack, said he didn't want to be "crass" and ask Cabinet members for donations, so he asked them to use their influence instead.

"I said that if they wanted to ask for money, that would be great, but I asked them to ask people to take a meeting, to meet with me and members of the memorial fund and ask them to hear our story," Laychak said.

Shortly after the 2001 attacks, Congress authorized the defense secretary to create a memorial to be paid for with private donations. Although yesterday's ceremony was about the official beginning of construction, Laychak said he hopes the event will help generate donations to finance the project.

The memorial will have 184 cantilevered benches, one each in memory of the victims on the plane and in the building. Each bench will have a reflecting pool beneath it, and the 1.93-acre site will be shaded with about 80 paperbark maple trees, which were chosen because they keep their leaves late into the autumn.

Kaseman and Beckman, two New York architects whose design won a competition that had more than 1,000 entries from all over the world, sat next to D.C. Mayor Anthony A. Williams (D) and the congressional delegation.

"This is a big milestone, no doubt," Kaseman said. "One thing we are happy about is that a lot of the partners we have been working with are here. . . . This might be the first time that everyone is together."

The ceremony lasted less than 30 minutes. Rumsfeld and Laychak made brief remarks, and retired Navy Adm. Barry C. Black, a chaplain, offered a prayer in memory of those who died. At the conclusion, everyone stood and sang "God Bless America."

Each family member was given a red-white-and-blue ribbon and a button with the image of a flag draped over the Pentagon to wear on their shirts and blouses.

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When the ceremony ended, Rumsfeld stayed behind. For about an hour, he stood in the bright sunlight, shaking hand after hand, autographing programs and taking pictures with family members. He stayed until every person who wanted a word with him got the opportunity.

"If there is anything these families felt," he said in a brief interview, "it's that we must not forget what took place. This is visible progress, and the memorial, when it is completed, is going to be a very special place. It is going to be about memories and reflections, to be sure. But it is going to be a place to think about today and tomorrow and the next day and the world."

The ceremony concluded with Rumsfeld and Rosemary Dillard, the vice president of the Pentagon Memorial Fund, unveiling an engraved piece of marble salvaged from the building after the attack. It will be placed at the entrance of the memorial when it is completed.

Dillard said she was thinking about her husband, Eddie, when she helped Rumsfeld remove the blue covering from the stone. He died on board Flight 77. Wednesday was their 20th wedding anniversary.

Pentagon Breaks Ground On 9/11 Memorial (AP)

By Matthew Barakat

AP, June 15, 2006

Friends and relatives of Sept. 11 victims joined Defense Secretary Donald H. Rumsfeld on Thursday for the groundbreaking on a memorial to the 184 people killed in the terrorist attack on the Pentagon.

The two-acre memorial, to be built near the site of the attack at the Pentagon's west wall, will feature benches set over small reflecting pools for each of the victims. It is expected to be completed by the fall of 2008.

The memorial "will remind visitors that every one of these lives was special ... with lives cut short and families left behind," Rumsfeld said during a brief ceremony that drew more than 500 invited guests.

Lisa Dolan, whose husband, Robert, was a Navy officer killed in the attack, said "it was important to have a place with some peace and tranquility."

The designs for the memorial will make it "a place where you can really sit and reflect. At night, with all the lights, it's going to be beautiful. It's going to be very peaceful."

The design was selected in 2003 from more than 1,000 entries. Architects Julie Beckman and Keith Kaseman said they incorporated family members' suggestions into their final blueprint. For instance, the pair initially planned to plant a maple tree at each of the 184 benches.

But family members were concerned that when a tree died, its death would be associated with that particular victim. So they reduced the number of trees and will plant them so that no individual tree will be associated with any victim.

Beckman said she wanted the design to emphasize life and resemble a park more than a monument.

Rumsfeld said he wanted the memorial to convey to future Americans "that their countrymen's grief was turned toward the cause of their nation's defense.

Organizers hope to raise a total of $22 million for construction, plus another $10 million for maintenance. About $11 million has been raised so far.

Remembering 9/11 (WT)

By Gary Emerling

The Washington Times, June 16, 2006

Secretary of Defense Donald H. Rumsfeld yesterday led a solemn gathering outside the Pentagon marking the ceremonial groundbreaking for a memorial to the 184 persons killed there September 11, 2001.

"At some time in the future, most of you will return to this sacred ground," Mr. Rumsfeld told the many friends and family members of those killed in the attack who attended the ceremony on the west side of the Pentagon. "This memorial was meant for you, to offer some comfort ... now you can know that we will never forget."

The Pentagon Memorial, designed by architects Julie Beckman and Keith Kaseman, will honor those killed inside the building and on American Airlines Flight 77, which hijackers crashed into the building.

It will include 184 illuminated benches arranged according to the victims' ages, from 3-year-old Dana Falkenberg to John D. Yamnicky, 71. Reflecting pools also will be built beneath each bench.

Nearly $11 million of the $22 million needed to construct the memorial has been raised, said memorial officials, who also are hoping to raise $10 million for maintenance costs. Construction is expected to be completed in 2008.

More than 500 people attended the ceremony, including White House Cabinet members such as Secretary of State Condoleezza Rice, local dignitaries such as D.C. Mayor Anthony A. Williams, and Virginia Republican Sens. George Allen and John W. Warner.

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Mr. Rumsfeld and the Pentagon Memorial Fund's president, James J. Laychak -- whose brother David was killed in the attack -- spoke to the crowd before unveiling a limestone marker that will be part of the memorial.

"Today marks a positive outcome from a tragic day," Mr. Laychak said, recalling in his speech his brother's laugh and bear hugs. "Let's remember what was special about those we lost."

The ceremony was an emotional affair for the victims' friends and family members, as the celebration of the memorial's beginning still was clouded by what was being remembered.

"It's a bittersweet day, but there's a huge amount of accomplishment and pride," said Lisa Dolan, a member of the board of directors of the Pentagon Memorial Fund, whose husband, U.S. Navy Capt. Robert E. Dolan Jr. was killed in the attack. "The memorial being built shows the world that we've come back ... We're not going to forget."

Marine Corps Gen. Peter Pace, chairman of the Joint Chiefs of Staff and one of the ceremony's participants, said the ceremony served as a reminder of where the United States has been and where the country is going after the attacks.

"It's a chance for those of us who have the privilege of wearing the uniform of the United States to rededicate ourselves to this country," Gen. Pace said. "These deaths mean something."

Joey Ricketts, a Boy Scout from Lynchburg, Va., who is creating a memorial in his hometown to "all the innocent lives lost" on September 11 as part of an Eagle Scout project, also attended the ceremony. He said he was motivated "in every single way" by attending.

"I've raised $10,000," said Joey, 15, who was to receive after the ceremony a piece of the Pentagon that was damaged in the attacks to use in his memorial. "For a 15-year-old, that's pretty good."

New Plan Calls For Scaling Back WTC Memorial (WSJ)

By Alex Frangos

The Wall Street Journal, June 16, 2006

The World Trade Center Memorial faces simplification of its design, including moving carved-in-stone names of Sept. 11 victims to ground level, possibly eliminating or scaling back waterfalls and reducing the size of a museum.

Those were among the recommendations made yesterday to New York Gov. George Pataki and New York Mayor Michael Bloomberg in a closed-door meeting, according to people close to the situation. A formal report on the redesign will be released next week. Real-estate developer Frank Sciame presented the plans after Gov. Pataki asked him last month to create a budget that would bring the bulk of the project's cost to $500 million. A construction estimate in May put the total cost of the memorial, including infrastructure and other elements, at $1 billion.

Mr. Sciame also recommended -- and Gov. Pataki agreed -- that the Port Authority of New York and New Jersey, which owns the site, build the memorial. That task lies with the World Trade Center Memorial Foundation, a publicly chartered, privately run group that also is in charge of fund raising.

The original memorial design by architect Michael Arad called for two square openings that covered the footprints of the Twin Towers. Waterfalls would fall from the edge of the openings into underground chambers, where victims' names would be etched in granite. Mr. Arad couldn't be reached for comment.

People who have been briefed on Mr. Sciame's report say it simplifies the project by doing away with separate entrances for the memorial, an adjacent museum and a visitor center. The museum would be reduced in size, but still would be underground. There would be a much smaller amount of space underground dedicated to the memorial. The waterfalls could be eliminated or greatly reduced. Scale mock-ups of the waterfalls showed they would be difficult to operate in the wind and cold.

People familiar with the project said Gov. Pataki favored Mr. Sciame's recommendation to bring the etched victims' names to ground level -- an idea preferred by several groups representing family members of victims killed in the 2001 attacks. Placing the names underground -- and providing space where visitors could reflect on the attacks -- was a centerpiece of Mr. Arad's vision.

Moving the names would eliminate the need for large underground chambers and would fundamentally change the visitors' experience. Instead of descending into the underground chambers, visitors would look at the names amid an open-air, tree-lined park. Nine million people are expected to visit the memorial the year after its planned opening, which, despite the redesign, is scheduled for Sept. 11, 2009.

Visitor access to the underground slurry wall, which protects the site from the nearby Hudson River and survived the collapse of the Twin Towers, would be limited to a smaller area than before.

Before the Port Authority of New York and New Jersey could take responsibility for building the memorial, the transportation agency -- controlled by the two states' governors -- would have to agree to take on the cost of underground infrastructure shared by the memorial and a neighboring rail station, shopping mall and office buildings. The May report

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estimated the cost of infrastructure -- including ramps, air-conditioning plants and sidewalks -- at $300 million. Mr. Sciame's analysis put the cost between $150 million and $200 million, according to those familiar with his report.

WAR NEWS:

Senate Rejects US Troop Pullout In Iraq (AP)

By Liz Sidoti

AP, June 16, 2006

Congress plunged into divisive election-year debate on the Iraq war Thursday as the U.S. military death toll reached 2,500. The Senate soundly rejected a call to withdraw combat troops by year's end, and House Republicans laid the groundwork for their own vote.

In a move Democrats criticized as gamesmanship, Senate Republicans brought up the withdrawal measure and quickly dispatched it — for now — on a 93-6 vote.

The proposal would have allowed "only forces that are critical to completing the mission of standing up Iraqi security forces" to remain in Iraq in 2007.

Across Capitol Hill in a daylong House debate, Republicans defended the Iraq war as a key part of the global fight against terrorism while Democrats assailed President Bush's war policies and called for a new direction in the conflict.

"When our freedom is challenged, Americans do not run," House Speaker Dennis Hastert, R-Ill., said in remarks laden with references to the Sept. 11, 2001, terrorist attacks.

"This is a war that is a grotesque mistake," countered House Democratic leader Nancy Pelosi of California. She called for a fresh strategy — "one that will make us safer, strengthen our military, and restore our reputation in the world."

House Republicans moved toward a vote on a nonbinding resolution Friday morning to reject any timetable for withdrawing U.S. forces.

Democrats, for their part, seized on reports that Iraqi Prime Minister Nouri al-Maliki wants, as part of a national reconciliation plan, to pardon insurgents who had attacked U.S. troops. In both the House and Senate, Democrats urged Republicans and the president to denounce the plan.

Congress roared into debate on the three-year conflict four months before midterm elections that will decide the control of both the House and Senate — and as Bush was trying to rebuild waning public support for the conflict.

The administration was so determined to get its message out that the Pentagon distributed a highly unusual 74-page "debate prep book" filled with ready-made answers for criticism of the war.

"We cannot cut and run," the Pentagon battle plan says at one point, anticipating Democratic calls for a troop withdrawal on a fixed timetable.

As the debates got under way, the Senate sent the president an additional $66 billion for military operations in Iraq and Afghanistan — legislation Bush promptly signed — and the same day, the Pentagon announced the U.S. death toll for the war had reached 2,500.

"It's a number," White House press secretary Tony Snow said of the grim milestone. He said that Bush "feels very deeply the pain that the families feel."

The president has tried to rally support for the Iraq war in the days since the death of terror leader Abu Musab al-Zarqawi and the recent completion of a new Iraqi government.

But as the death toll and price tag of the conflict continue to rise, opinion polls show voters increasingly frustrated with the war and favoring Democrats to control Congress instead of the Republicans who now run the show.

Sensitive to those political realities, Republicans in both the Senate and House sought to put lawmakers of both parties on record on an issue certain to be central in this fall's congressional elections.

The Senate vote unfolded unexpectedly as the second-ranking leader, Mitch McConnell, R-Ky., introduced legislation he said was taken from a proposal by Sen. John Kerry, the Massachusetts Democrat and war critic. It called for Bush to agree with the Iraqi government on a schedule for withdrawal of combat troops by Dec. 31, 2006.

Senate Majority Leader Bill Frist, R-Tenn., said if the United States withdrew prematurely, "I am absolutely convinced the terrorists would see this as vindication." He predicted terrorism would spread around the world, and eventually reach the United States if the United States were to "cut and run" before Iraq can defend itself.

Democratic leader Harry Reid of Nevada shot back: "Two things that don't exist in Iraq and have not, weapons of mass destruction, and cutting and running."

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He accused Republicans of political gamesmanship and sought to curtail floor debate on the proposal. The vote occurred quickly.

Kerry called the vote "fictitious" and promised further debate next week on the issue. He and five other Democrats were in the minority on the vote — Russ Feingold of Wisconsin, Barbara Boxer of California, Robert Byrd of West Virginia, Tom Harkin of Iowa and Edward M. Kennedy of Massachusetts.

Senate Republicans claimed victory with the lopsided tally. "This sent a good message that the United States Senate overwhelmingly opposes a cut-and-run strategy," said John Cornyn of Texas.

In the House, partisan politics took center stage from the day's outset.

Rep. Charles Norwood (news, bio, voting record), R-Ga., attacked war critics as defeatists who do not deserve re-election. "Is it al-Qaida or is it America? Let the voters take note of this debate," he said.

In turn, Rep. Rahm Emanuel (news, bio, voting record), D-Ill., said: "Democrats will never put American service members in harm's way without a plan, and without support. For that, you need the sit-and-watch complacency of a Republican Congress."

"In this fight for the future of peace, freedom and democracy in the Middle East and around the globe, winning should be our only option," Rep. Phil Gingrey (news, bio, voting record), R-Ga., said, sticking to the GOP script.

"Stay and we'll pay," countered Rep. John Murtha (news, bio, voting record), D-Pa., who criticized "the failed policy of this administration" and lamented the lives lost, billions of dollars spent and the bruised U.S. image since the war started. "It's time to redeploy," he said.

Republicans arranged for the debate to culminate in a vote on a resolution that praises U.S. troops, labels the Iraq war part of the larger global fight against terrorism and says an "arbitrary date for the withdrawal or redeployment" of troops is not in the national interest.

Democrats decried the debate as a sham, saying Republicans promised an open discussion but, instead, stacked the deck in their favor by limiting debate to 10 hours and barring any amendments. They also complained that Republicans refused to allow them to present an alternative resolution — though Democrats weren't able to agree on just what to offer.

US Troop Pullout From Iraq Rejected By Senate (WT)

By Christina Bellantoni

The Washington Times, June 16, 2006

Members of Congress yesterday engaged in a bitter and sometimes raucous debate over Iraq war policy, with the Senate overwhelmingly rejecting a measure to bring troops home by year's end, a move several Democrats have called for but did not back with their votes yesterday.

Meanwhile, House lawmakers traded barbs on whether the Iraq war is linked to terrorism during debate over a Republican-written resolution that rejects a timetable for withdrawal of troops and affirms a commitment to staying in Iraq until the nation is "sovereign, free, secure and united."

The events came during an election year in which Democrats see a chance to regain control of each chamber, and as the United States marked a grim milestone of 2,500 troops killed since the war began in March 2003.

"We've done everything we can do militarily," said Rep. John P. Murtha of Pennsylvania, the most vocal Democratic war opponent. "Only Iraqis can solve the problem in Iraq. I say it's time to redeploy and be ready."

"President Bush told us from the beginning that this road would not be easy," said House Speaker J. Dennis Hastert in a rare floor speech that opened the debate.

"The battle is not over," the Illinois Republican said. "The alternative would be to cut and run and wait for them to group and regroup and bring the terror back to our shores."

"Three and a half years is hardly cutting and running," countered Rep. Diane Watson, California Democrat.

The House will vote today on the resolution, which also praises the troops and applauds the elimination of terrorist Abu Musab Zarqawi in Iraq.

In the Senate, Republicans attempted to embarrass Sen. John Kerry by forcing a vote on a measure identical to one he had drafted calling for troop withdrawal by the end of 2006. Senators opposed the measure on a 93-6 vote, which was forced to the Senate floor by Majority Whip Mitch McConnell, Kentucky Republican.

Mr. Kerry, the Massachusetts Democrat who ran for president in 2004, said he is crafting the withdrawal proposal with other Democrats, and said he was frustrated at what he called political games by the Republicans. Mr. Kerry added he plans a "serious debate" on a measure "that bears my name."

Senate Majority Leader Bill Frist of Tennessee said withdrawal would vindicate terrorists.

"This sent a good message that the United States Senate overwhelmingly opposes a cut-and-run strategy," said Sen. John Cornyn, Texas Republican.

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Besides Mr. Kerry, the resolution was backed by five Democrats -- Barbara Boxer of California, Robert C. Byrd of West Virginia, Russ Feingold of Wisconsin, Tom Harkin of Iowa and Edward M. Kennedy of Massachusetts.

In the House, Republicans, armed with talking points from the leadership and the Pentagon, invoked September 11 and the bombing of the USS Cole.

"If some people continue to preach cut and run for this war then they will continue to kill Americans and kill Americans and kill Americans," said Rep. Terry Everett, Alabama Republican. "I prefer doing it over in Iraq rather than in New York or Washington, D.C., or San Francisco."

Mr. Murtha, a decorated Vietnam veteran, angrily responded: "I know what rhetoric is and I know what fighting in the front lines are. ... You're not talking about Iraq. I'm talking about Iraq."

Republicans noted progress they have seen in Iraq, including establishment of the government, advancement of women's rights and democratic voting.

"Iraq is a catalyst for hope, a vivid example that the future of the broader Middle East belongs to freedom and democracy," said Rep. Ileana Ros-Lehtinen, Florida Republican.

Democrats said President Bush misled the country and lashed the administration for gaffes such as the torture of detainees in the Abu Ghraib prison. Several called for the firing of Defense Secretary Donald H. Rumsfeld.

"Our postwar mission as presently defined cannot succeed," said Rep. Jane Harman of California, the ranking Democrat on the House intelligence panel, who called for a "dramatic change of course."

Mr. Murtha rattled off some grisly statistics, including the increase in the number of attacks in Iraq daily, the rise in the number of insurgents and the conflict's $8 billion per month price tag.

Rep. George Miller, California Democrat, called the war "a blunder of historic proportions by this president."

But Rep. Henry J. Hyde, chairman of the House International Relations Committee and the resolution's sponsor, said lawmakers owe Mr. Bush "thanks, not condemnation."

"To insist that decisions must await perfect intelligence ... is to guarantee our defeat," the Illinois Republican said, adding, "Defeat in this new and more dangerous world means annihilation."

Democrats pointedly thanked and praised the troops before making their remarks.

But statements of support for the troops "ring hollow if we don't also say we support their mission," Mr. Hastert said.

Congress Boosts Iraq War Funds But Debates How Long To Stay (WSJ)

By David Rogers

The Wall Street Journal, June 16, 2006

WASHINGTON -- Congress sent President Bush billions of dollars more for the war in Iraq even as lawmakers debated into the night over how long the U.S. can afford to keep troops there.

Republicans seized the offensive, taking advantage of divisions among Democrats to force quick votes against withdrawal. But on the day that U.S. troop deaths in Iraq reached 2,500, the partisan tone distressed members in both parties and could create a backlash against the majority.

"The signs are evident that we are close today to a calamity if we don't recalibrate our policies," said Rep. Jim Leach (R., Iowa) in an implicit warning to fellow Republicans. "The issue is no longer the need to stay the course. It is to avoid overstaying the present."

The wartime-spending measure, including an additional $65.8 billion for military operations overseas, brings the total U.S. financial commitment in Iraq to almost $320 billion. Thus far, Congress has shown no willingness to withhold funds as it has in past wars, like Vietnam. While Senate Democrats are beginning to coalesce around an amendment calling for a phased withdrawal through 2007, the proposal is nonbinding on Mr. Bush.

In a pre-emptive skirmish yesterday, Senate Republicans engineered a 93-6 vote rejecting a more severe plan calling for withdrawal by the end of the year. The House will vote this morning on a Republican resolution opposing any "arbitrary date" for a pullout and committing the U.S. to complete the "mission to create a sovereign, free, secure and united Iraq."

Debate ran late last night as House leaders promised time for all members to air their ideas. But what was once billed by Majority Leader John Boehner (R., Ohio) as a "conversation" on Iraq evolved into more of a Republican political offensive that Democrats called a "charade."

"It's already uglier than I thought it would be," said Rep. Wayne Gilchrest (R., Md.), a Marine veteran of Vietnam, on his way to the floor. A debate prep book, compiled by the National Security Council and including Pentagon documents, was distributed by the White House. Rep. Charles Norwood (R., Ga.) urged voters to throw out the "defeatists" in November: "Is it al Qaeda or is it America?" he said.

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A central question is whether Republicans can convince voters that Iraq is "the central battlefield of this moment" in the larger war against terrorism as described by Rep. Tom Cole (R., Okla.) In opening debate, Speaker Dennis Hastert (R., Ill.) devoted much of his remarks to the immediate aftermath of the Sept. 11, 2001, terrorist attacks.

"It is a battle we must endure," he said. "The alternative would be to cut and run and wait for them to regroup and bring the terror back to our shores."

Responding for the Democrats, Rep. John Murtha of Pennsylvania said Iraq has proved a costly distraction from the larger war against al Qaeda, whose presence in Iraq has grown since the U.S. invasion but is outweighed by the threat to U.S. troops from insurgents and sectarian violence.

"We think we're caught in a civil war. The military cannot win this war. It's the way we're doing it is what I disagree with," said Mr. Murtha, who argued the U.S. can either "stay and pay" or "redeploy and be ready."

A Marine veteran of Vietnam, Mr. Murtha has become his party's lead spokesman for withdrawal and was confident the House debate hadn't helped Republicans. But Minority Leader Nancy Pelosi (D., Calif.) hasn't been able to express a strategy for her party, given the continued divisions. At a Democratic whip meeting, Rep. Barney Frank (D., Mass.) joked that perhaps the House should vote first on the Republican resolution and then debate later.

By nightfall, both sides seemed to admit there had been too much focus on the past. "Let's look ahead...How are you going to achieve this pep talk that's going to be voted on?" Rep. Vic Snyder (D., Ark,) asked Republicans.

In turn, Republicans were more willing to admit errors if Democrats would also stop talking about the past and help shape a consensus on what to do next.

"We are in Iraq. Today it is a training ground, a recruiting ground for terrorists," said Rep. John McHugh (R., N.Y.). "We should talk about how that happened so we don't repeat it in the future, but it is the reality for the moment. What do we do to end it? Where do we draw the line? Where do we say this is where we have to win?"

Congress Erupts In Partisan Fight Over War In Iraq (NYT)

By Robin Toner And Kate Zernike

The New York Times, June 16, 2006

WASHINGTON, June 15 — The House and the Senate engaged in angry, intensely partisan debate on Thursday over the war in Iraq, as Republicans sought to rally support for the Bush administration's policies and exploit Democratic divisions in an election year shadowed by unease over the war.

It was one of the sharpest legislative clashes yet over the three-year-old conflict, and it came after three days in which President Bush and his aides had sought to portray Iraq as moving gradually toward a stable, functioning democracy, and to portray Democrats as lacking the will to see the conflict through to victory.

In the House, lawmakers moved toward a vote on a Republican resolution promising to "complete the mission" in Iraq, prevail in the global fight against terrorism and oppose any "arbitrary date for withdrawal." In the Senate, lawmakers voted overwhelmingly to shelve an amendment calling on the United States to withdraw most troops by the end of this year, although Democrats vowed to revisit the debate next week.

Both actions were carefully engineered by the Republicans in charge, and for the moment put both chambers on a path to rejecting Congressional timetables for withdrawal .

House Republicans asserted that their resolution was essential to assure American troops and the world that the United States was behind the war in Iraq and the broader struggle against terrorism.

Speaker J. Dennis Hastert of Illinois opened the formal debate on a war that, the government announced Thursday, had claimed the lives of 2,500 American troops. "It is a battle we must endure and one in which we can and will be victorious," he said of the fight in Iraq and beyond. "The alternative would be to cut and run and wait for them to regroup and bring the terror back to our shores."

He said the American troops in Iraq knew their cause was noble. "It is time for this House of Representatives to tell the world that we know it, too, that we know our cause is right and that we are proud of it." Democrats, divided over the wisdom of the war but more or less united in condemning Mr. Bush's management of it, countered that the Republican resolution was a political ploy, "a press release for staying the course in Iraq," as Representative Jane Harman, Democrat of California, put it.

At the start of the debate, Representative Ike Skelton, Democrat of Missouri, asked for a moment of silence to recognize the 2,500 American military deaths in Iraq. Many lawmakers talked about visiting the troops, in Iraq and in hospitals, and about the toll in death and suffering.

Representative John P. Murtha, the Pennsylvania Democrat and Vietnam War veteran whose call for a speedy withdrawal of troops transformed the debate last year, rose repeatedly to tell Republicans, "Rhetoric does not solve the problem." He added: "We need a plan. It's not enough to say stay the course."

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Referring to the sectarian violence cleaving Iraq, Mr. Murtha said, "They're fighting each other, and our troops are caught in between." The House, which debated the resolution for more than 11 hours on Thursday, is scheduled to vote on it on Friday. The Senate debate will continue into next week.

Five months before the November elections, partisan passions ran high. Republicans argued repeatedly that their Democratic opponents lacked the toughness to confront terrorism, returning to themes that they used successfully in 2004. "Many, but not all, on the other side of the aisle lack the will to win," said Representative Charlie Norwood, Republican of Georgia. "The American people need to know precisely who they are." He said: "It is time to stand up and vote. Is it Al Qaeda, or is it America?"

Democrats countered, at times with barely controlled fury. Representative Nancy Pelosi of California, the Democratic leader, described the war "as a grotesque mistake." She and others said Congressional Republicans were simply trying to "trap" Democrats, not engage them in a true debate. The resolution Republicans offered could not be amended, but only voted up or down.

Democrats in the Senate cried foul when Republicans forced a vote on a withdrawal amendment originally developed by Senator John Kerry, Democrat of Massachusetts. Mr. Kerry had held off from seeking a vote on it, while working with other Democrats to seek a broader consensus. But Senator Mitch McConnell of Kentucky, the Republican whip, simply scratched out Mr. Kerry's name, replaced it with his own and offered it for debate. Senator Bill Frist of Tennessee, the majority leader, characterized the amendment as "cutting and running."

Senator Harry Reid of Nevada, one of many Senate Democrats who oppose Mr. Kerry's amendment, rose to declare, "There are two things that don't exist in Iraq: cutting and running, and weapons of mass destruction." Mr. Reid moved to remove the amendment from consideration, and his motion was approved by a vote of 93 to 6. Senate Democrats promised to return next week with additional amendments on an exit strategy for American troops.

Senator John Cornyn, Republican of Texas, portrayed the vote to table the amendment as a declaration of support for the fledgling Iraqi government. "This sends a good message that the United States government opposes, overwhelmingly, a cut-and-run strategy."

But Democrats said the vote was just a political game. "It's just kind of a jump-ball, stick-it-to-them kind of thing," said Senator Dianne Feinstein, a California Democrat.

Democrats have been divided over a deadline for the withdrawal of American troops. Last November, they rallied around legislation, which passed in an overwhelming bipartisan vote, that declared 2006 should be a "year of significant transition" in Iraq. In both chambers, Democrats have been trying to arrive at language that goes beyond that, but stops short of a firm deadline.

In a highly unusual attempt to influence the debate, the Pentagon sent a 74-page "prep book" to several members of Congress, outlining what it called "rapid response" talking points to rebut criticism of Mr. Bush's handling of the war and prewar intelligence. The Pentagon sent the book to Democratic leaders on Wednesday night, apparently in error, then sent an e-mail message two hours later asking to recall it.

The resolution under debate in the House declares that the United States and its allies are "engaged in a global war on terror, a long and demanding struggle against an adversary that is driven by hatred of American values and that is committed to imposing, by the use of terror, its repressive ideology throughout the world." It also declares that "the terrorists have declared Iraq to be the central front in their war against all who oppose their ideology."

Representative Barney Frank, Democrat of Massachusetts, asserted that "the war in Afghanistan was the response to the terrorist attacks" — not the war in Iraq.

The combination of the popular and unpopular in this resolution — support for the troops, combined with an endorsement of the administration's policy and a rejection of any withdrawal deadline — left many Democrats in a bind as they headed toward Friday's vote. But some Democrats argued that it left Republicans in a bind, too, committed to an open-ended presence in Iraq.

House Debate On Iraq War Gets Under Way (AP)

By Liz Sidoti

AP, June 15, 2006

The House erupted in impassioned, election year debate over Iraq war on Thursday, Republicans defending the conflict as key to winning the global struggle against terrorism while Democrats excoriated President Bush and his policies.

"Is it al Qaida or is it America? Let the voters take note of this debate," said Republican Rep. Charles Norwood (news, bio, voting record) of Georgia, attacking war critics as defeatists who do not deserve re-election.

The war was "a grotesque mistake," countered the Democratic leader, Rep. Nancy Pelosi (news, bio, voting record) of California. "The administration continues to dig a hole. They refuse to come up and see the light," she said.

The debate unfolded four months before midterm elections that will decide the control of Congress.

The United States has absorbed the deaths of 2,500 troops in the three-year conflict, which began when a U.S.-led invasion toppled Saddam Hussein, but quickly turned sour in the face of a brutal insurgency.

Polls show the war has become unpopular. But Bush has tried to rally support in the days since the death of terror leader Abu Musab al-Zarqawi, and the recent completion of an new Iraqi government.

The Pentagon prepared a battle plan for the debate, distributing a highly unusual 74-page "debate prep book" filled with ready-made answers for criticism of the war.

"Iraq will become a haven for terrorists, murderers and thugs," if the United States leaves "before the job is done," the booklet says.

"We cannot cut and run," it says at another point, anticipating Democratic calls for a troop withdrawal on a fixed timetable.

The Associated Press obtained a copy of the 74-page document. It was sent to both Republicans and Democrats and it laid out the administration's positions in strong terms and offered page after page of counterpoints to criticisms that Democrats typically level against Bush's war policies.

"In this fight for the future of peace, freedom and democracy in the Middle East and around the globe, winning should be our only option," said Rep. Phil Gingrey (news, bio, voting record), R-Ga.

Countered Rep. Carolyn Kilpatrick (news, bio, voting record), D-Mich.: "Retired generals have spoken. We need a new direction. The troops should be redeployed. They should be brought home at the most practicable time with a plan that we don't now have under this administration."

Republicans arranged for the debate to culminate in a vote either later Thursday or Friday on legislation — a resolution — that labels the Iraq war part of the larger global fight against terrorism and says an "arbitrary date for the withdrawal or redeployment" of troops is not in the national interest.

Across the Capitol, partisan tensions on the Iraq war were clear as the Senate debated annual military legislation. Sen. John Kerry, the Democratic Party presidential candidate in 2004 and a potential 2008 standard-bearer, expected to introduce an amendment that calls for the administration to redeploy combat forces from that war zone by year's end.

In the House, Republicans sought to put lawmakers of both parties on record on an issue certain to be central in this fall's congressional elections.

"The fundamental question in this debate is: Are we going to confront the threat of terrorism and defeat it, or will we relent and retreat and hope the problem goes away?" House Majority Leader John Boehner, R-Ohio, said, providing a preview of the possible GOP line of attack should Democrats balk.

As the death toll and price tag of Iraq rise, opinion polls show voters are frustrated with the war and favor Democrats to control Congress instead of the Republicans who now run the show.

Sensitive to those political realities, House Republican leaders want to make Democrats defend their positions on Iraq — and highlight deep differences on the matter within the Democratic Party — while trying to present their own unified position calling for staying the course in both Iraq and the larger war on terrorism.

But differences also exist within the GOP and those are sure to be discussed as well.

Republican leaders portray the debate as the first of its kind since the Iraq war started in 2003. But they staged a similar vote on a resolution rejecting the immediate withdrawal of troops last year after Democratic Rep. John Murtha (news, bio, voting record) of Pennsylvania, in a reversal, called for a quick exit from Iraq.

Democrats dismiss the House GOP resolution as nothing more than political theatrics, and they were expected to use the debate to rail against Bush's wartime policies. Yet they also are mindful that voting against such a resolution could leave them vulnerable to attacks by Republicans who could claim that Democrats who opposed the resolution don't support U.S. troops and advocate a "cut-and-run" strategy.

To that end, a memo this week by Boehner urged his fellow Republicans to frame the debate as "a portrait of contrasts between Republicans and Democrats."

In both the House and Senate, Democrats appear to be divided into three camps. Some want troops to leave Iraq this year. Others object to setting any kind of timetable. A number of them want the United States to start redeploying forces by year's end but don't want to set a date when all troops should be out.

Congress Becomes A Battleground In Iraq War (LAT)

By Maura Reynolds

The Los Angeles Times, June 16, 2006

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WASHINGTON -- For the first time since the United States invaded Iraq three years ago, Republican leaders on Thursday officially convened a full-scale debate over the war -- an effort that they hoped would showcase the increasingly divergent positions of the two parties and that wound up unleashing fierce passions and acrimony on both sides.

Democrats denounced the debate in the House of Representatives as a "sham," objecting to Republicans' characterization of debate on a nonbinding resolution on the war as a choice between "staying the course" and "cutting and running."

Republicans accused Democrats of indecision and division, repeatedly equating talk of withdrawal with "retreat."

"Members, this is not the time to go wobbly. Let's give victory a chance," proclaimed Rep. Gil Gutknecht, R-Minn.

"This side is not trying to go wobbly," countered Rep. Jane Harman of California, the top Democrat on the House Intelligence Committee. "We're trying to articulate what we think would be a better strategy for success in Iraq."

The rancor spilled over to the Senate, where Republican leaders forced a test vote on the idea of withdrawal in an effort to fan divisions among Democrats. The measure failed 93-6.

"This sends a good message that the U.S. Senate overwhelming opposes a cut-and-run strategy in Iraq," said Sen. John Cornyn, R-Texas.

Sen. John F. Kerry (D-Mass.), whose ideas on withdrawal formed the basis for the Republican-offered measure, denounced the maneuver as a "fibbing and fictitious vote." He said he was still working on his version of a withdrawal plan and would introduce it next week.

"I look forward to having a debate, but I look forward to having a debate on the amendment that I bring as a senator," Kerry said.

The long-postponed debate on Iraq comes four months before the midterm congressional elections, in which some strategists believe that sentiment for and against the war could determine which party emerges with a majority in Congress.

And it coincided with an announcement by the Pentagon that the number of U.S. personnel who have died in Iraq has reached 2,500. Rep. Ike Skelton, D-Mo., took advantage of that milestone to call for a moment of silence on the House floor in honor of the fallen.

"This nation is at a strategic crossroads," Skelton said. "We are spending $9 billion a month and have spent over $300 billion total on this war. More strikingly, we are losing a battalion's worth of casualties a month, killed and injured ....

"We have been there some three years," he added. "I think it's time for us to seriously look at where we are, where we're going."

Until Thursday, the House of Representatives had not formally debated military operations in Iraq since October 2002, when the chamber voted to authorize the use of force if Iraq failed to comply with United Nations demands. The United States invaded and occupied Iraq six months later.

An upsurge in violence and a perceived lack of progress in rebuilding the country politically and economically has sapped public support for the war.

All the same, many Republicans believe that discussing the war works to their party's favor politically, allowing them to press the assertion that Democrats are weak and indecisive on national security issues.

"Frankly, I believe their real challenge is that they have no common unified position on Iraq as a party," said Rep. Tom Cole, R-Okla. "Whether we are right or wrong on our side of the aisle, we do have a common position and it's expressed in this resolution."

House Speaker J. Dennis Hastert, R-Ill., outlined the GOP position in opening the debate. He spoke at length about the Sept. 11 terrorist attacks, and asserted that Iraq was an integral part of the campaign against terrorism that began that day.

"It is a battle we must endure and one in which we can and will be victorious. The alternative would be to cut and run and wait for them to regroup and bring the terror back to our shores," Hastert said.

In an effort to force Democrats into an uncomfortable vote, Republican leaders -- including Hastert -- crafted a resolution that combined expressions of support for the troops and resolve in combating terrorism with a commitment to the engagement in Iraq. They also adopted rules that did not permit Democrats to offer amendments.

"It's really unfortunate, as the president contends that we are fighting for democracy in Iraq, that we can't have democracy on the House floor," said House Minority Leader Nancy Pelosi, D-Calif.

"We expected a resolution confined to the country of Iraq and the conflict there," Skelton said. "That is not what this resolution is. This resolution covers the entire Middle East waterfront, trying to blend together the Iraqi war and the war against terrorism, which has its genesis in Afghanistan. These are two separate and distinct wars."

A vote on the House resolution is expected Friday.

In the Senate, Democrats and Republicans engaged in parliamentary hardball throughout the day as they debated a defense spending authorization bill.

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Seizing on news reports that Iraq's new prime minister, Nouri al-Maliki, supported amnesty for some insurgents who had killed Americans, Democrats sought to embarrass the administration by quickly offering an amendment to the bill condemning the idea.

Republicans, seeking to encourage the divisions between Democrats over whether and when to withdraw from Iraq, countered by introducing an amendment calling for withdrawal by the end of the year.

Sen. Mitch McConnell of Kentucky, the chamber's second-ranking Republican, introduced under his own name a withdrawal proposal that Kerry had outlined earlier in the week.

Senate Minority Leader Harry Reid, D-Nev., seeking to scuttle the Republican move, quickly called for a test vote on the measure. In Iraq, he said, there are "two things that don't exist: weapons of mass destruction and 'cutting and running.' "

Just six Democrats -- Sens. Barbara Boxer, D-Calif., Robert Byrd, D-W.Va., Russell Feingold, D-Wis., Tom Harkin, D-Iowa, Edward M. Kennedy, D-Mass., and Kerry -- voted for the withdrawal measure.

Reid is working on a withdrawal proposal that he hopes will attract the support of a large number of Senate Democrats. Debate continues on the defense bill next week.

Iraq Debate Pits Uncertainty Against Anxiety (LAT)

By Ronald Brownstein

The Los Angeles Times, June 16, 2006

WASHINGTON — The new Republican drive to focus attention on the Iraq war represents a high-stakes gamble: that doubts about the direction Democrats might set on national security exceed anxieties about the course charted by President Bush.

Through a series of high-profile efforts culminating Thursday with sustained House and Senate debates on the war, the White House and congressional Republicans are aiming to portray Democrats as too soft and too divided to steer the Iraq conflict to a successful conclusion.

But in the process, Republicans risk deepening their identification with a war that, surveys show, still sparks skepticism and concern among most Americans — even after the spike in public support that followed the killing of Abu Musab Zarqawi, the leader of Al Qaeda in Iraq.

In Thursday's debates on Capitol Hill, Republicans argued that Democrats would withdraw U.S. troops from Iraq too quickly. But they also provided the opportunity for a succession of Democrats to argue that Bush would stay too long.

The political fallout from this escalating confrontation in November's midterm election may pivot on which three words voters find more troubling: "cut and run" or "stay the course."

Steven Kull, director of the Program on International Policy Attitudes at the University of Maryland, said that although the debate illuminated divisions among Democrats, it also posed a clear political danger to Republicans.

"The Republicans have the potential of being seen as overreaching, of trying to stay in Iraq until we have it exactly the way we want it," Kull said.

The coordinated Republican push on Iraq, which included Bush's surprise visit to the country this week and a lengthy news conference after his return, highlights a core element of the GOP strategy for the fall's vote. Among Republican strategists, it is an article of faith that the party will fare better if it can shift the focus of voters from a backward-looking referendum on Bush's record to a forward-looking choice over the path America should follow.

Democratic candidates have been encouraging voters to use the election as a means of expressing discontent with the Bush administration's Iraq policy since the U.S. invasion more than three years ago. But Republicans want voters to ask which party they believe would be more likely to produce progress in Iraq in the months and years ahead.

"We think we can win that debate," said one senior GOP strategist familiar with White House thinking, who requested anonymity when discussing internal party deliberations. "We won it in 2004, and the Iraq war was not particularly popular then. It is better when we debate other people instead of debating events."

As part of this strategy, House GOP leaders offered a resolution Thursday asserting that U.S. interests would not be served by setting "an arbitrary date" for withdrawing troops from Iraq. The measure, due for a vote today, also expresses support for the Iraq war "as part of the global war on terror."

Senate Republican leaders, seeking to embarrass their Democratic colleagues, forced a vote on a resolution supporting the withdrawal of almost all U.S. troops by year's end — a plan Sen. John F. Kerry (D-Mass.) has said he expects to propose next week. The resolution failed, 93-6.

In pressing their case on Iraq, Republicans have argued that most Democrats want to precipitously withdraw U.S. troops from Iraq before the country is secured — a policy Republicans deride as "cutting and running."

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Bush, at his news conference Wednesday, and GOP lawmakers, during Thursday's debates, argued that the key to success in Iraq was perseverance and determination.

"We know this: Our enemies are persistent and will stay the course," said Rep. Heather A. Wilson (R-N.M.). "So that is the choice we face as a nation … a choice between resolve and retreat."

Such pronouncements, GOP strategists say, taps into a traditional, if diluted, Bush strength — the sense among most voters that he provides strong leadership — as well as a traditional Democratic weakness — doubts about the party's toughness on national security.

Yet the Republican stress on "staying the course" allowed Democrats to maintain that Bush and his congressional supporters were promising Americans only an open-ended commitment in Iraq.

The core Democratic strategy in the House debate was to catalog the costs and disappointments of the war — Rep. Ike Skelton (D-Mo.) noted that the death toll for U.S. troops had reached 2,500 — and to charge that the Republican position guaranteed more of the same.

"Instead of staying the course, we need to chart a smarter course," Rep. Lloyd Doggett (D-Texas) said. "It's not weakness or retreat to realize the administration offers us only an endless spend-and-bleed policy."

Rep. Rahm Emanuel (D-Ill.), chairman of the Democratic Congressional Campaign Committee, declared: "Stand pat, stay put, status quo: That is the Republican policy."

The political danger for Republicans is that although public opinion has moved in Bush's direction since Zarqawi's death, polls show that most Americans remain disillusioned with the war. For instance, in an NBC News/Wall Street Journal survey released Thursday, 52% said the war had not been worth the cost, whereas 40% said it had.

Kull, of the University of Maryland, noted that past gains in public support for the war "have had a short half-life," receding as the violence in Iraq continued.

For Democrats, the polls show political danger if Republicans can succeed in portraying them as backing a policy of "retreat" that would leave Iraq in chaos. In recent surveys, Americans have divided almost evenly on whether the U.S. should withdraw its troops before Iraq is stabilized.

Carl Forti, communications director for the National Republican Congressional Committee, predicted that the principal political value for his party from this week's congressional debate would come from identifying Democrats with an antiwar position that he argued most Americans would reject.

Americans "understand we can't walk away," Forti said. "To have Democrats so far out to the left on this is almost more effective than anything we can say ourselves."

Some critics of the war raised the opposite charge against congressional Democrats, complaining that they had not identified the party with a clear alternative to Bush's Iraq policy.

House Democrats failed to offer a partywide alternative to the GOP resolution. And the Senate's vote suggested that the amendment Kerry is planning on U.S. troop withdrawal will attract scant support. Despite intensive internal negotiations, other Senate Democrats have not reached agreement on a more moderate alternative.

"As long as no one is going to have a clear stand on the war … [Democrats] are not going to maximize the political benefits from the troubles the president finds himself in," said Ivo H. Daalder, a war critic and senior fellow at the Brookings Institution think tank.

GOP Bill Would Reject Deadline For Withdrawal (USAT)

By Andrea Stone

USA Today, June 16, 2006

WASHINGTON — Republicans in Congress sought on Thursday to capitalize on recent good news from Iraq by opening an election-year debate on a resolution to back President Bush's wartime policy, a bid they hope will neutralize Democrats' advantage on the issue.

The House of Representatives is expected to vote today on a resolution declaring “that it is not in the national security interest … to set an arbitrary date” for withdrawing troops from Iraq.

In the Senate, Republicans pulled a switch on the Democrats by offering an amendment to withdraw combat troops by the end of the year, saying it was based on a plan by Sen. John Kerry, D-Mass. It was shelved on a vote of 93-6.

Earlier, the Senate approved and Bush later signed a $94.5 billion emergency spending bill to fund the wars in Iraq and Afghanistan, as well as to aid hurricane victims.

Recent polls indicate the public believes Democrats would do a better job on Iraq than Republicans. GOP leaders hoped to shift momentum after the death of terrorist Abu Musab al-Zarqawi and the formation of an Iraqi government.

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Bush made a surprise visit to Iraq on Tuesday. He chided Democrats on Wednesday that while bringing troops home “may sound good politically, it will endanger our country to pull out of Iraq before we accomplish the mission.”

House Majority Leader John Boehner of Ohio said the floor debate would “help educate Americans about where their members are” on Iraq. In a memo to other Republicans, he said he wanted the debate to create a “portrait of contrast” between Republicans who “believe victory in Iraq will be an important blow to terrorism” and Democrats who “are prone to waver endlessly about the use of force to protect American ideals.”

On a day when both chambers of Congress paused in silence to mark the 2,500th U.S. death in Iraq, House Democrats accused Republican leaders of playing politics.

Republicans are “trying to create a trap” to force Democrats to appear opposed to supporting the troops, said House Minority Leader Nancy Pelosi of California. While Democrats have differed over whether to set timetables for withdrawal, Pelosi said, they agree the war was “a grotesque mistake.”

Some Republicans also questioned their leaders' decision to give Democrats a platform to remind voters of missteps in Iraq.

“This is dragging everyone down in the polls,” said Rep. Ray LaHood, R-Ill. “Now is not the right time to be highlighting the war.”

The House resolution is “a continuation of our rhetoric from the past,” said Rep. Wayne Gilchrest, R-Md. “We need a sense of urgency to end the war successfully.”

It's not clear which party will get a boost that will help in November.

John Pitney, a political scientist at California's Claremont McKenna College, said that while the strategy “diminishes the Democratic advantage on the issue,” speeches aren't enough. “The situation in Iraq would have to improve dramatically before it became a net plus for the GOP,” he said.

Parties Face Off Over Iraq War In 11-Hour Debate (WP)

By Jonathan Weisman And Charles Babington

The Washington Post, June 16, 2006

Congress plunged into a wide-ranging debate over the origins and conduct of the war in Iraq yesterday, with each party excoriating the other for alleged weakness and complacency about the stakes involved.

As the Pentagon announced the 2,500th death of a U.S. service member in the conflict, the House embarked on its first extended discussion of the war since Congress authorized force nearly four years ago. More than 140 lawmakers took the floor to applaud or attack President Bush's prosecution of the war in an 11-hour debate scheduled to last until nearly midnight.

The debate will culminate today with a vote on a Republican-drafted resolution declaring that the United States must complete "the mission to create a sovereign, free, secure and united Iraq" without setting "an arbitrary date for the withdrawal or redeployment" of U.S. troops.

In the Senate, Republicans tried to put Democrats on the record as supporting or opposing an amendment -- drafted by Sen. John F. Kerry (D-Mass.) but submitted for a vote by Sen. Mitch McConnell (R-Ky.) -- to demand a timetable for the withdrawal of U.S. forces from Iraq. Senate Democrats, meanwhile, pushed Republicans to condemn a proposal by the newly formed Iraqi government to offer limited amnesty to insurgents who had killed U.S. troops.

Though the day's rhetoric was often partisan in tone, the discontent over the status quo in Iraq was evident on both sides. Dozens of lawmakers spoke emotionally -- recriminations mixed with appeals to patriotism -- on how the nation should proceed in the three-year-old conflict that has become more protracted, deadly and complex than most of them had expected at its outset.

The votes will not bind the administration, but the debates had the effect of putting scores of elected officials on the record concerning the nation's most pressing issue at a moment when the approaching midterm elections are putting control of both the House and the Senate in play.

House Republicans took the offensive, repeatedly asserting that Democrats have adopted a "defeatist" policy of retreat that would embolden international terrorists and imperil national security. Their position was bolstered by a 74-page document drafted by the White House and distributed by the Pentagon, replete with talking points, quotations and timelines to back administration policy. Rep. Jim McDermott (D-Wash.) called the document "an affront to the American people."

"We're not making progress," said Rep. John P. Murtha (D-Pa.), a Marine Corps veteran who has emerged as his party's leading opponent of the war. He said Iraqis are fighting a low-grade civil war in which U.S. soldiers should not be involved. "They're fighting each other, and our troops are caught in between," he said.

"We make progress every day," countered Rep. Mike Rogers (R-Mich.), who contended that the only people who want the U.S. military to leave Iraq are terrorists and "some politicians." Looking at Murtha, he added: "Don't get confused about every little problem that happens."

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In the Senate, Republicans were also spoiling for a chance to depict Democrats as soft on the war, but Democrats largely thwarted the effort. GOP senators wanted a vote on language recently drafted by Kerry calling for nearly all U.S. troops to be withdrawn from Iraq by the year's end. But Kerry, his party's 2004 presidential nominee, surprised the Republicans by declining to offer the language as an amendment to a defense authorization bill, after colleagues had urged him to consider possible revisions.

To force a debate and a vote, McConnell, the GOP whip, introduced Kerry's language as his own, knowing that all Senate Republicans and most Democrats would vote against it. Democrats objected when Majority Leader Bill Frist (R-Tenn.) called the measure "Kerry's amendment." Kerry said the maneuver led to "a fibbing, fictitious vote."

The Senate voted 93 to 6 to reject the amendment. The six Democrats who voted against killing it were Kerry, Barbara Boxer (Calif.), Robert C. Byrd (W.Va.), Russell Feingold (Wis.), Tom Harkin (Iowa) and Edward M. Kennedy (Mass.).

Vice President Cheney weighed in, taking note of Kerry's statement earlier this week urging fellow Democrats who joined him in authorizing force in 2002 to acknowledge that the war is a mistake. "I'm not surprised at John Kerry switching his position yet again," Cheney said on Sean Hannity's radio talk show. Kerry is charging "that somehow he was misled," the vice president said. "He wasn't misled. He saw the same intelligence all the rest of us saw. He knew what an evil actor Saddam Hussein was."

Frist used the brief Senate debate to say that a substantial troop withdrawal by Dec. 31 would amount to "cutting and running" and would prompt Iraq to renew its pursuit of "weapons of mass destruction." Minority Leader Harry M. Reid (D-Nev.) replied that "two things don't exist in Iraq: weapons of mass destruction, and cutting and running."

Reid spokesman Jim Manley said Democrats will propose language next week calling on Bush to "begin the phased redeployment of U.S. troops this year."

Senate Democrats tried to gain the upper hand in yesterday's debate by seizing on a Washington Post article reporting that Iraq's new prime minister is considering limited amnesty for guerrillas who had attacked U.S. troops. Two Democrats who are running in competitive states this fall -- Sens. Bill Nelson (Fla.) and Robert Menendez (N.J.) -- introduced a "sense of the Senate resolution" calling on Bush to strongly oppose the amnesty idea.

Republicans called the effort a pointless diversion, with Iraqi Prime Minister Nouri al-Maliki's office having accepted the resignation of the aide who had described the possible amnesty plan.

Central to the House Republicans' argument was the much-disputed link between the attacks of Sept. 11, 2001, and the war in Iraq. "We in this Congress must show the same steely resolve as those men and women on United Flight 93; the same sense of duty as the first responders who headed up the stairs of the twin towers," said Speaker J. Dennis Hastert (R-Ill.). "We must stand firm in our commitment to fight terrorism and the evil it inflicts throughout the world."

"It is a choice between resolve and retreat," said Rep. Heather A. Wilson (N.M.), one of the most vulnerable Republicans in a swing district that has turned against the war.

Democrats criticized what they called nearly four years of congressional refusal to exercise oversight powers and to challenge the administration's Iraq policies. "Congress cannot be infinitely passive," said Rep. Jane Harman (D-Calif.).

Rep. Rahm Emanuel (Ill.), chairman of the Democratic Congressional Campaign Committee, said: "This Republican Congress sat and watched the president make mistake after mistake after mistake. . . . You have adopted an approach of 'see no evil, speak no evil, hear no evil' with abandon."

Party lines stiffened during the debate. Even Rep. Wayne T. Gilchrest (Md.), one of five Republicans who signed a Democratic resolution demanding that the president develop an exit strategy, was content to simply implore his colleagues to "have a powerful sense of urgency to end the war and end the war successfully."

The debates played out less than five months before elections that will be colored by what recent polls have shown to be an unpopular war that has dragged down voter confidence in Bush and the GOP-led Congress.

But Republican strategists say their party can still take a page from Bush's 2004 reelection campaign and use the debate to portray Democrats as weak on national defense. GOP pollster Tony Fabrizio said Democrats "have been badly outmaneuvered" by the White House and GOP leaders in capitalizing on Abu Musab al-Zarqawi's death. "A couple of weeks ago, all the focus was on divisions in the GOP over immigration. Now it's Democratic division over the war and national security."

Congress Debates War As Death Toll Rises (CHIT)

By Jill Zuckman

Chicago Tribune, June 16, 2006

WASHINGTON -- After more than three years and 2,500 deaths, the House embarked Thursday on its most extensive and impassioned debate about the war in Iraq, with Republicans demanding support for President Bush's course and Democrats calling for a change in direction to allow U.S. troops to come home.

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Lawmakers were expected to talk late into the night, resuming their debate Friday and then voting on a resolution crafted by Republican leaders. The highly partisan resolution would shun specific timetables for redeploying troops out of Iraq and casts the war as a central front in the war on terrorism.

The spectacle of Congress plunging into a substantive, heartfelt and relatively civil debate on the merits of the war reflects the urgency that lawmakers feel about addressing what has become a volatile political situation with midterm congressional elections looming in November. Democrats are trying to capitalize on voters' disenchantment, while Republicans are trying to portray themselves as resolute and strong.

House Speaker Dennis Hastert (R-Ill.) was first to speak, casting the debate in sweeping, historic terms as a means to protect Americans from terrorists at home and to nurture a way of life.

"This resolution is about more than the war in Iraq and Afghanistan," said Hastert, who rarely speaks on the floor and votes on only the most important occasions. "It is about a global war to protect American ideals, and the democracy and values on which this great nation was founded. This resolution, like this war itself, is about freedom."

Democrats, however, called the proceedings undemocratic because Republicans would not allow them to offer amendments. And they accused the president of politicizing intelligence, barreling into the war without a plan and making repeated mistakes along the way.

"Democrats are united in saying we need a new direction in Iraq," said House Democratic Leader Nancy Pelosi of California. "This is a war that is a grotesque mistake."

As the elections draw closer, Republicans are hoping to tout achievements in Iraq and to turn public opinion in their favor. But polls show Americans believe the war in Iraq is the most important issue facing the nation, and they have been disappointed in the way Bush and Congress have handled it.

Still, the timing of this week's debate could not have been better for Republicans. The recent killing of terrorist Abu Musab al-Zarqawi, the formation of an Iraqi Cabinet and the emergence of Prime Minister Nouri al-Maliki may help the GOP make the case that the picture in Iraq is improving.

In the Senate, Republicans scored a quick political victory Thursday when Sen. Mitch McConnell (R-Ky.) offered an amendment written by Sen. John Kerry (D-Mass.) that called for the withdrawal of U.S. combat troops by the end of the year. The amendment was defeated 93-6.

But Democrats employed their own bit of symbolism when Rep. Ike Skelton of Missouri, the ranking Democrat on the Armed Services Committee, asked for a moment of silence on the House floor to mark the 2,500th U.S. combat death, which occurred Thursday.

At the White House, Press Secretary Tony Snow called the number a "sad benchmark."

"Any president who goes through a time of war feels very deeply the responsibility for sending men and women into harm's way, and feels very deeply the pain that the families feel," Snow said. "And this president is no different."

From one speaker to the next throughout the long day of House speeches, the strategy on both sides of the aisle was clear. Republicans stressed the evils of terrorism and the need to supporting the troops, while Democrats questioned the administration's competence and credibility.

"The truth has been a major casualty of the war in Iraq," said Rep. Jan Schakowksy (D-Ill.), a founder of the "Out of Iraq" caucus. "It is worth reviewing just a few of the statements presented as truth that were told over the last four years, some remarkably being said again today, that have been proven not true, never true and still not true."

Schakowsky noted that Vice President Dick Cheney said Saddam Hussein had weapons of mass destruction; Defense Secretary Donald Rumsfeld said the war would cost $50 billion, and Bush himself declared that major combat operations in Iraq had ended on May 1, 2003.

Other Democrats said that Congress has abandoned its oversight responsibilities, allowing the administration to say or do anything without consequence.

"This Congress has adopted an approach of 'see no evil, hear no evil, speak no evil' with abandon," said Rep. Rahm Emanuel (D-Ill.). "Democrats will never put American service members in harm's way without a plan and without support. For that, you need to sit and watch complacency of a Republican Congress."

In preparation for the debate, the Pentagon put together an unusual briefing book, laying out the case for war and providing responses to potential criticism that might arise. The book was sent to lawmakers, including anti-war congressmen, and the Pentagon later tried to recall it.

In their remarks, Republicans ticked off all the terrorist attacks that have occurred in recent years, beginning with the bombing of the Marine barracks in Beirut when Ronald Reagan was president and including the Sept. 11 attacks on the United States. Linking those attacks and the war in Iraq, lawmakers said the United States must not waver.

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"We must stand firm in our commitment to fight terrorism and the evil it inflicts throughout the world," Hastert said. "We must renew our resolve that the actions of evildoers will not dictate American policy."

But Rep. Jack Murtha (D-Pa.), the Democrats' leading war critic, said it is time to leave the war-torn nation.

"Only the Iraqis can solve the problem in Iraq," said Murtha, a decorated Marine. "They're fighting with each other, and our troops are caught in between, and I say it's time to redeploy."

Congressional Debate On Iraq War More About Politics Than Policy (KRT)

By James Kuhnhenn And William Douglas

Knight Ridder, June 15, 2006

WASHINGTON - Republicans firmly defended President Bush's policies in Iraq and Democrats accused his administration of waging a botched and mistaken war as the House of Representatives engaged Thursday in its first extended debate on the war since U.S. troops removed Saddam Hussein from power more than three years ago.

The election-year debate was freighted with politics, as Republicans seized on recent upbeat news from Iraq to portray Democratic calls for troop withdrawals as a policy of "cut and run." Yet for all the political overtones, the tone of the House debate was strikingly civil, sober and morally serious.

"We are making progress toward our goal, but the battle is not over," Speaker Dennis Hastert, R-Ill., said. "It is a battle we must endure and one in which we can and will be victorious. The alternative would be to cut and run and wait for them to regroup and bring the terror back to our shores."

Democrats largely avoided discussion of a withdrawal deadline, focusing their attention on the continuing bloodshed in Iraq, as the U.S. military death toll reached 2,500 there on Thursday. They described conditions in Iraq as worse than when the war began in 2003 and said the war has damaged America's image abroad.

"It's not getting better. . . . Things are getting worse. . . . More Americans are being killed every day," said Rep. John Murtha, D-Pa. "We're caught in a civil war between 100,000 Shias and 20,000 Sunnis fighting each other."

The Democrats' stance against Bush belied deep divisions within their party on whether to withdraw from Iraq, and if so, how fast. In the Senate, an expected debate on a Democratic measure calling for gradual withdrawal wallowed on hold all day amid disputes among Democrats over the precise language of their proposal.

In one parliamentary ploy, Republicans forced Democrats to vote against an amendment similar to one pending from Sen. John Kerry, D-Mass. It called for the United States to withdraw the bulk of its troops from Iraq by the end of this year. The Senate voted 93-6 to kill the measure. Kerry was among the six voting no, but he accused Republicans of forcing a "fictitious vote" and pledged to bring up his own version of the measure next week.

Kerry urged the Senate to eschew parliamentary gamesmanship and give "seriousness of purpose" to a "debate of this kind of consequence."

That vote, however, illustrated the squeamishness among Democratic lawmakers over supporting a hard and fast deadline for withdrawal, especially such an immediate one, despite pressure from the party's liberal base. Senate Democratic Leader Harry Reid of Nevada, consulting with his party's top foreign policy leaders, was inclined to seek a gradual withdrawal that would begin this year, aides said. The Senate is expected to debate that proposal next week.

Sen. Dianne Feinstein, D-Calif., has proposed that troops withdraw from Iraq by the end of 2007. Sen. Carl Levin of Michigan, the ranking Democrat on the Armed Services Committee, would like redeployment to begin by the end of this year and conclude by the end of 2007.

In the House, lawmakers held a 10-hour debate on a resolution that equated the war in Iraq with the broader war against terrorism and specifically rejected setting a deadline for the withdrawal of troops from Iraq. Under Republican rules, Democrats weren't able to offer any amendments. A vote on the resolution was expected Friday.

Rep. Jim Leach, R-Iowa, offered a rare voice of Republican dissent, arguing that the Bush administration should reconsider its policy.

"The longer we stay, the greater the prospect that anarchistic acts will multiply and spread perhaps to our shores," he said. "The issue is no longer, as is so frequently asserted, the need to stay the course. It is to avoid overstaying the present."

In an unusual move, the Pentagon distributed a 72-page defense of the war to lawmakers. The document says that the Bush administration has a "three pillared strategy for victory" - establishing a liberal constitution with increased political participation, training Iraqi security forces and helping build the Iraqi economy.

Political strategists have said that the debate poses political dangers and opportunities for both sides. After steadily declining public support for the war and for his handling of it, President Bush appears for the moment to be benefiting from a spate of positive news from Iraq, including the death of al-Qaida in Iraq leader Abu Musab al-Zarqawi and the completion of the Iraqi Cabinet.

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But Iraq has proved to be unpredictable.

"Unless you are sure that things are going to get better there, you're putting an awful lot of chips on that number on the table," said Republican pollster and strategist Tony Fabrizio.

"The danger for Republicans is that it looks like (Democrats) have a better plan to extricate ourselves and maintain Iraqi security than we do," Fabrizio said. "So it all is going to come down to salesmanship. If (Democrats) get painted as cut and run, then they've lost that argument."

Democrats paint it as Bush's responsibility.

"This is the president's war," House Democratic Leader Nancy Pelosi of California told reporters. "He has to answer for it."

They Don't Know Why They Did The Things They Did (WP)

By Dana Milbank

The Washington Post, June 16, 2006

Cher, on Capitol Hill yesterday to promote better combat helmets for the troops, has long been a friend of the military. Seventeen years ago, she danced on the deck of the USS Missouri and, cladding her tattooed bottom in fishnet, straddled one of its 16-inch guns as she recorded her "If I Could Turn Back Time" video.

Cher had weightier thoughts on her mind, and more fabric on her body, when she took her seat yesterday for a hearing of a House Armed Services subcommittee, attended by a pack of solicitous congressmen and the other former Mrs. Sonny Bono, Rep. Mary Bono (R-Calif.). But even in full attire and a sedate setting, the presence of the ageless entertainer had a magical effect: Everybody was performing his own version of "If I Could Turn Back Time."

On the day the Pentagon announced that 2,500 troops had died in Iraq, the House spent 10 hours re-debating the decision to invade Iraq in 2003 -- at least until several of them left for a picnic at the White House.

Six years after his candidacy helped to deprive Al Gore of the presidency, Ralph Nader stopped by a Gore book-signing event to patch things up with his former foe.

Meanwhile, the House Government Reform Committee was meeting to find out why the Bush administration cut counterterrorism funding for the Washington area for this year by 40 percent -- even as lawmakers conceded it was too late to do anything about it.

The beat goes on.

The daylong retrospective began at the House Government Reform Committee, where Chairman Tom Davis (R-Va.) and other lawmakers were scolding Homeland Security Undersecretary George Foresman for his agency's decision to stiff Washington.

"One of the greatest displays of incompetence," said Carolyn Maloney (D-N.Y.) "It does boggle the mind," agreed Jim Moran (D-Va.). Florida's John Mica (R) added: "I've never seen a goofier list of priorities."

"You really think," Davis demanded, that "Montana is at a higher risk than D.C.?"

Foresman, his hands trembling slightly, advised Davis: "Congressman, there are all kinds of intricacies." Behind him, his aides were chewing gum, shaking their heads and passing notes.

But all Davis and his colleagues could do was complain. Foresman said he has no plan to revisit the decision, and lawmakers said the best they could do would be to fix things next year so it doesn't happen again.

La de da de de. La de da de da.

Next stop on the Turn-Back-Time tour: Olsson's book shop on 7th Street Northwest, where Gore was signing books at noon. "I'm not supposed to say anything, just sign books," he announced when he started. But when he got to number 214 in the line, he noticed the lanky figure and stood up. "Nice to see you! How you doing? . . . I'm really so grateful to you for coming by."

After more pleasantries, Gore scribbled a line in the book: "For my friend, Ralph Nader. With respect, Al Gore."

Nader was smitten. "He's liberated!" Nader said. "He's defining what progressive Democrats should be about."

Had they reached such a rapport six years ago, Gore might have won the election in 2000, as two men in line reminded Nader. "Thanks to you, we had Bush all these years," said one. "How many are dead in Iraq because of that?"

La de da de de. La de da de da.

Back on the Hill, both houses of Congress were in a raucous, backward-looking debate about the war in Iraq. Rep. George Miller (D-Calif.) tried to Turn Back Time to 2003. "This is a blunder of historic proportions," he said of the war.

Pete Hoekstra (R-Mich.) went back even further back in time: "The historic blunder is that we didn't confront the problem in the 1990s."

Disgusted with the proceedings, Rep. Barney Frank (D-Mass.) advised any Iraqi parliamentarians watching on television: "Don't try this at home."

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The Senate attempted a more forward-looking debate: a resolution calling for most troops to be withdrawn from Iraq by the end of the year. But it was difficult to take the senators seriously: A third of them wore blue-and-white striped suits in honor of "Seersucker Thursday," making the floor of the Senate resemble a Good Humor convention.

"If we were to cut and run," said Majority Leader Bill Frist (R-Tenn.), wearing a seersucker suit and white shoes, "bloody civil war would result." Frist returned to his office, where free ice cream was being served to all.

The Senate dispensed with the Iraq debate quickly, freeing the lawmakers to attend the annual congressional picnic at the White House.

La de da de de. La de da de da.

With everybody else living in the past, Cher herself seemed to be enjoying the present yesterday, as lawmakers fussed over her.

At the hearing room, signs on chairs dictated the seating: "Reserved Army;" "Reserved Navy;" "Reserved Cher."

"I'm waiting for Cher!" a star-struck Curt Weldon (R-Pa.) boasted to a colleague as he stood near the elevator. "Do you know who I'm waiting for?" he asked another.

Lawmakers besieged the singer when she emerged, in blue sunglasses and a black suit. Mike Conaway (R-Tex.) invited her to take a trip with him to Germany and Iraq, "whenever you want."

"I'd love to," Cher said politely.

Afterward, the giddy Conaway told an aide: "She said she'd do it!"

But will she wear fishnet?

On Keeping Current (WP)

By Al Kamen

The Washington Post, June 16, 2006

A colleague, strolling through the Bush Diplomatic Hall of Glory at the State Department -- that series of snappy large photographs begun by this administration to tout our leader's world leadership -- says the photos include a large, beautiful one of President Bush and the Iraqi prime minister.

"The prime minister is a great Iraqi patriot, he's a friend of liberty, he's a strong partner for peace and freedom," Bush said at their meeting, praising him for "brave leadership" and being a "bold man" and a "frank, open fella." Bush told him he did a "good job" at their news conference.

But wait a minute! That was last June in the White House with former prime minister Ibrahim al-Jafari , a complete loser, as it turns out. Almost as bad as the first guy, Ayad Allawi . Jafari was hanging on to office like Al Gore, hoping for a miracle, until Secretary of State Condoleezza Rice went to Baghdad and told him to take a hike.

Where's the photograph in Baghdad with the new guy, Nouri al-Maliki ? Bush said on his quick visit he "saw firsthand the strength of his character and his deep determination to succeed." Better still, Maliki's "got a plan to succeed," which is always a good thing, and Bush said he was "impressed" by him.

So let's get that new picture up there real quick, okay?Check, Check, Click. Check, Check, Check, Click.

How many times, oh, Lord, must we warn people to check once, twice, even thrice, before clicking the "send" button?

Seems Traci Scott , who works in the Pentagon's legislative affairs office, sent an e-mail Wednesday to a group of Hill folks with an attachment titled "Iraq Floor Debate Prep Book." The 74-page attachment, just in time for the House floor debate yesterday, is full of great facts and fine political arguments.

Section 3, for example, "Victory in Iraq," summarizes Saddam Hussein 's "support for terrorist groups" and "his defiance of the world community" and how he "wanted WMD." Section 4 is the "Rapid Response" part.

Though coming from the Pentagon, the prep book reads like a White House playbook -- which, a Pentagon spokesman said, it is. "It's an NSC [National Security Council] document which we passed along," he said. It rebuts all those arguments from the "cut and run" crowd about prewar intelligence manipulation, or how the war in Iraq has made the world more dangerous for Americans.

Problem is that the e-mail was sent to some of those cutters and runners.

Next thing you know, there's a second e-mail from Scott.

"The sender would like to recall the message, 'Prep Book.' "

Too late. "Once again the Bush administration is spending time and taxpayer money on public relations, rather than developing a real plan for success in Iraq," said Brendan Daly , a recipient who is a spokesman for House Democratic leader Nancy Pelosi (Calif.). "Americans know the war is going in the wrong direction, and the Pentagon PR machine won't change that fact."

Turns out the e-mail list was an old one, used to distribute general info from the Defense Department.

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So, please, please, be careful hitting "send."Parallel Universe, the Best Defense

What with all their legal troubles, we thought folks such as Enron's Ken Lay , former representative Randy "Duke" Cunningham and Rep. William J. "Frozen Dollar Bill" Jefferson (D-La.) might come up with more creative defense lines.

So here, from the Montomery Advertiser in Alabama, is an example of how the best handle such inquiries:

" Ronald Wayne Blankenship , who is in the Democratic runoff for Jefferson County sheriff, says it's a coincidence that a man with a criminal history shares his name. And birth date. And has a wife with the same name -- Judy Ruth Green Stonecipher Blankenship .

"And does the same kind of work. And looks like him.

"Blankenship, 63, says he isn't the same Ronald Wayne Blankenship who was suspected of faking his own death in 1990 and did time in jail for assault that same year.

" 'Do you know how many Ronald Blankenships there are?' " he told the Birmingham News. Blankenship, who got 26 percent of the vote in a three-way primary last week, acknowledged that he looked like a newspaper photo of the man who faked his death.

"It looks like me in a way," he said, "but all Blankenships get to looking alike."

Talk about creating reasonable doubt.Honest Abe and Honest Bill

Rudderless Democrats had best not count on Bill Clinton returning to the political fray anytime soon.

The former president, at a book party for New Republic editor Peter Beinart 's "The Good Fight: Why Liberals -- and Only Liberals -- Can Win the War on Terror and Make America Great Again," approached Jay Winik , author of "April 1865: The Month That Saved America," and asked Winik what he thought of "Lincoln's Melancholy" by Joshua Wolf Shenk .

"Fascinating," Winik said. "And intriguing."

"I wanted to write that book, but he beat me to the punch," Clinton said. "I was going to write it next year. I love Lincoln -- for all of his problems, he grows larger with history."

Clinton can only hope . . .

"Enough Is Enough" (USAT)

By John Murtha

USA Today, June 16, 2006

Iraq is not the center of the global war on terrorism, and nor is it overwhelmed by foreign terrorist groups, as this administration would like Americans to believe.

Iraqis are fighting Iraqis in sectarian violence, and U.S. troops have become the target.

On Thursday, we heard House Republicans argue that the United States cannot change the policy in Iraq. But a change in direction is in the best interest of the United States and Iraq. Saying we must "stay the course" amounts to an open-ended commitment, one that we can not afford in terms of human and financial sacrifice.

Our view: Setting deadline for troops' withdrawal will backfire

The president continues to say we must stay in Iraq. Iraq has formed a government, trained 265,600 Iraq security forces and the Iraqis want to govern themselves. We have more than 20,000 deaths from this war, and yet terrorist attacks rose sharply last year to more than 10,000. By the end of this year, we will have spent $450 billion U.S. taxpayer dollars on this war. Enough is enough. Our nation deserves better.

Instead of sticking with a failed policy, I propose a new policy. Instead of "stay and pay," which is what this administration continues to argue, I propose that we "redeploy and be ready." We must redeploy American troops out of the cities to the periphery and create a quick reaction force ready to attack only when the national security of the United States or its allies in the region is at risk.

The American people are not naive. They know a failed policy when they see one. Iraq is a failed policy. It's time to redeploy.

Rep. John Murtha of Pennsylvania is the top Democrat on the House Defense Appropriations Subcommittee.

Setting Deadline For Troops' Withdrawal Will Backfire (USAT)

USA Today, June 16, 2006

When the public turned against the Vietnam War, many returning soldiers found themselves ignored, disdained and shunned. Iraq is different. Though most Americans now believe the war was a mistake, they still honor the troops.

That support became particularly poignant Thursday when the number of dead in Iraq reached yet another milestone: 2,500.

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The grim announcement coincided with the start of a two-day debate in the House of Representatives on Iraq, which has been discussed far too little there in the three years since the United States invaded, the original plan went horribly awry, and the costs in lives and money soared.

Republican leaders capitalized on the rare good news of the past week in Iraq — the killing of terrorist leader Abu Musab al-Zarqawi and the filling of key posts in the new Iraqi government — to put forth a resolution labeling the Iraq war part of the global fight against terrorism and saying an arbitrary date for the withdrawal or redeployment of U.S. forces is not in the national interest.

At one level, the debate is a cynical display of election-year politics that turns the troops fighting in Iraq into political pawns. Because Republicans wrote the resolution to express support for the troops as well as for President Bush's policy, a "no" vote can easily be twisted into a campaign attack ad claiming that anyone opposing the war is hostile to the troops fighting it, which is absurd.

But cheap political stunts aside, the thrust of the resolution, it seems to us, has merit. Iraq has become an important part of the war on terror, even if it wasn't when the war began. It's hard to argue otherwise when the organization led by Zarqawi and his successor calls itself "al-Qaeda in Iraq" and pledges allegiance to Osama bin Laden.

And while the war itself was a mistake based on faulty intelligence and delusional optimism, pulling out now, as advocated by Rep. John Murtha and other Democrats, risks making a bad situation worse.

U.S. troops should not stay in Iraq, as in Vietnam, purely for pride in a hopeless battle. They should remain, however, as long as there is a reasonable chance that they can bring some stability, reinforce the fledgling democratic government and prevent Iraq from becoming a haven for terrorists. Announcing a timetable for withdrawal, as Sen. John Kerry proposes (Kerry's resolution in the Senate was rejected 93-6 on Thursday), would just invite the insurgents to wait out the American presence.

Thursday's fireworks on the House floor did serve to illuminate how Congress has been egregiously missing in action on sustained discussion and oversight of the Iraq war. A two-day debate hardly begins to address the many critical issues: What would success look like? Is the $320 billion allocated to the war effort being well spent? Can more be done to protect the troops from lethal roadside bombings? What is being done to engage surrounding countries? What about the training of Iraqi forces?

Careful, extended examinations of those questions would do more to honor the 2,500 U.S. military dead and 18,490 wounded than would the sensible yet politically loaded resolution poised for passage today.

The State Of Iraq: An Update (NYT)

By Nina Kamp, Michael O'Hanlon, And Amy Unikewicz

The New York Times, June 16, 2006

AFTER his surprise trip to Baghdad this week, President Bush struck a hopeful tone. "I do think we'll be able to measure progress," he declared at a news conference on Wednesday. "You can measure progress in capacity of Iraqi units ... in megawatts of electricity delivered ... in oil sold on the market .... There's ways to determine whether or not this government's plans are succeeding."

We agree. Unfortunately, according to our latest tally of metrics (compiled from a variety of government and news media sources), Iraq has a long way to go. To be successful, the new Iraqi government will have to do things that its predecessors and the United States have generally failed to accomplish.

Violence on the whole is as bad as ever. Sectarian strife is worse than ever. The economy has slowly come back to prewar levels for the most part, but is now treading water. As a result, optimism has waned. According to an International Republican Institute poll conducted in late March, more than 75 percent of Iraqis consider the security environment to be poor and the economy poor or mediocre.

Those looking for signs of promise in Iraq can still find footholds beyond the killing of the terrorist leader Abu Musab al-Zarqawi. The security forces, particularly the Iraqi Army, continue to improve in technical proficiency — even if their interethnic cohesiveness remains suspect. Reductions in consumer subsidies have strengthened the financial standing of the government, and high oil prices compensate for Iraq's anemic production levels. But overall, it is increasingly hard to describe Iraq as a glass half-full.

Stay The Course? What Course? (WP)

By Eugene Robinson

The Washington Post, June 16, 2006

Fresh from his triumphal visit to Baghdad -- a place so dangerous he had to sneak in without even telling the Iraqi prime minister -- George W. Bush is full of new resolve to stay the course in his open-ended "global war on terror." That leaves the rest of us to wonder, in sadness and frustration, just what that course might be and where on earth it can possibly lead.

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This is a "war" in which three men held for years without due process at the Guantanamo Bay prison kill themselves by hanging, and their jailers are so unnerved and self-absorbed that they see the suicides as an attack. Rear Adm. Harry Harris's all-about-me lament -- "I believe this was not an act of desperation but an act of asymmetrical warfare waged against us" -- was worthy of delivery from Oprah's couch.

Bush claimed at his news conference the other day that he'd "like to close Guantanamo" if only the people being held there weren't so "darn dangerous." These bad people, in other words, are forcing him to hold them indefinitely under conditions that mock international norms. But if the inmates are indeed beyond redemption, why order them to be hog-tied and force-fed when they go on hunger strikes? Why not just let them starve? Why freak out when three of the evildoers hang themselves? Why not pass out rope and tell the rest to bring it on?

This is a "war" in which the United States drops two 500-pound bombs with the express intent of assassinating Abu Musab al-Zarqawi, the leader of al-Qaeda in Iraq, a group that wouldn't have existed if Bush hadn't decided to invade. But when the world learns that Zarqawi briefly survived the bombing, and rumors circulate that U.S. forces shot him dead, officials rush to release an autopsy report showing that the butcher with a $25 million bounty on his head died from blast injuries. An American medic, we are told, was about to administer first aid when Zarqawi mumbled something unintelligible and expired.

Why do your best to kill an enemy leader -- a bad, bad man, the worst of the worst -- and then try to revive him? Didn't you want him dead?

In this amorphous, open-ended "war" that we're spending precious lives and billions of dollars to wage, the rules of engagement seem to be shoot first and apologize later.

We're sorry if U.S. Marines massacred 24

civilians in Haditha. We're even more sorry than we were after U.S. military personnel tortured and humiliated those prisoners at Abu Ghraib. Bush's stalwart ally, British Prime Minister Tony Blair, is sorry if London police, conducting an

anti-terrorist raid this month, shot and wounded an innocent man whose only "crime" was to come downstairs in his underwear to see who was breaking into his house. But not as sorry as Blair was after the London subway bombings, when commandos shot dead an innocent Brazilian electrician whom they mistook for a possible, potential, just-might-be terrorist.

Nobody's sorry, though, about secret CIA prisons or extralegal detention or interrogation by brutal "waterboarding" or an Orwellian blanket of domestic surveillance. After all, we're at "war."

The military announced yesterday that the number of U.S. troops killed in Iraq has reached 2,500, another of those awful, round-number milestones. It is widely expected that the new Iraqi government will consider an amnesty for some of the insurgents who killed some of those American servicemen and women -- drawing a distinction between roadside bombs placed by Sunni Muslims in "resistance" to the U.S. occupation and those placed by foreign al-Qaeda jihadists. If this happens, we'll have taught the Iraqis well. They'll be saying "pardon me" just like their American tutors.

Today's generation of jihadists was forged in Afghanistan fighting the Soviet occupation. How long will the next generation, being forged in Iraq fighting the American occupation, be with us?

Iraq is just one theater in Bush's "war." Elsewhere, Afghanistan is once again ablaze as the resurgent Taliban counterattacks. Somalia is coming under the sway of an Islamic militia that may harbor al-Qaeda militants. America's popularity in the world continues to fall.

But George W. Bush forges ahead, trying vainly to kill a poisonous, retrograde ideology with bullets and bombs. His "war" is self-perpetuating, and no one even knows what victory would look like. Long after he's gone, we'll still be looking for a way to end the mess he began.

Captured Papers Show Weakening Insurgency (AP)

By Patrick Quinn

The Associated Press, June 15, 2006

A document purportedly captured in an al-Qaida hideout portrays the insurgency in Iraq as being in "bleak" shape, saying that it is losing strength and proposing ways to stir up trouble between the U.S. and Iran to divert American attention.

American and Iraqi forces have killed 104 insurgents in 452 raids nationwide since al-Qaida in Iraq leader Abu Musab al-Zarqawi was killed last week, the U.S. military said.

Arrests, weapons seizures and money shortages are taking a heavy toll on al-Qaida's insurgency in Iraq, according to the three-page transcript released Thursday by the Iraqi government, which said it reflects al-Qaida policy and the terror organization's cooperation with groups loyal to Saddam Hussein.

There was no way to confirm the authenticity of the information attributed to al-Qaida, and U.S. and Iraqi officials offered conflicting accounts of when and where it was seized.

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Iraqi Prime Minister Nouri al-Maliki's office said Iraqi forces found the document in al-Zarqawi's hideout after the June 7 U.S. airstrike that killed him.

However, U.S. Maj. Gen. William Caldwell said the document had been taken from a computer in a raid during the three-week operation to track down al-Zarqawi.

Caldwell said sweeps across Iraq since al-Zarqawi's death led to 28 significant arms caches. He said the raids included 255 joint operations and 143 by Iraqi forces alone.

The al-Qaida document said its insurgency was being hurt by an increase in U.S.-trained Iraqi forces, by widespread arrests and seizures of weapons, and by a crackdown on financial outlets.

According to a translation provided by National Security Adviser Mouwafak al-Rubaie, the document said the best way to overcome the "current bleak situation" would be to involve U.S. forces in a "war against another country" or hostile group.

The way to do this, the document said, "is to try and inflame the situation between America and Iran" or between the U.S. and followers of Grand Ayatollah Ali al-Sistani, Iraq's most influential Shiite cleric.

It suggests carrying out a range of terrorist acts for which it will falsely implicate Iran, including bombings in the West and kidnappings. It also recommends declaring the existence of a relationship between Iran and terrorist groups, and disseminating bogus confessions showing that Iran has weapons of mass destruction.

Vice President Dick Cheney said the document, if authenticated, shows the terrorists know they are losing the war.

The words "are fascinating because they do reveal — obviously whoever wrote them, assuming they are authentic — somebody who believes they are on the losing end of the engagement," Cheney said on the Sean Hannity radio show.

"I think the psychological business here is really enormously important as well, too. Somebody said the other day that ... the way we win is when ... the terrorists finally become convinced that we won't quit."

Al-Rubaie called it "the beginning of the end of al-Qaida in Iraq."

"Now we have the upper hand," he told reporters. "We feel that we know their locations, the names of their leaders, their whereabouts, their movements, through the documents we found during the last few days."

Mustafa Alani, a terror expert at the Gulf Research Center in Dubai, said he did not believe the document was authentic.

"I wonder why they would put their strategy down in writing, even on a computer. These people learned a good lesson a long time ago," he said, recalling that one of al-Zarqawi's computers was seized earlier.

Terror consultant Evan Kohlmann called Alani's criticism "simplistic."

"They do have to write these ideas down somewhere. At a certain point, you have to have written records," said Kohlmann, the New York-based founder of globalterroralert.com.

But, Kohlmann said, "it's impossible to say" whether the document is authentic. "Without knowing the author, it's really impossible to know the document's credibility, its relevance and its significance."

The U.S. military has in the past released documents it said were seized from Al-Qaida in Iraq, including one in February 2004 reportedly written by al-Zarqawi complaining that if the insurgency fails to prevent the handover of sovereignty, "then there will be no choice to pack our bags and move to another land..."

In May, documents were released that showed the group was concerned about disorganization within its cells in the capital area, with one extremist describing them as simply "a daily annoyance" to the Iraqi government.

Despite the document's pessimistic assessment and a fresh security crackdown in Baghdad, new violence erupted in the capital Thursday and at least 24 killings were reported throughout the country.

A bomb in a parked car detonated in a southwest Baghdad neighborhood, killing at least three civilians and wounding 14. In an even deadlier attack, gunmen shot and killed 10 men riding a bus in the industrial area of Baqouba, close to where al-Zarqawi was killed.

The U.S. military said Abu Ayyub al-Masri, an Egyptian with ties to Osama bin Laden's al-Qaida network, has taken over from al-Zarqawi as head of al-Qaida in Iraq. Al-Masri apparently is the man that the terrorist group identified in a Web posting last week as its new leader — Abu Hamza al-Muhajer, a nom de guerre, said Caldwell.

The military showed a picture of al-Masri — who was named in a most-wanted list issued in February 2005 by the U.S. command and who now has a $200,000 bounty on his head — wearing a traditional white Arab headdress.

Al-Qaida has been responsible for numerous attacks on U.S. forces in Iraq, where the American death toll has now hit 2,500, according to the military.

Meanwhile, the Iraqi prime minister pressed forward with a plan to begin reconciling Iraq's ethnic and sectarian groups. But he canceled a planned announcement of the program, apparently after disagreements with Sunni Arab and Kurdish members of his coalition government.

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Al-Maliki has opened the door for talks with insurgents opposed to the country's political process as part of his national reconciliation initiative, but said any negotiations would exclude terrorist groups. The plan could include a pardon for some prisoners.

Yassin Majeed, an aide to al-Maliki, denied reports that talks were on with armed groups of any kind. "There is absolutely no dialogue with any armed group at the present time."

Iraqi Leaders: Memo Details Al-Qaeda Plans (USAT)

By César G. Soriano

USA Today, June 16, 2006

BAGHDAD — A captured al-Qaeda in Iraq document says the terrorist group considered drawing the United States into a war with Iran in order to undermine the success U.S. and Iraqi forces have had in weakening the organization.

Iraqi national security adviser Mouwafak al-Rubaie said the document, released Thursday, proves al-Qaeda in Iraq is in "pretty bad shape."

"We believe that this is the beginning of the end of al-Qaeda in Iraq," al-Rubaie said.

The author of the document complained that the terrorist group was weak and suggested that opening another front in the war would divert U.S. efforts in Iraq.

A copy of the original document, handwritten in Arabic, was provided to USA TODAY by al-Rubaie. He also released an English translation.

Although the office of Prime Minister Nouri al-Maliki said the document was found in Abu Musab al-Zarqawi's hide-out after a June 7 airstrike that killed him, a U.S. military spokesman, Maj. Gen. William Caldwell, said the document was found in a previous raid as part of a three-week operation to track Zarqawi. "We can verify that this information did come off some kind of computer asset that was at a safe location," Caldwell said. "This was prior to the al-Zarqawi safe house."

It is not clear who wrote the document. The U.S. military says it appears to be from someone influential in al-Qaeda's Iraq operation. "It seems to be from an author who has insight from within al-Qaeda because a number of strategies and tactics are noted," said Navy Lt. Christina Skacan, a military spokeswoman.

The document takes a sweeping view of the insurgency, expressing worries that the tide was turning against the insurgency and laying out a plan for reversing that trend.

The memo says the insurgency is being hurt by the increasing capabilities of Iraqi security forces, a shortage of weapons and fighters, a lack of funds and internal divisions. The document says time is now on the side of the United States and not the insurgents.

The document says to reverse this trend, insurgents must:

·Use the media to improve their image.

·Infiltrate Iraq's security forces.

·Reorganize recruiting efforts.

·Lessen internal dissent and bolster respect for the insurgency's leadership.

The document says the best plan for improving the "current bleak situation" is "to entangle the American forces into another war against another country" or to create friction between the United States and its Shiite allies in Iraq.

The document recommends "first to exaggerate the Iranian danger and to convince America, and the West in general, of the real danger coming from Iran," it says.

The insurgents proposed fabricating "bogus messages" that Iran has chemical or nuclear weapons or that its agents planned to hit targets in the West.

Some experts questioned the authenticity of the document.

"I wonder why they would put their strategy down in writing, even on a computer," said Mustafa Alani, a terrorism expert at the Gulf Research Center, a think tank in Dubai. Alani said he doesn't believe the document is authentic. The Iraqi government has trumpeted the memo in an effort to show al-Qaeda in Iraq is reeling from recent U.S. and Iraqi successes.

Al-Rubaie also said that the hunt for Zarqawi and the search of his bombed hide-out and subsequent raids have produced additional intelligence that will lead to victory over al-Qaeda's Iraq operation.

"These documents give us the edge," he said. "They reveal their locations, the names of their leaders, their whereabouts and their movements." He did not elaborate or release other documents.

Caldwell said U.S. and Iraqi forces have launched 452 raids, captured 759 suspects and killed 104 terrorists since Zarqawi's death.

In other Iraq news:

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·The U.S. military said Abu Ayyub al-Masri, an Egyptian with ties to al-Qaeda and Osama bin Laden, had taken over as the leader of al-Qaeda in Iraq, which had been led by Zarqawi.

·Iraq's government is considering an amnesty program that would pardon some insurgents. “This program will distinguish between those who want to destroy Iraq and kill Iraqis, and those who simply disagree with the presence of multinational troops or the political process,” al-Rubaie said. He did not address whether the plan would include insurgents who have attacked U.S. troops.

·Gunmen shot and killed 10 men — nine workers and a driver — riding a bus in the industrial area of Baqouba, near the location where Zarqawi was killed.

Picture Of A Weakened Iraqi Insurgency (CSM)

By Scott Peterson

Christian Science Monitor, June 16, 2006

BAGHDAD

An Al Qaeda document linked to Abu Musab al-Zarqawi purports to show that Iraq's insurgents believe they face a "current bleak situation" that may require fomenting a war between the US and Iran to "get out of this crisis."

The document, released Thursday, could not be independently authenticated. But senior Iraqi officials were ebullient about its message, as well as the magnitude of intelligence "treasure" that has emerged surrounding Mr. Zarqawi's death.

This is "the beginning of the end of Al Qaeda in Iraq," Mowafaq al-Rubaie, Iraq's national security adviser, declared Thursday, adding that the data include network names and locations gleaned from Al Qaeda computers captured before Zarqawi's death. "The government is on the attack now ... to destroy Al Qaeda and to finish this terrorist organization in Iraq."

"The documents and all the arrests mean there has been a depletion of talent" among Zarqawi's group, says Magnus Ranstorp, a terrorism expert at the Swedish National Defense College in Stockholm.

"They will have to lick their wounds and reconfigure their security, to protect whatever assets they have left," says Mr. Ranstorp, who heads the Center for Asymmetric Threat Studies. The document indicates that Al Qaeda needs to recalibrate "not just psychological warfare, but must shape its actions to get some traction in the population."

"If I were the US, I would continue to drill a hole, and continue to undermine [Qaeda's] legitimacy," adds Ranstorp. "With the killing of Zarqawi, the Americans momentarily have the upper hand."

Since American jets struck Zarqawi's hideout last Wednesday, the US military and Iraqi forces have conducted 452 raids, killing 104 insurgents and capturing 759 "anti-Iraqi elements," Maj. Gen. William Caldwell said in Baghdad Thursday.

The news came as the Pentagon confirmed that US military deaths in Iraq have now reached 2,500.

The release of the document coincides with a security clampdown in Baghdad, meant to prevent Zarqawi followers from fulfilling promises to launch revenge attacks.

Spearheading that campaign is the new leader of Al Qaeda in Iraq, who the US military Thursday identified as Abu Ayyub al-Masri, an Egyptian who met Zarqawi in Afghanistan in 1999. Al Qaeda websites claimed the new leader to be Abu Hamza al-Muhajer, apparently a nom de guerre for Mr. Masri.

"Al-Masri's intimate knowledge of Al Qaeda in Iraq and his close relationship with [Zarqawi's] operations will undoubtedly help facilitate and enable them to regain some momentum if in fact he is the one that assumes the leadership role," said General Caldwell.

Masri is an Afghan-trained explosives expert who began his militant career in 1982, when Al Qaeda No. 2, Ayman al-Zawahiri, led Egyptian Islamic Jihad, Caldwell said. In Iraq, he said, intelligence gleaned from raids in April and May show that Masri has been the key link for foreign fighters traveling from Syria to Iraq.

But the organization Masri takes over may be weakening under pressure from US and Iraqi forces, if the assessment from the Al Qaeda document reflects the view of this extreme faction of Iraq's insurgency.

The document appears undated and does not mention Al Qaeda by name, but was found on "some kind of computer asset that was at a safe location" prior to Zarqawi's death, said Caldwell.

"Here in Iraq, time is now beginning to be of service to the American forces and harmful to the resistance," reads the document, according to an English translation from Mr. Rubaie's office. "Massive arrest operations" have caused the resistance to "lose many of its elements," it notes. Insurgents are at a further disadvantage by the growing number of trained Iraqi forces, are losing a media campaign "presenting its work as harmful to the population," and suffering from tighter financial restrictions.

The result is that US and Iraqi tactics are "creating a big division among the ranks of the resistance and jeopardizing its attack operations," which have "weakened [insurgent] influence," the document reads.

It makes no mention of specific tactics, such as beheadings, targeting civilians and any Shiite Iraqis - elements pioneered in Iraq by Zarqawi - which have alienated many Iraqis sympathetic to the broader, antioccupation aim of the insurgency.

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It says only that US and Iraqi forces are "taking advantage of the resistance's mistakes and magnifying them to misinform."

Among the solutions is to "use the media for spreading an effective and creative image of the resistance," the document states. That may prove difficult, says Ranstorp in Sweden, because a top Al Qaeda in Iraq media chief, Abu Maysara al-Iraqi, was believed killed in the week before Zarqawi.

"This means their ability to put on a brave face has been damaged," says Ranstorp. "There have been some substantive man losses - qualitative losses" of Al Qaeda operatives.

The Al Qaeda document gives a broad assessment, from apparent ordnance shortages to stoking a clash between the US and Iran. It also includes a lengthy list of potential "delegated wars" that would ease pressure on the resistance.

"The best of these wars to be ignited is the one between the Americans and Iran, because it will have many benefits in favor of the Sunni and the resistance," the document reads. Among those benefits are the "possibility of acquiring new weapons from the Iranian side, either after the fall of Iran or during the battles."

It even asks the rhetorical question of how to draw the US into open conflict with Iran. "It is necessary first to exaggerate the Iranian danger and convince America ... of the real danger coming from Iran."

Its six suggested methods that read like a how-to guide for creating friction. They include sending out "threatening messages against American interests" and blaming Iran; "executing operations of kidnapping hostages" and blaming Iran; "advertising" that Iran has chemical and nuclear weapons "and is threatening the West."

Bomb attacks against the West would be blamed on Iran "by planting Iranian Shiite fingerprints and evidence"; declaring ties between Iran and "terrorist groups (as termed by the Americans)"; and "disseminating bogus messages" that Iran has weapons of mass destruction and "there are attempts by the Iranian intelligence to undertake terrorist operations in America."

Violence continued, despite the Baghdad crackdown. Ten Shiites were pulled off a bus and executed by gunmen in Baquba, 35 miles northeast of Baghdad, and just a few miles east of the village of Hibhib, where Zarqawi was killed.

Papers Reveal Weakening Terror Group (WT)

By Rowan Scarborough

The Washington Times, June 16, 2006

The U.S. military in recent weeks has seized a "huge treasure" of intelligence materials on al Qaeda in Iraq, including a revealing document in which the terror group acknowledges its own "bleak situation" caused by losses on both the public relations and war fronts.

The documents seized in the weeks leading up to the June 7 killing of Abu Musab Zarqawi also have provided intelligence that has helped direct nearly 500 allied combat operations and resulted in the killings of 104 insurgents, the U.S. command in Baghdad said yesterday.

Al Qaeda's acknowledged failures and the military offensive have been so successful that Iraq's national security adviser flatly predicted that Zarqawi's group, al Qaeda in Iraq, is at "the beginning of the end." He said all U.S. troops could be out of Iraq by 2008.

However, al Qaeda in Iraq has promised renewed attacks in retaliation for the U.S. air strike that killed Zarqawi.

Egyptian-born Abu Ayyub al-Masri -- an explosives specialist also known by the alias Sheik Abu Hamza al-Muhajer -- has become the leader of Zarqawi's terror network, Army Maj. Gen. William Caldwell said yesterday. Al Qaeda in Iraq is thought to number in the thousands and includes suicide bombers from Saudi Arabia, Yemen, Jordan and some North African countries.

"Our initial assessment is we think he will probably continue with the same tactics and techniques that Zarqawi did," Gen. Caldwell told reporters. "There is nothing to indicate to us that he would do differently, because he has already been here in this country for almost three, four years now, and has been a part of and associated with the ... killing of Iraqi civilians."

The Baghdad command continued to give an optimistic message on Iraq, boosted by President Bush's surprise visit this week, even as the war's death toll for the U.S. military topped 2,500.

"We believe al Qaeda in Iraq was taken by surprise," said Mowaffak Rubaie, Iraq's national security adviser. "They did not anticipate how powerful the Iraqi security forces are and how the government is on the attack now." He referred to the intelligence take as a "huge treasure."

The government of Prime Minister Nouri al-Maliki and U.S. commanders this week ordered a major clampdown on violence in the capital, sending more than 50,000 troops into the streets to conduct raids and patrols.

The seized al Qaeda in Iraq document released yesterday reflects discouragement by the terror group's leadership.

"Time is now beginning to be of service to the American forces and harmful to the resistance," the documents state.

It lists a number of allied successes against the terrorist "resistance":

·"Undertaking massive arrest operations, invading regions that have an impact on the resistance, and hence causing the resistance to lose many of its elements."

·"Undertaking a media campaign against the resistance resulting in weakening its influence inside the country and presenting its work as harmful to the population rather than being beneficial to the population."

·"By tightening the resistance's financial outlets, restricting its moral options and by confiscating its ammunition and weapons."

·"By taking advantage of the resistance's mistakes and magnifying them in order to misinform."

Zarqawi's strategy, as disclosed in previously seized letters, was to spark a civil war between Sunni Muslims, who supported Saddam Hussein, and the majority Shi'ites, who now hold political power. Zarqawi did this by recruiting foreign Sunni suicide bombers to attack Shi'ite markets, schools, mosques and other public places.

The al Qaeda document said if it is to rebound from setbacks it needs to "improve the image of the resistance in society, increase the number of supporters who are refusing occupation and show the class of interest between society and the occupation and its collaborators."

The document also said al Qaeda in Iraq needs to build its own arms industry and to "avoid mistakes that will blemish the image of the resistance."

The group's major goal is to get the U.S. involved in a new war, this one against the Shi'ites in Iraq and Iran, and to provoke another war between Iraqi Shi'ites and Sunni countries in the Middle East.

One option, the paper says, is to blow up targets in the West and plant evidence that the bombing was done by Iranians.

The document concludes: "Let us hope for success and for God's help."

US Deaths In Iraq Reach 2,500 As The Country Is Torn By Violence (KRT)

By Drew Brown And Nancy A. Youssef

Knight Ridder, June 15, 2006

BAGHDAD, Iraq - The U.S. death toll in Iraq reached 2,500 on Thursday as American forces remained locked in a bitter fight against insurgents and foreign terrorists.

The Pentagon also reported that 18,940 U.S. service members have been wounded in the war to topple Iraqi leader Saddam Hussein, which began more than three years ago and has left tens of thousands of Iraqis dead.

Meanwhile, an American general said coalition forces had killed 104 insurgents in 452 raids since terrorist chief Abu Musab al-Zarqawi was killed June 7 in a U.S. bombing raid.

Maj. Gen. William Caldwell, a coalition spokesman, said the name of the man whom the American military had identified as Zarqawi's successor, Abu Ayyub al-Masri, probably is another name for Abu Hamza al-Muhajer, the man whom a Web posting Monday by the group al-Qaida in Iraq named as the successor.

Both names probably are aliases. Abu means "father of" in Arabic, and al-Masri means "the Egyptian." The other name, al-Muhajer means "the emigrant."

Al-Masri is an Egyptian who joined Islamic Jihad in 1982, a terrorist group formed by al-Qaida No. 2 Ayman al-Zawahri. Masri went to Afghanistan in 1999, where he became an expert in making car bombs, Caldwell said.

Though it's unclear when they met, al-Masri and al-Zarqawi trained together at al Farouq in Afghanistan, Caldwell said, a terrorist training camp operated by Osama bin Laden.

Al-Masri made his way to Iraq after the fall of the Taliban in 2001 and is thought to have fought U.S. forces during the siege of Fallujah in 2004. He later operated an al-Qaida cell in Baghdad and was known as the "emir of southern Iraq," Caldwell said.

He said al-Masri probably would continue the tactics his predecessor had used. American military forces blamed the Jordanian-born al-Zarqawi for suicide bombings, beheadings and sectarian killings meant to provoke civil war between Iraq's majority Shiite Muslims and minority Sunni Muslims, from whom the insurgency draws most of its support.

"Nothing indicates to us that he will do differently, because he has been in this country for over three to four years now," Caldwell said. "For him to make a change, there is nothing that shows or reflects that he would do that."

Caldwell said coalition forces would continue to try to eliminate al-Qaida in Iraq by going after its midlevel leaders.

With a nightly curfew in effect and tens of thousands of Iraqi and U.S. troops on the streets of Baghdad, a new security crackdown announced by Prime Minister Nouri al-Maliki appeared to have curbed violence. No car bombs were reported in Baghdad on Thursday, a rare occurrence in the Iraqi capital, but it remained unclear what long-term effect the tighter measures would have.

Similar crackdowns in Baghdad, including Operation Thunder, launched in May 2005, haven't ended insurgent attacks and suicide bombings.

Iraqi police reported that unidentified gunmen had shot and killed 10 Shiites after pulling them off a bus Thursday near Baqouba, 35 miles northeast of Baghdad.

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The mixed Sunni-Shiite area, which has been the scene of numerous sectarian killings and fierce fighting between American troops and insurgents, isn't far from where the U.S. airstrike killed Zarqawi.

Asked earlier this week to comment on the significance of the 2,500 American deaths in Iraq, Army Brig. Gen. Carter Ham, the deputy director of regional operations for the Joint Chiefs of Staff, said it was important to remember that behind each of those deaths was an individual.

"And those individuals are those to whom we should be very, very grateful, and to their families," Ham said Wednesday, during a Pentagon briefing.

Newsview: Iraq War Has Mournful Milestones (AP)

By Tom Raum

AP, June 15, 2006

WASHINGTON - The story of the Iraq war can be told in stark numbers and mournful milestones as the death toll for U.S. troops reached 2,500 on Thursday and the price tag rose to $320 billion.

"It's a number ... a sad benchmark," White House spokesman Tony Snow said of the new death count. It was reached two days after President Bush's secretive trip to Baghdad to meet with Iraq's new leaders and to rally American troops.

"The president would like the war to be over now," Snow added.

Numbers abound. Some are marshaled by war defenders. Others are used by critics to condemn the war. And there are some few can dispute:

_The war that began March 19, 2003, with a U.S.-led invasion to oust Saddam Hussein has lasted almost three years and three months, longer than U.S. involvement in World War I (one year, seven months) and the Korean conflict (three years, one month). It is closing in on World War II (three years, eight months).

_According to Pentagon figures, 18,490 U.S. troops have been wounded in action, including 8,501 who did not return to duty.

_About 4,800 Iraqi police and security forces have died and at least 30,000 Iraqi civilians have been killed, according to some estimates.

"The numbers are sobering for what was designed to be sort of a quick action," said Thomas Mann, a senior fellow in governance studies at the Brookings Institution. "The broader point is, we made a commitment to depose Saddam with our eyes closed, not our eyes open. Now all of this is coming back to haunt the entire operation."

The Bush administration and its defenders in Congress argue that the tide is turning.

They cite the completion of Prime Minister Nouri al-Maliki's unity Cabinet and his efforts to restore order in Baghdad, and the killing of terror leader Abu Musab al-Zarqawi last week and subsequent raids on dozens of terrorist targets.

Some of the statistics trumpeted by the administration:

_American and Iraqi forces have carried out 452 raids since al-Zarqawi's death on June 7. This has led to the deaths of 104 insurgents, the capture of 255 and the discovery of 28 significant arms caches, according to Maj. Gen. William Caldwell, a U.S. military spokesman in Baghdad.

_The 127,000 U.S. troops now in Iraq is a drop from more than 130,000 in recent days.

_The Army surpassed its recruiting goal for May. It was the 12th consecutive month of meeting or exceeding its target, even though the Army fell short of its 2005 full-year goals, as did the Army National Guard and Army Reserve.

"I sense something different happening in Iraq. The progress will be steady toward a goal that has clearly been defined," Bush told reporters in the Rose Garden after his quick trip to Baghdad.

But Democrats cite different statistics from the nonpartisan Congressional Research Service: 54 percent of Iraqi households lack access to clean water; 85 percent lack reliable electricity; one in four Iraqi children suffers from chronic malnutrition; oil production still lags behind prewar levels.

The Senate on Thursday sent Bush an emergency spending bill for America's wars in Iraq and Afghanistan and aid to hurricane victims. Bush was expected to sign the measure, already approved by the House.

Of the bill's $94.5 billion, $66 billion goes to the Pentagon for military operations overseas. That brings to almost $320 billion the tally for the war in Iraq and $89 billion for Afghanistan.

When Lawrence Lindsey, then chairman of Bush's National Economic Council, predicted in September 2002 that war with Iraq could cost $100 billion to $200 billion, the White House openly scoffed. Lindsey was eased out of his job.

Stephen Daggett, a budget analyst for the Congressional Research Service, said the 1991 Gulf War waged by the first President Bush cost $61 billion, or $87 billion in inflation-adjusted dollars.

The Korean conflict cost $434 billion in inflation-adjusted dollars. The Vietnam War - which lasted 8 1/2 years - cost $614 billion in inflation-adjusted dollars. World War II cost the equivalent of $5.1 trillion.

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One set of numbers Bush will not give - and which Democrats and some Republicans are pressing for the hardest - is the timing and size of a U.S. troop withdrawal. Telegraphing such a timetable would be "bad policy," Bush says.

Democrat Party chief Howard Dean, however, says, "The reality is that our troops and their families still have no strategy from this president to get the job done in Iraq and get them home."

One number from the Iraq war still stands at zero by all accounts: The number of weapons of mass destruction found by Iraqi and coalition forces. Bush had cited such weapons as the main reason for invading.

Maliki Aide Who Discussed Amnesty Leaves Job (WP)

By Ellen Knickmeyer And Jonathan Finer

The Washington Post, June 16, 2006

BAGHDAD, June 15 -- Prime Minister Nouri al-Maliki's office on Thursday accepted the resignation of an aide who had told a reporter that Maliki was considering a limited amnesty that would likely include guerrillas who had attacked U.S. troops, the aide said.

Also, on a day when the U.S. military announced that the death toll for American personnel had reached 2,500, U.S. military and counterterrorism officials said they believed they had identified the new head of the insurgent group al-Qaeda in Iraq: Abu Ayyub al-Masri, an Egyptian about 40 years old and a longtime associate of Osama bin Laden's deputy, Ayman al-Zawahiri. A Web site tied to al-Qaeda in Iraq on Monday identified the same man as Abu Hamza al-Muhajer, a pseudonym meaning "the immigrant."

A veteran of the Zawahiri-led Egyptian Islamic Jihad and of al-Qaeda's organization in Afghanistan, Masri -- also a pseudonym, meaning "the Egyptian" -- has been in Iraq at least since 2003, officials said. Since the 2004 battle of Fallujah, he had been a trusted lieutenant of Abu Musab al-Zarqawi, the insurgent leader killed in a U.S. attack north of Baghdad last week.

Since Fallujah, Masri had been in charge of Zarqawi's operations in southern Iraq. Officials say they believe he also has been instrumental in enlisting and managing foreign fighters allied with the Sunni Arab insurgency.

The Maliki aide who resigned, Adnan Ali al-Kadhimi, stood by his account of amnesty considerations, reported Thursday by The Washington Post. Kadhimi said Maliki had indicated the same position less directly in public. "The prime minister himself has said that he is ready to give amnesty to the so-called resistance, provided they have not been involved in killing Iraqis," Kadhimi said Thursday.

Maliki's office issued a statement earlier Thursday saying, "Mr. Adnan Kadhimi doesn't represent the Iraqi government in this issue, and Mr. Kadhimi is not an advisor or spokesman for the prime minister."

Kadhimi, who also worked as an aide to the previous prime minister, Ibrahim al-Jafari, said he had submitted his resignation earlier in the week. He was informed Thursday that it had been accepted, he said.

Another Maliki aide, asked if the amnesty being considered by the government was likely to apply to those who had attacked U.S. forces, said Maliki had been "clear, saying those whose hands weren't stained with Iraqi blood" may be eligible for any amnesty.

That aide spoke on condition of anonymity, saying Maliki had not authorized anyone to speak for him. Another aide declined to comment, on the same grounds.

On the issue of clemency for those who had attacked U.S. troops, Kadhimi was quoted in Thursday's Post as saying: "That's an area where we can see a green line. There's some sort of preliminary understanding between us and the MNF-I," the U.S.-led Multi-National Force-Iraq, "that there is a patriotic feeling among the Iraqi youth and the belief that those attacks are legitimate acts of resistance and defending their homeland. These people will be pardoned definitely, I believe."

In Washington, Senate Democrats offered a resolution Thursday demanding that President Bush repudiate the amnesty proposal regarding those who attacked American forces.

"It is shocking that the Iraqi prime minister is reportedly considering granting amnesty to insurgents who have killed U.S. troops," said Senate Minority Leader Harry M. Reid (D-Nev.). "On the day we lost the 2,500th soldier in Iraq, the mere idea that this proposal may go forward is an insult to the brave men and women who have died in the name of Iraqi freedom. I call on President Bush to denounce this proposal immediately."

Maliki's broad statements about amnesty, at a news conference Wednesday in Baghdad, marked the first time a leader from Iraq's dominant Shiite religious parties had indicated openness to pardoning members of the Sunni insurgency.

The statement from Maliki's office Thursday also said: "It is not true what some of the media outlets including The Washington Post have said about the willingness of the Iraqi government to talk with armed groups."

At Wednesday's news conference, Maliki said reconciliation could include an amnesty for those "who weren't involved in the shedding of Iraqi blood. Also, it includes talks with the armed men who opposed the political process and now want to turn

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back to political activity." Maliki's comments were in Arabic and televised. Other Western media outlets rendered the same translation, although saying "gunmen" instead of "armed men."

Meanwhile Thursday, bombings in Baghdad and northern Iraq killed eight Iraqi policemen and soldiers as the capital remained under heavy security during daylight hours.

In the southern city of Karbala, U.S. and Iraqi forces detained the leader of the provincial council, Aqeel al-Zubaidy, leading the council to suspend operations and sparking small-scale street protests, Iraqi officials said. The U.S. military, in a statement later, announced the arrest of a "terrorist leader" it referred to as Sheik Aqeel.

"Aqeel commands a Karbala terrorist network and is wanted for assassinating Iraqi citizens and planning and ordering attacks against Iraqi and Coalition forces," said the statement, which said Aqeel was responsible for the deaths of six soldiers from the U.S.-led military force last year and a soldier and interpreter earlier this month.

Shiite militias are considered the main threat to security in southern Iraq, but it was not immediately clear if the detained official belonged to one.

Shiite officials in Baghdad and Karbala, a city holy to Shiites, rushed to his defense. Karbala's governor called the arrest "a dangerous precedent."

Also Thursday, the Iraqi government released a document it said was found before Zarqawi's death during a raid on an insurgent safe house. The document, which described the insurgency as "gloomy" because of gains by Iraq's security forces, called on insurgents to foment strife among Shiites and between the United States and Iran.

The authenticity of the document, which closely echoes accounts of insurgent strategy offered by Iraq's Shiite political leaders, could not be independently verified. It was written in a style different from typical statements issued by al-Qaeda in Iraq, which refer to Shiites as "rejectionists" or "dogs" and to U.S. forces as "crusaders."

The U.S. military death toll in Iraq of 2,500 announced Thursday includes nearly 2,000 killed in action. These deaths have been caused mainly by roadside bombs, which continue to inflict a stream of American casualties despite gains in armor and the growth of Iraqi security forces.

In addition, 18,490 U.S. service members have been wounded since the March 2003 invasion, more than 8,500 of them seriously enough that they were not returned to duty within three days, according to Pentagon figures.

Roadside bombs -- known as improvised explosive devices, or IEDs -- accounted for more than half of the deaths this year. Hostile fire from small arms and other weapons were the second-biggest cause of death. To date, 528 of the deaths have been non-hostile, resulting from accidents, illness, suicides and other causes.

"What is significant and troublesome is that the casualty rate per month hasn't really declined," said Michael O'Hanlon, a military analyst at the Brookings Institution here. "Unfortunately, any hopes we had that we have come to the end of this rate of taking casualties have been dashed."

At this rate, if the war extends until 2008, "it's very likely that victory will mean 4,000 killed," said Anthony Cordesman, a military historian at the Center for Strategic and International Studies.

The number of Iraqi civilians and military personnel killed since the start of the war ranges from 43,000 to 49,000, according to estimates from news agencies, research groups and other sources.

The issue of Zarqawi's successor has been a major question for Iraqi and U.S. officials. In the days following Zarqawi's death, several presumed candidates surfaced in statements appearing on Web sites used by militant groups. One statement, in the name of al-Qaeda in Iraq, was signed by Abu Hamza al-Muhajer and vowed to avenge Zarqawi's death.

At a news conference Thursday in Baghdad, a U.S. military spokesman said Muhajer had been identified as Masri. "We think they are one and the same at this point," said Maj. Gen. William B. Caldwell IV. "We'll continue to do further analysis."

"Al-Masri's intimate knowledge of al-Qaeda in Iraq and his close relationship with [Zarqawi's] operations will undoubtedly help facilitate and enable them to regain some momentum if, in fact, he is the one that assumes the leadership role," Caldwell said.

Beyond some bare facts, little is certain about the person whose photograph -- showing a youthful man with neatly trimmed facial hair, in traditional white Gulf Arab dress -- was released in Baghdad by the U.S. Central Command. Officials in Washington said Masri is also known -- and equally unknown -- by the name Yusif al-Dardiri.

The question of who takes over Zarqawi's leadership role is important, one counterterrorism official said, because of perceived past divisions between al-Qaeda and Zarqawi's operations in Iraq. Last October, the U.S. government released a letter it said had been intercepted en route from Zawahiri to Zarqawi expressing concerns about public beheadings of hostages in Iraq and attempts to foment divisions between Sunnis and the majority Shiites.

"Zawahiri's big issue was the negative publicity that those attacks were generating," said the official, who said he was not authorized to discuss the subject on the record. The question now, he said, was whether Masri's primary allegiance is to his Egyptian mentor, Zawahiri, or to Zarqawi.

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U.S. analysts have also been watching carefully for signs of a split between domestic-led Sunni groups with nationalistic aims in Iraq and those elements of the insurgency whose goals are more in keeping with bin Laden's overall objective of expanding violent jihad across the Arab word.

US Military Releases Image Of Zarqawi's Successor (LAT)

By Borzou Daragahi

The Los Angeles Times, June 16, 2006

BAGHDAD — The U.S. military today released new information about Abu Musab Zarqawi's successor, quickly elevating the stature of the Egyptian militant who is said in Internet postings to be the new head of Al Qaeda in Iraq.

The U.S. military also announced today that the number of American military deaths in Iraq has reached 2,500, though the 24 killed so far this month has been relatively low.

Calm prevailed throughout much of Baghdad, which is under a new security plan and a 9 p.m. curfew. But violence exploded throughout much of the country, including the murder of 10 relatives of a Sunni Arab politician who uncovered prisoner abuse in Baqubah, the assassination of a Basra city official, and a roadside bombing that killed three civilians near Hilla.

At a press briefing in the Iraqi capital, the U.S. military showed reporters a previously classified picture of the Egyptian-born militant man who goes by the name Abu Ayyub Masri or Sheik Abu Hamza Muhajer, wearing traditional Arab headdress.

"It's important for the people of Iraq to know who this is," said Maj. Gen. William B. Caldwell IV, spokesman for U.S.-led forces in Iraq.

Caldwell said U.S. officials debated for days before deciding to release the photo and a brief biographical sketch of the alleged insurgent leader. They worried that bolstering his media profile would play into his hands. "Our intention is not to glorify him," Caldwell said.

But by making Masri or Muhajer, whose two names mean "Egyptian" and "immigrant" in Arabic, the U.S. continues painting Iraq's Sunni Arab rebellion as driven by outsiders, even though foreign fighters make up a small portion of guerrillas fighting Americans and the Iraqi government.

"He has absolutely no ties to this country," Caldwell said.

U.S. military officials today also provided details of the June 7 bombing of Zarqawi's safe house near Baqubah. According to a timeline provided by the military, two men in a motor vehicle — possibly informants deep inside Zarqawi's network — departed the house just minutes before U.S. forces began verifying there were no friendly forces in the area and ordering the airstrike.

Caldwell said Zarqawi, who lived for nearly an hour after the bombing, spit up a pint-and-a-half of blood while being treated, a sign that he had suffered massive internal injuries by the force of the bombing.

Caldwell said the bombing badly damaged Zarqawi's network, throwing its leadership into disarray and forcing them to abandon trusted safe houses, but that the organization was expected to "reset" under new leadership. "They've been very resilient," he said.

Masri began his journey in Islamist circles in 1982 as a disciple of Ayman Zawahiri, the Egyptian physician now a deputy to Osama bin Laden, said Caldwell, citing information held by the Defense Intelligence Agency, the Pentagon's spy agency.

Masri went to Taliban-ruled Afghanistan in 1999, where he trained at Bin Laden's Farouk camp, and met Zarqawi. After the 2001 U.S. invasion of Afghanistan, Masri made his way to Iraq, where he reunited with Zarqawi and became his trusted deputy.

During the first year of the insurgency, Masri helped draw other insurgent groups into Al Qaeda's fold and worked with Zarqawi's deputies in Fallouja, providing suicide bombers and car bombs to other parts of the country, the military said.

After U.S. Marines overran Fallouja in November 2004, Masri became Al Qaeda emir, or prince, of southern Iraq.

In addition to depicting the insurgents in a negative light, U.S. and Iraqi officials have tried to get Iraqis to lay down their weapons by periodically touting reconciliation plans with some insurgents.

But the scheduled announcement of a new reconciliation plan was scuttled today under unusual circumstances.

Prime Minister Jawad Maliki, after inviting reporters to his office in the Green Zone, failed to show up. At first, aides distributed two-page communiqués titled "National Reconciliation," then insisted on taking the documents back and canceled the press conference without explanation.

In other violence today, Interior Ministry officials in Baqubah said 10 tribal relatives of lawmaker Mohammad Daini were pulled off a bus, and shot dead near Baqubah. Daini had videotaped prisoners alleging torture and corruption in a local jail and sent the footage to Arab television stations.

Police also discovered seven unidentified bodies, with bullet wounds and signs of torture, in various parts of Baghdad. Local police in Khalidiya, west of Baghdad, reported clashes between insurgents and U.S. troops after a roadside bomb targeted a passing convoy.

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US Military Shows Al-Zarqawi's Successor (AP)

By Kim Gamel, Willa Thayer

AP, June 15, 2006

The U.S. military presented the new face of al-Qaida in Iraq on Thursday, displaying a photograph of a bearded man in a traditional white Arab headdress and saying he was taking over after the death of Abu Musab al-Zarqawi.

The new leader is Abu Ayyub al-Masri, an Afghanistan-trained explosives expert with links to Osama bin Laden's top deputy, said Maj. Gen. William Caldwell.

He also is the man behind the nom de guerre made public by al-Qaida in Iraq after al-Zarqawi was killed last week in an U.S. airstrike on his safe house outside of Baghdad, the military spokesman said.

However, U.S. National Security Adviser Stephen Hadley said it's not certain that al-Masri is al-Zarqawi's successor.

"That's clearly one of the leading names, but we're going to need a little bit of time to sort out — and they're clearly needing a little time — to sort out where they go after what is clearly a big blow to al-Qaida," Hadley said at the White House.

Caldwell said al-Masri was the man identified in an Internet posting by al-Qaida that said Abu Hamza al-Muhajer was al-Zarqawi's successor. The name means "immigrant" in Arabic and suggested he was not an Iraqi.

According to the U.S. military, Al-Masri was a founding member of al-Qaida in Iraq. After meeting the Jordanian-born al-Zarqawi in Afghanistan, he followed him to Iraq to help set up the terror cell in 2003.

Even before terror leader's death, the Bush administration posted a $200,000 bounty on al-Masri because of his level of leadership within al-Qaida, Caldwell said.

Citing recently declassified documents, he said al-Masri has been a terrorist since 1982, "beginning with his involvement in the Egyptian Islamic Jihad," which was led by Ayman al-Zawahri, bin Laden's top deputy.

Going by that chronology, the photograph the military presented — showing a young man with a sparse mustache and a trimmed goatee — appeared to be at least several years old.

Caldwell said the U.S. Defense Intelligence Agency provided the picture, adding: "Everything we had was classified just 24 hours ago associated with this gentleman — this terrorist."

Yet Islamist watchers in Egypt and abroad said they had never heard of al-Masri — whose name means "the Egyptian" — and expressed skepticism about U.S. claims that he was poised to become Iraq's new terror leader.

"His codename doesn't ring a bell for me; he's not one of the wanted Jihadis in Egypt," said Egyptian lawyer Montasser el-Zayat, who was imprisoned with al-Qaida No. 2 al-Zawahri from 1981-84.

In an indication of the confusion surrounding the identity of the group's new leader, the U.S. first announced al-Masri's name shortly after the Jordanian-born al-Zarqawi was killed June 7. But al-Qaida in Iraq later identified its new leader as al-Muhajer.

The new leader issued a Web statement Tuesday vowing to avenge al-Zarqawi's death and threatening horrific attacks "in the coming days."

"Don't be overcome with joy about killing our sheik Abu Musab (al-Zarqawi), God bless his soul, because he has left lions behind him," the statement said.

Citing recently declassified information, Caldwell said the military believes al-Masri first went to Afghanistan in 1999 to receive training and lecture on Islam to other militants. There he became an expert in building roadside bombs, skills he used in Fallujah and Baghdad.

He trained with al-Zarqawi at the al-Farouq camp in Afghanistan and they began to collaborate in Iraq. Raids in April and May in southern Baghdad recovered material confirming his high-level involvement in moving foreign fighters from Syria to Iraq, Caldwell said.

However, Yasser al-Sirri, an Egyptian who runs the Islamic Observation Center in London, said information supplied by al-Qaida in announcing the new leader pointed to another man: Abdullah bin Rashid al-Baghdadi, the leader of the Mujahedeen Shura Council — five allied groups in the Sunni Arab-dominated insurgency.

"I'm 95 percent sure that this al-Masri doesn't exist," al-Sirri said, adding that the group could be trying to cover up the nationality of its new leader to promote a broader Islamic identity.

"Al-Qaida does not want to show that he is an Iraqi because they work under the Islamic banner ... and they seek international jihad," al-Sirri said.

Caldwell acknowledged that al-Masri's ability to exert leadership over al-Qaida cells remained unclear and said other "al-Qaida senior leadership members and Sunni terrorists" could try to take over the operations.

He pointed to al-Baghdadi along with Abu Abdul-Rahman al-Iraqi, whom al-Qaida in Iraq statements have identified as the group's deputy. Al-Iraqi was believed to have been killed in the airstrike along with al-Zarqawi.

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Mustafa Alani, a terror expert at the Gulf Research Center, said the ultimate call for the new leader would be made by bin Laden or al-Zawahri, believed to be hiding in the rugged border area between Pakistan and Afghanistan.

U.S. Portrayal Helps Flesh Out Zarqawi's Heir (NYT)

By Dexter Filkins

The New York Times, June 16, 2006

BAGHDAD, Iraq, June 15 — American military officers on Thursday put a face on the new chief of Al Qaeda in Mesopotamia, releasing a photograph and details of the man they say succeeded Abu Musab al-Zarqawi after he was killed in an airstrike last week.

In a news briefing, Maj. Gen. William B. Caldwell IV, the American military spokesman here, identified Mr. Zarqawi's successor as Abu Ayyub al-Masri, an Egyptian who he said had trained in one of the terrorist camps in Afghanistan run by Al Qaeda in 1999.

Mr. Masri, he said, was a "founding member" of Al Qaeda in Mesopotamia and had become one of Mr. Zarqawi's "closest remaining associates." The group is believed to be responsible for dozens of suicide attacks and car bombings across Iraq that have killed thousands of Iraqi civilians.

General Caldwell said Mr. Masri — the name means "the Egyptian" in Arabic — was the same person as Abu Hamza al-Muhajer, whom Al Qaeda in Mesopotamia declared as its new leader in an Internet posting this week. Both names are thought to be pseudonyms. Shortly after Mr. Zarqawi was killed, American officials predicted that Mr. Masri was the likely successor.

In the photograph released Thursday, the man the Americans claim to be Mr. Masri is wearing a kaffiyeh, the traditional Arabic headwear, and sporting a wispy mustache and goatee. He seems a young man, perhaps in his late 20's, and he is not smiling. He is staring directly into the camera, as if sitting for a passport photograph. American officials said they believed Mr. Masri to be in his late 30's, suggesting that the photograph is old.

The Americans said Mr. Masri joined the Egyptian militant group Islamic Jihad in 1982 and went to Afghanistan in 1999 to train in the Farouq militant camp, where he learned about explosives.

Islamic Jihad was headed by Ayman al-Zawahiri, an Egyptian doctor who later became Osama bin Laden's deputy in Al Qaeda. The Farouq camp, set up by Mr. Zawahiri and Mr. bin Laden, was one of the main Qaeda training camps before it was bombed by the United States in October 2001.

General Caldwell said he was not sure whether Mr. Masri had developed a relationship with either Mr. Zawahiri or Mr. bin Laden.

But, the general said, it was in Afghanistan that Mr. Masri developed a relationship with Mr. Zarqawi.

Mr. Masri, he said, came to Iraq in early 2003 and helped to set up the original cell in Baghdad of what later became Al Qaeda in Mesopotamia. More recently, Mr. Masri was a senior operational commander for the group, supplying suicide bombers and car bombs. He was responsible for all operations in southern Iraq, General Caldwell said.

Mr. Masri is believed to be operating in Baghdad, he said.

The link between Mr. Masri and Mr. Zawahiri is intriguing, in part because of a letter that American officials captured last year that they said they believed was written by Mr. Zawahiri to Mr. Zarqawi. In that letter, Mr. Zawahiri, believed to be hiding along the mountainous border between Pakistan and Afghanistan, questioned Mr. Zarqawi's emphasis on killing Shiite civilians, suggesting that such killings alienated Iraqis and detracted from the larger goal of driving out the Americans.

That raises the possibility that the leadership of Al Qaeda in Mesopotamia could be contemplating a change in tactics.

Earlier this week, a man identifying himself as Abu Hamza al-Muhajer — who the Americans believe is Mr. Masri — issued a statement through a jihadi Internet site pledging to continue attacks against "crusaders and Shiites."

Still, American officials said they believed that Mr. Zarqawi's death had disrupted the leadership of Al Qaeda in Mesopotamia, and that a struggle for control of the organization might be under way.

General Caldwell suggested that others in the organization might be challenging Mr. Masri, including Abdullah al-Rashid al-Baghdadi, the leader of the Mujahedeen Shura, or Council of Holy Warriors, an organization that claims to oversee Al Qaeda in Mesopotamia and several other militant groups.

"As we continue looking at the Al Qaeda network, there is no question that it is in some kind of disarray and disorganization at this point," General Caldwell said.

The Iraqi government released what it said was a document drawn up by Al Qaeda in Mesopotamia that showed the difficulties being endured by insurgents in Iraq. The document called for efforts to sabotage America's relationship with Iraq's Shiites — and to start a war between America and Iran — to salvage the prospects of the insurgency.

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The document said the insurgency was being weakened by the American program to train Iraqi security forces, as well as "massive attacks and arrests," the disruption of insurgents' financial networks and the launching of a propaganda campaign that was prompting Iraqis to believe that the insurgents were acting against the public interest.

"Time is now beginning to be of service to the American forces and harmful to the resistance," the document said.

"We mean specifically attempting to escalate the tension between America and Iran, and America and the Shiites in Iraq," the document said.

There was no way to verify the authenticity of the document. General Caldwell said it came from a "mass storage device" discovered in a raid carried out before the airstrike on Mr. Zarqawi.

In Washington, White House officials played down reports out of Iraq that as a way to promote unity, the new government would consider granting amnesty to those who had attacked American troops.

During a news briefing with reporters on Thursday, Stephen J. Hadley, the national security adviser, urged patience, noting that the Iraqis were still working through their unification plan.

"They have talked of steps to try and get people into the — to lay down their arms and come into the political process," he said.

"They've talked about dealing with the issue of militia," he added. "They've talked about a kind of truth and reconciliation commission on the approach of South Africa, and they've talked about amnesty. But that's kind of the level of discussion."

For the first time, American officers offered a detailed timeline of the airstrike that killed Mr. Zarqawi. Though the Americans declined to discuss the details, the sequence of events suggested the presence of a mole inside Al Qaeda in Mesopotamia who tipped off the Americans about Mr. Zarqawi's location inside the house where he was killed.

According to the timeline, a critical moment leading up the attack came at 4:18 p.m., about two hours before the airstrike. That was when a vehicle containing two people pulled up to an unidentified Iraqi house near the one in Hibhib where Mr. Zarqawi was waiting. One of the people in the vehicle was Sheik Abd al-Rahman, Mr. Zarqawi's spiritual adviser, whom the Americans had been tracking. Mr. Rahman went inside.

Five minutes later, another vehicle arrived at the same house. The identities of those in the second car were not disclosed. But, according to the timeline, Mr. Rahman drove away 23 minutes later to meet Mr. Zarqawi.

The first meeting at the undisclosed location, General Caldwell said, was the main tip-off that Mr. Rahman would soon be going to see Mr. Zarqawi, the Americans' ultimate target.

The purpose of this first meeting, it appears, was for Mr. Rahman to be told of Mr. Zarqawi's exact location, and whether it would be safe to go there. Until that time, it is unlikely that Mr. Rahman even knew where Mr. Zarqawi was.

"This is the first time where we saw Rahman move to a meeting location, moving from his vehicle inside another place," General Caldwell said. "That was a movement along a path that eventually took him to the safe house."

Fourteen minutes after leaving the first house, Mr. Rahman arrived at the house in Hibhib, where Mr. Zarqawi was waiting for him. He got out of his vehicle and walked inside.

The meeting went on for about 45 minutes, officials said, when an unidentified vehicle left the safe house with two passengers. Mr. Zarqawi and Mr. Rahman were still inside.

Shortly thereafter, the Americans ordered an F-16 pilot to drop two 500-pound bombs on the house, killing Mr. Zarqawi, Mr. Rahman and four others, including a young girl.

Asked whether the vehicle that left the house before the airstrike contained the mole, General Caldwell offered an intriguing answer.

"We have been asked not to talk about any of the individuals who left the place, or where they may have ended up or where they are today," he said.

Al-Masri Identified As Apparent Zarqawi Successor (WP)

By Ellen Knickmeyer And Debbi Wilgoren

The Washington Post, June 16, 2006

Correction to This Article

Earlier versions of this story incorrectly reported from Washington that the 2,500 death toll included civilian contractors. It does not. The figure includes military troops and 7 Department of Defense civilian casualties. The story also said that nearly 17,500 U.S. troops had been wounded. That figure should be 18,500. It also included an incorrect translation for the pseudonym al-Muhajer. That means "the immigrant." This version has been corrected.

BAGHDAD, June 15 -- U.S. military leaders Thursday unveiled a photograph of the Egyptian-born explosives expert they believe has been tapped as the apparent successor to Abu Musab al-Zarqawi, the insurgent leader killed in an airstrike June 7.

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The announcement came as the death toll for U.S. troops and Defense Department civilians in Iraq reached 2,500, Pentagon officials said. A total of 1,972 personnel have been killed in action since the March 2003 invasion, officials said, while 528 died from accidents, illness and other causes. Nearly 18,500 U.S. soldiers have been wounded in the conflict, with about 10,000 of them returning to duty within three days, the Pentagon said. Of the fatalities, seven were civilian employees of the Pentagon.

Maj. Gen. William B. Caldwell IV told reporters Thursday morning that Abu Hamza al-Muhajer, the man identified on Web postings as the new leader of al-Qaeda in Iraq, is known to U.S. officials as Abu Ayyub al-Masri.

Masri was trained as an explosives expert in Afghanistan, Caldwell told reporters at a briefing. Masri is believed to have ties to fellow Egyptian Ayman al-Zawahiri, the deputy to Osama bin Laden in the al-Qaeda terrorist network.

Caldwell said Masri has been involved in terrorist activity since 1982, initially working with the Egyptian Islamic Jihad, which was led by Zawahiri. He was pictured in a large photograph on display at the media briefing wearing a traditional white Arab headdress secured with a black cord.

Masri's high-level involvement in al-Qaeda in Iraq was confirmed by material seized in military raids in southern Iraq in April and May, Caldwell said. The loose-knit insurgent group has been responsible for hundreds of bombings, kidnappings and killings of Iraqi civilians and U.S. and Iraqi soldiers.

Caldwell said the United States cannot determine whether Masri has assumed full control of the group.

"Al-Masri's ability to effectively assert his leadership over al-Qaeda cells remains unclear," he said, adding that there are other "al-Qaeda senior leadership members and Sunni terrorists" who could compete with him for power.

Among them, Caldwell cited Abu Abdul-Rahman al-Iraqi, who in the past has been identified as deputy leader of al-Qaeda in Iraq, and Abdullah bin Rashid al-Baghdadi, the leader of the Mujaheddin Shura Council.

In the Internet posting last week, the man identifying himself as Muhajer claimed to have succeeded Zarqawi, and vowed to avenge his death.

Both "al-Muhajer" and "al-Masri" are pseudonyms -- al-Muhajer means "the immigrant," and al-Masri means "the Egyptian." Abu Hamza and Abu Ayyub mean "father of Hamza" and "father of Ayyub," respectively. Arab men who have children commonly are known by their eldest son's name.

The men calling themselves al-Iraqi and al-Baghdadi also appear to be using aliases.

In a separate news briefing in Baghdad, Iraqi national security adviser Mowaffak al-Rubaie on Thursday unveiled a document he said was written by al-Qaeda leaders and suggested the insurgency was weakening.

Wire service reports quoted Rubaie as saying that al-Qaeda leaders wanted to encourage a war between the United States and Iran, to distract the United States from its campaign against the insurgent group. He said the document described the current situation as a "crisis" for the insurgency, and outlined the need to lessen cooperation between Iraqi Shiites and the United States.

But U.S. officials cautioned that there was no way to verify whether that was in fact the insurgents' position.

Although the office of Prime Minister Nouri al-Maliki said the document was found in Zarqawi's hideout following the June 7 airstrike that killed him, Caldwell said the document actually was taken off a computer drive in the days before military forces pinpointed Zarqawi's location.

Shiite Militias Control Prisons, Official Says (WP)

By Jonathan Finer And Ellen Knickmeyer

The Washington Post, June 16, 2006

BAGHDAD -- Iraq's prison system is overrun with Shiite Muslim militiamen who have freed fellow militia members convicted of major crimes and executed Sunni Arab inmates, the country's deputy justice minister said in an interview this week.

"We cannot control the prisons. It's as simple as that," said the deputy minister, Pusho Ibrahim Ali Daza Yei, an ethnic Kurd. "Our jails are infiltrated by the militias from top to bottom, from Basra to Baghdad."

As a result, Yei has asked U.S. authorities to suspend plans to transfer prisons and detainees from American to Iraqi control. "Our ministry is unprepared at this time to take over the facilities, especially those in areas where Shiite militias exist," he said in a letter to U.S. Army Maj. Gen. John D. Gardner, the official in charge of American detention facilities.

U.S. officials said months ago that they planned to turn over Baghdad's Abu Ghraib prison and three other American-run facilities to the Iraqi government, but the handoff has been repeatedly pushed back. Gardner has said he will not authorize the transfers until he is convinced that standards of inmate treatment and security match those maintained in U.S.-run facilities.

"We will not transfer the facilities and legal custody of the detainees until each respective facility and the Iraqi Corrections system have demonstrated the ability to maintain the required standards, especially in the areas of care and custody," Gardner

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said in a written response to questions. "We fully recognize that there are significant challenges that must be overcome but believe that we will be able to address these as we move through 2006 into 2007."

He said Abu Ghraib would be transferred to Iraqi control "in the next few months."

Gardner said the eventual transfer of prisons to Iraqi control would proceed gradually, preceded by several weeks of training for Iraqi guards, conducted by U.S. corrections officers and military police. The Iraqis would then work under the supervision of American guards for at least six months. A U.S. transition team would then be left in place for an additional period before the prison was handed over.

While allegations of abuse at U.S.-run prisons have waned since the 2004 Abu Ghraib prisoner abuse scandal, Iraqi facilities have drawn increased scrutiny since a U.S. Army raid exposed torture of dozens of detainees -- most of them Sunnis -- at a secret Interior Ministry facility in the Baghdad neighborhood of Jadriyah.

The prison was widely alleged to have been operated by a special police unit staffed largely by members of the Badr Organization, a Shiite militia with ties to Iraq's largest Shiite political party. The government investigated the facility but never announced the results.

Yei said that because of mounting concern over detention centers run by Iraq's Interior and Defense ministries, where militias retain heavy influence, the police and army have agreed to turn over all their prisoners to the Justice Ministry by the end of the month.

As of early June, there were 7,426 inmates housed in Justice Ministry facilities, Yei said. The Interior Ministry had an additional 1,797 prisoners and the Defense Ministry a smaller number. More than 15,000 inmates were being held in five U.S. prisons in Iraq.

But while a U.N. human rights report issued last month stressed that the Defense and Interior ministries have legal authority to hold inmates only a brief time, Sunni Arabs charge that Sunnis are regularly imprisoned in the centers for months or even more than a year.

"The police are not supposed to be holding them beyond the time it takes to conduct an investigation," Yei said. "As long as the Interior Ministry doesn't hide anything, they will all be handed to us this month."

Already, the transfer plan is meeting resistance. The provincial council in Wasit province, south of Baghdad, ordered police there not to transfer detainees to a Justice Ministry facility, according to Muhammed Hasan al-Attabi, a provincial government spokesman.

A major general with Iraq's Interior Ministry, speaking on condition he not be named, said the transfer was already underway and would be completed on schedule. He denied that militias ran roughshod over the prisons. "All the detention centers in Baghdad and southern Iraq are under our control, except for some centers in Basra, maybe two or three there, which are run by militia officers," he said.

In an interview this week, Deputy Prime Minister Salam al-Zobaie, the top Sunni Arab in Iraq's new government, showed photographs taken from one recent inspection of an Interior Ministry detention center. An inmate in one of the photos held out his misshapen, limp hands for the camera. The man's hands had been broken in a beating, Zobaie said. Other inmates showed massive, dark bruises on their skin; one bore a large, open infected sore.

Inmates in another photo clustered around chains hung from the middle of one of the crowded cells. The chains were used to hoist prisoners by their bound hands, Zobaie said. The practice, noted frequently in inspection reports of Interior Ministry detention centers, often results in the dislocation of prisoners' shoulders.

Ninety percent of the men crowded into Interior Ministry detention centers are Sunni Arabs, Zobaie said. He called treatment in the Interior Ministry prisons "inhumane" and indicated it still was less than certain whether the Defense and Interior ministries would follow through on their agreement to turn over the inmates to the Justice Ministry. "Hopefully, they will," he said.

Yei gave several detailed accounts of abuses by militias, the names of which he declined to provide, saying only that "there are two, everyone knows them." U.S. officials recently said they consider the militias to be as grave a threat to Iraq's security as the Sunni-led insurgency.

On Aug. 13, 2004, he said, militia members freed 552 prisoners in the southern city of Hilla during a militia-led attack. A week later, 122 inmates escaped from the main prison in Amarah, also in the south, with the help of guards who were also militia members.

On Jan. 13, 2005, he said, 38 prisoners escaped during an attack on a convoy carrying them to Baghdad's Abu Ghraib. Eight were eventually rearrested. A month later, seven prisoners escaped while being transferred to the Badoush prison in the northern city of Mosul.

On June 14, 2005, seven prisoners escaped from Abu Ghraib in an incident still under investigation.

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Last December, militia members entered the maximum-security prison in the Kadhimiyah section of Baghdad, a mostly Shiite neighborhood, freeing one militia member on death row and four others serving life sentences. At the same prison, on Feb. 28, guards and militia members freed two men who were to be executed that week.

And in the once-tranquil southern city of Basra, where militia violence has surged in recent months to the point that the Iraqi government declared a state of emergency in late May, militia members in early March took 12 foreign-born prisoners -- Egyptian, Saudi and Sudanese -- from their cells and shot them dead them by the facilities' main gate.

Yei's account adds to a growing list of alleged abuses in Iraq's overburdened prison system, long criticized by Sunni leaders who say Sunni prisoners are commonly mistreated.

Visits to detention centers in southern Iraq in recent months indicated they are often badly overcrowded and unsanitary. At the Tesfirat prison in Najaf last October, 122 prisoners were packed into cells designed for a maximum of 60, according to Lt. Jassim Juwad, the prison officer in charge. A prison maintained by police commandos in Hilla and designed for 150 inmates housed 400 as recently as April. Inmates at both locations had been incarcerated for up to 18 months without trial.

On Saturday, a group of parliament members paid a surprise visit to a detention facility run by the Interior Ministry in Baqubah, north of Baghdad. "We have found terrible violations of the law," said Muhammed al-Dayni, a Sunni parliament member who said as many as 120 detainees were packed into a 35-by-20-foot cell. "They told us that they've been raped," Dayni said. "Their families were called in and tortured to force the detainees to testify against other people."

"The detention facilities of the ministries of Defense and Interior are places for the most brutal human rights abuse," he added.

Despite broad U.S. efforts to encourage the Iraqi government to improve conditions in prisons, the problem of militia control could prove particularly intractable. Shiite militias such as the Badr Organization and the Mahdi Army, loyal to cleric Moqtada al-Sadr, are backed by dozens of members of parliament whose political parties run the armed groups.

"You can't even talk to the militias, because they are the government," Yei said. "They have ministers on their side."

After A Dark Time, A Walk Into The Sun (WP)

By Joshua Partlow

The Washington Post, June 16, 2006

BAGHDAD, June 15 -- The desert hut that became his home for more than a year, the place he lived in captivity with some 30 other men at Abu Ghraib prison, was No. 6 -- known, he said, as the "freedom tent."

At the prison, Omar Taha, 24, pined for his girlfriend and his favorite nightclubs, passed time playing soccer and listening to the radio and never got over his bewilderment at being arrested for what he says was simply being too close to an explosion in Baghdad.

"I was just driving my car," he said. "Two soldiers came up to me and said, 'Why are you stopped?' I said, 'I am scared.' Then they took me here."

On Thursday, Taha was one of 489 detainees who walked under a harsh sun out of the chain-link pen at Iraq's most infamous prison. The mass release, part of a larger plan to free 2,500 prisoners this month, is intended to bolster Prime Minister Nouri al-Maliki's efforts to defuse the Sunni Arab insurgency.

This week Maliki, a member of the Shiite Muslim majority, expressed a willingness to talk with insurgents and proposed pardoning people involved in the resistance that has destabilized Iraq. A fuller description of his reconciliation plan is expected soon.

The prisoner release on Thursday was the third this month. Before walking out in single file, the men stood quietly behind the fence as Deputy Prime Minister Salam al-Zobaie addressed them from atop a wooden platform.

"We want to see people who are innocent released, and go back to their homes, and go back to their normal lives," Zobaie said, adding: "Anyone who is innocent must be released. Anyone whose hands are drenched in blood must not be let go."

Some of the men were barefoot; others wore sandals. They were each given a copy of the Koran, a new set of clothes, $25 and a bus ticket. Some held up their Korans to reporters, who were kept outside the fence, and others put towels over their heads to block the sun. One elderly man, missing his left leg, hobbled out of the prison on crutches.

Mizher Jasim, 20, said he had fallen behind his economics classmates at the University of Tikrit after 6 1/2 months in prison for a "random arrest."

"There was some shootout, and they brought a lot of people in," he said, calling his treatment "not so bad."

"But I was still in detention," he said.

As of early June, more than 15,000 inmates were being held in five U.S. prisons in Iraq, according to the Iraqi Justice Ministry. Abu Ghraib currently holds 3,600 prisoners, but the number fluctuates because the prison serves as a transfer point for

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detainees moving to and from other detention centers, said Lt. Col. Keir-Kevin Curry, a spokesman for the American military command.

To gain their freedom, the detainees -- most of whom have not been formally charged -- had to renounce violence and pledge to be good citizens, Curry said. Their cases were reviewed, and those who were found to be "relatively low risk" were released, he said.

"In the spirit of unity and reconciliation, we need to reintegrate the detainees who were found not guilty of the serious violent crimes -- bombing, torture, kidnapping, murder," Curry said.

Iraq's deputy justice minister, Pusho Ibrahim Ali Daza Yei, sharply criticized the U.S.-led forces for imprisoning so many people.

"If there is an incident in this neighborhood or that neighborhood, they will arrest the whole neighborhood, 400 or 500 people, and there are only four or five criminals. This is why they don't send them to court," he said in an interview this week. "I say, why keep them here? They are chickens? They say, if we send them to the court, the court will release them. I say this is the law, but it's in one ear and out the other."

S. Korean Charged In Oil - For - Food Scandal (NYT/AP)

By The Associated Press

The New York Times, June 16, 2006

Filed at 1:08 p.m. ET

WASHINGTON (AP) -- A South Korean businessman accused of accepting millions of dollars from Iraq in the United Nations oil-for-food scandal has been charged with lying to the FBI.

On Wednesday, a federal grand jury returned an indictment accusing Tongsun Park of falsely telling investigators in 2004 that he played no role more than a decade ago in the adoption of the U.N. resolution that set up the oil-for-food program.

The one-count, single-sentence indictment also says Park made false statements when he said he had no business dealings with an unidentified U.N. official, and when he told the FBI that he did not exchange money with an unidentified Iraqi-American, and that he had never been to that person's office.

In New York, Park already is facing charges of conspiracy to commit wire fraud, acting as an unregistered agent of a foreign government and money laundering. He has pleaded not guilty.

Park's lawyer, Michael Kim, said the government is concerned it will lose the case in New York and is seeking "a second bite of the apple" with the Washington case, which was assigned to U.S. District Judge Emmet Sullivan. The New York case is scheduled to go to trial June 26.

The oil-for-food program ran from 1996 to 2003 to help Iraqis cope with U.N. sanctions imposed after Baghdad's 1990 invasion of Kuwait.

Park was charged in New York in April 2005 with accepting millions of dollars from the Iraqi government while he operated in the United States as an unregistered agent for Iraq's oil-for-food program. He became a fugitive when he failed to respond to a U.S. warrant, and he was arrested in Houston in January after being expelled from Mexico.

In the 1970s, Park was at the center of what became known as the Koreagate scandal, in which he was accused of trying to buy influence in Congress.

Park was indicted in the scandal, but the charges were dropped.

South Korean Businessman Hit With Another Indictment (HC/BLOOM)

By Cary O'reilly, Bloomberg News

Houston Chronicle, June 16, 2006

Tongsun Park, the South Korean businessman accused of working as an unregistered agent for Iraq, was charged in a new case with making false statements to the FBI.

Park "knowingly and willfully" lied about the United Nations Oil-for-Food program, according to an indictment issued this week in Washington.

"Park falsely told FBI agents that he played no role in the adoption of United Nations Security Council Resolution 986," which established the U.N. program, according to the indictment. He also falsely said he didn't exchange money with an unnamed Iraqi-American and that he had no business dealings with an unnamed U.N. official, the indictment said.

The businessman already faces trial in Manhattan later this month for alleged work on behalf of Saddam Hussein's regime. Park was accused in a January indictment of working as an unregistered agent for Iraq after it invaded Kuwait in 1990. Park lobbied the U.S. and the U.N. to repeal sanctions and set up the Oil-for-food program, the government says.

Michael Kim, a lawyer representing Park, said the government is "piling on" before the June 26 Manhattan trial.

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The U.S. investigation into the Oil-for-Food program has resulted in charges against 11 people, including Houston oilman Oscar Wyatt.

Most defendants are accused of paying illegal kickbacks to Saddam's regime in exchange for oil.

Military Investigates U.S. Killings Of Iraqis At Checkpoint (LAT)

By Julian E. Barnes And Peter Spiegel

The Los Angeles Times, June 16, 2006

WASHINGTON — The U.S. military is investigating the killing of three Iraqi civilians by American forces in northern Iraq, Pentagon officials said Thursday.

The inquiry into the May 9 deaths in Salahuddin province was requested by Army Lt. Gen. Peter Chiarelli, the U.S. commander in charge of day-to-day operations in Iraq, officials in Baghdad announced today.

Pentagon officials said they could provide few details about the deaths of the Iraqis, who were killed at a checkpoint in province's southern region. The military is investigating whether they were threatening American troops or whether the troops acted improperly and had no cause to use force against the civilians, an official said.

Chiarelli requested that the Army's Criminal Investigation Command undertake the inquiry as a result of soldiers' reported suspicions about the deaths. At the time of the deaths, the Iraqis were in the custody of U.S.-led forces, according to the statement released in Baghdad.

Salahuddin, which includes former Iraqi President Saddam Hussein's hometown of Tikrit, begins about 40 miles north of Baghdad and is part of an area overseen by the Army's 101st Airborne Division. Pentagon officials said they were unable to say whether the forces involved in the killings were Army personnel or members of another service.

Checkpoints have become a contentious issue in Iraq. Vehicles laden with explosives are one of the most deadly threats to American troops, and service members are most vulnerable at roadblocks. But Iraqi officials have said the Americans are too quick to fire on vehicles as they approach the roadblocks.

Under Chiarelli, troops have been looking for methods other than firing warning shots to caution civilians as they approach checkpoints.

Dozens of people have been killed at checkpoints, including an Italian intelligence agent who had just helped rescue a kidnapped journalist in March 2005.

The investigation into the Salahuddin deaths comes at a time of increased attention to such incidents because of recent allegations that U.S. Marines killed two dozen innocent Iraqi civilians in Haditha in November.

Inside The Ring (WT)

By Bill Gertz And Rowan Scarborough

The Washington Times, June 16, 2006

Haditha stories

As more reporters travel to Haditha, some of them Iraqi stringers hired by Western newspapers, the stories about what U.S. Marines did in the town Nov. 19 get more and more gruesome.

Defense attorneys deny assertions by some residents that Marines lined up unarmed civilians and executed them. They say the Marines of Kilo Company, after being fired upon, did three house-clearing operations in which civilians, and suspected insurgents, some armed, some not, were killed. Some of the 24 were women and children.

More troubling to defense attorneys is an account from one resident that the Marines killed an elderly man in a wheelchair. Marines have told lawyers they saw no man in a wheelchair during the operations in what is one of the most dangerous towns in Anbar province.

Marine Corps defenders also are questioning the authenticity of a video, purportedly of the victims and made by a Sunni man. They question why the images did not surface until months afterward.

Still, sources close to the case expect Marines to face criminal charges once an investigation is complete.

Fat terrorist

For a man constantly on the run planning new ways to murder innocents, Abu Musab Zarqawi didn't miss many meals.

Among the findings of an autopsy, which found he died June 7 of bomb-damaged lungs, was that the al Qaeda in Iraq leader was a bit hefty.

"He was fit, but I think he was on the heavyweight side," an unidentified forensic pathologist, who conducted the postmortem, told reporters in Baghdad.

The U.S. military previously had captured and shown a homemade video of a plump Zarqawi unable to operate a machine gun and calling for help from fellow terrorists.

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Shrinkage

The Air Force has sent a memo to airmen explaining why the service is cutting the force by 40,000 in the coming years. The bottom line: The Air Force wants to free up money to pay for expensive weapons systems, such as the F-22 Raptor.

"We are reducing end strength and becoming more efficient," the memo states. "It is important to maintain our technological edge to fight the wars of today and tomorrow."

Warning that pink slips are coming, the memo adds, "We understand this could be a difficult time for some airmen and their families. We will use every authority available to minimize the impact for those transitioning to civilian life."

The active-duty Air Force is slated to shrink from 351,800 this year to 334,200 in 2007.

Prison break

Not much was known about one of Delta Forces' biggest successes, that is until Kurt Muse decided to tell his story of survival, which is closely linked to the secretive special operations unit.

In 1989, as U.S. forces prepared to invade Panama from within (from American bases protecting the canal) and from without, Delta commandos first used Little Bird helicopters to scale the walls of Panama's main prison and free Mr. Muse.

Years later, Mr. Muse writes about the rescue in his book, "Six Minutes to Freedom: How a Band of Heroes Defied a Dictator and Helped Free a Nation."

Mr. Muse, now a Northern Virginia resident, lived and worked in Panama, seeing the brutality of Manuel Noriega up close. He decided to work against the dictator by building an underground radio station, the Voice of Liberty, to broadcast the truth. Noriega imported Cuban agents to hunt down the station's location. They did, capturing Mr. Muse and imprisoning him for nine months, with orders to execute him if he tried to escape.

Mr. Muse, whose research included interviewing former President George Bush in his Houston office, tells us he thinks he is the only American civilian ever rescued by Delta Force. He plans a reunion with some of his rescuers at a book launch party this month.

An excerpt: "Total elapsed time from touch-down to dust-off was six minutes. But the night was about to get a lot longer. ... Three feet past the edge of the roof, the chopper pilot dropped the bird into a nose-down dive that first nearly had them smashing into the prison yard dirt and then again into the prison yard wall. ... On the far side of the wall, the chopper landed in the middle of the street. ... This was about to get ugly."

Army ammo

The Army recently concluded a $3 million, three-year study to find out what it was told by a group of specialists years ago: The killing power of the M-16/M-4 carbine is good for close combat.

The Army study started after some soldiers in Afghanistan claimed that the 62-grain, 5.56 mm round did not have enough stopping power to kill terrorists in close combat. The complaints appeared aimed at trying to get the Army to adopt bigger caliber guns and ammo, something the service opposes.

According to defense officials close to the study, a group of assembled specialists on the matter, including both ballistics specialists and medical doctors familiar with bullet wounds, told the Army before it started the study that the problem is not the size of the bullet but the person pulling the trigger.

The specialists concluded that disabling an enemy combatant with an M-16 is more dependent on where a shot is placed, the number of hits that are placed on target, and the level of marksmanship training of the solider. The size of the bullet and its design are less important and the standard M855 ammunition, known as "green tip" ammo is fine.

The Army study concluded almost the same thing but failed to identify one fault of its own soldiers: They need more training to be better shots.

The study proved that the complaints from some units in Afghanistan were unwarranted. "There are some special operations units that never complained because they could shoot," one official told us. For those lacking marksmanship training, "they could shoot at someone 10 times but only hit him once or twice."

"The Army is very willing to spend a lot of money on guns and ammunition, but very little on marksmanship training," the official said.

China-Hamas links

A Chinese intelligence officer is engaged in covertly aiding the ruling Palestinian Hamas terrorist group, according to a Paris-based intelligence newsletter.

Gong Xiaosheng was identified as a Ministry of State Security (MSS) official who has worked out of Ramallah since November 2002, Intelligence Online reported in its June 9 edition.

The report said Mr. Gong is a "strategic agent" who was trained in Division 8 of the ministry and also at the China Institute of Contemporary International Relations (CICIR), an MSS think tank whose Middle East section is headed by Jin Ruikun, a specialist on Palestine and Jordan, and Chen Shuanqing, a specialist on Israeli-Palestinian relations and Israel's Likud Party.

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The institute produces in-house studies for Chinese communist and military leaders and predicted in January that Hamas would win the Palestinian elections.

According to the report, Mr. Gong in the past was constantly seen in the company of Palestinian leader Yasser Arafat but has since begun helping Hamas.

Mr. Gong arranged an invitation to China for Mahmud al-Zahar, the Hamas foreign minister to take part in a China-Arab Cooperation Forum in Beijing last month.

Unlike the United States and other Western governments who rightly view Hamas as a terrorist organization, China was quick to recognize the new Palestinian government ruled by Hamas.

Americans Fear Haditha Fallout (WSJ)

By John Harwood

The Wall Street Journal, June 16, 2006

See updates to Washington Wire each weekday at www.washwire.com1.

AMERICANS FEAR Haditha fallout but oppose prosecuting Marines.

In Wall Street Journal/NBC News poll, 62% say reported massacre of Iraqi civilians will harm U.S. relationship with Muslim world. But by 49%-33%, they want reprimands rather than criminal charges.

Americans say troops "shouldn't be the fall guys," says Democratic pollster Peter Hart, who conducts survey with Republican Bill McInturff. Only 32% believe such incidents are "common."

Optimism rises after Zarqawi's death, but 57% still want U.S. forces cut.

ECONOMIC GLOOM gives Democrats a political opening.

By 39%-16%, Americans expect economy to get worse in next year; 43% say it'll stay the same. Democrats lead on handling the economy by the largest margin, 16 percentage points, since 1993. The poll's margin of error is plus or minus 3.1 percentage points.

Among independents, 25% worry Democrats will too quickly raise taxes and spending. But 37% say Bush's party isn't sufficiently curbing spending and shrinking the deficit. As House and Senate near minimum-wage clashes next week, 55% of independents are more likely to support a candidate who backs an increase.

INCONVENIENT TRUTH: Gore's ratings remain negative.

Americans view former vice president unfavorably by 42%-30%, though 53% of Democrats give a thumbs-up. But his cause draws adherents: 59% say climate change warrants "some action" or "immediate" steps, up from 51% in 1999.

After appearing with Falwell, 2008 hopeful McCain sees favorable ratings among conservatives tick up to 40% from 36% in April. McCain's standing among Republicans, 47% positive and 16% negative, exceeds the 36%-13% showing for potential rival Gingrich.

Among 2004 Bush backers, 8% say their 2006 vote will signal opposition to the president.

STAR QUALITY? Senate Democratic Leader Reid launches "Your Congress" on PoliticsTV.com, a Webcast network for the left. "When it comes to a regular political analyst, we think we have Fox News, CNN and MSNBC beat," says PoliticsTV Chairman Mike Lux. Some 15% of Americans under 35 call themselves "strong Republicans," matching the proportion of "strong Democrats."

WANING WEDGE? Among Republicans most interested in 2006 elections, gay marriage trails Iraq and immigration as issue; 22% cite it as a top factor in November choice. Just 5% say flag-burning.

DANGER ZONE? An environmental group says National Oceanic and Atmospheric Administration's new Tsunami Warning Center in Hawaii is vulnerable to storms. An NOAA spokeswoman says tsunamis in the past century have never reached the third-floor level where offices will be. By 28%-27%, Republicans say Democratic Party would better protect the environment.

IRAN-CONTRA VETERANS North, Secord, Hall and Clarridge gather to salute 1980s-era anti-Sandinista rebels before Nicaragua's November elections. U.S. attitudes on CIA are 31% positive; FBI draws a 42% positive mark.

SCANDAL FAILS to emerge as pivotal midterm-election issue.

Prosecutor Fitzgerald's decision not to charge Rove in CIA leak case makes it harder for Democrats to tie "culture of corruption" to Bush. Attention to Abramoff and DeLay sagas, partly offset by woes of Democrat Jefferson, have left minority party with modest seven percentage-point edge on ethics.

Pluralities of voters in all regions except the Northeast say both parties are "equally" influenced by special interests and lobbyists. But if Democrats recapture Congress, 69% want Congress to investigate Bush administration's energy task force.

Americans back Congressional probes of Iraq intelligence by 57%-40%, and of warrantless wiretaps by 53%-44%.

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MINOR MEMOS: Census says 147,000 of 66.3 million American fathers are married and home with kids under 15. ... Among men, 42% are more likely to back a congressional candidate who'd make most abortions illegal, compared with 38% of women.

General Leading Haditha Probe Known For Integrity, Toughness (WP)

By Ann Scott Tyson

The Washington Post, June 16, 2006

The two-star Army general leading the main inquiry into the killings of 24 civilians in the Iraqi town of Haditha is a decorated Delta Force operative known among his peers for integrity and uncanny judgment in combat.

Maj. Gen. Eldon A. Bargewell rose from a Special Forces staff sergeant in Vietnam to commander of the secretive Delta Force, earning a reputation as an unusually skilled fighter who bluntly confronted superiors to get what he needed for his men. He is one of the Army's most highly decorated soldiers on active duty.

Bargewell's intimate familiarity with combat -- he was wounded seven times -- gives him credibility as the chief investigator into allegations of some of the worst war crimes committed by the U.S. military in Iraq, according to active-duty and retired Special Forces officers who know him.

"Key to the investigation will be to ask the right questions, and he knows exactly what to ask," said one officer who has served overseas with Bargewell. He, like others, spoke on the condition of anonymity because he was not authorized to comment on the record.

His investigation is one of two probes into what happened in Haditha and how commanders reacted. On Nov. 19, 2005, a Marine convoy was hit by a roadside bomb, and in the aftermath, the Marines killed unarmed civilians, including women and children, in their homes. A criminal inquiry by the Naval Criminal Investigative Service is underway. Bargewell's report, submitted to senior commanders in Iraq this month, examines whether Marines tried to cover up the shootings and whether commanders were negligent in failing to investigate the deaths.

The 59-year-old general is seen as unlikely to bend to pressure to sway his conclusions, both by virtue of his character and because he plans to retire this year after nearly four decades in the Army. "He has unimpeachable integrity," said retired Maj. Gen. Geoffrey Lambert, a Special Forces officer who has known Bargewell for decades. "He has no constituency that could influence findings. Bargewell is his own man."

Bargewell is considered so unflinchingly candid that another officer suggested that military leaders "may be sorry they chose him" to lead the probe.

Bargewell grew up in Hoquiam, Wash., where his father was an elementary-school principal, and graduated from Hoquiam High School in 1965. He attended a local college on a football scholarship before suffering a knee injury, according to a newspaper profile that Bargewell provided to The Washington Post.

In 1967, he enlisted in the Army and volunteered for the Special Forces, or Green Berets, an elite force that specializes in working with indigenous fighters.

During two tours in Vietnam, he led a team of three American and six Vietnamese Montagnard soldiers as part of a secret unit conducting strike and surveillance missions in Laos, Cambodia and North Vietnam and in the demilitarized zone between North and South Vietnam. The unit, MACV Special Operations and Augmentation OP-35, "was considered a highly classified and hidden unit based on our mission area," according to Bargewell, who speaks French and Spanish.

Bargewell saw heavy combat in Vietnam, where he was awarded four Purple Hearts for battle wounds and won the Distinguished Service Cross, which is second among military decorations only to the Medal of Honor.

According to the citation, on Sept. 27, 1971, Bargewell and his team were on a long-range reconnaissance mission deep in enemy territory when they came under attack from 75 to 100 fighters. Bargewell was seriously wounded by a B-40 rocket but managed to fire back a torrent of machine-gun rounds, inflicting enough casualties to twice break enemy assaults that threatened to overrun his small group. His "extraordinary heroism" under fire allowed the team to be extracted, the citation said.

"His judgment in combat was almost supernatural," Lambert said. "He was not only absolutely fearless, he could do everything. He had 20/10 vision. His sniping was off the scale. He had perfect eye-hand coordination."

Bargewell also was known for his toughness, a trait he continued to exhibit after he left the enlisted ranks and was commissioned as a second lieutenant in the 75th Ranger Regiment in 1973. Bargewell stayed primarily with the Rangers until 1981, when as a major he began a 17-year stint with the Special Forces Operational Detachment -- Delta, also known as Delta Force, based at Fort Bragg, N.C.

During training for the U.S. invasion of Panama in 1989, Bargewell badly injured his back in a Black Hawk helicopter crash. But doctors patched him up, and he led a Delta squadron in Operation Just Cause in Panama, conducting dozens of missions,

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including the rescue of U.S. citizen Kurt Muse from a prison, according to Bargewell and officers who know him. In 1991, he led a Delta task force in northern Iraq during the Persian Gulf War.

In 1998, he took command of Special Operations Forces in Europe, overseeing activities in Kosovo and Bosnia as a brigadier general. At the time of the Sept. 11, 2001, terrorist attacks, he was operations chief for the U.S. Special Operations Command in Tampa and later served with NATO. Bargewell took his current post, as operations chief for the U.S. military in Iraq, in April 2005.

Inside the small -- and in the eyes of some, incestuous -- world of Delta Force, Bargewell has enjoyed support from another veteran commander, Gen. Peter J. Schoomaker, the Army chief of staff, the officers said. Both men are pragmatic, with Schoomaker grasping the big picture and Bargewell excelling at the nuts and bolts of military operations. If Bargewell has a weakness, some said, it is that he can become too tactically focused.

Bargewell, known as fiercely loyal and "so down to earth it hurts," as one officer said, has two sons in the military and plans to retire to Alabama.

Bargewell's fondness for sleek cars -- he owns a Corvette -- contrasts with his introverted personality. "In a roomful of officers at a social, he'd be the one over in the corner with a beer -- even as a two-star general," said one Army acquaintance. "But the rewards of drawing him out are great."

Baghdad On The Bayou (WT)

By David Axe

The Washington Times, June 16, 2006

FORT POLK, La. -- A combat readiness training center at this remote base in Louisiana once prepared U.S. soldiers for infantry gunbattle with Soviet forces. These days, the focus of the training is fighting insurgents in crowded Iraqi villages with cultural sensitivity and limiting civilian casualties.

A cluster of fabricated neighborhoods represents Iraq's chaotic urban battlefield. Combat brigades numbering as many as 5,000 soldiers spend three weeks living and fighting there.

Aggressive paratroopers trained in insurgent tactics prowl the swamps. Actors and local residents wearing Middle Eastern-style clothing stand in for Iraqi civilians. Iraqi expatriates play the roles of tribal leaders and town mayors. Combatants and civilians alike wear vests that detect lasers beamed by modified weapons that fire noisy blanks. Pyrotechnics specialists add smoke and explosions to simulate improvised explosive devices. Combat veteran "observer-controllers" referee clashes among trainees, "insurgents" and restive civilians.

Soldiers have complained that training at Fort Polk's Joint Readiness Training Center is harder than combat in Iraq. Center commander Brig. Gen. Michael Barbero says that is the point.

"We want their worst day to be at Fort Polk and not in Baghdad."

With the spread of small wars and insurgencies like those in Iraq and Afghanistan, Fort Polk has shifted gears from the Cold War-era battle readiness. Now winning hearts and minds is as important as winning firefights.

"We could go over there in theater and kill every bad guy, but that doesn't mean we will be successful," said Maj. Eric Baus, center spokesman. Like in Iraq, he added, success for trainees at Fort Polk means convincing the populace to point out insurgents and make them unwelcome in their villages.

But winning over civilians is hard when insurgents blend in, strike on crowded streets and draw U.S. fire that kills innocents.

During a June 5 exercise, soldiers from the Texas-based 1st Cavalry Division, slated to deploy to Iraq in a few weeks, patrolled a street in a simulated village. Actors portraying Iraqi vendors gathered around the Humvees and trucks. Then a bomb exploded, rockets streaked in from the countryside and insurgents attacked with small arms. Civilians screamed and scattered; some fell to the ground writhing from imaginary wounds. One actor, an amputee, was wearing gory makeup to replicate massive trauma.

U.S. troops returned fire, gathered up some of the wounded and raced away, leaving some casualties untreated.

Observer-controllers at the exercise said that despite the civilian casualties and their failure to evacuate all the wounded, the unit's effort was stellar. It was enough that the Capt. Robert Nevins, the unit commander, maintained control of his troops in a chaotic situation.

However, leaving injured civilians behind makes Capt. Nevins and his troops unpopular with the locals. To head off an uprising, the next day Capt. Nevins meets with a Kurdish-born American portraying a tribal sheik.

These meetings are hosted at Fort Polk's new "Engagement University," a series of rooms decorated to look like Iraqi homes and monitored by closed-circuit TV cameras. Specialists in Iraqi culture take notes as Capt. Nevins and other commanders work out problems caused by failures in past exercises.

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Capt. Nevins' Iraqi counterpart is skeptical despite the commander's apologies. The sheik brings up the purported massacre in Haditha -- where Marines are accused of killing two dozen innocent Iraqis in November -- and puts Capt. Nevins on the defensive.

"We try to make our scenarios as relevant as possible," explains Lt. Col. Dennis Smith, director of Engagement University.

Eight Afghans Killed On Way To Work At U.S. Air Base (NYT)

By Carlotta Gall

The New York Times, June 16, 2006

KABUL, Afghanistan, June 15 — A bomb exploded on a bus taking workers to the United States military air base at Kandahar in southern Afghanistan on Thursday, killing 8 people and wounding at least 16 others, among them 4 children, officials said.

Kandahar, the spiritual home of the Taliban, has been the scene of frequent suicide bomb attacks and roadside explosions in recent months, but this bomb was the first specifically directed at civilians working at the base.

The explosion occurred as the bus was leaving the city at 7.30 a.m. The men on the bus were mostly laborers and wore their identity badges, a duty officer at the hospital said. The driver was also killed, said Daoud Ahmadi, a spokesman for the provincial governor.

Children and other civilians standing outside shops lining the road were also caught in the blast.

"These innocent workers were the breadwinners of the poorest families and they were on their way to work," President Hamid Karzai said in a statement from China, where he is attending a meeting of the Shanghai Cooperation Organization, a regional security group of Russia, China and Central Asian nations. "The enemies of Afghanistan deliberately targeted innocent civilians," he said.

"We don't know if it was a remote-controlled bomb or a time bomb, but it was placed inside the minibus," Mr. Ahmadi said. Two cars were also caught in the blast, he said.

He said he believed that none of the passengers had known about the bomb. "This is the action of the Taliban and terrorists," he said. "The terrorists are usually targeting civilian people, and they get rewarded for killing innocent people."

The final toll was 8 dead and 16 wounded, several of them seriously, said Azizullah, the registrar at the Kandahar city hospital. Among the wounded were four children, aged 8, 9, 15 and 16, he said.

NATO troops are taking over military command of southern Afghanistan from American forces and Taliban insurgents appear intent on disrupting the transfer.

With increased insurgent activity, the American-led coalition has started a major effort, involving 11,000 troops, intended to drive insurgents from their sanctuaries. It also seeks to extend reconstruction and government services into remote areas of southern Afghanistan largely left to bandits, drug lords and Taliban supporters for the last four years.

Why The Taliban Appeal To Pakistani Youth (CSM)

By David Montero

Christian Science Monitor, June 16, 2006

PESHAWAR, PAKISTAN

Imran Gul would like to see a better future for the tribal youth of his corner of Pakistan, but most days he only sees military helicopters returning from Waziristan, ferrying wounded and dead. Casualties in the conflicts along the Afghan border serve as a reminder that the tribal system, once strong and proud, is now falling apart.

History and war have slowly eaten away its edifice, and Mr. Gul worries that what the tribal system can no longer provide young people - peace, income, a sense of purpose, a social network - a new and rising force can: the Taliban.

"Due to poverty, young people have no activities," says Gul, program director of the Sustainable Participation Development Program, a nongovernmental organization in Banu, just outside North Waziristan. "They do not want to join the Taliban. But their sympathies are with the Taliban to bring peace to our area."

The field for such sympathies is wide and growing, many say. The Federally Administered Tribal Areas (FATA) have always been the least advanced lands in Pakistan. Illiteracy and joblessness are rampant. There are no universities in FATA, and political parties are absent due to colonial-era tribal laws, robbing youth of an outlet for talent and expression.

The tribal system itself is partly to blame. Many elders have traditionally resisted modern education, roads, and electricity, fearing their power would be threatened the more FATA opened up. But the government is also at fault, observers say, by failing to integrate FATA into Pakistan. Voting rights were extended to the full tribal populace only in 2000.

"Young people ... oppose the current tribal system because they know that this is not ... harnessing their potential," says Naveed Ahmad Shinwari, chief executive of the Community Appraisal & Motivation Program, which works on development in the

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tribal zone. "If you ask any young man, he's frustrated because the government of Pakistan is clearly not doing much to create employment for young people." Military incursion further eroded old system

These problems were exacerbated when the Pakistani military entered the tribal areas for the first time in 2003. Their operations, which many tribes believe is the dirty work of Washington, have further weakened the system while sowing sympathies for extremism. In such situations, analysts say, people look to the standard-bearers of Islam for guidance and solace.

Tariq Aziz, a 17-year-old from Mir Ali in North Waziristan, sees the Taliban as a viable solution for future generations. "There are no opportunities for young people," he says by telephone from Banu. "The people of Mir Ali have sympathies for the Taliban. They fight for Islam."

Mr. Aziz says he might like to join the Taliban himself, but that his parents prefer him to continue his studies.

Like many his age, Aziz is trapped between the present danger of conflict and the elusive dream of a better life. Only hours after he hung up the phone, two suicide bombers struck a military convoy just outside Banu, killing four soldiers and wounding seven. It is to the Taliban that he looks for peace. "Under the Taliban government, there was peace in Afghanistan and no crimes occurred in the government."

In such strife, pragmatism draws young people to the Taliban. They are building a new form of social capital, a network that offers the opportunities and prestige that the tribal system once did.

"Where do they go for problem solutions? Their [members of the National Assembly] are marginalized pieces of the political system. The [tribal elders] are not recognized. The cost of living has gone up," says Khalid Aziz, chair of the Regional Institute of Policy Research & Training, a think tank in Peshawar. "[The Taliban] make life livable. They have a bureaucracy, soldiers." Slim opportunities, but education a way out

Such prospects are an oasis in a desert of grim statistics, Mr. Aziz says. "Twenty five percent of an ordinary man's income [in FATA] is spent on medical expenses, aggravated by bad delivery of basic services. Sixty percent of the incomes come from migrant workers. Eighty-five percent are working on land. Seventy percent are working on rented land. The only asset left for a frontiersman is to get a job. If I were in that area, I would definitely go Taliban."

Alternatives seem in short supply, but a few find another way of life in education. One of them is now a student at Peshawar University. He is afraid to be named because his family in Miran Shah, North Waziristan, was recently the victim of violence. Like others his age, he feels the tribal system cannot adequately prepare his generation to interact with the modern world, and hopes that education can repair the cracks left by the tribal system.

"Today people in Waziristan are interested in coming to university. Our young generation is interested in business," he says, adding that the best solution is to integrate the tribal areas with the rest of Pakistan.

It's a dream shared by many, and perhaps the best way to dampen the appeal of groups like the Taliban, analysts say. Optimists hope the way will be paved by education programs and development projects in the short term, and the introduction of political parties in the longer term. The latter, they say, are one of the few immediate prospects for confronting the growing power of the mullahs and the Taliban they support.

Perhaps the greatest question for youth to ponder is how modern they want to be.

Akmal Sayal, the 16-year-old son of a tribal elder from Mohmand Agency, intends someday to lead his tribe of 200,000, but for now he's concentrating on learning computer science. "I hope to go back to the tribal area and teach computers," he says. "The solution must be education."

But he is careful to underscore the delicate business of embracing modernity. "I've got my [studies], but I don't want that this cap can't be used," he says, pointing to the traditional skullcap worn by Muslims.

Weapons Permit In Military-Spending Boom, Expensive Pet Projects Prevail (WSJ)

By Jonathan Karp

The Wall Street Journal, June 16, 2006

Last year, in an effort to save money, the Navy secretary proposed building a new $3 billion destroyer in just one shipyard rather than at facilities in both Mississippi and Maine. He estimated the move could cut $300 million from the cost of each ship.

Congressional reaction was swift. Senators from the two states stalled the official's promotion to deputy defense secretary. One Maine senator used her seat on the Armed Services Committee to help push through legislation that blocked the idea.

Five years after the Sept. 11 attacks changed American military priorities, the U.S. defense machine is still churning out weapons made for old-style, conventional conflicts, even as it needs new tools to battle terrorists and insurgents. One big reason is the sclerotic nature of the procurement process, in which the military, the White House, the defense industry and Congress fight for pet projects that aren't always in synch with strategic priorities. In the case of the destroyers, the senators maintained a weapon whose origins dated to the last decade for the sake of jobs.

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Overall, the Pentagon's recent spending has largely reinforced the status quo. Weapons spending has swelled faster than the overall Pentagon budget, soaring 43% since in the past five years to $147 billion, with the vast majority of funding going to programs conceived before 9/11. The estimated lifetime cost of the Pentagon's five biggest weapons systems is $550 billion, 89% more than the top-five programs were projected to cost in 2001.

That has been a blessing for Lockheed Martin Corp. and its fighter planes; Northrop Grumman Corp. and General Dynamics Corp., which make big warships; and Boeing Co., the lead contractor for a missile-defense shield that dates back to Ronald Reagan. Major defense stocks hit historic highs this year and the industry has outperformed the market since 2001.

But it has done little to change the military. The spike in Pentagon spending doesn't reflect a move to develop "a whole bunch of new systems because the world is changing," says Steven Kosiak, director of budget studies at the Center for Strategic and Budgetary Assessments in Washington, D.C. Instead, the military is "buying pretty much the same things as before... They just cost more."

Military budgets have long been shaped by pork and pet projects. The Clinton administration faced similar issues as it tried to adapt a Cold War military to a new era. The problem is particularly acute right now because of the huge increase in defense spending and the Pentagon's new strategic shift to fight terrorism.

The defense industry was on pins and needles when George W. Bush became president. Declining spending in the 1990s had hurt its profits, and the incoming administration seemed intent on cutting big weapons programs geared toward Cold War threats. In particular, Defense Secretary Donald Rumsfeld vowed to transform the military into a smaller, nimbler force.

Since then, Mr. Rumsfeld has managed to scrap just three big military weapons programs out of dozens. Even as Pentagon strategists make a case for training soldiers to fight counterinsurgencies and terrorism, an expensive proposition, funding priorities haven't shifted substantially. Thanks to the entrenched nature of the military procurement process, big weapons systems survive despite skepticism of their relevance and cost.

At the pinnacle of the system is the White House, which has long been able to advance favored projects, such as the missile-defense shield. The decades-old concept involves an array of weapons designed to destroy incoming enemy warheads. In his first federal budget, Mr. Bush accelerated the shield project, which is seen these days as a deterrent to countries such as North Korea, proposing to nearly double annual spending to some $8.3 billion.

Days before the Sept. 11 attacks, senators challenged the increase at a hearing dominated by concern over government finances. Democratic Sen. Dianne Feinstein of California asked Mr. Rumsfeld why missile defense should be a higher priority than guarding against terrorist attacks. He agreed they were "the more likely threats in the period ahead," but said such dangers ranged from terrorism to missiles fired by rogue states. The Senate slashed the funding increase.

The attacks of 9/11, rather than reinforcing a shift in priorities, obliterated opposition to the president. Congress ended up approving $7.8 billion for missile defense, almost as much as Mr. Bush sought. The next year, as war against Iraq loomed, Congress gave Mr. Bush more missile-defense money than he had requested.

"Missile defense has maintained momentum because of the president's political commitment to it and conservative ideological support, rather than its relevance to our current defense needs," says Loren Thompson, a critic of the current defense secretary, who runs the Lexington Institute think tank in Arlington, Va., and consults for defense companies.

With funding between $7.4 billion and $9 billion a year since fiscal 2002, missile defense has been a boon to industry. Boeing oversees the main ground-based missile system in Alaska and California and the development of a laser gun to be carried aboard a modified 747 airliner. Lockheed, Northrop and Raytheon are prime contractors for other related programs.

Despite Mr. Bush's goal of making the system operational by 2004, the shield still isn't permanently up and running. And despite consuming a hefty chunk of the Pentagon's total R&D budget, it isn't equipped, however, to deal with a rising post-9/11 concern: cruise missiles.

Since last September, the program has notched some successful flight tests, the Pentagon says. Congress is poised to give Mr. Bush most, if not all, of his latest budget request: $9.3 billion for fiscal 2007.

The military's muscle in protecting programs has also been evident in recent years. All the services want to replenish aged or depleted arsenals, a need that even the Pentagon's civilian leadership concedes. "Clearly there is a recapitalization problem," says Kenneth Krieg, the Pentagon's top acquisition official. "If I look at what keeps me awake at night, obviously [it is] the average age of the fleet."

That argument has helped the Air Force, the biggest recipient of procurement dollars, maneuver aggressively to protect some of its glamorous fighter jets against attacks on their relevance. In 2001, the average age of the F-15, the nation's top air-superiority warplane, was 17 years, three shy of its expected service life.

The Air Force's priority is now the F-22, made by Lockheed, which was designed to replace the F-15 as the service's top combat plane. The service said it needed 381 of the super-fast, radar-evading fighters, despite their high costs and development snags, to deal with the growing military sophistication of countries such as China and India. Critics questioned their usefulness,

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arguing that even these incipient world powers don't pose a credible threat to U.S. air power. In 1999, the Air Force beat back California Republican Rep. Jerry Lewis's attempt to kill the program by organizing support from all three service branches.

Under Scrutiny

In Mr. Rumsfeld's Pentagon, fighter jets came under scrutiny as the military lobbied for spending on more immediate priorities, such as ground vehicles and helicopters in Iraq and Afghanistan. Army generals who craved a bigger share of the weapons pie, also questioned the value of short-range fighters, even in a potential conventional conflict with China.

"I'm not really sure how the F-22 fits into either scenario," adds Ivan Eland, a military analyst at the Independent Institute, a research group based in Oakland, Calif.

In response, the Air Force joined forces with Lockheed to make the F-22s more versatile, which also made it more costly. It explored a bomber version and added ground-scanning radar to give the plane a reconnaissance role. By making them adaptable, "we can multiply their value," says Robert Stevens, Lockheed's chairman and chief executive, in an interview last year.

The Air Force even began horse-trading with its own programs to save the F-22, which currently cost $133 million apiece, excluding development costs. For example, Air Force officers offered to forgo hundreds of Joint Strike Fighters -- a $276 billion program to replace Air Force, Navy and Marine plane models with a common airframe.

Although it appeared to lose the fight when the Pentagon, in late 2004, slashed the proposed F-22 fleet to 179 planes, and ordered production to end in 2008, the Air Force didn't surrender. It argued that closing the F-22 line before starting full production of the Joint Strike Fighter would harm national security. Now, the Pentagon's plan is to buy 183 F-22s and extend production to 2010. Those extra two years leave the F-22's fate to the next administration.

As a result of this increased spending, defense contractors are booming. Sales at the top five contractors -- Lockheed, Boeing, Northrop, General Dynamics and Raytheon Co. -- have grown 10% a year since 2001, excluding acquisitions, according to Joseph Nadol, an industry analyst at J.P. Morgan. Last year, the big five's operating profits rose 25% compared with 2004, to $12.94 billion. The companies generated so much cash they spent $4.26 billion buying back their appreciating stock.

Battle Over Planes

Their clout in the procurement process can be seen through a battle over cargo planes that the Pentagon wants to stop building. The fight shows the defense companies at their most muscular: spending heavily on lobbyists and sprinkling political donations strategically across the congressional map.

In early 2005, Lockheed moved with lightning speed in to reverse a Pentagon proposal to accelerate the demise of the C-130 aircraft, which has been made in Marietta, Ga., since 1954. As word of the move leaked, Lockheed officials coordinated with Georgia's two Republican senators, who enlisted 22 colleagues from both parties to sign a letter of complaint to President Bush. Lockheed spokesmen steered reporters to Sen. Saxby Chambliss of Georgia, a blunt-talking member of the Armed Services Committee who was publicly leading efforts to save the program.

Days after the Pentagon announced the move, Mr. Rumsfeld began backtracking. His stated reason: "new information" that the cost of terminating the contract could exceed the related savings. Three months later, he reinstated the C-130 program. In a written statement, Lockheed pronounced itself "pleased" with the result.

Boeing is in the midst of a similar scramble to stretch the life of its C-17, a mammoth jet that has proven valuable in hauling everything from armored vehicles to relief supplies. Faced with budget pressures, the Pentagon recently moved to begin shutting down the C-17 production line in Long Beach, Calif.

Boeing flooded Capitol Hill with lobbyists and subcontractors. In May, Congress authorized fresh C-17 purchases and the Air Force said it needed eight additional planes. Boeing is shooting for even more.

"We're working that very, very hard," Boeing defense chief Jim Albaugh said at a recent investor conference, referring to extending the programs like the C-17.

On Capitol Hill, new strategic imperatives are often trumped by the realities of daily politics. Congress rarely makes tough weapons choices when jobs are at stake, as the battle over the DDG-1000, a next-generation Navy destroyer, attests.

Formerly known as the DD(X), the destroyer was conceived in the 1990s as a relatively inexpensive, largely automated warship, costing $750 million. The price has since ballooned to $3 billion a ship, three times the cost of current destroyers. In a move to make the destroyer more relevant to post-9/11 threats, the Navy stuffed it with additional features such as more-powerful guns, quieter technology; and advanced radar. The warship is so expensive it threatens the Navy's plan to upgrade its fleet.

"Usually when you are building a new ship class, you put two or three new technologies into the ship class, and we have put nine or 10" in the DDG-1000, says Rear Adm. Barry McCullough, the Navy's director of surface warfare.

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When then-Navy Secretary Gordon England made his move to trim costs by building the ship in just one shipyard -- either Northrop's facility in Mississippi or the General Dynamics yard in Maine -- he ran into the buzz saw set up by senators from the two states, including Trent Lott, the powerful Mississippi senator.

After preserving the two-shipyard approach, Maine's Sen. Olympia Snowe toured her state's Bath Iron Works with Mr. England's successor as Navy secretary and declared, "We're all in synch."

Not quite. Due to cost increases, the Navy now foresees building just seven DDG-1000s, compared with the original plan for 32. The House, concerned about cost and the destroyer's complex technology, wants to build just two of the ships.

The House recently approved $2.6 billion in fiscal 2007 to begin building the first one -- in Mississippi. Maine's other senator, Susan Collins, said the House bill would "be devastating to the skilled work force" at Bath Iron Works. Next, the Senate authorized $3.4 billion to build the first two destroyers -- including one in Maine. Lawmakers will have to negotiate to resolve the clash.

CORPORATE SCANDALS:

Senators Grill Fannie Mae Chief (WP)

By David S. Hilzenrath And Annys Shin

The Washington Post, June 16, 2006

Fannie Mae chief executive Daniel H. Mudd came under fire yesterday from members of a Senate committee who questioned how he could have been unaware of the company's alleged accounting fraud.

Mudd was chief operating officer during the years in which regulators have concluded that the housing finance company manipulated its accounting to maximize executive bonuses.

"I'm astounded you would even stay with this institution," Sen. Chuck Hagel (R-Neb.) told Mudd at a hearing of the Senate Banking Committee. "Have you thought about resigning?"

Mudd, who was promoted after the accounting scandal cost Franklin D. Raines the combined job of chairman and chief executive, said he did not like "the old Fannie Mae" any more than Hagel did and was "as shocked as anyone" when Fannie's accounting problems came to light.

Mudd said he thought about leaving but is "not a quitter" and stayed to fix Fannie's problems.

Hagel countered that Mudd's $8 million compensation package last year might have had something to do with the decision.

Yesterday's hearing was held to review a report by the Office of Federal Housing Enterprise Oversight, which detailed widespread accounting violations and described an executive culture fixated on hitting bonus targets.

OFHEO Director James B. Lockhart III, who also was confirmed in his job by the Senate yesterday, said during a break in the hearing that as far as his agency was concerned, whether Mudd should keep his job remained an open question.

In a settlement with the Securities and Exchange Commission and OFHEO, Fannie recently agreed to pay penalties of $400 million. The SEC and the Justice Department still are investigating the conduct of individual executives.

Raines and outgoing audit committee Chairman Thomas P. Gerrity declined invitations to testify yesterday.

Board Chairman Stephen B. Ashley, a director of the company since 1995, also faced sharp questioning.

"I think you failed, the entire board failed. . . . Now, can you sit there and tell this committee that you knew nothing about what was going on?" Hagel asked.

Ashley replied that he felt "deep disappointment and anger" that the trust the board placed in Fannie Mae's management was "not just broken but shattered."

Some committee members said the regulators' findings showed why the full Senate should take up long-stalled legislation to strengthen oversight of Fannie and its competitor Freddie Mac, which were chartered by the government to provide a steady flow of funds for home mortgages. But other committee members said the Senate should avoid overreacting and possibly harming the companies.

In prepared testimony yesterday, Mudd said the days "of arrogant, defiant, 'my way' Fannie Mae had to end." He said the company supported creation of a strong new regulator and would work with lawmakers.

Sen. Richard C. Shelby (R-Ala.), chairman of the Banking Committee, said he saw no sign of that.

"When are you going to start?" Shelby asked. "We haven't seen any evidence of any changes in tone that you talked about."

Legislation to strengthen oversight of Fannie Mae and Freddie Mac has been stalled on Capitol Hill since last summer. Lawmakers are at loggerheads over a provision that would empower regulators to reduce the companies' investment holdings.

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Those mortgage-related investments have grown enormously over the past decade, becoming a major source of profit while making the companies more vulnerable to interest-rate fluctuations.

Executives for Fannie and Freddie have defended the investment portfolios, calling them essential to fulfilling the companies' mission to keep money flowing into the housing market.

The new OFHEO director yesterday provided fodder for the companies' critics, agreeing that the investments do not affect mortgage interest rates or the availability of conventional mortgages.

Republicans Push Fannie To Accept Operating Limits (WSJ)

By James R. Hagerty

The Wall Street Journal, June 16, 2006

Senate Republicans prodded Fannie Mae executives to support legislative provisions that might force the company to shed most of its holdings of mortgages and related securities. Those holdings, about $730 billion, are the company's main source of profit.

Pressuring the company to back legislation sought by the White House, the Republicans used a Senate Banking Committee hearing yesterday to berate Fannie executives and directors for greed and failure to blow the whistle years ago on wrongdoing that resulted in last month's $400 million settlement of accounting-fraud charges.

But Democrats on the committee cautioned against crippling Fannie and its rival, Freddie Mac, with restraints that might reduce their support for affordable housing.

Fannie and Freddie are shareholder-owned companies chartered by Congress to provide funding for home mortgages. In the wake of accounting scandals at both companies, Congress is debating legislation to tighten regulation of them. The biggest issue is whether to go along with White House-backed provisions that would essentially remove Fannie and Freddie from the lucrative business of investing in mortgage securities. That would force them to focus almost entirely on their smaller business of providing guarantees on such securities held by others.

The Bush administration says the companies' mortgage portfolios are so large that stumbles by either Fannie or Freddie could set off a financial crisis. But Democrats and many Republicans in Congress support the position of Fannie and Freddie that the mortgage holdings make more money available for mortgages.

"We should never advocate destroying critical U.S. enterprises because of management failures," Sen. Charles Schumer (D., N.Y.) said at the hearing.

The committee's chairman, Sen. Richard Shelby (R., Ala.), grilled Fannie's chief executive officer, Daniel Mudd, who testified at the hearing about the company's efforts to clean up its books and culture. Sen. Shelby noted that Mr. Mudd had promised to help Congress craft legislation. "When are you going to start," Sen. Shelby said, "because I've seen no evidence of that."

Republicans have long accused Fannie and Freddie of lobbying heavily to block legislation they dislike. Mr. Mudd promised to address any lapses in the company's dealings with Congress.

Sen. Chuck Hagel (R., Neb.) asked how Mr. Mudd, who was Fannie's chief operating officer during the first half of this decade, could have been unaware of pervasive accounting violations. Mr. Mudd said he was aware of problems with the company's culture, but wasn't responsible for accounting at that time and didn't know rules were being broken.

Sen. Hagel said in an interview after the hearing that Mr. Mudd "should seriously consider resigning," and added: "I'm not sure the whole board shouldn't go." During the hearing, Mr. Mudd said he had thought about resigning but decided to stay and fix the company's problems. "I'm not a quitter," he said.

Both Sen. Shelby and Sen. Hagel said after the hearing that current and former executives such as Mr. Mudd, who received bonuses inflated by earnings manipulation, should return them. "That's the decent thing to do," Sen. Hagel said. Fannie has said its board is determining what to do about those bonuses.

After The Enron Trial, Defense Firm Is Stuck With The Tab (WP)

By Carrie Johnson

The Washington Post, June 16, 2006

To the list of employees, investors and businesses who suffered financial misfortune in Enron Corp.'s demise, add this one: the law firm defending former chief executive Jeffrey K. Skilling.

Los Angeles-based O'Melveny & Myers LLP, which has represented Skilling on both civil and criminal charges since 2001, collected what in a typical case would be a fat payday: $23 million from its client and $17 million more from his insurance policies.

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But, true to form, Enron is still destroying financial expectations. Even before the trial began in January, Skilling's team of more than 20 lawyers, paralegals and support staff burned through those funds, leaving the law firm holding the bag for "multiple tens of millions" of dollars in unpaid fees and expenses racked up during the four-month trial, Skilling's lead defense lawyer said. While Daniel M. Petrocelli declined to provide an exact tally, one source put the price tag at more than $25 million on top of the $40 million O'Melveny already collected.

The trial, which culminated in the convictions of Skilling and former chairman Kenneth L. Lay last month, featured 56 witnesses and some of the most sophisticated business deals ever to make their way into a courtroom. The Skilling defense, which experts say may be one of the most expensive in history, is a case study in how high the stakes can rise in white-collar criminal representation.

"This is almost a carte blanche to the lawyers: Do everything you can to keep me out of jail," said John Marquess, president of Legal Cost Control Inc., a New Jersey firm that monitors legal fees in bankruptcies and for Fortune 500 clients. "Very little thought is given to cost. It is not a concern."

In the beginning, O'Melveny did not have to worry about how its high-profile client would pay his bills. Skilling exited the Houston energy trader in August 2001, with enough time to sell more than half of his remaining Enron stock before the company hit bottom and filed for bankruptcy protection that December. But, on the heels of his 2004 indictment, prosecutors put a hold on nearly $60 million in cash, brokerage accounts and other assets, including a $5 million Mediterranean-style Houston mansion and a $350,000 condominium in Dallas that Skilling bought to use when he visited his daughter, then a student at Southern Methodist University. Meanwhile, a settlement by board members depleted the company's insurance policies, closing off that avenue of recovery for lawyers hired by Skilling and Lay.

Within weeks, the government is expected to start legal proceedings to transfer Skilling's assets to its coffers, from which proceeds might be distributed to shareholders and other victims of Enron's collapse -- setting up a fight over the money.

Lay and Skilling's "accumulated money was gained at our expense," said Rod Jordan, chairman of a group of former Enron employees. The assets "should first be used to return money lost by the employees and only then be used for their defense," he said.

Defense lawyers said they will urge U.S. District Judge Simeon T. Lake III to release most of it to Skilling because jurors acquitted him on nine of 10 insider-trading charges. The defense argued in court papers filed this week that "only a very small portion" of the frozen assets is subject to forfeiture under the government's initial analysis.

"Jeff's not trying to get rich off anything," his lawyer Petrocelli said in an interview. "He's got child-support obligations, legal obligations from the sentencing and the appeal, and hundreds of civil lawsuits to defend. . . . He wants to take care of his family and his lawyers."

Justice Department prosecutors on Wednesday reiterated their desire to seek Skilling's assets and said they would file a motion for a money judgment against Skilling by the end of June. Despite his acquittal on most of the insider-trading counts, prosecutors said, the jury convicted Skilling of 19 other charges, including engaging in a conspiracy to prop up Enron's stock price and enrich himself. To win a forfeiture action, prosecutors must prove by a preponderance of evidence that assets are proceeds of the conspiracy.

The single biggest expense in any trial, according to legal experts, is personnel.

"The biggest trial team is a bit like an iceberg," said John Toothman, president of the Devil's Advocate, a Great Falls legal fee review firm. "You have some people at the table, and you have some people in the pews."

Toothman said he asks clients a central question: "Do we really need all this?"

To O'Melveny, faced with millions of documents and other evidence amassed by the government during its five-year investigation and a potential decades-long prison sentence for client Skilling should he be convicted, the answer was a resounding yes.

O'Melveny enlisted five partners, led by Petrocelli, who now bills at $850 per hour but who said that for the Skilling defense, as an "accommodation," he and others capped their rates at the 2004 level -- in his case, closer to $800 an hour. M. Randall Oppenheimer, who leads the firm's entertainment division and who has won major cases for Exxon Mobil Corp., and Mark Holscher, a onetime federal prosecutor who has a bustling white-collar defense practice with such clients as former congressman Randy "Duke" Cunningham, also logged hundreds of hours at similar rates.

On top of that, the team included more than a dozen associates and other counsel: junior lawyers who reviewed documents, scoured databases and investigated witnesses, uncovering e-mails Petrocelli used to impeach government cooperators in aggressive cross-examination. Those younger lawyers billed $200 to $500 per hour, depending upon their level of experience. Some worked "around the clock," Petrocelli said, noting that the partners at times had to order them to sleep. For five months, several partners, none of whom came from Houston, stayed at the Four Seasons Hotel, where they got a special

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rate on accommodations. Many junior lawyers resided at the Post Rice Lofts, a historic downtown apartment building close to the courthouse and their makeshift trial offices.

To sift through documents from Enron's Internet and retail energy units, the firm hired an outside supplier and purchased 20 computer servers. The firm also employed graphics and projection specialists, as well as a jury consultant and a team of expert witnesses to handle insider-trading and stock-market issues, and accounting and other matters.

Former Securities and Exchange Commission accountant Walter K. Rush testified that he spent 954 hours on the case as an expert witness, at a rate of $600 per hour. University of Chicago law professor Daniel R. Fischel, a specialist in corporations and stock markets, charges $1,000 per hour. The defense decided not to call him to the witness stand as the case dragged on, but he was paid for the hours he logged learning the case, Petrocelli said.

A.B. Culvahouse Jr., a former counsel to President Ronald Reagan and chairman of O'Melveny, said the Skilling case was "an investment we made and were prepared to make."

"There wasn't a lot of second-guessing" among the firm's policy committee, of which Petrocelli is a member, Culvahouse said. "We felt an obligation to our client. . . . .It was the right thing to do for our client and the smart thing to do for our firm."

Culvahouse said any negative financial impact has been spread across the firm, which he said reported profit per partner of $1.65 million last year, $340,000 more than a year before. He said lawyers in other parts of the firm, made up of more than 1,000 lawyers and 240 partners, did not rise up in anger over the mounting costs of the Enron trial, though there were some piercing questions. Most painful was probably the missed opportunities to make money on other clients while some of the firm's best trial lawyers were tied up for months on Enron.

It is not unusual for law firms to discount fees from well-known clients, experts said.

Many law firms build uncollectible debts into their financial projections. Ward Bower, a principal at the Newtown Square, Pa., consulting firm Altman Weil Inc., said law firms typically shave their bills by 10 percent before they send them to clients. Most firms recognize that they will not collect all of their fees, and they pay taxes on the money they actually receive from clients, not on what they bill. That means unpaid legal fees are probably not tax-deductible, but expenses are, Bower said.

The difference in the Skilling case appears to be one of scale. The most recent Altman Weil survey suggests that law firms often eat about 22 percent of their costs -- far less than what O'Melveny may have to absorb.

Other law firms have made similar decisions in recent months, according to Joel F. Henning, head of the Chicago office of legal consulting firm Hildebrandt International.

The Chicago law firm Winston & Strawn LLP recently comped former Illinois governor George H. Ryan for his defense on corruption charges, estimated by the Chicago Sun-Times at more than $10 million. The defense effort, led by Dan K. Webb, a former U.S. attorney who has represented Philip Morris, the New York Stock Exchange and Microsoft Corp., ended in conviction on all 18 counts against Ryan after an intense six-month trial. Ryan's supporters contributed to a legal defense fund that topped $475,000, the paper said.

For O'Melveny, the work is not yet done. Several members of the trial team, with help from Washington-based former acting solicitor general and O'Melveny partner Walter Dellinger, now are gearing up for an appeal.

"We've just got to keep fighting a good fight," said Petrocelli.

Former HealthSouth Official Receives Eight-Year Sentence (WSJ)

By A Wall Street Journal Online News Roundup

The Wall Street Journal, June 16, 2006

BIRMINGHAM, Ala. -- The only HealthSouth Corp. executive convicted by jurors in a $2.7 billion fraud was sentenced to eight years in federal prison Thursday, the longest term given to anyone in the huge accounting scam at the rehabilitation chain.

Hannibal "Sonny" Crumpler, a former vice president and division controller, was sentenced by U.S. District Judge Virginia Emerson Hopkins after the defense urged her to impose probation or a combination of house arrest and parole. Mr. Crumpler's attorneys said they may appeal.

Prosecutors sought a far tougher penalty, asking the judge to send Mr. Crumpler to prison for 15 years on his conviction on charges of conspiracy and making false statements to auditors. They described the sentence as too lenient.

Fifteen former HealthSouth executives avoided trial by pleading guilty in plea deals, and fired Chief Executive Richard Scrushy was acquitted on all charges a year ago after a six-month trial. Mr. Crumpler also opted for a trial but was convicted in November.

Prosecutors argued that Mr. Crumpler was in on the fraud while at HealthSouth and maintained a role even after he became finance chief at a related company, Source Medical Solutions. While at Source Medical, Mr. Crumpler sent HealthSouth auditors a letter overstating Source Medical's debt to HealthSouth by $20 million, prosecutors said.

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During a sentencing hearing, defense lawyer Jim Henry argued that Mr. Crumpler had a limited role in the fraud and wasn't responsible for anything close to the $7 billion loss the government claimed stockholders and bondholders suffered when the scam was exposed. Mr. Crumpler couldn't foresee that the fraud would push HealthSouth to the edge of bankruptcy, Mr. Henry said.

But Judge Hopkins challenged Mr. Henry's arguments, citing testimony from former finance chief Weston Smith that Mr. Crumpler attended meetings where the fraud was planned and carried out. "Why should I accept your argument?" she asked Mr. Henry.

The stiffest sentence yet for the HealthSouth fraud was the five-year prison term for former finance chief Bill Owens, who pleaded guilty to a leading role in the scheme and spent days testifying against Mr. Scrushy. Others who pleaded guilty have received shorter prison terms or a combination of house arrest, probation, fines and financial forfeitures.

Separately, a federal jury began deliberations in the government corruption trial of former Alabama Gov. Don Siegelman, accused of bribery in a wide-ranging case that alleges illegal donations from Mr. Scrushy.

"Here's what you ought to remember about this case. It's that if you don't donate, you don't participate," chief prosecutor Louis Franklin said in closing arguments yesterday. "You've got to be Richard Scrushy to get to see the governor."

But defense attorneys said the government's case was based on testimony from witnesses who shouldn't be trusted by jurors.

Fred D. Gray, a lawyer for Mr. Scrushy, also quoted Martin Luther King Jr. and the Bible, asking jurors to "render a verdict you will be able to live with -- not guilty on all charges. When you do that, justice will run down like water and righteousness."

Mr. Scrushy is accused of arranging for $500,000 in donations to be made -- and not publicly reported as required -- to Mr. Siegelman's campaign for a state lottery, with Mr. Siegelman promising Mr. Scrushy a seat on a state hospital regulatory board.

Medarex Subpoenaed Over Options Grants (AP)

AP, June 16, 2006

Medarex Receives Subpoena Over Stock Options Grants; Shareholders File Suit

PRINCETON, N.J. (AP) -- Biotech company Medarex Inc. said Thursday it recently received a a grand jury subpoena from the U.S. Attorney's Office in the District of New Jersey over the timing of its stock options grants.

The company has already received a letter of informal inquiry from the Securities and Exchange Commission over the matter. Medarex said it is cooperating fully with both investigations.

In addition, Medarex said two shareholder derivative lawsuits have been filed in New Jersey, naming the company and certain current and former directors and officers as defendants. Medarex said the lawsuits allege breach of fiduciary duty associated with its stock options grants practices, as well as federal securities laws violations. The lawsuits seek unspecified damages.

More than 40 companies are under SEC or Justice Department investigations looking into whether executives backdated stock options grants. This increases the value of the stock options by timing them at low points, boosting the payout.

Shares slipped 21 cents, or 2.1 percent, to $9.60 in after-hours trading, having earlier closed up 52 cents, or 5.6 percent, at $9.81 on the Nasdaq. The stock has ranged between $7.14 and $16.07 over the past year.

EMI Settles Pay-for-play Probe For $3.75 Million (AP)

By Michael Gormley, Associated Press Writer

AP, June 16, 2006

(AP) - ALBANY, New York-EMI Music North America, the third largest recording label in the world, has settled for $3.75 million (â‚¬2.97 million) a pay-for-play investigation into radio air time sold or traded to benefit artists including the Rolling Stones, Coldplay and Norah Jones.

The settlement was the latest during more than two years of a "payola" investigation by New York Attorney General Eliot Spitzer.

"When a record label engages in an elaborate scheme to purchase air time for its artists, it violates state and federal law and presents consumers with a skewed picture of the country's proclaimed `best' and `most popular' music," Spitzer said.

He said payola - a term coined during a 1950s scandal combining the words pay and Victrola, an early record player - also hurts struggling artists who are not judged on the merits of their music.

Spitzer said the compensation for radio airplay was paid by EMI, which includes Virgin Records America, Capitol Records, EMI Christian Music Group and S Curve Records. One deal included tickets to a Rolling Stones concert in Toronto that were given to a radio program director for his personal use.

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The radio executive in Watertown, New York, was willing to offer "what it takes for us to get them," according to Spitzer's investigation. In exchange for the tickets, Virgin Records received airplay for the Rolling Stones and The Exies.

EMI is agreeing to reform its practices and to pay the settlement money to nonprofit music education groups in New York, to be distributed through the Rockefeller Philanthropy Advisors.

"EMI is pleased to have resolved these radio promotion matters with the New York State Attorney General with this agreement," the company said in a statement. "In addition to voluntarily adopting strict policies last year, we have been working cooperatively with the attorney general to reinforce these policies."

In May, Universal Music Group Recordings Inc., the world's largest record company, agreed to pay $12 million (â‚¬9.52 million) to settle a payola case that claimed the company provided vacations, electronics and other bribes to increase radio play for their artists. Those bribes and gifts were used to gain airplay for songs by Nick Lachey, Ashlee Simpson, Brian McKnight, Big Tymers, and Lindsay Lohan, Spitzer said.

Spitzer launched a U.S.-wide investigation into alleged wrongdoing by music and radio companies in 2004 . Earlier this year, Spitzer sued Entercom Communications Corp., accusing its executives of running scams to trade cash for airplay.

Entercom has denied the allegations.

Sony's music arm has agreed to pay $10 million (â‚¬7.93 million) to settle with Spitzer, and Warner Music agreed to a $5 million (â‚¬3.97 million) settlement.

Sarbanes-Oxley Gives Accountants Fees Bonanza (FT)

By Francesco Guerrera

Financial Times, June 16, 2006

Accountancy firms have emerged as surprise long-lasting beneficiaries of the Sarbanes-Oxley Act, as US-listed companies have been forced to pay their auditors larger fees to comply with the tough corporate governance rules, according to a new study.

The findings, in a report by law firm Foley & Lardner, confound predictions that US companies would only face a one-off increase in audit fees and other costs as a result of the legislation, introduced after the Enron and WorldCom scandals.

They also dispel accountancy firms' fears that Sarbanes-Oxley's strict requirement for auditor independence, which contributed to the demise of Andersen, would hurt their business by depriving them of fees for non-audit work.

US-listed companies paid auditors $4.9m (€3.9m) on average in 2005, 3 per cent more than in 2004 and 11 per cent more than in 2001, the year before the passage of the Act, according to the study which analysed public findings from more than 850 US-listed companies.

The rise in total fees came despite a dramatic fall in non-audit fees as companies hired third-party consultants to avoid conflicts of interest.

Non-audit fees paid by US companies fell 42 per cent in 2005, contributing to a 97 per cent collapse in these type of payments to accountancy firms since 2001.

"This decline in other fees has been more than made up by a rise in audit fees," said Thomas Hartman at Foley & Lardner. "Companies are paying the same amount, or more, to their auditors as they were before Sarbanes-Oxley."

The rise in auditors fees will fuel the concerns of European companies about a backdoor implementation of Sarbanes-Oxley if the New York Stock Exchange takes over Euronext.

Among US groups, small companies were the hardest hit, with total fees paid to auditors nearly doubling between 2001 and 2005, to an average of $1.4m.

Last year, fees paid by small companies, which often say they lack staff and resources to meet Sarbanes-Oxley's requirements, rose 16 per cent, mainly due to a 22 per cent rise in audit fees.

By comparison the biggest 500 companies in the US witnessed a modest 1 per cent rise in total fees to an average of $9.6m.

The finding will reinforce criticism of a recent decision by the Securities and Exchange Commission not to exempt companies with a market value of less than $128m from some onerous Sarbanes-Oxley demands.

Milberg Mores (WSJ)

The Wall Street Journal, June 16, 2006

We don't often find ourselves on the same side of the political fence as House Democrat Charlie Rangel, so imagine our thrill to hear that the New Yorker and several of his liberal colleagues had recently discovered the perils of an overzealous Justice Department. Corporate America couldn't ask for a more eloquent spokesman.

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Mr. Rangel was in full voice this week -- along with fellow New York Democrats Carolyn McCarthy and Gary Ackerman, as well as Florida's Robert Wexler -- about the injustice federal prosecutors had visited on plaintiffs' firm Milberg Weiss. The four released a statement lambasting Justice for going after the "entire" firm rather than just the partners accused of wrongdoing, claiming this could rob "average" citizens of Milberg's services. As Mr. Ackerman said: "I thought it was a bum deal to indict the entire firm. If you think someone did something wrong, go get him."

We couldn't have said it better, though we've been saying exactly that for years -- ever since the Justice Department in 2003 issued new guidelines, via the "Thompson memo," on when to indict entire firms in criminal investigations. Federal prosecutors have since threatened to destroy any company that doesn't "cooperate" by waiving attorney-client privilege and cutting off accused employees from legal support. Milberg Weiss stood by its due-process rights, and duly received a potential corporate death sentence.

Til now, Democrats have been largely mum on this prosecutorial fervor, choosing to use the indictments as opportunities to blame Republicans for corporate scandals. It isn't as if these four congressional Milberg defenders were popping blood vessels when Justice slapped Arthur Andersen with an indictment or forced a deferred prosecution agreement on KPMG -- actions that lost thousands of "average" accounting employees their jobs. Better late than never. With any luck, Mr. Rangel might take time out from his next trial-lawyer fund-raiser to read the Thompson memo in its entirety.

Still, the Milberg indictment has had one benefit; it has directed a bright, overdue light on the great tort-lawyer money-laundering machine. It's no secret that the tort bar has long been the Democratic Party's financial engine; the news is how many cylinders were being fired by Milberg Weiss alone. According to the watchdog Center for Responsive Politics, the firm and individuals there made nearly $2.8 million in donations to Democrats since 1999. (Republicans: $23,000.)

Democrats are now rushing to return the tainted money; at this pace Milberg won't have much trouble footing its legal bills. New York Attorney General Eliot Spitzer was one of the first off the payback block, with his office saying it would return nearly $125,000 in contributions. Wisconsin Governor Jim Doyle is bouncing back $10,000 after the state GOP threatened to make it an issue in Mr. Doyle's re-election race.

The Democratic National Party is having a bit more difficulty outing the damned spot, given that of the $1.28 million it raked in from the firm and its partners, $500,000 went to the DNC's new headquarters. Its solution: Return the grand sum of $5,000, or that which had been given by two individual Milberg lawyers indicted last month. Apparently it has also adopted a principled position against corporate indictments. No action so far from 2008 presidential hopeful Hillary Clinton, who saw some $24,000 in Milberg-related donations flow to herself and to her political action committee. Then again, Ms. Clinton understands how complicated law-firm finances can get.

The Democrats returning money are doing so in the hope of avoiding reminders that only a few months ago they were accusing Republicans of a "culture of corruption." If anything the Abramoff scandal seems minor in comparison, isolated to a few instances of influence peddling. The plaintiffs' bar, by contrast, has been paying off Democrats for decades to protect its judicial abuses. This has proved a virtuous circle: Well-funded Democrats refuse to pass tort reform, allowing tort lawyers to cash in on more cases and then make greater contributions to Democrats.

Milberg Weiss is a perfect example, having built up its destructive business of shareholder "strike suits" on the assurances that Democrats would stifle real reform. The good news is that federal prosecutors are starting to plumb the depths of this Democratic donor base. Democrats may be right to question Justice's decision to indict the Milberg firm, but Americans are right to demand a full airing of that entity's behavior, and to know who was benefiting.

CRIMINAL LAW:

House Dems Strip Jefferson Of Panel Seat (AP)

By David Espo

The Associated Press, June 16, 2006

WASHINGTON - Add political banishment to the list of problems confronting Rep. William Jefferson, ensnared in a bribery scandal that fellow Democrats hope to turn to their election-year advantage.

"Democrats are determined to hold a high ethical standard," the party's leader, Rep. Nancy Pelosi, said Thursday night after engineering a 99-58 vote of the rank and file that stripped Jefferson of his seat on the tax-writing House Ways and Means Committee.

"This isn't about proof in the court of law. This is about an ethical standard," Pelosi said. "I wish that the White House would do the same."

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Democrats long have accused Republicans of nourishing a "culture of corruption" in Congress, and signaled their desire to make ethics a key issue in their drive to win control of the House in the November elections.

The vote came despite a final plea from Jefferson and persistent complaints from members of the Congressional Black Caucus, which said the Louisianan was being sanctioned without a rule or a precedent to justify it.

For his part, Jefferson conceded to reporters he faced "serious allegations" in connection with an investigation that has netted two convictions. The congressman maintains his innocence and has not been indicted, although the FBI says it found $90,000 in bribe money several months ago stashed in a food freezer in his home.

With the action of the Democratic caucus subject to ratification by the full House, Jefferson publicly left open for the first time that he might be willing to give up his committee seat voluntarily.

"I don't want to speculate," he said.

Within an hour of the vote, Jefferson disclosed he had offered on Wednesday to step aside on two conditions. They were that the caucus establish a rule covering cases like his and that his seat on Ways and Means go temporarily to a fellow Louisiana Democrat, Rep. Charles Melancon.

Pelosi, who controlled the votes to prevail in a showdown, declined the offer.

"So it was her decision to expose the rift in this caucus and to move forward with this unjust action," Jefferson said in a statement.

The vote in a closed-door meeting of Democrats marked the culmination of Pelosi's effort to stake out the high election-year ground on ethics.

The issue was a difficult one for many Democrats, and some members of the black caucus have privately appealed to Jefferson in recent weeks to step aside voluntarily.

Rep. James Clyburn of South Carolina, a member of the Democratic leadership as well as the black caucus, said the rank and file had confronted "two competing interests - the legal interest and the political interest."

While the vote was not close, it also underscored the concern among Democrats that Jefferson was being sanctioned arbitrarily.

The chairman of the Congressional Black Caucus, Rep. Melvin Watt of North Carolina, said after the vote that by taking the action they did, fellow Democrats chose "political expediency" or some other unacceptable factor over precedent. "Even at the end of the meeting, we don't know what the standard has been," he said.

Watt said that constituents of some lawmakers will adopt the view that race was a factor in the decision. "I think there are people who will say that's the basis," he said. Blacks are among the Democrats' most loyal voters.

Democrats earlier in the evening rejected a call to sidetrack the proceedings until a rule had been adopted to cover situations like Jefferson's. Rep. Steven Rothman, D-N.J., said he sought the step because without rules, the action was "extraordinarily arbitrary."

Fellow Dems Vote To Take Jefferson Off Panel (USAT)

USA Today, June 16, 2006

House Democrats voted 99-58 Thursday night to strip Rep. William Jefferson of Louisiana of his seat on the House Ways and Means Committee while a federal bribery investigation runs its course. For weeks, the Louisiana Democrat has rebuffed requests from party leaders that he step aside on his own.

The FBI says that it videotaped Jefferson last summer taking $100,000 in bribe money and that agents found $90,000 of it in a freezer at his home. Jefferson maintains his innocence. He has not been indicted.

Within an hour of the vote, Jefferson disclosed he had offered on Wednesday to step aside on the condition that the caucus establish a rule covering cases like his and that his seat go temporarily to Rep. Charlie Melancon, D-La. “Ms. Pelosi politely declined my offer,” he said in a written statement, referring to Rep. Nancy Pelosi of California, the Democratic leader. Pelosi's office confirmed the exchange.

As the only survivor of the Sago Mine disaster looked on, President Bush signed into law Thursday the first major overhaul of mine-safety laws in three decades. “Only one man came out, and he's with us today,” Bush said of Randy McCloy, who is recovering from carbon monoxide poisoning from the accident in January that killed a dozen miners in West Virginia.

Congress passed the bill following accidents that have left 33 miners dead since Jan. 1, up from 22 in 2005. The new law requires miners to have two hours' worth of oxygen rather than one. Also, mine operators must store additional oxygen underground and put new communications equipment and devices to track lost miners in mines within three years.

President Bush created the world's largest marine sanctuary by extending stronger federal protections to the Northwestern Hawaiian Islands and nearby waters. The area covers a Pacific archipelago 1,400 miles long and 100 miles wide. Endangered

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monk seals and nesting green sea turtles are among the more than 7,000 species that inhabit the area. At least one-fourth of the species are found nowhere else.

"This national monument is more than 100 times larger than Yosemite National Park," Bush said. "It's larger than 46 of our 50 states, and more than seven times larger than all our national marine sanctuaries combined." Federal and state agencies will oversee the 140,000 square miles of mostly uninhabited islands, atolls, coral reefs and underwater peaks.

The Senate Judiciary Committee approved a proposed constitutional amendment that would allow Congress to make desecrating the American flag a crime. The vote was 11-7. Majority Leader Bill Frist, R-Tenn., plans a floor vote this month.

Jefferson Voted Off House Panel (BRADV)

By Gerard Shields

Baton Rouge Advocate, June 16, 2006

WASHINGTON — In an unprecedented move, House Democrats voted 99-58 Thursday to forcibly suspend one of their own, U.S. Rep. William Jefferson of New Orleans, from his seat on the powerful House Ways and Means Committee.

The action followed an almost month-long campaign by House Minority Leader Nancy Pelosi, who had asked Jefferson — who is under investigation for bribery — to voluntarily step down.

Jefferson refused, arguing he has not been charged with a crime and denying any wrongdoing.

Pelosi had called on Jefferson to observe the "high ethical standard of the House Democratic caucus." But after the vote, which concluded a three-hour party meeting, Pelosi did not gloat.

"It's not about victory," Pelosi said. "It's very sad. Our Democratic caucus said it would hold a high ethical standard, and now we're doing it."

Unless Jefferson steps down, the matter will go to the House floor for a resolution vote by the full chamber. That vote could come as soon as today.

Jefferson, a 16-year congressman, entered the caucus meeting shortly after 5 p.m. and met with reporters, saying he made a 10-minute pitch to his fellow Democrats.

"I simply asked the members of the caucus to put themselves in my shoes," Jefferson said.

Jefferson argued that he shouldn't be demoted because he hasn't been charged. Caucus rules contain four provisions to remove members, but only after they are indicted, he said.

Rep. Steven Rothman of New Jersey tried to table the motion to suspend Jefferson, at least until a rule can be established.

Louisiana's only other House Democrat, Rep. Charles "Charlie" Melancon of Napoleonville, spoke on behalf of Rothman's amendment, said Rep. Albert Wynn of Maryland.

"In the absence of any rule, this was extremely arbitrary and invited substantial abuse," Rothman said of the motion to suspend Jefferson.

The Rothman motion failed 91-61. Melancon declined to comment after the meeting.

Pelosi has said that she would not appoint a person to replace Jefferson on the committee and that he could return with full seniority when his legal troubles are resolved.

Pelosi, who hopes to be House speaker if the Democrats win control of the chamber in November, experienced a political pushback from an organization considered to be a pillar of the Democratic party, the Congressional Black Caucus.

With 42 members, the group accounts for one in five of the 201 party votes in the House. Caucus members have supported Jefferson, writing a letter to Pelosi on his behalf.

Black Caucus members leaving the meeting Thursday called the vote a matter of fairness.

"It's not fair," said Rep. Major Owens of New York. "It sets a precedent."

Most members exiting the meeting declined to talk about their vote.

"It's a secret ballot," House Minority Whip Steny Hoyer of Maryland, who has called for Jefferson to step down, shouted to reporters.

Rep. Danny Davis of Illinois had no qualms revealing his vote.

"I personally believe a person is innocent until proven guilty," said Davis, a Black Caucus member. "There have been no charges brought and no indictment made."

Jefferson returned to the meeting to vote, but did not stay around for the tally. He joked with reporters while leaving that he could not reveal which way he voted.

Jefferson said in a statement after the vote that he offered to step down if the caucus instituted an across-the-board rule that members under investigation can be removed from an "exclusive" committee.

Jefferson also wanted Melancon to be his committee replacement until his return. Pelosi balked on the request.

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"Ms. Pelosi politely declined my offer," Jefferson said. "So it was her decision to expose the rift in this caucus and move forward with this unjust action."

Jefferson is accused of demanding hundreds of thousands of dollars in cash for himself and his family in return for brokering telecommunications deals in Africa between 2001 and 2005. Two men have pleaded guilty in the investigation.

Jefferson has not been charged with any crime and has repeatedly denied any wrongdoing.

Democrats Vote To Force Jefferson Aside (NYT)

By Kate Zernike

The New York Times, June 16, 2006

WASHINGTON, June 15 — House Democrats voted on Thursday night to strip a Louisiana congressman of a key committee position as they tried to avoid any taint of scandal in a year when they want to ride accusations of Republican corruption to election victories.

The congressman, William J. Jefferson, is the subject of a federal bribery investigation and has insisted he has done nothing wrong. He has rebuffed efforts to get him to step aside voluntarily.

After a meeting stretching more than three hours, the Democrats voted to remove him from the House Ways and Means Committee until his case is resolved. The action, on a 99-to-58 vote, is subject to the approval by the full House.

Mr. Jefferson, who is accused of taking hundreds of thousands of dollars in bribes and stowing $90,000 of it in his freezer, spoke to the party caucus briefly as it convened. Caucus members, who talked to reporters outside the meeting, said Mr. Jefferson had asked them "to put themselves in my shoes."

He acknowledged that he was facing serious accusations but called the punishment "unauthorized and unnecessary."

Some members of the Congressional Black Caucus have supported Mr. Jefferson, who is black, arguing it was premature to remove him before he was found guilty of any crime.

But the minority leader, Nancy Pelosi, of California, said Mr. Jefferson had been afforded due process. "This is not a court of law," Ms. Pelosi said. "This is about a higher ethical standard, and you know it when it isn't being met."

The Federal Bureau of Investigation has said in court documents that Mr. Jefferson, an eight-term congressman, took the bribes to help a small technology company win federal contracts and secure business in Nigeria.

The F.B.I. statements focused unfavorable attention on the Democrats just as they were trying to capitalize on the accusations of corruption among Republicans that led to the resignation of the former House majority leader, Tom DeLay.

Ms. Pelosi sought to draw a line between Republican scandals and what she called "individual mistakes."

"If we have any of that in our caucus, we will deal with them," she said. "That is quite different from the Republican caucus. The entire Republican caucus condoned, enabled and benefited from the culture of corruption, and that is what I will continue to rail against."

Agents raided Mr. Jefferson's Congressional office on a Saturday night last month, setting off a fight between the Justice Department and Congress, with Republican leaders joining the Democrats in arguing that the search violated convention and the Constitution.

To smooth things over, President Bush sealed the papers taken from Mr. Jefferson's office for 45 days to allow lawyers to agree on rules for searching Congressional offices.

Ms. Pelosi noted that she had supported Mr. Jefferson's efforts to get his records back, and had opposed the raid on his office.

Party Urges Jefferson To Leave Committee (WP)

By Shailagh Murray

The Washington Post, June 16, 2006

Democrats voted last night to strip Rep. William J. Jefferson (La.) of a plum committee assignment while he is embroiled in a federal bribery investigation.

The 99 to 58 vote followed weeks of public and private wrangling, as Democratic leader Nancy Pelosi (Calif.) sought to take a strong election-year stance on ethics, while Jefferson's allies -- mainly fellow members of the Congressional Black Caucus -- protested that he was being singled out for unfair treatment.

Jefferson left immediately after voting and said he would spend the evening considering his next move.

"I'm just going to go to my office," Jefferson said. "I'm just going to wait and see."

If he refuses to step aside from the Ways and Means Committee, as urged by the Democratic Caucus, the next step would be a vote on the House floor to remove him from the prestigious committee. Even his allies want to avoid that.

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Black Caucus members said their concern was the lack of any rule pertaining to lawmakers in Jefferson's situation. He has not been indicted in the case but could face serious charges. Jefferson says he is innocent of wrongdoing.

Before the Democratic Caucus met, Jefferson offered to resign under two conditions: that a rule be written establishing that any member under investigation may be asked to step aside, regardless of whether charges are filed; and that Rep. Charlie Melancon (D-La.), whose district adjoins Jefferson's, be named his temporary replacement on Ways and Means.

Pelosi declined the offer.

"Our concern is that the rule is really political expediency," said Rep. Melvin Watt (N.C.), chairman of the Congressional Black Caucus. Rep. Danny K. Davis (Ill.) said the legal question was foremost. "I don't think this has to do with race," Davis said. "Members of the Democratic Caucus are above and beyond that."

Not all of the resolution's opponents were black caucus members. Some sought a new rule that would apply to Jefferson's situation, so members could debate language on the books. Rep. Steven R. Rothman (N.J.) moved to table the resolution to remove Jefferson until the issue had been addressed, but that failed 91 to 61.

The investigation involves Jefferson's alleged role in African business dealings. The pressure from Pelosi and others was stepped up when the FBI revealed it videotaped Jefferson accepting $100,000 in $100 bills from a government witness, explaining that he would pass it on to the vice president of Nigeria to assist in a telecommunications deal. All but $10,000 of the cash was later found in Jefferson's freezer in his Washington home.

Jefferson has refused repeated behind-the-scenes entreaties, including those by several prominent Black Caucus members, to voluntarily step aside. Venting his frustration in an op-ed column Saturday in the New Orleans Times-Picayune, he accused Pelosi of playing politics with his career and reputation.

"Her behavior is rooted in a political strategy she believes will enable the Democrats to gain the majority in the House and realize her dream of becoming Speaker of the House, which disregards the interests of the people of Louisiana, ignores firmly established House precedent, and fails to observe the rules of fairness and nondiscrimination," Jefferson wrote.

He noted that he has not been charged with a crime, and that "historically, even when a member of Congress has been so charged, he or she steps aside from a committee or subcommittee chairmanship, but not from the committee itself."

Pelosi denied that she is being unfairly harsh. "I told all my colleagues, anybody with $90,000 in their freezer, you have a problem at that point."

Jefferson and some of his Black Caucus allies have noted Pelosi's relative silence on the legal troubles facing Rep. Alan B. Mollohan (D-W.Va.), whose commercial investments are being scrutinized by federal investigators for potential connections to his duties as a member of the Appropriations Committee.

Mollohan acknowledged this week that he misstated more than a dozen transactions on his financial disclosure forms and said he had amended them "to correct any inaccurate impressions about my finances." He resigned earlier this year as the ranking Democrat on the House ethics committee but retains his Appropriations Committee seat.

One of Jefferson's former business partners, Vernon L. Jackson, and a former top aide, Brett M. Pfeffer, have pleaded guilty in the investigation, confessing to conspiring to bribe Jefferson.

Democrats Vote Jefferson Off Panel (WT)

By Brian DeBose

The Washington Times, June 16, 2006

House Democrats voted by a nearly 2-to-1 margin yesterday to oust Rep. William J. Jefferson from his seat on the House Ways and Means Committee, a little-precedented move that angered the party's black lawmakers.

The 99-58 vote, taken last night in a Cannon Caucus Room gathering of the party's representatives and delegates, sends the measure to the House floor.

Several members of the Congressional Black Caucus denounced House Minority Leader Nancy Pelosi's campaign against Mr. Jefferson, Louisiana Democrat. The caucus members were reluctant to oust Mr. Jefferson from his tax-committee seat based on press and broadcast reports and leaked information related to an ongoing bribery investigation before he has been charged with any crime.

"I asked the caucus to put themselves in my shoes and if this was fair, where there are only allegations from third parties and some in the press, whether we would be ruled or make up our rules based on that," Mr. Jefferson said.

Mrs. Pelosi, California Democrat, said criminal trials and past caucus procedures were not the issue and that Mr. Jefferson has had his opportunity to plead his case, defend himself before the caucus and work with the leadership by voluntarily stepping down, which he refused to do.

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"We have a higher ethical standard. This is not a court of law; this is about a higher ethical standard, and you know when it isn't being met," she said, adding that she had "been more than fair" to Mr. Jefferson by noting her opposition to the FBI raid of his office and her support of his amicus brief to have his records returned.

Mrs. Pelosi denied any racial bias in her effort to oust Mr. Jefferson but not Rep. Alan B. Mollohan, a West Virginia Democrat who is white and is suspected of using his House Appropriations Committee seat to funnel money and contracts to numerous nonprofit groups and a business-partner relative. Mr. Mollohan did step down from the ethics panel.

"Mr. Jefferson has had two people plead guilty to bribing him," she said. "We don't know if Mr. Mollohan is even being investigated."

Many in the black caucus have said other members under investigation remained in committee seats before charges were filed. Caucus members and staff could come up with only one case of a Democrat being ousted from a House panel without any charges being filed. Rep. Adam Clayton Powell of New York, who was black, was ousted in 1967 over corruption accusations that were not crimes under pre-Watergate ethics laws.

"Our experience has been throughout history is that you have to have a set of rules to adhere to and abide by, and if you don't, it leaves you with a process that can be abused and one that you can't count on," said Rep. Melvin Watt, North Carolina Democrat and caucus chairman.

Black caucus sources also dismissed Mrs. Pelosi's claim that the situations are not analogous because of the lack of confirmation of any Mollohan probe. The sources point out that Mr. Mollohan also sits on the subcommittee that oversees the FBI and Justice Department.

The Democratic caucus met for an hour as Mrs. Pelosi and Mr. Jefferson made their cases. Reps. G.K. Butterfield of North Carolina and Steven R. Rothman of New Jersey managed the debate. Mr. Rothman told reporters that his motion to table the matter was rejected by a 91-61 vote, and added, "I felt that in the absence of any rule this was extremely arbitrary and provides potential for abuse."

Black Caucus Opposes Democrats' Move To Take Jefferson Off Key Committee (LAT)

By Janet Hook

The Los Angeles Times, June 16, 2006

WASHINGTON — In a clash highlighting tensions between Democratic leaders and one of their party's most important constituencies, House Democrats on Thursday backed a move to oust scandal-scarred Rep. William J. Jefferson (D-La.) from a powerful committee post, despite opposition from the Congressional Black Caucus.

On a 99-58 vote, the House Democratic Caucus endorsed a proposal by their leader, Nancy Pelosi of San Francisco, that would remove Jefferson temporarily from the Ways and Means Committee because of an FBI investigation of bribery allegations against him.

Jefferson, who is African American, has resisted pressure from colleagues to step aside voluntarily. But after making his case to the closed-door meeting of House Democrats, he left open the possibility that he may give up his committee seat rather than fight the matter on the House floor, where it would have to be ratified to take effect. The timing of that floor debate is uncertain.

Members of the black caucus who have supported Jefferson argued it would be unprecedented to force him off the committee before any criminal charges had been filed against him.

Rep. Melvin Watt (D-N.C.), head of the black caucus, warned that Pelosi's push for Jefferson's removal might cause black voters to conclude that "a different standard … based on race" was being applied.

The controversy pits Pelosi and other House Democratic leaders against the black caucus at a time when the clout its members exert within their districts is especially important.

Turnout by black voters is considered crucial to Democratic hopes of winning control of the House in November's elections. The black lawmakers will be counted on to help spur that turnout, as well as to stymie efforts by Republicans to make political inroads among African Americans.

If Democrats do take charge of the House, African Americans stand to gain a large share of power: Five black lawmakers are in line to become chairmen of some of the House's most important committees.

Still, Pelosi took the risk of alienating the black caucus in service of another political goal: her party's efforts to promote the election-year argument that Republicans have fostered a "culture of corruption" in Washington.

"Our House Democratic Caucus is determined to uphold a high ethical standard," she said after Thursday's vote. "We said it, and now we are doing it."

Some Democrats have expressed concern that the dispute will undercut Pelosi's efforts to forge party cohesiveness in the House ahead of the 2006 elections. But she dismissed such worries.

"I'm very proud of the unity of my caucus," she told reporters Thursday. "We can withstand debate; it isn't stifled."

Jefferson has maintained his innocence, but a business associate recently pleaded guilty to bribing him in hopes of winning a telecommunications contract with Nigeria. A former Jefferson aide also has pleaded guilty in the case.

The investigation gained widespread national attention when a recent court filing revealed that last year, the FBI videotaped a transaction that showed Jefferson accepting $100,000 in bribe money, according to federal agents. The filing said $90,000 of that money was found a few days later wrapped in aluminum foil in the freezer of Jefferson's Washington home.

Following news stories about the cash, Pelosi called for Jefferson to leave the Ways and Means Committee until the case was resolved.

Some of the 43 members of the black caucus — all of whom are Democrats — supported Pelosi. But as a group, the caucus decided to oppose her.

In its official stance, the caucus argued that lawmakers under investigation deserved the "presumption of innocence."

It also noted that Rep. Alan B. Mollohan (D-W.Va.) had not been asked to step down from the powerful Appropriations Committee, despite reports that he was under scrutiny for allegedly steering millions of dollars in federal funds to nonprofit organizations that he helped control.

Pelosi countered that so far, the case against Mollohan was not as serious or clear-cut as the one against Jefferson.

In an effort to reach out to black voters, Pelosi in recent days conducted interviews with several black news organizations to explain her position.

In Thursday's vote, some white Democrats joined in opposing the move against Jefferson. One of them, Rep. Steven R. Rothman of New Jersey, said he objected to applying an "arbitrary" standard in the absence of clear guidelines for determining when a lawmaker should lose a committee assignment.

Most Democrats on Capitol Hill are hoping the dispute over Jefferson fades quickly and does not pack a broader political punch.

"There needs to be an effort to reiterate to the black community that the Democratic Party values their support and is with them on their issues," said an aide to House Democratic leaders who requested anonymity because of the politically sensitive nature of the flap.

As part of an effort by President Bush to improve the standing of the GOP among black voters, Republicans are running African American candidates in three major statewide races this year — for governor in Ohio and Pennsylvania and for senator in Maryland.

Although none of them is considered a front-runner, Jennifer Duffy, an analyst for the nonpartisan Cook Political Report, said Democrats had reason to be concerned.

She cited a report on black voters in Maryland commissioned by the state's Democratic Party that concluded that Michael S. Steele, the GOP's Senate candidate, had "a clear ability to break through … among African American voters."

Still, Republicans have a lot of ground to make up in the battle for black voters: An April poll by NBC and the Wall Street Journal found that Bush's approval rating among blacks was just 16%.

Little Office Becomes Big Player After Raid By The F.B.I. (NYT)

By Paul Von Zielbauer

The New York Times, June 16, 2006

There was a time — four weeks ago, for instance — when the Office of the General Counsel for the House of Representatives was just another nearly invisible government agency, working about as far from public notice as is possible on Capitol Hill.

But the F.B.I.'s raid last month on the offices of Representative William J. Jefferson, a Louisiana Democrat at the center of a bribery investigation, has drawn the general counsel's office and the woman who leads it, Geraldine R. Gennet, into a rare public fight with the executive branch. The May 20 raid, the first executed on a Congressional office at least since the United States Constitution was adopted, has angered a bipartisan group in Congress that views it as an unjustified intrusion into the legislative branch's autonomy and a violation of the government's fundamental separation of powers.

The Justice Department, which prevented lawyers from Ms. Gennet's office to be present during the search, has defended it as a perfectly legal act.

On Friday, lawyers for Mr. Jefferson and the Justice Department are scheduled to argue before Judge Thomas F. Hogan of Federal District Court in Washington. Ms. Gennet, asked to weigh in by the House Republican leadership, filed a 90-page memorandum criticizing the raid as a "grave threat" to the immunity that Congress has enjoyed from intrusions into its official business.

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"Weaken the legislative branch, and the likelihood of abuses of authority by the other branches necessarily increases," the memorandum said. In its reply to the court, the Justice Department said Ms. Gennet's arguments ventured "well beyond anything the law can support."

Though she will be at Friday's hearing, Ms. Gennet, a Democrat whose first government job, in 1986, was as legal counsel to the Washington Metro Police Department, will leave oral arguments to a deputy.

The limelight is unusual for an office that is so low in profile that it has no public Web site, no spokesperson and only five lawyers, including Ms. Gennet, who declined to comment for this article.

"It's generally an obscure office that you don't hear much about," said Melanie Sloan, executive director of Citizens for Responsibility and Ethics in Washington and a former assistant United States attorney. "Their role has become more prominent because of all the subpoenas being issued over there."

The Office of the General Counsel is appointed by the House speaker and represents the House and its elected members in their official capacities, regardless of political affiliation. The nonpartisanship can be relative, however. House rules require the counsel's office to "function pursuant to the direction of the speaker," who must consult with a bipartisan advisory group that is, nonetheless, controlled by the majority party.

"The House counsel is like a hybrid car," said Charles Tiefer, a former House counsel who is a professor at the University of Baltimore School of Law. "Sometimes it runs on bipartisanship, sometimes it runs on just the majority party."

In 2001, for example, after a group of Democratic congressmen sued the Commerce Department for Census data that they believed would show more accurate counts of minorities, Ms. Gennet filed a brief opposing the lawsuit, on orders from Speaker J. Dennis Hastert, Republican of Illinois.

Working as the House of Representatives' chief lawyer was not always considered all that important. The job began in the early 1970's as a low-level administrative post within the House clerk's office. In 1976, Speaker Thomas P. O'Neill Jr., a Democrat, appointed a young lawyer, Stanley M. Brand, as the first counsel with authority to take on constitutional challenges from the executive branch.

"There were guys before me," Mr. Brand recalled in an interview last week, "but they basically wrote the contracts for curtains."

In 1978, the office nearly vanished after a Senate bill proposed creating one general counsel for the House and Senate. But House leaders, led by Mr. O'Neill, declined to go along, fearing "that the office would be paying more attention to senators," said Steven R. Ross, the House general counsel from 1983 to 1993.

When Republicans took control of the House in the mid-1990's, they considered the counsel's office, located directly below the speaker's offices, as a Democratic creation that had outgrown its usefulness, Mr. Brand said. The new Republican speaker, Newt Gingrich, had the office moved into a Congressional office building across the street, and returned it to the purview of the House clerk.

In 1997, when Ms. Gennet was named House counsel, Republicans made the office independent of the clerk.

Mr. Brand and Mr. Ross, now in private practice in Washington, said they relished their years as House counsel, which placed them at the center of constitutional battles with the executive branch. In 1979, Mr. Brand argued and won United States v. Helstoski, in which the Supreme Court held that the Constitution prevented the government from prosecuting members of Congress for the performance of official acts.

Mr. Ross fought on behalf of a Democrat-controlled Congress against the Reagan administration's attempt to expand its executive powers.

"I thought it was the single best legal job in Washington," Mr. Ross said.

Mr. Tiefer, who was appointed acting House counsel in 1993, said the current battle over the F.B.I.'s search of Representative Jefferson's office last month was, in a sense, a welcome reawakening.

"It represents a return to the larger role that counsel's office played during separation of powers struggles 10 to 20 years ago," he said.

Separation Of Powers Showdown Friday (MSNBC)

By Joel Seidman

MSNBC.com, June 15, 2006

WASHINGTON - The federal judge who signed the search warrant allowing the FBI to enter Louisiana Rep. William Jefferson's Capitol Hill office last month, will preside at a potentially contentious hearing Friday – a hearing pitting the executive and legislative branches of government in a showdown over the United States Constitution.

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The ornate ceremonial courtroom at U.S. District Court in Washingotn, D.C. will be the backdrop for Judge Thomas Hogan to hear arguments from the Department of Justice and the House of Representatives, as well as Jefferson's lawyer, on the search which Hogan condoned.

The raid, say both Congressional and executive branch officials, was the first ever on a congressman's office in the sprawling Capitol complex. House leaders have called the search unconstitutional. DOJ said any special treatment for lawmakers would essentially allow Congress to block criminal investigations.

A clause in the constitution known as the “Speech and Debate Clause” lies at the crux of the looming separation of powers battle. It protects members of Congress from being questioned by the president, a prosecutor or a plaintiff in a lawsuit concerning their legislative work.

It is still not known exactly what was seized from Jefferson's office, but, whatever it was, the congressman wants it back. The materials that have been confiscated have been kept on ice, so-to-speak. In a move designed to allow the U.S. House of Representatives and the U.S. Justice Department enough time to try to resolve the issue, President George W. Bush ordered the seized material sealed and kept in the Solicitor General's office until mid-July

Federal disagreements

The courtroom arguments are likely to go something like this: The government, in their filing this week, acknowledges that under the clause, members "shall not be questioned for any speech or debate." But, the government argues, "This prohibition has nothing to say about a search warrant that, as in this case, was not directed at -- and thus did not question Representative Jefferson about - legislative activity."

The House counsel's argument maintains that the search of Jefferson's office "violated the Constitution because it took place without Congressman Jefferson having had a prior opportunity to screen out and remove records and files (or determine not to assert the privilege)." The House counsel also argues that, absent extraordinary measures, searching a congressional office violates the Speech or Debate Clause, because it "threatens to impair the legislative branch's conduct of its constitutionally-mandated functions."

Jefferson is under investigation for allegedly taking bribes in order to influence high-ranking government officials in Africa to do business with a Kentucky-based Internet company.

Jefferson has not been charged and repeatedly has denied any wrongdoing in the alleged scheme. But, a Kentucky business owner and a former congressional aide have both pleaded guilty to bribing the congressman.

Jefferson's former aide, Brett Pfeffer, who is cooperating with the Justice Department's investigation, received an eight-year prison sentence recently for his role in the scandal. Vernon Jackson, chief executive of iGate - the Kentucky company - pleaded to paying more than $400,000 in bribes to Jefferson. He has yet to be sentenced.

Joel Seidman is an NBC producer, based in Washington, DC

Safavian Jury Yet To Reach Verdict (AP-Y2)

By Pete Yost

AP2, June 15, 2006

A jury deliberated for a second day Thursday without reaching a verdict in the first trial arising from the Jack Abramoff lobbying scandal.

They are to resume on Friday trying to decide whether former Bush administration official David Safavian covered up his assistance to Republican influence-peddler Jack Abramoff.

The General Services Administration's chief of staff in 2002, Safavian allegedly concealed from GSA ethics officials, the GSA inspector general and Senate investigators his assistance to the now-convicted lobbyist. Abramoff wanted to buy, lease or redevelop two government properties including the Old Post Office in downtown Washington.

The jury of 10 women and two men is considering whether Safavian is guilty on two counts of engaging in obstruction and three counts of making false statements.

U.S. District Judge Paul Friedman dismissed a juror Wednesday morning, seated the only remaining alternate juror, a woman, and told the revised jury to begin deliberations anew. The jury originally started deliberating Tuesday.

The juror had done independent research and had talked to people she should not have about the case, according to the judge.

Safavian, a former chief federal procurement officer in the Bush White House, acknowledged on the witness stand that Abramoff e-mailed him that he was working on trying to buy or lease 40 acres of the GSA's White Oak property in Maryland for a school Abramoff set up. Safavian also acknowledged he knew Abramoff "was putting together a team in order to bid" on the redevelopment of the Old Post Office a few blocks from the White House.

But he said he didn't tell GSA officials and the Senate about his advice to Abramoff because the GSA had not decided in 2002 what to do with the properties so he didn't consider that Abramoff's inquiries amounted to doing or seeking business with the agency.

Corruption Trial Witness Feared For His Life (CHIT)

By Dan Mihalopoulos And Rudolph Bush, Tribune Staff Reporters

Chicago Tribune, June 16, 2006

The former son-in-law of a prominent ex-alderman told federal investigators that he copied and saved city computer files "because he was scared that he may be killed," according to portions of an FBI interview cited Thursday in the City Hall corruption trial.

Robert Koch, a former manager of city computer servers, said later that he may have exaggerated those fears.

Koch, who is divorced from former 11th Ward Ald. Patrick Huels' daughter Allison, testified that he had files deleted at the behest of Mayor Richard Daley aide Robert Sorich in 1997.

But under cross-examination by Sorich lawyer Thomas Anthony Durkin, Koch acknowledged that he secretly saved a copy of the files from the mayor's office in his locker at a gym.

"You told the FBI you were afraid because you had been at family events with the Huelses and the Daleys where other people had talked about getting people knocked off?" Durkin asked.

"I'm not going to admit that," Koch replied.

Durkin pressed him on the subject again, asking if Koch denied making the statement to the FBI on July 28. After Durkin showed Koch the FBI report of that meeting, Koch finally acknowledged that he did express fear to authorities.

"So I'm a 23-year-old kid in a world I really didn't understand that well, and I was leaving a life behind that I was nervous to do," said Koch, now 34. "Did I ever think anyone would kill me? The thought may have crossed my mind, but that's a little extreme."

Sorich and three other ex-city officials are charged with rigging city hiring and promotions to favor politically connected applicants. Federal prosecutors say Sorich, Daley's longtime patronage chief, took steps to cover up the hiring fraud.

The trial has brought unwanted attention to the Daley administration and the mayor's political organization. Koch's testimony took jurors into the tight-knit world of power brokers in the Daley family's Bridgeport power base.

Durkin questioned Koch's credibility, suggesting Koch concealed from the FBI that he secretly kept copies of the files Sorich allegedly wanted him to erase.

Koch said a colleague told him in early September 1997 that FBI agents were examining files in the mainframe computer. Koch testified that he called for advice from Huels, who was then his father-in-law and Daley's City Council floor leader.

An hour after his conversation with Huels, Koch said, Sorich called and asked him to delete files from the computer's mainframe.

A few months later, an FBI agent came to the South Side home where Koch was living with a friend. In the Dec. 10, 1997, meeting, the agent asked Koch about Huels and about a tip they had received of computer file deletions at the city, according to testimony.

"When you were talking to the FBI, you knew you were sitting on a copy of [the computer files] in your gym locker?" Durkin asked.

Koch said he kept the computer files at a time when Huels was mired in a City Hall scandal that led to his resignation. Koch did not tell authorities that he had preserved them until they contacted him a year ago.

Durkin suggested that Koch thought the files contained information about Huels and Michael Tadin, a city trucking contractor and boyhood friend of the mayor. Huels resigned in October 1997 after accepting a $1.25 million loan from Tadin.

But Koch flatly rejected the notion that he had acted to protect Huels, noting that aldermanic files were not backed up on the city's mainframe.

"These files came from the mayor's office," where Sorich worked, Koch replied.

Durkin asked whether Koch felt regret because at the time he was divorcing Huels' daughter and leaving the tight-knit circle of the 11th Ward.

"It was very difficult," Koch said.

He said he still respects Huels and didn't want anyone to get hurt by what he said on the witness stand.

"I'm sick to my stomach that I'm here testifying," said Koch, whose cross-examination by Durkin lasted most of Thursday.

After Koch left the stand, outside the presence of the jury, prosecutor Patrick Collins told U.S. District Judge David Coar that "we've passed the point of relevance" regarding the 1997 computer files. Collins said the destruction of the computer records wasn't connected to Huels, because the FBI did not open an investigation into Huels until late October 1997.

A veteran FBI agent testified later Thursday that he questioned Sorich about hiring records in preparation for the 1997 corruption trial of former Water Department Commissioner John Bolden.

FBI Agent Reges Fay said that while investigating Bolden for taking kickbacks from Water Department job applicants, he learned Sorich might have had a role in the applicants' hiring.

Sorich told Fay in a telephone conversation in 1997 that he referred 10 applicants to Bolden, Fay said.

Sorich said the names came from local community leaders, and that his office kept no records of the applicants, Fay testified.

Fay said Sorich provided him no other information about his alleged role in hiring applicants in Water or any other department.

Prosecutors plan to rest their case Monday, after the testimony of Sorich's former assistant, Patty Molloy.

Durkin told reporters he did not know whether he would call any witnesses on Sorich's behalf.

"We're still not sure we're going to put a case on," he said.

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Did Witness Fear For Life? It 'may Have Crossed My Mind' (CHIST)

By Natasha Korecki And Steve Warmbir, Staff Reporters

Chicago Sun-Times, June 16, 2006

A prosecution witness said "the thought may have crossed my mind" when asked Thursday if he feared he'd be killed after getting caught between an FBI investigation and a powerful 11th Ward family.

Witness Robert Koch, a former City Hall computer technician and onetime son-in-law to former Ald. Patrick Huels, testified that the mayor's patronage chief, Robert Sorich, told him in 1997 to delete city computer files.

Prosecutors contend Sorich, a top official with the Intergovernmental Affairs Office, ordered the files destroyed to hide his office's role in hirings and promotions.

Defense lawyer Tom Durkin contended that Koch really destroyed the files to protect Huels. Durkin suggested Koch once told the FBI he was scared for his life because while at family events with the Huels and Daleys, he sometimes heard about people getting "knocked off."

"Did I ever think anyone would kill me? The thought may have crossed my mind but that's a little extreme," Koch said of his state of mind in 1997.

Koch explained he was young and going through a divorce at the time with Huels' daughter, breaking his once-powerful connections.

"I'm a 23-year-old kid in a world I really didn't understand that well. I was leaving a world behind," Koch said.

Agent: Probe was after deletion

Durkin suggested Koch was trying to protect his father-in-law by saying he destroyed the files for Sorich. Huels was under FBI investigation after the Chicago Sun-Times exposed a questionable loan he received. Huels, who was also Daley's City Council floor leader, was never charged but later resigned.

But FBI Special Agent Reges Fay testified Thursday that the FBI didn't even open its investigation into Huels until October of 1997 -- about a month after Koch had the computer files destroyed.

Prosecutors could rest their case Monday. Defense lawyers say they're still determining whether they will put on a case.

Also Thursday, a female juror was excused after she told the judge her employer would no longer pay her salary during jury duty. That brings the number of jurors to 16, down from 18. Another was excused weeks ago. Twelve jurors are needed for deliberations.

FBI Subpoenas Records From Library's Policy (NILESHS)

By Jennifer Johnson, STAFF WRITER

Niles Herald-Spectator, June 16, 2006

The Niles Public Library was subpoenaed Monday by the U.S. Attorney's Office and told to supply all financial information regarding the library's dealings with the insurance agency of Ralph Weiner & Associates.

Library Administrator Cary Czarnecki said staff is cooperating with authorities and in the process of gathering the required information.

During an FBI investigation into possible fraudulent dealings involving Niles Mayor Nicholas Blase and the Weiner agency, agents raided the insurance company's Wheeling office June 6 and uncovered check vouchers for payments to S.M.P. Insurance Service, Inc., noting the Niles Public Library in the description line.

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The FBI has identified S.M.P. as a "shell company" in Blase's law office, and the funds paid to S.M.P by the Weiner Agency as kickbacks paid to Blase for getting Niles businesses to sign up for insurance coverage with Weiner, the FBI alleges.

According to the FBI's criminal complaint against Blase and Steven Weiner of the Weiner agency, the check vouchers are for amounts of $1,050, dated Aug. 8, 2003; $550, dated Aug. 17, 2004; and $550, dated Aug. 5, 2005. Each of the vouchers states, "Pay SMP %% For Niles Public Library," in various abbreviations, according to the complaint.

The complaint also alleges that commission statements and a recovered memorandum from the Weiner agency indicate the library was coded under "4 Doves Restaurant."

Czarnecki said the library never received money from S.M.P and has had no dealings with a company of that name. He did say that the library has its insurance coverage through the Weiner agency, including property, casualty and liability insurance. Weiner is also the broker for health insurance provided to employees, he said.

Czarnecki said the library board sent out bid requests for each insurance contract, and the last time the library sought insurance bids, Weiner was the only company to provide one.

Czarnecki denied the library board was ever pressured by the mayor to purchase insurance through Weiner. It is believed the library has purchased its insurance through the Weiner agency since at least the late 1980s.

Morgan Dubiel, vice president of the Niles Library Board, said he knew nothing about the alleged payments to the library from S.M.P.

"We are an innocent bystander," he said.

Both Dubiel and Czarnecki said they were surprised by the news of Blase's arrest on June 8 and the allegations made against him by the FBI and U.S. Attorney's Office.

Man Sought In Nev. Wants 'Truth' To Emerge (AP)

By Tom Gardner, Associated Press Writer

AP, June 16, 2006

A man sought by police Thursday in the slaying of his estranged wife and the attack on a family court judge left a phone message saying he wanted "the true story" to get out to the public, his cousin said.

Authorities have searched for Darren Mack since Monday when the judge was shot and wounded in his office by a sniper. Mack was charged the next day with murder in the stabbing death of Charla Mack, 39.

His cousin, Jeffrey Donner, said he received a phone message from Mack shortly after the shooting, saying, "'If anything happens to me, please make sure that the true story about the injustices that are going on in that courtroom get out to the media and the public.'"

Donner said his cousin had complained about Judge Chuck Weller, who was handling Mack's divorce case, for the past year and got the impression the judge was biased and made decisions before he heard all the facts.

"He was just obsessed with bringing this judge down. Not physically. I never heard anything like that, but by reputation," Donner said of Mack.

Still, Donner said he was shocked by reports of the shooting because Mack is "just not a violent person."

"If he is in fact responsible for this, it is totally out of character and it is simply an example of somebody that has snapped," he said, choking back tears.

Police said Weller, 53, who was shot once in the chest, was released from the hospital on Tuesday to an undisclosed, secure location.

A custody hearing in the Macks' divorce case was scheduled before Weller in September. Charla Mack filed for divorce in 2005, and a mutual restraining order was signed the same year, according to court records.

Mack, who owned a pawn shop, earned more than $500,000 a year and had a net worth of $9.4 million, according to court documents.

Shawn Meador, Charla Mack's lawyer, said in a court filing that Mack ignored Weller's order in May 2005 to pay $10,000 a month in temporary alimony payments. Weller found him in contempt of court, but Mack filed for bankruptcy in August to avoid paying, according to the filing.

Investigators said Mack may have headed west because of the contact with Donner, who lives in Moraga, Calif., and because a credit card used by the company he owns was used at the Sacramento airport Monday afternoon.

The Justice Department also charged Mack Thursday with unlawful flight to avoid prosecution.

Online Threats Outpacing Law Crackdowns (CNET)

By Joris Evers, CNET News.com

CNET News, June 16, 2006

DOJ_NMG_0034960

SCOTTSDALE, Ariz.--Authorities are cracking down on phishing and botnets, but the threats are advancing instead of diminishing, two law enforcement officials said.

Cybercrooks are organizing better and moving to more sophisticated tactics to get their hands on confidential data and turn PCs of unwitting users into bots, representatives from the U.S. Department of Justice and the U.S. Air Force Office of Special Investigations said in separate presentations here at the Computer Security Institute's NetSec event this week.

Law enforcement has had increased successes in catching, prosecuting and convicting phishers and bot herders over the past couple of years. However, catching the bad guys is getting tougher as the criminals become more professional, the representatives said.

"We're seeing increasingly sophisticated groups online that are more indicative of crime groups," Jonathan Rusch, special counsel for fraud prevention at the Justice Department, said in a presentation. The criminals who have been caught range from teenagers to retirees, he said.

Rusch spoke about phishing, a prevalent type of online attack that combines e-mail spam and fraudulent Web sites made to look like trusted sites, which are aimed at tricking a user into giving up sensitive information such as a credit card or Social Security number. Almost 17,500 phishing Web sites were reported to the Anti-Phishing Working Group in April.

A top phishing concern is the increased use of malicious software, Rusch said. Increasingly, phishers use Trojan horses that pack backdoors, screen grabbers or keystroke loggers to capture log-in names, passwords and other information, he said. In April, there were 180 unique examples of such malicious code, he said.

Backdoor software gives attackers remote access to an infected PC, which could let them piggyback onto a user's Internet connection and conduct online transactions from the victim's PC while masquerading as the person, Rusch said.

Screen grabbers and keystroke loggers can be programmed to capture very specific information and are even designed to wait until a user logs on to a certain banking Web site and send that information to the attacker.

Malicious software is where phishers intersect with bot herders, those who run networks of compromised machines, called a bot net. Computers typically become compromised and turned into a bot, also popularly called a zombie, after visiting a malicious Web site or opening an infected e-mail message or attachment. The bot software often nestles itself on a PC unbeknownst to the user by exploiting an unpatched security flaw on the system.

Law enforcement has been catching up to bot herders, and there have been some high-profile convictions. But here, too, the battle is getting harder, Wendi Whitmore, a special agent with the Air Force Office of Special Investigations, said in a presentation on botnets.

"Botnets are one of the greatest facilitators of cybercrime these days. Really the cybercrime arena is wrapped around botnets," she said.

With ubiquitous broadband connections and exploits for security flaws in software out before patches, the Internet environment is ideal for bots or zombies to proliferate, she said. That assertion is backed by a recent analysis by Microsoft. The software maker found that bots were the most common Windows threat, with more than 60 percent of compromised computers running bot code.

A zombie PC can be used by miscreants to store illegal content, such as child pornography, or in a botnet to relay spam and launch cyberattacks. Additionally, hackers often steal the victim's data and install spyware and adware on PCs, to earn a kickback from the spyware or adware maker.

Practice makes perfect

Meanwhile, bot masters are getting smarter about hiding. Today, most botnets are controlled using Internet Relay Chat, or IRC, servers and channels. Soon that could become instant messaging, peer-to-peer technology or protocols used by Internet phone services such as Skype or Vonage, Whitmore said.

"That is something that we're worried about because those protocols are proprietary," she said. "They don't publish routing protocols; it would be very difficult to catch that kind of crime."

Also, Whitmore expects cybercrooks to maintain smaller botnets with the hope of staying under the radar. People being caught today operate networks of as many as 1 million PCs. "There is a greater chance that you're going to get caught, if you do that much activity and command and control that many computers," she said.

Cybercriminals are often after data they can turn into cash, such as credit card numbers or even trade secrets. "If you have a smaller botnet and you combine that with targeted, really sophisticated social engineering tactics, you're going to be potentially a lot more successful," Whitmore said.

The military has seen a rise in such attacks over the last couple of years, Whitmore said. The attackers know what organizations work together, which generals would be involved and what issues they would talk about, she said. It's "incredibly disturbing, because those are the kinds of things that should be kept somewhat secret," she said.

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Law enforcement alone cannot solve the phishing and botnet problems, Rusch and Whitmore said. The technology industry and consumers have key parts to play, they said.

"Part of the problem is the way we design the online environment for users," Rusch said. It should be easier for people to see whether a site can be trusted or not, he said. Some of that is happening today with increased security coming in new Web browsers, for example.

A stronger effort to take down phishing Web sites is also welcome, he said. The average phishing Web site was up for five days in April, and that's too long, Rusch said.

In fighting bots, Whitmore sees benefits in Internet service providers delivering security software to their users. "The long-term benefit of ISPs becoming more involved would be an overall reduction of malicious code on the Internet, and most of us believe that's a good thing," she said.

Court Rules Warrant Is Enough (LAT)

By David G. Savage

The Los Angeles Times, June 16, 2006

WASHINGTON — A closely divided Supreme Court ruled today that drug evidence found in the search of a home may be used against a suspect even if police officers violated the law by not giving the homeowner fair warning before they rushed inside.

In a 5-4 decision, the court said it would be rash to reject evidence simply because of a technical violation of the so-called knock-and-announce rule.

Criminals should not be handed a "get out of jail free card" in cases where the police have a valid search warrant, said Justice Antonin Scalia.

In the past, the court has insisted that evidence must be thrown out if the police violated the Constitution's ban on "unreasonable searches and seizures." This so-called exclusionary rule was among the most controversial legal developments of the 1960s, and it continues to irritate many law and order conservatives.

Scalia, who is among them, said that suppressing evidence should be "our last resort, not our first impulse." His opinion was joined in full by Chief Justice John G. Roberts Jr., Justice Clarence Thomas and new Justice Samuel A. Alito Jr.

Justice Anthony M. Kennedy, casting the decisive fifth vote, said the exclusionary rule itself was "settled" and "not in doubt." At issue, he said, was only whether to extend it to cases in which police had a valid warrant to enter a home but failed to give the proper warning.

In 1995, the justices agreed unanimously that the 4th Amendment usually required officers to knock on the door and call out "Police!" before they burst into a home. This rule helped protect the safety of the police and the privacy of the residents, the court said then.

Until now, however, it was not clear whether the police would be penalized if they ignored this rule. Officers were told they should usually wait about 20 seconds after announcing their presence before they tried to enter a house. They may move faster if they suspect the residents are going to flush drugs down a toilet, the court said.

In the case decided today, Detroit police admitted they did not wait long before entering the home of Booker T. Hudson. They had obtained a search warrant to look for drugs and guns.

On a summer afternoon in 1998, seven officers approached the house and saw nothing unusual. Several called out "Police! Search warrant." Less than 5 seconds later, the lead officer turned the doorknob and walked into the living room.

There sat Hudson, along with 23 plastic bags that contained crack cocaine. Under a chair cushion, police also found a loaded revolver and five rocks of cocaine. Elsewhere in the house, they found more bags of drugs.

Charged with the drug and gun crimes, Hudson urged the judge to suppress the evidence because police had violated his rights under the knock-and-announce rule.

A prosecutor agreed the police had violated the rule, and a trial judge ruled that the evidence should be suppressed. But the Michigan Supreme Court disagreed and said suppressing the evidence was "not an appropriate remedy" for such a violation.

Hudson appealed to the Supreme Court, which agreed last year to hear his case.

Scalia said this was not an instance where police obtained evidence by breaking the law. They had a valid warrant to search for and seize the drugs. "Since the interests were violated in this case have nothing to do with the seizure of the evidence, the exclusionary rule is inapplicable," he said in Hudson vs. Michigan.

The four dissenters said the requirement to "knock and announce" would be meaningless with no penalty for violating it.

The decision "represents a significant departure from the court's precedents. And it weakens, perhaps destroys, much of the practical value of the Constitution's knock-and-announce protection," wrote Justice Stephen G. Breyer for the dissenters.

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Scalia responded that victims of such an unlawful entry could sue the city and the police for violating their rights. He also pointed to the "increasing professionalism of police forces, including a new emphasis on internal police discipline."

Breyer scoffed at these suggestions, insisting that the exclusionary rule was adopted because it was the only effective deterrent for police misconduct.

Justices Allow No-knock Searches (USAT)

By Joan Biskupic

USA Today, June 16, 2006

WASHINGTON — Drugs or other evidence seized at a home can be used in a trial even if police failed to knock and announce their presence, the Supreme Court ruled Thursday in a major shift in its rulings on illegal searches by police.

The 5-4 decision in a Detroit drug case undercuts a nearly century-old rule that says evidence found during an unlawful search cannot be used. The decision also offers a sign that the court might be more apt to strengthen the hand of police with Justice Samuel Alito in the place of retired justice Sandra Day O'Connor.

O'Connor, who was on the court when the case was first argued, had worried about "the sanctity of the home."

Alito sided fully with Justice Antonin Scalia's majority opinion, which emphasized that tossing out evidence acquired in violation of the knock-and-announce rule — but with a valid warrant — could mean "releasing dangerous criminals."

In a dissent, Justice Stephen Breyer called the decision "doubly troubling."

"It represents a significant departure from the court's precedents," he wrote, joined by John Paul Stevens, David Souter and Ruth Bader Ginsburg. "It weakens, perhaps destroys, much of the practical value of the Constitution's knock-and-announce protection."

The rule is based on a centuries-old idea of home privacy and the Fourth Amendment protection against unreasonable searches. It requires police to knock, announce themselves and wait a "reasonable" time, which justices noted can be about 20 seconds, before entering. The practice shields occupants from surprise and property damage.

In the Detroit case, officers had a warrant to search for drugs and firearms in the home of Booker Hudson. They called out their presence and, after three to five seconds, entered through an unlocked front door.

Hudson tried unsuccessfully to suppress the evidence — rocks of cocaine — that police found and was convicted of drug possession. In an appeal, he argued that unless tainted evidence is suppressed, police will not be deterred from barging into homes. O'Connor was sympathetic to the view at January arguments.

After she retired, the eight remaining justices apparently were deadlocked. The case was re-argued in May with Alito on the court. His vote gave Scalia the majority. Joining them were Chief Justice John Roberts and Justices Clarence Thomas and Anthony Kennedy.

Kennedy noted that he didn't agree with a section of Scalia's decision that would have more broadly weakened the rule requiring evidence from an improper search to be kept out, depriving Scalia of the necessary fifth vote to further curtail the Fourth Amendment.

Regarding the no-knock rule, Kennedy agreed with Scalia that police are sufficiently deterred from improper searches by the right of occupants to sue under civil rights law. Breyer countered that such lawsuits are rare and often do not bring much relief for victims.

Critics said the decision could lead to an increase in no-knock police raids. Jack King, a spokesman for the National Association of Criminal Defense Lawyers, said, "The only sanction that police really care about is if the evidence is thrown out."

Tim Richardson, a senior legislative liaison for the Fraternal Order of Police, rejected the idea that police would change their practices. "There's a new professionalism among law enforcement officers. They want to have clean, successful, swift prosecutions."

Court Limits Protection Against Improper Entry (NYT)

By Linda Greenhouse

The New York Times, June 16, 2006

WASHINGTON, June 15 — Evidence found by police officers who enter a home to execute a search warrant without first following the requirement to "knock and announce" can be used at trial despite that constitutional violation, the Supreme Court ruled on Thursday.

The 5-to-4 decision left uncertain the value of the "knock-and-announce" rule, which dates to 13th-century England as protection against illegal entry by the police into private homes.

Justice Antonin Scalia, in the majority opinion, said that people subject to an improper police entry remained free to go to court and bring a civil rights suit against the police.

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But Justice Stephen G. Breyer, writing for the dissenters, said the ruling "weakens, perhaps destroys, much of the practical value of the Constitution's knock-and-announce protection." He said the majority's reasoning boiled down to: "The requirement is fine, indeed, a serious matter, just don't enforce it."

The decision followed a reargument less than a month ago, with the newest justice, Samuel A. Alito Jr., evidently casting the decisive vote. Justice Breyer's dissenting opinion was clearly drafted to speak for a majority that was lost when Justice Sandra Day O'Connor left the court shortly after the first argument in January.

The justices' lineup in this case, which upheld a Detroit man's conviction for drug possession, may become a familiar one as the court proceeds through its criminal-law docket. In addition to Justice Alito, those who joined the majority opinion by Justice Scalia were Chief Justice John G. Roberts Jr. and Justices Clarence Thomas and Anthony M. Kennedy. Justice Breyer's dissenting opinion was joined by Justices John Paul Stevens, David H. Souter and Ruth Bader Ginsburg.

The decision answered a question that the court had left open in 1995, when it held in a unanimous opinion by Justice Thomas that the traditional expectation that the police should knock and announce their presence was part of what made a search "reasonable" within the meaning of the Fourth Amendment. The amendment bars unreasonable searches.

In that case, Wilson v. Arkansas, the court declined to say what the remedy should be for a violation of the knock-and-announce rule. Ordinarily, evidence that is seized illegally — in the absence of a warrant, for example — may not be used at trial, under what is known as the exclusionary rule.

By a strong majority, most state and federal courts that have considered the issue have applied the exclusionary rule to violations of the knock-and-announce requirement. In its decision on Thursday in Hudson v. Michigan, No. 04-1360, the Supreme Court upheld a ruling by the Michigan Court of Appeals, one of the few courts to have rejected the exclusionary rule in this context.

In the case, the Detroit police had a warrant to search for drugs in the home of Booker T. Hudson Jr. At his unlocked door, they announced their presence, but did not knock and waited only three to five seconds before entering, not the 15 to 20 seconds suggested by the Supreme Court's precedents.

Had the police observed a longer wait, they would have executed the search warrant and found the evidence anyway, Justice Scalia said. That made the connection between the improper entry and the discovery of the evidence "too attenuated" to justify the "massive remedy of suppressing evidence of guilt."

Justice Scalia said the knock-and-announce rule was designed to protect life, property and dignity by giving the homeowner time to respond to the knock and eliminating the need for the police to break down the door. But he said the rule has never protected "one's interest in preventing the government from seeing or taking evidence described in a warrant."

Throughout his opinion, Justice Scalia made clear his view that the right at issue was a minimal, even trivial, one — "the right not to be intruded upon in one's nightclothes," he said at one point — that could not hold its own when balanced against the "grave adverse consequences that exclusion of relevant incriminating evidence always entails."

The majority opinion was sufficiently dismissive of the exclusionary rule as to serve as an invitation to bring a direct challenge to the rule in a future case.

Justice Scalia surveyed changes in the legal landscape since 1961, when the court in the landmark case Mapp v. Ohio made the exclusionary rule binding on the states. Noting that the purpose of the exclusionary rule was to deter constitutional violations by making them costly for the prosecution, Justice Scalia said there was less need for deterrence today, when the police are better trained and when the ability to bring civil rights suits against the government has greatly expanded. Under current federal law, he noted, successful civil rights plaintiffs are reimbursed for their attorney fees.

The conditions that made deterrence necessary "in different contexts and long ago" no longer exist, Justice Scalia said, adding that a strict application of the exclusionary rule as envisioned by the court in 1961 "would be forcing the public today to pay for the sins and inadequacies of a legal regime that existed almost half a century ago."

It is rare to find Justice Scalia, a self-described "originalist," incorporating evolving conditions into his constitutional analysis. Almost always, when the court in a constitutional case takes account of changing conditions, the result is an expansion of constitutional rights, rather than, as Justice Scalia advocated in this case, a contraction.

One puzzling aspect of the decision was a concurring opinion by Justice Kennedy, who said that he wished to underscore the point that "the continued operation of the exclusionary rule, as settled and defined by our precedents, is not in doubt." Nonetheless, he signed the part of Justice Scalia's opinion that suggested that the exclusionary rule rested on an increasingly weak foundation.

Justice Breyer argued that "the court destroys the strongest legal incentive to comply with the Constitution's knock-and-announce requirement. And the court does so without significant support in precedent."

He called the majority's argument "an argument against the Fourth Amendment's exclusionary principle itself," adding, "And it is an argument that this court until now has consistently rejected."

DOJ_NMG_0034964

Court Eases 'No Knock' Search Ban (WP)

By Charles Lane

The Washington Post, June 16, 2006

The Constitution does not require the government to forfeit evidence gathered through illegal "no knock" searches, the Supreme Court ruled yesterday, in a far-reaching ruling that could encourage police with search warrants to conduct more aggressive raids.

The 5 to 4 decision broke with the court's modern tradition of enforcing constitutional limitations on police investigations by keeping improperly obtained evidence out of court. The "exclusionary rule" has been imposed to protect a series of rights, such as the right to remain silent in police custody and the right against warrantless searches.

But the broadly worded majority opinion by Justice Antonin Scalia, joined by Chief Justice John G. Roberts Jr. and Justices Anthony M. Kennedy, Clarence Thomas and Samuel A. Alito Jr., suggested that the nation has moved into a new era of improved policing in which such strong medicine may no longer be justified.

The ruling underscored the court's rightward shift since Alito replaced Justice Sandra Day O'Connor, who seemed to disagree with Scalia about the case while she was on the court. And it once again focused attention on the pivotal role of Kennedy, a moderate conservative, who supplied a fifth vote to the majority while issuing a separate concurring opinion that disavowed a portion of Scalia's opinion and asserted that it did not portend any broader erosion of the exclusionary rule.

At issue in yesterday's case, Hudson v. Michigan , No. 04-1360, was the "knock and announce" rule, which has deep roots in Anglo American law. In 1995, the court made it part of what defines a "reasonable search" under the Fourth Amendment, without saying how it should be enforced.

But most federal and state lower courts to consider the matter have ruled that it should be enforced through an "exclusionary rule," along with the rest of the Fourth Amendment.

Before yesterday's decision, police executing a search warrant in most jurisdictions had to worry that they might lose a case if they did not first knock on the door, announce themselves and wait a reasonable time for a response before forcing their way in.

Now, unless state law says otherwise, the most they would face is administrative discipline or a lawsuit for damages.

Civil liberties groups and defense lawyers had argued to the court that those deterrents are far too weak to enforce the "knock and announce" rule, which, they argued, is often all that stands between an innocent citizen and an errant SWAT team.

That position was urged on the Supreme Court by attorneys for Booker T. Hudson Jr., a Michigan man convicted of drug possession after police found crack cocaine in his pockets during a 1998 no-knock raid that the state admitted was unlawful.

But Michigan's Supreme Court was one of the few lower courts to reject an exclusionary rule for "knock and announce" violations. Hudson's conviction was upheld, and he appealed to the U.S. Supreme Court.

Scalia's opinion focused on the guilty defendants who go free when otherwise valid evidence is thrown out of court. He concluded that that "social cost" is too high in relation to whatever additional privacy protection residents get from the "knock and announce" rule.

"Resort to the massive remedy of suppression of evidence of guilt is unjustified," Scalia wrote.

Scalia argued that the law enforcement landscape has changed dramatically since 1961, when the Supreme Court first imposed an exclusionary rule on the states to protect against warrantless searches. Today's police are more professional than those of 45 years ago, he observed, and there is "increasing evidence that police forces across the United States take the constitutional rights of citizens seriously."

In this environment, Scalia argued, lawsuits and administrative proceedings are enough to ensure that police comply with the "knock and announce" rule.

That line of reasoning prompted a 30-page dissenting opinion from Justice Stephen G. Breyer, who disputed Scalia's upbeat view of modern policing and argued that lawsuits and police discipline have already proved inadequate to punish and deter "knock and announce" violations.

"Today's opinion," Breyer wrote in dissent, "weakens, perhaps destroys, much of the practical value of the Constitution's knock-and-announce protection." Justices John Paul Stevens, David H. Souter and Ruth Bader Ginsburg joined Breyer.

Scalia's cost-benefit analysis could be invoked not only to deny a new exclusionary rule in this case, Breyer argued, but also to roll back the use of the exclusionary rule to enforce the Fourth Amendment in areas where it has long been recognized.

"The majority's 'substantial social costs' argument is an argument against the Fourth Amendment's exclusionary principle itself," Breyer wrote. "And it is an argument that this Court, until now, has consistently rejected."

Kennedy tried to diminish the apparent sweep of Scalia's opinion, indicating that "the continued operation of the exclusionary rule as settled and defined by our precedents, is not in doubt."

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There was strong circumstantial evidence that, if O'Connor had not been replaced by Alito, Breyer would have been speaking for the court.

In January, when the justices heard the case and cast tentative votes, Connor was still on the court. Her comments at argument suggested she favored Breyer's view.

But after she left the court Jan. 31, the court announced the case would be reargued -- a sign that it had reverted to a 4 to 4 tie without her vote.

High Court Eases 'Knock And Announce' Rule For Police (LAW)

By Tony Mauro, Legal Times

Legal Times, June 16, 2006

The Supreme Court on Thursday weakened the longstanding "knock and announce" rule under which police must in most circumstances knock on the door, announce their presence, and wait briefly before forcibly entering a house with a search warrant.

Although not repealing the rule itself, Justice Antonin Scalia's 5-4 majority opinion said the traditional remedy for police violation of the rule -- namely, barring the use at trial of the evidence found -- is no longer required.

Citing the increasing professionalism of today's police and the availability of other remedies, such as civil rights suits under §1983 of Title 42 of the U.S. Code, Scalia said the "massive remedy" of exclusion of evidence was unwarranted and would invite a flood of allegations of police violation of the rule.

"The cost of entering this lottery," Scalia wrote, "would be small, but the jackpot enormous: suppression of all evidence, amounting in many cases to a get-out-of-jail-free card."

Scalia's ruling was confined to the context of the knock-and-announce rule, but some elements of it could apply more broadly, possibly setting the stage for a future attack on the exclusionary rule, which excludes from use at trial any evidence that is illegally obtained by police. That rule, first established by the Supreme Court for federal courts in 1914 and applied to states in 1961, has been a hardy but controversial tool for discouraging police misconduct.

Law enforcement advocates applauded the ruling. "Today's decision not to expand the exclusionary rule is very important to law enforcement," said Kent Scheidegger, legal director of the Criminal Justice Legal Foundation. "Justice is best served when juries are allowed to consider all relevant evidence."

The ruling in Hudson v. Michigan, one of four handed down Thursday, was one sign that the much-heralded era of unanimity under new Chief Justice John Roberts Jr. may have been short-lived. And it also highlighted the impact of the Court's new lineup. When the Court first heard arguments in the Hudson case in January, Justice Sandra Day O'Connor was still on the Court and appeared sympathetic to defendant Booker Hudson Jr. The case was reheard in May after Justice Samuel Alito Jr. replaced O'Connor, and on Thursday he joined the Scalia majority against Hudson. Also in the majority were Roberts and Justices Anthony Kennedy and Clarence Thomas.

In dissent, Justice Stephen Breyer said the ruling "weakens, perhaps destroys, much of the practical value of the Constitution's knock-and-announce protection." Justices John Paul Stevens, David Souter and Ruth Bader Ginsburg joined the dissent.

The decision also drew criticism from groups that have pointed to a sharp increase in recent years in no-knock, SWAT-type police raids on private homes, usually in pursuit of drugs. "Because of today's decision, we can expect to see an even more pronounced increase in the use of illegal, military-style no-knock raids," said Radley Balko of the Cato Institute, which filed a brief in the Hudson case. "We can expect to see more innocent civilians wrongly targeted."

Balko also discounted Scalia's reference to the alternative remedy of suing police officers under §1983, asserting that the courts had already "set the bar extremely high" against such suits.

In the case before the Court, lawyers for Detroit police acknowledged that they violated the traditional knock-and-announce rule when they entered Hudson's home in a drug bust. They shouted "Police, search warrant," but did not knock and waited less than five seconds before opening the unlocked door.

A state court judge suppressed the cocaine evidence that was obtained in the raid, but the Michigan Court of Appeals said the evidence should have been allowed because it would have been discovered even if the police had obeyed the rule.

Scalia said the "ancient" knock-and-announce rule protected valid interests that benefit police and homeowners. Police benefit because if they force their way into homes without announcement, those inside might shoot them as intruders. It also "protects those elements of privacy and dignity that can be destroyed by a sudden entrance," Scalia said, by allowing inhabitants to pull on clothes or get out of bed.

But the Court has already allowed police to ignore the rule if the circumstances "present a threat of physical violence" or if there is reason to believe that waiting would lead to the destruction of evidence inside.

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The Court also ruled Thursday in Howard Delivery Service v. Zurich American Insurance Co. that insurance company claims for unpaid workers' compensation premiums are not entitled to priority in bankruptcy proceedings. And in Kircher v. Putnam Funds Trust, the Court ruled that federal appeals courts have no jurisdiction to second-guess lower court decisions to remand to state court lawsuits filed under the Securities Litigation Uniform Standards Act of 1998. The ruling is a defeat for investment companies that seek to keep investor class actions out of state courts.

Supreme Court Gives Police More Power (CSM)

By Warren Richey

The Christian Science Monitor, June 16, 2006

WASHINGTON

Police who burst into a private building without first knocking and announcing their presence can use evidence they discover in a criminal case.

In a boost to aggressive police tactics and a setback to the privacy rights of business and home owners, the US Supreme Court has rejected the legal principle that evidence obtained in violation of the so-called knock-and-announce rule must be excluded from use at a trial.

Instead, the high court said in a 5-to-4 decision announced Thursday that such evidence can be used at trial. The social costs of excluding evidence because of a violation of the knock-and-announce rule are considerable, the high court said.

"Resort to the massive remedy of suppressing evidence of guilt is unjustified," writes Justice Antonin Scalia for the majority. He was joined by Chief Justice John Roberts, and Justices Anthony Kennedy, Clarence Thomas, and Samuel Alito.

The decision marks a rejection - in the context of knock-and-announce - of a basic safeguard in the criminal justice system established in the 1960s by the high court under then Chief Justice Earl Warren. That court adopted the approach that violations of certain procedural requirements by law enforcement officials could carry the heavy penalty of exclusion of evidence from use at a trial.

The process created an incentive for police officers to not only know the law, but to scrupulously follow it while carrying out their criminal investigations.

"The court destroys the strongest legal incentive to comply with the Constitution's knock-and-announce requirement," Justice Stephen Breyer writes in a dissent, joined by three other justices.

He says he could find no legal precedent supporting the high court's ruling in any of the Fourth Amendment privacy cases decided since 1914. "It represents a significant departure from the court's precedents," Justice Breyer writes. "And it weakens, perhaps destroys, much of the practical value of the Constitution's knock-and-announce protection."

The decision is "very disturbing," says David Moran, a law professor at Wayne State University Law School who argued the case at the Supreme Court. "It seems to rethink the entire exclusionary rule, which is the only thing that has caused the police for the past 50 years to generally comply with the Fourth Amendment."

The decision comes in a case called Hudson v. Michigan. It stems from an August 1998 search by seven Detroit police officers of the home of Booker Hudson. The police obtained a warrant to search for weapons and drugs at Mr. Hudson's home. When they arrived at the front door, an officer shouted: "Police, search warrant." They paused for three to five seconds before one of the officers turned the doorknob and entered the home through the unlocked front door. They did not knock, nor did they wait to see if anyone would answer the door in response to their shout, according to briefs filed in the case.

Police rushed into the house and saw Hudson seated in a chair in the living room. Five other men and women were running throughout the house, the briefs say. In the search that followed, police discovered in the chair in which Hudson had been sitting crack cocaine in plastic bags and a loaded revolver. In Hudson's pockets, police found five rocks of cocaine and $225 in cash.

Hudson was charged with possession with intent to deliver cocaine and possession of a firearm while committing a crime. He was convicted and sentenced to 18 months probation.

On appeal, his lawyer argued that the gun and drugs should have been suppressed because of the improper tactics used by police during the search. The state appeals court upheld the conviction and the Michigan Supreme Court declined to hear the case.

In affirming the conviction, the US Supreme Court said that applying the exclusionary rule to knock-and-announce violations is not "worth a lot" as a deterrent. Instead, it creates an incentive for criminal defendants to attack police conduct, Scalia writes.

"The cost of entering this lottery would be small, but the jackpot enormous; suppression of all evidence, amounting in many cases to a get-out-of-jail-free card," Scalia writes.

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Top Court Upholds No-knock Police Search (AP-Y2)

By Gina Holland

AP2, June 16, 2006

The Supreme Court made it easier Thursday for police to barge into homes and seize evidence without knocking or waiting, a sign of the court's new conservatism with Samuel Alito on board.

The court, on a 5-4 vote, said judges cannot throw out evidence collected by police who have search warrants but do not properly announce their arrival.

It was a significant rollback of earlier rulings protective of homeowners, even unsympathetic homeowners like Booker Hudson, who had a loaded gun next to him and cocaine rocks in his pocket when Detroit police entered his unlocked home in 1998 without knocking.

The court's five-member conservative majority, anchored by new Chief Justice John Roberts and Alito, said that police blunders should not result in "a get-out-of-jail-free card" for defendants.

Dissenting justices predicted that police will now feel free to ignore previous court rulings requiring officers with search warrants to knock and announce themselves to avoid running afoul of the Constitution's Fourth Amendment ban on unreasonable searches.

"The knock-and-announce rule is dead in the United States," said David Moran, a Wayne State University professor who represented Hudson. "There are going to be a lot more doors knocked down. There are going to be a lot more people terrified and humiliated."

Supporters said the ruling will help police do their jobs.

"People who are caught red-handed with evidence of guilt have one less weapon to get off," said Kent Scheidegger, legal director of the Criminal Justice Legal Foundation.

The case provides the clearest sign yet of the court without Justice Sandra Day O'Connor.

Hudson had lost his case in a Michigan appeals court. Justices agreed to hear his appeal last June, four days before O'Connor's surprise announcement that she was retiring.

O'Connor was still on the bench in January when his case was first argued, and she seemed ready to vote with Hudson. "Is there no policy of protecting the home owner a little bit and the sanctity of the home from this immediate entry?" she asked.

She retired before the case was decided, and a new argument was held this spring so that Alito could participate, apparently to break a 4-4 tie.

Four justices, including Alito and Roberts, would have given prosecutors a more sweeping victory but did not have the vote of Justice Anthony M. Kennedy, a moderate conservative.

Ronald Allen, a Northwestern University Law professor, said the ruling "suggests those four would be happy to consider overturning" a 1961 Supreme Court opinion that said evidence collected in violation of the Fourth Amendment cannot be used in trials. "It would be a significant change," he said.

Kennedy joined in most of the ruling but wrote to explain that he did not support ending the knock requirement. "It bears repeating that it is a serious matter if law enforcement officers violate the sanctity of the home by ignoring the requisites of lawful entry," he said.

Kennedy said that legislatures can intervene if police officers do not "act competently and lawfully." He also said that people whose homes are wrongly searched can file a civil rights lawsuit.

Justice Antonin Scalia, writing for the majority, said that there are public-interest law firms and attorneys who specialize in civil rights grievances.

Detroit police acknowledge violating the knock-and-announce rule when they called out their presence at Hudson's door, failed to knock, then went inside three seconds to five seconds later. The court has endorsed longer waits, of 15 seconds to 20 seconds. Hudson was convicted of drug possession.

"Whether that preliminary misstep had occurred or not, the police would have executed the warrant they had obtained, and would have discovered the gun and drugs inside the house," Scalia wrote.

Four justices complained in the dissent that the decision erases more than 90 years of Supreme Court precedent.

"It weakens, perhaps destroys, much of the practical value of the Constitution's knock-and-announce protection," Justice Stephen Breyer wrote for himself and Justices John Paul Stevens, David H. Souter and Ruth Bader Ginsburg.

Breyer said that while police departments can be sued, there is no evidence of anyone collecting much money in such cases.

The case is Hudson v. Michigan, 04-1360.

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On the Net:
Supreme Court decisions: http://www.supremecourtus.gov/opinions/05slipopinion.html

Supreme Court Weakens Police 'Knock And Announce' Rule (LAT)

By David G. Savage
The Los Angeles Times, June 16, 2006

WASHINGTON — A divided Supreme Court ruled Thursday that police armed with a search warrant may rush into a house without giving a required warning to the occupants and may use the evidence they find there.

In a 5-4 decision, the court said it would be rash to bar evidence in a criminal trial simply because police did not wait long enough before entering, a technical violation of the "knock and announce" rule.

Criminals should not be handed a "get out of jail free card" in cases where the police have a valid search warrant, said Justice Antonin Scalia, who wrote the opinion for the majority.

The dissenters said the court's ruling all but repealed a decision that had protected the privacy and dignity of homeowners.

New Justice Samuel A. Alito Jr. cast the decisive vote. Justice Sandra Day O'Connor heard the case when it was argued in January but retired in February before the case was decided. At that point, the court was evenly split. The case was reargued when Alito replaced her, and he became the tie-breaker.

Until Thursday, the court had usually insisted that evidence be thrown out in cases where the police violate the Constitution's ban on "unreasonable searches and seizures." This so-called exclusionary rule was among the most controversial legal developments of the 1960s, and many law-and-order conservatives continue to chafe at it.

Scalia is among them. Suppressing evidence should be "our last resort, not our first impulse," he said, and his opinion was joined in full by Chief Justice John G. Roberts Jr., Clarence Thomas and Alito.

Justice Anthony M. Kennedy voted with the majority but wrote separately to emphasize that the exclusionary rule is "settled" and "not in doubt." The issue in this case, Kennedy wrote, was whether the police's failure to give a proper warning even when they had a valid warrant to enter a home, merited an extension of the exclusionary rule.

In 1995, the justices agreed unanimously that the 4th Amendment usually requires officers to knock on the door and call out "Police!" before they burst into a home. This rule helps ensure the safety of the police and the privacy of the residents, the court said then.

Officers have been advised in other cases that they should usually wait about 20 seconds after knocking and announcing their presence before trying to enter a house, but the court has said in past rulings that officers may move faster if they suspect residents are going to flush drugs down a toilet.

In the current case, Detroit police admitted they did not wait long before entering the home of Booker T. Hudson Jr.

They had obtained a search warrant to look for drugs and guns at his residence. On a summer afternoon in 1998, seven officers approached Hudson's house and saw nothing unusual. Several called out "Police! Search warrant!" but less than five seconds later, the lead officer turned the doorknob and walked into the living room.

There sat Hudson with 23 bags that contained crack cocaine. Under the cushion of his chair, they also found a loaded revolver and five rocks of cocaine. Elsewhere in the house, police found more bags of drugs.

Hudson was charged with drug and gun crimes, but his lawyers urged the judge to suppress the evidence because police had violated the "knock and announce" rule.

A prosecutor agreed the police had violated the rule, and a trial judge suppressed the evidence. But the Michigan Supreme Court disagreed and said disallowing the evidence was "not an appropriate remedy" for such a violation.

Hudson appealed to the U.S. Supreme Court, which agreed last year to hear his case.

Scalia said this was not an instance where police obtained evidence by breaking the law. They had a valid warrant to search for and seize the drugs. Since the homeowner's privacy rights were not violated, "the exclusionary rule is inapplicable," he said in Hudson vs. Michigan.

The four dissenters said the requirement to "knock and announce" will be meaningless if it can be ignored and the evidence used in court.

Thursday's decision "represents a significant departure from the court's precedents. And it weakens, perhaps destroys, much of the practical value of the Constitution's knock-and-announce protection," wrote Justice Stephen G. Breyer.

Scalia responded that people like Hudson still have recourse against the city and the police by suing them for violating their constitutional rights. He also pointed to the "increasing professionalism of police forces, including a new emphasis on internal police discipline."

These checks, he suggested, will deter the police from being overly aggressive and reckless.

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Breyer scoffed at this notion and insisted that the exclusionary rule was adopted because it was the only effective deterrent for misconduct by the police.

In 1914, the Supreme Court first announced the exclusionary rule but applied it only to federal agents who violated the Constitution. Even then, it was a disputed notion. Benjamin Cardozo, then a New York state judge, said in 1926 that "the criminal is to go free because the constable has blundered."

The Supreme Court under Chief Justice Earl Warren gave this rule a national reach in 1961 when it said evidence must be suppressed when state and local police violate the 4th Amendment. Critics charged the Warren Court was too friendly to the rights of criminal defendants at the expense of law enforcement.

The high court has issued a mixed bag of rulings on the exclusionary rule in recent cases. The justices have given police more leeway to search cars and their passengers, but they have usually held the line against searches of homes without a warrant.

In March, the court ruled the police had violated the rights of a Georgia homeowner who disagreed with his wife and refused to consent to their entering his residence. In that 5-3 decision, Kennedy sided with the court's liberal faction.

Last month, the justices in a 9-0 decision said police may enter a home without a warrant to break up a fight in progress.

Evidence Allowed In No-knock Raid (WT)

By Jerry Seper

The Washington Times, June 16, 2006

Evidence seized by police officers who have a warrant but fail to follow the "knock and announce" rule before entering a suspect's home is still admissible in court, a divided 5-4 Supreme Court ruled yesterday.

Justice Antonin Scalia, writing for the majority, said a long-established knock-and-announce rule never was intended to protect a person's right to prevent the government "from seeing or taking evidence described in a warrant."

Justice Scalia, noting that Detroit police admitted that they violated the rule in a drug raid, said that regardless of the "misstep," the officers would have seized the drugs and gun inside the house when executing the warrant.

The majority opinion said allowing judges to throw out such incriminating evidence "always entails ... the risk of releasing dangerous criminals ..." and would "generate a constant flood of alleged failures to observe the rule."

"Another consequence ... would be police officers' refraining from timely entry after knocking and announcing ... producing preventable violence against officers in some cases, and the destruction of evidence in many others," Justice Scalia wrote.

Joining in the majority opinion were Chief Justice John G. Roberts Jr. and Justices Anthony M. Kennedy, Clarence Thomas and Samuel A. Alito Jr.

The minority opinion, written by Justice Stephen G. Breyer, called the ruling "doubly troubling." It "destroys the strongest legal incentive to comply with the Constitution's knock-and-announce" and did so "without significant support in precedent."

"I can find nothing persuasive in the majority's opinion that could justify its refusal to apply the rule," Justice Breyer said. "Without that unlawful entry they would not have been inside the house; so there would have been no discovery.

"Of course, had the police entered the house lawfully, they would have found the gun and drugs. But that fact is beside the point," he said.

Justice Breyer was joined by Justices John Paul Stevens, David H. Souter and Ruth Bader Ginsburg.

The Cato Institute called the ruling "regrettable."

"Because of today's decision, we can expect to see an even more pronounced increase in the use of illegal, military-style no-knock raids. And we can expect to see more innocent civilians wrongly targeted," the Cato Institute said in a statement.

But Kent Scheidegger, legal director for the California-based Criminal Justice Legal Foundation, applauded the ruling, saying the court's refusal to expand the exclusionary rule for evidence was "very important to law enforcement."

"The knock-and-announce rule regulates how to conduct a search rather than whether a search can take place," he said.

The case involved an Aug. 27, 1998, arrest by Detroit police who had obtained a search warrant for drugs and guns at the home of Booker Hudson. After entering the home, police found large quantities of drugs, including rock cocaine in Hudson's pocket, and a loaded gun lodged between the cushion and armrest of the chair in which he was sitting.

Hudson was charged with unlawful drug and firearm possession. Later, he was convicted on drug charges, acquitted on the firearm charge and sentenced to 18 months' probation. He challenged the arrest, saying the unannounced entry by police violated his Fourth Amendment rights against unreasonable searches and seizures.

In 1995, the Supreme Court ruled in an Arkansas case that the Fourth Amendment required police officers executing search warrants to knock and announce their presence before entering. The decision also recognized that in some circumstances a search still would be legal without a knock-and-announce by police.

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Former Justice Sandra Day O'Connor, whom Justice Alito replaced, appeared to oppose the Detroit search when the case was argued in January and was expected to have voted against it.

Supreme Court Backs Wide Police Search Powers (KRT)

By Stephen Henderson

Knight Ridder, June 15, 2006

WASHINGTON - A divided Supreme Court said Thursday that police with search warrants who barged into homes without knocking didn't risk having evidence they uncovered tossed out at trial, a ruling that civil liberties advocates called a major blow to privacy protections.

The 5-4 decision turns on a distinction drawn between how police enter a home and what they find once they're inside.

Yes, the so-called knock-and-announce rule is violated when police fail to announce their presence and wait a reasonable amount of time before entering someone's home. But no, that violation isn't sufficiently related to what they find during a search to justify banning drugs, guns or any other evidence that's uncovered from later criminal proceedings.

Justice Antonin Scalia said the increasing professionalism of police and the threat of civil suits was enough of a deterrent to keep officers from abusing their authority.

To exclude evidence from a trial merely because of an entry violation, the court said, would unnecessarily increase the risk of "grave, adverse" consequences, including the technical exoneration of guilty - and often dangerous - criminals.

The "jackpot" for criminals would be enormous, wrote Scalia, who was joined by Chief Justice John G. Roberts and Justices Anthony Kennedy, Clarence Thomas and Samuel Alito. He said the court essentially would be issuing "get-out-of-jail-free" cards if it indulged suppression of evidence based on an entry violation.

Scalia, Roberts, Thomas and Alito went further, and seemed to question decades of precedents on the exclusionary rule, which calls for booting evidence when police break the law during a search. Kennedy didn't join that part of the opinion, however, and wrote a concurrence that said the exclusionary rule wasn't in jeopardy.

Justice Stephen Breyer penned a sharp dissent that accused the court of misreading its own precedents and defying "elementary logic." Compliance with knock-and-announce procedure is one way that the court judges the reasonableness of a search under the Constitution's Fourth Amendment, he wrote. And the threat of losing valuable evidence for defying the rules is the "driving purpose" behind provisions such as the knock-and-announce requirement.

The court's ruling means that a Detroit man's conviction for drug possession stands, despite the fact that police rushed into his home without knocking. Once inside, they found crack cocaine in Booker Hudson's pockets.

Hudson's attorneys, relying on a line of court decisions over the last decade, said the officers' failure to knock and announce themselves before entering made the evidence they obtained the "fruit" of a "poisonous tree."

That idea is bedrock in Fourth Amendment law, which governs when and how government may search a citizen's home or person. It presumes, most of the time, that any illegal action during a search taints all the evidence that's turned up. It's the reason that confessions that come after a beating aren't any good and that an unreasonable search performed without a warrant can't help convict someone.

Scalia wrote, though, that "the interests protected by the knock-and-announce requirement are quite different." He said the rule was intended to protect police whose unannounced entry might trigger a self-defense instinct by a homeowner, to give citizens the chance to comply with requests for police access and to give homeowners time to "collect" themselves before answering the door.

Those interests don't extend to shielding relevant evidence from government eyes, he wrote.

Breyer said the court's opinion "weakens, perhaps destroys, much of the practical value of the Constitution's knock-and-announce protection." He said separating the manner of entry from the ensuing search "slices the violation too finely." He said the failure to knock and announce wasn't an independent event, but a "factor that renders the search constitutionally defective."

High Court Allows Use Of Evidence Taken In Violation Of Knock Rule (WSJ)

By Jess Bravin And Ben Winograd

The Wall Street Journal, June 16, 2006

WASHINGTON -- Prosecutors can use evidence taken in violation of the Fourth Amendment requirement that police knock and announce themselves before entering a home, the Supreme Court ruled.

The 5-4 opinion, by Justice Antonin Scalia, acknowledged that such entries are unconstitutional, but not serious enough to invoke the traditional sanction for unlawful searches: exclusion of the evidence they yield.

Plus, read the Supreme Court opinions in Hudson v. Michigan3, Empire Healthchoice v. McVeigh4, Howard Delivery Service v. Zurich American Insurance5 and Kircher v. Putnam Funds6, by arrangement with FindLaw.

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The price of applying the so-called exclusionary rule sometimes includes "setting the guilty free and the dangerous at large," Justice Scalia wrote. Other remedies, such as civil damages or internal discipline by a police department, were adequate for violations of "the right not to be intruded upon in one's nightclothes."

In a dissent by Justice Stephen Breyer, the court's four liberal-leaning members argued that such remedies largely were illusory, and thus the majority "destroys the strongest legal incentive to comply with the Constitution's knock-and-announce requirement."

Justice Clarence Thomas and President George W. Bush's two appointees, Chief Justice John Roberts and Justice Samuel Alito, joined the majority. Justices John Paul Stevens, David Souter and Ruth Bader Ginsburg joined the dissent.

The case was argued in January when Justice Sandra Day O'Connor was on the court, and reargued after she retired. Justice Anthony Kennedy -- seen as inheriting the court's ideological midpoint from Justice O'Connor -- concurred in the result, but he wrote separately, suggesting stronger remedies might be needed for a "demonstrated pattern of knock-and-announce violations."

The case came from Detroit, where police bearing a warrant to search for drugs and guns waited several seconds after shouting, "Police, search warrant," to enter a suspect's house. Inside, they found what they were looking for. Prosecutors conceded police violated the rule, and the trial judge threw out the evidence. A Michigan appeals court reversed, and the defendant appealed to the Supreme Court.

Police officers generally are required to give a suspect a chance to voluntarily admit them inside their home before entering and searching it. Justice Scalia explained three purposes behind the knock-and-announce rule: keeping surprised occupants from reflexively attacking intruding police; sparing residents the cost of repairing broken doors; and safeguarding "elements of privacy and dignity."

But the rule "has never protected ... one's interest in preventing the government" from obtaining evidence listed in a warrant, Justice Scalia wrote. Had police obeyed the rule, it might have delayed their entry by several more seconds, but they would have found the evidence anyway.

Zealous enforcement of the knock-and-announce rule would tie courts in knots, he wrote, forcing them to spend hours deciding "how many seconds' wait are too few."

Justice Breyer's dissent accused the majority of abandoning doctrines that had developed since 1914, when the court first imposed the exclusionary rule on federal officers.

The dissent noted many exceptions to the knock-and-announce rule already exist, including when police reasonably suspect that obeying it would expose them to danger or allow suspects to destroy evidence.

(Hudson v. Michigan)

Separately, the justices found a federal appeals court erroneously dismissed a suit by mutual-fund holders who claimed managers facilitated market timing, or the practice in which investors find ways to buy into a mutual fund before the fund's price fully reflects underlying movements of the stocks in that fund, profiting from the discrepancy.

The decision sent the suit back to the state court where it originally was filed -- but under another high-court ruling from March, it likely will be dismissed again.

(Kircher v. Putnam Funds Trust)

The Don't-Bother-to-Knock Rule (NYT)

The New York Times, June 16, 2006

The Supreme Court yesterday substantially diminished Americans' right to privacy in their own homes. The rule that police officers must "knock and announce" themselves before entering a private home is a venerable one, and a well-established part of Fourth Amendment law. But President Bush's two recent Supreme Court appointments have now provided the votes for a 5-4 decision eviscerating this rule.

This decision should offend anyone, liberal or conservative, who worries about the privacy rights of ordinary Americans.

The case arose out of the search of Booker T. Hudson's home in Detroit in 1998. The police announced themselves but did not knock, and after waiting a few seconds, entered his home and seized drugs and a gun. There is no dispute that the search violated the knock-and-announce rule.

The question in the case was what to do about it. Mr. Hudson wanted the evidence excluded at his trial. That is precisely what should have happened. Since 1914, the Supreme Court has held that, except in rare circumstances, evidence seized in violation of the Constitution cannot be used. The exclusionary rule has sometimes been criticized for allowing criminals to go free just because of police error. But as the court itself recognized in that 1914 case, if this type of evidence were admissible, the Fourth Amendment "might as well be stricken."

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The court ruled yesterday that the evidence could be used against Mr. Hudson. Justice Antonin Scalia, writing for the majority, argued that even if police officers did not have to fear losing a case if they disobeyed the knock-and-announce rule, the subjects of improper searches could still bring civil lawsuits to challenge them. But as the dissenters rightly pointed out, there is little chance that such suits would keep the police in line. Justice Scalia was also far too dismissive of the important privacy rights at stake, which he essentially reduced to "the right not to be intruded upon in one's nightclothes." Justice Stephen Breyer noted in dissent that even a century ago the court recognized that when the police barge into a house unannounced, it is an assault on "the sanctity of a man's home and the privacies of life."

If Justice Sandra Day O'Connor had stayed on the court, this case might well have come out the other way. For those who worry that Chief Justice John Roberts and Justice Samuel Alito will take the court in a radically conservative direction, it is sobering how easily the majority tossed aside a principle that traces back to 13th-century Britain, and a legal doctrine that dates to 1914, to let the government invade people's homes.

Court To Cops: Knock The Door Down (LAT)

The Los Angeles Times, June 16, 2006

IN A DECISION THAT MIGHT HAVE gone the other way if Justice Sandra Day O'Connor hadn't retired, the U.S. Supreme Court on Thursday needlessly gutted a venerable protection for personal privacy. By a 5-4 vote — with Samuel A. Alito Jr., O'Connor's replacement, in the majority — the justices ruled that Detroit police who entered a suspect's home unlawfully would not suffer the usual penalty for an illegal search: exclusion of the evidence at trial.

The court upheld the conviction of Booker T. Hudson, who was arrested after police, armed with a warrant, found drugs and firearms in his apartment. So what was the problem with the search? As the state of Michigan conceded, the police violated a 4th Amendment rule requiring that they make their presence known to the target of the search before rushing in.

This "knock and announce" rule is not a newfangled creation of softheaded liberal judges. Even Justice Antonin Scalia, the author of the majority opinion in this case, conceded that "the common-law principle that law enforcement officers must announce their presence and provide residents an opportunity to open the door is an ancient one." But having identified that principle, Scalia went on to trash it by holding that the evidence the police found could be used against Hudson at trial.

Reaching that conclusion required some heavy-duty legal hair-splitting. The seizure of the evidence, Scalia wrote, did not result from the officers' refusal to announce themselves and wait more than a few seconds for the door to be opened. "Whether that preliminary misstep had occurred or not," Scalia argued, "the police would have executed the warrant they had obtained and would have discovered the gun and drugs inside the house."

Dissenting Justice Stephen Breyer countered persuasively that the question was what the officers actually did. "Although the police might have entered Hudson's home lawfully," Breyer wrote for himself and three colleagues, "they did not in fact do so. Their unlawful behavior inseparably characterizes their actual entry; that entry was a necessary condition of their presence in Hudson's home; and their presence in Hudson's home was a necessary condition of their finding and seizing the evidence."

The dispute between Scalia and Breyer is more than an abstract law school debate. It has ominous real-world consequences. If police feel they needn't announce their presence before executing a warrant, some of them won't — sometimes endangering themselves, sometimes endangering the occupants of the residence they have arrived to search. Scalia's opinion gives the police exactly that sort of blank check by removing the best deterrent to police misconduct: the exclusion of evidence at trial.

Many Americans may shake their heads at the idea that, as the late Justice Benjamin Cardozo once complained, the "criminal is to go free because the constable has blundered." Yet holding police accountable protects not only criminals but anyone who might be the target of overreaching or reckless police conduct. One of the officers who served the warrant on Hudson said that, after announcing themselves, police waited about as long as "it took me to go in the door." Is that the way you'd want to be served with a warrant?

A TR 'Nut' Savors His Big Find (PHI)

By John Shiffman

The Philadelphia Inquirer, June 16, 2006

For 17 years, Robert Goldman policed the art world as a federal prosecutor based in Philadelphia. He helped recover $150 million worth of stolen artifacts - works by Rembrandt and Norman Rockwell, gold Peruvian body armor, an original copy of the Bill of Rights.

But it wasn't until this week that Goldman snagged his white whale, an artifact that disappeared in 1990, shortly after he began working the art-crime beat.

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It was Teddy Roosevelt's priceless Colt revolver, the one the future president carried as he led his famous charge up San Juan Heights during the Spanish-American War. Someone had stolen it from a display case on the grounds of Sagamore Hill National Historic Site in Long Island, N.Y., Roosevelt's home from 1885 until his death in 1919.

"I felt like a kid returning it," said Goldman, now a lawyer in private practice with Fox Rothschild L.L.P. in Philadelphia. "I'm a Roosevelt nut."

To say that Goldman is a TR aficionado is like saying Gov. Rendell likes to snack now and then. The lawyer owns 150 books on Roosevelt and credits the colorful president with "shaping modern America." He also sports a drooping, bushy TR mustache.

"Bob's got what one would call a period look going," said Amy Verone, the curator at the historic site.

Goldman and his former partner, FBI agent Robert Wittman, returned the gun to Cove Neck during a brief ceremony Wednesday. As he posed for pictures with the weapon, the 53-year-old lawyer grinned like a star-struck groupie.

"I felt like a kid; my wits weren't with me while I was there," he said. "I felt a good connection with TR. For me, just the fact that I can help recover something for someone who is my hero or mentor or whatever, it's fabulous. It's history."

The .38-caliber revolver was given to Roosevelt in 1898 by his brother-in-law, a diver who recovered it from the USS Maine, the ship whose sinking sparked the Spanish-American War. Roosevelt carried it up the hill to honor the soldiers who died.

"This revolver is one of the icons one associates with Theodore Roosevelt, along with his Rough Rider uniform and hat," said Greg Marshall, the superintendent at Sagamore Hill.

After the gun was stolen from Sagamore Hill in 1990, Goldman and Wittman tried for years to track it.

"Whenever we'd go to gun shows, we'd ask dealers about it," Goldman said. "We got nothing."

Goldman vowed to find it before he retired this year as a prosecutor. He left the government in April, a few months after the gun was discovered, and two months before its formal return. Goldman said the couple who had the gun won't be prosecuted - or identified - because there's not enough evidence to determine who stole it.

"As investigations go, it turned out that this one wasn't very juicy," he said.

Late last year, out of nowhere, a man from Daytona Beach, Fla., called employees at Sagamore Hill to say he knew how to find the gun.

"We'd had false starts before," said Verone, who recalled speaking with the man. "We weren't sure initially."

The man explained that he was having an affair with a woman whose husband had the Roosevelt weapon. He offered to try to fetch it.

"He had been shown the gun," Verone said. "And he kept saying, 'It doesn't belong to the person who has it. It belongs to Theodore Roosevelt. It belongs to the American people. It belongs at home.' "

Park Service employees called Wittman, and within two hours, he had agents at from the bureau's Daytona Beach office meet the man to recover the gun.

"It was not exactly a rugged investigation," Verone said. "A guy calls you on the phone and gives you a gift. Hey, I'm happy to have the gift."

It was a bit more than a gift, the FBI agent said. "Luck is the result of a lot of preparation that allows you take advantage of situations when they happen," Wittman said.

Goldman agreed. No matter how the case was solved, it seemed perfect that it became his last as a prosecutor.

Ky. Court Rules Inmate Can Be Executed (FINDLAW/AP)

By Brett Barrouquere, Associated Press Writer

AP, June 16, 2006

(AP) - LOUISVILLE, Ky.-The Kentucky Supreme Court ruled Thursday that the mental age of a death row inmate does not prevent the state from executing him.

An attorney for Thomas Clyde Bowling had argued that the inmate had the mental capacity of an 11-year-old when he killed two people in Lexington in 1990, citing testimony from psychologists.

The state high court in Frankfort noted the U.S. Supreme Court's decision last year barring executions for killers who were not at least 18 years old at the time of the crime, but said the ruling did not specifically prohibit putting to death someone with a mental age below that.

"There is simply no language to support such a conclusion," Justice Martin Johnstone wrote in a 5-0 opinion.

Johnstone wrote that there is some validity to the idea put forth by Bowling's attorneys, but that the federal high court intentionally established chronological age, not mental age, as the deciding factor.

Defense attorneys have 20 days to ask for a rehearing from the high court and they said Thursday they would seek one.

Bowling's attorney, David Barron, said he was heartened that the court said the mental age argument had merit.

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"This court recognized this as a valid legal concept that all courts should be concerned about," Barron said.

Vicki Glass, a spokeswoman for Kentucky Attorney General Greg Stumbo, called the ruling "an important step toward carrying out the jury's verdict."

Bowling, 53, also has asked a federal judge to stop his execution on the grounds that he is mentally retarded.

The state supreme court rejected the claim last year, saying they found no conclusive evidence that Bowling was mentally retarded. His IQ has ranged from the mid-60s to mid-70s in different tests.

A U.S. Supreme Court ruling in 2002 bars execution of the mentally retarded as unconstitutionally cruel, but left states to decided how to ensure that mentally retarded people are not executed.

In a case still under review by the Kentucky Supreme Court, Bowling also has challenged the legality of lethal injection.

Bowling originally was scheduled to be executed in November 2004 for shooting Lexington residents Eddie and Tina Earley outside their dry cleaning business. Their 2-year-old son also was shot in the assault but survived.

The End Of Innocence (NYT)

By David R. Dow

The New York Times, June 16, 2006

Houston

EARLIER this week, the Supreme Court decided, in a 5-to-3 opinion, that a Tennessee prison inmate named Paul G. House was entitled to prove he did not commit the crime for which he was sent to death row. On the same day, I received a letter from Centurion Ministries, which argued for more than a decade that a Virginia man named Roger K. Coleman had not committed the crime for which he was executed in 1992. The letter admitted that Centurion had been wrong.

These cases have something in common: they pivot on the question of innocence. For too many years now, though, death penalty opponents have seized on the nightmare of executing an innocent man as a tactic to erode support for capital punishment in America.

Innocence is a distraction. Most people on death row are like Roger Coleman, not Paul House, which is to say that most people on death row did what the state said they did. But that does not mean they should be executed.

Focusing on innocence forces abolitionists into silence when a cause célèbre turns out to be guilty. When the DNA testing ordered by Gov. Mark Warner of Virginia proved that Mr. Coleman was a murderer, and a good liar besides, abolitionists wrung their hands about how to respond. They seemed sorry that he had been guilty after all.

I, too, am a death penalty opponent, but I was happy to learn that Mr. Coleman was a murderer. I was happy that the prosecutors would not have to live with the guilt of knowing that they sent an innocent man to death row.

The day before the DNA results were reported in the Coleman case last January, the Supreme Court heard oral arguments in the Paul House case. In Mr. House's case, the DNA testing has already been done, and it tends to suggest that he is indeed innocent. During oral arguments, however, Justice Antonin Scalia (who was one of the three dissenters when the court decided the case this week) argued that disputes over factual findings in a case can't be endlessly rehashed.

He is certainly right about that. As Justice Scalia has said elsewhere, of course we are going to execute innocent people if we have the death penalty. The criminal justice system is made up of human beings, and fallible beings make mistakes.

But perhaps that is a price society is willing to pay. If the death penalty is worth having, it might still be worth having, despite the occasional loss of innocent life. Paul House might be innocent, but how long will we keep death row inmates alive, waiting to find out?

In Mr. Coleman's case, the Virginia Supreme Court did not address the arguments that he had raised in his appeal, because his lawyer had filed the papers one day late. When the case got to the United States Supreme Court, the court, in an opinion by Justice Sandra Day O'Connor, began its analysis by saying, "This is a case about federalism."

The case did have something to do with the relationship between the Supreme Court and Virginia's highest court. But is that what the case was really about? Mr. Coleman was saying that his trial lawyer had been incompetent, and that the Virginia courts were refusing to address the question of whether his trial lawyer had been incompetent because his appellate lawyer had filed the appeal a day late.

Federalism might be a plot line in this story, but it hardly seems to be the major issue. When the Supreme Court brushed aside Mr. Coleman's appeal 15 years ago, the justices said that a death row inmate cannot complain when his lawyer misses a filing deadline, because the lawyer is the agent of the client, and clients are responsible for the failings of their agents.

As a result of this syllogism, my client Johnny Joe Martinez was executed in 2002, because his court-appointed appellate lawyer neglected to file a proper appeal — a mistake he freely admitted to, attributing it to inexperience. When the Martinez case reached the federal courts, those courts, invoking the Coleman decision, said too bad for Mr. Martinez; the mistake of his lawyer was attributable to him. I could go on with other examples.

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Of the 50 or so death row inmates I have represented, I have serious doubts about the guilt of three or four — that is, 6 to 8 percent, about what scholars estimate to be the percentage of innocent people on death row.

In 98 percent of the cases, however, in 49 out of 50, there were appalling violations of legal principles: prosecutors struck jurors based on their race; the police hid or manufactured evidence; prosecutors reached secret deals with jailhouse snitches; lab analysts misrepresented forensic results. Most of the cases do not involve bogus claims of innocence, like the one that swirled for 15 years around Roger Coleman, but the government corruption that the federal courts overlook so that the states can go about their business of executing.

The House case will make it hard for abolitionists to shift their focus from the question of innocence, but that is what they ought to do. They ought to focus on the far more pervasive problem: that the machinery of death in America is lawless, and in carrying out death sentences, we violate our legal principles nearly all of the time.

David R. Dow, a law professor at the University of Houston, is the author of "Executed on a Technicality: Lethal Injustice on America's Death Row."

VA Data Theft Not Linked To Other Crimes (AP)

By Hope Yen

AP, June 15, 2006

Police investigating the theft of private data on 26.5 million veterans and military troops said Thursday they have no evidence the crime is related to other burglaries in which computers were resold after the hard drives were erased.

Police said they still believe the May 3 burglary was random and that thieves were not aware of the data when they stole a personal laptop and external hard drive from a Veterans Affairs employee's Aspen Hill, Md., home.

Last week, VA Secretary Jim Nicholson told Congress that the VA remained hopeful that the May 3 burglary was a random theft, noting there had been no evidence any of the information had been used for identity theft.

Explaining police's theory in the case, Nicholson said: "They believe that these were young burglars whose goal was to get computers and computer peripheral equipment. And from other houses, like they did this house, they took a laptop and hard drive, and overlooked other valuable or semi-valuable things."

"They further think that their M.O. is to take these things, clean them up — actually erase them — and then fence them into a market for college campuses and high schools," he said.

But on Thursday, police in Montgomery County, Md., investigating the theft said that was not necessarily the case.

"It would be wrong to think that this is the only theory being considered," said spokeswoman Lucille Bauer. "We still believe there is more of a chance this was a random burglary, but we have no evidence to link this to other cases at this time."

Veterans groups have criticized the VA for a three-week delay in publicizing the May 3 burglary. The VA disclosed the burglary May 22, saying it involved the names, birth dates and Social Security numbers — and in some cases, disability codes — of veterans discharged since 1975.

Since then, it has also acknowledged that phone numbers and addresses of many of those veterans, as well as personal data for 2.2 million active-duty military, Guard and Reserve personnel, also may have been included.

On Thursday, Maryland police began distributing flyers in Aspen Hill offering a $50,000 reward for information related to the stolen Hewlett-Packard laptop and external drive. The FBI, which is also investigating, has noted that "unless the equipment is recovered, veterans will never be certain their personal information is safe."

People are asked to call 1-800-CALL-FBI or 1-866-411-TIPS if anyone purchased after May 3 a secondhand HP Pavilion Notebook Laptop, which it said could be identified as either model number zv5360us or 5300 series, or a HP External Personal Media Drive.

Investigators said it is possible the two items were sold separately. Those who turn in the equipment anonymously also may become eligible for the reward.

Malvo Claims 4 Other Shootings, Source Says (WP)

By Ernesto Londono And Eric Rich

The Washington Post, June 16, 2006

Lee Boyd Malvo told law enforcement officials this spring that he and fellow sniper John Allen Muhammad are responsible for four shootings across the country that have not been publicly attributed to them, a source familiar with the case said.

A second source confirmed that investigators have received information implicating the snipers in those shootings, which claimed the lives of two men and wounded two others in the months before the October 2002 slayings that terrorized the Washington region. The sources declined to speak for attribution because of the sensitivity of the information.

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Malvo was interviewed extensively by law enforcement officials in preparation for his testimony at Muhammad's trial last month in Maryland.

It is unclear to what degree, if any, authorities have corroborated Malvo's new claims. He has provided conflicting accounts of shootings in the past and testified last month that he lied to investigators after he and Muhammad were arrested.

The claims bring the list of confirmed and suspected sniper shootings to 27, including 17 homicides, and add two states to the list of jurisdictions that could file charges against Muhammad and Malvo.

The first previously undisclosed homicide victim was a man shot in California in February or March 2002. The second was a 37-year-old Texas man shot in the head from a distance May 27 in a sparsely populated area of Denton, about 40 miles northwest of Dallas.

The two survivors are a 76-year-old Tucson man shot May 18, 2002, at a golf course in west-central Florida and a 54-year-old Louisiana man robbed and shot Aug. 1, 2002, after leaving a shopping mall in Hammond, about 45 miles east of Baton Rouge.

Malvo also said recently that the pair was involved in five homicides and two nonfatal shootings outside the Washington area to which they had previously been linked by varying amounts of physical and circumstantial evidence.

These are the slayings of Keenya Cook, 21, of Tacoma, Wash.; Jerry Ray Taylor, 60, of Tucson; Million A. Woldemariam, 41, of Atlanta; Claudine Lee Parker, 52, of Montgomery, Ala.; and Hong Im Ballenger, 45, of Baton Rouge. The survivors are Kellie Adams, 27, of Montgomery; and Wright Williams Jr., 55, of Baton Rouge.

Unlike most of the Washington area slayings, which targeted random victims shot from afar with a powerful rifle, some of the earlier shootings were conducted at close range with a .22-caliber handgun.

In September and October 2002, the snipers committed 10 homicides and wounded six people in the Washington area. Muhammad has been convicted of murder in Virginia and Maryland for his role in the sniper shootings and is awaiting execution in Virginia. Malvo was convicted of murder in Virginia, where he was sentenced to life in prison without the possibility of parole, and has agreed to plead guilty to six counts of first-degree murder in the Maryland slayings. He took the stand against Muhammad in Maryland and testified that the snipers sought to kill more people than they did. He also testified that he expected nothing in exchange for his cooperation.

Malvo's attorneys, William Brennan and Timothy J. Sullivan, declined to comment on the information Malvo shared with law enforcement in recent months. "We are fully aware of the universe of Mr. Malvo's potential criminal problems," they said in a statement yesterday. "We have received several inquiries from other jurisdictions concerning possible investigations."

Muhammad has consistently claimed his innocence. When he defended himself at his recent trial in Montgomery County, he argued that he was framed by authorities.

Malvo told investigators that the California victim was shot at close range in Los Angeles during a robbery, the first source said. The victim's identity, the date of the shooting and other details could not be determined.

Malvo also provided general information about the victims, locations and dates in the other cases, the source said.

In one case that matches Malvo's claim, Albert Michalczyk, a retired contractor from Tucson, was shot while playing golf at Glen Oaks Golf Course in Clearwater, Fla., on May 18 while visiting his daughter.

Standing at the course's seventh hole, he heard a loud bang that the dozens of golfers in the area initially mistook for a firecracker. In fact, it was a bullet that had struck him on the upper-right side of the chest.

"I was really fortunate that it went right through my right breast," Michalczyk said in an interview. "If I hadn't been standing that way, I wouldn't be here today."

Michalczyk said the shooting still mystifies him.

"The one who was devastated was my poor grandson," he said. "He's 9 years old."

Michalczyk said he's no longer haunted by the shooting but remains intrigued.

"I've been thinking about it," he said. "I'd like to know who did it."

Clearwater police could not be reached for comment late yesterday. Michalczyk said he considers Malvo and Muhammad suspects because Malvo's mother lived at the time in Fort Myers, Fla., which is a two-hour drive from Clearwater.

Michalczyk didn't stay long at the hospital. When he was discharged, a doctor told him he was a "lucky guy."

"You should go buy yourself a lottery ticket," the doctor told him.

Malvo also provided information that matches the killing of landscaper Billy Gene Dillon in Texas. According to police reports and interviews, Dillon was working on a yard on a quiet street in unincorporated Denton County the morning of May 27, which was Memorial Day in 2002. It was a warm day, and a storm was brewing nearby.

He was wearing blue jeans and brown boots and had 50 cents in his pocket.

About 10:15 a.m., a bullet pierced the left side of his head, blasted through his brain and exited through the right side of the skull. The high-velocity gunshot wound killed him instantly.

At 10:27 a.m., Don Lovelace, the owner of the house where Dillon was working, saw the body and dialed 911.

"Caller just pulled up and found a male in front of his [residence] with severe injuries to the head and can not confirm if he is [conscious] or [breathing]," wrote the Denton 911 dispatcher who answered the call.

The homicide was perplexing to investigators at the Denton County Sheriff's Office, which generally tackles no more than a dozen homicides a year.

"The investigation didn't uncover anyone who was mad at him," said Tom Reedy, a spokesman for the sheriff's office.

Reedy said Dillon's mother, with whom he lived, still periodically calls investigators to ask whether they have any leads.

"We were very surprised," Lovelace said in an interview. "We're kind of out in the country. We walk up and down the road. We were just shocked."

After months of chasing leads, Denton investigators in November sent ballistics evidence recovered at the scene to the Bureau of Alcohol, Tobacco, Firearms and Explosives in Washington, which was analyzing ballistics evidence from the sniper scenes. Authorities in Texas later said they had been unable to link the homicide to the snipers.

Informed by a reporter of Malvo's new claim, Reedy said he would notify the sheriff of the information.

The fourth claim made by Malvo matches the shooting of John C. Gaeta, 54, in Hammond, La.

On Aug. 1, 2002, Gaeta walked out of a Sears store at a mall in Hammond. He arrived roughly 20 minutes before 9 p.m. -- closing time -- and walked back to his 2001 Chevrolet pickup truck only to find that one of his tires had been slashed. As he began to change the tire, two black men approached him, Gaeta said in a recent interview.

"One of them said, 'What time does the mall close?' or something to that effect," Gaeta said. "Then he said, 'Looks like you have a flat tire,' and he kind of laughed about it."

The men offered to help him, but Gaeta, suspicious of their demeanor, declined. Minutes later, the younger and shorter of the two returned. Their eyes locked for an instant. Then Gaeta saw the man, standing a few feet away, point a handgun to his head.

"I just figured I was going to be dead," Gaeta said. "You see a gun pointed to your head, and you say this is it. You think about family, religion, a whole bunch of things. You can't believe this is happening to you. When you see a gun pointed to your head, you think you're never going to wake up again."

The shot sliced into the right side of his neck, tore through layers of muscle and exited about 1 1/2 inches from his spinal cord. Gaeta said he jumped to the ground and pretended to be dead. The shooter took his wallet out of his pants. He had $40 on him.

Months after being shot, Gaeta got an unexpected visit from detectives from Fairfax County. He was shown a photograph of Malvo. He said he told them that Malvo resembled the shooter but that he couldn't say so conclusively.

"It was dark, and it happened so fast," Gaeta said.

Hammond police could not be reached late yesterday.

Malvo did not describe these shootings during his testimony, but there were indications that his testimony was being strictly limited. Montgomery Circuit Court Judge James L. Ryan noted at one point that Malvo did not "intend to voluntarily testify about any other potential charges" beyond the shootings in October 2002. And attorney Brennan said Malvo would assert his right to remain silent "on all questions" outside of the shootings in Maryland and Virginia.

As she questioned Malvo in court May 24, Deputy State's Attorney Katherine Winfree alluded to "other matters" that he had discussed with authorities during meetings in recent weeks, matters she said he did not testify about.

"And in fact, that was a lot of the time we spent, wasn't it?" she said.

"Yes."

Muhammad mentioned Denton during his closing argument, saying investigators in the sniper case reviewed ballistics evidence from that shooting. Muhammad twice misstated the date of the shooting in a confused effort to suggest that the sniper attacks continued after he and Malvo were arrested Oct. 24, 2002.

"Denton Texas -- that particular shooting was May 27, '03. Why would people in Texas -- people they got some smart people in Texas -- why would people in Texas send around to this area pertaining to a shooting that happened . . ?"

"Your honor, he's misstating the evidence," Winfree interrupted.

The objection was sustained, but Muhammad continued on the same topic moments later. "Denton, Texas -- that was November 18, that was after Muhammad was arrested," he said.

"Your honor, he's mixing dates of reports with dates of incidents," Winfree said, leading the judge to tell Muhammad to move on.

Offender Bill To Get Nod From Governor (WP)

By Matthew Mosk

DOJ_NMG_0034978

The Washington Post, June 16, 2006

Maryland Gov. Robert L. Ehrlich Jr. said that he would sign legislation passed in the predawn hours yesterday that would enhance the monitoring of convicted sex offenders and impose mandatory minimum sentences for those who prey on minors.

The Maryland House of Delegates gave final approval to the bill at 4:36 a.m. yesterday on a vote of 126 to 0. The Senate had voted 39 to 5 for the bill just minutes earlier.

In addition to Ehrlich (R), Attorney General J. Joseph Curran Jr. (D) and Baltimore Mayor Martin O'Malley (D) made the legislation a priority during the regular session of the General Assembly, which ended in April. But disagreement over mandatory jail terms prevented the bill from reaching a final vote.

Discontent over skyrocketing electricity costs forced lawmakers back to Annapolis for a rare special session Wednesday, when the offender issue was revived.

Lengthy negotiations produced 36 pages of amendments and changes, but when the bill was finally passed, backers said it was a strong new law aimed largely at better identifying and tracking convicted child sex offenders after their release from jail.

"The sexual predator package is plenty good enough to sign," Ehrlich said. "It will be signed."

Curran, who has announced plans to retire after two decades, said the decision to revive the measure was an unexpected relief, because he believes that the system in place has been inadequate.

"We've tried for six years to get this done," Curran said. "A lot of people have had deep concerns about this issue."

The legislation passed yesterday provides for more stringent monitoring of released offenders and gives police the authority to notify a broader list of community leaders when an offender moves into a neighborhood.

Offenders would be required to check in with police more frequently and regularly update their photographs for an online database.

It also calls for a team, which includes a mental health professional, to evaluate sex offenders before they are released and to determine appropriate monitoring methods, including the option of a Global Positioning System chip in an ankle bracelet.

"That will be critical," said Lisae C. Jordan, legislative counsel for the Maryland Coalition Against Sexual Assault Inc.

The second component, which prompted the most strenuous debate, dealt with sentencing rules. Republican lawmakers led the charge for "nonsuspendable, nonparolable, mandatory 25-year sentences" for those who commit violent sex crimes against children 13 or younger.

Some Democrats, however, raised concerns about the proposal, known as "Jessica's Law" because it is modeled on a Florida law passed after a 9-year-old girl was killed by a convicted sex offender.

"I think mandatory minimum sentences are a mistake," said Sen. Brian E. Frosh (D-Montgomery). "There is no one-size-fits-all justice." Frosh noted that certain crimes punishable by the stiff sentences could inadvertently apply in circumstances where both offenders are teenagers and are engaged in consensual acts. The eventual compromise excluded those cases.

Del. Anthony J. O'Donnell (R-Calvert), one of the most strident advocates for mandatory minimums, said early yesterday that the compromise was a victory. "It's a big, big step forward for our kids," he said.

Developments Bar Sex Offenders (USAT)

By Wendy Koch

USA Today, June 16, 2006

Private housing developers are joining a surging number of communities that are telling convicted sex offenders who need a place to live: “Not in my backyard.”

A Texas-based company, I&S Investment Group, is breaking ground this summer on a 154-lot development in Lenexa, Kan., that will bar registered sex offenders. If someone is convicted of a sex crime while living there, the subdivision will fine the person $1,500 daily until he or she moves. The group has sold out all 150 lots in its first such development in Lubbock, Texas, begun 10 months ago, and plans to offer 250 more lots there this fall.

“The sex offender deal has improved demand. It's probably increased our sales three to four times,” says I&S partner Clayton Isom, 24. “We're fighting sex offenders head on.”

Another Texan, Taylor Goodman, today launched a website, Blockwatcher.com, listing homes for sale that have no registered sex offenders living within a half-mile radius. He says only 20% of available homes will qualify.

“These guys are just everywhere,” Goodman says of roughly 567,000 sex offenders registered nationwide. The site carries disclaimers, however, noting that thousands of offenders haven't registered and thousands more have listed phony addresses.

The new private efforts complement an accelerating push by states and cities to bar sex offenders from living near schools or playgrounds. Hundreds of cities, including more than a dozen this year alone, have approved such ordinances, some of which block out entire downtowns.

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At least 15 states have enacted such laws, including three (Nebraska, Mississippi and South Dakota) that did so for the first time this year and two (Georgia and Indiana) that expanded prior restrictions. Others, including California and Pennsylvania, restrict offenders on parole or probation. The restrictions have increased despite U.S. data showing sex crimes against children have decreased in the last decade.

"It's grown out of public demand" fueled by media coverage of high-profile cases, says Blake Harrison, analyst at the National Conference of State Legislatures. "Nobody wants them (sex offenders) in their backyard."

Several restrictions on where sex offenders can live, including Iowa's statewide law, have been upheld in court.

Banning sex offenders from private property does not violate the Fair Housing Act, but restrictions by states and cities are worrisome, says Brett Shirk of the American Civil Liberties Union of Kansas & Western Missouri.

"Everybody wants a sex-offender-free neighborhood, but it is an unfortunate fact, they are going to live somewhere," he says. "What's going to happen is they're going to go underground and create a nightmare for law enforcement."

The restrictions may give a false sense of security, because they do not bar offenders from traveling into a prohibited area, says Carolyn Atwell-Davis of the National Center for Missing & Exploited Children. The private group prefers better tracking of offenders, workplace restrictions and increased penalties for non-registration.

The bans focus on strangers, but parents need to understand that 80% of offenders know their victims, says John La Fond, author of Preventing Sexual Violence: How Society Should Cope With Sex Offenders.

He says as more communities impose restrictions, neighboring ones will pass copycat laws for their own protection.

CIVIL LAW:

Honeywell Agrees To Pay U.S. $2.6M To Settle False Claims Charges (AP)

By Jeffrey Gold

AP, June 16, 2006

NEWARK, N.J. - Honeywell International Inc. has paid the federal government $2.625 million to settle charges it failed to properly test packaging for sensitive parts used by the Defense Department and NASA, authorities said Thursday.

Fifteen percent of the settlement, or $393,750, went to a California company and one of its executives, who brought a whistleblower lawsuit several years ago against Morris Township-based Honeywell.

Honeywell was accused of violating the False Claims Act over testing of electrostatic protective metallic sheets that were to package more than 186,000 sensitive parts, the Justice Department said.

A Justice spokesman, Charles Miller, said he could not comment on the nature of the parts but said none were damaged because of the packaging.

The lawsuit charged that Honeywell knowingly made and sold sheets that did not meet military specifications. Honeywell disputed the allegations, said court papers unsealed with the settlement.

Messages seeking comment from Honeywell were not immediately returned Thursday after the U.S. Justice Department announced the settlement.

The deal was approved May 22 by U.S. District Judge Dickinson R. Debevoise in Newark.

Caltex Plastics, of Vernon, Calif., was a purchaser of Honeywell sheets, which it would make into bags and other products, said its lawyer, Robert G. Klein.

During the course of a prior lawsuit between the two companies, Caltex and its vice president, Jim Higgs, determined that Honeywell was selling goods to the military that had not gone through proper testing, Klein said.

That prompted the whistleblower lawsuit, which was joined by the federal government.

Shares of Honeywell, which have been trading in a 52-week range of $32.68 to $44.48 per share, rose 91 cents, or 2.4 percent, to close at $38.93 Thursday on the New York Stock Exchange.

ON THE NET

Honeywell: http://www.honeywell.com

Caltex Plastics: http://www.caltexplastics.com

Feds: NJ Hospital Co. To Pay $265M In Medicare Billing Settlement (SDUT/AP)

By Wayne Parry, Associated Press

The San Diego Union-Tribune, June 16, 2006

NEWARK, N.J. – New Jersey's largest health care provider will pay $265 million to settle federal charges that it cheated Medicare out of more than half a billion dollars by inflating charges for seriously ill patients, prosecutors said Thursday.

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The agreement between prosecutors and Saint Barnabas Health Care System, which operates nine hospitals and a behavioral treatment center in New Jersey, concerns a program Medicare provides to supplement its normal payments.

Prosecutors allege that between October 1995 and August 2003, Saint Barnabas hospitals deliberately inflated charges for inpatient and outpatient care under the Medicare program, the federal health care insurance program for people aged 65 and over, and for the disabled. It is designed to increase reimbursements to hospitals that care for people with medical complications.

As part of the settlement, under which Saint Barnabas did not admit wrongdoing, authorities said the hospital system must accept an outside monitor who will supervise its Medicare billings for the next six years.

In a statement, Michael Slusarz, vice president for public relations and marketing at Saint Barnabas, said the company cooperated with the government during the inquiry.

"This agreement will allow us to focus our energy and resources on our mission of providing the highest quality of care to our patients," he said. "We are pleased this matter is now behind us and look forward to continuing to serve the citizens of New Jersey."

Authorities said it is the first settlement involving Medicare's supplemental reimbursement program, but added that others are pending around the country.

"Saint Barnabas was a man who gave away all his worldly goods to follow a higher calling," said Les Wiser Jr., special agent in charge of the Newark FBI office. "If he were alive today, he would surely be ashamed at what has been done in his name."

First Assistant U.S. Attorney Ralph Marra Jr. said the hospital system "overreached" by padding bills submitted to the government.

The problem occurred when the hospitals started tacking on extra charges, such as the cost of nursing, housecleaning and other routine expenses, making a patient's treatment appear more costly than it actually was, authorities said.

"Saint Barnabas, in a very systematic way, gamed the system and exploited loopholes in the reimbursement system to obtain more money than they were entitled to," Marra said.

He added no hospital employee derived a personal financial benefit from the overpayments.

Government prosecutors said they became aware of the allegations in 2002 when three whistleblowers filed sealed lawsuits alleging that Saint Barnabas was overcharging Medicare. Prosecutors would not say how the whistleblowers knew about what was going on, and said the amount of the settlement they would be entitled to under federal law has not yet been determined. But payments usually range from between 15 to 25 percent of the settlement, authorities said.

Although Marra said the amount of wrongful payments exceeded $500 million, the government took into account the corporation's ability to pay in calculating a settlement amount.

"As the largest health care organization in the state, we did not want to put them out of business," he said.

Marra said such activity is "not unique" to Saint Barnabas, but he would not say whether other hospitals in New Jersey are under investigation for similar overcharging.

The corporation operates Saint Barnabas Behavioral Health Center in Toms River and nine hospitals in the state: St. Barnabas in Livingston; Clara Maass, with campuses in Belleville and Kearny; Newark Beth Israel Medical Center; Children's Hospital in Newark; Union Hospital; Monmouth Medical Center in Long Branch; Kimball Medical Center in Lakewood; Community Medical Center in Toms River.

Saint Barnabas To Settle Fraud Charges (NSL)

By JOHN P. MARTIN, Star-Ledger Staff

Newark Star-Ledger, June 16, 2006

Hospital network to pay feds $265 million for 8 years of alleged Medicare bilk

Saint Barnabas Health Care System, New Jersey's largest medical network, will pay a record $265 million to settle charges that it bilked the government by inflating costs on tens of thousands of Medicare claims.

The settlement, announced yesterday by federal prosecutors in Newark, represented a first-of-its-kind agreement for a form of health care fraud that has been largely invisible to patients but has cost taxpayers billions of dollars in the past decade.

The agreement spares Saint Barnabas or its officers from criminal charges but requires the West Orange-based hospital system to enter into a corporate integrity agreement, appoint a compliance officer and permit regular monitoring of its Medicare billings for the next six years.

Between 1995 and 2003, prosecutors said, the network's nine hospitals filed tens of thousands of inflated claims for reimbursement of the costliest treatments. Patients under such care are called "outliers" because their needs stretch beyond typical parameters of Medicare definitions.

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The government more than a decade ago agreed to outlier payments to prevent hospitals from turning away the neediest patients. But rampant abuse has led to a wave of new investigations.

Saint Barnabas, for instance, collected more than $500 million in Medicare outlier payments that it didn't deserve, investigators said.

"Saint Barnabas, in a very systematic way, gamed the system and exploited loopholes in this reimbursement procedure," First Assistant U.S. Attorney Ralph Marra said. "They were caught -- we are getting them to pay the money back."

NATIONAL MODEL

Seven government agencies and departments participated in the negotiations, and the result could be used as a national model for settlements with hospital networks, Marra said. He declined to say if other investigations or deals are looming.

A four-paragraph statement released by Saint Barnabas' public relations office said the chain was "pleased to have resolved an outstanding inquiry" into its billing practices. In the agreement, the hospital system denied any wrongdoing or liability.

The statement from spokesman Michael Slusarz also said the arrangement protected Saint Barnabas' financial standing, but one investor service warned yesterday that the news could prompt a downgrade on its debt rating.

The payments will be spread over six years. The first $45 million check is due July 1.

With 5,000 doctors and more than 22,000 employees, Saint Barnabas is the state's second-largest private employer. It treats more than 2 million people each year at facilities in Livingston, Belleville, Toms River, Newark, Lakewood, Long Branch, Wayne, West Orange and Union.

The investigation stemmed from two whistleblower lawsuits filed under seal in Pennsylvania and New Jersey since 2002 and only partially unsealed yesterday. The three plaintiffs in those cases are expected to share as much as 25 percent of the payout, or up to $66 million.

One is James T. Monahan, a Little Silver resident and former chief executive at the now-defunct Memorial Medical Center in South Amboy. His attorney, Marc Raspanti, said Monahan hoped his efforts "will lead to real change in the hospitals' outlier system."

GAMING THE SYSTEM

Outlier payments are easy to manipulate because they tend to be complicated and subjective, prosecutors said.

Under typical Medicare rules, procedures such as an appendectomy generate a flat-fee reimbursement. But if the patient is elderly and has chronic conditions or other diseases, his or her hospitalization could last weeks. By claiming that patient as an outlier and inflating the costs of that treatment, hospitals ensured themselves a higher Medicare payment that often went unchecked.

Outlier costs are supposed to hover between 5 and 6 percent of total Medicare payouts to hospitals nationally, but have crept into the double digits. Congress moved to tighten loopholes in the regulations three years ago, but the scope of the fraud is just becoming apparent.

"This was big-time looting," said Patrick Burns, a spokesman for Taxpayers Against Fraud in Washington, D.C., a consumer advocacy group. "This was fraud calculated by MBAs."

Burns predicted that more hospitals in New Jersey and across the country will become entangled in criminal or civil cases over outlier payments. "This is the edge of the wedge," he said.

Dallas-based Tenet Healthcare, the nation's second-largest hospital system, has agreed to repay $215 million to investors who sued over its mishandling of outlier payments.

In New Jersey, Saint Barnabas was the state's largest Medicare biller. Between 1995 and 2003, the company collected $4.l billion in Medicare receipts, although it is unclear what portion of the money stemmed from outliers.

Only parts of Monahan's lawsuit were unsealed. It describes him as a financial management consultant to the hospital industry, but doesn't explain how he learned of the fraud at Saint Barnabas. It recounted a 1999 or 2000 meeting of Saint Barnabas officials where at least one executive stated that the network's "corporate goals" included maximizing outlier payments.

DIFFERENT RATES

Between 1998 and 2001, he alleged, the hospitals' outlier costs were more than 15 percent of its total Medicare claims, or at least three times the preferred level. Among the ways it achieved that, he alleged, was by charging higher rates for Medicare patients than for non-Medicare patients.

"Indeed, the sole reason the defendant hospitals inflated charges to Medicare and other federal government agencies was to obtain outlier payments to which they were not legally entitled," the lawsuit claimed.

His lawsuit appears to name many other hospitals as defendants, but those names remain under seal and prosecutors would not discuss them.

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The lawsuit, and a related one filed in Philadelphia, triggered a criminal investigation by the FBI, the Office of the Inspector General of the Department of Health and Human Services, and the U.S. Postal Inspection Service. Yesterday's settlement ends those lawsuits.

Assistant U.S. Attorney Stuart Minkowitz, one of the prosecutors on the case, said Monahan and the Pennsylvania plaintiffs, Peter Salvatori and Sara Iverson, are likely to share between 15 and 25 percent of the settlement, but that the government has yet to decide how large the payout will be.

The agreement was unrelated to a separate $3.8 million Medicare overbilling settlement that Saint Barnabas reached last December with prosecutors, or to other similar cases involving the University of Medicine and Dentistry of New Jersey or Cathedral Healthcare Systems.

U.S. Attorney Christopher Christie recused himself from the case because his family foundation has donated to Saint Barnabas, his office said.

Leslie Wiser, the special agent in charge of the FBI's Newark division, noted that Saint Barnabas was "a man who gave away all his worldly goods to follow a higher calling."

"If he was alive today," Wiser said, "he would surely be ashamed at what has been done in his name."

Staff writers Carol Ann Campbell and Ted Sherman contributed to this report. John P. Martin covers federal courts and law enforcement. He may be reached at (973) 622-3405 or jmartin@starledger.com..

Hospital Chain To Pay $265M To Settle Whistleblower Suits (LAW)

By Shannon P. Duffy, The Legal Intelligencer

Legal Intelligencer, June 16, 2006

A New Jersey hospital chain will pay $265 million to settle a pair of whistleblower lawsuits that claimed it had systematically inflated charges to Medicare patients in order to obtain enhanced reimbursements, Justice Department lawyers said Thursday.

According to court papers, the massive settlement by Saint Barnabas Corp. -- the largest health care system in New Jersey and second largest employer in the state -- could be just the first in a wave because numerous other unidentified hospitals are apparently facing similar accusations.

The settlement could also lead to huge rewards for the three whistleblowers, who are represented by Philadelphia attorneys Peter F. Vaira and John E. Riley of Vaira & Riley, and Marc S. Raspanti of Miller Alfano & Raspanti.

In the suits, the whistleblowers claimed Saint Barnabas was abusing a Medicare provision that provides for supplemental payments for unusually expensive cases, referred to as "outliers."

Justice Department lawyers said yesterday that between October 1995 and August 2003, the nine hospitals operated by West Orange, N.J.-based Saint Barnabas "purposefully inflated charges for inpatient and outpatient care to make these cases appear more costly than they actually were."

Whistleblower lawsuits, also known as qui tam actions, allege claims under the False Claims Act. Initially, such cases are filed under seal and immediately referred to the local U.S. Attorney in order to give the Justice Department the option of pursuing the case. The two suits that led to Thursday's settlement were only partially unsealed, suggesting that other hospitals may also have been named as defendants.

A redacted copy of one of the lawsuits, unsealed by U.S. District Judge Juan R. Sanchez, shows that the identities of numerous additional defendants have been blacked out. Sanchez ordered that the original version of the suit must remain under seal.

In a press release, Assistant Attorney General Peter Keisler, head of the Justice Department's Civil Division, said, "Today's settlement demonstrates the United States' determination to make sure health care providers do not overcharge the Medicare program."

In the settlement, Saint Barnabas did not admit to any wrongdoing, but it entered into a "corporate integrity agreement" in which it promised to take a series of steps to ensure compliance with Medicare regulations and policies in the future.

Vaira and Riley filed suit in U.S. District Court in Philadelphia on behalf of two whistleblowers, Peter Salvatori and Sara C. Iverson.

Raspanti filed a similar suit in U.S. District Court in New Jersey on behalf of James T. Monahan.

Both suits were filed in November 2002 and apparently sparked a massive federal investigation involving both the Philadelphia and New Jersey U.S. Attorney's offices; the Justice Department's Civil Division in Washington, D.C.; the FBI; the Department of Health and Human Services' Office of Inspector General; the Centers for Medicare and Medicaid Services; and the U.S. Postal inspectors.

Riley declined to comment on the settlement, saying he was unsure whether or not court documents had yet been unsealed. Raspanti was out of town and could not be reached for comment.

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Justice Department lawyers also had no comment on the size of the reward that will be paid to the whistleblowers.

The settlement agreement filed in court yesterday specifically leaves the issue of the rewards for another day.

"Nothing in this agreement is intended to address any [whistleblower's] entitlement to a share of the settlement amount or the validity of either of the civil actions," the settlement says.

Sometimes the issue of a whistleblower's reward can lead to protracted litigation. In the late 1990s, when SmithKline Beecham paid $325 million to settle a trio of whistleblower suits, Justice Department lawyers argued that no rewards should be paid since all of the information provided by the whistleblowers was already public.

But Senior U.S. District Judge Donald W. VanArtsdalen rejected the government's argument and awarded $42 million to the three whistleblowers.

The 3rd U.S. Circuit Court of Appeals later overturned the awards and ordered VanArtsdalen to take another look at whether any of the three was truly an "original source."

VanArtsdalen later ruled that only one of the three should get any money, saying that two of the three were "original sources," but that only one, Robert Merena, had the right to a reward since his lawsuit was the first filed.

The suits involved allegations that SmithKline Beecham Clinical Laboratories and several other medical laboratories had adopted a scheme that allowed them to bill the federal government for unauthorized and unnecessary laboratory tests.

In his September 2000 decision, VanArtsdalen awarded Merena more than $24 million -- a 10 percent cut of the portion of the settlement to which his information led.

Merena, who was represented by Raspanti, ultimately garnered nearly $37 million for his whistleblowing efforts because on six other claims for which the government agreed Merena deserved an award, he was paid $11 million and VanArtsdalen added another $1.9 million.

But VanArtsdalen ruled that another former SmithKline employee, Charles Robinson Jr., and his lawyer, Glenn Grossenbacher, who had assisted him in blowing the whistle, were not entitled to any reward due to the strict "first to file" rule in the False Claims Act.

Health Care Group To Repay $265 Million To Medicare (NYT)

By Ronald L. Smothers

The New York Times, June 16, 2006

NEWARK, June 15 — St. Barnabas Health Care System, the state's largest private hospital network, has agreed to reimburse Medicare $265 million to settle charges that it overbilled the federal program over an eight-year period.

The out-of-court settlement — which grew out of whistle-blower lawsuits filed by a hospital consultant in Little Silver, N.J., a Pennsylvania hospital administrator and a third person — also stipulated that St. Barnabas must accept an outside monitor to supervise its Medicare billings for the next six years.

Federal prosecutors had charged that from October 1995 to August 2003, St. Barnabas deliberately inflated charges under a Medicare program intended to increase reimbursements to hospitals that care for patients with medical complications. The prosecutors speculated that, had their investigation continued, the overcharges could have come to half a billion dollars.

St. Barnabas officials said they welcomed a resolution to the federal inquiry, and the United States attorney's office here emphasized that the settlement was not an admission of guilt to any criminal charges.

But federal investigators accused the hospital network of "gaming the system and exploiting loopholes" to increase its revenues. "St. Barnabas was a man who gave up his worldly wealth to help others," said Leslie Wiser, the special agent in charge of the F.B.I. office here. "If he were alive today he would be ashamed."

In a statement Michael Slusarz, a vice president and spokesman for the hospital operator, said in part: "This agreement will allow us to focus our energy and resources on our mission of providing the highest quality of care to our patients."

Ralph J. Marra Jr., the first assistant United States attorney for New Jersey, said the terms of the settlement — repaying the federal government in six yearly installments and agreeing to the monitor — were designed to keep the hospital, the state's second largest private employer, from going out of business.

"The government investigators in our office believed that the overbilling could have been quite a bit higher," Mr. Marra said in a news conference at the United States attorney's office here on Thursday. "But at some point we made a decision to go the route of civil settlement rather than criminal charges. We do not want to put them out of business, and so their ability to pay was a consideration in the settlement."

The inflated charges involved the complex rules under the Medicare system for reimbursement to hospitals providing treatment that lies outside of federally set standard payments for various procedures and normal hospital costs.

Gary Heuer, a lawyer with the inspector general's office of the federal Department of Health and Human Services, which administers Medicare, said that the payment mechanism recognizes that in some cases complications require longer hospital

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stays and additional procedures, but that the program St. Barnabas was accused of exploiting was devised to give hospitals "the incentive to treat inpatients whose care requires unusually high costs."

Federal investigators said that although St. Barnabas had been "on our radar screen" for possible excessive claims, two whistle-blower lawsuits filed in 2002 more sharply focused their investigation on the reimbursement process. Under federal law, the whistle-blowers are entitled to 15 percent to 25 percent of the value of the settlement, said Mr. Marra.

Court papers identified the whistle-blowers as John T. Monahan of Little Silver, who was described as the head of a firm that provides financial management consulting services to the hospital industry; Sara C. Iveson, the executive director of Barnes-Kasson Hospital in Susquehanna, Pa.; and Peter Salvatori, a Pennsylvania resident. Mr. Monahan and Ms. Iveson did not respond to telephone messages seeking comment, and further information was not available on Mr. Salvatori.

The health care network operates St. Barnabas Behavioral Health Center in Toms River and nine hospitals in New Jersey: St. Barnabas in Livingston; Clara Maass, with facilities in Belleville and Kearny; Newark Beth Israel Medical Center; Children's Hospital in Newark; Union Hospital; Monmouth Medical Center in Long Branch; Kimball Medical Center in Lakewood and Community Medical Center in Toms River.

Saint Barnabas Settles Medicare Case (WSJ)

By A Wall Street Journal News Roundup

The Wall Street Journal, June 16, 2006

Saint Barnabas Health Care System will pay $265 million to settle charges that it cheated Medicare out of more than half a billion dollars, federal prosecutors said.

The agreement between prosecutors and the New Jersey hospital system concerns payments by Medicare that supplement its normal payments.

Prosecutors allege that between October 1995 and August 2003, Saint Barnabas hospitals deliberately inflated charges for inpatient and outpatient care under the supplemental-reimbursement program.

Hospitals caring for Medicare patients receive fixed payments from the government that are related to the patient's diagnosis. However, hospitals can collect supplemental payments related to the care of the sickest patients.

These "outlier" payments are for patients who are so ill that their care costs much more than for normal patients with a particular diagnosis. The settlement involves outlier payments.

Authorities said the Saint Barnabas settlement is the first involving Medicare's supplemental-reimbursement program but added that others are pending around the country. Saint Barnabas didn't admit wrongdoing in the settlement.

Tenet Healthcare Corp., one of the largest U.S. hospital companies, has been negotiating with the government to settle its own outlier dispute. Tenet has said it regrets its policy, which it has since changed, but the company hasn't admitted wrongdoing.

In response to yesterday's settlement, Moody's Investors Service put the credit rating of Saint Barnabas under review for a possible downgrade. Currently, the health system's debt is rated Baa1. The not-for-profit health system has about $900 million in debt affected by the ratings review.

The $265 million settlement "sounds like a lot of money," said Pamela Federbusch, senior vice president at Moody's, "although they do have a healthy balance sheet." Moody's said the settlement will be paid over six years.

Michael Slusarz, vice president for public relations and marketing at Saint Barnabas, said the company cooperated with the government during the inquiry. "This agreement will allow us to focus our energy and resources on our mission of providing the highest quality of care to our patients," he said.

As part of the Saint Barnabas settlement, authorities said the hospital system must accept an outside monitor who will supervise its Medicare billings for the next six years.

Some municipal-bond investors say they have been shying away from buying the debt issues of hospitals out of concern over allegations of Medicare and Medicaid fraud, says Carolyn Dolan, principal at Samson Capital Advisors LLC.

CIVIL RIGHTS:

Ex-federal Attorney Enters Guilty Plea (FREMARG)

By Josh Richman, STAFF WRITER

Fremont (CA) Argus, June 16, 2006

Investigator of state's youth prisons admits conflict of interest

A former U.S. Justice Department civil rights attorney admits he was angling for a state job to monitor and reform California's youth prisons even as he led a federal probe of one of those facilities in Stockton.

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Ryan Rainey, 48, has pleaded guilty to one count of violating the federal conflict-of-interest law and is scheduled to be sentenced Sept. 15 by U.S. Magistrate Judge John Facciola of Washington, D.C.

A civil lawsuit challenging the living conditions in youth prisons had required the appointment of a "special master" to monitor and oversee reforms.

Rainey admits that while leading the federal probe he was negotiating with state Attorney General Bill Lockyer's office for the special master's job, even though he knew the state had a financial interest in the findings and recommendations of the probe he was conducting.

The maximum sentence for the crime is a year in prison and a $100,000 fine.

but Rainey's May 26 plea agreement indicates the government will seek a zero-to-six-month term and won't oppose a sentence carrying no time behind bars.

Rainey was a senior trial attorney in the Special Litigation Section of the Justice Department's Civil Rights Division from January 2002 through April 2005. Earlier he'd been a federal prosecutor in Washington, D.C., for seven years.

In April 2003 his division launched a probe — with Rainey as lead counsel — of alleged civil rights abuses at the California Youth Authority's N.A. Chaderjian Youth Correctional Facility in Stockton.

In fact, the state recommended him for the job. An attorney representing the civil lawsuit's plaintiffs objected. San Francisco civil rights attorney Donna Brorby, who had spent much of her career forcing Texas to clean up its prisons, eventually was appointed as the special master.

The federal investigation of the Chad facility continues.

What used to be called the California Youth Authority is now called the Division of Juvenile Justice within the Youth and Adult Correction Agency, renamed as part of Gov. Arnold Schwarzenegger's overhaul of the state's prisons. The state is still revising its remediation plans for reforming its youth prisons.

Outsiders Recommend New Chief In Ridgefield (OREG)

By Holley Gilbert

The Oregonian, June 16, 2006

Police case - City officials say the FBI has conducted several interviews this week

Ridgefield, Wash., Police Chief Bruce Hall should be replaced, according to two Kirkland, Wash., police lieutenants who investigated allegations of racism in the firing of Ridgefield's only African American officer.

Hall's hiring decisions have put the city at risk of a civil lawsuit and his lack of leadership "has resulted in an environment of low accountability, distrust and poor morale," said the lieutenants' report, which was released this week.

The report found no racist motivation in the Sept. 28, 2005, dismissal of Carl Mealing. Two months later, Mealing filed a federal lawsuit charging discrimination against Ridgefield, its police department, City Manager George A. Fox and Hall. Fox was put on administrative leave Dec. 1; Hall, who earlier was Mealing's chief in Forks, Wash., and the Nisqually Tribal Police, was put on leave May 18.

Now, the Federal Bureau of Investigation has begun its own investigation in Ridgefield. Council member Scott Hanson said Thursday that he talked with the FBI earlier this week but declined to say what about.

Interim Ridgefield City Manager Justin L. Clary said an FBI agent attended meetings with him, interim Ridgefield Police Chief Erin Nolan and Clark County Sheriff Garry Lucas, but he declined to say what was discussed. An FBI probe "was not something requested by the city," Clary said.

An FBI spokeswoman in Seattle declined to confirm or deny an investigation was under way.

The Kirkland lieutenants' report was done at the request of Eileen M. Lawrence, a Seattle attorney hired to represent Ridgefield in Mealing's federal lawsuit. Initially, the report was to be used only in the federal court case, Lawrence said. "Beyond that, the report is tied into other issues that the city needed to be addressed and be part of the ongoing investigation," she said Thursday.

Also, at the request of Nolan, the interim chief, Vancouver police have been looking into the backgrounds of two officers who were being considered for full-time employment in the Ridgefield department, according to Mitch Barker, Vancouver's assistant police chief.

One of the two, Glen Kilmer, was "released from his probation" Wednesday, Clary said. Kilmer, who previously worked at Forks, was hired last year as a school resource officer and dismissed during a standard probationary period, Barker said.

The temporary appointment of the second officer, David Bone, ended May 31, before the background check could be completed. He is still on the candidate list to be hired permanently.

Hall's decision to hire Mealing in Ridgefield and his failure to act when allegations surfaced that Mealing was harassing women while on duty were "negligent," Kirkland Lt. Bill Hamilton and Lt. Rick Krebs concluded in their report.

"Mealing has a long history of allegations regarding his conduct, which clearly demonstrate a pattern of harassment," the 34-page report said. "Chief Hall had personal knowledge of the investigations and complaints regarding Mealing's unprofessional behavior at two prior agencies. Hall fired Mealing for his conduct at Forks yet rehired him at Ridgefield."

That Hall fired for cause other Ridgefield officers, then hired them in Kalama, where he also heads the police department, "is beyond comprehension," the report states. The report is accompanied by interviews, affidavits, memorandums, correspondence and other records.

Hall "cannot afford to give officers a second chance while it is at the expense of the City, the community. . . and the general morale of the police department," the report said.

"This state of affairs at the Ridgefield Police Department is similar to that of a dysfunctional family," the lieutenants wrote.

L.A. Sheriff Orders Probe Of Fatal Barrage (LAT)

By Richard Winton, Times Staff Writer

The Los Angeles Times, June 16, 2006

Deputies fired 70 times at the suspect in Walnut Park. It was the third department shooting in the last year involving scores of gunshots.

Faced with the third case in a year of deputies firing scores of shots at a suspect, Los Angeles County Sheriff Lee Baca on Thursday said he had ordered an investigation into whether six deputies used too much force earlier this week when they unleashed 70 rounds at a suspect.

Scrutiny of the shooting intensified as officials Thursday revealed that at least one deputy had fired so many shots that he reloaded his weapon during the Walnut Park incident, which left 27-year-old Carl Williams dead.

"Obviously, we have to look at this very closely. We will get to the bottom of this fast," Baca said. "We will know the motivation of each of the shooters. They know what the policy is here. Because it is the heat of battle, it doesn't dismiss your objectivity."

The shooting comes a year after deputies in Compton had fired 120 rounds at a suspect they were chasing on a residential street. Some of the bullets flew into nearby homes and embedded in walls.

After that incident, the Sheriff's Department imposed rules that made it more difficult for deputies to fire at moving cars and to fire multiple times. Baca said he was concerned that the shooting could have been a case of "contagious fire," in which deputies fire their weapons because they hear a gunshot. He said he hoped that the new rules would reduce such problems.

But in January, deputies fired more than 50 shots into a Compton house where a suspect was holed up. That case is being investigated by the department's Internal Affairs detectives.

Michael Gennaco, head of the Office of Independent Review, a sheriff's watchdog agency, said the department's internal review of the Walnut Park shooting would include an examination of whether deputies needed to discharge so many rounds, whether they were influenced by contagious fire and whether they endangered residents. The shooting occurred at the end of an alley near apartment buildings.

Baca and Gennaco stressed that it was too early to judge the deputies and that the circumstances of the chase could have meant that the 70 shots were justified.

Sheriff's officials have not said how many shots the officer who reloaded his weapon fired. Each clip in the deputy's 9-millimeter handgun holds 15 rounds, with an additional bullet in the chamber. So the deputy probably fired at least 16 rounds plus whatever shots he discharged from the second clip.

"It adds a complexity to issues in this shooting when a deputy reloads," Gennaco said. "It gives a deputy another opportunity to reassess. That means there has to be numerous threats in the mind of the deputy" for the shooting to be within department policy.

The pursuit of Williams began shortly after 11 p.m. Tuesday, when deputies in a patrol car said they saw Williams driving erratically near 113th Street and Mona Boulevard and tried to pull him over, sheriff's homicide unit Capt. Ray Peavy said.

Williams allegedly drove 60 mph through an alley before plowing into a patrol car. He then drove into a light pole, Peavy said, prompting two deputies to leave their cars and move toward him. Williams allegedly put his car in reverse and drove toward the deputies, hitting a patrol car. He pulled forward, then backed into a second cruiser. The six deputies on the scene opened fire.

Though it was unclear how many times Williams was hit, the deputies fired from relatively close range, hitting the vehicle multiple times and shooting out its back window.

A resident in a nearby apartment, Alvaro Ramirez, 18, said he heard gunfire for about 30 seconds, during which he dove for cover.

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Investigators found a handgun in Williams' car and drugs in his possession. But they said the deputies were unaware of the gun when they opened fire and cited the car as the deadly weapon in their reports.

Peavy, who is handling the criminal investigation of the shooting, said the unusual nature of the pursuit might have required an unusual amount of force.

"There was a lot of activity going on. It was continuous action," he said. "When a deputy shoots at someone they continue to assess the threat. Here the suspect kept going, hitting the radio cars … there was a pretty good reason for continuing to shoot."

The Sheriff's Department has been trying to reduce the number of shootings in which many rounds are fired for some time. Some of those shootings have been attributed to contagious fire, which Gennaco has likened to a chain reaction in which deputies who hear gunshots fire almost as a reflex.

In 2004, deputies fired 111 rounds at a man with an assault rifle in Carson. Businesses were sprayed with bullets, and a roofer working a block away was wounded.

The rules imposed last year allow deputies to fire at moving cars only if their lives or those of bystanders are at risk. In addition, the department requires deputies to make an independent decision about firing, rather than fire simply because another deputy is shooting.

Gennaco said no data has been analyzed to determine whether the rules have changed deputies' behavior.

The Walnut Park shooting came as the Sheriff's Department and Baca were struggling with several major issues, including violence in the jails and the early release of inmates because of jail overcrowding.

Baca said the internal investigation was ongoing but investigators would consider "contagious fire" as playing a role in the Walnut Park shooting.

But he also said the deputies could have been in danger because the suspect allegedly tried to run them down.

"You can never dismiss a vehicle in the hands of a desperate person as a weapon that could harm and kill someone else," he said. "How deputies tactically were exposed to this suspect who tragically has died has to be looked at very closely."

Panel Advances Old Glory Protection (WT/AP)

By The Associated Press

The Washington Times, June 16, 2006

The Senate Judiciary Committee gave a nod yesterday to a constitutional amendment to protect the American flag from desecration, moving it to the Senate floor, where vote counters on both sides say it could be within one vote of passing.

The 11-7 vote sent the amendment to the floor. Majority Leader Bill Frist, Tennessee Republican, has said the measure will get a Senate vote this month.

To Senate is considering the amendment during the patriotic season between Flag Day this week and the Fourth of July. The substance and timing are designed to appeal to veterans during this year of midterm elections.

"The Congress shall have power to prohibit the physical desecration of the flag of the United States," the amendment reads. To become the Constitution's 28th Amendment, the measure must be approved by two-thirds of those present in each chamber, then ratified within seven years by at least 38 state legislatures.

The House a year ago passed the bill by a vote of 286-130, more than the required two-thirds of those present to pass. Vote counters on both sides of the issue say the amendment has commitments of support from 66 senators, one fewer than the required 67 votes if all 100 members of the chamber are present.

Sen. Dianne Feinstein of California was the lone committee Democrat to vote for the measure, saying its language was designed to protect both the flag and the First Amendment right to free speech.

The committee rejected an amendment by Sen. Joseph R. Biden Jr., Delaware Democrat, to replace "desecration" with specific types of defilement. Using the word desecration, he said, would leave the government too much power to define the term.

Senate Panel Advances U.S. Flag-Burning Ban Proposal (Update2) (BLOOM)

Bloomberg, June 16, 2006

June 15 (Bloomberg) -- The U.S. Senate Judiciary Committee approved a constitutional amendment that would empower Congress to outlaw flag burning, setting the stage for an election-year debate about ``desecration'' of the national symbol.

The measure, passed by a vote of 11-7, has already been approved by a two-thirds majority in the House of Representatives. To become part of the Constitution, the amendment must be passed by the same margin in the Senate and ratified by 38 state legislatures.

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The measure would overturn a 1989 Supreme Court ruling. The justices, voting 5-4, struck down a Texas law that barred flag burning, ruling it restricted freedom of expression guaranteed by the Constitution. Supporters argued today the proposed amendment would restore the power of Congress to decide the flag-burning issue, not unelected judges.

``If we can protect the bald eagle, another symbol of our nation, from killing, I think we ought to be able to protect our flag,'' said Texas Republican Senator John Cornyn.

Utah Senator Orrin Hatch, a Republican, said he believed more than 67 senators, or two-thirds, would support the measure if they were ``allowed to vote their consciences.''

Both sides predict a close Senate vote. Senate Democratic leader Harry Reid of Nevada supports the proposed amendment. The Senate's No. 2 Republican, Kentucky Senator Mitch McConnell, opposes it.

Grant of Authority

The proposal would give state legislatures seven years to ratify the proposed amendment. If it became part of the Constitution, the House and Senate would have to pass separate legislation to ban flag burning, mutilation or other forms of desecration.

``The point is to have a general grant of authority to Congress to legislate in this area,'' said Arizona Republican Jon Kyl.

Before the high court's 1989 decision, 48 states outlawed flag burning.

All 10 Republicans on the Judiciary Committee voted in favor of the amendment. Seven of the panel's eight Democrats opposed it. Democrats accused Republicans of using the debate to score political points in an election year.

Delaware Senator Joseph R. Biden Jr., who has supported legislation to ban flag burning, argued that the amendment was too vague because it doesn't define desecration.

The amendment would ``leave to the authority of the government to make a subjective judgment as to whether or not the action taken relative to the flag is a violation of the law,'' Biden said.

`Very Skimpy Bathing Suit'

That could permit the prosecution of women on beaches ``wearing a very skimpy bathing suit'' decorated with the flag's stars and stripes, he said. ``Is that desecration of the flag?''

``When you get to a bikini or a bathing suit, it's not a flag, it's a bikini,'' said California Senator Dianne Feinstein, the only Democrat to support the measure.

Biden argued that the measure amounts to a ``de facto amendment'' of the First Amendment, which guarantees freedom of speech, by allowing the government to decide what was desecration.

``Protecting the flag is not going to prevent people from expressing their point of view,'' Feinstein said.

Biden said he would support an amendment that allowed Congress to ban ``burning, mutilation and trampling'' of the flag.

``If it's not some political stunt, let's do it,'' he said. The panel rejected Biden's proposed change on a voice vote. Hatch said lawmakers would ``be able to refine and define'' what was illegal flag desecration when the legislation is debated by Congress.

The House approved a proposed flag-burning amendment five times, most recently in June 2005 on a 286-130 vote. The Senate last voted on a flag-burning amendment in 2000, falling four votes short of the 67 required to pass.

Senate Alters Bill To Transform La. Congressional Elections (AP)

AP, June 16, 2006

BATON ROUGE, La. - If Louisiana is going to shed its unique "open primary" system, then the state must make sure independent voters are allowed to cast ballots in the new party primary elections, the House voted on Thursday.

Sen. Cleo Fields introduced a bill that would replace the state's open primaries with Republican and Democratic primaries in congressional races, leaving it up to the parties to decide whether independents and third-party voters are allowed to cast ballots.

The House decided to change the measure slightly, adding a provision that would allow an independent voter to pick one or the other party's primaries to vote in. They then passed the measure 58-35, sending it back to the Senate for approval of the change.

Despite the change, Rep. Joel Robideaux of Lafayette, who has no party affiliation, said it was unfair to independent candidates. Robideaux said the measure would make it increasingly difficult for independents to run for Congress because they would wait on the sidelines until the general election.

"We're basically saying we're going to have a Democrat or a Republican for a congressman and nobody else is really going to have a chance," he said.

Fields, D-Baton Rouge, a former congressman, has tried for years to get rid of open primaries, arguing that the current system often results in Louisiana's newly elected members of Congress getting a late start - and less desirable committee assignments - on Capitol Hill because the state holds its runoff elections in December, a month later than other states.

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His bill would have no effect on statewide and local elections.

If it becomes law, voters could cast ballots in two party primaries, then a November runoff, to select their congressmen and U.S. senators.

Under the current system, Louisiana holds a general primary in November, with candidates from all parties running on the same ballot. A December runoff follows if no candidate wins more than 50 percent of the vote.

The measure would also need approval from the U.S. Justice Department, because any change to Louisiana election law needs federal approval, a restriction stemming from the Voting Rights Act of 1965.

On the Net: Senate Bill 18 can be viewed at:

Baltimore Sued For Arrests Without Charges (BSUN)

By Julie Bykowicz And Chris Yakaitis, Sun Reporters

The Baltimore Sun, June 16, 2006

ACLU, NAACP allege pattern; city solicitor denies actions illegal

The NAACP and the American Civil Liberties Union sued the Baltimore Police Department and the state-run city jail Thursday, using the experiences of five men to allege a broad pattern of abuse in which they say thousands of people are routinely arrested and held for hours without being charged with a crime.

The lawsuit, filed in Baltimore Circuit Court by the Maryland ACLU, condemns the practice of jailing citizens for so-called quality-of-life crimes such as loitering -- one of the central strategies employed by police here and in other cities in their efforts to drive down crime.

The issue emerged just over a year ago with reports in The Sun of overcrowding at the Central Booking and Intake Facility.

The plaintiffs, including a 19-year-old Morgan State engineering student and two Pennsylvania residents visiting Baltimore for a bachelor party, allege that city police officers routinely make arrests without probable cause and do so "under a pattern and practice set and enforced by city officials."

City Solicitor Ralph S. Tyler said the plaintiffs "will not be able to prove their truly wild allegations."

"The illegal arrests claim rests largely on a false equation," he said. "The fact that the state's attorney declines to charge in many cases does not suggest that the arrest was illegal."

Tyler said many factors play into a prosecutor's decision not to pursue charges. For example, a prosecutor might determine that the hours a person spent in Central Booking was an appropriate punishment for a minor crime -- a situation called "abatement by arrest."

Unaudited figures provided by the city State's Attorney's Office for the first three months of this year show that about one-third of the 3,110 arrests that did not result in charges were because of abatement by arrest.

The other two-thirds were because prosecutors believed they could not prove beyond a reasonable doubt that a crime occurred.

The number of declined cases is about half what it was last year -- a sign that police have become more selective in their arrests, perhaps responding to criticism voiced during a raucous community meeting in January.

David R. Rocah, an ACLU attorney, said an aim of the lawsuit, which he said has been in the works for almost a year, is to change police policy. Other defendants include the City Council, the mayor, state prison officials and individual police and correctional officers.

The lawsuit alleges "perverse incentives" for officers to arrest a large number of people, even if they have not committed crimes that will be prosecuted.

"Each patrol officer is required to tally his enforcement statistics, including citations and arrests," the lawsuit alleges.

"These numbers are then compared to averages from that officer's squad and shift. The three officers in each district with the lowest scores are subject to reassignment to other districts."

Paul M. Blair Jr., president of Baltimore's Fraternal Order of Police, said that in the past, "low-performers" were moved to other districts, but he said the command staff never made it clear whether performance was tied to arrest numbers.

He said that practice was abandoned more than a year ago, after a City Council meeting in which Police Commissioner Leonard D. Hamm assured the council there is no quota system.

But Blair said that during crime spikes, such as one last month, officers are told to flood neighborhoods and aggressively enforce quality-of-life crimes.

The suit also delves into three situations in which five named plaintiffs were arrested, detained for hours at Central Booking and then released without being charged with any crime.

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Evan Howard, the Morgan State student, and his friend Tyrone Braxton, 19,were arrested April 15 of last year outside Howard's home on Poplar Grove Street in West Baltimore.

The men were told they were being arrested for loitering. They were taken to Central Booking, strip-searched and held there, Braxton for 36 hours and Howard for 54, the lawsuit states.

Donald Wilson, 21, was arrested April 10 on the front steps of a the Barclay home of his girlfriend and toddler. A crowd gathered when an unmarked police car raced past chasing a dirt bike, the lawsuit states.

Officers turned their attention toward the crowd when they did not catch the cyclist. One officer "threatened" Wilson after Wilson "firmly" responded to a question, the lawsuit states.

Wilson was arrested and held at Central Booking for about five hours before being released without charges.

A soon-to-be groom and six friends were celebrating his coming wedding near the Inner Harbor in May 2005. As they walked from the Power Plant Live entertainment area back to their hotel, a marked police car approached.

Officers told the group to keep walking.

"All of a sudden I see the cop hit my one buddy in the chest with a nightstick and he grabbed my other buddy and threw him up against the wall," said Robert Lowery, 27.

He and the groom, Aaron Stoner, 27, of Chambersburg, Pa., were arrested and taken to Central Booking for "failure to obey" an order to stop loitering, the officers told them.

They were strip-searched and held for about 17 hours. Neither was prosecuted.

Lowery, of Greencastle, Pa., said he had never had any trouble with the law and the experience soured his view of the city.

"Before, I enjoyed coming down to the Inner Harbor and hanging out for the day and walking around," he said. "Now I don't want to come back down."

The lawsuit also levels criticism at Central Booking, citing "filthy" conditions and "humiliating" strip-searches.

Mark A. Vernarelli, a spokesman for the state Department of Public Safety and Correctional Services, declined to comment on the suit because he had not seen it. But he said numerous improvements were announced last summer to speed the booking process.

Rocah said the named plaintiffs are "among the many" who have contacted the ACLU reporting similar incidents. He said the lawsuit seeks monetary damages -- the amount is not specified -- for the five named plaintiffs.

Baltimore attorney James Rhodes, who said he represents hundreds of people who have complained about "frivolous arrests," said he doubted any change would result from the ACLU's lawsuit.

"They seem to want to get police to agree to stop making arrests when a citation could be issued," he said. "There is no way you will get an outright agreement like that because it takes away police power."

The ACLU and NAACP also released Thursday an action plan that proposes ways the police can resolve these issues.

Suggestions include creating incentives for officers for arrests that are successfully prosecuted, forcing officers to stop arresting people whom prosecutors won't charge, expunging arrest records when charges are not pursued and delaying strip and cavity searches of suspects until it can be determined whether charges will be filed.

Rocah said the lawsuit is long overdue on an issue that has undermined police relationships with city residents for years.

Police Accused Of Sleeping On The Job (LAT)

By Matt Lait And Joel Rubin

The Los Angeles Times, June 16, 2006

Police officers assigned to protect Compton schools against vandalism and other campus crimes have been asleep at the wheel, quite literally, according to photographs and sworn testimony in a racial discrimination lawsuit.

The photographs appear to show several uniformed school officers in the driver's seats of parked squad cars with eyes shut and, in some cases, heads leaning back.

The pictures emerged in a suit against the Compton Unified School District, which operates the 34-member police department. The case was filed by a white ex-officer and two Latino officers who contend that they were treated differently from black colleagues within the predominantly African American department.

Former Officer Mark Shiva, who at one time served as president of the police officers union, and current Officers Victor Ayala and Sergio Reynoso allege that they were hit with racial slurs, ridiculed and retaliated against after lodging complaints against black colleagues.

Shiva, who was fired after the suit was filed in 2005, took the photographs within the last two years, according to testimony in the case. Shiva shot the pictures to prove that colleagues were sleeping on duty.

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According to testimony, all of the officers accused of sleeping in patrol cars are black. But in the background of one photo, a white officer also appears to be sleeping. When the conduct was brought to the attention of supervisors, none of the officers were disciplined, authorities said.

During Sgt. James Bradford's deposition in March, he recalled being shown one of the pictures and thinking it was of such poor quality that he could not be sure it was even him in the photograph.

When pressed by an attorney as to whether he had ever slept on the job, Bradford responded by saying, "Let me clarify sleeping." He said that any officer on the night shift who denied sleeping "is lying."

"Sleeping, you can pull your car up to the site and ... you know, lay back with your eyes open for a few minutes, that's sleeping. All of us does."

Asked if it was permitted to take a nap on the job, Bradford said, "Your lunch break is your time."

Other police employees, however, testified that Bradford and other officers sometimes slept when not on breaks.

Police dispatcher Gwendolyn Holmes testified that she had seen Bradford sleeping on duty and estimated that it occurred at least 10 times over an unspecified two-month period. Occasionally, she said, she had heard him snoring.

Another sergeant testified that Bradford's sleeping on the job was a weekly occurrence.

Bradford declined to comment when contacted by The Times.

At least five other officers have also been accused of sleeping on duty, according to testimony, police records and photographs obtained by The Times.

The school district officers are armed and trained to face the same potential dangers as the Los Angeles County sheriff's deputies who serve the rest of Compton. In fact, in 1987 a Compton school officer was shot to death by a sniper while on foot patrol at an adult campus.

Sleeping on duty is against department policy and was identified as a problem in 2002 under the district's then-Police Chief Anthony Alba.

"Obviously this activity is considered dereliction of duty and will be dealt with administratively," Alba wrote in a Jan. 9, 2002, memo to officers. "I must also remind everyone that depending on the location, sleeping on duty may result in deadly officer safety consequences."

The district's current police chief, Hourie Taylor, testified in March that he had been made aware of the sleeping allegations but had not seen the photographs. He said he directed subordinates, one of whom was Sgt. Bradford, to conduct an investigation and that at some point they returned saying they were satisfied that the allegations had no substance.

In an interview this week, Taylor said the allegations were "unsubstantiated," but he declined further comment citing the pending litigation. He declined a request from The Times to review the photographs and identify the officers.

However, one sergeant, who was shown several photographs during his deposition, identified two others as Sgt. Bradford and Officer Douglas Mushett, who has since retired, and said he believed that a third picture showed an Officer Steve Scott, who resigned late last year, officials said.

In an interview Thursday, Mushett denied that he slept in his squad car when he was supposed to be on patrol but acknowledged that he would occasionally sleep during his lunch and twice daily 15-minute breaks.

"Let's face it, guys working late shifts would get tired and on their breaks would go back to the [station] and snooze," Mushett said. "We all did it. I did it."

He said he found it hard to believe that officers would sleep in their cars on the streets or on campuses. "That's just asking to get popped," he said.

Scott could not be reached for comment.

In an interview last week, Compton school board member Joel Estrada reacted angrily when told of the photographs.

"If those officers are not on a permitted break, then that is completely, utterly unacceptable," Estrada said. "I would definitely want an investigation launched to see what's going on — how common is this? We're paying these individuals to patrol."

Estrada said district lawyers had told board members about the claims of police sleeping on duty but that police officials had concluded the claims were unfounded.

School district attorney J. Michael Declues said the district denies the allegations contained in the lawsuit but declined to comment on the photographs.

Shiva also declined to comment to The Times, but in a deposition in April he elaborated on his allegations. He said he saw a female officer take a pillow to her patrol car so she could sleep while working overtime.

"It's been an ongoing problem since I've worked there," said Shiva, who served for five years.

Shiva also alleged that officers would drive their squad cars home and sleep there when they should have been patrolling.

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Internal police documents show that Shiva was terminated for allegedly orchestrating an unlawful job action, or "blue flu," among other reasons. Ayala and Reynoso, who remain on the job, were disciplined for allegedly participating in the job action.

Attorney Yael Trock, who represents Ayala and Reynoso, said police administrators unjustly punished her clients while allowing other officers to "get away with failing to do their jobs." Co-counsel Etan Z. Lorant said the lawsuit is expected to go to trial this summer.

Metro Board Member Fired For Comment On Gays (WP)

By Lena H. Sun And Matthew Mosk

The Washington Post, June 16, 2006

Maryland Gov. Robert L. Ehrlich Jr. yesterday fired Robert J. Smith, his appointee on the Metro transit authority board, for referring to gay people as sexual deviants on a cable television show.

"Robert Smith's comments were highly inappropriate, insensitive and unacceptable," Ehrlich (R) said in a statement less than five hours after the controversy erupted during a Metro board meeting. "They are in direct conflict to my administration's commitment to inclusiveness, tolerance and opportunity."

At the Metro meeting, board member Jim Graham, who represents the District, had called for Smith to disavow his remarks or apologize or for Ehrlich to remove him. "As someone who cares deeply about human rights, and as an openly gay elected official . . . I cannot remain silent in the face of these comments," Graham said, reading from a prepared statement.

Smith acknowledged after the meeting that he had referred to homosexuals as "persons of sexual deviancy" during a political round-table discussion on a Montgomery County cable show that was shown on Sunday.

"Homosexual behavior, in my view, is deviant," he said. "I'm a Roman Catholic." Smith said his comments had been part of a discussion about a proposed ban on same-sex marriage. "The comments I make in public outside of my [Metro board job] I'm entitled to make," he said. His personal beliefs, he said, have "absolutely nothing to do with running trains and buses and have not affected my actions or decisions on this board."

Ehrlich appointed Raymond J. Briscuso Jr., who heads a biotech consulting company, to take Smith's place. Briscuso, 46, will serve the remainder of Smith's three-year term, which began June 1, 2004.

Briscuso, who used to ride Metro's Red Line regularly between his Bethesda home and his downtown Washington office, said he is "very excited" to serve on the board. Briscuso managed George H.W. Bush's presidential campaign in Maryland in 1988.

For several months, Ehrlich, who is likely to announce his reelection bid this month, has been working to position himself as a centrist. One recent report about a political advertisement the governor is recording suggested that he is considering the line: "Bob Ehrlich governs not from the right or the left, but the center, where we are."

Montgomery County Executive Douglas M. Duncan, who with Baltimore Mayor Martin O'Malley is seeking the Democratic nomination to oppose Ehrlich, said that "Smith's hateful and mean-spirited comments suggest that he is unfit to serve the public, and his immediate removal is wholly justified."

Smith, 47, a Gaithersburg architect, could not be reached by phone last night. Earlier in the day, he said he served at the pleasure of the governor.

Almost immediately after he was appointed, Smith drew attention by questioning expenses at the agency, criticizing spending on promotional materials and other items he considered luxuries. He read lengthy budget documents that other board members tend to skim and asked sharp questions of finance managers.

The Metro directors oversee a $1 billion operating budget and nearly 10,000 employees. They set policy for the nation's second-busiest subway and fifth-busiest bus system. Metro carries more than 1.1 million riders a day.

The board is made up of six voting members and six alternates. Maryland, the District and Virginia each appoint two voting and two alternate members. The board has a vacancy for an alternate D.C. member to fill the spot of Dan Tangherlini, who became the agency's interim general manager this year.

After Smith's removal from the board, Graham complimented Ehrlich for his swift action. "The governor appreciated the seriousness of this problem," he said.

After the meeting, Smith accused Graham, a D.C. Council member, of using "high theater" to seek the media spotlight. He called his actions "highly out of order and inappropriate for this forum."

Smith said he has always supported the transit agency's policy against all forms of discrimination.

Asked whether he planned to apologize to Graham after Graham said the remarks were offensive, Smith replied: "I didn't make the comments to Mr. Graham. . . . I'm sorry he feels that way. I don't agree that his lifestyle is an appropriate way to lead one's life."

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Smith's comments drew an immediate negative reaction from Dennis Jaffe, chairman of the Riders Advisory Council, who has been working with Smith the past several months on a committee to improve MetroAccess, the transit service for the disabled.

"I know how dedicated Bob Smith is, but his comments that homosexuals are sexual deviants are most unfortunate and reflect poorly on Metro as an agency," Jaffe said.

In an e-mail sent to all Metro employees yesterday, Tangherlini said he wanted to take the opportunity "to re-affirm to all . . . employees that discrimination of any kind will not be tolerated."

Smith said he has been a regular panelist on the weekly political round-table show, "21 This Week," telecast on Access Montgomery cable Channel 21, for the past 12 years. He appears as a "Republican activist," according to Rodney Bryant, the show's producer.

On last weekend's show, Smith interrupted another speaker who was talking about federalism and Vice President Cheney's daughter. The speaker said Cheney's daughter, who is a lesbian, would not want the government interfering in her life, according to a recording of that portion of the show.

"That's fine, that's fine," Smith interrupted. "But that doesn't mean that government should proffer a special place of entitlement within the laws of the United States for persons of sexual deviancy."

Prayers In The Military (WP)

The Washington Post, June 16, 2006

THE MILITARY has been making a good-faith effort in recent months to write rules on religious activities that preserve both the rights of free expression among service members and the separation of church and state. It's unfortunate, therefore, that the House of Representatives, responding to pressure from evangelical Christian groups, has unnecessarily inserted itself into this debate, with a provision in the recent defense authorization bill aimed at ensuring that evangelical chaplains can pray in Jesus's name at public ceremonies. The Senate is debating a version that wisely leaves out the House provision and lets the military services continue to work out this complex issue the right way -- without congressional interference.

No one questions that military chaplains of all denominations may pray as they wish in voluntary, private services. The issue is what they can say in public prayers. This is especially complicated because, in the view of some evangelical ministers, it would contravene their faith not to invoke Jesus; at the same time, having such sectarian prayers is problematic, particularly at mandatory events attended by service members of all faiths.

Recent guidelines adopted by the Air Force and Navy suggest that nondenominational prayer is strongly preferred in such circumstances. For example, the Navy policy says that "absent extraordinary circumstances," prayers at such functions "should be nonsectarian in nature."

Similarly, the Air Force policy says that chaplains "will not be required to participate in religious activities, including public prayer, inconsistent with their faiths" -- a provision designed to protect evangelical chaplains who believe sharing their faith in Jesus is an essential part of their ministry. However, the Air Force guideline adds, "nondenominational, inclusive prayer or a moment of silence may be appropriate for military ceremonies when its primary purpose is not the advancement of religious beliefs."

Though the Air Force regulations were watered down from their initial stance, they were still too restrictive for some evangelical groups. So the House stepped in with a provision, championed by Rep. Walter B. Jones Jr. (R-N.C.), heavy on the rights of chaplains and light on concerns about how their public prayer could affect service members who are nonbelievers or who adhere to a different religion.

The provision guarantees chaplains "the prerogative to pray according to the dictates of the chaplain's own conscience, except as must be limited by military necessity, with any such limitation being imposed in the least restrictive manner feasible." In other words, almost anything goes.

This tilts too far in the direction of chaplains' freedom to pray, without due respect for those whose beliefs differ. As Rear Adm. Louis V. Iasiello, the chief of Navy chaplains, wrote in opposing the provision, "it is essential that the chaplain possess the trust and respect of all the crew, not simply the members of his or her own faith group."

Maybe the solution isn't to drain prayer at public ceremonies of specific religious content, but to discourage prayer at such events as inherently and unnecessarily divisive. Chaplains shouldn't be required to mute their faith, but neither should service members who aren't believers be compelled to be present for such prayers.

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ANTITRUST:

Executive Pleads Guilty In Military Bid-rigging Case Over Foam Sales (VP)

By Tim Mcglone, The Virginian-Pilot

Virginian-Pilot, June 16, 2006

NORFOLK - An executive with a marine products company has agreed to plead guilty to conspiring to rig bids in the sale of foam buoys and fenders to the Navy and the Coast Guard, the Justice Department announced Thursday .

Gerald Thermos, president of Marine Fenders International, based in Wilmington, Calif., was charged in Norfolk federal court this week with violating the Sherman Antitrust Act.

The Justice Department said Thermos has agreed to plead guilty to the felony, serve four months in jail and four months of home detention, and pay a $50,000 fine. No court date has been set.

The department said that from June 2000 to August 2005, Thermos and other unidentified co-conspirators schemed to fix prices for marine fenders and buoys that were sold to the Navy, the Coast Guard and other government and private entities.

Foam-filled fenders are used as a cushion between ships and docks, piers, other ships, and fixed structures. The buoys are used for channel markers and navigational aids.

Thermos and the others agreed which company would get contract bids, some at inflated prices. The other companies were not identified.

"Price fixing and bid rigging are serious concerns when it relates to products and services procured by the Department of Defense," Rick Gwin, special agent in charge of the Defense Criminal Investigative Service, western field office, said in a news release.

The executives involved maintained log books and agreed not to compete with one another's customers either by not submitting bids or by submitting intentionally high prices, according to court records.

Department officials could not estimate how much taxpayers were overcharged.

According to charge papers filed Wednesday, the conspiracy occurred while Thermos was president of Marine Fenders International and while he was president of another company, Urethane Products Corp., from June 2000 to April 2004. Both companies are based in the Los Angeles area.

Urethane Products Corp. has received millions of dollars in Defense Department contracts in the past 10 years, mostly with the Navy, according to federal records. Marine Fenders, which is about two years old, received nearly $500,000 in government contracts.

Thermos could not be reached Thursday, and his attorney could not immediately comment.

Violations of the antitrust act carry penalties against individuals of as much as 10 years in prison and fines as great as $1 million.

Reach Tim McGlone at (757) 446-2343 or tim.mcglone@pilotonline.com.

Microsoft's Gates To Step Back (USAT)

By Byron Acohido And Michelle Kessler

USA Today, June 16, 2006

Microsoft chairman Bill Gates announced Thursday that he will let loose the reins of the company he co-founded in college and shaped into a behemoth, to focus on philanthropy.

Gates, 50, who was also Microsoft's chief software architect, will give up day-to-day duties in July 2008, retaining the title of chairman.

That will leave Microsoft CEO Steve Ballmer and Chief Technical Officers Ray Ozzie and Craig Mundie to carry out a transition the software giant is struggling to make from lumbering supplier of desktop computer software to nimble competitor in a rapidly changing tech market.

Gates insisted that the change announced Thursday "is not a retirement." He plans to spend most of his time working for his charity, the Bill & Melinda Gates Foundation.

Gates says he plans to have a relationship with Microsoft for many years. "I don't see a time in the foreseeable future in which I won't be the chairman of this company," he said.

"This was a hard decision for me," said Gates, who founded the world's largest software company with childhood friend Paul Allen. "I'm very lucky to have two passions that I feel are so important and so challenging. As I prepare for this change, I firmly believe the road ahead for Microsoft is as bright as ever."

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Ozzie will immediately assume Gates' title as chief software architect and begin working with Gates on overseeing all software technical design.

Mundie will immediately take the new title of chief research and strategy officer and will work with Gates in those areas. Mundie also will partner with general counsel Brad Smith to guide intellectual property and technology policy efforts.

"Bill and I are confident we've got a great team that can step up to fill his shoes and drive Microsoft innovation forward without missing a beat," Ballmer said. The news, released after the market closed, sent Microsoft shares down less than 1% in after-hours trading. It wasn't a complete surprise to analysts and investors who follow the company closely.

Gates gave up the CEO role to Harvard classmate and longtime confidant Ballmer in January 2000. Last year, he signaled a desire to further reduce his role by recruiting Ozzie, a renowned right-brain thinker, to infuse a fresh perspective. "The stage has been set for an orderly transition, and a two-year timeline assures there won't be a radical departure," says analyst Michael Gartenberg, of JupiterResearch. "And as my grandfather was fond of saying, 'Cemeteries are full of people who couldn't be replaced.' "

In its last fiscal year, ended June 30, Microsoft's revenue had doubled and profit grown nearly 60% from fiscal 1999, six months before Ballmer became CEO.

Ushering in Vista

Gates' primary job has been to usher in Windows Vista, the latest upgrade to the operating system used on nine of 10 desktop PCs. Vista, due early next year, has been beset by delays and feature downgrades just as the company is struggling to drum up reasons for corporations to ante up for upgrades of Windows and its signature Microsoft Office software suite.

"This might be the last generation of classic Microsoft products," says Charles King, principal analyst at Pund-IT Research. "Microsoft in five years is going to be a very different company than the one today."

The leadership will come from a different mold.

Gates, 50, and Allen started Microsoft in 1975, soon dropping out of college to devote full time to it. Gates took Microsoft public in 1986 and was chairman and CEO until 2000, the year he and his wife formed the Bill & Melinda Gates Foundation, whose assets now total $29.1 billion.

Vista and Office 12 may be the last classic Windows upgrades, feature-laden software that requires a lot of computer memory and processing power. But technology has shifted to harnessing the power of corporate networks and leveraging the Internet. Software and digital entertainment delivered over the Web signal the future course of technology.

Microsoft has hustled to catch up and is branching into those arenas, but its profits continue to revolve around Windows and Office. Meanwhile, it has faced ugly antitrust lawsuits in the USA and Europe.

Additionally, Microsoft's expansion into new markets has forced the company "to engage in a four-front war," says software analyst Stuart Williams at Technology Business Research. It must fight off Sony in video games, Google and Yahoo on the Internet, Oracle and SAP in business software and the free Linux operating system in servers.

Still, Gates said, Microsoft is on the right track - and that the leadership change will have little impact on the company's success.

"The world has had a tendency to focus a disproportionate amount of attention on me," he said. But in reality, Microsoft's success is based on hundreds of people, he said. "We are ready for members of our current team to step into an expanded role," he said.

When Gates steps down in 2008, Vista and Office 12 will have been on the market for a year.

The new team

Ozzie, 50, worked on the first electronic spreadsheet, VisiCalc, in the early 1980s. In 1983, he joined Lotus Development - Microsoft's archrival then - to develop Lotus Notes and other business software.

He later founded Groove Networks, where he developed Groove Virtual Office. Microsoft acquired Groove in April 2005 and named Ozzie chief technical officer. Gates once called Ozzie one of the five best software programmers alive.

"Ozzie gets the power of networks and the power of the Internet," says RedMonk analyst Stephen O'Grady.

Mundie, 56, joined Microsoft in 1992 to create and run its Consumer Platforms Division, responsible for non-personal computer software. Mundie also started Microsoft's digital TV efforts. His current responsibilities include global technology policy and a variety of technical and business incubation efforts.

Ozzie and Mundie will continue to report to Gates. At an unspecified time during the two-year transition, they will shift to reporting to Ballmer.

"Losing a person of (Gates') talent is a big deal, of course," Ballmer said. "But it's a chance for other people to assume even more responsibility."

Gates is legendary for his "ability to motivate employees at the lowest level of the company," says software analyst Al Gillen with researcher IDC. "Clearly, it's going to be a loss for the company not to have him filling that role."

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But Ballmer, Ozzie and Mundie are "fantastically strong executives," Gillen says.

Gates said he's been mulling the role change for several weeks, and talking about it with his wife, Melinda. But he avoided bringing up the subject with Ballmer, his long-time business partner. Gates, laughing, said he repeatedly told his wife the subject "wasn't easy to bring up today. Maybe it will be easy to bring up tomorrow." Gates said he didn't make a final decision until Tuesday. Wednesday night, he told key executives at a dinner at Ballmer's house. Thursday morning, about 100 key Microsoft employees were notified.

Gates said he's not sure how he will handle the transition. "I don't know what it's going to feel like, not coming in every day and working 10 hours," he said.

Ballmer said Gates "is now headed, in my opinion, to become the greatest philanthropist of all time."

Two of Gates' contemporaries have made similar moves. Long-time Sun Microsystems CEO Scott McNealy stepped down from the post earlier this year, though he remains chairman. And Ted Waitt, co-founder of PC-maker Gateway, retired in 2005. Both said they wanted more time for other projects.

It's not surprising that Gates does too, says tech analyst Roger Kay with Endpoint Technologies Associates. The role change "was a long time coming," he says. "At 50, (Gates) is still young, but not that young. It's time

After US Regulators, Came The Europeans . . . And It's Not Over Yet (FT)

By Tobias Buck In Brussels

Financial Times, June 16, 2006

Microsoft's battles with antitrust regulators on both sides of the Atlantic have been a consistent feature of Bill Gates' tenure.

While the software group managed to broker a deal with the US authorities in 2002 that ended its regulatory troubles in the country, Microsoft's fight with the European Commission in Brussels is still very much alive.

In a landmark ruling in March 2004, the Commission found Microsoft guilty of violating European Union competition rules by abusing its dominant position in the market for personal computer operating systems. Microsoft was fined a record €497m ($628m) and told to change its business practices.

The group was told to share more information about its flagship Windows programme with rival companies and to stop bundling its Windows Media Player software with the operating system.

The ruling, which is under appeal, has since sparked a new case against Microsoft, because the Commission alleges that the group has not implemented the ruling properly. It has threatened to impose fresh fines of up to €2m a day unless Microsoft complies with the Brussels ruling speedily.

Adding to Microsoft's regulatory worries in Europe is the fact that Brussels is also taking aim at Vista, the operating system set to replace Windows next year.

Neelie Kroes, the EU competition commissioner, wrote to Microsoft this year warning that Vista could fall foul of competition rules - again by bundling new functionalities into the operating system and so shutting out rival software that is sold on a standalone basis.

Mr Gates, who took a highly active and very visible role in Microsoft's battle with US regulators, has largely taken a backseat role in Europe.

In fact, his first contact with Mario Monti, the former EU competition commissioner who presided over the Microsoft ruling, came only days before the Commission decided to rule against the group. The two men spoke briefly on the telephone, but did not discuss the substance of the case.

As with so many of the other challenges faced by the group today, the task of dealing with regulators around the globe has over recent years fallen largely to Steve Ballmer, who took over as Microsoft CEO in 2000.

Microsoft Wins Patent Case With 'EBay' Argument (LAW)

By Xenia P. Kobylarz, The Recorder

California Recorder, June 16, 2006

Microsoft Corp. appears to be the first company to benefit from the U.S. Supreme Court's recent decision to end the long-standing presumption in patent cases that an injunction should be issued almost automatically when infringement is found.

Applying the Supreme Court's May ruling in MercExchange v. eBay, a Texas federal judge denied the request of Z4 Technologies Inc., a tiny Michigan software firm, to bar Microsoft from selling, making and using its infringing Windows and Office products.

The ruling, issued on Thursday by Judge Leonard Davis in the Eastern District of Texas, signals a major shift in patent litigation practice and is the first indication of how the eBay ruling has quickly become important to the way companies fight patent infringement claims.

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"This will be the classic first example of how the eBay case is going to limit the number of injunctions in patent cases," said Michael Barclay, a patent litigation partner at Wilson Sonsini Goodrich & Rosati.

"This is also big news, given the reputation of the Eastern District of Texas as being pro plaintiff," he added.

Harold McElhinny, co-chairman of Morrison & Foerster's patent litigation group, said the ruling is likely to break "wide open" the question of whether an injunction applies in every patent case.

"Z4 does not fit the traditional definition of a patent troll. It is a company that is in the market and making a product and trying to compete with Microsoft, so now it looks like every defendant can use the eBay logic against all companies, regardless of whether they're trolls or not," McElhinny said.

In April, a Texas jury found Microsoft and Autodesk willfully infringed two of Z4's patents covering methods for limiting unauthorized use of computer software. Both Microsoft and Autodesk use the anti-piracy program in some of their products. The jury ordered the two companies to pay Z4 a combined $133 million in damages, the biggest award ever in a patent case to come out of the U.S. District Court for the Eastern District of Texas.

In refusing Z4's request for a permanent injunction against Microsoft, Davis used the traditional four-factor test recommended by the high court to determine whether to issue an injunction. He concluded that Z4 will not suffer irreparable harm in the absence of a permanent injunction.

The judge ruled that because Microsoft only uses the infringing technology as a small component of its own software, Z4 will not lose profits, brand-name recognition or market share.

"[I]t is not likely that any consumer of Microsoft's Windows or Office software purchases these products for their product activation functionality," Davis wrote.

Davis also cited Justice Anthony Kennedy's concurring opinion from the eBay case in justifying the denial of an injunction. He said Kennedy's comment that if a patented invention is but a small component of the infringing product, monetary damages should be sufficient compensation.

The court also found that the balance of hardships tilts in favor of Microsoft because it would require the company to redesign and re-release all its Office software products, which currently are distributed in 450 variations in 37 languages. Its Windows product currently has 600 variations in more than 40 languages.

Neither Microsoft nor Z4 returned calls for comment on Thursday.

Davis' ruling cited possible harm in public interest if the court enjoins Microsoft.

"Microsoft's Windows and Office software products are likely the most popular software products in the world," Davis wrote. "Accordingly, the public interest is likely to be disserved if a permanent injunction were entered against Microsoft."

Barclay said that reasoning surprised him.

"It's ironic that Microsoft was able to use its enormous market position to stop the court from issuing an injunction," Barclay said.

But McElhinny said it is a positive development that courts may now weigh the public's interest in cases where the public could be greatly inconvenienced and the plaintiff can be served by a royalty fee.

"It seems right to deny an injunction in a case like that," McElhinny said.

Prior to the eBay ruling, however, Blackberry maker Research In Motion failed to persuade a court to stop an injunction based on the inconvenience its millions of users would have faced had the company been enjoined from offering its wireless e-mail service. The Canadian company ended up paying more than $600 million to settle the patent suit against it.

France's Vinci Snubs Merger Proposal From Utility Veolia DOW JONES NEWSWIRES (WSJ/DJN)

By Dow Jones Newswires

The Wall Street Journal, June 16, 2006

PARIS -- Vinci SA rejected a merger approach from French water utility Veolia Environnement SA, calling it unsolicited and hostile.

In rejecting the proposal, Vinci, a French construction company, said a merger of the two entities "would have no strategic interest, would not create synergies and would not create value for its shareholders."

Veolia's board had asked Veolia's chairman Wednesday to study a friendly merger with Vinci, a move that would create a utility and services company valued at about €34 billion, or $43 billion.

After Vinci rejected the proposal, Veolia said it "regrets Vinci's opposition to review the interest of a potential friendly alliance."

Veolia, the world's largest water utility by revenue, has been looking to expand its concessions business and is eager to increase its €16.9 billion market capitalization to compete with larger, more financially powerful conglomerates such as water and energy utility Suez SA. Vinci's market capitalization is €19 billion.

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Many analysts have criticized the idea of a Veolia-Vinci combination, agreeing with Vinci management on the merger's lack of industrial or financial merit.

"We see little strategic and financial interest in this merger for Vinci shareholders, and there is in our view very little chance that it could succeed," said Cheuvreux analyst Arnaud Lehmann.

ENVIRONMENT:

Bush Creates Marine Sanctuary (WT/AP)

By The Associated Press

The Washington Times, June 16, 2006

President Bush created a vast marine sanctuary yesterday, extending stronger federal protections to the northwestern Hawaiian Islands and the surrounding waters with their endangered monk seals, nesting green sea turtles and other rare species.

The nation's newest national monument covers an archipelago stretching 1,400 miles long and 100 miles wide in the Pacific Ocean. It is home to more than 7,000 species, at least a fourth of them found nowhere else.

"To put this area in context, this national monument is more than 100 times larger than Yosemite National Park," Mr. Bush said. "It's larger than 46 of our 50 states, and more than seven times larger than all our national marine sanctuaries combined. This is a big deal."

Mr. Bush announced his creation of the nation's 75th national monument at a White House ceremony. The decision immediately sets aside 140,000 square miles of largely uninhabited islands, atolls, coral reef colonies and underwater peaks known as seamounts to be managed by federal and state agencies.

In introducing the president, first lady Laura Bush quoted Mark Twain, who once described Hawaii as "the loveliest fleet of islands that lies anchored in any ocean."

Conrad C. Lautenbacher, head of the National Oceanic and Atmospheric Administration, which will manage nearly all of it, said the new protected area would dwarf all others.

"It's the single-largest act of ocean conservation in history. It's a large milestone," Mr. Lautenbacher said. "It is a place to maintain biodiversity and to maintain basically the nurseries of the Pacific. It spawns a lot of the life that permeates the middle of the Pacific Ocean."

It is the second time that Mr. Bush has invoked the 1906 National Antiquities Act, which gives the president authority to create national monuments to preserve the nation's ancient cultural sites and unusual geological features. The law turned 100 this month.

The president had planned as late as Wednesday to use instead the National Marine Sanctuary Act, a law that would allow challenges from Congress and others to the decision, said a senior administration official, speaking on the condition of anonymity so as not to upstage Mr. Bush.

"This means the area will get immediate protection rather than having to wait another year," the official said, adding that Mr. Bush opted at the last minute to create a national monument after realizing the process had been ongoing for five years and elicited thousands of comments.

With the national monument designation, the federal government can begin an immediate five-year phaseout of the eight commercial fishing permits in the area and impose strict prohibitions on any other extractive uses, the official said.

In February, Mr. Bush used the antiquities law for the first time when he declared part of the African Burial Ground in the Lower Manhattan section of New York City a national monument. The site, covering less than half an acre, marks where an estimated 20,000 slaves and free blacks were buried in the 18th century.

President Clinton used the act to create 19 national monuments and expand three others to set aside 5.9 million acres of land.

Pacific Sanctuary Gets Bush's Signature (LAT/AP)

By The Associated Press

The Los Angeles Times, June 16, 2006

WASHINGTON — President Bush created a vast new marine sanctuary Thursday, extending stronger federal protections to the northwest Hawaiian Islands and the surrounding waters with their endangered monk seals, nesting green sea turtles and other rare species.

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The Northwestern Hawaiian Islands National Monument covers an archipelago 1,400 miles long and 100 miles wide in the Pacific Ocean. It is home to more than 7,000 species, at least one-fourth of them found nowhere else.

"To put this area in context, this national monument is more than 100 times larger than Yosemite National Park," Bush said. "It's larger than 46 of our 50 states, and more than seven times larger than all our national marine sanctuaries combined. This is a big deal."

Creation of the nation's 75th national monument was announced at a White House ceremony. The decision immediately sets aside 140,000 square miles of largely uninhabited islands, atolls, coral reef colonies and underwater peaks known as seamounts to be managed by federal and state agencies.

Bush said he drew inspiration from a documentary on the island chain's biological resources shown at the White House in April by Jean-Michel Cousteau, the marine explorer and filmmaker. Over dinner that night, Bush said he also got "a pretty good lecture about life" from marine biologist Sylvia Earle, an explorer-in-residence at the National Geographic Society.

In introducing the president, First Lady Laura Bush quoted Mark Twain, who once described Hawaii as "the loveliest fleet of islands that lies anchored in any ocean."

Conrad C. Lautenbacher, head of the National Oceanic and Atmospheric Administration, which will manage nearly all of the protected area, said: "It's the single largest act of ocean conservation in history. It's a large milestone."

He added: "It is a place to maintain biodiversity and to maintain basically the nurseries of the Pacific. It spawns a lot of the life that permeates the middle of the Pacific Ocean."

It is only the second time that Bush has invoked the 1906 National Antiquities Act, which gives the president authority to create national monuments to preserve the nation's ancient cultural sites and unusual geological features.

Bush had planned as late as Wednesday to use the National Marine Sanctuary Act, a law that would allow challenges from Congress and others.

"As we drew closer and closer to our target to propose a marine sanctuary, and coupled with his great experience with Jean-Michel Cousteau and Sylvia Earle, he realized that we had the consensus, that we had run the process, and the time was right to just get the job done," said James Connaughton, chairman of the White House Council on Environmental Quality.

Designating the area as a national monument takes immediate effect, Connaughton said, and the government doesn't have to wait to begin a five-year phaseout of the eight or nine commercial fishing permits in the area and to impose strict prohibitions on any other extractive uses.

In February, Bush used the antiquities law for the first time when he declared part of the African Burial Ground in Lower Manhattan a national monument. The site, covering less than half an acre, marks where an estimated 20,000 slaves and free blacks were buried in the 18th century.

Bush Signs Legislation On Broadcast Decency (WP)

By Peter Baker

The Washington Post, June 16, 2006

Complaining that television and radio shows in recent years have "too often pushed the bounds of decency," President Bush signed legislation yesterday to escalate dramatically the penalties against broadcasters who violate federal standards.

"The language is becoming coarser during the times when it's more likely children will be watching television," Bush said, citing a study of nighttime programming. "It's a bad trend, a bad sign." He noted that complaints to regulators have exploded since he took office. "People are saying, 'We're tired of it, and we expect the government to do something about it.' "

The ceremony came on a busy day for Bush as he tended to various matters in between his surprise visit to Baghdad this week and a domestic fundraising trip starting today followed by a European summit next week. In back-to-back events, Bush also gave a speech calling for action on stalled global trade talks, signed a bill to improve coal mine safety and authorized creation of the world's largest protected marine reserve.

The White House decided to showcase the signing of the Broadcast Decency Enforcement Act at a time when Bush and Republican congressional allies are trying to reassure disaffected conservative supporters that they remain committed to conservative causes. With midterm elections approaching, Bush recently gave two speeches promoting a constitutional amendment banning same-sex marriage and the Senate plans to vote on another amendment that outlaws flag burning.

The decency act, coming two years after one of singer Janet Jackson's breasts was exposed in a "wardrobe malfunction" during a Super Bowl halftime show, increases the maximum penalty for broadcasting indecent material on radio or television between 6 a.m. and 10 p.m. from $32,500 to $325,000. The new law does not change the standards of indecency, which is defined as "patently offensive" sexual or excretory content.

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Broadcasters and free-speech advocates argue that the legislation attacks expression and unfairly targets broadcast networks while cable and satellite programming remains beyond the reach of federal regulation. The main television networks and affiliates recently sued to challenge the government's power to regulate on-air content.

The National Association of Broadcasters yesterday released the same statement it issued when the legislation passed, calling "responsible self-regulation" the preferred path and asserting that any rules "should be applied equally" to cable and satellite outlets.

Bush also signed legislation to bolster safety in coal mines after a spate of deadly accidents, including the January explosion in West Virginia that trapped a dozen men who ultimately died. The lone survivor of that accident, Randal McCloy Jr., attended yesterday's ceremony. The new law requires more emergency supplies of breathable air, more accessible rescue teams and higher fines for violations.

At a separate event, the president signed a proclamation designating 140,000 square miles of sea and uninhabited islands northwest of Hawaii a national monument, an area larger than all but four states. The designation affords federal protection for the home of 7,000 marine species, including virtually the entire population of endangered Hawaiian monk seals.

The president also devoted part of his day to international trade and development, addressing a group formed by former secretaries of state Colin L. Powell and Madeleine K. Albright aimed at reducing global poverty. Bush used the occasion to urge Congress to pass his proposed increases in foreign aid and to press foreign leaders to work harder to reach a global trade deal with a June 30 deadline for basic agreements looming.

Accompanied by newly sworn-in U.S. Trade Representative Susan C. Schwab, Bush acknowledged that the so-called Doha trade talks have encountered "tough sledding" but said he would push for breakthroughs to lower trade barriers when he travels to Austria and Hungary next week.

"In my view, countries in Europe have to make a tough decision on farming and the G-20 countries have to make a tough decision on manufacturing," he said, referring to a group of 20 developing nations. "And the United States is prepared to make a tough decision along with them. That's my message to the world."

Bush Plan: World's Largest Ocean Reserve (CSM)

By Peter N. Spotts

The Christian Science Monitor, June 16, 2006

With the stroke of a pen, President Bush has established the largest ocean wildlife reserve in the world, centered along a string of islands, reefs, and atolls that stretch 1,400 miles northwest of the main Hawaiian Islands.

Other reef systems, such as Australia's Great Barrier Reef, are larger. But only a third of that UN-designated World Heritage reef is protected, analysts say, leaving far more of it open to exploitation.

The move comes from an administration not known as the darling of the environmental and conservation crowd. But it's drawing kudos from a variety of marine-conservation groups. The region's relative isolation has allowed it to retain some of the most pristine coral reefs in the world. The president's proclamation Thursday, which designated the area as a national monument, immediately created a reserve that covers some 140,000 square miles, more territory than all of America's national parks combined.

"This is just amazing," says Ellen Athas, ecosystems-protection director for the Ocean Conservancy in Washington, who served on the president's Council on Environmental Quality under Bill Clinton. "This is an important first step in protecting some of the world's healthiest reefs for future generations."

The key provisions include:

· Restricting tourism activities, such as fishing and diving, to Midway Island, at the far northwest end of the chain.

· Phasing out commercial fishing over the next five years and banning it thereafter.

· Banning all resource extraction and waste-dumping.

· Banning "boats for hire," only allowing access to the area for research benefiting the reserve and for educational purposes.

· Preserving access for native Hawaiians - whose ancestors hopscotched down the chain to settle the Hawaiian Islands - for religious and cultural uses.

"This represents the first big symbol of - and inspiration for - a new generation of ocean conservation," says a senior White House official, who notes that the administration has been working on the issue for five years. "These are the Galápagos Islands in our own backyard."

Several analysts add that, in some respects, the move is a political no-brainer for the White House. Hawaii's Republican governor, Linda Lingle, has imposed similar restrictions in the region out to the state's three-mile limit, which built local support for

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expanding the restrictions. Except for a handful of commercial fishermen, the proposal has drawn virtually no opposition from other commercial interests because the region lacks oil deposits and other easily exploitable resources.

Still, "this is an extraordinary act for any sitting president," enthuses Joshua Reichert, director of policy initiatives and the environment program for the Pew Charitable Trust.

For all their biological diversity, the Northwest Hawaiian Islands are a chain of geophysical leftovers - about 10 islands and 100 coral atolls - that have emerged over geological time. They point to the eventual future for today's main islands as the crust continues to move and generate new undersea volcanoes to the southeast of the chain.

The first efforts to conserve the area came under Teddy Roosevelt, who designated the islands as national wildlife sanctuaries to protect seabird populations.

The next major move came under President Clinton, who signed an executive order in 2000 setting portions of the region aside as a national marine sanctuary. But executive orders can be rescinded by subsequent presidents.

President Bush's proclamation makes this permanent.

A key reason for the excitement among scientist and conservation groups is the reefs' relatively untrammeled condition. As a result, they represent the best example of what coral reef ecosystems should look like at a time many reefs around the world are under increasing stress from human and natural causes. Thus, it can provide a blueprint for restoration efforts elsewhere.

And their isolation has led to the evolution there of a large number of rare species of marine life found nowhere else in the world, notes Aulani Wilhelm, acting manager of the existing reserve. "This really is a living laboratory," she says.

To accelerate the phase-out of commercial fishing, one conservation group has expressed interest in negotiating a buyout of their permits, in effect retiring them immediately. Researchers point out that even the small amount of commercial fishing that has taken place in the Northwest Hawaiian Islands has virtually wiped out the chain's lobster population. The chain's bottom-dwelling fish are under increased pressure as well, researchers say.

And it's unclear what sort of stimulus this move will provide for setting other areas aside along US coasts because of the remote location, lack of deep commercial controversies, and a congressional moratorium on additional reserves. Still, a new reserve would represent a significant addition to those being established by other Pacific nations, such as Fiji and Kiribati.

Says one administration official: "By setting aside something on this scale, this is telling the rest of the world that the US is willing to walk the walk" on marine conservation.

Islands Apart (NYT)

The New York Times, June 16, 2006

An unfamiliar but highly appealing side of President Bush showed itself at the White House yesterday. It was Mr. Bush the compassionate conservationist, friend of green sea turtles, seabirds and Hawaiian monk seals, savior of coral reefs and spiny lobsters, creator of the largest ocean sanctuary on the planet.

Mr. Bush has made the Northwestern Hawaiian Islands a national monument, putting them under some of the strictest environmental protections the law provides. It was an act of wilderness preservation that, acre for acre, instantly put him into the same league as the conservation-minded presidents Theodore Roosevelt, Jimmy Carter and Bill Clinton.

If the state of Hawaii is a garland of flowers, the Northwestern Hawaiian Islands are a spray of petals, an arc of tiny reefs and atolls extending 1,200 miles beyond the last bits of Hawaii any tourists see. They are strewn across an area bigger than 100 Yosemites. They are among the remotest islands in the world, and in many ways pristine. Some in Hawaii call them the "kupuna islands," using the Hawaiian word for elders, since they teach people what the Pacific was like before plundering and pollution. Sharks, not fishing boats, are still at the top of the food chain. Ancient colonies of living coral reach heights of 80 feet. A quarter of the 7,000 marine species there exist nowhere else.

These islands are distant, but not undisturbed. The monk seals are endangered. Black-lipped pearl oysters were wiped out 75 years ago. The lobster fishery crashed in the 1990's. The islands' bottom-dwelling fish, snappers known on Hawaiian menus as opakapaka and onaga, are in serious decline.

Mr. Bush created the sanctuary by fiat, but his decision reflects a long-held consensus that the islands need protecting. Theodore Roosevelt created the first refuge there in 1909. Governor Linda Lingle had already imposed strict protections on her state's portion of the islands' waters. Mr. Bush, who overturned many of Bill Clinton's executive orders soon after taking office, spared two that had enabled the creation of a sanctuary there. His action yesterday, which ends sportfishing immediately and commercial fishing in five years, brought that process to a satisfying and necessary close.

In some ways, Mr. Bush's decision was supremely easy — the end of commercial fishing will affect only eight fishermen. But even so, the mind reels a little at what Mr. Bush has done. The Northwestern Hawaiian Islands are a vast place few Americans have ever visited or ever will. But they are being protected anyway — not for divers, fishermen or cruise ships, but for

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their own sake, for science and forever. Mr. Bush made exemplary use of presidential power yesterday. We hope he does more of it.

Saving The Islands (WP)

The Washington Post, June 16, 2006

ENVIRONMENTAL protection is not an area in which the Bush administration has cloaked itself in glory. But yesterday the president took a major step in ecosystem protection, designating as a national monument 140,000 square miles of some of the nation's most precious but vulnerable waters and islands.

The territory -- about the size of Montana -- is a remote, unpopulated string of islands extending 1,400 miles northwest from Hawaii's populated regions. The Northwestern Hawaiian Islands, despite human impact, remain one of the most pristine natural regions left in the country. The waters there contain America's largest coral reef system. The islands are the nesting grounds of millions of seabirds, sea turtles and the endangered Hawaiian monk seal. The chain is home to at least 7,000 species, a quarter of which live nowhere else in the world -- along with relatively healthy stocks of large predatory fish whose populations elsewhere have been decimated by commercial fishing. The designation turns the waters around the island chain into the largest protected marine area in the world and sets an important marker for aggressive conservation of sensitive ocean regions under threat from human activity.

What's impressive is not just the designation itself but the fine print of President Bush's order. Despite tenacious pressure from regional fisheries managers, Mr. Bush decided not to permit any commercial fishing in the area. The small amount that goes on now will be phased out; a coalition of private donors will buy out the fishing permits of the eight fishermen who currently work those waters. What's more, in a happy surprise, Mr. Bush used his power under the National Antiquities Act to designate national monuments, not the more cumbersome federal marine sanctuaries law. As a result the plan goes into effect immediately, bypassing months of additional bureaucratic wrangling.

This administration and future ones should follow up with similar actions to protect other ecologically sensitive marine systems. America began protecting its land-based national parks and monuments a century ago, but the country has lagged in shielding its underwater treasures. Mr. Bush's action offers an exciting example of assertive action to put essential areas beyond further human destruction.

Senate Democrats Cry Foul Over Toxic Waste Sites (LAT)

By T. Christian Miller

The Los Angeles Times, June 16, 2006

Washington — Senate Democrats on Thursday accused the Bush administration of withholding key details about toxic waste sites that present risks of exposure to nearby residents.

At a congressional hearing, Sen. Barbara Boxer, D-Calif., said the Environmental Protection Agency had designated as confidential the details of about 140 Superfund sites where toxic exposure remains uncontrolled.

Boxer and other Democrats said the secret data included information about how much money and time it would take to clean up the dangerous sites, including one where the EPA predicted it would take 26 years to close off access to toxics.

"This isn't a question of left or right," Boxer said, waving a document marked "Privileged" by EPA officials to prevent its release to the public. "This is a question of right and wrong."

The EPA said that it had only blocked information related to law enforcement and that the public had access to all relevant health risk data for the sites, seven of which are in California.

"There is far more information available for each (high priority) site than has ever been available before," said Susan Parker Bodine, the assistant administrator responsible for the Superfund program, which was designed to clean up toxic waste sites, such as chemical dumping grounds and contaminated factories.

Republicans said Democrats were trying to manufacture a political issue, noting that Senate tradition has long prevented the release of sensitive information.

They also said they feared Democrats were seeking to reinstate a controversial tax in which chemical manufacturers and other companies are forced to pay a fee to contribute to cleaning up waste sites, even if the companies played no role in creating the mess.

"This tax would fall on businesses already paying for their own cleanup or that had never created any kind of a Superfund site," said Sen. James Inhofe, R-Okla., the chairman of the Senate Environment Committee. "It would put a burden on those companies."

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Democrats have routinely accused the Bush administration of restricting access to information designed to protect the public. One Republican-sponsored bill moving through Congress would limit data available on toxic substances released into local communities, while the U.S. Army Corps of Engineers has blocked information on flooding dangers in Florida.

Thursday's hearing of the Superfund and Waste Management Subcommittee was the first in four years. The Superfund program was created almost three decades ago in response to environmental disasters such as Love Canal, a neighborhood in Niagara Falls, N.Y., where chemical contamination forced the removal of 800 families and $200 million in remediation costs.

The cleanup effort has drawn criticism ever since, from environmentalists who claim it is under-funded and too slow, and from industry officials who say it is costly and punitive.

Bodine said that the agency had made significant progress, but that larger, more costly projects take more time to remediate, including many of the 140 sites at issue at Thursday's hearing.

Sen. Frank Lautenberg, D-N.J., said he was "disturbed" by some of the answers from Bodine, who at times appeared flustered and at a loss for words under the Democrats' withering questions. New Jersey, with 20, has the highest number of sites with uncontrolled exposure.

The EPA's decision to withhold information is "nonsense and everybody knows it's nonsense," Lautenberg said. "It's deceptive."

TOXIC SITES

Of the roughly 140 Superfund sites said by Senate Democrats to cause "uncontrolled human exposure" to toxic waste, seven are in California:

Site Name..... City
Ft. Ord .....Marina
Lava Cap Mine..... Nevada City
McCormick & Baxter Creosoting Co. Stockton
Montrose Chemical Corp..... Torrance
Omega Chemical Corp..... Whittier
Sulphur Bank Mercury Mine..... Clearlake
United Heckathorn Co..... Richmond
. Source: Sen. Barbara Boxer (D-Calif.)

Bush Signs Bill Overhauling Mine Safety (AP-Y2)

By Nancy Zuckerbrod
AP2, June 15, 2006

With the sole survivor of the Sago mine disaster looking on, President Bush signed into law the first major overhaul of mine safety laws in three decades.

"Only one man came out, and he's with us today," Bush said Thursday of Randal McCloy Jr., who is still recovering from carbon monoxide poisoning from the January accident that killed a dozen miners in West Virginia. McCloy received a standing ovation from those attending the White House ceremony.

The new law, the first of its kind since 1977, requires miners to have two hours' worth of oxygen on hand while they work, rather than one.

Mine operators also must store additional oxygen supplies underground and must put new communications equipment and devices to track lost miners in mines within three years.

Congress passed the mine safety bill following a string of fatal accidents this year. Thirty-three miners have been killed on the job in the United States since the beginning of January, up from 22 throughout 2005.

"We make this promise to American miners and their families: We'll do everything possible to prevent mine accidents and make sure you're able to return safely to your loved ones," Bush said.

The president exchanged hugs and words with miners' families after he signed the bill.

In an emotional exchange with Pam Campbell, whose brother-in-law Marty Bennett died at Sago, Bush said, "I saw your eyes," referring to the tears Campbell shed when Bush was making his remarks.

"They've been that way a while," Campbell replied.

Deborah Hamner, whose husband, George Hamner, was killed at Sago, told the president that she was honored to attend the ceremony but opposed his choice to head the Mine Safety and Health Administration.

Bush's nominee, Richard Stickler, faces staunch opposition from Senate Democrats and miners' advocates. They say he has spent too many years as a coal industry executive.

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Bush defended his pick during the speech before the bill signing. "He was a miner, mine shift foreman, a superintendent, and a manager, and the Senate needs to confirm Richard Stickler to this key position," Bush said.

The new safety law includes a requirement that rescue teams be located within an hour of each mine, rather than two hours away.

The law also calls for the government to study whether mine rescue chambers ought to be built into underground coal mines. Such refuges are credited with saving the lives of 72 potash miners in Canada earlier this year.

Pennsylvania Democratic Gov. Ed Rendell, who attended the signing, said the bill should have required the rescue chambers to be put in place in coal mines.

West Virginia Democratic Gov. Joe Manchin and Kentucky Republican Gov. Ernie Fletcher also turned out for the ceremony, and both praised the new law.

"We've kept the promise to the families that their brave loved ones have not died in vain," Manchin said.

Peggy Cohen, who lost her father, Fred Ware, at Sago, said she hoped lawmakers would continue to strengthen mine safety laws. "It's a start," she said of the new law. "Let's hope it's not the end."

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On the Net:

Mine Safety and Health Administration: http://www.msha.gov/

Clinton Praises Evangelical Christians (AP-Y2)

AP2, June 15, 2006

Former President Bill Clinton praised evangelical Christians on Thursday for their recent efforts on global warming and debt relief for poor nations and said he sees growing understanding between people of different faiths.

Clinton made the remarks while accepting an award from the Tanenbaum Center for Interreligious Understanding. He said that as president he had "a consuming interest in the intersection of religion and politics."

He said evangelicals, few of whom voted for him, "were instrumental in the biggest debt relief initiative in history in my last year as president because they believed in the admonition of the Scripture to alleviate the burdens of the poor."

Clinton also noted the publication earlier this year of "Climate Change: An Evangelical Call to Action," which was signed by many leading conservative Christians and which frames environmental protection as a Christian imperative.

The mission of the New York-based Tanenbaum Center is to defuse physical violence perpetrated in the name of religion worldwide.

Clinton, speaking at the group's awards luncheon, said religion is a problem for both liberals and conservatives in the United States.

"For people in America who are a part of my political tradition, our great sin has often been ignoring religion or denying its power or refusing to engage it because it seemed hostile to us," he said. "For ... the so-called Christian right and its allies, their great sin has been believing they were in full possession of the truth."

Clinton, a Southern Baptist, noted that there was once a resolution at his denomination's convention to expel his church because of his positions in favor of abortion rights and gay rights. It failed.

A Shift Among The Evangelicals (WP)

By E. J. Dionne Jr.

The Washington Post, June 16, 2006

Sometimes very important elections receive very little attention.

When the Southern Baptist Convention elected the Rev. Frank Page as the group's president at its meeting this week in Greensboro, N.C., the news appeared on the back pages of most secular newspapers -- or it didn't appear at all.

But Page's upset victory could be very significant, both to the nation's religious life and to politics. He defeated candidates supported by the convention's staunchly conservative establishment, which has dominated the organization since the mid-1980s. His triumph is one of many signs that new breezes are blowing through the broader evangelical Christian world.

No, this is not some liberal victory. Indeed, the Baptist Press reported that Page went out of his way to tell reporters that he was not elected "to somehow undo the conservative resurgence" in the convention. But he also signaled that the spirit he hopes to embody is quite different from that of the angry, right-wing, politicized preacher who has been a stock figure in American life for more than two decades.

"I believe in the word of God," Page said. "I'm just not mad about it."

The mellowing of evangelical Christianity may well be the big American religious story of this decade. The evolution of the evangelical movement should not be confused with the rise of a religious left. Although the margin of the Republican Party's

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advantage among white evangelicals is likely to decline from its exceptionally high level in the 2004 election, a substantial majority of white evangelicals will probably remain conservative and continue to vote Republican.

But the evangelical political agenda is broadening as new voices insist on the urgency of issues such as Third World poverty and the fights against AIDS and human trafficking. Among the most prominent advocates for a wider view of Christian obligation is Rick Warren, pastor of Saddleback Church in Lake Forest, Calif., and author of "The Purpose Driven Life."

In the meantime, Rich Cizik, vice president for governmental affairs at the National Association of Evangelicals (and a self-described "Ronald Reagan movement conservative"), has been a leader in urging evangelicals to make environmental stewardship a central element of their political mission. This has earned him attacks from such prominent leaders on the Christian right as James Dobson.

In the Southern Baptist election, Page, pastor of First Baptist Church in Taylors, S.C., defeated two candidates more closely associated with the convention's conservative leadership, the Rev. Ronnie Floyd of Springdale, Ark., and the Rev. Jerry Sutton of Nashville. The election was important because the Southern Baptist Convention has been the locus of fierce struggles between moderates and conservatives in which the right emerged triumphant.

In response to the resulting purges and acrimony, moderate and progressive Baptists formed new organizations such as the Nashville-based Baptist Center for Ethics. Robert Parham, the center's executive director, argues that it would be a mistake to read too much into Page's triumph. "This was a race between the right and the far right," Parham said. "One election neither makes a positive trend nor unmakes the essence of fundamentalism."

Bill Leonard, the dean of the Wake Forest University Divinity School, largely agrees with Parham's analysis but argues that many Baptists are sensitive to "static or declining" membership numbers and the rising popularity of nondenominational churches such as Warren's.

The election, he said, indicates that "the leadership of the denomination that pushed it hard to the right on theological and social issues is aging or passing from the scene and is unable to rally the troops as they once did."

"Some people," Leonard added, "are tired of just fighting liberals. You need a reason to be a Southern Baptist other than just fighting liberals in the culture or in the church."

One other force was at work in this year's Baptist voting: the rise of the blogosphere.

Over the past several years, an active network of Baptist bloggers has opened up discussion in the convention and given reformers and moderates avenues around what Parham called "the Baptist establishment papers" and other means of communication controlled by the convention's leadership. Thus may some of our oldest and most traditional institutions be transformed by new technologies.

Religious movements stay vibrant thanks to the complicated interaction of fidelity, reflection and reform. The evangelical world is going through a quiet evolution as believers reflect on the perils of partisanship and ideology and their reasons for being Christian. This will probably affect the nation's political life, but it will certainly affect the country's spiritual direction. My hunch is that not only moderates and liberals but also many solid conservatives welcome the departure.

Alaska Is Front Line Vs. Avian Virus (USAT)

By Martin Kasindorf

USA Today, June 16, 2006

BARROW, Alaska — Within sight of an Arctic radar station built for Cold War warnings of air attacks from Soviet Siberia, government scientists are stalking birds that could be carrying a new menace from Asia: the H5N1 avian influenza virus.

Tundra swans, lesser snow geese, spectacled eiders, long-billed dowitchers, bar-tailed godwits, northern pintails, ruddy turnstones: They all come to America. Wildlife biologists don't know which of these birds, if any, will be the first to carry the killer virus from the Eastern Hemisphere over the North Pole and down the flyways to the Lower 48.

Barrow, on the icy shore of the Arctic Ocean, is the USA's northernmost settlement. Two flyways for wild birds on their spring migration from Asia cross above the predominantly Inupiat Eskimo city of 4,800 people. As the birds nest on the marshy tundra under the midnight sun, 25 biologists are checking them for the first signs that H5N1 has reached the Americas.

“So far, no positives,” says Hon Ip, a virologist at the National Wildlife Health Center in Madison, Wis., which has analyzed 1,000 bird samples shipped by scientists in Alaska since April.

“I hope we don't find it,” says Corey Rossi, a U.S. Agriculture Department wildlife biologist based in Alaska. “But we're going to look as hard as we can. The public can take some reassurance in that.”

The Alaskan early-warning project is on the front line of a $29 million federal program to test thousands of birds in 50 states this year to guard against a possible pandemic. “It's a good thing they're here, hopefully protecting the rest of the North American continent,” says Bekah Barr, 20, a hotel employee in Barrow.

Biologists here find that in addition to anal swabs for sampling bird feces, they'll need plenty of patience to get the job done.

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In snow flurries at Barrow's municipal landfill one afternoon, Rossi sets out bait for sea gulls. It's chunks of the pink whale blubber Eskimos call muktuk, a local delicacy. If the seabirds roost on the bait, Rossi's team will fire cannons to deploy a net that traps them for testing. But the birds aren't gulled; they don't nibble until the scientists have left for the day.

There's another disappointment later that day at a nearby pond. Sandpipers, phalaropes and dunlins, small shorebirds that winter near Chinese and Vietnamese chicken farms devastated by the flu, walk toward Rossi's gossamer-thin "mist" net. A wind ripples the net, making it visible to the birds. They flutter away.

"Some days you spend a lot of energy, and you get an empty sack," Rossi says. "But you just gotta keep pressing on."

Undeterred, U.S. Fish and Wildlife Service biologists go off by helicopter the next day to search for nests on the Alaskan North Slope tundra south of here. They tote shotguns in case bears attack.

"Swabbing butts is not my usual thing, but it's a national emergency," biologist Rick Lanctot says.

Public health officials have been bird-watchers since an outbreak of the H5N1 strain in poultry in Hong Kong in 1997 was blamed for 18 influenza cases in people. Six people died. An outbreak in Southeast Asia in 2003 has spread to more than 50 countries in Asia, Europe and Africa. It has caused the deaths of 200 million birds and at least 129 people, says Juan Lubroth, a veterinary scientist with the United Nations Food and Agriculture Organization (FAO) in Rome.

If the virus turns up in the USA, the first threat would be to the $43 billion-a-year poultry industry. A greater fear is that a pandemic could break out if the virus were to mutate into a form that is easier to transmit from person to person. In 1918, a bird flu that jumped into humans caused the "Spanish flu" pandemic. It killed 20 million to 50 million people worldwide, including more than 500,000 in the USA.

Until last year, Lubroth says, scientists doubted that wild birds could carry or transmit lethal avian flu viruses such as H5N1. The only precedent was in 1961, when H5N1 killed terns in South Africa.

Then in the spring of 2005, 6,200 birds — bar-headed geese, cormorants, gulls and shelducks — were found dead at Qinghai Lake in west-central China. The HN51 viruses that killed them spread from the lake through swans and other migratory waterfowl across Asia and into Europe, according to a study by Hualan Chen of China's Harbin Veterinary Research Institute.

Chen called it "worrisome" that the viruses were in "a form associated with … adaptation to humans."

At an FAO conference in Rome last month, researchers concluded that migrating birds are one way the virus could spread and called for further investigation. Another way is through the export of poultry and poultry products.

"Wild birds can introduce the virus, but it's through the human activities of commerce, production and marketing of poultry that the disease spreads," Lubroth says.

The World Health Organization (WHO) says most human fatalities have resulted from handling sick birds on poultry farms or in backyard flocks. The Alaska Department of Fish and Game says that "if it arrives in North America, Asian H5N1 is more likely to be transported through virus-contaminated articles or illegally imported birds or bird products" than through migratory birds.

The WHO cites a half-dozen "very likely" cases of limited human-to-human transmission of bird flu that resulted in death. A single case of suspected human-to-human transmission began with wild birds, Caroline Brown, a WHO communicable-diseases researcher, told the Rome conference.

In Azerbaijan last February, she reported, there was a die-off of 1,952 swans from Siberia. Members of a family that depended on hunting for its income plucked feathers from dying swans. Seven people caught bird flu from viruses "closely related" to the Qinghai Lake strain, Brown said. Four died. A study by the WHO and U.S. Navy scientists said it was unlikely that all seven people contracted the virus directly from the swans.

The Alaska virus search is literally a wild goose chase. And it could turn out to be, well, a wild goose chase.

The government gathered 12,000 bird samples in Alaska between 1998 and 2005. No trace of H5N1 virus was found. Canada tested nearly 5,000 birds last year and found no H5N1.

Though the die-offs in Europe and Asia show that wild birds can carry the killer virus long distances, scientists don't know which species are infectious carriers of the virus, Lubroth says.

Henry Niman, a Pittsburgh biochemist who is researching bird-flu vaccines, says Russian scientists last year found H5N1 in the carcasses of 25 wild bird species. "This indicated that the virus isn't going to have a major barrier between waterfowl," Niman says. "But which species is bringing a lot of it over, by which flyway, is not totally nailed down yet. That's a key question."

Terry McElwain, director of the Washington Animal Disease Diagnostic Laboratory in Pullman, Wash., says he's not convinced that the virus will spread "through the mixing of the populations of birds in the Pacific Flyway." If this can happen, flocks now in Alaska are "a likely population to be targeting."

Bird testing by the U.S. and Canadian governments will be more extensive this year. U.S. scientists plan to sample 75,000 to 100,000 birds, including 19,000 in Alaska. Also, some poultry flocks will be monitored, and scientists will watch for suspicious die-offs of wild birds, the Agriculture Department says.

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Rossi and other biologists in Alaska are reporting success in capturing 29 targeted species of live waterfowl, shorebirds and land birds that are swabbed and released.

Biologists are also taking samples from the intestinal tracts of dead game birds that hunters bring in. And the biologists are collecting bird droppings in wetlands.

Samples go to labs in the Lower 48. If a swab tests positive for exposure to H5N1, the finding will be announced by Agriculture Secretary Mike Johanns or Interior Secretary Dirk Kempthorne, says Gail Keirn, a spokeswoman for the Agriculture Department.

Next, a second lab will seek to confirm the result. Scientists will converge on the site where the affected bird was found. Poultry breeders will be warned to keep flocks from wild birds, Keirn says.

"Should the H5N1 virus appear in the U.S., it does not mean the start of a pandemic," the Department of Health and Human Services says.

A WHO study says wild birds pose a lower risk of spreading a pandemic than poultry. The virus carried by wild birds "will have less opportunity" to mutate into a human-to-human threat because relatively few people — hunters and ornithologists, mostly — are exposed to wild birds, the organization says.

Many Eskimos on Alaska's North Slope hunt wildfowl — as well as whales, walruses, seals and polar bears — as staples of their diet and traditional subsistence culture. The reception they give the scientists who are advising them of a potential threat isn't always warm.

"Right now, bird flu doesn't scare me at all," says James Nukapigak, an Inupiat tribal elder. "We eat what God has provided us for thousands of years, and we're still living on it."

Tommy Olemaun, executive director of the Native Village of Barrow, tribal government for the 51% of the city's population that is Eskimo, says just a handful of residents have taken government advice to wear rubber gloves when handling game birds.

"We hunt these birds since time immemorial, and we know when one is sick," says Olemaun, who says he kills 40 geese a year to feed his family and make soup for community feasts.

Olemaun criticizes the visiting biologists for failing to "communicate with our tradition, our own knowledge." Rather than ask natives about the best places to find birds, he says, "government men drop off the plane" and go to inappropriate testing places.

Charles Brower, 55, retired wildlife director for the tribal government, agrees. He says the biologists erred by stalking shorebirds in a pond abutting the city's sewage-outfall lagoon.

"It just makes me laugh to see them get all these birds from the most unsanitary area here," he says.

Brian Person, a wildlife biologist for North Slope Borough — the Alaska equivalent of a county government — says Brower was right in saying the pond was potentially contaminated. "But that wouldn't affect tests for the bird flu virus," Person says. Besides, he says, "that's where the birds were."

Another Death In Indonesia Deepens Fears Of Bird Flu's Spread (NYT)

By Donald G. McNeil Jr.

The New York Times, June 16, 2006

The death of a 38th person from avian flu in Indonesia was confirmed yesterday by the World Health Organization and the situation in that country continued to worsen.

Indonesia is now in second place, after Vietnam, which has had 42 deaths, but none this year, while Indonesia's caseload is climbing rapidly and striking many family clusters.

The World Bank said Monday that Indonesia's response to the flu was disorganized and underfinanced. On Tuesday, the World Animal Health Organization said Indonesia was no longer even counting most poultry outbreaks. In the last year, it has officially reported the deaths of only 800 chickens, while there have been news reports of the deaths of thousands of birds from 29 of the country's 33 provinces.

Indonesia, the world's fourth-most-populous nation, has 242 million inhabitants and an estimated 1.3 billion chickens spread across 18,000 islands.

On Monday The Jakarta Post quoted several local health experts as saying that the government was not disclosing how widespread the disease was or how many times human-to-human transmission might have occurred. And last week Indonesia's health minister, Siti Fadilah Supari, said she was "running out of ideas for how to make the public aware" of the threat and get them to kill sick chickens instead of eating them.

Yesterday the Indonesian Health Ministry said the death of a 7-year-old girl in Banten Province on June 1 was the country's 38th from avian flu. The girl's 10-year-old brother died May 29, but he was buried before specimens were taken, so he was not included in the count. Chickens in the family's household had died earlier.

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According to news agency reports quoting health officials, the 7-year-old had tested negative for avian flu in nose and throat swabs taken when she was alive, but then tested positive when lung tissue was taken after her death.

Nose and throat swabs — the routine way of diagnosing regular flu — may give false negatives because the bird flu virus attaches to cells deep in the lungs, not to the upper respiratory tract. In January, according to the World Health Organization, the same error caused the first human cases in Turkey's outbreak to be misdiagnosed.

Dr. Henry L. Niman, a biochemist who has questioned many of the health organization's official counts, argued that flu cases were underestimated because of that error and because blood tests could also produce false negatives if the blood was drawn before detectable antibodies had built up. Victims can die before that happens, and the outbreak in Indonesia has a very high death rate: of the 50 known cases, 38 have died.

An Indonesian newspaper, The Tempo, reported yesterday that one of its reporters who covered the extermination of infected poultry and the funeral of a flu victim near Jakarta had been hospitalized with flu symptoms; the newspaper did not report any test results.

Dick Thompson, a World Health Organization spokesman, said he knew nothing about the reporter who fell ill, but he said the agency was drafting safety guidelines for journalists. "Some of them are getting pretty close to cases," he said.

There have been several reports of Indonesian nurses' falling sick after tending avian flu victims, which could indicate that the virus was spreading more easily between humans. On June 6, the World Health Organization reported that tests on four such nurses had convincingly ruled out A(H5N1), the avian flu, and indicated that one had a seasonal flu, A(H1N1), instead.

Dr. Niman said convincing evidence could be obtained only from blood tests.

Mr. Thompson, who recently returned from Indonesia, said that he did not know how the nurses had been tested, but that he thought that Indonesian health authorities "are really on top of the human cases, investigating them aggressively," even though animal cases were spiraling out of control.

FBI/DEA/ATF/USMS:

FBI Agent Sentenced (CO)

By Jim Morrill

The Charlotte Observer, June 16, 2006

A federal judge Thursday sentenced former Charlotte FBI agent Erik Blowers, who was the ethics adviser to agents across North Carolina, to two years probation for failing to disclose gifts and favors from a one-time informant.

The sentencing by U.S. District Judge Carlton Tilley in Greensboro came six months after Blowers pleaded guilty to a misdemeanor offense that could have brought him up to a year in prison. He was the first FBI agent ever charged in the state.

That plea followed Blowers' indictment on a felony charge for the same conduct. Documents filed by U.S. Justice Department prosecutors claimed Blowers misled supervisors, lied to investigators and had extensive business dealings with a convicted drug trafficker.

Former FBI Agent Sentenced To Probation (KCS)

The Kansas City Star, June 16, 2006

GREENSBORO, N.C. - A former FBI agent accused of lying about two trips to Las Vegas that were paid for by an informant was sentenced Thursday to two years probation, his attorney said.

Erik Blowers, once the chief legal counsel and ethics adviser for the FBI office in Charlotte, pleaded guilty in November to making a false report. He also resigned from the agency.

Blowers was also ordered Thursday to perform 400 hours of community service.

"We are pleased that the judge found that Erik did not adversely effect the integrity of any FBI investigation," said his lawyer, Chris Fialko.

The case against Blowers stemmed from two trips he took to Las Vegas in 2000 with David Simonini, and for his failure to report thousands of dollars in travel expenses and gifts from the homebuilder.

Blowers headed an FBI investigation of Simonini, a former informant who later pleaded guilty to money laundering and bank fraud.

22 Suspects Arrested As U.S. Targets Global Drug Network (WT)

By Jerry Seper

The Washington Times, June 16, 2006

DOJ_NMG_0035009

Federal drug agents have disrupted an international heroin smuggling ring responsible for shipping more than $14 million worth of the drug into the United States since 2004, arresting 22 suspected gang members and seizing more than 60 pounds of heroin.

U.S. Drug Enforcement Administration (DEA) spokesman Rusty Payne said agents also confiscated more than $220,000 in cash during raids with authorities in Trinidad and Ecuador, as well as heroin abandoned by drug couriers in a Guayaquil, Ecuador, hotel, at George Bush Intercontinental Airport in Houston, at John F. Kennedy International Airport in New York and at Piarco International Airport in Trinidad.

"Heroin-laden clothes or heroin hidden in soles of shoes -- it makes no difference how it is smuggled into the United States, law enforcement will find it," said John P. Gilbride, special agent in charge of the DEA's New York office. "This investigation shows that through collaborative efforts with our local and international partners, the DEA is committed to identifying, investigating and dismantling drug trafficking organizations so we can stop the flow of poison onto the streets of our communities."

The arrests culminated a 10-month undercover investigation led by Justice Department's Organized Crime Drug Enforcement Task Force and, Mr. Payne said, involved multiple confidential witnesses and sources, court-authorized wiretaps, surveillance and a controlled heroin delivery.

On Wednesday and yesterday, he said, nine suspects were arrested in Las Vegas, one in Palm Springs, Calif., one in Caguas, Puerto Rico, and one in New York. Other suspects were taken into custody earlier this month.

A criminal complaint in the case, unsealed yesterday in New York, identified the organization's leaders as Javier Alexander Alvarez Monroy, 26, a former police officer in Bogota, Colombia, and Marc Klindt, 29, both of whom are accused of using couriers to smuggle the organization's heroin from several countries, including Ecuador, Venezuela, Trinidad and Tobago, Colombia, Brazil and Mexico, to New York for distribution.

One of the couriers is identified in the complaint as Jeanette Vidal, 47, a Las Vegas-area school teacher.

Mr. Payne said the organization employed more than a dozen drug couriers and recruiters, many of whom made multiple drug trips and were based in the Las Vegas area. He said the couriers smuggled 6 to 10 pounds of heroin per trip within the lining of clothes.

He also said investigators discovered that Mr. Monroy and Mr. Klindt used the Internet to communicate with their foreign suppliers and their drug couriers.

Others charged were Wendy Holiday, 35, Chantelle Davila, 31, and Paola Lujan, age unknown, accused of recruiting couriers for the organization. Hector Navarro was accused of assisting in the gang's money-laundering activities.

Officials Gather To Fight Deadly Fentanyl Outbreak (DFP)

By Kim Norris

Detroit Free Press, June 15, 2006

CHICAGO - Just one hundred and twenty-five micrograms - the equivalent of six grains of salt - is enough fentanyl to kill.

Mix it with heroin or cocaine, and you have a high to die for - literally.

In Pittsburgh, heroin mixed with fentanyl is being marketed on the street under the name "get high or die tryin.'"

In metro Detroit, so far this year, 83 people have died trying.

The seriousness of the spreading threat drew more than 125 law enforcement officials, scientists, public health officials and emergency first responders from seven cities and Mexico to Chicago on Wednesday and Thursday to learn about the potentially lethal painkiller and where it's coming from. Even Scott Burns, deputy drug czar, in the Bush administration was on hand.

"This is a serious drug," said Timothy Ogden, Drug Enforcement Administration associate special agent,

He held up a little plastic bag in which tiny particles of powder were barely visible.

"This is enough fentanyl to kill you, " he said.

"In my 30 years of drug enforcement work, I haven't seen a threat that bothers me as much," Ogden said.

He likened the use of illegal drugs to playing Russian roulette with a single bullet, but with fentanyl, he said, "It's like playing Russian roulette with six bullets in the gun."

The fentanyl being mixed with street drugs most likely was manufactured in multiple clandestine labs, possibly in Mexico, Ogden said Thursday.

This outbreak is more widespread than previous ones, he said. "It appears there may be independent distributors operating in different cities," he added.

Chicago has had an explosion of drug overdose cases in the last two months, many in people taking heroin laced with fentanyl. The city has had 60 deaths in about a year.

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Detroit experienced a similar increase, but in a much more concentrated period of time. And, unlike in Chicago, where people are surviving the overdoses, most of the known fentanyl cases in Detroit have been dead on arrival.

Fentanyl is a synthetically manufactured pain medication that is 50 to 100 times more powerful than morphine. In its legally prescribed form, it typically is administered through a patch, an oral lozenge or through injections. It often is prescribed to cancer patients.

Although the number of suspected drug deaths has fallen back to more normal levels in the past two weeks in metro Detroit, fentanyl-laced heroin has been popping up in more and more cities, with similar deadly results. And a lull does not indicate the problem is past, authorities said.

"There's always a concern when the drug is being manufactured that it can come back at any time, especially if it's being manufactured in the states," said James Tolbert, commander of the organized crime division for the Detroit Police Department, who attended the conference.

"That's why we're cooperating with all our local folks and the people here, to try to determine where the source is."

John Arvanitis, assistant special agent in charge of the Detroit field division of the DEA, said the most important thing that came out of the conference, was "the realization of the magnitude of the situation.

"That will facilitate coordination among state, local and federal authorities in a national effort to disrupt and dismantle the organization s involved in this, " he said.

130 Dead From New U.S. Super-heroin (WT/UPI)

The Washington Times/UPI, June 15, 2006

Federal and local officials in the U.S. Midwest are trying to determine the source of a new enhanced form of heroin that has killed at least 130 people.

The bulk of the deaths have been in and around Chicago and Detroit but victims have also shown up from St. Louis to Philadelphia, The New York Times reported Thursday.

The additive to the heroin is the commercial painkiller fentanyl, which is 50 to 100 times more powerful than morphine. Fentanyl enhances the effect of the heroin, but can also cause the user's respiratory system to shut down, health officials told the Times.

Chicago Police Superintendent Philip Cline, said in an interview his officers are working with the Drug Enforcement Administration looking for common contacts among overdose cases.

The city published fliers warning drug users of the consequences of using the drug, but Cline said drug dealers were seen waving the fliers, advertising they were selling the very thing the fliers warned about.

Amid Fentanyl Deaths, Investigation, Addicts Keep Using (AP)

By Michael Tarm

AP, June 15, 2006

CHICAGO - A self-described drug addict stood by a vacant lot on the city's South Side Thursday and pointed down the block where he says more than a dozen of his friends and acquaintances died after using fentanyl-laced heroin.

"Joe died down there, and then there was Rita, Cherlyn, Marvin died somewhere over there - and Chico there," said Don Howard, 59, flanked by rows of derelict buildings and a sign atop a lamppost that read, "Chicago Blues District."

Several miles away, police and drug enforcement officials from around the country ended two days of discussions Thursday on the possible source of the bad heroin that killed Don's friends and at least 100 others from Chicago to Philadelphia.

"In my almost 30 years of law enforcement experience, I haven't seen a threat that concerns me this much," said Tim Ogden, an agent with the U.S. Drug Enforcement Administration's Chicago office. "Fentanyl is a very, very potent substance."

The summit provided officials from 12 states and Washington D.C. the chance to coordinate their investigations into the spike of fentanyl-related deaths since the beginning of this year, Ogden said at a news conference.

There were outbreaks of fentanyl-laced heroin in the '80s and early '90s, said Arlington, Va.-based DEA spokeswoman Mary Irene Cooper, who was in Chicago for the meeting. The difference is that the outbreaks aren't isolated this time to one city.

"We're trying to figure out why it's spreading so widely," she said.

Fentanyl is a legally produced prescription pain killer. But the type of fentanyl currently being mixed with heroin is most likely manufactured in illicit labs, Ogden said.

Ogden said that just 125 micrograms of the illegal fentanyl - the equivalent of a few grains of salt - are more than enough to kill.

"I view fentanyl use as taking a six (chamber) revolver, putting five bullets in it, putting it to your temple and pulling the trigger," he said.

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Yet, its deadliness doesn't appear to have dissuaded hardened drug addicts.

After Chicago police publicized one street corner where samples of fentanyl-laced heroin had been handed out - thinking addicts would steer clear of the area - drug users flocked there hoping to score free heroin, Police Supt. Philip Cline said.

"We have willing victims here," he said. "That's part of the problem."

In Chicago, there have been more than 60 confirmed fentanyl overdoses since April, 2005, with the vast majority of them coming this year, the DEA said. Detroit, Philadelphia, New Jersey and Delaware have also reported an uptick in fentanyl deaths.

Howard, who also goes by the nickname "Moon," agreed there is less fear among many addicts than non-addicts might presume.

"Some addicts are frightened, but others aren't," he said. "They just feel that if it's their time it's their time."

"Suicidal behavior comes from being an addict," agreed Francois Seets, a 58-year-old recovering addict from Chicago. "They think they're immortal. ... And they think it (the fentanyl contamination) will pass."

So infinitesimal are the amounts of fentanyl, said Seets, that there is virtually no way of determining whether a bag of heroin is laced with it. The fentanyl, he said, wouldn't affect the taste or look of the narcotic.

"You wouldn't know it's bad until you collapse," he said.

Howard, who said he struggles to scrape together the $10 it costs for a small bag of heroin, said he doesn't turn down free samples of heroin - even though such samples have been linked to the recent fentanyl deaths.

But he does take precautions.

Before settling down to shoot up a sample with friends, "I let somebody else go first to be sure," Howard said.

Seets said the fentanyl outbreak does serve as an inspiration to him, driving home the potentially deadly consequences of a relapse.

"It makes me understand I am mortal," he said.

Some Facts About Fentanyl (AP)

AP, June 15, 2006

WHAT IS IT?: Fentanyl, which is considered 80 times stronger than morphine, is used legally to treat chronic pain and as anesthesia for open-heart surgery. Some drug dealers mix it into heroin to make the narcotic more potent.

WHERE: There have been deaths from fentanyl-laced heroin in at least half a dozen U.S. cities - from Chicago to Detroit to Philadelphia. Medical experts say fentanyl can cause breathing problems and make users feel as if they are suffocating.

WHERE'S IT COMING FROM?: It's not clear. Drug enforcement officials say the fentanyl was probably made at one or more illicit labs. They're also considering the possibility that at least some of it came from sources in Mexico.

Death Ignites New Discussion On Drug Use In Park Ridge (PRHA)

By Jennifer Johnson

Park Ridge Herald Advocate, June 16, 2006

The death of Park Ridge resident Joseph Krecker, 17, in what Chicago police identified as an apparent drug overdose, has ignited more discussion about drug use among Park Ridge youth.

Members of the city's Health Commission, which has set a goal of tackling addiction in the community, say parents need to know that heroin use exists among teens.

According to commission member Dr. John Bello, Krecker's death "illustrates the need to make sure we educate the parents out there that [heroin use] is still a major issue and a problem that everyone needs to be aware of."

At the Health Commission's next meeting, on June 22 at City Hall, Bello said the group will discuss how to alert the community to what is taking place, particularly regarding the distribution of fentanyl-laced heroin and its deadly consequences.

"We want to know what would be the best way to reach people," Bello said. "I think it will be trial and error, to see what is most effective."

During a Town Hall Meeting held in Park Ridge in March to address drug and alcohol use among teens, Park Ridge Deputy Police Chief Tom Swoboda said heroin and Ecstasy are the most prevalent "hard drugs" found in Park Ridge.

Park Ridge police have said that while open dealing of heroin does not occur on Park Ridge street corners, users are known to drive to certain Chicago neighborhoods to purchase drugs.

A survey of Maine Township High School District 207 students in December found that 2 percent of seniors, 1 percent of juniors, 2 percent of sophomores and 1 percent of freshmen admitted to trying heroin. Fewer than 1 percent of the students in each grade admitted they had used heroin in the last month before taking the survey.

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Dr. Martin Doot, medical director of Advocate Lutheran General Hospital's Addiction Treatment Program and a member of the Park Ridge Health Commission, said the Substance Abuse and Mental Health Administration recently sent out a warning to physicians about the presence of fentanyl in many overdose victims.

"There's been a rash of fatalities or overdoses that have been seen in the Chicago area and they have tragically affected Park Ridge residents," Doot said.

Doot advises parents to get their children professional help "as soon as possible" if they have been experimenting with drugs, or if they already have an addiction.

Some local resources parents can turn to include the Maine Center at 832 Busse Highway, in Park Ridge, or addiction treatment programs at Advocate Lutheran General Hospital or Northwest Community Hospital in Arlington Heights.

"Good help is available," Doot said.

New treatments for heroin addiction, including medication that is an alternative to methadone maintenance traditionally used to treat heroin withdrawal, are available and "very promising," Doot added.

"The problem is, often people wait too long to get the help they need," he said.

Park Ridge Police Chief Jeff Caudill said feedback from the police department's social worker, school resource officers and surveys taken by students indicates that teens "want their school to be drug free." The support from parents for drug sniffing dogs in the District 207's three high schools is also positive, Caudill said.

D.C.'s 'Teflon Defendant' Acquitted In Latest Trial (WP)

By Eric M. Weiss

The Washington Post, June 16, 2006

Half Brother Testified for Prosecution

Corey A. Moore, the D.C. street legend who has slipped through the hands of prosecutors again and again, has survived another trial -- one that featured his half brother as the key government witness.

Moore, 30, was acquitted yesterday by a federal jury of drug, firearms and conspiracy charges -- clearing the way for his release after nearly two years of denying wrongdoing and awaiting trial.

"Thank you," a visibly relieved Moore said to jurors after the verdict was read. The decision came after a trial that stretched for more than two months. Family members embraced in the courtroom.

Moore famously stood trial four times for a 1994 slaying -- and four times the jury came back deadlocked, leading prosecutors to finally drop the murder charge. The string of prosecutorial failures led some authorities to dub Moore the "Teflon defendant." Over the years, Moore has been charged with three murders, assault with intent to kill, assault with a deadly weapon and armed robbery. Each charge was dismissed before trial or resulted in an acquittal.

Moore was convicted once, in 1996, of a weapons charge that netted him a 51-month prison term.

He had said that he was living a law-abiding life when authorities arrested him in August 2004, holding jobs as a youth counselor and car salesman. Prosecutors saw it differently: Moore, they said, had participated in a drug conspiracy with others for at least two years and helped supply crack cocaine and heroin.

Besides the drug charges, a grand jury indicted Moore for weapons violations after federal agents said they found a bag they described as an "assassin's tool kit" when searching his Northeast Washington home. The items included a .357 magnum, a ski mask and a glove.

Moore's attorney, Jonathan Zucker, said prosecutors had little evidence against his client and accused them of an effort to punish Moore for his alleged past sins.

Zucker said the only witness to testify that Moore was seen with drugs was his half brother, Andre Richardson. In closing arguments, Zucker told jurors that Richardson was lying to shave years off his sentence for carjacking and other crimes. Zucker also raised questions about whether the "assassin's kit" was Moore's.

The jury was not told about Moore's previous trials.

One of Moore's co-defendants, Timothy Thomas, was found guilty of drug and conspiracy charges. U.S. District Judge Royce C. Lamberth instructed jurors to continue deliberating on the fate of a third defendant, Frederick A. Miller.

Sitting in a courtroom wearing wire-rimmed glasses and a suit several sizes too big, Moore looked bookish, not like the person who prosecutors have said was once a teenage enforcer for the Condon Terrace Crew, a violent band of young men who lorded over a stretch of turf east of the Anacostia River. He did not testify.

After the verdict, Moore's wife, Holly Williams, said she hoped prosecutors would stop targeting her husband but added, "I think that may be naive."

Throughout the trial, Assistant U.S. Attorney Julius Rothstein sought to portray Moore as a thug who tried to intimidate his brother into silence through emotional appeals and veiled threats.

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Allegations of witness tampering and intimidation almost threw the trial in disarray, with Richardson at one point refusing to continue testifying because he said he feared for his safety. At issue was a number of telephone calls from family members in which they appeared to pressure Richardson to stop testifying against his brother.

Moore also sent his half brother a letter, introduced as evidence, that said by relying on informers, the "prison-industrial complex is a disguise for modern-day slavery." By participating, the letter added, "You will be an outcast, and may the curse of the ancestors be upon you if you take the poison to be exploited by the United States."

At the bottom of the letter was a quote: "Death B4 Dishonor."

Richardson testified that he understood the letter to be a threat. But faced with a 30-years-to-life sentence and hoping for a break by assisting the prosecution, he continued to testify.

Holly Williams said Richardson's testimony was hurtful. "It was just sad," she said. "But we pray for him."

Selig Admits Baseball's 'Problems' (NYT)

By Jack Curry

The New York Times, June 16, 2006

Nine days after federal agents reported that pitcher Jason Grimsley had admitted using performance-enhancing substances, Commissioner Bud Selig issued an open letter to fans about the development. Selig acknowledged that "there are problems" in Major League Baseball and said he was "committed to protecting our game."

In a letter that Selig gave to mlb.com and placed in a number of newspapers today, he said that he was "disappointed and angered by revelations that a major league player had acknowledged using human growth hormone" and "had said that others were using HGH as well." Grimsley, who was pitching for the Diamondbacks but was released after reports of his drug use, was not cited by name in Selig's letter.

The Grimsley matter has created new questions about how many players might be using performance-enhancing substances. Selig's letter was an attempt to assure the fans, and perhaps some politicians as well, that Major League Baseball officials are serious about solving the problem.

Selig has been frustrated that baseball has been criticized for not having a test for human growth hormone. But no professional sports leagues test for it, and the letter, in a way, allowed Selig to vent.

He noted that baseball tests for steroids and amphetamines, and that human growth hormone is banned. But Selig also explained that there is no effective blood test to detect human growth hormone and said it "represents a threat to all sports everywhere."

Selig said that the overwhelming majority of the 750 major leaguers are honorable, but added that there are players who will cheat to try to gain an unfair advantage. Selig said those players damage themselves, raise doubts about the players who follow the rules and violate the trust fans place in them.

"These players who use performance-enhancing substances offend all of us who care for the game, and I will not tolerate their actions," Selig said.

MLB To Fund HGH Detection Study (USAT)

By Hal Bodley, Usa Today

USA Today, June 16, 2006

Commissioner Bud Selig, in an open letter to baseball fans that appears Friday in five major publications, including USA TODAY, blasts players who use performance-enhancing substances and says he is committed to protecting the integrity of the sport.

"These players who use performing-enhancing substances offend all of us who care for the game and I will not tolerate their actions," Selig wrote. "I won't be deterred and will do everything I can to try to keep up with or even stay ahead of those who break the law and break our rules."

Selig said he was prompted to write the letter after former Arizona Diamondbacks pitcher Jason Grimsley told an Internal Revenue Service investigator in a search warrant affidavit unsealed last week that he used steroids, human growth hormone (HGH) and amphetamines throughout his career.

The next day he was released by the Diamondbacks. He was also suspended for 50 games by Selig should he attempt to return to the major leagues.

In the letter, Selig said "we are committed to funding a study of HGH and how to detect it.... Also, we are willing to make additional contributions to fund other studies to determine how to detect HGH and are currently reaching out to experts in the field to ascertain what other studies can immediately begin."

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Garbage Held Clues In Steroid Import Case (ALBANYTU)

By Dan Higgins, Staff Writer

Albany Times Union, June 15, 2006

Court papers detail how agents sought evidence of alleged dealing

A two-year federal investigation of a North Greenbush man included intercepting his mail and, on one occasion, rifling through his trash before authorities charged him with attempting to receive anabolic steroids from China, according to documents filed in federal court.

Christopher Magnano, 33, faces charges connected to what officials described as an Internet-based sales operation of the illegal substances, which were seized from his North Greenbush home following his May 19 arrest. Police said the seizure of anabolic steroids and human growth hormone was the largest ever in the Capital Region.

The documents filed in U.S. District Court in Albany shed more light on the investigation that led agents to suspect Magnano. Magnano is charged with illegal possession of anabolic steroids with the intent to distribute. Federal officials said more charges could follow as the investigation continues.

Authorities allege that when they confronted him, Magnano explained how he received anabolic steroids from China for several years and resold them over the Internet. But his attorney, Bryan Rounds, challenged that claim Tuesday.

"The words attributed to my client were not spoken by him," Rounds said. He said whatever Magnano told investigators has been "pulled, twisted, and taken out of context," and that the paraphrasing in the court documents shows that it was a "second- or third-hand account."

Rounds said no evidence shows that Magnano had any intention to sell the substances and that he questions whether the materials seized have been correctly tested and identified as illegal steroids.

Magnano had been under suspicion by at least three federal agencies, according to an affidavit from a U.S. postal inspector. Postal inspectors had intercepted his mail, and agents from the Food and Drug Administration's criminal enforcement unit even searched the garbage outside his Sequoia Drive home, where they said they found empty bottles of anabolic steroids and used syringes. That information was used to obtain the search warrant that led to the seizure.

In a statement, a postal inspector assigned to Troy said agents were alerted after Magnano set up several post office boxes around the Capital Region and received mail at his home address. He frequently received packages from other countries and was evasive on one occasion when postal employees asked him about a parcel's contents, according to the inspector's deposition.

Adding to their suspicions, inspectors learned Magnano had a history of drug convictions. He served time in state prison for selling LSD and hallucinogenic mushrooms in the 1990s.

Last year, the FDA's Office of Criminal Investigations told a Troy-based postal inspector that their agency also was investigating Magnano. They suspected he had been receiving anabolic steroids and human growth hormone. Immigration and Customs Enforcement agents at Kennedy Airport in New York City intercepted mail addressed to Magnano from China that they said contained the illegal substances.

The week Magnano was arrested in May, FDA agents learned Magnano was going to receive another suspicious shipment from China. The authorities set up a bust in which police asked a DHL employee in Latham to call Magnano and tell him his package had arrived. When Magnano turned up to retrieve the package, an undercover agent handed it to him. That's when Colonie police took him into custody.

According to court records, Magnano had packages in his car containing more illegal steroids that agents contend he was preparing to mail to his buyers.

Magnano has pleaded not guilty to the charges and remains free on bail.

Deputies Find Remote Pot Garden (SACBEE)

The Sacramento Bee, June 15, 2006

AUBURN -- An anonymous tip led Placer County sheriff's investigators on Wednesday to more than 17,000 marijuana plants being grown on U.S. Forest Service land between Auburn and Foresthill, authorities said.

The pot plot, in Gas Canyon, had plants between 6 inches and 2 feet tall, according to the Sheriff's Department.

As investigators were removing the plants, a person carrying a rifle was seen fleeing on foot, but was not caught. One rifle was recovered at the scene.

Authorities warned people to be careful when hiking off-trail in the wilderness, since marijuana growers often are armed.

KING OF BLING BUSTED (NYPOST)

By Kati Cornell And Dan Mangan

DOJ_NMG_0035015

The New York Post, June 16, 2006

The feds want to ice Jacob the Jeweler.

The famed Manhattan purveyor of diamond-encrusted "bling" to Madonna, Diddy, hoop star Allen Iverson and other celebs was busted yesterday on charges he helped two coke kingpins launder some of their $270 million in dirty drug profits by selling them jewelry.

Jacob "The Jeweler" Arabo received "large sums of currency" for various pieces of jewelry from the leaders of the so-called Black Mafia Family drug ring and their flunkies, according to a Detroit federal-court indictment unsealed yesterday that also charges 15 others with drug and laundering crimes.

The 41-year-old Uzbeki immigrant, born Jakov Arabov, then either failed to file tax forms required for business transactions totaling more than $10,000, or submitted false tax forms that declared the purchasers were people other than the actual buyers, the indictment claims.

The scheme allegedly was designed to conceal that the jewelry purchases were made with proceeds from the Black Mafia Family's sales of thousands of kilos of cocaine in Detroit, California, Kentucky, Georgia, Texas and elsewhere, and to hide the true ownership of those funds.

The gang's alleged leaders operate BMF Entertainment, a rap-music label, and have extensive connections in the hip-hop world, as does Arabo.

He was arrested at 8:30 a.m. yesterday at his Jacob & Company boutique at 48 E. 57th Street by federal agents, and led away in handcuffs.

Authorities also seized documents from the exclusive boutique - a converted brownstone designed to resemble the interior of a diamond mine - where the "King of Bling" has welcomed some of the world's most famous singers and athletes.

The boutique was shuttered for the rest of the day, with a sign hung on the doorway saying, "Closed for inventory," on Jacob & Company stationery.

"Holy s---, I have a necklace in there!" yelped one female customer after a reporter told her the actual reason she would not be able to collect her purchase.

Arabo later appeared in the afternoon at Manhattan federal court for a hearing, where he was released on a $100,000 personal-recognizance bond.

Wearing charcoal-gray pinstripe pants and a blue dress shirt, his wavy black hair slicked back on his head, the jeweler paid rapt attention during the proceeding.

Federal Magistrate Frank Maas noted Arabo allegedly "conspired with others to laun der monetary instruments . . . in connection with your jewelry business."

Arabo, who left court with wife Angela, next is due to appear in Detroit federal court on July 10.

His defense lawyer, Benjamin Brafman, said, "The arrest of Mr. Arabo is the result of an unfortunate misunderstanding that we believe will be straightened out in the next several weeks.

"We are confident that once the government is advised of all the facts surrounding these issues that all of the charges against Mr. Arabo will be completely dismissed."

Arabo's arrest is a rare wrong note in his Horatio Alger-like rise in New York, where he arrived at age 16 to work in the Diamond District, and later began developing clientele from the world of rap music.

Yesterday's indictment is related to a prior set of federal charges filed in October in Detroit against a slew of members and associates of the Black Mafia Family, allegedly headed by Demetrius "Meech" Flenory, 45, and his 35-year-old brother, Terry Lee Flenory.

Demetrius is charged in an unrelated case with murdering two close friends of rap impresario Sean "Diddy" Combs in Atlanta in 2003.

One of the victims, Anthony "Wolf" Jones, was a former bodyguard for Combs and was with him, singer Jennifer Lopez, and rapper Jamal "Shyne" Barrow in Club New York in Manhattan in 1999 when Barrow shot and wounded two men.

Jones and Combs were acquitted of criminal charges in a subsequent trial, but Barrow was convicted and sentenced to 10 years in prison.

The Flenory brothers, originally from Detroit, allegedly grew the Black Mafia Family over two decades from a drug organization that dealt smaller quantities of cocaine in that city into a much bigger operation with tentacles throughout the country.

The profits of those sales allegedly were laundered in a variety of ways to make the money appear legitimate, including purchases from Jacob.

Authorities said the Black Mafia Family would purchase winning Michigan lottery tickets worth more than $1 million from their true winners so that the ducats could be redeemed, with the money used to purchase homes and cars, and make mortgage payments.

Additional reporting by Mathew Charles

Clarksdale Man Arrested In Slaying Of Federal Witness (JACKCL)

Jackson Clarion-Ledger, June 16, 2006

A 24-year-old Clarksdale man has been arrested in connection with the slaying of a federal witness found dead earlier this month on a Coahoma County road.

Kenneth C. Walker was arrested by an ATF violent crime federal task force for his alleged involvement in the retaliation against a federal witness and on a charge of discharge/possession of a firearm during a federal violent crime.

William Christopher Haro, 27, a witness in a Bureau of Alcohol, Tobacco, Firearms & Explosives case, was found shot multiple times June 9.

Walker was arrested without incident Tuesday and made an initial appearance before a federal judge.

Lawyer Jailed On Gun Charges (CHASGAZ)

By Tom Searls, Staff writer

Charleston Gazette, June 16, 2006

Indictment stems from April raid on residence

Federal authorities want to keep Charleston attorney Dante di Trapano in jail until a trial on gun charges related to drug addiction, contending he could be a danger to the community.

Di Trapano was indicted on two counts Wednesday by a federal grand jury in Charleston and arrested Thursday morning. Federal authorities argued he could be a danger to the community and pointed out his former law firm has hired an off-duty Charleston police officer for protection against him.

Di Trapano was indicted based on eight guns found in an April raid federal agents conducted on his South Hills residence.

Already charged in March with possession with intent to deliver crack cocaine in Florida, di Trapano had said then he was checking himself into a drug rehabilitation program. Wednesday's indictment charged him with being "an unlawful user of and addicted to a controlled substance" while in possession of the guns and for allegedly lying on a federal form when he purchased a gun Feb. 4, stating he was not addicted to or using drugs.

While his attorney, Michael Del Giudice, requested an immediate bond hearing, U.S. attorneys said di Trapano needed to be locked up for at least three days while the probation office prepares a report. U.S. Magistrate Judge Mary Stanley agreed and set a hearing for Tuesday at 2 p.m. on the government's motion to detain him without bond until trial.

As part of their argument to keep di Trapano in jail, the government noted that on May 31 diTrapano's former law firm, Di Trapano Barrett & DiPiero, hired the off-duty officer "based on the concern that [Dante di Trapano] would damage the building or equipment and out of concern for the safety of the employees of the firm."

No one from the firm, established by Dante di Trapano's father, former state Democratic Party chairman Rudolph Di Trapano, would comment.

Del Giudice said he had no knowledge of his client's relationship with his former firm. "There's obviously been a divorce between he and his partners," he said.

Prosecutors also noted di Trapano's Sunday arrest for driving with a suspended license. When he was arrested Thursday, prosecutors noted he was again driving with a suspended license. Magistrate Judge Stanley also said she had seen di Trapano driving on Wednesday.

He was being held in South Central Regional Jail in Charleston.

House Panel Backs ATF Fee, At A Discount (WP)

By Dan Eggen

The Washington Post, June 16, 2006

The House Appropriations Committee approved a new fee for manufacturing and importing explosives this week, prompting objections from industry groups but at least a tentative sigh of relief from the Bureau of Alcohol, Tobacco, Firearms and Explosives.

The debate over the fee comes at a time of mounting budget difficulties for ATF, which is already facing rising costs on a new headquarters building in Washington. Cost overruns on that project attributed to decisions by the agency's director, Carl J. Truscott, and other expenditures are the subject of an investigation by the Justice Department inspector general.

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The Bush administration proposed a 2-cent-per-pound fee on explosives to generate $120 million of ATF's proposed $980 million budget in 2007. The Appropriations committee cut the fee back to half a cent -- or $30 million -- and funded the rest of ATF's requested budget from other sources.

But committee staffers concede that even the smaller fee may not be approved by the full House, where many lawmakers believe such charges should be formally authorized by Congress before they are implemented. Lawmakers rejected a similar attempt by the administration last year, and the explosives and mining industries oppose the idea as a de facto tax increase.

"To force ATF to create a tax-collections division or whatever it would be to fund their inspection regime just doesn't make sense," said Chris Ronay, president of the Institute of Makers of Explosives, a Washington lobbying group. "It's unnecessary and problematic."

Truscott told lawmakers in late April that losing the explosives fee would have a "significant effect" on the agency, but he declined to say whether that would include layoffs or other cutbacks. About a week later, however, Truscott told ATF managers meeting in Denver that there could be some layoffs if the fee is not approved, according to senior ATF officials who were present or familiar with the remarks.

The comments sent shock waves through the small Justice Department agency, which includes about 2,400 special agents and 2,500 other employees.

Several senior ATF officials, who requested anonymity for fear of retaliation, said ATF's budget could be crippled without the explosives fee at a time when terrorists are seeking materials for bombs. The officials also criticized Truscott's handling of the budget dispute, saying he should have been more aggressive with Congress in explaining the agency's funding needs.

ATF spokeswoman Sheree L. Mixell -- speaking before the House committee acted Wednesday -- said Truscott made it clear to lawmakers that loss of the funding would have a significant impact but that it was too early to address specifics. She declined to comment on Truscott's remarks about layoffs.

Truscott and Attorney General Alberto R. Gonzales have come under sharp questioning in recent months from key members of the House Appropriations subcommittee that oversees the ATF. Chairman Frank R. Wolf (R-Va.) faulted Truscott and other officials for not seeking to work the issue out with the panel.

"To say that you're going to offset something by $120 million and put it in a budget and get it printed and not come up and work for, it would be like somebody saying that I'm really for something but I do nothing about it," Wolf told Truscott in April.

Senior subcommittee Democrat Alan B. Mollohan (W.Va.), whose home state would be hard hit by an explosives fee, questioned whether the program would actually raise as much money as predicted.

Gonzales defended the explosives fee, testifying earlier this year that "it is appropriate to have the industry pay for the costs of implementing" new rules for the sale and importation of explosives.

ATF has been buffeted by allegations that Truscott approved or proposed hundreds of thousands of dollars in unnecessary upgrades to the new ATF headquarters. The building, due to open later this year, is at least $19 million over budget.

Inspector General Glenn A. Fine has opened an investigation into complaints over that project and other spending, questioning dozens of ATF officials earlier this year, according to several officials who have been interviewed. In addition to the construction project, investigators have questioned ATF employees about a costly trip that Truscott and others took to London last year and about allegations that ATF staff members helped assemble a school video report for a relative of Truscott's, according to the officials.

Mixell said she could not comment on the inspector general's inquiry. Truscott has declined to talk about the allegations.

IMMIGRATION:

14 Million Aliens Forecast To Get Amnesty (WT)

By Jerry Seper

The Washington Times, June 16, 2006

More than 9.9 million illegal aliens now in the United States will receive amnesty under an immigration-reform bill passed by the Senate, though about a quarter will do so fraudulently, and the bill allows for 4.5 million family members to join them in the United States, according to a report.

"Of the 14.4 million illegals and their family members who will receive amnesty, we estimate that 13.5 million will eventually become permanent residents, which means they can stay as long as they wish and apply for citizenship," according to the report released yesterday by the Washington-based Center for Immigration Studies (CIS).

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The report, written by CIS Research Director Steven A. Camarota, said the projected 14.4 million figure does not include other expected increases in legal immigration allowed by the bill. The Heritage Foundation predicted in a report last month that the number could total 193 million in the next 20 years.

The Senate bill still faces conference hearings with House members, who passed immigration-reform legislation in December focusing on border security.

The CIS report, which based its findings on the 1986 Immigration Reform and Control Act (IRCA) that granted amnesty to about 3 million illegal aliens and their relatives, said that about 7.4 million illegals eligible for amnesty under the Senate bill will come forward and receive amnesty legitimately.

The report said there will be one fraudulent amnesty awarded for every three legitimate ones -- meaning that more than 2.5 million illegals will become legal fraudulently. In addition to the amnesty beneficiaries, the bill will allow an estimated 4.5 million family members currently living abroad to join their newly legalized relatives, the report said.

"Our assumption that the share of illegals who come forward will be similar to the share in 1986 may be too low because, unlike the last legalization, illegals now know that amnesties are real and not a ruse by the government to deport them," Mr. Camarota said. "Moreover, because the border is now more difficult to cross illegally, legalization is a more attractive option."

The report cautioned that its estimate of more than 2.5 million fraudulent amnesties, based on IRCA, may be too low, as well, because the false-document industry "is now more developed." It said the "overworked immigration bureaucracy already" has a severe fraud problem, according to a report by the Government Accountability Office.

"As its workload mushrooms with amnesty, fraud will become even more difficult to detect," Mr. Camarota said.

The CIS report also predicted that if the Senate bill were to become law, nearly 8 million more illegal aliens still would enter the country by 2016.

The report does not describe the illegal aliens affected by the bill as "guest workers," noting that amnesty applies to people who are given some kind of legal status, are not subject to deportation and can work in the United States.

"In our view, any policy or legislation that does not require those who break the law to abide by it, but instead suspends the normal penalty and in some way changes the law to accommodate violators is an amnesty," Mr. Camarota said. "An amnesty in the immigration system is any change that allows people who would otherwise be subject to deportation to stay in the country."

States Struggle To Cut Costs Of Immigration (CSM)

By Jeff Oliver

The Christian Science Monitor, June 16, 2006

DENVER

With no resolution of immigration-reform legislation at the federal level, states have been pressing ahead with their own measures intended to discourage illegal immigration and curtail costs of providing services to that population.

Lawmakers in Kansas, Iowa, and Arizona have voted this year to restrict certain social services to illegal immigrants, following similar action last year in Virginia. Other states have passed legislation cracking down on employers of illegal immigrants and those who sell forged documents to illegals.

In all, state legislatures have seen some 500 immigration-reform bills introduced in 2006, according to the National Conference of State Legislatures (NCSL).

But even as lawmakers try to make it harder for illegals to live in their states, they are bumping into one roadblock after another, rendering their efforts toothless and mostly symbolic. For one, states cannot sidestep federal law by simply denying certain services, such as public education and emergency healthcare, to undocumented people. For another, the courts often ruled against their immigration-control proposals.

"Mostly, [the measures] are just unsuccessful," says Josh Bernstein, director of federal policy at the National Immigration Law Center, an advocate for low-income immigrants. Mr. Bernstein, along with colleagues, has tracked many of the measures.

The latest setback came this week in Colorado, where the state's Supreme Court disallowed a ballot initiative that asked voters if they wanted to bar illegal immigrants in the state from receiving "nonemergency" social services. The judges on Monday ruled, 4 to 2, that the measure could not appear on the November ballot because it improperly mixed two subjects: services to immigrants and decreases in taxation.

The ruling touched off a firestorm of criticism from those who had hoped Colo- rado would be next to undertake a state-level immigration crackdown.

"This was an unprincipled, unjustified, and unfair decision. [The judges] took the matter away from the voters," says a disappointed Richard Lamm, a former Colorado governor, who spearheaded the three-year effort to qualify the measure for the ballot. "No one was as close as we were."

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US Rep. Tom Tancredo (R) of Colorado, one of the country's most outspoken advocates of immigration reform, echoed Mr. Lamm, claiming that the decision was the product of "naked" partisan politics. "I would certainly impeach them," he said, referring to the judges.

Gov. Bill Owens (R) threatened to call a special session in the legislature to get the measure on the ballot unless the state Supreme Court reconsiders its ruling.

Others were pleased. Federico Peña, a former Denver mayor and head of Keep Colorado Safe, a group that opposed the initiative, hailed the decision as a victory for Colorado, calling the measure "mean-spirited." The judges, he said, simply beat Coloradoans to the punch, knocking down a measure that never should have been introduced in the first place.

In Colorado, in 2005, 70 percent of illegal immigrants did not have health insurance, according to the Center for Immigration Studies, a nonprofit research organization which advocates controlling immigration. In addition, 18 percent of households headed by illegal immigrants had someone in the household who used a major welfare program, including food assistance or Medicaid, the CIS reported.

State-level immigration reforms have had trouble from the beginning. In 1994, Californians passed Proposition 187, the first state ballot initiative to deny social services to illegal immigrants. The measure languished in the courts, costing the state a bundle in legal fees before a US District Court declared it unconstitutional in 1997 because it was considered too broad and trampled on federal jurisdiction.

The measures are typically motivated by frustration over inaction in Washington, but those who support them often expect no real results. "Many people who voted for 187 would agree with the statement that they just wanted to send a message to Congress," says Hans Johnson, a researcher with the Public Policy Institute of California in San Francisco.

Not everyone agrees that such legislation is a waste of time. Representative Tancredo says denying social services to illegals is an effective way to save taxpayer dollars and remove a possible incentive for illegal entry into the US. "It's one of the few things states can actually do to make a difference," he says.

Protect Washington Now is currently pushing a ballot initiative there similar to Colorado's. Bob Baker, who leads the group, calls the Colorado court decision "heart-breaking," but he continues to push forward. "I would love to let the feds take care of it. I would have a lot more free time on my hands," he says.

Still, there is little confidence by immigration experts that state activists can achieve the reforms they want to curb illegal immigration. The most they can do is "convey a real sense of public outrage and frustration," says Steven Camarota, director of research for the Center for Immigration Studies.

Mr. Baker says he believes a ballot initiative restricting social services in Washington State will help advance the group's agenda. "If nothing else, we've got people talking about the issue."

Immigration Enforcement (WT)

By Michael Chertoff

The Washington Times, June 16, 2006

President Bush has put forward a comprehensive vision for immigration reform that will secure our borders, strengthen interior enforcement and create a temporary worker program that is not amnesty but will provide a legal, regulated path for those seeking work in the United States.

A key part of this strategy is effective worksite enforcement. Simply put, we need to give employers better tools to verify the legal status of their employees. Under the president's plan, we will provide new tools — including a tamper-proof identification card for legal foreign workers and an expanded electronic verification system that will allow employers to quickly and accurately confirm work eligibility.

At the same time, we need to enforce stronger penalties against employers who knowingly hire illegal aliens, including employers who have made illegal labor part of their business model. Congress is hard at work on a bill that will make the president's vision a reality, but two additional reforms will help us hold employers accountable for breaking the law and help the Department of Homeland Security identify and prosecute employers who are blatantly abusing our immigration system.

First, employers have an obligation under existing law to take action when the federal government notifies them that they may have hired an illegal alien. In certain instances, when a worker's Social Security number does not match that worker's name on tax or employment eligibility documents, the federal government sends out a "no-match" letter asking them to resolve the discrepancy. In fact, out of 250 million wage reports the Social Security Administration receives each year, as many as 10 percent belong to employees whose names don't match their Social Security numbers. SSA attempts to clear up these mismatches, sorting out reports where the worker's name or Social Security number was mistyped but still ends up with almost 9 million unmatched reports.

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SSA then frequently mails out no-match notices that explain to workers how to clear up the mismatch. SSA does this because workers whose wages cannot be matched to correct Social Security numbers may lose a portion of their retirement and disability benefits.

But despite this threat of lost benefits, less than 1 percent of workers actually clear up the mismatch. Why? Experience tells us that as many as 90 percent of these workers do not clear up the mismatch for the simple reason that they are illegal aliens not authorized to be working or to even be in this country and who procured their jobs through immigration fraud.

As it stands, although some employers are charged with constructive knowledge of ignoring no-match letters, some employers simply disregard "no-match" notices with little consequence. But that is going to change. Last week, the Department of Homeland Security issued a proposed regulation that will establish a specific process for employers to take corrective action when they receive a "no-match" notice. Under the proposed regulation, it will be clear that employers must check employment records, determine the cause of the mismatch and notify the appropriate federal agencies if they cannot resolve the problem. If employers fail to do so in a reasonable period of time, U.S. Immigration and Customs Enforcement can, in appropriate circumstances, hold them legally accountable for knowingly continuing to employ an illegal worker.

But clarifying mismatches is only part of the solution. We also need to give our Immigration and Customs Enforcement agents a better way to determine which employers are habitually using or providing fraudulent Social Security information. One way to do that is by giving our agents sufficient access to no-match data. Under current law, the Social Security Administration does not provide sufficient access in sharing this information. This is simply wrong, and Congress needs to change the law.

If we had sufficient access to no-match data, we could better target our enforcement efforts to the companies that are most likely to be deliberately exploiting illegal labor: the companies that have the largest percentage of no-match employees. In fact, in a study conducted last year, the Government Accountability Office discovered dozens of employers who provided the very same Social Security number for more than a hundred employees. In one instance, an employer used the same Social Security number for more than 2,500 employees in a single tax year. Certainly there will be occasions where employers will be able to offer legitimate explanations for their behavior, but Immigration and Customs Enforcement agents need sufficient access to scrutinize the no-match data.

Even more important, the Department of Homeland Security could use the additional data to find potential immigration fraud at critical infrastructure facilities, such as dams, chemical plants or airports. These are places where sabotage or an accident could kill hundreds or thousands of Americans. They are not places where we should tolerate workers who have lied to get their jobs and who may pose a danger to this country.

Congress needs to break down the wall that separates our Immigration and Customs Enforcement agents from data that would help them find illegal workers and the employers who exploit them. Changing the law will not mean an invasion of workers' privacy. Indeed, it can help protect privacy by preventing identity theft and misuse of an individual's Social Security number.

We cannot stop illegal migration if we do not stop illegal employment, strengthen our border defenses and offer illegal workers a chance to come out of the shadows and take legal, temporary jobs. But we will not succeed in bringing these workers out of the shadows if we ourselves do not have the information we need to enforce our immigration laws.

Michael Chertoff is secretary of the Department of Homeland Security.

CONGRESS-ADMINISTRATION:

Bush Signs Spending Bill For Wars And Hurricanes (NYT)

By Robert Pear

The New York Times, June 16, 2006

WASHINGTON, June 15 — President Bush signed an emergency spending bill on Thursday to finance the wars in Iraq and Afghanistan and to help hurricane victims in Gulf Coast states.

Mr. Bush acted hours after the Senate approved the $94.5 billion bill by a 98-to-1 vote. Senator Arlen Specter, Republican of Pennsylvania, voted against the measure, saying it did not provide enough for domestic health and education programs.

The measure provides $65.8 billion for military operations in Iraq and Afghanistan, $3.9 billion for foreign aid, $19.8 billion for hurricane relief and $2.3 billion for pandemic flu preparations. Most of the remainder is for border security.

"I am pleased that Congress has addressed these urgent national priorities within the spending limits I set," Mr. Bush said. To stay within the limits, House and Senate negotiators scrapped many items that had been added by the Senate.

Final approval of the bill was accompanied by growing frustration on Capitol Hill over the use of emergency spending measures to pay for overseas military operations.

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The Senate voted 98 to 0 to force President Bush to submit a budget for the Iraq and Afghanistan wars, instead of using emergency bills, outside the regular budget and appropriations process.

"We are blowing the budget process," said Senator John McCain, Republican of Arizona, who proposed the new requirement. "We are carving gigantic holes in the system. Since 2001, the administration has sought to fund the war operations almost entirely through emergency supplemental appropriations measures."

Congress has passed nine supplemental appropriations bills providing $420 billion for the wars in Iraq and Afghanistan, Mr. McCain said. By contrast, he said, "during the 11-year Vietnam War, there were four supplemental appropriations bills."

Mr. McCain's proposal was approved as an amendment to a separate bill setting forth military policies for the coming year. It stipulates that Mr. Bush, as part of his annual budget, must request money for military operations in Iraq and Afghanistan and provide an estimate of the full amount needed, together with "a detailed justification."

The administration has argued that it cannot predict the exact amounts that will be required.

But Senator John W. Warner, Republican of Virginia, who is chairman of the Armed Services Committee, said, "It is now time for the administration to present these costs as part of the regular budgeting process."

Senator Carl Levin of Michigan, the senior Democrat on the committee, said, "It is essential that our budget begin to reflect reality and recognize the enormous cost of these ongoing military operations."

Senator Robert C. Byrd of West Virginia, the senior Democrat on the Appropriations Committee, said: "The administration has chosen to hide those costs. Where? In emergency spending bills."

The president's requests came to Congress "with little or no detailed justification," Mr. Byrd said.

The bill includes money for a wide range of hurricane recovery efforts: $3.7 billion for flood control projects and levee repairs in Louisiana, more than $4 billion in housing assistance, $550 million for a new veterans hospital in New Orleans, $50 million for higher education and $235 million to help elementary and secondary school students displaced by the hurricanes.

Senate Sends Bush $94.5B For Iraq, Katrina (AP)

By Andrew Taylor

AP, June 15, 2006

The Senate Thursday sent President Bush an emergency spending bill meeting his funding requests for America's wars in Iraq and Afghanistan and aid to Gulf Coast hurricane victims.

The 98-1 vote on the $94.5 billion House-Senate compromise legislation gave much-needed funds to support U.S. troops overseas. Most of the money — $66 billion — goes to the Pentagon for military operations overseas.

Bush praised Congress for providing funds to "fight terrorism, defend our homeland, enforce our borders, and fulfill our moral obligation to help our fellow Americans in need."

The bill would bring to almost $320 billion the tally for the campaign in Iraq and $89 billion for the one in Afghanistan.

Only Sen. Arlen Specter (news, bio, voting record), R-Pa., voted against the bill. He is opposed to a provision endorsing Bush's $873 billion "cap" on the annual appropriations bills that Congress passes each year. Specter is pushing for $7 billion in additional money for education and health programs.

Still, there is increasing concern in Congress about the cost of the war in Iraq and the fact that the spending is kept on a set of loosely policed books that are kept separate from the rest of government operations.

Final action on the bill was welcomed by Gulf Coast lawmakers, especially relatively junior Louisiana delegation members who felt their Katrina-devastated state was shortchanged in a similar measure last December.

The bill contains $3.7 billion for Louisiana flood control projects, and Louisiana Democratic Sen. Mary Landrieu (news, bio, voting record) and GOP colleague David Vitter are confident their state will receive $4.2 billion of $5.2 billion contained in the bill for direct grants to states. Louisiana plans to use its share to repair and rebuild housing stocks.

"Many people didn't have insurance because they weren't in a flood plain," Landrieu said. "And then the levees broke and people, middle-income families, wealthy families and poor families lost the largest asset they had."

An earlier veto threat by Bush forced senators to strip some things out:

_More than $14 billion for such things as aid to farmers outside the hurricane zone and for the Gulf Coast seafood industry.

_Democratic initiatives to beef up port security and veterans medical services.

_A controversial plan backed by Mississippi GOP Gov. Haley Barbour and the state's powerful Senate delegation to pay CSX Transportation $700 million for a recently rebuilt freight rail line along the coast so the state could use its path for a new highway.

Notwithstanding approval of the emergency spending measure, lawmakers are getting restless over the practice of funding wars through ad hoc supplemental bills outside the annual budget and thus not subject to budget limits that curb the growth of other government programs.

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On an unrelated defense policy bill, senators Wednesday voted 98-0 for an amendment by John McCain, R-Ariz., to require future funding for the wars to be considered in the same way as other government spending measures.

"This bill continues the charade that this war should be funded off budget instead on including the money our troops need in the regular budget that's requested by the president and sent to us," said Patty Murray, D-Wash., as debate closed Thursday.

The bill adheres to Bush's demand of a bill capped at $94.5 billion — including $2.3 billion to combat avian flu — though lawmakers found extra money for grants for Mississippi, Texas and Alabama by cutting back on the Federal Emergency Management Agency's chief disaster fund.

That move raises the likelihood that more FEMA funds will have to be passed before the end of the year if not before Election Day.

The compromise bill includes Bush's plan to provide 1,000 more Border Patrol agents along the Mexican border, send about 6,000 National Guard troops there and build detention space for 4,000 illegal immigrants.

Efforts by Gregg to add funding for capital needs for border security such as helicopters and other aircraft and new vehicles to patrol the border were rebuffed by the White House.

The overall emergency bill's long path into law began in February as a $92.2 billion request by Bush. He later agreed to additions for Louisiana levee projects, border security and avian flu.

Bush's determination that the measure not exceed his request set the terms for endgame talks, and when the agreement was unveiled, the White House and House Republicans trumpeted their success in sticking with the target.

But while many Senate extras were tossed overboard, others were financed by simply putting off spending that will be required to be included in the next emergency bill, expected early next year.

Senate Approves $94.5B For War, Hurricane Funds (WP)

By Shailagh Murray

The Washington Post, June 16, 2006

An emergency spending bill to pay for war and storm-recovery costs is headed to President Bush after easily passing the Senate yesterday.

The 98 to 1 vote was a rare moment of consensus on a day of anguished debate in both chambers over the Iraq war.

The $94.5 billion emergency bill includes nearly $66 billion for continued operations in Iraq and Afghanistan, and nearly $20 billion in disaster assistance for the Gulf Coast. Lawmakers added the $2.3 billion that Bush had sought to combat avian flu and nearly $2 billion to beef up security along the U.S.-Mexico border, including $708 million to deploy National Guard troops.

Faced with a White House veto threat, House and Senate negotiators stripped out $14 billion in unrelated funding that the Senate had added to its version of the legislation. But the final bill did include a few unrelated items.

"We've made considerable progress toward limiting unnecessary and wasteful spending," Senate Majority Leader Bill Frist (R-Tenn.) said in a statement after the vote. "But more can be done."

Though Congress has not resisted Iraq-related costs, which now total nearly $320 billion, lawmakers are increasingly irritated by the White House's reliance on the emergency spending process. The Senate voted unanimously Wednesday night to require that future war funding be factored into the annual federal budgets. The bill approved yesterday was the ninth emergency measure since Sept. 11, 2001 -- all off the books, "as if it were free money," said Sen. John McCain (R-Ariz.).

Emergency bills invite abuse, McCain said, because they are not scrutinized by authorizing committees, and become magnets for special perks. "We are blowing the budget process. We are carving gigantic holes in the system," McCain said.

Reduced Spending Bill Approved In Senate (WT)

By Amy Fagan

The Washington Times, June 16, 2006

The Senate yesterday overwhelmingly passed a $94.5 billion emergency spending bill to fund the war on terror and hurricane recovery, but only after House leaders forced the Senate to cut about $14 billion from its version.

The bill, which the House passed Tuesday, was approved by the Senate on a 98-1 vote and was signed yesterday evening by President Bush, who had threatened a veto if the final version exceeded $94.5 billion. The Senate bill had reached $109 billion.

In his signing statement, Mr. Bush praised the bill for providing "additional resources needed to fight the war on terror, help citizens of the Gulf States recover from devastating hurricanes, and protect Americans from a potential influenza pandemic."

Senate leaders immediately credited Republicans in both chambers for saving the legislation.

"Republican-led efforts ensured the bill didn't exceed the president's emergency request while focusing our resources on the critical priorities," said Senate Majority Leader Bill Frist, Tennessee Republican.

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Others said the spending bill would have ballooned out of control without the hard line drawn by House leaders, especially Speaker J. Dennis Hastert, Illinois Republican.

"It would have been much higher without the insistence of the House," said Rep. C.W. Bill Young, Florida Republican.

The measure provides $65.8 billion for the war efforts in Iraq and Afghanistan, including money for Humvees and tanks; and $19.8 billion for Gulf Coast hurricane recovery, including $500 million in agricultural assistance. The agricultural package was reduced from about $4 billion in the Senate version.

The bill also funds two specific extra requests from Mr. Bush: $2.3 billion for avian flu preparedness efforts and $1.9 billion for border security.

Before he signed the bill, Mr. Bush credited congressional leadership and the chairmen of the House and Senate Appropriations committees -- Rep. Jerry Lewis, California Republican and Sen. Thad Cochran, Mississippi Republican -- for reducing the bill to an acceptable level.

"I am pleased that Congress has addressed these urgent national priorities within the spending limits I set," Mr. Bush said.

Rep. Mike Pence, Indiana Republican, and other House conservatives voted against the bill and recommended that Mr. Bush veto it because about $5 billion of the allocation is unrelated to either the war or hurricane recovery. The bill passed the House by a 351-67 vote.

Conservatives said items that don't belong in the bill include $35.6 million for mine safety, $27.6 million to repair utility steam tunnels in the Capitol Power Plant and $38 million for oyster activities.

Negotiators from both chambers killed a contentious Senate project that would have provided $700 million to reroute a railroad in Mississippi, as well as language that critics said would have forced the Navy to reimburse Northrop Grumman Corp. for hurricane damage, lifting the burden from insurance companies.

Sen. Arlen Specter, Pennsylvania Republican, cast the only opposing vote yesterday, saying it didn't include an extra $7 billion in the annual budget for labor, health and education. Mr. Specter is chairman of the Senate Appropriations subcommittee that oversees that bill.

"This vote should not be misconstrued as voting against our troops or hurricane recovery efforts," he said.

Senate Approves Bush Nominee To Head FDIC (AP-Y2)

AP2, June 15, 2006

Sheila Bair, President Bush's nominee to head the Federal Deposit Insurance Corp., was approved by the Senate on Thursday along with nominees for three other government positions.

The four were confirmed without dissent. In addition to Bair, they are: James B. Lockhart as director of the Office of Federal Housing Enterprise Oversight; Kathleen Casey as a member of the Securities and Exchange Commission; and Robert Couch as president of the Government National Mortgage Association, known as Ginnie Mae.

Bair, a former assistant Treasury secretary, is a professor at the University of Massachusetts. She will become chairman of the agency created during the Depression that insures up to $100,000 in deposits in individual accounts and, in line with legislation enacted in February, up to $250,000 for individual retirement accounts held in banks.

Lockhart, now the acting director of OFHEO, is a longtime Bush friend. He was the executive director of the Pension Benefit Guaranty Corp., the federal agency that backs private pensions, from 1989 to 1993.

At his confirmation hearing last week, Lockhart assured senators he would maintain his independence as the chief regulator of embattled mortgage company Fannie Mae and its smaller government-sponsored sibling, Freddie Mac.

At a hearing Thursday, Lockhart said it will take years for Fannie Mae to completely reform and recover from its $11 billion accounting scandal.

Casey is the staff director and counsel for the Senate Banking, Housing and Urban Affairs Committee. Couch is president and chief executive of New South Federal Savings Bank in Birmingham, Ala.

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On the Net:

Federal Deposit Insurance Corp.: http://www.fdic.gov

Office of Federal Housing Enterprise Oversight: http://www.ofheo.gov

Securities and Exchange Commission: http://www.sec.gov

Government National Mortgage Association: http://www.ginniemae.gov

Bush Hosts Annual Congressional Picnic (AP-Y2)

By Deb Riechmann

AP2, June 16, 2006

DOJ_NMG_0035024

President Bush was the host of the annual congressional picnic Thursday at the White House, but it was his chief of staff's band that came close to stealing the show.

"We got some interesting entertainment for you tonight," Bush told lawmakers and their families to the picnic, called "Rodeo on the South Lawn."

"We got some people who can play music and some people who think they can play music," the president said.

The Compassionates, Joshua Bolten's band, and the Second Amendments, a bipartisan congressional band, were the opening acts. The featured entertainment came from Riders in the Sky, professional musicians who played in fancy chaps and Western attire.

Rain clouds scuttled the picnic Wednesday night. No such problem for the makeup.

Bush was upbeat, although still weary from his trip this week to Baghdad.

The Compassionates, appearing like the Blues Brothers in their dark shades, white shirts and ties, ended their set with "Born To Be Wild." Then the congressmen took the stage.

Rep. Collin Peterson (news, bio, voting record), D-Minn., said the band had played all over the world, including Iraq, Kuwait and Afghanistan.

"No politics, just rock 'n roll," he said.

The other members of the group are Reps. Kenny Hulshof, R-Mo., Jon Porter, R-Nev., Dave Weldon, R-Fla., and Thaddeus McCotter of Michigan, a Republican whom Bush called "that rock 'n roll dude."

Spotted in the crowd were Defense Secretary Donald H. Rumsfeld, CIA chief Michael Hayden and Bush's top political adviser Karl Rove. The national intelligence director, John Negroponte, showed up in jeans and a cowboy hat.

A Little Needling From Bush, And Then A Call Of Regret (NYT)

By Jim Rutenberg

The New York Times, June 16, 2006

WASHINGTON, June 15 — Every once in awhile, at a news briefing, President Bush will poke fun at the reporters who cover him. And, every once in awhile, he will cause a little heartburn for his staff, and the White House press corps, in the process.

So it was during a Rose Garden press briefing Wednesday when Mr. Bush called upon a reporter for The Los Angeles Times, Peter Wallsten, and promptly commented on his inquisitor's sunglasses: "Are you going to ask that question with shades on?"

Mr. Wallsten offered to take them off, but the president said, "I'm interested in the shade look, seriously," and Mr. Wallsten did not.

Undaunted, he went on to ask Mr. Bush whether he had "any work to do to rebuild credibility that might have been lost" in the C.I.A. leak investigation. (Mr. Bush said a prosecutor's decision this week not to indict the president's deputy chief of staff, Karl Rove, "speaks for itself.")

Afterward, staff members told Mr. Bush that Mr. Wallsten was not wearing the sunglasses to look hip, but for health reasons. Mr. Wallsten has Stargardt's disease, a degenerative condition that causes blindness and can be painfully exacerbated by sunlight.

By late afternoon Mr. Bush called Mr. Wallsten to apologize. Mr. Wallsten said the call came without warning, on his cellphone, which listed the presidential phone number as "unknown."

"He said, 'I needle you guys out of affection,' and I said, 'Now that you know about this, don't treat me any different than you would ordinarily,' " Mr. Wallsten said. "He said, 'I won't.' "

Mr. Wallsten said he invited the president to "needle away," to which Mr. Bush replied, "I will, but next time I'll just use a different needle."

Spellings Goes Overseas To Tout Education (AP-Y2)

By Ben Feller

AP2, June 16, 2006

Education Secretary Margaret Spellings has put a passport stamp on her job, taking more overseas trips since 2005 than her predecessor did in four years.

In less than a year and a half, Spellings has taken seven overseas trips, traveling to Afghanistan, England, Egypt, France, India, Italy, Japan, Jordan and Russia. She plans to visit Greece and Spain later this month.

Transportation, food and lodging for her overseas travel cost $36,981, according to Education Department records. The total cost of her travel was thousands of dollars higher because other agencies picked up the tab for a few trips.

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It's not a matter of wanderlust, Spellings says. In her view, the top school official ought to see the nations that the United States is helping and competing against.

"We believe that education is a universally shared value," Spellings said in an interview with The Associated Press on Thursday. "We are looked to and admired around the world as people who know how to do education for the masses."

Spellings has served as a natural spokeswoman for the White House campaign for greater U.S. competitiveness. Better education is at the heart of that effort. She is also close to Bush, as his former top domestic policy adviser and as a longtime friend from Texas.

Spellings took office in January 2005. Rod Paige, Bush's first education secretary, took six overseas trip during his four years in the Cabinet. Three of Spellings' trips came at the request of the White House.

She accompanied first lady Laura Bush to launch a training institute for women teachers in Kabul, Afghanistan. She also led U.S. delegations to the 2005 World Expo in Nagoya, Japan, and to the 2006 Paralympics in Turin, Italy.

Her other trips focused mainly on meetings with international peers. Some examples:

· Spellings traveled with congressional members in April 2006 to Bangalore, New Delhi, and Agra in India. The purpose of the trip was to help the U.S. learn how to compete better.

· Spellings attended two meetings of the Broader Middle East and North Africa Initiative, an effort launched in 2004 by Bush and leaders of other major nations. Her travel took her along the Dead Sea in Jordan in May 2005 and to Sharm El-Sheikh, Egypt, in May 2006.

· Spellings went to Moscow in May 2006 for a meeting of education ministers from G8 nations. She also met with Russian teachers and students about math, science and foreign language study and signed a deal with Russian leaders about student and scholar exchanges.

The trips have had different purposes, she said. But all reflect a greater international focus for the Education Department since Bush's first term.

"The landscape has changed, and is changing, since the earliest days of the administration," Spellings said. "The things that we're doing in the Middle East have evolved over these several years. ... It's a smaller world, and we are invested in key parts of the world."

Keith Ashdown, spokesman for the watchdog group Taxpayers for Common Sense, questioned how much benefit taxpayers would get out of the trips. The Education Department would be better served, he said, to send midlevel employees who handle day-to-day activities.

"These trips by executives at agencies, there's not a lot of bang for the buck," Ashdown said. "They're mainly expensive public relations events to make the agencies look good."

In speeches, Spellings loves to reference "The World is Flat." The Thomas Friedman best-seller explores how technology is exploding the global economy and forcing the U.S. to adapt.

"It's very significant that she's traveling abroad as much as she can, and more so than her predecessor did," said Victor Johnson, associate executive director of NAFSA, a prominent association of international educators.

"It's certainly important that she gets out there and understands what some of our key competitors in the international education market are doing," Johnson said. "We need to compete for the students and the scholars and the talent of the world."

Paige had a more domestically focused mission: starting No Child Left Behind. The sweeping education law was Bush's first priority in office. Bush signed it in January 2002.

"Secretary Paige traveled a lot domestically — that's just where the need was," said William Hansen, who was Paige's deputy secretary.

The Sept. 11 attacks, the ensuing wars and the fresh attention on economic competitiveness have all put more focus on international travel for Spellings.

Credit-rating Agencies Closer To Tough Regulations (USAT)

By Elliot Blair Smith

USA Today, June 16, 2006

A move to more closely regulate the major Wall Street credit-rating agencies at the tail end of an era of corporate scandals gained momentum this week, when the House Financial Services Committee approved reform legislation that moves to the full House for review.

The bill, sponsored by Rep. Michael Fitzpatrick, R-Pa., is dubbed the Credit Rating Agency Duopoly Relief Act, a dig at the two biggest U.S. credit-rating firms, Moody's and Standard and Poor's.

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The legislation would require the firms to file confidential financial statements with the Securities and Exchange Commission, publish regular reports on how well their ratings perform, and make mandatory the practice of employing compliance officers to ensure the firms comply with securities laws.

The Senate Banking Committee plans to introduce similar legislation this summer. Those efforts compete with a bid by Moody's and S&P to head off lawmakers by enacting voluntary reforms.

The two firms dominate the roughly $3 billion-a-year business of grading debt securities issued by companies and municipalities that pay them for those investor report cards. But their independence and reliability came into criticism after they failed to anticipate the defaults of such clients as Enron, Global Crossing and WorldCom, which enjoyed investment-grade ratings only months — and, in the case of Enron, days — before the companies' bankruptcy filings.

The credit raters deny misleading investors, contending that their analysts were duped. But, Moody's Vice President Fran Laserson says the firms are now working with the Securities and Exchange Commission to develop a voluntary program of internal controls and disclosures modeled after a European standard. "We think we are close on achieving this self-regulatory framework that we think will satisfy the calls for greater transparency and accountability, which we support," she says.

That is unlikely to satisfy the big firms' smaller competitors, which argue they are locked out of 90% of the credit-rating business through allegedly anti-competitive tactics that stifle competition and fail to serve investors.

"We would be delighted if the SEC took action, but I think it's only going to happen if Congress puts pressure on them through legislation," says Jim Kaitz, CEO of the Association for Financial Professionals, a trade group that represents 14,000 finance professionals.

Glenn Reynolds, chief executive of CreditSights, a small research firm, says the House legislation "marks the first real progress on the issue since it was taken up in early 2002, after the Enron fiasco that the agencies have still failed to take any responsibility for."

Sean Egan, managing director of Egan-Jones Ratings, says, "I think there's been a shift. As of four years ago, we were screaming in the wind. Now, I think there's widespread realization that something has to be done to correct the fundamental problems in this industry."

Drug-plan Shuffle Disrupts Coverage (USAT)

By Richard Wolf

USA Today, June 16, 2006

WASHINGTON — The problems that plagued low-income seniors and people with disabilities during the rollout of Medicare's prescription-drug program in January have continued on a smaller scale, causing some new beneficiaries to lose coverage or spend their own money at pharmacy counters.

The problems occur when people turn 65 or become eligible for Medicare disability benefits and are involuntarily switched from Medicaid drug coverage to the new Medicare plan. Thousands lose Medicaid drug coverage, typically for two to six weeks, before Medicare kicks in. Health counselors say the trouble dominates their caseloads.

"It is a national problem," says Barbara Murock, a state health policy specialist in Allegheny County, Pa. "It's happening all the time."

Since January, most of the early problems have been rectified. But each month, 10,000 to 70,000 new people fall into the gap between Medicaid and Medicare.

Darin Byrd, a 40-year-old cancer patient in North Versailles, Pa., who lives on about $700 a month in disability payments, had to charge $270 to his mother's credit card and pay $100 in cash when he lost Medicaid drug coverage May 15. His new coverage began June 1. "They dropped me before Medicare picked me up," Byrd says.

Medicare's prescription program got off to a rocky start in January, when roughly 6 million low-income beneficiaries who had Medicaid drug coverage had to change to the new Medicare plan. Tens of thousands were turned away or overcharged at pharmacies because the private insurance plans that run the Medicare program didn't honor their coverage. More than half the states stepped in with their own money to rectify the situation; some, such as California and Maine, are still paying.

The requirement to move from Medicaid to Medicare was made by Congress when it created the drug program in 2003. Gale Arden, of the Centers for Medicare and Medicaid Services, told state officials last month the agency "is working on a means" to more quickly find and enroll people forced to make the switch. Meanwhile, says the agency's Peter Ashkenaz, "there are protections." Among them:

·People can enroll in a Medicare drug plan at pharmacy counters to avoid any gap in coverage.

·Several states fill the gap with emergency funds.

·If beneficiaries pay out of pocket, insurance plans eventually will provide retroactive coverage.

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State officials say that's not enough. “This is no way to run a drug benefit,” says Jude Walsh, an aide to Maine Gov. John Baldacci. “We're always a month behind.”

They also say it's up to Medicare to fix the gap. “It's an inherent problem in the design of the program,” says George Oestreich, a Missouri Medicaid official.

Counting On COLAs To Bring Relief (WP)

By Stephen Barr

The Washington Post, June 16, 2006

With consumer prices on the rise, federal retirees are paying more attention to inflation trends and what they mean for their pensions.

Several callers this week pointed to a notice posted by the National Active and Retired Federal Employees Association that showed that most government retirees have banked 2.9 percent toward their next cost-of-living adjustment. The calculation, based on a Labor Department index showing that consumer prices rose again in May, suggests that federal retirees could be in line for a jumbo COLA in January.

Of course, it's too early to tell if the run-up in inflation -- a reflection of $3-a-gallon gasoline and other, higher consumer prices -- will continue into the fall, when officials will crunch the numbers for the 2007 COLA.

But, regardless of whether the inflation trend line goes up or down, the federal COLAs have proved to be an important benefit, helping lower-income retirees cope with increased costs for fuel, housing and health care.

As Patrick Purcell , a social policy specialist at the Congressional Research Service, wrote in a recent report, COLAs typically do not make retirees better off financially but merely protect them from becoming financially worse off over time.

At the start of this year, federal retirees covered by the Civil Service Retirement System received a 4.1 percent COLA, and retirees in the newer Federal Employees Retirement System who were at least 62 received a 3.1 percent increase. That COLA was the biggest in 15 years.

Nationwide, there were nearly 1.8 million civil service retirees on the government's annuity roll as of Oct. 1, according to the Office of Personnel Management. Of those, 1.57 million retired under the CSRS and about 220,000 under FERS.

(The tallies by the OPM are partial snapshots of the government retirement community: They do not include retirees from the military, the U.S. Postal Service, and the congressional and judicial branches of government.) Last year, the OPM counted 265,277 civil service retirees in the District, Maryland, Virginia and West Virginia. An additional 77,574 people in the region received survivor benefits.

The average annuity for a CSRS retiree is $2,396 per month. The average pension for a FERS retiree, who receives a Social Security benefit, is $868 monthly.2.7 Percent for Whom?

As expected, the House this week approved a fiscal 2007 spending bill that includes a 2.7 percent pay raise for civil service employees next year. The bill requires that the raise also go to employees in the departments of Defense and Homeland Security, which are replacing the government-wide pay system with performance-oriented systems.

The Bush administration, which had recommended a 2.2 percent raise, objected to the House action and urged deletion of the provision covering Defense and Homeland Security employees. "The provision is ambiguous as to how the increase would be applied to employees covered under these departments' modernized pay systems and will unnecessarily complicate their implementation," the White House budget office said.

But Darryl Perkinson , president of the Federal Managers Association, welcomed the House action, saying employees in the two departments are concerned about "what will happen to their pay." He added, "It's positive to see that for 2007, at least, we are assured that they will be recognized for their dedication and commitment to serving America."

The Senate plans to address federal pay issues later this year, aides said.Talk Shows

Gary A. Amelio , executive director of the Federal Retirement Thrift Investment Board, will be the guest on "FEDtalk" at 11 a.m. today on http://federalnewsradio.com and WFED radio (1050 AM).

Vice Adm. Justin D. McCarthy , director of Navy material readiness and logistics, will be the guest on "The IBM Business of Government Hour" at 9 a.m. Saturday on WJFK radio (106.7 FM).

OTHER NEWS:

Bernanke Speech Soothes Nerves On Economy (FT)

By Krishna Guha

Financial Times, June 16, 2006

DOJ_NMG_0035028

Ben Bernanke, Federal Reserve chairman, eased nerves on Thursday with a measured assessment of the threat posed by higher energy prices to inflation and growth, as stocks advanced worldwide.

The S&P 500 index rebounded before his speech – reflecting positive reports on jobless claims and manufacturing orders – and ended the day up more than 2 per cent at 1,256.16. But bond prices fell, with the yield on 10-year US Treasury bills rising 3 basis points as investors digested the implications for interest rates.

Mr Bernanke zeroed in on the sustained increase in energy prices as one of the root causes of the recent inflation scare, and pledged to keep a careful watch on inflation expectations. But he did so in a calm tone, without the aggressively hawkish language that rocked markets on June 5.

"In the short run, sharply higher energy prices create a rather different, and in some ways, a more difficult set of economic challenges," Mr Bernanke told an audience of business-people in Chicago. "A significant increase in energy prices can simultaneously slow economic growth while raising inflation."

He said the rise in energy costs had imposed the equivalent of a tax of $185bn – almost 1.5 per cent of gross domestic product – on US residents since the end of 2003, while putting upward pressure on prices.

Mr Bernanke also cautioned that "in the long run, higher energy prices are likely to reduce somewhat the productive capacity of the US economy" by making some energy-intensive capital equipment obsolete. High energy prices also resulted in a deterioration in the US terms of trade – the relative price of its exports and imports – and a larger current account deficit, he said.

But Mr Bernanke said that provided energy prices did not move sharply higher from their existing elevated levels, "these long-run effects, though clearly negative, appear to be manageable".

He reiterated his message of June 5 that the Fed was alert to changes in inflation expectations, ahead of the publication today of survey data from the University of Michigan. However, he noted, "inflation compensation implied by yields on government debt has fallen back somewhat in the past month".

Mr Bernanke said: "These developments bear watching." This was a relatively gentle phrase, compared with the description of inflation expectations in the last Fed minutes as "worrisome".

Mr Bernanke implicitly dismissed suggestions that speculators were responsible for the run-up in prices, saying "for the most part, high oil prices reflect high and growing demand for oil and limited and uncertain supplies".

Significantly, he declined to blame the increase in core inflation, which was up 0.3 per cent in May, on technical adjustments to the estimate of the cost of living in owner-occupied homes, as many private sector analysts did.

Bernanke Highlights Inflation Risks, But Sounds Somewhat Dovish Note (WSJ)

By Brian Blackstone

The Wall Street Journal, June 16, 2006

WASHINGTON -- After edging up in recent months, market-based inflation expectations implied by nominal and inflation-indexed Treasurys' yields have "fallen back somewhat" in the past month, Federal Reserve Chairman Ben Bernanke said Thursday.

Still, inflation expectations "bear watching" given their importance in keeping high energy prices, which are likely to persist, from feeding into the broader economy, Mr. Bernanke said in prepared remarks to the Economic Club of Chicago. (Read the full text.1)

"Unlike in earlier episodes, the significantly higher relative price of energy that we are now experiencing is expected to be relatively long lasting and thus will likely prompt more-significant adjustments by households and businesses over time," Mr. Bernanke said.

Mr. Bernanke said keeping inflation expectations contained is key in preventing "second round" effects of higher energy prices.

"To the extent that households and business owners expect that the Fed will keep inflation low, firms have both less incentive and less ability to pass on increased energy costs in the form of higher prices," he said.

"And likewise, workers have less incentive to demand compensating increases in their nominal wages," Mr. Bernanke said.

The Fed chairman noted that survey-based inflation expectations and market-based gauges such as nominal and inflation-indexed government-bond yields "have edged up, on net, in recent months."

"As yet, these expectations measures have remained within the ranges in which they have fluctuated in recent years and inflation compensation implied by yields on government debt has fallen back somewhat in the past month," Mr. Bernanke said.

"Nevertheless, these developments bear watching," he added.

Recent government inflation data have suggested that higher energy prices are feeding into underlying prices. The core consumer price index that excludes food and energy prices has increased 0.3% on-month for each of the past three months through May. Each gain came in above market expectations.

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Mr. Bernanke noted that while the pass-through of energy and commodity prices has been "relatively low" thus far, "the cumulative increases in energy and commodity prices have been large enough that they could account for some of the recent pickup in core inflation."

Economists expect that, in light of the recent rise in core inflation and some hawkish inflation remarks by Mr. Bernanke and other Fed officials in recent days, the central bank will most likely raise official interest rates a 17th consecutive time at its June 28-29 meeting, to 5.25%.

Besides the inflationary effect of higher oil and other energy prices, Mr. Bernanke also noted that the long-run economic effects, "though clearly negative, appear to be manageable."

"The U.S. economy is remarkably flexible, and it seems to have absorbed the cost shocks of the past few years with only a few dislocations," he said.

However, he did note that higher energy prices "are likely to reduce somewhat the productive capacity of the U.S. economy" over the long run, and may restrain productivity growth by causing businesses to trim new investment.

A higher oil import bill also "will increase the U.S. current account deficit, implying a greater need for foreign financing" over the medium term, Mr. Bernanke added.

And with imported energy costs up $185 billion since late 2003, "all else being equal, this constitutes a noticeable drag on real household incomes and spending," Mr. Bernanke said.

Stocks Post Sharp Gains In Rebound From Sell-Off (NYT)

By Vikas Bajaj

The New York Times, June 16, 2006

After five tumultuous weeks, investors finally breathed a collective sigh of relief today.

Stock prices turned up sharply in most world markets. In the United States, the Standard & Poor's 500-stock index rose 2 percent and the Nasdaq composite index jumped more than 2.8 percent, their second straight day in the black after almost 10 straight days of declines. The Dow Jones industrial average rose 1.8 percent, pushing it back above the 11,000 mark.

Elsewhere in the world, the frenetic selling of the last few weeks gave way to buying from Tokyo, up 1.1 percent, to London, up 2 percent.

Stocks staged an even bigger comeback in emerging markets, which had been hammered on concerns that they were beginning to resemble the American technology bubble of the late 1990's and 2000. India's Sensex index, which had fallen more than 27 percent in the five-week period that ended Tuesday, was up almost 7 percent today.

Cautioning that the rally could prove to be a brief interlude in a more sustained slide, experts said the snapback appears to reflect the fundamental strength of the American and world economies. Inflation remains low by historical standards and economic growth, while slowing, is not expected to stall.

"To me, this is a lack of sell orders combined with a little bit of a sigh of relief that maybe this isn't a hard landing" for the economy, said Chris M. Hyzy, an investment strategist at U.S. Trust, an investment firm in New York.

A report showing that American industrial activity pulled back slightly in May appeared to have helped propel stocks higher because investors believe a slowdown in economic activity will help rein in inflation, a development that could allow the Federal Reserve to stop raising interest rates later this summer.

And breaking from a recent pattern, in which comments by Federal Reserve officials have driven the markets down, a speech by Ben S. Bernanke, the Fed's chairman, on energy and the economy this afternoon did not break the rally. He said policymakers should be on guard to make sure that high oil prices do not drive up the costs of other goods and services, but he noted that the impact of high prices thus far appears to be minimal.

"As yet, these expectations measures have remained within the ranges in which they have fluctuated in recent years and inflation compensation implied by yields on government debt has fallen back somewhat in the past month," Mr. Bernanke said at the Economic Club of Chicago. "Nevertheless, these developments bear watching."

Stocks may also be rising for technical reasons.

Investors who believe that the price of a stock will fall often borrow shares and sell them short. If prices do indeed fall, the short seller will buy back them at a lower price to complete his bet and turn a profit. Those purchases, in turn, can help briefly bolster price of the fallen stocks.

It is hard to determine exactly how much short selling is contributing to the current market movements, but analysts say it appears to have played some part in bolstering the price of metals and other commodities, which have staged a small return in the last two days. The price of gold rose $4.20, to 0.8 percent, to $566.50 an ounce.

"Short positions have been closed out significantly in commodities," Mr. Hyzy of U.S. Trust said.

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As for stocks today, the Standard & Poor's 500-stock index rose 26.12 points, or 2.1 percent, to close at 1,256.16; the Nasdaq composite index climbed 58.15 points, or 2.8 percent, to 2,144.15; and the Dow Jones industrial average climbed 198.27 points, or 1.8 percent, to 11,015.19.

Technology, energy and financial stocks, which had taken an intense drubbing in recent weeks were among the leading gainers today.

Meanwhile, bond prices fell. The yield on the benchmark 10-year Treasury note, which moves in the opposite direction of its price, rose to 5.09 percent this afternoon from 5.06 percent late Wednesday.

Blue Chips (WSJ)

By E.S. Browning

The Wall Street Journal, June 16, 2006

REASSURING COMMENTS on inflation from Federal Reserve Chairman Ben Bernanke helped propel the Dow Jones Industrial Average ahead almost 200 points, marking its biggest two-day gain in three years and pushing it past the 11000 milestone again.

Although many on Wall Street remained nervous about the market's outlook, few were standing in its way yesterday as surging markets abroad and good news at home spurred the buying.

The Dow industrials finished with a gain of 198.27 points, or 1.83%, at 11015.19. The Dow is ahead 2.8% for 2006, although still down 5.4% since its six-year high set May 10.

It was the biggest one-day gain in point or percentage terms since April 2005. Together with Wednesday's 111-point surge, the 2.89% two-session gain was the biggest since April 2003. All 30 Dow-industrials components rose, the second time that has happened since early 2004. (The other was in April 2006.)

After all the losses, "this market was kind of like a rubber band. It got stretched too much on the downside and snapped back," said Todd Clark, director of stock trading at San Francisco money-management and brokerage firm Nollenberger Capital Partners. "Bernanke's comments about the inflation bugaboo also reassured people. But the proof is going to be next week. What I don't want to see is another ungluing."

The day's big news was Mr. Bernanke's speech to the Economics Club of Chicago, in which he said inflation expectations indicated by yields on Treasury bonds have "fallen back somewhat." He said energy prices so far have had a "relatively low" impact on other prices.

Mr. Bernanke, who took over Fed leadership in February, gave no direct hints about his plans for interest-rate increases this summer. Investors expect the Fed to push short-term rates up another quarter percentage point at its policy meeting June 28 and 29. The comments suggested that Mr. Bernanke has a balanced view on inflation risks, which renewed hopes for a pause in rate increases.

"Investors still are learning how to dance with Mr. Bernanke," said Jon Brorson, head of growth-stock investing at money-management group Neuberger Berman. "But it sounds like he assuaged people's fears a little bit in Chicago." Mr. Brorson said he is confident that Mr. Bernanke "isn't going to drive the economy into the ground."

Like Mr. Clark, Mr. Brorson said the rally was in part a technical reaction to the heavy selling of the past month. He said he expects stocks to remain volatile, as investors try to understand the likely outlook for interest rates. Some short-term investors could use the current rebound as an opportunity to sell some stocks they had trouble unloading during the downdraft.

Even before Mr. Bernanke spoke, stocks began the day with gains, partly in reaction to sharp rallies abroad. India's benchmark index jumped almost 7%, Tokyo's 1%, Russia's 5% and those of Britain and Germany 2%. Colombia's soared almost 16%.

Some of the market swings could be due to the "quadruple-witching" expiration of options and futures contracts at week's end. When stocks and indexes move sharply, they can make options and futures contracts pay off, causing traders to buy or sell stocks to cover their exposure. When trading is distorted by short-term buying and selling, market moves can be partly unwound in later days.

Some of the buying also could be by short sellers, who borrow stock and sell it in a bet that it will decline. To take profits, they must buy stocks back and return them, which can temporarily contribute to market rallies after big declines.

Investors welcomed a series of mixed economic reports, which together suggested that inflation isn't getting out of control and that the economy is continuing to expand. Industrial production unexpectedly fell in May, as did the pace of expansion of Philadelphia-area factory activity. May manufacturing activity in New York state was strong and last week's new jobless claims declined. Brokerage firm Bear Stearns posted record quarterly profits.

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Treasury prices, which had risen during the stock downdraft as money flowed to Treasurys' relative safety, declined for a second day, pushing yields slightly higher. The 10-year Treasury note fell 10/32, or $3.13 for each $1,000 invested, pushing the yield up to 5.104%. The 30-year bond was down 18/32 to yield 5.138%.

Oil futures rose 36 cents, but finished below $70 at $69.50 a barrel. Gold futures rebounded after seven consecutive declines, rising $4.20 to $566.50 a troy ounce. Gold futures are down 21% since hitting a 26-year high in May.

Investors are looking ahead to quarterly profit reports, due next month. Early forecasts of problems and triumphs are starting to trickle out.

The Standard & Poor's 500-stock index rose 2.12%, or 26.12 points, to 1256.16, the biggest percentage gain since 2003. It is 5.2% off the five-year high it hit May 5, but back in the black for 2006, up 0.6%.

The Nasdaq Composite Index posted its biggest percentage gain since 2004, up 2.79%, or 58.15 points, at 2144.15. Although the Nasdaq has returned to its level of one week ago, it remains down 9.6% from its April 19 five-year high and off 2.8% since the year began.

The Russell 2000 small-stock index jumped 3.54% to 701.05, its biggest one-day gain since 2002. It is down more than 10% from the record it hit in May.

Outside the U.S., stocks advanced in dollar terms. The Dow Jones World Stock Index, excluding U.S. stocks, rose 1.94%, or 3.84 points, to 201.71.

Stocks Extend Rally; Dow Over 11,000 (WP/AP)

By Associated Press

The Washington Post, June 16, 2006

NEW YORK, June 15 -- Wall Street rallied for a second session Thursday as strong earnings from Bear Stearns and mild economic data helped stocks regain their footing after several weeks of hefty losses.

The Dow Jones industrial average jumped 198.27, or 1.8 percent, to 11,015.19, finishing above the 11,000 mark for the first time since June 6. The Standard & Poor's 500-stock index gained 26.12, or 2.1 percent, to 1256.16, and the Nasdaq composite index surged 58.15, or 2.8 percent, to 2144.15.

Although the day's data gave mixed signals on economic growth, investors again brushed aside worries about inflation and interest rates following a month of selling that pulled the Dow down more than 8 percent. The market turned sharply higher Thursday afternoon after Fed Chairman Ben S. Bernanke said that record energy and commodity prices could account for some of the recent uptick in core prices but that inflation expectations have remained within historical ranges.

Crude futures had another day of gains after the government reported a larger-than-expected drop in U.S. oil reserves, as refineries stepped up output to meet summer gasoline demand.

Despite two days of sturdy gains, some analysts were skeptical about whether Wall Street has finally reversed course. Stocks are expected to remain volatile until the Fed issues its opinion on the economy's health at the June 28-29 policy meeting.Movers

Microsoft closed up 19 cents, at $22.07, prior to the announcement that co-founder Bill Gates plans to step away from day-to-day duties by July 2008. Microsoft shares slipped in after-hours trading.

Bear Stearns swelled $7.36, to $131.56. Its quarterly profit grew 81 percent to easily beat Wall Street estimates, lifted by strength in equity trading and fixed-income revenue.

Goldman Sachs Group gained $5.62, to $144.12. It boosted its offer for Associated British Ports Holdings to about $4.8 billion, which was matched by Australia's Macquarie Bank in an intensifying bidding war.Indexes

New York Stock Exchange composite index rose 196.12, to 7976.45.

American Stock Exchange index rose 52.62, to 1866.73.

Russell 2000 index of smaller-company stocks rose 23.96, to 701.05.Volume

NYSE: 2.89 billion shares, up from 2.82 billion on Wednesday. Advancers outnumbered decliners 17 to 4.

Nasdaq: 2.25 billion shares, up from 2.12 billion. Advancers outnumbered decliners 4 to 1.Commodities

Crude oil for July delivery: $69.50, up 36 cents.

Gold for current delivery: $566.50 a troy ounce, up from $562.30 on Wednesday.

Dow's Rally 'does Not Mean That Much' (USAT)

By Adam Shell

USA Today, June 16, 2006

DOJ_NMG_0035032

NEW YORK — Pinpointing the precise end of scary stock market downturns is, at best, an inexact science. So it's no surprise Wall Street is unwilling to concede that the struggling Dow's surge back above 11,000 after its biggest two-day gain in three years is definitive proof the corrective phase is over.

While professional investors welcomed the Dow Jones industrial average's 309-point gain to 11,015 on Wednesday and Thursday, they said it did not repair all the damage caused by the 8% swoon it suffered over the past five weeks and advised investors to tread cautiously.

“One or two days of a rally does not mean that much,” cautions Price Headley, chief analyst at BigTrends.com. Headley, citing historical patterns, notes that the beaten-down market was due for “a bounce.” But for the bounce to stick, stocks will likely have to drop again and prove that they can stay above the lowest levels hit in the current downdraft.

The two-day surge — which gained steam Thursday after Federal Reserve Chairman Ben Bernanke didn't say anything to alarm investors — provided welcome relief from a free fall that began in early May. That sell-off was sparked by fears that the era of cheap money fostered by historically low interest rates was nearing an end as central banks in the USA, Europe and Asia moved to raise interest rates to contain inflation.

The biggest losses have been suffered by riskier asset classes, such as emerging-markets stocks, commodities and shares of small companies.

Back-to-back up days, however, while a sure “sign of life” for stocks, “is not convincing evidence of a new uptrend,” says Ken Tower, chief market strategist at CyberTrader. He says it's unclear whether the rally was fueled by bargain hunters, or a wave of buying by short sellers who had been betting against the market.

Short sellers hope to make money on falling shares by selling borrowed shares and buying them back later at a lower price. When stocks rebounded, these investors opted to buy stocks back before they went even higher, to avoid risking bigger losses.

Tower says it will likely take about a month for the market to work through the bottoming process. Signs that stocks are done falling would be either a massive decline on huge trading volume followed by a sharp rebound, or a successful test of the recent lows and a slow, steady march upward.

Wall Street is debating whether the downturn is over or whether this is a rally in a bear market. Ironically, the Dow's top five daily point gains all came in bear markets. Still, Sam Stovall, chief investment strategist at Standard & Poor's, says this is no bear market. “This is a correction,” he says. “Corrections are like a slap in the face, like what we've seen in the past month. Bears can be equated with grinding downward movements that you equate with water torture.”

Factory Output Fell Slightly In May (WSJ)

By Christopher Conkey And Greg Ip

The Wall Street Journal, June 16, 2006

WASHINGTON -- Factory output fell slightly last month as manufacturers adjusted to milder consumer demand, and Federal Reserve Chairman Ben Bernanke sounded a guardedly optimistic note on inflation.

In another sign the economy has entered a period of slower growth, the Fed said industrial production declined 0.1% in May after three consecutive monthly gains, but output at the nation's factories, mines and utilities is still running 4.3% higher than a year earlier. Lower auto production last month spurred a 0.1% decline in the manufacturing sector and mining output dropped as well. Halting a recent upswing, capacity utilization fell to 81.7% in May from 81.9% in April.

The May decline in manufacturing activity was a response to slackening consumer spending after a robust first quarter. "For the first time in more than three years, production of consumer goods, business equipment, construction supplies and business supplies all fell in May," said David Huether, the National Association of Manufacturers' chief economist. "This shows that a broad-based slowdown in the economy is taking place."

After surging at an inflation-adjusted 5.3% annual rate in the first quarter, many analysts say the economy is advancing at a slower pace -- around 3% -- in the current quarter. Rising interest rates, a gradually cooling real-estate market and elevated gasoline prices are restraining consumer spending, but businesses are picking up some of the slack. Recent trends in exports, investment and productivity all point to further gains in business spending, and economists expect industrial production to resume growth in the months ahead.

"So what if industrial production slid back a shade in May?" said Jason Schenker, an economist at Wachovia Corp. "All major market and industry groups have seen their industrial production rise over the past year...Growth is a go."

Bison Gear & Engineering Corp., based in St. Charles, Ill., is seeing strong demand for the industrial motors it makes for restaurant and health-care equipment. Chief Executive Ron Bullock said a recent investment of "a couple million dollars" in manufacturing gear will enable growth of 15% next year, and exports are accounting for an increasing share of sales. The company's work force, Mr. Bullock added, is up 11% from a year earlier.

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Mr. Bernanke, in his speech to the Economic Club of Chicago yesterday, noted that expected inflation, as measured by inflation-protected bonds, had "fallen back somewhat in the past month." He acknowledged that the public's expectations of inflation in surveys and in the bond market had "edged up," developments that "bear watching."

He didn't repeat his stronger warning from a speech last week in which he called recent developments on inflation "unwelcome" and said the Fed would remain "vigilant" to ensure recent increases weren't sustained. That language helped boost expectations for another rise in interest rates later this month and roiled stock markets. But it also appears to have convinced bond investors of his anti-inflation resolve, leading to the recent retreat in their expectations of inflation.

Mr. Bernanke said that while the rise in energy and commodity prices since 2003 hasn't led to the spiral of rising prices and wages of the 1970s, they "have been large enough that they could account for some of the recent pickup in core inflation."

He also said he expects productivity growth -- output per worker-hour -- to continue at 2.5% to 3% a year "for some years ahead." Such a high rate of productivity growth would enable the U.S. economy to grow at roughly 3% to 4% a year without generating inflation.

Separately, the Labor Department said 295,000 people filed initial unemployment claims last week, 8,000 fewer than the week before. The drop pushed the closely watched four-week moving average of jobless claims down to 315,750, which suggests a robust level of job creation this month.

With the unemployment rate at 4.6%, economists have been searching for signs of wage gains that could add to inflationary pressures. The labor market has been sending mixed signals recently, however, and pay increases are lagging behind the prevailing inflation rate.

Mr. Huether of NAM and other manufacturing groups have called on the Fed to stop raising short-term interest rates, but several Fed officials have recently indicated that the recent rise in prices and inflation expectations are greater concerns than slower growth. Futures markets are all but certain the Fed will opt to raise the federal-funds rate to 5.25% later this month.

The Phantom Menace (NYT)

By Paul Krugman

The New York Times, June 16, 2006

Over the last few weeks monetary officials have sounded increasingly worried about rising prices. On Wednesday, Richard Fisher, the president of the Federal Reserve Bank of Dallas, declared that inflation "is running at a rate that is just too corrosive to be accepted by a virtuous central banker."

I'm worried too — but not about recent price increases. What worries me, instead, is the Fed's overreaction to those increases. When it comes to inflation, the main thing we have to fear is fear itself.

Discussions of inflation can be numbingly arcane — are you a core C.P.I. type or a trimmed-mean P.C.E. person? But the real issue is whether there's a serious risk that inflation will become embedded in the economy.

The classic example of embedded inflation is the wage-price spiral — better described as wage-price leapfrogging — of the 1970's. Back then, whenever wage contracts came up for renewal, workers demanded big raises, both to catch up with past inflation and to offset expected future inflation. And whenever companies changed their prices, they raised them by a lot, both to catch up with past wage increases and to offset expected future increases.

The result of this leapfrogging process was that inflation became a self-sustaining process, feeding on itself. And ending that self-sustaining process proved very difficult. The Fed eventually brought the inflation of the 1970's under control, but only by raising interest rates so high that in the early 1980's the U.S. economy suffered its worst slump since the Great Depression.

Fed officials now seem worried that we may be seeing the start of another round of self-sustaining inflation. But is that a realistic fear? Only if you think we can have a wage-price spiral without, you know, the wages part.

The point is that wage increases can be a major driver of inflation only if workers consistently receive raises that substantially exceed productivity growth. And that just hasn't been happening.

In fact, the distinctive feature of the current economic expansion — the reason most Americans are unhappy with the state of the economy, in spite of good numbers for the gross domestic product and explosive growth in corporate profits — is the disconnect between rising worker productivity and stagnant wages. Over the past five years productivity, as measured by real G.D.P. per hour worked, has risen by about 14 percent, but the real wages of nonmanagerial workers have risen less than 2 percent.

Nor is there much sign that things are changing on that front. The official unemployment rate is low by historical standards, but workers still don't seem to have much bargaining power. (Does this mean that the official unemployment rate makes the job situation look better than it really is? Yes.) The Federal Reserve's Beige Book, an informal survey of economic conditions across the country, reports that over the last couple of months "wage pressures remained moderate over all, with the exception being workers with hotly demanded skills."

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But if wage pressures are so moderate, where's the inflation coming from? The answer is soaring oil and commodity prices.

It's true that some widely used inflation measures, like so-called core inflation, strip out the direct "first-round" effects of rising energy prices. But there are still indirect effects, which usually take some time to show up in the data. Much of the recent rise in core inflation probably represents the delayed effect of the big run-up in fuel prices a few months ago. And unless something else happens to drive up oil prices — like, to give a wild example, a military strike on Iran — inflation will probably subside in the months ahead.

And bear in mind that many economists, including Ben Bernanke, the Federal Reserve chairman, have said that a little bit of inflation — say, 2 percent a year on average — is actually good for the economy.

It would be an exaggeration to say that there's no inflation threat at all. I can think of ways in which inflation could become a problem. But it's much easier to think of ways in which the Federal Reserve, wrongly focused on the phantom menace of a new wage-price spiral, could be slow to respond to bigger threats, like a rapidly deflating housing bubble.

So I don't fear inflation nearly as much as I fear the fear of inflation. And I wish the Fed would lighten up on the subject.

As Natural Gas Glut Looms, Producers Eye The Weather (WP)

By Steven Mufson

The Washington Post, June 16, 2006

The whole world is talking about energy shortages, but for the moment, the U.S. natural gas business is looking at a potential glut.

Thanks in part to a warm winter, inventories of natural gas have built up to levels far greater than normal for this time of year. And terminals built to handle imports of liquefied natural gas from other countries are operating at about half of their capacity.

It is, unfortunately for consumers, a situation that may not last. Energy traders are still pricing futures contracts at high levels, and natural gas producers are planning for big increases in U.S. demand over the coming years. Yesterday, the Federal Energy Regulatory Commission approved proposals to build three new terminals and expand two others that together would triple the nation's capacity to import liquefied natural gas (LNG). One of those projects is an expansion of the LNG terminal at Cove Point in Calvert County, Md.

But for now, as anxiety grips oil markets, natural gas markets have calmed down in the past five months. At the end of last week, natural gas in storage amounted to 2.4 trillion cubic feet, up 23 percent from a year earlier and 38 percent higher than the five-year average, according to the Energy Information Administration. As a result, natural gas prices, which spiked as high as $15 a thousand cubic feet last winter, finished yesterday at $6.32 at Henry Hub, La., an industry benchmark.

The only things that can rescue natural gas producers from having to slash prices later this year: another big hurricane or a hot summer.

"What people are counting on is that there will be a hurricane that will disrupt [natural gas] production in the Gulf of Mexico the way Katrina and Rita did and that all that gas in storage is needed to make things work," said Adam Sieminski, chief energy economist of Deutsche Bank.

A report last week by Cambridge Energy Research Associates says that without another major disruption of natural gas production in the Gulf of Mexico or a particularly hot summer to drive up air-conditioning needs, the nation's storage capacity for natural gas will fill to the brim by autumn, producing a "real potential for an abrupt decrease in gas prices" as some storage fields become unable to accommodate additional injections.

This doesn't mean that consumers can expect any immediate relief. Most utilities sign contracts for anywhere from one to three years, and the benefits of lower prices will hinge on when contracts expire, as well as the weather between now and the fall. And current prices are still substantially higher than they were three or four years ago.

The most immediate effect of falling natural gas prices will come at utilities or power-generating firms with the capability to burn either coal or natural gas. "We're beginning to get substitutions," Sieminski said. "At this price level, it actually makes sense to stop burning coal and start burning natural gas."

Most energy analysts, however, see the bulge in natural gas supplies as temporary. "We have a little bit of a reprieve, but I don't think it's a sustainable reprieve," said John Dearborn, vice president for global energy at Dow Chemical Co., a major natural gas user. "We have been able to build up inventories faster than in years prior, but that's no indication of where gas inventories are going to end up. If we have a warm summer and a normal-to-cold winter, we will find ourselves back in the position we were in last winter."

Most players in futures markets agree. Prices for natural gas to be delivered in January stand at $11.10 a thousand cubic feet, what Dearborn calls "the danger area" for consumers like Dow Chemical.

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Most oil and gas companies and natural-gas-producing countries are going ahead with plans to meet demand that they expect to rise quickly over the next five to 15 years. In the United States, Sieminski noted, consumption of natural gas is expected to rise by about 30 percent by 2020. Since domestic natural gas production is essentially flat, most of the supply needed to meet that demand is expected to come from abroad in the form of LNG.

That has set off a scramble over LNG terminals and permits to build them. Many states and cities are reluctant to have such terminals. Last week, ConocoPhillips withdrew an application to build an LNG terminal 11 miles off the coast of Alabama, citing uncertainty about local environmental concerns. But it said it might file a new application "after consideration of all the economic factors."

Lord John Browne, chief executive of BP PLC, said in a speech in Washington yesterday that his company plans to invest $700 million in LNG terminals in the United States.

Yesterday's FERC approvals would have impact on both the Gulf and Atlantic coasts. Dominion will be able to increase its LNG import capacity to 1.8 billion cubic feet a day, up from 1 billion currently. In addition to Dominion's project, other projects approved by FERC yesterday were in Louisiana, Texas and New Jersey.

"This supply increase will have a significant impact on domestic natural gas prices in the future," said FERC Chairman Joseph T. Kelliher.

"If you need the gas, you have to build the terminals," Qatar's oil minister, Abdullah bin Hamad al-Attiyah, said yesterday in a briefing in Washington.

Qatar is gearing up to meet the demand on its end. It is in the midst of a massive expansion program to triple its capacity to export LNG. After meeting with representatives of U.S. natural gas consuming companies yesterday, Attiyah said, "I told them: 'I am a seller. I am here. But you have to provide the facilities.' "

The Beltway's Energy (WSJ)

By Roger C. Altman

The Wall Street Journal, June 16, 2006

We first saw America's energy vulnerability in 1973, when the OPEC embargo raised prices dramatically. Then the 1979 Iranian hostage crisis caused gasoline rationing. The message from these two events could not have been louder: The U.S. was too dependent on oil, and especially imports. For over 30 years, however, we have done nothing to reduce this vulnerability. Now we are again facing near-record energy prices, an angry public and the new threat of climate change. Yet Washington is still focused on the wrong issues.

Recent talk of price gouging, windfall profits and CEO pay is a distraction. Yes, there may be abuses, but no actions in those areas will have any impact whatsoever on energy prices or supply. Incessant pledges of energy independence within 15 or 20 years, i.e., national self-sufficiency, are completely unattainable and thus misleading. The sweeping embrace of wind, solar and hydrogen power is similarly misplaced, as these are not among the most promising alternatives.

Instead, what's needed from Washington are three big steps. First, to confess to the public that America is in deep trouble from its oil dependence and its carbon emissions. Second, to impel oil conservation through deep new incentives and mandates. Third, to finance an acceleration of those technologies which could truly replace oil and gas.

Let's start with the bad facts. For the public to support tough steps, it must know the real picture on our oil dependence and our carbon emissions. Our oil problem is about imports. A majority of the oil we use -- primarily for gasoline -- is imported. But over 60% of the world's proved oil reserves lie in Saudi Arabia, Russia, Iran, Iraq, Venezuela and the United Arab Emirates. And the governments in these nations own the reserves, not private parties. These are increasingly unstable places and increasingly unfriendly to America. Does anyone really believe that every single one of these governments, or their successors, will continue to supply oil to the West on reasonable terms?

Moreover, while they are not running out of oil, these nations also have very little spare production capacity right now -- perhaps only two million barrels in an 80-million-barrel daily market. That is why, with China and India now becoming big importers, world oil prices have risen into the mid-$70 range per barrel.

The U.S. will steadily consume more oil, not less; indeed, our daily consumption is projected to nearly double by 2030. Therefore, there is no scenario, absent a breakthrough technology, for our becoming independent of imported oil or natural gas. Our political leaders are obliged to make this clear to the American people.

The second set of bad facts concerns carbon dioxide emissions and climate change. I am not a climatologist, but the evidence of global warming, and the role of human-caused emissions in it, seems close to irrefutable. The National Academy of Sciences sees it that way. Both U.S. and global CO2 emissions are projected to grow indefinitely. Continued warming of the earth may irreversibly reduce its suitability for human life. This catastrophic risk is like that of a large asteroid which might strike this planet over the next 20 to 30 years. This also must be explained in stark terms to the public.

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There are only two serious approaches to reducing energy vulnerability and carbon emissions. One is oil conservation and the other is investment in new technology.

The only real strategy on oil is to use less of it. But, every year, the size of the U.S. auto fleet grows and, with fuel economy flat for 20 years, the result is more oil imports. Our leadership must accept that oil conservation is not just a "personal virtue," to quote Vice President Cheney, but a national requirement.

For starters, vehicles must be made more efficient. Corporate average fuel efficiency standards (CAFE) must be raised sharply, perhaps together with a stretch-out of legacy costs for the U.S. auto producers. Owners of the oldest, least efficient vehicles should be paid to turn them in. And we need much deeper tax incentives for production of hybrid and clean diesel engines and for consumer purchases of them. The expected growth in our oil consumption could be cut by 25% to 50% with these steps.

The permanent solution to oil vulnerability and climate change, however, lies in technology. My generation has seen breathtaking technologies emerge, but they will pale before the next ones. Thus, we should aim for technologies to truly end our use of oil and gas. The front-end risks must be financed at the federal level; after all, this is how NASA achieved key computing breakthroughs and the Defense Department developed the Internet.

Right now, however, federal R&D efforts are so small and unfocused as to be embarrassing -- for example, only $300 million for all renewable energy. To change this, some have proposed that the format, intensity and scale of the Defense Advanced Research Progress Agency be replicated in the Department of Energy. This is a good idea that is overdue.

Emission-free coal technology and next-generation nuclear power technology are areas that would benefit from that type of focus. In each case, the technology conceivably could replace oil and gas, unlike wind and solar. And, in each case, the technology works but not at commercial scale and competitive costs. The latest forecasts for reaching beginning competitiveness extend to 20 years. That must be shortened, and only Washington can provide the bridge financing to do so. Such financing is always risky, but far less so than the oil insecurity and climate risks we are running right now.

Since the first energy crisis 33 years ago, our nation has been unable to develop effective solutions. When you think about it, this is a stunning failure of leadership. Now, with America facing even greater danger, we deserve much better. Let's hope we finally get it.

Mr. Altman, chairman of Evercore Partners, was deputy Treasury secretary in the first Clinton administration.

'06 Race Focuses On The Suburbs, Inner And Outer (NYT)

By Timothy Egan

The New York Times, June 16, 2006

BELLEVUE, Wash., June 15 — In searching for any advantage in this year's Congressional elections, the two parties are focusing with increased intensity on those cul de sac jungles of tenuous political loyalties, the suburbs and exurbs.

After years in which Republicans capitalized on rapid growth in outlying areas, Democrats now see an opportunity to make gains in close-in suburbs where changes in the composition of the population are working in their favor. In a dozen or so Congressional districts that are leading battlegrounds in the midterm elections, older, more densely packed suburbs are trending Democratic, helping to offset Republican dominance on the sprawling exurban frontier.

Democratic hopes of retaking the House, party strategists say, could hinge on places like Bellevue, a city of 107,000 just across Lake Washington from Seattle. Here, a fast-growing Asian population and an influx of empty-nesters and singles living in new residential complexes have helped to make this the kind of district that, while continuing to send a Republican to Congress, has turned increasingly Democratic.

Both sides are taking steps to tailor their messages to, and train their firepower on, those swing suburbs. On Friday, President Bush will fly into this prosperous district as the draw of a fund-raiser intended to help Representative Dave Reichert hold on to his seat. The president's arrival will follow hard on the heels of a visit by Representative Rahm Emanuel of Illinois, who is in charge of the Democrats' efforts to win back the House.

"The future of both parties is in the suburbs," said Mr. Emanuel, who was here on behalf of Mr. Reichert's Democratic challenger, Darcy Burner, a 35-year-old former Microsoft employee new to politics.

Representative Mark Steven Kirk, who represents the North Shore district outside Chicago, said suburban voters were focused less on culture-war issues like same-sex marriage and abortion than on safety, education and environmental protection. As the population changes, he said, those voters no longer fit neatly into partisan types.

"I see this new reality in my district," said Mr. Kirk, a third-term Republican whose district voted Democratic in the 2004 presidential race. "In the old days, when you looked at a detached house with a big yard, that was usually a Republican home."

At the core of the political calculation is a demographic reality: older, more thickly populated inner suburbs, far from being static and homogeneous, are attracting residents of a type that never lived there in large numbers before.

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"Something happens as these suburbs age," said Robert E. Lang, director of the Metropolitan Institute at Virginia Tech, a research body focusing on the factors that shape metropolitan growth. "It's not, 'Honey, we've got an attached dwelling unit, it's time to vote Democratic.' It's a difference in the type of people who move there. With density, you get more racial diversity, singles and retired people."

In older suburbs, where growth peaked from the 1970's to the 1990's, and which are home to nearly 60 percent of people who live in the nation's 50 biggest metropolitan areas, Democrats have built a slight advantage, Dr. Lang said in an interview.

While most Congressional districts have been drawn by the state legislature to give a clear advantage to one party or the other, many of the most competitive House races this year are in districts encompassing both older and newer suburbs. That makes them less politically predictable.

In "The New Metro Politics," a study he conducted with Thomas W. Sanchez, Dr. Lang found that in the last several presidential elections, a clear pattern had emerged: the more crowded the suburb, the greater the Democratic vote; the more open space or newer the suburb, the greater the Republican vote.

In the inner suburbs, the rings just around big cities, Democrats won 58 percent of the presidential vote in 2004, Dr. Lang found. In the mature suburbs, the next tier out, the Democratic share was less, 51.9 percent.

But the fastest-growing areas are at the far edge, sometimes 80 miles or more from the urban center, and that is where Republicans built up huge majorities. In the outer two tiers of the study, President Bush won 56.6 percent of the 2004 vote in what Dr. Lang called "the emerging suburbs," and 62.3 percent in the exurbs.

"At each greater increment of urban density, Democrat John Kerry received a higher proportion of the vote," Dr. Lang wrote. The pattern was the same in red states as in blue.

Democrats, who need a change of 15 seats to win control of the House, are studying Dr. Lang's research in an effort to get there.

"His thesis is very much at the center of this race," said Zack Silk, the campaign manager for Ms. Burner, the Democratic challenger to Mr. Reichert here.

There are clear limits to the demography-as-destiny calculation. Mr. Reichert, like many other Republicans in potentially close races, enjoys the considerable power of incumbency. Further, traditional voting patterns can be broken if national political conditions are right, as Democrats discovered in 1994, when, after four decades in power, they lost control of the House in a nationwide Republican sweep. Big issues like the war in Iraq can overwhelm partisan loyalty.

And so can the smaller ones. Mr. Reichert said the No. 1 concern of his constituents was traffic congestion. At a time when Democrats say their polls give Mr. Bush an approval rating of just 26 percent in this district, Mr. Reichert has been campaigning on that issue within a portfolio also touching on matters like gang crime and school safety.

"Yes, the war is important," he said, "but everywhere I go people want to do something about traffic, something to improve their daily lives."

Whatever the issues, though, the mix of demography and politics has been playing out in many districts. In the cluster of counties outside Philadelphia — Bucks, Delaware and Montgomery among them — John Kerry in 2004 improved on the vote of Al Gore four years earlier. Similarly, in Fairfax County, Va., Democrats carried the presidential race easily in 2004 after losing to Mr. Bush in 2000. In Colorado, Democrats made big gains in the populous Denver suburbs of Arapahoe and Jefferson Counties, though Mr. Bush won both, by small margins.

And in the aging suburbs outside Chicago, Democrats have gradually made enough gains that they think they can now win the seat being vacated by Representative Henry J. Hyde, a 16-term Republican. The district includes much of DuPage County, still reliably Republican but becoming more Democratic as it grows.

For every Democratic opportunity in older, more dense and more diverse suburbs, there is a Republican opening in the fast-growing exurbs. For example, in Douglas County, Colo., the nation's fastest-growing county in the late 1990's, Mr. Bush defeated Mr. Kerry by two to one. In the epicenter of California growth, Riverside County, the president won by 57 percent to 41 percent, a big gain over his showing in 2000.

In fact, Mr. Bush won 97 of the nation's 100 fastest-growing counties in 2004. Republicans had homed in on these outer suburbs — often places that were little more than farmland or meadows just a generation ago — with campaigns built around family values.

But Dr. Lang and other experts note that the exurbs in the fastest-growing counties provide a very small share of the nation's vote, and say bigger gains can be had by either party in focusing on places of transition, where older and newer suburbs meet. In looking at the 50 biggest metropolitan areas, which have about 150 million people, Dr. Lang found that 90 million lived in a somewhat older suburb and that only 5.6 million lived in the exurbs, where Mr. Bush's vote was strongest.

Republicans won the last two presidential elections, Dr. Lang said, by running up huge majorities in rural and exurban areas, then winning a bare majority of the suburbs closer to the urban core.

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Cheney Sees GOP Winning Midterm Elections (AP-Y2)

AP2, June 15, 2006

Vice President Dick Cheney said Thursday that the Republicans will prevail in the midterm elections because of a strong economy and the ability of the Bush administration to prevent another terrorist attack.

Polls show voters favor Democrats taking charge in November, but Cheney said the GOP will maintain its majority control in the Senate and House. He cited an economy that's "kicking along in very good shape" and President Bush's record in the war on terror.

"And we protected the United States against further attack from the terrorists," Cheney said in an interview on Sean Hannity's radio show. "You can't guarantee there won't be further attacks, but I think the track record is remarkable."

At his news conference Wednesday, Bush also predicted Republican victories in November, saying the GOP "philosophy is one that is forward-looking and optimistic and has worked."

Last week, the Associated Press-Ipsos poll found that only 24 percent of those surveyed approve of the way the Republican-controlled Congress is doing its job. Fifty-two percent said they want Democrats to capture control of Congress in November, about the same as in last month's survey.

Bipartisan Query: Will 2006 Reprise 1994? (WSJ)

By Jackie Calmes

The Wall Street Journal, June 16, 2006

WASHINGTON -- For the Capital's political junkies, it is the question of the year: Could 2006 be another 1994?

Twelve years ago, voters turned on Democrats and gave Republicans control of both houses of Congress for the first time in 40 years. The House speaker was among the Democrats' casualties; not a single Republican incumbent lost.

Now, both parties wonder whether another wave is building, this time to wash out Republican majorities. Parallels between then and now are stoking Democrats' hopes and Republicans' fears. But there are key differences as well.

The party in power: In 1994, Democrats controlled the White House and Congress, just as Republicans do now. President Bill Clinton and his party were low in the polls and divided. The midterm elections that November became a referendum on the president. He wasn't on the ballot, so voters punished his party in Congress.

Today's polls are even worse for President Bush and the Republican-led Congress. In October 1994, a pre-election Wall Street Journal/NBC News poll showed 48% of Americans approved of Mr. Clinton's performance. That compares with Mr. Bush's 37% in a new Journal/NBC poll1, conducted June 9-12. Congress's approval rating is 23% -- four percentage points lower than in October 1994. And by an 11-point margin, Americans now prefer a Democratic-run Congress; in October 1994, Republicans had a six-point edge.

"Do I wish the numbers were better? I wish they were a lot better," says lobbyist and former New York Rep. Bill Paxon, who headed the House Republicans' campaign committee in 1994. But he and other Republicans draw a contrast between Republicans now and Democrats then: Republicans know they are in danger and are acting accordingly.

"Every Republican I've talked to, from entrenched incumbents down to the newest members, they are all working overtime," Mr. Paxon says. "We caught the Democrats napping in '94."

His 1994 Democratic counterpart, former California Rep. Vic Fazio, concedes as much. Only by late summer in 1994 did Democrats realize a storm loomed, he recalls, yet party elders remained complacent or feared that signaling trouble would cause contributions to dry up. "We did save a lot of people," Mr. Fazio says, "but the tide was rising so high, and so fast."

Smaller battleground: The number of competitive seats is lower than in 1994, due largely to partisan gerrymandering of the House's 435 districts and to the particular lineup of Senate seats up for election this year.

Before the 1994 elections, the nonpartisan Cook Political Report counted 10 Democratic Senate seats as tossups, or too close to call; Republicans needed to gain at least seven for a majority. (They went on to win eight and then pick up a ninth when Alabama Sen. Richard Shelby switched parties.) Today, the Cook Report has six Republican seats as tossups; Democrats need every one for a bare majority.

For the House, the 1994 Cook Report listed 82 Democratic seats as competitive -- more than double the 35 vulnerable Republican seats it sees today. Many of those 1994 districts were in the conservative South and had been redrawn to Republicans' advantage after the 1990 census -- "low-lying fruit," in Mr. Fazio's words, and "the biggest single reason" in Mr. Paxon's view that Republicans were able to seize Congress.

Yet Democrats don't need as many House seats. In 1994, Republicans needed at least 40. The Democrats' magic number is 15.

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The issues: After winning in 1992 promising universal health care, Mr. Clinton and the Democratic Congress couldn't even bring a bill to a committee vote in 1994, depressing party loyalists and signaling dysfunction. "We pointed our finger like Babe Ruth, out into the stands, and we missed," Mr. Fazio recalls.

House Democrats' chaotic passage of a crime bill further suggested incompetence and angered liberals and conservatives alike with its gun-control and death-penalty provisions. Republicans attacked Mr. Clinton's 1993 deficit-reduction law for its tax increases, while proposing in late September their "Contract with America," with promises from a balanced budget to term limits. When Democratic leaders had to schedule a lame-duck session so panicked members could rush home to campaign, political scientist Thomas Mann presciently predicted the "disastrous ending ... makes even more likely the electoral earthquake that many of us sense is occurring."

Mr. Bush's top domestic promise of 2004 -- creating private accounts from Social Security -- likewise crashed without a vote. But that failure was last year -- not pre-election like the Clinton health bill. More worrisome to Republicans now is the issue of illegal immigration, which has divided the party and enflamed constituents. Republican leaders already are assuming they will need a lame-duck session to finish the year's work -- just as Democrats did in 1994.

But the issue dragging down Mr. Bush's standing and Congress's is an unpopular war. "There was nothing like Iraq in 1994," Mr. Paxon says.

A backdrop of corruption: As in 1994, scandals have tarred both parties. But the one in power appears most blackened.

By late 1994, four members of Congress, two from each party, were under indictment on charges including fraud and sexual misconduct. Voters recalled a 1992 check-kiting scandal at legislators' House bank. Democrats, bearing the brunt of blame as Congress's majority, proposed reforms, but the legislation languished. Republicans pledged to do better.

Now the roles are reversed. Two House Democrats are under federal investigations. But two Republicans have left Congress -- California's Randy "Duke" Cunningham for prison, and former House Majority Leader Tom DeLay to face a corruption trial in Texas -- and several others face questions about their ties to convicted lobbyist Jack Abramoff. House Appropriations Committee Chairman Jerry Lewis of California has hired a legal team amid an investigation of spending earmarks benefiting lobbyist friends.

An emboldened opposition: In 1994 Republican voters were energized against Clinton Democrats, as were a critical mass of antitax, term-limit, pro-gun and private-property groups. Disillusioned Democratic voters stayed home.

Now the political energy is on Democrats' side, among antiwar, environmental, abortion-rights and pro-immigration Hispanic groups, while Republicans worry that demoralized conservatives won't vote. And where conservative talk-radio hosts emerged in 1994 to spread Republicans' message, today liberal bloggers seek to do the same for Democrats.

However, Democrats lack a unifying figure like former Rep. Newt Gingrich, who led the "Republican Revolution." Also, congressional Republicans worked in tandem with then-party chairman Haley Barbour, now Mississippi governor, whereas Democratic leaders have assailed party chairman Howard Dean for not providing enough financial support.

The tea leaves: Special elections for vacated seats are read as harbingers of November. On this score, today's Republicans find reassurance.

In May 1994, Republicans won special elections in Oklahoma and Kentucky for seats that Democrats long held. Last week, with the Republican-tilted seat Mr. Cunningham held up for grabs in California, the narrow winner was another Republican, Brian Bilbray.

Vietnam, Watergate And Rove (WSJ)

By Michael Barone

The Wall Street Journal, June 16, 2006

It has been a tough 10 days for those who see current events through the prisms of Vietnam and Watergate. First, the Democrats failed to win a breakthrough victory in the California 50th special election -- a breakthrough that would have summoned up memories of Democrats winning Gerald Ford's old congressional district in a special election in 1974. Instead the Democratic nominee got 45% of the vote, just 1% more than John Kerry did in the district in 2004. Second, U.S. forces with a precision air strike killed Abu Musab al-Zarqawi, on the same day that Iraqis finished forming a government. Zarqawi will not be available to gloat over American setbacks or our allies' defeat, as the leaders of the Viet Cong and North Vietnam did.

Third, special prosecutor Patrick Fitzgerald announced that he would not seek an indictment of Karl Rove. The leftward blogosphere had Mr. Rove pegged for the role of Bob Haldeman and John Ehrlichman. Theories were spun about plea bargains that would implicate Vice President Dick Cheney. Talk of impeachment was in the air. But it turns out that history doesn't repeat itself. George W. Bush, whether you like it or not, is not a second Richard Nixon.

It is hard in retrospect to understand why the left put so much psychic energy into the notion that Mr. Rove would be indicted. He certainly was an important target. No one in American history has been as powerful an aide to a president, both on

politics and on public policy, as Karl Rove. Only Robert Kennedy in his brother's administration and Hamilton Jordan in Jimmy Carter's come close, and neither was as involved in electoral politics as Mr. Rove has been.

Still, it was clear early on that the likelihood that Mr. Rove violated the Intelligence Identities Protection Act was near zero. Under the law, the agent whose name was disclosed would have had to have served overseas within the preceding five years (Valerie Plame, according to her husband's book, had been stationed in the U.S. since 1997) and Mr. Rove would have had to know that she was undercover (not very likely). The left enjoyed raising an issue on which, for once, it could charge that a Republican administration had undermined national security. But that rang hollow when the left gleefully seized on the New York Times's disclosure of NSA surveillance of phone calls from suspected al Qaeda operatives abroad to persons in the U.S.

In all this a key role was played by the press. Cries went up early for the appointment of a special prosecutor: Patrick Fitzgerald would be another Archibald Cox or Leon Jaworski. Eager to bring down another Republican administration, the editorialists of the New York Times evidently failed to realize that the case could not be pursued without asking reporters to reveal the names of sources who had been promised confidentiality. America's newsrooms are populated largely by liberals who regard the Vietnam and Watergate stories as the great achievements of their profession. The peak of their ambition is to achieve the fame and wealth of great reporters like David Halberstam and Bob Woodward. But this time it was not Republican administration officials who went to prison. It was Judith Miller, then of the New York Times itself.

Interestingly, Bob Woodward himself contradicted Mr. Fitzgerald's statement, made the day that he announced the one indictment he has obtained, of former vice presidential chief of staff Scooter Libby, that Mr. Libby was the first to disclose Ms. Plame's name to a reporter. The press reaction was to turn on Mr. Woodward, who has been covering this administration as a new story rather than as a reprise of Vietnam and Watergate.

Historians may regard it as a curious thing that the left and the press have been so determined to fit current events into templates based on events that occurred 30 to 40 years ago. The people who effectively framed the issues raised by Vietnam and Watergate did something like the opposite; they insisted that Vietnam was not a reprise of World War II or Korea and that Watergate was something different from the operations J. Edgar Hoover conducted for Franklin Roosevelt or John Kennedy. Journalists in the 1940s, '50s and early '60s tended to believe they had a duty to buttress Americans' faith in their leaders and their government. Journalists since Vietnam and Watergate have tended to believe that they have a duty to undermine such faith, especially when the wrong party is in office.

That belief has its perils for journalism, as the Fitzgerald investigation has shown. The peril that the press may find itself in the hot seat, but even more the peril that it will get the story wrong. The visible slavering over the prospect of a Rove indictment is just another item in the list of reasons why the credibility of the "mainstream media" has been plunging. There's also a peril for the political left. Vietnam and Watergate were arguably triumphs for honest reporting. But they were also defeats for America -- and for millions of freedom-loving people in the world. They ushered in an era when the political opposition and much of the press have sought not just to defeat administrations but to delegitimize them. The pursuit of Karl Rove by the left and the press has been just the latest episode in the attempted criminalization of political differences. Is there any hope that it might turn out to be the last?

Mr. Barone is a senior writer at U.S. News & World Report.

Officials Prepare For Midterm Elections (AP-Y2)

By Will Lester

AP2, June 15, 2006

Memo to election supervisors: Make sure the voting machines are set at zero before sending them to polling places.

That's the kind of simple but critical advice federal officials are offering local election supervisors as they prepare for the midterm elections in November.

With memories of the disputed 2000 presidential election still fresh, the Election Assistance Commission is encouraging careful preparation by election supervisors, aggressive recruitment of new poll workers and thorough education of voters.

Another tip: "If election officials just proofread all ballots, it'll save them a lot of headaches, because they'll find mistakes and they'll fix them," commission chairman Paul DeGregorio said Thursday.

The Election Assistance Commission is sending out a "Quick Start Management Guide for New Voting Systems" to 6,700 local election officials around the country. The guide is necessary as about a third of voters will be using new machines this year and many longtime poll workers have retired because the punch-card and lever voting machines have been replaced.

"Chicago experienced significant problems during the elections in March because of new equipment, new Illinois laws and new federal requirements," said DeGregorio, who added the city should be ready for November.

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The 2002 law required improvements to voting systems and voter access after the problems in 2000. States were required to improve their voter information, replace outdated voting equipment and allow provisional voting, which means questionable votes can be verified later.

The commission heard Thursday from several experienced local election officials, who offered suggestions on how the nation could be prepared to run smooth elections.

Connie Schmidt, a retired election commissioner from Kansas, said the election system is undergoing dramatic changes and — "there's no dry run, no practice, no dress rehearsal."

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On the Web:

Election Assistance Commission: http://www.eac.gov

Judge Dismisses Most Of Phone-jamming Suit (AP-Y2)

By Beverley Wang

AP2, June 15, 2006

A judge has dismissed most of a Democratic lawsuit against Republicans stemming from the jamming of Democratic phone lines in the November 2002 elections, a crime that led to criminal convictions against three former GOP officials.

State Democratic Chairwoman Kathy Sullivan said Thursday that a judge in Manchester dismissed five of eight claims Democrats had made in the civil lawsuit. The ruling was dated Tuesday.

Both parties called the decision a victory.

The dismissed counts alleged Republicans commited civil harassment and conspiracy, including conspiring against Democrats' constitutional rights to vote and associate. The remaining claims deal with interference with phone systems and seek compensation.

"What the court has basically done is reduced this claim, this lawsuit, to a small claims complaint," said Ovide Lamontagne, a lawyer for the Republicans. "A thousand dollars of damage is what we think they could probably show for the interruption of phones for an hour and a half."

"This is not a good day for the Republican Party," Sullivan said. "Basically what this case is about is their interference with our phone lines, and what the court has said is, 'You can continue to go forward.'"

The civil trial is scheduled to begin in November. Sullivan said she had not yet settled on a dollar figure for damages.

The get-out-the-vote and ride-to-the-polls phone banks run by Democrats and the nonpartisan Manchester firefighters union were jammed for more than an hour on Election Day 2002, during a hotly contested U.S. Senate race between then-Democratic Gov. Jeanne Shaheen and Republican John Sununu. Sununu won by about 20,000 votes.

James Tobin, of Bangor, Maine, a former regional chairman of President Bush's re-election campaign, was convicted in December of two felony telephone harassment charges but acquitted of a third, more serious charge of conspiring against voters' rights. He was sentenced to 10 months in prison.

Former GOP Marketplace president Allen Raymond and former state Republican Committee Executive Director Charles McGee pleaded guilty in the case and testified against Tobin. McGee served seven months, and Raymond received a three-month sentence.

Dan Rather Will Leave CBS After 44 Years (USAT)

By Peter Johnson

USA Today, June 16, 2006

Dan Rather, who stepped down as anchor of The CBS Evening News 15 months ago in the wake of the Memogate scandal, said Thursday that he'll soon leave the network after 44 years — at the request of network executives.

“They wanted this resolution, and I'm willing to accept that and move on,” said Rather, 74, whose contract expires in November.

Rather had been a correspondent for 60 Minutes since leaving his anchor chair on the Evening News in March 2005. Eight of his stories aired last season — far fewer than many of his colleagues' stories.

Former Today star Katie Couric is set to anchor the Evening News in September and contribute to 60 Minutes along with CNN's Anderson Cooper. And with younger CBS correspondents such as Lara Logan and Scott Pelley also vying for time on 60 Minutes, executives have said that CBS wants to usher in a new look and feel for the top-rated newsmagazine.

In an interview Thursday, Rather said he had planned to stay at CBS for the rest of his career.

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"But life takes its twists and turns, and I'm a pro," he said. "I've been a reporter since I was in my teens. I'm blessed with good health and high energy, and I want to be fully occupied, doing meaningful work. I had hoped that would be possible at 60 Minutes."

Rather's star at the network rose dramatically after his coverage of President Kennedy's assassination in 1963 and lasted throughout the ensuing four decades. He succeeded Walter Cronkite as anchor in 1981.

Rather's star virtually vanished at CBS after the 2004 discredited 60 Minutes story regarding President Bush's military record. That story, which cited documents that could later not be verified, resulted in the firing of three CBS News executives.

Asked whether Memogate had been his undoing, Rather said, "That's history. I'm not interested in going there. I'm focused on the future."

He said he is now talking about what to do next and hopes to make an announcement soon.

CBS confirmed that an exit deal for Rather was in the works, but executives declined to comment further.

Head Examined Scientist's Study Of Brain Genes Sparks A Backlash (WSJ)

By Antonio Regalado

The Wall Street Journal, June 16, 2006

CHICAGO -- Last September, Bruce Lahn, a professor of human genetics at the University of Chicago, stood before a packed lecture hall and reported the results of a new DNA analysis: He had found signs of recent evolution in the brains of some people, but not of others.

It was a triumphant moment for the young scientist. He was up for tenure and his research was being featured in back-to-back articles in the country's most prestigious science journal. Yet today, Dr. Lahn says he is moving away from the research. "It's getting too controversial," he says.

Dr. Lahn had touched a raw nerve in science: race and intelligence.

What Dr. Lahn told his audience was that genetic changes over the past several thousand years might be linked to brain size and intelligence. He flashed maps that showed the changes had taken hold and spread widely in Europe, Asia and the Americas, but weren't common in sub-Saharan Africa.

Web sites and magazines promoting white "racialism" quickly seized on Dr. Lahn's suggestive scientific snapshot. One magazine that blames black and Hispanic people for social ills hailed his discovery as "the moment the antiracists and egalitarians have dreaded."

Dr. Lahn has drawn sharp fire from other leading genetics researchers. They say the genetic differences he found may not signify any recent evolution -- and even if they do, it is too big a leap to suggest any link to intelligence. "This is not the place you want to report a weak association that might or might not stand up," says Francis Collins, director of the genome program at the National Institutes of Health.

Several scientific groups have set out to disprove or challenge Dr. Lahn's discoveries. His own university now says it is abandoning a patent application it filed to cover a DNA-based intelligence test that drew on his work.

As scientific tools for probing genes become increasingly powerful, research into human differences has exploded. Most of the time, scientists are looking for clues about the causes of disease. But some research is raising tensions as scientists such as Dr. Lahn venture into studies of genetic differences in behavior or intelligence.

Pilar Ossorio, a professor of law and medical ethics at the University of Wisconsin, criticizes Dr. Lahn for implying a conclusion similar to "The Bell Curve," a controversial 1994 bestseller by Richard J. Herrnstein and Charles Murray. The book argued that the lower average performance by African-Americans on IQ tests had a genetic component and wasn't solely the result of social factors. Referring to Dr. Lahn and his co-authors, Prof. Ossorio says: "It's exactly what they were getting at. There was a lot of hallway talk. People said he's doing damage to the whole field of genetics."

The 37-year-old Dr. Lahn says his research papers, published in Science last September, offered no view on race and intelligence. He personally believes it is possible that some populations will have more advantageous intelligence genes than others. And he thinks that "society will have to grapple with some very difficult facts" as scientific data accumulate. Yet Dr. Lahn, who left China after participating in prodemocracy protests, says intellectual "police" in the U.S. make such questions difficult to pursue.

Scientists believe that a small group of anatomically modern humans struck out from Africa probably less than 100,000 years ago. After arriving on the Eurasian land mass, they continued to split up and eventually humans populated nearly every corner of the globe. One use of genetic research is to probe how each group evolved differently after becoming isolated from the others. Recently created genetic maps of people of African, Asian and European ancestry make that research easier.

For instance, researchers have found that most Europeans have a genetic variant that lets them fully digest milk as adults. The variant is much less common in Africa and Asia, where lactose intolerance is widespread. Scientists theorize that it spread

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quickly among Europeans because drinking milk from domesticated dairy animals conferred a nutritional advantage. Similar evolutionary reasoning may explain why many people in malaria-prone parts of Africa carry gene variants linked to malaria resistance.

Other research is starting to explain variations in human skin color and hair texture. But scientists tense up when it comes to doing the same sort of research on the brain. Sociologist Troy Duster, who studies the use of racial categories by geneticists, worries that scientists will interpret data in ways that fit their prejudices. He cites the sorry history of phrenology, a study of skull shapes popular in the 19th century, and other pseudoscientific techniques used to categorize people as inferior. "Science doesn't transcend the social milieu," says Dr. Duster, of New York University.

Dr. Lahn traces his interest in human differences back to his youth in China. Foreigners there used to have a special currency that they could use at stores closed to ordinary Chinese. "I wondered why people were different, and why Chinese were at the bottom," he says.

By the time violence struck Tiananmen Square in 1989, Dr. Lahn, the son of two physicists, was an undergraduate at Harvard University. He channeled his curiosity into genetics and built his reputation with a groundbreaking study of the Y chromosome. After taking a post at the University of Chicago in 2000, Dr. Lahn won a prestigious fellowship from the Howard Hughes Medical Institute.

The fellowship pays most of his research bills and has allowed him to pursue creative projects, often on attention-grabbing subjects. One study looked at how promiscuity among female chimpanzees, gorillas and humans affected the evolution of a gene that makes sperm sticky. "Bruce is in a hurry to be famous," says Martin Kreitman, a Chicago colleague who is friendly with him.

Henry Harpending, a University of Utah anthropology professor who recently published a theory for why Ashkenazi Jews tend to have high IQ's, says Dr. Lahn once suggested they co-author an article for Scientific American about the genetics of behavior, in which they could explain why "Chinese are boring."

"I think that Bruce doesn't understand political correctness," Dr. Harpending says. Dr. Lahn says he only vaguely recalls the conversation but confirms that he wonders whether during China's imperial times there was "some selection" against rebellious individuals.

In recent years, Dr. Lahn has become interested in why the human brain is so large and complex. Although humans and chimpanzees share about 96% of their DNA, human brains are about four times larger. Even today, researchers can find a correlation, on average, between people's brain size and their IQ.

Dr. Lahn's group zeroed in on the role of two genes, called ASPM and microcephalin, that are known to have a role in brain size. Humans with defective copies of either gene are born with brains only about one-third the normal size.

Studying DNA from several species, the Chicago team found that, over millions of years, the genes had undergone more rapid change in monkeys, apes and humans than in other animals. Their next step was to determine if evolution had continued in modern humans. Dr. Lahn's graduate students began decoding DNA from 1,184 people belonging to 59 groups from around the world, including Bedouins, Pima Indians and French-speaking Basques.

The data showed that evolution had continued in recent millennia. A statistical analysis of DNA patterns suggested that new mutations in each of the two brain-related genes had spread quickly through some human populations. Evidently, these mutations were advantageous among those populations -- just as the genetic variant promoting milk digestion was advantageous to early Europeans. Dr. Lahn and his team further observed that the new mutations are found most frequently outside of Africa.

What the data didn't say was how the mutations were advantageous. Perhaps the genes play a role outside of the brain or affect a brain function that has nothing to do with intelligence.

While acknowledging that the evidence doesn't permit a firm conclusion, Dr. Lahn favors the idea that the advantage conferred by the mutations was a bigger and smarter brain. He found ways to suggest that in his papers. One mutation, which according to his estimates arose some 40,000 years ago, coincided with the first art found in caves, the paper observed. The other mutation, present mostly in people from the Middle East and Europe, and estimated to be 5,800 years old, coincided with the "development of cities and written language."

That suggested brain evolution might have occurred in tandem with important cultural changes. Yet because neither variant is common in sub-Saharan Africa, there was another potential implication: Some groups had been left out.

The dean of the University of Chicago's medical school, James L. Madara, says he approached Dr. Lahn before the papers were published. They discussed whether the report could be taken out of context. "Let the chips lie where they may," Dr. Madara says he told Dr. Lahn. As long as the ideas and data are clear, "don't worry about the implications," the dean said.

John Easton, head of media relations at the medical school, says his office was worried the work could be misinterpreted and abused by racist groups. Mr. Easton borrowed a copy of "The Mismeasure of Man," the famous attack on IQ tests and brain-

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volume measurements by the late paleontologist Stephen Jay Gould. Mr. Easton helped Dr. Lahn with talking points about his research. "We said, 'Don't be shy about telling people what it doesn't mean,' " Mr. Easton recalls.

Mr. Easton says Dr. Lahn "makes us nervous" but "with Bruce we know it's not driven by personal bias." That is because Asians "don't score at the top" in the frequency of the brain-gene mutations, Mr. Easton says.

Dr. Lahn's paper and talk at his university -- in which he also claimed the gene variants were probably linked to higher IQ -- provoked a strong reaction both on and off campus. Dr. Collins, head of the federal genome program, obtained advance copies of the papers and circulated them to top population geneticists. He wasn't persuaded by the statistical evidence for evolution and criticized Dr. Lahn's work in media interviews.

The papers won wide attention among researchers, and several responded by setting out to test Dr. Lahn's findings. Scientists at the Broad Institute, a top genetics center in Cambridge, Mass., have been reanalyzing some of the data and say they may challenge Dr. Lahn's finding that evolution acted on ASPM, one of the genes. Broad's influential chief, Eric Lander, says scientists probing recent evolution run the risk of "seeing a difference, and saying there is a story to fit it."

A team at the University of California, Los Angeles, recently tested whether the gene variants actually affect brain size. They studied DNA from 120 people whose brain volumes they had already measured using magnetic-resonance imaging. They didn't find any difference. "It certainly makes you want to look at other explanations" of what the variations mean, says Roger P. Woods, a UCLA brain-mapping expert who reported the results in May.

Some of Dr. Lahn's co-authors are also uncomfortable with the work. Sarah Tishkoff, a geneticist at the University of Maryland who provided DNA from remote African groups, says she is bothered how one paper drew a link between the genetic changes and the rise of civilization. She thinks it is too early to reach any conclusions about why the changes spread and says it is "very simplistic" to imagine that a single gene could have a major effect on complex cultural traits.

Several groups of scientists have sent letters to Science criticizing the papers. Dr. Lahn prepared responses, sending one earlier this month, but Dr. Tishkoff wasn't willing to add her name to them.

"You have to follow the data wherever it leads, but speculating in this field is dangerous," says Spencer Wells, head of the National Geographic Society's Genographic Project, a five-year, $40 million effort to collect DNA samples from 100,000 indigenous people. Dr. Wells says the project team might try to find evolutionary reasons for physical differences such as why Danes are taller than pygmies. But Dr. Wells says National Geographic won't study the brain. "I think there is very little evidence of IQ differences between races," he says.

The accuracy of Dr. Lahn's work and his views on race came up in his tenure review last fall, says a person familiar with it. After debate, his department voted unanimously in his favor, according to another faculty member. A more senior committee agreed and awarded Dr. Lahn the post of full professor, although it wasn't unanimous, this person says.

Dr. Lahn stands by his work but says that because of the controversy he is moving into other projects. Earlier this year, Mr. Easton of the university's media department forwarded Dr. Lahn a paper by two economists looking at the IQ of infants of different races. Dr. Lahn wasn't interested. "I'm surprised anyone studies this," he replied in an email.

Dr. Lahn says he isn't as eager as he once was to continue studying brain differences. P. Thomas Schoenemann, a professor of anthropology at the University of Michigan-Dearborn, says that at Dr. Lahn's request he collected DNA from 25 people whose brain sizes he had studied previously. But the two scientists haven't been in touch recently.

The university's patent office is also having second thoughts. Its director, Alan Thomas, says his office is dropping a patent application filed last year that would cover using Dr. Lahn's work as a DNA-based intelligence test. "We really don't want to end up on the front page...for doing eugenics," Mr. Thomas says.

More recently, Dr. Lahn says he was moved when a student asked him whether some knowledge might not be worth having. It is a notion to which he has been warming. Dr. Lahn says he once tried testing himself for which version of the brain genes he has. The experiment's outcome was blurry "but it wasn't looking good," he says. He hasn't tried testing himself again.

Pioneer Urges 'Responsible Fatherhood' (WT)

By Cheryl Wetzstein

The Washington Times, June 16, 2006

In his 70 years, Charles Augustus Ballard has overcome the loss of his coal-miner father, functional illiteracy, a stint in prison and unwed fatherhood.

His experiences led him to found in 1982 a national organization that was one of the first -- if not the first -- to promote "responsible fatherhood" as a social policy, the Institute for Responsible Fatherhood and Family Revitalization (IRFFR).

Last month, one of his dreams came true: The Department of Health and Human Services (HHS) announced the availability of its first funding stream dedicated to "responsible fatherhood" programs.

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But for Mr. Ballard, the $32 million announcement comes amid a difficult personal struggle: He came home Wednesday from a Bowie rehabilitation center, where he has been recovering from a devastating stroke suffered in January.

His new goals are to walk without a cane and resume jogging; write a book about restoring broken relationships; and help his wife, Frances, rebuild their organization.

The couple is already in discussions with several organizations about partnering with the IRFFR. Applications for the new grants are due in two weeks.

For the moment, Mr. Ballard is grateful to be home again, having relearned how to talk, walk and eat.

"I am going to really hit the road running," he said in his Glenn Dale home.

"My husband is a man of tremendous faith and I am, too," Mrs. Ballard said. "The mission and purpose and drive goes forward."

The problem of "fatherlessness" first gained widespread national attention more than a decade ago.

Milestones include Ken Canfield's 1990 founding of the National Center for Fathering; the 1994 debut of the National Fatherhood Initiative (NFI), founded by Don E. Eberly; and the 1995 publication of "Fatherless America: Confronting Our Most Urgent Social Problem," by David Blankenhorn.

"Fathers are not superfluous. They are indispensable and irreplaceable," Wade F. Horn, HHS assistant secretary for children and families, said in 1995 when he was NFI director.

When NFI started, there were about 100 fatherhood programs. Today, there are "too many to count" because so many programs now include fatherhood programming, said NFI spokesman Vincent DiCaro.

But all this interest came years after Mr. Ballard started the IRFFR in Cleveland.

Galvanized by his personal experiences with fatherlessness -- his father died when he was 3 and he became an unwed father as a teen -- plus his conversion to Christianity while in prison, Mr. Ballard decided to work to connect men to their children. He chose his motto from the Bible's Book of Malachi -- "turning the hearts of fathers to their children and the hearts of children to their fathers."

Mr. Ballard's novel approach was to use married "mentor couples" as his outreach workers. The couples scoured neighborhoods for single fathers and served them and their families around the clock, teaching the men why they should establish paternity, strengthen their fathering skills, finish school, get jobs and support their children. The vast majority of IRFFR fathers achieved these goals, and more than a few got married.

"The most powerful job-creation program is one that instills in a father a desire to fulfill his first job -- that is, to love his children and respect their mother," Mr. Ballard said in 1998 in one of his many appeals to Congress to fund programs that show fathers how to be financially, emotionally, physically and spiritually responsible for their children.

Thanks to federal and private grants, Mr. Ballard's IRFFR spread to a dozen cities -- including Washington -- and generated national confidence in the idea of responsible fatherhood programs.

Each of the new HHS grants for fatherhood programs "will be a testament to the leadership Charles has shown through the years on this most important issue," said Rep. Wally Herger, California Republican and chairman of the House subcommittee that wrote the legislation.

In recent years, however, the IRFFR lost ground: Funding complications meant that many sites had to be closed and staff let go. Mr. Ballard's Jan. 19 stroke was another blow.

But the Ballards see his swift recovery as "miraculous" and the way to new and even greater opportunities to strengthen families.

"There is a God. There really is a God," Mr. Ballard said.

Seeds For A Geo-Green Party (NYT)

By Thomas L. Friedman

The New York Times, June 16, 2006

The recent focus of the Republican-led Congress on divisive diversions, like gay marriage and flag burning, coupled with the unveiling of Unity '08, an Internet-based third party that plans to select its presidential candidate through online voting, has intensified the chatter that a third party, and maybe even a fourth, will emerge in the 2008 election.

Up to now, though, most of that talk has been about how a third party might galvanize voters, using the Web, rather than what it would actually galvanize them to do. I'd like to toss out an idea in the hopes that some enterprising politician or group of citizens — or Unity '08 — will develop it. It's the concept I call "Geo-Green."

What might a Geo-Green third party platform look like?

Its centerpiece would be a $1 a gallon gasoline tax, called "The Patriot Tax," which would be phased in over a year. People earning less than $50,000 a year, and those with unusual driving needs, would get a reduction on their payroll taxes as an offset.

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The billions of dollars raised by the Patriot Tax would go first to shore up Social Security, second to subsidize clean mass transit in and between every major American city, third to reduce the deficit, and fourth to massively increase energy research by the National Science Foundation and the Energy and Defense Departments' research arms.

Most important, though, the Patriot Tax would increase the price of gasoline to a level that would ensure that many of the most promising alternatives — ethanol, biodiesel, coal gasification, solar energy, nuclear energy and wind — would all be economically competitive with oil and thereby reduce both our dependence on crude and our emissions of greenhouse gases.

In short: the Geo-Green party could claim that it has a plan for shoring up America's energy security, environmental security, economic security and Social Security with one move.

It could also claim that — however the Iraq war ends — the Geo-Green party has a strategy for advancing political and economic reform in the Arab-Muslim world, without another war. By stimulating all these alternatives to oil, we would gradually bring down the price, possibly as low as $25 to $30 a barrel. That, better than anything else, would force regimes like those in Iran, Sudan, Egypt, Angola, Venezuela and Saudi Arabia to open up. Countries don't reform when you tell them they should. They reform when they tell themselves they must — and only when the price of oil goes down will they tell themselves they must.

Moreover, by making America the leader in promoting clean power, the Geo-Greens would be offering a credible plan for recouping a lot of America's lost prestige in the world — prestige it lost when the Bush team trashed Kyoto. This would put America in a much better position to galvanize allies to combat jihadism.

Last, Geo-Greenism could be the foundation of a new American patriotism and educational renaissance. Under the banner "Green is the New Red, White and Blue," the Geo-Green party would seek to inspire young Americans to study math, science and engineering to help make America not only energy independent but also the dominant player in what will be the dominant industry of the 21st century: clean power and green technology.

Frankly, I wish we did not need a third party. I wish the Democrats would adopt a Geo-Green agenda as their own. (Republicans never would.) But if not, I hope it will become the soul of a third party.

"Historically, third parties arise in America when they seize a neglected issue and demonstrate that there is a real constituency for it," said Micah Sifry, author of "Spoiling for a Fight: Third-Party Politics in America." "They win by forcing that issue into the mainstream — even if the party itself is later forgotten. Conditions certainly seem ripe for such a third-party bid today."

But rather than artificially splitting the difference between the Democrats and the Republicans, Mr. Sifry added, "a successful third party has to get in front of both — with an agenda that inspires hope and with leadership that inspires trust. Fear of a dark future isn't the best motivator; hope for a better one is."

That's Geo-Greenism. To be sure, Geo-Greenism is not a complete philosophy on par with liberalism or conservatism. But it can be paired with either of them to make them more relevant to the biggest challenges of our time. Even if Geo-Greenism couldn't attract enough voters to win an election, it might attract a big enough following to frighten both Democrats and Republicans into finally doing the right things.

New Gravity For The Political Center (WP)

By David Ignatius

The Washington Post (opinion), June 16, 2006

My grandfather used to amaze us kids with a home movie he called "Gravity Remover." It showed balls rolling up steep hills, and spilled water flowing back into cups. It took us years to realize he was just running the normal film backward.

I've had that same pleasant suspension of disbelief the past few weeks watching the political scene. It's as if somebody has poured gravity remover all over Washington, dissolving the normal laws of political behavior. For a change, the extreme wings of the two parties aren't calling the shots; bad ideas pitched by one-issue zealots are falling flat; the news out of Iraq is upbeat; the Bush administration is appointing Rockefeller Republicans to top positions. What the heck is going on, Grandpa?

A week ago Senate conservatives tried to whip up a divisive dither about gay marriage. This wedge issue had worked brilliantly for the GOP in 2004, but this time the campaign fizzled after a few days. Perhaps credit is due to the vice president's gutsy lesbian daughter, Mary Cheney, who is on a tour promoting her book celebrating diversity, tolerance and her gay-rights-supporting dad.

Gravity remover has been dusted over the National Rifle Association, too. The fearsome NRA launched a nationwide campaign last month demanding that

every mayor and police chief in America sign a pledge that they won't disarm "law-abiding citizens" in the event of a terrorist attack or natural disaster. The NRA

is also proposing federal legislation that would make it a crime for cops to disarm lawfully gun-toting citizens during emergencies.

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Even by NRA standards, this is a bad idea -- not just divisive but downright dangerous. Does the gun lobby really want to remake America in the image of Iraq? The proposal was apparently motivated by the lawlessness in New Orleans after Hurricane Katrina, but if there aren't enough cops to patrol the streets, then hire more cops. When individual citizens, even "law-abiding" ones, decide to go it alone, the result is anarchy.

Given the gun lobby's usual success in muscling special-interest provisions into law, you might expect to see politicians rushing to sign the America-as-Baghdad pledge. But no. The NRA's proposal is getting the cool reception it deserves, and mayors actually seem to be moving in the opposite direction. Michael Bloomberg, the Republican mayor of New York, has organized a coalition to fight for tougher gun laws, and it now includes 50 other mayors. Meanwhile, on Capitol Hill, the bill that would throw cops in jail if they tried to disarm NRA members after a terrorist attack is mercifully going nowhere.

Gaithersburg Police Chief Mary Ann Viverette, president of the International Association of Chiefs of Police, dismisses the pledge as "a thing to get attention for NRA issues." She explains: "It's really absurd. It asks us to sign a pledge to do something we do anyway -- uphold the Constitution."

David Brooks of the New York Times has argued that we're seeing a reanimation of the political center, and I think he's right. The middle is getting tired of the tyranny of the extremes. One sign is the launch this month of Unity08, a bipartisan group that plans to hold an online convention to nominate a split Democratic-Republican 2008 presidential ticket. Unity08's pitch to the big, unhappy middle is expressed succinctly in one of its slogans: "Depressed about the Democrats? Revolted by the Republicans? You're not alone."

One big factor that has locked in the status quo is political money, which gives inordinate power to special interests. But here, too, there seem to be sprinkles of gravity remover. Unity08's co-founders, Hamilton Jordan and Doug Bailey, say they are convinced they can fund an independent ticket from fed-up small donors. And there may be big money, too: Louis Bacon, who runs the giant hedge fund Moore Capital Management, has been discussing the creation of a "center for the center" that would help build a congressional third party. His argument is that if a third party could capture even a handful of House and Senate seats, it would hold the balance of power -- and would force the Democrats and Republicans to bargain toward the middle rather than the extremes.

Why do I think these traces of gravity remover are any more real than my grandfather Richard Weiser's home movie? Well, maybe the film of American politics has actually been running in reverse in recent years -- producing the illusion that you can govern America from the wings of each party. Maybe the movie is finally beginning to run forward again.

Politics Begins At Home (NYT)

The New York Times, June 16, 2006

The nation is fortunate that a sudden attempt to kill one of the hallowed anticorruption reforms from the Watergate scandal — the option of public financing in presidential elections — was smoked out in the House this week. The sponsor, Representative John Doolittle, a powerful California Republican, may try another day with his plan to block the flow of taxpayers' voluntary contributions from the government treasury. Mr. Doolittle has such faith in private money-raising that he boosted his family income by setting up his wife, Julie, as a consultant being paid a 15 percent commission on every dollar his campaign raises.

Call it family values. Call it brazen. But the missus has received $180,000 since late 2001, operating this private business out of the couple's suburban Virginia home, including among her clients the corrupt lobbyist Jack Abramoff.

The pathetic state of Congressional ethics is that such nepotic profiteering is deemed legal so long as the compensation is "consistent with the market rate." Questions have gone unanswered about whether Julie Doolittle has any real experience in the field. Professional fund-raising associations have condemned payment by commission as unethical, but Mr. Doolittle's office defends it as legal and based on "tireless and effective work."

Mr. Doolittle sits on the Appropriations Committee, to which lobbyists and special interests have an attraction that borders on Pavlovian. No great drumbeating is needed to fill those campaign kitties. Like other lawmakers, Mr. Doolittle indulges "earmarking" — the odious practice of delivering government contracts to favored pleaders who often requite with campaign contributions.

Such quid pro quo politicking predates Watergate. But the insult to taxpayers by Doolittle Inc. is compounded by the move to kill the public financing alternative to big-money political pandering. The presidential check-off system has worked well for three decades, but is being strained by the rocketing private donations that politicians eagerly welcome. Congress needs to update the system's matching fund and spending limits, not obliterate them.

Power Struggles In Maryland (WP)

The Washington Post, June 16, 2006

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IN MARYLAND'S efforts to cushion the blow of soaring electricity bills for consumers, there is the distinctive whiff of post-Soviet economic adjustment. Much like the disoriented subjects of former communist regimes a decade ago, Marylanders -- coddled for years by artificially low energy prices -- are suddenly confronted by the trauma of having to pay market rates. Unsurprisingly, they don't like it a bit. And the politicians in Annapolis, just like those hapless old apparatchiks in Moscow, are scrambling for cover.

They seem to have found it this week. In a special session of the state legislature, a number of Republican lawmakers broke ranks with Gov. Robert L. Ehrlich Jr. (R) and joined Democrats in providing some rate relief to Baltimore Gas and Electric's 1.2 million residential customers. Instead of bearing the full brunt of a 72 percent increase in their electricity bills next month, BGE ratepayers, mostly around Baltimore but also in some Washington suburbs, will initially be hit with jumps of just 15 percent starting July 1. The balance of the increase will kick in next June (read: after this year's elections), though customers will have the option of deferring that for another seven months, until Jan. 1, 2008. BGE, which will have to borrow money to make up the difference, will recover the borrowing costs by charging ratepayers a monthly fee, about $2.19 for the average household for 10 years.

Constellation Energy Group, BGE's parent company, seems reasonably content with the deal, which is significant, as it had brandished the threat of its own financial instability and rolling blackouts if things turned out badly. Lawmakers, too, are asserting a victory for average Marylanders, as you'd expect in an election year. True to form, Mr. Ehrlich is threatening a veto -- one that would be strictly symbolic because it would be easily overridden. The threat is reminiscent of his role in the December 2004 debate over medical malpractice, when the governor convened a special session, then vetoed the compromise bill that emerged.

In the current set-to, Mr. Ehrlich is not happy that the legislature's bill on several counts. He thinks his own plan -- thrown out by a judge who thought it ignored consumers' interests -- drove a better bargain for the state. He also dislikes the current bill's plan to disband Maryland's utility regulating body, the Public Service Commission, four of whose five members were named by the governor. They would be replaced by regulators chosen by the governor -- but from a list supplied by the legislature. But Mr. Ehrlich has partly himself to blame for naming PSC members clearly tilted toward the utilities, even to the point of plotting strategy and planning hunting trips with senior executives.

Obviously, rates must rise to reflect the world energy market. The General Assembly was foolish in the first place, back in 1999, to craft deregulatory legislation that locked in prices at 1993 levels -- minus 6.5 percent. At the time, lawmakers were interested mostly in covering their political hides and evading responsibility for the consequences of deregulation, but as world energy prices soared, the prices charged to BGE customers became increasingly disconnected from reality. The new legislation will correct that original sin, gradually and sensibly. As repair work goes, it is serviceable and sensible.

Iran Lobbies China, Russia To Help Curb U.S. (WSJ)

By Gordon Fairclough

The Wall Street Journal, June 16, 2006

SHANGHAI -- Iranian president Mahmoud Ahmadinejad urged China, Russia and Central Asian nations to increase cooperation and blunt the interference of "domineering powers" in global affairs -- an apparent reference to the U.S. -- while dangling Iran's energy supplies as an inducement to work together.

The Iranian leader, under mounting pressure from Washington to curb his country's nuclear ambitions, was speaking yesterday at the annual summit of the Shanghai Cooperation Organization, a regional economic-and-security bloc fashioned by Beijing. Besides China and Russia, the group includes Kazakhstan, Kyrgyzstan, Tajikistan and Uzbekistan.

Countries of the region should work together to "prevent the threats of domineering powers and their aggressive interference in global affairs," Mr. Ahmadinejad said. He emphasized that Iran's large reserves of crude oil provide "conducive grounds" for these countries to cooperate with Tehran.

Mr. Ahmadinejad appeared alongside the leaders of Russia and China, both permanent members of the United Nations Security Council, in a move that Iran apparently hopes will strengthen its hand and undercut that of its rivals before it enters into potential negotiations with the U.S. and other countries over the future of Tehran's nuclear programs.

While Mr. Ahmadinejad was enjoying a warm public welcome in Shanghai, U.S. and European diplomats at the International Atomic Energy Agency in Vienna tried to press Iran to halt sensitive nuclear activities that could produce material for atomic bombs.

Gregory L. Schulte, the chief U.S. delegate to the IAEA, blasted Tehran for "withholding cooperation" from international inspectors and warned that further intransigence risks the "weight of the Security Council." He called on Iran to accept a proposal for multilateral talks.

The U.S., China, Russia and three other European nations have said that if Tehran suspends uranium enrichment, they would start negotiations on incentives for Iran to limit its nuclear programs.

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Russian President Vladimir Putin, who met with Mr. Ahmadinejad, told reporters "Iran is ready to enter negotiations." But it remained unclear whether Tehran would agree first to stop uranium-enrichment efforts. That process can produce fuel for power plants or nuclear weapons.

Both Beijing and Moscow have opposed U.S. efforts to pressure Iran with economic or diplomatic sanctions. Russia wants to sell nuclear-reactor technology to Tehran. China, preoccupied with securing enough energy for its industrial expansion, also is looking to cultivate ties with Iran.

Iran is China's third-largest supplier of crude oil, according to Chinese government figures. The country accounted for 13% of China's oil imports in the first four months of the year. Beijing also is negotiating a multibillion-dollar deal with Iran for the development and supply of further oil and natural gas to China.

For China, oil has increasingly become the focus of the Shanghai Cooperation Organization, which was initially formed to deal with terrorism and separatist threats. Now, Chinese analysts increasingly talk about turning the old Silk Road across Central Asia into an "energy road."

China's oil imports from Kazakhstan more than doubled in the first four months of the year, compared with the same period in 2005. Crude imports from Russia climbed 36% during the same period, making the country China's fourth-biggest oil supplier.

Mr. Putin talked of the Shanghai Cooperation Organization's role as an "energy club." India, an observer at the meeting, was represented by its oil minister. Pakistan's president, Gen. Pervez Musharraf, in campaigning for full membership in the group said his country could serve as a "trade and energy corridor" connecting China and others to oil and gas supplies.

The U.S. and other major oil importers are becoming increasingly concerned about energy security. To some officials in Washington, the Shanghai Cooperation Organization is looking more threatening and anti-Western.

Mr. Ahmadinejad wasn't the only one to complain about outside influence in the region. Uzbekistan President Islam Karimov railed against the stationing of foreign military forces in the region. He said their presence marks an effort to "drive a wedge" between neighbors and "rope" host countries "into [the] sphere of influence" of countries posting the troops.

Other leaders defended the presence of international troops. Afghan President Hamid Karzai said foreign soldiers are essential to fighting terrorism and strengthening government institutions in his country.

Iran "ready To Negotiate" Over Nuclear Stance (FT)

By Gareth Smyth, Geoff Dyer, And Roula Khalaf

Financial Times, June 16, 2006

Russian President Vladimir Putin on Thursday struck an optimistic note on Iran's nuclear crisis, saying Tehran had responded positively to the six-nation package of incentives designed to persuade it to curb its nuclear programme.

After meeting Mahmoud Ahmadi-Nejad, his Iranian counterpart, in Shanghai, Mr Putin said Iran was "ready to negotiate" with world powers over the proposal.

However, it was far from clear that Tehran had in fact accepted the conditions for talks – the suspension of uranium enrichment.

Mr Putin, who was attending a summit of the Shanghai Co-operation Organisation, a central Asian security group of which Iran is an observer, said Tehran would soon set a date for the start of talks. "The Iranian side responded positively to the six-nation proposal for a way out of the crisis," Mr Putin said.

The international proposal, which includes a package of incentives, was made at the beginning of June by the five permanent members of the United Nations Security Council plus Germany.

"It is not what the Russians say that is going to be decisive," said an EU diplomat. "The response that really matters is the Iranian one."

European officials also caution that the Iranian response is likely to be a "fudge" that will require clarification in further talks.

Tehran says it is closely studying the package and preparing a counter-proposal. One official considered a regime insider told the FT that Iran would reply in one or two weeks but this response would be "general rather than specific". It would say it was ready for talks but not with preconditions, he added. "There is no chance whatsoever of Iran stopping enrichment."

Saudi Arabia this week joined the diplomatic effort to persuade Iran to accept the suspension of uranium enrichment and begin negotiations on the incentives package.

Saud al-Faisal, the foreign minister, met Ali Khamenei, Iran's supreme leader and the ultimate decision-maker. Saudi sources indicated the mood in Tehran was in favour of negotiations and that a formula to resolve the uranium enrichment condition might be found.

Nuclear experts say Iran could justify a short suspension as a necessary technical break and allow negotiations to start.

Iran's leaders are also still assessing Washington's decision to reverse earlier policy and agree to talk to Tehran about the package, albeit under conditions.

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According to an official in Tehran, the leadership was puzzled as to whether the US was ready for a “dignified solution” to its stand-off with Tehran.

Alternatively, he said, the US could merely be manoeuvring to persuade Russia and China to back UN sanctions.

Still, he said, Iran did not feel under the kind of pressure that would force it to back down over its enrichment policy.

Some western banks had reduced their operations with Iran, but the high price of oil was boosting Iran’s foreign exchange earnings, he said.

Nevertheless, it did not compare with the pressures Tehran was under in the 1980-1988 Gulf war, when western and Arab governments were supporting Saddam Hussein’s regime.

Iran’s largely conservative media, meanwhile, has in recent days argued that the US has acted from weakness rather than strength, particularly because of its problems in Iraq.

The Kayhan newspaper said that the west “had no more cards to play”, that Russia and China had “maintained their opposition to a military attack or sanctions” and that Monday’s statement from the Non-Aligned Movement supporting Iran’s right to peaceful atomic energy had “inserted a large spanner in the US works”.

Iran Seeks Aid In Asia In Resisting The West (WP)

By Edward Cody

The Washington Post, June 16, 2006

SHANGHAI, June 15 -- Overshadowing a regional summit, Iranian President Mahmoud Ahmadinejad suggested Thursday that China, Russia and neighboring Central Asian nations should help Iran resist growing pressure from the United States and Europe to limit its nuclear development program.

The appeal, in a speech to leaders of the six-nation Shanghai Cooperation Organization, seemed aimed in particular at China and Russia. The two nations, permanent members of the U.N. Security Council, have been reluctant to endorse the threat of U.N. sanctions and other steps being pushed by the Bush administration to persuade Iran to stop enriching uranium and submit its nuclear program to international controls.

Ahmadinejad's remarks were also framed to portray the Shanghai Cooperation Organization as a bloc opposed to the threats that have accompanied the U.S. and European campaign against Tehran's nuclear program. In addition to China and Russia, Kazakhstan, Tajikistan, Uzbekistan and Kyrgyzstan make up the group, which was founded five years ago under Chinese leadership to foster regional security and economic cooperation.

"We want this organization to develop into a powerful body, influential in regional and international politics, economics and trade, and also serve to block threats and unlawful strong-arm interference from various countries," Ahmadinejad declared.

The five permanent Security Council members -- the United States, Britain, France, Russia and China -- along with Germany recently proposed a new package of incentives designed to persuade Iran to halt uranium enrichment and begin negotiations on its nuclear ambitions. Although Russia and China signed on, they have signaled reluctance to approve sanctions or other punitive action that Washington has warned could follow unless Iran buys into the proposals.

Iran has insisted that its program is aimed exclusively at producing energy and that it is within its rights to develop nuclear technology like other nations. But U.S. and European officials have suggested that the ultimate goal is nuclear weapons.

A Chinese Foreign Ministry spokesman, Liu Jianchao, urged Iran to accept the incentives package. In keeping with the Chinese position, he said diplomacy, not force or threats of sanctions, was the way to deal with the standoff. Foreign Minister Li Zhaoxing met with his Iranian counterpart to foster a favorable reply from Tehran, Liu said. But he added, "They still need a little time."

Presidents Vladimir Putin of Russia and Hu Jintao of China did not respond publicly to Ahmadinejad's appeal, but Putin told reporters that Iran was favorably disposed to the U.S.-European offer.

Appearing uncomfortable with the focus on the nuclear standoff, Liu suggested that reporters here were paying too much attention to Iran and not enough to festivities marking the Shanghai Cooperation Organization's fifth anniversary. Iran was invited as an observer nation, along with leaders from Pakistan, Mongolia and India. President Hamid Karzai of Afghanistan was also on hand, at the invitation of China, because joint action against drug smuggling was high on the agenda.

Defense Secretary Donald H. Rumsfeld suggested recently that Ahmadinejad should not have been allowed to attend because one of the organization's main goals is to fight terrorism -- and according to the Bush administration, Iran is a state sponsor of terrorism. Rumsfeld's comments also highlighted a more general U.S. uneasiness over the Shanghai Cooperation Organization, a group with growing influence revolving around Chinese and Russian leadership and excluding the United States.

In a communique, the participating heads of state said they intended to work out a mechanism "to adopt measures in response to developments that threaten regional peace, stability and security." While vague, the agreement suggested more

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formal military cooperation among Russia, China and their Central Asian partners. Hu also proposed that the body's six members begin negotiations toward a friendship and security treaty.

Recognizing U.S. concerns, Hu and other leaders emphasized in speeches that the organization was not aimed against any other countries.

But the background music of independence from U.S. influence seemed clearly audible as the six nations celebrated their cooperation. President Islam Karimov of Uzbekistan, for instance, complained that "foreign forces stationed in the region" had failed to dampen drug smuggling from Afghanistan and had sought to "rope in" Central Asian nations to advance their own interests.

Uzbekistan, along with Kyrgyzstan, accepted U.S. military forces on its soil to support the U.S. invasion of Afghanistan after the attacks of Sept. 11, 2001. But Uzbekistan has since expelled the U.S. military from its base in the country, and Karimov's relations with Washington have soured. At a summit last year, Shanghai Cooperation Organization leaders called on the United States to set a deadline for the withdrawal of military installations from all member states.

Pakistan's president, Gen. Pervez Musharraf, said his country was keen to upgrade its status in the organization from observer to full member. Musharraf portrayed Pakistan as an "energy corridor" for the movement of Persian Gulf oil into the giant Chinese economy, reflecting the organization's strong appeal to the nations surrounding China that are eager to share in its growing prosperity.

China has helped finance a port at Gwadar, in southwestern Pakistan, and planning is underway for a road link between Gwadar and western China. Similarly, China has given low-interest loans for several projects in the Central Asian nations belonging to the organization.

Ahmadinejad suggested that Iran, with its large oil reserves, was also eager to play a part. He called for a regional energy conference to be held in Tehran, an idea that Liu said appealed to China.

Iran Sends Mixed Signals On Response (AP)

By Nasser Karimi, Associated Press Writer

AP, June 16, 2006

Iran sent mixed signals Thursday on how it will respond to the world's incentives to give up uranium enrichment, with its supreme leader vowing his country would never back down, while the president and chief envoy to the U.N. nuclear watchdog said Tehran was prepared to negotiate.

The Iranians spoke as American and European officials in Vienna urged Tehran to freeze enrichment and stop withholding information about its nuclear program. The chief U.S. delegate to the International Atomic Energy Agency, Gregory L. Schulte, warned that if Iran rejected the incentives, it could face "the weight of the Security Council."

But supreme leader Ayatollah Ali Khamenei dismissed such talk.

"The Islamic Republic of Iran will not succumb to these pressures," state television quoted Khamenei as saying.

Speaking to Iranian nuclear experts, Khamenei said the development of nuclear technology was more important than oil extraction — the source of about 80 percent of Iran's foreign exchange.

"Let me tell you, the importance of achieving and using nuclear energy is higher than oil exploration for our country," Khamenei said.

The five permanent members of the U.N. Security Council, plus Germany, have offered Iran a package of incentives in return for a long-term moratorium on enrichment — a process that can produce fuel for nuclear power plants or material for atomic weapons. The package calls on Iran to suspend enrichment for the duration of any negotiations.

Iran has not responded formally so far, but its officials have insisted that enrichment is an inalienable right and that talks must be unconditional.

The country denies accusations by the U.S. and others that it is seeking to develop nuclear weapons, saying its program would only generate energy.

White House spokesman Tony Snow said he fully expected Iran to try any number of ways to shape the debate over its nuclear program.

"I think it is safe to say they will try to test the unity" of the United States, Britain, France, Russia, China and Germany, Snow said.

Russian President Vladimir Putin said Iran was prepared to negotiate on the basis of the incentives.

Speaking after talks with Iranian President Mahmoud Ahmadinejad in Shanghai for a regional summit, Putin said: "The Iranian side responded positively to the six-nation proposal for a way out of the crisis."

He added he hoped Iran would soon set a date for the start of talks.

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Ehsan Jahandideh, a member of Ahmadinejad's delegation in Shanghai, confirmed the president had offered to negotiate "to ease tensions."

In Vienna, the chief Iranian delegate to the IAEA, Ali Ashgar Soltanieh, warned the West against threatening Tehran, saying "the carrot and stick has always been counterproductive."

But Soltanieh told reporters Iran was "determined to ... find a negotiated solution."

He spoke after the Europeans and the U.S. had criticized Iran before the 35-nation IAEA board.

"Cooperation with the agency has been reduced to almost nothing these last few months and ... numerous important questions remain to be resolved," said chief French delegate Francois-Xavier Deniau, who was speaking on behalf of France, Britain and Germany.

Schulte agreed, saying, "Iran continues to withhold cooperation with the IAEA on almost every outstanding issue."

When Iran received the incentives last week, it said they contained "positive steps" but also ambiguities, which had to be clarified in further talks.

The package included some significant concessions by the U.S., aimed at enticing Tehran to freeze enrichment. The U.S. would provide Iran with peaceful nuclear technology, lift some sanctions and join direct negotiations with Tehran.

The package also pulls back from demands that Iran outright scrap its enrichment program as an initial condition for negotiations, seeking instead a suspension. However, it also contains the implicit threat of U.N. sanctions if Iran remains defiant.

Senate Backs President's Iran Policies (AP)

AP, June 16, 2006

The Senate on Thursday endorsed President Bush's diplomatic approach to the problem of Iran's nuclear program after rejecting a proposal that would have increased sanctions against the Tehran government and those helping it.

The Senate voted 99-0 to support the decision, announced by Secretary of State Condoleezza Rice on May 31, that the United States would join other Western states in engaging Iran in negotiations and offering a package of incentives if Tehran suspends its uranium enrichment activities.

That vote came minutes after a 54-45 vote to defeat a proposal by Sen. Rick Santorum (news, bio, voting record), R-Pa., that would have imposed mandatory sanctions on entities that help Iran acquire or develop weapons of mass destruction.

Both the Santorum measure, and the vote of support for the administration, introduced by Sen. Joe Biden, D-Del., were amendments to a defense spending bill the Senate is debating.

Santorum's proposal was in line with a bill passed by the House last April, over the objections of the administration, that also would impose sanctions on those contributing to Iran's WMD programs and cut off aid to countries investing in Iran's energy sector. It also authorized $100 million to promote pro-democracy efforts in Iran.

The administration said the House bill would limit the flexibility it needed to reach a diplomatic solution to the deadlock over Iran's nuclear program.

Hamas Offers To Revive Cease-fire (WT/AP)

By Ibrahim Barzak

The Washington Times, June 16, 2006

GAZA CITY, Gaza Strip -- The Hamas-led Palestinian government offered yesterday to restore a cease-fire with Israel, nearly a week after calling off the truce to protest a deadly explosion on a Gaza beach.

Israel responded favorably, signaling that both sides are prepared to step back from fighting that threatened to escalate into a broader conflict.

A Hamas official said the group was in touch with other Gaza militants to try to halt daily rocket barrages against Israel, which set off Israeli air and artillery retaliation.

The truce, declared in February 2005, greatly reduced Palestinian-Israeli violence, which had claimed more than 3,000 lives in the four years before.

But Hamas called it off after an explosion last Friday on a Gaza beach that killed eight Palestinian civilians. Israel was shelling Gaza around that time but insisted it was not responsible for the explosion.

Hamas sent its own rocket squads to fire at Israel alongside Islamic Jihad and other militants.

The barrages have tapered off somewhat in the past day, an indication that Hamas was sidelining its militants. Islamic Jihad fired five rockets yesterday.

"We are interested to keep the ... quiet, especially in the Gaza Strip," government spokesman Ghazi Hamad of Hamas said yesterday. "We have contacts with the Palestinian factions. We are ready to do it, but [only] if the Israeli side has a strong intention to respond positively to the call ... to stop their aggression."

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Israel welcomed the gesture. "If it is quiet, we will answer that with quiet," said Mark Regev, spokesman for Israel's Foreign Ministry.

The initiative received backing from the powerful exiled Hamas leadership.

In Damascus, Syria, the deputy head of Hamas' political bureau, Moussa Abu Marzouk, said: "If Israel agrees to stop targeting civilians, then [Hamas] will take a positive stance."

The Hamas announcement came shortly after the Palestinian information minister arrived in Gaza with $2 million in his luggage, the second straight day a senior Hamas official has hand-delivered money to the cash-strapped government.

Youssef Rizka's suitcase delivery signaled that Hamas has opened a new front in its battle against international sanctions by taking matters into its own hands -- literally.

On Wednesday, Foreign Minister Mahmoud Zahar returned to Gaza from a trip to Muslim countries with $20 million in his luggage. Hamas said all the money came from private donations and charities, not governments.

The fighting with Israel has complicated an already difficult situation for Hamas, which is under intense international pressure to adopt a more moderate stance and is grappling with bloody infighting against the rival Fatah movement of Palestinian Authority President Mahmoud Abbas.

How Clumsy, Inaccurate Gaza Rockets Could Start A War (NYT)

By Ian Fisher

The New York Times, June 16, 2006

SDEROT, Israel, June 15 — The Qassam rocket is not much to look at: a 70-pound tube of rough steel and hand-mixed explosive, like the one that pounded through the roof of Universe Packaging here on Thursday. Tons of falling concrete just missed Lior Levi, 28, a worker there.

"My ears were ringing, so it took me a few seconds to realize what really happened," said Mr. Levi, who counts himself a lucky man. "I didn't realize it was a direct hit."

However crude, the Qassam rocket, fired by Palestinian militants from Gaza into Israel, has nonetheless won its spot as symbol of the moment in the long conflict here. At a delicate time, the rocket is not only raising tensions between Palestinians and Israelis, as usual, but is also dividing Palestinian from Palestinian, Israeli from Israeli.

Most immediately, the number of rockets fired by Palestinians from Gaza, and whether they happen to hit anyone, will be crucial in determining whether the Israeli-Palestinian conflict explodes again into high-intensity warfare.

On Thursday, after a week in which at least 16 Palestinian civilians were killed and several Israelis wounded, there were signs that Israel and the Palestinian government, now led by the militant group Hamas, did not want that to happen.

After several Qassams landed here and elsewhere in the Negev, a Hamas spokesman said the group was willing to reinstate a 16-month cease-fire that it had proclaimed invalid last week after seven members of a Palestinian family were killed on a beach during an Israeli retaliatory bombardment.

"I spoke today with the prime minister and he said we definitely want quiet everywhere," the spokesman, Ghazi Hamad, said Thursday on Israeli radio, referring to Ismail Haniya, the top Hamas leader. "We are interested in a cease-fire everywhere."

He later qualified that, saying Israel would have to stop all attacks against Palestinians in both Gaza and the West Bank.

But he also said that in that case, Hamas would attempt the difficult task of restraining other Palestinian militants from firing Qassams on their own. In Gaza the launchings are generally regarded as legitimate resistance in the wider war against Israel.

Israel responded with its own condition — that the rocket attacks end — but did not dismiss the offer.

"If this terrorist activity ceases, of course we will be more than happy to cease our defensive measures," said Mark Regev, a spokesman for the Foreign Ministry.

For such a simple rocket, with low accuracy and a range of less than five miles, the Qassam has raised complicated issues.

On the Palestinian side, Hamas is being forced to evaluate the transition it has made from a resistance group that carried out deadly attacks against Israeli civilians, to leader of the Palestinian government. Already, a lack of money is weakening Hamas's grip on power, and more rockets and wider fighting are unlikely to persuade Western governments to resume financial aid.

Israel is divided by the question of its military response, whether it has been disproportionate to the threat of the Qassams, and whether the lives of innocent Palestinians could have been spared.

As with many issues here, the Qassam problem began in earnest with the Israeli pullout of settlers from Gaza, completed last September.

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For many Israelis, full disengagement should have begun the moment Gaza, finally free from Israeli soldiers, ceased to be a threat. But according to the Israeli military, more than 600 rockets have fallen since then. They have killed one person inside Israel and injured many more, including a friend of the Israeli defense minister, Amir Peretz, who lives here in Sderot.

But even with relatively few casualties, the barrage has infuriated residents, many of them working poor Israelis with roots in Morocco and Ethiopia.

"Disengagement blew up in our faces, in the faces of our children," said Alon David, 32, a leader of a group of Sderot residents who have been camped out in front of Mr. Peretz's house here.

Mr. David and five other people have been on a liquids-only protest diet for the past five days. Since a barrage of Qassams that peaked at 30 or 40 last week, children have stopped going to school, and residents have complained that the government has abandoned them in the name of its international image.

"The children are sleeping in bed with us," said Sima Hadad, 33, one of the hunger strikers. "Every boom — even things that are not Qassams — scares them."

Another hunger striker, Sharon Ben Abu, 33, added, "Even if the watermelon salesman screams 'Watermelon!' on the street, they get scared."

The mayor and others have called for a huge military assault on Gaza. But human rights groups, and some Israelis, contend that has already happened: Israel has fired nearly 6,000 artillery shells into Gaza over roughly the past year in retaliation for the Qassams, and the United Nations says that more than 80 Palestinians have been killed by Israeli attacks since the beginning of the year. Since 2004, eight people have died in Israel from Qassam fire, the military says.

The issue came into tragic focus last week when seven members of a Palestinian family were killed on the beach as Israel attacked Gaza. (An eighth person was also killed.)

On Tuesday the military said its internal investigation showed the blast that killed them was not an Israeli explosive. But Israel has been plunged into introspection, highlighted in dueling commentaries on Thursday in the newspaper Maariv.

One writer said that when such tragedies occurred, "we regret it, but we must not condemn and vilify those who do it." Another sarcastically bemoaned avoidable death: "When they kill us, it is a massacre. When we kill them, it is a pinpointed killing."

Peter Bouckaert, a Human Rights Watch official who investigated both the Qassam firing and the Israeli response, said neither side was adequately safeguarding civilians.

"The Qassams are ineffective from a military perspective, but it doesn't matter how many people they kill because they indiscriminately target civilians," he said. "On the other hand, the Israeli response has been a lot more deadly in terms of the civilians killed in Gaza.

"Both sides justify their methods by the abuses committed by the other side, but I think we need to get out of this cycle of violence."

US Warns On Readiness Of North Korean Missile (FT)

By Demetri Sevastopul Ans Anna Fifield

Financial Times, June 16, 2006

North Korean preparations for a possible long-range missile test have advanced to where Pyongyang could launch a Taepodong-2 missile on “very short notice,” a Bush administration official told the Financial Times on Thursday.

The US has been monitoring activity at a launch site in North Korea for weeks following indications that Pyongyang was preparing to test an intercontinental ballistic missile for the first time. A senior Bush administration official last week said the US was not yet “on the edge of our seat”. But another official on Thursday said more recent intelligence suggested Pyongyang was now much closer to being ready to conduct a test.

“They appear to be moving closer to the ability to actually conduct a launch on very short notice,” said the administration official.

In 1998, Pyongyang stunned the US and Japan by firing an intermediate range Taepodong-1 missile over Japan into the Pacific Ocean. While US intelligence now shows that test preparations are very advanced, Washington does not know whether Kim Jong-il, the North Korean leader, will go ahead with a test.

Taking the threat of a possible test very seriously, the Pentagon has positioned military assets to deal with any launch. Washington believes increasingly strident and frequent North Korean protests over US spy plane reconnaissance flights may signal its intention to test the Taepodong-2. US and South Korean officials have also urged North Korea to abandon any test.

“We are currently trying to get all of the parties in the six-party talks process to send a strong message to North Korea to discourage them from launching,” said a senior US official.

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The Taepodong-2 is an untested two-, or three-, stage "integrated" missile. The three-stage version consists of a solid-fuel booster rocket strapped atop a Scud missile, which is in turn attached to a short-range Nodong missile. North Korea appears close to the position where it only needs to fuel the missile. Once it does, it would significantly increase the likelihood of a test since the move is dangerous and difficult to reverse.

Vice-admiral Lowell Jacoby, then head of the Defence Intelligence Agency, last year told Congress that a three-stage version of the Taepodong-2 had the "theoretical capability [to] reach most of the continental US". But some experts doubt whether the missile has the range to hit the US and whether it can carry a significant payload. The US believes North Korea is trying to develop the technology to put a nuclear warhead on an ICBM that could reach the US, but has not yet succeeded.

South Korea is "bracing" for a possible missile launch, Ban Ki-moon, South Korea's foreign minister, said on Thursday.

"We are very concerned that international opinion turns increasingly negative towards North Korea, especially the six party talks [which] are still in a deadlock," Mr Ban said. "North Korea should stop its plan, if [there is] any, to fire a missile and come back to the negotiating table."

Tensions over the missile test preparations come as delegates from the two Koreas are meeting in the Southern city of Kwangju to celebrate the sixth anniversary of a historic summit between Kim Jong-il and Kim Dae-jung, then president of South Korea.

Inter-Korean relations have warmed significantly since the summit, but there has been no follow-up meeting, as pledged at the time. Kim Dae-jung is preparing to return to Pyongyang at the end of this month, a visit that the current South Korean government hopes will pave the way for a second summit.

"We are in a state of truce, not having resolved the issue of war and peace. The threat of war is constantly around us," said Ahn Kyong-ho, the chief Northern delegate. "As we look to the future of the nation, we must think big and implement it."

Earlier this week, Stephen Hadley, the White House national security adviser, said it would be a "bad idea" for North Korea to conduct a test, and urged Pyongyang to return to the six-party talks which have been stalled since last September. North Korea has refused to return to the talks because of US financial sanctions that are crippling its economy.

Another US administration official said: "Our concerns about North Korea's missile programme are pretty well known. North Korea should abide by the long-range missile test moratorium it has observed since 1999."

U.S. Sanctions Cost North Korea Millions (WT)

By Bill Gertz

The Washington Times, June 16, 2006

U.S. economic "defensive measures" aimed at curbing illegal activities by North Korea have cost the Pyongyang regime millions of dollars in lost cash over the past several months through banking restrictions and other actions, U.S. officials estimate.

One sign that the economic measures are hurting the communist regime in North Korea is Pyongyang's continued refusal to rejoin six-nation talks on its nuclear program until the United States lifts what it regards as sanctions, said Bush administration officials involved in Asia matters.

"We think the defensive measures are hurting them," said one official who spoke on the condition of anonymity.

North Korean officials have told Chinese officials that they will not come back to the six-party talks until the United States lifts economic restrictions imposed on the Macau-based Banco Delta Asia, something the Bush administration is refusing to do, saying the measures are not nuclear-related, but simply efforts to protect the U.S. financial system and to pressure Pyongyang into halting activities such as counterfeiting U.S. currency.

The Bush administration official pointed out that U.S. financial actions against North Korea were never part of the agenda of talks aimed at halting covert North Korean nuclear programs. Those talks also include representatives of China, South Korea, Japan and Russia.

Officials said there are intelligence reports that North Korea is continuing work on its nuclear programs, including plutonium-fueled efforts and a uranium-enrichment program that remains couched in mystery. The impoverished communist-ruled state has earned hard cash through counterfeiting U.S. currency, specifically a high-quality forged $100 bill. Its other activities include selling illegal drugs, such as heroin and cocaine.

The latest U.S. action was a May 8 ban that blocked any U.S.-based company from flying the North Korean flag on its merchant ships. The ban was imposed after the government learned that North Korea was selling its flag to companies at two to three times the usual international price as a way to raise cash. The Clinton administration permitted the flaggings in 2000.

Weeks after the Bush-era ban went into effect, U.S. intelligence agencies detected launch-preparation activities at a North Korean missile facility that indicate the regime may be preparing to conduct a missile test. Officials said the North Koreans are unpredictable and could be engaging in brinksmanship, but they do not expect Pyongyang to break its self-imposed moratorium on missile tests.

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The most effective restrictions were Treasury Department penalties imposed on Banco Delta Asia in September. The bank was sanctioned as a "primary money-laundering concern" for its 20-year role in helping the North Korean government.

The bank was involved in major North Korean foreign purchases including precious metals used in manufacturing and was the main outlet for more than $45 million in North Korean-made counterfeit $100 bills since 1989, the officials said.

The Treasury Department said a North Korean government front company used Banco Delta Asia for more than a decade to carry out illegal activities, including smuggling counterfeit-brand tobacco products. The company also took part in international drug trafficking on behalf of North Korean government agents.

Officials said the penalties against Banco Delta Asia, which have been supported by China's government, have had a ripple effect among international financial institutions that now are taking steps to avoid working with North Korean government agents and front companies linked in the past to illegal activities.

Bush Pushes For Trade Deal As A Deadline Looms (WSJ)

By Greg Hitt

The Wall Street Journal, June 16, 2006

WASHINGTON -- With time running short on stalled global trade talks, President Bush hopes to kick-start negotiations on a visit to Europe next week. But major issues remain, particularly over cuts in farm subsidies.

"It's tough sledding right now," Mr. Bush said of the multilateral talks launched four years ago in Doha, Qatar, under the auspices of the World Trade Organization. In a speech yesterday, Mr. Bush, who will visit Vienna next week for a U.S.-European Union summit, pressed major players in negotiations to look past their differences. He suggested a global trade deal could accomplish the twin goals of lifting the world economy and reducing poverty.

"The Doha negotiations are at a critical moment," he said. "Now is the time for the world to come together."

With increasing intensity, the Bush administration is raising pressure to break the deadlock. In recent weeks, U.S. negotiators have been shuttling back and forth between Washington and Geneva, where the WTO is based, in an effort to move the round forward.

WTO Director-General Pascal Lamy has set an end-of-June deadline to reach consensus on the outlines of a deal to lower trade barriers in farm and manufacturing goods, the two most contentious components of the talks so far. The White House needs a framework deal soon if it is to have time to guide a global trade package through Congress before the president's trade-promotion authority expires in July 2007. Without the authority, Mr. Bush will lose his leverage to force Congress to deal with the issue.

Mr. Bush's remarks on Doha represent a rare direct foray into the global trade debate. But they come as the Bush administration is making a more concerted effort to raise the U.S. profile overseas. Among other things, Mr. Bush, who made a surprise visit to Baghdad this week, is stepping up efforts to bolster Iraq's fragile new government. And the administration is pursuing a sharpened diplomatic effort aimed at blunting Iran's nuclear ambitions.

In Geneva, the Doha talks are hung up on a cross-cutting set of issues. The U.S. and Europe are at odds over a Bush-backed proposal to make deep cuts in trade-distorting farm subsidies. The cuts would expose American farmers to greater foreign competition, but also open new markets, a crucial White House goal. European negotiators say the proposed cuts go too far. At the same time, the Europe and the U.S. are at loggerheads with major developing nations, chief among them India and Brazil, over proposals to deeply cut tariffs on manufactured goods. India and Brazil fear increased competition from U.S. and European manufacturers.

Mr. Bush conceded that "national interests" seem to be overriding efforts to find compromises. "Local politics has a lot to do with whether or not this Doha Round is going to get completed," he said.

Mr. Bush stressed that the U.S. is ready to make concessions, but needs corresponding compromises from Europe and the major developing nations that will ensure American farmers and manufacturers have increased access to markets abroad.

Bush Pledges To Push EU To Cut Agriculture Subsidies (WT)

By Stephen Dinan

The Washington Times, June 16, 2006

President Bush, facing a June deadline to restart the embattled Doha round of world trade talks, said he will tell European leaders next week that they must relent on agriculture subsidies.

Although admitting that "it's tough sledding right now" to complete the next round of World Trade Organization talks, Mr. Bush said dropping subsidies on agriculture, services and manufacturing would benefit poorer nations and help reduce global poverty.

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"We're ready to make the move -- on agriculture and services and manufacturing -- but we expect other nations to do the same thing," Mr. Bush said at the Initiative for Global Development's 2006 summit, promising to take that message when he visits Austria and Hungary next week.

Also yesterday, Mr. Bush signed several measures, including the Broadcast Decency Enforcement Act, the Miner Act and a proclamation establishing the Northwestern Hawaiian Islands National Monument.

In signing the broadcast legislation, Mr. Bush said parents must take the lead in controlling what their children watch, but he said broadcast companies also must play a role -- and have been failing in recent years.

"Broadcast programming has too often pushed the bounds of decency," Mr. Bush said, citing a study that said TV's use of profanity during the 8-9 p.m. hour increased 95 percent from 1988 to 2002. "In other words, the language is becoming coarser during the times when it's more likely children will be watching television. It's a bad trend, a bad sign."

He also said complaints to the Federal Communications Commission have increased from hundreds in 2000 to hundreds of thousands today.

"In other words, people are saying, 'We're tired of it, and we expect the government to do something about it,' " he said.

The bill he signed increased the penalties the FCC can levy per violation of decency standards from $32,500 to $325,000.

"By allowing the FCC to levy stiffer and more meaningful fines on broadcasters who violate decency standards, this law will ensure that broadcasters take seriously their duty to keep the public airwaves free of obscene, profane and indecent material."

On the trade agenda, Mr. Bush goes to Vienna, Austria, next week for the U.S.-EU summit. He said he will push his subsidies message to the European nations, which are balking at a broad agreement. The WTO has set a deadline to reach a preliminary deal, but European officials have said they do not think the end-of-the-month deadline is final.

The Bush administration under U.S. Trade Representative Susan Schwab, and her predecessor, Rob Portman, have been pushing for the broader agreement. But the president's speech yesterday elevates the stakes and the pressure to complete an agreement.

Talks have been stalled since October, when the United States made its ambitious proposal to cut subsidies and tariffs. The European Union proposed smaller cuts, and the middle proposal, from the so-called Group of 20 countries, proposes major cuts in developed countries' tariffs but shallower cuts for developing nations.

"Countries in Europe have to make a tough decision on farming. And the G-20 countries have to make a tough decision on manufacturing," Mr. Bush said.

Bush: 'Tough Sledding' For Poverty Talks (AP)

By Deb Riechmann

AP, June 15, 2006

President Bush, trying to jump start global trade negotiations, urged European and developing nations Thursday to make tough decisions to finish a trade deal that he claims will curb poverty.

The United States is among 149 nations trying to finish the international round of trade talks known as the Doha Round. Negotiators have missed several deadlines.

"It's tough sledding right now," Bush said at the Initiative for Global Development's national summit focused on getting the public and private sectors to work together to end poverty across the world.

There are disagreements over cutting farm barriers in Europe, the United States and other rich nations. Major developing countries, such as India and Brazil, also are refusing to significantly reduce trade barriers that protect their manufacturing and service industries.

"We're ready to eliminate all tariffs and subsidies and other barriers to free flow of goods and services, and we expect other nations to do the same," Bush said.

He said countries in Europe have to make a tough decision on farming, and the G20 group of developing countries that is pushing for increased access to industrialized markets for their farmers have to make difficult decisions on manufacturing.

Bush said he planned to carry that message to next week's European Union summit.

"Now is the time for the world to come together and make this world a free trading world, not only for the benefit of our own economies, but as an important part of the strategy to reduce poverty around the world," the president said.

Bush spoke after attending a ceremonial swearing-in at the White House of the new U.S. trade representative, Susan Schwab, who is working to wrap up key elements of a deal by the end of July.

Former Secretary of States Colin Powell and Madeleine Albright co-chaired the summit, which was attended by some of the nation's top business leaders, philanthropists, policy experts, government officials and civic leaders.

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"Americans have got to understand that when we talk about trade, we're not only talking about enhancing economic growth and vitality, we're helping people get out of poverty," Bush said, adding that impoverished states are attractive safe havens for terrorists and tyrants and international criminals.

The Initiative for Global Development was founded in 2003 by former Sen. Daniel Evans of Washington; Bill Gates Sr., father of Microsoft founder Bill Gates; Bill Ruckelshaus, former administrator of the Environmental Protection Agency; Bill Clapp, chief executive officer of Global Partnerships; and Gen. John Shalikashvili, former chairman of the Joint Chiefs of Staff.

A New Trade Envoy, With A Battle On Her Hands (NYT)

By Steven R. Weisman

The New York Times, June 16, 2006

WASHINGTON, June 15 — Not many new Cabinet members take office with a deadline of six weeks or so to succeed or fail in their jobs. But that was what Susan C. Schwab faced Thursday when she was sworn in as the new United States trade representative.

President Bush praised his new envoy on Thursday as "a good, hard negotiator." Still, she faces long odds as trade diplomats struggle to salvage a global accord that the Bush administration hopes will be one of its signal economic achievements.

But if trade officials are unable to resolve their fundamental differences by the time of a critical meeting in late July, the failure to achieve a deal could prove a huge disappointment for the White House.

The tight time limit derives from the Congressional authority for the United States to negotiate a trade-expanding agreement under the so-called Doha round, named after the city in Qatar where talks began, and then get an up-or-down legislative vote. The authority expires in mid-2007, and it is doubtful that Congress can approve any deal unless the basic framework is established by mid-2006.

"We are at a critical juncture in a once-in-generation multilateral negotiation," Ms. Schwab said in an interview. "We're getting to the point in the Doha negotiations where some very tough decisions have to be made."

Ms. Schwab is certainly prepared to step into the role. She was a deputy trade representative under Rob Portman, the former Ohio representative who was named director of the Office of Management and Budget in April. At the age of 51, she has been involved in trade issues in government, business and the academic community all of her career, but is not a well-known figure outside that world.

But some critics say the appointment of Ms. Schwab — succeeding a recognized power hitter with close ties on Capitol Hill — was a sign that the Bush administration was scaling back its hopes for a successful Doha negotiation.

"In my judgment, she's first class," said Bill Frenzel, a former Republican congressman from Minnesota and now a guest scholar at the Brookings Institution. "But she succeeds a very popular and active trade representative whisked out of his job. I think everyone agrees that the chances of a successful Doha round seem quite limited."

Ms. Schwab, not surprisingly, says she sees it differently and appears undaunted by the suggestions that she is not up to the job.

"The only way you can respond to those questions is by exceeding expectations," she said. "The joy comes in proving the critics wrong."

Moreover, she points out, when the time comes to lobby Congress on trade, she will have the help of Mr. Portman and Joshua B. Bolten, the White House chief of staff, who also has a trade background.

Another heavy hitter, Robert B. Zoellick, the former trade representative who is now deputy secretary of state, is also prepared to step up to bat.

To be sure, the Bush administration has not invested all its trade policy in a successful Doha round, which involves trying to get a multilateral agreement among 147 countries. Its trade record also rests on more than a dozen bilateral agreements so far, and more in the offing, with countries in Latin America, the Caribbean and the Middle East.

In addition, the administration has tried to win over Congressional critics of freer trade by using the World Trade Organization and other legal avenues to press countries to drop what Washington has charged are illegal or unfair practices keeping out American goods and services.

It has achieved some gains on that front. Ms. Schwab's nomination for the trade representative job was held up in the Senate until she satisfied Senator Charles E. Schumer, Democrat of New York, that the United States would be tougher toward China. "She has convinced me that she will be a very strong voice on opening markets," Mr. Schumer said when she was confirmed. From the American point of view, the main roadblock to progress in the Doha trade talks is not the so-called emerging markets like China, India or Brazil, whose barriers are a problem in Congress, but a few wealthy European countries opposed to lowering their barriers on farm imports.

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European barriers are a particular anathema to American farmers, and their reservations about any trade deal would doom it on Capitol Hill. Yet there is no sign of bridging the impasse between the Europeans and the United States on the agriculture issue.

Ms. Schwab said that without a deal on agriculture, the progress that has been made on opening doors to American services, particularly financial, would go for naught, as would what little progress had been achieved in manufactured goods.

If the United States has a strategy to change European thinking, she said, it is to enlist India, Brazil, China and other fast-developing countries to pressure the Europeans. In addition, she has been meeting with European business associations that would gain from a trade deal.

Finally, Ms. Schwab said, Mr. Bush has lobbied Prime Minister Tony Blair of Britain and Chancellor Angela Merkel of Germany to press President Jacques Chirac of France to ease his opposition to lower farm barriers.

But Peter Mandelson, the chief European Union trade negotiator and a friend of Mr. Blair, has charged that it is the United States that is intransigent.

Rebutting the American argument that the poor and developing countries of the world will side with the United States, European negotiators say that the cuts sought by Washington in European farm products would actually hurt the poorest countries of Asia, Africa and the Caribbean by wiping out the advantages of their trade preferences in Europe.

Mr. Mandelson has called the American demands "unrealistic" and insists that at the next round of talks in Geneva at the end of this month, they must be scaled back if the Doha round is to succeed.

"We all have our work cut out for us, including Sue," Mr. Mandelson said through a spokesman on Thursday. "None of our domestic constituencies give us an easy ride. And it really is a question of doing the heavy lifting together."

Ms. Schwab is the kind of person, in any case, who finds all these political difficulties "fun."

Growing up in poor countries in Africa and Asia as the daughter of parents in the foreign service, Ms. Schwab said she realized early on that trade was far more potent than foreign aid in combating poverty and opening up opportunity, a conviction that deepened in graduate school. In that, she says, she has found a kindred spirit in Mr. Bush.

Ms. Schwab has worked at the Commerce Department, the United States embassy in Japan, on Capitol Hill as a Senate aide and at Motorola, an export powerhouse. She wrote a book about the trade battles of the 1980's and served as dean of the University of Maryland School of Public Policy before joining the Bush administration.

But now that she is in charge of trade policy, Ms. Schwab argues that she can prove the skeptics wrong about a possible breakthrough.

"How can you not be excited and thrilled by this opportunity?" Ms. Schwab said. "If you have watched development of U.S. trade policy and global negotiations over the years, you'd be hard pressed to find a more exciting time than the present to be stepping in to this kind of role."

US Drops Opposition To Asian Currency Unit (FT)

By Krishna Guha And Victor Mallet

Financial Times, June 16, 2006

The US on Thursday signalled it would not fight efforts to create an Asian currency unit, turning the page on over a decade of largely consistent opposition to Asian monetary integration.

US officials said the move is intended to show that the US does not fear greater monetary co-operation between Asia's rising economic powers and wants to play a constructive role in helping to shape it.

The green light from the US is a big boost for Japan, which has been pushing the idea of an Asian currency unit loosely modelled on the European currency unit, the precursor to the euro, in face of considerable regional scepticism. It comes at a time of growing diplomatic closeness between Washington and Tokyo.

While formidable obstacles remain to the creation of an Asian currency unit, with Asian countries unable to agree on weightings or on the inclusion of Taiwan, the US decision and the broader evolution of US Asia policy it represents may in time be seen as highly significant.

The signal was given by Tim Adams, the under-secretary for international affairs at the US Treasury, in a closed session of the World Economic Forum in Tokyo.

While Mr Adams spoke in general terms, a copy of his prepared remarks, which has been obtained by the Financial Times, spells out clearly the US position on the Asian currency unit. The remarks say the US believes there has been "some confusion" about its attitude on the ACU. They say "we do not see the ACU as a competitor to the dollar."

They say the US is "open minded" and adds "we view proposals for Asian currency co-operation with interest." Mr Adams presented his remarks as a clarification rather than a shift in US policy. US officials admit the US is seen in Asia as being hostile to regional monetary and financial integration in principle, and wants to change that view.

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Sri Lankan Military Attacks Rebels In Response To Fatal Bus Blast (NYT)

By Shimali Senanayake And Somini Sengupta

The New York Times, June 16, 2006

COLOMBO, Sri Lanka, June 15 — The Sri Lankan military pounded rebel posts in the northern and eastern parts of the country by land, sea and air on Thursday, independent monitors and guerrilla officials said, after a land mine explosion ripped through a crowded passenger bus on Thursday morning in northern Sri Lanka.

The death toll rose to 64 by the end of the day, with 86 wounded, in the most serious attack on civilians since the government and rebels signed a cease-fire four years ago in the country's ethnic insurgency.

The military said only that its forces had taken "deterrent" measures. The government was swift to blame the rebel Liberation Tigers of Tamil Eelam for the attack on the civilian bus, which the rebels promptly denied, pointing at the government.

The Sri Lanka Monitoring Mission, which was created by the cease-fire and which documents truce violations, said it had not determined who was responsible.

The greater uncertainty was whether the deadly events on Thursday were the beginning of full-scale war. Despite mounting violence, neither side has been willing to explicitly renounce the February 2002 cease-fire. "The substance of the peace process has been completely eroded," was how Jehan Perera of the Colombo-based National Peace Council, an independent research and advocacy group, put it. "Only the outer trappings remain."

Talks in Oslo between the warring parties collapsed last week. The topic of the Norwegian-brokered negotiations was supposed to be the role of European-led truce monitors. The Tamil Tigers pulled out before the talks began, objecting to the composition of the government delegation.

The latest violence follows several months of carnage among Sri Lankan soldiers, Tamil Tiger guerrillas and a breakaway faction in the east known as the Karuna group.

Over the last few months, fighting has emptied villages in the northeast. In April, a bomb exploded in a market in Trincomalee, a port town. The same month, the rebels, known as the L.T.T.E., were accused of trying to assassinate the leader of the Sri Lankan Army in the military headquarters here in the capital. That suicide bombing, which killed nine people and wounded the army commander, Lt. Gen. Sarath Fonseca, and more than 20 others, was followed by airstrikes on rebel posts near Sampur. Since April, 500 people have been killed in the conflict, mostly civilians, the Sri Lanka Monitoring Mission said. The toll on Thursday was by far the largest number of civilian deaths since the 2002 truce.

The Tamil Tigers accused the government on Thursday of having bombed rebel-held Kilinochchi, the northern town that is the guerrilla headquarters, as well as Sampur and Mullaittivu, strategic eastern installations for the Tamil naval fleet. The Sri Lanka Monitoring Mission reported seeing artillery fire from the Sri Lankan Army and Navy.

"Known L.T.T.E. targets are being taken as a deterrent," the Sri Lankan military spokesman, Brig. Prasad Samarasinghe, said Thursday afternoon, without elaborating.

Brigadier Samarasinghe said the explosion of the crowded state-owned bus at rush hour involved two so-called Claymore mines, placed side by side and detonated by remote control. The bus was traveling to a market town in the historic Anuradhapura district, about 100 miles north of here. Anuradhapura's border villages were favorite targets in the war, because the district is at the crossroads between government and rebel-held territories.

Police officers said 15 children were among the 64 dead. Most of the injured, who also included children, were being treated at two hospitals in the town of Anuradhapura. Nine with serious head injuries were moved to Colombo General Hospital.

Calling the attack "a barbaric terrorist act," a government minister accused the Tigers of deliberately selecting the bus. "This was not a mistake," said Keheliya Rabukwella, the policy planning minister.

On the Web site of its peace secretariat, the rebels accused the government of attacking the bus, saying attacks on civilians "cannot be justified under any circumstances."

The European Union put the Tigers on its list of banned terrorist groups last month, following the United States, Britain and India. The Tamil diaspora in Europe is a major fund-raising source for the Tigers.

The State Department spokesman, Sean McCormack, blamed the rebels for the bus attack.

Sri Lanka Retaliates After 64 Civilians Killed (FT)

By Khozem Merchant

Financial Times, June 16, 2006

Sri Lanka yesterday unleashed military attacks against Tamil targets after rebels blew up a bus killing at least 64 civilians in the worst terrorist atrocity since a ceasefire four years ago.

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Government air and naval forces launched reprisal rocket attacks and artillery fire against two Tamil towns near the government-controlled city of Trincomalee in the north-east at 30-minute intervals for nearly five hours, according to peace monitors in Colombo.

The Sri Lankan government pinned the atrocity on the Liberation Tigers of Tamil Eelam, the separatist movement, which has denied complicity but which in the past several months has accelerated its military campaign against government security targets.

"This is an escalation of a strategy by both sides to retaliate and cause terror among civilians. Unless there is a change of heart by both sides this situation will get worse," said Jehan Perera, director of the National Peace Council in the capital Colombo.

At least 18 children were among the dead after the bus taking them and many adults to a medical clinic was struck by a claymore mine – a plastic device that scatters a fusillade of ball-bearings on impact – near Kebitigollawa town in the northern-central province.

All the fatalities and dozens more injured were poor Sinhalese, the majority community in the south Asian island state, where the LTTE has been fighting for a homeland in the north-east for the minority Tamils.

Analysts fear a backlash by the Sinhalese. The government appealed for calm and urged the people to "defeat the aim of the terrorists to instigate a backlash in other parts of the country".

The attack follows intense diplomatic activity designed to forestall what many neutral observers say is a slow slide into a civil war that had officially ended with a ceasefire in 2002.

Explosion Kills 64, Shakes Cease-fire (WT/AP)

By Dilip Ganguly, The Associated Press

The Washington Times, June 16, 2006

KABITHIGOLLEWA, Sri Lanka -- A powerful land mine ripped through a packed bus in northern Sri Lanka yesterday, killing at least 64 persons in the worst act of violence since a 2002 cease-fire.

Sri Lanka's air force responded by bombing rebel-held areas in the northeast.

The government blamed the Tamil Tiger rebels for the violence. The bus was crowded with commuters and schoolchildren, many of whom were on their way to attend a funeral for a slain police officer.

The cease-fire was shaken last summer with the assassination of Sri Lanka's foreign minister, and the explosion brought the fractured country even closer to full-scale war.

In Washington, State Department spokesman Sean McCormack said the United States condemned what it termed a terrorist attack and called for resumed negotiations.

"This vicious attack bears all the hallmarks of the Liberation Tigers of Tamil Eelam" and violates the cease-fire agreement, Mr. McCormack said. "The Tamil Tigers must renounce terror and enter into direct negotiations with the Sri Lankan government."

The explosion tore through the bus in a crowded part of the northern town of Kabithigollewa, about 130 miles northeast of the capital, Colombo, at about 8 a.m. It was thought to have been caused by two land mines hanging from a tree and detonated from a remote position, military spokesman Brig. Prasad Samarasinghe said. Rigging mines to trees or bicycles is a common Tiger tactic because it prevents the ground from absorbing much of the force of the blast.

A doctor at the hospital where the bus victims were taken, S.B. Bothota, said 15 schoolchildren were among the 64 dead. Another 78 persons were wounded, he said.

Hours later, the pro-rebel TamilNet Web site said two jets bombed areas in the north of the country. Brig. Samarasinghe confirmed the bombings, saying the air force was taking limited deterrent action.

The Liberation Tigers of Tamil Eelam fought for 20 years to carve out a separate homeland in Sri Lanka's north and east for the country's 3.2 million minority Tamils, who are largely Hindu. The majority of Sri Lankans are Sinhalese Buddhists.

The Tigers now control large parts of the island's north and east, where they have their own de-facto state.

The cease-fire four years ago ended large-scale fighting, but violence has persisted, intensifying after the assassination in August of Foreign Minister Lakshman Kadirgamar. The government blamed the killing on the Tigers.

Diplomatic efforts to quell the violence and get the peace process back on track have shown little progress. The Tigers pulled out of peace talks in April, and last week scuttled negotiations by refusing to meet with representatives of the government side after arriving in Oslo, the venue for the talks.

Sri Lankans Seek Escape Across The Sea (LAT)

By Henry Chu

The Los Angeles Times, June 16, 2006

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TALAIMANNAR, Sri Lanka — The thin wisps of land here where Sri Lanka and India nearly meet look like outstretched arms straining to touch: one reaching for sanctuary, the other pulling to safety.

Pirabakaran Kumari and her three children almost connected. They set out from the Sri Lankan side on a peaceful day, the skies blue, the seas calm. Soon, as their motorboat hopscotched the waves, they caught sight of refuge in the form of a telecom tower standing tall on Indian soil.

"I was very happy when I saw the tower," Kumari said. "I thought, 'I'm just about there.' "

But fate intervened — or, rather, the Sri Lankan navy, which quickly surrounded the boat and forced Kumari and her fellow passengers back to the country they were trying to flee. For two weeks, they've been staying in a makeshift refugee camp at a church here on Sri Lanka's northwest coast, only about 18 miles from India.

The people here are desperate to escape the conflict convulsing their hometowns, a spasm of violence that threatens to plunge this island nation back into all-out civil war after a few years of fragile peace. Since December, the Sri Lankan military and the rebel Liberation Tigers of Tamil Eelam have turned their official cease-fire into a fiction with near-daily attacks and counterattacks.

On Thursday, 64 people were killed when two mines blew apart a bus in the deadliest attack since the truce.

Diplomats are scrambling to get the parties back to the negotiating table and away from a war of attrition that has killed more than 64,000 people in the last 23 years. But no one is betting on a quick return to calm, certainly not the 2,000 Sri Lankans who have crossed over to India since April or the 500 others who have flocked to this area hoping to follow suit. A dozen people have drowned making the attempt.

"If the government says we have to go back … they can shoot us and take our bodies," said one elderly woman who declined to give her name for fear of reprisals against family members who stayed behind. "Or we'll pour gasoline on ourselves and burn ourselves to death. We won't go back."

Nearly all the would-be refugees come from around the eastern port city of Trincomalee, where clashes have been heaviest, including bomb attacks, shootings and slashings. They are ethnic Tamils, the minority group in whose name the rebels claim to be fighting to establish a homeland in the island's north and east, separate from the Sinhalese-dominated south and west.

The rebels, known as the Tamil Tigers, are a fierce and disciplined force, notorious for pioneering suicide bombings, recruiting children and wearing cyanide capsules around their necks for use in the event of capture. The U.S., Britain and Canada classify the Tamil Tigers as terrorists; the European Union just added the group to its list of terrorist organizations, a move the rebels warn will exacerbate tensions.

But those who have fled Trincomalee also fear the Sri Lankan army, with its history of harassment of Tamils and alleged summary killings. When the bodies of five Tamil youths were found on a beach this year, suspicion immediately fell on government security forces, most of whose members are Sinhalese.

"Our kids can't go to school, and if our menfolk walk along the road, they get fired on by the army," said Nisha Dharshan, 24. Her father and brother have now made it over to India.

Dharshan and many of the others housed here at St. Lawrence's Church are from the village of Uppuveli, an area of stunning white-sand beaches lapped by turquoise waters, a paradise for the tourists who started coming back after peace descended in 2002.

That blissful calm was punctured last year when a statue of the Buddha was suddenly erected near Trincomalee's main square, a step local Tamils, who are mostly Hindu, saw as aggression by the Buddhist Sinhalese.

The town's delicate ethnic and religious mix then turned into a volatile brew, with tit-for-tat violence culminating in a bomb that exploded in the marketplace April 12, killing at least five people. The Tamil Tigers were blamed, and a vengeful Sinhalese mob went on a rampage, setting Tamil shops ablaze and hacking some people to death — half a dozen people died in the retaliatory violence — while soldiers and police officers looked on, witnesses say.

The elderly woman who refuses to go back to Trincomalee said she was shopping at the time but was lucky enough to be inside a store that swiftly locked its doors. Her niece was caught outside.

"I saw her being killed when I was peeking through the door. She was trying to get into a three-wheel taxi when these guys pulled her out and killed her," the woman said. "I couldn't do anything. If I'd gone out there, I would've met the same fate."

Two weeks later, a female suicide bomber blew herself up in the capital, Colombo, in an assassination attempt against the Sri Lankan army chief, who survived. The government retaliated by pounding rebel positions around Trincomalee.

Since then, attacks and brutal reprisals have been almost daily occurrences. In particular, the rebels have used claymore mines against the military with lethal effect.

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Yet both sides insist that the cease-fire remains in place. That is because the agreement is the only blueprint for peace out there, and neither the government nor the guerrillas can politically afford to walk away from it and resume a full-scale war, even if the peace process remains in effect stalled.

"Neither side wants to be seen as the aggressor," said Paikiasothy Saravanamuttu, executive director of the Center for Policy Alternatives in Colombo. "But constituting a real cease-fire, and providing a bridge to real political negotiations — that is not happening."

Although critics condemn the Tamil Tigers for pushing the conflict into a "low-intensity war," they also accuse President Mahinda Rajapakse of failing to show leadership in addressing Tamil demands and of appeasing the hard-line Sinhalese nationalists who helped him win election last November.

Newly complicating the picture is a third party: a breakaway Tamil rebel leader known as "Colonel" Karuna, whose followers have engaged in murderous fighting with the main group. The Tamil Tigers say that Sri Lankan forces, in violation of their agreement, have provided havens for Karuna loyalists in government-held areas and allowed — if not actually connived in — the renegade rebels' assaults on their former comrades in arms.

Late last month, a diplomatic coalition including the U.S. issued a statement declaring that "the government has failed to prevent attacks of armed groups, including Karuna."

Sri Lankan officials deny any collusion with the breakaway faction. But observers note that in February, when the two sides agreed to meet for another round of peace talks in Geneva, the tally of dead that month dropped to nine, a dramatic decrease from 101 in January.

In all, about 700 people have been killed in the conflict since December.

Determined not to be among them, Dharshan and members of her extended family in Uppuveli gathered up what they could stuff into a few suitcases and made their way here to Mannar Island, a tiny trigger of land connected to the rest of Sri Lanka by a causeway.

Local fishermen offered to transport them to India's southern state of Tamil Nadu, home of many ethnic Tamils, for $100 a head. On May 24, they took the gamble — and got caught.

Now Dharshan and her two children live with other would-be refugees in a classroom marked "Grade 8" on the St. Lawrence's Church school campus in Talaimannar, on Mannar Island's westernmost tip.

Aid groups are providing regular meals and helpful villagers are letting the refugees use their toilets, but many of those housed here don't intend to stay. As soon as they can scrounge up enough cash, they'll make another attempt to get to India, perilous as the crossing may be.

"If we die," said one matriarch, "we die as a family."

As U.N. Inquiry Drags On, Syrians Ask If They Should Relax (NYT)

By Michael Slackman

The New York Times, June 16, 2006

DAMASCUS, Syria, June 15 — Even as the United Nations Security Council voted Thursday to extend the investigation into the assassination of Rafik Hariri, the former Lebanese prime minister, there was a sense here that the pressure was off, that Syria was no longer in imminent danger of being charged with the crime or punished by the international community.

"After 14 months, there is no concrete evidence that incriminates Syria," said Georges Jabbour, a Baathist member of Parliament. "Since the world rushed to blame Syria, I think that the damage to Syria's image is something that must be rectified by those who are responsible."

But that view was only half the picture. There was also a feeling here that Syria might simply be sitting in the eye of the storm. Officials at the highest levels fear that the new low-key investigator, Serge Brammertz of Belgium, may in the long run prove more dangerous than his high-profile predecessor, Detlev Mehlis of Germany, according to political analysts and people who work with the government.

Mr. Mehlis named names and leveled charges against the leadership's inner circle, providing a target for the government to try to undermine, which it did aggressively. By comparison Mr. Brammertz has disclosed little about what he may or may not have come up with, leaving those in power to guess where he is going.

"They are worried inside, but they are not showing it," said Marwan Kabalan, a professor of international relations at Damascus University, speaking about the Syrian leadership. "Under Mehlis, everything was clear to everybody. There were no secrets. This is why Brammertz is more dangerous."

Faced with such uncertainty, but also empowered by the release of immediate pressure, the leadership here has tried to shore up its position, bracing for the day when, or if, a damning report is produced.

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The government has strengthened ties with Iran, arrested opposition leaders and sought to pacify Islamists. Perhaps most striking, it has worked to appease Washington by trying to seal the borders with Iraq and by planning to send the foreign minister to Baghdad this week, an overture being portrayed as an effort to help stabilize Iraq.

The assassination of Mr. Hariri in February 2005 was a critical moment in Syria's modern history. Even while the government insisted it did not play any role in the killing, the murder generated so much pressure that Damascus was forced to pull its troops out of Lebanon. The humiliating withdrawal fueled rumors that the government was in trouble.

The pressure intensified when the first prosecutor reported that witnesses implicated the president's brother and brother-in-law in planning the assassination, while telling the Security Council that the Syrians were defiant about not cooperating.

But the murder of Mr. Hariri can no longer be viewed as a singular act — if it ever could. It is one strand among many that have come to define the contemporary Middle East, from the election of Hamas to run the Palestinian Authority, to the bloodshed in Iraq. Those events have strengthened the Syrian government's position, even if only for the short run.

Syria's own problems with Islamic militants have also proved to be a short-term plus for the government. Earlier this month, Syria reported that its security forces killed four armed terrorists in Umayyad Square during a shootout. Diplomats and analysts in Syria have been saying for months that Islamist radicals have been debating whether to bring the fight here, and the recent shootout demonstrated that some have decided to try.

But for the government, the Islamist threat offers the government a chance to press back against efforts to undermine or oust President Bashar al-Assad and his secular Baathist government.

"Practically, for Syria, America won't be able to occupy Damascus anytime soon," said Dr. Samir al-Taqi, who serves as a health adviser to the government and is helping to build a new research organization focusing on international relations. "They won't embark tomorrow on attacking Iran. Subsequently, the major players are the regional players."

But as is the case with most of the good news for Syria these days, this is conditional.

The United Nations investigator, Mr. Brammertz, issued his most recent report to the Security Council this week, and it was immediately viewed as positive for Damascus.

But a more subtle look at the investigation also suggested that Mr. Brammertz had settled on the notion that the crime had political motivations. More ominously to Syrian officials, he appeared to be linking Mr. Hariri's killing to 14 other bombings in Lebanon, political analysts here said.

"The pressure is off but not finished," said Ibrahim Hamidi, the Damascus bureau chief for a pan-Arab newspaper, Al Hayat. "The sword is still at the Syrian neck."

Somalia Contact Group Meets For First Time (AP)

By Nick Wadhams

AP, June 15, 2006

A U.S.-organized group of nations concerned about the growing power of Islamic militants in Somalia lent its support Thursday to the country's weak interim government and demanded unfettered access so aid groups can help its impoverished people.

In its first meeting, the International Somalia Contact Group also called for dialogue between the government and the Islamic militants who have taken over the capital Mogadishu and other areas of the lawless country after months of fighting that have killed more than 330.

"We look forward to further progress in the ongoing political process, including with respect to Mogadishu and the need for improved security," the group said in a statement released after its meeting.

U.S. Assistant Secretary of State Jendayi Frazier, who co-chaired the meeting, said the group "will help to increase the profile of Somalia as a destination for more assistance, more support."

The statement agreed to at the end of the meeting reaffirmed that the transitional government and the charter it abides by were a "legitimate and viable framework" for resurrecting Somalia.

The contact group was part of U.S. efforts to put renewed focus on Somalia after the militants took over, though officials acknowledged there was little they could do now for the East African nation. It has been without a government for 15 years.

The United Nations helped set up the interim government two years ago. But based in the town of Baidoa, it has been unable to enter the capital and has little control.

The interim government was formed at the insistence of the United States, which backed the warlords defeated by the Islamic fighters. U.S. officials fear the Islamic groups are harboring al-Qaida members and other terrorists.

"The reality is that unless you have some form of peace agreement and some form of peace, there's nothing to stabilize, there's nothing to get a grip on," Britain's U.N. Ambassador Emyr Jones-Parry said.

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Several diplomats described the meeting as a bid to come up with a new strategy for dealing with Somalia after years of neglect. For now, that would most likely mean deferring to the African Union and the Inter-Governmental Authority on Development, a group of seven Horn of Africa nations that includes Somalia.

They said Thursday's meeting reflects a change in tone after 10 years in which Somalia has barely surfaced on the international community's agenda even though it is a failed state.

The international community turned away from the country after a 1993 battle that killed 18 U.S. troops — the basis for the "Black Hawk Down" book and movie — and a U.N. peacekeeping mission ended in failure in 1995.

Osama bin Laden considered the subsequent withdrawal of U.S. troops from Somalia his first victory against America.

"What we need to do first is get a better understanding of the situation in the country," U.S. Ambassador John Bolton said. "It's premature to frame this in terms of decisions or potential decisions at this point."

The new group consists of the United States, Britain, Sweden, Norway, Tanzania, Italy and the European Union, with the U.N. and the African Union as observers.

It will also study the Somalian government's decision Wednesday to approve Ugandan and Sudanese peacekeepers for the country. The prospects for an actual mission are unclear because the Islamic militants are opposed to foreign troops.

Some European officials have said an arms embargo on Somalia should also be eased so its government can develop a police force and army.

Six Nations Urge Talks In Somalia For Exiled Rulers And Islamists (NYT)

By Helene Cooper

The New York Times, June 16, 2006

The United States joined five other countries yesterday in calling for negotiations between Somalia's largely powerless government in exile and the Islamists who have seized control in Mogadishu and swaths of southern Somalia.

The diplomats also pledged economic and political support to Somalia's long-neglected interim government, which was formed with United Nations support but has been unable to enter Mogadishu, the previous capital, and has been stuck in Baidoa, about 150 miles away.

A communiqué issued after the hurriedly convened meeting is filled with diplomatic but nonspecific references to the need for "enhanced multilateral engagement" and "overall co-ordination of the international community's support."

The countries in the group are the United States, Britain, Italy, Norway, Sweden and Tanzania.

The document represents a resurgence for the State Department, where officials have been critical of the Bush administration's policy on Somalia, which consisted largely of C.I.A. payments to Somali warlords to help them defeat the Islamists.

With the warlords now on the run, critics inside and outside the administration are saying that strategy was counterproductive, leaving Washington with no allies in an area that has been fertile breeding ground for terrorists.

Secretary General Kofi Annan of the United Nations publicly took on the old policy yesterday. "I would not have supported the warlords," he told a news conference when asked about American involvement. "I don't think I would have recommended the United Nations or the Security Council supporting the warlords."

In any event, Washington is adopting a more conciliatory approach to the Islamists. Jendayi E. Frazer, the State Department's top Africa official, had kind words yesterday about a second letter from Sheik Sharif Ahmed, chairman of the Islamist militia group.

"Before our meeting, we received a letter from the Islamic Courts Union," Ms. Frazer said. "They said they won't allow Somalia and Mogadishu to become a haven for terrorists, and that's encouraging."

Mr. Ahmed and the Islamic Courts Union seized control of Mogadishu last week. The first letter to the international community was also conciliatory, saying that the Islamists wanted a "friendly relationship."

But Ms. Frazer questioned why the Islamic militias were continuing to push north into other Somali towns.

...

"What is the purpose, what is the intent?" Ms. Frazer asked.

Somalia has not had an effective central government since early 1991, when largely clan-based warlords overthrew its dictator, Mohamed Siad Barre, then turned on one another. Last week, American-backed warlords fighting against Islamists were run out of Mogadishu. Washington fears the Somali Islamists may be harboring operatives of Al Qaeda.

The United States began informally reaching out to Somali clans in late 2002, shortly after an attack on a hotel in Mombasa, Kenya, and a failed attempt to shoot down a plane bound for Israel from Mombasa. Washington was seeking intelligence about people suspected of being members of Al Qaeda, said a recent report by the International Crisis Group, a nonprofit research organization with extensive experience in Somalia.

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But while that approach brought a few successes, it may also be part of the reason for the Islamic resurgence in Somalia, which is far better known for clan loyalty than for adherence to strict Islamic codes.

Yesterday's communiqué also called on the international community to increase relief assistance to Somalia. There are some 250,000 displaced people in Mogadishu, and Jan Egeland, the United Nations emergency relief coordinator, said he told the diplomats, "Somalia today is one of the worst human crises on earth."

"It's a place where people do not go to school but become child soldiers and terrorists," Mr. Egeland said after the meeting.

Norway and the United States were co-chairmen of the meeting. Norwegian diplomats initially proposed talks on Somalia in April, approaching the Pentagon, the State Department and the National Security Council. Last Friday, four days after the Islamists announced they had taken control of Mogadishu, American officials announced that they would convene a meeting.

Diplomats say the next step is to figure out how to channel money — perhaps through the World Bank and other institutions — to Somalia's interim government and, through relief agencies, to the Somali people.

Somalia Demonstrators Reject Peacekeepers (AP)

By Mohamed Olad Hassan

AP, June 15, 2006

Hundreds of supporters of the Islamic group that holds Somalia's capital and much of the south demonstrated Thursday against a proposal to deploy foreign peacekeepers.

A day earlier, the country's weak transitional parliament approved the deployment of Ugandan and Sudanese peacekeepers to help it establish stability and its authority. That could set the government up for a confrontation with the Islamic fighters, who have repeatedly rejected the idea of foreign troops.

While the Islamic fighters are consolidating their hold over southern Somalia, the government is relegated to Baidoa, 155 miles northwest of Mogadishu. A demonstration in favor of peacekeepers was held in Baidoa Thursday.

In Mogadishu, the demonstrators gathered at the main stadium carrying placards that read, "We don't need foreign peacekeepers," and "We can restore peace and stability ourselves."

The transitional government, whose military consists of little more than the president's personal militia, has watched from the sidelines as the Islamic forces overcame a coalition of secular warlords to take control of southern Somalia. The Islamic forces took Mogadishu on June 6.

U.S. officials have acknowledged backing the warlords against the Islamic group. In response to the Islamic militia's growing power, the United States convened a meeting on Somalia in New York on Thursday.

The Islamic group, accused by the United States of harboring al-Qaida, portrays itself as free of links to Somalia's past turmoil and capable of bringing order and unity.

The Islamic group's control over southern Somalia is a feat unmatched since the fall of dictator Mohamed Siad Barre in 1991. The country has had no effective central government since then.

Somalis Welcome The Quiet Brought By Islamist Takeover (KRT)

By Hannah Allam

Knight Ridder, June 15, 2006

MOGADISHU, Somalia - When he was 10, Abdullahi Nur began peddling machine guns and grenade launchers from a rickety stall on the edge of the Bakara Market, where the largest arms bazaar in Africa is flush with dollars from warring militias in this outlaw city.

Over the years, Nur watched anxiously as Islamist factions tried to bring order to the dangerous capital, cracking down on drug traffickers, alcohol sellers, prostitutes and cinema owners. Nur worried that his lucrative trade would be next.

But now, at 25, even Nur is weary of the mayhem. He said he'd close shop if ordered to by the Islamic Courts Union, whose militia has brought a tenuous calm to Mogadishu after its surprise defeat of U.S.-backed warlords June 5.

"If the Islamists ban the sale of guns, we'll do it if it means 100 percent security here," Nur said with an air of resignation. "I can find other work."

To many Somalis, the Islamist takeover was the natural culmination of a religious movement that took root with the withdrawal of international forces in 1995 and blossomed as residents turned to faith in the absence of any government.

It's also a backlash against the United States, which everyone in Mogadishu believes bankrolled the warlords to carry out an American proxy war against terrorists that resulted in kidnappings of religious figures and false accusations that innocents were affiliated with al-Qaida.

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"I used to close for five or 10 minutes every day because of the fighting, but now it is quiet," said Ali Sheikh Mahmoud, 45, who sells household goods in another section of the Bakara Market. "We are all Muslims. We agree with the Islamist movement for now, but we don't know what the future will bring."

The Bush administration, which has never confirmed that it's funded the warlords, also is worried about Mogadishu's future, suspecting that its new rulers are harboring some of the world's most-wanted fugitives, including at least three known al-Qaida terrorists.

On Thursday, a U.S.-organized "Contact Group" of American, European and African diplomats met in New York to coordinate policy toward Somalia. State Department spokesman Sean McCormack said the Bush administration still needed more information. "We want to have a better assessment of this group and the situation on the ground," he said.

For now, Mogadishu residents said, the Islamic Courts is a vast improvement over the chaos of the last 15 years.

"Deep down, we're not sure 100 percent what's behind the Islamic Courts. But this is a new revolution for the people of Mogadishu, and for now they have full support," said Abdelkadir Mohamed Nur, a Somali-American businessman and the chairman of the city's main port, which employs 10,000 people.

He and other community leaders said the rise of conservative Islam in Mogadishu began when international groups fled the city but didn't truly flourish until about three years ago. By that time, this coastal city - which once boasted fine Italian architecture and bustling country clubs - had degenerated into a crumbling, barren battleground for gunmen from competing clans.

With no government, little foreign aid and neither law nor order, life in Mogadishu became a harrowing test of survival. Famine and fighting created Africa's largest group of internally displaced people - 250,000 of them in Mogadishu alone, the U.N. estimates, packed into squalid camps that are breeding grounds for disease and crime.

With the city too perilous for Western aid workers - the nearest U.N. presence is more than 30 miles away - Islamic charities from Saudi Arabia and Persian Gulf nations filled the void. Today, most schools in the capital teach in Arabic rather than Somali, using imported curricula that include mandatory religious instruction. The charities also established clinics and sponsored street cleanings.

The habits of their wealthy gulf benefactors seeped into the daily lives of traditionally secular Somalis. Men grew their beards and shortened their robes, considered signs of piety by some Muslims. A growing number of women adopted Saudi Arabia's full veil, which reveals only the eyes, but tweaked it to local tastes by using vivid turquoise and purples rather than the customary black.

"I wear this because of my own feelings, not out of imitation," said Kawthar Ali, 17, who wore a black veil, polka-dotted scarf and violet cloak to go shopping last week.

Somalis also became increasingly anti-American, community leaders said. A Somali entrepreneur opened the Ayman al-Zawahri cultural center, named after al-Qaida's Egyptian second in command, though in recent months it was shuttered and Zawahri's last name disappeared from the colorful facade. And workaday Somalis were incensed at their depiction in the film "Black Hawk Down."

Clans set up courts governed by Islamic law to bring some semblance of order to the city. Last year, with just $4,000 in donations, the clans formed the Islamic Courts Union to deal better with the abductions and slayings that intensified in the vicious war between the U.S.-backed warlords and their Islamist opponents, according to several Somalis involved in the project.

They installed Sheik Sherif Ahmed - a geography teacher from a prominent clan and a long line of respected clerics - as chairman. Immediately, his heavily armed militia set out to control the streets, taking particular aim at the moorayaan, the freelance gunmen sometimes hired for the warlords' counterterrorism operations.

"I saw so many problems some people were bringing to the Muslims, especially our religious figures being captured and sold to the Americans, and that's what inspired me to join," said Abdel Fatah Ali, 25, a gunman in the Islamic Courts militia whose older brother died in the battle for Mogadishu. "The day the warlords were ejected, so many people were celebrating. I felt proud."

The courts also have imposed restrictions on the personal lives of ordinary Somalis.

Several Mogadishu residents, who asked that their names not be published for fear of retaliation, recalled a hand-grenade attack that closed a brothel, written threats to blow up cinemas that screened "Bollywood" films from India, and smuggling rings that brought the wayward children of Somali families abroad back home for religious and cultural indoctrination.

It's become hard to find expensive gin from Ethiopia and "calaq," cheaper Somali moonshine, they said. The Islamists also frown on cigarettes and the pervasive chewing of khat, an addictive plant with stimulant properties.

One hotel owner said Islamists warned him not to hold his annual New Year's party this year. When he persisted, a rocket-propelled grenade interrupted the festivities. Next year, he said, there'll be no party.

To many Somalis struggling to raise families in their anarchic city, a pious lifestyle is a small price to pay for security.

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At Madina Hospital, the number of patients admitted with gunshot wounds has dropped steadily since the Islamist ascension, hospital administrator Ali Mualem Mohamed said. At the height of the fighting earlier this month, he said, the 65-bed hospital was flooded with 170 patients, and all but a handful were civilians caught in the crossfire.

As of last week, 54 patients remained, including a 10-year-old girl whose shoulder bone was shattered by a stray bullet, a 40-year-old mother whose chest was filled with shrapnel from a mortar round and an 18-year-old man whose brother accidentally shot him with the rifle the family keeps at home for protection. Mohamed said he welcomed the quiet.

Classes have resumed at the Alpha School, where Omar Mahmoud, 42, struggles to teach civics to teenagers who've never known a government. Students might even take their finals on time now that the violence has subsided.

But there are changes. More girls are turning up in all-encompassing veils and a group of boys dropped out, explaining that they were off to fight for Islam.

Mahmoud said he had serious doubts about the Islamic Courts, but that he was desperate for any group that could prevent his two young children from growing up with the question his students put forth every year.

"Always they ask me, `What is a government?' It is only a theory for them," Mahmoud said. "I tell them, `One day you'll have one, and you'll play an important role.' We're just pacifying them, trying to encourage them."

US Can't Afford To Ignore Young Militant, Somali Leaders Say (KRT)

By Hannah Allam

Knight Ridder, June 15, 2006

MOGADISHU, Somalia - Even in the violent, anarchic landscape of Mogadishu, Adan Hashi Ayro stands out.

Some describe him as a ruthless holy warrior, a student of the Taliban and a relentless fighter who can scale walls and jump from moving trucks without dropping his weapon. Others offer a more sympathetic portrait of a misguided young militant who is at odds with his own clan, bitter over foreign meddling in Somalia and the scapegoat of U.S. agents who needed to put a face on their enemy.

Somali community leaders agree, however, that the United States can't afford to ignore Ayro, who they say was crucial to the recent victory of the militant Islamic Courts Union over U.S.-backed warlords. If Ayro splits with the Islamic Courts' relatively moderate leadership, he could form an army of extremists prepared to attack American interests in the Horn of Africa, they fear.

"The Courts have a very extremist wing, and maybe Adan is leading this wing. He is said to be the real commander of the fighting, the mastermind," said Abdullahi M. Shirwa, a secular peace activist who supported the Islamic Courts as an antidote to Mogadishu's violence and disorder. "This is a critical time. The United States should not threaten the Islamic Courts with bombings or military action. They should show a deep and committed plan for Somali reconstruction."

U.S. officials met with Somali counterparts in New York on Thursday to help craft a new policy toward the impoverished, battle-scarred country, which has had no real government for 15 years. Many here urge the Bush administration to try to begin a dialogue.

"Go straight to the Islamists and see what they have achieved," said Osman Hassan Ali, a member of Somalia's figurehead transitional government whom American forces detained during fighting in the 1990s. "If the U.S. pushes too much, then they will go against everything. But at least open the dialogue, create some trust."

An International Crisis Group report last year named Ayro as the "main protagonist on the jihadi side" and implicated him in the assassinations of four foreign-aid workers and at least 10 Somali former military and police officers.

"The group is also believed to have helped al-Qaida operatives in Somalia with logistics, jobs, identities and protection, and to operate training sites," the report said.

Ayro, said to be in his late 20s or early 30s, is a relative and protege of a commander of a now-disbanded militia. The Crisis Group report says Ayro was sent to Afghanistan for training and, by at least one account, arrived on the eve of the American offensive against the Taliban after the Sept. 11 terrorist attacks. He didn't return to Somalia for several months.

Sheik Sherif Ahmed, the chairman of the Islamic Courts Union, confirmed in an interview with Knight Ridder that Ayro had been in Afghanistan, but he declined to offer details. Ahmed said his group didn't shelter al-Qaida or other terrorism suspects and that U.S. claims to the contrary were false.

"Adan is a normal citizen, a Somali individual trying to contribute," Ahmed said. "Anyone can go to Afghanistan, and people like Adan should not be blamed for it."

In Mogadishu, several Somalis who've met Ayro or know him through his clan said they doubted he was the terrorist chief portrayed by international intelligence agencies.

"He looks like a starving kid," said Ali Iman Sharmarke, a managing partner of HornAfric, a media group in Mogadishu whose radio station last year broadcast the only known interview with Ayro. "I think they are blowing him out of proportion, but

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that is the culture of the Americans. They have to create a monster so they can take action. Unfortunately, the monster they `create' then becomes a monster."

Sharmarke, who's met Ayro twice, said most Somalis had never heard of the militant until January 2005, when Ayro's forces dug up a colonial-era Italian cemetery in Mogadishu, removing the remains from about 300 Italian graves. Part of what's now Somalia was an Italian colony until World War II.

Sharmarke said the desecration was in part to embarrass Ayro's clan because it had failed to defend him when the forces of a U.S.-backed warlord, seeking a senior al-Qaida suspect, raided Ayro's house. The suspect wasn't there, according to the Crisis Group report, but raiders found a bomb-making manual and Ayro's brother-in-law, a fugitive who was wanted in connection with assassinations in the Somaliland region.

Ayro's role in the recent battle for Mogadishu is in dispute, though all Somali officials said he was crucial to victory. Some said he was valued for the insurgent tactics he allegedly picked up from the Taliban. Others said his battlewagons, equipped with antiaircraft artillery used as ground weapons, were able to penetrate even the best-defended warlord positions.

Somalis here said Ayro represented a faction of Islamic Courts supporters who came of age in vicious, modern-day Mogadishu and were less educated and more dogmatic than the older clerics who form a moderate majority. Many think the moderates can stay in power only if the United States and other interested countries engage in negotiations without recriminations.

"If they come with the mentality that the Taliban is there, let's get them out, we will see a very harsh Courts that's probably capable of driving out 20,000 peacekeepers, like what happened in the past," Sharmarke said.

Somali Militias Decry Terrorists (WP)

By Craig Timberg

The Washington Post, June 16, 2006

NAIROBI, June 15 -- The leader of Somalia's increasingly powerful Islamic militias sent a letter to the United States this week asserting that they would assist international efforts to prevent the fractured, chaotic country from becoming "a transit route or hiding ground" for terrorists.

The letter, dated Wednesday and sent to the State Department and the embassies of several other countries, gives a direct though conciliatory response to concerns by U.S. officials that the Islamic militias harbor terrorists linked to attacks across East Africa, including the 1998 bombings of the U.S. embassies in Nairobi and Dar es Salaam, Tanzania.

In the three-page letter, Sharif Ahmed, chairman of the loosely organized confederation of Islamic militias that took control of Mogadishu, the Somali capital, last week, compared international terrorists such as al-Qaeda to the brutal warlords who had ruled the city since 1991.

"Our communities have been subjected to terrorism longer than any community anywhere else in the world," he said in the letter. "Some of our leaders' families had the unfortunate experiences of loved ones being kidnapped, tortured and murdered at the hands of the warlords and criminal gangs during the last decade. We feel the pain of all people who had to face tyranny of terrorists and organized criminals. Our commitment in this regard is steadfast."

Meanwhile in New York, the United States met with key African and European governments to forge a new international strategy on Somalia. The meeting of the so-called International Contact Group on Somalia marked a renewed effort by the State Department to engage on Somalia.

The group, which included representatives from the United States, Italy, Norway, Sweden and the European Union, issued a communique after the meeting that urged all Somali parties to begin negotiations with the country's U.N.-backed but largely powerless transitional government. It also vowed to step up support for the government and press for greater access for aid workers.

Diplomats said Sweden would host another meeting next month.

U.S. Assistant Secretary of State Jendayi Frazier said after the meeting that the group would strive "to increase the profile of Somalia as a destination for more assistance, more support."

Frazier sounded upbeat about the willingness of Somalia's Islamic militias to accommodate the international community. "They have clearly signaled to us that they are someone that we can work with," she said.

Frazier defended U.S. dealings with the secular warlords, who portrayed themselves as part of an anti-terrorism alliance and enjoyed U.S. support.

"We've never supported anyone to fight anyone else," Frazier said. "We have supported trying to get information from whoever we can get information, about particular terrorists like Harun Fazul, who was indicted for attacking our embassies. And we will continue to seek informtion from any and every party to try to get these guys turned over."

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The issue of terrorism in Somalia has loomed over the political and military developments there in recent weeks. As residents of Mogadishu have signaled support for their new rulers, Western countries have expressed fears that the militias are a reincarnation of the Taliban, the former leaders of Afghanistan who practiced a severe form of Islam and allowed Osama bin Laden to set up a base.

The Islamic militias, which Thursday continued extending their control throughout southern Somalia, grew out of a decade-long effort to bring order to Mogadishu in the absence of a federal government. The courts relied on Islamic law, or sharia , and banned pornography, cut off the hands of thieves and ordered public execution of murderers.

But in the past week, the militias have mounted what amounts to a public relations campaign, portraying themselves as moderates interested in bringing peace and security to their country.

The letter, the Islamic militias' most detailed statement yet about their intentions, included promises that a civilian police force would soon be installed and that former militia members would be demobilized to work on such public works projects as street cleaning and tree planting. A letter sent last week to foreign governments said the militias wanted "a friendly relationship with the international community."

The mayor of Mogadishu, Mahamud Hassan Ali, warned in an interview Thursday that only a rapid, massive infusion of cash and other outside help could prevent the Islamic forces from tilting toward extremism and turning Somalia into a haven for terrorists.

Ali, who was born in Somalia but moved to Minneapolis in 2000, was appointed mayor of Mogadishu by Somalia's transitional government. He said last week's victory by the Islamic militias had delivered the best chance for peace and stability in 15 years.

Ali disputed suggestions by U.S. officials that Mogadishu harbors terrorists but said extremist forms of Islam could appeal to the city's disaffected, largely uneducated youth. Preventing that, he said, would require that significant rebuilding efforts, financed mainly by the West, begin in the next two months.

"Somalia could become the biggest place for al-Qaeda or anybody else," he said in an interview in Nairobi, a regional political and economic hub where he has spent the week seeking help from diplomats.

The courts that brought Islamic law to Mogadishu also could become more severe in their punishments, he said.

If Somalia is neglected and left as it is, he said, "sharia may get strong."

US, Russia Reach Deal On Securing Soviet WMD (USAT)

By Peter Eisler

USA Today, June 16, 2006

WASHINGTON — U.S. and Russian officials have agreed on terms for a seven-year extension of programs that provide U.S. money and expertise to secure and destroy Soviet-era caches of nuclear, chemical and biological weapons.

The agreement resolves legal disputes that threatened to derail the programs, which send hundreds of millions of dollars a year to Russia for “cooperative threat reduction” efforts. It will be signed by week's end, according to Frederick Jones, a spokesman for President Bush's National Security Council.

“The agreement ensures that critical cooperation with Russia continues to combat the proliferation threat posed by large quantities of Soviet legacy weapons of mass destruction and missile(s),” Jones says.

The cooperation programs, initiated in 1992, comprise a broad range of initiatives meant to reduce the risk that old Soviet weapons of mass destruction will fall into the hands of rogue states or terrorists. Projects include constructing facilities to lock down nuclear material and warheads; strengthening security at labs storing dangerous biological pathogens; developing special facilities to destroy chemical weapons; and dismantling long-range missiles and bombers.

Bush has hailed the programs as an important part of the administration's efforts to keep terrorists from obtaining weapons of mass destruction. But the programs' future has been in flux since 2004 due to a U.S.-Russian dispute over liability protections for U.S. companies, workers and government personnel working at Russian weapons sites.

The original agreement governing the projects gave U.S. workers blanket protection from liability for damages in case of an on-site accident. That might include, for example, the accidental release of nerve gas at a chemical weapons disposal facility. But Russia was reluctant to continue that arrangement based on concerns that it would indemnify U.S. workers even for intentional acts of sabotage.

The new pact essentially retains the same blanket protections for U.S. workers involved in projects already underway. For new projects, the countries will develop liability protections that are not as sweeping as the current agreement.

William Hoehn, a non-proliferation expert at the Russian American Nuclear Security Advisory Council, said the new agreement would ensure that old Soviet weapons stocks are properly secured and disposed of.

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Britain May Take Liberian Ex-Ruler (NYT)

By Sarah Lyall

The New York Times, June 16, 2006

LONDON, June 15 — Britain said on Thursday that the former Liberian president, Charles Taylor, might serve his sentence in a British prison if he is convicted at his forthcoming war crimes trial.

The announcement paves the way for Mr. Taylor, who is being held in Sierra Leone on charges related to his role in that country's bloody civil war, to face trial in The Hague. The Netherlands has agreed to be host to the trial, but only on the condition that Mr. Taylor would not serve his sentence there if convicted. Other European countries have refused to allow Mr. Taylor to serve any sentence within their borders, but Britain, the former colonial power in Sierra Leone and a country that sent troops there in 2000 to help end the war, said it had started the process, "and we want to finish it," in the words of Lord Triesman, the minister for Africa.

Margaret Beckett, the British foreign minister, said the decision to take in Mr. Taylor, who has been charged with 11 counts of war crimes, crimes against humanity and other violations, was evidence of Britain's "commitment to international justice."

"I am delighted to be able to respond positively to the request of the United Nations secretary general that, should he be convicted, Charles Taylor serve his sentence in the U.K.," Mrs. Beckett said.

Mr. Taylor stands accused of financing the rebel force in Sierra Leone, the Revolutionary United Front, by selling diamonds on its behalf and then supplying it with arms. In a decade-long war that left 50,000 people dead and countless others maimed and displaced, the rebels were notorious for raping civilians and for using machetes to kill people and to hack off limbs and other body parts.

The trial is to be held in the International Criminal Court complex in The Hague under the auspices of the United Nations-backed court established in Sierra Leone to try people suspected of atrocities in the war, which lasted from 1991 to 2002.

Mr. Taylor, who was arrested in March 2006, is to be tried in The Hague because of fears that trying him in West Africa, where he still has allies, would further destabilize a region trying to recover from its wounds.

Britain To Imprison Liberia's Taylor If He's Convicted (WP)

By Colum Lynch

The Washington Post, June 16, 2006

UNITED NATIONS, June 15 -- Britain agreed Thursday to jail former Liberian president Charles Taylor if he is found guilty of responsibility for atrocities in Sierra Leone, ending an impasse that for months had delayed his transfer to The Hague to stand trial before a war crimes tribunal.

"I was delighted to be able to respond positively to the request of the United Nations secretary general that, should he be convicted, Charles Taylor serve his sentence in the U.K.," British Foreign Secretary Margaret Beckett said in London. "My decision was driven by two compelling arguments. Firstly, that Taylor's presence in Sierra Leone remains a threat to peace in that region. Secondly, that we are demonstrating through concrete action the U.K.'s commitment to international justice."

Taylor faces 11 counts of war crimes, crimes against humanity and other violations of international humanitarian law. The United Nations-backed Special Court for Sierra Leone was set up in 2002 to prosecute those bearing greatest responsibility for atrocities committed by rebels under Taylor's sway in the Sierra Leone civil war, which lasted from 1991 to 2002. Taylor has said he is not guilty of the charges.

Beckett's announcement ends a protracted U.N.-led effort to locate a country that would be prepared to detain Taylor.

U.N. Secretary General Kofi Annan welcomed the decision. "I am very grateful to Prime Minister Tony Blair and Foreign Secretary Margaret Beckett for this statesmanlike decision, which marks another step forward in our battle against impunity for the most heinous crimes," Annan said at a news conference at U.N. headquarters.

Taylor was arrested March 29 in Nigeria, where he lived in exile since being forced to give up the Liberian presidency in 2003. Taylor sought to flee Nigeria after Liberia's new president, Ellen Johnson-Sirleaf, requested this year that he be surrendered to the Sierra Leone court to face trial. He was captured as he tried to slip across the border and flown to Monrovia, Liberia, where he was detained by U.N. peacekeepers and transferred to a prison in Sierra Leone.

The court's president asked to try him in another country because of concerns that Taylor supporters could threaten members of the court and possibly help him escape. The Netherlands agreed to allow the Sierra Leone court to carry out its trial at the headquarters of the International Criminal Court, on the condition that another country agree to take Taylor. Several countries, including Austria, Sweden and Denmark, had refused to take him.

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Beckett said the decision still requires approval by the British Parliament. But Britain's U.N. ambassador, Emyr Jones Parry, said he would seek passage of a Security Council resolution on Friday to authorize Taylor's transfer from Sierra Leone to a prison cell at the headquarters of International Criminal Court.

Taylor launched a bloody insurgency in Liberia in 1989, where he ruled as a warlord before being elected president in 1997. While in power, he supported rebel movements in neighboring countries, including Sierra Leone, and contributed to instability across West Africa.

He faces charges of backing Sierra Leone's Revolutionary United Front, which killed, raped, enslaved and mutilated thousands of civilians during the civil war.

In Oil-Rich Angola, Cholera Preys Upon Poorest (NYT)

By Sharon LaFraniere

The New York Times, June 16, 2006

LUANDA, Angola, June 10 — In a nation whose multibillion-dollar oil boom should arguably make its people rich enough to drink Evian, the water that many in this capital depend on goes by a less fancy name: Bengo.

The Bengo River passes north of here, its waters dark with grit, its banks strewn with garbage.

Two dozen roaring pumping stations suck in 1.3 million gallons from the river each day, filling 450 tanker trucks that in turn supply 10,000 vendors across Luanda's endless slums. The vendors then fill the jerry cans and washtubs of the city's slum dwellers, who buy the water to drink and bathe in.

This is one reason, health experts here say, that Luanda's slums are now the center of one of the worst cholera epidemics to strike Africa in nearly a decade, an outbreak that has sickened 43,000 Angolans and killed more than 1,600 since it began in February.

But it is only one reason. Cholera typically spreads through contact with contaminated water or sewage, and in Luanda's slums, both are everywhere. Neighborhoods here are ringed by mountains of garbage, often soaked by rivulets of human waste. Only about half of slum dwellers have even an outdoor latrine.

Children stripped to their underwear dance through sewage-clogged creeks and slide down garbage dumps on sleds made of sheet metal into excrement-fouled puddles.

Much of the city has no drainage system; in heavy rains, the filthy water rises hip-high in some of the poorest dwellings.

One development group estimated that it would take 22,000 dump trucks to clear away the trash. That was in 1994, when Luanda had half the population of 4.5 million it has now.

"I have never seen anything like it," said David Weatherill, a water and sanitation expert for Doctors Without Borders, which is leading the response to the epidemic. "You see conditions like this on a smaller scale. But I have never seen it on such a huge scale. It is quite shocking."

Angola is in the midst of a gusher in oil revenue, its hotels crammed with oil executives and its harbor filled with tankers carrying away the 1.4 million barrels of crude pumped here each day. The economy grew by 18 percent last year. The government racked up a budget surplus of more than $2 billion.

This year it is expected to take in $16.8 billion in revenue, well over twice the $7.5 billion it received in 2004. Next year, revenue is expected to rise by a third again, almost all because of oil.

Economists say the government simply has more money than it can spend.

Yet it seems powerless to address even the basic issues of clean water and sewers that would make such epidemics entirely preventable — a paradox that critics attribute to corruption, incompetence or the hangover of a 27-year civil war that flooded the capital with refugees, or all three.

"We are talking about a government that has the means," said Stephan Goetghebuer, East Africa coordinator for Doctors Without Borders. "There are a lot of things they could be doing. The living conditions are really terrible, and they are terrible even if you compare them to other places in Africa."

Sebastião Veloso, Angola's health minister, said the scope of the problem defied a quick fix. "We just do our best," he said. "The lack of infrastructure is a very complicated administrative problem. We are doing our part at the Ministry of Health, and the rest of government must do its part. We are pressuring the government, because otherwise these epidemics will continue."

Only one in six Luandan households is lucky enough to have running water, and for many of them, it comes from a community standpipe, according to Development Workshop, a nonprofit group in Angola. The often-contaminated river water from trucks that roam the slums costs up to 12 cents a gallon — a hefty sum in a nation where two-thirds of the people live on less than $2 a day, and up to 160 times the price paid in better-off neighborhoods with piped water.

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So the poor ration their water use, limiting themselves to about two gallons a day per person for drinking, bathing, washing clothes and cleaning. That is far below the five-gallon daily minimum recommended by the United Nations — and one twenty-sixth the average use in Western countries, according to Doctors Without Borders.

In an attempt to beat back the epidemic, the government, with the help of the United Nations, is distributing a limited amount of free clean water. The few distribution points are easy to spot. Hundreds of people rise before dawn to set their plastic buckets in lines that stretch for blocks. The crowds remain long after the water is gone.

One afternoon last week, dozens of people crowded around one empty plastic water tank about eight miles from downtown. "They are waiting for the last drop," said José Mateus, a neighborhood coordinator.

No one knows precisely why cholera arose out of the slums this year after a cholera-free decade in Angola. Epidemiologists say the long absence of the disease worsened the outbreak because the population had no built-up immunity.

Once it began, not even the tidiest slum household could halt it.

It first hit Boa Vista, a shantytown minutes from downtown. Ombrina Cabanga, a 20-year-old mother of a 2-year-old girl, did everything to protect herself, said her sister-in-law, Oriana Gabriel. She washed vegetables, rinsed plates and cleaned the latrine the family shares with three others. As the Health Ministry recommended, she used bleach to disinfect the drinking water she bought from the neighborhood vendor.

But her house is a few feet from a giant trash-filled gulley. Her latrine, like everyone else's, drains directly into it. And she sold soap every day in the city's famously squalid outdoor market, a job she hoped to escape by taking adult literacy classes.

One Tuesday in late March, she came home and vomited into a bucket. Two nights later, she was dead.

"I am just a working man, I don't know why the government doesn't help us," said her husband, Vieira Muieba, 27, a construction worker. "I don't know where the money goes. We become angry but we don't know what to do."

From Boa Vista, the epidemic moved along the major highways to all but 4 of the nation's 18 provinces. Maria André lost her 15-year-old daughter, 13-year-old niece and 4-year-old nephew in the span of two days. Five other children in the household were also taken ill but recovered.

Ms. André is racked with guilt nearly three weeks after the deaths. "I don't know what happened," she said. "I heard about the disease on the radio, and all of a sudden, it was here. They were all healthy and now, they are dead.

"It is not easy to lose three children all at once."

Angolan government officials say there is no overnight solution to the lack of basic water and sanitation. In late May, President José Eduardo dos Santos promised new measures to improve conditions, including moving Luandans out of the most appalling slums.

But the government's plans are in their infancy and, despite the gusher of oil revenues, short on financing.

Consider the government's plan to take over some of the provision of water to Luanda's slums. Four months into Angola's cholera epidemic, 20 trucks have been ordered — minuscule compared to the fleet of more than 300 private trucks now supplying the poor. As of early June, Mr. Veloso, the health minister, was still waiting for the first delivery.

The government's harshest critics blame corruption for the abysmal living conditions. Transparency International, which promotes good governance worldwide, ranks Angola as the world's seventh most corrupt nation. The State Department said in a 2002 report that Angola's wealth was concentrated in the hands of a tiny elite, in part made up of government officials who had enriched themselves on an enormous scale.

Other diplomats and analysts say Angola's ruling party is still trying to get on its feet after a civil war that raged almost nonstop from 1975, when Angola gained independence from Portugal, until mid-2002.

Dauda Wurie, a project officer for the United Nations Children's Fund, said the war had eviscerated the government's corps of competent managers, leaving disarray.

"I am not defending them," he said of the government officials. "They buy big cars. They live in big houses. But it would be wrong to expect that everything will turn around just because war stopped."

Doctors Without Borders officials say the government response to the outbreak has been woefully slow and underfinanced. A crisis committee began work only two and a half months after the epidemic began, and the government has set aside a mere $5 million in emergency money to fight the disease.

Assessing the water taken by private truckers from the Bengo fell to Doctors Without Borders. Last month it issued its report: laboratory tests in April showed the raw river water was unsafe to drink.

But only one in 10 truckers chlorinated water tanks; the others simply delivered untreated water to the city.

Presented with those findings, the government did nothing, the report states. So Doctors Without Borders organized the distribution of free chlorine. It now plans to insist that the truckers pour chlorine crystals into their tanks while inspectors watch, lest they sell them instead.

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How much those truckers — and the neighborhood vendors they supply — earn in profits is unclear. But Janetta Jamela's bedroom in eastern Luanda is one hint. Fifteen bags of concrete are stacked against the wall — to add three new bedrooms and a new kitchen and bathroom.

Since she and her husband scraped up $200 to build an underground water tank three years ago, she estimated, she has earned about $235 a month selling water — $75 a month more than her husband earns as a government security officer.

"But you have to have the $200 to start with," she said.

The cholera epidemic is now waning, having run what epidemiologists call its natural, devastating course. But without an improvement in slum conditions, said Mr. Weatherill, the group's water and sanitation expert, the respite may last only until the next rainy season.

"Unless things change, we probably will be back the next year," he said in a telephone interview, "and the year after that."

Uganda Shaken By Fund Scandal (WT)

By Willis Witter

The Washington Times, June 16, 2006

KAMPALA, Uganda -- Uganda, which continues to win praise from President Bush and others as a model of success battling AIDS, is reeling from the disclosure that top officials, their relatives and colleagues siphoned off tens of millions of dollars in grants from the Geneva-based Global Fund.

Money went to charities that did not exist, into the personal bank accounts of government employees and even to fund a nationwide campaign to scrap term limits so that President Yoweri Museveni could run for a third term in office.

The most prominent official named was Jim Muhwezi, who served as health minister until being sacked last month. Two other senior ministry officials, Alex Kamugisha and Mike Mukula, also were named, with a recommendation that they be further investigated.

"This is the big leagues," said Justice James Ogoola, when asked to compare this week's American scandal over hurricane relief to the findings of a 10-month investigation that he just completed.

"This was assistance for people who were dying, who had absolutely no hope. This is exactly what the Global Fund was created for. The money came, and people were diving in for the kill," said Justice Ogoola, the top judge in Uganda's High Court.

Since its creation in 2002, the Global Fund to Fight AIDS, Tuberculosis and Malaria has committed $5.1 billion in grants to more than 130 countries to fight the three diseases that kill more than 6 million people each year. As of last year, the United States had given the fund $1.49 billion, according to the fund's Web site.

In addition to contributions from governments, rock star Bono and other celebrities have helped raise hundreds of millions of dollars from corporations and private charities such as the Bill & Melinda Gates Foundation.

The disappearance of a large amount of money first became public in August, when the fund abruptly suspended a $200 million grant. Mr. Museveni responded by appointing Justice Ogoola to investigate, and the fund lifted the suspension three months later.

"We didn't hold a single in-camera session. It was all public hearings, and we did that quite deliberately, so the people of Uganda could see with their own eyes what was going on," the judge said.

Immaculately dressed in a dark suit, he sat ramrod straight behind a huge mahogany desk, his hands folded as he answered a reporter's questions with a soft, deep voice.

Between September and April, he and a panel of investigators interviewed 150 witnesses and reviewed more than 500 exhibits, mostly documents.

"The government did everything they could to facilitate the inquiry. They set it up and never interfered," Justice Ogoola said.

The probe yielded a barrage of banner headlines, unprecedented live radio and television coverage and constant chatter on talk shows.

A preliminary report given to Mr. Museveni in a public ceremony May 31 and published in the Daily Monitor newspaper three days later recommends criminal investigation of "three personal assistants" for forgery and other crimes.

A final copy of the report is being bound and prepared for public release shortly, one official said.

The investigation uncovered typical tokens of corruption, including brand-new luxury cars and junkets to exotic cities, such as Paris and Oslo.

The scandal centered on a newly created organization within the Health Ministry, known as the Project Management Unit (PMU), which funneled $47 million from the fund to about 400 private organizations, known as nongovernmental organizations (NGOs).

Many of the NGOs existed only on paper.

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PMU paid grossly inflated salaries to its 15 professionals and 20 support staff, who often doubled their take-home pay with generous and largely undocumented expense allowances.

Much of the money disappeared into personal bank accounts of PMU employees and final grant recipients, who sometimes wrote large personal checks to their supervisors.

A bank that received nearly $20 million wired from Geneva in U.S. dollars skimmed about $245,000, by using an artificially low exchange rate.

In all, about $37 million of the money remains unaccounted for.

"You could count the number of honest recipients with two hands, and even they were not without sin," Justice Ogoola said, his face cringing ever so slightly as he spoke.

Problems have surfaced with other recipients of Global Fund money, including Burma, which has been cut off completely. Local newspaper reports tell of similar problems accounting for money in Kenya.

The Global Fund disbursement was poorly conceived in the first place, said Onapito Ekomoloit, the press secretary for Mr. Museveni.

"The message was vague. It was for workshops, and people were cooking up all kinds of numbers and books to justify the money. It was just talk. Talk, talk, talk, and anybody could claim the capacity to do it," Mr. Ekomoloit said.

It could have been worse, as less than 25 percent of a $200 million grant had been disbursed.

Future money from the Global Fund is earmarked for HIV, malaria and tuberculosis drugs, Mr. Ekomoloit said.

"It will be much easier to keep track of," said Justice Ogoola.

Annan Sees No Standoff Over Budget At The U.N. (NYT)

By Warren Hoge

The New York Times, June 16, 2006

UNITED NATIONS, June 15 — Secretary General Kofi Annan said Thursday that he thought the United Nations would avoid a threatened budget showdown at the end of this month over management changes, but he warned against threats to "pull the plug" on the organization if it did not meet some countries' expectations.

"The cap on the budget will be lifted, there will be no crisis, as far as I can see, this month," Mr. Annan said at a news conference.

Led by the United States, the major contributors to the United Nations in December obtained agreement on a six-month cap on the current budget that links disbursement of money after June 30 for the two-year, $3.8-billion budget to progress in management improvements.

In addition, John R. Bolton, the United States ambassador, has periodically hinted that if sufficient changes are not made, the United States Congress will move to withhold its United Nations dues.

Mr. Annan predicted that the progress being made now would be sufficient to forestall a crisis, but he added that the tactic pressed by the United States had provoked a strong reaction from many nations.

"For someone to say that because you have not reformed to my satisfaction, I am going to pull the plug and stop all the activities is going to be a very hard sell for other member states to swallow — and rightly so," he said.

Mr. Bolton said Thursday that the United States and its allies were in extensive consultations with the so-called Group of 77, which represents 132 developing nations.

"We hope we can agree on a consensus decision with respect to the expenditure cap which the United States, the European Union and Japan all said should be based on substantial movement on the reform question by June 30 and a road map through the end of the year," he said.

Mr. Bolton said the group was adopting a "flexible, accommodating position" but needed to make progress to increase accountability, toughen oversight and start eliminating committees with expired mandates. "What we'd like to see is substantial progress in some combination in all three of those areas, but we have not said, 'This is a prerequisite or that is an absolute prerequisite,' " he said.

Relations between Mr. Annan and Mr. Bolton remained strained in the aftermath of a speech last week by Mark Malloch Brown, the deputy secretary general, asserting that the United States had failed to stand up for the United Nations or to acknowledge its value to American policymakers, letting its harshest American detractors dominate debate.

Mr. Bolton unsuccessfully sought a repudiation of the remarks from Mr. Annan, and he said they represented a patronizing attack on American public opinion. He added that they would set back the cause of reform.

Mr. Annan disagreed with that position on Thursday, saying that a "poisonous" atmosphere that had arisen between wealthy and developing nations was subsiding and that he trusted Americans to understand Mr. Malloch Brown's speech. "I do not think they will read the Mark Malloch Brown statement as insulting, condescending or rude," he said.

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But Mr. Bolton was unrelenting on Thursday. "I can tell you that criticism of the intelligence of the American people is never a smart thing to do politically," he said.

"And I do believe that the comments have had a negative impact politically and that impact continues," he added. "I'm not trying to dwell on it, I just think it's a fact of life, and if you don't realize it, you're blinking reality in Washington."

U.N. Given Reprieve On Spending Cap By U.S., EU (WT)

By Betsy Pisik

The Washington Times, June 16, 2006

NEW YORK -- The United Nations appears to have postponed a financial crisis that threatened to dim the lights at the end of June, as the United States and other key governments have agreed to extend its spending authority.

Washington had imposed a spending cap, set to expire at the end of the month, in an effort to ensure that difficult management reforms were not delayed until the end of the usual two-year budget cycle.

But U.N. officials and diplomats say that the United States, Japan and other nations are not willing to see the lights go out -- yet.

"The cap on the budget will be lifted. There will be no crisis, as far as I can see, this month," U.N. Secretary-General Kofi Annan said yesterday during a press conference that touched on crises in Somalia and East Timor, and the field to succeed him as secretary-general.

He noted that "the tensions and poisonous atmosphere" that marked earlier discussions had dissipated.

U.S. Ambassador John R. Bolton, who negotiated the six-month spending authority with other countries in late December, said yesterday that the Bush administration, European Union and Japan have been meeting with the powerful bloc of 132 developing nations and were working toward a consensus on how to streamline the organization to mutual satisfaction.

"Our positions were quite in accord with one another," said Mr. Bolton, stressing Washington's flexibility. "We have tried not to draw lines in the sand."

Specifically, the big donors want to make the organization more efficient and responsive by streamlining administrative matters and consolidating more power in the hands of the next secretary-general.

But a bloc of 132 poorer nations fear that the Secretariat will be beholden to large donors, and are reluctant to give up their own negotiating power in the General Assembly.

They have two weeks before the cap expires, but Mr. Annan said he has not yet felt the need to raise the issue during regular phone calls with Secretary of State Condoleezza Rice.

"I believe that perhaps the sense of crisis has been exaggerated," said Pakistani Ambassador Munir Akram, whose country has been a vocal member of the developing nations. "The budget cap, one way or another, will be lifted. I hope it's unanimous, so that no one feels they will have a reason to withhold their money in the future."

Mr. Akram, who with Canadian Ambassador Alan Rock has been serving as a liaison in the negotiating process, indicated that key sticking points remain.

Tensions between the international organization and its host country are still raw.

Asked by reporters yesterday about his relationship with Mr. Bolton, Mr. Annan firmly replied, "I work with him as I work with 190 others." And Mr. Bolton who spoke harshly of Mr. Annan's deputy, Mark Malloch Brown, for telling a left-leaning gathering that the American heartland does not understand the United Nations' positive aspects repeated criticisms yesterday.

"I can tell you the criticism of the intelligence of the American people is never a smart thing to do, politically," he said in response to reporters' questions. "The comments have had a negative impact, politically, and that impact continues. I'm not trying to dwell on it but it's a reality in Washington."

Mr. Annan yesterday repeated that he supported his deputy's remarks, and noted that the comments about Middle America had been misconstrued.

The UN Serves US Interests (FT)

By Philip Stephens

Financial Times, June 16, 2006

You could touch John Bolton's pain. Last week, the occasionally irascible US ambassador to the United Nations assailed that organisation's deputy secretary-general. Some saw a crude attempt at bullying. More interesting, I thought, was the anguish behind the rage. For all Mr Bolton's bluster, George W. Bush's administration has acknowledged that acting effectively in the world requires legitimacy as well as power. No one hates the idea of admitting this more than its ambassador in New York.

During the past 18 months or so, American foreign policy has been stranded in an uncomfortable no-man's land between hubris and reality. Mr Bush has abandoned the assumption of unbridled hegemony that underpinned the decision to go to war in

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Iraq. In its place is the reluctant pragmatism that now sees Washington ready to open negotiations with Iran. But the administration has not changed its ideological spots. It still shuns the institutional internationalism that secured US leadership during the second half of the last century.

The proximate cause of Mr Bolton's invective was a speech given by Mark Malloch Brown. The deputy secretary-general had the temerity to suggest that the US should face up to the deliberate ambiguities of its attitude to the UN. When it suited it, he said, Washington saw the organisation as a useful instrument to promote its interests. In between, it played to a raucous gallery of anti-UN prejudice among segments of the media and Middle America.

Mr Bolton is accustomed to plain language – as long, that is, as he is the one delivering it. The ambassador, I have heard a US official observe, is one of those people who calls a spade a spade. The downside, this official lamented, was that to Mr Bolton's eye almost everything looks like a spade.

So a UN bureaucrat telling America how to behave was never going to elicit a friendly response. Mr Bolton's temper has not been improved by the knowledge that the clock is ticking fast on his own career. He was sidelined by Condoleezza Rice, the US secretary of state, in the recent decision to offer talks to Iran. A refusal by the US congress to ratify his appointment means that his term in New York expires early next year.

Given his role as an international civil servant, Mr Malloch Brown's observations were brave. In objective terms they were essentially unremarkable. The admonition, as he explained, was aimed at successive US administrations rather than simply

Mr Bush. Though the US had created the present global architecture, its politicians rarely felt comfortable with selling the advantages to their voters.

My guess is that there are no more than a handful of officials at the US state department who would balk at this broad analysis. Fitful engagement has rarely, if ever, served US interests. But, for Mr Bolton, Mr Malloch Brown's remarks exposed a deeper sore. The ambassador is right to say that the UN's largest paymaster has the capacity to wreck the organisation. The threat, though, is empty. The important question is whether the US needs an effective UN. The answer the Bush administration has given, pace Mr Bolton, is yes.

Iraq has shown the limits of military might in general and of American intervention in particular. As Mr Malloch Brown suggested, it has thrown up new international coalitions intent on balancing US power. Many of the sensible and necessary reforms of the UN advocated or supported by the US are opposed by some non-aligned nations simply because they bear Washington's stamp. Suspicion of his motives, in other words, has shackled a ball and chain to Mr Bush's ankle.

Mr Malloch Brown might have gone further. Anti-Americanism has become the principal countervailing force to US power. That was confirmed again this week when a 15-nation opinion poll by the Pew Research Center reported a further weakening of international respect for the US. In most nations, the US presence in Iraq is seen as a greater threat to world peace than Iran's nuclear ambitions.

All this is anathema to Mr Bolton. As an official in the state department, he epitomised the assertive nationalism that drove US foreign policy during Mr Bush's first term. Scornful of international institutions and law, he openly celebrated America's muscular unilateralism.

The administration has travelled halfway back from this position. It has accepted, albeit grudgingly, the value of legitimacy in the exercise of power. It still instinctively favours coalitions of the willing over rules-based multilateralism but has at least begun to make the effort.

The big test now is Iran. The suspicion of US motives to which Mr Malloch Brown alluded has weakened the impact of Washington's offer to join negotiations with Tehran. Many non-aligned nations are asking themselves whether the démarche is a genuine effort to secure a negotiated end to the stand-off over Iran's nuclear ambitions or simply a tactical manoeuvre to bind the UN into supporting punitive sanctions.

My guess is that it is a bit of both. Circumstance – a vast army pinned down in Iraq, the threat of violent confrontation between Israel and the Palestinians and evidence that the UN security council was close to fracture – forced a volte-face in Washington. But the success or otherwise of the new diplomatic effort will rest to a significant degree on the judgment of others on Mr Bush's motives.

Iran, of course, also provides a challenge for others. China insists on the exclusive legitimacy of the UN in the ordering of international relations. Its willingness or otherwise to allow the security council to act if Iran persists in the quest for a nuclear weapons capability will say much about whether China intends to become a responsible global actor.

For Russia's Vladimir Putin, the choice will be between the vanity of wielding a veto and real authority in the security council. The European troika of France, Britain and Germany must show that, when the going is tough, they are ready to give multilateralism a hard edge.

The big choice, though, is for the US. If the wilder ambitions of Mr Bolton have been decisively checked by Iraq, America remains the indispensable power. How it exercises that power determines the shape and stability of the global system. We can

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probably expect no more of this administration than its reluctant conversion to pragmatism. But one of these days an American president needs to explain that Roosevelt and Truman were not altruists. They built the UN because, for all its inevitable flaws, it serves American interests.

Move Over, Che: Chávez Is New Icon Of Radical Chic (WSJ)

By Bob Davis

The Wall Street Journal, June 16, 2006

BOSTON -- Hugo Chávez, the fiery president of Venezuela, has called President Bush a "donkey," a "coward," a "drunkard," and, most famously, "Mr. Danger." Such statements win him few friends in Washington, but they recently brought together a dozen ardent supporters here.

Over a cramped conference table in a Chinatown loft, the group, including several engineers, a student, a nurse and couple of full-time activists, met to plot their next move. They'd helped lead a pro-Chávez demonstration in Washington just a few weeks earlier. And a pro-Chávez movie night seemed old hat.

Jorge Marin, a Boston engineer, had a different idea: a birthday party for Mr. Chávez's idol, Simón Bolívar, who helped liberate South America from Spanish rule. They quickly started planning a "Boogie for Bolívar" party, complete with a birthday cake, on July 24, when "the Liberator" would have turned 223. Two young women also pushed for a dance band.

To a slice of the American left, Mr. Chávez has become a revolutionary hero nearly on a par with Che Guevara and Fidel Castro. The 51-year-old Venezuelan president has used his nation's oil riches to prop up Mr. Castro's regime and improve the education and health care of Venezuela's poor. His dream is to spread the Venezuelan brand of socialism across Latin America.

Human-rights groups and the Bush administration warn that he is also dangerously centralizing power, emasculating Venezuela's judiciary and threatening press freedoms. Chavistas wave off those complaints as the ravings of the anti-Chávez U.S. media.

"My political belief is that the U.S. is a horrendous empire that needs to end," says Jake Irwin, a Chávez supporter at Evergreen State College in Olympia, Wash., which is pretty much what Mr. Chávez argues. Every time Mr. Chávez clashes with Mr. Bush -- most recently over the Venezuelan's torpedoing of a U.S. effort to create a hemispheric free-trade agreement -- his stock rises with the amalgam of college students, antiglobalization protesters and graying allies of Central American rebels.

For 54-year-old Chuck Kaufman, national co-coordinator of the Nicaragua Network, Mr. Chávez is also a business opportunity. The network, run out of a converted grocery store near a housing project in Washington, was formed in 1979 to support the leftist Sandinista rebels, who toppled a U.S.-allied strongman. But after voters ousted the Sandinistas, the Nicaraguan network eventually slashed its staff to three from 13. Now, Mr. Kaufman sees a new market in Mr. Chávez. The bearded former advertising rep for a model-airplane magazine recently helped create the Venezuela Support Network, which he figures will energize backers, and may help him land a big-time donor: Venezuela's government-owned U.S. refiner, Citgo Petroleum Corp. "No luck so far," he says. Citgo says it only backs requests "in line with corporate programs."

Other Chávez supporters have formed support groups known as Bolivarian Circles. (Mr. Chávez is so taken with Bolívar's efforts to create a united South America that he renamed his country "The Bolivarian Republic of Venezuela.") In Venezuela, the circles are neighborhood associations that run local health clinics and literacy classes. They have a darker side, too: helping the government identify opponents, who are then denied remedial education and other government services, according to a study by Brigham Young University scholars Kirk Hawkins and David Hansen.

The 20 or so U.S. Bolivarian Circles, which each have one or two dozen members, view themselves as advocates for the Chávez regime. New York, San Diego and Boston have Bolivarian Circles; South Florida has three -- one each in Miami and Fort Lauderdale and a third at Florida International University in Miami-Dade County. So do places far from a Latin beat, including Cincinnati and Salem, Ore. The insignia of the Oregon Bolivarian circle is a bust of Bolívar in front of Mount Hood.

There is a long history of Americans embracing Latin American revolutionaries, dating at least to Nicaraguan rebel Augusto Sandino, who battled U.S. Marines in the 1920s. Others include Mr. Castro and his comrade Che, and the man known as Subcomandante Marcos, who led a short-lived rebellion in the Mexican state of Chiapas in 1994. All were symbols of defiance romanticized by intellectuals of the day.

Fifty-three-year-old Gunnar Gundersen says he formed the Oregon Bolivarian Circle in 2002, after becoming outraged at a failed coup attempt against Mr. Chávez. On annual trips to Venezuela with his Venezuela-born wife, Xiomara, Mr. Gundersen was impressed by Mr. Chávez's efforts to improve health care and education for the poor. He couldn't understand why the U.S. press didn't see it his way, so he and a dozen like-minded Oregonians began to sponsor pro-Chávez movies, college lectures and rallies.

His activities landed him an appearance on Mr. Chávez's Sunday television show, "Aló Presidente," in 2004. Mr. Gundersen, who often wears red knit shirts -- red being the color of the Chávez revolution -- read an English translation of a

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stanza of one of Mr. Chávez's favorite songs. Then he handed the Venezuelan leader a copy of the Oregon circle's nonprofit registration, which Mr. Gundersen claimed meant the Oregon circle was "recognized by the state of Oregon." Clearly touched, Mr. Chávez called him a "brother" and said to the audience, "Look how far this is going in the world."

Now, Mr. Gundersen, whose day job is managing a study-abroad program for Japanese college students in Oregon, figures he spends several thousand dollars a year crisscrossing the U.S. for pro-Chávez events. These included a March "National Solidarity Conference" in Washington, where the several hundred delegates chanted the Chávez rally cry, "Oh, ah. Chávez no se va!" (Roughly: "Oh, no. Chávez won't go!")

The Philadelphia circle has produced three pro-Chávez videos, including one about oil workers who helped keep the state-owned oil company operating despite an anti-Chávez strike. The Fort Lauderdale circle bought 35 wheelchairs for Venezuelan hospitals and, in return, the Venezuelan government sent 200 Spanish-language versions of "Don Quixote" for Broward County libraries. A Fort Lauderdale circle member, Ali Gutiérrez, broke into a Spanish love song as the books were handed over.

The circles aren't funded by the Venezuelan government, but they help the country's lobbying efforts by presenting a sympathetic face of the Chávez regime and helping organize tours of the country. Moisés Naím, a pre-Chávez Venezuelan trade minister who is now editor of Foreign Policy magazine, believes the circle members "are shamelessly exploited by the regime." But Bernardo Alvarez, Venezuela's ambassador to the U.S., says the groups operate on their own and "help us counteract the campaign that there isn't freedom of expression in Venezuela."

The circles applauded this past winter when Citgo says it provided about 40 million gallons of low-cost home heating oil to 181,000 households in the Northeast. So did True Majority, an Internet-based advocacy group founded by Ben Cohen of Ben and Jerry's fame, which sent emails to its 500,000 members urging them to purchase Citgo gasoline -- a "buy-cott," as activists call it.

Financing Controls Ordered In China (WP)

By Peter S. Goodman

The Washington Post, June 16, 2006

SHANGHAI, June 15 -- China's premier, Wen Jiabao, has ordered banks and local governments to tighten financing for construction projects, the state media reported Thursday, signaling growing unease among top leaders that an ongoing surge of investment is imperiling the world's fastest-growing major economy.

China's leaders are again grappling with the prospect that excessive economic growth -- erecting more factories and office towers than even this giant country can use -- could give way to a disastrous bust and cause prices to plunge. That could leave China's banks, stocked with about $500 billion in bad loans, facing an even larger toll.

"The main problem in the operation of the economy is the high growth rate of fixed asset investment and too much currency lending," declared China's State Council, the functional equivalent of a cabinet, in a statement published in the state media Thursday, the day after a meeting chaired by Wen. "Structural problems are obvious."

The latest cause for concern came as the government released figures showing that growth in fixed asset investments in urban areas -- essentially, large public works projects, factory construction and commercial real estate development -- reached $318 billion for the first five months of the year, up more than 30 percent over the previous period.

That data came a day after the release of numbers showing an alarming expansion of bank lending, with total loans for the first five months of the year reaching $224 billion -- about 85 percent of the central bank's target for the full year. In May alone, new loans exceeded $26 billion, almost double the same month in 2005. In China, where stock and bond markets remain in early stages of development, the banks are the primary source of capital.

"Banks must take notice of the trend of accelerating loan growth and the risks that this brings," the People's Bank of China declared on its Web site. "Banks must abide by the spirit of the macroeconomic controls that the central government is currently implementing."

Economists parsing the high-level rhetoric saw signals that new, more stringent measures are in the offing aimed at reining in the economy. China has already raised the minimum down payment for purchases of apartments to cool real estate speculation. On April 28, the central bank raised interest rates by 0.27 percentage points, to 5.85 percent, and it might now do so again. The bank's governor, Zhou Xiaochuan, recently disavowed that option, but he told reporters on the sidelines of a conference in Beijing on Thursday that he would now take some unspecified steps to limit the money supply, according to Dow Jones.

China might also allow a rise in the value of its currency, the renminbi, or yuan, an act long sought by manufacturing groups in the United States, who argue that Chinese factories are racking up huge export sales with unfair help from artificially cheap money.

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"The message sent by the State Council meeting is strong, and it illustrates their recognition of a possibly overheated economy," said Ha Jiming, chief economist at China International Capital Corporation Ltd., the country's largest investment bank. "Policymakers are determined to step in to control the situation."

Much of the cash now sloshing through the banks is the result of speculators bringing currency into China to bet on an eventual increase in the value of the renminbi, Ha said. "Policymakers could remove the heat from the economy by speeding up the process" of allowing the Chinese currency to climb, he said.

Of particular concern to China's leaders is the prospect that greater waves of investment will worsen a glut of production capacity in key sectors of the economy, particularly in automobile and steel manufacturing, which could diminish prices and erode profits.

That is prompting some companies to unload excess goods on world markets, a trend that partially explains why China's global trade surplus is growing faster than ever. China's trade surplus reached $13 billion in May, the government announced this week, a record for a single month. Exports grew by 25 percent compared with the previous year. That brought China's surplus for the year to $47 billion, a jump of 57 percent compared with the same period last year.

Those figures are sure to intensify trade frictions with the United States, while amplifying demands that China raise the value of its money.

For more than two years, China has been grappling with how to gradually restrain its economy without dampening things so much as to jeopardize the creation of jobs for millions of farmers now streaming into the cities. Two years ago, amid worries of overheating and spiking prices for commodities such as coal and iron ore, Beijing ordered a halt in lending to the fastest-growing areas of the economy. China also forced developers to put down larger slices of their own capital for new projects rather than rely entirely on bank loans.

Late last year, those measures appeared to have put China in reach of a soft landing, the gradual slowdown its leaders desired. But the recent data have has rekindled worries, along with the expectation of stronger measures ahead.

"There have to be measures to contain the desire of local governments to invest more in infrastructure while preventing banks from over-lending," said Zuo Xiaolei, chief economist at China Galaxy Securities Co. in Beijing. "Otherwise, medium- and long-term bad debts will pile up. and overcapacity in sectors like steel and cement will be exacerbated."

Who Is To Blame For Grief On A Beach? (WP)

By Charles Krauthammer

The Washington Post, June 16, 2006

It was another one of those pictures that goes instantly around the world. A young Palestinian, wailing in wretched sorrow, grieving over her dead father, stepmother and five siblings who had been killed by an explosion on a Gaza beach. Then came the blame. Palestinian Authority President Mahmoud Abbas (he's the moderate) immediately called the killings an act of Israeli "genocide" and, to dramatize the crime, legally adopted the bereaved girl.

The sensational coverage and sensational charges raise the obvious question: Why would Israel deliberately shell a peaceful family on a beach?

The Israeli government, clumsy as ever, seemed to semi-apologize by expressing regret about the deaths, implying that perhaps they had been caused by an errant Israeli shell targeting a Palestinian rocket base. But then, a few days later, an army investigation concluded that it was not Israel's doing at all.

First, because the shrapnel taken from the victims (treated at Israeli hospitals -- some "genocide") were not the ordnance used in Israeli artillery. Second, because aerial photography revealed no crater that could have been caused by Israeli artillery. And, third, because Israel could account for five of the six shells it launched at the rocket base nearby, and the missing one had been launched at least five minutes before the one that killed the family.

An expert at a local chapter of a human rights group disputes the Israeli claims. Okay. Let's concede for the sake of argument that the question of whether it was an errant Israeli shell remains unresolved. But the obvious question not being asked is this: Who is to blame if Palestinians are setting up rocket launchers to attack Israel -- and placing them 400 yards from a beach crowded with Palestinian families on the Muslim Sabbath?

Answer: This is another example of the Palestinians' classic and cowardly human-shield tactic -- attacking innocent Israeli civilians while hiding behind innocent Palestinian civilians. For Palestinian terrorists -- and the Palestinian governments (both Fatah and Hamas) that allow them to operate unmolested -- it's a win-win: If their rockets aimed into Israeli towns kill innocent Jews, no one abroad notices and it's another success in the terrorist war against Israel. And if Israel's preventive and deterrent attacks on those rocket bases inadvertently kill Palestinian civilians, the iconic "Israeli massacre" picture makes the front page of the New York Times, and the Palestinians win the propaganda war.

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But there is an even larger question not asked. Whether the rocket bases are near civilian beaches or in remote areas, why are the Gazans launching any rockets at Israel in the first place -- about 1,000 in the past year?

To get Israel to remove its settlers, end the occupation and let the Palestinians achieve dignity and independence? But Israel did exactly that in Gaza last year. It completely evacuated Gaza, dismantled all its military installations, removed its soldiers, destroyed all Israeli settlements and expelled all 7,000 Israeli settlers. Israel then declared the line that separates Israel from Gaza to be an international frontier. Gaza became the first independent Palestinian territory ever.

And what have the Palestinians done with this independence, this judenrein territory under the Palestinians' control? They have used their freedom to launch rockets at civilians in nearby Israeli towns.

Why? Because the Palestinians prefer victimhood to statehood. They have demonstrated that for 60 years, beginning with their rejection of the United Nations decision to establish a Palestinian state in 1947 because it would have also created a small Jewish state next door. They declared war instead.

Half a century later, at the Camp David summit with President Bill Clinton, Israel renewed the offer of a Palestinian state -- with its capital in Jerusalem, with not a single Jewish settler remaining in Palestine, and on a contiguous territory encompassing 95 percent of the West Bank (Israel making up the other 5 percent with pieces of Israel proper).

The Palestinian answer? War again -- Yasser Arafat's terror war, aka the second intifada, which killed a thousand Jews.

This embrace of victimhood, of martyrdom, of blood and suffering, is the Palestinian disease. They are offered an independent state. They are given all of Gaza. And they respond with rocket attacks into peaceful Israeli towns -- in pre-1967 Israel proper, mind you.

What can Israel do but try to take out those rocket bases and their crews? What would the United States do if rockets were raining into San Diego from across the border with Mexico?

Now look again at that terrible photograph and ask yourself: Who is responsible for the heart-rending grief of that poor Palestinian girl?

A Tale Of Two Oil Patches (WSJ)

By Mary Anastasia O'Grady

The Wall Street Journal, June 16, 2006

Canada's province of Alberta and the country of Mexico are both renowned oil economies and in both places, the government owns the oil reserves. But that's where the similarities between the two end.

Alberta has an annual per-capita gross domestic product just shy of $55,000; Mexico's is roughly $6,000. To put it another way, Albertans are swimming in their black gold while Mexicans are swimming the Rio Grande for the right to wash dishes for Tom Tancredo's constituents, while the congressman hurls insults at them on cable TV.

Why, in the midst of this energy boom, is Mexico so poor, while Alberta lives large? My guess is that it has to do with the fact that the Canadian province welcomes private-sector investment (otherwise known as money) in its energy sector while Mexico has a government-owned oil monopoly (Pemex) and forbids private-sector risk capital.

Money in an economy has a way of making people wealthier. Alberta estimates the long-term capital investment value of its inventory of privately funded energy projects at almost $80 billion. Mexico has made such investment illegal, creating a lack of funds. We call this poverty.

The idea of a virtual wall to stop risk capital from entering Mexico is so dumb that only a political class actively pursuing poverty could be perpetuating it in today's global economy. With oil at $70 a barrel, the opportunity costs of Mexico's monopoly energy policy are skyrocketing. That's not the only problem. Pemex's union pensions are unfunded and Mexico's proven reserves are shrinking. If nothing is done to change the model, Mexico's oil sector and Pemex retirees are both in real jeopardy.

Yet for some reason this abject failure -- against the reality of Alberta's success -- has yet to become a winning issue in Mexican politics. In the July 2 presidential race, the hard-left candidate of the Democratic Revolutionary Party, Andres Manuel López Obrador, is running on a pledge to protect Pemex as is.

This champion of old, authoritarian Mexico from the desperately poor, oil-rich state of Tabasco is now in a statistical dead heat with the more free-market National Action Party candidate Felipe Calderon. Mr. Calderon has timidly suggested that, yes, perhaps Mexico might open the energy market to some private investment but he has not made it a major issue in the campaign.

Voters are rational but not necessarily informed. That's what political debate is for. Unfortunately, Mexican politicians seem to have concluded that Pemex -- the Mexican symbol of sovereignty against the mighty North -- is the third rail of politics and it's best not to go near it. If that's the case, the past is prologue.

But if some enterprising politician decides to communicate the magnitude of the problems looming at Pemex and the opportunity cost of failing to reform, Mexico could become something besides the international symbol for human-capital exports. The union might even sign onto reform in return for guaranteeing its pension. The Alberta experience is instructive.

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Mexicans may be surprised to learn that despite the rush of private-sector investment in the province, both oil and gas reserves in Alberta belong to the provincial government, much as they belong to the national government in Mexico. This simple fact is bound to reassure a nation that has been brainwashed for nearly a century to believe that private investment means giving away its "oil patrimony."

In Alberta, provincial ownership has not stopped private exploration. Instead, Albertans are having their cake and eating it too. By utilizing land leases and oil-well licensing permits, the province welcomes billions of dollars of risk capital. This in turn employs people, creates secondary and tertiary wealth effects, pays for exploration, increases provincial revenues through royalties and covers the cost of land reclamation after resources are extracted. In other words, there has been no selling out to Yankee exploiters, only a common-sense policy of putting foreign capital to use for the betterment of the locals.

The results are impressive. Last year alone, the province attracted almost $50 billion in investment, going mostly to oil and gas and oil-sands development projects and to the service and manufacturing sectors that support them.

These two starkly different attitudes toward capital flows have also made for polar opposites in migratory and employment patterns. According to the Conference Board of Canada, Alberta's population is growing "by leaps and bounds." The board says that "net inter-provincial migration surged to 42,000 in 2005, and almost as many people are expected to relocate in the province in 2006." The board further states that despite the migration, "labor shortages are looming in key areas such as construction, drilling and engineering services, and even in lower paying service-oriented occupations." The unemployment rate in Alberta is 3.3%. Meanwhile Mexican culture is still too often defined by poverty, joblessness and emigration.

If all this is not enough to persuade Mexicans that their government is taking them for a ride, perhaps the demise of Pemex as a revenue generator will be. Pemex estimates that Mexico's reserves-to-production ratio dropped to 10 years in 2005 from 20 years in 2002. The company blames the central government for this, on the grounds that oil income has been going to other national purposes at the expense of reinvestment and exploration in the oil sector.

That may be true. But since when does a country have to choose between a robust economy and funding health care, education and infrastructure? And even when Pemex wins out over other demands on the central government and gets a relatively generous budgetary allotment like it did this year -- $13 billion in government and government-guaranteed funding -- the company is far short of what is needed to revive the energy sector. Corruption, low productivity and failure to maximize well development have all eaten away at returns. Did I mention that Pemex is notorious for environmental degradation?

Mexico's President Vicente Fox likes to talk about his concerns for the dignity of Mexican migrants in the U.S. But as long as the country clings to the Pemex monopoly, it will be hard to take Mr. Fox or any Mexican president seriously when he feigns concern for jobless Mexicans.

Icarus Inc. (WSJ)

The Wall Street Journal, June 16, 2006

With the Concorde now mothballed or in museums, Airbus is fast becoming the current airborne testament to the hubris of state-led industrial policy in Europe. Driven as much by political ego as business sense, the aircraft maker flew for the sun only, like Icarus, to see its wings start to melt away.

The meltdown in the stock price of its parent company this week was dramatic, but no surprise. Markets don't like bad news, and Airbus has produced bushels of late. Wednesday's 26% drop, which shaved $6.3 billion from the market value of European Aeronautic Defense & Space Co. before rebounding some yesterday, came a day after Airbus announced that its superjumbo A380 won't be produced on schedule through 2010. Delays have plagued this marquee project.

Airlines are unhappy with Airbus's proposed A350, the competitor to Boeing's surprisingly popular 787 "Dreamliner," forcing the Europeans back to the drawing board, at significant cost. The EU taxpayer may, once again, pick up a big part of the bill through launch aid and other handouts, all for the glory of this "pan-European flagship." Any more state aid is likely to lead to another complaint against Airbus before the World Trade Organization in Geneva.

The troubles on the factory floor may not be as serious a problem down the road as the company's unwieldy -- and, on current evidence, unworkable -- management structure. Airbus was born of a French, German, British and Spanish government initiative. Its political patrons have kept their noses in the business since. No prize for guessing who does so more than any other. Last year President Jacques Chirac tried to install Airbus boss Noël Forgeard, who happens to be French, into the top job at EADS. The messy fight ended when a German executive was named to share the CEO job with him. Then this year EADS was pulled into France's scandal du jour, the murky "Clearstream affair," when Mr. Forgeard's former close aide admitted to supplying evidence (later declared a forgery) that linked leading politicians to corruption. Close ties to government can be a source of trouble, EADS learned, not just interest-free loans.

A fair conclusion, reached by the markets this week, is that an executive suite preoccupied with political mumbo-jumbo took its eyes off the superjumbo. With so much riding on the A380, the production glitches are a stunning indictment of

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management. The delays in delivering the plane will cost EADS $2.5 billion in 2007-2010. EADS yesterday launched a probe into the A380 program. The cost in terms of fines, canceled orders and lost future orders adds to the bill. The blow to prestige is far bigger.

It is instructive to note that Boeing itself was, only a few years ago, in a similar pickle. Two CEOs lost their jobs and a senior executive landed in jail, but Boeing got through painful restructuring, including deep job cuts, and made hard decisions (like refusing to fight Airbus for the A380 market) knowing that money was finite. Its updated product line is led by the "Dreamliner." Suddenly, Boeing is poised to dominate its market for years to come.

In its present guise Airbus, or EADS, looks ill-disposed to take this road. The dual management structure -- in fact an improvement on the previous consortium model -- makes the company, by nature, less flexible. So do its political links. State treasuries have been eager to build toys that boost national egos, to the tune of $15 billion in taxpayer handouts over the past three decades. The leaders of France, Britain, Spain and Germany were all on hand last year at the maiden flight of the A380. Financial realism was never a big part of the equation at Airbus. In return, the politicians expect the company to shun Anglo-Saxon-style restructuring.

No wonder that the big industrial shareholders are running for the doors. British Aerospace was right in the middle of negotiating to sell its 20% stake in Airbus back to EADS when the share price nosedived. France's Lagardere cut its stake in EADS in half, to 15%, in April. Germany's DaimlerChrylser, another big owner, is moving to do the same.

Tellingly, Airbus's fall from grace is portrayed as a blow to European pride rather than to the company's shareholders and millions of air travelers, who will suffer directly. This is the real trans-Atlantic gap. Americans tend to judge corporations by the bottom line, not the national flag. Europeans relate to big companies as to their World Cup teams. In this they get plenty of encouragement from politicians, in particular the Gallic variety, who think business is their business.

With a duopoly in aircraft manufacturing, we all benefit from having two healthy, competitive producers. Cut free from subsidies and politics, Airbus would be free to behave like a normal company. It is not that today.

Young? Bored? Win A Parliament Seat (NYT)

The New York Times, June 16, 2006

If the young will line up to sing badly for national attention or eat worms for money, why not get them to compete for political office? That notion seems more suitable for a Hollywood treatment than an actual country, but it has apparently taken hold in parts of Russia, where political leaders have begun to worry that their Parliament is a little too heavy on middle-aged men.

Perhaps fearing that the under-30 set could take their political concerns to the streets — as in neighboring Ukraine and Georgia — President Putin's United Russia party decided it needed to reroute the young into the political system. So it decided earlier this year that at least 20 percent of its candidates should be under 28 years old.

Scaring up young people to enter the political party apparently turned out to be easier decreed than done. Russia's youth may have soured on a political system increasingly controlled from Mr. Putin's office. Or, perhaps like the young in too many other places, they just think politics is boring.

So, leaders of the Young Guard, the more youthful branch of United Russia party, decided on a kind of political version of "American Idol" or the Russian "Star Factory" talent contest. As detailed in The Washington Post, the competition began with questionnaires, and a first round of winners was announced by a D.J. at a beach party south of Moscow.

Some of the views of these competitors were surprising, like the young man who said Mikhail Khodorkovsky was jailed for his political views. That opinion certainly puts him at odds with Mr. Putin's administration, but the young man is apparently still in the running. In the end, after the 60 contestants are whittled down, at least three are expected to be awarded party seats in the Duma, the lower house of Parliament.

Russian politics is not exactly a model of democracy, of course, but maybe, for those trying to interest young American voters, a political reality show might not be such a bad idea. Let's face it, looking at the demographics, it could hardly hurt.

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Goodling, Monica

From: Goodling, Monica
Sent: Friday, June 16, 2006 9:23 AM
To: Goodling, Monica
Subject: The Morning Update: 6/16/06

Good morning. Did you know that on Friday evenings in the summer you can enjoy free jazz concerts in the National Gallery of Art's Sculpture Garden? This summer, the National Gallery will host an eclectic mix of top Washington-area jazz artists every Friday from 5 - 8:30 p.m. Concerts take place in front of the Pavilion Café next to the reflecting pool and fountain. The Café offers a light menu and an assortment of beverages for those who are interested. Feel free to stop by -- you're sure to see some fellow DOJers. For more information, see: http://www.nga.gov/programs/jazz.htm. Have a great day.

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<http://www.whitehouse.gov/>
JUNE 16, 2006

Today, President Bush will attend a Friends of Dave Reichert and Washington State Republican Party Reception in Medina, Washington. Later, he will attend a Heather Wilson for Congress Reception in Albuquerque, New Mexico.

10:50 am: PDT THE PRESIDENT attends Friends of Dave Reichert and Washington State Republican Party Reception
Private Residence | Medina, Washington

4:50 pm: MDT THE PRESIDENT attends Heather Wilson for Congress Reception
Hyatt Regency Albuquerque | Albuquerque, New Mexico

President Bush Establishes Northwestern Hawaii Islands Marine National Monument. "President Bush created a vast new marine sanctuary Thursday, extending stronger federal protections to the northwest Hawaiian Islands and the surrounding waters with their endangered monk seals, nesting green sea turtles and other rare species. The Northwestern Hawaiian Islands National Monument covers an archipelago 1,400 miles long and 100 miles wide in the Pacific Ocean. It is home to more than 7,000 species, at least one-fourth of them found nowhere else. 'To put this area in context, this national monument is more than 100 times larger than Yosemite National Park,' Bush said. 'It's larger than 46 of our 50 states, and more than seven times larger than all our national marine sanctuaries combined. This is a big deal.'
<http://www.latimes.com/news/printedition/asection/la-na-hawaii16jun16,1,1763006,print.story?coll=la-news-a_section> " ("Pacific Sanctuary Gets Bush's Signature," The Associated Press, 6/16/06)

The New York Times Praises President Bush's Declaration Establishing Marine National Monument. "Mr. Bush has made the Northwestern Hawaiian Islands a national monument, putting them under some of the strictest environmental protections the law provides. It was an act of wilderness preservation that, acre for acre, instantly put him into the same league as the conservation-minded

presidents Theodore Roosevelt, Jimmy Carter and Bill Clinton <http://www.nytimes.com/2006/06/16/opinion/16fri2.html?_r=1&oref=slogin> . ... But even so, the mind reels a little at what Mr. Bush has done. The Northwestern Hawaiian Islands are a vast place few Americans have ever visited or ever will. But they are being protected anyway - not for divers, fishermen or cruise ships, but for their own sake, for science and forever." (Editorial, "Islands Apart," The New York Times, 6/16/06)

The Washington Post Calls Establishment Of Marine National Monument "Exciting Example Of Assertive Action." "What's impressive is not just the designation itself but the fine print of President Bush's order. Despite tenacious pressure from regional fisheries managers, Mr. Bush decided not to permit any commercial fishing in the area. The small amount that goes on now will be phased out; a coalition of private donors will buy out the fishing permits of the eight fishermen who currently work those waters. ... Mr. Bush's action offers an exciting example of assertive action to put essential areas beyond further human destruction <http://www.washingtonpost.com/wp-dyn/content/article/2006/06/15/AR2006061501957.html> ." (Editorial, "Saving The Islands," The Washington Post, 6/16/06)

President Signs Supplemental Spending Bill. "The Senate yesterday overwhelmingly passed a $94.5 billion emergency spending bill to fund the war on terror and hurricane recovery, but only after House leaders forced the Senate to cut about $14 billion from its version. ... In his signing statement, Mr. Bush praised the bill for providing 'additional resources needed to fight the war on terror, help citizens of the Gulf States recover from devastating hurricanes, and protect Americans from a potential influenza pandemic. <http://www.washingtontimes.com/national/20060615-105131-9396r.htm> '" (Amy Fagan, "Reduced Spending Bill Approved In Senate," The Washington Times, 6/16/06)

President Bush Signs Broadcast Decency Legislation. "Complaining that television and radio shows in recent years have 'too often pushed the bounds of decency,' President Bush signed legislation yesterday to escalate dramatically the penalties against broadcasters who violate federal standards <http://www.washingtonpost.com/wp-dyn/content/article/2006/06/15/AR2006061500951.html?sub=AR> . 'The language is becoming coarser during the times when it's more likely children will be watching television,' Bush said, citing a study of nighttime programming. 'It's a bad trend, a bad sign.' He noted that complaints to regulators have exploded since he took office. 'People are saying, "We're tired of it, and we expect the government to do something about it."'" (Peter Baker, "Bush Signs Legislation On Broadcast Decency," The Washington Post, 6/16/06)

President Bush Signs Mine Safety Bill. "With the sole survivor of the Sago mine disaster looking on, President Bush signed into law the first major overhaul of mine safety laws in three decades. ... Congress passed the mine safety bill following a string of fatal accidents this year. Thirty-three miners have been killed on the job in the United States since the beginning of January, up from 22 throughout 2005. 'We make this promise to American miners and their families: We'll do everything possible to prevent mine accidents and make sure you're able to return safely to your loved ones,' Bush said. <http://news.yahoo.com/s/ap/20060615/ap_on_go_pr_wh/bush_miner_safety&printer=1;_ylt=Apza4ie1YN.uVJoz4pAhWbkGw_IE;_ylu=X3oDMTA3MXN1bHE0BHNlYwN0bWE> " (Nancy Zuckerbrod, "Bush Signs Bill Overhauling Mine Safety," The Associated Press, 6/16/06)

Senate Rejects Measure Setting Timetable For Troop Withdrawal In Iraq. "Members of Congress yesterday engaged in a bitter and sometimes raucous debate over Iraq war policy, with the Senate overwhelmingly rejecting a measure to bring troops

home by year's end, a move several Democrats have called for but did not back with their votes yesterday. ... Senate Majority Leader Bill Frist of Tennessee said withdrawal would vindicate terrorists. 'This sent a good message that the United States Senate overwhelmingly opposes a cut-and-run strategy,' said Sen. John Cornyn, Texas Republican. <http://www.washingtontimes.com/national/20060616-122127-3658r.htm%20> " (Christina Bellantoni, "U.S. Troop Pullout From Iraq Rejected By Senate," The Washington Times, 6/16/06)

USA Today Says Timetable For Troop Withdrawal Would Backfire. "U.S. troops should not stay in Iraq, as in Vietnam, purely for pride in a hopeless battle. They should remain, however, as long as there is a reasonable chance that they can bring some stability, reinforce the fledgling democratic government and prevent Iraq from becoming a haven for terrorists. Announcing a timetable for withdrawal, as Sen. John Kerry proposes (Kerry's resolution in the Senate was rejected 93-6 on Thursday), would just invite the insurgents to wait out the American presence <http://www.usatoday.com/news/opinion/editorials/2006-06-15-troops-ourview_x.htm> . (Editorial, "Setting Deadline For Troops' Withdrawal Will Backfire," USA Today, 6/15/06)

Document Captured In Iraq Depicts Weakened Insurgency. "Iraqi national security adviser Mouwafak al-Rubaie said the document, released Thursday, proves al-Qaeda in Iraq is in 'pretty bad shape. <http://www.usatoday.com/printedition/news/20060616/a_iraqnews16.art.htm> ' 'We believe that this is the beginning of the end of al-Qaeda in Iraq,' al-Rubaie said. ... The memo says the insurgency is being hurt by the increasing capabilities of Iraqi security forces, a shortage of weapons and fighters, a lack of funds and internal divisions. The document says time is now on the side of the United States and not the insurgents." (César G. Soriano, "Iraqi Leaders: Memo Details Al-Qaeda Plans," USA Today, 6/16/06)

Homeland Security Secretary Chertoff Discusses The President's Proposals For Comprehensive Immigration Reform. "President Bush has put forward a comprehensive vision for immigration reform that will secure our borders, strengthen interior enforcement and create a temporary worker program that is not amnesty but will provide a legal, regulated path for those seeking work in the United States. <http://www.washingtontimes.com/op-ed/20060615-084025-1571r.htm> ... We cannot stop illegal migration if we do not stop illegal employment, strengthen our border defenses and offer illegal workers a chance to come out of the shadows and take legal, temporary jobs. But we will not succeed in bringing these workers out of the shadows if we ourselves do not have the information we need to enforce our immigration laws." (Michael Chertoff, Op-Ed, "Immigration Enforcement," The Washington Times, 6/16/06)

Defense Secretary Donald Rumsfeld Speaks At Groundbreaking Ceremony For 9/11 Pentagon Memorial. "A few hundred feet from the spot where American Airlines Flight 77 crashed into the Pentagon on Sept. 11, Defense Secretary Donald H. Rumsfeld and victims of the attack held a short and solemn groundbreaking ceremony yesterday for the Pentagon memorial <http://www.washingtonpost.com/wp-dyn/content/article/2006/06/15/AR2006061501104.html> . ... 'At some point in the future, most of you will return to this sacred ground,' Rumsfeld said. '...As you reflect, you will be flooded with memories of your loss, to be sure, but also split-second images of love and laughter and joyous times. This memorial was meant for you, to offer some comfort.'" (Timothy Dwyer, "9/11 Pentagon Memorial To Reflect Pangs Of Loss, Recollections Of Joy," The Washington Post, 6/16/06)

President Attends Initiative for Global Development's 2006 National Summit
<http://www.whitehouse.gov/news/releases/2006/06/20060615.html>

President Bush Establishes Northwestern Hawaiian Islands National Monument
<http://www.whitehouse.gov/news/releases/2006/06/20060615-6.html>

* Proclamation: Establishment of the Northwestern Hawaiian Islands Marine National Monument
<http://www.whitehouse.gov/news/releases/2006/06/20060615-18.html>

* Fact Sheet: The Northwestern Hawaiian Islands Marine National Monument: A Commitment to Good Stewardship of Our Natural Resources
<http://www.whitehouse.gov/news/releases/2006/06/20060615-9.html>

* In Focus: Environment <http://www.whitehouse.gov/infocus/environment/>

President Signs the Broadcast Decency Enforcement Act of 2005
<http://www.whitehouse.gov/news/releases/2006/06/20060615-1.html>

President Bush Signs S.2803, the MINER Act of 2006
<http://www.whitehouse.gov/news/releases/2006/06/20060615-2.html>

President Bush Attends Congressional Picnic
<http://www.whitehouse.gov/news/releases/2006/06/20060615-17.html>

President Applauds Congress for Approving Bill to Fund National Priorities
<http://www.whitehouse.gov/news/releases/2006/06/20060615-3.html>

President's Statement on Signing of Emergency Supplemental Appropriations Act for Defense, the Global War on Terror, and Hurricane Recovery, 2006
<http://www.whitehouse.gov/news/releases/2006/06/20060615-14.html>

* Fact Sheet: President Signs Emergency Funding Bill
<http://www.whitehouse.gov/news/releases/2006/06/20060615-15.html>

Memorandum for the Secretary of State
<http://www.whitehouse.gov/news/releases/2006/06/20060615-8.html>

Text of a Letter from the President to the Speaker of the House of Representatives and the President Pro Tempore of the Senate
<http://www.whitehouse.gov/news/releases/2006/06/20060615-16.html>

President Signs H.R. 1953, H.R. 3829, H.R. 5401, S. 1235, S. 193 and S. 2803
<http://www.whitehouse.gov/news/releases/2006/06/20060615-10.html>

Personnel Announcement
<http://www.whitehouse.gov/news/releases/2006/06/20060615-7.html>

Press Briefing by Tony Snow
<http://www.whitehouse.gov/news/releases/2006/06/20060615-4.html>

Press Briefing by the National Security Advisor, Steve Hadley, on the President's Trip to Europe

<http://www.whitehouse.gov/news/releases/2006/06/20060615-12.html>

Ames, Andrew

From: Ames, Andrew
Sent: Friday, June 16, 2006 10:45 AM
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Subject: 6/16/06 Civil Division News

Hospital Chain to Pay $265M to Settle Whistleblower Suits

Scheme costs hospitals $265M

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The Legal Intelligencer
06-16-2006

Hospital Chain to Pay $265M to Settle Whistleblower Suits

Shannon P. Duffy

A New Jersey hospital chain will pay $265 million to settle a pair of whistleblower lawsuits that claimed it had systematically inflated charges to Medicare patients in order to obtain enhanced reimbursements,

Justice Department lawyers said Thursday.

According to court papers, the massive settlement by Saint Barnabas Corp. -- the largest health care system in New Jersey and second largest employer in the state -- could be just the first in a wave because numerous other unidentified hospitals are apparently facing similar accusations.

The settlement could also lead to huge rewards for the three whistleblowers, who are represented by Philadelphia attorneys Peter F. Vaira and John E. Riley of Vaira & Riley, and Marc S. Raspanti of Miller Alfano & Raspanti.

In the suits, the whistleblowers claimed Saint Barnabas was abusing a Medicare provision that provides for supplemental payments for unusually expensive cases, referred to as "outliers."

Justice Department lawyers said yesterday that between October 1995 and August 2003, the nine hospitals operated by West Orange, N.J.-based Saint Barnabas "purposefully inflated charges for inpatient and outpatient care to make these cases appear more costly than they actually were."

Whistleblower lawsuits, also known as qui tam actions, allege claims under the False Claims Act. Initially, such cases are filed under seal and immediately referred to the local U.S. Attorney in order to give the Justice Department the option of pursuing the case. The two suits that led to Thursday's settlement were only partially unsealed, suggesting that other hospitals may also have been named as defendants.

A redacted copy of one of the lawsuits, unsealed by U.S. District Judge Juan R. Sanchez, shows that the identities of numerous additional defendants have been blacked out. Sanchez ordered that the original version of the suit must remain under seal.

In a press release, Assistant Attorney General Peter Keisler, head of the Justice Department's Civil Division, said, "Today's settlement demonstrates the United States' determination to make sure health care providers do not overcharge the Medicare program."

In the settlement, Saint Barnabas did not admit to any wrongdoing, but it entered into a "corporate integrity agreement" in which it promised to take a series of steps to ensure compliance with Medicare regulations and policies in the future.

Vaira and Riley filed suit in U.S. District Court in Philadelphia on behalf of two whistleblowers, Peter Salvatori and Sara C. Iverson.

Raspanti filed a similar suit in U.S. District Court in New Jersey on behalf of James T. Monahan.

Both suits were filed in November 2002 and apparently sparked a massive federal investigation involving both the Philadelphia and New Jersey U.S. Attorney's offices; the Justice Department's Civil Division in Washington, D.C.; the FBI; the Department of Health and Human Services' Office of Inspector General; the Centers for Medicare and Medicaid Services; and the U.S. Postal inspectors.

Riley declined to comment on the settlement, saying he was unsure whether or not court documents had yet been unsealed. Raspanti was out of town and could not be reached for comment.

Justice Department lawyers also had no comment on the size of the reward that will be paid to the whistleblowers.

The settlement agreement filed in court yesterday specifically leaves the issue of the rewards for another day.

"Nothing in this agreement is intended to address any [whistleblower's] entitlement to a share of the settlement amount or the validity of either of the civil actions," the settlement says.

Sometimes the issue of a whistleblower's reward can lead to protracted litigation. In the late 1990s, when SmithKline Beecham paid $325 million to settle a trio of whistleblower suits, Justice Department lawyers

argued that no rewards should be paid since all of the information provided by the whistleblowers was already public.

But Senior U.S. District Judge Donald W. VanArtsdalen rejected the government's argument and awarded $42 million to the three whistleblowers.

The 3rd U.S. Circuit Court of Appeals later overturned the awards and ordered VanArtsdalen to take another look at whether any of the three was truly an "original source."

VanArtsdalen later ruled that only one of the three should get any money, saying that two of the three were "original sources," but that only one, Robert Merena, had the right to a reward since his lawsuit was the first filed.

The suits involved allegations that SmithKline Beecham Clinical Laboratories and several other medical laboratories had adopted a scheme that allowed them to bill the federal government for unauthorized and unnecessary laboratory tests.

In his September 2000 decision, VanArtsdalen awarded Merena more than $24 million -- a 10 percent cut of the portion of the settlement to which his information led.

Merena, who was represented by Raspanti, ultimately garnered nearly $37 million for his whistleblowing efforts because on six other claims for which the government agreed Merena deserved an award, he was paid $11 million and VanArtsdalen added another $1.9 million.

But VanArtsdalen ruled that another former SmithKline employee, Charles Robinson Jr., and his lawyer, Glenn Grossenbacher, who had assisted him in blowing the whistle, were not entitled to any reward due to the strict "first to file" rule in the False Claims Act.

END

Herald News (NJ)

Friday, June 16, 2006

Scheme costs hospitals $265M

Saint Barnabas Corp., operator of the state's largest health-care network, has agreed to pay the U.S. government $265 million in an unprecedented Medicare fraud settlement.

The Saint Barnabas Health Care System, New Jersey's largest, was accused of overbilling Medicare half a billion dollars by exploiting a loophole in the system that provides additional reimbursement in cases -- known as "outliers" -- when the cost of care is unusually high.

The scheme drew from a fixed pool of money that Congress had set aside for outliers, shortchanging other hospitals in New Jersey and elsewhere. Besides bilking Medicare, the overbilling affected tens of thousands of patients, many of them uninsured and least able to pay inflated bills.

The first settlement of its kind in the country, the Saint Barnabas case may serve as a direct model for a Justice Department crackdown on similar practices at other hospitals, said First Assistant U.S. Attorney Ralph J. Marra Jr.

Federal officials say the hospital network inflated the charges for tens of thousands of outlier cases -- padding the bills for room and board costs and other overhead expenses -- from October 1995 to August 2003.

"They did not view it as breaking the law. They viewed it as flexibility in the system," Marra said. The government isn't pursuing criminal charges against Saint Barnabas, he said.

Instead, Saint Barnabas will hire an outside firm to monitor its billing practices for six years as part of a corporate integrity agreement with the U.S. Department of Health and Human Services. During that time, the hospital network will pay off the $265 million -- an amount the Justice Department determined the network could afford.

"We don't want to put them out of business," said Marra, noting that the fraud had no impact on patient care. "That wouldn't be good for the people of the state."

During the eight years Saint Barnabas allegedly was overbilling, the hospital network received $4.145 billion in total Medicare reimbursements, authorities said.

Congress introduced outlier money to ensure that hospitals had an incentive not to turn away the sickest patients, who might require longer-term care. The reimbursements go to hospitals to cover the cost of care and overhead, such as room and board, authorities said.

Several hospitals throughout the country nonetheless found ways to pad their outlier bills, prompting Congress to tighten the regulations in 2003 and ending many overbillings.

The state's second-largest employer, Saint Barnabas, based in Livingston, operates nine hospitals. Several of them are among the largest Medicare providers in the country.

"This agreement will allow us to focus our energy and resources on our mission of providing the highest quality of care to our patients," Saint Barnabas spokesman Michael Slusarz said in a written statement. "We are pleased this matter is now behind us and look forward to continuing to serve the citizens of New Jersey."

The higher charges clearly produced an enormous windfall for the hospital network.

Medicare, the federal health plan for the aged and disabled, typically generates 40 percent to 50 percent of a hospital's revenue stream, so any opportunity to enhance that cash flow would greatly influence a hospital's bottom line.

As Saint Barnabas collected more than its share of Medicare outlier reimbursements, it effectively lowered what other hospitals in New Jersey and elsewhere could have received, hospital executives said. "The hospitals that doubled and tripled their charges got more than their fair share, and that means the rest of us got less," said one North Jersey hospital executive who spoke on condition of anonymity. "We saw our outlier reimbursements reduced."

The overbilling also affected thousands of patients treated in the Barnabas system, especially those who were uninsured and were charged the same inflated rates as Medicare was billed. Such additional costs could be financially devastating for a small percentage of insured patients who rely on traditional indemnity policies and don't enjoy the steep discounts negotiated by managed-care plans.

"If [St. Barnabas] was alive today, he would surely be ashamed of what has been done in his name," said Leslie Wiser, special agent in charge of the FBI's Newark office.

The Saint Barnabas case came to the attention of the U.S. Attorney's Office in 2002, when three whistle-blowers filed two federal lawsuits under seal against the hospital network. U.S. Attorney Christopher J. Christie removed himself from the case because his family's charitable foundation donated money to Saint Barnabas.

Although the civil settlement resolves the whistle-blower cases against Saint Barnabas, portions of the case against other defendants remain active and under seal.

The whistle-blowers -- one of whom is identified as the owner of a financial management consulting company -- are entitled to between 15 percent and 25 percent of the government's settlement under the False Claims Act. The exact amount hadn't yet been determined.

In another New Jersey case that made headlines recently, the University of Medicine and Dentistry of New Jersey overbilled Medicare and Medicaid as much as $75 million, federal authorities said. The institution has repaid $4.9 million to Medicaid while an investigation continues.

How it worked

- From October 1995 to August 2003, Saint Barnabas hospitals filed tens of thousands of claims under Medicare's outlier program.
- Exploiting a loophole, the hospital network allegedly padded overhead expenses to bilk half a billion dollars from Medicare.
- The alleged overbilling cheated uninsured patients, who then had to pay the inflated Medicare rates. Also cheated were hospitals that lost their share of outlier money.
- In 2002, three whistle-blowers filed two federal lawsuits under seal against Saint Barnabas.

END

Redding, CA, Record-Searchlight
June 16, 2006

Payout set on RMC suits; $494 million deal ends wrangling over questioned heart treatments

By David Benda, Record Searchlight

Attorneys have signed off on a global settlement that brings the total payout in the Redding Medical Center case to nearly a half-billion dollars.

The settlement had been stalled for seven months. It officially ends the multiyear federal criminal investigation of the defunct hospital and allegations that some of the surgeons and cardiologists performed unnecessary cardiac procedures there.

The deal was finalized Wednesday after attorneys for the hospital and several doctors, including Chae Hyun Moon, 58, and Fidel Realyvasquez Jr., 57, finalized an agreement announced Nov. 15 after federal prosecutors decided that no criminal charges would be lodged.

"We're done. Signed, sealed and delivered," said assistant U.S. Attorney Catherine Cerna after she filed the final dismissal documents Thursday.

A federal court had given the parties 60 days to finalize the November agreement, and Cerna had been forced to file for a number of deadline extensions. Despite the many delays, Cerna said, the final documents contained "no major changes" from those agreed upon in November.

The sheer number of parties and cases involved slowed completion of the case, she said.

The final settlement adds to the millions of dollars already paid in civil settlements by RMC, its parent company, Tenet Healthcare Corp., and insurance companies for the doctors.

Earlier, Tenet and RMC had paid $54 million to settle state and federal civil investigations and $395 million to settle lawsuits lodged by 769 patients who alleged that they had undergone unnecessary cardiac procedures, including multiple coronary bypasses.

Insurance companies for three cardiovascular surgeons and four cardiologists, including Moon and Realyvasquez, agreed to pay $42 million to settle the civil lawsuits.

Although they agreed to pay $1.4 million each to the federal government in the global settlement, Moon and Realyvasquez admitted no wrongdoing. Nor did any of the other participants in the agreement.

"Dr. Moon is happy to have it all behind him," Moon attorney Matthew Jacobs said Thursday. "Hopefully, it closes a sad chapter for the greater Redding area, which lost an excellent hospital and two fine and dedicated physicians, not to mention a wonderful support staff. It's not a happy day for the community."

Realyvasquez's attorney could not be reached for comment.

Redding Medical Center was sold in July 2004 to North Carolina-based Hospital Partners of America, which renamed the hospital Shasta Regional Medical Center and revived the cardiovascular services that had been dropped after the investigation began.

FBI agents raided the offices of Moon and Realyvasquez on Oct. 30, 2002. What followed was three years of criminal investigation and hundreds of civil lawsuits.

This week's signed agreement also awards millions of dollars to whistleblowers, including $4,457,938 to former Redding internist Patrick Campbell, who provided much of the information that prompted the October 2002 FBI raid that opened the investigation.

Another $4,924,562 will be awarded to whistleblowers Joseph Zerga of Las Vegas and the Rev. John Corapi, a Roman Catholic priest who now lives in Montana.

Campbell, whose federal whistleblower suit was filed three days after Corapi and Zerga's, once had been ruled out of the running, but the settlement resolved legal action he had taken for reinstatement.

"Dr. Campbell risked his reputation and medical career by doing the right thing and ended up paying the ultimate whistleblower price," David Rude, Campbell's attorney, said. "Four years later, the Justice Department is finally paying him the whistleblower reward he has so long deserved."

Both Moon and Realyvasquez remain under investigation by the state medical board.

Moon voluntarily agreed to stop practicing medicine in July 2003.

Last month, the Medical Board of California moved to revoke or suspend the license of Realyvasquez, charging him with gross negligence stemming from bypass surgeries he performed on three patients in 2001 and 2002.

And there are still a few civil cases outstanding against cardiovascular surgeon Kevin Miller, who was not involved in the federal case, but was sued by some of his former patients.

Trials are scheduled to begin in January in Shasta County Superior Court.

END

AP

June 15, 2006

Honeywell agrees to pay U.S. $2.6 Million

By JEFFREY GOLD, AP Business Writer

NEWARK, N.J. - Honeywell International Inc. has paid the federal government $2.625 million to settle charges it failed to properly test packaging for sensitive parts used by the Defense Department and NASA , authorities said Thursday.

Honeywell was accused of violating the False Claims Act over testing of electrostatic protective metallic sheets that were to package more than 186,000 sensitive parts, the Justice Department said.

The lawsuit charged that Honeywell knowingly made and sold sheets that did not meet military specifications. Honeywell disputed the allegations, said court papers unsealed with the settlement.

The deal was approved May 22 by U.S. District Judge Dickinson R. Debevoise in Newark.

During the course of a prior lawsuit between the two companies, Caltex and its vice president, Jim Higgs, determined that Honeywell was selling goods to the military that had not gone through proper testing, Klein said.

Shares of Honeywell, which have been trading in a 52-week range of $32.68 to $44.48 per share, rose 62 cents, or 1.6 percent, to $38.64 in afternoon trading Thursday on the New York Stock Exchange.

END

New York Times

June 16, 2006

New Jersey Demands Data on Phone Call Surveillance and Is Sued by U.S.

DAVID W. CHEN and MATT RICHTEL; David W. Chen, in Trenton, and Matt Richtel, in San Francisco, contributed reporting for this article.

TRENTON, June 15 The New Jersey attorney general has issued subpoenas to five telephone companies to determine whether any of them violated the state's consumer protection laws by providing records to the National Security Agency. Experts say it is the first legal move by a state to question the agency's program to compile calling records to track terrorist activities.

On Wednesday, the United States filed a lawsuit to block the subpoenas, setting up a legal showdown pitting the state's authority to protect consumers' rights against the federal government's national security powers.

"People in New Jersey and people everywhere have privacy rights," the state's attorney general, Zulima V. Farber, said on Thursday. "What we were trying to determine was whether the phone companies in New Jersey had violated any law or any contractual obligations with their consumers by supplying information to some government entity, simply by request, and not by any court order or search warrant."

This latest confrontation over the invocation of national security began last month, when Ms. Farber issued the subpoenas to the companies -- AT&T, Verizon, Qwest, Sprint Nextel and Cingular Wireless -- to determine whether they had turned over the phone records to the federal government without a court order, in possible violation of state laws.

But when the Justice Department filed suit in United States District Court here to block those subpoenas -- a suit that Ms. Farber received on Thursday -- it asserted that the state was straying into a federal matter, and that compliance with the subpoenas would imperil national security.

As a matter of national security policy, the dispute represents the latest twist in the controversy over the boundaries of domestic spying and personal privacy. But as a matter of government practice and legal precedent, the dispute is significant because it transforms what had primarily been a fight between the federal government and civil liberties groups into a far knottier one pitting federal authorities against state ones.

Clifford Fishman, a professor at Catholic University Law School who is an expert on electronic-surveillance law, also said the actions by both state and federal government were laden with political overtones.

Professor Fishman said New Jersey's subpoenas -- issued by a Democratic administration -- appeared to be "a political move to try to embarrass the Bush administration as well as the phone companies." But he added that "the Bush administration is responding with a howitzer instead of a sniper."

The professor, who noted that he had not seen the government's suit, said each party had alternatives to what he saw as a significant development over the disputed reach of the National Security Agency. He said the federal government need not have sued New Jersey to make its argument against the subpoenas, and he said the state could have allowed numerous private parties to pursue litigation against the phone companies, rather than getting involved.

In the lawsuit, the federal government invokes the state-secrets privilege, in which the government asserts that any discussion of a given lawsuit's claims would threaten national security.

"Compliance with the subpoenas issued by those officers would first place the carriers in a position of having to confirm or deny the existence of information that cannot be confirmed or denied without causing exceptionally grave harm to national security," Assistant United States Attorney Irene Dowdy claimed in the government's complaint. "And if particular carriers are indeed supplying foreign intelligence information to the federal government, compliance with the subpoenas would require disclosure of the details of that activity."

But in an interview on Thursday, Ms. Farber said that it was incumbent upon her to insure that the phone companies were not violating state law if they had turned in any phone records to the N.S.A. The New York Times first reported in December that President Bush had authorized the security agency to conduct eavesdropping without warrants. Last month, USA Today reported that the N.S.A. had created a large database of phone calls made by customers of several phone companies.

A few days after the USA Today article was published, Ms. Farber issued subpoenas to phone companies that operate in New Jersey. Yet few people outside of state government and the phone companies knew about them.

Ms. Farber had originally demanded responses by May 30. She said that telephone company representatives, unable to persuade her to withdraw the subpoenas, had asked for an extension until Thursday. One day before that extended deadline, the federal government filed its lawsuit.

The question of whether phone companies have turned over customer records to the spy agency already has spawned a handful of lawsuits. Some companies have denied surrendering the records; others denied wrongdoing or declined to comment. For instance, a federal judge in San Francisco has scheduled a hearing for next Friday in a lawsuit filed by the Electronic Frontier Foundation, a privacy-rights advocacy group that seeks to enjoin phone companies from turning over records and seeks damages for affected customers.

Selim Bingol, a spokesman for AT&T, said that the lawsuit filed by the federal government to block New Jersey's subpoenas showed that the phone companies should not be the ones that have to address these policy issues.

The American Civil Liberties Union has filed complaints in 22 states demanding that attorneys general

and utility regulators officials investigate whether consumer protection laws have been violated. Officials in a few states in addition to New Jersey. including Vermont, Maine and Washington, have promised to investigate.

"All we're really trying to do is to make sure that the phone companies have followed the law," said David J. O'Brien, Vermont's commissioner of the Department of Public Service.

But none had gone as far as New Jersey, according to Barry Steinhardt, director of the A.C.L.U.'s Technology and Liberty Project.

According to some critics, one potential weakness of the government's state-secrets claim is that Ms. Farber -- as well as Gov. Jon S. Corzine and Richard L. Canas, the state director of homeland security -- has top federal security clearance, and might well not divulge any sensitive national security information she received as a result of the subpoenas.

"Our state officials are cleared for security purposes all the time," said Bruce Afran, a lawyer in Princeton, N.J., who, with his partner, Carl Mayer, filed a federal suit in Manhattan last month against Verizon.

END

Mercury (Hobart, Australia)

June 16, 2006

Hicks UK bid boosted

THE British Government has accepted a court ruling that Australian David Hicks, detained in the US military prison in Guantanamo Bay, is entitled to British citizenship, lawyers said, but that may change when a new law comes into force today.

The High Court dismissed a complaint by lawyers for David Hicks, who said the government was deliberately dragging its heels on granting Hicks citizenship, as the court has ordered it to do.

Justice Andrew Collins has said that since Hicks's mother was born in London, officials cannot deny him citizenship. He accepted government lawyers assurances that officials were taking the necessary steps to comply with the order.

Hicks hopes that if he gets citizenship, London would lobby for his release from Guantanamo Bay, the US camp for terrorism suspects in Cuba, as it has for other Britons. A Muslim convert accused by the US of fighting with the Taliban in Afghanistan, Hicks has accused the Australian Government of failing to intervene in his case.

The British Government said it would consider today ``whether, and if so what, representations should be made to the US Government in relation to Mr Hicks''.

However, a new immigration law that comes into force today will ease the criteria on which the government can reject citizenship claims.

END

FindLaw.com

June 16, 2006

Opinion: ACLU v. National Security Agency: Why the "State Secrets Privilege" Shouldn't Stop the Lawsuit Challenging Warrantless Telephone Surveillance of Americans

By JOHN W. DEAN

The American Civil Liberties Union is the lead plaintiff in a federal lawsuit requesting that the National Security Agency (NSA) be enjoined from its ongoing violation of the Foreign Intelligence Surveillance Act (FISA) via its program of telephone surveillance of Americans. Joining the ACLU as plaintiffs are a number of attorneys, scholars, journalists and others who have been adversely affected by the program. The plaintiffs argue that the NSA program violates not only FISA, but also the Constitution's First and Fourth Amendments.

The U.S. Government, through its Department of Justice attorneys, has been desperately trying to get this case - currently pending in the U.S. District Court for the Eastern District of Michigan -- dismissed. To this end, DOJ attorneys have invoked the "state secrets privilege" - claiming, in essence, that the government cannot explain its actions because they involve national security.

DOJ attorneys have used this strategy successfully with FBI translator Sibel Edmonds twice, to prevent her from testifying about misconduct in the FBI. They used it again with Maher Arar, a Canadian who was arrested when passing through JFK airport, returning from his vacation, only to find himself "renditioned" to Syria, where he was tortured before being released because he was innocent. And they used it once again with Khalid El-Masri, the German citizen mistakenly arrested and flow to Afghanistan where he was detained, beaten, and tortured by the CIA.

But this time, the outcome may be very different. Because this is a case where the "state secrets" privilege plainly should not apply, and a case with a judge brave enough to rule that, in fact, it does not.

Indeed, if she so chooses, Judge Anna Diggs Taylor can do for America what the GOP-controlled Congress, and Republican-beholden federal judges, have thus far refused to do: She can require the Administration to comply with the law -- and in the process, she can actually examine the validity of the government's claim of "state secrets," rather than merely buying into assertions that national security is involved. Since such claims have been persistently abused by prior presidents, this kind of examination is long overdue.

The *ACLU v. NSA* Lawsuit, and The Judge Who Will Hear It

The ACLU's lawsuit simply calls for the NSA to follow FISA, which Congress made the exclusive means by which the Executive Branch can undertake electronic surveillance of Americans.

Unlike those judges who easily disposed of Edmonds, Arar and El-Masri, Judge Taylor plainly understands civil rights and liberties, as her biography well illustrates. She is a no-nonsense judge with a quarter century of experience on the federal bench. She has tossed lawyers out of her courtroom when they played delaying games in discovery (and she has been upheld by the Court of Appeals when doing so). She writes well-reasoned opinions that reveal deep sympathy for victims of civil liberties violations. And she certainly has no fear of being reversed by an increasingly conservative U.S. Court of Appeals for the Sixth Circuit, which has jurisdiction over her court.

In short, if ever there was a federal judge to stand up to the President of the United States to tell him he must obey the law, and to cut through the nonsense that typically surrounds the invocation of the "state secrets" privilege, it is Judge Anna Diggs Taylor.

Column continues below ↓

The ACLU argues that "Administration officials have publicly conceded all of the facts necessary" for the judge to rule on the plaintiffs' statutory and constitutional claims. Accordingly, it has moved for partial summary judgment in the case.

The Administration sought a stay with respect to the motion, but in an order of May 31, Judge Taylor

refused the stay, and on June 10, she heard oral argument. Still upcoming in the case is another hearing, to be held on July 12, on the Administration's motion to dismiss the case because it involves state secrets. It seems likely that Judge Taylor will not rule on either the ACLU's motion, or the Administration's, until some time after that second hearing - so readers can likely expect a ruling in late July, August, or September.

The Government's Arguments for Dismissal: Exceptionally Weak

The government has made two arguments in support of dismissing the case:

First, it claims that the plaintiffs do not have standing to bring their lawsuit, because their harm is speculative - after all, they do not know whether they are actually being surveilled or not. And looking at FISA and its legal standards won't help them figure out whether they might be - since the government has admitted it is flagrantly violating FISA.

The NSA should not be able to profit from the situation of fear and uncertainty it has created, by getting this suit dismissed on this ground - especially since this kind of fear and uncertainty is exactly why First Amendment doctrine allows standing based on the "chilling effect." A reporter's or scholar's phone call may be very different when it is made under fear of surveillance, and in the knowledge that standards set out in wiretapping laws are being utterly ignored.

Relatedly, the DOJ attorneys argue that they cannot show the plaintiffs' lack of standing without jeopardizing national security. But what, exactly, do they mean? Is the DOJ unwilling even to admit that it is not surveilling the plaintiffs? And why would it bother to make such an admission, in the first place - since as noted above, the plaintiffs' prior fear and uncertainty is a separate basis for standing here?

Second, the government claims that the "state secrets" privilege renders it unable to fully explain why, in fact, the NSA surveillance program is legal, because to do so would involve matters relating to national security. But this argument, too, is bunk. There was at least some scant basis for making the argument in the cases of wrongly detained and tortured individuals; the government could claim there, at least, that its ways of figuring out who to detain were a matter of national security. Here -- notwithstanding a 42-page document the Administration issued proclaiming the legality of the NSA program -- as the ACLU has argued, the Administration's own public admissions make it difficult to imagine what "secret national security" argument might be added to make blatantly illegal actions legal.

State Secrets: A Privilege Born on the Lips of a Lie

The ugly history of the "state secrets" privilege should also cause Judge Taylor to pause before considering allowing DOJ to get away with once again invoking it.

The state secrets privilege was first recognized by the Supreme Court in its 1953 ruling in *United States v. Reynolds*. Following the death of three civilian engineers involved in a B-29 crash while working for the military, their widows sought the accident reports and damages for their wrongful deaths. But the government refused to turn over the reports, claiming the mission was national-security-related, and to do so would reveal secrets that could harm the nation. The *Reynolds* Court, which took the government at its word, agreed, and dismissed the claim. The Justices explained the impossible position in which the reviewing court had been put: "The court itself must determine whether the circumstances are appropriate for the claim of privilege, and yet do so without forcing a disclosure of the very thing the privilege is designed to protect."

Fifty years after the *Reynolds* ruling, a daughter of one of the men killed in the B-29 crash, Judy Loether, discovered while surfing the Internet that the government had declassified the accident report, without deigning to let her know this fact. For $63, she purchased a copy from a private company. To her utter amazement, the accident report revealed that no state secrets whatsoever had been involved; rather, the only secret was the gross negligence by the military. It was an accident that should never have happened.

Following up on Loether's discovery, the lawyers involved in the *Reynolds* case filed a motion to underline the point that the government had perpetrated a fraud on the federal courts. Yet neither the Department of Justice nor the Supreme Court wanted to know anything about it. The motion was all but summarily dismissed.

Because of the increasing use of the "state secrets" privilege, it has been more closely studied in recent years. For example, University of Texas political scientists William Weaver and Robert Pallitto, after reviewing all the reported cases, have concluded that "the state secrets privilege … [is] now [being] judicially mishandled to the detriment of our constitutional system." This mishandling, they contend, is occurring because "the courts have unwisely acquiesced to executive power on this matter."

As one commentator nicely states it, the state secrets privilege was "born with a lie on its lips." When the government says "national security," the federal courts seem to cower. Yet anyone who has worked in this area knows that seldom is nation security truly at stake when the government claims it to be. Typically, the invocation of national security borders on being a hoax.

The Great "National Security" Ruse - Illustrated by the Pentagon Papers Case

No government can operate in a fishbowl. And there is some information that is appropriately kept secret to prevent harm to the nation's security. But such secrets are rare. Very, very rare.

Tom Blanton, the executive director of the National Security Archive at George Washington University, recently wrote in the *Los Angeles Times* about how the government overuses national security classifications. He noted that the current deputy undersecretary for counterintelligence grudgingly conceded to Congress that at least half of all classified information was overclassified; 9/11 commission chairman Tom Kean has said that "three-quarters of what I read [when studying the government's preparation for terror attacks] that was classified shouldn't have been"; and President Reagan's executive secretary for his National Security Council, Navy Captain Rodney McDaniel, has testified that only ten percent of the document stamped secret were for "legitimate protection of secrets."

Captain McDaniel is being generous.

Probably the most egregious case, within my personal knowledge, of the government's employing the national security ruse was the landmark Pentagon Papers case, *United States v. New York Times*.

Serving, at the time, as counsel to the President, I watched as the government sought injunctions against the *New York Times* and *The Washington Post* to prevent further publication of the leaked study of the origins of the Vietnam War -- knowing full well that none of the government's lawyers involved actually knew what was in these documents.

The U.S. Attorney in the Southern District of New York had thought it unseemly to argue for a prior restraint upon the press - the ultimate First Amendment violation -- without knowing why. I agreed, and tried to find out what the justification for seeking this extraordinary remedy might be. But the Defense Department refused to explain to what was in the papers to anyone.

The Solicitor General is the government's most esteemed advocate -- often referred to as the tenth member of the Supreme Court because of the trust given his office. Yet the Solicitor General at the time, Irwin Griswold -- a former dean of Harvard Law School -- did not insist on knowing what was actually contained in the Pentagon Papers, and he never found out, even as he insisted on the importance of their continued secrecy.

Remarkably, Griswold told the High Court in June 1971, "I haven't the slightest doubt myself that the material which has already been published and the publication of the other materials affects American lives and is a thoroughly serious matter. I think to say that it can only be enjoined if there will be a war tomorrow morning, when there is a war now going on, is much too narrow."

Three justices were convinced, but six were not. The Pentagon Papers thus were published - and

America could read for itself, to see that no national security peril was posed.

No doubt Griswold was haunted by his less-than-candid advocacy in the Pentagon Papers case, for twenty-eight years later, he publicly recanted. In a 1989 *Washington Post* OpEd he wrote, "I have never seen any trace of a threat to the national security from the publication [of the Pentagon Papers]. Indeed, I have never seen it even suggested that there was such an actual threat…. It quickly becomes apparent to any person who has considerable experience with classified material that there is massive overclassification and that the principal concern of the classifiers is not with national security, but rather with governmental embarrassment of one sort or another."

In sum, the government has a well-documented and persistent history of abusing its claims of national security. Given this history, federal judges should not give the Executive Branch the benefit of any doubts.

It's true that the head of the Executive department or agency involved in claiming a state secret must personally attest to the national security issue. But if anyone believes that the Secretary of Defense, or the Director of National Intelligence, has the time or disposition to examine all the papers, and consider the problems involved, they simply do not understand how government works. These decisions, in fact, are made by bureaucrats (often with their own agendas).

Judge Anna Diggs Taylor's Dilemma

When Judge Taylor conducts the July 12 hearing on the Administration's invocation of the "state secrets" privilege as a basis for dismissing the suit, she will face a classic dilemma facing all federal judges who must rule on the "state secrets" privilege: How is the judge able to know whether the government is making a legitimate claim?

The ACLU seems correct that the government's factual admissions here make the case for FISA violation, in particular, rather cut-and-dried, as a legal matter. Accordingly, the invocation of the state secrets privilege appears more a sword than a shield: A method to dispose of the case without litigating the legality of the government's actions.

But the paradox of the state secrets privilege is that the government can invoke it without saying exactly why, and many federal judges - and, as noted, government attorneys - have met this invocation with deference, mindful of the constitutional separation of powers.

Such deference, however, has not been earned by the Executive Branch. Solicitor General Griswold was snookered by Defense Department bureaucrats. Government officials admit that not less than half -- if not as much as ninety percent -- of classified information is incorrectly classified. Yet many federal judges follow the line of state secrets cases that are obsequious to the Executive Branch's claims when they relate to national security. They should not. By doing so, they are not truly fulfilling their role as constitutional co-equals of the Executive Branch. They are not checking, nor are they balancing. They are merely abdicating.

Many judges seem to believe that they must abdicate, for they are not competent to make determinations regarding national security matters. The truth is that, in fact, they are probably more competent than the agenda-driven officials within the Executive branch who make such determinations. Judges are experienced at weighing facts and their implications, and they certainly have the power to gather the information necessary. And life-tenured federal judges - beholden to no one, and in no fear of job repercussions - are able to be far more impartial than Executive Branch officials can ever be. It is no surprise that Executive Branch officials are grossly overprotective of secrecy; for them, that is the safest course.

Tom Blanton noted in his essay that "judges have many tools at their disposal for inquiring into and testing the government's claims" when invoking the state secrets privilege, including appointing "special masters with expertise and security clearances." (Special Masters may be appointed by federal courts to report back to the court when complex factual matters arise.)

For example, Judge Taylor could appoint a team of special masters like the former co-chairs of the 9/11 commission, Tom Kean and Lee Hamilton, to assess the government's claims that it would have to expose "state secrets" in order to explain why plaintiffs do not have standing, and why the government is not really violating FISA -- despite its own public admissions that, in fact, it is.

Such a ruling could halt the growing abuse of the "state secrets" privilege by President Bush and Vice-President Cheney -- who have already used this privilege more aggressively than any presidency in history, and recently have only been increasing its use. While precise numbers - because not all cases are reported - are hard to come by, a recent study reports that the "Bush administration has invoked the state secrets privilege in 23 cases since 2001." By way of comparison, "between 1953 and 1976, the government invoked the privilege in only four cases."

An Overwhelmingly Important Case - and Hearing

The eyes of the nation should turn to Judge Anna Diggs Taylor's courtroom on July 12. It is not an exaggeration to say that Judge Taylor, in many ways, will be ruling on the fate of the nation. We are sliding down the slippery slope.

I am reminded of the words of Martin Niemoeller, the German U-Boat captain and later Lutheran pastor and philosopher, who was asked by a student "How could the Holocaust happen?" Niemoeller famously explained how easy it was to tolerate injustice when people do not believe they are involved: "First they came for the Communists, but I was not a Communist so I did not speak out. Then they came for the Socialists and the trade unionists, but I was neither, so I did not speak out. Then they came for the Jews, but I was not a Jew so I did not speak out. And when they came for me, there was no one left to speak out for me."

Are these words properly invoked in the "state secrets" context? Ask Maher Arar and Khalid El-Masri - tortured by mistake, despite their innocence, then prevented from holding the government responsible in court, on the ground that the very mistake that caused their terrible suffering was a "state secret."

Judge Anna Diggs Taylor will hopefully speak out - for all of us.

END

Legal Times
06-16-2006

Analysis: Is Bush Signaling an About-Face on Detainees?

Tony Mauro

It is rare for a president to comment on a pending Supreme Court case. But President George W. Bush has been doing just that in recent weeks, making several mentions of the *Hamdan v. Rumsfeld* case that will decide the fate of the military commissions he ordered to handle detainees at Guantanamo Bay, Cuba.

"We're waiting on our Supreme Court to act," Bush said at a press conference Wednesday, one of several comments that indicate he is eager to follow the Court's lead, even if it rules against his claim of broad power to deal with the detainees outside the established military and civilian court system.

Bush's remarks and tone have confounded opponents of the military commissions, leaving some wondering if Bush is trying to soften the blow of an expected defeat -- or already preparing the public for civilian alternatives to military commissions.

Covington & Burling partner David Remes, one of the coordinators of the legal effort against the administration position, says Bush's comments have led him to ask "why Bush made *Hamdan* a test of

presidential power in the first place. If Bush could accomplish his goals within the existing legal framework, why did he confront the judicial branch with such breathtaking claims of presidential power?"

The presidential commentary on the case was so frequent in recent days that expectations were high that the Court might hand down the decision on Thursday. The two lawyers who argued against each other in the case -- Solicitor General Paul Clement and Georgetown University Law Center's Neal Katyal -- were in the courtroom, but the justices instead handed down four criminal and business law cases. The Court will convene again next Monday and Thursday to issue more decisions in its push toward adjournment by month's end.

The Hamdan case asks whether the president has constitutional or statutory authority to establish the commissions -- and whether federal courts have jurisdiction over the issue. Lawyers challenging the commissions say the limited rules of evidence and trial procedures violate the Uniform Code of Military Justice and the Geneva Conventions on prisoners of war. The administration has argued that Bush has ample authority to decide that military necessity requires a special process for handling the detainees outside the court system.

But during a joint press conference June 9 with the prime minister of Denmark, Bush said he thought Guantanamo detainees "ought to be tried in courts here in the United States. We will file such court claims once the Supreme Court makes its decision as to whether or not -- as to the proper venue for these trials." That comment seemed to some to contradict his legal position, which was that the detainees should be tried by military commissions at Guantanamo, not courts in the United States.

"This is a dramatic about-face from the Administration's position in the high court, and an admission that the detainees have been right all along," said Katyal, who argued on behalf of detainee Salim Ahmed Hamdan before the justices on March 28. "These cases belong in our courts, not in a makeshift military system that lacks credibility. President Bush's statement reaffirms that national security doesn't require this makeshift system, which is precisely what Mr. Hamdan has been saying for three years."

On Wednesday, at a press conference after his surprise visit to Iraq, Bush seemed to amend his comments, emphasizing that he had military, not civilian courts in mind. "I'd like to close Guantanamo," Bush said, "but I also recognize that we're holding some people that are darn dangerous, and that we better have a plan to deal with them in our courts. And the best way to handle ... these types of people is through our military courts. And that's why we're waiting on the Supreme Court to make a decision."

But on May 7, in comments during an interview on a German television network, Bush seemed indifferent about which courts the detainees ultimately face. "I very much would like to get people to a court," Bush said, according to the transcript. "And we're waiting for our Supreme Court to give us a decision as to whether the people need to have a fair trial in a civilian court or in a military court. But in either case, they will get a trial which they, themselves, were unwilling to give to the people that they're willing to kill."

Richard Samp of the Washington Legal Foundation, which filed a brief in support of the Bush Administration's position on military commissions, said not much should be made of these remarks.

"He has been talking to a lot of foreign leaders lately about Guantanamo, and I am sure he wants to not appear insensitive to their concerns," said Samp. Samp adds that it is prudent for the administration to be planning now for the ramifications of a high court ruling -- no matter which way it comes down.

Deborah Pearlstein of Human Rights First, a leading critic of the commissions, agrees that Bush's comments about the case reflect "national and international pressure on the administration to finally come up with some definitive -- and lawful -- resolution to a global detention system that long ago stopped serving U.S. policy interests in promoting freedom, or in protecting its own security."

But she too was astonished at Bush's seeming acceptance of trials for the detainees, no matter where they take place. "The suggestion that the Guantanamo detainees should be tried at all, much less tried in U.S. courts, contradicts the administration's position all along that the President can just detain, without trial if he wants, the 'worst of the worst' at Guantanamo forever."

END

Idaho Mountain Express

June 16, 2006

Commentary:'Downwinders' deserve their due

Pat Murphy

The news out of Washington is a baffling set of contradictions.

The Federal Emergency Management Agency freely and hurriedly ladled out $1.4 billion in aid to hundreds of ineligible Katrina hurricane claimants—call it fraud—and just as quickly peeled off $60,000 in compensation to families of 24 Iraqis shot and killed in Haditha by U.S. Marines who're being investigated for murder.

But several hundred Idahoans have been denied compensation from the same government for illnesses they and experts contend were the result of radioactive fallout from Nevada nuclear tests in the 1950s and 1960s.

Mind you, the government doesn't reject claims of all "downwinder" families living where radioactive fallout rained down. Washington has paid claims to families in Utah, Nevada and Arizona—a handsome total of $440 million, in fact.

But nothing for Idahoans.

That despite data showing that four Idaho counties—Blaine, Custer, Gem and Lemhi—ranked among the nation's top five in per capita thyroid dosage of radiation.

Idahoans claiming illnesses from nuclear dust were just as unwitting and unknowing victims of secret nuclear tests that showered them as were residents in the other states, and surely deserve better of their government than cold indifference.

If the U.S. Treasury can shell out $1.4 billion to pay fraudulent Katrina claims, it certainly can find just and relatively modest compensation for ill survivors of nuclear tests about which they were not warned and therefore could not escape.

END

Ames, Andrew

From: Ames, Andrew
Sent: Monday, June 19, 2006 11:18 AM
To: Ames, Andrew; Baxter, Felix (CIV); Blomquist, Kathleen M; Branda, Joyce (CIV); Brett Gerry; Brody, Stephen (CIV); Bucholtz, Jeffrey (CIV); Bukvics, Jennifer (CIV); Claterbos, Barbara (CIV); Cohen, David M. (CIV); Cohn, Jonathan (CIV); Davidson, Jeanne (CIV); Davis, Dan (CIV); Fargo, John (CIV); Fielding, Gabrielle (CIV); Figley, Paul (CIV); Flentje, August (CIV); Frost, Peter (CIV); Garren, Timothy (CIV); Glynn, J.Patrick (CIV); Gorsuch, Neil M; Hertz, Michael (CIV); Hollis, Robert (CIV); Hunt, Jody (CIV); Hussey, Thom (CIV); Jennifer Brosnahan; Jeweler, James (CIV); Katsas, Gregory (CIV); Keisler, Peter D (CIV); Kohn, Chris (CIV); Kopp, Robert (CIV); Letter, Douglas (CIV); Levine, Larry (EOIR); Lindemann, Michael (CIV); Magnuson, Cynthia; McCallum, Robert (SMO); Miller, Charles S; Nichols, Carl (CIV); Nowacki, John; Pyles, Phyllis (CIV); Riley, Sharon (CIV); Rivera, Jennifer (CIV); Roehrkasse, Brian; Schiffer, Stuart (CIV); Scolinos, Tasia; Seidel, Rebecca; Senger, Jeffrey M; Spellberg, Dianne (CIV); Swenson, Lily F; Thirolf, Eugene; Wilson, Karen L; Zwick, Ken (CIV)
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Federal agencies mining private firms for data

EDITORIAL: Federal courts, rather than Congress, should resolve executive privilege debate

AP
Mon, Jun. 19, 2006

Top court won't block part of drug program

GINA HOLLAND
Associated Press

WASHINGTON - The Supreme Court refused Monday to block part of the six-month-old Medicare prescription drug program, a defeat for states that claim they may get stuck with the bill.

Justices declined without comment to temporarily stop part of the law that added a prescription drug benefit to Medicare, the federal health insurance program for the elderly and disabled. States were contesting a requirement that they pay the federal government for the drug expenses.

The court also said that the fight belonged in a lower court, not the Supreme Court.

The 2003 law went into effect Jan. 1. About 43 million people are eligible for the benefit, although some missed a May deadline to sign up and may face a penalty.

Texas, Kentucky, Maine, Missouri and New Jersey called on justices to step in, while the court decides whether to hear their challenge to a funding part of the law.

END

San Jose Mercury News
Sun, Jun. 18, 2006

Lawsuit confronts a barrier of secrecy; AT&T WIRETAP CASE A TEST OF POWERS

By Pete Carey
Mercury News

When a federal judge in San Francisco considers a government request Friday to dismiss a wiretapping lawsuit against AT&T, he will step into an acrimonious national debate over the power of courts to check the alleged excesses of the Bush administration's anti-terrorism programs.

While the class-action lawsuit is against AT&T, the government has intervened to invoke a military and state secrets privilege, in which it contends that the matters involved are too sensitive and vital to national security to be made public.

The state secrets privilege has been in place for more than 50 years, but recently has risen to prominence in a series of cases that have provoked harsh criticism of the administration for overstepping its bounds.

Under the privilege, evidence that the government claims would compromise national security cannot be introduced in court -- a restriction that can kill a lawsuit or criminal indictment when the evidence is central to the case.

The government's assertion of the privilege in a flurry of lawsuits over the past six months aimed at the National Security Agency's wiretapping program comes at a time of increasing criticism of the administration for alleged overzealousness in its war on terrorism.

Critics accuse it of breaking laws and violating civil rights through extraordinary renditions -- transferring suspects from one country to another -- interrogations of prisoners and, now, eavesdropping on ordinary citizens.

Several rights groups also have filed anti-wiretap lawsuits recently against the government and

telecommunications companies in New York, Michigan and Oregon. The Justice Department has either filed motions, or announced plans to, in those cases, invoking the secrets privilege. It also has asserted the privilege in a pending case in which New Jersey's attorney general subpoenaed records of four phone companies.

No remedy

Judges have seldom ruled against the privilege, even when the case appears to shock their consciences.

Last month, for example, a federal judge in Virginia ruled against a German man who said he was kidnapped from Macedonia by a CIA ``black renditions team,'' held captive in Kabul, Afghanistan, for four months, interrogated and beaten and finally dumped on a road in Albania to find his way home. If the man's claims are true, ``all fair-minded people'' would agree he deserves a remedy, said U.S. District Judge T.S. Ellis III. But with state secrets at risk, the remedy does not lie with the court, Judge Ellis ruled.

What makes these recent, post-Sept. 11 state secrets cases more politically volatile than some past cases is that they allege wrongdoing by the administration and are seen by critics as a use of national security by the Bush administration to cover its tracks.

``The administration has been using the state secrets privilege more broadly than any administration in history,'' said Jonathan Turley, George Washington University Law School expert on national security law. ``The administration tends to reach for the privilege in any case that has even tangential connections to national security.

``It's pretty clear they do not want the legality of these programs reviewed,'' Turley said.

No lawful authority

In the San Francisco class-action lawsuit, the Electronic Frontier Foundation accuses AT&T of allowing the National Security Agency to monitor millions of e-mails and phone calls without lawful authority, such as a warrant.

The Justice Department said Friday that it couldn't comment on the specific case before the federal court in San Francisco, but in January, it published a 42-page defense of the NSA surveillance program. It said the president has the power under the U.S. Constitution to conduct warrantless surveillance, and also under a Sept. 18, 2001, congressional authorization for the use of military force.

The foundation says the wiretapping violates the First and Fourth Amendments, federal communications statutes and the requirements of the Foreign Intelligence Surveillance Act. Lawsuits over the snooping against AT&T by the American Civil Liberties Union and by two citizens have also been filed with the San Francisco federal court.

Friday's hearing will be the first on a government motion to dismiss one of the NSA wiretapping cases on national security grounds.

AT&T says it can't defend itself because of national security issues, and the government says that to even acknowledge that there is or isn't a legal basis for the wiretapping would disclose a state secret. Others disagree.

``Essentially, the government is asserting it can unilaterally disregard the laws written by Congress, and there is nothing the judiciary can do about it because it is too secret for the judiciary to consider,'' said Kurt Opsahl, a lawyer with the Electronic Frontier Foundation.

When classified declarations were submitted by the heads of the Central Intelligence Agency and the NSA, U.S. District Judge Vaughn R. Walker, who is hearing the AT&T case, asked the government's lawyer how the plaintiff's lawyers would be able to argue against them.

``They won't be, frankly, your honor,'' said Deputy Assistant Attorney General Carl J. Nichols at a May 17 hearing. ``They won't be in the sense that they will not be able to see nor rebut our showing. . . . Unfortunately, or fortunately, that is the way it is done, and that is the way it has to be done. Because to do otherwise would be to disclose facts to a number of people, the result of which would be to harm national security.''

Invoking state of war

In arguments filed late Friday, the government said that even if Judge Walker were to find ``unlawfulness'' upon reading the classified material, he couldn't award damages because that would confirm the lawsuit's allegations.

``The state secrets privilege is not an excuse to violate the law,'' countered Barry Himmelstein, a San Francisco lawyer representing two men who are suing AT&T. ``We're in a critical moment in our nation's history -- is the administration above the law or do they have to obey it?''

The government believes it has a trump card in that debate. It contends that because the nation is at war against terrorism, the president has the constitutional authority as commander in chief to override a citizen's right to have his or her day in court.

``It's very simple,'' observed University of California-Berkeley law Professor Jesse Choper. ``Whether you are convinced or not convinced is another matter. Article II [of the Constitution] defines executive power, makes the president the commander in chief of the armed forces. That includes the power to wage war. That power includes all necessary and proper for waging of that war. He considers this [Sept. 11] to be an attack on the United States.''

Others say the government's argument in the AT&T case is a stretch.

``It's the claimed authority the government has advanced to engage in warrantless surveillance of citizens of the United States, much more than the invocation of the state secrets privilege, that is much more expansive and, to my mind, extremely alarming,'' said Allen S. Weiner, Stanford University law professor and former attorney in the U.S. State Department.

``One can't simply say `Article II,' therefore there's nothing for courts to do,'' said Weiner. ``That's ultimately a legal question the courts are competent to decide.''

Also before the court in San Francisco are a motion by AT&T to dismiss the case and motions to intervene by several news organizations, including the Mercury News.

The Electronic Frontier Foundation has indicated that it will appeal if Judge Walker dismisses the case.

END

The Village Voice
June 19, 2006

Congress and Judges Gagged; Arlen Specter and a CIA torture victim know: Only the Oval Office decides what the law is

by Nat Hentoff

Khaled el-Masri: Tortured abroad by the CIA, abandoned in the U.S.

Arlen Specter, a Republican and an unusually independent chairman of the Senate Judiciary Committee, has been publicly and insistently charging that the president violated the Foreign Intelligence Surveillance Act by authorizing the National Security Agency's secret, warrantless eavesdropping on our phone calls and e-mails. The administration's answer, however, was underlined on May 8 by John Negroponte, chief of all the intelligence agencies:

This government, he said, is "absolutely not" engaging in warrantless monitoring of domestic calls. Negroponte ignored, as does the president, the further revelation that AT&T and Verizon are collaborating with the NSA to collect millions, actually, trillions, of our phone records (the numbers we call and those who call us)—which are then also linked to FBI, CIA, and other agencies' databases.

Despite the concerted opposition of Dick Cheney (who is in charge of the administration's "dark arts," as he calls them), Chairman Specter wants to subpoena AT&T and Verizon to find out who in the administration told them that their complicity—absent any judicial supervision—with the lawless NSA is legal.

Even if Specter issues those subpoenas, he appears resigned to the blank wall he'll find, since he says the telephone companies will refer to the "state secrets" privilege and refuse to answer any of his questions that have to do with the NSA. And Dick Cheney has ordered them not to testify.

So, once again, as *USA Today* noted in a May 18 editorial, "Congress may as well be deaf and blind." Arlen Specter has been the only congressional chairman who keeps trying to investigate these felonies committed by the president and NSA. Now he has been blocked by the administration's escape from accountability through "state secrets." (In most of these dismissals, the lawyers for the plaintiffs are not even told what "the secrets" are.)

But what of the independent judiciary in our constitutional separation of powers? On May 12, Federal District Judge T.S. Ellis III in Virginia killed a suit by Khaled el-Masri—*Khaled el-Masri* v. *George Tenet, et. al*—whose kidnapping and "rendition" by the CIA to be tortured has been repeatedly reported—in detail—in this country and around the world, including the *Voice*.

A broken man because of his ordeal, el-Masri seeks a mere $75,000 in compensation from our government for five months of torture, beginning in December 2003. Moreover, this German citizen was kidnapped by mistake. The agent in charge of the Al Qaeda division of the Counterterrorist Center screwed up because el-Masri has the same name as a person suspected of links to terrorism.

"The government is moving to dismiss this case at the outset on the basis of a fiction that discussion in this courtroom of the very same facts being discussed throughout the world will harm [this] nation." If the ruling is upheld on appeal—and it very likely will be, given the two justices Bush has placed on the Supreme Court—the total disappearance of *Khaled el-Masri* v. *Tenet* will, as the ACLU's Ben Wizner says, "give a broad immunity to the government to shield even the most egregious activities."

Judge Ellis's 17-page ruling is dramatically unusual in showing his discomfort at being shackled by the precedent of previous judges allowing the government to whisper to them, "state secrets" and usurp their roles as judges of the facts and the law.

As if to expiate his surrendering of his independence to the administration, Ellis gives a lot of space to el-Masri's claims. He calls them allegations, but they strike me as weighing on his conscience.

For example, says Judge Ellis, a "blindfolded" El-Masri—after first having been snatched to Macedonia—"was led to a building where he was beaten, stripped of his clothing, and sodomized with a foreign object [and] dragged naked to a corner of the room [where] he claims he saw seven or eight men dressed in black and wearing black ski masks.

"[El-Masri] contends that these men were members of a CIA 'black renditions' team, operating pursuant to unlawful CIA policies at the direction of defendant [then CIA director George] Tenet."

The judge continues: "After being dressed in a diaper . . . shackled and dragged to an airplane . . . his captors injected him with a sedative," and he wound up in the notorious CIA interrogation facility, the "Salt Pit," an abandoned brick factory in Afghanistan. For the next four months, "in a small, cold cell," he was repeatedly (and forcibly) interrogated. His hunger strike was broken—like those of the prisoners in Guantánamo—by force-feeding. (This brutal practice, as I have written in previous columns, locks the prisoner in a metal chair where, while being "fed" through a tube, he urinates and defecates on himself.)

At last, the CIA, knowing it had the wrong man, flew el-Masri, blindfolded, to Albania where he was dumped on the side of an abandoned road. Albanian authorities got him back to Germany where he found his wife and four children had gone to Lebanon because his wife thought he had abandoned them.

Says Judge Ellis: "El-Masri asserts he remains deeply traumatized." He hasn't been able to work. One of his children is frightened if his father goes out alone.

At the end of his decision, Judge Ellis, somewhat traumatized himself, writes: "Putting aside all the legal issues, if el-Masri's allegations are true or essentially true, then all fair-minded people, including those who believe . . . that this lawsuit cannot proceed [because it involves "state secrets"] must also agree that *El-Masri has suffered injuries as a result of our country's mistake and deserves a remedy*." (Emphasis added.)

The judge continued: "Yet . . . the only sources of that remedy must be the Executive Branch or the Legislative Branch, not the Judicial Branch."

But the executive branch, brandishing "state secrets," has forced this judge to dismiss the case! And the legislative branch has repeatedly refused to conduct an investigation into these "renditions" that kidnap suspects to be tortured—as has been verified in meticulously documented reports by Human Rights Watch, Human Rights First, Amnesty International, and NYU's Center on Law and Security.

So there is no remedy for Khaled el-Masri in this country which holds its "values" and rule of law as a model to the world.

END

Mondaq

June 19, 2006

NextWave Redux

Mr Mark Douglas

By Mr Mark Douglas

In a landmark 2003 ruling, the U.S. Supreme Court held that the Bankruptcy Code's anti-discrimination provisions prohibited the Federal Communications Commission ("FCC") from revoking broadband spectrum licenses valued at nearly $5 billion awarded at a pre-bankruptcy auction to chapter 11 debtor NextWave Personal Communications, Inc. based upon its failure to make timely payments to the FCC for the purchase of the licenses. The decision put an end to protracted litigation that had for many years limited access to the disputed broadband capacity, and was widely perceived as having given the green

light to technology developers eager to exploit the public airways by removing the shroud of controversy from licenses covering a significant percentage of the available electromagnetic spectrum.

NextWave's bankruptcy spawned considerable debate concerning the power of the FCC to regulate access to the airwaves in ostensible derogation of various provisions of the Bankruptcy Code. While it did not prevail in the Supreme Court on the anti-discrimination issue, the FCC won a significant victory on another front when the Second Circuit Court of Appeals ruled in 1999 that the bankruptcy court presiding over NextWave's chapter 11 case lacked jurisdiction to abrogate the FCC's licensing authority by allowing NextWave to avoid a portion of its auction payment obligation as a fraudulent transfer. Unfortunately, this issue never made its way to the Supreme Court.

Based in part on the Supreme Court's 2003 ruling, NextWave, in April of 2004, successfully negotiated a global settlement of its auction debt to the FCC. Under the agreement, NextWave satisfied all of its debt obligations to the FCC by returning 90% of its licenses and making substantial additional cash payments. NextWave was permitted to keep the remaining licenses free and clear of any debt or claims or liens of the FCC. The settlement resulted in a total recovery of more than $4 billion for the government and allowed NextWave to confirm a chapter 11 plan of reorganization in March of 2005.

It appeared that the cauldron of controversy surrounding NextWave's bankruptcy filing and its efforts to hold onto its hard won spectrum licenses had finally stopped boiling after over seven years of contentious litigation -- but not quite. Less than a month after confirmation of NextWave's chapter 11 plan, a qui tam action was commenced under the False Claims Act ("FCA") against NextWave and its attorneys, alleging that the defendants violated the FCA by failing to advise the federal government of the possible application of the Credit Reform Act ("CRA") to spectrum auction debt and NextWave's related bankruptcy proceedings.

The complaint asserted seven FCA claims against the defendants, each of which stemmed, directly or indirectly, from their alleged knowing failure to inform the courts, the FCC, and Congress of the existence of the CRA and its alleged applicability to spectrum auction debts and, in particular, to NextWave's rights in bankruptcy. In substance, the plaintiff argued that, under the CRA, any disposition of a federal loan that decreases the government's recovery constitutes a "modification," and is thus barred in the absence of advance Congressional approval. Because no Congressional approval was sought or obtained by NextWave, the plaintiff contended, NextWave was precluded from satisfying its debt obligations to the FCC in the manner provided under the global settlement.

A New York district court recently granted the defendants' motion to dismiss, finding that the cause of action stated against NextWave's attorneys was untimely under the FCA's six-year statute of limitations, and that the remaining causes of action both failed to state a claim under the FCA and were barred by the doctrine of res judicata. According to the district court, the complaint's causes of action against the non-attorney defendants rested, at least in part, on their alleged use of false statements to obtain payment from the government or to avoid payment obligations to the government, yet it failed to identify a single false statement made by the defendants at any time. Moreover, the court characterized the basic premise of the complaint -- that the defendants violated the FCA by failing to bring a federal statute to the attention of the federal government in the course of a litigation to which the federal government was a party -- as "patently absurd." In light of its conclusions, the district court never reached the issue of whether the CRA actually superseded NextWave's bankruptcy rights in the absence of Congressional approval.

FCC v. NextWave Personal Communications, Inc., 537 U.S. 293 (2003).

In re NextWave Personal Communications, Inc., 200 F.3d 43 (2d Cir. 1999), cert. denied, 531 U.S. 924 (2000).

U.S. ex rel. Finney v. NextWave Telecom, Inc., 337 B.R. 479 (S.D.N.Y. 2006).

END

Great Falls Tribune

Jun 17, 2006

Cobell calls for support of Indian issues

By ALEX STRICKLAND
Tribune Staff Writer

Continuing hard work is the only way government can be changed, and the Democratic women of Montana are a good group to lead the charge, said Elouise Cobell Friday evening.

Cobell, an enrolled Blackfeet tribal member, spoke to a crowd of about 50 at the Holiday Inn in Great Falls as part of the three-day Montana Democratic Women's Convention.

Well known both in Montana and Washington, D.C., for being the lead plaintiff in a class-action lawsuit against the government for mismanagement of Indian money, Cobell spoke about the need for change in Washington and the progress of the lawsuit.

"I am so tired of all the lies that continue to go on," she said about the case, now called Cobell v. Kempthorne after Secretary of the Interior Dirk Kempthorne.

Cobell just passed the 10-year anniversary of her lawsuit, which was filed June 10, 1996.

"It has been a long, long battle," she said.

Roxanne Brothers of Kalispell knew Cobell's story and said she came to the speech because Cobell was "a good spokesman for Native American causes.

"We need to promote more Native American voice in Montana," Brothers said.

It is the voiceless that Cobell said she believes she is speaking for in the largest class action lawsuit ever brought against the U.S. government, representing some 300,000 Native Americans.

"I did it because the people who own this money can't defend themselves," she said.

Cobell encouraged the crowd of women and a few men "to be energized." She said it shouldn't be just Indians on board with the lawsuit, but "all the Democrats in this country."

Cobell countered applause for her efforts with, "there is no hero until we get the first individual Indian money account paid."

The latest shift in the lawsuit was an April 11 hearing where a motion was heard to remove U.S. District Judge Royce Lamberth from the case.

Cobell said she gathered Blackfeet drummers in Washington to sing war songs as their attorneys went into court and victory songs as they emerged.

No ruling has been made on the motion.

END

AP

June 19, 2006

Klimt painting looted by Nazis sold to NY museum

By ANDREW GLAZER

Associated Press Writer

LOS ANGELES_An oil and gold-encrusted portrait by Gustav Klimt that was the focus of a battle between the Austrian government and the subject's niece was purchased for a record-setting amount by a New York museum, an attorney said Sunday.

The 1907 portrait of Adele Bloch-Bauer _ one of the most recognizable of the 20th century _ was sold by Los Angeles resident and Bloch-Bauer's niece Maria Altmann and her family, said her attorney Steven Thomas.

Thomas refused to disclose the price, but said it eclipsed the prior record of $104.1 million paid at auction for Picasso's 1905 "Boy With a Pipe (The Young Apprentice)." The New York Times, citing experts familiar with the negotiations, reported the portrait sold for $135 million.

The Klimt painting will now be displayed at the Neue Galerie, a New York museum of German and Austrian art co-founded by cosmetics mogul Ronald S. Lauder, who Thomas said was instrumental in the deal.

"It was important for the heirs and for my aunt Adele that her work be displayed in a museum," Altmann said in a statement released by the family.

Altmann, 90, was a newlywed when she watched the Nazis seize power in 1938 and steal the portrait and four other Klimt works from her aunt and uncle's home.

Since then, the portrait has hung mostly in the Austrian Gallery Belvedere in Vienna, near Klimt's famous painting "The Kiss."

Altmann had figured she had no hope of recovering the family collection until a 1998 law in Austria required museums to return art seized by the Nazis.

She spent the past seven years fighting the Austrian government to recover her family's collection.

Lawyers in Austria, however, claimed that Altmann's aunt, who died of meningitis in 1925, had willed the paintings to the government gallery and resisted returning them to the family.

But with the help of attorney E. Randol Schoenberg, Altmann and her family sued\l "l" the Austrian government in the United\l "l" States\l "l" _ a lawsuit that eventually found its way to the U.S\l "l". Supreme Court after the Austrian government repeatedly tried to have it dismissed.

The Supreme Court in 2004 ruled in Altmann's favor and following arbitration, the Austrian government awarded all five paintings to Altmann and her family in January. The collection has been on display at the Los Angeles County Museum of Art since April and will remain there until June 30, Schoenberg said.

Altmann wanted to ensure the art would remain in public view.

"One of the things we always wanted to do was for this to tell the story of what happened to Maria and her family and Jews in the Holocaust," Schoenberg said. "Now by having this painting on the wall, it will allow this story to be told and retold."

END

Morning Call (Allentown, PA)

June 17, 2006

U.S. suit seeks return of pension funds ** Government wants owner of defunct Wescosville business to repay $118,376.

Kurt Blumenau Of The Morning Call

The U.S\l "I". Department of Labor has sued\l "I" the former owner of a defunct Wescosville mobile home sales company, trying to ensure she returns more than $118,000 owed to the company's pension plan.

According to the agency, Cathy Milder, formerly of G&M Land Development Inc., is required to repay $118,736 to the company's pension plan under a settlement reached in February. Milder has since filed for personal bankruptcy, according to the agency.

The department said Friday it filed a complaint in U.S. Bankruptcy Court to make sure Milder's debt to G&M is not discharged in her personal bankruptcy case.

A separate judgment was filed in July against Milder's husband and business partner, Charles, who was also a trustee of G&M's pension plan.

A department spokeswoman said she did not know where Cathy Milder lives. Attorney Andrew Shaw of Bethlehem law firm Goodman & Shaw, who represented the Milders in the earlier case, could not be reached for comment.

G&M closed in 1999, two years after it set up its pension plan.

According to the department:

An investigation found G&M in violation of the Employee Retirement Income Security Act. That federal law sets responsibilities for officials who manage retirement plan assets.

The Milders lent money from the plan to third parties, then failed to make sure the loans were repaid. They also used plan money to buy real estate, but did not pay it back when properties were sold.

The couple mixed the plan's assets with those of the company. Also, they transferred money from the plan into an escrow account and used it to make interest-free loans.

Court records do not say how many people were employed at G&M, but one document lists 20 people who are entitled to shares of pension money.

The Milders were required to forfeit their individual balances in the plan.

They have also been replaced as trustees, and were ordered to turn over all records to court-appointed fiduciary David Lipkin.

END

The Washington Post

By Arshad Mohammed and Sara Kehaulani Goo

Federal agencies mining private firms for data

Washington - The Pentagon pays a private company to compile data on teenagers it can recruit to the military. The Homeland Security Department buys consumer information to help screen people at borders and detect immigration fraud.

As federal agencies delve into the vast commercial market for consumer information, such as buying habits and financial records, they are tapping into data that would be difficult for the government to accumulate but that has become a booming business for private companies.

Industry executives, analysts and watchdog groups say the federal government has significantly increased what it spends to buy personal data from the private sector, along with the software to make sense of it, since the Sept. 11, 2001, attacks. They expect the sums to keep rising far into the future.

Privacy advocates say the practice exposes ordinary people to ever more scrutiny by authorities while skirting legal protections designed to limit the government's collection and use of personal data.

Critics acknowledge that such data can be vital to law enforcement or intelligence investigations of specific targets but question the usefulness of "data-mining" software that combs huge amounts of information in the hopes of finding links and patterns that might pick someone out as suspicious.

Recent reports about the National Security Agency's effort to acquire phone call records highlight the government's growing interest in the technique.

"The only question we would have is at what rate would the demand be increasing," Wayne Johnson, a financial analyst at Raymond James Financial Inc., said of the government's interest in buying commercial data and related software.

It is difficult to pinpoint the number of such contracts because many of them are classified, experts said. At the federal level, 52 government agencies had launched, or planned to begin, at least 199 data-mining projects as far back as 2004, according to a Government Accountability Office study.

Most of the programs are used to improve services, such as detecting Medicare fraud and improving customer relations.

But a growing number of agencies are exploring the technology to analyze intelligence and assist in the hunt for terrorists.

Another GAO report, released in April, found that of $30 million spent by four government agencies last year on services from data-crunching companies, 91 percent was for law enforcement or counterterrorism.

The hope is that the technology can help to discern and thwart threats just as businesses have used it for years to predict consumer behavior on buying cosmetics or repaying mortgages, for example.

Companies keep an increasing amount of data about everyone - tracking their buying, travel, bank transactions and bill-paying habits.

Data mining uses mathematical formulas to look for patterns in those behaviors. The results could enable the grocery store to send out targeted coupons, or, in theory, help the government decide how likely it may be that someone is linked to terrorist groups.

The Education Department's Project Strikeback uses mining methods to compare its databases with the FBI and verify identities. The Defense Department's Verity K2 Enterprise program searches data from the intelligence community and Internet searches to identify foreign terrorists or U.S. citizens connected to terrorists. A Navy program analyzes data to try to predict where it might find small weapons of mass destruction and narcotics smuggling in the shipping industry.

Cogito Inc. sells software to the National Security Agency that the company says can find patterns in massive amounts of data, such as lists of telephone calling records.

The Utah-based company does not know how the super-secret agency is using the software, but it does know that data-mining technology once used primarily by commercial clients is now doing booming business with the federal government.

"What was surprising ... was how aggressive and hot the intelligence and security market is for this," said William Donahoo, vice president of product management and marketing at Cogito.

More than half of Cogito's clients are in the fields of intelligence, security and public safety, he said. Critics argue that catching terrorists is far different from predicting consumer purchases or preventing credit card fraud, saying that data mining is likely to provide so many false leads that its use is a waste of time and money.

"What you don't want is to get into the Kevin Bacon game, which is to say that you show that everybody is six degrees of separation from a terrorist," said James B. Steinberg, dean of the Lyndon B. Johnson School of Public Affairs at the University of Texas.

Steinberg was a deputy national security adviser in the Clinton administration.

END

Allentown Morning Call

EDITORIAL: Federal courts, rather than Congress, should resolve executive privilege debate

June 19, 2006

One of the issues that sharply divides Americans is whether the Bush administration has over-reached the constitutional authority of the executive branch. It's good for the nation to figure this one out, because citizens feel intensely about both Fourth Amendment protections against unwarranted searches of their homes and protecting the nation from terrorists.

The best way to resolve these differences is in court, and a hearing was held in federal court in Detroit last week about the National Security Agency "eavesdropping" program. Meanwhile, members of the U.S. Senate discussed related matters. The better thing, we believe, is for the Senate to stand down while the courts hear this case. It's likely that it will proceed to the U.S. Supreme, it is true, but patience still is called for.

The specific concerns, of course, are the reports from December that the NSA has been eavesdropping on citizens suspected of having telephone contact with members of al-Qaida and other suspect groups. Then, last month, there were other reports about telephone companies handing over phone records for millions of their customers to the federal government.

The flash point with the NSA program is that it apparently was done without first getting proper court warrants, as provided in the Foreign Intelligence Surveillance Act of 1978. In fact, the act sets up a secret court in Washington, D.C. just to handle the sensitive nature of these cases. However, President Bush said no warrants were needed because Congress intended to give him new, broad powers after the terrorist attacks of 9/11.

A lot of people don't agree, including members of Congress from both parties and this page. In January, the American Civil Liberties Union filed suit against the NSA program. It took the action on behalf of people who are likely to have contacts in the Middle East and other areas. For instance, college professors, journalists and lawyers might attract NSA's attention because of the nature of their work. The case took on an Alice in Wonderland tone when the U.S. Justice Department declined to formally respond to it, but gave the judge secret information, hoping to persuade her to throw it out. So, its legal argument amounts to "just take our word for it."

A similar suit was filed in another federal court in New York. Meanwhile, Pennsylvania's Sen. Arlen Specter and fellow members of the Senate Judiciary Committee are considering a series of bills dealing with FISA and the NSA program. They are worrisome because they would give congressional sanction to the President's claim of unlimited power or would expand the government's ability to do domestic surveillance under FISA.

There are no guarantees about how judges will strike a balance. It is a safe bet, however, that a review in court, as opposed to new laws from the political chambers of Congress, will be more to people's liking.

END

USDOJ- Office of Public Affairs

From:	USDOJ- Office of Public Affairs
Sent:	Tuesday, June 20, 2006 8:08 AM
To:	USDOJ- Office of Public Affairs
Subject:	Attorney General's News Briefing for Tuesday, June 20, 2006
Attachments:	agnb060620.pdf; agnb060620.doc

THE ATTORNEY GENERAL'S NEWS BRIEFING

PREPARED FOR THE OFFICE OF PUBLIC AFFAIRS, U.S. DEPARTMENT OF JUSTICE

TO: THE ATTORNEY GENERAL AND SENIOR STAFF

DATE: TUESDAY, JUNE 20, 2006 7:45 AM EDT

TODAY'S EDITION

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TERRORISM NEWS:

IG Report Offers Broad Criticism Of FBI Moussaoui Investigation. The previously-redacted Zacarias Moussaoui section of Justice Department IG Glenn Fine's report on pre-9/11 intelligence failures was released yesterday. Fine criticized the actions taken by FBI personnel at all levels in the investigation of Moussaoui after his arrest in August 2001, including those by "whistleblower" Colleen Rowley.

Under the headline, "FBI Erred Widely In Moussaoui Probe, Report Says," the Washington Post (6/20, A6, Markon, Eggen, 744K) reports, "unlike previous public criticisms of the FBI's bungling of the case…Fine's analysis said there was plenty of blame to go around." But "ultimately, Fine concluded, no FBI policies or procedures were violated in the Moussaoui investigation." Responding to the report in a statement yesterday, "the FBI emphasized that Fine had 'dismissed any instances of intentional wrongdoing by FBI employees or any violation of FBI policies or practices' and found there was no attempt by FBI headquarters 'to intentionally thwart the efforts' of Minneapolis agents. Intelligence and other reforms since Sept. 11, the bureau added, have left the FBI 'much better positioned today to detect and prevent terrorism.'"

The AP (6/20, Barakat) focuses on Rowley and reports that Fine "credits Rowley overall for blowing the whistle on mistakes at FBI headquarters in its failure to aggressively investigate Moussaoui," but he "faults Rowley for failing to pursue other investigative avenues, such as a traditional criminal search warrant." In a Monday interview with AP, Rowley said that she "disagrees with the report…when it concludes that FBI headquarters had a reasonable basis to question a search warrant on Moussaoui. Rowley maintains that Minneapolis had laid out probable cause and said

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officials at headquarters were simply unwilling to stick their necks out." UPI (6/20) also briefly reports on Fine's analysis, under the headline "Justice Report Faults Former FBI Agent."

Judge Rejects Hayat Motion To Dismiss Lying Convictions. The AP (6/20, Thompson) reports US District Court Judge Garland E. Burrell Jr. yesterday rejected Hamid Hayat's motion to dismiss the three counts of lying to the FBI on which he was convicted along with a charge of providing material support to terrorists. Hayat attorney Wazhma Mojaddidi "argued that federal prosecutors were piling on potential prison time by charging three versions of the same lying offense." But Burrell ruled that "the circumstances of the two interviews were significantly different" because "the FBI needed to learn whether Hayat planned to attack the U.S. … 'He impaired the ability of the FBI to specifically identify a potential terrorist threat,' Burrell said in his 11-page ruling." The Stockton (CA) Record (6/20) also notes Burrell "ruled that Hayat's three lying convictions are not redundant, because each lie hindered the FBI's investigation of an alleged terrorist sleeper cell in Lodi."

Stewart Lawyers Ask Judge To Force Release Of Any NSA Surveillance In Case. The New York Post (6/20, Cornell, 624K) reports, "Convicted terror lawyer Lynne Stewart wants to force the feds to reveal whether they used the National Security Agency's secret surveillance program to gain access to her personal phone records. In papers filed in Manhattan federal court yesterday, Stewart's lawyers asked Judge John Koeltl for access to any phone and Internet records related to her case that the feds might have reviewed without a warrant." The Post notes, "Lawyers for Stewart claim her case may have been compromised if the feds had access to confidential communications under the controversial surveillance program, which they claim is illegal."

WPost Urges US To Comply With Convention Against Torture. The Washington Post (6/20, A16, 744K) editorializes, "The Convention Against Torture has been ratified by the Senate and should also bind the United States. In a report last month, the UN Committee Against Torture, which oversees the convention, spelled out what that would mean. Secret detention of prisoners in CIA facilities, it said, 'constitutes, per se, a violation of the Convention'; so does the 'rendition' of suspects to other countries where they might be tortured 'without any judicial procedure.' To come into compliance, the United States must disclose to the International Committee of the Red Cross the identities of all detainees it is holding and allow monitoring of their treatment. It must also give them access to a judicial process or release them as soon as possible." The Post adds, "All of this the United States should in any case want to do, in its own interest. It should establish one set of rules for questioning all prisoners. Those rules should conform with international treaties and the U.S. Constitution, so that inhumane treatment is at all times forbidden. And the rules should be public, so that the world can see that the United States has returned to its fundamental values."

Former DOJ Officials Say ACLU Criticism Of Bush Detainee Policy Falls Flat. In a Los Angeles Times column (6/20), former Justice Department officials David B. Rivkin Jr. and Lee A. Casey say, "In an effort to show that on the Bush administration's evil watch the U.S. military has been systematically mistreating prisoners in Iraq and Afghanistan with tacit approval or even outright encouragement from its civilian superiors, the American Civil Liberties Union has been demanding the release of dozens of internal military investigative reports. But the two reports on U.S. detainee policy just released in response to an ACLU lawsuit paint a picture quite the opposite of what the ACLU expected." Though "heavily redacted to remove operational details, the reports (by Brig. Gens. Richard Formica and Charles Jacoby) show a Pentagon open to criticism and change, and determined to guarantee detainees the humane treatment promised by President Bush when the war on terror began." Although "genuine instances of abuse are noted," these "are very much the exception and not the rule. The reports indicate that many allegations of abuse simply are unsubstantiated — or that the 'victim's' story changes once carefully examined." Predictably, the ACLU "has cried 'whitewash.' But what we are seeing is the refusal by administration critics to see anything other than the 'torture narrative' they have constructed."

Robinson Urges US To Close Guantanamo Prison. Columnist Eugene Robinson writes in the Washington Post (6/20, A17, 744K), "We'd better not turn away just yet from the suicides of those three detainees at Guantanamo Bay. The rest of the world clearly isn't ready to move on. And with good reason. In many newspapers around the globe 'Guantanamo' is much more than the name of a beautiful

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harbor on Cuba's southern coast." It has become "shorthand for a whole litany of American excesses in George W. Bush's 'global war on terror,' the most visible example of how the United States blithely ignores the values of due process and rule of law that it so aggressively preaches, if necessary at the point of a gun." Robinson adds "we're long past the point where the government needs to show the world what's happening at Guantanamo. Instead of hurrying to expel reporters, the Pentagon should invite one and all to witness the orderly, legal process of emptying and shutting down a prison that is doing this nation much more harm than good."

HOMELAND RESPONSE:

Muslim, Arab-Americans Sue DHS, FBI Over Re-Entry Searches, Detentions. The New York Times (6/20, MacFarquhar, 1.19M) reports, "A group of Muslim and Arab-Americans, frustrated by what they say is the climate of suspicion and fear that dogs their re-entry into the United States from trips abroad, sued the Department of Homeland Security and the F.B.I. yesterday, demanding that the courts protect their civil rights." The class-action lawsuit, filed by the ACLU in Chicago, "contends that the courts alone can ensure that antiterrorism policies do not repeatedly subject ordinary Americans to detention, questioning, fingerprinting and the like." Illinois ACLU legal director Harvey Grossman "noted that Robert S. Mueller III, director of the Federal Bureau of Investigation, testifying May 2 before the Senate Judiciary Committee, could not guarantee that inaccuracies on the terrorist watch list would be corrected within the next five years." In a story distributed by Knight Ridder, the Chicago Tribune (6/20, Coen, 643K) adds that the plaintiffs "are calling for changes in policy at the FBI's Terrorist Screening Center and at U.S. Customs and Border Protection. 'We've taken a lot of time to bring together a broad array of plaintiffs from all over the country who have been stopped at every major airport and border crossing,' Grossman said. 'They are doctors, a pharmacist, businessmen.' The plaintiffs allege their civil rights have been violated through what they call 'highly punitive detentions' and harassment." The Tribune notes, "Bill Carter, a spokesman for the FBI in Washington, said there would be no comment because of the pending litigation."

WXYZ-TV Detroit (6/19, Agar, Morgan) reports on its Web site from a story broadcast yesterday, "Dr. Elie Khoury has been delivering babies in Detroit for 43 years. He was born in Palestine and said he's treated like a terrorist even though he's an American citizen. Seven times in the past three years when returning from vacations in Mexico and Australia, he and his wife have been detained and separated from each other and their children. … He and the others bringing the lawsuit against Homeland Security, the FBI, Immigration and Customs said they are detained and questioned for hours."

Bloomberg Greets Bush At JFK, Lobbies For More DHS Funds. The New York Times (6/20, Cardwell, 1.19M) reports on "an unusually close encounter" that took the form of Mayor Bloomberg, who is "safely ensconced" in his final term, purposely flying to JFK Airport to meet President Bush before for his commencement address at the Merchant Marine Academy. While Bloomberg "studiously avoided" appearing with Bush in 2004, the mayor and president "shook hands beside Air Force One, with Mr. Bush slapping Mr. Bloomberg on the back and then later putting both hands on Mr. Bloomberg's shoulders to whisper in his ear." During the "seemingly amiable meeting," Bloomberg pointed to the abandoned 2003 cyanide plot to lobby for more Homeland Security funds. Bush expressed "disappointment" that the total amount for Homeland Security was cut.

WNBC-TV.com (6/19) calls the Bloomberg gesture "a surprise move" from the recent Bush critic, and goes into previous "attacks" on national issues levied against the administration.

Details Of Al Qaeda Plot Against New York Subway Examined. More details about the al Qaeda plot to attack the New York subway using homemade cyanide explosive devices, first revealed in author Ron Suskind's new book, "The One Percent Doctrine," were revealed yesterday. NBC Nightly News (6/19, story 6, 2:25, Mitchell, 9.87M) reported a "CIA source inside al Qaeda" says "the plan was to attack the subway with a lethal mix of hydrogen and cyanide, setting off a small explosion, releasing a deadly gas. New York went on alert." Mayor Michael Bloomberg, New York City: "We were completely posted by Washington and we took appropriate precautions and I guess history shows, since nothing happened, that we did what was correct." Mitchell: "Bloomberg, who rides the subways, says they're safe." But Suskind "says an al Qaeda cell came within 45 days of striking the subway and could still be in the US." Ron Suskind, author: "They don't have specifics as to exactly who

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they are, name, rank and serial number, but they're searching and have been searching fiercely for a cell like this if in fact they remained in the country." Mitchell: Bin Laden deputy Ayman al-Zawahiri called off the plot, but "why is still a mystery." Michael Sheehan, former NY counter-terrorism official: "I think if al Qaeda had an operation cell in New York City ready to go, it would have launched it. So I think there might have been other problems with this operation." Mitchell: "Other revelations confirmed by NBC News, the FBI penetrated Osama bin Laden's bank, the CIA kidnapped the banker and his tellers, replacing them with CIA agents of Pakistani descent." Dennis Lormel, former FBI official: "It was an important money laundering mechanism to al Qaeda that basically was dismantled." Mitchell: "And the book reveals that after capturing 9/11 organizer Ramzi bin al-Shibh in Karachi, the CIA found a treasure trove, including brand new Sudanese passports for bin Laden's wife and sons. Vice President Cheney said today that it is not just luck that has prevented another attack on the US since 9/11, but some experts fear that could be because al Qaeda is biding its time for an even more spectacular attack."

Government To Buy Experimental Treatment For Anthrax. The Washington Post (6/20, D1, Rosenwald, 744K) reports, "Human Genome Sciences Inc. is scheduled to announce today that the federal government has agreed to buy $165 million worth of an experimental treatment for anthrax infection in what will become the 14-year-old Rockville firm's first product sale." The purchase of "20,000 doses of Abthrax under the government's $5.6 billion Project BioShield program" is intended" to help the government stockpile a variety of anthrax therapies, including vaccines and drugs such as Abthrax, which would typically be given after exposure to the lethal substance." The government, which "could have purchased 100,000 doses under the BioShield contract," has also been considering "another anthrax treatment from Cangene Corp., a Canadian biotech company. For now, federal health officials appear to have settled on Abthrax. Cangene is not expected to be awarded a contract today, according to people briefed on the deal."

Arab-Americans Sue DHS, FBI Over Watch List. The New York Times (6/20, MacFarquhar, 1.19M) reports the ACLU filed a lawsuit against the Department of Homeland Security and the FBI yesterday in which Muslim and Arab-Americans claim that they face a "climate of suspicion and fear" upon "re-entry into the United States from trips abroad. … The seven main plaintiffs in the class action suit assert that both the United States Congress and the federal government are ignoring the plight of innocent Americans harassed repeatedly because of problems with the terrorist watch list." Donna A. Bucella, director of the Terrorist Screening Center of the F.B.I., where the watch list is maintained, said it is "an important tool for local law enforcement agencies," but that "there must be ways the U.S. government could refine it and make it better."

DHS Official Recommends Book On Privacy In a "Globalized World." John W. Kropf, of the Department of Homeland Security's Privacy Office, in an op-ed in the Washington Times (6/20, 90K) writes, "Even if you've never physically set foot outside the United States, your personal information has traveled the globe." Kropf adds that the "average citizen" should care about this "in a globalized world, where personal information has become a major form of currency for both private industry and government." Kropf adds that "The Governance of Privacy," a book by Colin J. Bennett and Charles D. Raab examining "the world of global privacy" should be "a must read" for those in the privacy field. It is noted that Kropf's vies "are his and not those of the Department of Homeland Security or the government."

NYTimes Criticizes "Golden Revolving Door" At DHS. Under the headline "The Golden Revolving Door," the New York Times (6/20, 1.19M) editorializes that since its creation, DHS "has hardly covered itself with glory." However, "there's one area in which Homeland Security has excelled beyond anyone's wildest expectations: creating a giant, expensive crop of government-trained consultants and lobbyists." Referring to a Times report that "at least 90 top Homeland Security officials have gone through that famous revolving door between the government and the lobbying industry," the Times questions how "the people running an agency that performs so badly could be so much in demand." The Times states that those left at the agency are likely to "temper their own judgments about what systems to buy and what consultants to use with an eye on their own private-sector prospects." The Time says a "loophole" allowing former DHS officials to lobby former colleagues without waiting a year "should be revisited immediately."

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National Guardsmen Will Be Sent To Quell Violence In New Orleans. USA Today (6/20, Konigsmark, 2.31M) reports that following a "a surge of violence" in New Orleans that left six dead over the weekend, Louisiana Gov. Kathleen Blanco "plans to send hundreds of state police and National Guardsmen into the city's hurricane-ravaged areas" to aid local police. Mayor Ray Nagin, who requested the extra help Monday, said the troops and state police "would free up city police officers to cover the more densely populated areas."

NBC Nightly News (6/19, story 5, 2:10, Williams, 9.87M) reported that in New Orleans, "a new emergency to deal with, a crime wave." Today, "an angry Mayor of New Orleans asked for and got several hundred National Guard soldiers and additional state police officers to try and stem the rising tide of violence."

ABC World News Tonight (6/19, story 6, :20, Gibson, 8.78M) reported Blanco is sending troops "to help patrol the streets, where residents say crime has been rising. Last weekend, five teenagers were shot to death. There have been more than 50 murders in New Orleans so far this year."

The Los Angeles Times (6/20, Fausset, 958K) reports, "Federal troops were a common sight in New Orleans after Katrina." After the storm, some locals hoped that the "stub of a city -- less populous, but also less poor -- would be reborn with less of the crime and violence that have long marred New Orleans' reputation." However, "A criminal element has returned, bringing back turf wars, drugs and deaths."

The New York Times (6/20, Saulny, 1.19M) calls Nagin's request for troops "a blunt admission that the city could no longer control its growing crime problem." The Times adds that the city's Police Department "has not bounced back from the storm," having "suffered sharp budget cuts" and a "tarnished reputation."

Houston Inundated By Ten Inches Of Rain. ABC World News Tonight (6/19, story 5, 2:20, Gibson, 8.78M) reported that as storms moved across Houston Monday, parts of the city "got more than ten inches of rain." ABC (von Fremd) added, "From the air, it looked like a replay of Katrina. People staying inside this YMCA were trapped and forced to the rooftop, waving for help." Houston Mayor Bill White: "We have gotten 500 calls in through the center on the 911 line for rescues. Most of those, the vast majority of those have been rescues from automobiles."

USA Today (6/20, Welch, 2.31M) reports "residents were bracing for another round of torrential rain and flooding after a slow-moving storm dumped more than 10 inches Monday and sent rising waters into homes, business and vehicles." Rusty Cornelius, Harris County Emergency Management coordinator, said 300 people had been rescued "by midday Monday when waters began to recede. … As many as 200 Guard troops were made available to the city, Cornelius said. US Coast Guard aircraft were also standing by, he said. When waters began receding Monday afternoon, crews were ordered to rest and prepare to resume rescue efforts if the additional rains arrive as forecast."

The CBS Evening News (6/19, story 6, :20, Schieffer, 7.66M) reported, "The floodwaters forced motorists out of their cars and people out of their homes. Governor Rick Perry ordered Texas National Guard trucks and helicopters to help."

NBC Nightly News (6/19, story 4, 2:35, Teague, 9.87M) reported, "The Governor of Texas has ordered the National Guard to Houston to help with relief efforts. Tonight, most of the floodwaters have receded, but residents here wonder how the water could have risen so fast." Floodwaters "rose so fast, fire crews were forced to improvise, using dump trucks to rescue at least 500 residents and motorists trapped by high water." Amazingly, "no lives were lost, but the raging waters are an unwelcome reminder for the tens of thousands of Katrina evacuees still living in Houston that weather can change lives in an instant."

WAR NEWS:

Iraqi Official Says Missing US Soldiers In Iraq Found Tortured, "Barbarically" Killed. The Washington Post (6/20, 6:20 a.m., Finer, 744K) reports on its Web site, "The two U.S. soldiers missing since an attack on a checkpoint last week were found dead near a power plant in Yusifiyah, south of Baghdad, according to an Iraqi defense official. General Abdul Aziz Muhammed, head of operations at Iraqi Ministry of Defense said in a news conference in Baghdad this afternoon that the soldiers had been 'barbarically' killed and that there were traces of torture on their bodies. … The Army yesterday identified the missing soldiers as Pfc. Kristian Menchaca, 23, of Houston and Pfc. Thomas L. Tucker, 25, of Madras, Ore."

The Washington Post (6/20, A12, Partlow, Finer, 744K) reports, "More than 8,000 U.S. and Iraqi troops scoured

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villages south of Baghdad on Monday for two soldiers missing since an attack four days ago, as an insurgent group linked to al-Qaeda in Iraq" named the Mujaheddin al-Shura Council "claimed that it had abducted the Army privates." The AFP (6/20) adds Secretary Rice "said that the US government is very worried about" the kidnapped soldiers. She is quoted saying, "This is obviously a matter of great concern to all of us. And the American military has made very clear that they are going to do everything possible -- I think they've said air, land and sea -- to try and find them. And obviously their safe return is something that everyone will work for, and their safe return is something that everyone will pray for."

The story was the lead on CBS and NBC, while ABC ran it second in its newscast. The CBS Evening News (6/19, lead story, 3:10, Cowan, 7.66M) reported, "Search teams are under almost daily attacks. At least seven US soldiers have been wounded since the manhunt began. A sweeping operation of more than 8,000 US and Iraqi troops the military describes as the largest of its kind." Maj. Gen. William Caldwell: "We are using all available assets, coalition and Iraqi to find our soldiers, and will not stop looking until we find them." An "Islamic militant group linked to al Qaeda Interact posted a brief message on a Website boasting they had kidnapped the two Americans but offered no proof, only saying they would release more information later."

In a separate story, the CBS Evening News (6/19, story 2, 1:55, Martin, 7.66M) reported, "Only the insurgents know if this was a clever trap or they just got lucky. But the US troops appear to have made a critical mistake by dividing their force in the face of the enemy. Troops are trained in tactics designed to thwart hostage taking. No patrols with fewer than three humvees, no soldier left alone even in camp. But in the end it comes down to a young American faced with a choice of fighting to the death or being captured. And there is no training for that."

NBC Nightly News (6/19, lead story, 4:15, Williams, 9.87M) reported, "The group al Qaeda in Iraq said it is holding them, and American commanders are worried that there is now a new threat facing American forces there -- the threat of abduction -- becoming hostages in this conflict that has taken over 2,500 American lives." NBC (Boettcher) added, "A US military spokesman says a massive search is underway to find them." Major General William Caldwell, US military spokesman: "Approximately 12 villages have been cleared in the area and we continue to engage local citizens for help and information leading to the whereabouts of our soldiers." Boettcher: "But as NBC News learned while covering a recent American mission in the area, this is hostile territory for US forces." US military sources "tell NBC News they believe this was an expert operation by the insurgents to try to gain back control of the momentum after the killing of Abu Musab al-Zarqawi."

ABC World News Tonight (6/19, story 2, 2:25, Reynolds, 8.78M) reported, "Knowing that thousands of soldiers are looking for these men is a comfort. But there is a kind of powerlessness that grips the nation at such moments. While the country absorbs the death of a soldier, a kidnapping can crack the national composure." USA Today (6/20, Soriano, 2.31M), Los Angeles Times (6/20, Roug, 958K) and Washington Times/AP (6/20, Yacoub) run similar stories. The Washington Post (6/20, A12, Moreno, 744K) also reports on the soldiers' families.

Senate Democrats Offer Plan For Iraq Aimed At Easing Party Divisions. CNN's The Situation Room (6/19, Blitzer) reported that some Senate Democrats "unveiled a plan aimed at easing election year divisions within the party" over when to begin withdrawing US troops form Iraq. CNN (Bash) added that "what a core group of Democrats did do today was try to make the case in this election year that they're sort of in touch with the desire among the growing number of Americans that they want to see not only change in Iraq but specifically, some kind of time table for the end date, so to speak, some kind of specific plan for how to get out of Iraq eventually." The Democrats' plan "would begin the phased redeployment of US troops from Iraq in 2006 and also require the administration to submit a plan by the end of 2006 for continued phase redeployment beyond 2006." Fox News' Special Report (6/19, Hume) said that Senate Democrats are "groping for party unity on Iraq."

The AP (6/20, Sidoti) says "Senate Democratic leader Harry Reid of Nevada backs the resolution and his aides say they expect 38 to 40 Democrats and a few Republicans to vote for the symbolic statement." They "don't expect to get the 51 votes needed to attach the resolution to an annual military bill."

The New York Times (6/20, Zernike, Hulse, 1.19M) reports the "non binding resolution" was "carefully worded to deflect any accusations that the Democrats were 'cutting and running,' as their position has been depicted by Republicans. The Democrats behind the measure did not even use the term 'withdrawal,'" and "talked about how to guarantee

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'success' for Iraq, not about any failures of the war." The resolution "was cobbled together by moderate Democrats trying to smooth over differences within the party. The minority leadership has tried to distance itself from a proposal by Senator John Kerry of Massachusetts setting a mandatory deadline for American combat troops to be out of Iraq by the end of this year, a limit that Mr. Kerry modified only marginally on Monday. Some Republican lawmakers and the White House pointed to that proposal last week in attacking Democrats as inconsistent and weak on national security."

The Washington Times (6/20, Bellantoni, 90K) reports the sponsors of the resolution are Sens. Carl Levin, Jack Reed, Dianne Feinstein and Ken Salazar. A White House "official last night dismissed the amendment, saying it calls for an arbitrary timeline that will encourage terrorists to wait for the United States to leave. 'The choice is to stay and win or to allow Iraq to come become a safe haven for terrorists to plot against the United States,' the official said."

Under the headline "For Democrats, a Delicate Balance on Iraq," the Washington Post (6/20, A15, Babington, Weisman, 744K) says Democrats are "scrambling to find a Goldilocks solution: not too hot on withdrawing US troops quickly, but not so cold as to alienate large numbers of Democratic voters furious about the war and eager to bring the Americans home."

Kerry To Offer His Own Amendment Calling For Withdrawal By July 2007. CNN's The Situation Room (6/19, Bash) reported that not all Senate Democrats are supporting the plan. CNN "has learned…that Senator [John] Kerry will unveil and propose his own amendment tomorrow on the Senate floor. And he's changed his amendment just a bit. And he is going to say, according to a source, in Senator Kerry's office, that he wants troops to be fully withdrawn, all combat troops to come home from Iraq, by July 1st, 2007."

The Los Angeles Times (620, Reynolds, 958K) the Kerry proposal, also authored by Sen. Russ Feingold, "appears to have the support of half a dozen senators, including Sen. Barbara Boxer (D-Calif.), who has signed on as a sponsor.'" The Times adds, "Many of the senators who support the Kerry proposal are expected to back the Levin amendment too, aides said."

Dean Says Bush Has No Plan To Get Us Troops Out Of Iraq. DNC Chairman Howard Dean said on CNN's The Situation Room (6/19), "I think the Democrats have been pretty clear about what they want. They want a transition, and now there's going to be a vote on asking the President for a timetable. We need to be out of Iraq. We know we can't leave immediately, but we need to be out, and we need to hear from the President something other than, 'I started this, but we're going to leave this to the next president.'" Asked if US troops should be out of Iraq by the end of the year, Dean said, "The bottom line here is not what the specifics of the plan are. The bottom line is the president doesn't have a plan and the Democrats believe that we should be heading in another direction, which is what the American people believe."

Dean Says Republicans Can't Be Trusted To Defend America. Dean said on MSNBC's Hardball (6/19), "You simply can't trust the Republicans to defend America anymore. It's not that they're not willing to be tough, it's just that they're not smart." Dean added, "You can't trust those people to defend America. I submit to you that it is the Republicans that are weak on defense, because they don't know what they're doing."

Cheney Stands By Claim That Insurgency Is In Its Last Throes. CNN's The Situation Room (6/19, Blitzer) reported that Vice President Dick Cheney "was asked today about his remark more than a year ago that the insurgency in Iraq was in its last throes. He told the National Press Club that he still believes that, but he also acknowledged that he underestimated the strength of the insurgency."

In a similar report, Fox News' Special Report (6/19, Hume) noted Cheney "said something on Iraq today that most people probably already knew or thought, but that no one at his level had ever acknowledged." Fox (Emanuel) added that Cheney, speaking at a Press club luncheon, said, "he underestimated the strength of the insurgency in Iraq. … The Vice President also defended his comment last year that the Iraqi insurgency was, quote, in its final throes."

The Washington Post (6/20, A13, Ricks, 744K) runs a similar story under the headline "Cheney Stands By His 'Last Throes' Remark," and says Cheney "has repeatedly stood by his May 2005 declaration that the insurgency was waning, even as Democratic politicians and comedians have mocked it." It "has joined a litany of administration statements about Iraq cited as examples of wishful thinking, including that reconstruction would be inexpensive for US taxpayers and that U.S. troops would be greeted as liberators."

Cheney Says Government's Actions Have Prevented Terror Attacks Since 9/11. USA Today (6/20, 2.31M) reports, "The United States' biggest terrorism threat is

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'an al-Qaeda cell armed with a nuclear weapon or a biological agent in the middle of one of our own cities,' Vice President Cheney said Monday." Speaking at the National Press Club, Cheney "credited aggressive US action for preventing terrorist attacks since Sept. 11, 2001. 'The fact of the matter is we have been safe and secure here at home,' he said. 'That's not an accident. It didn't happen just because we got lucky.'" Cheney "said improved intelligence-gathering and preventive steps have thwarted attacks on US soil. He singled out the National Security Agency's warrantless surveillance program as important in the war on terrorism and said it 'clearly is legal' and is 'consistent with the Constitution.'"

Dean Says Cheney Has No Credibility. DNC Chairman Howard Dean said on CNN's The Situation Room (6/19), "Vice President Cheney has no credibility in this matter." Dean was asked on MSNBC's Hardball (6/19) about Cheney's claim that the capture of Saddam Hussein "was, in part, the reason we've not been attacked" since 9/11. Dean said, "That's complete hooey. Saddam Hussein had nothing to do with 9/11. That's just part of the Republican nonsense that got us in to Iraq in the first place and the Americans now know that's complete hooey and the President and Vice President were not telling the truth when they said that."

Koizumi Pulling Japanese Troops Out Of Iraq. The Washington Post (6/20, A13, Faiola, 744K) notes Japanese Prime Minister Junichiro Koizumi announced a plan Tuesday to withdraw Japan's 550 troops from Iraq, ending a landmark mission that became Tokyo's largest military operation since World War II." Iraqi Prime Minister Nouri al-Maliki "announced that Iraqi troops would take over security next month around the southern city of Samawah, where the Japanese and other forces are stationed. Officials [in Tokyo] have repeatedly said that the Japanese -- whose withdrawal has been anticipated for months -- had been awaiting that decision before finalizing withdrawal plans." The Post notes, "The Japanese withdrawal is not expected to dramatically affect the effort to rebuild Iraq. Analysts have said the Japanese mission there is more symbolic than strategic."

The Financial Times (6/20, Dinmore, Pilling) says "the shrinking US 'coalition of the willing' in Iraq has come to resemble more a coalition of the reluctant, as allies weigh up the costs of continued involvement in an unpopular war against the benefits of backing President George W. Bush for the rest of his second term." According to the Times, "Analysts say only the UK provided a sizeable military force that actually made a difference in operational capability. Contributions from most other countries had more meaning in terms of political support for the US when the Bush administration failed to win enough backing for a second resolution at the UN." The Los Angeles Times (6/20, Wallace, 958K), among other sources, also reports the story.

Iraqi National Security Adviser Says Unofficial Pullout "Road Map" Exists. In a Washington Post (6/20, A17, 744K) op-ed, Iraqi National Security Adviser Mowaffak al-Rubaie says that while there is "no defined timeline" for a coalition withdrawal from Iraq, there is "an unofficial 'road map' to foreign troop reductions that will eventually lead to total withdrawal." It is based "not just on a series of dates but, more important, on the achievement of set objectives for restoring security in Iraq." Rubaie decries "influential foreign figures" who are "trying to spoon-feed our government," saying Iraq "has to grow out of the shadow of the United States and the coalition, take responsibility for its own decisions, learn from its own mistakes, and find Iraqi solutions to Iraqi problems."

Three US Soldiers Charged With Murder In Detainee Deaths. Three soldiers from the 101st Airborne Division were charged with murder in connection with the May 9 deaths of three detainees in Iraq. There are considerable differences in the attention given to the story by television and print sources. ABC and NBC both led their evening newscasts with the charges, but newspaper coverage is less prominent.

ABC World News Tonight (6/19, lead story, 2:15, Raddatz, 8.78M) reported that investigators believe Army Pfc. Cory Clagett, Spc. William Hunsaker, and Staff Sgt. William Girouard "intentionally murdered three Iraqi males, and then tried to cover it up." The three took the Iraqis into custody during an operation north of Baghdad. The "accused soldiers initially said that the detainees were trying to escape. But a lower ranking soldier e-mailed his superiors saying he had witnessed what he thought was murder." The identity and even the nationality of the victims remains unclear. NBC Nightly News (6/19, lead story, 4:15, Boettcher, 9.87M) says they "are not identified as Iraqis but as foreign nationals. We are still trying to determine exactly who they were."

In contrast to the lengthy coverage on the other two networks, the CBS Evening News (6/19, story 3, :15, Schieffer,

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7.66M) ran only a brief item that also said the three soldiers "are also charged with threatening to kill another American soldier who witnessed the killings." CNN's The Situation Room (6/19, Blitzer) said the soldiers are "in pretrial confinement now. … They will go to an Article 32 hearing, which is the military equivalent of a civilian grand jury. And from there, they will decide whether they will proceed to court-martial."

The New York Times (6/20, Shanker, Tavernise, 1.19M) reports a "Defense Department official said investigators had evidence that the soldiers had released the detainees deliberately before they were shot, apparently to have a pretext for killing them as they fled." The Washington Times (6/20, Scarborough, 90K) says the case "could be the first in a series of murder charges against soldiers and Marines in the deaths of Iraqi civilians. … Two major cases remain under investigation" -- the Haditha incident and the death of an Iraqi man in Hamandiyah.

US Cancels Major Iraq Prison Contract. In what it calls a "harsh rebuke" for the company, the New York Times (6/20, Glanz, 1.19M) reports the Army Corps of Engineers has cancelled a $99.1 million contract with Parsons, "one of the largest companies working in Iraq, to build a prison north of Baghdad after the firm fell more than two years behind schedule, threatened to go millions of dollars over budget and essentially abandoned the construction site." The prison, which was originally supposed to be completed this month, "appears to be the largest single rebuilding project canceled for failing to achieve its goals under the $45 billion American rebuilding program."

Barred Military Contractor Keeps Working In Iraq Under New Name. On its front page, the Wall Street Journal (6/20, Dreazen, 2.11M) reports on how Custer Battles LLC, "which the U.S. military had accused of fraud and barred from receiving any new Iraq contracts," has been revived under another name. Custer Battles was sold to Danubia Global, a Romanian firm, for one dollar, and though "the U.S. sanctions technically put Custer Battles out of business, it never actually shut down. After paying its dollar, Danubia took on most of Custer Battles's employees," and work continued. The Custer Battles-Danubia link is now "the focus of a federal criminal investigation."

Prosecution Asks For Death Penalty For Saddam. NBC Nightly News (6/19, story 2, 0:30, Williams, 9.87M) reported that in Baghdad, "the prosecutor in Saddam Hussein's trial argued strongly for the death penalty as the only fair punishment for the torture and killings of dozens of people in a Shiite village in the 1980s. The prosecutor called the executions barbaric and cruel and savage. Saddam Hussein claims the villagers were part of an assassination attempt against him." ABC World News Tonight (6/19, story 3, :30, Gibson, 8.78M) noted "the chief prosecutor demanded Saddam's execution for barbaric, cruel and savage acts that showed no mercy for the old, women or children. Saddam answered the summation with sarcasm. 'Well done,' he muttered."

USA Today (6/20, Soriano, 2.31M) reports the prosecutor also "recommended the death penalty for Barzan Ibrahim -- Saddam's half-brother and head of the Mukhabarat intelligence agency -- and former vice president Taha Yassin Ramadan." He "asked for leniency for three other defendants and for dismissal of charges against Mohammed Azawi Ali, a former Baath Party official from Dujail, because of a lack of evidence. He left it up to the courts to decide a punishment for Awad al-Bandar, the former chief justice of Saddam's Revolutionary Court." The Christian Science Monitor (6/20, Peterson, 61K), Los Angeles Times (6/20, Stack, 958K), Washington Post (6/20, A13, Partlow, 744K), New York Times (6/20, Burns, 1.19M) and Washington Times/AP (6/20, Juhi) run similar stories.

USA Today Says Khalilzad Cable Shows Grim Reality Of Iraq. Commenting on a recent diplomatic cable from US Ambassador to Iraq Zalmay Khalilzad to Secretary of State Rice, USA Today (6/20, 2.31M) editorializes that the lives of nine Iraqi employees of the US embassy "when they are outside the fortified safety of the Green Zone" described therein suggest "fundamentalists and militias are fast obtaining the kind of power that destroys governments. … Nine lives do not tell the story of an entire country, nor is the cable reason to bring troops home. Other measures paint a brighter picture. Nevertheless, for those who wonder whom to believe in Iraq, the U.S. ambassador reporting privately about the lives of the Iraqis closest to him is a source that can hardly be ignored."

Cohen Says US Suffers From Attention Deficit Disorder In Iraq Policy. In his Washington Post (6/20, A17, 744K) column, Richard Cohen facetiously suggests that attention-deficit hyperactivity disorder is

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responsible for the conflicts in Iraq and Afghanistan. ADHD "explains why few seem to challenge the call to continue the mission in Iraq, apparently forgetting that the mission has changed and no one is quite sure what it is now," and "why we are still fighting in Afghanistan almost five years" after 9/11 – "because our attention got diverted from the Afghanistan-based al-Qaeda, which had attacked us, to Iraq, which had not. … Pass the Ritalin, please."

Taliban Produces "Biggest Show Of Strength" In Years. A starkly pessimistic story on the front page of USA Today (6/20, Wiseman, 2.31M) says pro-Taliban fighters "are terrorizing southern Afghanistan" in their "biggest show of strength in nearly five years." The fighters are "ambushing military patrols, assassinating opponents and even enforcing the law in remote villages where they operate with near impunity." The article portrays allied forces on the defensive, saying US-led forces have been "forced to ramp up the battle."

Guerillas Kill 32 People In Southern Afghan Province. In a more straightforward New York Times (6/20, Gall, 1.19M) report says suspected Taliban guerrillas in Helmand province "ambushed and killed 32 people on Sunday, all of them relatives and tribesmen of an influential member of Parliament." The Times says the "attack, in broad daylight, was the latest sign of the strength of the suspected Taliban insurgents" in the southern "poppy-growing province."

Taliban's Influence Spreads Into Northwest Pakistan. The Washington Post (6/20, A11, Constable, 744K) reports on how the influence of the Taliban is leaking into "the semiautonomous tribal areas of northwest Pakistan that hug the Afghan border," with thieves beheaded, television sets burned in public, and barbers ordered not to shave off beards. While Pakistani military officials say they are "making steady progress in pacifying the restive tribal belt," other observers say their "aggressive efforts since 2004 have backfired, alienating the populace with heavy-handed tactics and undermining the traditional authority of tribal elders and officials."

Pentagon Seeks To Add Special Ops Troops Without Lowering Standards. The Washington Post (6/20, A3, Tyson, 744K) reports on the Pentagon's efforts to recruit more Special Operations troops without lessening the elite forces' tough training. The article, which describes Special Operations Command forces in very positive terms, says the forces, "facing their biggest deployments in history," are "committed in Iraq, Afghanistan and surrounding countries. That leaves too few for other vital missions, many of them clandestine, such as intelligence gathering and partnering with forces in nations" where the US is not at war. The Post says that while the Pentagon has "announced a plan to add 13,000 more Special Operations troops to meet demands," producing "such highly skilled troops is not easy."

New PTSD Cases Running More Than Six Times VA Expectation. Knight Ridder (6/20, Goldstein) reports the VA "is on a pace to see nearly 20,000 new cases of post-combat stress this year among service members who've served in Iraq or Afghanistan, more than six times the number of cases that officials had expected." The VA had expected 2,900 new cases of post-traumatic stress disorder during the current fiscal year.

Current War Sparking PTSD In Some Vietnam Veterans. The Washington Post (6/20, George, 744K) runs an 1,100-word front page feature on how the current war is leading "thousands of Vietnam veterans" to seek PTSD help. The VA says PTSD disability-compensation cases "have nearly doubled since 2000, to an all-time high of more than 260,000. The biggest bulge has come since 2003, when war started in Iraq." Experts say many veterans "reexperience their own trauma" through media coverage of the present war.

Laser Eye Surgery Brings Military Unexpected Assignment Problems. The New York Times (6/20, Cloud, 1.19M) reports on the "unexpected difficulties" the military is facing due to the "booming trend" of laser eye surgery. At the Naval Academy, for example, "nearly a third" of each 1,000-member class undergoes the procedure. But by "shrinking the pool of people who used to be routinely available for jobs that do not require perfect eyesight, it has made it harder to fill some of those assignments with top-notch personnel."

CORPORATE SCANDALS:

US Asks For Higher Bond For Conrad Black. The Wall Street Journal (6/20, Cherney) reports, "Federal prosecutors in Chicago are demanding that former newspaper tycoon Conrad Black, who was released on a $20 million bond last year, provide additional security to remain out on bail until his trial on fraud and racketeering charges next year." The Journal continues, "In documents filed in U.S. District Court for the Northern District of Illinois, U.S. Attorney

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Patrick J. Fitzgerald says he is asking for more security on the bond because Mr. Black has failed to pay the mortgage on his Palm Beach, Fla., home -- which is part of his bail bond -- and 'has provided false statements to the government about his financial assets.' … Edward Greenspan, a lawyer for Mr. Black, said 'there are numerous misstatements' and 'numerous half-truths' in the documents. 'The prosecution filed its material this morning with practically no notice about what allegations were going to be included,' Mr. Greenspan said. Mr. Black has pleaded not guilty to the fraud and racketeering charges."

Bloomberg (6/20, Harris) reports, "Black overstated the value of a Palm Beach, Florida, home he pledged for bail, the U.S. said in a court filing and hearing. He understated a Canadian tax lien on the property and didn't disclose his wife was part owner, prosecutors said. … U.S. District Judge Amy St. Eve delayed (Monday's) hearing until June 26. The government said Black, once among the world's largest publishers of English-language newspapers, should put up additional collateral or have his bail revoked. A former U.S. prosecutor said Black must take the possibility seriously. … 'Judges tend to get angry when they feel a defendant is possibly playing games with the court,' said Andrew Genser, a former Justice Department lawyer who is now a partner at Kirkland & Ellis. 'Mr. Black's lawyers on June 26 would want to come in with an answer to these allegations that's convincing or have substitute assets ready to post.'"

Denver Attorney Could Sharpen Focus On Weiss In Milberg Investigation. The National Law Journal (6/20, Bronstad) reports, "Federal prosecutors who indicted Milberg Weiss Bershad & Schulman last month are in talks with a Denver lawyer whose testimony could sharpen the investigation's focus toward Melvyn Weiss, founding partner of the New York-based law firm, according to sources familiar with the government's probe." The Journal continues, "Last month, a federal grand jury in Los Angeles returned an indictment against Milberg Weiss and two of its partners, David Bershad and Steven Schulman, alleging that they obtained $216.1 million in attorney fees by paying $11.3 million in secret and illegal kickbacks to three individuals who served as lead plaintiffs in their cases. … Bershad and Schulman have taken leaves of absence from the firm." The Journal adds, "Prosecutors have said that the investigation is ongoing, leaving open the possibility of additional indictments against Weiss and William Lerach, a senior partner who left the firm in 2004 to found San Diego-based Lerach Coughlin Stoia Geller Rudman & Robbins. … According to the indictment, a senior partner at Milberg Weiss met in 2003 with the Denver lawyer and agreed that a percentage of attorney fees in two cases would go to Howard Vogel, a retired real estate mortgage broker whose retirement fund or family members were serving as plaintiffs for Milberg Weiss. In April, Vogel admitted to charges in a plea deal that he provided false information in federal court and has agreed to cooperate with prosecutors."

Father, Son Plead Guilty To Fraud In SureWest Probe. The Sacramento Business Journal (6/20) reports, "A former treasury analyst for SureWest Communications and his father pleaded guilty Monday in U.S. District Court in Sacramento to charges that they had taken $2 million from the Roseville-based telecom company." The Journal continues, "Arrested in early 2004 were former SureWest treasury analyst Jeffrey Wells, 31, of Roseville; his father, Larry Wells, 60, of Pebble Beach; and a business associate, Henry M. Kaiser, 59, of Piedmont. … The trio had been charged with illegally diverting several million dollars in SureWest cash and investment funds controlled by Jeffrey Wells to outside accounts to secure financing for Quivira Ventures, owned or controlled by the elder Wells and Kaiser." The Journal adds, "The U.S. Justice Department said that the money transfers were made 'so that Quivira could demonstrate to potential investors that it had sufficient funds on deposit to be a venture capital firm and thereby attract new investors.' … Kaiser, grandson of industrialist Henry J. Kaiser, stepped down from the Kaiser Permanente board after he was charged. In April 2004, Kaiser admitted guilt to 'interstate transportation of money obtained by fraud and conducting a monetary transaction in criminally derived property.'"

Olson Tapped To Head Accounting Board. The Wall Street Journal (6/20, Reilly) reports, "Ending months of regulatory uncertainty for the accounting industry, Securities and Exchange Commission Chairman Christopher Cox yesterday named Mark W. Olson, a Federal Reserve Board governor, to head the agency that regulates accounting firms." The Journal continues, "Mr. Olson's appointment to chair the Public Company Accounting Oversight Board is one of the most significant to be made by Mr. Cox since he took the helm of the nation's markets watchdog last year. The PCAOB oversees accounting firms that audit public

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companies and was formed in the wake of corporate scandals such as those at Enron Corp. Its creation ended decades of self-regulation by the accounting industry." The Journal adds, "Mr. Olson, 63 years old, will become the PCAOB's second full-time chairman, a position that pays $615,000 annually. He fills the spot left vacant last fall by the resignation of the board's first chairman, William McDonough, also a former Federal Reserve governor. Mr. Olson will take over from acting PCAOB Chairman Willis Gradison, 77, a former Republican Congressman who will remain on the board. … Mr. Olson said in an interview yesterday that he wasn't going into the position with a preset agenda, although he expected that debate over how to implement rules related to companies' internal controls would continue as a big issue for the board. He said he expects to take up his new position in early July. … Mr. Cox also filled yesterday a second opening at the PCAOB, announcing that founding board member Kayla Gillan will remain in her seat. Ms. Gillan, a former general counsel to the California Public Employees' Retirement System, or Calpers, had continued to serve on the board since her term expired last fall. Board members earn $500,000 a year."

South Korean Officials Clear Lone Star In Probe Of KEB Deal. The Wall Street Journal (6/20, Santini) reports, "South Korean regulators cleared Lone Star Funds of any wrongdoing in its purchase of Korea Exchange Bank. Instead, they accused KEB's former management and several government agencies of mishandling the bank's sale in 2003, when many of the country's financial institutions were reeling from mounds of bad credit-card debt." The Journal continues, "While exonerating Lone Star and allaying concerns that regulators would seek to nullify the deal, the report of the Board of Audit and Inspection does little to relieve the Dallas private-equity fund's other major worry: that it might have to pay full taxes on its profit from the sale of its KEB stake, to Korea's Kookmin Bank, once the sale is finalized. … That deal now awaits the conclusion of Korean prosecutors, who are conducting their own probe of the KEB transaction, including Lone Star's role." The Journal adds, "The audit board's report, released yesterday, says KEB executives exaggerated the bank's losses at the time of the sale, understating its capital-adequacy ratio and deeming the bank 'troubled,' a designation that allowed a foreign buyer -- in this case, Lone Star -- to step in, speeding the sale. The audit board singled out KEB's chief executive at the time, Lee Kang Won, saying he undervalued the bank by making unrealistic assumptions."

Insurers Concerned About Options Timing Probe. The Wall Street Journal (6/20, Pleven) reports, "The controversy over executive stock options has the insurance industry casting a wary eye at the liability protection it provides to corporate officers and directors, a development that could in some cases push premiums higher or reduce coverage for directors and executives." The Journal continues, "At least three dozen companies are facing federal probes over whether they backdated or manipulated stock options, timing them to boost the payoff for executives. Shareholders in some cases have responded by filing lawsuits, and insurers are bracing for a slew of claims." The Journal adds, "At this point, premiums haven't started to rise. But insurers have begun asking their own questions about the options practices of clients. Some, for example, are asking customers whether they have ever backdated options or received an inquiry from the Securities and Exchange Commission on the timing of grants. … The scrutiny has the potential to shake up the market for D&O insurance, which is intended to protect top corporate officials from facing personal losses for decisions they make in their posts running companies. The insurance, usually paid for by the company, typically reimburses the company or its officials for expenses such as legal fees. No hard figures exist for the size of the D&O insurance market, but insurance-industry executives estimate it generates several billion dollars in premiums annually."

CRIMINAL LAW:

DOJ Extends Abramoff's Freedom For Three Months As Cooperation Continues. Roll Call (6/20, Bresnahan) reports, "The Justice Department and attorneys for disgraced former lobbyist Jack Abramoff have agreed to postpone for at least three months the day he has to report to federal prison — the latest sign that Abramoff's continued cooperation with an ongoing corruption probe in Washington, D.C., is proving helpful to prosecutors. Abramoff had been scheduled to surrender himself to the Bureau of Prisons on June 29 to begin the 70-month prison sentence handed down by Judge Paul Huck of the U.S. District Court for the Southern District of Florida. … Justice officials and Abramoff's lawyers filed a joint motion with Huck on Friday

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night asking for a three-month reprieve for Abramoff, who is cooperating with federal prosecutors in an ongoing probe that has roiled official Washington."

Daley Secretary Testifies About Political Hiring List. The Chicago Tribune (6/20, Mihalopoulos, Bush, Lighty, 643K) reports, "A who's who of Chicago political power brokers and the job seekers they sponsored was unveiled Monday by federal prosecutors in the City Hall corruption trial. The list of more than 5,700 politically connected job applicants became public as a longtime secretary in Mayor Richard Daley's office testified for federal prosecutors against former Daley patronage chief Robert Sorich. Although city officials insisted for years that they did not engage in patronage hiring, secretary Patricia Molloy said aides in the mayor's office kept track of job seekers and their political sponsors, beginning shortly after Daley's election in 1989 and during much of his 17-year tenure." Daley's three brothers and Gov. Rod Blagojevich "were entered into the database as sponsors of people seeking jobs or promotions," and "at least two applicants were described as friends of the mayor." The Chicago Sun-Times (6/20, Warmbir, Spielman, Konkol, Novak) notes, "The 60-page list gives the most detailed snapshot yet of politicians, powerbrokers and mayoral friends vying for city jobs or promotions for their families, friends and supporters. … Prosecutors call the scheme illegal. Defense attorneys…contend their clients were following orders as part of a long city tradition and never intended to commit crimes."

Former Boston FBI Official Testifies Leaks Torpedoed Bulger Probe. The Boston Globe (6/20, Murphy, 484K) reports, testifying yesterday in the $50 million wrongful death suit against the FBI, former Boston Assistant SAC Robert Fitzpatrick said that "then-Massachusetts Senate president William M. Bulger was the target of a 1983 FBI investigation that was compromised by leaks while his gangster brother, James 'Whitey' Bulger, was an FBI informant." Fitzpatrick "said the investigation was among nine in the FBI's Boston office during his tenure that he believed were compromised by leaks to Whitey Bulger, other informants, or others outside the office." Fitzpatrick also testified yesterday that he "wrote a letter to the FBI's third in command at headquarters in 1983, complaining about 'malfeasance' in the bureau's Boston office. He said he never received a response to his letter." The Boston Herald (6/20, Sweet, 220K) adds that US District Judge Reginald C. Lindsay ordered the bureau's lawyers to turn over Fitzpatrick's letter to FBI headquarters. The Herald notes, "Because Fitzpatrick 'wasn't getting anywhere' with formal complaints of malfeasance and obstruction of justice, he said, 'I outlined my grievances' to Lee Caldwell about FBI agents destroying investigations with 'severe leaks' to mob informants like Bulger. Caldwell was a man he thought he could trust, but Fitzpatrick said, 'I never heard back.'"

Jordan Assigning More FBI Agents, Analysts To Wales Murder Case. The Seattle Post-Intelligencer (6/20, Shukovsky) reports, "The FBI is sending in the cavalry in an attempt to solve the 5 1/2-year-old killing of Seattle federal prosecutor Tom Wales. A week after the FBI's top brass removed the Seattle office from management of the investigation, its new manager -- Portland Special Agent in Charge Robert Jordan -- announced he's boosting the number of agents and analysts assigned to find the killer." After a Monday meeting in Seattle about the investigation, Jordan said, "This is an extremely important case to us. We are not going to walk away from this. And we are going to commit as many resources as possible." The Post-Intelligencer notes, "There had been four agents assigned to the case before Seattle FBI Special Agent in Charge Laura Laughlin cut that to two agents in May. Jordan wouldn't reveal the numbers of agents who will ultimately be assigned to the investigation, but said it would be more than four. … Quick to assert 'this is not a cold case,' Jordan said there are several promising leads that could pave the way to the murderer."

Former Virginia Police Officers Plead Guilty To Lying To FBI About Bribes. The Charlottesville (VA) Daily Progress (6/20, Nowak) reports former Charlottesville police officers Roy Fitzgerald and Charles Saunders "pleaded guilty Monday to lying to federal agents, admitting they lied about covering up a traffic offense and having sex with an underage girl. … In a brief hearing, Judge Norman K. Moon accepted the officers' guilty pleas and set a sentencing date for Sept. 22." The AP (6/20) notes, "The officers were accused of ignoring illegal activities involving Charles Phillips, the manager of the now-defunct Max nightclub, starting as far back as 1996. … Assistant U.S. Attorney Thomas J. Bondurant Jr. said in exchange, the officers protected Phillips from prosecution for traffic offenses

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and warned him about a prostitution investigation, exposing an undercover officer in the process. During an FBI and Virginia State Police investigation, Bondurant said Saunders lied about intervening with another officer concerning the traffic offense." The Richmond Times Dispatch (6/20, Santos) also reports on the guilty pleas.

Justices Sets Limits On Admissibility Of Evidence. USA Today (6/20, Biskupic, 2.31M) reports, "An alleged crime victim's emergency 911 call can be used at trial even if he or she does not testify and undergo cross-examination, a unanimous Supreme Court ruled Monday." However, by an 8-1 vote, the justices also "ruled that if an alleged victim recounts an incident to police at the scene after it occurs, the account cannot be used at trial unless the defendant is able to cross-examine the accuser." The pair of rulings "in cases from Washington and Indiana addressed the Sixth Amendment right of confrontation, which ensures that a defendant may closely question witnesses against him or her."

The Washington Post (6/20, A4, Lane, 744K) reports, "In both cases -- Davis v. Washington , No. 05-5224, and Hammon v. Indiana , No. 05-5705 -- all the justices except Clarence Thomas concurred." He "dissented in the Hammon case, saying that Amy Hammon's statement should also have been admissible, and that the court's proposed distinction based on the 'primary purpose' of police questioning would be 'difficult for courts to apply.'"

Judge Denies Bail For Alleged Chicago Mobster. The Chicago Tribune (6/20, Coen, 643K) reports, "Suggesting that Frank Calabrese Sr. is a danger to anyone who might testify against the Outfit, a federal judge on Monday refused to grant bail to the reputed mob lieutenant." Calabrese, "linked by authorities to 13 slayings, will remain incarcerated before he and others named in the Operation Family Secrets case are tried next spring, U.S. District Judge James Zagel ruled. … Calabrese's brother Nicholas is cooperating and has tied Calabrese to some of the killings, Zagel noted. His son, Frank Calabrese Jr., secretly recorded him discussing his past."

Former Stock Trader Sentenced To 11 Years In Prison. In a widely-distributed story, the AP (6/20) reports, "A former stock picker who teamed up with a rogue FBI agent in a scheme to manipulate stocks was sentenced Monday to more than 11 years in federal prison. Anthony Elgindy also was ordered by U.S. District Court Judge Raymond Dearie to forfeit $1.5 million." The AP notes, "He and four others were charged in May 2002…with securities fraud, extortion and obstruction of justice. Federal prosecutors accused FBI special agent Jeffrey Royer of New Mexico of leaking details of investigations and executives' criminal histories to Elgindy. … Royer was found guilty of racketeering conspiracy, securities fraud and obstruction of justice." The Wall Street Journal (6/20, 2.11M) also reported on Elgindy's sentence, noting Royer's role in the scheme.

Boiler-Room Operator Sentenced To 17 Years In Prison. The Miami Herald (6/20, Santiago, 323K) reports, "Con artist Charles Paul Hoffecker, who with a partner fleeced more than 1,000 investors out of $14 million in a huge boiler-room operation, was sentenced Monday to 17 years in prison. … His partner in crime, Charles Edward Meyers...will be sentenced June 26." The Florida men "were found guilty last March of ripping off people who believed they ran Amitex Investment Services Ltd., a Bahamian company that bought and stored precious commodities like gold and silver." The Herald notes, "Hoffecker and Meyers were caught as part of a 10-year investigation by the FBI and the U.S. Postal Inspection Service."

California's Searches Of Parolees Upheld. The Christian Science Monitor (6/20, Richey, 61K) reports, "Parolees in California do not enjoy a constitutional right to be free from suspicionless searches by law-enforcement officials." Instead, "they can be searched at any time, even when officials have no reason to believe that they may be involved in wrongdoing." In "an important privacy ruling with major implications for individuals on parole, the US Supreme Court voted 6 to 3 Monday to uphold a California law that requires all state prisoners to agree as a condition of release that they consent to warrantless searches by law enforcement."

The AP (6/20, Locy) reports, "California parolees can routinely be searched by police as a condition of their release from prison, the Supreme Court ruled Monday. … By a 6-3 vote, justices said the 1996 law is a legitimate attempt by state officials to deal with a large population of repeat offenders who pose a danger to public safety." The AP continues, "Justice Clarence Thomas, writing for the majority, said California has a "special governmental interest" to control its

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parolees, an interest that outweighs a parolee's privacy. … In California, most prisoners eventually receive parole. But before release, each parolee is required to consent in writing to searches by police during the term of their supervision. If they refuse, they are not allowed out of prison. … Under the law, police can conduct such a search as long as it is not arbitrary, capricious or conducted to harass the parolee." The AP adds, "Thomas said parolees do not have any 'expectation of privacy that society would recognize as legitimate' because of the danger posed by California's large recidivist population. … 'The state's interests, by contrast, are substantial,' Thomas wrote, citing a 68-to-70 percent recidivism rate among California's parolees. … But Justice John Paul Stevens, writing in dissent, said the majority had 'run roughshod' over previous court rulings on unreasonable searches and improperly allowed California to create another form of punishment for its prisoners. … 'What the court sanctions today is an unprecedented curtailment of liberty,' Stevens wrote on behalf of himself and Justices David Souter and Stephen Breyer."

CNN.com (6/20, Mears) reports, "The case involves Donald Samson, paroled in 2003 after a firearms felony conviction. A San Bruno police officer knew Samson was on parole when he observed him walking down a street. … The officer, after determining there were no outstanding warrants on Samson, began a search of him. … Methamphetamine was found in a pocket and Samson went back to prison for seven years." CNN adds, "The Samson case was one of two search-and-seizure appeals from California argued this term. The justices in March unanimously allowed to stand the conviction of a man who bought video showing minors engaged in sex acts. … The Bush administration Justice Department and law enforcement agencies around the country have asked the courts for greater powers to conduct searches of homes and cars, along the borders, and at sobriety and neighborhood crime checkpoints."

Pennsylvania School Janitor Pleads Guilty To Making Child Porn. The Pittsburgh Post-Gazette (6/20, Ove, 261K) reports, "Nobody knew what janitor Phillip Winkle was up to until the day in early February when two other janitors at Center Area Middle School wondered what he was doing by himself in a dark storage room. It turned out he was making his own child pornography collection using a peephole camera he installed to record 600 video images of girls and women using the toilet. … Yesterday in U.S. District Court, he waived indictment and pleaded guilty to child porn charges," and is expected to receive a 10-year prison sentence. The Post-Gazette notes, "He apparently maintained the collection for his own use, as there was no evidence he distributed any of the videos. … After the two suspicious janitors caught him, Mr. Winkle confessed to Center police, who charged him with invasion of privacy and called the FBI."

Baggy Jeans Pose Problem For Fleeing Thieves. The Wall Street Journal (6/20, Ng) reports, "One sunny afternoon in January, Vicki Chandler, a 55-year-old underwriting associate at Cigna HealthCare in Chattanooga, Tenn., was walking to her car when a teenager in loose khaki pants approached her, pointed to her pocketbook and said, 'I need that.' As she recounts the incident, he snatched the purse and took off. … But then he ran into trouble. As he ran, his loose trousers slipped down below his hips. As he reached down to hold them up, the teen was forced to throw the purse aside." The Journal continues, "It's a problem for perpetrators. Young men and teens wearing low-slung, baggy pants fairly regularly get tripped up in their getaways, a development that has given amused police officers and law-abiding citizens a welcome edge in the fight against crime. … Low-hanging baggy pants have been a fashion statement for young men for more than a decade, inspired by the advent of beltless prison jeans, says Andy Gilchrist, a California fashion consultant who has written a book on men's clothes. Over time, the tough-guy image associated with oversized trousers helped make the look standard for hip-hop performers, alternative music bands, skateboarders and snowboarders as it migrated from mostly black city streets to affluent white suburbs. … Just about every other week, Jim Matheny, a 41-year-old police lieutenant in Stamford, Conn., says he gets into foot chases with youths. He says it's getting easier to capture them because they can't run fast or far in those loose jeans."

CIVIL LAW:

Supreme Court To Hear Administration Effort To Revive Late-Term Abortion Ban. ABC World News Tonight (6/19, story 10, :10, Gibson, 8.78M) reported the Supreme Court "took up the issue of abortion. The justices agreed to hear a new attempt by the Bush

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Administration to have a law banning certain late-term abortions declared constitutional."

The Washington Post (6/20, A4, Goldstein, 744K) reports, "In accepting the California case, Gonzales v. Planned Parenthood Federation of America , the court essentially agreed to evaluate a wider range of legal issues that the San Francisco-based U.S. Court of Appeals for the 9th Circuit cited last winter when it, too, found the law unconstitutional." The 9th Circuit "found the law posed an undue burden on women because the statute is so vague it could be interpreted to forbid other abortion methods beyond one that is used rarely late in pregnancy. In addition, the 9th Circuit dealt with whether a court could 'remedy' the law to permit the procedure when women's health is imperiled, ruling that it could not because lawmakers had deliberately omitted such an exception."

The AP (6/20) reports, "Congress had voted in 2003 to prohibit the type of abortion, generally carried out in the second or third trimester of a nine-month pregnancy, in which a fetus is partially removed from the womb and its skull punctured or crushed. The law was challenged on behalf of physicians who could be sentenced to up to two years in prison for violating the law. … Justice Samuel Alito is expected to be a key vote in the case, because the court had split 5-4 in 2000 in striking down a state law barring the same procedure because it lacked an exception to protect the health of the mother. Justice Sandra Day O'Connor, who was the tie-breaking vote, retired in January was replaced by Alito."

Judge Approves Extension Of Delphi Reorganization Filing. The AP (6/20, Tong) reports, "A bankruptcy judge on Monday approved a motion by Delphi Corp. to extend the auto supplier's deadline to exclusively file its reorganization plan, before creditors can weigh in with alternate proposals." The AP continues, "The new deadline for the company is Feb. 1, 2007, and the deadline for responses to the plan is April 2. Judge Robert Drain approved the extension, which is the company's second and moves the filing deadline from Aug. 5. … The company reserved the right to file other extensions if needed." The AP adds, "An attorney for Delphi, John W. Butler, also said the company planned to file a motion later Monday to seek the court's approval of a new concessions deal with Delphi's second-largest union, the International Union of Electronic Workers-Communications Workers of America. … The auto parts supplier announced over the weekend that it had reached an agreement with the IUE-CWA and General Motors to offer buyouts to hourly workers. The deal was similar to the one reached earlier with the United Auto Workers, the largest union representing Delphi employees. … The judge said the matter would be considered in a June 29 meeting."

Debate Over Regulation Of 527s Stymies Lobbying Reform Bill's Progress. Roll Call (6/20, Newmyer) reports, "Clear progress on a lobbying reform bill continues to elude House and Senate Republican leaders, with the two chambers stalemated over the fate of a controversial provision targeting the independent political groups known as 527s." Roll Call notes that "cracking down on" 527s "is a top election-year priority for national Republicans. When the House took up legislation to overhaul lobbying, GOP leaders made a point of inserting a provision to sideline 527s. But that plan is running into growing resistance in the Senate, initially from Democrats, but now from some conservative Republicans as well." The House GOP leadership has "been predicting quick action on the measure since that chamber approved its version of the bill in early May. But those projections have consistently slid, as agreements on differences between the two bills have proved hard to come by. The latest deadline…has both chambers wrapping work on a conference agreement by the July Fourth recess. Now, even that goal appears imperiled, with GOP aides predicting little action in the two weeks left of this work period."

CIVIL RIGHTS:

9th Circuit To Hear Arguments On Hawaiian School Admission Policies. The AP (6/20, Niesse) reports, "A wealthy private school created exclusively for Hawaii's indigenous people may be forced to admit non-Hawaiians if it loses a legal challenge." The AP continues, "Fifteen judges on the 9th U.S. Circuit Court of Appeals will hear arguments Tuesday in San Francisco over whether the Kamehameha Schools can continue to limit enrollment to Native Hawaiians." The AP adds, "The case is an important test of racial preference programs in school admissions. … While the courts have generally ruled against favoritism in education based on race, the Kamehameha case is different in that the school was founded based on the will of a Hawaiian princess and doesn't receive federal funding. … A three-judge panel of the circuit court in California initially

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ruled against Kamehameha's admissions policy with a 2-1 vote in August. But the court announced in February it would reconsider the school's 118-year-old policy. … The lawsuit was filed on behalf of an anonymous white student who was denied admission to the school in 2003 and claimed he was discriminated against because he didn't have Hawaiian blood."

Federal Judge Overturns Jury Verdict In Age Bias Suit. The Legal Intelligencer (6/20, Duffy) reports, "Overturning a jury's verdict of more than $240,000 in an age discrimination suit, a federal magistrate judge has ruled that a plaintiff who was fired at the age of 50 failed to prove an essential element of his case because the four workers who assumed his duties had an average age of less than seven years younger than he was." The LI continues, "In his 60-page opinion in Steward v. Sears Roebuck & Co., U.S. Magistrate Judge Thomas J. Rueter concluded that plaintiff Gunnar Steward failed to make out a prima facie case of age discrimination. … The decision is a stunning setback for Steward and his lawyers, Carmen R. Matos of Doylestown, Pa., and George P. Wood of Stewart & Wood in Norristown, Pa., and overturns a jury's award of nearly $93,000 in back pay and $148,000 in front pay." The LI adds, "Matos and Wood argued that after Steward was fired, his duties were taken over by two men in their 30s and one in his mid-40s, with an average age of less than 38, or more than 12 years younger than Steward. … But Rueter sided with Sears and its lawyers -- Sidney R. Steinberg and Robert J. Toy of Post & Schell -- who said the evidence showed that a 60-year-old woman also took over some of his duties. … As a result, Rueter concluded that the average age of the workers who assumed Steward's duties was just 6.75 years -- a difference the judge found to be not enough for a prima facie case. … Rueter's ruling could force the 3rd U.S. Circuit Court of Appeals to revisit a vexing question that often arises in age discrimination suits -- just how much younger must the more favorably treated employee be in order to be deemed 'sufficiently younger' than the plaintiff? The answer for courts in the 3rd Circuit, Rueter found, is that a difference of less than seven years is not enough."

Abortion Ban To Be Placed On South Dakota Ballot. The AP (6/20, Brokaw) reports, "Voters will have the final say on South Dakota's tough new law that bans almost all abortions. Secretary of State Chris Nelson said Monday that the law's opponents had collected enough signatures to put a question on the Nov. 7 ballot asking voters if the law should go into effect as planned or be dumped."

Pentagon Document Lists Homosexuality As Mental Disorder. A neutral AP (6/20, Baldor) story reports a Pentagon document "classifies homosexuality as a mental disorder, decades after mental health experts abandoned that position. The document outlines retirement or other discharge policies for service members with physical disabilities, and in a section on defects lists homosexuality alongside mental retardation and personality disorders." Pentagon spokesman Lt. Col. Jeremy M. Martin "said the policy document is under review."

Feinstein Makes Case For Flag Protection Amendment. Sen. Dianne Feinstein writes in USA Today (6/20, 2.31M) that the American flag is "a vibrant symbol of our democracy, our shared values, our commitment to justice, and our eternal memory of those who have sacrificed to defend these principles. It is because of all that our flag embodies that I have co-sponsored the Flag Protection Amendment. … The Flag Protection Amendment would not prohibit flag burning. Rather, the Amendment would simply return to Congress the ability to protect the flag as it has been protected throughout most of this nation's history." Feinstein concludes, "There is no idea or thought expressed by the burning of the American flag that cannot be expressed equally well in another manner."

USA Today Says Flag Protection Amendment Is Unnecessary. An accompanying editorial in USA Today (6/20, 2.31M) takes the opposite view, saying instances of flag desecration "are rare and easily addressed by local laws. They hardly require the extraordinary act of amending the Constitution. But in a Congress unwilling to address important matters…symbolism is the politically convenient substitute for substance. … The main threat to the flag comes not from the occasional burning of Old Glory. It comes from those who would sacrifice the principles the flag represents."

WSJournal Blasts Gerrymandering In The Name Of "Voting Rights." An editorial in the Wall Street Journal (6/20, 2.11M) says, "With Congress poised to extend, for another quarter-century, certain 'temporary' provisions of the 1965 Voting Rights Act, it's worth pondering

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some of the political mischief taking place these days in the name of 'voting rights.'" Gerrymandering "has all but eviscerated inter-party competition for seats in Congress, creating so many 'safe' Republican and Democratic strongholds that the outcome of most races is a foregone conclusion. But another pernicious byproduct of gerrymandering is the racial polarization and hyper-partisanship that we see in places like New York's 11th District. … Congress has never let balkanization of the electorate get in the way of protecting its own political hide, especially when it can claim to be siding with the 'voting rights' angels."

ANTITRUST:

DOJ Task Force Report To Tout Progress In Protecting Intellectual Property. InformationWeek (6/20, Greenemeier) reports, "The technology world has long agonized over the government's shortcomings in protecting intellectual property. Theft of source code or even finished products costs tech firms money and potential revenue and dampens the incentive to invest in original research and development. The U.S. Justice Department Tuesday plans to issue a report signaling a positive change." IW continues, "The Justice Department's Intellectual Property Task Force has made progress in protecting the content created by companies in a number of disciplines, including software development, music recording, and motion pictures, the report says. Essentially, Justice wants to convince businesses that it has followed up on promises made in 2004 to bring the hammer down on those caught lifting other people's work for their own purposes." IW adds, "The Justice Department, as promised, has increased the number of prosecutors in the field by creating five additional Computer Hacking and Intellectual Property, or CHIP, units in the District of Columbia, Nashville, Orlando, Fla., Pittsburgh, and Sacramento. Justice also opened another seven in Austin, Baltimore, Denver, Detroit, Newark, N.J., New Haven, Conn., and Philadelphia--all cities where cybercrime and intellectual property offenses are significant problems, the new report states. … Justice has also broadened its focus internationally by placing a federal prosecutor in Southeast Asia as an intellectual property law-enforcement coordinator and got funding to place a similar official in Eastern Europe. The department has trained and provided technical help to more than 2,000 foreign prosecutors, investigators, and judges in the area of intellectual property investigations and prosecutions, the report states."

Consumer Group Alleges Anticompetitive Practices In Real Estate. The Washington Post (6/20, D3, Downey) reports, "A national consumer advocacy group yesterday condemned real estate trade groups as a 'cartel' that sets prices and blocks competition to maintain its traditional commission structure and to keep discount firms from gaining market share." The Post continues, "The commission system is 'cockamamie,' said Stephen Brobeck, executive director of the Consumer Federation of America. Even some inexperienced real estate agents are charging a 7 percent sales commission, he said -- an amount he likened to the cost of a new car. And he questioned why the brokerage fee on an $800,000 houses is four times higher than that for a $200,000 house, saying the work involved is basically equal." The Post adds, "The District-based federation applauded efforts by government antitrust regulators to put pressure on the trade groups to change the way they do business, but Brobeck said no one had yet found the 'magic bullet' to reduce costs. He said consumers have been left on their own and urged home buyers and sellers to negotiate over the sales commissions they are charged and make sure it is clear who is representing whom, what each agent will be paid and for what services. … Thomas M. Stevens, a local real estate broker who is president of the National Association of Realtors, fired back within hours, saying the Consumer Federation is ill-informed and incorrect. … 'It's clear and evident that they don't understand the real estate business,' Stevens said. 'Real estate is probably one of the most competitive industries out there.'" The Post notes, "The Justice Department has sued the National Association of Realtors, alleging its Internet multiple listing service policy prevents nontraditional brokers from gaining equal access to sales listing information. The trade group said it has changed its policies and is seeking to have a judge dismiss the lawsuit."

DOJ Will Not Challenge Collaborative Labor Database. Dow Jones (6/20) reports, "The U.S. Justice Department on Monday said it won't take antitrust action against a collaborative initiative by retailers and manufacturers to develop a shared database on international factory and labor conditions." Dow Jones continues, "The initiative, Fair Factories Clearinghouse, asked the Justice

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Department to decide whether it was concerned about potential antitrust problems with the initiative. … 'The Department of Justice has no current intention to institute antitrust enforcement action against the Fair Factories Clearinghouse initiative,' Justice antitrust chief Thomas Barnett said in a letter sent to the organization." Dow Jones adds, "The group's request to Justice officials described safeguards it will require member companies to take to avoid antitrust conflicts through the database sharing. … The Fair Factories Clearinghouse is designed to improve available audit information on the standards and conditions at factories around the world, according to the group's Web site."

FTC Endorses Online Legal Referral Services. The National Law Journal (6/20, Maclean) reports, "Although it may not be a match made in heaven, Internet legal referral services that promise to match lawyers with potential clients have found a powerful new admirer -- the Federal Trade Commission." The Journal continues, "In a recent letter to the State Bar of Texas, the FTC planning and policy chief, Maureen Ohlhausen, said that the Internet-based client/attorney matching services 'have the potential to lower consumer costs of obtaining information about the price and quality of legal services, which is likely to lead to more intense competition among attorneys, ultimately benefiting Texas consumers.'" The Journal adds, "There has been a long simmering debate in state bars around the country since the advent of these services in 1999 about whether they violate ethical rules on advertising and the bans on nonlawyer referrals for legal help. … The Arizona and Washington state bars issued ethics opinions last year foreclosing use of the services, saying that lawyers may not pay to participate in for-profit Internet matching services. Meanwhile, Rhode Island approved the online matching in 2004 as a boon to consumers, quickly joined by North Carolina, South Carolina and Utah. … The FTC letter 'is a powerful endorsement of the industry,' said Anna Ostrovsky, general counsel for San Francisco-based LegalMatch."

Net Neutrality Debate Pits Diverse Coalition Against Entrenched Lobbyists. The Christian Science Monitor (6/20, Chaddock, 61K) reports, "As the Senate takes up the first overhaul of the nation's telecommunications laws in a decade, this week's debate" over net neutrality "will pitch one of the most unlikely lineups in recent political history against an entrenched industry lobby. On one side: the big phone companies and cable providers, who want Congress to help them speed up the move into the video market and keep government regulation at a minimum. It's one of the most well-funded and experienced industry groups on Capitol Hill. On the other side: those who use their services, who want Congress to make sure that the Internet does not become a fast lane for those who can pay - and a dirt road for those who can not. The Save the Internet Coalition includes Google Inc., Amazon.com, Microsoft, and eBay, thousands of bloggers, and more than 700 groups. It's one of the most diverse coalitions ever to lobby a bill."

Attorneys Allege DOJ Over-Reaction In Qualcomm Gun-Jumping Case. In an op-ed in the Legal Times (6/20), Darren S. Tucker and Bilal Sayyed, who are counsel in the D.C. office of O'Melveny & Myers, where they specialize in antitrust law and represented Gemstar in the case referenced below, write, "In almost any merger or acquisition, the acquiring company insists on 'conduct of business' covenants to ensure that the target company maintains the value of its assets before closing. Imagine that in the middle of negotiating an important acquisition agreement, your antitrust counsel suddenly opines that certain routine conduct-of-business covenants are no longer permissible. … This is precisely what is happening as some counsel overreact to the Department of Justice's recent gun-jumping lawsuit against Qualcomm Inc. In-house counsel need to be skeptical of such overly cautious gun-jumping advice, which can jeopardize the success of corporate transactions." Tucker and Sayyed continue, "The Hart-Scott-Rodino Act requires that transactions of a certain size be reported to the two federal antitrust authorities (the Department of Justice and the Federal Trade Commission) and that merging parties observe a pre-closing waiting period. This waiting period gives the antitrust agencies a chance to review a transaction for potential anti-competitive effects before the parties can close the transaction. … Gun jumping occurs when a buyer exercises control over the to-be-acquired firm before the expiration of the Hart-Scott-Rodino waiting period. When parties are competitors, certain joint activity or information sharing before closing can also violate the Sherman Act. Whether a gun-jumping violation exists is a separate question from whether the underlying business combination violates the antitrust laws. … Unfortunately, neither of the antitrust agencies has provided

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specific guidelines governing what is and what is not allowable during the period between signing and closing. Although guidelines were promised by then-Assistant Attorney General for Antitrust Charles James in September 2002, his successors appear to have concluded that the fact-intensive nature of this area may make such guidelines too vague to be of any use." Tucker and Sayyed conclude, "Although merging parties certainly can go too far in interacting with one another before closing a transaction, there is more flexibility than some antitrust lawyers advise, and the Qualcomm case in no way limits merging parties' ability to achieve their business objectives."

Morgan Stanley Hikes Bid For Denver Energy Firm. The AP (6/20, Shore) reports, "Morgan Stanley Capital Group Inc. boosted its offer for TransMontaigne Inc. by 3 percent a share, escalating a bidding war that appeared to be over last month when the fuel distribution company accepted a lower bid from SemGroup LP." The AP continues, "The Transmontaigne board was scheduled to meet Monday to determine whether the new Morgan Stanley offer of $11.35 a share in cash -- delivered Sunday -- would be considered superior to the SemGroup offer of $11.25 a share. The company said it would be prepared to terminate its agreement with SemGroup if the Morgan Stanley offer were better." The AP adds, "In a letter delivered to TransMontaigne on Sunday, John Shapiro, president of Morgan Stanley Capital Group Inc., said the offer would expire on Friday morning if no action were taken. … Shapiro also noted that SemGroup has received a request for more information from the Federal Trade Commission which could delay any deal between SemGroup and TransMontaigne."

Judge Dismisses Antitrust Suit Against Oil Companies. The Fairbanks (AK) News-Miner (6/20, Eshleman) reports, "A federal judge on Monday dismissed an antitrust lawsuit filed last year by the Alaska Gasline Port Authority against two North Slope oil companies. Judge Ralph Beistline found fault with a number of arguments raised by the port authority, finding among them that it lacked the standing needed to pursue the lawsuit in federal court." The News-Miner continues, "The port authority filed the suit in federal District Court in Fairbanks, alleging BP and Exxon Mobil had conspired to keep North Slope natural gas out of the marketplace. … Beistline agreed with lawyers for the oil companies who said the state's Stranded Gas Development Act, which lays out a negotiating process for finding a way to transport natural gas to market, pre-empts the authority's lawsuit. … The judge said the port authority's project 'appears well-intentioned, has accomplished a great deal to date, and may well have a valid plan. … Decisions, however, regarding who, when, where, and how to accomplish this monumental task should involve all interested parties and are best made by the Alaska state Legislature and the people of Alaska,' Beistline wrote."

The AP (6/20, Sutton) reports, "The Alaska Gas Port Authority claims Exxon Mobil Corp. and BP PLC have conspired to crush competition and restrict the nation's supply of natural gas, and that has stymied the port authority's efforts to develop a gas pipeline from Alaska's North Slope to Valdez. … . But (Judge Beistline) sided with the oil companies and said the port authority's case could upend a competing effort by the state to forge a contract with Exxon Mobil, BP and ConocoPhillips to build a North Slope gas pipeline to Canada and markets in the Midwest."

Supreme Court Seeks US Comment On IPO Underwriter Appeal. MarketWatch (6/20, Anderson) reports, "The U.S. Supreme Court on Monday requested comments from the federal government on an appeal from 16 major Wall Street underwriters and investment firms trying to stop a class-action lawsuit that alleges firm commitment initial public offering practices on Wall Street violate federal antitrust laws." MarketWatch continues, "The high court's request for a brief from the U.S. Solicitor General's office gives the Wall Street firms additional time to try and stop a class-action lawsuit alleging underwriter tie-in agreements - such as requiring the purchase of additional securities in the aftermarket - violate antitrust laws. A number of other claims in the lawsuit were thrown out by a U.S. District Court, but litigation over tie-in agreements was revived by the 2nd U.S. Circuit Court of Appeals in New York." MarketWatch adds, "The appeal, led by Credit Suisse First Boston Ltd., a unit of Credit Suisse Group (CSR), also includes a number of prominent Wall Street firms. … The class-action lawsuit represents purchasers of stock issued by about 900 Internet and technology companies before the stock market bubble burst in the late 1990s. The lawsuit targets a number of IPO underwriting practices, arguing they are anticompetitive, and seeks financial damages. Additional related lawsuits are pending separately."

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Senate Committee Proposes Internet User "Bill Of Rights." CNET News (6/20, Broache) reports, "The latest Net neutrality provisions in a mammoth Senate communications bill stopped short of giving Internet companies and consumer advocacy groups all the assurances they've requested." CNET continues, "Unveiled formally at a briefing here for reporters on Monday, new provisions in the latest draft of the sweeping Consumer's Choice and Broadband Deployment Act would allow the Federal Communications Commission to police subscribers' complaints of 'interference' in their Internet activities and to levy fines on violators." CNET adds, "Specifically, the bill would require all Internet service providers to adhere to what the proposal calls an 'Internet consumer bill of rights.' The nine principles outlined under that heading include: allowing consumers to access and post any lawful content they please; to access and run any Web page, search engine or application that they choose (including voice and video programs); and to connect any legal devices they please to the network. … Carve-outs would exist for network management purposes, such as parental control technologies and security software. … All Internet service providers, if they're not already doing so, would also be obligated to offer broadband access on a standalone, or 'naked,' basis--without also requiring, for example, purchase of telephone or cable subscriptions. … But critics say the latest draft, scheduled for an initial committee vote on Thursday afternoon, refrained from addressing a major complaint of advocates of network neutrality--that is, the idea that network operators should give equal treatment to all content that travels across their pipes."

Mittal Claims Growing Support For Arcelor Bid. The Wall Street Journal (6/20, Glader) reports, "Mittal Steel Co. is becoming increasingly confident its €23.19 billion ($29.31 billion) hostile offer for Arcelor SA is gaining momentum, pointing to pressure from Arcelor shareholders in favor of the Mittal bid." The Journal continues, "Mittal, the world's largest steel company by output, launched its cash-and-stock bid for Arcelor in January, but Arcelor has thrown up several roadblocks to the transaction, including plans to merge with Russian steelmaker OAO Severstal, led by billionaire Alexey Mordashov, in a move to fend off Mittal's bid." The Journal adds, "Arcelor had planned a company buyback of €5 billion that shareholders were scheduled to vote on tomorrow. But Arcelor said yesterday that it was canceling the meeting because of current talks between its management and Mittal Steel. The company said its board may decide later to reconvene the meeting 'in case the unsolicited offer by Mittal Steel was not successful.'"

On Heels Of Nokia Venture, Siemens To Sell Stake In Corporate Service Unit. The Wall Street Journal (6/20, Bryan-low, Esterl) reports, "On the heels of an agreement to combine its telecommunications-equipment business with that of Nokia Corp., Siemens AG said it is in talks to sell a majority stake in its enterprise unit, which supplies packages of telecom gear and services to corporate customers." The Journal continues, "Siemens didn't identify the potential buyers for the unit, which has about €3.5 billion, or about $4.4 billion, in annual sales. But with the potential sale and its planned joint venture with Finland's Nokia, the German electronics-and-engineering giant is dismantling its telecom unit known as Com, which posted €13.14 billion in sales for fiscal 2005." The Journal adds, "As expected, the European technology giants confirmed Monday they will combine their businesses that supply telecom carriers into a 50-50 joint venture. The combination provides increased bulk at a time when more equipment makers are joining forces. … The new company, to be known as Nokia Siemens Networks, will be No. 3 in the industry by sales, just behind the combination of Alcatel SA of France and Lucent Technologies Inc. of the U.S., which recently agreed to merge, and Telefon AB LM Ericsson of Sweden."

LATimes Says Internet Phone Companies Shouldn't Pay Service Fees. An editorial in the Los Angeles Times (6/20, 958K) says local phone monopolies "are trying to saddle high-tech competitors with fees designed to subsidize the traditional phone network. At issue is how federal and state regulators will treat voice over Internet protocol, or VOIP." The Times adds, "Rather than dragging VOIP services into the morass of subsidies for phone circuits, lawmakers and regulators should focus on pushing high-speed Internet connections to every US home and business. If that means people using VOIP save a few bucks at the expense of those who use other phone services, so be it. With luck, VOIP will drive up the demand for broadband and hasten its spread, diminishing the need to subsidize plain old telephone lines."

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ENVIRONMENT:

High Court Rules Federal Regulators Overstepped Authority Under Clean Water Act. ABC World News Tonight (6/19, story 9, :15, Gibson, 8.78M) reported the Supreme Court "ruled that Federal regulators may have gone too far when they stopped Michigan landowners from developing some wetlands. But the justices stopped short of overturning the Clean Water Act." The AP (6/20, Holland) reports Chief Justice John Roberts, "in his first major environmental case, came up one vote short of dramatically limiting the scope of the landmark Clean Water Act. At the same time, property rights advocates won a new test for when wetlands can be regulated. Moderate Justice Anthony M. Kennedy said there must be a 'significant nexus' between the wetland and a navigable waterway." The court's "four liberal members said the conservatives would have opened up sensitive wetlands to polluters." It was "a dramatic conclusion to a pair of property rights cases the justices agreed to review last fall, just days after Roberts joined the court. The Bush administration defended the law and had urged the court to stay out of the case."

The New York Times (6/20, Greenhouse, 1.19M) reports, "The Supreme Court on Monday came close to rolling back one of the country's fundamental environmental laws, issuing a fractured decision that, while likely to preserve vigorous federal enforcement of the law, the Clean Water Act, is also likely to lead to new regulatory battles, increased litigation by property owners and a push for new legislation."

The Christian Science Monitor (6/20, Richey, 61K) reports, "At dead center of the court sits Justice Anthony Kennedy, who provided the critical fifth vote on the restrictive side of the case." That action "sends the two consolidated cases back to the lower courts where judges must divine a coherent approach to federal jurisdiction from the high court's splintered decision." The decision "is a setback for environmentalists seeking to push tough federal regulations to the broadest possible swath of threatened wetlands."

The Wall Street Journal (6/20, Bravin, Winograd, 2.11M) headlines its story "Split Supreme Court Narrows Use Of Wetlands Act," while the Washington Post (6/20, A1, Lane, 744K) titles its story "Justices Rein In Clean Water Act," but the Los Angeles Times (6/20, Savage, 958K) reports the decision "by five justices dashed the hopes of private property advocates who believed that the more conservative court was ready to sharply cut back the reach of the Clean Water Act."

The Legal Times (6/20, Mauro) reports, "On a day that foreshadowed politically charged battles ahead, the Supreme Court on Monday divided sharply on the scope of the Clean Water Act while also agreeing to widen its review of the federal partial-birth abortion ban next fall." The Times continues, "In the long-awaited Clean Water Act cases Rapanos v. United States and Carabell v. United States, Justice Antonin Scalia won three other votes for a narrow interpretation of the act's scope, while Justice Anthony Kennedy concurred in the judgment but offered his own more sweeping interpretation -- guaranteeing continued litigation. … In Scalia's view, the law requiring permits to fill 'navigable waters' covers only 'relatively permanent' streams, rivers, and lakes -- not intermittent or merely 'hydrologically connected' waters. However, Kennedy's concurrence sketched out a much broader standard, one that would apply the law's permit requirement to those seeking to fill any waters and wetlands with a 'significant nexus' to navigable waters." The Times adds, "Environmental groups seized on Kennedy's concurrence as the controlling opinion and expressed relief that their fears of a substantial loss of Clean Water Act jurisdiction had not come to pass. … 'The ultimate effect of the Supreme Court's decision on the Clean Water Act is to leave the Act's protection of wetlands and other water bodies in place, but subject to proof that they do in fact have a 'substantial nexus' to downstream water quality,' said Tim Searchinger, lawyer with the group Environmental Defense, in a statement. 'The decision kicks the ball down the road and will create some major administrative headaches, but in the end, the protection of this country's water bodies should change little.'"

Bloomberg (6/20, Stohr) reports, "Justice John Paul Stevens, writing for the four dissenters, said Kennedy's test will create new uncertainty and additional work for regulators and landowners. He also said the new test 'will probably not do much to diminish the number of wetlands covered by the act in the long run.' … Justices Stephen Breyer, Ruth Bader Ginsburg and David Souter also dissented." Bloomberg notes, "The ruling is a partial setback for environmentalists and the Bush administration, which argued in favor of broad federal power to restrict development."

More Commentary. The New York Times (6/20, 1.19M) editorializes, "For all the talk of liberal judicial activists, it was Justice Antonin Scalia and his fellow conservatives who

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voted to substitute their own preferences for a decision made by the executive branch, in the form of the Army Corps, interpreting a statute passed by Congress. It was the liberals who were "judicially modest," to use a favorite phrase of Chief Justice Roberts, deferring to the elected branches." Justice Kennedy's role "is especially notable. He wrote a careful opinion, much in the tradition of Justice Sandra Day O'Connor, that refused to go along with any large-scale assault on ecologically fragile lands. His opinion suggests that in this sharply divided court, at least in environmental law, the precarious center can hold."

The Wall Street Journal (6/20, 2.11M) writes in an editorial, "The vote in the case left little room for doubt about the reason for the Court's indecision -- his name is Justice Anthony Kennedy. The Court split, in effect, 4-1-4." The Journal adds, "Some court-watchers predicted that Justices Roberts and Alito would help draw Anthony Kennedy to the right, lest he feel isolated by the high-powered intellects of the Court's four conservatives. The good news from yesterday's ruling is that the Court's two newest members came down solidly on the side of property rights in their first big environmentalism case. The bad news is that Justice Kennedy lacked the courage of their convictions."

Pombo Says Deal Has Been Reached On Offshore Oil Drilling. The New York Times (6/20, Janofsky, 1.19M) reports Rep. Richard Pombo, chairman of the House resources committee, said the panel "had reached bipartisan agreement on a measure that would open the Outer Continental Shelf to oil and gas exploration." Pombo "said the agreement was a compromise that would give states the option to drill in waters that the federal government had kept off limits to energy exploration for decades. At the same time, lawmakers also tried to satisfy lawmakers from Florida and other states who have opposed any drilling within 100 miles of their coastlines." According to the Times, the deal, which will be voted on Wednesday, "would replace a longstanding executive order barring most drilling on the shelf with legislation that would bar drilling in the first 50 miles of coastal waters unless states chose to opt out by vote of their Legislature and the approval of their governor."

Spate Of New Energy Legislation Attributed To Election-Year Politics. The New York Times (6/20, Janofsky, 1.19M) reports, "Any notion that energy policy was set for a while after President Bush signed the first major energy bill in a decade last August would be wrong. Not only are gasoline prices higher now than they were then…but elections are approaching." Sen. Larry Craig "has introduced a bill that would allow American oil companies to work in partnership with Cuba, drilling for energy supplies off its coastline." Rep. Maurice Hinchey "would eliminate a slew of tax breaks for oil and gas companies." Rep. Dan Lungren "has proposed legislation that would award $1 billion to the first automaker in the United States to sell 60,000 mid-size sedans that can travel 100 miles on a gallon of gas." According to the Times, "Of all the energy measures…three have a modest chance to pass both houses this year. One would open a new section of the Gulf of Mexico to drilling. One would define and outlaw gasoline price gouging. A third would give the president authority to set fuel efficiency standards for cars."

Higher Oil Prices Could Contribute To The Deterioration Of US Roads. USA Today (6/20, Hagenbaugh, 2.31M) reports, "Asphalt prices are skyrocketing as costs for oil, a key component of the paving material, are near records. In some parts of the country, there are asphalt shortages. Both price and availability problems are forcing local governments across the USA to scale back or cancel road projects this summer, the main paving season in much of the country. … Nationwide, asphalt prices are up 42% in the second quarter from the same time a year ago, according to the Engineering News-Record." USA Today adds, "Making matters worse, U.S. asphalt production was down more than 5% from January through March compared with a year ago, the Energy Department says."

Kempthorne Restores Preservation As Park Service's Primary Goal. The Los Angeles Times (6/20, Cart, 958K) reports that Interior Secretary Dirk Kempthorne has thrown out a draft of the National Park Service Management Policies that would have "opened some of America's national parks to snowmobiles and other motorized recreation and permitted increased commercialization." The policy rejected by Kempthorne "would have weakened protections for wildlife and natural resources, instead restoring the longtime standard that national parks must emphasize preservation over any other activity. … The new policy, which is to become final in three weeks, explicitly instructs park managers to maintain clean air, water and natural sounds, and not allow any activities that might damage park resources."

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LATimes Praises Administrations "New Attitude" Toward National Parks. An editorial in the Los Angeles Times (6/20, 958K) calls Kempthorne's decision "gratifying," noting that the parks "were never intended for the mixed industrial and recreational uses commonly allowed on property under the Bureau of Land Management." Kempthorne "has shown that he at least understands what [former Secretary Gale] Norton never seemed to get: The public wholeheartedly embraces the conservation of its national parks and monuments. The government should respect this position." The Bush administration "appears to have a welcome new attitude toward the nation's natural treasures."

Authors Lament Extinction Of Tasmanian Tiger. Authors Margaret Mittelbach and Michael Crewdson write in the Washington Post (6/20, A17, 744K) that "one of the most spectacularly tragic losses in nature was Thylacinus cynocephalus, commonly called the thylacine, or Tasmanian tiger."

FBI/DEA/ATF/USMS:

Alabama Sheriff's Deputy Pleads Guilty To Weapons, Drug Charges. The AP (6/20) reports former Houston County, Ala., sheriff's deputy Michael Shawn Campbell "pleaded guilty to selling a gun to a convicted felon and supplying him with cocaine to sell, authorities said Monday. … Campbell, who was a deputy with Houston County's narcotic unit at the time, admitted to selling the gun and supplying crack cocaine to Joshua Whigan, an Ashford man Campbell knew to be a convicted felon, authorities said. Whigan reported Campbell to authorities and worked with the FBI and Ashford Police Department on the case."

Political Opponents Call For Connecticut Mayor To Resign Over Cocaine Allegation. In a widely-distributed story, the AP (6/20, Christoffersen) reports, "Adversaries called on the mayor of Connecticut's largest city to resign Monday, while supporters urged him to specifically address allegations he used cocaine. Bridgeport Mayor John Fabrizi, a Democrat, was named in an FBI report that surfaced last week in which an alleged drug dealer claimed an associate had a videotape of the mayor using cocaine. … Fabrizi planned to make a public statement Tuesday, said his spokeswoman, Caryn Kaufman." The AP notes Fabrizi's 2003 opponent, Republican Rick Torres yesterday called for his resignation and US Rep Christopher Shays "urged Fabrizi to disclose more."

Illegal Drug Use Declines Among US Workers. USA Today (6/20, Armour, Jones) reports illegal drug use among workers in the United States "fell to its lowest level in nearly two decades in a trend driven in part by tougher drug-testing practices, putting cold medicines behind the counter and closing down methamphetamine labs in America. … The White House said on Monday that seizures of meth labs dropped more than 30% last year. It said the reason was that more states and retail drugstores limited access to cold medications that are used to make meth. 'The workplace data has been very powerful in that it's based on many, many tests,' says John Walters."

The AP (6/20) writes that even as such statistics were released, "Quest Diagnostics, the nation's largest drug testing company, said that in the first five months of this year, the rate of job applicants and workers testing positive for meth was 31 percent lower than last year. The top White House drug control official, John P. Walters, said the two reports were evidence that the 'one-two punch' of restricting chemicals and educating the public about the effects of methamphetamine addiction was having an effect." The New York Times published this AP story.

In a separate story, the AP (6/20) reports, "Good news in the fight against meth abuse came on two fronts Monday, with reports showing a major drop in methamphetamine lab seizures nationwide and a similar decline in the spread of the drug into the workplace. … The number of meth lab busts plummeted more than 30 percent last year as most states put in place laws to restrict the sale of over-the-counter cold medicines used to make meth, according to the Drug Enforcement Administration's El Paso Intelligence Center. … White House drug policy director John Walters called the data an encouraging sign of progress. 'The practices that have been taking place in our states are working, not only on small toxic labs but also what we're trying to do with demand,' said Walters." This AP story was published by MSNBC, FOX News, the Seattle Times, Georgia's Athens Banner-Herald West Virginia's Charleston Gazette and the Austin, Texas American-Statesman.

In a sidebar, the AP (6/19) has listed the number of meth labs shut down in each state over the last two years.

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UPI (6/19) reports, "Quest Diagnostics said of tests for all drugs performed by the company for the combined U.S. workforce, 4.1 percent had positive results in 2005 compared to 13.6 percent in 1988."

The San Antonio (TX) Express News (6/20) writes that according to the Quest report, "Those testing positive for marijuana represented 52.5 percent of the positive results, down from 60.6 percent in 2001. At 15.7 percent, cocaine was No. 2 on the list of drugs found in workers." The Express News adds, "In San Antonio, results are mixed, with one testing company observing a possible decrease in overall drug use and another noticing an upward trend, especially in methamphetamine use."

The Kansas City Star (6/20) writes, "Kansas City, Kan., police turned to the DEA for help last year when the Mexican meth trade sparked a wave of violence. The resulting law enforcement operation led to 23 arrests and the dismantling of four trafficking organizations."

The Los Angeles Daily News (6/20) reports, "The federal government hopes a sweeping law that would require drugs containing pseudoephedrine - the main ingredient in meth - to be sold from behind the pharmacy counter will further reduce the meth supply in the United States. Though California already has such laws in place, the nationwide mandate will begin Sept. 30."

Two Men Accused Of Supplying Michigan Teen With Fentanyl-Laced Heroin. Southfield, Michigan's WXYZ-TV (6/19) reports on its Web site that on Monday police "arrested two men accused of supplying a Bloomfield Hills teenager with a deadly combination of heroin and fentanyl. The suspects could become the first two in Michigan to be charged with a fentanyl-related death. Saturday night, on Keating Street in Detroit, officers with the major crimes division and DEA agents raided the home of two suspected drug dealers who are brothers. Sources said the brothers supplied 17-year-old Lauren Jolly with the heroin laced with Fentanyl and then let her die."

The Detroit News (6/20) reports, "Two men arrested in a federal raid of a drug house Sunday morning may be linked to the distribution of drugs laced with fentanyl, a painkiller suspected in the deaths of at least 79 people in Metro Detroit in the last four weeks, law enforcement sources said. … Brothers Donald and James Edgar Coleman were among those arrested in the raid…sources familiar with the investigation said. Some were charged with ordinance-type violations, police said." The News adds, "In November, the DEA's office in Detroit issued an alert saying agents had bought heroin on the street cut with 'potentially lethal' levels of fentanyl. The Wayne County Medical Examiner's Office saw that alert as part of a routine bulletin from the DEA, officials said."

Six Die Of Suspected Drug Overdoses. The Chicago Tribune (6/19) reports, "Five Chicago men and one Elk Grove Village man died Saturday and early Sunday of suspected drug overdoses, officials said. Three of the six may have been heroin users, said a spokesman for the Cook County medical examiner."

Louisiana Doctor Pleads Guilty To Illegally Providing Pain Medication. The AP (6/20) reports, "A Lake Charles doctor pleaded guilty Monday in federal court to illegally dispensing pain medication in exchange for sexual favors. Dr. Kevin E. Gorin, 46, was charged with four counts of distribution of a controlled dangerous substance and one count of possession of a controlled dangerous substance with intent to distribute. … Gorin's arrest culminated an investigation by the U.S. Drug Enforcement Administration, the Beauregard Parish Sheriff's Office, and the DeRidder Police Department."

Ohio Lab Said To Be Under Scrutiny By Regulators. The Athens (OH) News (6/19) reports the Columbus laboratory that "reported finding an extremely high amount of GHB in Ohio University head football coach Frank Solich's hair has come under repeated scrutiny by regulators. A review of public documents by The Athens News has uncovered numerous run-ins in recent years between Toxicology Associates, Inc. and government agencies charged with ensuring lab accuracy and fair advertising." However, group supervisor for the Columbus diversion group office of the federal Drug Enforcement Agency "said Friday that she knows of no problems encountered by the DEA in its oversight of the lab's handling of controlled substances. The DEA license held by Toxicology Associates, Inc. is current, she reported." The News notes that Solich is trying to overturn his November drunken driving conviction.

IMMIGRATION:

Conservative Leaders Challenge Bush On Immigration. CNN's Lou Dobbs Tonight (6/19, 6:15PM,

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Sylvester) reported that "today on the issue of illegal immigration, the President has lost his loyal base. 41 prominent conservatives have written a letter to the White House urging what's called sequencing. Secure the borders first, before implementing a guest worker amnesty program. The list includes prominent names like Bill Bennett, President Reagan's Education Secretary, judge Robert Bork, William F. Buckley and former House Speaker Newt Gingrich."

GOP Senators Say Work-Site Immigration Enforcement Has Been Ignored. The Washington Times (6/20, Hurt, 90K) reports Senate Republicans "warned yesterday that the immigration bill approved by the Senate last month won't stop companies from hiring illegal aliens -- the very magnet that has drawn some 12 million illegals to the United States." Sen. John Cornyn "called a subcommittee hearing on the topic yesterday," and is quoted as saying, "Not only do I see work-site enforcement as the critical means, or linchpin, really, of successful immigration reform, but also because the secretary of the Department of Homeland Security has told me that several provisions in the Senate bill would make the system unworkable." Sen. Jon Kyl "said there was little hope for improvement with current proposals." However, Julie L. Myers, DHS assistant secretary for Immigration and Customs Enforcement, said her agency ""is reinvigorating our work-site enforcement efforts."

Almost Half Of Illegals Entered US With Valid Visas. The Washington Times (6/20, Seper, 90K) reports, "Nearly half of the 10 million to 12 million illegal aliens now in the United States entered the country legally, but never left. Carrying visas and U.S.-approved border crossing cards, they were inspected by immigration officers at 300 sea, air and land ports of entry and many -- according to a year-old U.S. Customs and Border Protection policy -- were told to 'Have a nice day.' A little-noticed study by the Washington-based Pew Hispanic Center says 45 percent of America's illegal alien population -- 4.5 million to 6 million -- carried legally issued border crossing cards for short-term visits or business and tourist visas for longer but temporary stays."

Illegals Increasingly Face Deportation For Relatively Minor Crimes. The New York Times (6/20, Preston, 1.19M) reports, "Across the country, local law enforcement officials and irritated taxpayers are turning up the pressure on federal immigration authorities to identify illegal immigrants who are behind bars and deport them after they are freed. Although that has generally been the practice with violent felons, illegal immigrants who commit lesser crimes are often overlooked by federal authorities, who say their resources are scarce. Now, however, immigration agents say they are beginning to take the first steps to change that. The agents say they are rethinking the triage that led them to pass over the estimated hundreds of thousands of illegal immigrants with lesser offenses, even if they were imprisoned." According to the Times, "Up to 25 percent of the 22,000 inmates in the Los Angeles County jails on any day are illegal immigrants. … In California state prisons, at least 20,000 inmates have been listed for deportation by immigration authorities, officials said."

To Protect Cattle Fences, Some Texas Ranchers Provide Fences For Illegal Immigrants. The Wall Street Journal (6/20, Johnson, Rutkoff, 2.11M) reports in its "Border Lines" column, "Some Texas ranchers tired of repairing cattle fences damaged by illegal U.S.-Mexico border crossers have installed an easier route -- ladders. 'It's an attempt to get them to use the ladders instead of tearing the fences,' said ranch owner Scott Pattinson. But the ladders may look too good to be true. 'They ignore it a lot,' says Paul Johnson, who owns an exotic game ranch along the Texas border. 'They're afraid that they're monitored by the Border Patrol.'"

Police Refuse To Assist Immigration Enforcement Efforts. USA Today (6/20, Keen, 2.31M) reports, "Despite a federal effort to enlist help from local police to catch illegal immigrants, some of the USA's biggest cities are declining to enforce immigration laws. Police chiefs, mayors and city councils are ordering local cops not to get involved as federal agents crack down on people in the country illegally." U.S. Immigration and Customs Enforcement "has been visiting police conventions in an effort to have departments join a voluntary program. … Participants include state police in Alabama and Florida, the Arizona corrections department and sheriff's departments in San Bernardino, Los Angeles and Riverside counties in California and Mecklenburg County, N.C." However, "Several jurisdictions have refused to help. Chicago police and city workers are prohibited from asking immigrants about their legal status. … In the broadest signal of opposition, a national group representing 57 big-city police chiefs warned this month that local enforcement of federal immigration laws would 'undermine trust and cooperation' among immigrants."

WSJournal Notes Prominent Economists' Support For Immigration. The Wall Street Journal (6/20, 2.11M), in an editorial, writes, "In an open letter to President Bush and

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Congress last week, more than 500 prominent economists, including five Nobel laureates, proclaim that 'immigration has been a net gain for American citizens.' … What is striking about this immigration letter is that it is signed by economists from different fields of research, political affiliations and ideologies. It is possible that no other issue in the economic field, with the exception of the benefits of free trade, inspires such unanimity of professional opinion as immigration does."

TAX:

California Businessman Arrested In Alleged Tax Deduction Scheme. The New York Times (6/20, Johnston, 1.19M) reports, "The owner of the nation's largest computerized machine tool maker was arrested yesterday morning at his California home and charged with orchestrating a tax fraud that cost the government nearly $20 million as well as intimidating witnesses and a federal agent investigating the case." Gene F. Haas, "the owner of Haas Automation and other companies, was accused in a 52-page indictment of running a bogus invoicing scheme to create fake tax deductions. Mr. Haas was held without bail after his arraignment in Federal District Court in Los Angeles." The Times notes former Haas Automation CFO John Phillips "went to the F.B.I. in April 2001 and told them that he had been ordered by Mr. Haas eight months earlier to cheat the government out of more than $8.9 million in taxes, the Justice Department said. Mr. Phillips is an unindicted co-conspirator."

Thomas Unveils Estate Tax Repeal Plan. The AP (6/20, Dalrymple) reports, "The House's top tax writer revealed a proposal Monday to reduce taxes on inherited estates and rewrite a quirky law that repeals the tax for only one year." House Ways and Means Committee Chairman Bill Thomas " introduced the bill after Senate Republican leader Bill Frist of Tennessee asked House GOP leaders for help reducing the estate tax before this fall's midterm elections." Frist "lost a bid this month to push forward legislation repealing the tax, unable to overcome opposition from most Democrats and a pair of Republicans."

The Wall Street Journal (6/20, Mullins, 2.11M) says Thomas' bill "could be a big step toward lowering estate taxes." House Republicans "will vote this week" on the "compromise legislation." Thomas' proposal "would reduce the number of Americans subject to the estate tax by raising the per-person threshold for the tax to estates valued at more than $5 million beginning in 2010." Thomas "would set the tax rate for estates valued at less than $25 million to the capital-gains rate, currently 15%. The value of estates above $25 million would be taxed at a rate equal to twice the capital-gains rate. The new legislation would retain the 'step up' in basis and would unify the estate, gift and generation-skipping transfer taxes." The Journal adds, "To appeal to a few key Senate Democrats, Mr. Thomas included incentives for the timber industry. The legislation includes a new 60% deduction for qualified timber capital gains. House Republicans would like to approve the legislation this week, so the Senate would have time for a vote this summer."

CONGRESS-ADMINISTRATION:

Rumsfeld Said To Give Little Attention To Weapons Procurement. A Washington Post (6/20, A15, Smith, 744K) article headlined "Tanker Inquiry Finds Rumsfeld's Attention Was Elsewhere" is extremely critical of Defense Secretary Rumsfeld, saying that a transcript of Rumsfeld's April 2005 interview with Pentagon IG investigators in "the largest defense procurement scandal in recent decades," obtained by the newspaper "under the Freedom of Information Act after a year-long wait, says a lot about how little of Rumsfeld's attention has been focused on weapons-buying -- a function that consumes nearly a fifth of the $410 billion defense budget, exclusive of expenditures in Iraq and Afghanistan." The Post says the "issue is relevant because a series of reports, including others by the inspector general and by the Government Accountability Office, indicate that five years into the Bush administration, the department's system of buying new weapons is broken and dysfunctional."

Zoellick Announces Resignation From State Department Post. The Washington Post (6/20, A2, Kessler, 744K) reports, Deputy Secretary Robert Zoellick, "one of the administration's most prominent figures in foreign and economic policy, said yesterday that he is resigning to join the Wall Street investment firm Goldman Sachs Group Inc. Zoellick's interest in leaving his high-profile post had long been rumored, but it leaves a large hole in" Secretary Rice's "foreign policy team. Zoellick spearheaded efforts to end the violence in Sudan's Darfur region and was the administration's main interlocutor in the delicate relationship

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between the United States and China." During a Monday ceremony, Rice is quoted saying she was "deeply honored" that Zoellick had agreed to come aboard and was announcing his resignation "not without considerable sadness." Later, in an interview, Zoellick "said he was leaving 16 months after he started because he had accomplished his objective of helping Rice set up her management team and get her tenure as secretary of state off to a fast start. 'The secretary is clearly up and running quite well,' Zoellick said. 'We now have a very good team, a team considered -- false modesty here -- one of the best, if not the best, Cabinet teams around.'"

The Wall Street Journal (6/20, King, Craig, 2.11M) adds, "Mr. Zoellick's departure will leave a vacuum in the Bush administration's China team, which Mr. Zoellick has led since early last year. ... In his resignation letter, Mr. Zoellick said he was particularly proud of having 'reframed' the administration's approach toward China. In a speech last summer, Mr. Zoellick called on China to become a 'responsible stakeholder' in the international system. He also led a series of high-level dialogues between Washington and Beijing." The New York Times (6/20, Cooper, 1.19M) notes, "As Ms. Rice's deputy, Mr. Zoellick was the primary architect of the administration's policy toward Sudan and particularly the response to the crisis in Darfur. … He is widely considered to be one of the administration's most experienced foreign policy hands." The Times notes the search for Zoellick's successor, reporting, "Bush administration officials said the search was now on to find a replacement." Undersecretary Burns "would be the logical front-runner for the job. Administration officials say Robert M. Kimmitt, the deputy Treasury secretary, is also in the running." The Financial Times (6/20) also notes Burns and Kimmitt as "frontrunners" for the job. The Washington Times (6/20, Sands, 90K) and Los Angeles Times (6/20, McManus, 958K) run similar reports.

Energetic PR Effort Underway To Depict Bush As Fully Engaged. The White House Bulletin/US News (6/19) reports, "More signs are emerging that new White House Chief of Staff Josh Bolten is pumping up the energy level in the West Wing -- especially when it comes to promoting President Bush and his policies in the news media. Bolten is now granting interviews to talk up the Administration's agenda and, most particularly, to portray Bush as fully engaged in formulating and debating policy." Bolten is "said to be concerned that Bush is too often depicted as an isolated figure and an intellectual lightweight, and he wants other senior officials to do more to counteract those perceptions. This level of media engagement was rare for Andy Card, Bolten's predecessor." Bolten is "also encouraging other aides to be more visible in engaging the Bush's critics. New White House Press Secretary Tony Snow has taken these marching orders to heart, not only jousting with reporters with more deftness than his predecessor, Scott McClellan, but appearing on two talk shows yesterday alone -- to talk up Bush's agenda and his leadership skills. Appearing on the Sunday shows and other high-profile TV venues is something McClellan almost never did. Snow appeared yesterday on CBS' Face the Nation and Fox News Sunday."

Snow Deliberately Kept In Dark About Baghdad Trip. The White House Bulletin/US News (6/19) reports White House Press Secretary Tony Snow "didn't mind being kept in the dark about President Bush's surprise trip to Baghdad last week. Snow didn't find out about the visit until almost the last minute -- after he had briefed reporters about the supposedly full schedule of meetings that Bush was planning at Camp David. That schedule, however, was a subterfuge designed by more senior officials at the White House to throw the media, and presumably evil doers in Iraq, off the trail of what Bush was really up to." Snow "now tells associates that if he had known about the secret trip, he might have been placed in the position of potentially deceiving reporters -- something he never wants to do. So, he says, it was actually a good idea to keep the press secretary out of the loop on at least this occasion." But former advisers to past presidents, "however, have a different take. They don't think it's a good sign that the President's chief spokesman wasn't informed about the Baghdad visit, and they believe it shows that counselor Dan Bartlett, a Bush loyalist for many years, is still the Number One strategist for communications and PR at the White House."

Federal Agencies' Varying Standards For Polygraph Tests Create Frustration. The Washington Post (6/20, A1, Vedantam, 744K), in a front-page story, reports on employees of federal agencies including the CIA and the FBI who have failed polygraph tests administered by other agencies. According to the Post, "In a region where a security clearance is a necessary ticket to countless jobs

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with the federal government and its thousands of contractors, it is not hard to find people caught in turf wars over clearance. Polygraph tests are often at the root of the problem. … The government recognizes the problem and plans to harmonize the process across the intelligence community, but Director of National Intelligence John D. Negroponte cannot say when that will happen, said spokesman John Callahan." The post goes on to report, "The FBI recently ran a background check on Wayne Johnson, which led to a five-year extension of his top-secret White House clearance. But when Johnson applied for a job at the FBI itself, the agency made him an offer -- then rescinded it after a polygraph exam." Johnson "said the polygraph made him nervous, even though he had nothing to hide. When asked about drug use, Johnson, who is black, found himself worrying about stereotypes that link blacks to drug use. Johnson said he had never touched an illegal narcotic but believed his examiner, who is white, did not believe him."

Cheney Presents Gerald Ford Prize To New York Daily News Reporter. Roll Call (6/20, Akers) reports in its "Heard on the Hill" column that while Vice President Cheney was on hand to present Tom DeFrank, the Washington, DC, bureau chief for the New York Daily News, with the Gerald R. Ford Prize for Distinguished Reporting on the Presidency, he "didn't physically present the award to DeFrank, in a departure from previous years." Roll Call notes that one of DeFrank's stories submitted in his award wining package discussed Cheney's "waning influence at the White House after the indictment of his former chief of staff, Scooter Libby." Attendees, say Cheney "was gracious and said nice things about DeFrank. But although Cheney presented the award to last year's winner, Jackie Calmes of The Wall Street Journal, President Ford's son Jack presented this year's award, the 19th annual."

GOP Lawmakers Have Extensive Agenda For The Next Five Weeks. Roll Call (6/20, Billings) reports in its "Roadmap" column, "Majority Republicans know they will need unity in their own party and the support of at least a few Democrats to make significant headway on their priorities in the next five weeks of legislating, a schedule that includes a raft of appropriations measures, the estate tax, line-item veto, executive nominations and outstanding conference reports on pensions, lobby reform and immigration. And the GOP knows that hopes of advancing those bills diminish as the clock ticks toward August and the November election creeps closer." Republicans "hope to put Democrats on the defensive on the war, trying to bolster their own anti-terrorism credentials while branding the minority as a 'cut and run party.'" Democrats "will ramp up their own efforts to bolster their agenda and a message that Republicans have forwarded the wrong priorities that have hurt the middle class and favored special interests."

Democrats Pledge To Keep Pressure On GOP Regarding Minimum Wage Hike. The Wall Street Journal (6/20, Rogers, Conkey, 2.11M) reports Democrats in Congress "aim to make the minimum wage a maximum political problem for Republicans this election year. The minority party fired the first shot last week, when the House Appropriations Committee broke with its Republican leadership and approved a $2.10-an-hour increase as part of a spending bill for labor, health and education programs. Speaker Dennis Hastert responded by putting the measure on hold -- possibly until after the election. But Democrats are poised to come back this morning and offer the same wage amendment as part of a second appropriations bill funding science and law-enforcement agencies." The committee's ranking Democrat Rep. David Obey is quoted as saying, "I gave the Republicans fair notice that we will attach it to anything we can." House Minority Whip Steny Hoyer adds, "We think it's both the right thing and good politics." According to the Journal, "Discomfort is growing among rank-and-file Republicans, especially as organized labor has mounted ballot issues in various states." Rep. Jo Ann Emerson "said her polling on the issue in Missouri -- one of the states with a ballot initiative in the works -- testified to the issue's popularity."

Police Union Wants Ethics Probe Of McKinney. In the wake of a federal grand jury's refusal to indict Rep. Cynthia McKinney for assaulting a Capitol Police officer, police labor officials are calling on the House ethics committee to review her conduct. The AP (6/20, Kellman) reports that the officials "said the grand jury's decision last week sent the message that 'it's okay to hit a police officer.'" Andrew Maybo, chairman of the US Capitol Police Labor Committee, told reporters the Fraternal Order of Police "would send a letter later this week to the ethics committee suggesting that McKinney's behavior violated an item in the chamber's ethics manual that calls for members to 'conduct

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(themselves) at all times in a manner which shall reflect creditably on the House of Representatives.' McKinney's spokesman and her lawyer did not immediately return calls for comment."

The Hill (6/20, Kucinich) reports, "Lou Cannon, the president of the DC Fraternal Order of Police, echoed Maybo's remarks, adding that regardless of any animosity felt among the officers toward the lawmaker she will still be protected as a member of Congress."

CQ (6/19, Ferrechio) reported, "There was no immediate word from McKinney's office on the FOP ethics challenge, but the congresswoman said June 16 that the grand jury decision was 'right and just, and the proper resolution of this case.'"

Fundraiser Boosts McCrery's Bid For Ways And Means Chairmanship. The Hill (6/20 O'Connor, Snyder) reports Rep. Jim McCrery's "chairmanship of last night's President's Dinner should boost his bid for the Ways and Means Committee gavel, if the past is any indication. The dinner raised $15 million for the National Republican Congressional Committee (NRCC), exceeding its target by $1 million. The National Republican Senatorial Committee, helmed by Sen. Lamar Alexander (R-Tenn.), raised an additional $12 million." McCrery, "already a fundraising powerhouse this election cycle, raised $1.2 million for last night's dinner. … Always a factor, fundraising prowess could be doubly important to McCrery's ambitions because he is not the most senior member in line to run Ways and Means. His principal opponent, Rep. Clay Shaw (R-Fla.), has been there longer and is raising considerable funds in his own bid."

USDA Official Cancels Some Alternative Work Schedules. The Washington Post (6/20, D4, Barr, 744K) reports in its "Federal Diary" column, "An Agriculture Department undersecretary has canceled certain alternative work schedules for management officials in St. Louis and Washington and told the affected employees to plan on working a traditional eight-hour, five-day-per-week schedule." The decision by Thomas C. Dorr , Agriculture's undersecretary for rural development, "underscores the tension inside numerous agencies over flexible work schedules. Many agencies provide such arrangements to help employees balance their work and home lives, but political appointees and senior managers often prefer to have workers in the office and available."

Secret Service Agents Perform CPR On Former Treasury Official. The Washington Post (6/20, B1, Montes, 744K) reports that former assistant treasury secretary Curtis Hessler collapsed in Dupont Circle on Saturday morning and was given life-saving treatment by two Secret Service agents, who happened to be driving by. The uniformed agents, "were on routine patrol. Trained to assist presidents and embassy officials, they performed CPR and then followed the ambulance to George Washington University Hospital. A D.C. police officer took Christine Hessler and a friend there."

Justices' Comments On Court's Independence Applauded. Tony Mauro, Supreme Court correspondent for American Lawyer Media and Legal Times, writes in USA Today (6/20, 2.31M) that in this supreme Court term, justices have been "making headlines off the bench, offering comments that, taken together, have made a powerful case for the independence of the court and the judiciary. After years of being passive punching bags for critics, mainly on the right, justices of all stripes are pushing back, making welcome additions to the public debate." Justices' comments "have a consistent theme: This Supreme Court takes a back seat to no other branch, and it is willing to fight for its independence and that of the judiciary as a whole." Mauro concludes, "In the same way that journalists must shed their vaunted neutrality when freedom of the press is under fire, so too should judges get involved when their authority is threatened. To stay independent, judges should act, and speak, independently."

Dionne Says Roberts' Views Could Put Him In Conflict With Scalia. In his Washington Post (6/20, A17, 744K) column, E. J. Dionne writes that in a speech at Georgetown University law school last week, Chief Justice John Roberts "laid out an approach to deciding cases that could disappoint those who like their court decisions bold and ideological. … The chief justice's speech defended the virtues of judicial humility: Justices should try to make the narrowest possible rulings and strive for unanimity, or something close to it." Dionne notes that Roberts's view "could bring him into conflict with Justice Antonin Scalia, a fellow conservative who is absolutely certain what the Constitution means and is never afraid to say so." Dionne

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adds that "if Roberts lives up to his Georgetown principles, he will justify all the votes cast for his confirmation by moderates and liberals. More important, he will win a place in history as the chief justice who ended the judicial wars."

Tierney Criticizes SCOTUS Decision In Fourth Amendment Case. John Tierney writes in the New York Times (6/20, 1.19M), "Of all the excuses for weakening the Fourth Amendment, the weirdest was the one offered by Justice Antonin Scalia last week in a Michigan drug case. He wrote the majority opinion allowing police officers to use evidence found in a home even if they entered without following the venerable rule to knock first and announce themselves." Tierney adds, "The number of paramilitary raids has soared in the past two decades as cities, suburbs and small towns have rushed to assemble their very own SWAT teams." Tierney concludes that "thanks to the Supreme Court, they now have less reason to knock first and shoot later."

OTHER NEWS:

Stocks Fall Amid Inflation Fears. Stocks posted declines yesterday amid fears that persistent inflation would force the Fed to push interest rates too high. The Wall Street Journal (6/20, Browning, 2.11M) reports that the Dow Jones Industrial Average fell 72.44 points, to 10942.11, "its ninth decline in 12 sessions." The S&P 500 "fell back into the red for the year. It declined 0.91%, or 11.40 points, to 1240.14." The Nasdaq Composite Index "decreased 0.92%, or 19.53 points."

Cooper Tire Efforts To Avoid Accident Lawsuits Examined. ABC World News Tonight (6/19, story 7, 3:00, Gibson) reported, "There are at least 31,000 tire-related accidents each year, causing 5,500 serious or fatal injuries. We're going to focus on how investigators for the fourth-largest tire company, Cooper Tire, respond to some of them. Our Phoenix affiliate, KNXV, first broke this story." ABC (L. Stark) added, "In a video deposition, Frank Ruggier testified he trolled the Internet every day for reports of accidents involving tires." Ruggier "did work for several tire companies but primarily for Cooper Tires. Under oath, Frank Ruggier testified that Cooper Tire paid him $75 an hour to go to accident sites, take pictures, collect evidence. If he found tread like this, he took it and gave it to Cooper Tires." Cooper Tires "says its aim is to 'gather and preserve evidence so that the truth can be told.' But a Cooper executive was asked in a deposition involving another accident who, other than company officials, is told about the evidence." Stephen Schroeder, Vice President, Cooper Tires: "I don't know that anybody else is notified." Attorneys "allege Cooper keeps quite about the treads to stymie lawsuits."

Bush Helps GOP Campaign Committees Raise $27 Million For 2006. The debate over the Iraq War continues to be a top issue as the 2006 elections approach. The Washington Post (6/20, A10, Goldfarb, 744K) reports, "President Bush suggested last night that Republicans must remain in control of Congress for the country to effectively combat terrorism and keep the economy healthy, speaking at a $27 million fundraiser meant to provide a needed boost to the campaign war chest of congressional Republicans." He "generally avoided the harsh language he used to describe the Democrats at last year's dinner, when he urged support for his Social Security plan." The Post notes, "The infusion of cash could not come at a better time for Republicans, who are defending 35 competitive seats in the November elections, compared with 10 such seats for the Democrats, according to the nonpartisan Cook Political Report. In addition, Democrats this year have been erasing the fundraising advantage the GOP has traditionally held."

The AP (6/20, Raum) quotes Bush saying, ""It is important to have members of the United States Congress who will not raise the white flag of surrender in the war on terror." Bush "criticized proposals, such as are being advocated by some leading Democrats in Congress, for a phased withdrawal of U.S. troops. 'An early withdrawal would be a defeat for the United States.'"

Santorum Courts Jewish Vote. The Hill (6/20, Allen) reports, "Sen. Rick Santorum is aggressively pursuing support from the Jewish community as his tough November match-up with Democratic state Treasurer Robert Casey Jr. draws closer." In addition to holding an event with former Soviet political dissident Natan Sharansky and leading neoconservative Daniel Pipes, Santorum "surprised colleagues last week when he unsuccessfully tried to amend a defense authorization bill with a measure designed to prevent Iran from developing nuclear weapons. The amendment was rejected after the White House and many senators opposed it on the grounds that it could disrupt U.S.-Iranian negotiations." And in July "he plans to host a 'Jewish

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Leadership Summit' on Capitol Hill to discuss 'foreign policy and religious-freedom issues.' Invitees include White House Chief of Staff Joshua Bolten, Foreign Relations Committee Chairman Richard Lugar (R-Ind.), Specter, Sen. Norm Coleman (R-Minn.) and Virginia Rep. Eric Cantor, the lone Jewish Republican in the House."

Dean's Brother Urges Democrats To Support Lamont If Lieberman Runs As Independent. Jim Dean, the head of Democracy for America and DNC Chairman Howard Dean's brother, called on DSCC Chairman Charles Schumer to support the winner of the Connecticut Democratic senate primary if Sen. Joe Lieberman runs as an Independent. Roll Call (6/20, Duran) reports, "Should Lieberman lose -- the latest polls show him comfortably leading" Democratic challenger Ned Lamont – "and should he continue on as an Independent with the DSCC's backing, the DSCC would lose credibility with many Democratic activists, Dean said." Jim Dean "said that a number of big Democratic donors are unhappy with the DSCC's role, whether overt or behind-the-scenes -- in some Senate primaries." For example, "women's groups openly chided the DSCC for pursuing Pennsylvania state Treasurer Bob Casey Jr. and Rep. James Langevin (D-R.I.) as Senate candidates, despite their opposition to abortion rights." And activists "were furious when national Democrats first courted, then pushed aside, Iraq war veteran Paul Hackett as the chosen Democrat to take on Sen. Mike DeWine (R-Ohio)."

McCain Seen As Candidate With Crossover Appeal. The Financial Times (6/20, Sevastopulo) reports, "In a political landscape marked by intense partisan battles," Sen. John McCain "is an anomaly, a man so widely trusted that a recent poll found most Democrats would vote for a candidate he endorsed in the November congressional elections." McCain's "ease in discussing his candidacy is equalled by Hillary Clinton's reluctance even to acknowledge her status as the 'perceived' Democrat contender-in-chief. The man who turned down an invitation to be John Kerry's running-mate two years ago is seen as the prospective Republican candidate with the strongest 'crossover' appeal to Democrat voters. It is perhaps no coincidence that he seems anxious to go head-to-head with Mrs Clinton, a polarising figure whom some Democrats would be reluctant to support. She 'would be very interesting to run against', says Mr McCain. 'First woman nominee, very smart, very tough, very principled.'"

Lack Of Clear Frontrunner Opens Field For Number Of Candidates For 2008. CNN (6/20) on its web site reports a CNN/Harris Interactive poll of 1,001 adult Americans conducted June 1-6 (+/-3%) shows that 47% of respondents "would 'definitely vote against'" both Sen. Hillary Clinton and Sen. John Kerry. But "Clinton had the highest positive number; of those polled, 22 percent said they would 'definitely vote for' her."

Political analyst Bill Schneider on CNN's The Situation Room (6/19) said, "Of the best known possible democratic contenders, only Hillary Clinton has a strong base. 41% of Democrats say they would definitely vote for her. Not even one in four Republicans say they would vote for Rudy Giuliani or John McCain. Nearly half the country says they would definitely not vote for Clinton, John Kerry or Al Gore. More than 60% would never vote for Jeb Bush. His name, Bush. Only a third of voters say they would not vote for Giuliani and McCain. McCain has breadth of support but not a solid base."

Zogby Sees Wal-Mart Shoppers As Latest Key Voting Block. The Hill (6/20, Blake) reports, "In 2004, it was NASCAR dads. Before that, soccer moms. In the upcoming elections, pollster John Zogby says, the parties need look no further than the biggest retail phenomenon in the world -- Wal-Mart -- for this year's elusive group of swing voters." He "said he has found a direct correlation between how often Wal-Mart customers shop there and how reliably conservative they are. While this group voted overwhelmingly Republican in 2004, it is less entrenched than other conservative groups, and Zogby's numbers indicate it is wavering." And the more frequently they shop at Wal-Mart, "the more conservative they've tended to be."

Patronage Charges Continue To Dog Kentucky Governor. The New York Times (6/20, Urbina, 1.19M) reports, "A year ago, after being accused of illegally forcing Democrats out of state Civil Service jobs and giving the jobs to political loyalists," Kentucky Gov. Ernie Fletcher (R), dismissed the charges." Yet "15 indictments later, Mr. Fletcher's administration -- including his self-titled Disciples, accused of being the ringleaders of the patronage scheme -- is still feeling the sting as his approval ratings drop

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below 30 percent." Supporters have distanced themselves from him and it has "threatened to reverse a tide that Republicans in the state have worked for more than a decade to turn in their favor."

Consultant Says Airbus's Superjumbo Project Should Not Have Been Born. Richard Aboulafia, vice president of analysis for Teal Group Corp., a Washington-based aerospace and defense consultancy, writes in the Wall Street Journal (6/20, 2.11M) that the market isn't taking Airbus's problems in stride, "wiping away much of Airbus parent company European Aeronautic Defense and Space Co.'s gains since it was created six years ago." Aboulafia adds, "The biggest problem for Airbus today, to put it gently, is that its superjumbo should never have been born." Airbus "is racing to deliver something that's a mere sideshow. The delays are simply bitter icing on an unpalatable cake."

NYTimes Says Congress Should Save The SIPP. An editorial in the New York Times (6/20, 1.19M) says, "The House Appropriations Committee today will take up a recommendation by President Bush to eliminate" the Survey of Income and Program Participation, which is "arguably the best source of information on the real-world effect of public programs that help the poor." The SIPP "is used extensively by analysts inside and outside the government," and "costs all of about $32 million a year." Congress should "make it a priority to come up with the full amount needed to save this font of invaluable public information."

WPost Says Virginia Lawmakers Failed To Address Transportation. The Washington Post (6/20, A16, 744K) editorializes, "What was supposed to happen by March 11 in Virginia finally occurred just this past weekend: Exhausted lawmakers in Richmond reached a budget deal, averting the risk of a shutdown in state government operations at the end of this month. … We hope they'll excuse the rest of us for issuing a loud Bronx cheer, for in fact they have failed." Lawmakers failed "to agree on any long-term, reliable funding to improve the transportation network, they also have failed to ensure the sustainability of Virginia's economic boom." Republicans are planning another special session for the summer or early fall, and "there's modest reason at best to think another session will come out better. If it does not, Virginians should use the next election to find more responsible leadership."

Bush Urges Iran To Accept Limits On Enrichment. As President Bush prepares to travel to Vienna for meetings with European leaders, the Washington Post (6/20, A10, Fletcher, 744K) reports the President "said Monday that the package of incentives being offered to Iran to abandon its nuclear ambitions is a 'historic opportunity,' and he warned starkly that the alternative for the Islamic nation is increased isolation and crippling economic sanctions." Speaking at the 70th commencement ceremony of the US Merchant Marine Academy, Bush "said Iran's stated desire for a peaceful nuclear power program is 'legitimate,' and one supported by the incentive package from the United States and its allies." Bush is quoted as saying, "We believe the Iranian people should enjoy the benefits of a truly peaceful program to use nuclear reactors to generate electric power," while noting that a nuclear-armed Iran would be a "grave threat to people everywhere."

CNN's The Situation Room (6/19, Henry) referred to "a blunt threat from…Bush on the eve of his trip to Vienna for the European Union summit, where Iran's thirst for nuclear weapons will, of course, be at the top of the agenda." Bush "basically threatened very tough sanctions for Iran if it does not basically take the US historic offer, he called it, to enter into multilateral talks." Fox News' Special Report (6/19, Baier) reported that Bush "had strong words for Iran."

The story got no network TV coverage last night, though approximately three hundred local television newscasts across the nation made some mention of the President's speech. The overwhelming majority of stations briefly mentioned the occasion for Bush's speech and added that he addressed the "threat" from Iran's nuclear technology program. Many of those stations that included more extensive coverage of the speech featured a clip of the president advising the government of Iran to accept the US demand for suspension of uranium enrichment. Very few stations made any mention of the content of the President's speech apart from the portion concerning Iran. Typical of the coverage was WAGA TV Atlanta (6/19, 5 PM) reported, "President Bush urged Iran to accept what he calls a reasonable offer for talks on its nuclear program today. The president also warned that America won't waver in demanding that Tehran suspend uranium enrichment first. The president made the statements at a graduation at the

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U.S. Merchant Marine Academy in New York today." With applause audible in the background President Bush was shown saying, "Iran's leaders have a clear choice, we hope they will accept our offer and voluntarily suspend these activities so we can work out an agreement that will bring Iran real benefits." WAGA added, "President Bush went on to say that Iran rejecting the offer for talks would result in U.N. action and sanctions."

WITI TV Milwaukee (6/19, 5 PM) reported, "Bush is…making his voice heard regarding nuclear weapons. During a commencement speech today at the Merchant Marine Academy, the President told graduates 'the world is united' and will make sure Iran doesn't get its hands on nuclear weapons."

WKRN TV Nashville (6/19, 4 PM) reported, "Bush spoke about establishing peace in the Middle East and the accomplishments that have already been made in the region."

USA Today (6/20, Benedetto, 2.31M) says that "to the staff, faculty, midshipmen and friends of the .. Merchant Marine Academy, it was a huge deal, a dream come true — the first time in the service academy's 63-year history that a president accepted an invitation to address the graduates." Bush "underscored the point in his address: 'I hope it's worth the wait,' he quipped when he took the podium Monday, buoyed by cheers that rang out from the 202 graduates and about 5,000 guests who jammed the football bleachers under sunny skies." Long Island Newsday (6/20, Winslow) runs a similar story under the headline "Day Of Pride, Unprecedented Glory," and says Bush "noted in his address the Merchant Marine Academy's service to the nation over the years, saying it is the only one of the five service academies where even before graduation students are sent into the theater of war -- during their year at sea. That fact means the Kings Point campus is alone among the academies authorized to fly the country's battle standard." Bush's presence, "valedictorian Peter James Radzicki of Mint Hill, N.C., said in his speech, 'brings hope and legitimacy to an academy that at times has felt forgotten.'"

The New York Times (6/20, Rutenberg, Stolberg, 1.19M) reports "White House aides said the address was in part meant to serve as a table-setter for discussions about the nuclear standoff with Iran that are expected as part of a broader agenda this week at the United States-European Union summit meeting." Press Secretary Tony Snow is quoted saying, "It's in some way teeing up what is going to be a topic of conversation, one of many, at the European Union consultations this week."

USA Today (6/20, Jackson, 2.31M) runs a similar report titled "Iranian Nuclear Program Focus Of U.S.-EU Meeting," in which it says "any specific decisions about Iran are in a holding pattern until Iran decides what to do about a U.S. offer that could lead to U.S.-Iranian talks, White House national security adviser Stephen Hadley says." Hadley "says the annual EU summit covers many topics and is a chance to discuss 'the way forward' with Iran."

Knight Ridder (6/20, Hutcheson) also reports "Iran tops the agenda for Bush's meeting with European Union leaders," adding "government officials and outside experts agree that Bush and his European counterparts now recognize that, despite their differences, they need each other. Sort of like the Rolling Stones, according to John Hulsman, a foreign-policy specialist at the Heritage Foundation, a conservative Washington research center. 'Think of Keith Richards when he says to (Mick) Jagger, "This thing is bigger than both of us." That's where we are,' Hulsman said. 'The kids want to save the marriage even though the love is gone.'"

Bush Also Discussed Iran With Putin. The AP (6/20, Riechmann) reports Bush also "discussed Iran with Russian President Vladimir Putin on Monday during an 18-minute phone call Putin placed to Bush. 'The presidents agreed on the importance of remaining united in their efforts to press Iran to suspend all enrichment activities and begin negotiations on the incentives package,' said Kate Starr, a spokeswoman for the National Security Council."

Bush Urged To Pursue "Grand Bargain" With Iran. Flynt Leverett, a former senior director for Middle East affairs at the National Security Council, writes in the New York Times (6/20, 1.19M) that "by refusing to consider a 'grand bargain' with Iran -- that is, resolution of Washington's concerns about Tehran's weapons of mass destruction and support for terrorism in return for American security guarantees, an end to sanctions and normalization of diplomatic relations -- the Bush administration is courting failure in its nuclear diplomacy and paving the way for Russia and China to win the larger strategic contest." Iran "has the world's second-largest proven reserves of conventional crude oil, after Saudi Arabia, and the second-largest reserves of natural gas, after Russia. … Although Russian energy companies could not offer quite the same level of expertise as Western firms in the complexities of managing Iran's older oil reservoirs, they could in the next several years help the

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Islamic Republic develop its newer oil finds and, more significantly, realize its huge potential as a gas exporter.

Wiesel Sounds Alarm About Iran, "Religious Fanaticism." In his Wall Street Journal column (6/20), Frederick Kempe writes, "Nobel peace laureate Elie Wiesel has a simple motive behind the stepped-up pace of his already furious work: foreboding. The world's best-known Holocaust survivor senses, at age 77, a pivotal historic moment, one that poses some of the greatest dangers since Nazi Germany. The shift began 'with the ultimate new weapon,' he says, suicide terrorists deployed globally on behalf of religious fanaticism and without qualms about mass casualties. In his view, it has taken state form with an Iranian president who supports terrorism and is bent on developing nuclear weapons and exterminating Israel." Wiesel "has set in motion a series of Mideast initiatives that will be announced this week in Petra, Jordan, at a gathering of fellow Nobel laureates brought together by him and King Abdullah II. … Though the official program doesn't mention Iran (in deference to its Jordanian hosts), the laureates also will consider a mission to Iran in conjunction with the United Nations and the International Atomic Energy Agency to explore ways to pull Tehran from the nuclear brink. Though Iranian President Mahmoud Ahmadinejad may not heed the Nobel winners' advice, Mr. Wiesel says, he is unlikely to refuse a meeting."

Rice Again Cautions Pyongyang Against Missile Test. The AP (6/20, Gearan) reports Secretary Rice "warned North Korea on Monday it will face consequences if it test-fires a missile thought to be powerful enough to reach the West Coast of the United States. 'It would be a very serious matter and, indeed, a provocative act should North Korea decide to launch that missile,' Rice said amid indications that the North Koreans could launch an intercontinental ballistic missile at any moment." The Washington Post (6/20, A11, Kessler, 744K) adds, "Rice's remarks, made at a news conference with the Spanish foreign minister, are the latest in a series of warnings to Pyongyang not to end a 1999 self-imposed moratorium on long-range missile testing" and that the US is working in concert with allies on the issue. "Japanese Prime Minister Junichiro Koizumi, a close US ally, said in Tokyo yesterday that Japan 'would have to respond harshly' if there was a missile test." Although "US officials have searched for ways to lure North Korea back to the [six-party] talks...Rice suggested that a test would result in a push to bring new sanctions against Pyongyang. UN Ambassador John R. Bolton said yesterday that he has begun preliminary consultations with other Security Council members about a possible resolution. A test 'would once again show North Korea determined to deepen its isolation, determined not to take a path that is a path of compromise and a path of peace, but rather instead to once again saber-rattle,' Rice said," adding that any launch would be an "abrogation of obligations."

The Financial Times (6/20) adds, "In a sign of heightened concern in Washington, Tony Snow, the White House spokesman, said that administration officials, including President George W. Bush, 'have contacted more than a dozen heads of state.'" Meanwhile, the New York Times (6/20, Cooper, Onishi, 1.19M) notes, "Australia, which has diplomatic relations with North Korea, called on the North Korean ambassador to cancel any test and to return immediately to the six-nation talks over the North's nuclear program. 'North Korea would be gravely mistaken if it thinks that a missile test would improve its bargaining position in the six-party talks,' the Australian foreign minister, Alexander Downer, said in a statement. ... 'Such action would be highly provocative.'"

The story was reported by each of the networks in full segments last night. ABC World News Tonight (6/19, story 4, 2:20, Karl, 8.78M) reported, "Senior US officials tell ABC News that North Korea appears to have put rocket launchers in place and fueled a missile, final preparations that would be difficult to reverse. Senior US military officials tell ABC News, that if North Korea goes ahead with a missile launch, they don't rule out an attempt to shoot the missile down. The US has a limited missile defense system with interceptors in Alaska and California, designed specifically to deal with the North Korean threat." The US is "urging China to put pressure on North Korea and the US has warned North Korea not to launch the missile." Secretary of State Condoleezza Rice: "It would be taken with utmost seriousness. I think it's taken with utmost seriousness by regional states and by the world."

The CBS Evening News (6/19, story 4, 1:50, Axelrod, 7.66M) reported, "The Pentagon is now moving planes and ships like these configured with special equipment closer to North Korea to track the test firing of a missile with another range to hit the US West Coast. Now fully fueled, the missile could be launched as soon as Wednesday. A potential delivery system for nuclear weapons North Korea has already

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developed." Secretary of State Condoleezza Rice: "And so it would be a very serious matter, and indeed a provocative act should North Korea decide to launch that missile." Axelrod: "The US is consulting members of the UN Security Council for help dealing with a country that clearly wants attention at a time when Iran seems to be treated as nuclear threat number one." Gov. Richardson: "They're jumpy. And it's a way to send a message that they are a major problem to us, and they want us to deal with their problem. So they are acting like kids."

NBC Nightly News (6/19, story 3, 3:30, Miklaszewski, 9.87M) reported, "Experts say the Taepo-Dong 2, sitting on a remote launch pad today, is bigger and potentially a direct threat to the United States. … Alarmed, the White House revealed today President Bush has personally called international allies to consult on possible diplomatic steps against North Korea, while Secretary of State Condoleezza Rice warned the missile test would amount to dangerous saber-rattling." Secretary Rice: "It would be a very serious matter and indeed a provocative act should North Korea decide to – to launch that missile." Miklaszewski: "Japan's prime minister threatened North Korea with harsh consequences, which could include bilateral economic sanctions. But why would North Korea launch a missile test now? US officials tell NBC News it appears President Kim Jong Il is under increasing pressure from his own generals to stand up to the US and dramatically demonstrate North Korea's military capability. Experts also believe North Korea may be angling to get the same concessions the US is prepared to offer to Iran in exchange for giving up its nuclear weapons program."

CNN's The Situation Room (6/129, Henry) reported, "Secretary of State Condoleezza Rice today basically issued a stark warning for North Korea, reminding them that they first agreed back in 1999 and reiterated that pledge early in the Bush administration that they would not go through with a test like this."

CNN's The Situation Room (6/19, Ensor) also noted Rice and President Bush "have been talking to Japan, China, South Korea and others about what to do if North Korea, as expected, goes ahead."

USA Today (6/20, Nichols, 2.31M) runs a similar report under the headline "Don't Fire Missile, N. Korea Told," while the Los Angeles Times (6/20, Spiegel, Demick, 958K) titles its story "US Warns North Korea On Missile Launch."

DOD Activates Missile Defense System. Meanwhile, the Washington Times (6/20, Gertz, 90K) reports, "The Pentagon activated its new US ground-based interceptor missile defense system, and officials announced yesterday that any long-range missile launch by North Korea would be considered a 'provocative act.' Poor weather conditions above where the missile site was located by US intelligence satellites indicates that an immediate launch is unlikely, said officials who spoke on the condition of anonymity." However, "intelligence officials said preparations have advanced to the point where a launch could take place within several days to a month."

Allen Says President Does Not Have Authority To Attack North Korea Over Test. Sen. George Allen was asked on MSNBC's Hardball (6/19) if the President has authority to take military action if need be in North Korea. Allen said, "I think that we're going to have all our guard up in the event that this missile is launched, I think our guard is going to be up to see where it goes and who knows, it may fairly be erratic. As far as military action, you mean, if they'd launch this missile, does the president have the right to attack North Korea on it? No, I don't think the president has that authority to do so. Unless it hit our country, then it's -- you're going to have a chance to respond there, but I don't think it's intended to hit our country. I think it's intended to show that we could hit the United States."

More Commentary. The New York Times (6/20, 1.19M) editorializes, "Why North Korea would want to increase its isolation and antagonize its few friends like China and South Korea is hard to comprehend. But North Korea-watching is full of such mysteries." The US, "for its part, has reacted sensibly, not wasting a lot of time on diplomatic rigmarole and delivering instead a clear and direct message to North Korea not to proceed with a missile test. We hope that North Korea's next surprise is to respond equally sensibly and cancel whatever plans it has for such a self-destructive move."

McCain Receptive To India Nuclear Deal, Doubts Approval This Year. The Financial Times (6/20, Sevastopulo) interviewed Sen. John McCain, who said Congress "is unlikely to give final approval this year to the Bush administration's civilian nuclear energy deal with India." McCain said Congress "needed to scrutinise the deal rigorously because of the precedent it would set." McCain said, "I am not saying I will oppose it, but I still would like to

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hear more argument in its favour. I understand our unique relationship with India ... but when you carve out an exemption, then of course you run the risk of others wanting the same exemption." FT adds McCain said approval this year was "unlikely" due to time constraints.

US, Russia Reach Deal On Weapons Of Mass Destruction Program. The Washington Post (6/20, A11, Baker, 744K) reports the United States and Russia "reached a last-minute agreement saving a program to secure or destroy Soviet nuclear warheads, chemical weapons and killer germs, U.S. officials said yesterday, breaking a long logjam and averting a rupture weeks before President Bush travels to St. Petersburg." The program, "a multibillion-dollar effort designed to keep weapons of mass destruction out of the hands of terrorists or rogue states, was set to expire Friday amid a stubborn disagreement over legal provisions. But U.S. and Russian officials cut a deadline deal in Moscow on Friday that will extend the program for seven years and effectively take the issue off the table for Bush's trip." The Cooperative Threat Reduction program "with Russia represents the most expansive disarmament effort in the world and the prospect that it could be halted deeply worried arms-control specialists." Sen. Richard Lugar "hailed the extension but called on Congress to remove other conditions that threaten the program: 'If the proliferation of weapons of mass destruction is the number one national security threat facing our country, we cannot permit any delays in our response.'"

Hamas Government Pays Cash To Palestinian Workers. USA Today/AP (6/20, Barzak) reports that in Gaza City, "thousands of Palestinian workers left postal banks carrying three crisp $100 bills Monday, their first pay since March." The payment "was made by the Hamas-led government, which dipped into cash officials carried into Gaza last week to circumvent a freeze on Western aid." Finance Minister Omar Abdel Razek "said there was no way to transport the money to the West Bank, or even convert it to a local currency. He said officials were forced to make cash payments to avoid commercial banks that fear anti-terrorism sanctions." Razek said, "We are paying through the post office because we have some problems with banks because of the direct or indirect threats by the U.S. and Israel." USA adds that last week, Foreign Minister Mahmoud Zahar "hauled $20 million in cash across the Egyptian border into Gaza in suitcases. Another Hamas official followed with $2 million. Hamas said the money came from private donations and Islamic charities."

The New York Times (6/20, Fisher, 1.19M) reports that as Palestinian leaders "began paying overdue salaries with smuggled cash, a top European Union official arrived here on Monday to push forward a new plan aimed at easing the increasingly serious financial crunch among Palestinians." The plan "seeks to sidestep the Palestinian government, led by Hamas, classified by the European Union and the United States as a terrorist organization, while providing $125 million in subsidies for health and utilities, and in payments to poor Palestinians." Benita Ferrero-Waldner, "the European Union's commissioner for external relations, met with the Israeli foreign minister, Tzipi Livni, and the Palestinian Authority president, Mahmoud Abbas. While the Israeli and Palestinian leaders have expressed reservations about parts of the temporary plan, both sides said after their meetings with Ms. Ferrero-Waldner that they hoped the plan would go forward."

Bolton Questions Need For UN Peacekeepers In East Timor. The New York Times (6/20, Hoge, 1.19M) reports US Ambassador to the UN John R. Bolton "questioned the need cited by Secretary General Kofi Annan last week to return peacekeepers to East Timor, where an Australian-led multinational force has ended violence that killed more than 30 people." Bolton said "the current conflict was internal and unrelated to the tiny nation's struggle for independence from Indonesia that had been the basis of an earlier United Nations presence."

Morocco Cracks Down On Islamist Activists Amid Coup Fears. The Washington Times (6/20, Brandon, 90K) reports police have "arrested more than 500 Islamist activists since late May on accusations that they were planning a coup to replace Morocco's pro-U.S. monarchy with an Islamic state." The arrests "revived fears that the country's largest Islamic movement, Al Adl wa al Ihsane, or Justice and Charity, is preparing to take up arms to fulfill predictions from the group's own Sufi mystics that Morocco's monarchy will fall this year." The group, "which already has Islamized higher education in Morocco, wants to replace the monarchy with an Islamic state and cut all political, cultural and economic relations with the West -- moves that it argues will end poverty and corruption in Morocco."

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Bush, Brazil's Da Silva Discuss Trade. The AFP (6/20) reports President Bush "and his Brazilian counterpart Luiz Inacio Lula da Silva spoke by telephone about this week's" WTO talks "and mutual trade concerns." The NSC said in a statement, "The two presidents expressed the importance of a successful Doha Round, and noted that their respective trade negotiators had instructions to seek a comprehensive deal beneficial to all. President Lula acknowledged and thanked the president for the leadership he has shown at the WTO. The two presidents also briefly discussed efforts to reduce dependence on oil and promote alternative energy."

The AP (6/20) reports White House spokesman Frederick Jones said, "The two presidents briefly discussed efforts to reduce dependence on oil and promote alternative energy."

Chavez Lines Up Regional Support For UNSC Seat. The Financial Times (6/20, Webb-Vidal, Turner) reports Venezuelan President Hugo Chávez "is fighting to win a seat on the United Nations Security Council, in the face of US efforts to derail Venezuela's campaign by lobbying on behalf of Guatemala." The Times says Chavez "has long viewed a seat on the council as a vital part of winning representation for Venezuela – and by extension, he argues, for poorer nations – in international organisations." Latin American "diplomatic heavyweights" including Argentina, whose seat Venezuela seeks to fill, and Brazil "have indicated that they would back Caracas, as have countries farther afield, such as Syria." The Times opines, "Washington's lobbying efforts may be on shaky ground. César Mayoral, Argentina's ambassador to the UN, said on Monday it looked 'very bad for Guatemala,' adding that US support for Guatemala was undermining the Central American country's chances."

US Opposition Said To Have Weakened New UN Human Rights Council. The New York Times (6/20, Wright, 1.19M) reports United Nations Secretary General Kofi Annan "spoke Monday at the first meeting of the organization's new Human Rights Council, urging member nations not to engage in the political bickering that paralyzed its predecessor, the Human Rights Commission. … But from the start the council has been weakened by the opposition of the United States, among only four countries that voted against the creation of the body at a General Assembly session in March. The United States, which wanted a smaller body with fewer members, also declined to seek a seat on the council. While many countries have sent foreign ministers to Geneva for the opening sessions of the new body, the American delegation will be led by Warren W. Tichenor, the new United States representative to the United Nations in Geneva."

US, EU To Launch Joint Effort To Protect Intellectual Property Rights. Commerce Secretary Carlos Gutierrez, Gunter Verheugen vice president of the European Commission for enterprise and industry, Peter Mandelson EU trade commissioner, and US Trade Representative Susan Schwab write in the Wall Street Journal (6/20, 2.11M), "The number of counterfeit items seized at European Union borders has increased by more than 1,000%, rising to over 103 million in 2004 from 10 million in 1998. … Today the EU and the US will launch a joint action strategy on the global enforcement of intellectual-property rights." They add, "The competitiveness of European and American industry depends on respect for intellectual property, and so do the health, safety and security of our citizens. … The EU-U.S. joint action is a clear signal that we will work with our trading partners to ensure that their legal commitments on intellectual property are accompanied by a genuine willingness to tackle the problem at their borders, in their courts and on their streets."

Morales Land Reform Proposals Already Stirring Class Conflict. The Washington Post (6/20, A1, Reel, 744K), in a front-page story, reports, "Property in Latin America is more unevenly distributed than anywhere on the planet, and Bolivia is no exception. But this month the country began a project to shuffle ownership rights affecting 20 percent of its land area, giving most of it to the poor. And tensions are starting to boil. Those with land are starting to dig in to protect their turf. Those without it, emboldened by the recent government announcements, are taking over more properties on their own, without government approval." The post goes on to report, "The conflict in Bolivia is firmly rooted in the stark inequities that President Evo Morales says his 'agrarian revolution' is designed to correct. About 90 percent of Bolivian land is owned by the wealthiest 7 percent of the population." Morales "has said much of his nation's land is not being used productively, and he complains that large swaths were given to wealthy elites during the dictatorships of

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the 1970s. Under his plan, if the government deems land unproductive or obtained illegally, it is subject to confiscation and redistribution."

Much Of Europe Continues To Rely On Pollution-Producing Coal Plants. The New York Times (6/20, Landler, 1.19M) reports, "Europe likes to think of itself as a place that has moved beyond its sooty industrial past. … But with oil prices soaring and worries rising about the reliability of gas piped from Russia, Europe must depend heavily on that great industrial-age relic, coal: a cheap, plentiful fuel, but one that emits twice the carbon dioxide of natural gas. Coal-fired plants generated half the power in Germany and Britain during the chilly winter just past. While Europeans stand out for their commitment to controlling global warming gases, some of their largest energy companies are reluctant to invest in technologies that could further protect the environment, like equipment in the demonstration plant here that will trap carbon dioxide and pump it into underground storage areas. Only a handful of carbon-free plants are planned in the European Union."

Internet Said To Have Transformative Role In China. In his column for the New York Times (6/20, 1.19M) Nicholas Kristof writes, "China is not the police state that its leaders sometimes would like it to be; the Communist Party's monopoly on information is crumbling, and its monopoly on power will follow. The Internet is chipping away relentlessly at the Party, for even 30,000 censors can't keep up with 120 million Chinese Netizens. With the Internet, China is developing for the first time in 4,000 years of history a powerful independent institution that offers checks and balances on the emperors. It's not that President Hu Jintao grants these freedoms, for he has arrested dozens of cyberdissidents as well as journalists. But the Internet is just too big and complex for State Security to control, and so the Web is beginning to assume the watchdog role filled by the news media in freer countries."

Independent Media Seen As Advancing Islam's "Reformation." The Wall Street Journal's Bret Stephens (6/20) writes, "There is a perception in the West -- general in Europe but strong also in the U.S. -- that the Reformation of Islam awaits the resolution of a centuries-long Hegelian dialectic. The world moves faster than that. Through wireless connections and satellite dishes, the outside world is filtering into the Middle East, mostly uncensored by regimes or imams. Not everyone likes it, but many do, and the difference between them not only bloodies the Middle East, but also, increasingly, offers it hope."

THE BIG PICTURE:

Headlines From Today's Front Pages.

Los Angeles Times:

"A Hollywood Player Who Owns The Game."
"U.S. Pressures North Korea Over Missile."
"Getty Is Prepared To Return 21 Disputed Antiquities To Italy."
"West Hollywood Wants To Legalize Pot Use."
"No Lines At LAX? It's News To These Passengers."
"Troops To Return To New Orleans."

USA Today:

"Big Cities Balk Over Illegal Migrants."
"Revived Taliban Waging 'Full-Blown Insurgency.'"
"Insurgents Claim To Hold GIs."
"More Companies Tell Workers To Silence Cellphones."

New York Times:

"Justices Divided On Protections Over Wetlands."
"Perfect Vision, Via Surgery, Is Helping And Hurting Navy."
"Murder Charges For 3 G.I.'s In Iraq."
"For Europe, A Green Self-Image Clashes With A Reliance On Coal."
"A Governor's Troubles Threaten Republicans' Hold On Kentucky."
"In The Hometown Of Wal-Mart, Synagogue Is A Sign Of Growth."

Washington Post:

"Justices Rein In Clean Water Act."
"Iraq War May Add Stress For Past Vets."
"Pr. George's Takes A Bite Of The Good Life."
"Two Views Of Justice Fuel Bolivian Land Battle."
"Polygraph Readings Vary Among Agencies."
"Checks And Balance Sheets Of A City's History."

Washington Times:

"U.S. Initiates New Missile Shield."
"Church Regrets, Won't Repent For Gay Bishop."
"Many Illegals Entered U.S. With Visas."
"Prosecution Seeks Death For Saddam."
"More Pandas May Be In Wild Than Estimated."

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"Grace Under Pressure."

Detroit Free Press:

"Called To Serve."
"Murder Charges For 3 Soldiers."
"High Court Muddies Wetlands Rules."

Atlanta Journal-Constitution:

"3 U.S. Soldiers Charged With Murder In Detainees' Deaths."
"Faulty Gauge Drains Lanier."
"'Apprentice' In China Fires Up Equality Debate."
"Tech, IBM Develop Fastest Microchip Yet."

Story Lineup From Last Night's Network News:

ABC: Army-Detainee Murder Charges; Iraq-Missing US Soldiers; Saddam Trial; North Korea Missile; TX-Severe Weather; New Orleans Crime; Tire Lawsuits; AZ Wildfire; Supreme Court-Clean Water Act; Supreme Court-Abortion; Episcopalians-Woman Bishop; Doomsday Seed Vault; Mickelson Meltdown.

CBS: Iraq-Missing US Soldiers; Military-Kidnapping Training; Army-Detainee Murder Charges; North Korea Missile; NASA-Space Shuttle Launch; TX-Severe Weather; Government-Pension Liabilities; Steelworkers-Uranium Exposure; Seniors-Video Games.

NBC: Iraq-Missing US Soldiers; Saddam Trial; North Korea Missile; TX-Severe Weather; New Orleans Crime; Aborted Al Qaeda Plot; Heatstroke-Athletes; Mickelson Meltdown.

Story Lineup From This Morning's Radio News Broadcasts:

ABC: US Soldiers-Murder Charges; Iraq-Missing Soldiers; New Orleans-National Guard Patrols; AZ-Wildfire.

CBS: Rather-Retirement; Iraq-Japan Troop Withdrawal; Houston-Heavy Rain; Stanley Cup Finals.

NPR: Iraq-Japan Troop Withdrawal; Bush-Iran Nuclear Program; Houston-Heavy Rain; Foreign Stock Markets; North Korea-Missile Test; Stanley Cup Finals; Wall Street.

WASHINGTON'S SCHEDULE:

Today's Events In Washington.

White House:

PRESIDENT BUSH — Departs for Vienna.

VICE PRESIDENT CHENEY — No public schedule.

LYNNE CHENEY – Speaks about American history and reads to students, Birmingham Civil Rights institute, Birmingham, Ala.

US Senate: 9:30 a.m. JUDICIARY _ Full Committee. Hearing on the McCarran-Ferguson Act's insurers' antitrust exemption. Location: Room 226, Dirksen.

10 a.m. APPROPRIATIONS _ Agriculture, Rural Development and Related Agencies Subcommittee. Markup of the Senate Agriculture Appropriations bill. Location: Room 192, Dirksen.

10 a.m. BANKING, HOUSING AND URBAN AFFAIRS _ Full Committee. Hearing on reauthorization of the Export-Import Bank. Acting President James Lambright; Assistant Treasury Secretary Clay Lowrey; James D. McClaskey, president and CEO, Midrex Technologies Inc.; Harry Hayman, Commerce Bank; David Ickert, Air Tractor Inc.; Robert E. Scott, Economic Policy Institute. Location: Room 538, Dirksen.

10 a.m. BUDGET _ Full Committee. Markiup of S.3521, Stop Over Spending Act of 2006. Location: Room 608, Dirksen.

10 a.m. HOMELAND SECURITY AND GOVERNMENTAL AFFAIRS _ Full Committee. Confirmation hearing on pending nominations. Location: Room 342, Dirksen.

10:30 a.m. AGRICULTURE, NUTRITION AND FORESTRY _ Full committee. Hearing to examine the Rural Development Programs of the USDA. Undersecretary Thomas Dorr; Glenn English, Chief Executive Officer, National Rural Electric Cooperative Association; Jane Halliburton Supervisor, Story County, Iowa; Mary McBride, Executive Vice President Communications and Energy Banking Group, CoBank, Denver. Location: Room 328 Russell.

2:30 p.m. BANKING, HOUSING AND URBAN AFFAIRS _ Housing and Transportation Subcommittee. Hearing on the Federal Housing Administration. Assistant HUD Secretary Brian Montgomery; William Shear, GAO; Regina Lowrie, Mortgage Bankers Association; Tom Stevens, National Association of Realtors; A.W. Pickel, LeaderOne Financial Corp.; Ira Goldstein, The Reinvestment Fund. Location: Room 538, Dirksen.

2:30 p.m. ENERGY AND NATURAL RESOURCES _ National Parks Subcommittee. Hearing on the National Park Service's revised draft management policies. Deputy NPS Director Steve Martin; Tom Kiernan, National Parks Conservation Association. Location: Room 366, Dirksen.

2:30 p.m. HOMELAND SECURITY AND GOVERNMENTAL AFFAIRS _ Federal Financial

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Management, Government Information, and International Security Subcommittee. Hearing on UN headquarters renovations. UN Amb. John Bolton; Claudia Rolsett, Foundation for the Defense of Democracies; Anne Bayefsky, Hudson Institute; Thomas Melito, GAO. Location: Room 342, Dirksen.

2:30 p.m. SELECT INTELLIGENCE _ Full Committee. Closed meeting on pending business. Location: Room 219, Hart.

US House: FLOOR SCHEDULE _ 9 a.m. Meets for morning hour and at 11 a.m. for legislative business. Highlights: Suspensions (7 bills): 1) H.Res. 731 - Commending the Patriot Guard Riders for shielding mourning military families from protesters and preserving the memory of fallen service members at funerals; 2) H.R. 5060 - To amend the Federal Financial Assistance Management Improvement Act of 1999 to require data with respect to Federal financial assistance to be available for public access in a searchable and user friendly form; 3) H.Res. 867 - Honoring the life and accomplishments of James Cameron; 4) H.R. 4356 - Emergency and Disaster Assistance Fraud Penalty Enhancement Act of 2005; 5) H.Con.Res. 367 - Honoring and praising the National Society of the Sons of the American Revolution on the 100th anniversary of being granted its Congressional Charter; 6) H.R. 5228 - To require representatives of governments designated s State Sponsors of Terrorism to disclose to the Attorney General lobbying contacts with legislative branch officials, and for other purposes; 7) H.R. 1285 - To amend the Nursing Relief for Disadvantaged Areas Act of 1999 to remove the limitation for nonimmigrant classification for nurses in health professional shortage areas. H.R. 5631 - Department of Defense Appropriations Act for Fiscal Year 2007.

10 a.m. ARMED SERVICES _ Full Committee. Hearing on DoD force realignments. Location: Room 2118, Rayburn.

10 a.m. ENERGY AND COMMERCE _ Markup of pending legislation. Location: Room 2123, Rayburn.

10 a.m. GOVERNMENT REFORM _ Federalism and the Census Subcommittee. Hearing on the Community Reinvestment Act. Jon Gutzmann, St. Paul Public Housing Agency; James Riccio, Low-Wage Workers and Working Communities Policy Area; George Moses, National Low Income Housing Coalition; Benson F. ``Buzz'' Roberts, Local Initiatives Support Corporation; Judy Kennedy, National Association of Affordable Housing Lenders. Location: Room 2247, Rayburn.

10 a.m. VETERANS AFFAIRS _ Disability Assistance and Memorial Affairs Subcommittee and Economic Opportunity Subcommittee. Joint hearing on data security issues in the VA. Ronald Aument, Deputy Under Secretary for Benefits; Jack McCoy, Associate Deputy Under Secretary for Policy and Program Management; Michael Walcoff, Associate Deputy Under Secretary for Field Operations; Thomas Lloyd, Deputy Chief Information Officer; Michael Staley, Assistant Inspector General for Audit, OIG; Stephen Gaskell, Director, OIG; Gregory Wilshusen, GAO; Linda Koontz, GAO. Location: Room 334, Cannon.

11 a.m. RESOURCES _ Full Committee. Hearing on S.1003 - Navajo-Hopi Land Settlement Amendments of 2005. BIA Director William Pat Ragsdale; Christopher J. Bavasi, Office of Navajo and Hopi Indian Relocation; Ivan Sidney, chairman, Hopi Tribe; Joe Shirley, president, Navajo Nation; Roman Bitsuie, executive director, Navajo-Hopi Land Commission Office. Location: Room 1324, Longworth.

2 p.m. ENERGY AND COMMERCE _ Commerce, Trade and Consumer Protection Subcommittee. Hearing on consumer privacy in the commercial sector. Meg Whitman, President and CEO, eBay Inc.; Thomas M. Lenard, Senior Vice President for Research, The Progress and Freedom Foundation; Peter Swire, Professor, Moritz College of Law, Ohio State University; Scott Taylor, Chief Privacy Officer, Hewlett-Packard Company; Evan Hendricks, Editor and Publisher, Privacy Times, Cabin John, Md. Location: Room 2123, Rayburn.

2 p.m. TRANSPORTATION AND INFRASATRUCTURE _ Coast Guard and Maritime Transportation Subcommittee. Hearing on reauthorization of the Coast Guard. Location: Room 2167, Rayburn.

3 p.m. RULES _ Full Committee. Hearing on rules for floor debate. Location: Room H-313, Capitol.

4 p.m. INTERNATIONAL RELATIONS _ Middle East and Central Asia Subcommittee. Closed members only briefing on the situation in the Gaza Strip. Location: Room 2172, Rayburn.

Other: HOMECARE _ The American Association for Homecare holds its annual Washington Legislative Conference. Highlights: 8 a.m. Rep. John Schwarz speaks on H.r. 5513 - Home Oxygen Patient Protection Act. 8:30 a.m. Association Chairman Tom Ryan. Location: JW Marriott, 1331 Pennsylvania Ave, NW.

SMALL BUSINESS _ The National Federation of Independent Business holds its 2006 Small Business

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Summit. Highlights: 9 a.m. Sen. Michael Enzi. 9:15 a.m. Karl Rove. 9:30 a.m. Sen. Ben Nelson. Location: Grand Hyatt Hotel, 1000 H St. NW.

ENERGY EXPO _ 9 a.m. - 6:30 p.m. 9th annual Renewable Energy and Energy Efficiency Expo and Forum, co-hosted by the Sustainable Energy Coalition and the House and Senate Renewable Energy and Energy Efficiency caucuses. Highlights: 9 a.m. News conference and opening session, with Reps. Mark Udall and Zach Wamp; Sens. Wayne Allard and Byron Dorgan; Alexander Karsner, DOE; Philip Grone, DOD; Thomas Dorr, USDA; Dan Arvizu, National Renewable Energy Laboratory, others. 5 p.m. Reception, with remarks by John Krenicki, CEO GE Energy; and presentation of Lifetime Achievement Award to Rep. Sherwood Boehlert (R-NY). Location: Room 345, Cannon.

ENERGY FORECASTS _ 9 a.m. Energy Information Administration head Guy Caruso releases the International Energy Outlook 2006 with forecasts of world energy supply and demand through 2030. Location: CSIS, B-1 conference level, 1800 K St. NW.

RELIGIOUS FREEDOM _ 9 a.m. Panel discussion on the status of religious freedom worldwide as part of Religious Freedom Day on Capitol Hill, hosted by Sen. Rick Santorum, with Sens. Norm Coleman and Sam Brownback, and Reps. Roy Blunt, Todd Akin, Trent Franks, UN Amb. John Bolton, others. Location: Room G-50, Dirksen.

TRADE SANCTIONS _ 9 a.m. - 10:30 a.m. Washington International Trade Association holds panel discussion on the effectiveness of current U.S. sanctions, as well as the prospect of unilateral sanctions on Iran and Burma. Participants include Human Rights Watch; National Foreign Trade Council; House Interational Relations Committee; others. Location: International Gateway Suite, Reagan Bldg., 1300 Pennsylvania Ave. NW.

NUCLEAR POWER-CLIMATE _ 9:30 a.m. The Institute for Energy and Environmental Research holds a briefing to release a report on risks associated with reviving the nuclear power industry as part of efforts to reduce greenhouse gas emissions. Location: National Press Club.

DEMOGRAPHICS-CIVIL UNREST _ 10 a.m. The Global Health Council holds a discussion about a recent study that finds that demographics affect the risk of civil conflict in nations. Location: Suite 1120, 1111 19th St. NW.

INJURED VETS-SCHOLARSHIP _ 10 a.m. News conference to announce a new scholarship for injured veterans attending the University of Idaho, with Sen. Larry Craig, University President Timothy White, others. Location: Room 418, Russell.

REFUGEE YOUTH-POWELL _ 10 a.m. Retired Gen. Colin Powell, Olympic medalist Joey Cheek, others attend major announcement focusing on the needs of nine million refugee youths. They will also unveil winners of the World Refugee Day poster contest, sponsored by the UN Refugee Agency Goodwill Ambassador Angelina Jolie. Location: National Geographic Society, 1145 17th St. NW.

EMINENT DOMAIN _ 10:30 a.m. The Institute for Justice holds a briefing to release a study showing how the threat of eminent domain abuse has skyrocketed in the U.S. since the Supreme Court's Kelo ruling one year ago this week. Location: Suite 900, 901 N. Glebe Rd., Arlington.

HEALTH SAVINGS ACCOUNTS _ 11 a.m. The Cato Institute holds a briefing on health savings accounts with Rep. Eric Cantor, Dan Perrin of the HSA Coalition, others. Location: Room 2237, Rayburn.

ISRAEL-RED CROSS _ 11 a.m. Senator Hillary Clinton, Reps. Steve Israel, Eliot Engel, others join American Friends of Magen David Adom Executive VP Daniel Allen. They're urging that Magen David Adom (MDA), Israel's first aid and disaster relief organization, be admitted to the International Red Cross. Location: Senate Swamp.

JUDGES-POLITICS _ 11 a.m. Brookings Institution holds a forum on the politics of the judiciary. Panelists include the co-authors of the Brookings book ``Are Judges Political?" Location: 1775 Massachusetts Ave., NW.

US-CANADA _ 11 a.m. Canadian Ambassador to the US Michael Wilson discusses cooperation between the two ``neighbor nations." Location: Woodrow Wilson International Center for Scholars, 6th Floor Auditorium; Ronald Reagan Building and International Trade Center; 1300 Pennsylvania Ave., NW.

BOEHNER _ 11:30 a.m. House Majority Leader Rep. John Boehner holds a pen and pad only briefing. Location: Room H-107, Capitol.

SECURITY PREPAREDNESS _ 11:30 a.m. The National Council on Readiness and Preparedness holds a news conference with former Virginia Gov. Jim Gilmore to launch a tour to engage community and private sectors in homeland security preparedness. Location: National Press Club.

FAITH BASED _ 11:45 a.m. The Hudson Institute holds a discussion on the future of government policy on faith-based initiatives and community service, with Audrey Alvarado

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of the National Council of Nonprofit Associations, former Director Donald Eberly of the White House Office of Faith-Based and Community Initiatives, Joseph Loconte of the Ethics and Public Policy Center, others. Location: Hudson Institute, 6th floor, 1015 15th St. NW.

BODMAN _ 3:45 a.m. Energy Secretary Bodman speaks at the Edison Electric institute's annual convention. Location: Washington Hilton & Towers, 1919 Connecticut Ave. NW.

FUEL ECONOMY _ 11:30 a.m. Sens. Dianne Feinstein, Olympia Snowe, Richard Durbin and lincoln Chafee hold a news conference to announce a bill to close the SUV loophold and raise the average fuel economy for all vehicles. Location: Senate Radio-TV Gallery.

REFUGEE PROTECTION _ 12 p.m. The Heritage Foundation holds a discussion with Assistant Secretary of State Ellen Sauerbrey on the US commitment to refugee protection and assistance. Contacts: n/a, 202-675-1761.

HOYER _ 12:30 p.m. House Minority Whip Rep. Steny Hoyer holds a pen and pad only briefing. Location: Room H-306, Capitol.

DEMOCRATS-STUDENT AID _ 1 p.m. House Democratic leader Nancy Pelosi, others, join college students to call on Republicans to reverse student aid cuts. Location: Room HC-5, Capitol.

GONZALES SPEECH _ 1 p.m. Attorney General Alberto Gonzales speaks at U.S. Chamber forum on intellectual property. Location: 1615 H St. NW.

NEW MAGAZINE _ 1 p.m. Announcement of a new progressive publication, with a panel discussion with Kenbnedyt Baer of Democracy, Andrei Cherny of Democracy, Francis Fukuyama of American Interest, Bill Kristol of Weekly Standard and Michael Tomasky of American Prospect. Location: National Press Club.

STEM CELLS _ 1:30 p.m. Sen. Sam Brownback, stem cell recipient patients, others, hold a news conference to discuss research progress. Location: Russell Senate Park.

CHAO _ 3 p.m. Labor Secretary Chao participates in a discussion on ``Private, Public and Nongovernmental Organization Leadership" at a Harvard Business School Global Leadership Forum. Location: Reagan Trade Center.

IRAN _ 3 p.m. The Congressional Progressive Caucus holds a forum on whether an Iran war would help or hurt the US national security. Location: Room HC-9, Capitol.

MINIMUM WAGE _ 3:30 p.m. Congressional Democrats hold a news conference to express support for an increase in the minimum wage. Sens. Edward Kennedy-D-MA, Hillary Rodham Clinton, D-NY, Richard Durbin, D-IL, and Reps. Steny Hoyer, D-Md., David Obey, D-WI, and others participate. Location: Senate Radio and Television Gallery.

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THE ATTORNEY GENERAL'S *NEWS BRIEFING*

PREPARED FOR THE OFFICE OF PUBLIC AFFAIRS, U.S. DEPARTMENT OF JUSTICE

TO: THE ATTORNEY GENERAL AND SENIOR STAFF

DATE: TUESDAY, JUNE 20, 2006 7:45 AM EDT

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TERRORISM NEWS:

IG Report Offers Broad Criticism Of FBI Moussaoui Investigation. The previously-redacted Zacarias Moussaoui section of Justice Department IG Glenn Fine's report on pre-9/11 intelligence failures was released yesterday. Fine criticized the actions taken by FBI personnel at all levels in the investigation of Moussaoui after his arrest in August 2001, including those by "whistleblower" Colleen Rowley.

Under the headline, "FBI Erred Widely In Moussaoui Probe, Report Says," the Washington Post (6/20, A6, Markon, Eggen, 744K) reports, "unlike previous public criticisms of the FBI's bungling of the case…Fine's analysis said there was plenty of blame to go around." But "ultimately, Fine concluded, no FBI policies or procedures were violated in the Moussaoui investigation." Responding to the report in a statement yesterday, "the FBI emphasized that Fine had 'dismissed any instances of intentional wrongdoing by FBI employees or any violation of FBI policies or practices' and found there was no attempt by FBI headquarters 'to intentionally thwart the efforts' of Minneapolis agents. Intelligence and other reforms since Sept. 11, the bureau added, have left the FBI 'much better positioned today to detect and prevent terrorism.'"

The AP (6/20, Barakat) focuses on Rowley and reports that Fine "credits Rowley overall for blowing the whistle on mistakes at FBI headquarters in its failure to aggressively investigate Moussaoui," but he "faults Rowley for failing to pursue other investigative avenues, such as a traditional criminal search warrant." In a Monday interview with AP, Rowley said that she "disagrees with the report…when it concludes that FBI headquarters had a reasonable basis to question a search warrant on Moussaoui. Rowley maintains that Minneapolis had laid out probable cause and said officials at headquarters were simply unwilling to stick their necks out." UPI (6/20) also briefly reports on Fine's analysis, under the headline "Justice Report Faults Former FBI Agent."

Judge Rejects Hayat Motion To Dismiss Lying Convictions. The AP (6/20, Thompson) reports US District Court Judge Garland E. Burrell Jr. yesterday rejected Hamid Hayat's motion to dismiss the three counts of lying to the FBI on which he was convicted along with a charge of providing material support to terrorists. Hayat attorney Wazhma Mojaddidi "argued that federal prosecutors were piling on potential prison time by charging three versions of the same lying offense." But Burrell ruled that "the circumstances of the two interviews were significantly different" because "the FBI needed to learn whether Hayat planned to attack the U.S. … 'He impaired the ability of the FBI to specifically identify a potential terrorist threat,' Burrell said in his 11-page ruling." The Stockton (CA) Record (6/20) also notes Burrell "ruled that Hayat's three lying convictions are not redundant, because each lie hindered the FBI's investigation of an alleged terrorist sleeper cell in Lodi."

Stewart Lawyers Ask Judge To Force Release Of Any NSA Surveillance In Case. The New York Post (6/20, Cornell, 624K) reports, "Convicted terror lawyer Lynne Stewart wants to force the feds to reveal whether they used the National Security Agency's secret surveillance program to gain access to her personal phone records. In papers filed in Manhattan federal court yesterday, Stewart's lawyers asked Judge John Koeltl for access to any phone and Internet records related to her case that the feds might have reviewed without a warrant." The Post notes, "Lawyers for Stewart claim her case may have been compromised if the feds had access to confidential communications under the controversial surveillance program, which they claim is illegal."

WPost Urges US To Comply With Convention Against Torture. The Washington Post (6/20, A16, 744K) editorializes, "The Convention Against Torture has been ratified by the Senate and should also bind the United States. In a report last month, the UN Committee Against Torture, which oversees the convention, spelled out what that would mean. Secret detention of prisoners in CIA facilities, it said, 'constitutes, per se, a violation of the Convention'; so does the 'rendition' of suspects to other countries where they might be tortured 'without any judicial procedure.' To come into compliance, the United States must disclose to the International Committee of the Red Cross the identities of all detainees it is holding and allow monitoring of their treatment. It must also give them access to a judicial process or release them as soon as possible." The Post adds, "All of this the United States should in any case want to do, in its own interest. It should establish one set of rules for questioning all prisoners. Those rules should conform with international treaties and the U.S. Constitution, so that inhumane

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treatment is at all times forbidden. And the rules should be public, so that the world can see that the United States has returned to its fundamental values."

Former DOJ Officials Say ACLU Criticism Of Bush Detainee Policy Falls Flat. In a Los Angeles Times column (6/20), former Justice Department officials David B. Rivkin Jr. and Lee A. Casey say, "In an effort to show that on the Bush administration's evil watch the U.S. military has been systematically mistreating prisoners in Iraq and Afghanistan with tacit approval or even outright encouragement from its civilian superiors, the American Civil Liberties Union has been demanding the release of dozens of internal military investigative reports. But the two reports on U.S. detainee policy just released in response to an ACLU lawsuit paint a picture quite the opposite of what the ACLU expected." Though "heavily redacted to remove operational details, the reports (by Brig. Gens. Richard Formica and Charles Jacoby) show a Pentagon open to criticism and change, and determined to guarantee detainees the humane treatment promised by President Bush when the war on terror began." Although "genuine instances of abuse are noted," these "are very much the exception and not the rule. The reports indicate that many allegations of abuse simply are unsubstantiated — or that the 'victim's' story changes once carefully examined." Predictably, the ACLU "has cried 'whitewash.' But what we are seeing is the refusal by administration critics to see anything other than the 'torture narrative' they have constructed."

Robinson Urges US To Close Guantanamo Prison. Columnist Eugene Robinson writes in the Washington Post (6/20, A17, 744K), "We'd better not turn away just yet from the suicides of those three detainees at Guantanamo Bay. The rest of the world clearly isn't ready to move on. And with good reason. In many newspapers around the globe 'Guantanamo' is much more than the name of a beautiful harbor on Cuba's southern coast." It has become "shorthand for a whole litany of American excesses in George W. Bush's 'global war on terror,' the most visible example of how the United States blithely ignores the values of due process and rule of law that it so aggressively preaches, if necessary at the point of a gun." Robinson adds "we're long past the point where the government needs to show the world what's happening at Guantanamo. Instead of hurrying to expel reporters, the Pentagon should invite one and all to witness the orderly, legal process of emptying and shutting down a prison that is doing this nation much more harm than good."

HOMELAND RESPONSE:

Muslim, Arab-Americans Sue DHS, FBI Over Re-Entry Searches, Detentions. The New York Times (6/20, MacFarquhar, 1.19M) reports, "A group of Muslim and Arab-Americans, frustrated by what they say is the climate of suspicion and fear that dogs their re-entry into the United States from trips abroad, sued the Department of Homeland Security and the F.B.I. yesterday, demanding that the courts protect their civil rights." The class-action lawsuit, filed by the ACLU in Chicago, "contends that the courts alone can ensure that antiterrorism policies do not repeatedly subject ordinary Americans to detention, questioning, fingerprinting and the like." Illinois ACLU legal director Harvey Grossman "noted that Robert S. Mueller III, director of the Federal Bureau of Investigation, testifying May 2 before the Senate Judiciary Committee, could not guarantee that inaccuracies on the terrorist watch list would be corrected within the next five years." In a story distributed by Knight Ridder, the Chicago Tribune (6/20, Coen, 643K) adds that the plaintiffs "are calling for changes in policy at the FBI's Terrorist Screening Center and at U.S. Customs and Border Protection. 'We've taken a lot of time to bring together a broad array of plaintiffs from all over the country who have been stopped at every major airport and border crossing,' Grossman said. 'They are doctors, a pharmacist, businessmen.' The plaintiffs allege their civil rights have been violated through what they call 'highly punitive detentions' and harassment." The Tribune notes, "Bill Carter, a spokesman for the FBI in Washington, said there would be no comment because of the pending litigation."

WXYZ-TV Detroit (6/19, Agar, Morgan) reports on its Web site from a story broadcast yesterday, "Dr. Elie Khoury has been delivering babies in Detroit for 43 years. He was born in Palestine and said he's treated like a terrorist even though he's an American citizen. Seven times in the past three years when returning from vacations in Mexico and Australia, he and his wife have been detained and separated from each other and their children. … He and the others bringing the lawsuit against Homeland Security, the FBI, Immigration and Customs said they are detained and questioned for hours."

Bloomberg Greets Bush At JFK, Lobbies For More DHS Funds. The New York Times (6/20, Cardwell, 1.19M) reports on "an unusually close encounter" that took the form of Mayor Bloomberg, who is "safely ensconced" in his final term, purposely flying to JFK Airport to meet President Bush before for his commencement address at the Merchant Marine Academy. While Bloomberg "studiously avoided" appearing with Bush in 2004, the mayor and president "shook hands beside Air Force One, with Mr. Bush slapping Mr. Bloomberg on the back and then later putting both hands on Mr. Bloomberg's shoulders to whisper in his ear." During the "seemingly amiable meeting," Bloomberg pointed to the abandoned 2003 cyanide plot to lobby for more

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Homeland Security funds. Bush expressed "disappointment" that the total amount for Homeland Security was cut.

WNBC-TV.com (6/19) calls the Bloomberg gesture "a surprise move" from the recent Bush critic, and goes into previous "attacks" on national issues levied against the administration.

Details Of Al Qaeda Plot Against New York Subway Examined. More details about the al Qaeda plot to attack the New York subway using homemade cyanide explosive devices, first revealed in author Ron Suskind's new book, "The One Percent Doctrine," were revealed yesterday. NBC Nightly News (6/19, story 6, 2:25, Mitchell, 9.87M) reported a "CIA source inside al Qaeda" says "the plan was to attack the subway with a lethal mix of hydrogen and cyanide, setting off a small explosion, releasing a deadly gas. New York went on alert." Mayor Michael Bloomberg, New York City: "We were completely posted by Washington and we took appropriate precautions and I guess history shows, since nothing happened, that we did what was correct." Mitchell: "Bloomberg, who rides the subways, says they're safe." But Suskind "says an al Qaeda cell came within 45 days of striking the subway and could still be in the US." Ron Suskind, author: "They don't have specifics as to exactly who they are, name, rank and serial number, but they're searching and have been searching fiercely for a cell like this if in fact they remained in the country." Mitchell: Bin Laden deputy Ayman al-Zawahiri called off the plot, but "why is still a mystery." Michael Sheehan, former NY counter-terrorism official: "I think if al Qaeda had an operation cell in New York City ready to go, it would have launched it. So I think there might have been other problems with this operation." Mitchell: "Other revelations confirmed by NBC News, the FBI penetrated Osama bin Laden's bank, the CIA kidnapped the banker and his tellers, replacing them with CIA agents of Pakistani descent." Dennis Lormel, former FBI official: "It was an important money laundering mechanism to al Qaeda that basically was dismantled." Mitchell: "And the book reveals that after capturing 9/11 organizer Ramzi bin al-Shibh in Karachi, the CIA found a treasure trove, including brand new Sudanese passports for bin Laden's wife and sons. Vice President Cheney said today that it is not just luck that has prevented another attack on the US since 9/11, but some experts fear that could be because al Qaeda is biding its time for an even more spectacular attack."

Government To Buy Experimental Treatment For Anthrax. The Washington Post (6/20, D1, Rosenwald, 744K) reports, "Human Genome Sciences Inc. is scheduled to announce today that the federal government has agreed to buy $165 million worth of an experimental treatment for anthrax infection in what will become the 14-year-old Rockville firm's first product sale." The purchase of "20,000 doses of Abthrax under the government's $5.6 billion Project BioShield program" is intended" to help the government stockpile a variety of anthrax therapies, including vaccines and drugs such as Abthrax, which would typically be given after exposure to the lethal substance." The government, which "could have purchased 100,000 doses under the BioShield contract," has also been considering "another anthrax treatment from Cangene Corp., a Canadian biotech company. For now, federal health officials appear to have settled on Abthrax. Cangene is not expected to be awarded a contract today, according to people briefed on the deal."

Arab-Americans Sue DHS, FBI Over Watch List. The New York Times (6/20, MacFarquhar, 1.19M) reports the ACLU filed a lawsuit against the Department of Homeland Security and the FBI yesterday in which Muslim and Arab-Americans claim that they face a "climate of suspicion and fear" upon "re-entry into the United States from trips abroad. … The seven main plaintiffs in the class action suit assert that both the United States Congress and the federal government are ignoring the plight of innocent Americans harassed repeatedly because of problems with the terrorist watch list." Donna A. Bucella, director of the Terrorist Screening Center of the F.B.I., where the watch list is maintained, said it is "an important tool for local law enforcement agencies," but that "there must be ways the U.S. government could refine it and make it better."

DHS Official Recommends Book On Privacy In a "Globalized World." John W. Kropf, of the Department of Homeland Security's Privacy Office, in an op-ed in the Washington Times (6/20, 90K) writes, "Even if you've never physically set foot outside the United States, your personal information has traveled the globe." Kropf adds that the "average citizen" should care about this "in a globalized world, where personal information has become a major form of currency for both private industry and government." Kropf adds that "The Governance of Privacy," a book by Colin J. Bennett and Charles D. Raab examining "the world of global privacy" should be "a must read" for those in the privacy field. It is noted that Kropf's vies "are his and not those of the Department of Homeland Security or the government."

NYTimes Criticizes "Golden Revolving Door" At DHS. Under the headline "The Golden Revolving Door," the New York Times (6/20, 1.19M) editorializes that since its creation, DHS "has hardly covered itself with glory." However, "there's one area in which Homeland Security has excelled beyond anyone's wildest expectations: creating a giant, expensive crop of government-trained consultants and lobbyists." Referring to a Times report that "at least 90 top

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Homeland Security officials have gone through that famous revolving door between the government and the lobbying industry," the Times questions how "the people running an agency that performs so badly could be so much in demand." The Times states that those left at the agency are likely to "temper their own judgments about what systems to buy and what consultants to use with an eye on their own private-sector prospects." The Time says a "loophole" allowing former DHS officials to lobby former colleagues without waiting a year "should be revisited immediately."

National Guardsmen Will Be Sent To Quell Violence In New Orleans. USA Today (6/20, Konigsmark, 2.31M) reports that following a "a surge of violence" in New Orleans that left six dead over the weekend, Louisiana Gov. Kathleen Blanco "plans to send hundreds of state police and National Guardsmen into the city's hurricane-ravaged areas" to aid local police. Mayor Ray Nagin, who requested the extra help Monday, said the troops and state police "would free up city police officers to cover the more densely populated areas."

NBC Nightly News (6/19, story 5, 2:10, Williams, 9.87M) reported that in New Orleans, "a new emergency to deal with, a crime wave." Today, "an angry Mayor of New Orleans asked for and got several hundred National Guard soldiers and additional state police officers to try and stem the rising tide of violence."

ABC World News Tonight (6/19, story 6, :20, Gibson, 8.78M) reported Blanco is sending troops "to help patrol the streets, where residents say crime has been rising. Last weekend, five teenagers were shot to death. There have been more than 50 murders in New Orleans so far this year."

The Los Angeles Times (6/20, Fausset, 958K) reports, "Federal troops were a common sight in New Orleans after Katrina." After the storm, some locals hoped that the "stub of a city -- less populous, but also less poor -- would be reborn with less of the crime and violence that have long marred New Orleans' reputation." However, "A criminal element has returned, bringing back turf wars, drugs and deaths."

The New York Times (6/20, Saulny, 1.19M) calls Nagin's request for troops "a blunt admission that the city could no longer control its growing crime problem." The Times adds that the city's Police Department "has not bounced back from the storm," having "suffered sharp budget cuts" and a "tarnished reputation."

Houston Inundated By Ten Inches Of Rain. ABC World News Tonight (6/19, story 5, 2:20, Gibson, 8.78M) reported that as storms moved across Houston Monday, parts of the city "got more than ten inches of rain." ABC (von Fremd) added, "From the air, it looked like a replay of Katrina. People staying inside this YMCA were trapped and forced to the rooftop, waving for help." Houston Mayor Bill White: "We have gotten 500 calls in through the center on the 911 line for rescues. Most of those, the vast majority of those have been rescues from automobiles."

USA Today (6/20, Welch, 2.31M) reports "residents were bracing for another round of torrential rain and flooding after a slow-moving storm dumped more than 10 inches Monday and sent rising waters into homes, business and vehicles." Rusty Cornelius, Harris County Emergency Management coordinator, said 300 people had been rescued "by midday Monday when waters began to recede. … As many as 200 Guard troops were made available to the city, Cornelius said. US Coast Guard aircraft were also standing by, he said. When waters began receding Monday afternoon, crews were ordered to rest and prepare to resume rescue efforts if the additional rains arrive as forecast."

The CBS Evening News (6/19, story 6, :20, Schieffer, 7.66M) reported, "The floodwaters forced motorists out of their cars and people out of their homes. Governor Rick Perry ordered Texas National Guard trucks and helicopters to help."

NBC Nightly News (6/19, story 4, 2:35, Teague, 9.87M) reported, "The Governor of Texas has ordered the National Guard to Houston to help with relief efforts. Tonight, most of the floodwaters have receded, but residents here wonder how the water could have risen so fast." Floodwaters "rose so fast, fire crews were forced to improvise, using dump trucks to rescue at least 500 residents and motorists trapped by high water." Amazingly, "no lives were lost, but the raging waters are an unwelcome reminder for the tens of thousands of Katrina evacuees still living in Houston that weather can change lives in an instant."

WAR NEWS:

Iraqi Official Says Missing US Soldiers In Iraq Found Tortured, "Barbarically" Killed. The Washington Post (6/20, 6:20 a.m., Finer, 744K) reports on its Web site, "The two U.S. soldiers missing since an attack on a checkpoint last week were found dead near a power plant in Yusifiyah, south of Baghdad, according to an Iraqi defense official. General Abdul Aziz Muhammed, head of operations at Iraqi Ministry of Defense said in a news conference in Baghdad this afternoon that the soldiers had been 'barbarically' killed and that there were traces of torture on their bodies. … The Army yesterday identified the missing soldiers as Pfc. Kristian Menchaca, 23, of Houston and Pfc. Thomas L. Tucker, 25, of Madras, Ore."

The Washington Post (6/20, A12, Partlow, Finer, 744K) reports, "More than 8,000 U.S. and Iraqi troops scoured villages south of Baghdad on Monday for two soldiers missing since an attack four days ago, as an insurgent group linked to al-Qaeda in Iraq" named the Mujaheddin al-Shura

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Council "claimed that it had abducted the Army privates." The AFP (6/20) adds Secretary Rice "said that the US government is very worried about" the kidnapped soldiers. She is quoted saying, "This is obviously a matter of great concern to all of us. And the American military has made very clear that they are going to do everything possible -- I think they've said air, land and sea -- to try and find them. And obviously their safe return is something that everyone will work for, and their safe return is something that everyone will pray for."

The story was the lead on CBS and NBC, while ABC ran it second in its newscast. The CBS Evening News (6/19, lead story, 3:10, Cowan, 7.66M) reported, "Search teams are under almost daily attacks. At least seven US soldiers have been wounded since the manhunt began. A sweeping operation of more than 8,000 US and Iraqi troops the military describes as the largest of its kind." Maj. Gen. William Caldwell: "We are using all available assets, coalition and Iraqi to find our soldiers, and will not stop looking until we find them." An "Islamic militant group linked to al Qaeda Interact posted a brief message on a Website boasting they had kidnapped the two Americans but offered no proof, only saying they would release more information later."

In a separate story, the CBS Evening News (6/19, story 2, 1:55, Martin, 7.66M) reported, "Only the insurgents know if this was a clever trap or they just got lucky. But the US troops appear to have made a critical mistake by dividing their force in the face of the enemy. Troops are trained in tactics designed to thwart hostage taking. No patrols with fewer than three humvees, no soldier left alone even in camp. But in the end it comes down to a young American faced with a choice of fighting to the death or being captured. And there is no training for that."

NBC Nightly News (6/19, lead story, 4:15, Williams, 9.87M) reported, "The group al Qaeda in Iraq said it is holding them, and American commanders are worried that there is now a new threat facing American forces there -- the threat of abduction -- becoming hostages in this conflict that has taken over 2,500 American lives." NBC (Boettcher) added, "A US military spokesman says a massive search is underway to find them." Major General William Caldwell, US military spokesman: "Approximately 12 villages have been cleared in the area and we continue to engage local citizens for help and information leading to the whereabouts of our soldiers." Boettcher: "But as NBC News learned while covering a recent American mission in the area, this is hostile territory for US forces." US military sources "tell NBC News they believe this was an expert operation by the insurgents to try to gain back control of the momentum after the killing of Abu Musab al-Zarqawi."

ABC World News Tonight (6/19, story 2, 2:25, Reynolds, 8.78M) reported, "Knowing that thousands of soldiers are looking for these men is a comfort. But there is a kind of powerlessness that grips the nation at such moments. While the country absorbs the death of a soldier, a kidnapping can crack the national composure." USA Today (6/20, Soriano, 2.31M), Los Angeles Times (6/20, Roug, 958K) and Washington Times/AP (6/20, Yacoub) run similar stories. The Washington Post (6/20, A12, Moreno, 744K) also reports on the soldiers' families.

Senate Democrats Offer Plan For Iraq Aimed At Easing Party Divisions. CNN's The Situation Room (6/19, Blitzer) reported that some Senate Democrats "unveiled a plan aimed at easing election year divisions within the party" over when to begin withdrawing US troops form Iraq. CNN (Bash) added that "what a core group of Democrats did do today was try to make the case in this election year that they're sort of in touch with the desire among the growing number of Americans that they want to see not only change in Iraq but specifically, some kind of time table for the end date, so to speak, some kind of specific plan for how to get out of Iraq eventually." The Democrats' plan "would begin the phased redeployment of US troops from Iraq in 2006 and also require the administration to submit a plan by the end of 2006 for continued phase redeployment beyond 2006." Fox News' Special Report (6/19, Hume) said that Senate Democrats are "groping for party unity on Iraq."

The AP (6/20, Sidoti) says "Senate Democratic leader Harry Reid of Nevada backs the resolution and his aides say they expect 38 to 40 Democrats and a few Republicans to vote for the symbolic statement." They "don't expect to get the 51 votes needed to attach the resolution to an annual military bill."

The New York Times (6/20, Zernike, Hulse, 1.19M) reports the "non binding resolution" was "carefully worded to deflect any accusations that the Democrats were 'cutting and running,' as their position has been depicted by Republicans. The Democrats behind the measure did not even use the term 'withdrawal,'" and "talked about how to guarantee 'success' for Iraq, not about any failures of the war." The resolution "was cobbled together by moderate Democrats trying to smooth over differences within the party. The minority leadership has tried to distance itself from a proposal by Senator John Kerry of Massachusetts setting a mandatory deadline for American combat troops to be out of Iraq by the end of this year, a limit that Mr. Kerry modified only marginally on Monday. Some Republican lawmakers and the White House pointed to that proposal last week in attacking Democrats as inconsistent and weak on national security."

The Washington Times (6/20, Bellantoni, 90K) reports the sponsors of the resolution are Sens. Carl Levin, Jack Reed, Dianne Feinstein and Ken Salazar. A White House "official last night dismissed the amendment, saying it calls for an arbitrary timeline that will encourage terrorists to wait for

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the United States to leave. 'The choice is to stay and win or to allow Iraq to come become a safe haven for terrorists to plot against the United States,' the official said."

Under the headline "For Democrats, a Delicate Balance on Iraq," the Washington Post (6/20, A15, Babington, Weisman, 744K) says Democrats are "scrambling to find a Goldilocks solution: not too hot on withdrawing US troops quickly, but not so cold as to alienate large numbers of Democratic voters furious about the war and eager to bring the Americans home."

Kerry To Offer His Own Amendment Calling For Withdrawal By July 2007. CNN's The Situation Room (6/19, Bash) reported that not all Senate Democrats are supporting the plan. CNN "has learned…that Senator [John] Kerry will unveil and propose his own amendment tomorrow on the Senate floor. And he's changed his amendment just a bit. And he is going to say, according to a source, in Senator Kerry's office, that he wants troops to be fully withdrawn, all combat troops to come home from Iraq, by July 1st, 2007."

The Los Angeles Times (620, Reynolds, 958K) the Kerry proposal, also authored by Sen. Russ Feingold, "appears to have the support of half a dozen senators, including Sen. Barbara Boxer (D-Calif.), who has signed on as a sponsor.'" The Times adds, "Many of the senators who support the Kerry proposal are expected to back the Levin amendment too, aides said."

Dean Says Bush Has No Plan To Get Us Troops Out Of Iraq. DNC Chairman Howard Dean said on CNN's The Situation Room (6/19), "I think the Democrats have been pretty clear about what they want. They want a transition, and now there's going to be a vote on asking the President for a timetable. We need to be out of Iraq. We know we can't leave immediately, but we need to be out, and we need to hear from the President something other than, 'I started this, but we're going to leave this to the next president.'" Asked if US troops should be out of Iraq by the end of the year, Dean said, "The bottom line here is not what the specifics of the plan are. The bottom line is the president doesn't have a plan and the Democrats believe that we should be heading in another direction, which is what the American people believe."

Dean Says Republicans Can't Be Trusted To Defend America. Dean said on MSNBC's Hardball (6/19), "You simply can't trust the Republicans to defend America anymore. It's not that they're not willing to be tough, it's just that they're not smart." Dean added, "You can't trust those people to defend America. I submit to you that it is the Republicans that are weak on defense, because they don't know what they're doing."

Cheney Stands By Claim That Insurgency Is In Its Last Throes. CNN's The Situation Room (6/19, Blitzer) reported that Vice President Dick Cheney "was asked today about his remark more than a year ago that the insurgency in Iraq was in its last throes. He told the National Press Club that he still believes that, but he also acknowledged that he underestimated the strength of the insurgency."

In a similar report, Fox News' Special Report (6/19, Hume) noted Cheney "said something on Iraq today that most people probably already knew or thought, but that no one at his level had ever acknowledged." Fox (Emanuel) added that Cheney, speaking at a Press club luncheon, said, "he underestimated the strength of the insurgency in Iraq. … The Vice President also defended his comment last year that the Iraqi insurgency was, quote, in its final throes."

The Washington Post (6/20, A13, Ricks, 744K) runs a similar story under the headline "Cheney Stands By His 'Last Throes' Remark," and says Cheney "has repeatedly stood by his May 2005 declaration that the insurgency was waning, even as Democratic politicians and comedians have mocked it." It "has joined a litany of administration statements about Iraq cited as examples of wishful thinking, including that reconstruction would be inexpensive for US taxpayers and that U.S. troops would be greeted as liberators."

Cheney Says Government's Actions Have Prevented Terror Attacks Since 9/11. USA Today (6/20, 2.31M) reports, "The United States' biggest terrorism threat is 'an al-Qaeda cell armed with a nuclear weapon or a biological agent in the middle of one of our own cities,' Vice President Cheney said Monday." Speaking at the National Press Club, Cheney "credited aggressive US action for preventing terrorist attacks since Sept. 11, 2001. 'The fact of the matter is we have been safe and secure here at home,' he said. 'That's not an accident. It didn't happen just because we got lucky.'" Cheney "said improved intelligence-gathering and preventive steps have thwarted attacks on US soil. He singled out the National Security Agency's warrantless surveillance program as important in the war on terrorism and said it 'clearly is legal' and is 'consistent with the Constitution.'"

Dean Says Cheney Has No Credibility. DNC Chairman Howard Dean said on CNN's The Situation Room (6/19), "Vice President Cheney has no credibility in this matter." Dean was asked on MSNBC's Hardball (6/19) about Cheney's claim that the capture of Saddam Hussein "was, in part, the reason we've not been attacked" since 9/11. Dean said, "That's complete hooey. Saddam Hussein had nothing to do with 9/11. That's just part of the Republican nonsense that got us in to Iraq in the first place and the Americans now know that's complete hooey and the President and Vice President were not telling the truth when they said that."

Koizumi Pulling Japanese Troops Out Of Iraq. The Washington Post (6/20, A13, Faiola, 744K) notes Japanese Prime Minister Junichiro Koizumi announced a

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plan Tuesday to withdraw Japan's 550 troops from Iraq, ending a landmark mission that became Tokyo's largest military operation since World War II." Iraqi Prime Minister Nouri al-Maliki "announced that Iraqi troops would take over security next month around the southern city of Samawah, where the Japanese and other forces are stationed. Officials [in Tokyo] have repeatedly said that the Japanese -- whose withdrawal has been anticipated for months -- had been awaiting that decision before finalizing withdrawal plans." The Post notes, "The Japanese withdrawal is not expected to dramatically affect the effort to rebuild Iraq. Analysts have said the Japanese mission there is more symbolic than strategic."

The Financial Times (6/20, Dinmore, Pilling) says "the shrinking US 'coalition of the willing' in Iraq has come to resemble more a coalition of the reluctant, as allies weigh up the costs of continued involvement in an unpopular war against the benefits of backing President George W. Bush for the rest of his second term." According to the Times, "Analysts say only the UK provided a sizeable military force that actually made a difference in operational capability. Contributions from most other countries had more meaning in terms of political support for the US when the Bush administration failed to win enough backing for a second resolution at the UN." The Los Angeles Times (6/20, Wallace, 958K), among other sources, also reports the story.

Iraqi National Security Adviser Says Unofficial Pullout "Road Map" Exists. In a Washington Post (6/20, A17, 744K) op-ed, Iraqi National Security Adviser Mowaffak al-Rubaie says that while there is "no defined timeline" for a coalition withdrawal from Iraq, there is "an unofficial 'road map' to foreign troop reductions that will eventually lead to total withdrawal." It is based "not just on a series of dates but, more important, on the achievement of set objectives for restoring security in Iraq." Rubaie decries "influential foreign figures" who are "trying to spoon-feed our government," saying Iraq "has to grow out of the shadow of the United States and the coalition, take responsibility for its own decisions, learn from its own mistakes, and find Iraqi solutions to Iraqi problems."

Three US Soldiers Charged With Murder In Detainee Deaths. Three soldiers from the 101st Airborne Division were charged with murder in connection with the May 9 deaths of three detainees in Iraq. There are considerable differences in the attention given to the story by television and print sources. ABC and NBC both led their evening newscasts with the charges, but newspaper coverage is less prominent.

ABC World News Tonight (6/19, lead story, 2:15, Raddatz, 8.78M) reported that investigators believe Army Pfc. Cory Clagett, Spc. William Hunsaker, and Staff Sgt. William Girouard "intentionally murdered three Iraqi males, and then tried to cover it up." The three took the Iraqis into custody during an operation north of Baghdad. The "accused soldiers initially said that the detainees were trying to escape. But a lower ranking soldier e-mailed his superiors saying he had witnessed what he thought was murder." The identity and even the nationality of the victims remains unclear. NBC Nightly News (6/19, lead story, 4:15, Boettcher, 9.87M) says they "are not identified as Iraqis but as foreign nationals. We are still trying to determine exactly who they were."

In contrast to the lengthy coverage on the other two networks, the CBS Evening News (6/19, story 3, :15, Schieffer, 7.66M) ran only a brief item that also said the three soldiers "are also charged with threatening to kill another American soldier who witnessed the killings." CNN's The Situation Room (6/19, Blitzer) said the soldiers are "in pretrial confinement now. … They will go to an Article 32 hearing, which is the military equivalent of a civilian grand jury. And from there, they will decide whether they will proceed to court-martial."

The New York Times (6/20, Shanker, Tavernise, 1.19M) reports a "Defense Department official said investigators had evidence that the soldiers had released the detainees deliberately before they were shot, apparently to have a pretext for killing them as they fled." The Washington Times (6/20, Scarborough, 90K) says the case "could be the first in a series of murder charges against soldiers and Marines in the deaths of Iraqi civilians. … Two major cases remain under investigation" -- the Haditha incident and the death of an Iraqi man in Hamandiyah.

US Cancels Major Iraq Prison Contract. In what it calls a "harsh rebuke" for the company, the New York Times (6/20, Glanz, 1.19M) reports the Army Corps of Engineers has cancelled a $99.1 million contract with Parsons, "one of the largest companies working in Iraq, to build a prison north of Baghdad after the firm fell more than two years behind schedule, threatened to go millions of dollars over budget and essentially abandoned the construction site." The prison, which was originally supposed to be completed this month, "appears to be the largest single rebuilding project canceled for failing to achieve its goals under the $45 billion American rebuilding program."

Barred Military Contractor Keeps Working In Iraq Under New Name. On its front page, the Wall Street Journal (6/20, Dreazen, 2.11M) reports on how Custer Battles LLC, "which the U.S. military had accused of fraud and barred from receiving any new Iraq contracts," has been revived under another name. Custer Battles was sold to Danubia Global, a Romanian firm, for one dollar, and though "the U.S. sanctions technically put Custer Battles out of

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business, it never actually shut down. After paying its dollar, Danubia took on most of Custer Battles's employees," and work continued. The Custer Battles-Danubia link is now "the focus of a federal criminal investigation."

Prosecution Asks For Death Penalty For Saddam. NBC Nightly News (6/19, story 2, 0:30, Williams, 9.87M) reported that in Baghdad, "the prosecutor in Saddam Hussein's trial argued strongly for the death penalty as the only fair punishment for the torture and killings of dozens of people in a Shiite village in the 1980s. The prosecutor called the executions barbaric and cruel and savage. Saddam Hussein claims the villagers were part of an assassination attempt against him." ABC World News Tonight (6/19, story 3, :30, Gibson, 8.78M) noted "the chief prosecutor demanded Saddam's execution for barbaric, cruel and savage acts that showed no mercy for the old, women or children. Saddam answered the summation with sarcasm. 'Well done,' he muttered."

USA Today (6/20, Soriano, 2.31M) reports the prosecutor also "recommended the death penalty for Barzan Ibrahim -- Saddam's half-brother and head of the Mukhabarat intelligence agency -- and former vice president Taha Yassin Ramadan." He "asked for leniency for three other defendants and for dismissal of charges against Mohammed Azawi Ali, a former Baath Party official from Dujail, because of a lack of evidence. He left it up to the courts to decide a punishment for Awad al-Bandar, the former chief justice of Saddam's Revolutionary Court." The Christian Science Monitor (6/20, Peterson, 61K), Los Angeles Times (6/20, Stack, 958K), Washington Post (6/20, A13, Partlow, 744K), New York Times (6/20, Burns, 1.19M) and Washington Times/AP (6/20, Juhi) run similar stories.

USA Today Says Khalilzad Cable Shows Grim Reality Of Iraq. Commenting on a recent diplomatic cable from US Ambassador to Iraq Zalmay Khalilzad to Secretary of State Rice, USA Today (6/20, 2.31M) editorializes that the lives of nine Iraqi employees of the US embassy "when they are outside the fortified safety of the Green Zone" described therein suggest "fundamentalists and militias are fast obtaining the kind of power that destroys governments. … Nine lives do not tell the story of an entire country, nor is the cable reason to bring troops home. Other measures paint a brighter picture. Nevertheless, for those who wonder whom to believe in Iraq, the U.S. ambassador reporting privately about the lives of the Iraqis closest to him is a source that can hardly be ignored."

Cohen Says US Suffers From Attention Deficit Disorder In Iraq Policy. In his Washington Post (6/20, A17, 744K) column, Richard Cohen facetiously suggests that attention-deficit hyperactivity disorder is responsible for the conflicts in Iraq and Afghanistan. ADHD "explains why few seem to challenge the call to continue the mission in Iraq, apparently forgetting that the mission has changed and no one is quite sure what it is now," and "why we are still fighting in Afghanistan almost five years" after 9/11 – "because our attention got diverted from the Afghanistan-based al-Qaeda, which had attacked us, to Iraq, which had not. … Pass the Ritalin, please."

Taliban Produces "Biggest Show Of Strength" In Years. A starkly pessimistic story on the front page of USA Today (6/20, Wiseman, 2.31M) says pro-Taliban fighters "are terrorizing southern Afghanistan" in their "biggest show of strength in nearly five years." The fighters are "ambushing military patrols, assassinating opponents and even enforcing the law in remote villages where they operate with near impunity." The article portrays allied forces on the defensive, saying US-led forces have been "forced to ramp up the battle."

Guerillas Kill 32 People In Southern Afghan Province. In a more straightforward New York Times (6/20, Gall, 1.19M) report says suspected Taliban guerrillas in Helmand province "ambushed and killed 32 people on Sunday, all of them relatives and tribesmen of an influential member of Parliament." The Times says the "attack, in broad daylight, was the latest sign of the strength of the suspected Taliban insurgents" in the southern "poppy-growing province."

Taliban's Influence Spreads Into Northwest Pakistan. The Washington Post (6/20, A11, Constable, 744K) reports on how the influence of the Taliban is leaking into "the semiautonomous tribal areas of northwest Pakistan that hug the Afghan border," with thieves beheaded, television sets burned in public, and barbers ordered not to shave off beards. While Pakistani military officials say they are "making steady progress in pacifying the restive tribal belt," other observers say their "aggressive efforts since 2004 have backfired, alienating the populace with heavy-handed tactics and undermining the traditional authority of tribal elders and officials."

Pentagon Seeks To Add Special Ops Troops Without Lowering Standards. The Washington Post (6/20, A3, Tyson, 744K) reports on the Pentagon's efforts to recruit more Special Operations troops without lessening the elite forces' tough training. The article, which describes Special Operations Command forces in very positive terms, says the forces, "facing their biggest deployments in history," are "committed in Iraq, Afghanistan and surrounding countries. That leaves too few for other vital missions, many of them clandestine, such as intelligence gathering and partnering with forces in nations" where the US is not at war.

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The Post says that while the Pentagon has "announced a plan to add 13,000 more Special Operations troops to meet demands," producing "such highly skilled troops is not easy."

New PTSD Cases Running More Than Six Times VA Expectation. Knight Ridder (6/20, Goldstein) reports the VA "is on a pace to see nearly 20,000 new cases of post-combat stress this year among service members who've served in Iraq or Afghanistan, more than six times the number of cases that officials had expected." The VA had expected 2,900 new cases of post-traumatic stress disorder during the current fiscal year.

Current War Sparking PTSD In Some Vietnam Veterans. The Washington Post (6/20, George, 744K) runs an 1,100-word front page feature on how the current war is leading "thousands of Vietnam veterans" to seek PTSD help. The VA says PTSD disability-compensation cases "have nearly doubled since 2000, to an all-time high of more than 260,000. The biggest bulge has come since 2003, when war started in Iraq." Experts say many veterans "reexperience their own trauma" through media coverage of the present war.

Laser Eye Surgery Brings Military Unexpected Assignment Problems. The New York Times (6/20, Cloud, 1.19M) reports on the "unexpected difficulties" the military is facing due to the "booming trend" of laser eye surgery. At the Naval Academy, for example, "nearly a third" of each 1,000-member class undergoes the procedure. But by "shrinking the pool of people who used to be routinely available for jobs that do not require perfect eyesight, it has made it harder to fill some of those assignments with top-notch personnel."

CORPORATE SCANDALS:

US Asks For Higher Bond For Conrad Black. The Wall Street Journal (6/20, Cherney) reports, "Federal prosecutors in Chicago are demanding that former newspaper tycoon Conrad Black, who was released on a $20 million bond last year, provide additional security to remain out on bail until his trial on fraud and racketeering charges next year." The Journal continues, "In documents filed in U.S. District Court for the Northern District of Illinois, U.S. Attorney Patrick J. Fitzgerald says he is asking for more security on the bond because Mr. Black has failed to pay the mortgage on his Palm Beach, Fla., home -- which is part of his bail bond -- and 'has provided false statements to the government about his financial assets.' … Edward Greenspan, a lawyer for Mr. Black, said 'there are numerous misstatements' and 'numerous half-truths' in the documents. 'The prosecution filed its material this morning with practically no notice about what allegations were going to be included,' Mr. Greenspan said. Mr. Black has pleaded not guilty to the fraud and racketeering charges."

Bloomberg (6/20, Harris) reports, "Black overstated the value of a Palm Beach, Florida, home he pledged for bail, the U.S. said in a court filing and hearing. He understated a Canadian tax lien on the property and didn't disclose his wife was part owner, prosecutors said. … U.S. District Judge Amy St. Eve delayed (Monday's) hearing until June 26. The government said Black, once among the world's largest publishers of English-language newspapers, should put up additional collateral or have his bail revoked. A former U.S. prosecutor said Black must take the possibility seriously. … 'Judges tend to get angry when they feel a defendant is possibly playing games with the court,' said Andrew Genser, a former Justice Department lawyer who is now a partner at Kirkland & Ellis. 'Mr. Black's lawyers on June 26 would want to come in with an answer to these allegations that's convincing or have substitute assets ready to post.'"

Denver Attorney Could Sharpen Focus On Weiss In Milberg Investigation. The National Law Journal (6/20, Bronstad) reports, "Federal prosecutors who indicted Milberg Weiss Bershad & Schulman last month are in talks with a Denver lawyer whose testimony could sharpen the investigation's focus toward Melvyn Weiss, founding partner of the New York-based law firm, according to sources familiar with the government's probe." The Journal continues, "Last month, a federal grand jury in Los Angeles returned an indictment against Milberg Weiss and two of its partners, David Bershad and Steven Schulman, alleging that they obtained $216.1 million in attorney fees by paying $11.3 million in secret and illegal kickbacks to three individuals who served as lead plaintiffs in their cases. … Bershad and Schulman have taken leaves of absence from the firm." The Journal adds, "Prosecutors have said that the investigation is ongoing, leaving open the possibility of additional indictments against Weiss and William Lerach, a senior partner who left the firm in 2004 to found San Diego-based Lerach Coughlin Stoia Geller Rudman & Robbins. … According to the indictment, a senior partner at Milberg Weiss met in 2003 with the Denver lawyer and agreed that a percentage of attorney fees in two cases would go to Howard Vogel, a retired real estate mortgage broker whose retirement fund or family members were serving as plaintiffs for Milberg Weiss. In April, Vogel admitted to charges in a plea deal that he provided false information in federal court and has agreed to cooperate with prosecutors."

Father, Son Plead Guilty To Fraud In SureWest Probe. The Sacramento Business Journal (6/20) reports, "A former treasury analyst for SureWest Communications and his father pleaded guilty Monday in U.S. District Court in

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Sacramento to charges that they had taken $2 million from the Roseville-based telecom company." The Journal continues, "Arrested in early 2004 were former SureWest treasury analyst Jeffrey Wells, 31, of Roseville; his father, Larry Wells, 60, of Pebble Beach; and a business associate, Henry M. Kaiser, 59, of Piedmont. … The trio had been charged with illegally diverting several million dollars in SureWest cash and investment funds controlled by Jeffrey Wells to outside accounts to secure financing for Quivira Ventures, owned or controlled by the elder Wells and Kaiser." The Journal adds, "The U.S. Justice Department said that the money transfers were made 'so that Quivira could demonstrate to potential investors that it had sufficient funds on deposit to be a venture capital firm and thereby attract new investors.' … Kaiser, grandson of industrialist Henry J. Kaiser, stepped down from the Kaiser Permanente board after he was charged. In April 2004, Kaiser admitted guilt to 'interstate transportation of money obtained by fraud and conducting a monetary transaction in criminally derived property.'"

Olson Tapped To Head Accounting Board. The Wall Street Journal (6/20, Reilly) reports, "Ending months of regulatory uncertainty for the accounting industry, Securities and Exchange Commission Chairman Christopher Cox yesterday named Mark W. Olson, a Federal Reserve Board governor, to head the agency that regulates accounting firms." The Journal continues, "Mr. Olson's appointment to chair the Public Company Accounting Oversight Board is one of the most significant to be made by Mr. Cox since he took the helm of the nation's markets watchdog last year. The PCAOB oversees accounting firms that audit public companies and was formed in the wake of corporate scandals such as those at Enron Corp. Its creation ended decades of self-regulation by the accounting industry." The Journal adds, "Mr. Olson, 63 years old, will become the PCAOB's second full-time chairman, a position that pays $615,000 annually. He fills the spot left vacant last fall by the resignation of the board's first chairman, William McDonough, also a former Federal Reserve governor. Mr. Olson will take over from acting PCAOB Chairman Willis Gradison, 77, a former Republican Congressman who will remain on the board. … Mr. Olson said in an interview yesterday that he wasn't going into the position with a preset agenda, although he expected that debate over how to implement rules related to companies' internal controls would continue as a big issue for the board. He said he expects to take up his new position in early July. … Mr. Cox also filled yesterday a second opening at the PCAOB, announcing that founding board member Kayla Gillan will remain in her seat. Ms. Gillan, a former general counsel to the California Public Employees' Retirement System, or Calpers, had continued to serve on the board since her term expired last fall. Board members earn $500,000 a year."

South Korean Officials Clear Lone Star In Probe Of KEB Deal. The Wall Street Journal (6/20, Santini) reports, "South Korean regulators cleared Lone Star Funds of any wrongdoing in its purchase of Korea Exchange Bank. Instead, they accused KEB's former management and several government agencies of mishandling the bank's sale in 2003, when many of the country's financial institutions were reeling from mounds of bad credit-card debt." The Journal continues, "While exonerating Lone Star and allaying concerns that regulators would seek to nullify the deal, the report of the Board of Audit and Inspection does little to relieve the Dallas private-equity fund's other major worry: that it might have to pay full taxes on its profit from the sale of its KEB stake, to Korea's Kookmin Bank, once the sale is finalized. … That deal now awaits the conclusion of Korean prosecutors, who are conducting their own probe of the KEB transaction, including Lone Star's role." The Journal adds, "The audit board's report, released yesterday, says KEB executives exaggerated the bank's losses at the time of the sale, understating its capital-adequacy ratio and deeming the bank 'troubled,' a designation that allowed a foreign buyer -- in this case, Lone Star -- to step in, speeding the sale. The audit board singled out KEB's chief executive at the time, Lee Kang Won, saying he undervalued the bank by making unrealistic assumptions."

Insurers Concerned About Options Timing Probe. The Wall Street Journal (6/20, Pleven) reports, "The controversy over executive stock options has the insurance industry casting a wary eye at the liability protection it provides to corporate officers and directors, a development that could in some cases push premiums higher or reduce coverage for directors and executives." The Journal continues, "At least three dozen companies are facing federal probes over whether they backdated or manipulated stock options, timing them to boost the payoff for executives. Shareholders in some cases have responded by filing lawsuits, and insurers are bracing for a slew of claims." The Journal adds, "At this point, premiums haven't started to rise. But insurers have begun asking their own questions about the options practices of clients. Some, for example, are asking customers whether they have ever backdated options or received an inquiry from the Securities and Exchange Commission on the timing of grants. … The scrutiny has the potential to shake up the market for D&O insurance, which is intended to protect top corporate officials from facing personal losses for decisions they make in their posts running companies. The insurance, usually paid for by the company, typically reimburses the company or its officials for expenses

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such as legal fees. No hard figures exist for the size of the D&O insurance market, but insurance-industry executives estimate it generates several billion dollars in premiums annually."

CRIMINAL LAW:

DOJ Extends Abramoff's Freedom For Three Months As Cooperation Continues. Roll Call (6/20, Bresnahan) reports, "The Justice Department and attorneys for disgraced former lobbyist Jack Abramoff have agreed to postpone for at least three months the day he has to report to federal prison — the latest sign that Abramoff's continued cooperation with an ongoing corruption probe in Washington, D.C., is proving helpful to prosecutors. Abramoff had been scheduled to surrender himself to the Bureau of Prisons on June 29 to begin the 70-month prison sentence handed down by Judge Paul Huck of the U.S. District Court for the Southern District of Florida. … Justice officials and Abramoff's lawyers filed a joint motion with Huck on Friday night asking for a three-month reprieve for Abramoff, who is cooperating with federal prosecutors in an ongoing probe that has roiled official Washington."

Daley Secretary Testifies About Political Hiring List. The Chicago Tribune (6/20, Mihalopoulos, Bush, Lighty, 643K) reports, "A who's who of Chicago political power brokers and the job seekers they sponsored was unveiled Monday by federal prosecutors in the City Hall corruption trial. The list of more than 5,700 politically connected job applicants became public as a longtime secretary in Mayor Richard Daley's office testified for federal prosecutors against former Daley patronage chief Robert Sorich. Although city officials insisted for years that they did not engage in patronage hiring, secretary Patricia Molloy said aides in the mayor's office kept track of job seekers and their political sponsors, beginning shortly after Daley's election in 1989 and during much of his 17-year tenure." Daley's three brothers and Gov. Rod Blagojevich "were entered into the database as sponsors of people seeking jobs or promotions," and "at least two applicants were described as friends of the mayor." The Chicago Sun-Times (6/20, Warmbir, Spielman, Konkol, Novak) notes, "The 60-page list gives the most detailed snapshot yet of politicians, powerbrokers and mayoral friends vying for city jobs or promotions for their families, friends and supporters. … Prosecutors call the scheme illegal. Defense attorneys…contend their clients were following orders as part of a long city tradition and never intended to commit crimes."

Former Boston FBI Official Testifies Leaks Torpedoed Bulger Probe. The Boston Globe (6/20, Murphy, 484K) reports, testifying yesterday in the $50 million wrongful death suit against the FBI, former Boston Assistant SAC Robert Fitzpatrick said that "then-Massachusetts Senate president William M. Bulger was the target of a 1983 FBI investigation that was compromised by leaks while his gangster brother, James 'Whitey' Bulger, was an FBI informant." Fitzpatrick "said the investigation was among nine in the FBI's Boston office during his tenure that he believed were compromised by leaks to Whitey Bulger, other informants, or others outside the office." Fitzpatrick also testified yesterday that he "wrote a letter to the FBI's third in command at headquarters in 1983, complaining about 'malfeasance' in the bureau's Boston office. He said he never received a response to his letter." The Boston Herald (6/20, Sweet, 220K) adds that US District Judge Reginald C. Lindsay ordered the bureau's lawyers to turn over Fitzpatrick's letter to FBI headquarters. The Herald notes, "Because Fitzpatrick 'wasn't getting anywhere' with formal complaints of malfeasance and obstruction of justice, he said, 'I outlined my grievances' to Lee Caldwell about FBI agents destroying investigations with 'severe leaks' to mob informants like Bulger. Caldwell was a man he thought he could trust, but Fitzpatrick said, 'I never heard back.'"

Jordan Assigning More FBI Agents, Analysts To Wales Murder Case. The Seattle Post-Intelligencer (6/20, Shukovsky) reports, "The FBI is sending in the cavalry in an attempt to solve the 5 1/2-year-old killing of Seattle federal prosecutor Tom Wales. A week after the FBI's top brass removed the Seattle office from management of the investigation, its new manager -- Portland Special Agent in Charge Robert Jordan -- announced he's boosting the number of agents and analysts assigned to find the killer." After a Monday meeting in Seattle about the investigation, Jordan said, "This is an extremely important case to us. We are not going to walk away from this. And we are going to commit as many resources as possible." The Post-Intelligencer notes, "There had been four agents assigned to the case before Seattle FBI Special Agent in Charge Laura Laughlin cut that to two agents in May. Jordan wouldn't reveal the numbers of agents who will ultimately be assigned to the investigation, but said it would be more than four. … Quick to assert 'this is not a cold case,' Jordan said there are several promising leads that could pave the way to the murderer."

Former Virginia Police Officers Plead Guilty To Lying To FBI About Bribes. The Charlottesville (VA) Daily Progress (6/20, Nowak) reports former Charlottesville police officers Roy Fitzgerald and Charles Saunders "pleaded

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guilty Monday to lying to federal agents, admitting they lied about covering up a traffic offense and having sex with an underage girl. … In a brief hearing, Judge Norman K. Moon accepted the officers' guilty pleas and set a sentencing date for Sept. 22." The AP (6/20) notes, "The officers were accused of ignoring illegal activities involving Charles Phillips, the manager of the now-defunct Max nightclub, starting as far back as 1996. … Assistant U.S. Attorney Thomas J. Bondurant Jr. said in exchange, the officers protected Phillips from prosecution for traffic offenses and warned him about a prostitution investigation, exposing an undercover officer in the process. During an FBI and Virginia State Police investigation, Bondurant said Saunders lied about intervening with another officer concerning the traffic offense." The Richmond Times Dispatch (6/20, Santos) also reports on the guilty pleas.

Justices Sets Limits On Admissibility Of Evidence. USA Today (6/20, Biskupic, 2.31M) reports, "An alleged crime victim's emergency 911 call can be used at trial even if he or she does not testify and undergo cross-examination, a unanimous Supreme Court ruled Monday." However, by an 8-1 vote, the justices also "ruled that if an alleged victim recounts an incident to police at the scene after it occurs, the account cannot be used at trial unless the defendant is able to cross-examine the accuser." The pair of rulings "in cases from Washington and Indiana addressed the Sixth Amendment right of confrontation, which ensures that a defendant may closely question witnesses against him or her."

The Washington Post (6/20, A4, Lane, 744K) reports, "In both cases -- Davis v. Washington , No. 05-5224, and Hammon v. Indiana , No. 05-5705 -- all the justices except Clarence Thomas concurred." He "dissented in the Hammon case, saying that Amy Hammon's statement should also have been admissible, and that the court's proposed distinction based on the 'primary purpose' of police questioning would be 'difficult for courts to apply.'"

Judge Denies Bail For Alleged Chicago Mobster. The Chicago Tribune (6/20, Coen, 643K) reports, "Suggesting that Frank Calabrese Sr. is a danger to anyone who might testify against the Outfit, a federal judge on Monday refused to grant bail to the reputed mob lieutenant." Calabrese, "linked by authorities to 13 slayings, will remain incarcerated before he and others named in the Operation Family Secrets case are tried next spring, U.S. District Judge James Zagel ruled. … Calabrese's brother Nicholas is cooperating and has tied Calabrese to some of the killings, Zagel noted. His son, Frank Calabrese Jr., secretly recorded him discussing his past."

Former Stock Trader Sentenced To 11 Years In Prison. In a widely-distributed story, the AP (6/20) reports, "A former stock picker who teamed up with a rogue FBI agent in a scheme to manipulate stocks was sentenced Monday to more than 11 years in federal prison. Anthony Elgindy also was ordered by U.S. District Court Judge Raymond Dearie to forfeit $1.5 million." The AP notes, "He and four others were charged in May 2002…with securities fraud, extortion and obstruction of justice. Federal prosecutors accused FBI special agent Jeffrey Royer of New Mexico of leaking details of investigations and executives' criminal histories to Elgindy. … Royer was found guilty of racketeering conspiracy, securities fraud and obstruction of justice." The Wall Street Journal (6/20, 2.11M) also reported on Elgindy's sentence, noting Royer's role in the scheme.

Boiler-Room Operator Sentenced To 17 Years In Prison. The Miami Herald (6/20, Santiago, 323K) reports, "Con artist Charles Paul Hoffecker, who with a partner fleeced more than 1,000 investors out of $14 million in a huge boiler-room operation, was sentenced Monday to 17 years in prison. … His partner in crime, Charles Edward Meyers...will be sentenced June 26." The Florida men "were found guilty last March of ripping off people who believed they ran Amitex Investment Services Ltd., a Bahamian company that bought and stored precious commodities like gold and silver." The Herald notes, "Hoffecker and Meyers were caught as part of a 10-year investigation by the FBI and the U.S. Postal Inspection Service."

California's Searches Of Parolees Upheld. The Christian Science Monitor (6/20, Richey, 61K) reports, "Parolees in California do not enjoy a constitutional right to be free from suspicionless searches by law-enforcement officials." Instead, "they can be searched at any time, even when officials have no reason to believe that they may be involved in wrongdoing." In "an important privacy ruling with major implications for individuals on parole, the US Supreme Court voted 6 to 3 Monday to uphold a California law that requires all state prisoners to agree as a condition of release that they consent to warrantless searches by law enforcement."

The AP (6/20, Locy) reports, "California parolees can routinely be searched by police as a condition of their release from prison, the Supreme Court ruled Monday. … By a 6-3 vote, justices said the 1996 law is a legitimate attempt by state officials to deal with a large population of repeat offenders who pose a danger to public safety." The AP continues, "Justice Clarence Thomas, writing for the majority, said California has a "special governmental interest" to control its parolees, an interest that outweighs a parolee's privacy. … In California, most prisoners eventually receive

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parole. But before release, each parolee is required to consent in writing to searches by police during the term of their supervision. If they refuse, they are not allowed out of prison. … Under the law, police can conduct such a search as long as it is not arbitrary, capricious or conducted to harass the parolee." The AP adds, "Thomas said parolees do not have any 'expectation of privacy that society would recognize as legitimate' because of the danger posed by California's large recidivist population. … 'The state's interests, by contrast, are substantial,' Thomas wrote, citing a 68-to-70 percent recidivism rate among California's parolees. … But Justice John Paul Stevens, writing in dissent, said the majority had 'run roughshod' over previous court rulings on unreasonable searches and improperly allowed California to create another form of punishment for its prisoners. … 'What the court sanctions today is an unprecedented curtailment of liberty,' Stevens wrote on behalf of himself and Justices David Souter and Stephen Breyer."

CNN.com (6/20, Mears) reports, "The case involves Donald Samson, paroled in 2003 after a firearms felony conviction. A San Bruno police officer knew Samson was on parole when he observed him walking down a street. … The officer, after determining there were no outstanding warrants on Samson, began a search of him. … Methamphetamine was found in a pocket and Samson went back to prison for seven years." CNN adds, "The Samson case was one of two search-and-seizure appeals from California argued this term. The justices in March unanimously allowed to stand the conviction of a man who bought video showing minors engaged in sex acts. … The Bush administration Justice Department and law enforcement agencies around the country have asked the courts for greater powers to conduct searches of homes and cars, along the borders, and at sobriety and neighborhood crime checkpoints."

Pennsylvania School Janitor Pleads Guilty To Making Child Porn. The Pittsburgh Post-Gazette (6/20, Ove, 261K) reports, "Nobody knew what janitor Phillip Winkle was up to until the day in early February when two other janitors at Center Area Middle School wondered what he was doing by himself in a dark storage room. It turned out he was making his own child pornography collection using a peephole camera he installed to record 600 video images of girls and women using the toilet. … Yesterday in U.S. District Court, he waived indictment and pleaded guilty to child porn charges," and is expected to receive a 10-year prison sentence. The Post-Gazette notes, "He apparently maintained the collection for his own use, as there was no evidence he distributed any of the videos. … After the two suspicious janitors caught him, Mr. Winkle confessed to Center police, who charged him with invasion of privacy and called the FBI."

Baggy Jeans Pose Problem For Fleeing Thieves. The Wall Street Journal (6/20, Ng) reports, "One sunny afternoon in January, Vicki Chandler, a 55-year-old underwriting associate at Cigna HealthCare in Chattanooga, Tenn., was walking to her car when a teenager in loose khaki pants approached her, pointed to her pocketbook and said, 'I need that.' As she recounts the incident, he snatched the purse and took off. … But then he ran into trouble. As he ran, his loose trousers slipped down below his hips. As he reached down to hold them up, the teen was forced to throw the purse aside." The Journal continues, "It's a problem for perpetrators. Young men and teens wearing low-slung, baggy pants fairly regularly get tripped up in their getaways, a development that has given amused police officers and law-abiding citizens a welcome edge in the fight against crime. … Low-hanging baggy pants have been a fashion statement for young men for more than a decade, inspired by the advent of beltless prison jeans, says Andy Gilchrist, a California fashion consultant who has written a book on men's clothes. Over time, the tough-guy image associated with oversized trousers helped make the look standard for hip-hop performers, alternative music bands, skateboarders and snowboarders as it migrated from mostly black city streets to affluent white suburbs. … Just about every other week, Jim Matheny, a 41-year-old police lieutenant in Stamford, Conn., says he gets into foot chases with youths. He says it's getting easier to capture them because they can't run fast or far in those loose jeans."

CIVIL LAW:

Supreme Court To Hear Administration Effort To Revive Late-Term Abortion Ban. ABC World News Tonight (6/19, story 10, :10, Gibson, 8.78M) reported the Supreme Court "took up the issue of abortion. The justices agreed to hear a new attempt by the Bush Administration to have a law banning certain late-term abortions declared constitutional."

The Washington Post (6/20, A4, Goldstein, 744K) reports, "In accepting the California case, Gonzales v. Planned Parenthood Federation of America , the court essentially agreed to evaluate a wider range of legal issues that the San Francisco-based U.S. Court of Appeals for the 9th Circuit cited last winter when it, too, found the law unconstitutional." The 9th Circuit "found the law posed an undue burden on women because the statute is so vague it could be interpreted to forbid other abortion methods beyond one that is used rarely late in pregnancy. In addition, the 9th Circuit dealt with whether a court could 'remedy' the law to permit the procedure when women's health is imperiled,

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ruling that it could not because lawmakers had deliberately omitted such an exception."

The AP (6/20) reports, "Congress had voted in 2003 to prohibit the type of abortion, generally carried out in the second or third trimester of a nine-month pregnancy, in which a fetus is partially removed from the womb and its skull punctured or crushed. The law was challenged on behalf of physicians who could be sentenced to up to two years in prison for violating the law. … Justice Samuel Alito is expected to be a key vote in the case, because the court had split 5-4 in 2000 in striking down a state law barring the same procedure because it lacked an exception to protect the health of the mother. Justice Sandra Day O'Connor, who was the tie-breaking vote, retired in January was replaced by Alito."

Judge Approves Extension Of Delphi Reorganization Filing. The AP (6/20, Tong) reports, "A bankruptcy judge on Monday approved a motion by Delphi Corp. to extend the auto supplier's deadline to exclusively file its reorganization plan, before creditors can weigh in with alternate proposals." The AP continues, "The new deadline for the company is Feb. 1, 2007, and the deadline for responses to the plan is April 2. Judge Robert Drain approved the extension, which is the company's second and moves the filing deadline from Aug. 5. … The company reserved the right to file other extensions if needed." The AP adds, "An attorney for Delphi, John W. Butler, also said the company planned to file a motion later Monday to seek the court's approval of a new concessions deal with Delphi's second-largest union, the International Union of Electronic Workers-Communications Workers of America. … The auto parts supplier announced over the weekend that it had reached an agreement with the IUE-CWA and General Motors to offer buyouts to hourly workers. The deal was similar to the one reached earlier with the United Auto Workers, the largest union representing Delphi employees. … The judge said the matter would be considered in a June 29 meeting."

Debate Over Regulation Of 527s Stymies Lobbying Reform Bill's Progress. Roll Call (6/20, Newmyer) reports, "Clear progress on a lobbying reform bill continues to elude House and Senate Republican leaders, with the two chambers stalemated over the fate of a controversial provision targeting the independent political groups known as 527s." Roll Call notes that "cracking down on" 527s "is a top election-year priority for national Republicans. When the House took up legislation to overhaul lobbying, GOP leaders made a point of inserting a provision to sideline 527s. But that plan is running into growing resistance in the Senate, initially from Democrats, but now from some conservative Republicans as well." The House GOP leadership has "been predicting quick action on the measure since that chamber approved its version of the bill in early May. But those projections have consistently slid, as agreements on differences between the two bills have proved hard to come by. The latest deadline…has both chambers wrapping work on a conference agreement by the July Fourth recess. Now, even that goal appears imperiled, with GOP aides predicting little action in the two weeks left of this work period."

CIVIL RIGHTS:

9th Circuit To Hear Arguments On Hawaiian School Admission Policies. The AP (6/20, Niesse) reports, "A wealthy private school created exclusively for Hawaii's indigenous people may be forced to admit non-Hawaiians if it loses a legal challenge." The AP continues, "Fifteen judges on the 9th U.S. Circuit Court of Appeals will hear arguments Tuesday in San Francisco over whether the Kamehameha Schools can continue to limit enrollment to Native Hawaiians." The AP adds, "The case is an important test of racial preference programs in school admissions. … While the courts have generally ruled against favoritism in education based on race, the Kamehameha case is different in that the school was founded based on the will of a Hawaiian princess and doesn't receive federal funding. … A three-judge panel of the circuit court in California initially ruled against Kamehameha's admissions policy with a 2-1 vote in August. But the court announced in February it would reconsider the school's 118-year-old policy. … The lawsuit was filed on behalf of an anonymous white student who was denied admission to the school in 2003 and claimed he was discriminated against because he didn't have Hawaiian blood."

Federal Judge Overturns Jury Verdict In Age Bias Suit. The Legal Intelligencer (6/20, Duffy) reports, "Overturning a jury's verdict of more than $240,000 in an age discrimination suit, a federal magistrate judge has ruled that a plaintiff who was fired at the age of 50 failed to prove an essential element of his case because the four workers who assumed his duties had an average age of less than seven years younger than he was." The LI continues, "In his 60-page opinion in Steward v. Sears Roebuck & Co., U.S. Magistrate Judge Thomas J. Rueter concluded that plaintiff Gunnar Steward failed to make out a prima facie case of age discrimination. … The decision is a stunning setback for Steward and his lawyers, Carmen R. Matos of Doylestown, Pa., and George P. Wood of Stewart & Wood in Norristown, Pa., and overturns a jury's award of nearly $93,000 in back pay and $148,000 in front pay." The LI adds, "Matos and Wood argued that after Steward was fired, his duties were

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taken over by two men in their 30s and one in his mid-40s, with an average age of less than 38, or more than 12 years younger than Steward. … But Rueter sided with Sears and its lawyers -- Sidney R. Steinberg and Robert J. Toy of Post & Schell -- who said the evidence showed that a 60-year-old woman also took over some of his duties. … As a result, Rueter concluded that the average age of the workers who assumed Steward's duties was just 6.75 years -- a difference the judge found to be not enough for a prima facie case. … Rueter's ruling could force the 3rd U.S. Circuit Court of Appeals to revisit a vexing question that often arises in age discrimination suits -- just how much younger must the more favorably treated employee be in order to be deemed 'sufficiently younger' than the plaintiff? The answer for courts in the 3rd Circuit, Rueter found, is that a difference of less than seven years is not enough."

Abortion Ban To Be Placed On South Dakota Ballot. The AP (6/20, Brokaw) reports, "Voters will have the final say on South Dakota's tough new law that bans almost all abortions. Secretary of State Chris Nelson said Monday that the law's opponents had collected enough signatures to put a question on the Nov. 7 ballot asking voters if the law should go into effect as planned or be dumped."

Pentagon Document Lists Homosexuality As Mental Disorder. A neutral AP (6/20, Baldor) story reports a Pentagon document "classifies homosexuality as a mental disorder, decades after mental health experts abandoned that position. The document outlines retirement or other discharge policies for service members with physical disabilities, and in a section on defects lists homosexuality alongside mental retardation and personality disorders." Pentagon spokesman Lt. Col. Jeremy M. Martin "said the policy document is under review."

Feinstein Makes Case For Flag Protection Amendment. Sen. Dianne Feinstein writes in USA Today (6/20, 2.31M) that the American flag is "a vibrant symbol of our democracy, our shared values, our commitment to justice, and our eternal memory of those who have sacrificed to defend these principles. It is because of all that our flag embodies that I have co-sponsored the Flag Protection Amendment. … The Flag Protection Amendment would not prohibit flag burning. Rather, the Amendment would simply return to Congress the ability to protect the flag as it has been protected throughout most of this nation's history." Feinstein concludes, "There is no idea or thought expressed by the burning of the American flag that cannot be expressed equally well in another manner."

USA Today Says Flag Protection Amendment Is Unnecessary. An accompanying editorial in USA Today (6/20, 2.31M) takes the opposite view, saying instances of flag desecration "are rare and easily addressed by local laws. They hardly require the extraordinary act of amending the Constitution. But in a Congress unwilling to address important matters…symbolism is the politically convenient substitute for substance. … The main threat to the flag comes not from the occasional burning of Old Glory. It comes from those who would sacrifice the principles the flag represents."

WSJournal Blasts Gerrymandering In The Name Of "Voting Rights." An editorial in the Wall Street Journal (6/20, 2.11M) says, "With Congress poised to extend, for another quarter-century, certain 'temporary' provisions of the 1965 Voting Rights Act, it's worth pondering some of the political mischief taking place these days in the name of 'voting rights.'" Gerrymandering "has all but eviscerated inter-party competition for seats in Congress, creating so many 'safe' Republican and Democratic strongholds that the outcome of most races is a foregone conclusion. But another pernicious byproduct of gerrymandering is the racial polarization and hyper-partisanship that we see in places like New York's 11th District. … Congress has never let balkanization of the electorate get in the way of protecting its own political hide, especially when it can claim to be siding with the 'voting rights' angels."

ANTITRUST:

DOJ Task Force Report To Tout Progress In Protecting Intellectual Property. InformationWeek (6/20, Greenemeier) reports, "The technology world has long agonized over the government's shortcomings in protecting intellectual property. Theft of source code or even finished products costs tech firms money and potential revenue and dampens the incentive to invest in original research and development. The U.S. Justice Department Tuesday plans to issue a report signaling a positive change." IW continues, "The Justice Department's Intellectual Property Task Force has made progress in protecting the content created by companies in a number of disciplines, including software development, music recording, and motion pictures, the report says. Essentially, Justice wants to convince businesses that it has followed up on promises made in 2004 to bring the hammer down on those caught lifting other people's work for their own purposes." IW adds, "The Justice Department, as promised, has increased the number of prosecutors in the field by creating five additional Computer Hacking and Intellectual Property, or CHIP, units in the District of Columbia, Nashville, Orlando, Fla., Pittsburgh, and Sacramento. Justice also opened another seven in Austin,

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Baltimore, Denver, Detroit, Newark, N.J., New Haven, Conn., and Philadelphia--all cities where cybercrime and intellectual property offenses are significant problems, the new report states. … Justice has also broadened its focus internationally by placing a federal prosecutor in Southeast Asia as an intellectual property law-enforcement coordinator and got funding to place a similar official in Eastern Europe. The department has trained and provided technical help to more than 2,000 foreign prosecutors, investigators, and judges in the area of intellectual property investigations and prosecutions, the report states."

Consumer Group Alleges Anticompetitive Practices In Real Estate. The Washington Post (6/20, D3, Downey) reports, "A national consumer advocacy group yesterday condemned real estate trade groups as a 'cartel' that sets prices and blocks competition to maintain its traditional commission structure and to keep discount firms from gaining market share." The Post continues, "The commission system is 'cockamamie,' said Stephen Brobeck, executive director of the Consumer Federation of America. Even some inexperienced real estate agents are charging a 7 percent sales commission, he said -- an amount he likened to the cost of a new car. And he questioned why the brokerage fee on an $800,000 houses is four times higher than that for a $200,000 house, saying the work involved is basically equal." The Post adds, "The District-based federation applauded efforts by government antitrust regulators to put pressure on the trade groups to change the way they do business, but Brobeck said no one had yet found the 'magic bullet' to reduce costs. He said consumers have been left on their own and urged home buyers and sellers to negotiate over the sales commissions they are charged and make sure it is clear who is representing whom, what each agent will be paid and for what services. … Thomas M. Stevens, a local real estate broker who is president of the National Association of Realtors, fired back within hours, saying the Consumer Federation is ill-informed and incorrect. … 'It's clear and evident that they don't understand the real estate business,' Stevens said. 'Real estate is probably one of the most competitive industries out there.'" The Post notes, "The Justice Department has sued the National Association of Realtors, alleging its Internet multiple listing service policy prevents nontraditional brokers from gaining equal access to sales listing information. The trade group said it has changed its policies and is seeking to have a judge dismiss the lawsuit."

DOJ Will Not Challenge Collaborative Labor Database. Dow Jones (6/20) reports, "The U.S. Justice Department on Monday said it won't take antitrust action against a collaborative initiative by retailers and manufacturers to develop a shared database on international factory and labor conditions." Dow Jones continues, "The initiative, Fair Factories Clearinghouse, asked the Justice Department to decide whether it was concerned about potential antitrust problems with the initiative. … 'The Department of Justice has no current intention to institute antitrust enforcement action against the Fair Factories Clearinghouse initiative,' Justice antitrust chief Thomas Barnett said in a letter sent to the organization." Dow Jones adds, "The group's request to Justice officials described safeguards it will require member companies to take to avoid antitrust conflicts through the database sharing. … The Fair Factories Clearinghouse is designed to improve available audit information on the standards and conditions at factories around the world, according to the group's Web site."

FTC Endorses Online Legal Referral Services. The National Law Journal (6/20, Maclean) reports, "Although it may not be a match made in heaven, Internet legal referral services that promise to match lawyers with potential clients have found a powerful new admirer -- the Federal Trade Commission." The Journal continues, "In a recent letter to the State Bar of Texas, the FTC planning and policy chief, Maureen Ohlhausen, said that the Internet-based client/attorney matching services 'have the potential to lower consumer costs of obtaining information about the price and quality of legal services, which is likely to lead to more intense competition among attorneys, ultimately benefiting Texas consumers.'" The Journal adds, "There has been a long simmering debate in state bars around the country since the advent of these services in 1999 about whether they violate ethical rules on advertising and the bans on nonlawyer referrals for legal help. … The Arizona and Washington state bars issued ethics opinions last year foreclosing use of the services, saying that lawyers may not pay to participate in for-profit Internet matching services. Meanwhile, Rhode Island approved the online matching in 2004 as a boon to consumers, quickly joined by North Carolina, South Carolina and Utah. … The FTC letter 'is a powerful endorsement of the industry,' said Anna Ostrovsky, general counsel for San Francisco-based LegalMatch."

Net Neutrality Debate Pits Diverse Coalition Against Entrenched Lobbyists. The Christian Science Monitor (6/20, Chaddock, 61K) reports, "As the Senate takes up the first overhaul of the nation's telecommunications laws in a decade, this week's debate" over net neutrality "will pitch one of the most unlikely lineups in recent political history against an entrenched industry lobby. On one side: the big phone companies and cable providers, who want Congress to help them speed up the move into the video market and keep government regulation at a minimum. It's one of the most well-funded and

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experienced industry groups on Capitol Hill. On the other side: those who use their services, who want Congress to make sure that the Internet does not become a fast lane for those who can pay - and a dirt road for those who can not. The Save the Internet Coalition includes Google Inc., Amazon.com, Microsoft, and eBay, thousands of bloggers, and more than 700 groups. It's one of the most diverse coalitions ever to lobby a bill."

Attorneys Allege DOJ Over-Reaction In Qualcomm Gun-Jumping Case. In an op-ed in the Legal Times (6/20), Darren S. Tucker and Bilal Sayyed, who are counsel in the D.C. office of O'Melveny & Myers, where they specialize in antitrust law and represented Gemstar in the case referenced below, write, "In almost any merger or acquisition, the acquiring company insists on 'conduct of business' covenants to ensure that the target company maintains the value of its assets before closing. Imagine that in the middle of negotiating an important acquisition agreement, your antitrust counsel suddenly opines that certain routine conduct-of-business covenants are no longer permissible. … This is precisely what is happening as some counsel overreact to the Department of Justice's recent gun-jumping lawsuit against Qualcomm Inc. In-house counsel need to be skeptical of such overly cautious gun-jumping advice, which can jeopardize the success of corporate transactions." Tucker and Sayyed continue, "The Hart-Scott-Rodino Act requires that transactions of a certain size be reported to the two federal antitrust authorities (the Department of Justice and the Federal Trade Commission) and that merging parties observe a pre-closing waiting period. This waiting period gives the antitrust agencies a chance to review a transaction for potential anti-competitive effects before the parties can close the transaction. … Gun jumping occurs when a buyer exercises control over the to-be-acquired firm before the expiration of the Hart-Scott-Rodino waiting period. When parties are competitors, certain joint activity or information sharing before closing can also violate the Sherman Act. Whether a gun-jumping violation exists is a separate question from whether the underlying business combination violates the antitrust laws. … Unfortunately, neither of the antitrust agencies has provided specific guidelines governing what is and what is not allowable during the period between signing and closing. Although guidelines were promised by then-Assistant Attorney General for Antitrust Charles James in September 2002, his successors appear to have concluded that the fact-intensive nature of this area may make such guidelines too vague to be of any use." Tucker and Sayyed conclude, "Although merging parties certainly can go too far in interacting with one another before closing a transaction, there is more flexibility than some antitrust lawyers advise, and the Qualcomm case in no way limits merging parties' ability to achieve their business objectives."

Morgan Stanley Hikes Bid For Denver Energy Firm. The AP (6/20, Shore) reports, "Morgan Stanley Capital Group Inc. boosted its offer for TransMontaigne Inc. by 3 percent a share, escalating a bidding war that appeared to be over last month when the fuel distribution company accepted a lower bid from SemGroup LP." The AP continues, "The Transmontaigne board was scheduled to meet Monday to determine whether the new Morgan Stanley offer of $11.35 a share in cash -- delivered Sunday -- would be considered superior to the SemGroup offer of $11.25 a share. The company said it would be prepared to terminate its agreement with SemGroup if the Morgan Stanley offer were better." The AP adds, "In a letter delivered to TransMontaigne on Sunday, John Shapiro, president of Morgan Stanley Capital Group Inc., said the offer would expire on Friday morning if no action were taken. … Shapiro also noted that SemGroup has received a request for more information from the Federal Trade Commission which could delay any deal between SemGroup and TransMontaigne."

Judge Dismisses Antitrust Suit Against Oil Companies. The Fairbanks (AK) News-Miner (6/20, Eshleman) reports, "A federal judge on Monday dismissed an antitrust lawsuit filed last year by the Alaska Gasline Port Authority against two North Slope oil companies. Judge Ralph Beistline found fault with a number of arguments raised by the port authority, finding among them that it lacked the standing needed to pursue the lawsuit in federal court." The News-Miner continues, "The port authority filed the suit in federal District Court in Fairbanks, alleging BP and Exxon Mobil had conspired to keep North Slope natural gas out of the marketplace. … Beistline agreed with lawyers for the oil companies who said the state's Stranded Gas Development Act, which lays out a negotiating process for finding a way to transport natural gas to market, pre-empts the authority's lawsuit. … The judge said the port authority's project 'appears well-intentioned, has accomplished a great deal to date, and may well have a valid plan. … Decisions, however, regarding who, when, where, and how to accomplish this monumental task should involve all interested parties and are best made by the Alaska state Legislature and the people of Alaska,' Beistline wrote."

The AP (6/20, Sutton) reports, "The Alaska Gas Port Authority claims Exxon Mobil Corp. and BP PLC have conspired to crush competition and restrict the nation's supply of natural gas, and that has stymied the port authority's efforts to develop a gas pipeline from Alaska's North Slope to Valdez. … . But (Judge Beistline) sided with the oil companies and said the port authority's case could upend a

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competing effort by the state to forge a contract with Exxon Mobil, BP and ConocoPhillips to build a North Slope gas pipeline to Canada and markets in the Midwest."

Supreme Court Seeks US Comment On IPO Underwriter Appeal. MarketWatch (6/20, Anderson) reports, "The U.S. Supreme Court on Monday requested comments from the federal government on an appeal from 16 major Wall Street underwriters and investment firms trying to stop a class-action lawsuit that alleges firm commitment initial public offering practices on Wall Street violate federal antitrust laws." MarketWatch continues, "The high court's request for a brief from the U.S. Solicitor General's office gives the Wall Street firms additional time to try and stop a class-action lawsuit alleging underwriter tie-in agreements - such as requiring the purchase of additional securities in the aftermarket - violate antitrust laws. A number of other claims in the lawsuit were thrown out by a U.S. District Court, but litigation over tie-in agreements was revived by the 2nd U.S. Circuit Court of Appeals in New York." MarketWatch adds, "The appeal, led by Credit Suisse First Boston Ltd., a unit of Credit Suisse Group (CSR), also includes a number of prominent Wall Street firms. … The class-action lawsuit represents purchasers of stock issued by about 900 Internet and technology companies before the stock market bubble burst in the late 1990s. The lawsuit targets a number of IPO underwriting practices, arguing they are anticompetitive, and seeks financial damages. Additional related lawsuits are pending separately."

Senate Committee Proposes Internet User "Bill Of Rights." CNET News (6/20, Broache) reports, "The latest Net neutrality provisions in a mammoth Senate communications bill stopped short of giving Internet companies and consumer advocacy groups all the assurances they've requested." CNET continues, "Unveiled formally at a briefing here for reporters on Monday, new provisions in the latest draft of the sweeping Consumer's Choice and Broadband Deployment Act would allow the Federal Communications Commission to police subscribers' complaints of 'interference' in their Internet activities and to levy fines on violators." CNET adds, "Specifically, the bill would require all Internet service providers to adhere to what the proposal calls an 'Internet consumer bill of rights.' The nine principles outlined under that heading include: allowing consumers to access and post any lawful content they please; to access and run any Web page, search engine or application that they choose (including voice and video programs); and to connect any legal devices they please to the network. … Carve-outs would exist for network management purposes, such as parental control technologies and security software. … All Internet service providers, if they're not already doing so, would also be obligated to offer broadband access on a standalone, or 'naked,' basis--without also requiring, for example, purchase of telephone or cable subscriptions. … But critics say the latest draft, scheduled for an initial committee vote on Thursday afternoon, refrained from addressing a major complaint of advocates of network neutrality--that is, the idea that network operators should give equal treatment to all content that travels across their pipes."

Mittal Claims Growing Support For Arcelor Bid. The Wall Street Journal (6/20, Glader) reports, "Mittal Steel Co. is becoming increasingly confident its €23.19 billion ($29.31 billion) hostile offer for Arcelor SA is gaining momentum, pointing to pressure from Arcelor shareholders in favor of the Mittal bid." The Journal continues, "Mittal, the world's largest steel company by output, launched its cash-and-stock bid for Arcelor in January, but Arcelor has thrown up several roadblocks to the transaction, including plans to merge with Russian steelmaker OAO Severstal, led by billionaire Alexey Mordashov, in a move to fend off Mittal's bid." The Journal adds, "Arcelor had planned a company buyback of €5 billion that shareholders were scheduled to vote on tomorrow. But Arcelor said yesterday that it was canceling the meeting because of current talks between its management and Mittal Steel. The company said its board may decide later to reconvene the meeting 'in case the unsolicited offer by Mittal Steel was not successful.'"

On Heels Of Nokia Venture, Siemens To Sell Stake In Corporate Service Unit. The Wall Street Journal (6/20, Bryan-low, Esterl) reports, "On the heels of an agreement to combine its telecommunications-equipment business with that of Nokia Corp., Siemens AG said it is in talks to sell a majority stake in its enterprise unit, which supplies packages of telecom gear and services to corporate customers." The Journal continues, "Siemens didn't identify the potential buyers for the unit, which has about €3.5 billion, or about $4.4 billion, in annual sales. But with the potential sale and its planned joint venture with Finland's Nokia, the German electronics-and-engineering giant is dismantling its telecom unit known as Com, which posted €13.14 billion in sales for fiscal 2005." The Journal adds, "As expected, the European technology giants confirmed Monday they will combine their businesses that supply telecom carriers into a 50-50 joint venture. The combination provides increased bulk at a time when more equipment makers are joining forces. … The new company, to be known as Nokia Siemens Networks, will be No. 3 in the industry by sales, just behind the combination of Alcatel SA of France and Lucent Technologies Inc. of the U.S., which recently agreed to merge, and Telefon AB LM Ericsson of Sweden."

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LATimes Says Internet Phone Companies Shouldn't Pay Service Fees. An editorial in the Los Angeles Times (6/20, 958K) says local phone monopolies "are trying to saddle high-tech competitors with fees designed to subsidize the traditional phone network. At issue is how federal and state regulators will treat voice over Internet protocol, or VOIP." The Times adds, "Rather than dragging VOIP services into the morass of subsidies for phone circuits, lawmakers and regulators should focus on pushing high-speed Internet connections to every US home and business. If that means people using VOIP save a few bucks at the expense of those who use other phone services, so be it. With luck, VOIP will drive up the demand for broadband and hasten its spread, diminishing the need to subsidize plain old telephone lines."

ENVIRONMENT:

High Court Rules Federal Regulators Overstepped Authority Under Clean Water Act. ABC World News Tonight (6/19, story 9, :15, Gibson, 8.78M) reported the Supreme Court "ruled that Federal regulators may have gone too far when they stopped Michigan landowners from developing some wetlands. But the justices stopped short of overturning the Clean Water Act." The AP (6/20, Holland) reports Chief Justice John Roberts, "in his first major environmental case, came up one vote short of dramatically limiting the scope of the landmark Clean Water Act. At the same time, property rights advocates won a new test for when wetlands can be regulated. Moderate Justice Anthony M. Kennedy said there must be a 'significant nexus' between the wetland and a navigable waterway." The court's "four liberal members said the conservatives would have opened up sensitive wetlands to polluters." It was "a dramatic conclusion to a pair of property rights cases the justices agreed to review last fall, just days after Roberts joined the court. The Bush administration defended the law and had urged the court to stay out of the case."

The New York Times (6/20, Greenhouse, 1.19M) reports, "The Supreme Court on Monday came close to rolling back one of the country's fundamental environmental laws, issuing a fractured decision that, while likely to preserve vigorous federal enforcement of the law, the Clean Water Act, is also likely to lead to new regulatory battles, increased litigation by property owners and a push for new legislation."

The Christian Science Monitor (6/20, Richey, 61K) reports, "At dead center of the court sits Justice Anthony Kennedy, who provided the critical fifth vote on the restrictive side of the case." That action "sends the two consolidated cases back to the lower courts where judges must divine a coherent approach to federal jurisdiction from the high court's splintered decision." The decision "is a setback for environmentalists seeking to push tough federal regulations to the broadest possible swath of threatened wetlands."

The Wall Street Journal (6/20, Bravin, Winograd, 2.11M) headlines its story "Split Supreme Court Narrows Use Of Wetlands Act," while the Washington Post (6/20, A1, Lane, 744K) titles its story "Justices Rein In Clean Water Act," but the Los Angeles Times (6/20, Savage, 958K) reports the decision "by five justices dashed the hopes of private property advocates who believed that the more conservative court was ready to sharply cut back the reach of the Clean Water Act."

The Legal Times (6/20, Mauro) reports, "On a day that foreshadowed politically charged battles ahead, the Supreme Court on Monday divided sharply on the scope of the Clean Water Act while also agreeing to widen its review of the federal partial-birth abortion ban next fall." The Times continues, "In the long-awaited Clean Water Act cases Rapanos v. United States and Carabell v. United States, Justice Antonin Scalia won three other votes for a narrow interpretation of the act's scope, while Justice Anthony Kennedy concurred in the judgment but offered his own more sweeping interpretation -- guaranteeing continued litigation. … In Scalia's view, the law requiring permits to fill 'navigable waters' covers only 'relatively permanent' streams, rivers, and lakes -- not intermittent or merely 'hydrologically connected' waters. However, Kennedy's concurrence sketched out a much broader standard, one that would apply the law's permit requirement to those seeking to fill any waters and wetlands with a 'significant nexus' to navigable waters." The Times adds, "Environmental groups seized on Kennedy's concurrence as the controlling opinion and expressed relief that their fears of a substantial loss of Clean Water Act jurisdiction had not come to pass. … 'The ultimate effect of the Supreme Court's decision on the Clean Water Act is to leave the Act's protection of wetlands and other water bodies in place, but subject to proof that they do in fact have a 'substantial nexus' to downstream water quality,' said Tim Searchinger, lawyer with the group Environmental Defense, in a statement. 'The decision kicks the ball down the road and will create some major administrative headaches, but in the end, the protection of this country's water bodies should change little.'"

Bloomberg (6/20, Stohr) reports, "Justice John Paul Stevens, writing for the four dissenters, said Kennedy's test will create new uncertainty and additional work for regulators and landowners. He also said the new test 'will probably not do much to diminish the number of wetlands covered by the act in the long run.' … Justices Stephen Breyer, Ruth Bader Ginsburg and David Souter also dissented." Bloomberg notes, "The ruling is a partial setback for environmentalists and the Bush administration, which argued in favor of broad federal power to restrict development."

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More Commentary. The New York Times (6/20, 1.19M) editorializes, "For all the talk of liberal judicial activists, it was Justice Antonin Scalia and his fellow conservatives who voted to substitute their own preferences for a decision made by the executive branch, in the form of the Army Corps, interpreting a statute passed by Congress. It was the liberals who were "judicially modest," to use a favorite phrase of Chief Justice Roberts, deferring to the elected branches." Justice Kennedy's role "is especially notable. He wrote a careful opinion, much in the tradition of Justice Sandra Day O'Connor, that refused to go along with any large-scale assault on ecologically fragile lands. His opinion suggests that in this sharply divided court, at least in environmental law, the precarious center can hold."

The Wall Street Journal (6/20, 2.11M) writes in an editorial, "The vote in the case left little room for doubt about the reason for the Court's indecision -- his name is Justice Anthony Kennedy. The Court split, in effect, 4-1-4." The Journal adds, "Some court-watchers predicted that Justices Roberts and Alito would help draw Anthony Kennedy to the right, lest he feel isolated by the high-powered intellects of the Court's four conservatives. The good news from yesterday's ruling is that the Court's two newest members came down solidly on the side of property rights in their first big environmentalism case. The bad news is that Justice Kennedy lacked the courage of their convictions."

Pombo Says Deal Has Been Reached On Offshore Oil Drilling. The New York Times (6/20, Janofsky, 1.19M) reports Rep. Richard Pombo, chairman of the House resources committee, said the panel "had reached bipartisan agreement on a measure that would open the Outer Continental Shelf to oil and gas exploration." Pombo "said the agreement was a compromise that would give states the option to drill in waters that the federal government had kept off limits to energy exploration for decades. At the same time, lawmakers also tried to satisfy lawmakers from Florida and other states who have opposed any drilling within 100 miles of their coastlines." According to the Times, the deal, which will be voted on Wednesday, "would replace a longstanding executive order barring most drilling on the shelf with legislation that would bar drilling in the first 50 miles of coastal waters unless states chose to opt out by vote of their Legislature and the approval of their governor."

Spate Of New Energy Legislation Attributed To Election-Year Politics. The New York Times (6/20, Janofsky, 1.19M) reports, "Any notion that energy policy was set for a while after President Bush signed the first major energy bill in a decade last August would be wrong. Not only are gasoline prices higher now than they were then…but elections are approaching." Sen. Larry Craig "has introduced a bill that would allow American oil companies to work in partnership with Cuba, drilling for energy supplies off its coastline." Rep. Maurice Hinchey "would eliminate a slew of tax breaks for oil and gas companies." Rep. Dan Lungren "has proposed legislation that would award $1 billion to the first automaker in the United States to sell 60,000 mid-size sedans that can travel 100 miles on a gallon of gas." According to the Times, "Of all the energy measures…three have a modest chance to pass both houses this year. One would open a new section of the Gulf of Mexico to drilling. One would define and outlaw gasoline price gouging. A third would give the president authority to set fuel efficiency standards for cars."

Higher Oil Prices Could Contribute To The Deterioration Of US Roads. USA Today (6/20, Hagenbaugh, 2.31M) reports, "Asphalt prices are skyrocketing as costs for oil, a key component of the paving material, are near records. In some parts of the country, there are asphalt shortages. Both price and availability problems are forcing local governments across the USA to scale back or cancel road projects this summer, the main paving season in much of the country. … Nationwide, asphalt prices are up 42% in the second quarter from the same time a year ago, according to the Engineering News-Record." USA Today adds, "Making matters worse, U.S. asphalt production was down more than 5% from January through March compared with a year ago, the Energy Department says."

Kempthorne Restores Preservation As Park Service's Primary Goal. The Los Angeles Times (6/20, Cart, 958K) reports that Interior Secretary Dirk Kempthorne has thrown out a draft of the National Park Service Management Policies that would have "opened some of America's national parks to snowmobiles and other motorized recreation and permitted increased commercialization." The policy rejected by Kempthorne "would have weakened protections for wildlife and natural resources, instead restoring the longtime standard that national parks must emphasize preservation over any other activity. … The new policy, which is to become final in three weeks, explicitly instructs park managers to maintain clean air, water and natural sounds, and not allow any activities that might damage park resources."

LATimes Praises Administrations "New Attitude" Toward National Parks. An editorial in the Los Angeles Times (6/20, 958K) calls Kempthorne's decision "gratifying," noting that the parks "were never intended for the mixed industrial and recreational uses commonly allowed on property under the Bureau of Land Management." Kempthorne "has shown that he at least understands what [former Secretary Gale] Norton never seemed to get: The public wholeheartedly embraces the conservation of its national parks and monuments. The government should respect this position." The Bush administration "appears to

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have a welcome new attitude toward the nation's natural treasures."

Authors Lament Extinction Of Tasmanian Tiger. Authors Margaret Mittelbach and Michael Crewdson write in the Washington Post (6/20, A17, 744K) that "one of the most spectacularly tragic losses in nature was Thylacinus cynocephalus, commonly called the thylacine, or Tasmanian tiger."

FBI/DEA/ATF/USMS:

Alabama Sheriff's Deputy Pleads Guilty To Weapons, Drug Charges. The AP (6/20) reports former Houston County, Ala., sheriff's deputy Michael Shawn Campbell "pleaded guilty to selling a gun to a convicted felon and supplying him with cocaine to sell, authorities said Monday. … Campbell, who was a deputy with Houston County's narcotic unit at the time, admitted to selling the gun and supplying crack cocaine to Joshua Whigan, an Ashford man Campbell knew to be a convicted felon, authorities said. Whigan reported Campbell to authorities and worked with the FBI and Ashford Police Department on the case."

Political Opponents Call For Connecticut Mayor To Resign Over Cocaine Allegation. In a widely-distributed story, the AP (6/20, Christoffersen) reports, "Adversaries called on the mayor of Connecticut's largest city to resign Monday, while supporters urged him to specifically address allegations he used cocaine. Bridgeport Mayor John Fabrizi, a Democrat, was named in an FBI report that surfaced last week in which an alleged drug dealer claimed an associate had a videotape of the mayor using cocaine. … Fabrizi planned to make a public statement Tuesday, said his spokeswoman, Caryn Kaufman." The AP notes Fabrizi's 2003 opponent, Republican Rick Torres yesterday called for his resignation and US Rep Christopher Shays "urged Fabrizi to disclose more."

Illegal Drug Use Declines Among US Workers. USA Today (6/20, Armour, Jones) reports illegal drug use among workers in the United States "fell to its lowest level in nearly two decades in a trend driven in part by tougher drug-testing practices, putting cold medicines behind the counter and closing down methamphetamine labs in America. … The White House said on Monday that seizures of meth labs dropped more than 30% last year. It said the reason was that more states and retail drugstores limited access to cold medications that are used to make meth. 'The workplace data has been very powerful in that it's based on many, many tests,' says John Walters."

The AP (6/20) writes that even as such statistics were released, "Quest Diagnostics, the nation's largest drug testing company, said that in the first five months of this year, the rate of job applicants and workers testing positive for meth was 31 percent lower than last year. The top White House drug control official, John P. Walters, said the two reports were evidence that the 'one-two punch' of restricting chemicals and educating the public about the effects of methamphetamine addiction was having an effect." The New York Times published this AP story.

In a separate story, the AP (6/20) reports, "Good news in the fight against meth abuse came on two fronts Monday, with reports showing a major drop in methamphetamine lab seizures nationwide and a similar decline in the spread of the drug into the workplace. … The number of meth lab busts plummeted more than 30 percent last year as most states put in place laws to restrict the sale of over-the-counter cold medicines used to make meth, according to the Drug Enforcement Administration's El Paso Intelligence Center. … White House drug policy director John Walters called the data an encouraging sign of progress. 'The practices that have been taking place in our states are working, not only on small toxic labs but also what we're trying to do with demand,' said Walters." This AP story was published by MSNBC, FOX News, the Seattle Times, Georgia's Athens Banner-Herald West Virginia's Charleston Gazette and the Austin, Texas American-Statesman.

In a sidebar, the AP (6/19) has listed the number of meth labs shut down in each state over the last two years.

UPI (6/19) reports, "Quest Diagnostics said of tests for all drugs performed by the company for the combined U.S. workforce, 4.1 percent had positive results in 2005 compared to 13.6 percent in 1988."

The San Antonio (TX) Express News (6/20) writes that according to the Quest report, "Those testing positive for marijuana represented 52.5 percent of the positive results, down from 60.6 percent in 2001. At 15.7 percent, cocaine was No. 2 on the list of drugs found in workers." The Express News adds, "In San Antonio, results are mixed, with one testing company observing a possible decrease in overall drug use and another noticing an upward trend, especially in methamphetamine use."

The Kansas City Star (6/20) writes, "Kansas City, Kan., police turned to the DEA for help last year when the Mexican meth trade sparked a wave of violence. The resulting law enforcement operation led to 23 arrests and the dismantling of four trafficking organizations."

The Los Angeles Daily News (6/20) reports, "The federal government hopes a sweeping law that would require drugs containing pseudoephedrine - the main ingredient in meth - to be sold from behind the pharmacy counter will further reduce the meth supply in the United States. Though

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California already has such laws in place, the nationwide mandate will begin Sept. 30."

Two Men Accused Of Supplying Michigan Teen With Fentanyl-Laced Heroin. Southfield, Michigan's WXYZ-TV (6/19) reports on its Web site that on Monday police "arrested two men accused of supplying a Bloomfield Hills teenager with a deadly combination of heroin and fentanyl. The suspects could become the first two in Michigan to be charged with a fentanyl-related death. Saturday night, on Keating Street in Detroit, officers with the major crimes division and DEA agents raided the home of two suspected drug dealers who are brothers. Sources said the brothers supplied 17-year-old Lauren Jolly with the heroin laced with Fentanyl and then let her die."

The Detroit News (6/20) reports, "Two men arrested in a federal raid of a drug house Sunday morning may be linked to the distribution of drugs laced with fentanyl, a painkiller suspected in the deaths of at least 79 people in Metro Detroit in the last four weeks, law enforcement sources said. … Brothers Donald and James Edgar Coleman were among those arrested in the raid…sources familiar with the investigation said. Some were charged with ordinance-type violations, police said." The News adds, "In November, the DEA's office in Detroit issued an alert saying agents had bought heroin on the street cut with 'potentially lethal' levels of fentanyl. The Wayne County Medical Examiner's Office saw that alert as part of a routine bulletin from the DEA, officials said."

Six Die Of Suspected Drug Overdoses. The Chicago Tribune (6/19) reports, "Five Chicago men and one Elk Grove Village man died Saturday and early Sunday of suspected drug overdoses, officials said. Three of the six may have been heroin users, said a spokesman for the Cook County medical examiner."

Louisiana Doctor Pleads Guilty To Illegally Providing Pain Medication. The AP (6/20) reports, "A Lake Charles doctor pleaded guilty Monday in federal court to illegally dispensing pain medication in exchange for sexual favors. Dr. Kevin E. Gorin, 46, was charged with four counts of distribution of a controlled dangerous substance and one count of possession of a controlled dangerous substance with intent to distribute. … Gorin's arrest culminated an investigation by the U.S. Drug Enforcement Administration, the Beauregard Parish Sheriff's Office, and the DeRidder Police Department."

Ohio Lab Said To Be Under Scrutiny By Regulators. The Athens (OH) News (6/19) reports the Columbus laboratory that "reported finding an extremely high amount of GHB in Ohio University head football coach Frank Solich's hair has come under repeated scrutiny by regulators. A review of public documents by The Athens News has uncovered numerous run-ins in recent years between Toxicology Associates, Inc. and government agencies charged with ensuring lab accuracy and fair advertising." However, group supervisor for the Columbus diversion group office of the federal Drug Enforcement Agency "said Friday that she knows of no problems encountered by the DEA in its oversight of the lab's handling of controlled substances. The DEA license held by Toxicology Associates, Inc. is current, she reported." The News notes that Solich is trying to overturn his November drunken driving conviction.

IMMIGRATION:

Conservative Leaders Challenge Bush On Immigration. CNN's Lou Dobbs Tonight (6/19, 6:15PM, Sylvester) reported that "today on the issue of illegal immigration, the President has lost his loyal base. 41 prominent conservatives have written a letter to the White House urging what's called sequencing. Secure the borders first, before implementing a guest worker amnesty program. The list includes prominent names like Bill Bennett, President Reagan's Education Secretary, judge Robert Bork, William F. Buckley and former House Speaker Newt Gingrich."

GOP Senators Say Work-Site Immigration Enforcement Has Been Ignored. The Washington Times (6/20, Hurt, 90K) reports Senate Republicans "warned yesterday that the immigration bill approved by the Senate last month won't stop companies from hiring illegal aliens -- the very magnet that has drawn some 12 million illegals to the United States." Sen. John Cornyn "called a subcommittee hearing on the topic yesterday," and is quoted as saying, "Not only do I see work-site enforcement as the critical means, or linchpin, really, of successful immigration reform, but also because the secretary of the Department of Homeland Security has told me that several provisions in the Senate bill would make the system unworkable." Sen. Jon Kyl "said there was little hope for improvement with current proposals." However, Julie L. Myers, DHS assistant secretary for Immigration and Customs Enforcement, said her agency ""is reinvigorating our work-site enforcement efforts."

Almost Half Of Illegals Entered US With Valid Visas. The Washington Times (6/20, Seper, 90K) reports, "Nearly half of the 10 million to 12 million illegal aliens now in the United States entered the country legally, but never left. Carrying visas and U.S.-approved border crossing cards, they were inspected by immigration officers at 300 sea, air and land ports of entry and many -- according to a year-old U.S. Customs and Border Protection policy -- were told to 'Have a nice day.' A little-noticed study by the Washington-based Pew Hispanic Center says 45 percent of America's illegal

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alien population -- 4.5 million to 6 million -- carried legally issued border crossing cards for short-term visits or business and tourist visas for longer but temporary stays."

Illegals Increasingly Face Deportation For Relatively Minor Crimes. The New York Times (6/20, Preston, 1.19M) reports, "Across the country, local law enforcement officials and irritated taxpayers are turning up the pressure on federal immigration authorities to identify illegal immigrants who are behind bars and deport them after they are freed. Although that has generally been the practice with violent felons, illegal immigrants who commit lesser crimes are often overlooked by federal authorities, who say their resources are scarce. Now, however, immigration agents say they are beginning to take the first steps to change that. The agents say they are rethinking the triage that led them to pass over the estimated hundreds of thousands of illegal immigrants with lesser offenses, even if they were imprisoned." According to the Times, "Up to 25 percent of the 22,000 inmates in the Los Angeles County jails on any day are illegal immigrants. … In California state prisons, at least 20,000 inmates have been listed for deportation by immigration authorities, officials said."

To Protect Cattle Fences, Some Texas Ranchers Provide Fences For Illegal Immigrants. The Wall Street Journal (6/20, Johnson, Rutkoff, 2.11M) reports in its "Border Lines" column, "Some Texas ranchers tired of repairing cattle fences damaged by illegal U.S.-Mexico border crossers have installed an easier route -- ladders. 'It's an attempt to get them to use the ladders instead of tearing the fences,' said ranch owner Scott Pattinson. But the ladders may look too good to be true. 'They ignore it a lot,' says Paul Johnson, who owns an exotic game ranch along the Texas border. 'They're afraid that they're monitored by the Border Patrol.'"

Police Refuse To Assist Immigration Enforcement Efforts. USA Today (6/20, Keen, 2.31M) reports, "Despite a federal effort to enlist help from local police to catch illegal immigrants, some of the USA's biggest cities are declining to enforce immigration laws. Police chiefs, mayors and city councils are ordering local cops not to get involved as federal agents crack down on people in the country illegally." U.S. Immigration and Customs Enforcement "has been visiting police conventions in an effort to have departments join a voluntary program. … Participants include state police in Alabama and Florida, the Arizona corrections department and sheriff's departments in San Bernardino, Los Angeles and Riverside counties in California and Mecklenburg County, N.C." However, "Several jurisdictions have refused to help. Chicago police and city workers are prohibited from asking immigrants about their legal status. … In the broadest signal of opposition, a national group representing 57 big-city police chiefs warned this month that local enforcement of federal immigration laws would 'undermine trust and cooperation' among immigrants."

WSJournal Notes Prominent Economists' Support For Immigration. The Wall Street Journal (6/20, 2.11M), in an editorial, writes, "In an open letter to President Bush and Congress last week, more than 500 prominent economists, including five Nobel laureates, proclaim that 'immigration has been a net gain for American citizens.' … What is striking about this immigration letter is that it is signed by economists from different fields of research, political affiliations and ideologies. It is possible that no other issue in the economic field, with the exception of the benefits of free trade, inspires such unanimity of professional opinion as immigration does."

TAX:

California Businessman Arrested In Alleged Tax Deduction Scheme. The New York Times (6/20, Johnston, 1.19M) reports, "The owner of the nation's largest computerized machine tool maker was arrested yesterday morning at his California home and charged with orchestrating a tax fraud that cost the government nearly $20 million as well as intimidating witnesses and a federal agent investigating the case." Gene F. Haas, "the owner of Haas Automation and other companies, was accused in a 52-page indictment of running a bogus invoicing scheme to create fake tax deductions. Mr. Haas was held without bail after his arraignment in Federal District Court in Los Angeles." The Times notes former Haas Automation CFO John Phillips "went to the F.B.I. in April 2001 and told them that he had been ordered by Mr. Haas eight months earlier to cheat the government out of more than $8.9 million in taxes, the Justice Department said. Mr. Phillips is an unindicted co-conspirator."

Thomas Unveils Estate Tax Repeal Plan. The AP (6/20, Dalrymple) reports, "The House's top tax writer revealed a proposal Monday to reduce taxes on inherited estates and rewrite a quirky law that repeals the tax for only one year." House Ways and Means Committee Chairman Bill Thomas " introduced the bill after Senate Republican leader Bill Frist of Tennessee asked House GOP leaders for help reducing the estate tax before this fall's midterm elections." Frist "lost a bid this month to push forward legislation repealing the tax, unable to overcome opposition from most Democrats and a pair of Republicans."

The Wall Street Journal (6/20, Mullins, 2.11M) says Thomas' bill "could be a big step toward lowering estate taxes." House Republicans "will vote this week" on the "compromise legislation." Thomas' proposal "would reduce the number of Americans subject to the estate tax by raising the per-person threshold for the tax to estates valued at more than $5 million beginning in 2010." Thomas "would set the tax rate for estates valued at less than $25 million to the

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capital-gains rate, currently 15%. The value of estates above $25 million would be taxed at a rate equal to twice the capital-gains rate. The new legislation would retain the 'step up' in basis and would unify the estate, gift and generation-skipping transfer taxes." The Journal adds, "To appeal to a few key Senate Democrats, Mr. Thomas included incentives for the timber industry. The legislation includes a new 60% deduction for qualified timber capital gains. House Republicans would like to approve the legislation this week, so the Senate would have time for a vote this summer."

CONGRESS-ADMINISTRATION:

Rumsfeld Said To Give Little Attention To Weapons Procurement. A Washington Post (6/20, A15, Smith, 744K) article headlined "Tanker Inquiry Finds Rumsfeld's Attention Was Elsewhere" is extremely critical of Defense Secretary Rumsfeld, saying that a transcript of Rumsfeld's April 2005 interview with Pentagon IG investigators in "the largest defense procurement scandal in recent decades," obtained by the newspaper "under the Freedom of Information Act after a year-long wait, says a lot about how little of Rumsfeld's attention has been focused on weapons-buying -- a function that consumes nearly a fifth of the $410 billion defense budget, exclusive of expenditures in Iraq and Afghanistan." The Post says the "issue is relevant because a series of reports, including others by the inspector general and by the Government Accountability Office, indicate that five years into the Bush administration, the department's system of buying new weapons is broken and dysfunctional."

Zoellick Announces Resignation From State Department Post. The Washington Post (6/20, A2, Kessler, 744K) reports, Deputy Secretary Robert Zoellick, "one of the administration's most prominent figures in foreign and economic policy, said yesterday that he is resigning to join the Wall Street investment firm Goldman Sachs Group Inc. Zoellick's interest in leaving his high-profile post had long been rumored, but it leaves a large hole in" Secretary Rice's "foreign policy team. Zoellick spearheaded efforts to end the violence in Sudan's Darfur region and was the administration's main interlocutor in the delicate relationship between the United States and China." During a Monday ceremony, Rice is quoted saying she was "deeply honored" that Zoellick had agreed to come aboard and was announcing his resignation "not without considerable sadness." Later, in an interview, Zoellick "said he was leaving 16 months after he started because he had accomplished his objective of helping Rice set up her management team and get her tenure as secretary of state off to a fast start. 'The secretary is clearly up and running quite well,' Zoellick said. 'We now have a very good team, a team considered -- false modesty here -- one of the best, if not the best, Cabinet teams around.'"

The Wall Street Journal (6/20, King, Craig, 2.11M) adds, "Mr. Zoellick's departure will leave a vacuum in the Bush administration's China team, which Mr. Zoellick has led since early last year. ... In his resignation letter, Mr. Zoellick said he was particularly proud of having 'reframed' the administration's approach toward China. In a speech last summer, Mr. Zoellick called on China to become a 'responsible stakeholder' in the international system. He also led a series of high-level dialogues between Washington and Beijing." The New York Times (6/20, Cooper, 1.19M) notes, "As Ms. Rice's deputy, Mr. Zoellick was the primary architect of the administration's policy toward Sudan and particularly the response to the crisis in Darfur. … He is widely considered to be one of the administration's most experienced foreign policy hands." The Times notes the search for Zoellick's successor, reporting, "Bush administration officials said the search was now on to find a replacement." Undersecretary Burns "would be the logical front-runner for the job. Administration officials say Robert M. Kimmitt, the deputy Treasury secretary, is also in the running." The Financial Times (6/20) also notes Burns and Kimmitt as "frontrunners" for the job. The Washington Times (6/20, Sands, 90K) and Los Angeles Times (6/20, McManus, 958K) run similar reports.

Energetic PR Effort Underway To Depict Bush As Fully Engaged. The White House Bulletin/US News (6/19) reports, "More signs are emerging that new White House Chief of Staff Josh Bolten is pumping up the energy level in the West Wing -- especially when it comes to promoting President Bush and his policies in the news media. Bolten is now granting interviews to talk up the Administration's agenda and, most particularly, to portray Bush as fully engaged in formulating and debating policy." Bolten is "said to be concerned that Bush is too often depicted as an isolated figure and an intellectual lightweight, and he wants other senior officials to do more to counteract those perceptions. This level of media engagement was rare for Andy Card, Bolten's predecessor." Bolten is "also encouraging other aides to be more visible in engaging the Bush's critics. New White House Press Secretary Tony Snow has taken these marching orders to heart, not only jousting with reporters with more deftness than his predecessor, Scott McClellan, but appearing on two talk shows yesterday alone -- to talk up Bush's agenda and his leadership skills. Appearing on the Sunday shows and other high-profile TV venues is something McClellan almost never did. Snow appeared yesterday on CBS' Face the Nation and Fox News Sunday."

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Snow Deliberately Kept In Dark About Baghdad Trip. The White House Bulletin/US News (6/19) reports White House Press Secretary Tony Snow "didn't mind being kept in the dark about President Bush's surprise trip to Baghdad last week. Snow didn't find out about the visit until almost the last minute -- after he had briefed reporters about the supposedly full schedule of meetings that Bush was planning at Camp David. That schedule, however, was a subterfuge designed by more senior officials at the White House to throw the media, and presumably evil doers in Iraq, off the trail of what Bush was really up to." Snow "now tells associates that if he had known about the secret trip, he might have been placed in the position of potentially deceiving reporters -- something he never wants to do. So, he says, it was actually a good idea to keep the press secretary out of the loop on at least this occasion." But former advisers to past presidents, "however, have a different take. They don't think it's a good sign that the President's chief spokesman wasn't informed about the Baghdad visit, and they believe it shows that counselor Dan Bartlett, a Bush loyalist for many years, is still the Number One strategist for communications and PR at the White House."

Federal Agencies' Varying Standards For Polygraph Tests Create Frustration. The Washington Post (6/20, A1, Vedantam, 744K), in a front-page story, reports on employees of federal agencies including the CIA and the FBI who have failed polygraph tests administered by other agencies. According to the Post, "In a region where a security clearance is a necessary ticket to countless jobs with the federal government and its thousands of contractors, it is not hard to find people caught in turf wars over clearance. Polygraph tests are often at the root of the problem. … The government recognizes the problem and plans to harmonize the process across the intelligence community, but Director of National Intelligence John D. Negroponte cannot say when that will happen, said spokesman John Callahan." The post goes on to report, "The FBI recently ran a background check on Wayne Johnson, which led to a five-year extension of his top-secret White House clearance. But when Johnson applied for a job at the FBI itself, the agency made him an offer -- then rescinded it after a polygraph exam." Johnson "said the polygraph made him nervous, even though he had nothing to hide. When asked about drug use, Johnson, who is black, found himself worrying about stereotypes that link blacks to drug use. Johnson said he had never touched an illegal narcotic but believed his examiner, who is white, did not believe him."

Cheney Presents Gerald Ford Prize To New York Daily News Reporter. Roll Call (6/20, Akers) reports in its "Heard on the Hill" column that while Vice President Cheney was on hand to present Tom DeFrank, the Washington, DC, bureau chief for the New York Daily News, with the Gerald R. Ford Prize for Distinguished Reporting on the Presidency, he "didn't physically present the award to DeFrank, in a departure from previous years." Roll Call notes that one of DeFrank's stories submitted in his award wining package discussed Cheney's "waning influence at the White House after the indictment of his former chief of staff, Scooter Libby." Attendees, say Cheney "was gracious and said nice things about DeFrank. But although Cheney presented the award to last year's winner, Jackie Calmes of The Wall Street Journal, President Ford's son Jack presented this year's award, the 19th annual."

GOP Lawmakers Have Extensive Agenda For The Next Five Weeks. Roll Call (6/20, Billings) reports in its "Roadmap" column, "Majority Republicans know they will need unity in their own party and the support of at least a few Democrats to make significant headway on their priorities in the next five weeks of legislating, a schedule that includes a raft of appropriations measures, the estate tax, line-item veto, executive nominations and outstanding conference reports on pensions, lobby reform and immigration. And the GOP knows that hopes of advancing those bills diminish as the clock ticks toward August and the November election creeps closer." Republicans "hope to put Democrats on the defensive on the war, trying to bolster their own anti-terrorism credentials while branding the minority as a 'cut and run party.'" Democrats "will ramp up their own efforts to bolster their agenda and a message that Republicans have forwarded the wrong priorities that have hurt the middle class and favored special interests."

Democrats Pledge To Keep Pressure On GOP Regarding Minimum Wage Hike. The Wall Street Journal (6/20, Rogers, Conkey, 2.11M) reports Democrats in Congress "aim to make the minimum wage a maximum political problem for Republicans this election year. The minority party fired the first shot last week, when the House Appropriations Committee broke with its Republican leadership and approved a $2.10-an-hour increase as part of a spending bill for labor, health and education programs. Speaker Dennis Hastert responded by putting the measure on hold -- possibly until after the election. But Democrats are poised to come back this morning and offer the same wage amendment as part of a second appropriations bill funding science and law-enforcement agencies." The committee's ranking Democrat Rep. David Obey is quoted as saying, "I gave the Republicans fair notice that we will attach it to anything we can." House Minority Whip Steny Hoyer adds, "We think it's both the right thing and good politics." According to the Journal, "Discomfort is growing among rank-

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and-file Republicans, especially as organized labor has mounted ballot issues in various states." Rep. Jo Ann Emerson "said her polling on the issue in Missouri -- one of the states with a ballot initiative in the works -- testified to the issue's popularity."

Police Union Wants Ethics Probe Of McKinney. In the wake of a federal grand jury's refusal to indict Rep. Cynthia McKinney for assaulting a Capitol Police officer, police labor officials are calling on the House ethics committee to review her conduct. The AP (6/20, Kellman) reports that the officials "said the grand jury's decision last week sent the message that 'it's okay to hit a police officer.'" Andrew Maybo, chairman of the US Capitol Police Labor Committee, told reporters the Fraternal Order of Police "would send a letter later this week to the ethics committee suggesting that McKinney's behavior violated an item in the chamber's ethics manual that calls for members to 'conduct (themselves) at all times in a manner which shall reflect creditably on the House of Representatives.' McKinney's spokesman and her lawyer did not immediately return calls for comment."

The Hill (6/20, Kucinich) reports, "Lou Cannon, the president of the DC Fraternal Order of Police, echoed Maybo's remarks, adding that regardless of any animosity felt among the officers toward the lawmaker she will still be protected as a member of Congress."

CQ (6/19, Ferrechio) reported, "There was no immediate word from McKinney's office on the FOP ethics challenge, but the congresswoman said June 16 that the grand jury decision was 'right and just, and the proper resolution of this case.'"

Fundraiser Boosts McCrery's Bid For Ways And Means Chairmanship. The Hill (6/20 O'Connor, Snyder) reports Rep. Jim McCrery's "chairmanship of last night's President's Dinner should boost his bid for the Ways and Means Committee gavel, if the past is any indication. The dinner raised $15 million for the National Republican Congressional Committee (NRCC), exceeding its target by $1 million. The National Republican Senatorial Committee, helmed by Sen. Lamar Alexander (R-Tenn.), raised an additional $12 million." McCrery, "already a fundraising powerhouse this election cycle, raised $1.2 million for last night's dinner. … Always a factor, fundraising prowess could be doubly important to McCrery's ambitions because he is not the most senior member in line to run Ways and Means. His principal opponent, Rep. Clay Shaw (R-Fla.), has been there longer and is raising considerable funds in his own bid."

USDA Official Cancels Some Alternative Work Schedules. The Washington Post (6/20, D4, Barr, 744K) reports in its "Federal Diary" column, "An Agriculture Department undersecretary has canceled certain alternative work schedules for management officials in St. Louis and Washington and told the affected employees to plan on working a traditional eight-hour, five-day-per-week schedule." The decision by Thomas C. Dorr , Agriculture's undersecretary for rural development, "underscores the tension inside numerous agencies over flexible work schedules. Many agencies provide such arrangements to help employees balance their work and home lives, but political appointees and senior managers often prefer to have workers in the office and available."

Secret Service Agents Perform CPR On Former Treasury Official. The Washington Post (6/20, B1, Montes, 744K) reports that former assistant treasury secretary Curtis Hessler collapsed in Dupont Circle on Saturday morning and was given life-saving treatment by two Secret Service agents, who happened to be driving by. The uniformed agents, "were on routine patrol. Trained to assist presidents and embassy officials, they performed CPR and then followed the ambulance to George Washington University Hospital. A D.C. police officer took Christine Hessler and a friend there."

Justices' Comments On Court's Independence Applauded. Tony Mauro, Supreme Court correspondent for American Lawyer Media and Legal Times, writes in USA Today (6/20, 2.31M) that in this supreme Court term, justices have been "making headlines off the bench, offering comments that, taken together, have made a powerful case for the independence of the court and the judiciary. After years of being passive punching bags for critics, mainly on the right, justices of all stripes are pushing back, making welcome additions to the public debate." Justices' comments "have a consistent theme: This Supreme Court takes a back seat to no other branch, and it is willing to fight for its independence and that of the judiciary as a whole." Mauro concludes, "In the same way that journalists must shed their vaunted neutrality when freedom of the press is under fire, so too should judges get involved when their authority is threatened. To stay independent, judges should act, and speak, independently."

Dionne Says Roberts' Views Could Put Him In Conflict With Scalia. In his Washington Post (6/20, A17, 744K) column, E. J. Dionne writes that in a speech at Georgetown University law school last week, Chief Justice John Roberts "laid out an approach to deciding cases that could disappoint those who like their court decisions bold and ideological. … The chief justice's speech defended the virtues of judicial humility: Justices should try to make the narrowest possible rulings and strive for unanimity, or something close to it." Dionne notes that Roberts's view

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"could bring him into conflict with Justice Antonin Scalia, a fellow conservative who is absolutely certain what the Constitution means and is never afraid to say so." Dionne adds that "if Roberts lives up to his Georgetown principles, he will justify all the votes cast for his confirmation by moderates and liberals. More important, he will win a place in history as the chief justice who ended the judicial wars."

Tierney Criticizes SCOTUS Decision In Fourth Amendment Case. John Tierney writes in the New York Times (6/20, 1.19M), "Of all the excuses for weakening the Fourth Amendment, the weirdest was the one offered by Justice Antonin Scalia last week in a Michigan drug case. He wrote the majority opinion allowing police officers to use evidence found in a home even if they entered without following the venerable rule to knock first and announce themselves." Tierney adds, "The number of paramilitary raids has soared in the past two decades as cities, suburbs and small towns have rushed to assemble their very own SWAT teams." Tierney concludes that "thanks to the Supreme Court, they now have less reason to knock first and shoot later."

OTHER NEWS:

Stocks Fall Amid Inflation Fears. Stocks posted declines yesterday amid fears that persistent inflation would force the Fed to push interest rates too high. The Wall Street Journal (6/20, Browning, 2.11M) reports that the Dow Jones Industrial Average fell 72.44 points, to 10942.11, "its ninth decline in 12 sessions." The S&P 500 "fell back into the red for the year. It declined 0.91%, or 11.40 points, to 1240.14." The Nasdaq Composite Index "decreased 0.92%, or 19.53 points."

Cooper Tire Efforts To Avoid Accident Lawsuits Examined. ABC World News Tonight (6/19, story 7, 3:00, Gibson) reported, "There are at least 31,000 tire-related accidents each year, causing 5,500 serious or fatal injuries. We're going to focus on how investigators for the fourth-largest tire company, Cooper Tire, respond to some of them. Our Phoenix affiliate, KNXV, first broke this story." ABC (L. Stark) added, "In a video deposition, Frank Ruggier testified he trolled the Internet every day for reports of accidents involving tires." Ruggier "did work for several tire companies but primarily for Cooper Tires. Under oath, Frank Ruggier testified that Cooper Tire paid him $75 an hour to go to accident sites, take pictures, collect evidence. If he found tread like this, he took it and gave it to Cooper Tires." Cooper Tires "says its aim is to 'gather and preserve evidence so that the truth can be told.' But a Cooper executive was asked in a deposition involving another accident who, other than company officials, is told about the evidence." Stephen Schroeder, Vice President, Cooper Tires: "I don't know that anybody else is notified." Attorneys "allege Cooper keeps quite about the treads to stymie lawsuits."

Bush Helps GOP Campaign Committees Raise $27 Million For 2006. The debate over the Iraq War continues to be a top issue as the 2006 elections approach. The Washington Post (6/20, A10, Goldfarb, 744K) reports, "President Bush suggested last night that Republicans must remain in control of Congress for the country to effectively combat terrorism and keep the economy healthy, speaking at a $27 million fundraiser meant to provide a needed boost to the campaign war chest of congressional Republicans." He "generally avoided the harsh language he used to describe the Democrats at last year's dinner, when he urged support for his Social Security plan." The Post notes, "The infusion of cash could not come at a better time for Republicans, who are defending 35 competitive seats in the November elections, compared with 10 such seats for the Democrats, according to the nonpartisan Cook Political Report. In addition, Democrats this year have been erasing the fundraising advantage the GOP has traditionally held."

The AP (6/20, Raum) quotes Bush saying, ""It is important to have members of the United States Congress who will not raise the white flag of surrender in the war on terror." Bush "criticized proposals, such as are being advocated by some leading Democrats in Congress, for a phased withdrawal of U.S. troops. 'An early withdrawal would be a defeat for the United States.'"

Santorum Courts Jewish Vote. The Hill (6/20, Allen) reports, "Sen. Rick Santorum is aggressively pursuing support from the Jewish community as his tough November match-up with Democratic state Treasurer Robert Casey Jr. draws closer." In addition to holding an event with former Soviet political dissident Natan Sharansky and leading neoconservative Daniel Pipes, Santorum "surprised colleagues last week when he unsuccessfully tried to amend a defense authorization bill with a measure designed to prevent Iran from developing nuclear weapons. The amendment was rejected after the White House and many senators opposed it on the grounds that it could disrupt U.S.-Iranian negotiations." And in July "he plans to host a 'Jewish Leadership Summit' on Capitol Hill to discuss 'foreign policy and religious-freedom issues.' Invitees include White House Chief of Staff Joshua Bolten, Foreign Relations Committee Chairman Richard Lugar (R-Ind.), Specter, Sen. Norm Coleman (R-Minn.) and Virginia Rep. Eric Cantor, the lone Jewish Republican in the House."

Dean's Brother Urges Democrats To Support Lamont If Lieberman Runs As Independent. Jim Dean, the head of Democracy for America and DNC

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Chairman Howard Dean's brother, called on DSCC Chairman Charles Schumer to support the winner of the Connecticut Democratic senate primary if Sen. Joe Lieberman runs as an Independent. Roll Call (6/20, Duran) reports, "Should Lieberman lose -- the latest polls show him comfortably leading" Democratic challenger Ned Lamont – "and should he continue on as an Independent with the DSCC's backing, the DSCC would lose credibility with many Democratic activists, Dean said." Jim Dean "said that a number of big Democratic donors are unhappy with the DSCC's role, whether overt or behind-the-scenes -- in some Senate primaries." For example, "women's groups openly chided the DSCC for pursuing Pennsylvania state Treasurer Bob Casey Jr. and Rep. James Langevin (D-R.I.) as Senate candidates, despite their opposition to abortion rights." And activists "were furious when national Democrats first courted, then pushed aside, Iraq war veteran Paul Hackett as the chosen Democrat to take on Sen. Mike DeWine (R-Ohio)."

McCain Seen As Candidate With Crossover Appeal. The Financial Times (6/20, Sevastopulo) reports, "In a political landscape marked by intense partisan battles," Sen. John McCain "is an anomaly, a man so widely trusted that a recent poll found most Democrats would vote for a candidate he endorsed in the November congressional elections." McCain's "ease in discussing his candidacy is equalled by Hillary Clinton's reluctance even to acknowledge her status as the 'perceived' Democrat contender-in-chief. The man who turned down an invitation to be John Kerry's running-mate two years ago is seen as the prospective Republican candidate with the strongest 'crossover' appeal to Democrat voters. It is perhaps no coincidence that he seems anxious to go head-to-head with Mrs Clinton, a polarising figure whom some Democrats would be reluctant to support. She 'would be very interesting to run against', says Mr McCain. 'First woman nominee, very smart, very tough, very principled.'"

Lack Of Clear Frontrunner Opens Field For Number Of Candidates For 2008. CNN (6/20) on its web site reports a CNN/Harris Interactive poll of 1,001 adult Americans conducted June 1-6 (+/-3%) shows that 47% of respondents "would 'definitely vote against'" both Sen. Hillary Clinton and Sen. John Kerry. But "Clinton had the highest positive number; of those polled, 22 percent said they would 'definitely vote for' her."

Political analyst Bill Schneider on CNN's The Situation Room (6/19) said, "Of the best known possible democratic contenders, only Hillary Clinton has a strong base. 41% of Democrats say they would definitely vote for her. Not even one in four Republicans say they would vote for Rudy Giuliani or John McCain. Nearly half the country says they would definitely not vote for Clinton, John Kerry or Al Gore. More than 60% would never vote for Jeb Bush. His name, Bush. Only a third of voters say they would not vote for Giuliani and McCain. McCain has breadth of support but not a solid base."

Zogby Sees Wal-Mart Shoppers As Latest Key Voting Block. The Hill (6/20, Blake) reports, "In 2004, it was NASCAR dads. Before that, soccer moms. In the upcoming elections, pollster John Zogby says, the parties need look no further than the biggest retail phenomenon in the world -- Wal-Mart -- for this year's elusive group of swing voters." He "said he has found a direct correlation between how often Wal-Mart customers shop there and how reliably conservative they are. While this group voted overwhelmingly Republican in 2004, it is less entrenched than other conservative groups, and Zogby's numbers indicate it is wavering." And the more frequently they shop at Wal-Mart, "the more conservative they've tended to be."

Patronage Charges Continue To Dog Kentucky Governor. The New York Times (6/20, Urbina, 1.19M) reports, "A year ago, after being accused of illegally forcing Democrats out of state Civil Service jobs and giving the jobs to political loyalists," Kentucky Gov. Ernie Fletcher (R), dismissed the charges." Yet "15 indictments later, Mr. Fletcher's administration -- including his self-titled Disciples, accused of being the ringleaders of the patronage scheme -- is still feeling the sting as his approval ratings drop below 30 percent." Supporters have distanced themselves from him and it has "threatened to reverse a tide that Republicans in the state have worked for more than a decade to turn in their favor."

Consultant Says Airbus's Superjumbo Project Should Not Have Been Born. Richard Aboulafia, vice president of analysis for Teal Group Corp., a Washington-based aerospace and defense consultancy, writes in the Wall Street Journal (6/20, 2.11M) that the market isn't taking Airbus's problems in stride, "wiping away much of Airbus parent company European Aeronautic Defense and Space Co.'s gains since it was created six years ago." Aboulafia adds, "The biggest problem for Airbus today, to put it gently, is that its superjumbo should never have been born." Airbus "is racing to deliver something that's a mere sideshow. The delays are simply bitter icing on an unpalatable cake."

NYTimes Says Congress Should Save The SIPP. An editorial in the New York Times (6/20, 1.19M) says, "The House Appropriations Committee today will take up a recommendation by President Bush to eliminate" the Survey of Income and Program Participation, which is

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"arguably the best source of information on the real-world effect of public programs that help the poor." The SIPP "is used extensively by analysts inside and outside the government," and "costs all of about $32 million a year." Congress should "make it a priority to come up with the full amount needed to save this font of invaluable public information."

WPost Says Virginia Lawmakers Failed To Address Transportation. The Washington Post (6/20, A16, 744K) editorializes, "What was supposed to happen by March 11 in Virginia finally occurred just this past weekend: Exhausted lawmakers in Richmond reached a budget deal, averting the risk of a shutdown in state government operations at the end of this month. … We hope they'll excuse the rest of us for issuing a loud Bronx cheer, for in fact they have failed." Lawmakers failed "to agree on any long-term, reliable funding to improve the transportation network, they also have failed to ensure the sustainability of Virginia's economic boom." Republicans are planning another special session for the summer or early fall, and "there's modest reason at best to think another session will come out better. If it does not, Virginians should use the next election to find more responsible leadership."

Bush Urges Iran To Accept Limits On Enrichment. As President Bush prepares to travel to Vienna for meetings with European leaders, the Washington Post (6/20, A10, Fletcher, 744K) reports the President "said Monday that the package of incentives being offered to Iran to abandon its nuclear ambitions is a 'historic opportunity,' and he warned starkly that the alternative for the Islamic nation is increased isolation and crippling economic sanctions." Speaking at the 70th commencement ceremony of the US Merchant Marine Academy, Bush "said Iran's stated desire for a peaceful nuclear power program is 'legitimate,' and one supported by the incentive package from the United States and its allies." Bush is quoted as saying, "We believe the Iranian people should enjoy the benefits of a truly peaceful program to use nuclear reactors to generate electric power," while noting that a nuclear-armed Iran would be a "grave threat to people everywhere."

CNN's The Situation Room (6/19, Henry) referred to "a blunt threat from…Bush on the eve of his trip to Vienna for the European Union summit, where Iran's thirst for nuclear weapons will, of course, be at the top of the agenda." Bush "basically threatened very tough sanctions for Iran if it does not basically take the US historic offer, he called it, to enter into multilateral talks." Fox News' Special Report (6/19, Baier) reported that Bush "had strong words for Iran."

The story got no network TV coverage last night, though approximately three hundred local television newscasts across the nation made some mention of the President's speech. The overwhelming majority of stations briefly mentioned the occasion for Bush's speech and added that he addressed the "threat" from Iran's nuclear technology program. Many of those stations that included more extensive coverage of the speech featured a clip of the president advising the government of Iran to accept the US demand for suspension of uranium enrichment. Very few stations made any mention of the content of the President's speech apart from the portion concerning Iran. Typical of the coverage was WAGA TV Atlanta (6/19, 5 PM) reported, "President Bush urged Iran to accept what he calls a reasonable offer for talks on its nuclear program today. The president also warned that America won't waver in demanding that Tehran suspend uranium enrichment first. The president made the statements at a graduation at the U.S. Merchant Marine Academy in New York today." With applause audible in the background President Bush was shown saying, "Iran's leaders have a clear choice, we hope they will accept our offer and voluntarily suspend these activities so we can work out an agreement that will bring Iran real benefits." WAGA added, "President Bush went on to say that Iran rejecting the offer for talks would result in U.N. action and sanctions."

WITI TV Milwaukee (6/19, 5 PM) reported, "Bush is…making his voice heard regarding nuclear weapons. During a commencement speech today at the Merchant Marine Academy, the President told graduates 'the world is united' and will make sure Iran doesn't get its hands on nuclear weapons."

WKRN TV Nashville (6/19, 4 PM) reported, "Bush spoke about establishing peace in the Middle East and the accomplishments that have already been made in the region."

USA Today (6/20, Benedetto, 2.31M) says that "to the staff, faculty, midshipmen and friends of the .. Merchant Marine Academy, it was a huge deal, a dream come true — the first time in the service academy's 63-year history that a president accepted an invitation to address the graduates." Bush "underscored the point in his address: 'I hope it's worth the wait,' he quipped when he took the podium Monday, buoyed by cheers that rang out from the 202 graduates and about 5,000 guests who jammed the football bleachers under sunny skies." Long Island Newsday (6/20, Winslow) runs a similar story under the headline "Day Of Pride, Unprecedented Glory," and says Bush "noted in his address the Merchant Marine Academy's service to the nation over the years, saying it is the only one of the five service academies where even before graduation students are sent into the theater of war -- during their year at sea. That fact means the Kings Point campus is alone among the academies authorized to fly the country's battle standard." Bush's presence, "valedictorian Peter James Radzicki of Mint

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Hill, N.C., said in his speech, 'brings hope and legitimacy to an academy that at times has felt forgotten.'"

The New York Times (6/20, Rutenberg, Stolberg, 1.19M) reports "White House aides said the address was in part meant to serve as a table-setter for discussions about the nuclear standoff with Iran that are expected as part of a broader agenda this week at the United States-European Union summit meeting." Press Secretary Tony Snow is quoted saying, "It's in some way teeing up what is going to be a topic of conversation, one of many, at the European Union consultations this week."

USA Today (6/20, Jackson, 2.31M) runs a similar report titled "Iranian Nuclear Program Focus Of U.S.-EU Meeting," in which it says "any specific decisions about Iran are in a holding pattern until Iran decides what to do about a U.S. offer that could lead to U.S.-Iranian talks, White House national security adviser Stephen Hadley says." Hadley "says the annual EU summit covers many topics and is a chance to discuss 'the way forward' with Iran."

Knight Ridder (6/20, Hutcheson) also reports "Iran tops the agenda for Bush's meeting with European Union leaders," adding "government officials and outside experts agree that Bush and his European counterparts now recognize that, despite their differences, they need each other. Sort of like the Rolling Stones, according to John Hulsman, a foreign-policy specialist at the Heritage Foundation, a conservative Washington research center. 'Think of Keith Richards when he says to (Mick) Jagger, "This thing is bigger than both of us." That's where we are,' Hulsman said. 'The kids want to save the marriage even though the love is gone.'"

Bush Also Discussed Iran With Putin. The AP (6/20, Riechmann) reports Bush also "discussed Iran with Russian President Vladimir Putin on Monday during an 18-minute phone call Putin placed to Bush. 'The presidents agreed on the importance of remaining united in their efforts to press Iran to suspend all enrichment activities and begin negotiations on the incentives package,' said Kate Starr, a spokeswoman for the National Security Council."

Bush Urged To Pursue "Grand Bargain" With Iran. Flynt Leverett, a former senior director for Middle East affairs at the National Security Council, writes in the New York Times (6/20, 1.19M) that "by refusing to consider a 'grand bargain' with Iran -- that is, resolution of Washington's concerns about Tehran's weapons of mass destruction and support for terrorism in return for American security guarantees, an end to sanctions and normalization of diplomatic relations -- the Bush administration is courting failure in its nuclear diplomacy and paving the way for Russia and China to win the larger strategic contest." Iran "has the world's second-largest proven reserves of conventional crude oil, after Saudi Arabia, and the second-largest reserves of natural gas, after Russia. … Although Russian energy companies could not offer quite the same level of expertise as Western firms in the complexities of managing Iran's older oil reservoirs, they could in the next several years help the Islamic Republic develop its newer oil finds and, more significantly, realize its huge potential as a gas exporter.

Wiesel Sounds Alarm About Iran, "Religious Fanaticism." In his Wall Street Journal column (6/20), Frederick Kempe writes, "Nobel peace laureate Elie Wiesel has a simple motive behind the stepped-up pace of his already furious work: foreboding. The world's best-known Holocaust survivor senses, at age 77, a pivotal historic moment, one that poses some of the greatest dangers since Nazi Germany. The shift began 'with the ultimate new weapon,' he says, suicide terrorists deployed globally on behalf of religious fanaticism and without qualms about mass casualties. In his view, it has taken state form with an Iranian president who supports terrorism and is bent on developing nuclear weapons and exterminating Israel." Wiesel "has set in motion a series of Mideast initiatives that will be announced this week in Petra, Jordan, at a gathering of fellow Nobel laureates brought together by him and King Abdullah II. … Though the official program doesn't mention Iran (in deference to its Jordanian hosts), the laureates also will consider a mission to Iran in conjunction with the United Nations and the International Atomic Energy Agency to explore ways to pull Tehran from the nuclear brink. Though Iranian President Mahmoud Ahmadinejad may not heed the Nobel winners' advice, Mr. Wiesel says, he is unlikely to refuse a meeting."

Rice Again Cautions Pyongyang Against Missile Test. The AP (6/20, Gearan) reports Secretary Rice "warned North Korea on Monday it will face consequences if it test-fires a missile thought to be powerful enough to reach the West Coast of the United States. 'It would be a very serious matter and, indeed, a provocative act should North Korea decide to launch that missile,' Rice said amid indications that the North Koreans could launch an intercontinental ballistic missile at any moment." The Washington Post (6/20, A11, Kessler, 744K) adds, "Rice's remarks, made at a news conference with the Spanish foreign minister, are the latest in a series of warnings to Pyongyang not to end a 1999 self-imposed moratorium on long-range missile testing" and that the US is working in concert with allies on the issue. "Japanese Prime Minister Junichiro Koizumi, a close US ally, said in Tokyo yesterday that Japan 'would have to respond harshly' if there was a missile test." Although "US officials have searched for ways to lure North Korea back to the [six-party] talks...Rice suggested that a test would result in a push to bring new sanctions against Pyongyang. UN Ambassador John R. Bolton said yesterday that he has begun preliminary consultations with other Security Council members about a

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possible resolution. A test 'would once again show North Korea determined to deepen its isolation, determined not to take a path that is a path of compromise and a path of peace, but rather instead to once again saber-rattle,' Rice said," adding that any launch would be an "abrogation of obligations."

The Financial Times (6/20) adds, "In a sign of heightened concern in Washington, Tony Snow, the White House spokesman, said that administration officials, including President George W. Bush, 'have contacted more than a dozen heads of state.'" Meanwhile, the New York Times (6/20, Cooper, Onishi, 1.19M) notes, "Australia, which has diplomatic relations with North Korea, called on the North Korean ambassador to cancel any test and to return immediately to the six-nation talks over the North's nuclear program. 'North Korea would be gravely mistaken if it thinks that a missile test would improve its bargaining position in the six-party talks,' the Australian foreign minister, Alexander Downer, said in a statement. ... 'Such action would be highly provocative.'"

The story was reported by each of the networks in full segments last night. ABC World News Tonight (6/19, story 4, 2:20, Karl, 8.78M) reported, "Senior US officials tell ABC News that North Korea appears to have put rocket launchers in place and fueled a missile, final preparations that would be difficult to reverse. Senior US military officials tell ABC News, that if North Korea goes ahead with a missile launch, they don't rule out an attempt to shoot the missile down. The US has a limited missile defense system with interceptors in Alaska and California, designed specifically to deal with the North Korean threat." The US is "urging China to put pressure on North Korea and the US has warned North Korea not to launch the missile." Secretary of State Condoleezza Rice: "It would be taken with utmost seriousness. I think it's taken with utmost seriousness by regional states and by the world."

The CBS Evening News (6/19, story 4, 1:50, Axelrod, 7.66M) reported, "The Pentagon is now moving planes and ships like these configured with special equipment closer to North Korea to track the test firing of a missile with another range to hit the US West Coast. Now fully fueled, the missile could be launched as soon as Wednesday. A potential delivery system for nuclear weapons North Korea has already developed." Secretary of State Condoleezza Rice: "And so it would be a very serious matter, and indeed a provocative act should North Korea decide to launch that missile." Axelrod: "The US is consulting members of the UN Security Council for help dealing with a country that clearly wants attention at a time when Iran seems to be treated as nuclear threat number one." Gov. Richardson: "They're jumpy. And it's a way to send a message that they are a major problem to us, and they want us to deal with their problem. So they are acting like kids."

NBC Nightly News (6/19, story 3, 3:30, Miklaszewski, 9.87M) reported, "Experts say the Taepo-Dong 2, sitting on a remote launch pad today, is bigger and potentially a direct threat to the United States. … Alarmed, the White House revealed today President Bush has personally called international allies to consult on possible diplomatic steps against North Korea, while Secretary of State Condoleezza Rice warned the missile test would amount to dangerous saber-rattling." Secretary Rice: "It would be a very serious matter and indeed a provocative act should North Korea decide to – to launch that missile." Miklaszewski: "Japan's prime minister threatened North Korea with harsh consequences, which could include bilateral economic sanctions. But why would North Korea launch a missile test now? US officials tell NBC News it appears President Kim Jong Il is under increasing pressure from his own generals to stand up to the US and dramatically demonstrate North Korea's military capability. Experts also believe North Korea may be angling to get the same concessions the US is prepared to offer to Iran in exchange for giving up its nuclear weapons program."

CNN's The Situation Room (6/129, Henry) reported, "Secretary of State Condoleezza Rice today basically issued a stark warning for North Korea, reminding them that they first agreed back in 1999 and reiterated that pledge early in the Bush administration that they would not go through with a test like this."

CNN's The Situation Room (6/19, Ensor) also noted Rice and President Bush "have been talking to Japan, China, South Korea and others about what to do if North Korea, as expected, goes ahead."

USA Today (6/20, Nichols, 2.31M) runs a similar report under the headline "Don't Fire Missile, N. Korea Told," while the Los Angeles Times (6/20, Spiegel, Demick, 958K) titles its story "US Warns North Korea On Missile Launch."

DOD Activates Missile Defense System. Meanwhile, the Washington Times (6/20, Gertz, 90K) reports, "The Pentagon activated its new US ground-based interceptor missile defense system, and officials announced yesterday that any long-range missile launch by North Korea would be considered a 'provocative act.' Poor weather conditions above where the missile site was located by US intelligence satellites indicates that an immediate launch is unlikely, said officials who spoke on the condition of anonymity." However, "intelligence officials said preparations have advanced to the point where a launch could take place within several days to a month."

Allen Says President Does Not Have Authority To Attack North Korea Over Test. Sen. George Allen was asked on MSNBC's Hardball (6/19) if the President has authority to take military action if need be in North Korea. Allen said, "I think that we're going to have all our guard up in the event that this missile is launched, I think our guard is

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going to be up to see where it goes and who knows, it may fairly be erratic. As far as military action, you mean, if they'd launch this missile, does the president have the right to attack North Korea on it? No, I don't think the president has that authority to do so. Unless it hit our country, then it's -- you're going to have a chance to respond there, but I don't think it's intended to hit our country. I think it's intended to show that we could hit the United States."

More Commentary. The New York Times (6/20, 1.19M) editorializes, "Why North Korea would want to increase its isolation and antagonize its few friends like China and South Korea is hard to comprehend. But North Korea-watching is full of such mysteries." The US, "for its part, has reacted sensibly, not wasting a lot of time on diplomatic rigmarole and delivering instead a clear and direct message to North Korea not to proceed with a missile test. We hope that North Korea's next surprise is to respond equally sensibly and cancel whatever plans it has for such a self-destructive move."

McCain Receptive To India Nuclear Deal, Doubts Approval This Year. The Financial Times (6/20, Sevastopulo) interviewed Sen. John McCain, who said Congress "is unlikely to give final approval this year to the Bush administration's civilian nuclear energy deal with India." McCain said Congress "needed to scrutinise the deal rigorously because of the precedent it would set." McCain said, "I am not saying I will oppose it, but I still would like to hear more argument in its favour. I understand our unique relationship with India ... but when you carve out an exemption, then of course you run the risk of others wanting the same exemption." FT adds McCain said approval this year was "unlikely" due to time constraints.

US, Russia Reach Deal On Weapons Of Mass Destruction Program. The Washington Post (6/20, A11, Baker, 744K) reports the United States and Russia "reached a last-minute agreement saving a program to secure or destroy Soviet nuclear warheads, chemical weapons and killer germs, U.S. officials said yesterday, breaking a long logjam and averting a rupture weeks before President Bush travels to St. Petersburg." The program, "a multibillion-dollar effort designed to keep weapons of mass destruction out of the hands of terrorists or rogue states, was set to expire Friday amid a stubborn disagreement over legal provisions. But U.S. and Russian officials cut a deadline deal in Moscow on Friday that will extend the program for seven years and effectively take the issue off the table for Bush's trip." The Cooperative Threat Reduction program "with Russia represents the most expansive disarmament effort in the world and the prospect that it could be halted deeply worried arms-control specialists." Sen. Richard Lugar "hailed the extension but called on Congress to remove other conditions that threaten the program: 'If the proliferation of weapons of mass destruction is the number one national security threat facing our country, we cannot permit any delays in our response.'"

Hamas Government Pays Cash To Palestinian Workers. USA Today/AP (6/20, Barzak) reports that in Gaza City, "thousands of Palestinian workers left postal banks carrying three crisp $100 bills Monday, their first pay since March." The payment "was made by the Hamas-led government, which dipped into cash officials carried into Gaza last week to circumvent a freeze on Western aid." Finance Minister Omar Abdel Razek "said there was no way to transport the money to the West Bank, or even convert it to a local currency. He said officials were forced to make cash payments to avoid commercial banks that fear anti-terrorism sanctions." Razek said, "We are paying through the post office because we have some problems with banks because of the direct or indirect threats by the U.S. and Israel." USA adds that last week, Foreign Minister Mahmoud Zahar "hauled $20 million in cash across the Egyptian border into Gaza in suitcases. Another Hamas official followed with $2 million. Hamas said the money came from private donations and Islamic charities."

The New York Times (6/20, Fisher, 1.19M) reports that as Palestinian leaders "began paying overdue salaries with smuggled cash, a top European Union official arrived here on Monday to push forward a new plan aimed at easing the increasingly serious financial crunch among Palestinians." The plan "seeks to sidestep the Palestinian government, led by Hamas, classified by the European Union and the United States as a terrorist organization, while providing $125 million in subsidies for health and utilities, and in payments to poor Palestinians." Benita Ferrero-Waldner, "the European Union's commissioner for external relations, met with the Israeli foreign minister, Tzipi Livni, and the Palestinian Authority president, Mahmoud Abbas. While the Israeli and Palestinian leaders have expressed reservations about parts of the temporary plan, both sides said after their meetings with Ms. Ferrero-Waldner that they hoped the plan would go forward."

Bolton Questions Need For UN Peacekeepers In East Timor. The New York Times (6/20, Hoge, 1.19M) reports US Ambassador to the UN John R. Bolton "questioned the need cited by Secretary General Kofi Annan last week to return peacekeepers to East Timor, where an Australian-led multinational force has ended violence that killed more than 30 people." Bolton said "the current conflict was internal and unrelated to the tiny nation's struggle for

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independence from Indonesia that had been the basis of an earlier United Nations presence."

Morocco Cracks Down On Islamist Activists Amid Coup Fears. The Washington Times (6/20, Brandon, 90K) reports police have "arrested more than 500 Islamist activists since late May on accusations that they were planning a coup to replace Morocco's pro-U.S. monarchy with an Islamic state." The arrests "revived fears that the country's largest Islamic movement, Al Adl wa al Ihsane, or Justice and Charity, is preparing to take up arms to fulfill predictions from the group's own Sufi mystics that Morocco's monarchy will fall this year." The group, "which already has Islamized higher education in Morocco, wants to replace the monarchy with an Islamic state and cut all political, cultural and economic relations with the West -- moves that it argues will end poverty and corruption in Morocco."

Bush, Brazil's Da Silva Discuss Trade. The AFP (6/20) reports President Bush "and his Brazilian counterpart Luiz Inacio Lula da Silva spoke by telephone about this week's" WTO talks "and mutual trade concerns." The NSC said in a statement, "The two presidents expressed the importance of a successful Doha Round, and noted that their respective trade negotiators had instructions to seek a comprehensive deal beneficial to all. President Lula acknowledged and thanked the president for the leadership he has shown at the WTO. The two presidents also briefly discussed efforts to reduce dependence on oil and promote alternative energy."

The AP (6/20) reports White House spokesman Frederick Jones said, "The two presidents briefly discussed efforts to reduce dependence on oil and promote alternative energy."

Chavez Lines Up Regional Support For UNSC Seat. The Financial Times (6/20, Webb-Vidal, Turner) reports Venezuelan President Hugo Chávez "is fighting to win a seat on the United Nations Security Council, in the face of US efforts to derail Venezuela's campaign by lobbying on behalf of Guatemala." The Times says Chavez "has long viewed a seat on the council as a vital part of winning representation for Venezuela – and by extension, he argues, for poorer nations – in international organisations." Latin American "diplomatic heavyweights" including Argentina, whose seat Venezuela seeks to fill, and Brazil "have indicated that they would back Caracas, as have countries farther afield, such as Syria." The Times opines, "Washington's lobbying efforts may be on shaky ground. César Mayoral, Argentina's ambassador to the UN, said on Monday it looked 'very bad for Guatemala,' adding that US support for Guatemala was undermining the Central American country's chances."

US Opposition Said To Have Weakened New UN Human Rights Council. The New York Times (6/20, Wright, 1.19M) reports United Nations Secretary General Kofi Annan "spoke Monday at the first meeting of the organization's new Human Rights Council, urging member nations not to engage in the political bickering that paralyzed its predecessor, the Human Rights Commission. … But from the start the council has been weakened by the opposition of the United States, among only four countries that voted against the creation of the body at a General Assembly session in March. The United States, which wanted a smaller body with fewer members, also declined to seek a seat on the council. While many countries have sent foreign ministers to Geneva for the opening sessions of the new body, the American delegation will be led by Warren W. Tichenor, the new United States representative to the United Nations in Geneva."

US, EU To Launch Joint Effort To Protect Intellectual Property Rights. Commerce Secretary Carlos Gutierrez, Gunter Verheugen vice president of the European Commission for enterprise and industry, Peter Mandelson EU trade commissioner, and US Trade Representative Susan Schwab write in the Wall Street Journal (6/20, 2.11M), "The number of counterfeit items seized at European Union borders has increased by more than 1,000%, rising to over 103 million in 2004 from 10 million in 1998. … Today the EU and the US will launch a joint action strategy on the global enforcement of intellectual-property rights." They add, "The competitiveness of European and American industry depends on respect for intellectual property, and so do the health, safety and security of our citizens. … The EU-U.S. joint action is a clear signal that we will work with our trading partners to ensure that their legal commitments on intellectual property are accompanied by a genuine willingness to tackle the problem at their borders, in their courts and on their streets."

Morales Land Reform Proposals Already Stirring Class Conflict. The Washington Post (6/20, A1, Reel, 744K), in a front-page story, reports, "Property in Latin America is more unevenly distributed than anywhere on the planet, and Bolivia is no exception. But this month the country began a project to shuffle ownership rights affecting 20 percent of its land area, giving most of it to the poor. And tensions are starting to boil. Those with land are starting to dig in to protect their turf. Those without it, emboldened by the recent government announcements, are taking over more properties on their own, without government approval." The

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post goes on to report, "The conflict in Bolivia is firmly rooted in the stark inequities that President Evo Morales says his 'agrarian revolution' is designed to correct. About 90 percent of Bolivian land is owned by the wealthiest 7 percent of the population." Morales "has said much of his nation's land is not being used productively, and he complains that large swaths were given to wealthy elites during the dictatorships of the 1970s. Under his plan, if the government deems land unproductive or obtained illegally, it is subject to confiscation and redistribution."

Much Of Europe Continues To Rely On Pollution-Producing Coal Plants. The New York Times (6/20, Landler, 1.19M) reports, "Europe likes to think of itself as a place that has moved beyond its sooty industrial past. … But with oil prices soaring and worries rising about the reliability of gas piped from Russia, Europe must depend heavily on that great industrial-age relic, coal: a cheap, plentiful fuel, but one that emits twice the carbon dioxide of natural gas. Coal-fired plants generated half the power in Germany and Britain during the chilly winter just past. While Europeans stand out for their commitment to controlling global warming gases, some of their largest energy companies are reluctant to invest in technologies that could further protect the environment, like equipment in the demonstration plant here that will trap carbon dioxide and pump it into underground storage areas. Only a handful of carbon-free plants are planned in the European Union."

Internet Said To Have Transformative Role In China. In his column for the New York Times (6/20, 1.19M) Nicholas Kristof writes, "China is not the police state that its leaders sometimes would like it to be; the Communist Party's monopoly on information is crumbling, and its monopoly on power will follow. The Internet is chipping away relentlessly at the Party, for even 30,000 censors can't keep up with 120 million Chinese Netizens. With the Internet, China is developing for the first time in 4,000 years of history a powerful independent institution that offers checks and balances on the emperors. It's not that President Hu Jintao grants these freedoms, for he has arrested dozens of cyberdissidents as well as journalists. But the Internet is just too big and complex for State Security to control, and so the Web is beginning to assume the watchdog role filled by the news media in freer countries."

Independent Media Seen As Advancing Islam's "Reformation." The Wall Street Journal's Bret Stephens (6/20) writes, "There is a perception in the West -- general in Europe but strong also in the U.S. -- that the Reformation of Islam awaits the resolution of a centuries-long Hegelian dialectic. The world moves faster than that. Through wireless connections and satellite dishes, the outside world is filtering into the Middle East, mostly uncensored by regimes or imams. Not everyone likes it, but many do, and the difference between them not only bloodies the Middle East, but also, increasingly, offers it hope."

THE BIG PICTURE:

Headlines From Today's Front Pages.

Los Angeles Times:
"A Hollywood Player Who Owns The Game."
"U.S. Pressures North Korea Over Missile."
"Getty Is Prepared To Return 21 Disputed Antiquities To Italy."
"West Hollywood Wants To Legalize Pot Use."
"No Lines At LAX? It's News To These Passengers."
"Troops To Return To New Orleans."

USA Today:
"Big Cities Balk Over Illegal Migrants."
"Revived Taliban Waging 'Full-Blown Insurgency.'"
"Insurgents Claim To Hold GIs."
"More Companies Tell Workers To Silence Cellphones."

New York Times:
"Justices Divided On Protections Over Wetlands."
"Perfect Vision, Via Surgery, Is Helping And Hurting Navy."
"Murder Charges For 3 G.I.'s In Iraq."
"For Europe, A Green Self-Image Clashes With A Reliance On Coal."
"A Governor's Troubles Threaten Republicans' Hold On Kentucky."
"In The Hometown Of Wal-Mart, Synagogue Is A Sign Of Growth."

Washington Post:
"Justices Rein In Clean Water Act."
"Iraq War May Add Stress For Past Vets."
"Pr. George's Takes A Bite Of The Good Life."
"Two Views Of Justice Fuel Bolivian Land Battle."
"Polygraph Readings Vary Among Agencies."
"Checks And Balance Sheets Of A City's History."

Washington Times:
"U.S. Initiates New Missile Shield."
"Church Regrets, Won't Repent For Gay Bishop."
"Many Illegals Entered U.S. With Visas."
"Prosecution Seeks Death For Saddam."
"More Pandas May Be In Wild Than Estimated."
"Grace Under Pressure."

Detroit Free Press:
"Called To Serve."
"Murder Charges For 3 Soldiers."

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"High Court Muddies Wetlands Rules."

Atlanta Journal-Constitution:
"3 U.S. Soldiers Charged With Murder In Detainees' Deaths."
"Faulty Gauge Drains Lanier."
"'Apprentice' In China Fires Up Equality Debate."
"Tech, IBM Develop Fastest Microchip Yet."

Story Lineup From Last Night's Network News:
ABC: Army-Detainee Murder Charges; Iraq-Missing US Soldiers; Saddam Trial; North Korea Missile; TX-Severe Weather; New Orleans Crime; Tire Lawsuits; AZ Wildfire; Supreme Court-Clean Water Act; Supreme Court-Abortion; Episcopalians-Woman Bishop; Doomsday Seed Vault; Mickelson Meltdown.
CBS: Iraq-Missing US Soldiers; Military-Kidnapping Training; Army-Detainee Murder Charges; North Korea Missile; NASA-Space Shuttle Launch; TX-Severe Weather; Government-Pension Liabilities; Steelworkers-Uranium Exposure; Seniors-Video Games.
NBC: Iraq-Missing US Soldiers; Saddam Trial; North Korea Missile; TX-Severe Weather; New Orleans Crime; Aborted Al Qaeda Plot; Heatstroke-Athletes; Mickelson Meltdown.

Story Lineup From This Morning's Radio News Broadcasts:
ABC: US Soldiers-Murder Charges; Iraq-Missing Soldiers; New Orleans-National Guard Patrols; AZ-Wildfire.
CBS: Rather-Retirement; Iraq-Japan Troop Withdrawal; Houston-Heavy Rain; Stanley Cup Finals.
NPR: Iraq-Japan Troop Withdrawal; Bush-Iran Nuclear Program; Houston-Heavy Rain; Foreign Stock Markets; North Korea-Missile Test; Stanley Cup Finals; Wall Street.

WASHINGTON'S SCHEDULE:

Today's Events In Washington.

White House:

PRESIDENT BUSH — Departs for Vienna.

VICE PRESIDENT CHENEY — No public schedule.

LYNNE CHENEY – Speaks about American history and reads to students, Birmingham Civil Rights institute, Birmingham, Ala.

US Senate: 9:30 a.m. JUDICIARY _ Full Committee. Hearing on the McCarran-Ferguson Act's insurers' antitrust exemption. Location: Room 226, Dirksen.

10 a.m. APPROPRIATIONS _ Agriculture, Rural Development and Related Agencies Subcommittee. Markup of the Senate Agriculture Appropriations bill. Location: Room 192, Dirksen.

10 a.m. BANKING, HOUSING AND URBAN AFFAIRS _ Full Committee. Hearing on reauthorization of the Export-Import Bank. Acting President James Lambright; Assistant Treasury Secretary Clay Lowrey; James D. McClaskey, president and CEO, Midrex Technologies Inc.; Harry Hayman, Commerce Bank; David Ickert, Air Tractor Inc.; Robert E. Scott, Economic Policy Institute. Location: Room 538, Dirksen.

10 a.m. BUDGET _ Full Committee. Markiup of S.3521, Stop Over Spending Act of 2006. Location: Room 608, Dirksen.

10 a.m. HOMELAND SECURITY AND GOVERNMENTAL AFFAIRS _ Full Committee. Confirmation hearing on pending nominations. Location: Room 342, Dirksen.

10:30 a.m. AGRICULTURE, NUTRITION AND FORESTRY _ Full committee. Hearing to examine the Rural Development Programs of the USDA. Undersecretary Thomas Dorr; Glenn English, Chief Executive Officer, National Rural Electric Cooperative Association; Jane Halliburton Supervisor, Story County, Iowa; Mary McBride, Executive Vice President Communications and Energy Banking Group, CoBank, Denver. Location: Room 328 Russell.

2:30 p.m. BANKING, HOUSING AND URBAN AFFAIRS _ Housing and Transportation Subcommittee. Hearing on the Federal Housing Administration. Assistant HUD Secretary Brian Montgomery; William Shear, GAO; Regina Lowrie, Mortgage Bankers Association; Tom Stevens, National Association of Realtors; A.W. Pickel, LeaderOne Financial Corp.; Ira Goldstein, The Reinvestment Fund. Location: Room 538, Dirksen.

2:30 p.m. ENERGY AND NATURAL RESOURCES _ National Parks Subcommittee. Hearing on the National Park Service's revised draft management policies. Deputy NPS Director Steve Martin; Tom Kiernan, National Parks Conservation Association. Location: Room 366, Dirksen.

2:30 p.m. HOMELAND SECURITY AND GOVERNMENTAL AFFAIRS _ Federal Financial Management, Government Information, and International Security Subcommittee. Hearing on UN headquarters renovations. UN Amb. John Bolton; Claudia Rolsett, Foundation for the Defense of Democracies; Anne Bayefsky, Hudson Institute; Thomas Melito, GAO. Location: Room 342, Dirksen.

2:30 p.m. SELECT INTELLIGENCE _ Full Committee. Closed meeting on pending business. Location: Room 219, Hart.

US House: FLOOR SCHEDULE _ 9 a.m. Meets for morning hour and at 11 a.m. for legislative business. Highlights: Suspensions (7 bills): 1) H.Res. 731 - Commending the Patriot Guard Riders for shielding mourning military families from protesters and preserving the memory of fallen service members at funerals; 2) H.R. 5060 - To amend the Federal Financial Assistance Management

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Improvement Act of 1999 to require data with respect to Federal financial assistance to be available for public access in a searchable and user friendly form; 3) H.Res. 867 - Honoring the life and accomplishments of James Cameron; 4) H.R. 4356 - Emergency and Disaster Assistance Fraud Penalty Enhancement Act of 2005; 5) H.Con.Res. 367 - Honoring and praising the National Society of the Sons of the American Revolution on the 100th anniversary of being granted its Congressional Charter; 6) H.R. 5228 - To require representatives of governments designated s State Sponsors of Terrorism to disclose to the Attorney General lobbying contacts with legislative branch officials, and for other purposes; 7) H.R. 1285 - To amend the Nursing Relief for Disadvantaged Areas Act of 1999 to remove the limitation for nonimmigrant classification for nurses in health professional shortage areas. H.R. 5631 - Department of Defense Appropriations Act for Fiscal Year 2007.

10 a.m. ARMED SERVICES _ Full Committee. Hearing on DoD force realignments. Location: Room 2118, Rayburn.

10 a.m. ENERGY AND COMMERCE _ Markup of pending legislation. Location: Room 2123, Rayburn.

10 a.m. GOVERNMENT REFORM _ Federalism and the Census Subcommittee. Hearing on the Community Reinvestment Act. Jon Gutzmann, St. Paul Public Housing Agency; James Riccio, Low-Wage Workers and Working Communities Policy Area; George Moses, National Low Income Housing Coalition; Benson F. ``Buzz'' Roberts, Local Initiatives Support Corporation; Judy Kennedy, National Association of Affordable Housing Lenders. Location: Room 2247, Rayburn.

10 a.m. VETERANS AFFAIRS _ Disability Assistance and Memorial Affairs Subcommittee and Economic Opportunity Subcommittee. Joint hearing on data security issues in the VA. Ronald Aument, Deputy Under Secretary for Benefits; Jack McCoy, Associate Deputy Under Secretary for Policy and Program Management; Michael Walcoff, Associate Deputy Under Secretary for Field Operations; Thomas Lloyd, Deputy Chief Information Officer; Michael Staley, Assistant Inspector General for Audit, OIG; Stephen Gaskell, Director, OIG; Gregory Wilshusen, GAO; Linda Koontz, GAO. Location: Room 334, Cannon.

11 a.m. RESOURCES _ Full Committee. Hearing on S.1003 - Navajo-Hopi Land Settlement Amendments of 2005. BIA Director William Pat Ragsdale; Christopher J. Bavasi, Office of Navajo and Hopi Indian Relocation; Ivan Sidney, chairman, Hopi Tribe; Joe Shirley, president, Navajo Nation; Roman Bitsuie, executive director, Navajo-Hopi Land Commission Office. Location: Room 1324, Longworth.

2 p.m. ENERGY AND COMMERCE _ Commerce, Trade and Consumer Protection Subcommittee. Hearing on consumer privacy in the commercial sector. Meg Whitman, President and CEO, eBay Inc.; Thomas M. Lenard, Senior Vice President for Research, The Progress and Freedom Foundation; Peter Swire, Professor, Moritz College of Law, Ohio State University; Scott Taylor, Chief Privacy Officer, Hewlett-Packard Company; Evan Hendricks, Editor and Publisher, Privacy Times, Cabin John, Md. Location: Room 2123, Rayburn.

2 p.m. TRANSPORTATION AND INFRASATRUCTURE _ Coast Guard and Maritime Transportation Subcommittee. Hearing on reauthorization of the Coast Guard. Location: Room 2167, Rayburn.

3 p.m. RULES _ Full Committee. Hearing on rules for floor debate. Location: Room H-313, Capitol.

4 p.m. INTERNATIONAL RELATIONS _ Middle East and Central Asia Subcommittee. Closed members only briefing on the situation in the Gaza Strip. Location: Room 2172, Rayburn.

Other: HOMECARE _ The American Association for Homecare holds its annual Washington Legislative Conference. Highlights: 8 a.m. Rep. John Schwarz speaks on H.r. 5513 - Home Oxygen Patient Protection Act. 8:30 a.m. Association Chairman Tom Ryan. Location: JW Marriott, 1331 Pennsylvania Ave, NW.

SMALL BUSINESS _ The National Federation of Independent Business holds its 2006 Small Business Summit. Highlights: 9 a.m. Sen. Michael Enzi. 9:15 a.m. Karl Rove. 9:30 a.m. Sen. Ben Nelson. Location: Grand Hyatt Hotel, 1000 H St. NW.

ENERGY EXPO _ 9 a.m. - 6:30 p.m. 9th annual Renewable Energy and Energy Efficiency Expo and Forum, co-hosted by the Sustainable Energy Coalition and the House and Senate Renewable Energy and Energy Efficiency caucuses. Highlights: 9 a.m. News conference and opening session, with Reps. Mark Udall and Zach Wamp; Sens. Wayne Allard and Byron Dorgan; Alexander Karsner, DOE; Philip Grone, DOD; Thomas Dorr, USDA; Dan Arvizu, National Renewable Energy Laboratory, others. 5 p.m. Reception, with remarks by John Krenicki, CEO GE Energy; and presentation of Lifetime Achievement Award to Rep. Sherwood Boehlert (R-NY). Location: Room 345, Cannon.

ENERGY FORECASTS _ 9 a.m. Energy Information Administration head Guy Caruso releases the International Energy Outlook 2006 with forecasts of world energy supply and demand through 2030. Location: CSIS, B-1 conference level, 1800 K St. NW.

RELIGIOUS FREEDOM _ 9 a.m. Panel discussion on the status of religious freedom worldwide as part of Religious Freedom Day on Capitol Hill, hosted by Sen. Rick Santorum, with Sens. Norm Coleman and Sam Brownback, and Reps. Roy Blunt, Todd Akin, Trent Franks, UN Amb. John Bolton, others. Location: Room G-50, Dirksen.

TRADE SANCTIONS _ 9 a.m. - 10:30 a.m. Washington International Trade Association holds panel discussion on the effectiveness of current U.S. sanctions, as well as the

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prospect of unilateral sanctions on Iran and Burma. Participants include Human Rights Watch; National Foreign Trade Council; House Interational Relations Committee; others. Location: International Gateway Suite, Reagan Bldg., 1300 Pennsylvania Ave. NW.

NUCLEAR POWER-CLIMATE _ 9:30 a.m. The Institute for Energy and Environmental Research holds a briefing to release a report on risks associated with reviving the nuclear power industry as part of efforts to reduce greenhouse gas emissions. Location: National Press Club.

DEMOGRAPHICS-CIVIL UNREST _ 10 a.m. The Global Health Council holds a discussion about a recent study that finds that demographics affect the risk of civil conflict in nations. Location: Suite 1120, 1111 19th St. NW.

INJURED VETS-SCHOLARSHIP _ 10 a.m. News conference to announce a new scholarship for injured veterans attending the University of Idaho, with Sen. Larry Craig, University President Timothy White, others. Location: Room 418, Russell.

REFUGEE YOUTH-POWELL _ 10 a.m. Retired Gen. Colin Powell, Olympic medalist Joey Cheek, others attend major announcement focusing on the needs of nine million refugee youths. They will also unveil winners of the World Refugee Day poster contest, sponsored by the UN Refugee Agency Goodwill Ambassador Angelina Jolie. Location: National Geographic Society, 1145 17th St. NW.

EMINENT DOMAIN _ 10:30 a.m. The Institute for Justice holds a briefing to release a study showing how the threat of eminent domain abuse has skyrocketed in the U.S. since the Supreme Court's Kelo ruling one year ago this week. Location: Suite 900, 901 N. Glebe Rd., Arlington.

HEALTH SAVINGS ACCOUNTS _ 11 a.m. The Cato Institute holds a briefing on health savings accounts with Rep. Eric Cantor, Dan Perrin of the HSA Coalition, others. Location: Room 2237, Rayburn.

ISRAEL-RED CROSS _ 11 a.m. Senator Hillary Clinton, Reps. Steve Israel, Eliot Engel, others join American Friends of Magen David Adom Executive VP Daniel Allen. They're urging that Magen David Adom (MDA), Israel's first aid and disaster relief organization, be admitted to the International Red Cross. Location: Senate Swamp.

JUDGES-POLITICS _ 11 a.m. Brookings Institution holds a forum on the politics of the judiciary. Panelists include the co-authors of the Brookings book ``Are Judges Political?" Location: 1775 Massachusetts Ave., NW.

US-CANADA _ 11 a.m. Canadian Ambassador to the US Michael Wilson discusses cooperation between the two ``neighbor nations." Location: Woodrow Wilson International Center for Scholars, 6th Floor Auditorium; Ronald Reagan Building and International Trade Center; 1300 Pennsylvania Ave., NW.

BOEHNER _ 11:30 a.m. House Majority Leader Rep. John Boehner holds a pen and pad only briefing. Location: Room H-107, Capitol.

SECURITY PREPAREDNESS _ 11:30 a.m. The National Council on Readiness and Preparedness holds a news conference with former Virginia Gov. Jim Gilmore to launch a tour to engage community and private sectors in homeland security preparedness. Location: National Press Club.

FAITH BASED _ 11:45 a.m. The Hudson Institute holds a discussion on the future of government policy on faith-based initiatives and community service, with Audrey Alvarado of the National Council of Nonprofit Associations, former Director Donald Eberly of the White House Office of Faith-Based and Community Initiatives, Joseph Loconte of the Ethics and Public Policy Center, others. Location: Hudson Institute, 6th floor, 1015 15th St. NW.

BODMAN _ 3:45 a.m. Energy Secretary Bodman speaks at the Edison Electric institute's annual convention. Location: Washington Hilton & Towers, 1919 Connecticut Ave. NW.

FUEL ECONOMY _ 11:30 a.m. Sens. Dianne Feinstein, Olympia Snowe, Richard Durbin and lincoln Chafee hold a news conference to announce a bill to close the SUV loophold and raise the average fuel economy for all vehicles. Location: Senate Radio-TV Gallery.

REFUGEE PROTECTION _ 12 p.m. The Heritage Foundation holds a discussion with Assistant Secretary of State Ellen Sauerbrey on the US commitment to refugee protection and assistance. Contacts: n/a, 202-675-1761.

HOYER _ 12:30 p.m. House Minority Whip Rep. Steny Hoyer holds a pen and pad only briefing. Location: Room H-306, Capitol.

DEMOCRATS-STUDENT AID _ 1 p.m. House Democratic leader Nancy Pelosi, others, join college students to call on Republicans to reverse student aid cuts. Location: Room HC-5, Capitol.

GONZALES SPEECH _ 1 p.m. Attorney General Alberto Gonzales speaks at U.S. Chamber forum on intellectual property. Location: 1615 H St. NW.

NEW MAGAZINE _ 1 p.m. Announcement of a new progressive publication, with a panel discussion with Kenbnedyt Baer of Democracy, Andrei Cherny of Democracy, Francis Fukuyama of American Interest, Bill Kristol of Weekly Standard and Michael Tomasky of American Prospect. Location: National Press Club.

STEM CELLS _ 1:30 p.m. Sen. Sam Brownback, stem cell recipient patients, others, hold a news conference to discuss research progress. Location: Russell Senate Park.

CHAO _ 3 p.m. Labor Secretary Chao participates in a discussion on ``Private, Public and Nongovernmental Organization Leadership" at a Harvard Business School Global Leadership Forum. Location: Reagan Trade Center.

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IRAN _ 3 p.m. The Congressional Progressive Caucus holds a forum on whether an Iran war would help or hurt the US national security. Location: Room HC-9, Capitol.

MINIMUM WAGE _ 3:30 p.m. Congressional Democrats hold a news conference to express support for an increase in the minimum wage. Sens. Edward Kennedy-D-MA, Hillary Rodham Clinton, D-NY, Richard Durbin, D-IL, and Reps. Steny Hoyer, D-Md., David Obey, D-WI, and others participate. Location: Senate Radio and Television Gallery.

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DEPARTMENT OF JUSTICE *NEWS CLIPS*

PREPARED FOR THE OFFICE OF PUBLIC AFFAIRS, US DEPARTMENT OF JUSTICE

TO: THE ATTORNEY GENERAL AND SENIOR STAFF

DATE: TUESDAY, JUNE 20, 2006 7:45 AM EDT

TODAY'S EDITION

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TERRORISM NEWS:

FBI Erred Widely In Moussaoui Probe, Report Says (WP)

By Jerry Markon And Dan Eggen

The Washington Post, June 20, 2006

The FBI's mistakes in the investigation of Zacarias Moussaoui extended from headquarters officials who dismissed the threat posed by the al-Qaeda operative down to field agents and even a prominent FBI whistle-blower, according to a government report made public yesterday.

The report by Justice Department Inspector General Glenn A. Fine said "numerous systemic problems" within the bureau prevented the FBI from unraveling Moussaoui's role in the Sept. 11, 2001, terror plot when he was arrested a month before the attacks. Moussaoui later became the only person charged in a U.S. courtroom in connection with the attacks. He was sentenced to life in prison last month.

Fine concluded that senior FBI managers failed to move aggressively to gain a warrant to search Moussaoui's belongings before Sept. 11. But unlike previous public criticisms of the FBI's bungling of the case -- which have focused on senior FBI managers in Washington -- Fine's analysis said there was plenty of blame to go around.

The inspector general said former FBI lawyer Colleen Rowley, who gained fame as a whistle-blower when she pointed out the errors by headquarters, had failed to properly guide agents on what type of search warrant to seek.

He said agents in Minneapolis, who have been hailed for warning supervisors about Moussaoui, rushed to open an intelligence investigation before realizing that they would need a criminal search warrant. The so-called "wall" that existed at the time between intelligence and criminal investigators has been blamed for the failure to examine Moussaoui's belongings until after Sept. 11.

Ultimately, Fine concluded, no FBI policies or procedures were violated in the Moussaoui investigation. "It is important to state that we did not conclude that any FBI employee committed intentional misconduct, or that anyone attempted to deliberately 'sabotage' " the investigation, Fine wrote.

His probe was triggered by a 2002 letter from Rowley to FBI director Robert S. Mueller III, which accused FBI headquarters of deliberately undercutting the Minneapolis agents. Most of the report was released last year; the Moussaoui portion was withheld until the conclusion of his death penalty trial.

In a statement, the FBI emphasized that Fine had "dismissed any instances of intentional wrongdoing by FBI employees or any violation of FBI policies or practices" and found there was no attempt by FBI headquarters "to intentionally thwart the efforts" of Minneapolis agents.

Intelligence and other reforms since Sept. 11, the bureau added, have left the FBI "much better positioned today to detect and prevent terrorism."

Rowley, in an interview yesterday, accepted blame for failing to push FBI headquarters to authorize a search warrant. "When the agents met some roadblocks," she said, "I should have picked up the phone and argued."

But Rowley, who retired from the FBI in 2004 and is now running for a congressional seat in Minnesota, said she was "proud that I had the guts to bring up" the mistakes. "I think it accomplished something," she said.

Moussaoui was arrested in August 2001 on immigration charges in Minnesota, and agents there soon concluded that he was a potential hijacker. But they could not persuade supervisors to seek either a criminal or Foreign Intelligence Surveillance Act warrant to search Moussaoui's belongings.

The independent commission that investigated the Sept. 11 attacks singled out the FBI's handling of Moussaoui as a key missed opportunity to stop the hijackings. Fine's report, however, concluded that under FBI procedures at the time, persuading a judge to issue a warrant was not a "slam dunk."

The previously released version of Fine's report called the FBI's inability to detect the Sept. 11 plot a "significant failure," finding that a warning about possible flight training by terrorists was mishandled and that the FBI missed five distinct opportunities to identify two of the suicide hijackers.

The FBI's pre-Sept. 11 failures were also a major focus at Moussaoui's recent trial in U.S. District Court in Alexandria.

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Prosecutors said that Moussaoui deserved to die because he lied to the FBI and that the plot could have been stopped if he had told agents what he knew. Defense attorneys argued that the FBI ignored numerous warning signs before Sept. 11 and would have failed to act on Moussaoui's information as well.

Jurors would up voting 11 to 1 for death on one of the three counts against Moussaoui. The one holdout juror told The Washington Post that he dismissed the defense argument about the bureau because "the FBI wasn't on trial. Moussaoui was."

Rowley Criticized Over Moussaoui Probe (WP/AP)

By Matthew Barakat, Associated Press

The Washington Post, June 20, 2006

WASHINGTON -- The former FBI agent who blew the whistle on the bureau's failings in its pre-Sept. 11 probe of al-Qaida terrorist Zacarias Moussaoui was criticized Monday in a government report for her own role in the case.

Coleen Rowley, a former lawyer in the FBI's Minneapolis field office who is now running for Congress as a Democrat, received both praise and criticism in the report prepared by the Justice Department's inspector general.

The report credits Rowley overall for blowing the whistle on mistakes at FBI headquarters in its failure to aggressively investigate Moussaoui. "Her complaints resulted in an important reassessment of how the FBI handled this matter," it said.

But the report faults Rowley for failing to pursue other investigative avenues, such as a traditional criminal search warrant. Her focus instead was on obtaining a search warrant from a special intelligence court that operates in secret.

"At the outset, she assumed that (the U.S. Attorney's Office) would not support a criminal warrant," the report states. "Contrary to the implication in her letter, which placed the blame for failing to seek a warrant solely on FBI headquarters, she advised the field agents not to seek a criminal warrant."

Rowley, in an interview with The Associated Press, said Monday that she simply advised that seeking a warrant through the intelligence court was a better option. She said agents eventually came up with another idea: deporting Moussaoui, which would have allowed immigration agents to search his belongings.

Moussaoui was already scheduled for deportation when the attacks occurred.

Rowley maintained that, in a pre 9/11 environment, prosecutors demanded an exceedingly high standard before they would ask a judge for a warrant.

"I will stand by that to the day I die," Rowley said.

Moussaoui was arrested in Minnesota on Aug. 15, 2001, on immigration violations after his efforts to obtain flight training drew suspicion. A search warrant of his belongings was not obtained until Sept. 11, after the suicide attacks that claimed nearly 3,000 lives.

At Moussaoui's trial earlier this year, prosecutors convinced a jury that a full investigation of Moussaoui prior to Sept. 11 could have yielded the investigative clues necessary for federal agents to thwart or at least minimize the attacks.

Rowley said she is proud that her memo resulted in the 450-page inspector general report, which provides in many places a stinging assessment of the FBI's handling of terror investigations prior to 9/11.

She disagrees with the report, though, when it concludes that FBI headquarters had a reasonable basis to question a search warrant on Moussaoui. Rowley maintains that Minneapolis had laid out probable cause and said officials at headquarters were simply unwilling to stick their necks out.

Most of the inspector general's report was publicly released last year, but the chapter about Moussaoui was redacted in an effort to protect Moussaoui's right to a fair trial.

Moussaoui was convicted earlier this year of aiding the Sept. 11 plot and sentenced to life in prison. He told jurors on the witness stand that he was to have piloted a fifth plane on Sept. 11 and fly it into the White House.

After the jury decided to spare his life, Moussaoui recanted his testimony and denied any role in 9/11, saying he lied on the stand only because he assumed he had no chance of getting a fair trial. Osama bin Laden also issued an audiotape after the trial in which he denied that Moussaoui was involved in the plot.

The report singles out other individuals at FBI headquarters for sharper criticism than Rowley, including David Frasca, then head of the FBI's radical fundamentalist unit, and his subordinate, Michael Maltbie. The failure of Frasca and Maltbie to heed the Minneapolis bureau's concerns about Moussaoui were a major issue at Moussaoui's trial.

Frasca and Maltbie have since been promoted.

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On the Net:

Inspector general's report: http://www.usdoj.gov/oig/new.htm

Rowley for Congress: http://www.coleenrowley.com

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Justice Report Faults Former FBI Agent (WT/UPI)

By United Press International

The Washington Times, June 20, 2006

A Justice Department report Monday faulted former FBI agent Coleen Rowley for her handling of a warrant against Zacarias Moussaoui.

Rowley, who is running for Congress in Minnesota, was the FBI agent criticized for her agency's handling of the Moussaoui investigation prior to the Sept. 11, 2001, terrorist attacks on New York's World Trade Center and the Pentagon. Moussaoui has been sentenced to life in prison for failing to tell investigators about the plot.

The Minneapolis Star Tribune said the report found no intentional misconduct in the Moussaoui inquiry but faulted Rowley for failing to press for a warrant to search Moussaoui's belongings.

Rowley told the Star Tribune she regrets having not gone to FBI lawyers in Washington for the warrant, circumventing the Minneapolis U.S. attorney's office.

Judge Upholds Convictions Against Lodi Man In Federal Terror Case (AP)

By Don Thompson

AP, June 20, 2006

SACRAMENTO - A federal judge on Monday rejected a request to dismiss some of the counts against a Lodi man convicted of supporting terrorists, leaving in place the possible maximum prison sentence of 39 years.

Hamid Hayat, 23, was convicted in April of one count of providing material support to terrorists by attending an al-Qaida training camp in Pakistan and three counts of lying about it to FBI agents.

His attorney, Wazhma Mojaddidi, argued that federal prosecutors were piling on potential prison time by charging three versions of the same lying offense. Each count brings up to eight years in federal prison, while the material support charge carries a potential 15-year sentence.

U.S. District Court Judge Garland E. Burrell Jr. ruled the three lying charges are different enough to merit the separate convictions.

The first says Hayat lied during a June 3, 2005, conversation with an FBI agent at his home when he claimed that "he never attended a jihadist training camp."

The second and third counts were for statements made the next day during an interrogation at FBI headquarters in Sacramento. Hayat told agents he "never received weapons or other types of jihadist training" and that he "never received training to fight against the United States."

The circumstances of the two interviews were significantly different, Burrell ruled. He said the second and third counts were different because the FBI needed to learn whether Hayat planned to attack the U.S.

Prosecutors said Hayat returned from a two-year visit to Pakistan in May 2005 intent on attacking targets that may have included hospitals, banks and grocery stores. His videotaped confession was the heart of the government's case.

"He impaired the ability of the FBI to specifically identify a potential terrorist threat," Burrell said in his 11-page ruling.

Mojaddidi said she and her client were "obviously disappointed. It's just going to be another issue to add on to our motion for a new trial."

A hearing on that motion is scheduled for Nov. 17. No sentencing date has been set.

Hayat's Charges Remain The Same (STOCKREC)

Stockton (CA) Record, June 20, 2006

SACRAMENTO - Convicted terrorist-in-waiting Hamid Hayat of Lodi lost his bid Monday to have at least one of his three counts of lying to the FBI dismissed.

U.S. District Judge Garland E. Burrell Jr. ruled that Hayat's three lying convictions are not redundant, because each lie hindered the FBI's investigation of an alleged terrorist sleeper cell in Lodi.

Hayat, who was convicted April 25 of attending a terrorist training camp in Pakistan in 2003 and 2004 and lying about it after returning to the United States in 2005, faces up to 39 years in federal prison. His sentencing has been delayed while his attorneys, Wazhma Mojaddidi and Dennis Riordan, prepare to file motions seeking a new trial for the 23-year-old Hayat.

When interviewed by the FBI last June, Hayat denied attending a training camp, receiving weapons training or training to fight a religious war against the United States. A jury found him guilty on all four counts. He faces up to eight years in prison on each of the three lying counts.

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Hayat's father pleaded guilty last month to a single count of lying to federal authorities about money he was smuggling out of the United States on a visit to Pakistan. Umer Hayat, 48, is under house arrest as he waits to be sentenced Aug. 18. As part of his plea deal, prosecutors are not seeking additional prison time.

TERROR LAWYER DEMANDS FEDS' 'EAVESDROP' FILES (NYPOST)

By Kati Cornell

The New York Post, June 20, 2006

Convicted terror lawyer Lynne Stewart wants to force the feds to reveal whether they used the National Security Agency's secret surveillance program to gain access to her personal phone records.

In papers filed in Manhattan federal court yesterday, Stewart's lawyers asked Judge John Koeltl for access to any phone and Internet records related to her case that the feds might have reviewed without a warrant.

Stewart made her demand in the wake of revelations that President Bush authorized the NSA to collect and maintain a databank of Americans' phone calls since the 9/11 attacks.

Three of the country's largest phone companies - Verizon, AT&T and BellSouth - have reportedly given the NSA access to records of calls made on more than 200 million phones in their systems.

Lawyers for Stewart claim her case may have been compromised if the feds had access to confidential communications under the controversial surveillance program, which they claim is illegal.

Stewart, 66, was convicted in February 2005 of providing material support to terrorists by releasing the statement of a notorious jailed client, Sheik Omar Abdel-Rahman.

Her sentencing was recently postponed to Sept. 15 after she learned that she has breast cancer.

A Standard For Interrogation (WP)

The Washington Post, June 20, 2006

IN THE DAYS and weeks after Sept. 11, 2001, senior Bush administration officials decided that harsh interrogation methods were necessary to prevent devastating attacks on the country -- and that such methods could be carefully administered and limited to the most urgent cases. This thinking proved disastrously flawed. Once the administration lifted the strict regulations that long had governed interrogations of foreign detainees, abusive practices spread quickly across the government. Confusion over rules led to the torture not just of senior al-Qaeda leaders but also of common detainees in Afghanistan and Iraq. The damage done to U.S. honor and prestige around the world, and to America's ability to mobilize support for the fight against Islamic extremism, far outweighed any intelligence gathered.

Many Americans may believe that this lesson has been learned and that U.S.-sanctioned abuse is a thing of the past. Far from it. Yes, Congress last year passed the McCain amendment, which prohibits "cruel, inhuman, or degrading" treatment of all prisoners in U.S. custody. But it has become increasingly clear that the administration has not accepted that ban as the last word. It still has not renounced the right to subject some detainees to practices such as "waterboarding," or simulated drowning, even though they violate the law. It has yet to adopt clear standards governing the interrogation and treatment of foreign prisoners, or return to full compliance with such treaties as the Geneva Conventions and the Convention Against Torture. Until this situation changes, there will be more of the lawlessness and simple confusion that have led to hundreds of cases of abuse, and dozens of homicides, in Afghanistan, Iraq, Guantanamo Bay and elsewhere.

The administration is seeking to evade the McCain ban in more than one way. The law required that the Army's standard interrogation manual, overridden in 2002, once again govern all questioning of prisoners held in Defense Department facilities. But the Pentagon has prepared a new manual; Vice President Cheney and Defense Secretary Donald H. Rumsfeld have pushed for it to include a classified annex in which some harsh techniques are again authorized for use against prisoners deemed "enemy combatants."

The administration is also preparing a new directive on detention that would exclude compliance with Common Article 3 of the Geneva Conventions, which prohibits torture and other cruelty, including "humiliating and degrading treatment." Finally, through a presidential signing statement and questionable legal opinions, the administration is reserving the right to continue using waterboarding and other harsh techniques on prisoners held by the CIA. It argues that the president's power to make war allows him to override congressional restrictions and that waterboarding in some circumstances does not violate the U.S. constitutional prohibition of cruel treatment.

For now, objections from Sen. John McCain (R-Ariz.) and other sponsors of the amendment have caused the administration to delay issuing the new doctrine and manual. The senators are rightly demanding that there be one set of rules

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for interrogations, and that they be made public. Congress could build on this foundation if it stipulated by law that the Geneva Conventions' Common Article 3 be applied to all U.S. detention operations -- of both the military and the CIA.

Once abuse is entirely banned, there is no reason for the United States not to return to full observance of the Geneva Conventions, and there are many benefits in doing so. Following the Geneva Conventions does not necessarily mean granting prisoner-of-war status, and the many privileges that come with it, to all detainees; al-Qaeda fighters and other terrorists might legally be excluded from POW status following a tribunal hearing. But returning to Geneva could improve the chances that its provisions against inhumane treatment will be respected by other countries, including those that capture American servicemen.

The Convention Against Torture has been ratified by the Senate and should also bind the United States. In a report last month, the U.N. Committee Against Torture, which oversees the convention, spelled out what that would mean. Secret detention of prisoners in CIA facilities, it said, "constitutes, per se, a violation of the Convention"; so does the "rendition" of suspects to other countries where they might be tortured "without any judicial procedure." To come into compliance, the United States must disclose to the International Committee of the Red Cross the identities of all detainees it is holding and allow monitoring of their treatment. It must also give them access to a judicial process or release them as soon as possible.

All of this the United States should in any case want to do, in its own interest. It should establish one set of rules for questioning all prisoners. Those rules should conform with international treaties and the U.S. Constitution, so that inhumane treatment is at all times forbidden. And the rules should be public, so that the world can see that the United States has returned to its fundamental values.

This is the third in a series of editorials about the Bush administration's detention and treatment of foreign prisoners. The full series will be available athttp://www.washingtonpost.com/opinions.

The ACLU's Tortured Logic On Gitmo (LAT)

By David B. Rivkin Jr. And Lee A. Casey

The Los Angeles Times, June 20, 2006

THE "GOTCHA" crowd has fallen on its face again.

In an effort to show that on the Bush administration's evil watch the U.S. military has been systematically mistreating prisoners in Iraq and Afghanistan with tacit approval or even outright encouragement from its civilian superiors, the American Civil Liberties Union has been demanding the release of dozens of internal military investigative reports. But the two reports on U.S. detainee policy just released in response to an ACLU lawsuit paint a picture quite the opposite of what the ACLU expected.

Though heavily redacted to remove operational details, the reports (by Brig. Gens. Richard Formica and Charles Jacoby) show a Pentagon open to criticism and change, and determined to guarantee detainees the humane treatment promised by President Bush when the war on terror began.

Genuine instances of abuse are noted, but these are very much the exception and not the rule. The reports indicate that many allegations of abuse simply are unsubstantiated — or that the "victim's" story changes once carefully examined. The most serious criticism is that the administration's detainee policies were not adequately communicated down the chain of command, resulting in confusion on the ground about what treatment was permissible. In addition, there was a lack of training on detainee handling. These points have been corrected.

Predictably, the ACLU has cried "whitewash." But what we are seeing is the refusal by administration critics to see anything other than the "torture narrative" they have constructed.

That "narrative" goes like this: Bush and his war Cabinet opened the door to detainee abuse, first by refusing to accord captured Al Qaeda and Taliban members Geneva Convention rights, and second, by permitting the use of aggressive interrogation techniques. Therefore, says the human rights crowd, Bush and other senior officials are morally — and some say legally — responsible for all of the abuses that have taken place since Sept. 11, 2001. Although this story has become holy writ in liberal circles, it is legally preposterous and logically flawed.

As a matter of law, guilt for war crimes can be imposed up the chain of command only when superiors have ordered the offending conduct or have failed to take appropriate disciplinary measures once they become aware that abusive conduct is taking place. But as these reports demonstrate, allegations of wrongdoing by U.S. forces have been thoroughly investigated and punished when called for. There simply is no rule of "strict liability" that would support the punishment of either military or civilian superior officers or officials without evidence that they ordered or condoned abuses.

The narrative is also flawed because Bush has from the beginning made clear that all individuals captured in the war on terror must be treated humanely. This is the case regardless of their legal status or where they were captured. To the extent that abuses have taken place, there is no reason to believe that granting the detainees prisoner-of-war status would have made a

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difference. The abuse of inmates at Abu Ghraib occurred because the prison was dysfunctional, not because the inmates were denied classification as POWs.

The same is true with respect to interrogation methods — clearly the most controversial aspect of the administration's detainee policy. None of the methods authorized by administration officials over time — including standing for long periods, dietary manipulation and sleep interruption — are inherently torture or inhumane treatment. All could, if taken to a sufficient extreme, cross the line. The only way to guarantee that the line is never crossed would be to eschew any method of interrogation that could, in the wrong hands, be taken too far.

However, the only way to protect civilians against a terrorist attack is to obtain intelligence about the enemy's capabilities and plans, so that U.S. forces can act first. Although many experts believe that noncoercive interrogation methods do work (and that harsher methods do not), these experts tend to be vague when it comes to timelines — and it's the timing that matters. This is why U.S. officials turned to stressful interrogation methods in the first place.

To avoid future excesses, the Pentagon has considered scores of recommendations, and most of them have been implemented. All of this compares favorably with actions taken in past conflicts. Americans can justly take pride in their fighting men and women and in the Pentagon's civilian leadership. If the ACLU was hoping to prove otherwise, it failed.

David B. Rivkin Jr. and Lee A. Casey are partners in a Washington law firm and served in the Justice Department under presidents Reagan and George H.W. Bush.

Closing Time At Guantanamo (WP)

By Eugene Robinson

The Washington Post, June 20, 2006

We'd better not turn away just yet from the suicides of those three detainees at Guantanamo Bay. The rest of the world clearly isn't ready to move on. And with good reason.

In many newspapers around the globe "Guantanamo" is much more than the name of a beautiful harbor on Cuba's southern coast. It has become shorthand for a whole litany of American excesses in George W. Bush's "global war on terror," the most visible example of how the United States blithely ignores the values of due process and rule of law that it so aggressively preaches, if necessary at the point of a gun.

U.S. officials have portrayed the three men -- Ali Abdullah Ahmed of Yemen, and Mani Shaman Turki al-Habardi al-Utaybi and Yasser Talal al-Zahrani of Saudi Arabia -- as irredeemable jihadists whose deaths were an act of war. Ahmed was allegedly a "mid- to high-level al-Qaeda operative," Utaybi a "militant" recruiter for jihad, Zahrani a "front-line" warrior for the Taliban. One State Department official called their deaths by hanging "a good P.R. move," and while those words were quickly disavowed by higher-ups, the general reaction from the U.S. government has been something pretty close to "good riddance."

For all we know, these men might have been the evil miscreants our government says they were. Since our government wouldn't describe whatever evidence it claimed to have against them, it's impossible to tell. I think any reasonable observer would conclude it's also quite possible that these men were clinically depressed after being held for years in steel-mesh cells without legal recourse, without even formal charges, and that they simply sought the only kind of release they could possibly achieve. At least one of them, Ahmed, had been on a hunger strike for most of this year, which would have meant that guards regularly force-fed him through tubes stuck down his nose. What would that do to your state of mind?

The point here isn't to go all bleeding-heart over three men who may well have been the type who gleefully slaughter innocents in the name of a warped religiousness. The point is that when our government mocks transparency and tries to conduct this war of ideas in the shadows, away from prying eyes, we defeat ourselves.

Four journalists -- from the Charlotte Observer, the Miami Herald and the Los Angeles Times -- who happened to be at Guantanamo on other business and whose reporting could have independently confirmed the Pentagon's version of the suicides were unceremoniously put on a plane home last Wednesday. The Pentagon's rationale -- that it was unfair to allow the reporters to stay, because others who wanted to come and cover the story were being turned away -- is one of those masterpieces of faux logic for which Donald Rumsfeld is justly famous. Wouldn't the solution be to let other journalists in, rather than kick those four out?

How silly of me. The White House and the Pentagon have fought tooth and nail to keep the prison camp at Guantanamo cloaked in deepest obscurity. They didn't want to tell us who was being held there. They still give us only the sketchiest information about why individuals are being detained. They just say, basically, "these are bad people," and don't give us the information that would back up that judgment.

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The administration doesn't want to call the detainees prisoners of war, because that would accord them some rights under international law, and it doesn't want to treat them as criminal suspects since that would give them rights under U.S. law. So they remain "enemy combatants" for whom the rules seem to be whatever we decide at any given time.

The president's lament that he can't find countries that will take some of the Guantanamo detainees is, frankly, lame. It may well be true that some of these people are hard to get rid of. But any way you look at it, arbitrary, indefinite detention without formal legal charges is an abandonment of the very ideals this country is supposedly fighting to spread throughout the world. We're long past the point where the U.S. government's clear obligation is to give the detainees a proper day in court, with effective legal representation and access to the evidence against them.

And we're long past the point where the government needs to show the world what's happening at Guantanamo. Instead of hurrying to expel reporters, the Pentagon should invite one and all to witness the orderly, legal process of emptying and shutting down a prison that is doing this nation much more harm than good.

HOMELAND RESPONSE:

Arab-Americans Sue U.S. Over Re-entry Procedures (NYT)

By Neil MacFarquhar

The New York Times, June 20, 2006

A group of Muslim and Arab-Americans, frustrated by what they say is the climate of suspicion and fear that dogs their re-entry into the United States from trips abroad, sued the Department of Homeland Security and the F.B.I. yesterday, demanding that the courts protect their civil rights.

The seven main plaintiffs in the class action suit assert that both the United States Congress and the federal government are ignoring the plight of innocent Americans harassed repeatedly because of problems with the terrorist watch list.

The lawsuit, filed in Federal District Court in Chicago by the American Civil Liberties Union, contends that the courts alone can ensure that antiterrorism policies do not repeatedly subject ordinary Americans to detention, questioning, fingerprinting and the like.

"These are law-abiding citizens, and it is too extreme, too offensive," said Harvey Grossman, the legal director for the A.C.L.U.'s Illinois branch, saying that repeated complaints to Homeland Security as well as senators or congressmen barely get a response. "The court is the only forum where these people have a chance to get a hearing."

The lawsuit asserts that repeated border detentions and improper actions of border guards violate the plaintiffs' constitutional protection against unreasonable search and seizure and their right to travel.

Civil rights lawyers and government officials note that the courts have often struck down efforts to limit the scope of searches or questioning by border agents. But at least one other suit, a New York case involving five Muslim Americans who were detained without explanation after returning from a religious conference in Toronto, is proceeding.

"We will not let anybody into the country until we are sure they are not going to do harm to our citizens and violate our laws; it is that simple," said Bill Anthony, the senior public affairs spokesman for United States Customs and Border Protection. He said Congress had given the agency broad authority to conduct border searches. Mr. Grossman said most case law on border searches hinged on criminal suspects, with extended detention and searches deemed reasonable to catch drug smugglers. His plaintiffs are not outlaws and are always re-admitted eventually — the government could question them at home if needed, he said.

He noted that Robert S. Mueller III, director of the Federal Bureau of Investigation, testifying May 2 before the Senate Judiciary Committee, could not guarantee that inaccuracies on the terrorist watch list would be corrected within the next five years.

The watch list, maintained since 2003 by the Terrorist Screening Center of the F.B.I., had more than 237,000 names in 2005, according to a Homeland Security report. Some 12 agencies can add names, and only the originating agency can remove a name.

Donna A. Bucella, the center's director, said that matches were made every day from the list and that it was an important tool for local law enforcement agencies. "Obviously there have been a lot of people complaining about it, so there must be ways the U.S. government could refine it and make it better," Ms. Bucella said.

The Illinois lawsuit, expanding on one first filed a year ago, focuses on two main issues. First, those whose names resemble ones on the watch list and who find it virtually impossible to get off the list.

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A June 2005 government review found that 42 percent of the calls to the screening center from December 2003 to January 2005 showed that the wrong person was being detained. Second, some people on the list are wrongly categorized as dangerous, resulting in agitated, armed border agents swarming them, the suit claims.

The customs agency says the number of passengers detained for additional checks is relatively small — roughly 2 percent.

The men suing compare their brusque treatment to that in a totalitarian state.

Niaz Anwar, 55, who fled Afghanistan 11 days after the Soviets occupied the country in 1978 and eventually settled near Boston, said he has been detained nine times since April 2004. In April at the Peace Bridge in Buffalo, he said, a border agent asked him his opinion about the Iraqi war and his party affiliation.

"I was thinking that I was in Moscow during Brezhnev's time," Mr. Anwar said.

Mr. Anthony denied that any such questions could have been asked, saying any officer who did risked termination.

Dr. Elie Ramzy Khoury, a 68-year-old Christian who immigrated from Jerusalem in 1963 and has been an American since 1974, said he had been stopped seven times since May 2002 and now avoided even family funerals abroad because he so dreaded the return. When he complained to Homeland Security, he received a letter back two years later explaining how he could board domestic flights, which is not the issue.

"They never tell me what they are looking for nor what they want," Dr. Khoury said. "I've never done anything unlawful or irregular. I'm a practicing physician and I've been criminalized."

Critics believe the government has not recovered from the shock that the 19 hijackers in the Sept. 11 attacks were moving about freely and has constructed a big, ineffective sieve to try to avoid a repeat.

But the erroneous detentions show intelligence gathering remains poor, Mr. Grossman said. "It is this endless collection of information without any kind of focus, and they allow it to go on and on and on."

Lawsuit Filed Over Screening Of Airline Passengers (AP)

By Jeff Coen

AP, June 20, 2006

CHICAGO - The American Civil Liberties Union has taken legal action on behalf of nine citizens who contend they have been unfairly detained, searched and harassed as they return to the country from trips abroad.

Travelers - mostly those of Middle Eastern and South Asian descent - can often find themselves unnecessarily caught up in security, the ACLU argues.

"We've been receiving complaints from all over the country," said Harvey Grossman of the ACLU of Illinois. "It's apparent that the judiciary needs to review what's going on."

The plaintiffs contend that since the terrorist attacks of 2001, innocent civilians have been routinely harassed by federal officials during security questioning. They are calling for changes in policy at the FBI's Terrorist Screening Center and at U.S. Customs and Border Protection.

"We've taken a lot of time to bring together a broad array of plaintiffs from all over the country who have been stopped at every major airport and border crossing," Grossman said. "They are doctors, a pharmacist, businessmen."

The plaintiffs allege their civil rights have been violated through what they call "highly punitive detentions" and harassment.

"These recurring, unconscionable, and unconstitutional border detentions include unjustified body searches, handcuffing, seizure of personal and business records, the use of handguns as a display of force" and other measures, the suit says. Sometimes, the treatment is embarrassing, and sometimes it's terrifying, according to the document.

The treatment stems from the inclusion of some U.S. citizens in the Terrorist Screening Database, according to the document. Bill Carter, a spokesman for the FBI in Washington, said there would be no comment because of the pending litigation.

According to the ACLU complaint, many citizens are put on the terror-watch database without any explanation, with some inexplicably being listed as armed and dangerous. Others are misidentified because their names are similar to those on the list.

The filing amends a complaint filed last year in Chicago by the ACLU on behalf of Akif Rahman, 34, of Wheaton, Ill. Rahman contended he was stopped by border guards in Detroit after a trip to Canada in May 2005, handcuffed to a chair and questioned for hours while his family waited.

Joining the complaint Monday were Niaz Anwar of the Boston area; Khalid Bhatti, a New York physician; Shimrote Ishaque, a Seattle pharmacist; Elie Khoury, a Detroit physician; Sammy Rehman, a Chicago-area radiologist; and Oussama Jammal, a video producer also from the Chicago suburbs.

Jammal and Anwar each have been detained nine or more times in recent years, the complaint says, causing them to miss flights and meetings during lengthy screenings.

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The ACLU contends the alleged conduct not only violates the civil rights of the defendants, it keeps agents from spending time on actual threats.

"We're not only causing harm in mistreating citizens because of flaws in the system, we're wasting resources," Grossman said.

Terrorist Screening Database Lawsuit (WXYZ-TV)

By Peggy Agar

WXYZ-TV, June 20, 2006

A local doctor, along with 9 others, is suing the government claiming he can't leave town without a huge hassle because his name keeps showing up on a terrorist screening list.

Dr. Elie Khoury has been delivering babies in Detroit for 43 years. He was born in Palestine and said he's treated like a terrorist even though he's an American citizen.

Seven times in the past three years when returning from vacations in Mexico and Australia, he and his wife have been detained and separated from each other and their children.

"They come and take us away, causing lots of embarrassment for us and the children start to cry. They search our bags, once, twice, x-ray it. Between two to three hours every time," said Dr. Khoury.

He and the others bringing the lawsuit against Homeland Security, the FBI, Immigration and Customs said they are detained and questioned for hours. Agents take their books and even watch them go to the bathroom.

"Somebody my age, I have been here 40-some years, I never had any violation of anything except a couple traffic tickets," said Dr. Khoury.

The ACLU said the government's terrorist screening database of 200,000 mistakenly singles out good, law abiding families for unfair searches.

Michael Steinberg, ACLU, said, "It could be a matter of misidentification. They have a name that is similar to someone who, in fact, may be dangerous."

The ACLU said this is also occurring at border crossings like the Ambassador Bridge. They are suing the government in hopes they'll take a closer look at their list and change their policy.

For A Change, A Back Slap At The Airport For The Mayor (NYT)

By Diane Cardwell

The New York Times, June 20, 2006

What a difference a victory makes.

For the last few years, Mayor Michael R. Bloomberg has studiously avoided public appearances with President Bush, even managing to stay out of the same picture frame for most of the 2004 Republican National Convention. As a result, Mr. Bloomberg, a Republican, made it harder for his would-be Democratic rivals to link him to an administration unpopular with many New Yorkers.

But yesterday Mr. Bloomberg, now safely ensconced in his second and final term, went to Kennedy International Airport to greet Mr. Bush when he flew in to deliver the commencement address at the Merchant Marine Academy at Kings Point, on Long Island. In an unusually close encounter, the two men shook hands beside Air Force One, with Mr. Bush slapping Mr. Bloomberg on the back and then later putting both hands on Mr. Bloomberg's shoulders to whisper in his ear.

The trip took no small effort and meant adding a helicopter trip to the schedule so Mr. Bloomberg could be back at City Hall, albeit late, for a bill signing scheduled for 9 a.m. Speaking to reporters later, Mr. Bloomberg, who countered Mr. Bush's Republican red tie with one in Democrat blue, said he went to give a boost to the president, whose approval ratings have been sagging.

"You know, he's going through a rough period," Mr. Bloomberg said, and then added, not quite finishing his sentence, that it was "a nice time" to make such a gesture. In addition, Mr. Bloomberg said, it gave him another opportunity to lobby for more federal Homeland Security financing, since the city's share was cut by 40 percent.

Their two brief chitchats — as the mayor characterized them — lasted just under a minute for the first and less than half that for the second. During the encounter, Mr. Bloomberg gestured forcefully and at one point reached up to clasp the president's hand as it rested on his shoulder. He told reporters that he had welcomed Mr. Bush to New York, took credit for the weather and said "how nice it was of him to come."

He added: "I did thank him for his efforts to make all Homeland Security moneys be distributed based on risk." At the same time, though, he said he expressed disappointment that the total for Homeland Security programs had shrunk.

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He said he told Mr. Bush that the recent reports that in 2003 the authorities were concerned that Al Qaeda planned a chemical attack on the subways showed that New York's share should be larger.

"This goes to show why we deserve to get a larger amount of the Homeland Security budget," he continued in describing his conversation. "If those moneys were distributed totally based on risk, I think that would happen."

Whether the seemingly amiable meeting is the start of a new chapter in their relationship remains to be seen. Mr. Bloomberg, who has been listing to the political left in recent months, made sure to say that he does not agree with everything the president does.

"There's no question that I disagree with this administration on a lot of things," he said. "I've never been reticent to say that, but I still respect the government and I think all New Yorkers do."

Bloomberg, Often Critical Of Bush, Goes Out Of Way To Greet Him (WNBC-TV.com)

WNBC-TV.com, June 19, 2006

NEW YORK -- The handshake and chat between President Bush and Mayor Michael Bloomberg on an airport tarmac Monday might have looked like any other chummy moment between two elected officials, but it was far from ordinary.

It was a surprise move for the Republican mayor, who has been delivering an unrelenting series of attacks on the federal government -- often aimed at the Bush administration and national Republicans. Bloomberg also spent much of his first term skipping public appearances with the president.

Now six months into his second term, Bloomberg has grown increasingly confident to do as he pleases, and say when he disagrees with anyone. The billionaire former Democrat -- sometimes described as fiscally conservative and socially liberal -- has issue-hopped from abortion rights to gun control to scientific research, taking shots at the Bush administration and national Republicans, and occasionally Democrats for good measure.

He has accused the federal government of being "asleep at the wheel" on dealing with illegal gun trafficking, and said some conservatives "simply disregard facts that don't happen to agree with their agenda" on evolution and global warming.

But in the shadow of Air Force One on Monday, the mayor looked downright affectionate with the president as they greeted each other, gripping hands one or two beats longer than a typical handshake. Bloomberg then began yakking away, gesturing animatedly before Bush grabbed his shoulder like an old fraternity buddy.

Bush moved on to speak with someone else, but returned to Bloomberg to pose for more photos. As the president turned to leave, he stopped and leaned in from the side, squeezing Bloomberg's shoulders with both hands. Bush was on his way to speak at the U.S. Merchant Marine Academy on Long Island.

Bloomberg later said he went to welcome Bush at Kennedy Airport for several reasons -- including that the president is "going through a rough period" and might appreciate the gesture.

"It's a nice thing to do," Bloomberg said. "There's no question that I disagree with this administration on a lot of things -- I've never been reticent to say that -- but I still respect the government and I think all New Yorkers do and we will always be civil."

Bloomberg said they exchanged pleasantries and that he also thanked Bush for supporting the idea of distributing Homeland Security funds based on threat.

Long Island Republican Rep. Peter King flew to New York with the president aboard Air Force One and said they also discussed homeland security, particularly the city's hard feelings over a recent 40 percent cut in grants.

King said the president told him Bloomberg has "done a great job as mayor," and that he understood lawmakers' concerns about the slashed funding.

Bush and Bloomberg's time together lasted less than two minutes, but was also significant because the mayor mostly avoided such public opportunities throughout his first term.

The two Republicans have met several times but were rarely photographed together -- perhaps because the mayor's advisers had an eye on his upcoming re-election race in 2005. Bush has never been popular in this overwhelmingly Democratic town, and Bloomberg's opponents were salivating over every chance to link him to the national GOP.

When Republicans held their presidential convention here in 2004, Bloomberg steered clear of public events with the president and spent time playing host at parties for gay Republicans and abortion rights supporters.

Weeks later, he did not attend a Bush fundraiser in Manhattan because of what he said were scheduling conflicts. Explaining his dodges that fall, Bloomberg told reporters that he was busy being mayor.

"I can't be at every place the president goes," he said.

But now, with re-election safely behind him, Bloomberg was happy to make time for Bush, in full view of the cameras. Aides said Bloomberg's staff rescheduled a ribbon-cutting event at a cheesecake restaurant in Times Square for later in the day to accommodate the event, and that he flew back to City Hall in a helicopter to make it to a bill-signing ceremony.

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"You can't go every time the president comes to the city, and then rush out there," the mayor said. "I have a job to do as well."

U.S. To Buy Anthrax Treatment From HGS (WP)

By Michael S. Rosenwald

The Washington Post, June 20, 2006

Human Genome Sciences Inc. is scheduled to announce today that the federal government has agreed to buy $165 million worth of an experimental treatment for anthrax infection in what will become the 14-year-old Rockville firm's first product sale.

The purchase of 20,000 doses of Abthrax under the government's $5.6 billion Project BioShield program is intended to help the government stockpile a variety of anthrax therapies, including vaccines and drugs such as Abthrax, which would typically be given after exposure to the lethal substance.

The government, which could have purchased 100,000 doses under the BioShield contract, has also been considering another anthrax treatment from Cangene Corp., a Canadian biotech company. For now, federal health officials appear to have settled on Abthrax. Cangene is not expected to be awarded a contract today, according to people briefed on the deal.

HGS must still win approval from the Food and Drug Administration, but Abthrax could be used before that in case of an emergency. The drug was shown to be safe in testing of 105 people, but testing of several hundred more will be required. How much that testing will eat into revenue from the contract is unclear.

Biodefense is a tricky business strategy for biotech firms, particularly because there is no guarantee that such products will be used. While other smaller, early-stage companies are trying to build a business around biodefense, HGS is banking on a series of drugs for lupus, arthritis, hepatitis and cancer, with Abthrax as a bonus.

"The other drugs HGS has in development are more important to the company's story," than Abthrax, said Edward Tenthoff, an analyst with Piper Jaffray. He called the product a "wild card" in the company's pipeline and had not factored it in to his future revenue projections.

HGS executives say the Abthrax deal is important to the firm, as it attempts to transform itself from drug developer to drug seller. Toward that end, the additional revenue, to be paid after the product is delivered and approved in 2008, represents a source of cash to spend on the other products.

"This is another in a series of steps in moving HGS from primarily a discovery company into a commercial company," H. Thomas Watkins, the company's chief executive, said in an interview.

HGS recently signed a partnership deal with Swiss drug giant Novartis AG to finish developing and eventually co-market a new HGS treatment for hepatitis C. The deal could net HGS more than $500 million.

The company also recently completed spinning off its early-stage development operation to narrow its focus and spending on late-stage products. On Thursday, HGS plans to disclose data from key human tests on Lymphostat-B, its potential breakthrough treatment for lupus.

Though the government agreed to purchase 10 grams of Abthrax last year for testing, HGS had largely shelved development activity for the product as it awaited an answer from the government. Watkins said that because the company had no idea whether it would win the contract, HGS scientists worked on Abthrax -- testing it for safety in 105 people -- just enough to provide the government with preliminary data to make a decision.

Products such as Abthrax are part of a three-pronged defense against anthrax attacks. Vaccines can prevent infection, but they typically take several weeks and doses to build up immunity. Antibiotics can kill the anthrax bacteria but aren't effective against toxins released in the body by an anthrax infection. Abthrax prevents those toxins from entering and killing cells.

The government has said it has stockpiled enough antibiotics to treat 40 million people. It has awarded nearly $1 billion to VaxGen Inc., a California company, to deliver 75 million anthrax vaccine doses to protect 25 million people, but the company appears to be least two to three years behind schedule.

Privacy Matters (WT)

By John W. Kropf

The Washington Times, June 20, 2006

Even if you've never physically set foot outside the United States, your personal information has traveled the globe. Credit card transactions, calls to customer service centers, credit checks and the transcription of medical records are frequently out-sourced to far-flung locations. Personal information knows no national boundary and is no longer attached to any single physical location. Your personal information is now a global business.

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Why should the average citizen care? There are at least a few reasons. What are the rules in other countries on how personal information is used, shared and protected? Is it shared with other commercial or government entities such as the police or the intelligence communities?

There is also the fallibility factor: Humans and machines are not perfect. In the last several years there has been a steady stream of headlines reporting lost or stolen personal information on millions of Americans that was maintained by companies such as ChoicePoint and Bank of America as well as U.S. government agencies.

So how can individuals expect their governments to protect their personal information in a globalized world, where personal information has become a major form of currency for both private industry and government? This is the starting point of Colin J. Bennett and Charles D. Raab's book, "The Governance of Privacy."

Mr. Bennett, a professor at the University of Victoria in Canada, and Mr. Raab, a professor at the University of Edinburgh in Scotland, are both highly regarded authorities in the specialized world of international privacy. The authors' extensive knowledge is evident throughout the book, which offers a useful and wide range of legal, policy and scholarly references.

"The Governance of Privacy" is a well-organized and comprehensive three-part look at the world of global privacy. The first section defines the goals of privacy protection, the second examines the global frameworks that exist to protect it and the third analyzes the effectiveness of those instruments.

Section one broadly identifies the goals of privacy as equity, reduction of risk and trust. Equity may be the most abstract and elusive of the three.

Section two is particularly important because it provides an extensive and complex inventory and analysis of existing global privacy instruments. Privacy laws based on traditional notions of sovereignty and jurisdiction have become obsolete because of the global acceleration of complex technology.

Unlike the law, policy instruments can be quickly developed and implemented to fill the void, and are often better suited to the international arena. Consequently, international privacy frameworks are now composed more of policy than of law.

Mr. Bennett and Mr. Raab start at the top of the global hierarchy by examining the transnational privacy policies of international bodies such as the OECD and APEC, as well as the law of the European Union's 1995 Data Directive. Following this examination is a treatment of the national laws, regulations, principles, and data protection authorities who oversee the enforcement of the privacy systems in many countries.

The authors also devote a chapter to an analysis of self-regulatory instruments -- a favored option in the United States -- composed of commitments, codes, standards and seals. Mr. Bennett and Mr. Raab incisively recognize that technology itself acts as a policy instrument that can be used to enhance or erode privacy depending on how systems are designed and built.

Section three culminates with an analysis of whether the collection of global frameworks introduced in section two are effectively protecting and promoting privacy. While Mr. Bennett and Mr. Raab note the difficulty in measuring the impact of any one framework, they suggest several broad scenarios for the future. In the world of competing privacy frameworks, are we in a race to the top of improved privacy standards, to the bottom of reduced privacy standards, or somewhere else?

The authors' conclusion holds that privacy standards are not monolithic, singularly regressing or progressing. Privacy is too multi-faceted for any simplistic conclusion. Because privacy concerns touch upon many fronts, the authors predict many races to the top and many races to the bottom.

This book is not a basic introduction to privacy for those interested in learning about the area. Rather, "The Governance of Privacy" may be better suited to those with an existing foundation in privacy. For those policy makers, practitioners and academics in the privacy sector, however, this is a must read.

John W. Kropf works for the Department of Homeland Security's Privacy Office. The views expressed here are his and not those of the Department of Homeland Security or the government.

The Golden Revolving Door (NYT)

The New York Times (opinion), June 20, 2006

It has been just over four years since the Department of Homeland Security was created, and it has hardly covered itself with glory. Katrina was a disaster of a disaster; ports are still far from secure, and chemical plants remain a huge target of opportunity for evildoers. But there's one area in which Homeland Security has excelled beyond anyone's wildest expectations: creating a giant, expensive crop of government-trained consultants and lobbyists.

As Eric Lipton reported in The Times this week, at least 90 top Homeland Security officials have gone through that famous revolving door between the government and the lobbying industry. That's more than two-thirds of the most senior executives from the department's infancy. It is hard to believe that the people running an agency that performs so badly could be so much in demand.

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What they have, of course, are contacts on the inside. The domestic security industry has become an enormous money pot, and the ability to set up a meeting with a former Homeland Security colleague is invaluable. Former Secretary Tom Ridge, whose best-known contributions to homeland security were the color-coded alerts that always seemed to be most alarming just around election time, benefited from a quick appointment to the board of a company that worked with the department while he was boss. The move came complete with stock options that should become very valuable, now that the company is being bought by Lockheed Martin. Three of his five under secretaries have also joined the commercial domestic security game. Even Michael Brown of FEMA fame has started a consulting firm.

If homeland security is the central concern of the Bush administration, one wonders how it managed to create a department in which so many of the top brass were so eager to quit the crusade so soon and cash in so efficiently. But the worst effect of this kind of take-the-money-and-run mentality is on the people left behind. How many of them, having watched others land lucrative jobs as lobbyists, will temper their own judgments about what systems to buy and what consultants to use with an eye on their own private-sector prospects?

To stop this kind of destructive back-scratching, Congress passed a law in 1962 that required former officials to wait a year before lobbying former colleagues. But officials in Homeland Security managed to get a loophole through the Office of Government Ethics in 2004. It divided the department into seven areas, and allowed former employees to lobby all but the one where they worked.

That ruling should be revisited immediately. In the meantime, let's hope Homeland Security hasn't left the airport screening process as ridden with holes as its own ethics rules are.

Help En Route For New Orleans Police (USAT)

By Anne Rochell Konigsmark

USA Today, June 20, 2006

NEW ORLEANS — The governor of Louisiana plans to send hundreds of state police and National Guardsmen into the city's hurricane-ravaged areas to help local police halt a surge of violence that killed six people over the weekend.

“Things like this should never happen, and I am going to do all I can to stop it,” Louisiana Gov. Kathleen Blanco said.

Blanco's spokeswoman, Denise Bottcher, told the Associated Press on Monday night that 100 National Guard members with law enforcement experience and 60 state police officers were to be sent to the city today. Up to 200 more troops will be sent later, Bottcher said.

Mayor Ray Nagin requested the extra help Monday. “We are basically saying we've had enough,” Nagin said. “We've seen too many of our young people go down to violence.”

The state police and troops would patrol the near-vacant neighborhoods badly flooded after Hurricane Katrina hit on Aug. 29, overwhelming the levees and inundating 80% of the city. That would free up city police officers to cover the more densely populated areas, said Nagin, who vowed that residents soon will see “police on almost every corner.”

The weekend death toll included five teens, ages 16 to 19, shot to death in a sport-utility vehicle Saturday. That was followed by the Sunday murder of a 66-year-old man who was stabbed in an argument over beer, police said. Both incidents occurred in areas that saw little or no flooding. The teens died in a neighborhood long plagued with drug-related crime. There have been no arrests.

Police said 53 people have been killed this year in New Orleans. The population of the city is about 200,000, down from more than 450,000 before Katrina. The city's per-capita murder rate has ranked among the nation's highest; in 2004, the city's rate of 56 murders per 100,000 residents ranked it No. 2 in the USA, after Camden, N.J. New Orleans is on roughly the same pace this year.

Last fall, to control the chaos after Katrina, federal troops and officers from police departments nationwide converged on New Orleans. Humvees patrolled city streets and extra teams of law enforcement officers kept New Orleans murder-free for months.

In January, as residents began returning in greater numbers and outside law enforcement left town, violence escalated, and it seems to be worsening. There have been 36 murders since April.

“We're not going to allow hurricane crime to replace Hurricane Katrina,” City Council President Oliver Thomas said Monday. “If we don't have wind knocking us down, we have … murderers shooting us down, and that is unacceptable.”

Troops To Return To New Orleans (LAT)

By Richard Fausset And Ann Simmons, Times Staff Writers

The Los Angeles Times, June 20, 2006

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After a weekend of killings, Louisiana's governor agrees to send the National Guard to help cope with rising crime in an uneasy city.

NEW ORLEANS — Nearly 10 months after Hurricane Katrina, National Guard troops are returning to New Orleans to keep the peace in a city growing increasingly uneasy over its rising tide of crime.

After six deaths over the weekend — including those of five teenagers in one shooting incident — Mayor C. Ray Nagin asked Louisiana Gov. Kathleen Babineaux Blanco at a news conference Monday to send a contingent of National Guard troops and state troopers.

Blanco agreed to send the reinforcements, with the first 100 of 300 promised troops arriving in the city today. Sixty state troopers also will be deployed.

"The senseless slaying of five teenagers this weekend is shocking," Blanco said in a prepared statement. "I will not tolerate criminal behavior. We must protect our citizens."

The five young men were shot Saturday in an SUV in the historically tough Central City area. Police have speculated that the killings may have been drug-related. No suspects have been arrested.

The next night, a man was stabbed to death during an argument over beer. Nagin called the bloody weekend "our line in the sand."

Federal troops were a common sight in New Orleans after Katrina. At one point, as many as 15,000 patrolled the city to curb its descent into chaos and looting. The last of the troops left in February as the city — and the New Orleans Police Department — got back on its feet.

For some locals, there was a hope that this strange, post-Katrina stub of a city — less populous but also less poor — would be reborn with less of the crime and violence that have marred New Orleans' reputation.

That hope emerged despite the performance of the New Orleans Police Department during Katrina, when some officers were accused of desertion and looting. The department was also criticized for failing to maintain order after the storm.

More recently, police have been struggling with some complicated new problems — and a few that are all too familiar. A criminal element has returned, bringing back turf wars, drugs and deaths. Police have recorded 53 homicides since January. That is half as many as during the same time last year — but the city's population is less than half its pre-Katrina level of 450,000.

The Police Department is down from a pre-Katrina strength of 1,700 officers to an effective force of about 1,370, said Lt. Michael Glasser, the police union president. They are working within a severely compromised justice system saddled with thousands of backlogged criminal trials, a dearth of jurors, and flood-damaged jails.

In addition, officers must deal with issues like house break-ins and squatting in vast and largely depopulated swaths of the city.

City officials said the Guard troops and state police will patrol the depopulated areas until September, freeing up local police to fight crime in more populous areas. The Guard troops will be armed and given police powers, said Blanco spokeswoman Denise Bottcher, who noted that Louisiana remains under a state of emergency.

Majeeda Snead, a clinical professor at Loyola Law School who defends indigent clients in criminal cases, said she thought that residents would welcome the Guard presence even though it might give the impression that the city was under martial law.

"I think that people are really afraid," said Snead, who moved near Loyola University after her home in the New Orleans East neighborhood was flooded.

"They are arming themselves. They feel threatened in their homes. They feel threatened in their cars," said Snead. "Based on that fear, they would not be opposed to a show of force, whether federal, state or local."

New Orleans City Councilwoman Shelley Midura, one of four new City Council members sworn in this month, said that all seven council members supported the call for Guard troops. Police Chief Warren Riley had been proposing a similar plan to state officials long before the weekend's slayings, according to a spokeswoman.

"We have unified leadership at all levels, and we're saying enough is enough," Midura said. The functioning parts of the city, she added, would not feel the military presence.

"I just would not be supporting this if we had the military on the streets of the French Quarter," she said.

It remains to be seen how the plan will play in the hardest-hit neighborhoods, where some residents are trying to rebuild.

Dent Hunter, 27, president of the Oak Island Neighborhood Assn. in devastated New Orleans East, suspected that the Guard would not provide the same level of service as the police.

He said residents were not being treated equally. "We want to be equal," he said. Hunter also said the troops' presence could dissuade other residents from returning.

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Glasser, of the police union, said the move was a temporary fix at best, and many city officials agreed. City Council President Oliver M. Thomas Jr. said the city needed to tackle issues like its blighted public housing complexes, the public school system and police efficacy. Councilwoman Stacy S. Head said officials agreed a curfew for juveniles should be reinstated.

Crime Rising, New Orleans Asks For National Guard (NYT)

By Susan Saulny

The New York Times, June 20, 2006

NEW ORLEANS — In a blunt admission that the city could no longer control its growing crime problem, Mayor C. Ray Nagin asked the state on Monday to send National Guard troops to help patrol the streets of New Orleans.

Hours later, Gov. Kathleen Babineaux Blanco said 100 troops, joined by 60 state police, would be in place as early as Tuesday morning. More are likely to arrive later in the week.

The mayor's plea for help came after five teenagers were shot to death with semiautomatic weapons in the Central City neighborhood while sitting in a sport-utility vehicle Saturday morning. It was the deadliest single shooting attack in the city in 11 years, raising to 53 the number of homicides this year.

In recent weeks, as crime increased and the Police Department struggled to return to its strength from before Hurricane Katrina, many politicians, editorialists and citizens have asked for outside help, a move Mayor Nagin appeared to acknowledge Monday was necessary as he asked for 300 Guard troops.

"We vow to do whatever it takes in the short and long term to make this a safer city," he said, adding at another point during the day, "This is our line in the sand."

The city's Police Department has seemed ineffective at curbing a rise in drug-related violence and looting — which is isolated, for the most part, to poor neighborhoods and sparsely populated areas — even though there are almost as many officers on the force now as there were before Hurricane Katrina, and the city's population of 220,000 is less than half its former size.

Still, the department has not bounced back from the storm. It has suffered sharp budget cuts, is low on supplies like ammunition and continues to wrestle with its tarnished reputation. The police lost control of the city when the levees broke after Hurricane Katrina, and while many officers managed to perform their duties under extraordinary circumstances, more than 200 simply walked away. Others were accused of participating in the mayhem.

Warren J. Riley, the police chief, said he requested additional law enforcement help months ago in anticipation of a summertime population increase, and said the announcement after a weekend of high crime was simply a coincidence.

Chief Riley insisted during a news conference that his force was capable of controlling crime, and that the request did not undermine him or the Police Department. But his inconsistent remarks during the day reflected the difficulty his department has had in recent months.

"With the appropriate resources we will have this city under control," he said, just moments after stating, "This is not a situation where anything is out of control."

The Guard will focus on patrolling the neighborhoods that were most damaged in the flood and that are still largely uninhabited, Chief Riley said. That move would free as many as 300 police officers, who had been patrolling for looters, to concentrate on crime in the heavily populated areas of the city.

He said there would be no National Guard presence in downtown New Orleans, the French Quarter or any other heavily populated area.

Residents in parts of the city with the heaviest damage, like Lakeview and New Orleans East, where the looting of flooded homes has been especially acute, have been asking city officials for more protection for months.

That desire has also been reflected by talk radio hosts and columnists in the local papers.

"Madame Governor, Mr. Mayor, esteemed Legislature and City Council: Get us some protection and get it now," wrote one of the city's most popular columnists, Chris Rose of The Times-Picayune, in a recent column. "Get us some security. Get us the National Guard."

Residents say they have found it difficult to rebuild because supplies and new appliances are stolen as quickly as they are delivered to unoccupied houses in largely vacant neighborhoods.

"It's past time for the Guard to be here," said Larry Dupont, an electrician who lived in Gentilly before the flood destroyed his neighborhood. "I'm fed up with all that New Orleans is not doing to help its people."

Still, others said they resented the militarization of the city, and did not have fond memories of the National Guard's time here immediately after the hurricane.

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"When they were here before, it didn't exactly give me a sense of safety," said Kalli Forster, the manager of a boutique in the Uptown section. "It made me feel like I was in a war zone."

Others said the move had sent a frightening message.

"It's basically saying that the people in charge here aren't in control," said Dawn Larsen, a waitress in Uptown.

The five young men who were killed before dawn on Saturday were ages 16 to 19, and, said Chief Riley, three of the five had criminal backgrounds. The three were involved in a drive-by shooting in another part of the city on May 1, the chief said. They were charged with aggravated assault and the possession of a weapon, but the victim and witnesses refused to cooperate and press charges, so they were freed.

The teenagers were gunned down just outside the Central Business District, in an area well known locally as a haven for drug-related activity.

The police were looking for suspects Monday evening.

After Day Of Flooding, Houston Braces For One More (USAT)

By William M. Welch, Usa Today

USA Today, June 20, 2006

Emergency crews told to rest as rains take brief respite

Houston residents were bracing for another round of torrential rain and flooding after a slow-moving storm dumped more than 10 inches Monday and sent rising waters into homes, business and vehicles.

“The ground is saturated and the bayous are full,” Rusty Cornelius, Harris County Emergency Management coordinator, said as he lamented the forecast for still more rain early today.

“If we get 5 inches of rain, it's going to be a flood. Ten inches and it'll be a major flood.”

Emergency crews had rescued about 300 people by midday Monday when waters began to recede, he said. Most were people trapped in automobiles that had been swept off highways by floodwaters.

The heavy rains fell along a 7- to 8-mile-wide path across the flat, low-lying city. Thunderstorms were moving slowly westward but had not yet left the Houston area.

At Rosie's Club, a bar on Telephone Road in the hard-hit southeastern part of the city, about 2½ feet of water sloshed through the front door, Charlie Esbamiloa said. Esbamiloa was helping to clean up and keep the bar open Monday evening as an occasional drizzle fell.

“Even when the hurricanes came through, we've never had it this bad before,” he said. “It was just the amount of rain that fell so quickly.”

National Guard troops, including some operating heavy equipment, were standing by to help with additional rescue and air search efforts if needed, Cornelius said.

He said the state had provided 25 large-wheeled vehicles capable of traversing high waters, along with two Blackhawk search-and-rescue helicopters and two more helicopters capable of lifting heavy equipment. As many as 200 Guard troops were made available to the city, Cornelius said. U.S. Coast Guard aircraft were also standing by, he said.

When waters began receding Monday afternoon, crews were ordered to rest and prepare to resume rescue efforts if the additional rains arrive as forecast.

Houston Mayor Bill White viewed the city by helicopter and described “block after block after block flooded.”

The University of Houston canceled classes. City officials pleaded with residents not to drive in roadways covered with water.

The Port of Houston was continuing to operate. Hobby Airport in the city's southeast section was shut down for more than two hours. About 50 flights were canceled and others diverted to the city's other airport, Bush Intercontinental. Interstate 10 and other major arteries were flooded during the morning rush hour.

“The good news is we've had no deaths, no major injuries,” Cornelius said.

The city's emergency management agency warned residents to prepare for more rain. The National Weather Service Weather said as much as 5 to 10 inches of additional rain could fall by this morning.

Heavy rains fell elsewhere in the Gulf Coast region. In Sulphur, La., 120 patients were evacuated from a nursing home that was flooded.

WAR NEWS:

DOJ_NMG_0035224

Two Missing U.S. Soldiers Found Dead,Â Iraq Official Says (AP)

By Jonathan Finer

AP, June 20, 2006

BAGHDAD, July 20--The two U.S. soldiers missing since an attack on a checkpoint last week were found dead near a power plant in Yusifiyah, south of Baghdad, according to an Iraqi defense official.

General Abdul Aziz Muhammed, head of operations at Iraqi Ministry of Defense said in a news conference in Baghdad this afternoon that the soldiers had been "barbarically" killed and that there were traces of torture on their bodies.

He offered no further details. U.S. officials could not immediately be reached for comment or confirmation.

The Army yesterday identified the missing soldiers as Pfc. Kristian Menchaca, 23, of Houston and Pfc. Thomas L. Tucker, 25, of Madras, Ore. They were attacked at a checkpoint near Yusufiyah. A third soldier, Spec. David J. Babineau, 25, of Springfield, Mass., was killed in the incident.

More than 8,000 U.S. and Iraqi forces had launched a massive search for the army privates. In a statement posted to the Internet yesterday, the insurgent group Al Qaeda in Iraq had claimed to have abducted the soldiers.

Group Says It Abducted Missing GIs; 3 Americans Charged In Iraqi Deaths (WP)

By Joshua Partlow And Jonathan Finer

The Washington Post, June 20, 2006

BAGHDAD, June 19 -- More than 8,000 U.S. and Iraqi troops scoured villages south of Baghdad on Monday for two soldiers missing since an attack four days ago, as an insurgent group linked to al-Qaeda in Iraq claimed that it had abducted the Army privates.

The claim was made in an Internet posting by the Mujaheddin al-Shura Council and could not be verified. Maj. Todd Breasseale, a Marine spokesman in Baghdad, said that the soldiers' whereabouts remained unknown and that "there is no indication that any reports of a kidnapping are authentic."

The military identified the missing soldiers as Pfc. Kristian Menchaca, 23, of Houston and Pfc. Thomas L. Tucker, 25, of Madras, Ore. They were attacked at a checkpoint near Yusufiyah, south of Baghdad. A third soldier, Spec. David J. Babineau, 25, of Springfield, Mass., was killed in the incident.

Also Monday, the U.S. military said it had charged three American soldiers in the deaths of three detainees May 9 near the Tharthar Canal north of Baghdad. Defense officials said the soldiers allegedly shot three unidentified men of "apparent Middle Eastern descent" shortly after they were taken into U.S. custody.

Pfc. Corey R. Clagett, Spec. William B. Hunsaker and Staff Sgt. Raymond L. Girouard -- all of the Army's C Company, 3rd Battalion, 187th Infantry Regiment, 3rd Brigade Combat Team, 101st Airborne Division -- were charged Sunday with numerous offenses, including premeditated murder, attempted murder, conspiracy, communicating a threat and obstructing justice, according to charge sheets released Monday.

The two soldiers and one noncommissioned officer allegedly shot the men at or near the Muthana Chemical Complex, and a senior defense official said the soldiers claimed the men were attempting to flee their custody. The unit commander ordered an inquiry on the day of the deaths, military officials said in a statement released in Iraq. The soldiers are now confined pending a pre-trial hearing.

The soldiers allegedly threatened another soldier while the investigation was underway, each telling Pfc. Bradley L. Mason not to testify against them as a witness, according to the charge sheets. Each said they would kill Mason if he told anyone what happened, according to the charges.

The investigation into the incident is the latest probe involving claims of excessive force by U.S. troops in recent months, most notably the alleged killing of 24 civilians by Marines in Haditha last November.

In a separate case, Italian prosecutors on Monday requested the indictment of a U.S. soldier in the fatal shooting of an Italian intelligence agent in Baghdad in March 2005.

Meanwhile, the claim that two soldiers in Yusufiyah were abducted comes less than two weeks after the killing of Abu Musab al-Zarqawi, the leader of al-Qaeda in Iraq, in a U.S. airstrike north of Baghdad. The organization has issued a series of Internet statements vowing revenge on U.S.-led forces.

Among the questions raised by the attack in Yusufiyah is how three U.S. soldiers became isolated from a larger force. U.S. soldiers generally travel in convoys of at least two Humvees carrying several soldiers, particularly in areas with a known insurgent presence.

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While some news reports have suggested other vehicles and personnel were present during the attack, Lt. Col. Jonathan Withington, a military spokesman in Baghdad, said there were no other U.S. troops present. "Our reporting indicates it was a three-man security team that was attacked," he said.

Troops involved in the hunt for Menchaca and Tucker have searched and cleared 12 villages, killing three insurgents and detaining 34 others, Maj. Gen. William B. Caldwell IV, spokesman for U.S. forces in Iraq, said in a statement. Special Operations forces are participating in the hunt, which is being led by the Army's 4th Infantry Division, based in Baghdad. Seven U.S. military personnel have been injured in the search effort.

Fighter jets, dive teams, unmanned drones and soldiers on the ground are involved in the search, Caldwell said. Pilots have flown 280 hours and launched eight air assaults to try to find the missing men, who are members of the 1st Battalion of the 502nd Infantry Regiment of the 2nd Brigade, 101st Airborne Division, based at Fort Campbell, Ky.

An Internet message purportedly posted under the name of the Mujaheddin al-Shura Council -- an umbrella organization of insurgent groups including al-Qaeda in Iraq -- claimed the group had apprehended the soldiers and mocked U.S. efforts to find them. It did not name the soldiers or provide any evidence it held them.

"The American army conducted raids campaign with various vehicles and armored vehicle near site of the incident," the statement said, promising more details in the coming days. "But the Army of 'the mightiest state in the world' went back defeated, dragging the robes of shame and disgrace behind it."

In a second statement released Monday, the group claimed to be holding four Russian diplomats abducted in Baghdad's Mansour neighborhood in early June. Another Russian Embassy employee died in the attack. As conditions of the diplomats' release, the group demanded the withdrawal of Russian forces from Chechnya and the release of "our brothers and sisters in Russian prisons."

Witnesses at the scene of the attack in Yusufiyah told the Associated Press they saw two soldiers being directed into vehicles by several masked gunmen, and Iraq's foreign minister said in an interview on CNN that it appeared the soldiers had been kidnapped.

A source in the intelligence wing of Iraq's Interior Ministry, who spoke on the condition that he not be named, also said there was evidence the two men had been abducted, though he said that it was unclear who was responsible.

While cautious in their public remarks following Zarqawi's death, U.S. commanders expressed hope it would undermine the cohesion of the insurgency. Sunni Arab tribal leaders in the restive northern city of Kirkuk held a meeting late Sunday to declare their opposition to al-Qaeda in Iraq, whose attacks have killed at least 75 people there in recent weeks.

In Baghdad Monday, as a comprehensive security crackdown continued, police and soldiers conducting a raid on a suspected insurgent safe house in the southern neighborhood of Saydiyah killed 10 armed men and wounded three others, according to Maj. Gen. Mahmood Abdul Karim of Iraq's Interior Ministry.

A car bomb detonated near police patrolling an intersection north of downtown, killing five police officers and wounding two others. Five civilians were also wounded in the attack, Karim said.

Also Monday, insurgents shot dead four passengers driving in a vehicle in the southern neighborhood of Madain, police said.

US Very Worried About Missing Soldiers In Iraq: Rice (AFP)

AFP, June 20, 2006

US Secretary of State Condoleezza Rice said that the US government is very worried about two missing soldiers, whose kidnapping in Iraq has been claimed by an Al-Qaeda led group.

"This is obviously a matter of great concern to all of us," Rice said.

"And the American military has made very clear that they are going to do everything possible -- I think they've said air, land and sea -- to try and find them.

"And obviously their safe return is something that everyone will work for, and their safe return is something that everyone will pray for," Rice told reporters following a meeting with Spain's Foreign Minister Miguel Angel Moratinos.

The soldiers went missing after they came under attack at a traffic control point near the predominantly Sunni Arab town of Yusifiyah, south of Baghdad, on Friday. Another soldier died in the attack.

The US military named the missing soldiers as Kristian Menchaca, 23, and Thomas L. Tucker, 25.

A coalition of armed Sunni Arab factions led by Al-Qaeda's Iraq branch claimed responsibility for the abduction of the two soldiers in a statement posted on the Internet Monday.

Insurgents Claim To Hold GIs (USAT)

DOJ_NMG_0035226

By César G. Soriano
USA Today, June 20, 2006

BAGHDAD — An Internet posting Monday claimed that an Iraqi insurgent group had captured two U.S. soldiers who are listed as missing after an attack on their checkpoint last week.

More than 8,000 U.S. and Iraqi troops are involved in a search for the soldiers, Maj. Gen. William Caldwell, a military spokesman, said in a statement. “We are using every means at our disposal,” he said.

An Internet statement attributed to the Mujahedin Shura Council said the soldiers had been captured. The message could not be authenticated. The council is an umbrella group of several Sunni insurgency groups, including al-Qaeda in Iraq.

The soldiers are officially listed as “duty status and whereabouts unknown.”

The missing soldiers are Pfc. Kristian Menchaca, 23, of Houston and Pfc. Thomas Tucker, 25, of Madras, Ore. A third soldier, Spc. David Babineau, 25, of Springfield, Mass., died in the checkpoint attack, Caldwell said.

All three were assigned to the 1st Battalion, 502nd Infantry Regiment of 2nd Brigade, 101st Airborne Division (Air Assault), based at Fort Campbell in Kentucky.

The soldiers were manning a checkpoint Friday near Youssifiyah, south of Baghdad, when their position came under attack.

Belinda Alcala, Menchaca's mother-in-law, described him as “a wonderful kid, a wonderful man.”

In a statement, Tucker's parents described their son as a dedicated soldier who enjoyed playing the piano.

He enlisted because “he wanted to do something positive,” they said.

They also released a copy of a phone message that Tucker left for them in February and that is still on their answering machine. In it, he told his family that he loves them. “I'll be back before you know it,” he said.

He also asked his family to be proud of him. “Everything's going to be OK,” he said. “I love you guys, and I know you love me.”

The operation to find the soldiers involves helicopters, fighter jets, boats and unmanned Predator aircraft, Caldwell said.

Since launching the search, coalition forces have killed three suspected insurgents and detained 34, the military said. Seven coalition soldiers have been wounded.

Group Linked To Al Qaeda In Iraq Says It Kidnapped 2 U.S. Soldiers (LAT)

By Louise Roug
The Los Angeles Times, June 20, 2006

BAGHDAD — A group affiliated with Al Qaeda in Iraq on Monday claimed without offering proof that it had kidnapped two American soldiers, as thousands of U.S. and Iraqi troops looked for the missing men in an area known as "the triangle of death."

Seven U.S. troops were wounded during the massive search, according to the top military spokesman in Baghdad, though the cause of the injuries was not immediately announced.

The two soldiers disappeared Friday after gunmen attacked a checkpoint near Yousifiya, southwest of the capital. They were identified as Pfc. Kristian Menchaca, 23, of Houston and Pfc. Thomas L. Tucker, 25, of Madras, Ore.

A third soldier, identified as Spc. David J. Babineau, 25, of Springfield, Mass., was killed during the fight at the checkpoint. All three soldiers were assigned to the 1st Battalion, 502nd Infantry Regiment, 2nd Brigade of the U.S. Army's 101st Airborne Division.

"Words cannot express the sadness we feel at the loss of Spc. Babineau and the uncertainty the families of Pfc. Menchaca and Pfc. Tucker must be experiencing," Maj. Gen. William B. Caldwell IV said in a statement. "Our deepest sympathy goes out to their families."

More than 8,000 American and Iraqi security personnel were looking for the missing soldiers. Three teams of divers searched the nearby Euphrates River. The military used planes, boats, helicopters and unmanned drones "to ensure the most thorough search possible on the ground, in the air and in the water," Caldwell said. "We are using every means at our disposal."

Security forces killed three suspected rebels and detained 34 others during the operation, in which troops surrounded and searched a dozen villages southwest of Baghdad.

The area around Yousifiya, which is dotted by farms, date palms and orange trees, is a rebel stronghold widely known as the "triangle of death." U.S. soldiers often come under attack in the town, and there is no functioning police force after insurgents twice bombed the police department. Residents say that slayings are commonplace and that many families have fled the area because of the violence.

Mayor Muayed Fadil, 50, said Iraqi soldiers provided some protection for government offices downtown but that rebels ran rampant on the outskirts of Yousifiya.

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Checkpoints and American patrols do little to counter the violence, he said. Fearful residents have stopped talking to their neighbors and are instead hiding inside their houses.

"Life is limited in Yousifiya because of terrorism," Fadil said. "People are living in horror at night because of the terrorist cells."

Mujahedin Shura Council in Iraq, a group linked to Al Qaeda in Iraq, posted a statement on the Internet claiming responsibility for what it said was a kidnapping but offered no proof, such as pictures of the soldiers or their identification cards.

"The American Army, using different kinds of machines and armor, raided the area where the incident took place but the army of 'the world's strongest country' returned without success, humiliated," the statement said.

Another U.S. soldier has been long missing in Iraq. Sgt. Keith M. Maupin of Batavia, Ohio, was captured during an ambush in April 9, 2004. About three months later, a videotape was released of a man being shot in the back of the head and falling into a shallow grave, with a narrator saying the man was Maupin. But the victim's face was not shown.

While troops searched the rural area southwest of Baghdad on Monday, violence continued elsewhere despite a recent security crackdown.

A car bomb targeted an Iraqi army checkpoint in Baghdad, killing five and injuring nine others, according to authorities. Another car bomb targeted special police commandos in the southwestern part of the city, killing two officers and three civilians and injuring five other people. A third car bomb exploded minutes later in a market in a southern neighborhood, killing six civilians and injuring 20.

A roadside bomb southwest of the city of Hillah killed a civilian and injured as many as eight others, local police said.

At a news conference, Interior Minister Jawad Bolani said the government was trying to improve safety measures in the capital. Thousands of security troops have flooded Baghdad and set up ubiquitous checkpoints, which many Iraqis say do little to improve security while trapping drivers in snarling traffic.

"We feel the suffering of the people, but I hope they will forgive us for the delay the plan is causing for them," Bolani said.

He added that the government had sent a delegation to solve troubles in the southern city of Basra, where rivalry among various Shiite Muslim groups had recently led to increased violence.

President Jalal Talabani and British Defense Secretary Des Browne also held a news conference, during which Browne talked of heightened security measures in the southern city. Britain has about 7,200 troops in Iraq based in and around Basra.

"We do not underestimate the challenge that we face together here," Browne said. "We'll stay here as long as there is a job to be done, and as long as the Iraqi government wants us to support them."

In the disputed northern city of Kirkuk, security forces flooded roads and set up a number of new checkpoints, local officials said. Iraqi police also distributed pictures of suspected insurgents believed to have ties to Al Qaeda in Iraq, promising a $2,500 reward for information leading to the arrest of any of five top rebels.

Meanwhile, the U.S. military continued a sweep in the insurgent stronghold of Ramadi, where hundreds of American and Iraqi troops moved into the eastern section of the violent city in search of guerrillas, the Associated Press reported from the scene. The operation is intended to install U.S. and Iraqi troops in an area where insurgents have frequently launched attacks.

Al Qaeda Ally Says It Holds Soldiers (WT/AP)

By Sameer N. Yacoub, Associated Press

The Washington Times, June 20, 2006

BAGHDAD -- An al Qaeda-linked group said yesterday that it had kidnapped two American soldiers who were reported missing south of Baghdad, where 8,000 Iraqi and U.S. troops were conducting a massive search.

Seven U.S. servicemen have been wounded during the search, said U.S. spokesman Maj. Gen. William Caldwell. He said the military had killed three suspected insurgents and detained 34 others during the operation.

The Mujahedeen Shura Council, an umbrella group that includes al Qaeda in Iraq, said it was holding the two privates -- one from Texas and the other from Oregon -- as well as four Russian diplomats kidnapped June 3 in Baghdad. It also claimed to have killed a fifth Russian.

The message appeared on an Islamic Web site known for publishing messages from insurgent groups in Iraq. U.S. officials have said they could not confirm what had happened to the two soldiers, who disappeared Friday evening after an attack that killed a third U.S. soldier.

The Web posting said: "Your brothers in the military wing of the Mujahedeen Shura Council kidnapped the two American soldiers near Youssifiya."

It did not identify the soldiers.

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The Defense Department identified the missing men as Pfc. Kristian Menchaca, 23, of Houston, and Pfc. Thomas L. Tucker, 25, of Madras, Ore., and the dead soldier as Spc. David J. Babineau, 25, of Springfield, Mass. They were assigned to the 1st Battalion, 502nd Infantry Regiment, 2nd Brigade, 101st Airborne Division (Air Assault), Fort Campbell, Ky.

Gunmen kidnapped the four Russian diplomats near their embassy in Baghdad's Mansour district after firing on their car and killing an embassy employee.

"God has enabled the lions of monotheism to arrest four Russian diplomats in Iraq and kill the fifth," said a statement from the group on the same Web site.

It condemned Russian actions in Chechnya and criticized its presence in Baghdad.

"The Russian government sends its diplomats to Iraq to support the crusaders' project, led by America, and to provide international backing and legitimacy to the exhausted Iraqi government."

The Mujahedeen Shura Council is a grouping of several insurgent forces, including al Qaeda in Iraq. Abu Musab Zarqawi, who was killed this month, helped create the council in January, apparently to give an Iraqi face to his movement, made up mainly of foreign fighters.

Fighter jets, helicopters, unmanned drones, boats and dive teams are being used to search for the two men, Gen. Caldwell said. He did not comment on whether they had been seized by terrorists, saying only that they were listed as "duty status and whereabouts unknown."

Foreign Minister Hoshyar Zebari said the soldiers appeared to have been taken prisoner.

Ahmed Khalaf Falah, a farmer who said he witnessed the abduction, told the Associated Press that the two soldiers had been captured by seven masked, heavily armed gunmen during the attack near Youssifiya, about 12 miles south of Baghdad.

U.S. and Iraqi troops, meanwhile, pushed into an eastern section of the insurgent stronghold of Ramadi in a campaign to gradually bolster their presence in city neighborhoods that for months largely have been under insurgent control.

A U.S. gunship fired on suspected insurgents early in the operation, U.S. commanders said. Six men were thought to have been killed, and sporadic exchanges of gunfire echoed throughout the neighborhood in the morning. No U.S. casualties were initially reported.

Prime Minister Nouri al-Maliki, meanwhile, said Iraqi forces will take over security next month in a southern province where Japanese troops are based. The decision, announced after Mr. al-Maliki met with Japan's ambassador, does not necessarily mean that any coalition forces will be withdrawn from Muthanna province.

Families Anxiously Await Confirmation Of Missing Soldiers' Status (WP)

By Sylvia Moreno

The Washington Post, June 20, 2006

AUSTIN, June 19 -- About a week ago, Army Pfc. Kristian Menchaca called his mother in South Texas and said he was exhausted, having just finished an overnight shift working a vehicle checkpoint in Iraq. It was tough, tense and dangerous work, he said.

Working that same duty on Friday, Menchaca, 23, and Pfc. Thomas L. Tucker, 25, were apparently kidnapped following an attack by Iraqi insurgents outside the town of Yusufiyah, south of Baghdad. The Pentagon said a third soldier working with Menchaca and Tucker, Spec. David J. Babineau, 25, of Springfield, Mass., was killed.

Menchaca's mother, Maria Guadalupe Vasquez, said in a telephone interview from her home in Brownsville: "The sergeants came and told us he was missing and that they were searching land and sea for him. They told us to pray. They said we just needed to pray for him."

As Vasquez and Tucker's family in Madras, Ore., awaited word Monday on the whereabouts of their sons, a message was posted on the Internet saying the soldiers were abducted by an Islamic group. A Marine spokesman in Baghdad had not been able to verify the authenticity of the statement, which was purportedly posted by al-Qaeda in Iraq under the name of the Mujaheddin al-Shura Council, an umbrella organization of insurgent groups.

A representative of the Tucker family referred calls to the public affairs office of the Oregon National Guard. Phone calls to a spokeswoman there were not returned.

Menchaca's wife, Christina, 18, was in Big Spring, Tex., with her family but was not taking phone calls, a family representative said.

The couple married last September and had met through Christina's brother, who is also in the Army, Vasquez said. Menchaca was deployed to Iraq a month after he was married.

"I'd like to know her, but she hasn't come down here yet. I've only seen her picture," Vasquez said of her daughter-in-law. "But we spoke by phone and she's very worried."

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Vasquez said her son attended schools in Brownsville and nearby San Benito but dropped out of high school. He moved to Houston, where his older brother lives, and worked as a cashier at a fast-food restaurant. He also took adult education classes and completed his GED, she said. Vasquez said her son joined the Army because he wanted to further his studies and eventually become a U.S. Customs and Border Protection agent.

Vasquez said she last saw her son in April, when he was in Brownsville on a 10-day leave following his first tour in Iraq. "He was very changed," she said.

"He talked about killing people. He couldn't sleep. He came traumatized," she said. "I was scared."

Two weeks ago, he called his mother asking her to send him Cheetos, insect repellent and cleaning wipes. She was about to ship the items when the sergeants came to her home Friday afternoon. "I have it all here," Vasquez said. "Then this happened."

Senate Democrats Coalesce Around Iraq Plan (AP)

By Liz Sidoti

AP, June 20, 2006

Senate Democrats coalesced Monday around a proposal urging the Bush administration to start pulling U.S. troops out of Iraq by year's end, brushing aside calls by some in the party for a firm withdrawal timetable.

"Three-and-a-half years into the conflict, we should tell the Iraqis that the American security blanket is not permanent," said Sen. Carl Levin (news, bio, voting record), D-Mich., who helped write the nonbinding resolution that quickly drew criticism from Republican leaders.

"Let me be clear: Retreat is not a solution," Senate Majority Leader Bill Frist, R-Tenn., said, chastising Democrats for espousing a "cut-and-run" strategy that "threatens our national security and poses unacceptable risks to Americans."

The Senate is to take up the resolution Tuesday and vote on it before Friday as debate on Iraq spills over into a second week on Capitol Hill, less than five months before midterm elections that will decide whether Democrats or Republicans control Congress.

Last week, the GOP-controlled Senate and House soundly rejected timetables for pulling U.S. forces out of Iraq, back-to-back votes that forced lawmakers in both parties to go on record on a major issue in re-election campaigns nationwide.

As the U.S. death toll and war spending continue to climb, polls show the public increasingly uncomfortable with the direction of the conflict, which began in spring 2003 when the United States invaded Iraq to topple dictator Saddam Hussein.

Democrats in Congress have long been divided over the way ahead in Iraq.

House Democratic leader Nancy Pelosi, D-Calif., failed to get her caucus to rally around one position last week. Senate Democrats also spent the week trying to come up with a "consensus" position, and it appeared they had largely succeeded.

Senate Democratic leader Harry Reid of Nevada backs the resolution and his aides say they expect 38 to 40 Democrats and a few Republicans to vote for the symbolic statement. However, they don't expect to get the 51 votes needed to attach the resolution to an annual military bill.

The resolution would urge — but not require — the administration to begin "a phased redeployment of U.S. forces" in 2006 and, by year's end, give Congress its plan for "continued redeployment" thereafter.

Additionally, the resolution calls for American troops, which have been focused on combat operations in Iraq, to more quickly switch to "a limited mission of training and logistic support of Iraqi security forces, protection of U.S. personnel and facilities, and targeting counterterrorism activities."

It also maps out steps Senate Democrats say the fledgling Iraqi government must take to lay the foundation for a successful democracy and calls for an international conference to help Iraq overcome problems it faces.

Even as the GOP leadership criticized the resolution, Sen. John Warner (news, bio, voting record), R-Va., the chairman of the Armed Services Committee, called it "a very serious-minded approach." He declined to endorse it but nonetheless promised to give it careful consideration.

Three Democrats distanced themselves from the resolution.

Seeking a stronger position on Iraq, John Kerry of Massachusetts, Russ Feingold of Wisconsin and Barbara Boxer of California intend to push for a vote on their own proposal.

It would require the administration to withdraw all combat troops from Iraq by July 1, 2007, leaving in place only U.S. troops essential to training Iraqi security forces, conducting counterterrorism operations and protecting U.S. personnel and facilities.

"A deadline gives Iraqis the best chance for stability and self-government, and most importantly, it allows us to begin refocusing on the true threats that face our country," Kerry and Feingold, two Democrats eying potential presidential candidacies in 2008, said in a joint statement.

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Their proposal is expected to be rejected overwhelmingly.

Aside from Iraq, other fights are brewing as the Senate works on the annual military bill.

Rankling Republicans, Sen. Edward M. Kennedy (news, bio, voting record), D-Mass., on Monday proposed attaching long-sought legislation to raise the minimum wage from $5.15 an hour to $7.25 an hour in three steps.

Frist objected and then countered by seeking to attach to the bill legislation that would make it illegal in most cases to transport minors seeking abortions across state lines to circumvent laws in some states requiring parental notification.

Votes on those proposals could occur this week.

Senate Democrats Urge Beginning Of An Iraq Pullout This Year, But Avoid A Firm Schedule (NYT)

By Kate Zernike And Carl Hulse

The New York Times, June 20, 2006

WASHINGTON, June 19 — Trying to bridge party divisions on the eve of a Senate debate, leading Democrats called Monday for American troops to begin pulling out of Iraq this year. They avoided setting a firm timetable for withdrawal but argued that the Bush administration's open-ended commitment to the war would only prevent Iraqis from moving forward on their own.

Coming the week after partisan and often angry House debate over the war, the Senate proposal, a nonbinding resolution, was carefully worded to deflect any accusations that the Democrats were "cutting and running," as their position has been depicted by Republicans. The Democrats behind the measure did not even use the term "withdrawal," and talked about how to guarantee "success" for Iraq, not about any failures of the war.

"The administration's policy to date — that we'll be there for as long as Iraq needs us — will result in Iraq's depending upon us longer," said Senator Carl Levin of Michigan, the senior Democrat on the Armed Services Committee, who has been designated by the Democratic leadership to present the party's strategy on Iraq. "Three and a half years into the conflict, we should tell the Iraqis that the American security blanket is not permanent."

The resolution was cobbled together by moderate Democrats trying to smooth over differences within the party. The minority leadership has tried to distance itself from a proposal by Senator John Kerry of Massachusetts setting a mandatory deadline for American combat troops to be out of Iraq by the end of this year, a limit that Mr. Kerry modified only marginally on Monday. Some Republican lawmakers and the White House pointed to that proposal last week in attacking Democrats as inconsistent and weak on national security.

Mr. Levin's resolution did nothing to stop the Republicans' ridicule, with Senator Mitch McConnell of Kentucky dismissing it in a Fox News interview as "cut and jog."

"The last thing you want to do when you have the terrorists on the run is give them notice that you're going to leave," said Mr. McConnell, the Senate's No. 2 Republican.

President Bush spoke similarly at a Republican fund-raiser here Monday night, asserting: "An early withdrawal would embolden the terrorists. An early withdrawal would embolden Al Qaeda and bin Laden. There will be no early withdrawal so long as we run the Congress and occupy the White House."

The Democrats said their measure, which will be debated this week as an amendment to a military policy bill, built on a resolution that passed the Senate last year with wide support from Republicans. Democrats said they hoped this earlier resolution, which pledged that 2006 would be a year of "significant transition" toward an independent Iraq, would be followed by some Republican backing for the latest one.

But Senator John W. Warner, who as chairman of the Armed Services Committee was crucial to the adoption of last year's resolution, did not stand with the new proposal Monday.

"In this form, I could not support it," said Mr. Warner, Republican of Virginia.

Republicans said they were still exploring how to respond to the Democrats' latest approach. They are sensitive to the needs of senators in tough races, and therefore may bring an amendment of their own to express support for the troops in Iraq, giving those senators a chance to cast a vote backing a resolution instead of simply fighting one.

Such an amendment was the essence of the measure that House Republicans proposed last week, on which they prevailed.

But Senate Republicans also said they were inclined to debate the Democratic resolution head on. So, in contrast to the more predictable House debate, the Senate showdown could bring a more serious exchange of views on how best to deal with the war.

In any event, the resolution failed to satisfy Mr. Kerry. Late last week he said he was withholding his amendment in hopes that Democrats could find a "broad consensus." But on Monday he altered his proposal only slightly, to set the deadline for July 2007 instead of Dec. 31, 2006.

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The Levin amendment would leave some American troops, focused on counterterrorism and training Iraqi security forces, in place. But it calls for troops to begin moving out of Iraq by the end of this year, and for the president to submit a plan to Congress by then outlining preparations for further redeployment. Mindful of accusations that they are trying to micromanage a war from half a world away, the Democrats said they wanted to leave the "speed and pace" of the withdrawal to military commanders.

"This amendment is not cut and run," said Senator Jack Reed of Rhode Island, who joined Mr. Levin in proposing it. "This is not about a date certain. This is about getting the president to do the job correctly, something he has failed to do for the last three years and three months."

The resolution calls for an international conference to determine ways to secure Iraq and the region, and offers steps the Democrats said the Iraqis needed to make to take charge of their own country: sharing political power and economic resources among different groups, disarming the militias and rooting out disloyal members of security forces.

"As long as we're there to do this heavy lifting," Mr. Reed said, "even though they want to do it themselves, they won't do it."

Senate Democrats Push Phased Iraq Redeployment (WT)

By Christina Bellantoni

The Washington Times, June 20, 2006

Top Senate Democrats, who last week voted against a timetable for withdrawing troops from Iraq, yesterday introduced a measure to start a phased troop redeployment by the end of the year.

Sen. Carl Levin of Michigan said Iraqis must stop looking at the United States as a "security blanket" with an open-ended commitment of support.

"The administration's policy that we'll be there as long as Iraq needs us will result in Iraq depending upon us longer," Mr. Levin said before introducing the amendment to the defense authorization bill being considered this week. "Three and a half years into the conflict, we should tell the Iraqis that the American security blanket is not permanent."

Mr. Levin said phased redeployment -- not a timetable -- would encourage the Iraqi leaders to make "hard compromises" and secure their country.

Under the amendment, a phased redeployment of U.S. troops would begin by Dec. 31, when the Bush administration would be required to submit a plan for continued redeployment beyond 2006.

The co-sponsors are Democratic Sens. Jack Reed of Rhode Island, Dianne Feinstein of California and Ken Salazar of Colorado.

Republicans seized on the proposal as "cutting and running."

"Retreat is not an option," said Senate Majority Leader Bill Frist of Tennessee. "Those calling for an early withdrawal of American troops from Iraq utterly fail to understand the potentially catastrophic implications of their proposal."

A White House official last night dismissed the amendment, saying it calls for an arbitrary timeline that will encourage terrorists to wait for the United States to leave. "The choice is to stay and win or to allow Iraq to come become a safe haven for terrorists to plot against the United States," the official said.

Mr. Reed accused Republicans of using Iraq as a political football.

"Instead of offering a blueprint for success, the Bush administration has used the Iraq debate to attack Democrats for wanting to cut and run," he said.

Mr. Reed said redeployment should begin "as quickly as possible" to ease the strain on the troops, but added that the measure does not establish a pace.

The measure has Democratic support from Minority Leader Harry Reid of Nevada and Sens. Patrick J. Leahy of Vermont and Hillary Rodham Clinton of New York.

Mrs. Clinton said the amendment would send the Iraqi government a message that the U.S. commitment is not indefinite and that Iraq must be responsible for its own security, a Clinton staffer said.

None of the amendment's announced sponsors or supporters backed a withdrawal measure Thursday that failed on a 93-6 vote.

Three Democrats who did vote for withdrawal, Sens. John Kerry of Massachusetts, Barbara Boxer of California and Russ Feingold of Wisconsin, today will submit a competing amendment to redeploy troops by July 1, 2007.

"We must redeploy to succeed," Mr. Kerry and Mr. Feingold said in a joint statement, calling a prolonged U.S. stay a "crutch" for Iraqis.

"A deadline gives Iraqis the best chance for stability and self-government, and most importantly, it allows us to begin refocusing on the true threats that face our country," they said.

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Both amendments would leave in place military units with a limited mission of training and logistical support of Iraqi security forces, counterterrorist work and personnel protection.

The Levin amendment expresses a "sense of the Senate," but the Kerry measure would be binding.

The House on Friday passed a nonbinding resolution rejecting an "arbitrary" date for troop withdrawal by a 256-153 vote.

For Democrats, A Delicate Balance On Iraq (WP)

By Charles Babington And Jonathan Weisman

The Washington Post, June 20, 2006

Debate over Iraq will dominate the Senate this week, with Democrats scrambling to find a Goldilocks solution: not too hot on withdrawing U.S. troops quickly, but not so cold as to alienate large numbers of Democratic voters furious about the war and eager to bring the Americans home.

Four Democratic senators yesterday introduced a resolution intended to strike a just-right balance and to serve as an alternative to Sen. John F. Kerry's push for a hard deadline for a troop withdrawal. Their nonbinding "sense of the Senate" resolution would call on President Bush to begin a "phased redeployment" of U.S. troops by the end of this year. But it does not specify how quickly the drawdown should proceed or when it should be completed.

"This amendment is not cut-and-run," said Sen. Jack Reed (D-R.I.), who co-sponsored the measure with Sen. Carl M. Levin (D-Mich.). "This is not about a date certain" for a withdrawal, he said, but it is intended to spur the Iraqi government to prepare its army and police for self-sufficiency. Also endorsing the measure, to be offered as an amendment to the 2007 defense authorization bill, were Democrats Dianne Feinstein (Calif.) and Ken Salazar (Colo.).

Democrats said they hope that most of their party's senators -- and perhaps some Republicans -- will back the Levin-Reed amendment. Minority Leader Harry M. Reid (D-Nev.) will support it, his office said.

But liberals and antiwar activists will lean toward an alternative amendment offered by Democrats Kerry (Mass.), Barbara Boxer (Calif.) and Russell Feingold (Wis.). It would direct the administration to withdraw U.S. troops from Iraq by July 1, 2007. The only personnel allowed to remain beyond that date would be those "essential to completing the mission of standing up Iraqi security forces, conducting targeted counter-terrorist operations and protecting U.S. personnel and facilities."

Kerry, the party's 2004 presidential nominee, previously proposed bringing the troops home by the end of this year. Several colleagues urged him to reconsider, saying Republicans would portray Democrats during campaigning for the November elections as soft on terrorism and national security. Kerry agreed to extend the deadline by seven months, but he still calls for a firm date for most troops to be out.

"With the administration's failure to offer a coherent or effective strategy in Iraq, it is long past time for Congress to offer a plan to redeploy our troops so we can give Iraq its best chance at stability, and refocus on al Qaeda and the terrorist networks that threaten the security of all Americans," Kerry and Feingold said in a joint statement.

Levin told reporters yesterday: "We do not feel comfortable with a specific timetable for the redeployment of all of our forces or the pace of that."

Senate GOP aides said they were unsure whether the party's leaders would offer their own Iraq language or be content trying to defeat the Levin-Reed and Kerry-Feingold amendments.

The Senate jockeying follows last week's House vote, in which 42 Democrats joined 214 Republicans in backing a nonbinding measure rejecting "an arbitrary date for the withdrawal or redeployment" of U.S. troops from Iraq.

Between debates on matters military, the Senate may also get a chance to vote to raise the minimum wage for the first time since 1997. Sen. Edward M. Kennedy (D-Mass.) introduced an amendment yesterday that would lift the minimum wage from $5.15 to $7.25, calling congressional action "a moral issue."

The House was to act on the minimum wage as well this week, after Democrats attached a wage increase last week to the annual spending bill that funds labor, health and education programs. But Republican leaders put off consideration of the bill on the House floor, believing the measure could be defeated in an embarrassing procedural debate over the minimum-wage hike and ongoing disputes with House GOP moderates over its funding levels.

"With the minimum wage on there, coupled with level of expenditures in the bill, it was just too heavy a lift," said House Minority Whip Steny H. Hoyer (D-Md.).

The Senate's passage of a minimum-wage increase in 1997 created so much pressure on House Republicans in industrial districts in the Northeast and Midwest that GOP leaders were forced to bring the issue to the floor. Democrats are hoping to re-create that political dynamic.

But first they have to clear the Senate. Majority Leader Bill Frist (R-Tenn.) used a procedural move yesterday to ensure that before any vote on the minimum wage, the Senate must vote on a Republican measure criminalizing the transport of a minor

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across state lines to get an abortion. That vote could give some swing-state Democrats so much of a headache that the two parties will agree to drop both amendments and go back to defense.

Also on tap is a House vote on Thursday on Bush's line-item-veto proposal. Lawmakers have been unable to stop themselves from approving narrowly tailored "earmarks" that fund home-district pet projects, but Republicans appear eager to let the president stop them.

Democrats Shape Plans On Iraq (LAT)

By Maura Reynolds

The Los Angeles Times, June 20, 2006

WASHINGTON — Leading Senate Democrats called Monday for a "phased withdrawal" of U.S. forces from Iraq, outlining what they hope will become a consensus position on the war that will help their party speak with a more unified voice.

Some Democratic lawmakers have called for an immediate withdrawal, others for a continued presence of U.S. troops to foster security. Democratic leaders have been working to develop a consensus to rebut Republican accusations that they are divided and indecisive.

The new Democratic proposal sets a starting point for withdrawing troops but does not set an end date or demand a particular pace for the redeployment, said Sen. Carl Levin of Michigan, the ranking Democrat on the Armed Services Committee. He said he planned to offer the measure as an amendment to a defense spending bill being debated this week in the Senate.

"Our amendment does not establish a timetable for redeployment," Levin said. "It does urge that a phased redeployment begin this year, partly as a way of moving away from an open-ended commitment and a way of avoiding Iraqi dependency on a U.S. security blanket."

It also calls on the administration to develop a plan for the continued withdrawal of troops beyond 2006, and to change the definition of the mission from occupation to training, logistical support and counter-terrorism.

The measure is co-sponsored by Sens. Jack Reed (D-R.I.), Dianne Feinstein (D-Calif.) and Ken Salazar (D-Colo.). It has gained the support of Senate Minority Leader Harry Reid of Nevada and other party leaders.

"This amendment was crafted to get the support of a majority of Democrats as well as some Republicans," said Reid spokesman Jim Manley.

A second proposal, from Sens. John F. Kerry (D-Mass.) and Russell D. Feingold (D-Wis.), calls for complete withdrawal by July 2007. It appears to have the support of half a dozen senators, including Sen. Barbara Boxer (D-Calif.), who has signed on as a sponsor.

Many of the senators who support the Kerry proposal are expected to back the Levin amendment too, aides said.

"We need a deadline for the redeployment of U.S. forces in Iraq," Kerry and Feingold said in a statement. "A deadline gives Iraqis the best chance for stability and self-government, and most importantly, it allows us to begin refocusing on the true threats that face our country."

Progress in Iraq is expected to be a central issue in the fall congressional elections, as well as the 2008 presidential election. Kerry and Feingold are both expected to seek the Democratic nomination for president.

"After three years and three months of American presence, and after all the casualties that we have taken and the treasure which we have spent, the Iraqis are going to need to step up now and take over the security responsibility and deal with the militias," Levin said. "It's not a criticism of the Iraqis. It's a way forward in order to improve the chances of success."

Senate Majority Leader Bill Frist (R-Tenn.), a likely candidate for the Republican presidential nomination, denounced the Levin proposal as "cutting and running."

"Let me be clear: Retreat is not a solution. Our national security requires us to follow through on our commitments," Frist said in a statement. "Artificial deadlines are not the solution…. Cutting and running is bad policy that threatens our national security and poses unacceptable risks to Americans."

The Senate is expected to spend much of the week debating Iraq. Last week, the House passed a resolution expressing support for the administration's policies and rejecting an "artificial timeline" for withdrawal.

Vice President Dick Cheney, speaking to reporters at a journalism awards ceremony, said Monday that he stood by his assertion a year ago that the Iraqi insurgency was in its "last throes." But he acknowledged the intensity of the insurgency surprised the administration.

"I don't think anybody anticipated the level of violence that we've encountered," Cheney said. "I guess the other area that I look at, in terms of an area where I think we were faced with difficulties we didn't anticipate, was the devastation that 30 years of Saddam's rule had wrought, if you will, on the psychology of the Iraqi people. Very, very hard to go from the way they were forced to live for a long period of time to a situation in which they have the opportunity for self-government."

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Last week, both of California's senators intended to offer their own withdrawal proposals, but they agreed over the weekend to coalesce around the two approaches announced Monday.

"I believe an open-ended commitment is no longer sustainable in Iraq," Feinstein said in a statement. "It seems to me the president should have come forward with something more specific than 'Stay the course' and 'We will stand down as they stand up.' "

Cheney Stands By His 'Last Throes' Remark (WP)

By Thomas E. Ricks

The Washington Post, June 20, 2006

Vice President Cheney yesterday defended his much-criticized claim a year ago that the Iraq insurgency was in its "last throes" and said he believes that Iraq "turned a corner" last year when its people held elections creating a constitution and a government.

Speaking at the National Press Club, Cheney predicted that 10 years from now people will look back at 2005 and say, "That's when we began to get a handle on the long-term future of Iraq."

But he also acknowledged that the administration underestimated the strength of the insurgency. "I don't think anybody anticipated the level of violence that we've encountered," he said. He added: "We didn't anticipate . . . the devastation that 30 years of Saddam's rule had wrought, if you will, on the psychology of the Iraqi people."

Cheney has repeatedly stood by his May 2005 declaration that the insurgency was waning, even as Democratic politicians and comedians have mocked it. It has joined a litany of administration statements about Iraq cited as examples of wishful thinking, including that reconstruction would be inexpensive for U.S. taxpayers and that U.S. troops would be greeted as liberators.

The most famous optimistic assessment came nearly three years ago, when President Bush stood on an aircraft carrier off California under a banner that read "Mission Accomplished." "We have seen the turning of the tide," he said then. Since that statement, more than 2,300 Americans have died in Iraq.

Despite Cheney's assertion that no one foresaw how difficult the post-invasion phase would be, defense and Middle East experts have said that administration officials during the run-up to the war ignored their warnings about potential obstacles ahead.

For example, a group of specialists who met at the Army War College in December 2002, three months before the U.S. invaded Iraq, warned: "The possibility of the United States winning the war and losing the peace is real and serious." Iraq had been strained by decades of misrule, wars and sanctions, they observed, noting that "if the United States assumes control of Iraq, it will therefore assume control of a badly battered economy." The writers of the Army report emphasized that Iraq was going to be tougher than the administration was acknowledging publicly. "Successful occupation will not occur unless the special circumstances of this unusual country" are heeded, they warned.

Likewise, 70 national security experts and Middle East scholars met about the same time for two days at the National Defense University and then issued a report concluding that occupying Iraq "will be the most daunting and complex task the U.S. and the international community will have undertaken since the end of World War II." One participant, Army Col. Paul Hughes, sent a copy of the conference report to the office of Douglas J. Feith, then the undersecretary of defense for policy, but "never heard back from him or anyone else" over there, he said.

Cheney: U.S. Action Averts New Attacks (USAT)

USA Today, June 20, 2006

The United States' biggest terrorism threat is “an al-Qaeda cell armed with a nuclear weapon or a biological agent in the middle of one of our own cities,” Vice President Cheney said Monday.

Speaking at the National Press Club, Cheney credited aggressive U.S. action for preventing terrorist attacks since Sept. 11, 2001. “The fact of the matter is we have been safe and secure here at home,” he said. “That's not an accident. It didn't happen just because we got lucky.”

Cheney said improved intelligence-gathering and preventive steps have thwarted attacks on U.S. soil. He singled out the National Security Agency's warrantless surveillance program as important in the war on terrorism and said it “clearly is legal” and is “consistent with the Constitution.”

The NSA program involves monitoring international communications of people in the USA without a court warrant when one party may have ties to terrorism.

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Critics, including Senate Judiciary Chairman Arlen Specter, R-Pa., say a 1978 law requires the spy agency to get court warrants before eavesdropping on U.S. targets.

The Interior Department reversed a controversial proposal that would have allowed more snowmobiles and all-terrain vehicles in national parks at the expense of conservation.

New guidelines emphasize preserving natural resources over developing more recreation opportunities at national parks. The management policy says parks should aim for the highest clean air standard, preserve solitude and keep wilderness lands free from snowmobiles, ATVs and other intrusions.

"That is the heart of these policies and the lifeblood of our nation's commitment to care for these special places and provide for their enjoyment," Interior Secretary Dirk Kempthorne said.

The plan, which becomes final in three weeks, is one of the first moves for Kempthorne. He replaced Gale Norton last month.

Coleen Rowley, a former lawyer in the FBI's Minneapolis field office who is running for Congress as a Democrat in Minnesota, received both praise and criticism in a Justice Department inspector general's report on the investigation of al-Qaeda terrorist Zacarias Moussaoui.

The report credits Rowley for blowing the whistle on FBI headquarters for not aggressively investigating Moussaoui before the 9/11 attacks in 2001. It faults her for not pursuing other avenues, such as a traditional search warrant. She focused on obtaining a search warrant from a special intelligence court that operates in secret.

The report was released last year, but the Moussaoui part was withheld pending his trial. He was sentenced last month to life in prison.

Deputy Secretary of State Robert Zoellick said he is leaving to join investment house Goldman Sachs and concentrate on trying to develop investment markets around the world. Secretary of State Condoleezza Rice praised Zoellick, 52, as her "alter ego." She did not say who will replace Zoellick when he leaves next month.

Japan Plans To Bring Troops Home As Iraqis Take Over (WP)

By Anthony Faiola

The Washington Post, June 20, 2006

TOKYO, June 20 -- Prime Minister Junichiro Koizumi announced a plan Tuesday to withdraw Japan's 550 troops from Iraq, ending a landmark mission that became Tokyo's largest military operation since World War II, according to a Japanese official.

On Monday, Iraqi Prime Minister Nouri al-Maliki announced that Iraqi troops would take over security next month around the southern city of Samawah, where the Japanese and other forces are stationed. Officials here have repeatedly said that the Japanese -- whose withdrawal has been anticipated for months -- had been awaiting that decision before finalizing withdrawal plans.

Koizumi revealed his plan at a meeting of the ruling Liberal Democratic Party, saying he would make a public announcement of the pullout later in the day, according to the official, who spoke on condition of anonymity.

At a news conference Monday, Koizumi declined to give a specific timeline on the withdrawal but said Japan will continue to provide reconstruction and humanitarian aid to the Iraqi people even after the troops are pulled out.

"When the time comes," Koizumi said, "I will decide when will be the appropriate timing to have the SDF troops return home safely after getting the understanding of other countries and the Iraqi government."

Koizumi's decision to pull out, officials say, is likely to be contingent on an announcement by the British and Australians to withdraw the forces around Samawah that had been protecting the Japanese. In Canberra, Australia, Defense Minister Brendan Nelson said Tuesday that Australia would reassign its 460 troops now protecting Japanese forces to help the Iraqi military secure the border with Syria. Nelson said the troops would be redeployed when Japan withdrew.

The Japanese withdrawal is not expected to dramatically affect the effort to rebuild Iraq. Analysts have said the Japanese mission there is more symbolic than strategic. The troops have provided engineering guidance and humanitarian services but are limited in their role by Japan's pacifist constitution and have had to count on other foreign forces for protection.

The contentious move to dispatch Japanese troops to Iraq was seen as a dramatic step for Japan, which after decades of engaging in what came to be known as "checkbook diplomacy" has shown more willingness to deploy its forces.

Despite public opposition, Koizumi pushed through the plan to dispatch Japanese ground troops in December 2003, largely in an effort to demonstrate support for the U.S.-Japan alliance. Japanese troops began arriving in Iraq in February 2004.

U.S. officials have requested that Japan continue to provide air transport assistance in Kuwait and surrounding areas. The Japanese said they would consider the request, and analysts have said Koizumi is likely to agree to the proposal.

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'Coalition Of The Willing' Shrinks In Iraq (FT)

By Guy Dinmore And David Pilling

Financial Times, June 20, 2006

The shrinking US "coalition of the willing" in Iraq has come to resemble more a coalition of the reluctant, as allies weigh up the costs of continued involvement in an unpopular war against the benefits of backing President George W. Bush for the rest of his second term.

Japan is expected to become the latest coalition member to announce a schedule for its withdrawal in a public statement on Tuesday. Italy's new foreign minister, Massimo D'Alema, met Condoleezza Rice, US secretary of state, last week to discuss the Italian pullout by the end of the year, meaning in effect an end to operations by September.

Spain withdrew its 1,300 soldiers from Iraq in 2004 after a change of government. The Netherlands, Ukraine, Nicaragua, the Philippines and Honduras have also pulled out. Only several thousand foreign troops remain along side some 130,000 US soldiers.

The UK on Monday confirmed that Iraqi security forces would take over responsibility for security in the southern Muthana province, where Japanese forces were based. British and Australian troops – who provided security for the Japanese as they carried out reconstruction projects – will be redeployed.

Analysts say only the UK provided a sizeable military force that actually made a difference in operational capability. Contributions from most other countries had more meaning in terms of political support for the US when the Bush administration failed to win enough backing for a second resolution at the UN.

Senior Japanese cabinet ministers met on Monday to discuss a timetable for the withdrawal, increasing the possibility that the pull-out could take place to coincide with a planned visit by Junichiro Koizumi, prime minister, to Washington at the end of this month.

Last year, at the start of Mr Bush's second term, Ms Rice launched a drive to rebuild alliances, particularly in Europe, for the Iraq effort. Ultimately she failed as Mr Bush took on the appearance of a lame duck president, commented Lawrence Korb, senior analyst at the Center for American Progress, a liberal think-tank.

But he said countries like Japan could not be accused of "cutting and running" as they never thought over three years ago that they would have to stay that long.

Anthony Cordesman, senior analyst at the Center for Strategic and International Studies, said the changes in the coalition were much more important for the political symbolism than operational reality. The war, he said, had led to serious political problems at home for contributing states as public support steadily deteriorated.

"A steady pace of withdrawal and cuts from the coalition of the willing sends a message that the war does not have the support when it started, and nor does the US," he said.

The US said it expected to issue a statement on the status of the coalition last night.

The original coalition of the willing, as announced when the invasion began, brought together a disparate group of 44 declared members. But these included many that had virtually no military resources to offer, such as Afghanistan, and others that later broke ties with the US, including Uzbekistan.

Diplomats are also concerned that reconstruction efforts will be hindered by the withdrawals as it is not clear how planned joint military-civilian Provincial Reconstruction Teams will be made secure.

Japanese ministers have hinted that Japan will offer the US other logistical support, including more transport flights to Baghdad and elsewhere, by the air self-defence force (ASDF), Japan's version of an air force.

The ASDF has three C-130 transportation aircraft based in Kuwait from where it transports goods and personnel to Basra and a base near Samawah, where Japanese ground forces are based. The ASDF does not currently operate regular flights to Baghdad.

Australia's prime minister, John Howard, said on Monday that some of Australia's 460-member taskforce could remain in Iraq, possibly supporting Iraqi forces stationed at Tallil, a major coalition base near the city of Nasririyah.

"We would continue to see a role, albeit a somewhat different role, for our forces in southern Iraq. The operations will be likely to be based in and around Tallil. The primary purpose would be to provide a security reinforcement or back-up for the Iraqi security forces and also an ongoing training role," he said.

Japan To Withdraw Its Troops From Iraq (LAT)

By Bruce Wallace

The Los Angeles Times, June 20, 2006

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TOKYO — Japan's government will withdraw its troops from Iraq, ending a mission that broke postwar taboos by sending its troops into foreign combat zones for the first time since 1945.

Prime Minister Junichiro Koizumi told executives of his ruling party that the roughly 600 Japanese soldiers stationed in the southern Iraqi city of Samawah would come home over the next two months, according to Japanese media reports.

"We've finished this chapter," Koizumi reportedly told the officials.

The mission has been controversial in Japan, where polls show a majority of the public opposes the war.

Koizumi had to ensure that the deployment conformed to Japan's pacifist constitution, which prohibits the country from using force to resolve international disputes.

Tokyo had portrayed the mission as strictly humanitarian, with troops focused on improving water supplies and rebuilding hospitals and schools. Security was provided by allies to avoid situations in which Japanese soldiers might have to fire their weapons or risk injury or death.

The Iraqi government, noting the relative calm in the Samawah region, announced this week that it would be the first place where Iraqi forces would assume security duties from foreign troops.

The Japanese mission was more important politically than militarily. The small deployment gave Washington the comfort of having another ally present in Iraq, while allowing Tokyo to establish the precedent of sending troops into a hostile environment.

Japanese critics say their government used the deployment as a means of stretching its constitutional limits on sending soldiers abroad.

The Way Out Of Iraq: A Road Map (WP)

By Mowaffak Al-Rubaie

The Washington Post, June 20, 2006

There has been much talk about a withdrawal of U.S. and coalition troops from Iraq, but no defined timeline has yet been set. There is, however, an unofficial "road map" to foreign troop reductions that will eventually lead to total withdrawal of U.S. troops. This road map is based not just on a series of dates but, more important, on the achievement of set objectives for restoring security in Iraq.

Iraq has a total of 18 governorates, which are at differing stages in terms of security. Each will eventually take control of its own security situation, barring a major crisis. But before this happens, each governorate will have to meet stringent minimum requirements as a condition of being granted control. For example, the threat assessment of terrorist activities must be low or on a downward trend. Local police and the Iraqi army must be deemed capable of dealing with criminal gangs, armed groups and militias, and border control. There must be a clear and functioning command-and-control center overseen by the governor, with direct communication to the prime minister's situation room.

Despite the seemingly endless spiral of violence in Iraq today, such a plan is already in place. All the governors have been notified and briefed on the end objective. The current prime minister, Nouri al-Maliki, has approved the plan, as have the coalition forces, and assessments of each province have already been done. Nobody believes this is going to be an easy task, but there is Iraqi and coalition resolve to start taking the final steps to have a fully responsible Iraqi government accountable to its people for their governance and security. Thus far four of the 18 provinces are ready for the transfer of power -- two in the north (Irbil and Sulaymaniyah) and two in the south (Maysan and Muthanna). Nine more provinces are nearly ready.

With the governors of each province meeting these strict objectives, Iraq's ambition is to have full control of the country by the end of 2008. In practice this will mean a significant foreign troop reduction. We envisage the U.S. troop presence by year's end to be under 100,000, with most of the remaining troops to return home by the end of 2007.

The eventual removal of coalition troops from Iraqi streets will help the Iraqis, who now see foreign troops as occupiers rather than the liberators they were meant to be. It will remove psychological barriers and the reason that many Iraqis joined the so-called resistance in the first place. The removal of troops will also allow the Iraqi government to engage with some of our neighbors that have to date been at the very least sympathetic to the resistance because of what they call the "coalition occupation." If the sectarian issue continues to cause conflict with Iraq's neighbors, this matter needs to be addressed urgently and openly -- not in the guise of aversion to the presence of foreign troops.

Moreover, the removal of foreign troops will legitimize Iraq's government in the eyes of its people. It has taken what some feel is an eternity to form a government of national unity. This has not been an easy or enviable task, but it represents a significant achievement, considering that many new ministers are working in partisan situations, often with people with whom they share a history of enmity and distrust. By its nature, the government of national unity, because it is working through consensus, could be perceived to be weak. But, again, the drawdown of foreign troops will strengthen our fledgling government to last the full four years it is supposed to.

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While Iraq is trying to gain its independence from the United States and the coalition, in terms of taking greater responsibility for its actions, particularly in terms of security, there are still some influential foreign figures trying to spoon-feed our government and take a very proactive role in many key decisions. Though this may provide some benefits in the short term, in the long run it will only serve to make the Iraqi government a weaker one and eventually lead to a culture of dependency. Iraq has to grow out of the shadow of the United States and the coalition, take responsibility for its own decisions, learn from its own mistakes, and find Iraqi solutions to Iraqi problems, with the knowledge that our friends and allies are standing by with support and help should we need it.

The writer is Iraq's national security adviser.

Murder Charges For 3 G.I.'s In Iraq (NYT)

By Thom Shanker And Sabrina Tavernise

The New York Times, June 20, 2006

WASHINGTON, June 19 — Three American soldiers suspected of killing three detainees in Iraq and then threatening a soldier with death if he reported the shootings have been charged with premeditated murder and obstructing justice, Army officials said Monday.

The accused soldiers, two enlisted men and a noncommissioned officer, also face charges of attempted murder, conspiracy and threatening in connection with the deaths of the three detainees on May 9, the Army's documents showed.

One Defense Department official said investigators had evidence that the soldiers had released the detainees deliberately before they were shot, apparently to have a pretext for killing them as they fled.

In Iraq on Monday, an Islamic militant group linked to Al Qaeda said it had captured two American soldiers listed as missing, but it offered no proof, and American military officials remained skeptical. The two soldiers disappeared Friday night in an ambush southwest of Baghdad, and the military has organized a force of 8,000 American and Iraqi troops to find them.

The three soldiers charged by the Army were identified as Staff Sgt. Raymond L. Girouard, Specialist William B. Hunsaker and Pfc. Corey R. Clagett. A conviction of murder under the Uniform Code of Military Justice can carry the death penalty. A conviction of attempted murder carries a maximum punishment of life in prison, as does a conviction of conspiracy. A conviction for wrongfully communicating a threat carries a maximum term of five years.

The victims remained unidentified and were listed on the charge sheets only as male detainees apparently of Middle Eastern descent.

The three soldiers, assigned to the Third Brigade Combat Team of the 101st Airborne Division, were jailed in Kuwait last Thursday to await hearings to determine whether they would face courts-martial, officials said.

The charge sheets list a number of instances in which the suspects are said to have threatened another soldier with death if he assisted investigators. The charge sheets quote the suspects as saying to the soldier, a private first class, " 'I will kill you if you tell anyone,' or words to that effect," and " 'You better not talk or I will kill you,' or words to that effect."

Military officials said over the weekend that the allegation of wrongdoing was raised by an enlisted soldier. Military officials said the soldiers suspected in the killings initially asserted that the three detainees had died as they were trying to escape.

The shootings occurred near the Muthanna Chemical Complex along the Tharthar Canal, in southern Salahuddin Province, a restive Sunni Arab region in north-central Iraq, according to the military statements.

Military officials said the shootings came during a joint American-Iraqi raid of suspected insurgent positions inside the chemical complex.

Few other details were available.

"On the day the alleged murders occurred, the unit commander ordered an inquiry to determine the circumstances surrounding the deaths of the three detainees," the military said in a statement.

Regarding the search for the two soldiers who have been missing since Friday, a message posted Monday on a Web site of the Council of Holy Warriors, which says it oversees Al Qaeda in Mesopotamia and seven other militant groups, said, "Our brothers in the military wing" had seized the soldiers near Yusufiya, the town where the military began its search.

"We will provide you with more details on this incident in the next few days," the group said.

It was not clear whether the assertion was true: the group's posting was unusually brief and did not say precisely where the soldiers had been seized. It offered no pictures of the soldiers.

In a separate posting, the same group said it had kidnapped four Russian Embassy employees in the upscale neighborhood of Mansour in early June. The group gave the Russian government 48 hours to withdraw from Chechnya, a rebellious Muslim republic within Russia, and to release Muslim detainees from Russian prisons.

The Russian Foreign Ministry, in a statement on Monday, called for the release of the embassy employees.

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An American military spokeswoman said the military was investigating the claim about the soldiers, but an American official in Baghdad cautioned that the military viewed the Web statement with some skepticism. It contained only information that could have been easily gleaned from news articles on the Internet.

Also, the official said, the council is an umbrella group and does not itself have the fighters needed to carry out an attack like the one it says led to the soldiers' capture.

The sweeping search continued for the soldiers, identified by the military on Monday as Pfc. Kristian Menchaca, 23, of Houston, and Pfc. Thomas L. Tucker, 25, of Madras, Ore. A third soldier, Specialist David J. Babineau, 25, of Springfield, Mass., was killed when insurgents attacked the three at a traffic checkpoint.

Since Friday, troops had searched 12 villages, detained 34 Iraqis and conducted 12 cordon-and-search operations, the military said. Troops were supported by fighter jets and pilotless Predator drones.

A resident in Karagol, the village that appeared to be closest to where the soldiers were taken, said the Americans had shut off all water and electricity in the town.

The troops appear to have met some resistance. Since Friday, three Iraqis identified as insurgents have been killed, the military said, and seven American soldiers have been wounded.

Another Internet posting surfaced Monday in which Ansar al-Sunna, a militant group operating in northern Iraq, said it had captured an Iraqi woman serving as a translator, Salma Gasem Hamadi, a Shiite who the group said was working for the American military in Tikrit.

The posting included a chilling warning for translators in the area to "leave your work immediately before we get you," according to a translation provided by the SITE Institute, a group that tracks militant Web sites.

In Rome on Monday, three Italian prosecutors requested the indictment of an American soldier for the shooting of an Italian intelligence agent, Nicola Calipari, who was killed by gunfire at a checkpoint in Iraq last year, the Italian news agency ANSA reported.

According to the report, the Italian prosecutors have asked that the soldier, identified as Specialist Mario Lozano, a member of the New York National Guard, stand trial on charges of murder and attempted murder.

On March 4, 2005, just after securing the release of an Italian journalist who had been kidnapped in Baghdad, Mr. Calipari was killed when the car carrying him and the journalist, Giuliana Sgrena, came under fire at a checkpoint.

A spokesman for the United States Embassy in Rome said the embassy had not been contacted about the indictments and declined further comment.

Also on Monday, Prime Minister Nuri Kamal al-Maliki said Iraqi troops would assume full responsibility in July for security in Muthanna Province, where British forces oversee a multinational force of Australians and Japanese troops. Muthanna would be the first of Iraq's provinces outside of the Kurdish north to be under full Iraqi control.

In all, 13 Iraqis were killed and 36 wounded Monday in violence in Baghdad and in Diyala Province, north of Baghdad, Iraqi authorities said.

U.S. To Charge Soldiers In Iraq Detainee Deaths (WT)

By Rowan Scarborough

The Washington Times, June 20, 2006

The Army announced murder charges yesterday against three American soldiers in the May 9 deaths of Iraqi detainees.

A brief statement in Baghdad did not identify the three soldiers or their ranks. It said they are members of the 101st Airborne Division, based in Tikrit, and were being held in pretrial confinement in anticipation of an Article 32 hearing that could lead to courts-martial. The military said three Iraqi detainees were killed May 9 near the Thar Thar Canal in northern Salahuddin province.

The case could be the first in a series of murder charges against soldiers and Marines in the deaths of Iraqi civilians. The command is conducting a forcewide retraining program on the importance of ethics and protecting noncombatants. The murder counts send a message to the troops that the military is prepared to lodge the ultimate charge against its own in the confusing environment of counterinsurgency warfare.

Two major cases remain under investigation. The Marine Corps is holding seven Marines and one Navy hospital corpsman at Camp Pendleton, Calif., while the Naval Criminal Investigative Service (NCIS) probes the death of an Iraqi man in April in the town of Hamandiyah.

The NCIS also has been investigating the killing of 24 civilians by Marines Nov. 19 in the Anbar province town of Haditha. Criminal defense attorneys have said they expect one or more Marines to be charged with murder in that case. The Marines'

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attorneys say they did nothing wrong. They say the deaths came after their convoy was attacked by an improvised explosive device, and they cleared three houses in which civilians and suspected insurgents were interspersed.

In the 101st Airborne case, the military did not release the official charge sheets that typically identify the accused and provide more details. The statement said the three enlisted soldiers face charges of murder, attempted murder, conspiracy, communicating a threat and obstruction of justice.

"On the day the alleged murders occurred, the unit commander ordered an inquiry to determine the circumstances surrounding the deaths of the three detainees," the statement said.

This is not the first time the military has filed charges in the case of a detainee death in Iraq. But no soldier has been convicted of murder. The most serious sentence in a detainee-abuse case was a 10-year sentence handed to former Army Spc. Charles A. Graner Jr., who supervised the abuse and humiliation of prisoners at Abu Ghraib.

In the global war on terror, the Army has processed more than 56,000 detainees and is holding about 15,000 in Afghanistan, Iraq and Guantanamo Bay, Cuba.

The Army has conducted more than 600 criminal investigations resulting in charges against 251 soldiers who went before courts-martial or faced administrative punishment.

Army Cancels Contract For New Iraqi Prison (NYT)

By James Glanz

The New York Times, June 20, 2006

BAGHDAD, Iraq, June 19 — The Army Corps of Engineers said Monday that it had canceled a $99.1 million contract with Parsons, one of the largest companies working in Iraq, to build a prison north of Baghdad after the firm fell more than two years behind schedule, threatened to go millions of dollars over budget and essentially abandoned the construction site.

The move is another harsh rebuke for Parsons, only weeks after the corps canceled more than $300 million of the company's contracts to build and refurbish hospitals and clinics across Iraq. A federal oversight office had found that some of the clinics were little more than empty shells and that only 20 of 150 called for in the contract would be completed without new financing.

But the prison, originally scheduled to be completed this month, appears to be the largest single rebuilding project canceled for failing to achieve its goals under the $45 billion American rebuilding program for Iraq. The corps said Parsons officials had recently estimated that it could not be completed before September 2008, and would cost an additional $13.5 million.

"I have other contractors that hold to their schedules," said Maj. Gen. William H. McCoy Jr., commander of the corps' Gulf Region Division. "And when they hold to their schedules, there's no problem."

In the case of the prison contract, General McCoy said, "I've got to stop the bleeding."

The corps says it intends to complete 3,700 rebuilding projects. But that number is much smaller than once planned and there is no independent overall assessment of their success. For example, among the water and sanitation projects, only 49 of the 136 projects originally envisioned are expected to be completed, according to Stuart W. Bowen Jr., who leads the office of the Special Inspector General for Iraq Reconstruction, an independent federal oversight office.

The move over the prison contract pushes further into the open a series of bitter disagreements between Parsons and the corps over who is ultimately responsible for the failure of its rebuilding projects. When a senior Parsons official was informed by telephone that General McCoy had released word of the cancellation, the official replied, "He would, wouldn't he?"

The official referred a reporter to Parsons corporate headquarters in the United States for permission to conduct an interview for attribution about the development. But the request was turned down, and the company released a brief statement through a spokeswoman instead.

"Parsons performed our work in Iraq in conformance with the contract terms and the direction given to us by the U.S. government," said the spokeswoman, Erin Kuhlman, by e-mail. "We're extremely proud of our dedicated employees who have performed very well under extremely difficult and dangerous circumstances."

Another corps official, Col. Andrew Q. Knapp, said that even the new September 2008 completion date cited by Parsons was not realistic because the company had stopped working on the site two months ago. "So the date's kind of meaningless," Colonel Knapp said.

The company declined to clarify why it had stopped the work.

The largest single project previously canceled in Iraq appears to have been a $75.7 million dollar contract that called for KBR, formerly Kellogg Brown & Root, to restore a set of oil pipelines across the Tigris River.

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The loss of business for Parsons in Iraq may not be over. General McCoy said a broad review of Parsons' work in Iraq had turned up problems in sector after sector. According to news releases on the Parsons Web site, the company has received contracts worth as much as $4 billion in Iraq.

Parsons' contracts with the corps called for building and refurbishing scores of police stations, border forts, fire stations, courthouses, prisons and Iraqi government buildings. "We found overruns in almost every case," General McCoy said.

Corps officials also said that they had asked the company to explain delays and overruns on another prison project, south of Nasiriya, for which it has an $82.7 million contract.

Mr. Bowen, the inspector general, said after he issued a pair of scathing reports on the clinics that he intended to review all of the Parsons work in Iraq. Mr. Bowen's reports said the $243 million program to build 150 clinics would complete only 20 unless new financing were found.

In some cases, the reports found, the clinics were little more than empty shells of uneven bricks and concrete that were already crumbling into dust. But those reports focused much of their criticism on what they called the failure of the corps to exercise proper oversight of the work.

Shortly after those reports were issued, General McCoy canceled the clinics contract, and shortly thereafter voided a $70 million Parsons project to refurbish 20 hospitals in Iraq. General McCoy said Sunday that he had found $62 million in his budget to finish the remaining clinics by letting construction contracts directly to Iraqi companies.

The general said he would also contract directly with Iraqi companies to finish the 1,800-inmate prison, the Khan Bani Saad Correctional Facility. Colonel Knapp said that about 40 percent of the project had been completed and that what was in place appeared to be sound.

"It's just primarily cost and schedule," Colonel Knapp said of the reasons for canceling the Parsons prison contract. "There's an urgent need for prisons right now for the country of Iraq, and it's simply not getting there fast enough."

An inspection team led by Mr. Bowen visited the Nasiriya prison project in May and found that the workmanship was good but that the construction schedule had slipped by nearly a year for reasons no one there could explain. General McCoy said he was aware of Mr. Bowen's findings and asked the company for an explanation.

"We've given them about 10 days to come back to us," General McCoy said.

Battlefield Conversion Employees Of Contractor Barred From Iraq Resurrect Its Business (WSJ)

By Yochi J. Dreazen

The Wall Street Journal, June 20, 2006

On Jan. 3, 2005, Jerry Cullen signed an unusual document at the Baghdad headquarters of his employer, Custer Battles LLC, which the U.S. military had accused of fraud and barred from receiving any new Iraq contracts.

The document was a single-page "bill of sale." Attached were several pages detailing assets such as cars, trucks, prefabricated housing and communications gear that Custer Battles was selling. The buyer was a little-known company in Bucharest, Romania, called Danubia Global Inc. The document said Danubia would pay Custer Battles "U.S. One Dollar" upfront, and an unspecified amount of money in the future. The company never gave Custer Battles any additional money, Danubia executives say.

While the U.S. sanctions technically put Custer Battles out of business, it never actually shut down. After paying its dollar, Danubia took on most of Custer Battles's employees, who continued to work out of Custer Battles trailers on the grounds of Baghdad's airport. They were paid, for a time, from Custer Battles bank accounts. Danubia's owner, Richard Levinson, was a former Custer Battles senior executive. After signing the sale document, Mr. Cullen left Custer Battles to work for Danubia as a consultant.

Now, the Custer Battles-Danubia link is the focus of a federal criminal investigation. Law-enforcement authorities are exploring whether Danubia was an artificial entity created to evade the government ban on Custer Battles, according to investigators involved in the probe. They're examining whether Danubia executives defrauded the federal government by obtaining millions of dollars of contracts they weren't entitled to receive.

Mr. Levinson says in a phone interview that Danubia has no continuing ties to Custer Battles or that company's two founders. He stresses that neither he nor any of the employees who went with him were linked to the wrongdoing at their former firm. "I can say simply, honestly, and without reservation that Danubia is not a shell company," he says.

Meanwhile Danubia is wrestling with another controversy. This one stems from an April clash near the Baghdad airport, in which Iraqi police personnel said Danubia security guards fired on them without provocation, killing several officers including a colonel. Danubia denies wrongdoing and says its guards were fired on first. The U.S. military is pursuing a formal investigation -- separate from the one about ties to Custer Battles -- and has barred Danubia from operating in the area.

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The Bush administration's effort to rebuild Iraq has been marred by mismanagement and instances of corruption. U.S. audits have found evidence that hundreds of millions of dollars was spent without proper authorization, given to contractors who performed shoddy work, or paid to firms charging unreasonably high prices. The audits have also found cases where corrupt contractors and U.S. and Iraqi government officials stole money.

The U.S. has budgeted $20.9 billion specifically for Iraq reconstruction, not counting money for smaller projects that comes from the military's budget. Mindful of the problems, the White House didn't include any further money for the reconstruction program in its latest budget request, meaning the program is likely to end later this year when its funds run out.

Custer Battles was one of the first American contractors suspended by the government, and it is often held up as a leading example of wrongdoing. In a civil trial earlier this year, a federal jury in Alexandria, Va., found that Custer Battles defrauded the government of $3 million by filing faked invoices. The company has asked U.S. District Judge T.S. Ellis III, who presided over the trial, to set aside the verdict.

Custer Battles was founded in late 2002 by two former Army Rangers, Scott Custer and Michael Battles. After the U.S.-led invasion ousted Saddam Hussein, the two men won contracts to guard Baghdad's airport and provide logistical support for the introduction of Iraq's new currency. Soon Custer Battles had hundreds of employees in Iraq.

The American-run Coalition Provisional Authority grew suspicious of bills the firm was submitting and summoned Messrs. Custer and Battles to an October 2003 meeting. The session deteriorated into a shouting match, according to participants. After the meeting, CPA officials discovered the Custer Battles executives had left behind a spreadsheet. It showed the company had spent $4 million fulfilling the currency contract but charged the CPA $10 million.

The government opened a formal probe the following day. It concluded the company had reaped outsized profits by exaggerating costs. In September 2004, the Air Force, which signed contracts on behalf of the CPA, suspended the firm from bidding for new contracts or renewing existing ones. The move effectively put Custer Battles out of business.

Danubia came into existence a short time later.

Financial registration documents from the British Virgin Islands show that the company was incorporated in the city of Tortola on Dec. 7, 2004, with $50,000 in authorized capital. Danubia said it operated out of Bucharest, which lies on a tributary of the Danube River. It listed its corporate parent as a second British Virgin Islands firm called Security Ventures International Ltd. Mr. Levinson, the Danubia owner, says he also owns Security Ventures International. He explains that he created the companies to avoid paying U.S. taxes in the event the firms were later sold and to minimize his liability in American courts if employees were killed or wounded in Iraq.

Series of Setbacks

Mr. Levinson, a 53-year-old lawyer, joined Custer Battles as a contract manager in December 2003 after a series of personal and professional setbacks.

He had worked for a time in the State Department, where he served as a political officer at the American Embassy in Rome. He was also an aide to senior officials including then-Assistant Secretary of State Richard Holbrooke. He left the State Department in 1998 for the private sector.

Mr. Levinson says his marriage ended in the early 1990s in a divorce that took more than 12 years and $1 million in legal fees to resolve. Toward the end of the battle with his ex-wife, Mr. Levinson was laid off and spent 18 months looking for work. In July 2003, Mr. Levinson and his second wife filed for Chapter 7 bankruptcy protection, citing liabilities of nearly $400,000.

After the demise of Custer Battles, Mr. Levinson says he saw Danubia as a way to ensure a steady income for himself and former colleagues. He says Messrs. Custer and Battles agreed to effectively give him the company's Iraq assets as a reward for past work. "It was a kind of severance package," he says.

The new company quickly got off the ground. Custer Battles's remaining security contractors and support staff were summoned to the small office housing the firm's Baghdad operations center. They were told their positions were being eliminated but they could apply for identical positions with Danubia, Mr. Levinson says. Virtually all of them went to work for the new company, he says.

Several Danubia employees had their salaries paid from Custer Battles bank accounts until at least the end of May, according to bank-account statements.

Mr. Levinson says Danubia was actually paying the salaries but the money was funneled through Custer Battles's accounts to take advantage of the established firm's payroll system. Mr. Cullen, whose responsibilities as a consultant to Danubia are similar to those he had at Custer Battles, didn't reply to emails seeking comment.

David Douglass, a lawyer representing Custer Battles in its bid to get the jury verdict against the company overturned, says Custer Battles and Danubia are separate entities. "Custer Battles sold Danubia some equipment and some of its people went to

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work for Danubia in Iraq, but you're talking about two completely different companies," he says. Messrs. Douglass and Levinson say Messrs. Custer and Battles have no link to Danubia.

Danubia decided to focus its operations on volatile western Iraq, the scene of near-daily violence, marking a shift from Custer Battles's work around Baghdad. Marines stationed in western Iraq employ logistics companies to deliver supplies, and the logistics firms hire security firms to guard their convoys.

Danubia's business strategy called for undercutting rival security companies. Danubia general manager Amy Clark -- who held a similar position with Custer Battles -- says other companies charged $15,000 per convoy, while Danubia charged just $7,500. "We told people that we were the Target of security, not the Nordstrom's," she says.

The firm won a series of government-related contracts worth $1.28 million per month, according to internal Danubia emails.

Just two months after taking over Custer Battles's assets, Danubia itself sought a buyer, hoping an infusion of cash would help it meet payroll and other obligations. The suitor was Windmill International, a Virginia-based financial-services firm run by Douglas Combs, who had served as a special assistant to acting Secretary of the Navy Hansford Johnson in 2003. On May 26 of last year, Windmill International put out a press release announcing that it had "acquired a major shareholding in Danubia."

The announcement was premature. As Windmill International executives carried out their final due diligence, they grew alarmed about the murky nature of Danubia's ties to Custer Battles. "It began to feel like a shell game," says Christopher Johnson, Windmill International's attorney.

Hoping to salvage the deal, Mr. Levinson met in July with Windmill International's chief operating officer, Peter Majeranowski, in downtown Bucharest. Mr. Majeranowski says in an interview that Mr. Levinson had the demeanor of a "beaten man laying all of his cards out on the table" during the three-hour session, which ended close to midnight.

Mr. Levinson says he told Mr. Majeranowski that Danubia was unable to make its payroll in Iraq or raise money to expand the business because of its perceived ties to Custer Battles. He says he cited the example of a Kurdish security company that claimed Custer Battles owed it several hundred thousand dollars. Mr. Levinson says the Kurdish company was withholding payments it owed Danubia as a way of recovering the disputed funds. He added that Danubia's then-general manager in Iraq resigned after continually being presented with bills that belonged to Custer Battles.

Mr. Majeranowski says he felt sympathetic to Mr. Levinson personally. "He kept saying that he wasn't a wealthy guy and that he needed the job, and I never felt like he was being dishonest," Mr. Majeranowski says.

Still, after the meeting, Mr. Majeranowski told colleagues in an email that Windmill International should "pull out and pull out hard" of the deal, because of potential legal and operational problems posed by Danubia's association with Custer Battles. The company ended the negotiations with Danubia in late August.

A Crisis Hits

Danubia managed to generate enough revenue to keep operating in Iraq. Two months ago, crisis hit. On the morning of April 10, a long convoy of supply trucks guarded by Danubia personnel left the Camp Victory compound near Baghdad's international airport. The convoy was bound for an American military outpost outside Fallujah.

When the convoy approached a bridge in Fallujah, a roadside bomb tore into one of the security vehicles, puncturing its tires, destroying its bulletproof windshield and wounding the head of the Danubia security force and another Danubia guard, according to Danubia reports of the encounter. The vehicles limped into a military compound outside the city to regroup, then made their way to their original destination, a American military outpost on the other side of Fallujah called Taqqadam.

Later that afternoon, as the convoy attempted to return to Baghdad, the vehicles were hit by a trio of roadside bombs. They pushed forward to a small Marine checkpoint, where they took sniper fire from a nearby mosque and machine-gun fire from a passing vehicle full of Iraqi police officers, Danubia said later. The Danubia team suffered four more casualties. A wounded Pakistani truck driver was dragged away by insurgents and several of the gravel trucks were destroyed.

The Danubia team made its way through Fallujah, and linked up with a second Danubia convoy to make the return trip to Baghdad. What happened next is subject to dispute. In an account submitted to the U.S. military, a Danubia security guard said uniformed Iraqi National Guard personnel and men on nearby roofs wearing ski masks fired at the convoy as it tried to enter the Baghdad airport complex. The Danubia personnel returned fire and finally made it back to the Danubia base in Baghdad that evening, thinking the incident over.

It wasn't. The following day, a convoy belonging to a second Western security company was stopped by Iraqi National Guardsmen who said they were looking for a group of security contractors who had killed one of their officers the day before, according to an internal military investigative report compiled in the aftermath of the clashes. The Iraqi personnel later told military investigators Danubia had fired on them without provocation because it mistook them for insurgents, according to U.S. military officials familiar with the investigation. The Iraqis said that Danubia personnel killed three Iraqi officers, including a high-ranking colonel, according to the military investigative documents.

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With Iraqi officers killed, possibly by Americans, the U.S. military told Danubia that it was opening a formal probe into Danubia's conduct in Fallujah and suspending the company from operating in western Iraq. Danubia was warned that personnel trying to evade the ban would be arrested by the U.S. military and detained for up to two weeks.

Ms. Clark, the Danubia general manager, says the military has yet to tell her the details of its investigation. Danubia's formal suspension was lifted after about a month, but when Danubia has sought routine clearance to operate convoys in western Iraq the military has refused, she says. Ms. Clark left for the U.S. and is unsure if she will return to Iraq. The company has reduced the number of employees in Iraq to 12 from 70.

But Danubia remains active in the country, providing teams of Western bodyguards to protect American and British engineers charged with repairing and modernizing Iraq's electricity infrastructure in and around Baghdad. Ms. Clark says the company is looking for new work and hoping the military will soon allow it to resume its security work in western Iraq.

Prosecution Urges Death For Saddam (USAT)

By César G. Soriano

USA Today, June 20, 2006

BAGHDAD — Prosecutors in the war crimes trial of Saddam Hussein recommended Monday that the former Iraqi dictator be sentenced to death for his role in a "revenge" attack on a mostly Shiite village in the 1980s.

"The prosecution asks for the maximum punishment against these defendants," chief prosecutor Jaafar al-Moussawi said during closing arguments.

"They showed no mercy for women, children, and even the trees were not safe from their oppression. The law calls for the death penalty and this is what we ask be implemented," al-Moussawi said.

"Well done," Saddam said sarcastically, a grin spreading across his face.

The attack followed a failed attempt on Saddam's life when his convoy passed through Dujail in 1982. Forty-six people from the village died from torture or the harsh conditions of imprisonment, al-Moussawi said. Saddam's Revolutionary Court also sentenced 148 people to death after a "show trial in which the defendants did not appear and had no chance for defense," he said. Farms and homes in Dujail were razed.

Al-Moussawi also recommended the death penalty for Barzan Ibrahim — Saddam's half-brother and head of the Mukhabarat intelligence agency — and former vice president Taha Yassin Ramadan.

Al-Moussawi asked for leniency for three other defendants and for dismissal of charges against Mohammed Azawi Ali, a former Baath Party official from Dujail, because of a lack of evidence. He left it up to the courts to decide a punishment for Awad al-Bandar, the former chief justice of Saddam's Revolutionary Court.

The 8-month-old trial is adjourned until July 10, when the defense will present its closing arguments. A panel of five judges will then determine the defendants' fate by majority vote. The defendants can appeal.

The defense has argued that the crackdown on Dujail was justified, even while denying the scope of the sweep that the prosecution portrayed.

Arduous Hussein Trial Winding Up (CSM)

By Scott Peterson

The Christian Science Monitor, June 20, 2006

BAGHDAD

As they began the closing phase of an often-troubled trial, Iraqi prosecutors Monday called for death sentences against Saddam Hussein and three former aides for crimes against humanity that "spread corruption on earth and where not even the trees escape their oppression."

Chief Judge Raouf Abdel-Rahman held firm control of a court that has sunk into disarray and farce at times during the eight months it has heard the case of Dujail, where 148 people were killed after a 1982 assassination attempt against Mr. Hussein.

The trial was designed to bring justice to a nation starved of it during a generation of Hussein's authoritarian rule. But ending that era, and instilling new faith in the rule of law among Iraqis, is proving difficult in the face of insurgency, chronic insecurity, and sectarian bloodshed - not to mention courtroom antics that have often been more comical than judicial.

Hussein, with a graying beard and hair apparently dyed black, sat poker-faced Monday, occasionally cracking a bemused smile. When the prosecutor finished his arguments, Hussein muttered sarcastically: "Well done."

The Dujail case is the first of a string of cases against Hussein and the former regime, most of greater magnitude. They include the gassing of Halabja that killed 5,000 Kurds in 1988, and the Anfal campaign against the Kurds in northern Iraq that same year, which left some 100,000 dead and 4,000 villages destroyed.

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Investigators are continuing to unearth mass graves as they collect evidence for subsequent proceedings. Already they say they have documented evidence of more than 100,000 victims from an anti-Shiite crackdown after the 1991 Gulf War.

"I think in the future, the cases will get better ... the evidence will be better," says Zuhair al-Maliky, former head of the Central Criminal Court of Iraq. "In my opinion, Dujail is the weakest case. I would not use that as a starting point for the tribunal."

If Hussein is found guilty, the verdict will be appealed, but the sentence could be carried out before other cases are heard.

Experts say this trial has not been conducted according to international standards, a concern raised when the decision was first made to hold it in Iraq. The global import of similar cases has led to international tribunals, beginning with the Nuremburg trials of Nazis to more recently ones for the former Yugoslavia and Rwanda in The Hague and in Tanzania.

But some observers argue that this process has been uniquely Iraqi, and has enabled Iraqis to own and be closer to the outcome. Omar, a mechanic in Baghdad, is glued to the proceedings. "It's a show" he never misses on TV, he says.

Monday, chief prosecutor Jafar al-Musawi told the court that, "The suffering of the Dujail people turned their days into night.... It peaked when Saddam Hussein visited them on July 8, 1982. What followed were barbaric and cruel and savage acts."

Those included an execution order for 148 villagers, though a document from Hussein's intelligence service noted that "of those who were sentenced to death, 46 ... had been eliminated or died during the investigation." Beyond that "harsh torture," prosecutor said, nearly 400 people were held in the desert for four years, and the aerial bombing of Dujail orchards "led to murder."

The prosecutor said the attack was "motivated by revenge," and cast doubt on whether an assassination attempt took place at all. "This was not a criminal investigation, but a military operation ... that led to the death of women, children, and elderly men," Mr. Musawi said. "Even the trees did not escape."

The prosecutor called for the "maximum punishment" for the former Iraqi leader, his half-brother Barzan Ibrahim al-Tikriti, former vice president Taha Yassin Ramadan, and the former head of the Revolutionary Court, Awad Hamid al-Bandar.

The prosecution also called for charges to be dropped against farmer Mohammad Azzawi Ali, and "minimum" sentences for the three other low-ranking defendants. The defense team will make its closing arguments on July 10, after which the five judges will consider their verdict.

The air of relative civility that prevailed in the courtroom Monday masked a messy trial that has seen the murder of two defense lawyers, defense boycotts, the resignation of a chief judge, and long political speeches by the defendants that have only been reined in since Judge Abdel-Rahman took control last January.

The quiet image of the men in the dock stood in stark contrast to scenes after the regime was toppled in 2003: scores of mass graves; more than 900 individual graves near Abu Ghraib, crippled survivors of Halabja, and a nation damaged by more than two decades of war and sanctions.

In court Monday, the name "Saddam" rang out again and again, as the prosecutor and lawyers sought to punch holes in the defense team's case that all acts were legally carried out.

One lawyer, who could not be named or shown on the time-delayed TV, said the "so-called assassination attempt ... was imaginary," and that the regime had violated UN conventions on human rights and genocide.

Another lawyer said some testimony was faked, referring to confessions from four defense witnesses that they lied under oath.

Indeed, defense witnesses have often made contradictory or strikingly consistent statements. That was the case last Tuesday, when three former Hussein bodyguards, testifying from behind a curtain, each said the target car had been marked by a woman who had just slaughtered a sheep, using her bloody handprints. Each said the presidential convoy halted 50 yards after coming under gunfire from an orchard on the left. Each said that they heard Hussein issue orders to halt return fire.

"My understanding is that he did not want a single animal to be injured," the witness said. When asked by a defense attorney if such a man could ever order revenge, he replied: "I know the president has such high moral standards; his conscience would not allow him...."

At that, the judge dropped his head into his hands, clearly disgusted.

Such exchanges have kept Iraqis tuned into the 35 sessions so far. Several members of one family laughed about an exchange last week, when defendant Ibrahim complained that two guards were afraid to testify. "Afraid of whom? Ghosts?" asked Abdel-Rahman. "Afraid of this terrifying court," replied Ibrahim. "They're afraid to talk to you anymore." "You're terrifying," the judge shot back.

Within minutes, Ibrahim was removed from the court as defense lawyers cried: "They're assaulting him ... beating him!"

"Defense lawyers ... made a stupid strategy ... of challenging the legitimacy of the court," says Judge Maliky. "Instead of discussing evidence, they say: 'This court is illegal. This judge is illegal.' "

"They've done it for publicity," he charges, "to say: 'I was the lawyer of Saddam.'"

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Iraqi Prosecutor Formally Seeks Death Penalty For Hussein (LAT)

By Megan K. Stack

The Los Angeles Times, June 20, 2006

BAGHDAD — The chief prosecutor asked an Iraqi judge Monday to put deposed dictator Saddam Hussein to death for crimes against humanity, capping months of grim testimony over the alleged 1982 massacre of Shiite Muslim villagers.

Lead prosecutor Jaafar Mousawi also urged the death penalty for two co-defendants: Barzan Ibrahim Hasan, a half brother to Hussein and Iraq's onetime intelligence chief, and former Vice President Taha Yassin Ramadan.

"The prosecutor general requests from the court to issue the most severe punishment against them," Mousawi told the judge in his closing arguments. "They did not have mercy on either the elderly or the children."

The prosecutor also urged that Awad Hamed Bandar, the former head of Hussein's Revolutionary Court who doled out death sentences against the villagers, be punished for the killings. But he did not specifically call for the death penalty.

Hussein and seven co-defendants were charged with carrying out a campaign of arbitrary arrest, torture, forced deportation and killing against the people of Dujayl, a predominantly Shiite village north of Baghdad where the former president survived an attempt on his life in 1982. Prosecutors describe a witch hunt that culminated with 148 people, including elderly residents and scores of children, being put to death without fair trials.

The prosecutor asked the judge to dismiss charges or "minimize the punishment" in the cases of four defendants. All were local officials at the time of the assassination attempt, and were described in testimony as relatively powerless figures with little choice but to follow orders from Baghdad.

Hussein broke into a broad grin and chuckled to himself as Mousawi urged Chief Judge Raouf Rasheed Abdel Rahman to impose the death penalty on him. The former president has frequently been an avid participant in his own trial. Watching the testimony unfold from the witness box, Hussein has interrupted regularly to offer his guidance to the judge or pontificate on the nature of justice.

The case is the first in a series of trials planned against the former dictator and his deputies. The Dujayl trial, which opened last fall, is scheduled to reconvene July 10 with closing arguments by the defense.

In keeping with the often sweeping historical tone of the arguments, Mousawi opened his statement Monday by invoking the hardships suffered by Iraqis under Hussein. He painted the Dujayl victims as icons of an entire nation, symbols of uncounted oppression.

"The people in the old times passed through dark times and calamities," he said. "The people of Dujayl lived through the darkest nights, they suffered injustice and oppression. Their troubles began with the visit of Saddam Hussein to their town."

Prosecutors have described years of retribution and collective punishment suffered by the people of Dujayl. Even the town's farmlands and orchards were destroyed by government forces, they say. Women and children were banished into the desert.

Both prosecutors and defense lawyers have sought to justify their position by painting opposing versions of Iraq's past.

The defense team has tried to downplay the punishment of the people of Dujayl by portraying the brutality as self-protection carried out by a threatened government. The lawyers have pointed out that Iran and Iraq were at war at the time of the assassination attempt and have accused the Shiite-led government in Tehran of collaborating with Iraqi Shiites to kill Hussein.

By invoking Iranian involvement and directing sharp accusations at Iraq's Islamic Dawa Party, a onetime opposition group that is at the center of Baghdad politics in the new, Shiite-dominated Iraq, defense lawyers have tried to portray the violence as a justified act of war.

Defense lawyers also have disputed the number of dead, contending that some of the 148 victims named are still alive.

Each side has accused the other of paying cash to witnesses in exchange for conveniently twisted narratives.

The prosecution has dismissed the assassination attempt as a few bullets fired by renegade gunmen. At times, prosecutors and their witnesses have even contended that there was no attempt on Hussein's life, that the shots came from villagers firing their guns in the air to celebrate the president's visit.

"The alleged assassination attempt against Saddam involved only eight to 15 bullets fired from behind a wall," Mousawi told the judge Monday. "It was proved there were no heavy weapons. If it had been an assassination attempt, it would have been a suicide mission."

The people were caught under a brutal and relentless regime, prosecutors said. Some of the people didn't live long enough to be formally executed, Mousawi said, because they were tortured to death in prison.

The prosecutor reviewed documents alleging that intelligence officers met to discuss the punishments of the villagers. He traced signatures and telephone conversations into the highest reaches of Iraq's government at the time, listing documents that appeared to indicate Hussein knew what had happened to the people of Dujayl.

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"The court procedures at the time that followed, were they applied legally?" Mousawi asked. "The procedures pursued were cruel and harsh."

Prosecutor Seeks Death For Hussein (WP)

By Joshua Partlow

The Washington Post, June 20, 2006

BAGHDAD, June 19 -- The chief prosecutor in the trial of Saddam Hussein rested his case Monday with a dispassionate recounting of the deaths of 148 people from an Iraqi village, then a call for the ultimate penalty against the former Iraqi president and two subordinates.

"They showed no mercy for women, children, and even the trees were not safe from their oppression," said prosecutor Jafar al-Mousawi in a Baghdad courtroom, a hint of bitterness entering his voice. "The law calls for the death penalty, and this is what we ask be implemented."

"Well done," Hussein muttered sarcastically from his seat a few feet away.

The trial on charges of crimes against humanity -- the killing of residents of the Shiite Muslim village of Dujail after a failed assassination attempt on Hussein there -- entered its final phase with the prosecution recommending sentences for the eight co-defendants. The prosecutor also called for the deaths of Barzan Ibrahim, Hussein's half-brother and the former Iraqi intelligence chief, and Taha Yassin Ramadan, the country's former vice president.

The prosecutor said a fourth defendant, Awad Haman Bander, a judge who presided over a court that issued death warrants for the people in Dujail, should also be sentenced for murder, but he did not explicitly say what that sentence should be. The prosecutor asked Judge Raouf Abdel Rahman to abandon the charges against three of the remaining four defendants and reduce the sentence of the fourth.

Since it began in October, the Hussein trial has endured frequent disruptions. Defendants walked out and mocked the trial as illegitimate. Judges resigned and two defense attorneys were assassinated. The court adjourned after Monday's session until July 10, when the defense will offer its closing statements.

In previous sessions of the trial, Hussein's side has variously maintained that the executions were a legal, and legitimate, response to an attempt on the life of a head of state and that many people said to have been killed are in fact still alive.

The Dujail killings are the first acts for which the deposed president is being prosecuted. He is separately accused of leading a chemical attack that killed an estimated 5,000 ethnic Kurds in the town of Halabja in 1988 and of ordering a brutal crackdown on a Shiite rebellion after the 1991 Persian Gulf War.

Monday's session began with attorneys for the families of the dead villagers reviewing their evidence against Hussein. They said that in July 1982, a convoy carrying Hussein came under fire from an orchard in the village, but they played down the incident's significance. One attorney denied it entirely: "The assassination attempt was merely an imaginary, Machiavellian invention by Saddam Hussein," the attorney said.

In response to the gunfire, the prosecutor said, Hussein launched a "widespread, systematic attack against civilians" that included firing on the village from helicopters, draining and bulldozing orchards, and arresting hundreds of people.

Those who survived the initial attack and alleged torture in prison, the prosecutor said, were referred to a revolutionary court in an order signed by Hussein. After a two-week trial in 1984, at which none of the defendants was present, the court ordered 148 people to be put to death by hanging -- an order that was confirmed by a presidential decree two days later, according to the prosecutor. In all, 48 people ages 12 to 19 were killed, he said.

"The court was a fake, imaginary court," the prosecutor said.

He said Ibrahim, as the head of Iraq's intelligence service at the time, led the brutal investigation. According to the prosecution, Bander issued the death sentences for the 148 people and Ramadan received direct orders from Hussein to use his militia to lead the operations in Dujail.

Ramadan "ordered the officials in Dujail to destroy the houses and loot the property and destroy the orchards, which left the people of Dujail living in poverty," the prosecutor said. "Ramadan watched the operation from a hill."

In the courtroom, the prosecution described the Dujail killings as genocide and violations of U.N. human rights conventions and Iraqi law. The prosecution said that at least a dozen other people still in hiding are wanted in connection with the killings.

Prosecutor In Hussein Trial Calls For The Death Penalty (NYT)

By John F. Burns

The New York Times, June 20, 2006

DOJ_NMG_0035248

BAGHDAD, Iraq, June 19 — Saddam Hussein uttered only two laconic words — "Well done!" — on Monday as the chief prosecutor at his trial demanded that Mr. Hussein and three top associates be given the death penalty for their role in the persecution of a mainly Shiite town after an assassination attempt Mr. Hussein said was made against him there in 1982.

Mr. Hussein's riposte echoed his attitude throughout the eight-month trial, at which he has frequently said that the outcome has been predetermined by American and Iraqi officials. During the trial, the 69-year-old former Iraqi ruler has said several times that he expected the death penalty, that the prospect held no fears for him and that, in any case, he has "escaped death" so often that he expected to do so again.

The prosecutor also demanded death sentences for Barzan Ibrahim al-Tikriti, Mr. Hussein's half-brother and former chief of the Mukhabarat, the secret police; Taha Yassin Ramadan, a former vice president and leader of a militia known as the Popular Army associated with Mr. Hussein's Baath Party; and Awad al-Bandar, former chief judge of the Revolutionary Court, which handed down death sentences for 148 residents of Dujail, a town 35 miles north of Baghdad that was at the center of the brutalities described at the trial.

Jaafar al-Moussawi, the prosecutor, urged the acquittal of Mohammed Azawi, one of four low-ranking Baath Party members from Dujail who were charged as accomplices. He said the judges should "minimize the punishment" of three other defendants, Abdullah Ruwayid, his son Mizhar Ruwayid, and Ali Dayeh Ali. They were accused by the prosecution, along with Mr. Azawi, of helping Mr. Hussein's secret police round up townspeople after the shooting during Mr. Hussein's visit to Dujail.

With his mitigating arguments on behalf of the four Dujail men, Mr. Moussawi narrowed the court's focus to Mr. Hussein and his three associates. They are charged with crimes against humanity for offenses that included the executions; the deaths under torture of 46 men and youths who had already been killed when Mr. Bandar's court sentenced them to death; the deportation of 399 other townspeople, including women and children, to a remote desert detention camp; and the razing of a vast acreage of orchards and date palm groves around Dujail.

Mr. Moussawi said the trial had shown that falsification was central to everything Mr. Hussein and his associates did. He said evidence had shown that even the assassination attempt had been faked, with a weak volley of gunfire aimed at Mr. Hussein's motorcade from a nearby orchard as it passed through Dujail set up in advance to justify cracking down on Shiites at a time when Mr. Hussein had begun a war with Shiite-ruled Iran. "The assassination attempt was a Machiavellian invention by Saddam Hussein," he said.

Similarly, he said, the trial presided over by Mr. Bandar had been "a trial only on paper." He said it had been a proceeding with no defense lawyers, no presentation of evidence, few written records, no appeals and 20 youths among the 148 sent to the gallows who were under the legal age of 18 for execution. On top of this, he said, were the death sentences passed on 46 people who had already been killed, which he described as "a sort of second death sentence."

At the session on Monday, Mr. Hussein was mostly, and uncharacteristically, subdued. With the Dujail trial now in its closing stages, and less than a month remaining before the judges are expected to adjourn to consider their verdicts, he listened intently, in his shapeless gray suit and tieless white shirt, to the prosecutor's summary of the evidence against him and his associates, occasionally stroking his bearded chin or taking notes on a yellow legal pad. Even his ritual insistence that the court recognize him as Iraq's lawful president was stilled.

The prosecutor said Mr. Hussein's actions, and those of his associates, fit the international standard for crimes against humanity, a "widespread and systematic" persecution of a civilian population. He said Mr. Hussein ordered the roundup of civilians in Dujail, and, directly or through bodies he controlled — including the presidential office and the Revolutionary Command Council of the Baath Party — approved the executions, the promotion of intelligence officers involved in the crackdown, and the destruction of the Dujail orchards and groves.

Citing the Nuremberg trials of Nazi leaders that followed World War II, Mr. Moussawi said Mr. Hussein and his associates had no right to claim immunity, as they have before the court, for actions taken in their official capacity. He said Mr. Hussein — "this criminal," as he referred to him more than once — met the standard of "command responsibility" set down at Nuremberg. "He was responsible for these crimes, either because he knew about them, or because they were carried out under orders he had personally approved," Mr. Moussawi said.

The prosecutor cited several provisions in Iraqi criminal law as it stood under Mr. Hussein — including Section 406a, still valid — that provided the death penalty for premeditated murder. "The prosecution asks for the maximum punishment for these defendants," he said. "They showed no mercy, even for women or children, and even the trees in the orchards were not safe from their repression. The law provides the death penalty for these offenses, and we demand it be applied in the cases of these men."

Officials of the special court, known as the Iraqi High Tribunal, have said that any death sentences upheld on appeal will be carried out by hanging. But that eventuality, at least for Mr. Hussein, could still be many months, or even years, away.

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He has already been identified as a defendant in a second case, involving the killing of 50,000 Iraqi Kurds in the so-called Anfal military campaign that began in 1988 and involved chemical weapons attacks and wholesale purges that sent entire village populations to execution in mass graves. That trial is expected to begin while the Dujail case is in recess later in the summer.

The Shiite leaders who now dominate the government have said they want Mr. Hussein and his associates to go to trial in a third case under preparation, involving the killing of at least 100,000 Shiites when Mr. Hussein put down an uprising in southern Iraq that followed the Persian Gulf war in 1991.

Prosecution Seeks Death For Saddam (WT/AP)

By Bushra Juhi, Associated Press

The Washington Times, June 20, 2006

BAGHDAD -- The prosecution demanded the death penalty for former Iraqi dictator Saddam Hussein in its closing arguments yesterday, saying he had shown "no mercy" in the killings of women and children during a crackdown on Shi'ite Muslims in the 1980s.

After a three-week recess, the defense gets to sum up its case, then a panel of judges will begin weighing the fate of the ousted leader and his seven co-defendants.

A U.S. official close to the court said the judges could take about 60 days in their deliberation, meaning verdicts likely would be announced in late September or early October. The official spoke on the condition on anonymity because he was not authorized to speak for the court.

If Saddam is convicted and sentenced to death by hanging, it could be months before the sentence is carried out. The defendants have the right to appeal, and Saddam faces a second trial for a military campaign against Iraqi Kurds in the 1980s that killed about 100,000 people.

No date for that trial has been set, and Iraqi officials have not said what will happen if the appeals from the first case run out while the second is going on.

The courtroom largely was silent throughout the three-hour session yesterday as chief prosecutor Jaafar al-Moussawi delivered his final arguments concerning the 1980s crackdown on the Shi'ite town of Dujail. Saddam, dressed in a black suit, sat calmly alongside his fellow defendants and occasionally took notes.

Mr. al-Moussawi reviewed the evidence against each man, then concluded by asking for the death penalty against Saddam, his half-brother Barzan Ibrahim, who was the head of the Mukhabarat intelligence agency at the time, and Taha Yassin Ramadan, a former senior regime member.

"The prosecution asks for the harshest penalty against them, because they spread corruption on earth. They showed no mercy even for the old, for women or for children; and even the trees were not safe from their oppression," he said. "The law calls for the death penalty, and this is what we ask be implemented."

"Well done," Saddam muttered sarcastically.

Mr. al-Moussawi also sought a death sentence for Awad Hamed al-Bandar, former head of Saddam's Revolutionary Court, which sentenced 148 Shi'ites to death. The prosecutor said Mr. al-Bandar's actions "supported the crimes" committed by the others and asked that he be sentenced under articles of the Iraqi criminal code for premeditated murder, which calls for the death penalty.

The prosecutor asked for lenient sentences for three defendants -- Abdullah Kazim Ruwayyid; his son, Mizhar Abdullah Ruwayyid; and Ali Dayim Ali -- saying they committed their "acts to carry out orders issued by their superiors."

He urged the release of the final defendant, Mohammed Azawi Ali, saying the evidence against him was not sufficient.

Many of Iraq's Shi'ite majority and Kurdish minority are eager to see Saddam and his cohorts executed in revenge for the oppression of their communities by his Sunni-dominated regime.

But the perceived fairness of the trial will be a key question. Many Sunni Arabs see the court as a case of "victors' justice" carried out by the Shi'ites and Kurds, who have dominated Iraq's government since Saddam's fall in 2003.

Iraq, As Seen Through 9 Lives (USAT)

USA Today, June 20, 2006

With all the spin surrounding Iraq, figuring out just what is going on there can be difficult. But one of the most valuable measures, as any war correspondent can attest, is the quality of life for the people caught up in conflicts.

That is why a recent diplomatic cable from Zalmay Khalilzad, the U.S. ambassador to Iraq, to Secretary of State Condoleezza Rice is so telling. Marked "sensitive" and obtained by The Washington Post, it paints a compelling picture of how nine Iraqi employees of the U.S. Embassy live when they are outside the fortified safety of the Green Zone.

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Quite apart from their bravery — just disclosing that they work for the Americans can be a death sentence, and most don't even tell relatives — their descriptions of life at neighborhood level suggest fundamentalists and militias are fast obtaining the kind of power that destroys governments. To whit: "The central government, our staff says, is not relevant; even local mukhtars (leaders) have been displaced or coopted by militias."

The reported details — filed just hours before President Bush's upbeat surprise trip to Iraq — underscore the uphill battle faced by the fledgling Iraqi government and U.S. forces, the limited time they have to assert control, and even whether that is still possible. For example:

• Women are increasingly warned to wear head-to-toe coverings.

• To better survive, employees "adopt the clothing, language, and traits" of other neighborhoods when they visit them.

• Electricity is still maddeningly intermittent — often as little as one hour in six.

• Increasing ethnic and other tensions among staff, as well as despair, mirror the broad social fragmentation. Many Iraqis, one said, even accuse the United States of punishing some populations as Saddam Hussein once did.

Nine lives do not tell the story of an entire country, nor is the cable reason to bring troops home. Other measures paint a brighter picture. Nevertheless, for those who wonder whom to believe in Iraq, the U.S. ambassador reporting privately about the lives of the Iraqis closest to him is a source that can hardly be ignored.

Culpability Deficit Disorder (WP)

By Richard Cohen

The Washington Post, June 20, 2006

Ever since Thomas Riley Marshall, Woodrow Wilson's vice president, uttered the immortal phrase "What this country needs is a really good five-cent cigar," people have felt challenged to better it. So if you Google the phrase "what this country needs," you will find that it needs many things, including a national architect, better infrastructure or this peach of an idea from Will Rogers: "dirtier fingernails and cleaner minds." Allow me, though, a suggestion that applies to the war in Iraq: Ritalin.

This drug for attention-deficit hyperactivity disorder (ADHD) is sorely needed. ADHD explains why few seem to challenge the call to continue the mission in Iraq, apparently forgetting that the mission has changed and no one is quite sure what it is now. It explains why after just 100 hours the first President Bush concluded the Persian Gulf War with Saddam Hussein still in power and his helicopters slaughtering rebellious Shiites and Kurds. And it explains why the Carter, Reagan and first Bush administrations so ardently supported Hussein and then -- an administration later -- made it U.S. policy to topple him. We were always forgetting the kind of guy he was.

ADHD also explains why we are still fighting in Afghanistan almost five years after the Sept. 11, 2001, terrorist attacks that launched the war against the Taliban. It's because our attention got diverted from the Afghanistan-based al-Qaeda, which had attacked us, to Iraq, which had not. Take two pills for this one.

Finally, ADHD explains -- if anything possibly can -- why the United States went into Iraq with virtually no idea of what to do the day after the war was essentially won. Not only did the United States lack the patience to do nation-building -- what to do with the army, the police, the Baath Party? -- but it would not even supply the troops to secure government offices and ministries. Widespread looting broke out; public property was not protected. "It is not exaggerating to say that the United States may have lost the war on the very day it took Baghdad, April 9, 2003," writes Peter W. Galbraith in his forthcoming book, "The End of Iraq: How American Incompetence Created a War Without End."

This is just the latest book to detail the virtually inexplicable: how Washington screwed up so badly in Iraq. But since Galbraith starts his book by reviewing previous administrations and their dealings with Iraq, it also serves as a useful antidote to the current infatuation with so-called foreign policy realists. These are the supposedly hard-bitten, pragmatic, realpolitik guys who eschew dreamy moralism and ask, always: What's in it for us? They include, prominently, President George H.W. Bush's secretary of state, James A. Baker, and his national security adviser, Brent Scowcroft. Neither of them, it is often said, would have taken us to war again in Iraq.

Yes indeed. But they did give Hussein every reason to believe he could get away with anything he wanted. The first Bush administration, as with the Reagan administration before it, was ever solicitous of the Kurd-gassing Hussein, and it later reacted with torpor as Iraq mobilized for its invasion of Kuwait. Even after the United States had gone to war, Bush ended hostilities prematurely, preferring to leave Hussein in power rather than deal with an unruly Iraq. The "realists" unrealistically set the stage for the next gulf war. I agree with Galbraith: Had the first Bush and the blustery Norman Schwarzkopf ("You fly, you die," he said of Iraqi helicopters. They did and they didn't.) applied a bit more pressure, the Iraqi military would have taken care of Saddam Hussein. This appalling "realism" resulted in the murder of thousands of Shiites.

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The first rule of warfare is kill your enemy -- or make sure, in some way, that he can no longer do you any damage. The first Bush administration ignored that rule with Saddam Hussein and now the second one has ignored it with Osama bin Laden. It allowed this mass murderer to escape, and he will come back to haunt us; it is what he lives for. Bin Laden does not suffer from ADHD.

As any ADHDer can tell you, it is the moment that counts. What comes next or before is over the horizon. This is particularly true in a sound-bite, bitterly partisan era in which it is possible to say "cut and run" and think (or pretend) you have actually said something. It's easy enough to say that America's leaders suffer from ADHD, but on the basis of all this, it's apparent that so do we all. We always forget to hold them accountable.

Pass the Ritalin, please.

Revived Taliban Waging 'full-blown Insurgency' (USAT)

By Paul Wiseman

USA Today, June 20, 2006

PANJWAI DISTRICT, Afghanistan — In their biggest show of strength in nearly five years, pro-Taliban fighters are terrorizing southern Afghanistan — ambushing military patrols, assassinating opponents and even enforcing the law in remote villages where they operate with near impunity.

"We are faced with a full-blown insurgency," says Pakistani journalist Ahmed Rashid, author of Taliban: Militant Islam, Oil & Fundamentalism in Central Asia.

Four and a half years after they overthrew the Islamic militia that had controlled much of Afghanistan, U.S.-led forces have been forced to ramp up the battle to stabilize this impoverished, shattered country. More than 10,000 U.S., Canadian, British and Afghan government troops are scouring southern and eastern Afghanistan in a campaign called Operation Mountain Thrust.

Even before fighting heated up this spring, Lt. Gen. Michael Maples, director of the U.S. Defense Intelligence Agency, warned Congress that the insurgents "represent a greater threat" to the pro-U.S. government of Afghan President Hamid Karzai "than at any point since late 2001."

More than 500 people — mostly insurgents — have died since mid-May in the fiercest fighting since the fall of the Taliban regime. Since Operation Enduring Freedom began in October 2001, more than 300 U.S. troops have died, 165 of them killed in action. NATO's 36-country International Security Assistance Force (ISAF) has lost 60.

Despite the damage they can do, the insurgents do not have enough support to topple Karzai, who was elected two years ago and enjoys international support. "We are not in a situation yet where the Karzai government is threatened," says Joanna Nathan, Afghan analyst for the International Crisis Group, a non-profit research organization. But in places where they are strong, the insurgents have been able to harass government operations and relief efforts — so much so that reconstruction has come to a virtual standstill in the south and east.

"It is hurting us," says Afghan Finance Minister Anwar ul-Haq Ahady. "We build a school, and they come and they burn it. We build a clinic, and they come and burn it. We build a bridge, and they knock it down. Security is the No. 1 issue."

The fear is that an ungovernable Afghanistan will revert to what it was before the overthrow of the Taliban: a failed state that can spread instability across Central Asia and be used as a launchpad for international terrorism. "If the Taliban get their way, Afghanistan will again become a training camp for terrorists," NATO Secretary General Jaap de Hoop Scheffer told CBC, Canada's public broadcaster, this month.

The influence of the fundamentalist Islamic militia is obvious in Panjwai district, in the heart of Taliban country. Villagers on this dry, dusty plain 15 miles west of Kandahar say they are trapped between the Taliban and the U.S. and Afghan troops hunting them. If they cooperate with the coalition or with the Afghan government, they risk Taliban reprisals.

Just outside Makuan village here, Noor Mohammed, deputized as a security guard at a radio tower, goes to work in plainclothes. "If I wear a uniform, they will kill me," he tells Canadian army Capt. Jonathan Snyder, 24, who is patrolling the area two days after a Canadian convoy was ambushed nearby. Snyder is exasperated: "You shouldn't fear for your life," he tells the frightened man. "They should be fearing for their lives because of you."

The insurgency is a loose alliance of Taliban guerrillas, followers of former prime minister and fundamentalist warlord Gulbuddin Hekmatyar, al-Qaeda terrorists recruited from across the Islamic world, opium traffickers and local fighters whose murky motives are rooted in tribal politics.

Taliban commander Mullah Dadallah told al-Jazeera television last month that the insurgents can call on 12,000 fighters. In an interview, Taliban leader Naseeruddin Haqqani says there also are hundreds of suicide bombers. The Taliban's claims probably are exaggerated, Rashid says, but they can draw on hundreds of fighters.

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The insurgency began a few months after U.S.-led forces drove the Taliban out of the Afghan capital, Kabul, in November 2001. It became more effective two years ago, when insurgents switched to new tactics, including breaking up into small groups of 10 fighters or less, attacking "soft" civilian targets and limiting head-on confrontations with coalition and Afghan troops.

Like their counterparts in Iraq, the insurgents use the Internet to pick up tips on making roadside bombs, the U.S. commander in Afghanistan, Lt. Gen. Karl Eikenberry, has said. They increasingly rely on suicide bombers. Writing in The New York Review of Books this month, Rashid noted 40 suicide attacks in the past nine months vs. five in the previous five years.

Insurgent leaders — such as Taliban spiritual leader Mullah Mohammed Omar; Jalaluddin Haqqani, father of Naseeruddin Haqqani; and Hekmatyar, who heads the radical Islamic Hizb-i-Islami group — "do not exert power the way a military general does," Seth Jones, an analyst for the California-based think tank RAND Corp., wrote in the spring edition of the journal Survival. Instead, they leave "tactical and operational" control to local cells, "which act as franchises."

Al-Qaeda, which supports the insurgency with training, supplies and occasionally manpower, operates much the same way.

The loose alliance opposed to the Karzai government and the U.S.-led reconstruction of Afghanistan has gained strength because:

•The insurgents have found sanctuary in Pakistan, "fairly brazenly" staying "beyond the reach of Afghan and international security forces," Nathan says. Pakistan's powerful spy agency, the Inter-Services Intelligence (ISI), supported the Taliban against rival Afghan factions when the fundamentalist movement formed in the mid-1990s. Pakistan's military regime wants to counter the separatist instincts of Pashtun tribesmen who live in both countries. The government's pro-Taliban policy changed under U.S. pressure after the Sept. 11 attacks.

Rashid says Pakistan has done nothing to eliminate Taliban forces operating openly out of Baluchistan, a Pakistani province opposite southern Afghanistan. The reason, he says, is that the Baluchistan insurgents are "pure Taliban" — remnants of the ISI-supported fundamentalist regime that ruled most of Afghanistan from 1996 to 2001. The insurgents based in Waziristan, by contrast, include many foreign jihadi fighters and members of al-Qaeda — fighters the United States has pressured Pakistan to pursue. "That suited the Pakistanis quite well," Rashid says.

•Ordinary Afghans won't risk their lives to support Karzai's government, which many view as weak and corrupt. Afghanistan's problem is "not necessarily the strong enemy," Eikenberry said in Washington last month. "It's the very weak institutions of the state."

The government also is widely seen as corrupt and dominated by warlords linked to the bloody civil war during the 1990s. "Day by day, corruption, bribery and narcotics go up," says Noor ul-Haq Ulumi, a member of the Afghan parliament from Kandahar. "Weak governors we have every place. They think only about their benefit, not their country's benefit."

•The United States and its allies have scrimped on money and manpower, critics say. Rashid says Iraq has distracted the United States from the difficult tasks of subduing the Taliban and rebuilding Afghanistan. "For Afghanistan, the results have been too few Western troops, too little money and a lack of coherent strategy," Rashid wrote in The New York Review of Books.

According to RAND, international aid to Afghanistan equals $57 per person, compared with $679 in Bosnia and $206 in Iraq. RAND also found that Afghanistan has one soldier for every 1,000 people vs. seven in Iraq, 19 in Bosnia and 20 in Kosovo. RAND's Jones reckons Afghanistan needs 200,000 Afghan and foreign troops and police officers to establish order. The country has about 120,000.

Insurgents test the resolve of NATO forces in the process of taking over combat responsibility from U.S. forces in southern Afghanistan. The incoming NATO commander, British Lt. Gen. David Richards, insists NATO forces "will deal most robustly" with insurgents.

Rashid says the rules of engagement are "incredibly unclear."

"They bifurcate NATO into countries that will fight and countries that won't fight, and that's a dangerous thing," Rashid says.

The insurgents are eager to bloody the NATO newcomers, to find out which ones will fight and to target those that won't. "This is a testing time, a transition time, and is likely to be messy," Nathan says.

Insurgents "are betting that the West doesn't have the political will to remain in Afghanistan for the long run," Jones wrote. "Proving them wrong is the key challenge."

Sending troops to back Karzai's government and keeping them there is "a sacrifice worth making," Nathan says. "Sept. 11 demonstrated what happened last time the international community abandoned Afghanistan."

Afghan Guerrillas Kill 32 With Ties To Legislator (NYT)

By Carlotta Gall

The New York Times, June 20, 2006

DOJ_NMG_0035253

KABUL, Afghanistan, June 19 — Suspected Taliban guerrillas in the southern province of Helmand ambushed and killed 32 people on Sunday, all of them relatives and tribesmen of an influential member of Parliament, among them a former local government official, the legislator said Monday.

The attack, in broad daylight, was the latest sign of the strength of the suspected Taliban insurgents in Helmand, a poppy-growing province where NATO and the Afghan Army have recently increased their troops in an effort to contain the spreading insurgency.

The legislator, Dad Muhammad, who was the intelligence chief of Helmand after the fall of the Taliban and is now an elected member of the upper house of Parliament, said his 15-year-old son and two of his brothers, one a former chief of the Sangin district, were killed in the fighting, which lasted most of Sunday.

Another son of Mr. Muhammad was among five people wounded, he said. Ten more people were missing and thought to have been abducted by the insurgents. All of those killed were relatives or supporters, he said.

Mr. Muhammad and the brother who was the former district chief have worked to rid the area of the suspected Taliban insurgents, who are believed to be in league with drug traffickers in the poppy trade.

"We buried 32 people," he said. "Ten are missing. They are in Taliban hands, we don't know if they are dead or alive." He ruled out a personal vendetta, though, and said the Taliban had about 2,000 fighters in the area.

Mr. Muhammad, speaking in Kabul, said it was too dangerous for him to travel to his home. His surviving relatives were now under siege from the Taliban in their home in the town of Sangin, he said.

The attack took place a mile outside Sangin, a mile or two from a military base where British and Afghan Army troops are stationed, but neither the local police nor the military came to their aid, he said. It was unclear whether the military knew of the attack.

Mr. Muhammad said he had been told that the attackers first ambushed the car of the brother who was the former district chief at 7 a.m. as the brother was returning home with four other family members. When his second brother, Mr. Muhammad's sons and tribesmen came to the brother's aid, he said, they were also attacked and fought a fierce battle until 3 p.m.

In Tribal Pakistan, A Tide Of Militancy (WP)

By Pamela Constable

The Washington Post, June 20, 2006

PESHAWAR, Pakistan -- In North Waziristan, barbers are ordered not to shave off beards, and thieves have been swiftly beheaded. In Swat, television sets and VCRs have been burned in public. In Dir, religious groups openly recruit teenagers to fight U.S. forces in Afghanistan. In the Khyber area, armed squads have burst into rooming houses, forcing people to pledge to obey Islamic law.

A tide of Islamic militancy is spreading across and beyond the semiautonomous tribal areas of northwest Pakistan that hug the Afghan border, despite the deployment of some 70,000 Pakistani army troops there, according to a variety of people with close family, professional or political ties to the tribal regions.

Senior army officers in this provincial capital say they are making steady progress in pacifying the restive tribal belt and reining in religious extremists, who U.S. and Afghan authorities say have fomented much of the violence that has led to more than 500 deaths in Afghanistan in the past two months.

"We have them on the defensive now," Lt. Gen. Mohammed Hamid Khan, commander of the 11th Army Corps, said in an interview. "The miscreants have gone into their shells, and things have cooled down tremendously." Khan said the army had shifted from mass raids to "snap operations" based on intelligence and now controls key towns once in the hands of militants.

But other observers say the army's aggressive efforts since 2004 have backfired, alienating the populace with heavy-handed tactics and undermining the traditional authority of tribal elders and officials. They say the local Taliban movement, which has close ethnic and theological links to the Taliban across the border in Afghanistan, has won new supporters and been able to carve out enclaves of alternative power.

"Things are starting to spin out of control," one Western diplomat in Islamabad said of the tribal areas, which have historically been deeply conservative. "In some areas, it's beginning to look like they are setting up a government within a government."

The tribal areas are off-limits to foreign visitors, including journalists, except for periodic, brief helicopter visits with military authorities. But in recent interviews here, tribal lawyers, educators and politicians with knowledge of events in the areas described growing fundamentalist influence and intimidation that is spilling beyond the sparsely inhabited tribal zones and edging closer to settled, government-run localities.

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In the past six months, they said, dozens of tribal elders and officials have been killed, including an uncle of the current provincial chief minister. Fundamentalist clerics have freely used FM radio stations to preach holy war and set up public recruiting offices in towns such as Dir and Bannu just outside the tribal areas. Music stores have been shut down and thieves executed before crowds.

"North and South Waziristan are in the grip of Talibanization" and all of the seven federally administered tribal agencies "can come under its grip, too," said Afrasiab Khattak, a human rights activist and official of the secular Awami National Party. "The army has put up an honest fight, but it has failed, and the government has failed. The traditional system has been made ineffective, and the Taliban have moved into the vacuum."

One university instructor, who comes from South Waziristan, said that when he visited a year ago the area was blanketed with army troops, but that when he went back several months ago for a funeral, not a uniformed soldier was in sight while armed men in Taliban-style turbans patrolled in trucks. He asked not to be identified for fear of retaliation.

"The situation is not what the government says," he said. "The Taliban are totally in control. The people welcome them and the youths idolize them. There is no government, only the security forces who kill people. The Taliban settle disputes and deliver justice on the spot. The tribal areas are becoming nurseries for the Taliban, and the army can't stop it."

Last week, the discovery that a journalist in North Waziristan had been assassinated generated expressions of alarm and protests in multiple cities. Hayatullah Khan, who had been missing since December after reporting that the United States appeared to have staged a missile attack on Pakistani soil, was found shot in the head and handcuffed. Officials blamed religious extremists, but Khan's relatives and others said they suspected Pakistani intelligence agencies were behind his killing.

Many government critics here accuse the intelligence services of fomenting religious extremism in the tribal areas as a means of keeping Afghanistan unstable and vulnerable to Pakistani control. Senior Afghan officials, including President Hamid Karzai, have also made such claims, which Pakistani officials deny.

"In my view, stability for Afghanistan is the best thing for Pakistan," said Hamid Khan, the army corps commander. "All the turmoil there affects us; we get the refugees, the criminals, the drugs, the weapons. The miscreants have much safer sanctuaries on that side than on ours. If we want strategic depth, better we should have good relations than instability."

The Pakistani army has suffered numerous casualties since it entered the tribal areas two years ago under pressure from Washington to crack down on Islamic radicals. There have been repeated bloody clashes with tribal militiamen and, more recently, a spate of roadside bombings and one suicide bombing that targeted an army convoy. Visitors to the conflict zone describe soldiers as being largely confined to their outposts.

Until recently, most religious violence was limited to North and South Waziristan, the poorest and most isolated of the tribal areas, where Islamic fervor has always been strong. Although a recent truce has calmed South Waziristan, the fundamentalist fervor now seems to be erupting in other parts of the region.

In Swat, a peaceful agricultural valley, Islamic preachers persuaded people to hand over their television sets in May and burned stacks of them in public. In the Khyber Agency, a prosperous commercial area that straddles a major highway into Afghanistan, armed followers of an Islamic preacher burst into shops and lodging houses in early June, demanding at gunpoint that people pledge to follow Islamic law. In the ensuing clashes with another religious militia, several dozen people were killed.

"There are elements that have decided to create Taliban enclaves and to 'Waziristanize' the other tribal agencies," said Khattak, the human rights activist. "The government says it is taking action, but it is not. The source of the problem is here, not in Afghanistan. If such a bloody drama can happen in Khyber, it can happen anywhere."

Even in Peshawar, a huge city with a landscaped military district and a modern university, support for the revived Taliban movement is evident among students and worshipers at numerous mosques. Secular politicians say the militant fervor is being encouraged by the Islamic political parties that dominate the provincial government.

On a recent Friday, men emerging from prayer services said they were upset about army attacks on civilians in tribal areas and worried that U.S. forces in Afghanistan would enter Pakistan as well. One man, an English teacher, said the U.S. forces were "savages and barbarians" while the Taliban were "religious scholars and sincere people."

Another man with a black turban and bushy beard proudly identified himself as a former Taliban member who had fought in the capture of Kabul in 1996. Today, he said, the same conditions of lawlessness and immorality have returned on both sides of the border, demanding new action.

"Under the Taliban there was peace, there was order, there was justice. Now our people are facing cruelty, injustice and crime. It has all come back, and it cannot be allowed to continue," said Wahidullah, 32, who runs a religious academy for boys. "If I didn't have other responsibilities now, I would love to join the fight again."

Pulling No Punches In Push For Navy SEALs (WP)

By Ann Scott Tyson

The Washington Post, June 20, 2006

CORONADO, Calif. -- As Navy Ensign Brandon lay slapped by wave after black wave of frigid Pacific surf, his arms linked with a row of other would-be Navy SEALs, a cold but comforting thought surfaced from his murky consciousness: "No matter what," he reassured himself, "they're not going to kill me."

Shaking uncontrollably in the cold brine, the slight, 22-year-old from Ohio dreaded the nighttime "surf torture" as one of the toughest ordeals of the SEALs' aptly named Hell Week, designed to break down the bodies and wills of all but the steeliest young men.

Today, one of the Pentagon's main dilemmas is how to get more candidates such as Brandon to outlast the trials of selection -- without lowering standards -- as it tries to expand the ranks of SEALs and other elite U.S. military forces for critical missions in the war on terrorism.

Facing their biggest deployments in history, as much as 80 percent of the combat forces of the 53,000-strong U.S. Special Operations Command -- including Navy SEALs, Army Green Berets and Rangers, and Delta Force operatives -- are committed in Iraq, Afghanistan and surrounding countries. That leaves too few for other vital missions, many of them clandestine, such as intelligence gathering and partnering with forces in nations where the United States is not at war, according to senior military officials.

Stepped-up war-zone rotations are cutting into training time, and shortages in the force mean hundreds of Special Operations jobs are unfilled, leading to more reliance on civilian contractors, they said.

"We as a nation are taking great risk" by having too few maritime commandos, said Rear Adm. Joseph Maguire, commander of Naval Special Warfare Command (NSWC) here. NSWC should have 2,200 SEALs but is undermanned by about 400 men on SEAL teams and scores of officers, he said.

The Pentagon in February announced a plan to add 13,000 more Special Operations troops to meet demands. But producing such highly skilled troops is not easy -- especially as war, low unemployment and negative health trends such as obesity shrink the military's overall pool of candidates.

Of all the elite forces, SEALs pose the biggest recruiting challenge. The Pentagon's goal is to add 500 new SEALs in the next two years. Maguire says 2010 is more realistic. But the number of SEAL applicants has dwindled by hundreds in recent years. This year's goal is to bring in 1,400 to try out, but by late April, only 364 had been sent to boot camp, according to Navy statistics. "We're behind the power curve," said Ed Kearl, a Navy recruiting official.

Ground zero for the push to create more SEALs is the rugged beaches and pounding surf off Coronado, where the young men of Basic Under Water Demolition/SEAL (BUD/S) Class 259 found out who had "the right stuff."The Start of Hell Week

It was a Monday night in May, about 24 hours into Hell Week for Class 259, and Seaman Brian was sitting on the beach next to his rubber dinghy, eating a chili-mac packaged military meal. For security reasons, all SEALs except senior leaders spoke on the condition that only their first names be used.

Similar to the rest of his class, Brian had no sleep, was soaked and shaking. He had muscle cramps from lunging with 15-foot-long sandy logs. His legs were chafed raw. "It's like taking a piece of sandpaper to your skin for a week," said Brian, 23, who is from Ventura, Calif.

As the sky darkened, the entire group knew what was next -- surf torture (officially called "water immersion"), jumping on and off a pier and being hosed down with cold water.

Suddenly, Brian saw a friend stand and walk stiffly toward a bell hung on a wooden frame. Ringing the bell was how candidates dropped out. "Clang!"

"I was like, 'Wow,' " Brian said.

Next, shocking everyone, the Class 259 leader, known as the OIC or "officer in charge," got up. "Clang!" About 12 other recruits followed in a mass exodus. The class that started in March with 193 men was down to 100.

"It was a big psych for a lot of guys because our OIC left. That was hard," said Brian, who dropped out the next morning, his right leg swollen with tendinitis.

The buckling of the class leader underscored how difficult it is to predict who will make it. "They don't want to deal with the discomfort . . . it's kind of frustrating," said Capt. Christopher R. Lindsay, commander of the Naval Special Warfare Center. To help more pass, Maguire said they may eliminate some "water immersion" sessions.

Finding candidates in top physical condition also helps, but until recently, concerns over legal liability prevented potential recruits from being given a swim test. "They would get to boot camp and, 'Oh, by the way they can't swim,' " said Kearl, who said 70 percent of candidates were failing the test. "That's a big problem."

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Now candidates must pass a 500-yard, 12 1/2 -minute swim test at the YMCA -- and do at least 50 sit-ups, six pull-ups, 42 push-ups and a 1 1/2 -mile run -- or lose their SEAL contract. Those who pass with minimum standards will earn a $1,000 bonus, and $2,000 goes to the best performers -- but still only 60 percent succeed.

Maguire is also asking SEAL instructors to be less subjective in disqualifying candidates. But having "given enough flags away" to the families of fallen SEALs, he says he can't compromise the highly competitive standards.

"Everything is a race," said Lindsay, as the seven-man teams hit the surf Tuesday in the red dinghies they carry everywhere.

"If you drop the boat, I will cut your head off!" shouted a veteran SEAL instructor as he ordered laggard boat teams to race around and around a building -- holding their boats on their heads. "Nineteen, 20, 21 . . . get back in line!" he barked to the slowest team.

Garrett, 23, of Hilo, Hawaii, felt his arms start to give way. "We would come in last, and obviously it was because of me," he said. Teammates complained. Instructors put another recruit in his place to show he was the "weak link."

Later Tuesday night, Garrett dropped out, adding another green helmet to the line representing those who failed.Staggering to the Finish Line

At 4:30 a.m. on Wednesday, the 79 remaining candidates staggered out of the mud flats of the 65-degree San Diego Bay, looking like a scene from "Night of the Living Dead."

"They're basically zombies," said Cmdr. Adam Curtis, looking on. Awake for 55 hours, the men could only shuffle. But they were expected to follow directions.

Brandon, a boat team leader, was having trouble.

"You're trying to cheat me, Sir," berated an instructor. Brandon's team had paddled their boat by hand instead of swimming beside it in the last race. Now, they would pay the price.

"Prepare down boat -- down boat! Prepare up boat -- up boat!" the instructor spat commands with a bullhorn. Next the offenders had to roll in the sand.

"We're going to have a little bath," the instructor said, ordering them into the bay. Each time a device beeped they bobbed underwater, green light sticks glowing eerily on their life vests.

Hell Week is designed to simulate the rigors of a combat mission. "They can't say 'I quit' because no one will come get them," explained Command Master Chief Lu, a 25-year Navy veteran and instructor. The end result, Lu said, is impressive. On a recent tour in Baghdad, he fought side by side with former SEAL students and found that "I trusted them as much as guys I was with 20 years," he said.

To qualify, over a six-month period SEAL candidates must swim 150 miles in the ocean and run more than 1,300 miles in sand wearing boots, and later they must learn to dive, parachute, shoot and conduct close-quarters combat.

Born from World War II underwater demolition units, Navy Sea Air Land teams focus on maritime skills, including diving, forced ship boardings, laying undersea charges and reconnaissance. But today, SEALs are occupied mainly on land. Most 16-man SEAL platoons are in Iraq training Iraqi forces, using snipers to watch for insurgents planting bombs and guarding Iraqi leaders.

New missions, many secretive, are creating demands for a more diverse force trained in language and culture. "We are a relatively white, non-Hispanic force. It's nice to have someone who can blend in more," said Capt. Gary Bonelli, NSWC chief of staff. Class 259 has only a handful of minorities.

SEAL recruiters this year are attending dozens of events, such as wrestling matches and "X-games," manning a new call center, and offering a $40,000 bonus to all new SEALs, said recruiting chief Cmdr Duncan A. Smith.

Still, nothing can guarantee that recruits will have the tolerance for stress, flexibility and what Lindsay calls the "fire in the gut" that psychological studies show is critical.

By Friday morning, the class was down to 73, having lost a few more to pneumonia and injuries. In a finale, the exhausted recruits had to low-crawl from the beach to an obstacle course obscured with smoke and rocked by the blast of simulated grenades. Worming their way under concertina wire as instructors fired off blanks from rifles, they slid through a drainpipe into a muddy pool. Barely able to move his legs, Brandon dragged himself forward with his arms, third to last.

"You knew you'd never quit. . . . The courage, the mental toughness is contagious," Lindsay told the bedraggled class on the beach afterward. "You guys are what we want to work with to become Navy SEALs!"

"Hooyah!" Class 259 yelled.

Relaxing later in dry clothes with a pizza and Gatorade, the victorious few reflected on how they made it. "It's just putting one foot in front of the other," said Brandon, rubbing swollen calves.

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Still shivering, Airman Brandon said that after his body broke down, his mind took over. "The main thing I thought about," he said, "was doing things that every guy dreams of doing, but few do."

Stress Disorder Seen Soaring Among Returning Troops (KRT)

By David Goldstein

Knight Ridder, June 19, 2006

WASHINGTON - The Department of Veterans Affairs is on a pace to see nearly 20,000 new cases of post-combat stress this year among service members who've served in Iraq or Afghanistan, more than six times the number of cases that officials had expected.

The latest report on patient visits to VA medical facilities shows that nearly 5,000 service members were initially diagnosed with post-traumatic stress disorder during the first three months of this year, on top of nearly 5,000 new diagnoses that the VA had reported for the last three months of 2005.

The VA had predicted that it would see 2,900 new cases in fiscal 2006, which runs from Oct. 1, 2005, to Sept. 30, 2006.

The VA declined to comment Monday.

"The demand for mental health is not going down," said Cathy Wiblemo, the deputy director for mental health services at the American Legion. "It's definitely going up."

Knight Ridder reported last month that the VA had dramatically underestimated the number of service members who would return from Iraq and Afghanistan with post-traumatic stress disorder.

The new report drew immediate criticism from some in Congress.

"Frankly, I don't think that VA's budget planned for this number of new veterans with mental health concerns," Rep. Michael Michaud, D-Maine, a member of the House Veteran's Affairs Committee, said in a statement.

Post-traumatic stress disorder is an anxiety disorder that can cause serious psychiatric and social problems. Combat, a plane crash or other traumatic experiences can trigger it. Untreated, it can lead to drug addiction, homelessness and other social problems.

The wars in Iraq and Afghanistan have been particularly stressful because they involve urban warfare amid civilians who are hard to distinguish from the enemy. There are no front lines or safe areas, and the enemy uses improvised bombs and ambushes.

A statement from the Democratic members of the House VA Committee said that even as the number of post-traumatic stress disorder cases increased, the VA had cut back the number of PTSD therapy sessions for veterans by 25 percent in the last 10 years.

In a related issue, the Government Accountability Office recently found that the Pentagon didn't seek further mental-health treatment for eight out of 10 soldiers deployed to Iraq and Afghanistan who showed signs of post-combat stress.

William Winkenwerder Jr., the assistant secretary of defense for health affairs, responded that the GAO report was "flawed."

Iraq War May Add Stress For Past Vets (WP)

By Donna St. George

The Washington Post, June 20, 2006

More than 30 years after their war ended, thousands of Vietnam veterans are seeking help for post-traumatic stress disorder, and experts say one reason appears to be harrowing images of combat in Iraq.

Figures from the Department of Veterans Affairs show that PTSD disability-compensation cases have nearly doubled since 2000, to an all-time high of more than 260,000. The biggest bulge has come since 2003, when war started in Iraq.

Experts say that, although several factors may be at work in the burgeoning caseload, many veterans of past wars reexperience their own trauma as they watch televised images of U.S. troops in combat and read each new accounting of the dead.

"It so directly parallels what happened to Vietnam veterans," said Raymond M. Scurfield of the University of Southern Mississippi's Gulf Coast campus, who worked with the disorder at VA for more than 20 years and has written two books on the subject. "The war has to be triggering their issues. They're almost the same issues."

At VA, officials said the Iraq war is probably a contributing factor in the rise in cases, although they said they have conducted no formal studies.

PTSD researcher John P. Wilson, who oversaw a small recent survey of 70 veterans -- nearly all from Vietnam -- at Cleveland State University, said 57 percent reported flashbacks after watching reports about the war on television, and almost 46

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percent said their sleep was disrupted. Nearly 44 percent said they had fallen into a depression since the war began, and nearly 30 percent said they had sought counseling since combat started in Iraq.

"Clearly the current Iraq war, and their exposure to it, created significantly increased distress for them," said Wilson, who has done extensive research on Vietnam veterans since the 1970s. "We found very high levels of intensification of their symptoms. . . . It's like a fever that has gone from 99 to 104."

Vietnam veterans are the vast majority of VA's PTSD disability cases -- more than 73 percent. Veterans of more recent wars -- Iraq, Afghanistan and the 1991 Persian Gulf War -- together made up less than 8 percent in 2005.

VA officials said other reasons for the surge in cases may include a lessening of the stigma associated with PTSD and the aging of the Vietnam generation -- explanations that veterans groups also suggest.

PTSD is better understood than it once was, said Paul Sullivan, director of programs for the group Veterans for America. "The veterans are more willing to accept a diagnosis of PTSD," he said, "and the VA is more willing to make it."

In addition, as Vietnam veterans near retirement age, "they have more time to think, instead of focusing on making a living all the time, and for some this is not necessarily a good thing," said Rick Weidman, executive director for policy and government affairs at Vietnam Veterans of America.

Max Cleland, a former U.S. senator from Georgia and onetime head of the VA who was left a triple amputee by the Vietnam War, said the convergence of age and the Iraq war has created problems for many of his fellow veterans -- as well as for himself.

"As we Vietnam veterans get older, we are more vulnerable," he said. When the war started in 2003, he said, "it was like going back in time -- it was like 1968 again."

Now he goes for therapy at Walter Reed Army Medical Center and is wary of news from Iraq. "I don't read a newspaper," he said. "I don't watch television. It's all a trigger. . . . This war has triggered me, and it has triggered Vietnam veterans all over America."

PTSD has become a volatile topic lately, with some skeptics questioning whether the rise in claims is driven by overdiagnosis or by financial motives. A report last week from the Institute of Medicine, part of the National Academies, concluded that "PTSD is a well characterized medical disorder" for which "all veterans deployed to a war zone are at risk."

VA's growing PTSD caseload became an issue last August, when the agency announced a new review of 72,000 PTSD compensation cases, expressing concerns about errors and a lack of evidence. That probe was dropped after a sample of 2,100 cases turned up no instances of fraud.

Still, some experts are not convinced that the Iraq war has driven up the caseload. "I'm skeptical that it accounts for a broad swath of this phenomenon," said psychiatrist Sally Satel, a resident scholar at the American Enterprise Institute. "These men have had deaths in their families, they had all kinds of tragedies over 30 years that surely affected them emotionally but they coped with."

Although a small percentage of veterans might be deeply affected, she said, she doubts "they have become chronically disabled because of it."

Around the country, many veterans dwell on the similarities between the wars in Vietnam and Iraq: guerrilla tactics, deadly explosives, fallen comrades, divisive politics. The way they see it, "Iraq is Vietnam without water," Weidman said.

"We have people who have symptoms that they haven't had in a long time," said Randy Barnes, 65, who works in the Kansas City offices of Vietnam Veterans of America. For some, "the nightmares and flashbacks have been very hard to deal with," he said. Group therapy sessions are "much more crowded," he said, "with Vietnam veterans particularly, but now also with the Iraq and Afghanistan veterans."

Barnes served as a combat medic in Vietnam from 1968 to 1969 and went into treatment only in the late 1990s. By the time the Iraq war started, he said, he felt steadier -- but then his symptoms ramped up again.

"Depending on what I saw or heard that day or read, I would have night problems -- nightmares, night sweats," he said. Sometimes, he said, he would roll out of bed and wake up crawling on the floor, "seeking safety, I guess."

A study published in February by VA experts showed that veterans under VA care experienced notable mental distress after the war started and as it intensified. While younger veterans, ages 18 to 44, showed the greatest reactions to the war, "Vietnam era VA patients reported particularly high levels" of distress consistently, the study reported.

Powerful images of war have revived combat trauma in the past. "Traumatized people overreact to things that remind them of their original trauma," said Scurfield, the PTSD expert in Mississippi.

When the movie "Saving Private Ryan" was released, World War II veterans sought mental health help in great numbers, said Wilson of Cleveland State. "It rekindled it all," he said.

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Perfect Vision, Via Surgery, Is Helping And Hurting Navy (NYT)

By David S. Cloud

The New York Times, June 20, 2006

BETHESDA, Md., June 17 — Almost every Thursday during the academic year, a bus carrying a dozen or so Naval Academy midshipmen leaves Annapolis for the 45-minute drive to Bethesda, where Navy doctors perform laser eye surgery on them, one after another, with assembly-line efficiency.

Nearly a third of every 1,000-member Naval Academy class now undergoes the procedure, part of a booming trend among military personnel with poor vision. Unlike in the civilian world, where eye surgery is still largely done for convenience or vanity, the procedure's popularity in the armed forces is transforming career choices and daily life in subtle but far-reaching ways.

Aging fighter pilots can now remain in the cockpit longer, reducing annual recruiting needs. And recruits whose bad vision once would have disqualified them from the special forces are now eligible, making the competition for these coveted slots even tougher.

But the surgery is also causing the military some unexpected difficulties. By shrinking the pool of people who used to be routinely available for jobs that do not require perfect eyesight, it has made it harder to fill some of those assignments with top-notch personnel, officers say.

When Ensign Michael Shaughnessy had the surgery in his junior year at the Naval Academy, his new 20-20 vision qualified him for flight school. And that is where he decided to go after graduating last month ranked in the top 10 percent of his class, rather than pursuing a career as a submarine officer.

"The cramped environment in submarines is something that turned me off," Ensign Shaughnessy, 22, said.

For generations, Academy graduates with high grades and bad eyes were funneled into the submarine service. But in the five years since the Naval Academy began offering free eye surgery to all midshipmen, it has missed its annual quota for supplying the Navy with submarine officers every year.

Officers involved say the failure to meet the quota is due to many factors, including the perception that submarines no longer play as vital a national security role as they once did. But the availability of eye surgery to any midshipman who wants it is also routinely cited.

"Some of the guys with glasses who would have gone to submarines or become navigators are getting the chance to do something they'd rather do, and the communities that are losing the people are not as happy about it as the aviation community, which is gaining better candidates," said Cmdr. Joseph Pasternak, the ophthalmologist who oversees the program at the National Naval Medical Center in Bethesda.

In the Naval Academy's class of 2006, 349 of the 993 midshipmen had the surgery, up from 50 five years ago, according to Naval Academy records. Fewer than 30 percent of the academy students whose eyes qualify for the surgery choose not to get it, and the number of holdouts is dropping every year, Commander Pasternak said.

Last week, a little after 10:40 a.m., Colin Carroll, a 21-year-old midshipman from Olney, Md., put anesthetic drops in his eyes and lay down under the laser as Capt. Kerry Hunt, a Navy doctor, and two assistants prepared to begin. "We're locking the laser on now," Captain Hunt told him.

Midshipman Carroll had originally hoped to enter flight school but discovered not only that his eyes were not good enough, but also that he was prone to kidney stones, ruling him out of aviation entirely. He said he was "resigned" to entering the Marine Corps or becoming an officer on a surface ship, neither an assignment requiring perfect vision.

But he decided to get the surgery anyway.

By 10:49, both eyes were done, though extremely bloodshot, and Mr. Carroll walked out wearing sunglasses, declaring he could already see better.

The procedure used by the Navy, photorefractive keratectomy, or PRK, is different from the one used on most civilians. That approach, known as laser-in situ keratomileusis, or Lasik, requires cutting a flap in the surface of the cornea and then using a laser to reshape the cornea. But military doctors worry that the flap could come loose during combat, especially in a supersonic fighter.

So rather than slicing into the cornea covering, Navy doctors grind it away. The approach requires a longer recovery as the covering re-forms but leaves the eye more stable.

The Air Force also limits its pilots to PRK, but nonpilots can get either procedure; because most students admitted to the academy aspire to fly, and have already met strict vision standards, relatively few cadets have the surgery, compared with the number at the Naval Academy. Army personnel, including helicopter pilots and other aviators, are allowed to get either procedure.

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One in every 200 midshipmen who has the surgery suffers initial complications, which can usually be corrected, Commander Pasternak said. A study by the Navy soon after the program began concluded that pilot trainees who had the surgery graduated from flight school at higher rates than other pilots, he added.

Now that most midshipmen meet the vision requirements, getting into pilot training is harder than ever, depending almost entirely on academic class rank, military performance while at the academy and other physical criteria.

Last year, 310 midshipmen competed for 272 flight training slots. Of those, 104 had undergone laser eye surgery.

"If we didn't have PRK, where would those 104 midshipmen have gone?" said Capt. Michael Jacobsen, of the Naval Academy's office of professional development. "Tough to say, but we know they wouldn't have gone into flight training."

Expanding the pool of potential pilots and members in the Navy Seals was the original goal of making the surgery available, Commander Pasternak said, but it has become increasingly popular with marines, who say it eliminates concerns that their glasses will be damaged or clouded in dust storms during combat in Iraq and Afghanistan.

"We get at least five times as many requests every year as we can keep up with," said Commander Pasternak, a 1984 Naval Academy graduate who said he nearly left the academy after learning his eyes were not good enough to allow him into flight training.

The growing number of aspiring pilots has also made it harder to find candidates to become "back-seaters," officers who serve as navigators and weapons officers on planes, Navy officials say.

The failure to produce enough submarine officers, though, is the source of greatest worry to academy officials and the Navy as a whole. This year the academy's quota was 120, but only 88 midshipmen chose to go into submarines, according to academy records.

Acknowledging the decline, Capt. John R. Daugherty, the chief of staff in the Commander Naval Submarine Forces, said in a statement, "There are many potential contributing factors."

The shortfall in the submarine quota is made up from officers joining the Navy who do not attend the academy.

While there are no plans to restrict the availability of the surgery, some Navy officials concede that the procedure contributes to the submarine service losing midshipmen at the top of their class, like Ensign Shaughnessy, a native of Rochester, Minn., who formerly could not have gone to flight school.

Going into submarines "requires a lot more school, and after the academy a lot of people aren't looking to go to a high-paced environment for a long period," Ensign Shaughnessy said. "And some people also might see submarines as a less glamorous service assignment."

In recent years, many of the midshipmen to choose submarines have come from lower in the class rankings than they did a decade ago, said a senior Navy official who declined to release specific data and who was granted anonymity so he would discuss internal Navy personnel matters.

And academy graduates have been washing out of nuclear power school, which they must complete before being commissioned as a submarine officer, at an increasing rate over the last five years, according to the Navy official and an outside expert who has studied the issue.

In response, the Navy has begun offering $15,000 bonuses and other incentives to get midshipmen with better grades to join the submarine program.

CORPORATE SCANDALS:

U.S. Attorney Asks Black For More Bond Security (WSJ)

By Elena Cherney

The Wall Street Journal, June 20, 2006

Federal prosecutors in Chicago are demanding that former newspaper tycoon Conrad Black, who was released on a $20 million bond last year, provide additional security to remain out on bail until his trial on fraud and racketeering charges next year.

In documents filed in U.S. District Court for the Northern District of Illinois, U.S. Attorney Patrick J. Fitzgerald says he is asking for more security on the bond because Mr. Black has failed to pay the mortgage on his Palm Beach, Fla., home -- which is part of his bail bond -- and "has provided false statements to the government about his financial assets."

Edward Greenspan, a lawyer for Mr. Black, said "there are numerous misstatements" and "numerous half-truths" in the documents. "The prosecution filed its material this morning with practically no notice about what allegations were going to be included," Mr. Greenspan said. Mr. Black has pleaded not guilty to the fraud and racketeering charges.

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The bail dispute offers a glimpse into Mr. Black's finances since his ouster as head of Chicago-based Hollinger International Inc. Mr. Black's dealings at the company were first scrutinized by a board committee after shareholders complained about excessive corporate compensation and executive perquisites, such as a luxuriously outfitted private jet.

The government is seeking a forced sale of his oceanside Palm Beach estate because a payment due June 15 wasn't made on a $10 million promissory note that is secured by the mortgage on the property, the documents say. As a result, the interest rate on the loan was pushed up to 26% from 21%, and the government's ability to eventually recover equity from the property has been jeopardized, according to the documents.

In addition, the government is demanding that Mr. Black put up his stake in Horizon Operations Ltd., a closely held publisher of community newspapers that Mr. Black owns with former Hollinger lieutenant David Radler. According to the prosecutors, Mr. Black has been in discussions to sell his Horizon stake for $16 million.

A financial affidavit provided by Mr. Black at the time of his bail arrangements disclosed four Canadian bank accounts. But Mr. Black may be holding back on disclosing all of his assets, prosecutors argue. He recently paid taxes of about $460,000 on the Palm Beach house and made a donation of 500,000 Canadian dollars (US$446,000) to the Canadian Opera Company in Toronto, according to the documents. Mr. Black's bail conditions allow him to live in Canada, with trips to Chicago for court dates.

Mr. Greenspan is to file his response to the demand for new bail conditions Thursday, and Judge Amy St. Eve is expected to rule on the issue next week.

Black Broke Agreement On Bail Bond, U.S. Tells Court (Update4) (BLOOM)

By Andrew Harris

Bloomberg, June 20, 2006

June 19 (Bloomberg) -- Conrad Black's $20 million bail bond should be modified or revoked, U.S. prosecutors said, claiming the former Hollinger International Inc. chairman hadn't been honest about the value of assets securing his freedom.

Black overstated the value of a Palm Beach, Florida, home he pledged for bail, the U.S. said in a court filing and hearing. He understated a Canadian tax lien on the property and didn't disclose his wife was part owner, prosecutors said.

U.S. District Judge Amy St. Eve delayed today's hearing until June 26. The government said Black, once among the world's largest publishers of English-language newspapers, should put up additional collateral or have his bail revoked. A former U.S. prosecutor said Black must take the possibility seriously.

``Judges tend to get angry when they feel a defendant is possibly playing games with the court," said Andrew Genser, a former Justice Department lawyer who is now a partner at Kirkland & Ellis. ``Mr. Black's lawyers on June 26 would want to come in with an answer to these allegations that's convincing or have substitute assets ready to post."

Assistant U.S. Attorney Eric Sussman said, ``We're here because Mr. Black is in default" on the property's mortgage, and asked the judge to order the publisher to put up ``untainted" collateral or lose his liberty.

Edward Genson, Black's lawyer, said in court that he received the government filing only this morning.

`Flat Out Wrong'

``A lot of things in there are flat out wrong," Genson told St. Eve. Black wasn't in the courtroom.

Black faces a trial next year on 12 charges of racketeering, money laundering, wire fraud and obstruction of justice. The U.S. accuses him of using a Toronto holding company, Hollinger Inc., to enrich himself and his associates at shareholders' expense.

Prosecutors charged Black and others with pilfering $92 million from Hollinger International by moving the money through other companies they owned.

David Radler, former publisher of Hollinger's Chicago Sun- Times, pleaded guilty and is cooperating with the Justice Department.

Black was freed on bail in December 2005. As a condition of his release, he was required to put up the $20 million bail bond backed by the Palm Beach home and $8.5 million he made from the sale of a Park Avenue apartment in Manhattan.

The government already had targeted those assets in a forfeiture proceeding, arguing they were the fruits of his looting of Hollinger International.

In a separate filing, the Justice Department asked St. Eve to order the Palm Beach property sold so that the proceeds can be escrowed pending the outcome of the forfeiture proceedings.

Entitlement in Doubt

``In essence, the government agreed to allow defendant to post assets for which there was probable cause to believe defendant was never legally entitled to own," Assistant U.S. Attorney Edward Siskel wrote in today's court filing.

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Black told prosecutors the Palm Beach property was owned by his Conrad Black Capital Corp., Siskel said. The property was encumbered by a $10 million mortgage and a Canadian tax lien of C$13 million ($8.9 million) to C$14 million.

Black said, and prosecutors accepted as fact, that there was at least $8 million in equity remaining, the government said.

Prosecutors now say that Black owes the Canadian government more than C$16 million in back taxes, that he defaulted on the Palm Beach mortgage and that his wife is a part owner of the property. In court, Sussman questioned what, if any, equity Black still has in the property.

Genson, Black's lawyer, told the judge that Black's wife, Barbara Amiel Black, holds only nonvoting shares in Conrad Black Capital Corp. He offered prosecutors a chance to talk directly with Canadian authorities about the size of the lien.

Hollinger Founder

Black founded Hollinger and led it for eight years as a public company until he was forced out in November 2003.

Black at his height trailed only Rupert Murdoch and Gannett Co. among the biggest owners of English-language newspapers. Hollinger published London's Daily Telegraph, the Jerusalem Post and 60 percent of Canada's dailies.

Shareholders of Hollinger International last week voted to change the company name to Sun-Times Media Group Inc.

Black's trial is set to start on March 5.

The case is U.S. v. Black, 1:05-cr-00727, U.S. District Court, Northern District of Illinois (Chicago).

Denver Lawyer Could Sharpen Focus On Weiss In Milberg Probe (LAW)

By Amanda Bronstad, The National Law Journal

National Law Journal, June 20, 2006

Federal prosecutors who indicted Milberg Weiss Bershad & Schulman last month are in talks with a Denver lawyer whose testimony could sharpen the investigation's focus toward Melvyn Weiss, founding partner of the New York-based law firm, according to sources familiar with the government's probe.

Last month, a federal grand jury in Los Angeles returned an indictment against Milberg Weiss and two of its partners, David Bershad and Steven Schulman, alleging that they obtained $216.1 million in attorney fees by paying $11.3 million in secret and illegal kickbacks to three individuals who served as lead plaintiffs in their cases. USA v. Lazar, No. 05cr00587 (C.D. Calif.).

Bershad and Schulman have taken leaves of absence from the firm.

Prosecutors have said that the investigation is ongoing, leaving open the possibility of additional indictments against Weiss and William Lerach, a senior partner who left the firm in 2004 to found San Diego-based Lerach Coughlin Stoia Geller Rudman & Robbins.

According to the indictment, a senior partner at Milberg Weiss met in 2003 with the Denver lawyer and agreed that a percentage of attorney fees in two cases would go to Howard Vogel, a retired real estate mortgage broker whose retirement fund or family members were serving as plaintiffs for Milberg Weiss. In April, Vogel admitted to charges in a plea deal that he provided false information in federal court and has agreed to cooperate with prosecutors.

According to sources familiar with the case, the senior partner at that 2003 meeting was Weiss, and the Denver lawyer was Gary Lozow, a shareholder at Isaacson Rosenbaum.

"Mr. Lozow is working closely with the U.S. Attorney's Office in Los Angeles, and we expect that will continue," said John Walsh, a partner at Denver's Hill & Robbins who represents Lozow. He declined to comment further.

Thom Mrozek, a spokesman for the U.S. Attorney's Office in Los Angeles, declined to comment. Weiss' lawyer, Benjamin Brafman at New York-based Brafman & Associates, said: "There is nothing that Mr. Lozow could truthfully say that in any way implicates Mr. Weiss in any wrongdoing because Mr. Weiss did not ever knowingly violate the law."

LOOKING FOR A LINK

So far, prosecutors have failed to establish a direct link to Weiss and Lerach in their years-long investigation against Milberg Weiss. In February, prosecutors told both lawyers that they would not bring charges against them anytime soon.

Last summer, prosecutors indicted Seymour Lazar, an alleged paid plaintiff for Milberg Weiss, and his lawyer, Paul Selzer. In the past few months, prosecutors have obtained guilty pleas from Los Angeles lawyer Richard Purtich, who admitted taking payments from Milberg Weiss and passing them on to another paid plaintiff, and from Vogel, who along with his family is alleged to have received almost $2.5 million in kickbacks from Milberg Weiss.

In two cases involving Vogel, the indictment makes the most prominent references to "Partner A," who is believed to be Weiss, according to sources familiar with the investigation.

According to court papers, in June 2003, Milberg Weiss received $40 million in attorney fees in a class action securities case against Oxford Health Plans. Howard Vogel v. Oxford Health Plans, No. 97cv02325 (D. Conn.).

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In September 2003, Vogel, whose retirement fund was a plaintiff in that case, sent a memo to Schulman stating that a lawyer, referred to in the indictment as "Vogel Intermediary A," would be calling the secretary for "Partner A" to arrange a phone call about the payments in that case. "Vogel Intermediary A" is believed to be Lozow, according to sources familiar with the investigation.

Vogel also wanted to discuss payments in a separate case in which his stepson was serving as a plaintiff against Baan Co., the indictment says.

In response, Schulman told Vogel that "Partner A" would not discuss the matter by phone, but that "Vogel Intermediary A" should meet with him in person at Milberg Weiss' New York office, the indictment says.

On Nov. 10, 2003, "Partner A" met with "Vogel Intermediary A" at the firm's New York office and "agreed that Milberg Weiss would pay Vogel a percentage of its attorney fees obtained in connection with Oxford Health and Baan," the indictment says. On Dec. 18, 2003, Milberg Weiss, Schulman and "Partner A" sent "Vogel Intermediary A" two checks, one for $1.1 million and one for $120,000. Those checks were wired to a bank account controlled by Vogel.

Schulman's lawyer, Herbert Stern, did not return calls seeking comment.

If Lozow agrees to plead guilty or sign an immunity deal with prosecutors, that would move the case one step closer to Weiss, say sources familiar with the investigation.

"They'd love to turn Lozow," said one lawyer familiar with the case who requested anonymity. "He'd make a great case if he came in and said, 'I conspired with Schulman and Weiss.'"

Father, Son Plead Guilty To SureWest Fraud (SACBIZ)

Sacramento Business Journal, June 20, 2006

A former treasury analyst for SureWest Communications and his father pleaded guilty Monday in U.S. District Court in Sacramento to charges that they had taken $2 million from the Roseville-based telecom company.

Arrested in early 2004 were former SureWest treasury analyst Jeffrey Wells, 31, of Roseville; his father, Larry Wells, 60, of Pebble Beach; and a business associate, Henry M. Kaiser, 59, of Piedmont.

The trio had been charged with illegally diverting several million dollars in SureWest cash and investment funds controlled by Jeffrey Wells to outside accounts to secure financing for Quivira Ventures, owned or controlled by the elder Wells and Kaiser.

The U.S. Justice Department said that the money transfers were made "so that Quivira could demonstrate to potential investors that it had sufficient funds on deposit to be a venture capital firm and thereby attract new investors."

Kaiser, grandson of industrialist Henry J. Kaiser, stepped down from the Kaiser Permanente board after he was charged. In April 2004, Kaiser admitted guilt to "interstate transportation of money obtained by fraud and conducting a monetary transaction in criminally derived property."

On Monday, Jeffrey Wells pleaded guilty to 10 counts of wire fraud, while his father pleaded guilty to two counts of wire fraud and two counts of engaging in transactions with criminally derived property.

"We're all happy to have begun to put this long and difficult chapter behind us," said Larry Wells' attorney, William Portanova of Sacramento. Sentencing is scheduled for Aug. 29.

It took less than nine months after the trio's arrest in 2004 for Roseville-based SureWest (Nasdaq: SURW - News) to regain all $25 million that the company said was misappropriated. All but $1.8 million was returned upon the arrests, and SureWest's insurer paid the rest, the company reported.

Fed Governor Olson To Head Accounting Board (WSJ)

By David Reilly

The Wall Street Journal, June 20, 2006

Ending months of regulatory uncertainty for the accounting industry, Securities and Exchange Commission Chairman Christopher Cox yesterday named Mark W. Olson, a Federal Reserve Board governor, to head the agency that regulates accounting firms.

Mr. Olson's appointment to chair the Public Company Accounting Oversight Board is one of the most significant to be made by Mr. Cox since he took the helm of the nation's markets watchdog last year. The PCAOB oversees accounting firms that audit public companies and was formed in the wake of corporate scandals such as those at Enron Corp. Its creation ended decades of self-regulation by the accounting industry.

Mr. Olson, 63 years old, will become the PCAOB's second full-time chairman, a position that pays $615,000 annually. He fills the spot left vacant last fall by the resignation of the board's first chairman, William McDonough, also a former Federal

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Reserve governor. Mr. Olson will take over from acting PCAOB Chairman Willis Gradison, 77, a former Republican Congressman who will remain on the board.

Mr. Olson said in an interview yesterday that he wasn't going into the position with a preset agenda, although he expected that debate over how to implement rules related to companies' internal controls would continue as a big issue for the board. He said he expects to take up his new position in early July.

Mr. Cox also filled yesterday a second opening at the PCAOB, announcing that founding board member Kayla Gillan will remain in her seat. Ms. Gillan, a former general counsel to the California Public Employees' Retirement System, or Calpers, had continued to serve on the board since her term expired last fall. Board members earn $500,000 a year.

The selection of Mr. Olson to lead the PCAOB opens another seat on the seven-member Federal Reserve Board for President Bush to fill. All the existing board members are Bush appointees. Mr. Olson has been on the Fed board since December 2001 and has overseen administrative matters as well as chaired the Fed's committee on consumer and community affairs.

Although he has a banking background, Mr. Olson is a former partner with Big Four accounting firm Ernst & Young LLP. In addition, he was staff director of a Senate subcommittee overseeing the SEC, accounting issues and the insurance industry.

Lone Star Is Cleared In Probe Of KEB Deal (WSJ)

By Laura Santini

The Wall Street Journal, June 20, 2006

HONG KONG -- South Korean regulators cleared Lone Star Funds of any wrongdoing in its purchase of Korea Exchange Bank. Instead, they accused KEB's former management and several government agencies of mishandling the bank's sale in 2003, when many of the country's financial institutions were reeling from mounds of bad credit-card debt.

While exonerating Lone Star and allaying concerns that regulators would seek to nullify the deal, the report of the Board of Audit and Inspection does little to relieve the Dallas private-equity fund's other major worry: that it might have to pay full taxes on its profit from the sale of its KEB stake, to Korea's Kookmin Bank, once the sale is finalized.

That deal now awaits the conclusion of Korean prosecutors, who are conducting their own probe of the KEB transaction, including Lone Star's role.

Lone Star didn't return calls seeking comment.

The audit board's report, released yesterday, says KEB executives exaggerated the bank's losses at the time of the sale, understating its capital-adequacy ratio and deeming the bank "troubled," a designation that allowed a foreign buyer -- in this case, Lone Star -- to step in, speeding the sale. The audit board singled out KEB's chief executive at the time, Lee Kang Won, saying he undervalued the bank by making unrealistic assumptions.

Mr. Lee currently heads Korea Investment Corp., a state-run investment company set up last year by the Finance Ministry. KIC had no immediate comment.

In addition, the audit board said that regulators, including Korea's Ministry of Finance and Economy, gave approval without checking adequately to ensure that the bank's condition was truly dire. A Finance Ministry spokeswoman declined to comment.

The audit board's report comes as Korean business leaders and bureaucrats are being subjected to increased scrutiny. It was issued about a month after the indictment of Hyundai Motor Co. Chairman Chung Mong Koo, who stands accused of creating a "slush fund" used to pay for influence among government bureaucrats and financial-industry executives.

In carrying out its three-month investigation, the audit board summoned for questioning several current and former government officials, including Mr. Lee; Kim Seok Dong, deputy finance minister and former head of the Financial Supervisory Commission; and Byeon Yang Ho, former head of the Finance Ministry's banking policy bureau. Separately, Mr. Byeon was arrested last week on allegations he accepted bribes from a lobbyist for Hyundai Motor.

For Lone Star, a recommendation by the audit board that the 2003 KEB sale be quashed could have proved disastrous, as the fund's investors might have received little more than their principal sum in return. Under Lone Star's current plan to sell Korea Exchange Bank to Kookmin Bank, the fund and its investors stand to reap $4.5 billion in profit on a $1.2 billion investment.

But the prosecutor's probe remains, as does the tax issue.

Foreign funds operating in South Korea, such as Lone Star, have largely avoided taxes by registering in offshore jurisdictions that have tax treaties with Seoul. The treaties are designed to give tax relief to foreigners, who then are expected to pay capital gains and other taxes in their home jurisdictions. But many of the jurisdictions in which the funds register don't levy capital-gains taxes. The tax issue has inflamed the Korean public, as foreign funds recently have reaped huge profits by cashing out of equity stakes bought on the cheap after the 1997-98 Asian financial crisis and Korea's subsequent widespread credit-card debt defaults.

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Carlyle Group, for instance, initially didn't pay any taxes in South Korea after selling KorAm Bank to Citigroup Inc. in 2004 for $2.73 billion, a deal that more than doubled the fund's investment. The U.S. private-equity firm later paid an undisclosed sum after authorities last year conducted an audit of five funds, including Carlyle and Lone Star, slapping them with a combined assessment of $207 million. Newbridge Capital hasn't paid any taxes on its sale of Korea First Bank to Standard Chartered PLC.

Without tax-treaty protection, foreign investors who sell shares in South Korea pay either an 11% withholding tax on the proceeds, or 27.5% of capital gains, whichever is less. Lone Star has agreed to set aside about $700 million to cover any taxes resulting from the KEB sale.

Lone Star has said it is willing to pay some taxes on the KEB sale, but people close to the fund say it is likely to fight a full tax assessment.

Further weighing on Lone Star's reputation in South Korea, the firm's former head in the country, Steven Lee, has admitted to embezzling from the fund about $12 million over several years in a scheme that involved filing false invoices. Authorities are also looking into Lone Star's dealings in nonperforming loans.

Options Timing Raises Concerns Among Insurers (WSJ)

By Liam Pleven

The Wall Street Journal, June 20, 2006

The controversy over executive stock options has the insurance industry casting a wary eye at the liability protection it provides to corporate officers and directors, a development that could in some cases push premiums higher or reduce coverage for directors and executives.

At least three dozen companies are facing federal probes over whether they backdated or manipulated stock options, timing them to boost the payoff for executives. Shareholders in some cases have responded by filing lawsuits, and insurers are bracing for a slew of claims.

"The underwriters are obviously concerned that it's going to be a major source of claims," said John Schwonke, a senior vice president at ABD Insurance and Financial Services, an insurance broker based in Redwood City, Calif., that handles directors and officers, or "D&O," insurance for more than 100 publicly traded companies.

At this point, premiums haven't started to rise. But insurers have begun asking their own questions about the options practices of clients. Some, for example, are asking customers whether they have ever backdated options or received an inquiry from the Securities and Exchange Commission on the timing of grants.

"If we have any cause for concern, we may exclude the risk," said James Bronner, a senior vice president and chief underwriting officer for Chubb Specialty Insurance, a unit of Chubb Corp., one of the nation's leading D&O insurers. "If a company grants options on a different day each year -- and if that happens to be the 52-week low point for its stock each year -- we're going to be suspicious."

The scrutiny has the potential to shake up the market for D&O insurance, which is intended to protect top corporate officials from facing personal losses for decisions they make in their posts running companies. The insurance, usually paid for by the company, typically reimburses the company or its officials for expenses such as legal fees. No hard figures exist for the size of the D&O insurance market, but insurance-industry executives estimate it generates several billion dollars in premiums annually.

The D&O market saw considerable upheaval and a sharp rise in premiums in 2002 and 2003, in part because of accounting scandals at companies including Enron Corp. and WorldCom Inc. Cases such as those could be costly for insurers and, in some cases, directors. Eleven former board members of WorldCom, for example, agreed to pay $20.2 million out of their own pockets to settle a suit, and their insurers agreed to shell out another $35 million.

With new insurers recently entering the market and competing for D&O business, premium prices have generally fallen in the past two years after soaring amid the accounting scandals. Last year, U.S. for-profit companies paid about 18% less on average for D&O premiums than in 2003, according to an annual survey by Tillinghast, an insurance-industry consulting firm and a unit of Towers Perrin.

That survey found that a U.S. for-profit company with $5 billion in assets had D&O coverage of as much as $104.8 million on average. The average total premium for U.S. companies was $257,223.

Prices are expected to rise again eventually because claims are becoming gradually more common and more expensive. The recent questions about the dating of stock options could be the precipitating event for a rise, said Elissa Sirovatka, the principal author of the Tillinghast survey. Increases could be focused in industries like technology, where the options practices of numerous companies are under scrutiny.

Shareholders have filed several lawsuits relating to options-granting practices. Two pension funds from Ohio filed suit in May accusing board members at UnitedHealth Group Inc. of allowing the "backdating" of stock options. A spokesman for

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UnitedHealth said the company will vigorously defend the lawsuit and continue to focus on customers and improving the health-care system. American Tower Corp. said last month that a shareholder had filed suit against some current and former directors related to past options-granting practices; the board has formed a special committee to evaluate the suit. American Tower declined to comment further.

It isn't clear how severely the D&O market will be hit by the evolving situation. Much depends on how many lawsuits are filed and the outcomes of those suits. That is unlikely to be known for months or years. Moreover, brokers say they would resist any attempts by insurers to limit coverage.

"The question really is: How widespread is the issue?" said John Doyle, a senior vice president at American International Group Inc., another underwriter of D&O insurance.

Companies generally grant options with a "strike" price equivalent to the share price when the grant was approved. In theory, the recipient will earn money if the company does well and the stock rises. Backdating -- moving the grant to a prior date when the share price was lower -- gives the recipient an instant paper profit, regardless of how the company performs.

"Just the sheer cost of defense" could be a significant concern even absent a major settlement, said Mr. Schwonke of ABD.

CRIMINAL LAW:

Abramoff May See Delayed Sentence (RC)

By John Bresnahan

Roll Call, June 20, 2006

The Justice Department and attorneys for disgraced former lobbyist Jack Abramoff have agreed to postpone for at least three months the day he has to report to federal prison — the latest sign that Abramoff's continued cooperation with an ongoing corruption probe in Washington, D.C., is proving helpful to prosecutors.

Abramoff had been scheduled to surrender himself to the Bureau of Prisons on June 29 to begin the 70-month prison sentence handed down by Judge Paul Huck of the U.S. District Court for the Southern District of Florida. Abramoff and Adam Kidan, Abramoff's former business partner in a Florida-based gambling cruise ship company, pleaded guilty in January to mail and wire fraud in that case, and each received the same prison sentence from Huck.

Abramoff and Kidan also were ordered to pay a total of $21.7 million in restitution.

Justice officials and Abramoff's lawyers filed a joint motion with Huck on Friday night asking for a three-month reprieve for Abramoff, who is cooperating with federal prosecutors in an ongoing probe that has roiled official Washington.

Abramoff also has pleaded guilty in that case and faces as much as 11 years in prison after admitting to fraud, tax evasion and conspiracy to bribe public officials, although he has not been sentenced yet. Abramoff next meets with the judge overseeing the Washington case on Sept. 6. Whatever sentence Abramoff receives in the U.S. District Court for the District of Columbia will be served concurrently with the Florida charges.

It was unclear at press time whether Huck has approved the joint motion, which was filed after the federal court in Miami closed on Friday. Several calls to Huck's office were not returned.

Several sources close to the case believe Abramoff may not be required to begin his prison sentence in the Florida case until next year, depending on how the Washington corruption probe is progressing.

One lawyer who asked not to be identified said Huck "is not the kind of judge that will allow [Abramoff] to walk around" without an incarceration date, meaning that Huck could end up approving several 90-day extensions before the one-time lobbying superstar enters prison. A three-month extension from his current incarceration date would allow Abramoff to remain free until the end of September on the Florida charges.

Another issue for Abramoff's attorneys is where he will serve his prison sentence. Abramoff is an Orthodox Jew, and his lawyers have said they will seek to have him incarcerated at a federal facility where he can attend religious services, a source close to the case said.

Abramoff would like to be sent to a prison that would allow him to have some access to his wife and five children.

Three other individuals close to Abramoff have pleaded guilty in the Washington corruption probe, and a fourth's fate is still being weighed by a federal jury, although none has been sentenced, much less received a date for his incarceration to begin.

Michael Scanlon, a one-time aide to former Rep. Tom DeLay (R-Texas), pleaded guilty in November to conspiracy to bribe public officials and commit mail and wire fraud. Scanlon's sentencing has been postponed, and he will next appear before a federal judge in September to review the status of his case.

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Tony Rudy, another DeLay aide, pleaded guilty in March to federal fraud and lobbying violations charges. His next court date is July 11.

Neil Volz, former chief of staff to Rep. Bob Ney (R-Ohio), admitted in May to conspiracy to commit fraud and violating the one-year ban on lobbying by former top Congressional aides. His next court date is Aug. 10.

David Safavian, a former Bush administration official, is currently on trial in federal court for allegedly lying to federal and Congressional investigators over his relationship with Abramoff. At press time, the jury was deliberating the charges against Safavian. Volz appeared as a prosecution witness during Safavian's trial.

Hiring Trial Shown Alleged Clout List (CHIT)

By Dan Mihalopoulos, Rudolph Bush And Todd Lighty, Tribune Staff Reporters

Chicago Tribune, June 20, 2006

A who's who of Chicago political power brokers and the job seekers they sponsored was unveiled Monday by federal prosecutors in the City Hall corruption trial.

The list of more than 5,700 politically connected job applicants became public as a longtime secretary in Mayor Richard Daley's office testified for federal prosecutors against former Daley patronage chief Robert Sorich.

Although city officials insisted for years that they did not engage in patronage hiring, secretary Patricia Molloy said aides in the mayor's office kept track of job seekers and their political sponsors, beginning shortly after Daley's election in 1989 and during much of his 17-year tenure.

The names of the mayor's three brothers--Michael, John and William Daley--were entered into the database as sponsors of people seeking jobs or promotions, according to court records. Other sponsors on the list include longtime mayoral political strategist Jeremiah Joyce and former top aides Timothy Degnan, Victor Reyes and John Doerrer.

At least two applicants were described as friends of the mayor, and Gov. Rod Blagojevich also was identified as a sponsor of a successful job seeker on the list, which Molloy compiled between 1990 and 1997.

Sorich and three other former Daley administration officials are charged with rigging city hiring and promotions to favor applicants backed by the mayor's office. Prosecutors say the fraud scheme benefited the mayor's political organization and was intended to get around a federal court decree restricting patronage hiring.

The hiring of political allies fueled the infamous Chicago Democratic machine for decades, but patronage was supposed to have ended when the city agreed to the Shakman decree more than 20 years ago. Daley has said machine politics play no role in his dominance of local politics.

On Monday, a Daley administration spokeswoman said city officials declined to comment on Molloy's testimony.

Molloy, who lives in the Daley family's Bridgeport power base, was secretary to Sorich and co-defendant Timothy McCarthy in the mayor's Office of Intergovernmental Affairs.

Testifying under a grant of immunity from prosecution, Molloy described how she kept computerized databases and paper files related to hiring at Intergovernmental Affairs.

The names on the lists came from pro-Daley political coordinators who visited Sorich at his City Hall office or called him at work, she said. Molloy said Sorich then relayed that information to her, and she used it to compile a database on a city-issued Compaq laptop.

The 59-page list entered into evidence Monday contained 5,743 names. There were columns for the applicants' names, race, Social Security numbers, the jobs that they wanted, and their political sponsors. Another column on the list, Molloy said, was used to record when the applicants received a city job.

A James Reilly was listed as "Friend-Mayor" and received a job in January 1990, according to the list.

City records show that Reilly joined the payroll on Jan. 22, 1990. In an interview Monday, he scoffed at the suggestion that he owed his job to political influence, saying he worked his way up from the bottom rung of the Cook County state's attorney's office.

"I've worked with the mayor for over 25 years and have a longstanding relationship with him," said Reilly, now the city's director of administrative hearings.

Daley brothers on list

William Daley, the Midwest chairman of JPMorgan Chase & Co., appears on the list as a sponsor four times.

Michael Daley, partner in the Daley & George law firm, pops up three times.

Cook County Commissioner John Daley, who leads the 11th Ward Democratic Organization, was listed as the backer of two applicants, including Paul Ready.

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Ready, a $38.25-an-hour city hoisting engineer, said in an interview that he never went to John Daley or Intergovernmental Affairs for help in getting hired. Asked if he knew how his name ended up on the list from Intergovernmental Affairs, Ready said, "I do, but it's none of your business."

David Axelrod, a top political consultant to the mayor, appears on the list as the sponsor of David Woods. Axelrod acknowledged that he made a job recommendation for Woods after meeting him during pickup basketball games at a YMCA on North Halsted Street more than 10 years ago.

"Over time, we became friendly, and I learned a little about him," Axelrod said. "His goal was to become a bricklayer. It was a better-paying job."

Woods, who was a toll collector on the Chicago Skyway, volunteered to work on campaigns, but Axelrod said he did not care about that.

"I knew he was an African-American and he wanted to get a trades job," Axelrod said. "That's a good thing, since some of the trades traditionally have not been open to African-Americans."

Axelrod said he placed a call to Intergovernmental Affairs for Woods but does not recall whom he spoke to. Woods became a city bricklayer, records show.

Secretary of State Jesse White's name pops up on the list about two dozen times. Spokesman David Druker said White recalled a couple of the names on the list.

Druker said White did not remember whether he wrote letters to the mayor's office or placed calls on behalf of job seekers when White was county recorder of deeds.

"He told people that his recommendation would not guarantee them a job," Druker said. "He would never expect a government agency to do anything unethical or illegal in order to help someone get a job."

Blagojevich spokeswoman Abby Ottenhoff said applicant James Haskins wanted to return to work for the city after a stint in Blagojevich's congressional office, "so the governor was a reference for him."

Asked who, if anyone, Blagojevich contacted at the city to help Haskins get a city job, Ottenhoff said, "I have no idea."

Judging by the list, those with the most clout in city hiring during the 1990s included the pro-Daley Hispanic Democratic Organization and the Coalition for Better Government, based on the Northwest Side.

Organizations had clout

Many job applicants were listed as enjoying the support of Reyes, the HDO leader who directed Intergovernmental Affairs from 1995 until 2000. Other high-ranking HDO members, including retired Streets and Sanitation Commissioner Al Sanchez and state Sen. Antonio "Tony" Munoz (D-Chicago), also were listed as sponsors.

Coalition for Better Government leaders Dominic Longo and Ron Calicchio sponsored dozens of applicants for jobs and promotions, according to the list.

Other sponsors named repeatedly include Ald. Isaac Carothers (29th Ward); Tom Dart, the Democratic nominee for Cook County sheriff; and former laborers union leader Bruno Caruso.

Several religious leaders appeared on the list as sponsors. Among them was Rev. Jack Wall of Old St. Patrick's Church, where the mayor attends services.

Molloy began working in the mayor's office shortly after Daley's election in 1989. She testified that she also kept paper records of hiring requests in Intergovernmental Affairs.

Molloy said she destroyed two cabinet drawers of those documents in 2002 at Sorich's request.

Under cross-examination by Sorich's lawyer, Thomas Anthony Durkin, Molloy said the process that she described began before Sorich joined Intergovernmental Affairs in 1993.

Molloy said she never told anyone outside Intergovernmental Affairs about the job lists. She said Sorich's predecessor, Michael Broderick, told her, "It was something that was not supposed to be done in the office."

Tribune staff reporters Robert Becker and Gary Washburn contributed to this report.

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-page Clout List Is 5,000 Strong (CHIST)

By STEVE WARMBIR, FRAN SPIELMAN, MARK J. KONKOL AND TIM NOVAK, Staff Reporters

Chicago Sun-Times, June 20, 2006

Call it a Who's Who of city clout.

Excerpts of a list of more than 5,000 names that was never supposed to see the light of day were projected on a large overhead screen in federal court Monday as part of the criminal trial of Mayor Daley's former patronage chief, Robert Sorich.

The 60-page list gives the most detailed snapshot yet of politicians, powerbrokers and mayoral friends vying for city jobs or promotions for their families, friends and supporters.

The list was kept on the laptop computer of an employee at the mayor's Office of Intergovernmental Affairs. Prosecutors contend it was part of a corrupt scheme to rig the city-hiring process to award city jobs and promotions to people doing political work for Daley.

Patricia Molloy, a former secretary of Sorich, testified Monday that the computerized list she kept ran from 1989 to 1997 and that Sorich later told her to shred paper copies of similar lists.

Prosecutors call the scheme illegal. Defense attorneys for Sorich and three other former city employees on trial contend their clients were following orders as part of a long city tradition and never intended to commit crimes.

The list released Monday shows the names of candidates for jobs or promotions. It notes in some instances what ward the person is coming from and often notes the person's political sponsor. The list is not clear on whether the candidates got their jobs or promotions, although in many instances they did.

Not all candidates fared well.

"Arrogant," read one note on a man seeking a city job. "Shot his own foot again."

11th Ward appears over 450 times

Three Daley brothers, Cook County Commissioner John Daley, former U.S. Commerce Secretary William Daley and Michael Daley are on the list as making a few recommendations for job seekers. Other job candidates are referred to on the list as friends of the mayor.

A secretary of Mayor Daley's offered names for job candidates, and one of his bodyguards, Sam Roti, tried to get his wife a city post too.

Current or former mayoral friends, including trucking magnate Michael Tadin and businessman Oscar D'Angelo, grace the list as sponsors.

The Rev. Jack Wall, pastor of Old St. Patrick's Church downtown, which Mayor Daley attends, recommended two people.

Daley's political base, the 11th Ward, came up more than 450 times as the sponsoring ward for job candidates.

Gov. Blagojevich, whose administration is accused of having its own clout list, is on the city list one time -- for referring his own employee for a city post back when Blagojevich was a congressman, his spokeswoman explained.

Cook County Sheriff Michael Sheahan is on the list for referring people. So is the man likely to replace him, the Democratic nominee for sheriff, Tom Dart.

Many times, the list is a family affair, with the clout-heavy trying to help family. Mayor Daley's former deputy aviation commissioner, Robert Repel, for instance, asked the city to hire his son, Michael, in July 1996. Seven months later, Michael Repel was arrested for breaking into a car. He pleaded guilty to burglary and was sentenced to three years in prison.

While on parole, Michael Repel, 33, was hired in November 1999 as a city laborer. He has a lengthy arrest record and once admitted to being a gang member.

Bruno Caruso, who was forced out as boss of Laborers' Union Local 1001 because of his alleged ties to organized crime, repeatedly asked city officials to give jobs and promotions to his union members as well as his family.

Caruso and the union sought jobs or promotions for several cousins as well as his cousin's wife. Caruso declined to comment on the list -- as did most people contacted.

"I don't have any comment on anything related to the trial," said Ald. Isaac Carothers (29th), whose name appeared on the list more than any other aldermen.

Carothers made his requests before becoming alderman. He was working as a high-ranking Streets and Sanitation official and was a key lieutenant in Daley's political army.

"I'm getting ready to leave on vacation. A man just pulled up to get me. I have to leave right now," Carothers said.

'All my guys were qualified'

A spokesman for Illinois Secretary of State Jesse White acknowledged White made some recommendations but always believed the candidates were qualified and never thought anything improper would be done to get them jobs.

Political operative Dominic Longo, of the controversial Coalition for Better Government group, made no apologies for going to bat for his people. "All my guys were qualified," Longo said.

Charles Bowen, who retired two years ago as Daley's liaison to black ministers, appears frequently as a sponsor.

"It wasn't for any benefit for me. It was because I thought somebody deserved a position," Bowen said.

"Why would I apologize for doing something I think is right? I wouldn't apologize for that. Absolutely not."

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Contributing: Abdon M. Pallasch, Natasha Korecki

Ex-agent Testifies To Probe Of Bulger (BOS)

By Shelley Murphy, Globe Staff

The Boston Globe, June 20, 2006

Says Senate chief targeted in '83 case

A retired FBI official testified yesterday that then-Massachusetts Senate president William M. Bulger was the target of a 1983 FBI investigation that was compromised by leaks while his gangster brother, James ``Whitey" Bulger, was an FBI informant.

Robert Fitzpatrick, who was an assistant special agent in charge of the FBI's Boston office from 1981 to 1986, said the FBI wanted to ``get" three of the state's top politicians at the time: House majority whip Vincent J. Piro , House Speaker Thomas W. McGee , and Bulger.

``He was the target, I believe," said Fitzpatrick, referring to William Bulger. But there was ``a leak situation, and it got tanked," he said. ``It just went down the tubes."

Piro, a Somerville Democrat, accepted a $5,000 bribe in 1983 from an undercover FBI agent posing as a mall developer trying to get liquor licenses, then returned it three weeks later. The bribe was to ensure Legislative approval of the licenses. Piro was recorded on tape saying some of the money would be used to ``grease a few guys." Piro argued government entrapment at trial and was acquitted of conspiracy and extortion charges.

A witness at Piro's 1985 trial testified that Piro had demanded upfront money because ``I need to consider some people, like the speaker." McGee denied any involvement. He was never charged. No evidence surfaced against Bulger. Yesterday, Fitzpatrick didn't elaborate on why the FBI targeted him.

Boston lawyer R. Robert Popeo , who represented Piro in the criminal case and represented William Bulger on unrelated matters in the 1980s, called Fitzpatrick's testimony ridiculous and said William Bulger's name has never previously been linked to the Piro case.

``It's absolutely ridiculous to suggest that Bill Bulger would have been involved in anything that would have amounted to impropriety, let alone a matter that would have been the subject of an investigation of this type," Popeo said.

Prosecutors contended that Piro returned the bribe because he was tipped off to the true identity of the FBI undercover agent. On the stand, Fitzpatrick said the investigation was among nine in the FBI's Boston office during his tenure that he believed were compromised by leaks to Whitey Bulger, other informants, or others outside the office.

Popeo said, ``Nothing came to our attention prior to trial, during the trial, or after the trial that gives any validity to any suggestion that [Piro] was the beneficiary of any leak."

Yesterday was Fitzpatrick's fifth day on the stand in US District Court in Boston, where he is testifying in a $50 million wrongful death suit brought against the government by the family of John McIntyre , a Quincy fisherman. The family says the government negligently caused McIntyre's death by mishandling Stephen ``The Rifleman" Flemmi and Whitey Bulger, both longtime FBI informants.

Flemmi testified earlier that he and Bulger killed McIntyre on Nov. 30, 1984, after their handler, FBI agent John J. Connolly Jr. , warned them that McIntyre was cooperating against them. McIntyre had implicated the gangsters in an unsuccessful effort to ship weapons to the outlawed Irish Republican Army aboard the Valhalla, a Gloucester trawler.

Flemmi is serving a life sentence for 10 murders, including that of McIntyre.

Bulger, who is wanted for 19 killings, has been a fugitive since 1995. Connolly, who was convicted of racketeering in 2002, is serving a 10-year prison term.

Fitzpatrick, who had urged his superiors to drop Bulger as an informant in the 1980s, testified yesterday that he also wrote a letter to the FBI's third in command at headquarters in 1983, complaining about ``malfeasance" in the bureau's Boston office. He said he never received a response to his letter.

Fitzpatrick said he was concerned that Whitey Bulger, who was being eyed by the FBI as a suspect in at least three murders by 1983, was getting leaks from Connolly about ongoing investigations.

Earlier yesterday, Emily McIntyre, 77, of Quincy, spent an hour on the stand, sobbing uncontrollably at times as she clung to a photograph of her son, John McIntyre.

Justice Department lawyer Bridget Bailey Lipscomb grilled Emily McIntyre about her son's character, asking her if she knew he had allegedly abused his wife and had been charged with drunk driving and assault in the years before his slaying.

``No, I don't know that," Emily McIntyre said repeatedly, defending her son's reputation. ``He was such a beautiful person."

Judge Orders FBI To Turn Over Agent's Desperate Letter (BOSH)

By Laurel J. Sweet
Boston Herald, June 20, 2006

Federal Judge Reginald C. Lindsay has ordered attorneys for the FBI to turn over a tell-all letter penned to the agency's second-in-command 23 years ago by a desperate manager in Boston.

After only two years as assistant special agent in charge of Boston, Robert Fitzpatrick testified yesterday at a Quincy family's $50 million wrongful death suit, he was at his wit's end in 1983 when he decided to confide in a friend at headquarters.

The family of John McIntyre, 32, a government witness murdered by James "Whitey" Bulger in 1984, has accused the FBI of being complicit in his death.

Because Fitzpatrick "wasn't getting anywhere" with formal complaints of malfeasance and obstruction of justice, he said, "I outlined my grievances" to Lee Caldwell about FBI agents destroying investigations with "severe leaks" to mob informants like Bulger. Caldwell was a man he thought he could trust, but Fitzpatrick said, "I never heard back."

FBI To Add Agents To Wales Case (SEAPI)

By Paul Shukovsky, P-I REPORTER
Seattle Post-Intelligencer, June 20, 2006

New supervisor holds meeting on 2001 killing

The FBI is sending in the cavalry in an attempt to solve the 5 1/2-year-old killing of Seattle federal prosecutor Tom Wales.

A week after the FBI's top brass removed the Seattle office from management of the investigation, its new manager -- Portland Special Agent in Charge Robert Jordan -- announced he's boosting the number of agents and analysts assigned to find the killer.

"This is an extremely important case to us (the FBI)," said Jordan, after emerging from a Monday meeting in Seattle to discuss the case. "We are not going to walk away from this. And we are going to commit as many resources as possible."

FBI officials in Seattle recently cut in half the number of agents assigned to the investigation. A federal criminal justice source said the move reflected a lack of progress in the Wales investigation, and the FBI balanced the resources dedicated to it against other investigative priorities.

A bullet killed Wales on Oct. 11, 2001, as he sat in front of a computer in the basement of his Queen Anne home. The killing shocked his colleagues at the U.S. Attorney's Office in Seattle as well as the nation's federal criminal justice establishment.

"We can find no precedent for a federal prosecutor being murdered, perhaps because of his job," Jordan said. "To anyone who carries a gun and a badge, it's a visceral case."

There had been four agents assigned to the case before Seattle FBI Special Agent in Charge Laura Laughlin cut that to two agents in May.

Jordan wouldn't reveal the numbers of agents who will ultimately be assigned to the investigation, but said it would be more than four. One of Jordan's agents in Portland with extensive cold-case, homicide experience will be assigned to help find the killer.

Quick to assert "this is not a cold case," Jordan said there are several promising leads that could pave the way to the murderer.

Jordan said he was grateful for the continued commitment of the Seattle Police Department in trying to track down the killer.

"Chief (Gil) Kerlikowske offered up as many resources as we need," Jordan said. "We're going to be taking him up on that."

There has been a Seattle police detective assigned to work in partnership with the four FBI agents. That number will likely increase, he said.

"In this ongoing investigation, we'll assist them in any way we can to bring this killer to justice," Kerlikowske said Monday.

Day-to-day management of the agents will be provided by one of Jordan's Portland supervisors who will be moving to Seattle.

Present at the meeting Monday were Kerlikowske, King County Deputy Prosecutor Roger Davidheiser, special federal prosecutor Steven Clymer, and some of the investigators working the case.

Jordan would not name the agents who will be assigned to the case, but said at least one of the agents previously assigned to the investigation will continue with it in order to provide continuity. Federal criminal justice sources said two agents currently assigned will remain on the job.

Jordan said discussion at the meeting included "what are the leads we should let go of and what are the leads we should pursue."

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"It's an exciting opportunity to take another look at this case -- a very important case." Jordan said. "You need a fresh set of eyes -- a fresh focus is always a good thing."

P-I reporter Paul Shukovsky can be reached at 206-448-8072 or paulshukovsky@seattlepi.com.

Two Officers In Bribery Scheme Plead Guilty (AP)

By The Associated Press

AP, June 20, 2006

CHARLOTTESVILLE, Va. -- Two former Charlottesville police officers accused of taking bribes of sexual favors and cash to ignore illegal activities at a strip club pleaded guilty Monday to lying to federal agents about having sex with a teenager and covering up a traffic offense.

Roy Fitzgerald, 46, and Charles Saunders, 47, will be sentenced on Sept. 22.

The officers declined comment Monday.

The pleas were part of a deal announced last week; Fitzgerald, a 15-year veteran and Saunders, with the department since 1999, will no longer face bribery, conspiracy and witness tampering charges.

The officers were accused of ignoring illegal activities involving to Charles Phillips, the manager of the now-defunct Max nightclub, starting as far back as 1996.

In one incident, authorities said Saunders had sex with a blindfolded 16-year-old girl at the home of Phillips' associate, Jason Madison. Other times, authorities said the officers would watch nude dancers at the club after hours while in uniform and on duty.

Assistant U.S. Attorney Thomas J. Bondurant Jr. said in exchange, the officers protected Phillips from prosecution for traffic offenses and warned him about a prostitution investigation, exposing an undercover officer in the process.

During an FBI and Virginia State Police investigation, Bondurant said Saunders lied about intervening with another officer concerning the traffic offense.

The men have resigned from the department.

Two Ex-officers Plead Guilty (RTD)

By Carlos Santos, TIMES-DISPATCH STAFF WRITER

Richmond Times Dispatch, June 20, 2006

They lied to FBI in Charlottesville probe into police corruption

CHARLOTTESVILLE -- Two former Charlottesville police officers pleaded guilty yesterday in a federal court to felony charges after an investigation into corruption at the police department.

As part of a plea bargain, Charles Saunders and Roy Fitzgerald each entered guilty pleas to one felony count of making a false statement to a federal agent.

Saunders, 47, and Fitzgerald, 46, have resigned from the police department, city spokesman Ric Barrick said yesterday.

U.S. District Court Judge Norman K. Moon accepted the guilty pleas from Saunders and Fitzgerald after a brief summation of the evidence against them from Assistant U.S. Attorney Tom Bondurant.

Bondurant said the two men accepted sexual favors and sexually explicit entertainment from women provided by the manager of a now-defunct nightclub in exchange for overlooking illegal activities at the club.

Bondurant said the men, who worked the night shift, attended after-hour events at the nightclub in uniform. Bondurant said the men even tipped off the club's manager to a city undercover operation looking into prostitution.

At one point, the two former officers gave false statements to FBI agents investigating the corruption, Bondurant said.

Indictments on charges of bribery, conspiracy and witness tampering were dropped as part of the plea bargain.

The two men, veteran police officers with more than 10 years on the force, will be sentenced next month by Moon. They could receive up to five years in prison.

Justices Draw A Line On What Evidence Is Admissible (USAT)

By Joan Biskupic

USA Today, June 20, 2006

WASHINGTON — An alleged crime victim's emergency 911 call can be used at trial even if he or she does not testify and undergo cross-examination, a unanimous Supreme Court ruled Monday.

However, by an 8-1 vote, the justices also ruled that if an alleged victim recounts an incident to police at the scene after it occurs, the account cannot be used at trial unless the defendant is able to cross-examine the accuser.

The pair of rulings in cases from Washington and Indiana addressed the Sixth Amendment right of confrontation, which ensures that a defendant may closely question witnesses against him or her. In 2004, the court had barred the use of "testimonial" statements at trial unless the witness was unavailable or had been cross-examined earlier.

In Monday's cases, the justices defined "testimonial" by drawing a line between statements made in emergency situations — which the court said could be permitted as evidence at trial without cross-examination — and statements gathered later by police "to establish or prove past events," which the court barred without cross-examination.

In the Washington dispute, Michelle McCottry had told a 911 operator that her former boyfriend was attacking her: "He's here jumpin' on me again. …. He's usin' his fists." McCottry told the operator that the assailant's name was Adrian Martell Davis. When Davis was tried for felony violation of a domestic no-contact order, prosecutors offered McCottry's statement as evidence. She did not testify. Lower courts rejected Davis' claim that the admission of the 911 recording violated his constitutional rights.

Writing for the court, Justice Antonin Scalia said statements made to authorities responding to an "ongoing emergency" should be allowed as evidence.

In the Indiana case, Amy Hammon was questioned by police officers who had responded to a report of domestic disturbance at her home. She signed a report that said her husband, Hershel Hammon, had hit her in the chest and shoved her to the floor.

Scalia said a trial judge erred in allowing the wife's report to be used as evidence at her husband's domestic battery trial. Scalia said the report, given when there was no immediate threat, was "testimonial." Justice Clarence Thomas dissented.

Also Monday, the justices offered a series of opinions that, for now, will let U.S. regulators continue to block development on wetlands even when the lands are far from rivers and other navigable waters.

For the court, the issue in two cases from Michigan was the extent to which the Clean Water Act protects wetlands adjacent to non-navigable tributaries that eventually drain into rivers and lakes. No clear rule emerged in the court's opinions, and lower-court judges will be left to decide whether long-standing federal protections for hundreds of millions of acres of wetlands should be curtailed.

Four conservative justices — Scalia, Thomas, Chief Justice John Roberts and Justice Samuel Alito — sought to narrowly define wetlands and reduce the power of the Army Corps of Engineers to regulate development and the discharge of pollutants. The justices would limit protected wetlands to those adjacent to permanent standing or continuously flowing bodies of water. They said a lower court should reconsider its decision allowing the corps to deny permits to property owners for a shopping mall and condominiums.

The court's four most liberal justices — David Souter, Stephen Breyer, Ruth Bader Ginsburg and John Paul Stevens — signed a dissenting opinion that stressed the importance of deferring to the corps and its goal of preserving wetlands. They said they would have affirmed the lower-court ruling that sided with regulators against developers.

The ninth justice, Anthony Kennedy, agreed with Scalia that there should be a new hearing in the cases, but he offered a legal standard more favorable to environmentalists. Kennedy said the corps should be able to protect wetlands whose ecological health is linked to that of rivers and lakes. Kennedy also said evidence in the Michigan cases suggested the corps was right in denying the building permits.

Georgetown University professor Richard Lazarus, an environmental law specialist, said the decisions inject "tremendous uncertainty into wetlands regulations. It will present great challenges for regulators and for landowners."

Absent Accusers' 911 Calls Ruled Admissible (WP)

By Charles Lane

The Washington Post, June 20, 2006

The Supreme Court issued new guidelines on the use of evidence from witnesses who cannot or will not testify in person yesterday, ruling that information conveyed to 911 emergency operators may be admitted in criminal cases while statements to police officers in calmer settings may not.

Yesterday's opinion was a much-anticipated follow-up to a 2004 case in which the court, invoking the constitutional right of a defendant to confront his accusers, put new limits on the admissibility of testimony by witnesses who had not been cross-examined and could not or would not repeat their stories in front of a jury.

At issue was the meaning of the "confrontation clause" of the Sixth Amendment, which guarantees defendants' right "to be confronted" with the witnesses against them. The 2004 ruling was considered one of the court's most important on criminal law in recent years, because it overturned precedent that had said an unavailable witness's out-of-court statement could be admissible if a judge found it clearly trustworthy.

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Yet the 2004 decision, Crawford v. Washington , did not define "testimony," and yesterday's decision was intended to fill that gap.

In an opinion by Justice Antonin Scalia, the court analyzed two situations, both involving charges of domestic violence.

Michelle McCottry and Amy Hammon were both alleged victims of domestic violence. McCottry called 911 to report a beating that her boyfriend had just administered; Hammon gave an account of a fresh attack by her husband to police who came to her home.

McCottry and Hammon did not testify at the men's trials; the state won convictions anyway, based in part on the women's statements.

Scalia wrote that the 911 call containing McCottry's accusations against her boyfriend, Adrian Davis, could be used to convict him even though she did not come to court, because the "primary purpose" of the call was "to meet an ongoing emergency."

By contrast, Scalia wrote, answers Hammon gave to a police officer after an alleged incident of abuse by her husband, Hershel, were not admissible without her coming to court, because the emergency was over, and the primary purpose of the police officer's questioning of Amy was to "establish or prove past events potentially relevant to a later criminal prosecution."

In both cases -- Davis v. Washington , No. 05-5224, and Hammon v. Indiana , No. 05-5705 -- all the justices except Clarence Thomas concurred.

He dissented in the Hammon case, saying that Amy Hammon's statement should also have been admissible, and that the court's proposed distinction based on the "primary purpose" of police questioning would be "difficult for courts to apply."

The cases had attracted attention because of their implications not only for domestic-violence cases but all criminal cases in which prosecutors seek to introduce past accusations by people who, whether out of fear or any other reason, cannot or will not repeat their charges in open court.

Adrian Davis and Hershel Hammon, who said the Sixth Amendment requires the state to bring its witnesses to court, put them under oath and allow them to be cross-examined, were supported by the American Civil Liberties Union, the National Association of Criminal Defense Lawyers and the D.C. Public Defender Service.

On the other side, voicing concerns about witness intimidation, particularly in domestic-abuse cases, were the states of Indiana and Washington, supported by the Bush administration; 27 other states, including Maryland; the National Network to End Domestic Violence; and the National District Attorneys Association.

The court's resolution of the issue drew positive comments from both sides yesterday.

"This puts real teeth into the notion that fair trials require live testimony in front of jurors," said Timothy P. O'Toole, chief of the Special Litigation Division of the District's Public Defender Service.

Fernando R. LaGuarda, who co-wrote a friend-of-the-court brief on behalf of several domestic-violence advocacy organizations, praised the decision for its "tremendous clarity on 911 calls."

At oral argument, Justice Ruth Bader Ginsburg had voiced specific concerns about the potential impact of the case on domestic violence victims, and the court's opinion included a section noting that "this particular type of crime is notoriously susceptible to intimidation or coercion of the victim to ensure she does not testify at trial."

Thus, the court noted, courts should be empowered to admit out-of-court statements from victims when there is evidence that the alleged perpetrator is guilty of witness intimidation.

No Bond For Alleged Mob Figure (CHIT)

By Jeff Coen, Tribune Staff Reporter

Chicago Tribune, June 20, 2006

Suggesting that Frank Calabrese Sr. is a danger to anyone who might testify against the Outfit, a federal judge on Monday refused to grant bail to the reputed mob lieutenant.

Calabrese, 69, linked by authorities to 13 slayings, will remain incarcerated before he and others named in the Operation Family Secrets case are tried next spring, U.S. District Judge James Zagel ruled.

"Defendant perceives himself, as he made clear in several statements, to be a loyal member of an organization that engages in criminal acts and whose members obey the orders of their superiors under pain of death," the judge wrote. "If released, there is a distinct possibility that he will attempt to deprive the prosecution of as many living witnesses as he can to comply with such orders."

Calabrese's brother Nicholas is cooperating and has tied Calabrese to some of the killings, Zagel noted. His son, Frank Calabrese Jr., secretly recorded him discussing his past.

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In a hearing last week, prosecutors played tapes of Calabrese talking about a ceremony where he became a made member of the mob, as well as the murders of Michael Albergo in 1970, William and Charlotte Dauber in 1980, and Richard Ortiz and Arthur Morawski in 1983.

"While in theory defendant could offer innocent explanations for these conversations, it is difficult to imagine what they might be," the judge wrote. The evidence against him is strong, increasing the likelihood of flight, he wrote.

Calabrese's lawyer, Joseph Lopez, said Calabrese is eager to face his accusers in court. On Monday Lopez said he was not surprised by the judge's ruling.

He had joked to the court last week that arguing for Calabrese's bail was like trying to get Ray Charles a driver's license.

"Ray Charles ain't driving," he said Monday.

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Ex-Stock Picker Gets Prison Sentence (LAT/AP)

By Associated Press

The Los Angeles Times, June 20, 2006

NEW YORK — A former stock picker who teamed up with a rogue FBI agent in a scheme to manipulate stocks was sentenced Monday to more than 11 years in federal prison.

Anthony Elgindy also was ordered by U.S. District Court Judge Raymond Dearie to forfeit $1.5 million

Elgindy, of San Diego, was convicted in January 2005 of racketeering, conspiracy and securities fraud.

He and four others were charged in May 2002 in U.S. District Court for the Eastern District of New York with securities fraud, extortion and obstruction of justice.

Federal prosecutors accused FBI special agent Jeffrey Royer of New Mexico of leaking details of investigations and executives' criminal histories to Elgindy.

Elgindy shorted penny stocks, then drove down their prices by publicizing damaging information he received from Royer. He also extorted companies by offering to withhold the information in exchange for cash.

Royer was found guilty of racketeering conspiracy, securities fraud and obstruction of justice.

Judge Sentences Trader Elgindy To More Than 11 Years In Jail (WSJ)

A Wall Street Journal Online News Roundup

The Wall Street Journal, June 20, 2006

NEW YORK -- A federal judge sentenced short-seller Anthony Elgindy to more than 11 years in prison for his role in a scheme to manipulate the stocks of small-cap companies.

In addition to the prison term of 135 months, U.S. District Court Judge Raymond Dearie ordered Mr. Elgindy to forfeit $1.5 million.

Mr. Elgindy was convicted in January 2005 of racketeering, conspiracy and securities fraud. He and four others were charged in May 2002 in U.S. District Court for the Eastern District of New York with securities fraud, extortion and obstruction of justice.

Federal prosecutors accused Mr. Elgindy of using confidential government information obtained from Federal Bureau of Investigation special agent Jeffrey Royer to manipulate stock. Mr. Royer was found guilty of racketeering conspiracy, securities fraud and obstruction of justice.

Mr. Elgindy rose to prominence in the late 1990s as a frequent message poster on Internet stock chat sites, such as Silicon Investor. He subsequently started a private chat site where members paid a fee to obtain his stock insights, which mostly focused on shorting securities. Short selling is a trading technique that produces profits when a company's stock price falls. Shorting a stock can be perfectly legal -- depending on how it is done.

Man Gets 17 Years For Investing Scam (MH)

By Roberto Santiago

The Miami Herald, June 20, 2006

Con artist Charles Paul Hoffecker, who with a partner fleeced more than 1,000 investors out of $14 million in a huge boiler-room operation, was sentenced Monday to 17 years in prison.

U.S. District Judge Katherine Hayden in Newark sentenced Hoffecker, 53, of Pompano Beach.

His partner in crime, Charles Edward Meyers, 66, of Fort Lauderdale, will be sentenced June 26.

They will also have to pay $2.6 million in restitution to their victims.

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Robert Kirsch, an assistant U.S. attorney in New Jersey who helped prosecute the case, said Monday's sentencing was long and emotional, with Hoffecker and his family pleading for mercy.

The two were found guilty last March of ripping off people who believed they ran Amitex Investment Services Ltd., a Bahamian company that bought and stored precious commodities like gold and silver.

Amitex was actually a one-room office in the Bahamas. The money-generating sales pitches were done in boiler rooms they ran in New York, Nevada, California, Georgia and Florida, Kirsch said.

He said the largest Amitex boiler room was in an office on Commercial Boulevard in Fort Lauderdale.

A boiler room is a base of operations -- often a rented office or a home basement -- from which con artists run phony telemarketing schemes.

Hoffecker and Meyers were caught as part of a 10-year investigation by the FBI and the U.S. Postal Inspection Service.

To nab them, authorities set up their own boiler room, called Commodities Investors Corp., in East Brunswick, N.J.

A press release from the New Jersey state attorney's office said that Hoffecker tried to ``recruit the operators of CIC to sell the Amitex investment."

Supreme Court Upholds California's Searches Of Parolees (CSM)

By Warren Richey

The Christian Science Monitor, June 20, 2006

WASHINGTON

Parolees in California do not enjoy a constitutional right to be free from suspicionless searches by law-enforcement officials.

Instead, they can be searched at any time, even when officials have no reason to believe that they may be involved in wrongdoing.

In an important privacy ruling with major implications for individuals on parole, the US Supreme Court voted 6 to 3 Monday to uphold a California law that requires all state prisoners to agree as a condition of release that they consent to warrantless searches by law enforcement.

"Examining the totality of the circumstances pertaining to petitioner's status as a parolee ... we conclude that petitioner did not have an expectation of privacy that society would recognize as legitimate," writes Justice Clarence Thomas in the majority opinion.

The state, Justice Thomas writes, has substantial interests in supervising parolees because they are "more likely to commit future criminal offenses."

He adds: "That some states and the federal government require a level of individualized suspicion is of little relevance to our determination whether California's supervisory system is drawn to meet its needs and is reasonable, taking into account a parolee's substantially diminished expectation of privacy."

In a dissent, Justice John Paul Stevens writes that suspicionless searches are the kind of improper government action the Fourth Amendment was intended to prevent.

"What the court sanctions today is an unprecedented curtailment of liberty," Justice Stevens writes in a dissent joined by Justices David Souter and Stephen Breyer. "Combining faulty syllogism with circular reasoning, the court concludes that parolees have no more legitimate an expectation of privacy in their persons than do prisoners."

The decision stems from an incident on Sept. 6, 2002, in which a San Bruno, Calif., police officer happened upon Donald Samson. Mr. Samson was walking in a residential area with a friend and her 3-year-old son.

The officer, Alex Rohleder, knew Samson was on parole. He thought a warrant may have been issued for Samson's arrest. He conducted a pat-down search of Samson for weapons.

Officer Rohleder found no weapons and discovered from his dispatch officer that Samson was not wanted on any outstanding warrant. Nonetheless, the officer conducted a second, more thorough search. He found a plastic baggie containing methamphetamine inside a cigarette box in Samson's pocket. Rohleder then placed him under arrest for drug possession.

Samson's lawyer asked a judge to suppress the prosecutor's use of the drugs as evidence because they were the product of an illegal search. The judge disagreed. Samson was convicted and sentenced to seven years in prison. The state appeals court upheld the conviction, and the California Supreme Court declined to take up the case.

In affirming the conviction, Thomas said that people released from prison on parole are subject to a long list of terms and conditions that restrict their freedom, including mandatory drug testing and rules that prohibit them from associating with felons or gang members. Parolees must also report to parole officers and request permission to travel more than 50 miles from home.

"The extent and reach of these conditions clearly demonstrate that parolees like petitioner have severely diminished expectations of privacy by virtue of their status alone," Thomas writes.

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Stevens says in his dissent that the high court's precedents had recognized a higher level of privacy protection for parolees than prison inmates. He says Monday's decision "runs roughshod" over those prior holdings.

"Once one acknowledges that parolees do have legitimate expectations of privacy beyond those of prisoners, our Fourth Amendment jurisprudence does not permit the conclusion, reached by the court here for the first time, that a search supported by neither individualized suspicion nor 'special needs' is nonetheless 'reasonable,' " Stevens writes.

Supreme Court Rules That Parolees Can Be Searched Without Cause (LAW/AP)

By Toni Locy, The Associated Press

AP, June 20, 2006

California parolees can routinely be searched by police as a condition of their release from prison, the Supreme Court ruled Monday.

By a 6-3 vote, justices said the 1996 law is a legitimate attempt by state officials to deal with a large population of repeat offenders who pose a danger to public safety.

Justice Clarence Thomas, writing for the majority, said California has a "special governmental interest" to control its parolees, an interest that outweighs a parolee's privacy.

In California, most prisoners eventually receive parole. But before release, each parolee is required to consent in writing to searches by police during the term of their supervision. If they refuse, they are not allowed out of prison.

Under the law, police can conduct such a search as long as it is not arbitrary, capricious or conducted to harass the parolee.

Thomas said parolees do not have any "expectation of privacy that society would recognize as legitimate" because of the danger posed by California's large recidivist population.

"The state's interests, by contrast, are substantial," Thomas wrote, citing a 68-to-70 percent recidivism rate among California's parolees.

But Justice John Paul Stevens, writing in dissent, said the majority had "run roughshod" over previous court rulings on unreasonable searches and improperly allowed California to create another form of punishment for its prisoners.

"What the court sanctions today is an unprecedented curtailment of liberty," Stevens wrote on behalf of himself and Justices David Souter and Stephen Breyer.

Stevens wrote that California has given its police "a blanket grant of discretion untethered by any procedural safeguards."

Only California allows parolees to be searched for no specific reason. Thirty other states and the federal government require parolees to submit to searches, but there must be reasonable grounds for the search to occur.

In September 2002, a San Bruno, Calif., police officer spotted Donald Samson walking down a street with a woman and her 3-year-old son. The officer knew Samson was a parolee and suspected there was a warrant out for his arrest on a parole violation.

The officer searched Samson, who then told him that the warrant had been "taken care of." After confirming Samson's assertion, the officer searched him again. Inside a cigarette box Samson was carrying, the officer found a plastic baggie containing methamphetamine.

Samson was not charged with a parole violation. Instead, he was charged with drug possession, convicted and sentenced to seven years in state prison.

California's Court of Appeal upheld Samson's conviction, rejecting his argument that a suspicionless search of a parolee violated the Fourth Amendment.

The case is Samson v. California, 04-9728.

Court OKs Random Searches Of Parolees (CNN)

By Bill Mears, CNN Washington Bureau

CNN.com, June 20, 2006

WASHINGTON (CNN) -- The Supreme Court ruled Monday that police may randomly search criminal parolees, continuing the deference it has shown law enforcement since the terrorist attacks of September 11, 2001.

The 6-3 ruling keeps in place a California law allowing such searches even when there is no clear evidence or suspicion of wrongdoing.

Writing for the majority, Justice Clarence Thomas noted, "As the recidivism rates demonstrate, most parolees are ill prepared to handle the pressures of reintegration. Thus most parolees require intense supervision."

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He added, "A requirement that searches be based on individualized suspicion would undermine the state's ability to effectively supervise parolees and protect the public from criminal acts by reoffenders."

Upon their release, California parolees must sign a requirement allowing police searches during their supervision. Failure or refusal to sign means they must stay behind bars.

Thomas rejected complaints that parolees are being singled out and suffer an unconstitutional diminished right of privacy.

The ruling was supported by Chief Justice Roberts, and Justices Clarence Thomas, Anthony Kennedy, Ruth Bader Ginsburg, and Samuel Alito.

The case involves Donald Samson, paroled in 2003 after a firearms felony conviction. A San Bruno police officer knew Samson was on parole when he observed him walking down a street.

The officer, after determining there were no outstanding warrants on Samson, began a search of him.

Methamphetamine was found in a pocket and Samson went back to prison for seven years.

Dissenting was Justice John Paul Stevens, who acknowledged parolees do not have protection "as robust as that afforded ordinary citizens."

But, he wrote, the court's past decisions do not support "a regime of suspicionless searches."

The Samson case was one of two search-and-seizure appeals from California argued this term. The justices in March unanimously allowed to stand the conviction of a man who bought video showing minors engaged in sex acts.

The Bush administration Justice Department and law enforcement agencies around the country have asked the courts for greater powers to conduct searches of homes and cars, along the borders, and at sobriety and neighborhood crime checkpoints.

The federal government in some cases has raised the increased threat of domestic terrorism since 9/11 as a reason for more crime-fighting discretion.

The majority-conservative Supreme Court has generally been supportive of such efforts, but has not been shy about limiting such powers when the justices felt they overstep constitutional boundaries.

School Janitor Pleads Guilty To Making Peephole Films In Women's Rest Room (PPG)

By Torsten Ove, Pittsburgh Post-gazette

Pittsburgh Post-Gazette, June 20, 2006

Nobody knew what janitor Phillip Winkle was up to until the day in early February when two other janitors at Center Area Middle School wondered what he was doing by himself in a dark storage room.

It turned out he was making his own child pornography collection using a peephole camera he installed to record 600 video images of girls and women using the toilet.

That's going to cost him 10 years in federal prison.

Yesterday in U.S. District Court, he waived indictment and pleaded guilty to child porn charges and agreed to be sentenced to that likely term in September.

State charges of invasion of privacy, filed in Beaver County Common Pleas Court in February, will be dropped.

Mr. Winkle drilled a hole through the wall that separated the storage room from a girls' bathroom in an isolated part of the school's lower level.

Assistant U.S. Attorney Stephen Kaufman said Mr. Winkle installed a camera that looked into one stall, sometimes operating it manually and other times setting it to record automatically.

The bathroom served a small number of classrooms and tended to be used by both staff and students.

From July 2005 until February, he made 131 recordings of female faculty and another 40 of girls using the toilet. Most of the girls were about 12, Mr. Kaufman said, but "one girl was so young she had to lift herself up onto the toilet seat."

Most of the recordings included sound, and in some cases Mr. Winkle made slow-motion images. In all, he downloaded 600 images onto two computers at his house.

He apparently maintained the collection for his own use, as there was no evidence he distributed any of the videos. None of the images show sex acts, but they qualify as child pornography under federal law.

After the two suspicious janitors caught him, Mr. Winkle confessed to Center police, who charged him with invasion of privacy and called the FBI.

Since federal child-porn laws are harsher than state charges, prosecutors decided to bring the case in federal court.

Mr. Winkle's lawyer, Gerald Benyo, and the U.S. attorney's office stipulated to the statutory maximum of 10 years.

U.S. District Judge Arthur J. Schwab doesn't have to abide by that stipulation but almost certainly will.

Mr. Winkle is free on $10,000 bond until his sentencing.

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Perpetrator Problem: It's Hard To Run Away In Falling Trousers (WSJ)

By Serena Ng

The Wall Street Journal, June 20, 2006

One sunny afternoon in January, Vicki Chandler, a 55-year-old underwriting associate at Cigna HealthCare in Chattanooga, Tenn., was walking to her car when a teenager in loose khaki pants approached her, pointed to her pocketbook and said, "I need that." As she recounts the incident, he snatched the purse and took off.

But then he ran into trouble. As he ran, his loose trousers slipped down below his hips. As he reached down to hold them up, the teen was forced to throw the purse aside.

"That boy, he could run fast but he got caught up by his pants, which were real big and baggy," says Ms. Chandler, whose purse was retrieved by a parking attendant who had heard her cries for help.

It's a problem for perpetrators. Young men and teens wearing low-slung, baggy pants fairly regularly get tripped up in their getaways, a development that has given amused police officers and law-abiding citizens a welcome edge in the fight against crime.

James Green might have made a clean getaway when he stole seven DVDs from a Blockbuster store in Ferndale, Mich., last October. But he, too, was undone by his baggy pants.

Mr. Green, 30, rode away on a bicycle, with copies of "Donnie Brasco," "The Bourne Identity" and "Sin City." When a patrol car knocked over the bike, he fled on foot. As he ran, his trousers slipped down past his hips, and he tripped. He hitched up his pants and ran a few more yards before falling again.

Things got worse and worse for Mr. Green. He finally kicked off his pants and shoes and "ran into the yard of 1720 Beaufield," police officer Kenneth Jaklic said in a report of the incident. "I ran after [Mr. Green], yelling at him to stop." Instead, Mr. Green jumped over a fence behind a garage, and Mr. Jaklic immobilized him with two Taser darts in the back.

Mr. Green pleaded guilty to charges of resisting arrest and retail fraud and spent 30 days in jail. He could not be located for comment.

Denny Fuhrman, a 58-year-old police officer in Lynnwood, Wash., was escorting a handcuffed suspect to his patrol car one afternoon in 2004 when the youngster twisted free and took off running.

As he bolted, the baggy blue jeans he was wearing fell down around his ankles, sending him tumbling onto the pavement of a busy street. "He was rolling around in traffic, looking like a fish out of water," recalls Mr. Fuhrman.

Mr. Fuhrman's suspect wiggled out of his trousers before getting up from the street and running toward a nearby mall, as the police officer radioed a description to his colleagues: "White male, running, no pants, in handcuffs," Mr. Fuhrman recalls saying. The young man was arrested at the entrance of a J.C. Penney store after Janice Lewis, a 61-year-old passerby, grabbed his shirt collar and held on to him until police arrived.

"He was pretty wild," says Ms. Lewis, a grandmother of 10 who broke a knuckle during the scuffle. "I didn't even realize he was in his underwear till the police flipped him over."

Police declined to release the full name of the youth, identified only as Jason in written reports, because he was not convicted of a crime in connection with the incident. He had been arrested after allegedly trying to access a bank account that wasn't his.

Low-hanging baggy pants have been a fashion statement for young men for more than a decade, inspired by the advent of beltless prison jeans, says Andy Gilchrist, a California fashion consultant who has written a book on men's clothes. Over time, the tough-guy image associated with oversized trousers helped make the look standard for hip-hop performers, alternative music bands, skateboarders and snowboarders as it migrated from mostly black city streets to affluent white suburbs.

Just about every other week, Jim Matheny, a 41-year-old police lieutenant in Stamford, Conn., says he gets into foot chases with youths. He says it's getting easier to capture them because they can't run fast or far in those loose jeans.

"When I catch them, I tell them they'd do much better if they had pants that fit," says Lt. Matheny, who says he has had to help hold up the pants of his suspects while patting them down to search for drugs or weapons. "It's like: 'Hey dude, buy a belt and save yourself some trouble.' "

Ill-fitting pants aren't suited for jumping, either, as Noah Donell Brown of Hendersonville, N.C., learned. The 24-year-old tried to leap over the counter of a Subway sandwich shop during a robbery attempt, but he stumbled and came crashing down in front of several startled store employees. Mr. Brown, armed with a gun, got up and fled into a nearby residential neighborhood as the police were notified.

Police didn't have to work hard to arrest him. As Mr. Brown tried to scale a picket fence in someone's backyard, he caught his pants, according to the police department. He was found dangling upside down, his pants at his ankles and tangled in the fence.

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"He didn't make a good jump," said Hendersonville Police Chief Donnie Parks, who spotted Mr. Brown on the fence. "The only reason we caught the guy was because his pants fell down," he said, adding: "He was wearing underwear, thank goodness."

Hendersonville police used a knife to cut Mr. Brown free. He is currently serving time in prison after pleading guilty to attempted robbery with a dangerous weapon. His lawyer, Greg Newman, who has since become the mayor of Hendersonville, said he had not spoken to Mr. Brown since 2003. Mr. Brown, serving his sentence at Gaston Correctional Center in Dallas, N.C., could not be contacted for comment.

Dwight Oliver showed up for a court hearing in Seminole County, Fla., wearing loose pants and tennis shoes without laces. While waiting for his case to be called, Mr. Oliver tried to flee. He lost his pants as he ran down the steps of the courthouse.

He was later found in gray boxer shorts in a library three blocks from the courthouse and was arrested after a scuffle with police officers. It turned out the charges he was scheduled to face in court that day were dropped. He was slapped with new charges of resisting arrest and sentenced to two and a half years in jail for the incident. He served 17 months and was released in April.

"Those pants certainly didn't help him escape, and if he had just sat and waited, he would have been fine," said F. Wesley "Buck" Blankner Jr., who was Mr. Oliver's lawyer. Mr. Oliver didn't return calls seeking comment. His mother, Alice Oliver, said: "He wears pants like that, but he usually wears a belt."

Karl Franklin tried to run from police in Tallahassee, Fla., in pants that were on fire. According to a police report, the 30-year-old had stashed a lighted cigarette in his baggy pants and appeared to be preparing to urinate at a traffic intersection.

Seth Stoughton, a police officer at the time, approached Mr. Franklin and noticed the man's pocket was smoldering. Mr. Franklin, who could not be reached, started to run, but his pants dropped and tripped him up.

"I tried to slap the fire out, but he was struggling and kicking me, so I couldn't do much but hold him down," recalls Mr. Stoughton, who now works as a fraud investigator. When other officers arrived, they cut off the burning patch of cloth and arrested Mr. Franklin. He was charged with resisting arrest, but he later pleaded guilty to lesser charges and spent 10 days in jail.

CIVIL LAW:

Court To Address Abortion Restrictions (WP)

By Amy Goldstein

The Washington Post, June 20, 2006

The Supreme Court said yesterday that it will broaden its review of whether a federal law banning a controversial abortion method is constitutional, taking the second case in four months that will reveal whether the court has shifted significantly on abortion rights with two new conservative members.

The court agreed to rule next term on a California case in which a federal appeals court struck down the Partial-Birth Abortion Ban Act of 2003, a statute that was a political victory for abortion opponents but that lower courts have been finding unconstitutional.

The court said in February that it would consider a separate case in which a group of Nebraska doctors had challenged the same law. The U.S. Court of Appeals for the 8th Circuit, based in St. Louis, ruled last year that the federal ban is unconstitutional because the law does not provide an exception that would allow doctors to use the abortion technique if a woman's life is in danger.

In accepting the California case, Gonzales v. Planned Parenthood Federation of America , the court essentially agreed to evaluate a wider range of legal issues that the San Francisco-based U.S. Court of Appeals for the 9th Circuit cited last winter when it, too, found the law unconstitutional.

The 9th Circuit found the law posed an undue burden on women because the statute is so vague it could be interpreted to forbid other abortion methods beyond one that is used rarely late in pregnancy. In addition, the 9th Circuit dealt with whether a court could "remedy" the law to permit the procedure when women's health is imperiled, ruling that it could not because lawmakers had deliberately omitted such an exception.

The high court did not say whether it intends to consider the two cases together.

The abortion cases will be the first the court has heard since Justice Samuel A. Alito Jr. joined in February and the second since John G. Roberts Jr. became chief justice last fall. Both men have conservative records and were nominated by President Bush, who favors restrictions on abortion rights, including the "partial-birth" law.

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Leading advocates and opponents of such rights said yesterday that the court could use the pair of cases to place significant new limits on women's access to abortion.

"Look, you don't know how anyone is going to rule, but I'm optimistic," said Jay Sekulow, chief counsel for the American Center for Law and Justice, which supports the ban.

Nancy Keenan, president of NARAL Pro-Choice America, said she has "a very, very deep fear" that the court will "eviscerate" Roe v. Wade , the 1973 decision that legalized abortion nationwide. Without striking down Roe , she said, the justices could rule that restrictions on the procedure no longer need to ensure that women can get an abortion if a pregnancy harms their health.

The court last considered the issue of "partial-birth" bans six years ago, when it ruled, 5 to 4, that a Nebraska statute -- similar to laws in many states that had been adopted during the late 1990s -- was unconstitutional, because it lacked a health exception. The deciding vote in that 2000 case was cast by Justice Sandra Day O'Connor, whom Alito has succeeded.

The Bush administration urged the court to consider the 8th Circuit case. It recommended, however, that the court hold the California case without ruling until the first one is decided. Eve Gartner, senior staff attorney for Planned Parenthood, which brought the lawsuit in California on behalf of the group's clinics and physicians nationwide, said it had asked the high court to take the case.

Supreme Court Adds Second Abortion Case To Docket (FINDLAW/AP)

AP, June 20, 2006

(AP) - WASHINGTON-The Supreme Court said Monday it would consider a second Bush administration appeal that seeks to reinstate a government ban on what opponents call partial-birth abortion.

Justices had already said they would decide this fall whether the law is unconstitutional.

The court will review a pair of cases from lower courts, which both struck down the law. Those courts are the 8th U.S. Circuit Court of Appeals in St. Louis and the 9th U.S. Circuit Court of Appeals in San Francisco.

Congress had voted in 2003 to prohibit the type of abortion, generally carried out in the second or third trimester of a nine-month pregnancy, in which a fetus is partially removed from the womb and its skull punctured or crushed. The law was challenged on behalf of physicians who could be sentenced to up to two years in prison for violating the law.

Justice Samuel Alito is expected to be a key vote in the case, because the court had split 5-4 in 2000 in striking down a state law barring the same procedure because it lacked an exception to protect the health of the mother. Justice Sandra Day O'Connor, who was the tie-breaking vote, retired in January was replaced by Alito.

On the Net:

Supreme Court: http://www.supremecourtus.gov/

Judge Approves Extension For Auto Supplier Delphi To File Reorganization Plan (FINDLAW/AP)

By Vinnee Tong, Ap Business Writer

AP, June 20, 2006

(AP) - NEW YORK-A bankruptcy judge on Monday approved a motion by Delphi Corp. to extend the auto supplier's deadline to exclusively file its reorganization plan, before creditors can weigh in with alternate proposals.

The new deadline for the company is Feb. 1, 2007, and the deadline for responses to the plan is April 2. Judge Robert Drain approved the extension, which is the company's second and moves the filing deadline from Aug. 5.

The company reserved the right to file other extensions if needed.

An attorney for Delphi, John W. Butler, also said the company planned to file a motion later Monday to seek the court's approval of a new concessions deal with Delphi's second-largest union, the International Union of Electronic Workers-Communications Workers of America.

The auto parts supplier announced over the weekend that it had reached an agreement with the IUE-CWA and General Motors to offer buyouts to hourly workers. The deal was similar to the one reached earlier with the United Auto Workers, the largest union representing Delphi employees.

The judge said the matter would be considered in a June 29 meeting.

Under the plan, about 8,000 hourly workers represented by the IUE-CWA are eligible to participate. Some may be offered a lump sum payment of $35,000 (â‚¬27,798) to retire, Delphi said, while eligible employees may decide to accept buyout packages ranging from $40,000 (â‚¬31,769) to $140,000 (â‚¬111,190).

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The plan also permits the transition of up to 3,200 Delphi workers represented by the IUE-CWA to GM for retirement purposes, Delphi said.

Also on Monday, the court set at $5 million (â‚¬4 million) the maximum value of creditors' claims Delphi can settle without court approval. Delphi's motion had asked the judge to set that at $20 million (â‚¬15.9 million).

Representatives of the ad hoc creditors committee and the equity committee objected, saying the process needed greater transparency. At the bar date, or deadline for creditors to file claims, Delphi may make a new motion to raise that threshold. The company's bar date is scheduled for July 31.

Lobbying Bill Stuck In Limbo (RC)

By Tory Newmyer

Roll Call, June 20, 2006

Clear progress on a lobbying reform bill continues to elude House and Senate Republican leaders, with the two chambers stalemated over the fate of a controversial provision targeting the independent political groups known as 527s.

Cracking down on the groups, which historically have favored Democrats, is a top election-year priority for national Republicans. When the House took up legislation to overhaul lobbying, GOP leaders made a point of inserting a provision to sideline 527s. But that plan is running into growing resistance in the Senate, initially from Democrats, but now from some conservative Republicans as well.

Members of both camps are pledging to oppose the provision — with a filibuster if necessary.

"That's a huge roadblock right now," said a senior House Republican aide. "Obviously, House leaders want it really bad, and many Senators don't." Another House aide confirmed that the issue was first among those confronting House and Senate negotiators.

As long as lawmakers engage in a cross-Capitol staring contest over the issue, the long-stalled reform bill will remain idle. House Republican leaders have been predicting quick action on the measure since that chamber approved its version of the bill in early May. But those projections have consistently slid, as agreements on differences between the two bills have proved hard to come by.

The latest deadline — outlined in a joint statement earlier this month by House and Senate Republican leaders — has both chambers wrapping work on a conference agreement by the July Fourth recess. Now, even that goal appears imperiled, with GOP aides predicting little action in the two weeks left of this work period.

While Senate conferees were announced late last month, House negotiators have not yet been named and several insiders said they expect them to be appointed only after the sticky issues have been ironed out.

Sen. Trent Lott (R-Miss.) and Rep. David Dreier (R-Calif.), who chair their respective chambers' Rules panels, have been in frequent consultation in recent weeks. Lott last week predicted a draft conference report could be ready within days.

But while GOP aides said that negotiators are close to agreement on several other contentious issues, including new earmark and disclosure requirements, the matter of the 527 groups doesn't appear much closer to a resolution.

Sen. George Allen (R-Va.) last week complicated what was looking like a partisan showdown in the Senate when he, along with six other conservative Senators, sent a letter to Majority Leader Bill Frist (R-Tenn.) expressing objections to new rules for the groups.

The Senators pointed to First Amendment concerns in opposing a crackdown on the groups. The lawmakers have high-powered backing in that effort from the conservative Club for Growth, itself a 527 group, which has been piling pressure on Republicans to back off new rules. The organization has launched a Free Speech Action Center to gin up opposition to the measure and announced it would award points in its annual rankings to lawmakers who stood with them.

"I think it's clear it will be a tough sell in the Senate because it has nothing to do with lobbying," said David Keating, executive director of Club for Growth.

However, a stark political reality is encouraging Republicans to take action: The current laws, which allow 527s to raise and spend money freely, are providing Democrats a much-needed financial boost. For the first quarter of this year, Democratic-leaning 527 groups specializing in federal campaigns have raised almost three times as much as their Republican counterparts, according an analysis by the Campaign Finance Institute. The groups have collected nearly $43 million as of March 31, compared to just $16 million raised by their GOP rivals.

As the process has dragged on, and with the proposed reforms falling so far short of what reformers have sought, outside watchdog groups have all but washed their hands of the process. They have derided the Senate and House measures as "weak tea" and "warm spit," respectively, and hold out little hope for meaningful improvements during conference negotiations.

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Instead, the groups are set to rally around a bill expected this week from Reps. Christopher Shays (R-Conn.) and Marty Meehan (D-Mass.) that will include reform provisions that were dropped or blocked from the leadership-approved overhaul measures.

The bill would create an Office of Public Integrity to oversee compliance with new lobbying rules; require more frequent and fuller disclosures by lobbyists of their activities; ban gifts to lawmakers; and force them to pay fair market value for rides they catch on private planes.

"This will serve as a marker for the reform groups who will be criticizing the conference report," said Public Citizen's Craig Holman.

To try to keep campaign and ethics reform measures front and center in this fall's midterm elections, a coalition of watchdog and issue groups on Wednesday plan to launch a program designed to get Congressional candidates to sign a pledge that they'll support public financing of elections as well as anti-corruption and lobbying reforms, Holman said.

CIVIL RIGHTS:

Preferential Hawaiian School Admissions Questioned In Court (FINDLAW/AP)

By Mark Niesse, Associated Press Writer

AP, June 20, 2006

(AP) - HONOLULU-A wealthy private school created exclusively for Hawaii's indigenous people may be forced to admit non-Hawaiians if it loses a legal challenge.

Fifteen judges on the 9th U.S. Circuit Court of Appeals will hear arguments Tuesday in San Francisco over whether the Kamehameha Schools can continue to limit enrollment to Native Hawaiians.

The case is an important test of racial preference programs in school admissions.

While the courts have generally ruled against favoritism in education based on race, the Kamehameha case is different in that the school was founded based on the will of a Hawaiian princess and doesn't receive federal funding.

"Her whole intent was to provide a means for educating her people so they could compete in a society that was changing so quickly," said Kekoa Paulsen, a spokesman for Kamehameha Schools. "We are providing a remedy for a ... people in their own homeland who are suffering."

Hawaii was an independent kingdom until a U.S.-backed overthrow of the leaders in 1893. It eventually became a U.S. territory and was made a state in 1959.

A three-judge panel of the circuit court in California initially ruled against Kamehameha's admissions policy with a 2-1 vote in August. But the court announced in February it would reconsider the school's 118-year-old policy.

The lawsuit was filed on behalf of an anonymous white student who was denied admission to the school in 2003 and claimed he was discriminated against because he didn't have Hawaiian blood.

"We've had a lot of conflict, including the Civil War, about treating people differently based on their race. I think we're mostly past that, but unfortunately Kamehameha wants to go back to an era of privilege for citizens depending on what race you are," said Eric Grant, a Sacramento, California, attorney representing the boy, who recently graduated from a public school.

Kamehameha Schools was established under the 1883 will of Princess Bernice Pauahi Bishop as part of a trust now worth $6.8 billion (â,¬5.4 billion). Part of the school's mission is to counteract historical disadvantages Hawaiians face in employment, education and society.

Kamehameha is the largest private landowner in Hawaii and is one of the richest trusts in the United States.

Admission to the elite school is first granted to all qualified Hawaiian students, and non-Hawaiians may be admitted if there are openings left available. Only one in eight eligible applicants get in, and tuition costs are 60 percent subsidized.

Out of 5,400 students enrolled at the school's three campuses, only two students do not have Hawaiian ancestry. One of those students initially claimed he was Hawaiian, but his acceptance into the school was rescinded when he couldn't prove his bloodline. He was later admitted to the school as the result of a legal settlement.

Attorneys for Kamehameha plan to argue that their admissions policy should be permitted to comply with the wishes of the princess' will and to help remedy some of the wrongs done during the U.S.-backed overthrow of the Hawaiian kingdom, Paulsen said.

"The lands that support Kamehameha Schools ... are designated for a certain set of beneficiaries, and the beneficiaries in this case are the children of Native Hawaiian ancestry," said Jon Van Dyke, a University of Hawaii law professor who consulted

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for the school. "The Native Hawaiian people have a great need for education. They are still at the bottom of the socio-economic ladder."

A lawyer for the boy countered that claim by saying the school's history isn't relevant to the issue of fundamental fairness.

"You have the school saying, 'Yeah, we discriminate by race, we admit that,'" said John Goemans, a Big Island attorney. "What the hell? That isn't America."

On the Net:

Kamehameha Schools: http://www.ksbe.edu/

9th U.S. Circuit Court of Appeals: http://www.ca9.uscourts.gov/

Federal Judge Tosses $240,000 Verdict In Age Bias Lawsuit (LAW)

By Shannon P. Duffy, The Legal Intelligencer

Legal Intelligencer, June 20, 2006

Overturning a jury's verdict of more than $240,000 in an age discrimination suit, a federal magistrate judge has ruled that a plaintiff who was fired at the age of 50 failed to prove an essential element of his case because the four workers who assumed his duties had an average age of less than seven years younger than he was.

In his 60-page opinion in Steward v. Sears Roebuck & Co., U.S. Magistrate Judge Thomas J. Rueter concluded that plaintiff Gunnar Steward failed to make out a prima facie case of age discrimination.

The decision is a stunning setback for Steward and his lawyers, Carmen R. Matos of Doylestown, Pa., and George P. Wood of Stewart & Wood in Norristown, Pa., and overturns a jury's award of nearly $93,000 in back pay and $148,000 in front pay.

Matos and Wood argued that after Steward was fired, his duties were taken over by two men in their 30s and one in his mid-40s, with an average age of less than 38, or more than 12 years younger than Steward.

But Rueter sided with Sears and its lawyers -- Sidney R. Steinberg and Robert J. Toy of Post & Schell -- who said the evidence showed that a 60-year-old woman also took over some of his duties.

As a result, Rueter concluded that the average age of the workers who assumed Steward's duties was just 6.75 years -- a difference the judge found to be not enough for a prima facie case.

Rueter's ruling could force the 3rd U.S. Circuit Court of Appeals to revisit a vexing question that often arises in age discrimination suits -- just how much younger must the more favorably treated employee be in order to be deemed "sufficiently younger" than the plaintiff? The answer for courts in the 3rd Circuit, Rueter found, is that a difference of less than seven years is not enough.

Although the 3rd Circuit has held, in a pair of cases handed down in the mid-90s, that eight- and nine-year age differences were sufficient to establish a prima facie case, Rueter found that the appellate court's 2000 decision in Narin v. Lower Merion School District held that a seven-year age difference was insufficient.

Rueter also cited a 2003 decision from the 6th Circuit in Grosjean v. First Energy Corp. that said "the overwhelming body of cases in most circuits has held that age differences of less than 10 years are not significant enough to make out the fourth part of the age discrimination prima facie case."

On appeal, Matos and Wood face a truly daunting challenge because Rueter also said that, as an alternative to granting judgment in favor of Sears, he would at least order a new trial because the verdict was against the weight of the evidence.

And even if they win at the 3rd Circuit on the age difference question, they have a second significant hurdle to clear because Rueter found another fundamental and fatal flaw in Steward's case.

Under the burden-shifting scheme of employment discrimination law, Rueter said, Sears satisfied its burden of offering nondiscriminatory reasons, and the burden then shifted to Steward to prove that the proffered reasons were merely a "pretext" for discrimination.

Rueter concluded that Steward never met that burden, and that failing to do so was a second reason for tossing out the jury's verdict.

"Even if this court were to conclude that plaintiff had established a prima facie case, the court would find that it was a very weak prima facie case established by only the slimmest of margins," Rueter wrote.

"Such a weak prima facie case, coupled with the lack of evidence showing that defendant's proffered reasons for terminating plaintiff were pretextual, would not be sufficient for plaintiff to carry its ultimate burden of proving intentional discrimination."

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Matos, in an interview, suggested that the case is likely to be appealed, and that she believes Rueter intruded on the jury's role by resolving factual disputes.

Rueter's 60-page opinion included several fact-intensive sections.

In the section on the age difference issue, Rueter looked at the evidence of precisely how Steward's duties were taken over by other Sears employees after he was fired.

The plaintiff's lawyers argued that a 33-year-old man took over all or most of Steward's duties, with some duties handled by two others aged 35 and 45.

But Sears insisted that it was the 45-year-old who took over for Steward, and that, casting a wider net, the evidence showed the work was spread among four workers ranging in age from 33 to 60.

Likewise, Rueter delved deep into the facts in his analysis of whether Sears had offered valid reasons for the firing and, since it had, whether Steward had mounted a valid attack on the credibility of those reasons.

Sears had faulted Steward for, among other things, failing to complete assigned tasks; and for not responding to customer complaints.

Rueter found that Steward failed to show the reasons were pretextual.

"It is irrelevant if plaintiff thought he had completed all of these tasks correctly," Rueter wrote.

"Plaintiff's belief that the quality of his work was 'A+' or that the work difficulties were not his fault, does not demonstrate such 'weaknesses, implausibilities, inconsistencies, incoherencies or contradictions' in defendant's proffered legitimate reasons for its action that a reasonable fact-finder could rationally find them 'unworthy of credence' and hence infer 'that the employer did not act for [the asserted] nondiscriminatory reasons,'" Rueter wrote.

Critically lacking in Steward's case, Rueter said, was any evidence that Steward's boss did not believe in the reasons he offered for his decision to fire Steward.

S.D. Voters To Decide Fate Of Abortion Ban (AP-Y2)

By Chet Brokaw

AP2, June 19, 2006

Voters will have the final say on South Dakota's tough new law that bans almost all abortions.

Secretary of State Chris Nelson said Monday that the law's opponents had collected enough signatures to put a question on the Nov. 7 ballot asking voters if the law should go into effect as planned or be dumped.

The state's abortion law, among the strictest in the nation, bans the procedure in all cases except when necessary to save a woman's life, with no exceptions for rape or incest.

Supporters hoped it would prompt a court challenge that would give the U.S. Supreme Court an opportunity to overturn its 1973 Roe. v. Wade decision that legalized abortion.

Instead of challenging it in court, opponents, who argue the law is too extreme, gathered enough petition signatures to put the question directly to voters.

A coalition of groups opposed to the law turned in about 38,000 petition signatures on May 30 to put the question on the ballot. The secretary of state's office determined that the petitions contained at least the 16,728 that were required.

The Legislature passed the measure and the governor signed it in March. It was scheduled to take effect July 1 but is now on hold pending the outcome of the public vote.

Both sides pledged Monday to conduct all-out campaigns on the issue.

Leslee Unruh, one of the main promoters of the new law, said the campaign to preserve the ban will seek to convince voters that abortion must be stopped because it harms both unborn babies and the women who have abortions.

"It's probably the loudest cry we've heard," said Unruh, who runs a center that counsels women considering an abortion. "It's because there are so many women who have been harmed by abortion, myself being one of them, who have come together."

Jan Nicolay, a former state lawmaker who led the effort to refer the ban to a statewide vote, said the issue should remain about South Dakota.

"It's no slam dunk. We've got a lot of work ahead of us," Nicolay said. "We'll give it all we've got, I can tell you that."

Pentagon Lists Homosexuality As Disorder (AP)

By Lolita C. Baldor

AP, June 19, 2006

DOJ_NMG_0035286

A Pentagon document classifies homosexuality as a mental disorder, decades after mental health experts abandoned that position.

The document outlines retirement or other discharge policies for service members with physical disabilities, and in a section on defects lists homosexuality alongside mental retardation and personality disorders.

Critics said the reference underscores the Pentagon's failing policies on gays, and adds to a culture that has created uncertainty and insecurity around the treatment of homosexual service members, leading to anti-gay harassment.

Pentagon spokesman Lt. Col. Jeremy M. Martin said the policy document is under review.

The Pentagon has a "don't ask, don't tell" policy that prohibits the military from inquiring about the sex lives of service members but requires discharges of those who openly acknowledge being gay.

The Center for the Study of Sexual Minorities in the Military, at the University of California at Santa Barbara, uncovered the document and pointed to it as further proof that the military deserves failing grades for its treatment of gays.

Nathaniel Frank, senior research fellow at the center, said, "The policy reflects the department's continued misunderstanding of homosexuality and makes it more difficult for gays and lesbians to access mental health services."

The document, called a Defense Department Instruction, was condemned by medical professionals, members of Congress and other experts, including the American Psychiatric Association.

"It is disappointing that certain Department of Defense instructions include homosexuality as a 'mental disorder' more than 30 years after the mental health community recognized that such a classification was a mistake," said Rep. Marty Meehan (news, bio, voting record), D-Mass.

Congress members noted that other Pentagon regulations dealing with mental health do not include homosexuality on any lists of psychological disorders. And in a letter to Defense Secretary Donald H. Rumsfeld on Monday, nine lawmakers asked for a full review of all documents and policies to ensure they reflect that same standard.

"Based on scientific and medical evidence the APA declassified homosexuality as a mental disorder in 1973 — a position shared by all other major health and mental health organizations based on their own review of the science," James H. Scully Jr., head of the psychiatric association, said in a letter to the Defense Department's top doctor earlier this month.

There were 726 military members discharged under the "don't ask, don't tell" policy during the budget year that ended last Sept. 30. That marked the first year since 2001 that the total had increased. The number of discharges had declined each year since it peaked at 1,227 in 2001, and had fallen to 653 in 2004.

Flag Needs Protection (USAT)

By Dianne Feinstein

USA Today, June 20, 2006

On the morning of February 24, 1945 — when I was a 12-year-old girl — I picked up a copy of the San Francisco Chronicle. On its cover, there was a full-page picture of the now iconic Joe Rosenthal photograph of American marines raising the United States flag at Iwo Jima.

For me and for the nation, the photograph was a jolt of electricity boosting our morale during the terrible island-to-island Pacific battles of World War II. The sight of those troops hoisting Old Glory forever cemented my view of our flag.

Today, our flag remains a vibrant symbol of our democracy, our shared values, our commitment to justice, and our eternal memory of those who have sacrificed to defend these principles. It is because of all that our flag embodies that I have co-sponsored the Flag Protection Amendment.

Throughout our nation's history, the flag has been protected by law. In 1989, 48 of our 50 states had statutes restricting flag desecration. In 1974, Supreme Court Justice Byron White wrote that: "(T)here would seem to be little question about the power of Congress to forbid the mutilation of the Lincoln Memorial or to prevent overlaying it with words or other objects. The flag is itself a monument, subject to similar protection."

I agree with Justice White — the American flag is our monument in cloth.

But its protection ended in 1989, when the U.S. Supreme Court struck down a Texas law prohibiting flag desecration. Congress responded by passing the Flag Protection Act of 1989, but the Supreme Court struck down that law as well. The only way to restore protection to the flag is to amend the Constitution. Otherwise, any legislation passed by Congress would be struck down.

The Flag Protection Amendment would not prohibit flag burning. Rather, the Amendment would simply return to Congress the ability to protect the flag as it has been protected throughout most of this nation's history.

Some opponents of the Flag Protection Amendment argue that we must choose between trampling on the flag and trampling on the First Amendment. I strongly disagree.

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There is no idea or thought expressed by the burning of the American flag that cannot be expressed equally well in another manner. This Amendment would leave both the flag and free speech safe.

Dianne Feinstein is a Democratic senator from California.

Congress Nears Choice: Protect Freedom Or Stoke Anger? (USAT)

USA Today, June 20, 2006

In early June an allegedly drunken man in West Haven, Conn., yelled racial epithets and tore up an American flag while arguing with police and passersby. Earlier in the spring, instances of vandalism involving flags were reported in New Hampshire and New York.

Those three episodes of 2006 — as compiled by the Citizens Flag Alliance, a group pushing for a constitutional amendment to protect the flag — constitute the raging menace of flag desecration.

In fact, they show what a non-issue flag desecration is. Instances are rare and easily addressed by local laws. They hardly require the extraordinary act of amending the Constitution.

But in a Congress unwilling to address important matters — its own ruinous spending and flagrant corruption to name just two — symbolism is the politically convenient substitute for substance. The Senate will soon take up an amendment to stop flag burning, and the vote is expected to be razor close. The House of Representatives has passed it, meaning that it could soon be sent to state legislatures, where it would be ratified if three-quarters approve.

While it's tempting to dismiss this as trivial election-year posturing, the precedent is troubling. It would for the first time alter the cornerstone of American freedom, the Constitution's First Amendment.

That is not a small matter. The First Amendment is the reason Americans are free to say what they think. It is also the reason people here can worship as they wish, associate with whomever they please, and get news and information from a free and independent press. It gives citizens a right to have grievances redressed. To limit those rights — especially for so trivial a reason — is to say they are no longer sacrosanct.

They should be. They are what makes America unique.

If Congress banned something as pathetic as flag desecration to score political points, surely it would consider limiting other unpopular speech.

The amendment's wording virtually guarantees that outcome. Would it, for instance, cover depictions of flags as well as actual cloth banners? Would sitting on a flag patch sewn onto the back of a pair of jeans count?

And what about the issue of flying a flag upside down? This has already become the preferred form of protest for people pushing for everything from an immediate withdrawal from Iraq to better psychiatric care for veterans. These protesters often say that they respect the values the flag represents, but that they believe those values are being subverted by people in power. Does this country really want to criminalize such a nuanced form of political dissent?

These issues would be left to legislation drafted by future Congresses and interpreted by courts. All of that, in turn, would weaken individual rights that are at the Constitution's heart.

And for what gain? Proponents of an amendment say the flag is such an important symbol of American democracy that it deserves a special status. But the Connecticut flag burner was charged with seven offenses ranging from public consumption of alcohol to criminal mischief. Surely, that is sufficient.

In fact, what makes the flag so special is this: It stands for a nation that deems individual liberties so important, it tolerates unpopular minority opinion.

The main threat to the flag comes not from the occasional burning of Old Glory. It comes from those who would sacrifice the principles the flag represents.

'A White Individual' (WSJ)

The Wall Street Journal, June 20, 2006

With Congress poised to extend, for another quarter-century, certain "temporary" provisions of the 1965 Voting Rights Act, it's worth pondering some of the political mischief taking place these days in the name of "voting rights."

Take New York's 11th Congressional District, a safe Democratic seat covering several neighborhoods in Brooklyn. The seat is currently occupied by Major Owens, a black Democrat who has held it since 1983 and is retiring this year. One of the four candidates to replace him is David Yassky, a white Democrat who represents some of the same Brooklyn neighborhoods as a city councilman.

Mr. Owens has one of Congress's most liberal voting records, and there's nothing in the background of Mr. Yassky, a protégé of New York Senator Chuck Schumer, that suggests he would vote much differently. Even so, Mr. Owens and the three

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other candidates, all of whom are black, are on a mission to force Mr. Yassky out of the race. In the case of Mr. Owens, this has partly to do with the fact that his son is among those running in the September 12 Democratic primary. But Mr. Owens, the other black candidates and local black officials have stressed that their overriding concern is the color of Mr. Yassky's skin. And they're using the Voting Right Act to justify old-fashioned race-baiting.

New York's 11th District is a product of racial gerrymandering linked to passage of the Voting Rights Act. When Congress passed the law 40 years ago to address black disenfranchisement primarily in the Deep South, some provisions were made permanent and others temporary. Gone forever were poll taxes and grandfather clauses, but Section 5 provisions of the law dealing with "preclearance," or federal oversight of local election practices, were meant to be short-term.

Study after study shows that preclearance is no longer necessary. Black voter registration and participation rates, along with the growth of minority officeholders -- often elected with white "cross-over" votes -- demonstrate that blacks are no longer disenfranchised. Yet Congress continues to reauthorize these Section 5 provisions because they allow both Republicans and Democrats to keep drawing racially gerrymandered districts in the name of protecting voting rights.

"A law passed to protect minority voters -- to ensure free and fair access to the polls -- has become much like every other affirmative action policy," says Edward Blum, a visiting fellow at the American Enterprise Institute and the author of a forthcoming book on the unintended consequences of the Voting Rights Act. "It has become, literally, a racial set-aside. The law is being used to justify actual racial proportionality."

It's bad enough that such gerrymandering has all but eviscerated inter-party competition for seats in Congress, creating so many "safe" Republican and Democratic strongholds that the outcome of most races is a foregone conclusion. But another pernicious byproduct of gerrymandering is the racial polarization and hyper-partisanship that we see in places like New York's 11th District. These so-called "majority-minority" gerrymanders tend to nurture political division and extremism by reducing incentives for candidates to make appeals to anyone other than their racial or ethnic voting base.

Representative Owens has labeled Mr. Yassky a "colonizer." Al Sharpton, ever the statesman, has called the candidate, who is Jewish, "greedy." And the New York Sun reported last week that Albert Vann, a city councilman who opposes Mr. Yassky's candidacy, sent an email to black elected officials nationwide announcing that "we are in peril of losing a 'Voting Rights' district . . . as a result of the well financed candidacy of Council Member David Yassky, a white individual."

Ironically, such rhetoric is one reason so few minorities are able to seek and win higher office. Once you're appealing to people on completely racial grounds in order to win a House seat, you have a hard time making the broader appeals necessary to win statewide.

But don't expect any of this to matter as Congress ramrods through another extension of the provisions that feed these bad outcomes. A House vote is due any day, and the Senate is expected to follow sometime prior to the July 4 recess. Congress has never let balkanization of the electorate get in the way of protecting its own political hide, especially when it can claim to be siding with the "voting rights" angels.

ANTITRUST:

Justice Report Highlights Progress In Intellectual Property Protection (INFOWEEK)

By Larry Greenemeier, InformationWeek

InformationWeek, June 20, 2006

The Justice Department two years ago promised to beef up efforts to protect the intellectual property of software development, music, and movies. Here's the result of its efforts.

The technology world has long agonized over the government's shortcomings in protecting intellectual property. Theft of source code or even finished products costs tech firms money and potential revenue and dampens the incentive to invest in original research and development. The U.S. Justice Department Tuesday plans to issue a report signaling a positive change.

The Justice Department's Intellectual Property Task Force has made progress in protecting the content created by companies in a number of disciplines, including software development, music recording, and motion pictures, the report says. Essentially, Justice wants to convince businesses that it has followed up on promises made in 2004 to bring the hammer down on those caught lifting other people's work for their own purposes.

The Justice Department, as promised, has increased the number of prosecutors in the field by creating five additional Computer Hacking and Intellectual Property, or CHIP, units in the District of Columbia, Nashville, Orlando, Fla., Pittsburgh, and Sacramento. Justice also opened another seven in Austin, Baltimore, Denver, Detroit, Newark, N.J., New Haven, Conn., and Philadelphia--all cities where cybercrime and intellectual property offenses are significant problems, the new report states.

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Justice has also broadened its focus internationally by placing a federal prosecutor in Southeast Asia as an intellectual property law-enforcement coordinator and got funding to place a similar official in Eastern Europe. The department has trained and provided technical help to more than 2,000 foreign prosecutors, investigators, and judges in the area of intellectual property investigations and prosecutions, the report states.

In March 2004, then-Attorney General John Ashcroft established the Intellectual Property Task Force, directing it to examine and suggest improvements to all the department's intellectual property enforcement efforts. By October 2004, the task force returned to Ashcroft with recommendations in the areas of criminal enforcement, international cooperation, civil enforcement, antitrust enforcement, legislation, and prevention. By the following February, Alberto Gonzalez had assumed attorney general responsibilities, appointed new task force members, and directed them to fully implement the 2004 report's recommendations.

The president's Intellectual Property Protection Act of 2005 is part of the plan. In partnership with the U.S. Patent Trademark Office, the Justice Department plans to dedicate $900,000 over three years for piracy prevention efforts with nonprofit educational organizations.

The Justice Department's progress report cites an Office of the U.S. Trade Representative statistic that intellectual property theft costs American corporations $250 billion each year. "Modern technology has increased the innovativeness of companies and the amount of new intellectual property being created, but it has also made intellectual property theft easier and more anonymous," the report states. "Computer technology and the Internet generate inexpensive and far-flung opportunities for piracy and distribution."

The Justice Department is, along with the departments of Commerce, Homeland Security, the Office of the United States Trade Representative, and the Food and Drug Administration, part of the Bush administration's Strategy Targeting Organized Piracy effort, or STOP, and has co-chaired the National Intellectual Property Law Enforcement Coordination Council since its 1999 inception.

The FBI's intellectual property enforcement program has been increasingly busy in recent years. Between fiscal year 2003 and fiscal year 2005, the number of open intellectual property investigations increased 22%, from 304 to 372 investigations annually. The number of undercover investigations increased 87%. During the same time period, the number of indictments filed from intellectual property investigations increased 38%, from 92 to 127. Since 2001, Homeland Security's Immigration and Customs Enforcement and Customs and Border Protection divisions have initiated more than 31,000 seizures of counterfeit products with an estimated retail value in excess of $482 million.

Impressive statistics, but as with any crackdown, the program's success will ultimately rely on a healthy dose of prevention. This has partly been addressed through a number of intellectual-property education programs for America's youth. One such program is called "Activate Your Mind: Protect Your Ideas" and consists of a series of educational events nationwide involving students, teachers, government representatives, and victims of intellectual property theft.

Real Estate System Criticized (WP)

By Kirstin Downey

The Washington Post, June 20, 2006

Consumer Group Alleges Anticompetitive Practices

A national consumer advocacy group yesterday condemned real estate trade groups as a "cartel" that sets prices and blocks competition to maintain its traditional commission structure and to keep discount firms from gaining market share.

The commission system is "cockamamie," said Stephen Brobeck, executive director of the Consumer Federation of America. Even some inexperienced real estate agents are charging a 7 percent sales commission, he said -- an amount he likened to the cost of a new car. And he questioned why the brokerage fee on an $800,000 houses is four times higher than that for a $200,000 house, saying the work involved is basically equal.

The District-based federation applauded efforts by government antitrust regulators to put pressure on the trade groups to change the way they do business, but Brobeck said no one had yet found the "magic bullet" to reduce costs. He said consumers have been left on their own and urged home buyers and sellers to negotiate over the sales commissions they are charged and make sure it is clear who is representing whom, what each agent will be paid and for what services.

Thomas M. Stevens, a local real estate broker who is president of the National Association of Realtors, fired back within hours, saying the Consumer Federation is ill-informed and incorrect.

"It's clear and evident that they don't understand the real estate business," Stevens said. "Real estate is probably one of the most competitive industries out there."

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Stevens said real estate agents put themselves at financial risk showing clients from house to house and advertising homes for sale in hopes a transaction will be completed. He said that more than 2 million people in the United States hold real estate licenses and that the work has grown only more competitive and difficult with the real estate slowdown of recent months.

The federation's report came as the Michigan legislature prepares to enact rules sought by the state real estate industry to define the responsibilities of agents in ways that critics say would favor traditional firms and make it more difficult for discount and Internet-based firms to compete. The Realtor association in Michigan says the rule change is needed because some of the new firms are offering consumers poor service, leaving traditional real estate agents scrambling to keep deals together.

In October, federal antitrust regulators at the Justice Department and the Federal Trade Commission wrote to Michigan legislators urging them to shelve the proposed rule. The agencies said it "would reduce consumer choice and cause Michigan consumers to pay more for real estate brokerage services," according to a Justice Department statement.

Lawyer Robert Campau, vice president of public policy and legal affairs at the Michigan Association of Realtors, said that the industry welcomes the new business models but that roles need to be more clearly defined.

"What the Michigan legislation attempts to do is to make clear what people are contracting for, against the backdrop of statute already existing in Michigan," Campau said. He said that about 100 Michigan state legislators voted for the industry-backed bill and that fewer than five voted against it. He expects similar, "fairly overwhelming" support when the state Senate considers the measure in the next few days.

Federal regulators have sought to influence the debate in other states, too. In West Virginia last month, the state Real Estate Commission rescinded a rule prohibiting rebates and other discounts to consumers, after receiving a warning letter from the Justice Department. South Dakota and Kentucky also rescinded similar rules last year. But in Alabama and Texas, legislation sought by the traditional real estate firms flew to passage almost unanimously.

The Justice Department has sued the National Association of Realtors, alleging its Internet multiple listing service policy prevents nontraditional brokers from gaining equal access to sales listing information. The trade group said it has changed its policies and is seeking to have a judge dismiss the lawsuit.

"Both sides looked for common grounds to settle, but it didn't get very far," said Stevens of the National Association of Realtors. "If the judge doesn't dismiss the case, it'll go to trial."

Justice Dept Won't Challenge Collaborative Labor Database (DOW)

Dow Jones, June 20, 2006

WASHINGTON -(Dow Jones)- The U.S. Justice Department on Monday said it won't take antitrust action against a collaborative initiative by retailers and manufacturers to develop a shared database on international factory and labor conditions.

The initiative, Fair Factories Clearinghouse, asked the Justice Department to decide whether it was concerned about potential antitrust problems with the initiative.

"The Department of Justice has no current intention to institute antitrust enforcement action against the Fair Factories Clearinghouse initiative," Justice antitrust chief Thomas Barnett said in a letter sent to the organization.

The group's request to Justice officials described safeguards it will require member companies to take to avoid antitrust conflicts through the database sharing.

The Fair Factories Clearinghouse is designed to improve available audit information on the standards and conditions at factories around the world, according to the group's Web site.

- By Mark H. Anderson, Dow Jones Newswires, 202 862-9254; mark.anderson@ dowjones.com

FTC Signs Off On Internet Legal Referrals (LAW)

By Pamela A. Maclean, The National Law Journal

National Law Journal, June 20, 2006

Although it may not be a match made in heaven, Internet legal referral services that promise to match lawyers with potential clients have found a powerful new admirer -- the Federal Trade Commission.

In a recent letter to the State Bar of Texas, the FTC planning and policy chief, Maureen Ohlhausen, said that the Internet-based client/attorney matching services "have the potential to lower consumer costs of obtaining information about the price and quality of legal services, which is likely to lead to more intense competition among attorneys, ultimately benefiting Texas consumers."

There has been a long simmering debate in state bars around the country since the advent of these services in 1999 about whether they violate ethical rules on advertising and the bans on nonlawyer referrals for legal help.

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The Arizona and Washington state bars issued ethics opinions last year foreclosing use of the services, saying that lawyers may not pay to participate in for-profit Internet matching services. Meanwhile, Rhode Island approved the online matching in 2004 as a boon to consumers, quickly joined by North Carolina, South Carolina and Utah.

The FTC letter "is a powerful endorsement of the industry," said Anna Ostrovsky, general counsel for San Francisco-based LegalMatch.

Legal matching services generally charge lawyers to sign up. Consumers seeking legal help with divorces, wills, child custody and trademark issues help describe their needs and locations online. The service sends this to lawyers in the same region and interested attorneys respond -- something like a dating service -- with their qualifications and rates, allowing clients to shop for the right match.

Most states have been sitting on their hands. The nation's largest state bars, California and New York, remain mum on the topic, but have ethics committees pondering it.

Texas may be the key.

LegalMatch asked Texas to clarify whether the service violates Texas Ethical Rule 7.03, which prohibits state lawyers from paying a nonlawyer to solicit or refer prospective clients. In August 2005, the Texas bar's ethical opinion, No. 561, indicated that lawyers may not pay to be listed on a privately sponsored Internet site that gathers information about potential clients. But it was not clear whether it covered all of the online matching services.

In response, the FTC letter states, "online legal matching services are likely to make it less expensive for consumers to evaluate providers of legal services. The information sent to inquiring clients is likely to allow consumers to compare the price and quality among several competing attorneys more cheaply than other methods of comparison."

Ohlhausen concluded: "The burden should rest on the proponents of a restriction on competition to show that it is necessary to prevent significant consumer harm and that it is narrowly drawn to minimize its anticompetitive impact."

Austin attorney W. John Glancy, chairman of the Texas bar's Professional Ethics Committee, said that he could not disclose how the panel is leaning, when it might make a decision or who besides the FTC has submitted comments.

"It has been complete limbo for us for seven years," Ostrovsky said. "That's why we are so excited about [the FTC letter]. We asked the FTC to intervene six months ago to offer third-party guidance," she said.

Ostrovsky said that state bar rules on advertising were written before the Internet and many states have been slow to change. The ethics opinions "only add to the confusion" for lawyers, she said.

"California has not done anything either positive or negative, they simply ignored the issue," Ostrovsky said. "New York is in the same situation."

While some states take no formal position, they create confusion among lawyers who call ethics hotlines and are told they can't participate, she said.

Dennis Maio, a lawyer with the San Francisco office of Reed Smith and a member of the State Bar of California ethics committee, said, "I think the issue has been brooded about a bit." But he said the panel has not taken a position.

He described concerns that arise in considering a potential client who writes a 2,000-word e-mail about needing a divorce only to have the lawyer representing the client's spouse receive the Internet solicitation. "Now there is no confidentiality and the lawyer is obligated to use it against her," he said.

James Cooper, FTC deputy director of policy planning, said the key is whether the services are really a referral. "When you go to the state bar for a referral you get the next person on the Rolodex," he said. "[With the Internet service] you get five or six offers. It is a different model and has the potential to offer benefits to consumers."

LegalMatch, one of at least four providing the services, has found it hard to keep up with the growing consumer demand. Ostrovsky said that there are thousands of lawyers participating in their system and tens of thousands of cases coming in each month from people looking for help.

The New York state bar is reviewing, but has not resolved, the matching-service issue, a spokesman said. Among new restrictions on attorney advertising proposed by New York's appellate courts is updating all manner of attorney advertising online.

Congress Weighs Rules Of Net Access (CSM)

By Gail Russell Chaddock

The Christian Science Monitor, June 20, 2006

WASHINGTON

Call it a battle for the future of the Internet.

As the Senate takes up the first overhaul of the nation's telecommunications laws in a decade, this week's debate will pitch one of the most unlikely lineups in recent political history against an entrenched industry lobby.

On one side: the big phone companies and cable providers, who want Congress to help them speed up the move into the video market and keep government regulation at a minimum. It's one of the most well-funded and experienced industry groups on Capitol Hill.

On the other side: those who use their services, who want Congress to make sure that the Internet does not become a fast lane for those who can pay - and a dirt road for those who can not. The Save the Internet Coalition includes Google Inc., Amazon.com, Microsoft, and eBay, thousands of bloggers, and more than 700 groups. It's one of the most diverse coalitions ever to lobby a bill.

At stake is whether the Baby Bells and cable companies can charge more for fast, reliable service or "discriminate" against online competitors. Groups ranging from the Christian Coalition, Gunowners of America, and Moveon.org - which are bookends on most other issues - want the government to ensure "network neutrality."

This week, the Senate Commerce Committee marks up its version of this bill. A draft released Monday includes a new Internet Consumer Bill of Rights, including a change to the Federal Communications Commission to "preserve the free flow of ideas and information on the Internet" and to "promote public discourse."

Groups lobbying for guarantees of network neutrality say that doesn't go far enough. "Despite that list of protections, there is no protection from discrimination by telephone or cable companies in favor of companies in which they have a financial interest or receive extra payments," says Art Brodsky, spokesman for Public Knowledge, an advocacy group that works in telecommunications and intellectual property issues.

"It doesn't give the egalitarian access we have now. Any time you see the Christian Coalition and Moveon.org agreeing on anything, you know something important is on the line," he adds.

In the run-up to the Commerce Committee markup on Thursday, groups are stepping up their lobbying. Last week, the Christian Coalition and Moveon.org delivered petitions with more than 1 million signatures to Senate offices.

Meanwhile, the Bells and cable companies are filling inside-the-Beltway newspapers with full-page ads, by coalitions such as Hands Off the Internet, that argue against "legislating massive new regulations" that they say will stifle Internet growth and innovation.

It's an issue that cuts across party lines. The House passed its version of telecommunications reform June 8, after rejecting a Democratic proposal to establish network-neutrality requirements for broadband providers. The proposal, which barred blocking, impairing, degrading, or discriminating against lawful content, was rejected by 211 Republicans and 58 Democrats.

Now the focus shifts to the Senate, where a bipartisan coalition led by Sens. Olympia Snowe (R) of Maine and Byron Dorgan (D) of North Dakota is calling for stronger language on net neutrality in the bill.

"As we read this bill, broadband operators will still be able to create a two-tiered Internet system, whereby people who pay more get faster and better service. Everyone else has to settle for the slow lane. That's not what made the Internet so revolutionary, and that's what needs to be preserved," says Barry Piatt, a spokesman for Senator Dorgan.

In earlier drafts of the Senate bill, Sen. Ted Stevens (R) of Alaska, who chairs the Commerce, Science and Transportation Committee, called only for an annual FCC study of the issue, with the promise that Congress would address any problems that develop.

"The FCC would conduct an annual study to look into net neutrality and see if any blocking is occurring. Then, Congress would act immediately," says Aaron Saunders, a spokesman for the Senate Commerce Committee.

In fact, there's nothing simple about net neutrality, critics say. The Snowe- Dorgan bill would trigger "lengthy and very cumbersome efforts by the FCC," said Mike McCurry of Hands Off the Internet at a debate at George Washington University on Friday.

For many lawmakers in rural areas, the concern is that, despite the promises, their constituents will find themselves on a slower Internet track.

Op-Ed: Don't Be Gun Shy Due To 'Jumping The Gun' Antitrust Fears (LAW)

Legal Times, June 20, 2006

Overreaction to 'Qualcomm' case should not keep in-house counsel from dealing during merger waiting periods

Darren S. Tucker and Bilal Sayyed

In almost any merger or acquisition, the acquiring company insists on "conduct of business" covenants to ensure that the target company maintains the value of its assets before closing. Imagine that in the middle of negotiating an important acquisition agreement, your antitrust counsel suddenly opines that certain routine conduct-of-business covenants are no longer permissible.

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This is precisely what is happening as some counsel overreact to the Department of Justice's recent gun-jumping lawsuit against Qualcomm Inc. In-house counsel need to be skeptical of such overly cautious gun-jumping advice, which can jeopardize the success of corporate transactions.

JUMPING THE GUN

The Hart-Scott-Rodino Act requires that transactions of a certain size be reported to the two federal antitrust authorities (the Department of Justice and the Federal Trade Commission) and that merging parties observe a pre-closing waiting period. This waiting period gives the antitrust agencies a chance to review a transaction for potential anti-competitive effects before the parties can close the transaction.

Gun jumping occurs when a buyer exercises control over the to-be-acquired firm before the expiration of the Hart-Scott-Rodino waiting period. When parties are competitors, certain joint activity or information sharing before closing can also violate the Sherman Act. Whether a gun-jumping violation exists is a separate question from whether the underlying business combination violates the antitrust laws.

Unfortunately, neither of the antitrust agencies has provided specific guidelines governing what is and what is not allowable during the period between signing and closing. Although guidelines were promised by then-Assistant Attorney General for Antitrust Charles James in September 2002, his successors appear to have concluded that the fact-intensive nature of this area may make such guidelines too vague to be of any use.

Because of the very limited case law in this area and the lack of agency guidelines, antitrust counsel are left to interpret agency "lore" in the form of speeches, comments, case filings, informal opinions and articles by FTC and Justice Department staff.

These materials can be overly cautionary, contradictory and subject to competing interpretations. A 1999 speech by a former director of the FTC's Bureau of Competition, for example, made the incredible claim that "once a purchase contract is signed, the parties may not proceed further with joint activity." Statements such as these fail to recognize merging parties' legitimate needs for integration planning and encourage excessive caution on the part of some counsel.

A November 2005 speech by William Blumenthal, general counsel for the FTC, retracted some of the more extreme agency statements in this area and signaled that some counsel were being overly cautious. He noted that the antitrust "agencies recognize that some information exchanges and pre-consummation collaboration necessarily occur in all mergers." Although he did provide some general guidance on due diligence and integration planning, Blumenthal unfortunately did not address merger covenants in any detail.

Perhaps because of the paucity of precedent, there are few more contentious areas among antitrust lawyers than the scope of allowable coordination and integration planning among merging parties before Hart-Scott-Rodino clearance or closing of the transaction.

As a result, in-house counsel are left to the mercy of their (and opposing) antitrust counsel's tolerance for risk. In-house counsel are frequently given lists of rigid "don'ts" that may conflict with the need to protect their bargain or plan for integration. The worst result is when the target's antitrust counsel takes an overly conservative view, thus driving the pace and scope of integration planning.

THE QUALCOMM COMPLAINT

The Justice Department has repeatedly said bringing gun-jumping cases is a priority. In April of this year, President George W. Bush's administration brought its third gun-jumping case, in which it sued and simultaneously settled with Qualcomm and Flarion Technologies.

In the Qualcomm complaint, the Justice Department alleged that Qualcomm obtained operational control of Flarion's business before Hart-Scott-Rodino clearance, in part through application and enforcement of various covenants in the parties' merger agreement. The merger agreement prohibited Flarion from acquiring, selling or licensing its intellectual property to third parties; entering into material contracts; hiring employees (except in the ordinary course of business); and making business proposals to customers without Qualcomm's prior consent.

The Justice Department also alleged that Qualcomm and Flarion's actual behavior went well beyond the scope of the covenants and permissible conduct. The department alleged that Qualcomm exercised significant, day-to-day control over Flarion's business, including participating in the routine hiring of employees, participating in the marketing of products and services to customers and prospective customers (which entailed approving price quotations and margin targets), discouraging Flarion from serving smaller customers and discouraging Flarion from providing pricing information to potential customers. Through these efforts, Qualcomm appears to have attempted to bring Flarion's policies and operations in accord with Qualcomm's practices and its future plans for Flarion's technology.

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The Qualcomm case has received attention because the gun-jumping violation was based in part on merger covenants, rather than just the parties' conduct. This is not unprecedented, however. Several years ago, the Justice Department challenged considerably more problematic covenants in the Computer Associates case, including covenants that required the purchaser's approval for the prices and terms the target company would offer to its customers.

Although the Qualcomm complaint has been interpreted by some as expanding the range of prohibited conduct by merging parties, the case was in fact entirely consistent with previous gun-jumping cases brought by both the Justice Department and the Federal Trade Commission.

The Justice Department's complaint should not be read (as some have done) to say the merger covenants, standing alone, were sufficient to violate the Hart-Scott-Rodino Act. Except for the prohibition on making proposals to customers, the covenants are fairly common and, by themselves, not problematic. In interviews after the case, enforcement officials indicated that Qualcomm's actual conduct, more than the merger provisions, was the basis for the lawsuit.

Counsel, particularly in-house counsel, should be wary of advice suggesting that standard merger covenants are now illegal or ill-advised. In the prior two gun-jumping cases (Gemstar and Computer Associates), the Justice Department expressly permitted ordinary course covenants, material-adverse-change limitations (a common means of allocating risks between the signing and the closing of an acquisition agreement), and reasonable due diligence. The division's censure in the Computer Associates case, for example, was directed at covenants that established prices or discounts or that gave one party the right to negotiate or approve the other's proposed purchases or sales.

Unlike other gun-jumping cases, Qualcomm and Flarion reported and corrected the alleged violation. Historically, the antitrust agencies have been willing to limit or forgo penalties when the merging parties quickly and fully report and correct gun-jumping activity. Here, the parties eliminated the covenant requiring Qualcomm's approval to make proposals to customers -- the only really problematic merger covenant -- and put a stop to Qualcomm's day-to-day control of Flarion.

In return for voluntarily reporting and correcting the prohibited activity, Qualcomm obtained a favorable settlement with the Justice Department. Although Qualcomm will still pay a $1.8 million fine, this represents only half of the maximum penalty available. In addition, the final judgment does not include the onerous and embarrassing conduct prohibitions and monitoring requirements typically required. For example, the final judgments in the Gemstar and Computer Associates cases require 10 years of compliance reporting and monitoring. In addition, Qualcomm and Flarion were not charged with a Sherman Act violation, which they clearly could have been, as they had been competitors in the sale and licensing of technology for wireless networks.

THE ROLE OF IN-HOUSE COUNSEL

As counsel with the best understanding of their clients' reason for doing a deal, the business opportunities to be captured and the risk of deterioration of the target company's assets, in-house counsel have a significant role to play in securing appropriate merger covenants.

As the lawyers closest to the integration planning and activity, in-house counsel also have a critical role in preventing gun-jumping violations. They have the best opportunity to educate key people on gun-jumping issues, to monitor ongoing activity, to stop and modify conduct that is across the line, and, if appropriate, to report prohibited conduct to the government to avoid a lengthy, disruptive investigation that may delay the closing of the transaction.

Although it is customary to advise deal counsel and deal clients to bring antitrust counsel in early to avoid gun-jumping activity, in-house counsel must be alert to an excessively cautious approach by outside counsel, either from their side of the table or from across the table. Such an approach can have serious implications for the success of the transaction, as the antitrust agencies have recently recognized.

In-house counsel should push their outside counsel to think creatively about how to obtain the business objectives of the proposed transaction without running afoul of gun-jumping prohibitions. Good antitrust counsel should be able to advise in-house counsel how (not whether) an acquiring company can obtain needed due diligence, obtain necessary merger covenants and engage in integration planning with the other company -- even when the two companies are competitors.

Although merging parties certainly can go too far in interacting with one another before closing a transaction, there is more flexibility than some antitrust lawyers advise, and the Qualcomm case in no way limits merging parties' ability to achieve their business objectives.

Darren S. Tucker and Bilal Sayyed are counsel in the D.C. office of O'Melveny & Myers, where they specialize in antitrust law. O'Melveny & Myers represented Gemstar in the gun-jumping matter discussed here.

Morgan Stanley Boosts Bid For Denver Firm (AP)

By Sandy Shore, AP Business Writer

AP, June 20, 2006

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Morgan Stanley Boosts Bid for Denver Energy Firm by 3 Percent a Share

DENVER (AP) -- Morgan Stanley Capital Group Inc. boosted its offer for TransMontaigne Inc. by 3 percent a share, escalating a bidding war that appeared to be over last month when the fuel distribution company accepted a lower bid from SemGroup LP.

The Transmontaigne board was scheduled to meet Monday to determine whether the new Morgan Stanley offer of $11.35 a share in cash -- delivered Sunday -- would be considered superior to the SemGroup offer of $11.25 a share. The company said it would be prepared to terminate its agreement with SemGroup if the Morgan Stanley offer were better.

A TransMontaigne spokeswoman declined to comment further.

In a letter delivered to TransMontaigne on Sunday, John Shapiro, president of Morgan Stanley Capital Group Inc., said the offer would expire on Friday morning if no action were taken.

"We believe that this offer will deliver better value with greater speed and certainty than your current proposed transaction," he wrote.

Shapiro also noted that SemGroup has received a request for more information from the Federal Trade Commission which could delay any deal between SemGroup and TransMontaigne. "We do not expect to have any such delay," he said.

Mike Brochetti, a SemGroup senior vice president of finance, declined to comment on the development. If the Morgan Stanley offer were deemed superior, SemGroup would have three days to submit a counteroffer.

TransMontaigne's stock closed up 25 cents, or 2.2 percent, to $11.54 a share in afternoon trading on the New York Stock Exchange. In the past year, it has traded between $5.07 a share and $13.20 a share.

With a market value of about $576.5 million, Denver-based TransMontaigne is a refined petroleum products company that has terminals, pipelines, and tug-and-barge operations primarily along the Gulf Coast, and in the Midwest and South.

The bidding war began in March when Morgan Stanley, which owns 10 percent of TransMontaigne, offered $8.50 a share. It has increased the offer twice amid counter proposals from SemGroup, a privately held Tulsa, Okla.-based company that delivers products from the wellhead to the wholesale marketplace.

Late last month, TransMontaigne accepted SemGroup's latest acquisition bid of $11.25 per share in cash. The agreement between the two companies included a $10 million termination fee payable by SemGroup to TransMontaigne, should the deal be terminated by antitrust authority.

Judge Tosses Port Authority Suit (FAIRNM)

By Chris Eshleman, Staff Writer

Fairbanks (AK) News-Miner, June 20, 2006

A federal judge on Monday dismissed an antitrust lawsuit filed last year by the Alaska Gasline Port Authority against two North Slope oil companies. Judge Ralph Beistline found fault with a number of arguments raised by the port authority, finding among them that it lacked the standing needed to pursue the lawsuit in federal court.

The port authority filed the suit in federal District Court in Fairbanks, alleging BP and Exxon Mobil had conspired to keep North Slope natural gas out of the marketplace.

Beistline agreed with lawyers for the oil companies who said the state's Stranded Gas Development Act, which lays out a negotiating process for finding a way to transport natural gas to market, pre-empts the authority's lawsuit.

The judge said the port authority's project "appears well-intentioned, has accomplished a great deal to date, and may well have a valid plan."

"Decisions, however, regarding who, when, where, and how to accomplish this monumental task should involve all interested parties and are best made by the Alaska state Legislature and the people of Alaska," Beistline wrote.

Beistline's order was a response to a motion filed by the two oil companies asking the court to dismiss the case. A trial date had not been set.

Port Authority Chairman Jim Whitaker, who is also mayor of the Fairbanks North Star Borough, declined to comment on whether the group planned to appeal.

"The Alaska Gasline Port Authority respectfully disagrees with the court's decision. We are in the process of reviewing the decision and the appropriate next steps," Whitaker said.

Bob Davis, a spokesman for Exxon Mobil, said the company was pleased with the decision. The company wants to bring North Slope gas, over which Exxon Mobil and other companies hold leases, to market but through a project different from what the port authority proposes.

"Our company has clearly demonstrated its desire to bring Alaska's North Slope gas to market through the funding of more than $125 million in technical and engineering studies related to the project, our good-faith negotiations with the state to develop

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a proposed fiscal contract and other actions such as discussions with the Canadian government on regulatory issues and ongoing research and technology commitments," Davis said.

Exxon Mobil, BP and ConocoPhillips have negotiated an agreement with Gov. Frank Murkowski that calls for setting fiscal terms for a longer pipeline that would run parallel to the Alaska Highway through Canada. That agreement requires legislative approval in order to proceed, and the Legislature has yet to give its consent. ConocoPhillips was not a target of the port authority lawsuit.

"We're pleased that the court agreed with us that the port authority's case has zero basis of credibility and was without merit," BP spokesman Daren Beaudo said. "A gas pipeline can't be built on lawsuits, advertisements and Power Point presentations. It has to be based on good business, and Alaskans now have the opportunity to support a fiscal contract that will move a real gas pipeline project forward."

The port authority, the municipal consortium formed in 1999 by voters in the Fairbanks North Star Borough, the North Slope Borough and the city of Valdez, claimed in its lawsuit to be ready to move forward on its plan to pipe North Slope gas to Valdez, liquefy it and ship it by tanker to West Coast markets.

The consortium even found a potential business partner, Sempra Energy, willing to help it develop and finance the pipeline project and to buy and market the gas. Its lawsuit claimed the two oil companies' refusal to sell natural gas scared Sempra away from the project.

Beistline found several faults with the lawsuit.

In one part of his ruling, he rejects the port authority's claim that mergers and acquisitions performed by BP and Exxon Mobil amounted to an illegal attempt to monopolize control over North Slope natural resources.

The judge said the suit failed to show the mergers, including BP's acquisition of Amoco Corp. and Atlantic Richfield Co., had any effect on the companies' decision not to sell North Slope gas. He also found that the port authority's claims of antitrust activity were made after the federal statute of limitations has passed.

The suit asked the court to force the companies to sell the authority some gas—gas it said it needs to gain financing—and for damages. But Beistline agreed with the oil companies' lawyers, who argued in a Fairbanks courthouse that the port authority's "ability to finance the construction of its proposed pipeline is speculative at best," he wrote.

The two companies can decide not to sell natural gas to the port authority if they choose, Beistline wrote.

State lawmakers recently wrapped up a month-long review of the contract proposed by the state and the oil companies. During that review, talk between legislators over the possible implications of the lawsuit was scant, said Sen. Gene Therriault, R-North Pole.

"I don't think there weren't a lot of people that based their decision-making on the outcome of this particular case," Therriault said.

A proposed all-Alaska pipeline project has received resolutions of support in the past from the Alaska Municipal League and the Alaska Conference of Mayors.

The port authority also filed a different lawsuit earlier last fall in Alaska Superior Court, alleging the state's Department of Natural Resources has mismanaged the North Slope's Point Thomson oil and gas unit, which contains at least 8 trillion cubic feet of gas and millions of barrels of crude oil but that sits undeveloped.

Port authority officials have said Point Thomson's reserves, if developed, would provide a key component for their project.

After the Point Thomson lawsuit was filed, the state's then-oil and gas director Mark Myers denied Exxon's development plan for the site, saying that if Exxon and fellow leaseholders BP and Chevron don't develop the field they should give their leases back to the state.

That ruling, however, has been suspended by Natural Resources Commissioner Mike Menge.

Judge Dismisses Port Authority's Lawsuit Against Oil Companies (AP)

By Anne Sutton, Associated Press Writer

AP, June 20, 2006

JUNEAU, Alaska (AP) -- A federal judge on Monday tossed out an antitrust lawsuit alleging two oil companies that operate the largest gas fields on the North Slope are refusing to sell natural gas to an Alaska pipeline project other than their own.

The Alaska Gas Port Authority claims Exxon Mobil Corp. and BP PLC have conspired to crush competition and restrict the nation's supply of natural gas, and that has stymied the port authority's efforts to develop a gas pipeline from Alaska's North Slope to Valdez.

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But U.S. District Judge Ralph Beistline on Monday sided with the oil companies and said the port authority's case could upend a competing effort by the state to forge a contract with Exxon Mobil, BP and ConocoPhillips to build a North Slope gas pipeline to Canada and markets in the Midwest.

Beistline said the port authority, as a "political subdivision" of the state, did not have the legal standing to take action that could frustrate the laws and policies of Alaska.

"Decisions regarding who, when, where, and how to accomplish this monumental task should involve all interested parties and are best made by the Alaska State Legislature and the people of Alaska," wrote Beistline.

He said the port authority failed to prove that any laws were violated. He also said great uncertainty remained concerning the viability of the authority's own gasline proposal.

High Court Seeks Government View In IPO Underwriter Appeal (MRKTWTCH)

By Mark H. Anderson

MarketWatch, June 20, 2006

WASHINGTON (MarketWatch) -- The U.S. Supreme Court on Monday requested comments from the federal government on an appeal from 16 major Wall Street underwriters and investment firms trying to stop a class-action lawsuit that alleges firm commitment initial public offering practices on Wall Street violate federal antitrust laws.

The high court's request for a brief from the U.S. Solicitor General's office gives the Wall Street firms additional time to try and stop a class-action lawsuit alleging underwriter tie-in agreements - such as requiring the purchase of additional securities in the aftermarket - violate antitrust laws. A number of other claims in the lawsuit were thrown out by a U.S. District Court, but litigation over tie-in agreements was revived by the 2nd U.S. Circuit Court of Appeals in New York.

The appeal, led by Credit Suisse First Boston Ltd., a unit of Credit Suisse Group (CSR), also includes a number of prominent Wall Street firms. Those firms include Bear Stearns & Co., a unit of Bear Stearns Cos. (BSC); Citigroup Global Markets Inc., a unit of Citigroup Inc. (C); Goldman Sachs & Co., a unit of Goldman Sachs Group Inc. (GS); J.P. Morgan Securities Inc., a unit of JPMorgan Chase & Co. (JPM); Lehman Brothers Inc., a unit of Lehman Brothers Holdings Inc. (LEH); Merrill Lynch Pierce Fenner & Smith, a unit of Merrill Lynch & Co. (MER); and Morgan Stanley & Co., a unit of Morgan Stanley (MS).

The class-action lawsuit represents purchasers of stock issued by about 900 Internet and technology companies before the stock market bubble burst in the late 1990s. The lawsuit targets a number of IPO underwriting practices, arguing they are anticompetitive, and seeks financial damages. Additional related lawsuits are pending separately.

Securities and Exchange Commissioner Paul Atkins, in a Wall Street Journal op-ed column last week, said the antitrust lawsuit is "a serious threat to our capital markets" that could, if allowed to continue, spark a trend of antitrust-based suits against securities underwriters and "devastate America's process of capital formation."

Initially, a U.S. District Court judge threw out the lawsuit, ruling in 2003 that, among other things, the SEC's regulation of underwriting practices bars challenges under antitrust laws. The Second Circuit revived a portion of it in September 2005, ruling the tie-in agreements aren't covered by this immunity.

"The SEC, the expert agency charged by Congress with regulating the IPO underwriting business, has advocated immunity from these antitrust actions in the most emphatic terms," the Wall Street firms said in a court brief. "The Second Circuit's rejection of the commission's view - in an area so central to the nation's economy and the SEC's expertise - makes this a case of extraordinary public importance."

The securities industry, in several friend-of-the-court briefs, also urged Supreme Court review of the Second Circuit decision, arguing among other things that the decision would open Wall Street up to a new wave of lawsuits.

Russel Beatie, a New York attorney for the class-action investors, said the decision won't encourage frivolous lawsuits. "The decision has not encouraged the filing of antitrust strike suits because it is limited to conduct that violates the antitrust laws," Beatie said. "If defendants wish to avoid future liability, they should not engage in conduct the Second Circuit described as an 'epic Wall Street conspiracy.'"

The case is Credit Suisse First Boston v. Billing, 05-1157. The government's brief is likely to be filed later this year.

Senate Panel Proposes Net User 'bill Of Rights' (CNET)

By Anne Broache, CNET News.com

CNET News, June 20, 2006

WASHINGTON--The latest Net neutrality provisions in a mammoth Senate communications bill stopped short of giving Internet companies and consumer advocacy groups all the assurances they've requested.

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Unveiled formally at a briefing here for reporters on Monday, new provisions in the latest draft of the sweeping Consumer's Choice and Broadband Deployment Act would allow the Federal Communications Commission to police subscribers' complaints of "interference" in their Internet activities and to levy fines on violators.

Specifically, the bill (click here for PDF) would require all Internet service providers to adhere to what the proposal calls an "Internet consumer bill of rights." The nine principles outlined under that heading include: allowing consumers to access and post any lawful content they please; to access and run any Web page, search engine or application that they choose (including voice and video programs); and to connect any legal devices they please to the network.

Carve-outs would exist for network management purposes, such as parental control technologies and security software.

All Internet service providers, if they're not already doing so, would also be obligated to offer broadband access on a standalone, or "naked," basis--without also requiring, for example, purchase of telephone or cable subscriptions.

But critics say the latest draft, scheduled for an initial committee vote on Thursday afternoon, refrained from addressing a major complaint of advocates of network neutrality--that is, the idea that network operators should give equal treatment to all content that travels across their pipes.

Under the new proposal, "the Internet still ends up split into Lexus lanes and dirt roads, and an FCC rendered powerless to protect American consumers," the It's Our Net Coalition, a group in favor of Net neutrality mandates, said in a statement Monday. Backed primarily by Amazon.com, eBay, Google, Microsoft and Yahoo, the group includes other members such as the Christian Coalition, the Association of Research Libraries and the Consumer Federation of America.

They'd rather see passage of a bill introduced by North Dakota Democrat Byron Dorgan, Maine Republican Olympia Snowe and seven other Democrats that would flatly prohibit network operators from making deals with content providers and charging premium prices for the privilege of speedier delivery or other special treatment--what they disparagingly call a "two-tiered" Internet.

Some form of that proposal will likely be offered as an amendment to the Senate bill at a committee vote scheduled for Thursday afternoon. But its prospects may not be good--a similar, Democratic-backed amendment was soundly defeated in the House, and Senate Republicans have indicated strong opposition to the idea.

Network operators, for their part, have said repeatedly that they have no intention of blocking or degrading their subscribers' Internet activities and have deemed bills like the Snowe-Dorgan one a solution in search of a problem. Supported mostly by conservative groups, they have defended the business model decried by Net neutrality fans as a way to guarantee better quality of service for high-bandwidth applications and to offset what they describe as vast investments in new fiber.

Commerce Committee Chairman Ted Stevens, an Alaska Republican, had emphasized in earlier remarks that he didn't want to get involved in regulating the way that companies do business--a "battle of the titans," he called it. He said instead that he believed it was important to offer protections for consumers, and his bill is designed to reflect those views, committee aides said Monday.

The new language followed ongoing negotiations between Stevens and Co-Chairman Daniel Inouye, a Hawaii Democrat. Inouye and other Democrats had criticized the original version of the sweeping broadband bill, which simply instructed the FCC to scrutinize the state of broadband competition and to report back to Congress on its findings, for not going far enough. The latest draft retains that provision in addition to the others.

Inouye said in a statement Monday that he still wasn't satisfied with the latest draft's provisions, saying they "utterly fail to protect consumers and preserve an open Internet."

The Senate's latest approach is similar to a version approved earlier this month in the House of Representatives' communications bill. Rather than legislating a detailed "consumer bill of rights," the House addresses the Net neutrality issue by giving the FCC the power to fine violators of its broadband access principles from last summer (click here for PDF). Neither bill would allow the FCC to create new rules--an idea that has also come under attack by Net neutrality fans.

The Senate version isn't immune from new complications. The Senate Judiciary Committee recently indicated it might offer a new legislative proposal that would police violations of Net neutrality under antitrust law. A similar approach offered on the House side was approved initially by the House Judiciary Committee but has stalled since then, failing to gain acceptance of an amendment to the larger House communications bill.

Mittal Says Bid Is Gaining Support (WSJ)

By Paul Glader

The Wall Street Journal, June 20, 2006

Mittal Steel Co. is becoming increasingly confident its €23.19 billion ($29.31 billion) hostile offer for Arcelor SA is gaining momentum, pointing to pressure from Arcelor shareholders in favor of the Mittal bid.

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Mittal, the world's largest steel company by output, launched its cash-and-stock bid for Arcelor in January, but Arcelor has thrown up several roadblocks to the transaction, including plans to merge with Russian steelmaker OAO Severstal, led by billionaire Alexey Mordashov, in a move to fend off Mittal's bid.

Arcelor had planned a company buyback of €5 billion that shareholders were scheduled to vote on tomorrow. But Arcelor said yesterday that it was canceling the meeting because of current talks between its management and Mittal Steel. The company said its board may decide later to reconvene the meeting "in case the unsolicited offer by Mittal Steel was not successful."

Lakshmi Mittal, chief executive and chairman of the Rotterdam, Netherlands-based company, said during an interview with Wall Street Journal editors in New York that Arcelor postponed the meeting because Arcelor knew shareholders wouldn't approve the buyback. The decision follows news that French-Polish financier and Arcelor shareholder Romain Zaleski -- who has opposed Arcelor's effort to fend off Mittal -- had picked up an additional 2.4% of Arcelor shares Friday, taking his stake in the company to 7.44%.

"The shareholders want choice to be given to them," he said. "They want to see both bids separate and cast their vote." He said the buyback would have allowed Mr. Mordashov to obtain 38% of Arcelor rather than 32%, and a postponing or withdrawing of the buyback proposal improves his company's chances to acquire Arcelor.

He also said he believed Arcelor board members pressured management to enter into talks with Mittal. "There must be a change," said Mr. Mittal. He noted that when Arcelor recently rejected Mittal's increased bid, the Arcelor board required management to enter discussions with Mittal. "Otherwise, they wouldn't have started dialogue with us," he said.

Many funds that track indexes sold their holdings in Arcelor Friday after the company was temporarily thrown out of the CAC 40 French blue-chip index. The French market regulator has said Arcelor was thrown out because of Mittal's offer for the company and would be allowed back in once the offer period is over.

In Paris yesterday, shares of Arcelor rose 20 European cents, or less than 1%, to €34.70. In Amsterdam, Mittal rose 68 European cents, or 2.8%, to €24.88. Mittal's offer currently is valued at €34.93 a share.

Mr. Zaleski's holding company, Carlo Tassara International SA, said last week that it would have voted against Arcelor's planned share buyback because it is "a transfer of cash from Arcelor to its shareholders, without any value creation." It "would destroy shareholder value, since it would protect Arcelor from any takeover bid," and the Arcelor share price would be affected, the company said.

Mr. Mittal, Mr. Mordashov and Arcelor CEO Guy Dollé are all giving speeches at a steel-industry conference in New York today. During the interview yesterday, Mr. Mittal said he believes shareholders are increasingly moving toward his position as Arcelor executives have maneuvered to keep their company out of Mittal's hands and, in the process, have made remarks that "were very insulting" about Mr. Mittal and his company.

Siemens To Sell Stake In Corporate-Service Unit (WSJ)

By Cassell Bryan-Low And Mike Esterl

The Wall Street Journal, June 20, 2006

On the heels of an agreement to combine its telecommunications-equipment business with that of Nokia Corp., Siemens AG said it is in talks to sell a majority stake in its enterprise unit, which supplies packages of telecom gear and services to corporate customers.

Siemens didn't identify the potential buyers for the unit, which has about €3.5 billion, or about $4.4 billion, in annual sales. But with the potential sale and its planned joint venture with Finland's Nokia, the German electronics-and-engineering giant is dismantling its telecom unit known as Com, which posted €13.14 billion in sales for fiscal 2005.

Siemens shares rose 6.7% to €66.99 ($84.67) in Frankfurt Monday as the company scales back its exposure to a sector it has struggled to master. American depositary shares of Nokia rose 12 cents to $20.09 in 4 p.m. New York Stock Exchange composite trading. Technology shares boosted European markets on the news. (See related article1.)

As expected, the European technology giants confirmed Monday they will combine their businesses that supply telecom carriers into a 50-50 joint venture. The combination provides increased bulk at a time when more equipment makers are joining forces.

"I definitely think that the consolidation in the industry will mean that smaller players will be in a quite difficult position going forward," said Nokia's chief executive, Olli-Pekka Kallasvuo, in an interview.

The new company, to be known as Nokia Siemens Networks, will be No. 3 in the industry by sales, just behind the combination of Alcatel SA of France and Lucent Technologies Inc. of the U.S., which recently agreed to merge, and Telefon AB LM Ericsson of Sweden. The Nokia-Siemens agreement "validates the strategies and the market dynamics underlying our own

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proposed merger with Alcatel," said Bill Price, a spokesman for Lucent, which expects to complete its tie-up between October and March.

But the planned joint venture faces large challenges. A separate wave of combinations among telecom carriers means there are fewer contracts for equipment suppliers to win and slimmer margins on those due to competition from lower-priced Asian rivals.

Siemens telecom-equipment operations that supply telecom-network owners include both fixed-line and wireless equipment. By sharing its large fixed-line business with Nokia, which has been focused on wireless equipment, Siemens gives its partner a foot in the market for faster-growing broadband Internet access. It also puts Nokia in position to sell equipment that combines fixed and wireless capability at a time when many phone-service companies are moving to combine their networks.

"The boundaries are blurring here," said Simon Beresford-Wylie, the Nokia executive who will head the joint venture, at a news conference.

Still, the fixed-line business is tougher than wireless and "most of the industry has really struggled to make their respective wire-line businesses earn a decent turn," Nomura analyst Richard Windsor said in a research report. "Nokia's management has little experience of this part of the industry and is now tasked with fixing businesses that have long eluded the best efforts of Siemens."

Siemens doesn't separate the performances of its fixed-line and wireless businesses in its financial reports, but management has acknowledged the fixed-line arm has underperformed its wireless-equipment operations. During the quarter ended March 31, the Com unit as a whole posted revenue of €3.83 billion but a profit of only €27 million.

Nokia and Siemens estimate that by joining forces, they can generate cost savings of €1.5 billion a year by 2010. The combined company, which will have its headquarters in Helsinki, will begin with 60,000 workers but plans to reduce staff by 10% to 15% during the next four years.

Nokia and Siemens hope to close their venture agreement by Jan. 1.

Subsidizing Yesterday's Telephones (LAT)

The Los Angeles Times, June 20, 2006

WHEN MONOPOLISTS CALL FOR a "level playing field," beware: Most often, what they really want is to hold back the competition. Such is the case in telephone service, as local phone monopolies are trying to saddle high-tech competitors with fees designed to subsidize the traditional phone network.

At issue is how federal and state regulators will treat voice over Internet protocol, or VOIP, services like Vonage that use high-speed Internet connections, not conventional phone circuits, to transmit calls. So far, these services have been able to escape much of the byzantine regulation that permeates the telecommunications business. In particular, they've avoided the access charges that long-distance and wireless companies have to pay local phone companies when connecting to their customers. These charges not only cover the cost of connecting calls but also subsidize phone lines in rural and other high-cost areas. VOIP also has been exempt from federal and state "universal service" fees, another source of subsidies for traditional phone lines.

Those exemptions are in danger, however. The House has passed a bill that would let the Federal Communications Commission and state regulators impose access charges or universal service fees on VOIP. On Thursday, the Senate Commerce Committee is scheduled to take up a similar proposal. Meanwhile, the FCC is expected to rule this week that VOIP firms must pay federal universal service fees.

Backers of the changes argue that VOIP users should pay to maintain and extend the phone network just like everybody else who places calls. In reality, though, firms like Vonage already are paying indirectly, through contracts with the companies that connect their calls to local phone networks. Besides, the current system is already rife with inexplicable inequalities. Local phone companies demand anywhere from a fraction of a penny to more than 30 cents a minute, depending on the source of the call.

More fundamentally, these proposals don't recognize how radically communications have changed over the last decade. Traditional phone lines aren't being displaced by VOIP services; they're being replaced by high-speed Internet connections, which offer a slew of communications alternatives. VOIP, like e-mail and instant messaging, is just an application.

With the distinction between local and long-distance evaporating, the FCC has been struggling to phase out access charges and overhaul universal service. Rather than dragging VOIP services into the morass of subsidies for phone circuits, lawmakers and regulators should focus on pushing high-speed Internet connections to every U.S. home and business. If that means people using VOIP save a few bucks at the expense of those who use other phone services, so be it. With luck, VOIP will drive up the demand for broadband and hasten its spread, diminishing the need to subsidize plain old telephone lines.

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ENVIRONMENT:

Supreme Court Affirms Wetlands Protections (AP-Y2)

By Gina Holland

AP2, June 20, 2006

The Supreme Court ruled Monday that the government can block development on hundreds of millions of acres of wetlands, even on land miles away from waterways, as long as regulators prove a significant connection to the waterways.

Chief Justice John Roberts, in his first major environmental case, came up one vote short of dramatically limiting the scope of the landmark Clean Water Act.

At the same time, property rights advocates won a new test for when wetlands can be regulated. Moderate Justice Anthony M. Kennedy said there must be a "significant nexus" between the wetland and a navigable waterway.

Virtually any land in America would be covered under the government's interpretation of the law, Roberts and the court's other three conservatives complained in an opinion.

The court's four liberal members said the conservatives would have opened up sensitive wetlands to polluters.

It was a dramatic conclusion to a pair of property rights cases the justices agreed to review last fall, just days after Roberts joined the court. The Bush administration defended the law and had urged the court to stay out of the case.

The justices were so splintered that there were five separate opinions covering 100 pages.

The key decision was by Kennedy, who agreed with the liberal members that federal regulations can apply to land adjacent to tributaries, including tributaries that are not filled with water all year.

Kennedy, however, joined conservatives in ruling that regulators may have misinterpreted the Clean Water Act when they refused to let two Michigan property owners build a shopping mall and condominiums on wetlands they own.

The justices voided rulings against Keith Carabell and John Rapanos. Carabell wanted to build condos on wetlands on property about a mile from Lake St. Clair in Macomb County, Mich. Rapanos filled in wetlands near Midland, Mich., on property that is about 20 miles from a river that empties into Lake Huron. Rapanos was prosecuted by the federal government and faced a separate civil lawsuit.

Justices sent the cases back to a federal appeals court for further review.

"The court is clearly troubled by the federal government's view that it can regulate every pond, puddle and ditch in our country," said Reed Hopper, a Pacific Legal Foundation attorney who represented Rapanos.

Environmental groups were relieved the ruling was not sweeping.

"Five justices of the Supreme Court wrote or joined opinions that support broad protection for rivers, streams, and wetlands under the Clean Water Act," said Doug Kendall, executive director of the Community Rights Counsel.

Jim Murphy, a lawyer with the National Wildlife Federation, said: "Justice Kennedy saves it from being an absolute disaster."

Justices seemed worried about the impact of the ruling.

Roberts said the result was confusing and that "lower courts and regulated entities will now have to feel their way on a case-by-case basis."

Justice John Paul Stevens, the leader of the court liberals, said Congress or the Army Corps of Engineers — and not appointed judges — should clarify the issue.

He predicted developers will be confused about whether they must get permits to do work, and federal regulators will struggle to apply a test spelled out by Kennedy to determine whether land has a connection to a navigable waterway.

Kennedy said the wetlands must "significantly affect the chemical, physical, and biological integrity" of nearby navigable waters to come under the Clean Water Act.

"There's going to be a lot of administrative headaches," said Timothy Searchinger, an attorney with Environmental Defense. "Ultimately every water body that's protected today should still be protected."

Justice Antonin Scalia led the conservative bloc, including Roberts, Justice Clarence Thomas and new Justice Samuel Alito.

Scalia said federal regulators contend they have jurisdiction over as much as 300 million acres of swampy lands in America, "including half of Alaska and an area the size of California in the lower 48 states."

"The entire land area of the United States lies in some drainage basin," he wrote.

Scalia had said the Corps of Engineers misinterpreted the term "waters of the United States."

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"In applying the definition to `ephemeral streams,' `wet meadows,' storm sewers and culverts, ... man-made drainage ditches, and dry arroyos in the middle of the desert, the Corps has stretched the term `waters of the United States' beyond parody," he wrote.

Stevens said Scalia's opinion "needlessly jeopardizes the quality of our waters." He laid out a history of the 1972 Clean Water Act and said "the importance of wetlands for water quality is hard to overstate."

Scalia, Stevens and Kennedy spent nearly a half hour Monday explaining their votes from the bench.

"Important public interests are served by the Clean Water Act in general and by the protection of wetlands in particular," Kennedy said in his decision. Scalia's opinion, Kennedy said, "seems unduly dismissive of the interests asserted by the United States in these cases."

The case follows a line of difficult environmental cases at the court. In 2002, justices deadlocked 4-4 in a case that asked whether farmers should have more freedom to work in wetlands. In 2001, the court split 5-4 in ruling that the Clean Water Act does not cover isolated ponds and mud flats.

The cases are Rapanos v. United States, 04-1034, Carabell v. Army Corps of Engineers, 04-1384.

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On the Net:

Supreme Court rulings: http://www.supremecourtus.gov/opinions/05slipopinion.html

Court Divided Over Wetlands Protections (NYT)

By Linda Greenhouse

The New York Times, June 20, 2006

WASHINGTON, June 19 — The Supreme Court on Monday came close to rolling back one of the country's fundamental environmental laws, issuing a fractured decision that, while likely to preserve vigorous federal enforcement of the law, the Clean Water Act, is also likely to lead to new regulatory battles, increased litigation by property owners and a push for new legislation.

With four justices on one side arguing for a sharp restriction in the definition of wetlands that are subject to federal jurisdiction, and four justices on the other arguing for retaining the broad definition that the Army Corps of Engineers has used for decades, Justice Anthony M. Kennedy controlled the outcome in a solitary opinion.

Justice Kennedy said that to come within federal protection under a proper interpretation of the Clean Water Act, a wetland needs to have a "significant nexus" to a body of water that is actually navigable.

He then made clear, in his 30-page opinion, that whether such a relationship existed in any specific case was largely a technical and scientific judgment on which courts should defer to the federal regulators. The four parcels of land at issue in the case, all in Michigan, were likely to meet the definition, he said.

Environmental advocacy groups reacted to the decision, which sends the cases back to an appeals court, as if they had dodged a bullet, which in many respects they had. An opinion for four justices, written by Justice Antonin Scalia, would have stripped protection from many areas that federal regulators have treated as wetlands under the 1972 law.

Justice Scalia's opinion, joined by Chief Justice John G. Roberts Jr. and by Justices Clarence Thomas and Samuel A. Alito Jr., said the Army Corps of Engineers had stretched its authority under the Clean Water Act "beyond parody" by regulating land that contained nothing but storm sewers, drainage ditches and "dry arroyos in the middle of the desert."

He said the agency had trampled on state authority by exercising a "scope of discretion that would befit a local zoning board."

The only wetlands properly subject to federal jurisdiction, Justice Scalia said, are those "with a continuous surface connection" to actual waterways, "so that there is no clear demarcation between 'waters' and wetlands."

The waters to which the wetlands must be adjacent, he continued, are only those that are "relatively permanent, standing or flowing." These are the only bodies of water that come within the statute's reference to "the waters of the United States," he said.

On the other side was Justice John Paul Stevens, joined by Justices David H. Souter, Ruth Bader Ginsburg and Stephen G. Breyer. Accusing the Scalia group of "antagonism to environmentalism," Justice Stevens said the Scalia opinion "needlessly jeopardizes the quality of our waters."

Further, Justice Stevens said, the Scalia group "disregards the deference it owes the executive" as well as "its own obligation to interpret laws rather than to make them."

This, of course, was a sly reference to the slogan often heard in connection with conservative nominations to the federal courts. In effect, Justice Stevens was accusing the Scalia group of judicial activism.

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The case, which was argued in February and was the oldest undecided case on the court's docket, was clearly the subject of a major internal battle that undercut any image of good fellowship and unanimity on the Roberts court.

The chief justice himself wrote a brief concurring opinion, noting that "it is unfortunate that no opinion commands a majority of the court." He added: "What is unusual in this instance, perhaps, is how readily the situation could have been avoided."

It was not clear whether he was aiming this comment at Justice Kennedy or at the Army Corps of Engineers, which he said had failed to respond properly to a Supreme Court decision five years ago that rejected federal jurisdiction under the Clean Water Act over isolated ponds visited by migratory birds.

The chief justice noted that the Army Corps had embarked after that decision on issuing new, more limited regulations, but had abandoned the effort. "Rather than refining its view of its authority in light of our decision," he said, "the Corps chose to adhere to its essentially boundless view of the scope of its power." He concluded: "The upshot today is another defeat for the agency."

Given Justice Kennedy's refusal to go along, the extent of that defeat was far from certain. At the least, the Army Corps of Engineers may now feel impelled to embark on a new rulemaking process, leading to a regulation that would incorporate Justice Kennedy's "significant nexus" test.

Under that test, regulators need not show that a wetland is adjacent to, or connected with, a navigable body of water. Rather, it is sufficient to show that it is adjacent to a tributary that itself flows into such waters.

Justice Kennedy said the Corps needed to be more specific in defining the tributaries that count for this purpose. He said it needed to identify those "categories of tributaries" that were "significant enough that wetlands adjacent to them are likely, in the majority of cases, to perform important functions for an aquatic system incorporating navigable waters."

The current standard used by the Corps, he said, was too open-ended in permitting regulation of remote drains, ditches and streams that did not affect "the integrity of an aquatic system."

The impact of this approach will become more clear when the appeals court, the United States Court of Appeals for the Sixth Circuit, in Cincinnati, revisits the two decisions that the Supreme Court vacated. With Justice Kennedy agreeing that the appeals court needed to take a fresh look at the cases, there were five votes for a judgment to "vacate and remand."

But as Justice Stevens pointed out, one "unusual feature" of the judgment was that there were not five votes for the standard that the appeals court should apply. The judgments should be reinstated as long as the appeals court finds that Justice Kennedy's test is met, disregarding the test proposed by Justice Scalia, Justice Stevens said.

The appeals court, in two separate cases, ruled against Michigan property owners in their battles with federal regulators. In the lead case, Rapanos v. United States, No. 04-1034, John A. Rapanos, after being informed that three parcels he wanted to develop probably contained regulated wetlands, cleared and filled the land without obtaining a Clean Water Act permit.

The government brought criminal charges against Mr. Rapanos. He was convicted, and the Supreme Court denied review of his case in 2004. The case the court decided on Monday grew out of his appeal in a civil case the government brought against him, in which he faces millions of dollars in fines.

His property is as much as 20 miles away from water that is navigable in the traditional sense. But the parcels are within the drainage systems of Lake Huron and two navigable rivers.

In the second case, Carabell v. United States Army Corps of Engineers, No. 04-1034, the Army Corps denied a permit to a couple who wanted to fill part of their property in order to develop condominiums.

In both cases, the property owners challenged the jurisdiction of the Army Corps both under the Clean Water Act and under the Constitution, arguing that if Congress had conferred such broad jurisdiction in the Clean Water Act, it exceeded its authority under the Commerce Clause.

Justice Scalia's opinion, without directly endorsing the constitutional attack, said the agency's interpretation of its authority "stretches the outer limits of Congress's commerce power." Justice Kennedy, however, said that wetlands as defined by his test "raise no serious constitutional or federalism difficulty."

However the case unfolds from here, it was plain that something went awry in the court's handling of its most high-profile environmental case in years.

Given the structure of the principal opinions, including their relative length and tone, it is possible that Justice Stevens had initially controlled the case and, on the assumption that he had five votes on his side, had assigned it to Justice Kennedy, who then strayed somewhat from the more categorical view of the Stevens four. Although he speaks only for himself, his opinion reads like a majority opinion, while Justice Scalia's opinion reads like a dissent.

Supreme Court Splits Over Protecting Wetlands (CSM)

By Warren Richey

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The Christian Science Monitor, June 20, 2006

WASHINGTON

The federal government does not have the power to reach far upstream to protect every ditch and wetland in a watershed.

In a ruling restricting federal authority to protect the environment, the US Supreme Court on Monday said the reach of federal regulators under the Clean Water Act is limited. But the high court's nine justices were unable to reach majority agreement about how and where to draw those limits.

The result is a decision best described as 4-1-4. Four justices agreed that the law called for a restrictive view of the scope of federal jurisdiction to reach remote wetlands. Four other justices concluded that the statute permits the government to take upstream actions to prevent downstream degradation of federal water resources.

At dead center of the court sits Justice Anthony Kennedy, who provided the critical fifth vote on the restrictive side of the case. That action sends the two consolidated cases back to the lower courts where judges must divine a coherent approach to federal jurisdiction from the high court's splintered decision.

"It is unfortunate that no opinion commands a majority of the court on precisely how to read Congress' limits on the reach of the Clean Water Act," writes Chief Justice John Roberts in a concurrence on the restrictive side of the case. "Lower courts and regulated entities will now have to feel their way on a case-by-case basis."

The decision is a setback for environmentalists seeking to push tough federal regulations to the broadest possible swath of threatened wetlands.

"It is a defeat, absolutely," says Jim Murphy, wetlands counsel at the National Wildlife Federation. "It really places practical burdens on regulation and it also makes it more difficult for holistic watershed approaches to be used to really protect all the small waters that collectively have huge water quality implications." Partial victory for landowners

The decision marks a partial victory for developers and other landowners who believe state and local government - not federal bureaucrats - should decide how local land is developed.

The opinion relates to two cases from Michigan that were consolidated for oral argument on Feb. 21. The cases are Carabell v. US Army Corps of Engineers, and Rapanos v. United States.

In both cases, federal regulators refused to permit the development projects to go forward on lands they said were restricted wetlands. The would-be developers challenged the federal government's assertion of authority over their land.

The government claimed jurisdiction under the Clean Water Act. Lawyers for the developers argued that the wording of the Clean Water Act only extends federal jurisdiction to "navigable waters" used in interstate trade. The Supreme Court has since extended that jurisdiction to adjacent wetlands, but the high court has never identified the outer boundary of federal authority under the Clean Water Act.

It also failed to do so in Monday's decision.

Specifically at issue in the Rapanos case was whether rainwater runoff occasionally flowing off the proposed development site was enough of a connection to federal navigable waters to trigger US government control over the development site.

In the Carabell case, the proposed development site was behind a berm. Thus, there was no runoff from the site.

Writing for the plurality, Justice Antonin Scalia said the Clean Water Act does not extend jurisdiction to channels through which water flows intermittently or channels that provide drainage for rainfall. "The [US Army Corps of Engineers'] expansive interpretation of "the waters of the United States" is ... not based on a permissible construction of the statute," Justice Scalia writes.

Although he concurred in Scalia's opinion, Justice Kennedy said the critical issue to him is whether the land has a "significant nexus" to waters that are or were navigable - thus falling within federal jurisdiction.

Kennedy says Scalia's plurality opinion is "inconsistent with the [Clean Water Act's] text, structure, and purpose."

"Justice Scalia's opinion has language that would radically restrict the act's jurisdiction, but it appears that Justice Kennedy has a more expansive read on the term 'significant nexus,' " says Mr. Murphy of the National Wildlife Federation. Carabells' condo plan ran into opposition

The Carabell case involves an effort to build a condominium project on a 19-acre site classified as a wetland. State officials were reluctant to allow the developers, June and Keith Carabell and Frances and Harvey Gordenker, to build on one of the last remaining pieces of wooded property in the area.

After the developers agreed to reduce the size of the project and set aside nearly four acres as a wetlands-water retention area, state environmental officials approved the plan.

Federal officials disagreed. They moved to block the project, arguing that the land fell within federal jurisdiction and could not be developed without a Clean Water Act permit. They refused to issue a permit. The developers sued and lost at both the trial court and appeals court levels.

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In their appeal to the Supreme Court, lawyers for developers argued that there is no flow of water from their tract. Water is retained on the property in part because of a man-made berm between the tract and a drainage ditch. Since there is no flow to a tributary of a "navigable water," there is no federal jurisdiction, the developers' lawyers say.

The Rapanos case involves efforts by developers John and Judith Rapanos to build on three tracts in Michigan. Like the Carabells, they challenged the assertion of federal authority over their land. The Environmental Protection Agency claims Clean Water Act jurisdiction because rainwater runoff from each of the three properties drains into a tributary that leads to "navigable waters." Lawyers for Rapanos argued there must be a stronger connection than mere runoff from a property to trigger federal authority. Court has confronted the issue twice before

The Supreme Court has addressed similar issues twice in the past 20 years. In 1985, the court ruled 9-0 that the act's jurisdiction extends to wetlands that are adjacent to navigable waters. But the high court added in a footnote that the justices were not expressing an opinion about whether the jurisdiction extends to wetlands that are "not adjacent to bodies of open water."

The second case was decided in 2001.

In that case, the court ruled that the act does not cover an abandoned sand and gravel pit that had filled with water. The Corps of Engineers had claimed authority over the site by saying that migratory birds used the pond as habitat. The justices ruled 5-4 that the Corps was claiming powers not granted by Congress by attempting to extend its jurisdiction to ponds with no connection to navigable waters.

Split Supreme Court Narrows Use Of Wetlands Act (WSJ)

By Jess Bravin And Ben Winograd

The Wall Street Journal, June 20, 2006

WASHINGTON -- A splintered Supreme Court rolled back coverage of the Clean Water Act, ruling federal regulators had gone too far in protecting wetlands lying more than 10 miles from navigable waters.

No majority of justices could agree on how to define the waters protected by the act, muddying the legal landscape for lower courts that will have to apply the ruling. The court's lineup in the case illustrated the rising role of Justice Anthony Kennedy as a swing vote on major issues.

Writing for a plurality of four conservatives, Justice Antonin Scalia castigated federal regulators as "enlightened despots" who over the law's three decades had ranged far afield of their authority. Four liberal-leaning dissenters, meanwhile, accused the majority of elevating its disdain for environmental regulation over long-standing practices accepted by Congress, lower courts and the majority of states.

But the pivotal vote was that of Justice Kennedy, whose solo concurrence provided the fifth vote ordering a lower court to reconsider the case. "While the plurality reads nonexistent requirements into the act, the dissent reads a central requirement out," Justice Kennedy wrote.

Justice Kennedy could also be the deciding vote in a handful of potentially significant cases that remain before the court's adjournment at month's end. Those cases include President Bush's plan to prosecute suspected foreign terrorists in military courts that limit defendants' rights, and a challenge to the partisan remapping of U. S. House districts in Texas orchestrated by Republican former Rep. Tom DeLay.

Justice Sandra Day O'Connor, who retired this year, often served as a swing vote on issues such as abortion and affirmative action, though not on regulatory matters.

The Clean Water decision also suggests that the early harmony of Chief Justice John Roberts's Court -- which has been noted for unanimous decisions and reluctance to issue multiple concurring opinions -- may be ebbing as the justices wrestle over deeply held views. At the court's session yesterday, not only did Justice Scalia read his plurality opinion, but Justice Kennedy and Justice John Paul Stevens took the unusual step of reading their own concurring and dissenting opinions.

Yesterday's ruling marked the second time in a week that Justice Kennedy cast the deciding vote in an ideologically charged case. Thursday, he joined conservatives in weakening prohibitions against no-knock police searches, but wrote separately to otherwise preserve the general practice of excluding evidence police seize illegally.

Yesterday, Justice Kennedy agreed that lower courts had used the wrong standard by deferring to the Army Corps of Engineers' authority over wetlands. But rather than follow the dictionary definition of waterway proposed by Justice Scalia, Justice Kennedy wrote that lower courts should examine whether the water or wetland possesses a "significant nexus to waters that are or were navigable in fact or that could reasonably be so made."

Still, the plurality and Justice Kennedy agreed that the government had exceeded its power by defining almost any place where water might be found as qualifying for protection as "waters of the United States."

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"The corps has stretched the term ... beyond parody," Justice Scalia wrote, encompassing "storm drains, roadside ditches, ripples of sand in the desert that may contain water once a year, and lands that are covered by floodwaters once every 100 years."

While the act covered wetlands adjacent to interstate waterways, it couldn't be seen as protecting those that lie wholly within a single state, far from interstate channels, Justice Scalia wrote. To qualify for regulation, they must contain "a relatively permanent body of water connected to traditional interstate navigable waters" and feature "a continuous surface connection with that water, making it difficult to determine where the 'water' ends and the 'wetland' begins," he wrote, joined by Justice Clarence Thomas and the court's two new Bush appointees, Chief Justice Roberts and Justice Samuel Alito.

In dissent, Justice Stevens said that "the two controlling opinions propose two very different tests for the courts below to follow" and suggested they should uphold federal regulations that pass either one. Participants in the property-rights wars agreed that the court had clarified little. "It leaves the landowner totally perplexed," said Timothy Bishop, an attorney for the American Farm Bureau Federation, which filed a friend of the court brief opposing the government. The "real uncertainty" means that farmers will play it safe and continue to seek federal permits, he said.

Joan Mulhern, an attorney with the environmental advocacy group Earthjustice, said that nearly 60% of the nation's streams could be considered "intermittent" and thus likely to invite court disputes over their coverage by the water act.

The justices ordered a lower court to reconsider decisions barring the backfilling of wetlands on property belonging to two landowners in Michigan. Justice Scalia made clear he had little doubt that the principal property in dispute, a 54-acre parcel belonging to developer John Rapanos, little resembled "waters of the United States." Reluctant to call the disputed area a wetland, Justice Scalia described it as "land with sometimes-saturated soil conditions" lying "11 to 20 miles away" from "the nearest body of navigable water."

Justice Kennedy complained that "the plurality's overall tone and approach ... seems unduly dismissive" of the government's effort to protect the environment. He took issue with the Scalia plurality limiting the act to "relatively permanent, standing or flowing bodies of water" such as oceans, rivers and lakes. "The Los Angeles River, for instance, ordinarily carries a trickle of water and often looks more like a dry roadway than a river," Justice Kennedy, a Californian, wrote. "Yet it periodically releases water-volumes so powerful and destructive that it has been encased in concrete and steel over a length of some 50 miles."

But Justice Kennedy said the dissenters, too, had misread the act, failing to limit it to "navigable" waters, or those wetlands that "significantly affect the chemical, physical and biological integrity of other covered waters more readily understood as 'navigable.'"

Justices Rein In Clean Water Act (WP)

By Charles Lane

The Washington Post, June 20, 2006

The Supreme Court ruled yesterday that new limits could be placed on the federal government's power to enforce the 34-year-old Clean Water Act, but a set of opinions handed down by the justices did little to define what those limits might be.

The splintered decision was the clearest sign yet that the court's long-standing ideological divisions have not disappeared with the addition of two conservative justices. It also underscored that, perhaps more than ever, forming a majority in significant cases depends on winning the vote of a single justice -- moderate conservative Anthony M. Kennedy.

In yesterday's ruling, a five-justice majority agreed that the Army Corps of Engineers, the lead federal agency on wetlands regulation, exceeded its authority when it denied two Michigan developers permits to build on wetlands. The court said the Corps had gone beyond the Clean Water Act by making landowners obtain permits to dump rocks and dirt not only in marshes directly next to lakes and rivers but also in areas linked to larger bodies of water only through a network of ditches and drains.

But there was no clear majority as to where the Corps should have drawn the line, with a four-justice plurality made up of Chief Justice John G. Roberts Jr. and Justices Antonin Scalia, Clarence Thomas and Samuel A. Alito Jr. arguing for an across-the-board reduction in the Corps' regulatory role but Kennedy rejecting that view and calling for a case-by-case approach.

The net effect of the most important Clean Water Act case to reach the court in recent years was thus neither the outright rollback of federal wetlands regulation that property rights advocates have long sought nor the reaffirmation of the Clean Water Act that environmental organizations had desired.

Instead, unless Congress amends the law or federal regulators change their rules, the likely outcome is more litigation in lower courts, with property owners, U.S. agencies and federal judges trying to figure out how to satisfy the standards sketched in Kennedy's solo opinion.

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"The practical effect is that some bright-line rules that have been applied for decades haven't been thrown out . . . but have had a significant cloud set over them by Justice Kennedy," said Richard J. Lazarus, a professor of environmental law at Georgetown University.

The key issue in the twin cases decided yesterday, Rapanos v. U.S. , No. 04-1034, and Carabell v. Army Corps of Engineers , No. 04-1384, was the meaning of a single phrase in the Clean Water Act.

The landmark 1972 environmental legislation gave federal regulators the power to control the discharge of pollutants into "navigable waters." On the theory that what gets dumped upstream eventually winds up downstream, the government has interpreted that term to include not only large lakes and rivers but also their smaller tributaries, including some ditches or stream beds that are dry for all or most of the year and wetlands near those tributaries.

The Bush administration, backed by environmental organizations and more than 30 state governments, told the court that any narrower interpretation would cripple the Clean Water Act.

But property owners, backed by home builders, developers, farmers, ranchers and some water districts from the arid West, say that the Army Corps' view has federalized every drop of water in the country, putting Washington in charge of development miles away from any recognizably navigable waters.

The Michigan properties at issue included the Rapanos family's three parcels, of which one is close to the Pine River, a tributary of Lake Huron, and two are wetlands that drain into creeks that drain into two other rivers that flow into navigable waters. June Carabell's 19 acres are about a mile from Lake St. Clair but are connected to it by a network of man-made ditches.

Two recent Supreme Court rulings pointed in different directions. In 1985, the court ruled that the federal government could regulate wetlands "adjacent" to navigable waters. But in 2001 it ruled that the federal government could not control waste dumping in isolated water-filled depressions in Illinois. Though the Corps said it had jurisdiction over the ponds because migratory birds flocked there, the court ruled they lacked a "significant nexus" to navigable waters.

In an opinion for the four-justice plurality yesterday, Scalia wrote of "the immense expansion of federal regulation of land use that has occurred under the Clean Water Act" and argued that the only way to cut back on it was to restore a common-sense definition of navigable waters as "relatively permanent standing or flowing bodies of water."

But Kennedy disagreed. Borrowing from the court's 2001 opinion, he suggested that the proper definition could include temporary channels of water, as long as they had a "significant nexus" to larger bodies. They must "significantly affect the chemical, physical, and biological integrity of other covered waters more readily understood as 'navigable,' " he wrote. Those wetlands with only a "speculative or insubstantial" connection would not qualify, Kennedy noted.

Both sides in the debate rushed to put the most favorable interpretation on Kennedy's opinion.

M. Reed Hopper, principal attorney for the Pacific Legal Foundation, who represented the Michigan property owners in the case, said it was a "great win for the regulated public" because it "specifically rejected the idea that the Army Corps . . . could regulate no matter how insignificant" the connection to navigable waters.

But Timothy Searchinger, a senior attorney with Environmental Defense, said in a prepared statement: "Justice Kennedy agrees that wetlands in the Upper Midwest can protect against vast water quality problems in the Gulf of Mexico. What his opinion seeks is that the U.S. Army Corps of Engineers set forth that proof. The proof is there, and when it is presented, I am confident that the reach of the Clean Water Act will change very little."

Lazarus likened the splintered decision to the 1978 Bakke case, in which four justices voted to uphold a minority admissions quota at a California medical school, four voted to strike it down, and a ninth justice, Lewis F. Powell Jr., voted to strike it down but suggested an alternative legal basis, diversity, for other race-conscious admissions policies.

The status of Powell's opinion was debated over the next 25 years, until a majority of the Supreme Court finally embraced it in a 2003 case.

That assessment of yesterday's result seemed to be shared by some members of the court.

In a brief concurring opinion, Roberts alluded to the affirmative-action cases and noted that it was "unfortunate that no opinion commands a majority of the Court on precisely how to read Congress' limits on the reach of the Clean Water Act." He added: "Lower courts and regulated entities will now have to feel their way on a case-by-case basis."

And Justice John Paul Stevens, in a dissenting opinion joined by Justices David H. Souter, Ruth Bader Ginsburg and Stephen G. Breyer, argued that Kennedy's approach will not cut back on the scope of the Clean Water Act "in the long run." But, in the meantime, it "will have the effect of creating additional work for all concerned parties," Stevens wrote.

Stevens argued that the court should have accepted the Army Corps of Engineers' view of its own authority, as both Congress and the executive branch had acquiesced to it for decades.

Supreme Court Justices Show Support For Wetlands Protection (LAT)

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By David G. Savage

The Los Angeles Times, June 20, 2006

WASHINGTON — A divided Supreme Court today upheld the broad power of federal environmental regulators to protect most wetlands from development, even in areas that are dry much of the year.

The decision by five justices dashed the hopes of private property advocates who believed that the more conservative court was ready to sharply cut back the reach of the Clean Water Act.

At issue was an estimated 300 million acres of sometimes swampy ground that includes half of Alaska and an area as large in California. Since the 1970s, the Army Corps of Engineers has said the owners of this land may not fill it or drain it without a permit.

Last year, the court voted to take up a property rights challenge to the broad reach of federal authority. It was brought on behalf of John Rapanos, a Michigan developer who was fined heavily after he had filled in wetlands on three farm fields that were about 20 miles from Lake Huron. After a heavy rain, water from these fields flowed into a drainage ditch, and from there to a tiny stream.

Rapanos acknowledged that federal authorities could prevent the pollution of "navigable" rivers, bays and lakes, but he maintained that they could not exercise control over inland wetlands like those on his fields.

Chief Justice John G. Roberts Jr. and Justice Samuel A. Alito Jr., both new to the court in the past year, agreed with Rapanos and joined an opinion by Justice Antonin Scalia. They argued that only wetlands that were connected to steadily flowing streams came under federal protection, an opinion that Justice Clarence Thomas also accepted.

This opinion would have stripped away federal protection from most wetlands that are well inland and nearly all those in the West because their streambeds are dry most of the year.

Justice Anthony M. Kennedy, a native of Sacramento, balked and wrote a separate opinion that essentially upheld the broad reach of the law. He cited the Los Angeles River and other streams in the West that send "torrents thundering" downstream, but only for short periods of the year.

Kennedy said Scalia's opinion was "unduly dismissive" of the importance of wetlands and was "inconsistent with the text, structure and purpose" of the Clean Water Act. This measure was passed a few years after an oil slick on the Cuyahoga River in Cleveland caught fire in 1969, an embarrassment that focused the nation's attention on polluted water.

Afterward, Congress sought to clean up the "waters of the United States" by giving federal regulators broad authority to stop pollution at its source. A few years later, the Army Corps of Engineers said wetlands helped filter pollution from water and lessen the impact of flooding.

Kennedy said federal authority did not extend to isolated wetlands whose filling would have no effect on "downstream water quality." However, if environmental regulators could show that dredging or filling a wetland could "significantly affect" the waters downstream, they could protect it from development.

Until today, federal regulators — including the Bush administration — said wetlands were under federal jurisdiction if a single drop of water could flow from them to the sea. Lower federal courts for Michigan upheld the government's fine of Rapanos based on that theory.

Kennedy voted with his conservative colleagues to overturn the trial court's initial ruling and give the court an opportunity to reconsider the issue. As guidance, he also said there appeared to be evidence that filling the fields on Rapanos' land had an effect on downstream waters.

He described his view of the law as being closer to the interpretation of the court's four liberals — who said they would have upheld without question the broad reach of the Clean Water Act — than that of the four conservatives.

The court's 4-1-4 split left activists on both sides of the issue a bit unsure about the future.

Several environmentalists expressed relief. "Today, five justices of the Supreme Court wrote or joined opinions that support broad protection of rivers, streams and wetlands," said Doug Kendall, executive director of the Community Rights Counsel.

The National Resources Defense Council said it was pleased the court "rejected an attempt by the court's conservative wing to dramatically roll back" a key environmental measure. But it also said the outcome "muddies the water" because it will force more legal battles over which wetlands are protected.

The Pacific Legal Foundation, which represented Rapanos, said it was pleased the court had "rejected unlimited federal control" of wetlands.

"It is not the role of the federal government to micromanage every pond, puddle and ditch in our country," said Reed Hopper, a lawyer for the foundation.

Supreme Court Splits Sharply On Wetlands Protections (LAW)

DOJ_NMG_0035309

By Tony Mauro, Legal Times

Legal Times, June 20, 2006

On a day that foreshadowed politically charged battles ahead, the Supreme Court on Monday divided sharply on the scope of the Clean Water Act while also agreeing to widen its review of the federal partial-birth abortion ban next fall.

In the long-awaited Clean Water Act cases Rapanos v. United States and Carabell v. United States, Justice Antonin Scalia won three other votes for a narrow interpretation of the act's scope, while Justice Anthony Kennedy concurred in the judgment but offered his own more sweeping interpretation -- guaranteeing continued litigation.

In Scalia's view, the law requiring permits to fill "navigable waters" covers only "relatively permanent" streams, rivers, and lakes -- not intermittent or merely "hydrologically connected" waters. However, Kennedy's concurrence sketched out a much broader standard, one that would apply the law's permit requirement to those seeking to fill any waters and wetlands with a "significant nexus" to navigable waters.

Environmental groups seized on Kennedy's concurrence as the controlling opinion and expressed relief that their fears of a substantial loss of Clean Water Act jurisdiction had not come to pass.

"The ultimate effect of the Supreme Court's decision on the Clean Water Act is to leave the Act's protection of wetlands and other water bodies in place, but subject to proof that they do in fact have a 'substantial nexus' to downstream water quality," said Tim Searchinger, lawyer with the group Environmental Defense, in a statement. "The decision kicks the ball down the road and will create some major administrative headaches, but in the end, the protection of this country's water bodies should change little."

In cases where no opinion garners five votes, the opinion that concurs with the judgment on the narrowest grounds is usually regarded as the most important. The most famous example of this rule is the 1978 landmark affirmative action case Regents of the University of California v. Bakke, in which a concurrence by Justice Lewis Powell Jr. for himself alone was viewed as the controlling opinion in the case.

"Environmental law now has its own Bakke," said Georgetown University Law Center professor Richard Lazarus, who said the Kennedy concurrence controls the case because it rejects Scalia's more sweeping reinterpretation of the law.

The Clean Water Act cases were seen as the first test of the environmental views of the Court's new justices, Chief Justice John Roberts Jr. and Justice Samuel Alito Jr. Both joined Scalia's plurality opinion.

Spectators in the Court chamber on Monday witnessed the rare sight of Scalia criticizing, from the bench, not only the dissent by Justice John Paul Stevens but also Kennedy's concurrence for "ignoring the text" of the Clean Water Act. Kennedy and Stevens also summarized their writings from the bench. It is rare for a concurring justice to read from his or her opinion.

Also on view was a dispirited liberal wing of the Court. Though Stevens, 86, read from his dissent vigorously, the justices who joined him -- Stephen Breyer, David Souter, and Ruth Bader Ginsburg -- appeared gloomy and fatigued.

In the Clean Water Act cases, the Court seemed aware that its resolution of the case would satisfy almost no one. Roberts lamented that because no opinion commanded a majority of the justices, "lower courts and regulated entities will now have to feel their way on a case-by-case basis."

Dissenting Justice Stevens said the Scalia opinion "disregards the fundamental significance of the Clean Water Act" and trivializes its protection of wetlands adjacent to waterways.

The cases before the Court involved two Michigan developers thwarted in their plans by environmental regulations. John Rapanos has been trying for nearly 20 years to build a shopping center near Midland, Mich. His sites were deemed to be wetlands, but Rapanos -- arguing that the nearest navigable water is 20 miles away -- began construction without permits. Similarly, June Carabell sought to build condominiums on forested wetlands in Macomb County, Mich. She applied for a fill permit, but the Army Corps of Engineers turned her down.

The 6th U.S. Circuit Court of Appeals ruled against both developers and in favor of federal jurisdiction over the projects. The administration argued for the broader view of jurisdiction.

The effect of Monday's ruling is to return both cases to the 6th Circuit for review in light of the high court ruling. Scalia said it would be up to the lower courts to decide if the wetlands involved fit his definition of "possessing a continuous surface connection" with navigable waters. Kennedy said the lower court should use his "significant nexus" standard. And Stevens -- noting that under his four-justice dissent, Army Corps of Engineers jurisdiction was guaranteed no matter which standard is used -- said that the earlier circuit court rulings should be reinstated if either Scalia's or Kennedy's test is met.

Lawyers opposed to the broad interpretation of the law were also heartened by the decision. "The Court is clearly troubled by the federal government's view that it can regulate every pond, puddle, and ditch in our country," said Reed Hopper of the Pacific Legal Foundation, which represented Rapanos. "We are encouraged by this decision and believe it represents a good first step toward common sense regulation."

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Also Monday, over the objection of the Solicitor General's Office, the Court granted review in a second case that tests the constitutionality of the federal Partial-Birth Abortion Act of 2003. The Court has already docketed Gonzales v. Carhart, a Nebraska challenge to the same law based on the law's omission of a "health exception" that allows the controversial procedure if needed to preserve the health of the mother.

The new case, Gonzales v. Planned Parenthood of America, stemmed from a 9th Circuit ruling that struck down the law on the additional ground that it was unconstitutionally vague.

In briefs filed with the Court, the administration appealed the 9th Circuit ruling but urged it to hold the case in abeyance pending a decision in the Nebraska case. The Court rejected the advice. The two cases are likely to be argued in tandem this fall, but no date has been set.

The Court on Monday also issued two rulings that followed up on its landmark 2004 ruling in Crawford v. Washington, which strengthened the Sixth Amendment's Confrontation Clause. That clause guarantees the right of criminal defendants to be confronted at trial with the witnesses against them. In Crawford, the Court barred the use in criminal trials of testimonial statements made by witnesses who did not appear at trial.

In companion cases Davis v. Washington and Hammon v. Indiana, the Court said the rule does not exclude use of the tape of a 911 call that was made to seek police help in a domestic-violence emergency. Statements made in such a call are not testimonial, said Scalia for an 8-1 majority, and therefore do not violate the Confrontation Clause. The Court also found, however, that an after-the-fact affidavit given by a woman to police in a separate domestic-violence case was a testimonial statement and therefore could not be introduced as evidence at trial in lieu of the witness.

Clean Water Act Reach Limited: U.S. Supreme Court Overview (BLOOM)

By Greg Stohr

Bloomberg, June 20, 2006

June 19 (Bloomberg) -- The U.S. Supreme Court limited the reach of the Clean Water Act, saying it applies only to wetlands with a close connection to a river, lake or some other major waterway.

The justices, voting 5-4, ordered a new round of hearings for two sets of Michigan landowners whose efforts to build on their property have been stymied by the U.S. Army Corps of Engineers. The majority was divided in its reasoning, with Justice Anthony Kennedy refusing to join four other justices in putting even more restraints on the federal regulators.

Kennedy's separate opinion now becomes the controlling law. He established a new test, saying the Corps can regulate only wetlands that have a ``significant nexus'' to a major waterway. He also said that in both cases before the justices, the Corps had at least some evidence of that type of connection.

Kennedy's reasoning drew criticism from both ends of the court. Justice Antonin Scalia called Kennedy's test ``opaque'' and said it ``tips a wink at the agency, inviting it to try its same expansive reading again.''

Chief Justice John G. Roberts Jr. and Justices Samuel Alito and Clarence Thomas joined Scalia's opinion. The case marked the first environmental test for the court's newest justices, Roberts and Alito.

Stevens Dissent

Justice John Paul Stevens, writing for the four dissenters, said Kennedy's test will create new uncertainty and additional work for regulators and landowners. He also said the new test ``will probably not do much to diminish the number of wetlands covered by the act in the long run.''

Justices Stephen Breyer, Ruth Bader Ginsburg and David Souter also dissented.

The ruling is a partial setback for environmentalists and the Bush administration, which argued in favor of broad federal power to restrict development.

Kennedy's test has ``never been applied or used anywhere,'' said Joan Mulhern, senior legislative counsel at Earthjustice, an environmental group based in Oakland, California. ``I'd hesitate to say I agree with it or to say I don't agree with it because I'm not sure what it means.''

Groups backing the landowners included homebuilders Pulte Homes Inc. and Centex Corp. and trade associations representing the real-estate, oil and farming industries.

``The court is clearly troubled by the federal government's view that it can regulate every pond, puddle and ditch in our country,'' said Reed Hopper, a Sacramento, California, lawyer who represented landowner John Rapanos in one of the cases. ``We are encouraged by this decision and believe it represents a good first step toward common sense regulation.''

Commerce Clause

In focusing on the meaning of the Clean Water Act, the court didn't decide a more far-reaching question presented by the case -- whether Congress has power to regulate those wetlands under the Constitution's Commerce Clause.

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Separately, the court today ruled that crime victims' statements to police 911 operators about an ``ongoing emergency'' can later be used as trial evidence when the victim isn't available for cross-examination.

The court also:

-- Asked the Bush administration for advice on a securities- industry bid to block antitrust lawsuits that accuse investment banks of rigging initial public offerings.

-- Agreed to consider a bid by Michigan to regulate Wachovia Corp.'s mortgage-lending business in a case that may open banks to new oversight across the country.

-- Broadened its review of a federal law banning what opponents call ``partial-birth abortion'' by adding a California case to its 2006-07 argument schedule. The justices were already set to hear arguments from a group led by a Nebraska doctor.

Juvenile Murderers

-- Refused to reconsider its year-old decision barring executions of murderers who were under 18 at the time of the crime, turning away an appeal by Alabama's attorney general.

-- Refused to question Swedish Match AB's right to sell cigars in the U.S. under the Cohiba brand name, turning away an appeal by a company owned by the Cuban government.

-- Rejected a challenge by five states to part of the funding mechanism for the new Medicare prescription-drug program.

The two wetlands disputes raised slightly different questions. Rapanos was accused of destroying wetlands, without a permit, on three central Michigan sites he hoped to develop. Regulators are seeking as much as $13 million in fines and restoration of the site.

Nearest Tributary

The Cincinnati-based 6th U.S. Circuit Court of Appeals concluded that the Clean Water Act covered Rapanos's property because the land had a hydrological connection to navigable waterways, ultimately draining into either the Tittabawassee River or Lake Huron. Rapanos says his land is far away from the nearest tributary -- 20 miles in the case of one site.

In the second case, a group led by accountant Keith Carabell wants to build a condominium complex on land near Detroit. The 6th Circuit said the property was an ``adjacent wetland,'' covered under the Clean Water Act, because only a man-made barrier separated the land from tributaries of Lake Huron and Lake Erie.

Carabell says no hydrological connection, either on the surface or underground, exists between his land and any tributary. The Bush administration disputes that contention.

The court scaled back the clean-water law in 2001, when it struck down a Corps of Engineers rule designed to protect migratory bird habitats on local ponds. The justices in that case said the rule lacked a ``significant nexus'' to the ``navigable waterways'' that are covered under the Clean Water Act.

Environmental Consequences

Kennedy today said the ``significant nexus'' phrase provides the key to applying the Clean Water Act, even though that language doesn't appear in the statute itself.

In the Rapanos case, Kennedy pointed to expert testimony about the environmental consequences of developing the land and a trial judge's finding of a surface connection to tributaries of navigable waterways. He said that type of evidence would help the Corps make its case, ``particularly if supplemented by further evidence about the significance of the tributaries.''

At the same time, Kennedy said the appeals court went too far in permitting regulation any time a hydrological connection exists. ``Absent some measure of the significance of the connection for downstream water quality, this standard was too uncertain,'' he wrote.

In the Carabell case, Kennedy said the lower courts should assess ``the quality and regularity of flow in the adjacent tributaries.''

Scalia would have required a continuous surface connection to a river, lake or other permanent body of water, saying that was the most plausible reading of the Clean Water Act's language. He said Kennedy ``has devised his new statute all on his own.''

Stevens would have upheld the 6th Circuit's ruling, saying the Corps ``has reasonably interpreted its jurisdiction to cover non-isolated wetlands.''

The cases are Rapanos v. U.S., 04-1034, and Carabell v. Army Corps of Engineers, 04-1384.

Clean Water At Risk (NYT)

The New York Times, June 20, 2006

The United States Supreme Court issued a decision on wetlands yesterday whose main virtue is that it could have been much worse. It sided with two developers who want to build on endangered wetlands, but the court's conservatives could not

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muster the fifth vote they needed for a very restricted view of the Clean Water Act. Still, the signs are ominous. Right now, Justice Anthony Kennedy, the swing vote in the case, is all that appears to stand in the way of gutting critical environmental protections.

The court ruled on a case arising out of Michigan, where developers filled in wetlands without a permit. The issue is whether these particular wetlands — which are not directly adjacent to navigable waters, but are adjacent to tributaries to those waters — are protected by the Clean Water Act. The Army Corps of Engineers, the administrative body charged by Congress with making these decisions, ruled that they are.

Four justices — including Chief Justice John Roberts and Samuel Alito, the two newest appointees — wanted to apply a dangerously difficult, and largely invented, test for what constitutes a wetland. The court's four most liberal members voted, rightly, to uphold the Army Corps' decision. Justice Kennedy sided with the conservatives on overturning the corps, but set out his own standard for which waters are covered. His test is a moderate one, and there is every reason to believe the corps will meet it when this case continues on remand.

Congress, though, should clear up any confusion by passing the Clean Water Authority Restoration Act. By doing so, it will reiterate that it wants extremely broad protection for the nation's waterways, and that it, not the judiciary, should decide which ones are protected.

For all the talk of liberal judicial activists, it was Justice Antonin Scalia and his fellow conservatives who voted to substitute their own preferences for a decision made by the executive branch, in the form of the Army Corps, interpreting a statute passed by Congress. It was the liberals who were "judicially modest," to use a favorite phrase of Chief Justice Roberts, deferring to the elected branches.

Justice Kennedy's role is especially notable. He wrote a careful opinion, much in the tradition of Justice Sandra Day O'Connor, that refused to go along with any large-scale assault on ecologically fragile lands. His opinion suggests that in this sharply divided court, at least in environmental law, the precarious center can hold.

Parsing The Waters (WSJ)

The Wall Street Journal, June 20, 2006

The Supreme Court tiptoed up to the edge of a landmark property-rights ruling yesterday, but in the end it merely dipped a toe in the water without deciding whether to jump in or not.

The vote in the case left little room for doubt about the reason for the Court's indecision -- his name is Justice Anthony Kennedy. The Court split, in effect, 4-1-4 in Rapanos v. U.S., which covered two separate cases concerning federal jurisdiction over "wetlands" under the Clean Water Act. Mr. Rapanos had filled a wetland that was essentially a drainage ditch without a permit back in 1989. Five years later, the government filed suit against him. Mr. Rapanos lost, and that decision was upheld by the Sixth Circuit Court of Appeals.

The Supreme Court vacated that decision Monday and sent it back to the lower courts to try again. Justice Antonin Scalia, writing for four of the Justices, clearly would have gone farther in reining in the expansive interpretations of the Clean Water Act that have taken hold over the last three decades. Thanks to the Army Corps of Engineers, the definition of "navigable waters" can now include puddles and drainage ditches and has turned the law-abiding likes of Mr. Rapanos into wetlands desperadoes.

In his own separate opinion, Justice Kennedy agreed to vacate the ruling but refused to go as far as the rest of the majority. The result is that the final outcome in both the Rapanos case and Carabell v. U.S., another drainage ditch fiasco also decided yesterday, remains in doubt. On remand, the lower courts could modify their reasoning but uphold their decisions. As Justice Scalia noted in his opinion, Justice Kennedy seemed to "tip a wink" at the government in his concurrence, "inviting it to try its same expansive reading again" as long as it cites Justice Kennedy's logic.

Chief Justice John Roberts -- who, with Clarence Thomas and Samuel Alito, joined with Justice Scalia's opinion -- also wrote a concurrence in which he lamented that it was "unfortunate that no opinion commands a majority of the Court on precisely how to read Congress' limits on the reach of the Clean Water Act." As a result, he warned, "Lower courts and regulated entities will now have to feel their way on a case-by-case basis."

In other words, welcome to the Kennedy Court. It didn't take a brilliant legal mind to see that, after the confirmations of Justices Alito and Roberts, the protean Justice Kennedy would seek to become the "swing" vote. The Rapanos case illustrates this in spades, with Justice Kennedy trying to define a middle ground between the liberal and conservative minorities on the court.

The result is an opinion that no one else saw fit to join, and yet could well prove controlling in future wetlands cases -- assuming anyone can determine just what Justice Kennedy was trying to say. His concurrence is a Kennedy classic, with a hifalutin-sounding "significant nexus" test for lower courts to apply and no shortage of ersatz objectivity and even-handedness.

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As Justice Scalia tartly observed, at least the four liberal Justices defer to the Army Corps of Engineers. Justice Kennedy's opinion essentially rewrites the Clean Water Act, substituting his inventive afflatus for the Congress and the Corps and the rest of the bench -- a kind of activist trifecta.

Chief Justice Roberts also needled Justice Kennedy by pointing out that the Court's confused message here "is certainly not unprecedented," citing specifically the 2003 Grutter v. Bollinger decision. That was a racial quotas muddle issued by the Court's previous great muddler, former Justice Sandra Day O'Connor, but in which Mr. Kennedy dissented. The Chief Justice also lamented "how readily the situation could have been avoided" -- i.e., had Justice Kennedy not decided to play philosopher king.

Some court-watchers predicted that Justices Roberts and Alito would help draw Anthony Kennedy to the right, lest he feel isolated by the high-powered intellects of the Court's four conservatives. The good news from yesterday's ruling is that the Court's two newest members came down solidly on the side of property rights in their first big environmentalism case. The bad news is that Justice Kennedy lacked the courage of their convictions.

Panel Reaches Deal On Drilling Off U.S. Coasts (NYT)

By Michael Janofsky

The New York Times, June 20, 2006

WASHINGTON, June 19 — The chairman of the House resources committee said Monday that the committee had reached bipartisan agreement on a measure that would open the Outer Continental Shelf to oil and gas exploration.

Representative Richard W. Pombo of California, the chairman, said the agreement was a compromise that would give states the option to drill in waters that the federal government had kept off limits to energy exploration for decades. At the same time, lawmakers also tried to satisfy lawmakers from Florida and other states who have opposed any drilling within 100 miles of their coastlines.

The agreement, scheduled for a committee vote on Wednesday, would replace a longstanding executive order barring most drilling on the shelf with legislation that would bar drilling in the first 50 miles of coastal waters unless states chose to opt out by vote of their Legislature and the approval of their governor.

In areas between 50 and 100 miles offshore, states would have one year after the legislation is enacted to prohibit drilling for natural gas and three years to prohibit drilling for oil.

The bill would also give the secretary of the Interior Department the authority to renegotiate royalty agreements with energy companies.

Calling the measure "comprehensive, balanced and forward-thinking," Mr. Pombo said it addressed the growing need for the country to develop more of the energy resources it controlled.

Mr. Pombo said the House leadership had assured him that the bill would come to the floor for a vote this year, but its prospects beyond that are uncertain.

Scent Of Ballots Is In Air, And Energy Bills Are Blooming (NYT)

By Michael Janofsky

The New York Times, June 20, 2006

WASHINGTON, June 19 — Senator Larry E. Craig, Republican of Idaho, has introduced a bill that would allow American oil companies to work in partnership with Cuba, drilling for energy supplies off its coastline. A proposed measure from Representative Maurice D. Hinchey, Democrat of New York, would eliminate a slew of tax breaks for oil and gas companies.

Representative Dan Lungren, Republican of California, has proposed legislation that would award $1 billion to the first automaker in the United States to sell 60,000 mid-size sedans that can travel 100 miles on a gallon of gas.

Any notion that energy policy was set for a while after President Bush signed the first major energy bill in a decade last August would be wrong. Not only are gasoline prices higher now than they were then — more than $3 a gallon in many parts of the country — but elections are approaching. Judging from the bulk of new energy-related legislation floating around Congress, woe to the lawmaker with no response to the voter who asks, "So, what have you done about energy costs?"

"Not a legislator in the United States wants to go home over the July 4 holiday and not point to something he or she did," said Jason S. Grumet, executive director of the National Commission on Energy Policy, a coalition of experts that works for bipartisan energy policy. "Whether that's a cynical politician or one who's reacting to his constituents is a matter of perspective."

Since Hurricanes Katrina and Rita shut down refineries in the Gulf of Mexico region last summer, speeding the rise of gasoline costs, House members have introduced 267 energy-related bills and senators have introduced 210, according to an analysis by the Senate energy committee.

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Many of the bills are directed at gasoline prices as lawmakers seek to increase domestic oil supplies; other proposals would help expand refinery capacity; and some would overturn offshore-drilling bans. At least one would lower personal income taxes to offset rising gas prices.

John B. Breaux, a former Democratic senator from Louisiana and now a lobbyist who has represented energy companies, called the flurry of bills being introduced "acts of desperation by Congress to address very serious problems."

"The energy bill will do a lot of good," he said. "But this is an election year, the problems are still there and people want immediate solutions."

Whether they get them is another matter. Energy experts agree that the world crude oil price, now about $64 a barrel, has greater influence on gasoline costs than anything Congress does, short of changing the federal per-gallon tax.

Beyond that, energy legislation rarely passes easily, given how lawmakers are divided over the long-term changes needed to wean the country from foreign oil and to lower prices. Republicans and energy producers generally favor expanding domestic fuel supplies through drilling and nuclear development. Democrats and environmental groups generally prefer greater use of renewable fuels and more emphasis on conservation.

A further complication is the limited time available for debate before the mid-October recess that precedes the Nov. 7 elections.

Last year's energy bill was the rare piece of omnibus legislation that drew the parties together, largely because it had something for everybody and satisfied the growing realization across party lines that renewable energy would play a growing role in the nation's energy portfolio. As one example of its even-handed approach, the bill gave energy companies tax breaks for exploration yet offered no path toward opening new energy fields in the Arctic National Wildlife Preserve or the Outer Continental Shelf.

"The energy bill was massive, but it was a compromise," said Representative Joe L. Barton of Texas, chairman of the House energy committee. "A lot of the things the most aggressive environmental groups wanted, they didn't get. A lot of the things proponents of domestic development wanted, they didn't get."

"Now," he added, "they're coming back to get them."

The result is a flow of legislation, which has had a dizzying effect on the committee chairmen who have to decide which measures deserve consideration and which have a chance to win bipartisan support. Senator Pete V. Domenici, the New Mexico Republican who is chairman of the energy committee, said the 2005 bill had served as "an open invitation for people introducing legislation that purports to solve one or more problems in one or more ways."

"If you can dream up a solution," he said, "we'll have five bills tomorrow."

But none of the measures are likely to pass, he added, without strong support from both parties, especially in the Senate, where Democrats have routinely used the threat of filibuster to block initiatives they oppose, like drilling in the Arctic reserve.

Of all the energy measures that build on the 2005 law, three have a modest chance to pass both houses this year. One would open a new section of the Gulf of Mexico to drilling. One would define and outlaw gasoline price gouging. A third would give the president authority to set fuel efficiency standards for cars. Interest is also growing to increase the use of ethanol in gasoline blends.

Mr. Grumet, whose coalition helped get the 2005 law passed, predicted that any bill of consequence would pass only if it addressed both demand and supply issues. As an example, he said lawmakers were discussing a measure that would combine the Gulf drilling bill with one that reduced demand for oil.

"There's a Goldilocks problem with energy issues," he said. "Bills are usually too hot or too cold. They're almost never just right to legislate."

Blame Oil Prices For Those Potholes (USAT)

By Barbara Hagenbaugh

USA Today, June 20, 2006

WASHINGTON — Drivers, be prepared for some bumpy roads.

Asphalt prices are skyrocketing as costs for oil, a key component of the paving material, are near records. In some parts of the country, there are asphalt shortages.

Both price and availability problems are forcing local governments across the USA to scale back or cancel road projects this summer, the main paving season in much of the country.

For drivers, that means some roads likely will be worse than they otherwise would be later this year and beyond.

“Some roads are going to continue to get worse and worse, and eventually some will be converted to gravel whether we like it or not,” says Dirk Rogers, highway superintendent in Brown County, S.D.

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Brown County pavers will hit only about 60% as many roads as last year. Prices have doubled in just two years, while the county budget has barely budged.

Construction companies have been laying off workers in Hawaii because of asphalt shortages caused, in part, by the recent closing of an asphalt plant. The problem was compounded last week after a fire at what is now the only asphalt producer in the state.

In most parts of the country, however, the bigger issue is price.

Nationwide, asphalt prices are up 42% in the second quarter from the same time a year ago, according to the Engineering News-Record.

Asphalt is made from sand, gravel and other substances that are bound together by a goopy substance called liquid asphalt. Liquid asphalt is made from the remnants of oil after it is refined into gasoline and other products.

Making matters worse, U.S. asphalt production was down more than 5% from January through March compared with a year ago, the Energy Department says.

A number of issues are to blame, including refinery outages caused by last year's hurricanes. At the same time, road construction is booming because of a strong economy and the need for post-hurricane rebuilding. The tight supply-demand balance is boosting prices.

"There are a multitude of issues going on," Global Insight economist Michele Halickman says.

Ernie Skretteberg, contracts administrator at McGarvin-Moberly Construction in Worland, Wyo., says higher prices mean the company is losing money on projects that it bid on months ago when prices were lower. But the shortages are causing him the biggest headaches.

"We never thought availability would be an issue," he says.

Skretteberg says he's concerned road projects will get delayed for so long that they won't be completed before the weather changes in October. "We have such a limited window in this part of the country … that we have to get going to get on schedule," Skretteberg says.

The longer the roads go without being maintained, the worse they will get and the harder and more costly they will be to repair, says Donald Wessel, general manager of crude and refined product consulting at Poten & Partners.

"Eventually, you're going to have to fix those roads. But if you're out of money, you're out of money," he says.

Snowmobile-Friendly Plan For National Parks Rejected (LAT)

By Julie Cart

The Los Angeles Times, June 20, 2006

The Bush administration on Monday reversed a proposed policy that would have opened some of America's national parks to snowmobiles and other motorized recreation and permitted increased commercialization.

Interior Secretary Dirk Kempthorne — who has been on the job less than a month — threw out a draft of the National Park Service Management Policies that would have weakened protections for wildlife and natural resources, instead restoring the longtime standard that national parks must emphasize preservation over any other activity.

"That is the heart of these policies and the lifeblood of our nation's commitment to care for these special places and provide for their enjoyment," Kempthorne said during a ceremony in Washington.

The new policy, which is to become final in three weeks, explicitly instructs park managers to maintain clean air, water and natural sounds, and not allow any activities that might damage park resources.

The revised management plan also contains sections that acknowledge the impact of global climate change in the parks and encourage cultural diversity.

The guidelines scrapped most of the changes called for last year by former Deputy Assistant Interior Secretary Paul Hoffman, a political appointee who sought to include recreation as a core park mission.

Hoffman's draft — which downplayed the role of science in managing the nation's parks and allowed for religious references to be placed inside their borders — drew 45,000 comments from the public and an angry reaction from congressional critics.

Of particular concern were policy changes that would have allowed snowmobiles to travel over any paved road in any national park in the winter, protected livestock grazing and mining, and weakened air quality standards.

Interior officials at the time said the revisions were intended as a starting point to facilitate discussion.

According to a park service manager who worked on the latest version, the draft that Kempthorne presented came directly from the service, not the Interior Department.

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Traditionally, park service policies have afforded the highest level of natural resource protection of any federally managed land.

National parks do not have a mandate to offer recreational opportunities to the public; rather, they were established to protect wildlife and cultural and historic resources and to provide educational programs to visitors.

The policies — which many park superintendents call "the bible" — instruct officials to balance visitor use with wildlife needs, resource protection and historic preservation, generally holding protection and preservation as their highest goals.

Ron Tipton of the National Parks Conservation Assn. said Monday that recreation groups long had petitioned for more access to national parks — and had pushed for language included in the Hoffman management plan.

"The impetus had come from some elements of the motorized recreation industry," he said. "We welcome a strong, clear statement that says that park resources should be protected."

Restoring Sanity To The Interior (LAT)

The Los Angeles Times, June 20, 2006

IN ONE OF HIS FIRST ACTS as Interior secretary, Dirk Kempthorne took the gratifying step of tossing out a proposal that would have ruined our national parks. Gone is language that would have opened them to mining and grazing as well as increased commercial development, snowmobiling and off-road-vehicle use. Restored is the National Parks Service's commitment to conservation.

The parks were never intended for the mixed industrial and recreational uses commonly allowed on property under the Bureau of Land Management. Instead, their purpose is to preserve the nation's natural treasures as close to their original state as possible and to provide for recreation as long as it does not conflict with the main goal of conservation.

On Monday, by announcing that he had rejected a management plan drafted under his predecessor, Gale Norton, Kempthorne returned to that original vision for the parks. It was a welcome and somewhat surprising move from the novice secretary who was no tree-hugger as a senator and governor from Idaho. Not that the public should expect Kempthorne to denounce the idea of drilling for oil in the Alaska National Wildlife Refuge (he has long been a supporter) or move for new protections for old-growth trees in national forests (as governor, he favored the building of more roads in federal forests).

But Kempthorne has shown that he at least understands what Norton never seemed to get: The public wholeheartedly embraces the conservation of its national parks and monuments. The government should respect this position.

With the creation of the vast Northwestern Hawaiian Islands National Monument last week and Kempthorne's announcement this week, the Bush administration appears to have a welcome new attitude toward the nation's natural treasures. Here's hoping it lasts.

Tiger, Tiger . . . Lost Forever (WP)

By Margaret Mittelbach And Michael Crewdson

The Washington Post, June 20, 2006

The Earth has lost many creatures as a result of human activity: The dodo and the passenger pigeon are among the best known. But in more recent years, one of the most spectacularly tragic losses in nature was Thylacinus cynocephalus, commonly called the thylacine, or Tasmanian tiger.

The Tasmanian tiger was a truly unusual species. Shaped like a wolf or hyena, it had a ginger-colored coat streaked with gorgeous, Dr. Seussian black stripes. A predator, it could open its jaws astonishingly wide, so that its toothy gape resembled that of a crocodile. Most intriguing of all, this striped creature was a marsupial: It carried its young -- as many as four at a time -- in a pouch like a kangaroo.

For thousands of years, Thylacinus cynocephalus lived in Tasmania, an island ark 150 miles south of the Australian mainland, which is still home to some of Earth's most extraordinary animals. And it lived well into the 20th century.

So what happened to this glorious beast?

Tasmania was colonized by the British in 1803, and the settlers soon brought in a large-scale sheep-raising industry. Tasmanian tigers occasionally raided their livestock, and as a result, a government bounty was set up and money paid to anyone who brought in a dead tiger. Shooting and snaring these rare marsupials became a lucrative business.

By the mid-1800s, naturalists were sending up red flags about the creature's imminent extinction. In 1863 the famed British wildlife artist John Gould warned, "When the comparatively small island of Tasmania becomes more densely populated, and its primitive forests are intersected with roads from the eastern to the western coast, the numbers of this singular animal will speedily diminish, extermination will have its full sway." He noted that the demise of the Tasmanian tiger would be a "source of much regret."

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By 1914 Gould's prediction was coming true. In that year biologist T. Thomas Flynn (the father of Tasmanian-born movie star Errol Flynn) proposed the establishment of a wildlife sanctuary to save the tigers from annihilation. But his warnings, like those of other naturalists, were ignored. Tigers continued to be shot and trapped. By the 1930s they were hardly ever seen, and in 1936, the last known Tasmanian tiger died at a Tasmanian zoo.

The extinction of the Tasmanian tiger is a source of much regret. And it's a source of mystification, too. Looking back, it's hard to comprehend how the Tasmanian settlers could have been so cavalier about the tiger's biological uniqueness -- so heedless of the consequences. It would have been easy to save the animal, but the only law ever passed to protect the species was enacted the same year the last captive one died.

Today the tiger remains the island of Tasmania's symbol, pictured on coins, flags and license plates. But it has, sadly, fallen into the realm of myth and mystery. Search parties are still sent out to locate any surviving wild tigers, but in 70 years, no physical evidence has been uncovered. This magnificent animal survives primarily in people's hopes and imaginations.

In 2006 many of us still have trouble foreseeing the consequences of our actions -- and scientists continue to predict a disconcerting future. Last month the World Conservation Union issued its 2006 "Red List," which identified more than 16,000 plants and animals -- a greater number than ever before -- as threatened with extinction, largely due to human activities. These include habitat destruction, the introduction of invasive species, overhunting and overfishing, pollution, and climate change.

On the Red List for the first time this year was Ursus maritimus, the polar bear -- not surprising given that the polar bear has become the emblematic species for global warming. The World Conservation Union's polar bear specialist group estimates that, because of the melting of Arctic pack ice, polar bear populations will decline by "more than 30 percent within the next 35 to 50 years. The principal cause of this decline is climatic warming."

Their language is not as poetic as Gould's, but the message is the same. Will the polar bear cross from the realm of the living into the realm of myth, too? And what will be the fates of the hippo (also appearing on the list for the first time) and thousands of other red-listed species? Will we regret our actions? History tells us that when it comes to preserving natural resources, human beings can be very foolish. But hindsight tells us we can change course and save these animals.

Margaret Mittelbach and Michael Crewdson are the authors of "Carnivorous Nights: On the Trail of the Tasmanian Tiger."

FBI/DEA/ATF/USMS:

Former Houston County Deputy Pleads Guilty To Drug, Gun Charges (AP)

AP, June 20, 2006

MONTGOMERY, Ala. (AP) — A former Houston County deputy pleaded guilty to selling a gun to a convicted felon and supplying him with cocaine to sell, authorities said Monday.

Michael Shawn Campbell, 27, of Dothan pleaded guilty Monday to possession with intent to distribute cocaine and sale of a firearm to a convicted felon, the U.S. Attorney's Office announced.

Campbell, who was a deputy with Houston County's narcotic unit at the time, admitted to selling the gun and supplying crack cocaine to Joshua Whigan, an Ashford man Campbell knew to be a convicted felon, authorities said. Whigan reported Campbell to authorities and worked with the FBI and Ashford Police Department on the case.

Whigan has since pleaded guilty to unrelated drug possession charges in federal court, the U.S. Attorney's Office said.

Both men are awaiting sentencing.

Campbell faces $2 million in fines and five to 40 years in prison for the drug charge. He faces $250,000 in fines and a maximum 10-year sentence for the firearm charge. Other articles:

Bridgeport Mayor Admits To Cocaine Use (AP)

By John Christoffersen, The Associated Press

AP, June 20, 2006

STAMFORD, Conn. (AP) — Bridgeport Mayor John M. Fabrizi has admitted using cocaine since taking office, telling the Connecticut Post he feels ashamed and humiliated.

Fabrizi was interviewed by the newspaper's editorial board Monday after he had called seeking the meeting. The mayor said he quit using the illegal drug well over a year ago.

"I'm ashamed. I'm humiliated for myself. I never meant to let the world know. I didn't want my family to know," Fabrizi told the newspaper.

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Fabrizi, a Democrat, said last week he had made "poor choices in the past" but declined to be more specific after an FBI report surfaced in which an alleged drug dealer claimed an associate had a videotape of the mayor using cocaine.

Fabrizi would not say how he obtained cocaine, but said he occasionally spent $20 or $40 to purchase it. The mayor offered to take periodic drug tests if anyone doubts he has stopped using cocaine. He said he has sought treatment and has not used the drug since late 2004.

"I used it very intermittently. I don't want to use excuses of recreational or social use. I used it some during the period when I was on the council," said Fabrizi, who was City Council president before he took office after Joseph Ganim was convicted of corruption in 2003.

Adversaries had been calling on Fabrizi to resign, while supporters urged him to specifically address allegations he used cocaine.

Fabrizi planned to make a public statement Tuesday morning in an address to city employees, said his spokeswoman, Caryn Kaufman.

"He is not resigning tomorrow. This is not what this is about," Kaufman said Monday. She declined to comment further.

Fabrizi participated in a City Council meeting Monday night. He gave a brief statement, but the council did not discuss the allegations during the meeting.

"I take this opportunity to apologize for the recent headlines in the news," Fabrizi said. He invited public officials at the meeting to attend his address Tuesday morning.

Bridgeport, Connecticut's largest city, has struggled with violent drug dealers who gave the city a reputation as the murder capital of the state in the 1990s before the homicide rate plummeted.

"I do believe that he's got to resign," said Rick Torres, a Republican who ran against Fabrizi in 2003. "How do we explain to children drug use is dangerous and can ruin your life if the top guy is a drug user?"

U.S. Attorney Kevin O'Connor said Friday that Fabrizi was not a target of the drug investigation. He said FBI reports are typically filed under seal. He apologized to Fabrizi after the document was released.

Workers' Positive Drug Tests Decrease (USAT)

By Stephanie Armour And Del Jones

USA Today, June 20, 2006

Illegal drug use among workers in the USA fell to its lowest level in nearly two decades in a trend driven in part by tougher drug-testing practices, putting cold medicines behind the counter and closing down methamphetamine labs in America.

Overall, workers testing positive for drugs fell to 4.1% in 2005, Quest Diagnostics said Monday, the lowest percentage in the 17 years that the giant workplace drug-testing company has been releasing data. It started at 13.6% in 1988 and had fallen to 4.5% in 2003 and 2004.

The percentage of employees testing positive for methamphetamine also tumbled, indicating a reversal of a trend that had become a concern of employers in 2001 and 2002. Positive tests for amphetamines declined 8% in 2005 and is down 45% since 2004.

Data for the first five months of the year also show amphetamine use continuing to decline. Employees testing positive for amphetamine use fell by 10% from January through May.

Quest performs 7.3 million drug tests a year. Marijuana continues to be by far the drug that appears most often in workplace drug tests, although marijuana positives are down 20% since 2001.

“We were pleasantly surprised,” says Barry Sample, director of science and technology for Quest's employer solutions division. “Methamphetamine is at the lowest (level) since 2002. Simply having a drug-testing program is an effective deterrent. Testing works and is effective.”

It's an issue of importance to employers: More than 70% of substance abusers hold jobs, according to the American Council for Drug Education. Drug use on the job leads to increased accident risks, lower productivity, higher insurance costs and reduced profits.

“Employers have the single-most-effective weapon in the war on drugs: a paycheck,” says Mark de Bernardo, executive director of the Institute for a Drug-Free Workplace.

The White House said on Monday that seizures of meth labs dropped more than 30% last year. It said the reason was that more states and retail drugstores limited access to cold medications that are used to make meth. “The workplace data has been very powerful in that it's based on many, many tests,” says John Walters, director of National Drug Control Policy.

Drug testing often occurs during the pre-employment process, and employers may test hair, urine and saliva. The worrisome trend now, de Bernardo says, is abused prescription drugs including Percocet and Oxycontin.

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"There are more employers (testing). It's great that the positive results are down, but it's a little preliminary," says Nancy Delogu, a Washington, D.C., employment lawyer. "The drugs-in-the-workplace problem has not gone away."

Reports Suggest Gain In Fight On Meth Labs (NYT/AP)

By Associated Press

The New York Times, June 20, 2006

WASHINGTON, June 19 (AP) — Seizures of methamphetamine labs dropped by more than 30 percent last year, the Bush administration said Monday, as more states and drugstore chains began limiting access to ingredients that are used to make the highly addictive drug.

Even as that statistic was released, Quest Diagnostics, the nation's largest drug testing company, said that in the first five months of this year, the rate of job applicants and workers testing positive for meth was 31 percent lower than last year.

The top White House drug control official, John P. Walters, said the two reports were evidence that the "one-two punch" of restricting chemicals and educating the public about the effects of methamphetamine addiction was having an effect.

"What this information shows is, on supply and demand, we are making a dramatic difference," said Mr. Walters, director of the Office of National Drug Control Policy.

But some federal lawmakers give most of the credit to state and local governments, saying meth abuse has declined despite an absence of national direction.

Representative Mark Souder, an Indiana Republican who heads the House Government Reform drug policy subcommittee, said the administration had refused to make combating meth a priority. Mr. Souder criticized a White House budget proposal to cut federal spending for state and local law enforcement agencies to fight the drug.

In an interview, Mr. Walters dismissed such criticism. "No one's trying to downplay it," he said. "There's no drug worse than meth." But he said his office could not focus too much on a single drug at the expense of fighting other threats, like heroin, cocaine and marijuana.

Monday's figures on the seizing of methamphetamine labs came from the Drug Enforcement Administration, whose El Paso intelligence center compiles information on clandestine laboratories confiscated within the country. The agency said meth lab seizures declined to 12,185 last year from 17,562 in 2004.

The drop was steepest in the West, particularly in states that were among the first hit by methamphetamine abuse. The drop in Oklahoma, for example, was 68 percent, in Montana 66 percent and in Oregon 60 percent.

Meth Activity Down, Two New Reports Show (AP)

AP, June 20, 2006

WASHINGTON — Good news in the fight against meth abuse came on two fronts Monday, with reports showing a major drop in methamphetamine lab seizures nationwide and a similar decline in the spread of the drug into the workplace.

Local law enforcement officials say there is still a strong appetite for the highly addictive drug and warned that meth makers in Mexico and other countries are moving to fill the supply void.

The number of meth lab busts plummeted more than 30 percent last year as most states put in place laws to restrict the sale of over-the-counter cold medicines used to make meth, according to the Drug Enforcement Administration's El Paso Intelligence Center.

Meanwhile, the nation's largest drug testing company said Monday that the number of job applicants and workers who tested positive for meth plunged 31 percent over the first five months of this year.

Those figures are based on the results of more than 7 million drug tests in 2005 and about 3 million tests from January to May 2006 conducted by New Jersey-based Quest Diagnostics Inc.

White House drug policy director John Walters called the data an encouraging sign of progress.

"The practices that have been taking place in our states are working, not only on small toxic labs but also what we're trying to do with demand," said Walters, head of the Office of National Drug Control Policy.

Meth lab seizures fell from 17,562 in 2004 to 12,185 last year, with Western and central western states like Oklahoma, Montana and Washington seeing some of the sharpest declines. Missouri, which leads the nation in the number of lab seizures, saw a 22 percent decline.

In Oregon, where lab busts fell 60 percent, the biggest reason is a state law requiring cold medicines to be placed behind pharmacy counters, said Capt. Craig Durbin, former head of the Oregon State Police's drug enforcement section. The law has helped stop meth makers from buying large quantities of cold pills to extract pseudoephedrine, the ingredient used along with other household chemicals to cook meth.

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Durbin said the demand for meth still remains high and is increasingly fed by supplies from Mexico and Canada. "When we talk to our task forces, they're still able to go out at a moment's notice and purchase meth," Durbin said. "Until we see start seeing that change, I don't think we can say we've got anything close to being under control."

Oregon is among at least 37 states with laws that restrict the sale of cold medications in an effort to starve meth manufacturers of their key ingredient. The federal Combat Meth Act, signed into law in March, will enforce similar restrictions across the country by Sept. 30.

While the drug czar praised the "robust response nationwide" for the good news, some federal lawmakers said much of the credit should go to state and local governments working without much national direction.

Rep. Mark Souder, chairman of the House drug policy subcommittee, said the administration has refused to make the fight against meth abuse a priority. He also criticized a White House budget proposal to slash federal spending for state and local law enforcement to fight meth.

"Efforts to continue to downplay the threat, after working to cut funding for anti-meth efforts, are only making those who fight the meth epidemic daily more angry at this administration," said Souder, R-Ind.

Sen. Jim Talent, R-Mo., agreed that the administration's budget requests this year were "fundamentally inadequate," but he said it is now "catching up in other respects and doing better."

In Jefferson County, Mo., a rural area on the fringes of suburban St. Louis, Sheriff Glenn Boyer said success in busting meth labs is directly related to federal grant money.

"We live and die by the grants, especially in the rural areas," Boyer said. "They don't have the resources that you would have in a major city where you have a huge tax base."

Earlier this month, the White House drug policy office set a goal to cut meth use by 15 percent by 2009 and increase seizures of meth labs by 25 percent. A priority is stemming the flow of meth from superlabs in Mexico, which supply about 80 percent of the drug to the United States.

On the Net:

White House Office of National Drug Control Policy: www.whitehousedrugpolicy.gov/

Quest Diagnostics Inc.: www.questdiagnostics.com/

Drug Enforcement Administration El Paso Intelligence Center: www.dea.gov/programs/epic.htm

Number Of Meth Labs Closed In Past 2 Years (AP)

The New York Times, June 19, 2006

A look at the number of methamphatamine labs shut down by law enforcement officials in each state in 2005 and 2004, and the

percentage change.

State 2004 2005 Change

Ala. 419 276 -34.1

Alaska 66 37 -43.9

Ariz. 128 75 -41.4

Ark. 805 426 -47.1

Calif. 766 469 -38.8

Colo. 233 149 -36.1

Conn. 0 3

Del. 3 0

D.C. 1 0

Fla. 280 273 -2.5

Ga. 266 131 -50.8

Hawaii 13 11 -15.4

Idaho 42 21 -50.0

Ill. 1101 931 -15.4

Ind. 1073 954 -11.1

Iowa 1383 753 -45.6

Kan. 589 375 -36.3

Ky. 576 573 -0.5

La. 122 98 -19.7

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Maine 4 5
Md. 1 2
Mass. 1 3
Mich. 293 341 16.4
Minn. 167 88 -47.3
Miss. 277 184 -33.6
Mo. 2798 2170 -22.4
Mont. 73 25 -65.8
Neb. 263 228 -13.3
Nev. 81 52 -35.8
N.H. 2 6
N.J. 0 3
N.M. 120 59 -50.8
N.Y. 48 20 -58.3
N.C. 318 322 1.3
N.D. 232 159 -31.5
Ohio 302 332 9.9
Okla. 667 217 -67.5
Ore. 471 189 -59.9
Pa. 107 79 -26.2
R.I. 0 0
S.C. 170 88 -48.2
S.D. 31 16 -48.4
Tenn. 1430 861 -39.8
Texas 473 269 -43.1
Utah 71 50 -29.6
Vt. 1 1
Va. 75 52 -30.7
Wash. 954 532 -44.2
W.Va. 168 213 26.8
Wis. 77 55 -28.6
Wyo. 21 9 -57.1
Percentage not indicated in states with fewer than nine labs.

Source: Drug Enforcement Administration's El Paso Intelligence
Center Clandestine Lab Seizure System.

Workplace Drug Use Declines In 2005 (UPI)

UPI, June 19, 2006

NEW YORK (UPI) -- Drug use among U.S. workers declined to a 17-year low last year a report released Monday by a New York drug-testing company says.

Quest Diagnostics said of tests for all drugs performed by the company for the combined U.S. workforce, 4.1 percent had positive results in 2005 compared to 13.6 percent in 1988.

In addition to the drop for overall workplace drug use, Quest said a preliminary review of amphetamine test results for the first five months of this year showed a sharp drop of 10 percent in positive results. Among federal safety workers, the rate of decline was 20 percent for the same period.

Since 2004, the incidence of amphetamines drug-test positives has dropped 45 percent, Quest reported.

Fewer Failing Drug Tests; Dope Still Most Common (SAEN)

By Travis E. Poling

San Antonio Express News, June 20, 2006

DOJ_NMG_0035322

U.S. workers might be cleaning up their act when it comes to drug use if the semiannual Drug Testing Index from Quest Diagnostics Inc. is any indication.

Quest, a New Jersey-based company that has tracked drug test data since 1988, reported Monday that 4.1 percent of 7.3 million workplace drug tests were positive for drugs in 2005. The previous year, about 4.5 percent tested positive.

As pre-screening becomes more prevalent, the percentage of applicants testing positive has declined from 13.6 percent when Quest first started the Drug Testing Index.

"During 2005, we detected a downward trend in amphetamines and methamphetamines positive test results in the general U.S. work force, and in 2006 the trend took hold among all U.S. workers," said Barry Sample, Quest's director of science and technology.

Those testing positive for marijuana represented 52.5 percent of the positive results, down from 60.6 percent in 2001. At 15.7 percent, cocaine was No. 2 on the list of drugs found in workers.

In San Antonio, results are mixed, with one testing company observing a possible decrease in overall drug use and another noticing an upward trend, especially in methamphetamine use.

Texas MedClinic reported 1,387 positive tests among the pre-employment, random and post-accident drug tests it conducted for employers last year. That's 68 more positives than in 2004, but Marketing Director Karen Walker said the company did more tests last year. She did not immediately have access to the number.

Analytical Toxicology Corp., a San Antonio-based company that tests hair, urine and saliva samples for drugs, reports an 8 percent positive rate in its testing throughout South Texas. Marijuana and cocaine use are the most common findings, but Analytical has noticed an increase in the use of methamphetamine and Ecstasy.

What's more, there has been in a rise in the number of adulterated samples, according to a spokeswoman for Analytical Toxicology.

The semiannual report from Quest suggests that state policymakers and stores may be helping to reduce drug use by limiting access to pseudoephedrine, a key ingredient used to make methamphetamine illegally, Sample said.

Preliminary reviews of data from the first five months of this year show that use of amphetamines has dropped to its lowest level among both general employees and workers for whom testing is federally mandated since becoming popular in 2002-03, Sample said.

War On Meth Yields Results (KCS)

By John Shultz

The Kansas City Star, June 20, 2006

The Bush administration said Monday that laws cracking down on the sale of common methamphetamine ingredients are stymieing small-time meth cooks throughout the country.

The Office of National Drug Control Policy credits the laws, which put tighter controls on pseudoephedrine, with helping to spark a steep nationwide reduction in the seizure of meth labs and meth-making equipment — 12,000 such incidents nationwide last year, versus 17,000 in 2004.

And while law enforcement officials believe that Mexican drug traffickers have been quick to replenish any supply deficit caused by the crackdown on small-time cooks, other recent research suggests that dents have been made on the demand side as well.

Quest Diagnostics, the country's largest drug-testing company, said Monday that a smaller percentage of employees and job seekers tested positive for the drug in 2005 and that the number continued to trend downward for the first five months of 2006.

Also, the Centers for Disease Control and Prevention's Youth Behavior Risk Survey in 2005 found fewer high schoolers identifying themselves as serious meth users.

According to the Drug Enforcement Administration, Missouri, which led the nation in seizures, had about a fifth fewer such incidents in 2005 compared with the previous year's 2,788. Kansas saw a drop of more than a third, from 584 to 375.

Both Missouri and Kansas have laws that limit the amount of pseudoephedrine that can be purchased at one time and require buyers to show ID.

John Walters, national drug czar, in a statement called nationwide efforts to reduce both supply and demand "an effective one-two punch against methamphetamine."

But while meth has long been associated in the public consciousness as a modern-day moonshine cooked up in household labs, the lion's share of the drug in the U.S. for years has been provided by traffickers. Megalabs in Mexico are the most common source.

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The Mexican product is now cheaper and more readily available than in years past.

"You have the people out there who are addicted to meth because of the small toxic labs," said Shirley Armstead, a spokeswoman for the DEA in Missouri, "then they turn and get it from the traffickers. … All of the small toxic labs paved the way for the Mexican drug traffickers to exploit."

Armstead said that last year in the St. Louis area, all of the meth interdictions involved imported crystal meth rather than the homemade powdered product that used to make up the majority of seizures.

Kansas City, Kan., police turned to the DEA for help last year when the Mexican meth trade sparked a wave of violence. The resulting law enforcement operation led to 23 arrests and the dismantling of four trafficking organizations.

Many in law enforcement have embraced efforts to crack down on the little labs, even though they haven't necessarily cut supply, because the dangerous mix of volatile chemicals required for meth-making can lead to fiery explosions.

"I would much, much, much prefer it be imported from Mexico, because that way we avoid the explosions," said Kansas Bureau of Investigations spokesman Kyle Smith. "Law enforcement had to divert so many resources toward meth labs that we had to take away from the other drugs."

Fewer than 1 percent of the country's population uses meth, but many counties around the country still list it as their leading drug problem.

In cities with prevalent meth trades, a large percentage of arrestees often test positive for the drug, according to a 2003 federal survey of arrestees in a few dozen target cities — about a third of the men arrested in San Jose, San Diego and Spokane, Wash; about 28 percent in Des Moines, Iowa.

The 2004 federal National Survey on Drug Use and Health, the most recent available, found that meth usage numbers had been largely stagnant in the first half of the decade.

New users numbered about 300,000 in 2002, 2003 and 2004.

The research released by drug testers Quest Diagnostics suggests a potential reduction in meth usage, at least among the employed and job applicants.

In the first five months of 2006, Quest logged 45 percent fewer positive tests for meth than during the same time period in 2005.

Positive tests for other amphetamines have also trended down during that period.

Meth Lab Busts Are Down By 40% In State (LADN)

By Susan Abram

Los Angeles Daily News, June 20, 2006

Restrictions on ingredients are working, authorities say

Seizures of methamphetamine labs across California declined by nearly 40 percent last year, in part due to laws restricting the sale of over-the-counter cold medicines used to make the drug, government officials said Monday.

The continued decline in California mirrored trends nationwide, which saw a 30 percent decline in seizures from 2004 to 2005. Nationally, police seized 12,100 labs in 2005, compared with 17,500 in 2004, according to the Office of National Drug Control Policy.

The federal government hopes a sweeping law that would require drugs containing pseudoephedrine - the main ingredient in meth - to be sold from behind the pharmacy counter will further reduce the meth supply in the United States. Though California already has such laws in place, the nationwide mandate will begin Sept. 30.

"Communities once paralyzed by the threat of this dangerous drug are emerging healthier and safer because we have reduced the diversion of precursor chemicals and the number of meth labs," John Walters, director of the Office of National Drug Control Policy, said in a statement.

Local law enforcement agencies attribute the drops to stepped-up enforcement, as well as pharmacies that restrict the sale of medicines such as Sudafed, which contains pseudoephedrine.

Officials at Pfizer Inc., the makers of Sudafed, said the company is in favor of those policies though initially it was not convinced that selling the product from behind the counter was the best solution. Still, the company admits that progress is being made on the war on meth because of the changes.

Pfizer now is focused on Mexico, where superlabs have continued to grow.

"We're restricted in the amount of pseudoephedrine that we can buy from Mexico, and

Advertisement

we support that," said Erica Johnson, spokeswoman Pfizer Consumer Healthcare. "We're trying to work alongside the government to provide solutions."

But various agencies in Los Angeles County still see meth use as a significant problem.

Researchers for Phoenix House, a national group of rehabilitation facilities, found that from 1997 to 2002, the number of teens placed into drug treatment centers in Los Angeles County rose from 1,609 to 5,572. The increase is attributed to meth use.

And the federal Drug Enforcement Administration cautions that while lab seizures have declined, arrests and use have remained steady, said Sarah Pullen, Los Angeles spokeswoman for the DEA.

"The large meth labs, or superlabs, have gone across the border, but Los Angeles is a distribution point for the rest of the country," said Capt. William Ryan, for the Los Angeles County Narcotics Bureau. "The demand is still out there."

The Antelope Valley, once a haven for superlabs, saw less than a dozen lab seizures last year, Ryan said.

Meth, also known as crank or tweak, sells for $5,000 to $6,500 per pound. But ice, a purer form of meth, sells for $8,000 to $11,000 a pound, Ryan said.

"It's still a high priority for us," Ryan said. "We still see a lot of it."

Two Brothers Could Be Charged With Fentanyl Related Death (WXYZ)

By Kimberly Craig

WXYZ-TV, June 19, 2006

Monday, police arrested two men accused of supplying a Bloomfield Hills teenager with a deadly combination of heroin and Fentanyl. The suspects could become the first two in Michigan to be charged with a Fentanyl related death.

Saturday night, on Keating Street in Detroit, officers with the major crimes division and DEA agents raided the home of two suspected drug dealers who are brothers.

Sources said the brothers supplied 17-year-old Lauren Jolly with the heroin laced with Fentanyl and then let her die.

It was reported that Jolly died in her car, but witnesses said she actually died in the drug dealer's home.

When Jolly began having problems, witnesses said, the drug dealers used intimidation to stop them from helping her. They then waited for her to die before moving her to her car. She was later found dead on 8 Mile.

When asked if the suspects would face murder charges, prosecutors said they were not yet commenting on the case.

The suspects were being held on unrelated charges and Detroit Police said they are looking to see if they are connected to any other deadly overdoses.

Siblings May Be Linked To Fentanyl (DN)

By Ronald J. Hansen

Detroit News, June 20, 2006

DETROIT -- Two men arrested in a federal raid of a drug house Sunday morning may be linked to the distribution of drugs laced with fentanyl, a painkiller suspected in the deaths of at least 79 people in Metro Detroit in the last four weeks, law enforcement sources said.

Authorities believe that one of the victims, Lauren Jolly of Bloomfield Township, died in May at the drug house from a lethal mix of heroin and fentanyl, and her body was placed in her car and taken to Eight Mile and Gratiot.

Brothers Donald and James Edgar Coleman were among those arrested in the raid in the 20000 block of Keating Street, sources familiar with the investigation said. Some were charged with ordinance-type violations, police said.

James Coleman appeared Monday in U.S. District Court in Detroit on an unspecified drug charge. He remains in custody and is due back in court today.

A toxicology report examining what killed Jolly, 17, will take eight to 12 weeks, authorities said. For now, at least, no one is charged with her death. Jolly was a junior at Birmingham Groves High School.

The U.S. Drug Enforcement Administration had been monitoring the Coleman property for some time, police said.

Authorities first realized a fentanyl emergency after 12 people died from overdoses of the drug in a two-day span last month. Since then, investigators have worked to discover the source of the drug, which has been linked to another 130 deaths since January 2005.

Since April, cities in at least eight other states have similarly reported a sudden surge in overdoses.

The matter is the subject of a nationwide investigation by the DEA and police departments from Philadelphia to Chicago.

But for months, as fentanyl-related deaths accumulated, authorities in Detroit have said some of the clues that could have alerted them earlier to the growing toll were obscured by the regular toll of drug deaths in the county.

Also, testing limitations kept authorities from quickly linking any of the deaths to the lethal mixture.

There were early warnings, however. In November, the DEA's office in Detroit issued an alert saying agents had bought heroin on the street cut with "potentially lethal" levels of fentanyl.

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The Wayne County Medical Examiner's Office saw that alert as part of a routine bulletin from the DEA, officials said.

Freelance writer David G. Grant contributed to this report.

6 Drug Deaths Reported; Heroin Suspected In 3 (CHIT)

Chicago Tribune, June 19, 2006

COOK COUNTY -- Five Chicago men and one Elk Grove Village man died Saturday and early Sunday of suspected drug overdoses, officials said.

Three of the six may have been heroin users, said a spokesman for the Cook County medical examiner. Autopsies were completed Sunday for four of the men, but results were withheld pending toxicology results.

The men's ages ranged from 25 to 48.

Lake Charles Doctor Pleads Guilty To Illegally Supplying Medicine (AP)

AP, June 20, 2006

LAKE CHARLES, La. (AP) — A Lake Charles doctor pleaded guilty Monday in federal court to illegally dispensing pain medication in exchange for sexual favors.

Dr. Kevin E. Gorin, 46, was charged with four counts of distribution of a controlled dangerous substance and one count of possession of a controlled dangerous substance with intent to distribute.

After entering his plea before U.S. District Judge Patricia Minaldi, she set sentencing for Sept. 20. Gorin is facing a maximum jail term of up to 20 years and a $1 million fine on each of the four counts of distribution and up to three years and a $250,00 fine on the possession count.

Gorin, who was the medical director for the Institute for Pain Management and Rehabilitation at Lake Charles Memorial Hospital, was allowed to remain out of jail on bond.

Gorin's arrest culminated an investigation by the U.S. Drug Enforcement Administration, the Beauregard Parish Sheriff's Office, and the DeRidder Police Department. Court documents obtained by the (Lake Charles) American Press state the investigation into Gorin's alleged activities began last October and continued up to his arrest on Jan. 12.

"The investigation utilized a cooperating witness, an undercover officer, audio devices and video devices which were monitored and recorded by law enforcement surveillance teams," the documents state.

According to court documents, Gorin gave the cooperating witness prescriptions for Diazepam and Percocet on Nov. 4, 2005 while visiting her in DeRidder. "There was no physical examination to justify these prescriptions," the documents state.

In other meetings, the undercover agent picked up illegal prescriptions from Gorin for the witness to sell the drugs and make money from their sale, documents show.

On Jan. 10, Gorin told the witness in a phone conversation that he had a "business proposition to discuss with her which included the sale of Oxycontin so they could both make money," documents show.

Two days later, Gorin met the witness and undercover agent at a DeRidder motel to discuss the plan "in exchange and in anticipation of sexual favors for the direct or indirect benefit of the doctor," according to the documents.

During his arrest, authorities found six Percocet and six Xanex in Gorin's pocket. A prescription bottle with 142 Percocet and a box of 24 Xanex were also found in his vehicle.

Lab That Tested OU Coach's Hair Has Had Its Share Of Run-ins With Regulators (ANE)

By Jonathan Hunt

Athens News, June 19, 2006

The Columbus laboratory that reported finding an extremely high amount of GHB in Ohio University head football coach Frank Solich's hair has come under repeated scrutiny by regulators, records show.

A review of public documents by The Athens NEWS has uncovered numerous run-ins in recent years between Toxicology Associates, Inc. and government agencies charged with ensuring lab accuracy and fair advertising.

Additionally, the laboratory has had to defend itself against a bevy of lawsuits from creditors seeking payment of bills or taxes.

Despite repeated attempts by The Athens NEWS to contact lab representatives for comment, no one at Toxicology Associates, Inc. would discuss its test methodology, regulatory compliance or the name and qualifications of its current lab director.

In one case, when a NEWS reporter asked to speak to the lab's owner, he was told that the owner could not discuss client information. The paper's request for an interview was still refused even after the reporter explained that he was not seeking any sensitive client information, and described the focus of his story.

Heightened scrutiny of Toxicology Associates, Inc. flows from its involvement in the high-profile case of Solich, because the purported GHB result has been questioned by independent experts, and the test forms the basis of the coach's effort to overturn his November drunken driving conviction.

Columbus defense attorney Samuel Shamansky contends that somebody spiked Solich's drink with GHB on the night of Nov. 26 at Casa Cantina in Athens. Solich pleaded no contest to DUI on Nov. 28.

On June 2, Shamansky filed a plea withdrawal motion in Athens County Municipal Court, arguing that the coach would not have entered the plea had he known GHB was in his system. The hair sample was taken Jan. 5, according to the lab report.

GHB, or gamma hydroxybutyrate, is naturally present in the human body, but was made illegal in 1990 by the federal government. GHB causes drowsiness with sufficient dosage, and has become known as a "date-rape" drug. State-of-the-art methods can detect one-time dosages of GHB, and can even determine approximately when it was ingested by isolating segments of hair, which grows at a rate of about one centimeter per month. The lab report claims Solich ingested the drug around the time when he visited Casa Cantina.

Athens patrol officer Krishea Osborne found the coach passed out at the wheel of his Nissan SUV facing the wrong way on West Union Street shortly after he left the West State Street bar and eatery. Solich refused an Intoxilyzer 5000 alcohol breath test, but witnesses said he consumed margaritas and shots of alcohol at Casa Cantina, and Osborne's police report indicated he had a "very strong" odor of alcohol when arrested.

Earlier this month, two respected toxicologists told The Athens NEWS that the 569.4 nanograms per milligram of GHB allegedly found in a sample of Solich's hair by the Columbus lab is simply implausible. Dr. Pascal Kintz of Laboratoire ChemTox in Illkirch, France and Dr. Bruce Goldberger of the University of Florida College of Medicine were responding to the 569.4 ng/mg result, which is attached as "Exhibit 3" to Solich's plea withdrawal motion.

Kintz authored a 2003 research article in the Journal of Forensic Science entitled "Testing for GHB in Hair by GC/MS/MS after a Single Exposure - Application to Document Sexual Assault." Goldberger, who also holds robust qualifications in his field, explained that a properly conducted test could not find so much GHB in human hair and would employ controls to detect if the substance had been smeared on beforehand. He also asserted that lab reports should be signed and certified by qualified personnel. Solich's wasn't.

Against the backdrop of these questions about the OU coach's case, The Athens NEWS examined the recent history of Toxicology Associates, Inc.

It found that on May 16, 2006, The U.S. Food and Drug Administration sent a warning letter to Benjamin Corpus, who owns the lab. The FDA warned that three home test kits - for influenza viruses, streptococcus bacteria and infectious mononucleosis - were offered on the company's toxassociates.com Web site without "approval from the FDA for (over-the-counter) sale of these products."

"Therefore, you are violating the law," continued the FDA letter, which also maintained that the Web site "contains statements that are misleading ... because such statements create an impression of official approval of a device (that has been cleared for interstate commerce)."

Federal officials received no response from Corpus for three months after initially trying to contact him about the FDA violations in January, according to the letter. When they finally reached Corpus on April 3, the letter said, he stated he would respond within a week, but did not.

In 2002, a Pennsylvania judge ruled that Toxicology Associates, Inc. had violated the state's Unfair Trade Practices and Consumer Protection Law by selling anthrax test kits over the Internet. Pennsylvania Attorney General Mike Fisher said the Columbus lab apparently capitalized on the post-9/11 anthrax scare, by "using the nation's heightened sense of vulnerability to turn a profit," according to published reports.

The anthrax test kits, which used a nasal swab, were deemed unreliable by the Centers for Disease Control and Prevention in Atlanta, which also said that Toxicology Associates, Inc. was unqualified to analyze them.

The lab, which never responded to the lawsuit and lost the case via a default judgment, was ordered to refund money to anthrax kit purchasers, pay $5,000 in civil fines, $2,265 in investigative costs and stop selling the kits in Pennsylvania.

The FDA or state attorneys general hold authority over drug product marketing, but an agency of the U.S. Department of Health and Human Services is responsible for inspecting and certifying commercial laboratory testing done for clinical purposes.

Tests carried out for hospitals or other health care institutions on a contract basis by labs such as Toxicology Associates, Inc. are regulated by the Centers for Medicare and Medicaid Services, under the Clinical Laboratory Improvement Amendments (CLIA), a federal law.

CLIA does not apply to testing done for private individuals such as Solich, but the Columbus lab's track record for tests that are regulated does little to erase doubts about the GHB finding.

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On Nov. 21, 2001, a CLIA inspector conducted a complaint investigation at the Toxicology Associates, Inc. facility on Bethel Road in Columbus. The "statement of deficiencies" prepared by the inspector afterward indicated that the lab had failed to obtain accreditation, and that no inspection had been done between 1996 and 2001.

The inspector found the lab in violation of multiple CLIA provisions - including testing of proficiency samples, general quality control, toxicology quality control, laboratory director qualifications and responsibilities, testing personnel responsibilities and quality assurance.

"Laboratory failed to have documentation to assure that any of the facility personnel from the Laboratory Director to the testing personnel were qualified," the inspector wrote, emphasizing that this and other violations were "repeat deficiencies" from 1996.

"Eight days of patient testing records were randomly selected and reviewed and laboratory failed to have documentation of quality control on all eight days," it continued. "Facility personnel could not explain why the eight days of patient test results reviewed failed go have documentation on any quality controls being performed."

"This is a simple problem of record keeping," wrote lab owner and president Benjamin Corpus on the deficiencies statement. "Dr. Benito Corpus has resigned on 12-1-2001, and Lucilla Casabar, MD will assume the position as a laboratory director."

During the next CLIA inspection, which happened less than three months later, Dr. Casabar quit. The inspector was unconvinced of Casabar's qualifications after reviewing her curriculum vitae, and asked the lab's technical supervisor - possibly Benjamin Corpus - for more documentation.

"The Technical Supervisor left the conference room to 'call' the designated (lab) director, his Aunt. When the Technical Supervisor returned, he said (Casabar) has resigned effective immediately."

Casabar was replaced as lab director by Dr. Alfred E. Staubus, according to notations from Corpus on the Feb. 25, 2002 deficiencies statement.

The 2002 inspection determined that "The Plan of Correction was not followed," found many repeat violations and detected a lack of "instrument function checks" for the lab's gas chromatograph machine.

On Jan. 6, 2003, at about 10 a.m., CLIA inspectors performed a surprise complaint investigation at the lab.

"The owner refused to allow the investigation to be initiated," wrote the inspector. "He was ... guided through accessing the Code of Federal Regulations on his computer ... He was told that failure to allow the investigation would result in enforcement action to terminate his CLIA certificate ... He began stating his health was limited and he needed to postpone the investigation due to his health ... CMS staff (in the Chicago Regional Office) agreed the investigation was to continue ... The owner continued to refuse ... The surveyor left the facility at 10:45 a.m. to return to the office."

The lab's CLIA certificate was suspended on Feb. 8, 2003, and inspectors made another unannounced visit on June 27 of that year to ensure that the lab was no longer conducting clinical testing.

They found no system in place to separate clinical from non-clinical samples, and continued noncompliance for quality assurance and instrument calibration procedures.

"Based on interview with the Laboratory Director, it was determined that he was unaware of the location of any quality control or quality assurance records for the laboratory since May 2002," wrote the inspector.

Staubus and Corpus claimed they were sending any samples from anthrax test kits still sold on the Internet - this had only been banned in Pennsylvania - to another lab.

A Jan. 13, 2004, CLIA inspection found continued noncompliance, including documentation and calibration problems with the lab's spectrophotometer and gas chromatograph machine -

the same technologies used to test coach Solich's hair. Inspectors also determined that a chemical reagent being used by the lab "was dated 1979."

Inspectors reported that the lab "did not have a system in place to ensure test results were reported accurately."

"Acceptable levels of analytic performance are not maintained," the deficiencies statement continued.

At the next lab visit, on April 11, 2005, a CLIA inspector noted that the lab had changed some of its quality control practices, and was "preparing their own controls" for certain procedures, but that lab personnel still were not keeping adequate records or ensuring that "quality assessment activities as defined by the facility were monitored and documented."

It remains unclear whether the lab is now in compliance with CLIA regulations, or what actions, if any, have been taken to restore its CLIA certificate. Lab inspection duties are shared, in some cases, by the Ohio Department of Health and the federal Centers for Medicare and Medicaid Services (CMS). The Athens NEWS has requested full CLIA compliance documentation for Toxicology Associates, Inc. from the Chicago regional CMS office. Statements of deficiencies cited in this article were obtained from the state health department.

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Toxicology Associates, Inc. has been sued eleven times in Franklin County Municipal Court between 1994 and 2005, and five times in Franklin County Common Pleas Court between 1985 and 2002. In all sixteen cases, the lab was the defendant, and in twelve of them, somebody was trying to collect payment on a debt. Three of the cases were small claims complaints against the business.

Plaintiffs seeking payment from the lab have included the Ohio Department of Taxation, the Columbus city Division of Income Tax, the Franklin County Treasurer, Baxter Healthcare, United Transportation Inc., Huntington National Bank and Abbott Laboratories.

Toxicology Associates, Inc. does testing for steroids and "designer" drugs, and lab personnel have offered expert-witness services in court cases. The toxassociates.com Web site offers "legal consultation" for "$250 per question per case" on "any matter that is legal in nature or has legal implication."

Ohio State Board of Pharmacy Assistant Director Tim Benedict said Friday that the pharmacy board's oversight over labs is primarily limited to monitoring the possession of prescription drugs, but that Toxicology Associates, Inc. has failed to renew a required state license by the deadline three times - in 1989, 1995 and 1999. However, its pharmacy board license is currently valid, said Benedict.

A group supervisor for the Columbus diversion group office of the federal Drug Enforcement Agency said Friday that she knows of no problems encountered by the DEA in its oversight of the lab's handling of controlled substances. The DEA license held by Toxicology Associates, Inc. is current, she reported.

Dr. Staubus, a pharmacology professor at The Ohio State University in Columbus, is listed as the lab director for the business on the most recent available documents. However, Staubus, when reached at his OSU office on Friday, said he is no longer associated with Toxicology Associates, Inc.

"It's been approaching one year (since working there)," he said. Asked about the lab's compliance record, Staubus replied, "That's something that you will need to talk to Ben (Corpus) about."

CLIA deficiency statements and other documents indicate that Benito Corpus, Benjamin Corpus and Lucilla Casabar have held prominent roles at Toxicology Associates, Inc., along with Staubus, but it remains unclear exactly which responsibilities are presently held by whom at the facility.

Other labs or clinics doing business in Texas or other states under the name Toxicology Associates appear to be unconnected to the Columbus lab.

Athens City Prosecutor Lisa Eliason said Friday that an evidentiary hearing on Solich's request for a plea withdrawal would likely not occur until August. If Municipal Court Judge William Grim lets Solich withdraw his plea, the case would go to trial, allowing attorney Shamansky to mount a unique GHB doping defense.

Eliason confirmed that she has been in contact with Dr. Goldberger, the University of Florida toxicologist who questioned the coach's GHB hair test, and with another expert, Dr. Laureen Marinetti, chief forensic toxicologist for the Montgomery County Coroner's Office and the Miami Valley Regional Crime Lab in Dayton.

IMMIGRATION:

Immigration Bill Hit Over Work-site Enforcement (WT)

By Charles Hurt

The Washington Times, June 20, 2006

Senate Republicans warned yesterday that the immigration bill approved by the Senate last month won't stop companies from hiring illegal aliens -- the very magnet that has drawn some 12 million illegals to the United States.

"Less than one hour of floor time was devoted to this subject during the debates on the Senate floor," said Sen. John Cornyn, the Texas Republican who called a subcommittee hearing on the topic yesterday. "Now, this concerns me because not only do I see work-site enforcement as the critical means, or linchpin, really, of successful immigration reform, but also because the secretary of the Department of Homeland Security has told me that several provisions in the Senate bill would make the system unworkable."

They say the promises included in the current bill aren't much better than those included in the immigration bill of 1986, which granted amnesty to 3 million illegals and paved the way for 12 million new ones to come here.

"The American people are now once again being asked to accept the same bargain today, and the cornerstone of this deal is a new electronic employment-verification system," Mr. Cornyn said. "Unfortunately, the Senate has conducted virtually no open debate on this subject."

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Yesterday's hearing was the first of its kind, and government officials acknowledged the general inability of the federal government to prevent the hiring of illegal aliens.

They blamed the plethora of documents illegals can use to prove their eligibility for employment and the burgeoning market for counterfeit documents. Also, they said, the growing problem of identity theft has further stymied their efforts.

The Senate bill grants amnesty to illegals for all forms of document fraud and identity theft and also grants blanket amnesty to all employers who have hired -- even knowingly -- illegals in the past.

Federal officials also blamed the war against terrorism for drawing attention away from immigration. But all that's changed now, they promised.

Immigration and Customs Enforcement "is reinvigorating our work-site enforcement efforts," said Julie L. Myers, assistant secretary of ICE. "We are seeking to change the culture of illegal employment across the country by pursuing the most egregious employers engaged in the employment of illegal workers and educating the private sector to institute best hiring practices."

Sen. Jon Kyl, Arizona Republican, said there was little hope for improvement with current proposals.

"I am concerned that the worker verification title passed in the current Senate immigration bill only takes us halfway there, and will not eliminate the activity that currently allows millions of illegal immigrants to steal Social Security numbers and obtain work fraudulently," he said. "It's important not only to stop illegal immigration, but to stop identity theft; there must be safeguards to ensure that someone is actually who he claims to be."

Many Illegals Entered U.S. With Visas (WT)

By Jerry Seper

The Washington Times, June 20, 2006

Nearly half of the 10 million to 12 million illegal aliens now in the United States entered the country legally, but never left.

Carrying visas and U.S.-approved border crossing cards, they were inspected by immigration officers at 300 sea, air and land ports of entry and many -- according to a year-old U.S. Customs and Border Protection policy -- were told to "Have a nice day."

A little-noticed study by the Washington-based Pew Hispanic Center says 45 percent of America's illegal alien population -- 4.5 million to 6 million -- carried legally issued border crossing cards for short-term visits or business and tourist visas for longer but temporary stays.

Ultimately, they became what the government refers to as "overstayers," hiding in plain sight, working, sending their children to school and using health care services.

"Although Congress authorized several initiatives to track foreign visitors following the 1993 World Trade Center bombing and then again after the September 11 attacks, the U.S. government currently has no means of determining whether all the foreign nationals admitted for temporary stays actually leave the country," said the center, a nonpartisan, nonprofit research group.

The influx continues to stream into America unchecked despite efforts by President Bush to send 6,000 National Guard troops to better secure border areas between the ports of entry, where Congress will spend $1.2 billion to hire and station more U.S. Border Patrol agents.

Michael Cutler, a retired U.S. Immigration and Naturalization Service (INS) senior agent, said the government is spending billions to secure the border but has "failed miserably" at interior enforcement.

"We are not doing enough to make sure these people leave the country when they are supposed to and that impacts significantly on national security," he said. "Remember, all of the 19 al Qaeda hijackers who slammed jets into the World Trade Center and the Pentagon entered the country legally.

"There is no high-tech solution to the problem. We have to hire personnel to go out and arrest these people," he said, noting that the government has only about 3,000 agents nationwide to enforce immigration laws in the nation's interior. "We are supposed to be dealing with this issue, but five years after the attacks, we're not doing enough."

The Pew report said that 4 million to 5.5 million illegal aliens entered legally through established ports of entry with tourist or business visas and that 250,000 to 500,000 used border crossing cards.

Steven Camarota, director of research at the Washington-based Center for Immigration Studies, said the government has failed to enforce existing immigration laws by denying visas to those deemed likely to overstay -- including persons who are unmarried, have no property, are unemployed or have lived outside of their home countries for a while.

"One such person who fits that category and was in this country legally with a visa was Mohamed Atta, leader of the September 11 hijackers," he said. "We have the ability based on past experience to weed out people with a high probability of overstaying, but it's not being done.

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"The government, under tremendous pressure to issue these visas, has never thought about developing any kind of enforcement strategy for those who overstay their temporary visas," he said.

Homeland Security has sought to target overstays through a program called US-VISIT, a biometric verification system that scans the fingers of each foreign national entering the country and matches them against government databases to verify that the visa holder is the person to whom a visa was issued.

The program, begun in 2004, is in place at 115 airports, 15 seaports and in the secondary inspection areas of 154 land ports of entry, although Mexicans and Canadians entering the country with border crossing cards are not required to complete an arrival-departure record, known as Form I-94, unless they are requesting an extended stay.

US-VISIT exit procedures are operating at 12 airports and two seaports.

The program has identified many terrorists, criminals and other undesirable foreign visitors, but U.S. Immigration and Customs Enforcement (ICE), the Homeland Security agency responsible for interior enforcement, has only a limited number of personnel assigned to that task -- and most of them have been assigned to find criminal aliens, migrants who were ordered deported but disappeared and those who pose national-security threats.

The Pew report said that when fully implemented, US-VISIT is supposed to provide computerized records of arrivals and departures and a means of checking the identity of visitors with biometric data. In the meantime, it said, "only handwritten forms track some foreign visitors."

"In effect, the government has a pretty good idea of how many people come into the country if they fill out one of the forms, but it does not have a full count of how many leave," the report said.

Mr. Cutler, who headed major drug investigations for INS for two decades, said, "Even if the system was working flawlessly at all the U.S. ports -- logging the entry and exit of foreign nationals and generating many investigative leads -- who's going to respond if they don't hire an adequate number of agents? It's like having a sophisticated 911 system but no cars to send if people call for help."

New Scrutiny Of Illegal Immigrants In Minor Crimes (NYT)

By Julia Preston

The New York Times, June 20, 2006

FORT COLLINS, Colo. — It did not sit right with the sheriff in this law-abiding city that illegal immigrants who landed in his jail for minor crimes were later released into the community and never deported.

The immigrants had been arrested for drunken driving or striking a spouse, usual police blotter material in a foothills county on the eastern rim of the Rockies.

Immigration agents, overwhelmed by a decade-old surge in illegal immigration to Colorado, said they had neither the time nor the resources to pick up the illegal immigrants whose violations were not grave.

But to Sheriff Jim Alderden of Larimer County, the facts seemed plain.

"They violated our borders and then they committed other crimes," Sheriff Alderden said. "I think these offenders should be deported."

Across the country, local law enforcement officials and irritated taxpayers are turning up the pressure on federal immigration authorities to identify illegal immigrants who are behind bars and deport them after they are freed.

Although that has generally been the practice with violent felons, illegal immigrants who commit lesser crimes are often overlooked by federal authorities, who say their resources are scarce.

Now, however, immigration agents say they are beginning to take the first steps to change that. The agents say they are rethinking the triage that led them to pass over the estimated hundreds of thousands of illegal immigrants with lesser offenses, even if they were imprisoned.

In some cases, the federal agents are allowing local authorities to screen immigrants to help detect those who should be deported.

In 2005, at least 270,000 illegal immigrants spent time in local jails and state prisons, according to the Justice Department. In federal prisons, more than 35,000 inmates, 19 percent of the total, were immigrants.

Although not all the immigrants in federal prisons were illegal when they went in, their felony convictions made it likely that they would lose any legal status and be required to leave the United States when they came out.

In a report in April, the inspector general of the Homeland Security Department estimated that in the coming year 302,000 immigrants who should be deported upon release would be sent to local jails and state prisons.

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But based on recent deportation results, the inspector general predicted that most of those immigrants would be freed here. Shortages of money, agents and detention beds have created an unofficial "mini-amnesty" for criminal immigrants, the inspector general found.

The country is polarized between those who want a path to citizenship for illegal immigrants and those who want to deport them. But just about everyone agrees that the doubly illegal, immigrants with no documents and who have committed crimes, are not welcome.

In some states, the numbers have soared. Up to 25 percent of the 22,000 inmates in the Los Angeles County jails on any day are illegal immigrants, Steve Whitmore, a spokesman for the sheriff's office there, said. The county's annual costs for housing the illegal are at least $80 million, Mr. Whitmore said.

In California state prisons, at least 20,000 inmates have been listed for deportation by immigration authorities, officials said.

In Colorado, immigrants behind bars have become part of the debate on the costs of illegal immigration. According to federal figures, Colorado paid $46 million in 2005 for the upkeep of illegal immigrant inmates.

On average, Sheriff Alderden said, about 6 percent of the 546 beds in his spotless jail have been filled by Mexicans, a majority illegal. He estimated that illegal Mexican inmates cost Larimer $1 million a year.

The overall crime rate in the county's immigrant communities is not high, officials said. But jail officers remember many illegal immigrants whom they book repeatedly.

It used to be that when an illegal immigrant's offense was a misdemeanor, "it didn't pay to call immigration," Sheriff Alderden said. Agents from Immigration and Customs Enforcement said they were busy rounding up violent felons, as the law requires, and most of the felons were in state prisons.

Last month, the situation changed. Under a pilot program, every day the sheriff sends the immigration agency a list of the foreigners in his jail. Federal agents visit regularly to interview those inmates and identify those who have to leave the country.

In the first two weeks, 26 inmates were added to the deportation list.

Fernando Guadarrama, 21, a construction worker from Mexico, was one of the 26 caught in the expanded net. Newly outfitted in an orange jail uniform, Mr. Guadarrama said his bad luck began when an officer pulled over his pickup because the rear license plate light was out. He had just a Mexican driver's license and, overconfident after seven years in the United States, he told the officer that he could not obtain an American one because of his illegal status.

Mr. Guadarrama found himself in the Larimer jail and then in an interview with an immigration agent, on the roster for a quick departure from the United States.

Mr. Guadarrama was philosophical as he made hasty plans to move his Mexican wife and two children, both American citizens, back to Mexico and start a small business there.

"I thank God every day for the United States," he said. "It allowed me to make enough money to have a decent life."

Immigration officials say limited resources had forced them to adopt a "pecking order" of immigrant criminals to detain. But John P. Torres, director of detention and deportation operations at the immigration agency, said it had stepped up screening in city and county jails, focusing on the centers with large numbers of immigrants.

Despite the political furor, there have been no moves to curtail prison terms for illegal immigrants or to deport them before they finish serving their sentences, corrections officials said.

In some states, the agency has signed agreements with corrections departments to let prison staff members screen immigrant inmates. Immigration agents then place "holds" on the immigrants to be deported when they are released.

Now the bottleneck is detention space. A center with 340 beds in Aurora, a Denver suburb, is for all the detained immigrants from Colorado, Idaho, Montana and Wyoming, all with booming immigrant populations.

The center is run by the Geo Group of Boca Raton, Fla., a large company in the prison industry. Detainees said the center was clean and orderly. But they live in bunk barracks with at least 24 people to a room, and overcrowding often forces them to sleep in plastic cradles on the floor.

Criminal immigrants are held in a separate wing, with mauve walls. One inmate, María del Carmen Ramírez, 29, said immigration agents determined she had no legal documents in a screening in a county jail. Ms. Ramírez said she had worked for 12 years cleaning the houses of wealthy people in Denver.

"I'm here illegally, like every other Mexican," she said.

She had thrown a punch at her husband in a feud, she said, and he had called the police.

"I didn't hurt an American," Ms. Ramírez said. "I hit one of my own people."

Now scheduled for deportation, Ms. Ramírez said she would leave behind three young children.

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In Colorado, sympathy for immigrants like Ms. Ramírez is dwindling. In 2006, the State Legislature adopted six bills that focused on illegal immigration. They include a law that requires the police to report suspected illegal immigrants to immigration authorities if they are arrested for any crime other than minor traffic violations or domestic violence.

Another measure that Gov. Bill Owens signed last week created a State Patrol unit of 24 officers to combat smuggling.

Republican lawmakers joined with former Gov. Richard D. Lamm, a Democrat, in a campaign to place an item on the ballot in November to bar illegal immigrants from using any state public service, except emergency medical care and public schools.

"We've got enough of our own homegrown criminals," Mr. Lamm said. "Why are we importing more?"

Seeking A Safer Border Crossing; In D.C., Protest Bricks Put To Work (WSJ)

By Jennifer Johnson And Aaron Rutkoff

The Wall Street Journal, June 20, 2006

Border Lines is a regular look at the best writing on the immigration debate from around the Web. (Some links may require registration or subscription.) * * *

A MEATY ISSUE: A cursory look at census data show immigration patterns now affect many rural areas. In Iowa, to take an example used by blogger Brendan Nyhan last week1, the proportion of foreign-born residents surged in the 2000 Census, making the state home to the 10th-fastest growing immigrant population. But what are they doing there in Iowa?

This week Mr. Nyhan revisits the Iowa example and, with the help of two researchers, determines that Hispanic Hawkeyes tend to follow2 the meat-packing industry. Using a graph of Hispanic population growth since 1990, which is rendered as a sleek topographical map of the state, Mr. Nyhan provides visual evidence that Iowa's Hispanics are most prevalent around major meatpacking plants3.

"Given that many of the Latinos taking the dangerous, grueling jobs in meatpacking facilities are likely to be undocumented immigrants," he concludes, "it's not surprising that Iowans are concerned about the issue of illegal immigration."

But just how dangerous are those meatpacking jobs? On the left-leaning academic blog Crooked Timber, political scientist Henry Farrell catches two major publications at odds4 over conditions at the same North Carolina slaughterhouse.

In the Economist this week, Smithfield Foods' massive Tar Heel plant is heralded as American Dream job for illegal immigrant Alberto Queiroz -- a far cry from the sort of 19th century nightmare depicted in Upton Sinclair's "The Jungle." "Wages of more than $10 an hour enabled [Mr. Queiroz] to buy a house back in Mexico," the magazine attests5. "Cutting up pigs was easier than picking blueberries … because he did not have to toil under the sun all day."

In the New York Times, as Mr. Farrell notes, op-ed columnist Bob Herbert takes a much more critical view6 of the exact same meatpacking plant. Smithfield, he writes this week, is "a case study in both the butchering of hogs (some 32,000 are slaughtered there each day) and the systematic exploitation of vulnerable workers." Most of the plant's 5,500 workers are Latino or black, Mr. Herbert writes, and attempts to unionize Smithfield to provide workplace protections have been repeatedly suppressed. * * *

DEADLY JOURNEY: For some immigrants, the long journey from Mexico to the U.S. "will lead either to a more promising life or an ugly death," writes Dudley Althaus in the Houston Chronicle. A record number of migrants died7 trying to enter the U.S. from the Mexican border last year, he reports, with more than 200 fatalities in Arizona's desert borderlands. More than 100 have been found dead so far this year during what some call "the season of death."

"The great majority of people who come don't comprehend the heat," says Francisco Garcia, who runs a Roman Catholic migrant shelter in Altar, Mexico. "They think they are going to be walking in the shade of the trees. But there are no trees here."

Volunteers in Arizona are trying to prevent these deaths8 by placing water tanks in the desert outside of Tucson. The water stations are marked by blue flags and can be found in areas where the most illegal immigrants have died. "We try to save people from dying from dehydration," said Paula Mich, a volunteer with Humane Borders. * * *

A HOME IN HOUSTON: Many homesick Argentines who flocked to U.S. cities like Miami, Los Angeles and New York during their country's economic collapse are heading home again. But Houston appears to have a greater hold9 on this immigrant group, especially those who came here with a job or started their own business, writes Jenalia Moreno in the Houston Chronicle. "We came to establish roots. We didn't come here to return," says home builder Alejandro Prebisch.

In the wake of Argentina's economic turmoil, about 4,000 Argentines landed in Houston, more than doubling that community's population, Ricardo Gauthier, the Argentine consul general in Houston, says in the article.

Unlike other Argentines who left home with little planning, migrants to Houston obtained work permits, finding jobs at the Texas Medical Center, the energy industry or schools, says Mark Jones, a political science professor at Rice University.

"You don't come to Houston for the weather, and not for the scenery," said Lucy Keeper, a local real-estate agent who moved to the city from Argentina four decades ago. "You come here because you know there's an opportunity to work." * * *

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ENTER AT YOUR OWN RISK: Some Texas ranchers tired of repairing cattle fences damaged by illegal U.S.-Mexico border crossers have installed an easier route -- ladders10. "It's an attempt to get them to use the ladders instead of tearing the fences," said ranch owner Scott Pattinson. But the ladders may look too good to be true. "They ignore it a lot," says Paul Johnson, who owns an exotic game ranch along the Texas border. "They're afraid that they're monitored by the Border Patrol."

Rancher Michael Vickers has taken a harsher approach, and says he has 220 volts of electricity coursing through his fence. "I've had a dose of it myself, it's not fun," he said. "That's just my attitude, why make it easier for them to trespass?" * * *

SOCRATIC METHOD: Classicist Victor Davis Hanson, writing in the Washington Times, looks to Socrates for wisdom11 in the immigration debate. The great Athenian philosopher accepted death by hemlock under his city's laws rather than make an easy escape to exile -- arguing, as Plato tells us, that a consensual society cannot afford to have its members pick and choose which laws to obey.

"Yet few have criticized illegal immigration solely because millions have, with impunity, flouted the law," Mr. Hanson writes. "But Socrates would do just that, and also point to our hypocrisy." Employers are just as liable under this Socratic standard as Mexican migrants, on Mr. Hanson's view: "The employer expects trespassing laws to be enforced to keep vagrants off his premises, but then assumes the same vigilant police will ignore the illegal status of his cheap labor force." * * *

PARSING PENCE: Mark Kirkorian, writing in the National Review, examines a little known but potentially influential attempt to stake out the middle ground12 in the political debate over immigration -- this time from conservative Rep. Mike Pence13 (R., Ind.). "It starts out well enough," says Mr. Kirkorian of the four-step plan. "The first step is securing the border, and he included the entire enforcement bill passed by the House in December (with two minor modifications) in his measure."

From there, in Mr. Kirkorian's analysis, things fall apart. The second step, a rejection of amnesty, flies in the face of step three: a guest-worker program "explicitly designed to allow all illegal aliens to keep their jobs and domiciles in the United States without interruption."

"Step four really takes the cake: a promise -- really, truly, cross-my-heart-and-hope-to-die -- to enforce the ban on hiring illegals in the future," Mr. Kirkorian writes. "This is exactly the bait-and-switch Congress perpetrated in 1986 -- legalization first, enforcement later (i.e., never)." * * *

COMES AT A COST: Students in Round Rock, Texas, a suburb near Austin, are still dealing with the consequences14 from the immigration protest of March. "Across the country, educators punished protesters with detention, suspension, and even canceled their extracurricular activities. But some school districts got the police involved," writes Kris Axtman in the Christian Science Monitor. Students, like Jennifer Avilez, were arrested and issued tickets for violating truancy laws, a misdemeanor punishable by a fine of up to $500, the article says. More than 100 students in Round Rock have decided to either pay a fine or do community service. The other 98 have requested trials.

But a city free-speech ordinance makes the issue unique. Violators must show beyond a reasonable doubt that they were actually exercising their right to assemble, "and not just running roughshod through the city," writes Eric Poteet, with the Round Rock Police Department. He says that only a certain percentage of marchers were actually protesting immigration reform. "The rest were just skipping school." * * *

STRANDED AT THE ALTAR: During one of the busiest months for marriages, wedding plans are on hold15 for 10,000 U.S. citizens seeking visas for their foreign brides and grooms, according to an Associated Press article. Spurred by stories of mail-order brides being abused by their American husbands, Congress approved new protections for the women in December. But the new forms weren't available until March 6. The applications in question are being held because they don't address new visa requirements that help determine the criminal history of potential spouses. "We were ready to get married this year, but I can't really make a date until we get the approval," said Bill Hall, 41, a construction foreman from Burlington, Vt., who applied for visas for his Canadian fiancée and her two sons. * * *

BAD FOR THE JEWS? In a freewheeling op-ed published in the Forward, Stephen Steinlight makes the case that illegal immigration is indeed bad for the Jews16 -- and everyone else. Mr. Steinlight, a policy analyst at the pro-enforcement Center for Immigration Studies and a Jew himself, warns that "massive immigration will obliterate Jewish power by shrinking our percentage of the population -- to a fraction of 1% in 20 years." Moreover, he tackles the assumption that Latino newcomers are little different that the waves of Jewish immigrants of the 20th century: "Jews were refugees and asylum seekers escaping religious persecution, tyranny and pogroms," Mr. Steinlight asserts. "Most immigrants, by contrast, are not refugees: They come to make money."

If Jewish Americans want to truly honor their immigrant heritage, they should do so by improving U.S. support for persecuted refugees and legal immigrants, he concludes, "not by pushing for legislation that betrays America's workers, devastates America's poor, exploits Mexicans, threatens America's social cohesion and endangers Jewish interests." * * *

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SPECIAL DELIVERY: Remember Send-A-Brick.com17, the online campaign that hopes to demonstrate support for a wall along the Mexican border by mailing bricks to politicians? (See earlier coverage18.) At least one part of official Washington has taken note of the campaign. Earlier this month, the Architect of the Capital's office hauled some 2,100 bricks away, according to a report in the Christian Science Monitor19. A spokeswoman at the Architect of the Capitol's office told Border Lines that the bricks were donated to a Washington, D.C., nonprofit organization for public projects.

Big Cities Balk Over Illegal Migrants (USAT)

By Judy Keen

USA Today, June 20, 2006

CHICAGO — Despite a federal effort to enlist help from local police to catch illegal immigrants, some of the USA's biggest cities are declining to enforce immigration laws.

Police chiefs, mayors and city councils are ordering local cops not to get involved as federal agents crack down on people in the country illegally.

"Vulnerable people have always needed to see the police as being there to protect and serve, and that can't happen when the first words out of a cop's mouth are, 'I need to see your papers,' " Minneapolis Mayor R.T. Rybak said.

U.S. Immigration and Customs Enforcement has been visiting police conventions in an effort to have departments join a voluntary program. ICE has trained officers in seven jurisdictions to identify, process and detain illegal immigrants, said Robert Hines, who heads the program started in 1996. Participants include state police in Alabama and Florida, the Arizona corrections department and sheriff's departments in San Bernardino, Los Angeles and Riverside counties in California and Mecklenburg County, N.C.

Several jurisdictions have refused to help. Chicago police and city workers are prohibited from asking immigrants about their legal status. Rybak asked ICE agents last month to stop identifying themselves as "police." New York City's public hospitals promised last month that they would keep secret an immigrant's legal status.

In the broadest signal of opposition, a national group representing 57 big-city police chiefs warned this month that local enforcement of federal immigration laws would "undermine trust and cooperation" among immigrants.

The Major Cities Chiefs Association said in recommendations to President Bush and Congress that police have long worked with federal agents to pursue illegal immigrants suspected of crimes. The group said helping identify those suspected only of being in the USA illegally could backfire.

"We have spent many years … getting special communities to talk to us, to report crime, to be witnesses," said Houston Police Chief Harold Hurtt. "If we stop individuals (to ask about immigration status), we would lose all of that."

The association — including police chiefs from Los Angeles, Detroit, Seattle and Miami — said most departments can't afford to spend time quizzing immigrants. Members fear that "the call for local enforcement of immigration laws signals the beginning of a trend towards local police agencies being asked to enter other areas of federal regulation or enforcement."

Hines said, "The cooperation we get for the most part is outstanding." Illegal immigration "is all of our problem, because these people are here in violation of law."

Immigration Consensus (WSJ)

The Wall Street Journal, June 20, 2006

Finally a consensus has been reached on immigration. No, not among politicians, who can't agree on a rational immigration reform. The agreement is among professional economists.

In an open letter to President Bush and Congress last week, more than 500 prominent economists, including five Nobel laureates, proclaim that "immigration has been a net gain for American citizens." The letter adds that "while a small percentage of native-born Americans may be harmed by immigration, vastly more Americans benefit from the contributions that immigrants make to the economy, including lower consumer prices. As with trade in goods and services, gains from immigration outweigh the losses." Alan Greenspan often made this same point about the benefits of immigration while he was Federal Reserve Chairman.

What is striking about this immigration letter is that it is signed by economists from different fields of research, political affiliations and ideologies. It is possible that no other issue in the economic field, with the exception of the benefits of free trade, inspires such unanimity of professional opinion as immigration does.

Several years ago the Cato Institute surveyed the past presidents of the American Economic Association and the past chairmen of the President's Council of Economic Advisers. Eighty percent agreed that immigration has had "a very favorable impact on the nation's economic growth," and 70% said that even illegal immigrant workers "have a positive economic impact."

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These experts agree that on balance immigrants don't displace native workers, depress wages or abuse welfare. If only these economic facts could break through an immigration debate that is dominated by emotion and political fear.

TAX:

Executive Accused Of Tax Fraud And Witness Intimidation (NYT)

By David Cay Johnston

The New York Times, June 20, 2006

The owner of the nation's largest computerized machine tool maker was arrested yesterday morning at his California home and charged with orchestrating a tax fraud that cost the government nearly $20 million as well as intimidating witnesses and a federal agent investigating the case.

Gene F. Haas, 54, of Camarillo, Calif., the owner of Haas Automation and other companies, was accused in a 52-page indictment of running a bogus invoicing scheme to create fake tax deductions. Mr. Haas was held without bail after his arraignment in Federal District Court in Los Angeles.

In court papers asking that Mr. Haas be held until his trial, the Justice Department said that he could flee the country in his Cessna jet and head for China, where he has business interests. The Justice Department said China did not have a treaty allowing extradition of accused tax cheats. It called him a flight risk, saying he has few ties to the community, is single, has no children and faces about 20 years in prison if convicted.

Haas Automation, in a statement, said that Mr. Haas was not guilty and that the tax issues "revolve around" the company's former chief financial officer, John Phillips. It said the indictment would have no effect on the business.

Last month, Haas Automation won, by default, a lawsuit filed in Ventura County Superior Court accusing Mr. Phillips of cheating the company out of $27.5 million.

The transactions described in that lawsuit are among those listed in the federal indictment, Peter Zierhut, the company spokesman, confirmed.

Mr. Phillips, identified only by his initials in the indictment, went to the F.B.I. in April 2001 and told them that he had been ordered by Mr. Haas eight months earlier to cheat the government out of more than $8.9 million in taxes, the Justice Department said. Mr. Phillips is an unindicted co-conspirator.

The indictment identified Charles W. Todd of Minden, Nev., as the owner of a nonexistent company, Supermill, doing business as American Putter, that was paid $12 million for sham purchase orders and then funneled 98 percent of that back to Mr. Haas. Mr. Todd appeared in Federal District Court in Los Angeles yesterday and agreed to plead guilty to two tax evasion charges, the Justice Department said.

Another man, Kenneth Greene of Simi Valley, Calif., also agreed yesterday to plead guilty over his role in aiding the tax fraud.

Denis A. Dupuis, 51, of Newbury Park, Calif., a former general manager of Haas Automation, and Robert G. Cable, 73, of La Crescenta, Calif., a former salesman for the firm, were indicted, accused of helping fabricate the tax deductions. They were paid about 2 percent of the $23 million in face value of the sham invoices, the indictment said.

The other 98 percent of the money was funneled back to Mr. Haas, according to the indictment. It said Mr. Haas cheated the government out of $12.5 million on his personal tax returns and $7.7 million on Haas Automation's returns in 2000 and 2001.

The indictment also described two other invoicing schemes. One involved a Nascar race team sponsored by Haas Automotive and the other a land title company. The indictment gave few details other than stating that all the money paid in those two schemes was funneled back to Mr. Haas, suggesting that he may have operated them without confederates.

"The tax fraud schemes in this case stem from defendant Haas's dislike of the federal judicial system and anger towards a federal judge (Judge Leonie M. Brinkema) who presided over a patent infringement suit" that Mr. Haas lost in August 2000, according to the court papers. The indictment said that the primary purpose of the "tax fraud schemes was to recoup the patent infringement settlement payment by defrauding" the government.

The Justice Department said that when Mr. Haas learned that Mr. Phillips had gone to the F.B.I., he told him, "Don't make me hurt you." The indictment and related papers cite this as the first of a number of efforts by Mr. Haas and an unnamed private investigator to intimidate witnesses and an Internal Revenue Service special agent, with threats of financial and physical harm for themselves or their families.

The indictment said one witness, a partner with Mr. Phillips in a Kansas flower shop, told the authorities about threats by the private investigator, but she recanted them after developing a "personal relationship" with the private investigator.

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Last year, President Bush cited Haas Automation's success in exporting machine tools as a reason to adopt a free trade agreement with Central American countries.

Key House Lawmaker Reveals Estate Tax Plan (AP-Y2)

By Mary Dalrymple

AP2, June 20, 2006

The House's top tax writer revealed a proposal Monday to reduce taxes on inherited estates and rewrite a quirky law that repeals the tax for only one year.

House Ways and Means Committee Chairman Bill Thomas, R-Calif., introduced the bill after Senate Republican leader Bill Frist of Tennessee asked House GOP leaders for help reducing the estate tax before this fall's midterm elections.

Frist lost a bid this month to push forward legislation repealing the tax, unable to overcome opposition from most Democrats and a pair of Republicans.

Under President Bush's first tax cut, the estate tax decreases through the decade as the size of an estate exempt from taxation increases and the top tax rate decreases. This year, $2 million of an individual's estate and $4 million of a couple's is exempt from taxation. The remainder can be taxed at rates as high as 46 percent.

Bush's law abolishes the tax in 2010. But that temporary law expires a year later, and the estate tax reappears. Without a new law, an individual's exemption falls to $1 million and tax rates increase to 55 percent in 2011.

Thomas would instead increase the exemption to $5 million per person, or $10 million per couple, beginning in 2010. A surviving spouse could use any portion of the $5 million exemption not used by his or her deceased spouse.

Estates worth up to $25 million would be taxed at rates equal to capital gains rates, currently 15 percent. Estates worth $25 million or more would be taxed at rates twice those in place for capital gains, currently 30 percent.

The structure of the proposal matches one advanced in the Senate by Jon Kyl, an Arizona Republican who has worked for a year to try to strike a compromise with Democrats interested in lowering estate tax rates.

Kyl, however, proposed taxing estates worth up to $30 million, instead of $25 million, at capital gains tax rates. Thomas also included a new deduction for capital gains on timber in his bill.

Frist has said he wants to see a bill completed by the end of the month, before lawmakers recess to celebrate Independence Day.

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On the Net:

Ways and Means Committee: http://waysandmeans.house.gov/

House Republicans May Settle For A Muted Estate-Tax Reduction (WSJ)

By Brody Mullins

The Wall Street Journal, June 20, 2006

WASHINGTON -- In what could be a big step toward lowering estate taxes, House Republicans will vote this week on compromise legislation that would eliminate the levy for all but the richest Americans.

House approval of the proposal would likely force a vote on similar legislation in the Senate, where Republicans and Democrats have been at loggerheads over the tax for years. House leaders in the past had said they would settle for nothing short of full repeal.

House Ways and Means Chairman Bill Thomas of California introduced legislation yesterday evening that would reduce the number of Americans subject to the estate tax by raising the per-person threshold for the tax to estates valued at more than $5 million beginning in 2010.

Mr. Thomas would set the tax rate for estates valued at less than $25 million to the capital-gains rate, currently 15%. The value of estates above $25 million would be taxed at a rate equal to twice the capital-gains rate. The new legislation would retain the "step up" in basis and would unify the estate, gift and generation-skipping transfer taxes.

To appeal to a few key Senate Democrats, Mr. Thomas included incentives for the timber industry. The legislation includes a new 60% deduction for qualified timber capital gains. House Republicans would like to approve the legislation this week, so the Senate would have time for a vote this summer.

The House has approved a full repeal of the estate tax several times. But in the Senate, Democrats have prevented Republicans from getting the 60 votes needed to overcome a filibuster. In a test vote earlier this month, the Senate fell three votes short.

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When compromise talks between Republicans and Democrats in the Senate failed to yield results, Majority Leader Bill Frist of Tennessee asked his House counterpart, Speaker Dennis Hastert of Illinois, to propose a deal that could clear both chambers.

The specifics of the plan are less important than the fact that House leaders have decided to move forward with something less than full repeal. The shift represents the changing dynamic in Washington. Though Republicans have a majority in both houses of Congress, the party is expected to lose seats in the November elections. As a result, many Republican leaders believe now is the best chance to permanently reduce estate taxes.

Congress enacted a temporary phaseout of the estate tax when President Bush took office in 2001, but tax rates will snap back to as high as 55% when the bill expires in 2011. Under current law, $2 million of an estate is exempted from estate taxes for an individual, $4 million for a couple. The tax rate is now as high as 47%.

About 12,600 estates will be subject to estate taxes for the 2006 filing season, according to the Tax Policy Center.

Mr. Thomas's legislation aims to pick up the three Democratic votes in the Senate needed for passage. Republicans hope the plan can win the support of a few Senate Democrats who voted against full repeal earlier this month.

The new House bill tracks a proposal from Arizona Republican Sen. Jon Kyl, which would exempt all but 3,600 estates from the tax, the Tax Policy Center estimates. Mr. Kyl's plan would cost the government $275 billion over the next decade, according to his office.

CONGRESS-ADMINISTRATION:

Tanker Inquiry Finds Rumsfeld's Attention Was Elsewhere (WP)

By R. Jeffrey Smith

The Washington Post, June 20, 2006

The topic was the largest defense procurement scandal in recent decades, and the two investigators for the Pentagon's inspector general in Defense Secretary Donald H. Rumsfeld's office on April 1, 2005, asked the secretary to raise his hand and swear to tell the truth.

Rumsfeld agreed but complained. "I find it strange," he said to the investigators, on the grounds that as a government official "the laws apply to me" anyway.

It was a bumpy start to an odd interview, as Rumsfeld cited poor memory, loose office procedures, and a general distraction with "the wars" in Iraq and Afghanistan to explain why he was unsure how his department came to nearly squander $30 billion leasing several hundred new tanker aircraft that its own experts had decided were not needed.

Then-Inspector General Joseph E. Schmitz, who resigned last year to take a job with a defense contractor, told senators at a June 2005 hearing that the transcript of Rumsfeld's interview was deleted from his 256-page report on the tanker lease scandal because Rumsfeld had not said anything relevant.

But a copy of the transcript, obtained recently by The Washington Post under the Freedom of Information Act after a year-long wait, says a lot about how little of Rumsfeld's attention has been focused on weapons-buying -- a function that consumes nearly a fifth of the $410 billion defense budget, exclusive of expenditures in Iraq and Afghanistan.

The issue is relevant because a series of reports, including others by the inspector general and by the Government Accountability Office, indicate that five years into the Bush administration, the department's system of buying new weapons is broken and dysfunctional.

"DOD is simply not positioned to deliver high-quality products in a timely and cost-effective fashion," the comptroller general of the United States, David M. Walker, said in a little-noticed April 5 critique. The Pentagon, he said, has "a long-standing track record of over-promising and un-delivering with virtual impunity."

Walker based his blistering assessment on a detailed study of 52 different weapons costing a total of $850 billion, including five new multibillion-dollar weapons systems with cost overruns amounting to nearly 30 percent. "The all too-frequent result is that large and expensive programs are continually rebaselined, cut back or even scrapped after years of failing to achieve promised capability," he said. "A lot of it is because in the past, where there have been unacceptable outcomes, there hasn't been any accountability."

Some of the blame, Walker suggested, should be laid at Rumsfeld's office, which "does not seem to be pushing" for the dramatic overhaul of the Pentagon's system needs.

The tanker procurement scandal is the poster child for these problems. The Air Force in 2004 canceled its plan to lease the tankers from the Boeing Co., amid allegations of improper collusion with the company. Former Air Force procurement officer

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Darleen A. Druyun and one of the interlocutors at Boeing were sent to prison; subsequent investigations showed that Druyun manipulated other large Air Force contracts to benefit military contractors.

After a Senate investigation unearthed evidence that the tanker purchase was viewed inside the Pentagon as a politically tinged bailout for Boeing, Air Force Secretary James G. Roche and his top acquisitions deputy resigned from government. Boeing's chief executive was replaced, and last month the firm agreed to pay $615 million to settle all liability for the tanker scandal and an unrelated impropriety. It was the largest penalty paid by a defense contractor.

But the scandal never tarnished Rumsfeld, and in the previously undisclosed interview, conducted with principal Deputy General Counsel Daniel J. Dell'Orto at his side, the defense secretary makes clear that he does wars, not defense procurement. As a result, he could not recollect details of what subordinates told him about the tanker lease or what he said to them.

Rumsfeld is a former business executive and White House official who published a set of "Rumsfeld's Rules" that include the injunction: "Be precise -- a lack of precision is dangerous." But when investigators asked him whether he had approved the Boeing tanker lease in May 2003 -- despite widespread violations of Pentagon and government-wide procurement rules along the way -- Rumsfeld said: "I don't remember approving it. But I certainly don't remember not approving it, if you will."

Asked whether his subordinates, including former undersecretary of defense Edward C. "Pete" Aldridge, had accurately invoked Rumsfeld's approval when they signed documents authorizing the Boeing tanker lease to go forward, Rumsfeld said, "I may very well have said yes. I just don't remember. . . . I am not going to sit here and quibble over it." He did say he remembered approving a gun for a tank in 1976, during his first time as defense secretary.

When pressed about the tanker lease -- the largest such lease in U.S. history -- Rumsfeld offered two explanations for his distance from it. The first was related to his focus on what he called "the global war on terror," including the wars in Afghanistan and Iraq, and what he termed the "continuing difficulties" with the Taliban and al-Qaeda.

"My time basically in the department was focused on those things and certainly not on acquisitions or -- or what have you," Rumsfeld said. "Basically I spend an overwhelming portion of my time with the combatant commanders and functioning as the link between the president . . . and the combatant commanders conducting the wars."

Asked if he was aware of concerns about the proposed Air Force lease from Capitol Hill and the Pentagon's own analysts, Rumsfeld responded, "I don't know what I knew then, compared to what I know now. . . . I am not able to go back and say . . . what did I know at a certain moment back in that period."

He also indicated that his office procedures are loose. "I work in here, I am going to guess, 12 hours a day. . . . I also know that people come in and out of this office all the time. Send me memos, half of which I -- are appropriate for me to have, some of which aren't, which I don't read. And call or come in and say I am going to do this or what do you think about that."

Rumsfeld said that given "all of those hours and hours in meetings and questions," he couldn't "say of certain knowledge" whether he provided any guidance about the lease to subordinates. He assumed, he said, that they were following "the normal rules that would apply to what it is they do."

This perplexed one of the investigators, who asked how Rumsfeld knew the information he got about the tankers was reliable if established procurement procedures were not followed. "In terms of knowledge that -- that -- from that period, I am without it," Rumsfeld replied.

The investigators tried a different tack. Tell us, one said, about the extent and nature of conversations with the White House about the tanker lease. The question related to the fact that in 2002 President Bush asked then-White House Chief of Staff Andrew H. Card Jr. to help reach a deal between the Pentagon and Boeing, which had substantial clout on Capitol Hill and was a major contributor to Bush's inaugural celebration.

"I have been told," Rumsfeld said, "that discussions with the president are privileged, and with his immediate staff." Large portions of text on the next five pages of the 38-page interview transcript were blacked out in the copy provided to The Post.

Part of the controversy over the tanker deal involved the department's failure to conduct an "Analysis of Alternatives" -- a routine comparison of options mandated by Pentagon rules before any large-scale weapons acquisition. When one investigator started asking about this, Rumsfeld demurred. "You are way out of my league on all of this," he said.

Rumsfeld went on to express frustration that some lawmakers responded to the scandal by blocking the promotions or new appointments of those involved. "We have practically no one left on the civilian side of the Air Force. . . . And the . . . damage that was done by the way this was handled has been terrible." Fortunately, he added, the lease "did not go through" because of "people in the Senate and others, whistleblowers, or whoever did what they did."

Pentagon spokesman Bryan Whitman responded about two weeks ago that Rumsfeld views his role as setting top-level policy and keeping abreast of acquisition issues, not becoming involved in "day-to-day programmatic decisions." He created a video message stressing the importance of ethics in weapons-buying, Whitman said.

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But in the past six years, while Rumsfeld occasionally mentioned procurement problems in his public appearances, he delivered only one major speech about the need for reform in how the Pentagon buys weapons. He complained in the speech that "our financial systems are decades old" and noted estimates that "we cannot track $2.3 trillion in transactions." He also said that the acquisition process was being improved and that "we now budget based on realistic estimates."

Rumsfeld's speech was delivered on Sept. 10, 2001.

Rice's Top Deputy To Leave State Department (WP)

By Glenn Kessler

The Washington Post, June 20, 2006

Deputy Secretary of State Robert B. Zoellick, one of the administration's most prominent figures in foreign and economic policy, said yesterday that he is resigning to join the Wall Street investment firm Goldman Sachs Group Inc.

Zoellick's interest in leaving his high-profile post had long been rumored, but it leaves a large hole in Secretary of State Condoleezza Rice's foreign policy team. Zoellick spearheaded efforts to end the violence in Sudan's Darfur region and was the administration's main interlocutor in the delicate relationship between the United States and China.

In a ceremony in the Benjamin Franklin Room of the State Department, Rice said she was "deeply honored" that Zoellick had agreed to be her deputy and was making the announcement "not without considerable sadness."

In a one-hour interview Friday, Zoellick, 52, said he was leaving 16 months after he started because he had accomplished his objective of helping Rice set up her management team and get her tenure as secretary of state off to a fast start.

"The secretary is clearly up and running quite well," Zoellick said. "We now have a very good team, a team considered -- false modesty here -- one of the best, if not the best, Cabinet teams around."

Zoellick said he approached Rice early this year and told her that he was ready to move on. He had planned to stay until after Chinese President Hu Jintao visited Washington in April, but his departure was delayed because he became involved in rescuing faltering Darfur peace talks held in Nigeria.

Zoellick also felt that with Rice's key initiatives launched -- and Rice now such a high-profile figure around the globe -- that he would be left with increasingly lower-priority issues.

"We are at a point where with the major initiatives, they really have got to be driven by the secretary, in terms of the conduct of it. It's the way foreign policy works," Zoellick said. "The nature of the deputy job is you get a smorgasbord of what I'll call the second- and third- and fourth-order issues."

Zoellick handled less of the day-to-day management of State than his predecessor, Richard L. Armitage, and instead was given a meaty portfolio of foreign policy issues. Besides China and Sudan, they included Latin America, Southeast Asia, and economic and political reform in the Middle East.

Even the two issues for which he is best known -- Sudan and China -- have reached a certain plateau, Zoellick said. With the signing of the Darfur Peace Agreement by at least one rebel group, the focus will be on the implementation of the pact, he said. On China, Zoellick held a series of high-level talks with Chinese officials and in a major speech last year reframed U.S. policy and put forth the idea that the United States wanted China to be a "responsible stakeholder" in the world.

"This is not activity that will be solved in one year or two years," he said.

During President Bush's first term, Zoellick served as U.S. trade representative, a Cabinet position. After the president's reelection, Zoellick appeared on track to be selected as Bush's nominee as World Bank president when Rice unexpectedly approached him about the deputy secretary's job. (Former deputy secretary of defense Paul Wolfowitz instead got the World Bank post.)

Zoellick took the sub-Cabinet post with some misgivings, and there was little expectation he would stay a full four years. He recently has been mentioned for other Cabinet posts such as energy or Treasury secretary. Bush last month nominated Goldman Sachs chief Henry Paulson as Treasury secretary.

Zoellick said he is helping Paulson, an old friend, with the transition to Treasury, including assistance in hiring a staff. Zoellick will be a managing director and vice chairman of Goldman Sachs's international division.

Zoellick had a long association with Rice. He and two other top Rice aides, Undersecretary of State R. Nicholas Burns and Counselor Philip Zelikow, worked closely with Rice on the reunification of Germany during the administration of George H.W. Bush. Zoellick at the time was a top aide to Secretary of State James A. Baker III while Rice, Burns and Zelikow worked on the National Security Council staff.

As trade representative, Zoellick forged close connections in Congress and with economic officials around the world, filling in a gap in Rice's background. He also brought State Department experience from his period with Baker, whom Rice viewed as one of her models for running the department, though Zoellick is no fan of the State Department bureaucracy.

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Zoellick said he and Rice had a "very comfortable relationship" and he provided counsel on a range of matters. "I can almost read sometimes where she is a little uncomfortable on something so I can make a push," he said.

Randall L. Tobias, director of U.S. foreign assistance and former chief executive of Eli Lilly & Co., and Deputy Treasury Secretary Robert M. Kimmitt are potential candidates to succeed Zoellick. Kimmitt, however, may have been politically damaged by his involvement in the decision to approve the controversial sale of U.S. port operations to a Dubai-based company.

Burns also is frequently mentioned but appears unlikely to make the final cut because he is a career Foreign Service officer and not a political appointee.

Zoellick To Quit State Department For Goldman (WSJ)

By Neil King Jr. And Susanne Craig

The Wall Street Journal, June 20, 2006

WASHINGTON -- Robert Zoellick, the State Department's No. 2 diplomat and lead voice on China policy, will leave next month to join Goldman Sachs Group Inc. as vice chairman, international.

Mr. Zoellick's departure will leave a vacuum in the Bush administration's China team, which Mr. Zoellick has led since early last year, while further burnishing Goldman's image as a mixing bowl for past and future top government officials. President Bush recently picked Goldman Sachs Chief Executive Henry Paulson as his next Treasury secretary. Former President Bill Clinton's Treasury chief, Robert Rubin, hailed from the same New York firm.

In his resignation letter, Mr. Zoellick said he was particularly proud of having "reframed" the administration's approach toward China. In a speech last summer, Mr. Zoellick called on China to become a "responsible stakeholder" in the international system. He also led a series of high-level dialogues between Washington and Beijing.

The former U.S. trade representative led a complex effort to stop the war in the western Sudanese region of Darfur. Secretary of State Condoleezza Rice praised Mr. Zoellick as her "alter ego" but hasn't immediately named a successor.

U.S. officials say the likeliest candidates to succeed Mr. Zoellick are Nicholas Burns, the State Department's current No. 3 and an important player on Iran and India policy; Robert Kimmitt, deputy Treasury secretary; and Philip Zelikow, a special adviser to Ms. Rice.

Mr. Burns, a longtime foreign-service officer and former State Department spokesman, has become more active on many fronts than Mr. Zoellick was and is close to Ms. Rice.

Mr. Zoellick will join Goldman in September as a managing director and chairman of the firm's international advisers. In an internal memo sent to employees yesterday, incoming Goldman Sachs Chief Executive and Chairman Lloyd C. Blankfein said Mr. Zoellick will play a central role in advising Goldman on the firm's global strategy.

"Secretary Zoellick brings tremendous experience and judgment to the firm," said Mr. Blankfein, currently Goldman's president and chief operating officer. "His extensive knowledge of international affairs will be of great importance to the firm as we continue to expand our business around the world."

No. 2 State Department Official Resigns To Join Wall Street Firm (NYT)

By Helene Cooper

The New York Times, June 20, 2006

WASHINGTON, June 19 — Deputy Secretary of State Robert B. Zoellick said Monday that he would be leaving his post as the State Department's second in command, as expected, to join the Wall Street investment house Goldman Sachs Group Inc. as a managing director.

Bush administration officials said the search was now on to find a replacement for Mr. Zoellick, a six- year administration veteran who spent his first four years as the United States trade representative.

R. Nicholas Burns, the under secretary of state for political affairs, who is the department's third-ranking official, would be the logical front-runner for the job. Administration officials say Robert M. Kimmitt, the deputy Treasury secretary, is also in the running.

Mr. Burns, while close to Secretary of State Condoleezza Rice, is a career Foreign Service officer whose rise accelerated during the Clinton administration, when he served on the staff of the National Security Council, as State Department spokesman and as ambassador to Greece. He was appointed the American representative to the North Atlantic Treaty Organization during President Bush's first term.

Mr. Kimmitt, a former American ambassador to Germany, served in several posts in the administration of President Bush's father, including under secretary of state for political affairs.

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He is widely respected in Washington, but some administration officials worry that Senate confirmation might be made difficult by his role in a decision this year to allow a company owned by the emirate of Dubai to take over operations at five American ports. The company, Dubai Ports, pulled out of the deal after it was denounced by Congressional Republicans as well as Democrats.

The departure of Mr. Zoellick has been widely anticipated. He was considered for Treasury secretary, but President Bush nominated Henry M. Paulson Jr., chairman and chief executive of Goldman Sachs.

During an interview on Friday, Mr. Zoellick said he had wanted the Treasury job but added that he understood why Mr. Bush had made the decision he did. "If it were a choice between Hank Paulson and me, I'd choose Hank Paulson," he said.

As Ms. Rice's deputy, Mr. Zoellick was the primary architect of the administration's policy toward Sudan and particularly the response to the crisis in Darfur. In May at talks in Abuja, Nigeria, he pushed Darfur's rebel leaders to sign a peace accord.

He was known in Sudan for understanding the many facets of the country and its people, reciting tribal names, affiliations and political leanings.

He is widely considered to be one of the administration's most experienced foreign policy hands.

But Mr. Zoellick's years as trade representative are regarded as more notable than his time at the State Department. He successfully managed the start of the world trade negotiations, still under way, that are meant to lower tariffs on manufacturing products and, more significantly, to reduce agriculture subsidies.

Mr. Zoellick also successfully managed the deeply divisive fight in Congress to obtain "fast track" authority for Mr. Bush to negotiate trade pacts that Congress can approve or reject but not amend.

As the trade representative, Mr. Zoellick worked closely with officials from developing countries. One of the first things he did in the job was to reaffirm a late policy shift by the Clinton administration that put the need for access to cheaper AIDS drugs in poor countries above the desires of American drug companies seeking to protect their patents.

Mr. Zoellick said he expected to stay on the job at the State Department until the middle of July.

Zoellick Takes Senior Post At Goldman (FT)

By Edward Alden

Financial Times, June 20, 2006

Robert Zoellick, US deputy secretary of state and former US trade representative, announced on Monday he would leave the government to take up a senior post at Goldman Sachs.

His resignation to take the job of vice-chairman, international, for Goldman Sachs is the latest in a string of departures of long-serving officials from the administration of President George W. Bush. These have included Andrew Card, White House chief of staff, and John Snow, Treasury secretary.

Mr Zoellick had been telling friends and colleagues for several months that he was preparing to leave the government after more than six years in the Bush administration but that he might stay if he were offered the Treasury job.

Mr Zoellick told the Financial Times he had hoped to be named Treasury secretary but never expected it. He praised the nomination of Hank Paulson, former chief executive of Goldman Sachs, who is now awaiting Senate confirmation. “If I had a choice between Hank Paulson and me, I’d choose Hank Paulson,” he said.

Mr Zoellick, who served four years as US trade representative before joining the State Department in February 2005, said he was leaving the department with a strong team in place and the issues under his direct responsibility well in hand. “The things I could do at the deputy level I feel I have accomplished,” he said.

Condoleezza Rice, secretary of state, praised him as “one of my closest and most valued advisers on every single international issue”. She made no announcement on a replacement.

During his time at the State Department, Mr Zoellick led US efforts to respond to the crisis in Darfur, helping to negotiate a peace agreement in Sudan last month. He also played a big role in US relations with China, spelling out the administration’s approach in a speech last year in which he called for China to be-come a “responsible stakeholder” in the international system. Mr Zoellick served in the state and Treasury departments under President George H. W. Bush and was executive vice-president at Fannie Mae, the US mortgage group, from 1993 to 1997.

His move to Goldman Sachs continues the revolving door between the US’s most prestigious investment bank and Washington. He will rejoin – though probably only temporarily – John Rogers, his former state and Treasury department colleague who is Mr Paulson’s chief of staff and is likely to accompany Mr Paulson to Treasury.

Goldman said Mr Zoellick would “play a central role in advising the firm on its global strategy in both developing and developed markets”.

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There are no clear indications of who might be named to succeed Mr Zoellick at the State Department. Nicholas Burns, the under-secretary of state for political affairs, is thought to be a frontrunner, as is Bob Kimmitt, deputy Treasury secretary.

State's Zoellick Resigns (WT)

By David R. Sands

The Washington Times, June 20, 2006

Deputy Secretary of State Robert B. Zoellick, who has played a key role in the Bush administration on issues ranging from global trade to Sudan's civil war, announced yesterday that he will leave his post to take a top Wall Street job.

The decision by Mr. Zoellick, the top aide to Secretary of State Condoleezza Rice, was widely expected after President Bush last month named Goldman Sachs Chairman Henry M. Paulson to replace departing Treasury Secretary John W. Snow -- a job for which Mr. Zoellick also had been a candidate.

Ironically, the 52-year-old Mr. Zoellick has been hired by Mr. Paulson's old firm and will chair Goldman Sachs' international operations when he steps down, probably next month.

Miss Rice praised her deputy, saying at a State Department press briefing that she had worked closely with him since the first days of the Bush presidency, when she was national security adviser and he was U.S. trade representative.

"You have helped to guide American diplomacy with principle and prudence at a time when there are few precedents for action," she said.

Mr. Zoellick told reporters he happily would have accepted the Treasury post, but praised the choice of Mr. Paulson and said his decision to leave after more than five years in the administration was "independent of that."

White House spokesman Tony Snow said Mr. Zoellick "has been wanting to pursue options in the private sector, and now he's doing it."

Neither Miss Rice nor Mr. Zoellick would speculate publicly on who might take over the deputy secretary's post. Among those mentioned in the early handicapping are former pharmaceutical executive Randall Tobias, recently named to a new post as overseer of all U.S. aid programs, and Undersecretary of State R. Nicholas Burns, the department's No. 3 official.

Mr. Zoellick's selection by Miss Rice in early 2005 was seen as a victory for foreign-policy "realists" in the administration against the hard-line diplomacy favored by Vice President Dick Cheney and Defense Secretary Donald H. Rumsfeld, who were said to back State Department arms chief John R. Bolton. Mr. Bush used a recess appointment to make Mr. Bolton ambassador to the United Nations after a deadlocked Senate failed to confirm him.

Popular on Capitol Hill, the brainy, demanding Mr. Zoellick took charge of some major portfolios under Miss Rice, notably the strategic dialogue with Beijing and the crisis in Sudan's Darfur region. He also served as an economic aide under the first President Bush.

Darfur activists give him credit with pushing the negotiations that produced a cease-fire last month between the Sudanese government and the main faction of the largest rebel group.

But he was a less colorful figure than his outspoken predecessor, Richard Armitage, who was close politically and personally to former Secretary of State Colin L. Powell.

It was Mr. Burns who took the lead on several high-profile issues in recent days, notably the drive against Iran's nuclear programs and the talks that produced a major new nuclear accord with India.

Mr. Zoellick received relatively strong marks as U.S. trade representative, signing a number of bilateral free-trade deals and pushing for open global markets by helping to start the current "Doha round" of trade talks.

But Miss Rice teased her strait-laced, Harvard-educated deputy yesterday over a widely reprinted photo of Mr. Zoellick cradling a panda cub during one of his trips to China.

"We needed a deputy who would get up his courage, roll up his sleeves, and occasionally even hug a panda," she said.

Zoellick, State Dept.'s Strategist On Darfur And China, To Resign (LAT)

By Doyle McManus

The Los Angeles Times, June 20, 2006

WASHINGTON — The No. 2 official in the State Department, Robert B. Zoellick, announced Monday that he is resigning, leaving his role as point man on U.S. efforts to end the violence in Sudan's Darfur region and on U.S. policy toward China.

Zoellick said he is quitting the job of deputy secretary of State after 16 months to join the New York-based investment firm Goldman Sachs.

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"I've accomplished what I've set out to do and it's time for me to step down," Zoellick told reporters, noting that he worked in the Bush administration — first as U.S. trade representative, a Cabinet position, then as deputy to Secretary of State Condoleezza Rice — for more than five years.

Zoellick, a hard-driving man with a reputation as a brilliant policy strategist in the administration of President Bush's father, worked on the mission of ending the violence in Darfur, where more than 180,000 civilians have been killed as a byproduct of fighting between rebels and the Sudanese government.

He traveled frequently to Africa and, aides said, delayed his resignation to fly to Nigeria last month to help push one of Darfur's rebel factions to sign a peace accord.

Rice has not decided who will inherit Zoellick's responsibilities for the Darfur issue and has not settled on a nominee for his job as deputy secretary of State, said a senior State Department official, who, like others, spoke on condition of anonymity while discussing internal deliberations. Officials said Rice's director of foreign aid programs, Randall L. Tobias, is a leading candidate.

Zoellick said Monday that the U.S. had done everything it could to stop the violence in Darfur. "That isn't to say that I'm not heartbroken by seeing the things that happen" there, he said in an interview on "The NewsHour with Jim Lehrer," a Public Broadcasting Service show.

"There's a lot of follow-up work to do," he acknowledged. "This peace accord … is just an opening…. There's no doubt that it's going to take a long time."

In addition to Darfur, Zoellick also oversaw the administration's complex relationship with China, and prided himself on coining a term for the role the United States has urged Beijing to play: a "responsible stakeholder" in world affairs. The American business term "stakeholder" kept Chinese translators busy for months with its ambiguity — just as Zoellick hoped it would, another official said.

Rice, in a public statement accepting Zoellick's resignation, praised him as "a seasoned diplomat [and] a masterful strategist … a deputy who would get up his courage and roll up his sleeves and occasionally even hug a panda."

She was referring to an incident last year when, on a visit to China, the normally stiff Zoellick was suddenly presented by Chinese officials with a live baby panda. (It was a double-edged honor; "panda-hugger" is conservative jargon for a U.S. official who has gone soft on Beijing.)

Friends said Zoellick, who served in the Treasury and State departments in the administration of former President George H.W. Bush, would have stayed in government if the current president had named him Treasury secretary when that job became open earlier this year.

Zoellick acknowledged that he would have been enticed by the job. "If you're someone like me who is interested in public service, those are attractive possibilities," he told reporters.

But he said he had decided to leave the State Department months ago, and was not leaving because he did not get the Cabinet post.

Bush nominated Goldman Sachs chairman Henry M. Paulson Jr. for the Treasury job last month.

"I certainly knew I'd always be a contender [for the job], as the president and others told me, but … if I were the president, and I had a choice in Hank Paulson, I'd pick Hank Paulson," Zoellick said.

Paulson's old firm, Goldman Sachs, said Zoellick would carry the title, "vice chairman, international," and advise the investment bank on global strategy.

Polygraph Test Results Vary Among Agencies (WP)

By Shankar Vedantam

The Washington Post, June 20, 2006

The National Security Agency denied a top-secret clearance to David Vermette this year after two polygraph tests. But the computer programmer still has access to sensitive, classified information -- from the CIA, which independently cleared him after administering its own "lie detector" test.

The FBI recently ran a background check on Wayne Johnson, which led to a five-year extension of his top-secret White House clearance. But when Johnson applied for a job at the FBI itself, the agency made him an offer -- then rescinded it after a polygraph exam.

The Defense Department has long issued Tara Wilk a top-secret clearance. But when Wilk tried to get similar clearance from the NSA, she failed three tests -- leaving her so frustrated she sought help from a hypnotist and a therapist.

In a region where a security clearance is a necessary ticket to countless jobs with the federal government and its thousands of contractors, it is not hard to find people caught in turf wars over clearance. Polygraph tests are often at the root of the problem.

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"The CIA doesn't respect the NSA's polygraph and the NSA doesn't respect the CIA's polygraph," said Wilk, a computer engineer from Arnold, Md. "Nobody knows who the boss is, and they all think they are the most important."

The government recognizes the problem and plans to harmonize the process across the intelligence community, but Director of National Intelligence John D. Negroponte cannot say when that will happen, said spokesman John Callahan. "The goal is to streamline and fix things and make things better," he said.

"The legislation which founded the DNI actually requires the DNI have as one of its goals to unify this process," he said.

Even those who believe in the value of polygraphs acknowledge that they are far from objective. Using a polygraph device, which measures changes in heart rate and breathing as well as other cues to detect anxiety, is like searching in a dark room for an object whose shape is unknown. It is the examiner's job not only to figure out if someone is a spy but also to search for character flaws or past actions -- drug use, for instance -- that might make a person unfit to handle sensitive information.

Since polygraph examiners typically do not know what to look for in a candidate, they tend to home in on anything that hints at reticence or nervousness, said John Sullivan, who spent three decades at the CIA administering the tests and still supports them. During his career, he said, he used the tests to unmask seven double agents and spotted numerous criminal and character problems.

But Sullivan said that after the agency's polygraphers failed for years to detect the duplicity of Aldrich H. Ames, who compromised dozens of CIA operations by passing information to the Soviet Union before being sent to prison in 1994, agency examiners ratcheted up the level of intimidation during tests.

Sullivan believes polygraphers can elicit useful information without resorting to threats and harassment. But after Ames's case, he said, CIA examiners were told that if their subjects did not complain about rough handling, the examiners probably were not doing their job correctly: "People in many cases are too aggressive . . . we were so afraid of getting beat."

Asked why examiners disagree with one another, Sullivan said that interpreting polygraphs is more "art than science" and that examiners at different agencies range from "Rembrandts" to "finger-painters."

"I myself and most of my colleagues caught people who passed other people's polygraph examinations," said Sullivan, who is retired. "I don't want to disparage anyone else's program, but I really feel up until Ames, [the CIA] had the best polygraph program in the government."

Paul Gimigliano, a CIA spokesman, declined to discuss individual cases. But he said that "large numbers of highly qualified officers" have been cleared and hired after the agency's polygraph tests.

Don Weber, an NSA spokesman, also would not discuss individual cases but said the agency issues clearances based on approvals by other agencies. Slightly more than one in five contractor clearances last year were issued this way, he said. A number of factors influence why the NSA thinks more security procedures are needed for some people, he said.

Vermette, the computer programmer, said the six exams he has taken for three agencies have left him scared, angry and dubious.

Besides being asked whether he had ever revealed classified information, Vermette was quizzed about whether he had paid for sex or had gotten a woman drunk to seduce her. Examiners asked about his computer use, his contacts with foreign students and his volunteer work with junior high students at church -- down to a high-five he had given one teenager.

Vermette describes himself as naturally nervous and said he grew more flustered with each exam. After the second CIA polygraph test, he was called in to see a higher official, who said he wanted to talk "man to man."

After telling Vermette that "there's no way you are not lying to me," the examiner pressed him on whether he was sexually involved with the teenager at church. The examiner then asked Vermette about her bra size. When Vermette said he did not know, the examiner asked him to guess -- after explaining bra sizes.

"He gave me a list of numbers to choose from, and I gave up and guessed one. Then he went on to ask about hair color, eye color, height and weight, all of which I am sure are absolutely vital to national security," Vermette wrote in an account of the episode. "I felt bad afterwards that I answered any of these questions but was under extreme psychological pressure and humiliation."

After the interview, Vermette filed a complaint. An investigation ensued, and the CIA apologized in writing, acknowledged that the questions were inappropriate and gave him his security clearances.

But it was not over. Late last year, Vermette's employer decided he ought to get clearances from the NSA as well. Although Vermette had been given top-secret and Sensitive Compartmented Information clearances by the CIA and the National Reconnaissance Office, which operates U.S. reconnaissance satellites, the NSA gave him new polygraph tests.

Vermette said the last straw was being asked by NSA examiners to talk about the incident with the CIA. When he refused and explained that the CIA had apologized for the episode, the NSA denied his clearance -- citing his "failure to cooperate with security processing."

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Whereas Vermette found himself caught between agencies, Wayne Johnson said he was snared by seemingly conflicting decisions at the same agency. Johnson was stunned to discover there was a problem with his FBI polygraph test, given that the agency had done a recent background investigation that led to a renewal of his top-secret credentials at the White House.

Like Vermette, Johnson said the polygraph made him nervous, even though he had nothing to hide. When asked about drug use, Johnson, who is black, found himself worrying about stereotypes that link blacks to drug use. Johnson said he had never touched an illegal narcotic but believed his examiner, who is white, did not believe him.

The race question was always at the back of Johnson's mind, he said, and his fears may have shown up on the polygraph -- and perhaps were misinterpreted as a sign of deception.

Paul Bresson, an FBI spokesman, said that he could not discuss any individual case but that in general the White House makes its decisions on clearances after the agency forwards the results of its investigations. When someone seeks employment at the FBI, the agency uses investigative results to draw its own conclusions, he said.

Wilk, who flunked three tests at the NSA despite her security clearance from the Pentagon, said examiners do not seem to realize that innocent people can be nervous.

"People say if you don't have anything to hide you should not be worried, but I have nothing to hide and I am worried," she said. "A citizen's entire means of making a living boils down to answering one stupid question on a polygraph."

When examiners kept telling her she was hiding something, the thought that eventually went through her mind was: "Should I just make something up?"

Cheney Hearts Reporters (Not Really) (RC)

By Mary Ann Akers

Roll Call, June 20, 2006

It was another ironic moment in the nation's capital Monday as Vice President Cheney was on hand to present Tom DeFrank, the Washington, D.C., bureau chief for the New York Daily News, with the Gerald R. Ford Prize for Distinguished Reporting on the Presidency. But the irony was muffled since Cheney didn't physically present the award to DeFrank, in a departure from previous years.

Maybe Cheney couldn't bear the thought of handing the award to a journalist whose coverage touched on his waning influence at the White House after the indictment of his former chief of staff, Scooter Libby. One of DeFrank's five stories submitted in the award-winning package began, "The CIA leak scandal has peeled back the veil on the most closely held White House secret of all: the subtle but unmistakable erosion in the bond between President Bush and Vice President Cheney."

The story quoted a longtime Bush associate describing Cheney as "wounded" by the CIA leak scandal and a presidential counselor as saying, "The relationship is not what it was." Cheney aides were "apoplectic" about the story at the time, one source told HOH.

DeFrank didn't mention that story, which was published Nov. 8, 2005, when he accepted the award during a luncheon at the National Press Club. Nor did Cheney, who, according to attendees, was gracious and said nice things about DeFrank.

But although Cheney presented the award to last year's winner, Jackie Calmes of The Wall Street Journal, President Ford's son Jack presented this year's award, the 19th annual.

Adding more intrigue, when the Gerald R. Ford Presidential Library and Museum recently named DeFrank this year's winner, it sent out a press release announcing that Cheney "is scheduled to present the award" to DeFrank at a June 19 luncheon at the press club.

Later, however, the Ford library released another notice clarifying that Cheney "is scheduled to speak" at the awards luncheon.

Though he had nothing but kind words to say Monday about his buddies in the Fourth Estate, Cheney sure didn't pull any punches at last year's awards luncheon, expressing his disdain for journalists when audience members submitted questions to the vice president on note cards.

As someone at the event recalls, one question had to do with the vice president's "ideal for excellence in journalism." With head bowed, Cheney paused and then, according to the source, answered something like, "I guess I'd know what it is if I'd ever seen it."

Ouch — that hurts like a shot in the face.

Condolences. Our condolences to the family and friends of Tony Nardelli, the longtime owner of The Tune Inn on Capitol Hill, who died Monday of cancer.

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Tim Gerran, a friend of Nardelli's for nearly 30 years, said he got to know the family when Nardelli's father — who founded The Tune Inn — used to serve him breakfast at the bar back when Gerran lived across the street. Nardelli took over ownership in the early 1990s, according to Gerran.

"Tony's biggest thing was providing a real local bar for people on the Hill," the former Congressional aide-turned-lobbyist said. "It had nothing to do with Congress, nothing to do with anything in the area. He just wanted to be a good neighborhood bar."

Gerran described Nardelli as "a curmudgeon, just like his father," but he said that Nardelli would "give you the shirt off his back" if need be.

"He just made [the bar] a nice, cheap eats-and-drink place for a lot of young people, and a lot of young people went on to great things from here," Gerran said.

Gerran said Nardelli's daughter had just beaten her own battle with cancer and had given birth to boy about a month ago. She named her son after his grandfather.

Nardelli was around 64 years old, according to Gerran.

He's So Hot! Sen. John Thune (R-S.D.) is the newest hottest Senator, according a new poll conducted by the typically heady Web site Politics1.com. In a sampling of local, state and federal officeholders and candidates, Thune ranked fourth "hottest man in U.S. politics."

Among other House Members and Senators who made the cut, Rep. Harold Ford Jr. (D-Tenn.) finished sixth and Rep. Paul Ryan (R-Wis.) came in ninth of the 10 hot men in the poll. Though Thune beat his fellow Congressional hotties, the Senator's spokesman still couldn't believe that his boss didn't fare better overall. (The Senator is totally hot, for crying out loud.)

"Fourth?!?!?" an incredulous (and funny) Kyle Downey, Thune's spokesman, asked via e-mail. "What was the margin of error, sample size? This poll has no credibility, clearly they didn't ask Mrs. Thune."

Meanwhile, Rep. Marsha Blackburn (R-Tenn.) finished first in the "hottest woman in U.S. politics" contest, besting Rep. Stephanie Herseth (D-S.D.), who came in second, Rep. Mary Bono (R-Calif.), who finished sixth, and Sen. Mary Landrieu (D-La.), who came in 10th out of 10 finalists. The rest were state and local politicians and candidates.

On the Laugh Circuit. Don't forget to catch Washington Post reporter Juliet Eilperin on Comedy Central's "The Daily Show" tonight. Eilperin will be talking about her new book — which isn't all that funny unless you get big yuks from partisan gridlock — called "Fight Club Politics: How Partisanship Is Poisoning the U.S. House of Representatives."

Eilperin, a former Roll Caller, has been on a whirlwind publicity tour across the country touting her book about how downright nasty Congress has become, but tonight's scheduled appearance, she thinks, takes the cake.

"While I've had a fabulous time speaking about the book in places everywhere from Corte Madera, Calif., to Lawrence, Kan., it's hard to imagine anything better than sitting across the table from Jon Stewart," Eilperin said. "I just have to remember the cardinal rule of 'The Daily Show': he's the one who gets to crack the jokes."

Crowded Agenda, But Few Easy Wins For GOP (RC)

By Erin P. Billings

Roll Call, June 20, 2006

Even as they wade through two weeks of debate over the Iraq war, Republicans also have been charting an aggressive summer to-do list — one they are gambling will be less wishful thinking and more reality as they seek to bolster their résumé of election-year victories.

Majority Republicans know they will need unity in their own party and the support of at least a few Democrats to make significant headway on their priorities in the next five weeks of legislating, a schedule that includes a raft of appropriations

measures, the estate tax, line-item veto, executive nominations and outstanding conference reports on pensions, lobby reform and immigration. And the GOP knows that hopes of advancing those bills diminish as the clock ticks toward August and the November election creeps closer.

"It's do-or-die time," acknowledged one senior Senate GOP aide.

A spokeswoman for Senate Majority Leader Bill Frist (R-Tenn.) said the GOP certainly has a lot on its plate this summer, but Republicans have become accustomed to trying to advance legislation in a divided chamber. Partisanship over policymaking seems to remain on high, said Amy Call.

"The first six months of the year have been characterized by a lot of progress in a tough year ... but there's a lot left that we'd like to get done," she said.

House Republicans wrapped up last week on a high note, securing bipartisan support for a resolution backing President Bush's policy in Iraq. Senate Republicans hope to do some of the same this week as they complete debate on the fiscal 2007 Defense authorization bill and secure party — and individual Senators' — positions on the conflict.

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The Senate kicked off discussions on the Defense measure last week, and if the action on the floor was any indicator, debate this week will be equally charged.

Republicans hope to put Democrats on the defensive on the war, trying to bolster their own anti-terrorism credentials while branding the minority as a "cut and run party." A majority of Democrats in the meantime, will rally around an amendment that calls on the Bush administration to mark the end of 2006 with a beginning of troop withdrawal — knowing that public opinion is riding against Bush's handling of the war.

That amendment offered by Sen. Carl Levin (D-Mich.) will take a more conservative approach than some other Democrats, including presidential aspirants Sens. John Kerry (Mass.) and Russ Feingold (Wis.), are pressing for. Feingold and Kerry want a set deadline for troop redeployment.

Chest pounding on the war aside, Republicans have other priorities for the coming weeks. GOP Senators and aides alike acknowledge they must push hard now if they want to get bills through and have a success-rich platform to take to voters over the August recess and beyond. That includes wrapping up the Defense bill, passing the flag-burning amendment, approving more judicial nominations and, hopefully, a few House-Senate conference agreements.

House Republicans acknowledge they also face a crowded agenda and will make a fast dash over the next two weeks to clear through the Defense authorization measure, the line-item veto and the Voting Rights Act, as well as energy reforms and spending measures. In July, the House is likely to take up matters including health information technology and federal efficiency measures, as well as a consumer protection bill.

But as in the Senate, House Republicans won't leave their base hanging.

House Majority Leader John Boehner (R-Ohio) has pledged to hold a vote on the federal marriage amendment, which failed to meet a procedural test to move forward in the Senate earlier this month. House Republicans also will take on a measure to keep the words "under God" in the Pledge of Allegiance.

Senate Republicans already believe they have padded their campaign credentials with a solid lineup of two years' worth of accomplishments, notably confirmation of two Supreme Court justices and passage of a tax reconciliation bill, class-action reform, last year's energy reform package, and reauthorization of the USA PATRIOT Act and Deficit Reduction Act.

"We've kept people's taxes low and security high," said one GOP Senate staffer. "The voter doesn't distinguish between this year and last year in terms of what's been accomplished."

But, this aided added: "We're going to have to do a lot more and communicate better our accomplishments, and where we want to lead. We have to do that over the next five months."

Don't expect that to be easy, as Democrats will ramp up their own efforts to bolster their agenda and a message that Republicans have forwarded the wrong priorities that have hurt the middle class and favored special interests.

Sen. Bob Menendez (D-N.J.), who is running the campaign of his career to secure the seat given to him earlier this year by now-New Jersey Gov. Jon Corzine (D), said atop his list of must-dos this year are energy reform, education initiatives and success in Iraq.

"There are things I'd like to see, but they aren't going to happen," he said.

Sen. Byron Dorgan (N.D.), chairman of the Democratic Policy Committee, said that Frist will spend the coming weeks "putting additional check marks on his agenda." Dorgan said he doesn't "hold out hope" that much will get done beyond the fiscal year spending measures that both parties have an interest in advancing.

But Republicans are far more optimistic. They say even though they face hurdles, they believe they can press ahead on a series of outstanding proposals. July and August should be marked by additional approval of circuit court nominations, a compromise on the end of the estate tax, passage of conference reports on lobby and pension reform and at least a couple of the key appropriations measures — homeland and defense.

The one area that Republicans concede they could fail is on immigration reform, which is stalled as it awaits movement to conference committee. The majority remains divided on the controversial matter that some believe may be too hot to handle this cycle.

Sen. Mel Martinez (R-Fla.), one of the architects of the Senate plan, hasn't lost all hope yet, but he said: "If we don't get the conference committee going in the next month, people recognize it might not get done."

Sen. Jon Kyl (Ariz.) said Republicans are not naive that there is some heavy lifting ahead. Kyl characterized it as "not a fear, but concern" that Republicans will be able to advance everything they'd like in what's an increasingly shorter period of time.

"A lot of it depends on the schedule," Kyl said. "We could work more days than we are."

Stay tuned.

Democrats Look To Keep Minimum Wage On Table (WSJ)

By David Rogers And Christopher Conkey

The Wall Street Journal, June 20, 2006

WASHINGTON -- Democrats aim to make the minimum wage a maximum political problem for Republicans this election year.

The minority party fired the first shot last week, when the House Appropriations Committee broke with its Republican leadership and approved a $2.10-an-hour increase as part of a spending bill for labor, health and education programs. Speaker Dennis Hastert responded by putting the measure on hold -- possibly until after the election.

But Democrats are poised to come back this morning and offer the same wage amendment as part of a second appropriations bill funding science and law-enforcement agencies.

"I gave the Republicans fair notice that we will attach it to anything we can," said Wisconsin Rep. David Obey, the committee's ranking Democrat. Sen. Edward Kennedy (D., Mass.) went to the floor of Senate yesterday and proposed to add the same amendment to a pending defense-authorization bill.

"We think it's both the right thing and good politics," said House Minority Whip Steny Hoyer (D., Md.).

Efforts to raise the minimum wage since 1997 have failed under Republican control of Congress, as business groups oppose the measure and lobbied against it. A group of more than 20 business organizations are fighting an increase this year, as part of the "Coalition for Job Opportunities." One member -- the National Federation of Independent Business, which represents small companies -- says a quarter of its members would have to cut jobs, at a total loss of 217,000 positions, if the federal minimum wage were raised to $6.65.

Despite business opposition, however, 21 states have enacted minimum wages above the $5.15 federal level, and roughly half the population lives in a state that already mandates higher hourly pay.

The last federal increase, signed into law months before the 1996 presidential elections, followed bargaining over tax- and health-insurance-related issues important to Republican conservatives. The same could happen now because the minimum-wage debate is coming to a head even as Republican leaders, already offering concessions to timber interests, are looking for the final Senate votes needed for a compromise on estate-tax relief. While far too early to predict, the party could solve two problems at once by linking the wage and estate-tax issues in an election-year deal.

Discomfort is growing among rank-and-file Republicans, especially as organized labor has mounted ballot issues in various states. Seven Republicans broke ranks with their leadership in the House Appropriations Committee last week, and Rep. Jo Ann Emerson (R., Mo.) said her polling on the issue in Missouri -- one of the states with a ballot initiative in the works -- testified to the issue's popularity. "It is a problem," Mr. Hastert said of the pressure now.

In the Senate, the challenge has been to get above the 60 votes needed to limit debate. In the past, Republicans have foiled Mr. Kennedy by offering a parallel amendment with antiunion provisions attached. What is different this year is that some Republicans are looking at an alternative -- that doesn't include the antilabor language and offers a smaller increase. "I would look that over," said Senate Budget Committee Chairman Judd Gregg (R., N.H.) and a past chairman of the Senate Health, Education, Labor & Pensions Committee.

Another factor could be Congress's own pay. While the minimum wage has remained frozen, lawmakers' salaries have risen with annual cost-of-living increases keyed to what is given federal employees. And last week's vote in the House Appropriations Committee followed a floor vote days before in which the House cleared the way for members to get another increase valued at thousands of dollars annually.

More Democrats have begun to ask how long the party can go along with such pay adjustments for Congress when Republicans block floor votes on the minimum wage.

"This is a rich man's support club," said Mr. Obey, who voted against this year's increase on the procedural vote. While the details aren't known, Minority Leader Nancy Pelosi (D., Calif.) is thought to have raised the issue with Mr. Hastert in conversations before the House vote on pay.

Polling for the liberal Democracy Corps has added to the pressure among Democrats. Among test planks for a Democratic platform, one of the most popular -- especially among independents -- is that Democrats would block any pay raise for Congress until the incomes of average workers begin to rise.

"It's a powerful statement, and it shows how out of touch Washington is," said Stan Greenberg of Greenberg Quinlan Rosner Research, who did the Democracy Corps survey. Just as Republicans in 1994 advocated term limits to highlight the arrogance of entrenched power in Congress, he said Democrats should make the link between members' pay and the minimum wage.

Business groups oppose any increase, arguing small businesses will be less willing to hire low-skilled workers if they have to pay more to do so.

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Economists generally start from the proposition that increasing the cost of low-skill labor will reduce employer demand, hurting the intended beneficiaries. But they read the evidence on the effect of minimum-wage increases during the booming 1990s differently.

Despite those increases, after years in which inflation had eroded the purchasing power of the minimum wage, hiring was strong across the board and the increases are credited with helping to boost the fortunes of low-paid workers.

That added credibility to an argument made by professors David Card, of the University of California, Berkeley, and Alan B. Krueger, of Princeton University, who have challenged the conventional economic wisdom that higher minimum wages reduce hiring of low-wage workers by comparing the experiences of states that lifted their minimum wages in the early 1990s with those that didn't.

But an economist on the other side of the question, David Neumark of the University of California, Irvine, estimates poverty rates increase between 3% and 4% for every 10% increase in the minimum wage by depressing employment of low-skill workers. "The data are consistent with the idea that the people who are hurt are concentrated in poor families," Mr. Neumark said.

Police Group Wants McKinney Scuffle Probed (AP-Y2)

By Laurie Kellman

AP2, June 19, 2006

Police labor officials, angry over a federal grand jury's refusal to indict Rep. Cynthia McKinney for assaulting a police officer, said Monday said they want the House ethics committee to review her conduct.

And they said the grand jury's decision last week sent the message that "it's okay to hit a police officer."

"We hope that members of Congress will review her actions in light of their rules within their own ethics committee," Andrew Maybo, chairman of the U.S. Capitol Police Labor Committee, told reporters Monday at a news conference in Washington.

Maybo said the Fraternal Order of Police would send a letter later this week to the ethics committee suggesting that McKinney's behavior violated an item in the chamber's ethics manual that calls for members to "conduct (themselves) at all times in a manner which shall reflect creditably on the House of Representatives."

McKinney's spokesman and her lawyer did not immediately return calls for comment.

Such a letter would not trigger an inquiry unless a member of the House authors it, or the chairman and ranking Democrat move to review the matter.

McKinney has not disputed accounts that she hit Officer Paul McKenna May 29 when he tried to stop her from entering a House office building unrecognized. McKenna did not arrest McKinney at the scene.

"Congresswoman McKinney's assault on Officer McKenna was not only unprofessional for her position as a member of Congress, but we believe it puts out the wrong message across America, that it's okay to strike a police officer," said

"It's not okay to strike a police officer, regardless of who you are," he added.

Union Seeks Ethics Probe Of McKinney (HILL)

By Jackie Kucinich

The Hill, June 20, 2006

Members of national and local chapters of the Fraternal Order of Police (FOP) expressed anger and disappointment yesterday with the D.C. Office of the Attorney General for refusing to indict Rep. Cynthia McKinney (D-Ga.) for striking a police officer. The union chapters are calling on the House ethics committee to investigate the incident.

“Although she was not indicted by the grand jury, we hope that members of Congress will review her actions in light of their own rules within the ethics committee,” said Andy Maybo, chairman of the U.S. Capitol Police Fraternal Order of Police chapter.

Maybo said he plans to send a letter later this week to the ethics committee, known formally as the Committee on Standards of Official Conduct, requesting an investigation into the incident.

A spokesman for the ethics committee did not immediately return a call for comment. While it is unclear what House rule the FOP members believe McKinney violated, the first rule in the ethics manual states: “A Member, officer, or employee of the House of Representatives shall conduct himself at all times in a manner which shall reflect creditably on the House of Representatives.”

“Congresswoman McKinney’s assault on Officer [Paul] McKenna was not only unprofessional for her position as a member of Congress, but we believe it puts out the wrong message across America, that it is OK to strike a police officer,” he said.

Lou Cannon, the president of the D.C. Fraternal Order of Police, echoed Maybo’s remarks, adding that regardless of any animosity felt among the officers toward the lawmaker she will still be protected as a member of Congress.

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"The United States Capitol Police is a professional law-enforcement organization and will take this in stride, as all police officers have learned to do with unfavorable decisions," Cannon said. "Rep. McKinney will always be afforded the courtesies of her position by those of us sworn to protect and serve."

Maybo and Cannon also criticized the timing of the announcement that the grand jury had refused to indict McKinney, which occurred Friday after 5 p.m.

Channing Phillips, a spokesman for U.S. Attorney General Kenneth Wainstein, defended the timing.

"We essentially had no choice," he said, explaining that a chief judge must review decisions before they are made public.

"The chief judge was not scheduled to accept grand jury returns until 4 [p.m.] on Friday, which is not uncommon because it allows the grand jury to complete its work for the day. … Therefore, Friday's timing was routine," he said.

The Capitol Police commended the professionalism of McKenna and the investigative units of the force that looked into the allegations in a release issued Friday night and said they respect the grand jury's decision.

"The United States Capitol Police respect the decision of the grand jury and appreciate the extensive and thorough investigative work of the United States Attorney's Office," the release said.

Capitol Police spokeswoman Sgt. Kimberly Schneider, who was present at the end of the FOP press conference, declined to comment further on the matter.

On March 30, McKenna stopped McKinney as she entered the Longworth House Office Building. When she failed to respond to a verbal warning, according to reports, McKenna reached out to stop McKinney, who was not wearing congressional identification.

McKinney then struck McKenna with a closed fist holding her cell phone, according to allegations, flashed her congressional identification card and walked away.

A spokesman for McKinney did not return a call for comment by press time.

Milestone For McCrery (HILL)

By Patrick O'Connor And Jim Snyder

The Hill, June 20, 2006

Rep. Jim McCrery's (R-La.) chairmanship of last night's President's Dinner should boost his bid for the Ways and Means Committee gavel, if the past is any indication.

The dinner raised $15 million for the National Republican Congressional Committee (NRCC), exceeding its target by $1 million. The National Republican Senatorial Committee, helmed by Sen. Lamar Alexander (R-Tenn.), raised an additional $12 million.

As chairman of the House efforts for the dinner, one of only two annual fundraising dinners the NRCC puts on, McCrery is following in the steps of Republican congressional stars. Majority Leader John Boehner (Ohio), Appropriations Committee Chairman Jerry Lewis (Calif.), Energy and Commerce Committee Chairman Joe Barton (Texas), Education and the Workforce Committee Chairman Buck McKeon (Calif.) and current Ways and Means Chairman Bill Thomas (Calif.) all served as fundraising chairmen in the past.

Rainmaking is not the sole factor in determining chairmanships, but senior members are expected to do the heavy lifting moneywise. McCrery, already a fundraising powerhouse this election cycle, raised $1.2 million for last night's dinner.

In the weeks before the dinner, McCrery sought out various groups to help him meet his targets.

Red Cavaney, president and CEO of the American Petroleum Institute, signed on as co-host. In doing so, he committed to raising at least $100,000 from the oil industry. An API spokesman said Cavaney would meet his target, although sources with knowledge of the fundraising efforts said executives from the largest oil companies, despite record profits and being on the hot seat politically, didn't buy as many tickets as projected.

Prices are $2,500 per ticket, or $25,000 for a table. Among the majors, only Chevron put up the full ante.

The National Association of Homebuilders was also a key contributor, as was Billy Tauzin, a former Louisiana Republican lawmaker who now heads the Pharmaceutical Research and Manufacturers of America, or PhRMA. About 25 percent of the fundraising totals came from contributors in McCrery's home state.

In addition, McCrery's political action committee, the Committee for the Preservation of Capitalism, had contributed $525,000 to House and Senate candidates by the most recent filing deadline, at the end of April, according to the Center for Responsive Politics website.

Always a factor, fundraising prowess could be doubly important to McCrery's ambitions because he is not the most senior member in line to run Ways and Means.

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His principal opponent, Rep. Clay Shaw (R-Fla.), has been there longer and is raising considerable funds in his own bid. Shaw isn't without obstacles of his own, however, the main one being Democrat Ron Klein, a well-financed state senator who is challenging Shaw's reelection bid.

Klein's campaign has made Shaw's bid for the chairmanship an election issue in the Fort Lauderdale district. That means Klein's campaign circulates copies of almost all the news stories that are reported about the race, which includes anything that mentions McCrery's perceived front-runner status as well as the Louisiana Republican's remarks last week that the House could reconsider an overhaul of Social Security as early as 2007.

McCrery, for his part, remains relatively quiet about his candidacy. He has given the maximum $10,000 to Shaw's reelection campaign, according to the Center for Responsive Politics website.

Shaw had raised almost $2 million through his personal reelection fund as of the last filing deadline, according to the same website, but by contrast, his PAC, the Sunshine PAC, had given only $25,000 in single $1,000 contributions to 25 members of the House. Shaw did make a contribution of $114,000 to the NRCC for last night's dinner, exceeding his expected suggested donation of $100,000.

The Floridian was buoyed by a recent fundraiser headlined by President Bush in Fort Lauderdale. The dinner raised more than $800,000 for Shaw, and the president even mentioned his bid for the Ways and Means chairmanship.

Whatever the outcome of this race, rainmaking has become a necessity for members hoping to rise within the House or committee leadership structure, a trend that former GOP leaders decry.

"I'm sorry it's gotten to that point," said former Minority Leader Bob Michel (R-Ill.). "There was never any consideration for what you were raising for the party" when he was in the House.

"Let the caucus decide if the person is capable," he said.

Neither McCrery nor his supporters nor outside observers say that this or any other race will come down solely to money raised.

"If you raise a lot of money and you have no policy ability, you're not going to win," said John Feehery, a lobbyist with the Motion Picture Association of America and a former spokesman for House Speaker Dennis Hastert (R-Ill.), who holds five votes on the 28-member Republican Steering Committee, which chooses chairmen.

"What McCrery has done is shown his ability to step up for the party, and it's going to help him."

Feehery said McCrery's strength as a legislator would be more important in determining the chairmanship than the amount of money he has raised, but his efforts organizing the dinner, which can be a thankless task, are just another bullet point on his résumé.

The dinner "is one of the necessary things you have to do to take the next step. No one wants to chair the President's Dinner," Feehery said.

If McCrery does succeed the outspoken Rep. Bill Thomas (R-Calif.), McCrery's understated personality would create a distinctly different dynamic on the committee. Republicans on and off Capitol Hill consider his low-key personality and his work out of the spotlight as a major reason he has been so successful.

"He always has an ability to put his ego to the side," said Dan Mattoon, an influential Republican lobbyist and founder of PodestaMattoon.

But while potential candidates try to position themselves to take over coveted committee slots, they do so quietly or else run the risk of counting chickens before they hatch.

"All three of the top candidates have been mindful that these races should wait until after the election," Mattoon said, including Rep. Nancy Johnson (R-Conn.) as the third candidate vying for the top job.

"Let's take care of business."

Agriculture Official Has Little Time For Flexible Scheduling (WP)

By Stephen Barr

The Washington Post, June 20, 2006

An Agriculture Department undersecretary has canceled certain alternative work schedules for management officials in St. Louis and Washington and told the affected employees to plan on working a traditional eight-hour, five-day-per-week schedule.

"With just over two years remaining to accomplish the agenda that I laid out for Rural Development, I feel that it is necessary and critical to our success that all key management officials are available and accessible on-site each day in order to help us accomplish such a large agenda remaining for Rural Development," Thomas C. Dorr , Agriculture's undersecretary for rural development, told his management team in an e-mail last week.

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Dorr's decision underscores the tension inside numerous agencies over flexible work schedules. Many agencies provide such arrangements to help employees balance their work and home lives, but political appointees and senior managers often prefer to have workers in the office and available.

Typically, employees on an alternative work schedule, known as AWS, work longer office hours during certain days of a pay period in exchange for a day off every other week, often a Friday or a Monday.

Dorr gave his management officials 10 days' notice of the schedule change, effective Sunday. That drew a protest from one of his subordinates, who provided the e-mail anonymously, saying he feared retribution.

Dorr "gave no reasonable time for people to adjust their schedules," the employee said in a letter accompanying the e-mail. The employee said Dorr's decision will disrupt carpool schedules, child- and elder-care arrangements, and activities that employees reserve for their days off.

The employee also said Dorr's decision to cancel AWS for Rural Development managers goes against long-standing federal personnel policies, authorized in law, that encourage such schedules.

Ed Loy , press secretary for the Agriculture Department, said: "We need to have the ability to have senior management on a similar and consistent schedule to have the collaboration we need to move forward."

The e-mail by Dorr was prompted by the recent heightened focus on renewable energy sources and biomass research, Loy said. The department's Rural Development offices -- which are helping to promote the president's energy policy -- provide money for loans, grants and technical assistance to rural communities and businesses.

Dorr's action applies to General Schedule 14 and 15 employees and to the Senior Executive Service. Loy said he did not have a count of how many management employees will shift off AWS. Rural Development has about 170 employees who could be affected, out of 1,800 workers in Washington and St. Louis offices.

The Senate confirmed Dorr, an Iowa farmer, in July 2005, ending a four-year battle over his nomination. The Senate vote, 62 to 38, came after he wrote a letter of apology for making what critics called racially insensitive remarks in 1999 and for a controversy that led him to reimburse the government for some federal farm subsidies.Vacation Paperwork

Timely paperwork is a key to not losing those precious vacation days, it appears.

Seventeen employees at the Federal Trade Commission recently petitioned to have leave restored, but nine requests were initially denied because their forms for recouping leave took too long to get to the personnel office.

The forms are supposed to be filed at the time staffers are asked to put off their vacations, but that did not happen and many of the employees had more than 100 leave hours at risk of being lost.

The nine affected employees work in the FTC's Bureau of Competition, where vacations go out the window when companies submit merger applications that start a 30-day countdown for a recommendation. Litigation can also eat up staff time and ruin vacation plans, since the agency must respond to court deadlines.

"It is difficult for people to look at their year and plan their leave," said Nancy Ness Judy , the agency's director of public affairs.

FTC managers are holding meetings to resolve the cases of lost leave and get paperwork in order, she said. "These people gave up their vacations to work on litigation, and we want to make sure they are treated fairly," Judy said.

Agents End Up As Drive-By Rescuers To Ex-Federal Official (WP)

By Sue Anne Pressley Montes

The Washington Post, June 20, 2006

In a story that perhaps could only happen here, a former assistant treasury secretary in town for a Rhodes Scholar reunion collapsed in Dupont Circle on Saturday morning and was given life-saving treatment by two Secret Service agents, who happened to be driving by.

Curtis Hessler, 62, of Pasadena, Calif., had just crossed Massachusetts Avenue NW with his wife, Christine, when he said, "I'm not feeling well," and slumped to the ground, Christine Hessler said yesterday. He was having trouble breathing. A passerby called 911 on her cellphone.

"We bent down and tried to make him a little more comfortable. Things kept getting worse," Christine Hessler said. "Out of nowhere, this police car pulls up . . . and two officers jumped out and said, 'Can we be of help?' "

The uniformed agents, who are assigned to the Foreign Missions Branch of the agency, were on routine patrol. Trained to assist presidents and embassy officials, they performed CPR and then followed the ambulance to George Washington University Hospital. A D.C. police officer took Christine Hessler and a friend there.

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At the hospital, doctors determined that Curtis Hessler had not suffered a full heart attack but rather ventricular tachycardia -- a potentially dangerous rapid heartbeat -- along with a partly blocked artery, and two stents were inserted. The doctors initially were concerned that Hessler had been without oxygen for a period of time.

The two Secret Service agents, who are not identified because of agency policy, stayed with Christine Hessler for a while. The next morning, she arrived at the hospital to find them in the reception area. They jumped up and asked how her husband was, she said, and followed her into his room.

He "smiled and held out his hand," she said. "He realized something had gone on and he was helped. It was one of those very, very special things you don't expect to happen."

Yesterday afternoon, Hessler, chairman and chief executive of 101 Communications, was feeling well enough to sit in a chair and read a book on economics. An assistant treasury secretary during the Carter administration, he said he always admired the Secret Service, which at the time was under the Treasury Department. Now, his feelings are more personal.

"I had a lot of help from a lot of people," Hessler said. "But I do want to thank the two guys from the Secret Service. They went beyond the call of duty."

Justices Fight Back (USAT)

By Tony Mauro

USA Today, June 20, 2006

U.S. Supreme Court justices often say they speak only through their decisions. If so, we will be hearing a lot from them in coming days, as the court issues dozens of decisions in its traditional race toward adjournment by the end of June. The court has already made headlines on police searches and environmental law in recent days, and more news will come by month's end on military tribunals for enemy combatants and campaign-finance reform.

But this term, to an unusual degree, justices have also been making headlines off the bench, offering comments that, taken together, have made a powerful case for the independence of the court and the judiciary. After years of being passive punching bags for critics, mainly on the right, justices of all stripes are pushing back, making welcome additions to the public debate.

Consider these recent statements:

• Justice Antonin Scalia last month said he agreed with critics that high court opinions should not rely on foreign laws or court decisions. Even so, he told an audience that included members of Congress, "I don't think it's any of your business." He also opposed pending bills that would ban judicial citation of foreign law.

• Also last month, Justice Ruth Bader Ginsburg voiced opposition to proposals to create an inspector general to monitor the ethical behavior of federal judges. "That's a really scary idea," Ginsburg said, comparing it to the dark days of the Soviet Union. "The judiciary is under assault in a way that I haven't seen before."

Death threats

• Speaking in the same vein three months earlier, Ginsburg revealed that she and Justice Sandra Day O'Connor had been the targets of death threats from the "irrational fringe" stirred up by critics of the use of foreign law in court rulings.

• In speeches she gave before and after she retired in January, O'Connor responded to critics who were upset with the federal courts for not preventing the death of Terri Schiavo in 2005. "We must be ever vigilant against those who would strong-arm the judiciary into adopting their preferred policies," O'Connor said. Her candid remarks to USA TODAY published earlier this month struck the same theme.

• Justice Anthony Kennedy told Congress to butt out on the question of whether cameras should be allowed in the Supreme Court. "We feel very strongly that this matter should be left to the courts," Kennedy said during a budget hearing in April. Bills have been introduced requiring broadcast access.

Not all the justices' comments are on target. As a red-blooded journalist, I've argued for decades that the court should open its doors to cameras and microphones to give the public a much-needed education about a misunderstood branch of government.

The Supreme Court should take this step on its own, but if it is unwilling, it seems entirely within the power of Congress to require it.

Nonetheless, at least the justices' comments have a consistent theme: This Supreme Court takes a back seat to no other branch, and it is willing to fight for its independence and that of the judiciary as a whole.

Some commentators and editorial writers have harrumphed that the justices should stick to their opinion-writing and limit their public commentary to commencement-speech platitudes. These critics forget what is or should be a cardinal rule of journalism: Never criticize a public official for speaking to the public or the news media. More thoughtfully, some judges have

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privately expressed concern that by speaking out, the justices might squander the credibility and reputation for impartiality that should be preserved and reserved for their decisions.

Going too far

Certainly there are occasions when a justice can cross the line. For example, in March, in response to a question about the rights of enemy combatants, Scalia alluded to enemy soldiers "shooting at my son," a reference to his son Matthew's service in Iraq as an Army captain. That remark was understandable coming from a father whose son was in harm's way. But it does not instill confidence in the justice's ability to rule impartially in a pending case on that very subject. The impetuous Scalia might also have been wise to refrain from using a dismissive hand gesture — in front of a photographer, no less — when a Boston reporter asked him a question he did not like.

Apart from these indiscretions, there seems to be no reason why justices should not speak out, especially on issues that relate to the role and operation of the judiciary. Judicial canons of ethics allow it.

Borrowing a boxing term, Scalia used to say that judges must use a "rope-a-dope" strategy when criticized — taking the hits without fighting back, until their adversaries wear themselves out. Scalia and several other justices seem to have changed their minds, coming off the ropes and jabbing back.

Whether their adversaries in Congress swing back remains to be seen. But the judiciary and the nation are better off for having a debate in which both sides participate. We see a lot of the justices when they are up for confirmation — most recently, John Roberts and Samuel Alito — and it makes little sense that once they are confirmed and start doing the public's business, they drop out of sight.

In the same way that journalists must shed their vaunted neutrality when freedom of the press is under fire, so too should judges get involved when their authority is threatened. To stay independent, judges should act, and speak, independently.

Tony Mauro is the Supreme Court correspondent for American Lawyer Media and Legal Times. He also is a member of USA TODAY's board of contributors.

The Chief Justice Sets A Standard (WP)

By E. J. Dionne Jr.

The Washington Post, June 20, 2006

Is there a fight brewing among conservatives on the Supreme Court?

In a speech at Georgetown University law school last month that didn't get as much attention as it deserved, Chief Justice John Roberts laid out an approach to deciding cases that could disappoint those who like their court decisions bold and ideological.

Roberts's view could bring him into conflict with Justice Antonin Scalia, a fellow conservative who is absolutely certain what the Constitution means and is never afraid to say so.

The chief justice's speech defended the virtues of judicial humility: Justices should try to make the narrowest possible rulings and strive for unanimity, or something close to it.

"If it is not necessary to decide more to dispose of a case, in my view it is necessary not to decide more," Roberts said. Thus the Roberts Rule of Orderly Judging: The less the court decides the better.

And there was this corollary: "The broader the agreement among the justices, the more likely it is that the decision is on the narrowest possible ground."

"The rule of law is strengthened," Roberts insisted, "when there is greater coherence and agreement about what the law is."

But common sense can be controversial. Many on both the right and the left think that the purpose of the Supreme Court is to lay out very broad principles and to decide as much as those principles demand -- or permit.

Scalia's theory of "originalism" holds that the one thing that matters is what the writers of the Constitution "originally" meant. That often seems to correlate with what conservatives want to do, although Scalia will occasionally ditch his devotion to originalism if he needs another way to get to a conservative outcome. That's what happened last week in a 5 to 4 decision expanding police search powers. A more libertarian approach, Scalia said, applied "in different contexts and long ago." So much for originalism.

In his 1996 book "Legal Reasoning and Political Conflict," Cass Sunstein, a law professor at the University of Chicago, described Scalia's approach (and that of the late liberal Justice Hugo Black) as placing "a high premium on the creation and application of general rules." Judges, in this view, should "give guidance to lower courts, future legislators, and ordinary citizens through clear, abstract rules laid down in advance of actual applications."

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The problem with this, Sunstein argues, is that "rules may misfire, precisely because they are too rigid and . . . can go badly wrong when applied to concrete cases not anticipated when the rule was set down." Broad rulings, Sunstein writes, "tend to overreach."

In the past, judicial overreach was associated with liberals. But with conservatives now enjoying a majority on the Supreme Court -- it's likely to get more conservative if President Bush gets another appointment -- the danger of overreach comes from the right.

It's therefore important that Roberts seems to be setting his face against judicial activism. To propose that court decisions should achieve broad majorities is, in the current circumstance, to tell the court's conservatives that they have an obligation to temper their own passions and reach out to the liberal minority. To get 7 to 2, or 8 to 1, or 9 to 0 decisions, the court would have to avoid far-reaching declarations congenial to conservative doctrine.

Consider how Roberts's approach contrasts with what the court did in Bush v. Gore , the 2000 decision that made George W. Bush president. Justices David Souter and Stephen Breyer were desperately seeking consensus. They agreed with the pro-Bush judges that the recount in Florida should be conducted under uniform standards. But they insisted that Florida be given a chance to have the recount.

The court's narrow and -- let's call it what it was -- partisan majority told Souter and Breyer to get lost. Five justices wanted to end the thing and make Bush president. Imagine how much bitterness would have been avoided (and how respect for the rule of law would have been enhanced) if the court had instead sought, in Roberts's words, "greater coherence and agreement about what the law is."

No one can know how consistently Roberts will apply the principles he laid out in his Georgetown speech. The straight 5-to-4 ideological split last week on police searches was not encouraging. But if Roberts lives up to his Georgetown principles, he will justify all the votes cast for his confirmation by moderates and liberals. More important, he will win a place in history as the chief justice who ended the judicial wars.

The SWAT Syndrome (NYT)

By John Tierney

The New York Times, June 20, 2006

Of all the excuses for weakening the Fourth Amendment, the weirdest was the one offered by Justice Antonin Scalia last week in a Michigan drug case.

He wrote the majority opinion allowing police officers to use evidence found in a home even if they entered without following the venerable rule to knock first and announce themselves. To reassure traditionalists, Scalia declared that unreasonable searches are less of a problem today because of "the increasing professionalism of police forces."

Well, it's true that when police show up at your home in the middle of the night, they're better armed and trained than ever. They now routinely arrive with assault rifles, flash grenades and battering rams.

So if your definition of a professional is a soldier in a war zone, then Scalia is right. The number of paramilitary raids has soared in the past two decades as cities, suburbs and small towns have rushed to assemble their very own SWAT teams.

Some police veterans complain about "militarizing Mayberry," and can't figure out why towns averaging one homicide a decade need paramilitary units. But younger cops like the glamour — our very own SWAT team, just like on TV! Who wants to patrol a beat when you could be playing commando?

And who can resist free gear from Washington? Congress encouraged the SWAT syndrome by directing the Pentagon to give local police departments old machine guns, armed personnel carriers and helicopters. The federal government has also helped subsidize drug raids and encouraged locals to be aggressive by letting them keep a cut of the drug dealers' assets.

The SWAT teams were originally supposed to deal with extraordinary threats, like hostage situations, snipers and heavily armed drug gangs. Since 9/11, of course, they've been justified for combating terrorists. But such situations are so rare that the teams have had to invent new missions to keep busy — and to pay for their operations by finding assets to seize.

Most of the time they're used simply to carry out searches for drugs, often on the basis of dubious tips from informants, often against small-time dealers and other people with no history of violence. The commandos have a proclivity for going to the wrong address, and they tend to be impatient with anything that gets in their way. In articles about SWAT raids, a motif is the shooting of family pets in front of children.

It's hard to know how many botched and unnecessary raids there have been, because police don't systematically track their errors, and the victims often have little recourse. But in a forthcoming report for the Cato Institute, Radley Balko concludes that mistakes have been made in more than 200 raids over the past decade.

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He finds that overzealous raiders caused the deaths of a dozen nonviolent offenders, like recreational marijuana smokers and gamblers. In a Virginia suburb of Washington earlier this year, an optometrist being investigated for betting on sports was standing unarmed outside his town house, offering no resistance, when a SWAT officer's rifle discharged and killed him.

Balko also finds that two dozen people died in raids who were not guilty of any crime, like a Mexican immigrant killed by Denver police raiding the wrong home. Some died because they understandably assumed the masked invaders were criminals and picked up weapons to defend themselves. Some were innocent bystanders, like an 11-year-old boy shot in Modesto, Calif., and a 57-year-old woman in Harlem who had a heart attack when police set off a flash grenade during a raid based on a faulty tip.

"Prosecutors typically let police officers off the hook when they mistakenly shoot a civilian," Balko says, "on the theory that mistakes are understandable during the confusion of a raid. Fair enough. But civilians don't get the same deference. My research shows that when someone on the other end of a botched raid mistakes a police officer for an intruder and shoots in self-defense, his odds of facing jail time are about one in two."

The best way to avoid these mistakes would be to save SWAT teams for real crises and let police execute search warrants the old-fashioned way. They could find out, for instance, if they're at the wrong address before anyone pulls the trigger.

But thanks to the Supreme Court, they now have less reason to knock first and shoot later. They can be more professional than ever.

OTHER NEWS:

Inflation Fears Hit Wall Street Again As S&P 500 Veers Back Into The Red (WSJ)

By E.S. Browning

The Wall Street Journal, June 20, 2006

Stagflation fears reared their heads again, knocking stocks down and sending the Standard & Poor's 500-stock index back into negative territory for 2006.

Worries that persistent inflation could make the Federal Reserve push interest rates too high, stifling economic growth, sent the Dow Jones Industrial Average down 72.44 points, or 0.66%, to 10942.11, its ninth decline in 12 sessions. It is up 2.1% this year, but down 6% since hitting a six-year high May 10. Stagflation is the combination of inflation and a slumping economy.

The S&P 500, however, fell back into the red for the year. It declined 0.91%, or 11.40 points, to 1240.14, off 0.7% since the year began.

Stocks began the day with gains, following advances in several European and developing-country markets. But then Jack Guynn, president of the Federal Reserve Bank of Atlanta, repeated that inflation is too high, which reinforced fears that the Fed could raise interest rates more than once this summer. Higher rates are usually bad for stocks and bonds, because they crimp corporate profits and make existing bonds, with their lower rates, less attractive.

Stocks fell further after the National Association of Home Builders reported that its index of business conditions fell to its lowest level in 11 years. That reinforced fears that Fed rate increases could overshoot the mark, slowing the economy too much and squeezing profits.

"The market has the perspective of a slowing economy, including a slowdown in housing, which certainly has been the engine of growth in the last several years," said Jay Suskind, director of trading at brokerage firm Ryan Beck & Co. in Florham Park, N.J. "It is tough to buy the market right now."

Investors were nervously awaiting today's report on May housing starts.

Oil futures continued to decline, falling 90 cents to $68.98 a barrel, but instead of reassuring investors, that news reinforced concerns about economic weakness. Gold fell $9.20 to $568.80 a troy ounce.

The Nasdaq Composite Index decreased 0.92%, or 19.53 points, finishing at 2110.42, down 4.3% this year. Small stocks led the declines.

Outside the U.S., stocks declined in dollar terms. The Dow Jones World Stock Index, excluding U.S. stocks, fell 0.53%, or 1.08 points, to 202.37.

In major U.S. market action:

Stocks retreated. Total trading volume for stocks listed on the New York Stock Exchange was 2.18 billion shares, as 867 stocks rose and 2,461 fell.

Bond prices declined. The 10-year Treasury note fell 3/32, or 94 cents for each $1,000 invested, pushing the yield up to 5.143%. The 30-year bond was down 4/32 to yield 5.181%.

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The dollar strengthened. Late in New York, it traded at 115.42 yen, up from 115.13, while the euro fell against the dollar to $1.2577 from $1.2639.

Bush Raises $27 Million For GOP (WP)

By Zachary A. Goldfarb

The Washington Post, June 20, 2006

President Bush suggested last night that Republicans must remain in control of Congress for the country to effectively combat terrorism and keep the economy healthy, speaking at a $27 million fundraiser meant to provide a needed boost to the campaign war chest of congressional Republicans.

"The most important responsibility we have in Washington is to defend the people of the United States," he said. "When this country sees a threat, we must deal with it before it fully materializes."

Bush addressed about 5,000 of the GOP's strongest supporters at the "President's Dinner," the largest fundraiser of the year for the Republicans' two congressional campaign committees.

Bush said that the "Democrats are good talkers, we're good doers," but generally avoided the harsh language he used to describe the Democrats at last year's dinner, when he urged support for his Social Security plan.

At the Washington Convention Center last night, he defended the decision to invade Iraq and invoked the events of Sept. 11, 2001, to say that the United States must "stay on the offensive" before its enemies "hurt America." He added: "It's important to have members of the United States Congress who will not wave the white flag of surrender in the war on terror."

The amount raised yesterday eclipses the $23 million the committees took at the event last year. The NRCC will receive $15 million of the $27 million, and the National Republican Senatorial Committee will get $12 million.

The infusion of cash could not come at a better time for Republicans, who are defending 35 competitive seats in the November elections, compared with 10 such seats for the Democrats, according to the nonpartisan Cook Political Report. In addition, Democrats this year have been erasing the fundraising advantage the GOP has traditionally held.

As of April 30, the Democratic Congressional Campaign Committee was trailing its Republican counterpart by $15,000 in cash on hand, a small figure given the GOP's usual advantage. The Democrats' Senate committee had nearly double the available cash on hand as its Republican counterpart.

But Rep. Jim McCrery (R-La.), the House chair of the dinner, said in an interview: "I think this dinner is going to reestablish the cash advantage . . . that we've historically had."

McCrery said that "the atmosphere that hung over the political scene was a contributor to members having to make more phone calls to raise money for the dinner." But he added that good news for the president in recent weeks -- successes in Iraq and the clearing of his top adviser, Karl Rove -- encouraged Republicans and led to a spike in ticket-buying.

It cost $2,500 for a ticket to the dinner. Campaign finance regulations allow someone to contribute up to $25,000 per party committee. Last night, for that sum, attendees could be photographed with the president.

Sarah Feinberg, press secretary for the DCCC, said "the reality is" that Republicans are struggling to keep pace with what they have raised in years past while the DCCC "continues to break fundraising records. . . . The American people desperately want change and a new direction in Washington, and they are making that preference abundantly clear by contributing to Democratic campaigns."

But McCrery said the dinner marks a change in that pattern: "Republicans have certainly wrested the momentum from the Democrats."

Bush Helps Republicans Raise Cash (WP/AP)

By Tom Raum, Associated Press

The Washington Post, June 20, 2006

WASHINGTON -- President Bush on Monday helped Republicans raise $27 million toward the fall congressional elections, acknowledging that the unfinished war in Iraq remains a top concern in a difficult political season.

"It is important to have members of the United States Congress who will not raise the white flag of surrender in the war on terror," Bush told donors at a fundraiser sponsored by House and Senate GOP campaign committees.

He criticized proposals, such as are being advocated by some leading Democrats in Congress, for a phased withdrawal of U.S. troops. "An early withdrawal would be a defeat for the United States," Bush told an audience of about 5,000 attendees at the Washington Convention Center.

Organizers said the event raised $27 million _ $15 million for Senate candidates and $12 million for House candidates.

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"We're prepared for an aggressive, effective campaign this year," House Speaker Dennis Hastert of Illinois, who spoke before Bush, told the gathering.

Bush told his cheering, well-heeled audience, "We're going to keep the House and we're going to keep the Senate thanks to all of you here."

"We're going to win the war on terror _ if we don't lose our nerve," Bush said.

Polls show declining public support for the war in Iraq, which is weighing down Republicans on the ballot.

But while Republican candidates have been eagerly accepting the fundraising help that Bush can offer, his presence on the campaign trail has not been enthusiastically welcomed by all Republicans, particularly those in tough races.

Democrats have sought to tie Republican candidates to Bush administration policy on the war and on other contentious issues.

"At a time when our troops are fighting bravely in Iraq with no clear plan for victory, and the Republican-led Congress has abandoned much needed comprehensive immigration reform, the president has made raising millions from special interests his number one priority," said Karen Finney, communications director of the Democratic National Committee.

Still, Bush's hand has been strengthened by several weeks of good news from Iraq and domestically.

Senate Majority Leader Bill Frist, speaking of Iraq, told the president, "We will stay with you until our job is done."

"We've got five months to remind Americans why they elected us," Frist added.

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On the Net:

White House: http://www.whitehouse.gov

National Republican Senatorial Committee: http://www.nrsc.org

Santorum Seeks Jewish Vote In His Tough Nov. Match-up (HILL)

By Jonathan Allen

The Hill, June 20, 2006

Sen. Rick Santorum is aggressively pursuing support from the Jewish community as his tough November match-up with Democratic state Treasurer Robert Casey Jr. draws closer.

The Republican junior senator from Pennsylvania was scheduled to meet last night at Haverford College with Natan Sharansky, a former Soviet political prisoner who later became deputy prime minister of Israel.

Santorum's forum with the icon of Soviet Jewry was billed as a "conversation" on religious freedom, an issue Santorum has championed as co-chairman of a congressional working group on the subject. It also sent a signal to Israel's most ardent supporters that Santorum is with them.

Sharansky is a powerful symbol of right-wing Israeli politics, and his 2004 book The Case for Democracy: The Power of Freedom to Overcome Tyranny and Terror has been influential among neoconservatives in the Bush administration.

The Haverford event, moderated by leading neoconservative Daniel Pipes, was just the latest example of Santorum playing up his long-standing support for Israel during the campaign season. It will not be the last.

The senator surprised colleagues last week when he unsuccessfully tried to amend a defense authorization bill with a measure designed to prevent Iran from developing nuclear weapons. The amendment was rejected after the White House and many senators opposed it on the grounds that it could disrupt U.S.-Iranian negotiations.

"The amendment runs counter to our efforts and those of the international community to present Iran with a clear choice regarding their nuclear ambitions," Jeffrey Bergner, assistant secretary of state for legislative affairs, wrote to Armed Services Committee Chairman John Warner (R-Va.). "This amendment, if enacted, would shift unified international attention away from Iran's nuclear activities and create a rift between the U.S. and our closest international partners."

Some in the pro-Israel camp disagreed with Santorum's strategy or timing, but the substance of his amendment has support among hawks. And the episode allowed him to reiterate his tough stance toward Iran, a nation of great concern to Israel and its friends because of its potential nuclear capability.

Hawkish support for Israel figures to help Santorum not only with donors and any remaining undecided voters in Pennsylvania's Jewish community but with his base among evangelical Christian voters, who have increasingly become fierce advocates for Israel in recent years.

Activists in Pennsylvania's Jewish community say that even if Santorum is placing more emphasis on Israel lately his support is nothing new.

"It's not as if he's a Johnny-come-lately to this issue," said Robin Schatz, director of government affairs for the Jewish Federation of Greater Philadelphia. "Senator Santorum has really been a leader in terms of pro-Israel work in the Senate."

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Santorum has a Religious Freedom Day celebration planned for today with several lawmakers and a variety of religious leaders. His working group on the topic meets about once a month when the Senate is in session, according to a Senate Republican leadership aide.

"Religious liberty is a huge passion of his because he thinks it's the first right, the first freedom. Without this freedom all the other ones are in trouble," the aide said.

Santorum's worldview embraces Israel as a model for other democracies in the Middle East, according to Ken Davis chairman of the Montgomery County Republican Party in southeastern Pennsylvania.

Davis, a Jewish activist, said Santorum's positions should make him attractive to voters for whom Israel's security is the top issue.

"Those in our community who think for themselves and recognize the importance of the issue will support the senator, and he deserves the support because he's been there all along," Davis said.

But Jewish voters have traditionally sided with Democrats because of their domestic policies, meaning Santorum gets mixed reviews in the Jewish community.

"He's very good on some of the issues that are important to us and not so good on others," Schatz said.

Even if he cannot win over Jews who side with Democrats on domestic issues, Santorum's support for Israel is helping him raise money. He ranks 10th among lawmakers in donations from pro-Israel groups, according to the Center for Responsive Politics, though it is impossible to track money from individual pro-Israel donors accurately.

"His beliefs here are the driving force, not the money — though they are certainly not mutually inconsistent," said G. Terry Madonna, a political scientist at Franklin & Marshall College. "Only about 2 percent of the voters are Jewish — not huge, but they are important disproportionately as funders and fundraisers."

In late April, Santorum sponsored a Senate resolution recognizing Holocaust Remembrance Day, even though it is Pennsylvania's other Republican senator, Arlen Specter, who is Jewish.

Next month he plans to host a "Jewish Leadership Summit" on Capitol Hill to discuss "foreign policy and religious-freedom issues." Invitees include White House Chief of Staff Joshua Bolten, Foreign Relations Committee Chairman Richard Lugar (R-Ind.), Specter, Sen. Norm Coleman (R-Minn.) and Virginia Rep. Eric Cantor, the lone Jewish Republican in the House.

Dean's Brother Raps DSCC Over Stance On Lieberman (RC)

By Nicole Duran

Roll Call, June 20, 2006

Sen. Joe Lieberman's (D-Conn.) refusal to rule out seeking re-election as an Independent should he lose the Aug. 8 Democratic primary has led to a verbal assault by the brother of Democratic National Committee Chairman Howard Dean on Democratic Senatorial Campaign Committee Chairman Charles Schumer (D-N.Y.).

Democracy for America, the group that grew out of Dean's unsuccessful presidential bid and is now led by his brother, Jim Dean, is circulating a petition to Schumer calling on him to stand by the winner of the Democratic primary.

Democracy for America is backing Lieberman's challenger, millionaire cable-executive Ned Lamont.

Schumer "has said that the DSCC will not rule out supporting Lieberman if he runs as an Independent," a Democracy for America e-mail sent to supporters last week reads. "The DSCC's mission is to elect Democrats to the Senate. Yet in this case, they would prefer to back an incumbent who leaves the party instead of a principled progressive who's proud to be a Democrat."

Schumer has not said what the DSCC would do should Lamont best Lieberman and Lieberman decided to press on as an Independent.

"We'll cross that bridge when we come to it," Schumer told reporters last week.

And that is what has Democracy for America — and Howard Dean's brother — pressing Lieberman and Schumer.

"My reaction to all of this is that there's a lot of mumbling going on here," Jim Dean said in an interview. "We would really like Sen. Lieberman just to get clear about this."

Lieberman told The Hartford Courant Monday that he would not drop out of the Democratic primary but he stopped short of promising anything beyond that.

"I will be in the Democratic primary. I've been a Democrat all my life," Lieberman said. "If the unexpected happened, do I want to keep open the option of taking my case as an Independent Democrat to all the voters of Connecticut so that they can have the last word in November?"

Dean said national Democrats should call upon Lieberman to rule out an Independent bid.

"I wish the Democratic leadership of this party would take this seriously," Dean said. "This is the kind of thing that got us in trouble 15 years ago. The question for the DSCC is: 'do you support Democratic candidates or not?"

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DSCC spokesman Phil Singer would not answer the question directly.

"This is much ado about nothing: Joe Lieberman is and will remain a candidate in the Democratic primary," Singer said.

Should Lieberman lose — the latest polls show him comfortably leading Lamont — and should he continue on as an Independent with the DSCC's backing, the DSCC would lose credibility with many Democratic activists, Dean said.

"The battle in this party is not an ideological debate right now it's between the activist community and the culture of supporting incumbents" at all costs, Dean said.

He said that a number of big Democratic donors are unhappy with the DSCC's role, whether overt or behind-the-scenes — in some Senate primaries.

For instance, women's groups openly chided the DSCC for pursuing Pennsylvania state Treasurer Bob Casey Jr. and Rep. James Langevin (D-R.I.) as Senate candidates, despite their opposition to abortion rights.

Casey, with the DSCC's help, ultimately became the challenger to Sen. Rick Santorum (R-Pa.) while Langevin opted not to take on Sen. Lincoln Chafee (R-R.I.).

That rift healed but other Democratic activists were furious when national Democrats first courted, then pushed aside, Iraq war veteran Paul Hackett as the chosen Democrat to take on Sen. Mike DeWine (R-Ohio).

"Getting Hackett out was not their best day," Dean said. "It's not a great time for Sen. Schumer to be arbitrarily deciding that it's up to him alone" to decide whom to endorse.

Schumer and other Democratic leaders are undoubtedly in a tough position as they figure out to handle a potential Lieberman Independent candidacy.

It is not unprecedented for the DSCC to support a like-minded Independent. The committee has made no secret that it is backing Rep. Bernie Sanders (I-Vt.) as he attempts to win the open Senate seat in the Green Mountain State.

In that case, however, Democrats were able to clear the field for Sanders so that no strong Democrat sought the seat.

Sanders caucuses with Democrats in the House and said he would continue to do so if elected to the Senate.

In light of that, Dean said the DSCC should clarify its position on supporting Independents. Dean said he understands that his actions "will ruffle a few feathers" but that it is necessary to ensure that the party has clear policies in such matters.

If Dean's petition drive puts Schumer in a bind, it probably puts the DNC chairman in an even more awkward position.

"I don't really think of that very often because he's kind of on a different mission," Jim Dean said of his brother. "He's not as involved in federal races. He is building the 50-state strategy."

Dean was also careful to reiterate that he and his brother do not discuss business.

DNC spokeswoman Stacie Paxton would only say: "the DNC doesn't get involved in Democratic primaries."

McCain Weighs The Chance To Run Again (FT)

By Demetri Sevastopulo

Financial Times, June 20, 2006

With the US presidential election more than two years away, most contemplating a tilt at the White House are cloaking their ambitions in euphemism and obfuscation.

But in this, as so much else, Senator John McCain is an unusual kind of politician. The Arizona Republican seems positively to relish talking about the prospect he may run in 2008 – even discussing how his family feels about the looming decision.

Mr McCain, who lost his party's nomination to George W. Bush in 2000 after staging a strong challenge, says his children, two still in their teens, would support him but grins that it might "cramp their style". His wife Cindy, on the other hand, "probably needs some more convincing". One of the downsides of the campaign trail, he reflects, is having to take "a lot of shots".

In a wide-ranging interview with the Financial Times, he gives the impression of a man weighing whether his chances of victory are worth the gargantuan effort, especially as, at 69, he would be the oldest ever to enter the White House. He muses: "The major question is, 'Do my talents, experience, and capabilities match up with the priorities of the American people, which mean that I would have a fairly good chance to gain the nomination of my party and win a general election?'"

In a political landscape marked by intense partisan battles, Mr McCain is an anomaly, a man so widely trusted that a recent poll found most Democrats would vote for a candidate he endorsed in the November congressional elections. Tortured by the Vietnamese during five and a half years as a prisoner of war, he has further bolstered his moral authority by taking up the cudgels over issues – notably campaign finance reform and anti-torture legislation – that have won him support far beyond his own party.

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Asked to explain his popularity, he says: "I think it is my reputation for independence, for straight talk." Nor is he shy about acknowledging his own charisma. "It sounds very self-serving, but [I have] a little star power. They've seen me on Jon Stewart, Jay Leno, David Letterman, hosting Saturday Night Live . . . "

But of late, the man many Democrats view as the acceptable face of the Republican party appears to have been courting its base, speaking warmly of Mr Bush and making overtures to the religious right, whose support he will need if he is capture the nomination in what promises to be a bitterly fought primary season.

He caught flak for speaking at Liberty University, the conservative institution run by the Reverend Jerry Falwell whom, during the 2000 campaign, he had branded an "agent of intolerance". But he rebuts claims that he is pandering to the religious right, pointing out that he also spoke at New School University, a liberal college.

He says his positions on issues such as torture, climate change and opposition to a proposed constitutional amendment that would abrogate states' rights over permitting gay marriage have not changed. "But I also understand that when you are the 'perceived frontrunner' every phrase is analysed, and every nuance is criticised in some quarters . . . " With a flash of vintage McCain charm he adds: "Still it is nicer to be the 'perceived frontrunner' than the 'perceived loser'."

His ease in discussing his candidacy is equalled by Hillary Clinton's reluctance even to acknowledge her status as the 'perceived' Democrat contender-in-chief. The man who turned down an invitation to be John Kerry's running-mate two years ago is seen as the prospective Republican candidate with the strongest "crossover" appeal to Democrat voters. It is perhaps no coincidence that he seems anxious to go head-to-head with Mrs Clinton, a polarising figure whom some Democrats would be reluctant to support. She "would be very interesting to run against", says Mr McCain. "First woman nominee, very smart, very tough, very principled."

Will the Democrats pick her as their standard-bearer? "Oh yeah. I don't know how she [will not be] the nominee of her party."

In the eyes of many, Mr McCain was a neo-conservative long before the creed became the dominant philosophy of Washington's governing elite. He was one of the small number of Republicans who supported military involvement in Bosnia in 1995 and was urging action to remove Saddam Hussein while Bill Clinton was still in the White House.

But in detailed exchanges about the thorniest foreign policy issues of the day – Iraq, Iran, North Korea – he is prepared to acknowledge that interventionism has its limits, even as he waxes impatient with Mr Bush's willingness to tolerate unpalatable regimes to achieve his foreign policy ends.

On Iraq Mr McCain's views are little different to those of Mrs Clinton. Both supported the war but have been highly critical of the way the Bush administration has managed the peace. On the day the FT spoke to him in his office in the Senate Russell building, Mr McCain had attended a briefing on Iraq by Condoleezza Rice, secretary of state, and Donald Rumsfeld, the defence secretary with whom he has an antagonistic relationship.

Asked whether he is any happier with Mr Rumsfeld these days, his reply is crisp: "No." But he stops short of echoing the views of a group of retired generals who recently called for the defence secretary's resignation. "There is no point in me trying to get into an open confrontation with the secretary of defence," says Mr McCain. "It would harm our effort rather than help it."

The conclave with Mr Rumsfeld and Ms Rice followed a rare spate of good news from Iraq: the death of Abu Musab al-Zarqawi, the leader of al-Qaeda in Iraq who was killed in a US air strike, and the completion of the Iraqi cabinet.

"I think that some of their optimism is understandable, but I hope that it doesn't turn into irrational exuberance because . . . it is still very long, very hard, very tough," cautions Mr McCain. But in contrast to the mass of the war's congressional critics, who are anxious to accelerate the timetable for pulling out some of America's 130,000 troops, Mr McCain argues that the US has too few boots on the ground and is "like the little Dutch boy with his thumb in the dyke". He points to a recent decision to divert troops from Falluja, a former insurgent stronghold, to deal with growing violence in Ramadi. He expresses concern about the mounting pressure on the administration to withdraw troops. But he has faith in Mr Bush, confident that he will not "make that announcement unless conditions on the ground justify it" – which he does not expect to be soon.

"When I hear of a major operation in Baghdad, or in the Sunni triangle, where the only support [the Iraqis] need is US air support, and it is successful, then I will believe that we have made progress," says Mr McCain. "When I can land at the airport at Baghdad and get into a vehicle and drive to the Green Zone, I will believe that we have made progress."

Mr McCain says the mistakes the US has made in Iraq have done significant damage, including emboldening Iran, a country for which he reserves his harshest condemnation.

Mr McCain supports the Bush administration's recent decision to back a package of incentives aimed at persuading Iran to abandon its nuclear programme and chides those who accuse the president of warmongering. "When [Mr Bush] says 'I am not taking the military option off the table', it is because you can't," says Mr McCain. "It doesn't mean you are considering the military

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option. But suppose we knew that Iran was going to attack Israel, are we saying that we would do nothing? Clearly, we can't do nothing."

Asked whether he believes negotiations with Iran could produce a better outcome than the US has achieved in years of on-again, off-again talks with North Korea, Mr McCain replies that he is an "eternal optimist". But in a clue to his priorities were he to become president, he says that preventing countries from developing nuclear weapons will be one of the century's biggest challenges.

His sense of urgency is underscored by reports that North Korea is preparing to launch a long-range missile with the potential to hit the US. He fears such moves by Kim Jong-il, the North Korean leader, will eventually prompt Japan to develop offensive weapons, which he warns could re-ignite hostility between Japan and China.

"The key to all this . . . is China," says Mr McCain. "It is not in China's interest to see this kind of destabilisation. So why they don't put more pressure on the Dear Leader is something I simply do not understand."

He also expresses disappointment in the South Korean government, accusing it of bribing North Korea with its "sunshine policy" of increased economic engagement.

But while Mr McCain would like China to do more, he recognises that the US has little leverage. "Obviously, their exports to our markets are a vital part of their economic engine but, at the same time, [if] you start down this path of retaliation it sometimes lurches out of control," the senator warns.

Another country that receives his opprobrium for its crackdown on democracy is Russia. Relations between Washington and President Vladimir Putin took another turn for the worse last month after US vice-president Dick Cheney rebuked the Kremlin for using energy supplies as "tools of intimidation and blackmail".

Asked whether he was concerned that the US was alienating Russia, whose support is needed in US efforts to press Iran to give up its nuclear programme, he acknowledges that there needs to be a "careful balance". "I would have appreciated the vice-president's speech a lot more if he hadn't gone to Kazakhstan and praised a dictator in that country. His speech lost a little of its impact when he did that," he notes with a touch of irony.

Mr McCain appears to agree with critics of US foreign policy who scent a gap between rhetoric and reality in the Bush administration's approach to undemocratic regimes such as Kazakhstan, Azerbaijan and Saudi Arabia. Nursultan Nazarbayev, the Kazakh president, is expected soon to visit the White House – just months after Ilham Aliyev, the president of Azerbaijan, was hosted by Mr Bush.

In what sounds like his personal foreign policy doctrine, Mr McCain says he understands that there is always a tension between real-politik and a Wilsonian commitment to spreading democracy. But he warns that, "nine times out of 10 when we prop up dictatorial regimes, over time we pay a price for it".

He goes on: "Maybe the message is that we are more selective in our advocacy than perhaps we would like to be. I do think we run a risk. I met with Aliyev before the first election and I said, 'you have to have a free and fair election'. They didn't. In the case of Nazarbayev, these are true cults of personality that we are seeing and those things never last. They end up at some time in the dustbin of history."

Perhaps wary of being seen as embodying the neo-con commitment to removing undemocratic regimes by force, Mr McCain stresses that he does not contemplate military action to overthrow governments.

But he adds: "I believe our advocacy of freedom and democracy should not be defined by either geography or ethnicity." Will he be in a position to implement his philosophy? That may rest on whether an electorate, alarmed by the rising death toll in Iraq, is ready to embrace a man whose belief in spreading the American brand of democracy may exceed even that of George W. Bush.

Poll: Clinton Gets High 'no' Vote For 2008 (CNN)

CNN.com, June 20, 2006

(CNN) -- With the presidential election more than two years away, a CNN poll released Monday suggests that nearly half of Americans would "definitely vote against" Sen. Hillary Rodham Clinton.

Respondents were asked whether they would "definitely vote for," "consider voting for," or "definitely vote against" three Democrats and three Republicans who might run for president in 2008.

Regarding potential Democratic candidates, 47 percent of respondents said they would "definitely vote against" both Clinton, the junior senator from New York who is running for re-election this year, and Sen. John Kerry of Massachusetts, the party's candidate in 2004. (Poll)

Forty-eight percent said the same of former Vice President Al Gore, who has repeatedly denied he intends to run again for president.

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Among the Republicans, Sen. John McCain of Arizona and former New York Mayor Rudy Giuliani fared better than the Democrats, and Florida Gov. Jeb Bush fared worse.

Only 30 percent said they would "definitely vote against" Giuliani; 34 percent said that of McCain.

As for Bush, brother of the current president, 63 percent said there was no way he would get their vote. The younger Bush has denied interest in running for president in 2008.

Among all choices, Clinton had the highest positive number; of those polled, 22 percent said they would "definitely vote for" her.

Giuliani was next with 19 percent, followed by Gore with 17 percent, Kerry with 14 percent, McCain with 12 percent and Bush at 9 percent.

This telephone poll of 1,001 adult Americans was conducted June 1-6 by Harris Interactive for CNN. The poll had a sampling error of plus or minus 3 percentage points.

Weekly Wal-Mart Shoppers Are Midterms' NASCAR Dads (HILL)

By Aaron Blake

The Hill, June 20, 2006

In 2004, it was NASCAR dads. Before that, soccer moms.

In the upcoming elections, pollster John Zogby says, the parties need look no further than the biggest retail phenomenon in the world — Wal-Mart — for this year's elusive group of swing voters.

Zogby said he has found a direct correlation between how often Wal-Mart customers shop there and how reliably conservative they are. While this group voted overwhelmingly Republican in 2004, it is less entrenched than other conservative groups, and Zogby's numbers indicate it is wavering.

"Wal-Mart is so much more than retail," Zogby said. "It's a religion out there."

According to a study by Scarborough Research, Wal-Mart shoppers are, on the whole, evenly divided between Republican and Democrat. Of those who had shopped at Wal-Mart in the past three months — three-fourths of the sample — 32 percent identified themselves as Republicans and 29 percent as Democrats.

But as the shopping trips to Wal-Mart become more frequent, Zogby said, it's a different story. The more they shop there, the more conservative they've tended to be.

Today those weekly Wal-Mart shoppers are giving Bush a 35 percent approval rating and rate Republicans in Congress 27 percent positive, and 20 percentage points more of them prefer a Democratic-led Congress than prefer a Republican one.

They also rate Democrats better on jobs and the economy, healthcare and taxes. But they still give Republicans higher marks for family values and fighting terrorism, two supposed linchpins of Bush's reelection.

Zogby, who is researching the topic for a book he's writing, said that weekly Wal-Mart shoppers represent about one-fifth of the population and that people who never shop there represent about a quarter, making both groups significant parts of the electorate.

He said that he's still surmising what issues sway weekly Wal-Mart shoppers the most but that he believes the war in Iraq and the economy are likely candidates.

The household income of a "regular" Wal-Mart shopper averages about $35,000 and 57 percent of Southerners shop there regularly, according to a Pew Research Center study. Comparatively, only 24 percent of Northeasterners shop regularly at Wal-Mart, though nearly half stop in "once in a while."

In 2004, NASCAR dads were thought to be a crucial swing vote, although many experts came to express doubt about the theory. In previous elections, it was soccer moms. NASCAR dads were blue-collar white men from rural areas of the South; soccer moms were moderate mothers concerned about healthcare, education and taxes.

There is significant overlap between weekly Wal-Mart shoppers and a group Pew has defined as "pro-government conservatives." According to a study issued after the 2004 election, 1 out of 10 voters falls into this group, which gave Bush 15 percent of his base in 2004. Slightly more than half are Republicans, while another 35 percent identify themselves as Republican-leaning independents.

These Wal-Mart shoppers, for the most part, are conservative on social issues such as gay marriage and abortion and tend to be rural and religious. But they also believe in social programs for the poor, are often poor themselves, don't like Bush's tax cuts and are less supportive of preemptive force and the war in Iraq than other conservatives.

While they voted with Republicans on social issues and national security in the past, they are more susceptible to drifting toward the Democratic column than other conservatives, said Pew Director of Survey Research Scott Keeter.

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"We do think that this is a group that potentially is having anxieties economically right now, about healthcare and the like, and while they may be cross-pressured on social issues … right now the economic issues may be more important to them," Keeter said. "And it could be that the war in Iraq is also a source of anxiety because there is at least some evidence that more of the direct impact of people fighting in the war is being felt by people in more rural areas."

According to the Pew study, despite voting 5-1 for Bush in 2004, 38 percent of pro-government conservatives had a positive view of the Democratic Party and more than half like both Bill and Hillary Clinton.

Zogby said the weekly Wal-Mart shoppers and the Pew group are indeed similar.

"'Pro-government conservatives' is very true," Zogby said. "There are all sorts of clusters. But we know where many of them are on a weeknight in America."

Wal-Mart founder Sam Walton was not considered a political man, but the backlash against Wal-Mart's wage levels and benefits, mostly from the left, has made the world's biggest retailer an increasingly hot-button political topic.

Another Zogby poll from late 2005, commissioned by an anti-Wal-Mart website, said more than half of the country thinks Wal-Mart is "bad for America." A Pew poll, released two weeks later, put that number at 24 percent.

Many of Wal-Mart's battles are being fought on the local level, with communities deciding whether to allow the retail giant to build stores in their neighborhoods. But labor, healthcare and other issues have led the company to increase its national political presence considerably over the past decade.

Wal-Mart's contributions to national political candidates have increased steadily in recent years, and Republicans are on the receiving end of most of the giving. In the 2004 election cycle, Wal-Mart's PAC gave more than $1.3 million to Republicans and $370,000 to Democrats. Rep. Phil Gingrey (R-Ga.) received the most, with $17,500, and dozens got $10,000 or more.

Its PAC and employees gave more than $2 million overall to federal candidates and parties, making it the second-biggest miscellaneous business benefactor, according to the Center for Responsive Politics. This cycle it ranks fifth, with more than a half-million dollars in contributions.

Lee Culpepper, Wal-Mart's lead lobbyist in Washington, said Republicans' more favorable attitude toward business and the fact that there are simply more of them in Congress have made them more attractive for PAC contributions.

"When you put those two factors together, it's understandable why you'd have more support for Republicans than Democrats," Culpepper said.

But he said that's changing as the PAC grows. The split is now 71-29 percent in favor of Republicans, down from 93-7 during the 1998 cycle, when it gave just $135,000.

"Our PAC … has been increasing support to Democratic candidates who support business," he said.

Governor's Troubles Threaten G.O.P. In Kentucky (NYT)

By Ian Urbina

The New York Times, June 20, 2006

FRANKFORT, Ky. — The real risk in noodling, which involves sticking your arm into a catfish nesting hole and yanking out whatever swallows your fist, is not in getting caught doing it out of season, but in reaching too far into the hole and getting snagged by spiny fins.

Just consider the case of Gov. Ernie Fletcher of Kentucky.

A year ago, after being accused of illegally forcing Democrats out of state Civil Service jobs and giving the jobs to political loyalists, Mr. Fletcher, a Republican, dismissed the charges as little worse than noodling in March. (Noodling is legal only from June 1 to Aug. 31.)

But 15 indictments later, Mr. Fletcher's administration — including his self-titled Disciples, accused of being the ringleaders of the patronage scheme — is still feeling the sting as his approval ratings drop below 30 percent.

Most of his former backers, including his mentor, Senator Mitch McConnell, have distanced themselves from him, and Democrats point to the case as another example of Republican corruption and overreach. Mr. Fletcher was indicted on three misdemeanor charges; while on vacation in Florida in early June, he had his lawyer enter a plea of not guilty.

The accusations have threatened to reverse a tide that Republicans in the state have worked for more than a decade to turn in their favor. With the party controlling the State Senate and just shy of a majority in the House, many Republicans viewed Mr. Fletcher's easy victory in 2003 as the dawning of a new political era for the Bluegrass State.

"The state is still potentially a swing state, and this will certainly slow its drift toward Republicanism," said Al Cross, a political writer and professor of journalism at the University of Kentucky. "This is definitely being amplified by what is going on in Washington. We can expect a lot more wind to be in the face of Republicans at a time when the state was trending their way."

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To add to his troubles, Mr. Fletcher, the first Republican governor here in more than 30 years, lost a highly public effort to force the chairman of the state Republican Party to step down. In June he fired his fifth press secretary, and in the same week he began warring with his lieutenant governor, Steve Pence, who announced he would not share the ticket with Mr. Fletcher in 2007. Mr. Pence has refused to step down from office despite a request from the governor that he do so.

Mr. Fletcher insists, however, that he is not worried about the fallout.

"I trust that if we keep doing the right thing, our accomplishments will speak for themselves," he said in an interview, citing job growth, tax reform and balancing the budget as his top achievements. "The bottom line is that we're not going to let these folks run us out of town."

Mr. Fletcher contends that the investigation into his office is a partisan witch hunt and that the state's attorney general, Gregory D. Stumbo, a Democrat, has aspirations to run for governor.

The charges against Mr. Fletcher — conspiracy, official misconduct and political discrimination — were brought on May 11. The 14 other members of his administration who have been indicted are charged with a total of 23 felonies and 60 misdemeanors for, among other things, criminal conspiracy and evidence tampering. In August 2005, Mr. Fletcher issued a blanket pardon protecting everyone in his administration but himself from prosecution.

A spokeswoman for Mr. Stumbo, Vicki Glass, dismissed Mr. Fletcher's accusation that there was a political motive for the charges.

"In light of the judge's request that we not talk about the case, we're letting the court proceedings speak for themselves," Ms. Glass said, standing in Mr. Stumbo's office, its walls lined with large bass that the attorney general had caught on fishing trips. While not ruling out a run for governor once his investigation ends, Mr. Stumbo has said he intends to see the case through to conclusion.

Whatever the motivation behind them, the charges have succeeded in tripping up a man with grand political ambitions and the résumé to help him fulfill them.

An ordained minister, a family physician and a former fighter pilot, Mr. Fletcher, who was elected in 2003 by a 10-percentage-point margin, has spent much of his tenure trying to keep his administration in one piece. Of the nine cabinet members who started with him two years ago, only three remain in office. In early June, Mr. Fletcher fired Brett Hall, his fifth press secretary, after Mr. Hall accused leaders of the state Republican Party of scheming to undermine the governor.

Asked what adjectives he would use to describe morale in the administration, Stan Cave, Mr. Fletcher's chief of staff, paused before laughing. "I'm not sure you can print the ones I'd like to choose," Mr. Cave said. "So let's go with angry, frustrated, but still resolved to proceed."

He said that with a grand jury consisting entirely of Democrats and with perceptions of conflict of interest swirling around the case, he did not see how anyone could argue that the investigation was apolitical. The two judges who handled the case early later recused themselves.

But Mark Nickolas, a blogger who runs BluegrassReport.org

and is the former campaign manager for Representative Ben Chandler, Mr. Fletcher's opponent in 2003, made just that argument.

"The administration keeps peddling these ludicrous conspiracy theories," Mr. Nickolas said. "Really, what we have here is a microcosm of the Republicans' national problem, which is they play by their own rules even if it's against the law."

The governor is permitted to fill 4,000 political jobs. But the attorney general says Mr. Fletcher sought to fill many of the state's 32,000 merit-based jobs with political allies.

Others say that Mr. Fletcher did what governors have always done, but that his staff made the mistake of leaving an e-mail trail.

"The patronage system was tuned up and well oiled over the last generation and a half," Mr. Hall, the former press secretary, told The Atlanta Journal-Constitution in December.

The Democrats "knew exactly what they were doing," he said. "They were smart enough not to use e-mail. We weren't."

But others say Mr. Fletcher's actions were distinct for their scope and context.

"It's true that the Democrats in the state have greased the machine, but in this case what the Republicans built was a finely tuned hydraulic mechanism," said Professor Cross of the University of Kentucky. "What we are really talking about here is a rare and up-close look at the grease that makes the machinery of politics work."

As a Republican running the executive branch after such a long period of Democratic rule, Mr. Fletcher faced an unusual level of pressure, especially from rural Republicans. Many accusations center on the state's transportation cabinet, partly because in poorer regions of Kentucky, there is no political capital more precious than state positions as road crew supervisors or backhoe operators. The jobs pay well, are relatively secure and require limited qualifications.

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Mr. Cross added that Mr. Fletcher had also had trouble taking the political high ground in the case since his main campaign promise was to end the "good ol' boys network" and "clean up the mess in Frankfort" created by the former governor, who left at the end of his term amid a sex scandal.

The problems for Mr. Fletcher started the morning of May 11, 2005, when a former supporter and transportation cabinet official delivered to the attorney general a box with hundreds of pages of printouts of e-mail messages and other documents from Fletcher administration officials.

Featuring a list of Civil Service workers to be fired or exiled because of party affiliation, the documents revealed the existence of 12 officials who called themselves the Disciples and who pursued with religious zeal a systematic plan to clean house of Democrats.

"No one on earth faced more adversity than the Apostles — we should not think we are any different," said one e-mail message between two coordinators of the plan, known as the Governor's Personnel Initiative. "As 'change agents' and 'missionaries' of the governor, our task will not always be embraced by those around us."

Throughout, the two sides fought every step of the way. In a 48-hour standoff on May 13, 2005, armed guards for the transportation cabinet blocked another set of armed guards from the attorney general's office from entering a transportation building to seize records.

On Aug. 29, after the first nine of his administration officials were indicted, Mr. Fletcher issued a blanket pardon covering these officials and anyone else other than himself who might be indicted. A trial date is tentatively set for Nov. 8, the day after the state's general election.

The drama is not without precedent. The last governor, Paul E. Patton, a Democrat, spent most of his last year in office fending off accusations of campaign irregularities, bad press about a lengthy extramarital affair and revelations that several of his employees had used their work computers to view pornography. Before leaving office, Mr. Patton further outraged Kentuckians when he pardoned his chief of staff and three others charged with breaking election laws.

Despite a recent poll that found that 54 percent of the state's voters wanted Mr. Fletcher to resign, he remains upbeat. "Our folks have made some mistakes, and we have made some corrections," he said. "I think we will come through this."

And as for noodling?

"I like fly-fishing, myself," Mr. Fletcher said with a chuckle. "Noodling is risky if you don't want to get stung by catfish whiskers."

The Airbus Debacle (WSJ)

By Richard Aboulafia

The Wall Street Journal, June 20, 2006

Production delays. Political infighting. Cost and time overruns. Sounds like a typical day at any large aircraft corporation, and last week's news of another big setback for delivering Airbus's A380 550-seat mega-jetliner fits this pattern. Yet the market isn't taking all these problems at the European plane maker in stride, wiping away much of Airbus parent company European Aeronautic Defense and Space Co.'s gains since it was created six years ago. Investors were far more understanding a few years back when Boeing went through similar crises. A double standard? If only it were so.

The biggest problem for Airbus today, to put it gently, is that its superjumbo should never have been born. The A380 program was launched in 2000 in the face of considerable skepticism. Aircraft were getting smaller, not larger. New technologies allowed long-range travel with great economies. Passengers wanted direct flights offering more choices, more often. Airlines wanted smaller planes to get rid of discount travelers. The A380 was a $13 billion bet on a shrinking niche.

Not surprisingly, the giant plane has proven unpopular. In the six years since its birth, it has won 159 orders, including 45 from Emirates, a carrier pursuing the unusual strategy of ordering scores of each type of plane to meet high growth expectations.

In the same period, the mid-sized long-range widebodies, led by Boeing's new high-tech 787, have racked up more than 700 orders. One notch larger, 300/400-seat planes have garnered another 500 orders led by Boeing's 777. The A380/747 niche is 5%-10% of the market by value of total annual deliveries; the smaller widebodies comprise half.

Worse, after securing the small list of customers that actually need a few planes this big, the A380 order book has grown at only a very modest pace for the last four years. Other than Emirates, no airline has ordered more than a token number. The mid-size 250/300-seat market, meanwhile, is gathering steam, with blue-chip carriers such as British Airways, Lufthansa and even Emirates now shopping for new long-range jets in this class.

Airbus is desperately seeking resources to compete with the 787 and 777 with its own new plane. Customers criticized its initial offering, the A350, so it now needs $10 billion to create an all-new family, the A370 series. But money and engineers are tied up in the A380 program. When the superjumbo delay news broke, Singapore Airlines ordered 20 787 "Dreamliners," casting

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a no-confidence vote in Airbus's ability to fund the A370. Meanwhile, Boeing might follow the 787 with a new narrowbody, necessitating an Airbus response to compete in that 40%-45% of the market.

This means that, with the A380, Airbus is racing to deliver something that's a mere sideshow. The delays are simply bitter icing on an unpalatable cake. * * *

How did this disaster happen? When Airbus was born in 1970, it was a defensive creation, a way for Europe to save its legacy jet industries from U.S. dominance. They pooled their resources with government support and created a European widebody, the A300. The first 20 years weren't easy, but Airbus did much better than other European jetliner projects like the notoriously money-losing Concorde.

Starting in the late 1980s, Airbus moved from defense to offense. It launched the A320 narrowbody and A330/340 widebody families. It helped drive Lockheed and McDonnell Douglas out of the market. By 1997, Airbus and Boeing formed a duopoly. That carried political implications for American-European relations.

Airbus still enjoyed government nurturing. It was the only notable success for publicly funded European industrial policy. European politicians were eager to underwrite and take credit for an impressive achievement. When Airbus created plans for the world's biggest jetliner in the mid-1990s, they knew they could count on government support.

Airbus didn't need to be overly careful with the A380's bottom line. Government launch aid was good for one-third of development costs. These loans were legal under the terms of the U.S.-EU 1992 jetliner aid agreement. Private cash was easier and cheaper to get since investors knew Europe's hapless taxpayers would be the last to be repaid.

If the market for large aircraft looked dubious, well, Airbus proposed duty-free shopping courts and restaurants aboard its new jumbo, unrealistic and borderline-absurd ideas designed to stimulate airline demand. From a business standpoint, this "whole new way to fly" was nonsense. Yet bureaucrats saw national pride at stake, hence a slam-dunk reason to invest public cash. They've basked in reflected glory, with European prime ministers and officials attending every major A380 milestone. Jacques Chirac, the French president, responded to last week's news by expressing "total confidence" in the program. That looks to be wishful thinking from a government that enjoys messing around in its nation's industries.

A board of diverse, apolitical and independent shareholders would never have tolerated the risk associated with such a shallow business case. Here the distinction from Boeing's difficulties becomes apparent.

A few years ago, Boeing looked like it was in Airbus-like dire straits, yet the situation was in fact very different. Before launching the 787 in 2004, Boeing spent eight years shortchanging its product line but returning billions to shareholders. Airbus spent a fortune on its product line, but misinvested horribly, jeopardizing return on investment. Thus, it was easy for Boeing to start raising cash for the 787. Meantime, investor patience with Airbus is running thin, just as its parent company seeks buyers for some of the shares that its major French and German industrial shareholders, Lagardère and DaimlerChrysler respectively, are looking to dispose of. EADS also needs money to buy BAE System's 20% Airbus stake. Adding to EADS's woes, market regulators are investigating large share sales in March, before the A380 news went public, by senior company executives, including the French co-CEO, Noël Forgeard.

Boeing has also suffered technical snags with its jets, most recently its ambitious and risky all-composite body for the 787. But Boeing pursued the right market segment. Even if the 787 stumbles, Boeing would recover, since that plane satisfies strong demand and brings in cash. Airbus, by contrast, is merely racing to build a handful of A380s so it can transfer resources to a more important aircraft.

Airbus faces a difficult path. Even if it can fund a new jet family, it doesn't have much credibility with customers right now. Airbus needs to do a brutally honest assessment of the A380 and determine whether it will ever turn cash positive, and whether it is worth the risk of losing ground in the other 90%-95% of the market for civilian aircraft. Canceling the A380 program altogether should be an option on the table.

Resources and customers need to be found for the A370. Unless it happens fast the program won't get going until after Boeing runs off with the up-front demand. And a chastened Airbus will have learned an important lesson from the A380: Easy public money comes with a high price.

Mr. Aboulafia is vice president of analysis for Teal Group Corp., a Washington-based aerospace and defense consultancy.

Save Our SIPP (NYT)

The New York Times, June 20, 2006

The House Appropriations Committee today will take up a recommendation by President Bush to eliminate a government survey that is arguably the best source of information on the real-world effect of public programs that help the poor.

Established by the Census Bureau in 1984, the Survey of Income and Program Participation, or SIPP, is used extensively by analysts inside and outside the government. Over the decades, its rich detail has been indispensable in determining how well,

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or poorly, government has performed in critical areas. These include insuring and educating children, moving people from welfare to work and providing food stamps. Killing the survey would create a devastating void in public information starting in 2007. It would take until 2010, at the earliest, to complete an alternative survey. Losing years of reliable data would make it all too easy to base policy decisions on ideology rather than on evidence. The lack of objective data would also make it very difficult to hold politicians accountable for their decisions.

The survey costs all of about $32 million a year. Unless appropriators come up with more, the financing for next year will fall to $3.6 million, a sum mainly intended to finish data gathering that has already been started. Another $5.6 million would be allocated to begin developing the alternative survey.

Representative José Serrano, Democrat of New York, plans to offer an amendment raising the appropriation by an additional $10 million — not enough to keep the survey going strong, but enough to keep it alive for now. Congress should then make it a priority to come up with the full amount needed to save this font of invaluable public information.

Failure In Richmond (WP)

The Washington Post, June 20, 2006

WHAT WAS supposed to happen by March 11 in Virginia finally occurred just this past weekend: Exhausted lawmakers in Richmond reached a budget deal, averting the risk of a shutdown in state government operations at the end of this month. The conferees heaved a sigh of relief at having achieved this basic function of legislative governance after three months in stealth special session. Good for them. We hope they'll excuse the rest of us for issuing a loud Bronx cheer, for in fact they have failed.

Principally, they have failed to address the single most momentous challenge facing the state at the outset of the 21st century, which is the parlous, sclerotic condition of its highways and transit systems. By failing to agree on any long-term, reliable funding to improve the transportation network, they also have failed to ensure the sustainability of Virginia's economic boom. It's not just asphalt they failed to provide; it's jobs, growth and a future.

Blame the Republicans, for this was a fight within and about the state GOP -- between moderate Republicans in the state Senate and fundamentalist anti-tax ideologues in the House of Delegates. So dysfunctional is the Republican Party of Virginia that GOP senators and delegates couldn't even agree on what they were fighting about. Senators, easily the more sensible of the two, were convinced they were haggling over transportation. For delegates, the fight was about proving their dogmatic purity -- and giving an energetic new Democratic governor a black eye in the bargain.

The result is a travesty. State transportation planners have spoken about a minimum need of $1 billion a year in new transportation funding to make improvements, especially for the heavy traffic in Northern Virginia and Tidewater. In the event, the budget, shorn by the House of new taxes and fees, contains barely half that, and only for the next two years -- and even some of that may also be cut if there is no longer-term strategy agreed on by the two houses by this fall. Sadly, the prospects of fashioning any kind of long-term strategy are not good. That is largely because lawmakers from outside Northern Virginia and Tidewater do not feel the pain of the economically dynamic areas of the state.

Of course, the transportation problem is not going away; Virginia has done nothing to increase long-term funding for roads in 20 years, while population and traffic have multiplied. Even the extremists in the House acknowledge that the budget does too little for transportation (though, perversely, they blame the Senate). And all are acutely aware that without long-range resolution, maintenance will take up all available funds for roads within a few years, leaving nothing for new construction and other improvements.

Faced with such a failure -- and the prospect of punishment at the polls in 2007, when all 140 seats in the General Assembly are up for election -- the Republicans are already planning another special session for the summer or early fall. Given the party split, there's modest reason at best to think another session will come out better. If it does not, Virginians should use the next election to find more responsible leadership.

Iran Urged To Accept Limits (WP)

By Michael A. Fletcher

The Washington Post, June 20, 2006

KINGS POINT, N.Y., June 19 -- President Bush said Monday that the package of incentives being offered to Iran to abandon its nuclear ambitions is a "historic opportunity," and he warned starkly that the alternative for the Islamic nation is increased isolation and crippling economic sanctions.

Speaking at the 70th commencement ceremony of the U.S. Merchant Marine Academy, Bush said Iran's stated desire for a peaceful nuclear power program is "legitimate," and one supported by the incentive package from the United States and its allies.

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"We believe the Iranian people should enjoy the benefits of a truly peaceful program to use nuclear reactors to generate electric power," said Bush, who in the past has expressed skepticism about the need for oil-rich Iran to pursue nuclear power.

Still, Bush said, the rest of the world has to be sure that Iran's program does not include any covert military goals, as the United States suspects, because a nuclear-armed Iran would be a "grave threat to people everywhere."

The president's remarks came a day before he was to depart for Vienna for meetings with the European Union, which has been involved in long-running negotiations with Iran over its nuclear program. Bush angered many leaders in Europe with the U.S.-led invasion of Iraq, but his administration has worked closely with them in trying to present a united front toward Iran.

"I have a message for the Iranian regime: America and our partners are united," Bush said. "We have presented a reasonable offer. Iran's leaders should see our proposal for what it is -- an historic opportunity to set their country on a better course. If Iran's leaders want peace and prosperity and a more hopeful future for their people, they should accept our offer, abandon any ambitions to obtain nuclear weapons, and come into compliance with their international obligations."

The Bush administration has agreed to join negotiations with Iran over its nuclear program. It also has joined with Britain, France, Russia, Germany and China in making an offer to allow Iran to develop a strictly supervised civilian nuclear power program if it abandons its uranium-enrichment efforts. The U.S. offer of joining negotiations marked the first time since the 1979 hostage crisis that the United States has offered to enter substantial negotiations with Iran.

Iran has denied seeking to develop nuclear weapons and argued that it has a right to develop a civilian nuclear program. But its leaders also have made some conciliatory remarks about the offer.

In his remarks, Bush also said that he hoped to use his impending trip to enlist members of the European Union to help build stronger international support for Iraq's fledgling democracy. "The European Union has been the world's most -- among the world's most generous financial donors for reconstruction in Iraq. And Europe and America will encourage greater international support to help," he said.

The 202 Merchant Marine Academy graduates sat on the school's football field in brilliant sunshine as Bush -- the first sitting president to address the academy -- delivered his speech. Former White House chief of staff Andrew H. Card Jr., who attended the academy, accompanied Bush to the commencement ceremony and sat on the speaker's platform while Bush spoke. Graduates of the academy go to work as mates and engineers in the nation's maritime fleet, while 39 of this year's graduates are entering various branches of the armed forces.

Bush's Visit, Speech Thrill Midshipmen (USAT)

By Richard Benedetto

USA Today, June 20, 2006

KINGS POINT, N.Y. — To most Americans coming off the final weekend of spring, President Bush's commencement address here Monday was just another graduation speech, one of more than 4,000 this year on campuses across the country.

But to the staff, faculty, midshipmen and friends of the U.S. Merchant Marine Academy, it was a huge deal, a dream come true — the first time in the service academy's 63-year history that a president accepted an invitation to address the graduates.

Bush underscored the point in his address: “I hope it's worth the wait,” he quipped when he took the podium Monday, buoyed by cheers that rang out from the 202 graduates and about 5,000 guests who jammed the football bleachers under sunny skies. The scenic campus on Long Island Sound, about 10 miles east of Manhattan, was once the summer estate of auto baron Walter Chrysler.

West Point and the Naval, Air Force and Coast Guard Academies have all hosted presidents at their graduations, many times — but never the Merchant Marine, even though it is a full-fledged federal service academy whose graduates have fought in every major conflict since World War II. Most serve as deck officers or engineers on commercial ships or on land as port security officers or engineers with shipbuilding and trading companies. Many immediately go on active duty in the military; 39 plan to do so this year.

Bush used his speech, which came on the eve of his trip to Vienna for a U.S.-European Union summit, to send a message that the United States and Europe are united against Iran's development of nuclear weapons. “If Iran's leaders want peace and prosperity and a more hopeful future for their people, they should … abandon any ambitions to obtain nuclear weapons,” Bush said.

Newsday said on its website Monday that about 300 protesters — forced to assemble off campus — sang and waved signs during Bush's speech, encouraging passing cars to honk for peace. Later, about 60 protesters marched about a mile to an intersection near the gates of the academy. Guarded by more than a dozen police officers, they chanted: “No justice, no peace. U.S. out of the Middle East.”

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Hosting the president was expensive and hectic, as arrangements had to be shifted at the last minute, but academy officials, midshipmen and parents of the graduates said it was worthwhile.

"We're really proud. It's not very often the Merchant Marine Academy is recognized," said graduate Timothy Sallee, 22, of Charleston, S.C.

Indeed, the feeling that the Merchant Marine Academy is a "stepchild" among the better-known service academies is pervasive here. Bush's coming offered a sense of legitimacy.

"We're the fourth-oldest service academy, but clearly the least known," said Capt. Eric Willischeck, who headed the graduation planning committee.

In his speech, Bush played off the academy's motto — "Deeds, not words" — to praise its value and service to the nation. "In times of war, the Merchant Marine is the lifeline of our troops overseas, carrying critical supplies, equipment, and personnel," he said.

The White House wouldn't say what made Bush accept the invitation this year, but former White House chief of staff Andrew Card had a lot to do with it. Card was a student here in 1966-67 before he left to get married, and he has maintained strong ties with the school. Card said he and homeland security adviser Fran Townsend both lobbied Bush to come here to highlight the role the academy plays in critical areas such as port and container security.

"I really admire the work they do," Card said.

Bush, who brought Card to the commencement with him on Air Force One, joked that as a plebe at the academy, Card was stuffed into a duffel bag and run up the flagpole.

"I know he appreciates the much warmer welcome he received here today," Bush said to laughter.

Bush's visit illustrates the price of all the beneficial attention the president brings when he comes to visit.

When word came in March that Bush was coming, the planning began for the logistical and security arrangements necessary to accommodate him. Academy officials drew up budgets, coordinated with the White House and hired a professional production company to oversee the arrangements.

While a normal graduation draws a crowd of 1,500, word of Bush's visit provoked a flood of requests for tickets that more than tripled the usual attendance. The bigger crowd and the demands of media coverage led to the construction of temporary bleachers for 1,000 on the football field, a 35-foot stage with TV-quality lighting and a stadium-quality sound system; the cobbling together of 2,000 feet of bike racks as security fencing; plus tents to accommodate the media and a holding area for the president.

Off-campus satellite parking lots had to be found and 15 buses hired to bring ticket holders onto campus.

The academy estimated the cost at $405,000. Part will be offset by federal appropriations, alumni contributions and reimbursement from the White House media for their accommodations.

"The rest we'll have to eat within our existing budget," Willischeck said, adding that it's worth it. "Now we can say we've had our president."

Day Of Pride, Unprecedented Glory (NSDY)

By Olivia Winslow

Long Island Newsday, June 20, 2006

It was just before 7 a.m., and Cheryl Coffman of Macon, Ga., was early. But so was everyone else.

Coffman was in a cab that found itself merely inching along Steamboat Road yesterday, part of a long line of cars headed toward the U.S. Merchant Marine Academy in Kings Point, where three hours later President George W. Bush would deliver the commencement address.

When it was clear it would be quicker to proceed on foot, Coffman got out of the cab and joined scores of others walking along the tree-lined street to witness not only a joyous graduation ceremony, but also history.

But Coffman wasn't complaining. Not about the heavy security or the need to be at the academy's Tomb Field an hour before the president's arrival.

"I'm not too surprised at all," Coffman said. "We expected a lot of people." Coffman had come to witness the graduation of a cousin, Amy Tribble of Rome, Ga. "I'm just so proud of her I don't know what to do."

About 4,400 people -- nearly three times the number of people who normally attend the academy's graduations -- attended the ceremony, where Bush's appearance marked the first time a sitting president had visited the academy since it was dedicated in 1943.

Many people thought that Bush's visit would give greater recognition to the academy, perhaps the least known of the five federal service academies, along with those training future members of the Army, Navy, Air Force and Coast Guard.

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Bush noted in his address the Merchant Marine Academy's service to the nation over the years, saying it is the only one of the five service academies where even before graduation students are sent into the theater of war -- during their year at sea. That fact means the Kings Point campus is alone among the academies authorized to fly the country's battle standard.

Bush's presence, valedictorian Peter James Radzicki of Mint Hill, N.C., said in his speech, "brings hope and legitimacy to an academy that at times has felt forgotten."

John Arntzen of Staten Island, a 1979 alumnus of the academy and now vice chairman of the academy's Alumni Foundation, said the president's appearance brings much-needed attention to the role the academy and merchant marines play in the nation's commerce generally, and in a time of war. He and others said merchant mariners transport most of the supplies to the nation's armed forces.

"We're very happy with the president's arrival," Arntzen said. It means, he added, "there's more focus on the mission of the school to the country's national defense."

Under a bright sky and intense heat, thousands waited patiently for the president in Tomb Field, under the watchful eyes of the Secret Service and Nassau County police. When shortly before 10 a.m. a dark green helicopter flew overhead with the words United States of America clearly visible, people applauded. "It's him!" someone cried.

The crowd greeted Bush with hearty applause and cheers. During his half-hour speech, he praised the academy midshipmen for their service and sacrifices over the years, and also previewed his trip to Europe beginning today. His words were often interrupted with applause.

Bush shook the hand of all 202 graduates, often waving in the direction of each graduate's family. Others went even further, hugging the president.

Kelsey Newell, 21, of Honolulu, said it was all "unbelievable. I never could have imagined this would come," as her parents, Pamela and Capt. Steve Newell of the Coast Guard gathered near. "I couldn't be any more pleased," her father said beaming.

"It's a really great day," Anthony McDonald, 23, of Weymouth, Mass., said after the ceremony.

"It's surreal to have the president here. Every year they say, we're trying to get the president," McDonald said.

But it wasn't until this year that it finally happened.

Bush, At Merchant Academy, Warns Iran On Nuclear Program (NYT)

By Jim Rutenberg And Sheryl Gay Stolberg

The New York Times, June 20, 2006

KINGS POINT, N.Y., June 19 — On the day before he was to depart for a meeting with European allies in Vienna, President Bush issued a stiff warning to Iran on Monday, saying it should suspend its uranium enrichment program now or face "progressively stronger" economic sanctions and further political isolation.

Mr. Bush reiterated the United States' offer to join multinational talks with Iran, but only if it immediately ceased uranium production. If Iran rejects that offer, he said, "It will result in action before the Security Council, further isolation from the world and progressively stronger political and economic sanctions."

Still, he mixed his stern oratory with words of inducement. Speaking at a commencement ceremony at the United States Merchant Marine Academy here, he promised Iran that compliance would result in huge benefits for its economy and its people. He indicated that the United States was open to allowing Iran to develop civilian nuclear capacity, though under the proper "safeguards," keeping the administration's recent agreement on the possibility of future enrichment by Iran if it can provide sufficient proof that its program is peaceful.

White House aides said the address was in part meant to serve as a table-setter for discussions about the nuclear standoff with Iran that are expected as part of a broader agenda this week at the United States-European Union summit meeting.

"It's in some way teeing up what is going to be a topic of conversation, one of many, at the European Union consultations this week," Tony Snow, the White House press secretary, told reporters on the way here aboard Air Force One.

The talks about talks with Iran remain in a delicate place. The prospect of a deal hinges on Iran's willingness to drop what it says is its sovereign right to develop nuclear power sources and on how the West will ultimately be willing to define the word "suspend." Some of the negotiating partners have indicated a readiness to allow Iran to keep its centrifuges — which enrich uranium into a form that can fuel reactors or atom bombs — idle but online during talks. The United States has not shown any softening of its stand that the centrifuges must be completely shut down for talks to begin.

Officials signaled that their strategy this week would concentrate more on building a unified front with Europe in pressing Iran to suspend its program than it would on making any breakthrough with Iran.

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While stressing unity with Europe, Mr. Bush reprised some of his tougher language about the Iranian political leadership, telling the graduates, "The leaders of Iran sponsor terror, deny liberty and human rights to their people, and threaten the existence of our ally, Israel."

But, tapping into the internal politics of Iran with a message that seemed aimed at its more liberal intellectual classes, Mr. Bush praised its culture and civilization. "Through the centuries, Iranians have achieved distinction in medicine and science and poetry and philosophy, and countless other fields," he said.

Stephen J. Hadley, the national security adviser, said that unless Iran responded to Mr. Bush's offer while he was in Europe, the negotiations were unlikely to produce any developments. "At this point, the next step is really waiting for the response from the Iranian regime," he said.

Mr. Bush would not be able to make great strides on Iran anyway, because he is meeting only with the core of the European Union leadership this week, not heads of state.

Iran's president, Mahmoud Ahmadinejad, said Monday that Iran would stand for nothing less than "unconditional" talks, though he continued to keep the door open to talks.

"The Islamic Republic has always wanted to negotiate and have dialogue on equal terms and with no preconditions," state television quoted him as saying during a meeting that included Iran's supreme leader, Ayatollah Ali Khamenei. But he had also said "the new proposal is a step forward."

North Korea's nuclear ambitions will also certainly be on the president's mind this week, but the United States' main negotiating partners in those talks are not Europeans.

Mr. Bush also intends to use the meeting to press European countries to come to terms on a trade-expanding agreement under the so-called Doha round, named for the city in Qatar where the talks began. He also will call for European leaders to help collect billions of dollars in pledges to rebuild Afghanistan and Iraq, as he said after his surprise trip to Baghdad last week that he would do.

"All nations that have pledged money have a responsibility to keep their pledges — and America and Europe will work together to ensure they do so," Mr. Bush said here.

Europeans are pursuing their own agenda, with officials there hinting in the last week that they will probably push Mr. Bush to close the prison in Guantánamo Bay, Cuba. He tacitly acknowledged the divisions during his address here, saying, "Others in Europe have had disagreements with our decisions on Iraq." He added, "We agree that the success of a democratic government in Baghdad is vital for the Iraqis and for the security of the world."

Iranian Nuclear Program Focus Of U.S.-EU Meeting (USAT)

By David Jackson

USA Today, June 20, 2006

VIENNA — U.S. and European Union officials will meet Wednesday to determine how to maintain their united stance against Iran and its budding nuclear program.

Three years after the United States and most European nations differed on the U.S. decision to invade Iraq, they remain close on what to do about Iran, officials and analysts say.

Any specific decisions about Iran are in a holding pattern until Iran decides what to do about a U.S. offer that could lead to U.S.-Iranian talks, White House national security adviser Stephen Hadley says.

Last month, President Bush offered to join negotiations about the future of Iran's nuclear energy program, provided the Iranians suspend a uranium-enrichment program that could produce fuel for a potential nuclear weapon.

The allies face major challenges, says Michael O'Hanlon, senior fellow in foreign policy studies at the Brookings Institution. The Bush administration must prove it can handle delicate global negotiations without resorting to force, while the Europeans must demonstrate that their vision of diplomacy can work.

So far, it's working, he says. Europe and the United States are approaching Iran the way many European Union officials wanted to handle Iraq: unified global cooperation to use carrots and sticks, not military force, to change another nation's behavior.

Bush touted global cooperation Monday during a commencement speech at the U.S. Merchant Marine Academy, saying the United States and Europe are united on Iran. “Nuclear weapons in the hands of this regime would be a grave threat to people everywhere,” he said.

President Mahmoud Ahmadinejad says Iran's nuclear program is for electricity, not bombs, and he has accused the United States of fomenting a crisis.

Bush has said Iran has weeks, not months, to respond to the offer, which was developed in consultation with European allies. Current negotiations with Iran have been led by Great Britain, France and Germany.

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Hadley says the annual EU summit covers many topics and is a chance to discuss “the way forward” with Iran.

If Iran refuses to suspend its enrichment program, the United States plans to seek sanctions through the United Nations Security Council. Russia and China, two council members with veto power, have been less willing to approve sanctions. Ahmadinejad met recently with Russian and Chinese leaders, urging them to oppose sanctions.

It's important for the United States and the EU to work together, says Andrew Moravcsik, director of the European Union Program at Princeton University. He says, however, that “most Europeans believe it would be better to have a nuclear Iran than to strike.”

Iran Tops Agenda For Bush, European Leaders (KRT)

By Ron Hutcheson

Knight Ridder, June 19, 2006

WASHINGTON - President Bush heads to Europe on Tuesday to shore up a frayed alliance that's nonetheless trying to pull itself together to confront the potential threat of a nuclear-armed Iran.

Iran tops the agenda for Bush's meeting with European Union leaders in Vienna, Austria. While Bush remains unpopular overseas, diplomats from both sides of the Atlantic agree that relations between the United States and Europe have improved dramatically since their bitter divisions over the U.S. decision to invade Iraq in 2003.

Government officials and outside experts agree that Bush and his European counterparts now recognize that, despite their differences, they need each other. Sort of like the Rolling Stones, according to John Hulsman, a foreign-policy specialist at the Heritage Foundation, a conservative Washington research center.

"Think of Keith Richards when he says to (Mick) Jagger, `This thing is bigger than both of us.' That's where we are," Hulsman said. "The kids want to save the marriage even though the love is gone."

The president devoted most of his commencement address Monday at the U.S. Merchant Marine Academy in Kings Point, N.Y., to extolling the partnership with Europe as essential to securing global peace and prosperity. He noted pointedly that "America and Europe are united on one of the most difficult challenges facing the world today: the behavior of the regime in Iran."

While emphasizing that America and Europe are united in hoping "to solve this problem diplomatically," Bush warned Iran that failure to resolve the budding conflict over its nuclear-research program "will result in action before the (U.N.) Security Council, further isolation from the world and progressively stronger political and economic sanctions."

For all the president's emphasis on U.S.-European unity however, divisive issues remain.

While there's widespread agreement that Iran shouldn't be allowed to acquire nuclear weapons, some nations remain reluctant to impose tough sanctions on the Islamic republic, and it isn't clear how many of them would support pre-emptive military action against Iran or its nuclear facilities.

Bush will prod Europeans to do more to help in Iraq, because while nations around the world have pledged $13.5 billion in aid, they've delivered less than $4 billion.

"Pledging is great, and makes some headlines in the newspapers, but what we need is those pledges to be turned into real dollars," national security adviser Stephen Hadley said.

The Europeans also will challenge Bush on the treatment of terrorism suspects at the U.S. naval base in Guantanamo Bay, Cuba, and alleged military atrocities in Iraq. But Hadley said Bush had no intention of complying with European demands to close the Guantanamo detention facility.

"The president has spoken to those issues . ... There's not a whole lot new to be said," Hadley said.

Chilly as that may sound, European officials say Bush has dropped some of the swagger of his first term, when he showed little regard for their views. Over European objections, Bush abandoned the Kyoto treaty on global warming, abrogated the Anti-Ballistic Missile Treaty, declared the right to launch pre-emptive war and invaded Iraq without approval from the United Nations.

Austrian Ambassador Eva Nowotny said in an interview that the "vastly improved" relationship turned a corner at the last U.S.-EU summit, in February 2005, when Bush reached out to Europeans and called for "a new era of transatlantic unity."

Hungarian Ambassador Andras Simonyi agreed.

"Obviously, there's been a change in attitude from the Bush administration," Simonyi said. "Europe and America have to hold hands."

Both sides wanted a fresh start.

"It was a shift born of pragmatism. The United States was up to its eyeballs with trouble in Iraq," said Charles Kupchan, professor of international relations at Georgetown University. "On the other side of the Atlantic, you had the realization that the rift with the United States was very harmful, deeply divisive."

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The leaders also will discuss how to deal with Hamas, the militant Palestinian organization that has vowed to eliminate Israel and that now runs the Palestinian government, and Russia, which has shown a worrisome will to use energy as a foreign-policy weapon.

Russia, which supplies about a fourth of the natural gas that Europe consumes, briefly cut off supplies to Ukraine last winter in a move that Ukrainians viewed as retaliation for their efforts to forge closer ties with Europe and the United States.

Bush initially had planned to stop in Ukraine on his way back from Austria, but opted instead to visit Budapest, Hungary, where he'll mark the 50th anniversary of an unsuccessful revolt against communist rule that Soviet troops brutally crushed.

The Vienna stop will include a roundtable discussion of freedom and democracy with Austrian students and a performance by the Vienna Boys Choir.

U.S. officials had hoped to house the president in one of the city's best hotel rooms - a luxury suite at the five-star Imperial Hotel - but Bush lost it to a rock star. The Sun, a British newspaper, reported that Jagger claimed the $4,500-a-night room days before U.S. officials sought to reserve it for Bush.

Bush Gives Iran An Ultimatum On Uranium (AP)

By Deb Riechmann

AP, June 20, 2006

President Bush told Iran on Monday that nations worldwide won't back down from their demand that Tehran suspend uranium enrichment.

"Iran's leaders have a clear choice. We hope they will accept our offer and voluntarily suspend these activities so we can work out an agreement that will bring Iran real benefits," Bush said a day before leaving for Vienna, Austria, where he will talk with European Union officials who are leading efforts to resolve the nuclear dispute.

If Iran's leaders reject the offer, they will face action before the U.N. Security Council and progressively stronger political and economic sanctions, Bush said during a commencement speech at the U.S. Merchant Marine Academy.

Bush discussed Iran with Russian President Vladimir Putin on Monday during an 18-minute phone call Putin placed to Bush. "The presidents agreed on the importance of remaining united in their efforts to press Iran to suspend all enrichment activities and begin negotiations on the incentives package," said Kate Starr, a spokeswoman for the National Security Council.

On Sunday, Iran accused the United States of trying to sway European nations from a possible compromise. The Iranian foreign ministry said U.S. insistence that negotiations be conditioned on Tehran's suspension of uranium enrichment has narrowed the scope of possible solutions, and made it more difficult for all parties to reach an accord.

Bush made it clear he would not budge. He said allowing Iran to enrich uranium, a process that can make nuclear fuel for a power plant or fissile material for an atomic bomb, would present a grave threat to the world.

"The United States has offered to come to the table with our partners and meet with Iran's representatives as soon as the Iranian regime fully and verifiably suspends its uranium enrichment and reprocessing activities," Bush said. "I have a message for the Iranian regime: America and our partners are united. We have presented a reasonable offer. Iran's leaders should see our proposal for what it is — a historic opportunity to set their country on a better course."

On June 6, European Union foreign policy chief Javier Solana presented a package of rewards and possible penalties to Iran. The package was drawn up by the five permanent members of the U.N. Security Council — the United States, Britain, China, France and Russia — and Germany.

The package calls on Iran to suspend, not permanently halt, uranium enrichment as a condition for the start of talks, although the negotiations are aimed at getting Iran to agree to a long-term moratorium on such activity.

Iran says enriching uranium is its country's right. Iranian officials say they are reviewing the package and will propose amendments.

Bush is the first American president to address a graduating class at the academy. He spoke there at the request of former White House chief of staff, Andrew Card, who briefly studied there in the 1960s and hitched a ride on Air Force One to share the stage with the president.

"When he was a plebe, he was stuffed in a duffel bag and run up the flagpole," Bush said about his former chief of staff who left the school when he married.

The U.S. Merchant Marine Academy was created following a 1934 fire in which 134 people died aboard the passenger ship Morro Castle. Congress acknowledged the need for maritime-training standards and passed the Merchant Marine Act that created the academy in 1936. President Franklin D. Roosevelt dedicated the school in 1943 in Kings Point.

Kings Point graduates work as deck officers aboard container ships, oil tankers, passenger cruise ships and other vessels. Others remain on land and have become engineers in shipbuilding companies and work in a variety of port operations, including

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security, while some opt for military careers. Since the Sept. 11, 2001 terrorist attacks, the academy has played a leading role in developing international training standards for maritime security.

"From this campus, every man and woman could see the black smoke rising from the Twin Towers," Bush said. "Within hours, your midshipmen were working side-by-side with the Coast Guard and Marine division of the New York City Fire Department," Bush told the midshipmen seated on a sunny football field at the academy outside New York City.

"Over the next nine days, you moved firefighters and police and emergency response teams into ground zero. You moved tons of food and water supplies. The heroic response to that terrible day showed the spirit of America, and the spirit of this fine academy."

The Race For Iran (NYT)

By Flynt Leverett

The New York Times, June 20, 2006

Washington

AS the world watches the political maneuvering over restarting nuclear talks with Iran — this time with American participation — few are paying attention to a broader strategic competition that has started between the United States, Russia and China. Ultimately, this competition will decide not only the direction of Iran's nuclear activities but also its economic, political and military role in the Middle East and beyond. The outcome hinges on which countries will assume dominance in developing Iran's enormous oil and natural gas reserves.

Unfortunately, by refusing to consider a "grand bargain" with Iran — that is, resolution of Washington's concerns about Tehran's weapons of mass destruction and support for terrorism in return for American security guarantees, an end to sanctions and normalization of diplomatic relations — the Bush administration is courting failure in its nuclear diplomacy and paving the way for Russia and China to win the larger strategic contest.

Iran has the world's second-largest proven reserves of conventional crude oil, after Saudi Arabia, and the second-largest reserves of natural gas, after Russia. Its relatively low production levels make it one of the few states with the potential to greatly increase its exports of both oil and gas over the next two decades.

As the world economy during this period will rely increasingly on the Middle East and the former Soviet Union for its energy needs, Iran's putative status as a hydrocarbon superpower will take on ever greater strategic importance. Add in its location, its population of nearly 70 million (the largest in the Middle East) and its ambitions to regional leadership, and the significance of Iran's future international role is undeniable.

However, to expand its energy exports, Iran needs a great deal of capital and advanced technology from outside — at least $160 billion over the next quarter century according to the International Energy Agency. Washington of course does all it can to block exactly such investment — barring American energy companies from seeking business in Iran and threatening European and Japanese companies with fines and cutoffs of American components.

These measures — along with repressive Iranian policies that scare off foreign investors — have had an impact: since the Islamic Republic opened its oil and gas sectors to foreign energy companies in the early 1990's, it has attracted only $15 billion to $20 billion in European and Japanese investment. And as the nuclear issue has heated up, prospects for substantial increases in Western investment have virtually evaporated.

A senior Iranian diplomat told me this month that Iran can no longer "wait for the West," and Tehran is now looking for alternative investors. In recent years, China has emerged as a potential large-scale partner. But while China can provide capital, its state-owned energy companies are not much more technically capable right now than Iran's. It will be a decade at least before China can fill all Iran's technical gaps.

This is where Russia comes in. Although Russian energy companies could not offer quite the same level of expertise as Western firms in the complexities of managing Iran's older oil reservoirs, they could in the next several years help the Islamic Republic develop its newer oil finds and, more significantly, realize its huge potential as a gas exporter.

In fact, the two countries have already held talks on possible "coordination" of Iranian gas exports with Gazprom, Russia's state-owned gas and oil behemoth. Iranian officials have told me that their government does not think Gazprom would be the ideal partner, compared with Western companies, but it deems such a deal preferable to continued stagnation.

From a Russian perspective, such a deal would have many benefits. Many industry experts feel that within just a few years, the amounts of gas that Gazprom is contracted to provide may exceed what the company on its own can bring to market. It has been trying to close the gap by purchasing additional gas from Central Asian states that rely on Russian pipelines to export their oil and gas. But at the same time, the United States is trying to help those ex-Soviet states build oil and gas pipelines that are outside of Moscow's control — an effort the Kremlin interprets as a deliberate attempt to isolate and weaken Russia.

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Russian officials and commentators have complained to me in recent weeks about a new "double standard" in American policy — one that criticizes the centralization of power in Russia but overlooks authoritarian abuses in Azerbaijan, Kazakhstan and Turkmenistan. The involvement of Russian energy companies in Iran would not only support Moscow's external energy strategy but would push back against perceived American efforts to undermine Russia's influence in Central Asia.

Together, Russia and Iran control almost half of the world's proven reserves of natural gas. If they coordinated their production and marketing decisions, these two countries could be twice as dominant in international gas markets as Saudi Arabia is in the global oil market.

And as China looks to deepen its own involvement in Iran, there would be opportunities for Chinese-Russian cooperation in developing Iranian resources, and collaborating against what both Beijing and Moscow see as excessive United States unilateralism in world affairs. By working together, Russia and China would further establish themselves as rising players in the Persian Gulf, where America has grown used to something like hegemonic status.

Against this backdrop, the Bush administration's approach to nuclear diplomacy with Iran is strategically shallow. The decision to encourage direct talks with Tehran generated many headlines but was really only a limited tactical adjustment to forestall an embarrassing collapse in coordination with America's key international partners.

By continuing to reject a grand bargain with Tehran, the Bush administration has done nothing to increase the chances that Iran will accept meaningful long-term restraints on its nuclear activities. It has also done nothing to ensure that the United States wins the longer-term struggle for Iran. Such a grand bargain is precisely what is required, not only to forestall Iran's effective nuclearization in the next three to five years, but also to position the United States for continued leadership in the Middle East for the next decade and beyond.

Flynt Leverett, a former senior director for Middle East affairs at the National Security Council, is director of the Project on the Geopolitics and Geoeconomics of Energy Security at the New America Foundation.

Elie Wiesel Sounds The Alarm Regarding Iran Nobel Laureate Embarks On A Mission To Combat 'Religious Fanaticism' (WSJ)

By Frederick Kempe

The Wall Street Journal, June 20, 2006

Nobel peace laureate Elie Wiesel has a simple motive behind the stepped-up pace of his already furious work: foreboding. The world's best-known Holocaust survivor senses, at age 77, a pivotal historic moment, one that poses some of the greatest dangers since Nazi Germany.

The shift began "with the ultimate new weapon," he says, suicide terrorists deployed globally on behalf of religious fanaticism and without qualms about mass casualties. In his view, it has taken state form with an Iranian president who supports terrorism and is bent on developing nuclear weapons and exterminating Israel.

One result: Mr. Wiesel has set in motion a series of Mideast initiatives that will be announced this week in Petra, Jordan, at a gathering of fellow Nobel laureates brought together by him and King Abdullah II. The initiatives involving Palestinians, Israelis and Jordanians include projects ranging from health and education to women's issues to water development in the Jordan River Valley.

Though the official program doesn't mention Iran (in deference to its Jordanian hosts), the laureates also will consider a mission to Iran in conjunction with the United Nations and the International Atomic Energy Agency to explore ways to pull Tehran from the nuclear brink. Though Iranian President Mahmoud Ahmadinejad may not heed the Nobel winners' advice, Mr. Wiesel says, he is unlikely to refuse a meeting.

The Petra meeting also will provide the stage for "very high-level exchanges" of Israeli and Palestinian leaders. The hope is to bypass the newly elected Hamas government, whose charter calls for destroying Israel, through tapping grassroots interest in peace. "We are encouraging pragmatic moderation by going after domestic constituents," says David L. Phillips, executive director of the Elie Wiesel Foundation for Humanity, which is co-hosting the conference with the King Abdullah II Fund for Development. While Palestinian President Mahmoud Abbas and Israeli Prime Minister Ehud Ohlmert will attend, it remains to be seen whether the two will hold face-to-face discussions.

Mideast history is littered with well-meaning peacemakers. Yet Mr. Wiesel says with a laugh that although he expects to do no more than "move matters forward by inches," he abandoned defeatism in Auschwitz and cast cynicism aside when he quit his postwar journalism career in France and began life as a novelist, philosopher, teacher and political activist.

Whatever the laureates achieve over time, the Petra meeting is another landmark in Mr. Wiesel's extraordinarily life of drawing purpose from the tragedy of losing his father, mother and sisters in the Holocaust. "Suffering confers no privileges," he says. "It's what you do with it."

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Mr. Wiesel, for example, was perhaps the most important voice in converting former Israel Prime Minister Ariel Sharon to pursue peace with Palestinians. He and the lifelong hawk talked, Mr. Wiesel says, of how history has proven that men of the political right are often best at implementing policies of the left: former U.S. President Richard Nixon reaching out to China; Menachem Begin making peace with Anwar Sadat.

What drives Mr. Wiesel now is less a conviction he can change the world than the survivor's certainty that he must try. In that, he follows the lesson of the character Moishe the Beadle in his best-selling memoir "Night." His family in the Transylvanian town of Sighet might have escaped death had they listened to Moishe, who in 1942 warned of what was coming because he had witnessed and then escaped the Gestapo execution of Jewish prisoners after they had dug their own graves. Mr. Wiesel is sounding a similar alarm about Tehran.

"The regime in Iran is the epitome of what we consider to be evil," he says. "Military intervention must remain the last option, but it cannot be excluded. If all else fails, the president of Iran must be prevented from attaining nuclear weapons. He is sick, mentally ill. He is the No. 1 Holocaust denier."

Beyond considering the mission to Iran, the laureates will discuss how else they can support the International Atomic Energy Agency's package of Multilateral Nuclear Approaches, aimed at enhancing nonproliferation by developing international supply guarantees, with the IAEA acting as supply guarantor. Beyond that, the U.N.'s secretary-general and Mr. Wiesel's foundation are in discussions about creating an Advisory Group of Nobel Laureates to support a new Peacebuilding Commission to assist war-ravaged countries during postconflict phases.

None of this may alter history, but Mr. Wiesel's point is to ensure that leaders don't overlook the pivotal moment. "The 20th century was marked by two totalitarian ideologies: political fanaticism in Moscow and racist fanaticism in Berlin," he says. "Now we face a third fanaticism, religious fanaticism, which dominated the Middle Ages but is back and growing."

Mr. Wiesel, like Moishe the Beadle, only hopes more people listen.

Rice Warns North Korea On Missile Test (AP)

By Anne Gearan, Ap Diplomatic Writer

AP, June 20, 2006

Secretary of State Condoleezza Rice warned North Korea on Monday it will face consequences if it test-fires a missile thought to be powerful enough to reach the West Coast of the United States.

"It would be a very serious matter and, indeed, a provocative act should North Korea decide to launch that missile," Rice said amid indications that the North Koreans could launch an intercontinental ballistic missile at any moment.

The senior U.S. diplomat said the United States would talk to other nations about action should the North go ahead, and "I can assure everyone that it would be taken with utmost seriousness."

President Bush briefly discussed the missile test with Russian President Vladimir Putin during an 18-minute phone call the Russian official placed to the American president on Monday. The leaders plan to remain in touch on the missile issue, said Kate Starr, a spokeswoman for the National Security Council.

The United States, Japan, Australia, South Korea and other countries have urged North Korea to abandon any missile firing, but there was no sign of backing down. U.S. officials said Monday the missile was apparently fully assembled and fueled, giving the North a launch window of about a month.

Unlike other preparatory steps the United States has tracked, the fueling process is very difficult to reverse, and most likely means the test will go ahead, one senior administration official said.

The precise timing is unclear, the official said.

At U.N. headquarters in New York, U.S. Ambassador John Bolton said he was holding preliminary consultations with Security Council members on possible action if North Korea fires the missile, thought to be a three-stage Taepodong-2 with a non-nuclear payload.

"But we don't really know what the North Korean intentions are at this point, so I think we need to wait for the event," Bolton said.

The U.S. ambassador to Japan, Thomas Schieffer, said economic sanctions were an option.

"I think sanctions would have to be considered, but I wouldn't want to describe what actions we might take," Schieffer said through a U.S. Embassy official.

U.S. officials have said the 116-foot-long missile has a firing range of 9,300 miles and could reach as far as the U.S. West Coast. Most analysts, however, say North Korea is still a long way from perfecting technology that would make the missile accurate and capable of carrying a nuclear payload.

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The North's missile program has been a major security concern in the region, adding to worries about a pursuit of nuclear bombs. North Korea shocked its neighbors when it test-fired an earlier missile version over northern Japan in 1998.

In Seoul on Tuesday, Woo Sang-ho, a spokesman for South Korea's ruling party, said, "The government explained to North Korea the serious repercussions a missile launch would bring and strongly demanded that test fire plans be scrapped."

Japan says a new launch would threaten Japanese security and violate an agreement North Korea signed in 2002 and reaffirmed in 2004. Rice said it would also end a self-imposed moratorium on test firings that North Korea has observed since 1999 and a disarmament bargain it struck with the United States and other powers last year.

Rice said a launch now "would once again show North Korea is determined to deepen its isolation, determined not to take a path that is a path of compromise and a path of peace, but rather instead to once again saber-rattle."

The reports of a potential launch came during a prolonged hiatus in nuclear disarmament talks among North and South Korea, China, Japan, the United States and Russia. The earlier disarmament deal gives the North economic rewards for giving up weapons.

The agreement faltered almost as soon as it was announced in September 2005, and the North later walked away from talks in a dispute over a U.S. crackdown on alleged North Korean counterfeiting and fraud.

There have been no talks since last November.

North Korea says it needs nuclear weapons and a delivery system to counter what it contends are U.S. intentions to invade or topple the government. The United States has repeatedly denied any plans to invade.

U.S. intelligence indicates that the missile was fueled in recent days, said two officials, who requested anonymity because the information comes from sensitive intelligence methods.

The United States assumes North Korea would perform a test, not fire the weapon as an act of war, and could claim afterward that it was launching a space mission, one official said. That would still be considered a violation of the moratorium North Korea has observed since 1999, the official said.

The test would probably take place over water and occur during daylight hours, the official said. The United States would probably know almost instantly.

North Korea is 14 hours ahead of the U.S. East Coast.

Possible reasons for a test now include North Korean anger over a U.S. financial crackdown, which the North calls a form of sanctions, or an attempt to demonstrate that it has more technical prowess than Iran and should get at least as good a deal from the world as Iran has been offered to give up disputed nuclear activities.

North Korea referred to its missile program for the first time Monday, but has not said it intends to perform the test.

A North Korean state television broadcast, monitored in Seoul, South Korea, cited a Russian editorial on the missile and said the North "has the due right to have a missile that can immediately halt the United States' reckless aerial espionage activity."

The North has repeatedly complained in recent weeks about alleged U.S. spy planes watching its activities.

N. Korea Warned On Testing Missile (WP)

By Glenn Kessler

The Washington Post, June 20, 2006

Secretary of State Condoleezza Rice warned North Korea yesterday that the launch of a long-range ballistic missile would be "a very serious matter and indeed a provocative act" that would "deepen its isolation."

Rice's remarks, made at a news conference with the Spanish foreign minister, are the latest in a series of warnings to Pyongyang not to end a 1999 self-imposed moratorium on long-range missile testing. U.S. diplomats have also worked closely with foreign counterparts to send a consistent message to the North Korean government ever since U.S. spy satellites detected signs of launch preparation.

Japanese Prime Minister Junichiro Koizumi, a close U.S. ally, said in Tokyo yesterday that Japan "would have to respond harshly" if there was a missile test.

An actual missile launch, however, may test that unity. Chinese and South Korean officials have privately indicated they are not as inflexible about the meaning of the missile moratorium and may be more willing to accept North Korea's explanations, U.S. officials said. South Korean officials, skeptical about U.S. intelligence, have suggested that because North Korea has been so public about the preparations, it is more likely trying to launch a satellite, not conduct a military test.

Six-nation talks seeking to end North Korea's nuclear programs in exchange for economic and political incentives have been stalled since last fall, with North Korea refusing to return to negotiations because it is angry at a Treasury Department crackdown on its counterfeiting of U.S. dollars.

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U.S. officials have searched for ways to lure North Korea back to the talks, but Rice suggested that a test would result in a push to bring new sanctions against Pyongyang. U.N. Ambassador John R. Bolton said yesterday that he has begun preliminary consultations with other Security Council members about a possible resolution.

A test "would once again show North Korea determined to deepen its isolation, determined not to take a path that is a path of compromise and a path of peace, but rather instead to once again saber-rattle," Rice said. "It would be a very serious matter indeed."

Rice said a launch would be an "abrogation of obligations" in the missile moratorium, adding that the freeze was also part of the agreement last September that set out the negotiating principles for the disarmament talks.

U.S. allies in the region have pressed the Bush administration to try harder to return North Korea to the talks, including by ending the financial crackdown. During Chinese President Hu Jintao's visit to Washington in April, President Bush privately reaffirmed that the United States was committed to the six-nation talks but would not end the Treasury Department actions, a senior U.S. official said.

U.S officials have examined intelligence that suggests North Korea may be preparing to test a Taepodong-2 missile from a remote village on North Korea's northeast coast. But three senior U.S. officials said Sunday and Monday that reports that North Korea appeared to have completed fueling the missile are based on incomplete intelligence.

U.S. satellites have observed liquid fuel canisters being placed near the missile, but officials said there was no confirmation that fueling took place. "We can't say anything for sure," said one top official with access to the intelligence.

Loading fuel into the rocket boosters for the Taepodong-2 missile would almost certainly suggest a launch will take place, because it is difficult to siphon out the fuel. But North Korea has a long history of doing things simply for the benefit of American satellites -- and to bring the world's attention back to the Stalinist state.

A year ago, the world was on edge after reports that North Korea might test a nuclear weapon -- and one report even suggested the evidence showed that viewing stands had been built. No test took place.

Three years ago, Pyongyang laid out missiles near a parade route so they could be seen by satellites, resulting in news stories about the potentially provocative act. But North Korea never displayed the missiles publicly during the parade.

Because of cloud cover and high-altitude wind patterns, officials think that, if the missile has been fueled, the earliest a missile launch could occur would be Tuesday evening, Washington time. North Korea is 14 hours ahead of Washington, and officials expect that the North Koreans would launch a missile during daylight hours.

Experts disagree on the likely range of the Taepodong 2, with estimates running as high as 9,000 miles -- far enough to hit the West Coast of the U.S. mainland and U.S. Pacific bases.

Rep. Mark S. Kirk (R-Ill.), who has specialized in North Korean issues and made two trips to that country, said the range is unknown because the current version of the rocket has a large new lower booster. Regardless of whether the rocket has two or three stages, he said, its current state "represents a dramatic increase in range."

If North Korea does launch the rocket on a trajectory that carries it over Japan, Kirk added, "it is expected to have a large impact on the Japanese public," and probably would push Japan to be even more closely aligned with the United States on defense issues.

N Korea Missile Threat A 'provocative Act' (FT)

By Caroline Daniel And Demetri Sevastopulo

Financial Times, June 20, 2006

Condoleezza Rice, the US secretary of state, warned North Korea on Monday that a long-range missile test would be "provocative and serious".

Washington stepped up diplomatic efforts to persuade the Stalinist nation not to launch a Taepodong-2, which could reach the US. John Bolton, the US ambassador to the United Nations, said his government was consulting members of the UN Security Council on how to respond to any test.

"The first preference is that the North Koreans not light the missile off. We have made that clear to them," Mr Bolton said.

The US warnings came as officials said North Korea appeared to have fuelled the Taepodong-2, a move that significantly increases the likelihood of an imminent test because it is difficult and dangerous to reverse.

One official said that while the US had not witnessed North Korea actually fuelling the missile – which could have occurred in darkness to avoid detection by US spy satellites – all the indications suggested it was loaded with fuel.

"Everything is there to lead you to the reasonable assumption that they have [fuelled the missile]," said the official. It is clearly a North Korean decision at this point. Whenever they make the decision, off it goes."

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While siphoning out the fuel would be dangerous, North Korea can also not allow the fuel to sit in the Taepodong-2 for too long because it would corrode the missile's casing.

A launch would be North Korea's first test of a longer-range missile since 1998, when Pyongyang generated an international crisis by unexpectedly firing an intermediate-range Taepodong-1 over Japan into the Pacific Ocean.

The yen fell to an all-time low against the euro and an eight-year low against sterling in European morning trade on Monday as fears grew about escalating regional tensions.

In a sign of heightened concern in Washington, Tony Snow, the White House spokesman, said that administration officials, including President George W. Bush, "have contacted more than a dozen heads of state".

"This is something that the President has been working vigorously through diplomatic channels, to encourage the North Koreans to abide by their self-imposed moratorium on missile testing and also return to the talks," Mr Snow said.

Mr Snow would not identify which leaders Mr Bush had contacted. But one official said he was due to speak with Vladimir Putin, the president of Russia, on Monday.

Ms Rice and Steven Hadley, the national security adviser, had also been "working the phones", and that there had been contacts with North Korean representatives in New York, according to Mr Snow.

A senior administration official said: "It's our strong desire to see North Korea abide by the 1998 moratorium."

At the weekend Shinzo Abe, Japan's chief cabinet secretary and a leading candidate to succeed Junichiro Koizumi as prime minister in September, warned that any launch of a missile that directly affected Japan's security would be a violation of the 2002 Pyongyang Declaration which included a pledge to freeze indefinitely tests of missiles capable of reaching Japan.

Rice Says North Korean Missile Test Would Be 'Provocative Act' (NYT)

By Helene Cooper And Norimitsu Onishi

The New York Times, June 20, 2006

WASHINGTON, June 19 — Secretary of State Condoleezza Rice warned North Korea again on Monday to refrain from testing a long-range ballistic missile, even as reports indicated that the North had taken the penultimate step of fueling the missile.

Continuing diplomatic efforts that have gathered force around the world, Ms. Rice, who had been on the telephone over the weekend with her counterparts in Asia and Europe on the issue, said it would be a "provocative act should North Korea decide to launch that missile."

"We will obviously consult on next steps, but I can assure everyone that it would be taken with utmost seriousness," Ms. Rice said. "It would once again show North Korea determined to deepen its isolation, determined not to take a path that is a path of compromise and a path of peace, but rather instead to once again saber rattle."

Her comments came after Japan warned earlier in the day that it would take "stern actions" against North Korea if it proceeded with what would be its first important test launching since 1998, when North Korea fired a missile over northern Japan.

"I'm still hoping that North Korea won't do it," said Prime Minister Junichiro Koizumi at a news conference. "But if they launch a missile, Japan will consult with the United States and others and will have to take stern actions in response."

Mr. Koizumi did not specify what the actions would be, but other Japanese and American officials mentioned the possibility of economic sanctions.

Australia, which has diplomatic relations with North Korea, called on the North Korean ambassador to cancel any test and to return immediately to the six-nation talks over the North's nuclear program.

"North Korea would be gravely mistaken if it thinks that a missile test would improve its bargaining position in the six-party talks," the Australian foreign minister, Alexander Downer, said in a statement.

He said, "Such action would be highly provocative," adding that it would further isolate North Korea.

Agence France-Presse reported Monday that France, too, spoke out against North Korea's planned test.

"France expresses its deep worry at the preparations for a possible ballistic missile test by North Korea," a Foreign Ministry spokesman, Jean-Baptiste Mattéi, told journalists.

North Korea has refused to return to the six-party talks unless the United States lifts a crackdown on North Korean businesses, and on financial institutions that do business with them.

The Korean Central News Agency, operated by the North Korean government, said the North's military had vowed to bolster the country's "military deterrent" against the United States. The agency accused the United States of being "hellbent on provocations for war of aggression" against North Korea.

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North Korea is believed to be preparing the launching of the Taepodong 2, which, American intelligence officials have said, could reach all of the United States in a three-stage version. The missile at the launching pad was reported to be a two-stage version.

In the 1998 test, it fired a Taepodong 1, which flew over Japan before landing in the Pacific. North Korea agreed to a moratorium on long-range missile testing in 1999.

Don't Fire Missile, N. Korea Told (USAT)

By Bill Nichols

USA Today, June 20, 2006

WASHINGTON — Secretary of State Condoleezza Rice warned North Korea on Monday that launching a long-range missile would be a "provocative act," as the Bush administration moved to prevent the test of a missile capable of reaching the continental USA.

The administration action came amid signs that North Korea is preparing to test-launch a long-range missile, called the Taepodong-2. The multistage missile has a range of 9,320 miles, North Korea says.

Deputy Secretary of State Robert Zoellick said it became known only recently that North Korea was fueling a missile, a final step before launch. "I don't know if they will proceed," he said.

In a state television broadcast, North Korea mentioned its missile program for the first time Monday but did not say whether a test would be conducted.

Experts said a launch, if successful, would represent a dramatic increase in North Korea's technological sophistication and could present a new security threat to the United States.

"If they launch it and it works, they could demonstrate the ability to land a payload on the United States," said Jon Wolfsthal, a nuclear weapons expert at the Center for Strategic and International Studies, a Washington think tank. "That is a strategic turning point. … Draw the comparison you want. The Cuban missile crisis is a good one."

Throughout the government, U.S. officials warned North Korea against taking such a step:

•At the State Department, Rice said a test would violate international commitments made by North Korea. "It would be taken with utmost seriousness," she said.

•At the United Nations, U.S. Ambassador John Bolton said the Bush administration is talking with other Security Council members about possible steps if North Korea tests a missile. "It obviously would be very serious," Bolton said.

•Aboard Air Force One, White House spokesman Tony Snow said President Bush had made calls to more than a dozen heads of state about the issue in recent days. Snow said U.S. officials have talked directly with North Korean representatives in New York.

North Korea analysts said the administration has little leverage with which to persuade the communist country not to test. Experts said the regime probably wants to use a test — its first since 1998 — to try to force direct talks with the United States about its nuclear program and to warn the Bush administration against using military force.

North Korea may have as many as 13 nuclear weapons, according to the Institute for Science and Security, a Washington think tank. Six-nation talks aimed at persuading North Korea to give up its arsenal have stalled. The United States has refused one-on-one negotiations.

"The North Koreans would like to establish the fact that they have weapons and that they also have the delivery system to pose a threat to the United States," said Han Shik Park, a North Korea expert at the University of Georgia. Park said North Korean officials may feel neglected, given the lack of movement in nuclear talks and the recent overture that the United States and its allies made to Iran about freezing its nuclear program.

North Korea thinks "that by doing this, the Bush administration will begin paying more attention to them," Park said.

Daryl Kimball, executive director of the Arms Control Association, a non-proliferation group in Washington, said North Korea's bid for attention and respect would be a grave mistake. It "just invites negative reactions and isolation" and could serve to mortally wound diplomatic efforts, he said.

"If the North Koreans conduct this long-range missile test, it could sink the six-party talks entirely. And they're already on life support," Kimball said.

U.S. Warns North Korea On Missile Launch (LAT)

By Peter Spiegel And Barbara Demick

The Los Angeles Times, June 20, 2006

DOJ_NMG_0035382

WASHINGTON -- The Bush administration moved to ratchet up diplomatic pressure on North Korea on Monday, with Secretary of State Condoleezza Rice warning that a launch of a ballistic missile would be a "provocative act" that would signal Pyongyang's rejection of international efforts to reach a compromise on its weapons program.

The prospect of a long-range missile in the hands of one of the world's most stridently anti-American regimes spread alarm in Washington. A missile test at this time would also be an embarrassing setback to the Bush administration's efforts to prevent nuclear proliferation in Iran and elsewhere.

President Bush participated in overseas phone calls made by administration officials, and U.S. military officials pointed to their missile defense capabilities without indicating whether there were plans to use them. In Tokyo, officials said Japan would respond "severely," and South Korean officials early Tuesday also delivered a stern warning.

The missile is thought to have a range that could reach U.S. territories in the Pacific such as Guam and possibly parts of Alaska or Hawaii. Analysts believe it is considerably more sophisticated than the Taepodong I that North Korea shot into the Pacific Ocean in 1998 before signing a missile-testing moratorium.

As of Monday, satellite intelligence from the launch site in Musudan-ri on North Korea's east coast suggested that the fueling was on the verge of completion. Once fueling is completed, any launch would likely take place within 48 hours, since such missiles can be damaged if left fueled for extended periods. Siphoning off liquid fuel is considered difficult and dangerous.

A South Korean official told reporters in Seoul all that remains is "the click of a button."

With international talks at a standstill and military options considered imprudent, U.S. officials were left to wonder about North Korea's next step.

"We're still waiting. We don't know what their intentions are," said a senior State Department official, speaking on condition of anonymity given the uncertainty involved. "We don't know for sure that they're going to push the button. But the trend lines have all been in one direction."

President Bush personally took part in calls to more than a dozen heads of state to discuss the consequences of a launch, said Tony Snow, the White House spokesman. He refused to name world leaders contacted by Bush. Snow also confirmed U.S. diplomats have been in contact with North Korean counterparts in New York, where the two countries have on occasions communicated through their United Nations delegations.

After days of curious silence, South Korea joined Japan and the United States early Tuesday in issuing a pointed warning to the North Koreans.

"The government explained to North Korea the serious repercussions a missile launch would bring and strongly demanded that test fire plans be scrapped," Woo Sang-ho, a spokesman for South Korea's ruling Uri Party, said Tuesday morning in Seoul. The U.S. made similar diplomatic warnings in 1998 when it learned that North Korea had begun fuelling a Taepo-dong 1 missile, a multi-stage launcher that can fly about 1,250 miles, but Pyongyang ignored the admonishments and launched the missile over Japan. The missile, which if developed sufficiently could be a delivery system for a nuclear weapon, dropped harmlessly into the Pacific after its third stage blew up.

The situation today is more dangerous than in 1998 because North Korea has considerably advanced its nuclear program in the ensuing years. North Korea pulled out of a nuclear-freeze agreement in 2002 and restarted it reactor and reprocessing plant in Yongbyon.

North Korean leader Kim Jong-il, with whom Bush has great personal animosity although the two have never met, has made a point of snubbing the administration's nonproliferation efforts.

Since September, Pyongyang has boycotted six-nation talks in Beijing over negotiating a dismantlement of its nuclear program. Measures to punish the North Koreans by shutting down an overseas bank it used for laundering proceeds of drug trafficking and counterfeiting have so far failed to bring Pyongyang into compliance.

The CIA believes that North Korea has enough nuclear material for 10 weapons, although it is not clear that its scientists currently have the ability to make a nuclear warhead that could be mounted on a missile.

Missile experts in South Korea and the United States believe that the current missile is not carrying a warhead, but a satellite. The technology of launching a satellite or a warhead is virtually the same, but the fact could be used by the North Koreans to claim that their launch would be purely a civilian undertaking.

Preparations for a new launch, which analysts said appears to be of a larger Taepo-dong 2 rocket, have been taking place for weeks at the remote Musudan-ri missile base under the scrutiny of U.S., Japanese and South Korean spy satellites.

"I think it is already taken with utmost seriousness by regional states and by the world because it would once again show North Korea determined to deepen its isolation, determined not to take a path that is a path of compromise and a path of peace, but rather instead to once again saber-rattle," Rice said. "From our point of view, it would be a very serious matter indeed."

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Pentagon officials would not specify contingency plans or describe the alert status of U.S. forces in response to the North Korean situation. Bryan Whitman, a Pentagon spokesman, noted that the U.S. "does have a limited missile defense system" in the Pacific, but he would not say whether the U.S. would use the system if a launch occurred.

Although the U.S. military has not been able to shoot down decoy missiles with any regularity, it maintains monitoring and tracking capabilities. Ships with sophisticated Aegis radar systems have been used to track missile launches in the Pacific.

Whitman added that the Pentagon considered any North Korean missile firing a "launch," rather than a "test."

"'Test' would imply we know their intentions," Whitman said.

North Korean missile technology remains shrouded in secrecy. The 1998 launch of the Taepo-dong 1 caught analysts by surprise, since it was not known that Pyongyang had the capability of developing a multi-stage missile.

There has been speculation since the 1999 moratorium, reached after the U.S. agreed to lift a number of economic sanctions, that North Korea was attempting to develop a larger Taepo-dong 2 , which would be able to fly more than twice the distance of Taepo-dong 1 and reach important U.S. military facilities in Guam. Depending if the missile had two or three stages, it theoretically could reach parts of Alaska as well. Missile experts believe the new missile also has advanced decoying capabilities which would make it difficult to track.

U.S. officials stressed Monday that they could not be certain which type of rocket was being readied.

"It's unclear exactly which model this thing is," said the senior State Department official.

N. Korean Threat Activates Shield (WT)

By Bill Gertz

The Washington Times, June 20, 2006

The Pentagon activated its new U.S. ground-based interceptor missile defense system, and officials announced yesterday that any long-range missile launch by North Korea would be considered a "provocative act."

Poor weather conditions above where the missile site was located by U.S. intelligence satellites indicates that an immediate launch is unlikely, said officials who spoke on the condition of anonymity.

However, intelligence officials said preparations have advanced to the point where a launch could take place within several days to a month.

Two Navy Aegis warships are patrolling near North Korea as part of the global missile defense and would be among the first sensors that would trigger the use of interceptors, the officials said yesterday.

The U.S. missile defense system includes 11 long-range interceptor missiles, including nine deployed at Fort Greeley, Alaska, and two at Vandenberg Air Force Base, Calif. The system was switched from test to operational mode within the past two weeks, the officials said.

One senior Bush administration official told The Washington Times that an option being considered would be to shoot down the Taepodong missile with responding interceptors.

Secretary of State Condoleezza Rice added that any launch would be a serious matter and "would be taken with utmost seriousness and indeed a provocative act."

White House spokesman Tony Snow declined to comment when asked if shooting down a launched missile was being considered as an option.

President Bush had telephoned more than a dozen heads of state regarding North Korea's launch preparations, Mr. Snow said. He did not identify the leaders who were called by Mr. Bush.

Pentagon spokesman Bryan Whitman said the U.S. has made it clear to North Korea that the communist regime should abide by the missile-test ban it imposed in 1999 and reaffirmed in a pact with Japan in 2002.

"The United States has a limited missile defense system," Mr. Whitman said. He declined to say if the system is operational or whether it would be used.

"U.S. Northern Command continues to monitor the situation, and we are prepared to defend the country in any way necessary," said spokesman Michael Kucharek.

Any decision to shoot down a missile would be made at the highest command levels, which includes the president, secretary of defense and chairman of the Joint Chiefs of Staff.

In Tokyo, Prime Minister Junichiro Koizumi said Japan and South Korea are trying to avert a launch.

"Even now, we hope that they will not do this," Mr. Koizumi said. "But if they ignore our views and launch a missile, then the Japanese government, consulting with the United States, would have to respond harshly."

John R. Bolton, the U.S. ambassador to the United Nations, said the Bush administration is consulting with other Security Council members on how to respond to a Taepodong launch.

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In Australia, Foreign Minister Alexander Downer said North Korea's ambassador had been summoned and told any missile launch would result in "serious consequences."

U.S. intelligence officials said there are signs that the North Koreans recently began fueling the Taepodong with highly corrosive rocket fuel. Normally, when liquid fuel is loaded into missiles the missile must be fired within five to 10 days, or it must be de-fueled and the motors cleaned, a difficult and hazardous process.

The Taepodong was first tested in August 1998, and North Korea claimed that it was a space launch vehicle that orbited a satellite. U.S. intelligence officials said the last stage of the missile was powered but did not reach orbit. A new test would likely be a more advanced version.

"Our concerns about missile activity in North Korea are long-standing and well-documented," said Mr. Whitman, the Pentagon spokesman.

The test preparations began several weeks after the Bush administration imposed new rules on U.S. companies that prohibit American or foreign firms incorporated in the United States from flying North Korea's flag on merchant ships.

According to the Treasury Department, Korean War-era sanctions were loosened in 2000 in order to entice North Korea into abiding by the missile flight test ban.

One reason for the concerns about a launch is that North Korea has issued threatening statements through its official press and broadcast organs that it is ready to go to war with states such as Japan and the United States that impose economic sanctions.

North Korea's Incredibly Bad Idea (NYT)

The New York Times, June 20, 2006

No one can claim a very good track record for figuring out what North Korea is up to and why, and that plainly applies to the North's reported preparations for testing a long-range missile that one day may be capable of reaching the United States. Maybe North Korea is just jealous of all the attention Iran has been getting as a result of Tehran's recent nuclear bad behavior, and craves a spotlight of its own. Maybe Pyongyang, which hasn't tested such a long-range missile in eight years, wants to see if its new, more advanced model actually works.

Or maybe North Korea is perversely eager to see the United States speed up its missile-defense plans, Japan to become more hawkish on military issues and South Korean politicians who favor talking and trading with the North lose next year's elections.

But if we cannot be sure of North Korea's motives, we can be reasonably sure of the consequences if Pyongyang does go ahead and launch the missile — which Washington says, citing satellite photos, is now fully fueled and ready to go. And those consequences will be thoroughly bad for North Korea, for its region and for just about everyone else. They will immensely complicate negotiating the kind of nuclear deal North Korea is thought to want — a grand bargain that would give it desperately needed economic help and long-sought security guarantees in exchange for abandoning its nuclear weapons program.

The consequences could be exceedingly grim for the rest of Northeast Asia as well. North Korea's previous long-range missile test in 1998 flew over Japanese airspace, shocking Japan out of its long postwar complacency about national defense. The main result has been a rise in military nationalism among Japanese politicians and the public. Another direct consequence has been increased Japanese reluctance to deal with North Korea.

Why North Korea would want to increase its isolation and antagonize its few friends like China and South Korea is hard to comprehend. But North Korea-watching is full of such mysteries.

Washington, for its part, has reacted sensibly, not wasting a lot of time on diplomatic rigmarole and delivering instead a clear and direct message to North Korea not to proceed with a missile test. We hope that North Korea's next surprise is to respond equally sensibly and cancel whatever plans it has for such a self-destructive move.

US Congress Cautious On Indian Nuclear Energy (FT)

By Demetri Sevastopulo

Financial Times, June 20, 2006

Congress is unlikely to give final approval this year to the Bush administration's civilian nuclear energy deal with India, according to Senator John McCain, the influential Arizona Republican.

In an interview with the FT, Mr McCain said Congress needed to scrutinise the deal rigorously because of the precedent it would set.

Critics say the deal would encourage nuclear proliferation by rewarding India, a country that has developed nuclear weapons while refusing to join the Nuclear Non-Proliferation Treaty.

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President George W. Bush sealed the landmark deal during a visit to Delhi this year. Under the agreement, the US would supply India with civilian nuclear technology in return for Delhi agreeing to open most of its nuclear facilities to international inspections.

"I am not saying I will oppose it, but I still would like to hear more argument in its favour," said Mr McCain. "I understand our unique relationship with India ... but when you carve out an exemption, then of course you run the risk of others wanting the same exemption."

Although Mr McCain said his tendency was to support the deal, it was "unlikely" that Congress could give final approval this year because of the time needed to examine the agreement properly.

The White House has been pushing Congress to make the required changes in US law as soon as possible.

However, Republicans and Democrats are increasingly reluctant to approve the deal before details such as what safeguards India would negotiate with the International Atomic Energy Agency are hammered out.

Some critics argue that the deal will bolster India's nuclear weapons programme because it will allow India to import uranium fuel, freeing up its domestic supply for use in its military programme.

"For what it's worth, we have received assurances that India will not do that, but . . . this is taking a risk," says Mr McCain.

If the Republicans retain control of the Senate in the November congressional elections, Mr McCain will become chairman of the Senate armed services committee in January.

One of his priorities, he says, will be to reform military procurement.

Mr McCain says: "[Military procurement] has become a national scandal. Nine of the 11 major weapons systems last year were over cost and behind schedule and received incentive bonuses. I don't get it."

U.S., Russia Break Impasse On Plan To Keep Arms From Rogue Users (WP)

By Peter Baker

The Washington Post, June 20, 2006

The United States and Russia reached a last-minute agreement saving a program to secure or destroy Soviet nuclear warheads, chemical weapons and killer germs, U.S. officials said yesterday, breaking a long logjam and averting a rupture weeks before President Bush travels to St. Petersburg.

The program, a multibillion-dollar effort designed to keep weapons of mass destruction out of the hands of terrorists or rogue states, was set to expire Friday amid a stubborn disagreement over legal provisions. But U.S. and Russian officials cut a deadline deal in Moscow on Friday that will extend the program for seven years and effectively take the issue off the table for Bush's trip.

Although overshadowed by disputes with Iran and North Korea, the Cooperative Threat Reduction program with Russia represents the most expansive disarmament effort in the world and the prospect that it could be halted deeply worried arms-control specialists. The program, which began 14 years ago after the Cold War ended, has deactivated thousands of warheads, missiles and bombers and made progress toward securing biological and chemical weapons.

But the work has gone slower than hoped and Russia still maintains thousands of additional aging nuclear warheads as well as vast stockpiles of other weapons that specialists fear are vulnerable to theft or sale on the international black market. U.S. contractors in Russia would have had to shut down activities if Friday's agreement had not been signed by U.S. Ambassador William J. Burns and Russian Deputy Foreign Minister Sergei Kislyak.

"The extension of the umbrella agreement is critical," said Raphael Della Ratta, a weapons specialist at the Russian American Nuclear Security Advisory Council. Without it, "nuclear weapons delivery systems would not be dismantled, chemical weapons would remain unsecured and undestroyed and biological pathogens would remain unsecured as well."

At the same time, he and other experts have complained that the Bush administration has not shown sufficient urgency about eliminating Russian arms. "We are in a race against time to secure these materials before they're lost, stolen or get into the wrong hands," said Daryl G. Kimball, executive director of the Arms Control Association. "This is a necessary but insufficient step. The administration needs to push down the accelerator in terms of the pace of work."

A senior administration official said the extension should help propel efforts to eliminate old Soviet weapons. "This reinvigorates and strengthens the ongoing cooperation we've been doing with Russia," said the official, who was not authorized to speak on the record.

The extension had been held up for years mainly by a dispute over liability. Under the original agreement, Russia was responsible for any mishaps, even accidents or negligence by U.S. contractors. Russia has balked at that provision. The renewal keeps the original language for current projects but will address Russian concerns for future projects. It does not affect a separate plutonium-disposal program announced in 1998 but never started because of a similar dispute.

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A collapse of the Cooperative Threat Reduction program would have marred Bush's visit to St. Petersburg next month for the Group of Eight summit. The meeting will be the group's first held by Russia, which is eager to use the occasion to showcase its reemergence on the world stage as a major power.

Critics say Russia has no business hosting an organization of industrial democracies at a time when President Vladimir Putin has constricted political freedoms at home and used energy resources to flex muscles abroad. Bush has maneuvered to avoid the image that he is endorsing Putin's course by attending the summit.

Vice President Cheney recently criticized Russian actions, and the administration will send two assistant secretaries of state, Daniel Fried and Barry Lowenkron, to a pre-summit meeting to discuss human rights in Russia. Bush also announced yesterday that he will host Georgian President Mikheil Saakashvili at the White House shortly before the summit as a statement of solidarity with Russian neighbors under pressure from Moscow.

The Cooperative Threat Reduction agreement was reached in 1992 at the instigation of Sens. Richard G. Lugar (R-Ind.) and Sam Nunn (D-Ga.) and was renewed in 1999. Since then, it has deactivated or destroyed 6,828 nuclear warheads, 612 intercontinental ballistic missiles, 885 nuclear air-to-surface missiles, 577 submarine-launched missiles, 155 bombers and 29 nuclear-powered ballistic missile submarines, among others, according to the Defense Threat Reduction Agency.

But it still has much to do. About half of the nuclear warheads, ICBMs, ICBM silos, submarine-launched missiles and nuclear submarines targeted by the program have yet to be eliminated, according to the agency. A chemical-weapons destruction facility is more than 60 percent unfinished and the Government Accountability Office reported that it may not open by 2009.

Lugar hailed the extension but called on Congress to remove other conditions that threaten the program: "If the proliferation of weapons of mass destruction is the number one national security threat facing our country, we cannot permit any delays in our response."

Palestinian Workers Receive Partial Pay (USAT/AP)

By Ibrahim Barzak, The Associated Press

USA Today, June 20, 2006

GAZA CITY — Thousands of Palestinian workers left postal banks carrying three crisp $100 bills Monday, their first pay since March.

The payment was made by the Hamas-led government, which dipped into cash officials carried into Gaza last week to circumvent a freeze on Western aid.

Finance Minister Omar Abdel Razek said there was no way to transport the money to the West Bank, or even convert it to a local currency. He said officials were forced to make cash payments to avoid commercial banks that fear anti-terrorism sanctions. “We are paying through the post office because we have some problems with banks because of the direct or indirect threats by the U.S. and Israel,” Razek said.

The United States, Israel and the European Union list Hamas as a terrorist group because it has sent suicide bombers into Israel, killing hundreds.

Hamas has long rejected Israel's right to exist. Now that the militant group leads the Palestinian government — it won legislative elections in January — it must recognize Israel, renounce violence and accept previous peace accords, the United States, the EU and Israel say.

Hamas has refused. As a result, aid to the Palestinian government has been cut off.

Early today, government spokesman Ghazi Hamad said Hamas is close to agreement with the rival Fatah Party on a document that implies recognition of Israel. After talks in Gaza, Hamad said, “I think in a couple of days we will reach a compromise, because we think that the differences are not significant.”

Last week, Foreign Minister Mahmoud Zahar hauled $20 million in cash across the Egyptian border into Gaza in suitcases. Another Hamas official followed with $2 million. Hamas said the money came from private donations and Islamic charities.

The Palestinian Authority is the largest employer in the West Bank and Gaza. The salaries of the 165,000 government workers add up to about $130 million a month. The last three paydays have been missed. Another comes in less than two weeks.

Thousands of civil servants lined up at Gaza post offices Monday for payouts. The Finance Ministry said 91,000 workers earning $333 to $555 a month received $300. The government earlier paid 40,000 workers who earn less than $333 a month.

“I'm worried because I don't know where to begin. The grocery wants money. The bakery wants money, and I also need to pay my rent,” said Samir Hassanya, 42, a health worker.

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Concerned about the deteriorating situation, Mideast peacemakers — including the United States and EU — approved a plan over the weekend to transfer $125 million in humanitarian aid to the Palestinian people, bypassing the government.

The EU's top foreign policy official, Benita Ferrero-Waldner, was in the region Monday to discuss the aid plan and Israeli Prime Minister Ehud Olmert's proposal for a unilateral West Bank withdrawal.

Olmert says he prefers a negotiated settlement with the Palestinians but considers talks impossible as long as Hamas remains committed to Israel's destruction. If peace efforts founder, Olmert plans a unilateral withdrawal, using the separation barrier that Israel is building as the basis for a future border.

East Timor: U.S. Opposes U.N. Force (NYT)

By Warren Hoge

The New York Times, June 20, 2006

John R. Bolton, the United States ambassador to the United Nations, questioned the need cited by Secretary General Kofi Annan last week to return peacekeepers to East Timor, where an Australian-led multinational force has ended violence that killed more than 30 people. Mr. Bolton said the current conflict was internal and unrelated to the tiny nation's struggle for independence from Indonesia that had been the basis of an earlier United Nations presence. "This has the look of disagreements among politicians with rival security forces," he said.

Arrests Spark Fears Of Armed Islamist Takeover (WT)

By James Brandon

The Washington Times, June 20, 2006

RABAT, Morocco -- Police have arrested more than 500 Islamist activists since late May on accusations that they were planning a coup to replace Morocco's pro-U.S. monarchy with an Islamic state.

Most were released swiftly, but the arrests revived fears that the country's largest Islamic movement, Al Adl wa al Ihsane, or Justice and Charity, is preparing to take up arms to fulfill predictions from the group's own Sufi mystics that Morocco's monarchy will fall this year.

The group, which already has Islamized higher education in Morocco, wants to replace the monarchy with an Islamic state and cut all political, cultural and economic relations with the West -- moves that it argues will end poverty and corruption in Morocco.

So far, its hundreds of thousands of followers have been content to patiently wait for an Islamic state to emerge. However, as the group's mystics churn out religiously inspired visions at an ever-faster rate, analysts fear the group will have to take action or risk losing credibility.

"There are hundreds of visions that foresee a great change in Morocco in 2006," said Nadia Yassine, the group's public face and daughter of its founder, Sheik Abdessalem Yassine. "These are true visions, and we believe in them completely."

Sheik Yassine added that, for 14 centuries, "politics and spirituality have been kept apart by the Arab elites. And we have been able to reconnect these two aspects of Islam -- and that is why people fear us."

George Joffe, a North Africa specialist at the Center of International Studies at Cambridge University, said Al Adl wa al Ihsane "may not be directly threatening violence, but their subtext is that the government is creating conditions which might cause violence to erupt."

"Through these visions, they are plugging directly into Moroccan traditions and history to directly challenge the monarchy," he said. "The government is already facing increasing tensions over high unemployment, and these arrests are an attempt to deflate the Islamists."

Al Adl wa al Ihsane is illegal and boycotts elections. However, it has taken control of the country's universities and the national student union and uses these institutions to radicalize young Moroccans.

"They have changed the universities into places of intolerance -- against girls, against gays, Jews, alcohol -- against almost everything," said Jamal Berraoui, editor of Voice of the People, a Casablanca newspaper. "They hold the universities hostage. They have created a climate of intellectual terrorism."

The Al Adl wa al Ihsane-run student union has forced the government to remove secular subjects such as philosophy from university curriculums. The group also has campaigned successfully for new university mosques, which it then staffs with radical Islamic preachers.

"When we talk with the Ministry of Education, we insist that our education conform to Islamic standards," said Mohamed Belkasmi, an economics student and head of the student union at Casablanca University. "We insist that our country's laws and teachings consist only of the Koran."

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In addition to banning all "un-Islamic" events from campuses, they organize pro-Hamas exhibitions and force students and teachers to strike in support of jailed members of the movement.

Within the universities, the group operates as a secret police, crushing dissent. When a reporter interviewed students about Al Adl wa al Ihsane, the discussion repeatedly was interrupted by the group's bearded activists who patrol the campus.

"The Islamists are not the majority in Morocco, but they are the strongest and best-organized," Mr. Berraoui said. "If they want to take over, they will not hesitate to use violence and to terrorize everyone else."

The government appears powerless to control the group. In 2000, pressure from international human rights groups forced the government to release Sheik Yassine from house arrest.

"In Morocco, image has become more important than reality," Mr. Berraoui said. "Stopping the Islamists taking over would look like repression and that would make the government look bad.

"Morocco is no longer a dictatorship but not yet a democracy. This moment of transition is the most dangerous part."

Bush, Brazil's Lula, Discuss Trade (AFP)

AFP, June 20, 2006

US President George W. Bush and his Brazilian counterpart Luiz Inacio Lula da Silva spoke by telephone about this week's World Trade Organization talks in Geneva and mutual trade concerns.

"President Lula of Brazil called the president to discuss the status of the WTO negotiations currently under way in Geneva," White House National Security Council spokesman Frederick Jones said in a statement.

"The two presidents expressed the importance of a successful Doha Round, and noted that their respective trade negotiators had instructions to seek a comprehensive deal beneficial to all," the NSC spokesman said, adding that the 20-minute call had been requested by Lula.

"President Lula acknowledged and thanked the president for the leadership he has shown at the WTO. The two presidents also briefly discussed efforts to reduce dependence on oil and promote alternative energy," said Jones.

WTO members are struggling to meet their year-end 2006 deadline to complete the current, so-called Doha Development Agenda of trade talks, which is supposed to help poor countries.

The Doha round, launched in 2001, was meant to have been completed in 2004. Negotiators also missed their last deadline, April 30, for deciding details of the final accord.

Bush is to take part Wednesday in a EU-US summit in Vienna, a gathering which offers the last opportunity for top level talks ahead of a key WTO ministerial meeting at the end of the month.

Bush, Brazil Leader Talk Trade Expansion (AP)

AP, June 19, 2006

President Bush and Brazilian President Luiz Inacio Lula da Silva spoke by phone Monday for about 20 minutes, discussing efforts to expand international trade and steps toward energy self-sufficiency, the White House said.

The Brazilian president placed the call Monday morning, said White House spokesman Frederick Jones.

The two leaders talked about world trade talks under way in Geneva, both agreeing that "their respective trade negotiators had instructions to seek a comprehensive deal beneficial to all," Jones said.

"The two presidents briefly discussed efforts to reduce dependance on oil and promote alternative energy," Jones said.

Venezuela Fights US Bid To Keep It Off UN Panel (FT)

By Andy Webb-Vidal And Mark Turner

Financial Times, June 20, 2006

President Hugo Chávez of Venezuela is fighting to win a seat on the United Nations Security Council, in the face of US efforts to derail Venezuela's campaign by lobbying on behalf of Guatemala.

Mr Chávez has long viewed a seat on the council as a vital part of winning representation for Venezuela – and by extension, he argues, for poorer nations – in international organisations.

A two-year open seat will become available this year, and Venezuela has already begun soliciting support from other governments in Latin America and the Caribbean.

Regional diplomatic heavy-weights such as Argentina – whose seat Venezuela is seeking to fill – and Brazil have indicated that they would back Caracas, as have countries farther afield, such as Syria.

The US has raised concerns about ties between Venezuela and Iran, including fears that Venezuela's presence on the council could undermine efforts by Washington to put pressure on Tehran over its nuclear programme. On Monday a senior US State Department official described Venezuela's international app-roach as "confrontational" rather than "problem-solving".

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In an interview with the FT on Monday, Mr Chávez's recently appointed ambassador to the UN, Francisco Arias, said Venezuela's presence on the council would allow it to represent the interests of developing countries in the "south".

Mr Arias, who took part as an army officer in Mr Chávez's coup attempt in 1992, said US efforts to scupper Venezuela's bid would work against Washington.

"The position stated by officials in the US government – that countries should not vote for us because we represent a danger – shows lack of respect," he said.

"The US already has excessive power: a permanent seat plus the power of veto," he added. "But the campaign by the US will end up being counterproductive."

To reinforce Mr Arias's mission, Mr Chávez has appointed Roy Chaderton-Matos, seen as Venezuela's most experienced career diplomat, as a parallel special envoy to the UN.

"Venezuela is going to do everything possible to win a seat in the Security Council," said Jocelyn Henríquez, the director of the Centre for Diplomatic and Strategic Analysis, a think-tank in Caracas.

Washington's lobbying efforts may be on shaky ground. César Mayoral, Argentina's ambassador to the UN, said on Monday it looked "very bad for Guatemala", adding that US support for Guatemala was undermining the Central American country's chances.

He said Argentina, like most of South America, was backing Venezuela, but one of Venezuela's greatest challenges would be to win Chile's vote.

Alejandro Foxley, Chile's foreign minister, said at the weekend that Santiago would probably back a consensus candidate from a third country.

Annan Cautions Rights Council To Avoid Rifts (NYT)

By Tom Wright

The New York Times, June 20, 2006

GENEVA, June 19 — The United Nations secretary general, Kofi Annan, spoke Monday at the first meeting of the organization's new Human Rights Council, urging member nations not to engage in the political bickering that paralyzed its predecessor, the Human Rights Commission.

The council, whose 47 members are meeting through June 30 in Geneva, largely to establish operational procedures, was created by the United Nations in an effort to strengthen its mechanism for defending human rights and punishing nations that transgress.

The commission, which had 53 members, drew criticism for allowing countries with poor human rights records like Zimbabwe, Sudan and Libya the right to sit in judgment over other nations and for allowing political considerations to block effective action against abuses.

"This council represents a great new chance for the United Nations, and for humanity, to renew the struggle for human rights," Mr. Annan said in his speech. "I implore you, do not let the opportunity be squandered."

He added, "It is hardly an exaggeration to say that the eyes of the world — especially the eyes of those whose human rights are denied, threatened or infringed — are turned toward this chamber and this council."

But from the start the council has been weakened by the opposition of the United States, among only four countries that voted against the creation of the body at a General Assembly session in March. The United States, which wanted a smaller body with fewer members, also declined to seek a seat on the council. While many countries have sent foreign ministers to Geneva for the opening sessions of the new body, the American delegation will be led by Warren W. Tichenor, the new United States representative to the United Nations in Geneva.

"This sends the wrong signal," said Mariette Grange, the advocacy director in Geneva for Human Rights Watch. "One of our regrets is the United States has not registered any high-level representatives."

The council is widely regarded as an improvement over the commission. Nations seeking election to the council in May had to meet more demanding standards than in the past, and several candidate countries accused of rights abuses, including Iran and Venezuela, were excluded.

The council will meet three times a year for a total of 10 weeks, almost double the time for the commission, and members can convene special sessions to respond quickly to crisis situations. Countries that do not abide by rights standards can be ejected from the council with a two-thirds vote in the General Assembly.

Countering Counterfeits (WSJ)

By Carlos Gutierrez, Gunter Verheugen, Peter Mandelson And Susan Schwab

DOJ_NMG_0035390

The Wall Street Journal, June 20, 2006

The global economy for illicit goods is massive, but by definition impossible to measure. What we do know is that it is getting bigger. The number of counterfeit items seized at European Union borders has increased by more than 1,000%, rising to over 103 million in 2004 from 10 million in 1998. At U.S. borders, seizures of counterfeit goods have more than doubled since 2001. Even allowing for improved detection rates, there is little doubt that the situation is getting worse.

Today the EU and the U.S. will launch a joint action strategy on the global enforcement of intellectual-property rights. The groundbreaking agreement between the EU and the U.S. envisages closer customs cooperation, including more data sharing. There are plans for joint border enforcement actions, including in third countries, and the creation of joint networks of EU and U.S. diplomats in third countries working on intellectual-property protection.

Twenty years ago, counterfeiting might have been regarded as a problem chiefly for the makers of expensive handbags. In the 1980s, 70% of firms affected by counterfeiting were in the luxury sector. But in 2004, more than 4.4 million items of fake foodstuffs and drinks were seized at EU borders, an increase of 196% over the previous year. In the U.S., seizures of counterfeit computers and hardware tripled from 2004 to 2005. There are also fake electrical appliances, car parts and toys. Even airplane parts are being pirated: The Concorde crash of 2000 appears to have been caused by a counterfeit part that had fallen off another aircraft.

Perhaps most worrying is the booming trade in counterfeit medicines, which were reckoned to account for almost 10% of world trade in medicines in 2004. A recent study in the Lancet concluded that up to 40% of products labeled as containing the antimalarial drug artusenate contain no active ingredients. Most of these fake drugs are headed for the world's poorest countries. The World Health Organization estimates that 60% of counterfeit medicine cases occur in developing countries.

The popular view is that buying a fake is a win-win game, so long as you know what you are paying for. Everyone enjoys a bargain. But it's far too easy -- and wrong -- to write off this kind of crime as not really harmful to anyone. Counterfeiting is big business for criminal organizations that can affect entire sectors of the international economy. And when pirates move into fake medicines and fake car-parts, we move from rip-offs to potential tragedy.

The scale of counterfeiting matters enormously for the EU and the U.S., who compete on their reserves of innovation, invention and high-quality design and production. Piracy strips that comparative advantage away. Our economies are adapting to low-cost competition from the developing world. We have a right to expect that our own comparative advantages be respected.

But it is not just the developed world that has a stake in this fight. Tolerating counterfeiting almost inevitably backfires. Developing countries that tolerate the existence of a parallel illicit economy in their market will quickly lose the confidence of foreign investors and services traders, and the technology transfer that these bring with them. They also undermine the development of innovative and creative businesses in their own economy. Although China is now taking steps to better enforce its intellectual-property laws, it has for too long turned a blind eye to these problems. Ironically, customs authorities are now intercepting increasing numbers of Beijing 2008 Olympic knockoffs.

It is time for a new global strategy and a much tougher global approach. All members of the World Trade Organization have signed agreements to fight counterfeiting. The new focus has to be on enforcing the rules we already have against counterfeiting and piracy in particular. Countries that have signed up to these rules should no longer expect an easy ride if they don't implement them.

Our initial efforts will focus on working more closely together to address challenges in China and Russia. But we also have major concerns in Asia, Latin America and the Middle East. We recognize that it is not always easy for developing countries to tackle intellectual-property theft effectively, and we will help these countries reinforce their own efforts.

American and European industries are right alongside us. They have long demanded better international intellectual-property protection. An integral part of the EU-U.S. strategy is the development of public-private partnerships in third countries, working with industry to pool information and intelligence and to jointly address the enforcement problem.

The competitiveness of European and American industry depends on respect for intellectual property, and so do the health, safety and security of our citizens. But everyone in the global economy benefits when intellectual-property rights are secured. The EU-U.S. joint action is a clear signal that we will work with our trading partners to ensure that their legal commitments on intellectual property are accompanied by a genuine willingness to tackle the problem at their borders, in their courts and on their streets.

Mr. Gutierrez is U.S. secretary of commerce, Mr. Verheugen vice president of the European Commission for enterprise and industry, Mr. Mandelson EU trade commissioner, and Ms. Schwab the U.S. trade representative.

Two Views Of Justice Fuel Bolivian Land Battle (WP)

By Monte Reel

DOJ_NMG_0035391

The Washington Post, June 20, 2006

OKINAWA, Bolivia -- Choei Yara sleeps in a boxy room in the back of his roadside dry goods store, and the lump under his thin pillow is a loaded .45-caliber pistol. It is intended for a specific emergency: an attack so sudden that he'd be unable to reach the pump-action shotgun that leans against a bare concrete wall, just five feet away.

He's not afraid of the store being robbed, but he believes that the piece of paper stating that he owns about 1,400 acres of fertile soil is the kind of thing that can drive men to violent extremes. Property in Latin America is more unevenly distributed than anywhere on the planet, and Bolivia is no exception. But this month the country began a project to shuffle ownership rights affecting 20 percent of its land area, giving most of it to the poor. And tensions are starting to boil.

Those with land are starting to dig in to protect their turf. Those without it, emboldened by the recent government announcements, are taking over more properties on their own, without government approval.

"I've worked this land for 30 years, and I have never had a problem until this past year," said Yara, 63, whose family was among the Japanese immigrants who founded this community in eastern Bolivia after World War II. "But now I get death threats from the landless peasants, and they are threatening to kidnap my family. No one respects private property anymore, not even the government."

On June 9, one man was shot dead and more than a dozen were wounded in clashes as local authorities tried to evict peasants from land they had taken over in western Bolivia. Two days before that incident, two men were shot in similar circumstances in the central region. In this eastern province of Santa Cruz, agricultural organizations have threatened to form self-defense groups to protect farm property if the state tries to take it away. And across the border in Brazil, where property-related violence has been a problem for decades, a federation of landless peasants stormed the parliament building in the capital on June 7, breaking open the glass doors and demanding agrarian reforms.

The conflict in Bolivia is firmly rooted in the stark inequities that President Evo Morales says his "agrarian revolution" is designed to correct. About 90 percent of Bolivian land is owned by the wealthiest 7 percent of the population. Imbalances like that have helped make Bolivia South America's poorest nation: About 63 percent of its citizens -- and nearly 80 percent of its rural population -- live in poverty.

Morales has said much of his nation's land is not being used productively, and he complains that large swaths were given to wealthy elites during the dictatorships of the 1970s. Under his plan, if the government deems land unproductive or obtained illegally, it is subject to confiscation and redistribution.

The tension now, however, is concentrated not so much in the places where land is clearly unproductive as in the places where the definitions of productivity are more subjective and open to argument. Like Yara's place.Armed Guards

Standing behind a rusty pan scale, Yara tilts his head slightly and eyes customers warily when they enter his store, where sacks of potatoes and rice sit on worn planks in the middle of the floor. The way he figures it, he's one unjust decision away from losing everything, and these days he sees injustice in a lot of familiar faces he used to trust.

" 'Bolivian land should be for Bolivians' -- that's what they're telling me now," said Yara, watching one of his daughters weigh rice he'd grown on his land. "It's not right. I've always been supportive of Bolivia. I pay all my taxes. My children are Bolivians, and they're married to Bolivians. I sacrificed a lot to get that land."

Yara took out bank loans three decades ago, paying about $80,000 over the years for his deed. But in the past year, landless peasants have moved onto the fringes of his property, bringing in tractors and planting their own crops on it. He said they told him it was their right to take it because it was unproductive; he said it was just between growing cycles. He sued the peasants twice in local courts, he said, and won both times.

But Yara said that two months ago, Bolivia's minister of rural development -- who oversees the land reform plan -- called him and told him he must remove the 10 armed guards who were protecting his property from a takeover by Bolivia's federation of landless peasants. Yara reluctantly sent the guards away, and now about 50 members of the group, the Landless Movement, are occupying about one-fourth of his property. They keep telling him they'll take more soon, he said, and they promise bodily harm if he doesn't let them have it.

"Now I only have four bodyguards, who I pay to look after me and my family," he said, "but not the land."

Farm guards are a touchy subject around here. After a Santa Cruz agricultural group suggested this month that self-defense squadrons might be the best way to resist what they consider unjust reforms, the government responded by saying it would not tolerate private armies roaming the countryside. Masanori Toguchi, a farmer who helps operate a grain mill across the road from Yara's store, said he recently hired a team of armed guards, effectively clearing out a group of landless peasants who had taken over a portion of his property. The guards are "more or less trained," he said. He wasn't sure where his lawyer found them.

"They don't have phones, and they're kind of hidden," Toguchi said. "We don't really know who they are."Promises of Land

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From Yara's store, a dirt road winds for about 10 miles between freshly planted wheat fields before surrendering to weedy overgrowth. After cutting through the middle of a field of nine-foot-high sugarcane, a clearing comes into view: a dirt expanse dotted with dozens of shacks made of sticks and palm fronds. Of the few hundred people living here, about 80 count themselves as members of the landless federation.

Carmelo Ortiz is one. With eight children, his one-room hut is too crowded, so one afternoon last week he searched for fronds for a half-completed addition he hopes to finish in the next couple of months. His daughter wrung a shirt dry over a plastic bucket of cloudy water. One of his sons, stepping out of the dim hut and blinking in the sun, picked a square of mud from his cutoff jeans.

When he can, Ortiz helps local landowners in their fields, earning about $4 for a day's work. But he has dreams of being his own boss, growing his own crops, on his own piece of land. He was part of the group that took over part of Toguchi's land for three months earlier this year, and he was with them when they decided to retreat after hearing about the armed guards. Just last month, he said, he saw guards on another farmer's property shoot at a group of peasants.

Why a farmer who already has a lot of land would get so worked up over sharing part of it, he and others said, is unfathomable to the campesinos in the village.

"God created the resource of land," said Luciano Winchaca, a local campesino advocate who has helped the Landless Movement with its quest for land. "It should be divided equally for everyone, not be given to somebody because they speak better Spanish or come from a certain family. We all have the same rights. These people don't understand the will of God."

That said, most of the landless here say things have never been better. When Morales was elected in December, Ortiz and his neighbors threw a party that lasted all night. With his promises to redistribute the wealth of Bolivia among the poor, Morales is nothing short of a folk hero in the village of Okinawa.

"Everything is changing for the campesino," said Ortiz, 40, who is confident he will get a plot of land in the coming months. "We have hope now -- we haven't had that with any government in the history of this country."

Large-scale land reform has been tried in the past in Bolivia, and it failed miserably because of a lack of resources and political will. The country's first agrarian reform plan was passed in 1953, and another was tried in 1996. After nearly $100 million was spent in an attempt to redistribute 250 million acres during the past 10 years, only 17 percent of the target areas changed hands.

Venezuelan President Hugo Ch?vez -- an ideological ally of Morales who has promoted smaller-scale land reform in his country -- has pledged financial support. But Bolivia will have to find a lot more money to keep the current effort from joining the long list of failed agrarian reforms in Latin America.

If Ortiz gets a piece of land, for example, he will still need equipment to work it and money for additional supplies and seeds. Ortiz calculates that for each acre of land, he would need about $200. He's not sure where that money would come from, and the government has not yet offered specific details on credit and support programs for the new landowners.

"I have lived like this all my life," Ortiz said, nodding to his hut, where his 8-year-old son was helping his 12-year-old daughter carry water. "But we can't live like this forever."

Europe's Green Image Clashes With Coal Reliance (NYT)

By Mark Landler

New York Times, June 20, 2006

SCHWARZE PUMPE, Germany — In the shadow of two hulking boilers, which spew 10 million tons of carbon dioxide a year into the air, the Swedish owners of this coal-fired power station recently broke ground on what is to be the world's first carbon-free plant fueled by coal. The German chancellor, Angela Merkel, presided over the ceremony.

"We accept the problem of climate change," said Reinhardt Hassa, a senior executive at Vattenfall, which operates the plant. "If we want a future for coal, we have to adopt new technologies. It is not enough just to make incremental improvements."

But the new plant, which will be just a demonstration model, pales next to the eight coal-fired power stations Germany plans to build for commercial use between from now to 2011 — none of them carbon-free.

"That is really a disappointing track record," said Stephan Singer, the director of climate and energy policy at the World Wide Fund for Nature in Brussels. "Just replacing old coal plants with new coal plants won't enable Germany to meet stricter carbon emission targets."

Europe likes to think of itself as a place that has moved beyond its sooty industrial past, with energy that comes from the windmills that dot the Dutch countryside and the Danish coastline or the carbon-free nuclear plants that dominate France's power industry.

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But with oil prices soaring and worries rising about the reliability of gas piped from Russia, Europe must depend heavily on that great industrial-age relic, coal: a cheap, plentiful fuel, but one that emits twice the carbon dioxide of natural gas. Coal-fired plants generated half the power in Germany and Britain during the chilly winter just past.

While Europeans stand out for their commitment to controlling global warming gases, some of their largest energy companies are reluctant to invest in technologies that could further protect the environment, like equipment in the demonstration plant here that will trap carbon dioxide and pump it into underground storage areas. Only a handful of carbon-free plants are planned in the European Union.

There is another downside to coal, evident barely a mile from the plant here. Bulldozers have begun demolishing a 450-year-old mill town, which blocks the path of the open-pit mine that supplies coal to the plant. The last residents are being forced to pack their belongings and abandon their homes for a new settlement nearby.

Such uprooting is an unavoidable cost of Europe's hunger for coal, executives here say. They also say the technology to capture carbon dioxide is too costly, at a time when they are already spending billions of euros to replace Europe's aging power plants. Finding places to store the carbon dioxide is a headache in countries like Germany, which are densely populated and have a history of protesting against the storage of more troublesome pollutants like nuclear waste.

In Europe, where power companies say they have cleaned up the visible pollutants — like sulfur dioxide -- from their coal plants more diligently than their American counterparts, some executives are suspicious of current proposals to convert to "clean coal" technology.

They describe them as mainly public relations ploys championed by the Bush administration and American power companies, even as only a few plants that capture and sequester carbon dioxide are actually planned for the United States. They suspect the Americans are trying to circumvent mandatory cuts in carbon emissions and avoid making steady improvements in the efficiency of their plants.

"There's a lot of media-driven talk," said Alfred Tacke, chief executive of Steag, Germany's fifth-largest power generator, which has eight coal plants scattered in the Rhine, Ruhr and Saar regions.

"In the United States, you defer all investments, because in the future maybe you have the perfect solution," said Mr. Tacke, who was deputy economics minister under the previous German chancellor, Gerhard Schröder. "I would prefer a solution that improves the situation now."

By that, Mr. Tacke means using existing technology like raising the temperature or pressure of the steam that turns the turbine, to make conventional coal plants more efficient. Steag is building such a plant in the Ruhr city of Duisburg — a $1 billion project that, he says, will be more efficient than any rival in the United States.

The debate over coal in the European Union has to be seen within the context of the Kyoto Protocol, a global climate-control agreement that commits Germany and 34 other nations to measurable reductions in emissions of carbon dioxide and several other greenhouse gases.

With a legal imperative to cut emissions by up to a fifth within the next six years, power companies here face a clearer challenge than those in non-Kyoto countries, like the United States or China.

Yet while the Kyoto pact has focused minds, environmental advocates say it has not yet pushed companies far enough. In 2005, without any extraordinary effort, emissions of carbon dioxide in Germany, Britain and other countries actually came in below the caps set by national governments in the first phase of the Kyoto process, which runs from 2005 to 2007.

This, critics said, suggests that the reductions were not tough enough; much of the improvements were simply a natural outgrowth of slow economic growth and the closing of outdated coal operations. Britain and Germany both pledged to impose deeper cuts in the next phase, which starts in 2008 and runs through 2012.

"It's true that the first phase of emissions reductions are not that challenging," said Daniel Lashof, deputy director of the climate center at the Natural Resources Defense Council in Washington. "Europe can make its targets with only incremental improvements."

Though Europeans are united in their concern about global warming, they have a patchwork of energy policies. Some countries, like Germany and Poland, remain heavily dependent on coal, while others, like France and Finland, are redoubling their investment in nuclear power. Italy and Spain use a lot of oil and gas, though Italy is converting some oil-fired plants to coal.

The recent spike in the price of oil has thrown the spotlight back on coal, even in places like Britain, where the industry had been in a death spiral for decades. Richard Budge, a longtime British coal executive, has announced plans to reopen a colliery in South Yorkshire. With financing from Russian investors, he also hopes to build a $1.5 billion power plant on the site, equipped with technology to capture and store carbon dioxide.

After years in disrepute, coal is still struggling for public acceptance in Britain. The government is drafting a new energy policy that is expected to stress windmills and other renewable energy sources.

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But economic and geopolitical realities, Mr. Budge said, make a bigger role for coal inevitable. "Wind farms only work one day in three, and nobody knows which day," he said, with only a hint of exaggeration, in a telephone interview.

Coal, he noted, is not a hostage to politics. When Russia abruptly switched off its natural gas pipeline to Ukraine in January over a pricing dispute, gas supplies dwindled all over Western Europe. To Germany and other gas importers, it was a chilling reminder of their vulnerability.

"Fifty-eight percent of the world's gas is owned by Russia, Iran and Qatar," Mr. Budge said. "Coal is on every continent."

Here in eastern Germany, vast deposits of brown coal, also known as lignite, lurk beneath the table-flat countryside. There are similar deposits in the Rhine and Ruhr valleys in the west. Though Germany has been mining in these regions for decades, the supply is far from exhausted.

So great is the demand that the government allows companies to forcibly resettle villages that lie in the path of their excavators. The process is costly and litigious and can take more than a decade.

"This is a very difficult issue for us," Mr. Hassa said, noting that Vattenfall has begun negotiating with 230 residents of a village next to a mine, for a relocation that would not happen until 2018.

Haidemühle, the village being swallowed by the Schwarze Pumpe mine, acquiesced to relocation fairly quietly. Among the few holdouts was Heinz Attula, 84, who said Vattenfall did not pay him enough for his property. But even he was ready to move to a new home provided by the company.

"It's not an easy step," Mr. Attula said, as he walked his dog past deserted houses and a ghostly schoolyard recently. "I've lived my whole life in this town. But I know the mining must go on."

The economic forces are getting harder to resist. Coal is Germany's main generator of electricity, and the government plans to phase out the next largest source, nuclear power, by 2021. Though use of natural gas is growing — Germany and Russia are jointly building a pipeline under the Baltic Sea — last winter's cut-off left a bad taste in Berlin.

"This really changed the thinking of politicians and economists," said Johannes F. Lambertz, a member of the management board of RWE Power, the No. 1 electricity generator in Germany and No. 3 in Britain. "People now talk about competitiveness and security together."

Coal is the bedrock of RWE's business, and its strategy illustrates the tension between environmental progress and the status quo. The company is expanding its huge BoA plant in the Rhine valley, which uses brown coal, and it plans a new black, or hard, coal plant, east of the Ruhr valley. Neither, at least initially, will be equipped to capture and store carbon dioxide.

Long viewed as a holdout, RWE recently surprised competitors by announcing its first carbon-free plant, scheduled to go into service in 2014. The $1.2 billion project would have a capacity of 450 megawatts, more than ten times that of the pilot plant in Schwarze Pumpe.

"We have to be prepared for a scenario in which carbon emission reductions are much greater than today," Mr. Lambertz said in an interview at RWE Power's headquarters in Cologne. "We have to keep all our options open since we face an uncertain future."

With so few details and such a long timetable, critics said the announcement was a public relations maneuver, at a time when the German government is setting the next stage of emissions reduction targets.

"Last year, RWE said it was skeptical about a carbon-free plant before 2015," said Brian Ricketts, a coal industry analyst at the International Energy Agency in Paris. "It's a game between industry and government."

While Europe's longer-term reductions in emissions are still undecided, there is a general agreement that they will have to be radical — if only to compensate for the additional greenhouse gases being generated by China and India, to say nothing of the United States.

The plant at Schwarze Pumpe shows how European industry is adapting to this future. Originally built in 1955 by East German Communists, it was equipped with the best technology then available. But it still contributed to East Germany's reputation for horrendous pollution.

The town's name translates as "black pump," and outsiders regularly assume it refers to its pollution record. Actually it stems from a tale that in the Thirty Years' War of the 1600's, townspeople painted their pump black to trick invaders into thinking the water was infected with the plague.

After German reunification in 1990, the government opted to replace the Schwarze Pumpe plant. The new one, opened in 1998, is equipped with filters and scrubbers that reduced sulfur dioxide emissions by 91 percent, nitrogen oxide by 61 percent, and almost completely eliminated dust. Carbon dioxide emissions were reduced only 31 percent, however.

Vattenfall's carbon-free plant will burn the coal in an atmosphere of pure oxygen and recirculated gas. Three quarters of the carbon dioxide produced by the burning is recycled back into the boiler. What remains is pressurized into a liquid-gas mixture and injected underground. Mr. Hassa said it was no accident that a Swedish company was on the vanguard of this effort. "The

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Swedish philosophy is different than the German philosophy," he said. "Climate change and environmental protection are more deeply rooted in Swedish society than in German society."

Vattenfall concedes it will not be able to produce carbon-free electricity on a large scale until at least 2015. Still, it says it has little choice but to start now. "In the long run," said a spokesman, Martin May, "we'll have to reduce emissions by 60 percent to 70 percent."

In China It's ******* Vs. Netizens (NYT)

By Nicholas D. Kristof

The New York Times, June 20, 2006

BEIJING

To test the limits of the Internet in China, I started a couple of Chinese blogs — in which I huff and puff as outrageously as I can.

For a country that employs some 30,000 Internet censors, that turned out to be stunningly easy. In about 10 minutes, I started Ji Sidao's blog — that's my Chinese name — on two Chinese Web hosts, at no cost and without providing any identification.

Writing in Chinese, I began by denouncing the imprisonment of my Times colleague, Zhao Yan, by the Chinese authorities. I waited for it to be censored. Instead, it promptly appeared on my blog.

In frustration, I wrote something even more provocative: a call for President Hu Jintao to set an example in the fight against corruption by publicly disclosing his financial assets. To my astonishment, that wasn't censored either.

Desperate, I mentioned Falun Gong, the religious group that is the Chinese government's greatest enemy: "In Taiwan, the Chinese people have religious freedom. So in the Chinese mainland, why can't we discuss Falun Gong?" That instantly appeared on both my blogs as well, although on one the characters for "Falun" were replaced by asterisks (functioning as pasties, leaving it obvious what was covered up).

Finally, I wrote the most inflammatory comment I could think of, describing how on June 4, 1989, I saw the Chinese Army fire on Tiananmen Square protesters. The two characters for June 4 were replaced by asterisks, but the description of the massacre remained intact.

These various counterrevolutionary comments, all in Chinese, are still sitting there in Chinese cyberspace at http://blog.sina.com.cn/u/1238333873 and http://jisidao.blog.sohu.com. (When State Security reads this, it may finally order my blogs closed.)

All this underscores, I think, that China is not the police state that its leaders sometimes would like it to be; the Communist Party's monopoly on information is crumbling, and its monopoly on power will follow. The Internet is chipping away relentlessly at the Party, for even 30,000 censors can't keep up with 120 million Chinese Netizens. With the Internet, China is developing for the first time in 4,000 years of history a powerful independent institution that offers checks and balances on the emperors.

It's not that President Hu Jintao grants these freedoms, for he has arrested dozens of cyberdissidents as well as journalists. But the Internet is just too big and complex for State Security to control, and so the Web is beginning to assume the watchdog role filled by the news media in freer countries.

A year ago, I wrote about a blogger named Li Xinde who travels around China with his laptop, reporting on corruption and human-rights abuses. I hailed Mr. Li as an example of the emerging civil society in China — and the government promptly closed down his Web site. I wondered if I had overstated the challenge.

But today Mr. Li is as active as ever. His Web sites are constantly closed down, but the moment a site is censored he replaces it with a new one. An overseas master site, www.lixinde.com, tells people the best current address.

"They can keep closing sites, but they never catch up," Mr. Li told me. "You can't stop the Yellow River from flowing, and you can't block the bloggers."

In today's China, young people use proxy software to reach forbidden sites and Skype to make phone calls without being tapped — and the local Web pornography is relentless and explicit, ranging from sex videos to nude online chats.

"We're very relaxed now on pornography, but on politics it's very tight," said Yao Bo, a censor at a major chat-room site in China. He explained how the censorship works for a chat room:

Filtering software automatically screens the several hundred thousand comments typically posted on his Web site every day. Comments with a banned word go into a special queue, but Mr. Yao says he ends up posting all but the most subversive of these — his Web site, after all, wants to be provocative to attract visitors. State Security periodically scolds him for his laxity, but he seems unconcerned: "I just tell them I'm dumb about politics."

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China's leaders decided years ago to accept technologies even if they are capable of subversive uses: photocopiers and fax machines at first, and now laptops and text messaging. The upshot is that China is much freer than its rulers would like.

To me, this trend looks unstoppable. I don't see how the Communist Party dictatorship can long survive the Internet, at a time when a single blog can start a prairie fire.

The Bleeding Heart Of Islam (WSJ)

By Bret Stephens

The Wall Street Journal, June 20, 2006

In the early 1990s, Harvard professor Samuel Huntington observed that "Islam has bloody borders." Back then, he was right.

Picture a map of Muslim lands, circa 1993. In the Balkans, Orthodox Serbs were at war with Bosnian Muslims. In Sudan, the Islamist government in Khartoum was waging a campaign of murder and enslavement against the Christian south. Israel was fighting Hezbollah in southern Lebanon even as it signed a peace agreement with the Palestinians -- one that would, in time, literally explode in its face. In the Caucasus, Muslim Azeris and Christian Armenians were battling over the Nagorno-Karabakh enclave, while 200 miles north Muslim Chechnya had declared independence and was about to be invaded by Russia. Further east, India and Pakistan were lobbing artillery shells across the Line of Control in Kashmir.

Picture that map today. The violence at the periphery of Islam has, for various reasons, faded. But the antagonisms at its center have grown.

Look at Palestine, where the ostensibly secular Fatah party of President Mahmoud Abbas and the fundamentalist Hamas of Prime Minister Ismail Haniyeh may be in the early stages of civil war. Look at Darfur, where Arab Muslims are slaughtering African Muslims. The dynasts of Jordan and Saudi Arabia are being forced to confront the terrorism of al Qaeda. In Egypt, liberals oppose the Muslim Brotherhood, the Brotherhood opposes the government, and the government suppresses them both. In Iran, the youth confront the clerical establishment. Pro-independence factions in Lebanon are struggling to survive a campaign of assassination and terror by Syria. The bloody heart of it all, of course, is Iraq.

Amid routine slaughter in Baghdad and Darfur, nobody would call the present state of affairs good. But it is an improvement over the previous state, not only because a clash within one civilization is better than a clash among several, but because Islamic civilization has long been in need of a reformation. That's what's happening today in one Muslim state after another: The struggle for power has become a contest of ideas (and vice versa), with fateful consequences and, sometimes, good results.

Take Saudi Arabia. Before Sept. 11, says Hawazen Nassief, a Saudi journalist at the Dubai-based Gulf Research Center, "the Saudi government lived in denial and refused to acknowledge that its blind support for strict Wahhabi religious institutions and preachers was breeding extremism, intolerance and violence." The denial persisted even after the disclosure that 15 of the 19 hijackers were Saudis.

What changed? Ms. Nassief points to the succession of al Qaeda attacks, beginning in May 2003, on residential complexes, government offices, oil facilities and foreigners. "It was a slap on the face," she says. "There was no international player to blame for this deviancy except the political, social, economic and religious climate of the kingdom. The shattering of the viable image of the kingdom led the government to allow critical voices that were previously pushed underground. . . . The minute the government loosened its restrictions, people flooded the media with criticism of the status quo."

A similar dynamic took hold elsewhere in the Arab world as the phenomenon of suicide bombing -- widely admired when the victims were Israeli or American -- boomeranged on Muslims. After Sept. 11, Jordanian newspapers were filled with speculation that the deed could not have been the work of Muslims and must have been orchestrated by Zionists, Christian evangelicals, the Bush administration or some combination thereof. But the delusion and the pretense came abruptly to an end after suicide bombers murdered 63 Muslims at three hotels in Amman, Jordan, on Nov. 9, 2005. The Amman bombings, Salafist cleric Abu Basir al-Tartusi wrote in a Web posting translated by Memri, "cannot be considered Islamic," adding that "he who approves of a sin is like he who committed it."

At an off-the-record session last month of young Arab leaders at the World Economic Forum in Sharm El-Sheikh, Egypt, the sense of exhaustion with the way things are was palpable. A young Saudi on his social life: "I can't go anywhere. Malls are strictly for families. It's horrible." A Gulf State participant on her upbringing: "Teachers don't encourage disagreement. We are not raised to choose. We don't have a culture of accepting the other." An Egyptian on Arab political life: "'Deviant' ideas are dangerous. Young people are suspect. Leaders are inaccessible."

Not that the participants there -- upper class, fluent in English, many of them educated in the West -- were especially representative of their societies. But what struck an outsider was the extent to which the nature of elite conversation had changed. The Arab intelligentsia's stale litany of complaint against imperial America, perfidious Zion, the legacy of colonialism

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and so on -- what Bernard Lewis described as the habit of asking, "who did this to us?" -- is giving way to a new mentality. Now the question is: "What did we do wrong?"

It's in this context that an event such as January's protests over the Danish cartoons is best understood. The (mostly orchestrated) demonstrations were, above all, an attempt by Islamists and autocrats to remind Muslims that their principal grievances were external, not domestic. They sought to impress Western audiences with the intensity of Muslim rage while silencing domestic critics who didn't share that passion. Burning down Scandinavian embassies, however, does not contented Muslims make. Six months after l'affaire Muhammad, the offending cartoons have faded from memory, whereas the reality of domestic misrule remains.

There is a perception in the West -- general in Europe but strong also in the U.S. -- that the Reformation of Islam awaits the resolution of a centuries-long Hegelian dialectic. The world moves faster than that. Through wireless connections and satellite dishes, the outside world is filtering into the Middle East, mostly uncensored by regimes or imams. Not everyone likes it, but many do, and the difference between them not only bloodies the Middle East, but also, increasingly, offers it hope.

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DEPARTMENT OF JUSTICE *NEWS CLIPS*

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TO: THE ATTORNEY GENERAL AND SENIOR STAFF

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TERRORISM NEWS:

FBI Erred Widely In Moussaoui Probe, Report Says (WP)

By Jerry Markon And Dan Eggen

The Washington Post, June 20, 2006

The FBI's mistakes in the investigation of Zacarias Moussaoui extended from headquarters officials who dismissed the threat posed by the al-Qaeda operative down to field agents and even a prominent FBI whistle-blower, according to a government report made public yesterday.

The report by Justice Department Inspector General Glenn A. Fine said "numerous systemic problems" within the bureau prevented the FBI from unraveling Moussaoui's role in the Sept. 11, 2001, terror plot when he was arrested a month before the attacks. Moussaoui later became the only person charged in a U.S. courtroom in connection with the attacks. He was sentenced to life in prison last month.

Fine concluded that senior FBI managers failed to move aggressively to gain a warrant to search Moussaoui's belongings before Sept. 11. But unlike previous public criticisms of the FBI's bungling of the case -- which have focused on senior FBI managers in Washington -- Fine's analysis said there was plenty of blame to go around.

The inspector general said former FBI lawyer Colleen Rowley, who gained fame as a whistle-blower when she pointed out the errors by headquarters, had failed to properly guide agents on what type of search warrant to seek.

He said agents in Minneapolis, who have been hailed for warning supervisors about Moussaoui, rushed to open an intelligence investigation before realizing that they would need a criminal search warrant. The so-called "wall" that existed at the time between intelligence and criminal investigators has been blamed for the failure to examine Moussaoui's belongings until after Sept. 11.

Ultimately, Fine concluded, no FBI policies or procedures were violated in the Moussaoui investigation. "It is important to state that we did not conclude that any FBI employee committed intentional misconduct, or that anyone attempted to deliberately 'sabotage' " the investigation, Fine wrote.

His probe was triggered by a 2002 letter from Rowley to FBI director Robert S. Mueller III, which accused FBI headquarters of deliberately undercutting the Minneapolis agents. Most of the report was released last year; the Moussaoui portion was withheld until the conclusion of his death penalty trial.

In a statement, the FBI emphasized that Fine had "dismissed any instances of intentional wrongdoing by FBI employees or any violation of FBI policies or practices" and found there was no attempt by FBI headquarters "to intentionally thwart the efforts" of Minneapolis agents.

Intelligence and other reforms since Sept. 11, the bureau added, have left the FBI "much better positioned today to detect and prevent terrorism."

Rowley, in an interview yesterday, accepted blame for failing to push FBI headquarters to authorize a search warrant. "When the agents met some roadblocks," she said, "I should have picked up the phone and argued."

But Rowley, who retired from the FBI in 2004 and is now running for a congressional seat in Minnesota, said she was "proud that I had the guts to bring up" the mistakes. "I think it accomplished something," she said.

Moussaoui was arrested in August 2001 on immigration charges in Minnesota, and agents there soon concluded that he was a potential hijacker. But they could not persuade supervisors to seek either a criminal or Foreign Intelligence Surveillance Act warrant to search Moussaoui's belongings.

The independent commission that investigated the Sept. 11 attacks singled out the FBI's handling of Moussaoui as a key missed opportunity to stop the hijackings. Fine's report, however, concluded that under FBI procedures at the time, persuading a judge to issue a warrant was not a "slam dunk."

The previously released version of Fine's report called the FBI's inability to detect the Sept. 11 plot a "significant failure," finding that a warning about possible flight training by terrorists was mishandled and that the FBI missed five distinct opportunities to identify two of the suicide hijackers.

The FBI's pre-Sept. 11 failures were also a major focus at Moussaoui's recent trial in U.S. District Court in Alexandria.

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Prosecutors said that Moussaoui deserved to die because he lied to the FBI and that the plot could have been stopped if he had told agents what he knew. Defense attorneys argued that the FBI ignored numerous warning signs before Sept. 11 and would have failed to act on Moussaoui's information as well.

Jurors would up voting 11 to 1 for death on one of the three counts against Moussaoui. The one holdout juror told The Washington Post that he dismissed the defense argument about the bureau because "the FBI wasn't on trial. Moussaoui was."

Rowley Criticized Over Moussaoui Probe (WP/AP)

By Matthew Barakat, Associated Press

The Washington Post, June 20, 2006

WASHINGTON -- The former FBI agent who blew the whistle on the bureau's failings in its pre-Sept. 11 probe of al-Qaida terrorist Zacarias Moussaoui was criticized Monday in a government report for her own role in the case.

Coleen Rowley, a former lawyer in the FBI's Minneapolis field office who is now running for Congress as a Democrat, received both praise and criticism in the report prepared by the Justice Department's inspector general.

The report credits Rowley overall for blowing the whistle on mistakes at FBI headquarters in its failure to aggressively investigate Moussaoui. "Her complaints resulted in an important reassessment of how the FBI handled this matter," it said.

But the report faults Rowley for failing to pursue other investigative avenues, such as a traditional criminal search warrant. Her focus instead was on obtaining a search warrant from a special intelligence court that operates in secret.

"At the outset, she assumed that (the U.S. Attorney's Office) would not support a criminal warrant," the report states. "Contrary to the implication in her letter, which placed the blame for failing to seek a warrant solely on FBI headquarters, she advised the field agents not to seek a criminal warrant."

Rowley, in an interview with The Associated Press, said Monday that she simply advised that seeking a warrant through the intelligence court was a better option. She said agents eventually came up with another idea: deporting Moussaoui, which would have allowed immigration agents to search his belongings.

Moussaoui was already scheduled for deportation when the attacks occurred.

Rowley maintained that, in a pre 9/11 environment, prosecutors demanded an exceedingly high standard before they would ask a judge for a warrant.

"I will stand by that to the day I die," Rowley said.

Moussaoui was arrested in Minnesota on Aug. 15, 2001, on immigration violations after his efforts to obtain flight training drew suspicion. A search warrant of his belongings was not obtained until Sept. 11, after the suicide attacks that claimed nearly 3,000 lives.

At Moussaoui's trial earlier this year, prosecutors convinced a jury that a full investigation of Moussaoui prior to Sept. 11 could have yielded the investigative clues necessary for federal agents to thwart or at least minimize the attacks.

Rowley said she is proud that her memo resulted in the 450-page inspector general report, which provides in many places a stinging assessment of the FBI's handling of terror investigations prior to 9/11.

She disagrees with the report, though, when it concludes that FBI headquarters had a reasonable basis to question a search warrant on Moussaoui. Rowley maintains that Minneapolis had laid out probable cause and said officials at headquarters were simply unwilling to stick their necks out.

Most of the inspector general's report was publicly released last year, but the chapter about Moussaoui was redacted in an effort to protect Moussaoui's right to a fair trial.

Moussaoui was convicted earlier this year of aiding the Sept. 11 plot and sentenced to life in prison. He told jurors on the witness stand that he was to have piloted a fifth plane on Sept. 11 and fly it into the White House.

After the jury decided to spare his life, Moussaoui recanted his testimony and denied any role in 9/11, saying he lied on the stand only because he assumed he had no chance of getting a fair trial. Osama bin Laden also issued an audiotape after the trial in which he denied that Moussaoui was involved in the plot.

The report singles out other individuals at FBI headquarters for sharper criticism than Rowley, including David Frasca, then head of the FBI's radical fundamentalist unit, and his subordinate, Michael Maltbie. The failure of Frasca and Maltbie to heed the Minneapolis bureau's concerns about Moussaoui were a major issue at Moussaoui's trial.

Frasca and Maltbie have since been promoted.

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On the Net:

Inspector general's report: http://www.usdoj.gov/oig/new.htm

Rowley for Congress: http://www.coleenrowley.com

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Justice Report Faults Former FBI Agent (WT/UPI)

By United Press International

The Washington Times, June 20, 2006

A Justice Department report Monday faulted former FBI agent Coleen Rowley for her handling of a warrant against Zacarias Moussaoui.

Rowley, who is running for Congress in Minnesota, was the FBI agent criticized for her agency's handling of the Moussaoui investigation prior to the Sept. 11, 2001, terrorist attacks on New York's World Trade Center and the Pentagon. Moussaoui has been sentenced to life in prison for failing to tell investigators about the plot.

The Minneapolis Star Tribune said the report found no intentional misconduct in the Moussaoui inquiry but faulted Rowley for failing to press for a warrant to search Moussaoui's belongings.

Rowley told the Star Tribune she regrets having not gone to FBI lawyers in Washington for the warrant, circumventing the Minneapolis U.S. attorney's office.

Judge Upholds Convictions Against Lodi Man In Federal Terror Case (AP)

By Don Thompson

AP, June 20, 2006

SACRAMENTO - A federal judge on Monday rejected a request to dismiss some of the counts against a Lodi man convicted of supporting terrorists, leaving in place the possible maximum prison sentence of 39 years.

Hamid Hayat, 23, was convicted in April of one count of providing material support to terrorists by attending an al-Qaida training camp in Pakistan and three counts of lying about it to FBI agents.

His attorney, Wazhma Mojaddidi, argued that federal prosecutors were piling on potential prison time by charging three versions of the same lying offense. Each count brings up to eight years in federal prison, while the material support charge carries a potential 15-year sentence.

U.S. District Court Judge Garland E. Burrell Jr. ruled the three lying charges are different enough to merit the separate convictions.

The first says Hayat lied during a June 3, 2005, conversation with an FBI agent at his home when he claimed that "he never attended a jihadist training camp."

The second and third counts were for statements made the next day during an interrogation at FBI headquarters in Sacramento. Hayat told agents he "never received weapons or other types of jihadist training" and that he "never received training to fight against the United States."

The circumstances of the two interviews were significantly different, Burrell ruled. He said the second and third counts were different because the FBI needed to learn whether Hayat planned to attack the U.S.

Prosecutors said Hayat returned from a two-year visit to Pakistan in May 2005 intent on attacking targets that may have included hospitals, banks and grocery stores. His videotaped confession was the heart of the government's case.

"He impaired the ability of the FBI to specifically identify a potential terrorist threat," Burrell said in his 11-page ruling.

Mojaddidi said she and her client were "obviously disappointed. It's just going to be another issue to add on to our motion for a new trial."

A hearing on that motion is scheduled for Nov. 17. No sentencing date has been set.

Hayat's Charges Remain The Same (STOCKREC)

Stockton (CA) Record, June 20, 2006

SACRAMENTO - Convicted terrorist-in-waiting Hamid Hayat of Lodi lost his bid Monday to have at least one of his three counts of lying to the FBI dismissed.

U.S. District Judge Garland E. Burrell Jr. ruled that Hayat's three lying convictions are not redundant, because each lie hindered the FBI's investigation of an alleged terrorist sleeper cell in Lodi.

Hayat, who was convicted April 25 of attending a terrorist training camp in Pakistan in 2003 and 2004 and lying about it after returning to the United States in 2005, faces up to 39 years in federal prison. His sentencing has been delayed while his attorneys, Wazhma Mojaddidi and Dennis Riordan, prepare to file motions seeking a new trial for the 23-year-old Hayat.

When interviewed by the FBI last June, Hayat denied attending a training camp, receiving weapons training or training to fight a religious war against the United States. A jury found him guilty on all four counts. He faces up to eight years in prison on each of the three lying counts.

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Hayat's father pleaded guilty last month to a single count of lying to federal authorities about money he was smuggling out of the United States on a visit to Pakistan. Umer Hayat, 48, is under house arrest as he waits to be sentenced Aug. 18. As part of his plea deal, prosecutors are not seeking additional prison time.

TERROR LAWYER DEMANDS FEDS' 'EAVESDROP' FILES (NYPOST)

By Kati Cornell

The New York Post, June 20, 2006

Convicted terror lawyer Lynne Stewart wants to force the feds to reveal whether they used the National Security Agency's secret surveillance program to gain access to her personal phone records.

In papers filed in Manhattan federal court yesterday, Stewart's lawyers asked Judge John Koeltl for access to any phone and Internet records related to her case that the feds might have reviewed without a warrant.

Stewart made her demand in the wake of revelations that President Bush authorized the NSA to collect and maintain a databank of Americans' phone calls since the 9/11 attacks.

Three of the country's largest phone companies - Verizon, AT&T and BellSouth - have reportedly given the NSA access to records of calls made on more than 200 million phones in their systems.

Lawyers for Stewart claim her case may have been compromised if the feds had access to confidential communications under the controversial surveillance program, which they claim is illegal.

Stewart, 66, was convicted in February 2005 of providing material support to terrorists by releasing the statement of a notorious jailed client, Sheik Omar Abdel-Rahman.

Her sentencing was recently postponed to Sept. 15 after she learned that she has breast cancer.

A Standard For Interrogation (WP)

The Washington Post, June 20, 2006

IN THE DAYS and weeks after Sept. 11, 2001, senior Bush administration officials decided that harsh interrogation methods were necessary to prevent devastating attacks on the country -- and that such methods could be carefully administered and limited to the most urgent cases. This thinking proved disastrously flawed. Once the administration lifted the strict regulations that long had governed interrogations of foreign detainees, abusive practices spread quickly across the government. Confusion over rules led to the torture not just of senior al-Qaeda leaders but also of common detainees in Afghanistan and Iraq. The damage done to U.S. honor and prestige around the world, and to America's ability to mobilize support for the fight against Islamic extremism, far outweighed any intelligence gathered.

Many Americans may believe that this lesson has been learned and that U.S.-sanctioned abuse is a thing of the past. Far from it. Yes, Congress last year passed the McCain amendment, which prohibits "cruel, inhuman, or degrading" treatment of all prisoners in U.S. custody. But it has become increasingly clear that the administration has not accepted that ban as the last word. It still has not renounced the right to subject some detainees to practices such as "waterboarding," or simulated drowning, even though they violate the law. It has yet to adopt clear standards governing the interrogation and treatment of foreign prisoners, or return to full compliance with such treaties as the Geneva Conventions and the Convention Against Torture. Until this situation changes, there will be more of the lawlessness and simple confusion that have led to hundreds of cases of abuse, and dozens of homicides, in Afghanistan, Iraq, Guantanamo Bay and elsewhere.

The administration is seeking to evade the McCain ban in more than one way. The law required that the Army's standard interrogation manual, overridden in 2002, once again govern all questioning of prisoners held in Defense Department facilities. But the Pentagon has prepared a new manual; Vice President Cheney and Defense Secretary Donald H. Rumsfeld have pushed for it to include a classified annex in which some harsh techniques are again authorized for use against prisoners deemed "enemy combatants."

The administration is also preparing a new directive on detention that would exclude compliance with Common Article 3 of the Geneva Conventions, which prohibits torture and other cruelty, including "humiliating and degrading treatment." Finally, through a presidential signing statement and questionable legal opinions, the administration is reserving the right to continue using waterboarding and other harsh techniques on prisoners held by the CIA. It argues that the president's power to make war allows him to override congressional restrictions and that waterboarding in some circumstances does not violate the U.S. constitutional prohibition of cruel treatment.

For now, objections from Sen. John McCain (R-Ariz.) and other sponsors of the amendment have caused the administration to delay issuing the new doctrine and manual. The senators are rightly demanding that there be one set of rules for interrogations, and that they be made public. Congress could build on this foundation if it stipulated by law that the Geneva Conventions' Common Article 3 be applied to all U.S. detention operations -- of both the military and the CIA.

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Once abuse is entirely banned, there is no reason for the United States not to return to full observance of the Geneva Conventions, and there are many benefits in doing so. Following the Geneva Conventions does not necessarily mean granting prisoner-of-war status, and the many privileges that come with it, to all detainees; al-Qaeda fighters and other terrorists might legally be excluded from POW status following a tribunal hearing. But returning to Geneva could improve the chances that its provisions against inhumane treatment will be respected by other countries, including those that capture American servicemen.

The Convention Against Torture has been ratified by the Senate and should also bind the United States. In a report last month, the U.N. Committee Against Torture, which oversees the convention, spelled out what that would mean. Secret detention of prisoners in CIA facilities, it said, "constitutes, per se, a violation of the Convention"; so does the "rendition" of suspects to other countries where they might be tortured "without any judicial procedure." To come into compliance, the United States must disclose to the International Committee of the Red Cross the identities of all detainees it is holding and allow monitoring of their treatment. It must also give them access to a judicial process or release them as soon as possible.

All of this the United States should in any case want to do, in its own interest. It should establish one set of rules for questioning all prisoners. Those rules should conform with international treaties and the U.S. Constitution, so that inhumane treatment is at all times forbidden. And the rules should be public, so that the world can see that the United States has returned to its fundamental values.

This is the third in a series of editorials about the Bush administration's detention and treatment of foreign prisoners. The full series will be available athttp://www.washingtonpost.com/opinions.

The ACLU's Tortured Logic On Gitmo (LAT)

By David B. Rivkin Jr. And Lee A. Casey

The Los Angeles Times, June 20, 2006

THE "GOTCHA" crowd has fallen on its face again.

In an effort to show that on the Bush administration's evil watch the U.S. military has been systematically mistreating prisoners in Iraq and Afghanistan with tacit approval or even outright encouragement from its civilian superiors, the American Civil Liberties Union has been demanding the release of dozens of internal military investigative reports. But the two reports on U.S. detainee policy just released in response to an ACLU lawsuit paint a picture quite the opposite of what the ACLU expected.

Though heavily redacted to remove operational details, the reports (by Brig. Gens. Richard Formica and Charles Jacoby) show a Pentagon open to criticism and change, and determined to guarantee detainees the humane treatment promised by President Bush when the war on terror began.

Genuine instances of abuse are noted, but these are very much the exception and not the rule. The reports indicate that many allegations of abuse simply are unsubstantiated — or that the "victim's" story changes once carefully examined. The most serious criticism is that the administration's detainee policies were not adequately communicated down the chain of command, resulting in confusion on the ground about what treatment was permissible. In addition, there was a lack of training on detainee handling. These points have been corrected.

Predictably, the ACLU has cried "whitewash." But what we are seeing is the refusal by administration critics to see anything other than the "torture narrative" they have constructed.

That "narrative" goes like this: Bush and his war Cabinet opened the door to detainee abuse, first by refusing to accord captured Al Qaeda and Taliban members Geneva Convention rights, and second, by permitting the use of aggressive interrogation techniques. Therefore, says the human rights crowd, Bush and other senior officials are morally — and some say legally — responsible for all of the abuses that have taken place since Sept. 11, 2001. Although this story has become holy writ in liberal circles, it is legally preposterous and logically flawed.

As a matter of law, guilt for war crimes can be imposed up the chain of command only when superiors have ordered the offending conduct or have failed to take appropriate disciplinary measures once they become aware that abusive conduct is taking place. But as these reports demonstrate, allegations of wrongdoing by U.S. forces have been thoroughly investigated and punished when called for. There simply is no rule of "strict liability" that would support the punishment of either military or civilian superior officers or officials without evidence that they ordered or condoned abuses.

The narrative is also flawed because Bush has from the beginning made clear that all individuals captured in the war on terror must be treated humanely. This is the case regardless of their legal status or where they were captured. To the extent that abuses have taken place, there is no reason to believe that granting the detainees prisoner-of-war status would have made a difference. The abuse of inmates at Abu Ghraib occurred because the prison was dysfunctional, not because the inmates were denied classification as POWs.

The same is true with respect to interrogation methods — clearly the most controversial aspect of the administration's detainee policy. None of the methods authorized by administration officials over time — including standing for long periods,

dietary manipulation and sleep interruption — are inherently torture or inhumane treatment. All could, if taken to a sufficient extreme, cross the line. The only way to guarantee that the line is never crossed would be to eschew any method of interrogation that could, in the wrong hands, be taken too far.

However, the only way to protect civilians against a terrorist attack is to obtain intelligence about the enemy's capabilities and plans, so that U.S. forces can act first. Although many experts believe that noncoercive interrogation methods do work (and that harsher methods do not), these experts tend to be vague when it comes to timelines — and it's the timing that matters. This is why U.S. officials turned to stressful interrogation methods in the first place.

To avoid future excesses, the Pentagon has considered scores of recommendations, and most of them have been implemented. All of this compares favorably with actions taken in past conflicts. Americans can justly take pride in their fighting men and women and in the Pentagon's civilian leadership. If the ACLU was hoping to prove otherwise, it failed.

David B. Rivkin Jr. and Lee A. Casey are partners in a Washington law firm and served in the Justice Department under presidents Reagan and George H.W. Bush.

Closing Time At Guantanamo (WP)

By Eugene Robinson

The Washington Post, June 20, 2006

We'd better not turn away just yet from the suicides of those three detainees at Guantanamo Bay. The rest of the world clearly isn't ready to move on. And with good reason.

In many newspapers around the globe "Guantanamo" is much more than the name of a beautiful harbor on Cuba's southern coast. It has become shorthand for a whole litany of American excesses in George W. Bush's "global war on terror," the most visible example of how the United States blithely ignores the values of due process and rule of law that it so aggressively preaches, if necessary at the point of a gun.

U.S. officials have portrayed the three men -- Ali Abdullah Ahmed of Yemen, and Mani Shaman Turki al-Habardi al-Utaybi and Yasser Talal al-Zahrani of Saudi Arabia -- as irredeemable jihadists whose deaths were an act of war. Ahmed was allegedly a "mid- to high-level al-Qaeda operative," Utaybi a "militant" recruiter for jihad, Zahrani a "front-line" warrior for the Taliban. One State Department official called their deaths by hanging "a good P.R. move," and while those words were quickly disavowed by higher-ups, the general reaction from the U.S. government has been something pretty close to "good riddance."

For all we know, these men might have been the evil miscreants our government says they were. Since our government wouldn't describe whatever evidence it claimed to have against them, it's impossible to tell. I think any reasonable observer would conclude it's also quite possible that these men were clinically depressed after being held for years in steel-mesh cells without legal recourse, without even formal charges, and that they simply sought the only kind of release they could possibly achieve. At least one of them, Ahmed, had been on a hunger strike for most of this year, which would have meant that guards regularly force-fed him through tubes stuck down his nose. What would that do to your state of mind?

The point here isn't to go all bleeding-heart over three men who may well have been the type who gleefully slaughter innocents in the name of a warped religiousness. The point is that when our government mocks transparency and tries to conduct this war of ideas in the shadows, away from prying eyes, we defeat ourselves.

Four journalists -- from the Charlotte Observer, the Miami Herald and the Los Angeles Times -- who happened to be at Guantanamo on other business and whose reporting could have independently confirmed the Pentagon's version of the suicides were unceremoniously put on a plane home last Wednesday. The Pentagon's rationale -- that it was unfair to allow the reporters to stay, because others who wanted to come and cover the story were being turned away -- is one of those masterpieces of faux logic for which Donald Rumsfeld is justly famous. Wouldn't the solution be to let other journalists in, rather than kick those four out?

How silly of me. The White House and the Pentagon have fought tooth and nail to keep the prison camp at Guantanamo cloaked in deepest obscurity. They didn't want to tell us who was being held there. They still give us only the sketchiest information about why individuals are being detained. They just say, basically, "these are bad people," and don't give us the information that would back up that judgment.

The administration doesn't want to call the detainees prisoners of war, because that would accord them some rights under international law, and it doesn't want to treat them as criminal suspects since that would give them rights under U.S. law. So they remain "enemy combatants" for whom the rules seem to be whatever we decide at any given time.

The president's lament that he can't find countries that will take some of the Guantanamo detainees is, frankly, lame. It may well be true that some of these people are hard to get rid of. But any way you look at it, arbitrary, indefinite detention without formal legal charges is an abandonment of the very ideals this country is supposedly fighting to spread throughout the world.

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We're long past the point where the U.S. government's clear obligation is to give the detainees a proper day in court, with effective legal representation and access to the evidence against them.

And we're long past the point where the government needs to show the world what's happening at Guantanamo. Instead of hurrying to expel reporters, the Pentagon should invite one and all to witness the orderly, legal process of emptying and shutting down a prison that is doing this nation much more harm than good.

HOMELAND RESPONSE:

Arab-Americans Sue U.S. Over Re-entry Procedures (NYT)

By Neil MacFarquhar

The New York Times, June 20, 2006

A group of Muslim and Arab-Americans, frustrated by what they say is the climate of suspicion and fear that dogs their re-entry into the United States from trips abroad, sued the Department of Homeland Security and the F.B.I. yesterday, demanding that the courts protect their civil rights.

The seven main plaintiffs in the class action suit assert that both the United States Congress and the federal government are ignoring the plight of innocent Americans harassed repeatedly because of problems with the terrorist watch list.

The lawsuit, filed in Federal District Court in Chicago by the American Civil Liberties Union, contends that the courts alone can ensure that antiterrorism policies do not repeatedly subject ordinary Americans to detention, questioning, fingerprinting and the like.

"These are law-abiding citizens, and it is too extreme, too offensive," said Harvey Grossman, the legal director for the A.C.L.U.'s Illinois branch, saying that repeated complaints to Homeland Security as well as senators or congressmen barely get a response. "The court is the only forum where these people have a chance to get a hearing."

The lawsuit asserts that repeated border detentions and improper actions of border guards violate the plaintiffs' constitutional protection against unreasonable search and seizure and their right to travel.

Civil rights lawyers and government officials note that the courts have often struck down efforts to limit the scope of searches or questioning by border agents. But at least one other suit, a New York case involving five Muslim Americans who were detained without explanation after returning from a religious conference in Toronto, is proceeding.

"We will not let anybody into the country until we are sure they are not going to do harm to our citizens and violate our laws; it is that simple," said Bill Anthony, the senior public affairs spokesman for United States Customs and Border Protection. He said Congress had given the agency broad authority to conduct border searches. Mr. Grossman said most case law on border searches hinged on criminal suspects, with extended detention and searches deemed reasonable to catch drug smugglers. His plaintiffs are not outlaws and are always re-admitted eventually — the government could question them at home if needed, he said.

He noted that Robert S. Mueller III, director of the Federal Bureau of Investigation, testifying May 2 before the Senate Judiciary Committee, could not guarantee that inaccuracies on the terrorist watch list would be corrected within the next five years.

The watch list, maintained since 2003 by the Terrorist Screening Center of the F.B.I., had more than 237,000 names in 2005, according to a Homeland Security report. Some 12 agencies can add names, and only the originating agency can remove a name.

Donna A. Bucella, the center's director, said that matches were made every day from the list and that it was an important tool for local law enforcement agencies. "Obviously there have been a lot of people complaining about it, so there must be ways the U.S. government could refine it and make it better," Ms. Bucella said.

The Illinois lawsuit, expanding on one first filed a year ago, focuses on two main issues. First, those whose names resemble ones on the watch list and who find it virtually impossible to get off the list.

A June 2005 government review found that 42 percent of the calls to the screening center from December 2003 to January 2005 showed that the wrong person was being detained. Second, some people on the list are wrongly categorized as dangerous, resulting in agitated, armed border agents swarming them, the suit claims.

The customs agency says the number of passengers detained for additional checks is relatively small — roughly 2 percent.

The men suing compare their brusque treatment to that in a totalitarian state.

Niaz Anwar, 55, who fled Afghanistan 11 days after the Soviets occupied the country in 1978 and eventually settled near Boston, said he has been detained nine times since April 2004. In April at the Peace Bridge in Buffalo, he said, a border agent asked him his opinion about the Iraqi war and his party affiliation.

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"I was thinking that I was in Moscow during Brezhnev's time," Mr. Anwar said.

Mr. Anthony denied that any such questions could have been asked, saying any officer who did risked termination.

Dr. Elie Ramzy Khoury, a 68-year-old Christian who immigrated from Jerusalem in 1963 and has been an American since 1974, said he had been stopped seven times since May 2002 and now avoided even family funerals abroad because he so dreaded the return. When he complained to Homeland Security, he received a letter back two years later explaining how he could board domestic flights, which is not the issue.

"They never tell me what they are looking for nor what they want," Dr. Khoury said. "I've never done anything unlawful or irregular. I'm a practicing physician and I've been criminalized."

Critics believe the government has not recovered from the shock that the 19 hijackers in the Sept. 11 attacks were moving about freely and has constructed a big, ineffective sieve to try to avoid a repeat.

But the erroneous detentions show intelligence gathering remains poor, Mr. Grossman said. "It is this endless collection of information without any kind of focus, and they allow it to go on and on and on."

Lawsuit Filed Over Screening Of Airline Passengers (AP)

By Jeff Coen

AP, June 20, 2006

CHICAGO - The American Civil Liberties Union has taken legal action on behalf of nine citizens who contend they have been unfairly detained, searched and harassed as they return to the country from trips abroad.

Travelers - mostly those of Middle Eastern and South Asian descent - can often find themselves unnecessarily caught up in security, the ACLU argues.

"We've been receiving complaints from all over the country," said Harvey Grossman of the ACLU of Illinois. "It's apparent that the judiciary needs to review what's going on."

The plaintiffs contend that since the terrorist attacks of 2001, innocent civilians have been routinely harassed by federal officials during security questioning. They are calling for changes in policy at the FBI's Terrorist Screening Center and at U.S. Customs and Border Protection.

"We've taken a lot of time to bring together a broad array of plaintiffs from all over the country who have been stopped at every major airport and border crossing," Grossman said. "They are doctors, a pharmacist, businessmen."

The plaintiffs allege their civil rights have been violated through what they call "highly punitive detentions" and harassment.

"These recurring, unconscionable, and unconstitutional border detentions include unjustified body searches, handcuffing, seizure of personal and business records, the use of handguns as a display of force" and other measures, the suit says. Sometimes, the treatment is embarrassing, and sometimes it's terrifying, according to the document.

The treatment stems from the inclusion of some U.S. citizens in the Terrorist Screening Database, according to the document. Bill Carter, a spokesman for the FBI in Washington, said there would be no comment because of the pending litigation.

According to the ACLU complaint, many citizens are put on the terror-watch database without any explanation, with some inexplicably being listed as armed and dangerous. Others are misidentified because their names are similar to those on the list.

The filing amends a complaint filed last year in Chicago by the ACLU on behalf of Akif Rahman, 34, of Wheaton, Ill. Rahman contended he was stopped by border guards in Detroit after a trip to Canada in May 2005, handcuffed to a chair and questioned for hours while his family waited.

Joining the complaint Monday were Niaz Anwar of the Boston area; Khalid Bhatti, a New York physician; Shimrote Ishaque, a Seattle pharmacist; Elie Khoury, a Detroit physician; Sammy Rehman, a Chicago-area radiologist; and Oussama Jammal, a video producer also from the Chicago suburbs.

Jammal and Anwar each have been detained nine or more times in recent years, the complaint says, causing them to miss flights and meetings during lengthy screenings.

The ACLU contends the alleged conduct not only violates the civil rights of the defendants, it keeps agents from spending time on actual threats.

"We're not only causing harm in mistreating citizens because of flaws in the system, we're wasting resources," Grossman said.

Terrorist Screening Database Lawsuit (WXYZ-TV)

By Peggy Agar

WXYZ-TV, June 20, 2006

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A local doctor, along with 9 others, is suing the government claiming he can't leave town without a huge hassle because his name keeps showing up on a terrorist screening list.

Dr. Elie Khoury has been delivering babies in Detroit for 43 years. He was born in Palestine and said he's treated like a terrorist even though he's an American citizen.

Seven times in the past three years when returning from vacations in Mexico and Australia, he and his wife have been detained and separated from each other and their children.

"They come and take us away, causing lots of embarrassment for us and the children start to cry. They search our bags, once, twice, x-ray it. Between two to three hours every time," said Dr. Khoury.

He and the others bringing the lawsuit against Homeland Security, the FBI, Immigration and Customs said they are detained and questioned for hours. Agents take their books and even watch them go to the bathroom.

"Somebody my age, I have been here 40-some years, I never had any violation of anything except a couple traffic tickets," said Dr. Khoury.

The ACLU said the government's terrorist screening database of 200,000 mistakenly singles out good, law abiding families for unfair searches.

Michael Steinberg, ACLU, said, "It could be a matter of misidentification. They have a name that is similar to someone who, in fact, may be dangerous."

The ACLU said this is also occurring at border crossings like the Ambassador Bridge. They are suing the government in hopes they'll take a closer look at their list and change their policy.

For A Change, A Back Slap At The Airport For The Mayor (NYT)

By Diane Cardwell

The New York Times, June 20, 2006

What a difference a victory makes.

For the last few years, Mayor Michael R. Bloomberg has studiously avoided public appearances with President Bush, even managing to stay out of the same picture frame for most of the 2004 Republican National Convention. As a result, Mr. Bloomberg, a Republican, made it harder for his would-be Democratic rivals to link him to an administration unpopular with many New Yorkers.

But yesterday Mr. Bloomberg, now safely ensconced in his second and final term, went to Kennedy International Airport to greet Mr. Bush when he flew in to deliver the commencement address at the Merchant Marine Academy at Kings Point, on Long Island. In an unusually close encounter, the two men shook hands beside Air Force One, with Mr. Bush slapping Mr. Bloomberg on the back and then later putting both hands on Mr. Bloomberg's shoulders to whisper in his ear.

The trip took no small effort and meant adding a helicopter trip to the schedule so Mr. Bloomberg could be back at City Hall, albeit late, for a bill signing scheduled for 9 a.m. Speaking to reporters later, Mr. Bloomberg, who countered Mr. Bush's Republican red tie with one in Democrat blue, said he went to give a boost to the president, whose approval ratings have been sagging.

"You know, he's going through a rough period," Mr. Bloomberg said, and then added, not quite finishing his sentence, that it was "a nice time" to make such a gesture. In addition, Mr. Bloomberg said, it gave him another opportunity to lobby for more federal Homeland Security financing, since the city's share was cut by 40 percent.

Their two brief chitchats — as the mayor characterized them — lasted just under a minute for the first and less than half that for the second. During the encounter, Mr. Bloomberg gestured forcefully and at one point reached up to clasp the president's hand as it rested on his shoulder. He told reporters that he had welcomed Mr. Bush to New York, took credit for the weather and said "how nice it was of him to come."

He added: "I did thank him for his efforts to make all Homeland Security moneys be distributed based on risk." At the same time, though, he said he expressed disappointment that the total for Homeland Security programs had shrunk.

He said he told Mr. Bush that the recent reports that in 2003 the authorities were concerned that Al Qaeda planned a chemical attack on the subways showed that New York's share should be larger.

"This goes to show why we deserve to get a larger amount of the Homeland Security budget," he continued in describing his conversation. "If those moneys were distributed totally based on risk, I think that would happen."

Whether the seemingly amiable meeting is the start of a new chapter in their relationship remains to be seen. Mr. Bloomberg, who has been listing to the political left in recent months, made sure to say that he does not agree with everything the president does.

"There's no question that I disagree with this administration on a lot of things," he said. "I've never been reticent to say that, but I still respect the government and I think all New Yorkers do."

Bloomberg, Often Critical Of Bush, Goes Out Of Way To Greet Him (WNBC-TV.com)

WNBC-TV.com, June 19, 2006

NEW YORK -- The handshake and chat between President Bush and Mayor Michael Bloomberg on an airport tarmac Monday might have looked like any other chummy moment between two elected officials, but it was far from ordinary.

It was a surprise move for the Republican mayor, who has been delivering an unrelenting series of attacks on the federal government -- often aimed at the Bush administration and national Republicans. Bloomberg also spent much of his first term skipping public appearances with the president.

Now six months into his second term, Bloomberg has grown increasingly confident to do as he pleases, and say when he disagrees with anyone. The billionaire former Democrat -- sometimes described as fiscally conservative and socially liberal -- has issue-hopped from abortion rights to gun control to scientific research, taking shots at the Bush administration and national Republicans, and occasionally Democrats for good measure.

He has accused the federal government of being "asleep at the wheel" on dealing with illegal gun trafficking, and said some conservatives "simply disregard facts that don't happen to agree with their agenda" on evolution and global warming.

But in the shadow of Air Force One on Monday, the mayor looked downright affectionate with the president as they greeted each other, gripping hands one or two beats longer than a typical handshake. Bloomberg then began yakking away, gesturing animatedly before Bush grabbed his shoulder like an old fraternity buddy.

Bush moved on to speak with someone else, but returned to Bloomberg to pose for more photos. As the president turned to leave, he stopped and leaned in from the side, squeezing Bloomberg's shoulders with both hands. Bush was on his way to speak at the U.S. Merchant Marine Academy on Long Island.

Bloomberg later said he went to welcome Bush at Kennedy Airport for several reasons -- including that the president is "going through a rough period" and might appreciate the gesture.

"It's a nice thing to do," Bloomberg said. "There's no question that I disagree with this administration on a lot of things -- I've never been reticent to say that -- but I still respect the government and I think all New Yorkers do and we will always be civil."

Bloomberg said they exchanged pleasantries and that he also thanked Bush for supporting the idea of distributing Homeland Security funds based on threat.

Long Island Republican Rep. Peter King flew to New York with the president aboard Air Force One and said they also discussed homeland security, particularly the city's hard feelings over a recent 40 percent cut in grants.

King said the president told him Bloomberg has "done a great job as mayor," and that he understood lawmakers' concerns about the slashed funding.

Bush and Bloomberg's time together lasted less than two minutes, but was also significant because the mayor mostly avoided such public opportunities throughout his first term.

The two Republicans have met several times but were rarely photographed together -- perhaps because the mayor's advisers had an eye on his upcoming re-election race in 2005. Bush has never been popular in this overwhelmingly Democratic town, and Bloomberg's opponents were salivating over every chance to link him to the national GOP.

When Republicans held their presidential convention here in 2004, Bloomberg steered clear of public events with the president and spent time playing host at parties for gay Republicans and abortion rights supporters.

Weeks later, he did not attend a Bush fundraiser in Manhattan because of what he said were scheduling conflicts. Explaining his dodges that fall, Bloomberg told reporters that he was busy being mayor.

"I can't be at every place the president goes," he said.

But now, with re-election safely behind him, Bloomberg was happy to make time for Bush, in full view of the cameras. Aides said Bloomberg's staff rescheduled a ribbon-cutting event at a cheesecake restaurant in Times Square for later in the day to accommodate the event, and that he flew back to City Hall in a helicopter to make it to a bill-signing ceremony.

"You can't go every time the president comes to the city, and then rush out there," the mayor said. "I have a job to do as well."

U.S. To Buy Anthrax Treatment From HGS (WP)

By Michael S. Rosenwald

The Washington Post, June 20, 2006

Human Genome Sciences Inc. is scheduled to announce today that the federal government has agreed to buy $165 million worth of an experimental treatment for anthrax infection in what will become the 14-year-old Rockville firm's first product sale.

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The purchase of 20,000 doses of Abthrax under the government's $5.6 billion Project BioShield program is intended to help the government stockpile a variety of anthrax therapies, including vaccines and drugs such as Abthrax, which would typically be given after exposure to the lethal substance.

The government, which could have purchased 100,000 doses under the BioShield contract, has also been considering another anthrax treatment from Cangene Corp., a Canadian biotech company. For now, federal health officials appear to have settled on Abthrax. Cangene is not expected to be awarded a contract today, according to people briefed on the deal.

HGS must still win approval from the Food and Drug Administration, but Abthrax could be used before that in case of an emergency. The drug was shown to be safe in testing of 105 people, but testing of several hundred more will be required. How much that testing will eat into revenue from the contract is unclear.

Biodefense is a tricky business strategy for biotech firms, particularly because there is no guarantee that such products will be used. While other smaller, early-stage companies are trying to build a business around biodefense, HGS is banking on a series of drugs for lupus, arthritis, hepatitis and cancer, with Abthrax as a bonus.

"The other drugs HGS has in development are more important to the company's story," than Abthrax, said Edward Tenthoff, an analyst with Piper Jaffray. He called the product a "wild card" in the company's pipeline and had not factored it in to his future revenue projections.

HGS executives say the Abthrax deal is important to the firm, as it attempts to transform itself from drug developer to drug seller. Toward that end, the additional revenue, to be paid after the product is delivered and approved in 2008, represents a source of cash to spend on the other products.

"This is another in a series of steps in moving HGS from primarily a discovery company into a commercial company," H. Thomas Watkins, the company's chief executive, said in an interview.

HGS recently signed a partnership deal with Swiss drug giant Novartis AG to finish developing and eventually co-market a new HGS treatment for hepatitis C. The deal could net HGS more than $500 million.

The company also recently completed spinning off its early-stage development operation to narrow its focus and spending on late-stage products. On Thursday, HGS plans to disclose data from key human tests on Lymphostat-B, its potential breakthrough treatment for lupus.

Though the government agreed to purchase 10 grams of Abthrax last year for testing, HGS had largely shelved development activity for the product as it awaited an answer from the government. Watkins said that because the company had no idea whether it would win the contract, HGS scientists worked on Abthrax -- testing it for safety in 105 people -- just enough to provide the government with preliminary data to make a decision.

Products such as Abthrax are part of a three-pronged defense against anthrax attacks. Vaccines can prevent infection, but they typically take several weeks and doses to build up immunity. Antibiotics can kill the anthrax bacteria but aren't effective against toxins released in the body by an anthrax infection. Abthrax prevents those toxins from entering and killing cells.

The government has said it has stockpiled enough antibiotics to treat 40 million people. It has awarded nearly $1 billion to VaxGen Inc., a California company, to deliver 75 million anthrax vaccine doses to protect 25 million people, but the company appears to be least two to three years behind schedule.

Privacy Matters (WT)

By John W. Kropf

The Washington Times, June 20, 2006

Even if you've never physically set foot outside the United States, your personal information has traveled the globe. Credit card transactions, calls to customer service centers, credit checks and the transcription of medical records are frequently out-sourced to far-flung locations. Personal information knows no national boundary and is no longer attached to any single physical location. Your personal information is now a global business.

Why should the average citizen care? There are at least a few reasons. What are the rules in other countries on how personal information is used, shared and protected? Is it shared with other commercial or government entities such as the police or the intelligence communities?

There is also the fallibility factor: Humans and machines are not perfect. In the last several years there has been a steady stream of headlines reporting lost or stolen personal information on millions of Americans that was maintained by companies such as ChoicePoint and Bank of America as well as U.S. government agencies.

So how can individuals expect their governments to protect their personal information in a globalized world, where personal information has become a major form of currency for both private industry and government? This is the starting point of Colin J. Bennett and Charles D. Raab's book, "The Governance of Privacy."

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Mr. Bennett, a professor at the University of Victoria in Canada, and Mr. Raab, a professor at the University of Edinburgh in Scotland, are both highly regarded authorities in the specialized world of international privacy. The authors' extensive knowledge is evident throughout the book, which offers a useful and wide range of legal, policy and scholarly references.

"The Governance of Privacy" is a well-organized and comprehensive three-part look at the world of global privacy. The first section defines the goals of privacy protection, the second examines the global frameworks that exist to protect it and the third analyzes the effectiveness of those instruments.

Section one broadly identifies the goals of privacy as equity, reduction of risk and trust. Equity may be the most abstract and elusive of the three.

Section two is particularly important because it provides an extensive and complex inventory and analysis of existing global privacy instruments. Privacy laws based on traditional notions of sovereignty and jurisdiction have become obsolete because of the global acceleration of complex technology.

Unlike the law, policy instruments can be quickly developed and implemented to fill the void, and are often better suited to the international arena. Consequently, international privacy frameworks are now composed more of policy than of law.

Mr. Bennett and Mr. Raab start at the top of the global hierarchy by examining the transnational privacy policies of international bodies such as the OECD and APEC, as well as the law of the European Union's 1995 Data Directive. Following this examination is a treatment of the national laws, regulations, principles, and data protection authorities who oversee the enforcement of the privacy systems in many countries.

The authors also devote a chapter to an analysis of self-regulatory instruments -- a favored option in the United States -- composed of commitments, codes, standards and seals. Mr. Bennett and Mr. Raab incisively recognize that technology itself acts as a policy instrument that can be used to enhance or erode privacy depending on how systems are designed and built.

Section three culminates with an analysis of whether the collection of global frameworks introduced in section two are effectively protecting and promoting privacy. While Mr. Bennett and Mr. Raab note the difficulty in measuring the impact of any one framework, they suggest several broad scenarios for the future. In the world of competing privacy frameworks, are we in a race to the top of improved privacy standards, to the bottom of reduced privacy standards, or somewhere else?

The authors' conclusion holds that privacy standards are not monolithic, singularly regressing or progressing. Privacy is too multi-faceted for any simplistic conclusion. Because privacy concerns touch upon many fronts, the authors predict many races to the top and many races to the bottom.

This book is not a basic introduction to privacy for those interested in learning about the area. Rather, "The Governance of Privacy" may be better suited to those with an existing foundation in privacy. For those policy makers, practitioners and academics in the privacy sector, however, this is a must read.

John W. Kropf works for the Department of Homeland Security's Privacy Office. The views expressed here are his and not those of the Department of Homeland Security or the government.

The Golden Revolving Door (NYT)

The New York Times (opinion), June 20, 2006

It has been just over four years since the Department of Homeland Security was created, and it has hardly covered itself with glory. Katrina was a disaster of a disaster; ports are still far from secure, and chemical plants remain a huge target of opportunity for evildoers. But there's one area in which Homeland Security has excelled beyond anyone's wildest expectations: creating a giant, expensive crop of government-trained consultants and lobbyists.

As Eric Lipton reported in The Times this week, at least 90 top Homeland Security officials have gone through that famous revolving door between the government and the lobbying industry. That's more than two-thirds of the most senior executives from the department's infancy. It is hard to believe that the people running an agency that performs so badly could be so much in demand.

What they have, of course, are contacts on the inside. The domestic security industry has become an enormous money pot, and the ability to set up a meeting with a former Homeland Security colleague is invaluable. Former Secretary Tom Ridge, whose best-known contributions to homeland security were the color-coded alerts that always seemed to be most alarming just around election time, benefited from a quick appointment to the board of a company that worked with the department while he was boss. The move came complete with stock options that should become very valuable, now that the company is being bought by Lockheed Martin. Three of his five under secretaries have also joined the commercial domestic security game. Even Michael Brown of FEMA fame has started a consulting firm.

If homeland security is the central concern of the Bush administration, one wonders how it managed to create a department in which so many of the top brass were so eager to quit the crusade so soon and cash in so efficiently. But the worst effect of this kind of take-the-money-and-run mentality is on the people left behind. How many of them, having watched others

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land lucrative jobs as lobbyists, will temper their own judgments about what systems to buy and what consultants to use with an eye on their own private-sector prospects?

To stop this kind of destructive back-scratching, Congress passed a law in 1962 that required former officials to wait a year before lobbying former colleagues. But officials in Homeland Security managed to get a loophole through the Office of Government Ethics in 2004. It divided the department into seven areas, and allowed former employees to lobby all but the one where they worked.

That ruling should be revisited immediately. In the meantime, let's hope Homeland Security hasn't left the airport screening process as ridden with holes as its own ethics rules are.

Help En Route For New Orleans Police (USAT)

By Anne Rochell Konigsmark

USA Today, June 20, 2006

NEW ORLEANS — The governor of Louisiana plans to send hundreds of state police and National Guardsmen into the city's hurricane-ravaged areas to help local police halt a surge of violence that killed six people over the weekend.

“Things like this should never happen, and I am going to do all I can to stop it,” Louisiana Gov. Kathleen Blanco said.

Blanco's spokeswoman, Denise Bottcher, told the Associated Press on Monday night that 100 National Guard members with law enforcement experience and 60 state police officers were to be sent to the city today. Up to 200 more troops will be sent later, Bottcher said.

Mayor Ray Nagin requested the extra help Monday. “We are basically saying we've had enough,” Nagin said. “We've seen too many of our young people go down to violence.”

The state police and troops would patrol the near-vacant neighborhoods badly flooded after Hurricane Katrina hit on Aug. 29, overwhelming the levees and inundating 80% of the city. That would free up city police officers to cover the more densely populated areas, said Nagin, who vowed that residents soon will see “police on almost every corner.”

The weekend death toll included five teens, ages 16 to 19, shot to death in a sport-utility vehicle Saturday. That was followed by the Sunday murder of a 66-year-old man who was stabbed in an argument over beer, police said. Both incidents occurred in areas that saw little or no flooding. The teens died in a neighborhood long plagued with drug-related crime. There have been no arrests.

Police said 53 people have been killed this year in New Orleans. The population of the city is about 200,000, down from more than 450,000 before Katrina. The city's per-capita murder rate has ranked among the nation's highest; in 2004, the city's rate of 56 murders per 100,000 residents ranked it No. 2 in the USA, after Camden, N.J. New Orleans is on roughly the same pace this year.

Last fall, to control the chaos after Katrina, federal troops and officers from police departments nationwide converged on New Orleans. Humvees patrolled city streets and extra teams of law enforcement officers kept New Orleans murder-free for months.

In January, as residents began returning in greater numbers and outside law enforcement left town, violence escalated, and it seems to be worsening. There have been 36 murders since April.

“We're not going to allow hurricane crime to replace Hurricane Katrina,” City Council President Oliver Thomas said Monday. “If we don't have wind knocking us down, we have … murderers shooting us down, and that is unacceptable.”

Troops To Return To New Orleans (LAT)

By Richard Fausset And Ann Simmons, Times Staff Writers

The Los Angeles Times, June 20, 2006

After a weekend of killings, Louisiana's governor agrees to send the National Guard to help cope with rising crime in an uneasy city.

NEW ORLEANS — Nearly 10 months after Hurricane Katrina, National Guard troops are returning to New Orleans to keep the peace in a city growing increasingly uneasy over its rising tide of crime.

After six deaths over the weekend — including those of five teenagers in one shooting incident — Mayor C. Ray Nagin asked Louisiana Gov. Kathleen Babineaux Blanco at a news conference Monday to send a contingent of National Guard troops and state troopers.

Blanco agreed to send the reinforcements, with the first 100 of 300 promised troops arriving in the city today. Sixty state troopers also will be deployed.

"The senseless slaying of five teenagers this weekend is shocking," Blanco said in a prepared statement. "I will not tolerate criminal behavior. We must protect our citizens."

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The five young men were shot Saturday in an SUV in the historically tough Central City area. Police have speculated that the killings may have been drug-related. No suspects have been arrested.

The next night, a man was stabbed to death during an argument over beer. Nagin called the bloody weekend "our line in the sand."

Federal troops were a common sight in New Orleans after Katrina. At one point, as many as 15,000 patrolled the city to curb its descent into chaos and looting. The last of the troops left in February as the city — and the New Orleans Police Department — got back on its feet.

For some locals, there was a hope that this strange, post-Katrina stub of a city — less populous but also less poor — would be reborn with less of the crime and violence that have marred New Orleans' reputation.

That hope emerged despite the performance of the New Orleans Police Department during Katrina, when some officers were accused of desertion and looting. The department was also criticized for failing to maintain order after the storm.

More recently, police have been struggling with some complicated new problems — and a few that are all too familiar. A criminal element has returned, bringing back turf wars, drugs and deaths. Police have recorded 53 homicides since January. That is half as many as during the same time last year — but the city's population is less than half its pre-Katrina level of 450,000.

The Police Department is down from a pre-Katrina strength of 1,700 officers to an effective force of about 1,370, said Lt. Michael Glasser, the police union president. They are working within a severely compromised justice system saddled with thousands of backlogged criminal trials, a dearth of jurors, and flood-damaged jails.

In addition, officers must deal with issues like house break-ins and squatting in vast and largely depopulated swaths of the city.

City officials said the Guard troops and state police will patrol the depopulated areas until September, freeing up local police to fight crime in more populous areas. The Guard troops will be armed and given police powers, said Blanco spokeswoman Denise Bottcher, who noted that Louisiana remains under a state of emergency.

Majeeda Snead, a clinical professor at Loyola Law School who defends indigent clients in criminal cases, said she thought that residents would welcome the Guard presence even though it might give the impression that the city was under martial law.

"I think that people are really afraid," said Snead, who moved near Loyola University after her home in the New Orleans East neighborhood was flooded.

"They are arming themselves. They feel threatened in their homes. They feel threatened in their cars," said Snead. "Based on that fear, they would not be opposed to a show of force, whether federal, state or local."

New Orleans City Councilwoman Shelley Midura, one of four new City Council members sworn in this month, said that all seven council members supported the call for Guard troops. Police Chief Warren Riley had been proposing a similar plan to state officials long before the weekend's slayings, according to a spokeswoman.

"We have unified leadership at all levels, and we're saying enough is enough," Midura said. The functioning parts of the city, she added, would not feel the military presence.

"I just would not be supporting this if we had the military on the streets of the French Quarter," she said.

It remains to be seen how the plan will play in the hardest-hit neighborhoods, where some residents are trying to rebuild.

Dent Hunter, 27, president of the Oak Island Neighborhood Assn. in devastated New Orleans East, suspected that the Guard would not provide the same level of service as the police.

He said residents were not being treated equally. "We want to be equal," he said. Hunter also said the troops' presence could dissuade other residents from returning.

Glasser, of the police union, said the move was a temporary fix at best, and many city officials agreed. City Council President Oliver M. Thomas Jr. said the city needed to tackle issues like its blighted public housing complexes, the public school system and police efficacy. Councilwoman Stacy S. Head said officials agreed a curfew for juveniles should be reinstated.

Crime Rising, New Orleans Asks For National Guard (NYT)

By Susan Saulny

The New York Times, June 20, 2006

NEW ORLEANS — In a blunt admission that the city could no longer control its growing crime problem, Mayor C. Ray Nagin asked the state on Monday to send National Guard troops to help patrol the streets of New Orleans.

Hours later, Gov. Kathleen Babineaux Blanco said 100 troops, joined by 60 state police, would be in place as early as Tuesday morning. More are likely to arrive later in the week.

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The mayor's plea for help came after five teenagers were shot to death with semiautomatic weapons in the Central City neighborhood while sitting in a sport-utility vehicle Saturday morning. It was the deadliest single shooting attack in the city in 11 years, raising to 53 the number of homicides this year.

In recent weeks, as crime increased and the Police Department struggled to return to its strength from before Hurricane Katrina, many politicians, editorialists and citizens have asked for outside help, a move Mayor Nagin appeared to acknowledge Monday was necessary as he asked for 300 Guard troops.

"We vow to do whatever it takes in the short and long term to make this a safer city," he said, adding at another point during the day, "This is our line in the sand."

The city's Police Department has seemed ineffective at curbing a rise in drug-related violence and looting — which is isolated, for the most part, to poor neighborhoods and sparsely populated areas — even though there are almost as many officers on the force now as there were before Hurricane Katrina, and the city's population of 220,000 is less than half its former size.

Still, the department has not bounced back from the storm. It has suffered sharp budget cuts, is low on supplies like ammunition and continues to wrestle with its tarnished reputation. The police lost control of the city when the levees broke after Hurricane Katrina, and while many officers managed to perform their duties under extraordinary circumstances, more than 200 simply walked away. Others were accused of participating in the mayhem.

Warren J. Riley, the police chief, said he requested additional law enforcement help months ago in anticipation of a summertime population increase, and said the announcement after a weekend of high crime was simply a coincidence.

Chief Riley insisted during a news conference that his force was capable of controlling crime, and that the request did not undermine him or the Police Department. But his inconsistent remarks during the day reflected the difficulty his department has had in recent months.

"With the appropriate resources we will have this city under control," he said, just moments after stating, "This is not a situation where anything is out of control."

The Guard will focus on patrolling the neighborhoods that were most damaged in the flood and that are still largely uninhabited, Chief Riley said. That move would free as many as 300 police officers, who had been patrolling for looters, to concentrate on crime in the heavily populated areas of the city.

He said there would be no National Guard presence in downtown New Orleans, the French Quarter or any other heavily populated area.

Residents in parts of the city with the heaviest damage, like Lakeview and New Orleans East, where the looting of flooded homes has been especially acute, have been asking city officials for more protection for months.

That desire has also been reflected by talk radio hosts and columnists in the local papers.

"Madame Governor, Mr. Mayor, esteemed Legislature and City Council: Get us some protection and get it now," wrote one of the city's most popular columnists, Chris Rose of The Times-Picayune, in a recent column. "Get us some security. Get us the National Guard."

Residents say they have found it difficult to rebuild because supplies and new appliances are stolen as quickly as they are delivered to unoccupied houses in largely vacant neighborhoods.

"It's past time for the Guard to be here," said Larry Dupont, an electrician who lived in Gentilly before the flood destroyed his neighborhood. "I'm fed up with all that New Orleans is not doing to help its people."

Still, others said they resented the militarization of the city, and did not have fond memories of the National Guard's time here immediately after the hurricane.

"When they were here before, it didn't exactly give me a sense of safety," said Kalli Forster, the manager of a boutique in the Uptown section. "It made me feel like I was in a war zone."

Others said the move had sent a frightening message.

"It's basically saying that the people in charge here aren't in control," said Dawn Larsen, a waitress in Uptown.

The five young men who were killed before dawn on Saturday were ages 16 to 19, and, said Chief Riley, three of the five had criminal backgrounds. The three were involved in a drive-by shooting in another part of the city on May 1, the chief said. They were charged with aggravated assault and the possession of a weapon, but the victim and witnesses refused to cooperate and press charges, so they were freed.

The teenagers were gunned down just outside the Central Business District, in an area well known locally as a haven for drug-related activity.

The police were looking for suspects Monday evening.

After Day Of Flooding, Houston Braces For One More (USAT)

DOJ_NMG_0035416

By William M. Welch, Usa Today

USA Today, June 20, 2006

Emergency crews told to rest as rains take brief respite

Houston residents were bracing for another round of torrential rain and flooding after a slow-moving storm dumped more than 10 inches Monday and sent rising waters into homes, business and vehicles.

"The ground is saturated and the bayous are full," Rusty Cornelius, Harris County Emergency Management coordinator, said as he lamented the forecast for still more rain early today.

"If we get 5 inches of rain, it's going to be a flood. Ten inches and it'll be a major flood."

Emergency crews had rescued about 300 people by midday Monday when waters began to recede, he said. Most were people trapped in automobiles that had been swept off highways by floodwaters.

The heavy rains fell along a 7- to 8-mile-wide path across the flat, low-lying city. Thunderstorms were moving slowly westward but had not yet left the Houston area.

At Rosie's Club, a bar on Telephone Road in the hard-hit southeastern part of the city, about 2½ feet of water sloshed through the front door, Charlie Esbamiloa said. Esbamiloa was helping to clean up and keep the bar open Monday evening as an occasional drizzle fell.

"Even when the hurricanes came through, we've never had it this bad before," he said. "It was just the amount of rain that fell so quickly."

National Guard troops, including some operating heavy equipment, were standing by to help with additional rescue and air search efforts if needed, Cornelius said.

He said the state had provided 25 large-wheeled vehicles capable of traversing high waters, along with two Blackhawk search-and-rescue helicopters and two more helicopters capable of lifting heavy equipment. As many as 200 Guard troops were made available to the city, Cornelius said. U.S. Coast Guard aircraft were also standing by, he said.

When waters began receding Monday afternoon, crews were ordered to rest and prepare to resume rescue efforts if the additional rains arrive as forecast.

Houston Mayor Bill White viewed the city by helicopter and described "block after block after block flooded."

The University of Houston canceled classes. City officials pleaded with residents not to drive in roadways covered with water.

The Port of Houston was continuing to operate. Hobby Airport in the city's southeast section was shut down for more than two hours. About 50 flights were canceled and others diverted to the city's other airport, Bush Intercontinental. Interstate 10 and other major arteries were flooded during the morning rush hour.

"The good news is we've had no deaths, no major injuries," Cornelius said.

The city's emergency management agency warned residents to prepare for more rain. The National Weather Service Weather said as much as 5 to 10 inches of additional rain could fall by this morning.

Heavy rains fell elsewhere in the Gulf Coast region. In Sulphur, La., 120 patients were evacuated from a nursing home that was flooded.

WAR NEWS:

Two Missing U.S. Soldiers Found Dead,Â Iraq Official Says (AP)

By Jonathan Finer

AP, June 20, 2006

BAGHDAD, July 20--The two U.S. soldiers missing since an attack on a checkpoint last week were found dead near a power plant in Yusifiyah, south of Baghdad, according to an Iraqi defense official.

General Abdul Aziz Muhammed, head of operations at Iraqi Ministry of Defense said in a news conference in Baghdad this afternoon that the soldiers had been "barbarically" killed and that there were traces of torture on their bodies.

He offered no further details. U.S. officials could not immediately be reached for comment or confirmation.

The Army yesterday identified the missing soldiers as Pfc. Kristian Menchaca, 23, of Houston and Pfc. Thomas L. Tucker, 25, of Madras, Ore. They were attacked at a checkpoint near Yusufiyah. A third soldier, Spec. David J. Babineau, 25, of Springfield, Mass., was killed in the incident.

More than 8,000 U.S. and Iraqi forces had launched a massive search for the army privates. In a statement posted to the Internet yesterday, the insurgent group Al Qaeda in Iraq had claimed to have abducted the soldiers.

DOJ_NMG_0035417

Group Says It Abducted Missing GIs; 3 Americans Charged In Iraqi Deaths (WP)

By Joshua Partlow And Jonathan Finer

The Washington Post, June 20, 2006

BAGHDAD, June 19 -- More than 8,000 U.S. and Iraqi troops scoured villages south of Baghdad on Monday for two soldiers missing since an attack four days ago, as an insurgent group linked to al-Qaeda in Iraq claimed that it had abducted the Army privates.

The claim was made in an Internet posting by the Mujaheddin al-Shura Council and could not be verified. Maj. Todd Breasseale, a Marine spokesman in Baghdad, said that the soldiers' whereabouts remained unknown and that "there is no indication that any reports of a kidnapping are authentic."

The military identified the missing soldiers as Pfc. Kristian Menchaca, 23, of Houston and Pfc. Thomas L. Tucker, 25, of Madras, Ore. They were attacked at a checkpoint near Yusufiyah, south of Baghdad. A third soldier, Spec. David J. Babineau, 25, of Springfield, Mass., was killed in the incident.

Also Monday, the U.S. military said it had charged three American soldiers in the deaths of three detainees May 9 near the Tharthar Canal north of Baghdad. Defense officials said the soldiers allegedly shot three unidentified men of "apparent Middle Eastern descent" shortly after they were taken into U.S. custody.

Pfc. Corey R. Clagett, Spec. William B. Hunsaker and Staff Sgt. Raymond L. Girouard -- all of the Army's C Company, 3rd Battalion, 187th Infantry Regiment, 3rd Brigade Combat Team, 101st Airborne Division -- were charged Sunday with numerous offenses, including premeditated murder, attempted murder, conspiracy, communicating a threat and obstructing justice, according to charge sheets released Monday.

The two soldiers and one noncommissioned officer allegedly shot the men at or near the Muthana Chemical Complex, and a senior defense official said the soldiers claimed the men were attempting to flee their custody. The unit commander ordered an inquiry on the day of the deaths, military officials said in a statement released in Iraq. The soldiers are now confined pending a pre-trial hearing.

The soldiers allegedly threatened another soldier while the investigation was underway, each telling Pfc. Bradley L. Mason not to testify against them as a witness, according to the charge sheets. Each said they would kill Mason if he told anyone what happened, according to the charges.

The investigation into the incident is the latest probe involving claims of excessive force by U.S. troops in recent months, most notably the alleged killing of 24 civilians by Marines in Haditha last November.

In a separate case, Italian prosecutors on Monday requested the indictment of a U.S. soldier in the fatal shooting of an Italian intelligence agent in Baghdad in March 2005.

Meanwhile, the claim that two soldiers in Yusufiyah were abducted comes less than two weeks after the killing of Abu Musab al-Zarqawi, the leader of al-Qaeda in Iraq, in a U.S. airstrike north of Baghdad. The organization has issued a series of Internet statements vowing revenge on U.S.-led forces.

Among the questions raised by the attack in Yusufiyah is how three U.S. soldiers became isolated from a larger force. U.S. soldiers generally travel in convoys of at least two Humvees carrying several soldiers, particularly in areas with a known insurgent presence.

While some news reports have suggested other vehicles and personnel were present during the attack, Lt. Col. Jonathan Withington, a military spokesman in Baghdad, said there were no other U.S. troops present. "Our reporting indicates it was a three-man security team that was attacked," he said.

Troops involved in the hunt for Menchaca and Tucker have searched and cleared 12 villages, killing three insurgents and detaining 34 others, Maj. Gen. William B. Caldwell IV, spokesman for U.S. forces in Iraq, said in a statement. Special Operations forces are participating in the hunt, which is being led by the Army's 4th Infantry Division, based in Baghdad. Seven U.S. military personnel have been injured in the search effort.

Fighter jets, dive teams, unmanned drones and soldiers on the ground are involved in the search, Caldwell said. Pilots have flown 280 hours and launched eight air assaults to try to find the missing men, who are members of the 1st Battalion of the 502nd Infantry Regiment of the 2nd Brigade, 101st Airborne Division, based at Fort Campbell, Ky.

An Internet message purportedly posted under the name of the Mujaheddin al-Shura Council -- an umbrella organization of insurgent groups including al-Qaeda in Iraq -- claimed the group had apprehended the soldiers and mocked U.S. efforts to find them. It did not name the soldiers or provide any evidence it held them.

"The American army conducted raids campaign with various vehicles and armored vehicle near site of the incident," the statement said, promising more details in the coming days. "But the Army of 'the mightiest state in the world' went back defeated, dragging the robes of shame and disgrace behind it."

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In a second statement released Monday, the group claimed to be holding four Russian diplomats abducted in Baghdad's Mansour neighborhood in early June. Another Russian Embassy employee died in the attack. As conditions of the diplomats' release, the group demanded the withdrawal of Russian forces from Chechnya and the release of "our brothers and sisters in Russian prisons."

Witnesses at the scene of the attack in Yusufiyah told the Associated Press they saw two soldiers being directed into vehicles by several masked gunmen, and Iraq's foreign minister said in an interview on CNN that it appeared the soldiers had been kidnapped.

A source in the intelligence wing of Iraq's Interior Ministry, who spoke on the condition that he not be named, also said there was evidence the two men had been abducted, though he said that it was unclear who was responsible.

While cautious in their public remarks following Zarqawi's death, U.S. commanders expressed hope it would undermine the cohesion of the insurgency. Sunni Arab tribal leaders in the restive northern city of Kirkuk held a meeting late Sunday to declare their opposition to al-Qaeda in Iraq, whose attacks have killed at least 75 people there in recent weeks.

In Baghdad Monday, as a comprehensive security crackdown continued, police and soldiers conducting a raid on a suspected insurgent safe house in the southern neighborhood of Saydiyah killed 10 armed men and wounded three others, according to Maj. Gen. Mahmood Abdul Karim of Iraq's Interior Ministry.

A car bomb detonated near police patrolling an intersection north of downtown, killing five police officers and wounding two others. Five civilians were also wounded in the attack, Karim said.

Also Monday, insurgents shot dead four passengers driving in a vehicle in the southern neighborhood of Madain, police said.

US Very Worried About Missing Soldiers In Iraq: Rice (AFP)

AFP, June 20, 2006

US Secretary of State Condoleezza Rice said that the US government is very worried about two missing soldiers, whose kidnapping in Iraq has been claimed by an Al-Qaeda led group.

"This is obviously a matter of great concern to all of us," Rice said.

"And the American military has made very clear that they are going to do everything possible -- I think they've said air, land and sea -- to try and find them.

"And obviously their safe return is something that everyone will work for, and their safe return is something that everyone will pray for," Rice told reporters following a meeting with Spain's Foreign Minister Miguel Angel Moratinos.

The soldiers went missing after they came under attack at a traffic control point near the predominantly Sunni Arab town of Yusifiyah, south of Baghdad, on Friday. Another soldier died in the attack.

The US military named the missing soldiers as Kristian Menchaca, 23, and Thomas L. Tucker, 25.

A coalition of armed Sunni Arab factions led by Al-Qaeda's Iraq branch claimed responsibility for the abduction of the two soldiers in a statement posted on the Internet Monday.

Insurgents Claim To Hold GIs (USAT)

By César G. Soriano

USA Today, June 20, 2006

BAGHDAD — An Internet posting Monday claimed that an Iraqi insurgent group had captured two U.S. soldiers who are listed as missing after an attack on their checkpoint last week.

More than 8,000 U.S. and Iraqi troops are involved in a search for the soldiers, Maj. Gen. William Caldwell, a military spokesman, said in a statement. “We are using every means at our disposal,” he said.

An Internet statement attributed to the Mujahedin Shura Council said the soldiers had been captured. The message could not be authenticated. The council is an umbrella group of several Sunni insurgency groups, including al-Qaeda in Iraq.

The soldiers are officially listed as “duty status and whereabouts unknown.”

The missing soldiers are Pfc. Kristian Menchaca, 23, of Houston and Pfc. Thomas Tucker, 25, of Madras, Ore. A third soldier, Spc. David Babineau, 25, of Springfield, Mass., died in the checkpoint attack, Caldwell said.

All three were assigned to the 1st Battalion, 502nd Infantry Regiment of 2nd Brigade, 101st Airborne Division (Air Assault), based at Fort Campbell in Kentucky.

The soldiers were manning a checkpoint Friday near Youssifiyah, south of Baghdad, when their position came under attack.

Belinda Alcala, Menchaca's mother-in-law, described him as “a wonderful kid, a wonderful man.”

In a statement, Tucker's parents described their son as a dedicated soldier who enjoyed playing the piano.

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He enlisted because “he wanted to do something positive,” they said.

They also released a copy of a phone message that Tucker left for them in February and that is still on their answering machine. In it, he told his family that he loves them. “I'll be back before you know it,” he said.

He also asked his family to be proud of him. “Everything's going to be OK,” he said. “I love you guys, and I know you love me.”

The operation to find the soldiers involves helicopters, fighter jets, boats and unmanned Predator aircraft, Caldwell said.

Since launching the search, coalition forces have killed three suspected insurgents and detained 34, the military said. Seven coalition soldiers have been wounded.

Group Linked To Al Qaeda In Iraq Says It Kidnapped 2 U.S. Soldiers (LAT)

By Louise Roug

The Los Angeles Times, June 20, 2006

BAGHDAD — A group affiliated with Al Qaeda in Iraq on Monday claimed without offering proof that it had kidnapped two American soldiers, as thousands of U.S. and Iraqi troops looked for the missing men in an area known as "the triangle of death."

Seven U.S. troops were wounded during the massive search, according to the top military spokesman in Baghdad, though the cause of the injuries was not immediately announced.

The two soldiers disappeared Friday after gunmen attacked a checkpoint near Yousifiya, southwest of the capital. They were identified as Pfc. Kristian Menchaca, 23, of Houston and Pfc. Thomas L. Tucker, 25, of Madras, Ore.

A third soldier, identified as Spc. David J. Babineau, 25, of Springfield, Mass., was killed during the fight at the checkpoint. All three soldiers were assigned to the 1st Battalion, 502nd Infantry Regiment, 2nd Brigade of the U.S. Army's 101st Airborne Division.

"Words cannot express the sadness we feel at the loss of Spc. Babineau and the uncertainty the families of Pfc. Menchaca and Pfc. Tucker must be experiencing," Maj. Gen. William B. Caldwell IV said in a statement. "Our deepest sympathy goes out to their families."

More than 8,000 American and Iraqi security personnel were looking for the missing soldiers. Three teams of divers searched the nearby Euphrates River. The military used planes, boats, helicopters and unmanned drones "to ensure the most thorough search possible on the ground, in the air and in the water," Caldwell said. "We are using every means at our disposal."

Security forces killed three suspected rebels and detained 34 others during the operation, in which troops surrounded and searched a dozen villages southwest of Baghdad.

The area around Yousifiya, which is dotted by farms, date palms and orange trees, is a rebel stronghold widely known as the "triangle of death." U.S. soldiers often come under attack in the town, and there is no functioning police force after insurgents twice bombed the police department. Residents say that slayings are commonplace and that many families have fled the area because of the violence.

Mayor Muayed Fadil, 50, said Iraqi soldiers provided some protection for government offices downtown but that rebels ran rampant on the outskirts of Yousifiya.

Checkpoints and American patrols do little to counter the violence, he said. Fearful residents have stopped talking to their neighbors and are instead hiding inside their houses.

"Life is limited in Yousifiya because of terrorism," Fadil said. "People are living in horror at night because of the terrorist cells."

Mujahedin Shura Council in Iraq, a group linked to Al Qaeda in Iraq, posted a statement on the Internet claiming responsibility for what it said was a kidnapping but offered no proof, such as pictures of the soldiers or their identification cards.

"The American Army, using different kinds of machines and armor, raided the area where the incident took place but the army of 'the world's strongest country' returned without success, humiliated," the statement said.

Another U.S. soldier has been long missing in Iraq. Sgt. Keith M. Maupin of Batavia, Ohio, was captured during an ambush in April 9, 2004. About three months later, a videotape was released of a man being shot in the back of the head and falling into a shallow grave, with a narrator saying the man was Maupin. But the victim's face was not shown.

While troops searched the rural area southwest of Baghdad on Monday, violence continued elsewhere despite a recent security crackdown.

A car bomb targeted an Iraqi army checkpoint in Baghdad, killing five and injuring nine others, according to authorities. Another car bomb targeted special police commandos in the southwestern part of the city, killing two officers and three civilians and injuring five other people. A third car bomb exploded minutes later in a market in a southern neighborhood, killing six civilians and injuring 20.

A roadside bomb southwest of the city of Hillah killed a civilian and injured as many as eight others, local police said.

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At a news conference, Interior Minister Jawad Bolani said the government was trying to improve safety measures in the capital. Thousands of security troops have flooded Baghdad and set up ubiquitous checkpoints, which many Iraqis say do little to improve security while trapping drivers in snarling traffic.

"We feel the suffering of the people, but I hope they will forgive us for the delay the plan is causing for them," Bolani said.

He added that the government had sent a delegation to solve troubles in the southern city of Basra, where rivalry among various Shiite Muslim groups had recently led to increased violence.

President Jalal Talabani and British Defense Secretary Des Browne also held a news conference, during which Browne talked of heightened security measures in the southern city. Britain has about 7,200 troops in Iraq based in and around Basra.

"We do not underestimate the challenge that we face together here," Browne said. "We'll stay here as long as there is a job to be done, and as long as the Iraqi government wants us to support them."

In the disputed northern city of Kirkuk, security forces flooded roads and set up a number of new checkpoints, local officials said. Iraqi police also distributed pictures of suspected insurgents believed to have ties to Al Qaeda in Iraq, promising a $2,500 reward for information leading to the arrest of any of five top rebels.

Meanwhile, the U.S. military continued a sweep in the insurgent stronghold of Ramadi, where hundreds of American and Iraqi troops moved into the eastern section of the violent city in search of guerrillas, the Associated Press reported from the scene. The operation is intended to install U.S. and Iraqi troops in an area where insurgents have frequently launched attacks.

Al Qaeda Ally Says It Holds Soldiers (WT/AP)

By Sameer N. Yacoub, Associated Press

The Washington Times, June 20, 2006

BAGHDAD -- An al Qaeda-linked group said yesterday that it had kidnapped two American soldiers who were reported missing south of Baghdad, where 8,000 Iraqi and U.S. troops were conducting a massive search.

Seven U.S. servicemen have been wounded during the search, said U.S. spokesman Maj. Gen. William Caldwell. He said the military had killed three suspected insurgents and detained 34 others during the operation.

The Mujahedeen Shura Council, an umbrella group that includes al Qaeda in Iraq, said it was holding the two privates -- one from Texas and the other from Oregon -- as well as four Russian diplomats kidnapped June 3 in Baghdad. It also claimed to have killed a fifth Russian.

The message appeared on an Islamic Web site known for publishing messages from insurgent groups in Iraq. U.S. officials have said they could not confirm what had happened to the two soldiers, who disappeared Friday evening after an attack that killed a third U.S. soldier.

The Web posting said: "Your brothers in the military wing of the Mujahedeen Shura Council kidnapped the two American soldiers near Youssifiya."

It did not identify the soldiers.

The Defense Department identified the missing men as Pfc. Kristian Menchaca, 23, of Houston, and Pfc. Thomas L. Tucker, 25, of Madras, Ore., and the dead soldier as Spc. David J. Babineau, 25, of Springfield, Mass. They were assigned to the 1st Battalion, 502nd Infantry Regiment, 2nd Brigade, 101st Airborne Division (Air Assault), Fort Campbell, Ky.

Gunmen kidnapped the four Russian diplomats near their embassy in Baghdad's Mansour district after firing on their car and killing an embassy employee.

"God has enabled the lions of monotheism to arrest four Russian diplomats in Iraq and kill the fifth," said a statement from the group on the same Web site.

It condemned Russian actions in Chechnya and criticized its presence in Baghdad.

"The Russian government sends its diplomats to Iraq to support the crusaders' project, led by America, and to provide international backing and legitimacy to the exhausted Iraqi government."

The Mujahedeen Shura Council is a grouping of several insurgent forces, including al Qaeda in Iraq. Abu Musab Zarqawi, who was killed this month, helped create the council in January, apparently to give an Iraqi face to his movement, made up mainly of foreign fighters.

Fighter jets, helicopters, unmanned drones, boats and dive teams are being used to search for the two men, Gen. Caldwell said. He did not comment on whether they had been seized by terrorists, saying only that they were listed as "duty status and whereabouts unknown."

Foreign Minister Hoshyar Zebari said the soldiers appeared to have been taken prisoner.

Ahmed Khalaf Falah, a farmer who said he witnessed the abduction, told the Associated Press that the two soldiers had been captured by seven masked, heavily armed gunmen during the attack near Youssifiya, about 12 miles south of Baghdad.

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U.S. and Iraqi troops, meanwhile, pushed into an eastern section of the insurgent stronghold of Ramadi in a campaign to gradually bolster their presence in city neighborhoods that for months largely have been under insurgent control.

A U.S. gunship fired on suspected insurgents early in the operation, U.S. commanders said. Six men were thought to have been killed, and sporadic exchanges of gunfire echoed throughout the neighborhood in the morning. No U.S. casualties were initially reported.

Prime Minister Nouri al-Maliki, meanwhile, said Iraqi forces will take over security next month in a southern province where Japanese troops are based. The decision, announced after Mr. al-Maliki met with Japan's ambassador, does not necessarily mean that any coalition forces will be withdrawn from Muthanna province.

Families Anxiously Await Confirmation Of Missing Soldiers' Status (WP)

By Sylvia Moreno

The Washington Post, June 20, 2006

AUSTIN, June 19 -- About a week ago, Army Pfc. Kristian Menchaca called his mother in South Texas and said he was exhausted, having just finished an overnight shift working a vehicle checkpoint in Iraq. It was tough, tense and dangerous work, he said.

Working that same duty on Friday, Menchaca, 23, and Pfc. Thomas L. Tucker, 25, were apparently kidnapped following an attack by Iraqi insurgents outside the town of Yusufiyah, south of Baghdad. The Pentagon said a third soldier working with Menchaca and Tucker, Spec. David J. Babineau, 25, of Springfield, Mass., was killed.

Menchaca's mother, Maria Guadalupe Vasquez, said in a telephone interview from her home in Brownsville: "The sergeants came and told us he was missing and that they were searching land and sea for him. They told us to pray. They said we just needed to pray for him."

As Vasquez and Tucker's family in Madras, Ore., awaited word Monday on the whereabouts of their sons, a message was posted on the Internet saying the soldiers were abducted by an Islamic group. A Marine spokesman in Baghdad had not been able to verify the authenticity of the statement, which was purportedly posted by al-Qaeda in Iraq under the name of the Mujaheddin al-Shura Council, an umbrella organization of insurgent groups.

A representative of the Tucker family referred calls to the public affairs office of the Oregon National Guard. Phone calls to a spokeswoman there were not returned.

Menchaca's wife, Christina, 18, was in Big Spring, Tex., with her family but was not taking phone calls, a family representative said.

The couple married last September and had met through Christina's brother, who is also in the Army, Vasquez said. Menchaca was deployed to Iraq a month after he was married.

"I'd like to know her, but she hasn't come down here yet. I've only seen her picture," Vasquez said of her daughter-in-law. "But we spoke by phone and she's very worried."

Vasquez said her son attended schools in Brownsville and nearby San Benito but dropped out of high school. He moved to Houston, where his older brother lives, and worked as a cashier at a fast-food restaurant. He also took adult education classes and completed his GED, she said. Vasquez said her son joined the Army because he wanted to further his studies and eventually become a U.S. Customs and Border Protection agent.

Vasquez said she last saw her son in April, when he was in Brownsville on a 10-day leave following his first tour in Iraq. "He was very changed," she said.

"He talked about killing people. He couldn't sleep. He came traumatized," she said. "I was scared."

Two weeks ago, he called his mother asking her to send him Cheetos, insect repellent and cleaning wipes. She was about to ship the items when the sergeants came to her home Friday afternoon. "I have it all here," Vasquez said. "Then this happened."

Senate Democrats Coalesce Around Iraq Plan (AP)

By Liz Sidoti

AP, June 20, 2006

Senate Democrats coalesced Monday around a proposal urging the Bush administration to start pulling U.S. troops out of Iraq by year's end, brushing aside calls by some in the party for a firm withdrawal timetable.

"Three-and-a-half years into the conflict, we should tell the Iraqis that the American security blanket is not permanent," said Sen. Carl Levin (news, bio, voting record), D-Mich., who helped write the nonbinding resolution that quickly drew criticism from Republican leaders.

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"Let me be clear: Retreat is not a solution," Senate Majority Leader Bill Frist, R-Tenn., said, chastising Democrats for espousing a "cut-and-run" strategy that "threatens our national security and poses unacceptable risks to Americans."

The Senate is to take up the resolution Tuesday and vote on it before Friday as debate on Iraq spills over into a second week on Capitol Hill, less than five months before midterm elections that will decide whether Democrats or Republicans control Congress.

Last week, the GOP-controlled Senate and House soundly rejected timetables for pulling U.S. forces out of Iraq, back-to-back votes that forced lawmakers in both parties to go on record on a major issue in re-election campaigns nationwide.

As the U.S. death toll and war spending continue to climb, polls show the public increasingly uncomfortable with the direction of the conflict, which began in spring 2003 when the United States invaded Iraq to topple dictator Saddam Hussein.

Democrats in Congress have long been divided over the way ahead in Iraq.

House Democratic leader Nancy Pelosi, D-Calif., failed to get her caucus to rally around one position last week. Senate Democrats also spent the week trying to come up with a "consensus" position, and it appeared they had largely succeeded.

Senate Democratic leader Harry Reid of Nevada backs the resolution and his aides say they expect 38 to 40 Democrats and a few Republicans to vote for the symbolic statement. However, they don't expect to get the 51 votes needed to attach the resolution to an annual military bill.

The resolution would urge — but not require — the administration to begin "a phased redeployment of U.S. forces" in 2006 and, by year's end, give Congress its plan for "continued redeployment" thereafter.

Additionally, the resolution calls for American troops, which have been focused on combat operations in Iraq, to more quickly switch to "a limited mission of training and logistic support of Iraqi security forces, protection of U.S. personnel and facilities, and targeting counterterrorism activities."

It also maps out steps Senate Democrats say the fledgling Iraqi government must take to lay the foundation for a successful democracy and calls for an international conference to help Iraq overcome problems it faces.

Even as the GOP leadership criticized the resolution, Sen. John Warner (news, bio, voting record), R-Va., the chairman of the Armed Services Committee, called it "a very serious-minded approach." He declined to endorse it but nonetheless promised to give it careful consideration.

Three Democrats distanced themselves from the resolution.

Seeking a stronger position on Iraq, John Kerry of Massachusetts, Russ Feingold of Wisconsin and Barbara Boxer of California intend to push for a vote on their own proposal.

It would require the administration to withdraw all combat troops from Iraq by July 1, 2007, leaving in place only U.S. troops essential to training Iraqi security forces, conducting counterterrorism operations and protecting U.S. personnel and facilities.

"A deadline gives Iraqis the best chance for stability and self-government, and most importantly, it allows us to begin refocusing on the true threats that face our country," Kerry and Feingold, two Democrats eying potential presidential candidacies in 2008, said in a joint statement.

Their proposal is expected to be rejected overwhelmingly.

Aside from Iraq, other fights are brewing as the Senate works on the annual military bill.

Rankling Republicans, Sen. Edward M. Kennedy (news, bio, voting record), D-Mass., on Monday proposed attaching long-sought legislation to raise the minimum wage from $5.15 an hour to $7.25 an hour in three steps.

Frist objected and then countered by seeking to attach to the bill legislation that would make it illegal in most cases to transport minors seeking abortions across state lines to circumvent laws in some states requiring parental notification.

Votes on those proposals could occur this week.

Senate Democrats Urge Beginning Of An Iraq Pullout This Year, But Avoid A Firm Schedule (NYT)

By Kate Zernike And Carl Hulse

The New York Times, June 20, 2006

WASHINGTON, June 19 — Trying to bridge party divisions on the eve of a Senate debate, leading Democrats called Monday for American troops to begin pulling out of Iraq this year. They avoided setting a firm timetable for withdrawal but argued that the Bush administration's open-ended commitment to the war would only prevent Iraqis from moving forward on their own.

Coming the week after partisan and often angry House debate over the war, the Senate proposal, a nonbinding resolution, was carefully worded to deflect any accusations that the Democrats were "cutting and running," as their position has been depicted by Republicans. The Democrats behind the measure did not even use the term "withdrawal," and talked about how to guarantee "success" for Iraq, not about any failures of the war.

"The administration's policy to date — that we'll be there for as long as Iraq needs us — will result in Iraq's depending upon us longer," said Senator Carl Levin of Michigan, the senior Democrat on the Armed Services Committee, who has been

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designated by the Democratic leadership to present the party's strategy on Iraq. "Three and a half years into the conflict, we should tell the Iraqis that the American security blanket is not permanent."

The resolution was cobbled together by moderate Democrats trying to smooth over differences within the party. The minority leadership has tried to distance itself from a proposal by Senator John Kerry of Massachusetts setting a mandatory deadline for American combat troops to be out of Iraq by the end of this year, a limit that Mr. Kerry modified only marginally on Monday. Some Republican lawmakers and the White House pointed to that proposal last week in attacking Democrats as inconsistent and weak on national security.

Mr. Levin's resolution did nothing to stop the Republicans' ridicule, with Senator Mitch McConnell of Kentucky dismissing it in a Fox News interview as "cut and jog."

"The last thing you want to do when you have the terrorists on the run is give them notice that you're going to leave," said Mr. McConnell, the Senate's No. 2 Republican.

President Bush spoke similarly at a Republican fund-raiser here Monday night, asserting: "An early withdrawal would embolden the terrorists. An early withdrawal would embolden Al Qaeda and bin Laden. There will be no early withdrawal so long as we run the Congress and occupy the White House."

The Democrats said their measure, which will be debated this week as an amendment to a military policy bill, built on a resolution that passed the Senate last year with wide support from Republicans. Democrats said they hoped this earlier resolution, which pledged that 2006 would be a year of "significant transition" toward an independent Iraq, would be followed by some Republican backing for the latest one.

But Senator John W. Warner, who as chairman of the Armed Services Committee was crucial to the adoption of last year's resolution, did not stand with the new proposal Monday.

"In this form, I could not support it," said Mr. Warner, Republican of Virginia.

Republicans said they were still exploring how to respond to the Democrats' latest approach. They are sensitive to the needs of senators in tough races, and therefore may bring an amendment of their own to express support for the troops in Iraq, giving those senators a chance to cast a vote backing a resolution instead of simply fighting one.

Such an amendment was the essence of the measure that House Republicans proposed last week, on which they prevailed.

But Senate Republicans also said they were inclined to debate the Democratic resolution head on. So, in contrast to the more predictable House debate, the Senate showdown could bring a more serious exchange of views on how best to deal with the war.

In any event, the resolution failed to satisfy Mr. Kerry. Late last week he said he was withholding his amendment in hopes that Democrats could find a "broad consensus." But on Monday he altered his proposal only slightly, to set the deadline for July 2007 instead of Dec. 31, 2006.

The Levin amendment would leave some American troops, focused on counterterrorism and training Iraqi security forces, in place. But it calls for troops to begin moving out of Iraq by the end of this year, and for the president to submit a plan to Congress by then outlining preparations for further redeployment. Mindful of accusations that they are trying to micromanage a war from half a world away, the Democrats said they wanted to leave the "speed and pace" of the withdrawal to military commanders.

"This amendment is not cut and run," said Senator Jack Reed of Rhode Island, who joined Mr. Levin in proposing it. "This is not about a date certain. This is about getting the president to do the job correctly, something he has failed to do for the last three years and three months."

The resolution calls for an international conference to determine ways to secure Iraq and the region, and offers steps the Democrats said the Iraqis needed to make to take charge of their own country: sharing political power and economic resources among different groups, disarming the militias and rooting out disloyal members of security forces.

"As long as we're there to do this heavy lifting," Mr. Reed said, "even though they want to do it themselves, they won't do it."

Senate Democrats Push Phased Iraq Redeployment (WT)

By Christina Bellantoni

The Washington Times, June 20, 2006

Top Senate Democrats, who last week voted against a timetable for withdrawing troops from Iraq, yesterday introduced a measure to start a phased troop redeployment by the end of the year.

Sen. Carl Levin of Michigan said Iraqis must stop looking at the United States as a "security blanket" with an open-ended commitment of support.

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"The administration's policy that we'll be there as long as Iraq needs us will result in Iraq depending upon us longer," Mr. Levin said before introducing the amendment to the defense authorization bill being considered this week. "Three and a half years into the conflict, we should tell the Iraqis that the American security blanket is not permanent."

Mr. Levin said phased redeployment -- not a timetable -- would encourage the Iraqi leaders to make "hard compromises" and secure their country.

Under the amendment, a phased redeployment of U.S. troops would begin by Dec. 31, when the Bush administration would be required to submit a plan for continued redeployment beyond 2006.

The co-sponsors are Democratic Sens. Jack Reed of Rhode Island, Dianne Feinstein of California and Ken Salazar of Colorado.

Republicans seized on the proposal as "cutting and running."

"Retreat is not an option," said Senate Majority Leader Bill Frist of Tennessee. "Those calling for an early withdrawal of American troops from Iraq utterly fail to understand the potentially catastrophic implications of their proposal."

A White House official last night dismissed the amendment, saying it calls for an arbitrary timeline that will encourage terrorists to wait for the United States to leave. "The choice is to stay and win or to allow Iraq to come become a safe haven for terrorists to plot against the United States," the official said.

Mr. Reed accused Republicans of using Iraq as a political football.

"Instead of offering a blueprint for success, the Bush administration has used the Iraq debate to attack Democrats for wanting to cut and run," he said.

Mr. Reed said redeployment should begin "as quickly as possible" to ease the strain on the troops, but added that the measure does not establish a pace.

The measure has Democratic support from Minority Leader Harry Reid of Nevada and Sens. Patrick J. Leahy of Vermont and Hillary Rodham Clinton of New York.

Mrs. Clinton said the amendment would send the Iraqi government a message that the U.S. commitment is not indefinite and that Iraq must be responsible for its own security, a Clinton staffer said.

None of the amendment's announced sponsors or supporters backed a withdrawal measure Thursday that failed on a 93-6 vote.

Three Democrats who did vote for withdrawal, Sens. John Kerry of Massachusetts, Barbara Boxer of California and Russ Feingold of Wisconsin, today will submit a competing amendment to redeploy troops by July 1, 2007.

"We must redeploy to succeed," Mr. Kerry and Mr. Feingold said in a joint statement, calling a prolonged U.S. stay a "crutch" for Iraqis.

"A deadline gives Iraqis the best chance for stability and self-government, and most importantly, it allows us to begin refocusing on the true threats that face our country," they said.

Both amendments would leave in place military units with a limited mission of training and logistical support of Iraqi security forces, counterterrorist work and personnel protection.

The Levin amendment expresses a "sense of the Senate," but the Kerry measure would be binding.

The House on Friday passed a nonbinding resolution rejecting an "arbitrary" date for troop withdrawal by a 256-153 vote.

For Democrats, A Delicate Balance On Iraq (WP)

By Charles Babington And Jonathan Weisman

The Washington Post, June 20, 2006

Debate over Iraq will dominate the Senate this week, with Democrats scrambling to find a Goldilocks solution: not too hot on withdrawing U.S. troops quickly, but not so cold as to alienate large numbers of Democratic voters furious about the war and eager to bring the Americans home.

Four Democratic senators yesterday introduced a resolution intended to strike a just-right balance and to serve as an alternative to Sen. John F. Kerry's push for a hard deadline for a troop withdrawal. Their nonbinding "sense of the Senate" resolution would call on President Bush to begin a "phased redeployment" of U.S. troops by the end of this year. But it does not specify how quickly the drawdown should proceed or when it should be completed.

"This amendment is not cut-and-run," said Sen. Jack Reed (D-R.I.), who co-sponsored the measure with Sen. Carl M. Levin (D-Mich.). "This is not about a date certain" for a withdrawal, he said, but it is intended to spur the Iraqi government to prepare its army and police for self-sufficiency. Also endorsing the measure, to be offered as an amendment to the 2007 defense authorization bill, were Democrats Dianne Feinstein (Calif.) and Ken Salazar (Colo.).

Democrats said they hope that most of their party's senators -- and perhaps some Republicans -- will back the Levin-Reed amendment. Minority Leader Harry M. Reid (D-Nev.) will support it, his office said.

But liberals and antiwar activists will lean toward an alternative amendment offered by Democrats Kerry (Mass.), Barbara Boxer (Calif.) and Russell Feingold (Wis.). It would direct the administration to withdraw U.S. troops from Iraq by July 1, 2007. The only personnel allowed to remain beyond that date would be those "essential to completing the mission of standing up Iraqi security forces, conducting targeted counter-terrorist operations and protecting U.S. personnel and facilities."

Kerry, the party's 2004 presidential nominee, previously proposed bringing the troops home by the end of this year. Several colleagues urged him to reconsider, saying Republicans would portray Democrats during campaigning for the November elections as soft on terrorism and national security. Kerry agreed to extend the deadline by seven months, but he still calls for a firm date for most troops to be out.

"With the administration's failure to offer a coherent or effective strategy in Iraq, it is long past time for Congress to offer a plan to redeploy our troops so we can give Iraq its best chance at stability, and refocus on al Qaeda and the terrorist networks that threaten the security of all Americans," Kerry and Feingold said in a joint statement.

Levin told reporters yesterday: "We do not feel comfortable with a specific timetable for the redeployment of all of our forces or the pace of that."

Senate GOP aides said they were unsure whether the party's leaders would offer their own Iraq language or be content trying to defeat the Levin-Reed and Kerry-Feingold amendments.

The Senate jockeying follows last week's House vote, in which 42 Democrats joined 214 Republicans in backing a nonbinding measure rejecting "an arbitrary date for the withdrawal or redeployment" of U.S. troops from Iraq.

Between debates on matters military, the Senate may also get a chance to vote to raise the minimum wage for the first time since 1997. Sen. Edward M. Kennedy (D-Mass.) introduced an amendment yesterday that would lift the minimum wage from $5.15 to $7.25, calling congressional action "a moral issue."

The House was to act on the minimum wage as well this week, after Democrats attached a wage increase last week to the annual spending bill that funds labor, health and education programs. But Republican leaders put off consideration of the bill on the House floor, believing the measure could be defeated in an embarrassing procedural debate over the minimum-wage hike and ongoing disputes with House GOP moderates over its funding levels.

"With the minimum wage on there, coupled with level of expenditures in the bill, it was just too heavy a lift," said House Minority Whip Steny H. Hoyer (D-Md.).

The Senate's passage of a minimum-wage increase in 1997 created so much pressure on House Republicans in industrial districts in the Northeast and Midwest that GOP leaders were forced to bring the issue to the floor. Democrats are hoping to re-create that political dynamic.

But first they have to clear the Senate. Majority Leader Bill Frist (R-Tenn.) used a procedural move yesterday to ensure that before any vote on the minimum wage, the Senate must vote on a Republican measure criminalizing the transport of a minor across state lines to get an abortion. That vote could give some swing-state Democrats so much of a headache that the two parties will agree to drop both amendments and go back to defense.

Also on tap is a House vote on Thursday on Bush's line-item-veto proposal. Lawmakers have been unable to stop themselves from approving narrowly tailored "earmarks" that fund home-district pet projects, but Republicans appear eager to let the president stop them.

Democrats Shape Plans On Iraq (LAT)

By Maura Reynolds

The Los Angeles Times, June 20, 2006

WASHINGTON — Leading Senate Democrats called Monday for a "phased withdrawal" of U.S. forces from Iraq, outlining what they hope will become a consensus position on the war that will help their party speak with a more unified voice.

Some Democratic lawmakers have called for an immediate withdrawal, others for a continued presence of U.S. troops to foster security. Democratic leaders have been working to develop a consensus to rebut Republican accusations that they are divided and indecisive.

The new Democratic proposal sets a starting point for withdrawing troops but does not set an end date or demand a particular pace for the redeployment, said Sen. Carl Levin of Michigan, the ranking Democrat on the Armed Services Committee. He said he planned to offer the measure as an amendment to a defense spending bill being debated this week in the Senate.

"Our amendment does not establish a timetable for redeployment," Levin said. "It does urge that a phased redeployment begin this year, partly as a way of moving away from an open-ended commitment and a way of avoiding Iraqi dependency on a U.S. security blanket."

It also calls on the administration to develop a plan for the continued withdrawal of troops beyond 2006, and to change the definition of the mission from occupation to training, logistical support and counter-terrorism.

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The measure is co-sponsored by Sens. Jack Reed (D-R.I.), Dianne Feinstein (D-Calif.) and Ken Salazar (D-Colo.). It has gained the support of Senate Minority Leader Harry Reid of Nevada and other party leaders.

"This amendment was crafted to get the support of a majority of Democrats as well as some Republicans," said Reid spokesman Jim Manley.

A second proposal, from Sens. John F. Kerry (D-Mass.) and Russell D. Feingold (D-Wis.), calls for complete withdrawal by July 2007. It appears to have the support of half a dozen senators, including Sen. Barbara Boxer (D-Calif.), who has signed on as a sponsor.

Many of the senators who support the Kerry proposal are expected to back the Levin amendment too, aides said.

"We need a deadline for the redeployment of U.S. forces in Iraq," Kerry and Feingold said in a statement. "A deadline gives Iraqis the best chance for stability and self-government, and most importantly, it allows us to begin refocusing on the true threats that face our country."

Progress in Iraq is expected to be a central issue in the fall congressional elections, as well as the 2008 presidential election. Kerry and Feingold are both expected to seek the Democratic nomination for president.

"After three years and three months of American presence, and after all the casualties that we have taken and the treasure which we have spent, the Iraqis are going to need to step up now and take over the security responsibility and deal with the militias," Levin said. "It's not a criticism of the Iraqis. It's a way forward in order to improve the chances of success."

Senate Majority Leader Bill Frist (R-Tenn.), a likely candidate for the Republican presidential nomination, denounced the Levin proposal as "cutting and running."

"Let me be clear: Retreat is not a solution. Our national security requires us to follow through on our commitments," Frist said in a statement. "Artificial deadlines are not the solution…. Cutting and running is bad policy that threatens our national security and poses unacceptable risks to Americans."

The Senate is expected to spend much of the week debating Iraq. Last week, the House passed a resolution expressing support for the administration's policies and rejecting an "artificial timeline" for withdrawal.

Vice President Dick Cheney, speaking to reporters at a journalism awards ceremony, said Monday that he stood by his assertion a year ago that the Iraqi insurgency was in its "last throes." But he acknowledged the intensity of the insurgency surprised the administration.

"I don't think anybody anticipated the level of violence that we've encountered," Cheney said. "I guess the other area that I look at, in terms of an area where I think we were faced with difficulties we didn't anticipate, was the devastation that 30 years of Saddam's rule had wrought, if you will, on the psychology of the Iraqi people. Very, very hard to go from the way they were forced to live for a long period of time to a situation in which they have the opportunity for self-government."

Last week, both of California's senators intended to offer their own withdrawal proposals, but they agreed over the weekend to coalesce around the two approaches announced Monday.

"I believe an open-ended commitment is no longer sustainable in Iraq," Feinstein said in a statement. "It seems to me the president should have come forward with something more specific than 'Stay the course' and 'We will stand down as they stand up.' "

Cheney Stands By His 'Last Throes' Remark (WP)

By Thomas E. Ricks

The Washington Post, June 20, 2006

Vice President Cheney yesterday defended his much-criticized claim a year ago that the Iraq insurgency was in its "last throes" and said he believes that Iraq "turned a corner" last year when its people held elections creating a constitution and a government.

Speaking at the National Press Club, Cheney predicted that 10 years from now people will look back at 2005 and say, "That's when we began to get a handle on the long-term future of Iraq."

But he also acknowledged that the administration underestimated the strength of the insurgency. "I don't think anybody anticipated the level of violence that we've encountered," he said. He added: "We didn't anticipate . . . the devastation that 30 years of Saddam's rule had wrought, if you will, on the psychology of the Iraqi people."

Cheney has repeatedly stood by his May 2005 declaration that the insurgency was waning, even as Democratic politicians and comedians have mocked it. It has joined a litany of administration statements about Iraq cited as examples of wishful thinking, including that reconstruction would be inexpensive for U.S. taxpayers and that U.S. troops would be greeted as liberators.

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The most famous optimistic assessment came nearly three years ago, when President Bush stood on an aircraft carrier off California under a banner that read "Mission Accomplished." "We have seen the turning of the tide," he said then. Since that statement, more than 2,300 Americans have died in Iraq.

Despite Cheney's assertion that no one foresaw how difficult the post-invasion phase would be, defense and Middle East experts have said that administration officials during the run-up to the war ignored their warnings about potential obstacles ahead.

For example, a group of specialists who met at the Army War College in December 2002, three months before the U.S. invaded Iraq, warned: "The possibility of the United States winning the war and losing the peace is real and serious." Iraq had been strained by decades of misrule, wars and sanctions, they observed, noting that "if the United States assumes control of Iraq, it will therefore assume control of a badly battered economy." The writers of the Army report emphasized that Iraq was going to be tougher than the administration was acknowledging publicly. "Successful occupation will not occur unless the special circumstances of this unusual country" are heeded, they warned.

Likewise, 70 national security experts and Middle East scholars met about the same time for two days at the National Defense University and then issued a report concluding that occupying Iraq "will be the most daunting and complex task the U.S. and the international community will have undertaken since the end of World War II." One participant, Army Col. Paul Hughes, sent a copy of the conference report to the office of Douglas J. Feith, then the undersecretary of defense for policy, but "never heard back from him or anyone else" over there, he said.

Cheney: U.S. Action Averts New Attacks (USAT)

USA Today, June 20, 2006

The United States' biggest terrorism threat is “an al-Qaeda cell armed with a nuclear weapon or a biological agent in the middle of one of our own cities,” Vice President Cheney said Monday.

Speaking at the National Press Club, Cheney credited aggressive U.S. action for preventing terrorist attacks since Sept. 11, 2001. “The fact of the matter is we have been safe and secure here at home,” he said. “That's not an accident. It didn't happen just because we got lucky.”

Cheney said improved intelligence-gathering and preventive steps have thwarted attacks on U.S. soil. He singled out the National Security Agency's warrantless surveillance program as important in the war on terrorism and said it “clearly is legal” and is “consistent with the Constitution.”

The NSA program involves monitoring international communications of people in the USA without a court warrant when one party may have ties to terrorism.

Critics, including Senate Judiciary Chairman Arlen Specter, R-Pa., say a 1978 law requires the spy agency to get court warrants before eavesdropping on U.S. targets.

The Interior Department reversed a controversial proposal that would have allowed more snowmobiles and all-terrain vehicles in national parks at the expense of conservation.

New guidelines emphasize preserving natural resources over developing more recreation opportunities at national parks. The management policy says parks should aim for the highest clean air standard, preserve solitude and keep wilderness lands free from snowmobiles, ATVs and other intrusions.

“That is the heart of these policies and the lifeblood of our nation's commitment to care for these special places and provide for their enjoyment,” Interior Secretary Dirk Kempthorne said.

The plan, which becomes final in three weeks, is one of the first moves for Kempthorne. He replaced Gale Norton last month.

Coleen Rowley, a former lawyer in the FBI's Minneapolis field office who is running for Congress as a Democrat in Minnesota, received both praise and criticism in a Justice Department inspector general's report on the investigation of al-Qaeda terrorist Zacarias Moussaoui.

The report credits Rowley for blowing the whistle on FBI headquarters for not aggressively investigating Moussaoui before the 9/11 attacks in 2001. It faults her for not pursuing other avenues, such as a traditional search warrant. She focused on obtaining a search warrant from a special intelligence court that operates in secret.

The report was released last year, but the Moussaoui part was withheld pending his trial. He was sentenced last month to life in prison.

Deputy Secretary of State Robert Zoellick said he is leaving to join investment house Goldman Sachs and concentrate on trying to develop investment markets around the world. Secretary of State Condoleezza Rice praised Zoellick, 52, as her “alter ego.” She did not say who will replace Zoellick when he leaves next month.

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Japan Plans To Bring Troops Home As Iraqis Take Over (WP)

By Anthony Faiola

The Washington Post, June 20, 2006

TOKYO, June 20 -- Prime Minister Junichiro Koizumi announced a plan Tuesday to withdraw Japan's 550 troops from Iraq, ending a landmark mission that became Tokyo's largest military operation since World War II, according to a Japanese official.

On Monday, Iraqi Prime Minister Nouri al-Maliki announced that Iraqi troops would take over security next month around the southern city of Samawah, where the Japanese and other forces are stationed. Officials here have repeatedly said that the Japanese -- whose withdrawal has been anticipated for months -- had been awaiting that decision before finalizing withdrawal plans.

Koizumi revealed his plan at a meeting of the ruling Liberal Democratic Party, saying he would make a public announcement of the pullout later in the day, according to the official, who spoke on condition of anonymity.

At a news conference Monday, Koizumi declined to give a specific timeline on the withdrawal but said Japan will continue to provide reconstruction and humanitarian aid to the Iraqi people even after the troops are pulled out.

"When the time comes," Koizumi said, "I will decide when will be the appropriate timing to have the SDF troops return home safely after getting the understanding of other countries and the Iraqi government."

Koizumi's decision to pull out, officials say, is likely to be contingent on an announcement by the British and Australians to withdraw the forces around Samawah that had been protecting the Japanese. In Canberra, Australia, Defense Minister Brendan Nelson said Tuesday that Australia would reassign its 460 troops now protecting Japanese forces to help the Iraqi military secure the border with Syria. Nelson said the troops would be redeployed when Japan withdrew.

The Japanese withdrawal is not expected to dramatically affect the effort to rebuild Iraq. Analysts have said the Japanese mission there is more symbolic than strategic. The troops have provided engineering guidance and humanitarian services but are limited in their role by Japan's pacifist constitution and have had to count on other foreign forces for protection.

The contentious move to dispatch Japanese troops to Iraq was seen as a dramatic step for Japan, which after decades of engaging in what came to be known as "checkbook diplomacy" has shown more willingness to deploy its forces.

Despite public opposition, Koizumi pushed through the plan to dispatch Japanese ground troops in December 2003, largely in an effort to demonstrate support for the U.S.-Japan alliance. Japanese troops began arriving in Iraq in February 2004.

U.S. officials have requested that Japan continue to provide air transport assistance in Kuwait and surrounding areas. The Japanese said they would consider the request, and analysts have said Koizumi is likely to agree to the proposal.

'Coalition Of The Willing' Shrinks In Iraq (FT)

By Guy Dinmore And David Pilling

Financial Times, June 20, 2006

The shrinking US "coalition of the willing" in Iraq has come to resemble more a coalition of the reluctant, as allies weigh up the costs of continued involvement in an unpopular war against the benefits of backing President George W. Bush for the rest of his second term.

Japan is expected to become the latest coalition member to announce a schedule for its withdrawal in a public statement on Tuesday. Italy's new foreign minister, Massimo D'Alema, met Condoleezza Rice, US secretary of state, last week to discuss the Italian pullout by the end of the year, meaning in effect an end to operations by September.

Spain withdrew its 1,300 soldiers from Iraq in 2004 after a change of government. The Netherlands, Ukraine, Nicaragua, the Philippines and Honduras have also pulled out. Only several thousand foreign troops remain along side some 130,000 US soldiers.

The UK on Monday confirmed that Iraqi security forces would take over responsibility for security in the southern Muthana province, where Japanese forces were based. British and Australian troops – who provided security for the Japanese as they carried out reconstruction projects – will be redeployed.

Analysts say only the UK provided a sizeable military force that actually made a difference in operational capability. Contributions from most other countries had more meaning in terms of political support for the US when the Bush administration failed to win enough backing for a second resolution at the UN.

Senior Japanese cabinet ministers met on Monday to discuss a timetable for the withdrawal, increasing the possibility that the pull-out could take place to coincide with a planned visit by Junichiro Koizumi, prime minister, to Washington at the end of this month.

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Last year, at the start of Mr Bush's second term, Ms Rice launched a drive to rebuild alliances, particularly in Europe, for the Iraq effort. Ultimately she failed as Mr Bush took on the appearance of a lame duck president, commented Lawrence Korb, senior analyst at the Center for American Progress, a liberal think-tank.

But he said countries like Japan could not be accused of "cutting and running" as they never thought over three years ago that they would have to stay that long.

Anthony Cordesman, senior analyst at the Center for Strategic and International Studies, said the changes in the coalition were much more important for the political symbolism than operational reality. The war, he said, had led to serious political problems at home for contributing states as public support steadily deteriorated.

"A steady pace of withdrawal and cuts from the coalition of the willing sends a message that the war does not have the support when it started, and nor does the US," he said.

The US said it expected to issue a statement on the status of the coalition last night.

The original coalition of the willing, as announced when the invasion began, brought together a disparate group of 44 declared members. But these included many that had virtually no military resources to offer, such as Afghanistan, and others that later broke ties with the US, including Uzbekistan.

Diplomats are also concerned that reconstruction efforts will be hindered by the withdrawals as it is not clear how planned joint military-civilian Provincial Reconstruction Teams will be made secure.

Japanese ministers have hinted that Japan will offer the US other logistical support, including more transport flights to Baghdad and elsewhere, by the air self-defence force (ASDF), Japan's version of an air force.

The ASDF has three C-130 transportation aircraft based in Kuwait from where it transports goods and personnel to Basra and a base near Samawah, where Japanese ground forces are based. The ASDF does not currently operate regular flights to Baghdad.

Australia's prime minister, John Howard, said on Monday that some of Australia's 460-member taskforce could remain in Iraq, possibly supporting Iraqi forces stationed at Tallil, a major coalition base near the city of Nasririyah.

"We would continue to see a role, albeit a somewhat different role, for our forces in southern Iraq. The operations will be likely to be based in and around Tallil. The primary purpose would be to provide a security reinforcement or back-up for the Iraqi security forces and also an ongoing training role," he said.

Japan To Withdraw Its Troops From Iraq (LAT)

By Bruce Wallace

The Los Angeles Times, June 20, 2006

TOKYO — Japan's government will withdraw its troops from Iraq, ending a mission that broke postwar taboos by sending its troops into foreign combat zones for the first time since 1945.

Prime Minister Junichiro Koizumi told executives of his ruling party that the roughly 600 Japanese soldiers stationed in the southern Iraqi city of Samawah would come home over the next two months, according to Japanese media reports.

"We've finished this chapter," Koizumi reportedly told the officials.

The mission has been controversial in Japan, where polls show a majority of the public opposes the war.

Koizumi had to ensure that the deployment conformed to Japan's pacifist constitution, which prohibits the country from using force to resolve international disputes.

Tokyo had portrayed the mission as strictly humanitarian, with troops focused on improving water supplies and rebuilding hospitals and schools. Security was provided by allies to avoid situations in which Japanese soldiers might have to fire their weapons or risk injury or death.

The Iraqi government, noting the relative calm in the Samawah region, announced this week that it would be the first place where Iraqi forces would assume security duties from foreign troops.

The Japanese mission was more important politically than militarily. The small deployment gave Washington the comfort of having another ally present in Iraq, while allowing Tokyo to establish the precedent of sending troops into a hostile environment.

Japanese critics say their government used the deployment as a means of stretching its constitutional limits on sending soldiers abroad.

The Way Out Of Iraq: A Road Map (WP)

By Mowaffak Al-Rubaie

The Washington Post, June 20, 2006

There has been much talk about a withdrawal of U.S. and coalition troops from Iraq, but no defined timeline has yet been set. There is, however, an unofficial "road map" to foreign troop reductions that will eventually lead to total withdrawal of U.S.

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troops. This road map is based not just on a series of dates but, more important, on the achievement of set objectives for restoring security in Iraq.

Iraq has a total of 18 governorates, which are at differing stages in terms of security. Each will eventually take control of its own security situation, barring a major crisis. But before this happens, each governorate will have to meet stringent minimum requirements as a condition of being granted control. For example, the threat assessment of terrorist activities must be low or on a downward trend. Local police and the Iraqi army must be deemed capable of dealing with criminal gangs, armed groups and militias, and border control. There must be a clear and functioning command-and-control center overseen by the governor, with direct communication to the prime minister's situation room.

Despite the seemingly endless spiral of violence in Iraq today, such a plan is already in place. All the governors have been notified and briefed on the end objective. The current prime minister, Nouri al-Maliki, has approved the plan, as have the coalition forces, and assessments of each province have already been done. Nobody believes this is going to be an easy task, but there is Iraqi and coalition resolve to start taking the final steps to have a fully responsible Iraqi government accountable to its people for their governance and security. Thus far four of the 18 provinces are ready for the transfer of power -- two in the north (Irbil and Sulaymaniyah) and two in the south (Maysan and Muthanna). Nine more provinces are nearly ready.

With the governors of each province meeting these strict objectives, Iraq's ambition is to have full control of the country by the end of 2008. In practice this will mean a significant foreign troop reduction. We envisage the U.S. troop presence by year's end to be under 100,000, with most of the remaining troops to return home by the end of 2007.

The eventual removal of coalition troops from Iraqi streets will help the Iraqis, who now see foreign troops as occupiers rather than the liberators they were meant to be. It will remove psychological barriers and the reason that many Iraqis joined the so-called resistance in the first place. The removal of troops will also allow the Iraqi government to engage with some of our neighbors that have to date been at the very least sympathetic to the resistance because of what they call the "coalition occupation." If the sectarian issue continues to cause conflict with Iraq's neighbors, this matter needs to be addressed urgently and openly -- not in the guise of aversion to the presence of foreign troops.

Moreover, the removal of foreign troops will legitimize Iraq's government in the eyes of its people. It has taken what some feel is an eternity to form a government of national unity. This has not been an easy or enviable task, but it represents a significant achievement, considering that many new ministers are working in partisan situations, often with people with whom they share a history of enmity and distrust. By its nature, the government of national unity, because it is working through consensus, could be perceived to be weak. But, again, the drawdown of foreign troops will strengthen our fledgling government to last the full four years it is supposed to.

While Iraq is trying to gain its independence from the United States and the coalition, in terms of taking greater responsibility for its actions, particularly in terms of security, there are still some influential foreign figures trying to spoon-feed our government and take a very proactive role in many key decisions. Though this may provide some benefits in the short term, in the long run it will only serve to make the Iraqi government a weaker one and eventually lead to a culture of dependency. Iraq has to grow out of the shadow of the United States and the coalition, take responsibility for its own decisions, learn from its own mistakes, and find Iraqi solutions to Iraqi problems, with the knowledge that our friends and allies are standing by with support and help should we need it.

The writer is Iraq's national security adviser.

Murder Charges For 3 G.I.'s In Iraq (NYT)

By Thom Shanker And Sabrina Tavernise

The New York Times, June 20, 2006

WASHINGTON, June 19 — Three American soldiers suspected of killing three detainees in Iraq and then threatening a soldier with death if he reported the shootings have been charged with premeditated murder and obstructing justice, Army officials said Monday.

The accused soldiers, two enlisted men and a noncommissioned officer, also face charges of attempted murder, conspiracy and threatening in connection with the deaths of the three detainees on May 9, the Army's documents showed.

One Defense Department official said investigators had evidence that the soldiers had released the detainees deliberately before they were shot, apparently to have a pretext for killing them as they fled.

In Iraq on Monday, an Islamic militant group linked to Al Qaeda said it had captured two American soldiers listed as missing, but it offered no proof, and American military officials remained skeptical. The two soldiers disappeared Friday night in an ambush southwest of Baghdad, and the military has organized a force of 8,000 American and Iraqi troops to find them.

The three soldiers charged by the Army were identified as Staff Sgt. Raymond L. Girouard, Specialist William B. Hunsaker and Pfc. Corey R. Clagett. A conviction of murder under the Uniform Code of Military Justice can carry the death penalty. A

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conviction of attempted murder carries a maximum punishment of life in prison, as does a conviction of conspiracy. A conviction for wrongfully communicating a threat carries a maximum term of five years.

The victims remained unidentified and were listed on the charge sheets only as male detainees apparently of Middle Eastern descent.

The three soldiers, assigned to the Third Brigade Combat Team of the 101st Airborne Division, were jailed in Kuwait last Thursday to await hearings to determine whether they would face courts-martial, officials said.

The charge sheets list a number of instances in which the suspects are said to have threatened another soldier with death if he assisted investigators. The charge sheets quote the suspects as saying to the soldier, a private first class, " 'I will kill you if you tell anyone,' or words to that effect," and " 'You better not talk or I will kill you,' or words to that effect."

Military officials said over the weekend that the allegation of wrongdoing was raised by an enlisted soldier. Military officials said the soldiers suspected in the killings initially asserted that the three detainees had died as they were trying to escape.

The shootings occurred near the Muthanna Chemical Complex along the Tharthar Canal, in southern Salahuddin Province, a restive Sunni Arab region in north-central Iraq, according to the military statements.

Military officials said the shootings came during a joint American-Iraqi raid of suspected insurgent positions inside the chemical complex.

Few other details were available.

"On the day the alleged murders occurred, the unit commander ordered an inquiry to determine the circumstances surrounding the deaths of the three detainees," the military said in a statement.

Regarding the search for the two soldiers who have been missing since Friday, a message posted Monday on a Web site of the Council of Holy Warriors, which says it oversees Al Qaeda in Mesopotamia and seven other militant groups, said, "Our brothers in the military wing" had seized the soldiers near Yusufiya, the town where the military began its search.

"We will provide you with more details on this incident in the next few days," the group said.

It was not clear whether the assertion was true: the group's posting was unusually brief and did not say precisely where the soldiers had been seized. It offered no pictures of the soldiers.

In a separate posting, the same group said it had kidnapped four Russian Embassy employees in the upscale neighborhood of Mansour in early June. The group gave the Russian government 48 hours to withdraw from Chechnya, a rebellious Muslim republic within Russia, and to release Muslim detainees from Russian prisons.

The Russian Foreign Ministry, in a statement on Monday, called for the release of the embassy employees.

An American military spokeswoman said the military was investigating the claim about the soldiers, but an American official in Baghdad cautioned that the military viewed the Web statement with some skepticism. It contained only information that could have been easily gleaned from news articles on the Internet.

Also, the official said, the council is an umbrella group and does not itself have the fighters needed to carry out an attack like the one it says led to the soldiers' capture.

The sweeping search continued for the soldiers, identified by the military on Monday as Pfc. Kristian Menchaca, 23, of Houston, and Pfc. Thomas L. Tucker, 25, of Madras, Ore. A third soldier, Specialist David J. Babineau, 25, of Springfield, Mass., was killed when insurgents attacked the three at a traffic checkpoint.

Since Friday, troops had searched 12 villages, detained 34 Iraqis and conducted 12 cordon-and-search operations, the military said. Troops were supported by fighter jets and pilotless Predator drones.

A resident in Karagol, the village that appeared to be closest to where the soldiers were taken, said the Americans had shut off all water and electricity in the town.

The troops appear to have met some resistance. Since Friday, three Iraqis identified as insurgents have been killed, the military said, and seven American soldiers have been wounded.

Another Internet posting surfaced Monday in which Ansar al-Sunna, a militant group operating in northern Iraq, said it had captured an Iraqi woman serving as a translator, Salma Gasem Hamadi, a Shiite who the group said was working for the American military in Tikrit.

The posting included a chilling warning for translators in the area to "leave your work immediately before we get you," according to a translation provided by the SITE Institute, a group that tracks militant Web sites.

In Rome on Monday, three Italian prosecutors requested the indictment of an American soldier for the shooting of an Italian intelligence agent, Nicola Calipari, who was killed by gunfire at a checkpoint in Iraq last year, the Italian news agency ANSA reported.

According to the report, the Italian prosecutors have asked that the soldier, identified as Specialist Mario Lozano, a member of the New York National Guard, stand trial on charges of murder and attempted murder.

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On March 4, 2005, just after securing the release of an Italian journalist who had been kidnapped in Baghdad, Mr. Calipari was killed when the car carrying him and the journalist, Giuliana Sgrena, came under fire at a checkpoint.

A spokesman for the United States Embassy in Rome said the embassy had not been contacted about the indictments and declined further comment.

Also on Monday, Prime Minister Nuri Kamal al-Maliki said Iraqi troops would assume full responsibility in July for security in Muthanna Province, where British forces oversee a multinational force of Australians and Japanese troops. Muthanna would be the first of Iraq's provinces outside of the Kurdish north to be under full Iraqi control.

In all, 13 Iraqis were killed and 36 wounded Monday in violence in Baghdad and in Diyala Province, north of Baghdad, Iraqi authorities said.

U.S. To Charge Soldiers In Iraq Detainee Deaths (WT)

By Rowan Scarborough

The Washington Times, June 20, 2006

The Army announced murder charges yesterday against three American soldiers in the May 9 deaths of Iraqi detainees.

A brief statement in Baghdad did not identify the three soldiers or their ranks. It said they are members of the 101st Airborne Division, based in Tikrit, and were being held in pretrial confinement in anticipation of an Article 32 hearing that could lead to courts-martial. The military said three Iraqi detainees were killed May 9 near the Thar Thar Canal in northern Salahuddin province.

The case could be the first in a series of murder charges against soldiers and Marines in the deaths of Iraqi civilians. The command is conducting a forcewide retraining program on the importance of ethics and protecting noncombatants. The murder counts send a message to the troops that the military is prepared to lodge the ultimate charge against its own in the confusing environment of counterinsurgency warfare.

Two major cases remain under investigation. The Marine Corps is holding seven Marines and one Navy hospital corpsman at Camp Pendleton, Calif., while the Naval Criminal Investigative Service (NCIS) probes the death of an Iraqi man in April in the town of Hamandiyah.

The NCIS also has been investigating the killing of 24 civilians by Marines Nov. 19 in the Anbar province town of Haditha. Criminal defense attorneys have said they expect one or more Marines to be charged with murder in that case. The Marines' attorneys say they did nothing wrong. They say the deaths came after their convoy was attacked by an improvised explosive device, and they cleared three houses in which civilians and suspected insurgents were interspersed.

In the 101st Airborne case, the military did not release the official charge sheets that typically identify the accused and provide more details. The statement said the three enlisted soldiers face charges of murder, attempted murder, conspiracy, communicating a threat and obstruction of justice.

"On the day the alleged murders occurred, the unit commander ordered an inquiry to determine the circumstances surrounding the deaths of the three detainees," the statement said.

This is not the first time the military has filed charges in the case of a detainee death in Iraq. But no soldier has been convicted of murder. The most serious sentence in a detainee-abuse case was a 10-year sentence handed to former Army Spc. Charles A. Graner Jr., who supervised the abuse and humiliation of prisoners at Abu Ghraib.

In the global war on terror, the Army has processed more than 56,000 detainees and is holding about 15,000 in Afghanistan, Iraq and Guantanamo Bay, Cuba.

The Army has conducted more than 600 criminal investigations resulting in charges against 251 soldiers who went before courts-martial or faced administrative punishment.

Army Cancels Contract For New Iraqi Prison (NYT)

By James Glanz

The New York Times, June 20, 2006

BAGHDAD, Iraq, June 19 — The Army Corps of Engineers said Monday that it had canceled a $99.1 million contract with Parsons, one of the largest companies working in Iraq, to build a prison north of Baghdad after the firm fell more than two years behind schedule, threatened to go millions of dollars over budget and essentially abandoned the construction site.

The move is another harsh rebuke for Parsons, only weeks after the corps canceled more than $300 million of the company's contracts to build and refurbish hospitals and clinics across Iraq. A federal oversight office had found that some of the clinics were little more than empty shells and that only 20 of 150 called for in the contract would be completed without new financing.

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But the prison, originally scheduled to be completed this month, appears to be the largest single rebuilding project canceled for failing to achieve its goals under the $45 billion American rebuilding program for Iraq. The corps said Parsons officials had recently estimated that it could not be completed before September 2008, and would cost an additional $13.5 million.

"I have other contractors that hold to their schedules," said Maj. Gen. William H. McCoy Jr., commander of the corps' Gulf Region Division. "And when they hold to their schedules, there's no problem."

In the case of the prison contract, General McCoy said, "I've got to stop the bleeding."

The corps says it intends to complete 3,700 rebuilding projects. But that number is much smaller than once planned and there is no independent overall assessment of their success. For example, among the water and sanitation projects, only 49 of the 136 projects originally envisioned are expected to be completed, according to Stuart W. Bowen Jr., who leads the office of the Special Inspector General for Iraq Reconstruction, an independent federal oversight office.

The move over the prison contract pushes further into the open a series of bitter disagreements between Parsons and the corps over who is ultimately responsible for the failure of its rebuilding projects. When a senior Parsons official was informed by telephone that General McCoy had released word of the cancellation, the official replied, "He would, wouldn't he?"

The official referred a reporter to Parsons corporate headquarters in the United States for permission to conduct an interview for attribution about the development. But the request was turned down, and the company released a brief statement through a spokeswoman instead.

"Parsons performed our work in Iraq in conformance with the contract terms and the direction given to us by the U.S. government," said the spokeswoman, Erin Kuhlman, by e-mail. "We're extremely proud of our dedicated employees who have performed very well under extremely difficult and dangerous circumstances."

Another corps official, Col. Andrew Q. Knapp, said that even the new September 2008 completion date cited by Parsons was not realistic because the company had stopped working on the site two months ago. "So the date's kind of meaningless," Colonel Knapp said.

The company declined to clarify why it had stopped the work.

The largest single project previously canceled in Iraq appears to have been a $75.7 million dollar contract that called for KBR, formerly Kellogg Brown & Root, to restore a set of oil pipelines across the Tigris River.

The loss of business for Parsons in Iraq may not be over. General McCoy said a broad review of Parsons' work in Iraq had turned up problems in sector after sector. According to news releases on the Parsons Web site, the company has received contracts worth as much as $4 billion in Iraq.

Parsons' contracts with the corps called for building and refurbishing scores of police stations, border forts, fire stations, courthouses, prisons and Iraqi government buildings. "We found overruns in almost every case," General McCoy said.

Corps officials also said that they had asked the company to explain delays and overruns on another prison project, south of Nasiriya, for which it has an $82.7 million contract.

Mr. Bowen, the inspector general, said after he issued a pair of scathing reports on the clinics that he intended to review all of the Parsons work in Iraq. Mr. Bowen's reports said the $243 million program to build 150 clinics would complete only 20 unless new financing were found.

In some cases, the reports found, the clinics were little more than empty shells of uneven bricks and concrete that were already crumbling into dust. But those reports focused much of their criticism on what they called the failure of the corps to exercise proper oversight of the work.

Shortly after those reports were issued, General McCoy canceled the clinics contract, and shortly thereafter voided a $70 million Parsons project to refurbish 20 hospitals in Iraq. General McCoy said Sunday that he had found $62 million in his budget to finish the remaining clinics by letting construction contracts directly to Iraqi companies.

The general said he would also contract directly with Iraqi companies to finish the 1,800-inmate prison, the Khan Bani Saad Correctional Facility. Colonel Knapp said that about 40 percent of the project had been completed and that what was in place appeared to be sound.

"It's just primarily cost and schedule," Colonel Knapp said of the reasons for canceling the Parsons prison contract. "There's an urgent need for prisons right now for the country of Iraq, and it's simply not getting there fast enough."

An inspection team led by Mr. Bowen visited the Nasiriya prison project in May and found that the workmanship was good but that the construction schedule had slipped by nearly a year for reasons no one there could explain. General McCoy said he was aware of Mr. Bowen's findings and asked the company for an explanation.

"We've given them about 10 days to come back to us," General McCoy said.

Battlefield Conversion Employees Of Contractor Barred From Iraq Resurrect Its Business (WSJ)

By Yochi J. Dreazen

The Wall Street Journal, June 20, 2006

On Jan. 3, 2005, Jerry Cullen signed an unusual document at the Baghdad headquarters of his employer, Custer Battles LLC, which the U.S. military had accused of fraud and barred from receiving any new Iraq contracts.

The document was a single-page "bill of sale." Attached were several pages detailing assets such as cars, trucks, prefabricated housing and communications gear that Custer Battles was selling. The buyer was a little-known company in Bucharest, Romania, called Danubia Global Inc. The document said Danubia would pay Custer Battles "U.S. One Dollar" upfront, and an unspecified amount of money in the future. The company never gave Custer Battles any additional money, Danubia executives say.

While the U.S. sanctions technically put Custer Battles out of business, it never actually shut down. After paying its dollar, Danubia took on most of Custer Battles's employees, who continued to work out of Custer Battles trailers on the grounds of Baghdad's airport. They were paid, for a time, from Custer Battles bank accounts. Danubia's owner, Richard Levinson, was a former Custer Battles senior executive. After signing the sale document, Mr. Cullen left Custer Battles to work for Danubia as a consultant.

Now, the Custer Battles-Danubia link is the focus of a federal criminal investigation. Law-enforcement authorities are exploring whether Danubia was an artificial entity created to evade the government ban on Custer Battles, according to investigators involved in the probe. They're examining whether Danubia executives defrauded the federal government by obtaining millions of dollars of contracts they weren't entitled to receive.

Mr. Levinson says in a phone interview that Danubia has no continuing ties to Custer Battles or that company's two founders. He stresses that neither he nor any of the employees who went with him were linked to the wrongdoing at their former firm. "I can say simply, honestly, and without reservation that Danubia is not a shell company," he says.

Meanwhile Danubia is wrestling with another controversy. This one stems from an April clash near the Baghdad airport, in which Iraqi police personnel said Danubia security guards fired on them without provocation, killing several officers including a colonel. Danubia denies wrongdoing and says its guards were fired on first. The U.S. military is pursuing a formal investigation -- separate from the one about ties to Custer Battles -- and has barred Danubia from operating in the area.

The Bush administration's effort to rebuild Iraq has been marred by mismanagement and instances of corruption. U.S. audits have found evidence that hundreds of millions of dollars was spent without proper authorization, given to contractors who performed shoddy work, or paid to firms charging unreasonably high prices. The audits have also found cases where corrupt contractors and U.S. and Iraqi government officials stole money.

The U.S. has budgeted $20.9 billion specifically for Iraq reconstruction, not counting money for smaller projects that comes from the military's budget. Mindful of the problems, the White House didn't include any further money for the reconstruction program in its latest budget request, meaning the program is likely to end later this year when its funds run out.

Custer Battles was one of the first American contractors suspended by the government, and it is often held up as a leading example of wrongdoing. In a civil trial earlier this year, a federal jury in Alexandria, Va., found that Custer Battles defrauded the government of $3 million by filing faked invoices. The company has asked U.S. District Judge T.S. Ellis III, who presided over the trial, to set aside the verdict.

Custer Battles was founded in late 2002 by two former Army Rangers, Scott Custer and Michael Battles. After the U.S.-led invasion ousted Saddam Hussein, the two men won contracts to guard Baghdad's airport and provide logistical support for the introduction of Iraq's new currency. Soon Custer Battles had hundreds of employees in Iraq.

The American-run Coalition Provisional Authority grew suspicious of bills the firm was submitting and summoned Messrs. Custer and Battles to an October 2003 meeting. The session deteriorated into a shouting match, according to participants. After the meeting, CPA officials discovered the Custer Battles executives had left behind a spreadsheet. It showed the company had spent $4 million fulfilling the currency contract but charged the CPA $10 million.

The government opened a formal probe the following day. It concluded the company had reaped outsized profits by exaggerating costs. In September 2004, the Air Force, which signed contracts on behalf of the CPA, suspended the firm from bidding for new contracts or renewing existing ones. The move effectively put Custer Battles out of business.

Danubia came into existence a short time later.

Financial registration documents from the British Virgin Islands show that the company was incorporated in the city of Tortola on Dec. 7, 2004, with $50,000 in authorized capital. Danubia said it operated out of Bucharest, which lies on a tributary of the Danube River. It listed its corporate parent as a second British Virgin Islands firm called Security Ventures International Ltd. Mr. Levinson, the Danubia owner, says he also owns Security Ventures International. He explains that he created the companies to avoid paying U.S. taxes in the event the firms were later sold and to minimize his liability in American courts if employees were killed or wounded in Iraq.

Series of Setbacks

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Mr. Levinson, a 53-year-old lawyer, joined Custer Battles as a contract manager in December 2003 after a series of personal and professional setbacks.

He had worked for a time in the State Department, where he served as a political officer at the American Embassy in Rome. He was also an aide to senior officials including then-Assistant Secretary of State Richard Holbrooke. He left the State Department in 1998 for the private sector.

Mr. Levinson says his marriage ended in the early 1990s in a divorce that took more than 12 years and $1 million in legal fees to resolve. Toward the end of the battle with his ex-wife, Mr. Levinson was laid off and spent 18 months looking for work. In July 2003, Mr. Levinson and his second wife filed for Chapter 7 bankruptcy protection, citing liabilities of nearly $400,000.

After the demise of Custer Battles, Mr. Levinson says he saw Danubia as a way to ensure a steady income for himself and former colleagues. He says Messrs. Custer and Battles agreed to effectively give him the company's Iraq assets as a reward for past work. "It was a kind of severance package," he says.

The new company quickly got off the ground. Custer Battles's remaining security contractors and support staff were summoned to the small office housing the firm's Baghdad operations center. They were told their positions were being eliminated but they could apply for identical positions with Danubia, Mr. Levinson says. Virtually all of them went to work for the new company, he says.

Several Danubia employees had their salaries paid from Custer Battles bank accounts until at least the end of May, according to bank-account statements.

Mr. Levinson says Danubia was actually paying the salaries but the money was funneled through Custer Battles's accounts to take advantage of the established firm's payroll system. Mr. Cullen, whose responsibilities as a consultant to Danubia are similar to those he had at Custer Battles, didn't reply to emails seeking comment.

David Douglass, a lawyer representing Custer Battles in its bid to get the jury verdict against the company overturned, says Custer Battles and Danubia are separate entities. "Custer Battles sold Danubia some equipment and some of its people went to work for Danubia in Iraq, but you're talking about two completely different companies," he says. Messrs. Douglass and Levinson say Messrs. Custer and Battles have no link to Danubia.

Danubia decided to focus its operations on volatile western Iraq, the scene of near-daily violence, marking a shift from Custer Battles's work around Baghdad. Marines stationed in western Iraq employ logistics companies to deliver supplies, and the logistics firms hire security firms to guard their convoys.

Danubia's business strategy called for undercutting rival security companies. Danubia general manager Amy Clark -- who held a similar position with Custer Battles -- says other companies charged $15,000 per convoy, while Danubia charged just $7,500. "We told people that we were the Target of security, not the Nordstrom's," she says.

The firm won a series of government-related contracts worth $1.28 million per month, according to internal Danubia emails.

Just two months after taking over Custer Battles's assets, Danubia itself sought a buyer, hoping an infusion of cash would help it meet payroll and other obligations. The suitor was Windmill International, a Virginia-based financial-services firm run by Douglas Combs, who had served as a special assistant to acting Secretary of the Navy Hansford Johnson in 2003. On May 26 of last year, Windmill International put out a press release announcing that it had "acquired a major shareholding in Danubia."

The announcement was premature. As Windmill International executives carried out their final due diligence, they grew alarmed about the murky nature of Danubia's ties to Custer Battles. "It began to feel like a shell game," says Christopher Johnson, Windmill International's attorney.

Hoping to salvage the deal, Mr. Levinson met in July with Windmill International's chief operating officer, Peter Majeranowski, in downtown Bucharest. Mr. Majeranowski says in an interview that Mr. Levinson had the demeanor of a "beaten man laying all of his cards out on the table" during the three-hour session, which ended close to midnight.

Mr. Levinson says he told Mr. Majeranowski that Danubia was unable to make its payroll in Iraq or raise money to expand the business because of its perceived ties to Custer Battles. He says he cited the example of a Kurdish security company that claimed Custer Battles owed it several hundred thousand dollars. Mr. Levinson says the Kurdish company was withholding payments it owed Danubia as a way of recovering the disputed funds. He added that Danubia's then-general manager in Iraq resigned after continually being presented with bills that belonged to Custer Battles.

Mr. Majeranowski says he felt sympathetic to Mr. Levinson personally. "He kept saying that he wasn't a wealthy guy and that he needed the job, and I never felt like he was being dishonest," Mr. Majeranowski says.

Still, after the meeting, Mr. Majeranowski told colleagues in an email that Windmill International should "pull out and pull out hard" of the deal, because of potential legal and operational problems posed by Danubia's association with Custer Battles. The company ended the negotiations with Danubia in late August.

A Crisis Hits

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Danubia managed to generate enough revenue to keep operating in Iraq. Two months ago, crisis hit. On the morning of April 10, a long convoy of supply trucks guarded by Danubia personnel left the Camp Victory compound near Baghdad's international airport. The convoy was bound for an American military outpost outside Fallujah.

When the convoy approached a bridge in Fallujah, a roadside bomb tore into one of the security vehicles, puncturing its tires, destroying its bulletproof windshield and wounding the head of the Danubia security force and another Danubia guard, according to Danubia reports of the encounter. The vehicles limped into a military compound outside the city to regroup, then made their way to their original destination, a American military outpost on the other side of Fallujah called Taqqadam.

Later that afternoon, as the convoy attempted to return to Baghdad, the vehicles were hit by a trio of roadside bombs. They pushed forward to a small Marine checkpoint, where they took sniper fire from a nearby mosque and machine-gun fire from a passing vehicle full of Iraqi police officers, Danubia said later. The Danubia team suffered four more casualties. A wounded Pakistani truck driver was dragged away by insurgents and several of the gravel trucks were destroyed.

The Danubia team made its way through Fallujah, and linked up with a second Danubia convoy to make the return trip to Baghdad. What happened next is subject to dispute. In an account submitted to the U.S. military, a Danubia security guard said uniformed Iraqi National Guard personnel and men on nearby roofs wearing ski masks fired at the convoy as it tried to enter the Baghdad airport complex. The Danubia personnel returned fire and finally made it back to the Danubia base in Baghdad that evening, thinking the incident over.

It wasn't. The following day, a convoy belonging to a second Western security company was stopped by Iraqi National Guardsmen who said they were looking for a group of security contractors who had killed one of their officers the day before, according to an internal military investigative report compiled in the aftermath of the clashes. The Iraqi personnel later told military investigators Danubia had fired on them without provocation because it mistook them for insurgents, according to U.S. military officials familiar with the investigation. The Iraqis said that Danubia personnel killed three Iraqi officers, including a high-ranking colonel, according to the military investigative documents.

With Iraqi officers killed, possibly by Americans, the U.S. military told Danubia that it was opening a formal probe into Danubia's conduct in Fallujah and suspending the company from operating in western Iraq. Danubia was warned that personnel trying to evade the ban would be arrested by the U.S. military and detained for up to two weeks.

Ms. Clark, the Danubia general manager, says the military has yet to tell her the details of its investigation. Danubia's formal suspension was lifted after about a month, but when Danubia has sought routine clearance to operate convoys in western Iraq the military has refused, she says. Ms. Clark left for the U.S. and is unsure if she will return to Iraq. The company has reduced the number of employees in Iraq to 12 from 70.

But Danubia remains active in the country, providing teams of Western bodyguards to protect American and British engineers charged with repairing and modernizing Iraq's electricity infrastructure in and around Baghdad. Ms. Clark says the company is looking for new work and hoping the military will soon allow it to resume its security work in western Iraq.

Prosecution Urges Death For Saddam (USAT)

By César G. Soriano

USA Today, June 20, 2006

BAGHDAD — Prosecutors in the war crimes trial of Saddam Hussein recommended Monday that the former Iraqi dictator be sentenced to death for his role in a “revenge” attack on a mostly Shiite village in the 1980s.

“The prosecution asks for the maximum punishment against these defendants,” chief prosecutor Jaafar al-Moussawi said during closing arguments.

“They showed no mercy for women, children, and even the trees were not safe from their oppression. The law calls for the death penalty and this is what we ask be implemented,” al-Moussawi said.

“Well done,” Saddam said sarcastically, a grin spreading across his face.

The attack followed a failed attempt on Saddam's life when his convoy passed through Dujail in 1982. Forty-six people from the village died from torture or the harsh conditions of imprisonment, al-Moussawi said. Saddam's Revolutionary Court also sentenced 148 people to death after a “show trial in which the defendants did not appear and had no chance for defense,” he said. Farms and homes in Dujail were razed.

Al-Moussawi also recommended the death penalty for Barzan Ibrahim — Saddam's half-brother and head of the Mukhabarat intelligence agency — and former vice president Taha Yassin Ramadan.

Al-Moussawi asked for leniency for three other defendants and for dismissal of charges against Mohammed Azawi Ali, a former Baath Party official from Dujail, because of a lack of evidence. He left it up to the courts to decide a punishment for Awad al-Bandar, the former chief justice of Saddam's Revolutionary Court.

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The 8-month-old trial is adjourned until July 10, when the defense will present its closing arguments. A panel of five judges will then determine the defendants' fate by majority vote. The defendants can appeal.

The defense has argued that the crackdown on Dujail was justified, even while denying the scope of the sweep that the prosecution portrayed.

Arduous Hussein Trial Winding Up (CSM)

By Scott Peterson

The Christian Science Monitor, June 20, 2006

BAGHDAD

As they began the closing phase of an often-troubled trial, Iraqi prosecutors Monday called for death sentences against Saddam Hussein and three former aides for crimes against humanity that "spread corruption on earth and where not even the trees escape their oppression."

Chief Judge Raouf Abdel-Rahman held firm control of a court that has sunk into disarray and farce at times during the eight months it has heard the case of Dujail, where 148 people were killed after a 1982 assassination attempt against Mr. Hussein.

The trial was designed to bring justice to a nation starved of it during a generation of Hussein's authoritarian rule. But ending that era, and instilling new faith in the rule of law among Iraqis, is proving difficult in the face of insurgency, chronic insecurity, and sectarian bloodshed - not to mention courtroom antics that have often been more comical than judicial.

Hussein, with a graying beard and hair apparently dyed black, sat poker-faced Monday, occasionally cracking a bemused smile. When the prosecutor finished his arguments, Hussein muttered sarcastically: "Well done."

The Dujail case is the first of a string of cases against Hussein and the former regime, most of greater magnitude. They include the gassing of Halabja that killed 5,000 Kurds in 1988, and the Anfal campaign against the Kurds in northern Iraq that same year, which left some 100,000 dead and 4,000 villages destroyed.

Investigators are continuing to unearth mass graves as they collect evidence for subsequent proceedings. Already they say they have documented evidence of more than 100,000 victims from an anti-Shiite crackdown after the 1991 Gulf War.

"I think in the future, the cases will get better ... the evidence will be better," says Zuhair al-Maliky, former head of the Central Criminal Court of Iraq. "In my opinion, Dujail is the weakest case. I would not use that as a starting point for the tribunal."

If Hussein is found guilty, the verdict will be appealed, but the sentence could be carried out before other cases are heard.

Experts say this trial has not been conducted according to international standards, a concern raised when the decision was first made to hold it in Iraq. The global import of similar cases has led to international tribunals, beginning with the Nuremburg trials of Nazis to more recently ones for the former Yugoslavia and Rwanda in The Hague and in Tanzania.

But some observers argue that this process has been uniquely Iraqi, and has enabled Iraqis to own and be closer to the outcome. Omar, a mechanic in Baghdad, is glued to the proceedings. "It's a show" he never misses on TV, he says.

Monday, chief prosecutor Jafar al-Musawi told the court that, "The suffering of the Dujail people turned their days into night.... It peaked when Saddam Hussein visited them on July 8, 1982. What followed were barbaric and cruel and savage acts."

Those included an execution order for 148 villagers, though a document from Hussein's intelligence service noted that "of those who were sentenced to death, 46 ... had been eliminated or died during the investigation." Beyond that "harsh torture," prosecutor said, nearly 400 people were held in the desert for four years, and the aerial bombing of Dujail orchards "led to murder."

The prosecutor said the attack was "motivated by revenge," and cast doubt on whether an assassination attempt took place at all. "This was not a criminal investigation, but a military operation ... that led to the death of women, children, and elderly men," Mr. Musawi said. "Even the trees did not escape."

The prosecutor called for the "maximum punishment" for the former Iraqi leader, his half-brother Barzan Ibrahim al-Tikriti, former vice president Taha Yassin Ramadan, and the former head of the Revolutionary Court, Awad Hamid al-Bandar.

The prosecution also called for charges to be dropped against farmer Mohammad Azzawi Ali, and "minimum" sentences for the three other low-ranking defendants. The defense team will make its closing arguments on July 10, after which the five judges will consider their verdict.

The air of relative civility that prevailed in the courtroom Monday masked a messy trial that has seen the murder of two defense lawyers, defense boycotts, the resignation of a chief judge, and long political speeches by the defendants that have only been reined in since Judge Abdel-Rahman took control last January.

The quiet image of the men in the dock stood in stark contrast to scenes after the regime was toppled in 2003: scores of mass graves; more than 900 individual graves near Abu Ghraib, crippled survivors of Halabja, and a nation damaged by more than two decades of war and sanctions.

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In court Monday, the name "Saddam" rang out again and again, as the prosecutor and lawyers sought to punch holes in the defense team's case that all acts were legally carried out.

One lawyer, who could not be named or shown on the time-delayed TV, said the "so-called assassination attempt ... was imaginary," and that the regime had violated UN conventions on human rights and genocide.

Another lawyer said some testimony was faked, referring to confessions from four defense witnesses that they lied under oath.

Indeed, defense witnesses have often made contradictory or strikingly consistent statements. That was the case last Tuesday, when three former Hussein bodyguards, testifying from behind a curtain, each said the target car had been marked by a woman who had just slaughtered a sheep, using her bloody handprints. Each said the presidential convoy halted 50 yards after coming under gunfire from an orchard on the left. Each said that they heard Hussein issue orders to halt return fire.

"My understanding is that he did not want a single animal to be injured," the witness said. When asked by a defense attorney if such a man could ever order revenge, he replied: "I know the president has such high moral standards; his conscience would not allow him...."

At that, the judge dropped his head into his hands, clearly disgusted.

Such exchanges have kept Iraqis tuned into the 35 sessions so far. Several members of one family laughed about an exchange last week, when defendant Ibrahim complained that two guards were afraid to testify. "Afraid of whom? Ghosts?" asked Abdel-Rahman. "Afraid of this terrifying court," replied Ibrahim. "They're afraid to talk to you anymore." "You're terrifying," the judge shot back.

Within minutes, Ibrahim was removed from the court as defense lawyers cried: "They're assaulting him ... beating him!"

"Defense lawyers ... made a stupid strategy ... of challenging the legitimacy of the court," says Judge Maliky. "Instead of discussing evidence, they say: 'This court is illegal. This judge is illegal.' "

"They've done it for publicity," he charges, "to say: 'I was the lawyer of Saddam.'"

Iraqi Prosecutor Formally Seeks Death Penalty For Hussein (LAT)

By Megan K. Stack

The Los Angeles Times, June 20, 2006

BAGHDAD — The chief prosecutor asked an Iraqi judge Monday to put deposed dictator Saddam Hussein to death for crimes against humanity, capping months of grim testimony over the alleged 1982 massacre of Shiite Muslim villagers.

Lead prosecutor Jaafar Mousawi also urged the death penalty for two co-defendants: Barzan Ibrahim Hasan, a half brother to Hussein and Iraq's onetime intelligence chief, and former Vice President Taha Yassin Ramadan.

"The prosecutor general requests from the court to issue the most severe punishment against them," Mousawi told the judge in his closing arguments. "They did not have mercy on either the elderly or the children."

The prosecutor also urged that Awad Hamed Bandar, the former head of Hussein's Revolutionary Court who doled out death sentences against the villagers, be punished for the killings. But he did not specifically call for the death penalty.

Hussein and seven co-defendants were charged with carrying out a campaign of arbitrary arrest, torture, forced deportation and killing against the people of Dujayl, a predominantly Shiite village north of Baghdad where the former president survived an attempt on his life in 1982. Prosecutors describe a witch hunt that culminated with 148 people, including elderly residents and scores of children, being put to death without fair trials.

The prosecutor asked the judge to dismiss charges or "minimize the punishment" in the cases of four defendants. All were local officials at the time of the assassination attempt, and were described in testimony as relatively powerless figures with little choice but to follow orders from Baghdad.

Hussein broke into a broad grin and chuckled to himself as Mousawi urged Chief Judge Raouf Rasheed Abdel Rahman to impose the death penalty on him. The former president has frequently been an avid participant in his own trial. Watching the testimony unfold from the witness box, Hussein has interrupted regularly to offer his guidance to the judge or pontificate on the nature of justice.

The case is the first in a series of trials planned against the former dictator and his deputies. The Dujayl trial, which opened last fall, is scheduled to reconvene July 10 with closing arguments by the defense.

In keeping with the often sweeping historical tone of the arguments, Mousawi opened his statement Monday by invoking the hardships suffered by Iraqis under Hussein. He painted the Dujayl victims as icons of an entire nation, symbols of uncounted oppression.

"The people in the old times passed through dark times and calamities," he said. "The people of Dujayl lived through the darkest nights, they suffered injustice and oppression. Their troubles began with the visit of Saddam Hussein to their town."

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Prosecutors have described years of retribution and collective punishment suffered by the people of Dujayl. Even the town's farmlands and orchards were destroyed by government forces, they say. Women and children were banished into the desert.

Both prosecutors and defense lawyers have sought to justify their position by painting opposing versions of Iraq's past.

The defense team has tried to downplay the punishment of the people of Dujayl by portraying the brutality as self-protection carried out by a threatened government. The lawyers have pointed out that Iran and Iraq were at war at the time of the assassination attempt and have accused the Shiite-led government in Tehran of collaborating with Iraqi Shiites to kill Hussein.

By invoking Iranian involvement and directing sharp accusations at Iraq's Islamic Dawa Party, a onetime opposition group that is at the center of Baghdad politics in the new, Shiite-dominated Iraq, defense lawyers have tried to portray the violence as a justified act of war.

Defense lawyers also have disputed the number of dead, contending that some of the 148 victims named are still alive.

Each side has accused the other of paying cash to witnesses in exchange for conveniently twisted narratives.

The prosecution has dismissed the assassination attempt as a few bullets fired by renegade gunmen. At times, prosecutors and their witnesses have even contended that there was no attempt on Hussein's life, that the shots came from villagers firing their guns in the air to celebrate the president's visit.

"The alleged assassination attempt against Saddam involved only eight to 15 bullets fired from behind a wall," Mousawi told the judge Monday. "It was proved there were no heavy weapons. If it had been an assassination attempt, it would have been a suicide mission."

The people were caught under a brutal and relentless regime, prosecutors said. Some of the people didn't live long enough to be formally executed, Mousawi said, because they were tortured to death in prison.

The prosecutor reviewed documents alleging that intelligence officers met to discuss the punishments of the villagers. He traced signatures and telephone conversations into the highest reaches of Iraq's government at the time, listing documents that appeared to indicate Hussein knew what had happened to the people of Dujayl.

"The court procedures at the time that followed, were they applied legally?" Mousawi asked. "The procedures pursued were cruel and harsh."

Prosecutor Seeks Death For Hussein (WP)

By Joshua Partlow

The Washington Post, June 20, 2006

BAGHDAD, June 19 -- The chief prosecutor in the trial of Saddam Hussein rested his case Monday with a dispassionate recounting of the deaths of 148 people from an Iraqi village, then a call for the ultimate penalty against the former Iraqi president and two subordinates.

"They showed no mercy for women, children, and even the trees were not safe from their oppression," said prosecutor Jafar al-Mousawi in a Baghdad courtroom, a hint of bitterness entering his voice. "The law calls for the death penalty, and this is what we ask be implemented."

"Well done," Hussein muttered sarcastically from his seat a few feet away.

The trial on charges of crimes against humanity -- the killing of residents of the Shiite Muslim village of Dujail after a failed assassination attempt on Hussein there -- entered its final phase with the prosecution recommending sentences for the eight co-defendants. The prosecutor also called for the deaths of Barzan Ibrahim, Hussein's half-brother and the former Iraqi intelligence chief, and Taha Yassin Ramadan, the country's former vice president.

The prosecutor said a fourth defendant, Awad Haman Bander, a judge who presided over a court that issued death warrants for the people in Dujail, should also be sentenced for murder, but he did not explicitly say what that sentence should be. The prosecutor asked Judge Raouf Abdel Rahman to abandon the charges against three of the remaining four defendants and reduce the sentence of the fourth.

Since it began in October, the Hussein trial has endured frequent disruptions. Defendants walked out and mocked the trial as illegitimate. Judges resigned and two defense attorneys were assassinated. The court adjourned after Monday's session until July 10, when the defense will offer its closing statements.

In previous sessions of the trial, Hussein's side has variously maintained that the executions were a legal, and legitimate, response to an attempt on the life of a head of state and that many people said to have been killed are in fact still alive.

The Dujail killings are the first acts for which the deposed president is being prosecuted. He is separately accused of leading a chemical attack that killed an estimated 5,000 ethnic Kurds in the town of Halabja in 1988 and of ordering a brutal crackdown on a Shiite rebellion after the 1991 Persian Gulf War.

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Monday's session began with attorneys for the families of the dead villagers reviewing their evidence against Hussein. They said that in July 1982, a convoy carrying Hussein came under fire from an orchard in the village, but they played down the incident's significance. One attorney denied it entirely: "The assassination attempt was merely an imaginary, Machiavellian invention by Saddam Hussein," the attorney said.

In response to the gunfire, the prosecutor said, Hussein launched a "widespread, systematic attack against civilians" that included firing on the village from helicopters, draining and bulldozing orchards, and arresting hundreds of people.

Those who survived the initial attack and alleged torture in prison, the prosecutor said, were referred to a revolutionary court in an order signed by Hussein. After a two-week trial in 1984, at which none of the defendants was present, the court ordered 148 people to be put to death by hanging -- an order that was confirmed by a presidential decree two days later, according to the prosecutor. In all, 48 people ages 12 to 19 were killed, he said.

"The court was a fake, imaginary court," the prosecutor said.

He said Ibrahim, as the head of Iraq's intelligence service at the time, led the brutal investigation. According to the prosecution, Bander issued the death sentences for the 148 people and Ramadan received direct orders from Hussein to use his militia to lead the operations in Dujail.

Ramadan "ordered the officials in Dujail to destroy the houses and loot the property and destroy the orchards, which left the people of Dujail living in poverty," the prosecutor said. "Ramadan watched the operation from a hill."

In the courtroom, the prosecution described the Dujail killings as genocide and violations of U.N. human rights conventions and Iraqi law. The prosecution said that at least a dozen other people still in hiding are wanted in connection with the killings.

Prosecutor In Hussein Trial Calls For The Death Penalty (NYT)

By John F. Burns

The New York Times, June 20, 2006

BAGHDAD, Iraq, June 19 — Saddam Hussein uttered only two laconic words — "Well done!" — on Monday as the chief prosecutor at his trial demanded that Mr. Hussein and three top associates be given the death penalty for their role in the persecution of a mainly Shiite town after an assassination attempt Mr. Hussein said was made against him there in 1982.

Mr. Hussein's riposte echoed his attitude throughout the eight-month trial, at which he has frequently said that the outcome has been predetermined by American and Iraqi officials. During the trial, the 69-year-old former Iraqi ruler has said several times that he expected the death penalty, that the prospect held no fears for him and that, in any case, he has "escaped death" so often that he expected to do so again.

The prosecutor also demanded death sentences for Barzan Ibrahim al-Tikriti, Mr. Hussein's half-brother and former chief of the Mukhabarat, the secret police; Taha Yassin Ramadan, a former vice president and leader of a militia known as the Popular Army associated with Mr. Hussein's Baath Party; and Awad al-Bandar, former chief judge of the Revolutionary Court, which handed down death sentences for 148 residents of Dujail, a town 35 miles north of Baghdad that was at the center of the brutalities described at the trial.

Jaafar al-Moussawi, the prosecutor, urged the acquittal of Mohammed Azawi, one of four low-ranking Baath Party members from Dujail who were charged as accomplices. He said the judges should "minimize the punishment" of three other defendants, Abdullah Ruwayid, his son Mizhar Ruwayid, and Ali Dayeh Ali. They were accused by the prosecution, along with Mr. Azawi, of helping Mr. Hussein's secret police round up townspeople after the shooting during Mr. Hussein's visit to Dujail.

With his mitigating arguments on behalf of the four Dujail men, Mr. Moussawi narrowed the court's focus to Mr. Hussein and his three associates. They are charged with crimes against humanity for offenses that included the executions; the deaths under torture of 46 men and youths who had already been killed when Mr. Bandar's court sentenced them to death; the deportation of 399 other townspeople, including women and children, to a remote desert detention camp; and the razing of a vast acreage of orchards and date palm groves around Dujail.

Mr. Moussawi said the trial had shown that falsification was central to everything Mr. Hussein and his associates did. He said evidence had shown that even the assassination attempt had been faked, with a weak volley of gunfire aimed at Mr. Hussein's motorcade from a nearby orchard as it passed through Dujail set up in advance to justify cracking down on Shiites at a time when Mr. Hussein had begun a war with Shiite-ruled Iran. "The assassination attempt was a Machiavellian invention by Saddam Hussein," he said.

Similarly, he said, the trial presided over by Mr. Bandar had been "a trial only on paper." He said it had been a proceeding with no defense lawyers, no presentation of evidence, few written records, no appeals and 20 youths among the 148 sent to the gallows who were under the legal age of 18 for execution. On top of this, he said, were the death sentences passed on 46 people who had already been killed, which he described as "a sort of second death sentence."

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At the session on Monday, Mr. Hussein was mostly, and uncharacteristically, subdued. With the Dujail trial now in its closing stages, and less than a month remaining before the judges are expected to adjourn to consider their verdicts, he listened intently, in his shapeless gray suit and tieless white shirt, to the prosecutor's summary of the evidence against him and his associates, occasionally stroking his bearded chin or taking notes on a yellow legal pad. Even his ritual insistence that the court recognize him as Iraq's lawful president was stilled.

The prosecutor said Mr. Hussein's actions, and those of his associates, fit the international standard for crimes against humanity, a "widespread and systematic" persecution of a civilian population. He said Mr. Hussein ordered the roundup of civilians in Dujail, and, directly or through bodies he controlled — including the presidential office and the Revolutionary Command Council of the Baath Party — approved the executions, the promotion of intelligence officers involved in the crackdown, and the destruction of the Dujail orchards and groves.

Citing the Nuremberg trials of Nazi leaders that followed World War II, Mr. Moussawi said Mr. Hussein and his associates had no right to claim immunity, as they have before the court, for actions taken in their official capacity. He said Mr. Hussein — "this criminal," as he referred to him more than once — met the standard of "command responsibility" set down at Nuremberg. "He was responsible for these crimes, either because he knew about them, or because they were carried out under orders he had personally approved," Mr. Moussawi said.

The prosecutor cited several provisions in Iraqi criminal law as it stood under Mr. Hussein — including Section 406a, still valid — that provided the death penalty for premeditated murder. "The prosecution asks for the maximum punishment for these defendants," he said. "They showed no mercy, even for women or children, and even the trees in the orchards were not safe from their repression. The law provides the death penalty for these offenses, and we demand it be applied in the cases of these men."

Officials of the special court, known as the Iraqi High Tribunal, have said that any death sentences upheld on appeal will be carried out by hanging. But that eventuality, at least for Mr. Hussein, could still be many months, or even years, away.

He has already been identified as a defendant in a second case, involving the killing of 50,000 Iraqi Kurds in the so-called Anfal military campaign that began in 1988 and involved chemical weapons attacks and wholesale purges that sent entire village populations to execution in mass graves. That trial is expected to begin while the Dujail case is in recess later in the summer.

The Shiite leaders who now dominate the government have said they want Mr. Hussein and his associates to go to trial in a third case under preparation, involving the killing of at least 100,000 Shiites when Mr. Hussein put down an uprising in southern Iraq that followed the Persian Gulf war in 1991.

Prosecution Seeks Death For Saddam (WT/AP)

By Bushra Juhi, Associated Press

The Washington Times, June 20, 2006

BAGHDAD -- The prosecution demanded the death penalty for former Iraqi dictator Saddam Hussein in its closing arguments yesterday, saying he had shown "no mercy" in the killings of women and children during a crackdown on Shi'ite Muslims in the 1980s.

After a three-week recess, the defense gets to sum up its case, then a panel of judges will begin weighing the fate of the ousted leader and his seven co-defendants.

A U.S. official close to the court said the judges could take about 60 days in their deliberation, meaning verdicts likely would be announced in late September or early October. The official spoke on the condition on anonymity because he was not authorized to speak for the court.

If Saddam is convicted and sentenced to death by hanging, it could be months before the sentence is carried out. The defendants have the right to appeal, and Saddam faces a second trial for a military campaign against Iraqi Kurds in the 1980s that killed about 100,000 people.

No date for that trial has been set, and Iraqi officials have not said what will happen if the appeals from the first case run out while the second is going on.

The courtroom largely was silent throughout the three-hour session yesterday as chief prosecutor Jaafar al-Moussawi delivered his final arguments concerning the 1980s crackdown on the Shi'ite town of Dujail. Saddam, dressed in a black suit, sat calmly alongside his fellow defendants and occasionally took notes.

Mr. al-Moussawi reviewed the evidence against each man, then concluded by asking for the death penalty against Saddam, his half-brother Barzan Ibrahim, who was the head of the Mukhabarat intelligence agency at the time, and Taha Yassin Ramadan, a former senior regime member.

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"The prosecution asks for the harshest penalty against them, because they spread corruption on earth. They showed no mercy even for the old, for women or for children; and even the trees were not safe from their oppression," he said. "The law calls for the death penalty, and this is what we ask be implemented."

"Well done," Saddam muttered sarcastically.

Mr. al-Moussawi also sought a death sentence for Awad Hamed al-Bandar, former head of Saddam's Revolutionary Court, which sentenced 148 Shi'ites to death. The prosecutor said Mr. al-Bandar's actions "supported the crimes" committed by the others and asked that he be sentenced under articles of the Iraqi criminal code for premeditated murder, which calls for the death penalty.

The prosecutor asked for lenient sentences for three defendants -- Abdullah Kazim Ruwayyid; his son, Mizhar Abdullah Ruwayyid; and Ali Dayim Ali -- saying they committed their "acts to carry out orders issued by their superiors."

He urged the release of the final defendant, Mohammed Azawi Ali, saying the evidence against him was not sufficient.

Many of Iraq's Shi'ite majority and Kurdish minority are eager to see Saddam and his cohorts executed in revenge for the oppression of their communities by his Sunni-dominated regime.

But the perceived fairness of the trial will be a key question. Many Sunni Arabs see the court as a case of "victors' justice" carried out by the Shi'ites and Kurds, who have dominated Iraq's government since Saddam's fall in 2003.

Iraq, As Seen Through 9 Lives (USAT)

USA Today, June 20, 2006

With all the spin surrounding Iraq, figuring out just what is going on there can be difficult. But one of the most valuable measures, as any war correspondent can attest, is the quality of life for the people caught up in conflicts.

That is why a recent diplomatic cable from Zalmay Khalilzad, the U.S. ambassador to Iraq, to Secretary of State Condoleezza Rice is so telling. Marked "sensitive" and obtained by The Washington Post, it paints a compelling picture of how nine Iraqi employees of the U.S. Embassy live when they are outside the fortified safety of the Green Zone.

Quite apart from their bravery — just disclosing that they work for the Americans can be a death sentence, and most don't even tell relatives — their descriptions of life at neighborhood level suggest fundamentalists and militias are fast obtaining the kind of power that destroys governments. To whit: "The central government, our staff says, is not relevant; even local mukhtars (leaders) have been displaced or coopted by militias."

The reported details — filed just hours before President Bush's upbeat surprise trip to Iraq — underscore the uphill battle faced by the fledgling Iraqi government and U.S. forces, the limited time they have to assert control, and even whether that is still possible. For example:

· Women are increasingly warned to wear head-to-toe coverings.

· To better survive, employees "adopt the clothing, language, and traits" of other neighborhoods when they visit them.

· Electricity is still maddeningly intermittent — often as little as one hour in six.

· Increasing ethnic and other tensions among staff, as well as despair, mirror the broad social fragmentation. Many Iraqis, one said, even accuse the United States of punishing some populations as Saddam Hussein once did.

Nine lives do not tell the story of an entire country, nor is the cable reason to bring troops home. Other measures paint a brighter picture. Nevertheless, for those who wonder whom to believe in Iraq, the U.S. ambassador reporting privately about the lives of the Iraqis closest to him is a source that can hardly be ignored.

Culpability Deficit Disorder (WP)

By Richard Cohen

The Washington Post, June 20, 2006

Ever since Thomas Riley Marshall, Woodrow Wilson's vice president, uttered the immortal phrase "What this country needs is a really good five-cent cigar," people have felt challenged to better it. So if you Google the phrase "what this country needs," you will find that it needs many things, including a national architect, better infrastructure or this peach of an idea from Will Rogers: "dirtier fingernails and cleaner minds." Allow me, though, a suggestion that applies to the war in Iraq: Ritalin.

This drug for attention-deficit hyperactivity disorder (ADHD) is sorely needed. ADHD explains why few seem to challenge the call to continue the mission in Iraq, apparently forgetting that the mission has changed and no one is quite sure what it is now. It explains why after just 100 hours the first President Bush concluded the Persian Gulf War with Saddam Hussein still in power and his helicopters slaughtering rebellious Shiites and Kurds. And it explains why the Carter, Reagan and first Bush administrations so ardently supported Hussein and then -- an administration later -- made it U.S. policy to topple him. We were always forgetting the kind of guy he was.

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ADHD also explains why we are still fighting in Afghanistan almost five years after the Sept. 11, 2001, terrorist attacks that launched the war against the Taliban. It's because our attention got diverted from the Afghanistan-based al-Qaeda, which had attacked us, to Iraq, which had not. Take two pills for this one.

Finally, ADHD explains -- if anything possibly can -- why the United States went into Iraq with virtually no idea of what to do the day after the war was essentially won. Not only did the United States lack the patience to do nation-building -- what to do with the army, the police, the Baath Party? -- but it would not even supply the troops to secure government offices and ministries. Widespread looting broke out; public property was not protected. "It is not exaggerating to say that the United States may have lost the war on the very day it took Baghdad, April 9, 2003," writes Peter W. Galbraith in his forthcoming book, "The End of Iraq: How American Incompetence Created a War Without End."

This is just the latest book to detail the virtually inexplicable: how Washington screwed up so badly in Iraq. But since Galbraith starts his book by reviewing previous administrations and their dealings with Iraq, it also serves as a useful antidote to the current infatuation with so-called foreign policy realists. These are the supposedly hard-bitten, pragmatic, realpolitik guys who eschew dreamy moralism and ask, always: What's in it for us? They include, prominently, President George H.W. Bush's secretary of state, James A. Baker, and his national security adviser, Brent Scowcroft. Neither of them, it is often said, would have taken us to war again in Iraq.

Yes indeed. But they did give Hussein every reason to believe he could get away with anything he wanted. The first Bush administration, as with the Reagan administration before it, was ever solicitous of the Kurd-gassing Hussein, and it later reacted with torpor as Iraq mobilized for its invasion of Kuwait. Even after the United States had gone to war, Bush ended hostilities prematurely, preferring to leave Hussein in power rather than deal with an unruly Iraq. The "realists" unrealistically set the stage for the next gulf war. I agree with Galbraith: Had the first Bush and the blustery Norman Schwarzkopf ("You fly, you die," he said of Iraqi helicopters. They did and they didn't.) applied a bit more pressure, the Iraqi military would have taken care of Saddam Hussein. This appalling "realism" resulted in the murder of thousands of Shiites.

The first rule of warfare is kill your enemy -- or make sure, in some way, that he can no longer do you any damage. The first Bush administration ignored that rule with Saddam Hussein and now the second one has ignored it with Osama bin Laden. It allowed this mass murderer to escape, and he will come back to haunt us; it is what he lives for. Bin Laden does not suffer from ADHD.

As any ADHDer can tell you, it is the moment that counts. What comes next or before is over the horizon. This is particularly true in a sound-bite, bitterly partisan era in which it is possible to say "cut and run" and think (or pretend) you have actually said something. It's easy enough to say that America's leaders suffer from ADHD, but on the basis of all this, it's apparent that so do we all. We always forget to hold them accountable.

Pass the Ritalin, please.

Revived Taliban Waging 'full-blown Insurgency' (USAT)

By Paul Wiseman

USA Today, June 20, 2006

PANJWAI DISTRICT, Afghanistan — In their biggest show of strength in nearly five years, pro-Taliban fighters are terrorizing southern Afghanistan — ambushing military patrols, assassinating opponents and even enforcing the law in remote villages where they operate with near impunity.

"We are faced with a full-blown insurgency," says Pakistani journalist Ahmed Rashid, author of Taliban: Militant Islam, Oil & Fundamentalism in Central Asia.

Four and a half years after they overthrew the Islamic militia that had controlled much of Afghanistan, U.S.-led forces have been forced to ramp up the battle to stabilize this impoverished, shattered country. More than 10,000 U.S., Canadian, British and Afghan government troops are scouring southern and eastern Afghanistan in a campaign called Operation Mountain Thrust.

Even before fighting heated up this spring, Lt. Gen. Michael Maples, director of the U.S. Defense Intelligence Agency, warned Congress that the insurgents "represent a greater threat" to the pro-U.S. government of Afghan President Hamid Karzai "than at any point since late 2001."

More than 500 people — mostly insurgents — have died since mid-May in the fiercest fighting since the fall of the Taliban regime. Since Operation Enduring Freedom began in October 2001, more than 300 U.S. troops have died, 165 of them killed in action. NATO's 36-country International Security Assistance Force (ISAF) has lost 60.

Despite the damage they can do, the insurgents do not have enough support to topple Karzai, who was elected two years ago and enjoys international support. "We are not in a situation yet where the Karzai government is threatened," says Joanna Nathan, Afghan analyst for the International Crisis Group, a non-profit research organization. But in places where they are

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strong, the insurgents have been able to harass government operations and relief efforts — so much so that reconstruction has come to a virtual standstill in the south and east.

"It is hurting us," says Afghan Finance Minister Anwar ul-Haq Ahady. "We build a school, and they come and they burn it. We build a clinic, and they come and burn it. We build a bridge, and they knock it down. Security is the No. 1 issue."

The fear is that an ungovernable Afghanistan will revert to what it was before the overthrow of the Taliban: a failed state that can spread instability across Central Asia and be used as a launchpad for international terrorism. "If the Taliban get their way, Afghanistan will again become a training camp for terrorists," NATO Secretary General Jaap de Hoop Scheffer told CBC, Canada's public broadcaster, this month.

The influence of the fundamentalist Islamic militia is obvious in Panjwai district, in the heart of Taliban country. Villagers on this dry, dusty plain 15 miles west of Kandahar say they are trapped between the Taliban and the U.S. and Afghan troops hunting them. If they cooperate with the coalition or with the Afghan government, they risk Taliban reprisals.

Just outside Makuan village here, Noor Mohammed, deputized as a security guard at a radio tower, goes to work in plainclothes. "If I wear a uniform, they will kill me," he tells Canadian army Capt. Jonathan Snyder, 24, who is patrolling the area two days after a Canadian convoy was ambushed nearby. Snyder is exasperated: "You shouldn't fear for your life," he tells the frightened man. "They should be fearing for their lives because of you."

The insurgency is a loose alliance of Taliban guerrillas, followers of former prime minister and fundamentalist warlord Gulbuddin Hekmatyar, al-Qaeda terrorists recruited from across the Islamic world, opium traffickers and local fighters whose murky motives are rooted in tribal politics.

Taliban commander Mullah Dadallah told al-Jazeera television last month that the insurgents can call on 12,000 fighters. In an interview, Taliban leader Naseeruddin Haqqani says there also are hundreds of suicide bombers. The Taliban's claims probably are exaggerated, Rashid says, but they can draw on hundreds of fighters.

The insurgency began a few months after U.S.-led forces drove the Taliban out of the Afghan capital, Kabul, in November 2001. It became more effective two years ago, when insurgents switched to new tactics, including breaking up into small groups of 10 fighters or less, attacking "soft" civilian targets and limiting head-on confrontations with coalition and Afghan troops.

Like their counterparts in Iraq, the insurgents use the Internet to pick up tips on making roadside bombs, the U.S. commander in Afghanistan, Lt. Gen. Karl Eikenberry, has said. They increasingly rely on suicide bombers. Writing in The New York Review of Books this month, Rashid noted 40 suicide attacks in the past nine months vs. five in the previous five years.

Insurgent leaders — such as Taliban spiritual leader Mullah Mohammed Omar; Jalaluddin Haqqani, father of Naseeruddin Haqqani; and Hekmatyar, who heads the radical Islamic Hizb-i-Islami group — "do not exert power the way a military general does," Seth Jones, an analyst for the California-based think tank RAND Corp., wrote in the spring edition of the journal Survival. Instead, they leave "tactical and operational" control to local cells, "which act as franchises."

Al-Qaeda, which supports the insurgency with training, supplies and occasionally manpower, operates much the same way.

The loose alliance opposed to the Karzai government and the U.S.-led reconstruction of Afghanistan has gained strength because:

·The insurgents have found sanctuary in Pakistan, "fairly brazenly" staying "beyond the reach of Afghan and international security forces," Nathan says. Pakistan's powerful spy agency, the Inter-Services Intelligence (ISI), supported the Taliban against rival Afghan factions when the fundamentalist movement formed in the mid-1990s. Pakistan's military regime wants to counter the separatist instincts of Pashtun tribesmen who live in both countries. The government's pro-Taliban policy changed under U.S. pressure after the Sept. 11 attacks.

Rashid says Pakistan has done nothing to eliminate Taliban forces operating openly out of Baluchistan, a Pakistani province opposite southern Afghanistan. The reason, he says, is that the Baluchistan insurgents are "pure Taliban" — remnants of the ISI-supported fundamentalist regime that ruled most of Afghanistan from 1996 to 2001. The insurgents based in Waziristan, by contrast, include many foreign jihadi fighters and members of al-Qaeda — fighters the United States has pressured Pakistan to pursue. "That suited the Pakistanis quite well," Rashid says.

·Ordinary Afghans won't risk their lives to support Karzai's government, which many view as weak and corrupt. Afghanistan's problem is "not necessarily the strong enemy," Eikenberry said in Washington last month. "It's the very weak institutions of the state."

The government also is widely seen as corrupt and dominated by warlords linked to the bloody civil war during the 1990s. "Day by day, corruption, bribery and narcotics go up," says Noor ul-Haq Ulumi, a member of the Afghan parliament from Kandahar. "Weak governors we have every place. They think only about their benefit, not their country's benefit."

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·The United States and its allies have scrimped on money and manpower, critics say. Rashid says Iraq has distracted the United States from the difficult tasks of subduing the Taliban and rebuilding Afghanistan. “For Afghanistan, the results have been too few Western troops, too little money and a lack of coherent strategy,” Rashid wrote in The New York Review of Books.

According to RAND, international aid to Afghanistan equals $57 per person, compared with $679 in Bosnia and $206 in Iraq. RAND also found that Afghanistan has one soldier for every 1,000 people vs. seven in Iraq, 19 in Bosnia and 20 in Kosovo. RAND's Jones reckons Afghanistan needs 200,000 Afghan and foreign troops and police officers to establish order. The country has about 120,000.

Insurgents test the resolve of NATO forces in the process of taking over combat responsibility from U.S. forces in southern Afghanistan. The incoming NATO commander, British Lt. Gen. David Richards, insists NATO forces “will deal most robustly” with insurgents.

Rashid says the rules of engagement are “incredibly unclear.”

“They bifurcate NATO into countries that will fight and countries that won't fight, and that's a dangerous thing,” Rashid says.

The insurgents are eager to bloody the NATO newcomers, to find out which ones will fight and to target those that won't. “This is a testing time, a transition time, and is likely to be messy,” Nathan says.

Insurgents “are betting that the West doesn't have the political will to remain in Afghanistan for the long run,” Jones wrote. “Proving them wrong is the key challenge.”

Sending troops to back Karzai's government and keeping them there is “a sacrifice worth making,” Nathan says. “Sept. 11 demonstrated what happened last time the international community abandoned Afghanistan.”

Afghan Guerrillas Kill 32 With Ties To Legislator (NYT)

By Carlotta Gall

The New York Times, June 20, 2006

KABUL, Afghanistan, June 19 — Suspected Taliban guerrillas in the southern province of Helmand ambushed and killed 32 people on Sunday, all of them relatives and tribesmen of an influential member of Parliament, among them a former local government official, the legislator said Monday.

The attack, in broad daylight, was the latest sign of the strength of the suspected Taliban insurgents in Helmand, a poppy-growing province where NATO and the Afghan Army have recently increased their troops in an effort to contain the spreading insurgency.

The legislator, Dad Muhammad, who was the intelligence chief of Helmand after the fall of the Taliban and is now an elected member of the upper house of Parliament, said his 15-year-old son and two of his brothers, one a former chief of the Sangin district, were killed in the fighting, which lasted most of Sunday.

Another son of Mr. Muhammad was among five people wounded, he said. Ten more people were missing and thought to have been abducted by the insurgents. All of those killed were relatives or supporters, he said.

Mr. Muhammad and the brother who was the former district chief have worked to rid the area of the suspected Taliban insurgents, who are believed to be in league with drug traffickers in the poppy trade.

"We buried 32 people," he said. "Ten are missing. They are in Taliban hands, we don't know if they are dead or alive." He ruled out a personal vendetta, though, and said the Taliban had about 2,000 fighters in the area.

Mr. Muhammad, speaking in Kabul, said it was too dangerous for him to travel to his home. His surviving relatives were now under siege from the Taliban in their home in the town of Sangin, he said.

The attack took place a mile outside Sangin, a mile or two from a military base where British and Afghan Army troops are stationed, but neither the local police nor the military came to their aid, he said. It was unclear whether the military knew of the attack.

Mr. Muhammad said he had been told that the attackers first ambushed the car of the brother who was the former district chief at 7 a.m. as the brother was returning home with four other family members. When his second brother, Mr. Muhammad's sons and tribesmen came to the brother's aid, he said, they were also attacked and fought a fierce battle until 3 p.m.

In Tribal Pakistan, A Tide Of Militancy (WP)

By Pamela Constable

The Washington Post, June 20, 2006

PESHAWAR, Pakistan -- In North Waziristan, barbers are ordered not to shave off beards, and thieves have been swiftly beheaded. In Swat, television sets and VCRs have been burned in public. In Dir, religious groups openly recruit teenagers to fight U.S. forces in Afghanistan. In the Khyber area, armed squads have burst into rooming houses, forcing people to pledge to obey Islamic law.

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A tide of Islamic militancy is spreading across and beyond the semiautonomous tribal areas of northwest Pakistan that hug the Afghan border, despite the deployment of some 70,000 Pakistani army troops there, according to a variety of people with close family, professional or political ties to the tribal regions.

Senior army officers in this provincial capital say they are making steady progress in pacifying the restive tribal belt and reining in religious extremists, who U.S. and Afghan authorities say have fomented much of the violence that has led to more than 500 deaths in Afghanistan in the past two months.

"We have them on the defensive now," Lt. Gen. Mohammed Hamid Khan, commander of the 11th Army Corps, said in an interview. "The miscreants have gone into their shells, and things have cooled down tremendously." Khan said the army had shifted from mass raids to "snap operations" based on intelligence and now controls key towns once in the hands of militants.

But other observers say the army's aggressive efforts since 2004 have backfired, alienating the populace with heavy-handed tactics and undermining the traditional authority of tribal elders and officials. They say the local Taliban movement, which has close ethnic and theological links to the Taliban across the border in Afghanistan, has won new supporters and been able to carve out enclaves of alternative power.

"Things are starting to spin out of control," one Western diplomat in Islamabad said of the tribal areas, which have historically been deeply conservative. "In some areas, it's beginning to look like they are setting up a government within a government."

The tribal areas are off-limits to foreign visitors, including journalists, except for periodic, brief helicopter visits with military authorities. But in recent interviews here, tribal lawyers, educators and politicians with knowledge of events in the areas described growing fundamentalist influence and intimidation that is spilling beyond the sparsely inhabited tribal zones and edging closer to settled, government-run localities.

In the past six months, they said, dozens of tribal elders and officials have been killed, including an uncle of the current provincial chief minister. Fundamentalist clerics have freely used FM radio stations to preach holy war and set up public recruiting offices in towns such as Dir and Bannu just outside the tribal areas. Music stores have been shut down and thieves executed before crowds.

"North and South Waziristan are in the grip of Talibanization" and all of the seven federally administered tribal agencies "can come under its grip, too," said Afrasiab Khattak, a human rights activist and official of the secular Awami National Party. "The army has put up an honest fight, but it has failed, and the government has failed. The traditional system has been made ineffective, and the Taliban have moved into the vacuum."

One university instructor, who comes from South Waziristan, said that when he visited a year ago the area was blanketed with army troops, but that when he went back several months ago for a funeral, not a uniformed soldier was in sight while armed men in Taliban-style turbans patrolled in trucks. He asked not to be identified for fear of retaliation.

"The situation is not what the government says," he said. "The Taliban are totally in control. The people welcome them and the youths idolize them. There is no government, only the security forces who kill people. The Taliban settle disputes and deliver justice on the spot. The tribal areas are becoming nurseries for the Taliban, and the army can't stop it."

Last week, the discovery that a journalist in North Waziristan had been assassinated generated expressions of alarm and protests in multiple cities. Hayatullah Khan, who had been missing since December after reporting that the United States appeared to have staged a missile attack on Pakistani soil, was found shot in the head and handcuffed. Officials blamed religious extremists, but Khan's relatives and others said they suspected Pakistani intelligence agencies were behind his killing.

Many government critics here accuse the intelligence services of fomenting religious extremism in the tribal areas as a means of keeping Afghanistan unstable and vulnerable to Pakistani control. Senior Afghan officials, including President Hamid Karzai, have also made such claims, which Pakistani officials deny.

"In my view, stability for Afghanistan is the best thing for Pakistan," said Hamid Khan, the army corps commander. "All the turmoil there affects us; we get the refugees, the criminals, the drugs, the weapons. The miscreants have much safer sanctuaries on that side than on ours. If we want strategic depth, better we should have good relations than instability."

The Pakistani army has suffered numerous casualties since it entered the tribal areas two years ago under pressure from Washington to crack down on Islamic radicals. There have been repeated bloody clashes with tribal militiamen and, more recently, a spate of roadside bombings and one suicide bombing that targeted an army convoy. Visitors to the conflict zone describe soldiers as being largely confined to their outposts.

Until recently, most religious violence was limited to North and South Waziristan, the poorest and most isolated of the tribal areas, where Islamic fervor has always been strong. Although a recent truce has calmed South Waziristan, the fundamentalist fervor now seems to be erupting in other parts of the region.

In Swat, a peaceful agricultural valley, Islamic preachers persuaded people to hand over their television sets in May and burned stacks of them in public. In the Khyber Agency, a prosperous commercial area that straddles a major highway into

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Afghanistan, armed followers of an Islamic preacher burst into shops and lodging houses in early June, demanding at gunpoint that people pledge to follow Islamic law. In the ensuing clashes with another religious militia, several dozen people were killed.

"There are elements that have decided to create Taliban enclaves and to 'Waziristanize' the other tribal agencies," said Khattak, the human rights activist. "The government says it is taking action, but it is not. The source of the problem is here, not in Afghanistan. If such a bloody drama can happen in Khyber, it can happen anywhere."

Even in Peshawar, a huge city with a landscaped military district and a modern university, support for the revived Taliban movement is evident among students and worshipers at numerous mosques. Secular politicians say the militant fervor is being encouraged by the Islamic political parties that dominate the provincial government.

On a recent Friday, men emerging from prayer services said they were upset about army attacks on civilians in tribal areas and worried that U.S. forces in Afghanistan would enter Pakistan as well. One man, an English teacher, said the U.S. forces were "savages and barbarians" while the Taliban were "religious scholars and sincere people."

Another man with a black turban and bushy beard proudly identified himself as a former Taliban member who had fought in the capture of Kabul in 1996. Today, he said, the same conditions of lawlessness and immorality have returned on both sides of the border, demanding new action.

"Under the Taliban there was peace, there was order, there was justice. Now our people are facing cruelty, injustice and crime. It has all come back, and it cannot be allowed to continue," said Wahidullah, 32, who runs a religious academy for boys. "If I didn't have other responsibilities now, I would love to join the fight again."

Pulling No Punches In Push For Navy SEALs (WP)

By Ann Scott Tyson

The Washington Post, June 20, 2006

CORONADO, Calif. -- As Navy Ensign Brandon lay slapped by wave after black wave of frigid Pacific surf, his arms linked with a row of other would-be Navy SEALs, a cold but comforting thought surfaced from his murky consciousness: "No matter what," he reassured himself, "they're not going to kill me."

Shaking uncontrollably in the cold brine, the slight, 22-year-old from Ohio dreaded the nighttime "surf torture" as one of the toughest ordeals of the SEALs' aptly named Hell Week, designed to break down the bodies and wills of all but the steeliest young men.

Today, one of the Pentagon's main dilemmas is how to get more candidates such as Brandon to outlast the trials of selection -- without lowering standards -- as it tries to expand the ranks of SEALs and other elite U.S. military forces for critical missions in the war on terrorism.

Facing their biggest deployments in history, as much as 80 percent of the combat forces of the 53,000-strong U.S. Special Operations Command -- including Navy SEALs, Army Green Berets and Rangers, and Delta Force operatives -- are committed in Iraq, Afghanistan and surrounding countries. That leaves too few for other vital missions, many of them clandestine, such as intelligence gathering and partnering with forces in nations where the United States is not at war, according to senior military officials.

Stepped-up war-zone rotations are cutting into training time, and shortages in the force mean hundreds of Special Operations jobs are unfilled, leading to more reliance on civilian contractors, they said.

"We as a nation are taking great risk" by having too few maritime commandos, said Rear Adm. Joseph Maguire, commander of Naval Special Warfare Command (NSWC) here. NSWC should have 2,200 SEALs but is undermanned by about 400 men on SEAL teams and scores of officers, he said.

The Pentagon in February announced a plan to add 13,000 more Special Operations troops to meet demands. But producing such highly skilled troops is not easy -- especially as war, low unemployment and negative health trends such as obesity shrink the military's overall pool of candidates.

Of all the elite forces, SEALs pose the biggest recruiting challenge. The Pentagon's goal is to add 500 new SEALs in the next two years. Maguire says 2010 is more realistic. But the number of SEAL applicants has dwindled by hundreds in recent years. This year's goal is to bring in 1,400 to try out, but by late April, only 364 had been sent to boot camp, according to Navy statistics. "We're behind the power curve," said Ed Kearl, a Navy recruiting official.

Ground zero for the push to create more SEALs is the rugged beaches and pounding surf off Coronado, where the young men of Basic Under Water Demolition/SEAL (BUD/S) Class 259 found out who had "the right stuff."The Start of Hell Week

It was a Monday night in May, about 24 hours into Hell Week for Class 259, and Seaman Brian was sitting on the beach next to his rubber dinghy, eating a chili-mac packaged military meal. For security reasons, all SEALs except senior leaders spoke on the condition that only their first names be used.

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Similar to the rest of his class, Brian had no sleep, was soaked and shaking. He had muscle cramps from lunging with 15-foot-long sandy logs. His legs were chafed raw. "It's like taking a piece of sandpaper to your skin for a week," said Brian, 23, who is from Ventura, Calif.

As the sky darkened, the entire group knew what was next -- surf torture (officially called "water immersion"), jumping on and off a pier and being hosed down with cold water.

Suddenly, Brian saw a friend stand and walk stiffly toward a bell hung on a wooden frame. Ringing the bell was how candidates dropped out. "Clang!"

"I was like, 'Wow,' " Brian said.

Next, shocking everyone, the Class 259 leader, known as the OIC or "officer in charge," got up. "Clang!" About 12 other recruits followed in a mass exodus. The class that started in March with 193 men was down to 100.

"It was a big psych for a lot of guys because our OIC left. That was hard," said Brian, who dropped out the next morning, his right leg swollen with tendinitis.

The buckling of the class leader underscored how difficult it is to predict who will make it. "They don't want to deal with the discomfort . . . it's kind of frustrating," said Capt. Christopher R. Lindsay, commander of the Naval Special Warfare Center. To help more pass, Maguire said they may eliminate some "water immersion" sessions.

Finding candidates in top physical condition also helps, but until recently, concerns over legal liability prevented potential recruits from being given a swim test. "They would get to boot camp and, 'Oh, by the way they can't swim,' " said Kearl, who said 70 percent of candidates were failing the test. "That's a big problem."

Now candidates must pass a 500-yard, 12 1/2 -minute swim test at the YMCA -- and do at least 50 sit-ups, six pull-ups, 42 push-ups and a 1 1/2 -mile run -- or lose their SEAL contract. Those who pass with minimum standards will earn a $1,000 bonus, and $2,000 goes to the best performers -- but still only 60 percent succeed.

Maguire is also asking SEAL instructors to be less subjective in disqualifying candidates. But having "given enough flags away" to the families of fallen SEALs, he says he can't compromise the highly competitive standards.

"Everything is a race," said Lindsay, as the seven-man teams hit the surf Tuesday in the red dinghies they carry everywhere.

"If you drop the boat, I will cut your head off!" shouted a veteran SEAL instructor as he ordered laggard boat teams to race around and around a building -- holding their boats on their heads. "Nineteen, 20, 21 . . . get back in line!" he barked to the slowest team.

Garrett, 23, of Hilo, Hawaii, felt his arms start to give way. "We would come in last, and obviously it was because of me," he said. Teammates complained. Instructors put another recruit in his place to show he was the "weak link."

Later Tuesday night, Garrett dropped out, adding another green helmet to the line representing those who failed.Staggering to the Finish Line

At 4:30 a.m. on Wednesday, the 79 remaining candidates staggered out of the mud flats of the 65-degree San Diego Bay, looking like a scene from "Night of the Living Dead."

"They're basically zombies," said Cmdr. Adam Curtis, looking on. Awake for 55 hours, the men could only shuffle. But they were expected to follow directions.

Brandon, a boat team leader, was having trouble.

"You're trying to cheat me, Sir," berated an instructor. Brandon's team had paddled their boat by hand instead of swimming beside it in the last race. Now, they would pay the price.

"Prepare down boat -- down boat! Prepare up boat -- up boat!" the instructor spat commands with a bullhorn. Next the offenders had to roll in the sand.

"We're going to have a little bath," the instructor said, ordering them into the bay. Each time a device beeped they bobbed underwater, green light sticks glowing eerily on their life vests.

Hell Week is designed to simulate the rigors of a combat mission. "They can't say 'I quit' because no one will come get them," explained Command Master Chief Lu, a 25-year Navy veteran and instructor. The end result, Lu said, is impressive. On a recent tour in Baghdad, he fought side by side with former SEAL students and found that "I trusted them as much as guys I was with 20 years," he said.

To qualify, over a six-month period SEAL candidates must swim 150 miles in the ocean and run more than 1,300 miles in sand wearing boots, and later they must learn to dive, parachute, shoot and conduct close-quarters combat.

Born from World War II underwater demolition units, Navy Sea Air Land teams focus on maritime skills, including diving, forced ship boardings, laying undersea charges and reconnaissance. But today, SEALs are occupied mainly on land. Most 16-man SEAL platoons are in Iraq training Iraqi forces, using snipers to watch for insurgents planting bombs and guarding Iraqi leaders.

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New missions, many secretive, are creating demands for a more diverse force trained in language and culture. "We are a relatively white, non-Hispanic force. It's nice to have someone who can blend in more," said Capt. Gary Bonelli, NSWC chief of staff. Class 259 has only a handful of minorities.

SEAL recruiters this year are attending dozens of events, such as wrestling matches and "X-games," manning a new call center, and offering a $40,000 bonus to all new SEALs, said recruiting chief Cmdr Duncan A. Smith.

Still, nothing can guarantee that recruits will have the tolerance for stress, flexibility and what Lindsay calls the "fire in the gut" that psychological studies show is critical.

By Friday morning, the class was down to 73, having lost a few more to pneumonia and injuries. In a finale, the exhausted recruits had to low-crawl from the beach to an obstacle course obscured with smoke and rocked by the blast of simulated grenades. Worming their way under concertina wire as instructors fired off blanks from rifles, they slid through a drainpipe into a muddy pool. Barely able to move his legs, Brandon dragged himself forward with his arms, third to last.

"You knew you'd never quit. . . . The courage, the mental toughness is contagious," Lindsay told the bedraggled class on the beach afterward. "You guys are what we want to work with to become Navy SEALs!"

"Hooyah!" Class 259 yelled.

Relaxing later in dry clothes with a pizza and Gatorade, the victorious few reflected on how they made it. "It's just putting one foot in front of the other," said Brandon, rubbing swollen calves.

Still shivering, Airman Brandon said that after his body broke down, his mind took over. "The main thing I thought about," he said, "was doing things that every guy dreams of doing, but few do."

Stress Disorder Seen Soaring Among Returning Troops (KRT)

By David Goldstein

Knight Ridder, June 19, 2006

WASHINGTON - The Department of Veterans Affairs is on a pace to see nearly 20,000 new cases of post-combat stress this year among service members who've served in Iraq or Afghanistan, more than six times the number of cases that officials had expected.

The latest report on patient visits to VA medical facilities shows that nearly 5,000 service members were initially diagnosed with post-traumatic stress disorder during the first three months of this year, on top of nearly 5,000 new diagnoses that the VA had reported for the last three months of 2005.

The VA had predicted that it would see 2,900 new cases in fiscal 2006, which runs from Oct. 1, 2005, to Sept. 30, 2006.

The VA declined to comment Monday.

"The demand for mental health is not going down," said Cathy Wiblemo, the deputy director for mental health services at the American Legion. "It's definitely going up."

Knight Ridder reported last month that the VA had dramatically underestimated the number of service members who would return from Iraq and Afghanistan with post-traumatic stress disorder.

The new report drew immediate criticism from some in Congress.

"Frankly, I don't think that VA's budget planned for this number of new veterans with mental health concerns," Rep. Michael Michaud, D-Maine, a member of the House Veteran's Affairs Committee, said in a statement.

Post-traumatic stress disorder is an anxiety disorder that can cause serious psychiatric and social problems. Combat, a plane crash or other traumatic experiences can trigger it. Untreated, it can lead to drug addiction, homelessness and other social problems.

The wars in Iraq and Afghanistan have been particularly stressful because they involve urban warfare amid civilians who are hard to distinguish from the enemy. There are no front lines or safe areas, and the enemy uses improvised bombs and ambushes.

A statement from the Democratic members of the House VA Committee said that even as the number of post-traumatic stress disorder cases increased, the VA had cut back the number of PTSD therapy sessions for veterans by 25 percent in the last 10 years.

In a related issue, the Government Accountability Office recently found that the Pentagon didn't seek further mental-health treatment for eight out of 10 soldiers deployed to Iraq and Afghanistan who showed signs of post-combat stress.

William Winkenwerder Jr., the assistant secretary of defense for health affairs, responded that the GAO report was "flawed."

Iraq War May Add Stress For Past Vets (WP)

By Donna St. George

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The Washington Post, June 20, 2006

More than 30 years after their war ended, thousands of Vietnam veterans are seeking help for post-traumatic stress disorder, and experts say one reason appears to be harrowing images of combat in Iraq.

Figures from the Department of Veterans Affairs show that PTSD disability-compensation cases have nearly doubled since 2000, to an all-time high of more than 260,000. The biggest bulge has come since 2003, when war started in Iraq.

Experts say that, although several factors may be at work in the burgeoning caseload, many veterans of past wars reexperience their own trauma as they watch televised images of U.S. troops in combat and read each new accounting of the dead.

"It so directly parallels what happened to Vietnam veterans," said Raymond M. Scurfield of the University of Southern Mississippi's Gulf Coast campus, who worked with the disorder at VA for more than 20 years and has written two books on the subject. "The war has to be triggering their issues. They're almost the same issues."

At VA, officials said the Iraq war is probably a contributing factor in the rise in cases, although they said they have conducted no formal studies.

PTSD researcher John P. Wilson, who oversaw a small recent survey of 70 veterans -- nearly all from Vietnam -- at Cleveland State University, said 57 percent reported flashbacks after watching reports about the war on television, and almost 46 percent said their sleep was disrupted. Nearly 44 percent said they had fallen into a depression since the war began, and nearly 30 percent said they had sought counseling since combat started in Iraq.

"Clearly the current Iraq war, and their exposure to it, created significantly increased distress for them," said Wilson, who has done extensive research on Vietnam veterans since the 1970s. "We found very high levels of intensification of their symptoms. . . . It's like a fever that has gone from 99 to 104."

Vietnam veterans are the vast majority of VA's PTSD disability cases -- more than 73 percent. Veterans of more recent wars -- Iraq, Afghanistan and the 1991 Persian Gulf War -- together made up less than 8 percent in 2005.

VA officials said other reasons for the surge in cases may include a lessening of the stigma associated with PTSD and the aging of the Vietnam generation -- explanations that veterans groups also suggest.

PTSD is better understood than it once was, said Paul Sullivan, director of programs for the group Veterans for America. "The veterans are more willing to accept a diagnosis of PTSD," he said, "and the VA is more willing to make it."

In addition, as Vietnam veterans near retirement age, "they have more time to think, instead of focusing on making a living all the time, and for some this is not necessarily a good thing," said Rick Weidman, executive director for policy and government affairs at Vietnam Veterans of America.

Max Cleland, a former U.S. senator from Georgia and onetime head of the VA who was left a triple amputee by the Vietnam War, said the convergence of age and the Iraq war has created problems for many of his fellow veterans -- as well as for himself.

"As we Vietnam veterans get older, we are more vulnerable," he said. When the war started in 2003, he said, "it was like going back in time -- it was like 1968 again."

Now he goes for therapy at Walter Reed Army Medical Center and is wary of news from Iraq. "I don't read a newspaper," he said. "I don't watch television. It's all a trigger. . . . This war has triggered me, and it has triggered Vietnam veterans all over America."

PTSD has become a volatile topic lately, with some skeptics questioning whether the rise in claims is driven by overdiagnosis or by financial motives. A report last week from the Institute of Medicine, part of the National Academies, concluded that "PTSD is a well characterized medical disorder" for which "all veterans deployed to a war zone are at risk."

VA's growing PTSD caseload became an issue last August, when the agency announced a new review of 72,000 PTSD compensation cases, expressing concerns about errors and a lack of evidence. That probe was dropped after a sample of 2,100 cases turned up no instances of fraud.

Still, some experts are not convinced that the Iraq war has driven up the caseload. "I'm skeptical that it accounts for a broad swath of this phenomenon," said psychiatrist Sally Satel, a resident scholar at the American Enterprise Institute. "These men have had deaths in their families, they had all kinds of tragedies over 30 years that surely affected them emotionally but they coped with."

Although a small percentage of veterans might be deeply affected, she said, she doubts "they have become chronically disabled because of it."

Around the country, many veterans dwell on the similarities between the wars in Vietnam and Iraq: guerrilla tactics, deadly explosives, fallen comrades, divisive politics. The way they see it, "Iraq is Vietnam without water," Weidman said.

"We have people who have symptoms that they haven't had in a long time," said Randy Barnes, 65, who works in the Kansas City offices of Vietnam Veterans of America. For some, "the nightmares and flashbacks have been very hard to deal

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with," he said. Group therapy sessions are "much more crowded," he said, "with Vietnam veterans particularly, but now also with the Iraq and Afghanistan veterans."

Barnes served as a combat medic in Vietnam from 1968 to 1969 and went into treatment only in the late 1990s. By the time the Iraq war started, he said, he felt steadier -- but then his symptoms ramped up again.

"Depending on what I saw or heard that day or read, I would have night problems -- nightmares, night sweats," he said. Sometimes, he said, he would roll out of bed and wake up crawling on the floor, "seeking safety, I guess."

A study published in February by VA experts showed that veterans under VA care experienced notable mental distress after the war started and as it intensified. While younger veterans, ages 18 to 44, showed the greatest reactions to the war, "Vietnam era VA patients reported particularly high levels" of distress consistently, the study reported.

Powerful images of war have revived combat trauma in the past. "Traumatized people overreact to things that remind them of their original trauma," said Scurfield, the PTSD expert in Mississippi.

When the movie "Saving Private Ryan" was released, World War II veterans sought mental health help in great numbers, said Wilson of Cleveland State. "It rekindled it all," he said.

Perfect Vision, Via Surgery, Is Helping And Hurting Navy (NYT)

By David S. Cloud

The New York Times, June 20, 2006

BETHESDA, Md., June 17 — Almost every Thursday during the academic year, a bus carrying a dozen or so Naval Academy midshipmen leaves Annapolis for the 45-minute drive to Bethesda, where Navy doctors perform laser eye surgery on them, one after another, with assembly-line efficiency.

Nearly a third of every 1,000-member Naval Academy class now undergoes the procedure, part of a booming trend among military personnel with poor vision. Unlike in the civilian world, where eye surgery is still largely done for convenience or vanity, the procedure's popularity in the armed forces is transforming career choices and daily life in subtle but far-reaching ways.

Aging fighter pilots can now remain in the cockpit longer, reducing annual recruiting needs. And recruits whose bad vision once would have disqualified them from the special forces are now eligible, making the competition for these coveted slots even tougher.

But the surgery is also causing the military some unexpected difficulties. By shrinking the pool of people who used to be routinely available for jobs that do not require perfect eyesight, it has made it harder to fill some of those assignments with top-notch personnel, officers say.

When Ensign Michael Shaughnessy had the surgery in his junior year at the Naval Academy, his new 20-20 vision qualified him for flight school. And that is where he decided to go after graduating last month ranked in the top 10 percent of his class, rather than pursuing a career as a submarine officer.

"The cramped environment in submarines is something that turned me off," Ensign Shaughnessy, 22, said.

For generations, Academy graduates with high grades and bad eyes were funneled into the submarine service. But in the five years since the Naval Academy began offering free eye surgery to all midshipmen, it has missed its annual quota for supplying the Navy with submarine officers every year.

Officers involved say the failure to meet the quota is due to many factors, including the perception that submarines no longer play as vital a national security role as they once did. But the availability of eye surgery to any midshipman who wants it is also routinely cited.

"Some of the guys with glasses who would have gone to submarines or become navigators are getting the chance to do something they'd rather do, and the communities that are losing the people are not as happy about it as the aviation community, which is gaining better candidates," said Cmdr. Joseph Pasternak, the ophthalmologist who oversees the program at the National Naval Medical Center in Bethesda.

In the Naval Academy's class of 2006, 349 of the 993 midshipmen had the surgery, up from 50 five years ago, according to Naval Academy records. Fewer than 30 percent of the academy students whose eyes qualify for the surgery choose not to get it, and the number of holdouts is dropping every year, Commander Pasternak said.

Last week, a little after 10:40 a.m., Colin Carroll, a 21-year-old midshipman from Olney, Md., put anesthetic drops in his eyes and lay down under the laser as Capt. Kerry Hunt, a Navy doctor, and two assistants prepared to begin. "We're locking the laser on now," Captain Hunt told him.

Midshipman Carroll had originally hoped to enter flight school but discovered not only that his eyes were not good enough, but also that he was prone to kidney stones, ruling him out of aviation entirely. He said he was "resigned" to entering the Marine Corps or becoming an officer on a surface ship, neither an assignment requiring perfect vision.

But he decided to get the surgery anyway.

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By 10:49, both eyes were done, though extremely bloodshot, and Mr. Carroll walked out wearing sunglasses, declaring he could already see better.

The procedure used by the Navy, photorefractive keratectomy, or PRK, is different from the one used on most civilians. That approach, known as laser-in situ keratomileusis, or Lasik, requires cutting a flap in the surface of the cornea and then using a laser to reshape the cornea. But military doctors worry that the flap could come loose during combat, especially in a supersonic fighter.

So rather than slicing into the cornea covering, Navy doctors grind it away. The approach requires a longer recovery as the covering re-forms but leaves the eye more stable.

The Air Force also limits its pilots to PRK, but nonpilots can get either procedure; because most students admitted to the academy aspire to fly, and have already met strict vision standards, relatively few cadets have the surgery, compared with the number at the Naval Academy. Army personnel, including helicopter pilots and other aviators, are allowed to get either procedure.

One in every 200 midshipmen who has the surgery suffers initial complications, which can usually be corrected, Commander Pasternak said. A study by the Navy soon after the program began concluded that pilot trainees who had the surgery graduated from flight school at higher rates than other pilots, he added.

Now that most midshipmen meet the vision requirements, getting into pilot training is harder than ever, depending almost entirely on academic class rank, military performance while at the academy and other physical criteria.

Last year, 310 midshipmen competed for 272 flight training slots. Of those, 104 had undergone laser eye surgery.

"If we didn't have PRK, where would those 104 midshipmen have gone?" said Capt. Michael Jacobsen, of the Naval Academy's office of professional development. "Tough to say, but we know they wouldn't have gone into flight training."

Expanding the pool of potential pilots and members in the Navy Seals was the original goal of making the surgery available, Commander Pasternak said, but it has become increasingly popular with marines, who say it eliminates concerns that their glasses will be damaged or clouded in dust storms during combat in Iraq and Afghanistan.

"We get at least five times as many requests every year as we can keep up with," said Commander Pasternak, a 1984 Naval Academy graduate who said he nearly left the academy after learning his eyes were not good enough to allow him into flight training.

The growing number of aspiring pilots has also made it harder to find candidates to become "back-seaters," officers who serve as navigators and weapons officers on planes, Navy officials say.

The failure to produce enough submarine officers, though, is the source of greatest worry to academy officials and the Navy as a whole. This year the academy's quota was 120, but only 88 midshipmen chose to go into submarines, according to academy records.

Acknowledging the decline, Capt. John R. Daugherty, the chief of staff in the Commander Naval Submarine Forces, said in a statement, "There are many potential contributing factors."

The shortfall in the submarine quota is made up from officers joining the Navy who do not attend the academy.

While there are no plans to restrict the availability of the surgery, some Navy officials concede that the procedure contributes to the submarine service losing midshipmen at the top of their class, like Ensign Shaughnessy, a native of Rochester, Minn., who formerly could not have gone to flight school.

Going into submarines "requires a lot more school, and after the academy a lot of people aren't looking to go to a high-paced environment for a long period," Ensign Shaughnessy said. "And some people also might see submarines as a less glamorous service assignment."

In recent years, many of the midshipmen to choose submarines have come from lower in the class rankings than they did a decade ago, said a senior Navy official who declined to release specific data and who was granted anonymity so he would discuss internal Navy personnel matters.

And academy graduates have been washing out of nuclear power school, which they must complete before being commissioned as a submarine officer, at an increasing rate over the last five years, according to the Navy official and an outside expert who has studied the issue.

In response, the Navy has begun offering $15,000 bonuses and other incentives to get midshipmen with better grades to join the submarine program.

CORPORATE SCANDALS:

U.S. Attorney Asks Black For More Bond Security (WSJ)

By Elena Cherney

The Wall Street Journal, June 20, 2006

Federal prosecutors in Chicago are demanding that former newspaper tycoon Conrad Black, who was released on a $20 million bond last year, provide additional security to remain out on bail until his trial on fraud and racketeering charges next year.

In documents filed in U.S. District Court for the Northern District of Illinois, U.S. Attorney Patrick J. Fitzgerald says he is asking for more security on the bond because Mr. Black has failed to pay the mortgage on his Palm Beach, Fla., home -- which is part of his bail bond -- and "has provided false statements to the government about his financial assets."

Edward Greenspan, a lawyer for Mr. Black, said "there are numerous misstatements" and "numerous half-truths" in the documents. "The prosecution filed its material this morning with practically no notice about what allegations were going to be included," Mr. Greenspan said. Mr. Black has pleaded not guilty to the fraud and racketeering charges.

The bail dispute offers a glimpse into Mr. Black's finances since his ouster as head of Chicago-based Hollinger International Inc. Mr. Black's dealings at the company were first scrutinized by a board committee after shareholders complained about excessive corporate compensation and executive perquisites, such as a luxuriously outfitted private jet.

The government is seeking a forced sale of his oceanside Palm Beach estate because a payment due June 15 wasn't made on a $10 million promissory note that is secured by the mortgage on the property, the documents say. As a result, the interest rate on the loan was pushed up to 26% from 21%, and the government's ability to eventually recover equity from the property has been jeopardized, according to the documents.

In addition, the government is demanding that Mr. Black put up his stake in Horizon Operations Ltd., a closely held publisher of community newspapers that Mr. Black owns with former Hollinger lieutenant David Radler. According to the prosecutors, Mr. Black has been in discussions to sell his Horizon stake for $16 million.

A financial affidavit provided by Mr. Black at the time of his bail arrangements disclosed four Canadian bank accounts. But Mr. Black may be holding back on disclosing all of his assets, prosecutors argue. He recently paid taxes of about $460,000 on the Palm Beach house and made a donation of 500,000 Canadian dollars (US$446,000) to the Canadian Opera Company in Toronto, according to the documents. Mr. Black's bail conditions allow him to live in Canada, with trips to Chicago for court dates.

Mr. Greenspan is to file his response to the demand for new bail conditions Thursday, and Judge Amy St. Eve is expected to rule on the issue next week.

Black Broke Agreement On Bail Bond, U.S. Tells Court (Update4) (BLOOM)

By Andrew Harris

Bloomberg, June 20, 2006

June 19 (Bloomberg) -- Conrad Black's $20 million bail bond should be modified or revoked, U.S. prosecutors said, claiming the former Hollinger International Inc. chairman hadn't been honest about the value of assets securing his freedom.

Black overstated the value of a Palm Beach, Florida, home he pledged for bail, the U.S. said in a court filing and hearing. He understated a Canadian tax lien on the property and didn't disclose his wife was part owner, prosecutors said.

U.S. District Judge Amy St. Eve delayed today's hearing until June 26. The government said Black, once among the world's largest publishers of English-language newspapers, should put up additional collateral or have his bail revoked. A former U.S. prosecutor said Black must take the possibility seriously.

``Judges tend to get angry when they feel a defendant is possibly playing games with the court," said Andrew Genser, a former Justice Department lawyer who is now a partner at Kirkland & Ellis. ``Mr. Black's lawyers on June 26 would want to come in with an answer to these allegations that's convincing or have substitute assets ready to post."

Assistant U.S. Attorney Eric Sussman said, ``We're here because Mr. Black is in default" on the property's mortgage, and asked the judge to order the publisher to put up ``untainted" collateral or lose his liberty.

Edward Genson, Black's lawyer, said in court that he received the government filing only this morning.

`Flat Out Wrong'

``A lot of things in there are flat out wrong," Genson told St. Eve. Black wasn't in the courtroom.

Black faces a trial next year on 12 charges of racketeering, money laundering, wire fraud and obstruction of justice. The U.S. accuses him of using a Toronto holding company, Hollinger Inc., to enrich himself and his associates at shareholders' expense.

Prosecutors charged Black and others with pilfering $92 million from Hollinger International by moving the money through other companies they owned.

David Radler, former publisher of Hollinger's Chicago Sun- Times, pleaded guilty and is cooperating with the Justice Department.

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Black was freed on bail in December 2005. As a condition of his release, he was required to put up the $20 million bail bond backed by the Palm Beach home and $8.5 million he made from the sale of a Park Avenue apartment in Manhattan.

The government already had targeted those assets in a forfeiture proceeding, arguing they were the fruits of his looting of Hollinger International.

In a separate filing, the Justice Department asked St. Eve to order the Palm Beach property sold so that the proceeds can be escrowed pending the outcome of the forfeiture proceedings.

Entitlement in Doubt

``In essence, the government agreed to allow defendant to post assets for which there was probable cause to believe defendant was never legally entitled to own," Assistant U.S. Attorney Edward Siskel wrote in today's court filing.

Black told prosecutors the Palm Beach property was owned by his Conrad Black Capital Corp., Siskel said. The property was encumbered by a $10 million mortgage and a Canadian tax lien of C$13 million ($8.9 million) to C$14 million.

Black said, and prosecutors accepted as fact, that there was at least $8 million in equity remaining, the government said.

Prosecutors now say that Black owes the Canadian government more than C$16 million in back taxes, that he defaulted on the Palm Beach mortgage and that his wife is a part owner of the property. In court, Sussman questioned what, if any, equity Black still has in the property.

Genson, Black's lawyer, told the judge that Black's wife, Barbara Amiel Black, holds only nonvoting shares in Conrad Black Capital Corp. He offered prosecutors a chance to talk directly with Canadian authorities about the size of the lien.

Hollinger Founder

Black founded Hollinger and led it for eight years as a public company until he was forced out in November 2003.

Black at his height trailed only Rupert Murdoch and Gannett Co. among the biggest owners of English-language newspapers. Hollinger published London's Daily Telegraph, the Jerusalem Post and 60 percent of Canada's dailies.

Shareholders of Hollinger International last week voted to change the company name to Sun-Times Media Group Inc.

Black's trial is set to start on March 5.

The case is U.S. v. Black, 1:05-cr-00727, U.S. District Court, Northern District of Illinois (Chicago).

Denver Lawyer Could Sharpen Focus On Weiss In Milberg Probe (LAW)

By Amanda Bronstad, The National Law Journal

National Law Journal, June 20, 2006

Federal prosecutors who indicted Milberg Weiss Bershad & Schulman last month are in talks with a Denver lawyer whose testimony could sharpen the investigation's focus toward Melvyn Weiss, founding partner of the New York-based law firm, according to sources familiar with the government's probe.

Last month, a federal grand jury in Los Angeles returned an indictment against Milberg Weiss and two of its partners, David Bershad and Steven Schulman, alleging that they obtained $216.1 million in attorney fees by paying $11.3 million in secret and illegal kickbacks to three individuals who served as lead plaintiffs in their cases. USA v. Lazar, No. 05cr00587 (C.D. Calif.).

Bershad and Schulman have taken leaves of absence from the firm.

Prosecutors have said that the investigation is ongoing, leaving open the possibility of additional indictments against Weiss and William Lerach, a senior partner who left the firm in 2004 to found San Diego-based Lerach Coughlin Stoia Geller Rudman & Robbins.

According to the indictment, a senior partner at Milberg Weiss met in 2003 with the Denver lawyer and agreed that a percentage of attorney fees in two cases would go to Howard Vogel, a retired real estate mortgage broker whose retirement fund or family members were serving as plaintiffs for Milberg Weiss. In April, Vogel admitted to charges in a plea deal that he provided false information in federal court and has agreed to cooperate with prosecutors.

According to sources familiar with the case, the senior partner at that 2003 meeting was Weiss, and the Denver lawyer was Gary Lozow, a shareholder at Isaacson Rosenbaum.

"Mr. Lozow is working closely with the U.S. Attorney's Office in Los Angeles, and we expect that will continue," said John Walsh, a partner at Denver's Hill & Robbins who represents Lozow. He declined to comment further.

Thom Mrozek, a spokesman for the U.S. Attorney's Office in Los Angeles, declined to comment. Weiss' lawyer, Benjamin Brafman at New York-based Brafman & Associates, said: "There is nothing that Mr. Lozow could truthfully say that in any way implicates Mr. Weiss in any wrongdoing because Mr. Weiss did not ever knowingly violate the law."

LOOKING FOR A LINK

So far, prosecutors have failed to establish a direct link to Weiss and Lerach in their years-long investigation against Milberg Weiss. In February, prosecutors told both lawyers that they would not bring charges against them anytime soon.

Last summer, prosecutors indicted Seymour Lazar, an alleged paid plaintiff for Milberg Weiss, and his lawyer, Paul Selzer. In the past few months, prosecutors have obtained guilty pleas from Los Angeles lawyer Richard Purtich, who admitted taking payments from Milberg Weiss and passing them on to another paid plaintiff, and from Vogel, who along with his family is alleged to have received almost $2.5 million in kickbacks from Milberg Weiss.

In two cases involving Vogel, the indictment makes the most prominent references to "Partner A," who is believed to be Weiss, according to sources familiar with the investigation.

According to court papers, in June 2003, Milberg Weiss received $40 million in attorney fees in a class action securities case against Oxford Health Plans. Howard Vogel v. Oxford Health Plans, No. 97cv02325 (D. Conn.).

In September 2003, Vogel, whose retirement fund was a plaintiff in that case, sent a memo to Schulman stating that a lawyer, referred to in the indictment as "Vogel Intermediary A," would be calling the secretary for "Partner A" to arrange a phone call about the payments in that case. "Vogel Intermediary A" is believed to be Lozow, according to sources familiar with the investigation.

Vogel also wanted to discuss payments in a separate case in which his stepson was serving as a plaintiff against Baan Co., the indictment says.

In response, Schulman told Vogel that "Partner A" would not discuss the matter by phone, but that "Vogel Intermediary A" should meet with him in person at Milberg Weiss' New York office, the indictment says.

On Nov. 10, 2003, "Partner A" met with "Vogel Intermediary A" at the firm's New York office and "agreed that Milberg Weiss would pay Vogel a percentage of its attorney fees obtained in connection with Oxford Health and Baan," the indictment says. On Dec. 18, 2003, Milberg Weiss, Schulman and "Partner A" sent "Vogel Intermediary A" two checks, one for $1.1 million and one for $120,000. Those checks were wired to a bank account controlled by Vogel.

Schulman's lawyer, Herbert Stern, did not return calls seeking comment.

If Lozow agrees to plead guilty or sign an immunity deal with prosecutors, that would move the case one step closer to Weiss, say sources familiar with the investigation.

"They'd love to turn Lozow," said one lawyer familiar with the case who requested anonymity. "He'd make a great case if he came in and said, 'I conspired with Schulman and Weiss.'"

Father, Son Plead Guilty To SureWest Fraud (SACBIZ)

Sacramento Business Journal, June 20, 2006

A former treasury analyst for SureWest Communications and his father pleaded guilty Monday in U.S. District Court in Sacramento to charges that they had taken $2 million from the Roseville-based telecom company.

Arrested in early 2004 were former SureWest treasury analyst Jeffrey Wells, 31, of Roseville; his father, Larry Wells, 60, of Pebble Beach; and a business associate, Henry M. Kaiser, 59, of Piedmont.

The trio had been charged with illegally diverting several million dollars in SureWest cash and investment funds controlled by Jeffrey Wells to outside accounts to secure financing for Quivira Ventures, owned or controlled by the elder Wells and Kaiser.

The U.S. Justice Department said that the money transfers were made "so that Quivira could demonstrate to potential investors that it had sufficient funds on deposit to be a venture capital firm and thereby attract new investors."

Kaiser, grandson of industrialist Henry J. Kaiser, stepped down from the Kaiser Permanente board after he was charged. In April 2004, Kaiser admitted guilt to "interstate transportation of money obtained by fraud and conducting a monetary transaction in criminally derived property."

On Monday, Jeffrey Wells pleaded guilty to 10 counts of wire fraud, while his father pleaded guilty to two counts of wire fraud and two counts of engaging in transactions with criminally derived property.

"We're all happy to have begun to put this long and difficult chapter behind us," said Larry Wells' attorney, William Portanova of Sacramento. Sentencing is scheduled for Aug. 29.

It took less than nine months after the trio's arrest in 2004 for Roseville-based SureWest (Nasdaq: SURW - News) to regain all $25 million that the company said was misappropriated. All but $1.8 million was returned upon the arrests, and SureWest's insurer paid the rest, the company reported.

Fed Governor Olson To Head Accounting Board (WSJ)

By David Reilly

The Wall Street Journal, June 20, 2006

Ending months of regulatory uncertainty for the accounting industry, Securities and Exchange Commission Chairman Christopher Cox yesterday named Mark W. Olson, a Federal Reserve Board governor, to head the agency that regulates accounting firms.

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Mr. Olson's appointment to chair the Public Company Accounting Oversight Board is one of the most significant to be made by Mr. Cox since he took the helm of the nation's markets watchdog last year. The PCAOB oversees accounting firms that audit public companies and was formed in the wake of corporate scandals such as those at Enron Corp. Its creation ended decades of self-regulation by the accounting industry.

Mr. Olson, 63 years old, will become the PCAOB's second full-time chairman, a position that pays $615,000 annually. He fills the spot left vacant last fall by the resignation of the board's first chairman, William McDonough, also a former Federal Reserve governor. Mr. Olson will take over from acting PCAOB Chairman Willis Gradison, 77, a former Republican Congressman who will remain on the board.

Mr. Olson said in an interview yesterday that he wasn't going into the position with a preset agenda, although he expected that debate over how to implement rules related to companies' internal controls would continue as a big issue for the board. He said he expects to take up his new position in early July.

Mr. Cox also filled yesterday a second opening at the PCAOB, announcing that founding board member Kayla Gillan will remain in her seat. Ms. Gillan, a former general counsel to the California Public Employees' Retirement System, or Calpers, had continued to serve on the board since her term expired last fall. Board members earn $500,000 a year.

The selection of Mr. Olson to lead the PCAOB opens another seat on the seven-member Federal Reserve Board for President Bush to fill. All the existing board members are Bush appointees. Mr. Olson has been on the Fed board since December 2001 and has overseen administrative matters as well as chaired the Fed's committee on consumer and community affairs.

Although he has a banking background, Mr. Olson is a former partner with Big Four accounting firm Ernst & Young LLP. In addition, he was staff director of a Senate subcommittee overseeing the SEC, accounting issues and the insurance industry.

Lone Star Is Cleared In Probe Of KEB Deal (WSJ)

By Laura Santini

The Wall Street Journal, June 20, 2006

HONG KONG -- South Korean regulators cleared Lone Star Funds of any wrongdoing in its purchase of Korea Exchange Bank. Instead, they accused KEB's former management and several government agencies of mishandling the bank's sale in 2003, when many of the country's financial institutions were reeling from mounds of bad credit-card debt.

While exonerating Lone Star and allaying concerns that regulators would seek to nullify the deal, the report of the Board of Audit and Inspection does little to relieve the Dallas private-equity fund's other major worry: that it might have to pay full taxes on its profit from the sale of its KEB stake, to Korea's Kookmin Bank, once the sale is finalized.

That deal now awaits the conclusion of Korean prosecutors, who are conducting their own probe of the KEB transaction, including Lone Star's role.

Lone Star didn't return calls seeking comment.

The audit board's report, released yesterday, says KEB executives exaggerated the bank's losses at the time of the sale, understating its capital-adequacy ratio and deeming the bank "troubled," a designation that allowed a foreign buyer -- in this case, Lone Star -- to step in, speeding the sale. The audit board singled out KEB's chief executive at the time, Lee Kang Won, saying he undervalued the bank by making unrealistic assumptions.

Mr. Lee currently heads Korea Investment Corp., a state-run investment company set up last year by the Finance Ministry. KIC had no immediate comment.

In addition, the audit board said that regulators, including Korea's Ministry of Finance and Economy, gave approval without checking adequately to ensure that the bank's condition was truly dire. A Finance Ministry spokeswoman declined to comment.

The audit board's report comes as Korean business leaders and bureaucrats are being subjected to increased scrutiny. It was issued about a month after the indictment of Hyundai Motor Co. Chairman Chung Mong Koo, who stands accused of creating a "slush fund" used to pay for influence among government bureaucrats and financial-industry executives.

In carrying out its three-month investigation, the audit board summoned for questioning several current and former government officials, including Mr. Lee; Kim Seok Dong, deputy finance minister and former head of the Financial Supervisory Commission; and Byeon Yang Ho, former head of the Finance Ministry's banking policy bureau. Separately, Mr. Byeon was arrested last week on allegations he accepted bribes from a lobbyist for Hyundai Motor.

For Lone Star, a recommendation by the audit board that the 2003 KEB sale be quashed could have proved disastrous, as the fund's investors might have received little more than their principal sum in return. Under Lone Star's current plan to sell Korea Exchange Bank to Kookmin Bank, the fund and its investors stand to reap $4.5 billion in profit on a $1.2 billion investment.

But the prosecutor's probe remains, as does the tax issue.

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Foreign funds operating in South Korea, such as Lone Star, have largely avoided taxes by registering in offshore jurisdictions that have tax treaties with Seoul. The treaties are designed to give tax relief to foreigners, who then are expected to pay capital gains and other taxes in their home jurisdictions. But many of the jurisdictions in which the funds register don't levy capital-gains taxes. The tax issue has inflamed the Korean public, as foreign funds recently have reaped huge profits by cashing out of equity stakes bought on the cheap after the 1997-98 Asian financial crisis and Korea's subsequent widespread credit-card debt defaults.

Carlyle Group, for instance, initially didn't pay any taxes in South Korea after selling KorAm Bank to Citigroup Inc. in 2004 for $2.73 billion, a deal that more than doubled the fund's investment. The U.S. private-equity firm later paid an undisclosed sum after authorities last year conducted an audit of five funds, including Carlyle and Lone Star, slapping them with a combined assessment of $207 million. Newbridge Capital hasn't paid any taxes on its sale of Korea First Bank to Standard Chartered PLC.

Without tax-treaty protection, foreign investors who sell shares in South Korea pay either an 11% withholding tax on the proceeds, or 27.5% of capital gains, whichever is less. Lone Star has agreed to set aside about $700 million to cover any taxes resulting from the KEB sale.

Lone Star has said it is willing to pay some taxes on the KEB sale, but people close to the fund say it is likely to fight a full tax assessment.

Further weighing on Lone Star's reputation in South Korea, the firm's former head in the country, Steven Lee, has admitted to embezzling from the fund about $12 million over several years in a scheme that involved filing false invoices. Authorities are also looking into Lone Star's dealings in nonperforming loans.

Options Timing Raises Concerns Among Insurers (WSJ)

By Liam Pleven

The Wall Street Journal, June 20, 2006

The controversy over executive stock options has the insurance industry casting a wary eye at the liability protection it provides to corporate officers and directors, a development that could in some cases push premiums higher or reduce coverage for directors and executives.

At least three dozen companies are facing federal probes over whether they backdated or manipulated stock options, timing them to boost the payoff for executives. Shareholders in some cases have responded by filing lawsuits, and insurers are bracing for a slew of claims.

"The underwriters are obviously concerned that it's going to be a major source of claims," said John Schwonke, a senior vice president at ABD Insurance and Financial Services, an insurance broker based in Redwood City, Calif., that handles directors and officers, or "D&O," insurance for more than 100 publicly traded companies.

At this point, premiums haven't started to rise. But insurers have begun asking their own questions about the options practices of clients. Some, for example, are asking customers whether they have ever backdated options or received an inquiry from the Securities and Exchange Commission on the timing of grants.

"If we have any cause for concern, we may exclude the risk," said James Bronner, a senior vice president and chief underwriting officer for Chubb Specialty Insurance, a unit of Chubb Corp., one of the nation's leading D&O insurers. "If a company grants options on a different day each year -- and if that happens to be the 52-week low point for its stock each year -- we're going to be suspicious."

The scrutiny has the potential to shake up the market for D&O insurance, which is intended to protect top corporate officials from facing personal losses for decisions they make in their posts running companies. The insurance, usually paid for by the company, typically reimburses the company or its officials for expenses such as legal fees. No hard figures exist for the size of the D&O insurance market, but insurance-industry executives estimate it generates several billion dollars in premiums annually.

The D&O market saw considerable upheaval and a sharp rise in premiums in 2002 and 2003, in part because of accounting scandals at companies including Enron Corp. and WorldCom Inc. Cases such as those could be costly for insurers and, in some cases, directors. Eleven former board members of WorldCom, for example, agreed to pay $20.2 million out of their own pockets to settle a suit, and their insurers agreed to shell out another $35 million.

With new insurers recently entering the market and competing for D&O business, premium prices have generally fallen in the past two years after soaring amid the accounting scandals. Last year, U.S. for-profit companies paid about 18% less on average for D&O premiums than in 2003, according to an annual survey by Tillinghast, an insurance-industry consulting firm and a unit of Towers Perrin.

That survey found that a U.S. for-profit company with $5 billion in assets had D&O coverage of as much as $104.8 million on average. The average total premium for U.S. companies was $257,223.

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Prices are expected to rise again eventually because claims are becoming gradually more common and more expensive. The recent questions about the dating of stock options could be the precipitating event for a rise, said Elissa Sirovatka, the principal author of the Tillinghast survey. Increases could be focused in industries like technology, where the options practices of numerous companies are under scrutiny.

Shareholders have filed several lawsuits relating to options-granting practices. Two pension funds from Ohio filed suit in May accusing board members at UnitedHealth Group Inc. of allowing the "backdating" of stock options. A spokesman for UnitedHealth said the company will vigorously defend the lawsuit and continue to focus on customers and improving the health-care system. American Tower Corp. said last month that a shareholder had filed suit against some current and former directors related to past options-granting practices; the board has formed a special committee to evaluate the suit. American Tower declined to comment further.

It isn't clear how severely the D&O market will be hit by the evolving situation. Much depends on how many lawsuits are filed and the outcomes of those suits. That is unlikely to be known for months or years. Moreover, brokers say they would resist any attempts by insurers to limit coverage.

"The question really is: How widespread is the issue?" said John Doyle, a senior vice president at American International Group Inc., another underwriter of D&O insurance.

Companies generally grant options with a "strike" price equivalent to the share price when the grant was approved. In theory, the recipient will earn money if the company does well and the stock rises. Backdating -- moving the grant to a prior date when the share price was lower -- gives the recipient an instant paper profit, regardless of how the company performs.

"Just the sheer cost of defense" could be a significant concern even absent a major settlement, said Mr. Schwonke of ABD.

CRIMINAL LAW:

Abramoff May See Delayed Sentence (RC)

By John Bresnahan

Roll Call, June 20, 2006

The Justice Department and attorneys for disgraced former lobbyist Jack Abramoff have agreed to postpone for at least three months the day he has to report to federal prison — the latest sign that Abramoff's continued cooperation with an ongoing corruption probe in Washington, D.C., is proving helpful to prosecutors.

Abramoff had been scheduled to surrender himself to the Bureau of Prisons on June 29 to begin the 70-month prison sentence handed down by Judge Paul Huck of the U.S. District Court for the Southern District of Florida. Abramoff and Adam Kidan, Abramoff's former business partner in a Florida-based gambling cruise ship company, pleaded guilty in January to mail and wire fraud in that case, and each received the same prison sentence from Huck.

Abramoff and Kidan also were ordered to pay a total of $21.7 million in restitution.

Justice officials and Abramoff's lawyers filed a joint motion with Huck on Friday night asking for a three-month reprieve for Abramoff, who is cooperating with federal prosecutors in an ongoing probe that has roiled official Washington.

Abramoff also has pleaded guilty in that case and faces as much as 11 years in prison after admitting to fraud, tax evasion and conspiracy to bribe public officials, although he has not been sentenced yet. Abramoff next meets with the judge overseeing the Washington case on Sept. 6. Whatever sentence Abramoff receives in the U.S. District Court for the District of Columbia will be served concurrently with the Florida charges.

It was unclear at press time whether Huck has approved the joint motion, which was filed after the federal court in Miami closed on Friday. Several calls to Huck's office were not returned.

Several sources close to the case believe Abramoff may not be required to begin his prison sentence in the Florida case until next year, depending on how the Washington corruption probe is progressing.

One lawyer who asked not to be identified said Huck "is not the kind of judge that will allow [Abramoff] to walk around" without an incarceration date, meaning that Huck could end up approving several 90-day extensions before the one-time lobbying superstar enters prison. A three-month extension from his current incarceration date would allow Abramoff to remain free until the end of September on the Florida charges.

Another issue for Abramoff's attorneys is where he will serve his prison sentence. Abramoff is an Orthodox Jew, and his lawyers have said they will seek to have him incarcerated at a federal facility where he can attend religious services, a source close to the case said.

Abramoff would like to be sent to a prison that would allow him to have some access to his wife and five children.

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Three other individuals close to Abramoff have pleaded guilty in the Washington corruption probe, and a fourth's fate is still being weighed by a federal jury, although none has been sentenced, much less received a date for his incarceration to begin.

Michael Scanlon, a one-time aide to former Rep. Tom DeLay (R-Texas), pleaded guilty in November to conspiracy to bribe public officials and commit mail and wire fraud. Scanlon's sentencing has been postponed, and he will next appear before a federal judge in September to review the status of his case.

Tony Rudy, another DeLay aide, pleaded guilty in March to federal fraud and lobbying violations charges. His next court date is July 11.

Neil Volz, former chief of staff to Rep. Bob Ney (R-Ohio), admitted in May to conspiracy to commit fraud and violating the one-year ban on lobbying by former top Congressional aides. His next court date is Aug. 10.

David Safavian, a former Bush administration official, is currently on trial in federal court for allegedly lying to federal and Congressional investigators over his relationship with Abramoff. At press time, the jury was deliberating the charges against Safavian. Volz appeared as a prosecution witness during Safavian's trial.

Hiring Trial Shown Alleged Clout List (CHIT)

By Dan Mihalopoulos, Rudolph Bush And Todd Lighty, Tribune Staff Reporters

Chicago Tribune, June 20, 2006

A who's who of Chicago political power brokers and the job seekers they sponsored was unveiled Monday by federal prosecutors in the City Hall corruption trial.

The list of more than 5,700 politically connected job applicants became public as a longtime secretary in Mayor Richard Daley's office testified for federal prosecutors against former Daley patronage chief Robert Sorich.

Although city officials insisted for years that they did not engage in patronage hiring, secretary Patricia Molloy said aides in the mayor's office kept track of job seekers and their political sponsors, beginning shortly after Daley's election in 1989 and during much of his 17-year tenure.

The names of the mayor's three brothers--Michael, John and William Daley--were entered into the database as sponsors of people seeking jobs or promotions, according to court records. Other sponsors on the list include longtime mayoral political strategist Jeremiah Joyce and former top aides Timothy Degnan, Victor Reyes and John Doerrer.

At least two applicants were described as friends of the mayor, and Gov. Rod Blagojevich also was identified as a sponsor of a successful job seeker on the list, which Molloy compiled between 1990 and 1997.

Sorich and three other former Daley administration officials are charged with rigging city hiring and promotions to favor applicants backed by the mayor's office. Prosecutors say the fraud scheme benefited the mayor's political organization and was intended to get around a federal court decree restricting patronage hiring.

The hiring of political allies fueled the infamous Chicago Democratic machine for decades, but patronage was supposed to have ended when the city agreed to the Shakman decree more than 20 years ago. Daley has said machine politics play no role in his dominance of local politics.

On Monday, a Daley administration spokeswoman said city officials declined to comment on Molloy's testimony.

Molloy, who lives in the Daley family's Bridgeport power base, was secretary to Sorich and co-defendant Timothy McCarthy in the mayor's Office of Intergovernmental Affairs.

Testifying under a grant of immunity from prosecution, Molloy described how she kept computerized databases and paper files related to hiring at Intergovernmental Affairs.

The names on the lists came from pro-Daley political coordinators who visited Sorich at his City Hall office or called him at work, she said. Molloy said Sorich then relayed that information to her, and she used it to compile a database on a city-issued Compaq laptop.

The 59-page list entered into evidence Monday contained 5,743 names. There were columns for the applicants' names, race, Social Security numbers, the jobs that they wanted, and their political sponsors. Another column on the list, Molloy said, was used to record when the applicants received a city job.

A James Reilly was listed as "Friend-Mayor" and received a job in January 1990, according to the list.

City records show that Reilly joined the payroll on Jan. 22, 1990. In an interview Monday, he scoffed at the suggestion that he owed his job to political influence, saying he worked his way up from the bottom rung of the Cook County state's attorney's office.

"I've worked with the mayor for over 25 years and have a longstanding relationship with him," said Reilly, now the city's director of administrative hearings.

Daley brothers on list

William Daley, the Midwest chairman of JPMorgan Chase & Co., appears on the list as a sponsor four times.

Michael Daley, partner in the Daley & George law firm, pops up three times.

Cook County Commissioner John Daley, who leads the 11th Ward Democratic Organization, was listed as the backer of two applicants, including Paul Ready.

Ready, a $38.25-an-hour city hoisting engineer, said in an interview that he never went to John Daley or Intergovernmental Affairs for help in getting hired. Asked if he knew how his name ended up on the list from Intergovernmental Affairs, Ready said, "I do, but it's none of your business."

David Axelrod, a top political consultant to the mayor, appears on the list as the sponsor of David Woods. Axelrod acknowledged that he made a job recommendation for Woods after meeting him during pickup basketball games at a YMCA on North Halsted Street more than 10 years ago.

"Over time, we became friendly, and I learned a little about him," Axelrod said. "His goal was to become a bricklayer. It was a better-paying job."

Woods, who was a toll collector on the Chicago Skyway, volunteered to work on campaigns, but Axelrod said he did not care about that.

"I knew he was an African-American and he wanted to get a trades job," Axelrod said. "That's a good thing, since some of the trades traditionally have not been open to African-Americans."

Axelrod said he placed a call to Intergovernmental Affairs for Woods but does not recall whom he spoke to. Woods became a city bricklayer, records show.

Secretary of State Jesse White's name pops up on the list about two dozen times. Spokesman David Druker said White recalled a couple of the names on the list.

Druker said White did not remember whether he wrote letters to the mayor's office or placed calls on behalf of job seekers when White was county recorder of deeds.

"He told people that his recommendation would not guarantee them a job," Druker said. "He would never expect a government agency to do anything unethical or illegal in order to help someone get a job."

Blagojevich spokeswoman Abby Ottenhoff said applicant James Haskins wanted to return to work for the city after a stint in Blagojevich's congressional office, "so the governor was a reference for him."

Asked who, if anyone, Blagojevich contacted at the city to help Haskins get a city job, Ottenhoff said, "I have no idea."

Judging by the list, those with the most clout in city hiring during the 1990s included the pro-Daley Hispanic Democratic Organization and the Coalition for Better Government, based on the Northwest Side.

Organizations had clout

Many job applicants were listed as enjoying the support of Reyes, the HDO leader who directed Intergovernmental Affairs from 1995 until 2000. Other high-ranking HDO members, including retired Streets and Sanitation Commissioner Al Sanchez and state Sen. Antonio "Tony" Munoz (D-Chicago), also were listed as sponsors.

Coalition for Better Government leaders Dominic Longo and Ron Calicchio sponsored dozens of applicants for jobs and promotions, according to the list.

Other sponsors named repeatedly include Ald. Isaac Carothers (29th Ward); Tom Dart, the Democratic nominee for Cook County sheriff; and former laborers union leader Bruno Caruso.

Several religious leaders appeared on the list as sponsors. Among them was Rev. Jack Wall of Old St. Patrick's Church, where the mayor attends services.

Molloy began working in the mayor's office shortly after Daley's election in 1989. She testified that she also kept paper records of hiring requests in Intergovernmental Affairs.

Molloy said she destroyed two cabinet drawers of those documents in 2002 at Sorich's request.

Under cross-examination by Sorich's lawyer, Thomas Anthony Durkin, Molloy said the process that she described began before Sorich joined Intergovernmental Affairs in 1993.

Molloy said she never told anyone outside Intergovernmental Affairs about the job lists. She said Sorich's predecessor, Michael Broderick, told her, "It was something that was not supposed to be done in the office."

Tribune staff reporters Robert Becker and Gary Washburn contributed to this report.

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-page Clout List Is 5,000 Strong (CHIST)

By STEVE WARMBIR, FRAN SPIELMAN, MARK J. KONKOL AND TIM NOVAK, Staff Reporters

Chicago Sun-Times, June 20, 2006

Call it a Who's Who of city clout.

Excerpts of a list of more than 5,000 names that was never supposed to see the light of day were projected on a large overhead screen in federal court Monday as part of the criminal trial of Mayor Daley's former patronage chief, Robert Sorich.

The 60-page list gives the most detailed snapshot yet of politicians, powerbrokers and mayoral friends vying for city jobs or promotions for their families, friends and supporters.

The list was kept on the laptop computer of an employee at the mayor's Office of Intergovernmental Affairs. Prosecutors contend it was part of a corrupt scheme to rig the city-hiring process to award city jobs and promotions to people doing political work for Daley.

Patricia Molloy, a former secretary of Sorich, testified Monday that the computerized list she kept ran from 1989 to 1997 and that Sorich later told her to shred paper copies of similar lists.

Prosecutors call the scheme illegal. Defense attorneys for Sorich and three other former city employees on trial contend their clients were following orders as part of a long city tradition and never intended to commit crimes.

The list released Monday shows the names of candidates for jobs or promotions. It notes in some instances what ward the person is coming from and often notes the person's political sponsor. The list is not clear on whether the candidates got their jobs or promotions, although in many instances they did.

Not all candidates fared well.

"Arrogant," read one note on a man seeking a city job. "Shot his own foot again."

11th Ward appears over 450 times

Three Daley brothers, Cook County Commissioner John Daley, former U.S. Commerce Secretary William Daley and Michael Daley are on the list as making a few recommendations for job seekers. Other job candidates are referred to on the list as friends of the mayor.

A secretary of Mayor Daley's offered names for job candidates, and one of his bodyguards, Sam Roti, tried to get his wife a city post too.

Current or former mayoral friends, including trucking magnate Michael Tadin and businessman Oscar D'Angelo, grace the list as sponsors.

The Rev. Jack Wall, pastor of Old St. Patrick's Church downtown, which Mayor Daley attends, recommended two people.

Daley's political base, the 11th Ward, came up more than 450 times as the sponsoring ward for job candidates.

Gov. Blagojevich, whose administration is accused of having its own clout list, is on the city list one time -- for referring his own employee for a city post back when Blagojevich was a congressman, his spokeswoman explained.

Cook County Sheriff Michael Sheahan is on the list for referring people. So is the man likely to replace him, the Democratic nominee for sheriff, Tom Dart.

Many times, the list is a family affair, with the clout-heavy trying to help family. Mayor Daley's former deputy aviation commissioner, Robert Repel, for instance, asked the city to hire his son, Michael, in July 1996. Seven months later, Michael Repel was arrested for breaking into a car. He pleaded guilty to burglary and was sentenced to three years in prison.

While on parole, Michael Repel, 33, was hired in November 1999 as a city laborer. He has a lengthy arrest record and once admitted to being a gang member.

Bruno Caruso, who was forced out as boss of Laborers' Union Local 1001 because of his alleged ties to organized crime, repeatedly asked city officials to give jobs and promotions to his union members as well as his family.

Caruso and the union sought jobs or promotions for several cousins as well as his cousin's wife. Caruso declined to comment on the list -- as did most people contacted.

"I don't have any comment on anything related to the trial," said Ald. Isaac Carothers (29th), whose name appeared on the list more than any other aldermen.

Carothers made his requests before becoming alderman. He was working as a high-ranking Streets and Sanitation official and was a key lieutenant in Daley's political army.

"I'm getting ready to leave on vacation. A man just pulled up to get me. I have to leave right now," Carothers said.

'All my guys were qualified'

A spokesman for Illinois Secretary of State Jesse White acknowledged White made some recommendations but always believed the candidates were qualified and never thought anything improper would be done to get them jobs.

Political operative Dominic Longo, of the controversial Coalition for Better Government group, made no apologies for going to bat for his people. "All my guys were qualified," Longo said.

Charles Bowen, who retired two years ago as Daley's liaison to black ministers, appears frequently as a sponsor.

"It wasn't for any benefit for me. It was because I thought somebody deserved a position," Bowen said.

"Why would I apologize for doing something I think is right? I wouldn't apologize for that. Absolutely not."

Contributing: Abdon M. Pallasch, Natasha Korecki

Ex-agent Testifies To Probe Of Bulger (BOS)

By Shelley Murphy, Globe Staff

The Boston Globe, June 20, 2006

Says Senate chief targeted in '83 case

A retired FBI official testified yesterday that then-Massachusetts Senate president William M. Bulger was the target of a 1983 FBI investigation that was compromised by leaks while his gangster brother, James ``Whitey" Bulger, was an FBI informant.

Robert Fitzpatrick, who was an assistant special agent in charge of the FBI's Boston office from 1981 to 1986, said the FBI wanted to ``get" three of the state's top politicians at the time: House majority whip Vincent J. Piro , House Speaker Thomas W. McGee , and Bulger.

``He was the target, I believe," said Fitzpatrick, referring to William Bulger. But there was ``a leak situation, and it got tanked," he said. ``It just went down the tubes."

Piro, a Somerville Democrat, accepted a $5,000 bribe in 1983 from an undercover FBI agent posing as a mall developer trying to get liquor licenses, then returned it three weeks later. The bribe was to ensure Legislative approval of the licenses. Piro was recorded on tape saying some of the money would be used to ``grease a few guys." Piro argued government entrapment at trial and was acquitted of conspiracy and extortion charges.

A witness at Piro's 1985 trial testified that Piro had demanded upfront money because ``I need to consider some people, like the speaker." McGee denied any involvement. He was never charged. No evidence surfaced against Bulger. Yesterday, Fitzpatrick didn't elaborate on why the FBI targeted him.

Boston lawyer R. Robert Popeo , who represented Piro in the criminal case and represented William Bulger on unrelated matters in the 1980s, called Fitzpatrick's testimony ridiculous and said William Bulger's name has never previously been linked to the Piro case.

``It's absolutely ridiculous to suggest that Bill Bulger would have been involved in anything that would have amounted to impropriety, let alone a matter that would have been the subject of an investigation of this type," Popeo said.

Prosecutors contended that Piro returned the bribe because he was tipped off to the true identity of the FBI undercover agent. On the stand, Fitzpatrick said the investigation was among nine in the FBI's Boston office during his tenure that he believed were compromised by leaks to Whitey Bulger, other informants, or others outside the office.

Popeo said, ``Nothing came to our attention prior to trial, during the trial, or after the trial that gives any validity to any suggestion that [Piro] was the beneficiary of any leak."

Yesterday was Fitzpatrick's fifth day on the stand in US District Court in Boston, where he is testifying in a $50 million wrongful death suit brought against the government by the family of John McIntyre , a Quincy fisherman. The family says the government negligently caused McIntyre's death by mishandling Stephen ``The Rifleman" Flemmi and Whitey Bulger, both longtime FBI informants.

Flemmi testified earlier that he and Bulger killed McIntyre on Nov. 30, 1984, after their handler, FBI agent John J. Connolly Jr. , warned them that McIntyre was cooperating against them. McIntyre had implicated the gangsters in an unsuccessful effort to ship weapons to the outlawed Irish Republican Army aboard the Valhalla, a Gloucester trawler.

Flemmi is serving a life sentence for 10 murders, including that of McIntyre.

Bulger, who is wanted for 19 killings, has been a fugitive since 1995. Connolly, who was convicted of racketeering in 2002, is serving a 10-year prison term.

Fitzpatrick, who had urged his superiors to drop Bulger as an informant in the 1980s, testified yesterday that he also wrote a letter to the FBI's third in command at headquarters in 1983, complaining about ``malfeasance" in the bureau's Boston office. He said he never received a response to his letter.

Fitzpatrick said he was concerned that Whitey Bulger, who was being eyed by the FBI as a suspect in at least three murders by 1983, was getting leaks from Connolly about ongoing investigations.

Earlier yesterday, Emily McIntyre, 77, of Quincy, spent an hour on the stand, sobbing uncontrollably at times as she clung to a photograph of her son, John McIntyre.

Justice Department lawyer Bridget Bailey Lipscomb grilled Emily McIntyre about her son's character, asking her if she knew he had allegedly abused his wife and had been charged with drunk driving and assault in the years before his slaying.

``No, I don't know that," Emily McIntyre said repeatedly, defending her son's reputation. ``He was such a beautiful person."

Judge Orders FBI To Turn Over Agent's Desperate Letter (BOSH)

By Laurel J. Sweet
Boston Herald, June 20, 2006

Federal Judge Reginald C. Lindsay has ordered attorneys for the FBI to turn over a tell-all letter penned to the agency's second-in-command 23 years ago by a desperate manager in Boston.

After only two years as assistant special agent in charge of Boston, Robert Fitzpatrick testified yesterday at a Quincy family's $50 million wrongful death suit, he was at his wit's end in 1983 when he decided to confide in a friend at headquarters.

The family of John McIntyre, 32, a government witness murdered by James "Whitey" Bulger in 1984, has accused the FBI of being complicit in his death.

Because Fitzpatrick "wasn't getting anywhere" with formal complaints of malfeasance and obstruction of justice, he said, "I outlined my grievances" to Lee Caldwell about FBI agents destroying investigations with "severe leaks" to mob informants like Bulger. Caldwell was a man he thought he could trust, but Fitzpatrick said, "I never heard back."

FBI To Add Agents To Wales Case (SEAPI)

By Paul Shukovsky, P-I REPORTER
Seattle Post-Intelligencer, June 20, 2006
New supervisor holds meeting on 2001 killing

The FBI is sending in the cavalry in an attempt to solve the 5 1/2-year-old killing of Seattle federal prosecutor Tom Wales.

A week after the FBI's top brass removed the Seattle office from management of the investigation, its new manager -- Portland Special Agent in Charge Robert Jordan -- announced he's boosting the number of agents and analysts assigned to find the killer.

"This is an extremely important case to us (the FBI)," said Jordan, after emerging from a Monday meeting in Seattle to discuss the case. "We are not going to walk away from this. And we are going to commit as many resources as possible."

FBI officials in Seattle recently cut in half the number of agents assigned to the investigation. A federal criminal justice source said the move reflected a lack of progress in the Wales investigation, and the FBI balanced the resources dedicated to it against other investigative priorities.

A bullet killed Wales on Oct. 11, 2001, as he sat in front of a computer in the basement of his Queen Anne home. The killing shocked his colleagues at the U.S. Attorney's Office in Seattle as well as the nation's federal criminal justice establishment.

"We can find no precedent for a federal prosecutor being murdered, perhaps because of his job," Jordan said. "To anyone who carries a gun and a badge, it's a visceral case."

There had been four agents assigned to the case before Seattle FBI Special Agent in Charge Laura Laughlin cut that to two agents in May.

Jordan wouldn't reveal the numbers of agents who will ultimately be assigned to the investigation, but said it would be more than four. One of Jordan's agents in Portland with extensive cold-case, homicide experience will be assigned to help find the killer.

Quick to assert "this is not a cold case," Jordan said there are several promising leads that could pave the way to the murderer.

Jordan said he was grateful for the continued commitment of the Seattle Police Department in trying to track down the killer.

"Chief (Gil) Kerlikowske offered up as many resources as we need," Jordan said. "We're going to be taking him up on that."

There has been a Seattle police detective assigned to work in partnership with the four FBI agents. That number will likely increase, he said.

"In this ongoing investigation, we'll assist them in any way we can to bring this killer to justice," Kerlikowske said Monday.

Day-to-day management of the agents will be provided by one of Jordan's Portland supervisors who will be moving to Seattle.

Present at the meeting Monday were Kerlikowske, King County Deputy Prosecutor Roger Davidheiser, special federal prosecutor Steven Clymer, and some of the investigators working the case.

Jordan would not name the agents who will be assigned to the case, but said at least one of the agents previously assigned to the investigation will continue with it in order to provide continuity. Federal criminal justice sources said two agents currently assigned will remain on the job.

Jordan said discussion at the meeting included "what are the leads we should let go of and what are the leads we should pursue."

"It's an exciting opportunity to take another look at this case -- a very important case." Jordan said. "You need a fresh set of eyes -- a fresh focus is always a good thing."

P-I reporter Paul Shukovsky can be reached at 206-448-8072 or paulshukovsky@seattlepi.com.

Two Officers In Bribery Scheme Plead Guilty (AP)

By The Associated Press

AP, June 20, 2006

CHARLOTTESVILLE, Va. -- Two former Charlottesville police officers accused of taking bribes of sexual favors and cash to ignore illegal activities at a strip club pleaded guilty Monday to lying to federal agents about having sex with a teenager and covering up a traffic offense.

Roy Fitzgerald, 46, and Charles Saunders, 47, will be sentenced on Sept. 22.

The officers declined comment Monday.

The pleas were part of a deal announced last week; Fitzgerald, a 15-year veteran and Saunders, with the department since 1999, will no longer face bribery, conspiracy and witness tampering charges.

The officers were accused of ignoring illegal activities involving to Charles Phillips, the manager of the now-defunct Max nightclub, starting as far back as 1996.

In one incident, authorities said Saunders had sex with a blindfolded 16-year-old girl at the home of Phillips' associate, Jason Madison. Other times, authorities said the officers would watch nude dancers at the club after hours while in uniform and on duty.

Assistant U.S. Attorney Thomas J. Bondurant Jr. said in exchange, the officers protected Phillips from prosecution for traffic offenses and warned him about a prostitution investigation, exposing an undercover officer in the process.

During an FBI and Virginia State Police investigation, Bondurant said Saunders lied about intervening with another officer concerning the traffic offense.

The men have resigned from the department.

Two Ex-officers Plead Guilty (RTD)

By Carlos Santos, TIMES-DISPATCH STAFF WRITER

Richmond Times Dispatch, June 20, 2006

They lied to FBI in Charlottesville probe into police corruption

CHARLOTTESVILLE -- Two former Charlottesville police officers pleaded guilty yesterday in a federal court to felony charges after an investigation into corruption at the police department.

As part of a plea bargain, Charles Saunders and Roy Fitzgerald each entered guilty pleas to one felony count of making a false statement to a federal agent.

Saunders, 47, and Fitzgerald, 46, have resigned from the police department, city spokesman Ric Barrick said yesterday.

U.S. District Court Judge Norman K. Moon accepted the guilty pleas from Saunders and Fitzgerald after a brief summation of the evidence against them from Assistant U.S. Attorney Tom Bondurant.

Bondurant said the two men accepted sexual favors and sexually explicit entertainment from women provided by the manager of a now-defunct nightclub in exchange for overlooking illegal activities at the club.

Bondurant said the men, who worked the night shift, attended after-hour events at the nightclub in uniform. Bondurant said the men even tipped off the club's manager to a city undercover operation looking into prostitution.

At one point, the two former officers gave false statements to FBI agents investigating the corruption, Bondurant said.

Indictments on charges of bribery, conspiracy and witness tampering were dropped as part of the plea bargain.

The two men, veteran police officers with more than 10 years on the force, will be sentenced next month by Moon. They could receive up to five years in prison.

Justices Draw A Line On What Evidence Is Admissible (USAT)

By Joan Biskupic

USA Today, June 20, 2006

WASHINGTON — An alleged crime victim's emergency 911 call can be used at trial even if he or she does not testify and undergo cross-examination, a unanimous Supreme Court ruled Monday.

However, by an 8-1 vote, the justices also ruled that if an alleged victim recounts an incident to police at the scene after it occurs, the account cannot be used at trial unless the defendant is able to cross-examine the accuser.

The pair of rulings in cases from Washington and Indiana addressed the Sixth Amendment right of confrontation, which ensures that a defendant may closely question witnesses against him or her. In 2004, the court had barred the use of “testimonial” statements at trial unless the witness was unavailable or had been cross-examined earlier.

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In Monday's cases, the justices defined “testimonial” by drawing a line between statements made in emergency situations — which the court said could be permitted as evidence at trial without cross-examination — and statements gathered later by police “to establish or prove past events,” which the court barred without cross-examination.

In the Washington dispute, Michelle McCottry had told a 911 operator that her former boyfriend was attacking her: “He's here jumpin' on me again. …. He's usin' his fists.” McCottry told the operator that the assailant's name was Adrian Martell Davis. When Davis was tried for felony violation of a domestic no-contact order, prosecutors offered McCottry's statement as evidence. She did not testify. Lower courts rejected Davis' claim that the admission of the 911 recording violated his constitutional rights.

Writing for the court, Justice Antonin Scalia said statements made to authorities responding to an “ongoing emergency” should be allowed as evidence.

In the Indiana case, Amy Hammon was questioned by police officers who had responded to a report of domestic disturbance at her home. She signed a report that said her husband, Hershel Hammon, had hit her in the chest and shoved her to the floor.

Scalia said a trial judge erred in allowing the wife's report to be used as evidence at her husband's domestic battery trial. Scalia said the report, given when there was no immediate threat, was “testimonial.” Justice Clarence Thomas dissented.

Also Monday, the justices offered a series of opinions that, for now, will let U.S. regulators continue to block development on wetlands even when the lands are far from rivers and other navigable waters.

For the court, the issue in two cases from Michigan was the extent to which the Clean Water Act protects wetlands adjacent to non-navigable tributaries that eventually drain into rivers and lakes. No clear rule emerged in the court's opinions, and lower-court judges will be left to decide whether long-standing federal protections for hundreds of millions of acres of wetlands should be curtailed.

Four conservative justices — Scalia, Thomas, Chief Justice John Roberts and Justice Samuel Alito — sought to narrowly define wetlands and reduce the power of the Army Corps of Engineers to regulate development and the discharge of pollutants. The justices would limit protected wetlands to those adjacent to permanent standing or continuously flowing bodies of water. They said a lower court should reconsider its decision allowing the corps to deny permits to property owners for a shopping mall and condominiums.

The court's four most liberal justices — David Souter, Stephen Breyer, Ruth Bader Ginsburg and John Paul Stevens — signed a dissenting opinion that stressed the importance of deferring to the corps and its goal of preserving wetlands. They said they would have affirmed the lower-court ruling that sided with regulators against developers.

The ninth justice, Anthony Kennedy, agreed with Scalia that there should be a new hearing in the cases, but he offered a legal standard more favorable to environmentalists. Kennedy said the corps should be able to protect wetlands whose ecological health is linked to that of rivers and lakes. Kennedy also said evidence in the Michigan cases suggested the corps was right in denying the building permits.

Georgetown University professor Richard Lazarus, an environmental law specialist, said the decisions inject “tremendous uncertainty into wetlands regulations. It will present great challenges for regulators and for landowners.”

Absent Accusers' 911 Calls Ruled Admissible (WP)

By Charles Lane

The Washington Post, June 20, 2006

The Supreme Court issued new guidelines on the use of evidence from witnesses who cannot or will not testify in person yesterday, ruling that information conveyed to 911 emergency operators may be admitted in criminal cases while statements to police officers in calmer settings may not.

Yesterday's opinion was a much-anticipated follow-up to a 2004 case in which the court, invoking the constitutional right of a defendant to confront his accusers, put new limits on the admissibility of testimony by witnesses who had not been cross-examined and could not or would not repeat their stories in front of a jury.

At issue was the meaning of the "confrontation clause" of the Sixth Amendment, which guarantees defendants' right "to be confronted" with the witnesses against them. The 2004 ruling was considered one of the court's most important on criminal law in recent years, because it overturned precedent that had said an unavailable witness's out-of-court statement could be admissible if a judge found it clearly trustworthy.

Yet the 2004 decision, Crawford v. Washington , did not define "testimony," and yesterday's decision was intended to fill that gap.

In an opinion by Justice Antonin Scalia, the court analyzed two situations, both involving charges of domestic violence.

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Michelle McCottry and Amy Hammon were both alleged victims of domestic violence. McCottry called 911 to report a beating that her boyfriend had just administered; Hammon gave an account of a fresh attack by her husband to police who came to her home.

McCottry and Hammon did not testify at the men's trials; the state won convictions anyway, based in part on the women's statements.

Scalia wrote that the 911 call containing McCottry's accusations against her boyfriend, Adrian Davis, could be used to convict him even though she did not come to court, because the "primary purpose" of the call was "to meet an ongoing emergency."

By contrast, Scalia wrote, answers Hammon gave to a police officer after an alleged incident of abuse by her husband, Hershel, were not admissible without her coming to court, because the emergency was over, and the primary purpose of the police officer's questioning of Amy was to "establish or prove past events potentially relevant to a later criminal prosecution."

In both cases -- Davis v. Washington , No. 05-5224, and Hammon v. Indiana , No. 05-5705 -- all the justices except Clarence Thomas concurred.

He dissented in the Hammon case, saying that Amy Hammon's statement should also have been admissible, and that the court's proposed distinction based on the "primary purpose" of police questioning would be "difficult for courts to apply."

The cases had attracted attention because of their implications not only for domestic-violence cases but all criminal cases in which prosecutors seek to introduce past accusations by people who, whether out of fear or any other reason, cannot or will not repeat their charges in open court.

Adrian Davis and Hershel Hammon, who said the Sixth Amendment requires the state to bring its witnesses to court, put them under oath and allow them to be cross-examined, were supported by the American Civil Liberties Union, the National Association of Criminal Defense Lawyers and the D.C. Public Defender Service.

On the other side, voicing concerns about witness intimidation, particularly in domestic-abuse cases, were the states of Indiana and Washington, supported by the Bush administration; 27 other states, including Maryland; the National Network to End Domestic Violence; and the National District Attorneys Association.

The court's resolution of the issue drew positive comments from both sides yesterday.

"This puts real teeth into the notion that fair trials require live testimony in front of jurors," said Timothy P. O'Toole, chief of the Special Litigation Division of the District's Public Defender Service.

Fernando R. LaGuarda, who co-wrote a friend-of-the-court brief on behalf of several domestic-violence advocacy organizations, praised the decision for its "tremendous clarity on 911 calls."

At oral argument, Justice Ruth Bader Ginsburg had voiced specific concerns about the potential impact of the case on domestic violence victims, and the court's opinion included a section noting that "this particular type of crime is notoriously susceptible to intimidation or coercion of the victim to ensure she does not testify at trial."

Thus, the court noted, courts should be empowered to admit out-of-court statements from victims when there is evidence that the alleged perpetrator is guilty of witness intimidation.

No Bond For Alleged Mob Figure (CHIT)

By Jeff Coen, Tribune Staff Reporter

Chicago Tribune, June 20, 2006

Suggesting that Frank Calabrese Sr. is a danger to anyone who might testify against the Outfit, a federal judge on Monday refused to grant bail to the reputed mob lieutenant.

Calabrese, 69, linked by authorities to 13 slayings, will remain incarcerated before he and others named in the Operation Family Secrets case are tried next spring, U.S. District Judge James Zagel ruled.

"Defendant perceives himself, as he made clear in several statements, to be a loyal member of an organization that engages in criminal acts and whose members obey the orders of their superiors under pain of death," the judge wrote. "If released, there is a distinct possibility that he will attempt to deprive the prosecution of as many living witnesses as he can to comply with such orders."

Calabrese's brother Nicholas is cooperating and has tied Calabrese to some of the killings, Zagel noted. His son, Frank Calabrese Jr., secretly recorded him discussing his past.

In a hearing last week, prosecutors played tapes of Calabrese talking about a ceremony where he became a made member of the mob, as well as the murders of Michael Albergo in 1970, William and Charlotte Dauber in 1980, and Richard Ortiz and Arthur Morawski in 1983.

"While in theory defendant could offer innocent explanations for these conversations, it is difficult to imagine what they might be," the judge wrote. The evidence against him is strong, increasing the likelihood of flight, he wrote.

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Calabrese's lawyer, Joseph Lopez, said Calabrese is eager to face his accusers in court. On Monday Lopez said he was not surprised by the judge's ruling.

He had joked to the court last week that arguing for Calabrese's bail was like trying to get Ray Charles a driver's license.

"Ray Charles ain't driving," he said Monday.

jcoen@tribune.com

Ex-Stock Picker Gets Prison Sentence (LAT/AP)

By Associated Press

The Los Angeles Times, June 20, 2006

NEW YORK — A former stock picker who teamed up with a rogue FBI agent in a scheme to manipulate stocks was sentenced Monday to more than 11 years in federal prison.

Anthony Elgindy also was ordered by U.S. District Court Judge Raymond Dearie to forfeit $1.5 million

Elgindy, of San Diego, was convicted in January 2005 of racketeering, conspiracy and securities fraud.

He and four others were charged in May 2002 in U.S. District Court for the Eastern District of New York with securities fraud, extortion and obstruction of justice.

Federal prosecutors accused FBI special agent Jeffrey Royer of New Mexico of leaking details of investigations and executives' criminal histories to Elgindy.

Elgindy shorted penny stocks, then drove down their prices by publicizing damaging information he received from Royer. He also extorted companies by offering to withhold the information in exchange for cash.

Royer was found guilty of racketeering conspiracy, securities fraud and obstruction of justice.

Judge Sentences Trader Elgindy To More Than 11 Years In Jail (WSJ)

A Wall Street Journal Online News Roundup

The Wall Street Journal, June 20, 2006

NEW YORK -- A federal judge sentenced short-seller Anthony Elgindy to more than 11 years in prison for his role in a scheme to manipulate the stocks of small-cap companies.

In addition to the prison term of 135 months, U.S. District Court Judge Raymond Dearie ordered Mr. Elgindy to forfeit $1.5 million.

Mr. Elgindy was convicted in January 2005 of racketeering, conspiracy and securities fraud. He and four others were charged in May 2002 in U.S. District Court for the Eastern District of New York with securities fraud, extortion and obstruction of justice.

Federal prosecutors accused Mr. Elgindy of using confidential government information obtained from Federal Bureau of Investigation special agent Jeffrey Royer to manipulate stock. Mr. Royer was found guilty of racketeering conspiracy, securities fraud and obstruction of justice.

Mr. Elgindy rose to prominence in the late 1990s as a frequent message poster on Internet stock chat sites, such as Silicon Investor. He subsequently started a private chat site where members paid a fee to obtain his stock insights, which mostly focused on shorting securities. Short selling is a trading technique that produces profits when a company's stock price falls. Shorting a stock can be perfectly legal -- depending on how it is done.

Man Gets 17 Years For Investing Scam (MH)

By Roberto Santiago

The Miami Herald, June 20, 2006

Con artist Charles Paul Hoffecker, who with a partner fleeced more than 1,000 investors out of $14 million in a huge boiler-room operation, was sentenced Monday to 17 years in prison.

U.S. District Judge Katherine Hayden in Newark sentenced Hoffecker, 53, of Pompano Beach.

His partner in crime, Charles Edward Meyers, 66, of Fort Lauderdale, will be sentenced June 26.

They will also have to pay $2.6 million in restitution to their victims.

Robert Kirsch, an assistant U.S. attorney in New Jersey who helped prosecute the case, said Monday's sentencing was long and emotional, with Hoffecker and his family pleading for mercy.

The two were found guilty last March of ripping off people who believed they ran Amitex Investment Services Ltd., a Bahamian company that bought and stored precious commodities like gold and silver.

Amitex was actually a one-room office in the Bahamas. The money-generating sales pitches were done in boiler rooms they ran in New York, Nevada, California, Georgia and Florida, Kirsch said.

He said the largest Amitex boiler room was in an office on Commercial Boulevard in Fort Lauderdale.

A boiler room is a base of operations -- often a rented office or a home basement -- from which con artists run phony telemarketing schemes.

Hoffecker and Meyers were caught as part of a 10-year investigation by the FBI and the U.S. Postal Inspection Service.

To nab them, authorities set up their own boiler room, called Commodities Investors Corp., in East Brunswick, N.J.

A press release from the New Jersey state attorney's office said that Hoffecker tried to ``recruit the operators of CIC to sell the Amitex investment."

Supreme Court Upholds California's Searches Of Parolees (CSM)

By Warren Richey

The Christian Science Monitor, June 20, 2006

WASHINGTON

Parolees in California do not enjoy a constitutional right to be free from suspicionless searches by law-enforcement officials.

Instead, they can be searched at any time, even when officials have no reason to believe that they may be involved in wrongdoing.

In an important privacy ruling with major implications for individuals on parole, the US Supreme Court voted 6 to 3 Monday to uphold a California law that requires all state prisoners to agree as a condition of release that they consent to warrantless searches by law enforcement.

"Examining the totality of the circumstances pertaining to petitioner's status as a parolee ... we conclude that petitioner did not have an expectation of privacy that society would recognize as legitimate," writes Justice Clarence Thomas in the majority opinion.

The state, Justice Thomas writes, has substantial interests in supervising parolees because they are "more likely to commit future criminal offenses."

He adds: "That some states and the federal government require a level of individualized suspicion is of little relevance to our determination whether California's supervisory system is drawn to meet its needs and is reasonable, taking into account a parolee's substantially diminished expectation of privacy."

In a dissent, Justice John Paul Stevens writes that suspicionless searches are the kind of improper government action the Fourth Amendment was intended to prevent.

"What the court sanctions today is an unprecedented curtailment of liberty," Justice Stevens writes in a dissent joined by Justices David Souter and Stephen Breyer. "Combining faulty syllogism with circular reasoning, the court concludes that parolees have no more legitimate an expectation of privacy in their persons than do prisoners."

The decision stems from an incident on Sept. 6, 2002, in which a San Bruno, Calif., police officer happened upon Donald Samson. Mr. Samson was walking in a residential area with a friend and her 3-year-old son.

The officer, Alex Rohleder, knew Samson was on parole. He thought a warrant may have been issued for Samson's arrest. He conducted a pat-down search of Samson for weapons.

Officer Rohleder found no weapons and discovered from his dispatch officer that Samson was not wanted on any outstanding warrant. Nonetheless, the officer conducted a second, more thorough search. He found a plastic baggie containing methamphetamine inside a cigarette box in Samson's pocket. Rohleder then placed him under arrest for drug possession.

Samson's lawyer asked a judge to suppress the prosecutor's use of the drugs as evidence because they were the product of an illegal search. The judge disagreed. Samson was convicted and sentenced to seven years in prison. The state appeals court upheld the conviction, and the California Supreme Court declined to take up the case.

In affirming the conviction, Thomas said that people released from prison on parole are subject to a long list of terms and conditions that restrict their freedom, including mandatory drug testing and rules that prohibit them from associating with felons or gang members. Parolees must also report to parole officers and request permission to travel more than 50 miles from home.

"The extent and reach of these conditions clearly demonstrate that parolees like petitioner have severely diminished expectations of privacy by virtue of their status alone," Thomas writes.

Stevens says in his dissent that the high court's precedents had recognized a higher level of privacy protection for parolees than prison inmates. He says Monday's decision "runs roughshod" over those prior holdings.

"Once one acknowledges that parolees do have legitimate expectations of privacy beyond those of prisoners, our Fourth Amendment jurisprudence does not permit the conclusion, reached by the court here for the first time, that a search supported by neither individualized suspicion nor 'special needs' is nonetheless 'reasonable,' " Stevens writes.

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Supreme Court Rules That Parolees Can Be Searched Without Cause (LAW/AP)

By Toni Locy, The Associated Press

AP, June 20, 2006

California parolees can routinely be searched by police as a condition of their release from prison, the Supreme Court ruled Monday.

By a 6-3 vote, justices said the 1996 law is a legitimate attempt by state officials to deal with a large population of repeat offenders who pose a danger to public safety.

Justice Clarence Thomas, writing for the majority, said California has a "special governmental interest" to control its parolees, an interest that outweighs a parolee's privacy.

In California, most prisoners eventually receive parole. But before release, each parolee is required to consent in writing to searches by police during the term of their supervision. If they refuse, they are not allowed out of prison.

Under the law, police can conduct such a search as long as it is not arbitrary, capricious or conducted to harass the parolee.

Thomas said parolees do not have any "expectation of privacy that society would recognize as legitimate" because of the danger posed by California's large recidivist population.

"The state's interests, by contrast, are substantial," Thomas wrote, citing a 68-to-70 percent recidivism rate among California's parolees.

But Justice John Paul Stevens, writing in dissent, said the majority had "run roughshod" over previous court rulings on unreasonable searches and improperly allowed California to create another form of punishment for its prisoners.

"What the court sanctions today is an unprecedented curtailment of liberty," Stevens wrote on behalf of himself and Justices David Souter and Stephen Breyer.

Stevens wrote that California has given its police "a blanket grant of discretion untethered by any procedural safeguards."

Only California allows parolees to be searched for no specific reason. Thirty other states and the federal government require parolees to submit to searches, but there must be reasonable grounds for the search to occur.

In September 2002, a San Bruno, Calif., police officer spotted Donald Samson walking down a street with a woman and her 3-year-old son. The officer knew Samson was a parolee and suspected there was a warrant out for his arrest on a parole violation.

The officer searched Samson, who then told him that the warrant had been "taken care of." After confirming Samson's assertion, the officer searched him again. Inside a cigarette box Samson was carrying, the officer found a plastic baggie containing methamphetamine.

Samson was not charged with a parole violation. Instead, he was charged with drug possession, convicted and sentenced to seven years in state prison.

California's Court of Appeal upheld Samson's conviction, rejecting his argument that a suspicionless search of a parolee violated the Fourth Amendment.

The case is Samson v. California, 04-9728.

Court OKs Random Searches Of Parolees (CNN)

By Bill Mears, CNN Washington Bureau

CNN.com, June 20, 2006

WASHINGTON (CNN) -- The Supreme Court ruled Monday that police may randomly search criminal parolees, continuing the deference it has shown law enforcement since the terrorist attacks of September 11, 2001.

The 6-3 ruling keeps in place a California law allowing such searches even when there is no clear evidence or suspicion of wrongdoing.

Writing for the majority, Justice Clarence Thomas noted, "As the recidivism rates demonstrate, most parolees are ill prepared to handle the pressures of reintegration. Thus most parolees require intense supervision."

He added, "A requirement that searches be based on individualized suspicion would undermine the state's ability to effectively supervise parolees and protect the public from criminal acts by reoffenders."

Upon their release, California parolees must sign a requirement allowing police searches during their supervision. Failure or refusal to sign means they must stay behind bars.

Thomas rejected complaints that parolees are being singled out and suffer an unconstitutional diminished right of privacy.

The ruling was supported by Chief Justice Roberts, and Justices Clarence Thomas, Anthony Kennedy, Ruth Bader Ginsburg, and Samuel Alito.

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The case involves Donald Samson, paroled in 2003 after a firearms felony conviction. A San Bruno police officer knew Samson was on parole when he observed him walking down a street.

The officer, after determining there were no outstanding warrants on Samson, began a search of him.

Methamphetamine was found in a pocket and Samson went back to prison for seven years.

Dissenting was Justice John Paul Stevens, who acknowledged parolees do not have protection "as robust as that afforded ordinary citizens."

But, he wrote, the court's past decisions do not support "a regime of suspicionless searches."

The Samson case was one of two search-and-seizure appeals from California argued this term. The justices in March unanimously allowed to stand the conviction of a man who bought video showing minors engaged in sex acts.

The Bush administration Justice Department and law enforcement agencies around the country have asked the courts for greater powers to conduct searches of homes and cars, along the borders, and at sobriety and neighborhood crime checkpoints.

The federal government in some cases has raised the increased threat of domestic terrorism since 9/11 as a reason for more crime-fighting discretion.

The majority-conservative Supreme Court has generally been supportive of such efforts, but has not been shy about limiting such powers when the justices felt they overstep constitutional boundaries.

School Janitor Pleads Guilty To Making Peephole Films In Women's Rest Room (PPG)

By Torsten Ove, Pittsburgh Post-gazette

Pittsburgh Post-Gazette, June 20, 2006

Nobody knew what janitor Phillip Winkle was up to until the day in early February when two other janitors at Center Area Middle School wondered what he was doing by himself in a dark storage room.

It turned out he was making his own child pornography collection using a peephole camera he installed to record 600 video images of girls and women using the toilet.

That's going to cost him 10 years in federal prison.

Yesterday in U.S. District Court, he waived indictment and pleaded guilty to child porn charges and agreed to be sentenced to that likely term in September.

State charges of invasion of privacy, filed in Beaver County Common Pleas Court in February, will be dropped.

Mr. Winkle drilled a hole through the wall that separated the storage room from a girls' bathroom in an isolated part of the school's lower level.

Assistant U.S. Attorney Stephen Kaufman said Mr. Winkle installed a camera that looked into one stall, sometimes operating it manually and other times setting it to record automatically.

The bathroom served a small number of classrooms and tended to be used by both staff and students.

From July 2005 until February, he made 131 recordings of female faculty and another 40 of girls using the toilet. Most of the girls were about 12, Mr. Kaufman said, but "one girl was so young she had to lift herself up onto the toilet seat."

Most of the recordings included sound, and in some cases Mr. Winkle made slow-motion images. In all, he downloaded 600 images onto two computers at his house.

He apparently maintained the collection for his own use, as there was no evidence he distributed any of the videos. None of the images show sex acts, but they qualify as child pornography under federal law.

After the two suspicious janitors caught him, Mr. Winkle confessed to Center police, who charged him with invasion of privacy and called the FBI.

Since federal child-porn laws are harsher than state charges, prosecutors decided to bring the case in federal court.

Mr. Winkle's lawyer, Gerald Benyo, and the U.S. attorney's office stipulated to the statutory maximum of 10 years.

U.S. District Judge Arthur J. Schwab doesn't have to abide by that stipulation but almost certainly will.

Mr. Winkle is free on $10,000 bond until his sentencing.

Perpetrator Problem: It's Hard To Run Away In Falling Trousers (WSJ)

By Serena Ng

The Wall Street Journal, June 20, 2006

One sunny afternoon in January, Vicki Chandler, a 55-year-old underwriting associate at Cigna HealthCare in Chattanooga, Tenn., was walking to her car when a teenager in loose khaki pants approached her, pointed to her pocketbook and said, "I need that." As she recounts the incident, he snatched the purse and took off.

But then he ran into trouble. As he ran, his loose trousers slipped down below his hips. As he reached down to hold them up, the teen was forced to throw the purse aside.

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"That boy, he could run fast but he got caught up by his pants, which were real big and baggy," says Ms. Chandler, whose purse was retrieved by a parking attendant who had heard her cries for help.

It's a problem for perpetrators. Young men and teens wearing low-slung, baggy pants fairly regularly get tripped up in their getaways, a development that has given amused police officers and law-abiding citizens a welcome edge in the fight against crime.

James Green might have made a clean getaway when he stole seven DVDs from a Blockbuster store in Ferndale, Mich., last October. But he, too, was undone by his baggy pants.

Mr. Green, 30, rode away on a bicycle, with copies of "Donnie Brasco," "The Bourne Identity" and "Sin City." When a patrol car knocked over the bike, he fled on foot. As he ran, his trousers slipped down past his hips, and he tripped. He hitched up his pants and ran a few more yards before falling again.

Things got worse and worse for Mr. Green. He finally kicked off his pants and shoes and "ran into the yard of 1720 Beaufield," police officer Kenneth Jaklic said in a report of the incident. "I ran after [Mr. Green], yelling at him to stop." Instead, Mr. Green jumped over a fence behind a garage, and Mr. Jaklic immobilized him with two Taser darts in the back.

Mr. Green pleaded guilty to charges of resisting arrest and retail fraud and spent 30 days in jail. He could not be located for comment.

Denny Fuhrman, a 58-year-old police officer in Lynnwood, Wash., was escorting a handcuffed suspect to his patrol car one afternoon in 2004 when the youngster twisted free and took off running.

As he bolted, the baggy blue jeans he was wearing fell down around his ankles, sending him tumbling onto the pavement of a busy street. "He was rolling around in traffic, looking like a fish out of water," recalls Mr. Fuhrman.

Mr. Fuhrman's suspect wiggled out of his trousers before getting up from the street and running toward a nearby mall, as the police officer radioed a description to his colleagues: "White male, running, no pants, in handcuffs," Mr. Fuhrman recalls saying. The young man was arrested at the entrance of a J.C. Penney store after Janice Lewis, a 61-year-old passerby, grabbed his shirt collar and held on to him until police arrived.

"He was pretty wild," says Ms. Lewis, a grandmother of 10 who broke a knuckle during the scuffle. "I didn't even realize he was in his underwear till the police flipped him over."

Police declined to release the full name of the youth, identified only as Jason in written reports, because he was not convicted of a crime in connection with the incident. He had been arrested after allegedly trying to access a bank account that wasn't his.

Low-hanging baggy pants have been a fashion statement for young men for more than a decade, inspired by the advent of beltless prison jeans, says Andy Gilchrist, a California fashion consultant who has written a book on men's clothes. Over time, the tough-guy image associated with oversized trousers helped make the look standard for hip-hop performers, alternative music bands, skateboarders and snowboarders as it migrated from mostly black city streets to affluent white suburbs.

Just about every other week, Jim Matheny, a 41-year-old police lieutenant in Stamford, Conn., says he gets into foot chases with youths. He says it's getting easier to capture them because they can't run fast or far in those loose jeans.

"When I catch them, I tell them they'd do much better if they had pants that fit," says Lt. Matheny, who says he has had to help hold up the pants of his suspects while patting them down to search for drugs or weapons. "It's like: 'Hey dude, buy a belt and save yourself some trouble.' "

Ill-fitting pants aren't suited for jumping, either, as Noah Donell Brown of Hendersonville, N.C., learned. The 24-year-old tried to leap over the counter of a Subway sandwich shop during a robbery attempt, but he stumbled and came crashing down in front of several startled store employees. Mr. Brown, armed with a gun, got up and fled into a nearby residential neighborhood as the police were notified.

Police didn't have to work hard to arrest him. As Mr. Brown tried to scale a picket fence in someone's backyard, he caught his pants, according to the police department. He was found dangling upside down, his pants at his ankles and tangled in the fence.

"He didn't make a good jump," said Hendersonville Police Chief Donnie Parks, who spotted Mr. Brown on the fence. "The only reason we caught the guy was because his pants fell down," he said, adding: "He was wearing underwear, thank goodness."

Hendersonville police used a knife to cut Mr. Brown free. He is currently serving time in prison after pleading guilty to attempted robbery with a dangerous weapon. His lawyer, Greg Newman, who has since become the mayor of Hendersonville, said he had not spoken to Mr. Brown since 2003. Mr. Brown, serving his sentence at Gaston Correctional Center in Dallas, N.C., could not be contacted for comment.

Dwight Oliver showed up for a court hearing in Seminole County, Fla., wearing loose pants and tennis shoes without laces. While waiting for his case to be called, Mr. Oliver tried to flee. He lost his pants as he ran down the steps of the courthouse.

He was later found in gray boxer shorts in a library three blocks from the courthouse and was arrested after a scuffle with police officers. It turned out the charges he was scheduled to face in court that day were dropped. He was slapped with new charges of resisting arrest and sentenced to two and a half years in jail for the incident. He served 17 months and was released in April.

"Those pants certainly didn't help him escape, and if he had just sat and waited, he would have been fine," said F. Wesley "Buck" Blankner Jr., who was Mr. Oliver's lawyer. Mr. Oliver didn't return calls seeking comment. His mother, Alice Oliver, said: "He wears pants like that, but he usually wears a belt."

Karl Franklin tried to run from police in Tallahassee, Fla., in pants that were on fire. According to a police report, the 30-year-old had stashed a lighted cigarette in his baggy pants and appeared to be preparing to urinate at a traffic intersection.

Seth Stoughton, a police officer at the time, approached Mr. Franklin and noticed the man's pocket was smoldering. Mr. Franklin, who could not be reached, started to run, but his pants dropped and tripped him up.

"I tried to slap the fire out, but he was struggling and kicking me, so I couldn't do much but hold him down," recalls Mr. Stoughton, who now works as a fraud investigator. When other officers arrived, they cut off the burning patch of cloth and arrested Mr. Franklin. He was charged with resisting arrest, but he later pleaded guilty to lesser charges and spent 10 days in jail.

CIVIL LAW:

Court To Address Abortion Restrictions (WP)

By Amy Goldstein

The Washington Post, June 20, 2006

The Supreme Court said yesterday that it will broaden its review of whether a federal law banning a controversial abortion method is constitutional, taking the second case in four months that will reveal whether the court has shifted significantly on abortion rights with two new conservative members.

The court agreed to rule next term on a California case in which a federal appeals court struck down the Partial-Birth Abortion Ban Act of 2003, a statute that was a political victory for abortion opponents but that lower courts have been finding unconstitutional.

The court said in February that it would consider a separate case in which a group of Nebraska doctors had challenged the same law. The U.S. Court of Appeals for the 8th Circuit, based in St. Louis, ruled last year that the federal ban is unconstitutional because the law does not provide an exception that would allow doctors to use the abortion technique if a woman's life is in danger.

In accepting the California case, Gonzales v. Planned Parenthood Federation of America , the court essentially agreed to evaluate a wider range of legal issues that the San Francisco-based U.S. Court of Appeals for the 9th Circuit cited last winter when it, too, found the law unconstitutional.

The 9th Circuit found the law posed an undue burden on women because the statute is so vague it could be interpreted to forbid other abortion methods beyond one that is used rarely late in pregnancy. In addition, the 9th Circuit dealt with whether a court could "remedy" the law to permit the procedure when women's health is imperiled, ruling that it could not because lawmakers had deliberately omitted such an exception.

The high court did not say whether it intends to consider the two cases together.

The abortion cases will be the first the court has heard since Justice Samuel A. Alito Jr. joined in February and the second since John G. Roberts Jr. became chief justice last fall. Both men have conservative records and were nominated by President Bush, who favors restrictions on abortion rights, including the "partial-birth" law.

Leading advocates and opponents of such rights said yesterday that the court could use the pair of cases to place significant new limits on women's access to abortion.

"Look, you don't know how anyone is going to rule, but I'm optimistic," said Jay Sekulow, chief counsel for the American Center for Law and Justice, which supports the ban.

Nancy Keenan, president of NARAL Pro-Choice America, said she has "a very, very deep fear" that the court will "eviscerate" Roe v. Wade , the 1973 decision that legalized abortion nationwide. Without striking down Roe , she said, the justices could rule that restrictions on the procedure no longer need to ensure that women can get an abortion if a pregnancy harms their health.

The court last considered the issue of "partial-birth" bans six years ago, when it ruled, 5 to 4, that a Nebraska statute -- similar to laws in many states that had been adopted during the late 1990s -- was unconstitutional, because it lacked a health exception. The deciding vote in that 2000 case was cast by Justice Sandra Day O'Connor, whom Alito has succeeded.

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The Bush administration urged the court to consider the 8th Circuit case. It recommended, however, that the court hold the California case without ruling until the first one is decided. Eve Gartner, senior staff attorney for Planned Parenthood, which brought the lawsuit in California on behalf of the group's clinics and physicians nationwide, said it had asked the high court to take the case.

Supreme Court Adds Second Abortion Case To Docket (FINDLAW/AP)

AP, June 20, 2006

(AP) - WASHINGTON-The Supreme Court said Monday it would consider a second Bush administration appeal that seeks to reinstate a government ban on what opponents call partial-birth abortion.

Justices had already said they would decide this fall whether the law is unconstitutional.

The court will review a pair of cases from lower courts, which both struck down the law. Those courts are the 8th U.S. Circuit Court of Appeals in St. Louis and the 9th U.S. Circuit Court of Appeals in San Francisco.

Congress had voted in 2003 to prohibit the type of abortion, generally carried out in the second or third trimester of a nine-month pregnancy, in which a fetus is partially removed from the womb and its skull punctured or crushed. The law was challenged on behalf of physicians who could be sentenced to up to two years in prison for violating the law.

Justice Samuel Alito is expected to be a key vote in the case, because the court had split 5-4 in 2000 in striking down a state law barring the same procedure because it lacked an exception to protect the health of the mother. Justice Sandra Day O'Connor, who was the tie-breaking vote, retired in January was replaced by Alito.

On the Net:

Supreme Court: http://www.supremecourtus.gov/

Judge Approves Extension For Auto Supplier Delphi To File Reorganization Plan (FINDLAW/AP)

By Vinnee Tong, Ap Business Writer

AP, June 20, 2006

(AP) - NEW YORK-A bankruptcy judge on Monday approved a motion by Delphi Corp. to extend the auto supplier's deadline to exclusively file its reorganization plan, before creditors can weigh in with alternate proposals.

The new deadline for the company is Feb. 1, 2007, and the deadline for responses to the plan is April 2. Judge Robert Drain approved the extension, which is the company's second and moves the filing deadline from Aug. 5.

The company reserved the right to file other extensions if needed.

An attorney for Delphi, John W. Butler, also said the company planned to file a motion later Monday to seek the court's approval of a new concessions deal with Delphi's second-largest union, the International Union of Electronic Workers-Communications Workers of America.

The auto parts supplier announced over the weekend that it had reached an agreement with the IUE-CWA and General Motors to offer buyouts to hourly workers. The deal was similar to the one reached earlier with the United Auto Workers, the largest union representing Delphi employees.

The judge said the matter would be considered in a June 29 meeting.

Under the plan, about 8,000 hourly workers represented by the IUE-CWA are eligible to participate. Some may be offered a lump sum payment of $35,000 (â‚¬27,798) to retire, Delphi said, while eligible employees may decide to accept buyout packages ranging from $40,000 (â‚¬31,769) to $140,000 (â‚¬111,190).

The plan also permits the transition of up to 3,200 Delphi workers represented by the IUE-CWA to GM for retirement purposes, Delphi said.

Also on Monday, the court set at $5 million (â‚¬4 million) the maximum value of creditors' claims Delphi can settle without court approval. Delphi's motion had asked the judge to set that at $20 million (â‚¬15.9 million).

Representatives of the ad hoc creditors committee and the equity committee objected, saying the process needed greater transparency. At the bar date, or deadline for creditors to file claims, Delphi may make a new motion to raise that threshold. The company's bar date is scheduled for July 31.

Lobbying Bill Stuck In Limbo (RC)

By Tory Newmyer

Roll Call, June 20, 2006

Clear progress on a lobbying reform bill continues to elude House and Senate Republican leaders, with the two chambers stalemated over the fate of a controversial provision targeting the independent political groups known as 527s.

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Cracking down on the groups, which historically have favored Democrats, is a top election-year priority for national Republicans. When the House took up legislation to overhaul lobbying, GOP leaders made a point of inserting a provision to sideline 527s. But that plan is running into growing resistance in the Senate, initially from Democrats, but now from some conservative Republicans as well.

Members of both camps are pledging to oppose the provision — with a filibuster if necessary.

"That's a huge roadblock right now," said a senior House Republican aide. "Obviously, House leaders want it really bad, and many Senators don't." Another House aide confirmed that the issue was first among those confronting House and Senate negotiators.

As long as lawmakers engage in a cross-Capitol staring contest over the issue, the long-stalled reform bill will remain idle. House Republican leaders have been predicting quick action on the measure since that chamber approved its version of the bill in early May. But those projections have consistently slid, as agreements on differences between the two bills have proved hard to come by.

The latest deadline — outlined in a joint statement earlier this month by House and Senate Republican leaders — has both chambers wrapping work on a conference agreement by the July Fourth recess. Now, even that goal appears imperiled, with GOP aides predicting little action in the two weeks left of this work period.

While Senate conferees were announced late last month, House negotiators have not yet been named and several insiders said they expect them to be appointed only after the sticky issues have been ironed out.

Sen. Trent Lott (R-Miss.) and Rep. David Dreier (R-Calif.), who chair their respective chambers' Rules panels, have been in frequent consultation in recent weeks. Lott last week predicted a draft conference report could be ready within days.

But while GOP aides said that negotiators are close to agreement on several other contentious issues, including new earmark and disclosure requirements, the matter of the 527 groups doesn't appear much closer to a resolution.

Sen. George Allen (R-Va.) last week complicated what was looking like a partisan showdown in the Senate when he, along with six other conservative Senators, sent a letter to Majority Leader Bill Frist (R-Tenn.) expressing objections to new rules for the groups.

The Senators pointed to First Amendment concerns in opposing a crackdown on the groups. The lawmakers have high-powered backing in that effort from the conservative Club for Growth, itself a 527 group, which has been piling pressure on Republicans to back off new rules. The organization has launched a Free Speech Action Center to gin up opposition to the measure and announced it would award points in its annual rankings to lawmakers who stood with them.

"I think it's clear it will be a tough sell in the Senate because it has nothing to do with lobbying," said David Keating, executive director of Club for Growth.

However, a stark political reality is encouraging Republicans to take action: The current laws, which allow 527s to raise and spend money freely, are providing Democrats a much-needed financial boost. For the first quarter of this year, Democratic-leaning 527 groups specializing in federal campaigns have raised almost three times as much as their Republican counterparts, according an analysis by the Campaign Finance Institute. The groups have collected nearly $43 million as of March 31, compared to just $16 million raised by their GOP rivals.

As the process has dragged on, and with the proposed reforms falling so far short of what reformers have sought, outside watchdog groups have all but washed their hands of the process. They have derided the Senate and House measures as "weak tea" and "warm spit," respectively, and hold out little hope for meaningful improvements during conference negotiations.

Instead, the groups are set to rally around a bill expected this week from Reps. Christopher Shays (R-Conn.) and Marty Meehan (D-Mass.) that will include reform provisions that were dropped or blocked from the leadership-approved overhaul measures.

The bill would create an Office of Public Integrity to oversee compliance with new lobbying rules; require more frequent and fuller disclosures by lobbyists of their activities; ban gifts to lawmakers; and force them to pay fair market value for rides they catch on private planes.

"This will serve as a marker for the reform groups who will be criticizing the conference report," said Public Citizen's Craig Holman.

To try to keep campaign and ethics reform measures front and center in this fall's midterm elections, a coalition of watchdog and issue groups on Wednesday plan to launch a program designed to get Congressional candidates to sign a pledge that they'll support public financing of elections as well as anti-corruption and lobbying reforms, Holman said.

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CIVIL RIGHTS:

Preferential Hawaiian School Admissions Questioned In Court (FINDLAW/AP)

By Mark Niesse, Associated Press Writer

AP, June 20, 2006

(AP) - HONOLULU-A wealthy private school created exclusively for Hawaii's indigenous people may be forced to admit non-Hawaiians if it loses a legal challenge.

Fifteen judges on the 9th U.S. Circuit Court of Appeals will hear arguments Tuesday in San Francisco over whether the Kamehameha Schools can continue to limit enrollment to Native Hawaiians.

The case is an important test of racial preference programs in school admissions.

While the courts have generally ruled against favoritism in education based on race, the Kamehameha case is different in that the school was founded based on the will of a Hawaiian princess and doesn't receive federal funding.

"Her whole intent was to provide a means for educating her people so they could compete in a society that was changing so quickly," said Kekoa Paulsen, a spokesman for Kamehameha Schools. "We are providing a remedy for a ... people in their own homeland who are suffering."

Hawaii was an independent kingdom until a U.S.-backed overthrow of the leaders in 1893. It eventually became a U.S. territory and was made a state in 1959.

A three-judge panel of the circuit court in California initially ruled against Kamehameha's admissions policy with a 2-1 vote in August. But the court announced in February it would reconsider the school's 118-year-old policy.

The lawsuit was filed on behalf of an anonymous white student who was denied admission to the school in 2003 and claimed he was discriminated against because he didn't have Hawaiian blood.

"We've had a lot of conflict, including the Civil War, about treating people differently based on their race. I think we're mostly past that, but unfortunately Kamehameha wants to go back to an era of privilege for citizens depending on what race you are," said Eric Grant, a Sacramento, California, attorney representing the boy, who recently graduated from a public school.

Kamehameha Schools was established under the 1883 will of Princess Bernice Pauahi Bishop as part of a trust now worth $6.8 billion (â‚¬5.4 billion). Part of the school's mission is to counteract historical disadvantages Hawaiians face in employment, education and society.

Kamehameha is the largest private landowner in Hawaii and is one of the richest trusts in the United States.

Admission to the elite school is first granted to all qualified Hawaiian students, and non-Hawaiians may be admitted if there are openings left available. Only one in eight eligible applicants get in, and tuition costs are 60 percent subsidized.

Out of 5,400 students enrolled at the school's three campuses, only two students do not have Hawaiian ancestry. One of those students initially claimed he was Hawaiian, but his acceptance into the school was rescinded when he couldn't prove his bloodline. He was later admitted to the school as the result of a legal settlement.

Attorneys for Kamehameha plan to argue that their admissions policy should be permitted to comply with the wishes of the princess' will and to help remedy some of the wrongs done during the U.S.-backed overthrow of the Hawaiian kingdom, Paulsen said.

"The lands that support Kamehameha Schools ... are designated for a certain set of beneficiaries, and the beneficiaries in this case are the children of Native Hawaiian ancestry," said Jon Van Dyke, a University of Hawaii law professor who consulted for the school. "The Native Hawaiian people have a great need for education. They are still at the bottom of the socio-economic ladder."

A lawyer for the boy countered that claim by saying the school's history isn't relevant to the issue of fundamental fairness.

"You have the school saying, 'Yeah, we discriminate by race, we admit that,'" said John Goemans, a Big Island attorney. "What the hell? That isn't America."

On the Net:

Kamehameha Schools: http://www.ksbe.edu/

9th U.S. Circuit Court of Appeals: http://www.ca9.uscourts.gov/

Federal Judge Tosses $240,000 Verdict In Age Bias Lawsuit (LAW)

By Shannon P. Duffy, The Legal Intelligencer

Legal Intelligencer, June 20, 2006

DOJ_NMG_0035476

Overturning a jury's verdict of more than $240,000 in an age discrimination suit, a federal magistrate judge has ruled that a plaintiff who was fired at the age of 50 failed to prove an essential element of his case because the four workers who assumed his duties had an average age of less than seven years younger than he was.

In his 60-page opinion in Steward v. Sears Roebuck & Co., U.S. Magistrate Judge Thomas J. Rueter concluded that plaintiff Gunnar Steward failed to make out a prima facie case of age discrimination.

The decision is a stunning setback for Steward and his lawyers, Carmen R. Matos of Doylestown, Pa., and George P. Wood of Stewart & Wood in Norristown, Pa., and overturns a jury's award of nearly $93,000 in back pay and $148,000 in front pay.

Matos and Wood argued that after Steward was fired, his duties were taken over by two men in their 30s and one in his mid-40s, with an average age of less than 38, or more than 12 years younger than Steward.

But Rueter sided with Sears and its lawyers -- Sidney R. Steinberg and Robert J. Toy of Post & Schell -- who said the evidence showed that a 60-year-old woman also took over some of his duties.

As a result, Rueter concluded that the average age of the workers who assumed Steward's duties was just 6.75 years -- a difference the judge found to be not enough for a prima facie case.

Rueter's ruling could force the 3rd U.S. Circuit Court of Appeals to revisit a vexing question that often arises in age discrimination suits -- just how much younger must the more favorably treated employee be in order to be deemed "sufficiently younger" than the plaintiff? The answer for courts in the 3rd Circuit, Rueter found, is that a difference of less than seven years is not enough.

Although the 3rd Circuit has held, in a pair of cases handed down in the mid-90s, that eight- and nine-year age differences were sufficient to establish a prima facie case, Rueter found that the appellate court's 2000 decision in Narin v. Lower Merion School District held that a seven-year age difference was insufficient.

Rueter also cited a 2003 decision from the 6th Circuit in Grosjean v. First Energy Corp. that said "the overwhelming body of cases in most circuits has held that age differences of less than 10 years are not significant enough to make out the fourth part of the age discrimination prima facie case."

On appeal, Matos and Wood face a truly daunting challenge because Rueter also said that, as an alternative to granting judgment in favor of Sears, he would at least order a new trial because the verdict was against the weight of the evidence.

And even if they win at the 3rd Circuit on the age difference question, they have a second significant hurdle to clear because Rueter found another fundamental and fatal flaw in Steward's case.

Under the burden-shifting scheme of employment discrimination law, Rueter said, Sears satisfied its burden of offering nondiscriminatory reasons, and the burden then shifted to Steward to prove that the proffered reasons were merely a "pretext" for discrimination.

Rueter concluded that Steward never met that burden, and that failing to do so was a second reason for tossing out the jury's verdict.

"Even if this court were to conclude that plaintiff had established a prima facie case, the court would find that it was a very weak prima facie case established by only the slimmest of margins," Rueter wrote.

"Such a weak prima facie case, coupled with the lack of evidence showing that defendant's proffered reasons for terminating plaintiff were pretextual, would not be sufficient for plaintiff to carry its ultimate burden of proving intentional discrimination."

Matos, in an interview, suggested that the case is likely to be appealed, and that she believes Rueter intruded on the jury's role by resolving factual disputes.

Rueter's 60-page opinion included several fact-intensive sections.

In the section on the age difference issue, Rueter looked at the evidence of precisely how Steward's duties were taken over by other Sears employees after he was fired.

The plaintiff's lawyers argued that a 33-year-old man took over all or most of Steward's duties, with some duties handled by two others aged 35 and 45.

But Sears insisted that it was the 45-year-old who took over for Steward, and that, casting a wider net, the evidence showed the work was spread among four workers ranging in age from 33 to 60.

Likewise, Rueter delved deep into the facts in his analysis of whether Sears had offered valid reasons for the firing and, since it had, whether Steward had mounted a valid attack on the credibility of those reasons.

Sears had faulted Steward for, among other things, failing to complete assigned tasks; and for not responding to customer complaints.

Rueter found that Steward failed to show the reasons were pretextual.

"It is irrelevant if plaintiff thought he had completed all of these tasks correctly," Rueter wrote.

"Plaintiff's belief that the quality of his work was 'A+' or that the work difficulties were not his fault, does not demonstrate such 'weaknesses, implausibilities, inconsistencies, incoherencies or contradictions' in defendant's proffered legitimate reasons for its action that a reasonable fact-finder could rationally find them 'unworthy of credence' and hence infer 'that the employer did not act for [the asserted] nondiscriminatory reasons,'" Rueter wrote.

Critically lacking in Steward's case, Rueter said, was any evidence that Steward's boss did not believe in the reasons he offered for his decision to fire Steward.

S.D. Voters To Decide Fate Of Abortion Ban (AP-Y2)

By Chet Brokaw

AP2, June 19, 2006

Voters will have the final say on South Dakota's tough new law that bans almost all abortions.

Secretary of State Chris Nelson said Monday that the law's opponents had collected enough signatures to put a question on the Nov. 7 ballot asking voters if the law should go into effect as planned or be dumped.

The state's abortion law, among the strictest in the nation, bans the procedure in all cases except when necessary to save a woman's life, with no exceptions for rape or incest.

Supporters hoped it would prompt a court challenge that would give the U.S. Supreme Court an opportunity to overturn its 1973 Roe. v. Wade decision that legalized abortion.

Instead of challenging it in court, opponents, who argue the law is too extreme, gathered enough petition signatures to put the question directly to voters.

A coalition of groups opposed to the law turned in about 38,000 petition signatures on May 30 to put the question on the ballot. The secretary of state's office determined that the petitions contained at least the 16,728 that were required.

The Legislature passed the measure and the governor signed it in March. It was scheduled to take effect July 1 but is now on hold pending the outcome of the public vote.

Both sides pledged Monday to conduct all-out campaigns on the issue.

Leslee Unruh, one of the main promoters of the new law, said the campaign to preserve the ban will seek to convince voters that abortion must be stopped because it harms both unborn babies and the women who have abortions.

"It's probably the loudest cry we've heard," said Unruh, who runs a center that counsels women considering an abortion. "It's because there are so many women who have been harmed by abortion, myself being one of them, who have come together."

Jan Nicolay, a former state lawmaker who led the effort to refer the ban to a statewide vote, said the issue should remain about South Dakota.

"It's no slam dunk. We've got a lot of work ahead of us," Nicolay said. "We'll give it all we've got, I can tell you that."

Pentagon Lists Homosexuality As Disorder (AP)

By Lolita C. Baldor

AP, June 19, 2006

A Pentagon document classifies homosexuality as a mental disorder, decades after mental health experts abandoned that position.

The document outlines retirement or other discharge policies for service members with physical disabilities, and in a section on defects lists homosexuality alongside mental retardation and personality disorders.

Critics said the reference underscores the Pentagon's failing policies on gays, and adds to a culture that has created uncertainty and insecurity around the treatment of homosexual service members, leading to anti-gay harassment.

Pentagon spokesman Lt. Col. Jeremy M. Martin said the policy document is under review.

The Pentagon has a "don't ask, don't tell" policy that prohibits the military from inquiring about the sex lives of service members but requires discharges of those who openly acknowledge being gay.

The Center for the Study of Sexual Minorities in the Military, at the University of California at Santa Barbara, uncovered the document and pointed to it as further proof that the military deserves failing grades for its treatment of gays.

Nathaniel Frank, senior research fellow at the center, said, "The policy reflects the department's continued misunderstanding of homosexuality and makes it more difficult for gays and lesbians to access mental health services."

The document, called a Defense Department Instruction, was condemned by medical professionals, members of Congress and other experts, including the American Psychiatric Association.

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"It is disappointing that certain Department of Defense instructions include homosexuality as a 'mental disorder' more than 30 years after the mental health community recognized that such a classification was a mistake," said Rep. Marty Meehan (news, bio, voting record), D-Mass.

Congress members noted that other Pentagon regulations dealing with mental health do not include homosexuality on any lists of psychological disorders. And in a letter to Defense Secretary Donald H. Rumsfeld on Monday, nine lawmakers asked for a full review of all documents and policies to ensure they reflect that same standard.

"Based on scientific and medical evidence the APA declassified homosexuality as a mental disorder in 1973 — a position shared by all other major health and mental health organizations based on their own review of the science," James H. Scully Jr., head of the psychiatric association, said in a letter to the Defense Department's top doctor earlier this month.

There were 726 military members discharged under the "don't ask, don't tell" policy during the budget year that ended last Sept. 30. That marked the first year since 2001 that the total had increased. The number of discharges had declined each year since it peaked at 1,227 in 2001, and had fallen to 653 in 2004.

Flag Needs Protection (USAT)

By Dianne Feinstein

USA Today, June 20, 2006

On the morning of February 24, 1945 — when I was a 12-year-old girl — I picked up a copy of the San Francisco Chronicle. On its cover, there was a full-page picture of the now iconic Joe Rosenthal photograph of American marines raising the United States flag at Iwo Jima.

For me and for the nation, the photograph was a jolt of electricity boosting our morale during the terrible island-to-island Pacific battles of World War II. The sight of those troops hoisting Old Glory forever cemented my view of our flag.

Today, our flag remains a vibrant symbol of our democracy, our shared values, our commitment to justice, and our eternal memory of those who have sacrificed to defend these principles. It is because of all that our flag embodies that I have co-sponsored the Flag Protection Amendment.

Throughout our nation's history, the flag has been protected by law. In 1989, 48 of our 50 states had statutes restricting flag desecration. In 1974, Supreme Court Justice Byron White wrote that: "(T)here would seem to be little question about the power of Congress to forbid the mutilation of the Lincoln Memorial or to prevent overlaying it with words or other objects. The flag is itself a monument, subject to similar protection."

I agree with Justice White — the American flag is our monument in cloth.

But its protection ended in 1989, when the U.S. Supreme Court struck down a Texas law prohibiting flag desecration. Congress responded by passing the Flag Protection Act of 1989, but the Supreme Court struck down that law as well. The only way to restore protection to the flag is to amend the Constitution. Otherwise, any legislation passed by Congress would be struck down.

The Flag Protection Amendment would not prohibit flag burning. Rather, the Amendment would simply return to Congress the ability to protect the flag as it has been protected throughout most of this nation's history.

Some opponents of the Flag Protection Amendment argue that we must choose between trampling on the flag and trampling on the First Amendment. I strongly disagree.

There is no idea or thought expressed by the burning of the American flag that cannot be expressed equally well in another manner. This Amendment would leave both the flag and free speech safe.

Dianne Feinstein is a Democratic senator from California.

Congress Nears Choice: Protect Freedom Or Stoke Anger? (USAT)

USA Today, June 20, 2006

In early June an allegedly drunken man in West Haven, Conn., yelled racial epithets and tore up an American flag while arguing with police and passersby. Earlier in the spring, instances of vandalism involving flags were reported in New Hampshire and New York.

Those three episodes of 2006 — as compiled by the Citizens Flag Alliance, a group pushing for a constitutional amendment to protect the flag — constitute the raging menace of flag desecration.

In fact, they show what a non-issue flag desecration is. Instances are rare and easily addressed by local laws. They hardly require the extraordinary act of amending the Constitution.

But in a Congress unwilling to address important matters — its own ruinous spending and flagrant corruption to name just two — symbolism is the politically convenient substitute for substance. The Senate will soon take up an amendment to stop flag

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burning, and the vote is expected to be razor close. The House of Representatives has passed it, meaning that it could soon be sent to state legislatures, where it would be ratified if three-quarters approve.

While it's tempting to dismiss this as trivial election-year posturing, the precedent is troubling. It would for the first time alter the cornerstone of American freedom, the Constitution's First Amendment.

That is not a small matter. The First Amendment is the reason Americans are free to say what they think. It is also the reason people here can worship as they wish, associate with whomever they please, and get news and information from a free and independent press. It gives citizens a right to have grievances redressed. To limit those rights — especially for so trivial a reason — is to say they are no longer sacrosanct.

They should be. They are what makes America unique.

If Congress banned something as pathetic as flag desecration to score political points, surely it would consider limiting other unpopular speech.

The amendment's wording virtually guarantees that outcome. Would it, for instance, cover depictions of flags as well as actual cloth banners? Would sitting on a flag patch sewn onto the back of a pair of jeans count?

And what about the issue of flying a flag upside down? This has already become the preferred form of protest for people pushing for everything from an immediate withdrawal from Iraq to better psychiatric care for veterans. These protesters often say that they respect the values the flag represents, but that they believe those values are being subverted by people in power. Does this country really want to criminalize such a nuanced form of political dissent?

These issues would be left to legislation drafted by future Congresses and interpreted by courts. All of that, in turn, would weaken individual rights that are at the Constitution's heart.

And for what gain? Proponents of an amendment say the flag is such an important symbol of American democracy that it deserves a special status. But the Connecticut flag burner was charged with seven offenses ranging from public consumption of alcohol to criminal mischief. Surely, that is sufficient.

In fact, what makes the flag so special is this: It stands for a nation that deems individual liberties so important, it tolerates unpopular minority opinion.

The main threat to the flag comes not from the occasional burning of Old Glory. It comes from those who would sacrifice the principles the flag represents.

'A White Individual' (WSJ)

The Wall Street Journal, June 20, 2006

With Congress poised to extend, for another quarter-century, certain "temporary" provisions of the 1965 Voting Rights Act, it's worth pondering some of the political mischief taking place these days in the name of "voting rights."

Take New York's 11th Congressional District, a safe Democratic seat covering several neighborhoods in Brooklyn. The seat is currently occupied by Major Owens, a black Democrat who has held it since 1983 and is retiring this year. One of the four candidates to replace him is David Yassky, a white Democrat who represents some of the same Brooklyn neighborhoods as a city councilman.

Mr. Owens has one of Congress's most liberal voting records, and there's nothing in the background of Mr. Yassky, a protégé of New York Senator Chuck Schumer, that suggests he would vote much differently. Even so, Mr. Owens and the three other candidates, all of whom are black, are on a mission to force Mr. Yassky out of the race. In the case of Mr. Owens, this has partly to do with the fact that his son is among those running in the September 12 Democratic primary. But Mr. Owens, the other black candidates and local black officials have stressed that their overriding concern is the color of Mr. Yassky's skin. And they're using the Voting Right Act to justify old-fashioned race-baiting.

New York's 11th District is a product of racial gerrymandering linked to passage of the Voting Rights Act. When Congress passed the law 40 years ago to address black disenfranchisement primarily in the Deep South, some provisions were made permanent and others temporary. Gone forever were poll taxes and grandfather clauses, but Section 5 provisions of the law dealing with "preclearance," or federal oversight of local election practices, were meant to be short-term.

Study after study shows that preclearance is no longer necessary. Black voter registration and participation rates, along with the growth of minority officeholders -- often elected with white "cross-over" votes -- demonstrate that blacks are no longer disenfranchised. Yet Congress continues to reauthorize these Section 5 provisions because they allow both Republicans and Democrats to keep drawing racially gerrymandered districts in the name of protecting voting rights.

"A law passed to protect minority voters -- to ensure free and fair access to the polls -- has become much like every other affirmative action policy," says Edward Blum, a visiting fellow at the American Enterprise Institute and the author of a forthcoming book on the unintended consequences of the Voting Rights Act. "It has become, literally, a racial set-aside. The law is being used to justify actual racial proportionality."

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It's bad enough that such gerrymandering has all but eviscerated inter-party competition for seats in Congress, creating so many "safe" Republican and Democratic strongholds that the outcome of most races is a foregone conclusion. But another pernicious byproduct of gerrymandering is the racial polarization and hyper-partisanship that we see in places like New York's 11th District. These so-called "majority-minority" gerrymanders tend to nurture political division and extremism by reducing incentives for candidates to make appeals to anyone other than their racial or ethnic voting base.

Representative Owens has labeled Mr. Yassky a "colonizer." Al Sharpton, ever the statesman, has called the candidate, who is Jewish, "greedy." And the New York Sun reported last week that Albert Vann, a city councilman who opposes Mr. Yassky's candidacy, sent an email to black elected officials nationwide announcing that "we are in peril of losing a 'Voting Rights' district . . . as a result of the well financed candidacy of Council Member David Yassky, a white individual."

Ironically, such rhetoric is one reason so few minorities are able to seek and win higher office. Once you're appealing to people on completely racial grounds in order to win a House seat, you have a hard time making the broader appeals necessary to win statewide.

But don't expect any of this to matter as Congress ramrods through another extension of the provisions that feed these bad outcomes. A House vote is due any day, and the Senate is expected to follow sometime prior to the July 4 recess. Congress has never let balkanization of the electorate get in the way of protecting its own political hide, especially when it can claim to be siding with the "voting rights" angels.

ANTITRUST:

Justice Report Highlights Progress In Intellectual Property Protection (INFOWEEK)

By Larry Greenemeier, InformationWeek

InformationWeek, June 20, 2006

The Justice Department two years ago promised to beef up efforts to protect the intellectual property of software development, music, and movies. Here's the result of its efforts.

The technology world has long agonized over the government's shortcomings in protecting intellectual property. Theft of source code or even finished products costs tech firms money and potential revenue and dampens the incentive to invest in original research and development. The U.S. Justice Department Tuesday plans to issue a report signaling a positive change.

The Justice Department's Intellectual Property Task Force has made progress in protecting the content created by companies in a number of disciplines, including software development, music recording, and motion pictures, the report says. Essentially, Justice wants to convince businesses that it has followed up on promises made in 2004 to bring the hammer down on those caught lifting other people's work for their own purposes.

The Justice Department, as promised, has increased the number of prosecutors in the field by creating five additional Computer Hacking and Intellectual Property, or CHIP, units in the District of Columbia, Nashville, Orlando, Fla., Pittsburgh, and Sacramento. Justice also opened another seven in Austin, Baltimore, Denver, Detroit, Newark, N.J., New Haven, Conn., and Philadelphia--all cities where cybercrime and intellectual property offenses are significant problems, the new report states.

Justice has also broadened its focus internationally by placing a federal prosecutor in Southeast Asia as an intellectual property law-enforcement coordinator and got funding to place a similar official in Eastern Europe. The department has trained and provided technical help to more than 2,000 foreign prosecutors, investigators, and judges in the area of intellectual property investigations and prosecutions, the report states.

In March 2004, then-Attorney General John Ashcroft established the Intellectual Property Task Force, directing it to examine and suggest improvements to all the department's intellectual property enforcement efforts. By October 2004, the task force returned to Ashcroft with recommendations in the areas of criminal enforcement, international cooperation, civil enforcement, antitrust enforcement, legislation, and prevention. By the following February, Alberto Gonzalez had assumed attorney general responsibilities, appointed new task force members, and directed them to fully implement the 2004 report's recommendations.

The president's Intellectual Property Protection Act of 2005 is part of the plan. In partnership with the U.S. Patent Trademark Office, the Justice Department plans to dedicate $900,000 over three years for piracy prevention efforts with nonprofit educational organizations.

The Justice Department's progress report cites an Office of the U.S. Trade Representative statistic that intellectual property theft costs American corporations $250 billion each year. "Modern technology has increased the innovativeness of companies and the amount of new intellectual property being created, but it has also made intellectual property theft easier and more

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anonymous," the report states. "Computer technology and the Internet generate inexpensive and far-flung opportunities for piracy and distribution."

The Justice Department is, along with the departments of Commerce, Homeland Security, the Office of the United States Trade Representative, and the Food and Drug Administration, part of the Bush administration's Strategy Targeting Organized Piracy effort, or STOP, and has co-chaired the National Intellectual Property Law Enforcement Coordination Council since its 1999 inception.

The FBI's intellectual property enforcement program has been increasingly busy in recent years. Between fiscal year 2003 and fiscal year 2005, the number of open intellectual property investigations increased 22%, from 304 to 372 investigations annually. The number of undercover investigations increased 87%. During the same time period, the number of indictments filed from intellectual property investigations increased 38%, from 92 to 127. Since 2001, Homeland Security's Immigration and Customs Enforcement and Customs and Border Protection divisions have initiated more than 31,000 seizures of counterfeit products with an estimated retail value in excess of $482 million.

Impressive statistics, but as with any crackdown, the program's success will ultimately rely on a healthy dose of prevention. This has partly been addressed through a number of intellectual-property education programs for America's youth. One such program is called "Activate Your Mind: Protect Your Ideas" and consists of a series of educational events nationwide involving students, teachers, government representatives, and victims of intellectual property theft.

Real Estate System Criticized (WP)

By Kirstin Downey

The Washington Post, June 20, 2006

Consumer Group Alleges Anticompetitive Practices

A national consumer advocacy group yesterday condemned real estate trade groups as a "cartel" that sets prices and blocks competition to maintain its traditional commission structure and to keep discount firms from gaining market share.

The commission system is "cockamamie," said Stephen Brobeck, executive director of the Consumer Federation of America. Even some inexperienced real estate agents are charging a 7 percent sales commission, he said -- an amount he likened to the cost of a new car. And he questioned why the brokerage fee on an $800,000 houses is four times higher than that for a $200,000 house, saying the work involved is basically equal.

The District-based federation applauded efforts by government antitrust regulators to put pressure on the trade groups to change the way they do business, but Brobeck said no one had yet found the "magic bullet" to reduce costs. He said consumers have been left on their own and urged home buyers and sellers to negotiate over the sales commissions they are charged and make sure it is clear who is representing whom, what each agent will be paid and for what services.

Thomas M. Stevens, a local real estate broker who is president of the National Association of Realtors, fired back within hours, saying the Consumer Federation is ill-informed and incorrect.

"It's clear and evident that they don't understand the real estate business," Stevens said. "Real estate is probably one of the most competitive industries out there."

Stevens said real estate agents put themselves at financial risk showing clients from house to house and advertising homes for sale in hopes a transaction will be completed. He said that more than 2 million people in the United States hold real estate licenses and that the work has grown only more competitive and difficult with the real estate slowdown of recent months.

The federation's report came as the Michigan legislature prepares to enact rules sought by the state real estate industry to define the responsibilities of agents in ways that critics say would favor traditional firms and make it more difficult for discount and Internet-based firms to compete. The Realtor association in Michigan says the rule change is needed because some of the new firms are offering consumers poor service, leaving traditional real estate agents scrambling to keep deals together.

In October, federal antitrust regulators at the Justice Department and the Federal Trade Commission wrote to Michigan legislators urging them to shelve the proposed rule. The agencies said it "would reduce consumer choice and cause Michigan consumers to pay more for real estate brokerage services," according to a Justice Department statement.

Lawyer Robert Campau, vice president of public policy and legal affairs at the Michigan Association of Realtors, said that the industry welcomes the new business models but that roles need to be more clearly defined.

"What the Michigan legislation attempts to do is to make clear what people are contracting for, against the backdrop of statute already existing in Michigan," Campau said. He said that about 100 Michigan state legislators voted for the industry-backed bill and that fewer than five voted against it. He expects similar, "fairly overwhelming" support when the state Senate considers the measure in the next few days.

Federal regulators have sought to influence the debate in other states, too. In West Virginia last month, the state Real Estate Commission rescinded a rule prohibiting rebates and other discounts to consumers, after receiving a warning letter from

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the Justice Department. South Dakota and Kentucky also rescinded similar rules last year. But in Alabama and Texas, legislation sought by the traditional real estate firms flew to passage almost unanimously.

The Justice Department has sued the National Association of Realtors, alleging its Internet multiple listing service policy prevents nontraditional brokers from gaining equal access to sales listing information. The trade group said it has changed its policies and is seeking to have a judge dismiss the lawsuit.

"Both sides looked for common grounds to settle, but it didn't get very far," said Stevens of the National Association of Realtors. "If the judge doesn't dismiss the case, it'll go to trial."

Justice Dept Won't Challenge Collaborative Labor Database (DOW)

Dow Jones, June 20, 2006

WASHINGTON -(Dow Jones)- The U.S. Justice Department on Monday said it won't take antitrust action against a collaborative initiative by retailers and manufacturers to develop a shared database on international factory and labor conditions.

The initiative, Fair Factories Clearinghouse, asked the Justice Department to decide whether it was concerned about potential antitrust problems with the initiative.

"The Department of Justice has no current intention to institute antitrust enforcement action against the Fair Factories Clearinghouse initiative," Justice antitrust chief Thomas Barnett said in a letter sent to the organization.

The group's request to Justice officials described safeguards it will require member companies to take to avoid antitrust conflicts through the database sharing.

The Fair Factories Clearinghouse is designed to improve available audit information on the standards and conditions at factories around the world, according to the group's Web site.

- By Mark H. Anderson, Dow Jones Newswires, 202 862-9254; mark.anderson@ dowjones.com

FTC Signs Off On Internet Legal Referrals (LAW)

By Pamela A. Maclean, The National Law Journal

National Law Journal, June 20, 2006

Although it may not be a match made in heaven, Internet legal referral services that promise to match lawyers with potential clients have found a powerful new admirer -- the Federal Trade Commission.

In a recent letter to the State Bar of Texas, the FTC planning and policy chief, Maureen Ohlhausen, said that the Internet-based client/attorney matching services "have the potential to lower consumer costs of obtaining information about the price and quality of legal services, which is likely to lead to more intense competition among attorneys, ultimately benefiting Texas consumers."

There has been a long simmering debate in state bars around the country since the advent of these services in 1999 about whether they violate ethical rules on advertising and the bans on nonlawyer referrals for legal help.

The Arizona and Washington state bars issued ethics opinions last year foreclosing use of the services, saying that lawyers may not pay to participate in for-profit Internet matching services. Meanwhile, Rhode Island approved the online matching in 2004 as a boon to consumers, quickly joined by North Carolina, South Carolina and Utah.

The FTC letter "is a powerful endorsement of the industry," said Anna Ostrovsky, general counsel for San Francisco-based LegalMatch.

Legal matching services generally charge lawyers to sign up. Consumers seeking legal help with divorces, wills, child custody and trademark issues help describe their needs and locations online. The service sends this to lawyers in the same region and interested attorneys respond -- something like a dating service -- with their qualifications and rates, allowing clients to shop for the right match.

Most states have been sitting on their hands. The nation's largest state bars, California and New York, remain mum on the topic, but have ethics committees pondering it.

Texas may be the key.

LegalMatch asked Texas to clarify whether the service violates Texas Ethical Rule 7.03, which prohibits state lawyers from paying a nonlawyer to solicit or refer prospective clients. In August 2005, the Texas bar's ethical opinion, No. 561, indicated that lawyers may not pay to be listed on a privately sponsored Internet site that gathers information about potential clients. But it was not clear whether it covered all of the online matching services.

In response, the FTC letter states, "online legal matching services are likely to make it less expensive for consumers to evaluate providers of legal services. The information sent to inquiring clients is likely to allow consumers to compare the price and quality among several competing attorneys more cheaply than other methods of comparison."

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Ohlhausen concluded: "The burden should rest on the proponents of a restriction on competition to show that it is necessary to prevent significant consumer harm and that it is narrowly drawn to minimize its anticompetitive impact."

Austin attorney W. John Glancy, chairman of the Texas bar's Professional Ethics Committee, said that he could not disclose how the panel is leaning, when it might make a decision or who besides the FTC has submitted comments.

"It has been complete limbo for us for seven years," Ostrovsky said. "That's why we are so excited about [the FTC letter]. We asked the FTC to intervene six months ago to offer third-party guidance," she said.

Ostrovsky said that state bar rules on advertising were written before the Internet and many states have been slow to change. The ethics opinions "only add to the confusion" for lawyers, she said.

"California has not done anything either positive or negative, they simply ignored the issue," Ostrovsky said. "New York is in the same situation."

While some states take no formal position, they create confusion among lawyers who call ethics hotlines and are told they can't participate, she said.

Dennis Maio, a lawyer with the San Francisco office of Reed Smith and a member of the State Bar of California ethics committee, said, "I think the issue has been brooded about a bit." But he said the panel has not taken a position.

He described concerns that arise in considering a potential client who writes a 2,000-word e-mail about needing a divorce only to have the lawyer representing the client's spouse receive the Internet solicitation. "Now there is no confidentiality and the lawyer is obligated to use it against her," he said.

James Cooper, FTC deputy director of policy planning, said the key is whether the services are really a referral. "When you go to the state bar for a referral you get the next person on the Rolodex," he said. "[With the Internet service] you get five or six offers. It is a different model and has the potential to offer benefits to consumers."

LegalMatch, one of at least four providing the services, has found it hard to keep up with the growing consumer demand. Ostrovsky said that there are thousands of lawyers participating in their system and tens of thousands of cases coming in each month from people looking for help.

The New York state bar is reviewing, but has not resolved, the matching-service issue, a spokesman said. Among new restrictions on attorney advertising proposed by New York's appellate courts is updating all manner of attorney advertising online.

Congress Weighs Rules Of Net Access (CSM)

By Gail Russell Chaddock

The Christian Science Monitor, June 20, 2006

WASHINGTON

Call it a battle for the future of the Internet.

As the Senate takes up the first overhaul of the nation's telecommunications laws in a decade, this week's debate will pitch one of the most unlikely lineups in recent political history against an entrenched industry lobby.

On one side: the big phone companies and cable providers, who want Congress to help them speed up the move into the video market and keep government regulation at a minimum. It's one of the most well-funded and experienced industry groups on Capitol Hill.

On the other side: those who use their services, who want Congress to make sure that the Internet does not become a fast lane for those who can pay - and a dirt road for those who can not. The Save the Internet Coalition includes Google Inc., Amazon.com, Microsoft, and eBay, thousands of bloggers, and more than 700 groups. It's one of the most diverse coalitions ever to lobby a bill.

At stake is whether the Baby Bells and cable companies can charge more for fast, reliable service or "discriminate" against online competitors. Groups ranging from the Christian Coalition, Gunowners of America, and Moveon.org - which are bookends on most other issues - want the government to ensure "network neutrality."

This week, the Senate Commerce Committee marks up its version of this bill. A draft released Monday includes a new Internet Consumer Bill of Rights, including a change to the Federal Communications Commission to "preserve the free flow of ideas and information on the Internet" and to "promote public discourse."

Groups lobbying for guarantees of network neutrality say that doesn't go far enough. "Despite that list of protections, there is no protection from discrimination by telephone or cable companies in favor of companies in which they have a financial interest or receive extra payments," says Art Brodsky, spokesman for Public Knowledge, an advocacy group that works in telecommunications and intellectual property issues.

"It doesn't give the egalitarian access we have now. Any time you see the Christian Coalition and Moveon.org agreeing on anything, you know something important is on the line," he adds.

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In the run-up to the Commerce Committee markup on Thursday, groups are stepping up their lobbying. Last week, the Christian Coalition and Moveon.org delivered petitions with more than 1 million signatures to Senate offices.

Meanwhile, the Bells and cable companies are filling inside-the-Beltway newspapers with full-page ads, by coalitions such as Hands Off the Internet, that argue against "legislating massive new regulations" that they say will stifle Internet growth and innovation.

It's an issue that cuts across party lines. The House passed its version of telecommunications reform June 8, after rejecting a Democratic proposal to establish network-neutrality requirements for broadband providers. The proposal, which barred blocking, impairing, degrading, or discriminating against lawful content, was rejected by 211 Republicans and 58 Democrats.

Now the focus shifts to the Senate, where a bipartisan coalition led by Sens. Olympia Snowe (R) of Maine and Byron Dorgan (D) of North Dakota is calling for stronger language on net neutrality in the bill.

"As we read this bill, broadband operators will still be able to create a two-tiered Internet system, whereby people who pay more get faster and better service. Everyone else has to settle for the slow lane. That's not what made the Internet so revolutionary, and that's what needs to be preserved," says Barry Piatt, a spokesman for Senator Dorgan.

In earlier drafts of the Senate bill, Sen. Ted Stevens (R) of Alaska, who chairs the Commerce, Science and Transportation Committee, called only for an annual FCC study of the issue, with the promise that Congress would address any problems that develop.

"The FCC would conduct an annual study to look into net neutrality and see if any blocking is occurring. Then, Congress would act immediately," says Aaron Saunders, a spokesman for the Senate Commerce Committee.

In fact, there's nothing simple about net neutrality, critics say. The Snowe- Dorgan bill would trigger "lengthy and very cumbersome efforts by the FCC," said Mike McCurry of Hands Off the Internet at a debate at George Washington University on Friday.

For many lawmakers in rural areas, the concern is that, despite the promises, their constituents will find themselves on a slower Internet track.

Op-Ed: Don't Be Gun Shy Due To 'Jumping The Gun' Antitrust Fears (LAW)

Legal Times, June 20, 2006

Overreaction to 'Qualcomm' case should not keep in-house counsel from dealing during merger waiting periods

Darren S. Tucker and Bilal Sayyed

In almost any merger or acquisition, the acquiring company insists on "conduct of business" covenants to ensure that the target company maintains the value of its assets before closing. Imagine that in the middle of negotiating an important acquisition agreement, your antitrust counsel suddenly opines that certain routine conduct-of-business covenants are no longer permissible.

This is precisely what is happening as some counsel overreact to the Department of Justice's recent gun-jumping lawsuit against Qualcomm Inc. In-house counsel need to be skeptical of such overly cautious gun-jumping advice, which can jeopardize the success of corporate transactions.

JUMPING THE GUN

The Hart-Scott-Rodino Act requires that transactions of a certain size be reported to the two federal antitrust authorities (the Department of Justice and the Federal Trade Commission) and that merging parties observe a pre-closing waiting period. This waiting period gives the antitrust agencies a chance to review a transaction for potential anti-competitive effects before the parties can close the transaction.

Gun jumping occurs when a buyer exercises control over the to-be-acquired firm before the expiration of the Hart-Scott-Rodino waiting period. When parties are competitors, certain joint activity or information sharing before closing can also violate the Sherman Act. Whether a gun-jumping violation exists is a separate question from whether the underlying business combination violates the antitrust laws.

Unfortunately, neither of the antitrust agencies has provided specific guidelines governing what is and what is not allowable during the period between signing and closing. Although guidelines were promised by then-Assistant Attorney General for Antitrust Charles James in September 2002, his successors appear to have concluded that the fact-intensive nature of this area may make such guidelines too vague to be of any use.

Because of the very limited case law in this area and the lack of agency guidelines, antitrust counsel are left to interpret agency "lore" in the form of speeches, comments, case filings, informal opinions and articles by FTC and Justice Department staff.

These materials can be overly cautionary, contradictory and subject to competing interpretations. A 1999 speech by a former director of the FTC's Bureau of Competition, for example, made the incredible claim that "once a purchase contract is

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signed, the parties may not proceed further with joint activity." Statements such as these fail to recognize merging parties' legitimate needs for integration planning and encourage excessive caution on the part of some counsel.

A November 2005 speech by William Blumenthal, general counsel for the FTC, retracted some of the more extreme agency statements in this area and signaled that some counsel were being overly cautious. He noted that the antitrust "agencies recognize that some information exchanges and pre-consummation collaboration necessarily occur in all mergers." Although he did provide some general guidance on due diligence and integration planning, Blumenthal unfortunately did not address merger covenants in any detail.

Perhaps because of the paucity of precedent, there are few more contentious areas among antitrust lawyers than the scope of allowable coordination and integration planning among merging parties before Hart-Scott-Rodino clearance or closing of the transaction.

As a result, in-house counsel are left to the mercy of their (and opposing) antitrust counsel's tolerance for risk. In-house counsel are frequently given lists of rigid "don'ts" that may conflict with the need to protect their bargain or plan for integration. The worst result is when the target's antitrust counsel takes an overly conservative view, thus driving the pace and scope of integration planning.

THE QUALCOMM COMPLAINT

The Justice Department has repeatedly said bringing gun-jumping cases is a priority. In April of this year, President George W. Bush's administration brought its third gun-jumping case, in which it sued and simultaneously settled with Qualcomm and Flarion Technologies.

In the Qualcomm complaint, the Justice Department alleged that Qualcomm obtained operational control of Flarion's business before Hart-Scott-Rodino clearance, in part through application and enforcement of various covenants in the parties' merger agreement. The merger agreement prohibited Flarion from acquiring, selling or licensing its intellectual property to third parties; entering into material contracts; hiring employees (except in the ordinary course of business); and making business proposals to customers without Qualcomm's prior consent.

The Justice Department also alleged that Qualcomm and Flarion's actual behavior went well beyond the scope of the covenants and permissible conduct. The department alleged that Qualcomm exercised significant, day-to-day control over Flarion's business, including participating in the routine hiring of employees, participating in the marketing of products and services to customers and prospective customers (which entailed approving price quotations and margin targets), discouraging Flarion from serving smaller customers and discouraging Flarion from providing pricing information to potential customers. Through these efforts, Qualcomm appears to have attempted to bring Flarion's policies and operations in accord with Qualcomm's practices and its future plans for Flarion's technology.

The Qualcomm case has received attention because the gun-jumping violation was based in part on merger covenants, rather than just the parties' conduct. This is not unprecedented, however. Several years ago, the Justice Department challenged considerably more problematic covenants in the Computer Associates case, including covenants that required the purchaser's approval for the prices and terms the target company would offer to its customers.

Although the Qualcomm complaint has been interpreted by some as expanding the range of prohibited conduct by merging parties, the case was in fact entirely consistent with previous gun-jumping cases brought by both the Justice Department and the Federal Trade Commission.

The Justice Department's complaint should not be read (as some have done) to say the merger covenants, standing alone, were sufficient to violate the Hart-Scott-Rodino Act. Except for the prohibition on making proposals to customers, the covenants are fairly common and, by themselves, not problematic. In interviews after the case, enforcement officials indicated that Qualcomm's actual conduct, more than the merger provisions, was the basis for the lawsuit.

Counsel, particularly in-house counsel, should be wary of advice suggesting that standard merger covenants are now illegal or ill-advised. In the prior two gun-jumping cases (Gemstar and Computer Associates), the Justice Department expressly permitted ordinary course covenants, material-adverse-change limitations (a common means of allocating risks between the signing and the closing of an acquisition agreement), and reasonable due diligence. The division's censure in the Computer Associates case, for example, was directed at covenants that established prices or discounts or that gave one party the right to negotiate or approve the other's proposed purchases or sales.

Unlike other gun-jumping cases, Qualcomm and Flarion reported and corrected the alleged violation. Historically, the antitrust agencies have been willing to limit or forgo penalties when the merging parties quickly and fully report and correct gun-jumping activity. Here, the parties eliminated the covenant requiring Qualcomm's approval to make proposals to customers -- the only really problematic merger covenant -- and put a stop to Qualcomm's day-to-day control of Flarion.

In return for voluntarily reporting and correcting the prohibited activity, Qualcomm obtained a favorable settlement with the Justice Department. Although Qualcomm will still pay a $1.8 million fine, this represents only half of the maximum penalty

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available. In addition, the final judgment does not include the onerous and embarrassing conduct prohibitions and monitoring requirements typically required. For example, the final judgments in the Gemstar and Computer Associates cases require 10 years of compliance reporting and monitoring. In addition, Qualcomm and Flarion were not charged with a Sherman Act violation, which they clearly could have been, as they had been competitors in the sale and licensing of technology for wireless networks.

THE ROLE OF IN-HOUSE COUNSEL

As counsel with the best understanding of their clients' reason for doing a deal, the business opportunities to be captured and the risk of deterioration of the target company's assets, in-house counsel have a significant role to play in securing appropriate merger covenants.

As the lawyers closest to the integration planning and activity, in-house counsel also have a critical role in preventing gun-jumping violations. They have the best opportunity to educate key people on gun-jumping issues, to monitor ongoing activity, to stop and modify conduct that is across the line, and, if appropriate, to report prohibited conduct to the government to avoid a lengthy, disruptive investigation that may delay the closing of the transaction.

Although it is customary to advise deal counsel and deal clients to bring antitrust counsel in early to avoid gun-jumping activity, in-house counsel must be alert to an excessively cautious approach by outside counsel, either from their side of the table or from across the table. Such an approach can have serious implications for the success of the transaction, as the antitrust agencies have recently recognized.

In-house counsel should push their outside counsel to think creatively about how to obtain the business objectives of the proposed transaction without running afoul of gun-jumping prohibitions. Good antitrust counsel should be able to advise in-house counsel how (not whether) an acquiring company can obtain needed due diligence, obtain necessary merger covenants and engage in integration planning with the other company -- even when the two companies are competitors.

Although merging parties certainly can go too far in interacting with one another before closing a transaction, there is more flexibility than some antitrust lawyers advise, and the Qualcomm case in no way limits merging parties' ability to achieve their business objectives.

Darren S. Tucker and Bilal Sayyed are counsel in the D.C. office of O'Melveny & Myers, where they specialize in antitrust law. O'Melveny & Myers represented Gemstar in the gun-jumping matter discussed here.

Morgan Stanley Boosts Bid For Denver Firm (AP)

By Sandy Shore, AP Business Writer

AP, June 20, 2006

Morgan Stanley Boosts Bid for Denver Energy Firm by 3 Percent a Share

DENVER (AP) -- Morgan Stanley Capital Group Inc. boosted its offer for TransMontaigne Inc. by 3 percent a share, escalating a bidding war that appeared to be over last month when the fuel distribution company accepted a lower bid from SemGroup LP.

The Transmontaigne board was scheduled to meet Monday to determine whether the new Morgan Stanley offer of $11.35 a share in cash -- delivered Sunday -- would be considered superior to the SemGroup offer of $11.25 a share. The company said it would be prepared to terminate its agreement with SemGroup if the Morgan Stanley offer were better.

A TransMontaigne spokeswoman declined to comment further.

In a letter delivered to TransMontaigne on Sunday, John Shapiro, president of Morgan Stanley Capital Group Inc., said the offer would expire on Friday morning if no action were taken.

"We believe that this offer will deliver better value with greater speed and certainty than your current proposed transaction," he wrote.

Shapiro also noted that SemGroup has received a request for more information from the Federal Trade Commission which could delay any deal between SemGroup and TransMontaigne. "We do not expect to have any such delay," he said.

Mike Brochetti, a SemGroup senior vice president of finance, declined to comment on the development. If the Morgan Stanley offer were deemed superior, SemGroup would have three days to submit a counteroffer.

TransMontaigne's stock closed up 25 cents, or 2.2 percent, to $11.54 a share in afternoon trading on the New York Stock Exchange. In the past year, it has traded between $5.07 a share and $13.20 a share.

With a market value of about $576.5 million, Denver-based TransMontaigne is a refined petroleum products company that has terminals, pipelines, and tug-and-barge operations primarily along the Gulf Coast, and in the Midwest and South.

The bidding war began in March when Morgan Stanley, which owns 10 percent of TransMontaigne, offered $8.50 a share. It has increased the offer twice amid counter proposals from SemGroup, a privately held Tulsa, Okla.-based company that delivers products from the wellhead to the wholesale marketplace.

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Late last month, TransMontaigne accepted SemGroup's latest acquisition bid of $11.25 per share in cash. The agreement between the two companies included a $10 million termination fee payable by SemGroup to TransMontaigne, should the deal be terminated by antitrust authority.

Judge Tosses Port Authority Suit (FAIRNM)

By Chris Eshleman, Staff Writer

Fairbanks (AK) News-Miner, June 20, 2006

A federal judge on Monday dismissed an antitrust lawsuit filed last year by the Alaska Gasline Port Authority against two North Slope oil companies. Judge Ralph Beistline found fault with a number of arguments raised by the port authority, finding among them that it lacked the standing needed to pursue the lawsuit in federal court.

The port authority filed the suit in federal District Court in Fairbanks, alleging BP and Exxon Mobil had conspired to keep North Slope natural gas out of the marketplace.

Beistline agreed with lawyers for the oil companies who said the state's Stranded Gas Development Act, which lays out a negotiating process for finding a way to transport natural gas to market, pre-empts the authority's lawsuit.

The judge said the port authority's project "appears well-intentioned, has accomplished a great deal to date, and may well have a valid plan."

"Decisions, however, regarding who, when, where, and how to accomplish this monumental task should involve all interested parties and are best made by the Alaska state Legislature and the people of Alaska," Beistline wrote.

Beistline's order was a response to a motion filed by the two oil companies asking the court to dismiss the case. A trial date had not been set.

Port Authority Chairman Jim Whitaker, who is also mayor of the Fairbanks North Star Borough, declined to comment on whether the group planned to appeal.

"The Alaska Gasline Port Authority respectfully disagrees with the court's decision. We are in the process of reviewing the decision and the appropriate next steps," Whitaker said.

Bob Davis, a spokesman for Exxon Mobil, said the company was pleased with the decision. The company wants to bring North Slope gas, over which Exxon Mobil and other companies hold leases, to market but through a project different from what the port authority proposes.

"Our company has clearly demonstrated its desire to bring Alaska's North Slope gas to market through the funding of more than $125 million in technical and engineering studies related to the project, our good-faith negotiations with the state to develop a proposed fiscal contract and other actions such as discussions with the Canadian government on regulatory issues and ongoing research and technology commitments," Davis said.

Exxon Mobil, BP and ConocoPhillips have negotiated an agreement with Gov. Frank Murkowski that calls for setting fiscal terms for a longer pipeline that would run parallel to the Alaska Highway through Canada. That agreement requires legislative approval in order to proceed, and the Legislature has yet to give its consent. ConocoPhillips was not a target of the port authority lawsuit.

"We're pleased that the court agreed with us that the port authority's case has zero basis of credibility and was without merit," BP spokesman Daren Beaudo said. "A gas pipeline can't be built on lawsuits, advertisements and Power Point presentations. It has to be based on good business, and Alaskans now have the opportunity to support a fiscal contract that will move a real gas pipeline project forward."

The port authority, the municipal consortium formed in 1999 by voters in the Fairbanks North Star Borough, the North Slope Borough and the city of Valdez, claimed in its lawsuit to be ready to move forward on its plan to pipe North Slope gas to Valdez, liquefy it and ship it by tanker to West Coast markets.

The consortium even found a potential business partner, Sempra Energy, willing to help it develop and finance the pipeline project and to buy and market the gas. Its lawsuit claimed the two oil companies' refusal to sell natural gas scared Sempra away from the project.

Beistline found several faults with the lawsuit.

In one part of his ruling, he rejects the port authority's claim that mergers and acquisitions performed by BP and Exxon Mobil amounted to an illegal attempt to monopolize control over North Slope natural resources.

The judge said the suit failed to show the mergers, including BP's acquisition of Amoco Corp. and Atlantic Richfield Co., had any effect on the companies' decision not to sell North Slope gas. He also found that the port authority's claims of antitrust activity were made after the federal statute of limitations has passed.

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The suit asked the court to force the companies to sell the authority some gas—gas it said it needs to gain financing—and for damages. But Beistline agreed with the oil companies' lawyers, who argued in a Fairbanks courthouse that the port authority's "ability to finance the construction of its proposed pipeline is speculative at best," he wrote.

The two companies can decide not to sell natural gas to the port authority if they choose, Beistline wrote.

State lawmakers recently wrapped up a month-long review of the contract proposed by the state and the oil companies. During that review, talk between legislators over the possible implications of the lawsuit was scant, said Sen. Gene Therriault, R-North Pole.

"I don't think there weren't a lot of people that based their decision-making on the outcome of this particular case," Therriault said.

A proposed all-Alaska pipeline project has received resolutions of support in the past from the Alaska Municipal League and the Alaska Conference of Mayors.

The port authority also filed a different lawsuit earlier last fall in Alaska Superior Court, alleging the state's Department of Natural Resources has mismanaged the North Slope's Point Thomson oil and gas unit, which contains at least 8 trillion cubic feet of gas and millions of barrels of crude oil but that sits undeveloped.

Port authority officials have said Point Thomson's reserves, if developed, would provide a key component for their project.

After the Point Thomson lawsuit was filed, the state's then-oil and gas director Mark Myers denied Exxon's development plan for the site, saying that if Exxon and fellow leaseholders BP and Chevron don't develop the field they should give their leases back to the state.

That ruling, however, has been suspended by Natural Resources Commissioner Mike Menge.

Judge Dismisses Port Authority's Lawsuit Against Oil Companies (AP)

By Anne Sutton, Associated Press Writer

AP, June 20, 2006

JUNEAU, Alaska (AP) -- A federal judge on Monday tossed out an antitrust lawsuit alleging two oil companies that operate the largest gas fields on the North Slope are refusing to sell natural gas to an Alaska pipeline project other than their own.

The Alaska Gas Port Authority claims Exxon Mobil Corp. and BP PLC have conspired to crush competition and restrict the nation's supply of natural gas, and that has stymied the port authority's efforts to develop a gas pipeline from Alaska's North Slope to Valdez.

But U.S. District Judge Ralph Beistline on Monday sided with the oil companies and said the port authority's case could upend a competing effort by the state to forge a contract with Exxon Mobil, BP and ConocoPhillips to build a North Slope gas pipeline to Canada and markets in the Midwest.

Beistline said the port authority, as a "political subdivision" of the state, did not have the legal standing to take action that could frustrate the laws and policies of Alaska.

"Decisions regarding who, when, where, and how to accomplish this monumental task should involve all interested parties and are best made by the Alaska State Legislature and the people of Alaska," wrote Beistline.

He said the port authority failed to prove that any laws were violated. He also said great uncertainty remained concerning the viability of the authority's own gasline proposal.

High Court Seeks Government View In IPO Underwriter Appeal (MRKTWTCH)

By Mark H. Anderson

MarketWatch, June 20, 2006

WASHINGTON (MarketWatch) -- The U.S. Supreme Court on Monday requested comments from the federal government on an appeal from 16 major Wall Street underwriters and investment firms trying to stop a class-action lawsuit that alleges firm commitment initial public offering practices on Wall Street violate federal antitrust laws.

The high court's request for a brief from the U.S. Solicitor General's office gives the Wall Street firms additional time to try and stop a class-action lawsuit alleging underwriter tie-in agreements - such as requiring the purchase of additional securities in the aftermarket - violate antitrust laws. A number of other claims in the lawsuit were thrown out by a U.S. District Court, but litigation over tie-in agreements was revived by the 2nd U.S. Circuit Court of Appeals in New York.

The appeal, led by Credit Suisse First Boston Ltd., a unit of Credit Suisse Group (CSR), also includes a number of prominent Wall Street firms. Those firms include Bear Stearns & Co., a unit of Bear Stearns Cos. (BSC); Citigroup Global Markets Inc., a unit of Citigroup Inc. (C); Goldman Sachs & Co., a unit of Goldman Sachs Group Inc. (GS); J.P. Morgan Securities Inc., a unit of JPMorgan Chase & Co. (JPM); Lehman Brothers Inc., a unit of Lehman Brothers Holdings Inc. (LEH);

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Merrill Lynch Pierce Fenner & Smith, a unit of Merrill Lynch & Co. (MER); and Morgan Stanley & Co., a unit of Morgan Stanley (MS).

The class-action lawsuit represents purchasers of stock issued by about 900 Internet and technology companies before the stock market bubble burst in the late 1990s. The lawsuit targets a number of IPO underwriting practices, arguing they are anticompetitive, and seeks financial damages. Additional related lawsuits are pending separately.

Securities and Exchange Commissioner Paul Atkins, in a Wall Street Journal op-ed column last week, said the antitrust lawsuit is "a serious threat to our capital markets" that could, if allowed to continue, spark a trend of antitrust-based suits against securities underwriters and "devastate America's process of capital formation."

Initially, a U.S. District Court judge threw out the lawsuit, ruling in 2003 that, among other things, the SEC's regulation of underwriting practices bars challenges under antitrust laws. The Second Circuit revived a portion of it in September 2005, ruling the tie-in agreements aren't covered by this immunity.

"The SEC, the expert agency charged by Congress with regulating the IPO underwriting business, has advocated immunity from these antitrust actions in the most emphatic terms," the Wall Street firms said in a court brief. "The Second Circuit's rejection of the commission's view - in an area so central to the nation's economy and the SEC's expertise - makes this a case of extraordinary public importance."

The securities industry, in several friend-of-the-court briefs, also urged Supreme Court review of the Second Circuit decision, arguing among other things that the decision would open Wall Street up to a new wave of lawsuits.

Russel Beatie, a New York attorney for the class-action investors, said the decision won't encourage frivolous lawsuits. "The decision has not encouraged the filing of antitrust strike suits because it is limited to conduct that violates the antitrust laws," Beatie said. "If defendants wish to avoid future liability, they should not engage in conduct the Second Circuit described as an 'epic Wall Street conspiracy.'"

The case is Credit Suisse First Boston v. Billing, 05-1157. The government's brief is likely to be filed later this year.

Senate Panel Proposes Net User 'bill Of Rights' (CNET)

By Anne Broache, CNET News.com

CNET News, June 20, 2006

WASHINGTON--The latest Net neutrality provisions in a mammoth Senate communications bill stopped short of giving Internet companies and consumer advocacy groups all the assurances they've requested.

Unveiled formally at a briefing here for reporters on Monday, new provisions in the latest draft of the sweeping Consumer's Choice and Broadband Deployment Act would allow the Federal Communications Commission to police subscribers' complaints of "interference" in their Internet activities and to levy fines on violators.

Specifically, the bill (click here for PDF) would require all Internet service providers to adhere to what the proposal calls an "Internet consumer bill of rights." The nine principles outlined under that heading include: allowing consumers to access and post any lawful content they please; to access and run any Web page, search engine or application that they choose (including voice and video programs); and to connect any legal devices they please to the network.

Carve-outs would exist for network management purposes, such as parental control technologies and security software.

All Internet service providers, if they're not already doing so, would also be obligated to offer broadband access on a standalone, or "naked," basis--without also requiring, for example, purchase of telephone or cable subscriptions.

But critics say the latest draft, scheduled for an initial committee vote on Thursday afternoon, refrained from addressing a major complaint of advocates of network neutrality--that is, the idea that network operators should give equal treatment to all content that travels across their pipes.

Under the new proposal, "the Internet still ends up split into Lexus lanes and dirt roads, and an FCC rendered powerless to protect American consumers," the It's Our Net Coalition, a group in favor of Net neutrality mandates, said in a statement Monday. Backed primarily by Amazon.com, eBay, Google, Microsoft and Yahoo, the group includes other members such as the Christian Coalition, the Association of Research Libraries and the Consumer Federation of America.

They'd rather see passage of a bill introduced by North Dakota Democrat Byron Dorgan, Maine Republican Olympia Snowe and seven other Democrats that would flatly prohibit network operators from making deals with content providers and charging premium prices for the privilege of speedier delivery or other special treatment--what they disparagingly call a "two-tiered" Internet.

Some form of that proposal will likely be offered as an amendment to the Senate bill at a committee vote scheduled for Thursday afternoon. But its prospects may not be good--a similar, Democratic-backed amendment was soundly defeated in the House, and Senate Republicans have indicated strong opposition to the idea.

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Network operators, for their part, have said repeatedly that they have no intention of blocking or degrading their subscribers' Internet activities and have deemed bills like the Snowe-Dorgan one a solution in search of a problem. Supported mostly by conservative groups, they have defended the business model decried by Net neutrality fans as a way to guarantee better quality of service for high-bandwidth applications and to offset what they describe as vast investments in new fiber.

Commerce Committee Chairman Ted Stevens, an Alaska Republican, had emphasized in earlier remarks that he didn't want to get involved in regulating the way that companies do business--a "battle of the titans," he called it. He said instead that he believed it was important to offer protections for consumers, and his bill is designed to reflect those views, committee aides said Monday.

The new language followed ongoing negotiations between Stevens and Co-Chairman Daniel Inouye, a Hawaii Democrat. Inouye and other Democrats had criticized the original version of the sweeping broadband bill, which simply instructed the FCC to scrutinize the state of broadband competition and to report back to Congress on its findings, for not going far enough. The latest draft retains that provision in addition to the others.

Inouye said in a statement Monday that he still wasn't satisfied with the latest draft's provisions, saying they "utterly fail to protect consumers and preserve an open Internet."

The Senate's latest approach is similar to a version approved earlier this month in the House of Representatives' communications bill. Rather than legislating a detailed "consumer bill of rights," the House addresses the Net neutrality issue by giving the FCC the power to fine violators of its broadband access principles from last summer (click here for PDF). Neither bill would allow the FCC to create new rules--an idea that has also come under attack by Net neutrality fans.

The Senate version isn't immune from new complications. The Senate Judiciary Committee recently indicated it might offer a new legislative proposal that would police violations of Net neutrality under antitrust law. A similar approach offered on the House side was approved initially by the House Judiciary Committee but has stalled since then, failing to gain acceptance of an amendment to the larger House communications bill.

Mittal Says Bid Is Gaining Support (WSJ)

By Paul Glader

The Wall Street Journal, June 20, 2006

Mittal Steel Co. is becoming increasingly confident its €23.19 billion ($29.31 billion) hostile offer for Arcelor SA is gaining momentum, pointing to pressure from Arcelor shareholders in favor of the Mittal bid.

Mittal, the world's largest steel company by output, launched its cash-and-stock bid for Arcelor in January, but Arcelor has thrown up several roadblocks to the transaction, including plans to merge with Russian steelmaker OAO Severstal, led by billionaire Alexey Mordashov, in a move to fend off Mittal's bid.

Arcelor had planned a company buyback of €5 billion that shareholders were scheduled to vote on tomorrow. But Arcelor said yesterday that it was canceling the meeting because of current talks between its management and Mittal Steel. The company said its board may decide later to reconvene the meeting "in case the unsolicited offer by Mittal Steel was not successful."

Lakshmi Mittal, chief executive and chairman of the Rotterdam, Netherlands-based company, said during an interview with Wall Street Journal editors in New York that Arcelor postponed the meeting because Arcelor knew shareholders wouldn't approve the buyback. The decision follows news that French-Polish financier and Arcelor shareholder Romain Zaleski -- who has opposed Arcelor's effort to fend off Mittal -- had picked up an additional 2.4% of Arcelor shares Friday, taking his stake in the company to 7.44%.

"The shareholders want choice to be given to them," he said. "They want to see both bids separate and cast their vote." He said the buyback would have allowed Mr. Mordashov to obtain 38% of Arcelor rather than 32%, and a postponing or withdrawing of the buyback proposal improves his company's chances to acquire Arcelor.

He also said he believed Arcelor board members pressured management to enter into talks with Mittal. "There must be a change," said Mr. Mittal. He noted that when Arcelor recently rejected Mittal's increased bid, the Arcelor board required management to enter discussions with Mittal. "Otherwise, they wouldn't have started dialogue with us," he said.

Many funds that track indexes sold their holdings in Arcelor Friday after the company was temporarily thrown out of the CAC 40 French blue-chip index. The French market regulator has said Arcelor was thrown out because of Mittal's offer for the company and would be allowed back in once the offer period is over.

In Paris yesterday, shares of Arcelor rose 20 European cents, or less than 1%, to €34.70. In Amsterdam, Mittal rose 68 European cents, or 2.8%, to €24.88. Mittal's offer currently is valued at €34.93 a share.

Mr. Zaleski's holding company, Carlo Tassara International SA, said last week that it would have voted against Arcelor's planned share buyback because it is "a transfer of cash from Arcelor to its shareholders, without any value creation." It "would

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destroy shareholder value, since it would protect Arcelor from any takeover bid," and the Arcelor share price would be affected, the company said.

Mr. Mittal, Mr. Mordashov and Arcelor CEO Guy Dollé are all giving speeches at a steel-industry conference in New York today. During the interview yesterday, Mr. Mittal said he believes shareholders are increasingly moving toward his position as Arcelor executives have maneuvered to keep their company out of Mittal's hands and, in the process, have made remarks that "were very insulting" about Mr. Mittal and his company.

Siemens To Sell Stake In Corporate-Service Unit (WSJ)

By Cassell Bryan-Low And Mike Esterl

The Wall Street Journal, June 20, 2006

On the heels of an agreement to combine its telecommunications-equipment business with that of Nokia Corp., Siemens AG said it is in talks to sell a majority stake in its enterprise unit, which supplies packages of telecom gear and services to corporate customers.

Siemens didn't identify the potential buyers for the unit, which has about €3.5 billion, or about $4.4 billion, in annual sales. But with the potential sale and its planned joint venture with Finland's Nokia, the German electronics-and-engineering giant is dismantling its telecom unit known as Com, which posted €13.14 billion in sales for fiscal 2005.

Siemens shares rose 6.7% to €66.99 ($84.67) in Frankfurt Monday as the company scales back its exposure to a sector it has struggled to master. American depositary shares of Nokia rose 12 cents to $20.09 in 4 p.m. New York Stock Exchange composite trading. Technology shares boosted European markets on the news. (See related article1.)

As expected, the European technology giants confirmed Monday they will combine their businesses that supply telecom carriers into a 50-50 joint venture. The combination provides increased bulk at a time when more equipment makers are joining forces.

"I definitely think that the consolidation in the industry will mean that smaller players will be in a quite difficult position going forward," said Nokia's chief executive, Olli-Pekka Kallasvuo, in an interview.

The new company, to be known as Nokia Siemens Networks, will be No. 3 in the industry by sales, just behind the combination of Alcatel SA of France and Lucent Technologies Inc. of the U.S., which recently agreed to merge, and Telefon AB LM Ericsson of Sweden. The Nokia-Siemens agreement "validates the strategies and the market dynamics underlying our own proposed merger with Alcatel," said Bill Price, a spokesman for Lucent, which expects to complete its tie-up between October and March.

But the planned joint venture faces large challenges. A separate wave of combinations among telecom carriers means there are fewer contracts for equipment suppliers to win and slimmer margins on those due to competition from lower-priced Asian rivals.

Siemens telecom-equipment operations that supply telecom-network owners include both fixed-line and wireless equipment. By sharing its large fixed-line business with Nokia, which has been focused on wireless equipment, Siemens gives its partner a foot in the market for faster-growing broadband Internet access. It also puts Nokia in position to sell equipment that combines fixed and wireless capability at a time when many phone-service companies are moving to combine their networks.

"The boundaries are blurring here," said Simon Beresford-Wylie, the Nokia executive who will head the joint venture, at a news conference.

Still, the fixed-line business is tougher than wireless and "most of the industry has really struggled to make their respective wire-line businesses earn a decent turn," Nomura analyst Richard Windsor said in a research report. "Nokia's management has little experience of this part of the industry and is now tasked with fixing businesses that have long eluded the best efforts of Siemens."

Siemens doesn't separate the performances of its fixed-line and wireless businesses in its financial reports, but management has acknowledged the fixed-line arm has underperformed its wireless-equipment operations. During the quarter ended March 31, the Com unit as a whole posted revenue of €3.83 billion but a profit of only €27 million.

Nokia and Siemens estimate that by joining forces, they can generate cost savings of €1.5 billion a year by 2010. The combined company, which will have its headquarters in Helsinki, will begin with 60,000 workers but plans to reduce staff by 10% to 15% during the next four years.

Nokia and Siemens hope to close their venture agreement by Jan. 1.

Subsidizing Yesterday's Telephones (LAT)

The Los Angeles Times, June 20, 2006

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WHEN MONOPOLISTS CALL FOR a "level playing field," beware: Most often, what they really want is to hold back the competition. Such is the case in telephone service, as local phone monopolies are trying to saddle high-tech competitors with fees designed to subsidize the traditional phone network.

At issue is how federal and state regulators will treat voice over Internet protocol, or VOIP, services like Vonage that use high-speed Internet connections, not conventional phone circuits, to transmit calls. So far, these services have been able to escape much of the byzantine regulation that permeates the telecommunications business. In particular, they've avoided the access charges that long-distance and wireless companies have to pay local phone companies when connecting to their customers. These charges not only cover the cost of connecting calls but also subsidize phone lines in rural and other high-cost areas. VOIP also has been exempt from federal and state "universal service" fees, another source of subsidies for traditional phone lines.

Those exemptions are in danger, however. The House has passed a bill that would let the Federal Communications Commission and state regulators impose access charges or universal service fees on VOIP. On Thursday, the Senate Commerce Committee is scheduled to take up a similar proposal. Meanwhile, the FCC is expected to rule this week that VOIP firms must pay federal universal service fees.

Backers of the changes argue that VOIP users should pay to maintain and extend the phone network just like everybody else who places calls. In reality, though, firms like Vonage already are paying indirectly, through contracts with the companies that connect their calls to local phone networks. Besides, the current system is already rife with inexplicable inequalities. Local phone companies demand anywhere from a fraction of a penny to more than 30 cents a minute, depending on the source of the call.

More fundamentally, these proposals don't recognize how radically communications have changed over the last decade. Traditional phone lines aren't being displaced by VOIP services; they're being replaced by high-speed Internet connections, which offer a slew of communications alternatives. VOIP, like e-mail and instant messaging, is just an application.

With the distinction between local and long-distance evaporating, the FCC has been struggling to phase out access charges and overhaul universal service. Rather than dragging VOIP services into the morass of subsidies for phone circuits, lawmakers and regulators should focus on pushing high-speed Internet connections to every U.S. home and business. If that means people using VOIP save a few bucks at the expense of those who use other phone services, so be it. With luck, VOIP will drive up the demand for broadband and hasten its spread, diminishing the need to subsidize plain old telephone lines.

ENVIRONMENT:

Supreme Court Affirms Wetlands Protections (AP-Y2)

By Gina Holland

AP2, June 20, 2006

The Supreme Court ruled Monday that the government can block development on hundreds of millions of acres of wetlands, even on land miles away from waterways, as long as regulators prove a significant connection to the waterways.

Chief Justice John Roberts, in his first major environmental case, came up one vote short of dramatically limiting the scope of the landmark Clean Water Act.

At the same time, property rights advocates won a new test for when wetlands can be regulated. Moderate Justice Anthony M. Kennedy said there must be a "significant nexus" between the wetland and a navigable waterway.

Virtually any land in America would be covered under the government's interpretation of the law, Roberts and the court's other three conservatives complained in an opinion.

The court's four liberal members said the conservatives would have opened up sensitive wetlands to polluters.

It was a dramatic conclusion to a pair of property rights cases the justices agreed to review last fall, just days after Roberts joined the court. The Bush administration defended the law and had urged the court to stay out of the case.

The justices were so splintered that there were five separate opinions covering 100 pages.

The key decision was by Kennedy, who agreed with the liberal members that federal regulations can apply to land adjacent to tributaries, including tributaries that are not filled with water all year.

Kennedy, however, joined conservatives in ruling that regulators may have misinterpreted the Clean Water Act when they refused to let two Michigan property owners build a shopping mall and condominiums on wetlands they own.

The justices voided rulings against Keith Carabell and John Rapanos. Carabell wanted to build condos on wetlands on property about a mile from Lake St. Clair in Macomb County, Mich. Rapanos filled in wetlands near Midland, Mich., on property

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that is about 20 miles from a river that empties into Lake Huron. Rapanos was prosecuted by the federal government and faced a separate civil lawsuit.

Justices sent the cases back to a federal appeals court for further review.

"The court is clearly troubled by the federal government's view that it can regulate every pond, puddle and ditch in our country," said Reed Hopper, a Pacific Legal Foundation attorney who represented Rapanos.

Environmental groups were relieved the ruling was not sweeping.

"Five justices of the Supreme Court wrote or joined opinions that support broad protection for rivers, streams, and wetlands under the Clean Water Act," said Doug Kendall, executive director of the Community Rights Counsel.

Jim Murphy, a lawyer with the National Wildlife Federation, said: "Justice Kennedy saves it from being an absolute disaster."

Justices seemed worried about the impact of the ruling.

Roberts said the result was confusing and that "lower courts and regulated entities will now have to feel their way on a case-by-case basis."

Justice John Paul Stevens, the leader of the court liberals, said Congress or the Army Corps of Engineers — and not appointed judges — should clarify the issue.

He predicted developers will be confused about whether they must get permits to do work, and federal regulators will struggle to apply a test spelled out by Kennedy to determine whether land has a connection to a navigable waterway.

Kennedy said the wetlands must "significantly affect the chemical, physical, and biological integrity" of nearby navigable waters to come under the Clean Water Act.

"There's going to be a lot of administrative headaches," said Timothy Searchinger, an attorney with Environmental Defense. "Ultimately every water body that's protected today should still be protected."

Justice Antonin Scalia led the conservative bloc, including Roberts, Justice Clarence Thomas and new Justice Samuel Alito.

Scalia said federal regulators contend they have jurisdiction over as much as 300 million acres of swampy lands in America, "including half of Alaska and an area the size of California in the lower 48 states."

"The entire land area of the United States lies in some drainage basin," he wrote.

Scalia had said the Corps of Engineers misinterpreted the term "waters of the United States."

"In applying the definition to `ephemeral streams,' `wet meadows,' storm sewers and culverts, ... man-made drainage ditches, and dry arroyos in the middle of the desert, the Corps has stretched the term `waters of the United States' beyond parody," he wrote.

Stevens said Scalia's opinion "needlessly jeopardizes the quality of our waters." He laid out a history of the 1972 Clean Water Act and said "the importance of wetlands for water quality is hard to overstate."

Scalia, Stevens and Kennedy spent nearly a half hour Monday explaining their votes from the bench.

"Important public interests are served by the Clean Water Act in general and by the protection of wetlands in particular," Kennedy said in his decision. Scalia's opinion, Kennedy said, "seems unduly dismissive of the interests asserted by the United States in these cases."

The case follows a line of difficult environmental cases at the court. In 2002, justices deadlocked 4-4 in a case that asked whether farmers should have more freedom to work in wetlands. In 2001, the court split 5-4 in ruling that the Clean Water Act does not cover isolated ponds and mud flats.

The cases are Rapanos v. United States, 04-1034, Carabell v. Army Corps of Engineers, 04-1384.

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On the Net:

Supreme Court rulings: http://www.supremecourtus.gov/opinions/05slipopinion.html

Court Divided Over Wetlands Protections (NYT)

By Linda Greenhouse

The New York Times, June 20, 2006

WASHINGTON, June 19 — The Supreme Court on Monday came close to rolling back one of the country's fundamental environmental laws, issuing a fractured decision that, while likely to preserve vigorous federal enforcement of the law, the Clean Water Act, is also likely to lead to new regulatory battles, increased litigation by property owners and a push for new legislation.

With four justices on one side arguing for a sharp restriction in the definition of wetlands that are subject to federal jurisdiction, and four justices on the other arguing for retaining the broad definition that the Army Corps of Engineers has used for decades, Justice Anthony M. Kennedy controlled the outcome in a solitary opinion.

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Justice Kennedy said that to come within federal protection under a proper interpretation of the Clean Water Act, a wetland needs to have a "significant nexus" to a body of water that is actually navigable.

He then made clear, in his 30-page opinion, that whether such a relationship existed in any specific case was largely a technical and scientific judgment on which courts should defer to the federal regulators. The four parcels of land at issue in the case, all in Michigan, were likely to meet the definition, he said.

Environmental advocacy groups reacted to the decision, which sends the cases back to an appeals court, as if they had dodged a bullet, which in many respects they had. An opinion for four justices, written by Justice Antonin Scalia, would have stripped protection from many areas that federal regulators have treated as wetlands under the 1972 law.

Justice Scalia's opinion, joined by Chief Justice John G. Roberts Jr. and by Justices Clarence Thomas and Samuel A. Alito Jr., said the Army Corps of Engineers had stretched its authority under the Clean Water Act "beyond parody" by regulating land that contained nothing but storm sewers, drainage ditches and "dry arroyos in the middle of the desert."

He said the agency had trampled on state authority by exercising a "scope of discretion that would befit a local zoning board."

The only wetlands properly subject to federal jurisdiction, Justice Scalia said, are those "with a continuous surface connection" to actual waterways, "so that there is no clear demarcation between 'waters' and wetlands."

The waters to which the wetlands must be adjacent, he continued, are only those that are "relatively permanent, standing or flowing." These are the only bodies of water that come within the statute's reference to "the waters of the United States," he said.

On the other side was Justice John Paul Stevens, joined by Justices David H. Souter, Ruth Bader Ginsburg and Stephen G. Breyer. Accusing the Scalia group of "antagonism to environmentalism," Justice Stevens said the Scalia opinion "needlessly jeopardizes the quality of our waters."

Further, Justice Stevens said, the Scalia group "disregards the deference it owes the executive" as well as "its own obligation to interpret laws rather than to make them."

This, of course, was a sly reference to the slogan often heard in connection with conservative nominations to the federal courts. In effect, Justice Stevens was accusing the Scalia group of judicial activism.

The case, which was argued in February and was the oldest undecided case on the court's docket, was clearly the subject of a major internal battle that undercut any image of good fellowship and unanimity on the Roberts court.

The chief justice himself wrote a brief concurring opinion, noting that "it is unfortunate that no opinion commands a majority of the court." He added: "What is unusual in this instance, perhaps, is how readily the situation could have been avoided."

It was not clear whether he was aiming this comment at Justice Kennedy or at the Army Corps of Engineers, which he said had failed to respond properly to a Supreme Court decision five years ago that rejected federal jurisdiction under the Clean Water Act over isolated ponds visited by migratory birds.

The chief justice noted that the Army Corps had embarked after that decision on issuing new, more limited regulations, but had abandoned the effort. "Rather than refining its view of its authority in light of our decision," he said, "the Corps chose to adhere to its essentially boundless view of the scope of its power." He concluded: "The upshot today is another defeat for the agency."

Given Justice Kennedy's refusal to go along, the extent of that defeat was far from certain. At the least, the Army Corps of Engineers may now feel impelled to embark on a new rulemaking process, leading to a regulation that would incorporate Justice Kennedy's "significant nexus" test.

Under that test, regulators need not show that a wetland is adjacent to, or connected with, a navigable body of water. Rather, it is sufficient to show that it is adjacent to a tributary that itself flows into such waters.

Justice Kennedy said the Corps needed to be more specific in defining the tributaries that count for this purpose. He said it needed to identify those "categories of tributaries" that were "significant enough that wetlands adjacent to them are likely, in the majority of cases, to perform important functions for an aquatic system incorporating navigable waters."

The current standard used by the Corps, he said, was too open-ended in permitting regulation of remote drains, ditches and streams that did not affect "the integrity of an aquatic system."

The impact of this approach will become more clear when the appeals court, the United States Court of Appeals for the Sixth Circuit, in Cincinnati, revisits the two decisions that the Supreme Court vacated. With Justice Kennedy agreeing that the appeals court needed to take a fresh look at the cases, there were five votes for a judgment to "vacate and remand."

But as Justice Stevens pointed out, one "unusual feature" of the judgment was that there were not five votes for the standard that the appeals court should apply. The judgments should be reinstated as long as the appeals court finds that Justice Kennedy's test is met, disregarding the test proposed by Justice Scalia, Justice Stevens said.

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The appeals court, in two separate cases, ruled against Michigan property owners in their battles with federal regulators. In the lead case, Rapanos v. United States, No. 04-1034, John A. Rapanos, after being informed that three parcels he wanted to develop probably contained regulated wetlands, cleared and filled the land without obtaining a Clean Water Act permit.

The government brought criminal charges against Mr. Rapanos. He was convicted, and the Supreme Court denied review of his case in 2004. The case the court decided on Monday grew out of his appeal in a civil case the government brought against him, in which he faces millions of dollars in fines.

His property is as much as 20 miles away from water that is navigable in the traditional sense. But the parcels are within the drainage systems of Lake Huron and two navigable rivers.

In the second case, Carabell v. United States Army Corps of Engineers, No. 04-1034, the Army Corps denied a permit to a couple who wanted to fill part of their property in order to develop condominiums.

In both cases, the property owners challenged the jurisdiction of the Army Corps both under the Clean Water Act and under the Constitution, arguing that if Congress had conferred such broad jurisdiction in the Clean Water Act, it exceeded its authority under the Commerce Clause.

Justice Scalia's opinion, without directly endorsing the constitutional attack, said the agency's interpretation of its authority "stretches the outer limits of Congress's commerce power." Justice Kennedy, however, said that wetlands as defined by his test "raise no serious constitutional or federalism difficulty."

However the case unfolds from here, it was plain that something went awry in the court's handling of its most high-profile environmental case in years.

Given the structure of the principal opinions, including their relative length and tone, it is possible that Justice Stevens had initially controlled the case and, on the assumption that he had five votes on his side, had assigned it to Justice Kennedy, who then strayed somewhat from the more categorical view of the Stevens four. Although he speaks only for himself, his opinion reads like a majority opinion, while Justice Scalia's opinion reads like a dissent.

Supreme Court Splits Over Protecting Wetlands (CSM)

By Warren Richey

The Christian Science Monitor, June 20, 2006

WASHINGTON

The federal government does not have the power to reach far upstream to protect every ditch and wetland in a watershed.

In a ruling restricting federal authority to protect the environment, the US Supreme Court on Monday said the reach of federal regulators under the Clean Water Act is limited. But the high court's nine justices were unable to reach majority agreement about how and where to draw those limits.

The result is a decision best described as 4-1-4. Four justices agreed that the law called for a restrictive view of the scope of federal jurisdiction to reach remote wetlands. Four other justices concluded that the statute permits the government to take upstream actions to prevent downstream degradation of federal water resources.

At dead center of the court sits Justice Anthony Kennedy, who provided the critical fifth vote on the restrictive side of the case. That action sends the two consolidated cases back to the lower courts where judges must divine a coherent approach to federal jurisdiction from the high court's splintered decision.

"It is unfortunate that no opinion commands a majority of the court on precisely how to read Congress' limits on the reach of the Clean Water Act," writes Chief Justice John Roberts in a concurrence on the restrictive side of the case. "Lower courts and regulated entities will now have to feel their way on a case-by-case basis."

The decision is a setback for environmentalists seeking to push tough federal regulations to the broadest possible swath of threatened wetlands.

"It is a defeat, absolutely," says Jim Murphy, wetlands counsel at the National Wildlife Federation. "It really places practical burdens on regulation and it also makes it more difficult for holistic watershed approaches to be used to really protect all the small waters that collectively have huge water quality implications." Partial victory for landowners

The decision marks a partial victory for developers and other landowners who believe state and local government - not federal bureaucrats - should decide how local land is developed.

The opinion relates to two cases from Michigan that were consolidated for oral argument on Feb. 21. The cases are Carabell v. US Army Corps of Engineers, and Rapanos v. United States.

In both cases, federal regulators refused to permit the development projects to go forward on lands they said were restricted wetlands. The would-be developers challenged the federal government's assertion of authority over their land.

The government claimed jurisdiction under the Clean Water Act. Lawyers for the developers argued that the wording of the Clean Water Act only extends federal jurisdiction to "navigable waters" used in interstate trade. The Supreme Court has since

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extended that jurisdiction to adjacent wetlands, but the high court has never identified the outer boundary of federal authority under the Clean Water Act.

It also failed to do so in Monday's decision.

Specifically at issue in the Rapanos case was whether rainwater runoff occasionally flowing off the proposed development site was enough of a connection to federal navigable waters to trigger US government control over the development site.

In the Carabell case, the proposed development site was behind a berm. Thus, there was no runoff from the site.

Writing for the plurality, Justice Antonin Scalia said the Clean Water Act does not extend jurisdiction to channels through which water flows intermittently or channels that provide drainage for rainfall. "The [US Army Corps of Engineers'] expansive interpretation of "the waters of the United States" is ... not based on a permissible construction of the statute," Justice Scalia writes.

Although he concurred in Scalia's opinion, Justice Kennedy said the critical issue to him is whether the land has a "significant nexus" to waters that are or were navigable - thus falling within federal jurisdiction.

Kennedy says Scalia's plurality opinion is "inconsistent with the [Clean Water Act's] text, structure, and purpose."

"Justice Scalia's opinion has language that would radically restrict the act's jurisdiction, but it appears that Justice Kennedy has a more expansive read on the term 'significant nexus,' " says Mr. Murphy of the National Wildlife Federation. Carabells' condo plan ran into opposition

The Carabell case involves an effort to build a condominium project on a 19-acre site classified as a wetland. State officials were reluctant to allow the developers, June and Keith Carabell and Frances and Harvey Gordenker, to build on one of the last remaining pieces of wooded property in the area.

After the developers agreed to reduce the size of the project and set aside nearly four acres as a wetlands-water retention area, state environmental officials approved the plan.

Federal officials disagreed. They moved to block the project, arguing that the land fell within federal jurisdiction and could not be developed without a Clean Water Act permit. They refused to issue a permit. The developers sued and lost at both the trial court and appeals court levels.

In their appeal to the Supreme Court, lawyers for developers argued that there is no flow of water from their tract. Water is retained on the property in part because of a man-made berm between the tract and a drainage ditch. Since there is no flow to a tributary of a "navigable water," there is no federal jurisdiction, the developers' lawyers say.

The Rapanos case involves efforts by developers John and Judith Rapanos to build on three tracts in Michigan. Like the Carabells, they challenged the assertion of federal authority over their land. The Environmental Protection Agency claims Clean Water Act jurisdiction because rainwater runoff from each of the three properties drains into a tributary that leads to "navigable waters." Lawyers for Rapanos argued there must be a stronger connection than mere runoff from a property to trigger federal authority. Court has confronted the issue twice before

The Supreme Court has addressed similar issues twice in the past 20 years. In 1985, the court ruled 9-0 that the act's jurisdiction extends to wetlands that are adjacent to navigable waters. But the high court added in a footnote that the justices were not expressing an opinion about whether the jurisdiction extends to wetlands that are "not adjacent to bodies of open water."

The second case was decided in 2001.

In that case, the court ruled that the act does not cover an abandoned sand and gravel pit that had filled with water. The Corps of Engineers had claimed authority over the site by saying that migratory birds used the pond as habitat. The justices ruled 5-4 that the Corps was claiming powers not granted by Congress by attempting to extend its jurisdiction to ponds with no connection to navigable waters.

Split Supreme Court Narrows Use Of Wetlands Act (WSJ)

By Jess Bravin And Ben Winograd

The Wall Street Journal, June 20, 2006

WASHINGTON -- A splintered Supreme Court rolled back coverage of the Clean Water Act, ruling federal regulators had gone too far in protecting wetlands lying more than 10 miles from navigable waters.

No majority of justices could agree on how to define the waters protected by the act, muddying the legal landscape for lower courts that will have to apply the ruling. The court's lineup in the case illustrated the rising role of Justice Anthony Kennedy as a swing vote on major issues.

Writing for a plurality of four conservatives, Justice Antonin Scalia castigated federal regulators as "enlightened despots" who over the law's three decades had ranged far afield of their authority. Four liberal-leaning dissenters, meanwhile, accused the

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majority of elevating its disdain for environmental regulation over long-standing practices accepted by Congress, lower courts and the majority of states.

But the pivotal vote was that of Justice Kennedy, whose solo concurrence provided the fifth vote ordering a lower court to reconsider the case. "While the plurality reads nonexistent requirements into the act, the dissent reads a central requirement out," Justice Kennedy wrote.

Justice Kennedy could also be the deciding vote in a handful of potentially significant cases that remain before the court's adjournment at month's end. Those cases include President Bush's plan to prosecute suspected foreign terrorists in military courts that limit defendants' rights, and a challenge to the partisan remapping of U. S. House districts in Texas orchestrated by Republican former Rep. Tom DeLay.

Justice Sandra Day O'Connor, who retired this year, often served as a swing vote on issues such as abortion and affirmative action, though not on regulatory matters.

The Clean Water decision also suggests that the early harmony of Chief Justice John Roberts's Court -- which has been noted for unanimous decisions and reluctance to issue multiple concurring opinions -- may be ebbing as the justices wrestle over deeply held views. At the court's session yesterday, not only did Justice Scalia read his plurality opinion, but Justice Kennedy and Justice John Paul Stevens took the unusual step of reading their own concurring and dissenting opinions.

Yesterday's ruling marked the second time in a week that Justice Kennedy cast the deciding vote in an ideologically charged case. Thursday, he joined conservatives in weakening prohibitions against no-knock police searches, but wrote separately to otherwise preserve the general practice of excluding evidence police seize illegally.

Yesterday, Justice Kennedy agreed that lower courts had used the wrong standard by deferring to the Army Corps of Engineers' authority over wetlands. But rather than follow the dictionary definition of waterway proposed by Justice Scalia, Justice Kennedy wrote that lower courts should examine whether the water or wetland possesses a "significant nexus to waters that are or were navigable in fact or that could reasonably be so made."

Still, the plurality and Justice Kennedy agreed that the government had exceeded its power by defining almost any place where water might be found as qualifying for protection as "waters of the United States."

"The corps has stretched the term ... beyond parody," Justice Scalia wrote, encompassing "storm drains, roadside ditches, ripples of sand in the desert that may contain water once a year, and lands that are covered by floodwaters once every 100 years."

While the act covered wetlands adjacent to interstate waterways, it couldn't be seen as protecting those that lie wholly within a single state, far from interstate channels, Justice Scalia wrote. To qualify for regulation, they must contain "a relatively permanent body of water connected to traditional interstate navigable waters" and feature "a continuous surface connection with that water, making it difficult to determine where the 'water' ends and the 'wetland' begins," he wrote, joined by Justice Clarence Thomas and the court's two new Bush appointees, Chief Justice Roberts and Justice Samuel Alito.

In dissent, Justice Stevens said that "the two controlling opinions propose two very different tests for the courts below to follow" and suggested they should uphold federal regulations that pass either one. Participants in the property-rights wars agreed that the court had clarified little. "It leaves the landowner totally perplexed," said Timothy Bishop, an attorney for the American Farm Bureau Federation, which filed a friend of the court brief opposing the government. The "real uncertainty" means that farmers will play it safe and continue to seek federal permits, he said.

Joan Mulhern, an attorney with the environmental advocacy group Earthjustice, said that nearly 60% of the nation's streams could be considered "intermittent" and thus likely to invite court disputes over their coverage by the water act.

The justices ordered a lower court to reconsider decisions barring the backfilling of wetlands on property belonging to two landowners in Michigan. Justice Scalia made clear he had little doubt that the principal property in dispute, a 54-acre parcel belonging to developer John Rapanos, little resembled "waters of the United States." Reluctant to call the disputed area a wetland, Justice Scalia described it as "land with sometimes-saturated soil conditions" lying "11 to 20 miles away" from "the nearest body of navigable water."

Justice Kennedy complained that "the plurality's overall tone and approach ... seems unduly dismissive" of the government's effort to protect the environment. He took issue with the Scalia plurality limiting the act to "relatively permanent, standing or flowing bodies of water" such as oceans, rivers and lakes. "The Los Angeles River, for instance, ordinarily carries a trickle of water and often looks more like a dry roadway than a river," Justice Kennedy, a Californian, wrote. "Yet it periodically releases water-volumes so powerful and destructive that it has been encased in concrete and steel over a length of some 50 miles."

But Justice Kennedy said the dissenters, too, had misread the act, failing to limit it to "navigable" waters, or those wetlands that "significantly affect the chemical, physical and biological integrity of other covered waters more readily understood as 'navigable.'"

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Justices Rein In Clean Water Act (WP)

By Charles Lane

The Washington Post, June 20, 2006

The Supreme Court ruled yesterday that new limits could be placed on the federal government's power to enforce the 34-year-old Clean Water Act, but a set of opinions handed down by the justices did little to define what those limits might be.

The splintered decision was the clearest sign yet that the court's long-standing ideological divisions have not disappeared with the addition of two conservative justices. It also underscored that, perhaps more than ever, forming a majority in significant cases depends on winning the vote of a single justice -- moderate conservative Anthony M. Kennedy.

In yesterday's ruling, a five-justice majority agreed that the Army Corps of Engineers, the lead federal agency on wetlands regulation, exceeded its authority when it denied two Michigan developers permits to build on wetlands. The court said the Corps had gone beyond the Clean Water Act by making landowners obtain permits to dump rocks and dirt not only in marshes directly next to lakes and rivers but also in areas linked to larger bodies of water only through a network of ditches and drains.

But there was no clear majority as to where the Corps should have drawn the line, with a four-justice plurality made up of Chief Justice John G. Roberts Jr. and Justices Antonin Scalia, Clarence Thomas and Samuel A. Alito Jr. arguing for an across-the-board reduction in the Corps' regulatory role but Kennedy rejecting that view and calling for a case-by-case approach.

The net effect of the most important Clean Water Act case to reach the court in recent years was thus neither the outright rollback of federal wetlands regulation that property rights advocates have long sought nor the reaffirmation of the Clean Water Act that environmental organizations had desired.

Instead, unless Congress amends the law or federal regulators change their rules, the likely outcome is more litigation in lower courts, with property owners, U.S. agencies and federal judges trying to figure out how to satisfy the standards sketched in Kennedy's solo opinion.

"The practical effect is that some bright-line rules that have been applied for decades haven't been thrown out . . . but have had a significant cloud set over them by Justice Kennedy," said Richard J. Lazarus, a professor of environmental law at Georgetown University.

The key issue in the twin cases decided yesterday, Rapanos v. U.S. , No. 04-1034, and Carabell v. Army Corps of Engineers , No. 04-1384, was the meaning of a single phrase in the Clean Water Act.

The landmark 1972 environmental legislation gave federal regulators the power to control the discharge of pollutants into "navigable waters." On the theory that what gets dumped upstream eventually winds up downstream, the government has interpreted that term to include not only large lakes and rivers but also their smaller tributaries, including some ditches or stream beds that are dry for all or most of the year and wetlands near those tributaries.

The Bush administration, backed by environmental organizations and more than 30 state governments, told the court that any narrower interpretation would cripple the Clean Water Act.

But property owners, backed by home builders, developers, farmers, ranchers and some water districts from the arid West, say that the Army Corps' view has federalized every drop of water in the country, putting Washington in charge of development miles away from any recognizably navigable waters.

The Michigan properties at issue included the Rapanos family's three parcels, of which one is close to the Pine River, a tributary of Lake Huron, and two are wetlands that drain into creeks that drain into two other rivers that flow into navigable waters. June Carabell's 19 acres are about a mile from Lake St. Clair but are connected to it by a network of man-made ditches.

Two recent Supreme Court rulings pointed in different directions. In 1985, the court ruled that the federal government could regulate wetlands "adjacent" to navigable waters. But in 2001 it ruled that the federal government could not control waste dumping in isolated water-filled depressions in Illinois. Though the Corps said it had jurisdiction over the ponds because migratory birds flocked there, the court ruled they lacked a "significant nexus" to navigable waters.

In an opinion for the four-justice plurality yesterday, Scalia wrote of "the immense expansion of federal regulation of land use that has occurred under the Clean Water Act" and argued that the only way to cut back on it was to restore a common-sense definition of navigable waters as "relatively permanent standing or flowing bodies of water."

But Kennedy disagreed. Borrowing from the court's 2001 opinion, he suggested that the proper definition could include temporary channels of water, as long as they had a "significant nexus" to larger bodies. They must "significantly affect the chemical, physical, and biological integrity of other covered waters more readily understood as 'navigable,' " he wrote. Those wetlands with only a "speculative or insubstantial" connection would not qualify, Kennedy noted.

Both sides in the debate rushed to put the most favorable interpretation on Kennedy's opinion.

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M. Reed Hopper, principal attorney for the Pacific Legal Foundation, who represented the Michigan property owners in the case, said it was a "great win for the regulated public" because it "specifically rejected the idea that the Army Corps . . . could regulate no matter how insignificant" the connection to navigable waters.

But Timothy Searchinger, a senior attorney with Environmental Defense, said in a prepared statement: "Justice Kennedy agrees that wetlands in the Upper Midwest can protect against vast water quality problems in the Gulf of Mexico. What his opinion seeks is that the U.S. Army Corps of Engineers set forth that proof. The proof is there, and when it is presented, I am confident that the reach of the Clean Water Act will change very little."

Lazarus likened the splintered decision to the 1978 Bakke case, in which four justices voted to uphold a minority admissions quota at a California medical school, four voted to strike it down, and a ninth justice, Lewis F. Powell Jr., voted to strike it down but suggested an alternative legal basis, diversity, for other race-conscious admissions policies.

The status of Powell's opinion was debated over the next 25 years, until a majority of the Supreme Court finally embraced it in a 2003 case.

That assessment of yesterday's result seemed to be shared by some members of the court.

In a brief concurring opinion, Roberts alluded to the affirmative-action cases and noted that it was "unfortunate that no opinion commands a majority of the Court on precisely how to read Congress' limits on the reach of the Clean Water Act." He added: "Lower courts and regulated entities will now have to feel their way on a case-by-case basis."

And Justice John Paul Stevens, in a dissenting opinion joined by Justices David H. Souter, Ruth Bader Ginsburg and Stephen G. Breyer, argued that Kennedy's approach will not cut back on the scope of the Clean Water Act "in the long run." But, in the meantime, it "will have the effect of creating additional work for all concerned parties," Stevens wrote.

Stevens argued that the court should have accepted the Army Corps of Engineers' view of its own authority, as both Congress and the executive branch had acquiesced to it for decades.

Supreme Court Justices Show Support For Wetlands Protection (LAT)

By David G. Savage

The Los Angeles Times, June 20, 2006

WASHINGTON — A divided Supreme Court today upheld the broad power of federal environmental regulators to protect most wetlands from development, even in areas that are dry much of the year.

The decision by five justices dashed the hopes of private property advocates who believed that the more conservative court was ready to sharply cut back the reach of the Clean Water Act.

At issue was an estimated 300 million acres of sometimes swampy ground that includes half of Alaska and an area as large in California. Since the 1970s, the Army Corps of Engineers has said the owners of this land may not fill it or drain it without a permit.

Last year, the court voted to take up a property rights challenge to the broad reach of federal authority. It was brought on behalf of John Rapanos, a Michigan developer who was fined heavily after he had filled in wetlands on three farm fields that were about 20 miles from Lake Huron. After a heavy rain, water from these fields flowed into a drainage ditch, and from there to a tiny stream.

Rapanos acknowledged that federal authorities could prevent the pollution of "navigable" rivers, bays and lakes, but he maintained that they could not exercise control over inland wetlands like those on his fields.

Chief Justice John G. Roberts Jr. and Justice Samuel A. Alito Jr., both new to the court in the past year, agreed with Rapanos and joined an opinion by Justice Antonin Scalia. They argued that only wetlands that were connected to steadily flowing streams came under federal protection, an opinion that Justice Clarence Thomas also accepted.

This opinion would have stripped away federal protection from most wetlands that are well inland and nearly all those in the West because their streambeds are dry most of the year.

Justice Anthony M. Kennedy, a native of Sacramento, balked and wrote a separate opinion that essentially upheld the broad reach of the law. He cited the Los Angeles River and other streams in the West that send "torrents thundering" downstream, but only for short periods of the year.

Kennedy said Scalia's opinion was "unduly dismissive" of the importance of wetlands and was "inconsistent with the text, structure and purpose" of the Clean Water Act. This measure was passed a few years after an oil slick on the Cuyahoga River in Cleveland caught fire in 1969, an embarrassment that focused the nation's attention on polluted water.

Afterward, Congress sought to clean up the "waters of the United States" by giving federal regulators broad authority to stop pollution at its source. A few years later, the Army Corps of Engineers said wetlands helped filter pollution from water and lessen the impact of flooding.

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Kennedy said federal authority did not extend to isolated wetlands whose filling would have no effect on "downstream water quality." However, if environmental regulators could show that dredging or filling a wetland could "significantly affect" the waters downstream, they could protect it from development.

Until today, federal regulators — including the Bush administration — said wetlands were under federal jurisdiction if a single drop of water could flow from them to the sea. Lower federal courts for Michigan upheld the government's fine of Rapanos based on that theory.

Kennedy voted with his conservative colleagues to overturn the trial court's initial ruling and give the court an opportunity to reconsider the issue. As guidance, he also said there appeared to be evidence that filling the fields on Rapanos' land had an effect on downstream waters.

He described his view of the law as being closer to the interpretation of the court's four liberals — who said they would have upheld without question the broad reach of the Clean Water Act — than that of the four conservatives.

The court's 4-1-4 split left activists on both sides of the issue a bit unsure about the future.

Several environmentalists expressed relief. "Today, five justices of the Supreme Court wrote or joined opinions that support broad protection of rivers, streams and wetlands," said Doug Kendall, executive director of the Community Rights Counsel.

The National Resources Defense Council said it was pleased the court "rejected an attempt by the court's conservative wing to dramatically roll back" a key environmental measure. But it also said the outcome "muddies the water" because it will force more legal battles over which wetlands are protected.

The Pacific Legal Foundation, which represented Rapanos, said it was pleased the court had "rejected unlimited federal control" of wetlands.

"It is not the role of the federal government to micromanage every pond, puddle and ditch in our country," said Reed Hopper, a lawyer for the foundation.

Supreme Court Splits Sharply On Wetlands Protections (LAW)

By Tony Mauro, Legal Times

Legal Times, June 20, 2006

On a day that foreshadowed politically charged battles ahead, the Supreme Court on Monday divided sharply on the scope of the Clean Water Act while also agreeing to widen its review of the federal partial-birth abortion ban next fall.

In the long-awaited Clean Water Act cases Rapanos v. United States and Carabell v. United States, Justice Antonin Scalia won three other votes for a narrow interpretation of the act's scope, while Justice Anthony Kennedy concurred in the judgment but offered his own more sweeping interpretation -- guaranteeing continued litigation.

In Scalia's view, the law requiring permits to fill "navigable waters" covers only "relatively permanent" streams, rivers, and lakes -- not intermittent or merely "hydrologically connected" waters. However, Kennedy's concurrence sketched out a much broader standard, one that would apply the law's permit requirement to those seeking to fill any waters and wetlands with a "significant nexus" to navigable waters.

Environmental groups seized on Kennedy's concurrence as the controlling opinion and expressed relief that their fears of a substantial loss of Clean Water Act jurisdiction had not come to pass.

"The ultimate effect of the Supreme Court's decision on the Clean Water Act is to leave the Act's protection of wetlands and other water bodies in place, but subject to proof that they do in fact have a 'substantial nexus' to downstream water quality," said Tim Searchinger, lawyer with the group Environmental Defense, in a statement. "The decision kicks the ball down the road and will create some major administrative headaches, but in the end, the protection of this country's water bodies should change little."

In cases where no opinion garners five votes, the opinion that concurs with the judgment on the narrowest grounds is usually regarded as the most important. The most famous example of this rule is the 1978 landmark affirmative action case Regents of the University of California v. Bakke, in which a concurrence by Justice Lewis Powell Jr. for himself alone was viewed as the controlling opinion in the case.

"Environmental law now has its own Bakke," said Georgetown University Law Center professor Richard Lazarus, who said the Kennedy concurrence controls the case because it rejects Scalia's more sweeping reinterpretation of the law.

The Clean Water Act cases were seen as the first test of the environmental views of the Court's new justices, Chief Justice John Roberts Jr. and Justice Samuel Alito Jr. Both joined Scalia's plurality opinion.

Spectators in the Court chamber on Monday witnessed the rare sight of Scalia criticizing, from the bench, not only the dissent by Justice John Paul Stevens but also Kennedy's concurrence for "ignoring the text" of the Clean Water Act. Kennedy and Stevens also summarized their writings from the bench. It is rare for a concurring justice to read from his or her opinion.

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Also on view was a dispirited liberal wing of the Court. Though Stevens, 86, read from his dissent vigorously, the justices who joined him -- Stephen Breyer, David Souter, and Ruth Bader Ginsburg -- appeared gloomy and fatigued.

In the Clean Water Act cases, the Court seemed aware that its resolution of the case would satisfy almost no one. Roberts lamented that because no opinion commanded a majority of the justices, "lower courts and regulated entities will now have to feel their way on a case-by-case basis."

Dissenting Justice Stevens said the Scalia opinion "disregards the fundamental significance of the Clean Water Act" and trivializes its protection of wetlands adjacent to waterways.

The cases before the Court involved two Michigan developers thwarted in their plans by environmental regulations. John Rapanos has been trying for nearly 20 years to build a shopping center near Midland, Mich. His sites were deemed to be wetlands, but Rapanos -- arguing that the nearest navigable water is 20 miles away -- began construction without permits. Similarly, June Carabell sought to build condominiums on forested wetlands in Macomb County, Mich. She applied for a fill permit, but the Army Corps of Engineers turned her down.

The 6th U.S. Circuit Court of Appeals ruled against both developers and in favor of federal jurisdiction over the projects. The administration argued for the broader view of jurisdiction.

The effect of Monday's ruling is to return both cases to the 6th Circuit for review in light of the high court ruling. Scalia said it would be up to the lower courts to decide if the wetlands involved fit his definition of "possessing a continuous surface connection" with navigable waters. Kennedy said the lower court should use his "significant nexus" standard. And Stevens -- noting that under his four-justice dissent, Army Corps of Engineers jurisdiction was guaranteed no matter which standard is used -- said that the earlier circuit court rulings should be reinstated if either Scalia's or Kennedy's test is met.

Lawyers opposed to the broad interpretation of the law were also heartened by the decision. "The Court is clearly troubled by the federal government's view that it can regulate every pond, puddle, and ditch in our country," said Reed Hopper of the Pacific Legal Foundation, which represented Rapanos. "We are encouraged by this decision and believe it represents a good first step toward common sense regulation."

Also Monday, over the objection of the Solicitor General's Office, the Court granted review in a second case that tests the constitutionality of the federal Partial-Birth Abortion Act of 2003. The Court has already docketed Gonzales v. Carhart, a Nebraska challenge to the same law based on the law's omission of a "health exception" that allows the controversial procedure if needed to preserve the health of the mother.

The new case, Gonzales v. Planned Parenthood of America, stemmed from a 9th Circuit ruling that struck down the law on the additional ground that it was unconstitutionally vague.

In briefs filed with the Court, the administration appealed the 9th Circuit ruling but urged it to hold the case in abeyance pending a decision in the Nebraska case. The Court rejected the advice. The two cases are likely to be argued in tandem this fall, but no date has been set.

The Court on Monday also issued two rulings that followed up on its landmark 2004 ruling in Crawford v. Washington, which strengthened the Sixth Amendment's Confrontation Clause. That clause guarantees the right of criminal defendants to be confronted at trial with the witnesses against them. In Crawford, the Court barred the use in criminal trials of testimonial statements made by witnesses who did not appear at trial.

In companion cases Davis v. Washington and Hammon v. Indiana, the Court said the rule does not exclude use of the tape of a 911 call that was made to seek police help in a domestic-violence emergency. Statements made in such a call are not testimonial, said Scalia for an 8-1 majority, and therefore do not violate the Confrontation Clause. The Court also found, however, that an after-the-fact affidavit given by a woman to police in a separate domestic-violence case was a testimonial statement and therefore could not be introduced as evidence at trial in lieu of the witness.

Clean Water Act Reach Limited: U.S. Supreme Court Overview (BLOOM)

By Greg Stohr

Bloomberg, June 20, 2006

June 19 (Bloomberg) -- The U.S. Supreme Court limited the reach of the Clean Water Act, saying it applies only to wetlands with a close connection to a river, lake or some other major waterway.

The justices, voting 5-4, ordered a new round of hearings for two sets of Michigan landowners whose efforts to build on their property have been stymied by the U.S. Army Corps of Engineers. The majority was divided in its reasoning, with Justice Anthony Kennedy refusing to join four other justices in putting even more restraints on the federal regulators.

Kennedy's separate opinion now becomes the controlling law. He established a new test, saying the Corps can regulate only wetlands that have a ``significant nexus" to a major waterway. He also said that in both cases before the justices, the Corps had at least some evidence of that type of connection.

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Kennedy's reasoning drew criticism from both ends of the court. Justice Antonin Scalia called Kennedy's test ``opaque'' and said it ``tips a wink at the agency, inviting it to try its same expansive reading again.''

Chief Justice John G. Roberts Jr. and Justices Samuel Alito and Clarence Thomas joined Scalia's opinion. The case marked the first environmental test for the court's newest justices, Roberts and Alito.

Stevens Dissent

Justice John Paul Stevens, writing for the four dissenters, said Kennedy's test will create new uncertainty and additional work for regulators and landowners. He also said the new test ``will probably not do much to diminish the number of wetlands covered by the act in the long run.''

Justices Stephen Breyer, Ruth Bader Ginsburg and David Souter also dissented.

The ruling is a partial setback for environmentalists and the Bush administration, which argued in favor of broad federal power to restrict development.

Kennedy's test has ``never been applied or used anywhere,'' said Joan Mulhern, senior legislative counsel at Earthjustice, an environmental group based in Oakland, California. ``I'd hesitate to say I agree with it or to say I don't agree with it because I'm not sure what it means.''

Groups backing the landowners included homebuilders Pulte Homes Inc. and Centex Corp. and trade associations representing the real-estate, oil and farming industries.

``The court is clearly troubled by the federal government's view that it can regulate every pond, puddle and ditch in our country,'' said Reed Hopper, a Sacramento, California, lawyer who represented landowner John Rapanos in one of the cases. ``We are encouraged by this decision and believe it represents a good first step toward common sense regulation.''

Commerce Clause

In focusing on the meaning of the Clean Water Act, the court didn't decide a more far-reaching question presented by the case -- whether Congress has power to regulate those wetlands under the Constitution's Commerce Clause.

Separately, the court today ruled that crime victims' statements to police 911 operators about an ``ongoing emergency'' can later be used as trial evidence when the victim isn't available for cross-examination.

The court also:

-- Asked the Bush administration for advice on a securities- industry bid to block antitrust lawsuits that accuse investment banks of rigging initial public offerings.

-- Agreed to consider a bid by Michigan to regulate Wachovia Corp.'s mortgage-lending business in a case that may open banks to new oversight across the country.

-- Broadened its review of a federal law banning what opponents call ``partial-birth abortion'' by adding a California case to its 2006-07 argument schedule. The justices were already set to hear arguments from a group led by a Nebraska doctor.

Juvenile Murderers

-- Refused to reconsider its year-old decision barring executions of murderers who were under 18 at the time of the crime, turning away an appeal by Alabama's attorney general.

-- Refused to question Swedish Match AB's right to sell cigars in the U.S. under the Cohiba brand name, turning away an appeal by a company owned by the Cuban government.

-- Rejected a challenge by five states to part of the funding mechanism for the new Medicare prescription-drug program.

The two wetlands disputes raised slightly different questions. Rapanos was accused of destroying wetlands, without a permit, on three central Michigan sites he hoped to develop. Regulators are seeking as much as $13 million in fines and restoration of the site.

Nearest Tributary

The Cincinnati-based 6th U.S. Circuit Court of Appeals concluded that the Clean Water Act covered Rapanos's property because the land had a hydrological connection to navigable waterways, ultimately draining into either the Tittabawassee River or Lake Huron. Rapanos says his land is far away from the nearest tributary -- 20 miles in the case of one site.

In the second case, a group led by accountant Keith Carabell wants to build a condominium complex on land near Detroit. The 6th Circuit said the property was an ``adjacent wetland,'' covered under the Clean Water Act, because only a man-made barrier separated the land from tributaries of Lake Huron and Lake Erie.

Carabell says no hydrological connection, either on the surface or underground, exists between his land and any tributary. The Bush administration disputes that contention.

The court scaled back the clean-water law in 2001, when it struck down a Corps of Engineers rule designed to protect migratory bird habitats on local ponds. The justices in that case said the rule lacked a ``significant nexus'' to the ``navigable waterways'' that are covered under the Clean Water Act.

Environmental Consequences

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Kennedy today said the ``significant nexus" phrase provides the key to applying the Clean Water Act, even though that language doesn't appear in the statute itself.

In the Rapanos case, Kennedy pointed to expert testimony about the environmental consequences of developing the land and a trial judge's finding of a surface connection to tributaries of navigable waterways. He said that type of evidence would help the Corps make its case, ``particularly if supplemented by further evidence about the significance of the tributaries."

At the same time, Kennedy said the appeals court went too far in permitting regulation any time a hydrological connection exists. ``Absent some measure of the significance of the connection for downstream water quality, this standard was too uncertain," he wrote.

In the Carabell case, Kennedy said the lower courts should assess ``the quality and regularity of flow in the adjacent tributaries."

Scalia would have required a continuous surface connection to a river, lake or other permanent body of water, saying that was the most plausible reading of the Clean Water Act's language. He said Kennedy ``has devised his new statute all on his own."

Stevens would have upheld the 6th Circuit's ruling, saying the Corps ``has reasonably interpreted its jurisdiction to cover non-isolated wetlands."

The cases are Rapanos v. U.S., 04-1034, and Carabell v. Army Corps of Engineers, 04-1384.

Clean Water At Risk (NYT)

The New York Times, June 20, 2006

The United States Supreme Court issued a decision on wetlands yesterday whose main virtue is that it could have been much worse. It sided with two developers who want to build on endangered wetlands, but the court's conservatives could not muster the fifth vote they needed for a very restricted view of the Clean Water Act. Still, the signs are ominous. Right now, Justice Anthony Kennedy, the swing vote in the case, is all that appears to stand in the way of gutting critical environmental protections.

The court ruled on a case arising out of Michigan, where developers filled in wetlands without a permit. The issue is whether these particular wetlands — which are not directly adjacent to navigable waters, but are adjacent to tributaries to those waters — are protected by the Clean Water Act. The Army Corps of Engineers, the administrative body charged by Congress with making these decisions, ruled that they are.

Four justices — including Chief Justice John Roberts and Samuel Alito, the two newest appointees — wanted to apply a dangerously difficult, and largely invented, test for what constitutes a wetland. The court's four most liberal members voted, rightly, to uphold the Army Corps' decision. Justice Kennedy sided with the conservatives on overturning the corps, but set out his own standard for which waters are covered. His test is a moderate one, and there is every reason to believe the corps will meet it when this case continues on remand.

Congress, though, should clear up any confusion by passing the Clean Water Authority Restoration Act. By doing so, it will reiterate that it wants extremely broad protection for the nation's waterways, and that it, not the judiciary, should decide which ones are protected.

For all the talk of liberal judicial activists, it was Justice Antonin Scalia and his fellow conservatives who voted to substitute their own preferences for a decision made by the executive branch, in the form of the Army Corps, interpreting a statute passed by Congress. It was the liberals who were "judicially modest," to use a favorite phrase of Chief Justice Roberts, deferring to the elected branches.

Justice Kennedy's role is especially notable. He wrote a careful opinion, much in the tradition of Justice Sandra Day O'Connor, that refused to go along with any large-scale assault on ecologically fragile lands. His opinion suggests that in this sharply divided court, at least in environmental law, the precarious center can hold.

Parsing The Waters (WSJ)

The Wall Street Journal, June 20, 2006

The Supreme Court tiptoed up to the edge of a landmark property-rights ruling yesterday, but in the end it merely dipped a toe in the water without deciding whether to jump in or not.

The vote in the case left little room for doubt about the reason for the Court's indecision -- his name is Justice Anthony Kennedy. The Court split, in effect, 4-1-4 in Rapanos v. U.S., which covered two separate cases concerning federal jurisdiction over "wetlands" under the Clean Water Act. Mr. Rapanos had filled a wetland that was essentially a drainage ditch without a permit back in 1989. Five years later, the government filed suit against him. Mr. Rapanos lost, and that decision was upheld by the Sixth Circuit Court of Appeals.

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The Supreme Court vacated that decision Monday and sent it back to the lower courts to try again. Justice Antonin Scalia, writing for four of the Justices, clearly would have gone farther in reining in the expansive interpretations of the Clean Water Act that have taken hold over the last three decades. Thanks to the Army Corps of Engineers, the definition of "navigable waters" can now include puddles and drainage ditches and has turned the law-abiding likes of Mr. Rapanos into wetlands desperadoes.

In his own separate opinion, Justice Kennedy agreed to vacate the ruling but refused to go as far as the rest of the majority. The result is that the final outcome in both the Rapanos case and Carabell v. U.S., another drainage ditch fiasco also decided yesterday, remains in doubt. On remand, the lower courts could modify their reasoning but uphold their decisions. As Justice Scalia noted in his opinion, Justice Kennedy seemed to "tip a wink" at the government in his concurrence, "inviting it to try its same expansive reading again" as long as it cites Justice Kennedy's logic.

Chief Justice John Roberts -- who, with Clarence Thomas and Samuel Alito, joined with Justice Scalia's opinion -- also wrote a concurrence in which he lamented that it was "unfortunate that no opinion commands a majority of the Court on precisely how to read Congress' limits on the reach of the Clean Water Act." As a result, he warned, "Lower courts and regulated entities will now have to feel their way on a case-by-case basis."

In other words, welcome to the Kennedy Court. It didn't take a brilliant legal mind to see that, after the confirmations of Justices Alito and Roberts, the protean Justice Kennedy would seek to become the "swing" vote. The Rapanos case illustrates this in spades, with Justice Kennedy trying to define a middle ground between the liberal and conservative minorities on the court.

The result is an opinion that no one else saw fit to join, and yet could well prove controlling in future wetlands cases -- assuming anyone can determine just what Justice Kennedy was trying to say. His concurrence is a Kennedy classic, with a hifalutin-sounding "significant nexus" test for lower courts to apply and no shortage of ersatz objectivity and even-handedness.

As Justice Scalia tartly observed, at least the four liberal Justices defer to the Army Corps of Engineers. Justice Kennedy's opinion essentially rewrites the Clean Water Act, substituting his inventive afflatus for the Congress and the Corps and the rest of the bench -- a kind of activist trifecta.

Chief Justice Roberts also needled Justice Kennedy by pointing out that the Court's confused message here "is certainly not unprecedented," citing specifically the 2003 Grutter v. Bollinger decision. That was a racial quotas muddle issued by the Court's previous great muddler, former Justice Sandra Day O'Connor, but in which Mr. Kennedy dissented. The Chief Justice also lamented "how readily the situation could have been avoided" -- i.e., had Justice Kennedy not decided to play philosopher king.

Some court-watchers predicted that Justices Roberts and Alito would help draw Anthony Kennedy to the right, lest he feel isolated by the high-powered intellects of the Court's four conservatives. The good news from yesterday's ruling is that the Court's two newest members came down solidly on the side of property rights in their first big environmentalism case. The bad news is that Justice Kennedy lacked the courage of their convictions.

Panel Reaches Deal On Drilling Off U.S. Coasts (NYT)

By Michael Janofsky

The New York Times, June 20, 2006

WASHINGTON, June 19 — The chairman of the House resources committee said Monday that the committee had reached bipartisan agreement on a measure that would open the Outer Continental Shelf to oil and gas exploration.

Representative Richard W. Pombo of California, the chairman, said the agreement was a compromise that would give states the option to drill in waters that the federal government had kept off limits to energy exploration for decades. At the same time, lawmakers also tried to satisfy lawmakers from Florida and other states who have opposed any drilling within 100 miles of their coastlines.

The agreement, scheduled for a committee vote on Wednesday, would replace a longstanding executive order barring most drilling on the shelf with legislation that would bar drilling in the first 50 miles of coastal waters unless states chose to opt out by vote of their Legislature and the approval of their governor.

In areas between 50 and 100 miles offshore, states would have one year after the legislation is enacted to prohibit drilling for natural gas and three years to prohibit drilling for oil.

The bill would also give the secretary of the Interior Department the authority to renegotiate royalty agreements with energy companies.

Calling the measure "comprehensive, balanced and forward-thinking," Mr. Pombo said it addressed the growing need for the country to develop more of the energy resources it controlled.

Mr. Pombo said the House leadership had assured him that the bill would come to the floor for a vote this year, but its prospects beyond that are uncertain.

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Scent Of Ballots Is In Air, And Energy Bills Are Blooming (NYT)

By Michael Janofsky

The New York Times, June 20, 2006

WASHINGTON, June 19 — Senator Larry E. Craig, Republican of Idaho, has introduced a bill that would allow American oil companies to work in partnership with Cuba, drilling for energy supplies off its coastline. A proposed measure from Representative Maurice D. Hinchey, Democrat of New York, would eliminate a slew of tax breaks for oil and gas companies.

Representative Dan Lungren, Republican of California, has proposed legislation that would award $1 billion to the first automaker in the United States to sell 60,000 mid-size sedans that can travel 100 miles on a gallon of gas.

Any notion that energy policy was set for a while after President Bush signed the first major energy bill in a decade last August would be wrong. Not only are gasoline prices higher now than they were then — more than $3 a gallon in many parts of the country — but elections are approaching. Judging from the bulk of new energy-related legislation floating around Congress, woe to the lawmaker with no response to the voter who asks, "So, what have you done about energy costs?"

"Not a legislator in the United States wants to go home over the July 4 holiday and not point to something he or she did," said Jason S. Grumet, executive director of the National Commission on Energy Policy, a coalition of experts that works for bipartisan energy policy. "Whether that's a cynical politician or one who's reacting to his constituents is a matter of perspective."

Since Hurricanes Katrina and Rita shut down refineries in the Gulf of Mexico region last summer, speeding the rise of gasoline costs, House members have introduced 267 energy-related bills and senators have introduced 210, according to an analysis by the Senate energy committee.

Many of the bills are directed at gasoline prices as lawmakers seek to increase domestic oil supplies; other proposals would help expand refinery capacity; and some would overturn offshore-drilling bans. At least one would lower personal income taxes to offset rising gas prices.

John B. Breaux, a former Democratic senator from Louisiana and now a lobbyist who has represented energy companies, called the flurry of bills being introduced "acts of desperation by Congress to address very serious problems."

"The energy bill will do a lot of good," he said. "But this is an election year, the problems are still there and people want immediate solutions."

Whether they get them is another matter. Energy experts agree that the world crude oil price, now about $64 a barrel, has greater influence on gasoline costs than anything Congress does, short of changing the federal per-gallon tax.

Beyond that, energy legislation rarely passes easily, given how lawmakers are divided over the long-term changes needed to wean the country from foreign oil and to lower prices. Republicans and energy producers generally favor expanding domestic fuel supplies through drilling and nuclear development. Democrats and environmental groups generally prefer greater use of renewable fuels and more emphasis on conservation.

A further complication is the limited time available for debate before the mid-October recess that precedes the Nov. 7 elections.

Last year's energy bill was the rare piece of omnibus legislation that drew the parties together, largely because it had something for everybody and satisfied the growing realization across party lines that renewable energy would play a growing role in the nation's energy portfolio. As one example of its even-handed approach, the bill gave energy companies tax breaks for exploration yet offered no path toward opening new energy fields in the Arctic National Wildlife Preserve or the Outer Continental Shelf.

"The energy bill was massive, but it was a compromise," said Representative Joe L. Barton of Texas, chairman of the House energy committee. "A lot of the things the most aggressive environmental groups wanted, they didn't get. A lot of the things proponents of domestic development wanted, they didn't get."

"Now," he added, "they're coming back to get them."

The result is a flow of legislation, which has had a dizzying effect on the committee chairmen who have to decide which measures deserve consideration and which have a chance to win bipartisan support. Senator Pete V. Domenici, the New Mexico Republican who is chairman of the energy committee, said the 2005 bill had served as "an open invitation for people introducing legislation that purports to solve one or more problems in one or more ways."

"If you can dream up a solution," he said, "we'll have five bills tomorrow."

But none of the measures are likely to pass, he added, without strong support from both parties, especially in the Senate, where Democrats have routinely used the threat of filibuster to block initiatives they oppose, like drilling in the Arctic reserve.

Of all the energy measures that build on the 2005 law, three have a modest chance to pass both houses this year. One would open a new section of the Gulf of Mexico to drilling. One would define and outlaw gasoline price gouging. A third would

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give the president authority to set fuel efficiency standards for cars. Interest is also growing to increase the use of ethanol in gasoline blends.

Mr. Grumet, whose coalition helped get the 2005 law passed, predicted that any bill of consequence would pass only if it addressed both demand and supply issues. As an example, he said lawmakers were discussing a measure that would combine the Gulf drilling bill with one that reduced demand for oil.

"There's a Goldilocks problem with energy issues," he said. "Bills are usually too hot or too cold. They're almost never just right to legislate."

Blame Oil Prices For Those Potholes (USAT)

By Barbara Hagenbaugh

USA Today, June 20, 2006

WASHINGTON — Drivers, be prepared for some bumpy roads.

Asphalt prices are skyrocketing as costs for oil, a key component of the paving material, are near records. In some parts of the country, there are asphalt shortages.

Both price and availability problems are forcing local governments across the USA to scale back or cancel road projects this summer, the main paving season in much of the country.

For drivers, that means some roads likely will be worse than they otherwise would be later this year and beyond.

“Some roads are going to continue to get worse and worse, and eventually some will be converted to gravel whether we like it or not,” says Dirk Rogers, highway superintendent in Brown County, S.D.

Brown County pavers will hit only about 60% as many roads as last year. Prices have doubled in just two years, while the county budget has barely budged.

Construction companies have been laying off workers in Hawaii because of asphalt shortages caused, in part, by the recent closing of an asphalt plant. The problem was compounded last week after a fire at what is now the only asphalt producer in the state.

In most parts of the country, however, the bigger issue is price.

Nationwide, asphalt prices are up 42% in the second quarter from the same time a year ago, according to the Engineering News-Record.

Asphalt is made from sand, gravel and other substances that are bound together by a goopy substance called liquid asphalt. Liquid asphalt is made from the remnants of oil after it is refined into gasoline and other products.

Making matters worse, U.S. asphalt production was down more than 5% from January through March compared with a year ago, the Energy Department says.

A number of issues are to blame, including refinery outages caused by last year's hurricanes. At the same time, road construction is booming because of a strong economy and the need for post-hurricane rebuilding. The tight supply-demand balance is boosting prices.

“There are a multitude of issues going on,” Global Insight economist Michele Halickman says.

Ernie Skretteberg, contracts administrator at McGarvin-Moberly Construction in Worland, Wyo., says higher prices mean the company is losing money on projects that it bid on months ago when prices were lower. But the shortages are causing him the biggest headaches.

“We never thought availability would be an issue,” he says.

Skretteberg says he's concerned road projects will get delayed for so long that they won't be completed before the weather changes in October. “We have such a limited window in this part of the country … that we have to get going to get on schedule,” Skretteberg says.

The longer the roads go without being maintained, the worse they will get and the harder and more costly they will be to repair, says Donald Wessel, general manager of crude and refined product consulting at Poten & Partners.

“Eventually, you're going to have to fix those roads. But if you're out of money, you're out of money,” he says.

Snowmobile-Friendly Plan For National Parks Rejected (LAT)

By Julie Cart

The Los Angeles Times, June 20, 2006

The Bush administration on Monday reversed a proposed policy that would have opened some of America's national parks to snowmobiles and other motorized recreation and permitted increased commercialization.

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Interior Secretary Dirk Kempthorne — who has been on the job less than a month — threw out a draft of the National Park Service Management Policies that would have weakened protections for wildlife and natural resources, instead restoring the longtime standard that national parks must emphasize preservation over any other activity.

"That is the heart of these policies and the lifeblood of our nation's commitment to care for these special places and provide for their enjoyment," Kempthorne said during a ceremony in Washington.

The new policy, which is to become final in three weeks, explicitly instructs park managers to maintain clean air, water and natural sounds, and not allow any activities that might damage park resources.

The revised management plan also contains sections that acknowledge the impact of global climate change in the parks and encourage cultural diversity.

The guidelines scrapped most of the changes called for last year by former Deputy Assistant Interior Secretary Paul Hoffman, a political appointee who sought to include recreation as a core park mission.

Hoffman's draft — which downplayed the role of science in managing the nation's parks and allowed for religious references to be placed inside their borders — drew 45,000 comments from the public and an angry reaction from congressional critics.

Of particular concern were policy changes that would have allowed snowmobiles to travel over any paved road in any national park in the winter, protected livestock grazing and mining, and weakened air quality standards.

Interior officials at the time said the revisions were intended as a starting point to facilitate discussion.

According to a park service manager who worked on the latest version, the draft that Kempthorne presented came directly from the service, not the Interior Department.

Traditionally, park service policies have afforded the highest level of natural resource protection of any federally managed land.

National parks do not have a mandate to offer recreational opportunities to the public; rather, they were established to protect wildlife and cultural and historic resources and to provide educational programs to visitors.

The policies — which many park superintendents call "the bible" — instruct officials to balance visitor use with wildlife needs, resource protection and historic preservation, generally holding protection and preservation as their highest goals.

Ron Tipton of the National Parks Conservation Assn. said Monday that recreation groups long had petitioned for more access to national parks — and had pushed for language included in the Hoffman management plan.

"The impetus had come from some elements of the motorized recreation industry," he said. "We welcome a strong, clear statement that says that park resources should be protected."

Restoring Sanity To The Interior (LAT)

The Los Angeles Times, June 20, 2006

IN ONE OF HIS FIRST ACTS as Interior secretary, Dirk Kempthorne took the gratifying step of tossing out a proposal that would have ruined our national parks. Gone is language that would have opened them to mining and grazing as well as increased commercial development, snowmobiling and off-road-vehicle use. Restored is the National Parks Service's commitment to conservation.

The parks were never intended for the mixed industrial and recreational uses commonly allowed on property under the Bureau of Land Management. Instead, their purpose is to preserve the nation's natural treasures as close to their original state as possible and to provide for recreation as long as it does not conflict with the main goal of conservation.

On Monday, by announcing that he had rejected a management plan drafted under his predecessor, Gale Norton, Kempthorne returned to that original vision for the parks. It was a welcome and somewhat surprising move from the novice secretary who was no tree-hugger as a senator and governor from Idaho. Not that the public should expect Kempthorne to denounce the idea of drilling for oil in the Alaska National Wildlife Refuge (he has long been a supporter) or move for new protections for old-growth trees in national forests (as governor, he favored the building of more roads in federal forests).

But Kempthorne has shown that he at least understands what Norton never seemed to get: The public wholeheartedly embraces the conservation of its national parks and monuments. The government should respect this position.

With the creation of the vast Northwestern Hawaiian Islands National Monument last week and Kempthorne's announcement this week, the Bush administration appears to have a welcome new attitude toward the nation's natural treasures. Here's hoping it lasts.

Tiger, Tiger . . . Lost Forever (WP)

By Margaret Mittelbach And Michael Crewdson

The Washington Post, June 20, 2006

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The Earth has lost many creatures as a result of human activity: The dodo and the passenger pigeon are among the best known. But in more recent years, one of the most spectacularly tragic losses in nature was Thylacinus cynocephalus, commonly called the thylacine, or Tasmanian tiger.

The Tasmanian tiger was a truly unusual species. Shaped like a wolf or hyena, it had a ginger-colored coat streaked with gorgeous, Dr. Seussian black stripes. A predator, it could open its jaws astonishingly wide, so that its toothy gape resembled that of a crocodile. Most intriguing of all, this striped creature was a marsupial: It carried its young -- as many as four at a time -- in a pouch like a kangaroo.

For thousands of years, Thylacinus cynocephalus lived in Tasmania, an island ark 150 miles south of the Australian mainland, which is still home to some of Earth's most extraordinary animals. And it lived well into the 20th century.

So what happened to this glorious beast?

Tasmania was colonized by the British in 1803, and the settlers soon brought in a large-scale sheep-raising industry. Tasmanian tigers occasionally raided their livestock, and as a result, a government bounty was set up and money paid to anyone who brought in a dead tiger. Shooting and snaring these rare marsupials became a lucrative business.

By the mid-1800s, naturalists were sending up red flags about the creature's imminent extinction. In 1863 the famed British wildlife artist John Gould warned, "When the comparatively small island of Tasmania becomes more densely populated, and its primitive forests are intersected with roads from the eastern to the western coast, the numbers of this singular animal will speedily diminish, extermination will have its full sway." He noted that the demise of the Tasmanian tiger would be a "source of much regret."

By 1914 Gould's prediction was coming true. In that year biologist T. Thomas Flynn (the father of Tasmanian-born movie star Errol Flynn) proposed the establishment of a wildlife sanctuary to save the tigers from annihilation. But his warnings, like those of other naturalists, were ignored. Tigers continued to be shot and trapped. By the 1930s they were hardly ever seen, and in 1936, the last known Tasmanian tiger died at a Tasmanian zoo.

The extinction of the Tasmanian tiger is a source of much regret. And it's a source of mystification, too. Looking back, it's hard to comprehend how the Tasmanian settlers could have been so cavalier about the tiger's biological uniqueness -- so heedless of the consequences. It would have been easy to save the animal, but the only law ever passed to protect the species was enacted the same year the last captive one died.

Today the tiger remains the island of Tasmania's symbol, pictured on coins, flags and license plates. But it has, sadly, fallen into the realm of myth and mystery. Search parties are still sent out to locate any surviving wild tigers, but in 70 years, no physical evidence has been uncovered. This magnificent animal survives primarily in people's hopes and imaginations.

In 2006 many of us still have trouble foreseeing the consequences of our actions -- and scientists continue to predict a disconcerting future. Last month the World Conservation Union issued its 2006 "Red List," which identified more than 16,000 plants and animals -- a greater number than ever before -- as threatened with extinction, largely due to human activities. These include habitat destruction, the introduction of invasive species, overhunting and overfishing, pollution, and climate change.

On the Red List for the first time this year was Ursus maritimus, the polar bear -- not surprising given that the polar bear has become the emblematic species for global warming. The World Conservation Union's polar bear specialist group estimates that, because of the melting of Arctic pack ice, polar bear populations will decline by "more than 30 percent within the next 35 to 50 years. The principal cause of this decline is climatic warming."

Their language is not as poetic as Gould's, but the message is the same. Will the polar bear cross from the realm of the living into the realm of myth, too? And what will be the fates of the hippo (also appearing on the list for the first time) and thousands of other red-listed species? Will we regret our actions? History tells us that when it comes to preserving natural resources, human beings can be very foolish. But hindsight tells us we can change course and save these animals.

Margaret Mittelbach and Michael Crewdson are the authors of "Carnivorous Nights: On the Trail of the Tasmanian Tiger."

FBI/DEA/ATF/USMS:

Former Houston County Deputy Pleads Guilty To Drug, Gun Charges (AP)

AP, June 20, 2006

MONTGOMERY, Ala. (AP) — A former Houston County deputy pleaded guilty to selling a gun to a convicted felon and supplying him with cocaine to sell, authorities said Monday.

Michael Shawn Campbell, 27, of Dothan pleaded guilty Monday to possession with intent to distribute cocaine and sale of a firearm to a convicted felon, the U.S. Attorney's Office announced.

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Campbell, who was a deputy with Houston County's narcotic unit at the time, admitted to selling the gun and supplying crack cocaine to Joshua Whigan, an Ashford man Campbell knew to be a convicted felon, authorities said. Whigan reported Campbell to authorities and worked with the FBI and Ashford Police Department on the case.

Whigan has since pleaded guilty to unrelated drug possession charges in federal court, the U.S. Attorney's Office said.

Both men are awaiting sentencing.

Campbell faces $2 million in fines and five to 40 years in prison for the drug charge. He faces $250,000 in fines and a maximum 10-year sentence for the firearm charge. Other articles:

Bridgeport Mayor Admits To Cocaine Use (AP)

By John Christoffersen, The Associated Press

AP, June 20, 2006

STAMFORD, Conn. (AP) — Bridgeport Mayor John M. Fabrizi has admitted using cocaine since taking office, telling the Connecticut Post he feels ashamed and humiliated.

Fabrizi was interviewed by the newspaper's editorial board Monday after he had called seeking the meeting. The mayor said he quit using the illegal drug well over a year ago.

"I'm ashamed. I'm humiliated for myself. I never meant to let the world know. I didn't want my family to know," Fabrizi told the newspaper.

Fabrizi, a Democrat, said last week he had made "poor choices in the past" but declined to be more specific after an FBI report surfaced in which an alleged drug dealer claimed an associate had a videotape of the mayor using cocaine.

Fabrizi would not say how he obtained cocaine, but said he occasionally spent $20 or $40 to purchase it. The mayor offered to take periodic drug tests if anyone doubts he has stopped using cocaine. He said he has sought treatment and has not used the drug since late 2004.

"I used it very intermittently. I don't want to use excuses of recreational or social use. I used it some during the period when I was on the council," said Fabrizi, who was City Council president before he took office after Joseph Ganim was convicted of corruption in 2003.

Adversaries had been calling on Fabrizi to resign, while supporters urged him to specifically address allegations he used cocaine.

Fabrizi planned to make a public statement Tuesday morning in an address to city employees, said his spokeswoman, Caryn Kaufman.

"He is not resigning tomorrow. This is not what this is about," Kaufman said Monday. She declined to comment further.

Fabrizi participated in a City Council meeting Monday night. He gave a brief statement, but the council did not discuss the allegations during the meeting.

"I take this opportunity to apologize for the recent headlines in the news," Fabrizi said. He invited public officials at the meeting to attend his address Tuesday morning.

Bridgeport, Connecticut's largest city, has struggled with violent drug dealers who gave the city a reputation as the murder capital of the state in the 1990s before the homicide rate plummeted.

"I do believe that he's got to resign," said Rick Torres, a Republican who ran against Fabrizi in 2003. "How do we explain to children drug use is dangerous and can ruin your life if the top guy is a drug user?"

U.S. Attorney Kevin O'Connor said Friday that Fabrizi was not a target of the drug investigation. He said FBI reports are typically filed under seal. He apologized to Fabrizi after the document was released.

Workers' Positive Drug Tests Decrease (USAT)

By Stephanie Armour And Del Jones

USA Today, June 20, 2006

Illegal drug use among workers in the USA fell to its lowest level in nearly two decades in a trend driven in part by tougher drug-testing practices, putting cold medicines behind the counter and closing down methamphetamine labs in America.

Overall, workers testing positive for drugs fell to 4.1% in 2005, Quest Diagnostics said Monday, the lowest percentage in the 17 years that the giant workplace drug-testing company has been releasing data. It started at 13.6% in 1988 and had fallen to 4.5% in 2003 and 2004.

The percentage of employees testing positive for methamphetamine also tumbled, indicating a reversal of a trend that had become a concern of employers in 2001 and 2002. Positive tests for amphetamines declined 8% in 2005 and is down 45% since 2004.

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Data for the first five months of the year also show amphetamine use continuing to decline. Employees testing positive for amphetamine use fell by 10% from January through May.

Quest performs 7.3 million drug tests a year. Marijuana continues to be by far the drug that appears most often in workplace drug tests, although marijuana positives are down 20% since 2001.

"We were pleasantly surprised," says Barry Sample, director of science and technology for Quest's employer solutions division. "Methamphetamine is at the lowest (level) since 2002. Simply having a drug-testing program is an effective deterrent. Testing works and is effective."

It's an issue of importance to employers: More than 70% of substance abusers hold jobs, according to the American Council for Drug Education. Drug use on the job leads to increased accident risks, lower productivity, higher insurance costs and reduced profits.

"Employers have the single-most-effective weapon in the war on drugs: a paycheck," says Mark de Bernardo, executive director of the Institute for a Drug-Free Workplace.

The White House said on Monday that seizures of meth labs dropped more than 30% last year. It said the reason was that more states and retail drugstores limited access to cold medications that are used to make meth. "The workplace data has been very powerful in that it's based on many, many tests," says John Walters, director of National Drug Control Policy.

Drug testing often occurs during the pre-employment process, and employers may test hair, urine and saliva. The worrisome trend now, de Bernardo says, is abused prescription drugs including Percocet and Oxycontin.

"There are more employers (testing). It's great that the positive results are down, but it's a little preliminary," says Nancy Delogu, a Washington, D.C., employment lawyer. "The drugs-in-the-workplace problem has not gone away."

Reports Suggest Gain In Fight On Meth Labs (NYT/AP)

By Associated Press

The New York Times, June 20, 2006

WASHINGTON, June 19 (AP) — Seizures of methamphetamine labs dropped by more than 30 percent last year, the Bush administration said Monday, as more states and drugstore chains began limiting access to ingredients that are used to make the highly addictive drug.

Even as that statistic was released, Quest Diagnostics, the nation's largest drug testing company, said that in the first five months of this year, the rate of job applicants and workers testing positive for meth was 31 percent lower than last year.

The top White House drug control official, John P. Walters, said the two reports were evidence that the "one-two punch" of restricting chemicals and educating the public about the effects of methamphetamine addiction was having an effect.

"What this information shows is, on supply and demand, we are making a dramatic difference," said Mr. Walters, director of the Office of National Drug Control Policy.

But some federal lawmakers give most of the credit to state and local governments, saying meth abuse has declined despite an absence of national direction.

Representative Mark Souder, an Indiana Republican who heads the House Government Reform drug policy subcommittee, said the administration had refused to make combating meth a priority. Mr. Souder criticized a White House budget proposal to cut federal spending for state and local law enforcement agencies to fight the drug.

In an interview, Mr. Walters dismissed such criticism. "No one's trying to downplay it," he said. "There's no drug worse than meth." But he said his office could not focus too much on a single drug at the expense of fighting other threats, like heroin, cocaine and marijuana.

Monday's figures on the seizing of methamphetamine labs came from the Drug Enforcement Administration, whose El Paso intelligence center compiles information on clandestine laboratories confiscated within the country. The agency said meth lab seizures declined to 12,185 last year from 17,562 in 2004.

The drop was steepest in the West, particularly in states that were among the first hit by methamphetamine abuse. The drop in Oklahoma, for example, was 68 percent, in Montana 66 percent and in Oregon 60 percent.

Meth Activity Down, Two New Reports Show (AP)

AP, June 20, 2006

WASHINGTON — Good news in the fight against meth abuse came on two fronts Monday, with reports showing a major drop in methamphetamine lab seizures nationwide and a similar decline in the spread of the drug into the workplace.

Local law enforcement officials say there is still a strong appetite for the highly addictive drug and warned that meth makers in Mexico and other countries are moving to fill the supply void.

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The number of meth lab busts plummeted more than 30 percent last year as most states put in place laws to restrict the sale of over-the-counter cold medicines used to make meth, according to the Drug Enforcement Administration's El Paso Intelligence Center.

Meanwhile, the nation's largest drug testing company said Monday that the number of job applicants and workers who tested positive for meth plunged 31 percent over the first five months of this year.

Those figures are based on the results of more than 7 million drug tests in 2005 and about 3 million tests from January to May 2006 conducted by New Jersey-based Quest Diagnostics Inc.

White House drug policy director John Walters called the data an encouraging sign of progress.

"The practices that have been taking place in our states are working, not only on small toxic labs but also what we're trying to do with demand," said Walters, head of the Office of National Drug Control Policy.

Meth lab seizures fell from 17,562 in 2004 to 12,185 last year, with Western and central western states like Oklahoma, Montana and Washington seeing some of the sharpest declines. Missouri, which leads the nation in the number of lab seizures, saw a 22 percent decline.

In Oregon, where lab busts fell 60 percent, the biggest reason is a state law requiring cold medicines to be placed behind pharmacy counters, said Capt. Craig Durbin, former head of the Oregon State Police's drug enforcement section. The law has helped stop meth makers from buying large quantities of cold pills to extract pseudoephedrine, the ingredient used along with other household chemicals to cook meth.

Durbin said the demand for meth still remains high and is increasingly fed by supplies from Mexico and Canada. "When we talk to our task forces, they're still able to go out at a moment's notice and purchase meth," Durbin said. "Until we see start seeing that change, I don't think we can say we've got anything close to being under control."

Oregon is among at least 37 states with laws that restrict the sale of cold medications in an effort to starve meth manufacturers of their key ingredient. The federal Combat Meth Act, signed into law in March, will enforce similar restrictions across the country by Sept. 30.

While the drug czar praised the "robust response nationwide" for the good news, some federal lawmakers said much of the credit should go to state and local governments working without much national direction.

Rep. Mark Souder, chairman of the House drug policy subcommittee, said the administration has refused to make the fight against meth abuse a priority. He also criticized a White House budget proposal to slash federal spending for state and local law enforcement to fight meth.

"Efforts to continue to downplay the threat, after working to cut funding for anti-meth efforts, are only making those who fight the meth epidemic daily more angry at this administration," said Souder, R-Ind.

Sen. Jim Talent, R-Mo., agreed that the administration's budget requests this year were "fundamentally inadequate," but he said it is now "catching up in other respects and doing better."

In Jefferson County, Mo., a rural area on the fringes of suburban St. Louis, Sheriff Glenn Boyer said success in busting meth labs is directly related to federal grant money.

"We live and die by the grants, especially in the rural areas," Boyer said. "They don't have the resources that you would have in a major city where you have a huge tax base."

Earlier this month, the White House drug policy office set a goal to cut meth use by 15 percent by 2009 and increase seizures of meth labs by 25 percent. A priority is stemming the flow of meth from superlabs in Mexico, which supply about 80 percent of the drug to the United States.

On the Net:

White House Office of National Drug Control Policy: www.whitehousedrugpolicy.gov/

Quest Diagnostics Inc.: www.questdiagnostics.com/

Drug Enforcement Administration El Paso Intelligence Center: www.dea.gov/programs/epic.htm

Number Of Meth Labs Closed In Past 2 Years (AP)

The New York Times, June 19, 2006

A look at the number of methamphatamine labs shut down by law enforcement officials in each state in 2005 and 2004, and the

percentage change.

State 2004 2005 Change

Ala. 419 276 -34.1

Alaska 66 37 -43.9

Ariz. 128 75 -41.4

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Ark. 805 426 -47.1
Calif. 766 469 -38.8
Colo. 233 149 -36.1
Conn. 0 3
Del. 3 0
D.C. 1 0
Fla. 280 273 -2.5
Ga. 266 131 -50.8
Hawaii 13 11 -15.4
Idaho 42 21 -50.0
Ill. 1101 931 -15.4
Ind. 1073 954 -11.1
Iowa 1383 753 -45.6
Kan. 589 375 -36.3
Ky. 576 573 -0.5
La. 122 98 -19.7
Maine 4 5
Md. 1 2
Mass. 1 3
Mich. 293 341 16.4
Minn. 167 88 -47.3
Miss. 277 184 -33.6
Mo. 2798 2170 -22.4
Mont. 73 25 -65.8
Neb. 263 228 -13.3
Nev. 81 52 -35.8
N.H. 2 6
N.J. 0 3
N.M. 120 59 -50.8
N.Y. 48 20 -58.3
N.C. 318 322 1.3
N.D. 232 159 -31.5
Ohio 302 332 9.9
Okla. 667 217 -67.5
Ore. 471 189 -59.9
Pa. 107 79 -26.2
R.I. 0 0
S.C. 170 88 -48.2
S.D. 31 16 -48.4
Tenn. 1430 861 -39.8
Texas 473 269 -43.1
Utah 71 50 -29.6
Vt. 1 1
Va. 75 52 -30.7
Wash. 954 532 -44.2
W.Va. 168 213 26.8
Wis. 77 55 -28.6
Wyo. 21 9 -57.1
Percentage not indicated in states with fewer than nine labs.

Source: Drug Enforcement Administration's El Paso Intelligence Center Clandestine Lab Seizure System.

DOJ_NMG_0035513

Workplace Drug Use Declines In 2005 (UPI)

UPI, June 19, 2006

NEW YORK (UPI) -- Drug use among U.S. workers declined to a 17-year low last year a report released Monday by a New York drug-testing company says.

Quest Diagnostics said of tests for all drugs performed by the company for the combined U.S. workforce, 4.1 percent had positive results in 2005 compared to 13.6 percent in 1988.

In addition to the drop for overall workplace drug use, Quest said a preliminary review of amphetamine test results for the first five months of this year showed a sharp drop of 10 percent in positive results. Among federal safety workers, the rate of decline was 20 percent for the same period.

Since 2004, the incidence of amphetamines drug-test positives has dropped 45 percent, Quest reported.

Fewer Failing Drug Tests; Dope Still Most Common (SAEN)

By Travis E. Poling

San Antonio Express News, June 20, 2006

U.S. workers might be cleaning up their act when it comes to drug use if the semiannual Drug Testing Index from Quest Diagnostics Inc. is any indication.

Quest, a New Jersey-based company that has tracked drug test data since 1988, reported Monday that 4.1 percent of 7.3 million workplace drug tests were positive for drugs in 2005. The previous year, about 4.5 percent tested positive.

As pre-screening becomes more prevalent, the percentage of applicants testing positive has declined from 13.6 percent when Quest first started the Drug Testing Index.

"During 2005, we detected a downward trend in amphetamines and methamphetamines positive test results in the general U.S. work force, and in 2006 the trend took hold among all U.S. workers," said Barry Sample, Quest's director of science and technology.

Those testing positive for marijuana represented 52.5 percent of the positive results, down from 60.6 percent in 2001. At 15.7 percent, cocaine was No. 2 on the list of drugs found in workers.

In San Antonio, results are mixed, with one testing company observing a possible decrease in overall drug use and another noticing an upward trend, especially in methamphetamine use.

Texas MedClinic reported 1,387 positive tests among the pre-employment, random and post-accident drug tests it conducted for employers last year. That's 68 more positives than in 2004, but Marketing Director Karen Walker said the company did more tests last year. She did not immediately have access to the number.

Analytical Toxicology Corp., a San Antonio-based company that tests hair, urine and saliva samples for drugs, reports an 8 percent positive rate in its testing throughout South Texas. Marijuana and cocaine use are the most common findings, but Analytical has noticed an increase in the use of methamphetamine and Ecstasy.

What's more, there has been in a rise in the number of adulterated samples, according to a spokeswoman for Analytical Toxicology.

The semiannual report from Quest suggests that state policymakers and stores may be helping to reduce drug use by limiting access to pseudoephedrine, a key ingredient used to make methamphetamine illegally, Sample said.

Preliminary reviews of data from the first five months of this year show that use of amphetamines has dropped to its lowest level among both general employees and workers for whom testing is federally mandated since becoming popular in 2002-03, Sample said.

War On Meth Yields Results (KCS)

By John Shultz

The Kansas City Star, June 20, 2006

The Bush administration said Monday that laws cracking down on the sale of common methamphetamine ingredients are stymieing small-time meth cooks throughout the country.

The Office of National Drug Control Policy credits the laws, which put tighter controls on pseudoephedrine, with helping to spark a steep nationwide reduction in the seizure of meth labs and meth-making equipment — 12,000 such incidents nationwide last year, versus 17,000 in 2004.

And while law enforcement officials believe that Mexican drug traffickers have been quick to replenish any supply deficit caused by the crackdown on small-time cooks, other recent research suggests that dents have been made on the demand side as well.

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Quest Diagnostics, the country's largest drug-testing company, said Monday that a smaller percentage of employees and job seekers tested positive for the drug in 2005 and that the number continued to trend downward for the first five months of 2006.

Also, the Centers for Disease Control and Prevention's Youth Behavior Risk Survey in 2005 found fewer high schoolers identifying themselves as serious meth users.

According to the Drug Enforcement Administration, Missouri, which led the nation in seizures, had about a fifth fewer such incidents in 2005 compared with the previous year's 2,788. Kansas saw a drop of more than a third, from 584 to 375.

Both Missouri and Kansas have laws that limit the amount of pseudoephedrine that can be purchased at one time and require buyers to show ID.

John Walters, national drug czar, in a statement called nationwide efforts to reduce both supply and demand "an effective one-two punch against methamphetamine."

But while meth has long been associated in the public consciousness as a modern-day moonshine cooked up in household labs, the lion's share of the drug in the U.S. for years has been provided by traffickers. Megalabs in Mexico are the most common source.

The Mexican product is now cheaper and more readily available than in years past.

"You have the people out there who are addicted to meth because of the small toxic labs," said Shirley Armstead, a spokeswoman for the DEA in Missouri, "then they turn and get it from the traffickers. … All of the small toxic labs paved the way for the Mexican drug traffickers to exploit."

Armstead said that last year in the St. Louis area, all of the meth interdictions involved imported crystal meth rather than the homemade powdered product that used to make up the majority of seizures.

Kansas City, Kan., police turned to the DEA for help last year when the Mexican meth trade sparked a wave of violence. The resulting law enforcement operation led to 23 arrests and the dismantling of four trafficking organizations.

Many in law enforcement have embraced efforts to crack down on the little labs, even though they haven't necessarily cut supply, because the dangerous mix of volatile chemicals required for meth-making can lead to fiery explosions.

"I would much, much, much prefer it be imported from Mexico, because that way we avoid the explosions," said Kansas Bureau of Investigations spokesman Kyle Smith. "Law enforcement had to divert so many resources toward meth labs that we had to take away from the other drugs."

Fewer than 1 percent of the country's population uses meth, but many counties around the country still list it as their leading drug problem.

In cities with prevalent meth trades, a large percentage of arrestees often test positive for the drug, according to a 2003 federal survey of arrestees in a few dozen target cities — about a third of the men arrested in San Jose, San Diego and Spokane, Wash; about 28 percent in Des Moines, Iowa.

The 2004 federal National Survey on Drug Use and Health, the most recent available, found that meth usage numbers had been largely stagnant in the first half of the decade.

New users numbered about 300,000 in 2002, 2003 and 2004.

The research released by drug testers Quest Diagnostics suggests a potential reduction in meth usage, at least among the employed and job applicants.

In the first five months of 2006, Quest logged 45 percent fewer positive tests for meth than during the same time period in 2005.

Positive tests for other amphetamines have also trended down during that period.

Meth Lab Busts Are Down By 40% In State (LADN)

By Susan Abram

Los Angeles Daily News, June 20, 2006

Restrictions on ingredients are working, authorities say

Seizures of methamphetamine labs across California declined by nearly 40 percent last year, in part due to laws restricting the sale of over-the-counter cold medicines used to make the drug, government officials said Monday.

The continued decline in California mirrored trends nationwide, which saw a 30 percent decline in seizures from 2004 to 2005. Nationally, police seized 12,100 labs in 2005, compared with 17,500 in 2004, according to the Office of National Drug Control Policy.

The federal government hopes a sweeping law that would require drugs containing pseudoephedrine - the main ingredient in meth - to be sold from behind the pharmacy counter will further reduce the meth supply in the United States. Though California already has such laws in place, the nationwide mandate will begin Sept. 30.

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"Communities once paralyzed by the threat of this dangerous drug are emerging healthier and safer because we have reduced the diversion of precursor chemicals and the number of meth labs," John Walters, director of the Office of National Drug Control Policy, said in a statement.

Local law enforcement agencies attribute the drops to stepped-up enforcement, as well as pharmacies that restrict the sale of medicines such as Sudafed, which contains pseudoephedrine.

Officials at Pfizer Inc., the makers of Sudafed, said the company is in favor of those policies though initially it was not convinced that selling the product from behind the counter was the best solution. Still, the company admits that progress is being made on the war on meth because of the changes.

Pfizer now is focused on Mexico, where superlabs have continued to grow.

"We're restricted in the amount of pseudoephedrine that we can buy from Mexico, and

Advertisement

we support that," said Erica Johnson, spokeswoman Pfizer Consumer Healthcare. "We're trying to work alongside the government to provide solutions."

But various agencies in Los Angeles County still see meth use as a significant problem.

Researchers for Phoenix House, a national group of rehabilitation facilities, found that from 1997 to 2002, the number of teens placed into drug treatment centers in Los Angeles County rose from 1,609 to 5,572. The increase is attributed to meth use.

And the federal Drug Enforcement Administration cautions that while lab seizures have declined, arrests and use have remained steady, said Sarah Pullen, Los Angeles spokeswoman for the DEA.

"The large meth labs, or superlabs, have gone across the border, but Los Angeles is a distribution point for the rest of the country," said Capt. William Ryan, for the Los Angeles County Narcotics Bureau. "The demand is still out there."

The Antelope Valley, once a haven for superlabs, saw less than a dozen lab seizures last year, Ryan said.

Meth, also known as crank or tweak, sells for $5,000 to $6,500 per pound. But ice, a purer form of meth, sells for $8,000 to $11,000 a pound, Ryan said.

"It's still a high priority for us," Ryan said. "We still see a lot of it."

Two Brothers Could Be Charged With Fentanyl Related Death (WXYZ)

By Kimberly Craig

WXYZ-TV, June 19, 2006

Monday, police arrested two men accused of supplying a Bloomfield Hills teenager with a deadly combination of heroin and Fentanyl. The suspects could become the first two in Michigan to be charged with a Fentanyl related death.

Saturday night, on Keating Street in Detroit, officers with the major crimes division and DEA agents raided the home of two suspected drug dealers who are brothers.

Sources said the brothers supplied 17-year-old Lauren Jolly with the heroin laced with Fentanyl and then let her die.

It was reported that Jolly died in her car, but witnesses said she actually died in the drug dealer's home.

When Jolly began having problems, witnesses said, the drug dealers used intimidation to stop them from helping her. They then waited for her to die before moving her to her car. She was later found dead on 8 Mile.

When asked if the suspects would face murder charges, prosecutors said they were not yet commenting on the case.

The suspects were being held on unrelated charges and Detroit Police said they are looking to see if they are connected to any other deadly overdoses.

Siblings May Be Linked To Fentanyl (DN)

By Ronald J. Hansen

Detroit News, June 20, 2006

DETROIT -- Two men arrested in a federal raid of a drug house Sunday morning may be linked to the distribution of drugs laced with fentanyl, a painkiller suspected in the deaths of at least 79 people in Metro Detroit in the last four weeks, law enforcement sources said.

Authorities believe that one of the victims, Lauren Jolly of Bloomfield Township, died in May at the drug house from a lethal mix of heroin and fentanyl, and her body was placed in her car and taken to Eight Mile and Gratiot.

Brothers Donald and James Edgar Coleman were among those arrested in the raid in the 20000 block of Keating Street, sources familiar with the investigation said. Some were charged with ordinance-type violations, police said.

James Coleman appeared Monday in U.S. District Court in Detroit on an unspecified drug charge. He remains in custody and is due back in court today.

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A toxicology report examining what killed Jolly, 17, will take eight to 12 weeks, authorities said. For now, at least, no one is charged with her death. Jolly was a junior at Birmingham Groves High School.

The U.S. Drug Enforcement Administration had been monitoring the Coleman property for some time, police said.

Authorities first realized a fentanyl emergency after 12 people died from overdoses of the drug in a two-day span last month. Since then, investigators have worked to discover the source of the drug, which has been linked to another 130 deaths since January 2005.

Since April, cities in at least eight other states have similarly reported a sudden surge in overdoses.

The matter is the subject of a nationwide investigation by the DEA and police departments from Philadelphia to Chicago.

But for months, as fentanyl-related deaths accumulated, authorities in Detroit have said some of the clues that could have alerted them earlier to the growing toll were obscured by the regular toll of drug deaths in the county.

Also, testing limitations kept authorities from quickly linking any of the deaths to the lethal mixture.

There were early warnings, however. In November, the DEA's office in Detroit issued an alert saying agents had bought heroin on the street cut with "potentially lethal" levels of fentanyl.

The Wayne County Medical Examiner's Office saw that alert as part of a routine bulletin from the DEA, officials said.

Freelance writer David G. Grant contributed to this report.

6 Drug Deaths Reported; Heroin Suspected In 3 (CHIT)

Chicago Tribune, June 19, 2006

COOK COUNTY -- Five Chicago men and one Elk Grove Village man died Saturday and early Sunday of suspected drug overdoses, officials said.

Three of the six may have been heroin users, said a spokesman for the Cook County medical examiner. Autopsies were completed Sunday for four of the men, but results were withheld pending toxicology results.

The men's ages ranged from 25 to 48.

Lake Charles Doctor Pleads Guilty To Illegally Supplying Medicine (AP)

AP, June 20, 2006

LAKE CHARLES, La. (AP) — A Lake Charles doctor pleaded guilty Monday in federal court to illegally dispensing pain medication in exchange for sexual favors.

Dr. Kevin E. Gorin, 46, was charged with four counts of distribution of a controlled dangerous substance and one count of possession of a controlled dangerous substance with intent to distribute.

After entering his plea before U.S. District Judge Patricia Minaldi, she set sentencing for Sept. 20. Gorin is facing a maximum jail term of up to 20 years and a $1 million fine on each of the four counts of distribution and up to three years and a $250,00 fine on the possession count.

Gorin, who was the medical director for the Institute for Pain Management and Rehabilitation at Lake Charles Memorial Hospital, was allowed to remain out of jail on bond.

Gorin's arrest culminated an investigation by the U.S. Drug Enforcement Administration, the Beauregard Parish Sheriff's Office, and the DeRidder Police Department. Court documents obtained by the (Lake Charles) American Press state the investigation into Gorin's alleged activities began last October and continued up to his arrest on Jan. 12.

"The investigation utilized a cooperating witness, an undercover officer, audio devices and video devices which were monitored and recorded by law enforcement surveillance teams," the documents state.

According to court documents, Gorin gave the cooperating witness prescriptions for Diazepam and Percocet on Nov. 4, 2005 while visiting her in DeRidder. "There was no physical examination to justify these prescriptions," the documents state.

In other meetings, the undercover agent picked up illegal prescriptions from Gorin for the witness to sell the drugs and make money from their sale, documents show.

On Jan. 10, Gorin told the witness in a phone conversation that he had a "business proposition to discuss with her which included the sale of Oxycontin so they could both make money," documents show.

Two days later, Gorin met the witness and undercover agent at a DeRidder motel to discuss the plan "in exchange and in anticipation of sexual favors for the direct or indirect benefit of the doctor," according to the documents.

During his arrest, authorities found six Percocet and six Xanex in Gorin's pocket. A prescription bottle with 142 Percocet and a box of 24 Xanex were also found in his vehicle.

Lab That Tested OU Coach's Hair Has Had Its Share Of Run-ins With Regulators (ANE)

By Jonathan Hunt

DOJ_NMG_0035517

Athens News, June 19, 2006

The Columbus laboratory that reported finding an extremely high amount of GHB in Ohio University head football coach Frank Solich's hair has come under repeated scrutiny by regulators, records show.

A review of public documents by The Athens NEWS has uncovered numerous run-ins in recent years between Toxicology Associates, Inc. and government agencies charged with ensuring lab accuracy and fair advertising.

Additionally, the laboratory has had to defend itself against a bevy of lawsuits from creditors seeking payment of bills or taxes.

Despite repeated attempts by The Athens NEWS to contact lab representatives for comment, no one at Toxicology Associates, Inc. would discuss its test methodology, regulatory compliance or the name and qualifications of its current lab director.

In one case, when a NEWS reporter asked to speak to the lab's owner, he was told that the owner could not discuss client information. The paper's request for an interview was still refused even after the reporter explained that he was not seeking any sensitive client information, and described the focus of his story.

Heightened scrutiny of Toxicology Associates, Inc. flows from its involvement in the high-profile case of Solich, because the purported GHB result has been questioned by independent experts, and the test forms the basis of the coach's effort to overturn his November drunken driving conviction.

Columbus defense attorney Samuel Shamansky contends that somebody spiked Solich's drink with GHB on the night of Nov. 26 at Casa Cantina in Athens. Solich pleaded no contest to DUI on Nov. 28.

On June 2, Shamansky filed a plea withdrawal motion in Athens County Municipal Court, arguing that the coach would not have entered the plea had he known GHB was in his system. The hair sample was taken Jan. 5, according to the lab report.

GHB, or gamma hydroxybutyrate, is naturally present in the human body, but was made illegal in 1990 by the federal government. GHB causes drowsiness with sufficient dosage, and has become known as a "date-rape" drug. State-of-the-art methods can detect one-time dosages of GHB, and can even determine approximately when it was ingested by isolating segments of hair, which grows at a rate of about one centimeter per month. The lab report claims Solich ingested the drug around the time when he visited Casa Cantina.

Athens patrol officer Krishea Osborne found the coach passed out at the wheel of his Nissan SUV facing the wrong way on West Union Street shortly after he left the West State Street bar and eatery. Solich refused an Intoxilyzer 5000 alcohol breath test, but witnesses said he consumed margaritas and shots of alcohol at Casa Cantina, and Osborne's police report indicated he had a "very strong" odor of alcohol when arrested.

Earlier this month, two respected toxicologists told The Athens NEWS that the 569.4 nanograms per milligram of GHB allegedly found in a sample of Solich's hair by the Columbus lab is simply implausible. Dr. Pascal Kintz of Laboratoire ChemTox in Illkirch, France and Dr. Bruce Goldberger of the University of Florida College of Medicine were responding to the 569.4 ng/mg result, which is attached as "Exhibit 3" to Solich's plea withdrawal motion.

Kintz authored a 2003 research article in the Journal of Forensic Science entitled "Testing for GHB in Hair by GC/MS/MS after a Single Exposure - Application to Document Sexual Assault." Goldberger, who also holds robust qualifications in his field, explained that a properly conducted test could not find so much GHB in human hair and would employ controls to detect if the substance had been smeared on beforehand. He also asserted that lab reports should be signed and certified by qualified personnel. Solich's wasn't.

Against the backdrop of these questions about the OU coach's case, The Athens NEWS examined the recent history of Toxicology Associates, Inc.

It found that on May 16, 2006, The U.S. Food and Drug Administration sent a warning letter to Benjamin Corpus, who owns the lab. The FDA warned that three home test kits - for influenza viruses, streptococcus bacteria and infectious mononucleosis - were offered on the company's toxassociates.com Web site without "approval from the FDA for (over-the-counter) sale of these products."

"Therefore, you are violating the law," continued the FDA letter, which also maintained that the Web site "contains statements that are misleading ... because such statements create an impression of official approval of a device (that has been cleared for interstate commerce)."

Federal officials received no response from Corpus for three months after initially trying to contact him about the FDA violations in January, according to the letter. When they finally reached Corpus on April 3, the letter said, he stated he would respond within a week, but did not.

In 2002, a Pennsylvania judge ruled that Toxicology Associates, Inc. had violated the state's Unfair Trade Practices and Consumer Protection Law by selling anthrax test kits over the Internet. Pennsylvania Attorney General Mike Fisher said the

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Columbus lab apparently capitalized on the post-9/11 anthrax scare, by "using the nation's heightened sense of vulnerability to turn a profit," according to published reports.

The anthrax test kits, which used a nasal swab, were deemed unreliable by the Centers for Disease Control and Prevention in Atlanta, which also said that Toxicology Associates, Inc. was unqualified to analyze them.

The lab, which never responded to the lawsuit and lost the case via a default judgment, was ordered to refund money to anthrax kit purchasers, pay $5,000 in civil fines, $2,265 in investigative costs and stop selling the kits in Pennsylvania.

The FDA or state attorneys general hold authority over drug product marketing, but an agency of the U.S. Department of Health and Human Services is responsible for inspecting and certifying commercial laboratory testing done for clinical purposes.

Tests carried out for hospitals or other health care institutions on a contract basis by labs such as Toxicology Associates, Inc. are regulated by the Centers for Medicare and Medicaid Services, under the Clinical Laboratory Improvement Amendments (CLIA), a federal law.

CLIA does not apply to testing done for private individuals such as Solich, but the Columbus lab's track record for tests that are regulated does little to erase doubts about the GHB finding.

On Nov. 21, 2001, a CLIA inspector conducted a complaint investigation at the Toxicology Associates, Inc. facility on Bethel Road in Columbus. The "statement of deficiencies" prepared by the inspector afterward indicated that the lab had failed to obtain accreditation, and that no inspection had been done between 1996 and 2001.

The inspector found the lab in violation of multiple CLIA provisions - including testing of proficiency samples, general quality control, toxicology quality control, laboratory director qualifications and responsibilities, testing personnel responsibilities and quality assurance.

"Laboratory failed to have documentation to assure that any of the facility personnel from the Laboratory Director to the testing personnel were qualified," the inspector wrote, emphasizing that this and other violations were "repeat deficiencies" from 1996.

"Eight days of patient testing records were randomly selected and reviewed and laboratory failed to have documentation of quality control on all eight days," it continued. "Facility personnel could not explain why the eight days of patient test results reviewed failed go have documentation on any quality controls being performed."

"This is a simple problem of record keeping," wrote lab owner and president Benjamin Corpus on the deficiencies statement. "Dr. Benito Corpus has resigned on 12-1-2001, and Lucilla Casabar, MD will assume the position as a laboratory director."

During the next CLIA inspection, which happened less than three months later, Dr. Casabar quit. The inspector was unconvinced of Casabar's qualifications after reviewing her curriculum vitae, and asked the lab's technical supervisor - possibly Benjamin Corpus - for more documentation.

"The Technical Supervisor left the conference room to 'call' the designated (lab) director, his Aunt. When the Technical Supervisor returned, he said (Casabar) has resigned effective immediately."

Casabar was replaced as lab director by Dr. Alfred E. Staubus, according to notations from Corpus on the Feb. 25, 2002 deficiencies statement.

The 2002 inspection determined that "The Plan of Correction was not followed," found many repeat violations and detected a lack of "instrument function checks" for the lab's gas chromatograph machine.

On Jan. 6, 2003, at about 10 a.m., CLIA inspectors performed a surprise complaint investigation at the lab.

"The owner refused to allow the investigation to be initiated," wrote the inspector. "He was ... guided through accessing the Code of Federal Regulations on his computer ... He was told that failure to allow the investigation would result in enforcement action to terminate his CLIA certificate ... He began stating his health was limited and he needed to postpone the investigation due to his health ... CMS staff (in the Chicago Regional Office) agreed the investigation was to continue ... The owner continued to refuse ... The surveyor left the facility at 10:45 a.m. to return to the office."

The lab's CLIA certificate was suspended on Feb. 8, 2003, and inspectors made another unannounced visit on June 27 of that year to ensure that the lab was no longer conducting clinical testing.

They found no system in place to separate clinical from non-clinical samples, and continued noncompliance for quality assurance and instrument calibration procedures.

"Based on interview with the Laboratory Director, it was determined that he was unaware of the location of any quality control or quality assurance records for the laboratory since May 2002," wrote the inspector.

Staubus and Corpus claimed they were sending any samples from anthrax test kits still sold on the Internet - this had only been banned in Pennsylvania - to another lab.

A Jan. 13, 2004, CLIA inspection found continued noncompliance, including documentation and calibration problems with the lab's spectrophotometer and gas chromatograph machine -

the same technologies used to test coach Solich's hair. Inspectors also determined that a chemical reagent being used by the lab "was dated 1979."

Inspectors reported that the lab "did not have a system in place to ensure test results were reported accurately."

"Acceptable levels of analytic performance are not maintained," the deficiencies statement continued.

At the next lab visit, on April 11, 2005, a CLIA inspector noted that the lab had changed some of its quality control practices, and was "preparing their own controls" for certain procedures, but that lab personnel still were not keeping adequate records or ensuring that "quality assessment activities as defined by the facility were monitored and documented."

It remains unclear whether the lab is now in compliance with CLIA regulations, or what actions, if any, have been taken to restore its CLIA certificate. Lab inspection duties are shared, in some cases, by the Ohio Department of Health and the federal Centers for Medicare and Medicaid Services (CMS). The Athens NEWS has requested full CLIA compliance documentation for Toxicology Associates, Inc. from the Chicago regional CMS office. Statements of deficiencies cited in this article were obtained from the state health department.

Toxicology Associates, Inc. has been sued eleven times in Franklin County Municipal Court between 1994 and 2005, and five times in Franklin County Common Pleas Court between 1985 and 2002. In all sixteen cases, the lab was the defendant, and in twelve of them, somebody was trying to collect payment on a debt. Three of the cases were small claims complaints against the business.

Plaintiffs seeking payment from the lab have included the Ohio Department of Taxation, the Columbus city Division of Income Tax, the Franklin County Treasurer, Baxter Healthcare, United Transportation Inc., Huntington National Bank and Abbott Laboratories.

Toxicology Associates, Inc. does testing for steroids and "designer" drugs, and lab personnel have offered expert-witness services in court cases. The toxassociates.com Web site offers "legal consultation" for "$250 per question per case" on "any matter that is legal in nature or has legal implication."

Ohio State Board of Pharmacy Assistant Director Tim Benedict said Friday that the pharmacy board's oversight over labs is primarily limited to monitoring the possession of prescription drugs, but that Toxicology Associates, Inc. has failed to renew a required state license by the deadline three times - in 1989, 1995 and 1999. However, its pharmacy board license is currently valid, said Benedict.

A group supervisor for the Columbus diversion group office of the federal Drug Enforcement Agency said Friday that she knows of no problems encountered by the DEA in its oversight of the lab's handling of controlled substances. The DEA license held by Toxicology Associates, Inc. is current, she reported.

Dr. Staubus, a pharmacology professor at The Ohio State University in Columbus, is listed as the lab director for the business on the most recent available documents. However, Staubus, when reached at his OSU office on Friday, said he is no longer associated with Toxicology Associates, Inc.

"It's been approaching one year (since working there)," he said. Asked about the lab's compliance record, Staubus replied, "That's something that you will need to talk to Ben (Corpus) about."

CLIA deficiency statements and other documents indicate that Benito Corpus, Benjamin Corpus and Lucilla Casabar have held prominent roles at Toxicology Associates, Inc., along with Staubus, but it remains unclear exactly which responsibilities are presently held by whom at the facility.

Other labs or clinics doing business in Texas or other states under the name Toxicology Associates appear to be unconnected to the Columbus lab.

Athens City Prosecutor Lisa Eliason said Friday that an evidentiary hearing on Solich's request for a plea withdrawal would likely not occur until August. If Municipal Court Judge William Grim lets Solich withdraw his plea, the case would go to trial, allowing attorney Shamansky to mount a unique GHB doping defense.

Eliason confirmed that she has been in contact with Dr. Goldberger, the University of Florida toxicologist who questioned the coach's GHB hair test, and with another expert, Dr. Laureen Marinetti, chief forensic toxicologist for the Montgomery County Coroner's Office and the Miami Valley Regional Crime Lab in Dayton.

IMMIGRATION:

Immigration Bill Hit Over Work-site Enforcement (WT)

By Charles Hurt

The Washington Times, June 20, 2006

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Senate Republicans warned yesterday that the immigration bill approved by the Senate last month won't stop companies from hiring illegal aliens -- the very magnet that has drawn some 12 million illegals to the United States.

"Less than one hour of floor time was devoted to this subject during the debates on the Senate floor," said Sen. John Cornyn, the Texas Republican who called a subcommittee hearing on the topic yesterday. "Now, this concerns me because not only do I see work-site enforcement as the critical means, or linchpin, really, of successful immigration reform, but also because the secretary of the Department of Homeland Security has told me that several provisions in the Senate bill would make the system unworkable."

They say the promises included in the current bill aren't much better than those included in the immigration bill of 1986, which granted amnesty to 3 million illegals and paved the way for 12 million new ones to come here.

"The American people are now once again being asked to accept the same bargain today, and the cornerstone of this deal is a new electronic employment-verification system," Mr. Cornyn said. "Unfortunately, the Senate has conducted virtually no open debate on this subject."

Yesterday's hearing was the first of its kind, and government officials acknowledged the general inability of the federal government to prevent the hiring of illegal aliens.

They blamed the plethora of documents illegals can use to prove their eligibility for employment and the burgeoning market for counterfeit documents. Also, they said, the growing problem of identity theft has further stymied their efforts.

The Senate bill grants amnesty to illegals for all forms of document fraud and identity theft and also grants blanket amnesty to all employers who have hired -- even knowingly -- illegals in the past.

Federal officials also blamed the war against terrorism for drawing attention away from immigration. But all that's changed now, they promised.

Immigration and Customs Enforcement "is reinvigorating our work-site enforcement efforts," said Julie L. Myers, assistant secretary of ICE. "We are seeking to change the culture of illegal employment across the country by pursuing the most egregious employers engaged in the employment of illegal workers and educating the private sector to institute best hiring practices."

Sen. Jon Kyl, Arizona Republican, said there was little hope for improvement with current proposals.

"I am concerned that the worker verification title passed in the current Senate immigration bill only takes us halfway there, and will not eliminate the activity that currently allows millions of illegal immigrants to steal Social Security numbers and obtain work fraudulently," he said. "It's important not only to stop illegal immigration, but to stop identity theft; there must be safeguards to ensure that someone is actually who he claims to be."

Many Illegals Entered U.S. With Visas (WT)

By Jerry Seper

The Washington Times, June 20, 2006

Nearly half of the 10 million to 12 million illegal aliens now in the United States entered the country legally, but never left.

Carrying visas and U.S.-approved border crossing cards, they were inspected by immigration officers at 300 sea, air and land ports of entry and many -- according to a year-old U.S. Customs and Border Protection policy -- were told to "Have a nice day."

A little-noticed study by the Washington-based Pew Hispanic Center says 45 percent of America's illegal alien population -- 4.5 million to 6 million -- carried legally issued border crossing cards for short-term visits or business and tourist visas for longer but temporary stays.

Ultimately, they became what the government refers to as "overstayers," hiding in plain sight, working, sending their children to school and using health care services.

"Although Congress authorized several initiatives to track foreign visitors following the 1993 World Trade Center bombing and then again after the September 11 attacks, the U.S. government currently has no means of determining whether all the foreign nationals admitted for temporary stays actually leave the country," said the center, a nonpartisan, nonprofit research group.

The influx continues to stream into America unchecked despite efforts by President Bush to send 6,000 National Guard troops to better secure border areas between the ports of entry, where Congress will spend $1.2 billion to hire and station more U.S. Border Patrol agents.

Michael Cutler, a retired U.S. Immigration and Naturalization Service (INS) senior agent, said the government is spending billions to secure the border but has "failed miserably" at interior enforcement.

"We are not doing enough to make sure these people leave the country when they are supposed to and that impacts significantly on national security," he said. "Remember, all of the 19 al Qaeda hijackers who slammed jets into the World Trade Center and the Pentagon entered the country legally.

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"There is no high-tech solution to the problem. We have to hire personnel to go out and arrest these people," he said, noting that the government has only about 3,000 agents nationwide to enforce immigration laws in the nation's interior. "We are supposed to be dealing with this issue, but five years after the attacks, we're not doing enough."

The Pew report said that 4 million to 5.5 million illegal aliens entered legally through established ports of entry with tourist or business visas and that 250,000 to 500,000 used border crossing cards.

Steven Camarota, director of research at the Washington-based Center for Immigration Studies, said the government has failed to enforce existing immigration laws by denying visas to those deemed likely to overstay -- including persons who are unmarried, have no property, are unemployed or have lived outside of their home countries for a while.

"One such person who fits that category and was in this country legally with a visa was Mohamed Atta, leader of the September 11 hijackers," he said. "We have the ability based on past experience to weed out people with a high probability of overstaying, but it's not being done.

"The government, under tremendous pressure to issue these visas, has never thought about developing any kind of enforcement strategy for those who overstay their temporary visas," he said.

Homeland Security has sought to target overstays through a program called US-VISIT, a biometric verification system that scans the fingers of each foreign national entering the country and matches them against government databases to verify that the visa holder is the person to whom a visa was issued.

The program, begun in 2004, is in place at 115 airports, 15 seaports and in the secondary inspection areas of 154 land ports of entry, although Mexicans and Canadians entering the country with border crossing cards are not required to complete an arrival-departure record, known as Form I-94, unless they are requesting an extended stay.

US-VISIT exit procedures are operating at 12 airports and two seaports.

The program has identified many terrorists, criminals and other undesirable foreign visitors, but U.S. Immigration and Customs Enforcement (ICE), the Homeland Security agency responsible for interior enforcement, has only a limited number of personnel assigned to that task -- and most of them have been assigned to find criminal aliens, migrants who were ordered deported but disappeared and those who pose national-security threats.

The Pew report said that when fully implemented, US-VISIT is supposed to provide computerized records of arrivals and departures and a means of checking the identity of visitors with biometric data. In the meantime, it said, "only handwritten forms track some foreign visitors."

"In effect, the government has a pretty good idea of how many people come into the country if they fill out one of the forms, but it does not have a full count of how many leave," the report said.

Mr. Cutler, who headed major drug investigations for INS for two decades, said, "Even if the system was working flawlessly at all the U.S. ports -- logging the entry and exit of foreign nationals and generating many investigative leads -- who's going to respond if they don't hire an adequate number of agents? It's like having a sophisticated 911 system but no cars to send if people call for help."

New Scrutiny Of Illegal Immigrants In Minor Crimes (NYT)

By Julia Preston

The New York Times, June 20, 2006

FORT COLLINS, Colo. — It did not sit right with the sheriff in this law-abiding city that illegal immigrants who landed in his jail for minor crimes were later released into the community and never deported.

The immigrants had been arrested for drunken driving or striking a spouse, usual police blotter material in a foothills county on the eastern rim of the Rockies.

Immigration agents, overwhelmed by a decade-old surge in illegal immigration to Colorado, said they had neither the time nor the resources to pick up the illegal immigrants whose violations were not grave.

But to Sheriff Jim Alderden of Larimer County, the facts seemed plain.

"They violated our borders and then they committed other crimes," Sheriff Alderden said. "I think these offenders should be deported."

Across the country, local law enforcement officials and irritated taxpayers are turning up the pressure on federal immigration authorities to identify illegal immigrants who are behind bars and deport them after they are freed.

Although that has generally been the practice with violent felons, illegal immigrants who commit lesser crimes are often overlooked by federal authorities, who say their resources are scarce.

Now, however, immigration agents say they are beginning to take the first steps to change that. The agents say they are rethinking the triage that led them to pass over the estimated hundreds of thousands of illegal immigrants with lesser offenses, even if they were imprisoned.

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In some cases, the federal agents are allowing local authorities to screen immigrants to help detect those who should be deported.

In 2005, at least 270,000 illegal immigrants spent time in local jails and state prisons, according to the Justice Department. In federal prisons, more than 35,000 inmates, 19 percent of the total, were immigrants.

Although not all the immigrants in federal prisons were illegal when they went in, their felony convictions made it likely that they would lose any legal status and be required to leave the United States when they came out.

In a report in April, the inspector general of the Homeland Security Department estimated that in the coming year 302,000 immigrants who should be deported upon release would be sent to local jails and state prisons.

But based on recent deportation results, the inspector general predicted that most of those immigrants would be freed here. Shortages of money, agents and detention beds have created an unofficial "mini-amnesty" for criminal immigrants, the inspector general found.

The country is polarized between those who want a path to citizenship for illegal immigrants and those who want to deport them. But just about everyone agrees that the doubly illegal, immigrants with no documents and who have committed crimes, are not welcome.

In some states, the numbers have soared. Up to 25 percent of the 22,000 inmates in the Los Angeles County jails on any day are illegal immigrants, Steve Whitmore, a spokesman for the sheriff's office there, said. The county's annual costs for housing the illegal are at least $80 million, Mr. Whitmore said.

In California state prisons, at least 20,000 inmates have been listed for deportation by immigration authorities, officials said.

In Colorado, immigrants behind bars have become part of the debate on the costs of illegal immigration. According to federal figures, Colorado paid $46 million in 2005 for the upkeep of illegal immigrant inmates.

On average, Sheriff Alderden said, about 6 percent of the 546 beds in his spotless jail have been filled by Mexicans, a majority illegal. He estimated that illegal Mexican inmates cost Larimer $1 million a year.

The overall crime rate in the county's immigrant communities is not high, officials said. But jail officers remember many illegal immigrants whom they book repeatedly.

It used to be that when an illegal immigrant's offense was a misdemeanor, "it didn't pay to call immigration," Sheriff Alderden said. Agents from Immigration and Customs Enforcement said they were busy rounding up violent felons, as the law requires, and most of the felons were in state prisons.

Last month, the situation changed. Under a pilot program, every day the sheriff sends the immigration agency a list of the foreigners in his jail. Federal agents visit regularly to interview those inmates and identify those who have to leave the country.

In the first two weeks, 26 inmates were added to the deportation list.

Fernando Guadarrama, 21, a construction worker from Mexico, was one of the 26 caught in the expanded net. Newly outfitted in an orange jail uniform, Mr. Guadarrama said his bad luck began when an officer pulled over his pickup because the rear license plate light was out. He had just a Mexican driver's license and, overconfident after seven years in the United States, he told the officer that he could not obtain an American one because of his illegal status.

Mr. Guadarrama found himself in the Larimer jail and then in an interview with an immigration agent, on the roster for a quick departure from the United States.

Mr. Guadarrama was philosophical as he made hasty plans to move his Mexican wife and two children, both American citizens, back to Mexico and start a small business there.

"I thank God every day for the United States," he said. "It allowed me to make enough money to have a decent life."

Immigration officials say limited resources had forced them to adopt a "pecking order" of immigrant criminals to detain. But John P. Torres, director of detention and deportation operations at the immigration agency, said it had stepped up screening in city and county jails, focusing on the centers with large numbers of immigrants.

Despite the political furor, there have been no moves to curtail prison terms for illegal immigrants or to deport them before they finish serving their sentences, corrections officials said.

In some states, the agency has signed agreements with corrections departments to let prison staff members screen immigrant inmates. Immigration agents then place "holds" on the immigrants to be deported when they are released.

Now the bottleneck is detention space. A center with 340 beds in Aurora, a Denver suburb, is for all the detained immigrants from Colorado, Idaho, Montana and Wyoming, all with booming immigrant populations.

The center is run by the Geo Group of Boca Raton, Fla., a large company in the prison industry. Detainees said the center was clean and orderly. But they live in bunk barracks with at least 24 people to a room, and overcrowding often forces them to sleep in plastic cradles on the floor.

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Criminal immigrants are held in a separate wing, with mauve walls. One inmate, María del Carmen Ramírez, 29, said immigration agents determined she had no legal documents in a screening in a county jail. Ms. Ramírez said she had worked for 12 years cleaning the houses of wealthy people in Denver.

"I'm here illegally, like every other Mexican," she said.

She had thrown a punch at her husband in a feud, she said, and he had called the police.

"I didn't hurt an American," Ms. Ramírez said. "I hit one of my own people."

Now scheduled for deportation, Ms. Ramírez said she would leave behind three young children.

In Colorado, sympathy for immigrants like Ms. Ramírez is dwindling. In 2006, the State Legislature adopted six bills that focused on illegal immigration. They include a law that requires the police to report suspected illegal immigrants to immigration authorities if they are arrested for any crime other than minor traffic violations or domestic violence.

Another measure that Gov. Bill Owens signed last week created a State Patrol unit of 24 officers to combat smuggling.

Republican lawmakers joined with former Gov. Richard D. Lamm, a Democrat, in a campaign to place an item on the ballot in November to bar illegal immigrants from using any state public service, except emergency medical care and public schools.

"We've got enough of our own homegrown criminals," Mr. Lamm said. "Why are we importing more?"

Seeking A Safer Border Crossing; In D.C., Protest Bricks Put To Work (WSJ)

By Jennifer Johnson And Aaron Rutkoff

The Wall Street Journal, June 20, 2006

Border Lines is a regular look at the best writing on the immigration debate from around the Web. (Some links may require registration or subscription.) * * *

A MEATY ISSUE: A cursory look at census data show immigration patterns now affect many rural areas. In Iowa, to take an example used by blogger Brendan Nyhan last week1, the proportion of foreign-born residents surged in the 2000 Census, making the state home to the 10th-fastest growing immigrant population. But what are they doing there in Iowa?

This week Mr. Nyhan revisits the Iowa example and, with the help of two researchers, determines that Hispanic Hawkeyes tend to follow2 the meat-packing industry. Using a graph of Hispanic population growth since 1990, which is rendered as a sleek topographical map of the state, Mr. Nyhan provides visual evidence that Iowa's Hispanics are most prevalent around major meatpacking plants3.

"Given that many of the Latinos taking the dangerous, grueling jobs in meatpacking facilities are likely to be undocumented immigrants," he concludes, "it's not surprising that Iowans are concerned about the issue of illegal immigration."

But just how dangerous are those meatpacking jobs? On the left-leaning academic blog Crooked Timber, political scientist Henry Farrell catches two major publications at odds4 over conditions at the same North Carolina slaughterhouse.

In the Economist this week, Smithfield Foods' massive Tar Heel plant is heralded as American Dream job for illegal immigrant Alberto Queiroz -- a far cry from the sort of 19th century nightmare depicted in Upton Sinclair's "The Jungle." "Wages of more than $10 an hour enabled [Mr. Queiroz] to buy a house back in Mexico," the magazine attests5. "Cutting up pigs was easier than picking blueberries … because he did not have to toil under the sun all day."

In the New York Times, as Mr. Farrell notes, op-ed columnist Bob Herbert takes a much more critical view6 of the exact same meatpacking plant. Smithfield, he writes this week, is "a case study in both the butchering of hogs (some 32,000 are slaughtered there each day) and the systematic exploitation of vulnerable workers." Most of the plant's 5,500 workers are Latino or black, Mr. Herbert writes, and attempts to unionize Smithfield to provide workplace protections have been repeatedly suppressed. * * *

DEADLY JOURNEY: For some immigrants, the long journey from Mexico to the U.S. "will lead either to a more promising life or an ugly death," writes Dudley Althaus in the Houston Chronicle. A record number of migrants died7 trying to enter the U.S. from the Mexican border last year, he reports, with more than 200 fatalities in Arizona's desert borderlands. More than 100 have been found dead so far this year during what some call "the season of death."

"The great majority of people who come don't comprehend the heat," says Francisco Garcia, who runs a Roman Catholic migrant shelter in Altar, Mexico. "They think they are going to be walking in the shade of the trees. But there are no trees here."

Volunteers in Arizona are trying to prevent these deaths8 by placing water tanks in the desert outside of Tucson. The water stations are marked by blue flags and can be found in areas where the most illegal immigrants have died. "We try to save people from dying from dehydration," said Paula Mich, a volunteer with Humane Borders. * * *

A HOME IN HOUSTON: Many homesick Argentines who flocked to U.S. cities like Miami, Los Angeles and New York during their country's economic collapse are heading home again. But Houston appears to have a greater hold9 on this immigrant group, especially those who came here with a job or started their own business, writes Jenalia Moreno in the Houston Chronicle. "We came to establish roots. We didn't come here to return," says home builder Alejandro Prebisch.

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In the wake of Argentina's economic turmoil, about 4,000 Argentines landed in Houston, more than doubling that community's population, Ricardo Gauthier, the Argentine consul general in Houston, says in the article.

Unlike other Argentines who left home with little planning, migrants to Houston obtained work permits, finding jobs at the Texas Medical Center, the energy industry or schools, says Mark Jones, a political science professor at Rice University.

"You don't come to Houston for the weather, and not for the scenery," said Lucy Keeper, a local real-estate agent who moved to the city from Argentina four decades ago. "You come here because you know there's an opportunity to work." * * *

ENTER AT YOUR OWN RISK: Some Texas ranchers tired of repairing cattle fences damaged by illegal U.S.-Mexico border crossers have installed an easier route -- ladders10. "It's an attempt to get them to use the ladders instead of tearing the fences," said ranch owner Scott Pattinson. But the ladders may look too good to be true. "They ignore it a lot," says Paul Johnson, who owns an exotic game ranch along the Texas border. "They're afraid that they're monitored by the Border Patrol."

Rancher Michael Vickers has taken a harsher approach, and says he has 220 volts of electricity coursing through his fence. "I've had a dose of it myself, it's not fun," he said. "That's just my attitude, why make it easier for them to trespass?" * * *

SOCRATIC METHOD: Classicist Victor Davis Hanson, writing in the Washington Times, looks to Socrates for wisdom11 in the immigration debate. The great Athenian philosopher accepted death by hemlock under his city's laws rather than make an easy escape to exile -- arguing, as Plato tells us, that a consensual society cannot afford to have its members pick and choose which laws to obey.

"Yet few have criticized illegal immigration solely because millions have, with impunity, flouted the law," Mr. Hanson writes. "But Socrates would do just that, and also point to our hypocrisy." Employers are just as liable under this Socratic standard as Mexican migrants, on Mr. Hanson's view: "The employer expects trespassing laws to be enforced to keep vagrants off his premises, but then assumes the same vigilant police will ignore the illegal status of his cheap labor force." * * *

PARSING PENCE: Mark Kirkorian, writing in the National Review, examines a little known but potentially influential attempt to stake out the middle ground12 in the political debate over immigration -- this time from conservative Rep. Mike Pence13 (R., Ind.). "It starts out well enough," says Mr. Kirkorian of the four-step plan. "The first step is securing the border, and he included the entire enforcement bill passed by the House in December (with two minor modifications) in his measure."

From there, in Mr. Kirkorian's analysis, things fall apart. The second step, a rejection of amnesty, flies in the face of step three: a guest-worker program "explicitly designed to allow all illegal aliens to keep their jobs and domiciles in the United States without interruption."

"Step four really takes the cake: a promise -- really, truly, cross-my-heart-and-hope-to-die -- to enforce the ban on hiring illegals in the future," Mr. Kirkorian writes. "This is exactly the bait-and-switch Congress perpetrated in 1986 -- legalization first, enforcement later (i.e., never)." * * *

COMES AT A COST: Students in Round Rock, Texas, a suburb near Austin, are still dealing with the consequences14 from the immigration protest of March. "Across the country, educators punished protesters with detention, suspension, and even canceled their extracurricular activities. But some school districts got the police involved," writes Kris Axtman in the Christian Science Monitor. Students, like Jennifer Avilez, were arrested and issued tickets for violating truancy laws, a misdemeanor punishable by a fine of up to $500, the article says. More than 100 students in Round Rock have decided to either pay a fine or do community service. The other 98 have requested trials.

But a city free-speech ordinance makes the issue unique. Violators must show beyond a reasonable doubt that they were actually exercising their right to assemble, "and not just running roughshod through the city," writes Eric Poteet, with the Round Rock Police Department. He says that only a certain percentage of marchers were actually protesting immigration reform. "The rest were just skipping school." * * *

STRANDED AT THE ALTAR: During one of the busiest months for marriages, wedding plans are on hold15 for 10,000 U.S. citizens seeking visas for their foreign brides and grooms, according to an Associated Press article. Spurred by stories of mail-order brides being abused by their American husbands, Congress approved new protections for the women in December. But the new forms weren't available until March 6. The applications in question are being held because they don't address new visa requirements that help determine the criminal history of potential spouses. "We were ready to get married this year, but I can't really make a date until we get the approval," said Bill Hall, 41, a construction foreman from Burlington, Vt., who applied for visas for his Canadian fiancée and her two sons. * * *

BAD FOR THE JEWS? In a freewheeling op-ed published in the Forward, Stephen Steinlight makes the case that illegal immigration is indeed bad for the Jews16 -- and everyone else. Mr. Steinlight, a policy analyst at the pro-enforcement Center for Immigration Studies and a Jew himself, warns that "massive immigration will obliterate Jewish power by shrinking our percentage of the population -- to a fraction of 1% in 20 years." Moreover, he tackles the assumption that Latino newcomers are little different that the waves of Jewish immigrants of the 20th century: "Jews were refugees and asylum seekers escaping religious

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persecution, tyranny and pogroms," Mr. Steinlight asserts. "Most immigrants, by contrast, are not refugees: They come to make money."

If Jewish Americans want to truly honor their immigrant heritage, they should do so by improving U.S. support for persecuted refugees and legal immigrants, he concludes, "not by pushing for legislation that betrays America's workers, devastates America's poor, exploits Mexicans, threatens America's social cohesion and endangers Jewish interests." * * *

SPECIAL DELIVERY: Remember Send-A-Brick.com17, the online campaign that hopes to demonstrate support for a wall along the Mexican border by mailing bricks to politicians? (See earlier coverage18.) At least one part of official Washington has taken note of the campaign. Earlier this month, the Architect of the Capital's office hauled some 2,100 bricks away, according to a report in the Christian Science Monitor19. A spokeswoman at the Architect of the Capitol's office told Border Lines that the bricks were donated to a Washington, D.C., nonprofit organization for public projects.

Big Cities Balk Over Illegal Migrants (USAT)

By Judy Keen

USA Today, June 20, 2006

CHICAGO — Despite a federal effort to enlist help from local police to catch illegal immigrants, some of the USA's biggest cities are declining to enforce immigration laws.

Police chiefs, mayors and city councils are ordering local cops not to get involved as federal agents crack down on people in the country illegally.

“Vulnerable people have always needed to see the police as being there to protect and serve, and that can't happen when the first words out of a cop's mouth are, ‘I need to see your papers,' ” Minneapolis Mayor R.T. Rybak said.

U.S. Immigration and Customs Enforcement has been visiting police conventions in an effort to have departments join a voluntary program. ICE has trained officers in seven jurisdictions to identify, process and detain illegal immigrants, said Robert Hines, who heads the program started in 1996. Participants include state police in Alabama and Florida, the Arizona corrections department and sheriff's departments in San Bernardino, Los Angeles and Riverside counties in California and Mecklenburg County, N.C.

Several jurisdictions have refused to help. Chicago police and city workers are prohibited from asking immigrants about their legal status. Rybak asked ICE agents last month to stop identifying themselves as “police.” New York City's public hospitals promised last month that they would keep secret an immigrant's legal status.

In the broadest signal of opposition, a national group representing 57 big-city police chiefs warned this month that local enforcement of federal immigration laws would “undermine trust and cooperation” among immigrants.

The Major Cities Chiefs Association said in recommendations to President Bush and Congress that police have long worked with federal agents to pursue illegal immigrants suspected of crimes. The group said helping identify those suspected only of being in the USA illegally could backfire.

“We have spent many years … getting special communities to talk to us, to report crime, to be witnesses,” said Houston Police Chief Harold Hurtt. “If we stop individuals (to ask about immigration status), we would lose all of that.”

The association — including police chiefs from Los Angeles, Detroit, Seattle and Miami — said most departments can't afford to spend time quizzing immigrants. Members fear that “the call for local enforcement of immigration laws signals the beginning of a trend towards local police agencies being asked to enter other areas of federal regulation or enforcement.”

Hines said, “The cooperation we get for the most part is outstanding.” Illegal immigration “is all of our problem, because these people are here in violation of law.”

Immigration Consensus (WSJ)

The Wall Street Journal, June 20, 2006

Finally a consensus has been reached on immigration. No, not among politicians, who can't agree on a rational immigration reform. The agreement is among professional economists.

In an open letter to President Bush and Congress last week, more than 500 prominent economists, including five Nobel laureates, proclaim that "immigration has been a net gain for American citizens." The letter adds that "while a small percentage of native-born Americans may be harmed by immigration, vastly more Americans benefit from the contributions that immigrants make to the economy, including lower consumer prices. As with trade in goods and services, gains from immigration outweigh the losses." Alan Greenspan often made this same point about the benefits of immigration while he was Federal Reserve Chairman.

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What is striking about this immigration letter is that it is signed by economists from different fields of research, political affiliations and ideologies. It is possible that no other issue in the economic field, with the exception of the benefits of free trade, inspires such unanimity of professional opinion as immigration does.

Several years ago the Cato Institute surveyed the past presidents of the American Economic Association and the past chairmen of the President's Council of Economic Advisers. Eighty percent agreed that immigration has had "a very favorable impact on the nation's economic growth," and 70% said that even illegal immigrant workers "have a positive economic impact." These experts agree that on balance immigrants don't displace native workers, depress wages or abuse welfare. If only these economic facts could break through an immigration debate that is dominated by emotion and political fear.

TAX:

Executive Accused Of Tax Fraud And Witness Intimidation (NYT)

By David Cay Johnston

The New York Times, June 20, 2006

The owner of the nation's largest computerized machine tool maker was arrested yesterday morning at his California home and charged with orchestrating a tax fraud that cost the government nearly $20 million as well as intimidating witnesses and a federal agent investigating the case.

Gene F. Haas, 54, of Camarillo, Calif., the owner of Haas Automation and other companies, was accused in a 52-page indictment of running a bogus invoicing scheme to create fake tax deductions. Mr. Haas was held without bail after his arraignment in Federal District Court in Los Angeles.

In court papers asking that Mr. Haas be held until his trial, the Justice Department said that he could flee the country in his Cessna jet and head for China, where he has business interests. The Justice Department said China did not have a treaty allowing extradition of accused tax cheats. It called him a flight risk, saying he has few ties to the community, is single, has no children and faces about 20 years in prison if convicted.

Haas Automation, in a statement, said that Mr. Haas was not guilty and that the tax issues "revolve around" the company's former chief financial officer, John Phillips. It said the indictment would have no effect on the business.

Last month, Haas Automation won, by default, a lawsuit filed in Ventura County Superior Court accusing Mr. Phillips of cheating the company out of $27.5 million.

The transactions described in that lawsuit are among those listed in the federal indictment, Peter Zierhut, the company spokesman, confirmed.

Mr. Phillips, identified only by his initials in the indictment, went to the F.B.I. in April 2001 and told them that he had been ordered by Mr. Haas eight months earlier to cheat the government out of more than $8.9 million in taxes, the Justice Department said. Mr. Phillips is an unindicted co-conspirator.

The indictment identified Charles W. Todd of Minden, Nev., as the owner of a nonexistent company, Supermill, doing business as American Putter, that was paid $12 million for sham purchase orders and then funneled 98 percent of that back to Mr. Haas. Mr. Todd appeared in Federal District Court in Los Angeles yesterday and agreed to plead guilty to two tax evasion charges, the Justice Department said.

Another man, Kenneth Greene of Simi Valley, Calif., also agreed yesterday to plead guilty over his role in aiding the tax fraud.

Denis A. Dupuis, 51, of Newbury Park, Calif., a former general manager of Haas Automation, and Robert G. Cable, 73, of La Crescenta, Calif., a former salesman for the firm, were indicted, accused of helping fabricate the tax deductions. They were paid about 2 percent of the $23 million in face value of the sham invoices, the indictment said.

The other 98 percent of the money was funneled back to Mr. Haas, according to the indictment. It said Mr. Haas cheated the government out of $12.5 million on his personal tax returns and $7.7 million on Haas Automation's returns in 2000 and 2001.

The indictment also described two other invoicing schemes. One involved a Nascar race team sponsored by Haas Automotive and the other a land title company. The indictment gave few details other than stating that all the money paid in those two schemes was funneled back to Mr. Haas, suggesting that he may have operated them without confederates.

"The tax fraud schemes in this case stem from defendant Haas's dislike of the federal judicial system and anger towards a federal judge (Judge Leonie M. Brinkema) who presided over a patent infringement suit" that Mr. Haas lost in August 2000, according to the court papers. The indictment said that the primary purpose of the "tax fraud schemes was to recoup the patent infringement settlement payment by defrauding" the government.

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The Justice Department said that when Mr. Haas learned that Mr. Phillips had gone to the F.B.I., he told him, "Don't make me hurt you." The indictment and related papers cite this as the first of a number of efforts by Mr. Haas and an unnamed private investigator to intimidate witnesses and an Internal Revenue Service special agent, with threats of financial and physical harm for themselves or their families.

The indictment said one witness, a partner with Mr. Phillips in a Kansas flower shop, told the authorities about threats by the private investigator, but she recanted them after developing a "personal relationship" with the private investigator.

Last year, President Bush cited Haas Automation's success in exporting machine tools as a reason to adopt a free trade agreement with Central American countries.

Key House Lawmaker Reveals Estate Tax Plan (AP-Y2)

By Mary Dalrymple

AP2, June 20, 2006

The House's top tax writer revealed a proposal Monday to reduce taxes on inherited estates and rewrite a quirky law that repeals the tax for only one year.

House Ways and Means Committee Chairman Bill Thomas, R-Calif., introduced the bill after Senate Republican leader Bill Frist of Tennessee asked House GOP leaders for help reducing the estate tax before this fall's midterm elections.

Frist lost a bid this month to push forward legislation repealing the tax, unable to overcome opposition from most Democrats and a pair of Republicans.

Under President Bush's first tax cut, the estate tax decreases through the decade as the size of an estate exempt from taxation increases and the top tax rate decreases. This year, $2 million of an individual's estate and $4 million of a couple's is exempt from taxation. The remainder can be taxed at rates as high as 46 percent.

Bush's law abolishes the tax in 2010. But that temporary law expires a year later, and the estate tax reappears. Without a new law, an individual's exemption falls to $1 million and tax rates increase to 55 percent in 2011.

Thomas would instead increase the exemption to $5 million per person, or $10 million per couple, beginning in 2010. A surviving spouse could use any portion of the $5 million exemption not used by his or her deceased spouse.

Estates worth up to $25 million would be taxed at rates equal to capital gains rates, currently 15 percent. Estates worth $25 million or more would be taxed at rates twice those in place for capital gains, currently 30 percent.

The structure of the proposal matches one advanced in the Senate by Jon Kyl, an Arizona Republican who has worked for a year to try to strike a compromise with Democrats interested in lowering estate tax rates.

Kyl, however, proposed taxing estates worth up to $30 million, instead of $25 million, at capital gains tax rates. Thomas also included a new deduction for capital gains on timber in his bill.

Frist has said he wants to see a bill completed by the end of the month, before lawmakers recess to celebrate Independence Day.

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On the Net:

Ways and Means Committee: http://waysandmeans.house.gov/

House Republicans May Settle For A Muted Estate-Tax Reduction (WSJ)

By Brody Mullins

The Wall Street Journal, June 20, 2006

WASHINGTON -- In what could be a big step toward lowering estate taxes, House Republicans will vote this week on compromise legislation that would eliminate the levy for all but the richest Americans.

House approval of the proposal would likely force a vote on similar legislation in the Senate, where Republicans and Democrats have been at loggerheads over the tax for years. House leaders in the past had said they would settle for nothing short of full repeal.

House Ways and Means Chairman Bill Thomas of California introduced legislation yesterday evening that would reduce the number of Americans subject to the estate tax by raising the per-person threshold for the tax to estates valued at more than $5 million beginning in 2010.

Mr. Thomas would set the tax rate for estates valued at less than $25 million to the capital-gains rate, currently 15%. The value of estates above $25 million would be taxed at a rate equal to twice the capital-gains rate. The new legislation would retain the "step up" in basis and would unify the estate, gift and generation-skipping transfer taxes.

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To appeal to a few key Senate Democrats, Mr. Thomas included incentives for the timber industry. The legislation includes a new 60% deduction for qualified timber capital gains. House Republicans would like to approve the legislation this week, so the Senate would have time for a vote this summer.

The House has approved a full repeal of the estate tax several times. But in the Senate, Democrats have prevented Republicans from getting the 60 votes needed to overcome a filibuster. In a test vote earlier this month, the Senate fell three votes short.

When compromise talks between Republicans and Democrats in the Senate failed to yield results, Majority Leader Bill Frist of Tennessee asked his House counterpart, Speaker Dennis Hastert of Illinois, to propose a deal that could clear both chambers.

The specifics of the plan are less important than the fact that House leaders have decided to move forward with something less than full repeal. The shift represents the changing dynamic in Washington. Though Republicans have a majority in both houses of Congress, the party is expected to lose seats in the November elections. As a result, many Republican leaders believe now is the best chance to permanently reduce estate taxes.

Congress enacted a temporary phaseout of the estate tax when President Bush took office in 2001, but tax rates will snap back to as high as 55% when the bill expires in 2011. Under current law, $2 million of an estate is exempted from estate taxes for an individual, $4 million for a couple. The tax rate is now as high as 47%.

About 12,600 estates will be subject to estate taxes for the 2006 filing season, according to the Tax Policy Center.

Mr. Thomas's legislation aims to pick up the three Democratic votes in the Senate needed for passage. Republicans hope the plan can win the support of a few Senate Democrats who voted against full repeal earlier this month.

The new House bill tracks a proposal from Arizona Republican Sen. Jon Kyl, which would exempt all but 3,600 estates from the tax, the Tax Policy Center estimates. Mr. Kyl's plan would cost the government $275 billion over the next decade, according to his office.

CONGRESS-ADMINISTRATION:

Tanker Inquiry Finds Rumsfeld's Attention Was Elsewhere (WP)

By R. Jeffrey Smith

The Washington Post, June 20, 2006

The topic was the largest defense procurement scandal in recent decades, and the two investigators for the Pentagon's inspector general in Defense Secretary Donald H. Rumsfeld's office on April 1, 2005, asked the secretary to raise his hand and swear to tell the truth.

Rumsfeld agreed but complained. "I find it strange," he said to the investigators, on the grounds that as a government official "the laws apply to me" anyway.

It was a bumpy start to an odd interview, as Rumsfeld cited poor memory, loose office procedures, and a general distraction with "the wars" in Iraq and Afghanistan to explain why he was unsure how his department came to nearly squander $30 billion leasing several hundred new tanker aircraft that its own experts had decided were not needed.

Then-Inspector General Joseph E. Schmitz, who resigned last year to take a job with a defense contractor, told senators at a June 2005 hearing that the transcript of Rumsfeld's interview was deleted from his 256-page report on the tanker lease scandal because Rumsfeld had not said anything relevant.

But a copy of the transcript, obtained recently by The Washington Post under the Freedom of Information Act after a year-long wait, says a lot about how little of Rumsfeld's attention has been focused on weapons-buying -- a function that consumes nearly a fifth of the $410 billion defense budget, exclusive of expenditures in Iraq and Afghanistan.

The issue is relevant because a series of reports, including others by the inspector general and by the Government Accountability Office, indicate that five years into the Bush administration, the department's system of buying new weapons is broken and dysfunctional.

"DOD is simply not positioned to deliver high-quality products in a timely and cost-effective fashion," the comptroller general of the United States, David M. Walker, said in a little-noticed April 5 critique. The Pentagon, he said, has "a long-standing track record of over-promising and un-delivering with virtual impunity."

Walker based his blistering assessment on a detailed study of 52 different weapons costing a total of $850 billion, including five new multibillion-dollar weapons systems with cost overruns amounting to nearly 30 percent. "The all too-frequent result is that large and expensive programs are continually rebaselined, cut back or even scrapped after years of failing to achieve promised capability," he said. "A lot of it is because in the past, where there have been unacceptable outcomes, there hasn't been any accountability."

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Some of the blame, Walker suggested, should be laid at Rumsfeld's office, which "does not seem to be pushing" for the dramatic overhaul of the Pentagon's system needs.

The tanker procurement scandal is the poster child for these problems. The Air Force in 2004 canceled its plan to lease the tankers from the Boeing Co., amid allegations of improper collusion with the company. Former Air Force procurement officer Darleen A. Druyun and one of the interlocutors at Boeing were sent to prison; subsequent investigations showed that Druyun manipulated other large Air Force contracts to benefit military contractors.

After a Senate investigation unearthed evidence that the tanker purchase was viewed inside the Pentagon as a politically tinged bailout for Boeing, Air Force Secretary James G. Roche and his top acquisitions deputy resigned from government. Boeing's chief executive was replaced, and last month the firm agreed to pay $615 million to settle all liability for the tanker scandal and an unrelated impropriety. It was the largest penalty paid by a defense contractor.

But the scandal never tarnished Rumsfeld, and in the previously undisclosed interview, conducted with principal Deputy General Counsel Daniel J. Dell'Orto at his side, the defense secretary makes clear that he does wars, not defense procurement. As a result, he could not recollect details of what subordinates told him about the tanker lease or what he said to them.

Rumsfeld is a former business executive and White House official who published a set of "Rumsfeld's Rules" that include the injunction: "Be precise -- a lack of precision is dangerous." But when investigators asked him whether he had approved the Boeing tanker lease in May 2003 -- despite widespread violations of Pentagon and government-wide procurement rules along the way -- Rumsfeld said: "I don't remember approving it. But I certainly don't remember not approving it, if you will."

Asked whether his subordinates, including former undersecretary of defense Edward C. "Pete" Aldridge, had accurately invoked Rumsfeld's approval when they signed documents authorizing the Boeing tanker lease to go forward, Rumsfeld said, "I may very well have said yes. I just don't remember. . . . I am not going to sit here and quibble over it." He did say he remembered approving a gun for a tank in 1976, during his first time as defense secretary.

When pressed about the tanker lease -- the largest such lease in U.S. history -- Rumsfeld offered two explanations for his distance from it. The first was related to his focus on what he called "the global war on terror," including the wars in Afghanistan and Iraq, and what he termed the "continuing difficulties" with the Taliban and al-Qaeda.

"My time basically in the department was focused on those things and certainly not on acquisitions or -- or what have you," Rumsfeld said. "Basically I spend an overwhelming portion of my time with the combatant commanders and functioning as the link between the president . . . and the combatant commanders conducting the wars."

Asked if he was aware of concerns about the proposed Air Force lease from Capitol Hill and the Pentagon's own analysts, Rumsfeld responded, "I don't know what I knew then, compared to what I know now. . . . I am not able to go back and say . . . what did I know at a certain moment back in that period."

He also indicated that his office procedures are loose. "I work in here, I am going to guess, 12 hours a day. . . . I also know that people come in and out of this office all the time. Send me memos, half of which I -- are appropriate for me to have, some of which aren't, which I don't read. And call or come in and say I am going to do this or what do you think about that."

Rumsfeld said that given "all of those hours and hours in meetings and questions," he couldn't "say of certain knowledge" whether he provided any guidance about the lease to subordinates. He assumed, he said, that they were following "the normal rules that would apply to what it is they do."

This perplexed one of the investigators, who asked how Rumsfeld knew the information he got about the tankers was reliable if established procurement procedures were not followed. "In terms of knowledge that -- that -- from that period, I am without it," Rumsfeld replied.

The investigators tried a different tack. Tell us, one said, about the extent and nature of conversations with the White House about the tanker lease. The question related to the fact that in 2002 President Bush asked then-White House Chief of Staff Andrew H. Card Jr. to help reach a deal between the Pentagon and Boeing, which had substantial clout on Capitol Hill and was a major contributor to Bush's inaugural celebration.

"I have been told," Rumsfeld said, "that discussions with the president are privileged, and with his immediate staff." Large portions of text on the next five pages of the 38-page interview transcript were blacked out in the copy provided to The Post.

Part of the controversy over the tanker deal involved the department's failure to conduct an "Analysis of Alternatives" -- a routine comparison of options mandated by Pentagon rules before any large-scale weapons acquisition. When one investigator started asking about this, Rumsfeld demurred. "You are way out of my league on all of this," he said.

Rumsfeld went on to express frustration that some lawmakers responded to the scandal by blocking the promotions or new appointments of those involved. "We have practically no one left on the civilian side of the Air Force. . . . And the . . . damage that was done by the way this was handled has been terrible." Fortunately, he added, the lease "did not go through" because of "people in the Senate and others, whistleblowers, or whoever did what they did."

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Pentagon spokesman Bryan Whitman responded about two weeks ago that Rumsfeld views his role as setting top-level policy and keeping abreast of acquisition issues, not becoming involved in "day-to-day programmatic decisions." He created a video message stressing the importance of ethics in weapons-buying, Whitman said.

But in the past six years, while Rumsfeld occasionally mentioned procurement problems in his public appearances, he delivered only one major speech about the need for reform in how the Pentagon buys weapons. He complained in the speech that "our financial systems are decades old" and noted estimates that "we cannot track $2.3 trillion in transactions." He also said that the acquisition process was being improved and that "we now budget based on realistic estimates."

Rumsfeld's speech was delivered on Sept. 10, 2001.

Rice's Top Deputy To Leave State Department (WP)

By Glenn Kessler

The Washington Post, June 20, 2006

Deputy Secretary of State Robert B. Zoellick, one of the administration's most prominent figures in foreign and economic policy, said yesterday that he is resigning to join the Wall Street investment firm Goldman Sachs Group Inc.

Zoellick's interest in leaving his high-profile post had long been rumored, but it leaves a large hole in Secretary of State Condoleezza Rice's foreign policy team. Zoellick spearheaded efforts to end the violence in Sudan's Darfur region and was the administration's main interlocutor in the delicate relationship between the United States and China.

In a ceremony in the Benjamin Franklin Room of the State Department, Rice said she was "deeply honored" that Zoellick had agreed to be her deputy and was making the announcement "not without considerable sadness."

In a one-hour interview Friday, Zoellick, 52, said he was leaving 16 months after he started because he had accomplished his objective of helping Rice set up her management team and get her tenure as secretary of state off to a fast start.

"The secretary is clearly up and running quite well," Zoellick said. "We now have a very good team, a team considered -- false modesty here -- one of the best, if not the best, Cabinet teams around."

Zoellick said he approached Rice early this year and told her that he was ready to move on. He had planned to stay until after Chinese President Hu Jintao visited Washington in April, but his departure was delayed because he became involved in rescuing faltering Darfur peace talks held in Nigeria.

Zoellick also felt that with Rice's key initiatives launched -- and Rice now such a high-profile figure around the globe -- that he would be left with increasingly lower-priority issues.

"We are at a point where with the major initiatives, they really have got to be driven by the secretary, in terms of the conduct of it. It's the way foreign policy works," Zoellick said. "The nature of the deputy job is you get a smorgasbord of what I'll call the second- and third- and fourth-order issues."

Zoellick handled less of the day-to-day management of State than his predecessor, Richard L. Armitage, and instead was given a meaty portfolio of foreign policy issues. Besides China and Sudan, they included Latin America, Southeast Asia, and economic and political reform in the Middle East.

Even the two issues for which he is best known -- Sudan and China -- have reached a certain plateau, Zoellick said. With the signing of the Darfur Peace Agreement by at least one rebel group, the focus will be on the implementation of the pact, he said. On China, Zoellick held a series of high-level talks with Chinese officials and in a major speech last year reframed U.S. policy and put forth the idea that the United States wanted China to be a "responsible stakeholder" in the world.

"This is not activity that will be solved in one year or two years," he said.

During President Bush's first term, Zoellick served as U.S. trade representative, a Cabinet position. After the president's reelection, Zoellick appeared on track to be selected as Bush's nominee as World Bank president when Rice unexpectedly approached him about the deputy secretary's job. (Former deputy secretary of defense Paul Wolfowitz instead got the World Bank post.)

Zoellick took the sub-Cabinet post with some misgivings, and there was little expectation he would stay a full four years. He recently has been mentioned for other Cabinet posts such as energy or Treasury secretary. Bush last month nominated Goldman Sachs chief Henry Paulson as Treasury secretary.

Zoellick said he is helping Paulson, an old friend, with the transition to Treasury, including assistance in hiring a staff. Zoellick will be a managing director and vice chairman of Goldman Sachs's international division.

Zoellick had a long association with Rice. He and two other top Rice aides, Undersecretary of State R. Nicholas Burns and Counselor Philip Zelikow, worked closely with Rice on the reunification of Germany during the administration of George H.W. Bush. Zoellick at the time was a top aide to Secretary of State James A. Baker III while Rice, Burns and Zelikow worked on the National Security Council staff.

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As trade representative, Zoellick forged close connections in Congress and with economic officials around the world, filling in a gap in Rice's background. He also brought State Department experience from his period with Baker, whom Rice viewed as one of her models for running the department, though Zoellick is no fan of the State Department bureaucracy.

Zoellick said he and Rice had a "very comfortable relationship" and he provided counsel on a range of matters. "I can almost read sometimes where she is a little uncomfortable on something so I can make a push," he said.

Randall L. Tobias, director of U.S. foreign assistance and former chief executive of Eli Lilly & Co., and Deputy Treasury Secretary Robert M. Kimmitt are potential candidates to succeed Zoellick. Kimmitt, however, may have been politically damaged by his involvement in the decision to approve the controversial sale of U.S. port operations to a Dubai-based company.

Burns also is frequently mentioned but appears unlikely to make the final cut because he is a career Foreign Service officer and not a political appointee.

Zoellick To Quit State Department For Goldman (WSJ)

By Neil King Jr. And Susanne Craig

The Wall Street Journal, June 20, 2006

WASHINGTON -- Robert Zoellick, the State Department's No. 2 diplomat and lead voice on China policy, will leave next month to join Goldman Sachs Group Inc. as vice chairman, international.

Mr. Zoellick's departure will leave a vacuum in the Bush administration's China team, which Mr. Zoellick has led since early last year, while further burnishing Goldman's image as a mixing bowl for past and future top government officials. President Bush recently picked Goldman Sachs Chief Executive Henry Paulson as his next Treasury secretary. Former President Bill Clinton's Treasury chief, Robert Rubin, hailed from the same New York firm.

In his resignation letter, Mr. Zoellick said he was particularly proud of having "reframed" the administration's approach toward China. In a speech last summer, Mr. Zoellick called on China to become a "responsible stakeholder" in the international system. He also led a series of high-level dialogues between Washington and Beijing.

The former U.S. trade representative led a complex effort to stop the war in the western Sudanese region of Darfur. Secretary of State Condoleezza Rice praised Mr. Zoellick as her "alter ego" but hasn't immediately named a successor.

U.S. officials say the likeliest candidates to succeed Mr. Zoellick are Nicholas Burns, the State Department's current No. 3 and an important player on Iran and India policy; Robert Kimmitt, deputy Treasury secretary; and Philip Zelikow, a special adviser to Ms. Rice.

Mr. Burns, a longtime foreign-service officer and former State Department spokesman, has become more active on many fronts than Mr. Zoellick was and is close to Ms. Rice.

Mr. Zoellick will join Goldman in September as a managing director and chairman of the firm's international advisers. In an internal memo sent to employees yesterday, incoming Goldman Sachs Chief Executive and Chairman Lloyd C. Blankfein said Mr. Zoellick will play a central role in advising Goldman on the firm's global strategy.

"Secretary Zoellick brings tremendous experience and judgment to the firm," said Mr. Blankfein, currently Goldman's president and chief operating officer. "His extensive knowledge of international affairs will be of great importance to the firm as we continue to expand our business around the world."

No. 2 State Department Official Resigns To Join Wall Street Firm (NYT)

By Helene Cooper

The New York Times, June 20, 2006

WASHINGTON, June 19 — Deputy Secretary of State Robert B. Zoellick said Monday that he would be leaving his post as the State Department's second in command, as expected, to join the Wall Street investment house Goldman Sachs Group Inc. as a managing director.

Bush administration officials said the search was now on to find a replacement for Mr. Zoellick, a six- year administration veteran who spent his first four years as the United States trade representative.

R. Nicholas Burns, the under secretary of state for political affairs, who is the department's third-ranking official, would be the logical front-runner for the job. Administration officials say Robert M. Kimmitt, the deputy Treasury secretary, is also in the running.

Mr. Burns, while close to Secretary of State Condoleezza Rice, is a career Foreign Service officer whose rise accelerated during the Clinton administration, when he served on the staff of the National Security Council, as State Department spokesman and as ambassador to Greece. He was appointed the American representative to the North Atlantic Treaty Organization during President Bush's first term.

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Mr. Kimmitt, a former American ambassador to Germany, served in several posts in the administration of President Bush's father, including under secretary of state for political affairs.

He is widely respected in Washington, but some administration officials worry that Senate confirmation might be made difficult by his role in a decision this year to allow a company owned by the emirate of Dubai to take over operations at five American ports. The company, Dubai Ports, pulled out of the deal after it was denounced by Congressional Republicans as well as Democrats.

The departure of Mr. Zoellick has been widely anticipated. He was considered for Treasury secretary, but President Bush nominated Henry M. Paulson Jr., chairman and chief executive of Goldman Sachs.

During an interview on Friday, Mr. Zoellick said he had wanted the Treasury job but added that he understood why Mr. Bush had made the decision he did. "If it were a choice between Hank Paulson and me, I'd choose Hank Paulson," he said.

As Ms. Rice's deputy, Mr. Zoellick was the primary architect of the administration's policy toward Sudan and particularly the response to the crisis in Darfur. In May at talks in Abuja, Nigeria, he pushed Darfur's rebel leaders to sign a peace accord.

He was known in Sudan for understanding the many facets of the country and its people, reciting tribal names, affiliations and political leanings.

He is widely considered to be one of the administration's most experienced foreign policy hands.

But Mr. Zoellick's years as trade representative are regarded as more notable than his time at the State Department. He successfully managed the start of the world trade negotiations, still under way, that are meant to lower tariffs on manufacturing products and, more significantly, to reduce agriculture subsidies.

Mr. Zoellick also successfully managed the deeply divisive fight in Congress to obtain "fast track" authority for Mr. Bush to negotiate trade pacts that Congress can approve or reject but not amend.

As the trade representative, Mr. Zoellick worked closely with officials from developing countries. One of the first things he did in the job was to reaffirm a late policy shift by the Clinton administration that put the need for access to cheaper AIDS drugs in poor countries above the desires of American drug companies seeking to protect their patents.

Mr. Zoellick said he expected to stay on the job at the State Department until the middle of July.

Zoellick Takes Senior Post At Goldman (FT)

By Edward Alden

Financial Times, June 20, 2006

Robert Zoellick, US deputy secretary of state and former US trade representative, announced on Monday he would leave the government to take up a senior post at Goldman Sachs.

His resignation to take the job of vice-chairman, international, for Goldman Sachs is the latest in a string of departures of long-serving officials from the administration of President George W. Bush. These have included Andrew Card, White House chief of staff, and John Snow, Treasury secretary.

Mr Zoellick had been telling friends and colleagues for several months that he was preparing to leave the government after more than six years in the Bush administration but that he might stay if he were offered the Treasury job.

Mr Zoellick told the Financial Times he had hoped to be named Treasury secretary but never expected it. He praised the nomination of Hank Paulson, former chief executive of Goldman Sachs, who is now awaiting Senate confirmation. “If I had a choice between Hank Paulson and me, I’d choose Hank Paulson,” he said.

Mr Zoellick, who served four years as US trade representative before joining the State Department in February 2005, said he was leaving the department with a strong team in place and the issues under his direct responsibility well in hand. “The things I could do at the deputy level I feel I have accomplished,” he said.

Condoleezza Rice, secretary of state, praised him as “one of my closest and most valued advisers on every single international issue”. She made no announcement on a replacement.

During his time at the State Department, Mr Zoellick led US efforts to respond to the crisis in Darfur, helping to negotiate a peace agreement in Sudan last month. He also played a big role in US relations with China, spelling out the administration’s approach in a speech last year in which he called for China to be-come a “responsible stakeholder” in the international system. Mr Zoellick served in the state and Treasury departments under President George H. W. Bush and was executive vice-president at Fannie Mae, the US mortgage group, from 1993 to 1997.

His move to Goldman Sachs continues the revolving door between the US’s most prestigious investment bank and Washington. He will rejoin – though probably only temporarily – John Rogers, his former state and Treasury department colleague who is Mr Paulson’s chief of staff and is likely to accompany Mr Paulson to Treasury.

Goldman said Mr Zoellick would “play a central role in advising the firm on its global strategy in both developing and developed markets”.

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There are no clear indications of who might be named to succeed Mr Zoellick at the State Department. Nicholas Burns, the under-secretary of state for political affairs, is thought to be a frontrunner, as is Bob Kimmitt, deputy Treasury secretary.

State's Zoellick Resigns (WT)

By David R. Sands

The Washington Times, June 20, 2006

Deputy Secretary of State Robert B. Zoellick, who has played a key role in the Bush administration on issues ranging from global trade to Sudan's civil war, announced yesterday that he will leave his post to take a top Wall Street job.

The decision by Mr. Zoellick, the top aide to Secretary of State Condoleezza Rice, was widely expected after President Bush last month named Goldman Sachs Chairman Henry M. Paulson to replace departing Treasury Secretary John W. Snow -- a job for which Mr. Zoellick also had been a candidate.

Ironically, the 52-year-old Mr. Zoellick has been hired by Mr. Paulson's old firm and will chair Goldman Sachs' international operations when he steps down, probably next month.

Miss Rice praised her deputy, saying at a State Department press briefing that she had worked closely with him since the first days of the Bush presidency, when she was national security adviser and he was U.S. trade representative.

"You have helped to guide American diplomacy with principle and prudence at a time when there are few precedents for action," she said.

Mr. Zoellick told reporters he happily would have accepted the Treasury post, but praised the choice of Mr. Paulson and said his decision to leave after more than five years in the administration was "independent of that."

White House spokesman Tony Snow said Mr. Zoellick "has been wanting to pursue options in the private sector, and now he's doing it."

Neither Miss Rice nor Mr. Zoellick would speculate publicly on who might take over the deputy secretary's post. Among those mentioned in the early handicapping are former pharmaceutical executive Randall Tobias, recently named to a new post as overseer of all U.S. aid programs, and Undersecretary of State R. Nicholas Burns, the department's No. 3 official.

Mr. Zoellick's selection by Miss Rice in early 2005 was seen as a victory for foreign-policy "realists" in the administration against the hard-line diplomacy favored by Vice President Dick Cheney and Defense Secretary Donald H. Rumsfeld, who were said to back State Department arms chief John R. Bolton. Mr. Bush used a recess appointment to make Mr. Bolton ambassador to the United Nations after a deadlocked Senate failed to confirm him.

Popular on Capitol Hill, the brainy, demanding Mr. Zoellick took charge of some major portfolios under Miss Rice, notably the strategic dialogue with Beijing and the crisis in Sudan's Darfur region. He also served as an economic aide under the first President Bush.

Darfur activists give him credit with pushing the negotiations that produced a cease-fire last month between the Sudanese government and the main faction of the largest rebel group.

But he was a less colorful figure than his outspoken predecessor, Richard Armitage, who was close politically and personally to former Secretary of State Colin L. Powell.

It was Mr. Burns who took the lead on several high-profile issues in recent days, notably the drive against Iran's nuclear programs and the talks that produced a major new nuclear accord with India.

Mr. Zoellick received relatively strong marks as U.S. trade representative, signing a number of bilateral free-trade deals and pushing for open global markets by helping to start the current "Doha round" of trade talks.

But Miss Rice teased her strait-laced, Harvard-educated deputy yesterday over a widely reprinted photo of Mr. Zoellick cradling a panda cub during one of his trips to China.

"We needed a deputy who would get up his courage, roll up his sleeves, and occasionally even hug a panda," she said.

Zoellick, State Dept.'s Strategist On Darfur And China, To Resign (LAT)

By Doyle McManus

The Los Angeles Times, June 20, 2006

WASHINGTON — The No. 2 official in the State Department, Robert B. Zoellick, announced Monday that he is resigning, leaving his role as point man on U.S. efforts to end the violence in Sudan's Darfur region and on U.S. policy toward China.

Zoellick said he is quitting the job of deputy secretary of State after 16 months to join the New York-based investment firm Goldman Sachs.

"I've accomplished what I've set out to do and it's time for me to step down," Zoellick told reporters, noting that he worked in the Bush administration — first as U.S. trade representative, a Cabinet position, then as deputy to Secretary of State Condoleezza Rice — for more than five years.

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Zoellick, a hard-driving man with a reputation as a brilliant policy strategist in the administration of President Bush's father, worked on the mission of ending the violence in Darfur, where more than 180,000 civilians have been killed as a byproduct of fighting between rebels and the Sudanese government.

He traveled frequently to Africa and, aides said, delayed his resignation to fly to Nigeria last month to help push one of Darfur's rebel factions to sign a peace accord.

Rice has not decided who will inherit Zoellick's responsibilities for the Darfur issue and has not settled on a nominee for his job as deputy secretary of State, said a senior State Department official, who, like others, spoke on condition of anonymity while discussing internal deliberations. Officials said Rice's director of foreign aid programs, Randall L. Tobias, is a leading candidate.

Zoellick said Monday that the U.S. had done everything it could to stop the violence in Darfur. "That isn't to say that I'm not heartbroken by seeing the things that happen" there, he said in an interview on "The NewsHour with Jim Lehrer," a Public Broadcasting Service show.

"There's a lot of follow-up work to do," he acknowledged. "This peace accord … is just an opening…. There's no doubt that it's going to take a long time."

In addition to Darfur, Zoellick also oversaw the administration's complex relationship with China, and prided himself on coining a term for the role the United States has urged Beijing to play: a "responsible stakeholder" in world affairs. The American business term "stakeholder" kept Chinese translators busy for months with its ambiguity — just as Zoellick hoped it would, another official said.

Rice, in a public statement accepting Zoellick's resignation, praised him as "a seasoned diplomat [and] a masterful strategist … a deputy who would get up his courage and roll up his sleeves and occasionally even hug a panda."

She was referring to an incident last year when, on a visit to China, the normally stiff Zoellick was suddenly presented by Chinese officials with a live baby panda. (It was a double-edged honor; "panda-hugger" is conservative jargon for a U.S. official who has gone soft on Beijing.)

Friends said Zoellick, who served in the Treasury and State departments in the administration of former President George H.W. Bush, would have stayed in government if the current president had named him Treasury secretary when that job became open earlier this year.

Zoellick acknowledged that he would have been enticed by the job. "If you're someone like me who is interested in public service, those are attractive possibilities," he told reporters.

But he said he had decided to leave the State Department months ago, and was not leaving because he did not get the Cabinet post.

Bush nominated Goldman Sachs chairman Henry M. Paulson Jr. for the Treasury job last month.

"I certainly knew I'd always be a contender [for the job], as the president and others told me, but … if I were the president, and I had a choice in Hank Paulson, I'd pick Hank Paulson," Zoellick said.

Paulson's old firm, Goldman Sachs, said Zoellick would carry the title, "vice chairman, international," and advise the investment bank on global strategy.

Polygraph Test Results Vary Among Agencies (WP)

By Shankar Vedantam

The Washington Post, June 20, 2006

The National Security Agency denied a top-secret clearance to David Vermette this year after two polygraph tests. But the computer programmer still has access to sensitive, classified information -- from the CIA, which independently cleared him after administering its own "lie detector" test.

The FBI recently ran a background check on Wayne Johnson, which led to a five-year extension of his top-secret White House clearance. But when Johnson applied for a job at the FBI itself, the agency made him an offer -- then rescinded it after a polygraph exam.

The Defense Department has long issued Tara Wilk a top-secret clearance. But when Wilk tried to get similar clearance from the NSA, she failed three tests -- leaving her so frustrated she sought help from a hypnotist and a therapist.

In a region where a security clearance is a necessary ticket to countless jobs with the federal government and its thousands of contractors, it is not hard to find people caught in turf wars over clearance. Polygraph tests are often at the root of the problem.

"The CIA doesn't respect the NSA's polygraph and the NSA doesn't respect the CIA's polygraph," said Wilk, a computer engineer from Arnold, Md. "Nobody knows who the boss is, and they all think they are the most important."

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The government recognizes the problem and plans to harmonize the process across the intelligence community, but Director of National Intelligence John D. Negroponte cannot say when that will happen, said spokesman John Callahan. "The goal is to streamline and fix things and make things better," he said.

"The legislation which founded the DNI actually requires the DNI have as one of its goals to unify this process," he said.

Even those who believe in the value of polygraphs acknowledge that they are far from objective. Using a polygraph device, which measures changes in heart rate and breathing as well as other cues to detect anxiety, is like searching in a dark room for an object whose shape is unknown. It is the examiner's job not only to figure out if someone is a spy but also to search for character flaws or past actions -- drug use, for instance -- that might make a person unfit to handle sensitive information.

Since polygraph examiners typically do not know what to look for in a candidate, they tend to home in on anything that hints at reticence or nervousness, said John Sullivan, who spent three decades at the CIA administering the tests and still supports them. During his career, he said, he used the tests to unmask seven double agents and spotted numerous criminal and character problems.

But Sullivan said that after the agency's polygraphers failed for years to detect the duplicity of Aldrich H. Ames, who compromised dozens of CIA operations by passing information to the Soviet Union before being sent to prison in 1994, agency examiners ratcheted up the level of intimidation during tests.

Sullivan believes polygraphers can elicit useful information without resorting to threats and harassment. But after Ames's case, he said, CIA examiners were told that if their subjects did not complain about rough handling, the examiners probably were not doing their job correctly: "People in many cases are too aggressive . . . we were so afraid of getting beat."

Asked why examiners disagree with one another, Sullivan said that interpreting polygraphs is more "art than science" and that examiners at different agencies range from "Rembrandts" to "finger-painters."

"I myself and most of my colleagues caught people who passed other people's polygraph examinations," said Sullivan, who is retired. "I don't want to disparage anyone else's program, but I really feel up until Ames, [the CIA] had the best polygraph program in the government."

Paul Gimigliano, a CIA spokesman, declined to discuss individual cases. But he said that "large numbers of highly qualified officers" have been cleared and hired after the agency's polygraph tests.

Don Weber, an NSA spokesman, also would not discuss individual cases but said the agency issues clearances based on approvals by other agencies. Slightly more than one in five contractor clearances last year were issued this way, he said. A number of factors influence why the NSA thinks more security procedures are needed for some people, he said.

Vermette, the computer programmer, said the six exams he has taken for three agencies have left him scared, angry and dubious.

Besides being asked whether he had ever revealed classified information, Vermette was quizzed about whether he had paid for sex or had gotten a woman drunk to seduce her. Examiners asked about his computer use, his contacts with foreign students and his volunteer work with junior high students at church -- down to a high-five he had given one teenager.

Vermette describes himself as naturally nervous and said he grew more flustered with each exam. After the second CIA polygraph test, he was called in to see a higher official, who said he wanted to talk "man to man."

After telling Vermette that "there's no way you are not lying to me," the examiner pressed him on whether he was sexually involved with the teenager at church. The examiner then asked Vermette about her bra size. When Vermette said he did not know, the examiner asked him to guess -- after explaining bra sizes.

"He gave me a list of numbers to choose from, and I gave up and guessed one. Then he went on to ask about hair color, eye color, height and weight, all of which I am sure are absolutely vital to national security," Vermette wrote in an account of the episode. "I felt bad afterwards that I answered any of these questions but was under extreme psychological pressure and humiliation."

After the interview, Vermette filed a complaint. An investigation ensued, and the CIA apologized in writing, acknowledged that the questions were inappropriate and gave him his security clearances.

But it was not over. Late last year, Vermette's employer decided he ought to get clearances from the NSA as well. Although Vermette had been given top-secret and Sensitive Compartmented Information clearances by the CIA and the National Reconnaissance Office, which operates U.S. reconnaissance satellites, the NSA gave him new polygraph tests.

Vermette said the last straw was being asked by NSA examiners to talk about the incident with the CIA. When he refused and explained that the CIA had apologized for the episode, the NSA denied his clearance -- citing his "failure to cooperate with security processing."

Whereas Vermette found himself caught between agencies, Wayne Johnson said he was snared by seemingly conflicting decisions at the same agency. Johnson was stunned to discover there was a problem with his FBI polygraph test, given that the agency had done a recent background investigation that led to a renewal of his top-secret credentials at the White House.

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Like Vermette, Johnson said the polygraph made him nervous, even though he had nothing to hide. When asked about drug use, Johnson, who is black, found himself worrying about stereotypes that link blacks to drug use. Johnson said he had never touched an illegal narcotic but believed his examiner, who is white, did not believe him.

The race question was always at the back of Johnson's mind, he said, and his fears may have shown up on the polygraph -- and perhaps were misinterpreted as a sign of deception.

Paul Bresson, an FBI spokesman, said that he could not discuss any individual case but that in general the White House makes its decisions on clearances after the agency forwards the results of its investigations. When someone seeks employment at the FBI, the agency uses investigative results to draw its own conclusions, he said.

Wilk, who flunked three tests at the NSA despite her security clearance from the Pentagon, said examiners do not seem to realize that innocent people can be nervous.

"People say if you don't have anything to hide you should not be worried, but I have nothing to hide and I am worried," she said. "A citizen's entire means of making a living boils down to answering one stupid question on a polygraph."

When examiners kept telling her she was hiding something, the thought that eventually went through her mind was: "Should I just make something up?"

Cheney Hearts Reporters (Not Really) (RC)

By Mary Ann Akers

Roll Call, June 20, 2006

It was another ironic moment in the nation's capital Monday as Vice President Cheney was on hand to present Tom DeFrank, the Washington, D.C., bureau chief for the New York Daily News, with the Gerald R. Ford Prize for Distinguished Reporting on the Presidency. But the irony was muffled since Cheney didn't physically present the award to DeFrank, in a departure from previous years.

Maybe Cheney couldn't bear the thought of handing the award to a journalist whose coverage touched on his waning influence at the White House after the indictment of his former chief of staff, Scooter Libby. One of DeFrank's five stories submitted in the award-winning package began, "The CIA leak scandal has peeled back the veil on the most closely held White House secret of all: the subtle but unmistakable erosion in the bond between President Bush and Vice President Cheney."

The story quoted a longtime Bush associate describing Cheney as "wounded" by the CIA leak scandal and a presidential counselor as saying, "The relationship is not what it was." Cheney aides were "apoplectic" about the story at the time, one source told HOH.

DeFrank didn't mention that story, which was published Nov. 8, 2005, when he accepted the award during a luncheon at the National Press Club. Nor did Cheney, who, according to attendees, was gracious and said nice things about DeFrank.

But although Cheney presented the award to last year's winner, Jackie Calmes of The Wall Street Journal, President Ford's son Jack presented this year's award, the 19th annual.

Adding more intrigue, when the Gerald R. Ford Presidential Library and Museum recently named DeFrank this year's winner, it sent out a press release announcing that Cheney "is scheduled to present the award" to DeFrank at a June 19 luncheon at the press club.

Later, however, the Ford library released another notice clarifying that Cheney "is scheduled to speak" at the awards luncheon.

Though he had nothing but kind words to say Monday about his buddies in the Fourth Estate, Cheney sure didn't pull any punches at last year's awards luncheon, expressing his disdain for journalists when audience members submitted questions to the vice president on note cards.

As someone at the event recalls, one question had to do with the vice president's "ideal for excellence in journalism." With head bowed, Cheney paused and then, according to the source, answered something like, "I guess I'd know what it is if I'd ever seen it."

Ouch — that hurts like a shot in the face.

Condolences. Our condolences to the family and friends of Tony Nardelli, the longtime owner of The Tune Inn on Capitol Hill, who died Monday of cancer.

Tim Gerran, a friend of Nardelli's for nearly 30 years, said he got to know the family when Nardelli's father — who founded The Tune Inn — used to serve him breakfast at the bar back when Gerran lived across the street. Nardelli took over ownership in the early 1990s, according to Gerran.

"Tony's biggest thing was providing a real local bar for people on the Hill," the former Congressional aide-turned-lobbyist said. "It had nothing to do with Congress, nothing to do with anything in the area. He just wanted to be a good neighborhood bar."

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Gerran described Nardelli as "a curmudgeon, just like his father," but he said that Nardelli would "give you the shirt off his back" if need be.

"He just made [the bar] a nice, cheap eats-and-drink place for a lot of young people, and a lot of young people went on to great things from here," Gerran said.

Gerran said Nardelli's daughter had just beaten her own battle with cancer and had given birth to boy about a month ago. She named her son after his grandfather.

Nardelli was around 64 years old, according to Gerran.

He's So Hot! Sen. John Thune (R-S.D.) is the newest hottest Senator, according a new poll conducted by the typically heady Web site Politics1.com. In a sampling of local, state and federal officeholders and candidates, Thune ranked fourth "hottest man in U.S. politics."

Among other House Members and Senators who made the cut, Rep. Harold Ford Jr. (D-Tenn.) finished sixth and Rep. Paul Ryan (R-Wis.) came in ninth of the 10 hot men in the poll. Though Thune beat his fellow Congressional hotties, the Senator's spokesman still couldn't believe that his boss didn't fare better overall. (The Senator is totally hot, for crying out loud.)

"Fourth?!?!?" an incredulous (and funny) Kyle Downey, Thune's spokesman, asked via e-mail. "What was the margin of error, sample size? This poll has no credibility, clearly they didn't ask Mrs. Thune."

Meanwhile, Rep. Marsha Blackburn (R-Tenn.) finished first in the "hottest woman in U.S. politics" contest, besting Rep. Stephanie Herseth (D-S.D.), who came in second, Rep. Mary Bono (R-Calif.), who finished sixth, and Sen. Mary Landrieu (D-La.), who came in 10th out of 10 finalists. The rest were state and local politicians and candidates.

On the Laugh Circuit. Don't forget to catch Washington Post reporter Juliet Eilperin on Comedy Central's "The Daily Show" tonight. Eilperin will be talking about her new book — which isn't all that funny unless you get big yuks from partisan gridlock — called "Fight Club Politics: How Partisanship Is Poisoning the U.S. House of Representatives."

Eilperin, a former Roll Caller, has been on a whirlwind publicity tour across the country touting her book about how downright nasty Congress has become, but tonight's scheduled appearance, she thinks, takes the cake.

"While I've had a fabulous time speaking about the book in places everywhere from Corte Madera, Calif., to Lawrence, Kan., it's hard to imagine anything better than sitting across the table from Jon Stewart," Eilperin said. "I just have to remember the cardinal rule of 'The Daily Show': he's the one who gets to crack the jokes."

Crowded Agenda, But Few Easy Wins For GOP (RC)

By Erin P. Billings

Roll Call, June 20, 2006

Even as they wade through two weeks of debate over the Iraq war, Republicans also have been charting an aggressive summer to-do list — one they are gambling will be less wishful thinking and more reality as they seek to bolster their résumé of election-year victories.

Majority Republicans know they will need unity in their own party and the support of at least a few Democrats to make significant headway on their priorities in the next five weeks of legislating, a schedule that includes a raft of appropriations

measures, the estate tax, line-item veto, executive nominations and outstanding conference reports on pensions, lobby reform and immigration. And the GOP knows that hopes of advancing those bills diminish as the clock ticks toward August and the November election creeps closer.

"It's do-or-die time," acknowledged one senior Senate GOP aide.

A spokeswoman for Senate Majority Leader Bill Frist (R-Tenn.) said the GOP certainly has a lot on its plate this summer, but Republicans have become accustomed to trying to advance legislation in a divided chamber. Partisanship over policymaking seems to remain on high, said Amy Call.

"The first six months of the year have been characterized by a lot of progress in a tough year ... but there's a lot left that we'd like to get done," she said.

House Republicans wrapped up last week on a high note, securing bipartisan support for a resolution backing President Bush's policy in Iraq. Senate Republicans hope to do some of the same this week as they complete debate on the fiscal 2007 Defense authorization bill and secure party — and individual Senators' — positions on the conflict.

The Senate kicked off discussions on the Defense measure last week, and if the action on the floor was any indicator, debate this week will be equally charged.

Republicans hope to put Democrats on the defensive on the war, trying to bolster their own anti-terrorism credentials while branding the minority as a "cut and run party." A majority of Democrats in the meantime, will rally around an amendment that calls on the Bush administration to mark the end of 2006 with a beginning of troop withdrawal — knowing that public opinion is riding against Bush's handling of the war.

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That amendment offered by Sen. Carl Levin (D-Mich.) will take a more conservative approach than some other Democrats, including presidential aspirants Sens. John Kerry (Mass.) and Russ Feingold (Wis.), are pressing for. Feingold and Kerry want a set deadline for troop redeployment.

Chest pounding on the war aside, Republicans have other priorities for the coming weeks. GOP Senators and aides alike acknowledge they must push hard now if they want to get bills through and have a success-rich platform to take to voters over the August recess and beyond. That includes wrapping up the Defense bill, passing the flag-burning amendment, approving more judicial nominations and, hopefully, a few House-Senate conference agreements.

House Republicans acknowledge they also face a crowded agenda and will make a fast dash over the next two weeks to clear through the Defense authorization measure, the line-item veto and the Voting Rights Act, as well as energy reforms and spending measures. In July, the House is likely to take up matters including health information technology and federal efficiency measures, as well as a consumer protection bill.

But as in the Senate, House Republicans won't leave their base hanging.

House Majority Leader John Boehner (R-Ohio) has pledged to hold a vote on the federal marriage amendment, which failed to meet a procedural test to move forward in the Senate earlier this month. House Republicans also will take on a measure to keep the words "under God" in the Pledge of Allegiance.

Senate Republicans already believe they have padded their campaign credentials with a solid lineup of two years' worth of accomplishments, notably confirmation of two Supreme Court justices and passage of a tax reconciliation bill, class-action reform, last year's energy reform package, and reauthorization of the USA PATRIOT Act and Deficit Reduction Act.

"We've kept people's taxes low and security high," said one GOP Senate staffer. "The voter doesn't distinguish between this year and last year in terms of what's been accomplished."

But, this aided added: "We're going to have to do a lot more and communicate better our accomplishments, and where we want to lead. We have to do that over the next five months."

Don't expect that to be easy, as Democrats will ramp up their own efforts to bolster their agenda and a message that Republicans have forwarded the wrong priorities that have hurt the middle class and favored special interests.

Sen. Bob Menendez (D-N.J.), who is running the campaign of his career to secure the seat given to him earlier this year by now-New Jersey Gov. Jon Corzine (D), said atop his list of must-dos this year are energy reform, education initiatives and success in Iraq.

"There are things I'd like to see, but they aren't going to happen," he said.

Sen. Byron Dorgan (N.D.), chairman of the Democratic Policy Committee, said that Frist will spend the coming weeks "putting additional check marks on his agenda." Dorgan said he doesn't "hold out hope" that much will get done beyond the fiscal year spending measures that both parties have an interest in advancing.

But Republicans are far more optimistic. They say even though they face hurdles, they believe they can press ahead on a series of outstanding proposals. July and August should be marked by additional approval of circuit court nominations, a compromise on the end of the estate tax, passage of conference reports on lobby and pension reform and at least a couple of the key appropriations measures — homeland and defense.

The one area that Republicans concede they could fail is on immigration reform, which is stalled as it awaits movement to conference committee. The majority remains divided on the controversial matter that some believe may be too hot to handle this cycle.

Sen. Mel Martinez (R-Fla.), one of the architects of the Senate plan, hasn't lost all hope yet, but he said: "If we don't get the conference committee going in the next month, people recognize it might not get done."

Sen. Jon Kyl (Ariz.) said Republicans are not naive that there is some heavy lifting ahead. Kyl characterized it as "not a fear, but concern" that Republicans will be able to advance everything they'd like in what's an increasingly shorter period of time.

"A lot of it depends on the schedule," Kyl said. "We could work more days than we are."

Stay tuned.

Democrats Look To Keep Minimum Wage On Table (WSJ)

By David Rogers And Christopher Conkey

The Wall Street Journal, June 20, 2006

WASHINGTON -- Democrats aim to make the minimum wage a maximum political problem for Republicans this election year.

The minority party fired the first shot last week, when the House Appropriations Committee broke with its Republican leadership and approved a $2.10-an-hour increase as part of a spending bill for labor, health and education programs. Speaker Dennis Hastert responded by putting the measure on hold -- possibly until after the election.

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But Democrats are poised to come back this morning and offer the same wage amendment as part of a second appropriations bill funding science and law-enforcement agencies.

"I gave the Republicans fair notice that we will attach it to anything we can," said Wisconsin Rep. David Obey, the committee's ranking Democrat. Sen. Edward Kennedy (D., Mass.) went to the floor of Senate yesterday and proposed to add the same amendment to a pending defense-authorization bill.

"We think it's both the right thing and good politics," said House Minority Whip Steny Hoyer (D., Md.).

Efforts to raise the minimum wage since 1997 have failed under Republican control of Congress, as business groups oppose the measure and lobbied against it. A group of more than 20 business organizations are fighting an increase this year, as part of the "Coalition for Job Opportunities." One member -- the National Federation of Independent Business, which represents small companies -- says a quarter of its members would have to cut jobs, at a total loss of 217,000 positions, if the federal minimum wage were raised to $6.65.

Despite business opposition, however, 21 states have enacted minimum wages above the $5.15 federal level, and roughly half the population lives in a state that already mandates higher hourly pay.

The last federal increase, signed into law months before the 1996 presidential elections, followed bargaining over tax- and health-insurance-related issues important to Republican conservatives. The same could happen now because the minimum-wage debate is coming to a head even as Republican leaders, already offering concessions to timber interests, are looking for the final Senate votes needed for a compromise on estate-tax relief. While far too early to predict, the party could solve two problems at once by linking the wage and estate-tax issues in an election-year deal.

Discomfort is growing among rank-and-file Republicans, especially as organized labor has mounted ballot issues in various states. Seven Republicans broke ranks with their leadership in the House Appropriations Committee last week, and Rep. Jo Ann Emerson (R., Mo.) said her polling on the issue in Missouri -- one of the states with a ballot initiative in the works -- testified to the issue's popularity. "It is a problem," Mr. Hastert said of the pressure now.

In the Senate, the challenge has been to get above the 60 votes needed to limit debate. In the past, Republicans have foiled Mr. Kennedy by offering a parallel amendment with antiunion provisions attached. What is different this year is that some Republicans are looking at an alternative -- that doesn't include the antilabor language and offers a smaller increase. "I would look that over," said Senate Budget Committee Chairman Judd Gregg (R., N.H.) and a past chairman of the Senate Health, Education, Labor & Pensions Committee.

Another factor could be Congress's own pay. While the minimum wage has remained frozen, lawmakers' salaries have risen with annual cost-of-living increases keyed to what is given federal employees. And last week's vote in the House Appropriations Committee followed a floor vote days before in which the House cleared the way for members to get another increase valued at thousands of dollars annually.

More Democrats have begun to ask how long the party can go along with such pay adjustments for Congress when Republicans block floor votes on the minimum wage.

"This is a rich man's support club," said Mr. Obey, who voted against this year's increase on the procedural vote. While the details aren't known, Minority Leader Nancy Pelosi (D., Calif.) is thought to have raised the issue with Mr. Hastert in conversations before the House vote on pay.

Polling for the liberal Democracy Corps has added to the pressure among Democrats. Among test planks for a Democratic platform, one of the most popular -- especially among independents -- is that Democrats would block any pay raise for Congress until the incomes of average workers begin to rise.

"It's a powerful statement, and it shows how out of touch Washington is," said Stan Greenberg of Greenberg Quinlan Rosner Research, who did the Democracy Corps survey. Just as Republicans in 1994 advocated term limits to highlight the arrogance of entrenched power in Congress, he said Democrats should make the link between members' pay and the minimum wage.

Business groups oppose any increase, arguing small businesses will be less willing to hire low-skilled workers if they have to pay more to do so.

Economists generally start from the proposition that increasing the cost of low-skill labor will reduce employer demand, hurting the intended beneficiaries. But they read the evidence on the effect of minimum-wage increases during the booming 1990s differently.

Despite those increases, after years in which inflation had eroded the purchasing power of the minimum wage, hiring was strong across the board and the increases are credited with helping to boost the fortunes of low-paid workers.

That added credibility to an argument made by professors David Card, of the University of California, Berkeley, and Alan B. Krueger, of Princeton University, who have challenged the conventional economic wisdom that higher minimum wages reduce

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hiring of low-wage workers by comparing the experiences of states that lifted their minimum wages in the early 1990s with those that didn't.

But an economist on the other side of the question, David Neumark of the University of California, Irvine, estimates poverty rates increase between 3% and 4% for every 10% increase in the minimum wage by depressing employment of low-skill workers. "The data are consistent with the idea that the people who are hurt are concentrated in poor families," Mr. Neumark said.

Police Group Wants McKinney Scuffle Probed (AP-Y2)

By Laurie Kellman

AP2, June 19, 2006

Police labor officials, angry over a federal grand jury's refusal to indict Rep. Cynthia McKinney for assaulting a police officer, said Monday said they want the House ethics committee to review her conduct.

And they said the grand jury's decision last week sent the message that "it's okay to hit a police officer."

"We hope that members of Congress will review her actions in light of their rules within their own ethics committee," Andrew Maybo, chairman of the U.S. Capitol Police Labor Committee, told reporters Monday at a news conference in Washington.

Maybo said the Fraternal Order of Police would send a letter later this week to the ethics committee suggesting that McKinney's behavior violated an item in the chamber's ethics manual that calls for members to "conduct (themselves) at all times in a manner which shall reflect creditably on the House of Representatives."

McKinney's spokesman and her lawyer did not immediately return calls for comment.

Such a letter would not trigger an inquiry unless a member of the House authors it, or the chairman and ranking Democrat move to review the matter.

McKinney has not disputed accounts that she hit Officer Paul McKenna May 29 when he tried to stop her from entering a House office building unrecognized. McKenna did not arrest McKinney at the scene.

"Congresswoman McKinney's assault on Officer McKenna was not only unprofessional for her position as a member of Congress, but we believe it puts out the wrong message across America, that it's okay to strike a police officer," said

"It's not okay to strike a police officer, regardless of who you are," he added.

Union Seeks Ethics Probe Of McKinney (HILL)

By Jackie Kucinich

The Hill, June 20, 2006

Members of national and local chapters of the Fraternal Order of Police (FOP) expressed anger and disappointment yesterday with the D.C. Office of the Attorney General for refusing to indict Rep. Cynthia McKinney (D-Ga.) for striking a police officer. The union chapters are calling on the House ethics committee to investigate the incident.

“Although she was not indicted by the grand jury, we hope that members of Congress will review her actions in light of their own rules within the ethics committee,” said Andy Maybo, chairman of the U.S. Capitol Police Fraternal Order of Police chapter.

Maybo said he plans to send a letter later this week to the ethics committee, known formally as the Committee on Standards of Official Conduct, requesting an investigation into the incident.

A spokesman for the ethics committee did not immediately return a call for comment. While it is unclear what House rule the FOP members believe McKinney violated, the first rule in the ethics manual states: “A Member, officer, or employee of the House of Representatives shall conduct himself at all times in a manner which shall reflect creditably on the House of Representatives.”

“Congresswoman McKinney’s assault on Officer [Paul] McKenna was not only unprofessional for her position as a member of Congress, but we believe it puts out the wrong message across America, that it is OK to strike a police officer,” he said.

Lou Cannon, the president of the D.C. Fraternal Order of Police, echoed Maybo’s remarks, adding that regardless of any animosity felt among the officers toward the lawmaker she will still be protected as a member of Congress.

“The United States Capitol Police is a professional law-enforcement organization and will take this in stride, as all police officers have learned to do with unfavorable decisions,” Cannon said. “Rep. McKinney will always be afforded the courtesies of her position by those of us sworn to protect and serve.”

Maybo and Cannon also criticized the timing of the announcement that the grand jury had refused to indict McKinney, which occurred Friday after 5 p.m.

Channing Phillips, a spokesman for U.S. Attorney General Kenneth Wainstein, defended the timing.

“We essentially had no choice,” he said, explaining that a chief judge must review decisions before they are made public.

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"The chief judge was not scheduled to accept grand jury returns until 4 [p.m.] on Friday, which is not uncommon because it allows the grand jury to complete its work for the day. … Therefore, Friday's timing was routine," he said.

The Capitol Police commended the professionalism of McKenna and the investigative units of the force that looked into the allegations in a release issued Friday night and said they respect the grand jury's decision.

"The United States Capitol Police respect the decision of the grand jury and appreciate the extensive and thorough investigative work of the United States Attorney's Office," the release said.

Capitol Police spokeswoman Sgt. Kimberly Schneider, who was present at the end of the FOP press conference, declined to comment further on the matter.

On March 30, McKenna stopped McKinney as she entered the Longworth House Office Building. When she failed to respond to a verbal warning, according to reports, McKenna reached out to stop McKinney, who was not wearing congressional identification.

McKinney then struck McKenna with a closed fist holding her cell phone, according to allegations, flashed her congressional identification card and walked away.

A spokesman for McKinney did not return a call for comment by press time.

Milestone For McCrery (HILL)

By Patrick O'Connor And Jim Snyder

The Hill, June 20, 2006

Rep. Jim McCrery's (R-La.) chairmanship of last night's President's Dinner should boost his bid for the Ways and Means Committee gavel, if the past is any indication.

The dinner raised $15 million for the National Republican Congressional Committee (NRCC), exceeding its target by $1 million. The National Republican Senatorial Committee, helmed by Sen. Lamar Alexander (R-Tenn.), raised an additional $12 million.

As chairman of the House efforts for the dinner, one of only two annual fundraising dinners the NRCC puts on, McCrery is following in the steps of Republican congressional stars. Majority Leader John Boehner (Ohio), Appropriations Committee Chairman Jerry Lewis (Calif.), Energy and Commerce Committee Chairman Joe Barton (Texas), Education and the Workforce Committee Chairman Buck McKeon (Calif.) and current Ways and Means Chairman Bill Thomas (Calif.) all served as fundraising chairmen in the past.

Rainmaking is not the sole factor in determining chairmanships, but senior members are expected to do the heavy lifting moneywise. McCrery, already a fundraising powerhouse this election cycle, raised $1.2 million for last night's dinner.

In the weeks before the dinner, McCrery sought out various groups to help him meet his targets.

Red Cavaney, president and CEO of the American Petroleum Institute, signed on as co-host. In doing so, he committed to raising at least $100,000 from the oil industry. An API spokesman said Cavaney would meet his target, although sources with knowledge of the fundraising efforts said executives from the largest oil companies, despite record profits and being on the hot seat politically, didn't buy as many tickets as projected.

Prices are $2,500 per ticket, or $25,000 for a table. Among the majors, only Chevron put up the full ante.

The National Association of Homebuilders was also a key contributor, as was Billy Tauzin, a former Louisiana Republican lawmaker who now heads the Pharmaceutical Research and Manufacturers of America, or PhRMA. About 25 percent of the fundraising totals came from contributors in McCrery's home state.

In addition, McCrery's political action committee, the Committee for the Preservation of Capitalism, had contributed $525,000 to House and Senate candidates by the most recent filing deadline, at the end of April, according to the Center for Responsive Politics website.

Always a factor, fundraising prowess could be doubly important to McCrery's ambitions because he is not the most senior member in line to run Ways and Means.

His principal opponent, Rep. Clay Shaw (R-Fla.), has been there longer and is raising considerable funds in his own bid. Shaw isn't without obstacles of his own, however, the main one being Democrat Ron Klein, a well-financed state senator who is challenging Shaw's reelection bid.

Klein's campaign has made Shaw's bid for the chairmanship an election issue in the Fort Lauderdale district. That means Klein's campaign circulates copies of almost all the news stories that are reported about the race, which includes anything that mentions McCrery's perceived front-runner status as well as the Louisiana Republican's remarks last week that the House could reconsider an overhaul of Social Security as early as 2007.

McCrery, for his part, remains relatively quiet about his candidacy. He has given the maximum $10,000 to Shaw's reelection campaign, according to the Center for Responsive Politics website.

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Shaw had raised almost $2 million through his personal reelection fund as of the last filing deadline, according to the same website, but by contrast, his PAC, the Sunshine PAC, had given only $25,000 in single $1,000 contributions to 25 members of the House. Shaw did make a contribution of $114,000 to the NRCC for last night's dinner, exceeding his expected suggested donation of $100,000.

The Floridian was buoyed by a recent fundraiser headlined by President Bush in Fort Lauderdale. The dinner raised more than $800,000 for Shaw, and the president even mentioned his bid for the Ways and Means chairmanship.

Whatever the outcome of this race, rainmaking has become a necessity for members hoping to rise within the House or committee leadership structure, a trend that former GOP leaders decry.

"I'm sorry it's gotten to that point," said former Minority Leader Bob Michel (R-Ill.). "There was never any consideration for what you were raising for the party" when he was in the House.

"Let the caucus decide if the person is capable," he said.

Neither McCrery nor his supporters nor outside observers say that this or any other race will come down solely to money raised.

"If you raise a lot of money and you have no policy ability, you're not going to win," said John Feehery, a lobbyist with the Motion Picture Association of America and a former spokesman for House Speaker Dennis Hastert (R-Ill.), who holds five votes on the 28-member Republican Steering Committee, which chooses chairmen.

"What McCrery has done is shown his ability to step up for the party, and it's going to help him."

Feehery said McCrery's strength as a legislator would be more important in determining the chairmanship than the amount of money he has raised, but his efforts organizing the dinner, which can be a thankless task, are just another bullet point on his résumé.

The dinner "is one of the necessary things you have to do to take the next step. No one wants to chair the President's Dinner," Feehery said.

If McCrery does succeed the outspoken Rep. Bill Thomas (R-Calif.), McCrery's understated personality would create a distinctly different dynamic on the committee. Republicans on and off Capitol Hill consider his low-key personality and his work out of the spotlight as a major reason he has been so successful.

"He always has an ability to put his ego to the side," said Dan Mattoon, an influential Republican lobbyist and founder of PodestaMattoon.

But while potential candidates try to position themselves to take over coveted committee slots, they do so quietly or else run the risk of counting chickens before they hatch.

"All three of the top candidates have been mindful that these races should wait until after the election," Mattoon said, including Rep. Nancy Johnson (R-Conn.) as the third candidate vying for the top job.

"Let's take care of business."

Agriculture Official Has Little Time For Flexible Scheduling (WP)

By Stephen Barr

The Washington Post, June 20, 2006

An Agriculture Department undersecretary has canceled certain alternative work schedules for management officials in St. Louis and Washington and told the affected employees to plan on working a traditional eight-hour, five-day-per-week schedule.

"With just over two years remaining to accomplish the agenda that I laid out for Rural Development, I feel that it is necessary and critical to our success that all key management officials are available and accessible on-site each day in order to help us accomplish such a large agenda remaining for Rural Development," Thomas C. Dorr , Agriculture's undersecretary for rural development, told his management team in an e-mail last week.

Dorr's decision underscores the tension inside numerous agencies over flexible work schedules. Many agencies provide such arrangements to help employees balance their work and home lives, but political appointees and senior managers often prefer to have workers in the office and available.

Typically, employees on an alternative work schedule, known as AWS, work longer office hours during certain days of a pay period in exchange for a day off every other week, often a Friday or a Monday.

Dorr gave his management officials 10 days' notice of the schedule change, effective Sunday. That drew a protest from one of his subordinates, who provided the e-mail anonymously, saying he feared retribution.

Dorr "gave no reasonable time for people to adjust their schedules," the employee said in a letter accompanying the e-mail. The employee said Dorr's decision will disrupt carpool schedules, child- and elder-care arrangements, and activities that employees reserve for their days off.

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The employee also said Dorr's decision to cancel AWS for Rural Development managers goes against long-standing federal personnel policies, authorized in law, that encourage such schedules.

Ed Loy , press secretary for the Agriculture Department, said: "We need to have the ability to have senior management on a similar and consistent schedule to have the collaboration we need to move forward."

The e-mail by Dorr was prompted by the recent heightened focus on renewable energy sources and biomass research, Loy said. The department's Rural Development offices -- which are helping to promote the president's energy policy -- provide money for loans, grants and technical assistance to rural communities and businesses.

Dorr's action applies to General Schedule 14 and 15 employees and to the Senior Executive Service. Loy said he did not have a count of how many management employees will shift off AWS. Rural Development has about 170 employees who could be affected, out of 1,800 workers in Washington and St. Louis offices.

The Senate confirmed Dorr, an Iowa farmer, in July 2005, ending a four-year battle over his nomination. The Senate vote, 62 to 38, came after he wrote a letter of apology for making what critics called racially insensitive remarks in 1999 and for a controversy that led him to reimburse the government for some federal farm subsidies.Vacation Paperwork

Timely paperwork is a key to not losing those precious vacation days, it appears.

Seventeen employees at the Federal Trade Commission recently petitioned to have leave restored, but nine requests were initially denied because their forms for recouping leave took too long to get to the personnel office.

The forms are supposed to be filed at the time staffers are asked to put off their vacations, but that did not happen and many of the employees had more than 100 leave hours at risk of being lost.

The nine affected employees work in the FTC's Bureau of Competition, where vacations go out the window when companies submit merger applications that start a 30-day countdown for a recommendation. Litigation can also eat up staff time and ruin vacation plans, since the agency must respond to court deadlines.

"It is difficult for people to look at their year and plan their leave," said Nancy Ness Judy , the agency's director of public affairs.

FTC managers are holding meetings to resolve the cases of lost leave and get paperwork in order, she said. "These people gave up their vacations to work on litigation, and we want to make sure they are treated fairly," Judy said.

Agents End Up As Drive-By Rescuers To Ex-Federal Official (WP)

By Sue Anne Pressley Montes

The Washington Post, June 20, 2006

In a story that perhaps could only happen here, a former assistant treasury secretary in town for a Rhodes Scholar reunion collapsed in Dupont Circle on Saturday morning and was given life-saving treatment by two Secret Service agents, who happened to be driving by.

Curtis Hessler, 62, of Pasadena, Calif., had just crossed Massachusetts Avenue NW with his wife, Christine, when he said, "I'm not feeling well," and slumped to the ground, Christine Hessler said yesterday. He was having trouble breathing. A passerby called 911 on her cellphone.

"We bent down and tried to make him a little more comfortable. Things kept getting worse," Christine Hessler said. "Out of nowhere, this police car pulls up . . . and two officers jumped out and said, 'Can we be of help?' "

The uniformed agents, who are assigned to the Foreign Missions Branch of the agency, were on routine patrol. Trained to assist presidents and embassy officials, they performed CPR and then followed the ambulance to George Washington University Hospital. A D.C. police officer took Christine Hessler and a friend there.

At the hospital, doctors determined that Curtis Hessler had not suffered a full heart attack but rather ventricular tachycardia -- a potentially dangerous rapid heartbeat -- along with a partly blocked artery, and two stents were inserted. The doctors initially were concerned that Hessler had been without oxygen for a period of time.

The two Secret Service agents, who are not identified because of agency policy, stayed with Christine Hessler for a while. The next morning, she arrived at the hospital to find them in the reception area. They jumped up and asked how her husband was, she said, and followed her into his room.

He "smiled and held out his hand," she said. "He realized something had gone on and he was helped. It was one of those very, very special things you don't expect to happen."

Yesterday afternoon, Hessler, chairman and chief executive of 101 Communications, was feeling well enough to sit in a chair and read a book on economics. An assistant treasury secretary during the Carter administration, he said he always admired the Secret Service, which at the time was under the Treasury Department. Now, his feelings are more personal.

"I had a lot of help from a lot of people," Hessler said. "But I do want to thank the two guys from the Secret Service. They went beyond the call of duty."

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Justices Fight Back (USAT)

By Tony Mauro

USA Today, June 20, 2006

U.S. Supreme Court justices often say they speak only through their decisions. If so, we will be hearing a lot from them in coming days, as the court issues dozens of decisions in its traditional race toward adjournment by the end of June. The court has already made headlines on police searches and environmental law in recent days, and more news will come by month's end on military tribunals for enemy combatants and campaign-finance reform.

But this term, to an unusual degree, justices have also been making headlines off the bench, offering comments that, taken together, have made a powerful case for the independence of the court and the judiciary. After years of being passive punching bags for critics, mainly on the right, justices of all stripes are pushing back, making welcome additions to the public debate.

Consider these recent statements:

· Justice Antonin Scalia last month said he agreed with critics that high court opinions should not rely on foreign laws or court decisions. Even so, he told an audience that included members of Congress, "I don't think it's any of your business." He also opposed pending bills that would ban judicial citation of foreign law.

· Also last month, Justice Ruth Bader Ginsburg voiced opposition to proposals to create an inspector general to monitor the ethical behavior of federal judges. "That's a really scary idea," Ginsburg said, comparing it to the dark days of the Soviet Union. "The judiciary is under assault in a way that I haven't seen before."

Death threats

· Speaking in the same vein three months earlier, Ginsburg revealed that she and Justice Sandra Day O'Connor had been the targets of death threats from the "irrational fringe" stirred up by critics of the use of foreign law in court rulings.

· In speeches she gave before and after she retired in January, O'Connor responded to critics who were upset with the federal courts for not preventing the death of Terri Schiavo in 2005. "We must be ever vigilant against those who would strong-arm the judiciary into adopting their preferred policies," O'Connor said. Her candid remarks to USA TODAY published earlier this month struck the same theme.

· Justice Anthony Kennedy told Congress to butt out on the question of whether cameras should be allowed in the Supreme Court. "We feel very strongly that this matter should be left to the courts," Kennedy said during a budget hearing in April. Bills have been introduced requiring broadcast access.

Not all the justices' comments are on target. As a red-blooded journalist, I've argued for decades that the court should open its doors to cameras and microphones to give the public a much-needed education about a misunderstood branch of government.

The Supreme Court should take this step on its own, but if it is unwilling, it seems entirely within the power of Congress to require it.

Nonetheless, at least the justices' comments have a consistent theme: This Supreme Court takes a back seat to no other branch, and it is willing to fight for its independence and that of the judiciary as a whole.

Some commentators and editorial writers have harrumphed that the justices should stick to their opinion-writing and limit their public commentary to commencement-speech platitudes. These critics forget what is or should be a cardinal rule of journalism: Never criticize a public official for speaking to the public or the news media. More thoughtfully, some judges have privately expressed concern that by speaking out, the justices might squander the credibility and reputation for impartiality that should be preserved and reserved for their decisions.

Going too far

Certainly there are occasions when a justice can cross the line. For example, in March, in response to a question about the rights of enemy combatants, Scalia alluded to enemy soldiers "shooting at my son," a reference to his son Matthew's service in Iraq as an Army captain. That remark was understandable coming from a father whose son was in harm's way. But it does not instill confidence in the justice's ability to rule impartially in a pending case on that very subject. The impetuous Scalia might also have been wise to refrain from using a dismissive hand gesture — in front of a photographer, no less — when a Boston reporter asked him a question he did not like.

Apart from these indiscretions, there seems to be no reason why justices should not speak out, especially on issues that relate to the role and operation of the judiciary. Judicial canons of ethics allow it.

Borrowing a boxing term, Scalia used to say that judges must use a "rope-a-dope" strategy when criticized — taking the hits without fighting back, until their adversaries wear themselves out. Scalia and several other justices seem to have changed their minds, coming off the ropes and jabbing back.

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Whether their adversaries in Congress swing back remains to be seen. But the judiciary and the nation are better off for having a debate in which both sides participate. We see a lot of the justices when they are up for confirmation — most recently, John Roberts and Samuel Alito — and it makes little sense that once they are confirmed and start doing the public's business, they drop out of sight.

In the same way that journalists must shed their vaunted neutrality when freedom of the press is under fire, so too should judges get involved when their authority is threatened. To stay independent, judges should act, and speak, independently.

Tony Mauro is the Supreme Court correspondent for American Lawyer Media and Legal Times. He also is a member of USA TODAY's board of contributors.

The Chief Justice Sets A Standard (WP)

By E. J. Dionne Jr.

The Washington Post, June 20, 2006

Is there a fight brewing among conservatives on the Supreme Court?

In a speech at Georgetown University law school last month that didn't get as much attention as it deserved, Chief Justice John Roberts laid out an approach to deciding cases that could disappoint those who like their court decisions bold and ideological.

Roberts's view could bring him into conflict with Justice Antonin Scalia, a fellow conservative who is absolutely certain what the Constitution means and is never afraid to say so.

The chief justice's speech defended the virtues of judicial humility: Justices should try to make the narrowest possible rulings and strive for unanimity, or something close to it.

"If it is not necessary to decide more to dispose of a case, in my view it is necessary not to decide more," Roberts said. Thus the Roberts Rule of Orderly Judging: The less the court decides the better.

And there was this corollary: "The broader the agreement among the justices, the more likely it is that the decision is on the narrowest possible ground."

"The rule of law is strengthened," Roberts insisted, "when there is greater coherence and agreement about what the law is."

But common sense can be controversial. Many on both the right and the left think that the purpose of the Supreme Court is to lay out very broad principles and to decide as much as those principles demand -- or permit.

Scalia's theory of "originalism" holds that the one thing that matters is what the writers of the Constitution "originally" meant. That often seems to correlate with what conservatives want to do, although Scalia will occasionally ditch his devotion to originalism if he needs another way to get to a conservative outcome. That's what happened last week in a 5 to 4 decision expanding police search powers. A more libertarian approach, Scalia said, applied "in different contexts and long ago." So much for originalism.

In his 1996 book "Legal Reasoning and Political Conflict," Cass Sunstein, a law professor at the University of Chicago, described Scalia's approach (and that of the late liberal Justice Hugo Black) as placing "a high premium on the creation and application of general rules." Judges, in this view, should "give guidance to lower courts, future legislators, and ordinary citizens through clear, abstract rules laid down in advance of actual applications."

The problem with this, Sunstein argues, is that "rules may misfire, precisely because they are too rigid and . . . can go badly wrong when applied to concrete cases not anticipated when the rule was set down." Broad rulings, Sunstein writes, "tend to overreach."

In the past, judicial overreach was associated with liberals. But with conservatives now enjoying a majority on the Supreme Court -- it's likely to get more conservative if President Bush gets another appointment -- the danger of overreach comes from the right.

It's therefore important that Roberts seems to be setting his face against judicial activism. To propose that court decisions should achieve broad majorities is, in the current circumstance, to tell the court's conservatives that they have an obligation to temper their own passions and reach out to the liberal minority. To get 7 to 2, or 8 to 1, or 9 to 0 decisions, the court would have to avoid far-reaching declarations congenial to conservative doctrine.

Consider how Roberts's approach contrasts with what the court did in Bush v. Gore , the 2000 decision that made George W. Bush president. Justices David Souter and Stephen Breyer were desperately seeking consensus. They agreed with the pro-Bush judges that the recount in Florida should be conducted under uniform standards. But they insisted that Florida be given a chance to have the recount.

The court's narrow and -- let's call it what it was -- partisan majority told Souter and Breyer to get lost. Five justices wanted to end the thing and make Bush president. Imagine how much bitterness would have been avoided (and how respect for the rule

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of law would have been enhanced) if the court had instead sought, in Roberts's words, "greater coherence and agreement about what the law is."

No one can know how consistently Roberts will apply the principles he laid out in his Georgetown speech. The straight 5-to-4 ideological split last week on police searches was not encouraging. But if Roberts lives up to his Georgetown principles, he will justify all the votes cast for his confirmation by moderates and liberals. More important, he will win a place in history as the chief justice who ended the judicial wars.

The SWAT Syndrome (NYT)

By John Tierney

The New York Times, June 20, 2006

Of all the excuses for weakening the Fourth Amendment, the weirdest was the one offered by Justice Antonin Scalia last week in a Michigan drug case.

He wrote the majority opinion allowing police officers to use evidence found in a home even if they entered without following the venerable rule to knock first and announce themselves. To reassure traditionalists, Scalia declared that unreasonable searches are less of a problem today because of "the increasing professionalism of police forces."

Well, it's true that when police show up at your home in the middle of the night, they're better armed and trained than ever. They now routinely arrive with assault rifles, flash grenades and battering rams.

So if your definition of a professional is a soldier in a war zone, then Scalia is right. The number of paramilitary raids has soared in the past two decades as cities, suburbs and small towns have rushed to assemble their very own SWAT teams.

Some police veterans complain about "militarizing Mayberry," and can't figure out why towns averaging one homicide a decade need paramilitary units. But younger cops like the glamour — our very own SWAT team, just like on TV! Who wants to patrol a beat when you could be playing commando?

And who can resist free gear from Washington? Congress encouraged the SWAT syndrome by directing the Pentagon to give local police departments old machine guns, armed personnel carriers and helicopters. The federal government has also helped subsidize drug raids and encouraged locals to be aggressive by letting them keep a cut of the drug dealers' assets.

The SWAT teams were originally supposed to deal with extraordinary threats, like hostage situations, snipers and heavily armed drug gangs. Since 9/11, of course, they've been justified for combating terrorists. But such situations are so rare that the teams have had to invent new missions to keep busy — and to pay for their operations by finding assets to seize.

Most of the time they're used simply to carry out searches for drugs, often on the basis of dubious tips from informants, often against small-time dealers and other people with no history of violence. The commandos have a proclivity for going to the wrong address, and they tend to be impatient with anything that gets in their way. In articles about SWAT raids, a motif is the shooting of family pets in front of children.

It's hard to know how many botched and unnecessary raids there have been, because police don't systematically track their errors, and the victims often have little recourse. But in a forthcoming report for the Cato Institute, Radley Balko concludes that mistakes have been made in more than 200 raids over the past decade.

He finds that overzealous raiders caused the deaths of a dozen nonviolent offenders, like recreational marijuana smokers and gamblers. In a Virginia suburb of Washington earlier this year, an optometrist being investigated for betting on sports was standing unarmed outside his town house, offering no resistance, when a SWAT officer's rifle discharged and killed him.

Balko also finds that two dozen people died in raids who were not guilty of any crime, like a Mexican immigrant killed by Denver police raiding the wrong home. Some died because they understandably assumed the masked invaders were criminals and picked up weapons to defend themselves. Some were innocent bystanders, like an 11-year-old boy shot in Modesto, Calif., and a 57-year-old woman in Harlem who had a heart attack when police set off a flash grenade during a raid based on a faulty tip.

"Prosecutors typically let police officers off the hook when they mistakenly shoot a civilian," Balko says, "on the theory that mistakes are understandable during the confusion of a raid. Fair enough. But civilians don't get the same deference. My research shows that when someone on the other end of a botched raid mistakes a police officer for an intruder and shoots in self-defense, his odds of facing jail time are about one in two."

The best way to avoid these mistakes would be to save SWAT teams for real crises and let police execute search warrants the old-fashioned way. They could find out, for instance, if they're at the wrong address before anyone pulls the trigger.

But thanks to the Supreme Court, they now have less reason to knock first and shoot later. They can be more professional than ever.

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OTHER NEWS:

Inflation Fears Hit Wall Street Again As S&P 500 Veers Back Into The Red (WSJ)

By E.S. Browning

The Wall Street Journal, June 20, 2006

Stagflation fears reared their heads again, knocking stocks down and sending the Standard & Poor's 500-stock index back into negative territory for 2006.

Worries that persistent inflation could make the Federal Reserve push interest rates too high, stifling economic growth, sent the Dow Jones Industrial Average down 72.44 points, or 0.66%, to 10942.11, its ninth decline in 12 sessions. It is up 2.1% this year, but down 6% since hitting a six-year high May 10. Stagflation is the combination of inflation and a slumping economy.

The S&P 500, however, fell back into the red for the year. It declined 0.91%, or 11.40 points, to 1240.14, off 0.7% since the year began.

Stocks began the day with gains, following advances in several European and developing-country markets. But then Jack Guynn, president of the Federal Reserve Bank of Atlanta, repeated that inflation is too high, which reinforced fears that the Fed could raise interest rates more than once this summer. Higher rates are usually bad for stocks and bonds, because they crimp corporate profits and make existing bonds, with their lower rates, less attractive.

Stocks fell further after the National Association of Home Builders reported that its index of business conditions fell to its lowest level in 11 years. That reinforced fears that Fed rate increases could overshoot the mark, slowing the economy too much and squeezing profits.

"The market has the perspective of a slowing economy, including a slowdown in housing, which certainly has been the engine of growth in the last several years," said Jay Suskind, director of trading at brokerage firm Ryan Beck & Co. in Florham Park, N.J. "It is tough to buy the market right now."

Investors were nervously awaiting today's report on May housing starts.

Oil futures continued to decline, falling 90 cents to $68.98 a barrel, but instead of reassuring investors, that news reinforced concerns about economic weakness. Gold fell $9.20 to $568.80 a troy ounce.

The Nasdaq Composite Index decreased 0.92%, or 19.53 points, finishing at 2110.42, down 4.3% this year. Small stocks led the declines.

Outside the U.S., stocks declined in dollar terms. The Dow Jones World Stock Index, excluding U.S. stocks, fell 0.53%, or 1.08 points, to 202.37.

In major U.S. market action:

Stocks retreated. Total trading volume for stocks listed on the New York Stock Exchange was 2.18 billion shares, as 867 stocks rose and 2,461 fell.

Bond prices declined. The 10-year Treasury note fell 3/32, or 94 cents for each $1,000 invested, pushing the yield up to 5.143%. The 30-year bond was down 4/32 to yield 5.181%.

The dollar strengthened. Late in New York, it traded at 115.42 yen, up from 115.13, while the euro fell against the dollar to $1.2577 from $1.2639.

Bush Raises $27 Million For GOP (WP)

By Zachary A. Goldfarb

The Washington Post, June 20, 2006

President Bush suggested last night that Republicans must remain in control of Congress for the country to effectively combat terrorism and keep the economy healthy, speaking at a $27 million fundraiser meant to provide a needed boost to the campaign war chest of congressional Republicans.

"The most important responsibility we have in Washington is to defend the people of the United States," he said. "When this country sees a threat, we must deal with it before it fully materializes."

Bush addressed about 5,000 of the GOP's strongest supporters at the "President's Dinner," the largest fundraiser of the year for the Republicans' two congressional campaign committees.

Bush said that the "Democrats are good talkers, we're good doers," but generally avoided the harsh language he used to describe the Democrats at last year's dinner, when he urged support for his Social Security plan.

At the Washington Convention Center last night, he defended the decision to invade Iraq and invoked the events of Sept. 11, 2001, to say that the United States must "stay on the offensive" before its enemies "hurt America." He added: "It's important to have members of the United States Congress who will not wave the white flag of surrender in the war on terror."

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The amount raised yesterday eclipses the $23 million the committees took at the event last year. The NRCC will receive $15 million of the $27 million, and the National Republican Senatorial Committee will get $12 million.

The infusion of cash could not come at a better time for Republicans, who are defending 35 competitive seats in the November elections, compared with 10 such seats for the Democrats, according to the nonpartisan Cook Political Report. In addition, Democrats this year have been erasing the fundraising advantage the GOP has traditionally held.

As of April 30, the Democratic Congressional Campaign Committee was trailing its Republican counterpart by $15,000 in cash on hand, a small figure given the GOP's usual advantage. The Democrats' Senate committee had nearly double the available cash on hand as its Republican counterpart.

But Rep. Jim McCrery (R-La.), the House chair of the dinner, said in an interview: "I think this dinner is going to reestablish the cash advantage . . . that we've historically had."

McCrery said that "the atmosphere that hung over the political scene was a contributor to members having to make more phone calls to raise money for the dinner." But he added that good news for the president in recent weeks -- successes in Iraq and the clearing of his top adviser, Karl Rove -- encouraged Republicans and led to a spike in ticket-buying.

It cost $2,500 for a ticket to the dinner. Campaign finance regulations allow someone to contribute up to $25,000 per party committee. Last night, for that sum, attendees could be photographed with the president.

Sarah Feinberg, press secretary for the DCCC, said "the reality is" that Republicans are struggling to keep pace with what they have raised in years past while the DCCC "continues to break fundraising records. . . . The American people desperately want change and a new direction in Washington, and they are making that preference abundantly clear by contributing to Democratic campaigns."

But McCrery said the dinner marks a change in that pattern: "Republicans have certainly wrested the momentum from the Democrats."

Bush Helps Republicans Raise Cash (WP/AP)

By Tom Raum, Associated Press

The Washington Post, June 20, 2006

WASHINGTON -- President Bush on Monday helped Republicans raise $27 million toward the fall congressional elections, acknowledging that the unfinished war in Iraq remains a top concern in a difficult political season.

"It is important to have members of the United States Congress who will not raise the white flag of surrender in the war on terror," Bush told donors at a fundraiser sponsored by House and Senate GOP campaign committees.

He criticized proposals, such as are being advocated by some leading Democrats in Congress, for a phased withdrawal of U.S. troops. "An early withdrawal would be a defeat for the United States," Bush told an audience of about 5,000 attendees at the Washington Convention Center.

Organizers said the event raised $27 million _ $15 million for Senate candidates and $12 million for House candidates.

"We're prepared for an aggressive, effective campaign this year," House Speaker Dennis Hastert of Illinois, who spoke before Bush, told the gathering.

Bush told his cheering, well-heeled audience, "We're going to keep the House and we're going to keep the Senate thanks to all of you here."

"We're going to win the war on terror _ if we don't lose our nerve," Bush said.

Polls show declining public support for the war in Iraq, which is weighing down Republicans on the ballot.

But while Republican candidates have been eagerly accepting the fundraising help that Bush can offer, his presence on the campaign trail has not been enthusiastically welcomed by all Republicans, particularly those in tough races.

Democrats have sought to tie Republican candidates to Bush administration policy on the war and on other contentious issues.

"At a time when our troops are fighting bravely in Iraq with no clear plan for victory, and the Republican-led Congress has abandoned much needed comprehensive immigration reform, the president has made raising millions from special interests his number one priority," said Karen Finney, communications director of the Democratic National Committee.

Still, Bush's hand has been strengthened by several weeks of good news from Iraq and domestically.

Senate Majority Leader Bill Frist, speaking of Iraq, told the president, "We will stay with you until our job is done."

"We've got five months to remind Americans why they elected us," Frist added.

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On the Net:

White House: http://www.whitehouse.gov

National Republican Senatorial Committee: http://www.nrsc.org

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Santorum Seeks Jewish Vote In His Tough Nov. Match-up (HILL)

By Jonathan Allen

The Hill, June 20, 2006

Sen. Rick Santorum is aggressively pursuing support from the Jewish community as his tough November match-up with Democratic state Treasurer Robert Casey Jr. draws closer.

The Republican junior senator from Pennsylvania was scheduled to meet last night at Haverford College with Natan Sharansky, a former Soviet political prisoner who later became deputy prime minister of Israel.

Santorum's forum with the icon of Soviet Jewry was billed as a "conversation" on religious freedom, an issue Santorum has championed as co-chairman of a congressional working group on the subject. It also sent a signal to Israel's most ardent supporters that Santorum is with them.

Sharansky is a powerful symbol of right-wing Israeli politics, and his 2004 book The Case for Democracy: The Power of Freedom to Overcome Tyranny and Terror has been influential among neoconservatives in the Bush administration.

The Haverford event, moderated by leading neoconservative Daniel Pipes, was just the latest example of Santorum playing up his long-standing support for Israel during the campaign season. It will not be the last.

The senator surprised colleagues last week when he unsuccessfully tried to amend a defense authorization bill with a measure designed to prevent Iran from developing nuclear weapons. The amendment was rejected after the White House and many senators opposed it on the grounds that it could disrupt U.S.-Iranian negotiations.

"The amendment runs counter to our efforts and those of the international community to present Iran with a clear choice regarding their nuclear ambitions," Jeffrey Bergner, assistant secretary of state for legislative affairs, wrote to Armed Services Committee Chairman John Warner (R-Va.). "This amendment, if enacted, would shift unified international attention away from Iran's nuclear activities and create a rift between the U.S. and our closest international partners."

Some in the pro-Israel camp disagreed with Santorum's strategy or timing, but the substance of his amendment has support among hawks. And the episode allowed him to reiterate his tough stance toward Iran, a nation of great concern to Israel and its friends because of its potential nuclear capability.

Hawkish support for Israel figures to help Santorum not only with donors and any remaining undecided voters in Pennsylvania's Jewish community but with his base among evangelical Christian voters, who have increasingly become fierce advocates for Israel in recent years.

Activists in Pennsylvania's Jewish community say that even if Santorum is placing more emphasis on Israel lately his support is nothing new.

"It's not as if he's a Johnny-come-lately to this issue," said Robin Schatz, director of government affairs for the Jewish Federation of Greater Philadelphia. "Senator Santorum has really been a leader in terms of pro-Israel work in the Senate."

Santorum has a Religious Freedom Day celebration planned for today with several lawmakers and a variety of religious leaders. His working group on the topic meets about once a month when the Senate is in session, according to a Senate Republican leadership aide.

"Religious liberty is a huge passion of his because he thinks it's the first right, the first freedom. Without this freedom all the other ones are in trouble," the aide said.

Santorum's worldview embraces Israel as a model for other democracies in the Middle East, according to Ken Davis chairman of the Montgomery County Republican Party in southeastern Pennsylvania.

Davis, a Jewish activist, said Santorum's positions should make him attractive to voters for whom Israel's security is the top issue.

"Those in our community who think for themselves and recognize the importance of the issue will support the senator, and he deserves the support because he's been there all along," Davis said.

But Jewish voters have traditionally sided with Democrats because of their domestic policies, meaning Santorum gets mixed reviews in the Jewish community.

"He's very good on some of the issues that are important to us and not so good on others," Schatz said.

Even if he cannot win over Jews who side with Democrats on domestic issues, Santorum's support for Israel is helping him raise money. He ranks 10th among lawmakers in donations from pro-Israel groups, according to the Center for Responsive Politics, though it is impossible to track money from individual pro-Israel donors accurately.

"His beliefs here are the driving force, not the money — though they are certainly not mutually inconsistent," said G. Terry Madonna, a political scientist at Franklin & Marshall College. "Only about 2 percent of the voters are Jewish — not huge, but they are important disproportionately as funders and fundraisers."

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In late April, Santorum sponsored a Senate resolution recognizing Holocaust Remembrance Day, even though it is Pennsylvania's other Republican senator, Arlen Specter, who is Jewish.

Next month he plans to host a "Jewish Leadership Summit" on Capitol Hill to discuss "foreign policy and religious-freedom issues." Invitees include White House Chief of Staff Joshua Bolten, Foreign Relations Committee Chairman Richard Lugar (R-Ind.), Specter, Sen. Norm Coleman (R-Minn.) and Virginia Rep. Eric Cantor, the lone Jewish Republican in the House.

Dean's Brother Raps DSCC Over Stance On Lieberman (RC)

By Nicole Duran

Roll Call, June 20, 2006

Sen. Joe Lieberman's (D-Conn.) refusal to rule out seeking re-election as an Independent should he lose the Aug. 8 Democratic primary has led to a verbal assault by the brother of Democratic National Committee Chairman Howard Dean on Democratic Senatorial Campaign Committee Chairman Charles Schumer (D-N.Y.).

Democracy for America, the group that grew out of Dean's unsuccessful presidential bid and is now led by his brother, Jim Dean, is circulating a petition to Schumer calling on him to stand by the winner of the Democratic primary.

Democracy for America is backing Lieberman's challenger, millionaire cable-executive Ned Lamont.

Schumer "has said that the DSCC will not rule out supporting Lieberman if he runs as an Independent," a Democracy for America e-mail sent to supporters last week reads. "The DSCC's mission is to elect Democrats to the Senate. Yet in this case, they would prefer to back an incumbent who leaves the party instead of a principled progressive who's proud to be a Democrat."

Schumer has not said what the DSCC would do should Lamont best Lieberman and Lieberman decided to press on as an Independent.

"We'll cross that bridge when we come to it," Schumer told reporters last week.

And that is what has Democracy for America — and Howard Dean's brother — pressing Lieberman and Schumer.

"My reaction to all of this is that there's a lot of mumbling going on here," Jim Dean said in an interview. "We would really like Sen. Lieberman just to get clear about this."

Lieberman told The Hartford Courant Monday that he would not drop out of the Democratic primary but he stopped short of promising anything beyond that.

"I will be in the Democratic primary. I've been a Democrat all my life," Lieberman said. "If the unexpected happened, do I want to keep open the option of taking my case as an Independent Democrat to all the voters of Connecticut so that they can have the last word in November?"

Dean said national Democrats should call upon Lieberman to rule out an Independent bid.

"I wish the Democratic leadership of this party would take this seriously," Dean said. "This is the kind of thing that got us in trouble 15 years ago. The question for the DSCC is: 'do you support Democratic candidates or not?"

DSCC spokesman Phil Singer would not answer the question directly.

"This is much ado about nothing: Joe Lieberman is and will remain a candidate in the Democratic primary," Singer said.

Should Lieberman lose — the latest polls show him comfortably leading Lamont — and should he continue on as an Independent with the DSCC's backing, the DSCC would lose credibility with many Democratic activists, Dean said.

"The battle in this party is not an ideological debate right now it's between the activist community and the culture of supporting incumbents" at all costs, Dean said.

He said that a number of big Democratic donors are unhappy with the DSCC's role, whether overt or behind-the-scenes — in some Senate primaries.

For instance, women's groups openly chided the DSCC for pursuing Pennsylvania state Treasurer Bob Casey Jr. and Rep. James Langevin (D-R.I.) as Senate candidates, despite their opposition to abortion rights.

Casey, with the DSCC's help, ultimately became the challenger to Sen. Rick Santorum (R-Pa.) while Langevin opted not to take on Sen. Lincoln Chafee (R-R.I.).

That rift healed but other Democratic activists were furious when national Democrats first courted, then pushed aside, Iraq war veteran Paul Hackett as the chosen Democrat to take on Sen. Mike DeWine (R-Ohio).

"Getting Hackett out was not their best day," Dean said. "It's not a great time for Sen. Schumer to be arbitrarily deciding that it's up to him alone" to decide whom to endorse.

Schumer and other Democratic leaders are undoubtedly in a tough position as they figure out to handle a potential Lieberman Independent candidacy.

It is not unprecedented for the DSCC to support a like-minded Independent. The committee has made no secret that it is backing Rep. Bernie Sanders (I-Vt.) as he attempts to win the open Senate seat in the Green Mountain State.

In that case, however, Democrats were able to clear the field for Sanders so that no strong Democrat sought the seat.

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Sanders caucuses with Democrats in the House and said he would continue to do so if elected to the Senate.

In light of that, Dean said the DSCC should clarify its position on supporting Independents. Dean said he understands that his actions "will ruffle a few feathers" but that it is necessary to ensure that the party has clear policies in such matters.

If Dean's petition drive puts Schumer in a bind, it probably puts the DNC chairman in an even more awkward position.

"I don't really think of that very often because he's kind of on a different mission," Jim Dean said of his brother. "He's not as involved in federal races. He is building the 50-state strategy."

Dean was also careful to reiterate that he and his brother do not discuss business.

DNC spokeswoman Stacie Paxton would only say: "the DNC doesn't get involved in Democratic primaries."

McCain Weighs The Chance To Run Again (FT)

By Demetri Sevastopulo

Financial Times, June 20, 2006

With the US presidential election more than two years away, most contemplating a tilt at the White House are cloaking their ambitions in euphemism and obfuscation.

But in this, as so much else, Senator John McCain is an unusual kind of politician. The Arizona Republican seems positively to relish talking about the prospect he may run in 2008 – even discussing how his family feels about the looming decision.

Mr McCain, who lost his party's nomination to George W. Bush in 2000 after staging a strong challenge, says his children, two still in their teens, would support him but grins that it might "cramp their style". His wife Cindy, on the other hand, "probably needs some more convincing". One of the downsides of the campaign trail, he reflects, is having to take "a lot of shots".

In a wide-ranging interview with the Financial Times, he gives the impression of a man weighing whether his chances of victory are worth the gargantuan effort, especially as, at 69, he would be the oldest ever to enter the White House. He muses: "The major question is, 'Do my talents, experience, and capabilities match up with the priorities of the American people, which mean that I would have a fairly good chance to gain the nomination of my party and win a general election?'"

In a political landscape marked by intense partisan battles, Mr McCain is an anomaly, a man so widely trusted that a recent poll found most Democrats would vote for a candidate he endorsed in the November congressional elections. Tortured by the Vietnamese during five and a half years as a prisoner of war, he has further bolstered his moral authority by taking up the cudgels over issues – notably campaign finance reform and anti-torture legislation – that have won him support far beyond his own party.

Asked to explain his popularity, he says: "I think it is my reputation for independence, for straight talk." Nor is he shy about acknowledging his own charisma. "It sounds very self-serving, but [I have] a little star power. They've seen me on Jon Stewart, Jay Leno, David Letterman, hosting Saturday Night Live . . . "

But of late, the man many Democrats view as the acceptable face of the Republican party appears to have been courting its base, speaking warmly of Mr Bush and making overtures to the religious right, whose support he will need if he is capture the nomination in what promises to be a bitterly fought primary season.

He caught flak for speaking at Liberty University, the conservative institution run by the Reverend Jerry Falwell whom, during the 2000 campaign, he had branded an "agent of intolerance". But he rebuts claims that he is pandering to the religious right, pointing out that he also spoke at New School University, a liberal college.

He says his positions on issues such as torture, climate change and opposition to a proposed constitutional amendment that would abrogate states' rights over permitting gay marriage have not changed. "But I also understand that when you are the 'perceived frontrunner' every phrase is analysed, and every nuance is criticised in some quarters . . . " With a flash of vintage McCain charm he adds: "Still it is nicer to be the 'perceived frontrunner' than the 'perceived loser'."

His ease in discussing his candidacy is equalled by Hillary Clinton's reluctance even to acknowledge her status as the 'perceived' Democrat contender-in-chief. The man who turned down an invitation to be John Kerry's running-mate two years ago is seen as the prospective Republican candidate with the strongest "crossover" appeal to Democrat voters. It is perhaps no coincidence that he seems anxious to go head-to-head with Mrs Clinton, a polarising figure whom some Democrats would be reluctant to support. She "would be very interesting to run against", says Mr McCain. "First woman nominee, very smart, very tough, very principled."

Will the Democrats pick her as their standard-bearer? "Oh yeah. I don't know how she [will not be] the nominee of her party."

In the eyes of many, Mr McCain was a neo-conservative long before the creed became the dominant philosophy of Washington's governing elite. He was one of the small number of Republicans who supported military involvement in Bosnia in 1995 and was urging action to remove Saddam Hussein while Bill Clinton was still in the White House.

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But in detailed exchanges about the thorniest foreign policy issues of the day – Iraq, Iran, North Korea – he is prepared to acknowledge that interventionism has its limits, even as he waxes impatient with Mr Bush's willingness to tolerate unpalatable regimes to achieve his foreign policy ends.

On Iraq Mr McCain's views are little different to those of Mrs Clinton. Both supported the war but have been highly critical of the way the Bush administration has managed the peace. On the day the FT spoke to him in his office in the Senate Russell building, Mr McCain had attended a briefing on Iraq by Condoleezza Rice, secretary of state, and Donald Rumsfeld, the defence secretary with whom he has an antagonistic relationship.

Asked whether he is any happier with Mr Rumsfeld these days, his reply is crisp: "No." But he stops short of echoing the views of a group of retired generals who recently called for the defence secretary's resignation. "There is no point in me trying to get into an open confrontation with the secretary of defence," says Mr McCain. "It would harm our effort rather than help it."

The conclave with Mr Rumsfeld and Ms Rice followed a rare spate of good news from Iraq: the death of Abu Musab al-Zarqawi, the leader of al-Qaeda in Iraq who was killed in a US air strike, and the completion of the Iraqi cabinet.

"I think that some of their optimism is understandable, but I hope that it doesn't turn into irrational exuberance because . . . it is still very long, very hard, very tough," cautions Mr McCain. But in contrast to the mass of the war's congressional critics, who are anxious to accelerate the timetable for pulling out some of America's 130,000 troops, Mr McCain argues that the US has too few boots on the ground and is "like the little Dutch boy with his thumb in the dyke". He points to a recent decision to divert troops from Falluja, a former insurgent stronghold, to deal with growing violence in Ramadi. He expresses concern about the mounting pressure on the administration to withdraw troops. But he has faith in Mr Bush, confident that he will not "make that announcement unless conditions on the ground justify it" – which he does not expect to be soon.

"When I hear of a major operation in Baghdad, or in the Sunni triangle, where the only support [the Iraqis] need is US air support, and it is successful, then I will believe that we have made progress," says Mr McCain. "When I can land at the airport at Baghdad and get into a vehicle and drive to the Green Zone, I will believe that we have made progress."

Mr McCain says the mistakes the US has made in Iraq have done significant damage, including emboldening Iran, a country for which he reserves his harshest condemnation.

Mr McCain supports the Bush administration's recent decision to back a package of incentives aimed at persuading Iran to abandon its nuclear programme and chides those who accuse the president of warmongering. "When [Mr Bush] says 'I am not taking the military option off the table', it is because you can't," says Mr McCain. "It doesn't mean you are considering the military option. But suppose we knew that Iran was going to attack Israel, are we saying that we would do nothing? Clearly, we can't do nothing."

Asked whether he believes negotiations with Iran could produce a better outcome than the US has achieved in years of on-again, off-again talks with North Korea, Mr McCain replies that he is an "eternal optimist". But in a clue to his priorities were he to become president, he says that preventing countries from developing nuclear weapons will be one of the century's biggest challenges.

His sense of urgency is underscored by reports that North Korea is preparing to launch a long-range missile with the potential to hit the US. He fears such moves by Kim Jong-il, the North Korean leader, will eventually prompt Japan to develop offensive weapons, which he warns could re-ignite hostility between Japan and China.

"The key to all this . . . is China," says Mr McCain. "It is not in China's interest to see this kind of destabilisation. So why they don't put more pressure on the Dear Leader is something I simply do not understand."

He also expresses disappointment in the South Korean government, accusing it of bribing North Korea with its "sunshine policy" of increased economic engagement.

But while Mr McCain would like China to do more, he recognises that the US has little leverage. "Obviously, their exports to our markets are a vital part of their economic engine but, at the same time, [if] you start down this path of retaliation it sometimes lurches out of control," the senator warns.

Another country that receives his opprobrium for its crackdown on democracy is Russia. Relations between Washington and President Vladimir Putin took another turn for the worse last month after US vice-president Dick Cheney rebuked the Kremlin for using energy supplies as "tools of intimidation and blackmail".

Asked whether he was concerned that the US was alienating Russia, whose support is needed in US efforts to press Iran to give up its nuclear programme, he acknowledges that there needs to be a "careful balance". "I would have appreciated the vice-president's speech a lot more if he hadn't gone to Kazakhstan and praised a dictator in that country. His speech lost a little of its impact when he did that," he notes with a touch of irony.

Mr McCain appears to agree with critics of US foreign policy who scent a gap between rhetoric and reality in the Bush administration's approach to undemocratic regimes such as Kazakhstan, Azerbaijan and Saudi Arabia. Nursultan Nazarbayev,

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the Kazakh president, is expected soon to visit the White House – just months after Ilham Aliyev, the president of Azerbaijan, was hosted by Mr Bush.

In what sounds like his personal foreign policy doctrine, Mr McCain says he understands that there is always a tension between real-politik and a Wilsonian commitment to spreading democracy. But he warns that, "nine times out of 10 when we prop up dictatorial regimes, over time we pay a price for it".

He goes on: "Maybe the message is that we are more selective in our advocacy than perhaps we would like to be. I do think we run a risk. I met with Aliyev before the first election and I said, 'you have to have a free and fair election'. They didn't. In the case of Nazarbayev, these are true cults of personality that we are seeing and those things never last. They end up at some time in the dustbin of history."

Perhaps wary of being seen as embodying the neo-con commitment to removing undemocratic regimes by force, Mr McCain stresses that he does not contemplate military action to overthrow governments.

But he adds: "I believe our advocacy of freedom and democracy should not be defined by either geography or ethnicity." Will he be in a position to implement his philosophy? That may rest on whether an electorate, alarmed by the rising death toll in Iraq, is ready to embrace a man whose belief in spreading the American brand of democracy may exceed even that of George W. Bush.

Poll: Clinton Gets High 'no' Vote For 2008 (CNN)

CNN.com, June 20, 2006

(CNN) -- With the presidential election more than two years away, a CNN poll released Monday suggests that nearly half of Americans would "definitely vote against" Sen. Hillary Rodham Clinton.

Respondents were asked whether they would "definitely vote for," "consider voting for," or "definitely vote against" three Democrats and three Republicans who might run for president in 2008.

Regarding potential Democratic candidates, 47 percent of respondents said they would "definitely vote against" both Clinton, the junior senator from New York who is running for re-election this year, and Sen. John Kerry of Massachusetts, the party's candidate in 2004. (Poll)

Forty-eight percent said the same of former Vice President Al Gore, who has repeatedly denied he intends to run again for president.

Among the Republicans, Sen. John McCain of Arizona and former New York Mayor Rudy Giuliani fared better than the Democrats, and Florida Gov. Jeb Bush fared worse.

Only 30 percent said they would "definitely vote against" Giuliani; 34 percent said that of McCain.

As for Bush, brother of the current president, 63 percent said there was no way he would get their vote. The younger Bush has denied interest in running for president in 2008.

Among all choices, Clinton had the highest positive number; of those polled, 22 percent said they would "definitely vote for" her.

Giuliani was next with 19 percent, followed by Gore with 17 percent, Kerry with 14 percent, McCain with 12 percent and Bush at 9 percent.

This telephone poll of 1,001 adult Americans was conducted June 1-6 by Harris Interactive for CNN. The poll had a sampling error of plus or minus 3 percentage points.

Weekly Wal-Mart Shoppers Are Midterms' NASCAR Dads (HILL)

By Aaron Blake

The Hill, June 20, 2006

In 2004, it was NASCAR dads. Before that, soccer moms.

In the upcoming elections, pollster John Zogby says, the parties need look no further than the biggest retail phenomenon in the world — Wal-Mart — for this year's elusive group of swing voters.

Zogby said he has found a direct correlation between how often Wal-Mart customers shop there and how reliably conservative they are. While this group voted overwhelmingly Republican in 2004, it is less entrenched than other conservative groups, and Zogby's numbers indicate it is wavering.

"Wal-Mart is so much more than retail," Zogby said. "It's a religion out there."

According to a study by Scarborough Research, Wal-Mart shoppers are, on the whole, evenly divided between Republican and Democrat. Of those who had shopped at Wal-Mart in the past three months — three-fourths of the sample — 32 percent identified themselves as Republicans and 29 percent as Democrats.

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But as the shopping trips to Wal-Mart become more frequent, Zogby said, it's a different story. The more they shop there, the more conservative they've tended to be.

Today those weekly Wal-Mart shoppers are giving Bush a 35 percent approval rating and rate Republicans in Congress 27 percent positive, and 20 percentage points more of them prefer a Democratic-led Congress than prefer a Republican one.

They also rate Democrats better on jobs and the economy, healthcare and taxes. But they still give Republicans higher marks for family values and fighting terrorism, two supposed linchpins of Bush's reelection.

Zogby, who is researching the topic for a book he's writing, said that weekly Wal-Mart shoppers represent about one-fifth of the population and that people who never shop there represent about a quarter, making both groups significant parts of the electorate.

He said that he's still surmising what issues sway weekly Wal-Mart shoppers the most but that he believes the war in Iraq and the economy are likely candidates.

The household income of a "regular" Wal-Mart shopper averages about $35,000 and 57 percent of Southerners shop there regularly, according to a Pew Research Center study. Comparatively, only 24 percent of Northeasterners shop regularly at Wal-Mart, though nearly half stop in "once in a while."

In 2004, NASCAR dads were thought to be a crucial swing vote, although many experts came to express doubt about the theory. In previous elections, it was soccer moms. NASCAR dads were blue-collar white men from rural areas of the South; soccer moms were moderate mothers concerned about healthcare, education and taxes.

There is significant overlap between weekly Wal-Mart shoppers and a group Pew has defined as "pro-government conservatives." According to a study issued after the 2004 election, 1 out of 10 voters falls into this group, which gave Bush 15 percent of his base in 2004. Slightly more than half are Republicans, while another 35 percent identify themselves as Republican-leaning independents.

These Wal-Mart shoppers, for the most part, are conservative on social issues such as gay marriage and abortion and tend to be rural and religious. But they also believe in social programs for the poor, are often poor themselves, don't like Bush's tax cuts and are less supportive of preemptive force and the war in Iraq than other conservatives.

While they voted with Republicans on social issues and national security in the past, they are more susceptible to drifting toward the Democratic column than other conservatives, said Pew Director of Survey Research Scott Keeter.

"We do think that this is a group that potentially is having anxieties economically right now, about healthcare and the like, and while they may be cross-pressured on social issues … right now the economic issues may be more important to them," Keeter said. "And it could be that the war in Iraq is also a source of anxiety because there is at least some evidence that more of the direct impact of people fighting in the war is being felt by people in more rural areas."

According to the Pew study, despite voting 5-1 for Bush in 2004, 38 percent of pro-government conservatives had a positive view of the Democratic Party and more than half like both Bill and Hillary Clinton.

Zogby said the weekly Wal-Mart shoppers and the Pew group are indeed similar.

"'Pro-government conservatives' is very true," Zogby said. "There are all sorts of clusters. But we know where many of them are on a weeknight in America."

Wal-Mart founder Sam Walton was not considered a political man, but the backlash against Wal-Mart's wage levels and benefits, mostly from the left, has made the world's biggest retailer an increasingly hot-button political topic.

Another Zogby poll from late 2005, commissioned by an anti-Wal-Mart website, said more than half of the country thinks Wal-Mart is "bad for America." A Pew poll, released two weeks later, put that number at 24 percent.

Many of Wal-Mart's battles are being fought on the local level, with communities deciding whether to allow the retail giant to build stores in their neighborhoods. But labor, healthcare and other issues have led the company to increase its national political presence considerably over the past decade.

Wal-Mart's contributions to national political candidates have increased steadily in recent years, and Republicans are on the receiving end of most of the giving. In the 2004 election cycle, Wal-Mart's PAC gave more than $1.3 million to Republicans and $370,000 to Democrats. Rep. Phil Gingrey (R-Ga.) received the most, with $17,500, and dozens got $10,000 or more.

Its PAC and employees gave more than $2 million overall to federal candidates and parties, making it the second-biggest miscellaneous business benefactor, according to the Center for Responsive Politics. This cycle it ranks fifth, with more than a half-million dollars in contributions.

Lee Culpepper, Wal-Mart's lead lobbyist in Washington, said Republicans' more favorable attitude toward business and the fact that there are simply more of them in Congress have made them more attractive for PAC contributions.

"When you put those two factors together, it's understandable why you'd have more support for Republicans than Democrats," Culpepper said.

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But he said that's changing as the PAC grows. The split is now 71-29 percent in favor of Republicans, down from 93-7 during the 1998 cycle, when it gave just $135,000.

"Our PAC … has been increasing support to Democratic candidates who support business," he said.

Governor's Troubles Threaten G.O.P. In Kentucky (NYT)

By Ian Urbina

The New York Times, June 20, 2006

FRANKFORT, Ky. — The real risk in noodling, which involves sticking your arm into a catfish nesting hole and yanking out whatever swallows your fist, is not in getting caught doing it out of season, but in reaching too far into the hole and getting snagged by spiny fins.

Just consider the case of Gov. Ernie Fletcher of Kentucky.

A year ago, after being accused of illegally forcing Democrats out of state Civil Service jobs and giving the jobs to political loyalists, Mr. Fletcher, a Republican, dismissed the charges as little worse than noodling in March. (Noodling is legal only from June 1 to Aug. 31.)

But 15 indictments later, Mr. Fletcher's administration — including his self-titled Disciples, accused of being the ringleaders of the patronage scheme — is still feeling the sting as his approval ratings drop below 30 percent.

Most of his former backers, including his mentor, Senator Mitch McConnell, have distanced themselves from him, and Democrats point to the case as another example of Republican corruption and overreach. Mr. Fletcher was indicted on three misdemeanor charges; while on vacation in Florida in early June, he had his lawyer enter a plea of not guilty.

The accusations have threatened to reverse a tide that Republicans in the state have worked for more than a decade to turn in their favor. With the party controlling the State Senate and just shy of a majority in the House, many Republicans viewed Mr. Fletcher's easy victory in 2003 as the dawning of a new political era for the Bluegrass State.

"The state is still potentially a swing state, and this will certainly slow its drift toward Republicanism," said Al Cross, a political writer and professor of journalism at the University of Kentucky. "This is definitely being amplified by what is going on in Washington. We can expect a lot more wind to be in the face of Republicans at a time when the state was trending their way."

To add to his troubles, Mr. Fletcher, the first Republican governor here in more than 30 years, lost a highly public effort to force the chairman of the state Republican Party to step down. In June he fired his fifth press secretary, and in the same week he began warring with his lieutenant governor, Steve Pence, who announced he would not share the ticket with Mr. Fletcher in 2007. Mr. Pence has refused to step down from office despite a request from the governor that he do so.

Mr. Fletcher insists, however, that he is not worried about the fallout.

"I trust that if we keep doing the right thing, our accomplishments will speak for themselves," he said in an interview, citing job growth, tax reform and balancing the budget as his top achievements. "The bottom line is that we're not going to let these folks run us out of town."

Mr. Fletcher contends that the investigation into his office is a partisan witch hunt and that the state's attorney general, Gregory D. Stumbo, a Democrat, has aspirations to run for governor.

The charges against Mr. Fletcher — conspiracy, official misconduct and political discrimination — were brought on May 11. The 14 other members of his administration who have been indicted are charged with a total of 23 felonies and 60 misdemeanors for, among other things, criminal conspiracy and evidence tampering. In August 2005, Mr. Fletcher issued a blanket pardon protecting everyone in his administration but himself from prosecution.

A spokeswoman for Mr. Stumbo, Vicki Glass, dismissed Mr. Fletcher's accusation that there was a political motive for the charges.

"In light of the judge's request that we not talk about the case, we're letting the court proceedings speak for themselves," Ms. Glass said, standing in Mr. Stumbo's office, its walls lined with large bass that the attorney general had caught on fishing trips. While not ruling out a run for governor once his investigation ends, Mr. Stumbo has said he intends to see the case through to conclusion.

Whatever the motivation behind them, the charges have succeeded in tripping up a man with grand political ambitions and the résumé to help him fulfill them.

An ordained minister, a family physician and a former fighter pilot, Mr. Fletcher, who was elected in 2003 by a 10-percentage-point margin, has spent much of his tenure trying to keep his administration in one piece. Of the nine cabinet members who started with him two years ago, only three remain in office. In early June, Mr. Fletcher fired Brett Hall, his fifth press secretary, after Mr. Hall accused leaders of the state Republican Party of scheming to undermine the governor.

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Asked what adjectives he would use to describe morale in the administration, Stan Cave, Mr. Fletcher's chief of staff, paused before laughing. "I'm not sure you can print the ones I'd like to choose," Mr. Cave said. "So let's go with angry, frustrated, but still resolved to proceed."

He said that with a grand jury consisting entirely of Democrats and with perceptions of conflict of interest swirling around the case, he did not see how anyone could argue that the investigation was apolitical. The two judges who handled the case early later recused themselves.

But Mark Nickolas, a blogger who runs BluegrassReport.org

and is the former campaign manager for Representative Ben Chandler, Mr. Fletcher's opponent in 2003, made just that argument.

"The administration keeps peddling these ludicrous conspiracy theories," Mr. Nickolas said. "Really, what we have here is a microcosm of the Republicans' national problem, which is they play by their own rules even if it's against the law."

The governor is permitted to fill 4,000 political jobs. But the attorney general says Mr. Fletcher sought to fill many of the state's 32,000 merit-based jobs with political allies.

Others say that Mr. Fletcher did what governors have always done, but that his staff made the mistake of leaving an e-mail trail.

"The patronage system was tuned up and well oiled over the last generation and a half," Mr. Hall, the former press secretary, told The Atlanta Journal-Constitution in December.

The Democrats "knew exactly what they were doing," he said. "They were smart enough not to use e-mail. We weren't."

But others say Mr. Fletcher's actions were distinct for their scope and context.

"It's true that the Democrats in the state have greased the machine, but in this case what the Republicans built was a finely tuned hydraulic mechanism," said Professor Cross of the University of Kentucky. "What we are really talking about here is a rare and up-close look at the grease that makes the machinery of politics work."

As a Republican running the executive branch after such a long period of Democratic rule, Mr. Fletcher faced an unusual level of pressure, especially from rural Republicans. Many accusations center on the state's transportation cabinet, partly because in poorer regions of Kentucky, there is no political capital more precious than state positions as road crew supervisors or backhoe operators. The jobs pay well, are relatively secure and require limited qualifications.

Mr. Cross added that Mr. Fletcher had also had trouble taking the political high ground in the case since his main campaign promise was to end the "good ol' boys network" and "clean up the mess in Frankfort" created by the former governor, who left at the end of his term amid a sex scandal.

The problems for Mr. Fletcher started the morning of May 11, 2005, when a former supporter and transportation cabinet official delivered to the attorney general a box with hundreds of pages of printouts of e-mail messages and other documents from Fletcher administration officials.

Featuring a list of Civil Service workers to be fired or exiled because of party affiliation, the documents revealed the existence of 12 officials who called themselves the Disciples and who pursued with religious zeal a systematic plan to clean house of Democrats.

"No one on earth faced more adversity than the Apostles — we should not think we are any different," said one e-mail message between two coordinators of the plan, known as the Governor's Personnel Initiative. "As 'change agents' and 'missionaries' of the governor, our task will not always be embraced by those around us."

Throughout, the two sides fought every step of the way. In a 48-hour standoff on May 13, 2005, armed guards for the transportation cabinet blocked another set of armed guards from the attorney general's office from entering a transportation building to seize records.

On Aug. 29, after the first nine of his administration officials were indicted, Mr. Fletcher issued a blanket pardon covering these officials and anyone else other than himself who might be indicted. A trial date is tentatively set for Nov. 8, the day after the state's general election.

The drama is not without precedent. The last governor, Paul E. Patton, a Democrat, spent most of his last year in office fending off accusations of campaign irregularities, bad press about a lengthy extramarital affair and revelations that several of his employees had used their work computers to view pornography. Before leaving office, Mr. Patton further outraged Kentuckians when he pardoned his chief of staff and three others charged with breaking election laws.

Despite a recent poll that found that 54 percent of the state's voters wanted Mr. Fletcher to resign, he remains upbeat. "Our folks have made some mistakes, and we have made some corrections," he said. "I think we will come through this."

And as for noodling?

"I like fly-fishing, myself," Mr. Fletcher said with a chuckle. "Noodling is risky if you don't want to get stung by catfish whiskers."

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The Airbus Debacle (WSJ)

By Richard Aboulafia

The Wall Street Journal, June 20, 2006

Production delays. Political infighting. Cost and time overruns. Sounds like a typical day at any large aircraft corporation, and last week's news of another big setback for delivering Airbus's A380 550-seat mega-jetliner fits this pattern. Yet the market isn't taking all these problems at the European plane maker in stride, wiping away much of Airbus parent company European Aeronautic Defense and Space Co.'s gains since it was created six years ago. Investors were far more understanding a few years back when Boeing went through similar crises. A double standard? If only it were so.

The biggest problem for Airbus today, to put it gently, is that its superjumbo should never have been born. The A380 program was launched in 2000 in the face of considerable skepticism. Aircraft were getting smaller, not larger. New technologies allowed long-range travel with great economies. Passengers wanted direct flights offering more choices, more often. Airlines wanted smaller planes to get rid of discount travelers. The A380 was a $13 billion bet on a shrinking niche.

Not surprisingly, the giant plane has proven unpopular. In the six years since its birth, it has won 159 orders, including 45 from Emirates, a carrier pursuing the unusual strategy of ordering scores of each type of plane to meet high growth expectations.

In the same period, the mid-sized long-range widebodies, led by Boeing's new high-tech 787, have racked up more than 700 orders. One notch larger, 300/400-seat planes have garnered another 500 orders led by Boeing's 777. The A380/747 niche is 5%-10% of the market by value of total annual deliveries; the smaller widebodies comprise half.

Worse, after securing the small list of customers that actually need a few planes this big, the A380 order book has grown at only a very modest pace for the last four years. Other than Emirates, no airline has ordered more than a token number. The mid-size 250/300-seat market, meanwhile, is gathering steam, with blue-chip carriers such as British Airways, Lufthansa and even Emirates now shopping for new long-range jets in this class.

Airbus is desperately seeking resources to compete with the 787 and 777 with its own new plane. Customers criticized its initial offering, the A350, so it now needs $10 billion to create an all-new family, the A370 series. But money and engineers are tied up in the A380 program. When the superjumbo delay news broke, Singapore Airlines ordered 20 787 "Dreamliners," casting a no-confidence vote in Airbus's ability to fund the A370. Meanwhile, Boeing might follow the 787 with a new narrowbody, necessitating an Airbus response to compete in that 40%-45% of the market.

This means that, with the A380, Airbus is racing to deliver something that's a mere sideshow. The delays are simply bitter icing on an unpalatable cake. * * *

How did this disaster happen? When Airbus was born in 1970, it was a defensive creation, a way for Europe to save its legacy jet industries from U.S. dominance. They pooled their resources with government support and created a European widebody, the A300. The first 20 years weren't easy, but Airbus did much better than other European jetliner projects like the notoriously money-losing Concorde.

Starting in the late 1980s, Airbus moved from defense to offense. It launched the A320 narrowbody and A330/340 widebody families. It helped drive Lockheed and McDonnell Douglas out of the market. By 1997, Airbus and Boeing formed a duopoly. That carried political implications for American-European relations.

Airbus still enjoyed government nurturing. It was the only notable success for publicly funded European industrial policy. European politicians were eager to underwrite and take credit for an impressive achievement. When Airbus created plans for the world's biggest jetliner in the mid-1990s, they knew they could count on government support.

Airbus didn't need to be overly careful with the A380's bottom line. Government launch aid was good for one-third of development costs. These loans were legal under the terms of the U.S.-EU 1992 jetliner aid agreement. Private cash was easier and cheaper to get since investors knew Europe's hapless taxpayers would be the last to be repaid.

If the market for large aircraft looked dubious, well, Airbus proposed duty-free shopping courts and restaurants aboard its new jumbo, unrealistic and borderline-absurd ideas designed to stimulate airline demand. From a business standpoint, this "whole new way to fly" was nonsense. Yet bureaucrats saw national pride at stake, hence a slam-dunk reason to invest public cash. They've basked in reflected glory, with European prime ministers and officials attending every major A380 milestone. Jacques Chirac, the French president, responded to last week's news by expressing "total confidence" in the program. That looks to be wishful thinking from a government that enjoys messing around in its nation's industries.

A board of diverse, apolitical and independent shareholders would never have tolerated the risk associated with such a shallow business case. Here the distinction from Boeing's difficulties becomes apparent.

A few years ago, Boeing looked like it was in Airbus-like dire straits, yet the situation was in fact very different. Before launching the 787 in 2004, Boeing spent eight years shortchanging its product line but returning billions to shareholders. Airbus spent a fortune on its product line, but misinvested horribly, jeopardizing return on investment. Thus, it was easy for Boeing to

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start raising cash for the 787. Meantime, investor patience with Airbus is running thin, just as its parent company seeks buyers for some of the shares that its major French and German industrial shareholders, Lagardère and DaimlerChrysler respectively, are looking to dispose of. EADS also needs money to buy BAE System's 20% Airbus stake. Adding to EADS's woes, market regulators are investigating large share sales in March, before the A380 news went public, by senior company executives, including the French co-CEO, Noël Forgeard.

Boeing has also suffered technical snags with its jets, most recently its ambitious and risky all-composite body for the 787. But Boeing pursued the right market segment. Even if the 787 stumbles, Boeing would recover, since that plane satisfies strong demand and brings in cash. Airbus, by contrast, is merely racing to build a handful of A380s so it can transfer resources to a more important aircraft.

Airbus faces a difficult path. Even if it can fund a new jet family, it doesn't have much credibility with customers right now. Airbus needs to do a brutally honest assessment of the A380 and determine whether it will ever turn cash positive, and whether it is worth the risk of losing ground in the other 90%-95% of the market for civilian aircraft. Canceling the A380 program altogether should be an option on the table.

Resources and customers need to be found for the A370. Unless it happens fast the program won't get going until after Boeing runs off with the up-front demand. And a chastened Airbus will have learned an important lesson from the A380: Easy public money comes with a high price.

Mr. Aboulafia is vice president of analysis for Teal Group Corp., a Washington-based aerospace and defense consultancy.

Save Our SIPP (NYT)

The New York Times, June 20, 2006

The House Appropriations Committee today will take up a recommendation by President Bush to eliminate a government survey that is arguably the best source of information on the real-world effect of public programs that help the poor.

Established by the Census Bureau in 1984, the Survey of Income and Program Participation, or SIPP, is used extensively by analysts inside and outside the government. Over the decades, its rich detail has been indispensable in determining how well, or poorly, government has performed in critical areas. These include insuring and educating children, moving people from welfare to work and providing food stamps. Killing the survey would create a devastating void in public information starting in 2007. It would take until 2010, at the earliest, to complete an alternative survey. Losing years of reliable data would make it all too easy to base policy decisions on ideology rather than on evidence. The lack of objective data would also make it very difficult to hold politicians accountable for their decisions.

The survey costs all of about $32 million a year. Unless appropriators come up with more, the financing for next year will fall to $3.6 million, a sum mainly intended to finish data gathering that has already been started. Another $5.6 million would be allocated to begin developing the alternative survey.

Representative José Serrano, Democrat of New York, plans to offer an amendment raising the appropriation by an additional $10 million — not enough to keep the survey going strong, but enough to keep it alive for now. Congress should then make it a priority to come up with the full amount needed to save this font of invaluable public information.

Failure In Richmond (WP)

The Washington Post, June 20, 2006

WHAT WAS supposed to happen by March 11 in Virginia finally occurred just this past weekend: Exhausted lawmakers in Richmond reached a budget deal, averting the risk of a shutdown in state government operations at the end of this month. The conferees heaved a sigh of relief at having achieved this basic function of legislative governance after three months in stealth special session. Good for them. We hope they'll excuse the rest of us for issuing a loud Bronx cheer, for in fact they have failed.

Principally, they have failed to address the single most momentous challenge facing the state at the outset of the 21st century, which is the parlous, sclerotic condition of its highways and transit systems. By failing to agree on any long-term, reliable funding to improve the transportation network, they also have failed to ensure the sustainability of Virginia's economic boom. It's not just asphalt they failed to provide; it's jobs, growth and a future.

Blame the Republicans, for this was a fight within and about the state GOP -- between moderate Republicans in the state Senate and fundamentalist anti-tax ideologues in the House of Delegates. So dysfunctional is the Republican Party of Virginia that GOP senators and delegates couldn't even agree on what they were fighting about. Senators, easily the more sensible of the two, were convinced they were haggling over transportation. For delegates, the fight was about proving their dogmatic purity -- and giving an energetic new Democratic governor a black eye in the bargain.

The result is a travesty. State transportation planners have spoken about a minimum need of $1 billion a year in new transportation funding to make improvements, especially for the heavy traffic in Northern Virginia and Tidewater. In the event, the

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budget, shorn by the House of new taxes and fees, contains barely half that, and only for the next two years -- and even some of that may also be cut if there is no longer-term strategy agreed on by the two houses by this fall. Sadly, the prospects of fashioning any kind of long-term strategy are not good. That is largely because lawmakers from outside Northern Virginia and Tidewater do not feel the pain of the economically dynamic areas of the state.

Of course, the transportation problem is not going away; Virginia has done nothing to increase long-term funding for roads in 20 years, while population and traffic have multiplied. Even the extremists in the House acknowledge that the budget does too little for transportation (though, perversely, they blame the Senate). And all are acutely aware that without long-range resolution, maintenance will take up all available funds for roads within a few years, leaving nothing for new construction and other improvements.

Faced with such a failure -- and the prospect of punishment at the polls in 2007, when all 140 seats in the General Assembly are up for election -- the Republicans are already planning another special session for the summer or early fall. Given the party split, there's modest reason at best to think another session will come out better. If it does not, Virginians should use the next election to find more responsible leadership.

Iran Urged To Accept Limits (WP)

By Michael A. Fletcher

The Washington Post, June 20, 2006

KINGS POINT, N.Y., June 19 -- President Bush said Monday that the package of incentives being offered to Iran to abandon its nuclear ambitions is a "historic opportunity," and he warned starkly that the alternative for the Islamic nation is increased isolation and crippling economic sanctions.

Speaking at the 70th commencement ceremony of the U.S. Merchant Marine Academy, Bush said Iran's stated desire for a peaceful nuclear power program is "legitimate," and one supported by the incentive package from the United States and its allies.

"We believe the Iranian people should enjoy the benefits of a truly peaceful program to use nuclear reactors to generate electric power," said Bush, who in the past has expressed skepticism about the need for oil-rich Iran to pursue nuclear power.

Still, Bush said, the rest of the world has to be sure that Iran's program does not include any covert military goals, as the United States suspects, because a nuclear-armed Iran would be a "grave threat to people everywhere."

The president's remarks came a day before he was to depart for Vienna for meetings with the European Union, which has been involved in long-running negotiations with Iran over its nuclear program. Bush angered many leaders in Europe with the U.S.-led invasion of Iraq, but his administration has worked closely with them in trying to present a united front toward Iran.

"I have a message for the Iranian regime: America and our partners are united," Bush said. "We have presented a reasonable offer. Iran's leaders should see our proposal for what it is -- an historic opportunity to set their country on a better course. If Iran's leaders want peace and prosperity and a more hopeful future for their people, they should accept our offer, abandon any ambitions to obtain nuclear weapons, and come into compliance with their international obligations."

The Bush administration has agreed to join negotiations with Iran over its nuclear program. It also has joined with Britain, France, Russia, Germany and China in making an offer to allow Iran to develop a strictly supervised civilian nuclear power program if it abandons its uranium-enrichment efforts. The U.S. offer of joining negotiations marked the first time since the 1979 hostage crisis that the United States has offered to enter substantial negotiations with Iran.

Iran has denied seeking to develop nuclear weapons and argued that it has a right to develop a civilian nuclear program. But its leaders also have made some conciliatory remarks about the offer.

In his remarks, Bush also said that he hoped to use his impending trip to enlist members of the European Union to help build stronger international support for Iraq's fledgling democracy. "The European Union has been the world's most -- among the world's most generous financial donors for reconstruction in Iraq. And Europe and America will encourage greater international support to help," he said.

The 202 Merchant Marine Academy graduates sat on the school's football field in brilliant sunshine as Bush -- the first sitting president to address the academy -- delivered his speech. Former White House chief of staff Andrew H. Card Jr., who attended the academy, accompanied Bush to the commencement ceremony and sat on the speaker's platform while Bush spoke. Graduates of the academy go to work as mates and engineers in the nation's maritime fleet, while 39 of this year's graduates are entering various branches of the armed forces.

Bush's Visit, Speech Thrill Midshipmen (USAT)

By Richard Benedetto

USA Today, June 20, 2006

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KINGS POINT, N.Y. — To most Americans coming off the final weekend of spring, President Bush's commencement address here Monday was just another graduation speech, one of more than 4,000 this year on campuses across the country.

But to the staff, faculty, midshipmen and friends of the U.S. Merchant Marine Academy, it was a huge deal, a dream come true — the first time in the service academy's 63-year history that a president accepted an invitation to address the graduates.

Bush underscored the point in his address: "I hope it's worth the wait," he quipped when he took the podium Monday, buoyed by cheers that rang out from the 202 graduates and about 5,000 guests who jammed the football bleachers under sunny skies. The scenic campus on Long Island Sound, about 10 miles east of Manhattan, was once the summer estate of auto baron Walter Chrysler.

West Point and the Naval, Air Force and Coast Guard Academies have all hosted presidents at their graduations, many times — but never the Merchant Marine, even though it is a full-fledged federal service academy whose graduates have fought in every major conflict since World War II. Most serve as deck officers or engineers on commercial ships or on land as port security officers or engineers with shipbuilding and trading companies. Many immediately go on active duty in the military; 39 plan to do so this year.

Bush used his speech, which came on the eve of his trip to Vienna for a U.S.-European Union summit, to send a message that the United States and Europe are united against Iran's development of nuclear weapons. "If Iran's leaders want peace and prosperity and a more hopeful future for their people, they should … abandon any ambitions to obtain nuclear weapons," Bush said.

Newsday said on its website Monday that about 300 protesters — forced to assemble off campus — sang and waved signs during Bush's speech, encouraging passing cars to honk for peace. Later, about 60 protesters marched about a mile to an intersection near the gates of the academy. Guarded by more than a dozen police officers, they chanted: "No justice, no peace. U.S. out of the Middle East."

Hosting the president was expensive and hectic, as arrangements had to be shifted at the last minute, but academy officials, midshipmen and parents of the graduates said it was worthwhile.

"We're really proud. It's not very often the Merchant Marine Academy is recognized," said graduate Timothy Sallee, 22, of Charleston, S.C.

Indeed, the feeling that the Merchant Marine Academy is a "stepchild" among the better-known service academies is pervasive here. Bush's coming offered a sense of legitimacy.

"We're the fourth-oldest service academy, but clearly the least known," said Capt. Eric Willischeck, who headed the graduation planning committee.

In his speech, Bush played off the academy's motto — "Deeds, not words" — to praise its value and service to the nation. "In times of war, the Merchant Marine is the lifeline of our troops overseas, carrying critical supplies, equipment, and personnel," he said.

The White House wouldn't say what made Bush accept the invitation this year, but former White House chief of staff Andrew Card had a lot to do with it. Card was a student here in 1966-67 before he left to get married, and he has maintained strong ties with the school. Card said he and homeland security adviser Fran Townsend both lobbied Bush to come here to highlight the role the academy plays in critical areas such as port and container security.

"I really admire the work they do," Card said.

Bush, who brought Card to the commencement with him on Air Force One, joked that as a plebe at the academy, Card was stuffed into a duffel bag and run up the flagpole.

"I know he appreciates the much warmer welcome he received here today," Bush said to laughter.

Bush's visit illustrates the price of all the beneficial attention the president brings when he comes to visit.

When word came in March that Bush was coming, the planning began for the logistical and security arrangements necessary to accommodate him. Academy officials drew up budgets, coordinated with the White House and hired a professional production company to oversee the arrangements.

While a normal graduation draws a crowd of 1,500, word of Bush's visit provoked a flood of requests for tickets that more than tripled the usual attendance. The bigger crowd and the demands of media coverage led to the construction of temporary bleachers for 1,000 on the football field, a 35-foot stage with TV-quality lighting and a stadium-quality sound system; the cobbling together of 2,000 feet of bike racks as security fencing; plus tents to accommodate the media and a holding area for the president.

Off-campus satellite parking lots had to be found and 15 buses hired to bring ticket holders onto campus.

The academy estimated the cost at $405,000. Part will be offset by federal appropriations, alumni contributions and reimbursement from the White House media for their accommodations.

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"The rest we'll have to eat within our existing budget," Willischeck said, adding that it's worth it. "Now we can say we've had our president."

Day Of Pride, Unprecedented Glory (NSDY)

By Olivia Winslow

Long Island Newsday, June 20, 2006

It was just before 7 a.m., and Cheryl Coffman of Macon, Ga., was early. But so was everyone else.

Coffman was in a cab that found itself merely inching along Steamboat Road yesterday, part of a long line of cars headed toward the U.S. Merchant Marine Academy in Kings Point, where three hours later President George W. Bush would deliver the commencement address.

When it was clear it would be quicker to proceed on foot, Coffman got out of the cab and joined scores of others walking along the tree-lined street to witness not only a joyous graduation ceremony, but also history.

But Coffman wasn't complaining. Not about the heavy security or the need to be at the academy's Tomb Field an hour before the president's arrival.

"I'm not too surprised at all," Coffman said. "We expected a lot of people." Coffman had come to witness the graduation of a cousin, Amy Tribble of Rome, Ga. "I'm just so proud of her I don't know what to do."

About 4,400 people -- nearly three times the number of people who normally attend the academy's graduations -- attended the ceremony, where Bush's appearance marked the first time a sitting president had visited the academy since it was dedicated in 1943.

Many people thought that Bush's visit would give greater recognition to the academy, perhaps the least known of the five federal service academies, along with those training future members of the Army, Navy, Air Force and Coast Guard.

Bush noted in his address the Merchant Marine Academy's service to the nation over the years, saying it is the only one of the five service academies where even before graduation students are sent into the theater of war -- during their year at sea. That fact means the Kings Point campus is alone among the academies authorized to fly the country's battle standard.

Bush's presence, valedictorian Peter James Radzicki of Mint Hill, N.C., said in his speech, "brings hope and legitimacy to an academy that at times has felt forgotten."

John Arntzen of Staten Island, a 1979 alumnus of the academy and now vice chairman of the academy's Alumni Foundation, said the president's appearance brings much-needed attention to the role the academy and merchant marines play in the nation's commerce generally, and in a time of war. He and others said merchant mariners transport most of the supplies to the nation's armed forces.

"We're very happy with the president's arrival," Arntzen said. It means, he added, "there's more focus on the mission of the school to the country's national defense."

Under a bright sky and intense heat, thousands waited patiently for the president in Tomb Field, under the watchful eyes of the Secret Service and Nassau County police. When shortly before 10 a.m. a dark green helicopter flew overhead with the words United States of America clearly visible, people applauded. "It's him!" someone cried.

The crowd greeted Bush with hearty applause and cheers. During his half-hour speech, he praised the academy midshipmen for their service and sacrifices over the years, and also previewed his trip to Europe beginning today. His words were often interrupted with applause.

Bush shook the hand of all 202 graduates, often waving in the direction of each graduate's family. Others went even further, hugging the president.

Kelsey Newell, 21, of Honolulu, said it was all "unbelievable. I never could have imagined this would come," as her parents, Pamela and Capt. Steve Newell of the Coast Guard gathered near. "I couldn't be any more pleased," her father said beaming.

"It's a really great day," Anthony McDonald, 23, of Weymouth, Mass., said after the ceremony.

"It's surreal to have the president here. Every year they say, we're trying to get the president," McDonald said.

But it wasn't until this year that it finally happened.

Bush, At Merchant Academy, Warns Iran On Nuclear Program (NYT)

By Jim Rutenberg And Sheryl Gay Stolberg

The New York Times, June 20, 2006

KINGS POINT, N.Y., June 19 — On the day before he was to depart for a meeting with European allies in Vienna, President Bush issued a stiff warning to Iran on Monday, saying it should suspend its uranium enrichment program now or face "progressively stronger" economic sanctions and further political isolation.

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Mr. Bush reiterated the United States' offer to join multinational talks with Iran, but only if it immediately ceased uranium production. If Iran rejects that offer, he said, "It will result in action before the Security Council, further isolation from the world and progressively stronger political and economic sanctions."

Still, he mixed his stern oratory with words of inducement. Speaking at a commencement ceremony at the United States Merchant Marine Academy here, he promised Iran that compliance would result in huge benefits for its economy and its people. He indicated that the United States was open to allowing Iran to develop civilian nuclear capacity, though under the proper "safeguards," keeping the administration's recent agreement on the possibility of future enrichment by Iran if it can provide sufficient proof that its program is peaceful.

White House aides said the address was in part meant to serve as a table-setter for discussions about the nuclear standoff with Iran that are expected as part of a broader agenda this week at the United States-European Union summit meeting.

"It's in some way teeing up what is going to be a topic of conversation, one of many, at the European Union consultations this week," Tony Snow, the White House press secretary, told reporters on the way here aboard Air Force One.

The talks about talks with Iran remain in a delicate place. The prospect of a deal hinges on Iran's willingness to drop what it says is its sovereign right to develop nuclear power sources and on how the West will ultimately be willing to define the word "suspend." Some of the negotiating partners have indicated a readiness to allow Iran to keep its centrifuges — which enrich uranium into a form that can fuel reactors or atom bombs — idle but online during talks. The United States has not shown any softening of its stand that the centrifuges must be completely shut down for talks to begin.

Officials signaled that their strategy this week would concentrate more on building a unified front with Europe in pressing Iran to suspend its program than it would on making any breakthrough with Iran.

While stressing unity with Europe, Mr. Bush reprised some of his tougher language about the Iranian political leadership, telling the graduates, "The leaders of Iran sponsor terror, deny liberty and human rights to their people, and threaten the existence of our ally, Israel."

But, tapping into the internal politics of Iran with a message that seemed aimed at its more liberal intellectual classes, Mr. Bush praised its culture and civilization. "Through the centuries, Iranians have achieved distinction in medicine and science and poetry and philosophy, and countless other fields," he said.

Stephen J. Hadley, the national security adviser, said that unless Iran responded to Mr. Bush's offer while he was in Europe, the negotiations were unlikely to produce any developments. "At this point, the next step is really waiting for the response from the Iranian regime," he said.

Mr. Bush would not be able to make great strides on Iran anyway, because he is meeting only with the core of the European Union leadership this week, not heads of state.

Iran's president, Mahmoud Ahmadinejad, said Monday that Iran would stand for nothing less than "unconditional" talks, though he continued to keep the door open to talks.

"The Islamic Republic has always wanted to negotiate and have dialogue on equal terms and with no preconditions," state television quoted him as saying during a meeting that included Iran's supreme leader, Ayatollah Ali Khamenei. But he had also said "the new proposal is a step forward."

North Korea's nuclear ambitions will also certainly be on the president's mind this week, but the United States' main negotiating partners in those talks are not Europeans.

Mr. Bush also intends to use the meeting to press European countries to come to terms on a trade-expanding agreement under the so-called Doha round, named for the city in Qatar where the talks began. He also will call for European leaders to help collect billions of dollars in pledges to rebuild Afghanistan and Iraq, as he said after his surprise trip to Baghdad last week that he would do.

"All nations that have pledged money have a responsibility to keep their pledges — and America and Europe will work together to ensure they do so," Mr. Bush said here.

Europeans are pursuing their own agenda, with officials there hinting in the last week that they will probably push Mr. Bush to close the prison in Guantánamo Bay, Cuba. He tacitly acknowledged the divisions during his address here, saying, "Others in Europe have had disagreements with our decisions on Iraq." He added, "We agree that the success of a democratic government in Baghdad is vital for the Iraqis and for the security of the world."

Iranian Nuclear Program Focus Of U.S.-EU Meeting (USAT)

By David Jackson

USA Today, June 20, 2006

VIENNA — U.S. and European Union officials will meet Wednesday to determine how to maintain their united stance against Iran and its budding nuclear program.

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Three years after the United States and most European nations differed on the U.S. decision to invade Iraq, they remain close on what to do about Iran, officials and analysts say.

Any specific decisions about Iran are in a holding pattern until Iran decides what to do about a U.S. offer that could lead to U.S.-Iranian talks, White House national security adviser Stephen Hadley says.

Last month, President Bush offered to join negotiations about the future of Iran's nuclear energy program, provided the Iranians suspend a uranium-enrichment program that could produce fuel for a potential nuclear weapon.

The allies face major challenges, says Michael O'Hanlon, senior fellow in foreign policy studies at the Brookings Institution. The Bush administration must prove it can handle delicate global negotiations without resorting to force, while the Europeans must demonstrate that their vision of diplomacy can work.

So far, it's working, he says. Europe and the United States are approaching Iran the way many European Union officials wanted to handle Iraq: unified global cooperation to use carrots and sticks, not military force, to change another nation's behavior.

Bush touted global cooperation Monday during a commencement speech at the U.S. Merchant Marine Academy, saying the United States and Europe are united on Iran. “Nuclear weapons in the hands of this regime would be a grave threat to people everywhere,” he said.

President Mahmoud Ahmadinejad says Iran's nuclear program is for electricity, not bombs, and he has accused the United States of fomenting a crisis.

Bush has said Iran has weeks, not months, to respond to the offer, which was developed in consultation with European allies. Current negotiations with Iran have been led by Great Britain, France and Germany.

Hadley says the annual EU summit covers many topics and is a chance to discuss “the way forward” with Iran.

If Iran refuses to suspend its enrichment program, the United States plans to seek sanctions through the United Nations Security Council. Russia and China, two council members with veto power, have been less willing to approve sanctions. Ahmadinejad met recently with Russian and Chinese leaders, urging them to oppose sanctions.

It's important for the United States and the EU to work together, says Andrew Moravcsik, director of the European Union Program at Princeton University. He says, however, that “most Europeans believe it would be better to have a nuclear Iran than to strike.”

Iran Tops Agenda For Bush, European Leaders (KRT)

By Ron Hutcheson

Knight Ridder, June 19, 2006

WASHINGTON - President Bush heads to Europe on Tuesday to shore up a frayed alliance that's nonetheless trying to pull itself together to confront the potential threat of a nuclear-armed Iran.

Iran tops the agenda for Bush's meeting with European Union leaders in Vienna, Austria. While Bush remains unpopular overseas, diplomats from both sides of the Atlantic agree that relations between the United States and Europe have improved dramatically since their bitter divisions over the U.S. decision to invade Iraq in 2003.

Government officials and outside experts agree that Bush and his European counterparts now recognize that, despite their differences, they need each other. Sort of like the Rolling Stones, according to John Hulsman, a foreign-policy specialist at the Heritage Foundation, a conservative Washington research center.

"Think of Keith Richards when he says to (Mick) Jagger, `This thing is bigger than both of us.' That's where we are," Hulsman said. "The kids want to save the marriage even though the love is gone."

The president devoted most of his commencement address Monday at the U.S. Merchant Marine Academy in Kings Point, N.Y., to extolling the partnership with Europe as essential to securing global peace and prosperity. He noted pointedly that "America and Europe are united on one of the most difficult challenges facing the world today: the behavior of the regime in Iran."

While emphasizing that America and Europe are united in hoping "to solve this problem diplomatically," Bush warned Iran that failure to resolve the budding conflict over its nuclear-research program "will result in action before the (U.N.) Security Council, further isolation from the world and progressively stronger political and economic sanctions."

For all the president's emphasis on U.S.-European unity however, divisive issues remain.

While there's widespread agreement that Iran shouldn't be allowed to acquire nuclear weapons, some nations remain reluctant to impose tough sanctions on the Islamic republic, and it isn't clear how many of them would support pre-emptive military action against Iran or its nuclear facilities.

Bush will prod Europeans to do more to help in Iraq, because while nations around the world have pledged $13.5 billion in aid, they've delivered less than $4 billion.

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"Pledging is great, and makes some headlines in the newspapers, but what we need is those pledges to be turned into real dollars," national security adviser Stephen Hadley said.

The Europeans also will challenge Bush on the treatment of terrorism suspects at the U.S. naval base in Guantanamo Bay, Cuba, and alleged military atrocities in Iraq. But Hadley said Bush had no intention of complying with European demands to close the Guantanamo detention facility.

"The president has spoken to those issues . ... There's not a whole lot new to be said," Hadley said.

Chilly as that may sound, European officials say Bush has dropped some of the swagger of his first term, when he showed little regard for their views. Over European objections, Bush abandoned the Kyoto treaty on global warming, abrogated the Anti-Ballistic Missile Treaty, declared the right to launch pre-emptive war and invaded Iraq without approval from the United Nations.

Austrian Ambassador Eva Nowotny said in an interview that the "vastly improved" relationship turned a corner at the last U.S.-EU summit, in February 2005, when Bush reached out to Europeans and called for "a new era of transatlantic unity."

Hungarian Ambassador Andras Simonyi agreed.

"Obviously, there's been a change in attitude from the Bush administration," Simonyi said. "Europe and America have to hold hands."

Both sides wanted a fresh start.

"It was a shift born of pragmatism. The United States was up to its eyeballs with trouble in Iraq," said Charles Kupchan, professor of international relations at Georgetown University. "On the other side of the Atlantic, you had the realization that the rift with the United States was very harmful, deeply divisive."

The leaders also will discuss how to deal with Hamas, the militant Palestinian organization that has vowed to eliminate Israel and that now runs the Palestinian government, and Russia, which has shown a worrisome will to use energy as a foreign-policy weapon.

Russia, which supplies about a fourth of the natural gas that Europe consumes, briefly cut off supplies to Ukraine last winter in a move that Ukrainians viewed as retaliation for their efforts to forge closer ties with Europe and the United States.

Bush initially had planned to stop in Ukraine on his way back from Austria, but opted instead to visit Budapest, Hungary, where he'll mark the 50th anniversary of an unsuccessful revolt against communist rule that Soviet troops brutally crushed.

The Vienna stop will include a roundtable discussion of freedom and democracy with Austrian students and a performance by the Vienna Boys Choir.

U.S. officials had hoped to house the president in one of the city's best hotel rooms - a luxury suite at the five-star Imperial Hotel - but Bush lost it to a rock star. The Sun, a British newspaper, reported that Jagger claimed the $4,500-a-night room days before U.S. officials sought to reserve it for Bush.

Bush Gives Iran An Ultimatum On Uranium (AP)

By Deb Riechmann

AP, June 20, 2006

President Bush told Iran on Monday that nations worldwide won't back down from their demand that Tehran suspend uranium enrichment.

"Iran's leaders have a clear choice. We hope they will accept our offer and voluntarily suspend these activities so we can work out an agreement that will bring Iran real benefits," Bush said a day before leaving for Vienna, Austria, where he will talk with European Union officials who are leading efforts to resolve the nuclear dispute.

If Iran's leaders reject the offer, they will face action before the U.N. Security Council and progressively stronger political and economic sanctions, Bush said during a commencement speech at the U.S. Merchant Marine Academy.

Bush discussed Iran with Russian President Vladimir Putin on Monday during an 18-minute phone call Putin placed to Bush. "The presidents agreed on the importance of remaining united in their efforts to press Iran to suspend all enrichment activities and begin negotiations on the incentives package," said Kate Starr, a spokeswoman for the National Security Council.

On Sunday, Iran accused the United States of trying to sway European nations from a possible compromise. The Iranian foreign ministry said U.S. insistence that negotiations be conditioned on Tehran's suspension of uranium enrichment has narrowed the scope of possible solutions, and made it more difficult for all parties to reach an accord.

Bush made it clear he would not budge. He said allowing Iran to enrich uranium, a process that can make nuclear fuel for a power plant or fissile material for an atomic bomb, would present a grave threat to the world.

"The United States has offered to come to the table with our partners and meet with Iran's representatives as soon as the Iranian regime fully and verifiably suspends its uranium enrichment and reprocessing activities," Bush said. "I have a message for the Iranian regime: America and our partners are united. We have presented a reasonable offer. Iran's leaders should see our proposal for what it is — a historic opportunity to set their country on a better course."

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On June 6, European Union foreign policy chief Javier Solana presented a package of rewards and possible penalties to Iran. The package was drawn up by the five permanent members of the U.N. Security Council — the United States, Britain, China, France and Russia — and Germany.

The package calls on Iran to suspend, not permanently halt, uranium enrichment as a condition for the start of talks, although the negotiations are aimed at getting Iran to agree to a long-term moratorium on such activity.

Iran says enriching uranium is its country's right. Iranian officials say they are reviewing the package and will propose amendments.

Bush is the first American president to address a graduating class at the academy. He spoke there at the request of former White House chief of staff, Andrew Card, who briefly studied there in the 1960s and hitched a ride on Air Force One to share the stage with the president.

"When he was a plebe, he was stuffed in a duffel bag and run up the flagpole," Bush said about his former chief of staff who left the school when he married.

The U.S. Merchant Marine Academy was created following a 1934 fire in which 134 people died aboard the passenger ship Morro Castle. Congress acknowledged the need for maritime-training standards and passed the Merchant Marine Act that created the academy in 1936. President Franklin D. Roosevelt dedicated the school in 1943 in Kings Point.

Kings Point graduates work as deck officers aboard container ships, oil tankers, passenger cruise ships and other vessels. Others remain on land and have become engineers in shipbuilding companies and work in a variety of port operations, including security, while some opt for military careers. Since the Sept. 11, 2001 terrorist attacks, the academy has played a leading role in developing international training standards for maritime security.

"From this campus, every man and woman could see the black smoke rising from the Twin Towers," Bush said. "Within hours, your midshipmen were working side-by-side with the Coast Guard and Marine division of the New York City Fire Department," Bush told the midshipmen seated on a sunny football field at the academy outside New York City.

"Over the next nine days, you moved firefighters and police and emergency response teams into ground zero. You moved tons of food and water supplies. The heroic response to that terrible day showed the spirit of America, and the spirit of this fine academy."

The Race For Iran (NYT)

By Flynt Leverett

The New York Times, June 20, 2006

Washington

AS the world watches the political maneuvering over restarting nuclear talks with Iran — this time with American participation — few are paying attention to a broader strategic competition that has started between the United States, Russia and China. Ultimately, this competition will decide not only the direction of Iran's nuclear activities but also its economic, political and military role in the Middle East and beyond. The outcome hinges on which countries will assume dominance in developing Iran's enormous oil and natural gas reserves.

Unfortunately, by refusing to consider a "grand bargain" with Iran — that is, resolution of Washington's concerns about Tehran's weapons of mass destruction and support for terrorism in return for American security guarantees, an end to sanctions and normalization of diplomatic relations — the Bush administration is courting failure in its nuclear diplomacy and paving the way for Russia and China to win the larger strategic contest.

Iran has the world's second-largest proven reserves of conventional crude oil, after Saudi Arabia, and the second-largest reserves of natural gas, after Russia. Its relatively low production levels make it one of the few states with the potential to greatly increase its exports of both oil and gas over the next two decades.

As the world economy during this period will rely increasingly on the Middle East and the former Soviet Union for its energy needs, Iran's putative status as a hydrocarbon superpower will take on ever greater strategic importance. Add in its location, its population of nearly 70 million (the largest in the Middle East) and its ambitions to regional leadership, and the significance of Iran's future international role is undeniable.

However, to expand its energy exports, Iran needs a great deal of capital and advanced technology from outside — at least $160 billion over the next quarter century according to the International Energy Agency. Washington of course does all it can to block exactly such investment — barring American energy companies from seeking business in Iran and threatening European and Japanese companies with fines and cutoffs of American components.

These measures — along with repressive Iranian policies that scare off foreign investors — have had an impact: since the Islamic Republic opened its oil and gas sectors to foreign energy companies in the early 1990's, it has attracted only $15 billion

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to $20 billion in European and Japanese investment. And as the nuclear issue has heated up, prospects for substantial increases in Western investment have virtually evaporated.

A senior Iranian diplomat told me this month that Iran can no longer "wait for the West," and Tehran is now looking for alternative investors. In recent years, China has emerged as a potential large-scale partner. But while China can provide capital, its state-owned energy companies are not much more technically capable right now than Iran's. It will be a decade at least before China can fill all Iran's technical gaps.

This is where Russia comes in. Although Russian energy companies could not offer quite the same level of expertise as Western firms in the complexities of managing Iran's older oil reservoirs, they could in the next several years help the Islamic Republic develop its newer oil finds and, more significantly, realize its huge potential as a gas exporter.

In fact, the two countries have already held talks on possible "coordination" of Iranian gas exports with Gazprom, Russia's state-owned gas and oil behemoth. Iranian officials have told me that their government does not think Gazprom would be the ideal partner, compared with Western companies, but it deems such a deal preferable to continued stagnation.

From a Russian perspective, such a deal would have many benefits. Many industry experts feel that within just a few years, the amounts of gas that Gazprom is contracted to provide may exceed what the company on its own can bring to market. It has been trying to close the gap by purchasing additional gas from Central Asian states that rely on Russian pipelines to export their oil and gas. But at the same time, the United States is trying to help those ex-Soviet states build oil and gas pipelines that are outside of Moscow's control — an effort the Kremlin interprets as a deliberate attempt to isolate and weaken Russia.

Russian officials and commentators have complained to me in recent weeks about a new "double standard" in American policy — one that criticizes the centralization of power in Russia but overlooks authoritarian abuses in Azerbaijan, Kazakhstan and Turkmenistan. The involvement of Russian energy companies in Iran would not only support Moscow's external energy strategy but would push back against perceived American efforts to undermine Russia's influence in Central Asia.

Together, Russia and Iran control almost half of the world's proven reserves of natural gas. If they coordinated their production and marketing decisions, these two countries could be twice as dominant in international gas markets as Saudi Arabia is in the global oil market.

And as China looks to deepen its own involvement in Iran, there would be opportunities for Chinese-Russian cooperation in developing Iranian resources, and collaborating against what both Beijing and Moscow see as excessive United States unilateralism in world affairs. By working together, Russia and China would further establish themselves as rising players in the Persian Gulf, where America has grown used to something like hegemonic status.

Against this backdrop, the Bush administration's approach to nuclear diplomacy with Iran is strategically shallow. The decision to encourage direct talks with Tehran generated many headlines but was really only a limited tactical adjustment to forestall an embarrassing collapse in coordination with America's key international partners.

By continuing to reject a grand bargain with Tehran, the Bush administration has done nothing to increase the chances that Iran will accept meaningful long-term restraints on its nuclear activities. It has also done nothing to ensure that the United States wins the longer-term struggle for Iran. Such a grand bargain is precisely what is required, not only to forestall Iran's effective nuclearization in the next three to five years, but also to position the United States for continued leadership in the Middle East for the next decade and beyond.

Flynt Leverett, a former senior director for Middle East affairs at the National Security Council, is director of the Project on the Geopolitics and Geoeconomics of Energy Security at the New America Foundation.

Elie Wiesel Sounds The Alarm Regarding Iran Nobel Laureate Embarks On A Mission To Combat 'Religious Fanaticism' (WSJ)

By Frederick Kempe

The Wall Street Journal, June 20, 2006

Nobel peace laureate Elie Wiesel has a simple motive behind the stepped-up pace of his already furious work: foreboding. The world's best-known Holocaust survivor senses, at age 77, a pivotal historic moment, one that poses some of the greatest dangers since Nazi Germany.

The shift began "with the ultimate new weapon," he says, suicide terrorists deployed globally on behalf of religious fanaticism and without qualms about mass casualties. In his view, it has taken state form with an Iranian president who supports terrorism and is bent on developing nuclear weapons and exterminating Israel.

One result: Mr. Wiesel has set in motion a series of Mideast initiatives that will be announced this week in Petra, Jordan, at a gathering of fellow Nobel laureates brought together by him and King Abdullah II. The initiatives involving Palestinians, Israelis

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and Jordanians include projects ranging from health and education to women's issues to water development in the Jordan River Valley.

Though the official program doesn't mention Iran (in deference to its Jordanian hosts), the laureates also will consider a mission to Iran in conjunction with the United Nations and the International Atomic Energy Agency to explore ways to pull Tehran from the nuclear brink. Though Iranian President Mahmoud Ahmadinejad may not heed the Nobel winners' advice, Mr. Wiesel says, he is unlikely to refuse a meeting.

The Petra meeting also will provide the stage for "very high-level exchanges" of Israeli and Palestinian leaders. The hope is to bypass the newly elected Hamas government, whose charter calls for destroying Israel, through tapping grassroots interest in peace. "We are encouraging pragmatic moderation by going after domestic constituents," says David L. Phillips, executive director of the Elie Wiesel Foundation for Humanity, which is co-hosting the conference with the King Abdullah II Fund for Development. While Palestinian President Mahmoud Abbas and Israeli Prime Minister Ehud Ohlmert will attend, it remains to be seen whether the two will hold face-to-face discussions.

Mideast history is littered with well-meaning peacemakers. Yet Mr. Wiesel says with a laugh that although he expects to do no more than "move matters forward by inches," he abandoned defeatism in Auschwitz and cast cynicism aside when he quit his postwar journalism career in France and began life as a novelist, philosopher, teacher and political activist.

Whatever the laureates achieve over time, the Petra meeting is another landmark in Mr. Wiesel's extraordinarily life of drawing purpose from the tragedy of losing his father, mother and sisters in the Holocaust. "Suffering confers no privileges," he says. "It's what you do with it."

Mr. Wiesel, for example, was perhaps the most important voice in converting former Israel Prime Minister Ariel Sharon to pursue peace with Palestinians. He and the lifelong hawk talked, Mr. Wiesel says, of how history has proven that men of the political right are often best at implementing policies of the left: former U.S. President Richard Nixon reaching out to China; Menachem Begin making peace with Anwar Sadat.

What drives Mr. Wiesel now is less a conviction he can change the world than the survivor's certainty that he must try. In that, he follows the lesson of the character Moishe the Beadle in his best-selling memoir "Night." His family in the Transylvanian town of Sighet might have escaped death had they listened to Moishe, who in 1942 warned of what was coming because he had witnessed and then escaped the Gestapo execution of Jewish prisoners after they had dug their own graves. Mr. Wiesel is sounding a similar alarm about Tehran.

"The regime in Iran is the epitome of what we consider to be evil," he says. "Military intervention must remain the last option, but it cannot be excluded. If all else fails, the president of Iran must be prevented from attaining nuclear weapons. He is sick, mentally ill. He is the No. 1 Holocaust denier."

Beyond considering the mission to Iran, the laureates will discuss how else they can support the International Atomic Energy Agency's package of Multilateral Nuclear Approaches, aimed at enhancing nonproliferation by developing international supply guarantees, with the IAEA acting as supply guarantor. Beyond that, the U.N.'s secretary-general and Mr. Wiesel's foundation are in discussions about creating an Advisory Group of Nobel Laureates to support a new Peacebuilding Commission to assist war-ravaged countries during postconflict phases.

None of this may alter history, but Mr. Wiesel's point is to ensure that leaders don't overlook the pivotal moment. "The 20th century was marked by two totalitarian ideologies: political fanaticism in Moscow and racist fanaticism in Berlin," he says. "Now we face a third fanaticism, religious fanaticism, which dominated the Middle Ages but is back and growing."

Mr. Wiesel, like Moishe the Beadle, only hopes more people listen.

Rice Warns North Korea On Missile Test (AP)

By Anne Gearan, Ap Diplomatic Writer

AP, June 20, 2006

Secretary of State Condoleezza Rice warned North Korea on Monday it will face consequences if it test-fires a missile thought to be powerful enough to reach the West Coast of the United States.

"It would be a very serious matter and, indeed, a provocative act should North Korea decide to launch that missile," Rice said amid indications that the North Koreans could launch an intercontinental ballistic missile at any moment.

The senior U.S. diplomat said the United States would talk to other nations about action should the North go ahead, and "I can assure everyone that it would be taken with utmost seriousness."

President Bush briefly discussed the missile test with Russian President Vladimir Putin during an 18-minute phone call the Russian official placed to the American president on Monday. The leaders plan to remain in touch on the missile issue, said Kate Starr, a spokeswoman for the National Security Council.

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The United States, Japan, Australia, South Korea and other countries have urged North Korea to abandon any missile firing, but there was no sign of backing down. U.S. officials said Monday the missile was apparently fully assembled and fueled, giving the North a launch window of about a month.

Unlike other preparatory steps the United States has tracked, the fueling process is very difficult to reverse, and most likely means the test will go ahead, one senior administration official said.

The precise timing is unclear, the official said.

At U.N. headquarters in New York, U.S. Ambassador John Bolton said he was holding preliminary consultations with Security Council members on possible action if North Korea fires the missile, thought to be a three-stage Taepodong-2 with a non-nuclear payload.

"But we don't really know what the North Korean intentions are at this point, so I think we need to wait for the event," Bolton said.

The U.S. ambassador to Japan, Thomas Schieffer, said economic sanctions were an option.

"I think sanctions would have to be considered, but I wouldn't want to describe what actions we might take," Schieffer said through a U.S. Embassy official.

U.S. officials have said the 116-foot-long missile has a firing range of 9,300 miles and could reach as far as the U.S. West Coast. Most analysts, however, say North Korea is still a long way from perfecting technology that would make the missile accurate and capable of carrying a nuclear payload.

The North's missile program has been a major security concern in the region, adding to worries about a pursuit of nuclear bombs. North Korea shocked its neighbors when it test-fired an earlier missile version over northern Japan in 1998.

In Seoul on Tuesday, Woo Sang-ho, a spokesman for South Korea's ruling party, said, "The government explained to North Korea the serious repercussions a missile launch would bring and strongly demanded that test fire plans be scrapped."

Japan says a new launch would threaten Japanese security and violate an agreement North Korea signed in 2002 and reaffirmed in 2004. Rice said it would also end a self-imposed moratorium on test firings that North Korea has observed since 1999 and a disarmament bargain it struck with the United States and other powers last year.

Rice said a launch now "would once again show North Korea is determined to deepen its isolation, determined not to take a path that is a path of compromise and a path of peace, but rather instead to once again saber-rattle."

The reports of a potential launch came during a prolonged hiatus in nuclear disarmament talks among North and South Korea, China, Japan, the United States and Russia. The earlier disarmament deal gives the North economic rewards for giving up weapons.

The agreement faltered almost as soon as it was announced in September 2005, and the North later walked away from talks in a dispute over a U.S. crackdown on alleged North Korean counterfeiting and fraud.

There have been no talks since last November.

North Korea says it needs nuclear weapons and a delivery system to counter what it contends are U.S. intentions to invade or topple the government. The United States has repeatedly denied any plans to invade.

U.S. intelligence indicates that the missile was fueled in recent days, said two officials, who requested anonymity because the information comes from sensitive intelligence methods.

The United States assumes North Korea would perform a test, not fire the weapon as an act of war, and could claim afterward that it was launching a space mission, one official said. That would still be considered a violation of the moratorium North Korea has observed since 1999, the official said.

The test would probably take place over water and occur during daylight hours, the official said. The United States would probably know almost instantly.

North Korea is 14 hours ahead of the U.S. East Coast.

Possible reasons for a test now include North Korean anger over a U.S. financial crackdown, which the North calls a form of sanctions, or an attempt to demonstrate that it has more technical prowess than Iran and should get at least as good a deal from the world as Iran has been offered to give up disputed nuclear activities.

North Korea referred to its missile program for the first time Monday, but has not said it intends to perform the test.

A North Korean state television broadcast, monitored in Seoul, South Korea, cited a Russian editorial on the missile and said the North "has the due right to have a missile that can immediately halt the United States' reckless aerial espionage activity."

The North has repeatedly complained in recent weeks about alleged U.S. spy planes watching its activities.

N. Korea Warned On Testing Missile (WP)

By Glenn Kessler

The Washington Post, June 20, 2006

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Secretary of State Condoleezza Rice warned North Korea yesterday that the launch of a long-range ballistic missile would be "a very serious matter and indeed a provocative act" that would "deepen its isolation."

Rice's remarks, made at a news conference with the Spanish foreign minister, are the latest in a series of warnings to Pyongyang not to end a 1999 self-imposed moratorium on long-range missile testing. U.S. diplomats have also worked closely with foreign counterparts to send a consistent message to the North Korean government ever since U.S. spy satellites detected signs of launch preparation.

Japanese Prime Minister Junichiro Koizumi, a close U.S. ally, said in Tokyo yesterday that Japan "would have to respond harshly" if there was a missile test.

An actual missile launch, however, may test that unity. Chinese and South Korean officials have privately indicated they are not as inflexible about the meaning of the missile moratorium and may be more willing to accept North Korea's explanations, U.S. officials said. South Korean officials, skeptical about U.S. intelligence, have suggested that because North Korea has been so public about the preparations, it is more likely trying to launch a satellite, not conduct a military test.

Six-nation talks seeking to end North Korea's nuclear programs in exchange for economic and political incentives have been stalled since last fall, with North Korea refusing to return to negotiations because it is angry at a Treasury Department crackdown on its counterfeiting of U.S. dollars.

U.S. officials have searched for ways to lure North Korea back to the talks, but Rice suggested that a test would result in a push to bring new sanctions against Pyongyang. U.N. Ambassador John R. Bolton said yesterday that he has begun preliminary consultations with other Security Council members about a possible resolution.

A test "would once again show North Korea determined to deepen its isolation, determined not to take a path that is a path of compromise and a path of peace, but rather instead to once again saber-rattle," Rice said. "It would be a very serious matter indeed."

Rice said a launch would be an "abrogation of obligations" in the missile moratorium, adding that the freeze was also part of the agreement last September that set out the negotiating principles for the disarmament talks.

U.S. allies in the region have pressed the Bush administration to try harder to return North Korea to the talks, including by ending the financial crackdown. During Chinese President Hu Jintao's visit to Washington in April, President Bush privately reaffirmed that the United States was committed to the six-nation talks but would not end the Treasury Department actions, a senior U.S. official said.

U.S officials have examined intelligence that suggests North Korea may be preparing to test a Taepodong-2 missile from a remote village on North Korea's northeast coast. But three senior U.S. officials said Sunday and Monday that reports that North Korea appeared to have completed fueling the missile are based on incomplete intelligence.

U.S. satellites have observed liquid fuel canisters being placed near the missile, but officials said there was no confirmation that fueling took place. "We can't say anything for sure," said one top official with access to the intelligence.

Loading fuel into the rocket boosters for the Taepodong-2 missile would almost certainly suggest a launch will take place, because it is difficult to siphon out the fuel. But North Korea has a long history of doing things simply for the benefit of American satellites -- and to bring the world's attention back to the Stalinist state.

A year ago, the world was on edge after reports that North Korea might test a nuclear weapon -- and one report even suggested the evidence showed that viewing stands had been built. No test took place.

Three years ago, Pyongyang laid out missiles near a parade route so they could be seen by satellites, resulting in news stories about the potentially provocative act. But North Korea never displayed the missiles publicly during the parade.

Because of cloud cover and high-altitude wind patterns, officials think that, if the missile has been fueled, the earliest a missile launch could occur would be Tuesday evening, Washington time. North Korea is 14 hours ahead of Washington, and officials expect that the North Koreans would launch a missile during daylight hours.

Experts disagree on the likely range of the Taepodong 2, with estimates running as high as 9,000 miles -- far enough to hit the West Coast of the U.S. mainland and U.S. Pacific bases.

Rep. Mark S. Kirk (R-Ill.), who has specialized in North Korean issues and made two trips to that country, said the range is unknown because the current version of the rocket has a large new lower booster. Regardless of whether the rocket has two or three stages, he said, its current state "represents a dramatic increase in range."

If North Korea does launch the rocket on a trajectory that carries it over Japan, Kirk added, "it is expected to have a large impact on the Japanese public," and probably would push Japan to be even more closely aligned with the United States on defense issues.

N Korea Missile Threat A ‘provocative Act’ (FT)

By Caroline Daniel And Demetri Sevastopulo

DOJ_NMG_0035570

Financial Times, June 20, 2006

Condoleezza Rice, the US secretary of state, warned North Korea on Monday that a long-range missile test would be "provocative and serious".

Washington stepped up diplomatic efforts to persuade the Stalinist nation not to launch a Taepodong-2, which could reach the US. John Bolton, the US ambassador to the United Nations, said his government was consulting members of the UN Security Council on how to respond to any test.

"The first preference is that the North Koreans not light the missile off. We have made that clear to them," Mr Bolton said.

The US warnings came as officials said North Korea appeared to have fuelled the Taepodong-2, a move that significantly increases the likelihood of an imminent test because it is difficult and dangerous to reverse.

One official said that while the US had not witnessed North Korea actually fuelling the missile – which could have occurred in darkness to avoid detection by US spy satellites – all the indications suggested it was loaded with fuel.

"Everything is there to lead you to the reasonable assumption that they have [fuelled the missile]," said the official. It is clearly a North Korean decision at this point. Whenever they make the decision, off it goes."

While siphoning out the fuel would be dangerous, North Korea can also not allow the fuel to sit in the Taepodong-2 for too long because it would corrode the missile's casing.

A launch would be North Korea's first test of a longer-range missile since 1998, when Pyongyang generated an international crisis by unexpectedly firing an intermediate-range Taepodong-1 over Japan into the Pacific Ocean.

The yen fell to an all-time low against the euro and an eight-year low against sterling in European morning trade on Monday as fears grew about escalating regional tensions.

In a sign of heightened concern in Washington, Tony Snow, the White House spokesman, said that administration officials, including President George W. Bush, "have contacted more than a dozen heads of state".

"This is something that the President has been working vigorously through diplomatic channels, to encourage the North Koreans to abide by their self-imposed moratorium on missile testing and also return to the talks," Mr Snow said.

Mr Snow would not identify which leaders Mr Bush had contacted. But one official said he was due to speak with Vladimir Putin, the president of Russia, on Monday.

Ms Rice and Steven Hadley, the national security adviser, had also been "working the phones", and that there had been contacts with North Korean representatives in New York, according to Mr Snow.

A senior administration official said: "It's our strong desire to see North Korea abide by the 1998 moratorium."

At the weekend Shinzo Abe, Japan's chief cabinet secretary and a leading candidate to succeed Junichiro Koizumi as prime minister in September, warned that any launch of a missile that directly affected Japan's security would be a violation of the 2002 Pyongyang Declaration which included a pledge to freeze indefinitely tests of missiles capable of reaching Japan.

Rice Says North Korean Missile Test Would Be 'Provocative Act' (NYT)

By Helene Cooper And Norimitsu Onishi

The New York Times, June 20, 2006

WASHINGTON, June 19 — Secretary of State Condoleezza Rice warned North Korea again on Monday to refrain from testing a long-range ballistic missile, even as reports indicated that the North had taken the penultimate step of fueling the missile.

Continuing diplomatic efforts that have gathered force around the world, Ms. Rice, who had been on the telephone over the weekend with her counterparts in Asia and Europe on the issue, said it would be a "provocative act should North Korea decide to launch that missile."

"We will obviously consult on next steps, but I can assure everyone that it would be taken with utmost seriousness," Ms. Rice said. "It would once again show North Korea determined to deepen its isolation, determined not to take a path that is a path of compromise and a path of peace, but rather instead to once again saber rattle."

Her comments came after Japan warned earlier in the day that it would take "stern actions" against North Korea if it proceeded with what would be its first important test launching since 1998, when North Korea fired a missile over northern Japan.

"I'm still hoping that North Korea won't do it," said Prime Minister Junichiro Koizumi at a news conference. "But if they launch a missile, Japan will consult with the United States and others and will have to take stern actions in response."

Mr. Koizumi did not specify what the actions would be, but other Japanese and American officials mentioned the possibility of economic sanctions.

Australia, which has diplomatic relations with North Korea, called on the North Korean ambassador to cancel any test and to return immediately to the six-nation talks over the North's nuclear program.

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"North Korea would be gravely mistaken if it thinks that a missile test would improve its bargaining position in the six-party talks," the Australian foreign minister, Alexander Downer, said in a statement.

He said, "Such action would be highly provocative," adding that it would further isolate North Korea.

Agence France-Presse reported Monday that France, too, spoke out against North Korea's planned test.

"France expresses its deep worry at the preparations for a possible ballistic missile test by North Korea," a Foreign Ministry spokesman, Jean-Baptiste Mattéi, told journalists.

North Korea has refused to return to the six-party talks unless the United States lifts a crackdown on North Korean businesses, and on financial institutions that do business with them.

The Korean Central News Agency, operated by the North Korean government, said the North's military had vowed to bolster the country's "military deterrent" against the United States. The agency accused the United States of being "hellbent on provocations for war of aggression" against North Korea.

North Korea is believed to be preparing the launching of the Taepodong 2, which, American intelligence officials have said, could reach all of the United States in a three-stage version. The missile at the launching pad was reported to be a two-stage version.

In the 1998 test, it fired a Taepodong 1, which flew over Japan before landing in the Pacific. North Korea agreed to a moratorium on long-range missile testing in 1999.

Don't Fire Missile, N. Korea Told (USAT)

By Bill Nichols

USA Today, June 20, 2006

WASHINGTON — Secretary of State Condoleezza Rice warned North Korea on Monday that launching a long-range missile would be a “provocative act,” as the Bush administration moved to prevent the test of a missile capable of reaching the continental USA.

The administration action came amid signs that North Korea is preparing to test-launch a long-range missile, called the Taepodong-2. The multistage missile has a range of 9,320 miles, North Korea says.

Deputy Secretary of State Robert Zoellick said it became known only recently that North Korea was fueling a missile, a final step before launch. “I don't know if they will proceed,” he said.

In a state television broadcast, North Korea mentioned its missile program for the first time Monday but did not say whether a test would be conducted.

Experts said a launch, if successful, would represent a dramatic increase in North Korea's technological sophistication and could present a new security threat to the United States.

“If they launch it and it works, they could demonstrate the ability to land a payload on the United States,” said Jon Wolfsthal, a nuclear weapons expert at the Center for Strategic and International Studies, a Washington think tank. “That is a strategic turning point. … Draw the comparison you want. The Cuban missile crisis is a good one.”

Throughout the government, U.S. officials warned North Korea against taking such a step:

·At the State Department, Rice said a test would violate international commitments made by North Korea. “It would be taken with utmost seriousness,” she said.

·At the United Nations, U.S. Ambassador John Bolton said the Bush administration is talking with other Security Council members about possible steps if North Korea tests a missile. “It obviously would be very serious,” Bolton said.

·Aboard Air Force One, White House spokesman Tony Snow said President Bush had made calls to more than a dozen heads of state about the issue in recent days. Snow said U.S. officials have talked directly with North Korean representatives in New York.

North Korea analysts said the administration has little leverage with which to persuade the communist country not to test. Experts said the regime probably wants to use a test — its first since 1998 — to try to force direct talks with the United States about its nuclear program and to warn the Bush administration against using military force.

North Korea may have as many as 13 nuclear weapons, according to the Institute for Science and Security, a Washington think tank. Six-nation talks aimed at persuading North Korea to give up its arsenal have stalled. The United States has refused one-on-one negotiations.

“The North Koreans would like to establish the fact that they have weapons and that they also have the delivery system to pose a threat to the United States,” said Han Shik Park, a North Korea expert at the University of Georgia. Park said North Korean officials may feel neglected, given the lack of movement in nuclear talks and the recent overture that the United States and its allies made to Iran about freezing its nuclear program.

North Korea thinks “that by doing this, the Bush administration will begin paying more attention to them,” Park said.

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Daryl Kimball, executive director of the Arms Control Association, a non-proliferation group in Washington, said North Korea's bid for attention and respect would be a grave mistake. It “just invites negative reactions and isolation” and could serve to mortally wound diplomatic efforts, he said.

“If the North Koreans conduct this long-range missile test, it could sink the six-party talks entirely. And they're already on life support,” Kimball said.

U.S. Warns North Korea On Missile Launch (LAT)

By Peter Spiegel And Barbara Demick

The Los Angeles Times, June 20, 2006

WASHINGTON -- The Bush administration moved to ratchet up diplomatic pressure on North Korea on Monday, with Secretary of State Condoleezza Rice warning that a launch of a ballistic missile would be a "provocative act" that would signal Pyongyang's rejection of international efforts to reach a compromise on its weapons program.

The prospect of a long-range missile in the hands of one of the world's most stridently anti-American regimes spread alarm in Washington. A missile test at this time would also be an embarrassing setback to the Bush administration's efforts to prevent nuclear proliferation in Iran and elsewhere.

President Bush participated in overseas phone calls made by administration officials, and U.S. military officials pointed to their missile defense capabilities without indicating whether there were plans to use them. In Tokyo, officials said Japan would respond "severely," and South Korean officials early Tuesday also delivered a stern warning.

The missile is thought to have a range that could reach U.S. territories in the Pacific such as Guam and possibly parts of Alaska or Hawaii. Analysts believe it is considerably more sophisticated than the Taepodong I that North Korea shot into the Pacific Ocean in 1998 before signing a missile-testing moratorium.

As of Monday, satellite intelligence from the launch site in Musudan-ri on North Korea's east coast suggested that the fueling was on the verge of completion. Once fueling is completed, any launch would likely take place within 48 hours, since such missiles can be damaged if left fueled for extended periods. Siphoning off liquid fuel is considered difficult and dangerous.

A South Korean official told reporters in Seoul all that remains is "the click of a button."

With international talks at a standstill and military options considered imprudent, U.S. officials were left to wonder about North Korea's next step.

"We're still waiting. We don't know what their intentions are," said a senior State Department official, speaking on condition of anonymity given the uncertainty involved. "We don't know for sure that they're going to push the button. But the trend lines have all been in one direction."

President Bush personally took part in calls to more than a dozen heads of state to discuss the consequences of a launch, said Tony Snow, the White House spokesman. He refused to name world leaders contacted by Bush. Snow also confirmed U.S. diplomats have been in contact with North Korean counterparts in New York, where the two countries have on occasions communicated through their United Nations delegations.

After days of curious silence, South Korea joined Japan and the United States early Tuesday in issuing a pointed warning to the North Koreans.

"The government explained to North Korea the serious repercussions a missile launch would bring and strongly demanded that test fire plans be scrapped," Woo Sang-ho, a spokesman for South Korea's ruling Uri Party, said Tuesday morning in Seoul. The U.S. made similar diplomatic warnings in 1998 when it learned that North Korea had begun fuelling a Taepo-dong 1 missile, a multi-stage launcher that can fly about 1,250 miles, but Pyongyang ignored the admonishments and launched the missile over Japan. The missile, which if developed sufficiently could be a delivery system for a nuclear weapon, dropped harmlessly into the Pacific after its third stage blew up.

The situation today is more dangerous than in 1998 because North Korea has considerably advanced its nuclear program in the ensuing years. North Korea pulled out of a nuclear-freeze agreement in 2002 and restarted it reactor and reprocessing plant in Yongbyon.

North Korean leader Kim Jong-il, with whom Bush has great personal animosity although the two have never met, has made a point of snubbing the administration's nonproliferation efforts.

Since September, Pyongyang has boycotted six-nation talks in Beijing over negotiating a dismantlement of its nuclear program. Measures to punish the North Koreans by shutting down an overseas bank it used for laundering proceeds of drug trafficking and counterfeiting have so far failed to bring Pyongyang into compliance.

The CIA believes that North Korea has enough nuclear material for 10 weapons, although it is not clear that its scientists currently have the ability to make a nuclear warhead that could be mounted on a missile.

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Missile experts in South Korea and the United States believe that the current missile is not carrying a warhead, but a satellite. The technology of launching a satellite or a warhead is virtually the same, but the fact could be used by the North Koreans to claim that their launch would be purely a civilian undertaking.

Preparations for a new launch, which analysts said appears to be of a larger Taepo-dong 2 rocket, have been taking place for weeks at the remote Musudan-ri missile base under the scrutiny of U.S., Japanese and South Korean spy satellites.

"I think it is already taken with utmost seriousness by regional states and by the world because it would once again show North Korea determined to deepen its isolation, determined not to take a path that is a path of compromise and a path of peace, but rather instead to once again saber-rattle," Rice said. "From our point of view, it would be a very serious matter indeed."

Pentagon officials would not specify contingency plans or describe the alert status of U.S. forces in response to the North Korean situation. Bryan Whitman, a Pentagon spokesman, noted that the U.S. "does have a limited missile defense system" in the Pacific, but he would not say whether the U.S. would use the system if a launch occurred.

Although the U.S. military has not been able to shoot down decoy missiles with any regularity, it maintains monitoring and tracking capabilities. Ships with sophisticated Aegis radar systems have been used to track missile launches in the Pacific.

Whitman added that the Pentagon considered any North Korean missile firing a "launch," rather than a "test."

"'Test' would imply we know their intentions," Whitman said.

North Korean missile technology remains shrouded in secrecy. The 1998 launch of the Taepo-dong 1 caught analysts by surprise, since it was not known that Pyongyang had the capability of developing a multi-stage missile.

There has been speculation since the 1999 moratorium, reached after the U.S. agreed to lift a number of economic sanctions, that North Korea was attempting to develop a larger Taepo-dong 2 , which would be able to fly more than twice the distance of Taepo-dong 1 and reach important U.S. military facilities in Guam. Depending if the missile had two or three stages, it theoretically could reach parts of Alaska as well. Missile experts believe the new missile also has advanced decoying capabilities which would make it difficult to track.

U.S. officials stressed Monday that they could not be certain which type of rocket was being readied.

"It's unclear exactly which model this thing is," said the senior State Department official.

N. Korean Threat Activates Shield (WT)

By Bill Gertz

The Washington Times, June 20, 2006

The Pentagon activated its new U.S. ground-based interceptor missile defense system, and officials announced yesterday that any long-range missile launch by North Korea would be considered a "provocative act."

Poor weather conditions above where the missile site was located by U.S. intelligence satellites indicates that an immediate launch is unlikely, said officials who spoke on the condition of anonymity.

However, intelligence officials said preparations have advanced to the point where a launch could take place within several days to a month.

Two Navy Aegis warships are patrolling near North Korea as part of the global missile defense and would be among the first sensors that would trigger the use of interceptors, the officials said yesterday.

The U.S. missile defense system includes 11 long-range interceptor missiles, including nine deployed at Fort Greeley, Alaska, and two at Vandenberg Air Force Base, Calif. The system was switched from test to operational mode within the past two weeks, the officials said.

One senior Bush administration official told The Washington Times that an option being considered would be to shoot down the Taepodong missile with responding interceptors.

Secretary of State Condoleezza Rice added that any launch would be a serious matter and "would be taken with utmost seriousness and indeed a provocative act."

White House spokesman Tony Snow declined to comment when asked if shooting down a launched missile was being considered as an option.

President Bush had telephoned more than a dozen heads of state regarding North Korea's launch preparations, Mr. Snow said. He did not identify the leaders who were called by Mr. Bush.

Pentagon spokesman Bryan Whitman said the U.S. has made it clear to North Korea that the communist regime should abide by the missile-test ban it imposed in 1999 and reaffirmed in a pact with Japan in 2002.

"The United States has a limited missile defense system," Mr. Whitman said. He declined to say if the system is operational or whether it would be used.

"U.S. Northern Command continues to monitor the situation, and we are prepared to defend the country in any way necessary," said spokesman Michael Kucharek.

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Any decision to shoot down a missile would be made at the highest command levels, which includes the president, secretary of defense and chairman of the Joint Chiefs of Staff.

In Tokyo, Prime Minister Junichiro Koizumi said Japan and South Korea are trying to avert a launch.

"Even now, we hope that they will not do this," Mr. Koizumi said. "But if they ignore our views and launch a missile, then the Japanese government, consulting with the United States, would have to respond harshly."

John R. Bolton, the U.S. ambassador to the United Nations, said the Bush administration is consulting with other Security Council members on how to respond to a Taepodong launch.

In Australia, Foreign Minister Alexander Downer said North Korea's ambassador had been summoned and told any missile launch would result in "serious consequences."

U.S. intelligence officials said there are signs that the North Koreans recently began fueling the Taepodong with highly corrosive rocket fuel. Normally, when liquid fuel is loaded into missiles the missile must be fired within five to 10 days, or it must be de-fueled and the motors cleaned, a difficult and hazardous process.

The Taepodong was first tested in August 1998, and North Korea claimed that it was a space launch vehicle that orbited a satellite. U.S. intelligence officials said the last stage of the missile was powered but did not reach orbit. A new test would likely be a more advanced version.

"Our concerns about missile activity in North Korea are long-standing and well-documented," said Mr. Whitman, the Pentagon spokesman.

The test preparations began several weeks after the Bush administration imposed new rules on U.S. companies that prohibit American or foreign firms incorporated in the United States from flying North Korea's flag on merchant ships.

According to the Treasury Department, Korean War-era sanctions were loosened in 2000 in order to entice North Korea into abiding by the missile flight test ban.

One reason for the concerns about a launch is that North Korea has issued threatening statements through its official press and broadcast organs that it is ready to go to war with states such as Japan and the United States that impose economic sanctions.

North Korea's Incredibly Bad Idea (NYT)

The New York Times, June 20, 2006

No one can claim a very good track record for figuring out what North Korea is up to and why, and that plainly applies to the North's reported preparations for testing a long-range missile that one day may be capable of reaching the United States. Maybe North Korea is just jealous of all the attention Iran has been getting as a result of Tehran's recent nuclear bad behavior, and craves a spotlight of its own. Maybe Pyongyang, which hasn't tested such a long-range missile in eight years, wants to see if its new, more advanced model actually works.

Or maybe North Korea is perversely eager to see the United States speed up its missile-defense plans, Japan to become more hawkish on military issues and South Korean politicians who favor talking and trading with the North lose next year's elections.

But if we cannot be sure of North Korea's motives, we can be reasonably sure of the consequences if Pyongyang does go ahead and launch the missile — which Washington says, citing satellite photos, is now fully fueled and ready to go. And those consequences will be thoroughly bad for North Korea, for its region and for just about everyone else. They will immensely complicate negotiating the kind of nuclear deal North Korea is thought to want — a grand bargain that would give it desperately needed economic help and long-sought security guarantees in exchange for abandoning its nuclear weapons program.

The consequences could be exceedingly grim for the rest of Northeast Asia as well. North Korea's previous long-range missile test in 1998 flew over Japanese airspace, shocking Japan out of its long postwar complacency about national defense. The main result has been a rise in military nationalism among Japanese politicians and the public. Another direct consequence has been increased Japanese reluctance to deal with North Korea.

Why North Korea would want to increase its isolation and antagonize its few friends like China and South Korea is hard to comprehend. But North Korea-watching is full of such mysteries.

Washington, for its part, has reacted sensibly, not wasting a lot of time on diplomatic rigmarole and delivering instead a clear and direct message to North Korea not to proceed with a missile test. We hope that North Korea's next surprise is to respond equally sensibly and cancel whatever plans it has for such a self-destructive move.

US Congress Cautious On Indian Nuclear Energy (FT)

By Demetri Sevastopulo

Financial Times, June 20, 2006

DOJ_NMG_0035575

Congress is unlikely to give final approval this year to the Bush administration's civilian nuclear energy deal with India, according to Senator John McCain, the influential Arizona Republican.

In an interview with the FT, Mr McCain said Congress needed to scrutinise the deal rigorously because of the precedent it would set.

Critics say the deal would encourage nuclear proliferation by rewarding India, a country that has developed nuclear weapons while refusing to join the Nuclear Non-Proliferation Treaty.

President George W. Bush sealed the landmark deal during a visit to Delhi this year. Under the agreement, the US would supply India with civilian nuclear technology in return for Delhi agreeing to open most of its nuclear facilities to international inspections.

"I am not saying I will oppose it, but I still would like to hear more argument in its favour," said Mr McCain. "I understand our unique relationship with India ... but when you carve out an exemption, then of course you run the risk of others wanting the same exemption."

Although Mr McCain said his tendency was to support the deal, it was "unlikely" that Congress could give final approval this year because of the time needed to examine the agreement properly.

The White House has been pushing Congress to make the required changes in US law as soon as possible.

However, Republicans and Democrats are increasingly reluctant to approve the deal before details such as what safeguards India would negotiate with the International Atomic Energy Agency are hammered out.

Some critics argue that the deal will bolster India's nuclear weapons programme because it will allow India to import uranium fuel, freeing up its domestic supply for use in its military programme.

"For what it's worth, we have received assurances that India will not do that, but . . . this is taking a risk," says Mr McCain.

If the Republicans retain control of the Senate in the November congressional elections, Mr McCain will become chairman of the Senate armed services committee in January.

One of his priorities, he says, will be to reform military procurement.

Mr McCain says: "[Military procurement] has become a national scandal. Nine of the 11 major weapons systems last year were over cost and behind schedule and received incentive bonuses. I don't get it."

U.S., Russia Break Impasse On Plan To Keep Arms From Rogue Users (WP)

By Peter Baker

The Washington Post, June 20, 2006

The United States and Russia reached a last-minute agreement saving a program to secure or destroy Soviet nuclear warheads, chemical weapons and killer germs, U.S. officials said yesterday, breaking a long logjam and averting a rupture weeks before President Bush travels to St. Petersburg.

The program, a multibillion-dollar effort designed to keep weapons of mass destruction out of the hands of terrorists or rogue states, was set to expire Friday amid a stubborn disagreement over legal provisions. But U.S. and Russian officials cut a deadline deal in Moscow on Friday that will extend the program for seven years and effectively take the issue off the table for Bush's trip.

Although overshadowed by disputes with Iran and North Korea, the Cooperative Threat Reduction program with Russia represents the most expansive disarmament effort in the world and the prospect that it could be halted deeply worried arms-control specialists. The program, which began 14 years ago after the Cold War ended, has deactivated thousands of warheads, missiles and bombers and made progress toward securing biological and chemical weapons.

But the work has gone slower than hoped and Russia still maintains thousands of additional aging nuclear warheads as well as vast stockpiles of other weapons that specialists fear are vulnerable to theft or sale on the international black market. U.S. contractors in Russia would have had to shut down activities if Friday's agreement had not been signed by U.S. Ambassador William J. Burns and Russian Deputy Foreign Minister Sergei Kislyak.

"The extension of the umbrella agreement is critical," said Raphael Della Ratta, a weapons specialist at the Russian American Nuclear Security Advisory Council. Without it, "nuclear weapons delivery systems would not be dismantled, chemical weapons would remain unsecured and undestroyed and biological pathogens would remain unsecured as well."

At the same time, he and other experts have complained that the Bush administration has not shown sufficient urgency about eliminating Russian arms. "We are in a race against time to secure these materials before they're lost, stolen or get into the wrong hands," said Daryl G. Kimball, executive director of the Arms Control Association. "This is a necessary but insufficient step. The administration needs to push down the accelerator in terms of the pace of work."

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A senior administration official said the extension should help propel efforts to eliminate old Soviet weapons. "This reinvigorates and strengthens the ongoing cooperation we've been doing with Russia," said the official, who was not authorized to speak on the record.

The extension had been held up for years mainly by a dispute over liability. Under the original agreement, Russia was responsible for any mishaps, even accidents or negligence by U.S. contractors. Russia has balked at that provision. The renewal keeps the original language for current projects but will address Russian concerns for future projects. It does not affect a separate plutonium-disposal program announced in 1998 but never started because of a similar dispute.

A collapse of the Cooperative Threat Reduction program would have marred Bush's visit to St. Petersburg next month for the Group of Eight summit. The meeting will be the group's first held by Russia, which is eager to use the occasion to showcase its reemergence on the world stage as a major power.

Critics say Russia has no business hosting an organization of industrial democracies at a time when President Vladimir Putin has constricted political freedoms at home and used energy resources to flex muscles abroad. Bush has maneuvered to avoid the image that he is endorsing Putin's course by attending the summit.

Vice President Cheney recently criticized Russian actions, and the administration will send two assistant secretaries of state, Daniel Fried and Barry Lowenkron, to a pre-summit meeting to discuss human rights in Russia. Bush also announced yesterday that he will host Georgian President Mikheil Saakashvili at the White House shortly before the summit as a statement of solidarity with Russian neighbors under pressure from Moscow.

The Cooperative Threat Reduction agreement was reached in 1992 at the instigation of Sens. Richard G. Lugar (R-Ind.) and Sam Nunn (D-Ga.) and was renewed in 1999. Since then, it has deactivated or destroyed 6,828 nuclear warheads, 612 intercontinental ballistic missiles, 885 nuclear air-to-surface missiles, 577 submarine-launched missiles, 155 bombers and 29 nuclear-powered ballistic missile submarines, among others, according to the Defense Threat Reduction Agency.

But it still has much to do. About half of the nuclear warheads, ICBMs, ICBM silos, submarine-launched missiles and nuclear submarines targeted by the program have yet to be eliminated, according to the agency. A chemical-weapons destruction facility is more than 60 percent unfinished and the Government Accountability Office reported that it may not open by 2009.

Lugar hailed the extension but called on Congress to remove other conditions that threaten the program: "If the proliferation of weapons of mass destruction is the number one national security threat facing our country, we cannot permit any delays in our response."

Palestinian Workers Receive Partial Pay (USAT/AP)

By Ibrahim Barzak, The Associated Press

USA Today, June 20, 2006

GAZA CITY — Thousands of Palestinian workers left postal banks carrying three crisp $100 bills Monday, their first pay since March.

The payment was made by the Hamas-led government, which dipped into cash officials carried into Gaza last week to circumvent a freeze on Western aid.

Finance Minister Omar Abdel Razek said there was no way to transport the money to the West Bank, or even convert it to a local currency. He said officials were forced to make cash payments to avoid commercial banks that fear anti-terrorism sanctions. “We are paying through the post office because we have some problems with banks because of the direct or indirect threats by the U.S. and Israel,” Razek said.

The United States, Israel and the European Union list Hamas as a terrorist group because it has sent suicide bombers into Israel, killing hundreds.

Hamas has long rejected Israel's right to exist. Now that the militant group leads the Palestinian government — it won legislative elections in January — it must recognize Israel, renounce violence and accept previous peace accords, the United States, the EU and Israel say.

Hamas has refused. As a result, aid to the Palestinian government has been cut off.

Early today, government spokesman Ghazi Hamad said Hamas is close to agreement with the rival Fatah Party on a document that implies recognition of Israel. After talks in Gaza, Hamad said, “I think in a couple of days we will reach a compromise, because we think that the differences are not significant.”

Last week, Foreign Minister Mahmoud Zahar hauled $20 million in cash across the Egyptian border into Gaza in suitcases. Another Hamas official followed with $2 million. Hamas said the money came from private donations and Islamic charities.

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The Palestinian Authority is the largest employer in the West Bank and Gaza. The salaries of the 165,000 government workers add up to about $130 million a month. The last three paydays have been missed. Another comes in less than two weeks.

Thousands of civil servants lined up at Gaza post offices Monday for payouts. The Finance Ministry said 91,000 workers earning $333 to $555 a month received $300. The government earlier paid 40,000 workers who earn less than $333 a month.

"I'm worried because I don't know where to begin. The grocery wants money. The bakery wants money, and I also need to pay my rent," said Samir Hassanya, 42, a health worker.

Concerned about the deteriorating situation, Mideast peacemakers — including the United States and EU — approved a plan over the weekend to transfer $125 million in humanitarian aid to the Palestinian people, bypassing the government.

The EU's top foreign policy official, Benita Ferrero-Waldner, was in the region Monday to discuss the aid plan and Israeli Prime Minister Ehud Olmert's proposal for a unilateral West Bank withdrawal.

Olmert says he prefers a negotiated settlement with the Palestinians but considers talks impossible as long as Hamas remains committed to Israel's destruction. If peace efforts founder, Olmert plans a unilateral withdrawal, using the separation barrier that Israel is building as the basis for a future border.

East Timor: U.S. Opposes U.N. Force (NYT)

By Warren Hoge

The New York Times, June 20, 2006

John R. Bolton, the United States ambassador to the United Nations, questioned the need cited by Secretary General Kofi Annan last week to return peacekeepers to East Timor, where an Australian-led multinational force has ended violence that killed more than 30 people. Mr. Bolton said the current conflict was internal and unrelated to the tiny nation's struggle for independence from Indonesia that had been the basis of an earlier United Nations presence. "This has the look of disagreements among politicians with rival security forces," he said.

Arrests Spark Fears Of Armed Islamist Takeover (WT)

By James Brandon

The Washington Times, June 20, 2006

RABAT, Morocco -- Police have arrested more than 500 Islamist activists since late May on accusations that they were planning a coup to replace Morocco's pro-U.S. monarchy with an Islamic state.

Most were released swiftly, but the arrests revived fears that the country's largest Islamic movement, Al Adl wa al Ihsane, or Justice and Charity, is preparing to take up arms to fulfill predictions from the group's own Sufi mystics that Morocco's monarchy will fall this year.

The group, which already has Islamized higher education in Morocco, wants to replace the monarchy with an Islamic state and cut all political, cultural and economic relations with the West -- moves that it argues will end poverty and corruption in Morocco.

So far, its hundreds of thousands of followers have been content to patiently wait for an Islamic state to emerge. However, as the group's mystics churn out religiously inspired visions at an ever-faster rate, analysts fear the group will have to take action or risk losing credibility.

"There are hundreds of visions that foresee a great change in Morocco in 2006," said Nadia Yassine, the group's public face and daughter of its founder, Sheik Abdessalem Yassine. "These are true visions, and we believe in them completely."

Sheik Yassine added that, for 14 centuries, "politics and spirituality have been kept apart by the Arab elites. And we have been able to reconnect these two aspects of Islam -- and that is why people fear us."

George Joffe, a North Africa specialist at the Center of International Studies at Cambridge University, said Al Adl wa al Ihsane "may not be directly threatening violence, but their subtext is that the government is creating conditions which might cause violence to erupt."

"Through these visions, they are plugging directly into Moroccan traditions and history to directly challenge the monarchy," he said. "The government is already facing increasing tensions over high unemployment, and these arrests are an attempt to deflate the Islamists."

Al Adl wa al Ihsane is illegal and boycotts elections. However, it has taken control of the country's universities and the national student union and uses these institutions to radicalize young Moroccans.

"They have changed the universities into places of intolerance -- against girls, against gays, Jews, alcohol -- against almost everything," said Jamal Berraoui, editor of Voice of the People, a Casablanca newspaper. "They hold the universities hostage. They have created a climate of intellectual terrorism."

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The Al Adl wa al Ihsane-run student union has forced the government to remove secular subjects such as philosophy from university curriculums. The group also has campaigned successfully for new university mosques, which it then staffs with radical Islamic preachers.

"When we talk with the Ministry of Education, we insist that our education conform to Islamic standards," said Mohamed Belkasmi, an economics student and head of the student union at Casablanca University. "We insist that our country's laws and teachings consist only of the Koran."

In addition to banning all "un-Islamic" events from campuses, they organize pro-Hamas exhibitions and force students and teachers to strike in support of jailed members of the movement.

Within the universities, the group operates as a secret police, crushing dissent. When a reporter interviewed students about Al Adl wa al Ihsane, the discussion repeatedly was interrupted by the group's bearded activists who patrol the campus.

"The Islamists are not the majority in Morocco, but they are the strongest and best-organized," Mr. Berraoui said. "If they want to take over, they will not hesitate to use violence and to terrorize everyone else."

The government appears powerless to control the group. In 2000, pressure from international human rights groups forced the government to release Sheik Yassine from house arrest.

"In Morocco, image has become more important than reality," Mr. Berraoui said. "Stopping the Islamists taking over would look like repression and that would make the government look bad.

"Morocco is no longer a dictatorship but not yet a democracy. This moment of transition is the most dangerous part."

Bush, Brazil's Lula, Discuss Trade (AFP)

AFP, June 20, 2006

US President George W. Bush and his Brazilian counterpart Luiz Inacio Lula da Silva spoke by telephone about this week's World Trade Organization talks in Geneva and mutual trade concerns.

"President Lula of Brazil called the president to discuss the status of the WTO negotiations currently under way in Geneva," White House National Security Council spokesman Frederick Jones said in a statement.

"The two presidents expressed the importance of a successful Doha Round, and noted that their respective trade negotiators had instructions to seek a comprehensive deal beneficial to all," the NSC spokesman said, adding that the 20-minute call had been requested by Lula.

"President Lula acknowledged and thanked the president for the leadership he has shown at the WTO. The two presidents also briefly discussed efforts to reduce dependence on oil and promote alternative energy," said Jones.

WTO members are struggling to meet their year-end 2006 deadline to complete the current, so-called Doha Development Agenda of trade talks, which is supposed to help poor countries.

The Doha round, launched in 2001, was meant to have been completed in 2004. Negotiators also missed their last deadline, April 30, for deciding details of the final accord.

Bush is to take part Wednesday in a EU-US summit in Vienna, a gathering which offers the last opportunity for top level talks ahead of a key WTO ministerial meeting at the end of the month.

Bush, Brazil Leader Talk Trade Expansion (AP)

AP, June 19, 2006

President Bush and Brazilian President Luiz Inacio Lula da Silva spoke by phone Monday for about 20 minutes, discussing efforts to expand international trade and steps toward energy self-sufficiency, the White House said.

The Brazilian president placed the call Monday morning, said White House spokesman Frederick Jones.

The two leaders talked about world trade talks under way in Geneva, both agreeing that "their respective trade negotiators had instructions to seek a comprehensive deal beneficial to all," Jones said.

"The two presidents briefly discussed efforts to reduce dependance on oil and promote alternative energy," Jones said.

Venezuela Fights US Bid To Keep It Off UN Panel (FT)

By Andy Webb-Vidal And Mark Turner

Financial Times, June 20, 2006

President Hugo Chávez of Venezuela is fighting to win a seat on the United Nations Security Council, in the face of US efforts to derail Venezuela's campaign by lobbying on behalf of Guatemala.

Mr Chávez has long viewed a seat on the council as a vital part of winning representation for Venezuela – and by extension, he argues, for poorer nations – in international organisations.

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A two-year open seat will become available this year, and Venezuela has already begun soliciting support from other governments in Latin America and the Caribbean.

Regional diplomatic heavy-weights such as Argentina – whose seat Venezuela is seeking to fill – and Brazil have indicated that they would back Caracas, as have countries farther afield, such as Syria.

The US has raised concerns about ties between Venezuela and Iran, including fears that Venezuela's presence on the council could undermine efforts by Washington to put pressure on Tehran over its nuclear programme. On Monday a senior US State Department official described Venezuela's international app-roach as "confrontational" rather than "problem-solving".

In an interview with the FT on Monday, Mr Chávez's recently appointed ambassador to the UN, Francisco Arias, said Venezuela's presence on the council would allow it to represent the interests of developing countries in the "south".

Mr Arias, who took part as an army officer in Mr Chávez's coup attempt in 1992, said US efforts to scupper Venezuela's bid would work against Washington.

"The position stated by officials in the US government – that countries should not vote for us because we represent a danger – shows lack of respect," he said.

"The US already has excessive power: a permanent seat plus the power of veto," he added. "But the campaign by the US will end up being counterproductive."

To reinforce Mr Arias's mission, Mr Chávez has appointed Roy Chaderton-Matos, seen as Venezuela's most experienced career diplomat, as a parallel special envoy to the UN.

"Venezuela is going to do everything possible to win a seat in the Security Council," said Jocelyn Henríquez, the director of the Centre for Diplomatic and Strategic Analysis, a think-tank in Caracas.

Washington's lobbying efforts may be on shaky ground. César Mayoral, Argentina's ambassador to the UN, said on Monday it looked "very bad for Guatemala", adding that US support for Guatemala was undermining the Central American country's chances.

He said Argentina, like most of South America, was backing Venezuela, but one of Venezuela's greatest challenges would be to win Chile's vote.

Alejandro Foxley, Chile's foreign minister, said at the weekend that Santiago would probably back a consensus candidate from a third country.

Annan Cautions Rights Council To Avoid Rifts (NYT)

By Tom Wright

The New York Times, June 20, 2006

GENEVA, June 19 — The United Nations secretary general, Kofi Annan, spoke Monday at the first meeting of the organization's new Human Rights Council, urging member nations not to engage in the political bickering that paralyzed its predecessor, the Human Rights Commission.

The council, whose 47 members are meeting through June 30 in Geneva, largely to establish operational procedures, was created by the United Nations in an effort to strengthen its mechanism for defending human rights and punishing nations that transgress.

The commission, which had 53 members, drew criticism for allowing countries with poor human rights records like Zimbabwe, Sudan and Libya the right to sit in judgment over other nations and for allowing political considerations to block effective action against abuses.

"This council represents a great new chance for the United Nations, and for humanity, to renew the struggle for human rights," Mr. Annan said in his speech. "I implore you, do not let the opportunity be squandered."

He added, "It is hardly an exaggeration to say that the eyes of the world — especially the eyes of those whose human rights are denied, threatened or infringed — are turned toward this chamber and this council."

But from the start the council has been weakened by the opposition of the United States, among only four countries that voted against the creation of the body at a General Assembly session in March. The United States, which wanted a smaller body with fewer members, also declined to seek a seat on the council. While many countries have sent foreign ministers to Geneva for the opening sessions of the new body, the American delegation will be led by Warren W. Tichenor, the new United States representative to the United Nations in Geneva.

"This sends the wrong signal," said Mariette Grange, the advocacy director in Geneva for Human Rights Watch. "One of our regrets is the United States has not registered any high-level representatives."

The council is widely regarded as an improvement over the commission. Nations seeking election to the council in May had to meet more demanding standards than in the past, and several candidate countries accused of rights abuses, including Iran and Venezuela, were excluded.

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The council will meet three times a year for a total of 10 weeks, almost double the time for the commission, and members can convene special sessions to respond quickly to crisis situations. Countries that do not abide by rights standards can be ejected from the council with a two-thirds vote in the General Assembly.

Countering Counterfeits (WSJ)

By Carlos Gutierrez, Gunter Verheugen, Peter Mandelson And Susan Schwab

The Wall Street Journal, June 20, 2006

The global economy for illicit goods is massive, but by definition impossible to measure. What we do know is that it is getting bigger. The number of counterfeit items seized at European Union borders has increased by more than 1,000%, rising to over 103 million in 2004 from 10 million in 1998. At U.S. borders, seizures of counterfeit goods have more than doubled since 2001. Even allowing for improved detection rates, there is little doubt that the situation is getting worse.

Today the EU and the U.S. will launch a joint action strategy on the global enforcement of intellectual-property rights. The groundbreaking agreement between the EU and the U.S. envisages closer customs cooperation, including more data sharing. There are plans for joint border enforcement actions, including in third countries, and the creation of joint networks of EU and U.S. diplomats in third countries working on intellectual-property protection.

Twenty years ago, counterfeiting might have been regarded as a problem chiefly for the makers of expensive handbags. In the 1980s, 70% of firms affected by counterfeiting were in the luxury sector. But in 2004, more than 4.4 million items of fake foodstuffs and drinks were seized at EU borders, an increase of 196% over the previous year. In the U.S., seizures of counterfeit computers and hardware tripled from 2004 to 2005. There are also fake electrical appliances, car parts and toys. Even airplane parts are being pirated: The Concorde crash of 2000 appears to have been caused by a counterfeit part that had fallen off another aircraft.

Perhaps most worrying is the booming trade in counterfeit medicines, which were reckoned to account for almost 10% of world trade in medicines in 2004. A recent study in the Lancet concluded that up to 40% of products labeled as containing the antimalarial drug artusenate contain no active ingredients. Most of these fake drugs are headed for the world's poorest countries. The World Health Organization estimates that 60% of counterfeit medicine cases occur in developing countries.

The popular view is that buying a fake is a win-win game, so long as you know what you are paying for. Everyone enjoys a bargain. But it's far too easy -- and wrong -- to write off this kind of crime as not really harmful to anyone. Counterfeiting is big business for criminal organizations that can affect entire sectors of the international economy. And when pirates move into fake medicines and fake car-parts, we move from rip-offs to potential tragedy.

The scale of counterfeiting matters enormously for the EU and the U.S., who compete on their reserves of innovation, invention and high-quality design and production. Piracy strips that comparative advantage away. Our economies are adapting to low-cost competition from the developing world. We have a right to expect that our own comparative advantages be respected.

But it is not just the developed world that has a stake in this fight. Tolerating counterfeiting almost inevitably backfires. Developing countries that tolerate the existence of a parallel illicit economy in their market will quickly lose the confidence of foreign investors and services traders, and the technology transfer that these bring with them. They also undermine the development of innovative and creative businesses in their own economy. Although China is now taking steps to better enforce its intellectual-property laws, it has for too long turned a blind eye to these problems. Ironically, customs authorities are now intercepting increasing numbers of Beijing 2008 Olympic knockoffs.

It is time for a new global strategy and a much tougher global approach. All members of the World Trade Organization have signed agreements to fight counterfeiting. The new focus has to be on enforcing the rules we already have against counterfeiting and piracy in particular. Countries that have signed up to these rules should no longer expect an easy ride if they don't implement them.

Our initial efforts will focus on working more closely together to address challenges in China and Russia. But we also have major concerns in Asia, Latin America and the Middle East. We recognize that it is not always easy for developing countries to tackle intellectual-property theft effectively, and we will help these countries reinforce their own efforts.

American and European industries are right alongside us. They have long demanded better international intellectual-property protection. An integral part of the EU-U.S. strategy is the development of public-private partnerships in third countries, working with industry to pool information and intelligence and to jointly address the enforcement problem.

The competitiveness of European and American industry depends on respect for intellectual property, and so do the health, safety and security of our citizens. But everyone in the global economy benefits when intellectual-property rights are secured. The EU-U.S. joint action is a clear signal that we will work with our trading partners to ensure that their legal commitments on intellectual property are accompanied by a genuine willingness to tackle the problem at their borders, in their courts and on their streets.

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Mr. Gutierrez is U.S. secretary of commerce, Mr. Verheugen vice president of the European Commission for enterprise and industry, Mr. Mandelson EU trade commissioner, and Ms. Schwab the U.S. trade representative.

Two Views Of Justice Fuel Bolivian Land Battle (WP)

By Monte Reel

The Washington Post, June 20, 2006

OKINAWA, Bolivia -- Choei Yara sleeps in a boxy room in the back of his roadside dry goods store, and the lump under his thin pillow is a loaded .45-caliber pistol. It is intended for a specific emergency: an attack so sudden that he'd be unable to reach the pump-action shotgun that leans against a bare concrete wall, just five feet away.

He's not afraid of the store being robbed, but he believes that the piece of paper stating that he owns about 1,400 acres of fertile soil is the kind of thing that can drive men to violent extremes. Property in Latin America is more unevenly distributed than anywhere on the planet, and Bolivia is no exception. But this month the country began a project to shuffle ownership rights affecting 20 percent of its land area, giving most of it to the poor. And tensions are starting to boil.

Those with land are starting to dig in to protect their turf. Those without it, emboldened by the recent government announcements, are taking over more properties on their own, without government approval.

"I've worked this land for 30 years, and I have never had a problem until this past year," said Yara, 63, whose family was among the Japanese immigrants who founded this community in eastern Bolivia after World War II. "But now I get death threats from the landless peasants, and they are threatening to kidnap my family. No one respects private property anymore, not even the government."

On June 9, one man was shot dead and more than a dozen were wounded in clashes as local authorities tried to evict peasants from land they had taken over in western Bolivia. Two days before that incident, two men were shot in similar circumstances in the central region. In this eastern province of Santa Cruz, agricultural organizations have threatened to form self-defense groups to protect farm property if the state tries to take it away. And across the border in Brazil, where property-related violence has been a problem for decades, a federation of landless peasants stormed the parliament building in the capital on June 7, breaking open the glass doors and demanding agrarian reforms.

The conflict in Bolivia is firmly rooted in the stark inequities that President Evo Morales says his "agrarian revolution" is designed to correct. About 90 percent of Bolivian land is owned by the wealthiest 7 percent of the population. Imbalances like that have helped make Bolivia South America's poorest nation: About 63 percent of its citizens -- and nearly 80 percent of its rural population -- live in poverty.

Morales has said much of his nation's land is not being used productively, and he complains that large swaths were given to wealthy elites during the dictatorships of the 1970s. Under his plan, if the government deems land unproductive or obtained illegally, it is subject to confiscation and redistribution.

The tension now, however, is concentrated not so much in the places where land is clearly unproductive as in the places where the definitions of productivity are more subjective and open to argument. Like Yara's place.Armed Guards

Standing behind a rusty pan scale, Yara tilts his head slightly and eyes customers warily when they enter his store, where sacks of potatoes and rice sit on worn planks in the middle of the floor. The way he figures it, he's one unjust decision away from losing everything, and these days he sees injustice in a lot of familiar faces he used to trust.

" 'Bolivian land should be for Bolivians' -- that's what they're telling me now," said Yara, watching one of his daughters weigh rice he'd grown on his land. "It's not right. I've always been supportive of Bolivia. I pay all my taxes. My children are Bolivians, and they're married to Bolivians. I sacrificed a lot to get that land."

Yara took out bank loans three decades ago, paying about $80,000 over the years for his deed. But in the past year, landless peasants have moved onto the fringes of his property, bringing in tractors and planting their own crops on it. He said they told him it was their right to take it because it was unproductive; he said it was just between growing cycles. He sued the peasants twice in local courts, he said, and won both times.

But Yara said that two months ago, Bolivia's minister of rural development -- who oversees the land reform plan -- called him and told him he must remove the 10 armed guards who were protecting his property from a takeover by Bolivia's federation of landless peasants. Yara reluctantly sent the guards away, and now about 50 members of the group, the Landless Movement, are occupying about one-fourth of his property. They keep telling him they'll take more soon, he said, and they promise bodily harm if he doesn't let them have it.

"Now I only have four bodyguards, who I pay to look after me and my family," he said, "but not the land."

Farm guards are a touchy subject around here. After a Santa Cruz agricultural group suggested this month that self-defense squadrons might be the best way to resist what they consider unjust reforms, the government responded by saying it would not tolerate private armies roaming the countryside. Masanori Toguchi, a farmer who helps operate a grain mill across the

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road from Yara's store, said he recently hired a team of armed guards, effectively clearing out a group of landless peasants who had taken over a portion of his property. The guards are "more or less trained," he said. He wasn't sure where his lawyer found them.

"They don't have phones, and they're kind of hidden," Toguchi said. "We don't really know who they are."Promises of Land

From Yara's store, a dirt road winds for about 10 miles between freshly planted wheat fields before surrendering to weedy overgrowth. After cutting through the middle of a field of nine-foot-high sugarcane, a clearing comes into view: a dirt expanse dotted with dozens of shacks made of sticks and palm fronds. Of the few hundred people living here, about 80 count themselves as members of the landless federation.

Carmelo Ortiz is one. With eight children, his one-room hut is too crowded, so one afternoon last week he searched for fronds for a half-completed addition he hopes to finish in the next couple of months. His daughter wrung a shirt dry over a plastic bucket of cloudy water. One of his sons, stepping out of the dim hut and blinking in the sun, picked a square of mud from his cutoff jeans.

When he can, Ortiz helps local landowners in their fields, earning about $4 for a day's work. But he has dreams of being his own boss, growing his own crops, on his own piece of land. He was part of the group that took over part of Toguchi's land for three months earlier this year, and he was with them when they decided to retreat after hearing about the armed guards. Just last month, he said, he saw guards on another farmer's property shoot at a group of peasants.

Why a farmer who already has a lot of land would get so worked up over sharing part of it, he and others said, is unfathomable to the campesinos in the village.

"God created the resource of land," said Luciano Winchaca, a local campesino advocate who has helped the Landless Movement with its quest for land. "It should be divided equally for everyone, not be given to somebody because they speak better Spanish or come from a certain family. We all have the same rights. These people don't understand the will of God."

That said, most of the landless here say things have never been better. When Morales was elected in December, Ortiz and his neighbors threw a party that lasted all night. With his promises to redistribute the wealth of Bolivia among the poor, Morales is nothing short of a folk hero in the village of Okinawa.

"Everything is changing for the campesino," said Ortiz, 40, who is confident he will get a plot of land in the coming months. "We have hope now -- we haven't had that with any government in the history of this country."

Large-scale land reform has been tried in the past in Bolivia, and it failed miserably because of a lack of resources and political will. The country's first agrarian reform plan was passed in 1953, and another was tried in 1996. After nearly $100 million was spent in an attempt to redistribute 250 million acres during the past 10 years, only 17 percent of the target areas changed hands.

Venezuelan President Hugo Ch?vez -- an ideological ally of Morales who has promoted smaller-scale land reform in his country -- has pledged financial support. But Bolivia will have to find a lot more money to keep the current effort from joining the long list of failed agrarian reforms in Latin America.

If Ortiz gets a piece of land, for example, he will still need equipment to work it and money for additional supplies and seeds. Ortiz calculates that for each acre of land, he would need about $200. He's not sure where that money would come from, and the government has not yet offered specific details on credit and support programs for the new landowners.

"I have lived like this all my life," Ortiz said, nodding to his hut, where his 8-year-old son was helping his 12-year-old daughter carry water. "But we can't live like this forever."

Europe's Green Image Clashes With Coal Reliance (NYT)

By Mark Landler

New York Times, June 20, 2006

SCHWARZE PUMPE, Germany — In the shadow of two hulking boilers, which spew 10 million tons of carbon dioxide a year into the air, the Swedish owners of this coal-fired power station recently broke ground on what is to be the world's first carbon-free plant fueled by coal. The German chancellor, Angela Merkel, presided over the ceremony.

"We accept the problem of climate change," said Reinhardt Hassa, a senior executive at Vattenfall, which operates the plant. "If we want a future for coal, we have to adopt new technologies. It is not enough just to make incremental improvements."

But the new plant, which will be just a demonstration model, pales next to the eight coal-fired power stations Germany plans to build for commercial use between from now to 2011 — none of them carbon-free.

"That is really a disappointing track record," said Stephan Singer, the director of climate and energy policy at the World Wide Fund for Nature in Brussels. "Just replacing old coal plants with new coal plants won't enable Germany to meet stricter carbon emission targets."

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Europe likes to think of itself as a place that has moved beyond its sooty industrial past, with energy that comes from the windmills that dot the Dutch countryside and the Danish coastline or the carbon-free nuclear plants that dominate France's power industry.

But with oil prices soaring and worries rising about the reliability of gas piped from Russia, Europe must depend heavily on that great industrial-age relic, coal: a cheap, plentiful fuel, but one that emits twice the carbon dioxide of natural gas. Coal-fired plants generated half the power in Germany and Britain during the chilly winter just past.

While Europeans stand out for their commitment to controlling global warming gases, some of their largest energy companies are reluctant to invest in technologies that could further protect the environment, like equipment in the demonstration plant here that will trap carbon dioxide and pump it into underground storage areas. Only a handful of carbon-free plants are planned in the European Union.

There is another downside to coal, evident barely a mile from the plant here. Bulldozers have begun demolishing a 450-year-old mill town, which blocks the path of the open-pit mine that supplies coal to the plant. The last residents are being forced to pack their belongings and abandon their homes for a new settlement nearby.

Such uprooting is an unavoidable cost of Europe's hunger for coal, executives here say. They also say the technology to capture carbon dioxide is too costly, at a time when they are already spending billions of euros to replace Europe's aging power plants. Finding places to store the carbon dioxide is a headache in countries like Germany, which are densely populated and have a history of protesting against the storage of more troublesome pollutants like nuclear waste.

In Europe, where power companies say they have cleaned up the visible pollutants — like sulfur dioxide -- from their coal plants more diligently than their American counterparts, some executives are suspicious of current proposals to convert to "clean coal" technology.

They describe them as mainly public relations ploys championed by the Bush administration and American power companies, even as only a few plants that capture and sequester carbon dioxide are actually planned for the United States. They suspect the Americans are trying to circumvent mandatory cuts in carbon emissions and avoid making steady improvements in the efficiency of their plants.

"There's a lot of media-driven talk," said Alfred Tacke, chief executive of Steag, Germany's fifth-largest power generator, which has eight coal plants scattered in the Rhine, Ruhr and Saar regions.

"In the United States, you defer all investments, because in the future maybe you have the perfect solution," said Mr. Tacke, who was deputy economics minister under the previous German chancellor, Gerhard Schröder. "I would prefer a solution that improves the situation now."

By that, Mr. Tacke means using existing technology like raising the temperature or pressure of the steam that turns the turbine, to make conventional coal plants more efficient. Steag is building such a plant in the Ruhr city of Duisburg — a $1 billion project that, he says, will be more efficient than any rival in the United States.

The debate over coal in the European Union has to be seen within the context of the Kyoto Protocol, a global climate-control agreement that commits Germany and 34 other nations to measurable reductions in emissions of carbon dioxide and several other greenhouse gases.

With a legal imperative to cut emissions by up to a fifth within the next six years, power companies here face a clearer challenge than those in non-Kyoto countries, like the United States or China.

Yet while the Kyoto pact has focused minds, environmental advocates say it has not yet pushed companies far enough. In 2005, without any extraordinary effort, emissions of carbon dioxide in Germany, Britain and other countries actually came in below the caps set by national governments in the first phase of the Kyoto process, which runs from 2005 to 2007.

This, critics said, suggests that the reductions were not tough enough; much of the improvements were simply a natural outgrowth of slow economic growth and the closing of outdated coal operations. Britain and Germany both pledged to impose deeper cuts in the next phase, which starts in 2008 and runs through 2012.

"It's true that the first phase of emissions reductions are not that challenging," said Daniel Lashof, deputy director of the climate center at the Natural Resources Defense Council in Washington. "Europe can make its targets with only incremental improvements."

Though Europeans are united in their concern about global warming, they have a patchwork of energy policies. Some countries, like Germany and Poland, remain heavily dependent on coal, while others, like France and Finland, are redoubling their investment in nuclear power. Italy and Spain use a lot of oil and gas, though Italy is converting some oil-fired plants to coal.

The recent spike in the price of oil has thrown the spotlight back on coal, even in places like Britain, where the industry had been in a death spiral for decades. Richard Budge, a longtime British coal executive, has announced plans to reopen a colliery in South Yorkshire. With financing from Russian investors, he also hopes to build a $1.5 billion power plant on the site, equipped with technology to capture and store carbon dioxide.

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After years in disrepute, coal is still struggling for public acceptance in Britain. The government is drafting a new energy policy that is expected to stress windmills and other renewable energy sources.

But economic and geopolitical realities, Mr. Budge said, make a bigger role for coal inevitable. "Wind farms only work one day in three, and nobody knows which day," he said, with only a hint of exaggeration, in a telephone interview.

Coal, he noted, is not a hostage to politics. When Russia abruptly switched off its natural gas pipeline to Ukraine in January over a pricing dispute, gas supplies dwindled all over Western Europe. To Germany and other gas importers, it was a chilling reminder of their vulnerability.

"Fifty-eight percent of the world's gas is owned by Russia, Iran and Qatar," Mr. Budge said. "Coal is on every continent."

Here in eastern Germany, vast deposits of brown coal, also known as lignite, lurk beneath the table-flat countryside. There are similar deposits in the Rhine and Ruhr valleys in the west. Though Germany has been mining in these regions for decades, the supply is far from exhausted.

So great is the demand that the government allows companies to forcibly resettle villages that lie in the path of their excavators. The process is costly and litigious and can take more than a decade.

"This is a very difficult issue for us," Mr. Hassa said, noting that Vattenfall has begun negotiating with 230 residents of a village next to a mine, for a relocation that would not happen until 2018.

Haidemühle, the village being swallowed by the Schwarze Pumpe mine, acquiesced to relocation fairly quietly. Among the few holdouts was Heinz Attula, 84, who said Vattenfall did not pay him enough for his property. But even he was ready to move to a new home provided by the company.

"It's not an easy step," Mr. Attula said, as he walked his dog past deserted houses and a ghostly schoolyard recently. "I've lived my whole life in this town. But I know the mining must go on."

The economic forces are getting harder to resist. Coal is Germany's main generator of electricity, and the government plans to phase out the next largest source, nuclear power, by 2021. Though use of natural gas is growing — Germany and Russia are jointly building a pipeline under the Baltic Sea — last winter's cut-off left a bad taste in Berlin.

"This really changed the thinking of politicians and economists," said Johannes F. Lambertz, a member of the management board of RWE Power, the No. 1 electricity generator in Germany and No. 3 in Britain. "People now talk about competitiveness and security together."

Coal is the bedrock of RWE's business, and its strategy illustrates the tension between environmental progress and the status quo. The company is expanding its huge BoA plant in the Rhine valley, which uses brown coal, and it plans a new black, or hard, coal plant, east of the Ruhr valley. Neither, at least initially, will be equipped to capture and store carbon dioxide.

Long viewed as a holdout, RWE recently surprised competitors by announcing its first carbon-free plant, scheduled to go into service in 2014. The $1.2 billion project would have a capacity of 450 megawatts, more than ten times that of the pilot plant in Schwarze Pumpe.

"We have to be prepared for a scenario in which carbon emission reductions are much greater than today," Mr. Lambertz said in an interview at RWE Power's headquarters in Cologne. "We have to keep all our options open since we face an uncertain future."

With so few details and such a long timetable, critics said the announcement was a public relations maneuver, at a time when the German government is setting the next stage of emissions reduction targets.

"Last year, RWE said it was skeptical about a carbon-free plant before 2015," said Brian Ricketts, a coal industry analyst at the International Energy Agency in Paris. "It's a game between industry and government."

While Europe's longer-term reductions in emissions are still undecided, there is a general agreement that they will have to be radical — if only to compensate for the additional greenhouse gases being generated by China and India, to say nothing of the United States.

The plant at Schwarze Pumpe shows how European industry is adapting to this future. Originally built in 1955 by East German Communists, it was equipped with the best technology then available. But it still contributed to East Germany's reputation for horrendous pollution.

The town's name translates as "black pump," and outsiders regularly assume it refers to its pollution record. Actually it stems from a tale that in the Thirty Years' War of the 1600's, townspeople painted their pump black to trick invaders into thinking the water was infected with the plague.

After German reunification in 1990, the government opted to replace the Schwarze Pumpe plant. The new one, opened in 1998, is equipped with filters and scrubbers that reduced sulfur dioxide emissions by 91 percent, nitrogen oxide by 61 percent, and almost completely eliminated dust. Carbon dioxide emissions were reduced only 31 percent, however.

Vattenfall's carbon-free plant will burn the coal in an atmosphere of pure oxygen and recirculated gas. Three quarters of the carbon dioxide produced by the burning is recycled back into the boiler. What remains is pressurized into a liquid-gas mixture

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and injected underground. Mr. Hassa said it was no accident that a Swedish company was on the vanguard of this effort. "The Swedish philosophy is different than the German philosophy," he said. "Climate change and environmental protection are more deeply rooted in Swedish society than in German society."

Vattenfall concedes it will not be able to produce carbon-free electricity on a large scale until at least 2015. Still, it says it has little choice but to start now. "In the long run," said a spokesman, Martin May, "we'll have to reduce emissions by 60 percent to 70 percent."

In China It's ******* Vs. Netizens (NYT)

By Nicholas D. Kristof

The New York Times, June 20, 2006

BEIJING

To test the limits of the Internet in China, I started a couple of Chinese blogs — in which I huff and puff as outrageously as I can.

For a country that employs some 30,000 Internet censors, that turned out to be stunningly easy. In about 10 minutes, I started Ji Sidao's blog — that's my Chinese name — on two Chinese Web hosts, at no cost and without providing any identification.

Writing in Chinese, I began by denouncing the imprisonment of my Times colleague, Zhao Yan, by the Chinese authorities. I waited for it to be censored. Instead, it promptly appeared on my blog.

In frustration, I wrote something even more provocative: a call for President Hu Jintao to set an example in the fight against corruption by publicly disclosing his financial assets. To my astonishment, that wasn't censored either.

Desperate, I mentioned Falun Gong, the religious group that is the Chinese government's greatest enemy: "In Taiwan, the Chinese people have religious freedom. So in the Chinese mainland, why can't we discuss Falun Gong?" That instantly appeared on both my blogs as well, although on one the characters for "Falun" were replaced by asterisks (functioning as pasties, leaving it obvious what was covered up).

Finally, I wrote the most inflammatory comment I could think of, describing how on June 4, 1989, I saw the Chinese Army fire on Tiananmen Square protesters. The two characters for June 4 were replaced by asterisks, but the description of the massacre remained intact.

These various counterrevolutionary comments, all in Chinese, are still sitting there in Chinese cyberspace at http://blog.sina.com.cn/u/1238333873 and http://jisidao.blog.sohu.com. (When State Security reads this, it may finally order my blogs closed.)

All this underscores, I think, that China is not the police state that its leaders sometimes would like it to be; the Communist Party's monopoly on information is crumbling, and its monopoly on power will follow. The Internet is chipping away relentlessly at the Party, for even 30,000 censors can't keep up with 120 million Chinese Netizens. With the Internet, China is developing for the first time in 4,000 years of history a powerful independent institution that offers checks and balances on the emperors.

It's not that President Hu Jintao grants these freedoms, for he has arrested dozens of cyberdissidents as well as journalists. But the Internet is just too big and complex for State Security to control, and so the Web is beginning to assume the watchdog role filled by the news media in freer countries.

A year ago, I wrote about a blogger named Li Xinde who travels around China with his laptop, reporting on corruption and human-rights abuses. I hailed Mr. Li as an example of the emerging civil society in China — and the government promptly closed down his Web site. I wondered if I had overstated the challenge.

But today Mr. Li is as active as ever. His Web sites are constantly closed down, but the moment a site is censored he replaces it with a new one. An overseas master site, www.lixinde.com, tells people the best current address.

"They can keep closing sites, but they never catch up," Mr. Li told me. "You can't stop the Yellow River from flowing, and you can't block the bloggers."

In today's China, young people use proxy software to reach forbidden sites and Skype to make phone calls without being tapped — and the local Web pornography is relentless and explicit, ranging from sex videos to nude online chats.

"We're very relaxed now on pornography, but on politics it's very tight," said Yao Bo, a censor at a major chat-room site in China. He explained how the censorship works for a chat room:

Filtering software automatically screens the several hundred thousand comments typically posted on his Web site every day. Comments with a banned word go into a special queue, but Mr. Yao says he ends up posting all but the most subversive of these — his Web site, after all, wants to be provocative to attract visitors. State Security periodically scolds him for his laxity, but he seems unconcerned: "I just tell them I'm dumb about politics."

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China's leaders decided years ago to accept technologies even if they are capable of subversive uses: photocopiers and fax machines at first, and now laptops and text messaging. The upshot is that China is much freer than its rulers would like.

To me, this trend looks unstoppable. I don't see how the Communist Party dictatorship can long survive the Internet, at a time when a single blog can start a prairie fire.

The Bleeding Heart Of Islam (WSJ)

By Bret Stephens

The Wall Street Journal, June 20, 2006

In the early 1990s, Harvard professor Samuel Huntington observed that "Islam has bloody borders." Back then, he was right.

Picture a map of Muslim lands, circa 1993. In the Balkans, Orthodox Serbs were at war with Bosnian Muslims. In Sudan, the Islamist government in Khartoum was waging a campaign of murder and enslavement against the Christian south. Israel was fighting Hezbollah in southern Lebanon even as it signed a peace agreement with the Palestinians -- one that would, in time, literally explode in its face. In the Caucasus, Muslim Azeris and Christian Armenians were battling over the Nagorno-Karabakh enclave, while 200 miles north Muslim Chechnya had declared independence and was about to be invaded by Russia. Further east, India and Pakistan were lobbing artillery shells across the Line of Control in Kashmir.

Picture that map today. The violence at the periphery of Islam has, for various reasons, faded. But the antagonisms at its center have grown.

Look at Palestine, where the ostensibly secular Fatah party of President Mahmoud Abbas and the fundamentalist Hamas of Prime Minister Ismail Haniyeh may be in the early stages of civil war. Look at Darfur, where Arab Muslims are slaughtering African Muslims. The dynasts of Jordan and Saudi Arabia are being forced to confront the terrorism of al Qaeda. In Egypt, liberals oppose the Muslim Brotherhood, the Brotherhood opposes the government, and the government suppresses them both. In Iran, the youth confront the clerical establishment. Pro-independence factions in Lebanon are struggling to survive a campaign of assassination and terror by Syria. The bloody heart of it all, of course, is Iraq.

Amid routine slaughter in Baghdad and Darfur, nobody would call the present state of affairs good. But it is an improvement over the previous state, not only because a clash within one civilization is better than a clash among several, but because Islamic civilization has long been in need of a reformation. That's what's happening today in one Muslim state after another: The struggle for power has become a contest of ideas (and vice versa), with fateful consequences and, sometimes, good results.

Take Saudi Arabia. Before Sept. 11, says Hawazen Nassief, a Saudi journalist at the Dubai-based Gulf Research Center, "the Saudi government lived in denial and refused to acknowledge that its blind support for strict Wahhabi religious institutions and preachers was breeding extremism, intolerance and violence." The denial persisted even after the disclosure that 15 of the 19 hijackers were Saudis.

What changed? Ms. Nassief points to the succession of al Qaeda attacks, beginning in May 2003, on residential complexes, government offices, oil facilities and foreigners. "It was a slap on the face," she says. "There was no international player to blame for this deviancy except the political, social, economic and religious climate of the kingdom. The shattering of the viable image of the kingdom led the government to allow critical voices that were previously pushed underground. . . . The minute the government loosened its restrictions, people flooded the media with criticism of the status quo."

A similar dynamic took hold elsewhere in the Arab world as the phenomenon of suicide bombing -- widely admired when the victims were Israeli or American -- boomeranged on Muslims. After Sept. 11, Jordanian newspapers were filled with speculation that the deed could not have been the work of Muslims and must have been orchestrated by Zionists, Christian evangelicals, the Bush administration or some combination thereof. But the delusion and the pretense came abruptly to an end after suicide bombers murdered 63 Muslims at three hotels in Amman, Jordan, on Nov. 9, 2005. The Amman bombings, Salafist cleric Abu Basir al-Tartusi wrote in a Web posting translated by Memri, "cannot be considered Islamic," adding that "he who approves of a sin is like he who committed it."

At an off-the-record session last month of young Arab leaders at the World Economic Forum in Sharm El-Sheikh, Egypt, the sense of exhaustion with the way things are was palpable. A young Saudi on his social life: "I can't go anywhere. Malls are strictly for families. It's horrible." A Gulf State participant on her upbringing: "Teachers don't encourage disagreement. We are not raised to choose. We don't have a culture of accepting the other." An Egyptian on Arab political life: "'Deviant' ideas are dangerous. Young people are suspect. Leaders are inaccessible."

Not that the participants there -- upper class, fluent in English, many of them educated in the West -- were especially representative of their societies. But what struck an outsider was the extent to which the nature of elite conversation had changed. The Arab intelligentsia's stale litany of complaint against imperial America, perfidious Zion, the legacy of colonialism

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and so on -- what Bernard Lewis described as the habit of asking, "who did this to us?" -- is giving way to a new mentality. Now the question is: "What did we do wrong?"

It's in this context that an event such as January's protests over the Danish cartoons is best understood. The (mostly orchestrated) demonstrations were, above all, an attempt by Islamists and autocrats to remind Muslims that their principal grievances were external, not domestic. They sought to impress Western audiences with the intensity of Muslim rage while silencing domestic critics who didn't share that passion. Burning down Scandinavian embassies, however, does not contented Muslims make. Six months after l'affaire Muhammad, the offending cartoons have faded from memory, whereas the reality of domestic misrule remains.

There is a perception in the West -- general in Europe but strong also in the U.S. -- that the Reformation of Islam awaits the resolution of a centuries-long Hegelian dialectic. The world moves faster than that. Through wireless connections and satellite dishes, the outside world is filtering into the Middle East, mostly uncensored by regimes or imams. Not everyone likes it, but many do, and the difference between them not only bloodies the Middle East, but also, increasingly, offers it hope.

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From: Ames, Andrew
Sent: Tuesday, June 20, 2006 10:45 AM
To: Ames, Andrew; Baxter, Felix (CIV); Blomquist, Kathleen M; Branda, Joyce (CIV); Brett Gerry; Brody, Stephen (CIV); Bucholtz, Jeffrey (CIV); Bukvics, Jennifer (CIV); Claterbos, Barbara (CIV); Cohen, David M. (CIV); Cohn, Jonathan (CIV); Davidson, Jeanne (CIV); Davis, Dan (CIV); Fargo, John (CIV); Fielding, Gabrielle (CIV); Figley, Paul (CIV); Flentje, August (CIV); Frost, Peter (CIV); Garren, Timothy (CIV); Glynn, J.Patrick (CIV); Gorsuch, Neil M; Hertz, Michael (CIV); Hollis, Robert (CIV); Hunt, Jody (CIV); Hussey, Thom (CIV); Jennifer Brosnahan; Jeweler, James (CIV); Katsas, Gregory (CIV); Keisler, Peter D (CIV); Kohn, Chris (CIV); Kopp, Robert (CIV); Letter, Douglas (CIV); Levine, Larry (EOIR); Lindemann, Michael (CIV); Magnuson, Cynthia; McCallum, Robert (SMO); Miller, Charles S; Nichols, Carl (CIV); Nowacki, John; Pyles, Phyllis (CIV); Riley, Sharon (CIV); Rivera, Jennifer (CIV); Roehrkasse, Brian; Schiffer, Stuart (CIV); Scolinos, Tasia; Seidel, Rebecca; Senger, Jeffrey M; Spellberg, Dianne (CIV); Swenson, Lily F; Thirolf, Eugene; Wilson, Karen L; Zwick, Ken (CIV)
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AP: Police got phone data from brokers

Opinion: The ACLU's tortured logic on Gitmo, Bush critics won't accept that detainee abuse is the exception, not the rule.

Opinion: Decision to hear NSA case marks welcome change

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San Jose Mercury News (CA)

June 20, 2006

Justice Department wants call records case moved

The U.S. Justice Department asked a federal judicial panel to transfer to one judge in Washington, D.C., all lawsuits that accuse telephone companies of illegally turning over customer call records to the National Security Agency.

The filing Monday before the Judicial Panel on Multidistrict Litigation supports a similar request by Verizon Communications, which faces at least 20 class-action suits filed in various cities. AT&T and BellSouth have also been named in complaints.

Verizon and BellSouth have denied providing such customer records to the NSA, while AT&T has refused to confirm or deny whether it provided records to the NSA.

In San Francisco, where the Electronic Frontier Foundation is pressing a suit against AT&T, spokeswoman Rebecca Jeschke said: "We believe San Francisco is an appropriate forum to hear this case. Several cases are pending here. None are pending in Washington, D.C."

END

New York Times

June 20, 2006

Justices Agree to Expand Review of 2003 'Partial-Birth' Abortion Ban

By LINDA GREENHOUSE

WASHINGTON, June 19 — The Supreme Court, acting on Monday over the Bush administration's objection, expanded its review of the Partial-Birth Abortion Ban Act to include additional challenges to the constitutionality of the 2003 federal law.

The justices had already agreed in February to take up the issue in their next term. They were expected to hear that case, an appeal by the administration of a 2005 ruling by the federal appeals court in St. Louis, which declared the law unconstitutional, shortly after the term opens in October.

That argument is now likely to be postponed until November or December, making the issue less visible than it would otherwise have been during the weeks leading up to the 2006 Congressional elections.

The new case is also a Bush administration appeal, but one on which the administration had urged the justices to postpone action until after they ruled in the St. Louis case, Gonzales v. Carhart, No. 05-380. Administration lawyers told the court that the new case, Gonzales v. Planned Parenthood, No. 05-1382, duplicated the other in significant respects, and that there was no reason to "delay the ultimate resolution of the extraordinarily important question of the act's constitutionality."

However, Planned Parenthood Federation of America, which brought the successful challenge to the law in the federal appeals court in San Francisco, urged the justices to add the new case because the appeals court decision had swept more broadly and provided "the most complete available record" on the likely impact of the statute.

The law, which has never taken effect because of legal challenges, makes it a crime for doctors to perform abortions by a method that abortion opponents have labeled partial birth. In its opinion on Jan. 31 invalidating the statute, the United States Court of Appeals for the Ninth Circuit said the method was described so vaguely that the law could criminalize abortions commonly performed in the second trimester of pregnancy, well before a fetus is viable, thus violating the right to due process.

In the St. Louis case, the United States Court of Appeals for the Eighth Circuit had not addressed this issue, instead limiting its decision to the question of the law's failure to include an exception to protect a pregnant woman's health. Abortion rights advocates have generally viewed the Ninth Circuit's opinion as the more complete and persuasive.

Eve C. Gartner, a lawyer for Planned Parenthood, said in an interview that she was pleased by the court's action. It shows, she said, that "they're open to hearing our arguments."

END

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Boston Globe

June 20, 2006

Ex-agent testifies to probe of Bulger; Says Senate chief targeted in '83 case

By Shelley Murphy, Globe Staff

A retired FBI official testified yesterday that then-Massachusetts Senate president William M. Bulger was the target of a 1983 FBI investigation that was compromised by leaks while his gangster brother, James ``Whitey" Bulger, was an FBI informant.

Robert Fitzpatrick, who was an assistant special agent in charge of the FBI's Boston office from 1981 to 1986, said the FBI wanted to ``get" three of the state's top politicians at the time: House majority whip Vincent J. Piro , House Speaker Thomas W. McGee , and Bulger.

``He was the target, I believe," said Fitzpatrick, referring to William Bulger. But there was ``a leak situation, and it got tanked," he said. ``It just went down the tubes."

Piro, a Somerville Democrat, accepted a $5,000 bribe in 1983 from an undercover FBI agent posing as a mall developer trying to get liquor licenses, then returned it three weeks later. The bribe was to ensure Legislative approval of the licenses. Piro was recorded on tape saying some of the money would be used to ``grease a few guys." Piro argued government entrapment at trial and was acquitted of conspiracy and extortion charges.

A witness at Piro's 1985 trial testified that Piro had demanded upfront money because ``I need to consider some people, like the speaker." McGee denied any involvement. He was never charged. No evidence surfaced against Bulger. Yesterday, Fitzpatrick didn't elaborate on why the FBI targeted him.

Boston lawyer R. Robert Popeo , who represented Piro in the criminal case and represented William Bulger on unrelated matters in the 1980s, called Fitzpatrick's testimony ridiculous and said William Bulger's name has never previously been linked to the Piro case.

``It's absolutely ridiculous to suggest that Bill Bulger would have been involved in anything that would have amounted to impropriety, let alone a matter that would have been the subject of an investigation of this type," Popeo said.

Prosecutors contended that Piro returned the bribe because he was tipped off to the true identity of the FBI undercover agent. On the stand, Fitzpatrick said the investigation was among nine in the FBI's Boston office during his tenure that he believed were compromised by leaks to Whitey Bulger, other informants, or others outside the office.

Popeo said, ``Nothing came to our attention prior to trial, during the trial, or after the trial that gives any validity to any suggestion that [Piro] was the beneficiary of any leak."

Yesterday was Fitzpatrick's fifth day on the stand in US District Court in Boston, where he is testifying in a $50 million wrongful death suit brought against the government by the family of John McIntyre , a Quincy fisherman. The family says the government negligently caused McIntyre's death by mishandling Stephen ``The Rifleman" Flemmi and Whitey Bulger, both longtime FBI informants.

Flemmi testified earlier that he and Bulger killed McIntyre on Nov. 30, 1984, after their handler, FBI agent John J. Connolly Jr. , warned them that McIntyre was cooperating against them. McIntyre had implicated the gangsters in an unsuccessful effort to ship weapons to the outlawed Irish Republican Army aboard the Valhalla, a Gloucester trawler.

Flemmi is serving a life sentence for 10 murders, including that of McIntyre.

Bulger, who is wanted for 19 killings, has been a fugitive since 1995. Connolly, who was convicted of racketeering in 2002, is serving a 10-year prison term.

Fitzpatrick, who had urged his superiors to drop Bulger as an informant in the 1980s, testified yesterday that he also wrote a letter to the FBI's third in command at headquarters in 1983, complaining about ``malfeasance" in the bureau's Boston office. He said he never received a response to his letter.

Fitzpatrick said he was concerned that Whitey Bulger, who was being eyed by the FBI as a suspect in at least three murders by 1983, was getting leaks from Connolly about ongoing investigations.

Earlier yesterday, Emily McIntyre, 77, of Quincy, spent an hour on the stand, sobbing uncontrollably at times as she clung to a photograph of her son, John McIntyre.

Justice Department lawyer Bridget Bailey Lipscomb grilled Emily McIntyre about her son's character, asking her if she knew he had allegedly abused his wife and had been charged with drunk driving and assault in the years before his slaying.

``No, I don't know that," Emily McIntyre said repeatedly, defending her son's reputation. ``He was such a beautiful person."

END

Healthcare Risk Management

July 1, 2006

Tenet settlement should chill risk managers on physician referrals; Feds sought 'pound of flesh,' will not go easy on violations

The recent settlement of a case involving referrals and kickback allegations has some observers reeling from the tough stance taken by federal prosecutors. The case should a loud-and-clear alarm bell to risk managers, they say.

Tenet Healthcare Corp., based in Dallas, announced recently that it had reached a civil settlement with the U.S\l "l". Attorney\l "l" in San Diego to resolve the long-running criminal case United States of America v. Barry Weinbaum, Tenet HealthSystem Hospitals Inc. and Alvarado Hospital Medical Center Inc. Most in the industry know it as the Alvarado case.

Two federal juries deadlocked and were unable to reach a verdict on criminal charges first brought by a grand jury in mid-2003 regarding certain physician relocation agreements at Alvarado Hospital, a 311-bed Tenet hospital in eastern San Diego County. "To avert a third criminal trial as well as potential civil liabilities that could still result, the company agreed to a civil settlement that includes a payment of $21 million to resolve potential civil claims by the government," according to a statement released by Tenet. "Tenet has been informed that the U.S\l "l". attorney\l "l" in San Diego will now move to dismiss all criminal charges against all three defendants and will not file any civil litigation in the case."

To conclude the settlement, Tenet acceded to the demand of the Office of Inspector General in the U.S. Department of Health and Human Services that the company sell or close the hospital within a specified period of time or have the hospital face exclusion from health care programs such as Medicare. The OIG had announced the potential exclusion of the hospital on May 8. Tenet announced that as part of the settlement, it will divest itself from the hospital.

Peter Urbanowicz, JD, Tenet's general counsel, says the federal prosecutors drove a hard bargain.

"It has always been our strong desire to keep this hospital and continue providing needed health care to the residents of East San Diego County, as we have at Alvarado for more than 30 years," he says. "Unfortunately, we were given no choice by the government except to sell or close the hospital if we wanted to settle this matter."

As part of the civil settlement, Alvarado and the Tenet subsidiary that owns the hospital denied the government's allegations in the indictments. In both trials, they strongly maintained that physician relocation agreements are a common practice in the hospital industry as a means to bring needed health care resources to communities.

The feds weren't buying it. The terms of the settlement show the feds weren't willing to back down, says Mark H. Gallant, JD, former deputy chief counsel for the Centers for Medicare & Medicaid Services (CMS) and now chair of the health law practice group with the Philadelphia law firm of Cozen O'Connor.

"This appears to be a case where the government insisted on its pound of flesh," he says. "Unable to garner a criminal conviction in two tries, it responded with the rarely used nuclear option of termination, even absent ongoing quality issues. This signals the fierce concerns the government has about what they perceive as 'sweetheart' deals with referring physicians."

Risk managers should scrutinize every financial arrangement the organization has with lucrative admitters, Gallant says.

Intent can be hard to prove

The crux of the allegations against Tenet was that in the process of recruiting physicians, the organization compensated the doctors for referring patients. Alvardo hinged on what the government says you can and cannot do in recruiting physicians, notes Richard B. Spohn, JD, an attorney with the law firm of Nossaman Guthner in San Francisco. While the rules can be difficult to understand, Spohn says there is plenty of precedent on which to rely and that a good health care attorney should be able to walk you through the many requirements and prohibitions. The risk manager's role, he says, is to watch over recruitment efforts with an eye toward the overly aggressive player.

"Recruitment people can be like sales people and when there is an incentive, they will work hard to close the deal," he explains. "But you have to make sure they close the deal precisely in the way that is allowed by law."

Spohn notes that Tenet-style troubles can arise not just out of technical violations of the law, but also from the culture of the organization. Does the culture of the organization encourage employees to push hard for the growth and meeting goals, with just a wink toward the complicated rules that may be bent or broken?

"The risk manager may be the one who has to step in and make sure there is discipline," he says. "Check the type of culture you have. Is there too much enthusiasm for getting the right candidate? The competition for these doctors can be intense, and there has to be a check somewhere along the line, someone who can step up and say, 'Slow down, we're about to cross the line here.'"

Spohn says the feds intended to send a signal to the industry through the Alvarado settlement.

"That was a steep settlement, a very tough settlement," he says. "It was astonishing in its severity. If their [intent] was to send a message, I'd say the health care industry is saying, 'Message received.'"

END

Baton Rouge Advocate

June 20, 2006

Firm being sued under false-claims act

By MIKE DUNNE
Advocate staff writer

The company the state hired to help collect hurricane-damaged automobiles and boats is being sued by the Justice Department over work the firm did after Hurricane Mitch hit Honduras.

The suit, filed under the Federal False Claims Act, alleges DRC Emergency Services of Mobile, Ala., was paid $12.698 million for work in Honduras done by subcontractors who were paid $7.489 million, making a profit of $5.209 million for DRC.

The government alleges DRC falsely stated its qualifications and subcontracted 22 of the 23 projects without necessary approvals. DRC has denied the allegations.

Meanwhile, DRC was the beneficiary of a recent jury decision filed under the same false-claims act in a northern Virginia federal court. DRC and the government sued Custer Battles, alleging fraudulent billing for work done regarding a $16.8 million contract to provide security for the Baghdad airport in Iraq. DRC was a subcontractor for Custer Battles and blew the whistle, prompting court action, according to court documents.

Back in Louisiana, DRC recently won a bid on the state contract to collect and dispose of the thousands of vehicles flooded by Hurricane Katrina. DRC will be working with a longtime Louisiana company, Southern Scrap Material Co., which has facilities in New Orleans as well as Baton Rouge and Port Allen.

Louisiana Department of Environmental Quality officials showed off that work on Monday morning with a media event.

Director of State Purchasing Denise Lea said Monday she was not aware of the false claims suit.

“In general, people are innocent until proven guilty,” she said. “I think that on any of the contracts the state is handling right now, we are providing close scrutiny.”

DEQ is administering the contract, she said. DEQ spokesman Rodney Mallett said state purchasing supervised the bidding and his agency just outlined the scope of work.

Robert J. Isakson, who runs DRC, could not be reached for comment during working hours Monday by either telephone or e-mail.

The suit against DRC claims it improperly subcontracted work, paid for through the U.S. Agency for International Development, to help Honduras recover from Hurricane Mitch in 1998.

In 2000, DRC was the low bidder for work on repairing water systems, sewerage facilities and other infrastructure work in the Central American country through the Honduran Social Investment Fund, which administered the grant.

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The lawsuit also alleges that 40 percent of the equipment DRC stated it owned was actually owned by SJ&L, a company working with DRC. The lawsuit alleges that one-third of the personnel listed by DRC were either employed by SJ&L or didn't work or no longer worked for DRC. In one case, the same person was listed with two names.

The Justice Department said DRC was required to notify and get the approval of the U.S. Agency for International Development and the USAID and Honduran investment fund to subcontract the work.

"DRC took steps to conceal its use of these unauthorized subcontractors," the lawsuit alleges.

In legal answer to the allegations, DRC has maintained it didn't conceal its partnership with SJ&L and that its contract was with Honduran Social Investment Fund and not with the U.S. Agency for International Development, so it did not need USAID's permission to subcontract the work.

DRC also said its bid of $17.678 million was well below the two other bids the Honduran investment fund received — for $22.8 million and $34.3 million.

In court pleadings, DRC says the company is still owed $4.6 million on the contract and another contract. Payments were suspended by the judge hearing the case pending the outcome of the lawsuit.

While DRC is the target of one government suit, the company was co-plaintiff with the federal government in a false claims suit against Custer Battles.

After four weeks of legal wrangling and testimony this spring, a federal jury found Custer Battles guilty of defrauding the government of $3 million through several fraudulent acts.

Custer Battles' contract reimbursed the company for its expenses plus a profit. DRC claimed Custer Battles created shell companies to increase its actual costs and drive up its profit.

Under the Federal False Claims Act, a plaintiff such as DRC can collect up to 30 percent of the damages.

In the New Orleans area, DRC is working on cleaning up those abandoned, flooded cars. It bid $33.8 million and was the second-lowest bidder out of nine proposals. The low bid was for $28 million but that company was disqualified for failing to meet bonding requirements

END

AP

June 20, 2006

Highmark settles charges it underpaid Medicare patients' benefits

By DEBORAH YAO

AP Business Writer

PHILADELPHIA_Health insurer Highmark Inc. on Monday settled allegations that it underpaid health benefits due aged employees who also qualify for Medicare.

U.S. Attorney Patrick L. Meehan of the Eastern District of Pennsylvania said the Pittsburgh-based insurer has agreed to pay over $2 million in the settlement.

During its own internal investigation in recent years, Highmark already voluntarily refunded $2.5 million to Medicare, which has had to pay medical bills the insurer should have, but didn't, cover.

Highmark also agreed to set up a program to count the number of Medicare patients in its plans more accurately. An independent group will watch over the program's policies and procedures for three years.

"Today's settlement not only addresses the underpayment but it also represents a significant step forward in how insurers operate with the Medicare Secondary Payer System," Meehan said in a statement.

The issue revolves around employees or their spouses who qualify for Medicare but also are covered by a company's group health plan.

Federal regulations dictate that the company or health plan is the primary insurer of the worker and Medicare is the secondary payer. The only exception would be companies with fewer than 20 employees that are not members of a multiple-employer health plan with larger member firms.

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Authorities said Highmark didn't fully cover its portion of expenses for these workers, shifting more of the burden to Medicare.

The nonprofit insurer did not admit or deny wrongdoing, according to the settlement.

"The settlement of the lawsuit does not mean that Highmark acted improperly or inappropriately," the insurer said in a statement. "The agreement helps to clarify the operating responsibilities of Highmark and the federal government under the MSP (Medicare Secondary Payer) program."

The U.S. Attorney's office in Philadelphia sued Highmark in 2003 after former employee Elizabeth Drescher filed a whistle blower lawsuit six years ago. She'll receive over $818,600 from the more than $2 million settlement.

Highmark serves 4.3 million members, mainly in Pennsylvania. It operates as Highmark Blue Cross Blue Shield in 29 counties in Western Pennsylvania and Highmark Blue Shield in the rest of the state.

END

New York Times (NY)

June 20, 2006

Arab-Americans Sue U.S. Over Re-entry Procedures

NEIL MacFARQUHAR

A group of Muslim and Arab-Americans, frustrated by what they say is the climate of suspicion and fear that dogs their re-entry into the United States from trips abroad, sued the Department of Homeland Security and the F.B.I. yesterday, demanding that the courts protect their civil rights.

The seven main plaintiffs in the class action suit assert that both the United States Congress and the federal government are ignoring the plight of innocent Americans harassed repeatedly because of problems with the terrorist watch list.

The lawsuit, filed in Federal District Court in Chicago by the American Civil Liberties Union, contends that the courts alone can ensure that antiterrorism policies do not repeatedly subject ordinary Americans to detention, questioning, fingerprinting and the like.

"These are law-abiding citizens, and it is too extreme, too offensive," said Harvey Grossman, the legal director for the A.C.L.U.'s Illinois branch, saying that repeated complaints to Homeland Security as well as senators or congressmen barely get a response. "The court is the only forum where these people have a chance to get a hearing."

The lawsuit asserts that repeated border detentions and improper actions of border guards violate the plaintiffs' constitutional protection against unreasonable search and seizure and their right to travel.

Civil rights lawyers and government officials note that the courts have often struck down efforts to limit the scope of searches or questioning by border agents. But at least one other suit, a New York case involving five Muslim Americans who were detained without explanation after returning from a religious conference in Toronto, is proceeding.

"We will not let anybody into the country until we are sure they are not going to do harm to our citizens and violate our laws; it is that simple," said Bill Anthony, the senior public affairs spokesman for United States Customs and Border Protection. He said Congress had given the agency broad authority to conduct border searches. Mr. Grossman said most case law on border searches hinged on criminal suspects, with extended detention and searches deemed reasonable to catch drug smugglers. His plaintiffs are not outlaws and are always re-admitted eventually -- the government could question them at home if needed, he said.

He noted that Robert S. Mueller III, director of the Federal Bureau of Investigation, testifying May 2 before the Senate Judiciary Committee, could not guarantee that inaccuracies on the terrorist watch list would be corrected within the next five years.

The watch list, maintained since 2003 by the Terrorist Screening Center of the F.B.I., had more than 237,000 names in 2005, according to a Homeland Security report. Some 12 agencies can add names, and only the originating agency can remove a name.

Donna A. Bucella, the center's director, said that matches were made every day from the list and that it was an important tool for local law enforcement agencies. "Obviously there have been a lot of people complaining about it, so there must be ways the U.S. government could refine it and make it better," Ms. Bucella said.

The Illinois lawsuit, expanding on one first filed a year ago, focuses on two main issues. First, those whose names resemble ones on the watch list and who find it virtually impossible to get off the list.

A June 2005 government review found that 42 percent of the calls to the screening center from December 2003 to January 2005 showed that the wrong person was being detained. Second, some people on the list are wrongly categorized as dangerous, resulting in agitated, armed border agents swarming them, the suit claims.

The customs agency says the number of passengers detained for additional checks is relatively small -- roughly 2 percent.

The men suing compare their brusque treatment to that in a totalitarian state.

Niaz Anwar, 55, who fled Afghanistan 11 days after the Soviets occupied the country in 1978 and eventually settled near Boston, said he has been detained nine times since April 2004. In April at the Peace Bridge in Buffalo, he said, a border agent asked him his opinion about the Iraqi war and his party affiliation.

"I was thinking that I was in Moscow during Brezhnev's time," Mr. Anwar said.

Mr. Anthony denied that any such questions could have been asked, saying any officer who did risked termination.

Dr. Elie Ramzy Khoury, a 68-year-old Christian who immigrated from Jerusalem in 1963 and has been an American since 1974, said he had been stopped seven times since May 2002 and now avoided even family funerals abroad because he so dreaded the return. When he complained to Homeland Security, he received a letter back two years later explaining how he could board domestic flights, which is not the issue.

"They never tell me what they are looking for nor what they want," Dr. Khoury said. "I've never done anything unlawful or irregular. I'm a practicing physician and I've been criminalized."

Critics believe the government has not recovered from the shock that the 19 hijackers in the Sept. 11 attacks were moving about freely and has constructed a big, ineffective sieve to try to avoid a repeat.

But the erroneous detentions show intelligence gathering remains poor, Mr. Grossman said. "It is this endless collection of information without any kind of focus, and they allow it to go on and on and on."

END

SanJose Mercury News

Posted on Tue, Jun. 20, 2006

Full appeals court will hear S.J. refugee's asylum case

By Howard Mintz
Mercury News

A federal appeals court Monday voted to reconsider an asylum case involving a refugee living in the South Bay who maintains that ethnic Chinese Christian women in Indonesia face the threat of rape and violence in the world's largest Muslim nation.

The 9th U.S. Circuit Court of Appeals agreed to reconsider a March 2005 ruling that found Marjorie Lolong eligible for asylum because of the potential for persecution if forced to return to Indonesia. A three-judge 9th Circuit panel ruled in Lolong's favor, but a majority of the court's members has now voted to rehear the case with 15 judges.

The San Francisco-based court broke new ground last year by concluding that ethnic Chinese Christian women are particularly at risk for persecution in Indonesia, opening the door for asylum claims. The decision to rehear the case with a larger panel is generally a signal that the judges believe the issues have broad importance.

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Lolong, 36, left Indonesia after high school and enrolled at Golden Gate University in San Francisco at a time when anti-Chinese rioting broke out in Indonesia in 1998. According to court papers, she applied for asylum after hearing that Chinese women were being raped during the rioting.

Lolong has lived on the Peninsula and with an aunt in San Jose in recent years. Robert Jobe, her attorney, could not be reached for comment.

END

Philadelphia Inquirer

Posted on Tue, Jun. 20, 2006

Woman fights deportation after 10 years here; Zhen Xing Jiang arrived here illegally in 1995 and lived quietly for 10 years. But she miscarried this year in U.S. custody and now is fighting to stay

By Jeff Gammage
Inquirer Staff Writer

After she finished telling her story, her supporters - her husband, lawyer and Chinatown activists - pressed around a coffee table to talk tactics and debate which politicians might be willing to help.

The woman whose future they weighed, Zhen Xing Jiang, sat away from the group, silent, staring at the floor.

Her babies were dead. And her ordeal was not over.

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In person, Jiang, 32, seems too slight a presence to have provoked rallies in two cities and headlines as far away as Beijing. Her most prominent feature is the dark circles under her eyes.

" href="http://www.philly.com/mld/inquirer/14856807.htm#recent_comm"Post a Comment

Jiang entered the United States illegally in 1995 and for nearly a decade lived quietly in Philadelphia, helping her husband run their Chinese restaurant. Today she stands at the center of a storm, buffeted by government machinations, legal motions, uncertainty and fear.

At rallies, demonstrators carry placards that bear Jiang's photo, her face partly hidden by a hospital oxygen mask. The "Justice for Mrs. Jiang" campaign is the most visible protest the Asian community has mounted in years - and it's running out of time. Jiang could be deported in 10 weeks.

Her situation has sharpened a divisive political and societal debate about U.S. immigration policy.

On Feb. 7, Jiang was 13 weeks pregnant with twins when she arrived at the federal immigration office in Center City for what she thought would be a routine interview. Instead, as her husband and two sons waited in the lobby, Jiang was seized by authorities, hustled into a van, and driven to New York's JFK Airport for immediate deportation. The eviction halted when Jiang, complaining of stomach pain, was taken to a hospital and doctors found she had miscarried.

Jiang and her supporters say she was roughly shoved into the van, and that, at the airport, the officers ignored her tearful pleas for medical help - allegations the government adamantly denies. Officials say Jiang was treated with extra care because of her pregnancy.

It's difficult to determine the cause of a miscarriage, according to Katherine Sherif, director of the Center for Women's Health at Drexel University. Though miscarriages spontaneously occur more often among women carrying multiple fetuses, emotional and physical stress can also cause miscarriage, she said.

Recently, after months of turning down interview requests, Jiang sat on a couch in the sparsely furnished living room of her South Philadelphia rowhouse. She speaks little English. But with her husband on her left and an Inquirer-supplied interpreter on her right, she described the events of that day - and what her life is like now.

"I have a feeling of uncertainty," Jiang said. "I have a feeling of, 'I really don't know what to do.' "

These days, she rarely leaves her home. She's seeing a psychologist. Asked about her hopes, she said, "I want to stay here, raise my children, have a normal life."

Jiang said she was terrified of being returned to China, of being found in violation of the country's one-child birth-planning policy and sterilized as punishment.

Her husband, Tian Xiao Zhang, 34, also entered the United States illegally and is fighting his own immigration battle. The couple's sons, William, 6, and Jason, 5, were born here and are U.S. citizens.

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As the interview drew on, Jiang became increasingly withdrawn, shrinking into the couch, while her husband became more agitated, talking over the translator to emphasize his points in English.

"The government kidnapped my wife," Zhang said forcefully. "Why the immigration was in a rush to send a pregnant woman back to China?"

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In March 1995, Jiang left coastal Fujian Province and flew to New York with false documents, according to her attorney, Richard Bortnick, of the Cozen O'Connor law firm. She was stopped at customs, ordered to appear at a hearing, and released, he said.

Waiting at the airport, Bortnick said, was a member of the smuggling ring that helped Jiang leave China. She owed money - fees typically run to tens of thousands of dollars. The smugglers held Jiang captive for three months until her family arranged payment, he said.

Three years later, friends introduced Jiang to the man she would marry. The two found they could talk easily, and both saw hard work as the means to a better life. Zhang also had come here from Fujian, in 1994, entering the country, as he put it, "without inspection."

Zhang said he didn't leave China - he "escaped," like his wife, to seek "a better life of freedom... a better living."

Both have applied for asylum based on the one-child policy, grounds that are frequently invoked but often denied. Immigration authorities said China appears to deal "relatively leniently" with returnees who have two or more children, punishing them with fines instead of physical abuse, although the New York Times recently documented a case in which a man was beaten and sterilized.

The couple worked seven days a week at their King Food Chinese Restaurant in South Philadelphia. Jiang reduced her hours after the boys were born. The family, said Helen Gym of Asian Americans United, a Philadelphia advocacy group, "really tried to live and achieve an American dream."

Authorities notified Jiang in April 2004 that she would be deported the next month. Soon afterward, she was told that, at the government's discretion, she could stay in the U.S. "under supervision," which required regular check-ins.

It is unclear why Jiang was afforded that courtesy. Or why she was seized on Feb. 7. Officials at U.S. Immigration and Customs Enforcement (ICE) did not respond to calls and written questions from The Inquirer about the case. A temporary stay of deportation issued after Jiang's miscarriage expires on Aug. 25.

"She hasn't really even had a chance to grieve," said Debbie Wei, principal of the Folk Arts Cultural Treasures charter school, which Jiang's son William attends. "She lost the babies, then she's immediately in the spotlight, but also in jeopardy."

Zhang said he recently sold the King Food restaurant and had taken a job as a real estate agent to devote more time to his wife. Also, the family needs to keep its assets liquid in case it must leave the country.

In August 2004, Zhang was nearly deported under nearly identical circumstances, according to New York lawyer Stanley Mark, who is helping the family.

Zhang managed to avoid deportation when he argued, from Philadelphia to New York to the door of the plane to China, that his seizure was a mistake because he had an active appeal. Still, he spent 100 days in detention, Mark said.

In this country, Zhang and Jiang are but two of an estimated 250,000 illegal Chinese immigrants. In China, Zhang taught high school physics. Mark recalled how, when they fell to talking about science, Zhang picked up a pen and sketched out an equation - Einstein's theory of relativity.

Bortnick, Jiang's attorney, said he hoped to meet with ICE officials this month and persuade them to let Jiang stay permanently. If that fails, he will seek relief in federal court - where Jiang's treatment on Feb. 7 could become an issue. Jiang's supporters have pressed her to file a civil suit against ICE concerning her miscarriage.

Her backers also are trying to have a member of Congress introduce what's known as a private bill, a law to grant her permanent residence or citizenship. Like all legislation, it must pass the House and Senate and be signed by the president. The odds against passage are long.

"Most people who have orders of deportation do get removed," said Mark, program director of the Asian American Legal Defense and Education Fund.

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Walk the streets of Chinatown, and you might see activists posting photos of Jiang in a hospital bed, her arm hooked to an intravenous line. Her treatment by immigration authorities spurred protests in Philadelphia and New York. Even now, volunteers gather signatures on petitions.

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"I don't want to see the father or the mother go out of this country," said Steven Zhu, executive vice president of the Greater Philadelphia Chinese Restaurant Association. "It's a disaster for the family."

The family's mixed immigration status is not unusual. Estimates are that 3.1 million citizen-children have been born to illegal immigrants, and parents who face deportation often wonder whether it's better for their children to stay or go.

Jiang's allies include State Rep. Curtis Thomas (D., Phila.) and City Councilman Jim Kenney, though she largely avoids the campaign, a dilemma for leaders who think her future could depend on how much publicity they generate.

"You're trying to respect the needs of the family, and what they're going through, with the desire to get this out as publicly as possible," said Ellen Somekawa, executive director of Asian Americans United. "Mr. Zhang is so concerned about his wife, and how she's just really not doing very well."

Zhang said if his wife is deported, the family will leave with her.

"We are scared, really scared," Zhang said in English. "I try to fight to stay here. They say it's an immigrant country, right?"

END

Alameda Times-Star (CA)

June 20, 2006

Feds sue former Alameda exec

Josh Richman, STAFF WRITER

The U.S. Department of Labor has sued the former president and CEO of a now-defunct Alameda high-tech company to recover almost $150,000 he is suspected of shorting his firm's 401(k) retirement plan participants.

The civil lawsuit filed June 5 in U.S. District Court in San Francisco claims Richard Baldyga, the former president and chief executive officer of RadixOne, was responsible for distributing the 401(k) plan's assets after the company closed in June 2003, but he did not take the proper steps to pay out assets to some workers, according to the Labor Department.

The suit asks the court to remove Baldyga as a plan fiduciary and appoint an independent fiduciary to terminate the plan and distribute assets to eligible workers.

Baldyga, now executive vice president of sales at San Francisco-based ServiceSource, said Monday that he met with Labor Department officials about this last year.

"I'd worked with them earlier to educate them that the company went bankrupt and out of business, and I've done everything in my power to help folks get their money back," he said.

"I'm not sure what they're trying to accomplish here. I have nothing to hide."

END

AP

June 20, 2006

Doctor accused of injecting fake Botox

ALBUQUERQUE_A federal grand jury has indicted a doctor who runs skin-care clinics in New Mexico and West Texas for allegedly injecting patients with a Botox substitute that is not approved by the U.S. Food and Drug Administration for human use.

Mark Van Wormer faces 12 counts of fraud and one count each of misbranding a drug and tampering with evidence, according to the U.S. attorney's office in Albuquerque. The indictment was issued last week.

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Van Wormer operates the GreatSkin clinics in Albuquerque, Clayton and Amarillo, Texas. Among other things, the clinics offer laser hair removal, chemical peels and Botox injections.

Botox is popular because it temporarily eliminates frown lines by paralyzing the muscles that cause wrinkles. It's also used to treat migraine headaches, excessive sweating and muscle spasms in the neck and eyes.

During most of 2004, Van Wormer advertised Botox, the FDA-approved Botulinum Toxin Type A. The indictment alleges that he injected patients with a non-approved form of the toxin distributed by Toxin Research International of Arizona.

The vials clearly stated "Not for Human Use" and "For Research Purposes Only," according to the indictment.

Van Wormer is also accused of altering files to make it appear the patients received the approved form of the toxin.

END

The Providence Journal (R.I.)

Tuesday, June 20, 2006

BY BRUCE LANDIS

State's PUC on hold in spying requests

PROVIDENCE -- The state Division of Public Utilities should forget about investigating whether two of the nation's biggest phone companies illegally gave Rhode Islanders' phone records to the federal government's biggest spying agency, the companies have told the division.

AT&T and Verizon said that if the division does try to investigate, it won't get any evidence because the whole matter is covered by a blanket of national security and the companies won't tell.

If the division did get some evidence, it couldn't do anything about it, the companies said. First, that area of law has been preempted by the Federal Communications Commission, which has already said it won't investigate the accusations. Second, the matter is protected by the government's special national security privilege.

AT&T and Verizon were replying to complaints from the Rhode Island Affiliate of the American Civil Liberties Union that the companies broke state laws intended to protect telephone customers' privacy.

Thomas Kogut, chief of information for the division, said Thomas F. Ahern, the agency's administrator, is reviewing the responses. Among his choices are opening an investigation, dropping the matter, and asking for more information. Kogut said it isn't clear when the division will decide what course to take.

Both companies refused to confirm or deny whether they were involved in the National Security Agency program, saying they did whatever they did legally. Verizon denied that it had turned over data on local calls, and repeated its "long-standing commitment to vigorously safeguard our customers' privacy."

ACLU Executive Director Steven Brown said the responses were "straight out of George Orwell."

In essence, Brown said, the phone companies are saying, "You shouldn't assume we did anything wrong, and even if we did, it's none of your business, and even if it is, we won't tell you anyway."

The phone company response, Brown said, "encapsulates the Bush administration's unceasing penchant for keeping the public in the dark about its so-called war on terrorism."

The ACLU had accused Verizon and AT&T of "systematic and flagrant violation" of their customers' privacy.

The issue arose in two steps. In December, The New York Times reported that President Bush had told the National Security Agency to eavesdrop on international calls and e-mails to search for evidence of terrorist activity without getting warrants. Then in May, USA Today reported that the NSA had been secretly gathering the phone call records of tens of millions of Americans from AT&T, Verizon and BellSouth.

The ACLU filed complaints with state utility regulators in 20 states, including Rhode Island, on May 24. The division asked the companies for replies by Friday.

In urging the division to drop the matter, AT&T argued that it and other telecommunications carriers enjoy "broad immunities" when acting on the government's behalf on "national security-related surveillance and intelligence activities."

In their responses the the division, the phone companies frequently quoted federal authorities who are opposing numerous lawsuits challenging the accusations about telephone records.

For example, AT&T lawyer Jay E. Gruber quotes the U.S. Justice Department as saying that "No aspect of this case can be litigated without disclosing state secrets" in seeking the dismissal of one of the lawsuits filed against the phone companies.

END

Tuesday, June 20, 2006

ACLU PRESS RELEASE: Citizens Call on Federal Government to Fix Dysfunctional Screening System Responsible for Detentions and Harassment on Re-Entry to the United States

(6/19/2006)

FOR IMMEDIATE RELEASE
Contact: media@aclu.org

CHICAGO -- Nine American citizens from across the country today joined together in an effort to force the federal government to implement changes to the Federal Bureau of Investigation's Terrorist Screening Center (TSC) and the policies of Customs and Border Protection that will ensure innocent Americans are not subjected to humiliating and unnecessary detentions and harassment by federal officials when they re-enter the United States.

The American Civil Liberties Union of Illinois filed a federal lawsuit in Chicago today on behalf of the nine individuals who have been subjected to repeated lengthy stops, questioning, body searches, handcuffing, excessive force, separation from family members and confinement by customs officers when they return to the United States from travel abroad. The plaintiffs all report being unnecessarily delayed, while some recite tales of being shackled to a chair for hours and others had their automobiles surrounded by agitated guards with firearms -- a frightening sight for their young children.

"It simply is not necessary for the government to detain these Americans for lengthy periods of time in the fashion in which they have been treated," said Harvey Grossman of the ACLU of Illinois in announcing the lawsuit. "The fault lies in the chaotic operations of the Terrorism Screening Center and inappropriate responses by customs officials. Indeed, FBI Director Mueller recently declined to predict that the problems in the TSC could be repaired in five years. Innocent Americans should not be compelled to bear repeated abuse simply because the FBI and the Department of Homeland Security cannot correct their own mistakes."

The complaint filed today builds on a lawsuit filed last year by Akif Rahman, a native born United States citizen who lives in suburban Chicago with his wife Masooda. Rahman has been detained and questioned by Department of Homeland Security (DHS) officials on five separate occasions since March 2004 as he re-entered the country after business or personal trips abroad. Four of the detentions lasted much longer than was reasonably required for determining Rahman's identity and allowing him to proceed into the United States. On one occasion, Rahman was subjected to unnecessary excessive force during a body search and shackled to a chair for approximately three hours while isolated from his wife and children.

Another plaintiff, Dr. Sammy Rehman, a radiologist from the Chicago area, was detained on June 9, 2005. Dr. Rehman and his family, his mother and his mother-in-law were returning to the United States from a visit in Canada. After Dr. Rehman gave a border officer his passport, federal agents surrounded the family car, holding their hands on their holstered guns. One agent identified Dr. Rehman as "A and D" (armed and dangerous). Armed guards then led Dr. Rehman away from his family and detained him for approximately two hours.

"This event was terrifying for me, for my wife and for our 7-year-old son," said Dr. Rehman. "The physically threatening nature of these stops and detentions seem to be escalating."

The ACLU said the nine plaintiffs named in the lawsuit represent thousands of individuals who are stopped, questioned, abused and harassed at points of entry to the country each year as a result of flaws in the TSC. According to a U.S. Department of Justice report, the TSC administers a database with more than 200,000 names of persons who are claimed

by the government to have "any degree of terrorism nexus." However, the report found that the process for classifying these individuals is flawed, resulting in many individuals being "over-classified" and considered dangerous when they pose no real threat to our nation. The Justice Department report alson found that mistakes in the database cause many individuals to be "misidentified" and subject to more scrutiny than is necessary. As a result of these problems, the plaintiffs in today's lawsuit collectively have been stopped and questioned on more than 30 occasions, despite the fact that they are law-abiding citizens. On each occasion, the plaintiffs have been cleared for re-entry to the United States only after punitive detentions.

In addition to the Rahmans and Dr. Rehman and his wife Riffat Mehmood, the ACLU plaintiffs include: Niaz Anwar from suburban Boston; Khalid Bhatti, a physician in gastroenterology in Troy, New York; Shimrote Ishaque, a pharmacist in Seattle, Washington; Osama Jammal, an educational video producer from suburban Chicago; and Dr. Elie Khoury, an OB/GYN in practice in Detroit, and his wife Farideh Khoury.

The plaintiffs ask the federal court to order the FBI and DHS to adopt polices that ensure expeditious reentry to the United States for citizens who are over-classified or misidentified, and to institute adequate training and supervision to ensure that citizens are not unduly detained and harassed upon entering the country.

Roger Pascall, Everett Cygal, Paula Ketcham, and Joshua Lee of the Chicago law firm Schiff Hardin LLP are assisting the ACLU of Illinois in this case, along with Junaid M. Afeef of Hoffman Estates, Sarah Wunsch of the ACLU of Massachusetts, Kary Moss and Michael Steinberg of the ACLU of Michigan, Noel Salah of Detroit and Aaron H. Caplan of the ACLU of Washington.

END

Associated Press

TED BRIDIS and JOHN SOLOMON

AP: Police got phone data from brokers

WASHINGTON - Numerous federal and local law enforcement agencies have bypassed subpoenas and warrants designed to protect civil liberties and gathered Americans' personal telephone records from private-sector data brokers.

These brokers, many of whom advertise aggressively on the Internet, have gotten into customer accounts online, tricked phone companies into revealing information and even acknowledged that their practices violate laws, according to documents gathered by congressional investigators and provided to The Associated Press.

The law enforcement agencies include offices in the Homeland Security Department and Justice Department - including the FBI and U.S. Marshal's Service - and municipal police departments in California, Colorado, Florida, Georgia and Utah. Experts believe hundreds of other departments frequently use such services.

"We are requesting any and all information you have regarding the above cell phone account and the account holder ... including account activity and the account holder's address," Ana Bueno, a police investigator in Redwood City, Calif., wrote in October to PDJ Investigations of Granbury, Texas.

An agent in Denver for U.S. Immigration and Customs Enforcement, Anna Wells, sent a similar request on March 31 on Homeland Security stationery: "I am looking for all available subscriber information for the following phone number," Wells wrote to a corporate alias used by PDJ.

Congressional investigators estimated the U.S. government spent $30 million last year buying personal data from private brokers. But that number likely understates the breadth of transactions, since brokers said they rarely charge law enforcement agencies any price.

PDJ said it always provided help to police for free. "Agencies from all across the country took advantage of it," said PDJ's lawyer, Larry Slade of Los Angeles.

A lawmaker who has investigated the industry said Monday he was concerned by the practices of data brokers.

"We know law enforcement has used this because it is easily obtained and you can gather a lot of information very quickly," said Rep. Ed Whitfield, R-Ky., head of the House Energy and Commerce investigations subcommittee. The panel expects to conduct hearings this week.

Whitfield said data companies will relentlessly pursue a target's personal information. "They will impersonate and use everything available that they have to convince the person who has the information to share it with them, and it's shocking how successful they are," Whitfield said. "They can basically obtain any information about anybody on any subject."

The congressman said laws on the subject are vague: "There's a good chance there are some laws being broken, but it's not really clear precisely which laws."

James Bearden, a Texas lawyer who represents four such data brokers, compared the companies' activities to the National Security Agency, which reportedly compiles the phone records of ordinary Americans.

"The government is doing exactly what these people are accused of doing," Bearden said. "These people are being demonized. These are people who are partners with law enforcement on a regular basis."
The police agencies told AP they used the data brokers because it was quicker and easier than subpoenas, and their lawyers believe their actions were lawful. Some agencies, such as Immigrations and Customs Enforcement, instructed agents to stop the practice after congressional inquiries.

The U.S. Marshal's Service told AP it was examining its policies but compared services offered by data brokers to Web sites providing public telephone numbers nationally.

None of the police agencies interviewed by AP said they researched these data brokers to determine how they secretly gather sensitive information like names associated with unlisted numbers, records of phone calls, e-mail aliases - even tracing a person's location using their cellular phone signal.

"If it's on the Internet and it's been commended to us, we wouldn't do a full-scale investigation," Marshal's Service spokesman David Turner said. "We don't knowingly go into any source that would be illegal. We were not aware, I'm fairly certain, what technique was used by these subscriber services."

At Immigration and Customs Enforcement, spokesman Dean Boyd said agents did not pay for phone records and sought approval from U.S. prosecutors before making requests. Their goal was "to more quickly identify and filter out phone numbers that were unrelated to their investigations," Boyd said.

Targets of the police interest include alleged marijuana smugglers, car thieves, armed thugs and others. The data services also are enormously popular among banks and other lenders, private detectives and suspicious spouses. Customers included:

_A U.S. Labor Department employee who used her government e-mail address and phone number to buy two months of personal cellular phone records of a woman in New Jersey.

_A buyer who received credit card information about the father of murder victim Jon Benet Ramsey.

_A buyer who obtained 20 printed pages of phone calls by pro basketball player Damon Jones of the Cleveland Cavaliers.

The athlete was "shocked to learn somebody had obtained this information," said Mark Termini, his lawyer and agent in Cleveland. "When a person or agency is able to obtain by fraudulent means a person's personal information, that is something that should be prohibited by law."

PDJ's lawyer said no one at the company violated laws, but he acknowledged, "I'm not sure that every law enforcement agency in the country would agree with that analysis."

Many of the executives summoned to testify before Congress this week were expected to invoke their Fifth Amendment rights against self-incrimination and to decline to answer questions.

Slade said no one at PDJ impersonated customers to steal personal information, a practice known within the industry as pretexting.

"This was farmed out to private investigators," Slade said. "They had written agreements with their vendors, making sure the vendors were acquiring the information in legal ways."

Privacy advocates bristled over data brokers gathering records for police without subpoenas.

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"This is pernicious, an end run around the Fourth Amendment," said Marc Rotenberg, head of the Washington-based Electronic Privacy Information Center, a leading privacy group that has sought tougher federal regulation of data brokers. "The government is encouraging unlawful conduct; it's not smart on the law enforcement side to be making use of information obtained improperly."

A federal agent who ordered phone records without subpoenas about a half-dozen times recently said he learned about the service from FBI investigators and was told this was a method to obtain phone subscriber information quicker than with a subpoena.

The agent, who spoke only on condition of anonymity because he is not authorized to speak with reporters, said he and colleagues use data brokers "when he have the need to act fairly quickly" because getting a subpoena can involve lengthy waits.

Waiting for a phone company's response to a subpoena can take several days or up to 45 days, said police supervisor Eric Stasiak of Redwood City, Calif. In some cases, a request to a data broker yields answers in just a few hours, Stasiak said.

Legal experts said law enforcement agencies would be permitted to use illegally obtained information from private parties without violating the Fourth Amendment's protection against unlawful search and seizure, as long as police did not encourage any crimes to be committed.

"If law enforcement is encouraging people in the private sector to commit a crime in getting these records that would be problematic," said Mark Levin, a former top Justice Department official under President Reagan. "If, on the other hand, they are asking data brokers if they have any public information on any given phone numbers that should be fine."

Levin said he nonetheless would have advised federal agents to use the practice only when it was a matter of urgency or national security and otherwise to stick to a legally bulletproof method like subpoenas for everyday cases.

Congress subpoenaed thousands of documents from data brokers describing how they collected telephone records by impersonating customers.

"I was shot down four times," Michele Yontef complained in an e-mail in July 2005 to a colleague. "I keep getting northwestern call center and they just must have had an operator meeting about pretext as every operator is clued in."

Yontef, who relayed another request for phone call records as early as February, was among those ordered to appear at this week's hearing.

Another company years ago even acknowledged breaking the law.

"We must break various rules of law in acquiring all the information we achieve for you," Touch Tone Information Inc. of Denver wrote to a law firm in 1998 that was seeking records of calls made on a calling card.

The FBI's top lawyers told agents as early as 2001 they can gather private information about Americans from data brokers, even information gleaned from mortgage applications and credit reports, which normally would be off-limits to the government under the U.S. Fair Credit Reporting Act.

FBI lawyers rationalized that even though data brokers may have obtained financial information, agents could still use the information because brokers were not acting as a consumer-reporting agency but rather as a data warehouse.

The FBI said it relies only on well-respected data brokers and expects agents to abide by the law. "The FBI can only collect and retain data available from commercial databases in strict compliance with applicable federal law," spokesman Mike Kortan said Monday.

END

The Los Angeles Times

By David B. Rivkin Jr. and Lee A. Casey

June 20, 2006

Opinion: The ACLU's tortured logic on Gitmo, Bush critics won't accept that detainee abuse is the exception, not the rule.

THE "GOTCHA" crowd has fallen on its face again.

In an effort to show that on the Bush administration's evil watch the U.S. military has been systematically mistreating prisoners in Iraq and Afghanistan with tacit approval or even outright encouragement from its civilian superiors, the American Civil Liberties Union has been demanding the release of dozens of internal military investigative reports. But the two reports on U.S. detainee policy just released in response to an ACLU lawsuit paint a picture quite the opposite of what the ACLU expected.

Though heavily redacted to remove operational details, the reports (by Brig. Gens. Richard Formica and Charles Jacoby) show a Pentagon open to criticism and change, and determined to guarantee detainees the humane treatment promised by President Bush when the war on terror began.

Genuine instances of abuse are noted, but these are very much the exception and not the rule. The reports indicate that many allegations of abuse simply are unsubstantiated — or that the "victim's" story changes once carefully examined. The most serious criticism is that the administration's detainee policies were not adequately communicated down the chain of command, resulting in confusion on the ground about what treatment was permissible. In addition, there was a lack of training on detainee handling. These points have been corrected.

Predictably, the ACLU has cried "whitewash." But what we are seeing is the refusal by administration critics to see anything other than the "torture narrative" they have constructed.

That "narrative" goes like this: Bush and his war Cabinet opened the door to detainee abuse, first by refusing to accord captured Al Qaeda and Taliban members Geneva Convention rights, and second, by permitting the use of aggressive interrogation techniques. Therefore, says the human rights crowd, Bush and other senior officials are morally — and some say legally — responsible for all of the abuses that have taken place since Sept. 11, 2001. Although this story has become holy writ in liberal circles, it is legally preposterous and logically flawed.

As a matter of law, guilt for war crimes can be imposed up the chain of command only when superiors have ordered the offending conduct or have failed to take appropriate disciplinary measures once they become aware that abusive conduct is taking place. But as these reports demonstrate, allegations of wrongdoing by U.S. forces have been thoroughly investigated and punished when called for. There simply is no rule of "strict liability" that would support the punishment of either military or civilian superior officers or officials without evidence that they ordered or condoned abuses.

The narrative is also flawed because Bush has from the beginning made clear that all individuals captured in the war on terror must be treated humanely. This is the case regardless of their legal status or where they were captured. To the extent that abuses have taken place, there is no reason to believe that granting the detainees prisoner-of-war status would have made a difference. The abuse of inmates at Abu Ghraib occurred because the prison was dysfunctional, not because the inmates were denied classification as POWs.

The same is true with respect to interrogation methods — clearly the most controversial aspect of the administration's detainee policy. None of the methods authorized by administration officials over time — including standing for long periods, dietary manipulation and sleep interruption — are inherently torture or inhumane treatment. All could, if taken to a sufficient extreme, cross the line. The only way to guarantee that the line is never crossed would be to eschew any method of interrogation that could, in the wrong hands, be taken too far.

However, the only way to protect civilians against a terrorist attack is to obtain intelligence about the enemy's capabilities and plans, so that U.S. forces can act first. Although many experts believe that noncoercive interrogation methods do work (and that harsher methods do not), these experts tend to be vague when it comes to timelines — and it's the timing that matters. This is why U.S. officials turned to stressful interrogation methods in the first place.

To avoid future excesses, the Pentagon has considered scores of recommendations, and most of them have been implemented. All of this compares favorably with actions taken in past conflicts. Americans can justly take pride in their fighting men and women and in the Pentagon's civilian leadership. If the ACLU was hoping to prove otherwise, it failed.

END

DOJ_NMG_0035605

The Michigan Daily

Tuesday, June 20, 2006

Opinion: Decision to hear NSA case marks welcome change

The uproar over the Bush Administration's domestic-spying program led this past week to a lawsuit filed by the American Civil Liberties Union against the National Security Agency. In an effort to curtail efforts by the government to obtain phone and other records without a warrant, the lawsuit is one of the first against the many new measures the government initiated since Sept. 11.

The ACLU has an impressive case against the NSA. Its argument alleges that the surveillance program violates not only the fourth amendment to the U.S. Constitution, but also the first. Infringements upon the fourth amendment's protection against unreasonable searches and seizures are obvious. But the ACLU also asserts an infringement upon the first amendment because communications across the world from within the United States are hindered as a result of the program.

But the suit's grievances don't end there. The ACLU also claims a violation of the Foreign Intelligence Surveillance Act of 1978. Thus, even if any court rules the program constitutional, it may still be found in violation of FISA, which allows for limited wiretapping by the executive branch. But FISA allows only for a maximum of 72 hours of warrantless wiretaps, within which the attorney general must obtain a warrant. NSA's program of warrantless wiretaps has certainly been functioning for longer than that.

The lawsuit was filed in the Eastern District Court of Michigan, and will be heard by U.S. District Judge Anna Diggs Taylor. In agreeing to hear the case in the first place, Judge Taylor has already taken a significant step. Previous efforts by both the Justice Department's Office of Professional Responsibility and the Federal Communication Commission to investigate NSA's policies have been thwarted, supposedly because the findings would be detrimental to national security. But Judge Taylor declined to dismiss this particular case on similar grounds, perhaps marking a turn of the tide, where potential violations of civil liberties may actually be investigated and heard by the courts.

Until now, the Bush Administration has not answered the charges levied against the NSA surveillance program sufficiently. Instead of debating the charges themselves, its response has simply been that such a program is needed due to the war against terrorism. Not only is such a reply inadequate, it's also evidence of this administration's circular reasoning that works only to suspend certain civil liberties indefinitely.

The American public understands fully that there is a war, but we also understand that we fight this war to protect our liberties and freedoms, not to lose them to our own government. This case is an important milestone in this war because it will determine how far the government can reach into our lives to fight it. But government attorneys will likely not argue the ACLU case on its merits, but rather scold the judge for even agreeing to hear it in the first place. For a nation that prides itself on justice, governmental openness and accountability, that's simply not acceptable. Hopefully, the courts will send an important message that unmonitored violations of Americans' constitutional rights cannot go unpunished.

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McKenzie, Peggy (CIV)

From:	McKenzie, Peggy (CIV)
Sent:	Tuesday, June 20, 2006 12:08 PM
To:	Agarwal, Asheesh (CRT); Bahr, Dorothy (CIV); Baxter, Felix (CIV); Bordeaux, JoAnn (CIV); Bucholtz, Jeffrey (CIV); Calvert, Chris (CIV); Cohen, David M. (CIV); Cohn, Jonathan (CIV); Davis, Dan (CIV); Davis, Deborah J; Fargo, John (CIV); Fielding, Gabrielle (CIV); Fishback, David (CIV); Flentje, August (CIV); Fowler, Liane (SMO); Frost, Peter (CIV); Garren, Timothy (CIV); Glynn, J.Patrick (CIV); Goldberg, Arthur (CIV); Gorsuch, Neil M; Gray, Towanda (CIV); Hertz, Michael (CIV); Hollis, Robert (CIV); Hudson, Lewis (CIV); Hunt, Jody (CIV); Hussey, Thom (CIV); Jennings, Geraldine (CIV); Katsas, Gregory (CIV); Keener, Donald (CIV); Kent, Alexander (CIV); Kohl, Christine (CIV); Kohn, Chris (CIV); Kopp, Robert (CIV); Liner, Linda (CIV); Lloyd, Shirley (CIV); Lucas, Regina E. (CIV); Magnuson, Cynthia; McCallum, Robert (SMO); Miller, Charles S; Pyles, Phyllis (CIV); Rivera, Jennifer (CIV); Schiffer, Stuart (CIV); Shannen Coffin; Shaw, Aloma A; Swenson, Lily F; Thirolf, Eugene; Williams, Angela (CIV); Williams, Toni (CIV); Willis, Kerry (CIV); Zwick, Ken (CIV)
Subject:	6/20 CIV Weekly Report to the AG
Attachments:	CivDivWkly0620.wpd

U.S. Department of Justice

Civil Division

Assistant Attorney General *Washington, D.C. 20530*

June 20, 2006

MEMORANDUM FOR THE ATTORNEY GENERAL

THROUGH: THE DEPUTY ATTORNEY GENERAL

THROUGH: THE ASSOCIATE ATTORNEY GENERAL

FROM: Peter D. Keisler
Assistant Attorney General

SUBJECT: Civil Division Weekly Report to the Attorney General

A. NEXT WEEK

- No items to report.

B. THIS WEEK

- ***Supreme Court Declines to Exercise Its Original Jurisdiction to Hear States' Challenge to Provisions of the Medicare Prescription Drug, Improvement, and Modernization Act of 2003***
  Texas, et al. v. Leavitt [United States Supreme Court; Original]. On June 19, the Supreme Court declined to exercise its original jurisdiction to hear a constitutional challenge brought by several states to certain provisions of the Medicare Prescription Drug, Improvement, and Modernization Act of 2003. Those provisions adjust the federal funding that states receive under the Medicaid program to account for the savings that states realize through the Medicare Prescription Drug, Improvement, and Modernization Act's provision of a prescription drug benefit to Medicaid recipients who are eligible for Medicare. In opposing the motion for leave to file a bill of complaint and the motion for a preliminary injunction, the Federal Government explained that the adjustment is a valid exercise of Congress's power under the Spending Clause and the Necessary and Proper

Clause.

C. LAST WEEK

- ***First Amendment Claim Brought Against USDA Official by Meat Processing Plant Is Dismissed***
  Munsell, et al. v. United States Department of Agriculture, et al., Civil Action No. 04-1745 [District of Columbia] (Judge J. Lamberth). Plaintiffs brought this action against a District Manager of the Minneapolis, Minnesota, Office of the Food Safety and Inspection Service, United States Department of Agriculture (USDA). Plaintiffs claimed retaliatory regulatory action by a USDA official to punish them for the exercise of First Amendment rights. On May 16, Judge Lamberth granted the government's motion to dismiss, holding that the plaintiffs failed to satisfy the statutory requirement and exhaust all available administrative remedies prior to bringing suit against an officer or employee of the USDA.

- ***Dutch Court Sets Aside Default Judgment***.
  Sonneborn v. United States [Court of the Hague, the Netherlands]. On June 7, we were notified that the court of first instance in the Hague set aside a previously imposed default judgment against the United States in a wrongful termination case. In January 1999, Mr. Sonneborn was discharged from employment with the United States Embassy in the Netherlands. Mr. Sonneborn instituted suit against the United States in 2003, and obtained default judgment in 2004 in the amount of €204,406 (approximately $257,400). The United States contested the default judgment on the grounds that under Dutch law formal notice of intention to commence litigation must be provided the employer within six months of the discharge or the case will be time-barred. The Court set aside the default judgment because Mr. Sonneborn failed to toll the statute of limitations by giving timely notice of his intention to commence litigation. He was ordered to pay the Government €1,684 (approximately $2,120) in court costs.

- ***En Banc Ninth Circuit Rules that Alien Must Be Given Notice and Opportunity to Rebut Administrative Notice of Controversial Facts***
  Circu v. Gonzales [9th Cir.]. On June 9, the en banc Ninth Circuit reversed the Board's

affirmance of an Immigration Judge's decision denying asylum and withholding of removal to a Romanian Pentecostal Christian alien. The Court held the Immigration Judge violated due process by taking administrative notice of changed conditions shown in a State Department report issued 19 months after the asylum hearing, without affording the alien prior notice and an opportunity to respond. The Court ruled that the Board compounded the error by streamlining the appeal rather than remanding to give the alien an opportunity to rebut the noticed facts.

- ***En Banc Ninth Circuit Reverses Denial of Fijian Alien's Asylum Application Based on Immigration Judge's Firm Resettlement Determination***
  Maharaj v. Gonzales [9th Cir.]. On June 9, the en banc Ninth Circuit remanded the case for further proceedings. The Court held that the government has the burden of showing that a third country proffered a formal offer of some type of official status permitting the alien to reside in that country indefinitely. Because there was insufficient evidence in the record indicating that the alien was entitled to permanent resettlement when he departed Canada prior to the completion of his asylum process in that country, the Court remanded the case to further develop the record with respect to whether the alien chose not to accept permanent refuge to which he was entitled, or declined the mere possibility of it. Judges O'Scannlain, Kleinfeld, Rawlinson, and Callahan filed an opinion concurring in part and dissenting in part.

- ***Pesticide Manufacturer Drops Suit to Prevent Release of Business Information Submitted to Environmental Protection Agency***
  Amvac Chemical Corp. v. Environmental Protection Agency [District of Columbia]. By order dated June 13, Judge Ricardo M. Urbina approved the stipulated dismissal. Amvac, a producer of the pesticide dichlorovos, brought suit against the Environmental Protection Agency (EPA) and its Administrator to enjoin the release under the Freedom of Information Act (FOIA) of portions of five letters alleged to contain confidential business information. When advised that EPA was about to file a motion for summary judgment, Amvac questioned its right to do so, then offered to withdraw the complaint with prejudice "[i]n light of changed circumstances." The motion for summary judgment would have shown that the decision of EPA to release the contested material was valid under the arbitrary-and-capricious standard of the Administrative Procedure Act, the standard applicable to "reverse FOIA" cases like this one.

- ***Eighth Circuit Reverses District Court Order Awarding Disability Benefits with Instructions to Reinstate the Commissioner's Denial of Benefits***
  Roger L. Baker v. Jo Anne B. Barnhart, Commissioner of Social Security [United States Court of Appeals for the Eighth Circuit; United States District Court for the Northern District of Iowa]. On June 13, in a published opinion, the Eighth Circuit (Gruender, Colloton, JJ., Heaney, J., dissenting) reversed the district court's order awarding Supplemental Security Income disability benefits, holding that the district court had abused its discretion in going outside the record to impeach part of the record upon which the Commissioner of Social Security had relied in denying benefits. The court further held that the record, considered as a whole, constituted substantial evidence supporting the denial of benefits and remanded the case to the district court with instructions to reinstate the Commissioner's denial of benefits. The court thus found it unnecessary to reach the Division's further argument that the district court abused its discretion in

actually ordering an award of benefits rather than remanding the case back to the Social Security Administration. The decision is an important ruling reaffirming the limitations of judicial review of Commissioner disability decisions under 42 U.S.C. § 405(g).

- ***Federal Circuit Affirms Dismissal of Challenge to FTC Enforcement Action***
  Kevin Trudeau v. United States [Fed. Cir.] (Gajarsa, Prost, Clevenger). On June 13, the United States Court of Appeals for the Federal Circuit affirmed without opinion the dismissal of breach-of-contract suit brought in the Court of Federal Claims by Kevin Trudeau, a ubiquitous "infomercial" personality known for his book "Natural Cures They Don't Want You To Know About." In his complaint, Mr. Trudeau challenged a Federal Trade Commission (FTC) press release announcing the settlement of a civil enforcement action brought by the FTC against Mr. Trudeau to enjoin his sale of a dietary supplement named Coral Calcium Supreme, which he falsely advertised would cure cancer. Mr. Trudeau alleged that the FTC's press release breached the settlement agreement because it implied that Mr. Trudeau had admitted wrongdoing. Mr. Trudeau sought an unspecified amount of money damages for business injuries resulting from the alleged breach. The Court of Federal Claims dismissed the complaint for lack of jurisdiction, agreeing with the government that the FTC entered into the settlement agreement in its sovereign capacity, and did not unmistakably agree to pay money damages in case of breach.

- ***Court Dismisses Meat Packer's Claim of First Amendment Retaliation by Federal Meat Inspectors***
  Munsell v. United States Department of Agriculture [District of Columbia]. On June 13, Judge Royce C. Lamberth granted the government's motions to dismiss for lack of subject matter jurisdiction. Plaintiffs – a small meat processing plant and its owner, Munsell – alleged that the Department of Agriculture (USDA) and an agency employee, Dr. Nathaniel Clark, had vindictively taken regulatory actions against the plaintiffs in retaliation for Munsell's criticism of USDA policies regarding inspection of ground beef for contamination by the bacteria "E. coli." Both USDA and Dr. Clark (against whom plaintiffs asserted a *Bivens* claim) moved to dismiss on grounds including lack of subject matter jurisdiction due to plaintiffs' failure to exhaust administrative remedies, as required under 7 U.S.C. § 6912(e). The Court held that the exhaustion requirement of § 6912(e) is jurisdictional, that plaintiffs had failed to exhaust their administrative remedies, and that they should not be allowed to "short-circuit the exhaustion requirement" by asserting that USDA violated their First Amendment rights by allegedly retaliating against them. The Court concluded, instead, that plaintiffs' constitutional claims "fall under the aegis of the jurisdictional exhaustion requirement." Finally, as to the *Bivens* defendant, the Court adopted the reasoning of the Eighth Circuit in *Nebraska Beef, Ltd. v. Greening*, 398 F.3d 1080, 1084 (8th Cir. 2005), in holding that because Congress mandated exhaustion of administrative remedies prior to suit against USDA employees, it did not intend for the judiciary to create an alternative remedial scheme for aggrieved parties.

- ***Court Grants and Denies in Part Motions to Dismiss in 9/11 Detainee Case***
  Turkmen, et al. v. United States, Civil Action No. 02-CV-2307 [Eastern District of New York] (Judge Gleeson). On June 14, Judge Gleeson entered an order granting in part and denying in part various motions to dismiss in a case concerning the arrest, detention, and

treatment of aliens of Middle Eastern origin who were incarcerated in the Metropolitan Detention Center in Brooklyn, New York, in the aftermath of the terrorist attacks of September 11, 2001. The court found that plaintiffs' claims fell within two general categories: (1) the government used their status as illegal aliens as an excuse to keep them incarcerated while it investigated whether they were involved in the 9/11 attacks, were terrorists, or could help locate terrorists; and, (2) the conditions of plaintiffs' confinement violated their constitutional rights. In dismissing the claims in the first category, the court found that the government was permitted to keep the plaintiffs in jail while it "used all available law enforcement tools to ferret out the persons responsible for those atrocities and to prevent additional acts of terrorism." The court upheld the government's authority to detain plaintiffs for immigration purposes while conducting this criminal investigation and that the length of plaintiffs' detention was within the statutory authority of the Attorney General. The second category of claims, however, survived. With respect to the claims brought under the Federal Tort Claims Act, the court also dismissed the international law claims for lack of jurisdiction and the inadequate medical treatment claims of certain plaintiffs who failed to exhaust their administrative remedies. The court also concluded that 28 U.S.C. § 2680(c) did not bar plaintiffs' claims for conversion, finding that this exception only applies to officers exercising customs or tax functions.

- ***Government Pays Temple-Inland Inc. $99 million to Settle Tax Benefit Case***
  Temple Inland v. United States (Ct. Fed. Cl.)[Futey, J.]. On June 14, the parties executed an agreement settling the last of seven cases holding the government liable for breach of contract as a result of Congress' enactment of section 13224 of the Omnibus Budget Reconciliation Act of 1993 (commonly referred to as the "Guarini legislation"). The Guarini legislation eliminated a tax deduction for reimbursed asset losses that plaintiffs alleged they were otherwise entitled to take under the Internal Revenue Code as a result of their agreements with the Federal Savings and Loan Insurance Corporation to acquire failing savings and loan institutions. The court found that plaintiff had paid approximately $30 million in additional taxes and lost $121 million of tax credits as a result of the Guarini legislation (the present value of which remained to be tried). The court rejected plaintiffs' claim for a tax "gross-up" of approximately $83 million. Plaintiffs' claims totaling $233 million were settled for $99 million, plus the Federal Deposit Insurance Corporation's agreement to reimburse a portion of certain taxes, if they are assessed, upon the settlement payment.

- ***Court Holds Patents Not Infringed by EPA's Clean-up of Summitville Superfund Site***
  Chemical Separation Technology, Inc., et al. v. United States (Fed. Cl.)
  [Allegra, J.]. On June 14, after a trial on liability and damages for alleged infringement of two patents, the Court of Federal Claims held that the Environmental Protection Agency (EPA) did not infringe either patent and dismissed the complaint. Plaintiffs alleged that they were entitled to $11.3 million for EPA's alleged infringement by four water treatment plants utilized at the Summitville Mine Site in Colorado to clean up heavy metal-laden water and acid mine drainage. The Court held that one unit, originally sold by plaintiffs, was licensed for such use, and EPA's modifications of it were permissible. As to the three remaining treatment units EPA used at the Summitville site, the Court held that plaintiffs failed to prove infringement of either patent in the suit. Therefore, the Court held that plaintiffs were entitled to no damages and dismissed the complaint.

- ***Court Grants Summary Judgment in Favor of the United States and Against the State of South Carolina for Violations of the DCIA***
United States v. State of South Carolina, [D.S.C.](Perry, J.). On June 14, in this case of first impression, the United States sued various South Carolina state agencies pursuant to the Debt Collection Improvement Act of 1996 (DCIA) for failing to honor wage garnishment orders issued by the Department of the Treasury and the Army and Air Force Exchange Service to collect federal debts owed by state employees. The DCIA authorizes federal agencies to collect non-tax debts by issuing wage garnishment orders to undefined "employers." In its implementing regulations, Treasury defined "employers" to include state and local governments. In cross motions for summary judgment, the state argued that Treasury's regulation is outside the scope of the statute and violates the Tenth and Eleventh Amendments of the Constitution and the plain statement rule. After two oral arguments, the court denied the state's motion in a ruling from the bench and granted the United States' motion in a written opinion.

- ***Government Files Supplemental Opposition to First Amendment Challenge to Avocado Promotion Program***
Avocados Plus Inc. v. Johanns [District of Columbia]. On June 15, we filed a supplemental motion for summary judgment to defend the constitutionality of the Hass Avocado Promotion, Research, and Information Act of 2000 (the "Avocado Act"). The Avocado Act is one of a series of statutes establishing government programs to promote agricultural products with funds collected through producer assessments, akin to the beef promotion program upheld against First Amendment attack in *Johanns v. Livestock Marketing Association*, 554 U.S. 450 (2005). Judge Gladys Kessler previously held, following *Livestock Marketing Association*, that advertisements and promotional campaigns under the Avocado Act constituted government speech not subject to a First Amendment facial challenge, and did not violate the free-association rights of the plaintiff avocado importers. Judge Kessler left open, however, whether on an "as-applied" challenge a factfinder would reasonably attribute the generic advertisements for imported Hass avocados specifically to these individual plaintiffs. In response to a market survey submitted by plaintiffs' expert claiming that approximately 40% of the consumers surveyed would attribute the advertisements to these plaintiffs, our supplemental brief argues, with support by a declaration of our market survey expert, that plaintiffs' survey was suggestive, and did not comply in essential characteristics with generally accepted standards for scientific market surveys, and was neither so probative, reliable, nor trustworthy for plaintiffs to sustain their burden of proof of attribution to these individual plaintiffs.

- ***Lead Investment Scam Defendant Pleads Guilty to Conspiracy***
United States v. Melvin Webman [Southern District of Florida] (Judge Altonaga). On June 15, Melvin Webman pled guilty to conspiracy to commit mail and wire fraud in connection with the solicitation of investments in CheckMate Financial, Inc. Webman was Corporate Vice President, Secretary and a sales person for CheckMate. In soliciting investments in CheckMate, Webman and others misrepresented that CheckMate had at least one mobile check cashing unit that was in operation cashing checks in Florida, when it had no mobile check cashing unit. Potential investors were also falsely told that CheckMate had numerous routes to cash checks at places such as construction sites, hospitals, cruise ships, and large factories. CheckMate promoted the investment across

the country through unsolicited telephone calls. At the plea hearing, Webman admitted that CheckMate Financial took in over $2,500,000 from more than 50 victims.

- ***Business Opportunity Defendant Pleads Guilty***
  United States v. Leonard Needelman [Southern District of Florida] (Judge Cohn). On June 15, Leonard Needelman pled guilty in Ft. Lauderdale to one count of conspiracy to commit mail fraud. The indictment alleges that Needelman and others engaged in the fraudulent sale of business opportunities through Cash Link Systems, Inc. Needelman served as Cash Link's director of operations. Cash Link purported to sell cash-less ATMs to the public, along with assistance in establishing, maintaining, and operating a cash-less ATM business. Potential purchasers were told that after being placed in the locations Cash Link provided, the cash-less ATMs would be used by the public to swipe debit cards and receive a receipt which would be taken to the store's cash register for cash or store credit. Cash Link promoted the business opportunities to consumers nationwide through television commercials, the Internet, and other media. Potential purchasers were falsely told that for approximately $12,000, Cash Link would, among other things: perform the most difficult part of the business - securing viable high-traffic locations to place the cash-less ATMs; relocate any kiosk that underperformed; and give distributors geographic exclusivity. Needelman and others also falsely represented that potential purchasers would earn their investment back in 12 months or less. Needelman and others fraudulently induced over 800 consumers to invest a total of approximately $15 million.

- ***D.C. Circuit Rejects Effort to Limit Third-Party Subpoenas Issued to Government Agencies***
  Youssuf v. Department of State [United States Court of Appeals for the District of Columbia; United States District Court for the District of Columbia]. In recent years, the Department has advanced the argument that Rule 45 of the Federal Rules of Civil Procedure, which authorizes the issuance of a subpoena to command a "person" to give testimony or produce documents in litigation, does not encompass government agencies, in light of the canon of construction presuming that the term "person" does not include the government. Although some district courts have agreed with that view, the District of Columbia Circuit on June 16, rejected that argument in the first appellate decision addressing the question directly, concluding that the district court in this case should not have relied on that canon to quash a non-party subpoena issued to the State Department by a plaintiff suing former officials of the Somali government under the Alien Tort Statute. The District of Columbia Circuit concluded that the term "person" throughout the Federal Rules has been applied to the federal government, and there was no indication by the drafters of Rule 45 that they meant to exclude the government from the reach of non-party subpoenas.

Contact: Daniel Davis, Counsel, 305.9334

Johansen, Janine (CIV)

From: Johansen, Janine (CIV)

Sent: Tuesday, June 20, 2006 4:53 PM

To: [redacted](DHS); [redacted](DHS); [redacted](DHS); Rosenberg, Ron; Calvert, Chris (CIV); Christian, Forrest (CIV); Clement, Paul D; Collette, Matthew (CIV); Eisenberg, John; Garvey, Vincent (CIV); Gilligan, Jim (CIV); Gorsuch, Neil M; Hancock, Catherine (CIV); Henry, Terry (CIV); Hunt, Jody (CIV); Johansen, Janine (CIV); Katerberg, Robert (CIV); Katsas, Gregory (CIV); Keisler, Peter D (CIV); Kline, David (CIV); Lawrence, Craig (USADC); Letter, Douglas (CIV); Loeb, Robert (CIV); Marcus, Jonathan L; Marshall, C. Kevin; Monheim, Thomas; Nichols, Carl (CIV); Noronha, Preeya (CIV); Okun, Robert (USADC); Patterson, Nicholas (CIV); Perez, Marc (CIV); Rowan, Patrick (ODAG); Salmons, David B; Schwartz, James (CIV); Swingle, Sharon (CIV); Warden, Andrew (CIV); White, Ned (CIV); Becker, Grace Chung; Blazewick, CDR Robert; Blockett, SSG Jimmie; Blomquist, Kathleen M; Bond, Kent; Boomer, MAJ Jane E.; Cdr. Crisfield; Das, Himamauli; Delicante, Tony; Haley, Lt. Lauren; Leff, Capt Oren; Lowery, LTC Kermit; McGarrah, RADM James; McPalmer, CDR Theresa; Mehrer, Bert W.; Miller, Charles S; Price, Capt. Eric C.; Rodriguez-Feo, LCDR Armando; Roehrkasse, Brian; Scolinos, Tasia; Smith, Cynthia; Steinbeck, Maj. Carl; Wiegmann, Brad; Wolf, Lt. Ian P.; Dolan, JoAnn; Ferry, Jonathan; Haines, Avril; Martinez, John; Matt Lavine; McNally, Richard; Padmanabhan, Vijay; Barnes, Maj. Kevin; [redacted]@dodgc.osd.mil; Brasure, Ian; Brocking; Buzicky, K.; Couch, [redacted].; Eskelsen, Jon C.; French, Christina; galvin, R; Hammon, LTC Trish; [redacted]@dodgc.osd.mil; Hyams, Ross; Jimenez, Frank; Martin, Don; McCarthy, Patrick; Pearson, Randy; Shawn Gray; Stroble, Kelvin M.; [redacted]@dodgc.osd.mil; [redacted]; [redacted]; [redacted]@dodgc.osd.mil

Subject: GTMO Filings

Attachments: Gul Petrs Motion to Modify Stay for FR - Memorandum.pdf; Al Darby Amended Petition.pdf; Motion for Preservation of evidence 2.6-20-06.pdf

Please see attached GTMO filings in the following cases:

1) Gul -- Memorandum iso Motion to Modify Stay for FR (no exhibits attached) (6/20/06)

2) Al Darby -- Amended Petition (6/20/06) (no exhibits attached)

3) Al Harbi -- Motion for Preservation of Evidence (6/20/06)

Thanks,

Janine Johansen

IN THE UNITED STATES DISTRICT COURT
FOR THE DISTRICT OF COLUMBIA

AHMAD MOHAMMAD AL DARBI,
Detainee, U.S. Naval Station, Guantánamo Bay
Guantánamo Bay, Cuba; and

ALI MOHAMMAD AL DARBI
Riyadh, Saudi Arabia
as Next Friend of Ahmad Mohammad Al Darbi

Petitioners,

v.

GEORGE W. BUSH,
President of the United States
The White House
1600 Pennsylvania Avenue, NW
Washington, D.C. 20500,

DONALD H. RUMSFELD,
Secretary, United States Department of Defense
1000 Defense Pentagon
Washington, D.C. 20301-1000,

REAR ADMIRAL HARRY B. HARRIS JR.,
Commander, Joint Task Force
U.S. Naval Station, Guantánamo Bay, Cuba
JTF – GTMO
APO AE 09360, and

ARMY COLONEL MICHAEL BUMGARNER,
Commander, Joint Detention Operations Group
U.S. Naval Station, Guantánamo Bay, Cuba
JTF – GTMO
APO AE 09360,

Respondents.

AMENDED PETITION FOR WRIT OF HABEAS CORPUS

Civil Action No. 05-CV-2371 (RCL)

Petitioner Ahmad Mohammad Al Darbi ("Al Darbi" or "Ahmad Al Darbi") seeks the Great Writ. A citizen of the Kingdom of Saudi Arabia, Petitioner Al Darbi acts on his own behalf and through his Next Friend, his brother Ali Mohammad Al Darbi ("Ali Al Darbi"). Petitioner Al Darbi is being held virtually *incommunicado* in military custody at the United States Naval Station in Guantánamo Bay, Cuba ("Guantánamo"). His detention is without lawful basis, without charge, and without access to counsel or any fair process by which he might challenge his detention. Petitioner Al Darbi is being held under color and authority of the Executive, in violation of the Constitution, laws, and treaties of the United States, in violation of the fundamental due process principles of the common law, and in violation of customary international law. Accordingly, this Court should issue a Writ of Habeas Corpus compelling Respondents either to release Petitioner Al Darbi or to establish in this Court a lawful basis for Petitioner Al Darbi's detention. This Court should also order injunctive and declaratory relief.

I. JURISDICTION AND VENUE

1. Petitioners bring this action under 28 U.S.C. §§ 2241(a), (c)(1) and (c)(3), and 2242. Petitioners further invoke this Court's jurisdiction under 28 U.S.C. §§ 1331, 1350, 1651, 2201, and 2202; 5 U.S.C. § 702; and Articles I and II of, and the Fifth and Sixth Amendments to, the United States Constitution. Because they seek declaratory relief, Petitioners also rely upon Fed. R. Civ. P. 57.

2. This Court is empowered to declare the rights and other legal relations of the parties in this matter by 28 U.S.C. § 2201, and to effectuate and enforce declaratory relief by all necessary and proper means by 28 U.S.C. § 2202, as this case involves an actual controversy within the Court's jurisdiction, and to issue all writs necessary or appropriate in aid of its jurisdiction by 28 U.S.C. § 1651.

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3. Venue is proper in the United States District Court for the District of Columbia because at least one Respondent resides in this district, a substantial part of the events or omissions giving rise to the claims herein occurred in this district, at least one Respondent can be found in this district, and all Respondents are either officers or employees of the United States or an agency thereof acting in their official capacities. *See* 28 U.S.C. §§ 1391(b) and (e).

II. PARTIES

4. Petitioner Ahmad Mohammad Al Darbi, a citizen of the Kingdom of Saudi Arabia, is presently incarcerated at Guantánamo. *See* U.S. Dep't of Defense, *List of Individuals Detained by the Department of Defense at Guantanamo Bay, Cuba from January 2002 through May 15, 2006*, at 3 (May 15, 2006), http://www.defenselink.mil/pubs/foi/detainees/ detaineesFOIArelease15May2006.pdf (attached hereto as Ex. A). Petitioner Al Darbi's Internment Serial Number (ISN) is 768. *Id.* Upon information and belief, Petitioner Al Darbi has been held in Respondents' unlawful custody at Guantánamo and at Bagram Air Base, Afghanistan ("Bagram") since approximately early 2002. Upon information and belief, Petitioner Al Darbi desires undersigned counsel to file this Petition on his behalf. *See* Authorization of Ali Mohammad Al Darbi (attached hereto as Ex. B).

5. Petitioner Ali Mohammad Al Darbi, a citizen of the Kingdom of Saudi Arabia, is the brother of Petitioner Al Darbi. *See* Ex. B. Petitioner Ali Al Darbi has authorized undersigned counsel to serve as attorneys for his brother, Petitioner Al Darbi. *Id.* Petitioner Ali Al Darbi acts as the Next Friend to Petitioner Al Darbi because Petitioner Al Darbi has been denied access to legal counsel and to the courts of the United States. *Id.* Petitioner Ali Al Darbi acts as Next Friend in order to assist Petitioner Al Darbi in seeking redress for these grievances. *Id.*

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6. Respondent George W. Bush is the President of the United States and Commander-in-Chief of the United States Military. Petitioner Al Darbi is detained pursuant to Respondent Bush's authority as Commander-in-Chief, under the laws and usages of war or, alternatively, pursuant to the Military Order of November 13, 2001, Detention, Treatment, and Trial of Certain Non-Citizens in the War Against Terrorism, 66 Fed. Reg. 57,833 ("Military Order"). Respondent Bush is responsible for Petitioner Al Darbi's unlawful detention and is sued in his official capacity.

7. Respondent Donald H. Rumsfeld is the Secretary of the United States Department of Defense. Respondent Rumsfeld has been charged with maintaining the custody and control of Petitioner Al Darbi, pursuant to the President's authority as Commander-in-Chief, his authority under the laws and usages of war or, alternatively, pursuant to the Military Order. Respondent Rumsfeld is responsible for Petitioner Al Darbi's custody and control and is sued in his official capacity.

8. Respondent Rear Admiral Harry B. Harris, Jr. is the Commander of Joint Task Force-GTMO, the task force running the detention operation at Guantánamo.[1] Respondent Harris has supervisory responsibility for Petitioner Al Darbi and is sued in his official capacity.

9. Respondent Army Colonel Michael Bumgarner is the Commander of the Joint Detention Operations Group and the JTF-GTMO detention camps, including the United States military facility where Petitioner Al Darbi is presently held. Respondent Bumgarner is the immediate custodian responsible for Petitioner Al Darbi's detention and is sued in his official capacity.

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[1] Rear Admiral Harry B. Harris, Jr. replaced Brigadier General Jay W. Hood as the Commander of the Joint Task Force-GTMO on March 31, 2006. *See, e.g.,* Sgt. Sara Wood, *New Commander Takes Charge of Task Force Guantanamo* (Mar. 31, 2006), http://defenselink.mil/news/ Mar2006/20060331_4677.html.

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10. Respondents are directly responsible, individually and collectively, for any activities undertaken by or under the supervision of any agents or employees acting on their behalf, or of agents or employees of private contractors ("contractor employees") with whom any agency under Respondents' authority or supervision has contracted for the provision of services at Guantanamo. All references to Respondents' actions in this Petition include activities performed by Respondents' agents or employees, other government agents or employees or contractor employees.

III. STATEMENT OF FACTS

11. Under the unique and extraordinary circumstances of this case, the factual allegations made "upon information and belief" in the following paragraphs are made pursuant to Rule 11(b)(3) of the Federal Rules of Civil Procedure, on the basis that those allegations "are likely to have evidentiary support after a reasonable opportunity for further investigation or discovery." Fed. R. Civ. P. 11(b)(3).

12. Petitioner Al Darbi remains incarcerated at Guantánamo, a territory over which the United States exercises exclusive jurisdiction and control.

13. Upon information and belief, Petitioner Al Darbi desires undersigned counsel to file this Petition on his behalf. Specifically, Petitioner Al Darbi seeks to enforce his right to a judicial determination by an appropriate and lawful authority as to whether there is a lawful and factual basis for Respondents' determination that he is either an "enemy combatant" as defined by the United States Supreme Court in *Hamdi v. Rumsfeld*, 542 U.S. 507, 516, 124 S. Ct. 2633, 2639 (2004) (plurality), or an "enemy combatant" as that term is defined and used by the Executive in the Combatant Status Review Tribunals.

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14. Upon information and belief, Petitioner Al Darbi is not, nor has he ever been, an enemy alien, lawful or unlawful belligerent, or combatant of any kind under any definition adopted by the government in any civil or military proceeding.

15. Upon information and belief, Petitioner Al Darbi is not, nor has he ever been, an "enemy combatant" who was "part of or supporting forces hostile to the United States or coalition partners in Afghanistan and who engaged in an armed conflict against the United States there." *Hamdi*, 542 U.S. at 516, 124 S. Ct. at 2639 (internal quotations omitted).

16. Upon information and belief, at the time of his seizure and detention, Petitioner Al Darbi was not a member of the Taliban's armed forces or Al Qaeda.

17. Upon information and belief, Petitioner Al Darbi did not commit any violent act against any American person or property prior to his detention.

18. Upon information and belief, Petitioner Al Darbi was not involved in the terrorist attacks on the United States on September 11, 2001, the ensuing international armed conflict, or any act of international terrorism attributed by the United States to Al Qaeda.

19. Upon information and belief, Respondents have not afforded Petitioner Al Darbi any procedures that would satisfy his rights under the most fundamental common law notions of due process, the United States Constitution, the laws and treaties of the United States, or customary international law.

20. Upon information and belief, Petitioner Al Darbi desires to pursue in United States courts every available legal challenge to the lawfulness of his detention.

A. <u>The Joint Resolution</u>

21. In the wake of the September 11, 2001 attacks on the United States, the United States, at the direction of Respondent Bush, began a massive military campaign against the Taliban government, then in power in Afghanistan. On September 18, 2001, a Joint Resolution

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of Congress authorized Respondent Bush to use force against the "nations, organizations or persons who planned, authorized, committed or aided the terrorist attacks that occurred on September 11, 2001, or harbored such persons or organizations." Joint Resolution, Authorization for Use of Military Force, Pub. L. 107-40, 115 Stat. 224 (Sep. 18, 2001) ("Joint Resolution").

22. Upon information and belief, Petitioner Al Darbi is neither properly detained pursuant to President Bush's authority as Commander-in-Chief nor under the laws and usages of war or the Joint Resolution.

B. <u>The Military Order</u>

23. On November 13, 2001, Respondent Bush issued a Military Order authorizing Respondent Rumsfeld to detain indefinitely anyone Respondent Bush has "reason to believe":

> (i) is or was a member of the organization known as al Qaeda;
>
> (ii) has engaged in, aided or abetted, or conspired to commit, acts of international terrorism, or acts in preparation therefor, that have caused, threaten to cause, or have as their aim to cause, injury to or adverse effects on the United States, its citizens, national security, foreign policy, or economy; or
>
> (iii) has knowingly harbored one or more individuals described in subparagraphs (i) or (ii) . . .

See Military Order at § 2(a). Respondent Bush must make such a determination "in writing." *Id.* The Military Order was neither authorized nor directed by Congress.

24. The Military Order purports to vest Respondent Bush with sole discretion to determine which individuals fall within its purview. It establishes no standards governing the exercise of this discretion. There is no requirement that a person detained under the Military Order be notified of the charges he may face, nor of his rights under domestic and international law. The Military Order provides a detainee with no right to counsel, no rights to notice of

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consular protection or to consular access at the detainee's request, and no right to appear before a neutral tribunal to review the basis for or the legality a detainee's continued detention. There are no guidelines for or restrictions placed upon the length of time a detainee may be held subject to the Military Order. Furthermore, the Military Order expressly bars review by any court.

25. The Military Order was promulgated in the United States and in this judicial district. Upon information and belief, the decisions to incarcerate Petitioner Al Darbi pursuant to the Military Order, to detain Petitioner Al Darbi at Guantánamo, and to subject Petitioner Al Darbi to ongoing detention of an indeterminate duration, were and are being made by Respondents in the United States and in this judicial district.

26. Upon information and belief, Respondent Bush has never certified or determined in any manner, in writing or otherwise, that Petitioner Al Darbi is subject to the Military Order.

27. Upon information and belief, Petitioner Al Darbi is not properly subject to the Military Order.

C. <u>The U.S. Naval Station, Guantánamo Bay, Cuba</u>

28. On or about January 11, 2002, the United States military began transporting prisoners captured in Afghanistan to Camp X-Ray at Guantánamo. In April 2002, prisoners were transferred to Camp Delta, a more permanent prison facility at Guantánamo. Currently, some prisoners are housed in Camp Delta and Camp Five, an additional maximum-security interrogation and detention center.

29. Prisoners incarcerated at Guantánamo are entitled to test the legality of their detention in the federal courts. *See Rasul v. Bush*, 542 U.S. 466, 483, 124 S. Ct. 2686, 2698 (2004).

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30. On a date unknown to counsel, but known to Respondents, the United States military transferred Petitioner Al Darbi from Bagram to Guantánamo. Petitioner Al Darbi has been held at Guantánamo since that date, in the custody and control of Respondents.

D. <u>The Conditions of Detention at Guantánamo</u>

31. Upon information and belief, since gaining control of Petitioner Al Darbi, the United States military has held him virtually *incommunicado.*

32. Upon information and belief, Petitioner Al Darbi has been or will be interrogated repeatedly by agents of the United States Departments of Defense and Justice, and the Central Intelligence Agency, although he has not been charged with an offense and has not been notified of any pending or contemplated charges. Upon information and belief, Petitioner Al Darbi has not appeared before a lawful military or civilian tribunal, and has not been provided access to counsel or the means to contact and secure counsel. Upon information and belief, Petitioner Al Darbi has not been adequately informed of his rights under the United States Constitution, the regulations of the United States Military, the Geneva Convention, the International Covenant on Civil and Political Rights, the American Declaration on the Rights and Duties of Man, the 1954 Convention Relating to the Status of Refugees or customary international law. Indeed, Respondents have taken the position that Petitioner Al Darbi should not be informed of these rights. As a result, Petitioner Al Darbi lacks any ability to protect or to vindicate his rights under domestic and international law.

33. Upon information and belief, Petitioner Al Darbi may have been forced to provide involuntary statements to Respondents' agents at Guantánamo.

34. Upon information and belief, Petitioner Al Darbi has been held under conditions that violate his constitutional and international rights to dignity and freedom from torture and from cruel, inhuman and degrading treatment or punishment. *See, e.g.*, U.N. Econ. & Soc.

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Council, Comm. on Human Rights, *Situation of Detainees at Guantánamo Bay*, Ch. II-III, U.N. Doc. E/CN.4/2006/120 (Feb. 15 2006), *available at* http://news.bbc.co.uk/1/shared/bsp/hi/pdfs/ 16_02_06_un_guantanamo.pdf; Amnesty Int'l, *USA: Guantánamo and beyond: The continuing pursuit of unchecked executive power*, 83-115, Ch. 12-13, AMR 51/063/2005 (May 13, 2005), http://web.amnesty.org/library/index/ engamr510632005; Physicians for Human Rights, *Break Them Down: Systematic Use of Psychological Torture by US Forces*, Ch. 3 (May 2005), http://www.phrusa.org/ research/torture/pdf/psych_torture.pdf; Operational Update, International Committee of the Red Cross ("ICRC"), *US detention related to the events of 11 September, 2001 and its aftermath - the role of the ICRC* (Apr. 30, 2005), http://www.icrc.org/Web/Eng/ sieeng0.nsf/html; Press Release, United Nations, *United Nations Human Rights Experts Express Continued Concern About Situation of Guantánamo Bay Detainees* (Feb. 4, 2005), http://www.ohchr.org/english/bodies/chr/special; Press Release, ICRC, *The ICRC's work at Guantánamo Bay* (Nov. 30, 2004), http://www.icrc.org/Web/Eng/steeng0.nsf/ html/678FK8; Amnesty Int'l, *USA: Human dignity denied: Torture and accountability in the 'war on terror,'* at 22, AMR 51/145/2004 (Oct. 27, 2004), http://web.amnesty.org/ library/index/engamr51452004.

35. Indeed, many of these violations—including isolation for up to 30 days, 20-hour interrogations, extreme and prolonged stress positions, sleep deprivation, sensory assaults, forced nudity and humiliation, hooding, and the use of dogs to create anxiety and terror—were interrogation techniques expressly approved for use at Guantánamo by Respondent Rumsfeld. *See e.g.*, Action Memo from William J. Haynes II, General Counsel, DOD, to Secretary of Defense (Nov. 27, 2002) (approved by Defense Secretary Donald H. Rumsfeld on Dec. 2, 2002), *available at* http://www.washingtonpost.com/wp-srv/nation/documents/dodmemos.pdf; *Pentagon Working Group Report on Detainee Interrogations in the Global War on Terrorism:*

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Assessment of Legal, Historical, Policy and Operational Considerations, 62-65 (Apr. 4, 2003), *available at* http://www.washingtonpost.com/wp-srv/nation/documents/040403dod.pdf.[2]

36. In a confidential report to the United States government, the International Committee of the Red Cross ("ICRC") charged the United States military with intentional use during interrogations of psychological and physical coercion on prisoners at Guantánamo that is "tantamount to torture." *See* Neil A. Lewis, *Red Cross Finds Detainee Abuse in Guantánamo*, N.Y. Times, Nov. 30, 2004, at A1. The report includes claims that doctors and other medical workers at Guantánamo participated in planning for interrogations. *Id.*; *see also* M. Gregg Bloche & Jonathan H. Marks, *When Doctors Go to War*, New Eng. J. Med., Jan. 6, 2005, 3-4.

37. Since details of the ICRC's report emerged, new revelations of abuse and torture at Guantánamo have appeared, including FBI memos detailing torture and "highly aggressive interrogation techniques" including 24-plus hour interrogations involving beatings, temperature extremes, dogs, prolonged isolation, and loud music. *See, e.g.,* Carol D. Leonnig, *Guantánamo Detainee Says Beating Injured Spine; Now in Wheelchair, Egyptian-Born Teacher Objects to Plan to Send Him to Native Land*, Wash. Post, Aug. 13, 2005, at A18; Amnesty Int'l, *Guantánamo and Beyond*, at 83-115, Ch. 12-13; Amnesty Int'l, *USA: Guantánamo: an icon of lawlessness,* 3-5, AMR 51/002/2005 (Jan. 6, 2005), http://web.amnesty.org/library/index/

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[2] Additional details of the cruel and degrading conditions suffered by detainees at Guantánamo are set out at length in a statement by numerous released British detainees. *See* Shafiq Rasul, Asif Iqbal & Rhuhel Ahmed, *Composite Statement: Detention in Afghanistan and Guantanamo Bay* (July 26, 2004), *available at* http://www.ccr-ny.org/v2/reports/docs/Gitmo-compositestatementFINAL23july04.pdf. The Department of Defense also informed the Associated Press that a number of interrogators at Guantánamo have been demoted or reprimanded after investigations into accusations of abuse at the facility. *See* Paisley Dodds, *Report Details Guantanamo Abuses*, Assoc. Press, Nov. 4, 2004.

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engamr510022005; Neil A. Lewis, *Fresh Details Emerge on Harsh Methods at Guantánamo*, N.Y. Times, Jan. 1, 2005, at A11; Carol D. Leonnig, *Further Detainee Abuse Alleged; Guantánamo Prison Cited in FBI Memos*, Wash. Post, Dec. 26, 2004, at A1; Neil A. Lewis and David Johnston, *New F.B.I. Files Describe Abuses of Iraq Inmates*, N.Y. Times, Dec. 21, 2004, at A1; Dan Eggen & R. Jeffrey Smith, *FBI Agents Allege Abuse of Detainees at Guantánamo Bay*, Wash. Post, Dec. 21, 2004, at A1; Neil A. Lewis, *F.B.I. Memos Criticized Practices at Guantánamo*, N.Y. Times, Dec. 7, 2004, at A19.

38. In fact, many of the egregious interrogation techniques used in the Abu Ghraib detention center and other detention facilities in Iraq—such as the use of aggressive dogs to intimidate detainees, sexual humiliation, stress positions, and sensory deprivation—were pioneered at Guantánamo for use on post-September 11, 2001 detainees. *See* Josh White, *Abu Ghraib Dog Tactics Came From Guantanamo; Testimony Further Links Procedures at 2 Facilities*, Wash. Post, July 27, 2005, at A14; Josh White, *Abu Ghraib Tactics Were First Used at Guantanamo*, Wash. Post, July 14, 2005 at A1.

39. Upon information and belief, the unlawful interrogation techniques used by Respondents at Guantánamo include not only direct physical and psychological abuse but also impermissible conduct intended to undermine the detainees' due process rights, such as representing to detainees that government agents are their habeas lawyers for the express purpose of extracting information from the detainees. *See* Sam Hannel, *Lawyers Describe Guantánamo Detainees*, Seattle Post-Intelligencer, Jan. 19, 2005.

40. Respondents, acting individually or through their agents, have stated that the humanitarian limitations which normally apply to the United States military's use of coercive interrogation techniques under the auspices of the Department of Defense *do not apply* to

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interrogations conducted by CIA agents or other specially-designated government officers assigned to such work. *See* Amnesty Int'l, *Guantánamo and Beyond*, at 27-43, Ch. 5; Eric Lichtblau, *Gonzales Says Humane-Policy Order Doesn't Bind CIA*, N.Y. Times, Jan. 19, 2005, at A17.

41. In published statements, Respondents Bush and Rumsfeld, and the predecessors of Respondents Harris and Bumgarner, Michael Lenhert and Terry Carrico, respectively, have proclaimed that the United States may hold the detainees under their current conditions indefinitely. *See, e.g.,* Roland Watson, *British team to question Cuba detainees*, The Times (London), Jan. 18, 2002 ("Donald Rumsfeld, the US Defence Secretary, suggested last night that Al-Qaeda prisoners could be held indefinitely at the base. He said that the detention of some would be open-ended as the United States tried to build a case against them."); Lynne Sladky, *Treatment of detainees at Guantanamo getting more scrutiny*, Assoc. Press, Jan. 22, 2002 ("Marine Brig. Gen. Mike Lehnert, who is in charge of the detention mission, defended the temporary cells where detainees are being held . . . 'We have to look at Camp X-ray as a work in progress […]' Lehnert told CNN. Lehnert said plans are to build a more permanent prison 'exactly in accordance with federal prison standards.'"); John Mintz, *Extended Detention in Cuba Mulled*, Wash. Post, Feb. 13, 2002 ("As the Bush Administration nears completion of new rules for conducting military trials of foreign detainees, U.S. officials say they envision the naval base at Guantanamo Bay, Cuba, as a site for the tribunals and as a terrorist penal colony for many years to come.").

42. According to the Department of Defense, detainees who are adjudged innocent of all charges by a military commission may nevertheless be kept in detention at Guantanamo indefinitely. *See* Dep't of Defense, Background Briefing on Military Commissions (July 3,

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2003), http://www.defenselink.mil/transcripts/2003/tr20030703-0323.html; *see also* Dana Priest, *Long-Term Plan Sought for Terror Suspects*, Wash. Post, Jan. 2, 2005, at A1.

43. Counsel for Respondents has also consistently maintained that the United States may indefinitely hold detainees such as Petitioner Al Darbi. *In re Guantánamo Detainee Cases*, Nos. 02-CV-0299 (CKK), *et al.*, (D.D.C.), Tr. of Dec. 1, 2004 Oral Argument on Mot. to Dismiss at 22-24 (Statements by Principle Deputy Associate Attorney Gen. Brian Boyle).

44. The United States government has acknowledged its plan to begin constructing a new, more permanent detention facility at Guantánamo. Christopher Cooper, *Detention Plan: In Guantánamo, Prisoners Languish in a Sea of Red Tape*, Wall St. J., Jan. 26, 2005, at A1; Paisley Dodds, *Guantánamo Takes on the Look of Permanence*, Assoc. Press, Jan. 9, 2005.

E. <u>Rendition</u>

45. During interrogations, upon information and belief, detainees at Guantánamo have been threatened with rendition or transfer to countries where they may be imprisoned indefinitely, tortured and denied access to the courts.

46. Upon information and belief, the United States has secretly transferred detainees to such countries without complying with the applicable legal requirements for extradition. This practice, known as "extraordinary rendition," is used to facilitate interrogation by subjecting detainees to torture. *See* Jane Mayer, *Outsourcing Torture: The secret history of America's "extraordinary rendition" program*, The New Yorker, Feb. 14, 2005, at 106.

47. The United States government's "extraordinary rendition" program has been well-documented by key American and international news organizations, including the *Washington Post*, *The Los Angeles Times*, and the British Broadcasting Corporation (the "BBC"). According to news accounts:

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> Since September 11, the U.S. government has secretly transported dozens of people suspected of links to terrorists to countries other than the United States, bypassing extradition procedures and legal formalities, according to Western diplomats and intelligence sources. The suspects have been taken to countries . . . whose intelligence services have close ties to the CIA and where they can be subjected to interrogation tactics—including torture and threats to families—that are illegal in the United States, the sources said. In some cases, U.S. intelligence agents remain closely involved in the interrogations, the sources said.

Rajiv Chandrasekaran & Peter Finn, *U.S. Behind Secret Transfer of Terror Suspects*, Wash. Post, Mar. 11, 2002, at A1; *see also* Dana Priest, *Long Term Plan Sought for Terror Suspects*, Wash. Post, Jan. 2, 2005, at A1 ("The transfers, called 'renditions,' depend on arrangements between the United States and other countries, such as Egypt, Jordan and Afghanistan, that agree to have local security services hold certain suspects in their facilities for interrogation by CIA and foreign liaison officers.").

48. The United States government recently transferred several Saudi detainees from Guantánamo to the custody of the government of the Kingdom of Saudi Arabia. *See* U.S. Dep't of Defense, *Detainee Transfer Announced* (May 18, 2006), http://www.dod.mil/releases/2006/nr20060518-13076.html (reporting transfer of 15 Saudi detainees from Guantánamo to Saudi custody). Upon information and belief, the United States government is contemplating the transfer of several more Saudi detainees. *See, e.g., id.* (indicating that "approximately 120 detainees remain at Guantanamo who the U.S. government has determined are eligible for transfer or release through a comprehensive series of review processes.").

49. In a report released on March 8, 2006, the United States Department of State declared that the human rights record of the Saudi government "remained poor overall with continuing serious problems." U.S. Dep't of State, *Country Reports on Human Rights Practices 2005: Saudi Arabia* (Mar. 8, 2006), http://www.state.gov/g/drl/rls/hrrpt/2005/61698.htm.

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According to this report, such "serious problems" included the following violations of human rights: "infliction of severe pain by judicially sanctioned corporeal punishment," "beatings and other abuses," "arbitrary arrest," "incommunicado detention," and "denial of fair public trials." *Id.* Furthermore, the Department of State found that "ambiguities in implementation of [Saudi] law and lack of due process give the minister of the interior broad powers to detain persons indefinitely," and thus security forces continued to "detain persons without following explicit legal guidelines." *Id.* at §1(d). The Department of State also found that:

> [Saudi] authorities abused both citizens and foreigners. Ministry of Interior officials were responsible for most incidents of abuse of prisoners, including beatings, whippings, and sleep deprivation. In addition, there were allegations of beatings with sticks and suspension from bars by handcuffs. There were allegations that these practices were used to force confessions from prisoners.

Id. at § 1(c).

50. In light of the above, upon information and belief, Petitioner Al Darbi may be at risk of being rendered, returned or transferred without lawful process to a country that permits indefinite detention without process and/or engages in torture or abuse during interrogation.

IV. CAUSES OF ACTION

FIRST CLAIM FOR RELIEF
(COMMON LAW DUE PROCESS AND DUE PROCESS CLAUSE OF THE FIFTH AMENDMENT TO THE CONSTITUTION OF THE UNITED STATES – UNLAWFUL DEPRIVATION OF LIBERTY)

51. Petitioners incorporate by reference all preceding paragraphs as if set forth fully herein.

52. By the actions described above, Respondents, acting under color of law, have violated and continue to violate common law principles of due process as well as the Due Process Clause of the Fifth Amendment to the Constitution of the United States. Respondent Bush has ordered the prolonged, indefinite, and arbitrary detention of individuals including

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Petitioner Al Darbi, without due process of law, and the remaining Respondents have implemented those orders. Respondents' actions deny Petitioner Al Darbi the process accorded to persons seized and detained by the United States military in times of armed conflict as established by, *inter alia*, the Uniform Code of Military Justice, Army Regulation 190-8, Articles 3 and 5 of the Third and Fourth Geneva Conventions, the common law, and customary international law as reflected, expressed, and defined in multilateral treaties and other international instruments, international and domestic judicial decisions, and other authorities.

53. To the extent that Petitioner Al Darbi's detention purports to be authorized by the Military Order, that Order violates the Fifth Amendment on its face and as applied to Petitioner Al Darbi, and therefore also violates 28 U.S.C. § 2241(c)(3).

54. To the extent that Petitioner Al Darbi's detention is without basis in law and violates the common law principles of due process embodied in 28 U.S.C. § 2241(c)(1), Petitioner's detention is unlawful.

55. Accordingly, Petitioner Al Darbi is entitled to habeas, declaratory, and injunctive relief as well as any other relief the court may deem appropriate.

SECOND CLAIM FOR RELIEF
(DUE PROCESS CLAUSE OF THE FIFTH AMENDMENT TO THE CONSTITUTION OF THE UNITED STATES – UNLAWFUL CONDITIONS OF CONFINEMENT)

56. Petitioners incorporate by reference all preceding paragraphs as if set forth fully herein.

57. By the actions described above, Respondents, acting under color of law, have violated and continue to violate Petitioner Al Darbi's right to be free from unlawful conditions of confinement, in violation of the Due Process Clause of the Fifth Amendment to the Constitution of the United States.

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58. Accordingly, Petitioner Al Darbi is entitled to declaratory and injunctive relief as well as any other relief the court may deem appropriate.

THIRD CLAIM FOR RELIEF
(GENEVA CONVENTIONS – ARBITRARY DENIAL OF DUE PROCESS)

59. Petitioners incorporate by reference all preceding paragraphs as if set forth fully herein.

60. By the actions described above, Respondents, acting under color of law, have denied and continue to deny Petitioner Al Darbi the process accorded to persons seized and detained by the United States military in times of armed conflict as established by specific provisions of the Third and Fourth Geneva Conventions. *See* Geneva Convention Relative to the Treatment of Prisoners of War, Aug. 12, 1949, 6 U.S.T. 3316, 75 U.N.T.S. 135 ("Third Geneva Convention"); Geneva Convention Relative to the Protection of Civilian Persons in Time of War, Aug. 12, 1949, 6 U.S.T. 3516, 75 U.N.T.S. 267 ("Fourth Geneva Convention").

61. Violations of the Geneva Conventions are direct treaty violations and are also violations of customary international law, and constitute an enforceable claim under 28 U.S.C. § 2241(c)(3).

62. Respondents are liable for this conduct described above, insofar as they set the conditions, directly and/or indirectly facilitated, ordered, acquiesced, confirmed, ratified, and/or conspired to violate the Geneva Conventions.

63. Accordingly, Petitioner Al Darbi is entitled to habeas, declaratory, and injunctive relief as well as any other relief the court may deem appropriate.

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FOURTH CLAIM FOR RELIEF
(INTERNATIONAL HUMANITARIAN AND HUMAN RIGHTS LAW – ARBITRARY DENIAL OF DUE PROCESS)

64. Petitioners incorporate by reference all preceding paragraphs as if set forth fully herein.

65. By the actions described above, Respondents have denied and continue to deny Petitioner Al Darbi the process due to persons seized and detained by the United States military in times of armed conflict, established by customary international humanitarian and human rights law as reflected, expressed, and defined in multilateral treaties and other international instruments and domestic judicial decisions, and other authorities.

66. Because Respondents are detaining Petitioner Al Darbi "under or by color of the authority of the United States," they are violating 28 U.S.C. § 2241(c)(1), and because Respondents are detaining Petitioner Al Darbi "in violation of the Constitution or laws or treaties of the United States," they are also violating 28 U.S.C. § 2241(c)(3).

67. Accordingly, Petitioner is entitled to habeas, declaratory, and injunctive relief as well as any other relief the court may deem appropriate.

FIFTH CLAIM FOR RELIEF
(ALIEN TORT STATUTE – TORTURE)

68. Petitioners incorporate by reference all preceding paragraphs as if set forth fully herein.

69. By the actions described above, Respondents directed, ordered, confirmed, ratified, and/or conspired together and with others to bring about acts that deliberately and intentionally inflicted severe physical and psychological abuse and agony upon Petitioner in order to obtain coerced information or confessions from him, punish or intimidate Petitioner Al Darbi or for other purposes. Upon information and belief, among other abuses, Petitioner Al

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Darbi has been: held in and surrounded by conditions of isolation, constant vulnerability to repeated interrogation and severe beatings, and the threat or reality of being kept in a cage with no privacy; shackled with heavy chains and irons; placed under or threatened with prolonged periods of solitary confinement as punishment for minor rule infractions; interrogated while shackled and chained in painful positions; exposed to extremes of temperature; subjected to violent behavior or the threat of violence; threatened with rendition to countries that practice torture; sexually humiliated; denied access to counsel and family; deprived of adequate medical care; and subjected to repeated psychological abuse.

70. The acts described herein constitute torture in violation of the law of nations under the Alien Tort Statute, 28 U.S.C. § 1350, in that the acts violate customary international law prohibiting torture as reflected, expressed, and defined in multilateral treaties and other international instruments, international and domestic judicial decisions, and other authorities.

71. Respondents are liable for said conduct because they directed, ordered, confirmed, ratified, and/or conspired together and with others to commit the acts of torture against Petitioner Al Darbi.

72. Petitioner Al Darbi was forced to suffer severe physical and psychological abuse and agony, and is entitled to habeas, declaratory, and injunctive relief and other relief to be determined at trial.

SIXTH CLAIM FOR RELIEF
(ALIEN TORT STATUTE – CRUEL, INHUMAN OR DEGRADING TREATMENT)

73. Petitioners incorporate by reference all preceding paragraphs as if set forth fully herein.

74. The acts described herein had the intent and the effect of grossly humiliating and debasing Petitioner Al Darbi, forcing him to act against his will and conscience, inciting fear and

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anguish, and breaking his physical or moral resistance. As such, the acts described herein constitute cruel, inhuman or degrading treatment in violation of the law of nations under the Alien Tort Statute, 28 U.S.C. § 1350, in that the acts violated customary international law prohibiting cruel, inhuman or degrading treatment as reflected, expressed, and defined in multilateral treaties and other international instruments, international and domestic judicial decisions, and other authorities.

75. Respondents are liable for said conduct in that they directed, ordered, confirmed, ratified, and/or conspired together and with others to cause the cruel, inhuman or degrading treatment of Petitioner Al Darbi.

76. Petitioner Al Darbi was forced to suffer severe physical and psychological abuse and agony, and is entitled to declaratory and injunctive relief as well as other relief to be determined at trial.

SEVENTH CLAIM FOR RELIEF
(ALIEN TORT STATUTE – ARBITRARY ARREST
AND PROLONGED ARBITRARY DETENTION)

77. Petitioners incorporate by reference all preceding paragraphs as if set forth fully herein.

78. The acts described herein constitute arbitrary arrest and detention of Petitioner Al Darbi in violation of the law of nations under the Alien Tort Statute, 28 U.S.C. § 1350, in that the acts violated customary international law prohibiting arbitrary detention as reflected, expressed, and defined in multilateral treaties and other international instruments, international and domestic judicial decisions, and other authorities.

79. Respondents are liable for said conduct in that they directed, ordered, confirmed, ratified, and/or conspired together and with others to bring about the arbitrary arrest and prolonged arbitrary detention of Petitioner Al Darbi in violation of the law of nations under the

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Alien Tort Statute, 28 U.S.C. § 1350, in that the acts violated customary international law prohibiting arbitrary arrest and prolonged arbitrary detention as reflected, expressed, and defined in multilateral treaties and other international instruments, international and domestic judicial decisions, and other authorities.

80. As a result of Respondents' unlawful conduct, Petitioner Al Darbi has been and is deprived of his freedom, separated from his family, and forced to suffer severe physical and mental abuse, and is therefore entitled to habeas, declaratory, and injunctive relief, and such other relief as the court may deem appropriate.

EIGHTH CLAIM FOR RELIEF
(ALIEN TORT STATUTE – ENFORCED DISAPPEARANCE)

81. Petitioners incorporate by reference all preceding paragraphs as if set forth fully herein.

82. Through the actions described above, Respondents directed, ordered, confirmed, ratified, and/or conspired to bring about the enforced disappearance of Petitioner Al Darbi in violation of the law of nations under the Alien Tort Statute, 28 U.S.C. § 1350, in that the acts violated customary international law prohibiting enforced disappearances as reflected, expressed, and defined in multilateral treaties and other international instruments, international and domestic judicial decisions, and other authorities.

83. As a result of Respondents' unlawful conduct, Petitioner Al Darbi has been and is deprived of his freedom, separated from his family, and forced to suffer severe physical and mental abuse, and is therefore entitled to habeas, declaratory and injunctive relief and such other relief as the court may deem appropriate.

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NINTH CLAIM FOR RELIEF
(ARTICLE II OF THE UNITED STATES CONSTITUTION – UNLAWFUL DETENTION)

84. Petitioners incorporate by reference all preceding paragraphs as if set forth fully herein.

85. Upon information and belief, Petitioner Al Darbi is not, nor has he ever been, an enemy alien, lawful or unlawful belligerent, or combatant of any kind. The Executive branch of the United States government lacks the authority to order or direct military officials to detain civilians who are seized far from the theater of war or occupied territory or who were not "carrying a weapon against American troops on a foreign battlefield." *Hamdi*, 542 U.S. at 522, 124 S. Ct. at 2642 n.1.

86. Through the actions described above, Respondent Bush has exceeded and continues to exceed his authority under Article II of the United States Constitution by authorizing, ordering and directing that military officials seize Petitioner Al Darbi and transfer him to military detention, and by authorizing and ordering their continued military detention at Guantánamo. All of the Respondents acted and continue to act without lawful authority by directing, ordering, and/or supervising the seizure and military detention of Petitioner Al Darbi.

87. The military seizure and detention of Petitioner Al Darbi by the Respondents is *ultra vires* and illegal because it violates Article II of the United States Constitution. To the extent that the Respondents assert that Petitioner Al Darbi's detention is authorized by the Military Order, that Order exceeds Respondents' authority under Article II and is *ultra vires* and void on its face and as applied to Petitioner Al Darbi.

88. To the extent that Respondents assert that their authority to detain Petitioner Al Darbi derives from a source other than the Military Order, including without limitation Respondent Bush's inherent authority to conduct foreign affairs or to serve as Commander-in-

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Chief of the United States Armed Forces, whether from Article II of the Constitution or otherwise, Respondents lack that authority as a matter of fact and law.

89. Accordingly, Petitioner Al Darbi is entitled to habeas, declaratory, and injunctive relief, as well as any other relief the court may deem appropriate.

TENTH CLAIM FOR RELIEF
(VIOLATION OF THE APA – ARBITRARY AND CAPRICIOUS UNLAWFUL DETENTION)

90. Petitioners incorporate by reference all preceding paragraphs as if set forth fully herein.

91. Army Regulation 190-8 prohibits the detention of civilians who were seized away from the field of battle or outside occupied territory or who were not engaged in combat against the United States. *See* Enemy Prisoners of War, Retained Personnel, Civilian Internees and Other Detainees, A.R. 190-8 (Oct. 1, 1997), at 1-6(g), *available at* http://www.usapa.army.mil/pdffiles/r190_8.pdf (hereinafter "Army Reg. 190-8") ("Persons who have been determined by a competent tribunal not to be entitled to prisoner of war status may not be executed, imprisoned, or otherwise penalized without further proceedings to determine what acts they have committed and what penalty should be imposed.").

92. By arbitrarily and capriciously detaining Petitioner Al Darbi in military custody in the manner described above, Respondents have acted and continue to act *ultra vires* and unlawfully in violation of the Administrative Procedures Act, 5 U.S.C. § 706(2).

93. Accordingly, Petitioner Al Darbi is entitled to habeas, declaratory, and injunctive relief, as well as any other relief the court may deem appropriate.

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ELEVENTH CLAIM FOR RELIEF
(VIOLATION OF THE APA – ARBITRARY AND CAPRICIOUS DENIAL OF DUE PROCESS)

94. Petitioners incorporate by reference all preceding paragraphs as if set forth fully herein.

95. Through the actions described above, Respondents, acting under color of law, have arbitrarily and capriciously denied and continue to deny Petitioner Al Darbi the process accorded to persons seized and detained by the United States military in times of armed conflict as established by Army Regulation 190-8 in violation of the Administrative Procedures Act, 5 U.S.C. § 706(2).

96. Accordingly, Petitioner Al Darbi is entitled to habeas, declaratory, and injunctive relief, as well as any other relief the court may deem appropriate.

TWELFTH CLAIM FOR RELIEF
(VIOLATION OF THE APA – TORTURE AND CRUEL, INHUMAN OR DEGRADING TREATMENT)

97. Petitioners incorporate by reference all preceding paragraphs as if set forth fully herein.

98. Through the actions described above, Respondents have acted and continue to act arbitrarily and capriciously by directing, ordering, confirming, ratifying, and/or conspiring to unlawfully subject Petitioner Al Darbi to torture and/or cruel, inhuman or degrading treatment in violation of Army Reg. 190-8 and the Administrative Procedures Act, 5 U.S.C. § 706(2). *See* Army Reg. 190-8, at 1-5(b) ("The following acts are prohibited: murder, torture, corporal punishment, mutilation, the taking of hostages, sensory deprivation, collective punishments, execution without trial by proper authority, and all cruel and degrading treatment.").

99. Accordingly, Petitioner Al Darbi is entitled to declaratory and injunctive relief, as well as any other relief the court may deem appropriate.

THIRTEENTH CLAIM FOR RELIEF
(VIOLATION OF THE RIGHT TO COUNSEL AND TO ACCESS TO THE COURTS)

100. Petitioners incorporate by reference all preceding paragraphs as if set forth fully herein.

101. Respondents, purportedly acting from a concern for national security, consistently have contrived to intrude upon Petitioner Al Darbi's right to consult with counsel by conditioning counsel's access to Petitioner Al Darbi on unreasonable terms, including classification/declassification procedures, all in violation of Petitioner Al Darbi's attorney-client privilege, his work product privilege, and the Fifth and Sixth Amendments to the United States Constitution.

102. Accordingly, Petitioner Al Darbi is entitled to habeas, declaratory, and injunctive relief, as well as any other relief the court may deem appropriate.

FOURTEENTH CLAIM FOR RELIEF
(DUE PROCESS CLAUSE – RENDITION)

103. Petitioners incorporate by reference all preceding paragraphs as if set forth fully herein.

104. Upon information and belief, Petitioner Al Darbi is at risk of being rendered, expelled or returned without lawful procedures to a country that engages in torture. The transfer of Petitioner Al Darbi to a country where there is a foreseeable and direct risk that he will be subjected to torture constitutes a violation of his rights under the Due Process Clause of the Fifth Amendment to the United States Constitution.

105. Accordingly, Petitioner Al Darbi is entitled to declaratory and injunctive relief, as well as any other relief the court may deem appropriate.

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FIFTEENTH CLAIM FOR RELIEF
(CONVENTION AGAINST TORTURE AND CONVENTION RELATING TO THE STATUS OF REFUGEES – RENDITION)

106. Petitioners incorporate by reference all preceding paragraphs as if set forth fully herein.

107. Upon information and belief, Petitioner Al Darbi is at risk of being rendered, expelled or returned without lawful procedures to a country that engages in torture. The transfer of Petitioner Al Darbi to a country where there is a foreseeable and direct risk that he will be subjected to torture constitutes a direct violation of Petitioner's rights under the Covenant Against Torture and the 1954 United Nations Convention Relating to the Status of Refugees, *entered into force* Apr. 22, 1954, 19 U.S.T. 6259, 189 U.N.T.S. 150.

108. Accordingly, Petitioner Al Darbi is entitled to declaratory and injunctive relief, as well as any other relief the court may deem appropriate.

SIXTEENTH CLAIM FOR RELIEF
(ALIEN TORT STATUTE – RENDITION)

109. Petitioners incorporate by reference all preceding paragraphs as if set forth fully herein.

110. Upon information and belief, Petitioner Al Darbi is at risk of being rendered, expelled or returned without lawful procedures to a country that engages in torture. The transfer of Petitioner Al Darbi to a country where there is a foreseeable and direct risk that he will be subjected to torture constitutes a violation of his rights under customary international law, which may be vindicated under the Alien Tort Statute.

111. Accordingly, Petitioner Al Darbi is entitled to declaratory and injunctive relief, as well as any other relief the court may deem appropriate.

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V. PRAYER FOR RELIEF

WHEREFORE, Petitioners pray for relief as follows:

1. Grant the Writ of Habeas Corpus and order Respondents to release Petitioner Al Darbi from his current unlawful detention;
2. Order that Petitioner Al Darbi be brought before the Court or before a Magistrate Judge assigned by the Court at a convenient facility to conduct proceedings under the supervision of the Court to vindicate his rights;
3. Order that Petitioner Al Darbi cannot be transferred to any other country without the specific, written agreement of Petitioner Al Darbi and his counsel while this action is pending;
4. Order that Petitioner Al Darbi cannot be delivered, returned, or rendered to a country where there is a foreseeable and imminent risk that he will be subject to torture;
5. Order Respondents to allow counsel to meet and confer in person with Petitioner Al Darbi, in private and unmonitored attorney-client conversations;
6. Order Respondents to cease all interrogations of Petitioner Al Darbi, direct or indirect, while this litigation is pending;
7. Order Respondents to cease all acts of torture and cruel, inhuman and degrading treatment of Petitioner Al Darbi;
8. Order and declare that the Military Order to be *ultra vires* and unlawful in violation of Article II of the United States Constitution, the Fifth Amendment to the United States Constitution, the Uniform Code of Military Justice, the Administrative Procedures Act, 5 U.S.C. § 702, the treaties of the United States and customary international law;

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9. Order and declare that the prolonged, indefinite, and restrictive detention of Petitioner Al Darbi without due process is arbitrary and unlawful and a deprivation of liberty without due process in violation of common law principles of due process, the Due Process Clause of the Fifth Amendment to the United States Constitution, the regulations of the United States military, the treaties of the United States, and customary international humanitarian law; and

10. Grant such other relief as the Court may deem necessary and appropriate to protect Petitioner's rights under the common law, the United States Constitution, federal statutory law, and international law, including, if necessary, designating Petitioner Ali Al Darbi to act as Next Friend of Petitioner Ahmad Al Darbi.

Dated: June 20, 2006

Respectfully submitted,

Counsel for Petitioners:

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UNITED STATES DISTRICT COURT

DISTRICT OF COLUMBIA

NAZUL GUL, **Petitioner,** **v.** **GEORGE W. BUSH, et al.,** **Respondents.**	**CV 05-888 (CKK)** **MEMORANDUM IN SUPPORT OF MOTION TO MODIFY STAY TO DIRECT RESPONDENTS TO PRODUCE FACTUAL RETURN**

The petitioner, Nazul (Nazar) Gul, through undersigned counsel, respectfully submits this Memorandum in support of his motion to modify the stay to direct respondents to produce a full factual return.

I. INTRODUCTION

In March 2006, pursuant to litigation with the Associated Press (AP), respondents released a large number of Combatant Status Review Tribunal (CSRT) documents related to the detainees held at the Guantanamo Bay Naval Base in Cuba. Recognizing that the current protective order entered in this case "includes provisions ensuring meaningful access to counsel," on March 1, 2006, this Court specifically ordered respondents to provide directly to Mr. Gul's counsel the same information respondents planned to release to the AP prior to counsels' first meeting with Mr. Gul at Guantanamo . CR23.[1] The following month, respondents released another batch of documents. These documents related to the Administrative Review Board (ARB) proceedings. The transcript of Mr. Gul's ARB proceeding was included in this second batch of documents.

The unclassified documents released by respondents in Mr. Gul's case to date (*i.e.*, the transcripts of military review proceedings) are riddled with inconsistent allegations that undermine the basis of his detention. Respondents have neither proffered nor produced any evidence to support his indefinite detention. Counsel, otherwise confounded as to the basis of Mr. Gul's continued detention, respectfully request, therefore, that the Court modify the stay and direct respondents to submit justification for Mr. Gul's detention in the form of a complete factual return.

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[1] "CR" denotes the Clerk's record.

II. BACKGROUND ON DEPARTMENT OF DEFENSE PROCEEDINGS, WHICH PROVIDE NEW INFORMATION IN THIS CASE.

In order to fully appreciate the importance of the documents most recently released by respondents in Mr. Gul's case, a brief background of respondents' classification standards and procedures for Guantanamo detainees is necessary.

A. Initial Field Designation As "Enemy Combatant"

According to Department of Defense (DoD) documents, all initial classifications of individuals as "enemy combatants" are made at the time of capture "in a hostile environment" by combatant and field commanders. Guantanamo Detainees, available at http://www.defenselink.mil/news/Apr2004/d20040406gua.pdf. The standard applied is "whether a captured individual was part of or supporting forces hostile to the United States or coalition partners, and engaged in armed conflict against the United States." *Id.* "Such persons are enemy combatants." *Id.* DoD officials, with recommendations from a "general officer" and military screening team, make the ultimate decision as to whether to transfer a detainee to Guantanamo for detention. *Id.*

B. Combatant Status Review Tribunal (CSRT) Proceedings.

On July 7, 2004, in response to the Supreme Court's decisions in *Hamdi v. Rumsfeld,* 542 U.S. 507 (2004), and *Rasul v. Bush*, 542 U.S. 466 (2004), the DoD announced its creation of CSRT procedures in order to "provide detainees at the Guantanamo Bay Naval Base with notice of the basis of their detention and an opportunity for them to contest their detention as enemy combatants." Defense Department CSRT Background Briefing, available at http://www.defenselink.mil/transcripts/2004/tr20040707-0981.html. The CSRT is a one-time review at Guantanamo of the initial field designation

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of "enemy combatant" status. A detainee is permitted to attend only the unclassified aspects of the CSRT proceeding and permitted to access only the unclassified portions of any evidence against him. http://www.defenselink.mil/news/Jul2004/d20040707review.pdf at page 2.[2]

The CSRT defines the term "enemy combatant" as "an individual who was part of or supporting Taliban or al Qaeda forces, or associated with forces that are engaged in hostilities against the United States or its coalition partners." http://www.defenselink.mil/news/Jul2004/d20040707review.pdf at page 1. The evidentiary standard applied in a CSRT is whether a preponderance of the evidence supports the detention of the individual as an "enemy combatant." *Id.* at page 3. There is a rebuttable presumption in favor of the government's evidence. *Id.* Once the evidence has been presented, the tribunal votes in closed session on whether the detainee should be designated an "enemy combatant." *Id.* A majority of the three-member panel may determine the status of the detainee. A unanimous decision is not necessary. *Id.*

A record of the CSRT proceeding is created and then forwarded within three days of the tribunal's decision to the CSRT Director, through the CSRT Legal Advisor. *See* http://www.defenselink.mil/news/Jul2004/d20040707review.pdf at page 3; http://www.defenselink.mil/news/Jul2004/d20040730comb.pdf. "The CSRT Legal Advisor shall conduct a legal sufficiency review of all cases." *Id.*, Enclosure 1 at page 9, ¶7. The

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[2] The CSRT consists of three military officers who have no previous involvement in the detainee's capture, interrogation, or prior designation as an enemy combatant. *See* http://www.defenselink.mil/news/Jul2004/d20040707review.pdf at pages 1-2. For a complete description of the CSRT rules and processes, see http://www.defenselink.mil/news/Jul2004/d20040730comb.pdf.

CSRT Director then reviews the CSRT Legal Advisor's decision and decides whether to return the case to the tribunal for further proceedings or to approve the outcome of the proceedings. *Id.*, Enclosure 1 at page 9, ¶8. The CSRT Director notifies the detainee of the tribunal's decision. *Id.*, Enclosure 1 at page 9, ¶9.

C. Administrative Review Board (ARB) Proceedings.

The ARB proceedings[3] "determine annually if enemy combatants detained by the [DoD in Guantanamo] should be released, transferred or continue to be detained." http://www.defenselink.mil/news/Sep2004/d20040914adminreview.pdf at Enclosure 3, page 1. There is no stated standard of proof or presumptions to be applied in the ARB proceeding, but the issue is whether the detainee "poses a continuing threat to the United States or its allies." *Id.* at Enclosure 3, pages 1-4. The ARB may consider relevant information from the detainee's prior proceedings, such as the CSRT or prior ARBs, but "the disposition of those cases is not determinative of the ARB's recommendation in the case under review." *Id.* at Enclosure 3, page 4. In addition to a determination of whether the detainee is a threat, the ARB may also consider the likelihood of a military commission for the detainee and the detainee's continuing intelligence value.[4] *Id.* Unanimity is not required; a simple majority is sufficient for an ARB decision. *Id.* at Enclosure 4, page 3.

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[3] Deputy Secretary of Defense Paul Wolfowitz created the ARB process. *See* http://www.defenselink.mil/news/May2004/d20040518gtmoreview.pdf. The Order was implemented on September 14, 2004, by the Designated Civilian Official. *See* http://www.defenselink.mil/news/Sep2004/d20040914adminreview.pdf.

[4] The ARB Implementation Memorandum delineates 13 separate factors the ARB is to consider in determining whether a detainee poses a threat to the United States. *See* http://www.defenselink.mil/news/Sep2004/d20040914adminreview.pdf at pages 4-5.

After the ARB has made its determination in a particular case, the record of proceedings and ARB recommendation are forwarded to the Designated Civilian Official (DCO). A Staff Judge Advocated (SJA) "will provide a legal sufficiency review of the ARB proceeding", which is then forwarded to the DCO. http://www.defenselink.mil/news/Sep2004/d20040914adminreview.pdf at Enclosure 3, pages 5-6. The DCO makes the final decision "whether to release, transfer with conditions, or continue to detain the enemy combatant." *Id.* at Enclosure 3, page 6.

III. INFORMATION FROM DEPARTMENT OF DEFENSE PROCEEDINGS NOW AVAILABLE IN MR. GUL'S CASE.

Respondents have finally released to the public information that purports to justify Mr. Gul's indefinite detention at Guantanamo. The release of this information is the catalyst for the current motion as the government documents are devoid of any justification for his continued detention.[5] Because the information released by respondents to date fails to support the continued detention of Mr. Gul, he respectfully requests this Court to direct respondents to produce a complete factual return so that it may be determined whether or not any records yet to be produced by respondents provide any valid basis for his continued detention at Guantanamo.

A. Mr. Gul's CSRT Proceeding.

The unclassified version of Mr. Gul's CSRT proceeding is attached hereto as Exhibit 1. The exact date of the CSRT proceeding does not appear in the unclassified document. Mr. Gul participated in the CSRT, at which time he faced five allegations of wrongdoing in the Unclassified Summary of the Evidence:

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[5] Mr. Gul has been detained by the United States for more than three years.

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1. That he is "a member of an organization that associated with and supported al Qaida."

2. That he "was captured at the home of a suspected Hezb-e-Islami Gulbuddin (HIG) commander."[6]

3. That he is "a member of the Itihad Islami (II), a known HIG front organization, and when captured had an identification card."

4. That he "participated in military operations against the United States and its coalition partners."

5. That he, "as HIG commander, and his brother have been linked to several attacks against U.S. forces in the vicinity of Jalalabad, Afghanistan."

Exhibit 1 at pages 1-3.

Mr. Gul testified in his own defense at the CSRT proceeding. He denied being a member of any organization that supported or associated with al Qaida in any way. Exhibit 1 at page 1. He denied having any knowledge of "HIG or what even al Qaida was." *Id.* at page 2. He explained the innocent circumstances surrounding his presence at the home in which he was arrested in Gardez, Afghanistan, in May 2003. *Id.* He denied possession of any sort of identification card. *Id.* at page 3. He explained that it was "Akhtiar Haji [who] had a card." *Id.* "I told the people that captured me, it was his card." *Id.* Finally, he denied participation in any military operation against the United States, either alone or with his brother. *Id.*

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[6] The CSRT alleges that "HIG is [a] known terrorist organization that has long established ties to al Qaida." Unclassified CSRT Transcript, attached hereto as Exhibit 1, at page 2.

Mohammed Akhtiar, the man with whom Mr. Gul was arrested, testified as a witness at Mr. Gul's CSRT.[7] Exhibit 1 at pages 4-5. Mr. Akhtiar's testimony corroborated important details surrounding Mr. Gul's presence in the home that Mr. Akhtiar rented in Gardez, as well as the circumstances surrounding the arrests of both men. *Id.* Both men independently testified that the identification card located in the home at the time of their arrest belonged to Mr. Akhtiar, not to Mr. Gul. *See* Exhibit 1 at pages 3 and 5. Mr. Akhtiar further testified that the identification card signified his membership in Itihad Islami, not HIG. Exhibit 1 at pages 5-6.

During his CSRT, Mr. Gul testified that on the day of his arrest he went into Gardez because he "had a toothache." Exhibit 1 at page 2. *See also* Exhibit 2 at page 10. Mr. Akhtiar offered to let him spend the night in a house he was renting in Gardez to recuperate. Mr. Gul "went there and washed out my mouth to make the pain go away." *Id.* at page 4. Mr. Akhtiar independently corroborated this testimony. *Id.* at 5. He testified:

> Your tooth was painful and you went to the doctor to treat the pain in your teeth. After you visited the doctor, you came to my room. I told him you had to stay the night with me and cook a dish for me and pass your night in my house.

Id. at 4.

Mr. Akhtiar was not a long-time friend of Mr. Gul. *See* Exhibit 2 at page 6 ("My friend Haji Baht knew Haji Ehtyar and through him [Haji Baht] I became acquainted [with Ehtyar]."). They did not know each other well until they met in Gardez. Exhibit 1 at 6. The

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[7] Mr. Akhtiar's name has been spelled differently in various documents. His name appears as both "Mohammad Akhtiar" and "Akhtiar Haji" in Mr. Gul's CSRT (Exhibit 1 at pages 1 and 3, respectively); "Haji Ehtyar" in Mr. Gul's ARB (Exhibit 2 at page 4); "Haji Mohammed Akitar" in proceedings for another detainee (ISN #1100); and "Akhteyar Mohammad" in his own federal habeas proceeding (CV-05-996).

two men were introduced by a mutual friend, Bakht Haji, during their employment as security guards at a local fuel depot outside Gardez for the newly-formed Afghan government headed by President Hamid Karzai. *Id.* at 2. The testimony of Mr. Gul and Mr. Akhtiar on these matters has always been consistent. *Compare* Exhibits 1, 2, 3 & 4.

B. Mr. Gul's ARB Proceeding.

Mr. Gul participated in the ARB proceeding on an unknown date in late 2005. The unclassified portion of the proceeding is attached hereto. *See* Unclassified ARB transcript, attached hereto as Exhibit 2. Of particular significance is the dramatic change in the allegations between the original CSRT and the ARB. In the 2005 ARB proceeding, respondents only accused Mr. Gul of a single allegation: having been "captured with an identified long-time Hezb-e Islami Gulbuddin (HG) member." Exhibit 2 at 2. Mr. Gul denied the allegation. *Id.* at 2. He also noted the sudden disappearance of the earlier allegations:

> At the previous [CSRT proceeding] I was accused of being a commander of Hezb-e Islami Gulbuddin and my brother was fighting the United States forces in Jalalabad. Then why don't you sit down and make the allegations?

Id. at 4. The Presiding Officer responded:

> We are here today to talk about [the allegation that you were captured with an HIG member]. I just want to make sure that the statement you are making is relevant. *Nowhere in here did we say you were a commander.* We strictly said you were with Hezb-e Islami Gulbuddin. I just want to make sure your statement you were talking about things in which we did not discuss.

Id.

The remainder of the unclassified ARB documents do not allege that Mr. Gul is a member of any alleged terrorist organization or that he participated in any hostile activities against the United States. Instead, respondents' assertion that Mr. Gul poses a "threat to

the United States and its allies" is based solely on the fact he was arrested inside a house in Gardez that was admittedly rented by Mohammed Akhtiar. Again, Mr. Gul testified: "The house belonged to Haji Akhtiar and he rented that house." *Id.* at 4. It is Mr. Akhtiar – not Mr. Gul – whom respondents allege is connected to one organization (Itihad Islami) that is further alleged to be connected to another organization (HIG) that is then alleged to have provided support to al Qaida. These multiple degrees of separation do not provide adequate justification for respondents' otherwise bald assertion that Mr. Gul poses a threat to the United States or its allies.

C. Mohammed Akhtiar's CSRT and ARB proceedings

Interestingly, in the Associated Press litigation, respondents also released the unclassified versions of the CSRT and ARB proceedings of the man with whom Mr. Gul was arrested, Mohammed Akhtiar. *See* Unclassified CSRT Transcript and Unclassified ARB Transcript, attached hereto as Exhibits 3 and 4, respectively. The information released concerning those proceedings provides even more insight into the lack of evidence to support Mr. Gul's continued detention.

In the CSRT proceeding, Mr. Akhtiar was originally accused of possessing the same identification card that Mr. Gul allegedly possessed. Exhibit 3 at page 3.[8] Mr. Akhtiar requested that the identification card be produced at his hearing to prove that it associated him with Itihad Islami, not HIG. The CSRT officer responded to his request as follows:

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[8] Respondents also accused Mr. Akhtiar of: (1) fighting against the United States or its coalition partners; (2) being an HIG commander; (3) participating in the planning and attack of the governor in Seyyed Karam district; (4) participating in a rocket attack against U.S. forces in Gardez in February 2003; and (5) possessing ammunition to a U.S. sniper rifle. *See* Exhibit 3 at pages 3-4.

> We have attempted to find it but have exhausted our resources here. Essentially even if we find it, it does not seem to provide us a lot of additional information. If at a later point its production becomes meaningful to your enemy combatant status, we will examine your request.

Exhibit 3 at page 2. Remarkably, however, on the very next page of the CSRT transcript, respondents proceed to level an accusation against Mr. Akhtiar based specifically on the identification card that they had just refused to produce: "The detainee had a HIG identification card on his person when he was captured." *Id.* at 3.

In his 2005 ARB proceeding, Mr. Akhtiar testified about the differences between his organization, Itihad Islami, and the HIG. Exhibit 4 at pages 2-3. He also mentioned Mr. Gul, the one person he was arrested with on May 4, 2003. *Id.* at 6. Mr. Akhtiar testified that "Nazar Gul" was "one of [President Hamid] Karzai's government soldiers." Exhibit 4 at 6. *See also* Exhibit 1 at 4 (describing Mr. Gul as "a kind of a soldier in the [Afghan] National Guard.") As in Mr. Gul's case, the earlier allegations of active participation in acts of violence suddenly disappeared from Mr. Akhtiar's ARB proceeding. Instead, the ARB focused entirely on Mr. Akhtiar's association with Itihad Islami and his connections with the Afghan government. *See generally,* Exhibit 4.

The transcripts of Mr. Akhtiar's CSRT and ARB proceedings establish several important facts. First, that respondents' supposed evidence of his alleged association with HIG (*i.e.*, the same "evidence" that respondents relied on to assert that Mr. Gul was associated with HIG) is nowhere to be found. Second, that Mr. Akhtiar's independent testimony corroborates Mr. Gul's testimony concerning: (1) his employment with the current and first democratically-elected government of President Hamid Karzai; and (2) the circumstances surrounding the arrest of both men in Gardez. And, third, that in the cases

of both men, very specific prior allegations of violent acts and intentions have now been suddenly transformed into nothing more than a specter of guilt by alleged association.

IV. A MODIFICATION OF STAY IS APPROPRIATE IN THIS CASE.

Regarding the propriety of stays of proceedings, the Supreme Court has held:

> [T]he power to stay proceedings is incidental to the power inherent in every court to control the disposition of the causes on its docket with economy of time and effort for itself, for counsel, and for litigants. How this can best be done calls for the exercise of judgment, which must weigh competing interests and maintain an even balance. . . . True, the suppliant for a stay must make out a clear case of hardship or inequity in being required to go forward, if there is even a fair possibility that the stay for which he prays will work damage to some one else. Only in rare circumstances will a litigant in one cause be compelled to stand aside while a litigant in another settles the rule of law that will define the rights of both. Considerations such as these, however, are counsels of moderation rather than limitations upon power.

Landis v. North American Co., 299 U.S. 248, 254-55 (1936) (internal citations omitted). *See also Dellinger v. Mitchell,* 442 F.2d 782, 786 (D.C. Cir. 1971). The Court went on to reject a bright-line rule prohibiting stays of proceedings pending related decisions in other courts. The Court explained:

> All the cases [rejecting a bright-line rule against such stays] could have been adequately disposed of on the ground that discretion was abused by a stay of indefinite duration in the absence of a pressing need. If they stand for more than this, we are unwilling to accept them. Occasions may arise when it would be 'a scandal to the administration of justice' in the phrase of Jessel, M.R. (Amos v. Chadwick, L.R. 9 Ch.Div. 459, 462), if power to coordinate the business of the court efficiently and sensibly were lacking altogether.

Landis, 299 U.S. at 255.

As it now stands, the record in this case amply demonstrates that Mr. Gul's detention is unlawful under any standard that may be applied. The scant information provided by respondents to date does not support extending the detention of Mr. Gul beyond the three years that already have passed. These circumstances create a pressing

need for the Court to modify the current stay and require respondents to provide a complete factual return in support of Mr. Gul's continued detention. In the absence of any further allegations or evidence of wrongdoing, Mr. Gul's detention is illegal under either the "enemy combatant" or "threat to the United States or its allies" standard. No concern for economies of time and effort outweigh the unjust detention of an innocent person. Requiring respondents to provide a complete factual return will do nothing more than afford Mr. Gul and his counsel the long overdue opportunity to advance his representation and to investigate his case further, including enabling them to respond fully to the U.S. Navy's invitation to submit information in support of Mr. Gul's release at his impending ARB proceeding in 2006.

IV. CONCLUSION

For each of the foregoing reasons, Mr. Gul respectfully requests that this Court, acting pursuant to its inherent power, recognize that Mr. Gul has articulated a pressing need for judicial intervention on his behalf to address his continuing, unconstitutional, and illegal detention. He urges the Court to grant his motion to modify the stay order and direct respondents to provide a complete factual return.

Respectfully submitted this 20th day of June, 2006.

/s/ Ruben L. Iñiguez
Ruben L. Iñiguez
Assistant Federal Public Defender

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IN THE UNITED STATES DISTRICT COURT
FOR THE DISTRICT OF COLUMBIA

MAZIN SALIH AL-HARBI,	)	
Petitioner,	)	
v.	)	**Civil Action No. 05-CV-1857 (CKK)**
GEORGE W. BUSH,	)	
President of the United States, *et al.*,	)	
Respondents.	)	

RENEWED MOTION FOR PRESERVATION OF EVIDENCE

Respondents allege that Petitioner Mazin Salih Al-Harbi (ISN #588) is deceased as a result of an apparent suicide, but to date, Respondents have failed to provide counsel with a death certificate, an autopsy report, or any other official documentation of Petitioner's death or the circumstances thereof. Counsel therefore persist in their habeas representation of Petitioner.

Petitioner renews his request made initially by Motion dated October 20, 2005, for an Order compelling Respondents to preserve and maintain all evidence relating to his detention, the reasons for his detention, any interrogations of him, his treatment and potential mistreatment. In addition, Counsel now seeks additional relief, in the form of an Order that would also require Respondents to preserve and produce all evidence related in any way to Petitioner's alleged suicide, including but not limited to any alleged suicide note, video tapes showing Petitioner, death certificates, and any and all other evidence sufficient to test the veracity of any official documentation of death produced by Respondents..

The need for an independent investigation into Petitioner's alleged suicide is apparent; the nature of such an investigation will be addressed separately. What must be addressed now is the preservation of the evidence that will make an investigation possible. This relief is required

forthwith, to prevent the very persons and agencies who were responsible for Petitioner's detention, and who now claim that he died in their custody, from destroying or otherwise mishandling evidence that is necessary for a public determination of his status and their potential culpability.

BACKGROUND

Petitioner was or is a citizen of Saudi Arabia was taken into custody and held virtually incommunicado in Guantánamo Bay, Cuba. Petitioner was never charged with any crime, and was never able to examine any evidence against him. According to Respondents, on or about the morning of June 10, 2006, after spending years under these conditions, Petitioner committed suicide by hanging himself in his cell.

From Petitioner's capture until his death, Respondents have had exclusive access to him, information concerning his apprehension and detention , treatment, state of mind, health, and now, his alleged death. It is crucial that a complete and accurate record of this evidence be preserved, so that, among other things, an independent investigation can proceed and Petitioner's family and this Court can learn the facts surrounding Petitioner's fate and make determinations regarding future legal action. The evidence to be preserved includes but is not limited to: videos and logs of Petitioner, especially in the 24 hours before and after his death, photographs, suicide notes, medical and mental health records, interrogation records, autopsy records, and any other documentary, photographic, video, or other records related to Petitioner or his detention or death in U.S. custody. Additionally, Counsel seeks the ISN numbers of the detainees in cells adjoining Petitioner's cell, so that they may be interviewed about the circumstances of his alleged death.

1. THIS COURT HAS THE INHERENT POWER TO ENTER THE PRESERVATION ORDER

This Court is empowered to enter a preservation order when circumstances warrant it. *Pueblo of Laguna v. United States*, 60 Fed. Cl. 133, 138 n.8 (2004); *see also United States v.*

Philip Morris USA, Inc., 327 F.Supp. 2d 21, 23 (D.D.C. 2004). The court in *Pueblo of Laguna* set forth a two-part test to determine when a preservation order should be issued. It required that the party seeking "a preservation order demonstrate that it is [1] necessary and [2] not unduly burdensome." *Pueblo of Laguna*, 60 Fed. Cl. At 138.[1]

A. A Preservation Order is Necessary

The Court's intervention is necessary to determine whether Petitioner is alive or dead. If dead, the circumstances of his death will never be known unless evidence is preserved.

There is legitimate concern that Respondents will intentionally dispose of relevant evidence. The FBI has documented efforts by the military to cover up the physical abuse of detainees. *See* Urgent Report, dated June 25, 2004, attached as Ex. A. An FBI e-mail confirms that unnamed individuals "observed numerous physical abuse incidents . . includ[ing] strangulation, beatings, placement of lit cigarettes into the detainees['] ear openings, and unauthorized interrogations." *Id.* at 2. Specific "cover-up efforts" were identified in the e-mail, but redacted before it was produced in litigation brought by the ACLU. *Id.* *The New York Times* has reported that the military's own investigation into detainee abuse was prejudiced because "crucial witnesses were not interviewed, documents disappeared, and at least a few pieces of evidence were mishandled." Tim Golden, "Army Faltered in Investigating Detainee Abuse," *The New York Times*, May 22, 2005, at A1, attached as Ex. B.

The immediate preservation of evidence is critical to answering these disturbing questions. The answer, in turn, will bear upon the legal rights of Petitioner's survivors—if indeed he is dead—and may affect the future treatment of other detainees, at least

---

[1] Petitioner need not meet the requirements for a preliminary injunction. "[A] document preservation order is no more an injunction than an order requiring a party to identify witnesses or to produce documents in discovery." *Pueblo of Laguna*, 60 Fed. C1. at 138 n.8. Although such pretrial and discovery orders take the basic form of an injunction (an order to do or not do something), courts need not observe the rigors of the four-factor analysis ordinarily employed in issuing injunctions. *Jarallah Al-Marri v. Bush*, Civ. No. 04-2035; *see also Casey v. Planned Parenthood*, 14 F.3d 848, 854 (3d Cir. 1994) (distinguishing such pretrial orders from injunctions).

some of whom are certain to be released, as so many others have been released, precisely because they never belonged in captivity at all. In these circumstances, a preservation order is necessary.

B. A Preservation Order Would Not Be Unduly Burdensome

The only other requirement for issuing a preservation order is easily met. As the District Court has found in a similar proceeding, "entering a preservation order [against Respondents] will inflict no harm or prejudice upon them." *Jarallah Al-Marri v. Bush,* Civ. No. 04-2035 (GK) The failure to preserve evidence, however, would prejudice the Petitioners and their family, not to mention a democratic people's understanding of their own government's behavior. Finally, no security issues are gravely implicated here; the evidence, once preserved, will be subject to the Protective Order.

CONCLUSION

For the foregoing reasons, Petitioner prays that the Court compel the preservation of evidence.

Dated: June 20, 2006.

Respectfully submitted,

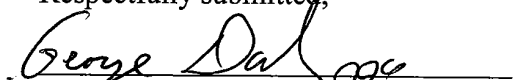

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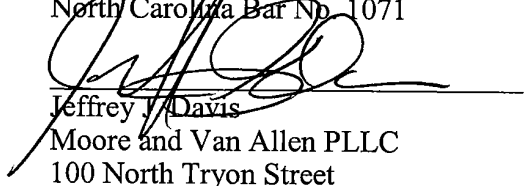

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EXHIBIT A

[redacted] - Iraqi detainee abus... Page 1

b6 -1
b7C -1

URGENT REPORT

DATE: JUNE 25, 2004

TO: THE DIRECTOR

CC: Deputy Director Bruce J. Gebhardt
EAD Cassandra Chandler
EAD John Pistole
AD Grant Ashley
AD Gary Bald
SC Arthur Cummings
[redacted]
b6 -1
b7C -1
UC [redacted]
SSA [redacted]
CT Watch
SIOC

FROM: SACRAMENTO DIVISION

FOR FURTHER INFORMATION CONTACT: ASAC David A. Picard b2 -1
[redacted] (Main Office)

PREPARER OF URGENT REPORT: SSA [redacted] b2 -1 b6 -1 b7C -1

b7A -1
b6 -3
b7C -3
b7D -1

PURPOSE: THE FOLLOWING INFORMATION PROVIDES INITIAL DETAILS FROM AN INDIVIDUAL [redacted] WHO OBSERVED SERIOUS PHYSICAL ABUSES OF CIVILIAN DETAINEES IN [redacted] IRAQ DURING THE PERIOD OF [redacted] IT IS BEING FURNISHED TO THE DIRECTOR BASED UPON POTENTIAL SIGNIFICANT PUBLIC, MEDIA AND CONGRESSIONAL INTEREST WHICH MAY GENERATE CALLS TO THE DIRECTOR.

b7A -1
b6 -1,3
b7C -1,3
b7D -1

SUBJECT: PRELIMINARY STATEMENTS MADE BY [redacted] [redacted] TO SACRAMENTO SPECIAL AGENTS [redacted] AND [redacted]

DESCRIPTION OF MATTER:

b7A -1
b6 -5
b7C -5

[redacted] was advised that the Sacramento Field Office was not aware of any such report.

DETAINEES-1609

1609

4910

b6 -1
b7C -1

URGENT REPORT

b7A -1
b6 -3
b7C -3
b7D -1

came into the Sacramento Field Office and provided the following:

b7A -1
b6 -3,4
b7C -3,4
b7D -1

observed numerous physical abuse incidents of Iraqi civilian detainees conducted in Iraq. He described that such abuses included strangulation, beatings, placement of lit cigarettes into the detainees ear openings, and unauthorized interrogations.

b7A -1
b6 -3,4
b7C -3,4
b7D -1

was providing this information to the FBI based on his knowledge that were engaged in a cover-up of these abuses. He stated these cover-up efforts included

b7A -1
b6 -3,4
b7C -3,4
b7D -1

b7A -1
b6 -3,4,5
b7C -3,4,5
b7D -1

b7A -1
b6 -3,4,5
b7C -3,4,5
b7D -1

advised that an individual did, in fact, make a complaint with Sacramento FBI Office concerning Iraqi prisoner abuse.

b7A -1
b6 -3
b7C -3
b7D -1

DETAINEES-1610

1610

4911

b6 -1
b7C -1

b7A -1
b6 -3
b7C -3
b7D -1

URGENT REPORT

[redacted]

The Sacramento Division is continuing to interview [redacted] and will forward FBIHQ all details of his interview in future communications. Investigation in Sacramento is continuing.

b7A -1
b6 -3
b7C -3
b7D -1

EXHIBIT B

The New York Times

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FOREIGN DESK

Army Faltered In Investigating Detainee Abuse

By TIM GOLDEN (NYT) 2318 words
Published: May 22, 2005

Despite autopsy findings of homicide and statements by soldiers that two prisoners died after being struck by guards at an American military detention center in Bagram, Afghanistan, Army investigators initially recommended closing the case without bringing any criminal charges, documents and interviews show.

Within days after the two deaths in December 2002, military coroners determined that both had been caused by "blunt force trauma" to the legs. Soon after, soldiers and others at Bagram told the investigators that military guards had repeatedly struck both men in the thighs while they were shackled and that one had also been mistreated by military interrogators.

Nonetheless, agents of the Army's Criminal Investigation Command reported to their superiors that they could not clearly determine who was responsible for the detainees' injuries, military officials said. Military lawyers at Bagram took the same position, according to confidential documents from the investigation obtained by The New York Times.

"I could never see any criminal intent on the part of the M.P.'s to cause the detainee to die," one of the lawyers, Maj. Jeff A. Bovarnick, later told investigators, referring to one of the deaths. "We believed the M.P.'s story, that this was the most combative detainee ever."

The investigators' move to close the case was among a series of apparent missteps in an Army inquiry that ultimately took almost two years to complete and has so far resulted in criminal charges against seven soldiers. Early on, the documents show, crucial witnesses were not interviewed, documents disappeared, and at least a few pieces of evidence were mishandled.

While senior military intelligence officers at Bagram quickly heard reports of abuse by several interrogators, documents show they also failed to file reports that are mandatory when any intelligence personnel are suspected of misconduct, including mistreatment of detainees. Those reports would have alerted military intelligence officials in the United States to a problem in the unit, military officials said.

Those interrogators and others from Bagram were later sent to Iraq and were assigned to Abu Ghraib prison. A high-level military inquiry last year found that the captain who led interrogation operations at Bagram, Capt. Carolyn A. Wood, applied many of the same harsh methods in Iraq that she had overseen in Afghanistan.

Citing "investigative shortfalls," senior Army investigators took the Bagram inquiry away from agents in Afghanistan in August 2003, assigning it to a task force based at the agency's headquarters in Virginia. In October 2004, the task force found probable cause to charge 27 of the military police guards and military intelligence interrogators with crimes ranging from involuntary manslaughter to lying to investigators. Those 27 included the 7 who have actually been charged.

"I would acknowledge that a lot of these investigations appear to have taken excessively long," the Defense Department's chief spokesman, Larry Di Rita, said in an interview on Friday. "There's no other way to describe an investigation that takes two years. People are being held accountable, but it's taking too long."

Mr. Di Rita said the Pentagon was examining ways to speed up such investigations, "because justice delayed is justice denied."

A spokesman for the Criminal Investigation Command, Christopher Grey, would not discuss details of the case, but played down the significance of the agents' early proposal to close it. He said that the investigation had been guided by a desire for thoroughness rather than speed, and that it eventually included more than 250 interviews around the world.

"Case agents make recommendations all the time," Mr. Grey said. "But the review process looks at investigations constantly and points to other things that need to be completed or other investigative approaches."

While the proposal to close the case was ultimately rejected by senior officials, documents show that the inquiry was at a virtual standstill when an article in The New York Times on March 4, 2003, reported that at least one of the prisoner's deaths had been ruled a homicide, contradicting the military's earlier assertions that both had died of natural causes. Activity in the case quickly resumed.

The details of the investigation emerged from a file of almost 2,000 pages of confidential Army documents about the death on Dec. 10, 2002, of Dilawar, a 22-year-old taxi driver. The file was obtained from a person involved in the inquiry who was critical of the abuses at Bagram and the military's response to the deaths.

The file presents the fates of Mr. Dilawar and another detainee who died six days earlier, Mullah Habibullah, against a backdrop of frequent harsh treatment by guards and interrogators who were in many cases poorly trained, loosely supervised and only vaguely aware of or attentive to regulations limiting their use of force against prisoners they considered to be terrorists.

According to interviews with military intelligence officials who served at Bagram, only a small fraction of the detainees there were considered important or suspicious enough to be transferred to the American military prison at Guantánamo Bay, Cuba, for further interrogation. Two intelligence officers estimated that about 85 percent of the prisoners were ultimately released.

Still, most new detainees at Bagram were hooded, shackled and isolated for at least 24 hours and sometimes as long as 72 hours, the commander of the military police guards at Bagram, Capt. Christopher M. Beiring, told investigators. Prisoners caught in infractions like talking to one another were handcuffed to cell doors or ceilings, often for half an hour or an hour, but sometimes for far longer. Interrogators trying to break the detainees' resistance sometimes ordered that they be forced to sweep the same floor space over and over or scrub it with a toothbrush.

The responsibility of senior officers at Bagram for carrying out such methods is not clear in the Army's criminal report.

In several instances, the documents show Captain Wood and her deputy, Staff Sgt. Steven W. Loring, sought clarification about what techniques they could use. "Numerous requests for strict guidance on P.U.C. treatment have been voiced to the Staff Judge Advocate," Sergeant Loring said, referring to the detainees by the initials for Persons Under Control, "but no training has been offered."

Major Bovarnick, the former legal adviser to the detention center, told investigators that the shackling of detainees with their arms overhead was standard operating procedure when he arrived at Bagram in mid-November 2002. On Nov. 26, after complaints from the International Committee of the Red Cross, he convened a group of military and C.I.A. officials at Bagram to discuss methods of interrogation and punishment, including shackling to fixed objects.

"My personal question then was, 'Is it inhumane to handcuff somebody to something?'" he said. Referring to his consultations with the two senior lawyers at Bagram, he added, "It was our opinion that it was not inhumane."

After the deaths, officers who served at Bagram said, there was a similar debate over whether criminal charges were warranted.

Military lawyers noted that the autopsies of the two dead detainees had found severe trauma to both prisoners' legs -- injuries that a coroner later compared to the effect of being run over by a bus. They also acknowledged statements by more than half a dozen guards that they or others had struck the detainees. But the lawyers and other officers did not press for a fuller accounting, two officers said in interviews.

Instead, statements showed, they pointed to indications that both detainees had some existing medical problems when they arrived at Bagram, and emphasized that it would be difficult to determine the responsibility of individual guards for the injuries they sustained in custody.

"No one blow could be determined to have caused the death," the former senior staff lawyer at Bagram, Col. David L. Hayden, said he had been told by the Army's lead investigator. "It was reasonable to conclude at the time that repetitive administration of legitimate force resulted in all the injuries we saw." Both Major Bovarnick and Colonel Hayden declined requests for comment.

As late as Feb. 7 -- nearly two months after the first autopsy reports had classified both deaths as homicides -- the American commander of coalition forces in Afghanistan, Lt. Gen. Daniel K. McNeill, said in an interview that he had "no indication" that either man had been injured in custody.

General McNeill, who has since been promoted, declined repeated requests to clarify his remarks.

In retrospect, the investigators' initial interviews with guards, interrogators and interpreters at the detention center appear cursory and sometimes contradictory. As transcribed, many of the statements are little more than a page or two long.

Most of the guards who admitted punching the detainees or kneeing them in the thighs said they did so in order to subdue prisoners who were extraordinarily combative. But both detainees were shackled at the hands and feet throughout their time at Bagram. One of them, Mr. Dilawar, weighed only 122 pounds and was described by interpreters as neither violent nor aggressive. Both detainees also

complained of being beaten and seemed to have trouble walking, some witnesses said.

The early interviews also included statements by two of the interpreters that they had been so troubled by the abusive behavior of some interrogators that they had gone to the noncommissioned officer in charge of the military intelligence group, Staff Sergeant Loring, to complain. One of the interrogators, Specialist Damien M. Corsetti, refused to speak to the agents at all, and another told of the guards' beating one of the detainees who died.

Even so, investigators failed to interview some crucial witnesses, including the officer in charge of the interrogators, Captain Wood, and the commander of the military police company, Captain Beiring. They also neglected an interrogator who had been present for most of Mr. Dilawar's questioning. When he finally went to investigators at his own initiative, he described one of the worst episodes of abuse.

Many of the guards who later provided important testimony were also initially overlooked. Computer records and written logs that were supposed to record treatment of the detainees were not secured and later disappeared. Blood taken from Mr. Habibullah was stored in a butter dish in the agents' office refrigerator, from which it was only recovered -- or "seized" as a report explains it -- when the office was later moved.

The record of the investigation indicated that Army investigators almost entirely stopped interviewing witnesses within three weeks after Mr. Dilawar's death. And although Major Bovarnick, the detention center's legal adviser, said he told Captain Beiring after the first death "that there would be no shackling to the ceiling ever again," the issue was largely ignored in the initial investigation.

While the Army's criminal inquiry continued, General McNeill ordered a senior officer, Col. Joseph G. Nesbitt, to conduct a separate, classified examination of procedures at the detention center. That led to changes including prohibitions against the shackling of prisoners for sleep deprivation and interrogators' making physical contact with detainees.

Documents from the criminal investigation suggested that Colonel Nesbitt was also dismissive of the notion that the two deaths pointed to wider wrongdoing. He concluded that military police guards at the detention center "knew, were following and strictly applying" proper rules on the use of force, documents showed, and he cited a "conflict between obtaining accurate, timely information and treating detainees humanely."

Senior officials at the Criminal Investigation Command's headquarters took a different view. On April 15, 2003, they rejected the field agents' proposal to close the case, sending it back "for numerous investigative, operational, administrative and security classification-related issues, which required additional work, pursuit, clarification or scrutiny." Four months later, the headquarters officials reassigned the case to the task force that eventually implicated the 27 soldiers.

Photos: Two Afghan detainees died from their injuries in December 2002 after being shackled and beaten at the American military base in Bagram, Afghanistan, above. (Photo by Wally Santana/Associated Press)(pg. 18)

Chart/Photos: "Time Lag: Detainee Deaths and Military Investigations"

519TH MILITARY INTELLIGENCE BATTALION

July 2002 -- The 519th M.I. Battalion arrives at the Bagram detention center in Afghanistan.

Jan. 2003 -- Interrogators from the battalion return home to Fort Bragg, N.C. The operations officer, Capt. Carolyn A. Wood (left), is awarded a Bronze Star for meritorious service.

March -- Personnel from the battalion deploy to Iraq.

July -- Personnel from the battalion take over interrogations at Abu Ghraib prison under the direct leadership of Captain Wood.

DETAINEE DEATHS

Nov. 30- Dec. 4, 2002 -- Mullah Habibullah arrives at the Bagram detention center. He dies after days of beatings by guards.

Dec. 5-10 A second Afghan man, Dilawar (left), is taken into custody. He dies after being shackled to the ceiling of his cell for much of five days.

Dec. 8, 13 -- Initial autopsy reports show both men were victims of homicide.

INVESTIGATIONS

Dec. 2002 -- Military spokesmen at Bagram say the men died from natural causes.

Dec. 12 -- Lt. Gen. Daniel K. McNeill, commander of allied forces in Afghanistan, orders an investigation that finds serious problems at the detention center.

Dec. 31 -- The Army's Criminal Investigation Command conducts the last full interview of their initial inquiry into the deaths of the two men. Weeks later, they recommend that the case be closed without seeking charges against any of the soldiers.

April 15, 2003 -- Bagram report is sent back by Criminal Investigation Command headquarters for many issues that "required additional work, pursuit, clarification or scrutiny."

Aug. 6 -- After "a review of investigative shortfalls" by senior officials at the Criminal Investigation Command, the Bagram inquiry is assigned to the agency's headquarters.

Oct. 8 -- The Army's criminal investigation ends, finding probable cause to charge 27 officers and soldiers with crimes related to the deaths of Mr. Dilawar, and 15 of the personnel were charged in the case of Mr. Habibullah.

Aug. 2004 -- Report into abuses at Abu Ghraib by Lt. Gen. Anthony R. Jones finds that Captain Wood instituted methods at the Iraqi prison that were "remarkably similar" to those she applied at Bagram.

(pg. 18)

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IN THE UNITED STATES DISTRICT COURT
FOR THE DISTRICT OF COLUMBIA

MAZIN SALIH AL-HARBI,	)	
Petitioner,	)	
v.	)	**Civil Action No. 05-CV-1857 (CKK)**
GEORGE W. BUSH,	)	
President of the United States, *et al.*,	)	
Respondents.	)	

PROPOSED ORDER

The Court, having considered Petitioners' Renewed Motion for Preservation Order,

IT IS HEREBY ORDERED that the Motion is granted and Respondents are accordingly ordered to (1) produce to the Court official documentation of Al-Harbi's death; and (2) preserve and maintain all evidence relating to his death, his detention, the reasons for his detention, any interrogations of him, his treatment and potential mistreatment, along with any and all other evidence sufficient to test the veracity of any official documentation of death produced by Respondents.

Dated: _____

_____
Colleen Kollar-Kotelly
United States District Judge

CHAR2\932197v1

Macklin, Kristi R

From: Macklin, Kristi R
Sent: Tuesday, June 20, 2006 6:11 PM
To: Gorsuch, Neil M
Cc: Cook, Elisebeth C
Subject: transcripts
Attachments: transcript.doc; JGR Transcript QA by Topic.doc

Do not go overboard studying tonight! You did a great job today. We didn't spend a sufficient amount of time on the positive. Nevertheless, I have attached the transcripts.

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DOJ_NMG_0035682

Administrative Law

Senator DeWine. Judge, let me ask you--moving to the administrative law issue. As you know, in the 18th and 19th centuries we really did not have the governmental agencies that have such a profound influence, for better or worse, on the lives of Americans today, daily lives of Americans. Today administrative agencies set workplace safety rules, establish environmental regulations, lay down traffic safety standards, just to name a few things.

As far as I know there is no specific article in the Constitution dedicated to the administrative state that we live in today. In your view, what is there in the text or history of the Constitution that supports the growth of this administrative state that we live in? Is the growth of the administrative state an example of the Constitution being amended simply out of necessity, or is the administrative state consistent with the Constitution as drafted by our Founding Fathers? How do we get to where we are from a constitutional point of view?

Judge Roberts. Well, you know, we all of course begin in high school civics with the notion of three branches of Government, the Executive, the Legislative and the Judicial, and we study that. and then only occasionally do people look at the real world and say, "Well, what is this agency? What is that? Is that Legislative or is that Judicial or is that Executive?" Of course, the answer is, well, it's a little bit of each. It's exercising power delegated by Congress. It's executing it in a particular way. It's issuing regulations that have the force and effect of law, and quite often it's adjudicating particular disputes.

The activities of the administrative agencies are of course the bulk of what judges on the Court of Appeals for the D.C. Circuit do, and the principles of administrative law that have recognized the legitimacy of these agencies, and sought to ensure that their exercise of authority is consistent with constitutional provisions by basically--I mean I know the issue can seem arcane to many people, but the fundamentals of administrative law really go back to the basic principles of justice, is someone being given an opportunity to be heard? Is someone being treated fairly? Is someone who's making a decision doing it for a rational reason or an arbitrary reason?

These are the same basic principles that have animated the common law system since the time of Lord Cook, and they are being applied here as well. The objection is often, "This agency made a decision without adequately hearing our concerns," or "This agency made an adjudicatory decision without hearing the record evidence," or "They did not explain." That's the basic requirement of administrative law, explain your decision. That's the limitation on arbitrariness, and the agency didn't explain why it's doing this.

The notion that even in these arcane areas our legal system insists upon the observance of these basic requirements of--I don't want to say due process as a technical term, but that's the principle that is being applied. That goes a long way to explaining how these agencies have been accepted into the constitutional system, because they have been required under principles of administrative law to comply with these basic precepts of procedural regularity.

DOJ_NMG_0035683

Antitrust

Senator Kohl. Judge Roberts, I would like to talk a little bit about antitrust. I am the Ranking Member on the Antitrust Subcommittee. To me, antitrust is not some mysterious legal theory that only lawyers can talk about or understand. Antitrust is just another word for fair competition. The laws that we use to protect consumers and competitors from unfair and illegal trade practice is what antitrust is all about.

Do you agree that government enforcement of antitrust law is crucial to ensuring that consumers are protected from anticompetitive practices, such as price fixing and illegal maintenance of monopolies?

Judge Roberts. Yes, I do, Senator. In fact, when I was in private practice, one of the cases I handled was the Microsoft antitrust case on behalf of government officials, the States in particular. A number of States retained me to argue that case before the D.C. Circuit en banc. So I certainly appreciate the role of governments, both State and Federal, in enforcing the protections of the antitrust laws, because as you know, there is concurrent authority in that area, the Sherman Act, of course, on the Federal level and then what people call the "Baby Sherman Acts" on the State level.

Senator Kohl. I am glad to hear you say that because on June 14, 1983, which is more than 20 years ago, in a memo to the White House Counsel Fred Fielding, you wrote, quote, "Enforcement of Federal rights is advanced most effectively by private suits in antitrust cases." So isn't it often true that individual consumers don't have the resources to pursue these private suits against large corporations, and isn't that why government enforcement of antitrust is essential? So you would, perhaps, not be feeling the same way today as you did 22 years ago when you made that comment?

Judge Roberts. Well, I think it depends on what area you're talking about. I do think that the system established under the Sherman Act of private antitrust enforcement, and, of course, the opportunity to recover additional damages and attorneys' fees and other aspects, has been an effective tool in enforcing the law. There are areas, as you mentioned. If the issue is mostly consumer rights as opposed to business rivals, government action may be more necessary in those areas as opposed to the others.

And I know that government antitrust regulators make those determinations every day, that their resources are best directed to areas where consumers or attorneys bringing class actions on consumers' behalf, whatever the reasons were, the incentive system for private litigation may not be as effective, and that's often the area where State Attorneys General, the Justice Department, decide to get involved to supplement the private enforcement activity.

Senator DeWine. Judge, let me turn to the area of antitrust, a matter that is very important for the businesses and the consumers of this country. For over 100 years our antitrust laws have helped consumers by ensuring their economy is competitive and vibrant. Our antitrust laws are the oldest in the world, and many people, including me, think they are the best in the world. In fact, I am proud to say that John Sherman, Republican Senator from my own home State of Ohio, wrote the first antitrust law back in 1890.

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Over the past 20 years we have achieved a great deal of consensus I think about how the antitrust laws should be enforced, Democrat and Republican administrations. As the Chair of this Committee's Subcommittee on Antitrust, Competition, Policy and Consumer Rights, I have worked very closely with Senator Kohl who asked you some questions about antitrust. I think we have worked in a bipartisan way to ensure that consumers and competition are protected.

It is a simple goal, but it is not always easy to achieve or put into practice. For example, recently, the rise and expansion of the Internet and the technological explosion of the so-called new economy have led to a marketplace that is changing faster and more often than we have really ever experienced before.

Judge, what challenges do you think the courts face in trying to square our old antitrust laws as they are currently written with new business strategies and the high-technology markets, and do you think that these laws give courts enough guidance to deal with these new economy issues?

Judge Roberts. Well, that was really the basic issue that I faced in the Microsoft case before the D.C. Circuit en banc. There was a lot of argument, academic commentary back and forth, the idea this is a whole new area. You can't apply the old principles. They don't work in this context. You need to do something different, the so-called new paradigm and all that.

At least the argument that I tried to make on behalf of the States was that the basic principles are the same. The Sherman Act was, as many have said, a charter of economic freedom and that those basic principles do have to be applied regardless of changes in the economics of the underlying businesses or the structure of the markets. Obviously, it requires a great deal of sensitivity on the part of the judges and it's a really challenge for the lawyers sometimes to be able to understand the economics, to be able to explain them to the judges, and judges appreciate that.

But my basic instinct, and it's nothing more than that, is that the principles are there and the issue is simply application in a new context.

Senator DeWine. Good. Thank you.

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Civil Rights – Affirmative Action

Senator Kennedy. Could I move on to the issue of affirmative action.

Judge Roberts. Certainly.

Senator Kennedy. In the Grutter v. Bollinger case, the Supreme Court decided very close, a five-four decision, Sandra Day O'Connor the deciding individual, the Justice, the Supreme Court upheld the university practices that considered race as one factor in its admission decisions. No one is talking today about quotas. We are talking about affirmative action as defined in this Grutter decision. The Court found that there was a constitutional affirmative action program aimed at achieving a racially diverse student body.

In this decision, the Court expressly gave great weight to the representation by military leaders--military leaders--that said a highly-qualified racially-diverse officer corps is essential to the military's ability to fulfill its principal mission and to provide national security.

What weight would you give to that kind of a comment or statement or testimony by the military in considering any issue dealing with affirmative action?

Judge Roberts. Well, the weight it was given was to help satisfy the test, because the Court, as you know, in Grutter applied strict scrutiny because it was dealing with considerations on the basis of race and that required a showing of a compelling governmental interest to support that legislative action. The testimony of the military officers, as the Court explained, helped substantiate the compelling nature of the interest in having a diverse United student body. That was the weight that the Court gave it.

There was, of course, the other case. There were two Michigan cases, the law school case and the university case, the Gratz case, where the Court did say that it looked too much like a quota in that case because it was given determinative consideration as opposed to being one of a variety of factors that is considered.

The two cases together kind of show where the Court is coming out, at least in the area of higher education. The Court permits consideration of race or ethnic background so long as it is not sort of a make-or-break test.

Senator Kennedy. Do you agree, then, with Justice O'Connor writing for the majority that gave great weight to the real-world impact of affirmative policies in universities? The reason--I have got 35 seconds left--you might say, well, this may eventually come on up before the Court, but the fact is, we know how every other Justice has voted because they have all voted and the American people would like to know where you stand on this very important public policy issue, particularly since Sandra Day O'Connor wrote such a compelling decision that was, I think, in the cause of fairness and justice.

Judge Roberts. Well, Senator, I think I can answer the specific questions you asked because as you phrased the question, do you agree with her that it's important to look at the real-world significance and impact, and I can certainly say that I do think that that is the appropriate approach without commenting on the outcome or the judgment in a particular case, that you do need to look at the real-world impact in this area, and I think in other areas, as well.

Senator Kennedy. Thank you very much.

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Senator Feinstein. . . . Let me ask you a question about strict scrutiny and affirmative action. You mention in several of your memos from the Reagan administration addressing affirmative action that the Government should be color blind. And I would agree. And I wish we were there, but we are not there. And because America is well-served by educating all her people well, do you personally subscribe not to quotas but to measured efforts that can withstand strict scrutiny?

Judge Roberts. A measured effort that can withstand strict scrutiny is, I think, a--affirmative action of that sort, I think, is a very position approach. And I think people will disagree about exactly what the details should be, but the general notion--

Senator Feinstein. Such as Michigan, the University of Michigan--

Judge Roberts. In Michigan. In the Michigan case, obviously, you have--I always get the--whether it's the law school--I think the law school program was upheld and the university program was struck down because of the differences in the program. But efforts to ensure the full participation in all aspects of our society by people without regard to their race, ethnicity, gender, religious beliefs--all of those are efforts that I think are appropriate. At the time of the Reagan administration, President Reagan was at pains to make clear, and I know the Attorney General was as well, that in opposing quotas--and at the time, it was a much stricter quota approach that was being proposed, set-asides--they were not in any way opposed to what they regarded as beneficial affirmative action to bring minorities, women into all aspects of society. That's important, and as the Court has explained, we all benefit from that.

Senator Kennedy. . . . Let me ask you a broader question. Do you think having a diverse society where everyone has an equal chance to participate is an American value and is fundamental to the strength of our society?

Judge Roberts. I do, I agree with that statement Senator, yes.

Senator Kennedy. I want to--I do too, and I want to just review very quickly what I consider to be sort of a pattern in different judgments that you have made over a period of 20 years. We have not got a lot of time and I am not going to bother going through the memoranda unless you would like to. But for someone who is black or brown, a woman, a disabled, and looked at a pattern over 20 years where you were actively involved in the Reagan administration against affirmative action--I am leaving out the whole issue of quotas, all of us oppose quotas, we are talking about affirmative action--and you expressed strong reservations about the affirmation action. Then in 1991 in the FCC case, you as the advocate for the U.S., the Acting Solicitor General, refused to take the position of the FCC, your own client. And the FCC filed briefs in favor of its own affirmative action program and your office opposed the FCC. This is, as I understand, extremely unusual.

Part of the difficulty that we have, Judge Roberts, is we do not have your records on affirmative action. They were in the Reagan Library and at some time they became misplaced and we do not have those records to be able to give a complete review of these documents, although what I am stating here is factual. We do not have the information

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that we requested from the Solicitor General's Office, who, as you appropriately mentioned yesterday, was America's lawyers.

In this particular case, in the Solicitor case where the FCC--with its affirmative action program that recognized that with all of the broadcasting and the television stations there were no minority owned stations and they had a very modest program--they petitioned you, who regularly were going to intervene in behalf of the FCC and then you made a judgment that you would not, that you would enter a brief in opposition to it. The Supreme Court came out in favor of the FCC. I know that the standard altered and changed subsequently on that case.

And then in 2001 you took a private case to basically see that the Department of Transportation's affirmative action program that applied in this case to the highways, which has been overwhelmingly supported by the Congress year in and year out, would be effectively undermined.

The point I am asking here is, given these series of actions over a period of time, what do you think in your record would give some sense of hope to women, to minorities, blacks and browns, to those that are disabled that are not looking for a hand-out, but just looking for a chance in this diverse society to be able to have an equal opportunity?

Judge Roberts. Well, Senator, I think there's a great deal in my background that you could look to in that respect. For example, you could look to the cases in which I argued in favor of affirmative action. I've argued on both sides of that issue. In the Rice v. Cayetano case, for example, before the Supreme Court, I argued in favor of affirmative action for Native Hawaiians. I lost that case but I was arguing on the side of affirmative action.

There are other episodes in my background that people could look to. For example, I regularly participate in, when I was at my law firm, a program sponsored by the firm, a legal reasoning program for minority and disadvantaged students going on to law school, to help them prepare for the rigors of law school, so not simply that they would be chosen, selected and admitted into law school, but be in a better position to be able to succeed once they got there.

With respect to the FCC case that you mentioned in the Metro Broadcasting case, I think a fuller understanding of the situation there is necessary. The United States had already taken a position before the FCC opposed to the FCC program. That put the Solicitor General's Office in the position where they had--the position of the United States, which was opposed to it, and the FCC position which had prevailed before the District of Columbia Court of Appeals. I authorized the FCC to defend its position in court. That was a discretionary decision. I didn't have to do that, but I thought the Supreme Court, in a situation where the FCC, part of the United States and the formal position of the United States, before I had ever gotten involved in the case, were at loggerheads, that the Court should have both views and decide the case. They did decide it in favor of the FCC 5-4, and as you noted in the other case that I participated in later, the Supreme Court overturned that decision.

The long and short of it is, that if you look at my record on the question of affirmative action, yes, I was in an administration that was opposed to quotas. Opposition to quotas is not the same thing as opposition to affirmative action. That was something that President Reagan emphasized repeatedly. I argued against quotas in the FCC case. I argued in favor of affirmative action in the Hawaiian case. In terms of my

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own personal involvement, I've been active in programs that promote the interests of minorities and disadvantaged to participate fully in our society.

Senator Kennedy. As you know, in the Hawaiian case, that was not an affirmative action case. You gave that response to Senator Durbin in the written answers to the--when you were promoted to the Circuit Court, and in the case itself it indicates that it was not an affirmative action. All right. Well, let me go--we will agree to differ.

Judge Roberts. Sure.

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Civil Rights – Civil Rights Restoration Act (Grove City v. Bell)

Senator Kennedy. Let me, if I could, go to the Civil Rights Restoration Act. In 1981, you supported an effort by the Department of Education to reverse 17 years of civil rights protections at colleges and universities that receive Federal funds. Under the new regulations, the definition of Federal assistance to colleges and universities would be narrowed to exclude certain types of student loans and grants so that fewer institutions would be covered by the civil rights laws. As a result, more colleges and universities would legally be able to discriminate against people of color, women, and the disabled.

Your efforts to narrow the protection of the civil rights laws did not stop there, however. In 1984 in the Grove City v. Bell, the Supreme Court decided, contrary to the Department of Education regulations that you supported, that student loans and grants did, indeed, constitute Federal assistance to colleges for purposes of triggering civil rights protections.

But in a surprising twist, the Court concluded that the non-discrimination laws were intended to apply only to the specific program receiving the funds and not to the institution as a whole.

Under that reasoning, a university that received Federal aid in the form of tuition could not discriminate in admissions, but was free to discriminate in athletics, housing, faculty hiring, and any other programs that did not receive the direct funds. If the admissions office didn't discriminate, if they got the funds through the admissions office, they could discriminate in any other place of the university.

A strong bipartisan majority in both the House and the Senate decided to pass another law, the Civil Rights Restoration Act, to make it clear that they intended to prohibit discrimination in all programs and activities of a university that received Federal assistance. You vehemently opposed the Civil Rights Restoration Act. Even after the Grove City Court found otherwise, you still believe that there was--and this is your quote--"a good deal of intuitive appeal to the argument that Federal loans and grants to students should not be viewed as Federal financial assistance to the university." You realize, of course, that these loans and grants to the students were paid to the university as tuition. Then even though you acknowledged that the program-specific aspect of the Supreme Court decision was going to be overturned by the congressional legislation, you continued to believe that it would be "too onerous" for colleges to comply with non-discrimination laws across the entire university unless it was "on the basis of something more solid than Federal aid to students."

Judge Roberts, if your position prevailed, it would have been legal in many cases to discriminate in athletics for girls, women; it would have been legal to discriminate in the hiring of teachers; it would have been legal not to provide services or accommodations to the disabled.

Do you still believe today that it is too onerous for the Government to require universities that accept tuition payments from students who rely on Federal grants and loans not to discriminate in any of their programs of activities?

Judge Roberts. No, Senator, and I did not back then. You have not accurately represented my position.

Senator Kennedy. These are your words.

Chairman Specter. Let him finish his answer.

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Judge Roberts. Senator, with respect--

Chairman Specter. You had quite a long--

Judge Roberts. --you have selected--

Chairman Specter. Wait a minute, wait a minute. Senator Kennedy just propounded a very, very long question. Now, let him answer the question.

Judge Roberts. Senator, you did not accurately represent my position. The Grove City College case presented two separate questions, and it was a matter being litigated, of course, in the courts. The universities were arguing that they were not covered at all by the civil rights laws in question simply because their students had Federal financial assistance and attended their universities. That was their first argument.

The second argument was, even if they were covered, all that was covered was the admissions office and not other programs that themselves did not receive separate financial assistance.

Our position, the position of the administration--and, again, that was the position I was advancing. I was not formulating policy. I was articulating and defending the administration position. And the administration's position was, yes, you are covered if the students receive Federal financial assistance, and that the coverage extended to the admissions office. That was the position that the Supreme Court agreed with. We were interpreting legislation. The question is: What is the correct interpretation of the legislation? The position that the administration advanced was the one I have just described. The universities were covered due to Federal financial assistance to their students. It extended to the admissions office.

The Supreme Court in the Grove City case agreed with that position. So the position the administration had articulated, the Supreme Court concluded, was a correct interpretation of what this body, the Congress, had enacted.

Congress then changed the position about coverage, and that position was, I believe, signed into law by the President and that became the new law. The memo you read about Secretary Bell's proposal, if I remember it, was, well, he said, if we're going to cover all of the universities, then we shouldn't hinge coverage simply on Federal financial assistance. And the position I took in the memorandum was that, no, we should not revisit that question. We should not revisit the question that Federal financial assistance triggers coverage.

Senator Kennedy. Well, you are familiar--I have the memo here. I have got 22 seconds left. And your quote of this, "If the entire institution is to be covered, however, it should be on the basis of something more solid than Federal aid to the students." I think most of the Members of the Congress feel that if the aid to the universities, tuition and the loans and the grants are going to be sufficient to trigger all of the civil rights laws--your memorandum here, "If the entire institution is to be covered, however, it should be on the basis of something more solid than Federal aid to the students." That is your memorandum.

Judge Roberts. Well, Senator, again, the administration policy was as I articulated it, and it was my job to articulate the administration policy.

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Senator Grassley. I am going to go to an issue that Senator Kennedy left off with regarding the Grove City case. And I have the memo that was involved in this issue before me. And I see the memo being a summary of former Education Secretary Bell's views on this issue. But Senator Kennedy left out what your assessment was on it, and you wrote these words: "As a practical matter, however, I do not think the administration can revisit the issue at this late date."

Can you tell us what your position was in this memo? And Mr. Chairman, I would like to have this entire memo submitted for the record.

Chairman Specter. Without objection, it will be admitted as part of our record.

Judge Roberts. The issue was the--in the Grove City case, the Court had said that receipt of financial aid by students triggered coverage under the civil rights statutes, limited to the admissions office, the admissions policies. The Civil Rights Restoration Act changed that result to say that the limitation was not to the admissions office but applied more generally to the institution.

Secretary Bell submitted a proposal. He said, well, if it's going to apply more generally to the institution, then the trigger of simply having students who receive financial aid shouldn't be enough. And the position that we took in response to Secretary Bell's proposal was no, that we weren't going to revisit it. We had argued earlier in Grove City that financial aid was enough to trigger coverage and we weren't going to revisit that question. The position was that coverage of the entire institution based on receipt of financial aid was appropriate.

Senator Grassley. So Senator Kennedy's words were not quoting you but quoting words that Secretary Bell had in this memo, and you were reacting to those.

Judge Roberts. Well, it's, again, 23-some years ago. But my recollection is that that was his proposal. Our response was that, no, we're not going to do that, we're not going to change the position we've taken in light of the new legislation.

Senator Biden. . . . The next question. You know, I find it fascinating, this whole thing about Title IX and whether or not by Title IX--you and I know what we are talking about, but for the public at large who really has an interest in all of this as well, the issue was whether or not when a student gets aid, whether or not it only goes to the admissions piece of it.

Now, you said something that was accurate but I don't think fulsome to Senator Kennedy, and correct me if I am wrong. You said, look, we were arguing that it did apply--Title IX did apply. If a student got aid, it applied to the university. That was one of the questions, whether or not you have no application or a narrow application. And you argued that it should apply to the admissions process.

But there is a second issue in that case, and the second issue is: Do you apply it narrowly only to do with the admissions policy or do you apply it to if they are discriminating in dormitories?

I got your answer on the first part. You thought it should apply, at least narrowly. Were you arguing that it should apply broadly? And this was before--let me make it clear. The district court, I say to my friends--because I had forgotten this. The district court had ruled that this only applies to admissions, and there was a question. The

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Chairman of Reagan's Commission on Civil Rights said we should get in on the side of the plaintiff here, and we should appeal this to the Supreme Court or to a higher court and say, No, no, this applies across the board, this applies if you don't put money in sports programs, you don't put money in dormitories, et cetera.

What was your position on Reagan's Civil Rights Chairman, Clarence Pendleton, suggesting that we appeal the decision of the circuit court narrowly applying it only to the admissions office?

Judge Roberts. Senator, I was a staff lawyer. I didn't have a position. The administration had a position, and the administration's position was the two-fold position you've set forth. First, Title IX applies. Second, it applies to the office, the admissions office.

Senator Biden. Only to the office, right? It applies narrowly.

Judge Roberts. The question--

Chairman Specter. Now, wait a minute. Let him finish his answer, Senator Biden.

Senator Biden. The answers are misleading, with all due respect.

Chairman Specter. Well, they--

Senator Biden. Let me get--

Chairman Specter. Wait a minute, wait a minute. They may be misleading, but they are his answers.

Senator Biden. Okay, fine.

Chairman Specter. You may finish, Judge Roberts.

Senator Biden. Fire away, Judge. At least I am misunderstanding your answers.

Judge Roberts. With respect, they are my answers, and, with respect, they're not misleading. They're accurate. This is a--

Senator Biden. I have now a minute and 45 seconds.

Judge Roberts. --dispute that was 20-some years ago. The effort was to interpret what this body, Congress, meant. The administration position was Federal financial aid triggers coverage. It's limited to the admissions office. The United States Supreme Court agreed on both counts.

Senator Biden. I understand that.

Judge Roberts. So I would say that the administration correctly interpreted the intent of Congress in enacting that legislation.

Senator Biden. Well, let me read what you wrote in that memo. You said you "strongly agree." Now, when my staff sends me a memo saying, "Senator, I recommend you do the following...and I strongly agree," that usually is a pretty good indication what they think. Now, maybe they don't. Maybe they just like to use the word "strongly." They said "strongly agree." It usually means they agree. Number one.

Number two, you went on to say, and I quote, that if you have the broad interpretation, it will be--the Federal Government will be rummaging "willy-nilly through institutions." So you expressed not only that you strongly agree, but you thought that if you gave them this power to broadly interpret it, to apply to dormitories and all these others things, that they would willy-nilly--they would rummage willy-nilly through institutions.

It seems to me you had a pretty strong view back then. Maybe you don't have it now.

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Judge Roberts. Well, and the Supreme Court's conclusion was that that administration position was a correct reading of the law that this body passed. So if the view was strongly held, it was because I thought that was a correct reading of the law. The Supreme Court concluded that it was a correct reading of the law.

Senator Hatch. Well, thank you. Now, also yesterday the Democrat staff of the Committee released a press release stating that you failed to distance yourself from what it called your "earlier cramped positions on Title IX and women's rights." And after listening to you yesterday, I did not find your earlier positions cramped at all. In fact, as you explained here to the Committee, many of the documents that questioners relied upon reflected the positions of the Reagan administration for which you worked.

Now, what assurance can you give the Committee that you will fairly interpret the civil rights laws, including critical statutes such as Title IX, fully and fairly, consistent with the purposes Congress intended in passing these laws?

Judge Roberts. Well, I can give the commitment that I appreciate that my role as a judge is different than my role as a staff lawyer for an administration. As a judge, I have no agenda. I have a guide in the Constitution and the laws and the precedents of the Court, and those are what I would apply with an open mind, after fully and fairly considering the arguments and assessing the considered views of my colleagues on the bench. That's the way I would approach cases in that area, as in any other area.

The approach of someone who is obviously a staff lawyer in an administration is very different. The approach of someone who is an advocate for a client before the Court is obviously very different. Those are positions that I have held in the past. I am now a judge, and I have had the experience and I think my record will establish that that is how I approach cases across the spectrum of issues that are raised before the courts.

Senator Hatch. And reasonable people can differ on some of these issues.

Judge Roberts. Oh, certainly.

Senator Hatch. And the Grove City case, you won that case, didn't you?

Judge Roberts. The administration's position prevailed before the Court.

Senator Hatch. That is right. In other words, the position that you had advocated prevailed. Then we did not like it up here on Capitol Hill, so we passed the Civil Rights Restoration Act and we changed it, right?

Judge Roberts. Yes, which, of course, is always the prerogative of Congress when you're dealing with a question of statutory interpretation, and that's part of a regular interchange between the Court and the Congress. Sometimes if the Court gets something wrong, Congress can fix it. Even if the Court gets it right but Congress thinks the approach ought to be changed, Congress is free to legislate for a different result.

Senator Hatch. So I find it strange to criticize you because you won a case in the Supreme Court and have not advocated against women's rights in any way, shape, or form ever in your career, as far as I can understand. Is that correct?

Judge Roberts. That's correct, Senator.

Senator Hatch. And, in fact, you are a strong supporter of women's rights and gender equality?

Judge Roberts. Yes, Senator.

Senator Hatch. Okay.

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Civil Rights – Disability Discrimination (including ADA)

Senator DeWine. Judge, let me turn to the area of congressional power. It has been talked about before here, but I want to talk about it a little bit more. Really, this has to do with federalism cases. As you know, the Court has handed down a number of cases that have restricted the power of Congress to pass important legislation. The Court has struck down portions of the Violence Against Women Act, the Americans with Disabilities Act, the Age Discrimination in Employment Act, and the Religious Freedom Restoration Act, just to name a few.

In some of these cases the Court restricted Congress's power under the Commerce Clause. In some it relied on the 11th Amendment, and in some it cited Section 5 of the 14th Amendment. The particular provision is not that important for this discussion. Let me be perfectly frank. I think there are some problems with these decisions. I think it is wrong for judges to take on the role of policymaker. I realize that if a statute is blatantly unconstitutional, a judge has to do their duty. But I think for the reason I am going to discuss in a minute, that was not true in these cases.

I want to cite one example, and that is--because of time I can only go through one--and that is the Garrett case, a 5-4 decision, Board of Trustees v. Garrett. As you know, this case involved a woman who said that she had been discriminated against because she was disabled. She was employed by the State of Alabama. She sued the State under the Americans with Disabilities Act. The Supreme Court threw out the suit, holding that there was no evidence that the State discriminated against the disabled in employment decisions. I think the problem with Garrett is that the Court ignored findings by Congress.

There were other cases that have been decided, where we did not have findings, and you are familiar with those. I understand the Court's decisions. I might like them or not like them, but I understand them.

This case we made findings. While we were considering the Americans with Disabilities Act we held 13 hearings and we set up a task force, a task force that held hearings in every State. It was attended by more than 30,000 individuals. Based on these hearings we found 300 examples of disabled individuals being discriminated against in employment decisions. We found that two-thirds of all disabled Americans between the ages of 16 and 64 were not working at all, even though a large majority of them were capable of doing so. We found that this discrimination flowed from stereotypic assumptions about the disabled, as well as, quote, "purposeful, unequal treatment," all findings by this elected Congress of the United States.

In Garrett, however, the Court said this was not enough. They rejected our fact findings, holding that we had not pointed to any evidence that the States discriminated in employment decisions against the disabled.

Judge, you have stressed repeatedly in your writings and your opinions--and I have a great deal of respect for you and appreciate these writings and opinions--you stressed the limited role that judges must play in our system of Government. I applaud you for that approach. It is important for me to ensure that you still hold to this belief. In your opinion, what role should a judge play when reviewing congressional fact findings? In your view, how much deference do congressional fact findings deserve? I understand

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you are not going to talk about this case, or any of the cases I have just cited. I wanted to lay that kind of as a predicate. I wanted to tell you where I am coming from.

But just talk in general about when you see fact findings by Congress, when we have held hearings, when we have established a record, how do you approach? What are the tools that you use, Judge, based on the precedents and based on what you think the role of the judge is?

Judge Roberts. Again, and of course, without getting into the particulars, the reason that congressional fact finding and determination is important in these cases is because the courts recognize that they can't do that. Courts can't have, as you said, whatever it was, the 13 separate hearings before passing particular legislation. Courts--the Supreme Court can't sit and hear witness after witness after witness in a particular area and develop that kind of a record. Courts can't make the policy judgments about what type of legislation is necessary in light of the findings that are made. So the findings play an important role, and I think it is correct to say under the law in this area and others, they're neither necessary nor necessarily sufficient. But I know as a judge that they're extremely helpful when there are findings.

And judges know when they look at those, that they're the result of an exhaustive process of a sort that the Court cannot duplicate. We simply don't have the institutional expertise or the resources or the authority to engage in that type of a process. So that is sort of the basis for the deference to the fact finding that is made. It's institutional competence. The courts don't have it. Congress does. It's constitutional authority. It's not our job. It is your job. So the defence to congressional findings in this area has a solid basis.

Now, the particular area you're talking about under Section 5 of the 14th Amendment, the Garrett case, there are of course more recent cases that you know of, Tennessee v. Lane and the Hibbs case in Nevada v. Hibbs, where the Court did defer to the fact finding in those cases, and particularly in the Hibbs case focused on the legislative recognition based on its examination of the factual record developed at hearings about the statute that was at issue there, and the particular approach that they were taking to remedy discrimination under the 14th Amendment, which is the authority that Congress has.

Now, the legal requirement that the Court has articulated there came of course from the City of Boerne case, that the remedial approach has to be congruent and proportional. Justice Scalia signed on to that approach in the City of Boerne case. In the Lane case he said he had changed his mind and he no longer agreed with that. Any area of the law where Justice Scalia is changing his mind, has got to be one that is particularly difficult, and one that I think is appropriately regarded as still evolving and emerging. And so I don't know if the more recent cases in Lane and Hibbs represent a swinging of the pendulum away from cases like Garrett and Kimmel on the other side, or if it's simply part of the process of the Court trying to come to rest with an approach in this area.

But it is an area that the Court has found difficult, and just as a general matter, I think when you get to this point of reweighing congressional findings, that starts to look more like a legislative function, and the courts need to be very careful as they get into that area, to make sure that they're interpreting the law and not making it.

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Chairman Specter. . . . Let me come now to the Americans With Disabilities Act, and you have 5-4 decisions going opposite ways. Ms. Garrett had breast cancer. The Court in 2001 said that the title of the Disabilities Act was unconstitutional, 5-4, on employment discrimination. Then 3 years later, you have the case coming up of Lane, the paraplegic crawling up the steps, accommodations, 5-4, and the Act is upheld. The record in the case was very extensive--13 congressional hearings, a task force that held hearings in every State, attended by more than 30,000 people, including thousands who had experienced discrimination. And in the Garrett case, the Supreme Court of the United States used a doctrine which had been in vogue only since 1997 in the Boerne case. You and I discussed this in my office. They came up with a standard of what is congruent and proportionate. Congruence and proportionality.

I was interested in your statement when we talked informally that you did not find those in the 14th Amendment. I did not either. Now, they plucked congruence and proportionality right out of thin air, and when Scalia dissented, he said that the congruence and proportionality test was a "flabby test," which is a "invitation to judicial arbitrariness by policy-driven decisionmaking."

Now, you said yesterday that you did not think that there was judicial activism when the Court overruled an act of Congress. Isn't this congruence and proportionality test, which comes out of thin air, a classic example of judicial activism where the view of congruence--hard to find a definition for congruence. Proportionality, hard to find a definition for proportionality. I have searched and cannot find any.

Isn't that the very essence of what is in the eye of the beholder where the Court takes carte blanche to declare acts of Congress unconstitutional?

Judge Roberts. Well, these questions arise, of course, under, as you know, section 5 of the 14th Amendment, where the issue is Congress' power to address violations of the 14th Amendment. And it's an extraordinary grant of power, and the Court has always recognized it as such. And their decisions in recent years--it's not just, as you point out, the Garrett case on the one hand and the Lane case on the other. You have the Hibbs case recently, which upheld Congress' exercise of authority. The most recent cases--Lane and Hibbs--uphold Congress' exercise of authority to abrogate--

Chairman Specter. But, Judge Roberts, they uphold it at the pleasure of the Court. Congress can't figure that out. There is no way we can tell what is congruent and proportional in the eyes of the Court.

Judge Roberts. Well, and that was Justice Scalia's position in dissent. He had originally--

Chairman Specter. Do you agree with Scalia?

Judge Roberts. Well, again, the congruent and proportional test--

Chairman Specter. Do you disagree with Justice Scalia?

Judge Roberts. I don't think it's appropriate in an area--and there are cases coming up, as you know, Mr. Chairman. There's a case on the docket right now that considers the congruence and proportionality test.

Chairman Specter. That is why I am raising it with you. I would like to see a sensible interpretation of the Court in that case.

Judge Roberts. Well, and if I am confirmed and I do have to sit on that case, I would approach that with an open mind and consider the arguments. I can't give you a

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commitment here today about how I will approach an issue that is going to be on the docket within a matter of months.

Chairman Specter. Judge Roberts, I am not talking about an issue. I am talking about the essence of jurisprudence. I am talking about the essence of a man/ woman-made test in the Supreme Court which has no grounding in the Constitution, no grounding in the Federalist Papers, no grounding in the history of the country, comes out of thin air in 1997, and it is used in Lane and Garrett, two 5-4 decisions on identical records, on an identical act, and the country and the Congress are supposed to figure out what the Court means. So I am really talking about jurisprudence.

Senator Kennedy. Let me ask you about those that are faced with disabilities. Do you think the 50 million Americans that are faced with disabilities in one form or another, challenges I like to say, do you think that we have the authority and the power to free this country, free our Nation from the forms of discrimination against those who have disability?

Judge Roberts. I do, Senator. Now, there are issues that come up, as you know, in several of the cases before the Supreme Court on the particular applications of that, cases concerning the question of do you have the authority under Section 5 of the 14th Amendment to abrogate State sovereign immunity if the claim of disability discrimination concerns a State as a defendant. And as you know, in the Garrett case there was conclusion that the authority was not there. Later in the Lane case under Title II of the Americans with Disabilities Act, the conclusion was that the sufficient record had been established that there was the authority.

So while as a general matter, there is the authority in a particular case that may come up against other provisions in the Constitution, or--in that case the recognition of State sovereign immunity, and that presents an issue that the courts have to address.

Senator Kennedy. You mentioned the Lane case. That was decided 5-4, 5-4. We are going to hear later today from Beverly Jones, who was a plaintiff in that case. I have listened the her and met with her before, an extraordinary woman, mother of two, trying to provide for her family, court reporter, and it was either a issue or question whether she was going to crawl up the flight of stairs to have access to the courtroom and have someone bring up her wheelchair, or whether she was effectively going to be denied that opportunity to have access to a courtroom in Tennessee.

Four Justices indicated in their dissent that this kind of an issue or question ought to be resolved by States, effectively, 50 States ought to be making that judgment. I strongly believe that this country, in its march towards progress in dealing with disabilities, with Americans with Disabilities Act, the Rehabilitation Act, the work that was done with IDEA over a long period of time, that we have come to the point where we as a country want to invite all of those with forms of disability to be a part of the main stream. But that was a 5-4 decision.

And I appreciate the fact your at least answer in the Lane v. Tennessee, that you are at least sympathetic to the judgment that Justice O'Connor made in indicating that accommodation for those with disability in that case was appropriate.

Judge Roberts. Well, it's certainly the precedent of the Court in that area and I have no quarrel with it. The issue of course is whether or not Congress has the authority

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under Section 5 of the 14th Amendment to abrogate the State's sovereign immunity. It's not a policy judgment by the Court about leaving things to the States or the Federal Government, but a legal determination of whether the State's sovereign immunity has been abrogated. And the Court determined in that case that Congress did have that authority and that it could authorize the suit against the State institution.

Senator Kennedy. We are going to come back to sort of the kind of legalist determinations that make an extraordinary difference in terms of people's lives. We welcome guidance and invitation about which particular provisions of the Constitution that we ought to utilize in order to strike down these forms of discrimination.

Senator Feingold. Thank you, Judge.

Judge, you argued an important case before the Supreme Court concerning who is protected under the Americans With Disabilities Act. It was called Toyota v. Williams. Ms. Williams suffered from hand, wrist, and arm pain while working in an engine assembly line. She was diagnose with carpal tunnel syndrome, and her physician placed her on permanent work restrictions. Her pain continued and she did not think that her employer was addressing her physician-ordered work restrictions appropriately, so she sued under the ADA. You represented Toyota in the case before the Supreme Court, and this was a case of statutory interpretation, so I assume you are quite familiar with the legislative history of that Act.

Do you agree with the statement of one of the Justices during oral argument that the Act was primarily intended to protect people who are "wheelchair-bound"?

Judge Roberts. The Act contains a definition of disability, and that's what the issue was about, and that definition does not contain that type of restriction. So, you know, I don't want to comment on issues that might come before me, but the case was about the definition. The definition was not restricted in that way.

The only point I would make--and I'm sure you appreciate this--is that a lot of times the statements during oral argument are certainly not expressions of either the Justices' view--they're often playing a devil's advocate, and I don't even remember that question. I don't know if it was directed at me or the other counsel, but it may well have been intended to elicit a response to flesh out more fully what the definition was.

Senator Feingold. More generally, do you believe that the ADA or any other civil rights statute should be interpreted narrowly or broadly when it comes to the issue of who it protects?

Judge Roberts. Well, I have to say I think it should be interpreted consistent with Congress' intent, and you look at a lot of different factors in trying to flesh that out.

If you folks here in Congress had a particular--in any statute, a narrow focus, then to give that focus a broader impact I think would be wrong. If you had a broad focus, as, of course, you often do when you're dealing with statutes designed to address discrimination, giving that interpretation a narrow focus would be wrong.

The effort in every case is to try to give it the right focus, and that's the focus that you intended when you passed the law.

Senator Feingold. Thank you, Judge, and I appreciate all your answers.

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Civil Rights – Fourteenth Amendment, Section 5

Senator DeWine. Judge, let me turn to the area of congressional power. It has been talked about before here, but I want to talk about it a little bit more. Really, this has to do with federalism cases. As you know, the Court has handed down a number of cases that have restricted the power of Congress to pass important legislation. The Court has struck down portions of the Violence Against Women Act, the Americans with Disabilities Act, the Age Discrimination in Employment Act, and the Religious Freedom Restoration Act, just to name a few.

In some of these cases the Court restricted Congress's power under the Commerce Clause. In some it relied on the 11th Amendment, and in some it cited Section 5 of the 14th Amendment. The particular provision is not that important for this discussion. Let me be perfectly frank. I think there are some problems with these decisions. I think it is wrong for judges to take on the role of policymaker. I realize that if a statute is blatantly unconstitutional, a judge has to do their duty. But I think for the reason I am going to discuss in a minute, that was not true in these cases.

I want to cite one example, and that is--because of time I can only go through one--and that is the Garrett case, a 5-4 decision, Board of Trustees v. Garrett. As you know, this case involved a woman who said that she had been discriminated against because she was disabled. She was employed by the State of Alabama. She sued the State under the Americans with Disabilities Act. The Supreme Court threw out the suit, holding that there was no evidence that the State discriminated against the disabled in employment decisions. I think the problem with Garrett is that the Court ignored findings by Congress.

There were other cases that have been decided, where we did not have findings, and you are familiar with those. I understand the Court's decisions. I might like them or not like them, but I understand them.

This case we made findings. While we were considering the Americans with Disabilities Act we held 13 hearings and we set up a task force, a task force that held hearings in every State. It was attended by more than 30,000 individuals. Based on these hearings we found 300 examples of disabled individuals being discriminated against in employment decisions. We found that two-thirds of all disabled Americans between the ages of 16 and 64 were not working at all, even though a large majority of them were capable of doing so. We found that this discrimination flowed from stereotypic assumptions about the disabled, as well as, quote, "purposeful, unequal treatment," all findings by this elected Congress of the United States.

In Garrett, however, the Court said this was not enough. They rejected our fact findings, holding that we had not pointed to any evidence that the States discriminated in employment decisions against the disabled.

Judge, you have stressed repeatedly in your writings and your opinions--and I have a great deal of respect for you and appreciate these writings and opinions--you stressed the limited role that judges must play in our system of Government. I applaud you for that approach. It is important for me to ensure that you still hold to this belief. In your opinion, what role should a judge play when reviewing congressional fact findings? In your view, how much deference do congressional fact findings deserve? I understand

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you are not going to talk about this case, or any of the cases I have just cited. I wanted to lay that kind of as a predicate. I wanted to tell you where I am coming from.

But just talk in general about when you see fact findings by Congress, when we have held hearings, when we have established a record, how do you approach? What are the tools that you use, Judge, based on the precedents and based on what you think the role of the judge is?

Judge Roberts. Again, and of course, without getting into the particulars, the reason that congressional fact finding and determination is important in these cases is because the courts recognize that they can't do that. Courts can't have, as you said, whatever it was, the 13 separate hearings before passing particular legislation. Courts--the Supreme Court can't sit and hear witness after witness after witness in a particular area and develop that kind of a record. Courts can't make the policy judgments about what type of legislation is necessary in light of the findings that are made. So the findings play an important role, and I think it is correct to say under the law in this area and others, they're neither necessary nor necessarily sufficient. But I know as a judge that they're extremely helpful when there are findings.

And judges know when they look at those, that they're the result of an exhaustive process of a sort that the Court cannot duplicate. We simply don't have the institutional expertise or the resources or the authority to engage in that type of a process. So that is sort of the basis for the deference to the fact finding that is made. It's institutional competence. The courts don't have it. Congress does. It's constitutional authority. It's not our job. It is your job. So the defence to congressional findings in this area has a solid basis.

Now, the particular area you're talking about under Section 5 of the 14th Amendment, the Garrett case, there are of course more recent cases that you know of, Tennessee v. Lane and the Hibbs case in Nevada v. Hibbs, where the Court did defer to the fact finding in those cases, and particularly in the Hibbs case focused on the legislative recognition based on its examination of the factual record developed at hearings about the statute that was at issue there, and the particular approach that they were taking to remedy discrimination under the 14th Amendment, which is the authority that Congress has.

Now, the legal requirement that the Court has articulated there came of course from the City of Boerne case, that the remedial approach has to be congruent and proportional. Justice Scalia signed on to that approach in the City of Boerne case. In the Lane case he said he had changed his mind and he no longer agreed with that. Any area of the law where Justice Scalia is changing his mind, has got to be one that is particularly difficult, and one that I think is appropriately regarded as still evolving and emerging. And so I don't know if the more recent cases in Lane and Hibbs represent a swinging of the pendulum away from cases like Garrett and Kimmel on the other side, or if it's simply part of the process of the Court trying to come to rest with an approach in this area.

But it is an area that the Court has found difficult, and just as a general matter, I think when you get to this point of reweighing congressional findings, that starts to look more like a legislative function, and the courts need to be very careful as they get into that area, to make sure that they're interpreting the law and not making it.

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Chairman Specter. I am going to move now to the confrontation between Congress and the Court, and what I consider to be denigrating comments about the Congress. In the Morrison case, in the face of a overwhelming factual record, the Court, 5-4 decision, said that parts of the legislation to protect women against violence unconstitutional because of the congressional "method of reasoning." And then the dissent picked up the conclusion that the majority's view was "dependent upon a uniquely judicial competence" with the other side of the coin being congressional incompetence. And then in the dissent in Tennessee v. Lane Justice Scalia says that the Court engaged in ill-advised proceedings to make itself the "task master" to see if the Congress has done its homework. You commented a few minutes ago that you would be respectful of Congress. Do we have your commitment that you won't characterize your method of reasoning as superior to ours?

Judge Roberts. I don't think it's appropriate--

Chairman Specter. In your particular case, maybe yours is, but--

Judge Roberts. No, no.

[Laughter.]

Chairman Specter. As a generalization--we have gone around this with other nominees, and after they have gone to the Court, they have not been mindful as to what they have said here. But I take umbrage at what the Court has said and so do my colleagues. There isn't a method of reasoning which changes when you move across the green from the Senate columns to the Supreme Court columns. And we do our homework, evidenced by what has gone on in this hearing, and we do not like being treated as schoolchildren, requiring, as Justice Scalia says, a task master.

Will you do better on this subject, Judge Roberts?

Judge Roberts. Well, I don't think the Court should be the task master of Congress. I think the Constitution is the Court's task master, and it's Congress' task master as well. And we each have responsibilities under the Constitution. And I appreciate very much the differences in institutional competence between the judiciary and the Congress when it comes to basic questions of fact finding, development of a record, and also the authority to make the policy decisions about how to act on the basis of a particular record. It's not just disagreement over a record. It's a question of whose job it is to make a determination based on the record. Now--

Chairman Specter. On the record. In U.S. v. Morrison, the legislation to protect women against violence, the record showed that there were reporters on gender bias from the task force in 21 States and eight separate reports issued by Congress and its committees over a long course of time leading to the enactment and the characterization by the dissenters that there was a mountain of evidence.

What more does the Congress have to do to establish a record that will be respected by the Court? And this is where the five-person majority threw it over, not because of the record but because of the method of reasoning. Isn't that record palpably sufficient to sustain the constitutionality of the Act?

Judge Roberts. Well, Mr. Chairman, I don't want to comment on the correctness of incorrectness of a particular decision. What I will say--

Chairman Specter. Well, Judge Roberts, let me interrupt you there for a minute. Why not? The case is over. This isn't a case which is likely to come before you again.

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These are the specific facts based on the rape of the woman--alleged rape by the three VMI students. I liked your answers yesterday. You were willing to answer more questions about cases on the differentiation that they are not likely to come before the Court. This is not likely to come before the Court again. Isn't this record sufficient in Morrison to--

Judge Roberts. Well, Mr. Chairman, I must respectfully disagree. I have been willing to comment on cases that I think are not likely to come before the Court again. I think the particular question you ask about the adequacy of findings, make a determination of the impact on interstate commerce, is likely to come before the Court again. And expressing an opinion on whether the Morrison case was correct or incorrect would be prejudging those cases that are likely to come before the Court again. And that is the line--it's not just a line that I'm drawing. It's a line that, as I've read the transcripts, every nominee who's sitting on the Court today drew. Some of them drew the line far more aggressively and wouldn't even comment on cases like Marbury v. Madison.

What I can tell you is that with respect to review of congressional findings, that my view of the appropriate role of a judge is a limited role and that you do not make the law, and that it seems to me that one of the warning flags that should suggest to you as a judge that you may be beginning to transgress into the area of making a law is when you are in a position of re-evaluating legislative findings, because that doesn't look like a judicial function. It's not an application of analysis under the Constitution. It's just another look at findings.

Now, again, I don't feel it's appropriate to comment on Morrison. I do feel it's appropriate to tell you that I appreciate the differences between Congress and the courts with respect to findings, both with respect to the issue of the capability and competence to undertake that enterprise, and also with respect to the issue of authority to make a decision based on the findings.

Chairman Specter. Judge Roberts, we will have to agree to disagree about that. I don't think the facts of Morrison are likely to come before the Court, but I ask the questions, you answer them.

Chairman Specter. . . . Let me come now to the Americans With Disabilities Act, and you have 5-4 decisions going opposite ways. Ms. Garrett had breast cancer. The Court in 2001 said that the title of the Disabilities Act was unconstitutional, 5-4, on employment discrimination. Then 3 years later, you have the case coming up of Lane, the paraplegic crawling up the steps, accommodations, 5-4, and the Act is upheld. The record in the case was very extensive--13 congressional hearings, a task force that held hearings in every State, attended by more than 30,000 people, including thousands who had experienced discrimination. And in the Garrett case, the Supreme Court of the United States used a doctrine which had been in vogue only since 1997 in the Boerne case. You and I discussed this in my office. They came up with a standard of what is congruent and proportionate. Congruence and proportionality.

I was interested in your statement when we talked informally that you did not find those in the 14th Amendment. I did not either. Now, they plucked congruence and proportionality right out of thin air, and when Scalia dissented, he said that the

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congruence and proportionality test was a "flabby test," which is a "invitation to judicial arbitrariness by policy-driven decisionmaking."

Now, you said yesterday that you did not think that there was judicial activism when the Court overruled an act of Congress. Isn't this congruence and proportionality test, which comes out of thin air, a classic example of judicial activism where the view of congruence--hard to find a definition for congruence. Proportionality, hard to find a definition for proportionality. I have searched and cannot find any.

Isn't that the very essence of what is in the eye of the beholder where the Court takes carte blanche to declare acts of Congress unconstitutional?

Judge Roberts. Well, these questions arise, of course, under, as you know, section 5 of the 14th Amendment, where the issue is Congress' power to address violations of the 14th Amendment. And it's an extraordinary grant of power, and the Court has always recognized it as such. And their decisions in recent years--it's not just, as you point out, the Garrett case on the one hand and the Lane case on the other. You have the Hibbs case recently, which upheld Congress' exercise of authority. The most recent cases--Lane and Hibbs--uphold Congress' exercise of authority to abrogate--

Chairman Specter. But, Judge Roberts, they uphold it at the pleasure of the Court. Congress can't figure that out. There is no way we can tell what is congruent and proportional in the eyes of the Court.

Judge Roberts. Well, and that was Justice Scalia's position in dissent. He had originally--

Chairman Specter. Do you agree with Scalia?

Judge Roberts. Well, again, the congruent and proportional test--

Chairman Specter. Do you disagree with Justice Scalia?

Judge Roberts. I don't think it's appropriate in an area--and there are cases coming up, as you know, Mr. Chairman. There's a case on the docket right now that considers the congruence and proportionality test.

Chairman Specter. That is why I am raising it with you. I would like to see a sensible interpretation of the Court in that case.

Judge Roberts. Well, and if I am confirmed and I do have to sit on that case, I would approach that with an open mind and consider the arguments. I can't give you a commitment here today about how I will approach an issue that is going to be on the docket within a matter of months.

Chairman Specter. Judge Roberts, I am not talking about an issue. I am talking about the essence of jurisprudence. I am talking about the essence of a man/ woman-made test in the Supreme Court which has no grounding in the Constitution, no grounding in the Federalist Papers, no grounding in the history of the country, comes out of thin air in 1997, and it is used in Lane and Garrett, two 5-4 decisions on identical records, on an identical act, and the country and the Congress are supposed to figure out what the Court means. So I am really talking about jurisprudence.

Senator Kennedy. Let me ask you about those that are faced with disabilities. Do you think the 50 million Americans that are faced with disabilities in one form or another, challenges I like to say, do you think that we have the authority and the power to free this

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country, free our Nation from the forms of discrimination against those who have disability?

Judge Roberts. I do, Senator. Now, there are issues that come up, as you know, in several of the cases before the Supreme Court on the particular applications of that, cases concerning the question of do you have the authority under Section 5 of the 14th Amendment to abrogate State sovereign immunity if the claim of disability discrimination concerns a State as a defendant. And as you know, in the Garrett case there was conclusion that the authority was not there. Later in the Lane case under Title II of the Americans with Disabilities Act, the conclusion was that the sufficient record had been established that there was the authority.

So while as a general matter, there is the authority in a particular case that may come up against other provisions in the Constitution, or--in that case the recognition of State sovereign immunity, and that presents an issue that the courts have to address.

Senator Kennedy. You mentioned the Lane case. That was decided 5-4, 5-4. We are going to hear later today from Beverly Jones, who was a plaintiff in that case. I have listened the her and met with her before, an extraordinary woman, mother of two, trying to provide for her family, court reporter, and it was either a issue or question whether she was going to crawl up the flight of stairs to have access to the courtroom and have someone bring up her wheelchair, or whether she was effectively going to be denied that opportunity to have access to a courtroom in Tennessee.

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And I appreciate the fact your at least answer in the Lane v. Tennessee, that you are at least sympathetic to the judgment that Justice O'Connor made in indicating that accommodation for those with disability in that case was appropriate.

Judge Roberts. Well, it's certainly the precedent of the Court in that area and I have no quarrel with it. The issue of course is whether or not Congress has the authority under Section 5 of the 14th Amendment to abrogate the State's sovereign immunity. It's not a policy judgment by the Court about leaving things to the States or the Federal Government, but a legal determination of whether the State's sovereign immunity has been abrogated. And the Court determined in that case that Congress did have that authority and that it could authorize the suit against the State institution.

Senator Kennedy. We are going to come back to sort of the kind of legalist determinations that make an extraordinary difference in terms of people's lives. We welcome guidance and invitation about which particular provisions of the Constitution that we ought to utilize in order to strike down these forms of discrimination.

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Civil Rights – Gender Discrimination

Senator Biden. Okay. Judge, is gender discrimination, as you have written in a memo, a perceived problem or is it a real problem?

Judge Roberts. The memo you talked about, Senator, I've had a chance to look at it. It concerned a 50-State inventory of particular proposals to address it. "Perceived" was not being used in that case to suggest that there was any doubt that there is gender discrimination and that it should be addressed. What it was referring to was a vast inventory, and I was not sure if the particular proposals in each case were supported in every State of the 50-State survey that was involved.

Of course, gender discrimination is a serious problem. It's a particular concern of mine and always has been. I grew up with three sisters, all of whom work outside the home. I married a lawyer who works outside the home. I have a young daughter who I hope will have all of the opportunities available to her without regard to any gender discrimination.

There is no suggestion in anything that I've written of any resistance to the basic idea of full citizenship without regard to gender.

Senator Biden. Let me ask you a question then, Judge, and I am glad to hear that. Do you think that if a State law distinguishes between a right that your daughter may have and your son may have or your wife may have or your sister may have and your brother may have that the Supreme Court should engage in heightened scrutiny, not just look and see whether or not it makes any sense, but taken an extra special look? You and I know the terms, but the public listening here--the Supreme Court has said since 1971, you know, when a State passes a law that treats in any way a woman than a man, there may be a rationale for it, but the Supreme Court is going to take a very close look--not strict scrutiny, which means you can hardly ever get over that bar, like race, but can take a heightened look, they are going to look at it more closely. Do you think that that needs to be done, that the Constitution calls for that?

Judge Roberts. Yes, Senator, I do. And I, again, always have. The confusion is in the use of the term. There are those who use the term "heightened scrutiny" to refer to what you just called "strict scrutiny," which is generally limited to issues of race or similar issues. The discrimination on the basis of gender, distinctions on the basis of gender, is subject to what the Supreme Court has called "intermediate scrutiny." There has to be a substantial Government interest--an important Government interest and a substantial connection in the discrimination. But the Supreme Court's equal protection analysis has three tiers now--

Senator Biden. I understand. My time is running out. I would love to hear the explanation of the three tiers, but let's stick to this one for just a second. Then explain to me what you meant 10 years after the decision laying out this level of scrutiny when you wrote in a 1981 memo to your boss, you wrote that gender "is not a criterion calling for heightened judicial review." What did you mean by that?

Judge Roberts. Referring to what you called strict scrutiny.

Senator Biden. He didn't know the difference between heightened and strict?

Judge Roberts. Well, I was about to lay it out, and you said you didn't want to hear about it.

[Laughter.]

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Judge Roberts. Strict scrutiny is the--

Senator Biden. No, I know what that is. I wonder what you meant by--

Chairman Specter. Senator Biden, let him finish his answer.

Senator Biden. But I have no time left, Mr. Chairman. I understand the answer.

[Laughter.]

Senator Biden. I understand the Supreme Court has three levels of scrutiny. My point was, in the context of this memo, in the context of this memorandum, the question was whether or not the Court should, in fact, have a heightened scrutiny.

Judge Roberts. And, Senator, the memorandum is using "heightened scrutiny" the way you used "strict scrutiny," which is the scrutiny that's limited to the basis of race. The gender discrimination is, as you know, subject to what called "intermediate scrutiny," and that is not what the memo is referring to with respect to heightened scrutiny. It's referring to the strict scrutiny that's restricted to issues of race and ethnicity.

Senator Biden. Well, I will come back to that in the second round because that is not my reading of what you said. But let me get on another issue here, again, in the sex discrimination area.

The Attorney General for Civil Rights, a former Delawarean, not viewed as a darling of the left, Bradford Reynolds, decided that the Federal Government should take action against the State of Kentucky, and they said that there is a very strong record that the Kentucky prison system discriminates against female prisoners. And I am going to finish my whole question. And you wrote to the Attorney General, "I recommend you do not approve intervention in this case." And then you set out three reasons why you shouldn't approve of it--not that there wasn't discrimination. You said, one, that private plaintiffs are already bringing suit; secondly, the United States' argument would have been based upon giving higher scrutiny to claims of gender classification; and, thirdly, that we need to be concerned about tight prison budgets, you say, and you go on to explain that if, in fact, you hold them to the same standard, they may get rid of the program for the men.

Now, explain to me your thinking there. That seems to me--

Judge Roberts. I'm sorry. What was the date of the memo, Senator?

Senator Biden. The date of the memo was February 12, 1982. I will give you a copy, ask them to bring you down a copy of the memo.

Judge Roberts. I can't elaborate on--I can't elaborate beyond what's in the memo. I just--

Senator Biden. Well, I hope you don't still hold that view, man. I mean, if the idea that you're not going to--that a conservative civil rights--the head of the Civil Rights Division in the Reagan administration says it is pretty clear Kentucky is discriminating against women in their prison system, and you say, in effect, that may be but, look, we shouldn't move on it, I recommend we don't do anything about this, and the reason we shouldn't do anything this is three-fold: one, private citizens already went ahead and filed suit on this; number two, if, in fact, you go ahead and do this, they may do away with the system for the men because there's tight budgets--and I forget the third one. You now have the memo.

Judge Roberts. Well, I have the memo and see that one of the areas that you mentioned I say that--and this is to the Attorney General, and I say the reason we

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shouldn't do this is because "you have publicly opposed such approaches." So, again, it would have been--

Senator Biden. It was only his idea, then? I mean, you were just protecting him so he wouldn't be inconsistent?

Judge Roberts. I was a lawyer on his staff, and according to this memorandum--and, again, I don't remember anything independently of this 23 years ago. But the memorandum suggests, a staff lawyer to his boss, that this is inconsistent with what you have said. And, again, I guess I would regard that as good staff work rather than anything else.

Senator Biden. I regard it as very poor staff work, with all due respect, Judge, because it seems to me you insert your views very strongly in here. You don't say you said this. You say, And, by the way, there's other reasons why we shouldn't do this. Assume you're saying you wouldn't go this route before, but I want to give you more ammunition here, Brad. Private plaintiffs have done this; it is inconsistent with three themes in your judicial restraints effort: equal protection claim, relief of a well-involved judicial inference, et cetera; and, by the way, the end result may be with tight budgets they may do away with this.

My time is running out. I will come back to this. I hope you get a chance to study it between now and the time we get back to the second round.

Senator Feinstein. Thanks very much, Mr. Chairman.

Good afternoon, Judge Roberts. I want to follow up on something that Senator Kohl said in his last question, which was sort of asking you to do a look-back into some of the things you have written and said. And you have written--and this involves women--either in margin notes or in comments or in memos, and I want to list for you some of the comments and ask you what do you think of them, what do you think of them today.

In a memorandum to Fred Fielding, White House Counsel under President Reagan, about the nomination of a woman to be recognized for moving from homemaker to lawyer, and your response to nominating this woman for an award was this: "Some might question whether encouraging homemakers to become lawyers contributes to the common good, but I suppose that's for the judges to decide."

In a memo responding to a letter from three Republican Congresswomen that raised concerns about the pay gap that women experience, you said, and I quote, "Their slogan may as well be `From each according to his ability, to each according to her gender.'"

You also wrote that the Congresswomen's concerns "ignore the factors that explain that apparent disparity, such as seniority, the fact that many women frequently leave the workforce for extended periods of time," et cetera.

In another memo, you implied that it is a canard that women are discriminated against because they receive 59 cents, at that time, to every $1 earned by men.

In a September 26, 1983, memo to Fred Fielding, you rejected an alternative proposed constitutional amendment guaranteeing equal rights to women.

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In 1982, you wrote a memo to the then-Attorney General in which you refer to the task force which was to conduct a governmentwide review to determine those laws which discrminate on the basis of gender as "the Ladies Task Force."

I mention these examples to highlight what appears to be either a very acerbic pen or else you really thought that way. Did you really think that way? And do you think that way today?

Judge Roberts. Senator, I have always supported and support today equal rights for women, particularly in the workplace. I was very pleased when I saw, for example, the report of the National Association of Women Lawyers who went out and talked and interviewed with women lawyers who've worked with me, who've appeared before me, and the conclusion was that I not only always treated women lawyers with respect and equal dignity, but that I had made special accommodations for life-work issues to ensure that women could continue to progress, for example, at my law firm, and had already treated women who appeared before me in a perfectly professional way.

Senator Feinstein. Then why say those things?

Judge Roberts. Well, let's take the first one you mentioned. It is to me obvious in the memo that I wrote to Fred Fielding that it was about whether or not it's good to have more lawyers. Whether they were from homemakers, from plumbers, from artists or truck drivers had nothing to do with it. The point was: Is it good to have more lawyers? That's the way I intended it, and I'm sure that's the way--

Senator Feinstein. And you don't think it was good to have more lawyers.

Judge Roberts. I think there were probably--the point that Mr. Fielding and I had commented on, on many occasions, was that in many areas there were too many lawyers, and that's a common joke that goes back to Shakespeare. It has nothing to do with homemakers. The notion that that was my view is totally inconsistent and rebutted by my life. I married a lawyer. I was raised with three sisters who worked outside the home. I have a daughter for whom I will insist at every turn that she has equal citizenship rights with her brother.

Senator Feinstein. Okay. I don't want to belabor it. I am just trying to understand how you think, because you appear--you know, you speak about modesty and humility, and yet none of these comments are modest or humble.

Judge Roberts. Well, those comments were in the nature of the tone that was encouraged in our office. It was a small office. They expected we turn projects around very quickly. We were expected to be candid, and if making a joke about lawyers would make for a more enjoyable day on the part of the people in the office, that's what we did.

Senator Feinstein. So it is fair to say you don't think that way; is that correct?

Judge Roberts. Well, I don't think in any way that is based on anything other than full equal citizenship rights on the basis of gender. I might tell a lawyer's joke that there are too many lawyers today, but that's all it was back then.

On the memo you quoted with respect to the issue of comparable worth, the one thing the memorandum made clear is that the position of the administration was there must be equal pay for equal work. That wasn't the issue in that case. The issue there was whether there should be equal pay for different work and whether judges should determine what type of work was equal.

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Senator Feinstein. I am not arguing that. I am just arguing what you said--or bringing to your attention what you said then. But I don't want to belabor it. I think you have answered the question.

Let me ask you a question on Canterino v. Wilson. This is about the same time, in 1982. And you pointed out in answers to prior questions that you were staff and you generally did what people asked you to do. In this case, William Bradford Reynolds, the top attorney in the Civil Rights Division, indicated that there had been substantial, he thought, discrimination in prisons in Kentucky and that the Justice Department had done an investigation and they found that male prisoners were given training for higher-paid jobs, for a greater variety of jobs, and were given training for longer periods of time. Your memo contradicted his recommendation to intervene.

Why would that be if you just follow the policy of the office?

Judge Roberts. My understanding there was that there was a question whether intervention in that case--the case was being pursued by private litigants already--a question whether intervention by the Federal Government in that case was consistent with the Attorney General's approach to institutional litigation. That was an approach that he had laid out in several speeches, memoranda, and as a staff member, it was my job to call to his attention areas where I thought there may be inconsistencies in areas where he wanted to set policy priorities.

Senator Sessions. … With regard to the question of comparable work, I think Senator Feinstein was clear about this, but I would like to make it a little bit clearer. You have consistently favored equal pay for equal work, have you not, and did not President Reagan also favor that explicitly and openly?

Judge Roberts. Absolutely.

Senator Sessions. It is the question of this comparable worth theory that apparently one District Court found in favor of, but that every Circuit Court and every other court that considered it, rejected it, that said that some body, some commission, I guess, would decide whether a secretary should be paid as much as a truck driver and make those kind of value judgment decisions. Is that not the difference between those two aspects?

Judge Roberts. That's right. Yeah, there is no question of equal pay for equal work. It's the idea that someone should decide that different jobs are of comparable worth and that therefore they should be paid the same. And the District Court adopted that approach, was reversed by the Ninth Circuit Court of Appeals in an opinion by then-Judge Anthony Kennedy.

Senator Sessions. That is right. I know he did right on that, and I think that the Sixth, Seventh, Tenth and Ninth Circuits all rejected that idea, and frankly, it has not been heard from since. I am glad that you and President Reagan did not agree to that at the time. We would have commissions of incredible complexity trying to decide very important matters. The National Academy of Sciences, in fact, found and declared it did not believe that the value of worth of jobs could be determined by fair and scientific methods. So I think that is important.

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Let me ask you one last question in the few minutes remaining here. I have listened to some of the questions asked about gender and sex discrimination. They have come up repeatedly during the course of this. And as you look at the standards that are applied to equal protection for a variety of different circumstances, there are different standards. I think you started to explain them at one point today. Maybe you got through the explanation. I am not sure. But under strict scrutiny, the suspect classifications include race and national origin, religion, alienage, and the like. Then there is, of course, the other standard of what is characterized as middle-tier scrutiny, which includes quasi-suspect classifications of gender and illegitimacy.

As you look back at the sweep of history that created these different standards, can you rationalize the difference between discrimination based on race and based on gender?

Judge Roberts. Well, I can tell you what the Court has done. There are Justices who aren't comfortable with the different tiers. They say there's one Equal Protection Clause. But the different tiers are fairly well establish as an approach to the different areas in discrimination. And the rationale for it is that there are areas in which you think it is almost never the case that distinctions that are drawn can be legitimate, distinctions based on race or ethnicity. And so they're subject to the most heightened scrutiny.

The rational relation test which applies across the board to any type of law, there it's quite often the case that distinctions drawn on whatever basis Congress wants are likely to reflect the different sorts of policy judgments.

Gender issues are in the middle tier because the Court thinks that there are situations where distinctions can be justified, and there are other situations--but it's more than just the rational relation, but not as suspect as the most heightened level because there may be other justifications. Cases throughout the Court's history where they have upheld distinctions under that analysis, like the all-male draft, for example, that was upheld.

Now, if you had applied strict scrutiny to that type of classification, perhaps the result would have been different and the all-male draft would have been struck down. It reflects the Court's determination that these are not sort of almost always inherently irrational and discrimination rather than legitimate governmental distinctions, but that it's entitled to a heightened degree of scrutiny beyond the rational relation test. Justice Ginsburg, I think, in her opinion in the VMI case said that the intermediate scrutiny had to be applied with--I forget the exact phrase--"exacting rigor" or something along those lines, to indicate that it is well beyond the rational relation test, but it's not as inherently suspect as racial classifications.

Senator Hatch. Well, thank you. Now, also yesterday the Democrat staff of the Committee released a press release stating that you failed to distance yourself from what it called your "earlier cramped positions on Title IX and women's rights." And after listening to you yesterday, I did not find your earlier positions cramped at all. In fact, as you explained here to the Committee, many of the documents that questioners relied upon reflected the positions of the Reagan administration for which you worked.

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Now, what assurance can you give the Committee that you will fairly interpret the civil rights laws, including critical statutes such as Title IX, fully and fairly, consistent with the purposes Congress intended in passing these laws?

Judge Roberts. Well, I can give the commitment that I appreciate that my role as a judge is different than my role as a staff lawyer for an administration. As a judge, I have no agenda. I have a guide in the Constitution and the laws and the precedents of the Court, and those are what I would apply with an open mind, after fully and fairly considering the arguments and assessing the considered views of my colleagues on the bench. That's the way I would approach cases in that area, as in any other area.

The approach of someone who is obviously a staff lawyer in an administration is very different. The approach of someone who is an advocate for a client before the Court is obviously very different. Those are positions that I have held in the past. I am now a judge, and I have had the experience and I think my record will establish that that is how I approach cases across the spectrum of issues that are raised before the courts.

. . .

Senator Hatch. So I find it strange to criticize you because you won a case [Grove City] in the Supreme Court and have not advocated against women's rights in any way, shape, or form ever in your career, as far as I can understand. Is that correct?

Judge Roberts. That's correct, Senator.

Senator Hatch. And, in fact, you are a strong supporter of women's rights and gender equality?

Judge Roberts. Yes, Senator.

Senator Hatch. Okay.

Senator Kennedy. Now let me ask you about gender discrimination. We find out over the history of this country, as you are very familiar, how women have been discriminated against in all forms and all shapes, and now I want to ask you whether you believe that we have the power and the authority to pass legislation to free our Nation from discrimination against women in our society?

Judge Roberts. Yes, Senator, I do. I'm familiar with the various legislative enactments in the area that protect the right to work and so forth, free from discrimination.

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Civil Rights – Generally (includes Plyler; EEOC memo)

Senator Kennedy. If we could move on now, the Brown decision was just the beginning of the historic march for progress towards equal rights for all of our citizens. In the 1960s and 1970s, we came together as a Congress, Republicans and Democrats alike, and passed the historic civil rights legislation that was signed by the President to guarantee equality for all of our citizens on the basis of race, then on gender, then on disability.

We passed legislation to eliminate the barriers to voting that so many minorities had faced in too many States in the country. We passed legislation that prevented racial discrimination in housing.

Those landmark laws were supported by Republicans and Democrats in Congress and they were signed into law by both Republican and Democratic Presidents. Intelligent and dedicated attorneys in the Justice Department and in the White House and on Capitol Hill devoted their extraordinary talents and imagination and perseverance to making these laws effective. Every one of the new laws was tested in court all the way to the Supreme Court, and I would like to find out, Judge Roberts, whether you would agree that the progress that we made in civil rights over the past 50 years is irreversible.

I would like to find out whether you think that these laws are constitutional or whether you have any concerns or questions about them. Do you have any concerns or reservations about the constitutionality of the 1964 Civil Rights Act that outlawed racial discrimination in public accommodations, employment, and other areas?

Judge Roberts. I don't think any issue has been raised concerning those. You know, I'm cautious, of course, about expressing an opinion on a matter that might come before the Court. I don't think that's one that's likely to come before the Court, so I'm not aware of any questions that have been raised concerning that, Senator.

Senator Kennedy. How about the constitutionality of the 1968 Fair Housing legislation that outlaws racial discrimination in housing?

Judge Roberts. Again, I think that my understanding is it's been upheld and I'm not aware of any issues that are arising under it. I suppose if there's a particular claim that's entered under that statute, litigants make all sorts of arguments and they may raise an argument that it's unconstitutional as applied in a particular case and the court would have to decide that question.

Senator Schumer. … The other thing that troubled me was the issue of civil rights. Many of us consider racism the Nation's poison. De Toqueville wrote about that since 1832. And we know you wrote these series of memos 20 to 25 years ago. Some of them are written in a tone that suggests you may have been insensitive to discrimination and hostile to equal rights. And I have talked to people who might have felt just that. People have said that.

So my question is not the substance, but do you regret the tone of some of these memos? Do you regret some of the inartful phrases you used in those memos or reference to illegal amigos in one memo?

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Judge Roberts. Well, Senator, in that particular memo, for example, it was a play on the standard practice of many politicians, including President Reagan, when he was talking to a Hispanic audience, he would throw in some language in Spanish. Again, the memos were from me to Fred Fielding. I think Mr. Fielding always found the tone--

Senator Schumer. You don't regret using that term? Could you think that some people might find it offensive?

Judge Roberts. It was meant to convey the notion--again, as I've described--that when politicians speak to a particular audience in that language, is that offensive to the audience? It was meant to convey that. It was an issue concerning a particular radio interview.

You know, the tone was, I think, generally appropriate for a memo from me to Mr. Fielding, and I know that he never suggested that it was anything other than appropriate.

Senator Schumer. I would have to disagree with you, but we will leave it at that.

On a more substantive level, in light of where we are in 2005--admittedly we have progressed in civil rights since 1982--can you identify any policy or piece of legislation you argued for or supported in the Reagan era that you now believe went too far, that you now believe would not be good enough for America? I am not challenging that you were representing somebody else than, as you have said to us before, but I am asking in hindsight--it is now 2005, you are almost double the years on this Earth. Any of those policies that you think now, using hindsight, shouldn't have been done?

Judge Roberts. Well, Senator, I think some 80,000 pages have been released of memoranda that I wrote--

Senator Schumer. You can just pick one or two.

Judge Roberts. Well, I don't--you know, I have not gone back and re-evaluated all those policies, no. I do know, though, for example, in the area of civil rights, people have talked about memos I wrote about the administration's policy against busing or the administration's policy against quotas. Being against busing and being against quotas is not the same as being against civil rights. President Reagan was against busing. President Reagan was against quotas. But he was in favor of civil rights, and that was the administration position that I was advancing in those memoranda.

Senator Schumer. I understand you were advancing someone else's position. I was asking your own view, if there were any regrets or changes in viewpoint of you personally. But we will leave it at that if you don't want to mention any.

Senator Durbin. Many of the organizations that oppose your nomination represent minorities in America. You have the distinction of being opposed by LULAC. This, of course, is the first time this Hispanic organization has ever opposed a Supreme Court nominee. You are also opposed by MALDEF. I personally think that their feelings go beyond the comment "illegal amigos" that you talked about yesterday. And I want to point you to one particular area that they find troubling, when I speak to them, and I find troubling. And it goes back to the case of Plyler v. Doe, a 1982 Supreme Court case, that held it unconstitutional to deny elementary education to children on the basis of their immigration status. It was a Texas case. The Court struck down the Texas law and

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allowed elementary schools, 23 years ago, to refuse entrance to undocumented children, struck down the law that allowed the schools to refuse entrance.

On the day the case was decided--and I think the timing is important here, because it appears to be kind of a gratuitous comment. It isn't as if you were asked for an opinion. On the day it was decided, you coauthored a memo that criticized the Solicitor General's office for failing to file a brief supporting the Texas law which would have refused education to these children. Your memo disagreed with the administration's position on the case, so it isn't as if you were arguing the Reagan administration's position. They had taken a different position on the case.

Can you describe your involvement in the case? And I guess more importantly, can you describe now how you feel about this today, 23 years later, when the largest--

Judge Roberts. Well--

Senator Durbin. I will just finish, and I will leave you the time you need to answer. When the largest, fastest-growing segment of America's population is Hispanic, when the major Hispanic organizations feel that this showed real insensitivity to who they were and what their children needed? Can you explain that memo that really wasn't part of the Reagan agenda? Why did you say this?

Judge Roberts. Well, I think, Senator, if I'm remembering the memo--and it was 23 years ago, and the case that was decided was, I believe, again, a divided decision by the Supreme Court. If I'm remembering the memo correctly, it was making the point that the position was inconsistent with the Attorney General's litigation policy approach, if that's the right memorandum.

Senator Durbin. It is.

Judge Roberts. Well, in that case, again, as a staff lawyer, I thought it was my obligation to call to the Attorney General's attention activities in the Department that I thought were inconsistent with what he had articulated as his approach. And that is what I would have been doing in that case. And, again, it would have been apparently supporting the State of Texas in its legislative determination in that area.

Senator Durbin. Well, did you agree with the decision now--or, pardon me, then? Or do you agree with it now?

Judge Roberts. I don't--I haven't looked at the decision in Plyler v. Doe in 23 years, Senator, and there is nothing gratuitous about the memorandum. It obviously came out because the decision came out. That would have been why I was advising the Attorney General with respect to it.

Obviously, the importance of the availability of education for all is vital. That's a different question than the legal issues involved and whether a State law should be struck down.

Senator Durbin. So let me say this: Twenty-three years later, millions of children have benefited from this decision. They have been educated in America. Many have gone on to become citizens. Some are business people. Some are professionals. Some are serving in our military today because Plyler was decided in a way that you apparently disagreed with 23 years ago. So my question to you: For the Hispanic groups that oppose your candidacy at this point, or your nomination, I should say, what is your feeling? Is this settled law as far as you are concerned about our commitment in education in this country?

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Judge Roberts. Senator, as I said, I have not looked at the decision in Plyler v. Doe in 23 years. It's not an area that I've focused on. And the issue is not my policy view about what is a good idea for educational policy or national policy or whether what the Texas legislators determined was a good idea for Texas policy.

The question was a particular legal issue, and, again, the Supreme Court was divided on that, so it is not as if we are talking about a position outside the mainstream. And what I was explaining, this was viewed, as the memo states, if it were looked at in full, it was something that I thought was inconsistent with what I understood the Attorney General's approach to be, and it was my job to call that to his attention, which is what I did.

Senator Durbin. Okay. I think you have accurately taken refuge in the fact that you were working for someone. The fact that this memo came out the day after the decision I think is an important circumstance.

But let me go back to the beginning, the first question, the first day with Senator Specter. Wouldn't it be a jolt to the system in America if we decided that we would no longer offer education to these children?

Judge Roberts. Of course. Well, of course, Senator.

Senator Durbin. And so--

Judge Roberts. And then the decision in Plyler is a precedent of the Court. I don't think it--I'm not aware that it's been called into question in the intervening 23 years that have passed since the time I wrote those two paragraphs in the memo. And that is a precedent that is entitled to respect under principles of stare decisis. And it's something that is where I would begin if an issue arose in this area. I'm not aware that any is arising in this area, but if an issue were to arise, that's where I would begin, with the precedent that--

Senator Durbin. I just think that millions of Americans would like to have heard you say I think it is a good idea, I am glad we did it for America. But if you can't say it, you can't.

Judge Roberts. Well, Senator, if I could just make the point that the issue is not whether or not I thought it was a good idea. That's not the job of a lawyer presenting legal advice and legal--the legal implications of an issue to his boss, the Attorney General. He wasn't interested in whether I thought it was a good idea or not. He was interested in the legal question of whether or not this was consistent with his policy and his approach.

That's not taking refuge. That's explaining the circumstances of a memorandum. And it's not avoiding an expression about whether it's a good idea or not. It's explaining that what we're dealing with--

Senator Durbin. But you have been unequivocal in your statements supporting Brown v. Board of Education. No one has suggested, in any respectful way, that we should return to the bad old days of separate but equal. I mean, you have accepted that is part of America. And the point I am trying to make to you is, whether we are talking about millions of uninsured people or millions of Hispanic children, I would think that it would be a basic value. You would say this is good for America, for people to have insurance, and bad for them to be denied. It is good for America to see children with education rather than to see them in the streets ignorant. It seems so fundamental.

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Judge Roberts. Senator, do you--I don't think you want judges who will decide cases before them under the law on what they think is good, simply good policy for America. There are legal questions there. And I'm sure there are clients that I have represented in court that you would agree with. You would say that's the right side of the cause to be on, whether it's the environmental interests I represented in the Tahoe case, whether it's the welfare recipients I represented pro bono in the Bivens case, whether it's the cause of the inmate on death row that I assisted in in Florida, whether it's the environmental interests in Glacier Bay that I represented or in the Grand Canyon on a pro bono basis. I'm sure I could go down my list of clients and find clients that you would say that's the right side, that's the cause of justice, and there are others with whom you disagree.

My point is simply this, that in representing clients, in serving as a lawyer, it's not my job to decide whether that's a good idea or a bad idea. The job of the lawyer is to articulate the legal arguments on behalf of the client.

Senator Durbin. I am just trying to get to the bottom line about your values. If it is strictly a question about whether this is a legal and ethical--an ethical legal question that can be contested, then there are many positions you can take in the law. Some I wouldn't be comfortable with, some you may not be comfortable with.

Senator Feinstein. Do you see yourself mixing with people in some of the harder places in our country?

Judge Roberts. Well, it's hard to look ahead and see how that would work. I have as--I know, for example, when I was a lawyer and handling a case about native village rights in Alaska, I went to the native villages. I've always thought that was an important part about understanding the real-world consequences of any case--to get on the ground. When I handled a case involving people on the assembly line, I went to the assembly line and saw what it was like. I went to these villages that you could only reach by boat or by plane, where they make do with so little because of the remoteness. And I've always viewed that as an important part of understanding any case that I've been involved in.

Senator Feinstein. The reason I ask that is because I had a Plyler question I was going to ask you. And I got your memo, because I was really surprised by it as well. Let me ask you this question. It is signed by Carolyn Kuhl, and your name is second.

Judge Roberts. Oh.

Senator Feinstein. Does that mean you wrote the memo or did not write it?

Judge Roberts. Senator, I'd have to just say I don't know who wrote it. It obviously was submitted by both of us. I don't remember.

Senator Feinstein. You submitted it, right. But her name is on top. I was just curious if-- Because clearly the purpose of this memo is to try to get one Justice, namely Justice Powell, over on your side. But the kind of concluding part--and I just don't understand why you would say this, and, you know, perhaps you would believe today it was wrong. Let me quote: "As you will recall, the Solicitor General's Office had decided not to take a position before the Supreme Court on the Equal Protection issue in this case. The briefs for the State of Texas were quite poor. It is our belief that a brief filed by the Solicitor General's Office supporting the State of Texas and the values of judicial restraint could well have moved Justice Powell into the Chief Justice's camp and altered

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the outcome in the case. In sum, this is a case in which our supposed litigation program to encourage judicial restraint did not get off the ground, and should have."

Now, this concerns, regardless of what the briefs were, whether children should be educated in our country. I come from a huge immigrant State. We are 36 million people. We probably have 12 million, at least, immigrants. Maybe three to five million people here illegally, in our State. To say that this vast number of children shouldn't be allowed to be educated, I would be surprised you would write that kind of--

Judge Roberts. Well, Senator, I don't know if it was from both of us. I don't know who wrote it. If my name is on it, it's on it. But I agree, of course, that children should be educated. The example I just gave of my activities with the Street Law Program focuses on the importance of education for children. The legal issues presented in that case and the question of whether or not it was consistent with the Attorney General's litigation approach and program, those are different questions from the basic issue of whether children should be educated.

Senator Feinstein. Well, could I do this? Could I give this to you? Because I have 15 minutes tomorrow. Could I ask you to read it?

Judge Roberts. Certainly.

Senator Feinstein. I would really like to know whether you think this way today. And I will ask that question tomorrow. And attached to it is the Congressional Research Service analysis of this. If you wouldn't mind--

Judge Roberts. Not at all. Happy to.

Senator Kennedy. In response to a question that was asked by Senator Biden the other day, you appropriately pointed out that there were different responsibilities at the local level, State level and national level in dealing with the challenges our country faces in domestic policy. I want to talk about what you understand are the powers that we have at the national level.

And I want to start off with the issue on racial discrimination, discrimination on the basis of race in our society. We have talked about this in different ways over the past few days, and our Founding Father did not get it right in the Constitution. We have had the civil war, the struggles of Dr. King. Do you believe that we have the authority and the power to pass legislation to free ourselves from the stains of racial discrimination?

Judge Roberts. Yes.

Senator Kennedy. I have just got a short time left.

On the EEOC there is the quote that you have. This is the Equal Employment Opportunity Commission that was set up in 1964 as part of the 1964 Act. And I was basically set up at the strong suggestion and recommendation of Everett Dirksen, who played a key role in order to try and deal with the discrimination on women, on race, on ethnicity, national origin. And so they set up a Commission in order to be able to take the various complaints. They did not think they would have many complaints. The first year they had 9,000 complaints, and it has been doing extraordinary work ever since.

You mentioned in your memoranda that we should--you are familiar I think with these words; they have been written up in the journals and you can probably recognize

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them. "We should ignore the assertion that the EEOC is un-American, the truth of the matter notwithstanding."

Is there some reason that you would make a comment like that, the truth of the matter--

Judge Roberts. Well, Senator, you have to read the memo I think in its entirety to put it in context. That was not my language. That was the language--the "un-American" reference was the language that was employed by an individual who had a case before the EEOC. He actually won his case before the EEOC, but he didn't like the difficulty and the time involved. He wrote to the President, and he said two things, one, that his treatment at the hands of the EEOC was un-American, and two, that the President has promised in the campaign to abolish the EEOC, and he wanted to hold the President to that promise. It was my responsibility to figure out how to respond to this complaint that had been received.

And how we responded was by protecting that EEOC from interference by the President in any political way, by protecting the EEOC from this sort of complaint. We did not go to the President and say, "You've got to do something about the EEOC." We didn't pass on the objection at all. And the point of the letter, when you read the whole memorandum, you see two points. The first is that I was unable to determine, in the short time I had to respond, whether or not the President had made such a pledge to abolish to EEOC. I simply didn't know, and I said that in the paragraph if you read it. And that's what "the truth of the matter notwithstanding" is referring to, the question of whether or not the President had promised to abolish the EEOC. I say right in the memo that we cannot determine that, and whether his treatment was un-American or not is beside the point. We don't interfere with the activities of the EEOC. That was the conclusion and that's what we did in that case.

Senator Kennedy. Well, Mr. Chairman, I would ask that the memo by included in there.

Chairman Specter. Without objection, it will be included.

Senator Kennedy. You say that the assertion that the EEOC is un-American--the "truth of the matter notwithstanding" was your comment though.

Judge Roberts. You do need to read the prior clause, prior sentence.

Senator Kennedy. I will include that but I want to--because I am in the final few minutes, and I will. I have read it a number of times and I will include it in the record and we will let the record stand.

Chairman Specter. When Senator Kennedy's line of questioning is finished and he has used his time, he will have the memo and you can respond.

Judge Roberts. Thank you.

[Senator Kennedy concludes questioning]

Chairman Specter. Thank you, Senator Kennedy.

As I said when Senator Kennedy was questioning you about the EEOC, I did not want to take his time to have him present the memo to you, the limited time that he had, and it has been made a part of the record.

Senator Kennedy, if you would make the memo available now to--Senator Kennedy, if I could have your attention?

Senator Kennedy. Yes, excuse me.

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Chairman Specter. If you would make the memo available to Judge Roberts now so that he can comment on it now without having taken your time to do that.

Senator Kennedy. Mr. Chairman, we as--

Chairman Specter. Senator Kennedy?

Senator Kennedy. As you know, this has been redacted, and so I think in fairness to him and in fairness to the Committee, if we can get out the other redactions, it would be a more accurate kind of a way--a complete record.

Chairman Specter. Well, if it is possible for Judge Roberts to deal with the redactions, that would be fine.

Judge Roberts. I think the redactions simply identify the individual--the individual who was making the complaint, who had his case. The only thing I would emphasize is that the language that was quoted was part of a sentence, and the question of what "the truth of the matter" is referring to goes to the first part of the sentence that was not read, which is the assertion, the assertion that the President promised to abolish the EEOC. That was the matter that I could not determine in the time available whether that was correct or not, so I said, "The truth of that matter notwithstanding." And I also emphasized that any reference to the phrase "un-American" is always in quotes to make it clear that that's what the writer of the letter said, and certainly not what I said, and was certainly not my view then or now.

Chairman Specter. Senator Kennedy, do you want to follow up on that?

Senator Kennedy. Well, I think we have been over the--after all is said and done, about finding out what President Reagan wanted to abolish or not abolish, that really wasn't the issue or the question. And the question is about whether--the use of "un-American" is obviously unacceptable and they are dismissing that. But Judge Roberts said the assertion the EEOC is "un-American"--and he is quite right saying that they were dismissing that word. But then he adds, "The truth of the matter notwithstanding." I think it is not unreasonable to assume that he somehow was disparaging the EEOC. That is all. I am glad to let the record stand, Mr. Chairman.

Chairman Specter. Any counter-reply?

Judge Roberts. Well, I am glad to let the record stand, just so long as the whole memorandum and the entire sentence that is being discussed is in the record.

Chairman Specter. We have finally come to one point of agreement.

Senator Feinstein. Thank you very much, Mr. Chairman.

I want to just say one thing. I don't really know what I am going to do with respect to voting for you or voting against you. I had one impression of you when we had our hour in private, and to a great extent, I think I came out of that meeting with a different sense of you. And, of course, the impression that I have today is of this very cautious, very precise man, young, obviously with staying power. I mean, you have gone through this in a remarkable way. I am convinced you will be there, God willing, for 40 years. And that even concerns me more because it means that my vote means more. And I come from a different side than the Republicans do, with different concerns, I think, different life experiences.

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Last night, we gave you the Plyler memo. Senator Durbin asked a number of questions. I asked a few. And you read that memo, I hope, last night.

Judge Roberts. I did, Senator, yes.

Senator Feinstein. Do you believe you were wrong?

Judge Roberts. Well, Senator, on the underlying question--

Senator Feinstein. Could you say you were wrong if you believed you were wrong?

Judge Roberts. Well, I can say that the--the reason I'm hesitating--and this is what was brought out in the Congressional Research Service memo that you attached to it. These issues come up all the time in related questions. I have no quarrel with the Court's decision. As you know, it was a 5-4 decision on the legal question, not the question--I certainly believe every child should be educated.

Senator Feinstein. Regardless of immigration status?

Judge Roberts. My own view is that if you have a child, he or she should be educated, and you worry about status later.

Senator Feinstein. Just say yes, regardless of immigration status.

Judge Roberts. As a personal view, yes. It's a separate issue as a legal question, as you know. And the Court in Plyler split 5-4. Among the dissenters, the people who agreed with the position that the administration--or the position discussed in the memorandum were Justice White and Justice O'Connor. And I would not take their subscribing to the position of the dissent in Plyler v. Doe as suggesting that they in any way have less than fully developed and sensitive concerns about children and education. Justices White and O'Connor don't, and they're not subject to criticism on that score simply because their understanding of the law came out in the dissent in Plyler v. Doe.

So I would just try to make sure that people appreciate that saying that this is what you think the legal determination was--because the issue there was the Texas Legislature, the representative of the people of Texas, had reached a certain determination about funding and how they wanted to fund particular activities. And that was what the litigation was about. It's not a question about whether you believe in educating children or not. I don't think Justice O'Connor didn't believe that children should be educated, yet she was in the dissent in that case.

Senator Feinstein. I understand. Let me just give you two human dynamics. One of the people in public life that I most respect is a mayor in my State of a small immigrant community called Orange Cove. His name is Victor Lopez. I have known him for about 10 years. I have watched him--and I am a former mayor--try to build a town from nothing. I was there. There weren't sidewalks. There weren't schools. He has managed to do it. He has given his people a sense of pride--they are all agricultural workers--a sense of pride and dignity.

To me, that is the American dream. It is the Federal job to keep illegal immigrants out, but once they are here, it is our job to see that they have certain basic rights, I think, among them education.

Another interesting twist to this is in 1986, an amnesty was passed. Plyler was in 1982. If the decision had gone the other way, you could have seen the enormous problem that would have happened in 1986 when all these children, then legal absolutely, still would have been denied school. So I think that is an interesting twist.

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Senator Sessions. . . . Judge Roberts, I commend you on your good humor, and even when they read a memo to suggest you said that the EEOC was un-American, when actually all you were doing was quoting a complaint, and that you defended the EEOC and its rights and independence aggressively in that memo.

But I wanted to ask you about this Texas case. As I understand it, Texas decided that they would not fund education for illegal aliens that are here in the country. And that was challenged as being unconstitutional and went to the Supreme Court. I know you have said that you as a parent and as a person who believes in education, you absolutely believe in education for all children in some way, form, or fashion. But you don't mean to suggest or prejudge, do you, the constitutionality of the right of the State of Texas to make that decision? That would be a matter of, I think, some importance, and perhaps again in the years to come.

Judge Roberts. Well, no, Senator, and I did try to be very careful in separating the personal views with respect to the importance of education from the legal question there. And the legal question, of course, was a close one. It divided the Court 5-4, and as I noted, among the dissenters were Justices White and O'Connor. And I don't think their legal position reflected any less than wholehearted view concerning the importance of education.

Senator Sessions. Thank you, Mr. Chairman.

Senator Durbin. . . . If I could clear up a couple other things that have been raised, I read and reread the sentence which you and Senator Kennedy debated about the EEOC, and I want to read it again, conceding the fact that the word "un-American" is in quotes and clearly refers to something else. But the sentence in your memo reads in its entirety as follows: "We should ignore that assertion in any event, as well as the assertion that the EEOC is "un-American", the truth of the matter notwithstanding."

Now, those are your words but for the quotes "un-American." What did you mean when you say "the truth of the matter notwithstanding?" It suggest that you agree with that conclusion.

Judge Roberts. The first part of the sentence refers the that assertion, and that assertion was the assertion that President Reagan had promised to abolish the EEOC. That as the issue that I said in the memorandum I had been unable to determine whether that was accurate or not. It was the truth of that matter, of that assertion that I couldn't verify. The reference to "un-American" was not my language. It was the language of the person who complained and said, "You need to do something about the EEOC," and our response was what we're going to do is make sure that the EEOC is not interfered with because of your complaints.

Now, he may have felt that he was being treated in an "un-American" way and wanted something done about it. But it was not my view, and again, the language was in quotes to make clear that it wasn't my view.

Senator Durbin. I do not question the fact the language was in quotes, but I think there is at least some ambiguity in what was said. It might have been said more precisely if it did not truly--if the conclusion that we are suggesting does not reflect your views.

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Senator Durbin. Well, if I might say, Judge, if you have made one point many times over during the course of the last 3 days, it is that as a judge you will be loyal and faithful to the process of law, to the rule of law. I think that is without question from what you have said. I accept that on its face.

But the questions which we continue to ask you really try to go beyond that, because I said at the outset that I thought one of the real measures as to whether or not you should be on the Supreme Court goes back to a point Senator Simon had made: Would you restrict freedom in America or would you expand it?

When you are defending gays and lesbians who are being restricted in their rights by the Colorado amendment, you are trying, from my point of view, to expand freedom in America. That to me is a positive thing. That is my personal philosophy and point of view.

But then when you say, "If the State would have walked in the door first to restrict freedoms, I would have taken them as a client, too," I wonder, Where are you? Beyond loyalty to the process of law, how do you view this law when it comes to expanding our personal freedom? Is it important enough for you to say in some instances, "I will not use my skills as a lawyer because I don't believe that that is a cause that is consistent with my values and belief"? That is what I have been asking.

Judge Roberts. Well, and the--I had someone ask me in this process--I don't remember who it was, but somebody asked me, you know, "Are you going to be on the side of the little guy?" And you obviously want to give an immediate answer, but as you reflect on it, if the Constitution says that the little guy should win, the little guy is going to win in court before me. But if the Constitution says that the big guy should win, well, then, the big guy is going to win, because my obligation is to the Constitution. That's the oath. The oath that a judge takes is not that I will look out for particular interests, I'll be on the side of particular interests. The oath is to uphold the Constitution and laws of the United States, and that's what I would do.

Senator Durbin. Would you at least concede that you would take into consideration that in our system of justice the race goes to the swift, and the swift are those with the resources, the money, the lawyers, the power in the system, and that many times the powerless, the person who has struggled and clawed their way to your courtroom, went through a wall of adversity which the powerful never had to face, is that part of your calculation?

Judge Roberts. Absolutely, and it is, again, what's carved above the doors to the Supreme Court: "Equal Justice Under Law." And the judicial oath talks about doing justice without regard to persons, to rich and to poor. And that, of course, is critically important. You do have to appreciate that there are going to be interests who, for one reason or another, don't have the same resources as people on the other side. The idea is not to give the case to the side with the best resources, the side with the best lawyers, the side with the most opportunity to prepare and present. It is to decide the case according to the law and according to the Constitution. And as case after case in the Supreme Court shows, that's often the prisoner who's sitting in his cell and writes his petition out longhand. Sometimes the Constitution is on that person's side and not on the side of the corporation with the fancy printed brief. But the judge's obligation is to appreciate that the rule of law requires that both of those be treated equally under the law.

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Civil Rights – Sexual Orientation Discrimination

Chairman Specter. Let me move in the final two minutes here to your participation, pro bono, in Romer, where you gave some advice on the arguments to those who were upholding gay rights, and a quotation by Walter Smith, who was the lawyer at Hogan & Hartson in charge of pro bono work. He had this to say about your participation in that case supporting or trying to help the gay community in a case in the Supreme Court. Mr. Smith said, "Every good lawyer knows that if there is something in his client's cause that so personally offends you, morally, religiously, or if it so offends you that you think it would undermine your ability to do your duty as a lawyer, then you shouldn't take it on, and John"--referring to you--"wouldn't have. So at a minimum he had no concerns that would rise to that level."

Does that accurately express your own sentiments in taking on the aid to the gay community in that case?

Judge Roberts. I was asked frequently by other partners to help out particularly in my area of expertise, often involved moot courting, and I never turned down a request. I think it's right that if it had been something morally objectionable, I suppose I would have, but it was my view that lawyers don't stand in the shoes of their clients, and that good lawyers can give advice and argue any side of a case. And as I said, I was asked frequently to participate in that type of assistance for other partners at the firm, and I never turned anyone down.

Senator Feingold. I think it was pretty certain at that time what the medical view as, as indicated by the medical community of our Government, but I will leave it at that.

Do you believe that the Congress has the power under the Constitution to prohibit discrimination against gays and lesbians in employment?

Judge Roberts. I don't know if that's an issue that's going to come before the courts. I don't know if Congress has taken that step yet, and until it does, I think that's an issue that I have to maintain some silence on. I think personally I believe that everybody should be treated with dignity in this area, and respect. The legal question of Congress's authority to address that though is one that could come before the courts, and so I should be--

Senator Feingold. Can you imagine an argument that would be contrary to that view?

Judge Roberts. Well, I don't know what arguments people would make. I just know that I shouldn't be expressing an opinion on an issue that could come before the Court.

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Civil Rights – Voting Rights Act

Senator Kennedy. So I'll assume that you don't feel that there are any doubts on the constitutionality of the 1964 Act. Do you have any doubts as to the constitutionality of the 1965 Voting Rights Act?

Judge Roberts. That's an issue, of course, as you know, it's up for renewal and that is a question that could come before the Court. The question of Congress's power, again, without expressing any views on it, I do know that it's going to be--

Senator Kennedy. That's gone up and down the Supreme Court, the 1965 Act and again the 1982 Act extension.

Judge Roberts. Yes, and the issue would be--

Senator Kennedy. I am just trying to find out, on the Voting Rights Act, whether you have any problem at all and trouble at all in terms of the constitutionality of the existing Voting Rights Act that was extended by the Congress--

Judge Roberts. Oh, well, the existing Voting Rights Act, the constitutionality has been upheld--

Senator Kennedy. Okay.

Judge Roberts. --and I don't have any issue with that. There is a separate question that would be raised if the Voting Rights Act were extended, as I know Congress is considering, and those arguments have been raised about whether or not particular provisions should be extended or should not be extended, and since those questions might well come before the Court, I do need to exercise caution on that.

Senator Kennedy. But with regards to the Act that we passed, the bipartisan Act--I am going to come back to it--and about your position on the 1982 Act, I know you had concerns, and I am going to come back to those, but you are not suggesting that there is any constitutional issue with that?

Judge Roberts. Well, I'm not aware of any constitutional issue that's been raised about it.

Senator Kennedy. All right.

Judge Roberts. But again, I don't want to express conclusions on hypothetical questions, whether as applied in a particular case, whether there would be a challenge in that respect. Those cases come up all the time--

Senator Kennedy. All right.

Judge Roberts. --and I do need to keep--avoid expressing an opinion on those issues.

Senator Kennedy. Well, it seems that on voting rights, with all of its importance and significance, and with the extraordinary bipartisan balance that came together on that Act, I am going to come back to it. I know you had some reservations about it, which we will come to. But that, I am wondering whether you are hesitant at all in saying that you believe that it is constitutional.

Judge Roberts. My hesitancy, Senator, is simply this, that cases do come up--I had one in the D.C. Circuit--concerning issues under the Voting Rights Act--

Senator Kennedy. All right.

Judge Roberts. --and I don't know what arguments parties will be raising in those cases. So an abstract question, you need to know obviously what is the claim, what is the issue, and decide it according to the rule of law.

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Senator Kennedy. Well, I was sort of inhaling your answer to my friend, Orrin Hatch, about the power of the legislature and the deference that you are going to give when the legislature makes judgments and findings, particularly in the areas of voting, that we spend such an extraordinary amount of time, the Chairman was so involved in that legislation.

Let us go to the Voting Rights Act. As you know, we have had a chance to go through many of the documents that you authored during the early and mid-1980s when you worked in the Department of Justice and in the White House. I am deeply troubled-- I am interested in your views today, let me point out, but because we don't have all the documents that we would like to have, I am working with the documents that we do, and I want to go through those, get your reactions, and ask your views today.

I am deeply troubled by the narrow and cramped and perhaps even a mean-spirited view of the law that appears in some of your writings. In the only documents that have been made available to us, it appears that you did not fully appreciate the problem of discrimination in our society. It also seems that you were trying to undo the progress that so many people had fought for and died for in this country.

At the outset, I want to be clear that I do not think, nor am I suggesting, that you are a person who is in favor of discrimination. I don't believe that. I am concerned, however, that at the time you were writing these laws and memoranda and notes, you simply did not grasp the seriousness of the impact of discrimination on our country as a whole.

Let's start with the Voting Rights Act. Most Americans think that the right to vote is among the most important tools that they have to participate in our democracy. You do agree, don't you, Judge Roberts, that the right to vote is a fundamental constitutional right?

Judge Roberts. It is preservative, I think, of all the other rights. Without access to the ballot box, people are not in the position to protect any other rights that are important to them. And so I think it's one of, as you said, the most precious rights we have as Americans.

Senator Kennedy. And you will recall that in the 1960s, millions of our fellow citizens were denied access to the voting booth because of race, and to remedy that injustice, Congress passed the Voting Rights Act of 1965 that outlawed discrimination in voting. Section 2 of that Act is widely believed to be the most effective civil rights statute enacted by Congress.

In 1982, Congress took action to extend the Voting Rights Act and to make it clear that discriminatory voting practices and procedures are illegal if they are intended to be racially discriminatory or if they are shown to have a racially discriminatory impact. It was this latter prohibition, the prohibition against voting practices that have a discriminatory impact, that provoked your heated opposition, Judge Roberts.

In our earlier discussion of Brown v. Board of Education, you agreed that the actual impact of racial segregation on public education and school children was perfectly valid for the Court to consider, but when it came to voting rights, you rejected the consideration of actual impact. You wrote that violations of Section 2 of the Voting Rights Act, and I quote, "should not be made too easy to prove since they provide a basis

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for the most intrusive interference imaginable by Federal courts into State and local processes."

You also wrote, and I quote, "it would be difficult to conceive of a more drastic alteration of local government affairs, and under our Federal system such an intrusion should not be too readily permitted."

And you didn't stop there. You concluded that Section 2 of the Voting Rights Act was, quote, "constitutionally suspect and contrary to the most fundamental tenets of the legislating process on which the laws of this country are based."

So I am deeply troubled by another statement that you made at the time, and I quote, "there is no evidence of voting abuses nationwide supporting the need for such a change." No evidence? I was there, Judge Roberts, in both the House and the Senate, had the extensive hearings. We considered detail-specific testimony from affected voters throughout the country.

But you dismissed the work of Congress out of hand. "Don't be fooled," you wrote, "by the House vote or the 61 Senate sponsors of the bill. Many members of the House did not know that they were doing more than simply extending the Act, and several of the 61 Senators have already indicated they only intended to support a simple extension."

Judge Roberts, Republicans and Democrats overwhelmingly supported this legislation, but you thought we didn't really know what we were doing. Newt Gingrich and James Sensenbrenner voted for the House bill. Dan Quayle was an original Senate cosponsor of the bill. We held extensive hearings, created a lengthy record, yet you thought there was no evidence of voting abuses that would justify the legislation.

Your comment? Do you believe today that we need the Federal laws to assure that all our citizens have the equal access to the voting booth, and do you basically support the 1982 Voting Rights Act--

Judge Roberts. Senator, you will recall--

Senator Kennedy. --signed by President--

Judge Roberts. You will recall at the time of the--this was 23 years ago. I was a staff lawyer in the Justice Department. It was the position of the Reagan administration for whom I worked, the position of the Attorney General for whom I worked, that the Voting Rights Act should be extended for the longest period of its extension in history without change. The Supreme Court had interpreted in the Mobile v. Bolden case, Section 2 to have an intent test, not an effects test.

Keep in mind, of course, as you know very well, Section 5, the pre-clearance provision, had always had an effects test, and that would be continued. The reference to discrimination nationwide was addressing the particular point that the effects test had been applied in particular jurisdictions that had a history of discrimination and the question is whether or not there was a similar history of discrimination that supported extending the effects test in Section 2.

It was the position of the administration for which I worked that the proposal was to extend the Voting Rights Act without change. Your position at the time was that the intent test that the Supreme Court had determined was in Section 2 should be changed to the effects test, and that was the position that eventually prevailed.

There was no disagreement--

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Senator Kennedy. Judge Roberts, the effects test was the law of the land from the Zimmer case to the Mobile case. It was the law of the land.

Judge Roberts. Senator--

Senator Kennedy. That was the law of the land. Court after court decided about the impact of the effects test. The Mobile case changed the Zimmer case.

Judge Roberts. Well, Senator, you disagree--

Chairman Specter. Senator, let him finish his answer.

Senator Kennedy. Okay. Well, I would just like to get his--the Zimmer case was not the holding and the rule of the law of the land prior to the Mobile case.

Judge Roberts. Well, this is the same debate that took place 23 years ago on this very same issue, and the administration's position--you think the Supreme Court got it wrong in Mobile v. Bolden.

Senator Kennedy. No, that's not what--I think it was wrong, but I also think the law of the land decided by the Supreme Court in the Zimmer case upheld in court after court after court after court was the effects test.

Judge Roberts. Well, and the Supreme Court--

Senator Kennedy. And that is all--

Chairman Specter. Let him finish his answer, Senator Kennedy.

Judge Roberts. The point is, and again, this is revisiting a debate that took place 23 years ago--

Senator Kennedy. Well, I am interested today in your view. Do you support the law that Ronald Reagan signed into law and that was cosponsored overwhelmingly by the--

Judge Roberts. Certainly. And the only point I would make, this is the same disagreement and the same debate that took place then over whether the Court was right or wrong in Mobile v. Bolden, and the point I would make is two-fold, that those like President Reagan, like Attorney General Smith, who were advocating extension of the Voting Rights Act without change, were as fully committed to protecting the right to vote as anyone.

Senator Kennedy. Could I--

Chairman Specter. Let him finish his answer, Senator Kennedy.

Judge Roberts. And the articulation of views that you read from represented my effort to articulate the views of the administration and the position of the administration for whom I worked, for which I worked, 23 years ago.

Senator Kennedy. Well, after President Reagan signed it into law, did you agree with that position--

Judge Roberts. I certainly--

Senator Kennedy. --of the administration?

Judge Roberts. I certainly agreed that the Voting Rights Act should be extended. I certainly agreed that the effects test in Section 5 should be extended. We had argued that the intent test--that the Supreme Court recognized in Mobile v. Bolden--I know you think it was wrong, but that was the Supreme Court's interpretation--should have been extended. Again, as you said, the compromise that you and Senator Dole worked out was enacted into law and signed into law by President Reagan and the Voting Rights Act has continued to be an important legislative tool to ensure that most precious of rights which

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is preservative of all other rights. There was never any dispute about that basic proposition.

Senator Kennedy. Well, what I am getting to is after it was signed into law overwhelmingly, overwhelmingly by the House and the Senate, we have the memoranda that you said the fact we were burned last year--this is the following year--we did not--the fact we were burned last year because we did not sail in with the new voting rights legislation does not mean we will be hurt this year if we go slowly on housing legislation. What did you mean when you said that we were burned last year by not getting the Voting Rights Act?

Judge Roberts. Well, I think the legislative debate between those who favored extending the Voting Rights Act as is and those who favored changing the Act because they disagreed with the Supreme Court decisions, the legislative judgment was that the administration's proposal didn't succeed because they had waited--rather than coming out in favor of an extension right away, they waited for the Congress to come up with its proposals which turned out to be different than the administration proposals.

On the housing discrimination, I would note that the administration did get its ducks in a row, and in a matter of months after the date of the memo that you just read from had its housing proposal there and submitted to Congress and it was enacted.

Senator Kennedy. Nineteen-eighty-eight Housing Act, Fair Housing Act.

Judge Roberts. The administration's proposal was submitted, I believe, months after the date of the memo that you read from.

Senator Grassley. Some outside groups have claimed that you are hostile to civil rights. Others have suggested, in my view incorrectly, that you have an off-the-mark view of the Voting Rights Act. I believe these allegations to be inaccurate, and I would like for you to set the record straight. As you may know, I have long been a supporter of the Voting Rights Act. I appeared at a news conference with Senator Dole and Kennedy and some others in 1982 with that compromise that you have referred to. The Voting Rights Act has had a very significant impact on racial discrimination, probably more than anything else that Congress has done since the adoption of the Civil War Amendments.

Your critics take issue with some of your memos which outline the arguments in the debate over whether Section 2 should have an effects test or an intent test. Specifically, there was a debate in Congress over concerns that the effects test could lead to legal requirements that racial quotas be mandated for legislatures and other elected bodies. Ultimately, the Voting Rights Act was reauthorized with a provision expressly prohibiting parts from requiring racial quotas. We were able to craft a good compromise that gave greater protection to minority voters while not requiring quotas.

Judge Roberts, could you tell us what your role was as an assistant to Attorney General Smith in developing the Reagan policy on the Voting Rights Act?

Judge Roberts. Well, President Reagan's policy and the Attorney General's policy was to support the longest extension of the Voting Rights Act in history without change. Some in the Congress wanted to amend the Voting Rights Act Section 2 to overturn the Supreme Court's decision in Mobile v. Bolden. And that's what the debate was about, whether it should be an intent test under Section 2 or an effects test. Everybody agreed

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that Section 5, the pre-clearance provision, which applied to jurisdictions with a history of discrimination, had an effects test and should continue to have an effects test.

The debate was about Section 2 an whether it should be an intent test or an effects test. But there was no disagreement among President Reagan, Attorney General Smith. Those of us on Attorney General Smith's staff, like myself, that the protection of the right to vote was critical, that the Voting Rights Act had been extraordinarily effective in preserving that right and should be extended. The debate was solely over whether or not Section 2 should be changed. And Senator Dole, working with other members of the Senate, crafted a compromise that resolved that dispute. As you said, it put an effects test in Section 2, put in additional language to guard against the sort of proportional representation that was certainly the concern of Attorney General Smith and President Reagan, and that was enacted into law with the President's support.

But there was no disagreement about the critical nature of the right to vote, the notion that it was preservative of all other rights, and the question was simply about how it should be extended, whether extended as-is or extended with the change that was enacted under the compromise.

Senator Grassley. My time is just about out so I will ask a very short question. During your tenure at the Solicitor General's office, didn't you sign on to a number of briefs that urged the Supreme Court to adopt a broad interpretation of the Voting Rights Act, its new requirements, and to require expansive remedies when States violate the act? And didn't some of those briefs take the same side as the ACLU, the Mexican-American Legal Defense and Education Fund, and the Lawyers Committee for Civil Rights Under the Law?

Judge Roberts. Yes. It was the responsibility of the Justice Department and, before the Supreme Court, of course, the Office of the Solicitor General to enforce the civil rights laws, in particular the Voting Rights Act, as vigorously as possible. And that's what we did.

Senator Sessions. . . . With regard to Bolden v. City of Mobile, you and Senator Kennedy had an exchange. Well, I am from Mobile. I was not involved in the litigation, but know something about that litigation. When the exchange ended, as I recall, Senator Kennedy was insisting that the Zimmer case was the established law, and there are a number of cases had said that effects tests applied, whereas you were contending that at the time you took the position you did, that the Supreme Court had ruled that it an intent standard was required, and that Bolden set the decision on that. I guess the question for us today, who was right, you or Senator Kennedy?

Judge Roberts. Well--

Senator Sessions. I did not want to ask you, but go ahead.

Judge Roberts. No. I don't--

Senator Sessions. If I say the--

Judge Roberts. It was a renewal of a debate that was had between the administration and Senator Kennedy 20 plus years ago, and certainly the issue of whether the Supreme Court had interpreted Section 2 and what it had said and whether or not it was correct, was mooted. Senator Kennedy's position eventually prevailed as a matter of

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legislation. Through the good offices of Senator Dole and others, the compromise was worked out, and the totality of the circumstances test enacted under Section 2.

Senator Sessions. But the truth is, is it not, that Bolden v. City of Mobile had been decided by the Supreme Court, and the Bolden v. City of Mobile said that you had to show, when you consider a form of a local government, that before you could throw it out, create a new government for that city, you had to show that it was designed in a way to intentionally deny equal rights to the minority citizens.

Judge Roberts. That was my understanding of, and certainly the administration's understanding of Mobile and its interpretation of Section 2. And as I said, the debate was largely mooted by the legislative change that was enacted.

Senator Sessions. I am just trying to get this thing straight because I do not want anybody to be misinterpreted. Bolden v. City of Mobile quoted Zimmer. It was the final word on the matter, and it ruled that before the Federal Government could throw out a government of a city and require a new government to be established, there had to be an intent to discriminate, and that was consistent with the Voting Rights Act. And then when the Voting Rights Act came up for reauthorization, the legislature, the Congress passed a law and changed the law that in effect said the effects test, if it had the effect of discriminating or keeping African-American citizens from being elected to office, that that could justify the removal of the existing form of government and establish a new government.

Judge Roberts. That's right, and it is in many areas--well, certainly every area involving interpretation of the statute--the final say is not with the Supreme Court. The final say on a statute is with Congress, and if they don't like the Supreme Court's interpretation of it, they can change it, and that's what happened in this case.

Senator Sessions. Well, the Voting Rights Act, let me say, is a tremendous critical, historical event. It transformed the South. I think Senator Kennedy or others said that grandchildren and children today are being able to vote because of this right, and that is true. Not only are they being able to vote, they are being able to be judges who supervise elections, sheriffs, mayors, city councilmen, county commissioners. Alabama has more elected African-American officeholders than any other State in America, and we are proud of that. But this was a powerful Act, and it did change the makeup of county commissions, city commissions, statewide boards, all over Alabama, all over America, and it was a big step. But the Congress made that, and you were correct when you said that your position was consistent with what the Supreme Court ruled at that time.

Senator Feingold. I guess I will have to move on. Let's go to voting rights. I want to follow up to Senator Kennedy's questions about the Voting Rights Act and, in particular, about your opposition to amendments to the Act in 1982 when you were an adviser to the Attorney General in the Reagan administration's Justice Department.

In 1982, Congress voted overwhelmingly to amend Section 2 to reinstate the test for vote dilution that many lower courts had used prior to the City of Mobile case, one that looked, as we talked about earlier, at the effects of an electoral scheme on the ability

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of minorities to elect candidates of their choice rather than on the intent behind this scheme.

While you were in the Reagan Justice Department, you seemed to have done almost everything in your power to thwart that congressional effort. Your view was that the intent test should stand. This was the policy position of the Justice Department, as you have indicated, and you wholeheartedly supported it at the time. Your memos make that very clear.

In one memo, you lamented that the House bill then under consideration would make it much easier to attack "such widely accepted practices as at-large voting." Now, those practices, of course, were among the most commonly used systems to prevent the election of any minorities to local government bodies. We know that the effects test put into place in the 1982 amendments to the Voting Rights Act has been very successful in improving minority representation in Congress and at all levels of Government.

Do you believe today that those gains have been good for the country?

Judge Roberts. I think the gains under the Voting Rights Act have been very beneficial in promoting the right to vote, which is preservative of all other rights. The issue about how to extend the Voting Rights Act, again, my position was a member of the staff in the Justice Department. The administration position of extending the Voting Rights Act for the longest period in history, as is, without change, was in no sense reflective of any disagreement with the proposition that the Voting Rights Act was extremely valuable in securing not just the right to vote but all other rights--

Senator Feingold. Well, what I am trying to get at here, Judge, obviously, is this distinction between effects and intent. Let's follow up on the fact that you said that these gains have been good for the country. Do you believe that these gains we have seen in minority representation would have occurred if your view supporting the intent approach had prevailed in 1982?

Judge Roberts. Well, I think some of them would have. I don't know if all of them would have. It's obviously impossible to tell, to go back and determine whether a particular application of a different approach would have had the same results or different results. I think that's very hard to tell.

Senator Feingold. Do you still believe that the intent test was the more appropriate standard by which to evaluate vote dilution claims?

Judge Roberts. Senator, my personal view of the Voting Rights Act was not something somebody was interested in. You have people who serve on your staff, and their job is to help you implement your views as a Senator. I am just--

Senator Feingold. I am not questioning what your view was then. I am asking what you think now having--and this is pretty settled area, I think you would agree. Having seen all this, having been intimately involved in it, knowing it as well as you do, do you believe that the intent test is still the more appropriate standard by which to evaluate vote dilution claims?

Judge Roberts. Senator, I haven't studied the Voting Rights Act to determine whether the intent test or the effects test would have different results in different cases under Section 2. I'm in no position to make a judgment on that.

Senator Feingold. It would be my sense that you would be a person who would--with your enormous abilities and background, to have some sense about that. Obviously, you understand that requiring a voter to prove any additional factor makes it harder for

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the voter to win the case and that to prove the intent of an entire legislative body can be very difficult, especially when a voting system was put in place many years ago. Requiring African Americans and Latino voters, many of whom have had limited financial resources, to find evidence of intent was adding an enormous hurdle for them to overcome. And the Mobile v. Bolden case itself, which was pursued after the Supreme Court's decision in 1980 and before Congress amended the law in 1982, makes it very clear, I think clear to all of us over the years, how difficult that standard was. African Americans from Mobile, Alabama, have been unable to elect any candidates to the position of city commissioner for every election cycle for something like seven decades. They challenge the method of electing city commissioners that allowed the same majority to choose all the commissioners all the time in at-large elections. And the evidence was very clear that, as a practical matter, although African Americans could register and vote, they couldn't elect anyone. But to get relief under the Supreme Court standard which you appear to have supported, they had to go to enormous effort and financial expense to prove discriminatory intent, including hiring a historian who could piece together the motivations of city officials who had designed the electoral system almost a hundred years earlier.

In this situation, the administration was not bound by a Supreme Court decision in deciding what position to take under the proposed Voting Rights Act amendments. So why at that point did you want to make Section 2 cases so difficult to prove?

Judge Roberts. Senator, you keep referring to what I supported and what I wanted to do. I was a 26-year-old staff lawyer. It was my first job as a lawyer after my clerkships. I was not shaping administration policy. The administration policy was shaped by the Attorney General on whose staff I served. It was the policy of President Reagan. It was to extend the Voting Rights Act without change for the longest period in history at that point, and it was my job to promote the Attorney General's view and the President's view on that issue. And that's what I was doing.

Senator Feingold. I recognize that. What I am trying to figure out is given the fact that you have followed this issue for such a long time, I would think you would have a view at this point about whether you were right about--or the Department, let's say, since you were working for them, whether the Department was right on seeking to keep the intent test or whether time has shown that the effects tests is really the more appropriate test.

Judge Roberts. Well, Senator, I haven't followed the issue or the particular litigation. I had involvement in some litigation when I was in the Solicitor General's office, in which we were effective in proving violations under the Voting Rights Act. Many of those cases arose under issues under Section 5, pre-clearance issues, and not under Section 2.

I as a judge had a case, a three-judge district court case, again, arising under the pre-clearance provisions, but I'm certainly not an expert in the area and haven't followed and have no way of evaluating the relative effectiveness of the law as amended or the last as it was prior to 1982.

Senator Feingold. Well, with all respect, I realize I should move on to another topic, but it just seems given how strongly you stated some of these memos--and I understand you were doing your job--I would think you would have a view today whether or not those strong statements still make sense. But let me move on.

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Senator Graham. When it comes to voting rights, as I understand--and we have talked a lot about it, and we probably know more than all of us ever dreamed we would know about the Voting Rights Act--the you were implementing a policy of President Reagan that wanted to pass the Voting Rights Act in its form that you received it; is that correct?

Judge Roberts. The proposal was to extend it for the longest period in history without change.

Senator Graham. And we have been through a long discourse about the effect and intent test. I think you have explained yourself very well, that the Supreme Court in the Mobile case said the intent test applies to Section 2; is that right?

Judge Roberts. Section 2.

Senator Graham. Politics took over after that, did it not? Because the effect test no longer--that is not the test. Is it not some compromise between Senator Kennedy and Senator Dole?

Judge Roberts. There was a compromise in the test under Section 2, which is articulated in a paragraph describing what the criteria are and including a caution that this should not be read to promote proportional representation which was some of the concern that the Attorney General and President Reagan had.

Senator Graham. So between Dole, Senator Kennedy and President Reagan, a new test was called the "Totality of the Circumstances?"

Judge Roberts. Yes.

Senator Hatch. Okay. Now, let me just ask you a question that relates to some of the answers you gave yesterday regarding the voting rights. Even as the hearing was unfolding, again, Democratic staffers of the Committee issued a press release that said that you had missed an opportunity to distance yourself from what the release called your "earlier narrow positions on the reach of the Voting Rights Act." Now, that is not what I heard you say, nor do I believe that is what the public heard. A Democratic press release said that you had resorted to vague generalities about the importance of voting.

Now, as I heard you, I heard you explain the vigorous debate that took place regarding reauthorization of the Voting Rights Act in the 1980s. By the way, I was part of that debate. I felt very deeply that the effects test should apply to section 5 to those States that had a history of discrimination. But I also felt very deeply at the time that the intent test should apply to all the other States in section 2, which was the position I think the administration took that you had to do some research on and within the administration.

Now, I lost in Committee. I was arguing that all of the States that did not have a history of discrimination should not have--be burdened by the effects test, which basically says that the effects of what happens looks like discrimination, it therefore is, even if there was never an intent to commit discrimination. Now, I lost, but I fell that the Voting Rights Act is the most important civil rights bill in history, and I felt it then. I voted for the amended bill with the effects test language in section 2, and have been a strong supporter ever since.

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Would that be fair to describe your feelings about that?

Judge Roberts. Well, yes, Senator. The debate as you remember was over whether or not Section 2 should be extended without change as interpreted by the Supreme Court in Mobile v. Bolden, or whether it should be changed to incorporate the effects test and later the totality of the circumstances test. The administration position at the time was to extend the Voting Rights Act for the longest period in history without change, and that was the position that I was working on at the time, and Congress eventually decided, with--Senator Dole and some of the other Senators developed a compromise position on Section 2, and that was enacted with the support of the administration.

The one thing that was clear to me throughout those extended debates was that the people on both side of the issue, in good faith, supported extension of the Voting Rights Act, and recognized the importance of the Voting Rights Act in securing civil liberties for all Americans. It wasn't a dispute about the goal. It wasn't a dispute about the objective. It wasn't a dispute about the importance. It was a dispute about whether to extend the Act without change or whether to make changes in the Act, and that was what the debate was about.

Senator Hatch. And the difference was, is that the administration vehemently wanted to pass the Voting Rights Act as it existed that was somewhat difficult to pass originally when it was originally passed, and that was a decent, honorable position. But when it was changed through our democratic process up here on Capitol Hill, I felt for the worse at the time, but I feel like I was wrong at the time. Then we voted for it. In fact, it was my friend, Senator Kennedy, who insisted that I come down to the White House as part of the bill signing team because he knew how deeply I felt about this. But there was a legitimate reason to take the administration's position, and the administration, once the compromise was reached with Senators Dole and Kennedy, the administration accepted that as well, and so did you.

That was a point I just kind of wanted to make because I think it is important to realize that we can sometimes get to a point where we misconstrue the intentions of decent, honorable people, and I count myself one of those. Even though I lost in Committee, I voted for this bill because to me it is the most important civil rights bill in history, albeit, others are very important as well.

Now, I just want to tell you that, like I say, I have been here for 29 years, and I have been through 10 of these. I think 10 if I recall correctly. And in all of that time we have seen some really sterling, brilliant, wonderful people before this Committee, but I have never seen anybody who has done a better job of explaining himself than you have. If people cannot vote for you, then I doubt that they can vote for any Republican nominee. You have made a very, very strong presentation here, and I hope the American people realize that, and I hope my colleagues on both sides of the aisle realize that, and I look forward to seeing you as Chief Justice of the United States Supreme Court, and will do everything in my power to see that you are confirmed.

Senator Kennedy. I would like to, if we could, come back in the time that I have now, and perhaps in a follow-up round, to the issue on civil rights, because as been

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mentioned here by others, it is the overarching issue, I think, for our country and our society. I think our Founders did not get it right at the time of the drafting of the Constitution. We have had a civil war. This country went through an extraordinary period of time led by Dr. King in the 1950s, and then we had that extraordinary moment of Dr. King here at the Lincoln Memorial, which I think touched the conscience of the Nation, people from all over the country. We were stuck for months on the 1964 Act, as you probably remember, and then with the action that was taken by Everett Dirksen, it opened up the possibility for reaching a compromise on the public accommodations provision. So we spent 8 hours, a number of us in the Judiciary Committee, with Nick Katzenbach over in the Capitol Office, and had an agreement at that time there would be no amendments on the public accommodations; we could amend other provisions. And the legislation went forward, and was monumental in its importance and consequence.

Then we came back and realized after that that the most important legislation that we could probably address--we still had a way to go on housing and employment, but although employment was included in the '64 Act but not to a great extent--was in the Voting Rights Act. And we had extensive hearings. During the course of those hearings by this Committee, other Committees as well, we listened to Attorney General Katzenbach, who had been working with Senator Dirksen, really the architect, leadership of President Johnson, certainly, but the architect of the '64 Act. And he testified before this Committee about the Section 2 provisions, and in his testimony on the Section 2 provisions, he said, Section 2 applies to any voting practice or procedure if its purpose or effect was to deny or abridge the right to vote on account of race or color.

So many of us, including the civil rights community, believed that the effects test was operative at that time. That bill passed the House by 333-85, 77-19.

The next thing that happened is we had the series of tests, as you recall, and the overarching test case was the Zimmer case, but we had a number of other cases, Zimmer v. McKeithen, and it was the Fifth Circuit en banc, Fifth Circuit that dealt for the most part, the whole range of States where many of these challenges had existed, although I certainly recognize we have a long way to go in my own State of Massachusetts. But this court en banc, effectively in the Zimmer case--it was the lead case on the effects test--and that was followed by a series of cases, U.S. v. Post, Kendrick v. Walter, for a long period of time.

You are aware of this history?

Judge Roberts. I am remembering it from when we addressed this debate 23 years ago, yes.

Senator Kennedy. But it sounds familiar. Then we went up to 1980 and we had the Mobile case, which effectively put the intent test in. And after the Mobile case, as you well remember, the Justice Department dropped a whole series of cases that had been prepared under the effects test because they did not believe that they could make the case on the intent test, whole series.

This sent a very powerful message to individuals across the South, other parts of the country, that the additional kind of a burden to demonstrate intention was going to be so substantial it was going to make, in terms of resources and to try and determine the intent of individuals that lived many years ago, to virtually be prohibitive. That happened. The Justice Department dropped scores of cases.

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It was one of the important reasons that the civil rights community and many of us believed that it was so important at the time of the extension of the Voting Rights case in 1982, that we put the effects test in.

You believed, as I remember, and as we have gone over, that it should have been a restatement of the existing law, as you correctly stated yesterday, which was the intent test. Am I correct so far?

Judge Roberts. That was the administration position.

Senator Kennedy. Administration's position. I remember French Smith testifying before this Committee to that effect at that particular time.

Every civil rights group in 1982 included the effects test. This is the NAACP Legal Defense, National Urban League, Lawyers Committee on Civil Rights Under Law, Conference on Civil Rights, Mexican American Legal, National Council of La Raza, League of United Latin American Voters, League of Women Voters, the list goes on, Congressional Black Caucus.

And the House went ahead and passed the legislation with the effects test by 389-24, 389-24. And in that legislation, the legislation included language which reflected the concern of the administration about whether the intent test was going to lead to either proportional representation or to quotas. That language was included in the House legislation that passed, and it included the fact that members of a minority group have not been elected in numbers equal to the group's proportion of the population, should not in and of itself constitute a violation of this section. This addressed, for all intents and purposes, the concerns that the administration, I thought and most of in the civil rights community thought that they had with regard to the issue of proportional representation.

You roughly remember that or are aware--

Judge Roberts. I certainly remember the provision in the House bill at the time.

Senator Kennedy. So we also now included that language in the Senate bill. Now, the House bill passed. The Senate bill had 61 cosponsors prior to the time that we adopted the Dole amendment. That legislation was on its way. That legislation was good as done, quite frankly. The Dole amendment was effectively a restatement of what was in the House bill, and it had been included. But the administration after that said, "Well, if they are going to include that as the Dole amendment, we will let up in our opposition and we will eventually support it."

Now, during the time after the passage of the House bill and prior to the passage of the Senate bill, even though the House had passed it, you still strongly maintained the administration's position, did you not?

Judge Roberts. Well, I was still working for the administration, Senator. President Reagan's position was to extend the Act without change. As you mentioned, that was the Attorney General's position. I was a Special Assistant to the Attorney General, and I was doing my best to implement their views and support their views.

Senator Kennedy. In your memoranda that was to the Attorney General, Brad Reynolds--now, the administration after the House bill, I think the history will show it--thought that the administration should alter its position. Your memoranda said, "Brad Reynolds has expressed some reservation about circulating any written statement on the question to the Hill. My own view is that something must be done." Maybe that is a staffer, but it is separating yourself from Brad Reynolds, who was the leader on this issue at the time. Then you--

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Judge Roberts. Well, with respect, Senator, my understanding--and I looked at that memorandum recently--is that the issue was whether or not to circulate something explaining the administration position, and I didn't think Mr. Reynolds's view was, you shouldn't do that because you didn't support the position. It was a question whether or not to circulate something at that time.

And my view was whether or not--I thought if the administration was advocating its position, it ought to get the position out.

Senator Kennedy. Well, I think that is good. You are a good advocate and a strong believer in this.

The reason in this memoranda that you circle--and I have it right here, and I make parts of it to the Committee, I mean to the record--in this in the last paragraph you said: On the issue of the effects standard nationwide on the strength of the record will be constitutionally suspect, but also contrary to the most fundamental tenets of the legislative process which the laws of this country are based, constitutionally suspect, effects test.

The reason that I bring this up is to find out what you believed then and what you believe today, because you have a phrase in your memoranda that this provision, the effects test, is constitutionally suspect. Is that still your position? Because if it is your position on an issue as important as the Voting Rights Act that resulted in the elections of hundreds and thousands of local leaders of color in all parts of the country, Representatives in the House of Representatives, and moved the whole democratic process forward, then I think the American people are entitled to know.

So specifically, specifically, do you believe that the effects test in the Voting Rights Act, which is currently the law, is constitutional?

Judge Roberts. Well, Senator, I don't know what the analysis--you read a clause of a sentence and I would have to look at the whole memorandum to see exactly what the suggestion or the issue was in that case.

Chairman Specter. Senator Kennedy, would you make the memo available to him, please?

Senator Kennedy. Sure. What I am interested in doing is asking now whether you believe that the effects test is constitutionally suspect. I am interested in today, quite frankly, more than what we had--

Judge Roberts. Certainly.

Senator Kennedy. --written before, whether you believe that it is suspect today or whether you find that it is settled law. It is fine if you want to, obviously, refer to it, but I am interested in what is your view today, whether you--

Judge Roberts. What we're referring to--what I'm referring to in this paragraph is the Court's determination, if I'm looking at this correctly, under Section 5, its determination--the language you read notes the Supreme Court's conclusion under Section 5, which is the pre-clearance provision that applies to jurisdictions with a history of discrimination, and what the Court had said in that case was that requirement of pre-clearance was acceptable given the record that the Congress had established in the Voting Rights Act of 1965 of the practices in those jurisdictions. And the concern was that if you extend the effects test nationwide, that the record which had been established only with respect to particular jurisdictions in the South wouldn't apply nationwide, and that would be the basis for a constitutional challenge.

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The application of the test under Section 2, which is, as you know, if we use the shorthand effects test, it's actually the totality of the circumstances test and it lays forth a number of considerations. I think there is some argument about how it closely attracts the effects test under Section 5 or if it's a different totality of the circumstances approach.

I'm not aware of any case that has questioned the constitutionality of the application of the totality of the circumstances case under Section 2 and if an issue on that were to be presented to me on the Supreme Court, which it may be, given the pending extension of the Voting Rights Act, I would, of course, confront that issue as a judge and not as a staff attorney for an administration with a position, and as a judge, I would come to the issue with an open mind and I would fully and fairly consider any arguments that might be presented.

I don't know if an argument is going to be presented about the application of the totality of the circumstances test nationwide. Again, I'm not aware of any challenges that have been presented to it since it was enacted. I don't know if any will be if or when the Voting Rights Act is extended again, but if it is, I would confront that as a judge and not as a staff attorney for an administration with a particular position on that issue.

Senator Kennedy. Well, Judge, there hasn't been, at least that I know, in the legal circles suspicion about the unconstitutionality of the effects test as it applies to Section 5. That is as grounded as it can be. I am asking the specific issue that was the really issue at attention with the extension, and really the most important part historically about the Voting Rights Act, whether you think that that provision is constitutionally suspect today.

This is the backbone of effective voting in our country and our society and I think the American people are entitled to know whether you believe or suspect that that particular provision, which has passed just overwhelmingly by the House and the Senate, signed by President Reagan, and has resulted in this historic march to progress, is constitutionally sound. That is what I am interested in.

Judge Roberts. I have no basis. I am not aware of any constitutional challenge that has been brought to Section 2 since it was enacted. I've not--I have no basis for viewing it as constitutionally suspect and I don't. If an issue were to arise before the Supreme Court or before the Court of Appeals, if I head back there, I would consider that issue with an open mind in light of the arguments. I've got no basis for viewing it as constitutionally suspect today and I'm not aware that it's been challenged in that respect since it was enacted. It may have been, but as I say, I'm not aware of it.

Senator Kennedy. I gather--you've had an extensive answer--that from that answer, I did hear that it is not constitutionally suspect as far as your view today.

Judge Roberts. Yes.

Senator Grassley. . . . Judge Roberts, do you believe that every citizen who meets the qualifications set forth in the Constitution and our laws should have the opportunity to cast a free and unfettered vote? And as a follow-up, will you on the Court fairly apply the Voting Rights Act?

Judge Roberts. Well, I certainly agree that every citizen who meets the qualifications not only has the right to vote but should vote. I think it's a problem that we don't have more people voting. And any issues that come before me under the Voting Rights Act, I will confront those with an open mind and decide them after full and fair

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consideration of the arguments, in light of the precedents of the Court, and in light of a recognition of the critical role that the right to vote plays as preservative of all other rights.

Senator Grassley. Thank you.

Senator Graham. . . . Some big themes here. Were you proud to work for Ronald Reagan?

Judge Roberts. Very much, Senator, yes.

Senator Graham. During your time of working with Ronald Reagan, were you ever asked to take a legal position that you thought was unethical or not solid?

Judge Roberts. No, Senator, I was not.

Senator Graham. We talked about the Voting Rights Act. The proportionality test in the Reagan administration's view was changing the Voting Rights Act to create its own harm. Is that correct?

Judge Roberts. The concern that the Attorney General had, and the President, was that changing section 2 to the so-called effects test would cause courts to adopt a proportionality requirement, that if elected representatives were not elected in proportion to the racial composition in a particular jurisdiction, that there would be a violation shown that would have to be redressed.

Senator Graham. Do you think it would be fair to try to suggest that because you supported that position that you are somehow racially insensitive?

Judge Roberts. No, Senator, and I would resist the suggestion that I am racially insensitive. I know why the phrase "Equal Justice Under Law" is carved in marble above the Supreme Court entrance. It is because of the fundamental commitment of the rule of law to ensure equal justice for all people without regard to race or ethnic background or gender. The courts are a place where people need to be able to go to secure a determination of their rights under the law in a totally unbiased way. That's a commitment all judges make when they take a judicial oath.

Senator Graham. Knowing this will not end this line of inquiry, but at least trying to put my stamp on what I think we have found from this long discussion, basically the Supreme Court decided in section 2 that the intent test was constitutionally sound. Is that correct?

Judge Roberts. That was its determination in Mobile v. Bolden.

Senator Graham. And Senator Kennedy disagreed because he wanted a different test. And I respect him. He is one of the great--first, he is not part of the Reagan Revolution. I think we all can agree with that, so I don't expect him to buy into it. But I respect him greatly for his passion about his causes. He took it upon himself to try to change a Supreme Court ruling, to go away from the intent test to the effects test. And he was able to reach a political compromise with the administration. And I just want that to be part of the record. To say that Ronald Reagan or Judge Roberts by embracing a concept approved by the Court equates to that administration or this person being insensitive to people of color in this country I think is very unfair and off base.

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Commerce Clause

Senator Hatch. Do you believe that Congress is just as bound by constitutional limits as state legislatures?

Judge Roberts. There are different limits, of course, but, yes, the limits in the Constitution on Congress are as important as limitations on state legislatures in the Constitution.

Senator Hatch. I ask that question because some seem to argue that overturning a statute that we pass here in the national legislature is almost presumptively an example of judicial activism. I have disagree with the Court on some of these statutes. The Morrison case is a perfect illustration to me. I am, along with Senator Biden, the author of the Violence Against Women Act, and I felt that they overreached in that particular case.

But in any event, some believe that it is judicial activism, while turning a blind eye to the much more common practice of striking down State legislation is just an afterthought.

This argument gets even more complicated when the Supreme Court uses a provision actually in the Constitution, to strike down a congressional statute, but provisions not in the Constitution to strike down State statutes. America's Founders were clear that the Constitution established a Federal Government of few and defined powers. It cannot regulate any activity it choose, but may only regulate in those areas which the Constitution grants it power to regulate.

One familiar area is found in Article I, Section 8, which gives the Congress to regulate, "to regulate commerce among the various States." Now, do not get me wrong, I do not necessarily agree with the Supreme Court, as I mentioned in the Morrison case. I do not think they always get it right when saying that Congress has overstepped its bounds with respect to regulating interstate commerce.

At the same time some have learned that we are sliding into a constitutional abyss because the Court has found just twice in more than 60 years that there is something, anything that it says the Constitution does not allow Congress to do regarding Congress and State legislatures and their enactments.

Judge Roberts. Well, the obligation to say what the law is, including determining that particular legislation is unconstitutional, is, as Chief Justice Marshall said, emphatically the duty and province of the Judicial Branch. You and I can agree or disagree on whether the Court is right in a particular case, but if the Court strikes down an Act of Congress and it's wrong, the Court shouldn't have done that, that's not an act of judicial activism, it's just being wrong.

The obligation to strike down legislation is with the Judicial Branch. They need--I think as Justice Holmes said, it's the gravest and most delicate duty that the Court performs, and the reason is obvious. All judges are acutely aware of the fact that millions and millions of people have voted for you and not one has voted for any of us. That means that you have the responsibility of representing the policy preferences of the people making the determination about when legislation is necessary and appropriate and what form that legislation should take.

Our job is a very different one. We have to consider cases that raise the question from time to time whether particular legislation is constitutional, and we have to limit ourselves in doing that to applying the law and not in any way substituting ourselves for

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the policy choices you've made. But it is not, as I would say, it's not judicial activism when the courts do that. They may be right or they're wrong, and if they're wrong, they're wrong, but it's not activism.

Senator Biden. Let me go on to my next question. Violence Against Women--and I realize it is a bit of a hobby horse for me since I wrote the legislation, and I know people say they wrote things. I mean, I actually did write that my little old self, with my staff. And no one liked it, I might add, at first--women's groups or anybody else.

But in 1999, you said, in response to a question--you were on a show. It was 1999. You were talking about a number of things, and you said, and I quote, "You know, we've gotten to a point these days where we think the only way we can show we're serious about a problem is if we pass a Federal law, whether it's the Violence Against Women Act or anything else. The fact of the matter is conditions are different in different States, and State laws are more relevant. It is, I think, exactly the right term. More in tune to different situations in New York as opposed to Minnesota, and that's what the Federal system is based upon."

Judge, tell me how a guy beating up his wife in Minnesota is in any different condition in New York.

Judge Roberts. Senator, I was not speaking specifically to any piece of legislation there. That was making a very--

Senator Biden. Well, you mention Violence Against Women, don't you?

Judge Roberts. That was the issue that had come up on the show, and the general issue that was being addressed is a question of federalism. I think it was part of the genius of the Founding Fathers to establish a Federal system with a national government to address issues of national concern; State and local government more close to the people to address issues of State and local concern; obviously, issues of overlap as well. I was not expressing a view on any particular piece of legislation. And I think the statement you read--

Senator Biden. Well, let me ask you--

Judge Roberts. --confirms that.

Senator Feinstein. Thank you. I would like to move to another subject because my time is moving on, and that is what has been happening in the Court in the last ten years. As I mentioned, for 60 years, the Court didn't strike down a single Federal law for exceeding Congressional power under the Commerce Clause. Yet in the last decade, the Court's reinterpretation of the Commerce Clause has been used to strike down more than three dozen cases. The Court's future decisions will determine whether the Congress will be able to take necessary action to stop child pornography, combat violent crime, ensure child support payments, prevent discrimination, improve our schools, and protect our environment.

My question is, do you agree with the direction in which the Supreme Court has moved in more narrowly interpreting Congressional authority to enact laws under the Commerce Clause?

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Judge Roberts. Well, of course, I tried to avoid saying whether I agree or disagree with particular cases. But I would point out in this area, in particular, I think it's very important to look at the most recent case, which is the Raich case, the medical marijuana case, because the argument there was that these two decisions that you're talking about that were the first in the 60 years, Lopez and Morrison, the argument there was based on Lopez and Morrison, Congress lacks the power in this area.

And what the Supreme Court said in the Raich case, which I think is very important, it said there are a lot more precedents on the Commerce Clause besides Lopez and Morrison, and the appropriate way to regard those is two decisions in the more than 200-year sweep of decisions in which the Supreme Court has given extremely broad--it's recognized extremely broad authority on Congress's part, going all the way back to Gibbons v. Ogden and Chief Justice John Marshall, when those Commerce Clause decisions were important in binding the nation together as a single commercial unit.

So again, without commenting on whether particular decisions are correct or not, I do think it's important to recognize that the Court itself in its most recent decision has said we need to focus on the broad sweep and not just on those two decisions.

Senator Feinstein. Let me move to the case of the hapless toad, known more commonly as Rancho Viejo v. Norton. Do you believe there is a basis for sustaining the Endangered Species Act other than the Commerce Clause?

Judge Roberts. Well, the opinion I wrote there noted that the panel decision that I thought should be reheard en banc looked at one ground for under the Commerce Clause and the concluding paragraph in my opinion said that we ought to rehear the case to look at other grounds that were also under the Commerce Clause, but they were not the particular prong of the Commerce Clause analysis that the panel opinion had relied on, and the reason was that, as I explained in the opinion, another circuit court has suggested pointedly that the approach in the panel opinion was inconsistent with the Supreme Court.

And I thought if there was another basis for sustaining the Endangered Species Act that was not inconsistent in the view of another circuit court, that we ought to look at that and try to do it. It really reflects a restrained and minimalist approach. If there's a ground that doesn't cause another circuit court to say, you're violating the Supreme Court precedents, we ought to look at that and see if we could rest the decision there.

Senator Feinstein. I guess the point I am trying to get at is you are saying that the fact that the toad was almost only found in California means that it was an impermissible use of the Endangered Species Act. Well, then that raises a question. What if the toad strays across the border, or what if the toad, this is the last remaining toad, and--

Judge Roberts. Right, but the one point I would emphasize is my opinion did not conclude that there was no authority under the Commerce Clause in just that situation. There was another dissenting opinion that was filed by another judge who said this violates the Commerce Clause. I did not join that opinion. I wrote separately to say that we should hear this en banc with all the judges because there are other ways of sustaining this Act that don't implicate the concern that has caused the other circuit to question our approach that had caused the dissenting judge to conclude there was no authority, and I thought we ought to look at those other grounds because if we could sustain it without implicating that objection, that would be better all around.

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I did not take the position that it was outside the scope of the Commerce Clause. It was a question of which ground under the Commerce Clause we ought to look at.

Senator Feinstein. There is a great deal of concern as what this then means for the implication for all environmental law--the Clean Water Act, the Clean Air Act. But if I understand you correctly, what you are saying is that you do not believe that the Commerce Clause should prohibit legislation in this area, is that correct?

Judge Roberts. I have not had occasion to decide that. I did not decide it in the Rancho Viejo case. One of the other judges did and I did not join that opinion. What I said is we should consider these other grounds. Now, I didn't have the opportunity, because there was a dissent from rehearing, to consider those other grounds.

Those other grounds were what other courts, the Fifth Circuit in the GDF case, had used to sustain application of the Endangered Species Act in the cases that came before them. They didn't get into the question of whether you look at the regulated activity, the building or the actual what was prohibited, the taking of the toad. They analyzed the protection of the endangered species as implicating a commercial activity, and that allowed them to sustain the Act without regard to whether it had an interstate effect itself.

Senator Schumer. . . . Okay. I would like to go to the third leg of protection now and probably spend the rest of my time on this, constitutional rights, the Commerce Clause. Now, just to briefly encapsulate--you have said this--you agree that the Constitution gives the Supreme Court the power to review and invalidate acts of Congress as was held two centuries ago in Marbury v. Madison.

Judge Roberts. Yes.

Senator Schumer. And you also said in questions, I guess, with Senator Kennedy that you agree with the Court's conclusion that segregation of children in public schools solely on the basis of race was unconstitutional, as in Brown.

There is a third case that I would like to bring up, and it is the third leg of the framework in a lot of ways, and that is Wickard v. Filburn. Do you agree with the principle that the Congress has the power under the Commerce Clause to regulate activities that are purely local so long as Congress finds that the activities "exert a substantial economic effect on interstate commerce"? In other words, can Congress regulate commerce that does not involve an article traveling across State lines?

Judge Roberts. Well, that's obviously the Court's holding in Wickard v. Filburn, and reaffirmed recently to a large extent in the Raich case. But I would say that because it has come up again so recently in the Raich case that it's an area where I think it's inappropriate for me to comment on my personal view about whether it's correct or not. That's unlike an issue under Marbury v. Madison or Brown v. Board of Education, which I don't think is likely to come up again before the Court. This was just before the Court last year, and so I should, I think, avoid commenting on whether I think it's correct or not.

Senator Schumer. This is not a recent case. This is Wickard v. Filburn. It is from 1942, I guess it was. It is a basic bedrock of our constitutional law, law after law, the civil rights laws of 1982 and 1965 and 1964 that you talked about previously, are based on the Commerce Clause, not necessarily on Wickard.

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Judge Roberts. No, not on Wickard.

Senator Schumer. And I understand, but so much of what we do is based on the Commerce Clause, and you know that there is a movement to greatly cut back on the Commerce Clause, led by Professor Epstein. One of the Justices that the President said he wanted to appoint more Justices like, Justice Thomas, doesn't really believe in the holding of Wickard.

And at a time with Hurricane Katrina, in the midst of the war on terror, where we need a strong national government, I find it--I am not asking you--there has been a holding that has been accepted, and it was accepted in Raich, as well, but just about everybody with a few exceptions I mentioned that says you don't need the article to cross State lines to be regulatable under the Commerce Clause by the Federal Government. That seems to me to be as little in dispute as Griswold, as Brown, in terms of its broad acceptance, in terms of a term that you have used, in terms of the stability of our government.

I am really surprised that you are unwilling to simply say--I am not asking you for all the variations on the theme, but a fundamental bedrock, which is that Congress can regulate under the Commerce Clause things that don't cross State lines is something that is in some doubt.

Judge Roberts. Well, Senator--

Senator Schumer. You know, you said that--excuse me. You said that there would be unanimity, just about, or close to it, on issue after issue. Obviously, there are dissents. I think Learned Hand in 1958 said he didn't agree with Marbury, but you said you had no problems going along with Marbury. In Brown, I suppose there are still some people who don't believe in Brown here and there.

And here is a bedrock principle, admittedly under attack by what I would call an extreme few, that if we didn't unequivocally back it, not the variations on the theme but the fundamental, the fundamental principle that Congress can regulate if it doesn't actually--the article doesn't actually cross, the Congress can regulate manufacturing because of its dramatic effect on interstate commerce. And you are unwilling to give Wickard the same status that you give Griswold, which was decided 22 years later, or Brown, which was decided 12 years later. I mean, I know that Morrison and Lopez--but they don't challenge the fundamental precept.

I didn't ask you if you fully support Wickard. I asked you if you support the proposition that under the Commerce Clause, you don't need the actual article crossing the State line, and you are not willing to say that is settled law, that that is a part of our established way of law?

Judge Roberts. Well, Senator, all you have to do is look at the arguments, the briefs in the Raich case where that was the issue that was argued, whether or not Wickard v. Filburn was still good law, whether or not Wickard v. Filburn should be applied in that situation.

Nobody in recent years has been arguing whether Marbury v. Madison is good law. Nobody has been arguing whether Brown v. Board of Education was good law. They have been arguing whether Wickard v. Filburn is good law. Now, it was reaffirmed in the Raich case and that is a precedent of the court, just like Wickard, that I would apply like any other precedent. I have no agenda to overturn it. I have no agenda to revisit it. It's a precedent of the Court.

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But I do think it's a bit much to say it's on the same plane as a precedent as Marbury v. Madison and Brown v. Board of Education--

Senator Schumer. Or Griswold?

Judge Roberts. Or Griswold. The fact that it was just reconsidered and reargued last year in the Raich case suggests that it's not that same type of case, and that's why I'm uncomfortable commenting on it. I have gone farther than many other nominees in talking about cases like Marbury, like Brown, like Griswold, because I thought it was appropriate given the fact that those issues are not, in my view, likely to come before the Court again.

Here's an issue that was just before the Court last year, so I can't say that it's unlikely to come before the Court again and, therefore, I think it falls in the category of cases in which I should tell you I recognize it as a precedent of the Court. I have no agenda to overturn it or revisit it. But beyond that, I think it's inappropriate to comment.

Senator Schumer. Well, I would say that--well, let us go to a few more Commerce Clause issues. Again, I think Wickard is as accepted, is as part--not Wickard per se, but the idea that crossing State lines is not the only thing that you need for the Commerce Clause, that you don't have to have the article cross State lines to be able to regulate it is a bedrock of law after law after law that the Federal Government has passed. Your inability to concede that--

Judge Roberts. And I'm not expressing--

Senator Schumer. I understand, but--

Judge Roberts. I'm not expressing any hostility to the proposition at all. All I'm telling you is that this is a case that was challenged, the application, in the Raich case last year. And to say that it's in the same category as Marbury or Brown, I think is inaccurate.

Senator Schumer. But sir, Griswold came up in Lawrence. I don't known how many years ago that was. You can make the argument that even, somehow or other, somebody challenged precepts that flow from Marbury. I certainly--

Judge Roberts. And so perhaps I should have taken the approach Justice Scalia took. He wouldn't tell this committee whether Marbury was correctly decided.

Senator Schumer. I am glad you didn't do that.

Judge Roberts. Well, and then the reward for not doing that is to have additional cases that are very current in terms of the litigation before the Court, and the idea, as well, you said what you thought about Marbury. What do you think about the Raich case, which just reaffirmed Wickard v. Filburn? There are two very different parameters.

My approach has been a practical one, not an ideological one, but a practical one, but saying--

Senator Schumer. I am sorry. Just explain to me why you can say it about Griswold, which I am glad you did, but not about Wickard. Both of them have been litigated, tangentially, at least, in the last five or six years.

Judge Roberts. Well, Wickard was litigated directly in the Raich case. I don't think the issue in Griswold is likely to come before the Court. It was unlikely--

Senator Schumer. Wasn't Lawrence an outgrowth of Griswold in terms of what the right of privacy is to consenting adults in their bedroom?

Judge Roberts. Well, that's one of the issues, but the difference between the issue that was presented in Griswold and its ramifications of the analysis, those are two very different issues.

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Senator Schumer. Okay. Let me ask you just a little bit about--a little more on the Commerce Clause. We have all talked about the hapless toad and the need--the fact that the toad didn't cross State lines didn't lead you to reject the Endangered Species Act under the Commerce Clause but to go seek another possibility. So let me give you a couple of hypotheticals.

Let us say we figured out that somebody could make botulism, or a lot of people could make botulism, a deadly, deadly poison--I think it is one of the seven poisons that the FBI looks for in terms of doing danger to us--that they could make it with materials completely within the State. There was no material that crossed State lines. It is a little bit like the toad. Would you think that the Federal Government, if Congress ordained, would have the ability to regulate that activity?

Judge Roberts. I think that sounds a lot like the Raich case, where the Court determined the medical marijuana issue even though the regulation of marijuana as an illicit drug--it had interstate impact even if the medical provision of it did not, and so they were willing to look beyond and apply the Wickard case, which they reaffirmed the suitability, and conclude that that had a significant effect on commerce, the regulation in general. You didn't have to look at the specific regulation.

It would seem to me that that--

Senator Schumer. Would you different that from Viejo?

Judge Roberts. Well, in Viejo, you're dealing with particular species, and the difficulty--and again, it was what another court had looked at, not the activity that was regulated, the interference with the species, but the activity that was taking place and having that impact, the building of a housing development.

Other courts, the Fifth Circuit in the GDF case, had argued that the approach of looking at the housing development rather than the particular activity was inconsistent with the Supreme Court's decisions, and what I said is that if there's another basis on which to evaluate it, and there was, and the panel opinion noted, we don't have to reach these other grounds because of our conclusion, that we should focus on those other alternative grounds and see if we could base and uphold the Act on those.

Senator Schumer. I understand, and my time is getting close to the end, so--I'm not sure I agree with the large difference between Raich, Viejo, and the hypothetical that I gave. I think the Viejo case and the hypothetical I gave were limited, but let me just conclude with this.

You know, people wonder, what is all the fuss about? The answer is very simple, and that is that we could see, if certain viewpoints became majority viewpoints on the Supreme Court, the dismantling of the entire apparatus to protect our rights through the narrowing of the Commerce Clause, which I said Justice Thomas already agrees should be narrow, and we have a President who may have--he at least has one more nomination--who said he wants to appoint people in the mold of Thomas.

Not only would the Endangered Species Act go, Title VII would go. OSHA would be gone. The Controlled Substances Act and prohibitions against personal possessions of biological weapons could all be unconstitutional.

Justice Thomas's views on this issue are similar to others. He is against any substantive due process right under the 14th Amendment. He believes that the Establishment Clause would allow the establishment of State religions--of religions in the

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States. And so this is a--these are serious, serious things. He would invalidate campaign finance laws. He would eliminate affirmative action.

Now, he is just one Justice, but I think it is our job here in the Senate on both sides of the aisle, if we feel that that kind of judicial philosophy, that kind of legal reasoning does not belong in the Court, to find out if nominees ascribe to it, and if they do, look at them warily.

I am not saying you do. As I said, some of the things you have said, I found pleasantly surprising today. But I do think it is our job and I think we are going to continue to do it.

Senator Schumer asked about the Commerce Clause, and I have just been fascinated by this debate about the Commerce Clause. Of course, you know, when this Nation got started, of course first we had the Articles of Confederation, where the States were supreme and they could not--the Nation could not function unless all States agreed. And so the Federal Government was essentially impotent, which led of course to the Constitutional Convention and a Federal form of government, where States and the Federal Government shared powers.

And now it is interesting to hear--of course we have seen a growth of national power over the years through a series of court decisions, and Congress, frankly, has pushed the envelope and tried to argue that Congress has virtually unlimited power to legislate, and can crowd out State Governments completely out of any field it wants to.

Isn't it true that there are specific jurisdictional bases upon which the Congress can legislate? In other words, under the 14th Amendment, Section 5, under the Commerce Clause? In other words, the Constitution of the United States was supposed to be a Constitution of delegated or enumerated powers, and interstate commerce being one of those enumerated powers. Of course, there are other provisions like the Necessary and Proper Clause. There have been a lot of decisions over the years about whether it is only powers expressed or implied and the like.

But isn't it true that the Supreme Court in the last decade has finally said, in Lopez and in Morrison, for example, that Federal power is not unlimited, that there is some limit and the fight is really over where those limits are? Would you agree with that?

Judge Roberts. Yes, Senator, and I do think that a proper consideration of Lopez and Morrison has to take into account the more recent Supreme Court decision in Raich, where the Court made the point that, yes, we have these decisions in Lopez and Morrison, but they are part of a 218-year history of decisions applying the Commerce Clause, and they need to be taken into account in the broad scope. It's an appreciation, again, the first one in 65, 70 years that recognized a limitation on what was within the Congress' power. But they're not sort of--they didn't junk all the cases that came before. They didn't set a new standard. That's what the Court said in Raich. It said, yes, we have those two cases, don't over-read them. Put them in the context and, you know, move on from there. And as the Court in Raich concluded, they upheld the exercise of Congress' authority.

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Chairman Specter. I am going to move now to the confrontation between Congress and the Court, and what I consider to be denigrating comments about the Congress. In the Morrison case, in the face of a overwhelming factual record, the Court, 5-4 decision, said that parts of the legislation to protect women against violence unconstitutional because of the congressional "method of reasoning." And then the dissent picked up the conclusion that the majority's view was "dependent upon a uniquely judicial competence" with the other side of the coin being congressional incompetence. And then in the dissent in Tennessee v. Lane Justice Scalia says that the Court engaged in ill-advised proceedings to make itself the "task master" to see if the Congress has done its homework. You commented a few minutes ago that you would be respectful of Congress. Do we have your commitment that you won't characterize your method of reasoning as superior to ours?

Judge Roberts. I don't think it's appropriate--

Chairman Specter. In your particular case, maybe yours is, but--

Judge Roberts. No, no.

[Laughter.]

Chairman Specter. As a generalization--we have gone around this with other nominees, and after they have gone to the Court, they have not been mindful as to what they have said here. But I take umbrage at what the Court has said and so do my colleagues. There isn't a method of reasoning which changes when you move across the green from the Senate columns to the Supreme Court columns. And we do our homework, evidenced by what has gone on in this hearing, and we do not like being treated as schoolchildren, requiring, as Justice Scalia says, a task master.

Will you do better on this subject, Judge Roberts?

Judge Roberts. Well, I don't think the Court should be the task master of Congress. I think the Constitution is the Court's task master, and it's Congress' task master as well. And we each have responsibilities under the Constitution. And I appreciate very much the differences in institutional competence between the judiciary and the Congress when it comes to basic questions of fact finding, development of a record, and also the authority to make the policy decisions about how to act on the basis of a particular record. It's not just disagreement over a record. It's a question of whose job it is to make a determination based on the record. Now--

Chairman Specter. On the record. In U.S. v. Morrison, the legislation to protect women against violence, the record showed that there were reporters on gender bias from the task force in 21 States and eight separate reports issued by Congress and its committees over a long course of time leading to the enactment and the characterization by the dissenters that there was a mountain of evidence.

What more does the Congress have to do to establish a record that will be respected by the Court? And this is where the five-person majority threw it over, not because of the record but because of the method of reasoning. Isn't that record palpably sufficient to sustain the constitutionality of the Act?

Judge Roberts. Well, Mr. Chairman, I don't want to comment on the correctness of incorrectness of a particular decision. What I will say--

Chairman Specter. Well, Judge Roberts, let me interrupt you there for a minute. Why not? The case is over. This isn't a case which is likely to come before you again. These are the specific facts based on the rape of the woman--alleged rape by the three

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VMI students. I liked your answers yesterday. You were willing to answer more questions about cases on the differentiation that they are not likely to come before the Court. This is not likely to come before the Court again. Isn't this record sufficient in Morrison to--

Judge Roberts. Well, Mr. Chairman, I must respectfully disagree. I have been willing to comment on cases that I think are not likely to come before the Court again. I think the particular question you ask about the adequacy of findings, make a determination of the impact on interstate commerce, is likely to come before the Court again. And expressing an opinion on whether the Morrison case was correct or incorrect would be prejudging those cases that are likely to come before the Court again. And that is the line--it's not just a line that I'm drawing. It's a line that, as I've read the transcripts, every nominee who's sitting on the Court today drew. Some of them drew the line far more aggressively and wouldn't even comment on cases like Marbury v. Madison.

What I can tell you is that with respect to review of congressional findings, that my view of the appropriate role of a judge is a limited role and that you do not make the law, and that it seems to me that one of the warning flags that should suggest to you as a judge that you may be beginning to transgress into the area of making a law is when you are in a position of re-evaluating legislative findings, because that doesn't look like a judicial function. It's not an application of analysis under the Constitution. It's just another look at findings.

Now, again, I don't feel it's appropriate to comment on Morrison. I do feel it's appropriate to tell you that I appreciate the differences between Congress and the courts with respect to findings, both with respect to the issue of the capability and competence to undertake that enterprise, and also with respect to the issue of authority to make a decision based on the findings.

Chairman Specter. Judge Roberts, we will have to agree to disagree about that. I don't think the facts of Morrison are likely to come before the Court, but I ask the questions, you answer them.

Senator Feinstein. Okay. I won't go there. Let me go somewhere else.

The Commerce Clause, the 14th Amendment, Lopez, which began a chain of about 36 cases striking down major pieces of legislation. It is not easy to get a bill passed here. I mean, there are hearings, there are discussions, there are markups. There is one House, there is another House, there is a President. It goes through most of the time scrubbed pretty good before it gets to the President.

Gun-free schools, struck down in 1995, an impermissible use of the Commerce Clause. In 1996, Moses Lake, Washington, a shooting in a school. In 1997, Bethel, Alaska, principal and one student killed. In 1997, Pearl, Mississippi, two students killed and seven wounded by a 16-year-old. In 1997, West Paducah, three students killed, five wounded. Stamps, Arkansas, two students wounded. Jonesboro, 1998, four students, one teacher killed, ten others wounded outside Westside Middle School. Edinborough, Pennsylvania, one teacher killed, two students, and on and on and on. An impermissible use of the Commerce Clause to prohibit possession of a weapon in schools. Now, at what point does crime influence commerce?

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Judge Roberts. I think it does, and one of the things that's important to understand about the Lopez decision as the Court analyzed it, and again, I'm not taking a position on whether it was correctly decided or not--

Senator Feinstein. Right.

Judge Roberts. --but as the Court analyzed it, one of the things about the Act is that it did not have what's known as a jurisdictional requirement. It didn't have a requirement that the firearm be transported in interstate commerce, a requirement that I would think it would be easy to meet in most cases because--

Senator Feinstein. But the firearm is transported in interstate commerce, maybe not when that student had it, but to get to the student, the firearm has been transported in interstate commerce.

Judge Roberts. My point is that the fix in Lopez, all that the Court was saying was missing in there, or what was different about Lopez than many of the other cases was that lack of a jurisdictional requirement. And if the Act had been, as I understand the Court's analysis, if the Act had required that, which I think, again, it's fairly easy to show in almost every case--as you say, these guns are transported in interstate commerce--then that would have been within the Congress's power under the Commerce Clause.

I think it was an unusual feature of the legislation that it didn't have that requirement as so many laws do. As you know, it often says, you know, in interstate commerce, and that's, at least as I understand the Lopez decision, what made it unusual.

Senator Feinstein. That is very helpful. You might get it back again someday with that fix.

Senator Sessions. . . . We have talked about the Commerce Clause, and there has been a lot of criticism of some of the cases. I think there have only been two significant Commerce Clause cases maybe in the last 40 years: Lopez and Morrison. Senator Feinstein and you had a nice exchange about Lopez. I would certainly agree with your analysis. Had the Congress placed in there a requirement that the firearm had been traveled in interstate commerce, I believe that statute would have been upheld. We could pass it again with that simple requirement, and virtually every firearm will have traveled in interstate commerce. A few States have manufacturers. When I was a Federal prosecutor, I prosecuted a lot of those cases. As a young prosecutor, I was sort of an expert at it in the 1970s, and I proved sometimes the interstate commerce by simply putting an agent on saying there was no gun manufacturer in Alabama, or it said "Made in Italy" on it. I remember I got that affirmed one time as proof beyond a reasonable doubt that it was not made in Alabama. So Lopez, I believe, is a good decision.

Also with regard to crime, I would note that we have always had that nexus with interstate commerce. As a Federal prosecutor, it is not prosecution for theft. It is prosecution for interstate transportation of stolen property. That is the Federal crime. Theft is prosecuted only by the State courts, unless it is theft from an interstate shipment. That is a Federal crime. It is not stealing an automobile. It is interstate transportation of a stolen motor vehicle. ITSMV is the Federal crime.

The Hobbs Act, the Extortion Act to use against politicians, you have to have an interstate nexus.

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And I have had cases where bribery was proven but we were not able to prosecute it federally because it did not have an interstate nexus. RICO, even arson cases have to have it there. So I just want to make sure that if--

Let me ask you this. In general, would you not agree that if someone in Pennsylvania picks up a rock and murders their neighbor, that is a crime unreachable by Federal prosecution under traditional interpretations of Commerce Clause and the reach of the Federal Government?

Judge Roberts. Well, again, barring special circumstances of the sort you were talking about, that's generally something addressed by State authorities.

Senator Sessions. But we need to get this thing straight. We have some people complaining we are federalizing too many crimes and then complain that we are striking down some that go too far. States should prosecute these cases locally and effectively and should do that, schools and guns and that kind of thing. And in the Violence Against Women Act, there was a Commerce Clause case where a woman was raped and then sued the people who assaulted her and raped her. She wanted to sue in Federal court under the Violence Against Women Act. And what the Court held there was, as I read it, that the Court limited Congress's power to provide for civil damages, money damages. She could sue that rapist in State court, but not for money damages in Federal court. Is that the holding of that case?

Judge Roberts. That's my understanding of what the Court held in the Morrison case, yes.

Senator Sessions. And I don't think it is an utterly extreme position. It certainly did not gut the Violence Against Women Act. It has so many more provisions than just that. If the action had been against a private business, could the damages have been rendered in that case?

Judge Roberts. I'm not sure I know the answer to that, Senator.

Senator Sessions. I will take the follow-up on the Garrett case that several people have mentioned. It involved the University of Alabama in a lawsuit against the State institution, claiming violation of the disabilities act. The State defended on the grounds that you could sue the State of Alabama for backpay; you could sue the State of Alabama to get your job back; you could sue the State of Alabama and get an injunction against the State to not discriminate again in the future; but under the Sovereign Immunity doctrine that protects a State from lawsuits, you couldn't sue them for money damages.

Now-Senator Cornyn as attorney general of his State and attorney generals like Attorney General now-Judge Bill Pryor, who defended Alabama, raised that defense. And I do not think it is a bogus defense. I think it is a legitimate concern.

Judge, do you recall where the doctrine that is so famous in the law--that the power to sue is the power to destroy--do you remember where that came from in legal our legal history?

Judge Roberts. I remember tax opinions talking about it, the power to tax being the power to destroy, but--

Senator Sessions. I think the doctrine has been applied to the States, so we attorney generals are familiar with it under the sovereign immunity that the States have. If you are empowered to sue the State of Alabama in Federal court, then you have virtually the power to destroy that State financially, if there is no real limit on it. And so we have always provided and the States have provided a sovereign immunity that the

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States will only allow themselves to be sued under certain circumstances and you cannot just sue them unnecessarily.

I know Senator Mark Pryor, our Democratic colleague, signed on the brief for the State of Alabama in the Garrett case taking this position, and the Supreme Court ruled with it. I also would note that it did not in any way destroy the disabilities act. It applied to only--State employees only make up about 3.7 percent of the employees in the Nation that might be covered by that.

So I think that there have been some healthy trends in reestablishing that there is some limit to reach of the Commerce Clause. Would not you agree?

Judge Roberts. Well, the interesting thing, the Court's most recent decision is the medical marijuana decision in the Raich case. And the Court there looked at the Lopez and Morrison decisions and tried to put them in context and said--because the argument there was based on Lopez and Morrison, saying this is beyond Congress's power, and the Court said those are only two of our cases and they need to be put in the broad sweep of Commerce Clause precedents for over 200 years. Yes, they are two cases and it had been, I think, 65, 70 years since the Court had focused on limitation under the Commerce Clause and concluded that it was beyond Congress's power. But the Raich case concluded this was within Congress's power. They said don't--it's not as if Lopez and Morrison are junking all that came before. They just need to be considered in a broad context.

And of course there's decision after decision, going back to Gibbons v. Ogden, one of Chief Justice John Marshall's early opinions, about the scope of Congress's power and the recognition under the constitutional scheme that it is a broad grant of power, and the recognition that this body has the authority to determine when issues affecting interstate commerce merit legislative response at the Federal level. I think that's--

Senator Sessions. Well, I think you are--just to go on to another subject, but I think you are correct. These are some difficult areas and the courts need to give a lot of attention to. But some recognition that there are limits to Federal reach is, I think, legitimate for a court.

Senator Feinstein. I want to go back to "hapless toad." It still bothers me. I asked you some questions about it yesterday. Let me ask you instead, because I am trying to get at it one way or another, the factors you would consider in making determinations on the scope of congressional power under the Commerce Clause. In Viejo, you addressed whether the survival of the endangered toad substantially affects interstate commerce, rather than looking at whether the cumulative impact of the survival of all endangered species substantially affects interstate commerce.

In National Association of Home Builders v. Babbitt, a case you call into question in Rancho Viejo, the D.C. Circuit followed the Wickard cumulative test and looked at whether the protection of all endangered species substantially impacts interstate commerce. The D.C. Circuit noted that although it is difficult to know the commercial impact of an individual species, in the aggregate we can be certain that the extinction of species and the attendant decline in biodiversity will have a real and predictable effect on interstate commerce.

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In order to determine whether the Endangered Species Act regulates activity that substantially affects interstate commerce, should the courts look at the impact on interstate commerce of each individual species, or the cumulative impact of all species that are protected?

Judge Roberts. Senator, first of all--

Senator Feinstein. Do you think you can answer that?

Judge Roberts. I can, Senator. But I do need to clarify. At the beginning you said something that, what I did in the Rancho Viejo case, and that was not what I did. The only thing that I did in my opinion--and again, there was another opinion that analyzed it and made a determination of whether it was constitutional. I did not join that opinion determining that it was unconstitutional. I simply said that we need to look at these other grounds on which to sustain the Endangered Species Act. We should consider it en banc.

There was another court suggesting that our approach was inconsistent with the Supreme Court opinions. When I was confirmed for the Court of Appeals, everybody wanted to know will you follow the Supreme Court opinions? And I told you I would. And here we have a court of appeals suggesting you're not following them, and I said, well, let's take the case en banc. I did not state an opinion on whether the Commerce Clause requirement was satisfied or not. I said let's take it en banc and consider these other grounds.

The other grounds went to precisely the issue and the question that you asked.

If we had looked at it under the other grounds, which was the commercial activity surrounding the endangered species, in other words, the issue that one other court of appeals had said, for example, there is commercial activity surrounding endangered species that takes place nationwide, not limited to where the particular species is, and that would satisfy the commercial activity requirement and allow the Court to apply Wickard under the Supreme Court's precedents--

Senator Feinstein. Which is tough duty when you get down to, let's say, a really endangered species where you have very few of the species remaining. Perhaps they had been in a number of different States.

Judge Roberts. That was the problem that was presented--as my opinion tried to set forth, that's the problem that was presented with the approach that the panel took, and I thought we ought to re-hear it and look at these other grounds where you don't have to ask whether there is impact on interstate commerce from the particular species, the very point you--

Senator Feinstein. Let me tell you what is bothering me, is that it sets a prelude for the Clean Water Act and the Clean Air Act.

Judge Roberts. Well, in those areas, again, the commercial impact of pollution, those are things that I think are not going to present as difficult an issue remotely as if you look at each individual species. The whole point of my argument in the dissent was there was another way to look at this that would allow you to not have to look at the interstate impact of the one particular species. They were grounds that the Court in a panel opinion said they did not have to reach because they had taken this other approach that the Fifth Circuit was suggesting was inconsistent with our approach. And all I said--and, again, it is important to recognize, I did not say that even in this case the decision was wrong, that it was unconstitutional. Another judge dissenting did say that. I did not

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join that opinion. I simply said let's look at these other grounds for decision because that doesn't present this problem.

Senator Feinstein. Thank you for clearing that up. I appreciate it.

Senator Schumer. Let me, if I might. I want to go back to the Commerce Clause, which bothers me, as you know. Again, apart from anybody's view, do you agree that the Congress has the power under the Commerce Clause to regulate activities that are purely local, so long as Congress finds that the activities exert a substantial economic effect on interstate commerce?

Judge Roberts. If the question--and this is where the issue comes up--is whether or not as the Court has addressed it, the activities are commercial. If the activities are commercial in nature, you get to aggregate them under Wickard v. Filburn that we have talked about. You do not have to look at just that particular activity. You look at the activity in general. Where the dispute and issues come in is whether the activities are commercial. That is where the disagreement--the point I was trying to make in the infamous or famous toad case. If you should look at this as commercial activity, then you can--

Senator Schumer. Do you believe Congress deserves a great--this is in reference to some of the things Senator Specter talked about--that Congress deserves a great deal of deference when it decides something is commercial and has findings to that effect?

Judge Roberts. I do, Senator, and I think that is the basic theme that runs through the Court's Commerce Clause jurisprudence. There is again of course the Lopez and Morrison decisions, but there is also the Raiche decision, and again I think it is very important to--and what the Raiche decision said is you've got to consider Lopez and Morrison in the context of this broad sweep, not just as sort of the only decisions.

Senator Schumer. Okay. Let me ask you then this hypothetical, and that is: that it came to our attention, Congress's, through a relatively and inexpensive simple process individuals were now able to clone certain species of animals, maybe an arroyo toad; did not pass over State lines, you could somehow do it without doing any of that. Under the Commerce Clause can Congress pass a law banning even non-commercial cloning?

Judge Roberts. I appreciate it's a hypothetical and you will as well, so I don't mean to be giving binding opinions. But it would seem to me that Congress can make a determination that this is an activity, if allowed to be pursued, that is going to have effects on interstate commerce. Obviously, if you were successful in cloning an animal, that's not going to be simply a local phenomenon, that's going to be something people are going to--

Senator Schumer. You can leave it at that. That is a good answer as far as I am concerned.

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Death Penalty and Habeas

Durbin. . . . Tell me in that context, as you look at this and talk about this, what appeared to be a very sterile and bloodless process as you answered Senator Grassley, tell me what goes through your mind and your heart when you think about addressing the death penalty, what happened in the Herrera case and what we should look to from the Court in the future when it comes to the Eighth Amendment and to the death penalty.

Judge Roberts. Well, I think it's important, first of all, to appreciate that the issue in the Herrera case I think was misportrayed as an issue of actual innocence. The issue in the Herrera case is at what point should new claims--in this case, the claim after his brother died, well, guess what, I didn't do it, my brother did it, and he's dead now. That is to some extent a claim of innocence, but it's the sort of claim that did not have, as the courts determined there, sufficient factual support to be taken seriously. That's quite different from a claim, for example, of DNA evidence. Now, that's an issue that's working its way up, and I don't want to comment on it, other than to say that it seems to me that that type of claim--that somebody who just died was the actual murderer is different from the scientific issue. They're just different cases. So I don't think that one should be taken as suggesting a view on the other.

Obviously, any case involving the death penalty is different. The Court has recognized that. The irrevocability calls for the most careful scrutiny. It is not an area in which I've had to consider cases as a judge up to this point, and I certainly know the magnitude of the concern and the scrutiny that all the Justices bring to that question. It's just different than other cases. There's no doubt about that. And DNA evidence obviously I think is a very important and critical issue. No one wants an innocent person executed, period. And the availability of that type of evidence, that opportunity in some cases, I think is something that's a very significant development in the law.

Now, as I said, there are cases coming up in there, so I don't want to say anything further.

Senator Durbin. I understand that. It is unfortunate that the decision was made by the White House not to provide the memos and writings on the 16 cases when you served as Deputy Solicitor General. This was one of the cases, Herrera. And so we might have learned a little more about the thinking at that time that led to your conclusion.

Senator Leahy. . . . Let me go to an issue we discussed yesterday, or others did, the issue of capital punishment. We have held in this committee a number of hearings that show some real flaws in the administration of capital punishment, you know, sleeping lawyers, drunk lawyers, lawyers who didn't bother even to investigate or didn't have the funds to do it. More than 100 death row inmates have been exonerated, some, though, who spent years on death row in the most horrible conditions for a crime they never committed.

I think Senator Durbin mentioned the situation out in Illinois where a Republican Governor had to, and did, courageously, I thought, extend clemency to a whole lot of people who had been on death row. Some say, and I think you have even said this, when

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they are exonerated, it shows the system works. Well, let me tell you about the system in that case.

One of the people was Anthony Porter. He spent 16 years on death row. He was within two days of being executed. The system didn't work on behalf of the government doing it. A bunch of kids from Northwestern University who had taken as an elective course a course on journalism, and the teacher said, why don't you look into a couple of these, and these kids went out and did it. The kids dug up the information that was there, available to the police, available to the prosecutor, available to the Feds. Nobody dug it up. They found it, and within two days of his execution, the State's Attorney dropped the case. They got somebody else to confess.

You said two years ago, and I remember being at that hearing, you said that on the startling number of innocent men sentenced to death who were later exonerated, you responded it somehow showed the system worked in exonerating them.

I worry about that statement. I really do. It has bothered me--and, you know, I voted for you for the circuit court and it was a split vote in our party. But that one really bothered me, that statement. I found it almost mechanical, and I will tell you why.

When we have people say innocent people who have been freed after years on death row shows the system is working, it doesn't. I think Sandra Day O'Connor said a few years ago, if statistics are any indication, the system may well be allowing some innocent defendants to be executed. If that is the case, the system is not working.

Herrera, we discussed that. The court grappled with it, didn't ultimately decide, does the Constitution permit the execution of a person who is innocent. As principal Deputy Solicitor General, you co-authored the amicus brief for the U.S. in the Herrera case. You said the claim of innocence does not state a ground for Federal habeas. Actually, you said, quote, "Does the Constitution require that a prisoner have the right to seek judicial review of a claim of newly-discovered evidence instead of being required to seek relief in the clemency process? In our view, the Constitution does not guarantee the prisoner such a right."

So let me ask you this. Without going into the facts of Herrera, is it your current personal view that the death row inmate who can prove his innocence has no constitutional right to do so before a court before he is executed?

Judge Roberts. Well, Senator, and this is the basis of the disagreement in Herrera. Herrera was not a case about actual innocence. It's a question of whether you're entitled to bring a new claim--

Senator Leahy. But listen to my question. Is a death row inmate who can prove his innocence, they have no constitutional right to do so in a court of law before they are executed?

Judge Roberts. Well, prove his innocence. The issue arrives before you get to the question of proof and the question is, do you allow someone who has raised several claims over the years to suddenly say at the last minute, somebody who just died was the person who committed the murder, and does that mean you start the trial all over again simply on the basis of that last-minute claim, or do you require more of a showing at that stage? That's what Herrera was about.

Now, I don't think, of course, that anybody who is innocent should be--suffer as a result of a false conviction. If they've been falsely convicted and they're innocent, they shouldn't be--

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Senator Leahy. Well, does the--

Judge Roberts. --in prison, let alone executed.

Senator Leahy. But does the Constitution permit the execution of an innocent person?

Judge Roberts. I would think not, but the question is never do you allow the execution of an innocent person. The question is, do you allow particular claimants to raise different claims a fourth or fifth or sixth time, to say at the last minute, somebody who just died was actually the person who committed the murder. Let's have a new trial. Or do you take into account the proceedings that have already gone on.

Senator Leahy. I am looking for broad principles here. You said--let me read it again--"does the Constitution require that a prisoner have the right to seek judicial review of a claim of newly-discovered evidence instead of being required to seek relief in the clemency process? In our view, the Constitution does not guarantee the prisoner such a right." Is that your view today?

Judge Roberts. Well, that's what the Court held in Herrera--

Senator Leahy. Is that your view today?

Judge Roberts. Well, I'm not in a position to comment on the correctness or incorrectness of particular Court decisions. That's the Court's precedent in Herrera. It agreed with the administration position, which was not that innocent people should be subject to imprisonment or execution--

Senator Leahy. That is the position you took. The Supreme Court is going to revisit this issue in House v. Bell. Because you stated a position on that, does that require you to recuse yourself in House v. Bell?

Judge Roberts. No, because the position was stated in a brief filed on behalf of the administration and we talked yesterday about the established principle that lawyers do not subscribe as a personal matter to the views they present on behalf of clients.

Senator Leahy. Well, in this case, the client is the United States. I mean, you are stating the position as sort of the, what do they call it, the Tenth Justice.

Judge Roberts. Well, I was the Deputy Solicitor General on the brief. I didn't argue the case. The Solicitor General was the counsel of record in the case. But the position presented in the brief as an advocate is not necessarily the position of every lawyer on the brief.

Senator Leahy. I think you were more than just a lawyer on a brief. You were one of the most sought-after jobs, picked because of your position. I was very impressed when I talked with you about your use of Latin, for example, and French, and I am always impressed by somebody with that facility. There is a Latin phrase--and this is not a "gotcha." I will translate it: "Qui facit per alium facit per se." He who acts through another acts for himself. And that is not the case in Herrera?

Judge Roberts. He who acts for another acts for himself? Well, it's the client acting through the lawyer. And it's the client who's acting for themselves.

Senator Leahy. You are the client in this case when you--the Solicitor General is the client, in effect.

Judge Roberts. No, Senator, I disagree with that.

Senator Leahy. Okay.

Judge Roberts. The Solicitor General represents the interests of the United States, and those positions represent that client's position.

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In the Herrera case, again, it was the Solicitor General who was responsible for the position that was advanced. I'm not suggesting in any way that I disagree with it or agree with it. I'm just saying that it is a basic principle in our system that lawyers represent clients, and you do not ascribe the position of the client to the lawyer. It's a position that goes back to John Adams and the Revolution.

Senator Leahy. Let me ask you this, then. Let me ask you something that can be ascribed to a Justice of the Supreme Court, and it is something that both the Chairman and I have talked a lot about, and that goes to some of the mechanics. If you will let me take a moment--you understand these, but for the audience, the so-called rule of four. It takes only four Justices to grant cert, but it takes five to grant a stay of execution. Usually the courtesy is that if you get four, a fifth one will sign on. That has not always been followed of late. Of course, we are dealing with the life or death, which Senator Specter called it bizarre and unacceptable, and it needs legislation to change it.

How do you feel, if you were Chief, you had four--four of the Justices now voted for a stay of execution, do you feel as Chief you should do the courtesy of the rule of five and kick in the fifth one?

Judge Roberts. It's an issue that I'm familiar with. I do know it arose. And I thought the common practice, the current practice was that if there are four votes to grant cert that the Court would grant the stay, even though that does require the fifth vote, so that you don't have a situation--

Senator Leahy. Yes, but that is because one more says, okay, we got four--

Judge Roberts. Right.

Senator Leahy. --we will put somebody else's name on here. But that hasn't been followed all the time recently. It usually was, and that is why both Senator Specter and I have raised concern. Do you feel the earlier practice of once you have four--

Judge Roberts. I think that practice makes a lot of sense. I don't want to commit to pursue a particular practice in an area that I'll obviously have to look at in the future, but it obviously makes great sense that if you have four to grant and that's the rule that you will consider an issue if there are four to grant. You don't want to moot the case by not staying the sentence.

Senator Leahy. And I appreciate that because I know we find a lot of cases where they are perfectly willing to grant cert on monetary damages, but here you can't get it right, it doesn't make much difference on appeal after the execution.

Senator Leahy. . . . You wrote a memo regarding--back in 1983, as a White House lawyer, you wrote a memo regarding proposals by then-Chief Justice Warren Burger to reduce the Supreme Court's caseload. In that memo, you volunteered the following: "If the Justices truly think they are overworked, the cure lies close at hand. For example, giving coherence to Fourth Amendment jurisprudence by adopting the good-faith standard and advocating the role of fourth or fifth guesser in death penalty cases would eliminate about a half dozen argued cases from the Court's docket each term."

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Are you saying that judges are just too busy to pay attention to death cases?

Judge Roberts. No, Senator.

Senator Leahy. What are you saying? How do you feel today? That was 1983. How do you feel now 22 years later?

Judge Roberts. Well, in 1983, of course, they were hearing about 150 cases a year. They hear about half that now. Again, I don't want to prejudge questions or even be presumptuous to look down the road, but it seems to me that there's the capability there to hear more cases today, not fewer. And I'm sure there are reasons for the reduction in the caseload that I'm not familiar with that I might become more familiar with, but they handled twice as many cases 20 years ago than they do today. And I think the capability to address more issues is there in the Court.

Senator Leahy. My time is up, but I think you will find both the Chairman and the Ranking Member of this Committee believe they could handle more. Thank you, Judge.

Senator Kyl. . . . Let me just conclude with kind of a general comment, but before I do, just try to correct the record on--not necessarily correct, but add to the record on one very narrow point. You were discussing, I believe with Senator Kennedy, the Herrera v. Collins case, and he talked about innocence claims being heard by the Court, that a prisoner should have the right to present innocence claims.

I just wanted to ask you: Is it not the case that in that Herrera v. Collins case it did not address the proper route for bringing claims based on newly discovered forensic evidence such as DNA testing? Which is, of course, a relatively new phenomenon now, but that was not the issue presented in that case.

Judge Roberts. That's right. There wasn't--I don't know if they had as much access to that type of evidence back then when it was argued, but it was certainly not that type of evidence. It was a new claim that somebody else did it, somebody who had just died. That was the new claim that they sought to raise at the last stage there. And I do think any issue arising with respect to DNA evidence--and those issues are working their way up through the Court. Those cases would have to be addressed on their own terms.

Senator Kyl. Thank you.

Senator Feingold. . . . I will only be able to get to some of my questions on the next subject, and hopefully in the next round can continue. But, Judge Roberts, as Senator Leahy mentioned earlier, when you came before the Committee a couple of years ago, we discussed the fact that more than 100 people on death row have been exonerated and released, and, in fact, I believe the number is now 121 people who we know were sentenced to die for crimes they did not commit.

I want to follow up on work that Senators Durbin and Leahy have done in discussing with you the Herrera case. I do differ with your characterization of the case. The Solicitor General brief that you signed presented the issue as whether the Constitution "requires that a prisoner have the right to seek judicial review of a claim of newly discovered evidence." That is, the question was not how strong the evidence of innocence must be, as you seemed to be suggesting earlier, but whether the Constitution

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requires that there be some avenue presenting evidence of innocence in Federal court. Your brief argued that it does not.

Now, that brief also, as you know, contained a footnote that I am going to ask you to comment on. It said, "There is no reason to fear that there is a significant risk that an innocent person will be executed under procedures that the States have in place. The direct review and collateral procedures that the Federal Government and the States have in place are more than ample to separate the guilty from the innocent." And yesterday you talked about the possible effect of DNA evidence on the legal framework in this type of case.

In light of the many cases of innocent people ending up on death row that have come to light in the past decade, and aside from what was the ultimate issue at stake in that case, do you still agree with your statement from the Government's Herrera brief?

Judge Roberts. Well, that was the administration position at the time. It was one that the Supreme Court agreed with; 6-3 I think was the ruling. I know Justice O'Connor was in the majority.

The issue--and, again, there was obviously argument a the time about what the issue really was in Herrera. And I thought it was quite inaccurate to view it as a case involving the question of whether actual innocence could be presented, because there was--it was a claim of newly discovered evidence, and it was a claim that somebody who had just died was actually the murderer. At the end of exhaustive appeals through the State system, exhaustive collateral review through the State system, exhaustive collateral review through the Federal system, is there an obligation to decide at that point that a new claim that somebody else committed the crime--

Senator Feingold. I am running out of time, and I just wonder if you still stand by the statement, if you can just say yes or no.

Judge Roberts. Well, that was the administration position.

Senator Feingold. All right. Well, let me cut to the quick. I would like to know whether you think there is a risk that innocent people may be sentenced to death in today's criminal justice system. And I must say, Judge, Supreme Court Justices do have the power of life and death in these matters.

Judge Roberts. Senator, I think there is always a risk in any enterprise that is a human enterprise like the legal system. Obviously, the objective of the provision of the rights to a criminal defendant and trial, the provision of collateral review at the State level, the provision of collateral review at the Federal level, the availability of, as you suggested, clemency--all of that is designed to ensure that the risk is as low as possible.

There are issues that are going to be presented about the availability of DNA evidence which may or may not help reduce the risk even further. There is always a risk. And, obviously, when you're dealing with something like capital punishment, the risk is something that has to be taken extremely seriously at every stage of the process.

As we talked about more than 2 years ago at the prior hearing, I think the most effective way of minimizing that risk is to ensure that people facing that sanction have the best counsel available at every stage. As you know from looking at this problem, the issue that comes up are questions that weren't raised that should have been raised if the person had a more capable lawyer, avenues that weren't pursued that should have been pursued if that lawyer had the resources. And that's where I think the risk of wrongful

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conviction is going to be most effectively addressed, ensuring the availability of competent counsel at every stage of the proceeding.

Senator Feingold. Thank you, Judge.

Judge Roberts. Thank you, Senator Feingold.

Senator Feingold. Turning again to the death penalty, when you worked in the Reagan administration, you expressed strong opposition to Federal courts reviewing criminal convictions and State courts reviewing writs of habeas corpus. As you know, prisoners who believe they were wrongly or unfairly convicted in State court can seek to have the Federal courts hear their claims via a writ of habeas corpus.

Habeas corpus is a fundamental part of our legal system that has long protected individual freedom. In a 1981 memo, you argued that the availability of Federal habeas relief to State prisoners "goes far to making a mockery of the entire criminal justice system." In that same memo, you said, "The question would seem to be not what tinkering is necessary in the system but, rather, why have Federal habeas corpus at all?"

Then in 1983, as Senator Leahy brought up yesterday, you suggested that if the Supreme Court wanted to reduce its caseload, it should "abdicate the role of fourth or fifth guesser in death penalty cases." Not in First Amendment cases or antitrust cases, but death penalty cases.

I know that you've said that your memos in the Reagan administration reflected the views of the administration a nd not your own. But in this area, at least, your memos clearly indicate, I think, that these were your views. With the 1981 memo, for example, there is a cover note in your handwriting directing that the memo be sent to Jon Rose, an Assistant Attorney General at the time, with a cover note that reads, "The attached memorandum contains some thoughts on habeas corpus reform for whatever you think they're worth. Judge Friendly and Justice Rehnquist would never have forgiven me if I had remained mute." That sounds a lot like a memo advocating your views, not those of the Department.

With regard to the memo from 1983 that I mentioned, you were analyzing the Chief Justice's proposal to create another intermediate appellate court to take the pressure off the Supreme Court's docket, and you said, and I quote, "My own view"--"My own view is that it is a terrible idea." And you went on to say that the fault lies with the Justices themselves who take too many cases, including death penalty cases.

And you sent a personal letter to Judge Friendly in 1981 that said, "This is an exciting time to be at the Justice Department when so much that has been taken for granted for so long is being seriously reconsidered. To cite just one example, serious thought is being given to reform of habeas corpus. I do not know what will eventuate. As you noted, what has come to pass as the Great Writ is regarded by many lawmakers with no idea of the problems as unalterable perfection."

Now, that discussion in a personal letter sounds like your own opinion as well. A decade later, when you were at the Solicitor General's office during the first Bush administration, you signed several briefs that sought to strictly limit Federal habeas review. And in 1993, while in private practice, you testified before the House Republican Task Force on Crime in favor of further habeas restrictions.

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The comments in your memos from the 1980s, I am sorry to say, don't even show the slightest concern about innocent lives possibly being lost if Federal habeas were eliminated. Does the possible hostility toward the habeas process that was expressed in those memos, particularly in death penalty cases, reflect your current view on Federal habeas? Or have your views changed or evolved?

Judge Roberts. Well, as you know, the law has changed and evolved dramatically since the early 1980s, and at least with respect to my personal letter to Judge Friendly--I guess I thought it was a personal letter--

[Laughter.]

Judge Roberts. But the situation has changed dramatically, as you know. What I was referring to in the early 1980s was a situation where there were no limits on repetitive habeas corpus petitions, four, five, six, dozens of different petitions could be filed repetitively. Congress saw that as a problem. Congress acted to address the very concerns that I was raising there in past legislation. The Supreme Court saw it as a problem. The Supreme Court acted in a number of cases, the Teague case and others, in limiting the availability of successive and repetitive habeas petitions.

Actually, what happened is the Supreme Court, I think, started down that path, and Congress made the decision that this is something they should look at in a more comprehensive way. So Congress passed laws that restrict when people can file repetitive and successive petitions. Those are the very concerns that I was talking about. They were concerns that had motivated the first person I worked for as a lawyer, Judge Henry Friendly, to write on the subject. He wrote a famous article on habeas reform entitled "Is Innocence Irrelevant?" because he thought these successive petitions had made sort of a game out of the whole process in which the question of innocence was totally lost in these successive petitions.

And the references to the Great Writ, yes, of course, the writ of habeas corpus has an established heritage as a basis for complaining about illegal confinement. But all the stuff we are talking about there--the fourth and fifth successive petitions, raising new issues that should have been raised in the first petition--and as you know, that's what Congress' legislation focused on.

Senator Feingold. But, Judge, did you not at the time, as I read in your statement, advocate the abolition of Federal habeas review?

Judge Roberts. No. The purpose of what I was saying was to certainly reform and abolish the system as it existed then, where people could file repetitive and successive petitions, and I'll tell you why. The main problem--and I think it's a particular concern in death cases--is that nobody along the way feels that they're making the responsible decision. If people get in a situation where they know, okay, if you're on a jury and you sentence someone to death, if you think, well, he's going to file habeas petitions in State court, and they're going to look at it then, after that--and the person who considers the State habeas petition says, "I know there are going to be successive Federal habeas petitions, they'll look at the issue then," everybody is pointing fingers in opposite directions.

When Congress reformed this system, I think it helped to make clear that the decisions that are going to be made on the first habeas petition are going to be critical, and so hopefully it's looked at a lot more carefully than in the prior system when you

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knew, well, that wasn't the end of the process, it wasn't even the beginning of the end; the conviction was just the end of the beginning.

Senator Feingold. Well, would you agree that had the view that you advocated in your memos prevailed in the early 1980s, the abolition of the writ, and Federal habeas review of State court convictions was removed entirely, had that happened, innocent people would have been executed and serious constitutional errors would have gone unaddressed?

Judge Roberts. Well, that wasn't my position.

Senator Feingold. No, but I am asking--

Judge Roberts. No, my--

Senator Feingold. Had that view prevailed, not necessarily your personal view, but the abolition of the writ, isn't it the case that innocent people would have been--

Judge Roberts. Oh, I'm not in favor now and was not in favor then of not allowing any Federal habeas review.

Senator Feingold. I am asking you whether you wouldn't agree that as a matter of fact--

Judge Roberts. Yes.

Senator Feingold. --had the writ been eliminated, that some innocent people would have been executed?

Judge Roberts. Well, they certainly wouldn't have been able to assert their claim of innocence in Federal habeas--

Senator Feingold. Would not have--

Judge Roberts. --and people do succeed at that stage. I certainly think it serves a valuable purpose. But that, again, was not--you know, the situation with respect to habeas 23 years ago was quite different than it is today, and the reason it's changed, I think, is because Congress responded to those sorts of concerns.

Senator Feingold. I take those comments as very important, and I know you can't comment on this, but there are further efforts now to further limit this right that could come before you. And I know you can't comment on it, but I think it is of great significance that you have acknowledged that some of those changes that were made in the 1990s have significantly affected your view about the propriety of the habeas process.

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Environmental Law

Senator Leahy. I hope you feel that way. I know the people who spoke of the First Amendment, it is not there to protect popular speech, that is easy, it is unpopular speech. And as I mentioned yesterday, our State really wanted to make sure the Bill of Rights was going to be there before we joined the union.

Let me switch gears a bit. In the area of environmental protection, I feel that you have narrowly construed laws in the Constitution in a way that closed the courthouse doors to millions of parents who want to protect their children from dangerous air pollution or unsafe drinking water, fish contaminated with mercury, foods covered with pesticides. We all know that often the President, no matter who is President, and the local governments do not do enough to protect people in environmental areas, from environmental dangers, and we have given them protection, the Congress has.

I thought your Duke Law Journal, which many have commented about in the press and otherwise, was somewhat dismissive regarding these citizen suits to protect the environment. You wrote that Congress may not ask the courts in effect to exercise oversight of responsibility at the behest of any John Q. Public who happens to be interested in the issue. You discount the interests that many citizens and Congress have in preserving our environment. A few years ago--you sound very much like Justice Scalia--I know a few years ago, the Supreme Court, over the dissent of Justice Scalia, ruled that a citizen living near a stream that had been polluted by many illegal discharges of mercury from an upstream company did have the right to go to court over these illegal mercury discharges. The Government was not enforcing the laws.

So I ask you this. People, if their President or their Governor fails to enforce these laws, why should not individuals have access to courts where polluting companies could be made to pay for their wrongdoing? What can you tell us to assure us, parents or children who are worried about this from birth defects and all, all of us, what can you do to assure us that they as individuals who under Chief Justice Roberts find the courthouse door slammed shut in their face?

Judge Roberts. Well, one thing I would tell them to do is read the rest of the Duke Law Journal article, because one thing it makes--point it makes is that environmental interests, it goes on to say aesthetic interests, those are all protected under the law, and that one reason courts should insist that those who bring suit have standing--that's the issue--that are actually injured, is because standing can encompass certainly environmental harms. The issue that was being addressed in the Duke Law Journal article was whether anyone could bring a lawsuit just because they are interested in the issue, or whether the plaintiffs had to show that they had been injured. In other words, in your hypothetical, the people who are downstream from the mercury pollution, they will be able to show that they are injured and can bring suit.

The question is whether somebody halfway across the country who's not injured by that act should be able to bring suit. That was the issue in the—

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Equal Protection Clause

Senator Kennedy. [After long discussion of civil rights and Hurricane Katrina:] To start my inquiry, I want to discuss with you the Brown v. Board of Education, which you have already mentioned this morning, which I believe is the most important civil rights decision in our lifetime. In Brown, decided in 1954, the year before you were born, the Supreme Court concluded unequivocally that black children have the constitutional right to be educated in the same classrooms as white students. The Court rejected the old doctrine of separate but equal, finding that it violated the Equal Protection Clause of the 14th Amendment.

In considering the issues raised by Brown, the Court took a broad and real-life view of the question before it. It asked, does segregation of children in public school solely on the basis of race, even though physical facilities and other tangible factors may be equal, deprive the children of the minority group of equal educational opportunities? So do you agree with the Court's conclusion that the segregation of children in public school solely on the basis of race is unconstitutional?

Judge Roberts. I do.

Senator Kennedy. And do you believe that the Court had the power to address segregation of public schools on the basis of the Equal Protection Clause of the Constitution?

Judge Roberts. Yes.

Senator Kennedy. And you are aware that Brown was a unanimous decision?

Judge Roberts. Yes. That was the--represented a lot of work by Chief Justice Earl Warren, because my understanding of the history is that it initially was not and he spent--it was reargued. He spent a considerable amount of time talking to his colleagues and bringing them around to the point where they ended up with a unanimous Court.

Senator Kennedy. And a lot of work by the plaintiffs, as well.

Judge Roberts. I'm sure.

Senator Kennedy. First, in reaching its decision, the Court concluded that it must consider public education in the light of its full development and its present place in American life throughout the nation, that is that it must consider the conditions and impact of its decision in the real present-day world. The Court specifically declined to rely on the legislative history of the 14th Amendment. It looked instead to the facts and situation as they exist in the case and in the world at the time of the decision.

Judge Roberts, do you agree that the Court was correct in basing its decision on real world consideration of the role of public education at the time of its decision rather than the role of public education in 1868, when the 14th Amendment was adopted?

Judge Roberts. Certainly, Senator. The importance of the Court's approach in Brown is, of course, to recognize that the issue was whether or not the discrimination violated equal protection, and you have to look at the discrimination in the context in which it is occurring. I know there has been a lot of recent academic research into this, the original intent of the drafters of the 14th Amendment. Professor McConnell's piece suggests that it's perfectly consistent with the conclusion in Brown, and it also, for the very point you mentioned, was an important one, that the nature of the institution of public education wasn't formed to the same extent at the time of the drafting--

Senator Kennedy. In 1868, that is right.

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Judge Roberts. --yes, as it was at the time of the decision.

Senator Kennedy. The Brown Court also held that it was important to look at the effects of segregation on public education. The court determined that education was so vital to a child's development and opportunity for advancement in society, where the State had undertaken to provide public education, it must be available to all on equal terms. Thus, it found that the separate education was inherently unequal. So it is fair for me to conclude you accept both the holding and the reasoning in the Brown case?

Judge Roberts. Well, the reasoning, though, I think it's important, is focused on the effects, yes, but the conclusion was that they didn't care if the effects were equal. In other words, the genius of the decision was the recognition that the act of separating the students was where the violation was and it rejected the defense, certainly just a theoretical one given the actual record, that you could have equal facilities and equal treatment.

I think the conclusion, if the record had shown--which it did not--if it had shown perfectly equal treatment in the African American school and in the white school, then Chief Justice Warren's analysis would be the same because the act of separation is what constituted the discrimination.

Senator Kohl. … Judge Roberts, yesterday you describe your role as a judge as just an umpire, as you called it, calling balls and strikes. That is an interesting analogy for me as I have more than most some personal experience with umpires and referees. But as all of us with any involvement in sports know, no two umpires or no two referees have the same strike zone or call the same kind of a basketball game, and ballplayers and basketball players understand that, depending upon who the umpire is and who the referee is, the game can be called entirely differently.

When we look at real legal cases, I wonder whether or not your analogy works. For example, in our private conversation, I asked you whether the words of the Constitution must always be interpreted in the same way as the authors originally intended. For example, the 14th Amendment, which guarantees equal protection under the laws to all citizens, was written at a time when schools were, in fact, segregated based on race. And yet in Brown v. Board of Education, the Equal Protection Clause was interpreted to find segregation schools unconstitutional, and you, of course, have endorsed that decision.

No one disagrees with that conclusion today, but would a neutral umpire, as you described yourself yesterday, have decided back in 1954 to expand the words of the Constitution outside of the strike zone? Would a neutral umpire have overturned a 58-year-old Supreme Court precedent and gone against the understanding of the authors of the 14th Amendment and also the views of almost half of the State legislatures at that time in making the decision that they made?

Judge Roberts. Well, Senator, I think the answer to your question is yes. The research into the original understanding of the drafters of the 14th Amendment has expanded and changed quite a bit, and I think a very good case can be made about their views. But, more importantly, the issue was the institution of public education wasn't as established at the time as it was in 1954, the time of the crafting of the amendment. And,

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you know, the Framers spoke in broad language, and whether they specifically addressed the question of public education or not isn't the limitation. Their intent was not limited to the particular problem. They chose broad language, and they should be held to their word. And I think it is perfectly consistent with an original understanding to argue and to conclude that their original understanding meant that segregated schools were unconstitutional, not just in 1954 but at the time they enacted the amendment. I think a strong case can be made there.

And what was interesting about the Brown case--maybe it's my own perspective, but if you look at the arguments in that case, yes, John W. Davis arguing for the Board was arguing on the basis of precedent in Plessy v. Ferguson, saying this is the established law. But so was Thurgood Marshall. He went in and he was arguing on the basis of more recent precedent, Sweatt v Painter, a more recent decision of the Court about law school separate but equal. And he was saying you need to build on that more recent precedent in addressing this case.

So the Court was not changing the strike zone. That wasn't the way Marshall presented his argument. And it wasn't necessary for them to say we're changing the rules of the game. What was necessary for them to do and what Marshall was urging them to do was to get it right when they had gotten it wrong in Plessy.

Senator Kohl. Judge, back in 1954, clearly the Supreme Court Justices were willing to step outside the box, to break new ground, to do something that no one, no Court, no legislature, no President had done before, and strike out in an entirely new and positive direction for this country. They were not umpires simply calling balls and strikes. They were breaking new ground, and they did so in the best interest of our country, didn't they?

Judge Roberts. Well, of course, it was a dramatic shift, and the overruling of Plessy v. Ferguson was exactly that. My point is simply that if you look at the Brown decision, it is more consistent with the 14th Amendment and the original understanding of the 14th Amendment than Plessy v. Ferguson, and it's based on the conclusion that the separation of the races in the schools was itself a violation of equal protection. In other words, it's not a departure from the 14th Amendment. It was a departure from the--

Senator Kohl. But it was ground-breaking.

Judge Roberts. Certainly.

Senator Feinstein. Thank you. I would like to move on. In Bray, you argued on behalf of the government as Deputy Solicitor General that the right to have an abortion is not specific to one gender. Specifically, your brief stated, quote, "unlike the condition of being pregnant, the right to have an abortion is not a fact that is specific to one gender," end quote. In your oral argument, you went on to make this point by comparing Operation Rescue's attempts to prevent a woman from exercising her privacy right to make decisions about her pregnancy to an ecologist's efforts to block an Indian tribe from using their exclusive fishing rights. Do you think that is an appropriate analogy?

Judge Roberts. Well, Senator, it was a position and an argument that the administration made that was accepted by the Supreme Court by a vote of six to three. The point, underlying point was that under the statute at issue in Bray, the Ku Klux Klan

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Act required under the Supreme Court's precedents that people engaged in the challenged activity must be motivated by a discriminatory animus. Obviously, under the Ku Klux Klan Act, the classic case, racial hostility.

And the issue was, are people opposed, in the Bray case, opposed to abortion opposed to women, and the determination of the Court was that, no, that there are people who are opposed to abortion and that does not constitute opposition or discriminatory animus against women and, therefore, that the Ku Klux Klan Act didn't apply. Many other provisions obviously apply in the case of abortion protestor violence, including State law and other provisions of Federal law. But the Supreme Court concluded six to three that there is no discriminatory animus based on opposition to abortion.

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False Claims Act

Senator Grassley. In regard to how you view and use legislative history, I would like to discuss your opinion in the Totten v. Bombardier Corporation case interpreting the False Claims Act. The issue on appeal was whether Bombardier had met the presentment requirements of the False Claims Act. To violate the statute according to Section 3729(a)(1), a company must have presented its false claim to an officer or employee of the Federal Government. Importantly, Section 3729(c) explicitly provide that the term "claim" includes demands for payment submitted to Government contractors whether or not they are resubmitted to the Federal Government.

In your opinion, you wrote that those facts of that case did not consist of a false claims under the False Claims Act because there can only be a false claim if it is literally presented to somebody that is a Federal Government employee, I assume.

It seems to me that to reach this result, you inserted a resubmission requirement into the law in a place where it doesn't, in fact, appear, Section 3729(a)(1), and, in fact, gave short shrift to the legislative history, which spelled out what Congress intended when it amended the Act in 1986. The legislative history of the Act and the Senate Committee report--and I didn't refer to my authorship of the legislation, but, anyway, in our Senate Committee report explaining that liability under the False Claims Act attaches to a submission of, and I quote, "a false claim to the recipient of a grant from the United States or to a state under a program financed in part by the United States."

The legislative history also states that Congress sought to ensure that "a false claim was actionable although the claim or false statements were made to a party other than the Government if the payment thereon would ultimately result in a loss to the United States."

So my question is whether, on reflection, that is a fair way to deal with the express wishes of Congress and whether it is possible that you misunderstood the statute when you decided the Totten case, and why did you reject legislative history if you referred to it--and maybe you didn't refer to it. But why did you reject legislative history regarding the resubmission requirement in the False Claims Act when you wrote the opinion in Totten?

Judge Roberts. Well, Senator, the answer to your question is it's certainly possible that the majority in that case didn't get it right and that the dissent that was a very strong dissent did get it right. I think the majority got it right. There we focused on particular language. The issue in the case involved, as you know, a subcontractor claim. You have the United States giving money to--in this case, it was Amtrak, and then Amtrak using that money to hire a subcontractor--I think it was Bombardier--to do a particular part of the job. Everybody agreed that under the precedents that are applied, Amtrak is not the Government, can't be considered part of the Government. And the statute, as you noted, required--it was triggered by the presentment of a false claim to an officer or employee of the United States. And the majority's reasoning was that when--the false claim was one made by Bombardier to Amtrak, and the claim was submitted to Amtrak. And since Amtrak was not the Government, what Judge Rogers and I concluded was that that wasn't presentment of a false claim to an officer or employee of the United States.

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There was an extensive discussion between the majority and the dissent. The view that you have articulated was certainly presented in a compelling way by Judge Garland, my colleague on the court of appeals, and we spent a great deal of time on the case, and I think it's reflected in the opinions. And that view was laid out. Judge Rogers and I thought that the statutory language that said the claim had to be presented to an officer or employee presented too high a hurdle for us to get over in looking at the legislative history.

But I'm happy to concede that it was among the more difficult cases I've had over the past 2 years. Anytime judge Garland disagrees, you know you're in a difficult area. And the function of his dissent to make us focus on what we were deciding and to make sure that we felt we were doing the right thing I think was well served. But Judge Garland disagreed, and so it's obviously to me a case on which reasonable judges can disagree. And I just have to rest on the analysis in the majority opinion.

Senator Grassley. Let me tell you something you might not be aware of, and that is that the Bush administration has filed an amicus brief in the Eleventh Circuit arguing that you had misread the False Claims Act in the Totten case, and in Atkins v. McIntyre, the administration has argued that there's no presentment requirement in Section 3738(a)(2) of the False Claims Act, and that "the Totten majority misconstrued the language and purpose of the False Claims Act in concluding that the Act does not encompass false claim records statements submitted to recipients of Federal funds absent resubmission to a United States officer or employee." And I assume if I ask you if you have an opinion on that you can't answer it.

Judge Roberts. Well, not on that one. I do know the Bush administration filed an amicus brief in our case as well. I guess this would be one of those cases I would cite in response to the question of whether I'm capable of ruling against the administration. We did in that case. Again, the arguments, I think, were well presented on both sides, and Judge Rogers and I gave it our best shot, and the opinion will stand or fall on its own.

Senator Grassley. Well, I hope sitting in the marble palace you will remember that I have great pride in the success of the False Claims Act--$8 billion coming back to the Federal Treasury.

Judge Roberts, you filed an amicus brief in the case of United States v. Halper, a case which raised the question of whether a civil False Claims Act case could implicate the double jeopardy clause. The Supreme Court agreed with your arguments and held that the double jeopardy clause protects a convicted criminal defendant from a second punishment in the form of a civil sanction that "may not fairly be characterized as remedial" because it is "overwhelmingly disproportionate to the damage the defendant has caused." As you know, the Halper decision was later overturned by Hudson.

Judge Roberts, do you consider the False Claims Act treble damages provisions to be excessive, in the words of the Court, "overwhelmingly disproportionate," and also in the words of the Court, "not fairly characterized as remedial"?

Judge Roberts. Well, you've touched on a case that's very close to my heart, Senator. It was the first case I argued before the Supreme Court. I was appointed by the Court to argue it on behalf of Mr. Halper.

It was an unusual case. It arose--the conspiracy at issue was a slight inflation of--I believe it was Medicare or Medicaid claims that this individual was submitting. I think he added $1 or $2 to every claim. And yet under the law at that time, there was a

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minimum penalty for each false claim. These numbers won't be right, but he had something like 300 false claims for a grand total of maybe $700, but under the statute, he was assessed a civil penalty of several million dollars because each of the false claims was a separate penalty.

And the issue was, after having been sentenced criminally, would a civil penalty of several--and, again, I'm not sure of the numbers, but several million dollars for $700 or so of fraud, was that remedial and civil or was it punishment? And the Court agreed with my submission at the time that that was punishment. It led to some difficulty, I think, in administering civil and criminal laws down the line, and as you said, 8 years later they reversed course and overruled the Halper precedent.

But the provision that you specifically mentioned, treble damages, that is a little different. There it's a much closer connection, obviously just 3 times whatever the damages are. In the Halper case, it was a much more disproportionate impact, and that's what led the Court, I think, to conclude that that looks like punishment. Treble damages is something that's familiar in the law in a number of areas and is not regarded as impermissible punishment in this context.

Senator Grassley. Are you familiar with the legal arguments that some opponents of the False Claims Act have made to the effect that its qui tam provisions are unconstitutional under Articles II and III, and if so, do you have an opinion on these arguments, and before you answer, I would like to remind you that at least since the first Congress was involved in this, I would like to assume that the Framers of the Constitution, because the First Congress enacted several qui tam statutes, that if that be any deference to you in giving--whether this factor would make any difference to you when assessing the constitutionality of qui tam statutes today.

Judge Roberts. I think, if my memory serves, that the Article III objections, and just so we're on the same page, the qui tam statutes, of course, are when a private individual brings suit on behalf of the government for fraud on the government and in return gets a percentage of the recovery. And as you noted, it's been under the False Claims Act very successful in securing recovery of funds on behalf of the government.

The Vermont case--and I'm not remembering it any more than that, it was a case from Vermont--I think addressed most of the Article III issues. The objection was that individual has no standing, I think, because he doesn't necessarily have an interest, and what the Court said was that the individual has standing as a result of the bounty, if you will, the percentage he gets. That satisfies the standing requirement, so those objections are out of the way.

I do know that some have raised additional objections under Article II, which goes to the fact that this might interfere with the executive's authority to execute the law. In other words, you have private individuals bringing suit. I'm not sure that those issues have been finally resolved, and obviously, if those cases do come up, I'll want to keep an open mind.

The fact that you mentioned, obviously, about historic practice, that is something that the Court does look to in assessing constitutionality. If it's something that the Founders were familiar with or a practice that they engaged in and showed no disagreement with, that, while not determinative, that is a factor that the Court would look at. I don't know if any of those cases are going to come before the Court, but if they do, it's one of the considerations that'll have to be taken into account.

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Senator Grassley. Other than the Totten case and the Halper case, have you ever written or spoken publicly about the issue of the constitutionality of qui tams or any other provisions of the False Claims Act, to your memory?

Judge Roberts. I don't remember any, no, Senator.

Senator Grassley. Okay. Judge Roberts, in 1986, while serving as an Associate White House Counsel, you approved Reagan administration testimony regarding the Whistleblower Protection Act of 1986. You probably recall that the Reagan administration opposed that legislation, which is now law. Could you explain what role, if any, you had in formulating the administration's position on the Whistleblower Protection Act?

Judge Roberts. I don't recall any role, Senator. Our office--the Counsel's office would routinely review testimony that was about to be given. We were just looking out for particular constitutional concerns or issues. We generally did not get into the substance. The substance of that would have been shaped over in the Justice Department and we would have really been looking out for anything that we thought infringed on the constitutional authorities of the President or presented other consistency issues. But the substance of the testimony is not something I was involved in.

Senator Grassley. Do you feel that you have any bias against the False Claims Act or Whistleblower Protection Act that would impact on your ability to fairly decide cases on those statutes?

Judge Roberts. No, Senator. I have had some whistleblower cases, different aspects I do recall coming up in the Court of Appeals and I think in some cases, we ruled in favor and in some cases, we ruled against. So I have seen those cases and had no difficulty fairly and objectively deciding them.

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Federal Jurisdiction – Implied Rights of Action

Senator Leahy. [After questioning on standing article:] But I read it also in conjunction with your brief that you wrote in 1991, when you were Kenneth Starr's political deputy.

This was in Franklin County v. Gwinnett Public Schools. Now, in that case, a girl, Christine Franklin, had been sexually harassed. She had been abused from the time she was in the 10th grade by a teacher and a sports coach. The school was aware of the sexual harassment but took no action, in fact they even encouraged her not to complain. The Office for Civil Rights at Department of Education investigated and found her rights were violated under Title IX of our Civil Rights Law; she had been physically abused; her right to complain about gender discrimination had been interfered with. You argued that she had no right to damages for this abuse. Now, your view was rejected by the Supreme Court. Justice White, in an opinion joined by Justice O'Connor and others wrote that you fundamentally misunderstood the law and history of the Court's role in providing appropriate remedy for such abuse, and that you had invited them to abdicate their historical judicial authority to award appropriate relief.

So do you now personally agree with and accept as binding law the reasoning of Justice White's opinion in Franklin?

Judge Roberts. well, it certainly is a precedent of the Court that I would apply under principles of stare decisis. The Government's position in that case, of course, in no way condoned the activities involved. The issue was an open one. The Courts of Appeals had ruled the same way that the Government had argued before the Supreme Court, and it arose because we were dealing with an implied right of action, in other words, right of action under the statute that courts had implied. The reason that there was difficulty in determining exactly what remedies were available is because Congress had not addressed that question. The remedies that were available, as we explained, included issues such as restitution, back pay, injunctive relief, and the open issue, again, was whether damages were available. The Supreme Court issued its ruling and cleared that up.

Senator Leahy. But here in a case, I mean it is a pretty egregious case, you have--and I am sure that you in no way condone what happened to this young girl, but I mean it was awful. She would be taken out of class by this teacher, brought to another room, basically raped. And Justice White made it very clear, contrary to what you and Kenneth Starr had said, that she had a right for actions because of that abuse.

Now, do you feel that they were acting, even though it went different than what you had argued, do you feel the Court's opinion is based on sound reasoning?

Judge Roberts. Well, I don't want to say--

Senator Leahy. Do you think it is a solid precedent?

Judge Roberts. It is a solid--it's a precedent of the Court. It was, as you say, a unanimous precedent. It concerned an issue of statutory interpretation because it was unclear whether Congress had intended a particular remedy to be available or not. That was the question before the Court. The Court of Appeals had ruled one way. The Supreme Court ruled the other way.

The administration's position was based on the principle that the decision about the remedy of back pay was a decision that should be made by Congress and not the

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Court. The Court saw the case the other, and that issue is now settled, and those damages actions are brought in courts around the country.

Senator Leahy. But I wonder if we are balancing angels on the head of a pin. What kind of back pay was this teenage student going to be seeking? What kind of--

Judge Roberts. Senator, there--

Senator Leahy. What kind of injunction? Is she going to do it after she graduated? Would she seek that kind of injunction? I mean I--you know, as a parent, and you are a parent, I mean I just wonder are we saying that we will put up a block for people who have really justiciable reasons to be in court?

Judge Roberts. No, Senator. Again, there was no issue in the case about condoning the behavior. I found it abhorrent then. I find it abhorrent now. That's not the issue. The issue in the case is did Congress intend for this particular remedy to be available? Other remedies were available under the provision at issue, and the question is, was this remedy available?

Senator Leahy. The back pay.

Judge Roberts. Restitution and injunction to prohibit the harmful activity. Again, the issue arose because Congress had not spelled out whether there was a right of action in the first place or what the components of that right of action should be. The issue—

Senator Sessions. … On the Gwinnett case, the Title IX, the women's education case, the position you took that would deny the right to sue a State entity, a Government entity for money damages, was that not a position consistent with the position of the Court of Appeals that had written the only opinion on that subject?

Judge Roberts. Yes, that was the Court of Appeals position.

Senator Sessions. So you, in advocating that position, were expressing a view that was the view of the highest Federal Court in the land at that time?

Judge Roberts. Yes.

Senator Feingold. . . . As you know, 42 U.S.C. 1983 is a Federal law that allows Americans to sue those who deprive them of their rights under the Constitution or Federal statutes. Section 1983 is a very important law because it has enabled individuals who are deprived of their rights to such things as Medicaid, public housing, child support enforcement, and public assistance to enforce those rights in Federal court. And I am a little concerned that you seem to have consistently argued for making it harder to bring Section 1983 lawsuits. In briefs you have filed, you advanced a series of arguments to effectively reverse decades of Supreme Court decisions and restrict Americans' ability to enforce Federal statutory rights under Section 1983.

As Deputy Solicitor General, you co-authored an amicus brief and argued in front of the Supreme Court in a case called Wilder v. Virginia Hospital Association. You said that individual Medicaid providers should not be able to sue under Section 1983 to enforce a provision of the Medicaid statute which requires States to reimburse them for services at reasonable rates. One of the arguments you made is that in order for a

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statutory right to be enforceable under Section 1983, the Court must find that the Congress clearly intended "to authorize private enforcement of that right in Federal court." You repeated this argument in another case you later argued when you were in private practice, Gonzaga University v. Doe.

The Supreme Court rejected your arguments in Wilder and found that the Medicaid providers could sue. In the later Gonzaga case, the Supreme Court specifically rejected your argument and found that it was not necessary for plaintiffs in a 1983 case to show that Congress intended to create a private right of action to bring a lawsuit and Section 1983 already supplies a cause of action.

What role did you play in deciding that the Government would participate as amicus in the Wilder case? And what role did you play in developing the argument that it made? And did you agree with the position that the Government took in the case?

Judge Roberts. Well, I'll answer that question, but before I do so, the position I advanced in the Gonzaga case prevailed. The argument that we made on behalf of the university--I was obviously representing the university's position, and they prevailed before the Supreme Court.

In the Wilder case, the determination to participate as an amicus was made by the Solicitor General, and I don't recall a particular role in that case. I worked on the brief. I presented the argument. We lost that case 5-4. It was a close issue. All of these issues go to the question of what Congress intended to do. If Congress had spelled out whether or not a right should be enforceable in Court, that is what the determination would be in Court. These issues arise only because of confusion over whether or not Congress has spelled out that a right should be enforceable in Federal court for damages or not. And in the Wilder case, the Court determined 5-4 that the right should be enforceable in Federal court. We were as an amicus supporting one of the States. I don't remember which one it was. And the State was making the argument that there is--the right is--the issue in all of these cases is whether the right should be enforceable administratively as opposed to--

Senator Feingold. Excuse me. I am just about to run out of time. Let me point out the Supreme Court did not accept the argument that the plaintiffs had to show that Congress intended to create a private right of action. And I am wondering now, Do you now agree with the argument that you have consistently made, both as a Government lawyer in Wilder and while in private practice in Gonzaga, that individuals should not be able to sue under Section 1983 to enforce a right unless the Supreme Court finds that Congress clearly intended to authorize private enforcement of that particular right in Federal court?

Judge Roberts. Well, the Gonzaga decision, which resulted--there were various arguments made in the brief. The ruling of the Court was in favor of the university that I was representing. And the determination in the Gonzaga case about what should be shown and what has to be shown is one of the precedents of the Court that I would follow, as any other, consistent with rules of stare decisis. That's not an area in which I have any particular view. I've argued both sides of that issue. On behalf of plaintiffs, I argued in favor of it, and on behalf of defendants, against it.

Again, the issue is not the enforceability, as in Gonzaga. The issue was should individuals be allowed to bring suit as opposed to action by, in that case, the Department of Education.

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Senator Coburn. The other thing, yesterday, you had an exchange with Senator Feingold on a case, and I think it was the Gonzaga case. You talked about Congressional intent. I would like you for a moment to spend a minute giving us your opinion, and you may refuse to do so if you care to, that would be your privilege, but one of my observations is that oftentimes, we don't do a very good job with the laws that we write because we are not very clear. Sometimes we are lazy. Sometimes we are politically expedient. But oftentimes, the very problems that you as a Court make controversial decisions over are because we have not done a good job.

I would just like your thoughts as to if you were to critique things that we could do better to make your job easier and clearer, what would you have to say to that?

Judge Roberts. Well, sitting where I am, I am not terribly inclined to be critical of the Congress--

[Laughter.]

Judge Roberts. --and wouldn't be in any event. But a lot of what judges spend their time doing, not always in the momentous constitutional cases that we've been talking about, but sometimes in very mundane cases, is the effort to discern Congressional intent, trying to figure out what Congress meant when it used specific words that were passed by both Houses and signed by the President into law.

Now, some of that is entirely unavoidable. The complexity of human endeavor is such that situations are going to arise that are not clearly answered by even the most specific language, and that's to be expected and judges have to address those situations.

But as you suggest yourself in your question, there are situations where sometimes Congress punts the issue to the courts. They can't come to an agreement about how a particular provision should be applied, and so folks who wanted to go one way and folks who wanted to go the other way just sort of leave it ambiguous or leave it out and take their chances in court.

Obviously, that's a different situation. I think all judges would tell you that to the extent Congress can address the issues and resolve the issues that are the policy questions entrusted to them, it makes it a lot easier for the courts to decide the cases that do come up because then it's just a question of looking at the facts and the law is clear and you apply the facts to the law. If the law is unclear, that makes it that much more difficult.

As I said, obviously, a lot of these situations are unavoidable, but there are certainly--and the Supreme Court has addressed many of these, the issue of implied rights of action in the past, and they were doing case after case after case and they finally adopted an approach in the early 1980s that said, look, we're not going to imply rights of action anymore. Congress, if you want somebody to have a right of action, just say so. But this is not a good thing for the courts to be doing, deciding whether a particular right of action should be implied or not.

And after the Court developed that jurisprudence in the early 1980s, the hope was, and I think it has been realized to a large extent, that there will be more addressing of that question in Congress, which is where it should be addressed.

Senator Coburn. And you would agree, we could do a better job?

Judge Roberts. Well, I'm sure everyone is doing as good a job as they can--

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Senator Coburn. That is the first answer I worry about that you given through the whole testimony.

[Laughter.]

Senator Leahy. When we left off the other day, you and I were discussing the Supreme Court's decision in the Christine Franklin Title IX case. This, for those who may have forgotten, is the case of very, very serious sexual abuse of a young girl by her teacher. It makes your skin crawl just to hear the facts of it.

Now, Justice White's opinion for the Supreme Court rejected your arguments, your technical legal arguments. You had argued she should not be allowed to sue for damages. He wrote, "From the earliest years of the Republic, the Court has recognized the power of the judiciary to award appropriate remedies to redress injuries actionable in Federal court." He went on to note that, "To disallow a damages remedy in this case would be to abdicate our historic judicial authority to aware appropriate relief in cases brought in our court system."

And then, most tellingly, Justice White wrote that your argument that Christine Franklin's remedy should be limited to back pay and injunction, a position you had reiterated a couple days ago, he said that conflicts with sound logic. He went on to say it is clearly inadequate. And he wrote that back pay does nothing for her and that prospective relief accords her no remedies at all.

Now, the reason I raise this case is not that it is one of those rare ones where you were on the losing side, but I raise it because I felt it was a case about what our courts should do, including doing justice and remedying rights and protecting Americans.

So my question to you is this: Do you now recognize that the Supreme Court's view in the case as set forth in Justice White's opinion was the right one and the positions of the United States in your brief were the wrong ones?

Judge Roberts. Well, as a judge looking at it, obviously when you lose a case, as you point out, 9-0, it's a pretty clear signal that the legal position you were advocating was the wrong one. The position the administration took in that case was the same position that the court of appeals had taken. In other words, what the Supreme Court did was reverse the lower court, so--

Senator Leahy. Well, I--

Judge Roberts. I'm just explaining why the position we took prior to the decision may have looked different than it did after the decision.

Senator Leahy. And I understand that. I thought I sort of laid that out earlier. But my question is: Do you now accept that Justice White's position was right and that the Government's position was wrong?

Judge Roberts. Well, I certainly accept the decision of the Court, the 9-0 decision, as you say, as a binding precedent of the Court and, again, have no cause or agenda to revisit it or any quarrel with it. The issue, of course, was the one of what remedies are available for an implied cause of action. The reason I think that the lower courts came out the other way and the Supreme Court came out one way is that you're dealing with an implied cause of action. In other words, it hasn't been spelled out and--

Senator Leahy. But I think the Supreme Court was looking and acting, as they felt, within the law for an area that would actually bring justice. That was basically my

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point. It may have been implied, but they looked within the case, they looked within the law, and they found an area to bring justice. And I realize hard cases sometimes make not the best law, but I think this case is a hard case but it made good law. Would you agree?

Judge Roberts. I have no quarrel with the Court's decision, Senator.

Senator Leahy. You have been involved a great deal in the development of the Supreme Court authority limiting the ability of individual Americans to ensure they actually receive the rights and protections that Congress has mandated under Spending Clauses. In the Reagan administration, you advocated legislative responses to Maine v. Thiboutot. That is how the Supreme Court tells me it is pronounced. It is not how those of us who live with those of French-Canadian descent might say it. But you strongly criticize--that was a case that recognized broad access to courts to vindicate your rights under Federal law. You criticized the damage supposedly caused by that case in a 1982 memo. And then you wrote briefs and argued before the Supreme Court in the 1980s and the 1990s. We talked about some of these--South Dakota v. Dole, Wilder v. Virginia Hospital, Suter v. Artist M., Gonzaga University v. Doe. And you called for the narrowing of Congress' spending powers and limiting the right of individuals to sue to compel the protections Congress required under Federal law.

I worry about this if an individual loses their right to sue if the State or the administration, whoever the administration might be, doesn't protect their rights. For example, if the only remedy for a State's refusal to live up to its obligations under a spending power enactment, like Medicaid or another such program, is action by the Federal Government, and the Federal Government doesn't act, where does that leave the rule of law? Where does that leave America's sense of justice if an individual can't then step in and seek action?

Judge Roberts. Well, two points, Senator. The issue in the Spending Clause cases that you refer to--Wilder, the later one, the Suter case, and the Gonzaga case that I argued when I was in private practice--the issue is one of congressional intent. The question is: Did Congress intend there to be a private right of action? That's what the courts are trying to figure out. And if Congress did intend there to be a private right of action, if Congress intended this to be actionable whether through 1983 or under--Section 1983 or under the law itself, then there would be a private right of action. In some cases, Congress doesn't intend that, and in those cases, there wouldn't be. I would say--

Senator Leahy. But--no, go ahead.

Judge Roberts. I was just going to make the point that in those cases, of course, I was advocating a position for a client. I did have occasion as a judge to address a Spending Clause case. It was a case called Barber v. Washington Metropolitan Area--

Senator Leahy. But that one, the statute was pretty darn clear, the Metro case.

Judge Roberts. Well, it was a 2-1 decision, divided decision on a court that doesn't often issue 2-1 decisions. There was a lengthy dissent saying that Congress did not have the authority to require the Metro--

Senator Leahy. Judge Sentelle dissented?

Judge Roberts. Judge Sentelle dissented.

Senator Leahy. I read that. I don't want to go into that. He is not here before us. But what I worry about, though, is the trend of these to say that Congress intended these programs, more like Medicaid, commitments there to be kind of an exclusive bargain

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between the Federal Government and the State government. And that raises a question in my mind. Do the courts really think we have made empty promises? I thought of this the other night because I remember what you said about the empty promises of the Soviet constitution. But wouldn't it be an indication we were making the same kind of empty promises if individuals can't sue if they are left as innocent bystanders who are harmed, but they have no remedy if the State is negligent in acting or if the Federal Government doesn't protect it? I mean, why shouldn't they be able to sue to get the promises that are made in these bills so that it is not like the Soviet constitution, great promises but empty?

Judge Roberts. Well, the issue is not whether they should be able to sue or not. The issue is whether Congress intended them to be able to sue or not. The issue doesn't even come up if Congress would simply spell out in the legislation we intended these individuals to have the right to sue in Federal court. That would prevent the issue from even coming up.

All of those cases we have been talking about arose because Congress did not address the question, and, therefore, the courts--

Senator Leahy. Yes, but Congress assumes the States and the Federal Government are going to do what the law spells out. We don't do it as an empty promise. We assume they are going to do it. When they don't do it, if you are developmentally disabled, Medicaid kids, foster kids, rape victims and so on, shouldn't they be able to have a voice?

Judge Roberts. Well, if Congress wants them to sue, all Congress has to do is write one sentence saying, "Individuals harmed by a violation of this statute may bring a right of action in Federal court." There are laws where Congress says that, and that question never comes up.

The issue in the various cases that we have been talking about, including in the Barber case, where I ruled that the individual did have the right to sue when I was judge, the issue is, What did Congress intend? And all too often that issue is not even addressed. I don't know whether it's because of inadvertence or it's because of an inability of Congress to agree, and they both sort of--both sides sort of say, well, let's let the courts figure it out.

Senator Leahy. Well, maybe it is an assumption of those of us who take an oath of office here to uphold the laws that the State government, those officials who take similar oaths of office, or the administrators in the national government who take similar oaths of office are actually going to do what they have sworn to do.

Judge Roberts. Well--

Senator Leahy. Let me--can I move on? Because it also goes to--and I understand your point on this, and we could probably debate this all morning long. But I hope you understand my concern, which is a concern of lot of American people in this area.

Let's go to another precedent that moved me a great deal, Gideon v. Wainwright. As a young law student, I had an opportunity--my wife and I had an opportunity to have lunch with Hugo Black shortly after that, one of the most memorable times I had. He was a former Senator. He recognized the Sixth Amendment's guarantee to counsel in a criminal case was a fundamental right to a fair trial. He called it an obvious truth that in an adversary system of criminal justice, any person hauled into court who was too poor to

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hire a lawyer cannot be assured a fair trial unless counsel is provided for him. There is a wonderful book, "Gideon's Trumpet," that Anthony Lewis wrote.

Doesn't Gideon stand for the principle that to be meaningful such a fundamental right as the right to counsel requires assurances that can be exercised?

Judge Roberts. Yes, I think so. I have often said that a lot of these difficulties, particularly in the area of legal errors being raised and collateral review, a lot of those difficult questions could be avoided if people had competent counsel from the very beginning.

Senator Leahy. Well, doesn't the same principle embodied in Gideon, that the Constitution guarantees a person's ability to exercise fundamental constitutional rights, doesn't that apply to other constitutional rights? I mean, to be meaningful, if we have these rights, they have also got to be real in people's lives.

Judge Roberts. Well, I think the basic instinct and genius behind the Gideon decision was that without counsel to protect people's rights, they were going to forfeit them. They were going to waive them due to ignorance or inability to appreciate the proceedings, and that is why you need counsel at that stage. It is not simply because you have a right to counsel in the abstract. It was the recognition that having counsel is a way to ensure the protection of your other rights that you may not even be aware of.

Senator Leahy. That could be with a lot of our rights. I mean we have got to be meaningful. You cannot just say you have them. I am really struck by your discussion of the Soviet Constitution. I totally agree with you on that, but we have 280 million Americans of all different economic and educational backgrounds and everything else; we have wonderful rights. Our Bill of Rights is, I think, one of the most amazing things ever written by a democratic people. But the rights are only there if they are meaningful in people's lives, that they can be enforced. And ultimately it may come right down to the courts.

Judge Roberts. Well, I think--

Senator Leahy. I mean Hugo Black's opinion is a pretty strong opinion.

Senator Feinstein. . . . Senator Kennedy engaged you in, I think, a substantive discussion on the civil rights issue, and you did let a little bit of the man come through, and I commend you for that. Thank you very much.

Let me talk about Gonzaga for a minute, because if I understand it, you argued that the Spending Clauses are not the supreme law of the land but should be viewed as contracts between the Federal Government and the States, right?

Judge Roberts. No.

Senator Feinstein. Okay.

Judge Roberts. It was not a dispute about it being the supreme law of the land. There is no dispute about that, that when Congress passes legislation, under the Supremacy Clause it's the supreme law of the land.

The question is what remedies are available. It's a very simple problem. You folks give money to the States, and you say you can spend this money on educational programs. But if you accept our money, you have to do this, this, and this.

Senator Feinstein. Right.

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Judge Roberts. And the question is, well, what happens if somebody comes into court and says they accepted the money, Congress said if you take our money you have to do this, they didn't do it, they violated my rights under this provision, what happens then?

Now, in many cases, Congress will say if these rights are violated, you can sue in court and you can make that State institution--in this case, not a State institution, a private university. The same thing, they've accepted the funds. You can make them pay damages. But in other cases, the argument is, well, the condition was imposed by the Federal Government, and the Federal Government should enforce any violations. And you don't necessarily have the right to sue for damages. That's the question.

It's an issue that would never come up if Congress would say in each law if you violate this provision, you can sue in Federal court, or you can't sue in Federal court. Or as in this case, we are going to set up an office in the Department of Education that is going to police compliance, and if you violate this provision, that office is going to come down on the university and make them comply, make them do whatever they need to do to get back into compliance.

There's no dispute that the university in this case is bound by the condition. The question is: Does an individual who's harmed by their violation get to sue about it? And sometimes it comes out that they can, as in the Wilder case. Sometimes it comes out that they can't. The determination is that Congress did not intend there to be a private lawsuit to enforce that. And that was the conclusion in the Gonzaga case.

Senator Feinstein. Well, let me ask you: Do you believe that State obligations created by Congress through the Spending Clause are enforceable by citizens in the courts?

Judge Roberts. Well, the answer there is it depends on that law. In Gonzaga what the Court determined was that provision at issue there was not enforceable by private citizens in the courts. It was enforceable by the Federal Government. The Federal Government can cut off the funds. More likely, the Federal Government can enforce the provision through proceedings against the university.

In the Wilder case, a different statute, the Court determined the condition in that case, the Medicare--or Medicaid funding case was enforceable, a private citizen could go into court because the review of Congress' intent in that case came out differently than it did in the Gonzaga case.

Senator Feinstein. Thank you. Well, let me just finish this quickly. I am not a lawyer and I don't really know how to ask this question, but let me try. When is it a contract and when is it the law? Because if it is a contract, that affects a whole host of laws that we pass that are very important--Medicaid, Title IX, No Child Left Behind, even the Internet Protection Act, all of these things. So when does a contract attach?

Judge Roberts. It's always a contract, and sometimes if the intent of Congress is that private parties be allowed to sue, it's more than a contract. But it's always at least a contract.

Senator Feinstein. So the intent has to be a specific intent.

Judge Roberts. It doesn't--no, the courts don't require that. They don't require that you specifically say you have the right to sue. But the Court has to look at it and try to figure out did you intend--when you put this provision in, did you intend private parties to be able to sue for damages? Or did you expect the Department of Education to enforce that and have the authority to cut off the funds or to impose other conditions

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because a university is violating it? And as I've said, some cases come out one way, and some cases come out the other way. But in each of those cases, what the Court is trying to do is figure out what you, the Congress, meant in that statute.

Senator Feinstein. I think my time is up. Thank you very much. Thank you.

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Federal Jurisdiction – Jurisdiction-stripping

Senator Kohl. Judge Roberts, as you know, over the last two decades or so, there have been several bills introduced in Congress to strip the Supreme Court and all other Federal courts of their jurisdiction over many issues. These bills are generally sponsored by people who are unhappy with various court decisions, including decisions on things like school prayer, remedies for school desegregation, and even a woman's right to choose.

While you served in the Justice Department and in the White House Counsel's Office in the Reagan administration in the 1980s, you did state that you believed that bills stripping the Court's jurisdiction were constitutionally permissible. Do you still hold this view? Do you think it is the right way for us to go, to allow legislatures to strip your authority to review cases?

Judge Roberts. Well, I know the memos to which you're referring make the point, answer your second question. I said that they were a bad idea. They were bad policy.

I'd been asked earlier when I was--back in 1981, I believe, when I was working in the Attorney General's office, to present to him an affirmative case for the proposition that these proposals were constitutional. He was getting an opinion that they were unconstitutional. He had to make that decision for the Department's position. He wanted me to argue the other side and I did. I prepared a memorandum presenting the best argument I could that these proposals were constitutional.

The two memos to which you refer in the White House where I suggested I thought they were suggest that my memo persuaded me, if nobody else. The Attorney General adopted instead the contrary position. And I think my views may have had something to do with the proximity to my own advocacy at the time.

As I say, I did say they were a bad policy. The reason I thought they were a bad policy is because they lead to a situation where there's arguable inconsistency and disuniformity in Federal law. If you don't have the Supreme Court with jurisdiction to address that, then you get different decisions, and that's bad policy.

If I were to look at the question today, to be honest with you, I don't know where I would come out. I think one of the questions I would have is whether these concerns I had that I labeled as policy concerns might more appropriately be considered legal arguments, in other words, not a policy dispute but a legal argument.

That's the way the opinion of the Office of Legal Counsel that the Attorney General agreed with viewed it. They said these--the fact of disuniformity and inconsistency is a legal argument against the constitutionality. It's not simply a bad policy decision. I'm not sure where I would regard that determination today.

Senator Kohl. Really? Are you saying that you're not sure where you would come out if you were faced with the decision to go along with or to fight legislative attempts to take away the Court's authority?

Judge Roberts. Well, I don't think--on the question of legislative attempts, I think my view is the same now as it was 24 years ago, which is that these are--it's a bad idea. It's bad policy.

I was talking about the other question about whether it's constitutional or not, and on that, of course, I don't think I should express a determinative view because, as you know, these proposals do come up and one may be enacted, and if that is the case, then

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I'd have to address that question on the court. It could be on the court I'm on now or another court.

Senator Kohl. Well, in that case, or in this case, your heart might tell you that it's a bad idea. Your mind might tell you it is constitutional.

Judge Roberts. Well, I don't know what my mind would tell me--

Senator Kohl. I mean, theoretically. It is possible.

Judge Roberts. Yes, but I feel comfortable with the conclusion, as I was 24 years ago, that it's a bad idea. They're bad policy.

Senator Brownback. . . . [discussing checks and balances on the Court] There is also another area that you wrote about when you were working within the Reagan administration and that was the ability of Congress to limit the authority and the review of the courts, of what you would have, and I want to look at that in particular. It is the power to define jurisdiction that we would have. It is in Article III, section 2, and I just want to read this because I do not think it is well understood as the check and balance, and I want to get your reaction to it. This is Article III, section 2, "In all Cases affecting Ambassadors, other public Ministers and Consuls, and those in which a State shall be Party, the supreme Court shall have original Jurisdiction." No question there.

It goes on: "In all the other Cases before mentioned, the supreme Court shall have appellate Jurisdiction, both as to Law and Fact, with such Exceptions, and under such Regulations as the Congress shall make."

That phrase, you know, is known as the Exceptions Clause. You wrote about this when you were in the Reagan White House, about this Exceptions Clause, and you stated this: "It stands as a plenary grant of power to Congress to make exceptions to the appellate jurisdiction of the Supreme Court. The clause, by its terms, contains no limit"--these are your words, and "this clear and unequivocal language is the strongest argument in favor of congressional power and the inevitable stumbling block for those who would read the clause in a more restrictive fashion."

Now, I also understand that you also argued on policy grounds this is not a good idea for the Congress to do, but would you agree with those earlier statements that you made about the nature of this power being a plenary power of the Congress, and stands as a clear standard in favor of the Congress to be able to limit the jurisdiction of the Courts?

Judge Roberts. Well, you know, Senator, that that writing was done at the request of the Attorney General, and he asked me specifically to present the arguments in favor of that power. He was receiving from elsewhere in the Department a memorandum saying that this was unconstitutional, the exercise of that authority. He wanted to see the other view before making up his mind for the Department, so I was tasked to present the arguments in favor of constitutionality. And as you say, they focus and start with the language in the Constitution, the Exceptions Clause, which is as you read it, and I went on to explain that it had been interpreted in the famous case of Ex parte McCardle around the time of the Civil War, which seemed to suggest that the Framers meant what that language says on its face. Also though, a later case, United States v. Klein suggested that there were limits on the power of Congress in this area.

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It is a central debate among legal scholars, the scope of that authority. The argument on the other side, the one that the Attorney General adopted, rather than the argument he asked me to present, is that it is the essential function of the Supreme Court to provide uniformity and consistency in Federal law, and that if you carve out exceptions in its constitutional area, that you deprive it of that ability and that that itself violates the constitutional scheme. It's an area in which most distinguished scholars line up on either side because it does call into question basic relationships between the Congress and the Courts.

Senator Brownback. Could that language be any clearer though in the Exceptions Clause? I mean I understand how legal scholars maybe can debate what a single word means, but that language is pretty clear, is it not?

Judge Roberts. The argument on the other side says that it's intended to apply to--well, for example, we have clear situations in the lower Federal Courts like the amount-in-controversy, those cases are excluded. You can have rules about timing. The question is whether it was intended to address for constitutional areas or simply more administrative matters.

The argument on the other side says if you get into the core constitutional areas, that undermines the Supreme Court's authority that the Framers didn't intend that.

Senator Brownback. Then what check is there on the Court's power?

Judge Roberts. Well, I think the primary check is the same one that Alexander Hamilton talked about in the Federalist Papers, because the exact argument was raising in the debates about the Constitution. People were concerned about a new Judiciary, what was it going to do? They were concerned that it might deprive them of their rights. And of course, Hamilton's famous answer was that Judiciary was going to be the least dangerous branch because it had no power. It didn't have the sword. It didn't have the purse. And the judges were not going to be able to deprive people of their liberty because they were going to be bound down by rules and precedents. They were going to just interpret the law. And if judges just interpreted the law, there was no threat to liberty from the Judicial Branch.

So I would say the primary check on the courts has always been judicial self-restraint, and a recognition on the part of judges that they have a limited task, that they are insulated from the people. They're given life tenure, as you mentioned, precisely because they're not shaping policy. They're not supposed to be responsive. They're supposed to just interpret the law.

Senator Brownback. I guess that is the area that has so many people concerned, is that the Judiciary does not show restraint, and judicial restraint is the limitation on the courts, such as in the Takings Clause we just had really, where the Court is saying, "Well, no, this is a broader power." But if you do not restrain yourselves, then who does within this system? Obviously there are restraints on the Congress, there are restraints on the President. We like that system. We want that check and balance system. I think the Framers put that Exceptions Clause and other things in there for clear purpose, for clear reason.

Let me take you on to another area because that one I think you are going to see a lot of action as you get pushing back and forth between the three branches of Government, and a number of people feeling like the Judiciary has not show judicial restraint in recent years.

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Federal Jurisdiction – Standing, Advisory Opinions

Senator Leahy. I hope you feel that way. I know the people who spoke of the First Amendment, it is not there to protect popular speech, that is easy, it is unpopular speech. And as I mentioned yesterday, our State really wanted to make sure the Bill of Rights was going to be there before we joined the union.

Let me switch gears a bit. In the area of environmental protection, I feel that you have narrowly construed laws in the Constitution in a way that closed the courthouse doors to millions of parents who want to protect their children from dangerous air pollution or unsafe drinking water, fish contaminated with mercury, foods covered with pesticides. We all know that often the President, no matter who is President, and the local governments do not do enough to protect people in environmental areas, from environmental dangers, and we have given them protection, the Congress has.

I thought your Duke Law Journal, which many have commented about in the press and otherwise, was somewhat dismissive regarding these citizen suits to protect the environment. You wrote that Congress may not ask the courts in effect to exercise oversight of responsibility at the behest of any John Q. Public who happens to be interested in the issue. You discount the interests that many citizens and Congress have in preserving our environment. A few years ago--you sound very much like Justice Scalia--I know a few years ago, the Supreme Court, over the dissent of Justice Scalia, ruled that a citizen living near a stream that had been polluted by many illegal discharges of mercury from an upstream company did have the right to go to court over these illegal mercury discharges. The Government was not enforcing the laws.

So I ask you this. People, if their President or their Governor fails to enforce these laws, why should not individuals have access to courts where polluting companies could be made to pay for their wrongdoing? What can you tell us to assure us, parents or children who are worried about this from birth defects and all, all of us, what can you do to assure us that they as individuals who under Chief Justice Roberts find the courthouse door slammed shut in their face?

Judge Roberts. Well, one thing I would tell them to do is read the rest of the Duke Law Journal article, because one thing it makes--point it makes is that environmental interests, it goes on to say aesthetic interests, those are all protected under the law, and that one reason courts should insist that those who bring suit have standing--that's the issue--that are actually injured, is because standing can encompass certainly environmental harms. The issue that was being addressed in the Duke Law Journal article was whether anyone could bring a lawsuit just because they are interested in the issue, or whether the plaintiffs had to show that they had been injured. In other words, in your hypothetical, the people who are downstream from the mercury pollution, they will be able to show that they are injured and can bring suit.

The question is whether somebody halfway across the country who's not injured by that act should be able to bring suit. That was the issue in the—

Senator DeWine. As you know, Judge, our Constitution created Federal courts with limited powers. In fact, Article III of the Constitution only gives the Federal courts

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the power to decide cases and controversies. This case and controversy requirement means that Federal courts will only hear real lawsuits involving real parties with real injuries. We have talked about this in the last several days.

This has led to the development of a number of different rules about when people can bring lawsuits in Federal court and when they cannot. One of these rules, as you well know, is the principle of standing.

You talked about this in 1993 in a law review article you wrote in the Duke Law Journal. You said the following, and I am going to quote briefly from this. "The legitimacy of an unelected life-tenured judiciary in our democratic republic is bolstered by the constitutional limitation of that judiciary's power in Article III to actual cases and controversies." You went on later to state the following. "The Article III standing requirement ensures that the court is carrying out its function of deciding a case or controversy rather than fulfilling the executive's responsibility of taking care that the laws be faithfully executed," end of quote.

Judge, could you elaborate on your statements today and maybe explain briefly what the doctrine of standing is and what that doctrine is really so important to our constitutional system?

Judge Roberts. Well, Senator, your question really brings--ties together a few things we've already touched on.

I don't remember if it was you or someone else who referenced Justice White's description of his obligation, what it was, and his answer was, "To decide cases."

That was me. And the basis for the institution of judicial review, as explained by Chief Justice John Marshall in Marbury v. Madison is similarly grounded on the obligation to decide cases and controversies, because if you look at the Constitution it doesn't say in Article III that the Judicial Branch is established in order to tell us all what the Constitution means. It says that the Judicial Branch is established to decide cases and controversies arising under this Constitution and the laws.

And that is the basis for the authority to interpret the Constitution. As Marshall explained, we have to decide a case. If the argument is that it's inconsistent with the Constitution, we have to decide that. Therefore, we have that authority, and I believe that's consistent with the intent of the Framers.

But it does mean--and this is the point I was trying to make in that small little Law Review comment--that judges should be very careful to make sure they've got a real case or controversy before them, because that is the sole basis for the legitimacy of them acting in the manner they do in a democratic republic. They're not accountable to the people. As judges they have the obligation to decide cases according to the rule of law.

So first make sure you've got a real case, and a real case is not simply, you know, I'm interested in this area, I don't like what the Government's doing or I don't like this law, and so I'm going to go to court. What the standing doctrine requires is that you actually be injured by what the Government is doing, injured by Congress's action. Now, the injury doesn't have to be economic. The Supreme Court has explained in cases like Sierra Club v. Morton, it can be aesthetic, it can be environmental, it can cover a wide range of injuries, but you do have to show some injury that separates you from the general public, so you're just not voicing a gripe, you're trying to get a case decided. That's the importance of the standing doctrine.

Senator DeWine. Appreciate the explanation, Judge.

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Senator Cornyn. Thank you, Mr. Chairman.

I will not dwell on this any more about the numbers of questions asked, but I know we are now up to about 66 questions that you have responded to on the role of a judge and your judicial philosophy, 48 on civil rights and discrimination, 44 on abortion and privacy.

Let me ask you this, if we keep asking the same question over and over and over again, but try to approach it from a slightly different way to get you to answer a question that you do not feel you can ethically answer, are you going to give us a different answer, or are you going to give us the same answer?

Judge Roberts. I hope my answer would be the same, Senator.

Senator Cornyn. I am sure that is the case. We talked about the Code of Judicial Conduct and your ethical obligation. We have talked about the practical aspects of being a judge and the importance. And I guess this is not just practical. It is really a constitutional duty that judges have to maintain judicial independence, even from the Legislative Branch, by making commitments of performance in office as a condition to your confirmation.

But I want to also ask you what I would, I guess for lack of a better phrase, practical reasons why it is hard if not impossible, even if a judge wanted to, to be able to accurately predict how you might decide a particular matter. I was interested to hear Senator Biden earlier ask you about right-to-die issues, and you said, "I can't answer the question in the abstract," and he said, "That's not abstract, that's real." And you said, "Well, Senator, as a legal matter it is abstract because the question would be in any particular case, is there a law that applies that governs that decision?"

That prompted me to think of in addition to, as I think Senator DeWine asked you about, the case or controversy limitation in Article III of the Constitution, that limits the manner in which you might reach a particular issue, so it requires a case for controversy. He talked about standing and the importance of litigants actually having a stake in the outcome so they are willing to fight hard in the adversarial process.

Could you explain, for example, why the adversarial process is so important? And it is important for judges to make sure that people have an actual stake in the outcome, rather than, let us say--well, I know Senator Brownback, Senator Coburn, all of us get letters from constituents that say, "What is your position on the Base Realignment and Closing Commission?" And why we just cannot write judges letters and ask what your opinion is just sort of for an advisory capacity.

Judge Roberts. Well, that actually goes back very far in our history, as you know, to the early states when John Jay, I believe, as the first Chief Justice, was asked for his opinion on a matter, and he made the determination that it would be inappropriate to give that kind of advice. It was really one of the leading historical episodes that contributed to implementing the separation of powers. I think he appreciated that if he started just giving advice on legal questions that were of concern to the President, that he would be acting more like an Attorney General and it wouldn't be separated from the Executive. And then he would be in a position of giving the President advice, while at the same time ruling on the legality of his conduct. I think the reason John Jay decided that was not

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appropriate for these new judges on the new Supreme Court to give advisory opinions is because he appreciated that they were in the Judicial Department, as the Constitution put it, not in the Executive Department, or if the advice, request for advice had come from the Legislature. It's an important part of the separation of powers that our courts don't give advisory opinions.

Now, some State courts do have a different system of separation of powers, and in some State courts the Supreme Court will give an advisory opinion, but the Federal rule has always been that you have to have a constitutional case or controversy.

Senator Cornyn. Is that a constitutional limitation?

Judge Roberts. It's in Article III, yes.

Senator Cornyn. I mean it is not something you can take or leave?

Judge Roberts. No. The requirement of an actual case or controversy is derived from the Constitution. There are some aspects of standing doctrine that are, they say, prudential, in other words, that it's up to the Court whether to apply them or not, but the core requirement, that the litigants have a stake in the issue, a case or controversy, is a constitutional requirement.

Senator Cornyn. In getting back to Senator Biden's question about right to die, and what you believe or what your position would be if that were to come before the Court. It just occurred to me you would have to determine whether there was in fact a case or controversy, whether there was actually a person that had standing, that is, with a concrete stake in the outcome that brought the lawsuit, so as to preserve that adversarial process. It would, I imagine, if you are sitting as an appellate judge, either in the Circuit Court or Supreme Court, you would want to look and see what the evidence is, and maybe, for example, whether it would make any difference in a right-to-die case whether someone had a living will or not, and what the evidence was in the court below before you could really sort of make a pronouncement from on high, that, yes, right to die trumps everything.

Judge Roberts. Well, it's hard to know whether it trumps something until you know what the other something is, and that includes what the legislation might be. I've had many questions before this Committee about the importance of deferring to the legislature in areas in which Congress is given authority under the Constitution.

Well, as a judge, before I would propound the idea of right, that it does not matter what the issue is on the other side, I would like to know if a legislature had addressed that issue. Now, sometimes, as you know, legislatures can exceed their constitutional bounds and there are rights under the Constitution that individuals have that trump efforts by the legislature to address those or infringe upon them, but you need to know what the issue is in terms of the conflict between an asserted right and an asserted power of the legislature. I do not think members of a legislative body would accept the principle that you would decide a case like that without even knowing what the legislature had enacted or what the issue was or why they had decided that this was an appropriate area of legislation. That is not deciding the controversy. It is just saying we need to have the issue narrowed in a way that courts are familiar with addressing.

Senator Cornyn. Well, then, of course, juries in many instances are the fact finder, and their determination is usually binding on not only the court below, but also appellate courts reviewing that, and I guess citizens would feel that they were engaged in a futile exercise of serving on juries and listening to evidence and trying to decide

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disputed facts if the judge on appeal was just going to say, you know, "Let us throw that out the window. We do not really care because this is a result we want to reach in a particular case."

Judge Roberts. Well, judges, when they sit down to decide a case, when the cases come into the chambers, judges don't sit and decide, well, what do I think about issues under the Fourth Amendment or the Fifth Amendment or the Seventh Amendment. They want to know what the case is about, and that begins with knowing what the factual dispute is about and what the record is. Then they want to know what law applies in resolving that question. And they want to know what the arguments are. That's why we have briefs on one side, then briefs on the other. And I'm sure you've had the same experience that I've had, which is that you find the opening brief can be very persuasive; then you move on to the second one, and you see it in an entirely different light. And maybe your view of the case will change again as you consult with your colleagues on the bench or as you hear the oral argument.

I know I spent a lot of time doing those briefs and arguments, and I certainly hope they had some impact on a case from time to time. And then when you sit down with the judges, all of these things, your view of the case is going to change in some way at every stage. And to say that it's the same thing when you sit down and ask an abstract question as when you have been through the judicial process and reached a decision, including having to reduce it to writing, the requirement that judges write opinions is an important discipline on the decisional process, because--and those opinions are going to be submitted to the public, and everyone is going to be able to see your reasoning. And so it has to be coherent and reasonable and something that can stand the glare of publicity and the scrutiny of scholars and other judges.

That's a very important discipline. It means--it's quite a bit different than saying, well, what do you think about this and whatever opinion you might give.

Senator Cornyn. I am also, of course, intrigued by how poorly Senators, Presidents, and others who try to predict how a life-tenured judge or Justice on the Supreme Court is likely to look at issues next year, 10 years, 20 years down the road. And it just occurs to me that there is a long list of examples where life tenure and the lack of electoral or political accountability has caused judges to change the way they perhaps have looked at things over time, and I guess how badly Presidents have guessed sometimes about how a judge will decide cases in the future. And I think, you know, one of my favorites is Teddy Roosevelt and Oliver Wendell Holmes, when he said, "I could carve more backbone in a banana than demonstrated by this Justice." He was pretty hot.

So, in addition to the ethical, the constitutional, the practical limitations, it just seems to me that we are engaged in a little bit of a futility here because when you are confirmed--and I expect that you will be confirmed--the designers of our Constitution expected and created a system where you would be immunized or at least insulated, I should say, from political or other pressures.

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Federalism

Senator Biden. Let me go on to my next question. Violence Against Women--and I realize it is a bit of a hobby horse for me since I wrote the legislation, and I know people say they wrote things. I mean, I actually did write that my little old self, with my staff. And no one liked it, I might add, at first--women's groups or anybody else.

But in 1999, you said, in response to a question--you were on a show. It was 1999. You were talking about a number of things, and you said, and I quote, "You know, we've gotten to a point these days where we think the only way we can show we're serious about a problem is if we pass a Federal law, whether it's the Violence Against Women Act or anything else. The fact of the matter is conditions are different in different States, and State laws are more relevant. It is, I think, exactly the right term. More in tune to different situations in New York as opposed to Minnesota, and that's what the Federal system is based upon."

Judge, tell me how a guy beating up his wife in Minnesota is in any different condition in New York.

Judge Roberts. Senator, I was not speaking specifically to any piece of legislation there. That was making a very--

Senator Biden. Well, you mention Violence Against Women, don't you?

Judge Roberts. That was the issue that had come up on the show, and the general issue that was being addressed is a question of federalism. I think it was part of the genius of the Founding Fathers to establish a Federal system with a national government to address issues of national concern; State and local government more close to the people to address issues of State and local concern; obviously, issues of overlap as well. I was not expressing a view on any particular piece of legislation. And I think the statement you read--

Senator Biden. Well, let me ask you--

Judge Roberts. --confirms that.

Senator Feinstein. Thank you. I would like to move to another subject because my time is moving on, and that is what has been happening in the Court in the last ten years. As I mentioned, for 60 years, the Court didn't strike down a single Federal law for exceeding Congressional power under the Commerce Clause. Yet in the last decade, the Court's reinterpretation of the Commerce Clause has been used to strike down more than three dozen cases. The Court's future decisions will determine whether the Congress will be able to take necessary action to stop child pornography, combat violent crime, ensure child support payments, prevent discrimination, improve our schools, and protect our environment.

My question is, do you agree with the direction in which the Supreme Court has moved in more narrowly interpreting Congressional authority to enact laws under the Commerce Clause?

Judge Roberts. Well, of course, I tried to avoid saying whether I agree or disagree with particular cases. But I would point out in this area, in particular, I think it's very important to look at the most recent case, which is the Raich case, the medical marijuana case, because the argument there was that these two decisions that you're talking about

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that were the first in the 60 years, Lopez and Morrison, the argument there was based on Lopez and Morrison, Congress lacks the power in this area.

And what the Supreme Court said in the Raich case, which I think is very important, it said there are a lot more precedents on the Commerce Clause besides Lopez and Morrison, and the appropriate way to regard those is two decisions in the more than 200-year sweep of decisions in which the Supreme Court has given extremely broad--it's recognized extremely broad authority on Congress's part, going all the way back to Gibbons v. Ogden and Chief Justice John Marshall, when those Commerce Clause decisions were important in binding the nation together as a single commercial unit.

So again, without commenting on whether particular decisions are correct or not, I do think it's important to recognize that the Court itself in its most recent decision has said we need to focus on the broad sweep and not just on those two decisions.

Senator Feinstein. Let me move to the case of the hapless toad, known more commonly as Rancho Viejo v. Norton. Do you believe there is a basis for sustaining the Endangered Species Act other than the Commerce Clause?

Judge Roberts. Well, the opinion I wrote there noted that the panel decision that I thought should be reheard en banc looked at one ground for under the Commerce Clause and the concluding paragraph in my opinion said that we ought to rehear the case to look at other grounds that were also under the Commerce Clause, but they were not the particular prong of the Commerce Clause analysis that the panel opinion had relied on, and the reason was that, as I explained in the opinion, another circuit court has suggested pointedly that the approach in the panel opinion was inconsistent with the Supreme Court.

And I thought if there was another basis for sustaining the Endangered Species Act that was not inconsistent in the view of another circuit court, that we ought to look at that and try to do it. It really reflects a restrained and minimalist approach. If there's a ground that doesn't cause another circuit court to say, you're violating the Supreme Court precedents, we ought to look at that and see if we could rest the decision there.

Senator Feinstein. I guess the point I am trying to get at is you are saying that the fact that the toad was almost only found in California means that it was an impermissible use of the Endangered Species Act. Well, then that raises a question. What if the toad strays across the border, or what if the toad, this is the last remaining toad, and--

Judge Roberts. Right, but the one point I would emphasize is my opinion did not conclude that there was no authority under the Commerce Clause in just that situation. There was another dissenting opinion that was filed by another judge who said this violates the Commerce Clause. I did not join that opinion. I wrote separately to say that we should hear this en banc with all the judges because there are other ways of sustaining this Act that don't implicate the concern that has caused the other circuit to question our approach that had caused the dissenting judge to conclude there was no authority, and I thought we ought to look at those other grounds because if we could sustain it without implicating that objection, that would be better all around.

I did not take the position that it was outside the scope of the Commerce Clause. It was a question of which ground under the Commerce Clause we ought to look at.

Senator Feinstein. There is a great deal of concern as what this then means for the implication for all environmental law--the Clean Water Act, the Clean Air Act. But if I

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understand you correctly, what you are saying is that you do not believe that the Commerce Clause should prohibit legislation in this area, is that correct?

Judge Roberts. I have not had occasion to decide that. I did not decide it in the Rancho Viejo case. One of the other judges did and I did not join that opinion. What I said is we should consider these other grounds. Now, I didn't have the opportunity, because there was a dissent from rehearing, to consider those other grounds.

Those other grounds were what other courts, the Fifth Circuit in the GDF case, had used to sustain application of the Endangered Species Act in the cases that came before them. They didn't get into the question of whether you look at the regulated activity, the building or the actual what was prohibited, the taking of the toad. They analyzed the protection of the endangered species as implicating a commercial activity, and that allowed them to sustain the Act without regard to whether it had an interstate effect itself.

Senator Coburn. I want to go to one other area that I have some concern about. I know my concerns are opposite from some of those who have a different philosophy of life. Many of the questions posed to you have focused on our concerns about an activist Judiciary. My opening statement expressed some of those concerns. However, I am equally concerned about an activist Congress that goes beyond its bounds, a congress that routinely ignores its own constitutional boundaries. Historically the debate about the role and scope of Congress has focused on the General Welfare clause.

As we all know, Article I, section 8, clause 1 of the Constitution gives Congress the power to provide for the common defense and general welfare of the United States. The Tenth Amendment also spells out limitations on congressional power. We had the discussion yesterday on the toad, I believe. The Tenth Amendment states the power not delegated to the United States by the Constitution, nor prohibited by it to the States are reserved to the States respectively or to the people.

I want to give you a quote that James Madison said, because in his wisdom he anticipated that we would try to stretch the definition of the Founders. And he wrote with respect to the words "General Welfare:" I have always regarded them as qualified by the detail of powers connected with them. To take them in a literal and unlimited sense would be a metamorphosis of the Constitution into a character in which there is a host of proofs was not contemplated by its Creators.

In Federalist Paper 45 Madison writes: "The powers delegated by the proposed Constitution to the Federal Government are few and defined. Those which are to remain in the State Governments are numerous and infinite."

Do you agree with James Madison's interpretation of the General Welfare Clause, that the powers of the Congress should be fundamentally limited, or do you agree with the modern prevailing wisdom of both political parties, particularly appropriators, who believe Congress' role is fundamentally unlimited?

Judge Roberts. well, I agree with Madison's view in general that the Constitution does contain limitations on the Federal authority. The General Welfare Clause, and in particular the necessary and proper clause, of course, would have been interpreted in many of Chief Justice John Marshall's early opinions to recognize though that the scope

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of authority given to Congress is broad, and broad enough to confront the problems that in Chief Justice John Marshall's case were confronted by a young Nation and helped to bind it together as a Nation and broad enough today to confront the problems that Congress addresses. But the notion that the Constitution was one of limited powers, albeit broad, under the Necessary and Proper Clause and even the General Welfare Clause is interpreted by Chief Justice John Marshall in these early opinions, that recognition doesn't undermine the Framers' essential vision that we are dealing with a Federal system I which vast powers reside with the States, and that the Federal Government is one of limited powers, broad in obviously particular areas and broad under the Necessary and Proper Clause, but limited powers nonetheless.

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First Amendment – Free Speech

Senator DeWine. . . . Let me move, if I could, to something that is very important to me and to all of us and that is the First Amendment. Certainly, Judge, there is no right in our Constitution that is any more important than the freedom of speech. In a sense, it is the foundation of our democracy. It is the right upon which other rights are built. It is the right that guards our liberty and preserves our freedom.

At the heart of the First Amendment is the idea that people have a right not only to speak their mind, but also to be heard. I would like to talk to you a little bit about that and ask you a question.

The case I think that most eloquently talks about the public square where we engage in speech is Hague v. CIO, a 1939 case which you are well familiar with, and I want to quote it very briefly.

"Wherever the title of streets and parks may rest, they have immemorially been held in trust for the use of the public and time out of mind have been used for purposes of assembly, communicating thoughts between citizens and discussing public questions. Such use of the streets and public places has from ancient times been a part of the privileges, immunities, rights, and liberties of citizens," end of quote.

Judge, I want to be honest with you and say that as of late, I feel that we are seeing a disturbing trend when it comes to speech in the public arena. I want to give you some examples.

In a recent case, a Wisconsin woman was kicked off a city bus, and this is what she was kicked off a city bus for doing. She was trying to distribute a book containing Bible stories to individuals sitting next to her.

Another case that is repeated time and time again across this country and has been for many years in towns and cities and villages across the country, individuals are prohibited from placing political signs, and it could be not just for candidates, it could be for a school levy, against a school levy, on their own property--on their own property--except during specified times and in specified ways. The government tells them, so many days before the election. You can't put that up there until so many days before the election, not just for candidates, but for bond issues, whatever the issue that they want to talk about, do their own political speech, on their own property.

Another example, in many public--people who wish to exercise free speech in many public places, these individuals are forced into so-called "free speech zones," which many times are far away from the event that they wish to protest about, so far away that they can't ever been seen or ever be heard, out of sight. Again, we go back to the issue of you have to be heard.

In one recent case, the New York City Housing Authority refused to let a woman conduct Bible studies in the community center of a housing project, even though the community center was used for a host of activities, even weddings. I must say, in that case, she actually won the case.

So I am concerned when I see these restrictions. I think at the core of the First Amendment is the idea that individuals should be able to speak and be heard in public places.

Now, Judge, I know you can't tell us how you will decide any particular case. I am not asking you to do that. But it is important to me that you talk to us a little bit about

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how you will evaluate these cases involving the right to speak in public places, public places such as buses, metro stations, city sidewalks, public parks, and tell us, if you could, Judge, what factors will you consider when deciding restrictions on speech in the public square as we traditionally know it and what is proper under the First Amendment and which ones are not. What tools will you use to decide that?

Judge Roberts. Well, again, of course, without commenting on any of the particular hypotheticals or actual cases--

Senator DeWine. That is right. I am not asking--and they are all real cases, but I don't want you to talk about that.

Judge Roberts. I do think, though, first as a general matter and then to get into the law, that it is important that people keep a basic principle in mind when they're addressing these types of concerns. It's not a provision in the Constitution, it's not a provision in the law, but it's a basic American approach that I think is important, and that's captured in the expression, you know, it's a free country. And when you're talking about what people can say, what people can--signs they can put up, what they can do, I think people, as a general matter, need to appreciate that it's a free country and it's a wonderful thing that people can say things in the public that you may not agree with because you, of course, have the same right.

Now, the particular mode of analysis that the Supreme Court uses in addressing these types of public speech issues is to some extent unsettled. The public forum doctrine, as it's called, for many years you've tried to characterize an issue. Is this a public forum? Is it a quasi-public forum? Is it a private forum? And the different definition sort of carried with it the conclusion about what could be allowed, and many of the Justices thought that the reasoning was awfully circular.

I remember years ago I argued one of the cases in the Supreme Court about post office and what could be done in a post office area and whether the restriction of that area to postal business meant they could exclude people who wanted to engage in political speech. I remember thinking at the time that the precedents were very unsettled and I'm not sure that the Court has made much progress since then.

But you do try to focus a little bit on whether you're dealing with a public forum, one that has traditionally been open to expression, and if it has, then any restrictions on expression are going to be subject to a very exacting standard before they'll be upheld. If it's a more limited public forum, it's only been open for certain types of speech or the nature of the forum requires there to be a restriction--that was the government's argument in the post office case I litigated--then it's a less-demanding standard in those situations.

Senator DeWine. Judge, let me just follow up with that with a short question, if you would give me just a reaction to this, if I could. Do you think the First Amendment is flexible enough in the year 2005 to account for what I believe, at least, is the shrinking public square? I know we have the Internet, we have TV, we have radio, a lot of things that we didn't have when our Founders wrote the Constitution. But I think there is a shrinking public square.

What do I mean by this? Someone who wants to run for school board today, someone who wants to support a school levy, oppose a school levy, when you and I were growing you--you are younger than I am, but when we were growing up in the Midwest, you could go downtown. If you supported a school levy, let us say, you could go downtown and pass out literature in front of the hardware store or the grocery store and

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that was a public place because there was a sidewalk and you knew everybody in town was probably going to go by there. And if you lived in a city, there were communities in the city where you could do the same thing.

Today, most people--we just don't live that way. Most people don't. Some do, but most don't. Today, people get in their car and if they go to the grocery store, they go to a strip mall and they go to a grocery store that is surrounded all by private property, and the people who own that strip mall say you can't come--usually say you can't come on and distribute any literature of any kind on this facility, and basically they are upheld in that right because it is private property. Or they go buy their clothes or everything else or their hardware, they go in a big mall and that mall clearly--there is a Supreme Court case right on point that says that they can be excluded.

So the traditional public forum as we know it has really shrunk. Does the Court take that into consideration when they look at the precedents, they look at all the decisions that have been made? How does that--without citing any case or talking about any specifics--

Judge Roberts. Well, I do know--

Senator DeWine. It is a different world we live in today.

Judge Roberts. I appreciate the point, and I do know that even the analysis in this particular area, one of the factors that the Court considers is the availability of alternative avenues for expression, and a concern, if they are cutting off a particular mode of expression, a particular avenue, are there alternatives available? And I think that's a very important consideration.

I think you're quite right that this is one of those areas in which technology is going to figure in a very prominent way, and the question of whether this type of analysis that grew up when you're talking about a public square or a town hall type thing, applies in the Internet situation, and whether there's changes that do need to be made in the analysis.

Senator DeWine. Since you talked about the Internet, let me turn to a disturbing trend in regard to the Internet, and that has, quite frankly, to do with pornography. We have passed several bills in Congress, the Communications Decency Act to protect our children. The Supreme Court struck it down. I am not going to ask you to comment about that. A few years later we passed the Child Online Protection Act, again, with the intent to protect our children. Again the Court struck it down.

Unlike the traditional public square, the Internet has really become a place for the distribution of some, I find, very troubling materials, and that is pornography. I guess what bothers me about these cases is they fail to account for something that to me at least is very relatively simple, and that is that at the core of the First Amendment is, to me at least, the protection of political speech, speech on matters of public concern, I have talked about before. But it seems to me that pornography is different, particularly pornography that children can easily access. It seems to me that that should be treated differently than political speech.

Famous case, Young v. American Mini Theaters. In that case the Court upheld zoning regulations on adult theaters. Justice Stevens, hardly a right-winger, had this to say, and I quote: "Even though we recognize that the First Amendment will not tolerate the total suppression of erotic materials that have some arguably artistic value, it is manifest that society's interest in protecting this type of expression is of a wholly

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different and lesser magnitude than the interest in untrammeled political debate." Few of us would march our sons and daughters off to war to preserve the citizen's right to see "specified sexual activities" exhibited in the "theaters of our choice."

Judge, in light of that quotation, here are my questions. Are there or should there be different levels of speech under the First Amendment? Should pornography, for instance, be treated with less regard than Mark Twain's Huck Finn? And how would you, if confirmed to the Supreme Court, decide what protection if any certain kinds of expression are entitled to under the First Amendment?

Judge Roberts. Well, Senator, it's my understanding under the Supreme Court's doctrine that pornographic expression is not protected to the same extent at least as political and core speech, and the difficulty that the Court has addressed in these different areas of course is always defining what is or is not pornography and what is entitled to protection under the First Amendment and what is not.

That question is sort of antecedent to the question of what the level of protection is. We determine whether it's entitled to First Amendment protection in the first place. In certain types of speech like child pornography, the Court has determined are not entitled to protection under the First Amendment. There are different categories, and the Court has struggled over the years in figuring out how to determine those categories and what belongs in what category, and beyond that, I don't think I can give a more precise answer.

Senator Graham. . . . Let us talk about righting wrongs here. I think it stinks that somebody can burn the flag and that is called speech. What do you think about that?

Judge Roberts. Well--

[Laughter.]

Judge Roberts. We had the Flag Protection Act after the Supreme Court concluded that it was protected speech.

Senator Graham. Show me where the term "symbolic speech" is in the Constitution.

Judge Roberts. Well, it's not, and--

Senator Graham. It is not. They just made it up, did they not?

Senator Leahy. We talked just briefly about the First Amendment yesterday. It is written primarily in terms of speech, but in a free and democratic nation, access to information, I think, is extraordinarily important. To our Framers, there was the maxim, "knowledge is power." Actually, that was the maxim the administration used as the model for what was a somewhat Orwellian total information awareness program until a Republican Congress, and I supported this, shut it down. It was asking too much knowledge about individual Americans.

I also spoke about "we the people." If we the people know what our government is doing and why it is doing it, we can hold the government accountable, and should. So I worry about an administration--I am not going into a specific case, but I worry about an administration that spreads misinformation and is declaring more things secret and

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spending billions of dollars doing that, far more than any administration in history, probably all administrations put together. It punishes the whistleblowers. It bars the press and cameras from so many different events.

And I believe very strongly that if the people want to know what is going on, the courts are, if at all possible, supposed to take their sides in making sure they know what is going on, because our government should not be able to hide things unnecessarily from the people. No matter who is in power, the people should know what is going on.

So I would like to know how you would approach such a case. Let me give you a few examples in the last couple of years. The administration fought to prevent the media from covering coffins returning from Iraq. It fought to keep disturbing images of U.S.-run prisons in Iraq from the media. And just last weekend, actually after a loss, the court abandoned its zero-access policy regarding the scenes of devastation in New Orleans. As you know, most of America found out what was going on in New Orleans really from the press, not from our government, at least the first few days.

There have been a number of reasons, excuses, which seem to change day by day for why these things are being blocked. I am not going to ask you to evaluate them, but my question is this.

If the government seeks to exclude, broadly exclude media from access to images or events of public interest or concern, does the First Amendment require the government to justify that denial of access, and if so, what kind of standards? Not any particular case, but what kind of standards does the court have to apply?

Judge Roberts. Senator, I haven't dealt with a lot of First Amendment access cases. I know I studied one about media access to prisons, for example, the issue about whether the media had a right of access to prisons if they wanted to report on it. So I am not terribly familiar with the precise levels of scrutiny that apply.

There is, obviously, a balancing of sorts between particular interests when you are dealing with governmental operations and there are some perfectly valid reasons for excluding media. On the other hand, simply disagreement about whether it's an appropriate issue for the public to see would not strike me as a very compelling governmental interest, and I think the courts regularly balance these sorts of things when they get an issue about a challenge by the media saying their First Amendment rights are being violated because of a particular exclusion.

Again, I'm not terribly familiar with the precise legal standards or how they've developed since the prison access case that I'm familiar with, but it does require a consideration and weighing, and the values of the First Amendment obviously are something that have to be given careful weight by the court for the very reasons that you have discussed, because the First Amendment is--it serves a purpose. It's not there just because the Framers thought this was in general a good idea. It serves a purpose with respect to the government. It provides access to information and allows people in a free society to make a judgment about what their government is up to.

Senator Leahy. Let me--like the Chairman, I was a prosecutor, and if we move a little bit out of the prison situation, which raises all other kinds of questions and abilities to limit access, let's just go to something that the public might easily have access to if they could just walk in there.

Suppose the government--I will use something like Katrina. Suppose they felt that the rescue operations of the government, whether it is State, local, or Federal, was

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being handled in an inept way or evacuees were being mistreated. Does that give them a right to bar the media who may want to expose that?

Judge Roberts. Well, I think as a general--

Senator Leahy. How would you analyze the claim, without citing a particular case, how would you analyze--the media comes and says, look, the government screwed up and we are trying to get in there to take pictures to show how they screwed up and they say you can't come in. How would you analyze a claim like that?

Judge Roberts. Well, you know, I do start with a general principle in this area, and I think it was Justice Brandeis who talked about sunlight being the best disinfectant--

Senator Leahy. Disinfectant.

Judge Roberts. --and I think that's a lot of what the Framers had in mind in guaranteeing freedom of speech and the other rights that go along with it. They appreciated the benefits that would come from public awareness. That's an important principle.

I also, and again, this is not an areas that I feel completely up to speed on the precedents, and I obviously, if I were in a position as a judge and had to decide a particular case, would study them and become aware, but my recollection is that there is great difficulty whenever you try to distinguish between public rights and media rights and that if it's a situation in which the public is being given access, you can't discriminate against the media and say, as a general matter, that the media don't have access because their access rights, of course, correspond with those of the public.

And as you said, they're in a position--if there are a handful of people who might be able to have access, the media is in a position to make that information or knowledge, whatever, available on a broader basis and--

Senator Leahy. I raise this because I am not trying to pin you on a particular case. I think we are going to see more and more of this. We are in the digital age. A lot of information is readily available. At the same time, the bad part about that is our government can acquire more and more and more information on us, just as your credit card company or anybody else does on you. Some of us want to be in a position to be able to go in and find out what is being collected on us. To what extent are we giving up our privacy?

Usually, far more than the Congress or anybody else, it has been the media that has exposed when this has been overdone, when mistakes or violations are done, and I would hope that you would be committed to protecting just as much as possible access rather than the other way around.

Senator Brownback. . . . I want to take you back to the First Amendment discussions. This is an issue in an area that I have just not understood where the Court has been going. I hope you are going to be willing to answer some of this analysis, or give me at least your thought on how the Court got to where they did on these issues.

First Amendment, everybody knows, Congress shall make no law abridging the freedom of speech. Well-known, well-regarded, broadly interpreted by the Courts to the point that you would get court opinions--and I just want to quote these. This is actually

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in a Supreme Court opinion, that the Court would in the past four years when this opinion was issued, in--I think it was 2003--the last four years, the Court had sternly disapproved--sternly disapproved restrictions upon certain forms of speech such as virtual child pornography. Court said you can't do that, limit that speech. Tobacco advertising. Court said can't limit that speech. Dissemination of illegally intercepted communications. Can't limit that speech. Sexually explicit cable programming. Can't limit that speech.

So the Court has been, it seems to me, very pronounced in this area of free speech--can't limit it, basically, to the Congress. Can't limit it. And to the point, you know, where it goes to the issue of virtual child pornography. And that was the case of Ashcroft v. Free Speech Coalition. And I want to describe this in a little bit of detail because I want to back it up and ask another question associated with it. Ashcroft v. Free Speech Coalition, Court struck down a congressional statute regulating pornography, in this case the Child Pornography Prevention Act of 1996; expanded the Federal prohibition on pornography to include virtual child pornography, realistic images which were made without the use of actual children.

But the Congress based its opinion on the basis that pedophiles will use this material to recruit over the Internet individuals to draw in children into sexual activity. And so we found out about that, investigated it, did a number of hearings, and said we have to stop this stuff. Court says you can't do it; it is a limitation on free speech.

Then, not long ago--as a matter of fact, the opinion was issued in 2003--we had a big debate on campaign finance reform in front of the Congress. One of the members of our Committee, Senator Feingold, who was one of the lead sponsors of the McCain-Feingold piece, the legislation. And it came in front of the courts, McConnell v. Federal Election Commission, and the Court largely upheld the McCain-Feingold law, one section of which did this: Prohibited corporations, labor unions, and other organizations from political advertisement that mentioned a specific candidate or office-holder within 60 days of a general election. You are probably very familiar with this.

This was a big national debate. Under the Court decision, this congressional action prohibiting speech--and not just any speech, and not just pornography--this is political speech close to the time when people are making decisions on elections.

The Court decided that this congressional action prohibiting political speech was upheld under a First Amendment ostensibly designed to protect this, I would contend, form of political participation and speech. I looked at that. I voted on the McCain-Feingold law. I did not think there was any way the Court would hold that this is constitutional because you are limiting political free speech and right when people are making their decision.

One of the lead reasons, lead abilities we have in this country is to be able to criticize the Government, and certainly at a point when it matters the most, right ahead of elections. How do you square such a broad interpretation of the First Amendment in these cases and such a limitation on political free speech? Can you explain that to me?

Judge Roberts. Senator, I'm not sure that I can put the two together side by side and talk about it other than to say that I think the Court tends to address each case on its own terms, and in the case of the Bipartisan Campaign Reform Act, I do know that we're dealing there with an extraordinarily extensive record in that case. The judicial opinions addressing the issue before three-judge District Court I know went on for several hundred

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pages, just dealing with records and the issues involved, the record that had been developed, including before Congress.

My reading of the Court's opinion in the Bipartisan Campaign Reform Act case is that that was a case where the Court's decision was driven in large part by the record that had been compiled by Congress. I think the determination there was based--just reading the opinion, there's no great insight--that the extensive record carried a lot of weight with the Justices.

Now, with respect to the other areas, again, I think the Court would tend to look at those, sort of put the one case aside and then move on to the next case, and they're dealing there with developments in that area, and again I--

Senator Brownback. Does this not strike you as odd, these two side by side under the same First Amendment?

Judge Roberts. Only in the sense, Senator, that obviously they come out different ways, and your point that the political speech is generally regarded as at the core of what the First Amendment was designed to protect, and some of the other speeches is not. I certainly appreciate that concern, but whether--again, whether the particular cases were correctly decided or not is not something I feel is appropriate for me to discuss.

Senator Brownback. I looked at those and this just did not make much sense. If you are going to read it expansively on the First Amendment, which I agree with, that should be consistently done.

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First Amendment – Religion Clauses

Senator Feinstein. Thank you very much. I would like to ask a question or two on church and state. I mentioned in my opening statement that for centuries, people have been persecuted for their religious beliefs, and our country grows more diverse every day and tensions among different beliefs have grown. I really believe that there is a brilliance in what the Founding Fathers did in drafting the First Amendment and how it protected an individual's right to practice their belief, whatever it may be, but also protect against using religion against individuals by prohibiting the government from becoming and/or imposing religion.

In 1960, there was much debate about President John F. Kennedy's faith and what role Catholicism would play in his administration. At that time, he pledged to address the issues of conscience out of a focus on the national interest, not out of adherence to the dictates of one's religion, and even said, "I believe in an America where the separation of church and state is absolute."

My question is, do you?

Judge Roberts. Senator, I think the reason we have the two clauses in the Constitution in the First Amendment reflects the Framers' experience. Many of them or their immediate ancestors were fleeing religious persecution. They were fleeing established churches. And it makes perfect sense to put those two provisions together, no establishment of religion and guaranteeing free exercise. That reflected the Framers' experience.

Senator Feinstein. If you can, answer my question yes or no.

Judge Roberts. Well, I don't know what you mean by absolute separation of church and state. For example, recently in the Ten Commandments case, the Court upheld a monument on the Texas capitol grounds that had the Ten Commandments in it. They struck down the posting of the Ten Commandments in a Kentucky courthouse. Is it correct to call the monument on the Texas capitol grounds with the Ten Commandments, is that an absolute separation, or is that an accommodation of a particular monument, along with others, that five of the Justices found was consistent with the First Amendment?

So I don't know what that means when you say absolute separation. I do know this, that my faith and my religious beliefs do not play a role in judging. When it comes to judging, I look to the law books and always have. I don't look to the Bible or any other religious source.

Senator Graham. . . . I think it stinks that a kid cannot go to school and say a prayer if he wants to voluntarily. What do you think about that?

Judge Roberts. That's something it's probably inappropriate for me to comment on.

Senator Graham. What do you think Ronald Reagan thought about that?

Judge Roberts. His view was that voluntary school prayer was appropriate.

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Senator Durbin. Thank you. Earlier, Senator Feinstein asked you about the separation of church and state and I would like to follow up on this, if I could. She asked whether you believed the separation of church-state was absolute, and I have your answer here relative to the two recent cases on the Ten Commandments. It appears now that there is debate within the Court as to whether or not they will stand behind the Lemon v. Kurtzman standards under the Establishment Clause, the three-part test, which I won't go through in detail.

As Deputy Solicitor General of the Bush administration, you co-authored two legal briefs in which you urged the Supreme Court to overrule the Lemon standard, Board of Education v. Mergens and Lee v. Weisman. You argued instead for what has been characterized in shorthand as the legal coercion test.

So I would like to ask you at this point in time, what is your view on the Establishment Clause and the Lemon standard?

Judge Roberts. Well, the Lemon test is a survivor. There's no other way to put it. When we wrote the brief in Lee v. Weisman, we had a long footnote explaining that, I think it was six different members of the current Court had expressed their criticisms of the Lemon test. They never got together at the same time and the test has endured.

The approach that we were advocating in Lee v. Weisman did focus on the question of coercion and argued that in certain circumstances, a recognition of ceremonial religious practices--an invocation at a graduation was the one at issue there--were permissible, and again, that, I think, lost five-to-four.

And the Lemon test to this day is the test that the Court applies. I think one of the Justices recently explained, you know, it's not so much how good the Lemon test is, it's that nobody can agree on an alternative to take its place, and there may be something to that. There are cases where the Court doesn't apply the Lemon test. It seems to follow a different approach.

The great benefit of the Lemon test, the three-part test that everybody's familiar with, of course, is that it's very sensitive to factual nuances. The disadvantage of the Lemon test, I think, is that it's very sensitive to factual nuances and you get a situation like with the Ten Commandments case, and again, I'm not commenting on the correctness or not, but those are two decisions and there is exactly one Justice that thinks they're both right.

Nobody would suggest that this is an area of the law where the Court's precedents are crystal clear, and I think there may be some inevitability to that. There is a tension of sorts between the Establishment Clause, on the one hand, and the Free Exercise Clause on the other, and the Court's cases in recent years have tried to consider when is an accommodation for religious belief--when does that go too far and become an establishment of religion? The Court has a case on its docket coming up.

I think the animating principle of the Framers that's reflected in both of the religion clauses is that no one should be denied rights of full citizenship because of their religious belief or their lack of religious belief. That is the underlying principle. That is, I think, what the Framers were trying to accomplish.

The jurisprudence, again, it's an area where the Court has adhered through thick and thin to the Lemon test, probably because they can't come up with anything better, but the results sometimes, I think, are a little difficult to comprehend.

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Senator Durbin. Now, of course, Justice Rehnquist had a different point of view, or at least he alluded to one when he appeared before this committee in 1986. Senator Simon asked him a question. He replied as follows. "I have in my opinions read the Establishment Clause more narrowly than some of my colleagues, but I also think, Senator Simon, these are almost questions of degree and that there is not a tremendous amount of difference there as to the broad principles of the Establishment Clause are uncontroverted, and those kinds of cases do not get up to us because they're pretty well settled. It is these kinds of frontier-type cases that come and reflect divisions among us. I certainly have read the Establishment Clause more narrowly than some of my colleagues."

Do you feel that you are reading the Establishment Clause from a narrow point of view or from the traditional Lemon point of view?

Judge Roberts. Well, I don't think I've had an Establishment Clause case. The cases where I have argued, I obviously was representing the position of the administration, which was that the Lemon test was regarded by the administration as too manipulable, not determinative, and in some senses inconsistent. So those--with the understanding of the Framers. So that was the position that we were advocating there. I haven't expressed my personal views on the Establishment Clause in any context.

Senator Durbin. Well, let me read what you wrote in a memo on June 4, 1985, to Fred Fielding, again, this period of time when you were serving as a staff attorney, related to Wallace v. Jaffre, and here is what you wrote in reference to Establishment Clause and the Lemon test.

"Thus, as I see it, Rehnquist took a tenuous five-person majority and tried to revolutionize Establishment Clause jurisprudence and end up losing the majority, which is not to say the effort was misguided. In the larger scheme of things, what is important is not whether this law is upheld or struck down but what test is applied."

I know you have said over and over again that you were just doing what you were paid to do, to tell the administration what they wanted to hear. Is that what happened here?

Judge Roberts. I don't think I've said that.

Senator Durbin. Well, that's correct. Strike that from the record. Let me just say you were a staff attorney reflecting the views of the administration you worked for. Is that a correct characterization?

Judge Roberts. It's a correct view. The views of the administration were quite clear with respect to the moment of silence, which was the issue in Wallace v. Jaffre. It was the President's view that it was constitutional, through the Attorney General, that it was constitutional to observe a moment of silence.

Now, what the Court held in Wallace, of course, was that you couldn't look at just the moment of silence. There was a history there about school-led prayer, and to substitute it and suddenly say, well, now it is a moment of silence, they didn't look at it in those terms but looked at it in the long history and the issue of whether a real moment of silence without that kind of background and history, whether that would prevail or not was one that the Court didn't address in Wallace.

Senator Durbin. Let me just wrap this up by asking, and I think you have alluded to this, is it your belief that what we are trying to establish in the constitutional protection

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on the exercise of religion is not only to protect minorities, religious minorities, but also non-believers?

Judge Roberts. Yes. The Court's decisions in that area are quite clear, and I think the Framers' intent was, as well, that it was not their intent to just have a protection for denominational discrimination. It was their intent to leave this as an area of privacy apart--a conscience from which the government would not intrude.

Senator Sessions. Judge, I will just conclude with noting that I remember when the court in the Ninth Circuit ruled that striking down the Pledge of Allegiance, then-Majority Leader Tom Daschle came to the floor, as now-Majority Leader Harry Reid did the same afternoon, and they criticized the opinion and criticized the Ninth Circuit and expressed concern about activism in that circuit, which I have done often myself.

But I responded that my concern was not so much with the circuit but with the confusing number of opinions from the Supreme Court and that I had no doubt that there was Supreme Court authority that would justify the Ninth Circuit rendering, or ruling, that they did. And I say that because we have just received word today that a judge in San Francisco has upheld--has ruled that the Pledge's reference to one Nation under God violates the Constitution and should be stricken down. So that case is going to be winding its way forward.

I am not going to ask you to comment on it because it will obviously come before you. But will you tell us whether or not you are concerned about the inconsistencies of these opinions, and will you work to try to establish a body of law in the Supreme Court that recognizes the Free Exercise rights of American citizens in regard to religion and to avoid a State establishment of a religion?

Judge Roberts. Well, we talked about this in the Committee hearings on a couple of occasions, and I think everyone would agree that the religion jurisprudence under the First Amendment, the Establishment Clause and the Free Exercise Clause could be clearer. The Ten Commandments cases are the example right at hand. You have two decisions of the Supreme Court. Only one Justice thinks both are right. That is an area in which I think the Court can redouble its efforts to try to come to some consistency in its approach.

Now, it obviously is an area that cases depend in a very significant way on the particular facts, and any time that's the case the differences may be explained by the facts. You do have the two provisions, as your question recognized, the Establishment Clause and the Free Exercise Clause. And as I've said before, I think that both of those are animated by the principle that the Framers intended, the rights of full citizenship to be available to all citizens without regard to their religious belief or lack of religious belief. That I think is the underlying principle, and hopefully, the Court's precedents over the years will continue to give life to that ideal.

Senator Sessions. Thank you, Judge Roberts.

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Judicial Ethics (Hamdan; answering questions; honoraria and paid judicial conferences)

Senator Feingold. Let me talk to an aspect of the case that I think you can speak to. Many people were surprised to learn in your questionnaire submitted to the Committee that you were interviewed by the Attorney General in connection with a possible vacancy on the Supreme Court on April 1st of this year, just 6 years [sic] before you sat on the panel that heard oral arguments in the Hamdan case, and that while the case was still pending, before a decision was issued, you had additional interviews in May with the Vice President, the White House counsel, Mr. Karl Rove, and other top officials.

I am going to give you an opportunity to explain why you think it was not necessary for you to recuse yourself from the case, but first I would like to know: Did the possibility of recusal because you were under serious consideration for the Supreme Court occur to you, or was it raised with you at any point prior to the oral argument in the case?

Judge Roberts. Senator, that, again, is a question I can't answer for you. I can't address that. There's a motion pending in the Court seeking to file a petition to recuse, and that motion is pending. It's a matter I can't talk about outside of the judicial process.

In addition, because the Hamdan case itself is still pending, I don't think that's appropriate for me to address that.

Senator Feingold. Judge, I am a little disappointed with that answer. As you know, Senator Schumer and I sent you a letter asking questions about this issue, and then we received a letter on September 1 from the Assistant Attorney General for Legislative Affairs at the Department of Justice on your behalf. It says, "Your August 24th letter requests that Judge Roberts answer certain questions regarding the D.C. Circuit's recent decision in Hamdan v. Rumsfeld. As you know, Chairman Specter has scheduled hearings on Judge Roberts' nomination to begin immediately after Labor Day. At that time, Judge Roberts will be available to respond to questions from all Senators on the Committee."

Now, I took that to mean a little more than telling me you couldn't talk about it. Are you now refusing to answer a question even about when this issue--

Judge Roberts. Senator--

Senator Feingold. --came to your attention?

Judge Roberts. Senator, we're talking about the canons of judicial ethics. They're quite clear on the subject. They say I may not talk about a matter that's pending before the Court.

Senator Feingold. Even when it first came to your attention?

Judge Roberts. That matter is still--is pending before the Court. My hands are tied. It's not something I can discuss under the canons of ethics.

Senator Cornyn. . . . I want to also talk to you a little bit about one area of questioning. I believe it was Senator Biden who was asking you about Justice Ginsburg and the fact that she answered some questions, but declined others. And we have talked about the Ginsburg standard. I think Senator Schumer referred to that as well. What I

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understand that to mean, what I mean by that when I say it is that she has recognized that there is a line that a nominee cannot step over in terms of prejudging cases or issues that may come back before the Supreme Court, and that is the line I understand you to have drawn.

But to Justice Ginsburg, as I believe Senator Graham pointed out, had an extensive paper trail and record, and she did feel at some liberty to talk about issues where her views were already public or where she had already written. Is that the distinction, of could you explain your understanding of the distinction she was making or how she handled, perhaps in a way that is different from the way you are handling questions?

Judge Roberts. My understanding, based on reading the transcript, not just of Justice Ginsburg's hearing but of the hearings for every one of the Justices on the Court, is that that was her approach, that she would generally decline to comment on whether she viewed particular cases as correctly decided or not. She at one point said that that was the Court's precedent, she had no agenda to reconsider it, and that was all she was going to say. And in areas where she had written, she thought it was appropriate to discuss more fully because it was an area that she had already publicly commented on, and I understand that to be the distinction as to why she commented on particular areas but not others.

Senator Cornyn. To your knowledge, is the line that you have attempted to walk in these proceedings about being as forthcoming as you can, but recognizing that you have a responsibility not to jeopardize your impartiality, either the perception or the reality, or the impartiality and independence of the Judiciary; has that been the line that you have attempted to walk and as you understand previous nominees have attempted to walk?

Judge Roberts. It is, Senator, with an exception, and the exception is that I have tried to be--to share more of my views with respect to particular cases. I know other nominees have declined, for example, to comment on even a case like Marbury v. Madison because they thought as a theoretical matter it could come before the Court. I tend to take a more practical and pragmatic approach to things, rather than a theoretical or ideological approach. I think as a practical matter, an issue about Marbury v. Madison is not likely to come before the Court, the same with Brown v. Board of Education, so I have gone farther than many nominees and have been willing to talk about my views on those particular cases.

But I do think when it gets into an area where the correctness or incorrectness or my agreement or disagreement with a particular precedent is an area that is likely to come before the Court or could well come before the Court, I do have to draw the line there

, and it is not out of any interest to dodge questions or anything. My views on cases that I think are not likely to come before the Court, I'm perfectly willing to discuss. It's based on the concern that the independence and integrity of the Supreme Court depends upon Justices who go there and will decide the issues there with an open mind based on the judicial decisional process, not based on prior commitments they made during the nomination hearing.

All of the Justices have adhered to that approach for that reason, and if I am to join their number, I need to be able to look them in the eye in the conference room and say, "I kept the same faith with the independence and integrity of this Court."

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Senator Coburn. . . . I want to cover one area that was discussed yesterday where the implication was made that you might have ruled on a case violating a judicial ethic, and that was the Hamdan v. Rumsfeld case. Senator Feingold asked you questions about the case. You invoked the cannon, the code of conduct of U.S. judges that prohibits you from talking about a pending case. I would like, Mr. Chairman, a copy of that canon to be placed in the record.

Chairman Specter. Without objection, so ordered.

Senator Coburn. Canon 3 provides that a judge should perform the duties of the office impartially and diligently. The judicial duties of a judge take precedence over all other activities. In performing the duties prescribed by law, the judge should adhere to the following standards.

Adjudicative responsibilities--there is another one of those legal words I am having trouble getting my hands around. A judge should avoid public comment on the merits of a pending or impending action requiring similar restraint by court personnel subject to the judge's direction and control. The official commentary to Canon 3(a)(6) provides the admonition against public comment about the merits of a pending or impending action until completion of the appellate process.

I would also note that any criticism of your participation in this case is unwarranted. Numerous law professors who specialize in legal ethics have stated that you in no way have violated any ethics rules simply because you were considered for another judgeship. The opinion was finalized well before you met with the President--I believe that is correct--or was offered this nomination. Is that correct?

Judge Roberts. Yes.

Senator Coburn. The argument, the initial vote, and the drafting of the opinion all took place before there was a Supreme Court vacancy at all, is that correct?

Judge Roberts. Yes.

Senator Coburn. You did not write an opinion on that case, is that correct?

Judge Roberts. I joined Judge Randolph's opinion.

Senator Coburn. Right, but you did not write a separate opinion on that case?

Judge Roberts. No.

Senator Coburn. And I would like to also enter into the record the nonpartisan ethicists who agree that Judge Roberts did not violate any ethics rules--

Chairman Specter. Without objection, it will be made a part of the record.

Senator Kyl. [omitted extensive explanation why nominee should not give views on cases likely to come before the Court] . . . But as Senator Biden just said--and I am paraphrasing here--he said without the knowledge of your personal views--he was talking at the time about end-of-life issues--we are rolling the dice. And your response to that, as I understand it, is: My personal views are irrelevant to a case that comes before me of Jones v. Smith, of X v. Y. What I personally think about issues has nothing to do with the resolution of the dispute between those two parties. And were I to let them intrude, I

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would not be doing my job as a judge, fairly taking the facts of their case and then applying the law that I understand it to be to reach a decision.

Moreover, Judge, isn't it the case that if you were to state your views on such subjects as they might pertain to a case that would come before the Court, wouldn't you actually have to recuse yourself from deciding that case and, therefore, all of the discussion, all of the effort to get you committed to a particular point of view, would be for naught, because if you expressed it, you couldn't sit on the case anyway, or am I incorrect in that?

Judge Roberts. I think that's a concern that other nominees have raised in the past, particularly given the expression of views as part of the confirmation process. It's not supposed to be a bargaining process, and if you start stating views with respect to particular issues of concern to one Senator, then obviously everyone is going to have their list. And when that individual nominee, if confirmed, if the bargain is successful from his or her point of view and he gets confirmed, he will have to begin each case not with the parties' briefs and arguments but with the transcript of the confirmation hearing to see what he or she swore to under oath was their view in a particular area of the law or a particular case. And I think that would undermine the independence of the Supreme Court. It would undermine the integrity of the judicial process. Every one of the Justices on the Court today, every one of them refused to engage in that type of process. And if I am to sit with them, if I am confirmed, I feel I have to follow the same approach.

Now, I do think I have been more expansive than most nominees. I have gone back and read the transcripts, and some of them would not talk about particular cases even if it were unlikely that the case was going to come before the Court. And the reason they gave was, look, it is hard to draw the line. If I think this case is not going to come before the Court, what about this one? And maybe that will. And rather than trying to draw the line, I am just not going to do it. And those Justices were confirmed.

I have taken what I think is a more pragmatic approach.

If I think an issue is not likely to come before the Court, I have told the Committee what my views on that case were, what my views on that case are. You know, perhaps that means I am in--it is sometimes difficult to draw the line. Perhaps that's right. But, again, if I make the judgment--and other nominees may draw the line differently, may have drawn it differently in the past or differently in the future, the nominee I think has to be comfortable with the proposition that they're not doing anything that's going to undermine the integrity of the Court.

Senator Kyl. And I noted yesterday in response to a question, you said, Well, that is the reward for trying to be more expansive. You were talking about Griswold v. Connecticut at the time, and I thought at the time, Boy, he is expressing a view on a relatively recent case, and at least issues associated with it are clearly going to come before the Court. And I wondered, Does that go too far? Does that cross the line? But your point was the specific issue in the case and the precise holding of the case are not likely in your view to come before the Court, and, therefore, you expressed your opinion about that case and the law underlining the ruling in the case.

So I would agree with you that not only have you attempted to answer every one of our questions, but you have also ventured into expressing your personal views on matters that you didn't think would come before the Court, although, as you note, it is at least possible that some of them might. So hopefully you have not gone too far there.

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Senator Feingold. . . . Let me ask you about something else, the Hamdan matter. Yesterday you refused to answer any questions regarding your conduct in the Hamdan v. Rumsfeld case. But today you answered questions from Senator Coburn regarding this matter. So I want to follow up in order to make sure the record is complete.

Your interview with the Attorney General of the United States concerning a possible opening on the Supreme Court on April 1, 2005. Is that correct?

Judge Roberts. Yes. The specifics of the details I've discussed in the response to the Committee's questionnaire.

Senator Feingold. That was six days before the oral argument in the Hamdan case, is that not right?

Judge Roberts. I don't remember the exact date of it. I know it was shortly before that, yeah.

Senator Feingold. You had further interviews on May 3rd concerning a possible appointment to the Court with numerous White House officials including Karl Rove, the Vice President and the White House counsel before the decision in the Hamdan case was released; is that correct?

Judge Roberts. The decision was June 15th.

Senator Feingold. The question here is just did you have further interview on May 3rd concerning a possible appointment to the Court?

Judge Roberts. May 3rd, yes. But whatever was--I don't remember the exact dates, but whatever was--

Senator Feingold. But you had interviews with those individuals--

Judge Roberts. --in the Senate questionnaire.

Senator Feingold. The question seems to indicate it was on May 3rd. You met again with Ms. Myers, the White House Counsel on May 23rd; is that right?

Judge Roberts. I'm relying on the--if that's what I said in the questionnaire, yes. I don't have an independent recollection.

Senator Feingold. You have no reason to doubt that those facts are correct. You never informed counsel in this case of these meetings, did you?

Judge Roberts. I did not, no.

Senator Feingold. Mr. Gonzales's advice to the President concerning the Geneva Conventions was an issue in the case, isn't that right?

Judge Roberts. I don't want to discuss anything about what's at issue in the case. The case is still pending, and pending before the Supreme Court.

Senator Feingold. How about this one. President Bush was named a defendant in the case, right?

Judge Roberts. Yes. In his official capacity.

Senator Feingold. The Hamdan decision was released on July 15th. Is it your testimony that no work on that decision took place after July 1?

Judge Roberts. No. I didn't--that was not my testimony. The opinions in the D.C. Circuit--

Senator Feingold. Your testimony now that no work on that decision took place after July 1?

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Judge Roberts. Opinions in the D.C. Circuit are complete and circulated to the panel a week before they're released. That was my--the conclusion of when work was complete, and again, I wasn't the author of the opinion--it would have been a week before it was released.

Senator Feingold. Did you read over the opinion of the concurrence after July 1? Was there any editing that took place after that date?

Judge Roberts. I don't recall, Senator, and--

Senator Feingold. Well, when was the issue of whether you should recuse yourself from this case, when did that first come to your attention?

Judge Roberts. I saw, was made aware of an article--I think it was an article--I don't remember when that took place, whenever the article was published. And then I understand there was legal opinions on the other side were requested by I believe the Chairman, and I know that those were published--

Senator Feingold. You do not recall when this matter first came up? I would think it would be something you would remember, when somebody suggested you should have recused yourself.

Judge Roberts. I don't remember the date of the--

Senator Feingold. How about the approximate time?

Judge Roberts. I think it was sometime in July or--

Senator Feingold. Mr. Chairman, so the record would be complete, I would like to submit the article from Slate Magazine by Professors Gillers, Luban and Lubet and a letter sent to you responding to Professor Rotunda's criticism of their position, and I also want to submit an article by these three law professors that was published int Los Angeles Times on this topic.

I do not want to take any more time on this, but I think these--

Chairman Specter. Without objection that will be made a part of the record.

Senator Feingold. Thank you, Mr. Chairman. I think these professors very convincingly answer Professor Rotunda's views and point out that his analysis of the case law is not particularly persuasive. And I would urge any of my colleagues who really want to understand the issue with Judge Roberts' participation in the case, rather than just dismissing it because it is inconvenient, that they take a look at and actually see what the issues were here. But I do appreciate your answer to those questions.

Senator Graham. Thank you, Mr. Chairman.

Judge Roberts, your intellectual stamina impresses me because--you can't see this on television--it must be 150 degrees in here.

[Laughter.]

Senator Graham. And I just don't know how you are doing it, but I am tremendously impressed.

Mr. Chairman, I would like permission to introduce into the record some law professor's opinion that being interviewed for the Supreme Court vacancy when Judge Roberts was interviewed did not require him to recuse himself, and I will do that at--

Chairman Specter. Without objection, it will be made a part of the record.

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Senator Graham. But let's think about that in kind of political terms, and I know that is not really your job. If we took this to its logical conclusion, say I was President--and I don't think that is going to happen, so you don't need to be overly worried about it. But you could pick someone to be Chief Justice from the people sitting on the Court; is that correct?

Judge Roberts. Yes.

Senator Graham. So if you had a judge you did not particularly like, the best thing you could do is go talk to him about the job and they could not decide anything. Would that be the logical conclusion of this?

Judge Roberts. I think that would be the logical conclusion of some--

Senator Graham. Well, I will remember that if I am President. On the record now, I don't think I should have the right to do that. That is part of the process.

Senator Schumer. . . . But let me ask you this about judges in general. You sit on a court, correct?

[Judge Roberts nods head.]

Senator Schumer. Okay. And sometimes you dissent.

[Judge Roberts nods head.]

Senator Schumer. And that's routine, not just for your but for every judge.

Judge Roberts. It's rare on our court, I'm happy to--

Senator Schumer. Yes, it is. It is. That is true. I have noticed that. But it happens in courts all the time.

[Judge Roberts nods head.]

Senator Schumer. Okay. And in doing so, the dissenting judge is criticizing the majority opinion, right?

[Judge Roberts nods head.]

Senator Schumer. Disagreeing with it?

[Judge Roberts nods head.]

Senator Schumer. And I take it this happens on the Supreme Court quite often.

[Judge Roberts nods head.]

Senator Schumer. And, in fact, there aren't that many unanimous Supreme Court cases on major cases these days.

Judge Roberts. Well, actually, at one point the statistics always showed that more cases were unanimous than anything else.

Senator Schumer. But there are a lot of dissenting judgments.

Judge Roberts. There are a lot.

Senator Schumer. And every Justice on the Supreme Court has dissented in many cases.

[Judge Roberts nods head.]

Senator Schumer. Meaning they disagreed with the opinion of the Court, right?

[Judge Roberts nods head.]

Senator Schumer. And nothing is wrong with that. There is nothing improper, nothing unethical.

[Judge Roberts nods head.]

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Senator Schumer. Okay. Let's go to commentators. Non-judges are free to criticize and disagree with Supreme Court cases, correct?

Judge Roberts. Yes.

Senator Schumer. In speeches, law review articles. This is a healthy process, wouldn't you say?

Judge Roberts. I agree with that, yes.

Senator Schumer. And you did this occasionally when you were in private practice?

Judge Roberts. Yes.

Senator Schumer. Okay. Nothing unseemly about that.

Judge Roberts. No.

Senator Schumer. Okay. And how about lawyers representing clients? Lawyers representing clients criticize cases in legal briefs all the time. That is what they do for a living.

Judge Roberts. Yes.

Senator Schumer. And that is part of being a good lawyer. And you have signed your name to briefs explicitly criticizing and disagreeing with Supreme Court decisions.

Judge Roberts. On occasion, yes.

Senator Schumer. In Rust v. Sullivan, for example, your brief said that, "Roe was wrongly decided and should be overturned." Right?

Judge Roberts. Yes.

Senator Schumer. Okay. But in this hearing room, you don't want to criticize or disagree with any decided cases. That seems strange to me. It seems strange, I think, to the American people, that you can't talk about decided cases, past cases, not future cases, when you have been nominated to the most important job in the Federal judiciary. You could do it when you worked in the White House. You could do it when you worked in the Justice Department. You could do it when you worked in private practice. You could do it when you gave speeches and lectures. As a sitting judge, you have done it until very recently. You could probably do it before you just walked into this hearing room. And if you are confirmed, you may be doing it for 30 years on the Supreme Court. But the only place and time that you cannot criticize any cases of the Supreme Court is in this hearing room when it is more important than at any other time that the American people and we, the Senators, understand your views.

Why this room should be some kind of cone of silence is beyond me. The door outside this room does not say, "Check your views at the door." So your failure to answer questions is confounding me. You have done it in instance after instance after instance after instance. What is the difference between giving your views here in this hearing room and what judges do every day, what professors do every day, what lawyers do every day? In each case, they have to state their opinion. They have to do it as part of their job, if you will, writing a brief, rendering an opinion, writing an article. In each case they are stating their views, which might bias them. You have done it.

Yet only here you cannot state your views. If the argument--and by the way, there is a very good countervailing reason that you should state your views, because, as the Founding Fathers so constructed, this is the one time you go before an elected body before a lifetime appoint. And it seems to me this is something of an argument of convenience. Senator Specter said it will. He said you will answer as many questions as

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you have to to get confirmed. That may be the actual fact, but it is not the right thing to do, in my judgment.

And so please tell us why is the bias, why is the fact that you have already stated an opinion any different when you sit in this room, in terms of jeopardizing your future as a judge, than it is when you are doing all these other things that you have done? And let me just remind you--I am going to give you a chance to answer this, but I think it is bothering a lot of people in this room and out of this room. Justice Ginsburg, people who have sat in your very chair, just about every single Justice, with one or two exceptions, has given their opinions of existing cases.

Justice Ginsburg said on Roe v. Wade, My view is that if Roe had been less sweeping, people would have accepted it more readily. Do you think she was unable to keep an open mind in cases implicating Roe? Do you? Do you think she was unable to keep an open mind? Just answer me about her, not about what you think--

Judge Roberts. Senator, I'll explain why she expressed her views on that particular issue. It was an explanation that she gave at the time, that she had written extensively on that subject and she thought that her writings were fair game for discussion. She took a different view--

Senator Schumer. But she--excuse me, I just--because I want to-- She would be expressing an opinion which might yield bias whether she wrote before or not. She did it over and over again. She praised Learned Hand's First Amendment decision in Masses Publishing. I don't think she was biased to keep her mind open on courts in that line. As Joe Biden said, in Moore v. East Cleveland, she candidly--and I don't think she had writings on that one. She expressed that the opinion has difficulties. And other Justices have done it. Justice Bryer talked about U.S. v. Booker, Justice Powell about Miranda, Justice Souter about Miranda. It didn't bias him in the Dickerson case. Not all of these people had previously written.

You can make a distinction to every single example I give. You can say, well, she wrote on that one. But when you add it all up, you are being less forthcoming. I know you are doing what you feel is right, but you are being less forthcoming with this Committee than just about any other person who has come before us. You are so bright and you know so much, but there is another aspect to this, which is letting us know what you think. And you have set up your own little construct. It is not really the Ginsburg precedent or it isn't Canon 5, which you cited repeatedly at your Court of Appeals hearing.

And so let me ask you this one question and then you can answer it in general. Has there been any judge that you are aware of who has had to recuse himself or herself because of what they said at a confirmation hearing? Can you name for me a judge who you think was biased or not able to render justice because they gave their opinion at a confirmation hearing, sitting at this table as you do?

Judge Roberts. I think, because the Justices have followed the approach that I am following, and as I said, I've gone back and read every one of the transcripts for the Justices, they have avoided commenting on whether they think decisions were correctly decided or not. If you look at what Justice Ginsburg said when she was asked whether she thought the Mayer and Harris cases were correctly decided, you will see she said, I'm not going to comment on that. She said, I know what the precedents are, I have no agenda to overrule them, and that's all I'm going to say.

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Senator Schumer. She commented on many other cases, as you went through with Senator Biden yesterday and as we have gone through a little bit here. She commented on many different cases, didn't she?

Judge Roberts. My understanding--

Senator Schumer. There were reasons, but she did comment on other cases, didn't she?

Judge Roberts. My understanding of the cases she felt it appropriate to comment on, as I've said, were the ones where she had already written on it. And she said, I think my writings are appropriate.

Senator Schumer. There are no cases she commented on where she hadn't written?

Judge Roberts. I thought she adhered to her view. Her view was no hints, no forecasts, no previews. That's exactly what she said. That's an exact quote from her hearing transcript.

Senator Schumer. I have to say, sir, I disagree with you. I have looked at her testimony. She didn't comment on some cases and commented on others. If you look at how many she commented on and how many she didn't, it is a far different balance than you, who have commented on Marbury, Brown, Griswold, and not much else. And each time, even when we talked yesterday about Wickard v. Filburn--and it is a 1942 case, it is at the root of a large, it is a trunk of a large tree of constitutional law--you were unwilling to comment. And of course you say it might come before the Court. But that is a prediction. Some may, some may not. Maybe a Brown case would come before the Court. Maybe a Griswold case would come before the Court. And if you had wanted to, you could have easily said those may come before the Court and not answer those. It is sort of your own little way of doing it.

Senator Cornyn. . . . I want to talk to you a little bit--well, first of all, before we go there, I know one of the questions involved the Code of Judicial Conduct and whether you were proscribed by that and the differences between what you have felt at liberty to testify to, and Justice Ginsburg did. But I notice that in the commentary to Canon 5, the Model Code of Judicial Conduct, the last sentence says, "This section applies to any statement made in the process of securing judicial office, such as statements to commissions charged with judicial selection and tenure, and legislative bodies confirming appointment." Is that your recollection of the Code's scope?

Judge Roberts. Yes, Senator.

Senator Cornyn. I would ask unanimous consent that that be made a part of the record.

Chairman Specter. Without objection, it will be made a part of the record

Senator Cornyn. Thank you, Mr. Chairman.

Senator Cornyn. . . . I know there were questions about--I want to move quickly to your participation in a lawsuit. Let me see. It was the Hamdi case?

Judge Roberts. Hamdan was the one that--

Senator Cornyn. Hamdan.

Judge Roberts. Hamdi was the one in the--

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Senator Cornyn. Supreme Court, right. Sometimes I confused those.

Judge Roberts. It is a common source of confusion.

Senator Cornyn. And we have had a little back and forth. I think Senator Feingold asked about the ethics of your participation. Senator Graham I thought made a very good point in talking about if a President wanted to disqualify a judge in a case, well, just call the judge up and tell him, "You are being considered for a Federal appointment," which certainly cannot be right.

But do you know for a fact that Justice Breyer, when he was being considered about a possible nomination to the Supreme Court, sat and decided seven cases while sitting on the D.C. Circuit Court of Appeals? Are you familiar with that statistic?

Judge Roberts. No, I'm not, Senator.

Senator Cornyn. Okay. Well, our research reveals that that is, in fact, what happened, and so if Justice Breyer could participate fully in the court's decisionmaking process while being considered by President Clinton for appointment to, nomination to the Supreme Court, it strikes me that we should not have a different standard. And I am not asking you to comment on that because you said you are not familiar with Justice Breyer's record. But if that is true--and I believe it is, that he sat on seven different cases involving the United States Government and the executive branch while he was being considered for the Supreme Court, we shouldn't hold John Roberts to a different standard. And that is my view.

Senator Feingold. A topic we touched on in our meeting in my office in July was the issue of judges going to judicial education conferences at sometimes fancy resorts which are put on by ideologically oriented groups and paid for by private corporations sometimes that even have cases pending before the judges in attendance. And when we spoke, of course, you had been nominated for the Associate Justice position, and our conversation concerned your personal interest in attending such events. As I remember, your answer was that you said you would rather spend your free time with your family, which I thought was a pretty good answer.

But now you have been nominated for Chief Justice, and one of your duties is to head the Judicial Conference which, among other things, sets the ethics policies for the Federal judiciary. And this is one area where I think Chief Justice Rehnquist might have taken a different course. He took a number of steps to essentially leave this ethical question up to the personal decision of individual judges and appointed a judge to head the Committee on Codes of Conduct who had been prominently featured in a "20/20" expose of these junkets. Not surprisingly, the Committee weakened the judicial ethics rules on this question of privately financed trips.

Chief Justice Rehnquist strongly opposed congressional efforts to put a halt to these judicial junkets that I believe sometimes reflect poorly on the independence and impartiality of the judiciary.

So I would like to know, Judge Roberts, if confirmed, whether you will use your power as Chief Justice to set a high ethical tone for the Federal judiciary by putting in place new codes of conduct that would prohibit judges from participating in privately funded "judicial education" that lets special interests essentially lobby Federal judges?

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Judge Roberts. Well, I don't think special interests should be allowed to lobby Federal judges. Stated that way, I think the answer is clear.

I don't know enough about how these things operate. As I said, I have not been on one of them. I don't know how the funding is set up. I don't know what the situation is. If confirmed, I'm certainly happy to examine it. I know that there is a conflict of interest or ethical standard review group, I think, within the Judicial Conference. I believe they addressed that question and issued an opinion on it recently. But, again, I am just sort of recollecting something I read.

I would say more generally, though--and maybe it is off topic, in which case feel free to cut me off. But I do think it is important for judges and Justices to get out, particularly get out of Washington a little bit. I've always enjoyed going to the law schools, participating in the moot courts or, you know, functions where you get to visit with the law students. I've done that a few times--not a lot, a few times. I wouldn't call that by any stretch of the imagination "a junket." But I do think it's important for the Justices to get out around the country and particularly visit the law schools. That is probably not the same sort of thing you are talking about.

Senator Feingold. Fair enough, and I think you would agree that there is nothing wrong with judges or Senators golfing. That is not the question.

Judge Roberts. It may not be good for the game of golf, but...

[Laughter.]

Senator Feingold. In 2000, Chief Justice Rehnquist wrote a letter supporting repeal of a provision of the Ethics Reform Act of 1989 that bans honoraria for judges. Do you believe that the law should be changed to permit judges to take honoraria for speeches or appearances?

Judge Roberts. There again, Senator, that's not an issue I've looked at. I know the law prohibits that. I know that there was a case about that, and the Supreme Court decided that, to some extent, that prohibition was unconstitutional as applied to lower-level officials but constitutional as applied to others. It's not a question that I've addressed.

Senator Feingold. Just to return for the record for a moment, the item that the judge referred to in terms of Judicial Conference policy is actually the policy that I was concerned about that I thought was a step backward, and I just wanted that reflected in the record.

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Judicial Philosophy and Constitutional Interpretation

[Opening statement:] My personal appreciation that I owe a great debt to others reinforces my view that a certain humility should characterize the judicial role. Judges and Justices are servants of the law, not the other way around. Judges are like umpires. Umpires don't make the rules, they apply them. The role of an umpire and a judge is critical. They make sure everybody plays by the rules, but it is a limited role. Nobody ever went to a ball game to see the umpire.

Judges have to have the humility to recognize that they operate within a system of precedent shaped by other judges equally striving to live up to the judicial oath, and judges have to have the modesty to be open in the decisional process to the considered views of their colleagues on the bench.

Mr. Chairman, when I worked in the Department of Justice in the Office of the Solicitor General, it was my job to argue cases for the United States before the Supreme Court. I always found it very moving to stand before the Justices and say, "I speak for my country." But it was after I left the Department and began arguing cases against the United States, that I fully appreciated the importance of the Supreme Court in our constitutional system. Here was the United States, the most powerful entity in the world, aligned against my client, and yet all I had to do was convince the Court that I was right on the law, and the Government was wrong, and all that power and might would recede in deference to the rule of law.

That is a remarkable thing. It is what we mean when we say that we are a Government of laws and not of men. It is that rule of law that protects the rights and liberties of all Americans. It is the envy of the world, because without the rule of law, any rights are meaningless.

President Ronald Reagan used to speak of the Soviet Constitution, and he noted that it purported to grant wonderful rights of all sorts to people, but those rights were empty promises because that system did not have an independent judiciary to uphold the rule of law and enforce those rights. We do, because of the wisdom of our Founders and the sacrifices of our heroes over the generations to make their vision a reality.

Mr. Chairman, I come before the Committee with no agenda. I have no platform. Judges are not politicians who can promise to do certain things in exchange for votes. I have no agenda, but I do have a commitment. If I am confirmed, I will confront every case with an open mind. I will fully and fairly analyze the legal arguments that are presented. I will be open to the considered views of my colleagues on the bench, and I will decide every case based on the record, according to the rule of law, without fear or favor, to the best of my ability, and I will remember that it's my job to call balls and strikes, and not to pitch or bat.

. . . If I am confirmed, I will be vigilant to protect the independence and integrity of the Supreme Court, and I will work to ensure that it upholds the rule of law and safeguards those liberties that make this land one of endless possibilities for all Americans.

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Senator Hatch. I read an interesting book over the weekend, Cass Sunstein's book, recent book published by Basic Books. He discussed various philosophies with regard too judging, and I would just like to ask you this question. Some of the philosophies he discussed were whether a judge should be an originalist, a strict constructionist, a fundamentalist, a perfectionist, a majoritarian or a minimalist. Which of those categories do you fit in?

Judge Roberts. Well, I haven't--I didn't have a chance to read Professor Sunstein's book. He writes a different one every week, it's hard to keep up with.

[Laughter.]

Judge Roberts. But, you know, I think--

Senator Hatch. I have read a number of them.

Judge Roberts. Like most people, I resist the labels. I have told people when pressed that I prefer to be known as a modest judge, and to me that means some of the things that you talked about in those other labels. It means an appreciation that the role of the judge is limited, that a judge is to decide the cases before them, they're not to legislate, they're not to execute the laws.

Another part of that humility has to do with respect for precedent that forms part of the rule of law that the judge is obligated to apply under principles of stare decisis. Part of that modesty has to do with being open to the considered views of your colleagues on the bench. I would say that's one of the things I've learned the most in the past two years on the Court of Appeals, how valuable it is to function in a collegial way with your colleagues on the bench, other judges being open to your views, you being open to theirs. They, after all, are in the same position you're in. They've read the same briefs. They heard the same arguments. They've looked at the same cases. And if they're seeing things in a very different way, you need to be open to that and try to take another look at your view and make sure that you're on solid ground.

Now, I think that general approach results in a modest approach to judging which is good for the legal system as a whole. I don't think the courts should have a dominant role in society and stressing society's problems. It is their job to say what the law is. That's what Chief Justice Marshall said, of course, in Marbury v. Madison. And, yes, there will be times when either the Executive Branch or the Legislative Branch exceeds the limits of their powers under the Constitution or transgresses one of the provisions of the Bill of Rights, and then it is emphatically the obligation of the courts to step up and say what the Constitution provides, and to strike down either unconstitutional legislation or unconstitutional Executive action.

But the Court has to appreciate that the reason they have that authority is because they're interpreting the law, they're not making policy, and to the extent they go beyond their confined limits and make policy or execute the law, they lose their legitimacy, and I think that calls into question the authority they will need when it's necessary to act in the face of unconstitutional action.

Senator Hatch. I know that I have only mentioned a few of these so-called descriptions of various philosophical attitudes with regard to judging, but am I correct in interpreting that you are probably eclectic, that you would take whatever is the correct way of judging out of each one of those provisions? There may be truths in each one of those provisions, that none of them absolutely creates an absolute way of judging.

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Judge Roberts. Well, I have said I do not have an overarching judicial philosophy that I bring to every case, and I think that's true. I tend to look at the cases from the bottom up rather than the top down. And like I think all good judges focus a lot on the facts. We talk about the law, and that's a great interest for all of us, but I think most cases turn on the facts, so you do have to know those, you have to know the record.

In terms of the application of the law, you begin obviously with the precedents before you. There are some cases where everybody's going to be a literalist. If the phrase in the Constitution says two-thirds of the Senate, everybody's a literalist when they interpret that. Other phrases in the Constitution are broader, "unreasonable searches and seizures." You can look at that wording all day and it's not going to give you much progress in deciding whether a particular search is reasonable or not. You have to begin looking at the cases and the precedents, what the Framers had in mind when they drafted that provision.

So, yes, it does depend upon the nature of the case before you I think.

Senator Hatch. Please help the Committee sort this out by describing further the role you believe unelected judges play or should play in our system of Government. Are they charged, for example, with using the Constitution to effect cultural and political reform, or does the Constitution require that this should be left to the people and their elected representatives? How can the Judiciary sit in constitutional judgment over the Legislative and Executive branches while still remaining co-equal with them? If you could kind of take a crack at those various questions, I would appreciate it.

Judge Roberts. Well, Justice White's insight that was quoted by Senator DeWine yesterday, that judges' obligation is to decide cases, really has constitutional significance. It goes back to Marbury v. Madison. You know, the Constitution doesn't have any provision that says, oh, and the judges, by the way, are to interpret the Constitution and tell us what it means. What it says it that the judges are to decide cases that arise under this Constitution, this new Constitution, and under any new laws that the Congress might pass. And what Chief Justice Marshall explained in Marbury v. Madison was that, well, if we've got to decide cases, that's our constitutional obligation, we've got to decide whether in a particular case something's consistent with the Constitution or not. So we have to decide what the Constitution means, and that's what the Framers intended.

So the obligation to decide cases is the only basis for the authority to interpret the Constitution and laws. That means that judges should be careful in making sure that they have a real case in front of them, a real live dispute between parties who have actual injury involved, actual interests at stake, because that is the basis for their legitimacy. And then they're to decide that case as a judge would, not as a legislator would based on any view of what's the best policy, but as a judge would based on the law. That's why the Framers were willing to have the judges decide cases that required them to interpret the Constitution, because they were going to decide it according to the rule of law.

If the people who framed our Constitution were jealous of their freedom and liberty, they would not have sat around and said, "Let's take all the hard issues and give them over to the judges." That would have been the furthest thing from their mind. Now, judges have to decide hard questions when they come up in the context of a

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particular case. That's their obligation. But they have to decide those questions according to the rule of law, not their own social preferences, not their policy views, not their personal preferences, according to the rule of law.

Senator Hatch. You have explained that it is not the duty of the Judiciary to make the law or to execute it, but to interpret it. I am not naive. Sometimes interpretation is more of an art than a science. There are those who would label "interpretation" absolutely anything a judge might do, or to the text of a statute or Constitution. But it seems to me there comes a point where a judge is using his own creativity and purpose, and crosses the line between interpreting a text written by somebody else, and in a sense creating something new. Now that troubles me, since as I said earlier, I believe in the separation of powers. If a judge crosses the line between interpreting and making the law, he has crossed the line supporting his legitimate authority from the Legislative branch's authority. To me that is a very serious matter.

If we believe, as America's Founders did, that the separation of powers, not just in theory or in textbook, but in practice in the actually functioning of Government is the linchpin of limited Government and liberty.

How do you distinguish between these two roles of interpreting and making law? And can you assure the Senate and the American people that you will stay on your side of this line?

Judge Roberts. I will certainly make every effort to do so, Senator. I appreciate the point that in some cases the question of whether you are interpreting the law or making the law, that that line is hard to draw in some cases. I would say not in most cases. I think most cases, most judges, know what it means to interpret the law, and can recognize when they're going too far into an area of making law, but certainly there are harder cases. And someone like Justice Harlan always used to explain that when you get to those hard cases, you do need to focus again on the question of legitimacy, and make sure that this is the question that you the judge are supposed to be deciding rather than someone else.

You go to a case like the Lochner case. You can red that opinion today and it's quite clear that they're not interpreting the law, they're making the law. The judgment is right there. They say: We don't think it's too much for a baker to work whatever it was, 13 hours a day. We think the legislature made a mistake in saying they should regulate this for their health. We don't think it hurts their health at all.

It's right there in the opinion. You can look at that and see that they are substituting their judgment on a policy matter for what the legislature had said. So, you know, the fact that it's difficult to draw the line doesn't relieve a judge of an obligation to draw the line.

There are those more academic theorists who say it is a question of degree, and since it's just a question of degree, you shouldn't try to draw the line, because it's hard sometimes to interpret the law without making the law. We'll throw our hands up and say, well, judges make the law, and proceed from that.

That has not been my experience either as a judge or an advocate. My experience has been in most cases you can see where the line is, and you do know when judges are exceeding their authority and making a law, rather than interpreting it, and careful judges are always vigilant to make sure that they're adhering to their proper function and not going into the legislative area.

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Senator Grassley. . . . So, Judge Roberts, beyond your umpire analogy, what do you understand to be the role of a judge in a democratic society? And I would like your reaction to a quote of Justice Cardozo on the nature of the judicial process, and he said this, not paraphrasing but direct quote: "The judge, even when he is free, is still not wholly free. He is not to innovate at pleasure. He is not knight-errant roaming at will in pursuit of his own ideal of beauty or of goodness. He is not to yield to spasmodic sentiment, to vague or unregulated benevolence. He is to exercise a discretion informed by tradition, methodized by analogy, disciplined by system, and subordinated to the primordial necessity of order in social life. Wide enough in all conscience is the field of discretion that remains."

What do you think Justice Cardozo meant by that passage? And do you agree with it?

Judge Roberts. I know I agree with it. Now let me figure out what he meant by it.

[Laughter.]

Judge Roberts. I think what he meant was that judges operate as judges when they are confined by the law. When I became a lawyer, the proclamation they read for the graduates, they referred to the law as "the wise restraints that make men free." And judges are the same way. We don't turn a matter over to a judge because we want his view about what the best idea is, what the best solution is. It's because we want him or her to apply the law. They are constrained when they do that. They are constrained by the words that you choose to enact into law in interpreting the law. They are constrained by the words of the Constitution. They are constrained by the precedents of other judges that become part of the rule of law that they must apply. And that cabining of their discretion, that is what Hamilton referred to in Federalist 78. He said judges should not have an absolute discretion; they need to be bound down by rules and precedents--the rules, the laws that you pass, the precedents that judges before them have shaped. And then their job is interpreting the law. It is not making the law. And so long as they are being confined by the laws, by the Constitution, by the precedents, then you're more comfortable that you're exercising the judicial function. It's when you're at sea and you don't have anything to look to that you need to begin to worry that this isn't what judges are supposed to do.

Senator Grassley. Well, is there any room in constitutional interpretation for the judge's own values or beliefs?

Judge Roberts. No, I don't think there is. Sometimes it's hard to give meaning to a constitutional term in a particular case. But you don't look to your own values and beliefs. You look outside yourself to other sources. This is the basis for, you know, that judges wear black robes, because it doesn't matter who they are as individuals. That's not going to shape their decision. It's their understanding of the law that will shape their decision.

Senator Grassley. Some legal scholars claim that when the political branches of Government are slow to act, the broad and spacious terms of the Constitution lend themselves to Court-created solutions. So you agree with this role of the Court?

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Judge Roberts. I have said that it is not the job of the Court to solve society's problems, and I believe that. It is the job of the Court to decide particular cases. Now, sometimes cases are brought and the courts have to decide them even though the other branches have been slow to act, as you say. Brown v. Board of Education is a good example. The other branches and society were not addressing the problems of segregation in the schools. They were not just slow to act. They weren't acting. But that didn't mean the courts should step in and act. But when the courts were presented with a case that presented the challenge, this segregation violates the Equal Protection Clause, the courts did have the obligation to decide that case and resolve it, and in the course of doing that, of course, change the course of American history.

Senator Grassley. Your reference to Brown would be a good time to throw in this question. Do you agree with the view that the courts, rather than the elected branches, should take the lead in creating a more just society?

Judge Roberts. Again, it is the obligation of the courts to decide particular cases. Often that means acting on the side of justice as we understand it, enforcing the Bill of Rights, enforcing the Equal Protection Clause. But it has to be in the context of a case, and it has to be in the context of interpreting a provision that's implicated in that case. They don't have a license to go out and decide I think this is an injustice and so I'm going to do something to fix it. That type of judicial role I think is inconsistent with the role the Framers intended. When they have to decide a case, it may well from time to time in particular cases put them in the role of vindicating the vision of justice that the Framers enacted in the Constitution, and that is a legitimate role for them. But it's always in the context of deciding a proper case that's been presented.

Senator Grassley. Judge Roberts, during the Souter nomination, I questioned--and I didn't go back and check the record just to see exactly what I said, but I questioned in some way about how he would interpret statutory law. Justice Souter responded to some of my questions by talking about vacuums in the law, specifically that the courts--and these are his words--"fill vacuums that are maybe left by Congress."

This concept was troubling to me then and remains so today, and if Justice Souter is listening, I would like to say to him, well, you know, maybe Congress intended to leave some vacuums.

So I would like to know how much filling in of vacuums in the law left by Congress will you do as a Supreme Court Justice. Do you think this is the way for the Court to be activist in that courts will be deciding how to fill in generalities and resolve contradictions in law?

Judge Roberts. Well, I don't want to directly comment on what Justice Souter said. He's either going to be a colleague or continue to be one of my bosses.

[Laughter.]

Judge Roberts. So I want to maintain good relations in either case. But I do think it's important to recognize in construing legislation that sometimes a decision has been made not to address a particular problem. That isn't a license for the courts to go ahead and address it because that would be overriding a congressional decision. At the same time, as is always the case, courts are sometimes put in the position of having to decide a question that Congress has left deliberately or inadvertently unanswered. We see that in the issue of what remedies are available under an implied right of action when Congress

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has not spelled them out and the courts sometimes have to address that sort of question. And if it's presented in a case, it's unavoidable.

But, again, I resort back to the bedrock principle of legitimacy in the American system for courts, which is that any authority to interpret the law, any authority to interpret the Constitution, derives from the obligation to decide a particular case or controversy.

Senator Grassley. In your confirmation for the D.C. Circuit, you answered a question, asked by another member, whether you supported the originalist approach to constitutional interpretation by saying this, so I hope I am quoting you accurately: "I do not have an all-encompassing approach to constitutional interpretation. The appropriate approach depends to some degree on the specific provisions at issue. Some provisions of the Constitution provide considerable guidance on how they should be construed; others are less precise. I would not hew to a particular school of interpretation but would follow the approach or approaches that seem most suited in the particular case to correctly discerning the meaning of the provision at issue."

Could you explain what approaches you are talking about? I am not sure in your quote what you are getting at. Secondly, can you give some examples? And, three, I would like to know when you do not believe that the originalist approach is the right approach.

Judge Roberts. Well, I think it's very important to define these terms. Let's take "the originalist approach." I do think it's the--that the Framers' intent is the guiding principle that should apply. However, you do need to be very careful and make sure that you're giving appropriate weight to the words that the Framers used to embody their intent.

I think in particular of the 14th Amendment and the Equal Protection Clause. There are some who may think they're being originalists who will tell you, well, the problem they were getting at were the rights of the newly freed slaves, and so that's all that the Equal Protection Clause applies to. But, in fact, they didn't write the Equal Protection Clause in such narrow terms. They wrote more generally. That may have been a particular problem motivating them, but they chose to use broader terms, and we should take them at their word, so that it is perfectly appropriate to apply the Equal Protection Clause to issues of gender and other types of discrimination beyond the racial discrimination that was obviously the driving force behind it. That is an originalist view because you're looking at the original intent as expressed in the words that they chose, and their intent was to use broad language, not to use narrow language.

There are some areas where a very strict textualist approach makes the most sense. Obviously, the example I gave earlier, two-thirds means two-thirds. You don't say, well, their purpose was to apply some super-majority requirement, and now that we have more Senators, three-fifths will give effect to that intent. Nobody would apply that approach. You stick to the language.

In other areas, the Court's precedents dictate the approach. This is not something that is purely a matter of academic exercise. For example, on the Seventh Amendment, the right to a jury trial, the Court has been very specific. We have a historical approach

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there. The job of a judge is to sort of look at whatever action is and try to analogize it. What would that be most like in 1787? And if you got a jury trial for that, you get one today; and if you didn't, you don't. It's a purely historical approach.

So the approaches do vary, and I don't have an overarching view. As a matter of fact, I don't think very many judges do. I think a lot of academics do. But the demands of deciding cases and the demands of deciding cases by committee, either a group of three or a group of nine, I find with those demands the nuances of academic theory are dispensed with fairly quickly, and judges take a more practical and pragmatic approach to trying to reach the best decision consistent with the rule of law.

Senator Kyl. . . . So really the question here is how you view your role as a judge with respect to this concept of advancing freedom and progress, especially since you cannot, for the most part, choose what cases come before you to decide. What is your take on your role if you were to become the Chief Justice of the United States Supreme Court in considering this notion of advancing freedom and progress through your decision making?

Judge Roberts. Well, Senator, judges and Justices do have a side in these disputes. They need to be on the side of the Constitution, and in most of these areas, what the Constitution provides is that these sorts of policy debates, which approach is better suited to promote freedom or to promote progress are vested in the Legislative Branch. There are areas where the Constitution sets aside certain areas, in the Bill of Rights and other protections of liberty, and says that these areas are beyond the reach of the policymaking branches and judges and Justices have the responsibility to enforce those provisions in the Constitution. But outside of that, judges and Justices should not take sides in these disputes.

I think people on both sides need to know that if they go to the Supreme Court that they're going to be on a level playing field, that the judge is going to interpret the law, that the judge is going to apply the Constitution and not take sides in their dispute. That's what this body is for in Congress and in the State legislatures, to resolve those types of policy disputes. So long as the resolution is consistent with the Constitution, that's what the judges are there to ensure, and so long as they ensure that, the Framers' notion was that freedom and progress would be advanced by allowing those decisions to be made by the people's elected representatives.

Senator Kohl. … Judge Roberts, yesterday you describe your role as a judge as just an umpire, as you called it, calling balls and strikes. That is an interesting analogy for me as I have more than most some personal experience with umpires and referees. But as all of us with any involvement in sports know, no two umpires or no two referees have the same strike zone or call the same kind of a basketball game, and ballplayers and basketball players understand that, depending upon who the umpire is and who the referee is, the game can be called entirely differently.

When we look at real legal cases, I wonder whether or not your analogy works. For example, in our private conversation, I asked you whether the words of the

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Constitution must always be interpreted in the same way as the authors originally intended. For example, the 14th Amendment, which guarantees equal protection under the laws to all citizens, was written at a time when schools were, in fact, segregated based on race. And yet in Brown v. Board of Education, the Equal Protection Clause was interpreted to find segregation schools unconstitutional, and you, of course, have endorsed that decision.

No one disagrees with that conclusion today, but would a neutral umpire, as you described yourself yesterday, have decided back in 1954 to expand the words of the Constitution outside of the strike zone? Would a neutral umpire have overturned a 58-year-old Supreme Court precedent and gone against the understanding of the authors of the 14th Amendment and also the views of almost half of the State legislatures at that time in making the decision that they made?

Judge Roberts. Well, Senator, I think the answer to your question is yes. The research into the original understanding of the drafters of the 14th Amendment has expanded and changed quite a bit, and I think a very good case can be made about their views. But, more importantly, the issue was the institution of public education wasn't as established at the time as it was in 1954, the time of the crafting of the amendment. And, you know, the Framers spoke in broad language, and whether they specifically addressed the question of public education or not isn't the limitation. Their intent was not limited to the particular problem. They chose broad language, and they should be held to their word. And I think it is perfectly consistent with an original understanding to argue and to conclude that their original understanding meant that segregated schools were unconstitutional, not just in 1954 but at the time they enacted the amendment. I think a strong case can be made there.

And what was interesting about the Brown case--maybe it's my own perspective, but if you look at the arguments in that case, yes, John W. Davis arguing for the Board was arguing on the basis of precedent in Plessy v. Ferguson, saying this is the established law. But so was Thurgood Marshall. He went in and he was arguing on the basis of more recent precedent, Sweatt v Painter, a more recent decision of the Court about law school separate but equal. And he was saying you need to build on that more recent precedent in addressing this case.

So the Court was not changing the strike zone. That wasn't the way Marshall presented his argument. And it wasn't necessary for them to say we're changing the rules of the game. What was necessary for them to do and what Marshall was urging them to do was to get it right when they had gotten it wrong in Plessy.

Senator Kohl. Judge, back in 1954, clearly the Supreme Court Justices were willing to step outside the box, to break new ground, to do something that no one, no Court, no legislature, no President had done before, and strike out in an entirely new and positive direction for this country. They were not umpires simply calling balls and strikes. They were breaking new ground, and they did so in the best interest of our country, didn't they?

Judge Roberts. Well, of course, it was a dramatic shift, and the overruling of Plessy v. Ferguson was exactly that. My point is simply that if you look at the Brown decision, it is more consistent with the 14th Amendment and the original understanding of the 14th Amendment than Plessy v. Ferguson, and it's based on the conclusion that the

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separation of the races in the schools was itself a violation of equal protection. In other words, it's not a departure from the 14th Amendment. It was a departure from the--

Senator Kohl. But it was ground-breaking.

Judge Roberts. Certainly.

Senator Kohl. One more observation, Judge, about your analogy of the judge as an umpire, neutral umpire. You are 50 years old. You bring great life experience to the bench, Judge, and don't you and all judges bring their own life experiences, their philosophies to the bench in deciding cases? Or would you have us believe--and if not, you can correct that--that judges merely operate as automatons?

Judge Roberts. Not automatons, no, Senator. I appreciate that, that judges don't. And, of course, we all bring our life experiences to the bench. But I will say this: that the ideal in the American justice system is epitomized by the fact that judges, Justices, do wear the black robes, and that is meant to symbolize the fact that they're not individuals promoting their own particular views, but they are supposed to be doing their best to interpret the law, to interpret the Constitution, according to the rule of law, not their own preferences, not their own personal beliefs. That's the ideal.

Senator Kohl. And isn't it also true that, to a large extent, the greatest men in our history, judicial, executive, legislative, have been men and women with both great minds and great hearts?

Judge Roberts. Absolutely.

Senator Graham. The idea of a dramatic departure under your watch from the Rehnquist era is probably not going to happen, is that true?

Judge Roberts. Given my view of the role of a judge, which focuses on the appropriate modesty and humility, the notion of dramatic departures is not one that I would hold out much hope for.

Senator Graham. I know people do not like being labeled, put me in that category, but I am in a business where people label me all the time. But I ask for it, I run for office. But we do tend in our business of politics to try to label people, particularly when we are talking about judges. When the President introduced you to the United States, to the people of the United States, he said you were a strict constructionist. Do you know what he meant by that and why he chose to use those words?

Judge Roberts. Well, I'd hope what he meant by that is somebody who's going to be faithful to the text of the Constitution, to the intent of those who drafted it, while appreciating that sometimes the phrases they used, they were drafting a Constitution for the ages to secure the blessings of liberty for their posterity, they were looking ahead, and so they often used phrases that they intended to have a--

Senator Graham. Does that term make you feel uncomfortable?

Judge Roberts. No.

Senator Cornyn. . . . First was the umpire that says, "Some are balls, and some are strikes, and I call them the way they are." The second umpire says, "Some are balls

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and some are strikes, and I call them the way I see them." The third said, "Some are balls and some are strikes, but they ain't nothing till I call them."

Well, I do not know whether it is a fair question to ask you. Which of those three types of umpires represents your preferred mode of judicial reasoning, but I wonder if you have any comment about that.

Judge Roberts. Well, I think I agree with your point about the danger of analogies in some situations. It's not the last, because they are balls and strikes regardless, and if I call them one and they are the other, that doesn't change what they are. It just means that I got it wrong. I guess I like the one in the middle because I do think there are right answers. I know that it's fashionable in some places to suggest that there are no right answers and that the judges are motivated by a constellation of different considerations, and because of that it should affect how we approach certain other issues. That's not the view of the law that I subscribe to.

I think when you folks legislate, you do have something in mind in particular, and you put it into words, and you expect judges not to put in their own preference, not to substitute their judgment for you, but to implement your view of what you are accomplishing in that statute.

I think when the Framers framed the Constitution it was the same thing, and the judges are not to put in their own personal views about what the Constitution should say, but they are supposed to interpret it and apply the meaning that is in the Constitution, and I think there is meaning there, and I think there is meaning in your legislation, and the job of a good judge is to do as good a job as possible to get the right answer.

Again, I know there are those theorists who think that is futile, or because it is hard in particular cases, we should just throw up our hands and not try in any case, and I do not subscribe to that. I believe that there are right answers, and judges, if they work hard enough, are likely to come up with them.

Senator Cornyn. . . . Judges are not in the business of picking winners and losers before they have actually heard the case, of course. I mean that is fundamental to our concept of justice, that a judge be open-minded, be willing to listen to the facts and arguments of counsel, and then make a decision.

And the process that you use is by applying neutral principles. In other words, when you make a decision based on the Commerce Clause or even based on stare decisis, does that really have anything to do with the ultimate result? In other words, do you start with the results you want to reach first and then go back and try to rationalize it or justify it by the way you read the Commerce Clause of the Constitution, or apply the legal doctrine of stare decisis?

Judge Roberts. No, Senator. It's saying a judge is result oriented, that type of judge. That's about the worst thing you can say about a judge.

Senator Cornyn. Those are almost fighting words.

Judge Roberts. It's about the worst thing you can say because what you're saying is, you don't apply the law to tell you what the results should be. You don't go through the judicial decisional process. You don't look to the principles that are established in the Constitution or the law. You look to what you think the result should be, and then you go back and try to rationalize it, and that's not the way the system is supposed to work.

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Senator Brownback. [after line of questioning concerning Congress's ability to limit the Court's jurisdiction/checks and balances on the Court] Then what check is there on the Court's power?

Judge Roberts. Well, I think the primary check is the same one that Alexander Hamilton talked about in the Federalist Papers, because the exact argument was raising in the debates about the Constitution. People were concerned about a new Judiciary, what was it going to do? They were concerned that it might deprive them of their rights. And of course, Hamilton's famous answer was that Judiciary was going to be the least dangerous branch because it had no power. It didn't have the sword. It didn't have the purse. And the judges were not going to be able to deprive people of their liberty because they were going to be bound down by rules and precedents. They were going to just interpret the law. And if judges just interpreted the law, there was no threat to liberty from the Judicial Branch.

So I would say the primary check on the courts has always been judicial self-restraint, and a recognition on the part of judges that they have a limited task, that they are insulated from the people. They're given life tenure, as you mentioned, precisely because they're not shaping policy. They're not supposed to be responsive. They're supposed to just interpret the law.

Senator Brownback. I guess that is the area that has so many people concerned, is that the Judiciary does not show restraint, and judicial restraint is the limitation on the courts, such as in the Takings Clause we just had really, where the Court is saying, "Well, no, this is a broader power." But if you do not restrain yourselves, then who does within this system? Obviously there are restraints on the Congress, there are restraints on the President. We like that system. We want that check and balance system. I think the Framers put that Exceptions Clause and other things in there for clear purpose, for clear reason.

Let me take you on to another area because that one I think you are going to see a lot of action as you get pushing back and forth between the three branches of Government, and a number of people feeling like the Judiciary has not show judicial restraint in recent years.

Senator Brownback. . . . As you go on, and I anticipate you will be approved to be the Chief Justice of the United States, I would ask you just if you could briefly to respond, how do you view his mentorship of you and your taking over, if you are confirmed, as Chief Justice? What does that mean personally to you and how will it impact you as Chief Justice?

Judge Roberts. Well, it makes the opportunity a very special one, as I've said before. The Chief was a mentor to many people, and like many great mentors, of course, he led by example, not by precept. His example of how he dealt with other people, not just other Justices but everybody in the courthouse, including the law clerks, in an open, friendly, balanced way was an example for everybody there.

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Substantively, his approach to the role of a judge and the appropriate role of the Court is, I think, a very important example. He was somebody who appreciated the limits, the appropriate limits on the judicial role and the judicial power, and he was always careful and conscious of that. He was always asking whether or not this was something that it was appropriate for the courts to do.

I do think it's important for judges at every level to always ask that question, because as we had talked earlier, judicial self-restraint is the key check on the authority of the court, and if you're not asking yourself that question at every stage, is this an appropriate thing for me to do as a judge, then there's a great danger that you'll lose sight of that important judicial self-restraint.

Chairman Specter. . . . Near the end of my questioning I had commented on the case of United States v. Dickerson where the Chief Justice had made a modification of his earlier objections to Miranda and said that the Miranda warnings ought to be upheld, contrasting his view in 1974 in a Supreme Court decision with his view in the year 2000, saying that Miranda should not be overruled because it has been embedded in routine police practices and become a part of our national culture, and that has all of the earmarks of a doctrine of a living Constitution.

Dissenting in Poe v. Ullman, Justice John Marshall Harlan made one of the famous statements on this issue, saying that the--commenting on liberty, quote, "The traditions from which it is developed," that tradition is a living thing. My question to you is, do you regard the evolution of various interpretations on liberty as a living thing, as Justice Harlan did and as Justice Rehnquist appeared to on the Miranda issue?

Judge Roberts. I think the Framers, when they used broad language like "liberty," like "due process," like "unreasonable" with respect to searches and seizures, they were crafting a document that they intended to apply in a meaningful way down the ages. As they said in the preamble, it was designed to secure the blessings of liberty for their posterity, they intended it to apply to changing conditions, and I think that in that sense it is a concept that is alive in the sense that it applies and they intended it to apply in a particular way, but they intended it to apply down through the ages.

Chairman Specter. Well, when you talk about intent, I think that is a pretty tough interpretation. When the Equal Protection Clause was passed by the Senate in 1868, the Senate galleries were segregated, blacks on one side and whites on the other. So that could not have been their intent. The interpretation which occurs later really is captured by Justice Cardozo in the case of Palco v. Connecticut, a case which impressed me enormously back in the law school days, when talking about the constitutional evolution referred to it as expressing values which are, "the very essence of a scheme of order to liberty," "principles of justice so rooted in the traditions and conscience of our people as to be ranked as fundamental." Would you agree with the Cardozo statement of jurisprudence which I just quoted?

Judge Roberts. Well, the general approach of recognizing the values that inform the interpretation of the Constitution, it applies to modern times. But just to take the example that you gave of the Equal Protection Clause. The Framers choose broad terms of broad applicability, and they state a broad principle, and the fact that it may have been inconsistent with their practice may have meant that they were adopting a broad principle

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that was inconsistent with their practice, and their practices would have to change, as they did, with respect to segregation in the Senate galleries, with respect to segregation in other areas.

But when they adopt broad terms and broad principles, we should hold them to their word, and imply them consistent with those terms and those principles. And that means when they have adopted principles like liberty, that doesn't get a crabbed or narrow construction. It is a broad principle that should be applied consistent with their intent, which was to adopt a broad principle.

I depart from some views of original intent in the sense that those folks, some people view it as meaning just the conditions at that time, just the particular problem. I think you need to look at the words they used, and if the words adopt a broader principle, it applies more broadly.

Chairman Specter. Well, I will accept that as an indication of your view not to have a "crabbed interpretation" and applying the broad principles.

Senator Hatch. [comment, not question] I think you have really acquitted yourself as well as anybody I have seen in the ten nominations for the Supreme Court that I have been part of. And I just have to--I want to correct the record a little bit. It isn't the Ginsburg rule, although that has been referred to by almost all of us, including me. It is the Thurgood Marshall rule, the Rehnquist rule, the Kennedy-Souter-Thomas-Ginsburg-Breyer, just to name a few, rule because in every case, as I stated in my original remarks, the individual nominee has to draw a line as to what they can discuss and what they cannot. And you have drawn, I think, a fair line here throughout these proceedings, and I commend you for it. And there is just no excuse for being pushed to try and answer questions about cases that are likely to come before the Court or presently are before the Court. And I think the American people are starting to really fully realize that now as a result of these hearings.

Senator Hatch. Well, thank you. Now, also yesterday the Democrat staff of the Committee released a press release stating that you failed to distance yourself from what it called your "earlier cramped positions on Title IX and women's rights." And after listening to you yesterday, I did not find your earlier positions cramped at all. In fact, as you explained here to the Committee, many of the documents that questioners relied upon reflected the positions of the Reagan administration for which you worked.
Now, what assurance can you give the Committee that you will fairly interpret the civil rights laws, including critical statutes such as Title IX, fully and fairly, consistent with the purposes Congress intended in passing these laws?

Judge Roberts. Well, I can give the commitment that I appreciate that my role as a judge is different than my role as a staff lawyer for an administration. As a judge, I have no agenda. I have a guide in the Constitution and the laws and the precedents of the Court, and those are what I would apply with an open mind, after fully and fairly

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considering the arguments and assessing the considered views of my colleagues on the bench. That's the way I would approach cases in that area, as in any other area.

The approach of someone who is obviously a staff lawyer in an administration is very different. The approach of someone who is an advocate for a client before the Court is obviously very different. Those are positions that I have held in the past. I am now a judge, and I have had the experience and I think my record will establish that that is how I approach cases across the spectrum of issues that are raised before the courts.

Senator Hatch. And reasonable people can differ on some of these issues.

Judge Roberts. Oh, certainly.

Senator Grassley. The Supreme Court has repeatedly stated that the legislative history of a particular bill is critical to interpretation of the statute. Of course, Justice Scalia is of the opinion that most expressions of legislative history, like committee reports or statements by the Senators on the floor, or in the House, are not entitled to great weight because they are unreliable indicators of legislative intent. Presumably, Justice Scalia believes that if the members don't actually write a report or don't actually vote on a report, then there is no need to defer to this expression of congressional intent.

Now, obviously, I have great regard for Justice Scalia, his intellect and legal reasoning. But, of course, as I told you in my office, I don't really agree with his position.

So I would like to ask you five questions. They are relatively short, so I will ask them all at once. What is your opinion, how important is legislative history to you? How have you utilized it? And will it be any different from your use on the circuit court versus what you might do on the Supreme Court? And did you refer to any committee reports or congressional debate in any of your 39 briefs before the Supreme Court? And to what extent do you--and don't start out with this last one. To what extent do you share Justice Scalia's view on unreliability of legislative history? Although that is important, I would like--and I can repeat those, if you forget what I have asked.

Judge Roberts. Sure. Well, if I leave one out, you can remind me at the end. But obviously when you are dealing with interpreting a statute, the most important part is the text. You begin with the text, and as the Supreme Court has said, in many cases, perhaps most cases, that's also where you end. The answer is clear.

I have, though, as a judge, relied on legislative history to help clarify ambiguity in the text. The Supreme Court stated once--and I think it's a very important principle--you look to legislative history to clarify ambiguity. You don't look to legislative history to create ambiguity. In other words, if the text is clear, that is what you follow, and that's binding. And you don't look beyond it to say, well, if you look here, though, maybe this clear word should be interpreted a different way.

On the other hand, we confront situations where the text is not clear, and the legislative history can be helpful in resolving that ambiguity. It requires a certain sensitivity to what you're dealing with. All legislative history is not created equal. There's a difference between the weight that you give a conference report and the weight you give a statement of one legislator on the floor. You have to, I think, have some degree of sensitivity in understanding exactly what you're looking at, appreciate where

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those comments were made in the legislative process, be careful to make sure that they're dealing with the same language that was eventually adopted. You have to, for example, be very skeptical about statements by opponents of the bill. It's quite a common thing saying, well, this bill would do this, this, and this, and so we shouldn't pass it. That's not always the best guide as to what the sponsors really intended in the language. So it does require a certain sensitivity to what you're dealing with.

But I have quoted and looked to legislative history in the past to help determine the meaning of ambiguous terms, and I would expect to follow that same approach on the Supreme Court. I don't think there's a difference there in terms of what things you think it is appropriate to look to, to help you do your job, which is to figure out what Congress intended.

Senator Grassley. And you didn't address Justice Scalia, but let me put it another way so I don't put you in a bad position. You would see, at least in some instances, where it needs to be used, reliability in legislative history.

Judge Roberts. In some instances, I think if you look at it carefully, you can make an assessment that this is a reliable guide. And one area I didn't touch on in my arguments, I've certainly relied on legislative history in presenting arguments because, of course, in the Supreme Court you need five votes and not just the one. So you tend to cast your net as widely as possible. And at argument sometimes, Justice Scalia would not be as receptive to an argument based on legislative history as some of the others, but, again, the name of the game is counting to five when you're arguing up there. And so I've certainly made arguments based on legislative history.

Senator Grassley. In regard to how you view and use legislative history, I would like to discuss your opinion in the Totten v. Bombardier Corporation case interpreting the False Claims Act. The issue on appeal was whether Bombardier had met the presentment requirements of the False Claims Act. To violate the statute according to Section 3729(a)(1), a company must have presented its false claim to an officer or employee of the Federal Government. Importantly, Section 3729(c) explicitly provide that the term "claim" includes demands for payment submitted to Government contractors whether or not they are resubmitted to the Federal Government.

In your opinion, you wrote that those facts of that case did not consist of a false claims under the False Claims Act because there can only be a false claim if it is literally presented to somebody that is a Federal Government employee, I assume.

It seems to me that to reach this result, you inserted a resubmission requirement into the law in a place where it doesn't, in fact, appear, Section 3729(a)(1), and, in fact, gave short shrift to the legislative history, which spelled out what Congress intended when it amended the Act in 1986. The legislative history of the Act and the Senate Committee report--and I didn't refer to my authorship of the legislation, but, anyway, in our Senate Committee report explaining that liability under the False Claims Act attaches to a submission of, and I quote, "a false claim to the recipient of a grant from the United States or to a state under a program financed in part by the United States."
The legislative history also states that Congress sought to ensure that "a false claim was actionable although the claim or false statements were made to a party other than the Government if the payment thereon would ultimately result in a loss to the United States."

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So my question is whether, on reflection, that is a fair way to deal with the express wishes of Congress and whether it is possible that you misunderstood the statute when you decided the Totten case, and why did you reject legislative history if you referred to it--and maybe you didn't refer to it. But why did you reject legislative history regarding the resubmission requirement in the False Claims Act when you wrote the opinion in Totten?

Judge Roberts. Well, Senator, the answer to your question is it's certainly possible that the majority in that case didn't get it right and that the dissent that was a very strong dissent did get it right. I think the majority got it right. There we focused on particular language. The issue in the case involved, as you know, a subcontractor claim. You have the United States giving money to--in this case, it was Amtrak, and then Amtrak using that money to hire a subcontractor--I think it was Bombardier--to do a particular part of the job. Everybody agreed that under the precedents that are applied, Amtrak is not the Government, can't be considered part of the Government. And the statute, as you noted, required--it was triggered by the presentment of a false claim to an officer or employee of the United States. And the majority's reasoning was that when--the false claim was one made by Bombardier to Amtrak, and the claim was submitted to Amtrak. And since Amtrak was not the Government, what Judge Rogers and I concluded was that that wasn't presentment of a false claim to an officer or employee of the United States.

There was an extensive discussion between the majority and the dissent. The view that you have articulated was certainly presented in a compelling way by Judge Garland, my colleague on the court of appeals, and we spent a great deal of time on the case, and I think it's reflected in the opinions. And that view was laid out. Judge Rogers and I thought that the statutory language that said the claim had to be presented to an officer or employee presented too high a hurdle for us to get over in looking at the legislative history.

But I'm happy to concede that it was among the more difficult cases I've had over the past 2 years. Anytime judge Garland disagrees, you know you're in a difficult area. And the function of his dissent to make us focus on what we were deciding and to make sure that we felt we were doing the right thing I think was well served. But Judge Garland disagreed, and so it's obviously to me a case on which reasonable judges can disagree. And I just have to rest on the analysis in the majority opinion.

Senator Grassley. Let me tell you something you might not be aware of, and that is that the Bush administration has filed an amicus brief in the Eleventh Circuit arguing that you had misread the False Claims Act in the Totten case, and in Atkins v. McIntyre, the administration has argued that there's no presentment requirement in Section 3738(a)(2) of the False Claims Act, and that "the Totten majority misconstrued the language and purpose of the False Claims Act in concluding that the Act does not encompass false claim records statements submitted to recipients of Federal funds absent resubmission to a United States officer or employee." And I assume if I ask you if you have an opinion on that you can't answer it.

Judge Roberts. Well, not on that one. I do know the Bush administration filed an amicus brief in our case as well. I guess this would be one of those cases I would cite in response to the question of whether I'm capable of ruling against the administration. We

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did in that case. Again, the arguments, I think, were well presented on both sides, and Judge Rogers and I gave it our best shot, and the opinion will stand or fall on its own.
Senator Grassley. Well, I hope sitting in the marble palace you will remember that I have great pride in the success of the False Claims Act--$8 billion coming back to the Federal Treasury.

[note: further questioning by Senator Grassley re False Claims Act (on issues unrelated to legislative history/judicial philosophy) appears in the FCA section of this document]

Senator Biden. Look, here is the point I want to make. I asked--and I am sure you are not going to answer it--I asked Justice Ginsburg a question about footnote 5 in the Michael H. case, and the whole issue there is, as you well know, whether or not you keep talking--it sounds wonderful to the uneducated ear, the non-lawyer's ear--that I am going to look at history and tradition. You and I both know how you determine history and tradition determines outcomes.

In that case, as you will recall, there was a question of whether or not the natural father--you could prove by a blood test and DNA that he was the natural father--of a child he wanted to see, that happened to be born to a woman who was living with her married husband, so the child was illegitimate. And so in determining whether or not there are any visitation rights, there is a famous footnote there. I am going to do this quickly, I have 2 minutes and 7 seconds.

The Court said, Scalia said in footnote 6, "Look, you go back and look at the specific historical precedent, short--have bastards ever been protected in the law." And--then said, "No, no, no, that's not what you go back. You go back and look at fatherhood. Was fatherhood ever something that is part of the traditions and part of the embraced notions of what we hold dear? Is that worthy of protection?"

Now, Scalia said, No, no, no, no, no. I looked up the record. Bastards have never been protected in English common law; therefore, there is nothing going on here. And, by the way, you should never go back, he says, and look at the general proposition has fatherhood achieved a status of consequence. No, it is have bastards achieved.

So, Judge, how do you--I am not asking you about a case. How do you--do you look at the narrowest reading of whether or not such an asserted right has ever been protected, or do you look at it more broadly? What is the methodology you use?

Judge Roberts. I mean, I think you're quite right that that is quite often the critical question in these cases, the degree of generality at which you define what the tradition, the history, and the practice you're looking at. The example, I think, that I've always found it easiest to grasp was Loving v. Virginia. Do you look at the history of miscegenation statutes, or do you look at the history of marriage?

Senator Biden. Thirty-three seconds left. Do you agree with O'Connor then?

Judge Roberts. Well, I get extra time, you said.

Senator Biden. I know. But I don't. I got to get it in now.

[Laughter.]

Chairman Specter. Judge Roberts, when his red light goes on, you will have as much time as you want.

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Judge Roberts. Thank you. The point is that, again, the Court has precedents on precisely that question, about how you should phrase the level of generality. And you look at--

Senator Biden. But which precedent do you agree with? There are competing precedents.

Judge Roberts. Well, you do not look at the level of generality that is the issue that's being challenged. So, for example, in Loving v. Virginia, if the challenge is, it seems to me--and this is what the Court's precedents say. If the challenge is to miscegenation statutes, that's not the level of generality because you're going to answer it's completely circular.

Senator Biden. But that is specific, Judge. The generality was the right to marry. That is the generality.

Judge Roberts. Well, that's what I'm saying. The dispute is do you look at it at that level of specificity or broader. And I'm saying you do not look at the narrowest level of generality, which is the statute that's being challenged, because obviously that's completely circular. You are saying there is obviously that statute that's part of the history. So you look at it at a broader level of generality.

Now, the only point I was going to make earlier--because I do think it is an important one. You make the point that we stand for election and we wouldn't be elected if we didn't tell people what we stand for. Judges don't stand for election. I'm not standing for election, and it is contrary to the role of judges in our society to say that this judge should go on the bench because these are his or her positions and those are the positions they're going to apply.

Judges go on the bench and they apply and decide cases according to the judicial process, not on the basis of promises made earlier to get elected or promises made earlier to get confirmed. That's inconsistent with the independence and integrity of the Supreme Court.

Senator Biden. No one is asking for a promise.

Chairman Specter. Thank you very much, Senator Biden.

Senator Biden. Thank you. Thank you, Judge.

Judge Roberts. Thank you, Senator.

Senator Kyl. [omitted extensive explanation why nominee should not give views on cases likely to come before the Court] . . . But as Senator Biden just said--and I am paraphrasing here--he said without the knowledge of your personal views--he was talking at the time about end-of-life issues--we are rolling the dice. And your response to that, as I understand it, is: My personal views are irrelevant to a case that comes before me of Jones v. Smith, of X v. Y. What I personally think about issues has nothing to do with the resolution of the dispute between those two parties. And were I to let them intrude, I would not be doing my job as a judge, fairly taking the facts of their case and then applying the law that I understand it to be to reach a decision.

Moreover, Judge, isn't it the case that if you were to state your views on such subjects as they might pertain to a case that would come before the Court, wouldn't you actually have to recuse yourself from deciding that case and, therefore, all of the

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discussion, all of the effort to get you committed to a particular point of view, would be for naught, because if you expressed it, you couldn't sit on the case anyway, or am I incorrect in that?

Judge Roberts. I think that's a concern that other nominees have raised in the past, particularly given the ex pression of views as part of the confirmation process. It's not supposed to be a bargaining process, and if you start stating views with respect to particular issues of concern to one Senator, then obviously everyone is going to have their list. And when that individual nominee, if confirmed, if the bargain is successful from his or her point of view and he gets confirmed, he will have to begin each case not with the parties' briefs and arguments but with the transcript of the confirmation hearing to see what he or she swore to under oath was their view in a particular area of the law or a particular case. And I think that would undermine the independence of the Supreme Court. It would undermine the integrity of the judicial process. Every one of the Justices on the Court today, every one of them refused to engage in that type of process. And if I am to sit with them, if I am confirmed, I feel I have to follow the same approach.

Now, I do think I have been more expansive than most nominees. I have gone back and read the transcripts, and some of them would not talk about particular cases even if it were unlikely that the case was going to come before the Court. And the reason they gave was, look, it is hard to draw the line. If I think this case is not going to come before the Court, what about this one? And maybe that will. And rather than trying to draw the line, I am just not going to do it. And those Justices were confirmed.

I have taken what I think is a more pragmatic approach.

If I think an issue is not likely to come before the Court, I have told the Committee what my views on that case were, what my views on that case are. You know, perhaps that means I am in--it is sometimes difficult to draw the line. Perhaps that's right. But, again, if I make the judgment--and other nominees may draw the line differently, may have drawn it differently in the past or differently in the future, the nominee I think has to be comfortable with the proposition that they're not doing anything that's going to undermine the integrity of the Court.

Senator Kyl. And I noted yesterday in response to a question, you said, Well, that is the reward for trying to be more expansive. You were talking about Griswold v. Connecticut at the time, and I thought at the time, Boy, he is expressing a view on a relatively recent case, and at least issues associated with it are clearly going to come before the Court. And I wondered, Does that go too far? Does that cross the line? But your point was the specific issue in the case and the precise holding of the case are not likely in your view to come before the Court, and, therefore, you expressed your opinion about that case and the law underlining the ruling in the case.

So I would agree with you that not only have you attempted to answer every one of our questions, but you have also ventured into expressing your personal views on matters that you didn't think would come before the Court, although, as you note, it is at least possible that some of them might. So hopefully you have not gone too far there.

Senator Sessions. Thank you, Mr. Chairman. And thank you for your leadership as we move forward expeditiously, I think, today and I think in a helpful way. I think the

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hearings have been very good and, Judge Roberts, I salute you for your excellent manner and your forthrightness and professionalism as you answer these questions.

You know, I hope we are moving away, Senator Feinstein, from divisiveness. In some ways, we do have a divided country. But in other ways, I think we have the potential to move together, and I frankly believe that one thing that causes divisiveness and frustration and angst is when the Supreme Court were to render an opinion that really is more a political or social policy decision rather than a legal decision. And when they say it amounts to the Constitution, a constitutional provision, then that Supreme Court opinion can only be changed by two-thirds of both Houses and three-fourths of the States.

Do you understand that danger, Judge Roberts, in opinions? And is that perhaps one reason you think a judge should show modesty?

Judge Roberts. Well, it's part of what I mean when I say a certain humility should characterize the judicial function. Judges need to appreciate that the legitimacy of their action is confined to interpreting the law and not making it. And if they exceed that function and start making the law, I do think that raises legitimate concerns about legitimacy of their authority to do that.

Senator Sessions. Well, I would observe that the American people are beginning to believe that is occurring, and I think it does threaten legitimacy of the Court in a way that all of us who love the law should be concerned. And I do love the law, and I am a big critic of the courts on these kinds of activist cases. But I have practiced full-time before Federal judges, and as I said earlier, I believe day after day justice is done.

You have said that before your court you are impressed with the objectivity and fairness that the judges bring. Is the ideal of blindfold justice, a neutral umpire, is that a romantic, naive ideal, or is that something that you believe we can and should strive to achieve in America?

Judge Roberts. Well, I do know that there are sophisticated academic theorists, people who spend a lot more time theorizing in this area than I do, and a lot smarter than I am addressing these issues who--some of whom conclude that in particular cases it's difficult to do, it's difficult to avoid making the law while you're interpreting it, and they kind of throw up their hands and suggest that we shouldn't even try, therefore.

I don't agree with that. I think as a practical matter, as a pragmatic matter, judges every day know the difference between interpreting the law and making the law. Every day judges put aside their personal views and beliefs and apply the law. Whether the result is one they would agree with as a legislator or not agree with, the question is what the law is, not what they think it should be.

I've seen that on the court of appeals. I've seen that as a practicing lawyer before the court. That is the ideal. I'm sure judges, I'm sure Justices don't always achieve it in every case because it's a human endeavor and error is going to infect any human endeavor. But that is the ideal, and I think good judges working hard can not only achieve it but also achieve it together in a collegial way and benefit from the insight and views of each other.

Senator Sessions. Well, I thank you for that, and I would share those views. And I absolutely believe the strength of our Nation is our good legal system.

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Senator Schumer. . . . I just have one more question here. The President, as I said--and this motivates some of us--he said he wants to nominate judges in the mold of Thomas and Scalia. I want to ask you, are you in the mold of Thomas and Scalia? The President said he wanted to nominate people that way.

Judge Roberts. Well, Senator, I'll give the same answer I gave yesterday to Senator Graham when he asked if I would be in the mold of the Chief Justice. And the answer is I will be my own man on the Supreme Court. Period.

Senator Schumer. I appreciate that.

Do you think they are activist judges?

Judge Roberts. I'm not going to criticize them with respect to any general description of that sort. I'm sure there are cases where I would agree with them, there are cases where I would disagree with them, as with all of the Justices.

Senator Schumer. Right. Okay. Now--by the way, I will note, I don't think I have time here, but you did criticize in a memo back when you were working in Attorney General Fred Fielding's office, Brennan and Marshall as activist judges. Now, I don't think that was the official position of the Reagan administration, so it seemed to be your opinion. Can you tell me in 30 seconds, so I can just ask one more question, how is it different not to want to characterize Justices Thomas and Scalia but it was okay to characterize Justices Marshall and Brennan as activist?

Judge Roberts. Well, that was a--it was a reflection of the views of the Attorney General at the time, and that was part of the administration's position.

Senator Schumer. But was it official Reagan policy?

Judge Roberts. I don't think it was official policy. It was an expression that the Attorney General had made on various occasions.

Senator Schumer. Let me just say, sir, in all due respect--and I respect your intelligence and your career and your family--this process is getting a little more absurd every time the further we move. You agree we should be finding out your philosophy and method of legal reasoning, modesty, stability, but when we try to find out what modesty and stability mean, what your philosophy means, we don't get any answers.

It is as if I asked you what kind of movies you like. Tell me two or three good movies. And you say, I like movies with good acting. I like movies with good directing. I like movies with good cinematography. And I ask you, no, give me an example of a good movie. You don't name one. I say give me an example of a bad movie. You won't name one. Then I ask you if you like "Casablanca," and you respond by saying, Lots of people like "Casablanca."

[Laughter.]

Senator Schumer. You tell me it is widely settled that "Casablanca" is one of the great movies.

Chairman Specter. Senator Schumer, now that your time is over, are you asking him a question?

Senator Schumer. Yes. I am saying, sir, I am making a plea here. I hope we are going to continue this for a while, that within the confines of what you think is appropriate and proper, you try to be a little more forthcoming with us in terms of trying to figure out what kind of Justice you will become.

Chairman Specter. We will now take a 15-minute break and reconvene at 4:25.

Judge Roberts. Mr. Chairman, could I address some of the--

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Chairman Specter. Oh, absolutely. Absolutely. I didn't hear any question, Judge Roberts, but you--

Judge Roberts. Well, there were several along the way.

I will be very succinct.

Chairman Specter. You are privileged to comment. This is coming out of his next round, if there is one.

Judge Roberts. Oh, well, then.

[Laughter.]

Senator Schumer. I guess there will be.

Judge Roberts. First, "Dr. Zhivago" and "North by Northwest."

[Laughter.]

Senator Schumer. Now how about on the more important subject of what cases--

Judge Roberts. On the more important subject, I--

Chairman Specter. Let him finish his answer. You are out of time.

[Laughter.]

Judge Roberts. The only--

Senator Schumer. Not out of movies.

Judge Roberts. The only point I would like to make, because you raised the question how is this different than Justices who dissent and criticize and how is this different than professors. And I think there are significant differences. The Justice who files a dissent is issuing an opinion based upon his participation in the judicial process. He confronted the case with an open mind, he heard the arguments, he fully and fairly considered the briefs, he consulted with his colleagues, he went through the process of issuing an opinion. And in my experience, every one of those stages can cause you to change your view. The view you ask, then, of me, well, what do you think, is it correct or not, or how would you come out, that's not a result of that process. And that is why I shouldn't respond to those types of questions.

Now, the professor, how is that different? That professor is not sitting here as a nominee before the Committee. And the great danger of courts that I believe every one of the Justices has been vigilant to safeguard against is turning this into a bargaining process. It is not a process under which Senators get to say I want you to rule this way, this way, and this way. And if you tell me you'll rule this way, this way, and this way, I'll vote for you. That is not a bargaining process. Judges are not politicians. They cannot promise to do certain things in exchange for votes.

And if you go back and look at the transcripts, Senator, I would just respectfully disagree. I think I have been more forthcoming than any of the other nominees. Other nominees have not been willing to tell you whether they thought Marbury v. Madison was correctly decided. They took a very strict approach. I have taken what I think is a more pragmatic approach and said if I don't think that's likely to come before the Court, I will comment on it. And, you know, again, perhaps that's subject to criticism, because it is difficult to draw the line sometimes. But I wanted to be able to share as much as I can with the Committee in response to the concerns you and others have expressed, and so I have adopted that approach.

Senator Schumer. Thank you.

Chairman Specter. 4:25. We are anxious to try to conclude your testimony, Judge Roberts, as early as we can. I know you will agree with that.

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Judge Roberts. Thank you, Mr. Chairman. Sorry--thank you for the accommodation.

Senator Schumer. . . . How about modesty and stability? Let's try to talk about that. And when we met, I was very impressed with the concepts of modesty and stability. They suggest to me you respect precedent and well-settled law. You have said that yourself here, particularly in reference to Senator Specter's opening round of questions. And that is a good opportunity for common ground. I had a history professor, and he said--Franklin Ford. He had Ford's rule of history. We are no smarter than our fathers. A pretty good rule. And that is sort of a modest concept in history, not in jurisprudence.

So I would like to find out a little bit more about modesty. So I would ask you--and these can be well settled. They could be 50 or 100 years ago, and please don't go on at length. But can you give me a few Supreme Court cases that are modest, or represent modesty, is a better way to put it, at least in your view, and a few Supreme Court cases that would represent immodesty?

Judge Roberts. Sure. I guess I would think the clearest juxtaposition would be the cases from the Lochner era. If you take Lochner on the one hand and, say, West Coast Hotel, which kind of overruled and buried the Lochner approach on the other, and the immodesty that I see in the Lochner opinion is in its re-weighing of the legislative determination. You read that opinion, it's about limits on how long bakers can work. And they're saying we don't think there's any problem with bakers working more than 13 hours.

Senator Schumer. Right.

Judge Roberts. Well, the legislature thought there was, and they passed a law about it, and the issue should not have been, Judges, do you think this was a good law or do you think bakers should work longer or not? It should be: Is there anything in the Constitution that prohibits the legislature from doing that?

Senator Schumer. How about another one?

Judge Roberts. Well--

Senator Schumer. Or modest ones. You know, it could be either way.

Judge Roberts. You know, people talk about Brown v. Board of Education, and let me explain why I think that is an example. It's obviously a dramatic departure in American history, and in many respects very bold. Yet I think it's more appropriately understood as a restrained decision compared to the decision that came before in Plessy v. Ferguson. And you can see this if you look at the arguments of the lawyers, because what John W. Davis was arguing on the side of the Board was to the Court, "You need to be worried about the social consequences of upsetting this decision. People have lived their lives this way. If you overturn this, it is going to be disruptive, the consequences are going to be bad."

Thurgood Marshall, on the other side, was making a legal argument addressed to the obligation of the Court to apply the rule of law, and he said, focused on the discrimination involved in the separation. He made an argument, and it was a very clever approach to the case because he based his decision on precedent as well, saying "You have had this recent case in Sweatt v. Painter. Don't talk to me about Plessy v. Ferguson.

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You are beginning the process of departing from that. Your recent decision here, if you are going to be consistent, you have to come out this way."

So again it seems odd I know to talk about things like modesty in such a bold decision, but it is in my view a more appropriate judicial restrained decision.

Senator Schumer. Let me ask you. This is a general question that I was going to ask you that leads to this. In other words, if a decision of the Court issued many years ago is immodest, in your view, modesty could compel overruling?

Judge Roberts. Well, I think if you take--

Senator Schumer. That is what you argued just a minute ago with Brown I think.

Judge Roberts. Well, sometimes the appropriate restrained approach--now, with Brown my point was the notion of precedent was one that Thurgood Marshall appreciated in arguing to the Court that it shouldn't be simply a debate. he didn't want to debate it on John W. Davis's terms about Plessy, should it be overruled or not? He said, "Here's another precedent of the Court." So he was arguing from precedent as well.

Senator Schumer. Right. But when you have the conflict, a past error decision that was fundamentally immodest, let us say, and then years and years of it being on the books, stability argues keep it on the books, and even modesty, with its respect for precedent argues keep it on the books. How do you draw that? Can you just elaborate a little bit on how you weigh those two different concepts of "modesty?"

Judge Roberts. Well, I think a modest approach requires beginning with the body of precedent. That is what judges do, and that's a recognition just as Professor Ford said, that we're not necessarily, we're not smarter than our fathers who laid down this precedent.

Senator Schumer. Professor Ford.

Judge Roberts. Professor Ford, yes. My point with respect to Brown was that Thurgood Marshall appreciated that and then he was making an argument from precedent, just as the way Davis was, and they kind of I think gave the Court some comfort in departing from Plessy, that they had already taken the initial step in Sweatt v. Painter.

Senator Schumer. Let me go to--I think Senator Durbin alluded to it, because this is one that was a little troubling and maybe you can talk about it. In the memo you wrote about Wallace v. Jaffre which had just been decided, involved church and State--I am not interested right now in the specific holding--you wrote, "Rehnquist tried to revolutionize Establishment Clause jurisprudence and ended up losing the majority, which is not to say the effort was misguided." Then you wrote, because you were speaking approvingly of Rehnquist's attempt to revolutionize a well-settled area of law. You also in the same memo criticize the opinion of Lewis Powell, same case, criticizing as, "a lame concurring opinion focusing on stare decisis."

To at least the reader of this it seems very immodest, praising the revolutionary decision and sort of criticizing, saying it was lame opinion focusing on stare decisis.

I know you wrote this 20 years ago, and I know you wrote it for your boss, Ronald Reagan, who you admire--I admire him too but probably for different reasons--but those words, Ronald Reagan did not command you to say, "I approve of Rehnquist's view to revolutionize Powell." I know you had to come out on that side. Just please explain to me, if you still stand by, not the holdings in the case, not whether Wallace V. Jaffre was correctly decided, but the language that you used, the thinking that you used,

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how does that square with modesty, or had you not developed the theory of modesty when you were there as a young clerk or a young member of the, I guess at that point, Solicitor General's Office.

Judge Roberts. No, no.

Senator Schumer. Wherever you were.

Judge Roberts. If it's 20 years ago it would have been--

Senator Schumer. It is 1985, yes.

Judge Roberts. It would have been in the White House Counsel's Office.

Senator Schumer. White House Counsel's Office. Excuse me.

Judge Roberts. And the memo that you are referring to is, obviously, it's speculation about what happened in the case.

Senator Schumer. I know. How does it square with modesty? Did modesty arise in your way of thinking after that?

Judge Roberts. It's not a question about me being a judge. It's a question about my describing what I was obviously speculating was going on in that particular case.

Senator Schumer. But you approved it. You said the revolutionary aspects were not--which is not to say the effort was misguided. And then you said "lame"--there is no real way to interpret that except pejoratively--concurring opinion that focused on stare decisis.

Judge Roberts. Saying that the effort was not misguided referred to what I had been speculating was the Chief Justice's effort to reformulate the approach in that case, and it's the lemon test, and we've talked about the lemon test before, and the pluses and minuses. I've described it I think it was today, maybe yesterday. It is a survivor. I noted when we argued the Lee v. Weisman case, that every--six of the Justices I think had taken the position critical of the lemon test, six of the sitting Justices. They never took it at the same time. It is still the test that applies, and it would be, the precedent that I would begin with--

Senator Schumer. Just going to cut you off. I apologize, because I have 16 seconds, and the Chairman said I have to ask the questions before.

Just assure me and maybe some more of us, that modesty is not a concept that you use when you want to slow things down because the courts are moving too fast, but you do not use when you think things should be sped up, that it is a general approach that sort of says to Judiciary, "Go slow in every aspect." Try to convince me of that if you can.

Judge Roberts. Well, I'll try, Senator. It is a neutral principle. Your suggestion that I apply it in cases where I want to but don't--is of course a grievous insult to any judge, the notion that they're result-oriented, that they would apply a particular approach one way in one sort of cases and a different way in another case. That's not how I approach judging and not how I would approach judging whether I'm back on the Court of Appeals or somewhere else.

It is a neutral principle. It reflects the--and it's obviously not an original concept with me.

Senator Schumer. No, it's not.

Judge Roberts. There are judges, you go back throughout our history, that have articulated and recognized the principle of judicial restraint, that there are limits on what the judge can do. And those judges have always explained that this applies whether or not I'm in favor of a particular result or not. It's a reflection of their institutional authority

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in their role, that their job is to interpret the law, not to make the law. And that applies without regard to what law you would like to have made or not.

Senator Schumer. Thank you.

Thank you, Mr. Chairman.

Chairman Specter. Thank you, Senator Schumer.

Thank you, Judge Roberts.

Thank you all.

Senator Kennedy. At the outset of my questions I talked about Earl Warren, and you were enormously complimentary about Earl Warren, about him understanding not only the law, but also understanding the importance of the Chief Justice bringing other Justices together in a very important way in terms of dealing with a societal issue and a question, and I think we are a fairer country and a fairer land because of this.

This was really the bringing together of the mind and the heart. Oliver Wendall Holmes said: It's dangerous to think about legal issues can be worked out like mathematics. And another nominee who was here not too long ago, had this to say about the head and the heart. "What you worry about is someone trying to decide an individual case without thinking out the effect of that decision on a lot of cases. That is why I always think law requires both a heart and a head. If you do not have a heart, it becomes a sterile set of rules, removed from human problems and it will not help. If you do not have a head, there is the risk that in trying to decide a particular person's problem in a case, that may look fine for that person, but you cause trouble for a lot of other people, making their lives yet worse."

In the remaining moment, recalling Justice Warren, just thinking through what other nominees have said about the importance of a heart and a legal mind, and you as a Chief Justice together, in telling the American people how you were inspired by Chief Justice Warren at a very important and critical time in our Nation's history, what could yo tell them now that could give them the assurance that you might be a similar kind of Chief Justice should you be approved by the Senate?

Judge Roberts. Well, Senator, my point with respect to Chief Justice Warren was that he appreciated the impact that the decision in Brown would have, and he appreciated that the impact would be far more beneficial and favorable and far more effectively implemented with the unanimous Court, the Court speaking with one voice, than a splintered Court. The issue was significant enough that he spent the extra time in the reargument of the case to devote his energies to convincing the other Justices--and obviously, there's no arm-twisting or any of that. It's the type of collegial discussion that judges and justices have to engage in of the importance of what the Court was doing, and an appreciation of its impact on real people and real lives.

I recognize as a judge, and I recognized as a lawyer, that these cases have impact on real people and real lives. I always insisted when I was a lawyer about getting out into the field and seeing it. If I was arguing a case involving Native villages in Alaska, I went to the villages. If I was arguing a case about an assembly line, I went to the assembly line. You had to see where the case was going to have its impact and what its impression was going to be on people.

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Now, none of those cases were as important as Brown v. Board of Education, but the basic principle is the same. I think judges do have to appreciate that they're dealing with real people with real cases. We obviously deal with documents and texts, the Constitution, the statutes, the legislative history, and that is where the legal decisions are made, but judges never lose sight, or should never lose sight of the fact that their decision affect real people with real lives, and I appreciate that.

Senator Kennedy. My time is up, Mr. Chairman. Thank you.

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Leadership and Administration of the Court and of the Judiciary (including budgetary and workload concerns; cert process; management of the Judicial Conference; responsibilities relating to the FISA court; cameras in the Courtroom; judicial honoraria and paid educational conferences)

Senator DeWine. Judge, I want to ask you about one of your more important, probably least understood, not by you, but least understood by the public's role if you are confirmed as the Chief Justice, and that is your job to appoint the members of the FISA Court.

Judge, as you know, in 1978, Congress passed the Foreign Intelligence Surveillance Act. This law, of course, set up the FISA Court. As you well know, this is the court that our intelligence agents go to when they want to obtain wiretaps or search warrants against terrorists and foreign spies, a very important court, a court that meets in secret, a court that deals with the most important national security matters that we have really in our country, but also a court that deals with our precious civil liberties. And Judge, because it is a court that meets in secret, it doesn't have the public scrutiny, doesn't have the glare of publicity, and quite candidly, does not have much oversight.

So I would like to know, besides what is in the statute, the statute sets out your job to select the 11 judges who sit on the FISA court and three judges who sit on the FISA Court of Review. There are certain guidelines in the statute. But besides that, I wonder if you could tell us what your criteria will be when you select these men, these women who will serve on the court, and I wonder if you could give me your personal assurance that this will be something that will be very important to you, that you will take a hands-on approach, and that you will be very personally involved in, because really, it is a question of the utmost national security. These are people who are going to make sometimes life and death decisions for our country.

Judge Roberts. I appreciate that, Senator. If I am confirmed, that is something that I will address and take very seriously. I think, as in many areas, my first priority is going to be to listen, to learn a little bit more about what's involved.

I'll be very candid. When I first learned about the FISA Court, I was surprised. It's not what we usually think of when we think of a court. We think of a place where we can go, we can watch the lawyers argue and it's subject to the glare of publicity and the judges explain their decision to the public and they can examine them. That's what we think of as a court.

This is a very different and unusual institution. That was my first reaction. I appreciate the reasons that it operates the way it does, but it does seem to me that the departures from the normal judicial model that are involved there put a premium on the individuals involved.

I think the people who are selected for that tribunal have to be above reproach. There can't be any question that these are among the best judges that our system has, the fairest judges, the ones who are most sensitive to the different issues involved because they don't have the oversight of the public being able to see what's going on.

Again, to be perfectly honest, it is a very unusual situation and I do think it places a great premium on making sure that the best-qualified people for that position are selected.

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Senator Feingold. … Judge Roberts, the eyes of America are on you this week thanks to what our generation called the miracle of life, television. Television plays an enormous role in providing information and bringing the country together in times of national pride, like the liftoffs and the landings of spacecrafts and Presidential inaugurations, political conflict like the 2000 election and the 1999 impeachment trial of President Clinton, the great tragedy of September 11 and the devastation wrought by Hurricane Katrina. Americans can watch virtually every significant event of national importance on television except for oral arguments and announcement of decisions at the Supreme Court.

If you are confirmed, you will essentially disappear from public view. This hearing will, in some ways, be the last time that the nation will see you at work. The possibility of televising trials raises some complicated issues. We have to consider the safety and rights of criminal defendants and witnesses and jurors. But such concerns are not so present in the case of appellate proceedings. There is no doubt that there is enormous public interest in Supreme Court oral arguments, but not very many seats in the courthouse.

I think it would benefit the country and the Court if all Americans had the chance to see the Court conduct its work, so I would like to know if you, as Chief Justice, will support televising the Court's public proceedings.

Judge Roberts. Senator, it's not something that I have a settled view on and I do think it's something that I would benefit from the views of my colleagues, and I know that some of them have particular views and some may not. I noticed the last time there was a formal response by the Court to a request to televise a particular argument, the Chief Justice referred the matter to the whole Court and then reported back on it.

I'm also aware that there are--I'm not sure if the right word is experimental or trial efforts going on in some of the courts of appeals, the Federal courts of appeals, to televise arguments there, and I know I've watched them so I appreciate that opportunity. And I don't know yet if there's been an evaluation of how that experiment proceeded, whether the judges thought it went fine, the lawyers, or whatever. I just don't know.

At the Supreme Court level, I do know they experimented recently in a few cases with releasing the audio tapes immediately after the conclusion of the argument. Again, I listened to those on occasion, not every case, but selected cases of particular interest. I know that on our court, my court, I'm sorry, on the Court of Appeals for the D.C. Circuit, we broadcast at least within the courthouse simultaneously the oral arguments, so I know that the technology is there to do that and I certainly understand the interest and I understand how--I know it was very well received to have the audio tapes immediately available in some of those cases—

Chairman Specter. . . . Judge Roberts, let me move to one other subject in the 2 minutes that I have remaining, and that is, on the ability which you would have, if confirmed as Chief Justice, to try to bring a consensus to the Court. We have 5-4 decisions as the hallmark of the Courts. Not unusual. You commented yesterday about what Chief Justice Warren did on Brown v. Board of Education, taking a very disparate Court and pulling the Court together. As you and I discussed in my office, there are an

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overwhelming number of cases where there are multiple concurrences. A writes of concurring opinion in which B joins; then B writes a concurring opinion in which A joins and C joins.

In reading the trilogy of cases on detainees from June of 2004 to figure out what we ought to do about Guantanamo, it was a patchwork of confusion. I was intrigued by the comment which you made in our meeting about a dialogue among equals, and you characterized that as a dialogue among equals when you appear before the Court, and they are on a little different level over there. I am way behind you on Supreme Court arguments. It is 39-3. But I would have been an equal of theirs in any event. Perhaps you are. But I am intrigued by your concept, and I asked you how you would be able to be the Chief with Justice Scalia, who is 18 years older than you, and even Justice Thomas, who is 7 years older than you. Tell us what you think you can do on this dialogue among equals to try to bring some consensus to the Court to try to avoid this proliferation of opinions and avoid all these 5-4 decisions.

My time is up.

Senator Leahy. I would like to hear the answer because that is a question I was going to ask, too.

Chairman Specter. Well, now we are on Senator Leahy's time. Go ahead.

Senator Leahy. Oh, no, we are not on my time.

[Laughter.]

Senator Leahy. We are not on my time. We are still on yours, Mr. Chairman. But I would like to hear this answer.

Chairman Specter. It is permissible to have the answer on the red light, just not the question.

Judge Roberts. Well, I don't want to be presumptuous about if I am confirmed, what I would do. I do think, though, it's a responsibility of all of the Justices, not just the Chief Justice, to try to work toward an opinion of the Court. The Supreme Court speaks only as a Court. Individually, the Justices have no authority.

And I do think it should be a priority to have an opinion of the Court. You don't obviously compromise strongly-held views, but you do have to be open to the considered views of your colleagues, particularly when it gets to a concurring opinion. I do think you do need to ask yourself, what benefit is this serving? Why is it necessary for me to state this separate reason? Can I go take another look at what the four of them think or the three of them think to see if I can subscribe to that or get them to modify it in a way that would allow me to subscribe to that, because an important function of the Supreme Court is to provide guidance. As a lower court judge, I appreciate clear guidance from the Supreme Court.

I know the last thing Chief Justice Rehnquist said in Court, on the last day of the term he was reading the disposition in a case and said, you know, A reaches this conclusion, is joined by B, and then C has a separate concurrence joined by D and E, and he ended up by saying, "I didn't know we had that many Judges on the Court." That undermines the importance of providing guidance.

I do think the Chief Justice has a particular obligation to try to achieve consensus consistent with everyone's individual oath to uphold the Constitution, and that would certainly be a priority for me if I were confirmed.

Chairman Specter. Thank you very much, Judge Roberts.

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Judge Roberts. Thank you, Mr. Chairman. Judge Roberts. Thank you, Mr. Chairman.

Chairman Specter. Senator Leahy?

Senator Leahy. Thank you, Mr. Chairman. Thank you for asking that question because it was one I wanted to ask, too.

Senator Leahy. Let me ask you this, then. Let me ask you something that can be ascribed to a Justice of the Supreme Court, and it is something that both the Chairman and I have talked a lot about, and that goes to some of the mechanics. If you will let me take a moment--you understand these, but for the audience, the so-called rule of four. It takes only four Justices to grant cert, but it takes five to grant a stay of execution. Usually the courtesy is that if you get four, a fifth one will sign on. That has not always been followed of late. Of course, we are dealing with the life or death, which Senator Specter called it bizarre and unacceptable, and it needs legislation to change it.

How do you feel, if you were Chief, you had four--four of the Justices now voted for a stay of execution, do you feel as Chief you should do the courtesy of the rule of five and kick in the fifth one?

Judge Roberts. It's an issue that I'm familiar with. I do know it arose. And I thought the common practice, the current practice was that if there are four votes to grant cert that the Court would grant the stay, even though that does require the fifth vote, so that you don't have a situation--

Senator Leahy. Yes, but that is because one more says, okay, we got four--

Judge Roberts. Right.

Senator Leahy. --we will put somebody else's name on here. But that hasn't been followed all the time recently. It usually was, and that is why both Senator Specter and I have raised concern. Do you feel the earlier practice of once you have four--

Judge Roberts. I think that practice makes a lot of sense. I don't want to commit to pursue a particular practice in an area that I'll obviously have to look at in the future, but it obviously makes great sense that if you have four to grant and that's the rule that you will consider an issue if there are four to grant. You don't want to moot the case by not staying the sentence.

Senator Leahy. And I appreciate that because I know we find a lot of cases where they are perfectly willing to grant cert on monetary damages, but here you can't get it right, it doesn't make much difference on appeal after the execution.

Senator Leahy. . . . You wrote a memo regarding--back in 1983, as a White House lawyer, you wrote a memo regarding proposals by then-Chief Justice Warren Burger to reduce the Supreme Court's caseload. In that memo, you volunteered the following: "If the Justices truly think they are overworked, the cure lies close at hand. For example, giving coherence to Fourth Amendment jurisprudence by adopting the good-faith standard and advocating the role of fourth or fifth guesser in death penalty cases would eliminate about a half dozen argued cases from the Court's docket each term."

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Are you saying that judges are just too busy to pay attention to death cases?

Judge Roberts. No, Senator.

Senator Leahy. What are you saying? How do you feel today? That was 1983. How do you feel now 22 years later?

Judge Roberts. Well, in 1983, of course, they were hearing about 150 cases a year. They hear about half that now. Again, I don't want to prejudge questions or even be presumptuous to look down the road, but it seems to me that there's the capability there to hear more cases today, not fewer. And I'm sure there are reasons for the reduction in the caseload that I'm not familiar with that I might become more familiar with, but they handled twice as many cases 20 years ago than they do today. And I think the capability to address more issues is there in the Court.

Senator Leahy. My time is up, but I think you will find both the Chairman and the Ranking Member of this Committee believe they could handle more. Thank you, Judge.

Senator Grassley. Are you against cameras in the courtroom like Justice Rehnquist was?

Judge Roberts. Well, you know, my new best friend, Senator Thompson, assures me that television cameras are nothing to be afraid of--

[Laughter.]

Judge Roberts. --but I don't have a set view on that. I do think it's something that I would have to--I would want to listen to the views of, if I were confirmed, to my colleagues--

Senator Grassley. I would suggest then to the Chairman that we move quickly on that bill before he has got an opinion on it.

[Laughter.]

Chairman Specter. I intend to do just that, Senator Grassley, now that I have your support.

Senator Grassley. Thank you.

Chairman Specter. Thank you, Senator Grassley.

Senator Kohl. We spent quite a bit of time yesterday discussing how you would decide cases, and as we all know, it is your view that Supreme Court Justices are umpires who are neutrally deciding cases. I want to discuss with you another area where I believe your analogy falls somewhat short.

The Supreme Court not only, as you know, has the power to decide cases and to construe the Constitution, but it also has the sole and the absolute power to decide which cases it hears, which cases it decides, which parties get to be heard, and which parties do not get to be heard. So if you are confirmed, you will get to choose which cases will be placed on the Supreme Court's docket with the vote of yourself and only three other Justices, as you know. Making this choice, your opinions, your perspectives, and your life experiences obviously matter quite a bit. Much more than an umpire calling balls and strikes, you are in that sense a manager who is really setting the field with players to decide what the menu is going to be like.

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So this power is really quite important, and it is crucial and it is important that we understand that when we look at your role in terms of your own description.

In recent times, the Supreme Court has received appeals in nearly 7,000 cases a year, and as you know, in recent times, the Supreme Court has heard only about 80 cases a year. In other words, the Justices choose to hear only about 1 percent of the appeals that they receive.

My question for you, Judge Roberts, is: Should you be confirmed, how will you decide which cases will make the cut and will be heard by the Supreme Court? And what will guide your complete discretion to choose which cases to hear?

Judge Roberts. I appreciate the question, Senator. It is an area where I will happily concede that the Justices are not acting just like umpires in deciding which cases they're going to hear as opposed to how they're going to decide them. My perspective has changed a little bit in this area. Certainly when I was practicing law, a lot of what I spent my time trying to do was get the Supreme Court to take a case. As you know, you file these things called petitions for certiorari, which are really quite extensive arguments about why the Court should hear your case, having really not that much to do with the merits, whether it was right or wrong, but just why the Court needs to issue an opinion in this area. And I thought they weren't taking enough cases. When I became a court of appeals judge, I thought you didn't need to have more cases taken up for review.

But the considerations, some are pretty well established. The job of the Supreme Court is to ensure the uniformity and consistency of Federal law, in particular, interpretations of the Constitution. So the clearest case that the Court should hear, they should grant certiorari on, as they say, is when two different courts of appeals are interpreting a law differently. Obviously, the law should mean the same thing in every part of the country, and if two different courts take a different view of the law, that's the kind of case the Court ought to be taking.

I think the Court should, as a general matter--and, again, other Justices have expressed this view as well--grant review in cases in which a lower court strikes down an act of Congress. I don't think that's an absolute rule, but certainly as a general matter, if an act of Congress is going to be declared unconstitutional, I think the Supreme Court ought to be the one determining that as a final matter, and generally not leave it to a court of appeals.

So those are two categories: when there is a conflict, when an act is found to be unconstitutional.

Beyond that--and this is where I agree with you the umpire analogy does not hold up--there is a lot of discretion in deciding whether it is the right time to grant review in a case. The people who practice before the Court talk about the Court letting an issue percolate a little bit, in other words, get more than just one or two decisions from the courts of appeals, wait until others have had a chance to weigh in. The theory is that makes it more likely the Supreme Court will get it right if they have the benefit of several decisions from the lower courts rather than just one. Other cases the Justices determine that that's not appropriate. It's not appropriate to wait until the issue develops a little more; they want to look at it expeditiously. And it's hard to lay down categorical rules in that area.

I have expressed the view--and it may be a view that I'll have to be educated on further if I am confirmed, and I am not stating it as a solid view. I do think there is room

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for the Court to take more cases. They hear about half the number of cases they did 25 years ago. There may be good reasons for that that I will learn if I am confirmed, but just looking at it from the outside, I think they could contribute more to the clarity and uniformity of the law by taking more cases.

I have heard others say they could contribute to the clarity and uniformity of the law by taking fewer cases, but I don't subscribe to that view. I think there is room for additional cases on the docket.

Senator Kohl. I think we agree that it is an enormous power, that power of decision. It is a very active power. It is not benign in any way. If Justices, for example, decide not to hear a case, whatever the merits, that is the final decision. Is that not correct?

Judge Roberts. That's right. The decision of the court of appeals stands in that case. Now, it is true that I think the Justices generally look at their duty and obligation to ensure consistency in a fairly dispassionate and objective way. In other words, it doesn't matter how a particular case came out. If it's different in one part of the country than another, most of the Justices in my experience readily agree that that's the kind of case they need to address.

Senator Kohl. I will just refer to two that were taken up without any reference from any lower court. One was Youngstown Steel and Tube, which was, you know, the ability of the Government to seize a steel mill during a time of war. And, of course, another one that I'm interested in your comment on is Bush v. Gore, in which the Court decided to directly insert itself into a Presidential campaign. I am interested in not what happened after they decided to do that, but that the decision they made in terms of its propriety, its impact on the courts, the Court's standing in the country, you must have thought about it, I am sure, a great deal when it happened.

I am sure you have an opinion on their decision to enter that case, and I think we would like to know what that opinion is.

Judge Roberts. You mentioned first the Youngstown case, and it is a category--and I think perhaps the Bush v. Gore case, that perhaps the Justices concluded it fell into that category. There are certain cases--they don't come along all that often--that are, by their importance, significant enough for the Court to take. In other words, they don't fit the description of a conflict among the Courts of Appeals or an Act of Congress held unconstitutional, but they are otherwise sufficiently important that the Court will grant review and take those cases.

Certainly, the Youngstown case was of that sort. It started out actually in the D.C. Court, the hearing was first there, and then the Court granted that. But the decision by a President to seize the steel mills based on--constitutionally, that's an important enough issue you want the Supreme Court to issue a final ruling on that.

On the decision in Bush v. Gore and the determination of whether to grant review in that case, again, that's not something that--you don't know on what basis the Justices make a decision to grant review. You just get an order that says "review is granted." In that case you had a decision of a State court that apparently the Justices thought should be reviewed, and obviously, expeditious treatment was needed, as I think it was in the Youngstown case as well. They're capable of moving expeditiously when an important matter requires them to do so.

Senator Kohl. I asked you what your opinion of that decision was at that time.

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Judge Roberts. Well, that's an area where I have not been--I have not felt free to comment, whether or not I agree with particular decisions or--

Senator Kohl. It is not likely to come up again.

Judge Roberts. I do think that the issue about the propriety of Supreme Court review in matters of disputed electoral contests is a matter that could come up again. Obviously, the particular parameters in that case won't, but it is a very recent precedent, and that type of decision is one where I thought it inappropriate to comment on whether I think they were correct or not.

Senator Kohl. You will have a decision to make if it [Takings Clause issue/Kelo reprise] does rise up to that level. Is it possible that your decision, along with three other Justices, might be to put that on the docket?

Judge Roberts. That would be one of the decisions that in the exercise of the cert process, as they call it, short for the certiorari decision, and that would certainly be an issue that could come before the Court, and they already have, of course, four dissenters who may be anxious to revisit it or not. I don't know. I don't want to presume how they would view it on an ongoing basis.

Senator Kohl. All right. I will just ask one more question before my time expires and that is on the important role that the Chief Justice plays as the head of the Judicial Conference, which is the organization of the entire Federal Judiciary. As head of the Judicial Conference, the Chief Justice makes policy recommendations as to legal reform, with respect to legal reform, reform of court procedures and advocates for the Federal courts.

What, if you are confirmed, would be your agenda, your plans, or your policy objectives to advance in connection with your role as the head of the Judicial Conference?

Judge Roberts. Well, I am familiar with how the Judicial Conference operates for at least part of its role. I've been on the Advisory Committee on Appellate Rules. I was there as a lawyer and I kept on as a judge. In fact, I was slated to be the Chairman of that committee starting in October.

So I understand the role in promoting the forum of rules that apply in the Federal courts, both the appellate rules, the civil rules, criminal rules, and bankruptcy rules, and evidence rules, different committees there, and I'm familiar with the process. They go through the Advisory Committee, a broader committee about rules in general. Then they're submitted to the Judicial Conference for consideration, and it's a very exhaustive process, but I think also a very responsive one. Particular problems are identified in practice by practitioners, by judges. They're submitted to the committees. They review them. They come up with proposals. It's a very important part of the functioning of the Federal system and it affects all the levels, not just the Supreme Court, of course, but courts of appeals and the trial courts.

Other issues of concern, obviously pressing issues, concerns with respect to security in light of different developments. Those are addressed at the Judicial Conference. Any need for legislative action that the courts feel is appropriate.

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I have to tell you that if I were to be confirmed, as an initial matter, I think my primary posture is going to be one of listening because there's obviously much I have to learn about matters of concern to different judges, different courts around the country, and that's the good thing about the Judicial Conference, of course. They bring in judges from around the country to make sure that you get a national perspective on what needs to be done and you're not just focused on issues here in Washington or anywhere else.

But it's an area where I think I will have to listen a lot at the outset before being presumptuous enough to have a particular agenda.

Senator Kohl. I thank you, Judge Roberts. I thank you, Mr. Chairman.

Judge Roberts. Thank you, Senator.

Senator Sessions. . . . Judge, are you aware of the salary that you will be paid when you become--if you are so fortunate?

Judge Roberts. In a vague way, yes.

Senator Sessions. And I suppose you were when you were affirmed to the Court of Appeals?

Judge Roberts. Yes.

Senator Sessions. So you are not going to be back next week asking for a pay raise, are you?

Judge Roberts. Not next week, no.

[Laughter.]

Senator Sessions. The Chief was always over here knocking on our door about pay raises. But, you know, we have a deficit in our country--

[Laughter.]

Senator Sessions. --and you are paid the same--I guess the Chief may be paid more than Senators, but for the most part judges are paid what members of Congress are paid. And I frankly am dubious that we should give ourselves big pay raises when we can't balance the budget.

I also chair the Court Subcommittee, Courts and Administration, and as Chief you have a serious responsibility with regard to managing and providing guidance to the Congress on the needs of the court system. I know that--I am sure that you will do that with great skill and determination. But let me ask you, will you also seek to manage that court system--and I hesitate, but I will use the word "bureaucracy" at times--effectively and efficiently and keep it a lean and effective management team and maintain as tight a budget as you can maintain?

Judge Roberts. Well, if I am confirmed, Senator, the answer is yes. I am aware that there is, for example, the Administrative Office, and they provide valuable services to judges around the country. As a consumer of their services for the past two years, I have, certainly, particular views about where I think they're effective and helpful to judges and other areas where, like any bureaucracy, where I think they can do better. It is an area where my first priority is going to be to listen, because I'm sure there are many considerations of which I'm not aware that are very important for the Chief Justice to take into account. And after listening, I'll try to make the best decisions I can about administering that system.

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Senator Sessions. Well, there are a lot of problems. Judges are not happy with the General Services Administration and sometimes GSA is not happy with the judges, and sometimes judges overreach and want to be treated awfully specially. So I think you have a challenge there. I would look forward to working with you. If you will help us make sure that your court system is lean and efficient and productive, we will try to make sure that you have sufficient resources to do those jobs.

Senator Graham. . . . The Office of Chief Justice of the United States is different, as you are the first among equals. What do you believe as Chief Justice you can bring to the table that you could not as just a normal member of the Court?

Judge Roberts. Well, if I am confirmed, I think one of the things that the Chief Justice should have as a top priority is to try to bring about a greater degree of coherence and consensus in the opinions of the Court. I know that has been--it was a priority of the last Chief Justice. I actually believe that is something that should be a matter of concern for all of the Justices. But as the Chief, with responsibility for assigning opinions, I think he has greater scope for authority to exercise in that area, and perhaps over time can develop greater persuasive authority to make the point. Again, coming from the Chief, it may be a point that other Justices would receive--be more receptive to than they might coming from one of their colleagues, that we are not benefited by having six different opinions in a case, that we do need to take a step and think whether or not we really do feel strongly about a point on which a Justice is writing a separate concurrence which only he or she is joining, or whether the majority opinion could be revised in a way that wouldn't affect anyone's commitment to the judicial oath to decide the cases as they see fit, but would allow more Justices to join the majority so the Court speaks as a Court. That is something that the priority should be, to speak as a Court.

Senator Graham. So your goal as Chief Justice is, where you can and as often as you can, to find consensus and unite the Court. Is that true?

Judge Roberts. I think the Court should be as united behind an opinion of the Court as it possibly can. Now, obviously, in many cases it is not going to be possible.

Senator Graham. I applaud you because we are a divided Nation, and the more united we can become at any level of Government, the stronger we will be. So I applaud you for that attitude.

Senator Cornyn. . . . Let me just ask you just as a practical matter, I worry when I see that the Supreme Court's opinions are so fractured and divided as you alluded to, I believe, on the question of the Ten Commandments. The only one that agreed with both decisions that the Ten Commandments could be displayed in Texas but not in Kentucky was Justice Breyer. And there were ten opinions in those two cases, which led the former Chief Justice Rehnquist to quip, "Well, that's more opinions than we have Justices." Ten opinions for nine Justices in that case which decided the constitutionality of the Ten Commandments.

Well, it strikes me that one of the goals of the Court ought to be--of any court ought to be to write decisions that can be read and understood by a person of reasonable intelligence and, frankly, Judge, I have to tell you that lawyers struggle, no doubt circuit

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court judges, trial court judges such as in the court you serve on now struggle to try to figure out just what in the world the law actually is. And it breeds additional litigation, a lot of money, a lot of time spent just litigating issues that the Court could, if it had the will, clearly decide.

And in some ways, I think it leads some observers to wonder whether the Supreme Court is firmly grounded in the reality of how their decisions will actually be read and understood and implemented, either by lower courts or by litigants who are trying to figure out what is the law, so how can I conform my behavior and how can I make plans in a way that I can rely upon is legal.

I would be interested in your observations.

Judge Roberts. Well, Senator, I hope we haven't gotten to the point where the Supreme Court's opinions are so abstruse that the educated lay person can't pick them up and read them and understand them. You shouldn't have to be a lawyer to understand what the Supreme Court opinions mean. One of the reasons I've given previously for admiring Justice Jackson is he was one of the best writers the Court has ever had, and I think you didn't have to be a lawyer to pick up one of his opinions and understand exactly what his reasoning is and why he is saying that, and if he is citing and relying on precedents, he cites them and explains them. They are not written in jargon or legalese, but an educated person whose life, after all, is being affected by these decisions can pick them up and read them, and you don't have to hire a lawyer to tell you what it means. I hope we haven't gotten to a point where that is an unattainable ideal.

Now, I'm not suggesting that I've always lived up to that, and I'd hate to have somebody go back and look at my opinions and critique them under that exacting standard. But I do think that's something that it's worth shooting for, at least in most cases, that opinions should be accessible to educated people without regard to whether they're lawyers or not.

Senator Cornyn. Well, I think your experience as both a lawyer practicing before the Supreme Court and advising clients, as well as being a circuit court judge and trying to apply those as an intermediate appellate court, will help you understand that and the importance of that.

Senator Brownback. . . . I want to talk on a separate hat you would carry as the Chief Justice of the United States, and that is as the head of the Judicial Conference of the United States, and it is about court reorganization. There have been proposals put forward to split the Ninth Circuit Court of Appeals, Ninth Circuit, the far western circuit, very large circuit. There is discussions in the Congress about splitting that circuit in two because of its size, its caseload, a number of other reasons that have been proffered or put forward.

You would agree that under Article I, section 8, that Congress has the power to constitute tribunals inferior to the Supreme Court?

Judge Roberts. Yes, Senator.

Senator Brownback. And that these inferior courts would include such things as the circuit court and the lower district courts of the Federal Government?

Judge Roberts. Yes.

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Senator Brownback. So that Congress would have the power, its power--Congress has the power under the Constitution to split the Ninth Circuit Court of Appeals?

Judge Roberts. I know that Congress did just that with respect to the old Fifth Circuit, which used to run from Florida out through Texas, and they split it into the new Fifth Circuit and the 11th Circuit. I don't think any questions have been raised about Congress's authority to do that.

Senator Brownback. And you do not raise those here as the head of the Judicial Conference of the United States?

Judge Roberts. Well, I wouldn't want to--

Senator Brownback. Some potential role there.

Judge Roberts. --just yet, but I'm not aware of any objections to Congress's authority. I don't think that's the issue. I know the judges have various views on whether it's a good idea of not, and since it affects them, I know some of the judges have expressed those views. But the question of congressional authority to do that is not something I've seen raised.

Senator Brownback. I thank you.

Senator Leahy. Let me switch gears again. Senator Grassley, who is not here right now, and Senator Specter and I have worked for several years to shed some light on the FISA Court, the Foreign Intelligence Court. A lot of Americans are affected by the decisions. Most Americans do not know how it works, do not know whether civil liberties are being curtailed or violated. We added some sunshine provision. The Attorney General now submits a biannual report to four congressional committees, details how many people are targeted for electronic surveillance and so on. It still is inadequate in the fact it doesn't get public reporting. If you are confirmed as Chief Justice, you are the overseer of the FISA Court. Most do not even look at that role of the Chief Justice. I think it is probably one of the most important ones if you are going to talk about our liberties and how they are protected. Would you be willing to work with Members of Congress to add more transparency, or do you believe there is enough transparency in the work of the FISA Court now?

Judge Roberts. Senator, you said you think this is something most Americans aren't aware of. I'd suggest probably most judges aren't aware of it. It is a specialized court. I will tell you when I became aware of it, it's a surprising institution. It's an unusual set-up.

Senator Leahy. Certainly different than what we think in our system of courts.

Judge Roberts. That was exactly my reaction. On the other hand, Congress, in setting up the court, obviously concluded there were reasons to do it that way. I was asked a question about appointing the judges to it, and my response was that given the unusual nature of it, very unusual nature, given the usual traditions of judicial processes, that the people appointed to it have to be people of the highest quality, undoubted commitment to all the basic principles, both of the need for the court and the need to protect civil liberties. That I think is very important.

Beyond that I would just tell you I don't know enough about the operations of the court at this point and how it functions to be able to make any representations about what

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I would do other than that I certainly appreciate that it's an unusual establishment and in many respects doesn't have the sorts of protections that the normal judicial process has, and that I would be sensitive to those concerns.

Senator Leahy. I realize my time is up and I apologize, but I hope that if you are confirmed that you might be willing--and I think Senators Grassley, Specter and myself could put together some suggestions--to at least keep an open mind on.

Judge Roberts. Certainly, Senator.

Senator Leahy. Because in an electronic age, in a digital age, when more and more information is being pulled in on Americans that we sometimes do not even know about, it is frightening. We want security, but we want to be like--as Benjamin Franklin said, that people who give up their liberties for security deserve neither.

Thank you.

Thank you, Mr. Chairman.

Judge Roberts. Thank you, Senator.

Senator Kennedy. At the outset of my questions I talked about Earl Warren, and you were enormously complimentary about Earl Warren, about him understanding not only the law, but also understanding the importance of the Chief Justice bringing other Justices together in a very important way in terms of dealing with a societal issue and a question, and I think we are a fairer country and a fairer land because of this.

This was really the bringing together of the mind and the heart. Oliver Wendall Holmes said: It's dangerous to think about legal issues can be worked out like mathematics. And another nominee who was here not too long ago, had this to say about the head and the heart. "What you worry about is someone trying to decide an individual case without thinking out the effect of that decision on a lot of cases. That is why I always think law requires both a heart and a head. If you do not have a heart, it becomes a sterile set of rules, removed from human problems and it will not help. If you do not have a head, there is the risk that in trying to decide a particular person's problem in a case, that may look fine for that person, but you cause trouble for a lot of other people, making their lives yet worse."

In the remaining moment, recalling Justice Warren, just thinking through what other nominees have said about the importance of a heart and a legal mind, and you as a Chief Justice together, in telling the American people how you were inspired by Chief Justice Warren at a very important and critical time in our Nation's history, what could yo tell them now that could give them the assurance that you might be a similar kind of Chief Justice should you be approved by the Senate?

Judge Roberts. Well, Senator, my point with respect to Chief Justice Warren was that he appreciated the impact that the decision in Brown would have, and he appreciated that the impact would be far more beneficial and favorable and far more effectively implemented with the unanimous Court, the Court speaking with one voice, than a splintered Court. The issue was significant enough that he spent the extra time in the reargument of the case to devote his energies to convincing the other Justices--and obviously, there's no arm-twisting or any of that. It's the type of collegial discussion that judges and justices have to engage in of the importance of what the Court was doing, and an appreciation of its impact on real people and real lives.

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I recognize as a judge, and I recognized as a lawyer, that these cases have impact on real people and real lives. I always insisted when I was a lawyer about getting out into the field and seeing it. If I was arguing a case involving Native villages in Alaska, I went to the villages. If I was arguing a case about an assembly line, I went to the assembly line. You had to see where the case was going to have its impact and what its impression was going to be on people.

Now, none of those cases were as important as Brown v. Board of Education, but the basic principle is the same. I think judges do have to appreciate that they're dealing with real people with real cases. We obviously deal with documents and texts, the Constitution, the statutes, the legislative history, and that is where the legal decisions are made, but judges never lose sight, or should never lose sight of the fact that their decision affect real people with real lives, and I appreciate that.

Senator Kennedy. My time is up, Mr. Chairman. Thank you.

Senator Feingold. A topic we touched on in our meeting in my office in July was the issue of judges going to judicial education conferences at sometimes fancy resorts which are put on by ideologically oriented groups and paid for by private corporations sometimes that even have cases pending before the judges in attendance. And when we spoke, of course, you had been nominated for the Associate Justice position, and our conversation concerned your personal interest in attending such events. As I remember, your answer was that you said you would rather spend your free time with your family, which I thought was a pretty good answer.

But now you have been nominated for Chief Justice, and one of your duties is to head the Judicial Conference which, among other things, sets the ethics policies for the Federal judiciary. And this is one area where I think Chief Justice Rehnquist might have taken a different course. He took a number of steps to essentially leave this ethical question up to the personal decision of individual judges and appointed a judge to head the Committee on Codes of Conduct who had been prominently featured in a "20/20" expose of these junkets. Not surprisingly, the Committee weakened the judicial ethics rules on this question of privately financed trips.

Chief Justice Rehnquist strongly opposed congressional efforts to put a halt to these judicial junkets that I believe sometimes reflect poorly on the independence and impartiality of the judiciary.

So I would like to know, Judge Roberts, if confirmed, whether you will use your power as Chief Justice to set a high ethical tone for the Federal judiciary by putting in place new codes of conduct that would prohibit judges from participating in privately funded "judicial education" that lets special interests essentially lobby Federal judges?

Judge Roberts. Well, I don't think special interests should be allowed to lobby Federal judges. Stated that way, I think the answer is clear.

I don't know enough about how these things operate. As I said, I have not been on one of them. I don't know how the funding is set up. I don't know what the situation is. If confirmed, I'm certainly happy to examine it. I know that there is a conflict of interest or ethical standard review group, I think, within the Judicial Conference. I believe they addressed that question and issued an opinion on it recently. But, again, I am just sort of recollecting something I read.

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I would say more generally, though--and maybe it is off topic, in which case feel free to cut me off. But I do think it is important for judges and Justices to get out, particularly get out of Washington a little bit. I've always enjoyed going to the law schools, participating in the moot courts or, you know, functions where you get to visit with the law students. I've done that a few times--not a lot, a few times. I wouldn't call that by any stretch of the imagination "a junket." But I do think it's important for the Justices to get out around the country and particularly visit the law schools. That is probably not the same sort of thing you are talking about.

Senator Feingold. Fair enough, and I think you would agree that there is nothing wrong with judges or Senators golfing. That is not the question.

Judge Roberts. It may not be good for the game of golf, but...

[Laughter.]

Senator Feingold. In 2000, Chief Justice Rehnquist wrote a letter supporting repeal of a provision of the Ethics Reform Act of 1989 that bans honoraria for judges. Do you believe that the law should be changed to permit judges to take honoraria for speeches or appearances?

Judge Roberts. There again, Senator, that's not an issue I've looked at. I know the law prohibits that. I know that there was a case about that, and the Supreme Court decided that, to some extent, that prohibition was unconstitutional as applied to lower-level officials but constitutional as applied to others. It's not a question that I've addressed.

Senator Feingold. Just to return for the record for a moment, the item that the judge referred to in terms of Judicial Conference policy is actually the policy that I was concerned about that I thought was a step backward, and I just wanted that reflected in the record.

Senator Feingold. . . . On a different subject, after the passing of Chief Justice Rehnquist, a number of news articles discussed his legacy and noted that early in his tenure as Justice, he had been a dissenting voice, but the Court seemed to shift in his direction over time. Recently, Professor Cass Sunstein recalled that over lunch with a group of Supreme Court clerks when he was an Associate Justice, Chief Justice Rehnquist described his own role on the Court. He said the Court was like a boat that had tilted way over to one side, and his task was to put it upright again.

Do you believe that the Chief Justice has the duty to influence the overall philosophical direction of the Court through his personal leadership or through opinion-writing assignments or any other means? And do you think that it is appropriate for the Chief to do that?

Judge Roberts. I don't think using opinion-writing assignments as a way to try to promote a particular view or agenda is a good idea. And I don't think Chief Justice Rehnquist did that. I do think if you go back and look at every year that he was the Chief Justice and just pick out what you think are the 10 or 12 biggest cases of that year, I think you will find that those cases are distributed very evenly among the nine Justices. And one reason I think relations among the Justices were so collegial under Chief Justice

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Rehnquist's leadership--at a time when, of course, the Court had very marked philosophical differences and sharp dissents in some areas, but everybody got along well--is because the Chief made a priority of being fair in his opinion assignments. I think that is the more important priority.

Senator Feingold. Can you imagine ever changing your vote in order to be able to assign the majority opinion to yourself or to another Justice? And do you think that such a practice is appropriate?

Judge Roberts. No, I don't, in answer to both questions.

Senator Feingold. So you would not do that.

Judge Roberts. I wouldn't do that. I think that, again, sort of trying to use that assignment power in a tactical way, it causes tension on the Court and I think undermines the ability of the Chief Justice, to the extent he has that ability--and it's obviously limited--to act as a force to help bring about some cohesiveness and collegiality.

Senator Feingold. Thank you. Thank you for that answer.

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Miscellaneous Questions (Basic questions about law, the appellate process, and the Court; Katrina aftermath; gender of SOC's replacement; importance of pro bono; Reagan revolution; role of lawyers; greatest threat to rule of law; independence of the judiciary; Bob Jones; Bork nomination; HMO; natural law; favoritism toward corporations; etc.)

Senator Kyl. I appreciate that. You said in response to another question, you used the phrase "as applied." Most of the lawyers appreciate what you meant by that, but I wonder if you could elucidate, particularly for those who are not learned in the law, what the difference is between dealing with a case, an issue of constitutionality, per se, or as in "as applied" context, and how it is possible, for example, in Case No. 1 to uphold the constitutionality of a law on its face, for example, and yet in Case No. 2, it comes down a few years later to declare that in that situation the statute is unconstitutional as it is applied to the facts of that case. How can that be?

Judge Roberts. Well, the distinction is a basic one in constitutional law. If you have a facial challenge to a law, as we call it, or a per se challenge might be another way to put it, you're basically saying the law is unconstitutional without regard to the facts of the case, without regard to the record, whatever the application might be, whoever the parties challenging it might be, there's something about the law so fundamentally flawed that it's unconstitutional however it's going to be applied. That's a fairly narrow category of cases.

The other category is so-called as-applied challenge. You have a law that you know is not facially unconstitutional, but it may be applied in an unconstitutional manner. An easy example, you have a normal statute that's perfectly constitutional. If it's applied in a discriminatory manner, it may be unconstitutional as applied in that case. If it can be applied in a constitutional manner, you know, so long as the facts are a certain way, and if the facts turn out in the record not to meet those requirements, then it can be unconstitutional as applied, and in those situations you do need to know what the record is, you do need to know what the facts are, because the challenge might be, this law may be fine for other cases, but when you apply it to this case, when you apply it to this record or these facts, then it's unconstitutional. So a statute that is constitutional on its face can always be applied in an unconstitutional way, and so you can't give a categorical determination that there is no way in which that statute could ever be unconstitutionally applied.

Senator Kyl. This is another reason why, when you are asked, "Well, would you agree that a certain decision is a good decision and should be maintained as part of our jurisprudence and so on?" In addition to not wanting to give a hint as to how you might rule on a case, to some extent it is impossible to say because you do not have the facts of the case before you and the facts of Case A could cause you to render a different decision than the facts of Case B.

Judge Roberts. Well, that's right, and particular precedence obviously could be applied to variations on the fact situation that gave rise to that precedent, and sometimes those facts lead to a different results, sometimes those facts don't. And it makes sense to continue to apply it in a particular manner. But again--and I think most judges are of this view--that the fact are a critical part of the resolution of any dispute.

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Senator Kyl. I know perhaps to non-lawyers this can cause frustration, "just tell me one way or the other," but judges have got to be fair to make sure that they do not treat all cases as the same because the fact differences could make the difference between your ruling one way or another in a case, and every litigant probably feels that their case is a little bit unique. Judges need to think about that and certainly need to be willing to consider that this person's case might be unique, and therefore, it has to be looked at in a way different than a similar but perhaps not identical case.

Judge Roberts. And of course, that's a lot of how the law develops, and as lawyers arguing in court, a lot of what I used to spend my time doing was saying, "This precedent doesn't apply," and the reason it doesn't apply is because these facts are different, and so you should reach a different result, or arguing that this precedent does apply even though these facts are different. The reasoning still covers that situation, and then that leads to the next case and so on, and it's that sort of gradual development of the law that helps shape the rule of law.

Senator Kohl. Judge, in the aftermath of Hurricane Katrina, we all saw that those who suffered the most were those who have not been able to take advantage of the great opportunities that our great country has to offer. As we found out, those without employment opportunities and educational opportunities simply did not have the means to escape the storm and the flooding.

As you seek to become the head of the judicial branch, as you seek the position of Chief Justice of the United States of America, what role would you play in making right the wrongs revealed by Katrina? And what role do you and the judicial branch play in making sure that we as a Nation keep on moving forward towards providing equal opportunity to all Americans?

Judge Roberts. The last part of your question, Senator, is, of course, really what's carved on the entrance to the Supreme Court: "Equal Justice Under Law." That is the commitment physically embodied in the Supreme Court, and it's the commitment in the Constitution. And I think the most important thing the Supreme Court can do and the judicial branch can do is to uphold the rule of law. That is the--I tried to point this out in my statement yesterday. That is the key to making all the rights that are in the Constitution, all the rights that legislators may confer on citizens, that's the key to making them meaningful. The difference between our system and our Constitution and the Soviet constitution that President Reagan used to talk about--it has wonderful rights in it, too. It didn't mean a thing because there was not an independent Supreme Court, an independent judiciary to enforce those rights.

We do have that, and that's the reason that we have been able to make progress in the area of rights and not had just empty paper promises.

So to the extent you're talking about the injustices in society and the discrimination in society, the best thing the courts can do is enforce the rule of law and provide a level playing field for people to come in and vindicate their rights and enforce the rule of law.

Senator Kohl. But in spite of all of our laws and all of our rules, we still saw what happened down in New Orleans, and the people who were left behind were people who

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had not had educational or employment opportunities. And the question I asked was whether you as a person who aspires to become the Chief Justice of the United States see a particular role other than continuing the role that you observe we are following now, a particular role for improving our ability to respond to the needs of those people who live under those circumstances.

Judge Roberts. Well, the courts are, of course, passive institutions. We hear cases that are brought before us. We don't go out and bring cases. We don't have the constitutional authority to execute the law. We don't have the constitutional authority to make the law. Our obligation is decide the cases that are presented.

Now, I'm confident, just in the nature of things, that there will be cases presented arising out of that horrible disaster of all sorts, and many of those will be Federal cases, I'm sure. Others will be in the State courts, and, again, the obligation of the Federal judiciary and the State judiciary is to make sure they provide a place where people can have their claims, their litigation decided fairly and efficiently according to the rule of law. That's the appropriate role for the judicial branch.

Senator Kohl. I appreciate that.

Judge, as we all know, you were originally nominated to replace the first woman ever to sit on the Supreme Court, Sandra Day O'Connor. There was a lot of speculation when she announced her retirement that the President might choose a woman to replace her, and she even suggested a little disappointment, not with you but with the fact that a woman was not chosen.

Had the President told you that the selection was down to you and an equally qualified woman for the post but that he thought a woman was needed, would you have seen that as a reasonable conclusion on his part?

Judge Roberts. I certainly think Presidents have and will consider a broad range of issues and characteristics and qualifications in selecting their nominees, and that's certainly one for a President to consider.

Senator Kohl. All things being equal in terms of qualifications, would you be pleased if the President chose a woman to replace Sandra Day O'Connor?

Judge Roberts. For the upcoming vacancy?

Senator Kohl. Yes.

[Laughter.]

Judge Roberts. I just wanted to make clear we weren't talking about this one.

I don't think it's appropriate for me to comment in any way about the President's future selections, other than to say that I'm happy with his past ones.

Senator Kohl. All right. Judge, as you know, confronted with a legal problem, most American families, unlike wealthy families and very large businesses, lack the resources to hire the largest and most preeminent law firms to do their bidding. Do you agree that for our Nation's working people securing civil justice is often rendered substantially much more difficult because it simply does cost too much? Do you have suggestions for addressing this issue? Do you worry that captivating national events,

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such as the O.J. Simpson and Michael Jackson trials, reinforce the view that in this country justice can be for sale and available to those who can afford it?

Judge Roberts. You know, I do think that the availability of legal services is not as broad and widespread as it should be. There are so many things and areas where I think lawyers could make a valuable contribution, but it's too expensive. And there are a number of responses that I think the bar should be taking. Obviously, for those at the lowest end of the income scale, I think there's an obligation to provide pro bono legal services. I think the big firms, little firms, medium firms--everybody needs to get involved in that. There's not enough appreciation about how you can do that.

For example, everybody thinks in terms of bringing a big case, litigation. You know, lawyers who do estate work can provide extremely valuable pro bono services. Lawyers who do tax work can provide extremely valuable pro bono services, the whole range of services, corporate work. I know lawyers in my old firm would do a lot of pro bono services helping set up nonprofit organizations, ensuring that they're complying with the law. People need to be a little more creative in the ways in which they can help.

I regard that as an obligation of the bar and I do think--in fact, in many cases, the situation you get is the people at the lowest end have access to pro bono services. People at the highest end can pay. It's the people in the middle who are left without legal services that could be extremely valuable, and I do think the bar needs to do more. I think firms need to do more. Individual lawyers need to do more.

Senator Sessions. . . . Judge Roberts, I tried a lot of cases in Federal District Court. I have written appeals to the Federal Appellate Courts and argued a few times in the Court of Appeals. I would like for you to help explain to us how this court system works and what an appellate judge does. I mean appellate judges do not go about to set policy in America. They do not go out to supervise and superintend the Legislative and Executive Branches. They decide cases that come before them. So is it not true that normally a case would be initiated in a Federal District Court of a State trial court, and a trial would be held, often with a jury, and a judgment is rendered?

Judge Roberts. That's what most people, most of us think of when we think of going to court. You're there. You know, you bring in the witnesses. They testify, they're cross-examined by the other side. There's one judge supervising the trial. If it's a jury case the jury is there. That's where most of the fact finding takes place. People have different versions of events, you know, who was there, what did they do? And people tell different stories, and that is where you try to sort that out, either before the jury or the single judge.

Senator Sessions. And a judge has to rule, he has to rule on evidentiary matters or legal matters,a nd sometimes a judge is in the midst of trial and maybe he makes an error maybe he does not make an error. But every word of that trial is put down, is recorded. And so after the trial if the losing party is unhappy, they can take an appeal, and when they do that, it goes to the Federal Court of Appeals for that Circuit, and they point out to the Court of Appeals where they think the judge made an error. And they say, this was wrong and we want a new trial judge, or remittitur, or some other remedy. Is that not what happens?

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Judge Roberts. That's right. The big difference, when you get up to the Court of Appeals, is that the facts are not really in play any more. Somebody's been determined--they think you're guilty or they buy your version of events. The Court of Appeals usually just looks at the legal issues. Somebody says, "The judge made a mistake. He shouldn't have let that witness testify, or he should have recognized that the police had no authority to conduct that search" in a criminal case. And that's appealed to the Court of Appeals, where in the Federal system there are three judges, and they're just looking at that legal question. And they just go back and look at the law, the precedents, and determine whether or not the law was correctly applied in the trial court of if mistake had been made and they need to do it over again.

Senator Sessions. And if they appeal, the lawyers write sometimes beautiful, carefully written briefs that point out the reasons why they think an error may or may not have occurred; is that not correct?

Judge Roberts. As a Court of Appeals judge, that's exactly the kind of brief you're looking for, and every now and then you get one.

[Laughter.]

Senator Sessions. And sometimes when you read the first brief, you are persuaded, and when you read the second brief you think maybe it was not as clear as you thought it was when you read the first one.

Judge Roberts. Not just sometimes, Senator, quite often that's my reaction. That's part of the adversary system, and you need to have lawyers doing a good job presenting the best arguments on either side so you can feel comfortable that you're making as good a decision as you can.

Senator Sessions. So the lawyers in the case and the clients and the parties want a judge who will carefully read those briefs and be fair and careful in analyzing whether or not they got a fair trial to ensure justice took place.

Judge Roberts. That's what I was always looking for when I was a lawyer, Senator, yes.

Senator Sessions. Mr. Chairman, I see the clock is going around in circles down there, I think. What do you want to do about time?

Chairman Specter. Well, they have not started the vote, and we all know that that is not totally predictable even when they say 4:30. Would you care to continue until the vote starts?

Senator Sessions. I would be pleased if the Chairman--do you know what my time is now?

Chairman Specter. You can run the red to--well, it just went off.

Senator Sessions. This is like a football referee, put so much time back on the clock. It says a minute left.

[Laughter.]

Chairman Specter. You can run the red till 7 minutes and 30 seconds.

Senator Sessions. All right, very good.

[Laughter.]

Senator Sessions. Who am I to disagree with the Chairman?

Chairman Specter. Senator Sessions, if you would--

Senator Sessions. I will have 15 minutes after this?

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Chairman Specter. You have 15 minutes left, yes. Start the clock back at 15 minutes.

Senator Sessions. Okay, good. Thank you. The doctor down here is good at mathematics.

[Laughter.]

Senator Sessions. Businessman too.

But it is even more complicated than that in doing justice, and on the Supreme Court if a case comes up to you, you will probably have briefs from both parties. You will receive the transcript of the trial that the issue arises from, and you will study that. And you have several law clerks who will help you study that. And every one of the 9 Supreme Court Justices are also studying this same record and all these briefs. Is it not true that friends of the Court can submit briefs?

Judge Roberts. At Supreme Court level that's very common, and in some cases there are quite literally hundreds of so-called "friends of the Court" or amicus briefs. Different organizations that are interested in a particular ruling and have a particular perspective, a few of them are even helpful.

Senator Sessions. So you review that, and then you frequently set the case, or normally set the case for oral argument.

Judge Roberts. If the Supreme Court decides to--this is of course a very big part of their function. They get some 10,000 petitions every year, people saying, "I want you to hear my case." You know, all lawyers say they're going to take it all the way to the Supreme Court, 10,000 people try to do that every year. These days the Court hears about 80 of those, 80 of those 10,000. And the selection of which 80 to take is obviously a big part of the Court's function.

But once they have selected those 80 cases, then they go in and have new briefs on the merits, and all these amicus briefs are filed from different organizations presenting their arguments or their particular perspective, and then it's set for argument.

Senator Sessions. So the lawyers from both sides then appear before the Court over in the Supreme Court Building, and they answer questions and make their presentations as to why they think the Court should rule the way they would like it to.

Judge Roberts. They usually get an hour for the whole case, so each side gets a half-hour, and that half-hour is taken up almost entirely by the Justices' questions. I went back once and counted the questions during my half-hour, and there were over a hundred questions. Obviously some of them are rapid-fire questions, and if you follow the Court, you could probably guess who was asking those, and others were more elaborate questions, but more than a hundred in a half-hour.

So the job of the lawyer there is to be totally prepared to answer all of those questions. And, of course, some of them are going to lead into traps, and you have to be careful about that. Others are going to be the very difficult questions that the Court is eventually going to base its decision on. But it's a very both exhilarating and demanding process to go through an oral argument before the Supreme Court.

Senator Sessions. And I think there is little doubt that you are the best practitioner of it in the country. But with regard to that, you then finish, and do the judges then meet in conference to discuss the case?

Judge Roberts. They do. The Justices, each of whom has prepared the case by not only reading all these briefs and attending the argument, talking it over with their law

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clerks, but also reading back over the cases, the precedents that the lawyers have been arguing about, they go back and look at those, and then just the Justices in the conference room--no clerks, no staff, just the nine Justices sit in the conference room and talk about it, thrash out the case, eventually get to a point where they take a vote on what they think the disposition should be, the decision should either be affirmed or reversed, or sometimes something else in between, half affirmed, half reversed, sent back, whatever. And then the opinion is assigned, and that's still very much part of the process, the writing of the opinion, because quite often--or maybe not quite often, but often enough, the Justices find out that as they try to write a particular opinion, different problems come up. It doesn't seem as--it's not writing as they thought it would, and sometimes they have to go back and revisit the case because the Justice assigned the opinion decides that it's not--it should come out the other way or there should be a different reason, a different basis for the decision.

And then once the Justice who's writing it is comfortable with the opinion, they send it around to all the other chambers, and the individual Justices, if they agree with it, they send a memo around to everybody else that says, "Please join me." That's just the jargon the Justices use. It means, "Please join my name to your opinion." And sometimes they will have suggestions. You know, I'd be happy to join your opinion, but I disagree with this section, or I disagree with this footnote, or I disagree with this line of reasoning. If you could change that, I'd be able to joint.

Well, if you're a Justice who's getting--this is the first reaction you've gotten, the first vote back, you might be a little more willing to make a change to accommodate that suggestion. If you've got seven votes already in the bank and somebody says please change this or change that, maybe you're a little less willing because maybe then some of the others say, well, now I'm not happy with that change. And it can obviously get to be a very complicated process as the memos fly back and forth and the Court tries to come to some consensus around an opinion.

Often, maybe too often, there's not total agreement, and somebody will write a dissent and send that around. And others will join that.

Concurrence, you know, I can't agree with your reason, but I agree with the result, and so I'm writing separately to give you my reasons.

And the balance changes. Somebody can write a concurrence, and all of a sudden they've got five votes, and it's the majority, and the other majority, the original majority becomes the concurrence. But it's a--the analysis is done at--and this has been my experience on the court of appeals as well--a very high level, and I think it's critically important that it's just the Justices alone who go into the conference room, just as on my court now it's just the judges who go into their conference room, because judges and Justices in that situation can be a lot more open with their views. And it's been quite common in my experience over the past more than 2 years to have a judge say, "This is how I view the case," and then another judge say, "Well, what about this?" And the judge can say, "Well, I hadn't thought about that" or "The record says this." And you get out the record, put it out there and look at it.

Senator Sessions. But at some point you agree to sign on an opinion, one way or the other.

Judge Roberts. Right.

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Senator Sessions. And that becomes a decision of the judge and maybe the majority of the Court, or maybe a dissent, but that is a decision that is made. Isn't that why you should not in this hearing today blithely start expressing opinions on complex matters when you haven't been through that process and start prejudging matters before you have read the briefs, before you have read the transcript, before you have heard the arguments, before you have talked to your clerks, before you have discussed it with other judges? Isn't that the essence of what justice is, this careful process that leads us to as fair a result as humanly possible?

Judge Roberts. I think that's perfectly accurate, and if you've had the experience, as I know every judge and every Justice has, of having your original view changed when you read either the other side's brief in a case, after reading the opening brief, or had your view changed as a result of the discussion at conference, or had your view changed when you tried to write the opinion one way and it came out the other way, then you appreciate the significance of that process. And it's a total distortion and a perversion of that process to start out by saying, well, you know, I testified under oath that I thought this decision was correct, so I'm done, you know, no need to read the briefs, no need to listen to the arguments, no need to go into conference and talk with the other judges on the bench, I've already given my view under oath. Or even if you are going to be open to reconsideration, to start with that barrier, I testified under oath that this is the correct approach, that this is the right result, now maybe you can persuade me otherwise, well, that's not the burden that the litigant should have to take. The litigant should be able to know that all of the judges, all of the Justices that that person is arguing before have an open mind and are fully open to the process.

Senator Sessions. You wouldn't want to call Senator Biden and ask his permission to change the commitment you made, would you? Just a joke there a little bit.

[Laughter.]

Senator Sessions. You don't want to have to read a transcript of this hearing about the time when you try to decide how to rule on a case to make sure you didn't make some commitment. I mean, I think that is all I wanted to--the point I would like to make there.

Senator Graham. Now, from a 30,000 foot view of things, it seems to be that we are going to have a referendum on the Reagan era here, which I welcome. I sort of enjoyed it. He won 49 States. He did pretty good. You were a part of the Reagan era as a young lawyer. When I use the word, term, "Reagan revolution," what does it mean to you?

Judge Roberts. Well, it means to me generally a change in attitude. President Reagan always presented an optimistic view. He always told us that the best days of our country were ahead of us, and he reasserted basic fundamental truths in areas like foreign relations. We were going to stand up to the Soviet Union. We're proud of our system of Government. That's the right approach, not the Soviet approach. And people who have come of age after the Berlin Wall has fallen sometimes don't understand what it meant at that time.

Senator Graham. When it comes to the law, what does the term "Reagan revolution" mean to you?

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Judge Roberts. I think it means a belief that we should interpret the Constitution according to its terms, that judges don't shape policy, that judges interpret the law, and that legislators shape policy. The Executive Branch executes the law.

Senator Graham. Does it also mean that when you talk about affirmative action and you set up a quota system, that is not right?

Judge Roberts. President Reagan's policy was opposed to quotas, which were much more rigid at the time. People need to appreciate, 24 years ago the idea of a quota was a rigid set aside. We now have the recent Supreme Court decisions talking about consideration of particular factors as one factor in an affirmative action program. President Reagan was in favor of affirmative action, and he was opposed to quotas.

Senator Graham. Another line of inquiry that's been disturbing to me is that we talk about the clients you represent, whether it be the Ronald Reagan administration or some private sector client, and we tend to hold that maybe unpopular position against the lawyer. There is more and more of that happening. We have had court of appeals nominees that were accused of being insensitive to the disabled population when they won their case nine-to-nothing in the Supreme Court defending a university from the idea that they were not covered under the Americans with Disabilities Act.

I really do worry that in the future, that if we up here start holding who you represent against you, that young lawyers in the future will pass on the hard cases. What are your thoughts about that?

Judge Roberts. You know, it's a tradition of the American Bar that goes back before the founding of the country that lawyers are not identified with the positions of their clients. The most famous example probably was John Adams, who represented the British soldiers charged in the Boston Massacre. He did that for a reason, because he wanted to show that the Revolution in which he was involved was not about overturning the rule of law, it was about vindicating the rule of law.

Our Founders thought that they were not being given their rights under the British system to which they were entitled, and by representing the British soldiers, he helped show that what they were about was defending the rule of law, not undermining it, and that principle, that you don't identify the lawyer with the particular views of the client, or the views that the lawyer advances on behalf of the client, is critical to the fair administration of justice.

Senator Graham. Do you believe it is being eroded?

Judge Roberts. I do think there is an unfortunate tendency to attack lawyers because of the positions they press on behalf of clients and I think that's unfortunate.

Senator Graham. . . . What is your biggest concern, if any, about the rule of law as it exists in America, and what are the biggest threats to the rule of law as we know it today?

Judge Roberts. Well, you know, the rule of law is always vulnerable because the Supreme Court, as has been pointed out often in history, has only the persuasive power of its opinions to command respect. There have been famous episodes in the past, you know, President Jackson, Chief Justice Marshall has given his opinion, let's see him

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enforce it, other episodes of that sort. But over time, the legitimacy of the Supreme Court has been established and it's generally recognized across the political spectrum that it is the obligation of the Court to say what the law is and that the other branches have the obligation to obey what the Supreme Court says the law is.

The one threat, I think, to the rule of law is a tendency on behalf of some judges to take that legitimacy and that authority and extend it into areas where they're going beyond the interpretation of the Constitution, where they're making the law. And because it's the Supreme Court, people are going to follow it even though they're making the law. The judges have to recognize that their role is a limited one. That is the basis of their legitimacy.

I have said it before and I will just repeat myself. The Framers were not the sort of people, having fought a revolution to get the right of self-government, to sit down and say, let's take all the difficult issues before us and let's have the judges decide them. That would have been the farthest thing from their mind. The judges had the obligation to decide cases and the authority to interpret the Constitution because they had to decide cases and they were going to decide those cases according to the law, not according to their personal preferences.

Judges have to have the courage to make the unpopular decisions when they have to. That sometimes involves striking down Acts of Congress. That sometimes involves ruling that acts of the executive are unconstitutional. That is a requirement of the judicial oath. You have to have that courage. But you also have to have the self-restraint to recognize that your role is limited to interpreting the law and doesn't include making the law.

Senator Schumer. . . . So you will be Chief Justice. We have not talked about your role much here as Chief Justice. The Chief, the leader of the courts, the head of the judiciary, and I think one of your important roles is to defend the independence of the judiciary. So I am going to read you a few statements that were made about Federal judges in recent months.

Televangelist Pat Robertson has claimed that "an out-of-control judiciary is the single greatest threat to democracy," that judges are creating a "tyranny of oligarchy," and that the threat posed by the Federal judiciary is "probably more serious than a few bearded terrorists who fly into buildings."

Do you find that--do you disagree with that statement?

Judge Roberts. I do disagree with that conclusion, Senator. I think it's perfectly appropriate for people to criticize decisions of judges. That comes with the territory. It's a healthy thing. That type of criticism and analysis, saying the judge got it wrong, the court got it wrong, is healthy and good. And the only thing I would say is I'm not sure whether that criticism is along that line or--but personal attacks on judges for doing their best to live up to the judicial oath, that is something that I don't think is appropriate.

Senator Schumer. Well, isn't this language--I am asking about this language. This does not seem to be a legal didaction about a court case. When somebody says--

Judge Roberts. Oh, it's not an analysis--

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Senator Schumer. --judges are probably more serious--the threat posed by Federal judges is "probably more serious than a few bearded terrorists who fly into buildings," isn't that kind of quote abhorrent and inimical to our system?

Judge Roberts. I don't agree with that, and all I'm saying is that I think people have a right to be critical of judges, but attacks on judicial independence are not appropriate because judges--and certainly even judges with whom I disagree on the results or particular merits, they should not be attacked for their decisions. The decisions can be criticized, but attacking the judges I think is not appropriate.

Senator Schumer. Would you be a little stronger than that in terms of language like this? I mean, "not appropriate" is kind of mild in these kinds of sort of inflammatory type statements about the judiciary that you may soon be entrusted with protecting.

Judge Roberts. Senator, I said yesterday that, if confirmed, I would be vigilant to protect the independence and integrity of the Supreme Court and the judicial branch, and that is true. An independent judiciary is one of the keys to safeguarding the rule of law. Again, I said that yesterday, and I believe that. And to the extent the judiciary is attacked, I will be vigilant to respond and defend it.

Senator Schumer. Let me read you two more and just tell me how you would characterize them. Conservative lawyer and author Edwin Vieira suggested that Justice Kennedy, an appointee of Ronald Reagan, ought to be impeached for his decisions and quoted Stalin's infamous problem-solving solution of "no man, no problem." And Tony Perkins of the Family Research Council said, "The Court has become increasingly hostile to Christianity, and it poses a greater threat to representative government more than anything, more than budget deficits, more than terrorist groups."

Do you strongly disagree? Don't those statements turn your insides a little bit?

Judge Roberts. You know, again, I don't agree with them, but it's a free country. They're free to say what they wish. But the issue of impeachment was resolved in the Salmon Chase hearings. The basic principle was established. You don't impeach judges if you disagree with their decisions. That's not what the impeachment provision is.

Senator Schumer. I take it--and just answer. If you became Chief Justice, you would do whatever you could to dispel these kinds of notions and oppose people who said things like this when they say these things?

Judge Roberts. Well, I would do what I can, Senator, to make it clear to people--and I do think it's an important educating function that what judges do promotes the rule of law and that the rule of law preserves liberties for all Americans. I'm obviously not going to infringe anybody's First Amendment rights. People are free to say what they--

Senator Schumer. I am not asking that. I am asking just your First Amendment opinion of these kinds of things, and the most I guess you said is you disagree.

Judge Roberts. Senator, people from all across the political spectrum have attacked judges. They do it now. I've seen some very virulent attacks from all over the political spectrum, and certainly throughout history. Again, judges can stand the criticism of their opinions, but personal attacks I think are beyond the pale.

Senator Durbin. But there was one case, one case in particular that hasn't been mentioned today that I would like to ask you about, and that was the case involving Bob Jones University. That was one of the most troubling decisions of the Reagan

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administration. It was a decision to argue before the Supreme Court that Bob Jones University should keep its tax-exempt status within the IRS even though it had an official policy that banned interracial dating, denied admission to any applicants who engaged in interracial marriage, or were known to advocate interracial marriage or dating.

When the Reagan administration took that position, it reversed the position of three previous administrations, including two Republicans, all of whom argued that Bob Jones was not eligible for this tax-exempt status. This sudden reversal by the Reagan Justice Department, which you were part of at the time, led to the unusual step of the Supreme Court appointing a special counsel, William Coleman, as a friend of the Court, to argue in support of the IRS. In 1983, the Supreme Court ruled 8-1 against the Reagan administration and against Bob Jones University.

Judge Roberts, there was a heated debate within the Justice Department about whether or not to defend Bob Jones University and its racist policies. More than 200 lawyers and employees of the Civil Rights Division, representing half of all the employees in that division, signed a letter of protest. William Bradford Reynolds, the head of the Civil Rights Division, strongly supported defending Bob Jones. Ted Olson, another person well known in Washington, opposed this defense of Bob Jones.

Which side were you on? What role did you play in the decision to defend Bob Jones University policy?

Judge Roberts. Senator, I was ethically barred from taking a position on that case. I was just coming off of my clerkship on the Supreme Court, which ended in the summer of 1981. Supreme Court rules said that you could not participate in any way in a matter before the Supreme Court for a certain period of time--I think it was 2 years, or whatever it was--and it was within that period. This involved an issue before the Supreme Court. So I was ethically barred from participating in that in any way.

Senator Durbin. The memo that you wrote about the Bob Jones University position, the memo of December 5, 1983, that summarized it, leads one to believe in reading it that you were present during deliberations on this policy. Is that true?

Judge Roberts. No, Senator.

Senator Durbin. You were not.

Judge Roberts. I was not involved in the policy because of the bar on the participation.

Senator Durbin. There appears to be another memo which I am going to send to you dated September 29, 1982, with your handwriting in it relative to this same issue, and I just--I don't want to surprise you with it. I will send it to you and if tomorrow we get a chance, we can revisit it.

Let me ask you this. When--

Chairman Specter. Senator Durbin, may we have the numbers there? The staff needs those in order to put the document into the record.

Senator Durbin. Sure. I would be happy to. This is dated September 29, 1982.

Chairman Specter. And it has a number on it?

Senator Durbin. No number, but we will give you a copy.

Chairman Specter. Okay. Thank you.

Senator Durbin. We will share it with the Judge. I want you to have--this is not a surprise.

Judge Roberts. Sure.

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Senator Durbin. I just want you to take a look at it.

We had a nominee for the Ninth Circuit Court of Appeals, Carolyn Kuhl. Do you know her personally?

Judge Roberts. Yes.

Senator Durbin. Served in the Justice Department with her?

Judge Roberts. Right.

Senator Durbin. When she came before this committee, Senator Leahy asked her several questions and she said when she testified, quote, "I regret having taken the position I did in support of the government's change of position on Bob Jones. The nondiscrimination principle and the importance of enforcement of civil rights laws by the Executive Branch should have taken sway and should have been primary in making that decision." I appreciated her candor on that.

What is your belief? Was the Reagan administration position on Bob Jones University the right position to take?

Judge Roberts. No, Senator. In retrospect, I think it's clear. The people who were involved in it, as you say, themselves think that it was the incorrect position. I certainly don't disagree with that.

Senator Kohl. Judge Roberts, one of the most important constitutional events of our lifetime was the nomination of Robert Bork to the Supreme Court. Congress chose to exercise its role to advise, and in this case not to consent, based upon judicial philosophy and the strongly held opinions of the nominee. In effect, Congress told the President that we have an important role to play in the process as well. Do you believe that the Senate's rejection of Judge Bork in 1987 was a reasonable and respectable act, or instead do you view it as a period of unfair partisanship? What were your thoughts about that case as it unfolded?

Judge Roberts. Senator, I don't think it's appropriate for me as a nominee to comment on the Senate's treatment of other nominees, and I would respectfully decline to do that.

Senator DeWine. Appreciate the explanation, Judge. Let me ask you a more personal question. Last time you appeared before our Committee you were a lawyer in private practice. Since that time you have spent approximately two years on the Court of Appeals for the District of Columbia, a new experience for even a experienced practitioner like you. What surprised you about the last two years of judging?

Judge Roberts. Well--

Senator DeWine. If anything.

Judge Roberts. Well, I think I had the biggest surprise on the first day that I heard cases. Obviously, it's opening day and the first day of my career, so I prepared as well as I could. And the arguments were great. And went into the conference room, and I had my notes and all the books. It's just the judges, you know, just the three judges. We bring the record in. We're surrounded by the U.S. reports, by our Court of Appeals reports, by the United States Code that you folks have written.

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And I was ready. I'm sitting there, and I remember the Chief Judge, who by tradition sits on a new judge's first day, and he was there and another judge. And I waited a while, and I looked and they were still waiting. I waited a while longer, and they were still waiting. And finally, the Chief Judge advised me that the tradition was that the junior judge goes first at these discussions, and so I was kind of put on the spot right off the bat.

And part of what that conference was like and throughout, really has--I don't know if I'd say a surprise, but it's been illuminating to me. The judges really do roll up their sleeves and try to find the right answer. It's just the judges. But as we say, "Well, we think this case is controlled by the Smith case," we get out the Smith case. We open it up and look at it, reading over each other's shoulders and seeing exactly what it says. If somebody says, "Well, but in this case under the record there was no evidence about this or there was no objection raised about that," well, you get out the record and you look, and there at page 223, you point to it and say, "Well, here's where the objection was raised."

And the judges are very open. It's a very encouraging part of the process from my point of view. Nobody goes in there with set views. They want the benefit of the collegial process, the benefit of each other's views, and yo have to be able to substantiate your position. There's no place for rhetoric. People are pointing to the law, and I found that a very encouraging part of the process, what goes on in the conference room, which was of course a part of the process that I hadn't participated in before.

Senator DeWine. That is something that we do not see either.

Judge Roberts. Right.

Senator DeWine. No way of seeing that.

Judge Roberts. Right. And the positive part of that process to me was that nobody was invested in anything other than getting the right result, and they are prepared to be convinced, contrary to initial impressions, and I was as well. It's, I found, a very encouraging part of the process.

Senator Durbin. Thank you very much, Mr. Chairman. And thank you for your fairness. Judge Roberts, good to see you again, Mrs. Roberts, friends and family.

Yesterday and again today, you have continued to prove your legal talents. I remember law students with your talents when I was in law school. I had to get to know them in the first year because they were then off to the Law Review, and I was off to buy another Gilbert's Outline. I didn't see them again.

But today I have noticed that the questions have changed some. The questions now are more--they have gone beyond your resume and beyond your legal skills. And I think it relates to the fact that so frequently, when asked, you have said, appropriately, that you will be driven and inspired by the rule of law, which is an appropriate term but a hard and cold term by itself. We know you have the great legal mind and have proven it with the questions here. But the questions that have been asked more and more today really want to know what is in your heart, and I think those are appropriate.

When you look down from the bench or read a trial transcript, do you just see plaintiffs and parties and precedents, or more? Do you see the people behind the

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precedents, the families behind the footnotes? I think that is what many of us are driving at with these questions.

You have lived a comfortable life. Court cases often involve people who have not. Many times contests between the powerful and the powerless, as someone said in the opening statement, the powerless just with the rule of law and the Constitution on their side, praying for relief for their day in court.

Aside from a few pro bono cases, as important as they are--and I salute you for being involved in them--what would the powerless, the disenfranchised, minorities, and others see in your life experience that would lead them to believe that they would have a fighting change in your Court?

Judge Roberts. Well, Senator, I think there are many things that people could look to. You said I had a comfortable life. I think that's a fair characterization. I had a middle-class upbringing in Indiana. As part of that, I worked in the steel mills outside of Gary during the summers, as soon as I was old enough to do that, and throughout my life have been exposed to and mixed with at school, learned and played with people of a wide variety of backgrounds. Comfortable, yes, but isolated, in no sense.

I was, I would say, a typical middle-class kid growing up in Indiana and had, I think, a great upbringing. I was privileged in the sense of having my parents and sisters contributing to my upbringing and education. And I think people looking at my life would see someone in that experience, and obviously with limitations. I wasn't raised in other places in the country. I might have a different perspective if I were. I wasn't raised in different circumstances and would have different experiences if I were. If you look at the Supreme Court, the people there come from widely different backgrounds and experiences, and I think that's a healthy thing.

But as far as someone going into Court and looking to se why they would expect to get a fair hearing from me, I think--and I can answer this with respect to the court I am on now. It's hard for me to imagine what their case is about that I haven't been on their side at some point in my career. If it's somebody who's representing welfare recipients who have had their benefits cut off, I've done that. If it's somebody who's representing a criminal defendant who's facing a long sentence in prison, I've done that. If it's a prosecutor who's doing his job to defend society's interest against criminals, I have been on the side of the prosecution. If it's somebody who's representing environmental interests, environmentalists in the Supreme Court, I've done that. If it's somebody who's representing the plaintiffs in an antitrust case, I've been in that person's shoes; I've done that. If it's somebody representing a defendant in an antitrust case, I've done that as well.

It's one of the, I think, great benefits of the opportunity I've had to practice law as I have, is that it has not been a specialized practice. I have not just represented one side or the other. I've represented all of those interests. And I think those people will know that have had their perspective. I've been on the other side of the podium with a case just like theirs, and that should, I hope--and I hope it does now--encourage them that I will be fair and that I will decide the case according to the law, but I will have seen it from their perspective.

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Senator Durbin. So let me follow through on that because I think that is what people need to hear, but we need to apply it to your real life and legal experiences. Let me talk to you about a case that you were a private attorney and involved in.

Today, there are about 45 million uninsured people in America. Too often Americans with insurance can't receive coverage for medically necessary procedures and have to fight the insurance companies. In my home State of Illinois, we have a law called the Illinois Health Maintenance Organization Act. I think you are familiar with it. It provides that if a patient's primary care physician deems a proposed procedure to be medically necessary but their HMO disagrees and denies coverage for the procedure, the patient may have the HMO's decision reviewed by an outside physician, the determination of that outside physician binding on the HMO.

You challenged this law on behalf of an HMO that refused to pay $95,000 for the shoulder surgery of Deborah Moran of my State of Illinois. The case went to the Supreme Court in 2002. You argued for Rush Prudential, and you argued they weren't subject to the Illinois law governing HMOs because, you said, they weren't really an insurance company.

You claimed that since the HMO was not providing health care but merely a promise to pay for health care, it was exempt. Thankfully, from my point of view, you lost the case. If you had won it, it would have put millions of American consumers and families at risk of losing coverage for necessary health care.

Judge Roberts, did you have any reservations about taking this case?

Judge Roberts. No, Senator, I did not. The result in the case, I did lose. I lose 5-4, if I'm remembering correctly. In other words, four of the Justices on the Supreme Court thought the argument we were--I was making on behalf of my client was correct. It has always been my position that I do not sit in judgment other than once I've satisfied myself that the legal arguments are reasonable ones, within the mainstream, if you will, that I don't decide whether that's the way I would rule as a judge or whether I would rule the other way.

My practice has been to take the cases that come to me, and if the other side in that case had come to me first, I would have taken their side.

Senator Durbin. So you didn't step back at any point in your practice and say, "No, I am not going to do this. I can't be associated with a case or a cause, even though it may be legal and ethical, that might cause so much harm to so many innocent people"?

Judge Roberts. That's a judgment for the legal system to make. They're asserting legal rights. Lawyers aren't judges when they're representing clients. They don't sit there and say--or maybe some do. I don't. I think it's a basic fundamental principle of the legal system and the bar that you take clients who have reasonable arguments--now, I'm not talking about frivolous arguments. I don't take cases in which those are raised. But the lawyers aren't the judges. The judges are.

Now, the case you mentioned, you've explained the arguments on one side. There were legal arguments on the other side, and four Justices agreed with those. This isn't an extreme case when it's decided 5-4. And that's one of the very points I was making earlier, that I take cases on all sides of the issue. You can go through and find cases. For example, when I was asked to assist an inmate on Florida's death row, I didn't step back and say, Well, is this really a good thing for me to assist this individual guilty of--convicted of particular murders? I took the case. When the various pro bono activities in

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which my firm was involved, I didn't sit in judgment and say, Is that something I agree with? Is it not something I agree with?

I was a lawyer involved in that area of the law, and I thought it my obligation to take the cases that come in.

Senator Coburn. . . . And I don't want you to feel committed to me at all. And I don't want to influence. I am very pleased that every time you are going to look at the law, look at the precedents, look at the facts, look at the litigants, and then work with the other Justices to try to do what is under the law, the Constitution, our Constitution, and our statutes.

So the only question I would have for you is this one final one, and I will finish, I hope, before 10 minutes are consumed. Where did our law--would you teach the American public where our law came from? I mean, there was law before the American Revolution. What did our law come from? What did--where did it come from?

Judge Roberts. Well, before the Revolution, of course, we were under the British legal system.

Senator Coburn. And before that?

Judge Roberts. Go back under the legal system in Britain to the Magna Carta and the dispute between the King and the lords there as they tried to establish their rights against the King or the central Government, was a key part of the development of English law since that time.

Senator Coburn. And prior to that? Some of the input to that was what some people--these very people who are worried--these very people who have lost confidence--call natural law. The ideas came from somewhere, didn't they? Like don't kill somebody, don't steal from them, be truthful. Where did those come from? Those came from the natural tendencies of what we were taught in beliefs through the years that would best support a society. There is a theological component to that to many people. But the fact is there is a basis for the laws that we have, and it has proven consistent through the years, even as it comes to America, that if we enforce those tenets, we all are better off.

Senator Feinstein. . . . I would like to kind of finish up some questions I have. Let me, in trying to sort of get at you the man, as opposed to you the jurist--Senator Simon, Paul Simon, in questioning Justice Ginsburg, said this: Theodore Roosevelt, in a 1913 speech--this is after he had been President--said this: Our judges have been on the whole both able and upright public servants. But their whole training and the aloofness of their position prevent their having, as a rule, any real knowledge or understanding, sympathy with the lives and needs of the ordinary hard-working toiler.

I think that is a danger for jurists. And probably no place is it a greater danger than on the United States Supreme Court, where you really are isolated and where, when you meet people, they will tend to be people of power and wealth and not people who are unemployed, not people who have many of the problems that Americans face. Have you reflected on this at all, either in your present tenure in the district court--excuse me, on

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the Circuit Court, or future tenure? How can you make sure that you stay in touch with the problems real people have out there?

Judge Roberts. That is something that I thought about, Senator, at greater length before I came onto the Court of Appeals as little more than two years ago. I think it's a common concern, that judges are isolated. There's some natural tendency to that. You find that lawyers that you used to socialize with don't feel they can talk to you anymore, and other people, again, a certain distance develops. And it is something that my wife and I talked about at the time. And I concluded, and she made the point, that it was a great blessing to me to have our children. They will obviously keep us in touch with things outside of the isolation of the law. There are a lot of soccer games and swim meets and things of that sort in my future for the next 15 years and I'll be seeing people not just involved with the law, not just involved with the Court, but other parents and other children in those activities. And I think that will be a very healthy part of an effort to keep in touch with things outside the isolated marble palaces.

Senator Feinstein. But I would hypothesize that if it is just through your children, it is still going to be a very limited segment of society.

Judge Roberts. Well, sure, Senator, but there have always been areas in which I've continued to be active that keep me involved with other people. I mentioned, I think yesterday, the Street Law Program that I've been a part of for more than 15 years, which--

Senator Feinstein. And you will continue that?

Judge Roberts. I certainly will. I continued that when I became a judge and plan on continuing it as well. It's jointly sponsored by the Supreme Court Historical Society, and that brings high school teachers. And I've always found that extremely rewarding because they have a very different perspective. They're obviously dealing with children a little further along at that stage, but they're not lawyers. And they're here to try to understand the law. And I have always enjoyed very much their questions and sharing with them why the Supreme Court is so important to the rule of law, and allowing them the opportunity. They go in and they see the Court in action, as it were, and then they go back. And it helps them talk to their students about something that I think is critically important for those students to know.

Senator Feinstein. Do you see yourself mixing with people in some of the harder places in our country?

Judge Roberts. Well, it's hard to look ahead and see how that would work. I have as--I know, for example, when I was a lawyer and handling a case about native village rights in Alaska, I went to the native villages. I've always thought that was an important part about understanding the real-world consequences of any case--to get on the ground. When I handled a case involving people on the assembly line, I went to the assembly line and saw what it was like. I went to these villages that you could only reach by boat or by plane, where they make do with so little because of the remoteness. And I've always viewed that as an important part of understanding any case that I've been involved in.

Senator Schumer. . . . As I have said, I would like to vote for you. To me, as I said in my opening statement, the test is: Are you a mainstream person, conservative mainstream but mainstream, or an ideologue? Now, this is my view, and I am not going to ask you yours. I think there are a couple of ideologues, too, on the Court who want to

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use the law to change America dramatically in their vision. And so I am going to try a few other ways to try and figure out who you are so I feel comfortable with it.

Justice Rehnquist in his hearings to become Chief Justice 19 years ago was asked where he sat on the ideological spectrum of the Court. Justice Rehnquist replied, "On the conservative side. In fact, on the basis of the Court's opinions," he said, not their personal preferences--he had been on the Court I guess, 16 years? You would know better than me. But a good number of years--13, I think.

Judge Roberts. Thirteen.

Senator Schumer. Yes. He said, "I think the Chief"--Warren Burger--"and I are probably the most conservative, and it may be that I am more so than he." That doesn't involve any previous case or bias. So let me ask you the parallel question about the D.C. Circuit upon which you sit now. Where, Judge, do you place yourself on the ideological spectrum of the D.C. Circuit?

Judge Roberts. Well, Senator, I think that's a very hard question to answer for a number of reasons. One, as you know, almost all of our opinions are unanimous. We don't parse ourselves out according to an ideological spectrum.

Senator Schumer. Most are technical--yes, many are tech or commercial, you know, governmental, technical. But on the tough ones they are not.

Judge Roberts. I don't know where I fall. I do know that I saw recently a study that was done that indicated I agree more with some judges appointed by Democratic Presidents than I do with judges appointed by other Republicans Presidents, and it's not simply lined up according to the President who appointed you. There are judges there that I've joined in opinions where I've found myself--where we have had dissents. There are some--I know one case we were talking about earlier, the Bombardier case, Judge Rogers and I were in one position, Judge Rogers appointed by President Clinton, and Judge Garland was in a different position.

I know in another case that was decided that we have talked about, Barber, Judge Garland and I were on one side and Judge Sentelle dissented.

So to the extent there have been divisions, I think you could go and see and they would be completely non--

Senator Schumer. So you are saying you are somewhere in the middle--

Judge Roberts. --political. I am saying that judges don't think of themselves along an ideological spectrum.

Senator Schumer. Justice Rehnquist did.

Judge Roberts. Well, I don't.

Senator Schumer. Okay.

Judge Roberts. And the judges, I think, on the D.C. Circuit generally don't either.

Senator Schumer. So I guess you wouldn't want to place yourself on the current Supreme Court either.

Judge Roberts. No, I think that would be--

Senator Schumer. Okay. Let's try another route. I didn't think that one would get too far, although as I said, Justice Rehnquist did answer it. He is your mentor, and he answered it openly, fully, directly. He and Burger were the two most conservative, and he is more conservative than Burger.

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Senator Durbin. I am running out of time, but I do want to give you an opportunity. Last night I passed a memo along to you relative to the Bob Jones University case. I don't know if you have had a chance to look at it and can tell me whether that is your handwriting on that memo, whether you were in fact in a meeting involving the Bob Jones University decision with the Reagan administration. Did you provide any input in the meeting or have any conversations with Justice Department personnel about the case?

Judge Roberts. It is my handwriting. It's a list. It's a apparently a meeting to discuss a number of civil rights issues, six of them, I see. I did not participate in any way in the Bob Jones case. It was apparently discussed, according to this memo, at the meeting. The recusal rule that was at issue says that I shouldn't participate by way of consultation or advice, and I did not.

Senator Durbin. Thank you for clarifying that.

Senator Feinstein. . . . Now, Duke Law School Professor Katherine Fisk examined nine cases heard by you while you were on the court of appeals. Her review concluded that you ruled in favor of a corporation each time. Consequently, she made this prediction: "You're going to be a fairly reliable vote against workers' rights across the board."

Would you respond to that, please?

Judge Roberts. I think the conclusion is wrong. I would suggest that any examination of nine cases is too small of a statistical sample to draw any conclusions of that sort. I know that I've ruled against corporations on a regular basis on the D.C. Circuit. I think I just saw a study, a more comprehensive one, that suggested I tended to rule against corporations more than the average judge. I don't want to--I just skimmed the article, but it is quite often the case, for example, a lot of the business on the D.C. Circuit involves regulatory issues, agencies regulating corporations. Are you ruling in favor of the corporation or the agency? And I know I regularly rule in favor of the agency. Sometimes I rule against the agency. I like to think it depends upon the particular law and the particular facts. But I haven't seen that study, but, again, nine cases, I am sure you could fine nine cases going the other way as well.

Senator Feinstein. Thank you. I want to move on.

Senator Feinstein. . . . A number of people on our side are very concerned about Executive power and what we perceive, either rightly or wrongly, to be greatly expanded Executive authority in recent years, causing enormous concern in a number of different ways.

Let me go back into your past. In trying to get Senate documents, one of the documents withheld was a draft memo titled, "Establishment of NHAQ," the Nicaraguan Humanitarian Assistance Office. This office was used by President Reagan to give aid to the Nicaraguan contras following the passage of the Boland amendment, and that was a prohibition on providing funding to the contras.

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What involvement did you have with the Nicaraguan Humanitarian Assistance Office?

Judge Roberts. Senator, I'm not familiar with the memorandum. If it was withheld, it was probably withheld from me as well, and I don't recall any involvement. So, you know, I don't recall any--

Senator Feinstein. Okay. Fair enough.

Judge Roberts. I do know that there was an issue--an issue was raised. I have seen memoranda that I know have been released about private fundraising activities, and I do know that I gave advice in order to make sure that they didn't engage in lobbying activities in order to be consistent with the Boland amendment. I've seen those, but beyond that, I'm not recalling anything.

Senator Feinstein. Do you believe that the administration's provision of funds to the contras exceeded the Executive's power in light of the Boland amendment's prohibition on funding the contras?

Judge Roberts. You know, it's not something I've--I just sort of know what I've read in the papers about it. And, you know, it seemed to me that it did. But, again, that's just based on--it's not based on a study or a legal analysis, just sort of--I think a lot of it--

Senator Feinstein. Well, it's a pretty simple question. I mean, when the Congress passes a law that says don't fund and the Executive finds a covert way to fund, and as you know, one of the great redeeming qualities of President Reagan was that he did an admission of wrongdoing, and I think the American people accepted that. He was able to admit a mistake, which I tend to think, you know, is hard to do in this arena. But in a way, it is a sign of a big person to be able to come forward and say, "I was wrong." So on its face, what you are saying, if I understand you, you do believe that the provision of funds exceeded the Executive power in this instance.

Judge Roberts. Well, again, I haven't done a legal study, but based on what I know, which is just what every citizens knows from reading--I think it all took place after I was no longer in the Government, or at least came to light after that. It seemed to be inconsistent with the law.

Senator Feinstein. Let me ask you a general question then. If an Executive exercises power in direct violation of an act of Congress, is such an act unconstitutional?

Judge Roberts. Well, the answer depends, Senator, and this is where you get back to the Youngstown analysis, where Justice Jackson said there are three categories: you can act with Congress' support, being unclear what Congress' position is--and he recognized a third category where you can act--the Executive may act in the face of a congressional prohibition. And there are certain areas where the Executive does have authority to the exclusion of Congress. You know, without stating a legal view, for example, one that law professors regularly talk about is the pardon power. In other words, that's given expressly to the President in the Constitution. And restrictions, if Congress were to pass a restriction on the pardon power, does the President nonetheless have the authority to act under the Constitution? That's a difficult question. But it may be that the President's authority would trump Congress' authority.

So I can't answer a question in the abstract without knowing exactly what the record is and what the situation is. What Justice Jackson said in Youngstown, though, is obviously true, that if the President is acting in the face of congressional opposition, his power is at its lowest ebb. As Jackson put it, it includes his powers less whatever powers

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Congress has. So if it's in an area in which Congress has legitimate authority to act, that would restrict the Executive's authority.

Senator Feinstein. Which this case was. All right.

Senator Feingold. . . . On a different subject, some people blame plaintiffs' lawyers for various problems with the economy and the legal profession. Do you believe that lawyers who represent indigent persons in product liability and medical malpractice cases are harming America?

Judge Roberts. No.

Senator Feingold. Having worked on the defense side for most of your non-Government career, can you be fair in your rulings to plaintiffs seeking redress for injury?

Judge Roberts. I'm going to disagree with your premise. I've represented plaintiffs' interests. I think if you look, for example, at the antitrust cases I've argued, more of them have been on the plaintiff side than on the defendant side. One of my co-clerks, when I clerked for Justice Rehnquist, is a very prominent personal injury lawyer, and I think he does a wonderful job.

I know there are abuses in this area. There are abuses in the area of defense representation as well. I certainly don't have any biases one way or the other.

Senator Feingold. Thank you, Judge.

Senator Schumer. Thank you, Mr. Chairman.

First, just a little housekeeping. I think tomorrow is the day that it is due for us to submit written questions, and you will have no problem getting those back to us before we have to vote, which I think by the agreement of the Chairman and the Ranking Member will be next Thursday, will you?

Judge Roberts. Well, it depends how many there are.

[Laughter.]

Judge Roberts. My answers will be fuller the fewer questions there are, but I will certainly--

[Laughter.]

Judge Roberts. I will certainly obviously make every effort to get them in as soon as possible.

Senator Schumer. Thank you. Next question: We have had a great debate here in the Senate and with the administration about the documents--there were 16 cases, I think, led by Senator Leahy, that the eight of us requested when you were Principal Deputy Solicitor General. Now, we know the administration has said they will not relinquish those documents. I just wanted to know--and I am not asking your view on the law. Do you have a personal objection if they were to give us those documents? Because you wrote them.

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Judge Roberts. Senator, I don't think it's appropriate for me to take a position. If the client is asserting a privilege, I don't think the attorney should be stating a position on it, because in these situations the privilege is that of the client. And for the attorney to take a position would, could, might put pressure on the client and--

Senator Schumer. I may not get--

Judge Roberts. --I think that's inappropriate.

Senator Schumer. I may not get this. Aren't they the attorney and you the client this time?

Judge Roberts. Well, when the memos were prepared, I was the attorney.

Senator Schumer. I see.

Judge Roberts. And they were the client.

Senator Schumer. So you won't take a position on that.

Judge Roberts. I don't think it's appropriate for a lawyer to do so.

Senator Schumer. Yesterday, as I told you, I was sort of confounded by the refusal to answer certain questions. I do not think any of us expected you to answer every question or answer the--give us the answer the way we want it. But we did hope that you would answer enough questions with enough specificity so that we and the American people would get a clear picture of the kind of Chief Justice you will be, not just rely on your assurances.

So I want to try this another way because I really want to find out. You are one of the best litigators in America. You know how to convince people. That is what you have been paid to do for a long time. So let me ask you, if you were sitting here, what question would you ask John Roberts so that you or us could be sure that we were not nominating what I call an ideologue, someone who you might define as somebody who wants to make law, not interpret law? And then how would you answer the question you asked yourself?

[Laughter.]

Judge Roberts. I'd begin by saying, "Well, that's a good question, Senator."

[Laughter.]

Judge Roberts. I think, with respect, I would ask a lot of the questions that have been asked, a lot of the questions that were asked in the questionnaire that I completed earlier, and it begins with the most important question, What is your view of the proper role of a judge in our system? And people have different answers to that question. I've given an answer to that question.

How do you approach particular cases in areas of particular interest? And I've been asked that question and I've given an answer. I've explained, for example, in the area of Executive power, as issues arise what the framework that I would use would be, and I've talked about the Youngstown opinion and Justice Jackson's framework there.

I've talked about how I would approach cases involving the right to privacy under the Liberty Clause. I've talked about how I would approach cases involving Government enforcement in the antitrust--

Senator Schumer. How about something that you have not--a question that has not been asked since some of us are still unsure?

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Judge Roberts. But in other areas people talk about--and it is personal views on issues, and there again, I think it is important. There may be some nominees who want to share personal views on issues. My reaction has been to emphasize--and I think this tells you about what kind of a judge I hope I am on the Court of Appeals and what kind of a Justice I would be if confirmed, and my reaction has been that I set those personal views aside, and so don't consider them pertinent. Other nominees might take a different approach in response to those types of questions.

People have asked about particular decisions, and I've talked about decisions in which I've been involved. We've talked about--with Senator Grassley about the Totten case in which I was involved, others about the Barber case involving Congress's power under the Spending Clause.

People have asked very probing questions about my legal positions. What did you--what was the position you were advocating in this case and why? I think it's fair to talk about the record.

Senator Schumer. Any question that you would ask that has been left out?

Judge Roberts. There have been a lot of questions asked and a lot answered. I can't think of any that--you know, I expected people to ask me about this and it hasn't been asked.

Senator Schumer. So I guess we did a better job than we think we did, right?

Judge Roberts. I think the Committee has been very effective over the last several days in learning a lot about me. I think in the process of meeting with the Senators before--and I was quite serious when I said I appreciated how accommodating everyone had been in sitting down with me. I think people learned a lot about me. I think you can learn a lot about me from looking at the 50 opinions I've written. You can learn about—

Senator Schumer. . . . What I would like to do is say a few concluding words here with a final request. First I want to thank you for holding up so well during the three days of grueling questions. Many of us on this Committee, probably every one of us, some more than others, has been wrestling with how to vote on your nomination since well before the hearing started, and of course now that process is accelerated. I, for one, have woken up in the middle of the night thinking about it, being unsure how to vote. I think my colleague from Delaware was onto something when he called this a roll of the dice.

But this is a vote on the Chief Justice of the Supreme Court. You will in all likelihood affect every one of our lives in many ways for a whole generation, so this is not just rolling the dice, it is betting the whole house.

I thought I would share with you some of the thoughts of some of us with important questions; there are pros and cons. On the pro side first of all is your brilliance. You have an amazing knowledge of the law. You spent three days here talking on so many aspects of it without any paper in front of you, without a single aide coming over and whispering in your ear or passing you a note. Your knowledge of law and the way of presenting it is a tour de force. You may very well possess the most powerful intellect of any person to come before the Senate for this position.

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Second on the pro side is that you seem to be a lawyer above all. You have devoted your entire life to the law, and it is clear that you love it. Most people in that position tend not to be ideologues. They will follow the law wherever it takes them, regardless of the consequences, and you have repeatedly professed that to be true for you. But given that you have spent most of your legal life representing others, and your limited tenure on the Court of Appeals did not allow you to run on very many non-technical cases, there is not a long enough track record to provide that point.

The third and perhaps the most important, at least to me, is your judicial philosophy of modesty and stability. Such a theory respects precedent, the Congress and other judges' opinions. Modest jurists tend not to be ideologues, and many of us on this side of the aisle would like the Court to maintain, and in cases related to the Commerce Clause like Morrison increase its modesty.

But in complicated decisions like this one, there is always a counterpoint even on the modesty question. Yesterday you said that the decision of Brown v. Board could be described as modest. Brown v. Board was breathtaking. It was wonderful. It reversed 80 years of accepted but bad law, yes, but modest? So I ask myself could overturning Wickard or Roe also be modest by your definition?

Nonetheless, I think the philosophy of modesty is an appealing, important and unifying philosophy to many of us.

Let me go to the con side here. First is the question of compassion and humanity. I said on the first days of these hearings it is important to determine not just the quality of your mind, but the fullness of your heart, which to I think a good number of us at least on both sides of the aisle really, mean the ability to truly empathize with those who are less fortunate and who often need the protections of the Government and the assistance of the law to have any chance at all. I did not seem much, for instance, to concede that the wording "illegal amigos" was unfortunate, yet you refused to say so. America has moved in the 21st century beyond what Senator Kennedy called "the cramped view of civil rights professed in the early Reagan administration." But you would not admit now in 2005 that any of those views you argued for in the early '80s were misguided, with the hindsight of history. That is troubling.

Second is the refusal of the administration to let us see any documents you wrote when you served as Deputy Solicitor General, when you were not simply following policy, which you have reminded us in your earlier days there and in the Counsel's office, but making it. This would have given us tremendous insight into who you are, international knowing who you are and what kind of justice you would make. But for what seemed to be self-serving reasons they were refused. Now this was not your decision, but you carry its burden, and I think we all have to consider it when weighing how to vote.

Third, and most important on the con side, is your refusal to answer so many of our questions. I know you feel you were more forthcoming than most any other nominee to the high Court. I must disagree. You certainly were more forthcoming than a few. Now, for instance, I do not know Justice Scalia's opinion on "Dr. Zhivago," but most answered more relevant questions than you did. Your refusal to comment on any issue that you thought may come before the Court, we learned a lot about your views on older, completely discredited cases like Lochner and Plessy and Korematsu, but they are not of much help to us. What we need to know are the kinds of things that are coming before

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the Court now, and it makes it hard to figure out what kind of Justice you will be, particularly in light of the fact we have little else to go on.

You did speak at length on many issues and sounded like you were conveying your views to us, but when one went back and read the transcript each evening, there was less than met the ear that afternoon. Perhaps that is the job of a good litigator, but in too many instances it did not serve the purpose of the hearing.

Having said that about documents and questions, obtaining documents and answering questions are a means to an end, not an end in itself. In some cases like Miguel Estrada's nomination, we had no knowledge of his views so we could not vote. But here there is clearly some evidence. So now we must take the evidence we have and try to answer the fundamental question: what kind of Justice will John Roberts be? Will you be a truly modest, temperate, careful judge in the tradition of Harlan, Jackson, Frankfurter and Friendly? Will you be a very conservative judge who will impede congressional prerogatives but does not use the bench to remake society like Justice Rehnquist? Or will you use your enormous talents to use the Court to turn back a near century of progress and create the majority that Justices Scalia and Thomas could not achieve? That is the question that we on the Committee will have to grapple with this week.

And over the next week, if you have any more information that could help us answer this question, I think every one of us would welcome it. Thank you, Judge.

Senator Feinstein. Mr. Chairman?

Chairman Specter. Thank you, Senator Schumer.

Senator Feinstein. Mr. Chairman?

Chairman Specter. Wait just a minute. I will recognize you in a moment.

Judge Roberts, Senator Schumer has postulated quite a number of questions in his last soliloquy, but--

[Laughter.]

Chairman Specter. --they are summarized in what kind of a Justice you would be, and I think you are entitled to respond to that if you care to do so.

Senator Feinstein. That was going to be my request. I think it would be very important.

Chairman Specter. In that case, go ahead and make your request.

[Laughter.]

Senator Feinstein. Yes. I think--

Chairman Specter. Better the request comes from you than from me, Senator Feinstein.

Senator Feinstein. I think that Senator Schumer really summed up the dilemmas, and not only he has them on our side. I would very much like if you would respond, particularly to the con side. The pro side speaks for itself. Many of us are struggling with exactly that, what kind of a Justice would you be, John Roberts?

Chairman Specter. No time limit, Judge.

Judge Roberts. Well, I appreciate the comments very much, Senator Schumer, and I very much appreciate the pro side of the ledger.

On the con side, the issue of documents, it is hard for me to comprehend that there could be more documents. The numbers been ranging from 80,000 to 100,000, and there is a lot of paper out there.

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I have tried to be as fully responsive as I thought consistent with my obligations as a sitting judge and a nominee. And I appreciate that this is not a new issue. You have gone back and read the transcripts and of course participated. I have gone back and read the transcripts. It comes up at every nomination. In some instances Members of the Committee want more information than the nominee feels that he or she can give in good conscience. That is nothing new. I have tried to be as fully expansive as I can be, and drawn the line where as a practical matter I think it is necessary and appropriate.

The basic question, Senator Feinstein and Senator Schumer, what kind of a Justice would I be? That is the judgment you have to make. I would begin, I think, if I were in your shoes, with what kind of a judge I have been. I appreciate that it has only been a little more than two years, but you do have 50 opinions. You can look at those.

And, Senator Schumer, I don't think you can read those opinions and say that these are the opinions of an ideologue. You may think they're not enough. You may think you need more of a sample. That is your judgment. But I think if you've looked at what I've done since I took the judicial oath, that should convince you that I'm not an ideologue, and you and I agree that that's not the sort of person we want on the Supreme Court.

Beyond that I have the few days that I've been here, all the documents, the questionnaire. You have not just my opinions but my briefs. I think those also help show what kind of a judge I would be. You of course appreciate that that's presenting a position and I'm just an advocate, but advocates deal with the law in different ways. You can look at other people's briefs, I think, and conclude that that person may not be a good judge because of the way they argue the law. I would hope you would look at my briefs and my arguments before the Supreme Court and conclude that that's a person who respects the law, respects the Court before whom he is arguing, and will approach the law in a similar way as a judge.

Chairman Specter. Thank you, Judge Roberts.

Senator Cornyn. If I might have three minutes. I would just want to ask the witness to explain the rationale as he understands it for the privilege--

Chairman Specter. Senator Cornyn, you are recognized for three minutes.

Senator Cornyn. Thank you. Mr. Chairman, it strikes me as odd, having been on the Committee last year when we had an unfortunate theft of internal documents that were written by staffers of individual Senators, and which were then published to the outside world, and there was bipartisan outrage over that. And we, as I recall, referred that matter for investigation and possible prosecution.

But surely if the Legislative Branch is entitled to confidential communications between our lawyers and us so we can do our jobs and get candid advice, the Executive or the President is entitled to the same sort of confidential and candid communications,

And, Judge, this is the question. I do not want anybody to be under the misapprehension that, number one, it is within your power to produce additional documents. It is hard to imagine there are in addition to the 100,000 that have already been produced. But I want to give you a chance to articulate the reasons why the law recognizes this importance of a confidential, candid communication between a client and

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the lawyer that cannot be readily overrun or trumped. Would you give that a shot, please?

Judge Roberts. Well, I mean certainly the basic attorney/client privilege goes back centuries, and there have been eloquent expressions of its value in the Supreme Court. I think of the Upjohn opinion from 1981 in the Supreme Court and other classic expressions. And the idea is that if we want people to benefit from the advice that lawyers can give, we have to ensure that they feel perfectly free to communicate and exchange their views with their lawyer without fear that that would be reviewed and used to their prejudice.

Carried forward to the point that we are talking about now, you have to have a candid exchange among lawyers in presenting cases to the Court in order to effectively represent your client whether your client is the Government of the United States or a private company. And that type of debate, which often involves pointing out inconsistencies in the decision, even flaws in your own legal position, say, "This is the argument, but this part of the argument is really quite weak and we have to be worried about that." Those sorts of things you do need to thrash out and discuss and elaborate on. And yet if that was then revealed to your adversary or to the Court, it would obviously prejudice the presentation.

And if those things were going to be regularly revealed, people wouldn't make those types of analyses and judgments. They wouldn't say, "This is a weak argument. What are we going to do about that? Should we really make that argument?" They would not commit those to writing and the adequacy of the legal counsel and advice would suffer, and the role of the advocate before the court in vindicating the rule of law on which the courts rely, would also suffer.

Senator Cornyn. Mr. Chairman, it may already be part of the record, but if it is not, I would ask unanimous consent at this point in the record that we would make the letter of former Solicitor Generals, appointed both by Democrat Presidents and Republican Presidents who agree that these Solicitor General memos should remain protected by the privilege, part of the record.

Chairman Specter. Without objection, so ordered.

[Senator Durbin follow-up comments:]

Senator Durbin. Thank you very much, Mr. Chairman.

Judge Roberts, again, thank you, and you may be nearing the end of the process, which I am sure is a great relief to you and your wife and friends.

Let me first address Senator Cornyn's point. The memos that were stolen from offices of the Senators on this Committee, stolen by a Republican staffer who was discharged, that case was turned over to the Justice Department. I sent a letter to the Attorney General yesterday applauding the fact that the Justice Department had in fact successfully prosecuted in Massachusetts a person who had hacked in and stolen the telephone records of Paris Hilton. And I asked the Attorney General to please ask our Special Counsel in this case to take a look at the precedent of the Paris Hilton case and see if he can perhaps protect our records as much as want to protect that poor young lady's telephone records.

[Laughter.]

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Senator Durbin. The second aspect I would like to raise is this. Many of these documents we are talking about have been given before. Justice Rehnquist offered similar documents to the Committee for consideration, so it is not unprecedented for us to ask, nor for the Government to produce them on a voluntary basis, no theft involved.

Senator Durbin. . . . If I could I would like to return to a discussion that we had yesterday about a very fundamental question. I asked you yesterday about a case that you handled as an attorney involving a large HMO, in which you advanced a very narrow reading of an Illinois State Law. Had your position prevailed, millions of American families stood the risk of losing coverage for their health insurance. You did not prevail, and as you mentioned, closely divided Court, which again underlines the importance of each new Justice as we consider them, but your position did not prevail.

Let me read what you said to me in response. You told me you had no reservations about taking the case, and here is what you said, quote: "My practice has been to take the cases that come to me, and if the other side in that case had come to me first, I would have taken their side," end of quote. I want to follow up on this.

You have taken some pride in the pro bono cases that yo have taken, and I am glad you have. I think that is part of being a professional, accepting pro bono cases. You were asked the other day about your participation in the 1996 case of Romer v. Evans, a landmark case that struck down a Colorado law that would have taken away the rights of gay and lesbian Americans. You gave some legal advice to the lawyer in this case who was trying to uphold the rights of those with different sexual orientation. So I will ask you, if the other side had come to you first and said, "Mr. Roberts, we would like you to defend the State amendment that took away the rights of gays and lesbians." Would you have taken the case?

Judge Roberts. It's a hypothetical question. Of course, I think I probably would have, Senator. I actually have done pro bono assistance for States on a regular basis through the National Association of Attorneys General, and if I'm remembering right, the State would have been the other party in that case. I think that's right. And through the State and Legal Center, I participate in moot courts for the States on a regular basis. And a big part of my practice was representing States, so if a State, in that case, Colorado, had come to me and said, "We have a case in the Supreme Court, would you defend it?" I might--again, I can't answer without knowing the full details and all that, and I have to look at the legal issues. And I would not, and never have, presented legal arguments that I thought were not reasonable arguments, doesn't necessarily mean they're going to prevail, and I have certainly lost my share of cases.

But it has not been my general view that I sit in judgment on clients when they come to me. I viewed that as the job of the Court when I was a lawyer. And just as someone once said, you know, it's the guilty people who really need a good lawyer, I also view that I don't evaluate whether I as a judge would agree with a particular position when somebody comes to me for what I did, which was provide legal advice and assistance, particularly before the Supreme Court.

Senator Durbin. I have a long series of hypotheticals that I will not get into, such as, all right, would you have represented that D.C. Government against the welfare

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families? You took pride--you spoke to me of your pride in representing the poor people in the District of Columbia on their welfare rights. I could ask you whether you would have taken the side of the Board of Education in the Brown case. Would you have taken the side of the State of Virginia in Loving. I could have gone through all of those hypotheticals. The purpose is, and the purpose of my original question was this: all of us are trying to get down to what are your core values, where would you draw lines, saying "I do have principles and values. There are certain things I would not use my legal skills to do because they conflict with those values."

If this is just a process, a legal contest, and you will play for any team that asks you to play, it raises a question about where would you draw the line if you would ever draw the line? And I think that is why I have asked this question, and I want to give you an opportunity now to tell us.

Senator Feinstein asked a little earlier today about the Plyler case. You came a little bit further than you did last night in saying--and I think this is a very safe assertion--"Children deserve an education." That is not a headline. But I think that what I would like to get to is the original question here. As a lawyer, do you have standards and values as to the causes and beliefs that are so important to you where you would draw a line?

Judge Roberts. Well, let me try to answer it this way, Senator. People become lawyers for different reasons, all perfectly good and noble, and legitimate. People who are interested, for example, in protecting the environment often will go into the law and practice environmental law because they think that is an effective way to advance a cause in which they passionately believe.

People who are committed to the cause of civil rights may become lawyers and become civil rights lawyers and present and press those causes because they are causes in which they passionately believe.

I became a lawyer or at least developed as a lawyer because I believe in the rule of law. The point I was trying to emphasize in my opening statement, that all of these other areas--you believe in civil rights, you believe in environmental protection, whatever the area might be, believe in rights for the disabled, you're not going to be able or effectively to vindicate those rights if you don't have a place that you can go where you know you're going to get a decision based on the rule of law. It was the point I was making with respect to the Soviet constitution, filled with wonderful-sounding rights, absolutely meaningless, because people who suffered under that system had no place they could go in court and say, "My rights have been violated." So that's why I became a lawyer, to promote and vindicate the rule of law.

Now, that means that that's at issue and play regardless of what the cause is, and that's why, as we were talking yesterday, you can go in my record and you'll see, yes, I've advanced cases promoting the cause of the environment. As I was discussing earlier, I've been on both sides of the affirmative action issue. Take even technical areas like antitrust. I've defended corporations; I've sued corporations. In each case, I appreciated that what I was doing as a lawyer, particularly as a lawyer before the Supreme Court, was promoting the rule of law in our adversary system. And I viewed that as--I appreciate that to some they may say, well, that sounds like you're a hired gun, to be disparaging, you are going to take the side of whoever comes in the door first. I think that's a disparaging way to capture what is, in fact, an ennobling truth about our legal system that lawyers serve the rule of law, above and beyond representing particular clients. That's

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why when the Chief Justice welcomes new members to the Supreme Court bar, he welcomes them as members of the bar and as officers of the court, because that is the important role that they play. That has significance for what types of arguments they can present and how they can present them.

Senator Durbin. Well, if I might say, Judge, if you have made one point many times over during the course of the last 3 days, it is that as a judge you will be loyal and faithful to the process of law, to the rule of law. I think that is without question from what you have said. I accept that on its face.

But the questions which we continue to ask you really try to go beyond that, because I said at the outset that I thought one of the real measures as to whether or not you should be on the Supreme Court goes back to a point Senator Simon had made: Would you restrict freedom in America or would you expand it?

When you are defending gays and lesbians who are being restricted in their rights by the Colorado amendment, you are trying, from my point of view, to expand freedom in America. That to me is a positive thing. That is my personal philosophy and point of view.

But then when you say, "If the State would have walked in the door first to restrict freedoms, I would have taken them as a client, too," I wonder, Where are you? Beyond loyalty to the process of law, how do you view this law when it comes to expanding our personal freedom? Is it important enough for you to say in some instances, "I will not use my skills as a lawyer because I don't believe that that is a cause that is consistent with my values and belief"? That is what I have been asking.

Judge Roberts. Well, and the--I had someone ask me in this process--I don't remember who it was, but somebody asked me, you know, "Are you going to be on the side of the little guy?" And you obviously want to give an immediate answer, but as you reflect on it, if the Constitution says that the little guy should win, the little guy is going to win in court before me. But if the Constitution says that the big guy should win, well, then, the big guy is going to win, because my obligation is to the Constitution. That's the oath. The oath that a judge takes is not that I will look out for particular interests, I'll be on the side of particular interests. The oath is to uphold the Constitution and laws of the United States, and that's what I would do.

Senator Durbin. Would you at least concede that you would take into consideration that in our system of justice the race goes to the swift, and the swift are those with the resources, the money, the lawyers, the power in the system, and that many times the powerless, the person who has struggled and clawed their way to your courtroom, went through a wall of adversity which the powerful never had to face, is that part of your calculation?

Judge Roberts. Absolutely, and it is, again, what's carved above the doors to the Supreme Court: "Equal Justice Under Law." And the judicial oath talks about doing justice without regard to persons, to rich and to poor. And that, of course, is critically important. You do have to appreciate that there are going to be interests who, for one reason or another, don't have the same resources as people on the other side. The idea is not to give the case to the side with the best resources, the side with the best lawyers, the side with the most opportunity to prepare and present. It is to decide the case according to the law and according to the Constitution. And as case after case in the Supreme Court shows, that's often the prisoner who's sitting in his cell and writes his petition out

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longhand. Sometimes the Constitution is on that person's side and not on the side of the corporation with the fancy printed brief. But the judge's obligation is to appreciate that the rule of law requires that both of those be treated equally under the law.

Senator Durbin. Judge Roberts, thank you very much.

Mr. Chairman, thank you.

[follow-up comments by Senator Graham:]

Senator Graham. Just for a couple minutes. I am trying to compile questions from the past where the answers were very similar to the answers of Judge Roberts about "I can't comment," "I can't answer your question because it may compromise my integrity," the judge in the future. And I would ask for permission of the Committee to get a chance to organize this because there are so many volumes. And what I would like to be able to demonstrate to the Committee is that the pattern that he has displayed in terms of saying "I can't give you an answer because it may disqualify me" is not unique to the Senate and very similar to past nominations, and I have got some examples of that.

But if I may--and I know we have been here--and Lord knows this guy has been through the wringer--I just want to comment a little bit about an unhealthy area I think we find ourselves in, in the last hour. Most of us are lawyers, and I would hate to be judged by the people I have represented in the past, totally. I have represented some people that are not very nice. But I gave them my all. I have represented people on Air Force bases that were so unpopular, Judge Roberts, that no one would eat with me, because it was my job as the area defense counsel to represent that person.

Your heart. Nobody can question your intellect because it would be a question of their intellect to question yours.

[Laughter.]

Senator Graham. So we are down to the heart. And is it all coming down to that? Well, there are all kinds of hearts. There are bleeding hearts, and there are hard hearts. And if I wanted to judge Justice Ginsburg on her heart, I might take a hard-hearted view of her and say she is a bleeding heart. She represents the ACLU. She wants the age of consent to be 12. She believes there is a constitutional right to prostitution. What kind of heart is that? Well, she has a different value system than I do, but that doesn't mean she doesn't have a good heart. And I want this Committee to understand that if we go down this road of putting people's hearts in play, and the only way you can have a good heart is adopt my value system, we are doing a great disservice to the judiciary.

Thank you.

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Miscellaneous Questions re: Memos (Maintaining beliefs in 1980s memos; judicial term limits; regretting language in the memos; HIV/AIDS)

Senator Kohl. You have today suggested on numerous occasions that the things that you represented in writing or in opinion back in the 1980s and into the 1990s, working for the Reagan administration and working for the Attorney General and then finally working as Deputy Solicitor General, were in many cases the opinions of people for whom you worked, not necessarily your own. I assume, therefore, there are those opinions that you are prepared to disavow.

Judge Roberts. My view in preparing all the memoranda that people have been talking about was as a staff lawyer. I was promoting the views of the people for whom I worked. In some instances, those were consistent with personal views; in other instances, they may not be. In most instances, no one cared terribly much what my personal views were. They were to advance the views of the administration for which I worked.

Senator Kohl. Well, I appreciate that, and not that we are talking about you in an entirely different situation, of course, our curiosity is which of those positions were you supportive of or are you still supportive of and which would you disavow?

Judge Roberts. Well, at this point, of course, we are now 23, 24 years later. I would not--I would have to address each of those positions anew. I wouldn't try to transport myself back 24 years and say, What did you think 24 years ago? And that would require me to look at and examine all those things. And, of course, it's not how I would look at the issue if I were a judge. If I were a staff lawyer advancing a particular view, it's one thing. As a judge, I would want to confront the issue with an open mind, to fully and fairly consider the briefs and arguments of all parties, to consider the record--we've talked today about how important a record is in a particular case--consider the law and the precedents. And, of course, the law and the precedents have changed in many of these areas dramatically over the past 24 years.

I'd have to consider all those before reaching a conclusion in any of those particular areas.

Senator Kohl. Sure. It would be helpful to many of us to know which of those positions you took then no longer represent the position that you would take today. I think that would show a change as we grow and develop and experience life. That would be illuminating and enlightening to many of us to hear what some of those position you took then no longer are represented in your thought process today.

Judge Roberts, in an October 3, 1983, memo, you wrote that while you served as Associate White House counsel for the Reagan administration, you expressed support for judicial term limits. You did specifically support the idea of limiting judicial terms to 15 years, and you said, I quote, "to ensure that Federal judges would not lose all touch with reality through decades of ivory tower existence." And do you still support in theory the idea of judicial term limits?

Judge Roberts. You know, that would be one of those memos that I no longer agree with, Senator.

[Laughter.]

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Judge Roberts. I didn't fully appreciate what was involved in the confirmation process when I wrote that.

You know, the sentiments that were expressed there I think are certainly something that's worth discussing, perhaps. My basic point was when the Framers establish a system of life tenure, people didn't live as long as they do now. You know, I do think there are concerns, though, that I may be a little more, a bit more sensitive to now than I was then, and they have to do with sort of a definite cut-off point. I'm not sure that's healthy for the institution of the judiciary, for people to know, for example, well, it's sort of like--as you say, term limits--that if we wait another year, this judge will be gone or that Justice will be gone. I'm not sure today from where I sit that that is a good or healthy thing for the Judiciary.

Senator Kohl. So you do not support term limits anymore?

Judge Roberts. I have to say I do not because I do think that that restriction at the end, so litigants could look and shape their litigation in light of who they think the judges or Justices might be, I think that's not a healthy development.

I would note that, if I'm remembering the memo correctly, I think it was a proposed constitutional amendment, which I am not sure, but I think that obviously is a policy choice that the Constitution allows to be pursued through that process.

Senator Kohl. All right. Judge, since your nomination, literally, as you know, tens of thousands of pages of your writings as a young White House aide have been released and looked at very carefully. In some of these writings, you took very pointed positions, as we discussed, some political, some constitutional, and some that have raised eyebrows.

I also think about myself when I was in my 20s and then when I was at the age which you are now and who I have become today and how I have changed, matured, and hopefully grown as I have gotten older. I am sure when you have had a chance to review some of your old work as part of this process that there are things that you wrote back then that make you cringe, perhaps, today.

Are there positions you took back then as a 20-something lawyer that you would not take today? Can you give us a couple of examples of positions that you took then that, as you have grown and developed, and as you are now sitting before us to be the Chief Justice of the United States of America, that you are today not the person that you were back when you were 20-something?

Judge Roberts. Well, we've talked about the term limits for judges. More generally, as I look at all of these documents, and the numbers, somebody said 80,000 pages. It's a little daunting. I don't know that there are particular issues. I mean, you have to remember, this is 23, 22, 24 years ago. In many of these cases, not only have I changed, the law has changed dramatically in more than two decades.

You know, I'm sure--and again, of the many that have been released, I will say that it's really only a handful that have attracted attention for one reason or another, and I do think if you look at the whole body of work, that I would hope people would leave that with a favorable impression.

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Certainly, there are many areas where it appears that I knew a lot more when I was 25 than I think I know now when I'm 50. I had a lot of different experiences in the intervening period that give you valuable perspective. In that intervening period, for example, I left the government, went out in the private sector, litigated a lot of cases against the government. You do get a different view of things when you're on the other side. I think that's extremely valuable.

I hope, as you suggest, I've grown as a person over that period, as well, and that that also gives you some perspective and that type of a perspective might cause somebody to moderate their tone with respect to some issues and in some areas, and I'm sure that's the case. I certainly wouldn't write everything today as I wrote it back then, but I don't think any of us would do things or write things today as we did when we were 25 and had all the answers.

Senator Schumer. … The other thing that troubled me was the issue of civil rights. Many of us consider racism the Nation's poison. De Toqueville wrote about that since 1832. And we know you wrote these series of memos 20 to 25 years ago. Some of them are written in a tone that suggests you may have been insensitive to discrimination and hostile to equal rights. And I have talked to people who might have felt just that. People have said that.

So my question is not the substance, but do you regret the tone of some of these memos? Do you regret some of the inartful phrases you used in those memos or reference to illegal amigos in one memo?

Judge Roberts. Well, Senator, in that particular memo, for example, it was a play on the standard practice of many politicians, including President Reagan, when he was talking to a Hispanic audience, he would throw in some language in Spanish. Again, the memos were from me to Fred Fielding. I think Mr. Fielding always found the tone--

Senator Schumer. You don't regret using that term? Could you think that some people might find it offensive?

Judge Roberts. It was meant to convey the notion--again, as I've described--that when politicians speak to a particular audience in that language, is that offensive to the audience? It was meant to convey that. It was an issue concerning a particular radio interview.

You know, the tone was, I think, generally appropriate for a memo from me to Mr. Fielding, and I know that he never suggested that it was anything other than appropriate.

Senator Schumer. I would have to disagree with you, but we will leave it at that.

On a more substantive level, in light of where we are in 2005--admittedly we have progressed in civil rights since 1982--can you identify any policy or piece of legislation you argued for or supported in the Reagan era that you now believe went too far, that you now believe would not be good enough for America? I am not challenging that you were representing somebody else than, as you have said to us before, but I am asking in hindsight--it is now 2005, you are almost double the years on this Earth. Any of those policies that you think now, using hindsight, shouldn't have been done?

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Judge Roberts. Well, Senator, I think some 80,000 pages have been released of memoranda that I wrote--

Senator Schumer. You can just pick one or two.

Judge Roberts. Well, I don't--you know, I have not gone back and re-evaluated all those policies, no. I do know, though, for example, in the area of civil rights, people have talked about memos I wrote about the administration's policy against busing or the administration's policy against quotas. Being against busing and being against quotas is not the same as being against civil rights. President Reagan was against busing. President Reagan was against quotas. But he was in favor of civil rights, and that was the administration position that I was advancing in those memoranda.

Senator Schumer. I understand you were advancing someone else's position. I was asking your own view, if there were any regrets or changes in viewpoint of you personally. But we will leave it at that if you don't want to mention any.

Senator Feingold. Thank you, Mr. Chairman.

Judge, let me start off by taking a couple of new topics. In September 1985 when you were in the White House Counsel's Office, you recommended deleting the following line from the presidential briefing materials, quote: "As far as our best scientists have been able to determine, the AIDS virus is not transmitted through casual or routine contact." You said at the time that the conclusion was in dispute. We now know of course that the line is completely accurate, but I would say we also knew that then.

The Center for Disease Control guidelines issued the month before you wanted to delete that line said the following, "Casual person-to-person contact as would occur among schoolchildren appears to pose no risk." Major news organizations had reported the CDC's conclusion. In fact, the CDC had said as early as 1982 that it was unlikely that HIV could be spread through casual contact.

Judge Roberts. I'm sorry. As early as when?

Senator Feingold. As 1982, that it was unlikely that HIV could be spread through casual contact. Why did you recommend that that line be deleted?

Judge Roberts. Well, for the reason I gave in the memorandum. This was a statement by the President, and I just wanted to--didn't want the President giving out medical advice if it was the subject of some uncertainty. I obviously was not a medical expert, and you said the CDC had issued a report a month before. Well, earlier in your commentary--I don't know what the 1982 issue was--but I just thought it was--it's purely a matter of caution and prudence to have the President make a pronouncement on a--you have to remember this was at the very beginning of the AIDS coming into public consciousness, and I was just concerned that the President not be giving out medical statements if people weren't absolutely sure that it was correct.

Senator Feingold. Let me follow that a little bit. It certainly was an early time and also a critical time. I am wondering what you did to check or have someone check on these facts. I mean you must have known that the issue was so important the President was saying something like this, that it could have given great reassurance to people all over the country, as well as helping children infected with the AIDS virus to live happier

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and more normal lives to know that this was the medical conclusion. So I am just wondering why you would not check it out a little bit.

Judge Roberts. I mean I--the flip side of that, Senator, of course, is if it turned out to be wrong, it could have been disastrous to have the President announcing--because the President wasn't a medical expert either--and I'm sure my suggestion would have caused the people drafting the President's speech to go back, and if they thought they were convinced and they were sure, then that's what would have gone in there. It was just a question of concern. I wanted to make sure that they were 100 percent confident that what the President was going to be saying about a medical issue was they had complete confidence in it. I don't know actually whether they took it our or left it in, but at least it caused them to focus--

Senator Feingold. I do not want to belabor it, but I think that was a great opportunity for presidential leadership and reassurance, and I would just respectfully disagree with your judgment there.

Judge Roberts. Well, my judgment--just so I could--it wasn't my medical judgment. The impact of my suggestion was, obviously to cause to people who wanted that in there to go back and make sure they were sure that they wanted the President of the United States issuing a medical statement.

Senator Feingold. I think it was pretty certain at that time what the medical view as, as indicated by the medical community of our Government, but I will leave it at that.

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Reliance on Foreign Law

Senator Kyl. Now, you have seen that each one of us have a couple of soap boxes that we like to mount, and after about 5 minutes of our opinion, then we ask you a question. I have one of those for you, something that has been bugging me.

There has been a lot of discussion about the Supreme Court's reliance, or even reference to foreign law to determine the meaning of the United States Constitution. I just wanted to note a couple of the cases in which this was done recently.

A case this year, Roper v. Simmons, in which the Supreme Court reversed a prior precedent and decided that it would be unconstitutional to execute a man who was 17 at the time that he brutally murdered a woman by throwing her off a bridge. In deciding the case, the Supreme Court not only, in my view, engaged I questionable analysis of American law, it spent perhaps 20 percent of its legal analysis discussing the laws of Great Britain, Saudi Arabia, Yemen, Iran, Pakistan, Nigeria and China. The Court claimed that we ought not to "stand alone" on this issue, and that we should pay attention to what other nations do when we interpret our Constitution.

In 1999 Justice Breyer argued that the Court should consider whether a long delay in executing a convicted murderer, a delay, by the way, caused by his repeated and arguably frivolous appeals, should be deemed cruel and unusual under the Eighth Amendment. And it relied on the legal opinions of courts in Zimbabwe, India, Jamaica and Canada.

The trend, if it is to become one, is greatly troubling to me and to many of my colleagues. Our Constitution was drafted by the Nation's Founders, ratified by the States and amended repeatedly through our constitutional processes that involve both Federal and State legislators. It is an America Constitution, not a European or an African or an Asian one, and its meaning, it seems to be, by definition, cannot be determined by reference to foreign law.

I also think it would put us on a dangerous path by trying to pick and choose among those foreign laws that we liked or didn't like. For example, many nations have a weak protection for freedom to participate in or practice one's religion. Iran and some other Middle Eastern nations come immediately to mind, but even a modern western nation like France has placed restrictions on religious symbols in the public square. That would be highly unlikely to pass muster in U.S. Courts. Should we look to France to tell us what the Free Exercise Clause means, for example?

Even nations that share our common law tradition, such as Great Britain, offer fewer civil liberty guarantees than we do, and the press has far less freedom. Nations such as Canada have allowed their judges to craft a constitutional right to homosexual marriage.

There is a lot more to say on this subject, but I wanted to hear from you, so my question is this: what if anything is the proper role of foreign law in U.S. Supreme Court decisions? Of course we are not talking about interpreting treaties or foreign contracts, but cases such as those that would involve interpretations of the U.S. Constitution?

Judge Roberts. Well, I don't want to comment on any particular case, but I think I can speak more generally about the approach. I know Justices Scalia and Breyer had a little debate about it themselves here in town, and it was very illuminating to get both of their views. And I would say as a general matter that a couple of things that cause

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concern on my part about the use of foreign law as precedent--as you say, this isn't about interpreting treaties or foreign contracts, but as precedent on the meaning of American law.

The first has to do with democratic theory. Judicial decisions in this country--judges of course are not accountable to the people, but we are appointed through a process that allows for participation of the electorate, the President who nominates judges is obviously accountable to the people. The Senators who confirm judges are accountable to the people. In that way the role of the judge is consistent with the democratic theory. If we're relying on a decision from a German judge about what our Constitution means, no President accountable to the people appointed that judge, and no Senate accountable to the people confirmed that judge, and yet he's playing a role in shaping a law that binds the people in this country. I think that's a concern that has to be addressed.

The other part of it that would concern me is that relying on foreign precedent doesn't confine judges. It doesn't limit their discretion the way relying on domestic precedent does. Domestic precedent can confine and shape the discretion of the judges.

In foreign law you can find anything you want. If you don't find it in the decisions of France or Italy, it's in the decisions of Somalia or Japan or Indonesia or wherever. As somebody said in another context, looking at foreign law for support is like looking out over a crowd and picking out your friends. You can find them, they're there. And that actually expands the discretion of the judge. It allows the judge to incorporate his or her own personal preferences, cloak them with the authority of precedent because they're finding precedent in foreign law, and use that to determine the meaning of the Constitution. I think that's a misuse of precedent, not a correct use of precedent.

Senator Coburn. I want to go to something that Senator Kyl talked with you about, and I was very pleased with your answer. He asked you about referencing and using preference to select and pick precedents from foreign law yesterday. I thought you gave a very reassuring answer to the American public.

You based your answer on two points. One is that the democratic theory is that in this country, with our law, the people are involved in that, both through the Senate, the House, and the President who appoints you. The other point you made is that relying on foreign precedent does not confine judges.

I just want to kind of ask a couple of questions. Number one, the oath that you took for your appellate position and the oath that you will take states the following, that I, John Roberts, do solemnly swear that I will administer justice without respect to persons and do equal right to the poor and to the rich, and that I will faithfully and impartially discharge and perform all the duties incumbent upon me, John Roberts, under the Constitution and the laws of the United States, so help me, God.

My question relates to the Constitution and what is said in Article III, that judges both of the Supreme and inferior courts shall hold their offices during good behavior. My question to you is, relying on foreign precedent and selecting and choosing a foreign precedent to create a bias outside of the laws of this country, is that good behavior?

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Judge Roberts. Well, I--for the reasons I stated yesterday, I don't think it's a good approach. I wouldn't accuse judges or Justices who disagree with that, though, of violating their oath. I'd accuse them of getting it wrong on that point, and I'd hope to sit down with them and debate it and reason about it.

I think that Justices who reach a contrary result on those questions are operating in good faith and trying, as I do on the court I am on now, to live up to that oath that you read. I wouldn't want to suggest that they're not doing that. Again, I would think they're not getting it right in that particular case and with that particular approach and would hope to be able to sit down and argue with it, as I suspect they'd like to sit down and debate with me. But I wouldn't suggest they're not operating in good faith to comply with--

Senator Coburn. Can the American people count on you to not use foreign precedent in your decision making on the Supreme Court?

Judge Roberts. You know, I will follow the Supreme Court's precedents consistent with the principles of stare decisis, and there are cases in this area, of course. That's why we're having the debate. The Court has looked at those. I think it's fair to say, in the prior opinions, those are not determinative in the sense that the precedent turned entirely on foreign law, so it's not a question of whether or not you'd be departing from these cases if you decided not to use foreign law. For the reasons I gave yesterday, I'm going to be looking--

Senator Coburn. I understand that, and I respect that and I know that you can't be in a position to make a judgment on that. But again, for the record, I want to read what the Constitution says, that judges both of the Supreme and inferior courts shall hold their offices during good behavior and that the oath that they take references only the Constitution and the laws of this country. If anything, I would like to send a message that that is what their oath says and this judicial restraint that you have spoken of, I believe includes that oath and the definition that our Founders believed when they said, here is what you should base your decisions on, is the Constitution of the United States and the laws.

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Right to Privacy and Abortion (including Roe v. Wade; Casey; Griswold; Rust v. Sullivan; Glucksberg; Cruzan; etc.)

Chairman Specter. But there is no doctrinal basis erosion in Roe, is there, Judge Roberts?

Judge Roberts. Well, I feel the need to stay away from a discussion of particular cases. I'm happy to discuss the principles of stare decisis, and the Court has developed a series of precedents on precedent, if you will. They have a number of cases talking about how this principle should be applied. And as you emphasized, in Casey they focused on settled expectations. They also looked at the workability and the erosion of precedents. The erosion of precedent I think figured more prominently in the Court's discussion in the Lawrence case, for example, but it is one of the factors that is looked at on the other side of the balance.

Chairman Specter. Well, do you see any erosion of precedent as to Roe?

Judge Roberts. Again, I think I should stay away from discussions of particular issues that are likely to come before the Court again. And in the area of abortion, there are cases on the Court's docket, of course. It is an issue that does come before the Court. So while I'm happy to talk about stare decisis and the importance of precedent, I don't think I should get into the application of those principles in a particular area.

Chairman Specter. The joint opinion then goes on, after the statement as to sexual activity, to come to the core issue about women being able to plan their lives. The joint opinion says, "The ability of women to participate equally in the economic and social life of the Nation has been facilitated by their ability to control their reproductive lives."

Do you agree with that statement, Judge Roberts?

Judge Roberts. Yes, Senator, as a general proposition. But I do feel compelled to point out that I should not, based on the precedent of prior nominees, agree or disagree with particular decisions, and I'm reluctant to do that. That's one of the areas where I think prior nominees have drawn the line when it comes to do you agree with this case or do you agree with that case. That's something that I'm going to have to draw the line in the—

Chairman Specter. Judge Roberts, the change in positions have been frequently noted. Early on in one of your memoranda you had made a comment on the so-called right to privacy. This was a 1981 memo to Attorney General Smith, December 11th, 1981. You were referring to a lecture which Solicitor General Griswold had given six years earlier, and you wrote, Solicitor General Griswold "devotes a section to the so-called 'right to privacy,' arguing as we have that such an amorphous right is not to be found in the Constitution." Do you believe that the right to privacy--do you believe today that the right to privacy does exist in the Constitution?

Judge Roberts. Senator, I do. The right to privacy is protected under the Constitution in various ways. It's protected by the Fourth Amendment, which provides that the right of people to be secure in their persons, houses, effects and papers is protected. It's protected under the First Amendment, dealing with prohibition on

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establishment of a religion and guarantee of free exercise, protects privacy in matters of conscience. It was protected by the Framers in areas that were of particular concern to them that may not seem so significant today, the Third Amendment, protecting their homes against the quartering of troops.

And in addition, the Court has, with a series of decisions going back 80 years, has recognized that personal privacy is a component of the liberty protected by the Due Process Clause. The Court has explained that the liberty protected is not limited to freedom from physical restraint, and that it's protected not simply procedurally but as a substantive matter as well. And those decisions have sketched out over a period of 80 years certain aspects of privacy that are protected as part of the liberty in the Due Process Clause under the Constitution.

Chairman Specter. So that the views that you expressed back in 1981, raising an issue about "amorphous" and "so-called" would not be the views you would express today?

Judge Roberts. Those views reflected the Dean's speech. If you read his speech, he's quite skeptical of that right. I knew the Attorney General was, and I was transmitting the Dean's speech to the Attorney General. But my views today are as I've just stated them.

Chairman Specter. So they were not necessarily your views then, but they certainly are not your views now.

Judge Roberts. I think that's fair, yes.

Chairman Specter. [After a question about Chief Justice Rehnquist's change of position over Miranda in Dickerson.] Well, that is the analogy I am looking for in Roe v. Wade. Might disagree with it at the time it was decided, but then his language is very powerful when he talks about it becoming "embedded in routine police practices to the point where the warnings have become a part of our national culture." The question, by analogy, whether a woman's right to choose is so embedded that it has become a part of our national culture. What do you think?

Judge Roberts. Well, I think that gets to the application of the principles in a particular case, and based on my review of the prior transcripts of every nominee sitting on the Court today, that's where they've generally declined to answer, when it gets to the application of legal principles to particular cases.

I would repeat that the Court has already applied the principles of stare decisis to Roe in the Casey decision, and that stands as a precedent of the Court as well.

Chairman Specter. Let me move to two more points before my time is about to expire, 2 minutes and 35 seconds.

There is a continuing debate on whether the Constitution is a living thing, and as you see Chief Justice Rehnquist shift his views on Miranda, suggests that he would agree with Justice John Marshall Harlan's dissent in Poe, where he discusses the constitutional concept of liberty and says, "The traditions from which it developed, that tradition is a living thing."

Would you agree with that?

Judge Roberts. I'd agree that the tradition of liberty is a living thing, yes.

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Senator Hatch. . . . Now, my friend, the Chairman, held up a chart with the number of cases that he said relied on Roe v. Wade. In fact, if I heard him correctly he called Roe a super duper precedent. Now, I am not sure that a super duper precedent exists, between you and me, but some have said that Planned Parenthood v. Casey, a very important case, reaffirmed Roe. But let me just ask you, am I correct that Casey reaffirmed the central holding in Roe, but substantially changed its framework?

Judge Roberts. That's what the joint opinion of the three Justices said, it was reaffirming the central holding, it revisited and altered the framework.

Senator Hatch. There were only a few votes to simply reaffirm Roe, were there not, in the Casey case?

Judge Roberts. Well, the plurality opinion is regarded I think as the opinion of--it's the opinion of the plurality, but as the leading opinion of the Justices of the majority, it's the one that judges look to in the first instance. There were separate opinions that disagreed with some of the ways in which that plurality revisited Roe. It reaffirmed the central holding in Roe v. Wade. It dispensed with the trimester framework, and it substituted for the strict scrutiny that Roe had established the undue burden analysis that since the time of Casey has governed in this area.

Senator Hatch. As I recall it, there were only a few votes, as you have mentioned, to simply reaffirm Roe, but does this suggest that Casey itself noted the troubling features of Roe and indicated that Roe's framework has not been workable?

Judge Roberts. Well, the question of the workability of the framework is I think one of the main considerations that you look to under principles of stare decisis, along with the settled expectations, whether a precedent has been eroded. That was one of the factors that the Court looked at in Casey in determining I think to alter the framework of Roe, the trimester framework and the strict scrutiny approach, at least in the terms that were applied by the joint opinion.

Senator Hatch. Our Chairman asked if former Chief Justice Rehnquist's opinion in the Dickerson case, upholding Miranda, would apply to Roe v. Wade, and if I recall correctly, you properly declined to answer. But am I right that Chief Justice Rehnquist repeatedly believed that Roe should be overruled?

Judge Roberts. That was his view, yes.

Senator Hatch. Does that not mean that Rehnquist himself did not believe that his Dickerson holding should apply to Roe? Would that be a fair conclusion?

Judge Roberts. Based on his published opinions--now, I don't remember--well, certainly he wrote in Casey, I don't know if he's written since then, so I just hesitate to ascribe views from 1992 to current.

Senator Biden. . . . Now, you have already said to the Chairman that you agree that there is a right to privacy. And you said that the Supreme Court found such a right, in part, in the 14th Amendment. My question is do you agree that there is--not what settled law is. What do you think? Do you agree that there is a right of privacy to be found in the Liberty Clause of the 14th Amendment?

Judge Roberts. I do, Senator. I think that the Court's expressions, and I think if my reading of the precedent is correct, I think every Justice on the Court believes that to

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some extent or another. Liberty is not limited to freedom from physical restraint. It does cover areas, as you said, such as privacy, and it's not protected only in procedural terms but it is protected substantively as well. Again, I think every member of the Court subscribes to that proposition. If they agree with Bolling v. Sharpe, as I am sure all of them do, they are subscribing to that proposition to some extent or another.

Senator Biden. Do you think there is a liberty right of privacy that extends to women in the Constitution?

Judge Roberts. Certainly.

Senator Biden. In the 14th Amendment?

Judge Roberts. Certainly.

Senator Biden. Now, I assumed you would answer it that way. Let me suggest to you also that I asked--I asked Justice--or I am not sure whether I asked or one of our colleagues asked Justice Ginsburg the question of whether or not it would be a ball or a strike if in fact a State passed a law prohibiting abortion. And she said that's a foul ball. They can't do that. And let me quote her. She said, in response to Senator, former--I was going to say "Brownback"--Senator Brown when he was here, when she was up, of Colorado. She said, quote: "Abortion prohibition by State controls women and denies them full autonomy and full equality with men. It would be unconstitutional."

What is your view, according to the Ginsburg rule?

Judge Roberts. Well, that is in an area where I think I should not respond.

Senator Biden. Why?

Judge Roberts. Because--

Senator Biden. You said you would abide by the Ginsburg rule.

Judge Roberts. Then-Judge Ginsburg and now Justice Ginsburg explained that she thought she was at greater liberty to discuss her writings. She'd written extensively on that area and I think that's why she felt at greater liberty to talk about those cases.

In other areas, where she had not written, her response was that it was inappropriate to comment. In particular I remember her response in the Mayer and the Harris cases. She said those are the Court's precedents; I have no agenda to overrule them, and I will leave it at that.

And I think that's important to adhere to that. Let me explain very briefly why. It's because if these questions come before me, either on the court on which I now sit or, if I am confirmed, on the Supreme Court, I need to decide those questions with an open mind on the basis of the arguments presented, on the basis of the record presented in the case, and on the basis of the rule of law, including the precedents of the Court, and not on the basis of any commitments during the confirmation process. The litigants have a right to expect that of the judges or Justices before whom they appear.

And it's not just Justice Ginsburg who adhered to that rule. I've gone back and read--

Senator Biden. Well, she obviously didn't adhere to it with regard to--

Judge Roberts. Well, I explained why she felt at liberty to comment--

Senator Biden. Well, how is that different? That, I would suggest, Judge, is a distinction without a difference in terms of litigants, the way you just explained it. Does a litigant in fact say because a judge wrote about it and then spoke to it as a judge that somehow I am going to be put at a disadvantage before that judge on the court? That is a stretch, Judge.

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Judge Roberts. Well, that's how Judge Ginsburg explained it at her nomination hearings. She said she could talk about the issues on which she had written.

Senator Biden. Did that make sense to you?

Judge Roberts. I think it does make sense that she can be questioned about the articles that she'd written because they raised certain questions and she felt at liberty to discuss those. I think it's something entirely different if you talk about an area that could come before the Court. This is an area that cases are pending before the Court and they will be pending in the future.

Senator Biden. Well, let's try some things she didn't write about that she talked about. Let's see if you can talk about them.

One is she talked about Moore v. East Cleveland. You are much more familiar with the case than I am. That is a case where the city came along--and I am going to do this shorthand in the interest of time--and said a grandma living in an apartment with her blood grandchildren who were cousins, not brothers, violated the law. And the Chief said, in the minority opinion, your mentor, he said, "The interest of that grandmother may have in permanently sharing a single kitchen and a suite of contiguous rooms with some of her relatives simply does not rise to the level of a constitutional right. To equate this interest with fundamental decisions to marry and to bear and raise children is to extend the limited substantive contours of the Constitution beyond recognition."

Do you agree with his statement?

Judge Roberts. You know, I have no quarrel with the majority's determination and--

Senator Biden. Not my question, Judge.

Chairman Specter. Let him flesh his answers out.

Judge Roberts. I understand that. And I'm concerned about ramifications in which the issue could come up. But I have no quarrel with the majority's determination--

Senator Biden. Justice Ginsburg answered the question. She never wrote about it. She answered it specifically.

Judge Roberts. Well, I think--

Senator Biden. She went on to say that--and let me quote. She said, "Yes, he goes on--" This is quoting Justice Ginsburg. "He goes on to say history counsels caution and restraint, and I agree with him. He says then--"

this is referring to the majority opinion--"But it does not counsel abandonment, abandonment of the notion that people have a right to certain fundamental decisions about their lives without interference from the State. And what he next says is history doesn't counsel abandonment, nor does it require what the city is urging here, cutting off the family right at the first boundary, which is the nuclear family. He rejects that. I'm taking the position I have all the time--" and she goes on to say--

She says uh-uh. She thinks your old boss was dead wrong. She said so. And she said the majority was dead right. Ginsburg rule. What do you think? She never wrote about it.

Judge Roberts. Senator, I think nominees have to draw the line where they're comfortable. It's a matter of some--

Senator Biden. Well, you are admitting you are not applying the Ginsburg rule.

Chairman Specter. Senator Biden, let him finish.

Senator Biden. I don't have much time. But go ahead.

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Judge Roberts. It's a matter of great importance not only to potential Justices but to judges. We're sensitive to the need to maintain the independence and integrity of the Court. I think it's vitally important that nominees, to use Justice Ginsburg's words, no hints, no forecasts, no previews. They go on the Court not as a delegate from this Committee with certain commitments laid out and how they're going to approach cases. They go on the Court as Justices who will approach cases with an open mind and decide those cases in light of the arguments presented, the record presented, and the rule of law. And the litigants before them have a right to expect that and to have the appearance of that as well.

That has been the approach that all of the Justices have taken.

Senator Biden. That is not true, Judge. Justice Ginsburg violated that rule, according to you. Justice Ginsburg said precisely what positions she agreed on. Did she in fact somehow compromise herself when she answered that question?

Judge Roberts. She said no hints, no forecasts--

Senator Biden. No, no.

Judge Roberts. --no previews.

Senator Biden. Judge, she specifically in response to a question whether or not she agreed with the majority or minority opinion in Moore v. East Cleveland said explicitly, I agree with the majority. And here's what the majority said and I agree with it.

My question to you is, do you agree with it or not?

Judge Roberts. Well, I do know, Senator, that in numerous other cases--because I read the transcript--

Senator Biden. So did I, Judge.

Judge Roberts. --she took the position that she should not comment. Justice O'Connor took the same position. She was asked about a particular case--

Senator Biden. Aw, Judge, Judge--

Judge Roberts. She said, It's not correct for me to comment.

Now, there's a reason for that, Senator.

Senator Biden. But you are going from--

Chairman Specter. Wait a minute, Senator Biden. He has not finished his answer.

Senator Biden. He's filibustering, Senator.

[Laughter.]

Senator Biden. But okay, go ahead.

Chairman Specter. No, he's not. No, he's not.

Judge Roberts. That's a bad word, Senator.

Senator Biden. That's what we do, too. Go ahead. Go ahead and continue not to answer.

[Laughter.]

Judge Roberts. Senator, my answer is that the independence and integrity of the Supreme Court requires that nominees before this Committee for a position on that Court not forecast, give predictions, give hints about how they might rule in cases that might come before the Court.

Senator Biden. I got that. Did Justice Ginsburg give a hint?

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Judge Roberts. I'm not going to comment on whether or not a particular nominee adhered to the approach that they announced.

Senator Biden. Well, let's make it clear. She did not. Let's stipulate she did not adhere to the approach. I don't have time because we don't have as much time, but I could list you for half an hour the questions she answered, the questions Kennedy, Souter--all the Justices, almost, with one exception, answered specific questions, which you are not answering and—

Senator Kohl. All right. Judge, do you believe that reasonable people can disagree on Roe v. Wade? Regardless of what you think of the decision, do you believe that there is an intellectually honest approach on the other side that is worth respecting?

Judge Roberts. I certainly agree that reasonable people can disagree about that decision, yes.

Senator Kohl. And you do, obviously, respect people on the other side of the issue?

Judge Roberts. Yes.

Senator Kohl. In Rust v. Sullivan, as Deputy Solicitor General you signed a brief in which you wrote, and I quote, "The Court's conclusions in Roe that there is a fundamental right to an abortion and that Government has no compelling interest in protecting prenatal human life throughout pregnancy find no support in the text, structure, or history of the Constitution."

So does this quote jibe with your statement that you understand that reasonable people can disagree?

Judge Roberts. I think so, Senator. The position that you're reading from there was the position of the administration. I was one of nine lawyers on the brief in that case. It was reflecting the position that had been advanced in four prior cases up to that point by the administration, and we were reiterating that position. This was before the Supreme Court issued its decision in Casey. That was the view of the administration and the conclusion.

I don't think there's anything in there that suggests we think or thought that anybody at that time who disagreed was unreasonable. That was our legal position. The other side was obviously presented in those cases.

Senator Kohl. But you are saying here that there is no support in the text, structure, or history of the Constitution for that position. That is pretty flat-out, pretty straight, pretty black and white.

Judge Roberts. And in those cases, the other side argued that there was. And I don't think there's anything in either of those views that suggests you don't think that reasonable people can take different positions on those questions.

Senator Kohl. . . . Judge, as we all know, the Griswold v. Connecticut case guarantees that there is a fundamental right to privacy in the Constitution as it applies to contraception. Do you agree with that decision and that there is a fundamental right to privacy as it relates to contraception? In your opinion, is that settled law?

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Judge Roberts. I agree with the Griswold Court's conclusion that marital privacy extends to contraception and availability of that. The Court since Griswold has grounded the privacy right discussed in that case in the liberty interest protected under the Due Process Clause--that's the approach that the Court has taken in subsequent cases--rather than in the penumbras and emanations that were discussed in Justice Douglas' opinion. And that view of the result is, I think, consistent with the subsequent development of the law, which is focused on the Due Process Clause and liberty rather than Justice Douglas' approach.

Senator Kohl. Well, I am delighted to hear you say that because, as you know, many, many constitutional scholars believe that once you accept the reasoning of Griswold and find that the Constitution does contain a right to privacy and a right to contraception, you have essentially accepted--scholars have said this, essentially accepted the basis for the Court's reasoning and decision on Roe, that a woman has a constitutionally protected right to choose. These scholars reason that it follows logically that if a woman's right to privacy and her control over her body includes the right to contraception, it also includes a woman's right to choose to terminate her pregnancy. I am not sure whether you wish to comment on that. I just wanted to point out to you something that I am sure you are familiar with, that there is in constitutional thought a follow from Griswold to Roe.

Judge Roberts. Well, I feel comfortable commenting on Griswold and the result in Griswold because that does not appear to me to be an area that is going to come before the Court again. It was surprising when it came before the Court in 1965, I think, to many people. The other area is an area that is, to quote Justice Ginsburg from her hearings, "live with business." There are cases that arise there, and so that's an area that I do not feel it appropriate for me to comment on.

Senator Kohl. I appreciate that.

Senator Feinstein. In response to the Chairman's question this morning about the right to privacy, you answered that you believe that there is an implied right to privacy in the Constitution, that it has been there for some 80 years, and that a number of provisions in the Constitution support this right, and you enumerated them this morning.

Do you then believe that this implied right of privacy applies to the beginning of life and the end of life?

Judge Roberts. Well, Senator, first of all, I don't necessarily regard it as an implied right. It is the part of the liberty that is protected under the Due Process Clause. That liberty is enumerated--

Senator Feinstein. Part of liberty.

Judge Roberts. Yes, and the exact scope of it with respect to the beginning of life and the end of life, those are issues that are coming before the Court in both respects. And I don't think I should go further to elaborate upon whether or not it applies in those particular situations. Obviously, it has been articulated by the Court in both contexts, the Cruzan case with respect to the end of life, the Glucksberg case following Cruzan. But I don't think it's appropriate for me, given the fact that cases arise on both of those questions, to go further.

Senator Feinstein. All right. Let's move right along.

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This morning, there was a discussion about stare decisis, and you pointed out that there were factors in consideration of stare decisis. And I think one of the things you said was workability of framework is one of the main principles you look for in stare decisis.

Well, in its decision in Casey, the Court specifically affirmed the doctrine of stare decisis as it applies to Roe. The Court reviewed prudential and pragmatic considerations to gauge the respective costs of reaffirming and overruling a case, that case. In doing so, the Court unambiguously concluded that Roe has in no sense proven unworkable.

Do you agree with this conclusion?

Judge Roberts. Well, that is--that determination in Casey becomes one of the precedents of the Court entitled to respect, like any other precedent of the Court, under principles of stare decisis. I have tried to draw the line about not agreeing or disagreeing with particular rulings, but that is a precedent of the Court. It is a precedent on precedent; in other words, it has examined Roe--

Senator Feinstein. So you agree that the Court said that, obviously.

Judge Roberts. Well, it said that, and that is a precedent entitled to respect under principles of stare decisis, like any other precedent of the Court. But in terms of a separate determination on my part whether this decision is correct or that decision is correct, my review of what other nominees have done is that that is where they draw the line and that is where I have drawn the line.

Senator Feinstein. So workability is clearly one thing. Is another one reliance?

Judge Roberts. Certainly, or as it is often expressed in the Court's opinions, settled expectations. People expect that the law is going to be what the Court has told them the law is going to be. And that's an important consideration.

Senator Feinstein. And in Casey, again, the Court stated, and I quote, "The ability of women to participate equally in the economic and social life of the Nation has been facilitated by their ability to control their reproductive lives," and that this ability to control their reproductive lives was enough of a reliance to sustain Roe, correct?

Judge Roberts. That's what the Court--I think you're reading from the plurality, the joint opinion in the case.

Senator Feinstein. That is correct.

Judge Roberts. Yes.

Senator Feinstein. That is correct. Now, unlike my experience, there are now entire generations of women who know a world only where their reproductive rights are protected. Do you agree with the Court that this reliance is sufficient?

Judge Roberts. Well, again, I think that's asking me whether I think the decision was correct or not on that point. It certainly was the analysis of the joint opinion in the Court, entitled to respect as precedent like any other decision of the Court under principles of stare decisis. And that would certainly be where I would begin if any of these issues come before the Court if I were to be confirmed. I would begin with the precedent that the Court has laid out in this area.

Senator Feinstein. One other questions on Casey, and I would like to quote from something that Justice Ginsburg said in the transcript in her confirmation hearing in a discussion with then-Senator Brown. "The Casey majority understood that marriage and family life is not always what we might wish them to be. There are women whose physical safety, even their lives, would be endangered if the law required them to notify their partner, and Casey, which in other respects has been greeted in some quarters with

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great distress, answered a significant question, one left open in Roe. Casey held a State could not require notification to the husband." Do you agree?

Judge Roberts. That is what Casey held, yes, and that, as I said before, the precedent of the Court, like any other precedent of the Court, is entitled to respect under principles of stare decisis.

Senator Feinstein. Thank you. One other reading from Justice Ginsburg's testimony. "Abortion prohibition by the State, however, controls women and denies them full autonomy and full equality with men. That was the idea I tried to express in the lecture to which you referred. The two strands, equality and autonomy, both figure in the full portrayal." Do you agree or disagree?

Judge Roberts. Well, I think Justice--then Judge Ginsburg felt at greater liberty to discuss that precisely for the reason you noted, that she'd given a lecture on the subject. Those are issues that come up again and again before the Court. Consistent with what I understand the approach to have been of other nominees, I don't think I should express a view on that.

Senator Feinstein. It has been reported that during your meeting with Senator Wyden, while discussing end-of-life issues, you cited the dissent of Justice Brandeis in Olmstead. I would like to quote from it. "The makers of our Constitution undertook to secure conditions favorable to the pursuit of happiness. They recognized the significance of man's spiritual nature, of his feelings, and of his intellect. They knew that only a part of the pain, pleasure, and satisfactions of life are to be found in material things. They sought to protect Americans in their beliefs, their thoughts, their emotions, and their sensations. They conferred as against the government the right to be left alone, the most comprehensive of rights and the right most valued by civilized men. To protect that right, every unjustifiable intrusion by the government upon the privacy of the individual, whatever the means employed, must be deemed a violation of the Fourth Amendment."

Do you agree with Justice Brandeis?

Judge Roberts. I agree with his expression that it's a basic right to be left alone and I think that animating principle is a very important one. With regard to particular restrictions he was talking about, wiretapping, or I forget how the interception actually at issue there, I don't think it's appropriate to comment on.

But as a general statement of the principle, and again, it reflects just the basic understanding that it's a free country and the right to be left alone is one of our basic rights. I do agree with that.

Senator Feinstein. I do think the implication of what you said to Senator Wyden, and I have discussed this with him, was that one has the right to make their end-of-life decision.

Judge Roberts. Well, that's an issue that is before the Court in particular cases and I can't comment on a case that's coming before the Court. If I am confirmed, I would have to confront that case with an open mind in light of the arguments presented, in light of the precedents of the Court, and the litigants in those cases are entitled to have judges that haven't expressed views on that particular case.

Senator Feinstein. Well, let me ask you this question, then. In an interview on PBS after the Court ruled in Washington v. Glucksberg, a case involving a State statute

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that banned assisted suicide, you said, "I think it's important not to have too narrow a view of protecting personal rights." What did you mean by that?

Judge Roberts. Well, I went on to explain that the right--any time there's an assertion of a right, there's quite often an assertion of a contrary right. I think it was similar to a point Senator Kyl was making earlier, that, for example, if you're asserting a right against government regulation, then the right of the people to regulate through their elected representatives that's being struck down, that right is being restricted.

So it's usually not--it's often not, we could view that as a right on one side and there's nothing on the other side. But there's often an assertion of a right on the other side. And what the courts have to do is make sure they provide a level playing field in which people disputing the impact of the Constitution, on whose right prevails, have judges who will decide that case according to the rule of law, and not according to whether they think one right should prevail or another.

Senator Feinstein. But do you believe then that the Federal Court should become involved in end-of-life decisions?

Judge Roberts. Well, Senator, that is exactly one of the questions that's before the Court, and I can't answer that in the abstract. I have to answer that on the basis of the parties' arguments, on the basis of the record in the case, on the basis of the precedents. An abstract opinion that would prejudge that case would be inappropriate for a nominee to express.

Senator Feinstein. Let me ask it another way. Do you believe that the Court should have a limited role in that situation?

Judge Roberts. I think courts have a limited role in general, and that is that they only interpret the law, they don't make the law, they don't shape the policy. Now, the application of that basic principle, which is very important to me, in a particular case is obviously something that hospital to wait for the litigation of that case, the arguments in that case, the arguments of the lawyers about whether it's consistent with the precedents or inconsistent with the precedents, but the basic principle, the courts should not be shaping public policy--that's for the legislators--is a fundamental principle with which I agree.

Senator Sessions. … You know, Senator Specter came right out of the chute asking you about stare decisis and Roe and other related type matters, and that is an important question. As I understand it, you committed to Senator Specter that you would bring no hidden agendas to this matter, that you would consider any case that came up under Roe or any other case that might impact stare decisis, and that you would apply a reasonable, professional analysis to that, drawing on the history of courts and their opinions in dealing with these cases, and would try to make a fair and honest and objective decision. Is that what I understood you to say?

Judge Roberts. That's what I understood my testimony to be, yes, Senator.

Senator Sessions. And you are not saying one way or the other how you would rule on Roe or some of the other cases that have been--

Judge Roberts. No. I feel that it would be very inappropriate for me as a nominee to tell how I would rule on a particular case that might come before the Court.

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Senator Sessions. Well, I would like to know how you would rule on a lot of those cases, too, but I didn't ask you when you came and talked with me, and I don't think it is appropriate. I don't think those of us who are politically conservative ought to look to the courts to promote our conservative agenda through the manipulation of interpreting words of the Constitution or statutes. I don't think liberals have a right to ask the Court to promote their agenda by twisting the plain meaning of words to accomplish an agenda.

What we need is what you said, an umpire, fair and objective, that calls it like they see it based on the discrete case that comes before the judge. And I think that is most important.

I would just say I don't know the answer to those questions legally, how it will all come out, but I would just offer that polling data continues to show that young people and numbers in general are showing that the people are more hostile to abortion than they used to be. Perhaps it is seeing the sonograms and those kind of things. Seventy-five percent, according to a Harris survey, said that they didn't think an abortion was proper in the second trimester; 85 percent said they didn't think it was proper in the last trimester.

I just saw an interesting article by Mr. Benjamin Wittes. He writes for the Washington Post. He declares he is pro-choice, and he says, "Let go of Roe." And he goes into an analysis of it. He said, "I am not necessarily thinking Roe ought to legally be overturned, but if it does die, I won't attend its funeral, nor would I lift a finger to prevent a conservative President from nominating a Justice who might bury it once and for all." This was in Atlantic Monthly, January of this year. And he goes on to say, "Roe puts liberals in the position of defending a lousy opinion. It disenfranchised millions of conservatives on an issue about which they care deeply, while freeing those conservatives from any obligation to articulate a responsible policy that might command majority support." And he goes on, as have others, to say this: "The right to an abortion remains a highly debatable position, both jurisprudentially and morally." And he also noted that, "In the years since the decision, an enormous body of academic literature has tried to put the right to an abortion on firmer legal ground, but thousands of pages of scholarship notwithstanding, the right to abortion remains a constitutionally shaky proposition. Abortion policy is a question that the Constitution, even broadly construed, cannot convincingly be read to resolve."

So that is one opinion. I am just saying you will have to deal with this, and I just don't think that we ought to take the view that that matter is open and shut, and I hope that you--we will take you at your word that your mind is open and you will evaluate the matter fairly according to the high standards of justice that you can bring to bear to that issue, and any others like it that come up. Will you give us that commitment?

Judge Roberts. Absolutely, Senator. I would confront issues in this area as any other area, with an open mind, in light of the arguments, in light of the record, after careful consideration of the views of my colleagues on the bench. And I would confront these questions just as I would any others that come before the Court.

Senator Schumer. . . . On these first two, you have given answers that I think show that you want to protect those rights, and I just want to repeat them and just make sure that you are on the record for the. To Senator Biden, he asked, "Do you agree there is a right to privacy to be found in the Liberty Clause of the 14th Amendment?" And you

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responded, "I do, Senator. Liberty is not limited to freedom from physical restraint. It does cover areas, as you said, such as privacy, and it's not protected only in procedural terms, but it's protected substantively as well." That accurately states your view.

Judge Roberts. Yes.

Senator Schumer. And on the Griswold case and the right to privacy there, you said in reference to Senator Kohl's question, "I agree with the Griswold Court's conclusion that marital privacy extends to contraception and availability of that. The Court since Griswold has grounded the privacy right discussed in that case in the liberty interest protected under the Due Process Clause." That is your accurate view.

Judge Roberts. Yes.

Senator Schumer. Okay. Just one question. I know this could take the rest of our time, but if you could answer it succinctly, just tell me how--I am interested in how you will divine what that right to privacy means. I mean, this is going to be an issue in the 21st century that is before us in many, many different ways, and there are no words in the Constitution.

Judge Roberts. Well, the Court, for example, I think most recently in the Glucksberg case, talked about the necessity of considering our Nation's history, traditions, and practices. As Justice Harlan always explained in his opinions, you need to do that with an appropriate sensitivity to the limitations on the judicial role. Again, you need to recognize that it is not your job to make policy, either under the Constitution or under the statutes. You are interpreting the Constitution. And the appropriate judicial role focuses on those considerations, tradition and history and practice, as developed in the Court's precedents. And that's where I would start.

In any case where the issue came up as to whether or not a particular issue was presented under the Due Process Clause, you begin with the precedents. You analyze them under principles of stare decisis, the precedents in this area, just like precedents in any other area, and analyze them in light of those different factors.

All the Justices recognize that in this area they are--you need to be especially careful about the source of the content that you're giving to the right at issue, because it is an area in which the danger of judges going beyond their appropriately limited authority is presented because of the nature of the sources of authority. You're not construing the text narrowly. You're not looking at a particular statute with legislative history.

All of the Justices recognize that it presents particular challenges.

Senator Brownback. [observes at outset of questioning that abortion should be left to political system, not judicial system, then subsequently returns to topic of abortion:] I want to take you to the now probably most contentious social issues of our day, and you have been debating and discussing it a great deal here already, the issue of abortion. . . . [elaborating on contentiousness]

The very root of the issue is the legal status of the unborn child. This is an old debate, and whether that child is a person or is a piece of property, is the root of that debate. . . . I believe everyone agrees that the unborn child is alive, and most agree that biologically it is a life, it is a separate genetic entity. But many will dispute whether it is a person. These may be legal definitions, but that is the way people would define it.

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Could you state your view as to whether the unborn child is a person or is a piece of property?

Judge Roberts. Well, Senator, because cases are going to come up in this area, and that could be the focus of legal argument in those cases, I don't think it would be appropriate for me to comment on that one way or another.

I will confront issues in this area as I would confront issues in any area that come before the Court, and that would be to fully and fairly consider the arguments presented and decide them according to the rule of law. And I don't think it would be appropriate for me to express views in an area that could come before the Court.

Senator Brownback. I would hope that you would agree with me that this is at the core of the issue, obviously the competition between the woman's right to choose and the legal status of the unborn, and it permeates so much of our debate, and that is why a lot of us believe it should be within the political system to discuss.

[discusses Plessy and Brown, observing that Roe is like Plessy and thus should not be given super stare decisis effect; holds up chart showing missed opportunities for overturning Plessy; discusses hearings he held on facts of Roe and Doe v. Bolton; tells anecdote about Jimmy, a Senate elevator operator w/ disability]

. . . 80 to 90 percent of the kids in this country like Jimmy never get here [b/c they are aborted]. . . . I would just ask you, Judge Roberts, to consider, and probably you can't answer here today, whether the individuals with disabilities have the same constitutional rights that you and I share while they are in the womb.

Judge Roberts. Well, Senator, I appreciate your thoughts on the subject very much. I do think, though, since those precise questions could come before the Court that that is in the area that I have to refrain from answering.

Senator Coburn. Let me go to another area. As I mentioned in my opening statement, I am a practicing physician, kind of an old-time GP. I have delivered 4,000 babies. I take care of people at the end of life, at the beginning of life. In all 50 States, death is recognized and defined as the irreversible cessation of the brain and heart activity. Do you have any reason to dispute that?

Judge Roberts. I don't know the medical terms or definitions, but no. I mean, if that's the law in the States--that's not to say that it has any particular legal significance in cases--

Senator Coburn. Right. I am not asking you about legal significance. Would you agree that the opposite of being dead is being alive?

Judge Roberts. Yes. Again--

[Laughter.]

Judge Roberts. I don't mean to be overly cautious in answering--

Senator Coburn. You know I am going somewhere.

[Laughter.]

Senator Coburn. One of the problems I have is coming up with just the common sense and logic that if brain waves and heartbeat signifies life, the absence of them signifies death, then the presence of them certainly signifies life. And to say otherwise logically is schizophrenic, and that is how I view a lot of the decisions that have come from the Supreme Court on the issue of abortion.

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I won't press you on this issue. I know you can't. But for the listeners of this hearing, if, in fact, life is the presence of a heartbeat and brain waves, it is important for everybody in the country to know that at 16 days post-conception, a heartbeat is present, and that at 41 days, right now, we can assure ourselves that brain activity and brain waves are present. And as the technology improves, we are going to see that come earlier and earlier.

I make that point because so many of the decisions of the Supreme Court have been made in a vacuum of the scientific knowledge of what life is, when personhood is, when it begins, when it doesn't, when it exists, when it doesn't, and it belies the scientific facts and medical facts that are out there today, and so that was for your information and my ability to put forth a philosophy that I believe would solve a lot of the controversy in this country.

Chairman Specter. . . . Let me refer you to a statement by Chief Justice Rehnquist in dissent in the Casey case, which surprises me. I ask you whether you agree with this. He said, "A woman's interest in having an abortion is a form of liberty protected by the Due Process Clause." Do you agree with that?

Judge Roberts. Well, that does get into an area where cases are coming up. The Chief in that position was referencing of course the holding in Roe v. Wade, and that was what the issue was in Casey. But I don't think I should opine on the correctness or incorrectness of particular views in areas that are likely to come before the Court.

Senator Biden. All right. Great. I would like to follow up on yesterday. I asked you if you agreed there was a right of privacy to be found in the Liberty Clause of the 14th Amendment and you said, and I quote, "I do, Senator. I think that the Court's expression, and I think if my reading of the press is correct, I think every Justice on the Court believes that to some extent or another." Is that correct?

Judge Roberts. Yes.

Senator Biden. Now, one of the things that has been amazing--you are one of the best witnesses that I think has come before this committee, and I have been here 30-some years--is that you have convinced the folks who share Senator Brownback's view that you are going to be just right for them, and you have convinced the folks that share Senator Kennedy's view that you are going to be just right for them. And I think I would like to plumb a little bit more closely this notion of how you view this right of privacy.

Now, if you take a look at Justice Scalia's comment about that right to privacy found in the 14th Amendment as it related to the Casey case, he said the issue is whether abortion is liberty protected by the Constitution of the United States. I am sure it is not because of two simple facts. The Constitution says absolutely nothing about it and the longstanding traditions, et cetera.

Then on that same case, the quote coming from--I have got to make sure I get the right Justice here--from O'Connor, Kennedy, and Souter dissent, they said the liberty of a woman is at stake in a sense unique to the human condition and so unique to the law. The mother who carries a child to full-term is subject to anxieties and physical constraints, the pain that only she must bear. Her suffering is too intimate and personal

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for the state to insist without more upon its own version of the woman's role. Two fundamentally different views of the right to privacy as it relates to that issue.

In Cruzan, the case relating to whether or not fully competent adults have the right to refuse unwanted medical treatment, Justice Scalia said in his opinion that, quote, "that the Federal court have no business in this field, that American law has always accorded the State the power to prevent, by force if necessary, suicide, including suicide by refusing appropriate measures necessary to preserve one's life."

Justice Kennedy in the same case, as you well--I know you know all this, but I just want to try to get a sense where you are. He said, liberty presumes an autonomy of self that includes freedom of thought, freedom of expression, belief. Let me rephrase that, restate it. Liberty presumes an autonomy of self that includes freedom of thought, belief, expression, and certain intimate conduct. The instant case involves liberty of a person both in its spatial and in its tangential dimensions. Obviously, fundamentally different.

And then the same goes when O'Connor says, "I agree that to protect a liberty interest in refusing unwanted medical treatment may be inferred from our prior decisions and that refusal of artificially delivered food or water is encompassed within the liberty interest."

So the point I am making is obvious, that there are very, very, very disparate views. Can you tell me what side you come down closer on?

Judge Roberts. Well, Senator, first of all--

Senator Biden. I am not asking you to comment on any case.

Judge Roberts. Well, I can say that it is my view that all of the Justices--I think if a case like the Glucksberg case in which a majority subscribe to the view, there is an appropriate mode of analysis to determine the content of the Liberty Clause and it does include protection beyond physical restraint and that that protection applies in a substantive manner.

Now, there are legal theorists, there are judges and jurists who do not agree with that, who do not agree that there is a right of privacy protected under the Due Process Clause, who do not agree that the liberty protected extends beyond freedom from physical restraint. Their view is that it means you cannot be basically imprisoned or arrested without due process and that means only that you get some type of procedural protection.

That is not my understanding of where the Justices on the Supreme Court are and it's not my understanding. I believe that the liberty protected by the Due Process Clause is not limited to freedom from physical restraint, that it includes certain other protections, including the right to privacy. As you know, the Court has tried to map out in a series of cases that go back to Meyer v. Nebraska and Pierce and all that and in various instances as the claims have arisen, and that it's protected not simply from procedural depravation. That is--

Senator Biden. If I may interrupt, that is not the question I asked you. Thank you for that lesson, and I understand what you are saying. I am asking you a specific question.

Judge Roberts. Well, and--

Senator Biden. Do you side more within that context with the views of Scalia and Thomas, which say that consenting adults do not have, if they are both male or female, do

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not have the right to engage in sexual conduct, the State can determine that--let me put it another way.

My family faced, I am sure many people in this audience's families faced a difficult decision of deciding when to no longer continue the application of artificial apparatus to keep your father or mother or husband or wife or son or daughter alive. It is a great moment to the American public. There is a view expressed by Justice Scalia that there is no right that is absolute on the part--or no fundamental right that exists for a family member, assuming the person is not capable of making the decision themselves, to make that judgment. He says, and I am speaking in layman's terms, he says the State legislature can make that decision.

I firmly believe, unless there is some evidence that the family is incompetent, the husband or the wife, with the advice of the doctor, should be able to make that decision. What do you think?

Judge Roberts. Well, Senator, that does get into an area that is coming before the Court. There is a case pending on the docket right now that raises the question of whether or not State legislatures have a prerogative to lay down rules on certain end-of-life issues--

Senator Biden. It is suicide, isn't it, Judge?

Judge Roberts. Well, in that case, it's the application of the Federal Controlled Substance law.

Senator Biden. Right.

Judge Roberts. The issue of illness in those cases do come before the Court. The Glucksberg case raised similar question. The Cruzan case that you mentioned, presented it in a very difficult context of an incompetent individual, no longer able to make a decision, and the question of how the State law should apply in that situation. Those cases do come before the Court.

Senator Biden. Do you think the State--just talk to me as a father. Do not talk to me--just tell me, just philosophically, what do you think? Do you think--not what the Constitution says. What do you feel? Do you feel personally, if you are willing to share with us, that the decision of whether or not to remove a feeding tube after a family member is no longer capable of making a judgment, they are comatose, to prolong that life should be one that the legislators in Dover, Delaware should make or my mother should make?

Judge Roberts. No, I'm not going to consider issues like that in the context as a father or a husband or anything else.

Senator Biden. Well, you did--

Judge Roberts. I think--

Senator Biden. Sorry.

Judge Roberts. I think, obviously, putting aside any of those considerations, these issues are the most difficult we face as people, and they are profoundly affected by views of individuality and moral views, and deeply personal views. That's obviously true as a general matter. But at the same time, the position of a judge is not to incorporate his or her personal views in deciding issues of this sort. If you're interpreting a particular statute that governs in this area, your job as a judge is to interpret and apply that according to the rule of law. If you're addressing claims of a fundamental right under the

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liberty, protected by the Due Process Clause, again, the view of a judge on a personal matter or a personal level is not the guide to the decision, and--

Senator Biden. Right. Well, Judge, let me ask you then, with your permission, about your constitutional view. Do you think the Constitution encompasses a fundamental right for my father to conclude that he does not want to continue, "he" does not want to continue on a life support system?

Judge Roberts. Well, Senator, I can't answer that question in the abstract because--

Senator Biden. It is not abstract, that is real.

Judge Roberts. Well, Senator, as a legal matter it is abstract because the question would be in any particular case, is there a law that applies that governs that decision? What does the law apply--

Senator Biden. That is the question, Judge.

Judge Roberts. Well, no.

Senator Biden. Can any law trump a fundamental right to die? Not to commit suicide, a right to decide "I no longer want to be hooked up to this machine, the only thing that's keeping me alive." "I no longer want to have this feeding tube in my stomach," a decision that I know I have personally made, and many people out here have made, and the idea that a State legislature could say to my mom, "Your father wants the feeding tube removed. He's asked me. The doctors heard it," and the State Legislature's decided that, no, it can't be removed. Are you telling me that is even in play?

Judge Roberts. Well, Senator, what I'm telling you is, as you know, there are cases that come up in exactly that context so that it is in play, and the sense is that there are cases involving disputes between people asserting their rights to terminate life, to remove feeding tubes either on their own behalf or on behalf of others. There is legislation that States have passed in this area that governs that, and there are claims that are raised that the legislation is unconstitutional. Those are issues that come before the Court, and as a result, I will confront those issues in light of the Court's precedents, with an open mind. I will not take to the Court whatever personal views I have on the issues, and I appreciate the sensitivity involved. They won't be based on my personal views. They'll be based on my understanding of the law.

Senator Biden. That is what I want to know about because without any knowledge of your understanding of the law, because you will not share it with us, we are rolling the dice with you, Judge. We are going to face decisions, you are, and the American public is going to face decisions about whether or not, as I said, patents can be issued for the creation of human life. You are going to be faced with decisions about whether or not there is a right to refuse extraordinary medical, heroic medical efforts that you do not want as an individual, and you are fully capable mentally of making that decision. The idea that without a specific fact pattern before you, as keeps getting repeated here, the law is about life, it is about facts. We are not asking you--there is no fact situation before you--about whether or not a person, fully mentally capable about making a decision, chooses to say, "I no longer want this feeding tube in my stomach. Please remove it." And whether or not that is a fundamental constitutional right.

Judge Roberts. Senator, that's asking me for a opinion in the abstract on a question that will come before the Court. And when that question does come before the Court, the litigants before me are entitled to have a Justice deciding their case with an

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open mind, based on the arguments presented, based on the precedents presented. I have told you with respect how I would go about deciding that case. It begins with the recognition that the liberty protected by the Due Process Clause does extend to matters of privacy, that it is not limited to restraints on physical freedom, and that that protection is protected--it extends in a substantive way, and not simply procedurally.

I have also explained the sources that judges look to in determining the content of that privacy protected by the Liberty Clause. They're the ones that have been spelled out in the Court's opinion, the Nation's history, traditions and practices.

And I have explained how judges apply that history, tradition and practices in light of the limited role of a judge to interpret the law and not make the law. The limited role of the judge in light of the prerogatives of the legislature.

Senator Biden. Judge, I understand that. Justice Scalia says the same thing, and draws a very fundamentally different conclusion, and O'Connor. So you have told me nothing, Judge. With all due respect, look, this is--it is kind of interesting, this kabuki dance we have in these hearings here, as if the public does not have a right to know what you think about fundamental issues facing them. There is no more possibility that any one of us here would be elected to the United States Senate without expressing broadly and sometimes specifically to our public what it is we believe. The idea that the Founders sat there and said, "Look, here's what we're going to do. We're going to require the two elected branches to answer questions of the public with no presumption they should have the job as Senator, President or Congressman, but guess what? We're going to have a third coequal branch of Government that gets to be there for life, never, ever, ever again to be able to be asked a question they don't want to answer. And you know what? He doesn't have to tell us anything. It's okay as long as he is"--as you are--"a decent, bright, honorable man. That's all we need to know. That's all we need to know."

Look, I only have 3 minutes and 45 seconds left, and by the way, I would ask permission for the record to introduce the number of questions asked by Senator Hatch and others, very specific questions as to Justice O'Connor with very specific answers on these very questions. I would like to ask for that to be submitted for the record.

Chairman Specter. Without objection, they will be made a part of the record.

Judge Roberts. Senator, could I--

Senator Biden. I still have the floor, and I will yield to you since you can speak after the clock is out and I cannot, okay? I am sure you understand that. And I am sure if I am ever before the Supreme Court, you will give me more time and you will not interrupt me.

[Laughter.]

Senator Biden. Look, here is the point I want to make. I asked--and I am sure you are not going to answer it--I asked Justice Ginsburg a question about footnote 5 in the Michael H. case, and the whole issue there is, as you well know, whether or not you keep talking--it sounds wonderful to the uneducated ear, the non-lawyer's ear--that I am going to look at history and tradition. You and I both know how you determine history and tradition determines outcomes.

In that case, as you will recall, there was a question of whether or not the natural father--you could prove by a blood test and DNA that he was the natural father--of a child he wanted to see, that happened to be born to a woman who was living with her married husband, so the child was illegitimate. And so in determining whether or not there are

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any visitation rights, there is a famous footnote there. I am going to do this quickly, I have 2 minutes and 7 seconds.

The Court said, Scalia said in footnote 6, "Look, you go back and look at the specific historical precedent, short--have bastards ever been protected in the law." And--then said, "No, no, no, that's not what you go back. You go back and look at fatherhood. Was fatherhood ever something that is part of the traditions and part of the embraced notions of what we hold dear? Is that worthy of protection?"

Now, Scalia said, No, no, no, no, no. I looked up the record. Bastards have never been protected in English common law; therefore, there is nothing going on here. And, by the way, you should never go back, he says, and look at the general proposition has fatherhood achieved a status of consequence. No, it is have bastards achieved.

So, Judge, how do you--I am not asking you about a case. How do you--do you look at the narrowest reading of whether or not such an asserted right has ever been protected, or do you look at it more broadly? What is the methodology you use?

Judge Roberts. I mean, I think you're quite right that that is quite often the critical question in these cases, the degree of generality at which you define what the tradition, the history, and the practice you're looking at. The example, I think, that I've always found it easiest to grasp was Loving v. Virginia. Do you look at the history of miscegenation statutes, or do you look at the history of marriage?

Senator Biden. Thirty-three seconds left. Do you agree with O'Connor then?

Judge Roberts. Well, I get extra time, you said.

Senator Biden. I know. But I don't. I got to get it in now.

[Laughter.]

Chairman Specter. Judge Roberts, when his red light goes on, you will have as much time as you want.

Judge Roberts. Thank you. The point is that, again, the Court has precedents on precisely that question, about how you should phrase the level of generality. And you look at--

Senator Biden. But which precedent do you agree with? There are competing precedents.

Judge Roberts. Well, you do not look at the level of generality that is the issue that's being challenged. So, for example, in Loving v. Virginia, if the challenge is, it seems to me--and this is what the Court's precedents say. If the challenge is to miscegenation statutes, that's not the level of generality because you're going to answer it's completely circular.

Senator Biden. But that is specific, Judge. The generality was the right to marry. That is the generality.

Judge Roberts. Well, that's what I'm saying. The dispute is do you look at it at that level of specificity or broader. And I'm saying you do not look at the narrowest level of generality, which is the statute that's being challenged, because obviously that's completely circular. You are saying there is obviously that statute that's part of the history. So you look at it at a broader level of generality.

Now, the only point I was going to make earlier--because I do think it is an important one. You make the point that we stand for election and we wouldn't be elected if we didn't tell people what we stand for. Judges don't stand for election. I'm not standing for election, and it is contrary to the role of judges in our society to say that this

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judge should go on the bench because these are his or her positions and those are the positions they're going to apply.

Judges go on the bench and they apply and decide cases according to the judicial process, not on the basis of promises made earlier to get elected or promises made earlier to get confirmed. That's inconsistent with the independence and integrity of the Supreme Court.

Senator Biden. No one is asking for a promise.

Chairman Specter. Thank you very much, Senator Biden.

Senator Biden. Thank you. Thank you, Judge.

Judge Roberts. Thank you, Senator.

Senator Feinstein. Thank you very much, Mr. Chairman.

Judge, I subscribe to much of what Senator DeWine said. I want to tell you what I think perhaps a little differently and personally.

Senator Graham last night pointed out that Justice Scalia was confirmed by 98 votes of this body, and I thought then and I think now of how different the days were in 1986. There is so much water under the dam since then. The nation is divided. It is polarized. It is about 50-50. We are at war. Executive authority is very much on people's minds. The law as it relates to war, the Geneva Conventions, Conventions Against Torture, all of these things very much on everyone's minds. We have seen in the last ten years 193 five-to-four decisions of the Court, which suggests that on major questions, the Court is also very divided.

So in comes this young Justice. I was one on our side who voted for you for the D.C. Court. I did so because there were so many testimonials about what a fine lawyer you are, what a fine human being you are. And I voted for you, but there is more in this vote.

Senator DeWine just spoke about the man as opposed to the legal automaton. Yesterday morning, you spoke, I thought eloquently, in answering Senator Specter's questions on Roe. You discussed stare decisis as fully as I have ever heard it discussed. I am not a lawyer. I learned a lot from listening to you. You discussed the right to privacy. You were very full and forward speaking. And then after lunch, it was as if you shut down and became very cautious.

So my first question, did anybody caution you between the morning and the afternoon sessions?

Judge Roberts. No, Senator. No.

Senator Feinstein. Has anyone, when you were being interviewed for this position, ever asked your opinion on Roe?

Judge Roberts. No.

Senator Feinstein. Okay. That is good to know. From 1973 to 2005, 32 years, over three generations of women have come really to feel that finally they have some autonomy over their body. Women are all different. Many of them are very pro-life. Many are pro-choice. People have different religious views, moral views, so it is this big diverse cosmopolitan of women. But the growth has been enormous and the ability of women to succeed, I mean, I went into the workforce at the same time Sandra Day

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O'Connor did with a year's graduate work. The door was closed. It is now open and women are so lucky.

And it seems to me that the living Constitution is that each person in this great country, man or woman, rich or poor, white or black, whatever it might be, can really reach their full potential. And I guess what has begun to concern me a little bit is Judge Roberts, the legal automaton, as opposed to Judge Roberts, the man, because I have heard so many times, "I can't really say because it may come before me," and yet I don't expect you to say what you would do with Roe one way or another.

But I do expect to know a little bit more about how you feel and how you think as a man, because you are a very young man to be Chief Justice. You could be Chief Justice for 40 years. That is a very long time.

And because of the division, and there is also a lot of fear out there where this new Court, now with potentially two new Justices, is going to go, whether you have got the ability to bring that Court together, to end the five-to-four decisions, to see that big decisions are made so that they represent a much greater consensus. I am trying to find out and see, are those qualities really there?

I was interested in a colloquy you had with Senator Biden on the end of life. He used the word--he asked a number of legal questions and then says, okay, just talk to me as a father and tell me. Now, I have been through two end-of-life situations, one with my husband, one with my father, both suffering terrible cancers, a lot of pain, enormous debilitation.

Let me ask this question this way. If you were in that situation with someone you deeply love and you saw the suffering, who would you want to listen to, your doctor or the government telling you what to do? To me, it is that stark because I have been through it.

Judge Roberts. Well, Senator, in that situation, obviously you want to talk and take into account the views and the heartfelt concerns of the loved one that you are trying to help in that situation because you know how they are viewing this. You know what they mean when they are saying things like what their wishes are and their concerns are. And, of course, consulting with their physician.

But it seems to me that in that situation, you do want to understand and make sure that you appreciate the views of the loved one, and only you can do it because--

Senator Feinstein. That wasn't my question.

Judge Roberts. I'm sorry.

Senator Feinstein. I'm trying to see your feelings as a man. I am not asking you for a legal view--

Judge Roberts. Well, I wasn't trying to give a legal view. My point was that, obviously, you look to the views of the person involved, and if it's a loved one, you are the one who is in a position to make sure that you understand their views and can help them communicate those--

Senator Feinstein. How would you feel if you were in that position?

Judge Roberts. An end-of-life situation? You know, I do think it's one of those things that it's hard to conceptualize until you're there. I really would be hesitant to say, this is what I would definitely want done or that is what I would definitely want done. You do need to confront that and appreciate all of the different concerns and impulses and considerations--

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Senator Feinstein. And every situation is different.

Judge Roberts. Yes. It's one of those things, I think it's difficult to put yourself in that position and say, well, with any degree of confidence, if I were suffering and confronting the end of life, this is what I would want to do, or that is what I would want to do. I just--you can theorize it and try to come up with your views or how you would--

Senator Feinstein. That is right. All I am saying is you wouldn't want the government telling you what to do.

Judge Roberts. Well, I'm happy to say that as a general matter--

Senator Feinstein. That there should be a basic right of privacy.

Judge Roberts. Well, that's getting into a legal question and you don't want--

Senator Feinstein. Okay. I won't go there. Let me go somewhere else.

Senator Feinstein. Now, yesterday, you said this. "I agree with the Griswold Court's conclusion that marital privacy extends to contraception and availability of that. The Court since Griswold has grounded the privacy right discussed in that case in the liberty interest protected under the Due Process Clause."

Do you think that right of privacy that you are talking about there extends to single people as well as married people?

Judge Roberts. The courts held that in the Eisenstadt case, which came shortly after Griswold, largely under principles of equal protection, and I don't have any quarrel with that conclusion in Eisenstadt.

Senator Feinstein. Okay. Do you think that that same right extends beyond family choices then about a child's education?

Judge Roberts. Well, that's where it actually got started 80 years ago, in the earliest cases. Meyer and Pierce involved questions about how to raise children, whether you could teach them a foreign language, whether you could send them to a private school. And those decisions are really what started that body of law.

Senator Feinstein. I have another question I could ask, but you won't answer it, unless--

Senator Leahy. Give it a try, Dianne. Go ahead.

[Laughter.]

Senator Feinstein. Does it cover the right of a woman to decide whether to continue her pregnancy?

Judge Roberts. Well, Senator, as I've explained, that is an area--

Senator Feinstein. To come before you and you--right. That message was well conveyed.

Senator Schumer. Thank you, Mr. Chairman, and, Judge Roberts, it is nice to talk to you so early in the day.

Yesterday you stated that you "agree with the Griswold Court's conclusion that marital privacy extends to contraception and availability of that." And you noted that the Court's later decisions have based the constitutional right to privacy on the liberty component of the Due Process Clause of the 14th Amendment.

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Now, Justice Thomas at his confirmation hearing answered in a way very similar to the way you did. During his confirmation hearing, here is what he said: "I believe the approach that Justice Harlan took in Griswold in determining the"--"or assessing the right to privacy was an appropriate way to go."

Now, we all know that Justice Harlan's approach located the right to privacy in the liberty interest of the Due Process Clause of the 14th Amendment. And Justice Thomas also said at his confirmation hearings, along the same lines, that he agreed with the Court decision in Eisenstadt v. Baird where the Court held that single people have the same right to privacy as married people on the issue of procreation.

However, since he has been confirmed onto the Court, Justice Thomas has not applied the right to privacy to key protections. For instance, in Lawrence in 2003, he declared that there is no general right to privacy in the Constitution.

Now, yesterday you said that, "Liberty is not limited to freedom from physical restraint. It does cover areas," as you said, "such as privacy. It's not only protected in procedural terms, but protected substantively as well." You said that you agreed that, "There is a right to privacy to be found in the Liberty Clause of the 14th Amendment." So that seems directly to contradict Justice Thomas' view once he got on the Court, as I outlined, in Lawrence.

I assume that you disagree with Justice Thomas' view that there is no general right to privacy, as he stated in Lawrence.

Judge Roberts. Well, I think that question depends obviously on the modifier and what you mean by "general." I noted in going over the nomination hearings of Justice Breyer, he also said that the privacy interest is within the--is protected as part of the liberty--protected by the Due Process Clause. I think that is the general approach. Now the--

Senator Schumer. Let's talk about Justice Thomas. He said there is no general right of privacy. You seemed to say yesterday--you didn't seem to say. You said that there was a right to privacy. Let's forget that Justice Thomas said it. You would disagree that there is no general right to privacy in the Constitution.

Judge Roberts. Well, I wouldn't use the phrase "general" because I don't know what that means. I don't know if by saying "general" they are trying to describe the particular scope to the right to privacy or not. I think there is a right to privacy protected as part of the liberty guarantee in the Due Process Clause.

Senator Schumer. A substantive right to privacy.

Judge Roberts. Protected substantively, yes.

Senator Schumer. Is it your reading of Justice Thomas' case in Lawrence that he does not believe in that?

Judge Roberts. No. I think his statement obviously focuses on general, and his conclusion in that case was that the right to privacy protected under the Due Process Clause that you noted he acknowledged at his hearings did not extend to include the activity at issue in Lawrence.

Senator Schumer. Well, this is obviously very important because Justice Thomas seemed to be more full in his view of privacy at his confirmation hearing than later when he was on the Court, at least if you read his decisions. And you are not willing to say that your view is different than the view Justice Thomas stated in Lawrence.

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Judge Roberts. I'm not willing to state a particular view on the Lawrence decision, and that's consistent with the approach that I've taken.

Senator Schumer. Let me ask you a broader question. Do you disagree with Justice Thomas' interpretation of the right to privacy in any decided case?

Judge Roberts. Well, Senator, I'm not going to comment on whether I think particular cases were correctly decided or not in areas--

Senator Schumer. I didn't ask that.

Judge Roberts. Well, I don't know which cases you're talking about.

Senator Schumer. Any. Any one you want.

Judge Roberts. Well, that would be commenting on whether that decision was correctly decided or not. If I'm agreeing or disagreeing with one of the Justices' views in that case, that would be commenting on whether that view was correct or not. If it was in a dissent, it would be disagreeing; if it was in the majority, it would be agreeing. And because those are in areas that could come before the Court, like every other nominee to come before this Committee who is on the Court today, I think it's inappropriate to comment on the correctness or incorrectness of those decisions in areas that could come before the Court.

Senator Schumer. So you are not--you do not have to answer this. It is obvious you will not state where you disagree with Justice Thomas, and it could well be that what he said at his hearing and you said at your hearing might lead to--might lead you to rule in the same way on privacy?

Judge Roberts. Well, again, my view on privacy is as I've expressed, that there is a right to privacy, protected as part of the liberty under the Due Process Clause.

Senator Schumer. Would you say there is a general right to privacy?

Judge Roberts. I don't know what "general" means.

Senator Schumer. Substantive right to privacy.

Judge Roberts. Well, substantive, yes, I have said that, that the protection extends to substantive protection. But when you say general, I don't know what that means. I don't know if that means--

Senator Schumer. Didn't Justice--excuse me. Didn't Justice Thomas disagree with the substantive right to privacy in Lawrence?

Judge Roberts. His conclusion was that the liberty protected by the Due Process Clause did not extend to that right, yes.

Senator Schumer. Thank you. So it would seem to me you disagree with him. I think you just said it without saying it.

Judge Roberts. No, Senator, you're asking me whether the right to privacy protected under the Liberty Clause extends to a particular right, the right at issue in Lawrence.

Senator Schumer. I think what I am asking you, is there a substantive right to privacy? I didn't apply it to a particular case.

Judge Roberts. I have said there is a substantive right to privacy.

Senator Schumer. And in Lawrence, Justice Thomas seemed to say there is no substantive right to privacy.

Judge Roberts. No. As I understand it--and, again, his testimony as a nominee was that there was. What he said is--the quote you read in Lawrence said there's no general right to privacy. Now, I don't know--

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Senator Schumer. But his holding was that there was no substantive right to privacy under the Liberty Clause, wasn't it? Wasn't that the whole thrust of his argument?

Judge Roberts. No, I think, Senator, that his conclusion in Lawrence was that whatever right there was, it did not extend to the activity that was at issue in Lawrence.

Senator Schumer. The bottom line is you are unwilling to differentiate yourself from Justice Thomas' view in Lawrence.

Judge Roberts. Well, it's consistent with the approach I've taken, that I don't think it's appropriate to protect--as necessary to protect the independence and integrity of the Court to comment on whether that decision was correctly decided or not. And that is consistent with the approach that every member of the Court has taken--

Senator Schumer. I just didn't ask you that. I asked you if you would--I asked you if you disagreed with his particular holding, and--but let me ask you a few other questions here, because I think you are cutting back a little on what you said yesterday, at least if you look at the whole picture here and your unwillingness to disagree with Justice Thomas.

[extensive exchange re when/why nominees answer particular questions]

Senator Durbin. . . . Let me ask you one other question. Senators Coburn and Brownback have, I think, sincerely and accurately expressed their views on the issue of abortion. I think they have been very articulate in saying so. Many would argue that it is one of the most divisive legal and political issues we faced in our generation. I would like to ask you this question. Why do you think this issue is so important to so many women in America, the whole question of Roe v. Wade, the question of reproductive freedom, and the question of freedom of choice? Why do you think it is so important?

Judge Roberts. Well, I think it's important, and again, to women on both sides of the issue and also, I think, to men as well, but obviously it's an issue that directly affects women. It's a fundamental question, as the Court has addressed in Roe and in Casey, that obviously affects the lives directly of millions of Americans, and the availability of rights under that decision affects women. But I know there are people of strongly held views on both sides of the issue. And I know that the responsibility of a judge confronting this issue is to decide the case according to the rule of law consistent with the precedents, not to take sides in a dispute as a matter of policy, but to decide it according to the law.

And to the extent that your questions earlier about, you know, causes we agree with, causes we don't agree with, I do want to emphasize that there is a unifying theme in my approach, both as a lawyer and as a judge. And that is the cause that I believe in passionately, the one to which I have devoted my professional career, is the vindication of the rule of law. And I tried to explain in my opening statement on Monday why that's important. Because without it, any other rights that you may agree with as a matter of policy are meaningless. You need to have courts that will enforce the rule of law if you're going to have rights that mean anything.

Senator Brownback. . . . I want to get you--in the limited time I have left--just two quick points. One is on the end-of-life issues. You have had a discussion with

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several members on end-of-life issues. This was discussed, for instances, Washington v. Glucksburg as the lead recent case, 1997 case, upheld a State statute banning assisted suicide.

Would you agree that that case held that there is not a constitutional right to die, a right to die does not exist in the Constitution?

Judge Roberts. I think that's an accurate conclusion of the holding in that case. Again, without expressing views on correctness or not, since that's where the line has been drawn in terms of what nominees can say, my understanding is that that court rejected the conclusion. It went through the analysis of what liberty interest protected by the Due Process Clause included, and it concluded that there wasn't a right under the Liberty Clause that trumped the regulation that was at issue in that case.

Senator Brownback. I believe even the standard that the Court held in this case was the rationally related standard, the lowest level of review, that the State can find a rational basis, they can limit these assisted suicide bans, efforts across the country.

Judge Roberts. Once the Court concluded that there wasn't a fundamental right that was in conflict with the State regulation, then the Court applied the rational relation test to uphold the State law.

Senator Brownback. And you have--that would be subject to, in your opinion, the continued status of stare decisis as an opinion of the Court, and the deference and the dependency that the society has had on that ruling, would have the same status as any opinion of the us Supreme Court on the basis of stare decisis in your opinion?

Judge Roberts. It would be subject to the same analysis as any other precedent of the Court, yes.

Senator Brownback. Regardless whether it is a recent opinion, later opinion, this has the same standing because it is an opinion of the Court's?

Judge Roberts. Some of the Court's cases talk about how long an opinion has been standing. Some of the Court's cases say that is less of a factor, but it is a decision of the Court, a precedent on that issue. Any question of revisiting it would have to be consistent with the principles of stare decisis, and we have talked about those principles and how they apply.

Senator Brownback. Yes. I wanted to make clear that it doesn't matter the length of time the opinion has set, the number of times it has been revisited, stare decisis is a basic principle that applies to any opinion previously held by the Court.

Judge Roberts. Yes.

Senator Brownback. I would note this is an opinion put forward, as you get from a lot of us, that these are issues that are very difficult, and they are ones that are actually quite well suited for the legislative process to discuss because you have different views of life. Is life sacred, per se, or is it subject to some sort of objective review? It is a very difficult issue here in this body and across the country, and it is one that has a lot of emotion, and it is a very important issue for the society really itself to talk through, and through a lot of discussions we have.

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Second Amendment

Senator Feingold. Let us go to something else then. I would like to hear your views about the Sec ond Amendment, the right to bear arms. This is an amendment where there is a real shortage of jurisprudence. You mentioned the Third Amendment, where there is even less jurisprudence, but the Second Amendment is close. So I think you can maybe help us understand your approach to interpreting the Constitution by saying a bit about it.

The Second Amendment raises interesting questions about a constitutional interpretation. I read the Second Amendment as providing an individual right to keep and bear arms as opposed to only a collective right. Individual Americans have a constitutional right to own and use guns, and there are a number of actions that legislatures should not take in my view to restrict gun ownership. The modern Supreme Court has only heard one case interpreting the Second Amendment. That case is U.S. v. Miller. It was heard in 1939. The Court indicated that it saw the right to bear arms as a collective right. In a second case, in U.S. v. Emerson, the Court denied cert and let stand a lower court opinion that upheld a statute banning gun possession by individuals subject to a restraining order against a Second Amendment challenge. The Appeals Court viewed the right to bear arms as an individual right. The Supreme Court declined to review the Appeals Court decision.

So what is your view of the Second Amendment? Do you support one of the other of the views of what was intended by that amendment?

Judge Roberts. Well, I mean you're quite right that there is a dispute among the Circuit Courts. It's really a conflict among the Circuits. The Fifth Circuit--I think it was in the Emerson case if I'm remembering it correctly--agreed that--with what I understand to be your view, that this protects an individual right. But they went on to say that the right was not infringed in that case. They upheld the regulation there.

The Ninth Circuit has taken a different view. I don't remember the name of the case now, but a very recent case from the Ninth Circuit has taken the opposite view that it protects only a collective right, as they said. In other words, it's only the right of a militia to possess and not an individual right.

Particularly since you have this conflict, cert was denied in the Emerson case, I'm not sure it's been sought in the other one or will be, that's the sort of issue that's likely to come before the Supreme Court when you have conflicting views. I know the Miller case side-stepped that issue. An argument was made back in 1939 that this provides only a collective right, and the Court didn't address that. They said instead that the firearm at issue there--I think it was a sawed-off shotgun--is not the type of weapon protected under the militia aspect of the Second Amendment.

So people try to read into the tea leaves about Miller and what would come out on this issue, but that's still very much an open issue.

Senator Feingold. I understand that a case could come before you. I am wondering if you would anticipate that in such a case that a serious question would be, which interpretation is correct?

Judge Roberts. Anytime you have two different Courts of Appeals taking opposite positions, I think you have to regard that as a serious question. That's not expressing a view one way or the other. It's just saying, I know the Ninth Circuit thinks

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it's only a collective right; I know the Fifth Circuit thinks it's an individual right; and I know the job of the Supreme Court is to resolve Circuit conflicts, so I do think that issue is one that's likely to come before the Court.

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Separation of Powers – Congress and the Executive (including executive authority relating to war on terror and torture)

Senator Leahy. . . . No one doubts you have had a very impressive legal career thus far, and now you have been nominated to be Chief Justice of the United States, but I have concerns as I go back over your career. We have had some discussions about this already, about some of the themes, and in your career some of the goals you sought to achieve using what is permittable skill.

My first area of concern involves a fundamental question of constitutional philosophy, the separation of powers. The last thing our Founding Fathers wanted was to be ruled by a king with absolute power, and the next to the last thing they wanted was to be ruled by a temporary king with absolute powers for four years. So we have got the political system we talked about a great deal yesterday of checks and balances. Each of the three branches of Government constrains the other when they overreach. Americans have relied on this for our fundamental guarantees of freedom and democracy and open Government. And all of us that serve, whether in the Executive Branch, the Judiciary as you do, the Legislative as we do, take an oath to uphold, a very solemn oath to uphold the Constitution.

But there have been times throughout our history where in the separation of powers has been strained to its limits by Presidents claiming power way beyond, what was actually almost imperial powers. So let us focus this now a little bit more on presidential power. Let us go to the President's power as Commander-in-Chief of the Armed Forces. Certainly he has that power under the Constitution.

I went back to a time when you were a lawyer in the Reagan White House. You objected to a bill that would give certain preference to veterans who had served in Lebanon between August 20th, 1982 and "the date the operation ends." The date would be as either set by presidential proclamation or a concurrent resolution of Congress. And you wrote that the difficulty with such a bill is that it recognizes a role for Congress in terminating the Lebanon operation. And you wrote further, "I do not think we would want to concede any definite role for Congress in terminating the Lebanon operation even by joint resolution presented to the President." And then you explained even parenthetically, that even if the President vetoed such a joint resolution, of course the Congress could override it by a two-thirds majority.

I find that troubling. I will tell you why. Before I read your memo I thought everybody agreed there would be only one answer to the question of whether Congress could stop a war. Your memo suggested Congress is powerless to stop a President who is going to conduct an unauthorized war. I really find that extremely hard to follow, and I imagine most Americans would. I will give you a hypothetical. Congress passes a law for all U.S. forces be withdrawn for the territory of a foreign nation by a said date. The President vetoes the law. The Congress overrides that, and sets into law, you must withdraw by a certain date. Now, is there any question in your mind that the President would be bound to faithfully execute that law?

Judge Roberts. Well, Senator, I don't want to answer a particular hypothetical that could come before the Court, but I'm happy to comment on the memorandum that you're discussing.

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Senator Leahy. No, wait a minute. I mean is this not kind of hornbook law if the--I do not if there would be any cases coming before the Court. I mean this is kind of hornbook. The Congress says to the President, you have to get out, and passes a law which is either signed into law by the President or overridden--or you override a presidential veto. Why would the President not have to--charged as he is under the Constitution to faithfully execute the law, why would he not have to follow that law?

Judge Roberts. Well, Senator, that issue and similar issues have in fact come up. There were, for example, lawsuits concerning the legality of the war in Vietnam, various efforts, and certainly the arguments would be made on the other side about the President's authority, and that may well come before the Court.

Senator Leahy. Judge, with all due respect, the cases in Vietnam were not based on a specific law passed by Congress to get out. I mean Congress did cut off the funding.

Judge Roberts. Right.

Senator Leahy. In April 1975 by a one-vote margin I the Armed Services Committee. I know because I was the newest member of the Committee at that time, voted to not authorize the war any longer. Are you saying that Congress could not pass a law that we must withdraw forces?

Judge Roberts. No, Senator, I'm not. What I'm saying is that that issue or issues related to that could well come before the Court, and that's why I have to resist answering your particular hypothetical question.

The memo you refer to, I was working in the White House Counsel's Office then. The White House Counsel's office is charged to be vigilant to protect the Executive's authority. Just as you have lawyers here in the Senate and the House has lawyers who are experts and charged with being vigilant to protect the prerogatives of the Legislative Branch. I believe very strongly in the separation of powers. That was a very important principle that the Framers set forth that is very protective of our individual liberty. It makes sure the Legislative Branch legislates, the Executive executes, and the Judicial Branch decides the law.

And it makes--it was part of the Framers' vision that each of the branches would be to a certain extent jealous of what they regarded as their prerogatives, and to the extent there is a dispute between the Legislative Branch and the Executive Branch, it's the job, of course, of the Judicial Branch to resolve that dispute.

Senator Leahy. But your position in this memo, and President Reagan's office, seem to indicate that Congress does not have an ability to end hostilities.

Judge Roberts. With respect, Senator, you're vastly over-reading the memorandum. It concerned--

Senator Leahy. Tell me why.

Judge Roberts. Well, because it had noting to do with terminating hostilities. It had to do with the eligibility for certain pension benefits, and the question then was whether or not--who should be determining when the hostilities ceased or should cease--and there again, a lawyer for the Executive Branch, not a judge who would be considering the issue in an entirely different light, but a lawyer for the Executive Branch--a careful lawyer would say there may be a problem there. Are we conceding anything by saying the legislature gets to determine when the hostilities end?

Senator Leahy. I do not think it is over-reading it at all, as you suggest, to say when you write, "I do not think we would want to concede any definitive role for

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Congress in terminating the Lebanon operation even by joint resolution presented to the President."

Judge Roberts. Well, with respect, Senator--

Senator Leahy. You are saying you do not want to concede any ability to the Congress to stop a war.

Judge Roberts. With respect, Senator, the memorandum is about legislation for--if I'm remembering it correctly, it was 20 some years ago--pension benefits or certain additional pay benefits. That's what it was about. And I suspect if you asked any lawyer for any President of any administration whether they wanted to concede that general principle, or if as careful lawyers they would prefer that that provision were rewritten or not in there, I'm fairly confident that regardless of the administration, that a lawyer for the Executive would take the same position.

Now, I am also fairly confident that one of your lawyers here in the Senate would take the opposite position.

Senator Leahy. Let me ask you this question. Does Congress have the power to declare war?

Judge Roberts. Of course. The Constitution specifically gives that power to Congress.

Senator Leahy. Does Congress then have the power to stop a war?

Judge Roberts. Congress certainly has the power of the purse, and that's the way, as you noted earlier, that Congress has typically exercised its--

Senator Leahy. Yes, but we did that in the Bowen amendment, and the Reagan administration, as we found out in the sorry chapter of Iran-Contra, went around that, violated the law, worked with Iran, sold arms illegally to Iran--I think that is part of the axis of evil today--and to continue the war, the Contra War in Central America. So the power of the purse, we have cut off money, the wars sometimes keep going. Do we have the power to terminate war? We have the power to declare war. Do we have the power to terminate war?

Judge Roberts. Senator, that's a question that I don't think can be answered in the abstract. You need to know the particular circumstances and exactly what the facts are and what the legislation would be like, because the argument on the other side--and as a judge, I would obviously be in a position of considering both arguments, the argument for the Legislature and the argument for the Executive. The argument on the Executive side will rely on authority as Commander-in-Chief, and whatever authorities derive from that. So it's not something that can be answered in the abstract.

Senator Leahy. As you said, your answer is that you were just talking about the question of veterans' benefits and all after this. I would note that the memo you wrote was not entitled "Veterans Benefits," it was entitled, "War Powers Problem." I do not think I overstated.

Let me ask you another question. We spoke about this again this morning, and I had told you when we met--in fact, I gave you a copy of the Bybee memo so that this would not be a surprise to you. The Justice Department's Office of Legal Counsel issued a secret opinion in August 2002, which argued the President enjoys "complete authority over the conduct of war," and "the Congress lacks authority to set the terms and conditions under which a President may exercise his authority as Commander-in-Chief to control the conduct of operations during war." And then took the argument to the

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extreme when it concluded, the President, when acting as Commander-in-chief, was not bound, was not bound by the Federal law banning the use of torture. In other words, the President would be above the law in that regard. You did not write that memo, I hasten to add, but you have seen.

I asked Attorney General Gonzales for his view of this memo, in particular this sweeping assertion of executive power which puts a President above the law. He never gave an answer on that, and that is one of the reasons why many had voted against his confirmation.

So now let me ask you this: do you believe that the President has a Commander-in-Chief override to authorize or excuse the use of torture in interrogation of enemy prisoners even though there may be domestic and international laws prohibiting the specific practice?

Judge Roberts. Senator, I believe that no one is above the law under our system, and that includes the President. The President is fully bound by the law, the Constitution and statutes. Now, there often arise issues where there's a conflict between the Legislature and the Executive over an exercise of Executive authority, asserted Executive authority. The framework for analyzing that is in the Youngstown Sheet and Tube Case, the famous case coming out of President Truman's seizure of the steel mills.

Senator Leahy. And the Supreme Court held that unconstitutional.

Judge Roberts. Exactly. And the framework that was set forth in Justice Jackson's concurring opinion, which is the opinion that has sort of set the stage for subsequent cases, analyzes the issues in terms of one of three categories: if the President is acting in an area where Congress is supportive, expressly supportive of his action, the President's powers at its maximum; if the President is acting in an area such as you postulate under the Bybee memo, where the President is acting contrary to congressional authority; what Justice Jackson said is the President's authority is at its lowest ebb, it consists solely of his authority under the Constitution, less whatever authority Congress has; and then, of course, there's the vast middle area where courts often have to struggle because they can't determine whether Congress has supported a particular exercise or not. The Dames & Moore case, for example, is a good example of that.

Senator Leahy. Would you consider--go ahead.

Judge Roberts. I was just going to say the first issue for a Court confronting the question you posed would be whether Congress specifically intended to address the question of the President's exercise of authority or not.

Senator Leahy. Yes. I would think that if you pass a law saying nobody in our Government shall torture, I think that is pretty specific.

But let me ask you this: is Youngstown settled law? Would you consider Youngstown settled law?

Judge Roberts. I think the approach in the case is one that has guided the Court in this area since 1954 or '52, whatever it was.

Senator Leahy. The reason I ask that, when Mr. Bybee wrote this memo, he never cited Youngstown, and I think it was Harold Koh, the Dean at the Yale Law School, who said this was a stunning omission. I tend to agree with that. The President instead went ahead and appointed--nominated Mr. Bybee to a Federal judgeship.

Judge Roberts. Youngstown is a very important case in a number of respects, not least the fact that the opinion that everyone looks to, the Jackson opinion, was by Justice

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Jackson, who was of course FDR's Attorney General, and certainly a proponent of expansive Executive powers.

Senator Leahy. You have also said he is one of the Justices you admire the most.

Judge Roberts. He is for a number of reasons. What's significant about that aspect of his career, is here is someone whose job it was to promote and defend an expansive view of Executive power as Attorney General, which he did very effectively, and then when he went on the Court, as you can tell from his decision in Youngstown, he took an entirely different view of a lot of issues, in one famous case even disagreeing with one of his own prior opinions, and wrote a long opinion about how he can't believe he once held those views.

I think it's very important that--

Senator Leahy. Are you sending us a message?

[Laughter.]

Judge Roberts. Well, I'm just saying one reason people admire Justice Jackson so much is that although he had strong views as Attorney General, he recognized, when he became a member of the Supreme Court, that his job had changed, and he was not the President's lawyer, he was not the chief lawyer in the Executive Branch, he was a Justice sitting in review of some of the decisions of the Executive. And he took a different perspective. And that's, again, one reason many admire him, including myself.

Senator Leahy. The reason I ask, I thought the memo was outrageous, and once it became public--not until it became public, but after it became public, the President disavowed it and said he is opposed to torture, and I commend him for that. Many wish there had been--the administration had taken that position prior to the press finding out about it. But from the Jackson opinion--and I just pulled it out here--he says: the President has no monopoly of war powers, whatever they are, or Congress cannot deprive the President of the command of the Army and Navy. Only Congress can provide him with an Army and Navy to command. Congress is also empowered to make rules for the Government in regulation of land and naval forces, by which it may to some unknown extent impinge upon even command functions.

Do you agree that Congress can make rules that may impinge upon the President's command functions?

Judge Roberts. Certainly, Senator. The point that Justice Jackson is making there is that the Constitution vests pertinent authority in these area in both branches. The President is the Commander-in-Chief, and that meant something to the Founders. On the other hand, as you just quoted, Congress has the authority to issue regulations governing the armed forces, another express provision in the Constitution. Those two can conflict if by making regulations for the armed forces, Congress does something that interferes with, in the President's view, his command authority, and in some cases those disputes will be resolved in Court, as they were in the Youngstown case.

Senator Durbin. Thank you. The next topic I would like to talk about for a moment is executive power, which has been addressed earlier. It has been a major--has not been a major focus in previous hearings, but obviously is now that we are at war. You have been asked a lot of questions about it because I think there is so much at stake.

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We will probably be involved in this war effort, as Senator Leahy said early this morning, for some time.

Throughout American history, even some of our greatest Presidents, including one from Illinois named Lincoln, tried to restrict liberty in an effort to provide more safety and security in our nation. This administration is no exception. It claimed the right to seize an American citizen in the United States and hold him indefinitely without charging him with a crime. They have claimed that the courts have no right to intervene. I think that threatens all of our freedoms.

Just last week, Judge Luttig authored an opinion upholding the administration's position, and if you are confirmed, you may have the final word on this question. You and others have compared the role of a judge to an umpire, and I promised I wouldn't get into the baseball analogy, so that is one thing I will spare you from.

But let me ask you this. When it comes to this use of executive power, you have referred time and again to Justice Jackson in the Youngstown case. Here is what he said. "A judge, like an executive advisor, may be surprised at the poverty of really useful and unambiguous authority applicable to concrete problems of executive powers as they actually present themselves."

So if you are confirmed, you will play a significant role in determining what limits, if any, the Constitution places on a President during times of war. That is why the American people have the right to know what you think about executive power.

There was an exchange earlier today between you and Senator Kyl about a statement I made yesterday about whether, as a Justice, you will expand freedom in America, and Justice Kyl seemed--pardon me, Senator Kyl--I don't know something secret about that--but Senator Kyl seemed to suggest it was a zero-sum approach, that you couldn't enlarge the freedom of one person or group in America without taking away the freedom of another group.

It is a curious point of view. It is the same point of view that Robert Bork had that he tried to defend unsuccessfully before this committee many years ago.

But my point to you is this. I would like to ask you a question. What is it in your background or experience that can convince the members of this committee and the American people following this that you are willing to stand up to this President if he oversteps his authority in this time of war, even if it is an unpopular thing to do?

Judge Roberts. Well, Senator, I would just say that my demonstrated commitment to the rule of law, you can see that, I think, in my opinions over the past two years, you can see it in how I approach my job as a lawyer, arguing, and what types of arguments I make and how I make those arguments and how faithful they are to the precedents, and you can see it in my history of public service.

The idea that the rule of law--that's the only client I have as a judge. The Constitution is the only interest I have as a judge. The notion that I would compromise my commitment to that principle that has been the lodestar of my professional life since I became a lawyer because of views toward a particular administration is one that I reject entirely. That would be inconsistent with the judicial oath, and Justice Jackson is a perfect example of that. He is someone who was a strong advocate for executive power when he was FDR's Attorney General, one of the strongest, and yet he could issue a decision like the Youngstown decision not only concluding that President Truman lacked the authority, even in times of war, to seize the steelmills, but also setting forth the

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framework with the language of the sort that you just quoted, setting forth the framework about how to analyze these decisions in a way that is particularly sensitive to the role of Congress, as well. That is the key feature of his framework, the examination of where Congress is on the spectrum in determining whether the executive has that authority.

Senator Durbin. I hate to keep referring back to these ancient memos, but it said that if a hammer is the only tool you have, every problem looks like a nail. And in this case, this is the only tool we have to try to find out what is going on in your mind and in your heart. And so in a memo of 1983 to White House Counsel Fred Fielding, you wrote, "The independent prerogative of the Chief Executive to determine that a given law is unconstitutional." You talked about the power of the Executive to determine that a law is unconstitutional.

We are going through this debate that Senator Leahy alluded to earlier relative to this torture memo and the idea that the administration would walk away from commitments that have been made under Geneva Conventions and under the Convention on Torture, and would instead establish a new standard. So my question to you is this: Would the anti-torture statute be unconstitutional simply because it conflicts with an order issued by the President as commander-in-chief?

Judge Roberts. No, Senator, not simply because of the conflict, and I have to say I don't know--that's one of the 80,000 memos I don't know about, so I'd have to understand what the point was, what the issue was, and the language you read in context before I could respond to that.

But, no, the President has an obligation. He takes an oath, as we all do, to uphold the Constitution and to make a determination, and his determination that certain things are either constitutional or unconstitutional can, of course, in an appropriate case be tested in court. And the ultimate arbiter of that under our system is the Federal judiciary.

Senator Durbin. Justice Jackson thought the bottom line on Executive power was clear in Youngstown. He said, "No penance would ever expiate the sin against a free government of holding that a President can escape control of Executive powers by law through assuming his military role." I assume you agree with that statement by Justice Jackson.

Judge Roberts. Yes, I do. It simply reflects the basic principle that no man is above the law, not the President and not the Congress. And that's why courts have the obligation and have had since Marbury v. Madison to say what the law is. And if that means that Congress has acted unconstitutionally, they strike down the law. And if it means that the Executive has acted unconstitutionally, they have the obligation to block the Executive action.

Senator Durbin. We can imagine a hypothetical statute that would clearly intrude on a President's power as commander-in-chief ordering the movement of troops and that sort of thing. On the other hand, the anti-torture statute is clearly within the area, I believe, where Congress can legislate. As you noted this morning, Article I, Section 8 of the Constitution enumerates Congress' powers. Speaking clearly, it says Congress shall have the power "To make Rules for the Government and Regulation of the land and naval Forces."

I think we have exhausted this topic, and I think we are in common feeling and agreement about it. I hope we are at least close.

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Senator Leahy. . . . You suggested I may have over-read your memo following Grenada. You said it was really talking about veterans' rights, but actually your memo, what struck me, it does not say veterans' rights, it says "War Powers" on it. The Constitution vests the power of declaring war in Congress, not the President. I still have a hard time squaring that with your inherent authority argument you advanced in that Grenada memo. Maybe I could ask it that way. Do you continue to believe that the President has inherent authority to invade a sovereign nation absent attack by a foreign power?

Judge Roberts. Senator, that is a very abstract hypothetical. There are situations that arise when an Executive may determine that that type of action is necessary. That may be challenged. I don't think abstract questions like that should be answered. There have been situations in our past where that authority has been claimed, both abstractly and concretely. Certainly Congress has the power to declare war, but as you know, of course, there have been several incidents in our history, the Korean War, the Vietnam War, others where there has been authorization of the use of force, but not a declaration of war.

You know the history, when Madison's original proposal gave Congress the authority to make war, and he thought that should be changed so that the Executive would have the authority to respond to an invasion, and I appreciate that part of your question.

Senator Leahy. You also have George Washington, if you are going to quote people back at that time. George Washington spoke of no offensive expedition of importance can be undertaken until after Congress shall have deliberated the subject and authorized such a measure. So I will go to the flip side, can Congress stop a war?

Judge Roberts. Well, that's of course a difficult question. Now, Congress has always exercised the power of the purse with respect to activities of that sort, and regulated the funding for that type of activity, and that has of course always been the core of Congress's authority. But the question to actually terminate hostilities that the Executive has determined to initiate, either with the authorization of Congress on in the situation of congressional silence or acquiescence, to go back to the Youngstown decision. The issue of what Congress's authorities are to terminate short of exercising its power with respect to the purse, those are unsettled and I think have to be addressed in the context of a particular case.

The memo to which you refer, again, I was a lawyer for the Executive, and any cautious lawyer for the Executive, without regard to the administration, would be alert for any type of suggestion that there are limits on that power, just as--

Senator Leahy. Showing how cautious you were, you wrote, "There's no clear line separating what the President may do on his own and what requires a formal declaration of war," but you conclude the exercise of presidential power in connection with the Grenada incident fell comfortably on the legitimate side of the line. What is a situation that falls on the illegitimate side of the line where a declaration of war would be needed?

Judge Roberts. Well, you know, you take the history anyway, if you have a situation like the Korean War taking place without a declaration of war, the war in Vietnam taking place without a declaration of war, I think it's difficult to articulate in the

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abstract where the line would be other than the fact that throughout our history there have been those significant types of engagements that I suspect all of the people involved in them thought were a war that did have a congressional declaration of war. So again, where the line is drawn or how it would be drawn in a particular case, or even what the role of the courts would be. As you know in these areas there's often an initial dispute, is this a judiciable question that the Court should entertain in the case of litigation and a conflict between the Executive and the Legislative concerning something like whether a declaration of war was required. That would be a question the Court would have to address before reaching the merits.

Senator Feinstein. . . . A number of people on our side are very concerned about Executive power and what we perceive, either rightly or wrongly, to be greatly expanded Executive authority in recent years, causing enormous concern in a number of different ways.

Let me go back into your past. In trying to get Senate documents, one of the documents withheld was a draft memo titled, "Establishment of NHAQ," the Nicaraguan Humanitarian Assistance Office. This office was used by President Reagan to give aid to the Nicaraguan contras following the passage of the Boland amendment, and that was a prohibition on providing funding to the contras.

What involvement did you have with the Nicaraguan Humanitarian Assistance Office?

Judge Roberts. Senator, I'm not familiar with the memorandum. If it was withheld, it was probably withheld fr om me as well, and I don't recall any involvement. So, you know, I don't recall any--

Senator Feinstein. Okay. Fair enough.

Judge Roberts. I do know that there was an issue--an issue was raised. I have seen memoranda that I know have been released about private fundraising activities, and I do know that I gave advice in order to make sure that they didn't engage in lobbying activities in order to be consistent with the Boland amendment. I've seen those, but beyond that, I'm not recalling anything.

Senator Feinstein. Do you believe that the administration's provision of funds to the contras exceeded the Executive's power in light of the Boland amendment's prohibition on funding the contras?

Judge Roberts. You know, it's not something I've--I just sort of know what I've read in the papers about it. And, you know, it seemed to me that it did. But, again, that's just based on--it's not based on a study or a legal analysis, just sort of--I think a lot of it--

Senator Feinstein. Well, it's a pretty simple question. I mean, when the Congress passes a law that says don't fund and the Executive finds a covert way to fund, and as you know, one of the great redeeming qualities of President Reagan was that he did an admission of wrongdoing, and I think the American people accepted that. He was able to admit a mistake, which I tend to think, you know, is hard to do in this arena. But in a way, it is a sign of a big person to be able to come forward and say, "I was wrong." So on its face, what you are saying, if I understand you, you do believe that the provision of funds exceeded the Executive power in this instance.

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Judge Roberts. Well, again, I haven't done a legal study, but based on what I know, which is just what every citizens knows from reading--I think it all took place after I was no longer in the Government, or at least came to light after that. It seemed to be inconsistent with the law.

Senator Feinstein. Let me ask you a general question then. If an Executive exercises power in direct violation of an act of Congress, is such an act unconstitutional?

Judge Roberts. Well, the answer depends, Senator, and this is where you get back to the Youngstown analysis, where Justice Jackson said there are three categories: you can act with Congress' support, being unclear what Congress' position is--and he recognized a third category where you can act--the Executive may act in the face of a congressional prohibition. And there are certain areas where the Executive does have authority to the exclusion of Congress. You know, without stating a legal view, for example, one that law professors regularly talk about is the pardon power. In other words, that's given expressly to the President in the Constitution. And restrictions, if Congress were to pass a restriction on the pardon power, does the President nonetheless have the authority to act under the Constitution? That's a difficult question. But it may be that the President's authority would trump Congress' authority.

So I can't answer a question in the abstract without knowing exactly what the record is and what the situation is. What Justice Jackson said in Youngstown, though, is obviously true, that if the President is acting in the face of congressional opposition, his power is at its lowest ebb. As Jackson put it, it includes his powers less whatever powers Congress has. So if it's in an area in which Congress has legitimate authority to act, that would restrict the Executive's authority.

Senator Feinstein. Which this case was. All right.

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Separation of Powers – The Executive and the Judiciary (including judicial review during wartime)

Senator Leahy. In his book All the Laws But One, Chief Justice Rehnquist, the late Chief Justice, concluded with this sentence, "The laws will not be silent in time of war, but they'll speak with a somewhat different voice." He offers as a somewhat different voice, of course, the Supreme Court decision, an infamous decision, a horrible decision in my estimation, Korematsu. As we know, in that case the Court upheld the internment of Japanese Americans in detention camps, not because of anything they had done, not because of any evidence that they were at all disloyal to the United States, but solely based on their race. Sometimes this country has legislated very, very cruelly and very wrongly, solely on the question of race.

Now, the Korematsu majority's failure to uphold the Bill of Rights I believe is one of the greatest failures in the Court's history. We cannot, I believe have a Supreme Court that would continue the failings of Korematsu, especially when we are engaged in a war on terror that could last throughout our lifetime, probably will. This country, all the western world, all democracies will face terrorist attacks, whether internal as we had in Oklahoma City, or external, 9/11. I just want to make sure you are not going to be a Korematsu Justice, so I have a couple questions.

Can I assume that you would hold the internment of all residents of this country who are interned just because they have a particular nationality or ethnic or religious group, you would hold that to be unconstitutional?

Judge Roberts. The internment of a group solely on the basis of their--

Senator Leahy. Nationality or ethnic or religious group.

Judge Roberts. I suppose a case like that could come before the Court. I would be surprised to see it, and I would be surprised if there were any arguments that could support it.

Senator Leahy. Let me ask you this. Do you feel that you would be able to interpret the Bill of Rights the same, whether we are at war time or not?

Judge Roberts. I do, Senator. I read the Chief's book that you quoted from, and for someone who sits on the court that I sit on now, we famously look back to one of the first cases decided in the D.C. Circuit. It was the Aaron Burr trial, and it's, if anything, a motto--

Senator Leahy. I thought you might--

Judge Roberts. Well, it's sort of the motto of our court, an opinion that was written out of that, in which the judge explained that it was our obligation to calmly poise the scales of Justice in dangerous times as well as calm times. That's a paraphrase, but the phrase, calmly poise the scales of Justice if, if anything, the motto of the court on which I now sit. That would be the guiding principle for me whether I am back on that court or a different one, because some factors may be different, the issues may be different, the demands may be different, but the Bill of Rights remains the same. And the obligation of a court to protect those basis liberties in times of peace and in times of war, in times of stress and in times of calm, that doesn't change.

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Senator Feingold. But at what point did you start thinking about the implications of this in terms of civil liberties and the challenges--

Judge Roberts. Well, it was when I went back to the office and saw the smoke rising from the Pentagon. As you can imagine, that was a chilling sight. The basic issue of how you address the question of civil liberties in wartime, in times of crisis, is a critically important one.

The Bill of Rights doesn't change during times of war. The Bill of Rights doesn't change in times of crisis. There may be situations where demands are different and they have to be analyzed appropriately so that things that might have been acceptable in times of war are not acceptable in times of peace. I think everyone appreciates that. But the Bill of Rights is not suspended and the obligation of the courts to uphold the rule of law is not suspended.

Senator Feingold. Did you recognize at that moment that this might become a time when it would be harder to protect civil liberties?

Judge Roberts. I think--I don't recall recognizing that in particular, but that is, of course, always the challenge in times of war and in times of stress, whatever the cause. I think it is the obligation of the courts to remember, just as really the model of the D.C. Circuit, from our earliest case, when the treason trial of Aaron Burr, to calmly poise the scales of justice. The emphasis is on calmly. It requires a certain dispassion, a certain separation from the passions of the moment.

Senator Feingold. That is absolutely right and that is why I want to follow on what Senator Leahy asked about earlier, a different time, a different challenge. As a nation, we can now look back at wartime Supreme Court decisions like Korematsu v. United States with something like bewilderment. We talked about it earlier. To me, it seems inconceivable that the United States government would have decided to put huge numbers of citizens in detention centers based on their race and that the Supreme Court would have deferred to the President's decision to do so.

Do you believe that Korematsu was wrongly decided?

Judge Roberts. It's one of those cases that I don't think it's technically been overruled yet, but I think it's widely recognized as not having precedential value. I do think the result in that case--Korematsu was actually the--considered the exclusion and not the actual detention, but the exclusion of individuals based on their ethnic/racial background from vast areas. It's hard for me to comprehend the argument that that would be acceptable these days.

Senator Feingold. It is often included, if you list decisions that are sort of considered some of the worst decisions in the history of the Supreme Court--

Judge Roberts. Yes.

Senator Feingold. --with Plessy v. Ferguson and Dred Scott and others. Is that a fair characterization of your view--

Judge Roberts. Yes.

Senator Feingold. --of Korematsu?

Judge Roberts. Yes.

Senator Feingold. Are there any elements of the government's response to September 11 that you think 50 or 60 years from now we as a nation will look back on with regret?

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Judge Roberts. Well, I'm sure there are some, Senator, and when you have the benefit of 50 or 60 years to look back as opposed to the particular demands of the moment and the perceived demands, I'm sure it's a different perspective. I'd hesitate to mention any in particular because so many of these issues are coming before not only the Supreme Court, but the court on which I now sit, and I will have to confront those cases, I think, regardless of what happens here. So I'd hesitate to identify particular areas of concern.

Senator Feingold. I understand your caution. I don't think we need to wait 50 or 60 years for some. For example, do you have any concerns about the practice of extraordinary rendition, of our government secretly sending people to countries that we know use torture?

Judge Roberts. Again, Senator, that is something that could come before the Court in one form or another and I think I have to refrain from commenting on it.

Senator Feingold. How about the Federal Government using immigration laws to round up and detain people for months, often without regard for whether they had any connection to the September 11 investigation, which actually in this case the Justice Department Inspector General later heavily criticized? Does that trouble you?

Judge Roberts. Well, yes, certainly, at a basic level of appreciating that this is a reaction in a particular way that raises serious questions. I'm very hesitant, though, again, to express a view on legality because those issues could come before the Court. They are coming before the Court, and they're coming not only before the Supreme Court, but the court on which I now sit.

Senator Feingold. Let's go to one that has already come before the Court, the Hamdi case. It is one of the most significant recent decisions restraining Executive Branch power. In that case, eight members of the Court found that the government had gone too far in claiming the right to detain and hold a U.S. citizen incommunicado within the United States without access to a lawyer and without charging with a crime. The case actually resulted in four different opinions with four different views on the President's power to detain a U.S. citizen indefinitely and without trial, ranging from Justices Souter and Ginsburg, who found that the President does not have any authority to detain citizens as enemy combatants because such detentions had not been Congressionally authorized, to Justice Thomas, who would defer entirely to the Executive Branch.

Which of the four opinions, in a case that has already been decided in Hamdi, would you say best approximates your views on the executive power to designate enemy combatants, the prevailing opinion, the Souter-Ginsburg opinion, the Scalia-Stevens dissent, or the Thomas dissent?

Judge Roberts. Well, Senator, that does get into the area of asking me to comment on which opinions I think are correct that I don't feel it's appropriate for me to go. I do know that the approach in this area is the approach set forth by Justice Jackson in his concurring opinion in the Youngstown case. That has set the framework for consideration of questions of executive power in times of war and with respect to foreign affairs since it was decided.

And as you know, the issue in those cases and in many of the cases in the Supreme Court is whether Congress has endorsed the executive action, in which case the President has his powers and the powers of Congress; whether Congress has prohibited the executive action, in which case all he has is whatever residual authority he has less

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the power of Congress; or what often happens, that vast middle area where it's impossible to tell or there's argument about whether Congress has approved the action or not.

The Dames and Moore case that was decided in 1981 is an example of that, when to resolve the Iranian hostage crisis the President abrogated claims and relegated those with claims to the Iranian Claims Tribunal. The issue there, the Court looked back at a variety of Congressional enactments going way back to the Civil War to try to determine if this type of exercise of authority is something Congress endorsed or opposed.

Senator Feingold. But with regard to these opinions, and I understand you are hesitant to comment on a particular opinion or the nature of the reasoning, but which of the approaches in terms of the actual finding of the opinion, do you find closest to your view?

Judge Roberts. Well, again, I don't remember which of those opinions follows the Youngstown analysis the most closely. My understanding of the appropriate approach in this area is that it is the Youngstown analysis, the one set forth in Justice Jackson's concurring opinion, and I think that is the most appropriate way to flesh out the issues. You do need to understand, because this is an area in which judges need to understand, there is often conflict between the branches and you do need to at least set the table correctly to understand, is the President acting with Congressional support, against it, or do we have to try to determine which of those areas it is? And I think you do need to lay that analysis out before deciding the case.

Senator Feingold. Last month when I was home in Wisconsin, a constituent came up and said to me that he believed the D.C. Circuit decision in the Hamdan case, a different case, which you joined in, to uphold the government's ability to try a Guantanamo Bay detainee by military commission, should disqualify you from being on the Supreme Court. This is apart from the issue that Senator Schumer and I wrote you about, which I will turn to later.

I want to know, with regard to the substance of the decision, why do you think someone would think that your decision in that case--why would somebody come up to me and say that your decision in that case should disqualify you from consideration as a Supreme Court Justice?

Judge Roberts. Well, Senator, you've touched upon an area in which I cannot comment under the--that case is still pending. It's pending before the Supreme Court. Under the Judicial Canons of Ethics, Canon 3-A(6), I'm not supposed to comment publicly in any way about a case that's still pending.

Senator Feingold. I'm not asking you to comment on the case. I am asking you why you think somebody who I represent would care enough about this issue that they would say this should be a disqualifier--in other words, characterize what is the issue in the case that would make somebody that concerned that they would make such a statement?

Judge Roberts. Well, the issue involves the same sort of issues that you began the discussion with, the question of civil liberties in wartime, and certainly I understand people having strong views on that particular question. But whether the decision on the merits was correctly resolved or not, or anything about it, I'm just absolutely prohibited from talking about it by those judicial canons. There's even an advisory opinion that explains that that canon applies to a Senate confirmation hearing. So my ethical

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obligation not to comment publicly on a case that's still pending prevents me from saying anything more.

Senator Feingold. Of course, I respect your judgment on these matters, but I believe that it's important that the nominee indicate a sense of why people in this country might have some anxiety at this point.

Judge Roberts. Well, certainly--

Senator Feingold. The difficult events that have occurred since September 11th and how it creates a climate sometimes of fear, in particular, fear of Government power, that I think it is important not only for Members of Congress but even members of the Supreme Court to help minimize, and I am just trying to get a sense if you feel that concern in the Nation.

Judge Roberts. Well, I certainly don't minimize the significance of a decision by a court of appeals or by the Supreme Court about the scope of executive authority in this area, about its impact on individual liberties, about the issues of separation of powers and whether the relation between the Congress and the executive--whether the executive is acting with congressional endorsement and support or in the face of congressional opposition. Those, of course, are very sensitive issues and always have been throughout our history. I certainly appreciate that. Those are significant matters. It's just that I'm prohibited from talking about the substance of the case.

Senator Durbin. Thank you. The next topic I would like to talk about for a moment is executive power, which has been addressed earlier. It has been a major--has not been a major focus in previous hearings, but obviously is now that we are at war. You have been asked a lot of questions about it because I think there is so much at stake. We will probably be involved in this war effort, as Senator Leahy said early this morning, for some time.

Throughout American history, even some of our greatest Presidents, including one from Illinois named Lincoln, tried to restrict liberty in an effort to provide more safety and security in our nation. This administration is no exception. It claimed the right to seize an American citizen in the United States and hold him indefinitely without charging him with a crime. They have claimed that the courts have no right to intervene. I think that threatens all of our freedoms.

Just last week, Judge Luttig authored an opinion upholding the administration's position, and if you are confirmed, you may have the final word on this question. You and others have compared the role of a judge to an umpire, and I promised I wouldn't get into the baseball analogy, so that is one thing I will spare you from.

But let me ask you this. When it comes to this use of executive power, you have referred time and again to Justice Jackson in the Youngstown case. Here is what he said. "A judge, like an executive advisor, may be surprised at the poverty of really useful and unambiguous authority applicable to concrete problems of executive powers as they actually present themselves."

So if you are confirmed, you will play a significant role in determining what limits, if any, the Constitution places on a President during times of war. That is why the American people have the right to know what you think about executive power.

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There was an exchange earlier today between you and Senator Kyl about a statement I made yesterday about whether, as a Justice, you will expand freedom in America, and Justice Kyl seemed--pardon me, Senator Kyl--I don't know something secret about that--but Senator Kyl seemed to suggest it was a zero-sum approach, that you couldn't enlarge the freedom of one person or group in America without taking away the freedom of another group.

It is a curious point of view. It is the same point of view that Robert Bork had that he tried to defend unsuccessfully before this committee many years ago.

But my point to you is this. I would like to ask you a question. What is it in your background or experience that can convince the members of this committee and the American people following this that you are willing to stand up to this President if he oversteps his authority in this time of war, even if it is an unpopular thing to do?

Judge Roberts. Well, Senator, I would just say that my demonstrated commitment to the rule of law, you can see that, I think, in my opinions over the past two years, you can see it in how I approach my job as a lawyer, arguing, and what types of arguments I make and how I make those arguments and how faithful they are to the precedents, and you can see it in my history of public service.

The idea that the rule of law--that's the only client I have as a judge. The Constitution is the only interest I have as a judge. The notion that I would compromise my commitment to that principle that has been the lodestar of my professional life since I became a lawyer because of views toward a particular administration is one that I reject entirely. That would be inconsistent with the judicial oath, and Justice Jackson is a perfect example of that. He is someone who was a strong advocate for executive power when he was FDR's Attorney General, one of the strongest, and yet he could issue a decision like the Youngstown decision not only concluding that President Truman lacked the authority, even in times of war, to seize the steelmills, but also setting forth the framework with the language of the sort that you just quoted, setting forth the framework about how to analyze these decisions in a way that is particularly sensitive to the role of Congress, as well. That is the key feature of his framework, the examination of where Congress is on the spectrum in determining whether the executive has that authority.

Senator Durbin. I hate to keep referring back to these ancient memos, but it said that if a hammer is the only tool you have, every problem looks like a nail. And in this case, this is the only tool we have to try to find out what is going on in your mind and in your heart. And so in a memo of 1983 to White House Counsel Fred Fielding, you wrote, "The independent prerogative of the Chief Executive to determine that a given law is unconstitutional." You talked about the power of the Executive to determine that a law is unconstitutional.

We are going through this debate that Senator Leahy alluded to earlier relative to this torture memo and the idea that the administration would walk away from commitments that have been made under Geneva Conventions and under the Convention on Torture, and would instead establish a new standard. So my question to you is this: Would the anti-torture statute be unconstitutional simply because it conflicts with an order issued by the President as commander-in-chief?

Judge Roberts. No, Senator, not simply because of the conflict, and I have to say I don't know--that's one of the 80,000 memos I don't know about, so I'd have to

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understand what the point was, what the issue was, and the language you read in context before I could respond to that.

But, no, the President has an obligation. He takes an oath, as we all do, to uphold the Constitution and to make a determination, and his determination that certain things are either constitutional or unconstitutional can, of course, in an appropriate case be tested in court. And the ultimate arbiter of that under our system is the Federal judiciary.

Senator Durbin. Justice Jackson thought the bottom line on Executive power was clear in Youngstown. He said, "No penance would ever expiate the sin against a free government of holding that a President can escape control of Executive powers by law through assuming his military role." I assume you agree with that statement by Justice Jackson.

Judge Roberts. Yes, I do. It simply reflects the basic principle that no man is above the law, not the President and not the Congress. And that's why courts have the obligation and have had since Marbury v. Madison to say what the law is. And if that means that Congress has acted unconstitutionally, they strike down the law. And if it means that the Executive has acted unconstitutionally, they have the obligation to block the Executive action.

Senator Durbin. We can imagine a hypothetical statute that would clearly intrude on a President's power as commander-in-chief ordering the movement of troops and that sort of thing. On the other hand, the anti-torture statute is clearly within the area, I believe, where Congress can legislate. As you noted this morning, Article I, Section 8 of the Constitution enumerates Congress' powers. Speaking clearly, it says Congress shall have the power "To make Rules for the Government and Regulation of the land and naval Forces."

I think we have exhausted this topic, and I think we are in common feeling and agreement about it. I hope we are at least close.

Senator Hatch. Now, Judge Roberts, as you know, the war on terror is a unique challenge in American history. As a consequence, many novel issues regarding Presidential authority to prosecute the war on terror will doubtless come before the Supreme Court. I think we all recognize the need to be careful in our questioning so you are not placed in the position of pre-committing yourself to any particular viewpoints on executive power that would compromise your ability to render a fair judgment as cases come before the Court.

But let me ask you a general question on terrorism. It is a question that many in Congress and the administration and the public have had to struggle with, particularly in the aftermath of the events of September 11, 2001. The question is this: What is the best way for our society to protect ourselves against terrorists not affiliated with a nation state, wear no uniforms, and really secrete themselves in ways that have never been done before? On the one hand, there are very specific international rules embodied in the Geneva Conventions that specify how enemies captured during traditional warfare are to be treated. On the other hand, we have the traditional criminal law protections contained in Title 18 of the United States Code that define the rights accorded to criminals such as the famous Miranda warnings--warning, I should say, and the right to obtain counsel.

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What everyone is struggling with is how do we apply these two traditional methods against non-traditional enemies who clearly are non-traditional? Let us make no mistake. Their goal is to destroy our society and way of life, and they will use weapons of mass destruction if they can. I don't think anybody doubts that.

Now, let me just ask you this general question. Will you give us assurance that you will keep an open mind as the administration and Congress adopt and implement new policies and legal procedures that govern the apprehension, interrogation, and detention of suspected terrorists?

Judge Roberts. Yes, Senator, I will. I certainly am not qualified to comment on the best approaches in the war on terror or the most effective approaches. That is the responsibility, obviously, of the other branches. The responsibility of the judicial branch is to decide particular cases that are presented to them in this area according to the rule of law, and that is what I have tried to do, and that is what I will continue to do, either on the court of appeals or another court.

Senator Hatch. Well, thank you.

Senator Feinstein. That is very helpful. You might get it back again someday with that fix.

Let me turn to something else that Senator Leahy asked a number of questions on, and that is the Constitution and executive power. I am looking for the section, but the Constitution very clearly says that any treaty is treated as the supreme law of the land, right, and that no State or official can abrogate it--

Judge Roberts. Right.

Senator Feinstein. --which gives it the total weight of law. Can a President, then, decide not to follow a treaty?

Judge Roberts. As a general matter, the answer is no. The treaty power--as long as it's ratified according to the requirements in the Constitution, by two-thirds of the Senate, you're perfectly correct. It is, under the Supremacy Clause, the supreme law of the land.

Now, I don't know if there are particular arguments about executive authority in that area with which I'm not familiar, and I don't mean to state categorically, but my general understanding is that treaties that are ratified--and, of course, we have treaties that aren't ratified and executive agreements that aren't submitted for ratification and so on, but a treaty that's ratified by the Senate under the Supremacy Clause is part of the supreme law of the land. Now--

Senator Feinstein. So the Conventions Against Torture and the Geneva Conventions would apply?

Judge Roberts. Yes. Now, there are questions, of course, that arise under those and have arisen under those about interpreting the Conventions and how they apply in particular cases to non-parties to the Convention and so on, and as you know, those cases have been coming up and are being litigated. But that's an issue of what the Convention means in a particular case, not whether, as a general matter, a treaty is binding.

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Senator Feinstein. To come before you and you--right. That message was well conveyed.

Could I ask you one question? I think I will have time. In Acree v. Republic of Iraq, this was the case where 17 U.S. prisoners--they were our people--suffered severe beatings, starvation, mock executions, dark and unsanitary living conditions, et cetera, during the First Gulf War. And they sued the Government of Iraq, the Iraqi Intelligence Services, and Saddam Hussein for their brutal and inhumane treatment. The veteran won their case in district court in July of 2003. They were awarded $959 million in damages.

After the judgment, the Justice Department intervened in the suit to contest the district court's jurisdiction. The specific issue involved a statutory interpretation of the Emergency Wartime Supplemental Appropriations Act passed in 2003. Justice argued that the statute gave the President the authority to change Iraq's designation as a state sponsor of terror and thereby relieve it after the fact of its responsibilities for prior acts of terror.

You wrote a concurring opinion in favor of overturning the district court's judgment. Although you agreed with the other two judges on the panel that the judgment should be reversed, you alone adopted the Department of Justice's argument that the statute granted the President total power to absolve Iraq of liability. You reached this conclusion while acknowledging that the question of statutory interpretation is close.

May I ask my question?

Chairman Specter. Yes, you may finish your question.

Senator Feinstein. Do you believe that when, as in Acree, there is a close question of interpretation of a statute touching upon a foreign policy that the Executive deserves total deference?

Judge Roberts. Oh, no, Senator. Whether the question is close or not, I don't think there's any situation where a court concludes that the Executive deserves total deference, and that was not the basis of my decision.

The judges were unanimous that the veterans were not entitled to relief. The panel was chosen from what happened to be appointees of three different Presidents. The view was unanimous that they were not entitled to relief. The other two judges concluded there was no cause of action available to them. I concluded that there was no jurisdiction and wrote separately.

The recognition that it was a close question is also reflected in the view of the other two judges in addressing my concern. They acknowledged that it was a close question, and I agreed with that. But you did have legislation that said that the President can determine that these laws do not apply if he makes a determination under the criteria set forth in the statute, and he had done that, and my conclusion that that extended to the provision that otherwise would have allowed suit.

The other two judges disagreed. They thought there was jurisdiction, but then concluded there was no right of action. So the end result of both of our position was the same. But it was not a question of deference. It was a question of interpreting the legal authority and consequences of an act that this body had passed and the President's finding under that. When it comes to interpreting questions of law, I go back to Marbury v. Madison. That is emphatically the province and duty of the judicial branch. We don't defer to the Executive. We don't defer to the legislature in making that final decision about what the law is.

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Senator Feinstein. If you get confirmed, maybe you will defer to the legislative a little bit. Thank you.

Thank you, Mr. Chairman.

Judge Roberts. Just to clarify, we certainly defer in the standards of review to make sure that we're not--but the final decision about what's constitutional or not rests with the judicial branch. The policy judgments, we certainly defer to the legislature.

Senator Feinstein. Thank you.

Chairman Specter. Thank you, Senator Feinstein.

Senator Feingold. I would like to revisit the Hamdi issue. I asked you which of the four opinions in the case of Hamdi v. Rumsfeld best approximates your view on the Executive's power to designate enemy combatants, and you refused to answer that question because the issue might return to the Court. I want to press you a bit on that. In Hamdi there were four different opinions. And by the way, I checked it because you mentioned Youngstown, and all four opinions cited the Youngstown Sheet and Tube v. Sawyer case. Both Justice Thomas's dissent and Justice Ginsburg and Souter concurring, cited Justice Jackson's opinion in the Youngstown case. And they came to completely different conclusions.

So your answer that you would apply that principle does not help me very much in understanding your view of this. We know where all 8 other members of the Court stand on these opinions. In their opinions, they either wrote of joined one of them, yet all 8 of them will hear the next case that raises similar issues. No one is suggesting that their independence or impartiality in the next case hospital been compromised.

Mr. Hamdi, of course, has left the country, so the precise facts of his case will never return to the Court. Of course, if a member of the Court expressed a view outside of the Court on a specific case that was headed to Court, that might be cause for recusal, as Justice Scalia recognized when he excused himself from the Pledge of Allegiance case a few terms ago after discussing it in a speech. But obviously, Justice Scalia can participate in the next case involving the questions at issue in Hamdi even though we know exactly what he thinks about that decision.

So I guess I want to know why are you different? I am not asking for a commitment on a particular case. I recognize that your views might change once you are on the Court and hear the arguments and discuss the issue with your colleagues, but why should not the public have some idea of where you stand today on these crucial questions concerning the power of the Government to jail them without charge or access to counsel in a time of war? They know a great deal about how each of the other Justices approach these issues. Why is your situation different?

Judge Roberts. Well, because each of the other 8 Justices came to their views in those cases through the judicial process. They confronted that issue with an open mind. They read the briefs presented by the arguments--by the parties, and the arguments the parties presented. They researched the precedents as a judge. They heard the argument in the case. They sat in the conference room, just the 9 of them on the Court, and debated the issues and came to their conclusions as part of the judicial process.

You're now asking me for my opinion outside of that process, not after hearing the arguments, not after reading the briefs, not after the participating with the other

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judges as part of the collegial process, not after sitting in the conference room and discussing with them their views, being open to their considered views of the case, not after going through the process of writing an opinion, which I have found from personal experience and from observation, often leads to a change in views, the process of the opinion writing. You can't--the opinion turns out it doesn't write. You have to change the result. The discipline of writing helps lead you to the right result.

You're asking me for my views, you know, right here without going through any of that process.

Senator Feingold. What would be the harm, Judge, if we got your views at this point, and then that process caused you to come to a different conclusion, as it appropriately should? What would be the harm?

Judge Roberts. Well, the harm would be affecting the appearance of impartiality in the administration of justice. The people who would be arguing in that future case should not look at me and say, "Well, there's somebody who under oath testified that I should lose this case because this is his view that he testified to." They're entitled to have someone consider their case through the whole process I've just described, not testifying under oath in response to a question at a confirmation hearing.

I think that is the difference between the views expressed in the prior precedent by other Justices in the judicial process and why--as has been the view of all of those Justices--every one of those Justices who participated in that case took the same view with respect to questions concerning cases that might come before them, as I am taking here.

Senator Feingold. I understand your view. I think it is narrow. I had the experience of having one of my bills go before the Supreme Court, and I know I did not have, as we say in Wisconsin, a snowball's chance with a couple of the Justices because of what they had ruled previously, but I did not think that made the process in any way tainted. I knew that they simply were not going to agree with the statute, but I recognize your limitations.

Senator Graham. . . . The war on terror. In my past legal life, I have spent most of my legal career associated with the military, and I am proud to be a military lawyer. I am the only reservist in the Senate. I sat as an Air Force Court of Criminal Appeals judge. I handled the easy cases because I don't have a whole lot of time and I help when I can. But I understand, I think, very well what it means to abide by the judicial canons of ethics, not to tip your hand, not to compromise yourself to get promoted or to get put on the court, promoted in the military or to get put on the court, trying to please your boss, trying to please a Senator. And my respect for you has gone up because you are unwilling to compromise your ethics, and I hope the Senate will understand that in the past other people were not required to do so.

Are you familiar with the Geneva Convention?

Judge Roberts. Yes, Senator.

Senator Graham. Do you believe that the Geneva Convention as a body of law, that it has been good for America to be part of that Convention?

Judge Roberts. I do, yes.

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Senator Graham. Why?

Judge Roberts. Well, my understanding in general is it's an effort to bring civilized standards to conduct of war, a generally uncivilized enterprise throughout history; an effort to bring some protection and regularity to prisoners of war in particular. And I think that's a very important international effort.

Senator Graham. As Senator Kyl said, this will be the only time we will actually get to talk, and I do not want to compromise your role as a judge, but I do want you to help me express some concepts here that America needs to be more understanding of. And I want to work with my Democratic friends to see if we can find some way to deal with this.

We are dealing with an enemy that is not covered by the Geneva Convention. Al Qaeda, by their very structure and nature, are not signatories to the Geneva Convention and are not covered under its dictates. An enemy combatant--are you familiar with that term in the law?

Judge Roberts. Yes, Senator, I am.

Senator Graham. What would an enemy combatant be under American jurisprudence? Who would they be?

Judge Roberts. Well, I really have to--

Senator Graham. Fair enough, fair enough.

Judge Roberts. Those cases are both pending, the ones that I have decided are pending before the Supreme Court, and those issues are likely to come before it.

Senator Graham. Fair enough. The Geneva Convention does not cover al Qaeda but our President has said that anyone in our charge, terrorist or not, will be treated humanely. I applaud the President because in fighting the war on terror, we need not become our enemy. Our strength as a Nation is believing in the rule of law, even for the worst of those that we may encounter.

I admire Mr. Adams for representing the Redcoats. I cannot imagine how tough that must have been. But his willingness to take on the unpopular cause in the name of the rule of law has made us stronger.

When the President said that we will treat everyone humanely, even the worst of the worst, I think he has brought out the best in who we are. But we are in a war, Judge Roberts, where the Geneva Convention does not apply, and we have before the courts a line of cases dealing with the dilemma this country faces. When you capture an enemy combatant, non-citizen foreign terrorist, there are three things I think we must do: we must aggressively interrogate them without changing who we are; we must have the ability to keep them off the battlefield for a long period of time to protect our Nation; and we must have a system to hold them accountable for some of the most horrible crimes imaginable.

Justice Jackson was one of your favorite Justices; is that correct?

Judge Roberts. I think that's a fair description, yes.

Senator Graham. He has indicated in the Youngstown Steel case that the Presidency or the executive branch is at its strongest when it has concurrence with the legislative branch. Is that a fair summary of what he said?

Judge Roberts. Yes, he divided up the area basically into three parts, and considering the executive's authority, and said when it has the support of Congress, it's at its greatest. And obviously when it's in opposition to Congress, it's at its lowest ebb, as

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he put it. And he described a middle area in which it was sometimes difficult to tell whether Congress was supporting the action or not.

Senator Graham. This is me speaking, not you.

Congress is AWOL, ladies and gentlemen, in the war on terror when it comes to detention, interrogation, and prosecution of enemy non-citizen combatants. Justice Scalia has written eloquently that Congress has the power to get involved in these issues, and Congress is solid.

What is the case--is it the Razul case where the Supreme Court in a 5-4 decision has given habeas corpus rights to non-citizen foreign terrorists?

Judge Roberts. I think that's correct, Senator, yes.

Senator Graham. That is an amazing departure from what we have been as a Nation for 200 years. I have been to Guantanamo Bay twice. The people running the prison tell me that 185 of the detainees have lawyers in Federal court. Justice Scalia says we have set up a situation where 94 different jurisdictions can hear habeas cases involving non-citizen foreign terrorists. The people running the jail say this process is undermining our ability to get good information. A habeas corpus petition hearing, would it allow a defense attorney to call a military commander in to answer for how this person was captured?

Judge Roberts. I don't know, Senator, and I hesitate to opine on that without knowing.

Senator Graham. Well, the truth is that we have set up a situation where our military leaders and our military commanders and soldiers in the field can be called from all over the world, all over the country, to answer for why such person is detained.

We had a conversation in our office--in my office. You said something to the effect, as Justice Scalia said in his dissenting opinion, that this would be an area where the courts would welcome some congressional involvement. And right now we have the executive branch carrying the load totally by themselves. We have got several cases before the Court dealing with detention policy, interrogation policy, and prosecution policy.

Do you believe that this is an area, if the Congress acted, as Justice Jackson said, that it would strengthen the hand of the executive in the legal situation?

Judge Roberts. My observation during our meeting, Senator, was not an expression of legal determination, and it doesn't necessarily mean a view that Congress' action or involvement would be determinative or would even be within the scope of legal authority, depending on what the issue and the arguments were.

I do know that when you are in the middle area where it's difficult to determine whether Congress is supporting the President's action or is opposed to the President's action, that the Court often has to try to read the tea leaves of related legislation. If you look at the Dames and Moore decision coming out of the Iranian hostage crisis, what the Court did in that case, applying the middle tier, was look at a vast array of legislation. And it was a very difficult enterprise to try to figure out what Congress' view was. My point was simply that if we'd know what Congress' view was, it might make it easier to apply it in a particular case, and you wouldn't have to go through that process of trying to determine what position Congress was in, if that turned out to be pertinent under the particular legal challenge.

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Senator Graham. Thank you. Justice Scalia said in a very direct way, the courts are ill-equipped to deal with these issues. In the Youngstown Steel case, Justice Jackson says, "When the President acts pursuant to an express or implied authorization of Congress, his authority is at the maximum, for it includes all that he possesses in his own right plus all that Congress can delegate. A seizure executed by the President pursuant to an act of Congress would be supported by the strongest of presumptions and the widest latitude of judicial interpretation, and the burden of persuasion would rest heavily upon any who may attack."

Do you agree with that?

Judge Roberts. That was read from the Jackson--I do. I agree with the basic proposition that the President's authority is at its greatest when he has the support of Congress.

Senator Graham. To my colleagues, I think it is imperative for this body to get involved in the war on terror when it comes to detaining, interrogating, and prosecuting enemy combatants who are not citizens. It is important that all three branches of Government, in my opinion, feel comfortable with the policies of this Nation, that we will be stronger if the judicial branch, the legislative branch, and the executive branch are working together to come up with policies that will allow for aggressive interrogation, appropriate detention, and serious prosecution in a way that is within the values of our Nation. So that is why I will be introducing legislation on all those topics, and I will not ask you any further what you may or may not do about the legislation if it ever gets to the floor of the Senate and passed.

Senator Leahy. . . . You suggested I may have over-read your memo following Grenada. You said it was really talking about veterans' rights, but actually your memo, what struck me, it does not say veterans' rights, it says "War Powers" on it. The Constitution vests the power of declaring war in Congress, not the President. I still have a hard time squaring that with your inherent authority argument you advanced in that Grenada memo. Maybe I could ask it that way. Do you continue to believe that the President has inherent authority to invade a sovereign nation absent attack by a foreign power?

Judge Roberts. Senator, that is a very abstract hypothetical. There are situations that arise when an Executive may determine that that type of action is necessary. That may be challenged. I don't think abstract questions like that should be answered. There have been situations in our past where that authority has been claimed, both abstractly and concretely. Certainly Congress has the power to declare war, but as you know, of course, there have been several incidents in our history, the Korean War, the Vietnam War, others where there has been authorization of the use of force, but not a declaration of war.

You know the history, when Madison's original proposal gave Congress the authority to make war, and he thought that should be changed so that the Executive would have the authority to respond to an invasion, and I appreciate that part of your question.

Senator Leahy. You also have George Washington, if you are going to quote people back at that time. George Washington spoke of no offensive expedition of

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importance can be undertaken until after Congress shall have deliberated the subject and authorized such a measure. So I will go to the flip side, can Congress stop a war?

Judge Roberts. Well, that's of course a difficult question. Now, Congress has always exercised the power of the purse with respect to activities of that sort, and regulated the funding for that type of activity, and that has of course always been the core of Congress's authority. But the question to actually terminate hostilities that the Executive has determined to initiate, either with the authorization of Congress on in the situation of congressional silence or acquiescence, to go back to the Youngstown decision. The issue of what Congress's authorities are to terminate short of exercising its power with respect to the purse, those are unsettled and I think have to be addressed in the context of a particular case.

The memo to which you refer, again, I was a lawyer for the Executive, and any cautious lawyer for the Executive, without regard to the administration, would be alert for any type of suggestion that there are limits on that power, just as--

Senator Leahy. Showing how cautious you were, you wrote, "There's no clear line separating what the President may do on his own and what requires a formal declaration of war," but you conclude the exercise of presidential power in connection with the Grenada incident fell comfortably on the legitimate side of the line. What is a situation that falls on the illegitimate side of the line where a declaration of war would be needed?

Judge Roberts. Well, you know, you take the history anyway, if you have a situation like the Korean War taking place without a declaration of war, the war in Vietnam taking place without a declaration of war, I think it's difficult to articulate in the abstract where the line would be other than the fact that throughout our history there have been those significant types of engagements that I suspect all of the people involved in them thought were a war that did have a congressional declaration of war. So again, where the line is drawn or how it would be drawn in a particular case, or even what the role of the courts would be. As you know in these areas there's often an initial dispute, is this a judiciable question that the Court should entertain in the case of litigation and a conflict between the Executive and the Legislative concerning something like whether a declaration of war was required. That would be a question the Court would have to address before reaching the merits.

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Separation of Powers – Congress and the Judiciary

Senator Hatch. All of your experience has been either in the Judicial Branch from your service as a clerk to then-Justice Rehnquist, and from your current role on the D.C. Circuit, or in the Executive Branch, where you worked in the White House Counsel's Office, Assistant to the Attorney General and Deputy Solicitor General. In contrast, I would note that Justice Breyer brought to the Court his experience as Chief Counsel to this Committee. As many commentators during the oral arguments of the Sentencing Guidelines case, Justice Breyer seemed more than willing to defend congressional prerogatives. Now, what can you tell us to assure the Committee that your lack of experience in working in the Legislative Branch of Government might contribute to a lack of deference to Federal statutes as you review those Federal statutes on the bench?

Judge Roberts. Well, I guess the first thing I would say is look at--begin with my opinions as a judge over the past two years ont Court of Appeals. I think they show a healthy regard for the prerogatives of the Legislative Branch that is appropriate. It is certainly--as an advocate, I've certainly been arguing deference to the legislature in appropriate cases. Other cases of course I was on a different side in arguing the opposite, so I'm familiar with the arguments. I have not only been in a position where I've been pressing arguments, for example, for the Executive Branch. I have been arguing cases against the Executive Branch, and frequently arguing cases for the proposition of deference in favor of the legislature.

I guess I would just hearken back to the model I was talking about earlier of Justice Jackson, who went from being FDR's Attorney General to being a Justice on the Court who I think always had a health regard for the prerogatives of the Legislative Branch.

Senator Hatch. Do you believe that Congress is just as bound by constitutional limits as state legislatures?

Judge Roberts. There are different limits, of course, but, yes, the limits in the Constitution on Congress are as important as limitations on state legislatures in the Constitution.

Senator Hatch. I ask that question because some seem to argue that overturning a statute that we pass here in the national legislature is almost presumptively an example of judicial activism. I have disagree with the Court on some of these statutes. The Morrison case is a perfect illustration to me. I am, along with Senator Biden, the author of the Violence Against Women Act, and I felt that they overreached in that particular case.

But in any event, some believe that it is judicial activism, while turning a blind eye to the much more common practice of striking down State legislation is just an afterthought.

This argument gets even more complicated when the Supreme Court uses a provision actually in the Constitution, to strike down a congressional statute, but provisions not in the Constitution to strike down State statutes. America's Founders were clear that the Constitution established a Federal Government of few and defined powers.

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It cannot regulate any activity it choose, but may only regulate in those areas which the Constitution grants it power to regulate.

One familiar area is found in Article I, Section 8, which gives the Congress to regulate, "to regulate commerce among the various States." Now, do not get me wrong, I do not necessarily agree with the Supreme Court, as I mentioned in the Morrison case. I do not think they always get it right when saying that Congress has overstepped its bounds with respect to regulating interstate commerce.

At the same time some have learned that we are sliding into a constitutional abyss because the Court has found just twice in more than 60 years that there is something, anything that it says the Constitution does not allow Congress to do regarding Congress and State legislatures and their enactments.

Judge Roberts. Well, the obligation to say what the law is, including determining that particular legislation is unconstitutional, is, as Chief Justice Marshall said, emphatically the duty and province of the Judicial Branch. You and I can agree or disagree on whether the Court is right in a particular case, but if the Court strikes down an Act of Congress and it's wrong, the Court shouldn't have done that, that's not an act of judicial activism, it's just being wrong.

The obligation to strike down legislation is with the Judicial Branch. They need--I think as Justice Holmes said, it's the gravest and most delicate duty that the Court performs, and the reason is obvious. All judges are acutely aware of the fact that millions and millions of people have voted for you and not one has voted for any of us. That means that you have the responsibility of representing the policy preferences of the people making the determination about when legislation is necessary and appropriate and what form that legislation should take.

Our job is a very different one. We have to consider cases that raise the question from time to time whether particular legislation is constitutional, and we have to limit ourselves in doing that to applying the law and not in any way substituting ourselves for the policy choices you've made. But it is not, as I would say, it's not judicial activism when the courts do that. They may be right or they're wrong, and if they're wrong, they're wrong, but it's not activism.

Senator DeWine. Judge, let me turn to the area of congressional power. It has been talked about before here, but I want to talk about it a little bit more. Really, this has to do with federalism cases. As you know, the Court has handed down a number of cases that have restricted the power of Congress to pass important legislation. The Court has struck down portions of the Violence Against Women Act, the Americans with Disabilities Act, the Age Discrimination in Employment Act, and the Religious Freedom Restoration Act, just to name a few.

In some of these cases the Court restricted Congress's power under the Commerce Clause. In some it relied on the 11th Amendment, and in some it cited Section 5 of the 14th Amendment. The particular provision is not that important for this discussion. Let me be perfectly frank. I think there are some problems with these decisions. I think it is wrong for judges to take on the role of policymaker. I realize that if a statute is blatantly

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unconstitutional, a judge has to do their duty. But I think for the reason I am going to discuss in a minute, that was not true in these cases.

I want to cite one example, and that is--because of time I can only go through one--and that is the Garrett case, a 5-4 decision, Board of Trustees v. Garrett. As you know, this case involved a woman who said that she had been discriminated against because she was disabled. She was employed by the State of Alabama. She sued the State under the Americans with Disabilities Act. The Supreme Court threw out the suit, holding that there was no evidence that the State discriminated against the disabled in employment decisions. I think the problem with Garrett is that the Court ignored findings by Congress.

There were other cases that have been decided, where we did not have findings, and you are familiar with those. I understand the Court's decisions. I might like them or not like them, but I understand them.

This case we made findings. While we were considering the Americans with Disabilities Act we held 13 hearings and we set up a task force, a task force that held hearings in every State. It was attended by more than 30,000 individuals. Based on these hearings we found 300 examples of disabled individuals being discriminated against in employment decisions. We found that two-thirds of all disabled Americans between the ages of 16 and 64 were not working at all, even though a large majority of them were capable of doing so. We found that this discrimination flowed from stereotypic assumptions about the disabled, as well as, quote, "purposeful, unequal treatment," all findings by this elected Congress of the United States.

In Garrett, however, the Court said this was not enough. They rejected our fact findings, holding that we had not pointed to any evidence that the States discriminated in employment decisions against the disabled.

Judge, you have stressed repeatedly in your writings and your opinions--and I have a great deal of respect for you and appreciate these writings and opinions--you stressed the limited role that judges must play in our system of Government. I applaud you for that approach. It is important for me to ensure that you still hold to this belief. In your opinion, what role should a judge play when reviewing congressional fact findings? In your view, how much deference do congressional fact findings deserve? I understand you are not going to talk about this case, or any of the cases I have just cited. I wanted to lay that kind of as a predicate. I wanted to tell you where I am coming from.

But just talk in general about when you see fact findings by Congress, when we have held hearings, when we have established a record, how do you approach? What are the tools that you use, Judge, based on the precedents and based on what you think the role of the judge is?

Judge Roberts. Again, and of course, without getting into the particulars, the reason that congressional fact finding and determination is important in these cases is because the courts recognize that they can't do that. Courts can't have, as you said, whatever it was, the 13 separate hearings before passing particular legislation. Courts--the Supreme Court can't sit and hear witness after witness after witness in a particular area and develop that kind of a record. Courts can't make the policy judgments about what type of legislation is necessary in light of the findings that are made. So the findings play an important role, and I think it is correct to say under the law in this area

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and others, they're neither necessary nor necessarily sufficient. But I know as a judge that they're extremely helpful when there are findings.

And judges know when they look at those, that they're the result of an exhaustive process of a sort that the Court cannot duplicate. We simply don't have the institutional expertise or the resources or the authority to engage in that type of a process. So that is sort of the basis for the deference to the fact finding that is made. It's institutional competence. The courts don't have it. Congress does. It's constitutional authority. It's not our job. It is your job. So the defence to congressional findings in this area has a solid basis.

Now, the particular area you're talking about under Section 5 of the 14th Amendment, the Garrett case, there are of course more recent cases that you know of, Tennessee v. Lane and the Hibbs case in Nevada v. Hibbs, where the Court did defer to the fact finding in those cases, and particularly in the Hibbs case focused on the legislative recognition based on its examination of the factual record developed at hearings about the statute that was at issue there, and the particular approach that they were taking to remedy discrimination under the 14th Amendment, which is the authority that Congress has.

Now, the legal requirement that the Court has articulated there came of course from the City of Boerne case, that the remedial approach has to be congruent and proportional. Justice Scalia signed on to that approach in the City of Boerne case. In the Lane case he said he had changed his mind and he no longer agreed with that. Any area of the law where Justice Scalia is changing his mind, has got to be one that is particularly difficult, and one that I think is appropriately regarded as still evolving and emerging. And so I don't know if the more recent cases in Lane and Hibbs represent a swinging of the pendulum away from cases like Garrett and Kimmel on the other side, or if it's simply part of the process of the Court trying to come to rest with an approach in this area.

But it is an area that the Court has found difficult, and just as a general matter, I think when you get to this point of reweighing congressional findings, that starts to look more like a legislative function, and the courts need to be very careful as they get into that area, to make sure that they're interpreting the law and not making it.

Senator Brownback. [line of questioning criticizing Kelo]

Judge Roberts. . . . There was a caveat in the Kelo majority. They said they were only deciding this in the context of an urban redevelopment plan. They reserved the question--if it's just taking one parcel and giving it to everybody else, not part of a broader plan, that question was still open. And as you say, there's been a lot of reaction to it. I understand some States have even legislated restricting their power.

Senator Brownback. And we are considering it here in the Congress.

Judge Roberts. And I think that's a very appropriate approach to consider. In other words, the Court was not saying you have to have this power, you have to exercise this power. What the Court was saying is there is this power, and then it's up to the legislature to determine whether it wants that to be available, whether it wants it to be available in limited circumstances, or whether it wants to go back to an understanding as reflected in the dissent, that this is not an appropriate public use.

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That leaves the ball in the court of the legislature, and I think it's reflective of what is often the case and people sometimes lose sight of, that this body and legislative bodies in the States are protectors of the people's rights as well. It's not simply a question of legislating to address particular needs, but you obviously have to also be cognizant of the people's rights and you can protect them in situations where the Court has determined, as it did 5-4 in Kelo, that they are not going to draw that line. You still have the authority to draw--

Senator Brownback. I understand the authority we maintain. . . .

Senator Brownback. Let me take you to another area that is stewing here in legislative bodies, certainly across the United States and certainly in Congress, and that is the issue of checks and balances of the Court. Any civics student can talk about checks and balances within the executive, the legislative, and the judicial branch, and we all know that Congress, when it passes a bill, can be checked by a veto of the President. And we know the President's power can be checked by the power of the purse in the Congress, those checks and balances. And when popular elected branches of Government enact bills contrary to the Constitution, the courts can strike the law down by exercising judicial review.

One curiosity, though, especially given the broad sweep of judicial power in America today and the angst that that stirs among so many people, is what check there is on the Court and what checks there exist on the Court. And it seems to me critical that we have this discussion at this point in time.

The first check on the judiciary, of course, is the President's ability to populate the bench, to which you are a nominee, and our ability on advise and consent. A greater problem arises once a Federal judge is on the bench and what is in Article III, section 1--and this is getting a lot of discussion now here in this body, where judges hold office during good behavior, which I know you will have, effectively have life tenure. But that is not really an effective check in the system.

[omitted extensive exchange re Congress's power to strip the Court of jurisdiction; for that exchange, see Federal Jurisdiction – Jurisdiction-Stripping]

Senator Brownback. Then what check is there on the Court's power?

Judge Roberts. Well, I think the primary check is the same one that Alexander Hamilton talked about in the Federalist Papers, because the exact argument was raising in the debates about the Constitution. People were concerned about a new Judiciary, what was it going to do? They were concerned that it might deprive them of their rights. And of course, Hamilton's famous answer was that Judiciary was going to be the least dangerous branch because it had no power. It didn't have the sword. It didn't have the purse. And the judges were not going to be able to deprive people of their liberty because they were going to be bound down by rules and precedents. They were going to just interpret the law. And if judges just interpreted the law, there was no threat to liberty from the Judicial Branch.

So I would say the primary check on the courts has always been judicial self-restraint, and a recognition on the part of judges that they have a limited task, that they are insulated from the people. They're given life tenure, as you mentioned, precisely

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because they're not shaping policy. They're not supposed to be responsive. They're supposed to just interpret the law.

Senator Brownback. I guess that is the area that has so many people concerned, is that the Judiciary does not show restraint, and judicial restraint is the limitation on the courts, such as in the Takings Clause we just had really, where the Court is saying, "Well, no, this is a broader power." But if you do not restrain yourselves, then who does within this system? Obviously there are restraints on the Congress, there are restraints on the President. We like that system. We want that check and balance system. I think the Framers put that Exceptions Clause and other things in there for clear purpose, for clear reason.

Let me take you on to another area because that one I think you are going to see a lot of action as you get pushing back and forth between the three branches of Government, and a number of people feeling like the Judiciary has not show judicial restraint in recent years.

Senator Coburn. [cites Gonzaga and observes that legislation is not always clear]

I would just like your thoughts as to if you were to critique things that we could do better to make your job easier and clearer, what would you have to say to that?

Judge Roberts. Well, sitting where I am, I am not terribly inclined to be critical of the Congress--

[Laughter.]

Judge Roberts. --and wouldn't be in any event. But a lot of what judges spend their time doing, not always in the momentous constitutional cases that we've been talking about, but sometimes in very mundane cases, is the effort to discern Congressional intent, trying to figure out what Congress meant when it used specific words that were passed by both Houses and signed by the President into law.

Now, some of that is entirely unavoidable. The complexity of human endeavor is such that situations are going to arise that are not clearly answered by even the most specific language, and that's to be expected and judges have to address those situations.

But as you suggest yourself in your question, there are situations where sometimes Congress punts the issue to the courts. They can't come to an agreement about how a particular provision should be applied, and so folks who wanted to go one way and folks who wanted to go the other way just sort of leave it ambiguous or leave it out and take their chances in court.

Obviously, that's a different situation. I think all judges would tell you that to the extent Congress can address the issues and resolve the issues that are the policy questions entrusted to them, it makes it a lot easier for the courts to decide the cases that do come up because then it's just a question of looking at the facts and the law is clear and you apply the facts to the law. If the law is unclear, that makes it that much more difficult.

As I said, obviously, a lot of these situations are unavoidable, but there are certainly--and the Supreme Court has addressed many of these, the issue of implied rights of action in the past, and they were doing case after case after case and they finally adopted an approach in the early 1980s that said, look, we're not going to imply rights of action anymore. Congress, if you want somebody to have a right of action, just say so.

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But this is not a good thing for the courts to be doing, deciding whether a particular right of action should be implied or not.

And after the Court developed that jurisprudence in the early 1980s, the hope was, and I think it has been realized to a large extent, that there will be more addressing of that question in Congress, which is where it should be addressed.

Senator Coburn. And you would agree, we could do a better job?

Judge Roberts. Well, I'm sure everyone is doing as good a job as they can--

Senator Coburn. That is the first answer I worry about that you given through the whole testimony.

[Laughter.]

Chairman Specter. I am going to move now to the confrontation between Congress and the Court, and what I consider to be denigrating comments about the Congress. In the Morrison case, in the face of a overwhelming factual record, the Court, 5-4 decision, said that parts of the legislation to protect women against violence unconstitutional because of the congressional "method of reasoning." And then the dissent picked up the conclusion that the majority's view was "dependent upon a uniquely judicial competence" with the other side of the coin being congressional incompetence. And then in the dissent in Tennessee v. Lane Justice Scalia says that the Court engaged in ill-advised proceedings to make itself the "task master" to see if the Congress has done its homework. You commented a few minutes ago that you would be respectful of Congress. Do we have your commitment that you won't characterize your method of reasoning as superior to ours?

Judge Roberts. I don't think it's appropriate--

Chairman Specter. In your particular case, maybe yours is, but--

Judge Roberts. No, no.

[Laughter.]

Chairman Specter. As a generalization--we have gone around this with other nominees, and after they have gone to the Court, they have not been mindful as to what they have said here. But I take umbrage at what the Court has said and so do my colleagues. There isn't a method of reasoning which changes when you move across the green from the Senate columns to the Supreme Court columns. And we do our homework, evidenced by what has gone on in this hearing, and we do not like being treated as schoolchildren, requiring, as Justice Scalia says, a task master.

Will you do better on this subject, Judge Roberts?

Judge Roberts. Well, I don't think the Court should be the task master of Congress. I think the Constitution is the Court's task master, and it's Congress' task master as well. And we each have responsibilities under the Constitution. And I appreciate very much the differences in institutional competence between the judiciary and the Congress when it comes to basic questions of fact finding, development of a record, and also the authority to make the policy decisions about how to act on the basis of a particular record. It's not just disagreement over a record. It's a question of whose job it is to make a determination based on the record. Now--

Chairman Specter. On the record. In U.S. v. Morrison, the legislation to protect women against violence, the record showed that there were reporters on gender bias from

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the task force in 21 States and eight separate reports issued by Congress and its committees over a long course of time leading to the enactment and the characterization by the dissenters that there was a mountain of evidence.

What more does the Congress have to do to establish a record that will be respected by the Court? And this is where the five-person majority threw it over, not because of the record but because of the method of reasoning. Isn't that record palpably sufficient to sustain the constitutionality of the Act?

Judge Roberts. Well, Mr. Chairman, I don't want to comment on the correctness of incorrectness of a particular decision. What I will say--

Chairman Specter. Well, Judge Roberts, let me interrupt you there for a minute. Why not? The case is over. This isn't a case which is likely to come before you again. These are the specific facts based on the rape of the woman--alleged rape by the three VMI students. I liked your answers yesterday. You were willing to answer more questions about cases on the differentiation that they are not likely to come before the Court. This is not likely to come before the Court again. Isn't this record sufficient in Morrison to--

Judge Roberts. Well, Mr. Chairman, I must respectfully disagree. I have been willing to comment on cases that I think are not likely to come before the Court again. I think the particular question you ask about the adequacy of findings, make a determination of the impact on interstate commerce, is likely to come before the Court again. And expressing an opinion on whether the Morrison case was correct or incorrect would be prejudging those cases that are likely to come before the Court again. And that is the line--it's not just a line that I'm drawing. It's a line that, as I've read the transcripts, every nominee who's sitting on the Court today drew. Some of them drew the line far more aggressively and wouldn't even comment on cases like Marbury v. Madison.

What I can tell you is that with respect to review of congressional findings, that my view of the appropriate role of a judge is a limited role and that you do not make the law, and that it seems to me that one of the warning flags that should suggest to you as a judge that you may be beginning to transgress into the area of making a law is when you are in a position of re-evaluating legislative findings, because that doesn't look like a judicial function. It's not an application of analysis under the Constitution. It's just another look at findings.

Now, again, I don't feel it's appropriate to comment on Morrison. I do feel it's appropriate to tell you that I appreciate the differences between Congress and the courts with respect to findings, both with respect to the issue of the capability and competence to undertake that enterprise, and also with respect to the issue of authority to make a decision based on the findings.

Chairman Specter. Judge Roberts, we will have to agree to disagree about that. I don't think the facts of Morrison are likely to come before the Court, but I ask the questions, you answer them.

Chairman Specter. . . . Let me come now to the Americans With Disabilities Act, and you have 5-4 decisions going opposite ways. Ms. Garrett had breast cancer. The Court in 2001 said that the title of the Disabilities Act was unconstitutional, 5-4, on employment discrimination. Then 3 years later, you have the case coming up of Lane,

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the paraplegic crawling up the steps, accommodations, 5-4, and the Act is upheld. The record in the case was very extensive--13 congressional hearings, a task force that held hearings in every State, attended by more than 30,000 people, including thousands who had experienced discrimination. And in the Garrett case, the Supreme Court of the United States used a doctrine which had been in vogue only since 1997 in the Boerne case. You and I discussed this in my office. They came up with a standard of what is congruent and proportionate. Congruence and proportionality.

I was interested in your statement when we talked informally that you did not find those in the 14th Amendment. I did not either. Now, they plucked congruence and proportionality right out of thin air, and when Scalia dissented, he said that the congruence and proportionality test was a "flabby test," which is a "invitation to judicial arbitrariness by policy-driven decisionmaking."

Now, you said yesterday that you did not think that there was judicial activism when the Court overruled an act of Congress. Isn't this congruence and proportionality test, which comes out of thin air, a classic example of judicial activism where the view of congruence--hard to find a definition for congruence. Proportionality, hard to find a definition for proportionality. I have searched and cannot find any.

Isn't that the very essence of what is in the eye of the beholder where the Court takes carte blanche to declare acts of Congress unconstitutional?

Judge Roberts. Well, these questions arise, of course, under, as you know, section 5 of the 14th Amendment, where the issue is Congress' power to address violations of the 14th Amendment. And it's an extraordinary grant of power, and the Court has always recognized it as such. And their decisions in recent years--it's not just, as you point out, the Garrett case on the one hand and the Lane case on the other. You have the Hibbs case recently, which upheld Congress' exercise of authority. The most recent cases--Lane and Hibbs--uphold Congress' exercise of authority to abrogate--

Chairman Specter. But, Judge Roberts, they uphold it at the pleasure of the Court. Congress can't figure that out. There is no way we can tell what is congruent and proportional in the eyes of the Court.

Judge Roberts. Well, and that was Justice Scalia's position in dissent. He had originally--

Chairman Specter. Do you agree with Scalia?

Judge Roberts. Well, again, the congruent and proportional test--

Chairman Specter. Do you disagree with Justice Scalia?

Judge Roberts. I don't think it's appropriate in an area--and there are cases coming up, as you know, Mr. Chairman. There's a case on the docket right now that considers the congruence and proportionality test.

Chairman Specter. That is why I am raising it with you. I would like to see a sensible interpretation of the Court in that case.

Judge Roberts. Well, and if I am confirmed and I do have to sit on that case, I would approach that with an open mind and consider the arguments. I can't give you a commitment here today about how I will approach an issue that is going to be on the docket within a matter of months.

Chairman Specter. Judge Roberts, I am not talking about an issue. I am talking about the essence of jurisprudence. I am talking about the essence of a man/ woman-made test in the Supreme Court which has no grounding in the Constitution, no

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grounding in the Federalist Papers, no grounding in the history of the country, comes out of thin air in 1997, and it is used in Lane and Garrett, two 5-4 decisions on identical records, on an identical act, and the country and the Congress are supposed to figure out what the Court means. So I am really talking about jurisprudence.

Senator Hatch. And the Grove City case, you won that case, didn't you?

Judge Roberts. The administration's position prevailed before the Court.

Senator Hatch. That is right. In other words, the position that you had advocated prevailed. Then we did not like it up here on Capitol Hill, so we passed the Civil Rights Restoration Act and we changed it, right?

Judge Roberts. Yes, which, of course, is always the prerogative of Congress when you're dealing with a question of statutory interpretation, and that's part of a regular interchange between the Court and the Congress. Sometimes if the Court gets something wrong, Congress can fix it. Even if the Court gets it right but Congress thinks the approach ought to be changed, Congress is free to legislate for a different result.

Judge Roberts. [responding to Sen. Kohl re Kelo] . . . I do know there's been extensive legislative reaction to the decision. I know a number of States have passed laws already, saying, "We do not authorize the use of the power of eminent domain to take--for a use that's going to be from one private owner to another," and that's certainly an appropriate reaction to the Court's decision in this area.

What the Court is saying, what the majority is saying is because of the difficulty of drawing a line, this issue is really left up to the legislature, and if the legislature wants to draw the line in a particular place, it has that authority. But it certainly is a decision that was closely divided, 5-4, and it has gotten a lot of legislative reaction.

The point I would only make is that it's perhaps a good example of the fact that legislatures, legislators have a responsibility to protect the rights of the people just as much as courts, and one way they can protect the rights of the people in this area, if they think it appropriate, is to restrict themselves in saying, "We will not use the eminent domain power to the broadest extent that the Supreme Court has said we are authorized to do."

Senator Brownback. . . . I want to talk on a separate hat you would carry as the Chief Justice of the United States, and that is as the head of the Judicial Conference of the United States, and it is about court reorganization. There have been proposals put forward to split the Ninth Circuit Court of Appeals, Ninth Circuit, the far western circuit, very large circuit. There is discussions in the Congress about splitting that circuit in two because of its size, its caseload, a number of other reasons that have been proffered or put forward.

You would agree that under Article I, section 8, that Congress has the power to constitute tribunals inferior to the Supreme Court?

Judge Roberts. Yes, Senator.

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Senator Brownback. And that these inferior courts would include such things as the circuit court and the lower district courts of the Federal Government?

Judge Roberts. Yes.

Senator Brownback. So that Congress would have the power, its power--Congress has the power under the Constitution to split the Ninth Circuit Court of Appeals?

Judge Roberts. I know that Congress did just that with respect to the old Fifth Circuit, which used to run from Florida out through Texas, and they split it into the new Fifth Circuit and the 11th Circuit. I don't think any questions have been raised about Congress's authority to do that.

Senator Brownback. And you do not raise those here as the head of the Judicial Conference of the United States?

Judge Roberts. Well, I wouldn't want to--

Senator Brownback. Some potential role there.

Judge Roberts. --just yet, but I'm not aware of any objections to Congress's authority. I don't think that's the issue. I know the judges have various views on whether it's a good idea of not, and since it affects them, I know some of the judges have expressed those views. But the question of congressional authority to do that is not something I've seen raised.

Senator Brownback. I thank you.

Senator Kennedy. Let me ask you about those that are faced with disabilities. Do you think the 50 million Americans that are faced with disabilities in one form or another, challenges I like to say, do you think that we have the authority and the power to free this country, free our Nation from the forms of discrimination against those who have disability?

Judge Roberts. I do, Senator. Now, there are issues that come up, as you know, in several of the cases before the Supreme Court on the particular applications of that, cases concerning the question of do you have the authority under Section 5 of the 14th Amendment to abrogate State sovereign immunity if the claim of disability discrimination concerns a State as a defendant. And as you know, in the Garrett case there was conclusion that the authority was not there. Later in the Lane case under Title II of the Americans with Disabilities Act, the conclusion was that the sufficient record had been established that there was the authority.

So while as a general matter, there is the authority in a particular case that may come up against other provisions in the Constitution, or--in that case the recognition of State sovereign immunity, and that presents an issue that the courts have to address.

Senator Kennedy. You mentioned the Lane case. That was decided 5-4, 5-4. We are going to hear later today from Beverly Jones, who was a plaintiff in that case. I have listened the her and met with her before, an extraordinary woman, mother of two, trying to provide for her family, court reporter, and it was either a issue or question whether she was going to crawl up the flight of stairs to have access to the courtroom and have someone bring up her wheelchair, or whether she was effectively going to be denied that opportunity to have access to a courtroom in Tennessee.

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Four Justices indicated in their dissent that this kind of an issue or question ought to be resolved by States, effectively, 50 States ought to be making that judgment. I strongly believe that this country, in its march towards progress in dealing with disabilities, with Americans with Disabilities Act, the Rehabilitation Act, the work that was done with IDEA over a long period of time, that we have come to the point where we as a country want to invite all of those with forms of disability to be a part of the main stream. But that was a 5-4 decision.

And I appreciate the fact your at least answer in the Lane v. Tennessee, that you are at least sympathetic to the judgment that Justice O'Connor made in indicating that accommodation for those with disability in that case was appropriate.

Judge Roberts. Well, it's certainly the precedent of the Court in that area and I have no quarrel with it. The issue of course is whether or not Congress has the authority under Section 5 of the 14th Amendment to abrogate the State's sovereign immunity. It's not a policy judgment by the Court about leaving things to the States or the Federal Government, but a legal determination of whether the State's sovereign immunity has been abrogated. And the Court determined in that case that Congress did have that authority and that it could authorize the suit against the State institution.

Senator Kennedy. We are going to come back to sort of the kind of legalist determinations that make an extraordinary difference in terms of people's lives. We welcome guidance and invitation about which particular provisions of the Constitution that we ought to utilize in order to strike down these forms of discrimination.

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Sixth Amendment

Senator Leahy. . . . Let's go to another precedent that moved me a great deal, Gideon v. Wainwright. As a young law student, I had an opportunity--my wife and I had an opportunity to have lunch with Hugo Black shortly after that, one of the most memorable times I had. He was a former Senator. He recognized the Sixth Amendment's guarantee to counsel in a criminal case was a fundamental right to a fair trial. He called it an obvious truth that in an adversary system of criminal justice, any person hauled into court who was too poor to hire a lawyer cannot be assured a fair trial unless counsel is provided for him. There is a wonderful book, "Gideon's Trumpet," that Anthony Lewis wrote.

Doesn't Gideon stand for the principle that to be meaningful such a fundamental right as the right to counsel requires assurances that can be exercised?

Judge Roberts. Yes, I think so. I have often said that a lot of these difficulties, particularly in the area of legal errors being raised and collateral review, a lot of those difficult questions could be avoided if people had competent counsel from the very beginning.

Senator Leahy. Well, doesn't the same principle embodied in Gideon, that the Constitution guarantees a person's ability to exercise fundamental constitutional rights, doesn't that apply to other constitutional rights? I mean, to be meaningful, if we have these rights, they have also got to be real in people's lives.

Judge Roberts. Well, I think the basic instinct and genius behind the Gideon decision was that without counsel to protect people's rights, they were going to forfeit them. They were going to waive them due to ignorance or inability to appreciate the proceedings, and that is why you need counsel at that stage. It is not simply because you have a right to counsel in the abstract. It was the recognition that having counsel is a way to ensure the protection of your other rights that you may not even be aware of.

Senator Leahy. That could be with a lot of our rights. I mean we have got to be meaningful. You cannot just say you have them. I am really struck by your discussion of the Soviet Constitution. I totally agree with you on that, but we have 280 million Americans of all different economic and educational backgrounds and everything else; we have wonderful rights. Our Bill of Rights is, I think, one of the most amazing things ever written by a democratic people. But the rights are only there if they are meaningful in people's lives, that they can be enforced. And ultimately it may come right down to the courts.

Judge Roberts. Well, I think--

Senator Leahy. I mean Hugo Black's opinion is a pretty strong opinion.

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Spending Clause

Senator DeWine. . . . Congress still has the power to protect the disabled under the Spending Clause of the Constitution. We have the power of the purse. In South Dakota v. Dole we wanted to establish a national drinking age of 21. You are well aware of that. It was upheld by the Court. We did it through the power of the purse in the Dole case. I just wonder if Congress might be able to use this approach to require the States to waive their immunity from suit under statutes like the Americans With Disabilities Act. It seems to me that under the Spending Clause, we have at our disposal the power to protect the disabled, to protect other groups, and effectively overturn cases like Garrett and these other cases that limit legislative power.

You seem to take that approach in a case entitled Barber v. Washington Metropolitan Transit Authority. That case concerned a disabled person who was suing a State entity under the Rehabilitation Act. In that case, you held that the suit could go forward even though the State entity was immune from suit under the 11th Amendment. In your view, the State entity had agreed to waive its immunity in exchange for receiving Federal mass transit dollars.

I think this case is important. It is important to me, at least, Judge. It seems to show us what you think about Congress' power under the Spending Clause, and it also gives us a model, I think, for how we might be able to protect those who are discriminated against under the Americans With Disabilities Act.

Could you just take a moment--I have got 2 minutes left. Could you take a moment and tell us about the issue in the Barber case and what was your reasoning for permitting a disabled person to sue in Federal court for discrimination in that case?

Judge Roberts. Certainly.

Senator DeWine. It was your case. You were involved in the case. You were in the majority opinion.

Judge Roberts. It was a divided decision.

Senator DeWine. Right, 2-1.

Judge Roberts. The argument was whether Congress had the authority under the Spending Clause as a condition of the receipt of Federal funds that WMATA--the Metro here in D.C.--receives, that they waive their sovereign immunity to suit under the disability provisions, and the argument was that Congress lacked that authority, that they could not impose a waiver of sovereign immunity as a condition for the receipt of Federal funds to allow an individual alleging discrimination on the basis of disability to sue.

There was no issue about whether there was sovereign immunity in the absence of a waiver, and the WMATA governing body was opposing the suit on the ground that it had not waived immunity. And they were arguing that Congress lacked the authority to condition the receipt of funds on a waiver of immunity.

It was a divided decision, a 2-1 vote. The dissenter argued that this was an inappropriate exercise of the Spending Clause power. The majority concluded that, no, this was within Congress' authority. It could condition the receipt of Federal funds on a waiver of sovereign immunity that allowed an individual alleging he was discriminated against in employment because of his disability to proceed with the suit. The arguments we rejected were arguments of germaneness. The idea was the fund were for

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transportation, not for employment, and so that it wasn't a germane condition. The majority rejected those arguments. The dissent would have ruled the other way.

Senator Brownback. . . . You would agree under the Constitution that the legislative bodies, and particularly under the U.S. Constitution, that Congress has the power to appropriate money?

Judge Roberts. Yes. The Framers regarded that as the basis legislative power, the power of the purse.

Senator Brownback. And that that power is not given to the Judiciary, it is given to the Legislative Branch of Government?

Judge Roberts. Yes. Alexander Hamilton, in making his point--I think it was Hamilton--that this was the least dangerous branch, emphasized that the courts have neither the power of the sword nor the power of the purse.

Senator Brownback. I want to point out to you--and this is happening in State judiciaries; this is happening and being considered now in the U.S. Federal Courts--the court's role in appropriating money. And you will have in front of you a case, the Solomon amendment that wa considered here. This is a recent Third Circuit of Appeals case, struck down the Solomon amendment on constitutional grounds. The Solomon amendment passed by Congress, Jerry Solomon, a long-term member of Congress, wonderful gentleman, has since passed away, had conditioned a university receipts of Federal funds on the universities granting equal access to the military for purposes of recruiting students.

So he said, you know, you need to allow military personnel access if you want to receive Federal funds. It was considered by Congress, it was passed. Third Circuit Court struck down the Solomon amendment on constitutional grounds. The decision has been appealed to you.

I obviously do not want you to declare your position on this. I would ask you, if you can state on this, the obvious one first, we have the role of the power of the purse is in the Congress, not in the Judiciary. May the Congress attach conditions to the receipt of Federal funds?

Judge Roberts. Well, Congress historically has done that. The Spending Clause power, for example, South Dakota v. Dole said that if you accept Federal Highway funds, you have to raise the drinking age to 21, and that was upheld by the Supreme Court. So certainly as a general proposition the Congress has that authority. I consider it a case involving a waiver of sovereign immunity. The condition on the receipt of Federal funds was that Washington's Metro system waive its sovereign immunity with respect to disability claims, and by a 2-1 vote we upheld that exercise of authority under the Spending Clause.

Senator Brownback. The Solomon amendment will be in front of you if you are confirmed, and obviously you cannot comment on it. It is just that if the courts start appropriating money through this route, the rub between the systems and the branches of Government I think will be absolutely extraordinary, and there will become more and more innovative ways that the Congress will try to find to limit the Judiciary. It is not healthy for the system and it is certainly not healthy for the Judiciary if it starts into the business, goes further into the business of appropriating funds. And it bleeds down

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through the system. It is not just then in the U.S. Supreme Court. It goes through the State court systems as well, and I would hope that that right of the Congress would be respected with adequate judicial restraint, as you noted with me this morning, that being the major check on the Judiciary, though I think we can limit what the Judiciary can review under the Constitution.

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Stare decisis

Chairman Specter. . . . Judge Roberts, there are many subjects of enormous importance that you will be asked about in this confirmation hearing, but I start with the central issue which perhaps concerns most Americans, and that is the issue of the woman's right to choose and Roe v. Wade. And I begin collaterally with the issue of stare decisis and the issue of precedents. [Quoting Black's Law Dictionary, Justice Frankfurter, and Justice Cardozo on stare decisis.] In our initial conversation, you talked about stability and humility in the law. Would you agree with those articulations of the principles of stare decisis as you had contemplated them, as you said you looked for stability in the law?

Judge Roberts. Yes, Mr. Chairman, I would. I would point out that the principle goes back even farther than Cardozo and Frankfurter. Hamilton, in Federalist No. 78, said that, "To avoid an arbitrary discretion in the judges, they need to be bound down by rules and precedents." So even that far back, the Founders appreciated the role of precedent in promoting evenhandedness, predictability, stability, the appearance of integrity in the judicial process.

Chairman Specter. I move now to Casey v. Planned Parenthood. Thirty minutes may seem like a long time and a second round of 20 minutes, but the time will fly, and I want to get right to the core of the issue. In Casey, the key test on following precedents moved to the extent of reliance by the people on the precedent, and Casey had this to say in a rather earthy way: "People have ordered their thinking and living around Roe. To eliminate the issue of reliance, one would need to limit cognizable reliance to specific instances of sexual activity. For two decades of economic and social developments, people have organized intimate relationships in reliance on the availability of abortion in the event contraception should fail." That is the joint opinion, rather earthy in its context. Would you agree with that?

Judge Roberts. Well, Senator, the importance of settled expectations in the application of stare decisis is a very important consideration. That was emphasized in the Casey opinion, but also in other opinions outside that area of the law. The principles of stare decisis look at a number of factors, settled expectations one of them, as you mentioned. Whether or not particular precedents have proven to be unworkable is another consideration on the other side; whether the doctrinal bases of a decision have been eroded by subsequent developments. For example, if you have a case in which there are three precedents that lead and support that result and in the intervening period two of them have been overruled, that may be a basis for reconsidering the prior precedent.

Chairman Specter. But there is no doctrinal basis erosion in Roe, is there, Judge Roberts?

Judge Roberts. Well, I feel the need to stay away from a discussion of particular cases. I'm happy to discuss the principles of stare decisis, and the Court has developed a series of precedents on precedent, if you will. They have a number of cases talking about how this principle should be applied. And as you emphasized, in Casey they focused on settled expectations. They also looked at the workability and the erosion of precedents. The erosion of precedent I think figured more prominently in the Court's discussion in the

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Lawrence case, for example, but it is one of the factors that is looked at on the other side of the balance.

Chairman Specter. Well, do you see any erosion of precedent as to Roe?

Judge Roberts. Again, I think I should stay away from discussions of particular issues that are likely to come before the Court again. And in the area of abortion, there are cases on the Court's docket, of course. It is an issue that does come before the Court. So while I'm happy to talk about stare decisis and the importance of precedent, I don't think I should get into the application of those principles in a particular area.

Chairman Specter. Well, Judge Roberts, I don't know that we are dealing with any specific issue. When you mention--and you brought the term up--erosion of precedent, whether you see that as a factor in the application of stare decisis or expectations, for example, on the citation I quoted from Casey v. Planned Parenthood.

Judge Roberts. Well, in the particular case of Roe, obviously you had the Casey decision in '92 or '93.

Chairman Specter. '92.

Judge Roberts. '92, in which they went through the various factors in stare decisis and reaffirmed the central holding in Roe while revisiting the trimester framework and substituting the undue burden analysis with strict scrutiny. So as of '92, you had a reaffirmation of the central holding in Roe. That decision, that application of the principles of stare decisis is, of course, itself a precedent that would be entitled to respect under those principles.

Chairman Specter. The joint opinion then goes on, after the statement as to sexual activity, to come to the core issue about women being able to plan their lives. The joint opinion says, "The ability of women to participate equally in the economic and social life of the Nation has been facilitated by their ability to control their reproductive lives."

Do you agree with that statement, Judge Roberts?

Judge Roberts. Yes, Senator, as a general proposition. But I do feel compelled to point out that I should not, based on the precedent of prior nominees, agree or disagree with particular decisions, and I'm reluctant to do that. That's one of the areas where I think prior nominees have drawn the line when it comes to do you agree with this case or do you agree with that case. That's something that I'm going to have to draw the line in the--

Chairman Specter. Well, I am not going to ask you whether you are going to vote to overrule Roe or sustain it, but we are talking here about the jurisprudence of the Court and their reasoning.

Let me come to another key phase of Casey where the joint opinion says, "A terrible price would be paid for overruling Roe. It would seriously weaken the Court's capacity to exercise the judicial power and to function as the Supreme Court of the Nation dedicated to the rule of law."

Now, this moves away from the specific holding and goes to a much broader jurisprudential point, really raising the issue of whether there would be a recognition of the Court's authority. And in a similar line, the Court said this: that to overrule Roe would be "a surrender to political pressure," and added, "To overrule under fire would subvert the Court's legitimacy."

So in these statements on Casey, you are really going beyond the holding. You are going to the legitimacy and authority of the Court.

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Do you agree with that?

Judge Roberts. Well, I do think the considerations about the Court's legitimacy are critically important. In other cases--I'm thinking of Payne v. Tennessee, for example--the Court has focused on extensive disagreement as a grounds in favor of reconsideration. In Casey, the Court looked at the disagreement as a factor in favor of reaffirming the decision. So it's a factor that is played different ways in different precedents of the Court.

I do think that it is a jolt to the legal system when you overrule a precedent. Precedent plays an important role in promoting stability and evenhandedness. It is not enough--and the Court has emphasized this on several occasions. It is not enough that you may think the prior decision was wrongly decided. That really doesn't answer the question. It just poses the question. And you do look at these other factors, like settled expectations, like the legitimacy of the Court, like whether a particular precedent is workable or not, whether a precedent has been eroded by subsequent developments. All of those factors go into the determination of whether to revisit a precedent under the principles of stare decisis.

Chairman Specter. A jolt to the legal system, a movement against stability--one of the Roberts doctrines.

Judge Roberts. An overruling of a prior precedent is a jolt to the legal system. It is inconsistent with principles of stability and yet--

Chairman Specter. One--go ahead.

Judge Roberts. I was just going to say, the principles of stare decisis recognize that there are situations when that's a price that has to be paid. Obviously, Brown v. Board of Education is a leading example, overruling Plessy v. Ferguson, the West Coast Hotel case overruling the Lochner era decisions. Those were to a certain extent jolts to the legal system, and the arguments against them had a lot to do with stability and predictability. But the other arguments--that intervening precedents had eroded the authority of those cases, that those precedents that were overruled had proved unworkable--carried the day in those cases.

Chairman Specter. One final citation from the joint opinion in Roe: "After nearly 20 years of litigation in Roe's wake, we are satisfied that the immediate question is not the soundness of Roe's resolution of the issue, but the precedential force that must be accorded to its holding."

Do you think the joint opinion is correct in elevating precedential force even above the specific holding of the case?

Judge Roberts. That is the general approach when you're considering stare decisis. It's the notion that it's not enough that you might think that the precedent is flawed, that there are other considerations that enter into the calculus that have to be taken into account, the values of respect for precedent, evenhandedness, predictability, stability; the considerations on the other side, whether a precedent you think may be flawed is workable or not workable, whether it's been eroded.

So to the extent that the statement is making the basic point that it's not enough that you might think the precedent is flawed to justify revisiting it, I do agree with that.

Chairman Specter. When you and I met on our first so-called courtesy call, I discussed with you the concept of a super-stare decisis. And this was a phrase used by Circuit Judge Luttig in Richmond Medical Center v. Governor Gilmore in the year 2000,

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when he refers to Casey being a super-stare decisis decision with respect to the fundamental right to choose, and a number of the academics--Professor Farber has talked about super-stare decisis, and Professor Estrich has, as it applies to statutory lines.

Do you think that the cases which have followed Roe fall into the category of a super-stare decisis designation?

Judge Roberts. Well, it's a term that hasn't found its way into the Supreme Court opinions yet. I think--

Chairman Specter. Well, there is an opportunity for that.

[Laughter.]

Judge Roberts. I think one way to look at it is that the Casey decision itself, which applied the principles of stare decisis to Roe v. Wade, is itself a precedent of the Court, entitled to respect under principles of stare decisis. And that would be the body of law that any judge confronting an issue in this care would begin with, not simply the decision in Roe v. Wade but its reaffirmation n the Casey decision. That is itself a precedent. It's a precedent on whether or not to revisit the Roe v. Wade precedent. And under principles of stare decisis, that would be where any judge considering the issue in this area would begin.

Chairman Specter. When you and I talked informally, I asked you if you had any thought as to how many opportunities there were in the intervening 32 years for Roe to be overruled, and you said you did not really know, and you cited a number. And I said, "Would it surprise you to know that there have been 38 occasions where Roe has been taken up, not with a specific issue raised but all with an opportunity for Roe to be overruled?" One of them was Rust v. Sullivan, where you participated in the writing of the brief, and although the case did not squarely raise the overruling of Roe, it involved the issue of whether Planned Parenthood units funded with Federal money could counsel on abortion. And in that brief, you again raised the question about Roe being wrongly decided, and then I pointed out to you that there had been some 38 cases where the Court had taken up Roe.

I am very seldom a user of charts, but on this one I prepared a chart because it speaks--a little too heavy to lift, but it speaks louder than just--thank you, Senator Grassley. Thirty-eight cases where Roe has been taken up, and I don't want to coin any phrases on super precedents. We will leave that to the Supreme Court. But would you think that Roe might be a super-duper precedent in light--

[Laughter.]

Chairman Specter. --of 38 occasions to overrule it?

Judge Roberts. The interesting thing, of course, is not simply the opportunity to address it, but when the Court actually considers the question. And that, of course, is in the Casey decision where it did apply the principles of stare decisis and specifically addressed it. And that I think is the decision that any judge in this area would begin with.

Chairman Specter. Judge Roberts, in your confirmation hearing for circuit court, your testimony read to this effect, and it has been widely quoted: "Roe is the settled law of the land." Do you mean settled for you, settled only for your capacity as a circuit judge, or settled beyond that?

Judge Roberts. Well, beyond that, it's settled as a precedent of the Court, entitled to respect under principles of stare decisis. And those principles, applied in the Casey

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case, explain when cases should be revisited and when they should not. And it is settled as a precedent of the Court, yes.

Chairman Specter. You went on then to say, "It's a little more than settled. It was reaffirmed in the face of a challenge that it should be overruled in the Casey decision." So it has that added precedential value.

Judge Roberts. I think the initial question the judge confronting an issue in this area, you don't go straight to the Roe decision; you begin with Casey, which modified the Roe framework and reaffirmed its central holding.

Chairman Specter. And you went on to say, "Accordingly, it is the settled law of the land," using the term "settled" again. Then your final statement as to this quotation, "There is nothing in my personal views that would prevent me from fully and faithfully applying the precedent as well as Casey."

There had been a question raised about your personal views, and let me digress from Roe for just a moment because I think this touches on an issue which ought to be settled. When you talk about your personal views, and as they may relate to your own faith, would you say that your views are the same as those expressed by John Kennedy when he was a candidate and he spoke to the Greater Houston Ministerial Association in September of 1960, "I do not speak for my church on public matters, and the church does not speak for me"?

Judge Roberts. I agree with that, Senator, yes.

Chairman Specter. And did you have that in mind when you said, "There is nothing in my personal views that would prevent me from fully and faithfully applying the precedent as well as Casey"?

Judge Roberts. Well, I think people's personal views on this issue derive from a number of sources, and there's nothing in my personal views based on faith or other sources that would prevent me from applying the precedents of the Court faithfully under principles of stare decisis.

Chairman Specter. With respect to, going back again to the import of Roe and the passage of time, Supreme Court Chief Justice Rehnquist changed his views on Miranda in the 1974 case, Michigan v. Tucker, which I am sure you are familiar with. They did not apply Miranda, without going into the technical reasons there. But the issue came back to the Court in U.S. v. Dickerson in the year 2000, and the Chief Justice decided that Miranda should be upheld, and he used this language, that it became "so embedded in routine police practice to the point where the warnings have become a part of our national culture."

Do you think that that kind of a principle would be applicable to a woman's right to choose as embodied in Roe v. Wade?

Judge Roberts. Well, I think those are some of the considerations the Court applied in Casey when it applied stare decisis to Roe, and those were certainly the considerations that the Chief Justice focused on in Dickerson. I doubt that his views of the underlying correctness of Miranda had changed, but it was a different question in Dickerson. It wasn't whether Miranda was right, it was whether Miranda should be overruled at this stage, and the Chief applied and address that separate question distinct

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from any of his views on whether Miranda was correct or not when decided, and that's the approach the Court follows under principles of stare decisis.

Chairman Specter. Well, that is the analogy I am looking for in Roe v. Wade. Might disagree with it at the time it was decided, but then his language is very powerful when he talks about it becoming "embedded in routine police practices to the point where the warnings have become a part of our national culture." The question, by analogy, whether a woman's right to choose is so embedded that it has become a part of our national culture. What do you think?

Judge Roberts. Well, I think that gets to the application of the principles in a particular case, and based on my review of the prior transcripts of every nominee sitting on the Court today, that's where they've generally declined to answer, when it gets to the application of legal principles to particular cases.

I would repeat that the Court has already applied the principles of stare decisis to Roe in the Casey decision, and that stands as a precedent of the Court as well.

Chairman Specter. So you are not bound to follow it, but it is pretty impressive logic?

Judge Roberts. In the Casey decision at--

Chairman Specter. No, no. I am talking about Chief Justice Rehnquist on Miranda.

Judge Roberts. I think in that case, the Chief's explanation of why they weren't going to revisit Miranda is--it persuaded, I believe, all but one member of the Court. And I'm sure it had added persuasive effect because of the Chief's prior views on Miranda itself. It is a recognition of some of the things we've been talking about, the values of stare decisis. I don't think, again, that there's any doubt what the Chief, certainly what he thought. He told us what he thought about Miranda.

I doubt that those views have changed, but there are other considerations that come into play when you're asked to revisit a precedent of the Court, and those are the things we've talked about, and they're laid out again in Dickerson and other cases of the Court. Payne v. Tennessee, for example, Agostini, a variety of decisions where the Court has explained when it will revisit a precedent and when it will not, and of course the decisions come out both ways.

In Payne v. Tennessee the Court went through the analyses. It was a case about whether victims could testify at sentencing. The precedent said no, and they overruled those.

Senator Hatch. . . . Now, my friend, the Chairman, held up a chart with the number of cases that he said relied on Roe v. Wade. In fact, if I heard him correctly he called Roe a super duper precedent. Now, I am not sure that a super duper precedent exists, between you and me, but some have said that Planned Parenthood v. Casey, a very important case, reaffirmed Roe. But let me just ask you, am I correct that Casey reaffirmed the central holding in Roe, but substantially changed its framework?

Judge Roberts. That's what the joint opinion of the three Justices said, it was reaffirming the central holding, it revisited and altered the framework.

Senator Hatch. There were only a few votes to simply reaffirm Roe, were there not, in the Casey case?

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Judge Roberts. Well, the plurality opinion is regarded I think as the opinion of--it's the opinion of the plurality, but as the leading opinion of the Justices of the majority, it's the one that judges look to in the first instance. There were separate opinions that disagreed with some of the ways in which that plurality revisited Roe. It reaffirmed the central holding in Roe v. Wade. It dispensed with the trimester framework, and it substituted for the strict scrutiny that Roe had established the undue burden analysis that since the time of Casey has governed in this area.

Senator Hatch. As I recall it, there were only a few votes, as you have mentioned, to simply reaffirm Roe, but does this suggest that Casey itself noted the troubling features of Roe and indicated that Roe's framework has not been workable?

Judge Roberts. Well, the question of the workability of the framework is I think one of the main considerations that you look to under principles of stare decisis, along with the settled expectations, whether a precedent has been eroded. That was one of the factors that the Court looked at in Casey in determining I think to alter the framework of Roe, the trimester framework and the strict scrutiny approach, at least in the terms that were applied by the joint opinion.

Senator Hatch. Our Chairman asked if former Chief Justice Rehnquist's opinion in the Dickerson case, upholding Miranda, would apply to Roe v. Wade, and if I recall correctly, you properly declined to answer. But am I right that Chief Justice Rehnquist repeatedly believed that Roe should be overruled?

Judge Roberts. That was his view, yes.

Senator Hatch. Does that not mean that Rehnquist himself did not believe that his Dickerson holding should apply to Roe? Would that be a fair conclusion?

Judge Roberts. Based on his published opinions--now, I don't remember--well, certainly he wrote in Casey, I don't know if he's written since then, so I just hesitate to ascribe views from 1992 to current.

Senator Hatch. Let me explore this question of precedent a little bit more with you. Obviously, the Supreme Court decides cases involving a range of issues in requiring application of different kinds of law, including regulations and statutes, as well as the Constitution. All of these cases can set precedence which might be relied upon to decide future cases raising similar issues. Now, what is your understanding of the role that precedent plays in these different categories of cases? Is precedent equally authoritative in, for example, regulatory or statutory cases as in constitutional cases?

As I understand it, the Supreme Court has long said that the strength of its prior decisions is related in part to the difficulty in correcting errors. In constitutional cases there is no external way to correct an error except by constitutional amendment. The Supreme Court says, therefore, that precedent is weakest in constitutional cases.

Now, I have here a list of statements from Supreme Court decisions going back decades and decades to reflect this. In 1997 Justice Sandra Day O'Connor wrote for the Court in Agostini v. Felton, that you mentioned earlier, that stare decisis or precedent is not a command but a policy, and it is a policy that has--and I am quoting Justice O'Connor here--"at its weakest when we interpret the Constitution because our interpretation can be altered only by constitutional amendment or by overruling our prior decisions."

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In 1944 Justice Reed wrote for the Court in Smith v. Albright, "In constitutional questions, where correction depends upon amendment and not upon legislative action, this Court throughout its history has freely exercised its power to reexamine the basis of its constitutional decisions."

Mr. Chairman, I would like to place this list in the record if I can at this point.

Chairman Specter. Without objection, so ordered.

Senator Hatch. Now, the bottom line is that precedent is weakest in constitutional cases. Does this distinction make sense to you, Judge Roberts, and has it in fact resulted in the Supreme Court overruling its previous interpretations of the Constitution with any frequency?

Judge Roberts. The Court has frequently explained that stare decisis is strongest when you're dealing with a statutory decision. The theory is a very straightforward one that if the Court gets it wrong, Congress can fix it. And the Constitution, the Court has explained, is different. Obviously, short of amendment, only the Court can fix the constitutional precedents.

Senator Grassley. In your questionnaire to the Committee, you stated that, "Precedent plays an important role in promoting stability of the legal system." I think we would all agree. You also said that a judge operates within "a system of rules developed over the years by other judges equally strident to live up to their judicial oath." It is also true that, as Justice Frankfurter explained, "The ultimate touchstone of constitutionality is the Constitution itself, not what we have said about it. Erroneous interpretations of the Constitution can be corrected only by this Court." I suppose by constitutional amendment as well. The Court has done so many times, and most famously--you have referred to it--the Brown case, which overruled separate but equal, a precedent that stood for 58 years.

So, Judge Roberts, I would like to ask you a few questions on the issue of precedence and its value in our legal system. History has provided many examples of the dangers of Government by the judiciary, such as the Court's decision in Dred Scott. Do you share President Lincoln's concerns that I am going to quote here from his first inaugural: "If the policy of the Government upon vital questions affecting the whole people is to be irrevocably fixed by the decisions of the Supreme Court the instant they are made in ordinary litigation, the people will have ceased to be their own rulers"?

Judge Roberts. Well, President Lincoln, of course, was referring to one of the--perhaps the most egregious examples of judicial activism in our history, the Dred Scott case, in which the Court went far beyond what was necessary to decide the case, and really, I think historians would say that the Supreme Court tried to put itself in the position of resolving the dispute about the extension of slavery, and resolving it in a particular way that it thought was best for the Nation. And we saw what disastrous consequences flowed from that. And Lincoln's comment about it--and he had several comments, because even when he was running for Senate, a big part of the famous debates were, well, this is what the Supreme Court has said, are you going to follow it or not? And Lincoln was a very careful lawyer in his responses. And the reason it was such a problem is because he was dealing with such an overarching Supreme Court decision. They didn't even just decide the particular case. The Court decided to take upon itself,

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opining more generally on how the whole issue should be resolved. And, of course, as I said, it was a disaster.

So, yes, to the extent Lincoln's criticism is how broad and overreaching the Court opinion was and that that in itself presented a very difficult problem in terms of adherence to the decision, I do agree with that.

Senator Grassley. Let me carry that one step further beyond his quote. You now as an appeals court judge obviously are bound by Supreme Court precedent. But on the Supreme Court, a Justice has much more freedom to re-evaluate prior Supreme Court decisions. I would like to explore the approach that you would take in your examination of Supreme Court precedents. Could you tell us what you believe is the appropriate judicial role describing for us the value of precedent in our legal system?

Judge Roberts. Certainly, and here, again, we're guided by the Court. It has precedent on precedents. It has cases talking about when you should revisit prior precedents and when you shouldn't. And, of course, some of the cases say you should in the particular instance and others that you shouldn't. You begin with a basic recognition of the value of precedent. No judge gets up every morning with a clean slate and says, well, what should the Constitution look like today? The approach is a more modest one. You begin with the precedents. Adherence to precedent promotes evenhandedness, promotes fairness, promotes stability and predictability. And those are very important values in a legal system. Those precedents become part of the rule of law that the judge must apply.

At the same time, as the Court pointed out in the Casey case, stare decisis is not an inexorable command. If particular precedents have proven to be unworkable, they don't lead to predictable results, they're difficult to apply, that's one factor supporting reconsideration. If the bases of the precedents have been eroded--in other words, if the Court decides a case saying because of these three precedents we reach this result, and in the intervening years two of those are overruled, that's another basis for reconsidering the precedent.

At the same time, you always have to take into account the settled expectations that have grown up around the prior precedent. It is a jolt to the legal system to overrule a precedent, and that has to be taken into account, as well as the different expectations that have grown up around it.

There are different other aspects of the rules. For example, property decisions are far less likely to be reconsidered because of the expectations that grow up around them. Statutory decisions are less likely to be reconsidered because Congress can fix it if it's a mistake.

Again, the Court's decisions in cases like Casey and Dickerson, Payne v. Tennessee, and Agostini, State Oil Company v. Khan, it's an issue that comes up on a regular basis, and the Court has developed a body of law that would guide judges and Justices when they decide whether to revisit a case.

The fundamental proposition is that it is not sufficient to view the prior case as wrongly decided. That's the opening of the process, not the end of the process. You have to decide whether it should be revisited in light of all these considerations.

Senator Grassley. Given your views on judicial restraint, can you tell us to what extent you feel obliged to uphold a decision which you found not to be based on the original intent of the Constitution? Could you explain what factors or criteria you might

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use to evaluate to see whether a decision deviated from original intent and whether it should be overruled?

Judge Roberts. Well, again, you would start with the precedents of the Court on that decision. In other words, if you think the decision was correctly decided or wrongly decided, that doesn't answer the question of whether or not it should be revisited. You do have to look at whether or not the decision has led to a workable rule. You have to consider whether it's created settled expectations that should not be disrupted in the interest of regularity in the legal system. You do have to look at whether or not the bases of the precedent have been eroded. Those are the main considerations that the Court has articulated in a case like Dickerson, Payne v. Tennessee, and the others. These are all the factors that the Court looks at.

Obviously, a view about the case presents the question, but the Court has emphasized it's not enough to think that the decision is wrong to take the next step to revisit it and overrule.

Senator Feinstein. All right. Let's move right along.

This morning, there was a discussion about stare decisis, and you pointed out that there were factors in consideration of stare decisis. And I think one of the things you said was workability of framework is one of the main principles you look for in stare decisis.

Well, in its decision in Casey, the Court specifically affirmed the doctrine of stare decisis as it applies to Roe. The Court reviewed prudential and pragmatic considerations to gauge the respective costs of reaffirming and overruling a case, that case. In doing so, the Court unambiguously concluded that Roe has in no sense proven unworkable.

Do you agree with this conclusion?

Judge Roberts. Well, that is--that determination in Casey becomes one of the precedents of the Court entitled to respect, like any other precedent of the Court, under principles of stare decisis. I have tried to draw the line about not agreeing or disagreeing with particular rulings, but that is a precedent of the Court. It is a precedent on precedent; in other words, it has examined Roe--

Senator Feinstein. So you agree that the Court said that, obviously.

Judge Roberts. Well, it said that, and that is a precedent entitled to respect under principles of stare decisis, like any other precedent of the Court. But in terms of a separate determination on my part whether this decision is correct or that decision is correct, my review of what other nominees have done is that that is where they draw the line and that is where I have drawn the line.

Senator Feinstein. So workability is clearly one thing. Is another one reliance?

Judge Roberts. Certainly, or as it is often expressed in the Court's opinions, settled expectations. People expect that the law is going to be what the Court has told them the law is going to be. And that's an important consideration.

Senator Feinstein. And in Casey, again, the Court stated, and I quote, "The ability of women to participate equally in the economic and social life of the Nation has been facilitated by their ability to control their reproductive lives," and that this ability to control their reproductive lives was enough of a reliance to sustain Roe, correct?

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Judge Roberts. That's what the Court--I think you're reading from the plurality, the joint opinion in the case.

Senator Feinstein. That is correct.

Judge Roberts. Yes.

Senator Feinstein. That is correct. Now, unlike my experience, there are now entire generations of women who know a world only where their reproductive rights are protected. Do you agree with the Court that this reliance is sufficient?

Judge Roberts. Well, again, I think that's asking me whether I think the decision was correct or not on that point. It certainly was the analysis of the joint opinion in the Court, entitled to respect as precedent like any other decision of the Court under principles of stare decisis. And that would certainly be where I would begin if any of these issues come before the Court if I were to be confirmed. I would begin with the precedent that the Court has laid out in this area.

Senator Feinstein. One other questions on Casey, and I would like to quote from something that Justice Ginsburg said in the transcript in her confirmation hearing in a discussion with then-Senator Brown. "The Casey majority understood that marriage and family life is not always what we might wish them to be. There are women whose physical safety, even their lives, would be endangered if the law required them to notify their partner, and Casey, which in other respects has been greeted in some quarters with great distress, answered a significant question, one left open in Roe. Casey held a State could not require notification to the husband." Do you agree?

Judge Roberts. That is what Casey held, yes, and that, as I said before, the precedent of the Court, like any other precedent of the Court, is entitled to respect under principles of stare decisis.

Senator Feinstein. Thank you. One other reading from Justice Ginsburg's testimony. "Abortion prohibition by the State, however, controls women and denies them full autonomy and full equality with men. That was the idea I tried to express in the lecture to which you referred. The two strands, equality and autonomy, both figure in the full portrayal." Do you agree or disagree?

Judge Roberts. Well, I think Justice--then Judge Ginsburg felt at greater liberty to discuss that precisely for the reason you noted, that she'd given a lecture on the subject. Those are issues that come up again and again before the Court. Consistent with what I understand the approach to have been of other nominees, I don't think I should express a view on that.

Senator Cornyn. Well, I know that we have heard today about a number of terms from stare decisis to pro hac vice, to pro forma, to--the only one we have not heard is res ipsa loquitur and a number of other Latin phrases that we learned in law school.

Let me ask you about stare decisis. I have heard fascinating discussion back and forth about precedent and how you would deal with a case, let's say for example, Roe v. Wade, and some have suggested, law professors and maybe others, that somehow that is a super precedent, or in the words of our inimitable Chairman, a super duper precedent. I think we are introducing new words to the legal lexicon as this hearing goes on. But in

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all seriousness, if--well, let me ask you this. Is stare decisis a insurmountable obstacle to revisiting a decision based on an interpretation of the Constitution?

Judge Roberts. What the Supreme Court has said, in the Casey decision, for example, is that it is not an inexorable command. In other words, it's not an absolute rule, and that's why they have these various cases that explain the circumstances under which you should revisit a prior precedent that you think may be flawed and when you shouldn't, and--

Senator Cornyn. I can--excuse me. I did not mean to interrupt you.

Judge Roberts. I was just going to say there are significant cases in the Court's history, in the Nation's history, where the Court has revisited precedents like Brown v. Board of Education, like the cases that overruled the decisions of the Lochner era.

Senator Cornyn. You started to make the point I was going to try to make next, and that is, stare decisis did not prevent the United States Supreme Court from revisiting Plessy v. Ferguson, which established the separate but equal doctrine, or otherwise, Brown v. Board of Education would never be the law of the land. Stare decisis did not prevent the Supreme Court from overruling Bowers v. Hardwick and Lawrence v. Texas or Stanford v. Kentucky in this recent term of the Court, where they said the death penalty for 17-year-old murderers was unconstitutional in Roper v. Simmons.

So would you agree with me, Judge, that this is a neutral principle? In other words, it is not a result-oriented principle, if there is such a thing, and you have pledged to apply neutral principles, not result-oriented processes in arriving at your decisions if confirmed.

Judge Roberts. That's right. It is a neutral principle. The factors that the Court looks at in deciding whether to overrule prior precedent or not do not depend upon what the decision is or what area it's in, other than some areas, things we've talked about, for example, a statutory decision is much more likely to be overturned than a constitutional decision just because Congress can address those issues themselves.

But the principles of stare decisis are neutral and should be applied in a neutral way to cases without regard to the substance of the decisions being considered.

Senator Cornyn. When you said this morning in response to questions about Roe v. Wade that it is settled as a precedent of the Court, entitled to respect under principles of stare decisis, you were saying that--just that. In other words, that it is a precedent of the Court. There has to be a strong case made for why that issue should be revisited, if at all, but you were not making any commitment one way or another about the outcome of any challenge brought under that or any other legal doctrine, were you?

Judge Roberts. No, Senator, and I've tried as scrupulously as possible today to avoid making any commitments about cases that might come before the Court.

Senator Feinstein. Let me take you to yesterday morning and stare decisis, because you specifically discussed, when you were asked about Roe and Casey, precedent, specifically, as we said, workability, reliance, pragmatic considerations, changed facts or circumstances, and whether the underlying legal or constitutional doctrine would still be valid. Are there any other factors that you think should be considered?

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Judge Roberts. Well, the Court has been somewhat inconsistent on some other factors. They, for example, talk about in some cases the length of a precedent, the idea that the longer it's been on the books, the more people have conformed their conduct to it. In other cases, they've suggested that's not such an important consideration. In Payne v. Tennessee, the case that it noted how closely divided the Court was in the prior case as a factor, but in other cases the Court has said that's not a major consideration.

So I put those factors on the table simply because in some cases, the Court looks to them. In others, it doesn't. But I think the ones I mentioned yesterday are ones that apply in every case, including the settled expectations, the workability, whether the doctrinal basis of a decision had been eroded.

Senator Feinstein. Yesterday, in answering Senator Specter on this very point, when you referred to Payne v. Tennessee, you did point out there were other considerations that come into play and they are laid out again in Dickerson and in other cases, Payne v. Tennessee, Agostini, and a variety of decisions where the Court has explained when it will revisit a precedent and when it will not.

Judge Roberts. Yes.

Senator Feinstein. What do you think when it should and should not?

Judge Roberts. Well, I do think you do have to look at those criteria, and the ones that I pull from those various cases are, first of all, the basic principle that it's not enough that you think the decision was wrongly decided. That's not enough to justify revisiting it. Otherwise, there'd be no role for precedent, no role for stare decisis.

Second of all, one basis for reconsidering it is the issue of workability. If a precedent has turned out not to provide workable rules, if courts get different results in similar cases because they--

Senator Feinstein. Or if another case like Casey finds that Roe is workable--

Judge Roberts. Well, again, that's a different--that is a precedent of its own--

Senator Feinstein. Right.

Judge Roberts. --that obviously would be looked at under principles of stare decisis.

The issue of the erosion of precedent, if you have a decision that's based on three different cases and two of them have been overruled, maybe that's a basis that justifies revisiting the prior precedent.

The issue of settled expectations, the Court has explained you look at the extent to which people have conformed their conduct to the rule and have developed settled expectations in connection with it.

Perhaps the discussion earlier we had about the Dickerson case is as good example of that, where the Chief Justice just thought Miranda was wrongly decided, but explained that it had become part of the established rules of police conduct and he was going to respect those expectations.

Senator Sessions. . . . One more thing I would just like to inquire about, and that deals with stare decisis, the deference you give to a prior decision of the Supreme Court. And you mentioned a number of factors, and I recognize those as valid and worthy of great consideration. But it almost strikes me that it is a bit circular. In other words, the Court is creating a wall around its opinions to try to avoid seeing them overruled. Isn't it

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true that your first oath is to enforce the Constitution, as God gives you the ability to understand it, and that sometimes decisions have to be reversed if they are contrary to a fair and just reading of the Constitution?

Judge Roberts. Yes, Senator. The oath we take is to uphold the Constitution and laws of the United States. That's true. And the way judges go about that is within a system of precedent and, consistent with rules of stare decisis, no judge starts the day by opening a blank slate and saying what should the Constitution mean today? We operate within those systems of precedence. That's the best way that judges have determined to interpret the Constitution and laws, consistent with principles of stare decisis.

Senator Brownback. [discussing Glucksberg] And you have--that would be subject to, in your opinion, the continued status of stare decisis as an opinion of the Court, and the deference and the dependency that the society has had on that ruling, would have the same status as any opinion of the us Supreme Court on the basis of stare decisis in your opinion?

Judge Roberts. It would be subject to the same analysis as any other precedent of the Court, yes.

Senator Brownback. Regardless whether it is a recent opinion, later opinion, this has the same standing because it is an opinion of the Court's?

Judge Roberts. Some of the Court's cases talk about how long an opinion has been standing. Some of the Court's cases say that is less of a factor, but it is a decision of the Court, a precedent on that issue. Any question of revisiting it would have to be consistent with the principles of stare decisis, and we have talked about those principles and how they apply.

Senator Brownback. Yes. I wanted to make clear that it doesn't matter the length of time the opinion has set, the number of times it has been revisited, stare decisis is a basic principle that applies to any opinion previously held by the Court.

Judge Roberts. Yes.

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Takings Clause

Senator Brownback. . . . I want to take you first to the Takings Clause issue. There was a recent case that came up that really shocked the system, and you talked about shocks to the system when the judiciary acts. This is one that did it in the Kelo v. New London case. In perhaps no other area of the law is stability more important than in the area of private property and property rights. Even before the existence of the United States, William Blackstone, that famous English legal authority, stated this. He stated, "The law of the land postpones even public necessity to the sacred and inviolable rights of private property."

Mindful of the sentiment and the excesses of the King, yet aware of the needs of a new and growing country, the Framers of our Constitution established a strict limitation on the Government's ability to take private property. The Takings Clause of the Fifth Amendment of the Constitution provides that private property may not "be taken for public use, without just compensation." We all know those famous words.

Traditionally, this has meant that the Government had to pay fair value when it sought to confiscate a homeowner's property in order to build a road or other public good. But now the notion of public use has taken on a different hue to it. In this Kelo v. the City of New London case, the Supreme Court had decided whether a private economic development plan, which the city government believed with yield greater economic benefits, qualified as a public use. So you had private property taken by the State and given back to private individuals, but it was having a greater economic use, and whether that was sufficient under the Takings Clause.

In the words of the Court, this economic development plan "was projected, not resulted, but projected to create in excess of a thousand jobs to increase taxes and other revenues." On this basis, the Court upheld the Government confiscation as a public use, and there was an out-roar across the country. We thought that property rights, private property rights, were established and set. And now it appears as if it is not, that the system is different. You can take private property by the Government's eminent domain ability and give it back to a private individual.

Justice O'Connor in her eloquent dissent quotes this: "Nothing is to prevent the State now from replacing any Motel 6 with a Ritz Carlton, any home with a shopping mall, or any farm with a factory."

It is remarkable how this issue has stirred, as I mentioned, great criticism. I am pleased the Chairman is going to hold a hearing on it this next week. Judge Roberts, what is your understanding of the state of the Takings Clause jurisprudence now after Kelo? Isn't it now the case that it is much easier for one man's home to become another man's castle?

Judge Roberts. Well, under the Kelo decision, which, as you explained, was interpreting the public use requirement in the Constitution, the majority--and, of course, as you mentioned, it was a closely divided case. The majority explained its reasoning by noting the difficulty in drawing the line. Everybody would agree, as you suggest, to build a road or to build a railroad, to situate a military base, if that is the only suitable place, that the power of eminent domain is appropriate in those instances. And I think people agree further that when you're talking about a hospital or something like that, that

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satisfies public use. And I think the reason the Court gave, really, in the majority opinion was that it's kind of hard to draw the line.

The dissent, Justice O'Connor's dissent, didn't think it was that hard. She focused on the question of whether it was going to be a use open to the public as, you know, a road, a hospital, use for the public like in a military base, or private. And she would have drawn the line there and said even public benefits that derive from different private uses don't justify that aspect of it.

There was a caveat in the Kelo majority. They said they were only deciding this in the context of an urban redevelopment plan. They reserved the question--if it's just taking one parcel and giving it to everybody else, not part of a broader plan, that question was still open. And as you say, there's been a lot of reaction to it. I understand some States have even legislated restricting their power.

Senator Brownback. And we are considering it here in the Congress.

Judge Roberts. And I think that's a very appropriate approach to consider. In other words, the Court was not saying you have to have this power, you have to exercise this power. What the Court was saying is there is this power, and then it's up to the legislature to determine whether it wants that to be available, whether it wants it to be available in limited circumstances, or whether it wants to go back to an understanding as reflected in the dissent, that this is not an appropriate public use.

That leaves the ball in the court of the legislature, and I think it's reflective of what is often the case and people sometimes lose sight of, that this body and legislative bodies in the States are protectors of the people's rights as well. It's not simply a question of legislating to address particular needs, but you obviously have to also be cognizant of the people's rights and you can protect them in situations where the Court has determined, as it did 5-4 in Kelo, that they are not going to draw that line. You still have the authority to draw--

Senator Brownback. I understand the authority we maintain. What I'm curious about is your view is does that right exist. I would not think Blackstone would agree that that right exists for the public to take private property for private use.

Judge Roberts. Well, you know, the first year in law school we all read the decision in Calder v. Bull, which has the famous statement that the Government may not take the property of A and give it to B. And that certainly was quoted in the dissent, in Justice O'Connor's dissent. The Kelo majority, though, said if a legislature wants to exercise that power, basically that the Court's not going to second-guess the judgment that this is a public use. And I do think that imposes a heavy responsibility on the legislature to determine what they're doing and whether it is a public use or if it's simply transferring from one private party to the next. But--

Senator Brownback. I take it you are not going to respond whether or not that right exists under the Constitution.

Judge Roberts. Well, the Kelo decision obviously was just decided last year, and I don't think I should comment whether it was correct or not. It stands as a precedent of the Court. It did leave open the question of whether it applied in the situation that was not a broader redevelopment plan. And if the issue does come back before the Court, I need to be able to address it without having previously commented on it.

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Senator Kohl. All right. Judge Roberts, when we met a few weeks ago in my office, we discussed the Supreme Court's recent property rights decision. In that case, Kelo v. the City of New London, the Court found it permissible under the Constitution for a city to seize private homes against the wishes of their owners so that a large pharmaceutical company could build a private industrial park and a research facility. A total of 15 homes were condemned, including a home lived in by an 87-year-old woman for her entire life, a home that her family had owned for over 100 years. Many people, including a majority I believe of people in my State, as well as myself, were quite disturbed by this ruling which appears to place much private property at risk by greatly expanding the eminent domain powers in local government.

We discussed this when you were in my office, and you told me that you were "surprised by the decision." So could you expand on it a bit this afternoon and explain why you were surprised?

Judge Roberts. Well, I did tell you that was my initial reaction. I remember hearing about the decision driving actually back from a Judicial Conference with another judge, and we all learn in law school, one of the first cases you study is called Calder v. Bull, has a basic proposition the Government cannot take property from A and give it to B. When I read the decision, I understood what the majority's position was, the difficulty of drawing a line between things that are obviously public use like a railroad, a road, things that are traditionally the subject of the exercise of eminent domain, and other activities that are not as clearly within that range of course.

Justice O'Connor, I her dissent, thought that a line could be drawn between whether it was available to the public or not, and that certainly was available. The majority did say that it was not ruling on the starkest example, in other words, just determining to take the property from A to B because you think B could make better use of it. The issue arose, as you noted in your question, in the context of an urban renewal redevelopment project, and that may be limited to that context or may not.

I do know there's been extensive legislative reaction to the decision. I know a number of States have passed laws already, saying, "We do not authorize the use of the power of eminent domain to take--for a use that's going to be from one private owner to another," and that's certainly an appropriate reaction to the Court's decision in this area.

What the Court is saying, what the majority is saying is because of the difficulty of drawing a line, this issue is really left up to the legislature, and if the legislature wants to draw the line in a particular place, it has that authority. But it certainly is a decision that was closely divided, 5-4, and it has gotten a lot of legislative reaction.

The point I would only make is that it's perhaps a good example of the fact that legislatures, legislators have a responsibility to protect the rights of the people just as much as courts, and one way they can protect the rights of the people in this area, if they think it appropriate, is to restrict themselves in saying, "We will not use the eminent domain power to the broadest extent that the Supreme Court has said we are authorized to do."

Senator Kohl. Did I understand from your opinion on whether or not that case was correctly decided, or are you not--

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Judge Roberts. No. Again, that's--particularly since it's an area they do specifically leave open the question about whether it applies outside of a redevelopment project. That's an issue that could come before the Court. It's not one I feel appropriate to comment on.

Senator Kohl. It would or it would not surprise you if we had not heard the last of that?

Judge Roberts. It's certainly one of those areas that could come before the Court again, even in its present form. I know the author of the majority opinion has said it was an area where he, as a personal policy matter, wouldn't have exercised that authority, but, of course, the issue there was the legal issue, not policy preferences. It could come before the Court again, yes.

Senator Graham. [comment, not question] The Kelo case. Of all the things that have been decided--and I haven't been to my office since the recent case about the Pledge, so it may have trumped it--I have gotten more phone calls about the Kelo case than anything the Supreme Court has done lately. And for those who may be tuning in, the Kelo case basically said that the Government can take your property, give it to someone else, another private person, because it could be used at a higher and best use and it might generate more taxes.

I am not going to ask you to tell me how you will decide the Kelo case, but I just want you to know--as Senator Kyl indicated, this is the only time you can hear from us--that my phone is ringing off the hook and that every legislature that I know of is going into session as quickly as they can to correct that. So I want to leave with you--and when you meet your new colleagues, please let them know that some of the things they do, that we watch, and that the courts are able to do their job because the public defers to the Court and respects the Court. But there is a limit.

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NOMINATION OF BRETT KAVANAUGH, OF MARYLAND,

TO BE CIRCUIT JUDGE FOR THE DISTRICT OF COLUMBIA CIRCUIT

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TUESDAY, MAY 9, 2006

United States Senate,

Committee on the Judiciary,

Washington, D.C.

The Committee met, pursuant to notice, at 2:01 p.m., in Room 226, Dirksen Senate Office Building, Hon. Arlen Specter, Chairman of the Committee, presiding.

Present: Senators Specter, Hatch, Kyl, Sessions, Graham, Cornyn, Brownback, Coburn, Leahy, Kennedy, Feinstein, Feingold, Schumer, and Durbin.

OPENING STATEMENT OF HON. ARLEN SPECTER, A U.S. SENATOR FROM THE STATE OF PENNSYLVANIA

Chairman Specter. Good afternoon, ladies and gentlemen. It is two o'clock and the Judiciary Committee will proceed with the nomination of Brett Kavanaugh to be a judge for the Court of Appeals for the District of Columbia Circuit.

At the outset, we welcome Judge Walter Stapleton, Court of Appeals for the Third Circuit, and Judge Alex Kozinski, Court of Appeals for the Ninth Circuit. We appreciate your coming in today.

Mr. Kavanaugh is in an unusual circumstance of not having Senators to introduce him. He is a D.C.-Marylander, and as of

this moment the Senators from his home State of Maryland are not available to make the introductions, and the Committee has asked Judge Stapleton and Judge Kozinski to do that since they have special knowledge of the nominee because he clerked for them. They have special insights into his background.

Just a few words by way of introduction. Mr. Kavanaugh will take the witness stand and will be sworn, and will speak for himself, but I think it appropriate to make a few comments about his record and about my analysis of these proceedings.

I have been surprised to see Mr. Kavanaugh characterized as not up to the job of judge for the Court of Appeals for the District of Columbia Circuit. I have taken a look at his record in some detail, and I had a long session with Mr. Kavanaugh, and have asked him all of the questions which have been posed on his nomination. The issue of the NSA surveillance program, a program that I have raised serious questions about, asked him about what if anything he had to do with it, and he will speak for himself in responding to that.

I asked him about the issue of allegations of mistreatment of people on interrogation on the overlay of torture or rendition, and again, he will have an opportunity to speak for himself on that subject.

At our Executive Committee session last week, the question was raised about Mr. Abramoff. He will have an opportunity to speak for himself about that question.

In reviewing his record, I note that he was Yale College for his bachelor's degree, cum laude, and he was Yale Law School, where he was on the Yale Law Journal. Now, that takes some substantial academic qualification, something I know about, because I was there. And the only difference between Mr. Kavanaugh's tenure on the Yale Law Journal and being a high academic graduate from Yale Law School from my record is that when he was there, the competition was tougher. He is slightly younger than I am, and as the years have passed, Yale Law School has been more difficult to attain academic achievement, but that is something I know of firsthand.

Then his record beyond law school was to clerk for Judge Stapleton, to clerk for Judge Kozinski, and they will speak for themselves.

Then he was in the Office of Solicitor General, where he argued one case before the Supreme Court of the United States, and if he were on the Judiciary Committee, it would put him in second place, not too bad a place to be on the Judiciary Committee on Supreme Court arguments. Then he has had a number of arguments on the Court of Appeals and a number of arguments before District Court on legal issues.

Then he served in the Office of Independent Counsel, and that was a highly controversial office, beyond any question. And Mr. Kavanaugh will describe his activities there, but he was not counsel, he was not deputy counsel. He was one of a

tier below, where there were 10 associate or assistant counsels there. I know he will be asked about what his participation was there, and we will here from Mr. Kavanaugh himself of that.

He has written two distinguished legal pieces published in the journals, one on the Independent Counsel and suggesting changes, hardly the mark of an ideologue who works as Independent Counsel that has tunnel vision as to what they did, but has expressed ways to improve the operation of Independent Counsel, by showing an open mind and showing some progressive thinking as to utilizing his experience.

Then he wrote an article on the issue of peremptory challenges for African Americans and has a--very difficult to use the words "liberal" or "conservative" or "progressive" around here--but he is on the right side of that issue, an issue that I understand well. When I became District Attorney of Philadelphia, I did not need to have the Federal Courts tell me not to have peremptory challenge for blacks. I issued an instruction to my assistants that they could not ask for it, and finally the courts caught up with it. And Mr. Kavanaugh will speak to his views on that subject, but hardly the views of a cramped conservative, but he will describe his views on all of these matters.

Then he went to Kirkland and Ellis, which is a very distinguished law firm. I do not how many people from the Judiciary Committee could be employed by Kirkland and Ellis

today, let alone out of law school. Tough row to hoe. And he was taken in as a partner, not an equity partner--it is all complicated now with law firms--a non-equity partner, but that is an unusual call for a firm like Kirkland and Ellis or for any big firm of their nature because of how they evaluated his background and his experience.

He has been Associate Counsel to the President, and now he is Staff Secretary to the President. And if he reflects the views consistent with the President, that is entirely consistent with having the President nominate judges. That is our system. That is decided by an election. But he will speak for himself as to where he stands in the spectrum as to being in the mainstream.

Just a word about the American Bar Association rating. Early he was rated well qualified in the majority, and qualified with the minority camp. And then they reevaluated him two years later, and they took some additional interviews, and not surprisingly, the interviews varied. And now he has been rated in the majority, qualified and the minority, well qualified. So you have him moving from well qualified to qualified, qualified to well qualified, and not a tinker's bit of difference really in terms of our evaluation, because at minimal he is qualified, and a great many people think he is unqualified.

Senator Schumer.

OPENING STATE OF HON. CHARLES E. SCHUMER, A U.S. SENATOR

FROM THE STATE OF NEW YORK

Senator Schumer. Thank you, Mr. Chairman. First let me thank you for holding this hearing, which many of us had requested, and we very much appreciate it.

And second, I want to thank Mr. Kavanaugh for being back here. When we had our private meeting I asked him if he had any objections to come back to, what you good-naturedly referred to as the arena at our last hearing, and you said no, and very much appreciate that. I realize while this is not always the most pleasant exercise for a nominee, I think we can all agree it is a very important one, because we are talking about nothing less momentous than a lifetime appointment to what is generally regarded as the second-most important court in the land, a court of great importance to those of us who sit in the Senate or the House, because it has such jurisdiction over governmental issues, and years after this nomination, this court is going to influence a great deal what this Congress and future Congresses have done.

Now, Mr. Chairman, you know how many of us have deep concerns about this nominee. Just yesterday they were given further voice in the form of the American Bar Association's follow-up report, which was made public yesterday, which explained why six members of the ABA Committee felt compelled to downgrade their rating.

My concerns are twofold. First, although Mr. Kavanaugh

has held several important and influential positions in Government, they have been almost exclusively political. There is no doubt that, Mr. Kavanaugh, you are a highly successful young attorney and your academic credentials, as certainly outlined by the Chairman, are top notch. But your experience has been most notable, not so much for your blue chip credentials, but for the undeniably political nature of so many of your assignments. For much of your career your considerable talents have been enlisted in partisan and polarizing issues. In short, you have been the "go to" guy among young Republican lawyers appearing at the epicenter of so many high-profile controversial issues in your short career, and it is only natural that such a record would give many Senators pause, particularly those of us on this side of the aisle.

From the notorious Starr report, to the Florida recount, to the President's secrecy and privilege claims to post-9/11 legislative battles including the Victims Compensation Fund, to ideological judicial nomination fights, if there has been a partisan political fight that needed a very bright legal foot soldier in the last decade, Brett Kavanaugh was probably there. That kind of record is not dispositive, to be sure, but it feeds an impression of partisanship that is, to put it mildly, not ideal for a nominee to a critically important lifetime post as a neutral judge.

Now, for those who question the good faith of these

concerns, who suggest that some of us are reflexively or unalterably opposed to any Republican involved in the impeachment of President Clinton or other political causes, let me mention two names, Tom Griffith and Paul McNulty. Mr. Griffith, whom I voted to confirm to a seat on the very court to which Mr. Kavanaugh aspires, was Senate legal counsel during impeachment; and Paul McNulty, who I voted to confirm--many of us, I think all of us--voted to confirm to be the number two official at the Department of Justice, was Chief Counsel and spokesman for the House Judiciary Committee Republicans during impeachment.

Despite their blue-chip Republican credentials and participation in hot-button political issues, I was convinced that both of these men had substantial experience in professional and nonpartisan work, so that any concerns about inexperience, cronyism, and partisanship was, for me at least--and I think for most of us on this side of the aisle--laid to rest.

So, Mr. Chairman, we are all operating in good faith here, and we have demonstrated ourselves to be open-minded on the President's nominees to top judicial and executive posts. At last count, we have confirmed 240 of President Bush's nominees, and Democrats have voted for the vast majority of them.

Then there is a second and related concern. Although Mr. Kavanaugh is extremely well credentialed, he is younger than

and has had less relevant experience than almost everyone who has joined the D.C. Circuit in modern times. We would have fewer concerns if the President had nominated a mainstream conservative with a record of independence from partisan politics, who has demonstrated a history of nonpartisan service with a proven record of commitment to the rule of law, and who we could reasonably trust will serve justice, not political patrons or ideology if confirmed to this powerful lifetime post. Both Stephen Breyer and Ruth Bader Ginsberg, whose biographies are often cited at these proceedings, had substantial nonpolitical experience before they were nominated to appellate courts. Mr. Kavanaugh, if confirmed, I believe would be the youngest person on the D.C. Circuit since his mentor, Ken Starr. And if you go through the preconfirmation accomplishments of the active judges who currently sit on the D.C. Circuit, Mr. Kavanaugh's achievements, though impressive, are not on the same scale.

Judge Sentelle, for example, had extensive practice as a prosecutor and trial lawyer, and experience as a State judge and as a Federal district court judge. Judge Randolph spent 22 years with Federal and State Attorneys General offices, including service as Deputy Solicitor General of the United States and a law firm partnership. Judge Rogers had 30 years of service in both Federal and State Governments, including a stint as the Corporation Counsel for the District of Columbia,

and several years on D.C.'s equivalent of a State supreme court.

Like Mr. Kavanaugh, many of the 9 active judges on this court held prestigious clerkships, including clerkships on the Supreme Court and involvement at the high levels of Government, that no doubt involved some partisan work. But they all had significant additional experience, nonpartisan experience, to help persuade this Committee that they merited confirmation.

Now, of course, these concerns are echoed in a new report from the American Bar Association. They cannot be dismissed, as some of my colleagues suggest, as merely intemperate rants by Democrats on the Committee, and predictably, of course, some are already launching a campaign to denigrate the ABA, despite boasting of Mr. Kavanaugh's original rating two years ago, and attack the character of one of the ABA Committee members, and I hope we would refrain from doing that.

According to the ABA report released yesterday, one judge who saw your oral presentation in court, Mr. Kavanaugh, said, "You were less than adequate," that you had been sanctimonious, and that you had demonstrated experience on the level of an associate. A lawyer in a different proceeding had this to say: "Mr. Kavanaugh did not handle the case well as an advocate and dissembled." That is a pretty serious statement. According to the report, other lawyers--and note the plural--expressed similar concerns, repeating in substance that the nominee was young and inexperienced in the practice of law. Still

others--again note the plural--characterized Mr. Kavanaugh as, "insulated," and one in particular questioned Mr. Kavanaugh's ability "to be balanced and fair should he assume a Federal judgeship." And yet another individual said this. He said that Mr. Kavanaugh is "immovable and very stubborn and frustrating to deal with on some issues."

These new concerns, apparently based on some 36 additional interviews, were so serious that six members of the ABA Committee changed their vote. On the phone call yesterday I asked Mr. Tober, the head of the Committee, was it rare for people to change their vote? And he said no. And I said, was it usual? And he said no. So it happens, but it does not happen all that often.

We have other reasons for concern. I must say that I was disturbed by some of the answers I got from you, Mr. Kavanaugh, the first time around. On the issue of the role of ideology and judicial philosophy in the picking of judges by this administration, for example, you repeatedly insisted, totally implausibly, that such considerations played no role. That was simply not believable, and, frankly, put your credibility at issue. You began to clarify your statements in our meeting last week--and I hope we can have further dialogue--but to say that an ideology had no effect, well, show me some nominees to high offices, high judicial offices who were Democrats, who were moderates, who were maybe strongly pro-choice--

Chairman Specter. Senator Schumer, you are past 10 minutes. How much longer will you be?

Senator Schumer. I just have another minute and a half, Mr. Chairman. Thank you.

It was not believable, that is the bottom line. And in addition, Senators will want to ask you, among other things, about your role in setting of policy relating to executive power and the separation of powers. You admitted to me, for example, that in your job as Staff Secretary, you had input on the controversial issue of presidential signing statements. There will be questions about that. I expect you will also get questions about your involvement, if any, in this administration's detention policies, torture policies and rendition policies. These issues, among many others, deserve further scrutiny, and given the scant record we have, I hope no one will question the good faith we have in asking them.

So, Mr. Chairman, I would say that many of my colleagues and I have a sincere and good faith concern about this nominee. We feel that the nominee is not apolitical enough, not seasoned enough, not independent enough, and has not been forthcoming enough. Maybe this hearing will remove those concerns, but it is certainly necessary.

Last week, Mr. Kavanaugh, I asked you to think of ways to alleviate these concerns, and I look forward to hearing your testimony.

Thank you, Mr. Chairman.

Chairman Specter. Thank you, Senator Schumer.

Senator Schumer. I just want to say Ranking Member Leahy could not be here at the beginning of this hearing, but will be here in about an hour.

Chairman Specter. Thank you, Senator Schumer.

One addendum to my comments. Mr. Kavanaugh also clerked for Supreme Court Justice Anthony Kennedy.

Judge Stapleton and Judge Kozinski, it is our practice to ask our witnesses to be sworn at nomination proceedings, as we had a number of circuit judges sworn during the confirmation of Justice Alito. So with your consent, would you rise and take the oath?

Do you solemnly swear that the testimony you will give before the Judiciary Committee will be the truth, the whole truth and nothing but the truth, so help you God?

Judge Stapleton. I do.

Judge Kozinski. I do.

Chairman Specter. Let the record show both witnesses answered in the affirmative.

Judge Stapleton, you are the first circuit judge for whom Mr. Kavanaugh clerked, so we will begin with you.

PRESENTATION OF BRETT KAVANAUGH, NOMINEE TO BE CIRCUIT JUDGE FOR THE DISTRICT OF COLUMBIA CIRCUIT, BY HON. WALTER K. STAPLETON, JUDGE, UNITED STATES COURT OF APPEALS FOR THE THIRD CIRCUIT, WILMINGTON, DELAWARE

Judge Stapleton. Thank you. Mr. Chairman and members of the Committee, I appreciate the invitation to introduce Brett Kavanaugh. That is not because I think he needs any introduction to this Committee, but rather because I believe I am in a position to share information that is quite probative with respect to the important issue that is before you.

I have been a Federal judge for over 35 years, the last 20 of those years as a member of the Court of Appeals for the Third Circuit, and based on that experience, I believe I understand well what it takes to be able to serve well as a United States Circuit Judge.

I have known Mr. Kavanaugh well for over 15 years. I first met him in March of 1989 when I interviewed him for a clerkship. He had one of the most impressive resumes I have ever seen, and believe me, I have seen a lot of resumes. Among other things, as you noted, Mr. Chairman, he was editor of the Yale Law Journal, and at the point in time I met him, he had received an honors grade in every course he had taken at Yale Law School save one. Best of all, the professors who knew him well, assured me that--and I quote--"His work is uniformly of very high

quality, thoughtful, independent-minded, yet very balanced, and always clearly written."

I have recently resurrected the notes I made after our lengthy personal interview, and they say, "extremely talented, mature, confident yet modest, good sense of humor." Now, in other words, a judge's dream of a law clerk, and I didn't have to ponder the decision about hiring him for very long. And he certainly did not disappoint, and I will always treasure the time that we shared.

We worked very hard and we were asked to resolve many intractable controversies. Facing challenges like that together promotes a bonding process in which the participants get to know each other awfully well, and we talked at length, not only about the law, and about the challenges we faced, but about his hopes and aspirations for the future.

Towards the end of the clerkship I urged him to consider the judiciary as a career if he should ever have that opportunity, and I did that because I believed he had the makings of my kind of judge. There was no trace of arrogance and no agenda. He applied his legal acuity and common sense judgment with equal diligence to every case, large or small, undertaking his evaluation of each without predilection. His ultimate recommendations were based on careful case-by-case analyses of the facts of each case, and objective application of the relevant precedents. It was clear to me that he understood the

crucial role of precedent in a society that's committed to the rule of law.

Brett thanked me for my advice, but in characteristically modest fashion, said he doubted that he would get the opportunity to so serve.

Now, Mr. Kavanaugh, of course, has had a variety of opportunities since that time, as I knew he would. Anyone with his talents would have many opportunities. As a result, in addition to his impressive legal skills, I believe Mr. Kavanaugh has the sophistication, the insight and maturity that comes from having served in a variety of professional positions, noteworthy not only because of their variety but also because of the awesome responsibilities that each carried.

While I believe all of his professional experience would serve him well as a judge, a substantial portion of that experience renders Mr. Kavanaugh, I believe, exceptionally well qualified in terms of experience. I refer, of course, to the fact that in addition to his exposure to private practice and his service to the President, Mr. Kavanaugh has had substantial litigation experience on both sides of the bench. As you're aware, and as the Chairman has mentioned, he's worked with a one-and-one relationship not only with the two Court of Appeals Judges that are here this afternoon, but also with a Justice of the United States of the Supreme Court and a Solicitor General of the United States. As you are also aware, Mr. Kavanaugh's

litigation experience has included appearance before all levels of our Federal courts.

Now, I have stayed in touch with Mr. Kavanaugh, and have followed his career with interest since he left my chambers. I have heard nothing from, and I've heard nothing about Mr. Kavanaugh in the intervening years that has caused me to question in any way my original judgment about the kind of judge he would be if he could have that opportunity. His responsibilities, it's true, from time to time, have called upon him to make--to take positions on issues which reasonable minds could differ about. That's part of being a lawyer. But I believe he has consistently served his client well, and in a thoroughly professional manner.

In sum, members of the Committee, I believe Mr. Kavanaugh's intelligence, his common sense judgment, his temperament, and his dedication to the rule of law, make him a superb candidate for the position of United States Circuit Judge, and I can commend him to you without reservation.

Thank you for this opportunity to address the Committee.

Chairman Specter. Thank you very much, Judge Stapleton.

Judge Kozinski.

PRESENTATION OF BRETT KAVANAUGH, NOMINEE TO BE CIRCUIT JUDGE FOR THE DISTRICT OF COLUMBIA CIRCUIT, BY HON. ALEX KOZINSKI, JUDGE, UNITED STATES COURT OF APPEALS FOR THE NINTH CIRCUIT, PASADENA, CALIFORNIA

Judge Kozinski. Good afternoon, Mr. Chairman, members of the Committee. It's a great pleasure and honor for me to be back. Thank you for inviting me to introduce my good friend, my former law clerk, Brett Kavanaugh.

I probably do not need to take my full 5 minutes, because I can just say "me too" to everything that Judge Stapleton said, but let me just take a few minutes, a couple minutes, if I can, to give my own personal view.

I'm glad, Mr. Chairman, that you mentioned that Brett Kavanaugh went to Yale and you and he had that in common. We have that in common too. He went to Yale and I have a son named Yale.

[Laughter.]

Judge Kozinski. I tried to get in, but I wasn't as fortunate. I got rejected.

But I have had a number of clerks from Yale and Harvard and many other fine law schools, and among them, Brett Kavanaugh was one of the finest. I met him about the same time that Judge Stapleton met him, in March '89. We both interviewed him for a job for clerkship right out of law school, but Judge Stapleton

was just faster making an offer. So I had to pick him up the following year, because he accepted a clerkship with Judge Stapleton first.

I must tell you that in the time that I had Brett clerk for me, I found him to be a positive delight to have in the office. He's really bright and he's really accomplished and he's really an excellent lawyer. But most, virtually all, folks who qualify for a clerkship with a circuit judge these days have those qualities.

But Brett brought something more to the table. He first of all brought what I thought was a breadth of mind and a breadth of vision. He didn't look at a case from just one perspective. Like a good lawyer, like--Mr. Chairman, you were a prosecutor, you know this very well--you have to look at a case from different perspectives, not just one, and not early in the case take one perspective and then stick with it. Brett was very good in changing perspectives. Sometimes I'd take one position and he'd take the opposite, and sometimes we'd switch places. He was very good and very flexible that way.

I never sensed any ideology or any agenda. His job was to serve me and to serve the court and serve the people of the United States in achieving the correct result at the court. And he always did it with a sense of humor and a sense of sort of gentle self-deprecation. He was always--my staff, my secretaries, his co-clerks all enjoyed having him and all

enjoyed particularly the fact that he was not in any way pompous or in any way stuck on himself, but was always ready to help others or was ready to be friendly with others.

And I think that's a very important quality in a judge. This may seem trivial and maybe seem like I'm mentioning things here that ought not to be mentioned in a committee, but part of what makes the job of judging different from other jobs is that it is not a mechanical process. It is ultimately a human process. You have to understand something about how people think, something about how people live, something about how people feel. And what I think Brett Kavanaugh brings to the table, what he brought to the table when he was my law clerk, is a sense of humanity and a sense of understanding.

I will not speak to the question of confirmation or nonconfirmation. This obviously is something that is up to the committee. I can only say that I give Brett Kavanaugh my highest recommendation. I gave him my high recommendation when he applied to Justice Kennedy, my own mentor, and I continue to give him the highest recommendations.

Thank you, Mr. Chairman.

Chairman Specter. Thank you very much, Judge Kozinski.

I have just one question for each of you. Judge Kozinski, how old were you when you were appointed to the Ninth Circuit?

Judge Kozinski. I was 35 years old, Mr. Chairman.

Chairman Specter. Judge Stapleton, how old were you when

you were appointed to the Federal bench, first to the district court?

Judge Stapleton. Thirty-five years old.

Chairman Specter. And may the record show that Justice Kennedy was appointed to the Ninth Circuit when he was 38 years old.

Anybody have any questions for the judges? Senator Schumer?

Senator Schumer. Just one question for both. Since Mr. Kavanaugh clerked for each of you right after, a year after law school, have either of you had occasion to have him appear before you in your court as a lawyer.

Judge Stapleton. I have not.

Judge Kozinski. Nor have I.

Chairman Specter. Thank you very much, Judge Stapleton. Thank you very much, Judge Kozinski. Appreciate your being here.

Judge Kozinski. My pleasure.

Judge Stapleton. Thank you.

Chairman Specter. Mr. Kavanaugh, would you step forward for the oath?

If you would raise your right hand. Do you swear that the testimony you will give before the Judiciary Committee will be the truth, the whole truth, and nothing but the truth, so help you God?

Mr. Kavanaugh. I do.

Chairman Specter. Before beginning your testimony, Mr. Kavanaugh, I note an infant in the audience and what appears to be a mother, and both appear to be wife and child, and perhaps other family. Would you introduce them, please?

STATEMENT OF BRETT KAVANAUGH, NOMINEE TO BE

CIRCUIT JUDGE FOR THE DISTRICT OF COLUMBIA CIRCUIT

Mr. Kavanaugh. Yes.

Thank you very much, Mr. Chairman, for the opportunity to appear here before the Committee. I'm grateful to the President for nominating me to this important--

Chairman Specter. Mr. Kavanaugh, there is a question pending, and the question was would you introduce your family.

Mr. Kavanaugh. Yes.

[Laughter.]

Mr. Kavanaugh. And I thank my family for being here. Since I last appeared before the Committee, there have been two major changes in my record, and they're both sitting behind me. My wife, Ashley Estes Kavanaugh, and my 8-month-old daughter, Margaret Murphy Kavanaugh. She's watched a little C-SPAN in her day. This is her first live Senate hearing, however. I'm not sure--as you've probably already noticed, Mr. Chairman, I'm not sure she's going to make it very long, but she wanted to be here for the start.

My uncle, Mark Murphy, is here. And my brother-in-law, J.D. Estes, is here. My mom and dad are here, Martha and Ed Kavanaugh. They are, and have been, an inspiration to me. They've been married for 43 years, and I am their only child. I'm just very proud that they're behind me today.

My mom in particular, in terms of career path, has had a

profound influence on my career choices. Throughout her life she's been dedicated to public service. When she was in her 20s, she taught public high school in the District of Columbia, at McKinley and H.D. Woodson high schools. She then decided to go back to law school in the 1970s and became a State prosecutor out in Rockville, Maryland. She was later appointed to the State trial bench by Governor Schaefer and then by Governor Glendening, in Maryland. She's instilled in me a commitment to public service and a respect for the rule of law that I've tried to follow throughout my career.

Mr. Chairman, I'm a product of my parents; I'm also a product of my experiences, and I'd like to take a few minutes to share a few of those experiences and how I think they might shape how I would come to the bench as a judge.

I attended Yale Law School in the late 1980s. It was a challenging yet collegial environment. It was a place that instilled a desire to make a difference. It was a place that encouraged public service. And while I was at Yale Law School I decided, as you know, to seek a judicial clerkship after my time there.

I clerked for Judge Walter Stapleton on the Third Circuit. Judge Stapleton is a gentleman and a scholar. He's an experienced judge, and he's a great friend. If I am confirmed to be a judge, I will do everything in my power to bring to the bench the decency and the good judgment and the collegial manner

of Walter Stapleton. And I thank him for being here today.

After I clerked for Judge Stapleton, I clerked for Judge Alex Kozinski on the Ninth Circuit. Judge Kozinski, as many of you know, has a passion for the law. When we started as law clerks, he told us we work for the people and we should consider ourselves on the job 24 hours a day, 7 days a week, 365 days a year. And I can say from personal experience that Judge Kozinski lived up to that promise. We worked very hard, he was very thorough. I thank him for all he's done for me in my career and for coming here today from California. If I am confirmed to be a judge, I would seek to bring to the bench the thoroughness and the thoughtfulness and the dedication to the rule of law that Judge Kozinski has demonstrated on the bench for more than 2 decades.

After I finished those two clerkships, I worked in the Solicitor General's Office at the Department of Justice. I experienced the ethic of that office, that the United States wins its point when justice is done. In that office I had the opportunity for the first time to argue a case in court before the Fifth Circuit Court of Appeals. I was able to stand up for the first time and say Brett Kavanaugh for the United States, a moment that was very proud for me and remains so.

In the October 1993 term of the Supreme Court, I clerked for Justice Anthony Kennedy. Justice Kennedy is a student of history, he's a student of the Supreme Court. He talks often

about the compact between generations that the Constitution represents. And he conveyed to his clerks, and certainly conveyed to me--to use one of his favorite phrases--the essential neutrality of the law. I'm forever grateful to Justice Kennedy for the opportunity to clerk for him.

After I finished that clerkship, I worked for Judge Starr in the Independent Counsel's Office. It was a difficult, it was a tough job, it was an often thankless job. In that capacity, I had the opportunity to argue cases before the Supreme Court of the United States and the D.C. Circuit Court of Appeals. I learned some lessons in that office. I had some thoughts about how it all operated and, as the Chairman has noted, I tried to make a contribution, the improvement of the public legal system, by writing an article in the Georgetown Law Journal that identified better ways, in my judgment, to conduct investigations of high-level executive branch officials.

I then went to Kirkland & Ellis, where I became a partner, represented institutional clients of the firm, and also did pro bono work for several years.

In 2001, I joined the White House Counsel's Office under Judge Al Gonzales. In that office I did some of the standard work of the office--ethics issues, separation of powers issues. I also worked with many members of the staff of this Committee and other members of Congress on civil justice issues, such as class action reform, medical liability reform, and the very

important terrorism insurance legislation in 2002.

I also worked on judges, on the nomination of judges, and I had the opportunity to help recommend judges to the President of the United States for him to nominate to the Federal courts. In that capacity, on the district court level I worked closely with many members of the Senate and their staffs in the States that I was assigned, including some members of this Committee.

In July of 2003, I became staff secretary to President Bush. This is what I call an honest broker for the President, someone who tries to ensure that the range of policy views on various subjects in the administration are presented to the President in a fair and even-handed way.

I've worked closely with the President and with the senior staff at the White House and other members of the administration for nearly 3 years. I think I've earned the trust of the President, I've earned the trust of the senior staff, that I'm fair and even-handed. This kind of high-level experience in the executive branch has been common for past judicial nominees, especially on the D.C. Circuit, which handles so many important and complicated administrative and constitutional issues.

Mr. Chairman, I have dedicated my career to public service. I revere the rule of law. I know first-hand the central role of the courts in protecting the rights and liberties of the people. And I pledge to each member of this Committee, and I pledge to each member of the Senate, that, if confirmed, I will

interpret the law as written and not impose personal policy preferences; that I will exercise judicial power prudently and with restraint; that I will follow precedent in all cases fully and fairly; and above all, that I will at all times maintain the absolute independence of the judiciary, which in my judgment is the crown jewel of our constitutional democracy.

Mr. Chairman, I will be happy to answer any questions. Thank you.

[The biographical information of Mr. Kavanaugh follows:]

/ COMMITTEE INSERT

Chairman Specter. Thank you very much, Mr. Kavanaugh.

We now turn to 5-minute rounds for each Senator.

Mr. Kavanaugh, I begin with the question as to what assurances can you give this Committee and the Senate and the American people about your independence from the President and the White House. I look at a long list of nominees who have voted against their presidential nominator on many, many celebrated matters. Just a few: Justice Douglas dissented on the Korematsu case, the Japanese internment case, against President Roosevelt's policy. Famous decision by Justice Tom Clark turning against Truman on the Steel Seizure case not long after he was nominated. Justice Kennedy, Justice O'Connor disagreeing on a woman's right to choose from President Reagan. Justice Souter disagreeing with President Bush the elder. Famous disagreements that President Eisenhower expressed about Chief Justice Warren. Perhaps the most famous case, Salmon Chase had advocated policies as the Secretary of the Treasury, and then, after being appointed to the Supreme Court, declared unconstitutional the monetary policy he had implemented as President Lincoln's treasurer.

What positive assurances can you give of your independence?

Mr. Kavanaugh. Mr. Chairman, if confirmed to be a D.C. Circuit judge, I will call them as I see them, regardless of who the litigants may be. I know that independence of the

judiciary, as I said in my opening, is a key part of our constitutional system. I would not hesitate in any case to rule the way I saw the case, regardless of who the parties were, regardless of whether the President was involved.

Chairman Specter. Would you consider yourself independent in the tradition of the judges, justices whom I've just named?

Mr. Kavanaugh. Absolutely, Mr. Chairman. I know that there's a long history in our constitutional system of judges being drawn from the executive branch, and I would--

Chairman Specter. Mr. Kavanaugh, let me interrupt you. There's a great deal to cover and I only have 5 minutes.

Did you have anything to do with the issues of interrogation of prisoners relating to the allegations of torture in the so-called Bybee memorandum?

Mr. Kavanaugh. No, Mr. Chairman.

Chairman Specter. Did you have anything to do with the questions of rendition?

Mr. Kavanaugh. No, Mr. Chairman.

Chairman Specter. Did you have anything to do with the questions relating to detention of inmates at Guantanamo?

Mr. Kavanaugh. No, Mr. Chairman.

Chairman Specter. Did you have anything to do with Mr. Abramoff and the many visits which he apparently made to the White House?

Mr. Kavanaugh. No, Mr. Chairman.

Chairman Specter. Do you have anything to do with the President's policy on so-called signing statements?

Mr. Kavanaugh. Mr. Chairman, signing statements come through the Staff Secretary's Office, and I help ensure that relevant members of the administration have provided input on the signing statements. In the first instance they're drafted in the Justice Department, but I do help clear those before the President sees them.

Chairman Specter. That poses a very difficult and contentious issue which this Committee is going to have hearings on. And I can understand that in your role as coordinator you would have the responsibility for coalescing materials. Did you take any position as to the constitutional authority for the President to limit the substance of legislation by expressing limitations in the signing statements?

Mr. Kavanaugh. Mr. Chairman, it is common for signing statements, this President and previous Presidents, to identify potential constitutional issues like Appointments Clause issues, Presentment Clause issues, or issues relating to INS v. Chaddha, for example, the line item veto case. On those matters, I make sure that they have been properly staffed to other members of the White House staff. They come up in the first instance from the Justice Department and the Office of Management and Budget.

Chairman Specter. Were you called upon to give the

President any advice as to the constitutional implications of the signing statements?

Mr. Kavanaugh. Well, Mr. Chairman, I think, without discussing internal matters, I think it's common to explain the general parameters of signing statements, for example, that there's been a history of them, and identifying potential constitutional issues in legislation, particularly Appointments Clause, Presentment Clause, and the other issues identified.

Chairman Specter. Mr. Kavanaugh, you wrote an article on peremptory challenges, where there had been a practice among prosecutors to issue what are called peremptory challenges--which, for those who do not know, means that a prospective juror can be disqualified without stating any reason, where blacks were eliminated. My time is up and I will quit, but you can answer.

Mr. Kavanaugh. Mr. Chairman, I think one of the great Supreme Court decisions ever decided was Batson v. Kentucky. It overruled Swain v. Alabama, and held that a prosecutor's use of race in striking potential jurors from the jury box was unconstitutional under the Equal Protection Clause of the 14th Amendment.

One of the concerns I had--that was decided in 1986; I was in law school from 1987 to 1990--one of the concerns I had was what procedures will be used to help guarantee that right to

be free of racial discrimination in the jury selection procedure. And I wrote a note that advocated certain procedures that help ferret out potential racial bias in the jury selection process.

Chairman Specter. Senator Schumer.

Senator Schumer. Thank you, Mr. Chairman.

Just when Senator Specter went over all of the issues, he mentioned torture in connection with the Bybee memo. Were you involved in any way in the Counsel's Office in opining about the proper use of torture?

Mr. Kavanaugh. No, Senator. The first time I learned of that memo, I believe, was--

Senator Schumer. I did not ask about the memo. I asked just in general.

Mr. Kavanaugh. No, Senator.

Senator Schumer. Thank you. Okay, I would like to ask you a few questions that you did not answer. These were submitted in writing or orally at the last hearing. I will tell you all of them.

First, Senator Leahy asked you whether Karl Rove was involved in the judicial selection process at any point while you were there. I asked you how you would have voted on the impeachment of President Clinton. Senator Kennedy asked you whether you agreed with Judge Pryor, who called Roe v. Wade an abomination. And Senator Durbin asked you if you consider

yourself in the mold of Scalia and Thomas, which is the mold that the President has said he is going to choose judges in.

First, Rove. Was Karl Rove involved in any of the selection of judges while you were there?

Mr. Kavanaugh. Mr. Chairman, I think that is a question that the Counsel to the President should answer in the first instance. I don't think as a judicial nominee here I should talk about who was involved. The Counsel to the President chairs the judicial selection committee, and if there is a question about who is involved in recommending judges--

Senator Schumer. What we are trying to determine, in the previous time you were here, you said that no ideology was involved in the selection of judges. I do not see why you cannot answer that question. What is improper about answering that question?

Mr. Kavanaugh. Senator, I will check whether I can answer that question. And if I can, I will provide the answer.

Senator Schumer. What would come to mind which would prevent you from answering that question?

Mr. Kavanaugh. Senator, I just want to be careful that I check with the Counsel on something like that and be sure that there is not an issue before I disclose something in the context--

Mr. Kavanaugh. Is there any privilege that would prevent you that you can see, that would come to mind right now?

Mr. Kavanaugh. I can check with the Counsel on that, Senator.

Senator Schumer. Do you have knowledge of the answer?

Mr. Kavanaugh. Well, I was involved in the judicial selection process.

Senator Schumer. So you would know yes or no, you just choose not to answer?

Mr. Kavanaugh. And I would be happy to provide the answer. I just want to check first.

Senator Schumer. Okay.

Next, how would you have voted--I know you were involved in the impeachment of President Clinton--how would you have voted if you were a Senator?

Mr. Kavanaugh. Senator, I don't think it's appropriate for the office that submitted the report to comment on whether the House made the proper decision to impeach or whether the Senate made the proper decision not to--

Senator Schumer. When lawyers argue cases, all the time they say they are disappointed in the verdict, they are happy with the verdict. That is not a violation of anything, as far as I know, except your desire not to answer the question.

Mr. Kavanaugh. I guess this gets to an ethic I've learned about prosecutors offices when I worked in the Solicitor General's Office, that it's not appropriate to comment on a jury verdict. And I don't think it's appropriate in this instance

for me, as a member of the Independent Counsel's Office, to comment on whether the House decision was correct or whether the Senate decision was correct.

Senator Schumer. In an op-ed in the Washington Post in 1999, you wrote a defense of Ken Starr, where you said "Starr uncovered a massive effort by the President to lie under oath and obstruct justice." You also wrote that, "The word that ordinarily describes such behavior is not `trapped' but `guilty.'" You were pretty clear to state your views in 1999, but you do not want to state them now?

Mr. Kavanaugh. I think that was based on Judge Wright's finding of contempt, and there was also a censure resolution introduced in the Senate that used some more language. So I think the language there, it was a joint op-ed.

Chairman Specter. But you just said you did not think it was appropriate to answer. And you felt it very appropriate, in a similar role, to answer, to make some very strong statements then.

Mr. Kavanaugh. I think this goes to a key point, Senator, which is impeachment and then conviction take into account more than just the facts. As you know from participating on the House side at the time and the Senators know from participating on the Senate side, there were--

Senator Schumer. I participated in votes.

Chairman Specter. Now, let him finish his answer, please.

Senator Schumer. --on both sides.

Mr. Kavanaugh. On both sides, that's right, Senator. And I think, as many of the Senators and House members discussed at the time, it wasn't just a simple question of whether there was a violation of law committed, but there were broader considerations for the country. And that's where it really gets, really gets, I think, improper for someone in the Independent Counsel's Office to say whether they think the President should have been impeached.

Senator Schumer. I fail to see the distinction. Let me ask you to answer, since my time is ending here, the two other questions. Do you consider Roe v. Wade to be an abomination? And do you consider yourself to be a judicial nominee, like the President said he was going to nominate people, in the mold of Scalia and Thomas?

Mr. Kavanaugh. Senator, on the question of Roe v. Wade, if confirmed to the D.C. Circuit, I would follow Roe v. Wade faithfully and fully. That would be binding precedent of the Court. It's been decided by the Supreme Court--

Senator Schumer. I asked you your own opinion.

Mr. Kavanaugh. And I'm saying if I were confirmed to the D.C. Circuit, Senator, I would follow it. It's been reaffirmed many times, including in Planned Parenthood v. Casey.

Senator Schumer. I understand. But what is your opinion? You're not on the bench yet. You've talked about these issues

in the past to other people, I'm sure.

Mr. Kavanaugh. The Supreme Court has held repeatedly, Senator, and I don't think it would be appropriate for me to give a personal view of that case.

Senator Schumer. Okay, you are not going to answer the question. How about being in the mold of Scalia and Thomas?

Mr. Kavanaugh. I don't want to talk about current members of the Court, but I do think I can describe some of the justices or judges in the past that I think I would try, that have been role models to me, including Justice White, Justice Jackson, and for a couple of reasons. They were people who took an active part in our Government system, which is some--

Senator Schumer. I understand. Just explain to me why it is appropriate for the President to say that he will appoint nominees in a particular mold, but you cannot answer whether you would be part of that.

Mr. Kavanaugh. As a potential inferior court judge, Senator, on the D.C. Circuit if confirmed, I just don't want to talk about currently sitting members of the Supreme Court. I'm happy to talk about Justice Jackson and Justice White, if you'd like.

Senator Schumer. Okay. I wish I could say it, but I do not think you have clarified any of these answers that we asked you the first time.

Thank you, Mr. Chairman.

Chairman Specter. Senator Hatch.

Senator Hatch. Well, thank you, Mr. Chairman.

Welcome again to the Committee. You are one of the few who have had this great experience of being brought back here twice. Let me just take a--

Mr. Chairman, I would like to take most of my time to make just a few comments rather than to ask questions at this time.

I think that during his first hearing 2 years ago in 2004 and his written submissions afterwards, Mr. Kavanaugh more than adequately answered all the questions that had been posed to him. The Committee already has a 159-page hearing record before it on this nominee. And I am confident in Mr. Kavanaugh's abilities and capacities in both the understanding and knowledge of the law. I suspect that he will continue to show his intellect, sound judgment, and judicial temperament.

I have no doubt that Mr. Kavanaugh fully appreciates the proper role and limitations placed of Federal appellate judges in our constitutional system. And while I am not pleased with all the circumstances that have resulted in holding this unusual if not unprecedented second hearing, I take solace in the fact that Chief Justice Roberts, whom many in the public and a super-majority of Senators found to be an extremely capable individual after his confirmation hearings last September, was also subject to two confirmation hearings before he was able to sit on the D.C. Circuit. I hope that Brett Kavanaugh's

confirmation will not be delayed as long as now-Chief Justice Roberts's was. He was delayed for 11 solid years, between the time that the first President Bush nominated him and the time that the second President Bush, our current President, renominated him.

Now, while today's hearing will and should concentrate and focus on qualifications of Brett Kavanaugh to serve on the D.C. Circuit Court of Appeals, when you see nominees with the backgrounds of John Roberts and Brett Kavanaugh having been held up for so many years for so little reason, sometimes you have to ask yourself if there may be motivations at play that have nothing at all to do with the nominee's actual fitness to sit on the bench. To date it has been almost 3 years since Mr. Kavanaugh was first nominated. I think it is time to vote on his nomination, and frankly it is past time for the Senate to vote on Mr. Kavanaugh's nomination.

So at this point, I would like to welcome you, Mr. Kavanaugh, your wife and baby and of course your family. Since the last time before this Committee, you have become a husband and father, and I join in welcoming Mrs. Kavanaugh here and your 8-month-old daughter Margaret to the Committee.

I also want to acknowledge the presence of Mr. Kavanaugh's parents. I have known them for a long time. Ed Kavanaugh for many years, he headed up the major trade association, the Cosmetic, Toiletries, and Fragrance Association, and he is

deservedly admired by many in this town. And his mother served with distinction as a State court judge in Maryland for many, many years.

Sometimes in these confirmation hearings, in the rush to get to more controversial matters, there is a tendency to skip over too quickly on the qualities and attributes that led the President to nominate the individual--and in this case, Mr. Kavanaugh--in the first place. And I think Senator Specter has already given us an overview of the nominee's impressive educational and employment background. We have also heard the testimony of two excellent Federal court judges for whom he clerked, both of whom I know--Judge Kozinski of the Ninth Circuit and of course Judge Stapleton of the Third Circuit Court of Appeals. I think we should weigh their words very carefully. These are people of impeccable reputations and ability on the bench.

Not only did you distinguish yourself as a clerk on two appellate courts, but you also served as a clerk on the Supreme Court. You had an academic career that was pretty impressive as well, at Yale. You've had a series of impressive and highly responsible jobs in both the executive branch and in the private sector. And you're a talented appellate advocate as well before the Supreme Court.

Now, let me just say--my time is running out, but in addition to your three judicial clerkships, as you have

mentioned, you worked in the Solicitor General's Office, in the Department of Justice, with Ken Starr, and of course with the Office of Special Counsel. And of course nobody should judge you as an attorney for having worked in something that was as unpleasant as that. Attorneys work on unpleasant matters in many ways, and you would be a pretty doggone poor attorney if you were not willing to work with distinction and with fairness when called upon to do so. And I think knowing you and knowing what happened in the Clinton matter, you served with distinction and fairness.

My time is about up so I just--I will make some more comments if we have another round, but I just want to congratulate you for standing in there and being willing to serve on the circuit court of appeals. I know you could make a fortune on the outside, but you have made public service your life and I do not see how we can find a better person to serve and give public service than you. So I just want to personally express my fondness for you, my high admiration for you, and the fact that you will have my support in every step of this process.

Chairman Specter. Thank you, Senator Hatch.

Under the early-bird rule, on the side for the Democrats are Senator Feinstein, Senator Durbin, Senator Kennedy, Senator Feingold, and on the Republican side are Senator Coburn, Senator Graham, Senator Sessions, and Senator Kyl. So under the

early-bird rule we now turn to Senator Durbin.

Senator Durbin. Thank you, Mr. Chairman.

Mr. Kavanaugh, thank you for returning. In 2003, Jay Bybee was confirmed to a seat on the Ninth Circuit. A year and a half later, we learned he had authored the infamous torture memo when he headed the Justice Department's Office of Legal Counsel. In the memo he claimed the President has the right to ignore the law that makes torture a crime and narrowly defined torture as abuse that causes pain equivalent to organ failure or death.

The torture memo was requested by, addressed to the then-White House Counsel, Alberto Gonzales. So clearly the White House Counsel's Office knew that Mr. Bybee had authored the torture memo at the time of his nomination. Did you know that Mr. Bybee authored the torture memo or similar memos at the time of his nomination?

Mr. Kavanaugh. No, Senator, I think you're referring to the August 1, 2002, memo. I was not aware of that memo until there was public disclosure of it in the news media, I think in the summer of 2004.

Senator Durbin. The administration has now repudiated the memo. In retrospect, should the fact that Mr. Bybee authored the torture memo have disqualified him from consideration as a nominee?

Mr. Kavanaugh. Senator, I don't think, sitting here as a prospective judge, as a nominee to a court of appeals, I should

talk about another sitting judge and whether that person should or should not have been nominated. I just don't think that's a proper role for me.

Senator Durbin. But you see that is what we are struggling with here. We do not have a number of cases that you have argued before a court, because you haven't. We do not have trials that you have taken to a jury verdict, because there are none. We have to rely on what you have done with your life and where you have been to try to determine what your values are. Senator Schumer asked you a series of questions related to the work of your life, which you did not feel were appropriate to answer. And now I am trying to plumb that same type of well to find out what you really believe and who you are. And every time we get close, you say sorry, I can't answer. That is a problem for a person seeking a seat on the second-highest court in the land. I do not know where to go in questioning you. You do not want to talk about what you have done that might have any political implication. And frankly, when it comes to legal work, there is not much to turn to. Do you see the problem we are facing?

Mr. Kavanaugh. Senator, on that memo, I can say that the administration has repealed that memo. I agree with that decision. I do not believe the analysis in that memo was correct. I think that memo did not serve the presidency or this President well. And I am willing to talk about the memo itself.

Senator Durbin. Well, let me ask you. You were in charge

of judicial nominations, or at least involved in judicial nominations with the White House. And that is why we are going into this. Let's go to another nominee and see if you might respond to this.

In September 2003, the President nominated William Haynes to be a judge on the Fourth Circuit. As General Counsel to the Department of Defense, Mr. Haynes had been the architect of the administration's discredited detention and interrogation policies. For example, Mr. Haynes recommended that Secretary Rumsfeld approve the use of abusive interrogation techniques, like threatening detainees with dogs, forced nudity, and for forcing detainees into painful stress positions. During the 108th Congress, Mr. Haynes's nomination stalled after his involvement in this scandal came to light. Just this February, the President decided to renominate him.

What was your role in the original Haynes nomination and decision to renominate him? And at the time of the nomination, what did you know about Mr. Haynes's role in crafting the administration's detention and interrogation policies?

Mr. Kavanaugh. Senator, I did not--I was not involved and am not involved in the questions about the rules governing detention of combatants or--and so I do not have the involvement with that. And with respect to Mr. Haynes's nomination, I've--I know Jim Haynes, but it was not one of the nominations that I handled. I handled a number of nominations in the Counsel's

Office. That was not one of the ones that I handled.

Senator Durbin. So let me try this approach and see if we can learn a little more. Manny Miranda was an employee of the Senate Judiciary Committee on the Republican staff and then on the Senate Majority Leader's staff. He hacked into the computers of the members and staff of this Committee, stealing thousands of documents and memoranda which were then shared with others. Did you know Manny Miranda, or do you know him today?

Mr. Kavanaugh. I knew Manny Miranda because he was a member of Senator Hatch's staff and then Senator Frist's staff working on judicial nominations.

Senator Durbin. Did you ever work with him in terms of judicial nominations?

Mr. Kavanaugh. He was part of a group of Senate staffers that did work on judicial nominations with people at the Department of Justice and the White House Counsel's Office. We talked about this last time. I did not know about any memos from the Democratic side. I did not suspect that. Had I known or suspected that, I would have immediately told Judge Gonzales, who I'm sure would have immediately talked to Chairman Hatch about it. Did not know about it, did not suspect it. He was part, however, of the staff, of course, that worked on judicial nominations, including with--on both sides.

Senator Durbin. My time is up. But I think one of the problems you had with the American Bar Association when they

downgraded your rating was they thought you were dismissive of this, that you did not take this as a serious problem, that a Republican staffer had broken into the computers of Democratic Senators and their staff, were stealing documents and sharing them with those who were plotting the strategy for the White House. Would you like to respond as to whether or not you think this was a serious matter, perhaps criminal?

Mr. Kavanaugh. Senator, I don't know what the American Bar Association said about that, but I know what I told them and what I've told the Committee. Had I known or suspected anything like that, I would have immediately told Judge Gonzales, who I'm sure would have immediately called Chairman Hatch. I know the matter has been under investigation in the Senate. I know the matter has been under investigation by a special prosecutor. That is a serious matter. And that is what I said to the American Bar Association and that's what I'm saying to this Committee.

So that's my view on the matter.

Senator Durbin. Thank you.

Chairman Specter. Thank you very much, Senator Durbin.

Senator Coburn.

Senator Coburn. Thank you, Mr. Chairman.

I just want to put a few points into the record. Of the 12 members of the D.C. Circuit and the two seniors, none have as broad experience in terms of measurement points as our

nominee here today. Only five have clerked on the Federal appeals court out of the 14; only four have clerked on the Supreme Court; only six have argued before the court of appeals; only five have argued before the Supreme Court; only seven have had editorial positions on law review; only four have had previous judicial experience. Of everybody that is on there now, only four have had previous judicial experience and only four had any legislative branch experience.

Again, I want to address the issues out in the open. I think what is happening here today I am somewhat embarrassed about. We have somebody who is obviously qualified. The ABA says he is qualified. He is not downgraded, he is recognized as qualified. He is extremely well qualified and well qualified. This time he is well qualified, with a minority extremely well qualified--or qualified and well qualified.

But what it requires is "qualified." And if you look at the ABA's position of what "qualified" is--and let me read it for you, should we have any questions regarding that--let me find it. It means that the nominee meets the committee's very--this is "qualified." --means that the nominee meets the committee's very high standards with respect to integrity, professional competence, judicial temperament, and that the committee believes that the nominee will be able to perform satisfactorily all of the duties and responsibilities required by the high office of a Federal judge.

Everybody on that ABA says you are qualified. And I just read what it means. The idea that we are fishing around because we do not like something the Bush administration has done, or we are going to imply and impugn the integrity of somebody who has been in a position of responsibility and has offered his good services to fulfill the requirements of the executive branch, and anything you do not like about the executive branch you are going to try to tie to this gentleman, is improper. It also is dismissive of our open form of Government. And is exactly, again--I will say again--exactly what the American people are sick of, partisan sniping that is not about the issues but trying to score a point and trying to undermine somebody's integrity who has absolute integrity on these issues.

They have answered the questions. We are here--we are here--to give a second look at somebody who has already answered the questions. And there is precedent to not give answers to questions about certain privileged communications within the White House. That does not mean that those are necessarily devious or wrong. It means you protect the Office of the Presidency. That is an appropriate role. There is nothing wrong with that.

I will have one question for you. Why do you want to be a Federal judge?

Mr. Kavanaugh. Senator, I want to be a Federal judge because I know from experience and through my upbringing the

role of the courts in protecting the rights and liberties of the people. I know how essential the rule of law is to our country. I know how the independence of our Federal judiciary is central to our constitutional form of Government. I think, based on my experience and my background, I can make a contribution to the administration of justice. I think I can be a good judge. And it's part of my commitment to public service that I've carried out for most of the 16 years since I graduated from law school.

Senator Coburn. Do you think it makes any difference on your ability to be an appellate judge in this country which side of the issue you were on the impeachment or which side of the issue you were on any of these issues that have been raised? Your personal opinion, when you have testified that you are not going to allow a personal opinion to interfere in your interpretation of the law and the independence of the judiciary, does that have a bearing?

Mr. Kavanaugh. Senator, I absolutely believe in the idea that judges are neutral and impartial and that whatever activities may have occurred in someone's past life in terms of Government activities, those are good experience to have to become a good judge. But it also is true, once you put on the black robe, you're impartial and you represent the law. As Justice Kennedy used to tell us, the essential neutrality of the law. And I think that is a principle that I would seek to

follow were I to be confirmed to the D.C. Circuit Court of Appeals. I think it's essential to our entire system of Government. There's no such thing on the courts as a Republican judge or a Democratic judge. Once you're on the court, all the judges are there representing the justice system, representing the idea of justice.

Senator Coburn. Thank you. My time has expired.

Chairman Specter. Thank you, Senator Coburn.

Senator Feinstein.

Senator Feinstein. I am happy to yield to Senator Kennedy. My understanding is you wanted to go next?

Senator Kennedy. I appreciate that. We have this health legislation on the floor now which we are trying to work through. If it is convenient for the Senator from California, I would just take the time. I thank the Chair.

Congratulations to you, Mr. Kavanaugh, for gaining the President's confidence. The Circuit Court, as you know, has such special jurisdiction in terms of so many different areas of legislation that we pass--National Labor Relations Board, the relationship of workers and what happens to workers, discrimination against workers in the workplace, environmental kinds of issues they are working through. And their judgments on so many of these end up being the law, and so few go on to the Supreme Court. And we have seen very interesting trends that have taken place in the District court. So this has a

special relevancy and importance. So that is at least why we spend as much time as we do on this particular nomination.

Just on the--I want to just really focus in on this issue, again, of torture and rendition, your role there. I am on the Armed Services Committee and we have spent a lot of time. We have had 10 investigations of torture, and none of them have revealed what we are constantly seeing revealed now with newer reports that have come on up in the newspapers and exposed by Freedom of Information reports. So it is something that is--And we have a policy of rendition which is of enormous concern to many of us.

And we also know that Mr. Gonzales was in touch with Mr. Bybee when he was over at OLC. I mean, we have gone through all of this. This was all through the Gonzales--when Mr. Gonzales was up for Attorney General. And we also know that Haynes was in touch with the White House at that time, good chance that he was in touch with OLC.

So this is the background. Have you ever previously--as you well know, that Bybee memorandum effectively said that if you go on out, you are in the military service or under contract and you go out and torture someone, it does not make any difference how badly you torture or what pain you inflict, as long as your purpose is to get information rather than to hurt an individual, you are going to be vindicated in terms of any kind of protections. I mean, effectively. That also was

included in the Bybee.

And Mr. Gonzales repudiated it when he came up before the Committee to be Attorney General. Is this the first time you have every made a comment on the Bybee memorandum? You responded to Senator Durbin and said that, in sort of a follow-up question, that you did not agree with the reasoning or the rationale for it. Is this the first time that you have ever said anything about the Bybee?

Mr. Kavanaugh. I believe it is. It is possible I have said something to people I work with, but this is the first time, certainly, I have been questioned about it.

Senator Kennedy. But you have not, prior to this time, ever made a comment or statement to others indicating that you found it particularly offensive. Because it has been a major issue, an issue in question out there. Please.

Mr. Kavanaugh. Senator, I know that Judge Gonzales in the summer of 2004 had a press conference where the memo was repealed and talked about this issue. I think also at his confirmation hearing in 2005, he said he disagreed, I believe, with the legal analysis in there, that the legal analysis in there was incorrect. And so I know members of the administration have repudiated that memorandum, or at least the legal analysis in that memorandum.

Senator Kennedy. And your testimony is that you had nothing with the promotion of Bybee to the Ninth Circuit. Is

that correct?

Mr. Kavanaugh. That was not one of the nominations I worked on, and I knew he was, of course, being nominated but I didn't know some of the issues that you're talking about today.

Senator Kennedy. Well, then you are saying that you did not know he wrote what we know is the Bybee memorandum at the time that he was being considered for the circuit?

Mr. Kavanaugh. I first learned of the existence of that memo, I think, when there was a Washington Post story in the summer of 2004. I think that is the first--I'm pretty sure that's the first time I learned anything about the August 1 memo.

Senator Kennedy. And for Mr. Haynes, have you expressed an opinion in terms of the legal counsel for the Defense Department, for promotion? I understand you have not handled the Haynes nomination?

Mr. Kavanaugh. That's correct, Senator. And in terms of my portfolio in the Counsel's office, it involved a lot of civil justice issues--worked on nominations, some ethics issues, separation of powers issues. It did not involve the kinds of issues you're raising in your questions.

Senator Kennedy. Well, are not most of those--I mean, the--most of those issues, class actions, insurance reform, are not most of those handled in the various departments, or were they--are those not sort of policy issues handled in the departments? Those are the issues that you were working on?

Mr. Kavanaugh. I worked, I would say, primarily on judicial nominations. In the wake of September 11th, there were a number of civil justice issues that I worked on, including the terrorism insurance litigation.

Senator Kennedy. Okay. Just finally, on the documents that were taken here from the Committee and that you have the familiarity -- and you have indicated that you, in reviewing them, had no understanding or awareness that they had been taken, been stolen. Have you ever gone back, now that you are aware of it, and seen what decisions you may or might not have taken on the basis of documents that were illegally taken? To see whether you may have made some judgments or decisions to reach certain conclusions, now that you know that they were not properly taken? Have you ever thought, well, I ought to go back, I might have made some judgments or decisions when I was working for the President and I ought to take a look at this, since you know that these documents now were taken? Have you ever thought about that?

Mr. Kavanaugh. Senator, there's a very important premise in your question that I think is incorrect, which is I didn't know about the memos or see the memos that I think you're describing. So I think--

Senator Kennedy. Oh, you never saw any of those?

Mr. Kavanaugh. No, Senator, that's correct. I'm not aware of the memos, I never saw such memos that I think you're

referring to. I mean, I don't know what the universe of memos might be, but I do know that I never received any memos and was not aware of any such memos. So I just want to correct that premise that I think was in your question.

Senator Kennedy. Okay. My time is up, Mr. Chairman.

Chairman Specter. Thank you, Senator Kennedy.

On the Republican side, we have, in sequence, Senator Graham, Senator Sessions, Senator Cornyn, and Senator Kyl. And on the Democratic side, we have, who has not questioned, Senator Feinstein and Senator Feingold. I had Senator Feinstein ahead of Senator Kennedy on the list.

Senator Feinstein. Yes, I yielded to Senator Kennedy.

Chairman Specter. Okay, I just wanted to be sure that the list is correct. It is sometimes judgmental. Senator Feinstein was here first, but she left for awhile. Senator Kennedy came. But at any rate, Senator Feinstein yielded. But I wanted it known that that was the list that I had. And now Senator Graham.

Senator Graham. Thank you, Mr. Chairman. I want to congratulate you for having the hearing, because I think it is appropriate. It is a lifetime appointment, that people be able to ask questions and he be able to answer within his ability to do so without compromising what he believes to be his ethics or any proper role he may have played as a lawyer.

Do you believe you were treated fairly by the ABA?

Mr. Kavanaugh. Senator, the American Bar Association has

rated me three times. I'm going to get directly to the question, but I'm going to give you some background, if I could. I've been rated three times by the American Bar Association. And each time, there were 14 individual reviews conducted by members of the Committee. So there have been a total of 42 separate reviews conducted of me based on interviews with lots of people and review of lots of record.

All 42 have found that I'm well qualified or qualified to serve on the D.C. Circuit Court of Appeals. So I'm pleased with that and I'm proud of that. And to the extent--and none of the 42 has found that I'm not qualified, and I think the Chair of the Committee yesterday said that there's not been a breath of anyone saying that I'm not qualified. So I'm proud and pleased with the 42 of 42.

Senator Graham. So do you think you were fairly treated?

Mr. Kavanaugh. Senator, I think, sitting here as a nominee, I would prefer not to talk about my--you know, about the American Bar Association other than to say that I'm pleased and proud to have 42 of 42 rating me well qualified or qualified.

Senator Graham. Based on your going through that experience, would you recommend that we continue to consult the ABA when it comes to judges?

[Laughter.]

Mr. Kavanaugh. Senator, again, I'm pleased and proud of the ratings. Their--in the future, maybe, will look back and

have some observations, but right now I don't think I have any observations to offer the Committee about the American Bar Association.

Senator Graham. Your time at the White House, you dealt with, I think you described your job. One of these constitutional questions that we are trying to wrestle with here is the inherent authority of the President in a time of war versus any designated role of the judiciary or the Congress in general. Do you agree with Justice Jackson's evaluation in the Youngstown Steel case that the President or the executive branch is at their strongest maximum power when they have concurrence of the legislative body?

Mr. Kavanaugh. I agree completely with that, Senator.

Senator Graham. Very specific question. Do you believe that at a time of war, the Congress has the ability to amend, pass the Uniform Code of Military Justice and not infringe on the President's inherent authority as commander in chief?

Mr. Kavanaugh. Senator, that sounds like a specific hypothetical that could come before the court, so I'd hesitate to give an answer. In terms of Justice Jackson's framework, that of course for a half century has been the guiding framework. I think it's a work of genius, that opinion, in terms of setting out the different categories of presidential power and congressional power in times of war and otherwise, in terms of, as you say, category I, when the President and the Congress work

together, that's when the power is at the strongest. And category II, that's what they call the twilight zone in the opinion. And then in category III, where a President acts against the express or implied will of Congress, that's where the President's power is at its lowest ebb and raises some very serious constitutional questions, according to Justice Jackson. I think that's an exceptional opinion that has guided American law, the relationship between Congress and the executive for about a half-century, and it's really been the foundation of these kinds of issues that I know you and the Committee have been working on.

Senator Graham. Finally, and if you don't want to answer it, you don't have to, but are you a Republican? If so, why?

Mr. Kavanaugh. Senator, I am a registered Republican. As I said before to Senator Coburn, I believe very much that it's good to have judges who've participated in Government. That's been part of our experience in the past, to have judges on the D.C. Circuit who've participated in the executive branch, who've worked in the executive branch; judges on the Supreme Court.

Specifically, to answer your question, when I was first registering to vote, President Reagan was President and I agreed with him on some issues and registered Republican in the first election in--I guess 1984 was the first one I voted in.

Chairman Specter. Thank you very much, Senator Graham.

Senator Feinstein.

Senator Feinstein. Thank you very much, Mr. Chairman.

Let me just say this. This is a difficult nomination. First of all, you're very young, which is, I think, a blessing for you. But in terms of an appellate judge, I think it is a detriment. Obviously, you've had a good education, you have done well. You have spent a lot of your life in at least a semi-political capacity. The question comes up, how can you assure us that you will be fair? Would you recuse yourself from any judgment that concerned this administration?

Without a record either as a trial lawyer or as a judge, it's very difficult for some of us to know what kind of a judge you would be and whether you can move away from the partisanship and into that arena of objectivity and fairness.

Mr. Kavanaugh. Senator, thank you for the question. I think in the past, on the D.C. Circuit and on the Supreme Court and on other courts of appeals other than the D.C. Circuit, prior Government experience in the legislative branch or the executive branch has been seen as a very valuable asset, whether it was Judge Abner Mikva or Judge Patricia Wald, Judge John Roberts on the D.C. Circuit, Judge Merrick Garland, who President Clinton appointed to the D.C. Circuit. That kind of experience has been seen as very valuable experience and valuable background.

And of course the question--I think only four of the last

21 judges on the D.C. Circuit have actually had prior judicial experience, so the norm on the D.C. Circuit, in fact the overwhelming norm, is for the judges on the D.C., Circuit since 1977, not to have had prior judicial experience. What they've had usually is Government experience in the legislative branches or the executive branches.

And your question really goes to how do you assess someone's record. And I think that's done through an assessment of going back, in my case 16 years in my career, and looking at the things I've done. In the Staff Secretary's Office now, where I'm an honest broker, where I have to be fair and even-handed in the kind of role I perform for the President, some of the work I've done in the Counsel's Office on judges, I've worked with your office and Senator Boxer's office in the past on judges I know and worked closely on that. When I was in private practices, working on not just institutional clients, but pro bono cases. One of my proudest cases is I worked on a pro bono case for a synagogue in my home county that was seeking to build in a new location. Some of the neighbors didn't want it there. I represented them. They won in Federal district court.

And the Independent Counsel's Office, I know, Senator, that that's controversial and that's raised some questions. And I think in that office, my record shows that I was fair and conducted myself responsibly. I've written an article about

some reforms that I think would help avoid some of the problems that I think were systemic in the Independent Counsel's--

Senator Feinstein. I am running out of time. Answer the recusal question?

Mr. Kavanaugh. On the recusal question, I know that there will be issues of recusal that I will face. There are standards in place under 28 U.S.C. 455, and I will analyze those closely were I to be confirmed to be a judge. There will be some difficult questions. I do not want to prejudge how I would rule on any recusal motion or how I would handle any particular case, but I do know, Senator, that it will be an issue in certain cases. I pledge to you that I'll take that seriously, that I'll study the precedents of people like myself who've come to the bench, that I will talk to my colleagues, were I to be confirmed, and that I'll make the judgment responsibly. I pledge that to you.

Senator Feinstein. As you look back at the Kenneth Starr investigation today--I just read the op-ed you wrote in 1999--what are your thoughts? What do you think?

Mr. Kavanaugh. On the Independent Counsel Office investigation in general, I think a couple things, Senator. First of all, I think it was, in retrospect, probably a mistake for Judge Starr to be assigned additional investigations after the initial Whitewater and Madison investigations. So he got new jurisdiction over a Travel Office matter, an FBI files matter, and eventually the Lewinsky matter. I think it would

have been better in retrospect for Judge Starr to have handled what he was initially assigned and, if there was a new Special Counsel needed in these other matters, for new people to be appointed. By adding to the jurisdiction, it created the impression that Judge Starr was somehow the permanent special investigator of the administration. He was assigned a very specific matter.

So that's one thing in retrospect. And frankly, even at the time that I thought it was a concern, I think the way the report was released was a real problem. I thought that at the time. And I think the way that was released did not serve anyone well. And I've written in my law journal article about the problems with prosecutorial reports, the way people's reputations are damaged. So I've proposed some real reforms there.

I also know that it was a very serious matter in terms of the underlying issue in 1998 in terms of the things that members of this body weighed and members of the House of Representatives weighed and that Judge Wright dealt with in terms of the contempt motion that she dealt with. So there was a serious underlying matter there; I believe that. I believe that there was--that Judge Starr tried to do it thoroughly. But again, to go back to the core problem, I think there was too much jurisdiction added to Judge Starr that created a mistaken public impression that harmed the credibility of the investigation.

Senator Feinstein. Thank you, Mr. Chairman.

Chairman Specter. Thank you very much, Senator Feinstein.

The next questioner on the Republican side is Senator Sessions.

Senator Sessions. Mr. Kavanaugh, thank you for your thoughts on Senator Feinstein's question about the Starr investigation. I think you have provided some good insight and I think that probably is a reason why your reputation as a member of that prosecutorial team was very high, and people had a clear impression that you were a cool head and a wise member of that team. And that is the reputation I have heard, and I can see why you had that.

I would note that Ken Starr was former Solicitor General of the United States, a man of impeccable integrity, extraordinary legal skill, and anyone would have been proud to answer his call to serve him.

Looking at the ABA evaluation, I think, first of all, you did extremely well, extraordinarily well to be rated well qualified by them, in the sense that you were relatively young and were working in the Bush administration. You were given the highest possible rating by them. And you have been there now in a less legal capacity and a few more new members and a few members decided to give you the qualified rating instead of well qualified rating, but I do not think that is a big issue.

In fact, I would quote Mr. Tober, Stephen Tober, the

chairman of the Committee on the Judiciary. This is what he said in a conversation with him just the other day in this telephone conversation. He said this: "Let me underscore, we did not find him unqualified. There's not a breath in that report or any earlier report. We found him qualified; minority, well qualified. What I said at the end is what in fact many people said, that he has a solid reputation for integrity, intellectual capacity--a lot of people refer to him as brilliant--and an excellent writing and analytical ability. Those are great skills to bring to the court of appeals. There's no question about that."

You wouldn't object to them saying that about you, would you?

Mr. Kavanaugh. As I said, Senator--

Senator Sessions. We will pass over that.

Then he went on to say this: "He is found to have high integrity. He is found to be brilliant. He is a very skilled writer and legal analyst. He has those components. He has those skills that will serve him well, certainly on a federal court."

And then he goes on to say: "It is true"--I think maybe to Senator Hatch's question--"it is true there's not a single not-qualified vote in the picture."

So I think the ABA rating, whether it is as high as it could be, and all of them did not vote you well qualified, the highest possible rating, but they did rate you qualified and the

chairman of the committee gave some very interesting insights, I think.

I would just like to note on the age question that you are 6 years older, I believe, than Judge Stapleton when he was appointed to the bench, the court of appeals, and 6 years older than Judge Kozinski when he was appointed to the bench, both of whom you clerked for. I think the Chairman made that earlier. And Justice Kennedy was appointed to the Ninth Circuit 3 years younger than you are today. I think those are qualities that--I think other qualities are at stake here.

Let me just say this about my thinking of how you evaluate a nominee, that is, you consider the entire breadth of the gifts and graces they bring to the job. And if a person has less--I like a person who has been in private practice. I think that is fine. But if a person does not have private practice or a lot of--you were a partner in one of the country's best law firms; that ought to be some private practice experience. But whether you had a great deal of that experience or not, other factors are considered in here. You were editor of the Yale Law Journal, one of the editors of that. You clerked for two circuit judges, both of whom have testified for you. The first one said you should be a judge, he saw that in you when you first clerked for him and advised you of that as a career path.

So you worked for two court of appeals judges. You sat at the right hand of two judges who hold the very position you

will be holding today. And then you were given the rare honor of clerking for a justice on the U.S. Supreme Court, Justice Kennedy, a judge who is considered a moderate, middle-of-the-road judge, I guess. You served under his leadership. So those are things that I think are extraordinarily important.

And you served in the Solicitor General's Office of the United States. That is the greatest law office in the world, where you represent the United States before the Federal appellate courts in the country arguing cases before the very court that you would sit upon, as well as arguing cases before the U.S. Supreme Court, an honor very few lawyers have.

So I think it is a good experience and extraordinary academic record, Mr. Chairman, and I believe he should be confirmed.

Chairman Specter. Thank you very much, Senator Sessions.

Senator Feingold arrived earlier but has departed. Senator Leahy arrived later and is ranking, and Senator Leahy has agreed he will yield to Senator Feingold.

Senator Leahy. Go ahead. After these tough, tough questions that Senator Sessions has been asking, where the nominee just sits there and is canonized, I am overwhelmed by that. So I yield to Senator Feingold.

Chairman Specter. You should have been here earlier to hear Senator Hatch's tough questions.

[Laughter.]

Chairman Specter. Senator Feingold?

Senator Leahy. He only asks tough questions of Democrats. He coordinates the others.

Senator Sessions. Well, this is the second time around.

Senator Feingold. I thank both the Chairman and the Ranking Member. And I thank you, Mr. Chairman, for holding this hearing. It was obviously the right thing to do, given that it has been nearly 2 years since the first hearing and, frankly, in light of Mr. Kavanaugh's incomplete responses to written questions, even though he delayed providing those responses for 7 months.

Among those written questions were several questions that I submitted concerning ethical issues that came up in connection with the nominations of three judges who I believe Mr. Kavanaugh assisted as part of his duties in the White House: Charles Pickering, who received a recess appoint and subsequently retired; and D. Brooke Smith and Ron Clark, who are currently on the bench.

In his November 2004 responses, Mr. Kavanaugh essentially refused to answer my questions. I wrote him a letter on Friday explaining why I believe these questions are appropriate and asking him to supplement his responses. Late yesterday I received a response, not from Mr. Kavanaugh but from Mr. Moschella at the Justice Department, that said the following:

"As you know, Chairman Specter has scheduled a hearing on Mr. Kavanaugh's nomination on May 9, 2006. At that time, Mr. Kavanaugh will be available to respond to questions from all Senators on the Committee."

Mr. Chairman, first, I would like to put in the record a copy of my letter and Mr. Moschella's response.

Chairman Specter. Without objection, it will be made a part of the record.

[The information follows:]

Senator Feingold. Thank you, Mr. Chairman.

Now, Mr. Kavanaugh, I assume you were consulted and approved of Mr. Moschella's response. I hope that you will now respond to my questions. Here is the first one for which I sought an additional response.

During the Senate's consideration of Judge Charles Pickering's nomination to the Fifth Circuit, the Judiciary Committee learned that he solicited and collected letters of support from lawyers who had appeared in his courtroom and practiced in his district. It later became apparent that some of these lawyers had cases pending before him when they wrote the letters that Judge Pickering requested. Professor Stephen Gillars of NYU Law School has written, "Judge Pickering's solicitation creates the appearance of impropriety in violation of Canon 2 of the Code of Conduct for U.S. Judges. The impropriety becomes particularly acute if lawyers or litigants with matters currently pending before the Judge were solicited."

So, sir, my first question is this. Did you know that Judge Pickering planned to solicit letters of support in this manner before he did so? And if not, when did you become aware that Judge Pickering had solicited these letters of support?

Mr. Kavanaugh. The answer to the first question, Senator, is no. This was not one of the judicial nominees that I was primarily handling. I became aware of suggestions of this sort,

I assume, at some time during the proceedings, probably when it was raised. I don't know if it was raised in the media or raised by the Senate in the first instance. Without commenting on the facts and circumstances of that matter, because I really don't know the facts and circumstances, when a judge asks a lawyer who's got a case before him or her to do something, that does put the lawyer in a very awkward position and makes it difficult for the lawyer to say no. So just in terms of a hypothetical situation, there is a situation there. Again, I don't know the facts and circumstances of what was going on there. I only heard about it, really, from either the media or from when the members of this Committee were talking about that issue.

Senator Feingold. Well, I would like to know if you think that Judge Pickering's conduct was consistent with the ethical obligations of a Federal judge.

Mr. Kavanaugh. Senator, I don't know if there's been fact finding on what his conduct was. In terms of the hypothetical situation of a judge asking a lawyer who has a case before him or her to do something, I know that raises some questions. Again, I don't know the facts and circumstances of what Judge Pickering did. I've given you my general principle.

Senator Feingold. Well, it's a good general principle, but the facts are pretty clear. I don't think he denied that he solicited these letters and that these were individuals that

appeared before him. There was some debate about the significance of it, but-- Am I off track in suggesting that it looks like at least those set of facts, whether you think they occurred in this case, would be a violation of the Code of Ethics?

Mr. Kavanaugh. I hesitate to comment on another judicial nominee. Again, Senator, I'm happy to state a general principle that I believe in. Again--

Senator Feingold. Let's go with the general principle, then. If a judge is up for nomination and he solicits letters from lawyers who have cases before him, is not the general principle that that would be a violation of the Code of Ethics?

Mr. Kavanaugh. I think that raises some questions that warrant some further questions to find out what happened.

Senator Feingold. Mr. Kavanaugh, I--my time is up. Thank you.

Chairman Specter. Thank you very much, Senator Feingold. The next questioner is Senator Cornyn.

Senator Cornyn. Thank you, Mr. Chairman.

Welcome back, Mr. Kavanaugh.

Mr. Kavanaugh. Thank you, Senator.

Senator Cornyn. This is the second hearing 2 years, roughly, after your first hearing, and we have learned a lot has changed in your personal life.

Mr. Kavanaugh. Yes, sir.

Senator Cornyn. But I do not think a lot has changed in terms of your professional record as it would relate to your qualifications to serve on the D.C. Circuit.

Mr. Chairman, I have a statement that I would like to make part of the record, without objection.

Senator Hatch. (Presiding.) Without objection.

Senator Cornyn. Thank you.

[The information follows:]

Senator Cornyn. I want to ask a little bit about some of the questions that you have been asked here today. The rationale given for a second hearing that was requested is that there might be some new information that would be revealed that might change the minds of some of those who have previously expressed some skepticism as to whether you should be confirmed or not. But I think--this is my observation, not yours, but I think what we have seen is part of what has become a fairly common practice in the course of these hearings, and that is to ask you questions, the nominee questions that they cannot or should not ethically answer. And that, coupled frequently with demanding documents which are not in your possession and which you cannot produce because they are the subject of a privilege. And then of course there is, of course, then the claim that you are somehow too extreme, out of the mainstream.

Unfortunately, I do not think those are the kinds of questions or the kind of approach that is designed really to reveal very much in the way of information that is helpful to us to make decisions, but rather part of a plan to try to damage your nomination and to justify a No vote, or perhaps even a filibuster of your nomination on the Senate floor. You have been asked about everything from the Clinton impeachment to torture to rendition policy to Judge Pickering. It strikes me that, rather than finding out about your experience and background and your qualifications as an individual, that there

has been some attempt to associate you with other issues with which you have no knowledge and perhaps, as you say, have not had any contact.

So I know that Chairman Specter had agreed to do this second hearing based on the representation that there might be some bona fide attempt to elicit information that would actually change some votes and attitudes, but unfortunately I do not see that happening in the course of this hearing so far. I guess one can always hope.

Of course, as you know, I met you a number of years ago when I was Attorney General of Texas and had the honor to represent my State in an argument before the United States Supreme Court. That was Santa Fe Independent School District v. Doe, which involved a question of whether school children could voluntarily offer a prayer or an inspirational saying before school football games in Texas. And as you know, the Court ultimately ruled against that voluntary student prayer in the case. Chief Justice Rehnquist, in dissent, said that the Court's ruling exhibited hostility to all things religious in public life. And I am very concerned about that because I do believe that the Founders thought that the posture of the Government with regard to religious expression should be one of neutrality, not hostility.

I realize as a lower court judge you are going to be bound by the Supreme Court's precedents, but I wonder if you would

address the issue of religious liberty and religious speech insofar as how you believe in your position as a circuit court judge, how you would approach those issues.

Mr. Kavanaugh. Senator, if I were confirmed to be a D.C. Circuit judge, I would of course follow the precedent of the Santa Fe case. That case addressed a question that had been left open in the Lee v. Weisman case in 1992. In that case, there was a school-sponsored prayer at a graduation ceremony where the Government was actually involved, and one of the questions that was left open was what happens if a student or a private speaker participates in a school event as a private speaker. And in the Santa Fe case, I think the Court concluded, based on the facts and circumstances of the case, that it could be attributed to the school and so was a violation of the Establishment Clause.

I think the overall area represents a tension the Supreme Court has attempted to resolve throughout the years in terms of facilitating the free exercise of religion without crossing the Establishment Clause lines that the Court has set out for many years now. I know that the Court in recent years has made clear in a number of cases that private religious speech, religious people, religious organizations cannot be, or should not be, discriminated against and that treating religious speech, religious people, religious organizations equally--in other words, on a level playing field with nonreligious

organizations--is not a violation of the Establishment Clause. In past years there had been some suggestion that treating religious organizations the same way in the public square as nonreligious organizations could sometimes be a violation of the Establishment Clause. I think the Court's really gone to a principle of equality of treatment does not ordinarily violate the Establishment Clause--again, equality of treatment of religious speech, religious people, religious organizations; equality in the public square. That's been something we've seen over the last, I'd say, decade or a little more.

The Santa Fe case, again, the issue there was that although it was a private speaker, the Court found, based on all the facts and circumstances, that it was attributed to the school and therefore fell within the prohibition in Lee v. Weisman.

Chairman Specter. Thank you, Senator Cornyn.

Mr. Kavanaugh, we are almost to the two-hour mark. Would you care to take a break?

Mr. Kavanaugh. I'm okay, Mr. Chairman.

Chairman Specter. Senator Leahy.

Senator Leahy. Thank you, Mr. Chairman. Mr. Chairman, I have an opening statement, which I will not make, but I would like to put in the record.

Chairman Specter. Without objection, your opening statement will be made a part of the record.

[The prepared statement of Senator Leahy follows:]

Senator Leahy. I would also note for the record, in that, I realize we have--the President wants to move forward Judge Terence Boyle, and I have suggested, in fact, call on the President to withdraw Terence Boyle's name. The North Carolina Police Benevolent Association, North Carolina Troopers Association, Police Benevolent Associations, South Carolina, Virginia, the National Association of Police Organizations, many other civil rights groups and others have opposed it. I can think of an awful lot of reasons why he should withdraw it. That is not in the province of what Mr. Kavanaugh has to worry about, but I would hope, rather than go through a needless exercise, that Terence Boyle's name be withdrawn, especially in light of the recent allegations of unethical conduct.

Mr. Kavanaugh, you are aware of the somewhat unique--we originally understood there would be ABA to testify here today. That had been agreed to, but apparently that was done by a phone call Monday while most of us were out of town. Are you aware of what transpired in that phone call?

Mr. Kavanaugh. Senator, I'm--

Senator Leahy. You have seen the transcript?

Mr. Kavanaugh. I have not read the whole transcript. I have seen some excerpts of the transcript that were reported in news articles, as well as other excerpts that I've seen.

Senator Leahy. I'd ask that the transcript be made part of the record if it's not already.

Chairman Specter. Without objection, it will be made part of the record.

Senator Leahy. They spoke of you as not having handled a case to verdict; is that right; you never tried a case to verdict, or have you?

Mr. Kavanaugh. That is correct, Senator. I have not been a trial lawyer. I think I'm in the same boat there with people like Chief Justice Roberts and Justice Breyer.

Senator Leahy. I am asking about you. We had a hearing on Chief Justice Roberts. I voted for him for Chief Justice, and I voted for him for the D.C. Circuit. I know Chief Justice Roberts. You are not Chief Justice Roberts. You have your own qualities, so let's just talk about you, if that is all right, if you do not mind.

Mr. Kavanaugh. Senator, I have not tried a case to verdict. I have been an appellate lawyer.

Senator Leahy. That was my question. They also said your litigation experiences over the years was in the company of senior counsel; is that correct?

Mr. Kavanaugh. I've argued many cases on my own, Senator Leahy. I've argued in the Supreme Court of the United States. I've argued in the Fifth Circuit. I've argued twice in the D.C. Circuit Court of Appeals.

Senator Leahy. Did you do those as the sole person arguing?

Mr. Kavanaugh. Yes, Senator.

Senator Leahy. Thank you.

Mr. Kavanaugh. Senator, let me just add one thing. In one D.C. Circuit case there were two counsel that argued on our side, so I just want to be clear on that, but I also--I argued for myself on--it was a Government attorney client privilege case.

Senator Leahy. I was going to ask you about that, but you clarified it. Thank you.

Why did you take seven months to answer the written questions you were given after your hearing last time?

Mr. Kavanaugh. Senator, I take responsibility for that, and I'm happy to answer any additional questions.

Senator Leahy. Why did you take seven months?

Mr. Kavanaugh. Senator, again, I take responsibility for that, and--

Senator Leahy. Of course you take responsibility for it. Obviously, they are your answers. But why seven months?

Mr. Kavanaugh. Senator, if there was--I take responsibility for that. I think I had a misunderstanding, which is my responsibility. I'm happy to answer additional questions today that you may have, or other members of the Committee may have. Again, I take--

Senator Leahy. What was the misunderstanding?

Mr. Kavanaugh. Senator, I take responsibility for that.

Senator Leahy. Mr. Kavanaugh, we are not playing games.

I am just asking you a question.

Mr. Kavanaugh. Yes, Senator.

Senator Leahy. One of the--I will not go into one of the ways one judge described your conduct in court. I began to think that perhaps he was right. But I take responsibility, fine. That is kind of a catch-all. Everybody says that. I just asked you why? I mean is it that difficult?

Mr. Kavanaugh. Senator, my understanding was that the timeline for the questions was to make sure they were in before the end of the congressional session because there was going to be no further action on my nomination in the Committee. I met that timeline. From a later letter that members of the Committee, that you signed, it appears that I had a misunderstanding of that, and I take responsibility for that, and I'm happy to answer any questions you have.

Senator Leahy. What was your reaction--as Staff Secretary, you see virtually every piece of paper that goes to the President; is that correct?

Mr. Kavanaugh. On many issues, yes, Senator. Not everything, but on many issues.

Senator Leahy. Did you see documents relating to the President's NSA warrantless wiretapping program?

Mr. Kavanaugh. Senator, I learned of that program when there was a New York Times story--reports of that program when there was a New York Times story that came over the wire, I think

on a Thursday night in mid December of last year.

Senator Leahy. You had not seen anything, or had you heard anything about it prior to the New York Times article?

Mr. Kavanaugh. No.

Senator Leahy. Nothing at all?

Mr. Kavanaugh. Nothing at all.

Senator Leahy. What about the documents relating to the administration's policies and practice on torture; did you see anything about that, or did you first hear about that when you read about it in the paper?

Mr. Kavanaugh. I think with respect to the legal justifications or the policies relating to the treatment of detainees, I was not aware of any issues on that or the legal memos that subsequently came out until the summer, sometime in 2004 when there started to be news reports on that. This was not part of my docket, either in the Counsel's Office or as Staff Secretary.

Senator Leahy. I have more questions. My time is up, and I will save them for the next round.

Mr. Kavanaugh. Thank you.

Chairman Specter. Thank you, Senator Leahy.

Senator Kyl.

Senator Kyl. Thank you, Mr. Chairman.

Just on that last point, I gather that in the briefings to the President by the CIA and other members of the intelligence

agency, there were a lot of things that did not come across your desk, that they were given directly to the President; is that correct?

Mr. Kavanaugh. That's correct.

Senator Kyl. I was not here, unfortunately, to hear the introduction of you, but I was impressed by what was said. It was written down for me, and I am very impressed that these judges for whom you clerked would have such a high opinion of you. Judge Kozinski, who is one of the finest judges that I know, said that you were one of the finest clerks he has had, and a breadth of mind and breadth of vision, and a great sense of humanity. And I think Judge Stapleton, a judge's dream as a law clerk, and that you understand the rule of precedent, exceptionally well qualified in terms of experience, superb candidate, and so on.

I think those are important because they represent the opinion of someone for whom we have a great deal of regard, as sitting appellate judges, of you, and I think that is an important qualification.

There have been a couple of questions raised about this matter of qualification, one, the ABA rating, and two, your relative age. I just want to talk about a couple of those here. As I understand it from Mr. Stephen Tober's statement, that this entire difference between qualified and well qualified boils down--and I will quote it from his statement, page 7, "It is,

at its most basic, the difference between the highest standard and a very high standard." And so it seems to me that for us to try to make some distinction, and somehow deem you not qualified based upon that very fine distinction, is the establish a standard that we have never applied in this Committee in the past.

May I just ask you, how many of the people that rated you were there again who either rated you qualified or well qualified, and was there anyone who dissented from either of those two rankings?

Mr. Kavanaugh. Senator, from the ABA ratings, there were 42 individual reviews conducted over the course of 3 years, and all 42 found me well qualified or qualified to sit on the D.C. Circuit.

Senator Kyl. So this seems to me, in terms of making a decision on this Committee, a distinction without a difference. I will just quote from page 9 and then move on to the next point. After talking about your breadth of experience, consistently praiseworthy statements, and so on, here is what Mr. Tober said: "The nominee enjoys a solid reputation for integrity, intellectual capacity, and writing and analytical ability." And it seems to me that that pretty well answers that point.

Now, this matter of age is something that perhaps we should take a look at. As was noted, several important nominees--Justice Kennedy, appointed to the Ninth Circuit we

he was 38; Judge Kozinski, 35; Judge Stapleton, 35. I also note the current chief of the Ninth Circuit, my circuit, Marie Schroeder, 38 when she was appointed. Judge Sam Alito, age 40, all younger than you are. But it seems to me that we could actually take some solace from your age based upon the experience in this Committee, Mr. Chairman. We have to look no further than the distinguished ranking member of the Committee and the senior Senator from Massachusetts and the second-ranking member of this Committee to note that in all three cases of Senator Biden, Senator Kennedy, and Senator Leahy--

Senator Leahy. We were elected.

Senator Kyl. Elected at the age of 30, 30, and 34. And look what great things each of them accomplished from those early beginnings.

[Laughter.]

Senator Schumer. May I interrupt? Each of them has almost a lifetime appointment.

[Laughter.]

Senator Kyl. Well, we did not have any say in that.

Senator Leahy. My Republican State did.

Senator Kyl. And it certainly makes the point that at the constitutional age, that is, the age at which the Constitution says one must be qualified, we have elected to the United States Senate and confirmed to the courts of appeals and even the United

States Supreme Court some incredibly qualified individuals who have acquitted themselves very well, and I count all of the colleagues whom I have mentioned here in that category. And, therefore, it seems to me that if that is any precedent, we have nothing but the greatest expectations for your service on the court of appeals, and I am very proud to add my voice to those who are in support of that nomination.

Thank you, Mr. Chairman.

Chairman Specter. Thank you, Senator Kyl.

Senator Brownback?

Senator Brownback. Thanks, Mr. Chairman, and welcome, Mr. Kavanaugh. I appreciate your meeting with me. I think I am only one of two people on the Committee now that were not on the Committee when you previously--or the first time you came in front of the Committee, and I appreciated your time that you spent with me answering my questions. I appreciate the information you provided to my staff, and that has been very helpful in my decisionmaking process with you.

I want to ask a couple of questions that I find important. You may have answered them in other types of settings, but I wanted to look at--and they are general, but I think they are the sort of thing that we on the legislative side need to get out in the open for our decisionmaking--your view of the Constitution and the issue of judicial restraint. These were key items on Judge Roberts' and Judge Alito's hearings. They

are important going to a circuit court.

Just if you would--and you have probably answered this already, and I apologize if you have and I have not heard it. But just give me your view of the Constitution as a document itself. Can you put yourself in a category? Do you have a view that it is established as a living document, as a strict constructionist of the Constitution itself?

Mr. Kavanaugh. Senator, I believe very much in interpreting text as it is written and not seeking to impose one's own personal policy preferences into the text of the document. I believe very much in judicial restraint, recognizing the primary policymaking role of the legislative branch in our constitutional democracy.

I believe very much, as a prospective inferior court judge, were I to be confirmed, in following the Supreme Court precedent strictly and absolutely. Once as a lower court judge, I think that is very important for the stability of our three-level system for lower courts to faithfully Supreme Court precedent, and so that is something that I think is very important.

In terms of the independence of the judiciary, I think that is something that is the hallmark of our judiciary, the hallmark of our system that judges are independent from the legislative branch and independent from the executive branch. I think that is central to my understanding of the proper judicial role.

So in terms of text, precedent, restraint, independence,

those are the kinds of principles that I think would inform my approach to judicial decisionmaking were I to be confirmed.

Senator Brownback. Let me go specifically to the issue of judicial restraint, if I could, on that particular area. I believe it was Judge Roberts who noted that that is the--where a number of us are concerned about areas that the court has gotten involved in in recent years, and that that has really led to the public's concern about the judiciary in general because it keeps getting into more and more areas that many of us thought were the proper purview of the legislative process rather than the judicial branch. And so the judicial activism charge then gets put forward.

Several have said, well, the key restraint on the judiciary is the judiciary itself. And yet if the judiciary does not show restraint on what cases that it brings up or what cases that it takes, you know, the Congress is left to try to act on limiting review by the courts to try to amend the Constitution, to change the court interpretation, all of which are difficult things to do.

There was a case recently--we just held the flag-burning amendment that passed through the Subcommittee that I chair, and that is in response to the Court saying that you can burn the flag as a statement of free speech. And it was as a response to a court that overturned a prior court opinion saying you could not do it.

It is those sorts of things that I think really frustrate the public, and then the issue of marriage that is coming up that has been a longstanding issue for legislative process, coming now, working through the court system.

Do you have a viewpoint on issues, say, as marriage and the determination of the definition of that? Is that something that the court should establish or is it left to the legislative bodies?

Mr. Kavanaugh. Well, Senator, that is the kind of question that, were I to be confirmed, could come before me, so I would hesitate to talk about the specific issue.

In terms of your general principle about judicial activism, I do think that some of the worst moments in the Supreme Court's history have been moments of judicial activism, like the Dred Scott case, like the Lochner case, where the Court went outside its proper bounds, in my judgment, in interpreting clauses of the Constitution to impose its own policy views and to supplant the proper role of the legislative branch.

So I think in terms of judicial activism, that is something that all judges have to guard against. That is something that the Supreme Court has to guard against. And throughout our history, we have seen that some of the worst moments in the Supreme Court history have been moments of judicial activism where courts have imposed their own policy preferences.

Senator Brownback. Thank you.

Thank you, Mr. Chairman.

Chairman Specter. Thank you very much, Senator Brownback.

Let me make an assessment here as to a potential second round. Senator Leahy, do you care for a second round?

Senator Leahy. I do.

Chairman Specter. Senator Schumer?

Senator Schumer. Yes.

Chairman Specter. I infer that all those absent do not.

Senator Leahy. I would not infer. We will ask them on this side.

Chairman Specter. Could you find out?

Senator Leahy. We are doing that right now.

Chairman Specter. Senator Hatch?

Senator Hatch. Frankly, I will pass for now.

Chairman Specter. Senator Cornyn?

Senator Cornyn. Mr. Chairman, my intention would be to pass, but if questions come up during the questioning, if you would give me an opportunity to follow up on that. Otherwise, I will pass.

Chairman Specter. That is a qualified pass. All right.

Senator Hatch. Same here. Qualified pass.

Chairman Specter. Qualified pass for Senator Hatch.

Well, we will proceed with the second round. I think we will finish before 5 o'clock, as it appears to me, Mr. Kavanaugh. You declined a break 20 minutes ago. You may reconsider that

without petition at any time you choose, if you would like a break.

Mr. Kavanaugh. Thank you, Mr. Chairman. I am okay.

Chairman Specter. You are okay. Okay, then you have established a number of qualities without further comment.

[Laughter.]

Chairman Specter. Mr. Kavanaugh, on the second round, which we begin now, I have noticed a reticence on your part to criticize people, not necessarily a bad habit. You did not want to criticize Karl Rove. You did not want to say how you would vote on impeachment to criticize President Clinton. You did not want to criticize Judge Pryor on Roe being an abomination. You did not want to criticize Judge Bybee on the Bybee memo. You did not want to criticize Mr. Manny Miranda. You did not want to criticize Judge Pickering. You did not even want to criticize the American Bar Association.

Now, I do not consider that--and you did not want to criticize Justice Scalia or Justice Thomas. I do not consider that necessarily bad qualities. Senators sometimes criticize people. In fact, it is seldom when we do not. That seems to be a stock in trade by the United States Senators, and perhaps most people in public office. Maybe that is our calling really in connection with our oversight responsibilities.

But let's take up the values behind your declination to criticize. As to what Judge Pickering is alleged to have

done--never mind the hypothetical--would you ask lawyers to write letters for you? If you were a judge sitting on their cases, and you were under consideration for a higher court, would you do that?

Mr. Kavanaugh. No, Mr. Chairman.

Chairman Specter. When you were asked about Mr. Manny Miranda, the investigation is still ongoing, but there has been considerable information about his having invaded the Democrats' computer system and downloaded and used it for partisan political purposes. Now, without characterizing it as larceny, would you engage in that kind of a practice?

Mr. Kavanaugh. No, Mr. Chairman.

Chairman Specter. Would you sanction or participate in torture?

Mr. Kavanaugh. No, Mr. Chairman.

Chairman Specter. Would you accept the principle that you could inflict any amount of pain in order to get information, as long as you were seeking information, no limit as to the amount of pain you would inflict?

Mr. Kavanaugh. No, Mr. Chairman.

Chairman Specter. Would you engage in rendition, send a suspect to a foreign country where torture was a practice, in order to get information where you would not have to commit the torture on U.S. soil?

Mr. Kavanaugh. No, Mr. Chairman. I do not want to--no,

Mr. Chairman. I think that is an issue I have not been involved in. I do not know the facts and circumstances--

Chairman Specter. I know you have not been involved in it, but now we are trying to find out your values.

Mr. Kavanaugh. Right, and I--

Chairman Specter. You have not criticized certain people, and somebody may say you have not answered the question, so let's go beyond the hypothetical or let's go beyond the criticism, and let's take up the values, which is what I am asking you now.

Now, you did not want to criticize Justice Scalia or Justice Thomas, but when you were asked the question would you consider yourself in their mold, you selected Justice Byron White and Justice Robert Jackson.

Now, Mr. Kavanaugh, there may be some implicit criticism there, but we will move beyond that. Why do you choose Justice White? What are his qualities distinguished from Justice Scalia or Justice Thomas that you choose Justice White?

Mr. Kavanaugh. I do not want to comment on currently sitting Justices. The reason I chose Justice White is for several reasons: He was a rock of integrity. His work as Deputy Attorney General in the Department of Justice enforcing the civil rights laws in the early 1960s I think was heroic. I think his approach to judging, judicial restraint, in terms of recognizing the primary policy--

Chairman Specter. Okay. That is enough. Why did you

choose Justice Jackson?

Mr. Kavanaugh. I chose Justice Jackson--

Chairman Specter. You are not permitted to filibuster, Mr. Kavanaugh.

Mr. Kavanaugh. Yes, Mr. Chairman.

Chairman Specter. Why did you choose Jackson?

Mr. Kavanaugh. I chose Justice Jackson because of, again, his leading role in the Department of Justice, being involved in the public--

Chairman Specter. That is enough, Mr. Kavanaugh.

Now, on independent counsel, you have some criticism of the structure of independent counsel on the operation you had with Judge Starr, and that is why you made some recommendations for changes, right?

Mr. Kavanaugh. That's correct, Mr. Chairman.

Chairman Specter. And you have a value not to exclude blacks, African Americans, on peremptory challenges. That is your value.

Mr. Kavanaugh. Yes, Mr. Chairman, and I believe in proper procedures to make sure that racial bias does not occur in the courtroom in the jury selection process.

Chairman Specter. Okay. My red light went on on round two. I will yield now to Senator Leahy.

Senator Leahy. Thank you, Mr. Chairman.

You know, the reason I kept asking about your taking 7

months to answer the questions and why I found your answer inadequate, you did spend years vetting judicial nominees up here and telling them what they were supposed to do and everything else. And it is difficult to understand, having told them how they are supposed to answer, that you did not understand yourself.

Be that as it may, tomorrow the White House is finally going to release its logs of visitors to the White House, having been forced by a Federal judge to do so, something they did not want to do. So I ask you this: Do you know Mr. Abramoff?

Mr. Kavanaugh. I do not.

Senator Leahy. Have you ever met him or seen him at the White House?

Mr. Kavanaugh. No.

Senator Leahy. Have you ever met Susan Ralston, who is Karl Rove's personal assistant at the White House, formerly worked as Mr. Abramoff's secretary?

Mr. Kavanaugh. She works in the Deputy Chief of Staff's office today.

Senator Leahy. You know her.

Mr. Kavanaugh. I do know her, yes, sir.

Senator Leahy. Thank you. Have you ever met David Safavian?

Mr. Kavanaugh. No.

Senator Leahy. When did you learn that he was being

investigated for receiving illegal payments?

Mr. Kavanaugh. Senator, on that matter, I think whatever I learned, I learned reading the newspapers.

Senator Leahy. So prior to the time it became public that he was being charged, you did not know about it prior to that time?

Mr. Kavanaugh. That's correct, Senator.

Senator Leahy. Have you ever met Michael Scanlon?

Mr. Kavanaugh. No.

Senator Leahy. When did you learn that he was being investigated for criminal activities? These are all people from the White House. That is why I am asking.

Mr. Kavanaugh. I don't think Michael Scanlon worked at the White House. I could be wrong about that.

Senator Leahy. He was connected--well, go ahead. When did you first learn of his--

Mr. Kavanaugh. Again, reading the newspapers is all I know about that matter.

Senator Leahy. And what about the disclosure of the identity of Valerie Plame?

Mr. Kavanaugh. I do not know anything about the facts and circumstances of that matter.

Senator Leahy. So you did not do anything about it or were not required to do anything about it? You did not do anything about it?

Mr. Kavanaugh. I didn't know anything about the facts and circumstances of that matter. I know it's under investigation, of course, and it's not part of my responsibilities nor have I learned about it.

Senator Leahy. So what you would know about it would be what you have gotten from news sources, public sources?

Mr. Kavanaugh. What I've read in the newspapers, that's correct. I do not know the facts and circumstances of that matter. It is under investigation, of course.

Senator Leahy. Did you see documents of the President relating to the NSA's warrantless wiretapping program?

Mr. Kavanaugh. No.

Senator Leahy. What about documents related to the administration's policies and practice on torture? Did you see any documents on that whatsoever, according to the President?

Mr. Kavanaugh. No. The only time I have learned of the legal memos and have read some of them was after there was public disclosure of some of those memos in the summer of 2004, and I think in late 2004 or early 2005 I might have read some of those memos. Of course, they had already been publicly released at that point.

Senator Leahy. What about the Presidential signing statements that indicated reservation on the part of the President regarding provisions in law passed by the Congress? You have seen those signing statements, have you not?

Mr. Kavanaugh. Signing statements come through the staff secretary's office and also when I was in the counsel's office before that, the counsel's office sometimes has a role in signing statements. So signing statements traditionally for past Presidents and this President identified potential constitutional issues such as Appointments Clause, Presentment Clause, or record--

Senator Leahy. These signing statements reserving the President's rights of whether to follow or not follow some parts of the law that he is signing, there have been more--you said this has been done by past Presidents, but there have been more done by this President than all past Presidents put together. So let me ask you this: There was a great deal of publicity here on the Hill and at the White House when the President signed the so-called McCain amendment against torture or inhuman treatment of detainees and prisoners, far less fanfare a couple days later there was a signing statement to basically reserve--the President reserved the right to determine who is going to have to follow the law. Did you see that signing statement?

Mr. Kavanaugh. I did see that signing statement, Senator.

Senator Leahy. What was your reaction to it?

Mr. Kavanaugh. Senator, the President has made clear that the United States and this Government does not torture or condone--

Senator Leahy. That is not my question. Do you believe that the President had a right to reserve the exercise of parts of that law that he might not like or to reserve its application to certain people?

Mr. Kavanaugh. My understanding of that signing statement, which is what the President's spokesman said a few days after it was issued, and questions like the one you are raising were raised to him, is that the President intends to follow that law as written. He shook hands with Senator McCain in the Oval Office about that. He has made clear and the President's spokesman made clear that the administration will follow that law as written, as I understand it.

Senator Leahy. Then why the--I mean, you saw the signing statement. It passed through your hands. Why have a signing statement then that basically reserves the President's right not to follow the law if he does not want to? Why do that? Do you have any qualms about these kind of signing statements?

Mr. Kavanaugh. Senator, that signing statement, as I recall it, identified a number of issues other than the one you are talking about. On the specific sentence that relates to the question you are raising, I believe the signing statement identified that this fell into something that the President has authority on, to go back to Justice Jackson's Youngstown concurrence that I--

Senator Leahy. Well, that also makes it very clear if there

is a law that the President's ability to act, as Justice Jackson pointed out, is at its absolute minimum.

Let me ask you this: Does the President, if he is claiming a Commander-in-Chief override or anything else, does he have the authority to authorize or excuse the use of torture in interrogations of enemy prisoners despite domestic and international laws prohibiting the practice?

Mr. Kavanaugh. Senator, the President under Article II of the Constitution has the constitutional responsibility to follow the Constitution and the laws passed by the Congress of the United States. That is part of his responsibility, including--

Senator Leahy. In treaties we--

Chairman Specter. Let him finish his answer.

Senator Leahy. I want to make--

Chairman Specter. No, no. Let him finish his answer. He is in the middle of an answer.

Senator Leahy. Go ahead.

Mr. Kavanaugh. Including the laws against torture reflected in 18 U.S.C. 2340 and related provisions, including other statutes passed by this body. That is part of his Article II responsibility.

Senator Leahy. Including treaties that this country has entered into, which have become the law of the land once we have entered into them.

Mr. Kavanaugh. When the treaty is the law of the land, the President has the constitutional responsibility to follow the Constitution of the United States and the laws of the United States.

Senator Leahy. So is your answer--and I do not want to interrupt you from answering. Does the President have the authority to authorize or excuse the use of torture in interrogation of enemy prisoners when there are domestic or international laws that we have entered into prohibiting the practice?

Mr. Kavanaugh. Senator, the President has said that the administration follows the law, that the United States does not torture, that the United States does not condone torture, the United States does not participate in torture. The President has said that many times. He said he met with Senator McCain in the Oval Office on one statute. The President's spokesman clarified a question you raised and said that the President intends to follow that law as written.

Senator Leahy. You know, it is funny, but I would think differently after Abu Ghraib and after the rendition by Americans under the authority of the Commander-in-Chief, renditioning of people to countries knowing they would be tortured.

Thank you, Mr. Chairman.

Chairman Specter. Thank you, Senator Leahy.

Senator Hatch, anything further?

Senator Hatch. Let me take just a few seconds. You know, I do not know why we needed this second hearing. In fact, I know we did not. Everybody had a shot at the first hearing and, frankly, I do not see any reason--and especially when I read through this transcript of the ABA. Here is what they say: "This nominee"--I am just reading a few of the accolades towards you. And, by the way, I read the ABA description of each member on the Standing Committee. A number of them are Democrats, have very strongly supported Democratic Senators and others, but found you not only qualified but well qualified.

Here is what they say: "This nominee enjoys a solid reputation of integrity, intellectual capacity, and writing and analytical ability. The concern has been and remains focused on the breadth of his professional experience and the most recent supplemental evaluation has enhanced that concern. Taken in combination with the additional concern of whether this nominee is so insulated that he should be unable to judge fairly in the future and placed alongside the consistently praiseworthy statements about the nominee in many other areas, the 2006 rating can be seen in context."

And then he said, when he was asked by Mr. Jensen whether--you know, you provided a few negative quotes about Mr. Kavanaugh in your written statement. He said, "Let me underscore, Pete, that we did not find him not qualified. There

is not a breath of bad in this report or the earlier report. We found him qualified, minority well qualified. What I said at the end is that, in fact, many people said he has a solid reputation for integrity, intellectual capacity. A lot of people refer to him as brilliant and an excellent writing and analytical ability. These are great skills to bring to the court of appeals."

Now, these are just a few of the comments. Let me just give a couple others.

Mr. Tober again for the Bar Association: "The positive factors haven't changed a whole lot. He is found to have high integrity. He is found to be brilliant. He is a very skilled writer and legal analyst. He has those components. And I have said this before, but I think you were probably doing better things. He has those skills that will serve him well certainly on a Federal court."

Well, I asked him, I said, "I just wanted to mention that I am correct in looking at the record that he has had some 24 people evaluate him, and not one has found him not qualified." Mr. Tober of the Bar Association: "I don't know the number to be 24. I would take your word on that. But it is true there is not a single `not qualified' vote in the picture."

I wonder what all the fuss is about. Frankly, to force a second hearing--now, I acknowledge our colleagues have a right to do that, but the fact of the matter is I have not heard

anything here today that would cause anybody to vote against you who is fair. I have just got to say, you know, I came here expecting to hear some bombastic things that might show that they think you might not be qualified to sit on the court. My gosh, your experience is virtually, other than the law firm experience where you were a partner in Kirkland and Ellis, one of the greatest law firms in the country, your experience has been an experience of service. And everybody with whom you have worked has felt the same way.

I want to put in the record, Mr. Chairman, a whole list of letters from former Attorneys General, former Solicitors General, your classmates, bipartisan, both Democrats and Republicans, all of whom support you wholly and without reservation.

Again, I just say, you know, I do not want to question my colleagues. They have a right to ask these questions, and I suspect they had a right to call for this second meeting. But I have not heard anything here today that justifies having had the second meeting.

Now, all I can say is that I am proud to support you because I believe that the Bar Association is right here.

Thanks, Mr. Chairman.

Chairman Specter. Thank you, Senator Hatch.

Senator Schumer?

Senator Schumer. Thank you, and I would say to my good

friend from Utah, hope springs eternal. Many of us had hoped that maybe Mr. Kavanaugh would answer some of the questions he did not answer in the first hearing in the writings, but he has not, in general.

In your written responses to Senator Durbin, you said--well, let me first--you said you were not involved in the nomination process either of Mr. Haynes or of Judge Bybee. Is that right? You said that in reference to questions asked before?

Mr. Kavanaugh. I did not have primary responsibility--

Senator Schumer. I did not ask that. Were you involved?

Mr. Kavanaugh. There is a committee that meets to discuss prospective judicial nominees.

Senator Schumer. Were you involved in those discussions? Did you voice opinions about Haynes and Bybee at that committee?

Mr. Kavanaugh. Senator, I don't remember the timing of that, but if it was when I was in the counsel's office, it would have come through the Judicial Selection Committee when I was part of it, and it would have been part of the committee's--

Senator Schumer. Can you give me a yes or no answer? Were you involved in discussions involving the nominations of Haynes or Bybee?

Mr. Kavanaugh. Senator, I believe those were when I was still in the counsel's office, so the answer would be yes.

Senator Schumer. Thank you. I think before you--

Mr. Kavanaugh. I want to--

Senator Schumer. I would just like--I do not have the record in front of me, but I would like to look at what you said in reference to other people's questions there.

Here is what you said in your written questions in response. You said, "It is fair to say that all of the attorneys in the White House Counsel's Office who worked on judges, usually ten lawyers, participated in discussions and meetings concerning all of the President's judicial nominees."

Do you remember, were you supportive of the nominations of Haynes and Bybee at the time?

Mr. Kavanaugh. I don't remember talking about them, but they were members of the administration who people had worked with and knew. So I don't--

Senator Schumer. You don't remember talking--

Chairman Specter. Let him finish his answer.

Mr. Kavanaugh. I assume it would have come up at a Judicial Selection Committee meeting, and maybe I should explain how that works, Senator.

Senator Schumer. I don't have that kind--unless I can have a little extra time, and I would be happy to let him explain.

Chairman Specter. Well, that is part of the answer to the question, Senator Schumer.

Senator Schumer. Okay. Then I will--I will not--

Chairman Specter. You can have an extra 2 minutes. Go

ahead.

Senator Schumer. Well, that is very kind of you. Thanks, Mr. Chairman. Go ahead.

Mr. Kavanaugh. Judge Gonzales, when he was counsel, set up a committee which included members of the White House Counsel's Office as well as Justice Department officials. Within the White House Counsel's Office, one of the associate counsel--there were eight of us--would ordinarily be assigned to particular States, particular circuit seats, so--

Senator Schumer. I understand that. I am just asking a--

Chairman Specter. Senator Schumer, let him finish his answer.

Senator Schumer. Mr. Chairman, please, we have limited--all right. Then I will ask for a third round, because there is limited time here, and we know the general structure. It is described in the writings. I am asking a specific question. I am asking whether Mr. Kavanaugh can recall whether he was supportive in those discussions. He said here, it is fair to say, all of the attorneys participated in the discussions concerning all of the President's judicial nominations. He is brilliant. He went to every law school--or the best law schools--Haynes and Bybee, no, he cannot. Okay. I am now on that. He said so he probably did.

I am asking if he remembers being supportive of either of those nominees, not--you were not in charge of those nominees.

We have established that three times over. Were you supportive in those general discussions, which you say all of the attorneys participated in?

Mr. Kavanaugh. If both of them were nominated before July 2003, then the answer is yes.

Senator Schumer. Were you supportive?

Chairman Specter. Now he is right in the middle of an answer, Senator Schumer. Let him finish.

Senator Schumer. That as not my question.

Mr. Kavanaugh. Then the answer would have been yes, because it would have come before the Judicial Selection Committee.

Senator Schumer. Thank you. Now, let me ask you this.

Mr. Kavanaugh. Senator, if I may--

Senator Schumer. Please.

Mr. Kavanaugh. What question--the answer is yes, that they would have been discussed at the Judicial Selection Committee.

Senator Schumer. I thought you were answering--so, please, answer my question, not the general procedure. Were you supportive of the nominations of Haynes and Bybee when they came before that committee? Did you dissent? Did you say nothing? Were you supportive?

Mr. Kavanaugh. With respect to--this is a line that I think Judge Gonzales has maintained--with respect to individual deliberations about prospective judicial nominees, that's

something that it's not appropriate for me to disclose in this context.

Senator Schumer. And why is that?

Mr. Kavanaugh. Because the President benefits from having candid and full discussions of his prospective judicial nominees, and for those to be candid, there has to be a guarantee of confidentiality there.

Senator Schumer. Let me ask you this. Do you ever recall having dissented when a name was brought before this committee in the general discussions? Did you ever--to any of them, do you ever recall having dissented and saying, "I don't think this person should be put forward?"

Mr. Kavanaugh. Senator, in all the deliberations that we've had on judges and other issues, I've never been a shrinking violet. I've always been--put forward my views, and you can assume I put forward my views strongly. Once Judge Gonzales or the President makes a decision, I also adhere to that decision.

Senator Schumer. I understand. I am asking you did you dissent about potential nominees before--when the committee discussed it before the President made a decision? You were the committee that was vetting these people.

Mr. Kavanaugh. And I'm giving you an answer that says there was a lot of deliberations. A lot of people would debate the merits of nominations, and you can assume that various people

would disagree about particular nominees.

Senator Schumer. Did you disagree?

Mr. Kavanaugh. Senator, I don't want--

Senator Schumer. To any of these nominees, any of these potential nominees when it came before the committee? You said you are a person of strong opinion, which you are. I know that, or my colleague, the Chairman, said you did not criticize this list of people, but I have a long list of people you were free to criticize, who happen to be at a different political viewpoint. But that is not what I am asking here. I am asking you, did you object and say, "I don't think this person or that person should be nominated," when you were in this committee?

Mr. Kavanaugh. Senator, I do not think it's appropriate--

Senator Schumer. I am not asking a specific person.

Mr. Kavanaugh. I do not think it's appropriate for members of the President's staff to disclose whether they agreed or disagreed with recommendations on particular judicial nominees.

Senator Schumer. Why is not appropriate? There is no privilege, I presume?

Mr. Kavanaugh. Because that would chill the candid discussion that the President benefits from in hearing advice about prospective--

Senator Schumer. You mean not to mention a specific name, but to simply ask someone whether they dissented on any would

chill discussion? That if you admitted you dissented on some, then people would be chilled from saying that? I did not ask a particular name.

Mr. Kavanaugh. I'm saying that there were candid deliberations in the judicial selection process.

Senator Schumer. We know that.

Mr. Kavanaugh. That there would be particular people that would come up for consideration, and there would be debate about them.

Senator Schumer. Did you dissent? Did you ever say in the meetings, "I don't think this particular person belongs on the bench?" That is not a question that should chill anybody. That, in fact, I would argue, sir, is your obligation to answer us. We do not have much of a record here. My colleagues here, justifiably, have said you have had a lot of Government service and that is what justifies you. We try to find out anything about that Government service, and we do not get an answer. Now, what is the harm to future deliberations of future counsels, deputy counsels, by your saying I did or I did not dissent and say certain people should not be on the bench, other than you just do not want to answer the question for us, and we cannot compel you, particularly when everyone on the other side is going to vote for you no matter what you say.

Mr. Kavanaugh. Senator, let me try it this way. On a previous question you had, I said I needed to check with the

counsel. I went back. Karl Rove does participate in the White House Judicial Selection Committee.

Senator Schumer. Thank you.

Mr. Kavanaugh. On this question I would like also to go back to the counsel, if I could, and I'll try to provide you a timely answer in the same way.

Senator Schumer. But I have some follow-up questions I would then ask you to answer as well. What was the basis of your dissent? I do not want to ask about specific people. I would like to. I think it is relevant, but there you might have an argument. I would also like you then, if the counsel says that it is okay to answer, that you tell us the basis for the dissent. Was it temperament? Was it ideology? Was it this? Was it that?

Chairman Specter. Senator Schumer, you are two minutes over the extended time. That means you are 9 minutes plus into this questioning. How much longer would you like?

Senator Schumer. I would like another few minutes. I think it is important. I cannot tell you. It depends where the questions go, but I will not take a half hour. I will not take much time.

Chairman Specter. Well, we are going to go--

Senator Schumer. I think this is--

Chairman Specter. You are almost up to 10 minutes. We are going to go to this side for a minute or two, and we will

come back to you for another round.

Senator Schumer. Thank you. That is just fine. Thank you, Mr. Chairman.

Chairman Specter. Senator Schumer, I do not want you to be cut short.

When you say that everybody on this side is going to vote in favor of Mr. Kavanaugh, if that raises any suggestion that everybody on this side is not going to vote against him, that might draw some raised eyebrows.

Senator Schumer. Mr. Chairman--

Chairman Specter. Now wait a minute. It is my five minutes. Start the clock. I am on round 3, because Senator Schumer is going to have round 3. And I will come back to you too, Senator Coburn.

I have listened to your testimony very carefully, Mr. Kavanaugh, but, frankly, it has been hard because there have been so many interruptions. But let me plow this ground again to see if I understand what you have said.

You have said that when you had a certain job up till 2003, it was your responsibility to sit on a panel, a group of people evaluating judges; is that right?

Mr. Kavanaugh. That's correct, Senator.

Chairman Specter. And then when you changed jobs, it was no longer your responsibility to sit on a panel evaluating judges?

Mr. Kavanaugh. That's correct, Mr. Chairman.

Chairman Specter. And what date is that?

Mr. Kavanaugh. That would be early July 2003.

Chairman Specter. And that is when you changed from being an Assistant White House Counsel to being Staff Secretary?

Mr. Kavanaugh. That's correct.

Chairman Specter. Now, you said that you are no shrinking violet and you disagreed when you thought that there was somebody up whom you disagreed with as to their qualifications. Isn't that what you said?

Mr. Kavanaugh. Yes, Mr. Chairman.

Chairman Specter. And you would not specify which individuals you disagreed on?

Mr. Kavanaugh. No.

Chairman Specter. You are not going to specify which individuals you disagree on because you think that is part of the deliberative process and it would unfairly impinge on freedom of discussion there, or a chilling effect. Is that what you have testified to, the Senator Schumer?

Mr. Kavanaugh. That's correct, Mr. Chairman.

Chairman Specter. Now, you also testified, as I could de-garble it through the interruptions, that you do not remember which people you disagreed on, or do you remember which people you disagreed on? I am not asking you which ones they were, but do you recall the specific individuals whom you thought

should not be submitted for a judgeship?

Mr. Kavanaugh. I think the question here is because there can be multiple candidates for a particular judgeship that would come up, and you may rank them differently from how the ultimate decision comes out. That doesn't mean that the final selection is a bad decision.

Chairman Specter. Are you saying then that you never said as to any, "I think they're unqualified," but only that you ranked them?

Mr. Kavanaugh. Well, Mr. Chairman, I don't think I should talk about that issue, at least without checking.

Chairman Specter. Well, let's explore that for just a minute. We are talking about generalized procedures, and you sit on a panel. This is while you are Assistant White House Counsel. And you are asked about a number of possible nominees for a judgeship. That is the procedure. Do you feel comfortable answering that?

Mr. Kavanaugh. Yes. Yes, Mr. Chairman, that's the procedure.

Chairman Specter. You have said that you are not a shrinking violet and you speak your mind. So at some point you either disagreed with the qualification of an individual, or thought that they fell behind some others in terms of a ranking system. Is that a fair inference or conclusion from your testimony?

Mr. Kavanaugh. I think it is, Mr. Chairman. The one thing I want to be careful about is talking about the qualifications of an individual as opposed to ranking individuals. And that's, in terms of the qualifications of an individual, some people are more qualified than others. You may rank them differently from how some other members of the committee, and you may disagree with the ultimate selection. I'm sure that happens all the time in any process like that.

Chairman Specter. I am sure it does too. That is what you are testifying about. How many individuals were you considering, many, many, many, were you not?

Mr. Kavanaugh. There have been hundreds, Senator, that have been confirmed, and that means that there are many hundreds more, because you assume for each one of those spots--

Chairman Specter. Okay, so we are in the hundreds.

Mr. Kavanaugh. It could be over a thousand.

Chairman Specter. I am not asking you whom you disagreed with or whom you ranked where. Do you remember among those hundreds you confirmed and hundreds more you considered, among those hundreds and hundreds of people, can you recall specific individuals and rankings at this time, some three years after the fact?

Mr. Kavanaugh. I certainly, Mr. Chairman, do not recall the specific deliberations. I do recall some, of course, and that is natural. It is also natural for there to be debate and

discussion on judicial nominations by the Judicial Selection Committee. That's what we want so that the President gets the best advice, the best recommendations of the staff.

Chairman Specter. Okay. There are some that you recollect because they stand out for one reason or another, right? Correct?

Mr. Kavanaugh. That's correct, Mr. Chairman.

Chairman Specter. And you are not prepared to identify those individuals because you believe that would restrict the candid discussion. We have been through this on Chief Justice Roberts, on the Solicitor General's Office. We have been through it on a lot of decisionmaking processes, and I do not want to get into the question about limited privilege here today. I just want to understand your thinking as to why, among those whom you remember, you will not identify. And as I think you have testified in response to Senator Schumer, but I am not sure because of the garbled nature with the interruptions, that you will not be specific even as to those whom you remember because you do not want to impinge upon that deliberative process. Is that right?

Mr. Kavanaugh. That's correct, Mr. Chairman.

Chairman Specter. Senator Schumer, you have five more minutes, and then we are going to wrap up your side.

Senator Leahy. I just wanted to respond to something that you said, Mr. Chairman, this idea of a closed mind. I spent

17 months as Chairman of this Committee.

Chairman Specter. Let's start the clock if Senator Leahy is speaking.

Senator Leahy. I spent 17 months as Chairman of this Committee during President Bush's term. We moved 100 judges. We have had two Republican chairmen since. Both are friends of mine. Neither one of them have moved President Bush's nominees as through as fast as I did. So let's not talk about closed minds or the partisanship. And we did this notwithstanding the fact that the Republicans had pocket-filibustered 64 of President Clinton's nominees in the few years leading up to that. We Democrats moved 100 of President Bush's nominees through in 17 months, an all-time record.

Now, what I want to know is how do you approach recusal? You have been a key member of the Bush-Cheney administration. We have a President making sweeping claims, nearly unchecked executive power. A number of these matters, issues are going to come before the D.C. Circuit, assuming we have any check and balances. The Congress has not done much in the way--with some few notable exceptions, has not done much in the way of checks and balances. The rest of America waits for the courts to do that. How do you determine what you are going to recuse yourself from? What about if it is a challenge to the administration's practice of rendition, of sending people to other countries to

be tortured? What if it is about the administration's interrogation practices in detention? What about their wiretapping of Americans without warrants through NSA? Where do you recuse yourself?

Mr. Kavanaugh. Senator, if I am confirmed to the D.C. Circuit, I will do the analysis under 28 U.S.C. 455. There are some specific recusal obligations in Section 455(b), which I would of course follow. There's also a more general recusal prescription in Section 455(a), which talks about when a judge's impartiality reasonably might be questioned. I would do the analysis of that by looking at the precedents. There have been other people have gone from the executive branch to the judicial branch, of course. I would do it by consulting with my colleagues, and do it by looking at the facts and circumstances of each particular case.

I think it's hard to make a recusal determination in the abstract here--

Senator Leahy. Would you think if a question came up about the administration's practice, the Bush-Cheney administration's practice of rendition of people to other countries, would that at least raise a red flag in your mind?

Mr. Kavanaugh. Senator, on recusal questions generally, I don't think I can--because I haven't done the work necessary--identify specific cases, and we don't know what those cases might be where I might recuse. I can pledge to you

a serious process. I understand there could be issues. I would follow the precedents, look at the precedents, consult with my colleagues.

Senator Leahy. What if it is questioning a policy or practice with which you were involved at the White House, either forming the policy or making the decisions; would that be a pretty easy one?

Mr. Kavanaugh. Well, I think without knowing exactly where you're saying, on 28 U.S.C. 455(b), there's a specific prohibition that applies to Government lawyers who have worked on certain matters, and depending on the hypothetical, if that fell within that, I would have no hesitation about recusing. And just generally, Senator, I would have no hesitation about recusing. I just want to do the work and know the facts and circumstances before I make any determination.

Senator Leahy. These are not dissimilar to questions I asked Judge Roberts both when he was up for D.C. Circuit, and the Supreme Court. In his case, I was satisfied with his answer, and I voted for him, in his case.

I understand, Mr. Chairman, Senator Feingold is not able to return for another round. He has written a follow-up letter to Mr. Kavanaugh. I ask that that letter be made part of the record.

Chairman Specter. Without objection it can be made part of the record, but he is not seeking follow-up answers from the

witness, is he?

Senator Leahy. I think that this is--yes, there is a specific one which the nominee has expressed a willingness to respond, so that is very specific. Mr. Kavanaugh has been handed this. He has not seen it yet. The staff has--

Chairman Specter. I want all the questions for Mr. Kavanaugh to be asked because as stated during our Executive last week, it is the intention to vote on him on Thursday, and he is going to stay here long enough within reason to answer the questions.

Senator Leahy. Well, I would hope that he would look at this, and I would hope that he might be prepared to answer. I think it can be done fairly quickly.

Chairman Specter. Let me take a look at it first, and give him a copy, and I will pass it on to him, and meanwhile we will go on to Senator Coburn for a round of questions.

Senator Coburn. Thank you, Mr. Chairman.

Mr. Kavanaugh, does the president have--

Chairman Specter. But we are coming back to you, Senator Schumer.

Senator Coburn. --an obligation to try to preserve presidential powers through signing statements? Is that not the purpose for them?

Mr. Kavanaugh. Presidential signing statements have been used throughout our history, Senator, and particularly in the

last four Presidents that I'm aware of, to identify specific constitutional issues that can arise in provisions of statutes. They're usually focused on things like the Appointments Clause. Suppose there's a new board or commission and there's an Appointments Clause issue. The Recommendations Clause, when reports are required that might be inconsistent with the Recommendations Clause. This is part of the conversation, the dialogue, that the executive and the legislative branch have on issues like this through the years.

Senator Coburn. But it is an important function of the president to elicit those areas of potential conflict on a constitutional basis, and to put a statement from the sitting President in in regards to those. Is that not correct?

Mr. Kavanaugh. That is correct, Senator, and Presidents have been doing that throughout our history.

Senator Coburn. So a reasonable man could believe somebody would not necessarily believe in torture, but might put something into the record on a signing statement that might be related to preserve presidential powers or appointments or some other area, and not necessarily believing in torture, but be castigated that they do believe in torture because they happened to put that in, not for the purpose of torture, but for the purpose of protecting and enhancing or--not enhancing--protecting and securing what was there before in terms of presidential powers. Is that not--a reasonable could

not think that?

Mr. Kavanaugh. Senator, presidential signing statements, I think, the Counsel's Office in particular in the Department of Justice, seek to rely on the precedents of the executive branch and legislative branch interaction, where there have been issues identified, and when new legislation comes up, say an Appointments Clause issue, a Presentment Clause issue, or Recommendations Clause issue, to identify that kind of issue.

That's been done throughout our history, and I think it's very traditional.

Senator Coburn. Would you think much of a President, who if they just ignored not doing that, they just decided, well, that is not important, I am not going to do that?

Mr. Kavanaugh. Senator, I think all the Presidents, at least in modern times, have identified issues when they come up. And again, it's part of the conversation, part of the healthy back and forth between the executive and the legislative when these kinds of issues come up.

Senator Coburn. But it is also done to preserve a point of view, so that when it is looked at in the future, somebody can understand what the debate was at that time; is that not correct?

Mr. Kavanaugh. Exactly, Senator. Puts it on the record. People know. It's an open process. Then there can be discussion about issues that might be, for example, an Appointments Clause

problem with a new board or commission, then there can be discussion back and forth. If there is a problem, it can be fixed in a subsequent statute, for example.

Senator Coburn. Do you believe President Bush's statements on torture?

Mr. Kavanaugh. President Bush has said the United States does not torture, condone torture--

Senator Coburn. I know what he said. I am asking you do you believe him?

Mr. Kavanaugh. Absolutely, Senator.

Senator Coburn. So you do not have any heartburn over his signing statements in regard to anything if they are consistent with what he said and what he believes?

Mr. Kavanaugh. That's absolutely correct, Senator. He has stated that the United States will not torture, does not condone torture, follows the laws against torture. He's made that clear.

Senator Coburn. Thank you.

I yield back, Mr. Chairman.

Chairman Specter. Thank you, Senator Coburn.

Senator Schumer, you had a little over 10 minutes on an opening statement, 6-1/2 minutes on your first round, a little over 10 minutes on the last round. I want to conclude by five o'clock. You have five more minutes.

Senator Schumer. Mr. Chairman, it is a lifetime

appointment, and I think we should be allowed to ask questions. You put people in a box. If he goes on, I do not get a chance to answer all my questions. If I try to get to my answer by cutting him short, you take some umbrage. I do not think that is a fair way to proceed. Okay?

Chairman Specter. Well, I do not cut short. I asked you not to cut him short.

Senator Schumer. Well, then just give me the time that I need instead of telling me we must end at five o'clock for a lifetime appointment.

Chairman Specter. Well, your questions may exceed the tenure of his appointment, Senator Schumer.

Senator Schumer. No. My questions are fair questions for somebody who is going to have tremendous power. I think they are relevant.

Chairman Specter. Let's put the clock back to five minutes, and start in, and see how we do.

Senator Schumer. Thank you, Mr. Chairman. I appreciate it. And I just make a couple of quick comments here.

First, I did not ask you, Mr. Kavanaugh, although Senator Specter interpreted it that way, to name specific judges. I asked you did you ever dissent--and I was explicit--not on specific judges. And you said to me you would not be able to answer that question until you checked with counsel. Is that correct?

Mr. Kavanaugh. That's correct, Senator.

Senator Schumer. Did you then answer Senator Specter saying you did dissent? Did you change that answer? That is what I am trying to figure out here.

Mr. Kavanaugh. I think it goes, Senator, to whether there was a different rank order in particular discussions, or whether you thought someone was unqualified for the--

Senator Schumer. I never asked about a rank order. I asked you--

Mr. Kavanaugh. It just came up.

Senator Schumer. Yes, Senator Specter did, but he was saying what I asked you, and he was not interpreting what I asked you. I asked you explicitly, was there ever a nominee--you don't have to name him, and I was explicit--that you thought should not go forward and you said that? Not where you ranked him, but that you said should not go forward and you ranked him. Now, you said to me, as I recall--we can check the transcript--that you were not sure you could answer that question, although I expressed befuddlement as to why because we were not asking a specific name. Are you will to say that you blocked certain--not blocked--that you urged that certain potential nominees not go forward, or do you want to go to counsel and see if you can answer that question?

Mr. Kavanaugh. Senator, I'm sure I, in the course of 2-1/2 years of debate over judges, I'm sure that all of us had

preferences that weren't reflected in the final decision. Is that your question?

Senator Schumer. My question is did you, do you recall having ever stated that you do not think X potential nominee should move forward for whatever reason?

Mr. Kavanaugh. I'm confident, Senator, that on occasion, I would have rank ordered them differently from how the--so that the final decision was different from what my recommendation would have been.

Senator Schumer. I did not ask that. I asked you did you ever express, at these meeting of the 10 counsel, this person should not be nominated? Do you want to go back and check your recollection and answer in writing before tomorrow?

Mr. Kavanaugh. Can I just ask a follow up?

Senator Schumer. Please.

Mr. Kavanaugh. Which is, do you mean should not go forward, period, regardless of who else was in the mix? Is that the--

Senator Schumer. I mean, yes, that a person, regardless of who is in the mix, there might be certain people who you did not think deserved to be on the bench, whether someone else was in the mix or not?

Mr. Kavanaugh. I think that kind of question goes to the heart of the deliberative process that the President relies on for picking judges, to talk about whether you disagreed with the final selection, really, that's something the President--

Senator Schumer. Okay. I am not asking an explicit name. I am just asking whether that happened. And you cannot recall, you cannot give me a yes or no answer to that?

Mr. Kavanaugh. Senator, again, I think that would go to the heart of the deliberative process. As I understand it, it's important to protect the deliberative process so that the President gets the best advice. When the President makes a decision to nominate someone, it defeats the process for members of the staff subsequently to go out and say, "Well, I disagreed with the President on that," or even if you don't name names, to say, "I disagreed with some of his selections," that's--

Senator Schumer. I think that is--

Mr. Kavanaugh. --inconsistent with--

Senator Schumer. Is--

Chairman Specter. Let him finish, Senator Schumer.

Senator Schumer. I have 1:27 left here. Are you going to let me ask a few more questions if I might?

Chairman Specter. How many?

Senator Schumer. I do not know. A few.

Chairman Specter. Finish your answer, Mr. Kavanaugh, if you can remember where you were.

Mr. Kavanaugh. I think that's inconsistent with the deliberative process that the President needs to rely on to pick the best judges for the Federal judiciary.

Senator Schumer. I fail to see any reason. I think people

are put on the committee to make that very decision, and I have a lot of questions. It put my questions I my mind why you refuse to answer that question. But let's move on.

You did say you would check with counsel earlier, and then you came back to me about Karl Rove, and you said he was involved in the process. Okay. In what capacity was he involved? How often did he consult with you and the other counsels about prospective nominees?

Mr. Kavanaugh. Again, Senator, he's part of the committee. The committee meets weekly. I'm not sure how often he attended. I know he participated though.

Senator Schumer. Was it more than once?

Mr. Kavanaugh. He was a regular participant.

Senator Schumer. A regular participant in the committee of 10?

Mr. Kavanaugh. Well, it's actually much bigger than 10. The committee--

Senator Schumer. But he was a regular participant in the decisions?

Mr. Kavanaugh. In the committee process there's many more than 10. I'd say it's about--

Senator Schumer. And what do you recall--

Chairman Specter. He is right in the middle of an answer, Senator Schumer.

Senator Schumer. Go ahead.

Mr. Kavanaugh. I just want to be careful to make sure you understood that the committee, at least when I was on it--I don't--haven't gone since 2003--but included all the people in the White House Counsel's Office plus several Justice Department lawyers, plus people from other White House offices like the Legislative Office on occasion it k would attend. So it's many more than 10. I don't know the exact number though.

Senator Schumer. And did he ever discuss politics relevant to why this judge should go forward or that one should not, like it is am important State to us, it is an important reason, so-and-so wants him? Did that ever come up?

Mr. Kavanaugh. Senator, I think it's important not to disclose the internal deliberations that might occur. Of course we worked very closely with the Senators in each State. We've worked closely in New York with you and Senator Clinton on judicial nominations, and Judge Raggi, and many district court nominations. We've worked well together with you, and so that's of course part of the process, is, okay, the Senators in this home State are suggesting so-and-so. Is that person the best person? And then a back and forth of the home State Senators. That's part of the process, and those discussions would often occur at the--those kinds of discussions would often occur. And so I think that's--

Senator Schumer. And Karl Rove was involved in those?

Mr. Kavanaugh. Karl Rove participated in the process.

Senator Schumer. Okay. Let me ask you this. Who else was on that--you said Karl Rove was a regular participant. Who else who was not in the Counsel's Office was a regular participant?

Mr. Kavanaugh. Senator, I would think the Counsel's Office, if the Counsel though this was appropriate, could provide you a list, if she thought it was appropriate, and I don't know the answer to that question.

Senator Schumer. But you said you consulted her and it was okay to mention that Karl Rove was part of the process?

Chairman Specter. Mr. Kavanaugh, answer the questions within the scope of your recollection, not referencing anybody else who can provide a list. I do not want to have any strings outstanding. You are here today to answer questions.

Senator Schumer. I thank you, Mr. Chairman.

Chairman Specter. You answer the questions as to what you know.

Mr. Kavanaugh. Mr. Chairman, Senator Schumer, I don't know that it's appropriate for me to list everyone who's on the committee. I can tell you the offices that are in it, the White House Counsel's Office, the Department of Justice, offices that work closely with the committee, Office of Legal Policy on Judges, Karl Rove was involved. Chief of Staff's Office on occasion. I think those are the people--if I'm leaving anyone out, Senator Schumer, I'll make sure to--

Senator Schumer. Was there ever anyone outside of Government who participated in these groups?

Mr. Kavanaugh. No.

Senator Schumer. And if you told us that Karl Rover participated, is there any legal, imaginable, legal reason that you couldn't tell us who else participated by name, not by their offices?

Mr. Kavanaugh. Senator Schumer, I think I was saying that I could tell you the offices. I don't that I could remember all the names, sitting here, of who was at the particular meetings, but I told you the offices.

Senator Schumer. Anyone from outside those three offices that you mentioned, the White House Counsel, the Office of Legal Council, the Justice Department, anyone else from--Rove was not part of those--anyone else from outside of those offices?

Mr. Kavanaugh. Office of Legal Policy. Again, going back, it was Office of Legal Policy at Justice, just to be clear.

Senator Schumer. Right, thank you.

Mr. Kavanaugh. Going back to my own time, from 2001 to 2003, and keeping in mind what the Chairman told me to testify what I remember--

Senator Schumer. Well, the Chairman is trying to move your nomination forward as quickly as possible. That is why he did that.

Chairman Specter. Senator Schumer and I finally found an

agreeable point.

[Laughter.]

Senator Schumer. There are more than you think, but not on judges.

Mr. Kavanaugh. If I'm leaving anyone out, I'll send it in later, but Legislative Affairs, of course, on occasion because we deal with the Senate staffs; the Chief of Staff's Office on occasion--

Chairman Specter. When you send it in later, Mr. Kavanaugh, anything you are going to send in later has got to be in by tomorrow.

Mr. Kavanaugh. It will be in this evening, Mr. Chairman.

Chairman Specter. Okay.

Mr. Kavanaugh. I just want to make sure I'm not leaving anyone out, so the offices that I've mentioned, Deputy Chief of Staff's Office on occasion would participate.

Senator Schumer. Okay. Just one final line of questioning, Mr. Chairman.

And this involves what you said last time, which is that you testified that what the President is looking for is nominees who have respect for the law and who understand the legal system, and the role as a judge is different from one's personal views. Do you believe that Justice Ginsberg and Justice Breyer have a respect for the law?

Mr. Kavanaugh. Absolutely, Senator.

Senator Schumer. Why then do you believe the President keeps talking about judges in the mold of Scalia and Thomas, if the methodology, the rationale is respect for the law?

Mr. Kavanaugh. Senator, I think the President has talked about a general judicial philosophy that he's looking for in prospective judicial nominees.

Senator Schumer. But you indicated to me in the first hearing that you did not think ideology played a role at all in the selection of nominees, which I found incredulous.

Mr. Kavanaugh. Senator, in the first hearing, there was--I don't think I explained clearly what ideology could entail. To my mind, the President considers, of course, one's judicial approach, whether someone believes in interpreting the law and not imposing their own policy views. We do not ask your views on specific cases or issues.

Senator Schumer. Understood.

Mr. Kavanaugh. Do not ask your views on policy issues that might exist. The President looks and wants his staff to look for people who share the kind of judicial approach he's outlined, and of course, with this President, as with past Presidents, most judicial nominees are of the same party--

Senator Schumer. So let me ask you this. If you believe that Justice Ginsberg and Justice Breyer have a respect for the law, as well as Justice Scalia and Justice Thomas, why are there so few nominees who seem to have the judicial philosophy of

Justice Ginsberg and Justice Breyer, and many, many, many, who have the judicial philosophy of Justice Scalia and Thomas if ideology does not play a role in the selection? I am not saying it is wrong that it does, and I am not saying that it--but I was surprised that you, at your initial hearing, said it did not. If respect for the law is the judicial philosophy, that is what the President is looking for, then theoretically, the panoply of nominees should be much broader in terms of all kinds of things, their political affiliation, their judicial philosophy, their views on a variety of issues, and you are saying it did not play any role when you were there or others were there. I find that hard to believe, given who the President has sent before us.

And one other point I would make just parenthetically. The reason I mentioned I sort of had an idea that that side of the Committee would vote one way, was because they voted yes on every single nominee the President has sent forward thus far. There has not been one single dissent of the 240 nominees, where on our side there have been a lot of yeses and a lot of noes. So it would be harder, at least by past experience, to judge that. That is why I said that.

But anyway, go ahead.

Mr. Kavanaugh. Senator, I want to be very clear that the President has said that one's judicial philosophy does play a role, does in fact play a role in the types of judges he's looking

for. Your approach to judging, whether you're someone who believes in interpreting the law and not legislating from the bench. He's made it very clear that does matter. What doesn't matter is your view on--and what we do not ask--

Senator Schumer. I understand. You have said that, and I accept that, that you do not ask about specific issues like are you pro-choice or pro-life.

Mr. Kavanaugh. Correct.

Senator Schumer. But still, do you think that, for instance, Justice Breyer and Justice Ginsberg have any less respect for the law or are less likely to try to interpret the law than say Justice Thomas or Justice Scalia?

Mr. Kavanaugh. Well, Senator, as a nominee for an inferior court, I don't think I should be talking about the Supreme Court Justices and trying to assess them. What I will say is the President has--

Senator Schumer. How about between--

Chairman Specter. What he will say is? Let him finish his answer.

Senator Schumer. He did not answer my question. That is why I am trying to get an answer.

Chairman Specter. Well, that is his answer.

Senator Schumer. Go ahead. As long as we have time.

Chairman Specter. And you may have a follow-up question.

Senator Schumer. Thank you.

Mr. Kavanaugh. What I will say is the President has made it very clear that he does believe in appointing judges who will interpret the law as written, who will not legislate from the bench, who will not seek to impose their own policy views. He's made that very clear. So judicial philosophy is a part of the judicial selection process. He said that many times, and I just want to be clear on that.

Senator Schumer. Do you think that former Justice, the last Justice Thurgood Marshall, and say, Robert Bork, have a different view of what interpreting the law is, as opposed to imposing their own views, or do you think they each do it the same way?

Mr. Kavanaugh. I think Judge Bork has made clear that he has a different interpretive approach than say, Justice Marshall. For example, both in his testimony before this Committee, and in books he's written since, Judge Bork made clear he had a different type of approach than Justice Marshall.

Senator Schumer. Even though both have a respect for the law and understand the legal system?

Mr. Kavanaugh. Senator, I think--

Senator Schumer. Those were your words.

Mr. Kavanaugh. Respect for the law is a necessary qualification, of course, but it does not encompass judicial philosophy. That's a separate issue to look at in terms--

Senator Schumer. The reason I ask you this is we rarely

get an opportunity to question somebody who has sat on the committee in this administration who does this. But it is obvious to me in what you say that clearly judicial philosophy and ideology make a difference here, and you have more or less said that. Nothing wrong with it. Democratic Presidents might do it too. But that is clearly happening. Would you disagree with that?

Mr. Kavanaugh. Judicial philosophy is part of what the President looks at because he's made clear he wants to appoint judges who interpret the law.

Senator Schumer. How is that different than the word "ideology" which I used to you at the first hearing?

Mr. Kavanaugh. Because I think "ideology" can encompass four different things, and we need to be very clear what we're talking about so there's no confusion. Ideology could encompass political affiliation. It could encompass your general approach to judging. It could encompass your specific view on particular cases, and it could encompass your policy views. The first two are the factors that are looked at in the final--

Senator Schumer. But if what you mean by ideology is differing judicial philosophies, then clearly the President--if you mean that--then clearly ideology enters into the selection process, right?

Mr. Kavanaugh. Judicial philosophy matters, and if that's how you're defining it, then judicial philosophy matters.

Senator Schumer. Thank you, Mr. Chairman.

Chairman Specter. Thank you, Senator Schumer.

Mr. Kavanaugh, I do not want the record to be incomplete in any way. Senator Feingold, rather, Senator Leahy handed to me a letter that Senator Feingold purportedly wrote to you, dated yesterday, marked "hand delivery," relating to answers to questions 3 through 7, which he had asked you before. Did you get this letter? Aside from what was just handed to you, Mr. Kavanaugh--look at me--did you get this letter?

Mr. Kavanaugh. Yes, sir.

Chairman Specter. Hand him the letter, would you, please?

Mr. Kavanaugh. I think this is a copy, sir. I was told about this letter and that--

Chairman Specter. Now, never mind what you were told about. Just answer my question. Did you get this letter?

Mr. Kavanaugh. I don't believe I got this letter, Senator. I'm just making sure.

Chairman Specter. Okay. Well, it is dated yesterday. Senator Feingold was here. He could have handed you the letter, or he could have asked you these questions. But he says he did not ask you questions 3 through 7, so I am going to take his part and ask his questions, although he should have. I do not want any loose threads hanging out of this hearing. I will ask them as best I can because his questions are not, with all due respect, self-explanatory. The staff has marked up the record

on his written questions, saying that he had asked you all of the parts of question 3.

Mr. Kavanaugh. That's correct.

Chairman Specter. And moving on to question 4, he asked you about Judge D. Brook Smith's not resigning from a club which he promised during a Senate hearing he would resign from. If you promised to resign from a club, Mr. Kavanaugh, will you keep that promise and resign from the club?

Mr. Kavanaugh. Yes, Mr. Chairman.

Chairman Specter. On to question 5. This also refers to Judge Smith, but the relevant question is your values. And you probably already covered this in connection with other questions, but I will ask it to be sure that everything Judge Feingold wants asked is asked. Would you conform to the Judicial Disqualification Statute, 28 U.S.C. Section 455, and recuse yourself if it is called for by that statute?

Mr. Kavanaugh. Yes, Mr. Chairman.

Chairman Specter. On to Number 6. There was a question about whether Judge Smith complied with Advisory Opinion No. 67, which sets forth the standards for free trips to educational seminars sponsored by, as he put it, ideological organizations, such as the Montana-based Foundation, et cetera. Will you comply with the requisite ruling with respect to acceptance of free trips?

Mr. Kavanaugh. Yes, Mr. Chairman, I certainly will.

Chairman Specter. Would you go further, and decline to go on free trips? There are quite a few of us around here who decline to go on free trips because of the conflicts question involved and the reporting. I made a speech at NYU several years ago on a legal issue, took the train up and back, and read about it in the newspaper forever. Would you consider declining going on free trips?

Mr. Kavanaugh. That's my intention, Mr. Chairman, for the reason you identify, that I would not go on any trips, and, you know, basically would go by a pay my own way philosophy. That's my intention.

Chairman Specter. Senator Feingold's last question, No. 7, was related to a district judge, after confirmed by the Senate to a district judgeship in Texas, he told the New York Times that despite his confirmation, right now he is running for State representative. If you are confirmed, will you run for any other office?

[Laughter.]

Chairman Specter. Would that articulate a value that you would avoid?

Mr. Kavanaugh. I will not run for any other office, Mr. Chairman.

Chairman Specter. Wise answer. Now, back to a revisit on dissenting and ranking. We played a tennis game here with Senator Schumer questioning you and my trying to clarify it,

and Senator Schumer going back and asking some more questions, some might say not clarifying it, but Senator Schumer would not agree with that, so I will not press it. But let me review the bidding here very briefly.

You engaged in a system where you ranked prospective nominees where there were a number of people for a single judgeship, correct?

Mr. Kavanaugh. That's correct, Mr. Chairman, through a process. It may not be as formal as you're describing, but, yes, basically.

Chairman Specter. In that process, were you ever called upon to dissent, in Senator Schumer's terms, that is to say, "Candidate X is unqualified as far as I am concerned," or did you pursue the ranking, which you have already testified to?

Mr. Kavanaugh. Well, certainly with respect to candidates, of course there would be certain candidates you'd say, "I don't think this person is suitable for the bench," when you're talking about candidates. I think Senator Schumer was talking about whether ultimate nominees, if there was dissent on ultimate nominees.

Senator Schumer. If I might, Mr. Chairman?

Chairman Specter. I will yield to you, Senator Schumer.

Senator Schumer. Thank you.

Chairman Specter. For one question.

Senator Schumer. I was asking about potential nominees.

Were there potential nominees that you said, as it came before this committee--not the ranking system, I have said it three times. I think it I clear as a bell, even if my colleague does not want to say that is true.

Chairman Specter. Are you saying who came before the committee?

Senator Schumer. Who were discussed at this committee, who you said--I am not asking names--who said, "This person does not belong on the bench, and I don't think we should recommend to the President that that person be nominated." It is a very simple, clear question that I have asked three or four times.

Chairman Specter. I do not--

Senator Schumer. Can I--

Chairman Specter. Go ahead.

Senator Schumer. And at one point you said to me that you would have to ask counsel if you could answer that question, and at another point I believed you said that you did not think it was appropriate to answer that question, and now, in reference to Senator Specter's question--maybe you did not know it was potential nominees--you said--well, why don't you answer it?

Mr. Kavanaugh. If it's talking about--

Chairman Specter. If you understand that question, go ahead.

[Laughter.]

Mr. Kavanaugh. If we're talking about--

Senator Schumer. I think everybody understands that question.

Mr. Kavanaugh. If we're talking about the general--

Chairman Specter. I do not care about everybody. I care about him. Do you understand that question?

Mr. Kavanaugh. I now do. I think there might have been some confusion. Of course, when there's a list of candidates that come before the committee, you might say someone's not qualified, of course, before the Judicial Selection Committee. Some people just are not suitable for the bench. They might be recommended by someone. For example, they get on a list of recommended people that come from a Senator, from a Governor, from a member of Congress, and you might assess that person's record and say, "You know what? That person is just not suitable for the Federal bench." Of course that happens.

Senator Schumer. Then may I ask a follow-up question, Mr. Chairman?

Chairman Specter. Yes.

Senator Schumer. Give us some of the reasons. Did you ever invoke the notion that their judicial philosophy was not appropriate for a judge?

Mr. Kavanaugh. The President's made clear that judicial philosophy matters, so if someone did not share the judicial philosophy that the President has articulated, of course, that

would be a reason, yeah. Also--

Senator Schumer. And you would say that? You would say, "I don't think Mr. X or Ms. X shares the President's judicial philosophy?"

Mr. Kavanaugh. I think the President's made clear that he will not appoint judges who seek to use the bench to impose their own personal--

Senator Schumer. I understand. So you would say that on occasion when a nominee came before the committee?

Mr. Kavanaugh. Well, that's what the President wanted, so we work for the President.

Chairman Specter. Can you give him a simple yes?

Mr. Kavanaugh. Yes.

Senator Schumer. Thank you. Thank you, Mr. Chairman. I think the question was pretty clear.

And do you recall--and again, I do not need the name of the nominee--an example of why this person was not appropriate in terms of judicial philosophy?

Mr. Kavanaugh. If someone in our judgment or the assessment of the committee or the assessment of the interviewers, concluded that this person, in either direction, had policy views that they couldn't separate from their judicial views, who didn't seem to understand the difference that I think I've articulated today between the judicial role and the legislative role--and there are such people who sometimes get

interviewed--if someone doesn't understand that role, then that person would be--could be deemed not suitable for--

Senator Schumer. And how often did that happen? And I do not need an exact number or anything like it.

Mr. Kavanaugh. I think most of the candidates that members of the Senate recommend, that Governors recommend, usually come with the proper appreciation of the judicial role, but there are occasions where people share a different philosophy, or where people simply do not--someone might be interviewed who simply does not seem to recognize the distinction, which is critical in my judgment, between the policymaking role and the judicial role, but that--

Senator Schumer. But you would never use the words, too liberal or too conservative, or would you?

Mr. Kavanaugh. Well, I think too activist.

Senator Schumer. Would you? You would say too activist?

Mr. Kavanaugh. If someone doesn't understand the judicial role and you would say that person believes in judicial activism and not judicial restraint, and the President's made clear to us and made clear to the American people, that he's looking for people who believe in judicial restraint to be judges. And, of course, that person wouldn't fit what the President told us to look for.

Senator Schumer. So you would occasionally say somebody would be too activist, in your opinion, to meet the President's

criteria?

Mr. Kavanaugh. Well--

Chairman Specter. That is what you are saying, Mr. Kavanaugh. Can you give him another yes?

Mr. Kavanaugh. I'll give him a yes, and say that's what the President said to the American people--

Senator Schumer. I understand.

Mr. Kavanaugh. --twice--

Chairman Specter. Okay, Senator Schumer.

Senator Schumer. Just one more question. Were there ever people who were too activist from the conservative side as opposed to the liberal side?

Mr. Kavanaugh. Yes.

Chairman Specter. This is your last question, Mr. Kavanaugh. Did you say yes?

Mr. Kavanaugh. Yes.

Chairman Specter. Atta boy.

[Laughter.]

Senator Schumer. You can see why the Senator from Pennsylvania was a very fine prosecutor. He is very good at helping his witness.

[Laughter.]

Chairman Specter. All out in the open, all out in the open, all transparent.

Senator Graham, you have been waiting patiently. I have

tabulated Senator Schumer's questions were 42-3/4 minutes, so you are limited now to 37-3/4 minutes.

[Laughter.]

Senator Graham. I really do not have much to add, but that will not stop me. I found it actually fascinating. I mean you seem no worse for the wear. Senator Kennedy's staff has a good question I think. Maybe I should not have said that, but I think it is a good enough question I will make it my own.

Mr. Bybee, Judge Bybee, if you had known--well, you repudiated the memo, you thought it was not good legal reasoning; is that correct, the Bybee memo?

Mr. Kavanaugh. Yes. The administration has repealed that memo, and I stated my own personal agreement with repealing the memo.

Senator Graham. Would that have disqualified him, in your opinion, from being a judge if you had known it?

Mr. Kavanaugh. Senator, I've drawn a line here today which I think is important for maintaining the integrity of the judicial selection process, not to talk about people who are currently sitting judges or other judicial nominees by name. I don't think that is appropriate for me to do.

Senator Graham. I will just end it and take my time. There is a fine line between doing your job as a White House counselor, being part of the judicial selection team and being a judge yourself. There is a line between being advocate and being a

judge. I think you understand that line. And I think the questions have been very, very good, to be honest with you. And I expect President Bush to live up to his campaign promise of picking strict constructionist, non-judicial activists as he sees it. That is what the election was about. And if you have been part of that weeding-out process to make sure somebody in the conservative movement or the liberal movement does not get on the court, then I think not only have you done a good job in the White House, you fulfilled your obligation to the President.

Now, your obligation is no longer to President Bush. Your obligation is to those people that come before you like they came before your mother. You are going to have a lot of characters come before you in a courtroom where their case is on appeal. And some of them you won't like, and some of them you may feel close to philosophically.

If you could, just in a very short statement, tell me what your job, what you will do with that responsibility, no matter who the person is that comes before you. What is your job now?

Mr. Kavanaugh. Senator, if I were confirmed, I believe in the absolute sanctity of ensuring the integrity of the--sanctity and integrity of the judicial process, which means treating all parties who come before the court equally. I think I did that as a law clerk for the two Court of Appeals judges and Justice Kennedy. I understand that function. That's

really central to the whole judicial role, equal justice under law. It doesn't matter where you come from, it doesn't matter what you look like, doesn't matter what your background is. When you come into that courtroom, you have the right to present your case, and if you're right on the law, you should prevail in your case. It doesn't matter.

And that's the genius of our system. It's been part of our system throughout our history, and if I were confirmed, I pledge to you and to all the members of the Senate that I would absolutely fall within that tradition.

Senator Graham. I look forward to voting for you. Thank you.

Chairman Specter. Thank you very much, Mr. Kavanaugh. As previously announced, we will proceed to a vote on Mr. Kavanaugh on Thursday. I believe at this date--and I have checked with staff, who have been listening attentively, as have I--there are no outstanding questions for you to answer. Gone over what Senator Feingold's letter said, and I believe you have responded on the Karl Rove answer, and I believe all the issues have been responded to.

I want to compliment you on your stamina. I will reserve comments on your testimony until we meet on Thursday, when we will discuss your nomination, Mr. Kavanaugh, but I do not think there will be any disagreement in 3 hours and 27 minutes, without having moved from the witness chair, of your stamina, which is

a tribute to your age and good health.

[Laughter.]

Chairman Specter. That concludes the hearing.

[Whereupon, at 5:27 p.m., the Committee was adjourned.]

Gorsuch, Neil M

From: Gorsuch, Neil M
Sent: Tuesday, June 20, 2006 6:24 PM
To: Macklin, Kristi R
Cc: Cook, Elisebeth C
Subject: RE: transcripts

Thanks so much.

From: Macklin, Kristi R
Sent: Tuesday, June 20, 2006 6:11 PM
To: Gorsuch, Neil M
Cc: Cook, Elisebeth C
Subject: transcripts

Do not go overboard studying tonight! You did a great job today. We didn't spend a sufficient amount of time on the positive. Nevertheless, I have attached the transcripts.

<< File: transcript.doc >> << File: JGR Transcript QA by Topic.doc >>

USDOJ- Office of Public Affairs

From:	USDOJ- Office of Public Affairs
Sent:	Wednesday, June 21, 2006 8:09 AM
To:	USDOJ- Office of Public Affairs
Subject:	Attorney General's News Briefing for Wednesday, June 21, 2006
Attachments:	agnb060621.pdf; agnb060621.doc

THE ATTORNEY GENERAL'S NEWS BRIEFING

PREPARED FOR THE OFFICE OF PUBLIC AFFAIRS, U.S. DEPARTMENT OF JUSTICE

TO: THE ATTORNEY GENERAL AND SENIOR STAFF

DATE: WEDNESDAY, JUNE 21, 2006 7:45 AM EDT

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TERRORISM NEWS:

DOJ Seeks Dismissal Of Surveillance Suit. The Bay City News (6/21) reports, "The U.S. Justice Department has told a federal judge in San Francisco that allowing a surveillance lawsuit against AT&T Corp. to proceed 'would cause grave harm to the nation's security.'" The BCN continues, "U.S. District Judge Vaughn Walker is scheduled to hear arguments on Friday on the government's motion for dismissal of a lawsuit filed against AT&T by the San Francisco-based Electronic Frontier Foundation on behalf of four Californians. … The government contends the case must be dismissed because there is no way it could be litigated without revealing state secrets vital to national security." The BCN adds, "In a brief filed with the judge last week, Justice Department lawyers wrote that 'the very subject matter of the case is a state secret.' … The lawsuit alleges that AT&T has violated communications privacy laws and the plaintiffs' constitutional rights by allegedly giving the National Security Agency records of millions of Americans' telephone and Internet communications. … But the government argues in its brief, 'Plaintiffs cannot establish whether or not such cooperation exists because that factual question is itself a state secret.'"

Cheney's Role In Launching War On Terror Analyzed. Frontline (6/20) last night examined the Administration's response to the September 11th, 2001 attacks in a segment called, "The Dark Side," a reference to comments made shortly after 9/11 by Vice President Cheney. The focus of the documentary is on the Vice President's supposed role as the architect of the US war on terrorism. Cheney, bolstered by his close alliance with Defense Secretary Donald Rumsfeld, is portrayed as using the formal and informal levers of power in Washington to marginalize the Central Intelligence Agency and State Department in order to imprint his preferences on the Administration's policy choices.

A key element of the Cheney strategy, according to the Frontline documentary, was his use intelligence analysis process: in fighting the war, the US was to "spend time in the shadows," will "work to the dark side, if you will," in Cheney's words. The tenor of the piece was markedly skeptical of the credibility of Administration officials such as Cheney, Rumsfeld, Secretary of State Condoleezza Rice, and others, and cited prominent critics of the Administration such as former CIA official Michael Scheuer and State Department official Lawrence Wilkerson. Some defenders of the

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Administration's approach, such as Defense Department official F. Michael Maloof, were also quoted for balance.

Frontline portrays Cheney as successfully swaying President Bush, who developed a close relationship with CIA Director George Tenet, from backing CIA priorities in the pursuit of terrorists in Afghanistan in late 2001 to turning to the confrontation with Saddam Hussein that led to the war with Iraq in 2003. Cheney accomplished this by first seeking to establish a link between Saddam and al Qaeda and later focusing on intelligence on Iraq's supposed weapons of mass destruction.

In one instance, Frontline notes that after the successful prosecution of the Afghan campaign in 2001, Vice President Cheney "wanted information that linked Osama bin Laden and Saddam Hussein." Author James Bamford: "But they weren't getting that information from the CIA. And so, he put pressure, I think, on Rumsfeld and on the Pentagon to come up with their own estimates." Frontline added, "Inside the Pentagon bureaucracy, Rumsfeld could easily and quietly grow a nearly invisible operation." Melvin Goodman, former CIA officer: "They needed an office that would produce the intelligence that the CIA wouldn't produce. Rumsfeld said, 'I can solve your problem,' and he put Douglas Feith on that issue."

Frontline added, "They needed people with experience in the world of intelligence, but they hired politically connected policy analysts." F. Michael Maloof, former Defense Department intelligence official: "I got a phone call. The next thing I know, I'm being detailed on over to Doug Feith's office, and that I would be joined by Dave Wurmser, who today works in the office of the Vice President." Frontline: "The information was rarely vetted. Instead, it moved up the chain of command to the office of the Vice President." Lawrence Wilkerson, former chief of staff to Secretary of State Colin Powell: "And this became material that was then used, sort of in white paper-like fashion, to be leaked to journalists or to create links between Saddam Hussein and al Qaeda."

In a second instance, after the CIA was directed to hurriedly provide a National Intelligence Estimate on Iraq's weapons of mass destruction systems, Frontline says, "Many members of the CIA believed the Vice President himself was determined to control the content of the NIE. The Vice President and his chief of staff, Scooter Libby, had made about ten trips to CIA headquarters, where they personally questioned analysts."

Current, Former Officials Question Some Accounts In Suskind Book. CNN's The Situation Room (6/20, Snow) reported that Ron Suskind's book "The One Percent Doctrine" details "pivotal moments inside the White House and among top government officials in the days leading up to the 9/11 attacks and the years that followed. Some of the book's accounts are being questioned by current and former counterterrorism officials." CNN added, "A number of officials say some of the information is accurate, such as a 2003 plot believed to be linked to al Qaeda to disperse cyanide in New York City's subway system. While officials in New York don't comment on intelligence information specifics, the book claims that a computer hard drive of New York City buildings and landmarks was discovered that contained what was described as a very professional casing effort of the city."

Suskind Calls Cheney "One Percent Chance" Statement "Eye-Popping." Author Ron Suskind was asked on CNN's The Situation Room (6/20) what "the most eye-popping piece of information" he learned in the course of your researching his book "The One Percent Doctrine." Suskind said, "The broadest part, the thing that covers the most, is this one percent doctrine. It explains everything. That's why it's the title of the book." Suskind explained that two months after 9/11, Vice President Dick Cheney was "being given harrowing intelligence. … Cheney says something fascinating. He says for these low probability high impact type of events, we need to think about them in a different way. Then as the briefing goes on, he stops the proceedings and says, 'Here it is. If there's even a one percent chance that WMDs have been given to terrorists, we need to treat it as a certainty. Not in our analysis but in our response.'"

Suskind Says Cheney Creates Platform For Bush To Be Effective. Author Ron Suskind said on CNN's The Situation Room (6/20), "Bush is one of the least experienced presidents to come into office. Cheney, the most experienced vice president. They had to work out how they're going to work together." After 9/11, Cheney "really is embracing the broad, sweeping doctrinaire thinking. What are the big strategies? He essentially creates an architecture, a platform, where Bush can be Bush, a man of action and still be effective as president. That's the relationship. Cheney essentially sets the framework, Bush acts within it."

Suskind Says Al Jazeera's Kabul Office Was Bombed On Purpose. Author Ron Suskind said on CNN's The Situation Room (6/20) that the bombing of al Jazeera's

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office in Kabul "was done on purpose, precisely to send a message to Al Jazeera, and essentially a message was sent." Suskind added, "There was great anger at Al Jazeera at this point. We were pulling our hair out. We thought they were a mouthpiece for bin Laden. And we acted."

Dowd Says Administration Rejected Need For Evidence In War On Terror. Maureen Dowd writes in The New York Times (6/21, 1.19M) that Adam Smith and Edmund Burke "would blanch at the shape W. and Karl Rove have given conservatism — the political muscle of the Christian right, the withering of the social contract, greedy capitalism, fiscal profligacy." Ron Suskind reports in his new book, The One Percent Doctrine, that Vice President Dick Cheney "dictated that the war on terror allowed the administration to summarily reject the need for evidence and analysis before action. Mr. Suskind describes the Cheney doctrine: 'Even if there's just a 1 percent chance of the unimaginable coming due, act as if it is a certainty. It's not about "our analysis," as Cheney said. It's about "our response." ... Justified or not, fact-based or not, "our response" is what matters. As to "evidence," the bar was set "so low that the word itself almost didn't apply."

Grassley Aleges FBI, Mueller Tried To Cover Up "Botched" Terrorism Probe. The Washington Times (6/21, Seper, 90K) reports that in a letter to Director Robert Mueller, Sen. Charles Grassley alleges that "the FBI sought to cover up a 'botched' investigation into a terrorist financing scheme by classifying a probe into the case as secret and misleading Congress about how the inquiry was handled." Grassley "said the FBI blocked the full release of an investigative report he sought last year from the Department of Homeland Security and the Justice Department of what he called a 'turf fight' between the FBI and U.S. Immigration and Customs Enforcement" in a Houston terrorism probe. Grassley "also targeted Mr. Mueller, saying that during a Senate Judiciary Committee hearing in May, the director painted 'a distorted picture' of findings in the report from the inspectors general at Homeland Security and Justice, reading 'selectively' from unclassified portions."

Canadian Terror Probe Expands To Britain. The CBS Evening News (6/20, story 4, 2:35, Schieffer, 7.66M) reported, "The investigation of that terror plot in Canada that charged 17 with plotting to behead the prime minister and bomb government buildings has now spread to Britain. Scotland Yard is now holding six young men and today in Canada, bail hearings were underway for the original suspects."

Al Qaeda Says Saudi Killed In 2004 Was To Have Been 20th Hijacker. The New York Times/AP (6/21) reports, "Al Qaeda has identified a would-be 20th hijacker for the Sept. 11 attacks as a Saudi who was killed in a 2004 shootout with his country's security forces. In a statement accompanying a new video, whose authenticity has not been verified, Al Qaeda's propaganda arm asserts that the Saudi, Fawaz al-Nashimi, also known as Turki bin Fuheid al-Muteiry, would have rounded out a team that ultimately took over United Airlines Flight 93, which crashed in Pennsylvania before reaching its target." The Washington Post (6/21, Shrader, 744K) also reports the story.

Arkansas Man Acquitted Of Terror Charges, Convicted Of Immigration Violations. In a widely-distributed story, the AP (6/21) reports former University of Arkansas graduate student Arwah Jaber "has been acquitted of attempting to provide material support to a Palestinian terrorist organization but convicted of immigration charges. ... The government moved to revoke his citizenship after the jury returned its verdicts Monday." The AP notes, "Jaber was born on the West Bank and became a U.S. citizen in 1994." He "said he now expects to leave the country with his wife, Dawn, and find a teaching position in the Middle East. 'I am not a terrorist. (The jury) knew it,' Jaber said after Monday's verdict." The Springdale (AR) Daily News (6/21, Mehaffey) adds, "Jaber still could face jail time on the charges of making false statements to obtain a passport and unlawful procurement of naturalization and credit card fraud. He will be sentenced within 90 days after a presentencing investigation is completed. The defense is still considering whether it has grounds for an appeal." The New York Times (6/21, Barnes, 1.19M) also briefly reports the verdict.

Judge Orders Prosecutors To Provide Padilla Defense With Detailed Evidence. The AP (6/21, Anderson) reports, "A federal judge ordered prosecutors Tuesday to turn over more detailed evidence to back up allegations that Jose Padilla and two co-defendants conspired to kill, injure or kidnap people overseas as part of a global Islamic terrorist network. U.S. District Judge Marcia Cooke said she agreed with many of the claims made by

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defense attorneys that the federal indictment against Padilla and the others is 'very light on facts' that would link the defendants to specific acts of terrorism or victims. … Cooke ordered the government to flesh out its charges by providing defense lawyers with names of unindicted co-conspirators, broad descriptions of intended victims of alleged acts of violence and specifics about false statements Hassoun allegedly made about the meaning of phone calls intercepted by the government."

Judge Hears Arguments On Defense Motion To Suppress Evidence From FBI Search. The AP (6/21, Anderson) also reports US Magistrate Judge Stephen Brown yesterday heard arguments from codefendant Adham Amin Hassoun's "lawyers seeking to suppress evidence seized by the FBI from his Broward County home, saying the FBI 'frightened and intimidated' his wife before seizing a handgun and other key evidence such as documents in Arabic and videotapes." But FBI Special Agent Gregory McDermott "testified Hassoun's wife freely consented in writing to the search of the home…after he was arrested on an immigration violation on June 12, 2002." McDermott said, "She didn't have a problem with that. It was very professional and friendly."

"LA 8" Figure Testifies At Deportation Hearing. The Los Angeles Times (6/21, Spano, 958K) reports, "A man at the center of a long-running immigration legal fight that came to be known as the 'L.A. 8' case returned to court Tuesday to renew his two-decade-long quest for citizenship." Aiad Barakat "fielded a barrage of questions in a bid to avoid deportation. Almost 20 years ago, federal officials sought to deport Barakat and seven others because of their association with causes promoting Palestinian statehood, such as the Popular Front for the Liberation of Palestine. The eight were never accused of an act of terrorism or of any other crime." The Times notes, "The only question in court Tuesday was whether Barakat should be denied citizenship for allegedly lying about his association with Palestinian advocate Ali Kased when he sought U.S. citizenship. The government plans to introduce an FBI surveillance videotape of a meeting Barakat attended with Kased…in 1985 outside of Los Angeles."

WPost Urges Administration To Design New System To Try Terror Suspects. The Washington Post (6/21, A20, 744K) editorializes, "In the next few days the Supreme Court is expected to pass judgment on the administration's effort to establish military commissions -- a long-dormant trial system the executive branch seeks to revive in order to try al-Qaeda terrorists." But "even if the court lets the commissions stand, the administration should go back to the drawing board, to create a fairer system for trying alleged war criminals in which this country can have confidence." The Post adds, "The conflict with Islamic extremists will not be over soon. The nation needs now, and will continue to need, a means to try some of the most fateful criminals of all time according to fair rules that bear the stamp of democratic approval: legislative enactment. Only the administration's rigidly ideological approach to this problem prevents its timely resolution."

HOMELAND RESPONSE:

Police Skirt Privacy Laws Through Use Of Data Brokers. The AP (6/21, Bridis, Solomon) reports, "Federal and local police across the country have been gathering Americans' phone records from private data brokers without subpoenas or warrants." The AP continues, "These brokers, many of whom market aggressively on the Internet, have broken into customer accounts online, tricked phone companies into revealing information and sometimes acknowledged that their practices violate laws, according to documents obtained by The Associated Press." The AP adds, "Legal experts and privacy advocates said police reliance on private vendors who commit such acts raises civil liberties questions. … Those using data brokers include agencies of the Homeland Security and Justice departments – including the FBI and U.S. Marshals Service – and municipal police departments in California, Florida, Georgia and Utah. Experts believe hundreds of other departments frequently use such services. … 'We are requesting any and all information you have regarding the above cell phone account and the account holder ... including account activity and the account holder's address,' Ana Bueno, a police investigator in Redwood City, Calif., wrote in October to PDJ Investigations of Granbury, southwest of Fort Worth. … An agent in Denver for U.S. Immigration and Customs Enforcement, Anna Wells, sent a similar request on March 31 on Homeland Security stationery: 'I am looking for all available subscriber information for the following phone number,' Ms. Wells wrote to a corporate alias used by PDJ. … Congressional investigators estimated the U.S. government spent $30 million

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last year buying personal data from private brokers. But that number probably understates the breadth of transactions, since brokers said they rarely charge law enforcement agencies."

Congress Looking Into Data Sellers' Methods. USA Today (6/21, Eisler, 2.31M) reports that Congress today will begin hearings on "the techniques used by private data-collection companies to obtain phone records and other information. Law enforcement agencies often go to such companies for information. They do so to save time and avoid seeking subpoenas or warrants for the information, even though the data brokers do not always obtain their information legitimately, according to an investigation by the House Energy and Commerce investigations subcommittee." A panel subcommittee, chaired by Rep. Ed Whitfield, "will hold a series of hearings on the matter."

TSA Delays Registered Traveler Program. The AP (6/20) reported the Transportation Security Administration has delayed the Registered Traveler program "as the government and private businesses grapple with ways to ensure retention of tough security standards." The program, which "would have allowed certain airline passengers to quickly go through a separate airport security lane if they paid a fee, passed a government background check and submitted fingerprints," was scheduled "to be rolled out gradually starting Tuesday." TSA spokeswoman Yolanda Clark said "the agency was still working with private firms running the program to make certain that it 'does not decrease security in any way'" or "hold up travelers who aren't enrolled."

HHS Places Order For Anthrax Drug. The New York Times (6/21, Lipton, 1.19M) reports, "The Department of Health and Human Services has placed a $165 million order for 20,000 doses of a new anthrax drug that it hopes to put in a biodefense stockpile starting in 2009." The drug, Abthrax, "neutralizes the deadly toxin that anthrax bacteria produce."

New Plan For 9/11 Memorial Proposed. The Wall Street Journal (6/21, Frangos, 2.11M) reports, "A simpler plan for the World Trade Center memorial will include several cost-saving design changes, while aiming to preserve the overall look and feel of the project." In a report commissioned by New York Gov. George Pataki and New York Mayor Michael Bloomberg, "real-estate developer Frank Sciame suggested modifications that would bring the cost of the memorial and an adjacent museum to $510 million, plus another $150 million for underground infrastructure." New York State "would spend an additional $80 million on a visitors center. A cost estimate in May showed the project, minus the visitors center, approaching $1 billion." USA Today (6/21, Moore, 2.31M) says the plan is "part of a redesign to cut the project's cost to $500 million from nearly $1 billion." The Washington Post (6/21, Kugler, 744K) also reports the story.

House Approves Bill To Increase Penalties For Disaster Fraud. The AP (6/20, Abrams) reported in the wake of a GAO report that found FEMA "was defrauded of up to $1.4 billion as it rushed to provide relief after last year's hurricanes Katrina and Rita," the House approved legislation Tuesday that would impose "sentences of up to 30 years for fraud related to disaster relief. … The legislation, which now goes to the Senate, imposes a fine of up to $1 million and prison terms of up to 30 years for wire, radio, television or mail fraud in connection with a presidentially declared major disaster or emergency."

CQ (6/20, Schuler, Stern) reported, "The legislation targets public officials involved in bribery or extortion, as well as anyone who makes a 'materially false, fictitious or fraudulent statement or representation' to obtain benefits, property or services after a disaster or declared emergency."

National Guard Returns To New Orleans To Help Combat Crime Wave. ABC World News Tonight (6/20, story 7, 2:40, Gibson, 8.78M) reported, "Nine months after Hurricane Katrina, the National Guard rolled back into New Orleans. This time, the problem, not floods, but crime." ABC (Osunsami) added, "Already this year, 53 people have been murdered in New Orleans. This morning, just a few hours before the troops arrived…residents woke up to murder number 54." Mayor Ray Nagin "asked the Governor for the troops after five teenagers were murdered over the weekend at this intersection. Three other teenagers were killed at this same intersection in April."

NBC Nightly News (6/20, story 6, 2;15, Williams, 9.87M) reported Operation Crescent Guard "will send the soldiers into large areas of the city like Lakeview, New Orleans East, and the Lower Ninth Ward, where there is still plenty of damage but not many people." Officials "insist it's not that crime is so bad, it's that the New Orleans police force remains weakened by Katrina."

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The AP (6/21, Burdeau) reports "troops, dressed in full camouflage fatigues, carried M-16s, handguns and belt clips of ammunition as they arrived in a convoy of 75 vehicles. They parked their Humvees and tanker trucks in formation in front of the Convention Center, drawing waves and thumbs-up from onlookers." The AP adds, "Many of the soldiers that arrived Tuesday were sent to New Orleans during Katrina, but they had not seen the city since those desperate days."

Post-Katrina New Orleans Sees Spike In Suicides. The New York Times (6/21, Saulny, 1.19M) reports, "New Orleans is experiencing what appears to be a near epidemic of depression and post-traumatic stress disorders," as well as "a suicide rate that state and local officials describe as close to triple what it was before Hurricane Katrina struck and the levees broke 10 months ago. Compounding the challenge, the local mental health system has suffered a near total collapse, heaping a great deal of the work to be done with emotionally disturbed residents onto the Police Department."

NYTimes Criticizes New Orleans' Lack Of Progress On Rebuilding Plan. The New York Times (6/21, 1.19M) editorializes that 10 months after Katrina, "there is still no redevelopment plan for New Orleans." With billions of dollars from the federal government headed to the city, "There are no more excuses for local officials, no more pointing toward Washington. It is time for southeastern Louisiana to rebuild itself." The fact "that it will be six months before a 'master planning document,'" as the Times reported Sunday, "is totally unacceptable." Meanwhile, the decision to send National Guard troops to help city police deal with an upsurge in violence "does not bolster our confidence that the city will be able to govern itself." The Times says Mayor Ray Nagin needs "to speak difficult truths" about where to rebuild. Residents "deserve answers. They have waited long enough."

WAR NEWS:

Senate Democrats To Offer Competing Troop-Withdrawal Plans. Knight Ridder (6/21, Kuhnhenn) reports, "Democrats, searching for a unified stance on Iraq, will kick off a Senate debate Wednesday over competing troop-withdrawal proposals that reflect mixed public opinions about the war." One proposal, offered by Democratic Sens. John Kerry and Russ Feingold, "would set a hard pullout deadline of July 2007. A more broadly backed bill, proposed by Democratic Sens. Carl Levin of Michigan and Jack Reed of Rhode Island, calls for troops to begin moving out of Iraq this year, but sets no timetable for final withdrawal." Knight Ridder adds, "Though the measures were designed to distinguish Democrats from Republicans on the dominant issue of the day as November's congressional elections near, they also exposed Democratic divisions on the war. Some top Republicans dismissed both proposals as 'cut and run' policies and evidence of Democratic incoherence on Iraq."

USA Today (6/21, 2.31M) quotes Kerry saying, ""We cannot retreat. We cannot surrender. We cannot go wobbly." Meanwhile, the Washington Times (6/21, Bellantoni, 90K) reports that last night, in a speech at the Hyatt Regency Washington to Republican volunteers, "Republican National Committee Chairman Ken Mehlman said, 'Republicans unite on the need to stay on the offense to confront terrorists; Democrats are having a debate in their party.'" He "characterized the Democratic debate as some 'say we need to cut and run; some people say we need to walk ... and other people say we need to jog.'" On CNN's The Situation Room (6/20, Blitzer), Mehlman said that if the US set a specific timetable for withdrawal as Democrats suggest "the enemy would see it as surrender and it would make America less safe. … The reason we are attacked is because for a generation we did what Jack Murtha suggested which is when they hit us, we backed down as opposed to the way we win this war on terror, which is the way we won World War II, the way we won the Cold War is the offense not the defense."

NBC Nightly News (6/20, story 3, 2:35, Williams, 9.87M) reported Democrats "vigorously deny the charge, noting that most Senate Democrats oppose a firm deadline for withdrawing the troops. Cut and run, they say, is nothing more than a Republican campaign slogan." Sen. Harry Reid, Minority Leader: "Two things that don't exist in Iraq and have not -- weapons of mass destruction and cutting and running." Reid: "But in fact, some leading Democrats are badly split on when to bring the troops home. Senator John Kerry, for example, was cheered by liberal activists recently when he called for a timetable." But Senator Hillary Clinton "was heckled by the same group because she opposes a deadline."

CNN's The Situation Room (6/20, Bash) reported that "behind closed doors, we understand, there were some impassioned pitches made by Sens. John Kerry and Russ Feingold on the one hand. They say they really think it's imperative, both from a policy point of view and a political

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point of view, to draw a hard line between Democrats and the Bush White House by saying there should be date certain for troops to come out of Iraq. Now, on the other hand in that lunch, we know that Senator Carl Levin and Jack Reed also made their pitch to say that's simply the wrong way to go, that that is not necessarily responsible and that it's better to take a more cautious approach, say that we should perhaps begin to be withdrawn this year." Minority Leader Harry Reid tried "to put best face on this, essentially saying that Democrats are united on one thing and that is, they don't think the Bush approach is right."

The Washington Post (6/21, A4, Babington, 744K) runs a similar report titled "Democrats Divided On Withdrawal Of Troops," and says Senate Republicans are "happy to clear the way for Democrats to showcase their divisions. Senators predicted that few, if any, Republicans will embrace the Democrats' proposals, mirroring the nearly unanimous support House Republicans displayed last week for Bush's policies."

Republicans Said To Be Hoping To Use Iraq War Debate For Political Purposes. NBC Nightly News (6/20, story 3, 2:35, Williams, 9.87M) reported Republicans "are apparently hoping to use the debate" in the US Senate "as a chance to score political points that will help them in November." NBC (Reid) added, "In the past week, Republicans, led by chief White House strategist Karl Rove, have taken the offensive, accusing Democrats of advocating a strategy of cut and run." Emboldened by "the killing of al Qaeda leader Abu Musab al-Zarqawi and a slight up tick in the President's approval rating, congressional Republicans have relentlessly repeated the charge."

Democrats Say Kerry Jeopardizing His Party's Prospects In 2006. The New York Times (6/21, Zernike, 1.19M) reports, "When Senator John Kerry was their presidential nominee in 2004, Democrats fervently wished he would express himself firmly about the Iraq war." Kerry "has found his resolve. But it has not made his fellow Democrats any happier. They fear the latest evolution of Mr. Kerry's views on Iraq may now complicate their hopes of taking back a majority in Congress in 2006." The Times adds "interviews" with Democrats "suggest a frustration with Mr. Kerry, never popular among the caucus, and still unpopular among many Democrats for failing to defeat a president they considered vulnerable. Privately, some of his Democratic peers complain that he is too focused on the next presidential campaign."

The AP (6/21, Sidoti) reports Feingold "was the first Democratic senator to call for a withdrawal timetable, but his position has been overshadowed by Kerry, who has a stronger national profile because of his status as the 2004 Democratic presidential nominee." Both "are posturing for possible presidential runs in 2008, and their positions on Iraq play well with the liberal wing of the party -- the Democratic faithful who will vote for the next Democratic presidential nominee."

McCain Says Situation In Iraq Marginally Better. On the CBS Evening News (6/20, story 2, 1:20, Schieffer, 7.66M), Sen. John McCain said the situation in Iraq is "I think marginally better. I think we are progressing. It's long and it's hard and it's difficult and it's two steps forward and one step back. But the consequences of failure, I believe, are enormous."

Durbin Calls For "Reasonable Timetable" For Withdrawal. Sen. Dick Durbin said on MSNBC's Hardball (6/20) that Democrats "understand that the current strategy is not working well. There's no end in sight. As of today, this morning, we've lost 2,502 of our best and bravest soldiers, we've spent over $300 billion. We've been in this war for over three years, and there is no plan to bring it to an end." Durbin added, "I think we should have a reasonable timetable. There should be some considerations there, if circumstances arise, that would make a difference. But by and large, I think the Iraqis have to understand, now that they've trained 264,000 soldiers with our help, at our expense, that they have to stand and defend their own country."

Hutchison Says Setting A Timetable Sends Wrong Message. Sen. Kay Bailey Hutchison said on MSNBC's Hardball (6/20), "All of us look forward to the time that our troops can come home. There's no question about that. But if we set a timetable, we are saying to every ally we have ever had, we'll be with you until times get tough. And worse, we are saying to the enemies, if you just make it hard for America, pretty soon our attention will flag and we will cut and run. That couldn't be a worse message from the United States of America."

Sessions Says Senate Will Reject Proposed Timetables For Troop Withdrawal. Sen. Jeff Sessions was asked on Fox News' Your World with Neil Cavuto (6/20) about the upcoming Senate vote on a Democratic proposal to set a timetable to getting our troops out of Iraq. Sessions said, "It's a resolution that I don't think has any good in it, and only mischief. We only voted a few days ago, 93-6 to reject a

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timetable as of the end of this year. And I think we'll reject this proposal."

Harman Calls For "Regime Change" At Pentagon. Democratic Rep. Jane Harman, appearing on CNN's Larry King Live (6/20, 9:42 p.m.), said, "We need to resolve now to change our strategy in Iraq. I would call it 'cut and win.' I think we should be redeploying troops now on a schedule set by the generals, focusing on achievable political objectives. And I should add one more thing: It's time to have regime change at the Defense Department. A new secretary of defense will help change our strategy."

US Embassy Memo Outlines Iraqi Employees' Security Fears. A memo by a junior US employee of the US Embassy in Iraq outlines the security risks faced by the Embassy's Iraqi employees. ABC World News Tonight (6/20, story 3, 1:45, Karl, 8.78M) reported, "The memo is called 'Snapshots from the Office.' And it's based on the reports from Iraqi employee of the US Embassy, written by a junior US Employee of the Embassy. Today, the snapshots add up to one very grim portrayal of life in Baghdad. The Iraqis say terror and violence have become a part of everyday life. The brother of one employee kidnapped. Another claims to attend a funeral every day. They fear informants, who the memo says have become more entrenched, as Iraqi security forces fail to gain public confidence." There are "also serious complaints about quality of life, chronic power outages and long gas lines."

In an editorial today, the New York Times (6/21, 1.19M) says the cable painted "a far grimmer picture of the mounting difficulties faced by its Iraqi employees," and "told of embassy employees running a daily gantlet of religious dress-code enforcers and harassment by militia-style security guards — even at checkpoints surrounding the fortified Green Zone, where the embassy is located. When the Iraqi employees return to their homes, they face sweltering neighborhoods without regular electric power, daylong gasoline lines, and families torn by religious and ethnic tensions and mounting fears for the future." The report "is only a raw snapshot of the daily experiences of embassy employees, not a systematic nationwide survey. Yet embassy employees are in many ways better off than most Iraqis. At least they have jobs and someone to turn to for help. … Now that he's home, Mr. Bush needs to take a hard, unfiltered look at the more disturbing picture relayed by America's embassy."

US To Keep Presence In Iraq At Current Levels Into Next Year. The New York Times (6/21, Shanker, 1.19M) reports, "The Pentagon announced Tuesday that it planned to send 21,000 troops to Iraq in the next rotation of forces. That would keep the American presence at current levels into next year, unless the security situation improved." The Times adds, "Senior military officials said that the announcement of units to be deployed between August and January could change, depending on conditions in Iraq, and that so-called off ramps for the troops bound for Iraq were still under discussion." Bryan G. Whitman, a Pentagon spokesman, said after the announcement, "One should not read into this a decision" about "long-term troop levels in Iraq." But "at a minimum, the announcement represents a decision that for planning purposes at least, American troops in Iraq would be replaced on a one-for-one basis for now."

US Distances Itself From Iraqi Official's Comments. The Financial Times (6/21, Sevastopulo, Dinmore) reports, "The Bush administration on Tuesday sought to distance itself from remarks by the Iraqi national security adviser that he envisaged a significant reduction in US troops in the country this year with most leaving next year." Writing in the Washington Post on Tuesday, Mowaffak al-Rubbaie, the Iraqi national security adviser, "said that while there was no 'defined timetable for coalition troops to leave Iraq, there was an 'unofficial roadmap' for troop reductions based on 'the achievement of set objectives for restoring security in Iraq.'"

Australia May Eye Troop Drawdown This Year. The AP (6/21, Foley) notes Canberra "will review its troop deployment to Iraq by the end of this year, the defense ministry said Wednesday, the first time the government has hinted at a possible timeline for eventual withdrawal." Defense Minister Brendan Nelson "said Australia would evaluate the success of the Iraqi forces in protecting Muthana province before reassessing its military presence in Iraq. … 'If we can see that the provincial Iraqi government in al-Muthana can successfully manage its own affairs and its own security then I would expect that by the end of this year we would be starting to think about our future deployment.'"

The New York Times (6/21, Onishi, 1.19M), meanwhile, runs a story reporting "Japan announced Tuesday that it would start pulling its ground troops out of Iraq, putting an end to the country's most significant military mission since the end of World War II."

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Bodies Of Kidnapped US Soldiers Found. The bodies of PFC Kristian Menchaca and PFC Thomas Tucker, the members of the 101st Airborne captured by Iraqi insurgents, were found three miles from the location where they were abducted. The US military says the two were tortured and brutally slain. The story was the lead on each of the networks, and ABC and NBC ran follow-up stories on the reaction to the soldiers' deaths. ABC World News Tonight (6/20, lead story, 2:35, Marquez, 8.78M) reported, "US troops found the men last night after a tip from a local resident. But they were not able to recover their bodies until this morning. Troops first had to maneuver their way through explosives that had been planted around the bodies." In an "Internet posting, an insurgent group claimed that the new leader of al Qaeda in Iraq had 'beheaded the two captive crusaders.' Sources say that one of the soldiers was, in fact, beheaded and both were mutilated and burned."

In a separate story, ABC World News Tonight (6/20, story 2, 2:20, Reynolds, 8.78M) reported, "The reports of kidnapping and possibly torture at the hands of their captors have added fuel to the domestic debate about the war."

The CBS Evening News (6/20, lead story, 3:00, Schieffer, 7.66M) reported, "It was like a story from the Middle Ages in the age of the Internet. 'We have slaughtered the crusaders,' read the message on a terrorist Website and the bodies of those American soldiers who had been kidnapped by al Qaeda were found. They had been tortured, and they were meant to be found. They had been laid out as lures in a booby trap." CBS (Cowan) added, "The same umbrella terror group that claimed al Qaeda had captured the men yesterday today posted another note on an obscure website, boasting the men were slaughtered by no other than Abu Hamza al-Muhajir himself, the man the US believes is the successor to terror leader Abu Musab al-Zarqawi."

NBC Nightly News (6/20, lead story, 3:05, Williams, 9.87M) reported, "Tonight there is a real fear that just days after the US was able to find and kill Abu Musab al-Zarqawi, who as the head al Qaeda in Iraq became the very face of evil in this war, there may be a new face of evil already -- the new man in charge of al Qaeda in Iraq, Abu Hamza al-Muhajir, the same man believed to be behind the two murders of these two US soldiers." NBC (Boettcher) added, "

NBC Nightly News (6/20, story 2, 2:05, Miklaszewski, 9.87M) reported, "US military officials tell NBC News the kidnapping and killing of the two American soldiers has all the earmarks of an al Qaeda operation." The "posting also claimed the two American soldiers were killed by al Qaeda's new leader in Iraq -- Abu Hamza al-Muhajir -- who experts believe was out to prove he's every bit as ruthless as his predecessor, Abu Musab al-Zarqawi, killed in a US air strike two weeks ago."

NBC Nightly News (6/20, story 3, 2:35, Williams, 9.87M) reported, "On the floor of the US Senate today there was anger and revulsion over the killings of these two American soldiers."

CNN's The Situation Room (6/20, Blitzer) reported, "Military sources tell CNN a tip from Iraqi civilians lead them to the bodies in the Yusufiyah area south of Baghdad. They say the area was booby-trapped and the bodies were mutilated beyond recognition."

The Los Angeles Times (6/21, Moore, 958K) reports, "The investigation into the circumstances of their capture has been opened by Lt. Gen. Peter Chiarelli, chief of day-to-day military operations in Iraq." The Mujahedeen Shura Council, "an al-Qaida-affiliated group posted a message Tuesday on a jihadist Internet site taking responsibility for the killings, but offered no proof of its involvement."

The Washington Post (6/21, A1, Finer, Partlow, 744K) reports Maj. Gen. William B. Caldwell "declined to describe the condition of the soldiers' bodies, saying it would be 'inappropriate until I know what the families were told.'" He "said it was clear the soldiers had died of wounds suffered in captivity, rather than at the site of the attack on the checkpoint, but that the cause of death could not be immediately determined."

The Washington Times (6/21, Scarborough, 90K) and New York Times (6/21, Filkins, 1.19M) run similar reports. The New York Times (6/21, Alvarez, 1.19M) also reports a profile of the dead soldiers, headlined "Relatives Describe Young Men Determined To Serve Country." USA Today (6/21, Bazar, Loew, 2.31M), meanwhile, describes the soldiers' families as "devastated" by the news.

US Says Al Qaeda In Iraq Religious Leader Captured. The CBS Evening News (6/20, lead story, 3:00, Schieffer, 7.66M) reported, "The US forces got one of al Qaeda's key people as well. Didn't they?" Cowan: "They did. It was actually the very same day that these two soldiers went missing. They say he was the leader, the religious leader of al Qaeda in Iraq. They say getting him in an air strike was yet another dent to this organization that they hope will stop or at least limit more attacks on US soldiers."

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McCain Says Zarqawi's Elimination Hasn't Eliminated Threat. On the CBS Evening News (6/20, story 2, 1:20, Schieffer, 7.66M), Sen. John McCain said, "It's, again, the nature of the enemy. We saw this, of course, with Zarqawi and now obviously, we see this with his successor, which is why we should be extremely guarded in our optimism about the elimination of Zarqawi, because there are obviously people who are willing to take his place. This is still a long, tough slog in Iraq."

FBI Cracking Down On Phony War Heroes. In a front-page story, USA Today (6/21, Zoroya, 2.31M) reports, "The FBI is cracking down on phony war heroes, who often buy medals on the Internet and wear them at public events. This year, federal agents have launched a dozen investigations against people allegedly masquerading as decorated veterans. At that pace, the FBI would open about twice as many cases as it did last year." FBI Special Agent Thomas Cottone said, "These people, by wearing those medals, are literally stealing the valor and recognition of those who legitimately did the act. And this is absolutely disgraceful." USA notes, "The most recent conviction: Theodore Bantis…who pleaded guilty Tuesday to posing as a Marine Corps officer who had won the Navy Cross."

In a second story, USA Today (6/21, 3A, Zoroya, 2.31M) recounts the story of New Jersey resident Gerard Smigel, who pleaded guilty this month to impersonating a highly-decorated Marine Corps Lt. Colonel and "was sentenced to three years of probation and fined $3,000." USA adds, "Masquerading as a war hero has become riskier — but more tempting — during this time of war. 'Right now, most everybody loves the military, and that's why I'm seeing more and more of these impostors,' says…Cottone. The FBI has investigated 58 cases of people allegedly wearing fraudulent military decorations since 2001," and "the FBI could end up investigating more cases of medal fraud this year than in any other previous year, Cottone says."

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Gonzales' Response To Question About Children's Music Downloading Noted. The "Reliable Source" column in the Washington Post (6/21, C03, Argetsinger, Roberts) quotes Attorney General Alberto Gonzales response to a reporter's question about whether his two children ever download music illegally: 'Of course not. I remind them: I AM the law!'"

CORPORATE SCANDALS:

Greenberg Sues AIG Over Board Notes. The AP (6/21, Chase) reports, "The former CEO of American International Group Inc., Maurice 'Hank' Greenberg, filed a lawsuit Tuesday seeking records associated with the company's $1.6 billion settlement of allegations that it engaged in deceptive accounting practices." The AP continues, "Starr International Co., a private company led by Greenberg, alleges in the Chancery Court filing that AIG is violating Delaware law by refusing to allow representatives of Starr, which is AIG's largest shareholder, to inspect the company's books and records." The AP adds, "Starr is seeking minutes, notes, transcripts and any other records relating to AIG board and committee meetings dating from Feb. 9, 2005 to the present. … Starr alleges that AIG responded to a June 9 demand letter by offering only heavily redacted 'nonprivileged minutes' of board and audit committee meetings relating only to worker's compensation payments made in connection with the settlement announced Feb. 9 of this year. … In the settlement, AIG, one of the world's largest insurance companies, agreed to pay $1.64 billion to settle allegations by New York Attorney General Eliot Spitzer that the company used deceptive accounting practices to mislead investors and regulatory agencies. The Securities and Exchange Commission filed and settled allegations of accounting fraud with the company simultaneously. … The settlement did not cover Greenberg, who was named in the suit but vowed to fight it in court."

US Subpoenas Delta Petroleum in Options Probe. The AP (6/21) reports, "Delta Petroleum Corp., a natural gas and oil producer, said late Monday it has received a federal subpoena requesting records back to 1996 over its granting of stock options." The AP continues, "The company said it believes the request comes because it was identified May 16 in a 'third-party report' as being at-risk for having backdated stock options for executives. On May 22, the Denver company said its board had formed a special committee to review Delta's option granting practices and related accounting. … The subpoena is from the U.S. Attorney for the Southern District of New York."

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Options Backdating Probe Called "Witch Hunt." In a column for the Wall Street Journal (6/21), Holman Jenkins, Jr. writes, "Another business scandal, this one over options 'backdating,' reveals that some CEOs are 'in it' for the money. Tsk, tsk. … There has been outrage aplenty, lawsuits and even a grand jury investigation over a procession of companies accused of committing this violation of the moral code. A few are big names: Home Depot, Microsoft, UnitedHealth Group. But most are midsized tech companies with good reputations in their industries. So far, about 50 (the number grows daily) are suspected of having granted their executives and employees stock options whose issue date was retroactively established to coincide with a recent low in the company's stock price. … Missing, however, has been any cogent explanation of the possible reasons behind a practice apparently so widespread that companies must either have been sharing notes on it or have discovered it independently following some inner logic of corporate life. Also missing is any cogent explanation of why it's wrong." Jenkins adds, "Since Enron, a great deal has been said about corporate governance, most of it useless. The one lesson that should be reinforced is that overseeing CEO incentives is among the most important board responsibilities, and boards should keep control of it and do it clearheadedly. Yet there is nothing categorically corrupt or improper about backdating to justify a conclusion that the boards here weren't doing just that. … The scandal element, instead, arises because ever-shifting accounting, regulatory and tax standards were, by some readings, punitive during the years in question toward choosing a past date to make an options package effective. We wouldn't want the legal bills of UnitedHealth's Bill McGuire -- or Vitesse Semiconductor's Louis Tomasetta, or KLA-Tencor's Ken Levy. In the end, dozens of executives are likely now to find themselves skinned and hung out to dry over a practice that's innocuous and even sensible in its own right."

CRIMINAL LAW:

Former GAO Official Safavian Convicted. ABC World News Tonight (6/20, story 8, :15, Gibson, 8.78M) reported, "Former Bush Administration official David Safavian has been convicted in the first criminal trial stemming from the scandal surrounding Washington lobbyist Jack Abramoff. Safavian was found guilty of lying about his dealings with Abramoff." NBC Nightly News (6/20, story 8, 0:30, Williams, 9.87M) noted Safavian "was the Bush Administration's procurement chief." USA Today (6/21, 2.31M) reports Safavian "was convicted of obstructing an investigation into whether he aided Abramoff in efforts to acquire property controlled by the GSA in 2002, when Safavian accompanied the lobbyist on a golfing trip to Scotland." The jury "found Safavian hid details of his relationship with Abramoff from a GSA ethics lawyer, the GSA's inspector general's office and the Senate Indian Affairs Committee. He was acquitted of obstructing a Senate investigation."

The CBS Evening News (6/20, story 6, 0:25, Schieffer, 7.66M) reported Safavian "could get up to 20 years in prison." Meanwhile, Roll Call (6/21, Bresnahan) reports Safavian "plans to ask a federal judge to vacate portions of the decision and then will most likely appeal the case, his attorney said."

The Washington Post (6/21, Birnbaum) reports, "Safavian, a former chief of staff of the General Services Administration, was convicted in U.S. District Court here of covering up his many efforts to assist Abramoff in acquiring two properties controlled by the GSA, and also of concealing facts about a lavish weeklong golf trip he took with Abramoff to Scotland and London in the summer of 2002. … This was the first Abramoff-related legal action to go to trial and face a jury. Several legal experts said the case could embolden federal prosecutors to seek additional indictments against cronies of Abramoff, who has been cooperating with the Justice Department since pleading guilty in January to corrupting public officials."

The Los Angeles Times (6/21, Schmitt) reports, "Each count carries a maximum penalty of five years in prison, and a $250,000 fine. U.S. District Judge Paul Friedman set sentencing for Oct. 12." The Times adds, "Safavian sat without expression as the guilty verdicts were read. He was cleared of one count of obstructing the Senate Indian Affairs Committee's investigation. … The verdict adds momentum to a Justice Department investigation focusing on a number of members of Congress, including Rep. Bob Ney (R-Ohio), whose former chief of staff was a government witness against Safavian."

The New York Times (6/21, Shenon) reports, "The verdict was hailed by Justice Department officials as a victory in their wide-ranging criminal investigation of the lobbying operations run by Mr. Abramoff, a Republican fundraiser who pleaded guilty in January to conspiring to go bribe public officials, including members of Congress, and is cooperating

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with prosecutors." The Times adds, "After four days of deliberation, the jury agreed with prosecutors that Mr. Safavian lied to investigators when he insisted there was no ethical conflict in joining Mr. Abramoff's August 2002 golfing trip to Scotland since, Mr. Safavian claimed, the lobbyist did 'no business' with the General Services Administration. Mr. Safavian was then the chief of staff of the G.S.A., which fuctions as the government's real-estate manager." The Times notes, "Assistant Attorney General Alice S. Fisher, the head of the Justice Department's criminal division, said in a statement that 'the message of this verdict is clear: in answering questions posed by Congress and by federal agencies, public officials have the same obligation as does the public for which they serve — to tell the truth.'"

The Financial Times (6/21, Kirchgaessner) reports, "For the Department of Justice, which has stepped up its focus on cases involving influence peddling since the Abramoff case emerged, the courtroom victory suggests that its strategy of working its way up the food chain – by securing guilty pleas from Mr Abramoff's former business associates, former congressional aides, and then from the lobbyist himself – is paying off."

The Wall Street Journal (6/21, Cummings, 2.11M), in a story titled "Probe Becomes Election Issue," says the conviction "is likely to have broad legal and political effects. The guilty verdict, handed down by a federal jury, could pressure more congressional aides to cooperate with the investigation, and complicate the re-election bids of a handful of Republican legislators named during the trial." The verdict also "places at least part of the Abramoff scandal inside the Bush administration, not solely in Congress. It is the first trial victory for the Justice Department's task force investigating Mr. Abramoff."

The Philadelphia Inquirer/Knight Ridder (6/21, Taylor) reports, "During the eight-day trial, prosecutors presented dozens of e-mail exchanges between Safavian and Abramoff that discussed the GSA properties." Knight Ridder continues, "Abramoff contacted Safavian days after his old friend became the GSA's chief of staff to talk to him about the properties, according to federal records. … Abramoff wanted to buy or lease a portion of 600 acres in Silver Spring, Md., and the Old Post Office Building in Washington. At the time, the GSA managed the properties. … Prosecutors said Safavian later advised Abramoff about leasing or buying the properties, gave him internal government documents, and set up a meeting with other GSA officials. … At the time, Safavian had been planning to take the Scotland golf trip with a group that included Abramoff and Ney."

Government Executive (6/21, Mandel) reports, "Safavian faces up to five years in prison and a $250,000 fine for each of the four counts, though his lawyer, Barbara Van Gelder, said she would draw on his clean record in arguing that he serve less than the full 20 years. Sentencing is scheduled for Oct. 12. … Van Gelder said her client will appeal the jury's decision, a process she said could take many years." GE notes, "As possible grounds for appeal, Van Gelder cited concerns with the verdict form, which she said used overly broad language and introduced new wording that had not been defined during the trial. She also described instructions on how the jury was to consider a flood of e-mail traffic between Safavian and Abramoff as confusing and 'hypertechnical,' with some messages to be considered solely for the fact that they were sent, while others could be considered as statements of fact."

The Legal Times (6/21, Schwartz) reports, "Safavian's case was somewhat narrower than those of others targeted in the Abramoff probe. It focused on an August 2002 trip Safavian took to Scotland and London that Abramoff sponsored. Others on the junket included Ohio Republican Rep. Bob Ney and political strategist Ralph Reed, the former head of the Christian Coalition. Attendees played rounds of golf at the Old Course of St. Andrews and stayed at luxury hotels in London and Scotland. … At the time of the trip, Safavian had just been appointed chief of staff to the administrator of the Government Services Administration. But when asking for clearance to go on the trip, Safavian told a GSA ethics officer that Abramoff had no business before the agency because he did all of his work on Capitol Hill. In fact, Abramoff had previously sought assistance from Safavian to secure leases on two GSA-controlled properties."

Bloomberg (6/21, Jensen) reports, "Abramoff, 47, became the subject of a U.S. government task force investigation after a series of articles in the Washington Post in 2004 about his financial dealings with partner Michael Scanlon and their work for American Indian tribes. In January this year, Abramoff pleaded guilty to defrauding the tribes and conspiring to corrupt public officials. … Scanlon and two other former congressional aides, who later worked for Abramoff, have also pleaded guilty to conspiracy. They are cooperating with prosecutors investigating other lobbyists and public officials including U.S. Representative Bob Ney, who traveled with Safavian on an Abramoff-arranged golf trip to

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Scotland in 2002. Ney has denied all wrongdoing. … 'Prosecutors now have a bigger sword to rattle when they are trying to convince witnesses to cooperate, or individuals to plead guilty,' said Joshua Berman, a former Justice Department lawyer and partner at Sonnenschein, Nath & Rosenthal LLP in Washington. 'The prosecutors can essentially say to a reluctant target or subject, "Look, we're prepared to try these cases. We did it with Safavian and are ready to do it with you."'"

The Washington Times/AP (6/21), Knight Ridder (6/21, Taylor), Los Angeles Times (6/21, Schmidt, 958K) and The Hill (6/21, Tiron) run similar reports.

Nominee To Replace Safavian Promises Effective, Ethical Acquisition System. The Washington Post (6/21, D4, Barr, 744K) reports in its "Federal Diary" column that Paul A. Denett , the president's choice to head the White House's federal procurement policy office, "promised at his confirmation hearing 'to build a world-class acquisition system that garners the confidence of our taxpayers by consistently delivering efficient, effective and ethical contracting service.'" At the same time, federal jury announced that the man he would replace, David Safavian, "had been found guilty on four of five felony charges tied to a corruption and influence-peddling scandal centered around lobbyist Jack Abramoff ."

Abramoff, Kidan Imprisonment Postponed. The AP (6/21, Yost) reports, "In Miami, meanwhile, a judge granted Abramoff and ex-business partner Adam Kidan another three months before they must begin serving prison sentences for fraud convictions stemming from the purchase of a gambling boat fleet. Abramoff also faces sentencing in Washington on federal charges of conspiracy, tax evasion and mail fraud. … The delay will give the two more time to cooperate with investigators."

Tribe Seeks Probe Of Former Employee Linked To Abramoff. The AP (6/21, Martin) reports, "The Saginaw Chippewa Indian Tribe wants the U.S. Department of Justice to investigate one of its former employees and his ties to tainted lobbyist Jack Abramoff." The AP continues, "Former legislative affairs worker Christopher Petras is accused by the tribe of giving 'incorrect and misleading' testimony to the U.S. Senate Affairs Committee in September 2004 during hearings about Abramoff and Abramoff's associate, Michael Scanlon. … Although Petras testified before the Senate Indian Affairs Committee that he didn't recall many of the details about his communications with Abramoff and Scanlon, the tribe says a trail of e-mails and other testimony indicate a stronger relationship than Petras revealed." The AP adds, "Federal prosecutors say Abramoff encouraged the tribe to expand a lobbying contract without disclosing that he would receive about 50 percent of the profits from the tribe's payments. From June 2002 to October 2003, the tribe paid about $3.5 million on the contract, with about $540,000 being kicked back to Abramoff, court documents say. … Abramoff's former employer, Greenberg Traurig LLP, has agreed to repay millions of dollars to the tribe as part of a settlement. The Saginaw Chippewas say they paid about $14 million to Abramoff and Scanlon overall. … Tribal Chief Fred Cantu sent a letter last month requesting the Justice Department investigation to U.S. Sen. John McCain, the Arizona Republican who heads the Senate Indian Affairs Committee. The Senate committee is expected to release its own report this week on its investigation into Abramoff and the tribes."

Libby Supporters Have Raised Over $2 Million For His Defense. The AP (6/21) reports, "Supporters of Vice President Dick Cheney's indicted former chief of staff have raised more than $2 million since late last year for his legal defense in the CIA leak case." Former Cheney spokeswoman Mary Matalin "was hosting a fundraiser at her home Tuesday night to help pay the legal expenses of I. Lewis Libby, who is charged with five counts of perjury, obstruction and lying to the FBI in the Valerie Plame affair." The $2 million figure "came from Barbara Comstock, a member of Libby's legal team. Among the co-hosts for the event at Matalin's home were former Energy Secretary Spencer Abraham, former Rep. Bob Livingston and oil industry executive and former Commerce Secretary Don Evans." Former Republican Sen. Fred Thompson "hosted a fundraiser at his northern Virginia home last month to raise money for Libby's defense."

Judge Dismisses Fraud Charge Against Chicago Patronage Trial Defendants. The Chicago Tribune (6/21, Bush, O'Connor, 643K) reports, "Mayor Richard Daley's former patronage chief Robert Sorich and his three co-defendants scored a victory in court Tuesday when a federal judge tossed out a significant fraud charge against all of them in their City Hall corruption trial. U.S. District Judge David Coar's ruling came as prosecutors rested a six-week case that portrayed much of the city's hiring and promotions system as riddled with political favoritism,

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sham interviews and preselected job applicants. Coar also said Tuesday that he will reserve ruling on whether to dismiss all charges against" codefendants John Sullivan and Patrick Slattery," but "he rejected a defense request to dismiss remaining charges against Sorich and his former aide Timothy McCarthy." The AP (6/21, Reichgott) also reports that Coar's dismissal of the mail fraud charge, "which takes up 13 pages of an 18-page indictment, was a boost" for the defendants. Sorich, McCarthy "and Patrick Slattery still face other charges, including mail fraud," but former streets and sanitation deputy commissioner John Sullivan "now only is charged with lying to the FBI."

Two Ohio Investment Brokers Indicted On Bribery Charges. The Toledo Blade (6/20, Drew, Eder) reported, "The scandal that has gripped state government for 14 months broadened yesterday as two Cleveland-area investment brokers were indicted on charges that they conspired to bribe a high-ranking official of the Ohio Bureau of Workers' Compensation in exchange for getting and keeping a piece of the bureau's business." Michael W. Lewis and Daniel P. O'Neil "worked for three investment firms in the six years they gave Terrence Gasper, the bureau's chief financial officer, use of an oceanfront condominium and a boat slip in the Florida Keys, according to the indictment unsealed…in U.S. District Court" on Monday. US Attorney Gregory White "estimated that the firms for which Mr. Lewis and Mr. O'Neil worked received $5 million to $6 million in brokerage commissions, marketing, and solicitation fees from the bureau." The Columbus Dispatch (6/20, Niquette) noted that an "unprecedented task force of federal, state and county authorities" is "investigating state investment and ethics scandals," and added that Gaspar "pleaded guilty in both federal and state courts June 7 as part of plea agreements that require him to cooperate with the investigation. He admitted accepting free stays at the condominium…a $9,000 college tuition payment for his son and other gifts from former coin dealer Thomas W. Noe, brokers and others." The AP (6/20, Mabin) and Willoughby (OH) News-Herald (6/20, Read) also reported on the indictments.

LAPD, FBI Uncover New Evidence In Insurance Scam-Murder Probe. The Los Angeles Times (6/21, Winton, 958K) reports, "Los Angeles police detectives and FBI agents investigating a pair of women suspected of killing two homeless men have turned their attention to one of those victims after uncovering new evidence that they say links the women to his death. Detectives looking into the case of Helen Golay and Olga Rutterschmidt are now focusing primarily on the death of Kenneth McDavid, who was run over in a Westwood alley last June in a hit-and-run that remains unsolved. Authorities said in a search warrant affidavit that an hour before McDavid's body was discovered, Golay called the Auto Club to have a Mercury Sable towed from an intersection a block from where the 50-year-old was hit. In new court papers obtained by The Times, detectives said they found blood and 'organic matter' on the damaged undercarriage of the Sable." The car's registered owner "told Det. Dennis Kilcoyne and FBI Special Agent Samuel A. Mayrose that she never owned the Sable but that her purse had been stolen around April 2003."

Former Chicago-Area Priest Pleads Guilty To Child Porn Possession. The AP (6/21) reports, "A Roman Catholic priest formerly based in suburban Hoffman Estates pleaded guilty Tuesday to possessing child pornography. The Rev. Daniel Schulte, 53, former chaplain at St. Alexius Medical Center, was accused after federal investigators found still and video sexual images of children on the hard drive of his computer. The images included girls and boys younger than 12 years old and some involved material that portrayed sadistic or masochistic acts, according to the plea agreement." The AP notes that after the ISP notified the assistant provincial of the order, "an attorney for the order contacted the FBI and Schulte was moved to St. Louis where both he and his access to the Internet were supervised."

Two Convicted In Internet Piracy Case. The Bay City News (6/21) reports, "Federal prosecutors announced today that two more people, including a Cupertino (CA) man, have been convicted as part of Operation Copycat, the Justice Department's crackdown on Internet piracy." BCN continues, "Cupertino resident Tom Leung, 53, and Ray Morada, 32, of Washington, D.C., were convicted today of conspiracy and copyright infringement charges for their participation in a 'warez group.' … Warez groups are the source of the majority of pirated movies, music and software distributed and downloaded on the Internet, according to federal prosecutors." BCN adds, "Once a warez release group prepares a stolen work for distribution, the

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material is distributed in minutes to secure, top-level Internet servers throughout the world. From there, within a matter of hours, the pirated works are distributed globally, filtering down to peer-to-peer and other public file sharing networks accessible to anyone with Internet access, according to authorities. … Federal authorities began cracking down on the groups last year with Operation Copycat. To date 36 people have been charged in connection with Operation Copycat and 30 have been convicted, including Paul Sherman, a film critic for the Boston Herald. Sherman pleaded guilty last month to selling more than 100 pre-release review copies of movies to a known warez supplier between 2002 and 2005."

Hooks Joins Father As Defendant In Tennessee Waltz Probe. The AP (6/21) reports, "Former Memphis school board member Michael Hooks Jr. became the 11th person charged in the Tennessee Waltz corruption scandal when he was indicted Tuesday on embezzlement charges." The AP continues, "Hooks' father, Shelby County Commissioner Michael Hooks Sr., was indicted last year on Tennessee Waltz bribery charges and is awaiting trial." The AP adds, "Five of the accused in the federal investigation are current or former state lawmakers, two of whom have been convicted. … The Hooks family has long been active in Memphis politics, and Hooks Jr.'s great-uncle, Benjamin Hooks, is a former national director of the NAACP. … Hooks Jr. is charged in a four-count indictment with skimming public money from the Shelby County Juvenile Court." The AP notes, "While Tennessee Waltz focused on an FBI front company called E-Cycle Management that offered bribes statewide for government favors, it grew out of an embezzlement investigation at the juvenile court in Memphis. … Offenses in the indictment against Hooks Jr. carrying a maximum punishment of 40 years in prison and fines totaling $1 million, though federal guidelines would call for a much lighter sentence upon conviction."

Retired FBI Agent Disputes Testimony Probe Targeted William Bulger. The Boston Globe (6/21, Murphy, 484K) reports, "A retired FBI agent, who went undercover in 1983 to offer bribes to officials, yesterday disputed testimony that the Massachusetts Senate president at the time, William M. Bulger, had been a target of the investigation. 'His name never came up,' John 'Jack' Callahan said in a telephone interview with The Boston Globe." The Globe adds, "Yesterday, Robert Fitzpatrick, who was second in command of the FBI's Boston office from 1981 to 1986, acknowledged that the FBI did not have any evidence of wrongdoing by Bulger during the 1983 investigation. But he stood by his testimony on Monday that Bulger was a target of the inquiry. Fitzpatrick said it was one of nine investigations in his tenure in Boston that he believed had been compromised by leaks to informants, including Bulger's gangster brother, James 'Whitey' Bulger, or others outside the agency."

Strangled NYC Investigator Was Seeking Meeting With Mob Murder Witness. The New York Daily News (6/21, Katz, 729K) reports, "When veteran forensic investigator Angela Clemente drove to a remote parking lot in the dead of night last week, she thought she was about to break another big mob case. Her longtime partner, Stephen Dresch, said yesterday that Clemente was hoping to meet an eyewitness to two 1992 mob slayings," but "instead, Clemente was beaten and nearly strangled last Friday -- and then threatened again. 'The threat that came after the attack was far more alarming than the attack itself,' Clemente told a source yesterday. 'I'm in hiding. … I'm not going to do any further investigation.' The case she was probing stemmed from the slayings of reputed Colombo soldiers" John Minerva and Michael Imbergamo. Clemente "has been seeking evidence that would help clear three men convicted of the murders -- and link the crimes instead to the late Colombo capo Greg Scarpa Sr. and his FBI handler, Lindley DeVecchio."

Study Finds One American In 20 Has Been Stalked. Scripps Howard (6/21, Bowman) reports, "Nearly 5 percent of adults in a national survey reported having been stalked at some point, translating to an at-risk pool of more than 7 million women and 2 million men in the United States." Scripps Howard continues, "Most stalkers aren't strangers, according to the study's lead researcher, Kathleen Basile, a behavioral scientist who works in violence prevention at the National Center for Injury Prevention and Control, part of the federal Centers for Disease Control and Prevention." Scripps Howard adds, "Women, younger adults and those who are single, separated or divorced are most at risk. Younger adults being more likely victims 'goes along with what we know about violence in general,' Basile said. … The results, being published in the American Journal of Preventive Medicine in

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August, are based on phone interviews done with nearly 10,000 adults between 2001 and 2003, with responses about equally divided between women and men. … According to the researchers, 'Stalking continues to be a public health problem at a magnitude comparable to that measured in the National Violence Against Women Study (done for the Justice Department in 1995-96).'"

Tech Companies Back Efforts To Protect Consumer Privacy On The Internet. The Washington Post (6/21, D3, Hart, 744K) reports, "Several large technology companies, including Google Inc. and eBay Inc., announced support yesterday for stronger federal regulations to protect consumer privacy on the Internet." Twelve companies have formed an advocacy group, the Consumer Privacy Legislative Forum, to push for "greater protection of private information, and several members testified yesterday before a House subcommittee. … The group of companies is seeking federal legislation that would require businesses to notify consumers when collecting personal information, then allow individuals to choose how the information is used and to access data they have provided to cut down on unauthorized use."

AFP (6/21, Chapman) reports, "Google counsel Nicole Wong said Tuesday in a blog posting on the Google website that the company joined a group of 'notable US companies' calling for federal consumer privacy legislation. … There was a 'patchwork quilt' of US state consumer protection laws that varied depending on location and subject, with examples being health, financial, or child-related data, according to Wong. … 'This matrix of laws is complex, incomplete, and sometimes contradictory,' Wong wrote. 'For consumers, the result is a set of privacy protections that are uneven at best.'"

CIVIL RIGHTS:

New York City To Try Measures Aimed At Helping Handicapped Voters. The New York Times (6/21, Chan) reports, "For the first time, New York City residents will be able to vote by 'puffing' and 'sipping' air through a straw, pumping a foot pedal, touching a computer screen or pressing flat plastic shapes — two triangles, a circle and a square — affixed to the four corners of a specially configured keyboard." The Times continues, "These new methods, which represent the biggest innovation in the city's voting technologies since the Shoup mechanical-lever machine was introduced in 1962, are a temporary measure intended to help disabled people vote. … The new voting methods are the product of a lawsuit from the federal government. They will be used in the Sept. 12 primary and the Nov. 7 general election as an interim step to comply with a new federal requirement that voting machines be accessible to the disabled." The Times adds, "The new voting methods can be used on 22 ballot-marking devices that will be available at one site in each of the five boroughs. It is an imperfect compromise: by placing the machines at centrally located offices, the city is essentially requiring some of the least mobile voters to travel the longest distances to vote. And because it can take up to 40 minutes to cast a vote using the new machines, voters may find themselves waiting in long lines. … The devices are not actual voting machines; they cannot record votes, but merely generate a printed ballot on a sheet of white paper. The voter, with help from a poll worker if necessary, would then place the ballot in an envelope. The ballot would then be counted by hand, along with other paper ballots, including absentee ballots, on Election Day or shortly after."

Voting Rights Suit Against Kissimmee, FL, Dropped. The AP (6/21) reports, "Four people want to drop a lawsuit alleging city election procedures unfairly diluted the voting power of Hispanics after they found that the minority group now outnumbers registered white voters." The AP continues, "The class-action complaint was filed last year to challenge the way city commissioners are elected, arguing that each spot should represent a geographic district. Instead, residents citywide are allowed to vote on each race, similar to the U.S. Senate. … Despite comprising about 45 percent of Kissimmee's 52,000 people, no Hispanic has ever been elected to the commission." The AP adds, "Armando Ramirez, one of the four residents behind the lawsuit, originally filed a federal complaint six years ago alleging unfair voting practices. In July, the U.S. Justice Department filed a lawsuit against Osceola County on similar grounds, and Ramirez's group said they wanted to carry that momentum by suing weeks later. … However, the voter registration rolls now show that Hispanic voters outnumber white voters by about 900. … 'The lawsuit is unsustainable,' said Ramirez, who ran unsuccessfully for the Kissimmee City Commission in 2002. 'Instead of waiting for the judge to tell us that, we directed our attorneys to' seek a voluntary dismissal. … The Justice Department case against Osceola

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County is still pending. A department spokesman declined to comment Tuesday on the request to drop the class-action suit."

WPost Opposes Efforts To Ban Flag Burning. The Washington Post (6/21, A20, 744K) editorializes, "If you haven't noticed a rash of flag-burning incidents sweeping the nation that's because, well, there isn't one. But that doesn't stop Republicans from trotting it out as a more-patriotic-than-thou card. They are, as always, close to having the votes to send it to the states for ratification." The amendment "would soil the First Amendment's command that Congress shall 'make no law...abridging the freedom of speech.' … The amendment's power is in its self-confident sweep: Speech, including expressive acts, will not be censored. Government cannot punish ideas."

ANTITRUST:

DOJ Clears McClatchy Purchase Of Knight Ridder. Knight Ridder (6/21, Carey) reports, "The Justice Department has cleared McClatchy to buy Knight Ridder, after McClatchy agreed to sign a guarantee that it will sell the St. Paul Pioneer Press, according to people familiar with the process." Knight Ridder continues, "The Justice Department was concerned about McClatchy's purchase of Knight Ridder because the company would own two papers in the Twin Cities — its own Minneapolis-based Star-Tribune and Knight Ridder's Pioneer Press. … McClatchy already has a buyer lined up for the Pioneer Press: Denver-based MediaNews, which also is buying the San Jose Mercury News, Contra Costa Times and Monterey County Herald, all in California, in a complicated $1 billion deal. That deal is still under antitrust review. McClatchy was asked to guarantee that it would sell the Pioneer Press regardless of whether the sale to MediaNews is approved by regulators." Knight Ridder adds, "All that remains now for the Knight Ridder-McClatchy deal to be complete is to count the shareholder votes on Monday at Knight Ridder's annual meeting in San Jose. Eighty percent of shareholders must approve the deal. The final papers will be signed June 27., at which point Knight Ridder will cease to exist. … The Justice Department is continuing to review MediaNews' $1 billion plan to purchase the four papers, and is specifically looking at overlaps between the Contra Costa Times and MediaNews' Tri-Valley Herald. It is also reviewing the involvement of Hearst in the MediaNews purchase, because Hearst owns the San Francisco Chronicle, which competes with MediaNews in the Bay Area. Hearst is spending $263 million for the Monterey County Herald and the Pioneer Press, but will trade the two papers to MediaNews in exchange for a stake in MediaNews' assets outside the Bay Area." The San Jose Business Journal (6/21) also reports this story.

DOJ, FTC Launch E-Filing System For Pre-Merger Notification Documents. Federal Computer Week (6/21, Hubler) reports, "The Justice Department's Antitrust Division and the Federal Trade Commission announced today an electronic filing system that will allow merging companies to submit pre-merger notification filings, as required by the Hart-Scott-Rodino Act, via the Internet, eliminating the time and expense of duplicating and submitting written documents." FCW continues, "The new system ends the requirement to submit to Justice and the FTC paper copies of the required pre-merger notification form and attachments, according to a DOJ announcement."

The Dow Jones (6/21) reports, "Companies still will be allowed to file paper copies with the FTC and antitrust division, and also will be able to submit merger notification and report forms electronically along with paper copies of documentary attachments. … The electronic filing option will be available upon Federal Registry publication of the notice that makes the necessary changes to the Hart-Scott- Rodino Act's rules."

Gonzales Touts Progress In Intellectual Property Protection. The UPI (6/21) reports, "The U.S. Justice Department said Tuesday it is making progress in the fight against intellectual property piracy." UPI continues, "A new department report said all of the recommendations from an earlier task force report on intellectual property theft have been implemented. … Intellectual property theft includes the trading and online piracy of copyrighted movies, music and video games." UPI adds, "Attorney General Alberto Gonzales, in prepared remarks to the U.S. Chamber of Commerce in Washington, said the department attempted to implement all 31 recommendations, and, 'I am proud to announce that the Department of Justice has achieved this goal.' … Gonzales cited "The 2006 Progress Report' on intellectual property theft. … Among the highlights, Gonzales said, was the fact that the task force increased the number of

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prosecutors in the field by not only creating the five additional Computer Hacking and Intellectual Property, or CHIP, units recommended in the 2004 report, but also created an additional seven CHIP units."

The IDG News Service (6/21, Gross) reports, "Since the Justice Department's task force made 31 recommendations for protecting intellectual property, the department has launched Computer Hacking and Intellectual Property units in seven more cities than the task force recommended. The department now has 25 CHIP units across the United States. Among the newest 12 are units in Washington, D.C., Baltimore, Denver, Detroit, and Philadelphia. … Gonzales called intellectual property the 'lifeblood' of the U.S. economy during a speech in Washington, D.C. 'We've done a lot,' he said. 'We have to do a lot more.' … The Justice Department, which released a progress report on the initiative today, has also stationed an experienced prosecutor to work on intellectual property enforcement in Southeast Asia, and will add a prosecutor in Eastern Europe. Those prosecutors will help train foreign prosecutors, investigators, and judges about intellectual property investigations, the department said."

Dow Jones (6/21) reports, "The doubling of federal prosecutions was noted in a 72-page progress report on the department's intellectual property task force, which was released this week. … Gonzales said the Justice Department has set up 25 special computer hacking and piracy units around the U.S. in the last two years, boosting the ability of government prosecutors to dismantle international and domestic counterfeiting organizations. The department also has worked with other agencies to, among other things, press China and other countries to do more in combatting illegal counterfeiting." Dow Jones notes, "Gonzales told the room of business representatives that the department has made combatting illegal counterfeiting a top agency priority, not only for artistic works but also for trademarks, trade secrets and patented products, such as pharmaceuticals and medical devices."

Broadcasting & Cable (6/21, Eggerton) reports, "In its 104-page progress report, the Task force on Intellectual Property says it has implemented recommendations made in October 2004, when it issued its initial report about what steps needed to be taken. … Content providers, arguably led by NBC Universal Chairman Bob Wright, have been pushing for stronger copyright protections and stepped-up pursuit of IP pirates, arguing they threaten hundreds of billions of dollars across a host of sectors, from counterfeit drugs to stolen TV shows, and could impede the transition to digital content distribution."

China Coming Under Pressure Over Increased Piracy. The Legal Times (6/21, Nelson) reports, "The entertainment industry hoped the counterfeiting of movies, music, software and books would plummet after China agreed in 2002 to abide by the World Trade Organization's standards for global intellectual property rights. … Instead, the industry says piracy has increased dramatically, leading some American companies to view the Chinese government as unable -- or unwilling -- to curb it. And industry lobbyists are now helping the U.S. government prepare a case that could be brought against China in the WTO's Dispute Settlement Body." The Times continues, "Earlier this month, Assistant U.S. Trade Representative Timothy Stratford told the American Industries U.S.-China Economic and Security Review Commission that the United States could launch a WTO case if China doesn't crack down on IP offenders. … But experts suggest that while both the industry and the government talk tough when it comes to taking on China, America may be reluctant to actually bring a complaint against the Asian superpower." The Times adds, "Pushing the industry's case is Washington's Smith & Metalitz, a deceptively small lobbying firm specializing in intellectual property. Although the firm employs just four partners, an associate and a consultant, its list of clients reads like an all-star roster of influential entertainment trade groups. The firm's secret: Smith & Metalitz plays Clark Kent to the International Intellectual Property Alliance's Superman."

Florida Officials Consider AT&T-BellSouth Merger. The Miami Herald (6/21) reports, "The Public Service Commission today is slated to consider AT&T's $67 million acquisition of BellSouth, a deal that some opponents claim will lead to reduced competition." The Herald continues, "On Monday, Florida Attorney General Charlie Crist sent a letter to the PSC urging it to ensure that merger doesn't harm competition for basic telephone service. … 'My concern here is that the merged company might squeeze out competition to the detriment of consumers, particularly seniors, and residential and small-business customers,' Crist wrote." The Herald adds, "AT&T would grow to 70 million local phone customers and nearly 10 million broad band subscribers in 22 states if the deal is completed. The merger requires approval from both companies' shareholders, the Federal Communications Commission and the Justice

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Department. State regulatory agencies, including the PSC, also are weighing in on the deal."

FTC Reportedly Nearing Approval Of Lockheed-Boeing Rocket Deal. The AP (6/21) reports, "Defense contractor Lockheed Martin Corp. has received a copy of a draft consent order proposed by federal antitrust regulators to approve the creation of a joint rocket venture with rival Boeing Co., which has rocket production facilities in Decatur, Ala." The AP continues, "Lockheed received the draft from the Federal Trade Commission about 10 days ago, company spokesman Tom Jurkowsky said Tuesday. He was unaware of the contents or how long Lockheed will review it before sending recommendations back to the FTC." The AP adds, "Boeing Co. has also received a copy, said Dan Beck, a company spokesman in Virginia. Beck did not know when the company would send recommendations back to the FTC. … He also said he didn't know when the FTC would approve or reject the merger announced in May 2005."

Bayer Proceeds With Schering Takeover. The AP (6/21, Rising) reports, "German drug and chemical maker Bayer AG said Tuesday it now controls enough shares of Schering AG for it to go ahead with its nearly 17 billion euros ($21.33 billion) takeover of the rival company. … 'Bayer has gained control of a total of 88.0 percent of Schering's approximately 191 million issued and outstanding shares,' Bayer said in a statement. [The attainment of a three-quarters majority was the last remaining condition of the takeover offer. Both the EU Commission and the U.S. antitrust authorities had already given their unconditional approval.'" The AP continues, "The announcement appeared to mark the final end to a merger battle over Schering between Bayer and fellow German drugmaker Merck KGaA. … Bayer's initial 16.5 billion euros ($20.7 billion) takeover bid for Schering trumped a hostile 14.9 billion euros ($18.69 billion) offer by Merck, which later said it was pulling out. … Merck then started snapping up Schering shares, making it look unlikely that Bayer would get the 75 percent stake it needed in order for the takeover to go through. … But at the last minute, Merck agreed to sell the 21.8 percent stake in Schering that it had accumulated to Bayer at a premium price of 89 euros ($111.66) per share, which bumped the total value of the takeover up to about 16.9 euros billion ($21.2 billion)."

Suits Allege Collusion On Nurses' Pay. The Wall Street Journal (6/21, Maher) reports, "Four lawsuits filed in federal courts in four cities allege that hospital systems colluded to keep nurses' pay artificially low despite concerns of a nursing shortage." The Journal continues, "The suits, which seek class-action status, allege the systems shared information on pay practices with an understanding that they wouldn't outbid one another to recruit nurses." The Journal adds, "The lawsuits -- put together with the help of the Service Employees International Union, which represents nurses and others -- were filed yesterday in Chicago, San Antonio, Memphis, Tenn., and Albany, N.Y., against more than 17 hospitals and allege that they violated antitrust laws. … Several thousand nurses in each city could be eligible to participate if class-action status is granted, said Daniel Small, a partner at Cohen, Milstein, Hausfeld & Toll PLLC, in Washington, D.C., which brought the suits. The accusations are based on information lawyers gathered from interviews with dozens of former and current system employees, Mr. Small said. The estimated wage losses came from economists, he said."

Studio Sues Man Over Internet Film. The Washington Post (6/21, C1, Weiss) reports, "Chris Moukarbel was intrigued by director Oliver Stone's latest project, a $60 million movie to be released this summer about two police officers rescued from the rubble of the twin towers. … But as a 28-year-old filmmaker, Moukarbel wanted to do more than simply watch Stone's 'World Trade Center.' He decided to create his own version -- using a bootleg copy of the screenplay and Yale University student actors -- and offer it free on the Internet." The Post continues, "Although his film is only 12 minutes long and doesn't have a cast to rival Nicolas Cage and Maria Bello, it has brought the power of Hollywood down on him. … Paramount Pictures is suing Moukarbel in U.S. District Court in Washington, asking the court to prohibit the distribution of his movie. 'He's free to make any World Trade Center movie he wants to make, but not our movie with our script,' said Nancy Kirkpatrick, a Paramount spokeswoman." The Journal adds, "According to its lawsuit, which was filed Friday, the studio is afraid that people will see the student film on the Internet and confuse it with the big-time Hollywood version set to hit 1,500 screens on Aug. 9 and backed up with a $40 million marketing campaign."

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Televisa Group Is Early Favorite In Univision Auction. The Wall Street Journal (6/21, Berman, Sender, Lyons) reports, "The two groups bidding for Univision Communications Inc. were last night preparing offers near the range of the company's current stock price of $35.40 a share, valuing the broadcasting concern at around $11 billion, people familiar with the matter said." The Journal continues, "As in any auction, the prices offered in the first round can differ substantially from final offers. But bidders are coping with skittish debt markets and banks that have reined in their lending in recent weeks. That has made it harder for buyers to reach the $40-a-share price that Univision, the nation's largest Spanish-language broadcaster by audience, first hoped to reach." The Journal adds, "The group widely viewed as the favorite to win -- consisting of Mexican broadcaster Televisa SA, Venezuela's Venevision Investments LLC and private-equity shops Bain Capital, Blackstone Group, Cascade Investments, and Kohlberg Kravis Roberts & Co. -- was last night discussing an offer below Univision's current market price, though that could rise to at or around market at the last moment, these people said. Televisa already owns 11% of Univision. … Another group -- Texas Pacific Group Inc., Thomas H. Lee Partners, Madison Dearborn Partners LLC, Providence Equity Partners Inc. and media mogul Haim Saban -- was preparing an offer in the $35 range, people familiar with the matter said. That is at or below where Univision's class A shares stood yesterday -- at $35.40, down 30 cents for the day -- in 4 p.m. New York Stock Exchange composite trading."

EU Antitrust Head Endorses China's Anti-Monopoly Law. The AP (6/21) reports, "European Union antitrust chief Neelie Kroes said Tuesday that China's move to adopt an anti-monopoly law would help benefit China's economy by attracting more business investors." The AP continues, "The EU Competition Commissioner made the comments after talks with China's Vice Minister of Commerce Ma Xiuhong at EU headquarters. … 'This is an important step toward an effective competition regime,' Kroes said in a statement. 'The Chinese economy will benefit from the implementation of a sound competition policy, as will any company seeking to do business in China.'" The AP adds, "The Chinese Cabinet endorsed a draft anti-monopoly law on June 8 aimed at boosting fair competition after decades of domination by state industry. Foreign business groups, however, have expressed concern that it might be used to restrict or interfere with their investments. … Beijing officials said the proposed legislation would not discriminate between domestic and foreign companies. China began drafting the law in 1994 and a first draft was completed in 2003. … But progress was stymied by controversy over how to carry out enforcement, given the prevalence of state-owned monopolies or semi-monopolies in many industries. The draft law still needs the backing of China's legislature before it can become law."

ENVIRONMENT:

Former Firefighter Pleads Guilty To Setting Nevada Fires. The AP (6/21) reports, "An ex-firefighter has pleaded guilty to setting three wildfires that burned hundreds of acres of national forest in central Nevada last August, a federal prosecutor said Monday." The AP continues, "Mark E. Morgan worked temporarily with a U.S. Bureau of Land Management crew. Investigators said he started the fires because he was bored and needed the paycheck. … Morgan, 34, faces up to five years in prison and a $250,000 fine, and he could be required to pay restitution, U.S. Attorney Daniel G. Bogden said in a statement. He entered the plea Thursday. Sentencing was set for October." The AP adds, "The fires in the Humboldt-Toiyabe National Forest in Lander County, about 170 miles east of Reno, burned more than 550 acres of timber, brush and grassland. Two miles of fence also burned, but no injuries were reported. … When questioned by investigators, Morgan admitted starting two fires with a cigarette lighter and the third with a flare gun."

Draft National Parks Regs Make Conservation A Priority. Interior Secretary Dirk Kempthorne has issued new draft guidelines for managing the national parks. According to the Washington Post (6/21, A19, Eilperin, 744K) reports, the draft guidelines "make conservation the top priority -- ahead of recreation and energy development." The Post said the proposed guidelines "pleased environmentalists but angered off-road vehicle users, who said they fear that the Interior Department is modeling its practices after those of the Clinton administration."

Leonhardt Says Government Should Encourage Purchase Of Fuel-Efficient Cars.

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David Leonhardt writes in the New York Times (6/21, 1.19M) that "since the start of the year, the federal government has been giving generous tax credits to hybrid buyers." The "point of a tax policy like this…is to give people an incentive to change their behavior, and persuading Americans to use less oil certainly sounds like one of Washington's priorities these days." Leonhardt suggests the government should "set up a simple system of rewards and penalties — with the single goal of reducing oil use, regardless of the means — and then let the marketplace work it out. Economists tend to prefer a gas tax, but it's not the only option. … The Big Three have the engineering expertise to build vehicles that can go a long way on a gallon of gas. If Washington would only nudge people to buy cars like that, Detroit would start making them."

Redesign Of Federal Ethanol Incentives Urged. David Morris, vice president of the Institute for Local Self-Reliance, writes in the New York Times (6/21, 1.19M), "Congress is considering several bills to extend the 51-cent-per-gallon tax credit for ethanol producers beyond its 2010 expiration date. But let's hope that our elected representatives don't make their decision in the grips of an ethanol haze. … How might Washington redesign the federal incentive to reflect the realities of an increasingly competitive absentee-owned, large-scale ethanol industry? First, tie incentive levels to an index comprised of the price of a bushel of corn and the wholesale price of a gallon of gasoline. … Second, transform part of the federal incentive from a gas tax exemption for those who market the ethanol into a direct payment to those who produce it."

Eminent Domain Actions Surge In Wake Of Kelo Decision. The Washington Times (6/21, Price, 90K) reports on a 100 page report form the Institute of Justice which says the Supreme Court's ruling last year on eminent domain has "opened the floodgates" to eminent domain actions nationwide. The Times reports, "In the year since the Kelo decision, nearly 6,000 properties nationwide have been threatened or taken under that precedent, more than half the number that had been seized over a previous five-year period," according to the report.

Report Says Government Funding Insufficient For Avian Flu Monitoring. ABC World News Tonight (6/20, story 9, 0:30, Gibson, 8.78M) reported, "The Agriculture Department's inspector general says the government does not now have adequate measures in place to monitor for the deadly H5N1 strain of the bird flu. That strain has killed 130 people worldwide but has never been detected in North America. Officials in charge of watching out for the virus says they have received more funding to improve surveillance in the future, but it is insufficient right now."

The New York Times (6/21, McNeil, 1.19M) reports the audit found that the department "relied too heavily on voluntary testing by the poultry industry and reports from state agriculture departments." A USDA spokeswoman, Hallie Pickhardt, said that the agency "agreed with everything in the report, and we're either doing it or going to be doing it." The audit "began before Congress passed President Bush's plan for dealing with a pandemic flu outbreak, which gave the department an additional $91 million to fight avian flu," Pickhardt noted. However, she said the agency "had no plans to make the voluntary testing now conducted by the poultry industry mandatory."

Veterans Agency Releases Bird Flu Plan. The AP (6/21, Bridges) reports the Department of Veterans Affairs said Tuesday it would close its national cemeteries in the event of a bird flu pandemic "because of staffing shortages, leaving families to delay burial or seek interment elsewhere." According to a draft plan, the veterans health care system would "continue treating veterans at its hospitals and clinics, and would provide care to active-duty military personnel and civilians if necessary."

US Falls Behind In Livestock Tracking. In a front page article, the Wall Street Journal (6/21, A1, Stecklow, 2.11M) reports that "more than two years" after the US Department of Agriculture "pledged to hasten creation of a national identification system for tracing livestock quickly during a disease outbreak" the US "still has no national ID system." The USDA, which has been spent a decade and $84.7 million to develop it, "now says one will begin operating next year." However, the agency has "abandoned the idea of mandatory participation, leaving critics to cast doubt on that projection." USDA officials "express confidence that market forces, including pressure from big beef buyers and export markets, will help drive cattle owners to register their animals." But the Journal reports that "a number of animal-health experts and several former USDA officials scoff at a voluntary system," saying many ranchers, "fearing legal

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liability if their animals are found to be diseased, will participate only if the system is mandatory."

Japan Agrees To Lift Ban On US Beef. The AP (6/21, Yamaguchi) reports Japan agreed Wednesday to lift its ban on US beef imports, "pending planned inspections of US meat processing plants," the agriculture ministry said. The AP says the announcement "resolves a thorny, long-running trade dispute between the allies, and gives US ranchers access to what was once their most lucrative export market."

FBI/DEA/ATF/USMS:

Newly-Released Files Reveal Extensive FBI Surveillance Of Arthur Miller. In a widely-distributed story, the AP (6/21, Italie) reports on the FBI's files on playwright Arthur Miller, "obtained by The Associated Press through the Freedom of Information Act. … For a decade before his congressional testimony" before HUAC in 1956, "the FBI kept track of the playwright, but ended up making a more convincing case that Miller was a dissenter from the Communist Party rather than a sympathizer. 'Miller became disillusioned with the party because the party did not stimulate in him the ability and inspiration to do creative writing as he had expected when he joined the Party,' one informant told the FBI." The AP notes, "The FBI not only kept records of Miller's political statements, from his opposition to nuclear weapons to his attacks against the anti-communist blacklist, but of his affiliation with such organizations as the American Labor Party ('a communist front') and the 'communist infiltrated' American Civil Liberties Union."

FBI Adds Fugitive Nevada Murder Suspect To Most Wanted List. In a widely-distributed story, the AP (6/21, Sonner) reports, "The mothers of both the victim and the husband accused of killing her were among some 500 mourners who attended Charla Mack's private funeral service Tuesday as the FBI added Darren Mack to its list of 'Most Wanted' fugitives. … The FBI gave Mack top billing on it's Web site list for 'Most Wanted' fugitives, describing" him "as a bodybuilder and hunter with 'access to all types of weapons. He should be considered 'armed and dangerous,' FBI Director Robert S. Mueller III said." The AP notes, "Authorities said they were uncertain whether Mack had fled the country. Mueller said anyone with information on Mack should contact the FBI or the nearest U.S. Embassy or Consulate." KVBC-TV Las Vegas (6/20) and KLAS-TV Las Vegas (6/20) also report on the FBI's addition of Mack to the Most Wanted fugitive list.

Police Found Explosive Materials In Mack's Apartment. The Reno Gazette-Journal (6/20, Bellisle) reported that a search warrant revealed "Darren Mack had bombmaking materials in his bedroom. The materials, when mixed together and attached to a blasting cap or shot at, will explode, said Washoe County sheriff's Sgt. Lou Gazes…who was at Mack's apartment. … During a search of Mack's apartment after the shooting and stabbing, police also found ammunition, notes and printed material that 'contain allegations that Judge Weller was corrupt and had exhibited favoritism in his rulings,' according to the search warrant affidavit."

Joint Effort Announced To Track Use Of Fentanyl-Laced Heroin. From Philadelphia, the AP (6/20, Loviglio) reports city state and federal law enforcement and public health officials on Tuesday "announced a joint regional effort to track the ongoing deaths attributed to painkiller-laced heroin and identify the suppliers of the drug. The fentanyl-laced heroin has caused about 70 deaths in the Philadelphia metropolitan region and more than 200 overdoses nationwide since it was first spotted in April," according to U.S. Attorney Patrick J. Meehan. "To determine the full scope of the problem in the region, officials representing law enforcement in Philadelphia and Camden County, N.J.; the federal Drug Enforcement Agency and the FBI; and Philadelphia's behavioral health department said they would share information and coordinate their investigations into the spike of fentanyl-related deaths since the spring."

The Gloucester County (NJ)Times (6/20, Mccarthy) reports on the death of a 20-year-old that may be linked to heroin laced with fentanyl.

Reporting Continues On Decline Of Illegal Drug Use Among US Workers. Bloomberg (6/20) reports, "Barry Sample, director of science and technology in Quest's employer solutions division, said he was encouraged by the findings, especially the drop in amphetamine use found among general workforce employees. About 75 percent of these tests are given before employment, and 10 percent are random screenings, he said."

California's Contra Costa Times (6/20) editorializes, "The Bush administration reported Monday that there has

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been a major decline in the number of meth lab seizures nationwide. … It is possible that the meth lab people are getting smarter and hiding their labs better or that the police don't have the adequate manpower to search for the labs and, therefore, the seizures have dropped. It is also possible that meth users have found ways to get around the drug tests."

Missoula, Montana's New West (6/20) writes, "New federal reports from the Drug Enforcement Administration say that use of methamphetamines is declining in some Western states, but officials in the energy industry in Utah say it's on the rise, so where are we in the fight against this destructive drug?"

Missouri Leads Nation In Meth Lab Seizures. The AP/KWMU (6/20) reports, "Despite a 22% decline from last year, Missouri still leads the nation in police seizures of illegal meth labs. Missouri is one of at least 37 states with laws that restrict the sale of cold medications."

$8 Million To Be Used To Combat Arizona Meth Problems. The Arizona Republic (6/20) writes, "State lawmakers have agreed to pump $8 million toward tackling meth addiction, crafting a plan to beef up law enforcement and provide money for prevention, treatment and education programs. The idea: Disrupt the flow and sale of meth in local communities while teaching children about the evils of meth before they are tempted to try the drug."

US Asks Suriname To Extradite Suspect Wanted On Drug Charges. The AP (6/21) reports a U.S. Embassy spokesman said Tuesday that the U.S. "has asked Suriname to extradite a Guyanese man wanted on drug charges in New York. Shaheed Khan was arrested Thursday by authorities in Suriname. He is accused of leading a criminal network that smuggled arms, ammunition and cocaine from Colombia to Europe and the United States via Guyana and Suriname."

Attorney Pleads Guilty In Virginia Marijuana Case. The Richmond (VA)Times Dispatch (6/21) reports, "A criminal-defense attorney appeared in federal court yesterday as a criminal defendant and pleaded guilty to peddling marijuana. Jeremy Clyde Sharp, 35, faces up to five years in prison…when he is sentenced on Sept. 20…on one count of conspiracy to possess marijuana with the intent to distribute it. … When Sharp's …home was searched in early February, investigators from the Drug Enforcement Administration, Henrico County police and Virginia Commonwealth University police also found the remains of a dismantled marijuana-growing operation."

Selig Against MLB Saving Samples To Deter Use Of Human Growth Hormone. According to the New York Times (6/21, Curry), several scientists, including Dr. Donald H. Catlin, who baseball officials "appointed to research a test for the hormone known as HGH, have said that such a search could be arduous. A possible option to deter HGH use would be to save urine samples already collected by baseball. If players knew there was a possibility they could be punished at a future date for drugs they had used in the past, the frozen samples might be a deterrent." However, the Times says Commissioner Bud Selig has dismissed the notion.

UN: Colombia's Coca Production Has Increased Despite Eradication Efforts. The AP (6/21) reports the United Nations "says production of the plant used to make cocaine has increased by 8 percent in Colombia, despite record drug seizures and spraying of herbicides. A similar report by the U.S. Office of National Drug Control Policy showed Colombia's coca production skyrocketed 26 percent from 2004 to 2005, in part due to a near-doubling of the area surveyed." According to the AP, the two reports "are the strongest evidence yet that a cornerstone of the U.S.-led war on drugs -- the aerial fumigation of coca fields -- is failing to meet its goal of halving coca production in the Andes."

In a similar but longer version of the story, the AP (6/20) writes, "Although production is on the rise in Colombia, the U.N. said it declined in Peru and Bolivia. Coca production in Bolivia fell by 8 percent last year, according to the U.N. The United States, however, is concerned Bolivia's leftist, coca-growing President Evo Morales _ who took office in January _ could relax his country's drug-fighting efforts." There are more than 100 media references to the report on Colombia's increased coca production. The AP story was published by CBS News, FOX News, the New York Times, Washington Post, Los Angeles Times, San Diego Union Tribune, Houston Chronicle, and UK's Guardian.

On its Web site, the BBC (6/20) reports, "The production of coca, the raw material for cocaine, reached 86,000 hectares last year, UNODC found. Despite the rise, it is half of Colombia's cultivation in 2000, which then stood at 163,000 hectares. Colombia needs more international help to find

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alternative livelihoods for ex-coca farmers, one of the report's authors, Anja Korenblik, said."

Bridgeport, CT, Mayor Admits Using Cocaine. The AP (6/21) reports Bridgeport Mayor John M. Fabrizi publicly "admitted Tuesday that he had abused cocaine while in office. The admission followed the inadvertent court filing of an FBI document in which an alleged drug dealer claimed an associate had a videotape of the mayor using cocaine. In a tearful speech to about 200 city employees in City Council chambers Tuesday, Fabrizi said he had not used drugs in 18 months and had sought help for a drug addiction that he had hoped to handle privately."

The New York Times (6/21, Cowan) reports, "His emotional admission followed months of rumors and the disclosure last week of a court document filed by federal prosecutors suggesting that he had used cocaine with a local Democratic official. The news of his problems was the latest black eye for this troubled city, whose last mayor, Joseph P. Ganim, a Democrat, was convicted on bribery, extortion and other corruption charges and is now serving a nine-year federal prison term."

The Connecticut Post (6/20) writes, "Fabrizi said flatly, 'Over the course of a number of years I abused alcohol and used cocaine occasionally.' Admitting he used cocaine during his time in office as both City Council president and later as mayor, he said he has not used drugs in 18 months."

Texas Prosecutors Seek To Remove Councilman From Office Due To Cocaine Record. The AP (6/20) reports Galveston County prosecutors "have filed a petition to remove a recently elected city council member who was convicted in 2000 on felony cocaine charges. State election law usually prevents someone who has been convicted of a felony from running for or being elected to office. Marc Hoskins, 28, was elected in May and had disclosed his past to the city attorney before the election."

The Houston Chronicle (6/20, Rendon) and Galveston County Daily News (6/20) also reported on efforts to remove Hoskins from office.

West Virginia Attorney Denied Bond On Firearms Violations. The Charleston (WV) Gazette (6/21, Searls) reports, "Evidence shows Charleston lawyer Dante di Trapano could be a danger to the community and regularly violates bond conditions, a federal judge ruled Tuesday in denying di Trapano's bond request." The Gazette continues, "U.S. Magistrate Mary Stanley said di Trapano, 43, had 'demonstrated time and time again that he is not willing to comply' with bond conditions and has 'shown total disrespect for the law' in an order denying him bond." The Gazette adds, "Di Trapano was indicted last week on single counts of being a drug addict in possession of firearms and for allegedly lying on a federal form by stating he was not addicted to drugs when he purchased a gun in February. … Federal agents found eight guns inside di Trapano's South Hills residence in April. Charleston Police Detective Tim Palmer, who is working with federal agents, testified that while the guns were loaded, all were in a gun safe or locked up. … Di Trapano's attorney, Michael Del Giudice, pointed out that none of the prosecutors' witnesses testified di Trapano had been violent, and said his client should be released. … Stanley disagreed and set an Aug. 23 trial date for di Trapano before Chief U.S. District Judge David Faber. Di Trapano is expected to remain in jail until then."

Maryland Man Indicted For Abortion Clinic Bomb Plot. The AP (6/21) reports, "A Maryland man accused of plotting to attack an abortion clinic with a pipe bomb and handgun was indicted Monday on weapons and explosives charges, the U.S. attorney's office said." The AP continues, "A federal grand jury indicted Robert Weiler, 25, on charges of possessing and making an unregistered destructive device, illegally possessing a firearm, and possessing a stolen firearm. … Weiler called the Bureau of Alcohol, Tobacco, Firearms and Explosives on June 8 from a western Maryland highway rest stop to confess to the plan, according to court documents. He told authorities he had built a pipe bomb, stolen a handgun from a friend and planned to attack an abortion clinic in suburban Washington. … That morning, the pipe bomb exploded in a house belonging to a friend of Weiler as a bomb technician tried to defuse it. No one was hurt, but the bomb set fire to the house. … Each count carries a maximum penalty of 10 years in prison. A preliminary hearing is set for Thursday."

IMMIGRATION:

Political Appointment Of Immigration Judges Comes Under Scrutiny. The Legal

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Times (6/21, McLure) reports, "It's just after 2 p.m. and Immigration Judge Garry Malphrus is looking at a long afternoon of deporting illegal immigrants. He punches a button on a tape recorder and intones: 'Respondent was scheduled for a master calendar hearing at 9 a.m. It is now 2:20 p.m.' Malphrus notes the immigrant's failure to appear, asks a lone Immigration and Customs Enforcement lawyer if an attempt has been made to contact the government (the inevitable response: 'no'), and then formally orders the immigrant's removal from the United States. Stop tape. … The routine continues for the better part of an hour. Next file. Repeat script. Stop tape." The Times continues, "Watching this tedious exercise, it's hard to imagine that being appointed a federal immigration judge would be considered a political plum. But that's how these career civil service jobs are increasingly treated, say immigration lawyers who practice before the courts. Malphrus, a former White House aide and Republican campaign veteran, had never practiced immigration law when he joined the bench last year. … 'The Bush administration has realized these are great jobs and maybe [it] shouldn't be left up to the civil service to determine who gets a job,' says Charles Kuck, a vice president of the American Immigration Lawyers Association. 'I believe that these folks without prior immigration experience tend not to be good judges.'" The Times adds, "Whether they're great jobs is a matter of opinion. But with the immigration courts under scrutiny by Congress and the attorney general after a series of federal appellate decisions blasting the courts as sloppy and inept, the issue of just who serves in an office with enormous influence over the lives of immigrants has received scant attention. And the practice of appointing judges with no immigration law experience is condemned by lawyers in the field, who say the complexity of immigration laws means judges such as Malphrus do their training on the job."

Hazelton, PA, Poised To Crack Down On Illegal Immigrants. The AP (6/21, Rubinkam) reports, "-With tensions rising and the police department and municipal budget stretched thin, Hazleton (PA) is about to embark on one of the toughest crackdowns on illegal immigrants anywhere in the United States." The AP continues, "Last week the mayor of this former coal town introduced, and the City Council tentatively approved, a measure that would revoke the business licenses of companies that employ illegal immigrants; impose $1,000 fines on landlords who rent to illegal immigrants; and make English the official language of the city. … 'Illegal immigrants are destroying the city,' said Mayor Lou Barletta, a Republican. 'I don't want them here, period.'" The AP adds, "Barletta said he had no choice but to act after two illegal immigrants from the Dominican Republic were charged last month with shooting and killing a 29-year-old man. Other recent incidents involving illegal immigrants have rattled this city 80 miles northwest of Philadelphia, including the arrest of a 14-year-old boy for firing a gun at a playground. … The City Council, which approved the measure in a 4-1 vote, must vote on it twice more before it can become law. The next vote is scheduled for mid-July."

House Hearings On Immigration Bill Seen As "Death Knell" For Bush Reform Plan. The Chicago Tribune (6/21, James, 643K) reports, "In a move that could sound the death knell for immigration-reform legislation in Congress this year, House Republican leaders said Tuesday they plan to hold numerous hearings on the issue this summer and only then start talks with the Senate that might lead to a final bill." The delay "raises the likelihood that Congress will end the year without passing major immigration legislation that President Bush has supported. That would be a signal defeat for the president."

The AP (6/21, Espo) reports, "In a defeat for President Bush, Republican congressional leaders said Tuesday that broad immigration legislation is all but doomed for the year, a victim of election-year concerns in the House and conservatives' implacable opposition to citizenship for millions of illegal immigrants." The AP adds that "in deference to the president," neither Speaker Dennis Hastert "nor any other Republican official in either house said publicly that the president's ambitious plan -- including a guest worker program as well as an opportunity for citizenship for many illegal immigrants -- was dead for the year." But "several Republicans in both houses, speaking on condition of anonymity, were less guarded. 'There will be no path to citizenship,' said one lawmaker who attended a strategy session in Hastert's office."

The Washington Times (6/21, Hurt, 90K) reports, "Aides in both the House and Senate said yesterday the developments mean immigration legislation is essentially dead for the year," and the New York Times (6/21, Hulse, 1.19M) says the hearings puts "an overhaul of immigration laws in serious doubt," adding "a White House spokeswoman said Mr. Bush would press for legislation. 'The president is

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undeterred in his efforts to pass a comprehensive immigration reform bill,' said the spokeswoman, Dana Perino, who said the White House was 'committed to working with members to see if we can reach a consensus on a bill that will help solve our nation's immigration problems.'"

USA Today (6/21, Kiely, 2.31M) quotes Hastert spokesman Ron Bonjean saying, "Before the speaker will appoint conferees, he wants to get to the bottom of the Senate Kennedy bill." Bonjean's "characterization of the Senate bill, identifying it with Sen. Edward Kennedy of Massachusetts, an icon of Democratic liberalism, reflects the deep divisions in the Republican Party over immigration."

The Wall Street Journal (6/21, Lueck, 2.11M) says the move "clouds the prospects for Congress to complete overhaul legislation before the November elections," while the Washington Post (6/21, A1, Weisman, Murray, 744K) says it "could bury…Bush's high-profile effort to overhaul immigration law until after the midterm elections." The announcement "was the clearest sign yet that House Republicans have largely given up on passing a broad rewrite of the nation's immigration laws this year." Roll Call (6/21, Ben Pershing) runs a similar report under the headline "Immigration Bill Chances Fading." The Los Angeles Times (6/21, Gaouette, 958K) also reports the story.

Dana Milbank in his "Washington Sketch" column in the Washington Post (6/21, A2, 744K) criticizes both parties for engaging in partisan political attacks rather than making serious progress on Iraq, immigration and the minimum wage. In response to Republican claims that Democrats wanted to "Cut and run" on Iraq, On Imus in the morning Sen. John Kerry said "My plan is not cut and run. Their plan is lie and die." Meanwhile on the cable news shows RNC Chairman Ken Mehlman said, "There's a debate going on within the Democratic Party. … Some are saying we need to cut and run, others are saying we need to cut and jog, and still others are saying we need to cut and walk." His "metaphor may have been muddled – 'cut and run' involves anchor cable and sail lashings, not the human leg -- but he had lawmakers' sentiments right. If Democrats were cutting and running from Iraq, Republicans were cutting and running from a minimum-wage increase and immigration legislation."

Gutierrez Makes Case For Reform. The Hill (6/21, O'Connor) reports Bush "has toured the border in recent weeks with congressional Republicans, and Commerce Secretary Carlos Gutierrez is touring parts of New Mexico and Texas this week to push the president's comprehensive reform plan. 'We need to have comprehensive reform,' Gutierrez said in a phone interview from Odessa, Texas. 'In order to secure our borders, we need to secure our interior and enforce employers.'" Gutierrez "echoed Bush's contention that border enforcement is the primary goal of any reform measure but that it is impossible to address enforcement realistically without accounting for the estimated 12 million illegal immigrants already in this country." The commerce secretary "said it is imperative for Congress to work together in resolving this complicated issue and find a workable solution on which all sides could agree."

Mehlman Says Securing Borders A Priority, But Comprehensive Reform Is Goal. RNC Chairman Ken Mehlman on CNN's The Situation Room (6/20, Blitzer) was asked whether the failure of Republicans to proceed with a conference on the immigration bill was a sign Republicans wanted immigration "as an issue and don't want to compromise." Mehlman replied, "I don't think that's the case. Think of what Congress passed last week. They passed a significant amount of money for more personnel at the border, more technology at the border, and more barriers. The President, the House, Senate and Republicans all agree we need to secure our borders, first. But the President also believes and I think he's right, we want to do more than deal with the immediate problem. We want to fundamentally make sure that the reason we have so much illegal immigration in this country."

Former Illegal Supports Tightening Border. The Los Angeles Times (6/21, Bustillo, 958K) reports on Evaristo Silva, an apple farm owner who came to the US as an illegal immigrant and became a citizen after President Regan's Amnesty. Silva is for tightening the borders and a guest worker program, a "stance…largely based on his own bottom line." He says "if half of Latin America keeps coming…you will reach a point where we don't all fit." Sliva also notes increasing urban problems and a decreasing quality of life.

LATimes Says GOP Politicizing Immigration Debate. The Los Angeles Times (6/21, 958K) editorializes that you can tell "a governing party is running out of steam" if "it controls all branches of government yet abandons even the pretense of addressing an issue most members claim is a 'crisis'," as the GOP-led House did in postponing reconciliation of the immigration bills. "House GOP leaders can barely conceal their preference for divisive politics over sound policy," and are naming "field meetings," which "are nonsense," in order to "deliver maximum demagogic effect."

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These "Republicans…prefer clinging to the dangerous fantasy that a massive, militarized wall must be approved before discussions can even begin over what to do with the millions of indispensable, but vilified, workers already here," and "If inaction and xenophobia are all the party has left, this could be its last 100 days."

More Commentary. Lawrence Downes writes in the New York Times (6/21, 1.19M), "The arguments made by hard-line critics of immigration reform are depressingly simple, which makes them simply depressing. They boil down to this: the immigration problems we have today, and a vast array of other problems, begin and end with immigrants themselves, the people who have committed the offense of being here illegally -- or just being here, period, in undesirable numbers, with undesirable habits and undesirable effects on the health of the nation. Their presence here is seen as overwhelmingly if not entirely bad, an unpardonable offense for which American citizens are made to suffer. … It will be solved by keeping people out, and kicking people out. … It's no wonder some people compare immigrant workers to locusts, bacteria or an occupying army." Downes remarks on the "disturbing role played by fear" in the debate. Downes concludes, "It's dangerous. It's not rational. But the argument on the restrictionist side isn't about being rational. It's about being afraid."

TAX:

Wyoming Man Pleads Guilty To Colorado Tax Fraud Scheme. The Denver Business Journal (6/21) reports, "A Wyoming businessman has pleaded guilty for his part in a tax fraud scheme that began in Denver." The Journal continues, "Russell J. Brown pleaded guilty in federal court in Seattle to aiding and assisting in the filing of a false tax return for Paul Bekins, the former president and majority owner of a Seattle moving company. … Brown and Bekins were both members of Tower Executive Resources, a Denver-based organization that helped its members evade paying federal income taxes, according to the U.S. Department of Justice. The organization helped its members set up offshore bank accounts and corporations to hide income from the Internal Revenue Service. … Taxpayers paid as much as $50,000 to join Tower, the justice department alleged." The Journal adds, "Bekins previously entered a guilty plea. He was sentenced last year to six months of house arrest, followed by 18 months of supervised release and 300 hours of community service. The Justice Department said Bekins listed his 'other income' in 1999 as $77,515 when it was actually $2.6 million. … The government said Brown helped Bekins avoid paying $1.3 million in federal income taxes. … Brown will be sentenced later this year."

California Man Charged With $20 Million Tax Fraud. The AP (6/21) reports, "A businessman who has donated hundreds of thousands of dollars to local colleges and nonprofits is accused of defrauding the government of more than $20 million in taxes." The AP continues, "Gene Haas, the 54-year-old owner of Oxnard (CA)-based Haas Automation, was arrested Monday for investigation of conspiracy, filing false tax returns and witness intimidation. … Charges filed by the U.S. Attorney's Office accuse him of orchestrating a plan to list $50 million in bogus expenses that could be written off as business costs and save the company $20 million in taxes. Haas, of Camarillo, was being held without bail." The AP adds, "Haas Automation, which makes computerized machine tools, said in a statement that Haas was not guilty and that the tax issues 'revolve around' the company's former financial officer, John Phillips. … Last month, Haas Automation by default won a Ventura County Superior Court lawsuit accusing Phillips of cheating the company out of $27.5 million."

GOP Leaders To Push Compromise Estate Tax Legislation. The Washington Post (6/21, A4, Weisman, 744K) reports, "Republican leaders announced yesterday that the House will vote this week on estate tax legislation that falls short of full repeal, conceding defeat on a philosophical issue that has been central to the GOP economic plank for more than a decade." The bill, introduced by House Ways and Means Committee Chairman Bill Thomas, "marks a major turnaround for congressional Republicans, who for years have made 'Death to the death tax' a political battle cry." The Post adds, "Senior House Republicans conceded that a long-sought permanent repeal of the estate tax is now out of reach. And with the possibility that Republicans will lose Senate seats in the midterm elections in November, GOP tax writers decided to grab the most lucrative deal possible in case Republican power begins to ebb."

The New York Times (6/21, Andrews, 1.19M) reports, "The latest proposal would eliminate the tax for all estates

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worth less than $5 million -- up to $10 million for couples." That "would cover more than 99.5 percent of estates, according to Congressional estimates. In addition, the compromise would reduce the tax rates on the few estates that would still be subject to a tax." The House proposal" is aimed at giving Senate Republican leaders another chance of passing legislation. Last week, Senator Bill Frist of Tennessee, the majority leader, acknowledged that he could not pass a full repeal bill and would wait until the House voted on a new proposal before trying again in the Senate." The House bill "is similar to a compromise that Senate Republicans circulated two weeks ago, without success. But it includes a tax cut that would save timber companies about $900 million over the next three years, a new twist that could win as many as four more Democratic votes in the Senate."

IRS Collects Just Over 10% Of Fines On Preparers. USA Today (6/21, McCoy, 2.31M) reports that the IRS has collected just over 10% of every dollar in fines it has assessed on tax preparers since 2003. During the last three fiscal years, "the IRS fined 528 tax preparers roughly $4.7 million for taking unsubstantiated deductions, cashing clients' tax refunds or other violations of tax laws. But a USA TODAY review found the agency has so far collected about $518,000 of the penalties, or 11%. Roughly half the penalized preparers have paid nothing, while half have paid some or all their fines, according to the IRS."

IRS To Hire Private Debt Collectors. The Wall Street Journal (6/21, Herman, 2.11M) reports in its "Tax Report" column that the IRS is resuming plans to hire private debt collection forms to collect large sums of unpaid taxes. The IRS "said this week it received the green light to proceed with the project's first phase -- in which three firms will begin pursuing about 40,000 people -- when the Government Accountability Office, a congressional investigative agency, rejected challenges by companies not awarded IRS contracts." The IRS plans "eventually to hire as many as 10 firms by 2008, when the program will be fully operational." Over the course of 10 years, "the IRS expects the private firms to help it collect an additional $1.4 billion in unpaid taxes."

CONGRESS-ADMINISTRATION:

House Passes Pentagon Budget After Rejecting NSA Surveillance Cut. The Wall Street Journal (6/21, A8, Rogers, 2.11M) reports the House voted 407-19 to pass a $427.6 billion Pentagon budget, which includes an additional $50 billion for Iraq operations, "after narrowly rejecting," 219-207, "a bipartisan effort to curb funding" for the NSA's warrantless surveillance program. While Rep. John Murtha said he "now felt 'comfortable there are adequate safeguards,'" and House Intelligence Chairman Peter Hoekstra pledged a summer hearing on "a new legal framework for the program," 23 Republicans still "broke ranks in support" of the amendment, "which directly challenged President Bush by proposing to bar funding" for any domestic electronic surveillance that does not comply with FISA-required court review. The Journal says the "length and emotion of the House debate testified to the continued concern in Congress that the White House has been unilaterally circumventing the need to seek warrants under FISA."

Flake Attempts To Strip Hastert Earmark From Defense Bill. The Hill (6/21, Allen) reports, "Rep. Jeff Flake (R-Ariz.) escalated his anti-earmark crusade yesterday by attempting to strip a request by Speaker Dennis Hastert (R-Ill.) out of a defense appropriations bill." Flake "offered an amendment designed to kill a $2.5 million provision intended for a technology organization created by one of Hastert's former aides. The amendment, one of about 10 he offered, was expected to fail miserably as of press time." The earmark "is for the Illinois Technology Transition Center, a program established late last year through a partnership between the Pentagon and a private outfit run by Thomas V. Thornton, a former policy director for Hastert in the early '90s. Neither Thornton nor Hastert's office replied to requests for comment on the earmark."

Senate Panel Approves Bill Designed To Cut Federal Spending. The AP (6/21, Taylor) reports, "In an election-year bid to polish their credentials as fiscal conservatives in an election year, Senate Republicans on Tuesday advanced a bill designed to force cuts in the spiraling growth of federal benefit programs while also reviving the line-item veto." The measure, written by Budget Committee Chairman Judd Gregg and "approved by that panel by a 12-10 party-line vote, combines several ideas aimed at putting the brakes on spending. Most striking, the bill would force mandatory cuts to the deficit, enforced by across-the-board cuts to benefit programs such as Medicare, Medicaid and unemployment insurance if Congress can't meet deficit targets on its own." Gregg "acknowledged that

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his bill won't pass the full Senate, and Republicans seem to welcome the prospect of a filibuster by Democrats." That "would allow them to accuse Democrats of being weak on controlling spending while sparing Republican moderates from having to vote on the bill's more controversial elements."

The Washington Times (6/21, Hill, 90K) reports the bill "would reinstate spending disciplines, including caps on non-entitlement programs, that helped balance the budget in the 1980s and 1990s. It would require the White House to order across-the-board spending cuts in every program but Social Security if Congress did not achieve the deficit-reduction goals." The committee "rejected an amendment by Democrats that would have reinstated required offsets to tax cuts and new spending programs, though former Federal Reserve Chairman Alan Greenspan and other budget analysts said the policy helped Congress take control over the deficit in the 1990s." Roll Call (6/21, Rosenbaum) also reports the story.

GOP Sen. Judd Gregg, chairman of the Senate Budget Committee, writes in a Washington Times op-ed titled "Stop Federal Overspending" (6/21) that "the federal budget process is ailing. In fact, it is on life support. … It is time to get serious about spending restraint and resurrect the budget process to protect future generations and ensure that we hand our children, and our children's children, a government they can afford."

WSJournal Criticizes Democrats' "Pay-As-You-Go" Budgeting. The Wall Street Journal (6/21, 2.11M) editorializes on the Democrats' "ruse" that "goes by the name of 'pay-as-you-go' budgeting, which has the political virtue of sounding as if spending won't be able to exceed revenue." The Democrats' "Web site, HouseDemocrats.gov, claims that pay-as-you-go policy 'means that spending increases, as well as tax cuts, need to be offset by cuts in other areas -- like fewer corporate tax breaks.' A three-card monte dealer in Times Square couldn't have said it better. Paygo rules, to use the Beltway argot, were in place from 1990 until they expired in 2002, so we know how they work. And in practice all they really do is constrain tax cuts, not new spending. … The House Democratic agenda promises 'a new direction for America.' But when it comes to paygo and fiscal policy, the only change is their political marketing."

Senate Panel May Not Hold Paulson Hearing Until June 27. In its "Washington Wire" column on its web site, the Wall Street Journal (6/20, 2.11M) reported, "While the White House is pushing for the Senate to confirm Henry M. Paulson Jr. as Treasury secretary, the Senate Finance Committee may not hold his confirmation hearing until June 27 at the earliest, setting up a tight schedule for the full Senate to vote on his nomination before the July 4 recess."

Hastert Unlikely To Get Lobbying Overhaul By July 4. CQ (6/20, Kady) reported, "With no easy avenues for compromise on stripping unidentifiable earmarks out of bills or clamping down on so-called 527 groups, House Speaker J. Dennis Hastert seems unlikely to get the lobbying overhaul he wants completed by July Fourth. … But Hastert, R-Ill., said he was not willing to back down on the provision regarding the '527' groups that run political advertisements but are free from many disclosure requirements, even if relenting would mean a quick agreement on the legislation (S 2349, HR 4975) that was intended to inoculate Republicans against election-year ethics attacks in the wake of multiple corruption scandals."

Regulations For 527s Suggested. Edward Kangas, the retired chairman of Deloitte Touche Tohmatsu and co-chairman of the Committee for Economic Development's subcommittee on campaign finance, and Charles Kolb, president of the Committee for Economic Development, an independent, nonpartisan, Washington-based organization of over 200 business and education leaders, write in The Hill (6/21) that "unregulated political contributions have the potential to undermine voters' confidence and involvement in our participatory democracy. … If we are serious about eliminating soft money in our campaign system, Congress needs to adhere to the following three provisions recommended by the Committee for Economic Development (CED)." All 527s "that spend money to influence federal elections should be required to register as political committees with the FEC. … Second, all Section 527 groups that broadcast advertisements that promote, support, attack or oppose a federal candidate should be required to pay for such ads only with money raised from individuals under federal contribution limits. … Third, if a group maintains both federal and nonfederal campaign accounts to support voter-registration drives and similar activities, at least half of the costs for such activities must be funded with 'hard money' contributions."

Merchant Marine Graduate Hugged Bush During Graduation. The New York Times (6/21,

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Mead, 1.19M) reports on Gabriel Whitney, a recent graduate of the United States Merchant Marine Academy. During Monday's commencement ceremony at the Academy, Whitney "hugged Vice Adm. Joseph D. Stewart, the academy's superintendent. … Elated and with his arms still upraised, he turned toward President Bush, who had just delivered the commencement address. Mr. Bush, wearing a quizzical expression, responded by raising his arms as well and moved in for a hug. … 'The president thought the big bear hug was funny,' said Dana M. Perino, a White House spokeswoman. 'He appreciates the terrific enthusiasm of our nation's graduates, and he was honored to be the first president to address the Merchant Marine Academy. It was quite a thrill for everyone.'"

Enzi, Kennedy To Offer Drug Safety Bill. The Wall Street Journal (6/21, Mathews, 2.11M) reports that Sen. Mike Enzi, who chairs the Senate Committee on Health, Education, Labor and Pensions, and Sen. Edward Kennedy, the panel's ranking Democrat, plan to unveil legislation to substantially change how the FDA reviewed medications. According to the Journal, "The two lawmakers' views are particularly important as Congress prepares to consider legislation next year to renew the industry-user fees that fund many of the FDA's operations." The bill "is keyed to that user-fee renewal, and would likely depend on increases in the fees. Details could change before the final version emerges in the next several weeks."

The New York Times (6/21, Harris, 1.19M) reports that the Senators "still refuse to speak about the proposal, representatives for both said." The Times adds, "In broad terms, the bill would require that drug makers disclose the results of all large human tests of their drugs, known as Phase 3 and Phase 4 trials; create a detailed risk management plan to uncover and control any safety problems that arise after a drug is approved; and pay penalties if they fail to follow through with this plan, according to four experts who were briefed on the proposals."

Gingrey Says Seniors Are Happy With Medicare Drug Plan. In a letter to the Wall Street Journal (6/21, 2.11M) Rep. Phil Gingrey, Co-Chair of the Republican Healthcare Public Affairs Team, writes, "Medicare reports that seniors are saving an average of $1,100 a year with prescription-drug coverage, and recent polls have shown that nearly 80% of seniors are happy with their coverage plan. … Seniors are seeing real savings under Medicare Part D. Unlike the Democrats and shadow organizations content to play politics with our seniors' health, Republicans have worked tirelessly to help seniors sign up and save. I firmly believe that come November, seniors will reward the Republican majority for finally delivering on the long-overdue promise of affordable prescription drug coverage."

Surveys Find Drug Prices Rose Sharply In First Quarter. The New York Times (6/21, Freudenheim, 1.19M) reports that separate studies form two large advocacy groups, the AARP and Families USA, have found that prices for the most widely used prescription drugs increased sharply in the first quarter of this year. AARP "said prices charged by drug makers for brand-name pharmaceuticals jumped 3.9 percent, four times the general inflation rate during the first three months of this year and the largest quarterly price increase in six years." Families USA "found similar inflation rates among brand-name drug prices."

Report Finds Expanded Government Contracting Doesn't Save Money. The Los Angeles Times (6/21, Gehlert, 958K) reports that a congressional report released by Rep. Henry A. Waxman found that while "The Bush administration has greatly expanded the use of contracts with private companies to provide public goods and services even as the number of government employees has increased," this "failed to bring promised savings and has been characterized by 'significant waste, fraud, abuse and mismanagement.'" Many of "the types and terms of the contracts have made them ripe for abuse," including cost-plus contracts, no-bid contracts, and monopoly contracts Also, of "particular concern…were contracts related to domestic security, the Iraq war and Hurricane Katrina recovery."

Specter Holds Private Lunches With Supreme Court Justices. The Hill (6/21, Bolton) reports that Senate Judiciary Committee Chairman Arlen Specter is hosting a series of one-on-one lunches with members of the Supreme Court. Specter told The Hill that he uses the lunches to "hash out 'matters of concern.'" Specter "said he's already lunched with most of the justices. They have discussed the administration of the courts, their confirmation hearings and one of his pet issues: bringing television cameras into the court chamber. He has also

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grilled them about instances when the court has struck down laws by questioning what it called Congress's 'method of reasoning.' It was a concern Specter raised during the Supreme Court confirmation hearings he presided over months ago."

Ornstein Says Broadcast Decency Act Is "Just Grandstanding." Norman Ornstein writes in Roll Call (6/21) that last week Congress passed, and the President signed, the Broadcast Decency Enforcement Act." The bill "basically was just grandstanding. It's a poor piece of legislation, and one that reflects yet again the lack of any meaningful deliberation in Congress." Ornstein adds, "Here is what I propose: relieve the broadcasters of their onerous public interest obligations. All of them. In return, charge them fees that amount to a paltry 20 cents on the dollar for what they have been doing (or what they say they have been doing). That would be $2 billion per year. Do so for only seven years, and then leave them free and clear. Put the money into an endowment fund that ultimately would total $14 billion (plus interest) for public broadcasting."

NYTimes Blasts Plans To Have Ethics Panel Approve Junkets. The New York Times (6/21, 1.19M) editorializes, "The House ethics committee, ever wondrous in its irresponsibility, is preparing to set itself up as the arbiter of one-stop, conscience-free junket approval for gadabout lawmakers. … The end product would have the ethics committee — long a still-life study in Capitol dysfunction — snap into action to prejudge junketeering requests." The Times adds, "Clearly, lawmakers are gambling that the scandals nipping at their heels will pale by Election Day."

OTHER NEWS:

Housing Starts Rebound. The Wall Street Journal (6/21, Conkey, Corkery, 2.11M) reports, "US home builders stepped up the pace of new construction in May after three months of declines, a sign that the housing market is softening but not collapsing." The Commerce Department "said housing starts rose 5% last month from April to an annual rate of 1.96 million units, but were down 3.8% from a year earlier. Building permits, an indicator of future trends in new residential construction, fell 2.1% last month and were running 8.5% lower than a year earlier." The Journal adds, "The faster pace of new-home building in May is confirmation that the housing market is experiencing what Federal Reserve Chairman Ben Bernanke recently described as an 'orderly and moderate' correction following last year's peak." That "bodes well for the economy, though analysts anticipate more weakness in the housing market during the rest of the year."

The New York Times (6/21, Peters, 1.19M), however, says "the increase was not a sign of an upward trend, but more likely a rebound after three months of significant declines, economists said. Many economists had predicted less of a bounce." Stuart G. Hoffman, chief economist of PNC Financial, "said the upturn in May probably 'marks one of the housing market's last hurrahs.'" The Washington Post (6/21, Epstein, 744K) runs a similar report.

Stock Markets Closed Mixed. NBC Nightly News (6/20, story 9, 0:10, Williams, 9.87M) reported, "The Dow was up today more than 32 points [to close at 10,974.84]. NASDAQ was down just over 3 [to close at 2,107.06]." USA Today (6/21, 2.31M) says the Standard & Poor's 500 dipped 0.02 points to 1240.12. The Wall Street Journal (6/21, Browning, 2.11M), among other newspapers, also reports the stock numbers.

More Commentary On The Economy. Robert J. Samuelson writes in the Washington Post (6/21, 744K), "If the Federal Reserve raises interest rates at the end of June, as seems probable, it will likely be criticized for making a fetish of inflation and, in the process, risking an American or global recession. There are already signs that the US economy is slowing. Stock markets around the world have declined sharply. Why should the Fed make matters worse by nudging up rates even a tad? This is a sensible-sounding complaint. Based on what we now know, it's also wrong." He adds, "We have an inflation problem that we need to cure before it gets worse."

David Ignatius writes in the Washington Post (6/21, A21, 744K), "The financial world has been suffering lately from Post-Greenspan Stress Disorder. The new chairman of the Federal Reserve, Ben Bernanke, has been accident-prone, and some investors have gotten the jitters." They "might be reassured if they paid more attention to the country's second most powerful monetary official, New York Fed President Timothy Geithner." Geithner "watches for the big, scary meltdowns that could threaten the entire financial system. Like his mentor, former Treasury secretary Robert Rubin, he's a worrier -- always looking for the 'systemic risks,' the cascading events that can trigger a panicky rush for the exits.

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He's in a constant dialogue with the nation's biggest banks and investment firms about how they manage risk."

Democratic Party Committees Tout Edge In Cash On Hand. The DSCC is reporting a $33.5 million to $18.3 million cash on hand advantage over the NRSC, while the DCCC has a $24.5 million to $21.9 million cash on hand advantage over the NRCC. The AP (6/21) describes Democrats as "optimistic about their election-year prospects," but notes that while "the GOP committees trail in cash on hand, it has the advantage of the presidency and the fundraiser in chief as well as majority control of the House and Senate."

The Hill (6/21, Kaplan) says Congressional Democrats "yesterday trumpeted the sums of money they raised in the second quarter of the year." Roll Call (6/21, Whittington) notes "this is the first time in recent memory that House Democrats have banked more than Republicans." Roll Call notes that "the NRCC's heavy spending on the special election in California's 50th district accounted for the cash-on-hand difference." NRCC spokesman Carl Forti said, "We spent what it took in California 50 and we won. … And we will have a resources advantage come fall."

Emanuel Will Not Serve Second Term As DCCC Chairman. The Hill (6/21, Hearn) reports, "Rep. Rahm Emanuel (D-Ill.) will step down from the House Democrats' campaign operation after the November elections to spend more time with his family, he told The Hill yesterday." He "has been a leading strategist, fundraiser, cheerleader and recruiter for House Democrats as chairman of the Democratic Congressional Campaign Committee (DCCC) since the beginning of last year. His uncommon pairing of cunning efficiency and profanity-laced outbursts has won him both plaudits and opprobrium, but nearly all Democrats concede that he deserves substantial credit for their rosy election prospects this year."

President's Dinner Raised $27 Million For Republicans. CNN's The Situation Room (6/20, Crowley) reported, "Some Republicans may not want the President campaigning with them, but all Republicans want him filling up the coffers. … The coffer is $27 million fuller as of last night's President's Dinner, where Bush racked up cash and laid out a campaign blueprint." CNN added, "So far this election cycle he has raised over $150 million, the kind of cash only a President can attract. He gives his party a cumulative edge, $92 million more raised by Republicans than Democrats since the beginning of 2005."

Morris Sees Possibility For Democratic Senate Takeover With Tennessee Win. Political analyst Dick Morris, in his column in The Hill (6/21) , writes that in addition to possible Democratic victories in Pennsylvania, Ohio, Montana Missouri and Rhode Island, a new "Zogby poll indicates that Harold Ford, the Democratic candidate to succeed Majority Leader Bill Frist (R) in Tennessee, is running a surprisingly strong race against his three possible Republican opponents. That could be the sixth seat" Democrats would need to take control of the Senate. The poll shows "Ford tied with former Rep. Ed Bryant, with each winning 42 percent of the vote, and trailing by a small margin, 43-41, against former Rep. Van Hilleary. A third possible candidate, Chattanooga Mayor Bob Corker, leads Ford by 46-42." Morris sees the possibility of a Democratic takeover as a sign "that President Bush had better shake himself up and address the gas-price and energy issues that he has so far failed to speak out about, except for one mention in his long-ago State of the Union address. It is only by an ongoing relevance to this nation's key problem that Bush can hope to avert the disaster looming on the horizon."

Democrats Seek To Bolster Lieberman Against Primary Challenger. The possibility that Sen. Joe Lieberman may run as an independent candidate for the Senate in Connecticut if he loses the Democratic primary to Ned Lamont is seen as posing a problem for national Democrats. In response, Roll Call (6/21, Stanton, Duran) reports, "Senate Democrats are making a point of rallying around Lieberman, with many lawmakers expected to travel to the Nutmeg State in the coming weeks. His Senate Democratic colleagues already have donated more than $49,000 since 2004 to his re-election campaign." But "Democrats acknowledge that Lieberman…could force his fellow Senators to choose between backing one of their own and abiding by the wishes of the state's Democratic voters. Lieberman's decision to leave the door open to an Independent run has angered many rank-and-file Democratic activists and has added an unwanted wrinkle to Democrats' long-shot efforts to gain control of the Senate in November."

Lieberman Ad Chides Lamont Supporters. Gov. Lowell Weicker recently endorsed Lieberman's challenger

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Lamont and the Washington Post (6/21, A6, Goldfarb, 744K) reports, "Lieberman's campaign recently posted a Web ad poking fun at the Weicker-Lamont alliance. 'Remember Lowell Weicker? Well, bears never forget. He's never gotten over losing his Senate race to Joe Lieberman,' says the ad, which features animation of a bear. 'But instead of coming out of hibernation, he's sent his bear cub, instead -- Ned Lamont.'" The Post adds, "Lieberman spokeswoman Marion Steinfels explained the ad as having 'a little fun with the Greenwich billionaires uniting against Senator Lieberman.' Lamont spokesman Liz Dupont-Diehl called the ad 'pathetic.'"

Gore Declines To Endorse Former Running Mate Lieberman. The Washington Post (6/21, A6, Goldfarb, 744K) also notes, "Lieberman has won a string of endorsements from prominent Democrats around the state, including the state party chairman and state Senate majority leader. One endorsement he won't be getting is that of his 2000 running mate, Al Gore. In an interview Sunday with Al Hunt of Bloomberg TV, Gore called Lieberman 'my close friend' but said, 'I typically do not get involved in Democratic primaries.'" But Gore "did endorse former Vermont governor Howard Dean" who opposed the Iraq War "in the 2004 Democratic presidential primaries."

Columnist Accuses Lieberman Of Being Out Of Step With Party On Iraq. Howard Meyerson in his column in the Washington Post (6/21, A21, 744K) says "Lieberman's problem is not that he faces expulsion from a sect but that he has chosen to stand outside what remains a big, messy tent of a party. Moreover, he seems to have reversed the roles that the two parties play when it comes to Iraq."

Obama Urged To Run In 2008 Despite Lack Of Experience. Atlantic Monthly associate editor Ross Douthat in an op-ed in the Wall Street Journal (6/21, 2.11M) writes that with the 2008 presidential field wide open, running for president could "be the smartest thing" Sen. Barack Obama does. While "young and untested" Obama's "his political stock may never be higher than it is right now, when liberal Democrats and centrists alike project their dreams upon him, undimmed by the disappointments and compromises of a long career. For the moment, he's part Clinton, part Roosevelt, part JFK and MLK; but in eight or 12 or 16 years, he might be John Kerry." Losing in the presidential primaries "didn't hurt Al Gore's long-term prospects; it didn't hurt Ronald Reagan's future chances." And "Democratic bigwigs -- Mario Cuomo, Sam Nunn, Bill Bradley -- who declined to take on George H.W. Bush in 1992, preferring to wait for a more propitious moment" did not succeed.

Democratic Activists Launch Effort To Encourage Policy Debates. Democratic activists have launched a number of ventures seeking to encourage debates over serious policy issues. The Washington Post (6/21, A19, Balz, 744K) reports, "Those in the middle of these events share a similar conviction, which is that for too long Republicans have been winning the battle of ideas (and often campaign strategy) in American politics, in part because conservatives invested in what is now a well-funded infrastructure of organizations that have produced ideas, thinkers, publications, strategists, and politicians who now control the White House, Congress and increasingly the federal judiciary." The Post adds, "There is also a belief shared at least by some of the participants that Democrats have ridden for too long on what are the fumes of the New Deal and the Great Society, which sustained Democrats for half a century."

Stem Cell Therapy Repairs Spinal Cord Injuries In Rats. ABC World News Tonight (6/20, story 10, 2:00, Potter, 8.78M) reported, "It has been a long-sought and elusive goal. This rat was paralyzed in the hind legs by a virus. In a few months, it was able to move again. Researchers injected their rats with stem cells, plus a mix of chemicals to help the cells grow into nerve tissue. In 11 out of 15 tries, it worked." This is "the first in which stem cells actually created new, healthy nerves, known as motor neurons." But the "stem cells came from mouse embryos, which had to be destroyed when they were removed. So, the moral debate over stem cell research continues."

The CBS Evening News (6/20, story 5, 2:05, Kaledin, 7.66M) reported scientists "say they have done something they have never done before. These lab rats were once unable to move their hind legs. Now after treatment using embryonic stem cell, they can. This is the first time, scientists say, these specialized cells have successfully regrown the delicate circuitry between nerves, spinal cord and muscle, allowing movement where there was none before." Only "a tiny number of embryonic stem cells were needed to restore up to 40% of the rats' mobility."

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NBC Nightly News (6/20, story 7, 2:35, Williams, 9.87M) reported, "This is research in rats, but many health officials are calling it a remarkable step in the long road to finding treatments for spinal chord injury and other diseases that cause paralysis. The scientists treated stem cells from mouse embryos with various chemicals so they would form new nerve cells in the spine." There's "a political angle here, and the question is where does this all sit regarding what has been President Bush's position on this issue?" Bazell: "Well, these are experiments in animals, so Bush's position doesn't matter at all, but if these continue to work as well as it have, it could only heat up the argument very much."

Publisher, Bush Appointee Merrill Reportedly Committed Suicide. The Washington Post (6/21, A1, Rich, 744K), in a front-page story, reports Philip Merrill, "the prominent publisher and former diplomat whose body was found floating in the Chesapeake Bay on Monday, suffered from a heart condition and apparently took his own life, his family said last night. Merrill, 72, was found with a shotgun wound to the head and a small anchor tied around one or both ankles, according to a source familiar with the investigation." Merrill "was assistant secretary general to the North Atlantic Treaty Organization in the early 1990s and president of the Export-Import Bank of the United States from 2002 until last year. He frequently took time away from his business to pursue diplomatic and intelligence assignments for the government. He served six administrations, mostly in the State and Defense departments."

Former Anchor Rather Departs From CBS News. The CBS Evening News (6/20, story 8, 4:00, Schieffer, 7.66M) reported, "It has been rumored for weeks and today Dan Rather and CBS news made it official. Dan is leaving CBS." CBS (Mason) added Rather "interviewed nearly every major international leader, Saddam Hussein exclusively, twice. For '60 Minutes 2', he broke the story of the Abu Ghraib prison abuse scandal, but it was also on '60 minutes 2' that Rather became the center of his own scandal." Rather: "It was a mistake." Mason: "Shortly after admitting errors in the report about President Bush's National Guard record, Rather retired as anchor of the 'Evening News.'" But he "could not come to terms with CBS on new assignments. 'It just isn't in me to sit around doing nothing,' he said in a statement today. 'So, I will do the work I love, elsewhere.'"

ABC World News Tonight (6/20, story 11, :30, Gibson, 8.78M) reported, "Dan Rather and CBS News made it official today. After 44 years at the network, the former anchor is leaving. Rather joined CBS in 1962, reported on all the major stories of our time and anchored the Evening News for 24 years."

NBC Nightly News (6/20, story 11, 0:50, Williams, 9.87M) reported, "Upon the retirement of the iconic Walter Cronkite, Dan took the anchor chair and held it for 24 years. He was forced to resign 15 months ago after what has since been dubbed 'Memogate,' a story about President Bush's National Guard service, for which Rather later apologized."

The Washington Post (6/21, C1, Kurtz, 744K) reports, "CBS officials heaped praise on the longtime anchor, even as they were ushering him out the door yesterday. Rather, for his part, made clear his frustration with the network for refusing to renew his contract or give him an ample workload at 60 Minutes."

The Washington Times (6/21, Harper, 90K) reports, "Recent press reports indicate Mr. Rather may take up a newscasting role with HDNet, a high-definition cable channel currently available in about 3 million homes."

Peter Johnson writes in USA Today (6/21, 2.31M) that 60 Minutes correspondent Steve Kroft "says Rather's CBS career, which came to its official close Tuesday, ended much like those of two other CBS News legends, Edward R. Murrow and Walter Cronkite: CBS wanted to move on and, news icons or not, they had to go." Johnson adds, "Rather's departure from CBS after 44 years — and the way it was handled — was topic No. 1 in news circles Tuesday. Some say Rather was owed a better sendoff; others say he got what he deserved."

Shales Says CBS Treated Rather "Shabbily." Tom Shales writes in the Washington Post (6/21, C1, 744K), "Those who have followed the awkward exit of Rather…often ask a simple question: How could a network for which Rather has done so much and served so loyally treat him so shabbily as the curtain falls?"

Exurbs Are Nation's Fastest Growing Regions. New population estimates from the Census Bureau show that exurbs in the Sun Belt and the Far West are the fastest-growing cities in the US. The New York Times (6/21, Lyman, 1.19M) reports, "The bureau's annual survey of

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municipalities with at least 100,000 residents shows that from July 1, 2004, to July 1, 2005, four outer suburbs in California, three in Florida, two in Arizona and one in Nevada were the country's most rapidly growing."

Study Finds Big City Schools Have Low Graduation Rates. USA Today (6/21, Toppo, 2.31M) reports on research released yesterday finds that students in some big city schools have a less than 50% chance of graduating from high school with their peers. Fourteen urban school districts "have on-time graduation rates lower than 50%; they include Detroit, Baltimore, New York, Milwaukee, Cleveland, Los Angeles, Miami, Dallas, Denver and Houston. The findings present a bleak picture and are sure to generate controversy as lawmakers and others push to keep U.S. students competitive globally." USA adds, "Among the nation's 50 largest districts, the study finds, three graduate fewer than 40%: Detroit (21.7%), Baltimore (38.5%) and New York City (38.9%)."

Encyclopedia Of Conservatism Published. The New York Times (6/21, Deparle, 1.19M) reports on the release of American Conservatism: An Encyclopedia. According to the Times, the volume, published by ISI Books, a conservative press in Wilmington, Delaware, "omits familiar names like Ann Coulter, Tom DeLay, Grover Norquist, Bill O'Reilly and Karl Rove," but "includes the journals University Bookman, circulation 2,600, and First Things. It gives Willmoore Kendall, a political scientist who died in 1967, three times as much ink as former House Speaker Newt Gingrich."

Lowell Says Link Between Lobbying, Fundraising Must Be Weakened. Abbe D. Lowell, who has represented lawmakers and others in ethics investigations, and who currently represents former lobbyist Jack Abramoff, writes in USA Today (6/21, 2.31M), "Real reform will not occur until the very relationship between lobbyists and public officials is re-examined." Lowell offers several suggestions "to weaken the link between lobbying and fundraising," including: "Require fundraisers to disclose publicly their interest in legislation. Require sponsors of "bundled" contributions (individual contributions arranged together for greater impact) to disclose their roles. Impose further limits on the total amount individuals can give in an election cycle. Provide additional public financing of campaigns. Help candidates pay for access to various media." Lowell concludes that "time has come for the entire process to be under investigation so that a better system can result."

NYTimes Says Emergency Rooms Should Stop Diverting Seriously Ill Patients. The New York Times (6/21, 1.19M) editorializes, "The nation's emergency rooms have been stretched thin for at least a decade or more, but a new analysis suggests that they have reached a breaking point. Their plight underscores how dreadfully unprepared we are to cope with a major disaster like pandemic influenza or mass casualties from a terrorism attack." According to the Institute of Medicine, a unit of the National Academy of Sciences, "Half a million times a year ambulances are diverted from emergency rooms that are full and sent to others farther away. … The most important change would be to stop diverting seriously ill ambulance patients and divert instead the poor patients who clog emergency rooms seeking routine care. That would require extending health coverage to the uninsured and providing more primary care clinics and doctors in poor neighborhoods."

Iran Talks Take Center Stage As Bush Meets With EU Leaders In Vienna. There was no network news coverage of President Bush's trip to Vienna. CNN's The Situation Room (6/20, Blitzer) reported, "President Bush is in Vienna, Austria, for a one-day stop at the European Union Summit. He and his EU counterparts face a host of international threats and conflicts, including Iran, Iraq, the war on terror." CNN added, "Bush sits down with European Union leaders here in Vienna to highlight what they can agree on rather than focusing on lingering disagreements. He'll be in Vienna for just one day, but for President Bush, the US/EU Summit is a chance to demonstrate that the US and Europe are on the same page when it comes to Iran's nuclear ambitions." CNN added, "After Vienna, the President will visit Budapest, Hungary, to deliver remarks commemorating the 50th anniversary of the Hungarian revolution, when tens of thousands of Hungarians rose up to demand an end to Soviet rule." Bush's comments there "will be likely be listened to closely by Russian President Vladimir Putin. Putin has expressed his displeasure with recent US comments criticizing Moscow for backsliding on democracy."

The Washington Post (6/21, A15, Abramowitz, 744K) reports, "In meetings here Wednesday, Bush and European

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Union officials are to confer on issues including trade, energy security and their mutual efforts to persuade Iran to halt activities that could lead to the development of nuclear weapons. Officials have dampened expectations of any major announcements, because Iran has yet to respond to a package of inducements and penalties…aimed at ending its enrichment of uranium. Speaking with reporters aboard Air Force One, Bush's national security adviser, Stephen J. Hadley, said Americans and Europeans were strongly committed to having Iran completely shut down its enrichment program."

Bush Not Expected To Address Controversial Aspects Of War On Terror. The Washington Times/AP (6/21, Jahn), in an article titled, "Iraq Threatens Bush Agenda At EU," reports Bush's meetings are "scheduled to focus on Iran's nuclear ambitions and economic concerns, but the United States' conduct of the war on terrorism will be an unspoken theme. National Security Adviser Stephen Hadley has said he doubts Mr. Bush will have much to say about the U.S. prison for terror suspects at U.S. Naval Base, Guantanamo Bay, Cuba, charges of prisoner abuse in Iraq and suspected killings of Iraqi civilians by Marines in Haditha. For millions of Europeans, however, these are the issues that matter -- and their concerns are shared by politicians."

Administration Pressing Donor Countries To Honor Iraq Pledges. The Washington Times (6/21, Dinan, 90K) reports national security adviser Stephen Hadley "said countries have an obligation to fulfill their monetary pledges to help rebuild Iraq, but refused to name the nations that are $10 billion behind their commitments, according to Bush administration calculations.

The Christian Science Monitor (6/21, Grier, 61K) reports, "For nations that in the past have pledged to help Iraq rebuild, the United States has this message: Get out your checkbook. In recent days, administration officials, from President Bush on down, have insisted repeatedly that it is time for others to live up to monetary commitments to Baghdad, most of them made in 2003. … In coming months, non-US donor nations and international institutions should become increasingly important to the reconstruction of Iraq, according to US officials. Money in the main US reconstruction account, the Iraq Relief and Reconstruction Fund, is dwindling." The Monitor notes Bush "has mentioned the issue often in public in recent days. And the administration has sent Deputy Treasury Secretary Robert Kimmitt and State Department counselor Philip Zelikow to visit world capitals and figuratively rattle the tin cup."

Bush's Unpopularity Among European Public Noted. The Washington Post (6/21, A15, Abramowitz, 744K), in an article titled, "Bush's Unpopularity In Europe Hangs Over Summit," reports Bush arrived "at a time when the populace remains generally wary of him despite concerted efforts by political leaders on both sides of the Atlantic to patch up their differences." The Post adds, "if relations at the political level have improved, public opinion has lagged far behind. Bush remains unpopular with the public in many European countries over the war in Iraq and alleged abuse of detainees by U.S. forces at Guantanamo Bay…and other facilities. … Diplomats and experts on Europe say public opinion is a significant drag on Bush's ability to expect much from political leaders here -- for instance, for his renewed effort to secure international assistance for the new Iraqi government."

The Christian Science Monitor (6/21, LaFranchi, 61K) reports Bush will "confront a European public that has such a poor view of America that in some countries, the United States is seen as the biggest threat to global stability today - surpassing Iran. … Indeed, the US image abroad has continued to deteriorate, despite a concerted effort by the Bush administration to turn things around by mending fences with key allies, taking concrete steps to make diplomacy work, and expanding public-diplomacy efforts in the Middle East and other regions."

The Los Angeles Times (6/21, Gerstenzang, Rubin, 958K) reports, "Austrians want their leaders to confront Bush's policies in Iraq, the U.S. prison at Guantanamo Bay, Cuba, and the 'rendition' of suspected terrorists to countries that permit torture. Newspapers and TV talk shows have discussed little else in recent days, with people at both ends of the political spectrum denouncing the treatment of terrorism suspects who have not been charged with crimes.

The Los Angeles Times (6/21, 958K), in an editorial, writes, "President Bush's trip to Europe is being welcomed like an infectious disease. Bush was unpopular in Europe from day one of his presidency, but a charm offensive launched last year — and a more conciliatory approach toward European concerns — was meant to change that, or at least nudge the approval rating up a notch. Instead, recent polls show he is more unpopular than ever across the Atlantic."

The AP (6/21, Hunt) reports Bush "began a quick trip to strengthen ties with European allies unhappy about Iraq. …

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On his 15th trip to Europe since taking office, Bush and his wife, Laura, were greeted by Austrian Chancellor Wolfgang Schuessel. As Bush was driven to his hotel, curious onlookers, most of whom remained motionless and expressionless, gathered along Vienna's streets. One group struggled unsuccessfully to unfurl a 'Go Home' banner from a restaurant balcony in time for it to be seen by occupants of the speeding motorcade."

The Washington Times (6/21, Dinan, 90K) reports, "Anti-Iraq-war protests are scheduled for Mr. Bush's stay in Vienna, but the president will be departing even as the main protest is under way today. … The president has not carved out much time for cultural activities in his two days on the ground in Europe, though he is expected to see the Vienna Boys Choir perform."

US Said To Have Abandoned Hungary During 1956 Uprising. In an op-ed for the Washington Post (6/21, A21, 744K) Johns Hopkins' Charles gati writes, "Bush will be in Budapest tomorrow to visit a good ally -- a member of the coalition of the willing. The first item on his agenda, according to the White House, is to 'celebrate Hungary's historic sacrifices in the name of freedom by commemorating the 50th anniversary of the 1956 Hungarian Revolution.' … The truth is that at a critical juncture in the Cold War, when Hungarians rose against their Soviet oppressors, the United States abandoned them."

Bush Hopes For WTO Breakthrough On Farm Subsidies. AFP (6/21) reports President George W. Bush "hopes European leaders will improve their offer on agricultural trade to help bring about a breakthrough in stalled global trade talks," a White House official said. National security advisor Stephen Hadley told reporters on Air Force One that Bush "sees a deal as possible" this year on the Doha Round of World Trade Organization talks. "We really need to see a response from the Group of 20 countries and from the Europeans that is comparable to this offer," Hadley said, referring to the group of developing nations. "If they can move in this direction, we are going to be in the sight of getting an agreement by the end of the year and I think we will see the president encourage everyone he talks to on this trip not to miss this terrific opportunity to advance trade and advance development and help raise people out of poverty," the spokesman added.

Bush's "Personal" Involvement Said To Show Importance Of Talks. In a Wall Street Journal (6/21, A12, 2.11M) op-ed, professor Bernard Gordon of the University of New Hampshire, says the president's "personal effort to kick-start world trade talks" during his trip to Europe "should end the idea that he was downgrading US trade goals when Rob Portman was transferred from trade chief to budget director." Instead, Gordon says the president "has made clear the US insists on a genuine big deal for world trade—or no deal at all."

Barroso Warns Bush US "Protectionism" Could Inspire Backlash. The Financial Times (6/21, Proissl, Schmid, Dombey) reports José Manuel Barroso, the president of the European Commission, warned, "A rising tide of protectionism could endanger European investment in the US." Barroso said he has talked with President Bush "several times about the risk of introducing new barriers on investment because of worries about globalisation or terrorism." According to the Times, "EU officials believe the failure of Dubai Ports World's attempt to buy US ports this year showed a willingness by Congress to block foreign investment on grounds unrelated to economic criteria."

The AP (6/21, Hunt) reports Bush "planned to press Europe to eliminate agricultural subsidies so that talks for a global free-trade pact can proceed."

US-EU Draft Declaration Addresses Concerns Over Russia's Energy Policies. The Wall Street Journal (6/21, McKinnon, Pulizzi, 2.11M) reports, "A U.S.-European Union draft declaration raises concerns about Russia's energy policy and erosion of political freedoms, just weeks before that country hosts its first meeting of the Group of Eight powers. The draft declaration sets the stage for a tussle over energy policy at the coming G-8 summit, where Russia has made energy security the primary agenda item. The Bush administration believes Russia has been seeking to use its vast energy resources as a political weapon, particularly in Central and Eastern Europe.

Bush, European Leaders Concerned By Chinese Regulatory Regime. The Wall Street Journal (6/21, Echikson, 2.11M) reports President Bush and EU leaders "agree on…the need to dissuade China from becoming a third global regulatory power. Businessmen and officials on both sides of the Atlantic said China's desire to set its own regulatory requirements for goods sold there is becoming a big concern, because car makers and other exporters would have to tailor products to meet another set of expensive requirements in order to compete in China's huge market. … So while the U.S. and EU have been slow to harmonize their

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regulatory regimes, the prospect of China adding another layer of costly rules is fostering greater interest in trans-Atlantic cooperation."

US Activates Missile Defense In Response To North Korea Preparations. North Korea's missile launch preparations were reported on in a full segment by CBS and briefly mentioned by ABC and NBC. The CBS Evening News (6/20, story 3, 2:25, Schieffer, 7.66M) reported, "Belligerent as always, the North Koreans declared today they have every right to test long-range missiles, weapons that could reach America's West Coast. And they have one on the launching pad and appear to be fueling it." CBS added, "The missile now on the North Korean launch pad is exactly the missile the American system, a network of radar and interceptor rockets, was designed to defend against. It is still experimental, but it has been activated and could fire in the unlikely event it is needed." CBS noted, "Even under test conditions, their record of hitting a target is only 50/50, so several of them would have to be launched to increase the odds."

ABC World News Tonight (6/20, story 4, :20, Gibson, 8.78M) reported, "Two senior military officials have told ABC News the Pentagon has activated its missile defense system, and put it on high alert. That, just in case the missile might head this way."

NBC Nightly News (6/20, story 4, 0:40, Williams, 9.87M) reported, "Today, North Korea insisted it has every right to conduct missile tests. That led Japan and South Korea to say they would join the US in trying to stop any such thing from happening."

Fox News' Special Report (6/20, Hume) reported, "There is information that the US has activated the ground-based missile defense system from test mode to operational mode. The purpose is a response to the possible missile launch by North Korea." Fox (Angle) added, "The US deployed the system 18 months ago and it is described as having a modest capability. Tests of the system have produced successes and failures. On the diplomatic front American officials worked feverishly to come up with a worldwide response."

US Officials Won't Confirm Missile Defense Activation Reports. The Washington Times (6/21, Gertz, Dinan, 90K) reports White House officials "would not say what the consequences would be if North Korea tested a missile, and officials at the Pentagon and State Department refused to comment on whether the U.S. ground-based interceptor system was up and running, as The Washington Times reported yesterday. 'There are many options, and we are simply not going to tip our hand as to what the possible response should be,' White House spokesman Tony Snow told reporters traveling on Air Force One with the president."

The New York Times (6/21, Cooper, Gordon, 1.19M) reports, "Missile defense proponents said North Korea's missile preparations would strengthen the case for building more robust missile defenses. 'I think the activity by North Korea clearly makes the case that a missile defense is necessary for American security,' said Representative Duncan Hunter, the California Republican who is chairman of the House Armed Service Committee."

Missile Defense Described As "Unproven" And "Rudimentary." The Washington Post (6/21, A15, Ricks, Cho, 744K) reports, "The U.S. military yesterday moved ships into position off the coast of North Korea to detect the launch of any long-range ballistic missiles and prepared its new, unproven missile-interception system to attempt a response if necessary. It was apparently the first time that the U.S. government has readied its rudimentary missile-defense system other than to test it. But officials played down the possibility that the interceptors might be used against a North Korean missile. … Two U.S. Navy ships with sensors that could swiftly detect and track a missile's flight were operating off the North Korean coast yesterday, a Pentagon official said." The post adds, "Pentagon officials said that steps had been taken to ready the U.S. interceptors in much the same way that they would proceed for a test of the system. … But they declined to confirm a Washington Times story yesterday that said the system had recently been activated, and that the Bush administration is considering shooting down the North Korean missile.

USA Today (6/21, Kelley, 2.31M) reports, "the U.S. missile-defense system remains a patchy and unproven shield, government studies and outside experts say. The Pentagon now spends about $8 billion a year toward development of a network of systems designed to destroy enemy missiles, particularly those from Iran and North Korea. One of the most developed parts of that system is the handful of ground-based missile interceptors at Fort Greely in Alaska and Vandenberg Air Force Base in California. … Those interceptors have never been fully tested under real-world conditions, and the past two tests fizzled when the interceptors failed to launch."

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South Korea Challenges US Intelligence. The Los Angeles Times (6/21, Demick, 958K) reports, "If anything, North Korea's intentions have become less clear because of a growing controversy over the intelligence data. South Korean officials today challenged the U.S. assertion that North Korea had completed the fueling process, making a launch both inevitable and imminent. The National Intelligence Service told the National Assembly today that only 40 fuel canisters were observed around the launch site at the Musudan-ri missile base, and that the number was far too little to fuel what is said to be a 115-foot long, 65-ton multistage missile. In addition, the South Korean government is questioning whether the missile in question is for military use."

USA Today (6/21, Nichols, 2.31M) reports National security adviser Stephen Hadley "said it was difficult to judge whether North Korea had actually completed fueling a missile in preparation for a test. 'They seem to be moving forward toward a launch, but the intelligence is not conclusive at this point,' he said."

North Korea Claims It Is Not Bound By 1999 Moratorium. The New York Times (6/21, Cooper, Gordon, 1.19M) reports the government of North Korea "said Tuesday that it was not bound by its own moratorium on long-range missile tests, as tension over the country's missile intentions continued to mount." Secretary of State Condoleezza Rice "said Monday that the United States would regard a missile launching as an 'abrogation of obligations that North Korea undertook in the moratorium that they signed on to in 1999, that they reiterated in 2002.'" However, Charles Kartman, "the United States special envoy who negotiated it with the North Koreans, said the understanding had been worked out on the assumption that the two countries would conduct further talks on an American proposal to ban the testing, production and export of long-range North Korean missiles. But such negotiations have not been held since 2000." Kartman is quoted as saying, "The Bush administration's disinterest in continuing the missile negotiations would have, of course, canceled out the 1999 moratorium."

The Financial Times (6/21, Pilling, Sevastopulo) reports Ri Pyong Dok, a North Korean foreign ministry official, "told Japanese journalists in Pyongyang that a long-range missile test launch 'is not bound by any statement such as the Pyongyang Declaration', Kyodo news reported."

Preemptive Attack On North Korea Considered "Unlikely." The Los Angeles Times (6/21, Demick, 958K) reports, "The Bush administration has limited options to prevent North Korea from test-firing a multistage missile that could reach U.S. interests in the Pacific. In many ways, a missile deployment could constitute grounds for a preemptive attack, such as an airstrike against North Korea. But that is unlikely to be considered a serious option given the U.S. entanglement in Iraq and objections from China."

Concerns Over Iran And North Korea Reanimate Missile Defense Debate. In an op-ed for the Washington Times (6/21, 90K) Peter Huessy, president of GeoStrategic Analysis, writes, "The twin nuclear and missile threats from Iran and North Korea have transformed the missile defense debate. It is no longer 'should we deploy,' but 'how should we deploy?' Policy-makers face a tough decision: How much to invest in some protection now, vs. future, complimentary technologies that offer enhanced protection?"

The Wall Street Journal (6/21, 2.11M) editorializes, "It's possible we'll wake up to the news that Pyongyang has tested the long-range ballistic missile that is fully fueled and which U.S. satellites have monitored for more than a month. If so, we hope we'll also learn that the U.S. responded, as defense officials said late yesterday it might, by testing its newly operational missile defense system and blowing the Korean provocation out of the sky. What better way to discourage would-be nuclear proliferators than to demonstrate that the U.S. is able to destroy their missiles before they hit our allies, or the U.S. homeland. Even a miss would be a useful learning experience all around."

Missile Preparations Seen As Central To Kim's Diplomatic Strategy. In an op-ed for the Wall Street Journal (6/21, 2.11M) former Pentagon official Chuck Downs writes, "Even if the Taepodong rocket is never launched, the next few months will see American interests subjected to significant strains. Pyongyang has created an opportunity to break out of the negotiating deadlock that has stymied the regime for years, dissolve the international consensus on how to deal with the regime's illicit smuggling and counterfeiting activities, and change politics in South Korea and the U.S. And perhaps most importantly, if Kim Jong Il plays his cards right, he will prove to his inner circle that he is the genius he claims to be, renewing his hold on power at a time when he was facing his most severe challenges."

The Los Angeles Times (6/21, 958K) editorializes, "Diplomatic condemnations are easy, of course, and North Korea's plans are worthy of them. But if there is anything good to come of Kim's latest adventure, it will be a renewed sense

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of urgency among the U.S. and its allies to focus on the peninsula."

White House Mulls Ways To Keep Bolton In UN Post. The Washington Post (6/21, A19, Kamen, 744K) reports in its "In the Loop" column that the White House "is looking for ways to keep controversial U.N. Ambassador John R. Bolton in his post well beyond the expiration of his recess appointment at the end of this year. One possibility is to bring his nomination up for vote in the Senate Foreign Relations Committee next month. Bolton supporters on the Hill first want to pass the defense appropriations bill before they leave for the August recess and say they did everything needed for the troops…before they turned to the nomination. Senate Republicans don't want wait until the fall and risk a potential loss right before the midterm elections."

Iranian Regime's Proscription Against Unconventional Weapons Questioned. The Washington Post (6/21, A15, Vick, 744K) reports, "Iranian officials often assert the peaceful intent of their nuclear program by insisting that the religious law that governs their country expressly prohibits weapons of mass destruction. … Yet interviews with a range of clerics and other students of Islamic teachings indicate that while Grand Ayatollah Ruhollah Khomeini indeed barred Iranian forces from unconventional weapons during the 1980-88 war with Iraq, the religious underpinning for such a ban is regarded as less than absolute, with ample justification available in scriptures for almost any course except first use." According to the Post, "Those arguing for the loopholes include clerics closely identified with the country's most hard-line conservatives, the most ardent defenders of Iran's theocratic system." The Post goes on to report that after "Iraqi forces used chemical weapons on the battlefield" in their war with Iran, and "also launched rocket attacks on Tehran and other metropolitan areas, pressure for Tehran to retaliate was intense." However, Iran never responded by targeting Iraqi cities because the Ayatollah forbade it.

Administration Reaches Compromise With Congress Over India Nuclear Deal. Roll Call (6/21, Rasmussen) reports the Bush administration "has reached a compromise with Congressional leaders on one of the most prickly aspects of the pending U.S.-India nuclear deal, a provision that had rankled key Congressional Republicans and Democrats who worried about its potential to curb Congressional powers. While much of the public debate over the U.S.-India nuclear deal has revolved around nonproliferation and global security issues, the biggest hang-up for many in Congress was the administration's initial insistence that India be treated as a country in compliance with the Nuclear Non-Proliferation Act of 1978, which it is not." Roll call goes on to report, "The Bush administration has reached a tentative agreement to only ask Congress to expedite the final approval of the bill by taking an up-or-down vote free of amendments. A public announcement of the procedural agreement is expected from the Undersecretary of State for Political Affairs Nick Burns later this week."

Israeli Missile Kills Three Children In Gaza. The Washington Post (6/21, A16, Wilson, 744K) reports, "An Israeli airstrike in the Gaza Strip on Tuesday killed at least three Palestinian children and wounded 14 people, many of them children as well, according to witnesses and Palestinian health officials. Israeli military officials said the target of the strike, which occurred around 7:30 p.m., was a car carrying gunmen from the al-Aqsa Martyrs Brigades, the armed wing of the Fatah party. … But Palestinian witnesses said the men escaped from the Volkswagen Golf station wagon before the missile struck the car, which was passing through a busy commercial district of Gaza City. The scene turned quickly into an angry rally with demonstrators denouncing the attack and vowing to take revenge on Israel." Hospital officials in Gaza confirmed "three children -- Mohammed Roqa, 5; Samia al-Shariff, 5; and Belal al-Hessi, 15 -- suffered fatal wounds in the attack."

The New York Times (6/21, Fisher, 1.19M) reports, "The airstrike was the third this month to kill civilians, infuriating Palestinians and raising an impassioned debate in Israel about its military response to the firing of homemade rockets from Gaza into Israel. On June 9, eight civilians — seven from one family — were killed on a beach in Gaza during an Israeli bombardment. … The Israeli military later denied that its munitions caused the deaths, a contention disputed by Palestinians and human rights officials. Four days later, another strike in Gaza killed at least two militants and another eight civilians."

Effort To Bring Red Cross/Red Crescent To Israel And Palestine Stalls. The Washington Times (6/21, Stuhldreher, 90K) reports, "Last-minute maneuvers may have jeopardized a deal for Israel and the Palestinian territories to

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enter the International Red Cross and Red Crescent Movement after decades of ostracism, according to officials at a conference in Geneva. The International Conference of the Red Cross and Red Crescent Societies, at a two-day meeting that began yesterday, had been expected to formally endorse the use of a new religiously neutral emblem facilitating the move. … Adoption of the new symbol, a diamond-shaped 'red crystal,' would end the more than 50-year stalemate. But the deal was thrown into doubt when Pakistan and Tunisia unexpectedly introduced a politically charged amendment to the resolution yesterday." Israel "said the suggested rewording, which effectually condemned Israel's occupation of territories, was unacceptable, according to Agence France-Presse."

Al Aksa Establishes College On Site Of Former Jewish Settlement. The New York Times (6/21, Erlanger, 1.19M) reports, "A Palestinian college is growing from the rubble of an uprooted Israeli settlement. … On nearly 41 acres surrounding what used to be the largest school in what used to be called the Gush Katif bloc, the Palestinian president, Mahmoud Abbas, decreed a campus. He granted it to Al Aksa University, affiliated with his Fatah party."

Georgia-Russia Tension Raises Concern Over Potential Armed Conflict. The Washington Times (6/21, Mainville, 90K) reports, "Growing diplomatic tensions, a Russian trade embargo and a massive boost in Georgian arms spending are raising fears of conflict in the volatile Caucasus region along Russia's southern border. Analysts say a meeting last week between Russian President Vladimir Putin and Georgian President Mikheil Saakashvili failed to defuse the tension and that Russia's open support for the leaders of Georgia's separatist regions of South Ossetia and Abkhazia is pushing the limits of Georgian patience. The tension is expected to be discussed when Mr. Putin hosts heads of state from the Group of Eight club of wealthy nations in St. Petersburg next month. It also will be discussed in Washington July 5 when Mr. Saakashvili meets with President Bush."

India Rebuffs Some Chinese Firms' Expansion Attempts. The Wall Street Journal (6/21, Wonacott, 2.11M) reports that in India, "Just as they have in the U.S. and Europe, some of China's big companies have run smack into security concerns and other delays, say industry executives and lawyers. Protracted government reviews have tripped up Chinese forays in telecommunications and infrastructure -- sectors where India generally welcomes foreign capital and expertise. In part, India's concerns mirror fears in the U.S. and Europe about China's corporate ambitions in the West and Africa, and its growing influence overseas. … But the delays also reflect continuing unease between India and its fast-growing neighbor, as both nations emerge as new economic powers wooing capital and pursuing rapid development."

Security Council Votes To Extend East Timor Mission. The New York Times (6/21, Hoge, 1.19M) reports the U.N. Security Council extended its mission in East Timor "by two months and asked Secretary General Kofi Annan to plan for a 'strengthened presence' of the United Nations there in light of recent violence that killed 30 people. The United States voted for the resolution despite a statement by its ambassador, John R. Bolton, questioning the need for returning peacekeepers."

The Washington Post (6/21, A18, Smith, 744K) reports, "International troops…tightened security across the capital as hundreds of protesters gathered to demand the ouster of Prime Minister Mari Alkatiri, some handing out fliers calling him a terrorist and murderer. … Many East Timorese say Alkatiri's decision to fire 600 disgruntled soldiers in March was to blame for the subsequent clashes and gang warfare that have left at least 30 people dead."

Sudanese President Says UN Troops Will Not Be Allowed In Darfur. USA Today (6/21, 2.31M) reports Sudanese President Omar al-Bashir "said Tuesday that he will never allow United Nations peacekeepers into Darfur. … The U.N. wants to send troops to replace a 7,000-strong African Union force that has been unable to stop the violence."

The New York Times/AFP (6/21) reports Bashir was quoted as saying, "Sudan, which was the first country south of the Sahara to gain independence, cannot now be the first country to be recolonized."

International Community Mulls Deploying Peacekeepers To Somalia. The Christian Science Monitor (6/21, Crilly, 61K) reports, "The rapid rise of Somalia's Islamist militias has prompted a flurry of diplomatic efforts to stabilize the troubled country in the Horn of Africa. Earlier this week, the African Union and Western diplomats decided to

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send officials to Somalia to assess the possibility of deploying a peacekeeping force to a country ripped apart by 15 years of anarchy. That has the backing of President Abdullahi Yusuf, head of Somalia's virtually impotent transitional government, who flew to Ethiopia Tuesday to demand speedy intervention. Regional powers support intervention out of fear of an Islamic state on their doorsteps, while Western governments are worried the country could become a haven for terrorists."

Liberia's Taylor Arrives In The Netherlands For War Crimes Trial. The New York Times (6/21, Simons, 1.19M) reports the former president of Liberia Charles Taylor "arrived in handcuffs in the Netherlands on Tuesday, and was immediately taken to the jail near The Hague." Taylor "will be tried in the Netherlands by a specially created outpost of the Special Court for Sierra Leone, the United Nations-backed tribunal that has indicted him on charges of crimes against humanity and war crimes."

The Washington Post (6/21, A16, Moore, 744K) reports, "The U.N. Security Council, which approved the move from Freetown to the facilities of the International Criminal Court in The Hague, cited concerns that trying the case in Sierra Leone could destabilize Liberia, Sierra Leone and neighboring countries."

Arrests In Spain And France Disrupt ETA Funding. The New York Times/AP (6/21) reports, "The police in Spain and France arrested 12 people on charges of acting as intermediaries between the armed Basque separatist group ETA and businesses that were forced to pay a 'revolutionary tax,' the Spanish Interior Ministry said."

Latin America Choosing Chinese Or Indian Investment Models. The New York Times' Thomas Friedman (6/21) writes, "I would describe the big question facing Latin Americans this way: Are they going to emulate India or get addicted to China?" China "is almost exclusively focused here on extracting natural resources — timber, iron, soybeans, minerals, gas, fish meal — to feed its voracious appetite and keep jobs and factories humming in China. … But countries that get addicted to selling their natural resources rarely develop their human resources and the educational institutions and innovative companies that go with that." On the other hand, according to Friedman, the "India example…focuses on developing human resources."

WSJournal Decries Mexico's Telecom Monopoly. An editorial in the Wall Street Journal (6/21, 2.11M) says Mexico's telecom monopolist, Carlos Slim's fortune "has come partly at the expense of Mexico's poor and middle class, who have had to suffer more than a decade of monopoly pricing for telecom services under his ownership of Mexico's Telmex. His anti-competitive political machinations are among the biggest obstacles to making Mexico a faster growing and more globally competitive economy." The Journal adds, "There is little debate among development economists about the importance of competition to moving people out of poverty. … But with special interests blocking market reform in most poor countries, introducing economic competition is an uphill climb."

THE BIG PICTURE:

Headlines From Today's Front Pages.

Los Angeles Times:

"Migrating From Farm Hand To Orchard Owner."
"U.S. Investigates GIs' 'Barbaric' Slayings In Iraq."
"Home Sales Slowdown Could Settle In For A Stay."
"This Black Democrat Has A Chance In Tennessee."
"GOP's Call For Hearings Puts Immigration Overhaul In Limbo."
"Few Moves Left With N. Korea."
"Christians On Football Film: Give Us A G!"

USA Today:

"Big-City Schools Struggle."
"The Power Of An Expert Witness."
"Nearing Midway, Pilots Worried."
"FBI Pursues Pretenders Masquerading As War Heroes."

New York Times:

"U.S. Says 2 Bodies Retrieved In Iraq Were Brutalized."
"House Plans National Hearings Before Changes To Immigration."
"A Big Book Of Conservatism, But Not Necessarily A Mirror."
"On Iraq, Kerry Again Leaves Democrats Fuming."
"Ex-Budget Aide Is Guilty Of Lying In Lobbyist Case."
"A Legacy Of The Storm: Depression And Suicide."

Washington Post:

"Ex-Aide To Bush Found Guilty."
"GOP Plans Hearings On Issue Of Immigrants."

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"Missing Soldiers Are Found Dead."
"After Fiery Attack, Md. Woman Moves To Restore Her Life."
"Merrill Shot Himself On The Bay, Family Says."
"Nation Of Workaholics Sleeps On The Job."

Washington Times:
"Soldiers' Bodies Found In Iraq."
"Alien Bill Passage In '06 Doubled."
"Pyongyang Asserts 'Right' To Test-Fire Missiles."
"Presbyterian Church Lets Locals Decide On Gay Clergy."
"New Deal Made On Stadium Parking."
"Audit Hits D.C. Schools' Overtime Pay."

Detroit Free Press:
"Ford On Ford."
"Teen's Life Slips Away In Drug Den."
"Kmart Special On Picasso?"
"Rules Snafu May Have Doomed Troops."

Atlanta Journal-Constitution:
"House Tactic Endangers Illegals Bill."
"State Sues Over Water."
"Exceeding Expectations."
"DeKalb Police Slip Child Murders Back To Cold Case Files."
"A Sour Mate To Soul Mate? Marriage Experts Tell Us How."

Story Lineup From Last Night's Network News:
ABC: Captured Soldiers Slain; Slain Soldiers Profiled; Baghdad Security; North Korea Missile; Western Wildfires; Latin America-Huge Waves; New Orleans Crime; Safavian Convicted; Avian Flu Monitoring; Stem Cells-Paralysis; CBS-Rather Out; Cell Phone Booths.
CBS: Captured Soldiers Slain; John McCain-Iraq Analysis; North Korea Missile; Canadian Terror Suspects; Stem Cells-Paralysis; Safavian Convicted; Employers-Personal Website Scanning; CBS-Rather Out.
NBC: Captured Soldiers Slain; Slain Soldiers-Analysis; Senate-Iraq Debate; North Korea Missile; Western Wildfires; New Orleans Crime; Stem Cells-Paralysis; Safavian Convicted; Stock Markets; Corporate Junk Email; CBS-Rather Out.

Story Lineup From This Morning's Radio News Broadcasts:
ABC: NBA Finals; Iraq-US Soldiers' Bodies Found; North Korea-Missile Test; AZ-Wildfire.
CBS: Stem Cell Research; North Korea-Missile Test; Bush-Vienna; Iraq-US Soldiers' Bodies Found; Japan-US Beef; NBA Finals.
NPR: Iraq-US soldiers' Bodies Found; Senate-Iraq Debate; Iraq-Japanese Troop Pullout; Bush-Vienna; Wall Street; Safavian Conviction; Western Wildfires.

WASHINGTON'S SCHEDULE:

Today's Events In Washington.
White House:

PRESIDENT BUSH — Meets with the President of Austria, Hofburg Palace, Vienna; meets with the Chancellor of Austria, Hofburg Palace, Vienna; meets with European Union leaders, Hofburg Palace, Vienna; participates in the US-EU meeting, Hofburg Palace, Vienna; participates in media availability, Hofburg Palace, Vienna; participates in a roundtable with foreign students, National Library, Vienna; participates in a tour of the National Library, Vienna.

VICE PRESIDENT CHENEY — No public schedule.

US Senate: 9:30 a.m. ENVIRONMENT AND PUBLIC WORKS _ Full Committee. Hearing on technology and chemcial site security. Dennis C. Hendershot, American Institute of Chemical Engineers, Philip J. Crowley, Center for American Progress; David A. Moore, president and CEO, AcuTech Consulting Group; Lisa P. Jackson, commissioner, New Jersey Department of Environmental Protection; Charlie Cott, Missouri Farmers Association. Location: Room 628, Dirksen.

9:30 a.m. FOREIGN RELATIONS _ Full Committee. Hearing on the UN Convention Against Corruption. Samuel M. Witten, Department of State; Bruce C. Swartz, deputy assistant attorney general, Alan P. Larson, chairman, Transparency International-USA; William A. Reinsch, president, National Foreign Trade Council. Location: Room 419, Dirksen.

9:30 a.m. INDIAN AFFAIRS _ Full Committee. Hearing on pending business. Location: Room 485, Russell.

9:30 a.m. JUDICIARY _ Full Committee. Hearing on copyright protection and promotion of innovation. LeVar Burton, Directors Guild of America, Los Angeles; Dan Glickman, chairman and CEO, Motion Picture Association of America; Gary Shapiro, president and CEO, Consumer Electronics Association; Chris Cookson, Warner Bros. Entertainment, Burbank, Calif.; Matt Zinn, TiVo Inc., Alviso, Calif.; Gigi Sohn, president, Public Knowledge. Location: Room 226, Dirksen.

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10 a.m. COMMERCE, SCIENCE AND TRANSPORTATION _ Surface Transportation Subcommittee. Hearing on ``Economics, Service and Capacity in the Freight Railroad Industry." Jayetta Hecker, GAO; W. Douglas Buttrey, chairman, Surface Transportation Board; Dale Schuler, President, National Association of Wheat Growers; Glenn English, National Rural Electric Cooperative Association; John McIntosh, President, Chlor Alkali Products, Olin Corporation; John Ficker, President, The National Industrial Transportation League; Edward R. Hamberger, President and CEO, Association of American Railroads. Location: Room 562, Dirksen.

10 a.m. SPECIAL AGING _ Full Committee. Hearing on management of retirement assets by seniors. Actor/writer Ben Stein; MetLife President C. Robert Henrickson; Stephen Utkus of the Vanguard Center for Retirement Research; LeRoy Gilbertswon of AARP. Location: Room 106, Dirksen.

10:30 a.m. SMALL BUSINESS AND ENTREPRENEURSHIP _ Full Committee. Confirmation hearing on Steven Preston nomination to be SBA Administrator. Location: Room 428A, Russell.

11:30 a.m. ENERGY AND NATURAL RESOURCES _ Full Committee. Votes on pending nominations. Location: Room 366, Dirksen.

2 p.m. JUDICIARY _ Constitution, Civil Rights and Property Rights Subcommittee. Hearing on the Voting Rights Act. Debo Adegbile, NAACP Legal Defense and Educational Fund; Gerald A. Reynolds, chairman, U.S. Civil Rights Commission; Don Wright, North Carolina Board of Elections; John J. Park Jr. - Office of the Attorney General, Montgomery, Ala. David Canon - professor, Department of Political Science, University of Wisconsin, Madison, Wis. Carol Swain - professor of political science and professor of law, Vanderbilt University, Nashville, Tenn. Location: Room 226, Dirksen.

2:30 p.m. COMMERCE, SCIENCE AND TRANSPORTATION _ Technology, Innovation and Competitiveness Subcommittee. Hearing on ``Accelerating the Adoption of Health Information Technology." Former House Speaker Newt Gingrich; John Halamka, Chairman, Healthcare Information Technology Standards; Dr. Mark Leavitt, Chairman, Certification Commission for Health Information Technology; Michael Raymer, Senior Vice President for Global Product Strategy, GE Healthcare; Kevin Hutchinson, President and Chief Executive Officer, SureScripts LLC; Phillip T. Ragon, Chief Executive Officer and Founder, InterSystems Corporation. Location: Room 562, Dirksen.

2:30 p.m. ENERGY AND NATURAL RESOURCES _ Public Lands and Forests subcommittee. Hearing to review the GAO report on ``Wildland Fire Suppression." Robert Robertson, GAO; Assistant Interior Secretary Nina Hatfield; USDA Undersecretary Mark Rey; Tom Harbour, Forest Service; Arizona State Forester Kirk Rowdabaugh. Location: Room 366, Dirksen.

2:30 p.m. FOREIGN RELATIONS _ International Economic Policy, Export and Trade Promotion Subcommittee and Western Hemisphere, Peace Corps and Narcotics Affairs Subcommittee. Joint hearing on international methamphetamine trafficking. White House Office of National Drug Control Policy Director John Walters, Assistant Secretary of State Anne Patterson, DEA Administrator Karen Tandy. Location: Room 419, Dirksen.

2:30 p.m. SELECT INTELLIGENCE _ full Committee. Closed. Meeting on pending business. Location: Room 219, Hart.

4 p.m. JUDICIARY _ Full Committee. Hearing on pending nomination. Location: Room 226, Dirksen.

US House: FLOOR SCHEDULE _ 10 a.m. Meets for legislative business. Highlights: Suspensions (7 bills): 1) H.R. 5060 - To amend the Federal Financial Assistance Management Improvement Act of 1999 to require data with respect to Federal financial assistance to be available for public access in a searchable and user friendly form; 2) H.R. 5603 - To temporarily extend the programs under the Higher Education Act of 1965, and for other purposes; 3) H.R. 5293 - Senior Independence Act of 2006; 4) H.Con.Res. 426 - Recognizing the Food and Drug Administration of the Department of Health and Human Services on the occasion of the 100th anniversary of the passage of the Food and Drugs Act for the important service it provides to the Nation; 5) H.R. 5573 - Health Centers Renewal Act of 2006; 6) H.R. 5574 - Children's Hospital GME Support Reauthorization Act of 2006; 7) H.Res. 323 - Supporting efforts to increase childhood cancer awareness, treatment, and research. H.R. 9 - Fannie Lou Hamer, Rosa Parks, and Coretta Scott King Voting Rights Act Reauthorization and Amendments Act of 2006.

9 a.m. GOVERNMENT REFORM _ Energy and Resources Subcommittee. Oversight hearing on management of the Deep Water Royalty Relief program. Milo Mason, Department of the Interior; Geoffrey Heath,

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Department of the Interior; Peter Schaumberg, former Attorney of the Department of the Interior; A. Tim Cejka, President, Exxon Exploration Company; Randy Lichbacher, ConocoPhillips; Greg Pilcher, Kerr-McGee; Paul Siegele, Chevron. Location: Room 2154, Rayburn.

9 a.m. INTERNATIONAL RELATIONS _ Full Committee. Markup a resolution requesting the President and Secretary of State to provide doucments regarding the use of military force against Iran. Location: Room 2172, Rayburn.

10 a.m. ARMED SERVICES _ Strategic Forces Subcommittee. Hearing on space and U.S. national power. Lt. Gen. Robert Kehler, U.S. Strategic Command; Ed Morris, Commerce Department; David Cavossa, Satellite Industries Association; Michael O' 1/8Hanlon, Brookings Institution. Location: Room 2212, Rayburn.

10 a.m. ENERGY AND COMMERCE _ Oversight and Investigations Subcommittee. Hearing on Internet data brokers and pretexting. Adam Yuzuk, Atlantic Beach, N.Y.; James Rapp, Touch Tone Information, Parker, Colo.; David Gandal, Shpondow.com, Loveland, Colo.; John Strange, Worldwide Investigations, Denver; Laurie Misner, Global Information Group, Lighthouse Point, Fla.; Jay Patel, Abika.com, Cheyenne, Wyo.; Timothy Berndt, Relia Trace Locate Services, Hudson, Wis. (subpoenaed); Ed Herzog, Global Information Group, Tampa, Fla. (subpoenaed); James Welker, Universal Communications Co., Loveland, Colo. (subpoenaed); Skipp Porteous, Sherlock Investigations, New York City (subpoenaed); Patrick Baird, PDJ Services, Granbury, Texas (subpoenaed); Michele Yontef, TelcoSecrets.com, Tuscon, Ariz. (subpoenaed); Steven Schwartz, First Source Information Specialists, Tamarac, Fla.; (subpoenaed); Carlos Anderson, C.F. Anderson PI, Hollywood, Fla. (subpoenaed). Location: Room 2322, Rayburn.

10 a.m. FINANCIAL SERVICES _ Financial Institutions and Consumer Credit Subcommittee. Hearing on Bank Secrecy Act's implications for money services businesses. Don Carbaugh, Financial Crimes Enforcement Network; Eileen C. Mayer, IRS; Ann F. Jaedicke, Office of the Comptroller of Currency; Diana Taylor, Superintendent of Banks, State of New York; Philip W. Milne, President and CEO, MoneyGram International, Inc.; Gerald Goldman, Financial Service Centers of America; Wayne Abernathy, American Bankers Association; David Landsman, The National Money Transmitters Association, Inc. Location: Room 2128, Rayburn.

10 a.m. HOMELAND SECURITY _ Full Committee. Hearing on the Homeland Security Department's preparedness grants to local communities. DHS Undersecretary George Foresman; New York Mayor Michael Bloomberg; D.C. Mayor Anthony Williams. Location: Room 311, Cannon.

10 a.m. JUDICIARY _ Full Committee. Markup of pending legislation. Location: Room 2141, Rayburn.

10 a.m. VETERANS AFFAIRS _ Health Subcommittee. Hearing on data security at the VA. Brig. Gen. Michael J. Kussman, deputy undersecretary of Veterans Affairs; Craig Luigart, chief information officer, VHA; Robert Riera, special assistant to the chief information officer; Gail Belles, VHA; Robert Seliger, chief executive officer and co-founder, Sentillion Inc. Location: Room 334, Cannon.

10:30 a.m. INTERNATIONAL RELATIONS _ Full Committee. Hearing on democracy in Latin America. Paula J. Dobriansky, undersecretary of State; Adolfo Franco, assistant administrator, USAID; Francisco Flores, former president, El Salvador; Christopher Sabatini, Council of the Americas/Americas Society. Location: Room 2172, Rayburn.

11 a.m. RESOURCES _ Full Committee. Markup of pending legislation. Location: Room 1324, Longworth.

1 p.m. GOVERNMENT REFORM AND SMALL BUSINESS _ Full Committees. Joint hearing on the impact of the Alaska Native Corporation Program on federal procurement and Alaska Native Corporations. David Cooper, GAO; Calvin Jenkins, SBA; Frank Ramos, Department of Defense; Harry Alford, President & CEO, National Black Chamber of Commerce; Ann Sullivan, President, Madison Services Group, Inc.; Chris E. McNeil, Jr., Chairman, Native American Contractors Association; Helvi Sandvik, President, NANA Development Corporation; Bart Garber, Tyonek Services Group; Julie Kitka, President, Alaska Federation of Natives; Charles Totemoff, President & CEO, Chenega Corporation. Location: Room 2154, Rayburn.

1 p.m. JUDICIARY _ Constitution Subcommittee. Hearing on crime victims' rights provisions of the Justice for All Act. Debra Culberson, victim; Mary Lou Leary, Executive Director of the National Center for Victims of Crime; Julie Goldscheid, City University of New York Law School; and Margaret Garvin, Director of Programs for the National Crime Law Institute. Location: Room 2141, Rayburn.

2 p.m. ARMED SERVICES AND INTERNATIONAL RELATIONS _ Full Committees. Hearing on human trafficking. Gail McGinn, Acting principal deputy

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Undersecretary of Defense; Thomas Gimble, principal deputy Inspector General, Defense Department; John Miller, State Department. Location: Room 2118, Rayburn.

2 p.m. ENERGY AND COMMERCE _ Telecommunications and the Internet Subcommittee. Hearing on Universal Service. CBO Acting Director Donald B. Marron; Tom Navin, FCC; Tony Clark, President, North Dakota Public Service Commission; Skip Frantz, Chairman, United States Telecom Association; Richard Cimerman, National Cable and Telecommunications Association; David Crothers, North Dakota Association of Telephone Cooperatives; Paul Garnett, CTIA - The Wireless Association; Staci Pies, PointOne Communications, Austin, Texas; Geoff Feiss, Montana Telecommunications Association; Mark Cooper, Consumer Federation of America. Location: Room 2123, Rayburn.

2 p.m. FINANCIAL SERVICES _ Capital Marketys, Insurance and Government Sponsored Enterprises Subcommittee. Hearing on commercial insurance modernization issues. Tom Minkler, Independent Insurance Agents and Brokers of America; Scott A. Sinder, representing Council of Insurance Agents and Brokers; Bernd G. Heinze, American Association of Managing General Agents; Franklin W. Nutter, president, Reinsurance Association of America; David Gates, representing American Council of Life Insurance; Richard M. Bouhan, National Association of Professional Surplus Lines Offices Ltd. Location: Room 2128, Rayburn.

2 p.m. INTERNATIONAL RELATIONS _ Middle East and Central Asia Subcommittee. Hearing on U.S. assistance to Egypt. Jon B. Alterman,CSIS; Michele Dunne, Carnegie Endowment for International Peace; Thomas O. Melia, Freedom House; Raffi Vartian, Leadership Council for Human Rights. Location: Room 2200, Longworth.

2 p.m. TRANSPORTATION AND INFRASTRUCTURE _ Aviation Subcommittee. Hearing on ``Air Traffic Control Modernization: Present and Future." Russell Chew, Chief Operating Officer, Air Traffic Organization, FAA; Robert Pearce, Acting Director, Joint Planning and Development Office, FAA; Gerald Dillingham, Director, Physical Infrastructure Issues, GAO; Todd Zinser, Acting Inspector General, Office of Inspector General, DOT; Amr A. ElSawy, Senior Vice President and General Manager, Center for Advanced Aviation System Development, The MITRE Corporation. Location: Room 2167, Rayburn.

2:30 p.m. RULES _ Full Committee. Meeting to set rules for floor debate. Location: Room H-313, Capitol.

3 p.m. SELECT INTELLIGENCE _ Full Committee. Closed hearing on pending matters. Location: Room H-405, Capitol.

4 p.m. RESOURCES _ Subcommittee on Forests. Hearing to review report on ``Invasive Forest Pests." Daniel Bertoni, GAO; Paul Eggert, USDA; Jim Hubbard, USDA; Ingrid Aguayo, Colorado State University; Frank Lowenstein, The Nature Conservancy; Bob Slocum, North Carolina Forestry Association. Location: Room 1324, Longworth.

Other: TRANSPORT SUMMIT _ The US Transport Council sponsors the 4th annual Capitol Hill Transport Summit. Highlights: 12 p.m. Luncheon keynote on the future of nuclear power and Yucca Mountain, with Brew Barron of Duke Energy. 1:40 p.m. Special address: Charles Pray, Yucca Mountain Task Force. 3:30 p.m. Afternoon keynote: William Ruland, NRC. 6:30 p.m. Distinguished Leadership Award Dinner Honoring Senator Larry Craig. Location: Hamilton Crown Plaza, 1315 K St. NW.

LIQUEFIED NATURAL GAS _ 9 a.m. - 4 p.m. The National Commission on Energy Policy holds a forum on the challenges of siting Liquefied Natural Gas facilities in the US. Location: Hyatt Regency-Washington on Captiol Hill, 400 New Jersey Ave. NW.

SUPREME COURT WRAP-UP _ 8:30 a.m. - 10 a.m. National Chamber Litigation Center holds 2nd annual End-of-Term Supreme Court Wrap-up. Attorneys will hold a briefing on business cases from this term. Location: US Chamber of Commerce, 1615 H St. NW.

BODMAN _ 9 a.m. Energy Secretary Bodman addresses the National Petroleum Council on crude oil supply and demand issues. Location: Willard Inter-Continental Hotel, 1401 Pennsylvania Ave. NW.

DEMOCRATS-DIRECTION _ 9 a.m. Democratic senators hold an event to call on the GOP leadership to set a new direction to address issues important to the public. Location: Sewall-Belmont House, 144 Constitution Ave. NE.

HOUSE DEMOCRATS _ 9 a.m. Closed meeting of the House Democratic Caucus. Location: Cannon Caucus Room. Notes: Following the caucus, at about 10 a.m. Democratic leaders hold a media availability on the Voting Rights Act and the minimum wage in the stakeout area.

WALL STREET-HEALTH POLICY _ 9 a.m. - 12 p.m. 11th annual ``Wall Street Comes to Washington" roundtable focuses on implications of national health policy. Participants

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include Morgan Stanley, Goldman Sachs, Merrill Lynch, Fitch Ratings, The Urban Institute, and the Center for Studying Health System Change. Location: Grand Hyatt, 1000 H St. NW.

SPENDING-GOP _ 10 a.m. House GOP leadership holds a news conference to discuss efforts to stop wasteful spending and exercise fiscal restraint. Location: Room HC-6, Capitol.

IRAQ _ 11 a.m. Rep. John Larson, others, hold a news conference on Iraq. Location: Cannon Terrace.

JACKSON _ 11 a.m. Rep. Jesse Jackson, Jr. meets and greets Paul Rusesabagina, who inspired the film Hotel Rwanda. Location: Room 2419, Rayburn.

NATIONAL EDUCATION SURVEY _ 11 a.m. Educational Testing Service releases results of 6th annual nationwide survey of Americans' views on key education issues. Location: Hyatt Regency-Washington on Capitol Hill, 400 New Jersey Ave. NW.

US-JAPAN BEEF _ 11 a.m. Sens. Kent Conrad, Pat Roberts, Max Baucus, Conrad Burns and Ken Salazar hold a news conference with ranchers to discuss a bill to encourage Japan to open its markets to U.S. beef. Location: Upper Senate Park.

US TRADE _ 11 a.m. Cato Institute holds a forum on ``US Trade Policy in the Wake of Doha: Why Unilateral Liberalization Makes Sense." Participants include Jagdish Bhagwati of Columbia University and the Council on Foreign Relations. Location: 1000 Massachusetts Ave. NW.

YUCCA MOUNTAIN _ 11 a.m. Yucca Mountain Task Force holds news conference to discuss the status of the Yucca Mountain Project and Congressional legislation. Location: Hamilton Crowne Plaza Almas Conference Center 1315 K St. NW.

OFFSHORE DRILLING _ 1 p.m. Rep. Robert Wexler, others, hold a news conference to criticize House Republicans for a deal which would open the Outer Continental Shelf to offshore oil drilling. Location: Cannon Terrace.

DIETARY SUPPLEMENTS _ 1:30 p.m. Sens. Dick Durbin and Orrin Hatch hold a news conference on a bill to require makers and distributors of dietary supplements to report all serious adverse events to the FDA. Location: Room S-324, Capitol.

CHINA-PROTEST _ 1:45 p.m. Preliminary hearing before U.S. Magistrate John Facciola in the case of Wenyi Wang, who shouted out at the White House arrival ceremony for Chinese leader Hu Hintao on April 20. Location: Courtroom 2, U.S. District Court, 3rd St. and Constitution Ave. NW.

VOTING RIGHTS _ 1:45 p.m. News conference with Sen. Patrick Leahy and Reps. James Sensenbrenner and Mel Watt to discuss the renewal of the Voting Rights Act. Contacts: Grace Allen, 202-466-6057. Notes: Callin number: 800-540-0559; passcode: 7VRA.

IRAN _ 2 p.m. The Coalition for a Realistic Foreign Policy holds a news conference on U.S. policy toward Iran, with Chuck Pena of the coalition, Ivan Eland of Independent Institute, Doug Bandow of the Liberty Coalition, others. Location: Room 122, Cannon.

FERMI PRIZE _ 4 p.m. California Energy Commissioner Arthur Rosenfeld receives the $375,000 Fermi Award, presented by Energy Secretary Bodman. Location: National Academy of Sciences, 2100 Constitution Ave. NW.

RNC-DNC SOFTBALL _ 6:45 p.m. Annual RNC-DNC softball game. Location: Catholic University's varsity softball field.

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THE ATTORNEY GENERAL'S *NEWS BRIEFING*

PREPARED FOR THE OFFICE OF PUBLIC AFFAIRS, U.S. DEPARTMENT OF JUSTICE

TO: THE ATTORNEY GENERAL AND SENIOR STAFF

DATE: WEDNESDAY, JUNE 21, 2006 7:45 AM EDT

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TERRORISM NEWS:

DOJ Seeks Dismissal Of Surveillance Suit. The Bay City News (6/21) reports, "The U.S. Justice Department has told a federal judge in San Francisco that allowing a surveillance lawsuit against AT&T Corp. to proceed 'would cause grave harm to the nation's security.'" The BCN continues, "U.S. District Judge Vaughn Walker is scheduled to hear arguments on Friday on the government's motion for dismissal of a lawsuit filed against AT&T by the San Francisco-based Electronic Frontier Foundation on behalf of four Californians. … The government contends the case must be dismissed because there is no way it could be litigated without revealing state secrets vital to national security." The BCN adds, "In a brief filed with the judge last week, Justice Department lawyers wrote that 'the very subject matter of the case is a state secret.' … The lawsuit alleges that AT&T has violated communications privacy laws and the plaintiffs' constitutional rights by allegedly giving the National Security Agency records of millions of Americans' telephone and Internet communications. … But the government argues in its brief, 'Plaintiffs cannot establish whether or not such cooperation exists because that factual question is itself a state secret.'"

Cheney's Role In Launching War On Terror Analyzed. Frontline (6/20) last night examined the Administration's response to the September 11th, 2001 attacks in a segment called, "The Dark Side," a reference to comments made shortly after 9/11 by Vice President Cheney. The focus of the documentary is on the Vice President's supposed role as the architect of the US war on terrorism. Cheney, bolstered by his close alliance with Defense Secretary Donald Rumsfeld, is portrayed as using the formal and informal levers of power in Washington to marginalize the Central Intelligence Agency and State Department in order to imprint his preferences on the Administration's policy choices.

A key element of the Cheney strategy, according to the Frontline documentary, was his use intelligence analysis process: in fighting the war, the US was to "spend time in the shadows," will "work to the dark side, if you will," in Cheney's words. The tenor of the piece was markedly skeptical of the credibility of Administration officials such as Cheney, Rumsfeld, Secretary of State Condoleezza Rice, and others, and cited prominent critics of the Administration such as former CIA official Michael Scheuer and State Department official Lawrence Wilkerson. Some defenders of the Administration's approach, such as Defense Department official F. Michael Maloof, were also quoted for balance.

Frontline portrays Cheney as successfully swaying President Bush, who developed a close relationship with CIA Director George Tenet, from backing CIA priorities in the pursuit of terrorists in Afghanistan in late 2001 to turning to the confrontation with Saddam Hussein that led to the war with Iraq in 2003. Cheney accomplished this by first seeking to establish a link between Saddam and al Qaeda and later focusing on intelligence on Iraq's supposed weapons of mass destruction.

In one instance, Frontline notes that after the successful prosecution of the Afghan campaign in 2001, Vice President Cheney "wanted information that linked Osama bin Laden and Saddam Hussein." Author James Bamford: "But they weren't getting that information from the CIA. And so, he put pressure, I think, on Rumsfeld and on the Pentagon to come up with their own estimates." Frontline added, "Inside the Pentagon bureaucracy, Rumsfeld could easily and quietly grow a nearly invisible operation." Melvin Goodman, former CIA officer: "They needed an office that would produce the intelligence that the CIA wouldn't produce. Rumsfeld said, 'I can solve your problem,' and he put Douglas Feith on that issue."

Frontline added, "They needed people with experience in the world of intelligence, but they hired politically connected policy analysts." F. Michael Maloof, former Defense Department intelligence official: "I got a phone call. The next thing I know, I'm being detailed on over to Doug Feith's office, and that I would be joined by Dave Wurmser, who today works in the office of the Vice President." Frontline: "The information was rarely vetted. Instead, it moved up the chain of command to the office of the Vice President." Lawrence Wilkerson, former chief of staff to Secretary of State Colin Powell: "And this became material that was then used, sort of in white paper-like fashion, to be leaked to journalists or to create links between Saddam Hussein and al Qaeda."

In a second instance, after the CIA was directed to hurriedly provide a National Intelligence Estimate on Iraq's weapons of mass destruction systems, Frontline says, "Many members of the CIA believed the Vice President himself was determined to control the content of the NIE. The Vice President and his chief of staff, Scooter Libby, had made about ten trips to CIA headquarters, where they personally questioned analysts."

Current, Former Officials Question Some Accounts In Suskind Book. CNN's The Situation Room (6/20, Snow) reported that Ron Suskind's book "The One Percent Doctrine" details "pivotal moments inside the White House and among top government officials in the days leading up to the 9/11 attacks and the years that followed. Some of the book's accounts are being questioned by current and former counterterrorism officials." CNN added, "A number of officials say some of the information is accurate, such as a 2003 plot believed to be linked to al Qaeda to disperse cyanide in New York City's subway system. While officials in New York don't comment on intelligence information specifics, the book claims that a computer hard drive of New York City buildings

and landmarks was discovered that contained what was described as a very professional casing effort of the city."

Suskind Calls Cheney "One Percent Chance" Statement "Eye-Popping." Author Ron Suskind was asked on CNN's The Situation Room (6/20) what "the most eye-popping piece of information" he learned in the course of your researching his book "The One Percent Doctrine." Suskind said, "The broadest part, the thing that covers the most, is this one percent doctrine. It explains everything. That's why it's the title of the book." Suskind explained that two months after 9/11, Vice President Dick Cheney was "being given harrowing intelligence. … Cheney says something fascinating. He says for these low probability high impact type of events, we need to think about them in a different way. Then as the briefing goes on, he stops the proceedings and says, 'Here it is. If there's even a one percent chance that WMDs have been given to terrorists, we need to treat it as a certainty. Not in our analysis but in our response.'"

Suskind Says Cheney Creates Platform For Bush To Be Effective. Author Ron Suskind said on CNN's The Situation Room (6/20), "Bush is one of the least experienced presidents to come into office. Cheney, the most experienced vice president. They had to work out how they're going to work together." After 9/11, Cheney "really is embracing the broad, sweeping doctrinaire thinking. What are the big strategies? He essentially creates an architecture, a platform, where Bush can be Bush, a man of action and still be effective as president. That's the relationship. Cheney essentially sets the framework, Bush acts within it."

Suskind Says Al Jazeera's Kabul Office Was Bombed On Purpose. Author Ron Suskind said on CNN's The Situation Room (6/20) that the bombing of al Jazeera's office in Kabul "was done on purpose, precisely to send a message to Al Jazeera, and essentially a message was sent." Suskind added, "There was great anger at Al Jazeera at this point. We were pulling our hair out. We thought they were a mouthpiece for bin Laden. And we acted."

Dowd Says Administration Rejected Need For Evidence In War On Terror. Maureen Dowd writes in The New York Times (6/21, 1.19M) that Adam Smith and Edmund Burke "would blanch at the shape W. and Karl Rove have given conservatism — the political muscle of the Christian right, the withering of the social contract, greedy capitalism, fiscal profligacy." Ron Suskind reports in his new book, The One Percent Doctrine, that Vice President Dick Cheney "dictated that the war on terror allowed the administration to summarily reject the need for evidence and analysis before action. Mr. Suskind describes the Cheney doctrine: 'Even if there's just a 1 percent chance of the unimaginable coming due, act as if it is a certainty. It's not about "our analysis," as Cheney said. It's about "our response." ... Justified or not, fact-based or not, "our response" is what matters. As to "evidence," the bar was set "so low that the word itself almost didn't apply."

Grassley Aleges FBI, Mueller Tried To Cover Up "Botched" Terrorism Probe. The Washington Times (6/21, Seper, 90K) reports that in a letter to Director Robert Mueller, Sen. Charles Grassley alleges that "the FBI sought to cover up a 'botched' investigation into a terrorist financing scheme by classifying a probe into the case as secret and misleading Congress about how the inquiry was handled." Grassley "said the FBI blocked the full release of an investigative report he sought last year from the Department of Homeland Security and the Justice Department of what he called a 'turf fight' between the FBI and U.S. Immigration and Customs Enforcement" in a Houston terrorism probe. Grassley "also targeted Mr. Mueller, saying that during a Senate Judiciary Committee hearing in May, the director painted 'a distorted picture' of findings in the report from the inspectors general at Homeland Security and Justice, reading 'selectively' from unclassified portions."

Canadian Terror Probe Expands To Britain. The CBS Evening News (6/20, story 4, 2:35, Schieffer, 7.66M) reported, "The investigation of that terror plot in Canada that charged 17 with plotting to behead the prime minister and bomb government buildings has now spread to Britain. Scotland Yard is now holding six young men and today in Canada, bail hearings were underway for the original suspects."

Al Qaeda Says Saudi Killed In 2004 Was To Have Been 20th Hijacker. The New York Times/AP (6/21) reports, "Al Qaeda has identified a would-be 20th hijacker for the Sept. 11 attacks as a Saudi who was killed in a 2004 shootout with his country's security forces. In a statement accompanying a new video, whose authenticity has not been verified, Al Qaeda's propaganda arm asserts that the Saudi, Fawaz al-Nashimi, also known as Turki bin Fuheid al-Muteiry, would have rounded out a team that ultimately took over United Airlines Flight 93, which crashed in Pennsylvania before reaching its target." The Washington Post (6/21, Shrader, 744K) also reports the story.

Arkansas Man Acquitted Of Terror Charges, Convicted Of Immigration Violations. In a widely-distributed story, the AP (6/21) reports former University of Arkansas graduate student Arwah Jaber "has been acquitted of attempting to provide material support to a Palestinian terrorist organization but convicted of immigration charges. … The government moved to revoke his citizenship after the jury returned its verdicts Monday." The AP notes, "Jaber was born on the West Bank and became a U.S. citizen in 1994." He "said he now expects to leave the country with his wife,

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Dawn, and find a teaching position in the Middle East. 'I am not a terrorist. (The jury) knew it,' Jaber said after Monday's verdict." The Springdale (AR) Daily News (6/21, Mehaffey) adds, "Jaber still could face jail time on the charges of making false statements to obtain a passport and unlawful procurement of naturalization and credit card fraud. He will be sentenced within 90 days after a presentencing investigation is completed. The defense is still considering whether it has grounds for an appeal." The New York Times (6/21, Barnes, 1.19M) also briefly reports the verdict.

Judge Orders Prosecutors To Provide Padilla Defense With Detailed Evidence. The AP (6/21, Anderson) reports, "A federal judge ordered prosecutors Tuesday to turn over more detailed evidence to back up allegations that Jose Padilla and two co-defendants conspired to kill, injure or kidnap people overseas as part of a global Islamic terrorist network. U.S. District Judge Marcia Cooke said she agreed with many of the claims made by defense attorneys that the federal indictment against Padilla and the others is 'very light on facts' that would link the defendants to specific acts of terrorism or victims. … Cooke ordered the government to flesh out its charges by providing defense lawyers with names of unindicted co-conspirators, broad descriptions of intended victims of alleged acts of violence and specifics about false statements Hassoun allegedly made about the meaning of phone calls intercepted by the government."

Judge Hears Arguments On Defense Motion To Suppress Evidence From FBI Search. The AP (6/21, Anderson) also reports US Magistrate Judge Stephen Brown yesterday heard arguments from codefendant Adham Amin Hassoun's "lawyers seeking to suppress evidence seized by the FBI from his Broward County home, saying the FBI 'frightened and intimidated' his wife before seizing a handgun and other key evidence such as documents in Arabic and videotapes." But FBI Special Agent Gregory McDermott "testified Hassoun's wife freely consented in writing to the search of the home…after he was arrested on an immigration violation on June 12, 2002." McDermott said, "She didn't have a problem with that. It was very professional and friendly."

"LA 8" Figure Testifies At Deportation Hearing. The Los Angeles Times (6/21, Spano, 958K) reports, "A man at the center of a long-running immigration legal fight that came to be known as the 'L.A. 8' case returned to court Tuesday to renew his two-decade-long quest for citizenship." Aiad Barakat "fielded a barrage of questions in a bid to avoid deportation. Almost 20 years ago, federal officials sought to deport Barakat and seven others because of their association with causes promoting Palestinian statehood, such as the Popular Front for the Liberation of Palestine. The eight were never accused of an act of terrorism or of any other crime." The Times notes, "The only question in court Tuesday was whether Barakat should be denied citizenship for allegedly lying about his association with Palestinian advocate Ali Kased when he sought U.S. citizenship. The government plans to introduce an FBI surveillance videotape of a meeting Barakat attended with Kased…in 1985 outside of Los Angeles."

WPost Urges Administration To Design New System To Try Terror Suspects. The Washington Post (6/21, A20, 744K) editorializes, "In the next few days the Supreme Court is expected to pass judgment on the administration's effort to establish military commissions -- a long-dormant trial system the executive branch seeks to revive in order to try al-Qaeda terrorists." But "even if the court lets the commissions stand, the administration should go back to the drawing board, to create a fairer system for trying alleged war criminals in which this country can have confidence." The Post adds, "The conflict with Islamic extremists will not be over soon. The nation needs now, and will continue to need, a means to try some of the most fateful criminals of all time according to fair rules that bear the stamp of democratic approval: legislative enactment. Only the administration's rigidly ideological approach to this problem prevents its timely resolution."

HOMELAND RESPONSE:

Police Skirt Privacy Laws Through Use Of Data Brokers. The AP (6/21, Bridis, Solomon) reports, "Federal and local police across the country have been gathering Americans' phone records from private data brokers without subpoenas or warrants." The AP continues, "These brokers, many of whom market aggressively on the Internet, have broken into customer accounts online, tricked phone companies into revealing information and sometimes acknowledged that their practices violate laws, according to documents obtained by The Associated Press." The AP adds, "Legal experts and privacy advocates said police reliance on private vendors who commit such acts raises civil liberties questions. … Those using data brokers include agencies of the Homeland Security and Justice departments – including the FBI and U.S. Marshals Service – and municipal police departments in California, Florida, Georgia and Utah. Experts believe hundreds of other departments frequently use such services. … 'We are requesting any and all information you have regarding the above cell phone account and the account holder ... including account activity and the account holder's address,' Ana Bueno, a police investigator in Redwood City, Calif., wrote in October to PDJ Investigations of Granbury, southwest of Fort Worth. … An agent in Denver

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for U.S. Immigration and Customs Enforcement, Anna Wells, sent a similar request on March 31 on Homeland Security stationery: 'I am looking for all available subscriber information for the following phone number,' Ms. Wells wrote to a corporate alias used by PDJ. … Congressional investigators estimated the U.S. government spent $30 million last year buying personal data from private brokers. But that number probably understates the breadth of transactions, since brokers said they rarely charge law enforcement agencies."

Congress Looking Into Data Sellers' Methods. USA Today (6/21, Eisler, 2.31M) reports that Congress today will begin hearings on "the techniques used by private data-collection companies to obtain phone records and other information. Law enforcement agencies often go to such companies for information. They do so to save time and avoid seeking subpoenas or warrants for the information, even though the data brokers do not always obtain their information legitimately, according to an investigation by the House Energy and Commerce investigations subcommittee." A panel subcommittee, chaired by Rep. Ed Whitfield, "will hold a series of hearings on the matter."

TSA Delays Registered Traveler Program. The AP (6/20) reported the Transportation Security Administration has delayed the Registered Traveler program "as the government and private businesses grapple with ways to ensure retention of tough security standards." The program, which "would have allowed certain airline passengers to quickly go through a separate airport security lane if they paid a fee, passed a government background check and submitted fingerprints," was scheduled "to be rolled out gradually starting Tuesday." TSA spokeswoman Yolanda Clark said "the agency was still working with private firms running the program to make certain that it 'does not decrease security in any way'" or "hold up travelers who aren't enrolled."

HHS Places Order For Anthrax Drug. The New York Times (6/21, Lipton, 1.19M) reports, "The Department of Health and Human Services has placed a $165 million order for 20,000 doses of a new anthrax drug that it hopes to put in a biodefense stockpile starting in 2009." The drug, Abthrax, "neutralizes the deadly toxin that anthrax bacteria produce."

New Plan For 9/11 Memorial Proposed. The Wall Street Journal (6/21, Frangos, 2.11M) reports, "A simpler plan for the World Trade Center memorial will include several cost-saving design changes, while aiming to preserve the overall look and feel of the project." In a report commissioned by New York Gov. George Pataki and New York Mayor Michael Bloomberg, "real-estate developer Frank Sciame suggested modifications that would bring the cost of the memorial and an adjacent museum to $510 million, plus another $150 million for underground infrastructure." New York State "would spend an additional $80 million on a visitors center. A cost estimate in May showed the project, minus the visitors center, approaching $1 billion." USA Today (6/21, Moore, 2.31M) says the plan is "part of a redesign to cut the project's cost to $500 million from nearly $1 billion." The Washington Post (6/21, Kugler, 744K) also reports the story.

House Approves Bill To Increase Penalties For Disaster Fraud. The AP (6/20, Abrams) reported in the wake of a GAO report that found FEMA "was defrauded of up to $1.4 billion as it rushed to provide relief after last year's hurricanes Katrina and Rita," the House approved legislation Tuesday that would impose "sentences of up to 30 years for fraud related to disaster relief. … The legislation, which now goes to the Senate, imposes a fine of up to $1 million and prison terms of up to 30 years for wire, radio, television or mail fraud in connection with a presidentially declared major disaster or emergency."

CQ (6/20, Schuler, Stern) reported, "The legislation targets public officials involved in bribery or extortion, as well as anyone who makes a 'materially false, fictitious or fraudulent statement or representation' to obtain benefits, property or services after a disaster or declared emergency."

National Guard Returns To New Orleans To Help Combat Crime Wave. ABC World News Tonight (6/20, story 7, 2:40, Gibson, 8.78M) reported, "Nine months after Hurricane Katrina, the National Guard rolled back into New Orleans. This time, the problem, not floods, but crime." ABC (Osunsami) added, "Already this year, 53 people have been murdered in New Orleans. This morning, just a few hours before the troops arrived…residents woke up to murder number 54." Mayor Ray Nagin "asked the Governor for the troops after five teenagers were murdered over the weekend at this intersection. Three other teenagers were killed at this same intersection in April."

NBC Nightly News (6/20, story 6, 2;15, Williams, 9.87M) reported Operation Crescent Guard "will send the soldiers into large areas of the city like Lakeview, New Orleans East, and the Lower Ninth Ward, where there is still plenty of damage but not many people." Officials "insist it's not that crime is so bad, it's that the New Orleans police force remains weakened by Katrina."

The AP (6/21, Burdeau) reports "troops, dressed in full camouflage fatigues, carried M-16s, handguns and belt clips of ammunition as they arrived in a convoy of 75 vehicles. They parked their Humvees and tanker trucks in formation in front of the Convention Center, drawing waves and thumbs-up from onlookers." The AP adds, "Many of the soldiers that

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arrived Tuesday were sent to New Orleans during Katrina, but they had not seen the city since those desperate days."

Post-Katrina New Orleans Sees Spike In Suicides. The New York Times (6/21, Saulny, 1.19M) reports, "New Orleans is experiencing what appears to be a near epidemic of depression and post-traumatic stress disorders," as well as "a suicide rate that state and local officials describe as close to triple what it was before Hurricane Katrina struck and the levees broke 10 months ago. Compounding the challenge, the local mental health system has suffered a near total collapse, heaping a great deal of the work to be done with emotionally disturbed residents onto the Police Department."

NYTimes Criticizes New Orleans' Lack Of Progress On Rebuilding Plan. The New York Times (6/21, 1.19M) editorializes that 10 months after Katrina, "there is still no redevelopment plan for New Orleans." With billions of dollars from the federal government headed to the city, "There are no more excuses for local officials, no more pointing toward Washington. It is time for southeastern Louisiana to rebuild itself." The fact "that it will be six months before a 'master planning document,'" as the Times reported Sunday, "is totally unacceptable." Meanwhile, the decision to send National Guard troops to help city police deal with an upsurge in violence "does not bolster our confidence that the city will be able to govern itself." The Times says Mayor Ray Nagin needs "to speak difficult truths" about where to rebuild. Residents "deserve answers. They have waited long enough."

WAR NEWS:

Senate Democrats To Offer Competing Troop-Withdrawal Plans. Knight Ridder (6/21, Kuhnhenn) reports, "Democrats, searching for a unified stance on Iraq, will kick off a Senate debate Wednesday over competing troop-withdrawal proposals that reflect mixed public opinions about the war." One proposal, offered by Democratic Sens. John Kerry and Russ Feingold, "would set a hard pullout deadline of July 2007. A more broadly backed bill, proposed by Democratic Sens. Carl Levin of Michigan and Jack Reed of Rhode Island, calls for troops to begin moving out of Iraq this year, but sets no timetable for final withdrawal." Knight Ridder adds, "Though the measures were designed to distinguish Democrats from Republicans on the dominant issue of the day as November's congressional elections near, they also exposed Democratic divisions on the war. Some top Republicans dismissed both proposals as 'cut and run' policies and evidence of Democratic incoherence on Iraq."

USA Today (6/21, 2.31M) quotes Kerry saying, ""We cannot retreat. We cannot surrender. We cannot go wobbly." Meanwhile, the Washington Times (6/21, Bellantoni, 90K) reports that last night, in a speech at the Hyatt Regency Washington to Republican volunteers, "Republican National Committee Chairman Ken Mehlman said, 'Republicans unite on the need to stay on the offense to confront terrorists; Democrats are having a debate in their party.'" He "characterized the Democratic debate as some 'say we need to cut and run; some people say we need to walk ... and other people say we need to jog.'" On CNN's The Situation Room (6/20, Blitzer), Mehlman said that if the US set a specific timetable for withdrawal as Democrats suggest "the enemy would see it as surrender and it would make America less safe. … The reason we are attacked is because for a generation we did what Jack Murtha suggested which is when they hit us, we backed down as opposed to the way we win this war on terror, which is the way we won World War II, the way we won the Cold War is the offense not the defense."

NBC Nightly News (6/20, story 3, 2:35, Williams, 9.87M) reported Democrats "vigorously deny the charge, noting that most Senate Democrats oppose a firm deadline for withdrawing the troops. Cut and run, they say, is nothing more than a Republican campaign slogan." Sen. Harry Reid, Minority Leader: "Two things that don't exist in Iraq and have not -- weapons of mass destruction and cutting and running." Reid: "But in fact, some leading Democrats are badly split on when to bring the troops home. Senator John Kerry, for example, was cheered by liberal activists recently when he called for a timetable." But Senator Hillary Clinton "was heckled by the same group because she opposes a deadline."

CNN's The Situation Room (6/20, Bash) reported that "behind closed doors, we understand, there were some impassioned pitches made by Sens. John Kerry and Russ Feingold on the one hand. They say they really think it's imperative, both from a policy point of view and a political point of view, to draw a hard line between Democrats and the Bush White House by saying there should be date certain for troops to come out of Iraq. Now, on the other hand in that lunch, we know that Senator Carl Levin and Jack Reed also made their pitch to say that's simply the wrong way to go, that that is not necessarily responsible and that it's better to take a more cautious approach, say that we should perhaps begin to be withdrawn this year." Minority Leader Harry Reid tried "to put best face on this, essentially saying that Democrats are united on one thing and that is, they don't think the Bush approach is right."

The Washington Post (6/21, A4, Babington, 744K) runs a similar report titled "Democrats Divided On Withdrawal Of Troops," and says Senate Republicans are "happy to clear the way for Democrats to showcase their divisions. Senators predicted that few, if any, Republicans will embrace the Democrats' proposals, mirroring the nearly unanimous support House Republicans displayed last week for Bush's policies."

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Republicans Said To Be Hoping To Use Iraq War Debate For Political Purposes. NBC Nightly News (6/20, story 3, 2:35, Williams, 9.87M) reported Republicans "are apparently hoping to use the debate" in the US Senate "as a chance to score political points that will help them in November." NBC (Reid) added, "In the past week, Republicans, led by chief White House strategist Karl Rove, have taken the offensive, accusing Democrats of advocating a strategy of cut and run." Emboldened by "the killing of al Qaeda leader Abu Musab al-Zarqawi and a slight up tick in the President's approval rating, congressional Republicans have relentlessly repeated the charge."

Democrats Say Kerry Jeopardizing His Party's Prospects In 2006. The New York Times (6/21, Zernike, 1.19M) reports, "When Senator John Kerry was their presidential nominee in 2004, Democrats fervently wished he would express himself firmly about the Iraq war." Kerry "has found his resolve. But it has not made his fellow Democrats any happier. They fear the latest evolution of Mr. Kerry's views on Iraq may now complicate their hopes of taking back a majority in Congress in 2006." The Times adds "interviews" with Democrats "suggest a frustration with Mr. Kerry, never popular among the caucus, and still unpopular among many Democrats for failing to defeat a president they considered vulnerable. Privately, some of his Democratic peers complain that he is too focused on the next presidential campaign."

The AP (6/21, Sidoti) reports Feingold "was the first Democratic senator to call for a withdrawal timetable, but his position has been overshadowed by Kerry, who has a stronger national profile because of his status as the 2004 Democratic presidential nominee." Both "are posturing for possible presidential runs in 2008, and their positions on Iraq play well with the liberal wing of the party -- the Democratic faithful who will vote for the next Democratic presidential nominee."

McCain Says Situation In Iraq Marginally Better. On the CBS Evening News (6/20, story 2, 1:20, Schieffer, 7.66M), Sen. John McCain said the situation in Iraq is "I think marginally better. I think we are progressing. It's long and it's hard and it's difficult and it's two steps forward and one step back. But the consequences of failure, I believe, are enormous."

Durbin Calls For "Reasonable Timetable" For Withdrawal. Sen. Dick Durbin said on MSNBC's Hardball (6/20) that Democrats "understand that the current strategy is not working well. There's no end in sight. As of today, this morning, we've lost 2,502 of our best and bravest soldiers, we've spent over $300 billion. We've been in this war for over three years, and there is no plan to bring it to an end." Durbin added, "I think we should have a reasonable timetable. There should be some considerations there, if circumstances arise, that would make a difference. But by and large, I think the Iraqis have to understand, now that they've trained 264,000 soldiers with our help, at our expense, that they have to stand and defend their own country."

Hutchison Says Setting A Timetable Sends Wrong Message. Sen. Kay Bailey Hutchison said on MSNBC's Hardball (6/20), "All of us look forward to the time that our troops can come home. There's no question about that. But if we set a timetable, we are saying to every ally we have ever had, we'll be with you until times get tough. And worse, we are saying to the enemies, if you just make it hard for America, pretty soon our attention will flag and we will cut and run. That couldn't be a worse message from the United States of America."

Sessions Says Senate Will Reject Proposed Timetables For Troop Withdrawal. Sen. Jeff Sessions was asked on Fox News' Your World with Neil Cavuto (6/20) about the upcoming Senate vote on a Democratic proposal to set a timetable to getting our troops out of Iraq. Sessions said, "It's a resolution that I don't think has any good in it, and only mischief. We only voted a few days ago, 93-6 to reject a timetable as of the end of this year. And I think we'll reject this proposal."

Harman Calls For "Regime Change" At Pentagon. Democratic Rep. Jane Harman, appearing on CNN's Larry King Live (6/20, 9:42 p.m.), said, "We need to resolve now to change our strategy in Iraq. I would call it 'cut and win.' I think we should be redeploying troops now on a schedule set by the generals, focusing on achievable political objectives. And I should add one more thing: It's time to have regime change at the Defense Department. A new secretary of defense will help change our strategy."

US Embassy Memo Outlines Iraqi Employees' Security Fears. A memo by a junior US employee of the US Embassy in Iraq outlines the security risks faced by the Embassy's Iraqi employees. ABC World News Tonight (6/20, story 3, 1:45, Karl, 8.78M) reported, "The memo is called 'Snapshots from the Office.' And it's based on the reports from Iraqi employee of the US Embassy, written by a junior US Employee of the Embassy. Today, the snapshots add up to one very grim portrayal of life in Baghdad. The Iraqis say terror and violence have become a part of everyday life. The brother of one employee kidnapped. Another claims to attend a funeral every day. They fear informants, who the memo says have become more entrenched, as Iraqi security forces fail to gain public confidence." There are "also serious complaints about quality of life, chronic power outages and long gas lines."

In an editorial today, the New York Times (6/21, 1.19M) says the cable painted "a far grimmer picture of the mounting difficulties faced by its Iraqi employees," and "told of embassy employees running a daily gantlet of religious dress-code enforcers and harassment by militia-style security guards — even at checkpoints surrounding the fortified Green Zone,

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where the embassy is located. When the Iraqi employees return to their homes, they face sweltering neighborhoods without regular electric power, daylong gasoline lines, and families torn by religious and ethnic tensions and mounting fears for the future." The report "is only a raw snapshot of the daily experiences of embassy employees, not a systematic nationwide survey. Yet embassy employees are in many ways better off than most Iraqis. At least they have jobs and someone to turn to for help. … Now that he's home, Mr. Bush needs to take a hard, unfiltered look at the more disturbing picture relayed by America's embassy."

US To Keep Presence In Iraq At Current Levels Into Next Year. The New York Times (6/21, Shanker, 1.19M) reports, "The Pentagon announced Tuesday that it planned to send 21,000 troops to Iraq in the next rotation of forces. That would keep the American presence at current levels into next year, unless the security situation improved." The Times adds, "Senior military officials said that the announcement of units to be deployed between August and January could change, depending on conditions in Iraq, and that so-called off ramps for the troops bound for Iraq were still under discussion." Bryan G. Whitman, a Pentagon spokesman, said after the announcement, "One should not read into this a decision" about "long-term troop levels in Iraq." But "at a minimum, the announcement represents a decision that for planning purposes at least, American troops in Iraq would be replaced on a one-for-one basis for now."

US Distances Itself From Iraqi Official's Comments. The Financial Times (6/21, Sevastopulo, Dinmore) reports, "The Bush administration on Tuesday sought to distance itself from remarks by the Iraqi national security adviser that he envisaged a significant reduction in US troops in the country this year with most leaving next year." Writing in the Washington Post on Tuesday, Mowaffak al-Rubbaie, the Iraqi national security adviser, "said that while there was no 'defined timetable for coalition troops to leave Iraq, there was an 'unofficial roadmap' for troop reductions based on 'the achievement of set objectives for restoring security in Iraq.'"

Australia May Eye Troop Drawdown This Year. The AP (6/21, Foley) notes Canberra "will review its troop deployment to Iraq by the end of this year, the defense ministry said Wednesday, the first time the government has hinted at a possible timeline for eventual withdrawal." Defense Minister Brendan Nelson "said Australia would evaluate the success of the Iraqi forces in protecting Muthana province before reassessing its military presence in Iraq. … 'If we can see that the provincial Iraqi government in al-Muthana can successfully manage its own affairs and its own security then I would expect that by the end of this year we would be starting to think about our future deployment.'"

The New York Times (6/21, Onishi, 1.19M), meanwhile, runs a story reporting "Japan announced Tuesday that it would start pulling its ground troops out of Iraq, putting an end to the country's most significant military mission since the end of World War II."

Bodies Of Kidnapped US Soldiers Found. The bodies of PFC Kristian Menchaca and PFC Thomas Tucker, the members of the 101st Airborne captured by Iraqi insurgents, were found three miles from the location where they were abducted. The US military says the two were tortured and brutally slain. The story was the lead on each of the networks, and ABC and NBC ran follow-up stories on the reaction to the soldiers' deaths. ABC World News Tonight (6/20, lead story, 2:35, Marquez, 8.78M) reported, "US troops found the men last night after a tip from a local resident. But they were not able to recover their bodies until this morning. Troops first had to maneuver their way through explosives that had been planted around the bodies." In an "Internet posting, an insurgent group claimed that the new leader of al Qaeda in Iraq had 'beheaded the two captive crusaders.' Sources say that one of the soldiers was, in fact, beheaded and both were mutilated and burned."

In a separate story, ABC World News Tonight (6/20, story 2, 2:20, Reynolds, 8.78M) reported, "The reports of kidnapping and possibly torture at the hands of their captors have added fuel to the domestic debate about the war."

The CBS Evening News (6/20, lead story, 3:00, Schieffer, 7.66M) reported, "It was like a story from the Middle Ages in the age of the Internet. 'We have slaughtered the crusaders,' read the message on a terrorist Website and the bodies of those American soldiers who had been kidnapped by al Qaeda were found. They had been tortured, and they were meant to be found. They had been laid out as lures in a booby trap." CBS (Cowan) added, "The same umbrella terror group that claimed al Qaeda had captured the men yesterday today posted another note on an obscure website, boasting the men were slaughtered by no other than Abu Hamza al-Muhajir himself, the man the US believes is the successor to terror leader Abu Musab al-Zarqawi."

NBC Nightly News (6/20, lead story, 3:05, Williams, 9.87M) reported, "Tonight there is a real fear that just days after the US was able to find and kill Abu Musab al-Zarqawi, who as the head al Qaeda in Iraq became the very face of evil in this war, there may be a new face of evil already -- the new man in charge of al Qaeda in Iraq, Abu Hamza al-Muhajir, the same man believed to be behind the two murders of these two US soldiers." NBC (Boettcher) added, "

NBC Nightly News (6/20, story 2, 2:05, Miklaszewski, 9.87M) reported, "US military officials tell NBC News the kidnapping and killing of the two American soldiers has all the earmarks of an al Qaeda operation." The "posting also claimed the two American soldiers were killed by al Qaeda's

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new leader in Iraq -- Abu Hamza al-Muhajir -- who experts believe was out to prove he's every bit as ruthless as his predecessor, Abu Musab al-Zarqawi, killed in a US air strike two weeks ago."

NBC Nightly News (6/20, story 3, 2:35, Williams, 9.87M) reported, "On the floor of the US Senate today there was anger and revulsion over the killings of these two American soldiers."

CNN's The Situation Room (6/20, Blitzer) reported, "Military sources tell CNN a tip from Iraqi civilians lead them to the bodies in the Yusufiyah area south of Baghdad. They say the area was booby-trapped and the bodies were mutilated beyond recognition."

The Los Angeles Times (6/21, Moore, 958K) reports, "The investigation into the circumstances of their capture has been opened by Lt. Gen. Peter Chiarelli, chief of day-to-day military operations in Iraq." The Mujahedeen Shura Council, "an al-Qaida-affiliated group posted a message Tuesday on a jihadist Internet site taking responsibility for the killings, but offered no proof of its involvement."

The Washington Post (6/21, A1, Finer, Partlow, 744K) reports Maj. Gen. William B. Caldwell "declined to describe the condition of the soldiers' bodies, saying it would be 'inappropriate until I know what the families were told.'" He "said it was clear the soldiers had died of wounds suffered in captivity, rather than at the site of the attack on the checkpoint, but that the cause of death could not be immediately determined."

The Washington Times (6/21, Scarborough, 90K) and New York Times (6/21, Filkins, 1.19M) run similar reports. The New York Times (6/21, Alvarez, 1.19M) also reports a profile of the dead soldiers, headlined "Relatives Describe Young Men Determined To Serve Country." USA Today (6/21, Bazar, Loew, 2.31M), meanwhile, describes the soldiers' families as "devastated" by the news.

US Says Al Qaeda In Iraq Religious Leader Captured. The CBS Evening News (6/20, lead story, 3:00, Schieffer, 7.66M) reported, "The US forces got one of al Qaeda's key people as well. Didn't they?" Cowan: "They did. It was actually the very same day that these two soldiers went missing. They say he was the leader, the religious leader of al Qaeda in Iraq. They say getting him in an air strike was yet another dent to this organization that they hope will stop or at least limit more attacks on US soldiers."

McCain Says Zarqawi's Elimination Hasn't Eliminated Threat. On the CBS Evening News (6/20, story 2, 1:20, Schieffer, 7.66M), Sen. John McCain said, "It's, again, the nature of the enemy. We saw this, of course, with Zarqawi and now obviously, we see this with his successor, which is why we should be extremely guarded in our optimism about the elimination of Zarqawi, because there are obviously people who are willing to take his place. This is still a long, tough slog in Iraq."

FBI Cracking Down On Phony War Heroes. In a front-page story, USA Today (6/21, Zoroya, 2.31M) reports, "The FBI is cracking down on phony war heroes, who often buy medals on the Internet and wear them at public events. This year, federal agents have launched a dozen investigations against people allegedly masquerading as decorated veterans. At that pace, the FBI would open about twice as many cases as it did last year." FBI Special Agent Thomas Cottone said, "These people, by wearing those medals, are literally stealing the valor and recognition of those who legitimately did the act. And this is absolutely disgraceful." USA notes, "The most recent conviction: Theodore Bantis…who pleaded guilty Tuesday to posing as a Marine Corps officer who had won the Navy Cross."

In a second story, USA Today (6/21, 3A, Zoroya, 2.31M) recounts the story of New Jersey resident Gerard Smigel, who pleaded guilty this month to impersonating a highly-decorated Marine Corps Lt. Colonel and "was sentenced to three years of probation and fined $3,000." USA adds, "Masquerading as a war hero has become riskier — but more tempting — during this time of war. 'Right now, most everybody loves the military, and that's why I'm seeing more and more of these impostors,' says…Cottone. The FBI has investigated 58 cases of people allegedly wearing fraudulent military decorations since 2001," and "the FBI could end up investigating more cases of medal fraud this year than in any other previous year, Cottone says."

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Gonzales' Response To Question About Children's Music Downloading Noted. The "Reliable Source" column in the Washington Post (6/21, C03, Argetsinger, Roberts) quotes Attorney General Alberto Gonzales response to a reporter's question about whether his two children ever download music illegally: 'Of course not. I remind them: I AM the law!'"

CORPORATE SCANDALS:

Greenberg Sues AIG Over Board Notes. The AP (6/21, Chase) reports, "The former CEO of American International Group Inc., Maurice 'Hank' Greenberg, filed a lawsuit Tuesday seeking records associated with the company's $1.6 billion settlement of allegations that it engaged in deceptive accounting practices." The AP continues, "Starr International Co., a private company led by Greenberg, alleges in the Chancery Court filing that AIG is

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violating Delaware law by refusing to allow representatives of Starr, which is AIG's largest shareholder, to inspect the company's books and records." The AP adds, "Starr is seeking minutes, notes, transcripts and any other records relating to AIG board and committee meetings dating from Feb. 9, 2005 to the present. … Starr alleges that AIG responded to a June 9 demand letter by offering only heavily redacted 'nonprivileged minutes' of board and audit committee meetings relating only to worker's compensation payments made in connection with the settlement announced Feb. 9 of this year. … In the settlement, AIG, one of the world's largest insurance companies, agreed to pay $1.64 billion to settle allegations by New York Attorney General Eliot Spitzer that the company used deceptive accounting practices to mislead investors and regulatory agencies. The Securities and Exchange Commission filed and settled allegations of accounting fraud with the company simultaneously. … The settlement did not cover Greenberg, who was named in the suit but vowed to fight it in court."

US Subpoenas Delta Petroleum in Options Probe. The AP (6/21) reports, "Delta Petroleum Corp., a natural gas and oil producer, said late Monday it has received a federal subpoena requesting records back to 1996 over its granting of stock options." The AP continues, "The company said it believes the request comes because it was identified May 16 in a 'third-party report' as being at-risk for having backdated stock options for executives. On May 22, the Denver company said its board had formed a special committee to review Delta's option granting practices and related accounting. … The subpoena is from the U.S. Attorney for the Southern District of New York."

Options Backdating Probe Called "Witch Hunt." In a column for the Wall Street Journal (6/21), Holman Jenkins, Jr. writes, "Another business scandal, this one over options 'backdating,' reveals that some CEOs are 'in it' for the money. Tsk, tsk. … There has been outrage aplenty, lawsuits and even a grand jury investigation over a procession of companies accused of committing this violation of the moral code. A few are big names: Home Depot, Microsoft, UnitedHealth Group. But most are midsized tech companies with good reputations in their industries. So far, about 50 (the number grows daily) are suspected of having granted their executives and employees stock options whose issue date was retroactively established to coincide with a recent low in the company's stock price. … Missing, however, has been any cogent explanation of the possible reasons behind a practice apparently so widespread that companies must either have been sharing notes on it or have discovered it independently following some inner logic of corporate life. Also missing is any cogent explanation of why it's wrong." Jenkins adds, "Since Enron, a great deal has been said about corporate governance, most of it useless. The one lesson that should be reinforced is that overseeing CEO incentives is among the most important board responsibilities, and boards should keep control of it and do it clearheadedly. Yet there is nothing categorically corrupt or improper about backdating to justify a conclusion that the boards here weren't doing just that. … The scandal element, instead, arises because ever-shifting accounting, regulatory and tax standards were, by some readings, punitive during the years in question toward choosing a past date to make an options package effective. We wouldn't want the legal bills of UnitedHealth's Bill McGuire -- or Vitesse Semiconductor's Louis Tomasetta, or KLA-Tencor's Ken Levy. In the end, dozens of executives are likely now to find themselves skinned and hung out to dry over a practice that's innocuous and even sensible in its own right."

CRIMINAL LAW:

Former GAO Official Safavian Convicted. ABC World News Tonight (6/20, story 8, :15, Gibson, 8.78M) reported, "Former Bush Administration official David Safavian has been convicted in the first criminal trial stemming from the scandal surrounding Washington lobbyist Jack Abramoff. Safavian was found guilty of lying about his dealings with Abramoff." NBC Nightly News (6/20, story 8, 0:30, Williams, 9.87M) noted Safavian "was the Bush Administration's procurement chief." USA Today (6/21, 2.31M) reports Safavian "was convicted of obstructing an investigation into whether he aided Abramoff in efforts to acquire property controlled by the GSA in 2002, when Safavian accompanied the lobbyist on a golfing trip to Scotland." The jury "found Safavian hid details of his relationship with Abramoff from a GSA ethics lawyer, the GSA's inspector general's office and the Senate Indian Affairs Committee. He was acquitted of obstructing a Senate investigation."

The CBS Evening News (6/20, story 6, 0:25, Schieffer, 7.66M) reported Safavian "could get up to 20 years in prison." Meanwhile, Roll Call (6/21, Bresnahan) reports Safavian "plans to ask a federal judge to vacate portions of the decision and then will most likely appeal the case, his attorney said."

The Washington Post (6/21, Birnbaum) reports, "Safavian, a former chief of staff of the General Services Administration, was convicted in U.S. District Court here of covering up his many efforts to assist Abramoff in acquiring two properties controlled by the GSA, and also of concealing facts about a lavish weeklong golf trip he took with Abramoff to Scotland and London in the summer of 2002. … This was the first Abramoff-related legal action to go to trial and face a jury. Several legal experts said the case could embolden federal prosecutors to seek additional indictments against

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cronies of Abramoff, who has been cooperating with the Justice Department since pleading guilty in January to corrupting public officials."

The Los Angeles Times (6/21, Schmitt) reports, "Each count carries a maximum penalty of five years in prison, and a $250,000 fine. U.S. District Judge Paul Friedman set sentencing for Oct. 12." The Times adds, "Safavian sat without expression as the guilty verdicts were read. He was cleared of one count of obstructing the Senate Indian Affairs Committee's investigation. … The verdict adds momentum to a Justice Department investigation focusing on a number of members of Congress, including Rep. Bob Ney (R-Ohio), whose former chief of staff was a government witness against Safavian."

The New York Times (6/21, Shenon) reports, "The verdict was hailed by Justice Department officials as a victory in their wide-ranging criminal investigation of the lobbying operations run by Mr. Abramoff, a Republican fundraiser who pleaded guilty in January to conspiring to go bribe public officials, including members of Congress, and is cooperating with prosecutors." The Times adds, "After four days of deliberation, the jury agreed with prosecutors that Mr. Safavian lied to investigators when he insisted there was no ethical conflict in joining Mr. Abramoff's August 2002 golfing trip to Scotland since, Mr. Safavian claimed, the lobbyist did 'no business' with the General Services Administration. Mr. Safavian was then the chief of staff of the G.S.A., which fuctions as the government's real-estate manager." The Times notes, "Assistant Attorney General Alice S. Fisher, the head of the Justice Department's criminal division, said in a statement that 'the message of this verdict is clear: in answering questions posed by Congress and by federal agencies, public officials have the same obligation as does the public for which they serve — to tell the truth.'"

The Financial Times (6/21, Kirchgaessner) reports, "For the Department of Justice, which has stepped up its focus on cases involving influence peddling since the Abramoff case emerged, the courtroom victory suggests that its strategy of working its way up the food chain – by securing guilty pleas from Mr Abramoff's former business associates, former congressional aides, and then from the lobbyist himself – is paying off."

The Wall Street Journal (6/21, Cummings, 2.11M), in a story titled "Probe Becomes Election Issue," says the conviction "is likely to have broad legal and political effects. The guilty verdict, handed down by a federal jury, could pressure more congressional aides to cooperate with the investigation, and complicate the re-election bids of a handful of Republican legislators named during the trial." The verdict also "places at least part of the Abramoff scandal inside the Bush administration, not solely in Congress. It is the first trial victory for the Justice Department's task force investigating Mr. Abramoff."

The Philadelphia Inquirer/Knight Ridder (6/21, Taylor) reports, "During the eight-day trial, prosecutors presented dozens of e-mail exchanges between Safavian and Abramoff that discussed the GSA properties." Knight Ridder continues, "Abramoff contacted Safavian days after his old friend became the GSA's chief of staff to talk to him about the properties, according to federal records. … Abramoff wanted to buy or lease a portion of 600 acres in Silver Spring, Md., and the Old Post Office Building in Washington. At the time, the GSA managed the properties. … Prosecutors said Safavian later advised Abramoff about leasing or buying the properties, gave him internal government documents, and set up a meeting with other GSA officials. … At the time, Safavian had been planning to take the Scotland golf trip with a group that included Abramoff and Ney."

Government Executive (6/21, Mandel) reports, "Safavian faces up to five years in prison and a $250,000 fine for each of the four counts, though his lawyer, Barbara Van Gelder, said she would draw on his clean record in arguing that he serve less than the full 20 years. Sentencing is scheduled for Oct. 12. … Van Gelder said her client will appeal the jury's decision, a process she said could take many years." GE notes, "As possible grounds for appeal, Van Gelder cited concerns with the verdict form, which she said used overly broad language and introduced new wording that had not been defined during the trial. She also described instructions on how the jury was to consider a flood of e-mail traffic between Safavian and Abramoff as confusing and 'hypertechnical,' with some messages to be considered solely for the fact that they were sent, while others could be considered as statements of fact."

The Legal Times (6/21, Schwartz) reports, "Safavian's case was somewhat narrower than those of others targeted in the Abramoff probe. It focused on an August 2002 trip Safavian took to Scotland and London that Abramoff sponsored. Others on the junket included Ohio Republican Rep. Bob Ney and political strategist Ralph Reed, the former head of the Christian Coalition. Attendees played rounds of golf at the Old Course of St. Andrews and stayed at luxury hotels in London and Scotland. … At the time of the trip, Safavian had just been appointed chief of staff to the administrator of the Government Services Administration. But when asking for clearance to go on the trip, Safavian told a GSA ethics officer that Abramoff had no business before the agency because he did all of his work on Capitol Hill. In fact, Abramoff had previously sought assistance from Safavian to secure leases on two GSA-controlled properties."

Bloomberg (6/21, Jensen) reports, "Abramoff, 47, became the subject of a U.S. government task force investigation after a series of articles in the Washington Post in 2004 about his financial dealings with partner Michael Scanlon and their work for American Indian tribes. In January this year, Abramoff pleaded guilty to defrauding the tribes and

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conspiring to corrupt public officials. … Scanlon and two other former congressional aides, who later worked for Abramoff, have also pleaded guilty to conspiracy. They are cooperating with prosecutors investigating other lobbyists and public officials including U.S. Representative Bob Ney, who traveled with Safavian on an Abramoff-arranged golf trip to Scotland in 2002. Ney has denied all wrongdoing. … 'Prosecutors now have a bigger sword to rattle when they are trying to convince witnesses to cooperate, or individuals to plead guilty,' said Joshua Berman, a former Justice Department lawyer and partner at Sonnenschein, Nath & Rosenthal LLP in Washington. 'The prosecutors can essentially say to a reluctant target or subject, "Look, we're prepared to try these cases. We did it with Safavian and are ready to do it with you."'"

The Washington Times/AP (6/21), Knight Ridder (6/21, Taylor), Los Angeles Times (6/21, Schmidt, 958K) and The Hill (6/21, Tiron) run similar reports.

Nominee To Replace Safavian Promises Effective, Ethical Acquisition System. The Washington Post (6/21, D4, Barr, 744K) reports in its "Federal Diary" column that Paul A. Denett , the president's choice to head the White House's federal procurement policy office, "promised at his confirmation hearing 'to build a world-class acquisition system that garners the confidence of our taxpayers by consistently delivering efficient, effective and ethical contracting service.'" At the same time, federal jury announced that the man he would replace, David Safavian, "had been found guilty on four of five felony charges tied to a corruption and influence-peddling scandal centered around lobbyist Jack Abramoff ."

Abramoff, Kidan Imprisonment Postponed. The AP (6/21, Yost) reports, "In Miami, meanwhile, a judge granted Abramoff and ex-business partner Adam Kidan another three months before they must begin serving prison sentences for fraud convictions stemming from the purchase of a gambling boat fleet. Abramoff also faces sentencing in Washington on federal charges of conspiracy, tax evasion and mail fraud. … The delay will give the two more time to cooperate with investigators."

Tribe Seeks Probe Of Former Employee Linked To Abramoff. The AP (6/21, Martin) reports, "The Saginaw Chippewa Indian Tribe wants the U.S. Department of Justice to investigate one of its former employees and his ties to tainted lobbyist Jack Abramoff." The AP continues, "Former legislative affairs worker Christopher Petras is accused by the tribe of giving 'incorrect and misleading' testimony to the U.S. Senate Affairs Committee in September 2004 during hearings about Abramoff and Abramoff's associate, Michael Scanlon. … Although Petras testified before the Senate Indian Affairs Committee that he didn't recall many of the details about his communications with Abramoff and Scanlon, the tribe says a trail of e-mails and other testimony indicate a stronger relationship than Petras revealed." The AP adds, "Federal prosecutors say Abramoff encouraged the tribe to expand a lobbying contract without disclosing that he would receive about 50 percent of the profits from the tribe's payments. From June 2002 to October 2003, the tribe paid about $3.5 million on the contract, with about $540,000 being kicked back to Abramoff, court documents say. … Abramoff's former employer, Greenberg Traurig LLP, has agreed to repay millions of dollars to the tribe as part of a settlement. The Saginaw Chippewas say they paid about $14 million to Abramoff and Scanlon overall. … Tribal Chief Fred Cantu sent a letter last month requesting the Justice Department investigation to U.S. Sen. John McCain, the Arizona Republican who heads the Senate Indian Affairs Committee. The Senate committee is expected to release its own report this week on its investigation into Abramoff and the tribes."

Libby Supporters Have Raised Over $2 Million For His Defense. The AP (6/21) reports, "Supporters of Vice President Dick Cheney's indicted former chief of staff have raised more than $2 million since late last year for his legal defense in the CIA leak case." Former Cheney spokeswoman Mary Matalin "was hosting a fundraiser at her home Tuesday night to help pay the legal expenses of I. Lewis Libby, who is charged with five counts of perjury, obstruction and lying to the FBI in the Valerie Plame affair." The $2 million figure "came from Barbara Comstock, a member of Libby's legal team. Among the co-hosts for the event at Matalin's home were former Energy Secretary Spencer Abraham, former Rep. Bob Livingston and oil industry executive and former Commerce Secretary Don Evans." Former Republican Sen. Fred Thompson "hosted a fundraiser at his northern Virginia home last month to raise money for Libby's defense."

Judge Dismisses Fraud Charge Against Chicago Patronage Trial Defendants. The Chicago Tribune (6/21, Bush, O'Connor, 643K) reports, "Mayor Richard Daley's former patronage chief Robert Sorich and his three co-defendants scored a victory in court Tuesday when a federal judge tossed out a significant fraud charge against all of them in their City Hall corruption trial. U.S. District Judge David Coar's ruling came as prosecutors rested a six-week case that portrayed much of the city's hiring and promotions system as riddled with political favoritism, sham interviews and preselected job applicants. Coar also said Tuesday that he will reserve ruling on whether to dismiss all charges against" codefendants John Sullivan and Patrick Slattery," but "he rejected a defense request to dismiss remaining charges against Sorich and his former aide Timothy McCarthy." The AP (6/21, Reichgott) also reports that Coar's dismissal of the mail fraud charge, "which takes up 13 pages of an 18-page indictment, was a boost" for the

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defendants. Sorich, McCarthy "and Patrick Slattery still face other charges, including mail fraud," but former streets and sanitation deputy commissioner John Sullivan "now only is charged with lying to the FBI."

Two Ohio Investment Brokers Indicted On Bribery Charges. The Toledo Blade (6/20, Drew, Eder) reported, "The scandal that has gripped state government for 14 months broadened yesterday as two Cleveland-area investment brokers were indicted on charges that they conspired to bribe a high-ranking official of the Ohio Bureau of Workers' Compensation in exchange for getting and keeping a piece of the bureau's business." Michael W. Lewis and Daniel P. O'Neil "worked for three investment firms in the six years they gave Terrence Gasper, the bureau's chief financial officer, use of an oceanfront condominium and a boat slip in the Florida Keys, according to the indictment unsealed…in U.S. District Court" on Monday. US Attorney Gregory White "estimated that the firms for which Mr. Lewis and Mr. O'Neil worked received $5 million to $6 million in brokerage commissions, marketing, and solicitation fees from the bureau." The Columbus Dispatch (6/20, Niquette) noted that an "unprecedented task force of federal, state and county authorities" is "investigating state investment and ethics scandals," and added that Gaspar "pleaded guilty in both federal and state courts June 7 as part of plea agreements that require him to cooperate with the investigation. He admitted accepting free stays at the condominium…a $9,000 college tuition payment for his son and other gifts from former coin dealer Thomas W. Noe, brokers and others." The AP (6/20, Mabin) and Willoughby (OH) News-Herald (6/20, Read) also reported on the indictments.

LAPD, FBI Uncover New Evidence In Insurance Scam-Murder Probe. The Los Angeles Times (6/21, Winton, 958K) reports, "Los Angeles police detectives and FBI agents investigating a pair of women suspected of killing two homeless men have turned their attention to one of those victims after uncovering new evidence that they say links the women to his death. Detectives looking into the case of Helen Golay and Olga Rutterschmidt are now focusing primarily on the death of Kenneth McDavid, who was run over in a Westwood alley last June in a hit-and-run that remains unsolved. Authorities said in a search warrant affidavit that an hour before McDavid's body was discovered, Golay called the Auto Club to have a Mercury Sable towed from an intersection a block from where the 50-year-old was hit. In new court papers obtained by The Times, detectives said they found blood and 'organic matter' on the damaged undercarriage of the Sable." The car's registered owner "told Det. Dennis Kilcoyne and FBI Special Agent Samuel A. Mayrose that she never owned the Sable but that her purse had been stolen around April 2003."

Former Chicago-Area Priest Pleads Guilty To Child Porn Possession. The AP (6/21) reports, "A Roman Catholic priest formerly based in suburban Hoffman Estates pleaded guilty Tuesday to possessing child pornography. The Rev. Daniel Schulte, 53, former chaplain at St. Alexius Medical Center, was accused after federal investigators found still and video sexual images of children on the hard drive of his computer. The images included girls and boys younger than 12 years old and some involved material that portrayed sadistic or masochistic acts, according to the plea agreement." The AP notes that after the ISP notified the assistant provincial of the order, "an attorney for the order contacted the FBI and Schulte was moved to St. Louis where both he and his access to the Internet were supervised."

Two Convicted In Internet Piracy Case. The Bay City News (6/21) reports, "Federal prosecutors announced today that two more people, including a Cupertino (CA) man, have been convicted as part of Operation Copycat, the Justice Department's crackdown on Internet piracy." BCN continues, "Cupertino resident Tom Leung, 53, and Ray Morada, 32, of Washington, D.C., were convicted today of conspiracy and copyright infringement charges for their participation in a 'warez group.' … Warez groups are the source of the majority of pirated movies, music and software distributed and downloaded on the Internet, according to federal prosecutors." BCN adds, "Once a warez release group prepares a stolen work for distribution, the material is distributed in minutes to secure, top-level Internet servers throughout the world. From there, within a matter of hours, the pirated works are distributed globally, filtering down to peer-to-peer and other public file sharing networks accessible to anyone with Internet access, according to authorities. … Federal authorities began cracking down on the groups last year with Operation Copycat. To date 36 people have been charged in connection with Operation Copycat and 30 have been convicted, including Paul Sherman, a film critic for the Boston Herald. Sherman pleaded guilty last month to selling more than 100 pre-release review copies of movies to a known warez supplier between 2002 and 2005."

Hooks Joins Father As Defendant In Tennessee Waltz Probe. The AP (6/21) reports, "Former Memphis school board member Michael Hooks Jr. became the 11th person charged in the Tennessee Waltz corruption scandal when he was indicted Tuesday on embezzlement charges." The AP continues, "Hooks' father, Shelby County Commissioner Michael Hooks Sr., was indicted last year on Tennessee Waltz bribery charges and is awaiting trial." The

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AP adds, "Five of the accused in the federal investigation are current or former state lawmakers, two of whom have been convicted. … The Hooks family has long been active in Memphis politics, and Hooks Jr.'s great-uncle, Benjamin Hooks, is a former national director of the NAACP. … Hooks Jr. is charged in a four-count indictment with skimming public money from the Shelby County Juvenile Court." The AP notes, "While Tennessee Waltz focused on an FBI front company called E-Cycle Management that offered bribes statewide for government favors, it grew out of an embezzlement investigation at the juvenile court in Memphis. … Offenses in the indictment against Hooks Jr. carrying a maximum punishment of 40 years in prison and fines totaling $1 million, though federal guidelines would call for a much lighter sentence upon conviction."

Retired FBI Agent Disputes Testimony Probe Targeted William Bulger. The Boston Globe (6/21, Murphy, 484K) reports, "A retired FBI agent, who went undercover in 1983 to offer bribes to officials, yesterday disputed testimony that the Massachusetts Senate president at the time, William M. Bulger, had been a target of the investigation. 'His name never came up,' John 'Jack' Callahan said in a telephone interview with The Boston Globe." The Globe adds, "Yesterday, Robert Fitzpatrick, who was second in command of the FBI's Boston office from 1981 to 1986, acknowledged that the FBI did not have any evidence of wrongdoing by Bulger during the 1983 investigation. But he stood by his testimony on Monday that Bulger was a target of the inquiry. Fitzpatrick said it was one of nine investigations in his tenure in Boston that he believed had been compromised by leaks to informants, including Bulger's gangster brother, James 'Whitey' Bulger, or others outside the agency."

Strangled NYC Investigator Was Seeking Meeting With Mob Murder Witness. The New York Daily News (6/21, Katz, 729K) reports, "When veteran forensic investigator Angela Clemente drove to a remote parking lot in the dead of night last week, she thought she was about to break another big mob case. Her longtime partner, Stephen Dresch, said yesterday that Clemente was hoping to meet an eyewitness to two 1992 mob slayings," but "instead, Clemente was beaten and nearly strangled last Friday -- and then threatened again. 'The threat that came after the attack was far more alarming than the attack itself,' Clemente told a source yesterday. 'I'm in hiding. … I'm not going to do any further investigation.' The case she was probing stemmed from the slayings of reputed Colombo soldiers" John Minerva and Michael Imbergamo. Clemente "has been seeking evidence that would help clear three men convicted of the murders -- and link the crimes instead to the late Colombo capo Greg Scarpa Sr. and his FBI handler, Lindley DeVecchio."

Study Finds One American In 20 Has Been Stalked. Scripps Howard (6/21, Bowman) reports, "Nearly 5 percent of adults in a national survey reported having been stalked at some point, translating to an at-risk pool of more than 7 million women and 2 million men in the United States." Scripps Howard continues, "Most stalkers aren't strangers, according to the study's lead researcher, Kathleen Basile, a behavioral scientist who works in violence prevention at the National Center for Injury Prevention and Control, part of the federal Centers for Disease Control and Prevention." Scripps Howard adds, "Women, younger adults and those who are single, separated or divorced are most at risk. Younger adults being more likely victims 'goes along with what we know about violence in general,' Basile said. … The results, being published in the American Journal of Preventive Medicine in August, are based on phone interviews done with nearly 10,000 adults between 2001 and 2003, with responses about equally divided between women and men. … According to the researchers, 'Stalking continues to be a public health problem at a magnitude comparable to that measured in the National Violence Against Women Study (done for the Justice Department in 1995-96).'"

Tech Companies Back Efforts To Protect Consumer Privacy On The Internet. The Washington Post (6/21, D3, Hart, 744K) reports, "Several large technology companies, including Google Inc. and eBay Inc., announced support yesterday for stronger federal regulations to protect consumer privacy on the Internet." Twelve companies have formed an advocacy group, the Consumer Privacy Legislative Forum, to push for "greater protection of private information, and several members testified yesterday before a House subcommittee. … The group of companies is seeking federal legislation that would require businesses to notify consumers when collecting personal information, then allow individuals to choose how the information is used and to access data they have provided to cut down on unauthorized use."

AFP (6/21, Chapman) reports, "Google counsel Nicole Wong said Tuesday in a blog posting on the Google website that the company joined a group of 'notable US companies' calling for federal consumer privacy legislation. … There was a 'patchwork quilt' of US state consumer protection laws that varied depending on location and subject, with examples being health, financial, or child-related data, according to Wong. … 'This matrix of laws is complex, incomplete, and sometimes contradictory,' Wong wrote. 'For consumers, the result is a set of privacy protections that are uneven at best.'"

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CIVIL RIGHTS:

New York City To Try Measures Aimed At Helping Handicapped Voters. The New York Times (6/21, Chan) reports, "For the first time, New York City residents will be able to vote by 'puffing' and 'sipping' air through a straw, pumping a foot pedal, touching a computer screen or pressing flat plastic shapes — two triangles, a circle and a square — affixed to the four corners of a specially configured keyboard." The Times continues, "These new methods, which represent the biggest innovation in the city's voting technologies since the Shoup mechanical-lever machine was introduced in 1962, are a temporary measure intended to help disabled people vote. … The new voting methods are the product of a lawsuit from the federal government. They will be used in the Sept. 12 primary and the Nov. 7 general election as an interim step to comply with a new federal requirement that voting machines be accessible to the disabled." The Times adds, "The new voting methods can be used on 22 ballot-marking devices that will be available at one site in each of the five boroughs. It is an imperfect compromise: by placing the machines at centrally located offices, the city is essentially requiring some of the least mobile voters to travel the longest distances to vote. And because it can take up to 40 minutes to cast a vote using the new machines, voters may find themselves waiting in long lines. … The devices are not actual voting machines; they cannot record votes, but merely generate a printed ballot on a sheet of white paper. The voter, with help from a poll worker if necessary, would then place the ballot in an envelope. The ballot would then be counted by hand, along with other paper ballots, including absentee ballots, on Election Day or shortly after."

Voting Rights Suit Against Kissimmee, FL, Dropped. The AP (6/21) reports, "Four people want to drop a lawsuit alleging city election procedures unfairly diluted the voting power of Hispanics after they found that the minority group now outnumbers registered white voters." The AP continues, "The class-action complaint was filed last year to challenge the way city commissioners are elected, arguing that each spot should represent a geographic district. Instead, residents citywide are allowed to vote on each race, similar to the U.S. Senate. … Despite comprising about 45 percent of Kissimmee's 52,000 people, no Hispanic has ever been elected to the commission." The AP adds, "Armando Ramirez, one of the four residents behind the lawsuit, originally filed a federal complaint six years ago alleging unfair voting practices. In July, the U.S. Justice Department filed a lawsuit against Osceola County on similar grounds, and Ramirez's group said they wanted to carry that momentum by suing weeks later. … However, the voter registration rolls now show that Hispanic voters outnumber white voters by about 900. … 'The lawsuit is unsustainable,' said Ramirez, who ran unsuccessfully for the Kissimmee City Commission in 2002. 'Instead of waiting for the judge to tell us that, we directed our attorneys to' seek a voluntary dismissal. … The Justice Department case against Osceola County is still pending. A department spokesman declined to comment Tuesday on the request to drop the class-action suit."

WPost Opposes Efforts To Ban Flag Burning. The Washington Post (6/21, A20, 744K) editorializes, "If you haven't noticed a rash of flag-burning incidents sweeping the nation that's because, well, there isn't one. But that doesn't stop Republicans from trotting it out as a more-patriotic-than-thou card. They are, as always, close to having the votes to send it to the states for ratification." The amendment "would soil the First Amendment's command that Congress shall 'make no law...abridging the freedom of speech.' … The amendment's power is in its self-confident sweep: Speech, including expressive acts, will not be censored. Government cannot punish ideas."

ANTITRUST:

DOJ Clears McClatchy Purchase Of Knight Ridder. Knight Ridder (6/21, Carey) reports, "The Justice Department has cleared McClatchy to buy Knight Ridder, after McClatchy agreed to sign a guarantee that it will sell the St. Paul Pioneer Press, according to people familiar with the process." Knight Ridder continues, "The Justice Department was concerned about McClatchy's purchase of Knight Ridder because the company would own two papers in the Twin Cities — its own Minneapolis-based Star-Tribune and Knight Ridder's Pioneer Press. … McClatchy already has a buyer lined up for the Pioneer Press: Denver-based MediaNews, which also is buying the San Jose Mercury News, Contra Costa Times and Monterey County Herald, all in California, in a complicated $1 billion deal. That deal is still under antitrust review. McClatchy was asked to guarantee that it would sell the Pioneer Press regardless of whether the sale to MediaNews is approved by regulators." Knight Ridder adds, "All that remains now for the Knight Ridder-McClatchy deal to be complete is to count the shareholder votes on Monday at Knight Ridder's annual meeting in San Jose. Eighty percent of shareholders must approve the deal. The final papers will be signed June 27., at which point Knight Ridder will cease to exist. … The Justice Department is continuing to review MediaNews' $1 billion plan to purchase the four papers, and is specifically looking at overlaps between the Contra Costa Times and MediaNews' Tri-Valley Herald. It is also reviewing

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the involvement of Hearst in the MediaNews purchase, because Hearst owns the San Francisco Chronicle, which competes with MediaNews in the Bay Area. Hearst is spending $263 million for the Monterey County Herald and the Pioneer Press, but will trade the two papers to MediaNews in exchange for a stake in MediaNews' assets outside the Bay Area." The San Jose Business Journal (6/21) also reports this story.

DOJ, FTC Launch E-Filing System For Pre-Merger Notification Documents. Federal Computer Week (6/21, Hubler) reports, "The Justice Department's Antitrust Division and the Federal Trade Commission announced today an electronic filing system that will allow merging companies to submit pre-merger notification filings, as required by the Hart-Scott-Rodino Act, via the Internet, eliminating the time and expense of duplicating and submitting written documents." FCW continues, "The new system ends the requirement to submit to Justice and the FTC paper copies of the required pre-merger notification form and attachments, according to a DOJ announcement."

The Dow Jones (6/21) reports, "Companies still will be allowed to file paper copies with the FTC and antitrust division, and also will be able to submit merger notification and report forms electronically along with paper copies of documentary attachments. … The electronic filing option will be available upon Federal Registry publication of the notice that makes the necessary changes to the Hart-Scott- Rodino Act's rules."

Gonzales Touts Progress In Intellectual Property Protection. The UPI (6/21) reports, "The U.S. Justice Department said Tuesday it is making progress in the fight against intellectual property piracy." UPI continues, "A new department report said all of the recommendations from an earlier task force report on intellectual property theft have been implemented. … Intellectual property theft includes the trading and online piracy of copyrighted movies, music and video games." UPI adds, "Attorney General Alberto Gonzales, in prepared remarks to the U.S. Chamber of Commerce in Washington, said the department attempted to implement all 31 recommendations, and, 'I am proud to announce that the Department of Justice has achieved this goal.' … Gonzales cited "The 2006 Progress Report' on intellectual property theft. … Among the highlights, Gonzales said, was the fact that the task force increased the number of prosecutors in the field by not only creating the five additional Computer Hacking and Intellectual Property, or CHIP, units recommended in the 2004 report, but also created an additional seven CHIP units."

The IDG News Service (6/21, Gross) reports, "Since the Justice Department's task force made 31 recommendations for protecting intellectual property, the department has launched Computer Hacking and Intellectual Property units in seven more cities than the task force recommended. The department now has 25 CHIP units across the United States. Among the newest 12 are units in Washington, D.C., Baltimore, Denver, Detroit, and Philadelphia. … Gonzales called intellectual property the 'lifeblood' of the U.S. economy during a speech in Washington, D.C. 'We've done a lot,' he said. 'We have to do a lot more.' … The Justice Department, which released a progress report on the initiative today, has also stationed an experienced prosecutor to work on intellectual property enforcement in Southeast Asia, and will add a prosecutor in Eastern Europe. Those prosecutors will help train foreign prosecutors, investigators, and judges about intellectual property investigations, the department said."

Dow Jones (6/21) reports, "The doubling of federal prosecutions was noted in a 72-page progress report on the department's intellectual property task force, which was released this week. … Gonzales said the Justice Department has set up 25 special computer hacking and piracy units around the U.S. in the last two years, boosting the ability of government prosecutors to dismantle international and domestic counterfeiting organizations. The department also has worked with other agencies to, among other things, press China and other countries to do more in combatting illegal counterfeiting." Dow Jones notes, "Gonzales told the room of business representatives that the department has made combatting illegal counterfeiting a top agency priority, not only for artistic works but also for trademarks, trade secrets and patented products, such as pharmaceuticals and medical devices."

Broadcasting & Cable (6/21, Eggerton) reports, "In its 104-page progress report, the Task force on Intellectual Property says it has implemented recommendations made in October 2004, when it issued its initial report about what steps needed to be taken. … Content providers, arguably led by NBC Universal Chairman Bob Wright, have been pushing for stronger copyright protections and stepped-up pursuit of IP pirates, arguing they threaten hundreds of billions of dollars across a host of sectors, from counterfeit drugs to stolen TV shows, and could impede the transition to digital content distribution."

China Coming Under Pressure Over Increased Piracy. The Legal Times (6/21, Nelson) reports, "The entertainment industry hoped the counterfeiting of movies, music, software and books would plummet after China agreed in 2002 to abide by the World Trade Organization's standards for global intellectual property rights. … Instead, the industry says piracy has increased dramatically, leading some American companies to view the Chinese government as unable -- or unwilling -- to curb it. And industry lobbyists are now helping the U.S. government prepare a case that could be brought against China in the WTO's Dispute

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Settlement Body." The Times continues, "Earlier this month, Assistant U.S. Trade Representative Timothy Stratford told the American Industries U.S.-China Economic and Security Review Commission that the United States could launch a WTO case if China doesn't crack down on IP offenders. … But experts suggest that while both the industry and the government talk tough when it comes to taking on China, America may be reluctant to actually bring a complaint against the Asian superpower." The Times adds, "Pushing the industry's case is Washington's Smith & Metalitz, a deceptively small lobbying firm specializing in intellectual property. Although the firm employs just four partners, an associate and a consultant, its list of clients reads like an all-star roster of influential entertainment trade groups. The firm's secret: Smith & Metalitz plays Clark Kent to the International Intellectual Property Alliance's Superman."

Florida Officials Consider AT&T-BellSouth Merger. The Miami Herald (6/21) reports, "The Public Service Commission today is slated to consider AT&T's $67 million acquisition of BellSouth, a deal that some opponents claim will lead to reduced competition." The Herald continues, "On Monday, Florida Attorney General Charlie Crist sent a letter to the PSC urging it to ensure that merger doesn't harm competition for basic telephone service. … 'My concern here is that the merged company might squeeze out competition to the detriment of consumers, particularly seniors, and residential and small-business customers,' Crist wrote." The Herald adds, "AT&T would grow to 70 million local phone customers and nearly 10 million broad band subscribers in 22 states if the deal is completed. The merger requires approval from both companies' shareholders, the Federal Communications Commission and the Justice Department. State regulatory agencies, including the PSC, also are weighing in on the deal."

FTC Reportedly Nearing Approval Of Lockheed-Boeing Rocket Deal. The AP (6/21) reports, "Defense contractor Lockheed Martin Corp. has received a copy of a draft consent order proposed by federal antitrust regulators to approve the creation of a joint rocket venture with rival Boeing Co., which has rocket production facilities in Decatur, Ala." The AP continues, "Lockheed received the draft from the Federal Trade Commission about 10 days ago, company spokesman Tom Jurkowsky said Tuesday. He was unaware of the contents or how long Lockheed will review it before sending recommendations back to the FTC." The AP adds, "Boeing Co. has also received a copy, said Dan Beck, a company spokesman in Virginia. Beck did not know when the company would send recommendations back to the FTC. … He also said he didn't know when the FTC would approve or reject the merger announced in May 2005."

Bayer Proceeds With Schering Takeover. The AP (6/21, Rising) reports, "German drug and chemical maker Bayer AG said Tuesday it now controls enough shares of Schering AG for it to go ahead with its nearly 17 billion euros ($21.33 billion) takeover of the rival company. … 'Bayer has gained control of a total of 88.0 percent of Schering's approximately 191 million issued and outstanding shares,' Bayer said in a statement. [The attainment of a three-quarters majority was the last remaining condition of the takeover offer. Both the EU Commission and the U.S. antitrust authorities had already given their unconditional approval.'" The AP continues, "The announcement appeared to mark the final end to a merger battle over Schering between Bayer and fellow German drugmaker Merck KGaA. … Bayer's initial 16.5 billion euros ($20.7 billion) takeover bid for Schering trumped a hostile 14.9 billion euros ($18.69 billion) offer by Merck, which later said it was pulling out. … Merck then started snapping up Schering shares, making it look unlikely that Bayer would get the 75 percent stake it needed in order for the takeover to go through. … But at the last minute, Merck agreed to sell the 21.8 percent stake in Schering that it had accumulated to Bayer at a premium price of 89 euros ($111.66) per share, which bumped the total value of the takeover up to about 16.9 euros billion ($21.2 billion)."

Suits Allege Collusion On Nurses' Pay. The Wall Street Journal (6/21, Maher) reports, "Four lawsuits filed in federal courts in four cities allege that hospital systems colluded to keep nurses' pay artificially low despite concerns of a nursing shortage." The Journal continues, "The suits, which seek class-action status, allege the systems shared information on pay practices with an understanding that they wouldn't outbid one another to recruit nurses." The Journal adds, "The lawsuits -- put together with the help of the Service Employees International Union, which represents nurses and others -- were filed yesterday in Chicago, San Antonio, Memphis, Tenn., and Albany, N.Y., against more than 17 hospitals and allege that they violated antitrust laws. … Several thousand nurses in each city could be eligible to participate if class-action status is granted, said Daniel Small, a partner at Cohen, Milstein, Hausfeld & Toll PLLC, in Washington, D.C., which brought the suits. The accusations are based on information lawyers gathered from interviews with dozens of former and current system employees, Mr. Small said. The estimated wage losses came from economists, he said."

Studio Sues Man Over Internet Film. The Washington Post (6/21, C1, Weiss) reports, "Chris Moukarbel was intrigued by director Oliver Stone's latest project, a $60

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million movie to be released this summer about two police officers rescued from the rubble of the twin towers. … But as a 28-year-old filmmaker, Moukarbel wanted to do more than simply watch Stone's 'World Trade Center.' He decided to create his own version -- using a bootleg copy of the screenplay and Yale University student actors -- and offer it free on the Internet." The Post continues, "Although his film is only 12 minutes long and doesn't have a cast to rival Nicolas Cage and Maria Bello, it has brought the power of Hollywood down on him. … Paramount Pictures is suing Moukarbel in U.S. District Court in Washington, asking the court to prohibit the distribution of his movie. 'He's free to make any World Trade Center movie he wants to make, but not our movie with our script,' said Nancy Kirkpatrick, a Paramount spokeswoman." The Journal adds, "According to its lawsuit, which was filed Friday, the studio is afraid that people will see the student film on the Internet and confuse it with the big-time Hollywood version set to hit 1,500 screens on Aug. 9 and backed up with a $40 million marketing campaign."

Televisa Group Is Early Favorite In Univision Auction. The Wall Street Journal (6/21, Berman, Sender, Lyons) reports, "The two groups bidding for Univision Communications Inc. were last night preparing offers near the range of the company's current stock price of $35.40 a share, valuing the broadcasting concern at around $11 billion, people familiar with the matter said." The Journal continues, "As in any auction, the prices offered in the first round can differ substantially from final offers. But bidders are coping with skittish debt markets and banks that have reined in their lending in recent weeks. That has made it harder for buyers to reach the $40-a-share price that Univision, the nation's largest Spanish-language broadcaster by audience, first hoped to reach." The Journal adds, "The group widely viewed as the favorite to win -- consisting of Mexican broadcaster Televisa SA, Venezuela's Venevision Investments LLC and private-equity shops Bain Capital, Blackstone Group, Cascade Investments, and Kohlberg Kravis Roberts & Co. -- was last night discussing an offer below Univision's current market price, though that could rise to at or around market at the last moment, these people said. Televisa already owns 11% of Univision. … Another group -- Texas Pacific Group Inc., Thomas H. Lee Partners, Madison Dearborn Partners LLC, Providence Equity Partners Inc. and media mogul Haim Saban -- was preparing an offer in the $35 range, people familiar with the matter said. That is at or below where Univision's class A shares stood yesterday -- at $35.40, down 30 cents for the day -- in 4 p.m. New York Stock Exchange composite trading."

EU Antitrust Head Endorses China's Anti-Monopoly Law. The AP (6/21) reports, "European Union antitrust chief Neelie Kroes said Tuesday that China's move to adopt an anti-monopoly law would help benefit China's economy by attracting more business investors." The AP continues, "The EU Competition Commissioner made the comments after talks with China's Vice Minister of Commerce Ma Xiuhong at EU headquarters. … 'This is an important step toward an effective competition regime,' Kroes said in a statement. 'The Chinese economy will benefit from the implementation of a sound competition policy, as will any company seeking to do business in China.'" The AP adds, "The Chinese Cabinet endorsed a draft anti-monopoly law on June 8 aimed at boosting fair competition after decades of domination by state industry. Foreign business groups, however, have expressed concern that it might be used to restrict or interfere with their investments. … Beijing officials said the proposed legislation would not discriminate between domestic and foreign companies. China began drafting the law in 1994 and a first draft was completed in 2003. … But progress was stymied by controversy over how to carry out enforcement, given the prevalence of state-owned monopolies or semi-monopolies in many industries. The draft law still needs the backing of China's legislature before it can become law."

ENVIRONMENT:

Former Firefighter Pleads Guilty To Setting Nevada Fires. The AP (6/21) reports, "An ex-firefighter has pleaded guilty to setting three wildfires that burned hundreds of acres of national forest in central Nevada last August, a federal prosecutor said Monday." The AP continues, "Mark E. Morgan worked temporarily with a U.S. Bureau of Land Management crew. Investigators said he started the fires because he was bored and needed the paycheck. … Morgan, 34, faces up to five years in prison and a $250,000 fine, and he could be required to pay restitution, U.S. Attorney Daniel G. Bogden said in a statement. He entered the plea Thursday. Sentencing was set for October." The AP adds, "The fires in the Humboldt-Toiyabe National Forest in Lander County, about 170 miles east of Reno, burned more than 550 acres of timber, brush and grassland. Two miles of fence also burned, but no injuries were reported. … When questioned by investigators, Morgan admitted starting two fires with a cigarette lighter and the third with a flare gun."

Draft National Parks Regs Make Conservation A Priority. Interior Secretary Dirk Kempthorne has issued new draft guidelines for managing the national parks. According to the Washington Post (6/21, A19, Eilperin, 744K) reports, the draft guidelines "make conservation the top priority -- ahead of recreation and energy development." The

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Post said the proposed guidelines "pleased environmentalists but angered off-road vehicle users, who said they fear that the Interior Department is modeling its practices after those of the Clinton administration."

Leonhardt Says Government Should Encourage Purchase Of Fuel-Efficient Cars. David Leonhardt writes in the New York Times (6/21, 1.19M) that "since the start of the year, the federal government has been giving generous tax credits to hybrid buyers." The "point of a tax policy like this…is to give people an incentive to change their behavior, and persuading Americans to use less oil certainly sounds like one of Washington's priorities these days." Leonhardt suggests the government should "set up a simple system of rewards and penalties — with the single goal of reducing oil use, regardless of the means — and then let the marketplace work it out. Economists tend to prefer a gas tax, but it's not the only option. … The Big Three have the engineering expertise to build vehicles that can go a long way on a gallon of gas. If Washington would only nudge people to buy cars like that, Detroit would start making them."

Redesign Of Federal Ethanol Incentives Urged. David Morris, vice president of the Institute for Local Self-Reliance, writes in the New York Times (6/21, 1.19M), "Congress is considering several bills to extend the 51-cent-per-gallon tax credit for ethanol producers beyond its 2010 expiration date. But let's hope that our elected representatives don't make their decision in the grips of an ethanol haze. … How might Washington redesign the federal incentive to reflect the realities of an increasingly competitive absentee-owned, large-scale ethanol industry? First, tie incentive levels to an index comprised of the price of a bushel of corn and the wholesale price of a gallon of gasoline. … Second, transform part of the federal incentive from a gas tax exemption for those who market the ethanol into a direct payment to those who produce it."

Eminent Domain Actions Surge In Wake Of Kelo Decision. The Washington Times (6/21, Price, 90K) reports on a 100 page report form the Institute of Justice which says the Supreme Court's ruling last year on eminent domain has "opened the floodgates" to eminent domain actions nationwide. The Times reports, "In the year since the Kelo decision, nearly 6,000 properties nationwide have been threatened or taken under that precedent, more than half the number that had been seized over a previous five-year period," according to the report.

Report Says Government Funding Insufficient For Avian Flu Monitoring. ABC World News Tonight (6/20, story 9, 0:30, Gibson, 8.78M) reported, "The Agriculture Department's inspector general says the government does not now have adequate measures in place to monitor for the deadly H5N1 strain of the bird flu. That strain has killed 130 people worldwide but has never been detected in North America. Officials in charge of watching out for the virus says they have received more funding to improve surveillance in the future, but it is insufficient right now."

The New York Times (6/21, McNeil, 1.19M) reports the audit found that the department "relied too heavily on voluntary testing by the poultry industry and reports from state agriculture departments." A USDA spokeswoman, Hallie Pickhardt, said that the agency "agreed with everything in the report, and we're either doing it or going to be doing it." The audit "began before Congress passed President Bush's plan for dealing with a pandemic flu outbreak, which gave the department an additional $91 million to fight avian flu," Pickhardt noted. However, she said the agency "had no plans to make the voluntary testing now conducted by the poultry industry mandatory."

Veterans Agency Releases Bird Flu Plan. The AP (6/21, Bridges) reports the Department of Veterans Affairs said Tuesday it would close its national cemeteries in the event of a bird flu pandemic "because of staffing shortages, leaving families to delay burial or seek interment elsewhere." According to a draft plan, the veterans health care system would "continue treating veterans at its hospitals and clinics, and would provide care to active-duty military personnel and civilians if necessary."

US Falls Behind In Livestock Tracking. In a front page article, the Wall Street Journal (6/21, A1, Stecklow, 2.11M) reports that "more than two years" after the US Department of Agriculture "pledged to hasten creation of a national identification system for tracing livestock quickly during a disease outbreak" the US "still has no national ID system." The USDA, which has been spent a decade and $84.7 million to develop it, "now says one will begin operating next year." However, the agency has "abandoned the idea of mandatory participation, leaving critics to cast doubt on that projection." USDA officials "express confidence that market forces, including pressure from big beef buyers and export markets, will help drive cattle owners to register their animals." But the Journal reports that "a number of animal-health experts and several former USDA officials scoff at a voluntary system," saying many ranchers, "fearing legal liability if their animals are found to be diseased, will participate only if the system is mandatory."

Japan Agrees To Lift Ban On US Beef. The AP (6/21, Yamaguchi) reports Japan agreed Wednesday to lift its ban on US beef imports, "pending planned inspections of US meat processing plants," the agriculture ministry said. The AP says the announcement "resolves a thorny, long-running trade dispute between the allies, and gives US ranchers access to what was once their most lucrative export market."

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FBI/DEA/ATF/USMS:

Newly-Released Files Reveal Extensive FBI Surveillance Of Arthur Miller. In a widely-distributed story, the AP (6/21, Italie) reports on the FBI's files on playwright Arthur Miller, "obtained by The Associated Press through the Freedom of Information Act. … For a decade before his congressional testimony" before HUAC in 1956, "the FBI kept track of the playwright, but ended up making a more convincing case that Miller was a dissenter from the Communist Party rather than a sympathizer. 'Miller became disillusioned with the party because the party did not stimulate in him the ability and inspiration to do creative writing as he had expected when he joined the Party,' one informant told the FBI." The AP notes, "The FBI not only kept records of Miller's political statements, from his opposition to nuclear weapons to his attacks against the anti-communist blacklist, but of his affiliation with such organizations as the American Labor Party ('a communist front') and the 'communist infiltrated' American Civil Liberties Union."

FBI Adds Fugitive Nevada Murder Suspect To Most Wanted List. In a widely-distributed story, the AP (6/21, Sonner) reports, "The mothers of both the victim and the husband accused of killing her were among some 500 mourners who attended Charla Mack's private funeral service Tuesday as the FBI added Darren Mack to its list of 'Most Wanted' fugitives. … The FBI gave Mack top billing on it's Web site list for 'Most Wanted' fugitives, describing" him "as a bodybuilder and hunter with 'access to all types of weapons. He should be considered 'armed and dangerous,' FBI Director Robert S. Mueller III said." The AP notes, "Authorities said they were uncertain whether Mack had fled the country. Mueller said anyone with information on Mack should contact the FBI or the nearest U.S. Embassy or Consulate." KVBC-TV Las Vegas (6/20) and KLAS-TV Las Vegas (6/20) also report on the FBI's addition of Mack to the Most Wanted fugitive list.

Police Found Explosive Materials In Mack's Apartment. The Reno Gazette-Journal (6/20, Bellisle) reported that a search warrant revealed "Darren Mack had bombmaking materials in his bedroom. The materials, when mixed together and attached to a blasting cap or shot at, will explode, said Washoe County sheriff's Sgt. Lou Gazes…who was at Mack's apartment. … During a search of Mack's apartment after the shooting and stabbing, police also found ammunition, notes and printed material that 'contain allegations that Judge Weller was corrupt and had exhibited favoritism in his rulings,' according to the search warrant affidavit."

Joint Effort Announced To Track Use Of Fentanyl-Laced Heroin. From Philadelphia, the AP (6/20, Loviglio) reports city state and federal law enforcement and public health officials on Tuesday "announced a joint regional effort to track the ongoing deaths attributed to painkiller-laced heroin and identify the suppliers of the drug. The fentanyl-laced heroin has caused about 70 deaths in the Philadelphia metropolitan region and more than 200 overdoses nationwide since it was first spotted in April," according to U.S. Attorney Patrick J. Meehan. "To determine the full scope of the problem in the region, officials representing law enforcement in Philadelphia and Camden County, N.J.; the federal Drug Enforcement Agency and the FBI; and Philadelphia's behavioral health department said they would share information and coordinate their investigations into the spike of fentanyl-related deaths since the spring."

The Gloucester County (NJ)Times (6/20, Mccarthy) reports on the death of a 20-year-old that may be linked to heroin laced with fentanyl.

Reporting Continues On Decline Of Illegal Drug Use Among US Workers. Bloomberg (6/20) reports, "Barry Sample, director of science and technology in Quest's employer solutions division, said he was encouraged by the findings, especially the drop in amphetamine use found among general workforce employees. About 75 percent of these tests are given before employment, and 10 percent are random screenings, he said."

California's Contra Costa Times (6/20) editorializes, "The Bush administration reported Monday that there has been a major decline in the number of meth lab seizures nationwide. … It is possible that the meth lab people are getting smarter and hiding their labs better or that the police don't have the adequate manpower to search for the labs and, therefore, the seizures have dropped. It is also possible that meth users have found ways to get around the drug tests."

Missoula, Montana's New West (6/20) writes, "New federal reports from the Drug Enforcement Administration say that use of methamphetamines is declining in some Western states, but officials in the energy industry in Utah say it's on the rise, so where are we in the fight against this destructive drug?"

Missouri Leads Nation In Meth Lab Seizures. The AP/KWMU (6/20) reports, "Despite a 22% decline from last year, Missouri still leads the nation in police seizures of illegal meth labs. Missouri is one of at least 37 states with laws that restrict the sale of cold medications."

$8 Million To Be Used To Combat Arizona Meth Problems. The Arizona Republic (6/20) writes, "State lawmakers have agreed to pump $8 million toward tackling

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meth addiction, crafting a plan to beef up law enforcement and provide money for prevention, treatment and education programs. The idea: Disrupt the flow and sale of meth in local communities while teaching children about the evils of meth before they are tempted to try the drug."

US Asks Suriname To Extradite Suspect Wanted On Drug Charges. The AP (6/21) reports a U.S. Embassy spokesman said Tuesday that the U.S. "has asked Suriname to extradite a Guyanese man wanted on drug charges in New York. Shaheed Khan was arrested Thursday by authorities in Suriname. He is accused of leading a criminal network that smuggled arms, ammunition and cocaine from Colombia to Europe and the United States via Guyana and Suriname."

Attorney Pleads Guilty In Virginia Marijuana Case. The Richmond (VA)Times Dispatch (6/21) reports, "A criminal-defense attorney appeared in federal court yesterday as a criminal defendant and pleaded guilty to peddling marijuana. Jeremy Clyde Sharp, 35, faces up to five years in prison…when he is sentenced on Sept. 20…on one count of conspiracy to possess marijuana with the intent to distribute it. … When Sharp's …home was searched in early February, investigators from the Drug Enforcement Administration, Henrico County police and Virginia Commonwealth University police also found the remains of a dismantled marijuana-growing operation."

Selig Against MLB Saving Samples To Deter Use Of Human Growth Hormone. According to the New York Times (6/21, Curry), several scientists, including Dr. Donald H. Catlin, who baseball officials "appointed to research a test for the hormone known as HGH, have said that such a search could be arduous. A possible option to deter HGH use would be to save urine samples already collected by baseball. If players knew there was a possibility they could be punished at a future date for drugs they had used in the past, the frozen samples might be a deterrent." However, the Times says Commissioner Bud Selig has dismissed the notion.

UN: Colombia's Coca Production Has Increased Despite Eradication Efforts. The AP (6/21) reports the United Nations "says production of the plant used to make cocaine has increased by 8 percent in Colombia, despite record drug seizures and spraying of herbicides. A similar report by the U.S. Office of National Drug Control Policy showed Colombia's coca production skyrocketed 26 percent from 2004 to 2005, in part due to a near-doubling of the area surveyed." According to the AP, the two reports "are the strongest evidence yet that a cornerstone of the U.S.-led war on drugs -- the aerial fumigation of coca fields -- is failing to meet its goal of halving coca production in the Andes."

In a similar but longer version of the story, the AP (6/20) writes, "Although production is on the rise in Colombia, the U.N. said it declined in Peru and Bolivia. Coca production in Bolivia fell by 8 percent last year, according to the U.N. The United States, however, is concerned Bolivia's leftist, coca-growing President Evo Morales _ who took office in January _ could relax his country's drug-fighting efforts." There are more than 100 media references to the report on Colombia's increased coca production. The AP story was published by CBS News, FOX News, the New York Times, Washington Post, Los Angeles Times, San Diego Union Tribune, Houston Chronicle, and UK's Guardian.

On its Web site, the BBC (6/20) reports, "The production of coca, the raw material for cocaine, reached 86,000 hectares last year, UNODC found. Despite the rise, it is half of Colombia's cultivation in 2000, which then stood at 163,000 hectares. Colombia needs more international help to find alternative livelihoods for ex-coca farmers, one of the report's authors, Anja Korenblik, said."

Bridgeport, CT, Mayor Admits Using Cocaine. The AP (6/21) reports Bridgeport Mayor John M. Fabrizi publicly "admitted Tuesday that he had abused cocaine while in office. The admission followed the inadvertent court filing of an FBI document in which an alleged drug dealer claimed an associate had a videotape of the mayor using cocaine. In a tearful speech to about 200 city employees in City Council chambers Tuesday, Fabrizi said he had not used drugs in 18 months and had sought help for a drug addiction that he had hoped to handle privately."

The New York Times (6/21, Cowan) reports, "His emotional admission followed months of rumors and the disclosure last week of a court document filed by federal prosecutors suggesting that he had used cocaine with a local Democratic official. The news of his problems was the latest black eye for this troubled city, whose last mayor, Joseph P. Ganim, a Democrat, was convicted on bribery, extortion and other corruption charges and is now serving a nine-year federal prison term."

The Connecticut Post (6/20) writes, "Fabrizi said flatly, 'Over the course of a number of years I abused alcohol and used cocaine occasionally.' Admitting he used cocaine during his time in office as both City Council president and later as mayor, he said he has not used drugs in 18 months."

Texas Prosecutors Seek To Remove Councilman From Office Due To Cocaine Record. The AP (6/20) reports Galveston County prosecutors "have filed a petition to remove a recently elected

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city council member who was convicted in 2000 on felony cocaine charges. State election law usually prevents someone who has been convicted of a felony from running for or being elected to office. Marc Hoskins, 28, was elected in May and had disclosed his past to the city attorney before the election."

The Houston Chronicle (6/20, Rendon) and Galveston County Daily News (6/20) also reported on efforts to remove Hoskins from office.

West Virginia Attorney Denied Bond On Firearms Violations. The Charleston (WV) Gazette (6/21, Searls) reports, "Evidence shows Charleston lawyer Dante di Trapano could be a danger to the community and regularly violates bond conditions, a federal judge ruled Tuesday in denying di Trapano's bond request." The Gazette continues, "U.S. Magistrate Mary Stanley said di Trapano, 43, had 'demonstrated time and time again that he is not willing to comply' with bond conditions and has 'shown total disrespect for the law' in an order denying him bond." The Gazette adds, "Di Trapano was indicted last week on single counts of being a drug addict in possession of firearms and for allegedly lying on a federal form by stating he was not addicted to drugs when he purchased a gun in February. … Federal agents found eight guns inside di Trapano's South Hills residence in April. Charleston Police Detective Tim Palmer, who is working with federal agents, testified that while the guns were loaded, all were in a gun safe or locked up. … Di Trapano's attorney, Michael Del Giudice, pointed out that none of the prosecutors' witnesses testified di Trapano had been violent, and said his client should be released. … Stanley disagreed and set an Aug. 23 trial date for di Trapano before Chief U.S. District Judge David Faber. Di Trapano is expected to remain in jail until then."

Maryland Man Indicted For Abortion Clinic Bomb Plot. The AP (6/21) reports, "A Maryland man accused of plotting to attack an abortion clinic with a pipe bomb and handgun was indicted Monday on weapons and explosives charges, the U.S. attorney's office said." The AP continues, "A federal grand jury indicted Robert Weiler, 25, on charges of possessing and making an unregistered destructive device, illegally possessing a firearm, and possessing a stolen firearm. … Weiler called the Bureau of Alcohol, Tobacco, Firearms and Explosives on June 8 from a western Maryland highway rest stop to confess to the plan, according to court documents. He told authorities he had built a pipe bomb, stolen a handgun from a friend and planned to attack an abortion clinic in suburban Washington. … That morning, the pipe bomb exploded in a house belonging to a friend of Weiler as a bomb technician tried to defuse it. No one was hurt, but the bomb set fire to the house. … Each count carries a maximum penalty of 10 years in prison. A preliminary hearing is set for Thursday."

IMMIGRATION:

Political Appointment Of Immigration Judges Comes Under Scrutiny. The Legal Times (6/21, McLure) reports, "It's just after 2 p.m. and Immigration Judge Garry Malphrus is looking at a long afternoon of deporting illegal immigrants. He punches a button on a tape recorder and intones: 'Respondent was scheduled for a master calendar hearing at 9 a.m. It is now 2:20 p.m.' Malphrus notes the immigrant's failure to appear, asks a lone Immigration and Customs Enforcement lawyer if an attempt has been made to contact the government (the inevitable response: 'no'), and then formally orders the immigrant's removal from the United States. Stop tape. … The routine continues for the better part of an hour. Next file. Repeat script. Stop tape." The Times continues, "Watching this tedious exercise, it's hard to imagine that being appointed a federal immigration judge would be considered a political plum. But that's how these career civil service jobs are increasingly treated, say immigration lawyers who practice before the courts. Malphrus, a former White House aide and Republican campaign veteran, had never practiced immigration law when he joined the bench last year. … 'The Bush administration has realized these are great jobs and maybe [it] shouldn't be left up to the civil service to determine who gets a job,' says Charles Kuck, a vice president of the American Immigration Lawyers Association. 'I believe that these folks without prior immigration experience tend not to be good judges.'" The Times adds, "Whether they're great jobs is a matter of opinion. But with the immigration courts under scrutiny by Congress and the attorney general after a series of federal appellate decisions blasting the courts as sloppy and inept, the issue of just who serves in an office with enormous influence over the lives of immigrants has received scant attention. And the practice of appointing judges with no immigration law experience is condemned by lawyers in the field, who say the complexity of immigration laws means judges such as Malphrus do their training on the job."

Hazelton, PA, Poised To Crack Down On Illegal Immigrants. The AP (6/21, Rubinkam) reports, "-With tensions rising and the police department and municipal budget stretched thin, Hazleton (PA) is about to embark on one of the toughest crackdowns on illegal immigrants anywhere in the United States." The AP continues, "Last week the mayor of this former coal town introduced, and the City Council tentatively approved, a measure that would revoke the business licenses of companies that employ illegal immigrants; impose $1,000 fines on landlords who rent to

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illegal immigrants; and make English the official language of the city. … 'Illegal immigrants are destroying the city,' said Mayor Lou Barletta, a Republican. 'I don't want them here, period.'" The AP adds, "Barletta said he had no choice but to act after two illegal immigrants from the Dominican Republic were charged last month with shooting and killing a 29-year-old man. Other recent incidents involving illegal immigrants have rattled this city 80 miles northwest of Philadelphia, including the arrest of a 14-year-old boy for firing a gun at a playground. … The City Council, which approved the measure in a 4-1 vote, must vote on it twice more before it can become law. The next vote is scheduled for mid-July."

House Hearings On Immigration Bill Seen As "Death Knell" For Bush Reform Plan. The Chicago Tribune (6/21, James, 643K) reports, "In a move that could sound the death knell for immigration-reform legislation in Congress this year, House Republican leaders said Tuesday they plan to hold numerous hearings on the issue this summer and only then start talks with the Senate that might lead to a final bill." The delay "raises the likelihood that Congress will end the year without passing major immigration legislation that President Bush has supported. That would be a signal defeat for the president."

The AP (6/21, Espo) reports, "In a defeat for President Bush, Republican congressional leaders said Tuesday that broad immigration legislation is all but doomed for the year, a victim of election-year concerns in the House and conservatives' implacable opposition to citizenship for millions of illegal immigrants." The AP adds that "in deference to the president," neither Speaker Dennis Hastert "nor any other Republican official in either house said publicly that the president's ambitious plan -- including a guest worker program as well as an opportunity for citizenship for many illegal immigrants -- was dead for the year." But "several Republicans in both houses, speaking on condition of anonymity, were less guarded. 'There will be no path to citizenship,' said one lawmaker who attended a strategy session in Hastert's office."

The Washington Times (6/21, Hurt, 90K) reports, "Aides in both the House and Senate said yesterday the developments mean immigration legislation is essentially dead for the year," and the New York Times (6/21, Hulse, 1.19M) says the hearings puts "an overhaul of immigration laws in serious doubt," adding "a White House spokeswoman said Mr. Bush would press for legislation. 'The president is undeterred in his efforts to pass a comprehensive immigration reform bill,' said the spokeswoman, Dana Perino, who said the White House was 'committed to working with members to see if we can reach a consensus on a bill that will help solve our nation's immigration problems.'"

USA Today (6/21, Kiely, 2.31M) quotes Hastert spokesman Ron Bonjean saying, "Before the speaker will appoint conferees, he wants to get to the bottom of the Senate Kennedy bill." Bonjean's "characterization of the Senate bill, identifying it with Sen. Edward Kennedy of Massachusetts, an icon of Democratic liberalism, reflects the deep divisions in the Republican Party over immigration."

The Wall Street Journal (6/21, Lueck, 2.11M) says the move "clouds the prospects for Congress to complete overhaul legislation before the November elections," while the Washington Post (6/21, A1, Weisman, Murray, 744K) says it "could bury…Bush's high-profile effort to overhaul immigration law until after the midterm elections." The announcement "was the clearest sign yet that House Republicans have largely given up on passing a broad rewrite of the nation's immigration laws this year." Roll Call (6/21, Ben Pershing) runs a similar report under the headline "Immigration Bill Chances Fading." The Los Angeles Times (6/21, Gaouette, 958K) also reports the story.

Dana Milbank in his "Washington Sketch" column in the Washington Post (6/21, A2, 744K) criticizes both parties for engaging in partisan political attacks rather than making serious progress on Iraq, immigration and the minimum wage. In response to Republican claims that Democrats wanted to "Cut and run" on Iraq, On Imus in the morning Sen. John Kerry said "My plan is not cut and run. Their plan is lie and die." Meanwhile on the cable news shows RNC Chairman Ken Mehlman said, "There's a debate going on within the Democratic Party. … Some are saying we need to cut and run, others are saying we need to cut and jog, and still others are saying we need to cut and walk." His "metaphor may have been muddled – 'cut and run' involves anchor cable and sail lashings, not the human leg -- but he had lawmakers' sentiments right. If Democrats were cutting and running from Iraq, Republicans were cutting and running from a minimum-wage increase and immigration legislation."

Gutierrez Makes Case For Reform. The Hill (6/21, O'Connor) reports Bush "has toured the border in recent weeks with congressional Republicans, and Commerce Secretary Carlos Gutierrez is touring parts of New Mexico and Texas this week to push the president's comprehensive reform plan. 'We need to have comprehensive reform,' Gutierrez said in a phone interview from Odessa, Texas. 'In order to secure our borders, we need to secure our interior and enforce employers.'" Gutierrez "echoed Bush's contention that border enforcement is the primary goal of any reform measure but that it is impossible to address enforcement realistically without accounting for the estimated 12 million illegal immigrants already in this country." The commerce secretary "said it is imperative for Congress to work together in resolving this complicated issue and find a workable solution on which all sides could agree."

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Mehlman Says Securing Borders A Priority, But Comprehensive Reform Is Goal. RNC Chairman Ken Mehlman on CNN's The Situation Room (6/20, Blitzer) was asked whether the failure of Republicans to proceed with a conference on the immigration bill was a sign Republicans wanted immigration "as an issue and don't want to compromise." Mehlman replied, "I don't think that's the case. Think of what Congress passed last week. They passed a significant amount of money for more personnel at the border, more technology at the border, and more barriers. The President, the House, Senate and Republicans all agree we need to secure our borders, first. But the President also believes and I think he's right, we want to do more than deal with the immediate problem. We want to fundamentally make sure that the reason we have so much illegal immigration in this country."

Former Illegal Supports Tightening Border. The Los Angeles Times (6/21, Bustillo, 958K) reports on Evaristo Silva, an apple farm owner who came to the US as an illegal immigrant and became a citizen after President Regan's Amnesty. Silva is for tightening the borders and a guest worker program, a "stance…largely based on his own bottom line." He says "if half of Latin America keeps coming…you will reach a point where we don't all fit." Sliva also notes increasing urban problems and a decreasing quality of life.

LATimes Says GOP Politicizing Immigration Debate. The Los Angeles Times (6/21, 958K) editorializes that you can tell "a governing party is running out of steam" if "it controls all branches of government yet abandons even the pretense of addressing an issue most members claim is a 'crisis'," as the GOP-led House did in postponing reconciliation of the immigration bills. "House GOP leaders can barely conceal their preference for divisive politics over sound policy," and are naming "field meetings," which "are nonsense," in order to "deliver maximum demagogic effect." These "Republicans…prefer clinging to the dangerous fantasy that a massive, militarized wall must be approved before discussions can even begin over what to do with the millions of indispensable, but vilified, workers already here," and "If inaction and xenophobia are all the party has left, this could be its last 100 days."

More Commentary. Lawrence Downes writes in the New York Times (6/21, 1.19M), "The arguments made by hard-line critics of immigration reform are depressingly simple, which makes them simply depressing. They boil down to this: the immigration problems we have today, and a vast array of other problems, begin and end with immigrants themselves, the people who have committed the offense of being here illegally -- or just being here, period, in undesirable numbers, with undesirable habits and undesirable effects on the health of the nation. Their presence here is seen as overwhelmingly if not entirely bad, an unpardonable offense for which American citizens are made to suffer. … It will be solved by keeping people out, and kicking people out. … It's no wonder some people compare immigrant workers to locusts, bacteria or an occupying army." Downes remarks on the "disturbing role played by fear" in the debate. Downes concludes, "It's dangerous. It's not rational. But the argument on the restrictionist side isn't about being rational. It's about being afraid."

TAX:

Wyoming Man Pleads Guilty To Colorado Tax Fraud Scheme. The Denver Business Journal (6/21) reports, "A Wyoming businessman has pleaded guilty for his part in a tax fraud scheme that began in Denver." The Journal continues, "Russell J. Brown pleaded guilty in federal court in Seattle to aiding and assisting in the filing of a false tax return for Paul Bekins, the former president and majority owner of a Seattle moving company. … Brown and Bekins were both members of Tower Executive Resources, a Denver-based organization that helped its members evade paying federal income taxes, according to the U.S. Department of Justice. The organization helped its members set up offshore bank accounts and corporations to hide income from the Internal Revenue Service. … Taxpayers paid as much as $50,000 to join Tower, the justice department alleged." The Journal adds, "Bekins previously entered a guilty plea. He was sentenced last year to six months of house arrest, followed by 18 months of supervised release and 300 hours of community service. The Justice Department said Bekins listed his 'other income' in 1999 as $77,515 when it was actually $2.6 million. … The government said Brown helped Bekins avoid paying $1.3 million in federal income taxes. … Brown will be sentenced later this year."

California Man Charged With $20 Million Tax Fraud. The AP (6/21) reports, "A businessman who has donated hundreds of thousands of dollars to local colleges and nonprofits is accused of defrauding the government of more than $20 million in taxes." The AP continues, "Gene Haas, the 54-year-old owner of Oxnard (CA)-based Haas Automation, was arrested Monday for investigation of conspiracy, filing false tax returns and witness intimidation. … Charges filed by the U.S. Attorney's Office accuse him of orchestrating a plan to list $50 million in bogus expenses that could be written off as business costs and save the company $20 million in taxes. Haas, of Camarillo, was being held without bail." The AP adds, "Haas Automation, which makes computerized machine tools, said in a statement that Haas was not guilty and that the tax issues 'revolve around' the company's former financial officer, John Phillips. … Last month, Haas Automation by default won a Ventura County

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Superior Court lawsuit accusing Phillips of cheating the company out of $27.5 million."

GOP Leaders To Push Compromise Estate Tax Legislation. The Washington Post (6/21, A4, Weisman, 744K) reports, "Republican leaders announced yesterday that the House will vote this week on estate tax legislation that falls short of full repeal, conceding defeat on a philosophical issue that has been central to the GOP economic plank for more than a decade." The bill, introduced by House Ways and Means Committee Chairman Bill Thomas, "marks a major turnaround for congressional Republicans, who for years have made 'Death to the death tax' a political battle cry." The Post adds, "Senior House Republicans conceded that a long-sought permanent repeal of the estate tax is now out of reach. And with the possibility that Republicans will lose Senate seats in the midterm elections in November, GOP tax writers decided to grab the most lucrative deal possible in case Republican power begins to ebb."

The New York Times (6/21, Andrews, 1.19M) reports, "The latest proposal would eliminate the tax for all estates worth less than $5 million -- up to $10 million for couples." That "would cover more than 99.5 percent of estates, according to Congressional estimates. In addition, the compromise would reduce the tax rates on the few estates that would still be subject to a tax." The House proposal" is aimed at giving Senate Republican leaders another chance of passing legislation. Last week, Senator Bill Frist of Tennessee, the majority leader, acknowledged that he could not pass a full repeal bill and would wait until the House voted on a new proposal before trying again in the Senate." The House bill "is similar to a compromise that Senate Republicans circulated two weeks ago, without success. But it includes a tax cut that would save timber companies about $900 million over the next three years, a new twist that could win as many as four more Democratic votes in the Senate."

IRS Collects Just Over 10% Of Fines On Preparers. USA Today (6/21, McCoy, 2.31M) reports that the IRS has collected just over 10% of every dollar in fines it has assessed on tax preparers since 2003. During the last three fiscal years, "the IRS fined 528 tax preparers roughly $4.7 million for taking unsubstantiated deductions, cashing clients' tax refunds or other violations of tax laws. But a USA TODAY review found the agency has so far collected about $518,000 of the penalties, or 11%. Roughly half the penalized preparers have paid nothing, while half have paid some or all their fines, according to the IRS."

IRS To Hire Private Debt Collectors. The Wall Street Journal (6/21, Herman, 2.11M) reports in its "Tax Report" column that the IRS is resuming plans to hire private debt collection forms to collect large sums of unpaid taxes. The IRS "said this week it received the green light to proceed with the project's first phase -- in which three firms will begin pursuing about 40,000 people -- when the Government Accountability Office, a congressional investigative agency, rejected challenges by companies not awarded IRS contracts." The IRS plans "eventually to hire as many as 10 firms by 2008, when the program will be fully operational." Over the course of 10 years, "the IRS expects the private firms to help it collect an additional $1.4 billion in unpaid taxes."

CONGRESS-ADMINISTRATION:

House Passes Pentagon Budget After Rejecting NSA Surveillance Cut. The Wall Street Journal (6/21, A8, Rogers, 2.11M) reports the House voted 407-19 to pass a $427.6 billion Pentagon budget, which includes an additional $50 billion for Iraq operations, "after narrowly rejecting," 219-207, "a bipartisan effort to curb funding" for the NSA's warrantless surveillance program. While Rep. John Murtha said he "now felt 'comfortable there are adequate safeguards,'" and House Intelligence Chairman Peter Hoekstra pledged a summer hearing on "a new legal framework for the program," 23 Republicans still "broke ranks in support" of the amendment, "which directly challenged President Bush by proposing to bar funding" for any domestic electronic surveillance that does not comply with FISA-required court review. The Journal says the "length and emotion of the House debate testified to the continued concern in Congress that the White House has been unilaterally circumventing the need to seek warrants under FISA."

Flake Attempts To Strip Hastert Earmark From Defense Bill. The Hill (6/21, Allen) reports, "Rep. Jeff Flake (R-Ariz.) escalated his anti-earmark crusade yesterday by attempting to strip a request by Speaker Dennis Hastert (R-Ill.) out of a defense appropriations bill." Flake "offered an amendment designed to kill a $2.5 million provision intended for a technology organization created by one of Hastert's former aides. The amendment, one of about 10 he offered, was expected to fail miserably as of press time." The earmark "is for the Illinois Technology Transition Center, a program established late last year through a partnership between the Pentagon and a private outfit run by Thomas V. Thornton, a former policy director for Hastert in the early '90s. Neither Thornton nor Hastert's office replied to requests for comment on the earmark."

Senate Panel Approves Bill Designed To Cut Federal Spending. The AP (6/21, Taylor) reports, "In an election-year bid to polish their credentials as fiscal conservatives in an election year, Senate Republicans on

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Tuesday advanced a bill designed to force cuts in the spiraling growth of federal benefit programs while also reviving the line-item veto." The measure, written by Budget Committee Chairman Judd Gregg and "approved by that panel by a 12-10 party-line vote, combines several ideas aimed at putting the brakes on spending. Most striking, the bill would force mandatory cuts to the deficit, enforced by across-the-board cuts to benefit programs such as Medicare, Medicaid and unemployment insurance if Congress can't meet deficit targets on its own." Gregg "acknowledged that his bill won't pass the full Senate, and Republicans seem to welcome the prospect of a filibuster by Democrats." That "would allow them to accuse Democrats of being weak on controlling spending while sparing Republican moderates from having to vote on the bill's more controversial elements."

The Washington Times (6/21, Hill, 90K) reports the bill "would reinstate spending disciplines, including caps on non-entitlement programs, that helped balance the budget in the 1980s and 1990s. It would require the White House to order across-the-board spending cuts in every program but Social Security if Congress did not achieve the deficit-reduction goals." The committee "rejected an amendment by Democrats that would have reinstated required offsets to tax cuts and new spending programs, though former Federal Reserve Chairman Alan Greenspan and other budget analysts said the policy helped Congress take control over the deficit in the 1990s." Roll Call (6/21, Rosenbaum) also reports the story.

GOP Sen. Judd Gregg, chairman of the Senate Budget Committee, writes in a Washington Times op-ed titled "Stop Federal Overspending" (6/21) that "the federal budget process is ailing. In fact, it is on life support. … It is time to get serious about spending restraint and resurrect the budget process to protect future generations and ensure that we hand our children, and our children's children, a government they can afford."

WSJournal Criticizes Democrats' "Pay-As-You-Go" Budgeting. The Wall Street Journal (6/21, 2.11M) editorializes on the Democrats' "ruse" that "goes by the name of 'pay-as-you-go' budgeting, which has the political virtue of sounding as if spending won't be able to exceed revenue." The Democrats' "Web site, HouseDemocrats.gov, claims that pay-as-you-go policy 'means that spending increases, as well as tax cuts, need to be offset by cuts in other areas -- like fewer corporate tax breaks.' A three-card monte dealer in Times Square couldn't have said it better. Paygo rules, to use the Beltway argot, were in place from 1990 until they expired in 2002, so we know how they work. And in practice all they really do is constrain tax cuts, not new spending. … The House Democratic agenda promises 'a new direction for America.' But when it comes to paygo and fiscal policy, the only change is their political marketing."

Senate Panel May Not Hold Paulson Hearing Until June 27. In its "Washington Wire" column on its web site, the Wall Street Journal (6/20, 2.11M) reported, "While the White House is pushing for the Senate to confirm Henry M. Paulson Jr. as Treasury secretary, the Senate Finance Committee may not hold his confirmation hearing until June 27 at the earliest, setting up a tight schedule for the full Senate to vote on his nomination before the July 4 recess."

Hastert Unlikely To Get Lobbying Overhaul By July 4. CQ (6/20, Kady) reported, "With no easy avenues for compromise on stripping unidentifiable earmarks out of bills or clamping down on so-called 527 groups, House Speaker J. Dennis Hastert seems unlikely to get the lobbying overhaul he wants completed by July Fourth. … But Hastert, R-Ill., said he was not willing to back down on the provision regarding the '527' groups that run political advertisements but are free from many disclosure requirements, even if relenting would mean a quick agreement on the legislation (S 2349, HR 4975) that was intended to inoculate Republicans against election-year ethics attacks in the wake of multiple corruption scandals."

Regulations For 527s Suggested. Edward Kangas, the retired chairman of Deloitte Touche Tohmatsu and co-chairman of the Committee for Economic Development's subcommittee on campaign finance, and Charles Kolb, president of the Committee for Economic Development, an independent, nonpartisan, Washington-based organization of over 200 business and education leaders, write in The Hill (6/21) that "unregulated political contributions have the potential to undermine voters' confidence and involvement in our participatory democracy. … If we are serious about eliminating soft money in our campaign system, Congress needs to adhere to the following three provisions recommended by the Committee for Economic Development (CED)." All 527s "that spend money to influence federal elections should be required to register as political committees with the FEC. … Second, all Section 527 groups that broadcast advertisements that promote, support, attack or oppose a federal candidate should be required to pay for such ads only with money raised from individuals under federal contribution limits. … Third, if a group maintains both federal and nonfederal campaign accounts to support voter-registration drives and similar activities, at least half of the costs for such activities must be funded with 'hard money' contributions."

Merchant Marine Graduate Hugged Bush During Graduation. The New York Times (6/21, Mead, 1.19M) reports on Gabriel Whitney, a recent graduate of the United States Merchant Marine Academy. During Monday's commencement ceremony at the Academy, Whitney "hugged

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Vice Adm. Joseph D. Stewart, the academy's superintendent. … Elated and with his arms still upraised, he turned toward President Bush, who had just delivered the commencement address. Mr. Bush, wearing a quizzical expression, responded by raising his arms as well and moved in for a hug. … 'The president thought the big bear hug was funny,' said Dana M. Perino, a White House spokeswoman. 'He appreciates the terrific enthusiasm of our nation's graduates, and he was honored to be the first president to address the Merchant Marine Academy. It was quite a thrill for everyone.'"

Enzi, Kennedy To Offer Drug Safety Bill. The Wall Street Journal (6/21, Mathews, 2.11M) reports that Sen. Mike Enzi, who chairs the Senate Committee on Health, Education, Labor and Pensions, and Sen. Edward Kennedy, the panel's ranking Democrat, plan to unveil legislation to substantially change how the FDA reviewed medications. According to the Journal, "The two lawmakers' views are particularly important as Congress prepares to consider legislation next year to renew the industry-user fees that fund many of the FDA's operations." The bill "is keyed to that user-fee renewal, and would likely depend on increases in the fees. Details could change before the final version emerges in the next several weeks."

The New York Times (6/21, Harris, 1.19M) reports that the Senators "still refuse to speak about the proposal, representatives for both said." The Times adds, "In broad terms, the bill would require that drug makers disclose the results of all large human tests of their drugs, known as Phase 3 and Phase 4 trials; create a detailed risk management plan to uncover and control any safety problems that arise after a drug is approved; and pay penalties if they fail to follow through with this plan, according to four experts who were briefed on the proposals."

Gingrey Says Seniors Are Happy With Medicare Drug Plan. In a letter to the Wall Street Journal (6/21, 2.11M) Rep. Phil Gingrey, Co-Chair of the Republican Healthcare Public Affairs Team, writes, "Medicare reports that seniors are saving an average of $1,100 a year with prescription-drug coverage, and recent polls have shown that nearly 80% of seniors are happy with their coverage plan. … Seniors are seeing real savings under Medicare Part D. Unlike the Democrats and shadow organizations content to play politics with our seniors' health, Republicans have worked tirelessly to help seniors sign up and save. I firmly believe that come November, seniors will reward the Republican majority for finally delivering on the long-overdue promise of affordable prescription drug coverage."

Surveys Find Drug Prices Rose Sharply In First Quarter. The New York Times (6/21, Freudenheim, 1.19M) reports that separate studies form two large advocacy groups, the AARP and Families USA, have found that prices for the most widely used prescription drugs increased sharply in the first quarter of this year. AARP "said prices charged by drug makers for brand-name pharmaceuticals jumped 3.9 percent, four times the general inflation rate during the first three months of this year and the largest quarterly price increase in six years." Families USA "found similar inflation rates among brand-name drug prices."

Report Finds Expanded Government Contracting Doesn't Save Money. The Los Angeles Times (6/21, Gehlert, 958K) reports that a congressional report released by Rep. Henry A. Waxman found that while "The Bush administration has greatly expanded the use of contracts with private companies to provide public goods and services even as the number of government employees has increased," this "failed to bring promised savings and has been characterized by 'significant waste, fraud, abuse and mismanagement.'" Many of "the types and terms of the contracts have made them ripe for abuse," including cost-plus contracts, no-bid contracts, and monopoly contracts Also, of "particular concern…were contracts related to domestic security, the Iraq war and Hurricane Katrina recovery."

Specter Holds Private Lunches With Supreme Court Justices. The Hill (6/21, Bolton) reports that Senate Judiciary Committee Chairman Arlen Specter is hosting a series of one-on-one lunches with members of the Supreme Court. Specter told The Hill that he uses the lunches to "hash out 'matters of concern.'" Specter "said he's already lunched with most of the justices. They have discussed the administration of the courts, their confirmation hearings and one of his pet issues: bringing television cameras into the court chamber. He has also grilled them about instances when the court has struck down laws by questioning what it called Congress's 'method of reasoning.' It was a concern Specter raised during the Supreme Court confirmation hearings he presided over months ago."

Ornstein Says Broadcast Decency Act Is "Just Grandstanding." Norman Ornstein writes in Roll Call (6/21) that last week Congress passed, and the President signed, the Broadcast Decency Enforcement Act." The bill "basically was just grandstanding. It's a poor piece of legislation, and one that reflects yet again the lack of any meaningful deliberation in Congress." Ornstein adds, "Here is what I propose: relieve the broadcasters of their onerous public interest obligations. All of them. In return, charge them fees that amount to a paltry 20 cents on the dollar for what they have been doing (or what they say they have been doing). That would be $2 billion per year. Do so for only seven years, and then leave them free and clear. Put the

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money into an endowment fund that ultimately would total $14 billion (plus interest) for public broadcasting."

NYTimes Blasts Plans To Have Ethics Panel Approve Junkets. The New York Times (6/21, 1.19M) editorializes, "The House ethics committee, ever wondrous in its irresponsibility, is preparing to set itself up as the arbiter of one-stop, conscience-free junket approval for gadabout lawmakers. … The end product would have the ethics committee — long a still-life study in Capitol dysfunction — snap into action to prejudge junketeering requests." The Times adds, "Clearly, lawmakers are gambling that the scandals nipping at their heels will pale by Election Day."

OTHER NEWS:

Housing Starts Rebound. The Wall Street Journal (6/21, Conkey, Corkery, 2.11M) reports, "US home builders stepped up the pace of new construction in May after three months of declines, a sign that the housing market is softening but not collapsing." The Commerce Department "said housing starts rose 5% last month from April to an annual rate of 1.96 million units, but were down 3.8% from a year earlier. Building permits, an indicator of future trends in new residential construction, fell 2.1% last month and were running 8.5% lower than a year earlier." The Journal adds, "The faster pace of new-home building in May is confirmation that the housing market is experiencing what Federal Reserve Chairman Ben Bernanke recently described as an 'orderly and moderate' correction following last year's peak." That "bodes well for the economy, though analysts anticipate more weakness in the housing market during the rest of the year."

The New York Times (6/21, Peters, 1.19M), however, says "the increase was not a sign of an upward trend, but more likely a rebound after three months of significant declines, economists said. Many economists had predicted less of a bounce." Stuart G. Hoffman, chief economist of PNC Financial, "said the upturn in May probably 'marks one of the housing market's last hurrahs.'" The Washington Post (6/21, Epstein, 744K) runs a similar report.

Stock Markets Closed Mixed. NBC Nightly News (6/20, story 9, 0:10, Williams, 9.87M) reported, "The Dow was up today more than 32 points [to close at 10,974.84]. NASDAQ was down just over 3 [to close at 2,107.06]." USA Today (6/21, 2.31M) says the Standard & Poor's 500 dipped 0.02 points to 1240.12. The Wall Street Journal (6/21, Browning, 2.11M), among other newspapers, also reports the stock numbers.

More Commentary On The Economy. Robert J. Samuelson writes in the Washington Post (6/21, 744K), "If the Federal Reserve raises interest rates at the end of June, as seems probable, it will likely be criticized for making a fetish of inflation and, in the process, risking an American or global recession. There are already signs that the US economy is slowing. Stock markets around the world have declined sharply. Why should the Fed make matters worse by nudging up rates even a tad? This is a sensible-sounding complaint. Based on what we now know, it's also wrong." He adds, "We have an inflation problem that we need to cure before it gets worse."

David Ignatius writes in the Washington Post (6/21, A21, 744K), "The financial world has been suffering lately from Post-Greenspan Stress Disorder. The new chairman of the Federal Reserve, Ben Bernanke, has been accident-prone, and some investors have gotten the jitters." They "might be reassured if they paid more attention to the country's second most powerful monetary official, New York Fed President Timothy Geithner." Geithner "watches for the big, scary meltdowns that could threaten the entire financial system. Like his mentor, former Treasury secretary Robert Rubin, he's a worrier -- always looking for the 'systemic risks,' the cascading events that can trigger a panicky rush for the exits. He's in a constant dialogue with the nation's biggest banks and investment firms about how they manage risk."

Democratic Party Committees Tout Edge In Cash On Hand. The DSCC is reporting a $33.5 million to $18.3 million cash on hand advantage over the NRSC, while the DCCC has a $24.5 million to $21.9 million cash on hand advantage over the NRCC. The AP (6/21) describes Democrats as "optimistic about their election-year prospects," but notes that while "the GOP committees trail in cash on hand, it has the advantage of the presidency and the fundraiser in chief as well as majority control of the House and Senate."

The Hill (6/21, Kaplan) says Congressional Democrats "yesterday trumpeted the sums of money they raised in the second quarter of the year." Roll Call (6/21, Whittington) notes "this is the first time in recent memory that House Democrats have banked more than Republicans." Roll Call notes that "the NRCC's heavy spending on the special election in California's 50th district accounted for the cash-on-hand difference." NRCC spokesman Carl Forti said, "We spent what it took in California 50 and we won. … And we will have a resources advantage come fall."

Emanuel Will Not Serve Second Term As DCCC Chairman. The Hill (6/21, Hearn) reports, "Rep. Rahm Emanuel (D-Ill.) will step down from the House Democrats' campaign operation after the November elections to spend more time with his family, he told The Hill yesterday." He "has been a leading strategist, fundraiser, cheerleader and recruiter for House Democrats as chairman of the Democratic Congressional Campaign Committee (DCCC) since the

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beginning of last year. His uncommon pairing of cunning efficiency and profanity-laced outbursts has won him both plaudits and opprobrium, but nearly all Democrats concede that he deserves substantial credit for their rosy election prospects this year."

President's Dinner Raised $27 Million For Republicans. CNN's The Situation Room (6/20, Crowley) reported, "Some Republicans may not want the President campaigning with them, but all Republicans want him filling up the coffers. … The coffer is $27 million fuller as of last night's President's Dinner, where Bush racked up cash and laid out a campaign blueprint." CNN added, "So far this election cycle he has raised over $150 million, the kind of cash only a President can attract. He gives his party a cumulative edge, $92 million more raised by Republicans than Democrats since the beginning of 2005."

Morris Sees Possibility For Democratic Senate Takeover With Tennessee Win. Political analyst Dick Morris, in his column in The Hill (6/21) , writes that in addition to possible Democratic victories in Pennsylvania, Ohio, Montana Missouri and Rhode Island, a new "Zogby poll indicates that Harold Ford, the Democratic candidate to succeed Majority Leader Bill Frist (R) in Tennessee, is running a surprisingly strong race against his three possible Republican opponents. That could be the sixth seat" Democrats would need to take control of the Senate. The poll shows "Ford tied with former Rep. Ed Bryant, with each winning 42 percent of the vote, and trailing by a small margin, 43-41, against former Rep. Van Hilleary. A third possible candidate, Chattanooga Mayor Bob Corker, leads Ford by 46-42." Morris sees the possibility of a Democratic takeover as a sign "that President Bush had better shake himself up and address the gas-price and energy issues that he has so far failed to speak out about, except for one mention in his long-ago State of the Union address. It is only by an ongoing relevance to this nation's key problem that Bush can hope to avert the disaster looming on the horizon."

Democrats Seek To Bolster Lieberman Against Primary Challenger. The possibility that Sen. Joe Lieberman may run as an independent candidate for the Senate in Connecticut if he loses the Democratic primary to Ned Lamont is seen as posing a problem for national Democrats. In response, Roll Call (6/21, Stanton, Duran) reports, "Senate Democrats are making a point of rallying around Lieberman, with many lawmakers expected to travel to the Nutmeg State in the coming weeks. His Senate Democratic colleagues already have donated more than $49,000 since 2004 to his re-election campaign." But "Democrats acknowledge that Lieberman…could force his fellow Senators to choose between backing one of their own and abiding by the wishes of the state's Democratic voters. Lieberman's decision to leave the door open to an Independent run has angered many rank-and-file Democratic activists and has added an unwanted wrinkle to Democrats' long-shot efforts to gain control of the Senate in November."

Lieberman Ad Chides Lamont Supporters. Gov. Lowell Weicker recently endorsed Lieberman's challenger Lamont and the Washington Post (6/21, A6, Goldfarb, 744K) reports, "Lieberman's campaign recently posted a Web ad poking fun at the Weicker-Lamont alliance. 'Remember Lowell Weicker? Well, bears never forget. He's never gotten over losing his Senate race to Joe Lieberman,' says the ad, which features animation of a bear. 'But instead of coming out of hibernation, he's sent his bear cub, instead -- Ned Lamont.'" The Post adds, "Lieberman spokeswoman Marion Steinfels explained the ad as having 'a little fun with the Greenwich billionaires uniting against Senator Lieberman.' Lamont spokesman Liz Dupont-Diehl called the ad 'pathetic.'"

Gore Declines To Endorse Former Running Mate Lieberman. The Washington Post (6/21, A6, Goldfarb, 744K) also notes, "Lieberman has won a string of endorsements from prominent Democrats around the state, including the state party chairman and state Senate majority leader. One endorsement he won't be getting is that of his 2000 running mate, Al Gore. In an interview Sunday with Al Hunt of Bloomberg TV, Gore called Lieberman 'my close friend' but said, 'I typically do not get involved in Democratic primaries.'" But Gore "did endorse former Vermont governor Howard Dean" who opposed the Iraq War "in the 2004 Democratic presidential primaries."

Columnist Accuses Lieberman Of Being Out Of Step With Party On Iraq. Howard Meyerson in his column in the Washington Post (6/21, A21, 744K) says "Lieberman's problem is not that he faces expulsion from a sect but that he has chosen to stand outside what remains a big, messy tent of a party. Moreover, he seems to have reversed the roles that the two parties play when it comes to Iraq."

Obama Urged To Run In 2008 Despite Lack Of Experience. Atlantic Monthly associate editor Ross Douthat in an op-ed in the Wall Street Journal (6/21, 2.11M) writes that with the 2008 presidential field wide open, running for president could "be the smartest thing" Sen. Barack Obama does. While "young and untested" Obama's "his political stock may never be higher than it is right now, when liberal Democrats and centrists alike project their dreams upon him, undimmed by the disappointments and compromises of a long career. For the moment, he's part Clinton, part Roosevelt, part JFK and MLK; but in eight or 12 or 16 years, he might be John Kerry." Losing in the presidential primaries "didn't hurt Al Gore's long-term prospects; it didn't hurt Ronald Reagan's future chances."

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And "Democratic bigwigs -- Mario Cuomo, Sam Nunn, Bill Bradley -- who declined to take on George H.W. Bush in 1992, preferring to wait for a more propitious moment" did not succeed.

Democratic Activists Launch Effort To Encourage Policy Debates. Democratic activists have launched a number of ventures seeking to encourage debates over serious policy issues. The Washington Post (6/21, A19, Balz, 744K) reports, "Those in the middle of these events share a similar conviction, which is that for too long Republicans have been winning the battle of ideas (and often campaign strategy) in American politics, in part because conservatives invested in what is now a well-funded infrastructure of organizations that have produced ideas, thinkers, publications, strategists, and politicians who now control the White House, Congress and increasingly the federal judiciary." The Post adds, "There is also a belief shared at least by some of the participants that Democrats have ridden for too long on what are the fumes of the New Deal and the Great Society, which sustained Democrats for half a century."

Stem Cell Therapy Repairs Spinal Cord Injuries In Rats. ABC World News Tonight (6/20, story 10, 2:00, Potter, 8.78M) reported, "It has been a long-sought and elusive goal. This rat was paralyzed in the hind legs by a virus. In a few months, it was able to move again. Researchers injected their rats with stem cells, plus a mix of chemicals to help the cells grow into nerve tissue. In 11 out of 15 tries, it worked." This is "the first in which stem cells actually created new, healthy nerves, known as motor neurons." But the "stem cells came from mouse embryos, which had to be destroyed when they were removed. So, the moral debate over stem cell research continues."

The CBS Evening News (6/20, story 5, 2:05, Kaledin, 7.66M) reported scientists "say they have done something they have never done before. These lab rats were once unable to move their hind legs. Now after treatment using embryonic stem cell, they can. This is the first time, scientists say, these specialized cells have successfully regrown the delicate circuitry between nerves, spinal cord and muscle, allowing movement where there was none before." Only "a tiny number of embryonic stem cells were needed to restore up to 40% of the rats' mobility."

NBC Nightly News (6/20, story 7, 2:35, Williams, 9.87M) reported, "This is research in rats, but many health officials are calling it a remarkable step in the long road to finding treatments for spinal chord injury and other diseases that cause paralysis. The scientists treated stem cells from mouse embryos with various chemicals so they would form new nerve cells in the spine." There's "a political angle here, and the question is where does this all sit regarding what has been President Bush's position on this issue?" Bazell: "Well, these are experiments in animals, so Bush's position doesn't matter at all, but if these continue to work as well as it have, it could only heat up the argument very much."

Publisher, Bush Appointee Merrill Reportedly Committed Suicide. The Washington Post (6/21, A1, Rich, 744K), in a front-page story, reports Philip Merrill, "the prominent publisher and former diplomat whose body was found floating in the Chesapeake Bay on Monday, suffered from a heart condition and apparently took his own life, his family said last night. Merrill, 72, was found with a shotgun wound to the head and a small anchor tied around one or both ankles, according to a source familiar with the investigation." Merrill "was assistant secretary general to the North Atlantic Treaty Organization in the early 1990s and president of the Export-Import Bank of the United States from 2002 until last year. He frequently took time away from his business to pursue diplomatic and intelligence assignments for the government. He served six administrations, mostly in the State and Defense departments."

Former Anchor Rather Departs From CBS News. The CBS Evening News (6/20, story 8, 4:00, Schieffer, 7.66M) reported, "It has been rumored for weeks and today Dan Rather and CBS news made it official. Dan is leaving CBS." CBS (Mason) added Rather "interviewed nearly every major international leader, Saddam Hussein exclusively, twice. For '60 Minutes 2', he broke the story of the Abu Ghraib prison abuse scandal, but it was also on '60 minutes 2' that Rather became the center of his own scandal." Rather: "It was a mistake." Mason: "Shortly after admitting errors in the report about President Bush's National Guard record, Rather retired as anchor of the 'Evening News.'" But he "could not come to terms with CBS on new assignments. 'It just isn't in me to sit around doing nothing,' he said in a statement today. 'So, I will do the work I love, elsewhere.'"

ABC World News Tonight (6/20, story 11, :30, Gibson, 8.78M) reported, "Dan Rather and CBS News made it official today. After 44 years at the network, the former anchor is leaving. Rather joined CBS in 1962, reported on all the major stories of our time and anchored the Evening News for 24 years."

NBC Nightly News (6/20, story 11, 0:50, Williams, 9.87M) reported, "Upon the retirement of the iconic Walter Cronkite, Dan took the anchor chair and held it for 24 years. He was forced to resign 15 months ago after what has since been dubbed 'Memogate,' a story about President Bush's National Guard service, for which Rather later apologized."

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The Washington Post (6/21, C1, Kurtz, 744K) reports, "CBS officials heaped praise on the longtime anchor, even as they were ushering him out the door yesterday. Rather, for his part, made clear his frustration with the network for refusing to renew his contract or give him an ample workload at 60 Minutes."

The Washington Times (6/21, Harper, 90K) reports, "Recent press reports indicate Mr. Rather may take up a newscasting role with HDNet, a high-definition cable channel currently available in about 3 million homes."

Peter Johnson writes in USA Today (6/21, 2.31M) that 60 Minutes correspondent Steve Kroft "says Rather's CBS career, which came to its official close Tuesday, ended much like those of two other CBS News legends, Edward R. Murrow and Walter Cronkite: CBS wanted to move on and, news icons or not, they had to go." Johnson adds, "Rather's departure from CBS after 44 years — and the way it was handled — was topic No. 1 in news circles Tuesday. Some say Rather was owed a better sendoff; others say he got what he deserved."

Shales Says CBS Treated Rather "Shabbily." Tom Shales writes in the Washington Post (6/21, C1, 744K), "Those who have followed the awkward exit of Rather…often ask a simple question: How could a network for which Rather has done so much and served so loyally treat him so shabbily as the curtain falls?"

Exurbs Are Nation's Fastest Growing Regions. New population estimates from the Census Bureau show that exurbs in the Sun Belt and the Far West are the fastest-growing cities in the US. The New York Times (6/21, Lyman, 1.19M) reports, "The bureau's annual survey of municipalities with at least 100,000 residents shows that from July 1, 2004, to July 1, 2005, four outer suburbs in California, three in Florida, two in Arizona and one in Nevada were the country's most rapidly growing."

Study Finds Big City Schools Have Low Graduation Rates. USA Today (6/21, Toppo, 2.31M) reports on research released yesterday finds that students in some big city schools have a less than 50% chance of graduating from high school with their peers. Fourteen urban school districts "have on-time graduation rates lower than 50%; they include Detroit, Baltimore, New York, Milwaukee, Cleveland, Los Angeles, Miami, Dallas, Denver and Houston. The findings present a bleak picture and are sure to generate controversy as lawmakers and others push to keep U.S. students competitive globally." USA adds, "Among the nation's 50 largest districts, the study finds, three graduate fewer than 40%: Detroit (21.7%), Baltimore (38.5%) and New York City (38.9%)."

Encyclopedia Of Conservatism Published. The New York Times (6/21, Deparle, 1.19M) reports on the release of American Conservatism: An Encyclopedia. According to the Times, the volume, published by ISI Books, a conservative press in Wilmington, Delaware, "omits familiar names like Ann Coulter, Tom DeLay, Grover Norquist, Bill O'Reilly and Karl Rove," but "includes the journals University Bookman, circulation 2,600, and First Things. It gives Willmoore Kendall, a political scientist who died in 1967, three times as much ink as former House Speaker Newt Gingrich."

Lowell Says Link Between Lobbying, Fundraising Must Be Weakened. Abbe D. Lowell, who has represented lawmakers and others in ethics investigations, and who currently represents former lobbyist Jack Abramoff, writes in USA Today (6/21, 2.31M), "Real reform will not occur until the very relationship between lobbyists and public officials is re-examined." Lowell offers several suggestions "to weaken the link between lobbying and fundraising," including: "Require fundraisers to disclose publicly their interest in legislation. Require sponsors of "bundled" contributions (individual contributions arranged together for greater impact) to disclose their roles. Impose further limits on the total amount individuals can give in an election cycle. Provide additional public financing of campaigns. Help candidates pay for access to various media." Lowell concludes that "time has come for the entire process to be under investigation so that a better system can result."

NYTimes Says Emergency Rooms Should Stop Diverting Seriously Ill Patients. The New York Times (6/21, 1.19M) editorializes, "The nation's emergency rooms have been stretched thin for at least a decade or more, but a new analysis suggests that they have reached a breaking point. Their plight underscores how dreadfully unprepared we are to cope with a major disaster like pandemic influenza or mass casualties from a terrorism attack." According to the Institute of Medicine, a unit of the National Academy of Sciences, "Half a million times a year ambulances are diverted from emergency rooms that are full and sent to others farther away. … The most important change would be to stop diverting seriously ill ambulance patients and divert instead the poor patients who clog emergency rooms seeking routine care. That would require extending health coverage to the uninsured and providing more primary care clinics and doctors in poor neighborhoods."

Iran Talks Take Center Stage As Bush Meets With EU Leaders In Vienna. There was no network news coverage of President Bush's trip to Vienna. CNN's

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The Situation Room (6/20, Blitzer) reported, "President Bush is in Vienna, Austria, for a one-day stop at the European Union Summit. He and his EU counterparts face a host of international threats and conflicts, including Iran, Iraq, the war on terror." CNN added, "Bush sits down with European Union leaders here in Vienna to highlight what they can agree on rather than focusing on lingering disagreements. He'll be in Vienna for just one day, but for President Bush, the US/EU Summit is a chance to demonstrate that the US and Europe are on the same page when it comes to Iran's nuclear ambitions." CNN added, "After Vienna, the President will visit Budapest, Hungary, to deliver remarks commemorating the 50th anniversary of the Hungarian revolution, when tens of thousands of Hungarians rose up to demand an end to Soviet rule." Bush's comments there "will be likely be listened to closely by Russian President Vladimir Putin. Putin has expressed his displeasure with recent US comments criticizing Moscow for backsliding on democracy."

The Washington Post (6/21, A15, Abramowitz, 744K) reports, "In meetings here Wednesday, Bush and European Union officials are to confer on issues including trade, energy security and their mutual efforts to persuade Iran to halt activities that could lead to the development of nuclear weapons. Officials have dampened expectations of any major announcements, because Iran has yet to respond to a package of inducements and penalties…aimed at ending its enrichment of uranium. Speaking with reporters aboard Air Force One, Bush's national security adviser, Stephen J. Hadley, said Americans and Europeans were strongly committed to having Iran completely shut down its enrichment program."

Bush Not Expected To Address Controversial Aspects Of War On Terror. The Washington Times/AP (6/21, Jahn), in an article titled, "Iraq Threatens Bush Agenda At EU," reports Bush's meetings are "scheduled to focus on Iran's nuclear ambitions and economic concerns, but the United States' conduct of the war on terrorism will be an unspoken theme. National Security Adviser Stephen Hadley has said he doubts Mr. Bush will have much to say about the U.S. prison for terror suspects at U.S. Naval Base, Guantanamo Bay, Cuba, charges of prisoner abuse in Iraq and suspected killings of Iraqi civilians by Marines in Haditha. For millions of Europeans, however, these are the issues that matter -- and their concerns are shared by politicians."

Administration Pressing Donor Countries To Honor Iraq Pledges. The Washington Times (6/21, Dinan, 90K) reports national security adviser Stephen Hadley "said countries have an obligation to fulfill their monetary pledges to help rebuild Iraq, but refused to name the nations that are $10 billion behind their commitments, according to Bush administration calculations.

The Christian Science Monitor (6/21, Grier, 61K) reports, "For nations that in the past have pledged to help Iraq rebuild, the United States has this message: Get out your checkbook. In recent days, administration officials, from President Bush on down, have insisted repeatedly that it is time for others to live up to monetary commitments to Baghdad, most of them made in 2003. … In coming months, non-US donor nations and international institutions should become increasingly important to the reconstruction of Iraq, according to US officials. Money in the main US reconstruction account, the Iraq Relief and Reconstruction Fund, is dwindling." The Monitor notes Bush "has mentioned the issue often in public in recent days. And the administration has sent Deputy Treasury Secretary Robert Kimmitt and State Department counselor Philip Zelikow to visit world capitals and figuratively rattle the tin cup."

Bush's Unpopularity Among European Public Noted. The Washington Post (6/21, A15, Abramowitz, 744K), in an article titled, "Bush's Unpopularity In Europe Hangs Over Summit," reports Bush arrived "at a time when the populace remains generally wary of him despite concerted efforts by political leaders on both sides of the Atlantic to patch up their differences." The Post adds, "if relations at the political level have improved, public opinion has lagged far behind. Bush remains unpopular with the public in many European countries over the war in Iraq and alleged abuse of detainees by U.S. forces at Guantanamo Bay…and other facilities. … Diplomats and experts on Europe say public opinion is a significant drag on Bush's ability to expect much from political leaders here -- for instance, for his renewed effort to secure international assistance for the new Iraqi government."

The Christian Science Monitor (6/21, LaFranchi, 61K) reports Bush will "confront a European public that has such a poor view of America that in some countries, the United States is seen as the biggest threat to global stability today - surpassing Iran. … Indeed, the US image abroad has continued to deteriorate, despite a concerted effort by the Bush administration to turn things around by mending fences with key allies, taking concrete steps to make diplomacy work, and expanding public-diplomacy efforts in the Middle East and other regions."

The Los Angeles Times (6/21, Gerstenzang, Rubin, 958K) reports, "Austrians want their leaders to confront Bush's policies in Iraq, the U.S. prison at Guantanamo Bay, Cuba, and the 'rendition' of suspected terrorists to countries that permit torture. Newspapers and TV talk shows have discussed little else in recent days, with people at both ends of the political spectrum denouncing the treatment of terrorism suspects who have not been charged with crimes.

The Los Angeles Times (6/21, 958K), in an editorial, writes, "President Bush's trip to Europe is being welcomed like an infectious disease. Bush was unpopular in Europe from day one of his presidency, but a charm offensive launched last year — and a more conciliatory approach

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toward European concerns — was meant to change that, or at least nudge the approval rating up a notch. Instead, recent polls show he is more unpopular than ever across the Atlantic."

The AP (6/21, Hunt) reports Bush "began a quick trip to strengthen ties with European allies unhappy about Iraq. … On his 15th trip to Europe since taking office, Bush and his wife, Laura, were greeted by Austrian Chancellor Wolfgang Schuessel. As Bush was driven to his hotel, curious onlookers, most of whom remained motionless and expressionless, gathered along Vienna's streets. One group struggled unsuccessfully to unfurl a 'Go Home' banner from a restaurant balcony in time for it to be seen by occupants of the speeding motorcade."

The Washington Times (6/21, Dinan, 90K) reports, "Anti-Iraq-war protests are scheduled for Mr. Bush's stay in Vienna, but the president will be departing even as the main protest is under way today. … The president has not carved out much time for cultural activities in his two days on the ground in Europe, though he is expected to see the Vienna Boys Choir perform."

US Said To Have Abandoned Hungary During 1956 Uprising. In an op-ed for the Washington Post (6/21, A21, 744K) Johns Hopkins' Charles gati writes, "Bush will be in Budapest tomorrow to visit a good ally -- a member of the coalition of the willing. The first item on his agenda, according to the White House, is to 'celebrate Hungary's historic sacrifices in the name of freedom by commemorating the 50th anniversary of the 1956 Hungarian Revolution.' … The truth is that at a critical juncture in the Cold War, when Hungarians rose against their Soviet oppressors, the United States abandoned them."

Bush Hopes For WTO Breakthrough On Farm Subsidies. AFP (6/21) reports President George W. Bush "hopes European leaders will improve their offer on agricultural trade to help bring about a breakthrough in stalled global trade talks," a White House official said. National security advisor Stephen Hadley told reporters on Air Force One that Bush "sees a deal as possible" this year on the Doha Round of World Trade Organization talks. "We really need to see a response from the Group of 20 countries and from the Europeans that is comparable to this offer," Hadley said, referring to the group of developing nations. "If they can move in this direction, we are going to be in the sight of getting an agreement by the end of the year and I think we will see the president encourage everyone he talks to on this trip not to miss this terrific opportunity to advance trade and advance development and help raise people out of poverty," the spokesman added.

Bush's "Personal" Involvement Said To Show Importance Of Talks. In a Wall Street Journal (6/21, A12, 2.11M) op-ed, professor Bernard Gordon of the University of New Hampshire, says the president's "personal effort to kick-start world trade talks" during his trip to Europe "should end the idea that he was downgrading US trade goals when Rob Portman was transferred from trade chief to budget director." Instead, Gordon says the president "has made clear the US insists on a genuine big deal for world trade—or no deal at all."

Barroso Warns Bush US "Protectionism" Could Inspire Backlash. The Financial Times (6/21, Proissl, Schmid, Dombey) reports José Manuel Barroso, the president of the European Commission, warned, "A rising tide of protectionism could endanger European investment in the US." Barroso said he has talked with President Bush "several times about the risk of introducing new barriers on investment because of worries about globalisation or terrorism." According to the Times, "EU officials believe the failure of Dubai Ports World's attempt to buy US ports this year showed a willingness by Congress to block foreign investment on grounds unrelated to economic criteria."

The AP (6/21, Hunt) reports Bush "planned to press Europe to eliminate agricultural subsidies so that talks for a global free-trade pact can proceed."

US-EU Draft Declaration Addresses Concerns Over Russia's Energy Policies. The Wall Street Journal (6/21, McKinnon, Pulizzi, 2.11M) reports, "A U.S.-European Union draft declaration raises concerns about Russia's energy policy and erosion of political freedoms, just weeks before that country hosts its first meeting of the Group of Eight powers. The draft declaration sets the stage for a tussle over energy policy at the coming G-8 summit, where Russia has made energy security the primary agenda item. The Bush administration believes Russia has been seeking to use its vast energy resources as a political weapon, particularly in Central and Eastern Europe.

Bush, European Leaders Concerned By Chinese Regulatory Regime. The Wall Street Journal (6/21, Echikson, 2.11M) reports President Bush and EU leaders "agree on…the need to dissuade China from becoming a third global regulatory power. Businessmen and officials on both sides of the Atlantic said China's desire to set its own regulatory requirements for goods sold there is becoming a big concern, because car makers and other exporters would have to tailor products to meet another set of expensive requirements in order to compete in China's huge market. … So while the U.S. and EU have been slow to harmonize their regulatory regimes, the prospect of China adding another layer of costly rules is fostering greater interest in trans-Atlantic cooperation."

US Activates Missile Defense In Response To North Korea Preparations. North Korea's missile launch preparations were reported on in a full segment by CBS and briefly mentioned by ABC and NBC. The CBS

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Evening News (6/20, story 3, 2:25, Schieffer, 7.66M) reported, "Belligerent as always, the North Koreans declared today they have every right to test long-range missiles, weapons that could reach America's West Coast. And they have one on the launching pad and appear to be fueling it." CBS added, "The missile now on the North Korean launch pad is exactly the missile the American system, a network of radar and interceptor rockets, was designed to defend against. It is still experimental, but it has been activated and could fire in the unlikely event it is needed." CBS noted, "Even under test conditions, their record of hitting a target is only 50/50, so several of them would have to be launched to increase the odds."

ABC World News Tonight (6/20, story 4, :20, Gibson, 8.78M) reported, "Two senior military officials have told ABC News the Pentagon has activated its missile defense system, and put it on high alert. That, just in case the missile might head this way."

NBC Nightly News (6/20, story 4, 0:40, Williams, 9.87M) reported, "Today, North Korea insisted it has every right to conduct missile tests. That led Japan and South Korea to say they would join the US in trying to stop any such thing from happening."

Fox News' Special Report (6/20, Hume) reported, "There is information that the US has activated the ground-based missile defense system from test mode to operational mode. The purpose is a response to the possible missile launch by North Korea." Fox (Angle) added, "The US deployed the system 18 months ago and it is described as having a modest capability. Tests of the system have produced successes and failures. On the diplomatic front American officials worked feverishly to come up with a worldwide response."

US Officials Won't Confirm Missile Defense Activation Reports. The Washington Times (6/21, Gertz, Dinan, 90K) reports White House officials "would not say what the consequences would be if North Korea tested a missile, and officials at the Pentagon and State Department refused to comment on whether the U.S. ground-based interceptor system was up and running, as The Washington Times reported yesterday. 'There are many options, and we are simply not going to tip our hand as to what the possible response should be,' White House spokesman Tony Snow told reporters traveling on Air Force One with the president."

The New York Times (6/21, Cooper, Gordon, 1.19M) reports, "Missile defense proponents said North Korea's missile preparations would strengthen the case for building more robust missile defenses. 'I think the activity by North Korea clearly makes the case that a missile defense is necessary for American security,' said Representative Duncan Hunter, the California Republican who is chairman of the House Armed Service Committee."

Missile Defense Described As "Unproven" And "Rudimentary." The Washington Post (6/21, A15, Ricks, Cho, 744K) reports, "The U.S. military yesterday moved ships into position off the coast of North Korea to detect the launch of any long-range ballistic missiles and prepared its new, unproven missile-interception system to attempt a response if necessary. It was apparently the first time that the U.S. government has readied its rudimentary missile-defense system other than to test it. But officials played down the possibility that the interceptors might be used against a North Korean missile. … Two U.S. Navy ships with sensors that could swiftly detect and track a missile's flight were operating off the North Korean coast yesterday, a Pentagon official said." The post adds, "Pentagon officials said that steps had been taken to ready the U.S. interceptors in much the same way that they would proceed for a test of the system. … But they declined to confirm a Washington Times story yesterday that said the system had recently been activated, and that the Bush administration is considering shooting down the North Korean missile.

USA Today (6/21, Kelley, 2.31M) reports, "the U.S. missile-defense system remains a patchy and unproven shield, government studies and outside experts say. The Pentagon now spends about $8 billion a year toward development of a network of systems designed to destroy enemy missiles, particularly those from Iran and North Korea. One of the most developed parts of that system is the handful of ground-based missile interceptors at Fort Greely in Alaska and Vandenberg Air Force Base in California. … Those interceptors have never been fully tested under real-world conditions, and the past two tests fizzled when the interceptors failed to launch."

South Korea Challenges US Intelligence. The Los Angeles Times (6/21, Demick, 958K) reports, "If anything, North Korea's intentions have become less clear because of a growing controversy over the intelligence data. South Korean officials today challenged the U.S. assertion that North Korea had completed the fueling process, making a launch both inevitable and imminent. The National Intelligence Service told the National Assembly today that only 40 fuel canisters were observed around the launch site at the Musudan-ri missile base, and that the number was far too little to fuel what is said to be a 115-foot long, 65-ton multistage missile. In addition, the South Korean government is questioning whether the missile in question is for military use."

USA Today (6/21, Nichols, 2.31M) reports National security adviser Stephen Hadley "said it was difficult to judge whether North Korea had actually completed fueling a missile in preparation for a test. 'They seem to be moving forward toward a launch, but the intelligence is not conclusive at this point,' he said."

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North Korea Claims It Is Not Bound By 1999 Moratorium. The New York Times (6/21, Cooper, Gordon, 1.19M) reports the government of North Korea "said Tuesday that it was not bound by its own moratorium on long-range missile tests, as tension over the country's missile intentions continued to mount." Secretary of State Condoleezza Rice "said Monday that the United States would regard a missile launching as an 'abrogation of obligations that North Korea undertook in the moratorium that they signed on to in 1999, that they reiterated in 2002.'" However, Charles Kartman, "the United States special envoy who negotiated it with the North Koreans, said the understanding had been worked out on the assumption that the two countries would conduct further talks on an American proposal to ban the testing, production and export of long-range North Korean missiles. But such negotiations have not been held since 2000." Kartman is quoted as saying, "The Bush administration's disinterest in continuing the missile negotiations would have, of course, canceled out the 1999 moratorium."

The Financial Times (6/21, Pilling, Sevastopulo) reports Ri Pyong Dok, a North Korean foreign ministry official, "told Japanese journalists in Pyongyang that a long-range missile test launch 'is not bound by any statement such as the Pyongyang Declaration', Kyodo news reported."

Preemptive Attack On North Korea Considered "Unlikely." The Los Angeles Times (6/21, Demick, 958K) reports, "The Bush administration has limited options to prevent North Korea from test-firing a multistage missile that could reach U.S. interests in the Pacific. In many ways, a missile deployment could constitute grounds for a preemptive attack, such as an airstrike against North Korea. But that is unlikely to be considered a serious option given the U.S. entanglement in Iraq and objections from China."

Concerns Over Iran And North Korea Reanimate Missile Defense Debate. In an op-ed for the Washington Times (6/21, 90K) Peter Huessy, president of GeoStrategic Analysis, writes, "The twin nuclear and missile threats from Iran and North Korea have transformed the missile defense debate. It is no longer 'should we deploy,' but 'how should we deploy?' Policy-makers face a tough decision: How much to invest in some protection now, vs. future, complimentary technologies that offer enhanced protection?"

The Wall Street Journal (6/21, 2.11M) editorializes, "It's possible we'll wake up to the news that Pyongyang has tested the long-range ballistic missile that is fully fueled and which U.S. satellites have monitored for more than a month. If so, we hope we'll also learn that the U.S. responded, as defense officials said late yesterday it might, by testing its newly operational missile defense system and blowing the Korean provocation out of the sky. What better way to discourage would-be nuclear proliferators than to demonstrate that the U.S. is able to destroy their missiles before they hit our allies, or the U.S. homeland. Even a miss would be a useful learning experience all around."

Missile Preparations Seen As Central To Kim's Diplomatic Strategy. In an op-ed for the Wall Street Journal (6/21, 2.11M) former Pentagon official Chuck Downs writes, "Even if the Taepodong rocket is never launched, the next few months will see American interests subjected to significant strains. Pyongyang has created an opportunity to break out of the negotiating deadlock that has stymied the regime for years, dissolve the international consensus on how to deal with the regime's illicit smuggling and counterfeiting activities, and change politics in South Korea and the U.S. And perhaps most importantly, if Kim Jong Il plays his cards right, he will prove to his inner circle that he is the genius he claims to be, renewing his hold on power at a time when he was facing his most severe challenges."

The Los Angeles Times (6/21, 958K) editorializes, "Diplomatic condemnations are easy, of course, and North Korea's plans are worthy of them. But if there is anything good to come of Kim's latest adventure, it will be a renewed sense of urgency among the U.S. and its allies to focus on the peninsula."

White House Mulls Ways To Keep Bolton In UN Post. The Washington Post (6/21, A19, Kamen, 744K) reports in its "In the Loop" column that the White House "is looking for ways to keep controversial U.N. Ambassador John R. Bolton in his post well beyond the expiration of his recess appointment at the end of this year. One possibility is to bring his nomination up for vote in the Senate Foreign Relations Committee next month. Bolton supporters on the Hill first want to pass the defense appropriations bill before they leave for the August recess and say they did everything needed for the troops…before they turned to the nomination. Senate Republicans don't want wait until the fall and risk a potential loss right before the midterm elections."

Iranian Regime's Proscription Against Unconventional Weapons Questioned. The Washington Post (6/21, A15, Vick, 744K) reports, "Iranian officials often assert the peaceful intent of their nuclear program by insisting that the religious law that governs their country expressly prohibits weapons of mass destruction. … Yet interviews with a range of clerics and other students of Islamic teachings indicate that while Grand Ayatollah Ruhollah Khomeini indeed barred Iranian forces from unconventional weapons during the 1980-88 war with Iraq, the religious underpinning for such a ban is regarded as less than absolute, with ample justification available in scriptures for almost any course except first use." According to the Post, "Those arguing for the loopholes include clerics closely identified with the country's most hard-line conservatives, the

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most ardent defenders of Iran's theocratic system." The Post goes on to report that after "Iraqi forces used chemical weapons on the battlefield" in their war with Iran, and "also launched rocket attacks on Tehran and other metropolitan areas, pressure for Tehran to retaliate was intense." However, Iran never responded by targeting Iraqi cities because the Ayatollah forbade it.

Administration Reaches Compromise With Congress Over India Nuclear Deal. Roll Call (6/21, Rasmussen) reports the Bush administration "has reached a compromise with Congressional leaders on one of the most prickly aspects of the pending U.S.-India nuclear deal, a provision that had rankled key Congressional Republicans and Democrats who worried about its potential to curb Congressional powers. While much of the public debate over the U.S.-India nuclear deal has revolved around nonproliferation and global security issues, the biggest hang-up for many in Congress was the administration's initial insistence that India be treated as a country in compliance with the Nuclear Non-Proliferation Act of 1978, which it is not." Roll call goes on to report, "The Bush administration has reached a tentative agreement to only ask Congress to expedite the final approval of the bill by taking an up-or-down vote free of amendments. A public announcement of the procedural agreement is expected from the Undersecretary of State for Political Affairs Nick Burns later this week."

Israeli Missile Kills Three Children In Gaza. The Washington Post (6/21, A16, Wilson, 744K) reports, "An Israeli airstrike in the Gaza Strip on Tuesday killed at least three Palestinian children and wounded 14 people, many of them children as well, according to witnesses and Palestinian health officials. Israeli military officials said the target of the strike, which occurred around 7:30 p.m., was a car carrying gunmen from the al-Aqsa Martyrs Brigades, the armed wing of the Fatah party. … But Palestinian witnesses said the men escaped from the Volkswagen Golf station wagon before the missile struck the car, which was passing through a busy commercial district of Gaza City. The scene turned quickly into an angry rally with demonstrators denouncing the attack and vowing to take revenge on Israel." Hospital officials in Gaza confirmed "three children -- Mohammed Roqa, 5; Samia al-Shariff, 5; and Belal al-Hessi, 15 -- suffered fatal wounds in the attack."

The New York Times (6/21, Fisher, 1.19M) reports, "The airstrike was the third this month to kill civilians, infuriating Palestinians and raising an impassioned debate in Israel about its military response to the firing of homemade rockets from Gaza into Israel. On June 9, eight civilians — seven from one family — were killed on a beach in Gaza during an Israeli bombardment. … The Israeli military later denied that its munitions caused the deaths, a contention disputed by Palestinians and human rights officials. Four days later, another strike in Gaza killed at least two militants and another eight civilians."

Effort To Bring Red Cross/Red Crescent To Israel And Palestine Stalls. The Washington Times (6/21, Stuhldreher, 90K) reports, "Last-minute maneuvers may have jeopardized a deal for Israel and the Palestinian territories to enter the International Red Cross and Red Crescent Movement after decades of ostracism, according to officials at a conference in Geneva. The International Conference of the Red Cross and Red Crescent Societies, at a two-day meeting that began yesterday, had been expected to formally endorse the use of a new religiously neutral emblem facilitating the move. … Adoption of the new symbol, a diamond-shaped 'red crystal,' would end the more than 50-year stalemate. But the deal was thrown into doubt when Pakistan and Tunisia unexpectedly introduced a politically charged amendment to the resolution yesterday." Israel "said the suggested rewording, which effectually condemned Israel's occupation of territories, was unacceptable, according to Agence France-Presse."

Al Aksa Establishes College On Site Of Former Jewish Settlement. The New York Times (6/21, Erlanger, 1.19M) reports, "A Palestinian college is growing from the rubble of an uprooted Israeli settlement. … On nearly 41 acres surrounding what used to be the largest school in what used to be called the Gush Katif bloc, the Palestinian president, Mahmoud Abbas, decreed a campus. He granted it to Al Aksa University, affiliated with his Fatah party."

Georgia-Russia Tension Raises Concern Over Potential Armed Conflict. The Washington Times (6/21, Mainville, 90K) reports, "Growing diplomatic tensions, a Russian trade embargo and a massive boost in Georgian arms spending are raising fears of conflict in the volatile Caucasus region along Russia's southern border. Analysts say a meeting last week between Russian President Vladimir Putin and Georgian President Mikheil Saakashvili failed to defuse the tension and that Russia's open support for the leaders of Georgia's separatist regions of South Ossetia and Abkhazia is pushing the limits of Georgian patience. The tension is expected to be discussed when Mr. Putin hosts heads of state from the Group of Eight club of wealthy nations in St. Petersburg next month. It also will be discussed in Washington July 5 when Mr. Saakashvili meets with President Bush."

India Rebuffs Some Chinese Firms' Expansion Attempts. The Wall Street Journal (6/21, Wonacott, 2.11M) reports that in India, "Just as they have in the U.S. and Europe, some of China's big companies have run smack into security concerns and other delays, say industry

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executives and lawyers. Protracted government reviews have tripped up Chinese forays in telecommunications and infrastructure -- sectors where India generally welcomes foreign capital and expertise. In part, India's concerns mirror fears in the U.S. and Europe about China's corporate ambitions in the West and Africa, and its growing influence overseas. … But the delays also reflect continuing unease between India and its fast-growing neighbor, as both nations emerge as new economic powers wooing capital and pursuing rapid development."

Security Council Votes To Extend East Timor Mission. The New York Times (6/21, Hoge, 1.19M) reports the U.N. Security Council extended its mission in East Timor "by two months and asked Secretary General Kofi Annan to plan for a 'strengthened presence' of the United Nations there in light of recent violence that killed 30 people. The United States voted for the resolution despite a statement by its ambassador, John R. Bolton, questioning the need for returning peacekeepers."

The Washington Post (6/21, A18, Smith, 744K) reports, "International troops…tightened security across the capital as hundreds of protesters gathered to demand the ouster of Prime Minister Mari Alkatiri, some handing out fliers calling him a terrorist and murderer. … Many East Timorese say Alkatiri's decision to fire 600 disgruntled soldiers in March was to blame for the subsequent clashes and gang warfare that have left at least 30 people dead."

Sudanese President Says UN Troops Will Not Be Allowed In Darfur. USA Today (6/21, 2.31M) reports Sudanese President Omar al-Bashir "said Tuesday that he will never allow United Nations peacekeepers into Darfur. … The U.N. wants to send troops to replace a 7,000-strong African Union force that has been unable to stop the violence."

The New York Times/AFP (6/21) reports Bashir was quoted as saying, "Sudan, which was the first country south of the Sahara to gain independence, cannot now be the first country to be recolonized."

International Community Mulls Deploying Peacekeepers To Somalia. The Christian Science Monitor (6/21, Crilly, 61K) reports, "The rapid rise of Somalia's Islamist militias has prompted a flurry of diplomatic efforts to stabilize the troubled country in the Horn of Africa. Earlier this week, the African Union and Western diplomats decided to send officials to Somalia to assess the possibility of deploying a peacekeeping force to a country ripped apart by 15 years of anarchy. That has the backing of President Abdullahi Yusuf, head of Somalia's virtually impotent transitional government, who flew to Ethiopia Tuesday to demand speedy intervention. Regional powers support intervention out of fear of an Islamic state on their doorsteps, while Western governments are worried the country could become a haven for terrorists."

Liberia's Taylor Arrives In The Netherlands For War Crimes Trial. The New York Times (6/21, Simons, 1.19M) reports the former president of Liberia Charles Taylor "arrived in handcuffs in the Netherlands on Tuesday, and was immediately taken to the jail near The Hague." Taylor "will be tried in the Netherlands by a specially created outpost of the Special Court for Sierra Leone, the United Nations-backed tribunal that has indicted him on charges of crimes against humanity and war crimes."

The Washington Post (6/21, A16, Moore, 744K) reports, "The U.N. Security Council, which approved the move from Freetown to the facilities of the International Criminal Court in The Hague, cited concerns that trying the case in Sierra Leone could destabilize Liberia, Sierra Leone and neighboring countries."

Arrests In Spain And France Disrupt ETA Funding. The New York Times/AP (6/21) reports, "The police in Spain and France arrested 12 people on charges of acting as intermediaries between the armed Basque separatist group ETA and businesses that were forced to pay a 'revolutionary tax,' the Spanish Interior Ministry said."

Latin America Choosing Chinese Or Indian Investment Models. The New York Times' Thomas Friedman (6/21) writes, "I would describe the big question facing Latin Americans this way: Are they going to emulate India or get addicted to China?" China "is almost exclusively focused here on extracting natural resources — timber, iron, soybeans, minerals, gas, fish meal — to feed its voracious appetite and keep jobs and factories humming in China. … But countries that get addicted to selling their natural resources rarely develop their human resources and the educational institutions and innovative companies that go with that." On the other hand, according to Friedman, the "India example…focuses on developing human resources."

WSJournal Decries Mexico's Telecom Monopoly. An editorial in the Wall Street Journal (6/21, 2.11M) says Mexico's telecom monopolist, Carlos Slim's fortune "has come partly at the expense of Mexico's poor and middle class, who have had to suffer more than a decade of monopoly pricing for telecom services under his ownership of Mexico's Telmex. His anti-competitive political machinations are among the biggest obstacles to making Mexico a faster growing and more globally competitive economy." The Journal adds, "There is little debate among development economists about the importance of competition to moving

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people out of poverty. … But with special interests blocking market reform in most poor countries, introducing economic competition is an uphill climb."

THE BIG PICTURE:

Headlines From Today's Front Pages.

Los Angeles Times:
"Migrating From Farm Hand To Orchard Owner."
"U.S. Investigates GIs' 'Barbaric' Slayings In Iraq."
"Home Sales Slowdown Could Settle In For A Stay."
"This Black Democrat Has A Chance In Tennessee."
"GOP's Call For Hearings Puts Immigration Overhaul In Limbo."
"Few Moves Left With N. Korea."
"Christians On Football Film: Give Us A G!"

USA Today:
"Big-City Schools Struggle."
"The Power Of An Expert Witness."
"Nearing Midway, Pilots Worried."
"FBI Pursues Pretenders Masquerading As War Heroes."

New York Times:
"U.S. Says 2 Bodies Retrieved In Iraq Were Brutalized."
"House Plans National Hearings Before Changes To Immigration."
"A Big Book Of Conservatism, But Not Necessarily A Mirror."
"On Iraq, Kerry Again Leaves Democrats Fuming."
"Ex-Budget Aide Is Guilty Of Lying In Lobbyist Case."
"A Legacy Of The Storm: Depression And Suicide."

Washington Post:
"Ex-Aide To Bush Found Guilty."
"GOP Plans Hearings On Issue Of Immigrants."
"Missing Soldiers Are Found Dead."
"After Fiery Attack, Md. Woman Moves To Restore Her Life."
"Merrill Shot Himself On The Bay, Family Says."
"Nation Of Workaholics Sleeps On The Job."

Washington Times:
"Soldiers' Bodies Found In Iraq."
"Alien Bill Passage In '06 Doubled."
"Pyongyang Asserts 'Right' To Test-Fire Missiles."
"Presbyterian Church Lets Locals Decide On Gay Clergy."
"New Deal Made On Stadium Parking."
"Audit Hits D.C. Schools' Overtime Pay."

Detroit Free Press:
"Ford On Ford."
"Teen's Life Slips Away In Drug Den."
"Kmart Special On Picasso?"
"Rules Snafu May Have Doomed Troops."

Atlanta Journal-Constitution:
"House Tactic Endangers Illegals Bill."
"State Sues Over Water."
"Exceeding Expectations."
"DeKalb Police Slip Child Murders Back To Cold Case Files."
"A Sour Mate To Soul Mate? Marriage Experts Tell Us How."

Story Lineup From Last Night's Network News:
ABC: Captured Soldiers Slain; Slain Soldiers Profiled; Baghdad Security; North Korea Missile; Western Wildfires; Latin America-Huge Waves; New Orleans Crime; Safavian Convicted; Avian Flu Monitoring; Stem Cells-Paralysis; CBS-Rather Out; Cell Phone Booths.
CBS: Captured Soldiers Slain; John McCain-Iraq Analysis; North Korea Missile; Canadian Terror Suspects; Stem Cells-Paralysis; Safavian Convicted; Employers-Personal Website Scanning; CBS-Rather Out.
NBC: Captured Soldiers Slain; Slain Soldiers-Analysis; Senate-Iraq Debate; North Korea Missile; Western Wildfires; New Orleans Crime; Stem Cells-Paralysis; Safavian Convicted; Stock Markets; Corporate Junk Email; CBS-Rather Out.

Story Lineup From This Morning's Radio News Broadcasts:
ABC: NBA Finals; Iraq-US Soldiers' Bodies Found; North Korea-Missile Test; AZ-Wildfire.
CBS: Stem Cell Research; North Korea-Missile Test; Bush-Vienna; Iraq-US Soldiers' Bodies Found; Japan-US Beef; NBA Finals.
NPR: Iraq-US soldiers' Bodies Found; Senate-Iraq Debate; Iraq-Japanese Troop Pullout; Bush-Vienna; Wall Street; Safavian Conviction; Western Wildfires.

WASHINGTON'S SCHEDULE:

Today's Events In Washington.

White House:

PRESIDENT BUSH — Meets with the President of Austria, Hofburg Palace, Vienna; meets with the Chancellor of Austria, Hofburg Palace, Vienna; meets with European Union leaders, Hofburg Palace, Vienna; participates in the US-EU meeting, Hofburg Palace, Vienna; participates in media availability, Hofburg Palace, Vienna; participates in a roundtable with foreign students, National Library, Vienna; participates in a tour of the National Library, Vienna.

VICE PRESIDENT CHENEY — No public schedule.

US Senate: 9:30 a.m. ENVIRONMENT AND PUBLIC WORKS _ Full Committee. Hearing on technology and chemcial site security. Dennis C. Hendershot, American Institute of Chemical Engineers, Philip J. Crowley, Center for American Progress; David A. Moore, president and CEO, AcuTech Consulting Group; Lisa P. Jackson, commissioner,

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New Jersey Department of Environmental Protection; Charlie Cott, Missouri Farmers Association. Location: Room 628, Dirksen.

9:30 a.m. FOREIGN RELATIONS _ Full Committee. Hearing on the UN Convention Against Corruption. Samuel M. Witten, Department of State; Bruce C. Swartz, deputy assistant attorney general, Alan P. Larson, chairman, Transparency International-USA; William A. Reinsch, president, National Foreign Trade Council. Location: Room 419, Dirksen.

9:30 a.m. INDIAN AFFAIRS _ Full Committee. Hearing on pending business. Location: Room 485, Russell.

9:30 a.m. JUDICIARY _ Full Committee. Hearing on copyright protection and promotion of innovation. LeVar Burton, Directors Guild of America, Los Angeles; Dan Glickman, chairman and CEO, Motion Picture Association of America; Gary Shapiro, president and CEO, Consumer Electronics Association; Chris Cookson, Warner Bros. Entertainment, Burbank, Calif.; Matt Zinn, TiVo Inc., Alviso, Calif.; Gigi Sohn, president, Public Knowledge. Location: Room 226, Dirksen.

10 a.m. COMMERCE, SCIENCE AND TRANSPORTATION _ Surface Transportation Subcommittee. Hearing on ``Economics, Service and Capacity in the Freight Railroad Industry." Jayetta Hecker, GAO; W. Douglas Buttrey, chairman, Surface Transportation Board; Dale Schuler, President, National Association of Wheat Growers; Glenn English, National Rural Electric Cooperative Association; John McIntosh, President, Chlor Alkali Products, Olin Corporation; John Ficker, President, The National Industrial Transportation League; Edward R. Hamberger, President and CEO, Association of American Railroads. Location: Room 562, Dirksen.

10 a.m. SPECIAL AGING _ Full Committee. Hearing on management of retirement assets by seniors. Actor/writer Ben Stein; MetLife President C. Robert Henrickson; Stephen Utkus of the Vanguard Center for Retirement Research; LeRoy Gilbertswon of AARP. Location: Room 106, Dirksen.

10:30 a.m. SMALL BUSINESS AND ENTREPRENEURSHIP _ Full Committee. Confirmation hearing on Steven Preston nomination to be SBA Administrator. Location: Room 428A, Russell.

11:30 a.m. ENERGY AND NATURAL RESOURCES _ Full Committee. Votes on pending nominations. Location: Room 366, Dirksen.

2 p.m. JUDICIARY _ Constitution, Civil Rights and Property Rights Subcommittee. Hearing on the Voting Rights Act. Debo Adegbile, NAACP Legal Defense and Educational Fund; Gerald A. Reynolds, chairman, U.S. Civil Rights Commission; Don Wright, North Carolina Board of Elections; John J. Park Jr. - Office of the Attorney General, Montgomery, Ala. David Canon - professor, Department of Political Science, University of Wisconsin, Madison, Wis. Carol Swain - professor of political science and professor of law, Vanderbilt University, Nashville, Tenn. Location: Room 226, Dirksen.

2:30 p.m. COMMERCE, SCIENCE AND TRANSPORTATION _ Technology, Innovation and Competitiveness Subcommittee. Hearing on ``Accelerating the Adoption of Health Information Technology." Former House Speaker Newt Gingrich; John Halamka, Chairman, Healthcare Information Technology Standards; Dr. Mark Leavitt, Chairman, Certification Commission for Health Information Technology; Michael Raymer, Senior Vice President for Global Product Strategy, GE Healthcare; Kevin Hutchinson, President and Chief Executive Officer, SureScripts LLC; Phillip T. Ragon, Chief Executive Officer and Founder, InterSystems Corporation. Location: Room 562, Dirksen.

2:30 p.m. ENERGY AND NATURAL RESOURCES _ Public Lands and Forests subcommittee. Hearing to review the GAO report on ``Wildland Fire Suppression." Robert Robertson, GAO; Assistant Interior Secretary Nina Hatfield; USDA Undersecretary Mark Rey; Tom Harbour, Forest Service; Arizona State Forester Kirk Rowdabaugh. Location: Room 366, Dirksen.

2:30 p.m. FOREIGN RELATIONS _ International Economic Policy, Export and Trade Promotion Subcommittee and Western Hemisphere, Peace Corps and Narcotics Affairs Subcommittee. Joint hearing on international methamphetamine trafficking. White House Office of National Drug Control Policy Director John Walters, Assistant Secretary of State Anne Patterson, DEA Administrator Karen Tandy. Location: Room 419, Dirksen.

2:30 p.m. SELECT INTELLIGENCE _ full Committee. Closed. Meeting on pending business. Location: Room 219, Hart.

4 p.m. JUDICIARY _ Full Committee. Hearing on pending nomination. Location: Room 226, Dirksen.

US House: FLOOR SCHEDULE _ 10 a.m. Meets for legislative business. Highlights: Suspensions (7 bills): 1) H.R. 5060 - To amend the Federal Financial Assistance Management Improvement Act of 1999 to require data with respect to Federal financial assistance to be available for public access in a searchable and user friendly form; 2) H.R. 5603 - To temporarily extend the programs under the Higher Education Act of 1965, and for other purposes; 3) H.R. 5293 - Senior Independence Act of 2006; 4) H.Con.Res. 426 - Recognizing the Food and Drug Administration of the Department of Health and Human Services on the occasion of the 100th anniversary of the passage of the Food and Drugs Act for the important service it provides to the Nation; 5) H.R. 5573 - Health Centers Renewal Act of 2006; 6) H.R. 5574 - Children's Hospital GME Support Reauthorization Act of 2006; 7) H.Res. 323 - Supporting efforts to increase

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childhood cancer awareness, treatment, and research. H.R. 9 - Fannie Lou Hamer, Rosa Parks, and Coretta Scott King Voting Rights Act Reauthorization and Amendments Act of 2006.

9 a.m. GOVERNMENT REFORM _ Energy and Resources Subcommittee. Oversight hearing on management of the Deep Water Royalty Relief program. Milo Mason, Department of the Interior; Geoffrey Heath, Department of the Interior; Peter Schaumberg, former Attorney of the Department of the Interior; A. Tim Cejka, President, Exxon Exploration Company; Randy Lichbacher, ConocoPhillips; Greg Pilcher, Kerr-McGee; Paul Siegele, Chevron. Location: Room 2154, Rayburn.

9 a.m. INTERNATIONAL RELATIONS _ Full Committee. Markup a resolution requesting the President and Secretary of State to provide doucments regarding the use of military force against Iran. Location: Room 2172, Rayburn.

10 a.m. ARMED SERVICES _ Strategic Forces Subcommittee. Hearing on space and U.S. national power. Lt. Gen. Robert Kehler, U.S. Strategic Command; Ed Morris, Commerce Department; David Cavossa, Satellite Industries Association; Michael O' 1/8Hanlon, Brookings Institution. Location: Room 2212, Rayburn.

10 a.m. ENERGY AND COMMERCE _ Oversight and Investigations Subcommittee. Hearing on Internet data brokers and pretexting. Adam Yuzuk, Atlantic Beach, N.Y.; James Rapp, Touch Tone Information, Parker, Colo.; David Gandal, Shpondow.com, Loveland, Colo.; John Strange, Worldwide Investigations, Denver; Laurie Misner, Global Information Group, Lighthouse Point, Fla.; Jay Patel, Abika.com, Cheyenne, Wyo.; Timothy Berndt, Relia Trace Locate Services, Hudson, Wis. (subpoenaed); Ed Herzog, Global Information Group, Tampa, Fla. (subpoenaed); James Welker, Universal Communications Co., Loveland, Colo. (subpoenaed); Skipp Porteous, Sherlock Investigations, New York City (subpoenaed); Patrick Baird, PDJ Services, Granbury, Texas (subpoenaed); Michele Yontef, TelcoSecrets.com, Tuscon, Ariz. (subpoenaed); Steven Schwartz, First Source Information Specialists, Tamarac, Fla.; (subpoenaed); Carlos Anderson, C.F. Anderson PI, Hollywood, Fla. (subpoenaed). Location: Room 2322, Rayburn.

10 a.m. FINANCIAL SERVICES _ Financial Institutions and Consumer Credit Subcommittee. Hearing on Bank Secrecy Act's implications for money services businesses. Don Carbaugh, Financial Crimes Enforcement Network; Eileen C. Mayer, IRS; Ann F. Jaedicke, Office of the Comptroller of Currency; Diana Taylor, Superintendent of Banks, State of New York; Philip W. Milne, President and CEO, MoneyGram International, Inc.; Gerald Goldman, Financial Service Centers of America; Wayne Abernathy, American Bankers Association; David Landsman, The National Money Transmitters Association, Inc. Location: Room 2128, Rayburn.

10 a.m. HOMELAND SECURITY _ Full Committee. Hearing on the Homeland Security Department's preparedness grants to local communities. DHS Undersecretary George Foresman; New York Mayor Michael Bloomberg; D.C. Mayor Anthony Williams. Location: Room 311, Cannon.

10 a.m. JUDICIARY _ Full Committee. Markup of pending legislation. Location: Room 2141, Rayburn.

10 a.m. VETERANS AFFAIRS _ Health Subcommittee. Hearing on data security at the VA. Brig. Gen. Michael J. Kussman, deputy undersecretary of Veterans Affairs; Craig Luigart, chief information officer, VHA; Robert Riera, special assistant to the chief information officer; Gail Belles, VHA; Robert Seliger, chief executive officer and co-founder, Sentillion Inc. Location: Room 334, Cannon.

10:30 a.m. INTERNATIONAL RELATIONS _ Full Committee. Hearing on democracy in Latin America. Paula J. Dobriansky, undersecretary of State; Adolfo Franco, assistant administrator, USAID; Francisco Flores, former president, El Salvador; Christopher Sabatini, Council of the Americas/Americas Society. Location: Room 2172, Rayburn.

11 a.m. RESOURCES _ Full Committee. Markup of pending legislation. Location: Room 1324, Longworth.

1 p.m. GOVERNMENT REFORM AND SMALL BUSINESS _ Full Committees. Joint hearing on the impact of the Alaska Native Corporation Program on federal procurement and Alaska Native Corporations. David Cooper, GAO; Calvin Jenkins, SBA; Frank Ramos, Department of Defense; Harry Alford, President & CEO, National Black Chamber of Commerce; Ann Sullivan, President, Madison Services Group, Inc.; Chris E. McNeil, Jr., Chairman, Native American Contractors Association; Helvi Sandvik, President, NANA Development Corporation; Bart Garber, Tyonek Services Group; Julie Kitka, President, Alaska Federation of Natives; Charles Totemoff, President & CEO, Chenega Corporation. Location: Room 2154, Rayburn.

1 p.m. JUDICIARY _ Constitution Subcommittee. Hearing on crime victims' rights provisions of the Justice for All Act. Debra Culberson, victim; Mary Lou Leary, Executive Director of the National Center for Victims of Crime; Julie Goldscheid, City University of New York Law School; and Margaret Garvin, Director of Programs for the National Crime Law Institute. Location: Room 2141, Rayburn.

2 p.m. ARMED SERVICES AND INTERNATIONAL RELATIONS _ Full Committees. Hearing on human trafficking. Gail McGinn, Acting principal deputy Undersecretary of Defense; Thomas Gimble, principal deputy Inspector General, Defense Department; John Miller, State Department. Location: Room 2118, Rayburn.

2 p.m. ENERGY AND COMMERCE _ Telecommunications and the Internet Subcommittee. Hearing

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on Universal Service. CBO Acting Director Donald B. Marron; Tom Navin, FCC; Tony Clark, President, North Dakota Public Service Commission; Skip Frantz, Chairman, United States Telecom Association; Richard Cimerman, National Cable and Telecommunications Association; David Crothers, North Dakota Association of Telephone Cooperatives; Paul Garnett, CTIA - The Wireless Association; Staci Pies, PointOne Communications, Austin, Texas; Geoff Feiss, Montana Telecommunications Association; Mark Cooper, Consumer Federation of America. Location: Room 2123, Rayburn.

2 p.m. FINANCIAL SERVICES _ Capital Marketys, Insurance and Government Sponsored Enterprises Subcommittee. Hearing on commercial insurance modernization issues. Tom Minkler, Independent Insurance Agents and Brokers of America; Scott A. Sinder, representing Council of Insurance Agents and Brokers; Bernd G. Heinze, American Association of Managing General Agents; Franklin W. Nutter, president, Reinsurance Association of America; David Gates, representing American Council of Life Insurance; Richard M. Bouhan, National Association of Professional Surplus Lines Offices Ltd. Location: Room 2128, Rayburn.

2 p.m. INTERNATIONAL RELATIONS _ Middle East and Central Asia Subcommittee. Hearing on U.S. assistance to Egypt. Jon B. Alterman,CSIS; Michele Dunne, Carnegie Endowment for International Peace; Thomas O. Melia, Freedom House; Raffi Vartian, Leadership Council for Human Rights. Location: Room 2200, Longworth.

2 p.m. TRANSPORTATION AND INFRASTRUCTURE _ Aviation Subcommittee. Hearing on ``Air Traffic Control Modernization: Present and Future." Russell Chew, Chief Operating Officer, Air Traffic Organization, FAA; Robert Pearce, Acting Director, Joint Planning and Development Office, FAA; Gerald Dillingham, Director, Physical Infrastructure Issues, GAO; Todd Zinser, Acting Inspector General, Office of Inspector General, DOT; Amr A. ElSawy, Senior Vice President and General Manager, Center for Advanced Aviation System Development, The MITRE Corporation. Location: Room 2167, Rayburn.

2:30 p.m. RULES _ Full Committee. Meeting to set rules for floor debate. Location: Room H-313, Capitol.

3 p.m. SELECT INTELLIGENCE _ Full Committee. Closed hearing on pending matters. Location: Room H-405, Capitol.

4 p.m. RESOURCES _ Subcommittee on Forests. Hearing to review report on ``Invasive Forest Pests." Daniel Bertoni, GAO; Paul Eggert, USDA; Jim Hubbard, USDA; Ingrid Aguayo, Colorado State University; Frank Lowenstein, The Nature Conservancy; Bob Slocum, North Carolina Forestry Association. Location: Room 1324, Longworth.

Other: TRANSPORT SUMMIT _ The US Transport Council sponsors the 4th annual Capitol Hill Transport Summit. Highlights: 12 p.m. Luncheon keynote on the future of nuclear power and Yucca Mountain, with Brew Barron of Duke Energy. 1:40 p.m. Special address: Charles Pray, Yucca Mountain Task Force. 3:30 p.m. Afternoon keynote: William Ruland, NRC. 6:30 p.m. Distinguished Leadership Award Dinner Honoring Senator Larry Craig. Location: Hamilton Crown Plaza, 1315 K St. NW.

LIQUEFIED NATURAL GAS _ 9 a.m. - 4 p.m. The National Commission on Energy Policy holds a forum on the challenges of siting Liquefied Natural Gas facilities in the US. Location: Hyatt Regency-Washington on Captiol Hill, 400 New Jersey Ave. NW.

SUPREME COURT WRAP-UP _ 8:30 a.m. - 10 a.m. National Chamber Litigation Center holds 2nd annual End-of-Term Supreme Court Wrap-up. Attorneys will hold a briefing on business cases from this term. Location: US Chamber of Commerce, 1615 H St. NW.

BODMAN _ 9 a.m. Energy Secretary Bodman addresses the National Petroleum Council on crude oil supply and demand issues. Location: Willard Inter-Continental Hotel, 1401 Pennsylvania Ave. NW.

DEMOCRATS-DIRECTION _ 9 a.m. Democratic senators hold an event to call on the GOP leadership to set a new direction to address issues important to the public. Location: Sewall-Belmont House, 144 Constitution Ave. NE.

HOUSE DEMOCRATS _ 9 a.m. Closed meeting of the House Democratic Caucus. Location: Cannon Caucus Room. Notes: Following the caucus, at about 10 a.m. Democratic leaders hold a media availability on the Voting Rights Act and the minimum wage in the stakeout area.

WALL STREET-HEALTH POLICY _ 9 a.m. - 12 p.m. 11th annual ``Wall Street Comes to Washington" roundtable focuses on implications of national health policy. Participants include Morgan Stanley, Goldman Sachs, Merrill Lynch, Fitch Ratings, The Urban Institute, and the Center for Studying Health System Change. Location: Grand Hyatt, 1000 H St. NW.

SPENDING-GOP _ 10 a.m. House GOP leadership holds a news conference to discuss efforts to stop wasteful spending and exercise fiscal restraint. Location: Room HC-6, Capitol.

IRAQ _ 11 a.m. Rep. John Larson, others, hold a news conference on Iraq. Location: Cannon Terrace.

JACKSON _ 11 a.m. Rep. Jesse Jackson, Jr. meets and greets Paul Rusesabagina, who inspired the film Hotel Rwanda. Location: Room 2419, Rayburn.

NATIONAL EDUCATION SURVEY _ 11 a.m. Educational Testing Service releases results of 6th annual nationwide survey of Americans' views on key education issues. Location: Hyatt Regency-Washington on Capitol Hill, 400 New Jersey Ave. NW.

US-JAPAN BEEF _ 11 a.m. Sens. Kent Conrad, Pat Roberts, Max Baucus, Conrad Burns and Ken Salazar hold a

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news conference with ranchers to discuss a bill to encourage Japan to open its markets to U.S. beef. Location: Upper Senate Park.

US TRADE _ 11 a.m. Cato Institute holds a forum on ``US Trade Policy in the Wake of Doha: Why Unilateral Liberalization Makes Sense.'' Participants include Jagdish Bhagwati of Columbia University and the Council on Foreign Relations. Location: 1000 Massachusetts Ave. NW.

YUCCA MOUNTAIN _ 11 a.m. Yucca Mountain Task Force holds news conference to discuss the status of the Yucca Mountain Project and Congressional legislation. Location: Hamilton Crowne Plaza Almas Conference Center 1315 K St. NW.

OFFSHORE DRILLING _ 1 p.m. Rep. Robert Wexler, others, hold a news conference to criticize House Republicans for a deal which would open the Outer Continental Shelf to offshore oil drilling. Location: Cannon Terrace.

DIETARY SUPPLEMENTS _ 1:30 p.m. Sens. Dick Durbin and Orrin Hatch hold a news conference on a bill to require makers and distributors of dietary supplements to report all serious adverse events to the FDA. Location: Room S-324, Capitol.

CHINA-PROTEST _ 1:45 p.m. Preliminary hearing before U.S. Magistrate John Facciola in the case of Wenyi Wang, who shouted out at the White House arrival ceremony for Chinese leader Hu Hintao on April 20. Location: Courtroom 2, U.S. District Court, 3rd St. and Constitution Ave. NW.

VOTING RIGHTS _ 1:45 p.m. News conference with Sen. Patrick Leahy and Reps. James Sensenbrenner and Mel Watt to discuss the renewal of the Voting Rights Act. Contacts: Grace Allen, 202-466-6057. Notes: Callin number: 800-540-0559; passcode: 7VRA.

IRAN _ 2 p.m. The Coalition for a Realistic Foreign Policy holds a news conference on U.S. policy toward Iran, with Chuck Pena of the coalition, Ivan Eland of Independent Institute, Doug Bandow of the Liberty Coalition, others. Location: Room 122, Cannon.

FERMI PRIZE _ 4 p.m. California Energy Commissioner Arthur Rosenfeld receives the $375,000 Fermi Award, presented by Energy Secretary Bodman. Location: National Academy of Sciences, 2100 Constitution Ave. NW.

RNC-DNC SOFTBALL _ 6:45 p.m. Annual RNC-DNC softball game. Location: Catholic University's varsity softball field.

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USDOJ- Office of Public Affairs

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To:	USDOJ- Office of Public Affairs
Subject:	Department of Justice News Clips for Wednesday, June 21, 2006
Attachments:	dojclips060621.pdf; dojclips060621.doc

DEPARTMENT OF JUSTICE *NEWS CLIPS*

PREPARED FOR THE OFFICE OF PUBLIC AFFAIRS, US DEPARTMENT OF JUSTICE

TO: THE ATTORNEY GENERAL AND SENIOR STAFF

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TODAY'S EDITION

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TERRORISM NEWS:

Gov't Presses For Dismissal Of Surveillance Suit (BCN)

Bay City News, June 21, 2006

(BCN) SAN FRANCISCO The U.S. Justice Department has told a federal judge in San Francisco that allowing a surveillance lawsuit against AT&T Corp. to proceed "would cause grave harm to the nation's security."

U.S. District Judge Vaughn Walker is scheduled to hear arguments on Friday on the government's motion for dismissal of a lawsuit filed against AT&T by the San Francisco-based Electronic Frontier Foundation on behalf of four Californians.

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The government contends the case must be dismissed because there is no way it could be litigated without revealing state secrets vital to national security.

In a brief filed with the judge last week, Justice Department lawyers wrote that "the very subject matter of the case is a state secret."

The lawsuit alleges that AT&T has violated communications privacy laws and the plaintiffs' constitutional rights by allegedly giving the National Security Agency records of millions of Americans' telephone and Internet communications.

But the government argues in its brief, "Plaintiffs cannot establish whether or not such cooperation exists because that factual question is itself a state secret."

The brief argues that "the state secrets privilege is solidly rooted" in the president's constitutional authority as commander-in-chief.

The lawsuit was filed only against AT&T, but the government has asked to become a party to the case for purposes of seeking dismissal of the lawsuit.

The Electronic Frontier Foundation has argued that the case against AT&T can proceed without revealing any security secrets.

Fukuyama, Hannah And Zegna (NYT)

By Maureen Dowd

The New York Times, June 21, 2006

Washington

As he launched a progressive journal to ponder big ideas that might help the wretched Democrats stop driving on Ambien and snatch back a little power, Andrei Cherny sought advice from a conservative pundit.

"Who's on your tie?" the pundit asked, explaining that Reaganites had been able to sum up their philosophy in the 80's by wearing Adam Smith and Edmund Burke ties.

Mr. Cherny did not say. (John Stuart Mill?)

So far, Democrats have been more famous for who gave the tie — Monica draped Bill with a Zegna — than who gazed from it.

Besides, Republicans don't own all three branches of government because of little cameo pictures of Adam Smith and Edmund Burke hanging over their blue Oxford button-down shirts. Mr. Smith and Mr. Burke would blanch at the shape W. and Karl Rove have given conservatism — the political muscle of the Christian right, the withering of the social contract, greedy capitalism, fiscal profligacy.

If the Democrats need anything, it's not a new tie. It may not even be big ideas.

The Republicans, after all, got a monopoly while headed by W., a guy who makes Reagan look like Hannah Arendt. "Compassionate conservatism" was an alluring alliteration, not a paradigmatic philosophy.

In politics, big ideas are too often just big slogans and big marketing techniques and big slime campaigns.

Besides, big ideas can backfire. Yesterday, Mr. Cherny and his fellow editor, Kenneth Baer, former Gore speechwriters, introduced their journal, Democracy — it's sort of like Foreign Affairs without the glitz — at a panel at the National Press Club with Francis Fukuyama and Bill Kristol.

Mr. Fukuyama's big idea was The End of History. But a couple of little things like religion and nationalist ideology, not to mention history, got in the way.

Mr. Kristol was a key backer of the neocon push to knock out Saddam and create a model democracy in the Middle East. As he pointed out ruefully yesterday, big ideas cannot survive "contact with politicians, unbruised," and are sometimes "applied inappropriately." That was no doubt a veiled shot at Donald Rumsfeld, whom Mr. Kristol faults for the slide in Iraq.

"And since my relations with conservatives these days are so bad — with Rumsfeld and immigration and other things — I'd just as soon hang out with you guys," the Weekly Standard editor told the room of liberals, bloggers and journalists. "You're less mean."

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You'd think that incorrectly predicting history is over would get you banished from the intelligentsia forever, but Mr. Fukuyama proffered another big idea, warning that the pendulum was not making its customary swing left because "values" voters were clutching it.

"There's a guy I buy my barbecue from who says, 'I think we're in a class war and my class is losing,' " he shared. (Is this The End of Barbecue?) In Europe, he said, such brisket purveyors would be voting for the left, but in America, "the values issues have been much more prominent, and so people who for economic reasons ought to be voting on the left are held still in the Republican column precisely because they don't trust the left on all the issues having to deal with family, and identity, and this sort of thing."

Big ideas are not enough, because personalities and circumstances intervene. What matters is the bearer of an idea.

Bill Clinton had big ideas but short-circuited his presidency when he elevated his chaotic, self-regarding and gluttonous personality to a management style. Al Gore had big ideas but was too neutered by political mercenaries and focus groups to make those ideas compelling. Maybe because she had one idea that was way too big, Hillary has been running away from big ideas as though they're poison.

After 9/11, Dick Cheney transposed his desire to expand executive power and his personal paranoia into a national policy. Ron Suskind reports in his new book, "The One Percent Doctrine," that Vice dictated that the war on terror allowed the administration to summarily reject the need for evidence and analysis before action.

Mr. Suskind describes the Cheney doctrine: "Even if there's just a 1 percent chance of the unimaginable coming due, act as if it is a certainty. It's not about 'our analysis,' as Cheney said. It's about 'our response.' ... Justified or not, fact-based or not, 'our response' is what matters. As to 'evidence,' the bar was set so low that the word itself almost didn't apply."

In the hands of the wrong person, big ideas can be terrifying.

Grassley Accuses FBI Of Botched Terror Investigation, Coverup (WT)

By Jerry Seper

The Washington Times, June 21, 2006

The FBI sought to cover up a "botched" investigation into a terrorist financing scheme by classifying a probe into the case as secret and misleading Congress about how the inquiry was handled, said a senior member of the Senate Judiciary Committee.

Sen. Charles E. Grassley said the FBI blocked the full release of an investigative report he sought last year from the Department of Homeland Security and the Justice Department of what he called a "turf fight" between the FBI and U.S. Immigration and Customs Enforcement (ICE) in a terrorism investigation.

The Iowa Republican, a frequent FBI critic who also serves as chairman of the Senate Finance Committee, said the FBI classified as "secret" sections of the report originally marked as "unclassified" during a review process.

Mr. Grassley said an unexplained delay by the FBI in processing a request by ICE investigators for a wiretap in the terrorist probe prevented the interception of communications between a criminal suspect and a person designated as a global terrorist by the Treasury Department.

"The FBI has a leadership role on terrorism financing cases by virtue of a May 2003 memorandum of agreement (MOA) between the Homeland Security and Justice departments, not by any statute or congressional mandate," Mr. Grassley said in a letter to FBI Director Robert S. Mueller III.

"The facts established in the [Office of Inspector General] report do not instill confidence in the FBI's ability to lead under the process established by the MOA," he said, adding that it was "a clear conflict of interest" for FBI officials to edit criticisms of their actions.

Mr. Grassley also targeted Mr. Mueller, saying that during a Senate Judiciary Committee hearing in May, the director painted "a distorted picture" of findings in the report from the inspectors general at Homeland Security and Justice, reading "selectively" from unclassified portions.

FBI spokesman Richard Kolko said the bureau received Mr. Grassley's letter but that "it would not be appropriate to discuss this letter or the response in the press."

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The senator said the FBI initially blamed the delay on the bureau's Houston field office, which failed to transfer the case to the Joint Terrorism Task Force, but Mr. Grassley said evidence showed FBI headquarters raised a number of issues to slow the approval process, none of which related to whether the case had been transferred.

"This raises questions about whether the true motivation for delaying the case may have been to prevent a rival agency from infringing on FBI turf," said Mr. Grassley, adding that several federal agencies agreed there was probable cause for a wiretap.

Mr. Grassley said the MOA giving the FBI's Terrorism Financing Operations Section the lead role in cases involving terrorist financing operations had created "a strong disincentive for those outside the FBI to investigate suspected terrorist financing."

Qaeda Says Man Was To Take Part In 9/11 Attacks (NYT/AP)

By The Associated Press

The New York Times, June 21, 2006

WASHINGTON, June 20 (AP) — Al Qaeda has identified a would-be 20th hijacker for the Sept. 11 attacks as a Saudi who was killed in a 2004 shootout with his country's security forces.

In a statement accompanying a new video, whose authenticity has not been verified, Al Qaeda's propaganda arm asserts that the Saudi, Fawaz al-Nashimi, also known as Turki bin Fuheid al-Muteiry, would have rounded out a team that ultimately took over United Airlines Flight 93, which crashed in Pennsylvania before reaching its target.

A video featuring Mr. Nashimi was obtained Tuesday by IntelCenter, a United States government contractor based in Virginia. American counterterrorism officials declined to comment on the authenticity of the video and its claims.

The video includes images of Mr. Nashimi justifying attacks against the West. It also contains 27 minutes of audio of a siege in May 2004 on oil facilities in Khobar, Saudi Arabia, in which he took part.

Screeching tires and gunfire are heard. A voice can be heard asking in Arabic, "Where are the Americans?"

In the attack, militants opened fire inside two oil industry office compounds, then moved on to a residential area. Twenty-two people were killed. Mr. Nashimi was killed the next month in a gun battle with Saudi forces.

The video offered no explanation of why Mr. Nashimi did not take part in the 9/11 attacks.

American counterterrorism officials have believed for some time that the original plot included another hijacker on Flight 93, which had only four attackers. The two planes that flew into the World Trade Center and the one that flew into the Pentagon each had five hijackers.

Al-Qaeda Identifies Would-Be 20th Hijacker (WP/AP)

By The Associated Press

The Washington Post, June 21, 2006

Al-Qaeda has identified a would-be 20th hijacker for the Sept. 11, 2001, attacks as a Saudi operative who was killed in a 2004 shootout with his country's security forces.

In a statement accompanying a new video, the terrorist network's propaganda arm identified Fawaz al-Nashmi, also known as Turki bin Fuheid al-Muteiry, as the operative who would have joined the four terrorists who took over United Airlines Flight 93, which crashed into a Pennsylvania field.

A 54-minute video featuring al-Nashmi was obtained yesterday by IntelCenter, a U.S. government contractor based in Virginia. U.S. counterterrorism officials declined to comment on the authenticity of the video and its claims.

The video included a screen crediting the al-Sahab media committee with producing the message. While no one is known to have forged the group's work, its statements are often difficult to verify.

The video includes footage of al-Nashmi justifying attacks against the West. It also contains 27 minutes of previously unheard audio of a siege that he took part in on oil facilities in Khobar, Saudi Arabia.

Screeching car tires and gunfire are heard as the terrorist cell moved from building to building. A voice can be heard saying in Arabic: "Where are the Americans? . . . Give me the information."

The demands are punctuated with more gunfire.

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In the May 2004 attack, militants dressed in military-style uniforms opened fire inside two oil industry office compounds and then moved to an upscale residential area. They took 45 to 60 hostages. Saudi security forces stormed the complex, but three of the militants escaped, including al-Nashmi. Twenty-two people were killed in the 25-hour rampage, almost all of them foreigners, including one American.

Al-Nashmi was killed the following month in shootout with Saudi forces.

The Khobar assault was one of a series of attacks against foreigners by al-Qaeda's Saudi branch in 2003 and 2004, aimed at undermining its U.S.-allied royal family.

U.S. counterterrorism officials have believed for some time that the original 9/11 plot included a fifth hijacker for Flight 93.

Federal agents at first thought al-Qaeda conspirator Zacarias Moussaoui was intended to be on that flight, but they later revised their information.

The Sept. 11 commission identified al-Qaeda member Mohamed al-Kahtani, who was turned away at Orlando International Airport in August 2001, as a possible would-be 20th hijacker.

U. Of Ark. Graduate Cleared In Terror Case (AP)

AP, June 21, 2006

Fayetteville, Ark. (AP) -- A University of Arkansas graduate has been acquitted of attempting to provide material support to a Palestinian terrorist organization but convicted of immigration charges.

Arwah Jaber, 33, faces a maximum of 10 years in prison on each count of obtaining his naturalization unlawfully and making false statements on passport and immigration applications.

The government moved to revoke his citizenship after the jury returned its verdicts Monday.

U.S. District Judge Jimm Larry Hendren on Tuesday gave both sides 10 days to submit written arguments on that issue.

Jaber came to the attention of authorities when he talked openly about joining Palestinian Islamic Jihad, a group the U.S. government considers a terrorist organization. He was arrested last year as he was about to board a flight and maintains he was going to the Middle East to visit relatives. The government says he wanted to join the holy war.

"We don't know what the consequences would have been," said U.S. Attorney Bob Balfe. "We had to take action."

Jaber was born on the West Bank and became a U.S. citizen in 1994. He testified last week he made the statements about Palestinian Islamic Jihad because he was upset at delays in obtaining his degree. He received a doctorate in chemistry from the university last fall.

He admitted using a false Social Security number but said he needed it to obtain credit cards in his Palestinian name, Orwah Houshia. He said he did not include the name Orwah Houshia on immigration papers because he had used Arwah Jaber previously for immigration documents.

Jaber said he now expects to leave the country with his wife, Dawn, and find a teaching position in the Middle East.

"I am not a terrorist. (The jury) knew it," Jaber said after Monday's verdict.

Jaber Retains Citizenship For Now (SPRINGDN)

By Trish Mehaffey, The Morning News

Springdale (AR) Daily News, June 21, 2006

FAYETTEVILLE -- Arwah Jaber retains his American citizenship for now but a motion to revoke it was taken under advisement today by U.S. District Judge Jimm Larry Hendren.

Jaber, a naturalized U.S. citizen born in the West Bank town of Yamoun, was acquitted Monday of providing material support to the recognized terrorist organization, Palestinian Islamic Jihad, but he was convicted on five lesser charges related to immigration and credit card fraud. The convictions will likely be grounds to revoke his citizenship.

U. S. Attorney Wendy Johnson filed a motion Monday to revoke his citizenship.

The motion was argued today during a hearing.

John Wesley Hall, Jr., Jaber's attorney, questioned whether the court has the jurisdiction to order Jaber to be detained for the federal Immigration and Customs Enforcement agency.

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Hall also asked the court if the statute mentioned in the revocation request meant conviction as when the jury renders a verdict or after sentencing. Hall asked the court if Jaber's naturalization is revoked and then the defense wins an appeal, would Jaber's naturalization be reinstated.

Hendren said in that specific situation, the higher court would probably vacate any order from the district court.

Hendren said he was unclear on the statute's meaning of "upon conviction." A return of a verdict isn't a conviction and based on some other cases, the revocation wasn't considered until sentencing, he said.

A revocation of naturalization is an important consideration for the court because a person goes through a lengthy process to attain it, Hendren said. He asked the attorneys to provide briefs within 10 days on the motions and he will rule at that time.

Jaber said today he was happy with Hendren's decision regarding his citizenship. It took seven years for him to gain naturalization, and he appreciated the judge's thoughts, he said.

"It (naturalization) really is a sacred thing," Jaber said. "It's difficult to earn citizenship."

Jaber plans to go back home and teach when his legal problems are over. He received his doctorate in chemistry from the University of Arkansas. He said he would like to stay and teach in Arkansas if allowed but realizes that may not be possible.

Jaber still could face jail time on the charges of making false statements to obtain a passport and unlawful procurement of naturalization and credit card fraud.

He will be sentenced within 90 days after a presentencing investigation is completed.

The defense is still considering whether it has grounds for an appeal.

Hendren also ruled to keep Jaber under the same bond and the same orders of wearing an electronic monitor. He has surrendered his passport. The judge asked Jaber to make himself "reasonably available" for his attorneys and the court during the presentencing investigation time.

Jaber said he hadn't left Washington County since his arrest last year. Under his bond, he is suppose to stay in the county and has to get permission to go anywhere else.

Jaber and his wife, Dawn, were pulled out of line by FBI agents at the Northwest Regional Airport on June 14, 2005 on their way to Palestine. Jaber told his doctoral professor and others at the university that he was going to Palestine to "fight for freedom, peace and justice." Jaber testified last week he was frustrated with a professor over delays in graduating and made the statements in an effort to sway the teacher into approving his degree.

He said he didn't mean any of it and recanted the statements under questioning by FBI agents.

Arkansas Man Acquitted Of Terror Charges (NYT)

By Steve Barnes

The New York Times, June 21, 2006

Arwah Jaber, a naturalized United States citizen born in the West Bank, was acquitted of federal charges that he tried to assist the Palestinian Islamic Jihad, which the United States government lists as a terrorist organization.

But Mr. Jaber was convicted of five lesser offenses, including lying to immigration officials. Judge Jimm L. Hendren of Federal District Court in Fayetteville took under advisement the prosecution's petition to strip Mr. Jaber of his citizenship.

Mr. Jaber, 33, acknowledged expressing a wish to join the jihad but said he had merely been frustrated at the time it had taken to graduate from the University of Arkansas.

Judge Orders Disclosure Of Details In Padilla Terror Case (AP)

By Curt Anderson

AP, June 21, 2006

MIAMI - A federal judge ordered prosecutors Tuesday to turn over more detailed evidence to back up allegations that Jose Padilla and two co-defendants conspired to kill, injure or kidnap people overseas as part of a global Islamic terrorist network.

U.S. District Judge Marcia Cooke said she agreed with many of the claims made by defense attorneys that the federal indictment against Padilla and the others is "very light on facts" that would link the defendants to specific acts of terrorism or victims.

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"We are so shooting in the dark," said Jeanne Baker, one of the attorneys representing defendant Adham Amin Hassoun. "The government has to tell us, what are these acts they conspired to commit?"

Hassoun, Padilla and others are charged with being part of a North American terror support cell that provided money, recruits and supplies to al-Qaida and other violent Islamic extremist organizations. All have pleaded not guilty, with trial scheduled for this fall.

Cooke ordered the government to flesh out its charges by providing defense lawyers with names of unindicted co-conspirators, broad descriptions of intended victims of alleged acts of violence and specifics about false statements Hassoun allegedly made about the meaning of phone calls intercepted by the government.

The judge's order came despite arguments from Brian Frazier, an assistant U.S. attorney, that most of the specifics were being turned over already, mainly in the form of more than 225 key phone intercepts. And, he contended, there were 80 specific illegal acts alleged in the indictment.

"What is terrorism but a random act of violence? It means anyone could be a victim at any time," Frazier said.

The complexity of the case, with huge amounts of classified material and some 50,000 intercepted phone calls, led prosecutors and defense lawyers to tell Cooke that it seems unlikely the case will go to trial in early September as scheduled. But Cooke, noting that Hassoun and Padilla have both been in federal custody since 2002, refused for now to order a delay.

"At some point in time, a date has to be set. We have to go forward," she said.

Earlier Tuesday, another federal judge heard arguments from Hassoun's lawyers seeking to suppress evidence seized by the FBI from his Broward County home, saying the FBI "frightened and intimidated" his wife before seizing a handgun and other key evidence such as documents in Arabic and videotapes.

An FBI agent, however, testified Hassoun's wife freely consented in writing to the search of the home in Sunrise after he was arrested on an immigration violation on June 12, 2002.

"She didn't have a problem with that," the agent, Gregory McDermott, told U.S. Magistrate Judge Stephen Brown at a hearing. "It was very professional and friendly."

Brown did not indicate when he would rule on Hassoun's motion to suppress evidence obtained in the 2002 search.

Hassoun's lawyers say his wife, Nahed Wannous, thought that she was being asked to produce only her husband's immigration documents and that she was "frightened and intimidated" by two FBI agents and one immigration agent who appeared at her door that night.

At one point, Wannous indicated she wanted a lawyer, but agreed to sign the FBI search consent form after immigration agent Mary Rodriguez said she told Wannous that she wasn't under arrest. Rodriguez testified there was never a threatening atmosphere in the house.

"It was never any raised voices, never intimidating," Rodriguez said.

The 9mm handgun that was seized from Hassoun's garage resulted in a charge of illegal possession of a weapon by an alien admitted to the United States on a non-immigrant visa. The other seized papers, documents and videotapes are part of the government's claim that Hassoun acted as an al-Qaida recruiter and fundraiser.

Hassoun's lawyers have been trying to arrange Wannous - now living in Beirut, Lebanon, and unwilling to travel to the United States - to give a videotaped statement about the FBI search. But that has not yet happened.

"We have a critical witness who could not be here today," Baker said.

Padilla was designated an "enemy combatant" and held for 3 1/2 years without charge by the Bush administration shortly after his May 2002 arrest at Chicago's O'Hare International Airport. He was accused then of plotting to detonate a radioactive "dirty bomb" in a major U.S. city.

Padilla was added as a defendant in the Miami terror support cell case last year amid a legal struggle over President Bush's authority to hold him indefinitely. The Miami indictment does not mention the "dirty bomb" allegations.

Man Renews 20-Year Battle For Citizenship (LAT)

By John Spano, Times Staff Writer

The Los Angeles Times, June 21, 2006

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A man at the center of a long-running immigration legal fight that came to be known as the "L.A. 8" case returned to court Tuesday to renew his two-decade-long quest for citizenship.

Aiad Barakat, 45, walked with a pronounced limp to the witness stand in federal court downtown and in halting English fielded a barrage of questions in a bid to avoid deportation.

Almost 20 years ago, federal officials sought to deport Barakat and seven others because of their association with causes promoting Palestinian statehood, such as the Popular Front for the Liberation of Palestine.

The eight were never accused of an act of terrorism or of any other crime.

Rather, they were targeted for deportation on the grounds that they allegedly had raised money for the Popular Front, a group the government suspected of terrorist activities.

The group won a victory in 1989 when a judge struck down as unconstitutional portions of a federal law that allowed deportation to be based on political affiliation and advocacy. The charges against the L.A. 8 have been reworked at least three times since, reflecting changes in immigration and anti-terrorism laws, some of which were tailored to be applied retroactively to this case.

Constitutional questions are not at issue in the current case. The only question in court Tuesday was whether Barakat should be denied citizenship for allegedly lying about his association with Palestinian advocate Ali Kased when he sought U.S. citizenship.

The government plans to introduce an FBI surveillance videotape of a meeting Barakat attended with Kased, described as a prominent Palestinian activist, in 1985 outside of Los Angeles. The meeting purportedly lasted two hours and dealt with Palestinian causes and fundraising.

"Mr. Barakat gave false testimony to obtain an immigration benefit, and thus he is not a person of good moral character," the government asserted in court papers.

Barakat's lawyers insist he had a right to engage in political activity and said he may not have remembered the meeting when questioned by immigration officials. U.S. District Judge Steven V. Wilson is presiding over the case, which is scheduled to continue today.

Wanted: A System Of Justice (WP)

The Washington Post, June 21, 2006

SEPT. 11 MASTERMINDS Khalid Sheik Mohammed and Ramzi Binalshibh, along with numerous other infamous al-Qaeda figures, have been in American custody for years. So has Mohamed Qatani, who was allegedly to be the 20th hijacker. None has faced trial for his crimes. Nor have any of the hundreds of lesser foreign detainees captured in the war on terrorism. Nearly five years after the Sept. 11 attacks, the Bush administration's plans for bringing the enemy to justice are a shambles. This failure has been one of the most easily avoidable blunders in the war on terrorism.

In the next few days the Supreme Court is expected to pass judgment on the administration's effort to establish military commissions -- a long-dormant trial system the executive branch seeks to revive in order to try al-Qaeda terrorists. But even if the court lets the commissions stand, the administration should go back to the drawing board, to create a fairer system for trying alleged war criminals in which this country can have confidence.

Not every detainee can be put on trial. But those who plan, assist or participate in acts of terrorism can face charges under the laws of war. Where trials are possible, criminal convictions provide a more legitimate basis for long-term incarceration than any kind of detention without charge. Trials also provide public accountability for unspeakable crimes and plots -- that is, they provide a measure of justice.

The administration is correct that U.S. federal courts often will not be the right venue for such trials. Evidence collected in the rough and tumble of a shooting war doesn't always meet the rigorous standards that courts here rightly demand. The government may have good reason to withhold witnesses or classified information. Given that foreigners abroad do not have full constitutional rights, the administration's impulse to create an alternative trial mechanism with some flexibility was reasonable. Had it gone to Congress and sought authorization to use a variation of military courts-martial, with clear rules and a codification of the offenses such tribunals were to judge, it might today have a vibrant system of justice at Guantanamo Bay.

Instead, the administration sought to rewrite the rules from scratch and revive a system of trial not seen since the World War II era. The reason for this fateful error was largely ideological: The White House wished not merely to conduct trials but also to emphasize the president's power to do it on his own. Consequently, the executive branch alone has defined the offenses to be tried by commission and it alone has written the trial rules, which have shifted repeatedly. The legality of the system has been in doubt from its inception. And while the rules have improved over time, they still permit unfairness. The result: a system that inspires little confidence here or abroad and that in five years has yet to produce one trial.

Even if the Supreme Court erases the cloud of legal uncertainty in the coming days, it makes no sense to proceed in this fashion. Instead, Congress should write a law clarifying that courts-martial will try these cases and modifying the model if necessary. The military uses this system to try its own personnel every day. More than the commissions, courts-martial would guarantee due process to detainees: the right to challenge evidence, a full appeal to the federal courts. Trials by court-martial are accepted around the world as fair.

At the same time, the system could be modified to take into account the government's needs in a continuing war. These might give prosecutors more leeway to use hearsay evidence in some cases, or to protect intelligence secrets. There may be circumstances when the accused will need to be excluded from proceedings and have his interests represented by counsel cleared to handle sensitive information. But such departures from traditional trial rules should be narrowly drawn. They should be the product of a deliberative legislative process, not a fiat from the executive branch; written into law, not existing as rules the Pentagon can change whenever convenient.

The conflict with Islamic extremists will not be over soon. The nation needs now, and will continue to need, a means to try some of the most fateful criminals of all time according to fair rules that bear the stamp of democratic approval: legislative enactment. Only the administration's rigidly ideological approach to this problem prevents its timely resolution.

This is the fourth in a series of editorials about the Bush administration's detention and treatment of foreign prisoners. The full series will be available athttp://www.washingtonpost.com/opinions.

HOMELAND RESPONSE:

Police Skirt Privacy Laws By Using Data Brokers (AP)

By Ted Bridis And John Solomon, Associated Press

AP, June 21, 2006

Buying records is quicker than subpoenas but raises concerns

WASHINGTON – Federal and local police across the country have been gathering Americans' phone records from private data brokers without subpoenas or warrants.

These brokers, many of whom market aggressively on the Internet, have broken into customer accounts online, tricked phone companies into revealing information and sometimes acknowledged that their practices violate laws, according to documents obtained by The Associated Press.

Legal experts and privacy advocates said police reliance on private vendors who commit such acts raises civil liberties questions.

Those using data brokers include agencies of the Homeland Security and Justice departments – including the FBI and U.S. Marshals Service – and municipal police departments in California, Florida, Georgia and Utah. Experts believe hundreds of other departments frequently use such services.

"We are requesting any and all information you have regarding the above cell phone account and the account holder ... including account activity and the account holder's address," Ana Bueno, a police investigator in Redwood City, Calif., wrote in October to PDJ Investigations of Granbury, southwest of Fort Worth.

An agent in Denver for U.S. Immigration and Customs Enforcement, Anna Wells, sent a similar request on March 31 on Homeland Security stationery: "I am looking for all available subscriber information for the following phone number," Ms. Wells wrote to a corporate alias used by PDJ.

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Congressional investigators estimated the U.S. government spent $30 million last year buying personal data from private brokers. But that number probably understates the breadth of transactions, since brokers said they rarely charge law enforcement agencies.

A lawmaker who has investigated the industry said Monday he was concerned about data brokers.

"There's a good chance there are some laws being broken, but it's not really clear precisely which laws, said Rep. Ed Whitfield, R-Ky., head of the House Energy and Commerce investigations subcommittee that plans to begin hearings today.

Documents gathered by Mr. Whitfield's committee show that data brokers use trickery, impersonation and technology to gather phone records. "They can basically obtain any information about anybody on any subject," Mr. Whitfield said.

James Bearden, a Texas lawyer who represents four such data brokers, likened the companies' activities to the National Security Agency, which has also surreptitiously compiled the phone records of some Americans.

"The government is doing exactly what these people are accused of doing," Mr. Bearden said. "These people are being demonized. These are people who are partners with law enforcement on a regular basis."

Larry Slade, PDJ's lawyer, said no one at the company violated laws, but he added, "I'm not sure that every law enforcement agency in the country would agree with that analysis."

PDJ always provided help to police for free. "Agencies from all across the country took advantage of it," Mr. Slade said.

The police agencies told The Associated Press they used the data brokers because it was quicker and easier than subpoenas, and their lawyers believe their actions did not violate the Fourth Amendment's guarantee against unlawful search and seizure.

None of the police agencies interviewed by AP said they researched their data brokers to determine how they gathered sensitive personal information. Privacy advocates bristled over data brokers gathering records for police without subpoenas.

"This is pernicious, an end run around the Fourth Amendment," said Marc Rotenberg, head of the Washington-based Electronic Privacy Information Center, which advocates tougher regulation of data brokers. "The government is encouraging unlawful conduct; it's not smart on the law enforcement side to be making use of information obtained improperly."

Legal experts said law enforcement agencies would be permitted to use illegally obtained information from private parties without violating the Fourth Amendment as long as police did not encourage crimes to be committed.

"If law enforcement is encouraging people in the private sector to commit a crime in getting these records, that would be problematic," said Mark Levin, a former top Justice Department official under President Reagan.

Congress Investigates Methods Of Data Sellers (USAT)

By Peter Eisler

USA Today, June 21, 2006

WASHINGTON — Congress begins hearings today on the techniques used by private data-collection companies to obtain phone records and other information.

Law enforcement agencies often go to such companies for information. They do so to save time and avoid seeking subpoenas or warrants for the information, even though the data brokers do not always obtain their information legitimately, according to an investigation by the House Energy and Commerce investigations subcommittee. Agencies using data from these companies include the FBI, Justice Department and Department of Homeland Security and state and municipal police departments from Florida to California.

“Most of these data brokers procure the records and information, either themselves or through third-party vendors, by the use of pretext — that is, the use of ruse, lies and deception to gain access to information that is not publicly available and which they do not have the consent of the ‘target' to procure,” subcommittee spokesman Kevin Schweers says. “Many documents … show that the data brokers are completely aware that the phone records and other information is largely acquired through pretext.”

The subcommittee, chaired by Rep. Ed Whitfield, R-Ky., will hold a series of hearings on the matter. Details of the investigation's findings were first reported by the Associated Press.

The subcommittee's investigation found that law enforcement agencies often turn to data brokers for phone records, such as unlisted numbers and information on calls made and received by suspects in an investigation. In many cases, officers would have to get a warrant or subpoena to get the same information from phone companies.

This spring, the Government Accountability Office, the investigative arm of Congress, reported that federal law enforcement agencies spent about $30 million last year to buy information from data brokers. That figure, however, only includes money paid to legitimate data-collection companies, Schweers says. Smaller, less scrupulous firms often do not charge law enforcement agencies for data, he says, so gauging how often federal, state and local authorities use them is difficult.

TSA Delays Registered Traveler Program (AP)

The AP, June 20, 2006

WASHINGTON -- A program to let frequent flyers breeze through airports has been delayed as the government and private businesses grapple with ways to ensure retention of tough security standards.

The Registered Traveler program, which has been tested at Orlando International Airport and four other airports, was supposed to be rolled out gradually starting Tuesday. But Transportation Security Administration spokeswoman Yolanda Clark said the agency was still working with private firms running the program to make certain that it "does not decrease security in any way."

Registered Traveler would have allowed certain airline passengers to quickly go through a separate airport security lane if they paid a fee, passed a government background check and submitted fingerprints. The TSA wants private contractors to run the program, but said that travelers must be able to use the pass at every airport that offers it.

Clark said the contractors must also make sure the program doesn't hold up travelers who aren't enrolled for the fast security clearance.

She could not immediately estimate when the program might be ready.

Government Orders Anthrax Drug (NYT)

By Eric Lipton

The New York Times, June 21, 2006

The Department of Health and Human Services has placed a $165 million order for 20,000 doses of a new anthrax drug that it hopes to put in a biodefense stockpile starting in 2009.

The drug, Abthrax, neutralizes the deadly toxin that anthrax bacteria produce, which accounted for the majority of deaths in the 2001 anthrax attacks, said Dr. Gerald Parker, acting assistant secretary for public health emergency preparedness.

Lower-Cost Plan For 9/11 Memorial Is Proposed (WSJ)

By Alex Frangos

The Wall Street Journal, June 21, 2006

A simpler plan for the World Trade Center memorial will include several cost-saving design changes, while aiming to preserve the overall look and feel of the project.

In a report commissioned by New York Gov. George Pataki and New York Mayor Michael Bloomberg, real-estate developer Frank Sciame suggested modifications that would bring the cost of the memorial and an adjacent museum to $510 million, plus another $150 million for underground infrastructure. (See the updated renderings.)

New York State would spend an additional $80 million on a visitors center. A cost estimate in May showed the project, minus the visitors center, approaching $1 billion.

The basic design remains similar to architect Michael Arad's original "Reflecting Absence" plan -- including a street-level plaza with two square openings, the Twin Towers' footprints. Waterfalls will cascade from the edges of the footprints into below-ground reflecting pools.

The changes Mr. Sciame announced include moving the carved-in-stone names of 9/11 victims to ground level and reducing the size of underground galleries. Under the new plan, visitors would ponder the names amid an open-air, tree-lined park, rather than underground, as proposed by Mr. Arad.

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Mr. Arad was rankled by the adjustments to his design but struck a conciliatory tone. "While I am disappointed by this change, I recognize the imperative to move forward and begin construction of the memorial as soon as possible," he said.

Other modifications include doing away with an entry pavilion and combining that function with the visitors center on Greenwich Street, wedged between the two footprints. An underground museum that would document the attacks and their aftermath will be reduced in size.

The board of the Lower Manhattan Development Corp., a state-city agency that guides the rebuilding, will vote on the changes at its meeting next week. Despite the redesign, Mr. Sciame said the memorial is still scheduled to open on Sept. 11, 2009.

Mr. Sciame also called for the Port Authority of New York and New Jersey, which owns the site, to build the memorial. Doing so would create "economies of scale," he said, that would reduce the underground-infrastructure cost, since the bistate agency is also building the nearby transit hub and Freedom Tower. The Port Authority has already agreed to pay $100 million toward the memorial's infrastructure, which includes delivery ramps, drainage and air-conditioning equipment.

"We will take responsibility for construction as long as a final design has been established and a firm funding plan is in place," said Port Authority spokesman Steve Coleman.

Even with the changes, the memorial is $130 million short of the $510 million construction budget. That doesn't include operating costs, estimated to be at least $40 million a year. The World Trade Center Memorial Foundation, a publicly chartered, privately run group in charge of fund raising, has brought in $130 million from private sources and has $250 million in federal government money.

"With the expected resolution of cost and finality of design by the end of this month, we plan to launch our national advertising campaign in early July," said Joe Daniels, acting president of the memorial foundation. "This memorial will require the participation of people from across the country and around the world."

New Design For WTC Memorial Cuts Cost In Half (USAT)

By Martha T. Moore

USA Today, June 21, 2006

NEW YORK — In a change that pleases many victims' family members, a revised design for a memorial commemorating those who died Sept. 11, 2001, will have the names of the victims inscribed above ground on walls surrounding square sunken pools instead of in subterranean galleries.

The change was announced Tuesday as part of a redesign to cut the project's cost to $500 million from nearly $1 billion. In the original plan for the memorial, the names were to have been below ground, surrounding two pools representing the destroyed twin towers of the World Trade Center. A committee appointed by New York Gov. George Pataki and Mayor Michael Bloomberg spent a month revising the project to cut its cost.

The names of the 2,749 people who died in the attack will now be viewable at all times. Visitors will not have to pass through security into the memorial museum, which is to be largely underground.

The change trades “the sanctity and the quietude” of the underground galleries for greater access, says Rick Bell, who is executive director of the New York chapter of the American Institute of Architects and a consultant to the committee that made the budget-driven revisions.

The redesign, which focused on changes with big impacts on the budget, did not address how the unidentified remains of those who died would be stored or where to locate a planned private viewing area for family members.

Some family groups had pressed for the names to be above ground. “We are very anxious to … help build it when it's right,” says Anthony Gardner, head of the World Trade Center United Family Group. “This is a step in that direction.” His organization wants victims to be listed in related groups according to where they worked. The memorial design calls for the names to be listed randomly.

9/11 Memorial's Design Revised To Save $285 Million (WP)

By Sara Kugler

The Washington Post, June 21, 2006

NEW YORK, June 20 -- A somewhat scaled-down design for the Sept. 11 memorial that retains the central elements of the original -- including reflecting pools and the inscribed names of the victims -- was unveiled Tuesday after the project was sent back to the drawing board because the cost was pushing $1 billion.

Mayor Michael R. Bloomberg (R) and Gov. George E. Pataki (R) signed off on the more modest proposal, more than a month after asking developer Frank Sciame to find ways to reduce the cost to $500 million.

Sciame managed to cut the cost by more than $285 million by shrinking the size of the memorial museum, removing portions of the galleries around the pools where the names were to be listed, and consolidating all entrances into a visitors center. The new design will also raise the victims' names to street level.

The reflecting pools and waterfalls envisioned by architects Michael Arad and Peter Walker for the site where the World Trade Center stood were retained.

In a report, Sciame said he had considered eliminating the waterfalls but decided they were too important to the "contemplative nature" of the design -- particularly because they will drown out the sounds of the city and allow viewers to get lost in the power and emotion of the memorial.

Tuesday's announcement marked the beginning of a seven-day public comment period. The Lower Manhattan Development Corp., which oversees the rebuilding of the site, will adopt a final design by the end of the month, officials said.

The memorial is set to open by the eighth anniversary of the attacks, in 2009.

The governor praised Sciame for conducting a "thoughtful and thorough process." He said the redesigned landmark "honors our heroes' lives, mourns their passing, provides solace to their loved ones and tells their story to the world."

House Bill Raises Disaster Fraud Penalties (AP)

By Jim Abrams

The AP, June 20, 2006

WASHINGTON -- Scammers hoping to finance tropical vacations or season tickets to football games with federal disaster funds may have second thoughts with House passage of legislation imposing sentences of up to 30 years for fraud related to disaster relief.

The legislation, approved by a voice vote Tuesday, was brought to the House floor a week after congressional investigators concluded that the Federal Emergency Management Agency was defrauded of up to $1.4 billion as it rushed to provide relief after last year's hurricanes Katrina and Rita.

Congress provided more than $68 billion in relief to the Gulf Coast after those two storms, said House Judiciary Committee Chairman James Sensenbrenner, R-Wis. "With such vast resources put into the pipeline so quickly, fraudsters and scam artists went into high gear in an effort to take advantage of these government programs."

The Government Accountability Office study that came out last week cited such examples as FEMA paying an individual $2,358 in rental assistance at the same time it was paying about $8,000 for the same person to stay 70 nights in a Hawaii hotel.

It said FEMA ended up paying for season pro football tickets, a one-week Caribbean vacation and a sex change procedure.

The legislation, which now goes to the Senate, imposes a fine of up to $1 million and prison terms of up to 30 years for wire, radio, television or mail fraud in connection with a presidentially declared major disaster or emergency. While current statutes on mail and wire fraud carry similar penalties, the maximum prison term for making false statement to the government is five years.

Sensenbrenner noted that since the formation of the Hurricane Katrina Fraud Task Force, established by the attorney general last September, 261 people have been charged in 218 cases, with 44 guilty pleas or convictions.

"Despite these efforts, it is clear that current criminal penalties are insufficient to deter disaster fraud," he said.

Among those sentenced so far are a Galveston man given a year in prison for bilking FEMA of $2,000 by falsely claiming he had a home damaged in Louisiana and a Florida man given a 21-month sentence for falsely claiming he was flying relief missions to Louisiana and soliciting charitable donations.

Courts in Florida have also been trying cases related to an estimated $31 million in possible fraud arising from Hurricane Frances in 2004. Last year two Miami women pleaded guilty to fraud charges for collecting disaster aid for a storm that hit 100

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miles to the north of them. One woman, who received nearly $25,000 for a sewer backup that occurred weeks before the hurricane, was given two months' house arrest, three years' probation and ordered to repay the government for the claim.

National Guard Arrives In New Orleans (AP)

By Cain Burdeau

The AP, June 21, 2006

NEW ORLEANS - Nine months after they rode to the rescue in the desperate aftermath of Hurricane Katrina, National Guardsmen carrying M-16s returned to the city Tuesday to reinforce a depleted police department and battle a surge in violence.

The 100 or so soldiers will patrol the streets in ravaged neighborhoods left deserted by Katrina, freeing up police officers to concentrate on more heavily populated sections.

"We're just trying to give a hand to the city of New Orleans," said Lt. Melvin Edwards, 32, a member of 239th Military Police Company.

Gov. Kathleen Blanco sent in the National Guard at the mayor's request after a bloody weekend in which six people were killed.

"Criminals, hear me loud, hear me clearly: There is law and order in New Orleans," she said. "We will not let the criminals take root as our families return."

The troops, dressed in full camouflage fatigues, carried M-16s, handguns and belt clips of ammunition as they arrived in a convoy of 75 vehicles. They parked their Humvees and tanker trucks in formation in front of the Convention Center, drawing waves and thumbs-up from onlookers.

Up to 200 more Guardsmen will be sent in later, bringing the total in the city to 300. In addition, 60 state police officers were sent to help keep the peace.

As the soldiers arrived, New Orleans police were investigating another slaying, that of a 22-year-old man. The killing brought this year's murder toll to 54. That number is still less than the 81 recorded during the first four months of 2005. But New Orleans' population these days is less than half of what it was before Katrina.

The bloodshed has raised fears that violence is back on the rise in a city that was plagued by crime before Katrina drove out half its population of 465,000.

Community leaders are afraid the violence will discourage people from returning.

King Milling, a New Orleans banker, said he was "just delighted" by the troops' arrival. "The powers-that-be recognize that this is an issue that we must deal with," he said.

Many of the soldiers that arrived Tuesday were sent to New Orleans during Katrina, but they had not seen the city since those desperate days.

Sgt. Alfred Glasper of Baton Rouge looked for signs of appreciation as he steered a tan Humvee down Interstate 10 into the heart of the city.

"There you go," he said, pointing to a man stopped on the side of the highway and waving. "People down here didn't want us to leave - they felt very safe."

Later, the troops marched to an office building at the port of New Orleans, where they were briefed on their mission.

Guard Lt. Col. Pete Schneider said that patrols started later than scheduled because of a communications glitch, but that troops were on the ground as of Tuesday night.

"We were running late. We were a little anxious in getting out there," Schneider said.

Mayor Ray Nagin had asked for help from the National Guard and state police on Monday after five teenagers in an SUV were gunned down Saturday in the city's deadliest attack in at least 11 years. Police said it was apparently motivated by drugs or revenge. In a separate attack, a man was stabbed to death Sunday.

Capt. Alfred Travis, the company commander, said the Guard's mission was "still part of Katrina."

"We're in the disaster phase, and I think we may be in the disaster phase for a while, until the neighborhoods are built up again," Travis said.

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The National Guard had as many as 15,000 soldiers in the city in the weeks after Katrina. As many as 2,000 stayed until February.

The police force is down to about 1,375 officers, compared with about 1,750 before Katrina.

"I think people are happy they're doing something," said Nathan Chapman, president of a neighborhood organization. "The most important thing is that we fix the problem, not pretend we don't have one."

But Cherie Kerr, who runs a Santa Ana., Calif., public-relations firm that specializes in crisis, said the move gives the impression that crime is out of hand.

"When you call in the National Guard, you're pretty much saying you're out of control," Kerr said.

Noel Scallan, executive assistant at a luxury French Quarter hotel, said calls poured in from people planning to attend a national library convention moments after it was announced that the National Guard would be sent in.

"They got panicky - 'What's going on? Is it OK?'" Scallan said. But there were no cancellations, he said.

But Bill Walker, general manager of a French-style manor on Bourbon Street, called the move "very positive," saying nothing would panic his guests more "than if the crime were to increase."

New Orleans Police Superintendent Warren J. Riley said Monday he had asked in March to have troops sent in this summer, when the population is expected to increase because FEMA assistance to displaced hurricane refugees ends June 30.

Riley insisted his department is capable of controlling crime, saying: "This is not a situation where anything is out of control."

A Legacy Of The Storm: Depression And Suicide (NYT)

By Susan Saulny

The New York Times, June 21, 2006

NEW ORLEANS, June 20 — Sgt. Ben Glaudi, the commander of the Police Department's Mobile Crisis Unit here, spends much of each workday on this city's flood-ravaged streets trying to persuade people not to kill themselves.

Last Tuesday in the French Quarter, Sergeant Glaudi's small staff was challenged by a man who strode straight into the roaring currents of the Mississippi River, hoping to drown. As the water threatened to suck him under, the man used the last of his strength to fight the rescuers, refusing to be saved.

"He said he'd lost everything and didn't want to live anymore," Sergeant Glaudi said.

The man was counseled by the crisis unit after being pulled from the river against his will. Others have not been so lucky.

"These things come at me fast and furious," Sergeant Glaudi said. "People are just not able to handle the situation here."

New Orleans is experiencing what appears to be a near epidemic of depression and post-traumatic stress disorders, one that mental health experts say is of an intensity rarely seen in this country. It is contributing to a suicide rate that state and local officials describe as close to triple what it was before Hurricane Katrina struck and the levees broke 10 months ago.

Compounding the challenge, the local mental health system has suffered a near total collapse, heaping a great deal of the work to be done with emotionally disturbed residents onto the Police Department and people like Sergeant Glaudi, who has sharp crisis management skills but no medical background. He says his unit handles 150 to 180 such distress calls a month.

Dr. Jeffrey Rouse, the deputy New Orleans coroner dealing with psychiatric cases, said the suicide rate in the city was less than nine a year per 100,000 residents before the storm and increased to an annualized rate of more than 26 per 100,000 in the four months afterward, to the end of 2005.

While there have been 12 deaths officially classified as suicides so far this year, Dr. Rouse and Dr. Kathleen Crapanzano, director of the Louisiana Office of Mental Health, said the real number was almost certainly far higher, with many self-inflicted deaths remaining officially unclassified or wrongly described as accidents.

Charles G. Curie, the administrator of the federal Substance Abuse and Mental Health Services Administration, said the scope of the disaster that the hurricane inflicted had been "unprecedented," and added, "We've had great concerns about the level of substance abuse and mental health needs being at levels we had not seen before."

This is a city where thousands of people are living amid ruins that stretch for miles on end, where the vibrancy of life can be found only along the slivers of land next to the Mississippi. Garbage is piled up, the crime rate has soared, and as of Tuesday the

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National Guard and the state police were back in the city, patrolling streets that the Police Department has admitted it cannot handle on its own. The reminders of death are everywhere, and the emotional toll is now becoming clear.

Gina Barbe rode out the storm at her mother's house near Lake Pontchartrain, and says she has been crying almost every day since.

"I thought I could weather the storm, and I did — it's the aftermath that's killing me," said Ms. Barbe, who worked in tourism sales before the disaster. "When I'm driving through the city, I have to pull to the side of the street and sob. I can't drive around this city without crying."

Many people who are not at serious risk of suicide are nonetheless seeing their lives eroded by low-grade but persistent feelings of sadness, hopelessness and stress-related illnesses, doctors and researchers say. All this goes beyond the effects of 9/11 and the Oklahoma City bombing, Mr. Curie said. Beyond those of Hurricanes Andrew, Hugo and Ivan.

"We've been engaged much longer and with much more intensity in this disaster than in previous disasters," he said.

At the end of each day, Sergeant Glaudi returns to his own wrecked neighborhood and sleeps in a government-issued trailer outside what used to be home.

"You ride around and all you see is debris, debris, debris," he said.

And that is a major part of the problem, experts agree: the people of New Orleans are traumatized again every time they look around.

"This is a trauma that didn't last 24 hours, then go away," said Dr. Crapanzano, the Louisiana mental health official. "It goes on and on."

"If I could do anything," said Dr. Howard J. Osofsky, the chairman of the psychiatry department at Louisiana State University, "it would be to have a quicker pace of recovery for the community at large. The mental health needs are related to this."

The state estimates that the city has lost more than half its psychiatrists, social workers, psychologists and other mental health workers, many of whom relocated after the storm. And according to the Louisiana Hospital Association, there are little more than 60 hospital beds for psychiatric patients in the seven hospitals that remain open here.

Because of a lack of mental heath clinics and related services, severely disturbed patients end up in hospital emergency rooms, where they often languish. Many poorer patients were dependent on a large public institution, Charity Hospital, but it has been closed since the storm despite the protests of many medical professionals who say the building is in good condition. Big Charity, as the locals called it, had room for 100 psychiatric patients and could have used more capacity.

"When you don't have a place to send that wandering schizophrenic directing traffic, guess what? Law enforcement is going to wind up taking care of that," said Dr. Rouse, the deputy coroner. "When the Police Department is forced to do the job of the mental health system, it's a lose-lose situation for everyone."

"When the family comes to see me at the coroner's office," he added, "it's a defeat. The state has a moral obligation to reinstitute this care."

Sergeant Glaudi and others said some people struggling with emotional issues had no prior history of mental illness or depression.

The symptoms cut across economic and racial lines; life in New Orleans is difficult and inconvenient for everyone.

Susan Howell, a political scientist at the University of New Orleans, conducted a recent study with researchers from Louisiana State to see how people were coping with everyday life in the city and neighboring Jefferson Parish. Ms. Howell managed a similar survey in 2003.

"The symptoms of depression have, at minimum, doubled since Katrina," she said. "These are classic post-trauma symptoms. People can't sleep, they're irritable, feeling that everything's an effort and sad."

The new survey was conducted in March and April, and canvassed 470 respondents who were living in houses or apartments. Since they were not living in government-issued trailers, it is likely that they were among the more fortunate.

Jennifer Lindsley, a gallery owner, also feels the sting of missing her friends.

"When you can't get ahold of people you used to know, it leaves you feeling kind of empty," Ms. Lindsley said. "When you try to explain it to people in other cities, they say: 'The whole world is over it, so you've got to get over it. Sorry that happened, but too bad. Move on.' "

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Some people have decided to leave solely because of the mood of the city.

"I'm really aware of the air of mild depression that pervades this entire area," said Gayle Falgoust, a retired teacher. "I'm leaving after this month. I worry about living with this level of depression all the time. I worry that it might affect my health. I know the move will improve my mood."

The New Orleans Muddle (NYT)

The New York Times (editorial), June 21, 2006

It has been almost 10 months since Hurricane Katrina battered the Gulf Coast, and there is still no redevelopment plan for New Orleans. Congress has passed the emergency relief bill, and President Bush has signed it into law. Billions of dollars are headed the city's way. Leaders in New Orleans and in the state capital of Baton Rouge will have only one chance to get it right. There are no more excuses for local officials, no more pointing toward Washington. It is time for southeastern Louisiana to rebuild itself.

Yet Adam Nossiter reported this week in The Times that it will be six months before a "master planning document" answers the questions foremost in the minds of residents, like which neighborhoods will return, where rebuilding will be encouraged and where returning residents will have to make do without city services. That is totally unacceptable.

In large swaths of the city, houses still sit empty, block after block. In many places, trash and flood-ruined automobiles have yet to be cleared away. These wastelands provide hideouts for criminals, the perfect breeding ground for the kind of violence that erupted over the weekend when five teenagers were shot and killed. If the city's open wounds are left to fester, it will begin to rot from the inside.

The city's police department is close to its prehurricane size, protecting a population that is less than half of what it was before the storm. Yet Mayor Ray Nagin has now felt compelled to request — and the governor has granted — a National Guard force to help keep the peace. This does not bolster our confidence that the city will be able to govern itself.

New Orleans has its own way of doing things and says it doesn't want to be told by outsiders in what size and shape it should be reborn. That is fair enough, but only if local officials are living up to their responsibilities. Right now, the people of the city are being held hostage to whims and foot-dragging, their lives on hold as they wait for their leaders to make decisions — decisions that should have been made months ago.

If there is one individual who needs to step up more than any other, it is Mayor Nagin. His city needs a leader more than a politician in this difficult time. Now that Mr. Nagin has been re-elected, it is time to start spending the political capital his victory earned him. His legacy will not rest on how many people like him, but on the effectiveness of the reconstruction and the safety and well-being of residents in the years to come.

New Orleans needs its mayor to speak difficult truths — like telling the residents of a vulnerable block that they will have to rebuild on safer ground. Right now, people don't know if or where to build their new walls. They deserve answers. They have waited long enough.

WAR NEWS:

Senate Democrats Offer Competing Iraq Proposals (KRT)

By James Kuhnhenn

Knight Ridder, June 20, 2006

WASHINGTON - Democrats, searching for a unified stance on Iraq, will kick off a Senate debate Wednesday over competing troop-withdrawal proposals that reflect mixed public opinions about the war.

One proposal, offered by Democratic Sens. John Kerry of Massachusetts and Russ Feingold of Wisconsin, would set a hard pullout deadline of July 2007. A more broadly backed bill, proposed by Democratic Sens. Carl Levin of Michigan and Jack Reed of Rhode Island, calls for troops to begin moving out of Iraq this year, but sets no timetable for final withdrawal.

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Though the measures were designed to distinguish Democrats from Republicans on the dominant issue of the day as November's congressional elections near, they also exposed Democratic divisions on the war. Some top Republicans dismissed both proposals as "cut and run" policies and evidence of Democratic incoherence on Iraq.

Senate Republican leader Bill Frist of Tennessee equated the Democratic proposals to surrender.

"We cannot retreat. We cannot surrender. We cannot go wobbly," he said. "The price is far too high."

But at least one Republican senator praised Levin and Reed.

"Levin-Reed starts to get to the real core of responsible policy-making," Sen. Chuck Hagel, R-Neb., said in an interview. "It's a very thoughtful presentation. The Levin-Reed amendment is not a cut-and-run."

Levin said he declined to set a specific time for a pullout because it would be "arbitrary" and "precipitous."

Kerry has argued that the Bush administration needs to set a timetable to prod the Iraqi government to take control. Without deadlines, he's said, Iraq will continue to rely on the U.S. military for security.

Levin downplayed the differences between the Democratic proposals.

"The differences between where most Democrats are and where nearly all Republicans are are much greater than any differences among Democrats," he said.

The competing plans were the subject of the Democrats' regular closed-door Tuesday luncheon in the Capitol, which they described as spirited and earnest.

"It's desirable if we could be unified, but there are strong points of view," said Sen. Dianne Feinstein, D-Calif., who's backing Levin's proposal.

The Levin-Reed proposal also has the support of Democratic leader Harry Reid of Nevada. His spokesman, Jim Manley, predicted that it would draw 37 to 38 Democratic votes and some Republicans as well.

Kerry had earlier proposed a measure to withdraw from Iraq by the end of this year. When Republicans put that idea to a vote last week, it failed 93-6. Kerry said that by extending that deadline six months he'd gained some votes.

The debate comes as a new poll by the Pew Research Center recorded conflicting views from the American public on the war. The poll, conducted June 14-19, found growing optimism, with 53 percent of respondents saying they thought the military effort was going "at least fairly well." That's an improvement over April, when only 47 percent held that view.

At the same time, 52 percent wanted a timetable for withdrawing troops.

Frist Decries Proposals For Withdrawal (USAT)

USA Today, June 21, 2006

WASHINGTON — Senate Majority Leader Bill Frist declared Tuesday that “surrendering is not a solution” in Iraq as Democrats embraced a proposal to start troop withdrawals this year, setting up an election-year showdown in the Senate.

“We cannot retreat. We cannot surrender. We cannot go wobbly,” Frist said, suggesting Democrats want to do that.

Sen. Dick Durbin of Illinois, the second-ranking Democrat in the Senate, disputed the characterization of the Democrats' position. “We have to serve notice on the Iraqis that their future has to be in their own hands,” he said.

Democrats prepared to introduce a non-binding resolution on Iraq that calls for redeployments to begin this year but does not set a firm deadline by which all forces must be out of the war zone. The Senate was expected to take up and vote on the resolution today.

The Senate also is to consider a separate proposal by Sens. John Kerry, D-Mass., and Russ Feingold, D-Wis., that would require all combat troops to be withdrawn from Iraq by July 1, 2007.

Troop 'Redeployment' Sought By Democrats (WT)

By Christina Bellantoni

The Washington Times, June 21, 2006

Democrats said yesterday that the United States must start "redeploying" troops from Iraq, calling the recovery of the mutilated bodies of two U.S. soldiers a "grim reminder" of why withdrawal should begin soon.

Republican leaders called the proposal for withdrawal a "cut and run" that would embolden terrorists.

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The Senate is expected to spend at least five hours today debating two competing Democratic proposals to start pulling U.S. combat troops out of Iraq.

The killings are "a grim reminder of the price we're paying for a failed policy in Iraq," said Sen. Richard J. Durbin of Illinois, the Democratic whip. "It's time for Iraqis to stand up. When will this end?"

Senate Majority Leader Bill Frist said withdrawing troops would be a "dishonor of historic proportions."

"The Iraqi people want us and need us to help them. If we break our promise and cut and run, as some would have us do, the implications could be catastrophic," the Tennessee Republican said. "Surrendering is not a solution. We cannot go wobbly. The price is too high."

Last night, in a speech at the Hyatt Regency Washington to Republican volunteers, Republican National Committee Chairman Ken Mehlman said, "Republicans unite on the need to stay on the offense to confront terrorists; Democrats are having a debate in their party."

He characterized the Democratic debate as some "say we need to cut and run; some people say we need to walk ... and other people say we need to jog."

The comments come as lawmakers embark on a second week of debating Iraq policy, this time in the form of the Senate's defense authorization bill.

Sen. Carl Levin, Michigan Democrat and ranking member on the Armed Services Committee, and Sen. Jack Reed, Rhode Island Democrat, have sponsored an amendment that calls for "phased redeployment" to begin by Dec. 31. The nonbinding amendment would require the Bush administration to submit a schedule for continued troop withdrawal.

Democratic Sens. John Kerry of Massachusetts and Russ Feingold of Wisconsin have a binding amendment calling for all combat troops to be redeployed by July 1, 2007. A similar measure offered last week was overwhelmingly defeated in the Senate.

Mr. Kerry and Mr. Feingold -- potential presidential candidates in 2008 -- sent a joint e-mail to Mr. Kerry's 2004 campaign supporters saying that withdrawal will lead to a more effective war on terror.

"Our troops have served valiantly in Iraq," the senators said. "Now, it's time to put the future of Iraq where it belongs: in the hands of the Iraqi people and their leaders."

Senate Minority Leader Harry Reid said Democrats agree that there "should be a redeployment starting sooner rather than later," and downplayed the difference between the Levin and Kerry amendments.

"Even though we have at least two positions, I think if you look at them closely, they are both basically the same: that there should be redeployment of troops. It's a question of when," the Nevada Democrat said.

Mr. Levin and Mr. Reed insisted yesterday that their amendment is not "cutting and running," and that it sets no pace or speed for combat troops to leave Iraq.

Sen. John McCain, Arizona Republican, disagreed. "I don't support it. I strongly believe it's not when we leave, it's how we leave," he said.

Either amendment would need 51 votes to become attached to the defense authorization bill. It is unlikely that enough Republicans will join the about 40 Democrats expected to vote for the Levin amendment. Fewer Democrats are expected to back the Kerry amendment because it fixes a date for complete withdrawal from Iraq.

National Security Adviser Stephen J. Hadley told reporters on Air Force One yesterday that Iraqis are eager to assume responsibility for their nation's security. "Their concern is that we will move, draw down our forces too quickly, before they're ready," he said.

The Senate last year passed a resolution declaring that 2006 would be a year of "significant transition" in Iraq.

Last week, House lawmakers voted 256-153 to reject a timetable for troop withdrawal and approved a nonbinding resolution that affirms the Bush administration's Iraq policy.

The 10 hours of House debate and expected five hours of Senate debate are the most significant discussion of Iraq policy since the war began in March 2003. More than 2,500 troops have been killed in the war.

The Senate yesterday voted 79-19 to pass a nonbinding amendment saying Iraq should not grant amnesty to terrorists who attack, kill or wound U.S. troops, responding to a newspaper report that Iraqi Prime Minister Nouri al-Maliki was considering

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limited pardons for militants who lay down arms. Senators also voted 64-34 to approve a measure saying Congress recognizes Iraq as a sovereign nation.

Democrats Divided On Withdrawal Of Troops (WP)

By Charles Babington

The Washington Post, June 21, 2006

While congressional Republicans continued to show almost unanimous support for President Bush's handling of the Iraq war, Democrats struggled for consensus yesterday, reflecting what some of them called the public's mixed feelings about the three-year-old conflict.

After a sometimes heated closed-door meeting, Senate Democrats postponed action on two proposals related to drawdowns of U.S. troops in Iraq. One would direct Bush to bring nearly all the troops home within 13 months. The other would urge him to begin an unspecified withdrawal by the end of this year.

Debate and votes on the two measures are likely to be held today and tomorrow, with Senate Republicans happy to clear the way for Democrats to showcase their divisions. Senators predicted that few, if any, Republicans will embrace the Democrats' proposals, mirroring the nearly unanimous support House Republicans displayed last week for Bush's policies.

The Senate Democrats' weekly closed luncheon was unusually spirited, participants said, because the discussion focused entirely on Iraq, particularly Sen. John F. Kerry's proposal to order Bush to remove the troops by July 31, 2007. When the 90-minute session ended, only a handful of Democrats appeared to be leaning toward supporting Kerry (Mass.), but he vowed to push the amendment today.

Some Democrats said their party's divisions are hardly surprising in light of polls showing that many Americans oppose the war but do not want to leave Iraq amid such chaos that it is a breeding ground for terrorism.

"The American people have mixed feelings about Iraq -- where we are, where we're going there," Sen. Mark Pryor (Ark.) said as he left the meeting. "The American people really understand that it's a complicated situation."

The Democrats' chief alternative to Kerry's proposal is sponsored by Sens. Carl M. Levin (Mich.) and Jack Reed (R.I.). Their nonbinding resolution urges Bush to begin "redeploying" troops from Iraq by Dec. 31, but it sets no deadline for a full withdrawal.

Kerry, Levin and Reed say Iraqis must understand that the U.S. military presence in their country is not open-ended and that Iraqis therefore should step up efforts to train and equip their police and army. Backers of the Levin-Reed plan say that a firm deadline for a full withdrawal could imperil Iraq's government if its security forces are not ready to impose stability.

Sen. Patrick J. Leahy (D-Vt.) said yesterday that he would support both measures. "This war has been a costly, tragic mistake that has not made us more secure," he said. "We need to send the signal to all concerned that it's time for Iraqis to take responsibility for running Iraq and for our troops to come home."

GOP leaders took obvious pleasure in the Democrats' disarray, issuing a stream of press releases with headlines such as, "Democrats Divided On The Meaning Of Their Own Amendments."

Senate Majority Leader Bill Frist (R-Tenn.), speaking of the Democratic proposals, said: "The Iraqi people want and need us to help them. If we don't -- if we break our promise and cut and run as some would have us do -- the implications could be catastrophic."

Some Democrats, however, said congressional Republicans are misreading the public and the situation in Iraq. "Republicans are unified with Bush in an absolutely disastrous, calamitous policy," Sen. Joseph R. Biden Jr. (Del.) said in an interview. Biden, who has traveled to Iraq several times, said he did not support Kerry's proposal but agrees that the United States must send Baghdad a strong signal to purge sectarian killers from its security forces and bring more Sunnis into the circles of power.

Senate Minority Leader Harry M. Reid (D-Nev.) acknowledged his party's divisions over Iraq but played down the significance. "One thing Democrats agree on is this war has taken too long, it's too expensive and costs too many lives and too many soldiers injured," he told reporters. "We all agree there should be a change in the course of the war. We all agree that there should be redeployment starting sooner rather than later."

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On Iraq, Kerry Again Leaves Democrats Fuming (NYT)

By Kate Zernike

The New York Times, June 21, 2006

WASHINGTON, June 20 — When Senator John Kerry was their presidential nominee in 2004, Democrats fervently wished he would express himself firmly about the Iraq war.

Mr. Kerry has found his resolve. But it has not made his fellow Democrats any happier. They fear the latest evolution of Mr. Kerry's views on Iraq may now complicate their hopes of taking back a majority in Congress in 2006.

As the Senate prepared for what promises to be a sharp debate starting on Wednesday about whether to begin pulling troops from Iraq, the Democratic leadership wants its members to rally behind a proposal that calls for some troops to move out by the end of this year but does not set a fixed date for complete withdrawal. Mr. Kerry has insisted on setting a date, for American combat troops to pull out in 12 months, saying anything less is too cautious.

In drawing up a schedule for the Wednesday session, the Democratic leadership has arranged for its plan to be debated first, pushing Mr. Kerry and his proposal into the evening, too late for the nightly television news, to starve it of some attention.

Senate Democrats have been loath to express their opinions publicly, determined to emphasize a united front. But interviews suggest a frustration with Mr. Kerry, never popular among the caucus, and still unpopular among many Democrats for failing to defeat a president they considered vulnerable. Privately, some of his Democratic peers complain that he is too focused on the next presidential campaign.

Mr. Kerry now describes the war in Iraq as a mistake, even though he once supported it. His critics say they believe the new stand reflects more politics than principle, and ignores other Democrats' concern that setting a fixed date will leave those in tough re-election fights open to Republican taunts that they are "cutting and running" in Iraq.

The Democrats' exasperation has increased in the last week, as they postponed a vote on Mr. Kerry's amendment to try to fashion a broader consensus among themselves. Democrats up for re-election asked him not to propose a fixed date. But Mr. Kerry, several Democrats said, was unwilling to budge from that idea, even though his co-sponsor, Senator Russell D. Feingold of Wisconsin, seemed willing to compromise for the sake of consensus. In the end, Mr. Kerry agreed only to extend his deadline, from Dec. 31 of this year to July 2007.

Mr. Kerry's insistence on pushing ahead with his own plan has left the Democrats divided, and open to renewed Republican accusations that they are indecisive and weak — the same ridicule that Republicans heaped on Mr. Kerry in 2004, when his "I was for it before I was against it" statement about a vote on money for the war became a punch line.

"There are certain Democrats who think that this is over, that we've lost or that there's nothing constructive the president is going to do," said Senator Joseph R. Biden Jr. of Delaware, who, like Mr. Kerry, is considering running for president and who sat in on the meetings where Democrats searched for consensus. "What it really is, in fairness to them, is a frustration that they see no learning curve on the part of this administration. I can understand that frustration. But setting a date is not a plan."

Stepping into an elevator on Capitol Hill late last week, Mr. Kerry was asked whether he was under pressure in the Democrats' meetings to withdraw his proposal. As he insisted he was not, Senator Christopher J. Dodd, Democrat of Connecticut, standing behind him, raised his eyebrows, then winked.

In an interview, Mr. Dodd, who is also considering a presidential run, said one danger in the November election was in making Democrats look indecisive. "If the argument comes down to, Is it one year or 18 months, I think we're going to confuse people," he said. "I'm not sure what the value is; I think it hurts us rather than helps."

Polls suggest many Americans are eager to see American troops come home from Iraq but are uneasy about leaving too soon. The rival Democratic approaches may reflect that tension, with Mr. Kerry appealing to those who regard the war as a mistake, while the Democratic leaders reflect more caution.

Matt Bennett, a spokesman for Third Way, a group of moderate Democrats, said his organization preferred an approach that did not set a date, proposed by Senators Carl Levin of Michigan and Jack Reed of Rhode Island. Of Mr. Kerry's stance, Mr. Bennett said: "He feels like he needs to sharpen his position. But voters can sense when you're being resolute for convenience sake, or for political advantage."

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Some Democrats felt Mr. Kerry allowed Republicans to embarrass them in a vote last week, when the Republicans embraced Mr. Kerry's proposal, certain it would be defeated and allow them to declare themselves the party of unity and strength.

In a telephone interview on Tuesday, Mr. Kerry characterized his statement as the position of strength, and said Democrats had made a mistake not to take a firm stand.

"The Democrats need to be strong and stand up with a clear articulation about how we make the United States stronger," he said. "As far as I'm concerned, we should go right at Karl Rove and his phony tough talk that is calculated purely for the election and not for a successful strategy in Iraq."

"I'm doing what I think is the right thing to do as a policy matter," he said, "for our troops and for the country. Someone else will deal with politics."

Mr. Kerry said he did not want to analyze his campaign mistakes but insisted he had been firm. "What's clear is that I said that it was the wrong war, wrong place, wrong time," he said. "I couldn't have been clearer about the president mishandling the war."

The Democrats tried to minimize their differences. Mr. Levin said differences among Democrats were not as big as the differences between Democrats and Republicans.

"One thing the Democrats agree on is that this war has taken too long, is too expensive and has cost too many lives," said Senator Harry Reid of Nevada, the minority leader.

Senator Charles E. Schumer of New York, chairman of the Democrats' effort to take control of the Senate, minimized the effect the vote would have in November.

"The public and the voters are looking at how George Bush handles Iraq," he said. "They know that he got us in there, they know he's the commander in chief, and they don't believe he has figured out a strategy that will show light at the end of the tunnel. That is the overriding issue in the election, far more than what Democrats are doing."

Mr. Feingold, Mr. Kerry's co-sponsor, said: "There should be no political considerations, there should be only considerations for the security of the American people. I believe the American people, even in conservative states, are willing to see this end."

He said that a year ago he was the only senator calling for a withdrawal. "This is building," he said. "The American people are actually way ahead of the Senate on this."

Although Mr. Kerry's approach is to be debated last, the Democratic leadership has arranged that it be voted on first, before the Levin-Reed proposal. In the interview, Mr. Kerry said that if his amendment failed, he might consider voting for the alternative "as a means of making some statement." But, he said, "My preference is, we take some strong position that's got a date."

Possible White House Hopefuls Unite On Iraq (AP-Y2)

By Liz Sidoti

AP2, June 21, 2006

Two potential 2008 presidential candidates appealed Tuesday for the Senate to support their call to withdraw U.S. combat troops from Iraq "by a hard and fast deadline," a position putting them at odds with most of their fellow Democrats.

"Our country desperately needs a new vision for strengthening our national security, and it starts by redeploying U.S. forces out of Iraq," Sens. John Kerry of Massachusetts and Russ Feingold of Wisconsin wrote in an e-mail sent to 3 million people nationwide.

"It's time for every member of the Senate to send an important message that we must change course," the senators wrote, imploring recipients to "take a stand against the senseless 'stay the course' Bush policy" and tell their senators to vote with the two Democrats.

In what promises to be a highly partisan election-year showdown Wednesday, the GOP-controlled Senate plans to take up the proposal by Kerry and Feingold that would require the Bush administration to withdraw all combat troops from Iraq by July 1, 2007. Redeployment would begin immediately, under the proposal.

At least six other Democrats have publicly or privately indicated support for that position in recent days. The Senate will vote on the proposal by week's end.

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The Senate also will consider, and eventually vote on, a separate nonbinding resolution that has the backing of Senate Minority Leader Harry Reid, D-Nev., and, his aides say, a majority of Democrats.

It would call for — but not require — the administration to begin "a phased redeployment of U.S. forces" this year, and would not set a firm deadline by which time all forces must be out of the war zone.

Seeking support, Democratic sponsors of both proposals pitched their positions during the party's weekly policy luncheon on Tuesday. However, neither proposal is expected to win enough votes to be attached as an amendment to an annual military measure pending in the Senate.

Both proposals, nonetheless, are drawing ridicule from Republicans, who lumped Democrats into two groups — what they called the "cut and run" crowd backing the Kerry-Feingold position and the "cut and jog" folks supporting the other proposal.

"We cannot retreat. We cannot surrender. We cannot go wobbly. The price is far too high," Senate Majority Leader Bill Frist, R-Tenn., said Tuesday, suggesting Democrats want to do just that.

Sen. Carl Levin (news, bio, voting record) of Michigan, the top Democrat on the Armed Services Committee, disputed the GOP characterization of the resolution that would call for U.S. troops to start leaving Iraq this year.

"It's not a cut-and-run strategy. It does not set a fixed timetable or an arbitrary deadline for the redeployment of our troops," he said. "We believe it represents where a majority of our caucus is."

With midterm elections less than five months away, Republicans are working to highlight divisions in the Democratic Party on Iraq as they seek to hang onto control of the House and Senate when polls show the public favoring a power shift to Democrats.

A week ago, the GOP-controlled Senate and House engineered back-to-back votes on Iraq that forced lawmakers in both parties to go on record on the war that polls show most Americans no longer support amid a rising U.S. death toll and a soaring price tag. In the end, both chambers of Congress soundly rejected timetables for pulling U.S. forces out of Iraq.

Across the Capitol on Tuesday, the House easily approved an additional $50 billion for Iraq and Afghanistan as part of a $427 billion measure funding the Pentagon budget for the fiscal year beginning Oct. 1. The money comes on top of $66 billion for Iraq and Afghanistan approved just last week. The vote was 407-19.

Led by Levin, Senate Democrats have spent the past week writing a proposal on Iraq that could get wide support among their rank and file. At the same time, Kerry and Feingold announced they would press their own separate proposals calling for a quick U.S. withdrawal from Iraq.

A somewhat curious pairing, the two joined forces — and offered one amendment — after failing in private meetings to convince fellow Democrats that the so-called "consensus" proposal should include what they call "a date certain" for all U.S. forces to have left Iraq.

Feingold was the first Democratic senator to call for a withdrawal timetable, but his position has been overshadowed by Kerry, who has a stronger national profile because of his status as the 2004 Democratic presidential nominee.

Both are posturing for possible presidential runs in 2008, and their positions on Iraq play well with the liberal wing of the party — the Democratic faithful who will vote for the next Democratic presidential nominee.

Iraq, Unfiltered (NYT)

The New York Times, June 21, 2006

Bush administration supporters regularly accuse the news media of reporting only bad news from Iraq and filtering out more positive stories. But just hours before American television screens began to be filled with upbeat clips of President Bush's surprise trip to Baghdad last week, the United States Embassy there cabled back a far grimmer picture of the mounting difficulties faced by its Iraqi employees.

The cable, reprinted by The Washington Post, told of embassy employees running a daily gantlet of religious dress-code enforcers and harassment by militia-style security guards — even at checkpoints surrounding the fortified Green Zone, where the embassy is located. When the Iraqi employees return to their homes, they face sweltering neighborhoods without regular electric power, daylong gasoline lines, and families torn by religious and ethnic tensions and mounting fears for the future.

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The cable relays a report from an Arab editor that "ethnic cleansing" is going on "in almost every Iraqi" province. The embassy itself suspects that Shiite governmental authorities in Baghdad may be deliberately evicting Kurdish households in response to Kurdish evictions of Arabs in other parts of the country. A Sunni woman employee reports that "most of her family believes that the U.S. — which is widely perceived as fully controlling the country and tolerating the malaise — is punishing populations as Saddam did."

The cable is only a raw snapshot of the daily experiences of embassy employees, not a systematic nationwide survey. Yet embassy employees are in many ways better off than most Iraqis. At least they have jobs and someone to turn to for help. We can only guess what daily life must be like in besieged Sunni cities like Ramadi or the militia-ruled Shiite towns of the Basra area, some now too dangerous for reporters to venture into regularly.

Mr. Bush's six-hour visit to Baghdad was mostly spent inside the Green Zone, where he made much of what he had been able to learn from looking Prime Minister Nuri Kamal al-Maliki "in the eyes." Now that he's home, Mr. Bush needs to take a hard, unfiltered look at the more disturbing picture relayed by America's embassy.

Pentagon Picks Troops For Iraq, Maintaining Current Contingent (NYT)

By Thom Shanker

The New York Times, June 21, 2006

WASHINGTON, June 20 —The Pentagon announced Tuesday that it planned to send 21,000 troops to Iraq in the next rotation of forces. That would keep the American presence at current levels into next year, unless the security situation improved.

Senior military officials said that the announcement of units to be deployed between August and January could change, depending on conditions in Iraq, and that so-called off ramps for the troops bound for Iraq were still under discussion.

Bryan G. Whitman, a Pentagon spokesman, said after the announcement, "One should not read into this a decision" about long-term troop levels in Iraq.

But at a minimum, the announcement represents a decision that for planning purposes at least, American troops in Iraq would be replaced on a one-for-one basis for now.

This week, Gen. George W. Casey Jr., the senior American commander in Iraq, is to brief Defense Secretary Donald H. Rumsfeld at the Pentagon on his newest thinking about force levels through the end of the year.

Although a discussion of potential troop reductions is certain during General Casey's meeting with Mr. Rumsfeld, the White House and the Pentagon have rejected calls, mostly from Democrats in Congress, for setting formal timetables for withdrawing from Iraq.

President Bush and Mr. Rumsfeld have said repeatedly that troop levels would be based on assessments from military commanders on the strength of the insurgency and on the capability of Iraqi troops to take over the fight.

Even so, White House officials expressed hopes last fall that reductions would come this summer, so that Republicans preparing for mid-term Congressional elections could point to progress in Iraq.

General Casey himself had said he would make recommendations on future troop numbers by the end of spring. Ground commanders in Iraq have argued that a premature decision to reduce American troops could jeopardize the mission in Iraq.

Previous predictions that American troops could drop to 100,000 by the end of the year were based on the expectation that the Iraqis would form a new government by March.

But the new government did not form until May, and important posts, including the top security positions, were not filled until earlier this month.

American troop numbers in Iraq fluctuate almost daily, as soldiers flow in and out of the country.

Troop levels early this month of 132,000 had dropped to 127,000 last week, military officials said.

Even if the number of combat brigades sent to Iraq drops over coming months, the separate requirements for support and service troops — military trainers, intelligence officers and logisticians, for example — may offset some reductions in American combat forces.

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Pentagon and military planners said Tuesday's announcement was somewhat of a mechanical requirement, and was an attempt to balance a traditional tension between combat commanders who deploy troops in the field and commanders at home who provide those forces.

Field commanders want maximum flexibility in deciding whether and when to increase or decrease troop levels; commanders at home desire precise, early decisions in order to prepare equipment, troops and family members in advance of a deployment.

Pentagon and military officials predicted that General Casey's visit to Washington this week would include discussions of ways to reduce troop numbers by holding back deployments to Iraq if the situation allowed.

"They are prudently planning as if this would be a rotation in kind," said one Defense Department official who was granted anonymity to describe classified discussions on troop numbers.

"But obviously they've got six months' worth of flexibility in the case of some of these units put in the queue today, since some would not deploy until January and could be off-ramped" before their departure dates.

In its announcement of the planned deployment, the Pentagon said: "The U.S. force rotations may be tailored based upon changes in the security situation. Iraqi security forces continue to develop capability and assume responsibility for security in Iraq."

The units identified for the next rotation to Iraq include the III Corps headquarters, based at Fort Hood, Tex.; the II Marine Expeditionary Force, from Camp Lejeune, N.C.; and the First Cavalry Division headquarters, from Fort Hood.

Other units were the Second and Third Brigades of the First Cavalry Division; the Fourth Brigade of the 25th Infantry Division, based at Fort Richardson, Alaska; and the Second Brigade of the Second Infantry Division, from Fort Carson, Colo.

Australia To Review Iraq Troop Levels (AP)

By Meraiah Foley, Associated Press Writer

AP, June 21, 2006

Australia will review its troop deployment to Iraq by the end of this year, the defense ministry said Wednesday, the first time the government has hinted at a possible timeline for eventual withdrawal.

Australia, a staunch U.S. ally, has around 1,320 troops in Iraq and the Middle East, including 460 troops guarding Japanese reconstruction efforts in Iraq's southern Muthana province.

Earlier this week, the Iraqi government announced that Australian and British forces would soon hand over security in the province to Iraqi forces.

Japan's announced Tuesday that it would immediately start pulling its ground troops from Iraq.

Australia's 460 troops in Muthana province will be transferred to an air base in Tallil, about 60 miles southeast of their current posting in Samawah, when Japan withdraws, Defense Minister Brendan Nelson said.

He said Australia would evaluate the success of the Iraqi forces in protecting Muthana province before reassessing its military presence in Iraq.

"I can assure you that the next six months in al-Muthana is going to be extremely important for our future involvement in Iraq," Nelson told the Channel Seven television network.

"If we can see that the provincial Iraqi government in al-Muthana can successfully manage its own affairs and its own security then I would expect that by the end of this year we would be starting to think about our future deployment."

Australia's conservative Prime Minister John Howard sent around 2,000 troops to Iraq in support of the U.S.-led invasion in 2003, despite widespread public opposition. He has repeatedly said that Australia will remain in Iraq for as long as its troops are needed, or until the Iraqi government asks them to withdraw.

Japan To Pull Ground Troops Out Of Iraq, Koizumi Says (NYT)

By Norimitsu Onishi

The New York Times, June 21, 2006

TOKYO, June 20 — Japan announced Tuesday that it would start pulling its ground troops out of Iraq, putting an end to the country's most significant military mission since the end of World War II.

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Prime Minister Junichiro Koizumi said the force's mission had been "fulfilled," even as he announced an expansion of Japanese air support to American and multinational troops. Japan's air force will start operating regular flights to Baghdad and Erbil, he said.

"The Ground Self-Defense Force has played a considerable role in providing humanitarian reconstruction assistance, and we have decided to withdraw," Mr. Koizumi said in a news conference.

About 600 ground troops have been based in Samawa, the capital of the southern province of Muthanna, since January 2004, providing clean water, medical assistance and repair of roads and buildings. Japanese troops, who have been limited to noncombat duties because of Japan's pacifist Constitution, have depended on other nations for their security.

The announcement came a day after the Iraqi government said British troops would transfer the responsibility for security in the relatively peaceful province to local Iraqi forces. The Japanese withdrawal is expected to take a few weeks.

Mr. Koizumi has been one of President Bush's staunchest backers in Iraq, and the Japanese troops have provided diplomatic support for Mr. Bush as other allies chose not to participate in the Iraqi occupation. The deployment helped strengthen the alliance and deepen military ties.

The country's Constitution allows Japan to possess forces only for self-defense, and imposes strict rules of engagement prohibiting offensive action. But under Mr. Koizumi, the Japanese government passed a special law permitting the deployment of troops to noncombat areas in Iraq — a move that critics called anti-constitutional

The deployment at first sharply divided Japanese public opinion, as the Japanese troops went to Iraq equipped with weapons that they had never carried abroad before, including antitank weapons.

Since the Sept. 11 attacks, Japan's maritime and air forces have supported the United States in its wars in Afghanistan and Iraq. But the deployment of ground troops, with the possibility that they could be embroiled in a situation that would force them to act in a manner against the pacifist Constitution, amounted to one of the riskiest decisions Mr. Koizumi has made as prime minister.

In Samawa, the deteriorating security situation sometimes left Japanese troops unable to leave their base — and open to charges that they were merely a symbolic force.

But with time, Japanese public opinion has grown less resistant. The dispatch has also set the stage for a more assertive Japanese military, including the transformation of its Self-Defense Agency into a ministry.

U.S. Soldiers' Bodies Are Found (LAT)

By Solomon Moore

The Los Angeles Times, June 21, 2006

Baghdad, Iraq — As the mutilated bodies of two American soldiers were flown to the United States in flag-draped coffins Tuesday night, the U.S. military launched a top-level investigation to determine why their vehicle had been traveling alone outside a fortified army camp when they were abducted.

A group affiliated with al-Qaida in Iraq took responsibility for killing the servicemen, whose corpses were found near an electrical plant in Yousifiya, where they had gone missing Friday night.

Iraqi and U.S. military officials said there were signs of torture on the bodies. "They were killed in a barbaric way," said Iraqi Maj. Gen. Abdul-Aziz Mohammed of the Iraqi Defense Ministry.

U.S. Maj. Gen. William B. Caldwell IV confirmed the bodies were believed to be the remains of Pfc. Kristian Menchaca, 23, of Houston and Pfc. Thomas L. Tucker, 25, of Madras, Ore. Caldwell said the military would conduct a complete autopsy to determine the cause of death and to "do DNA testing to confirm that it is in fact them."

A third soldier, identified as Spc. David J. Babineau, 25, of Springfield, Mass. died in a firefight that preceded the abduction. All three soldiers were assigned to the 1st Battalion, 502nd Infantry Regiment, 2nd Brigade of the U.S. Army's 101st Airborne Division and were guarding a canal bridge near their military camp.

The circumstances of the initial attack remain mysterious. In a country where military vehicles -- even the most heavily armed and impervious tanks -- rarely leave fortified areas unless they are traveling in pairs, Caldwell confirmed Tuesday that the servicemen were alone.

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"We know that there was a single vehicle with three American soldiers when they came under attack," Caldwell said.

The investigation into the circumstances of their capture has been opened by Lt. Gen. Peter Chiarelli, chief of day-to-day military operations in Iraq. The Mujahedeen Shura Council, an al-Qaida-affiliated group posted a message Tuesday on a jihadist Internet site taking responsibility for the killings, but offered no proof of its involvement.

"We have good news coming straight from the battlefield to the nation of Islam," read the statement. "We satisfy your wrath by executing the sentence of God -- which is slaughter -- on those two crusader infidel prisoners."

Caldwell said U.S. troops found the bodies Monday night but did not immediately recover them, fearing that insurgents may have booby-trapped the area with explosives. U.S. troops established a perimeter and kept watch over the bodies until dawn, when they were able to bring in an explosive ordnance team and remove the remains to a military base.

As of Tuesday night, the bodies were on a plane en route to Dover Air Force Base in Delaware -- home of the U.S. military's largest mortuary.

News of the discoveries hit the soldiers' families hard. Manchea's uncle, Ken MacKenzie, went on NBC's "Today" show to blame the U.S. government for reacting too slowly to his nephew's capture and said the military should have agreed to offer $ 100 million and detainees in return for the soldiers' lives. There has been no public demand for any ransom in the case, and U.S. policy prohibits striking deals with hostage takers on the premise that it would encourage more kidnappings.

Kay Fristad, a spokeswoman for the Oregon National Guard, said Tucker's relatives were still waiting for DNA testing.

"The family isn't watching the news reports, so they don't yet know what's been reported about the conditions of the bodies," Fristad said. "That's something they may have to face later."

The U.S. military led a massive three-day search utilizing river boats, unmanned drones and nearly a dozen air assaults on suspected insurgent hideouts. One coalition member died during the search, two suspected insurgents were killed and 78 other alleged rebels were detained.

Caldwell also announced that a U.S. air strike on Friday killed a figure he described as a high-ranking al-Qaida operative in Yousifiya named Mansour Suleiman Mansour Khalifi al-Mashhadani, also known as Sheik Mansour. Caldwell said that Mansour, an Iraqi, was a spiritual leader and recruiter for al-Qaida in Iraq and a close associate of the late insurgent leader Abu Musab al-Zarqawi.

Caldwell also held Mansour responsible for the downing of a U.S. helicopter in Yousifiya in May that killed two soldiers.

Mansour, then a member of the insurgent group Ansar al-Sunnah Army, was detained by U.S. forces in 2004 and released in the fall of that year, after which time he joined al-Qaida. Caldwell said that prison officials determined that "he was not deemed a threat to Iraqi citizens or coalition forces."

An Iraqi army officer stationed in Yousifiya said that U.S. forces withdrew from the area on Tuesday and as they departed, set fire to warehouses near the electricity plant where the bodies were discovered. Yousifiya residents extinguished the fires after the Americans left, the officer said.

U.S. and Iraqi forces continued to pressure suspected al-Qaida insurgents north of Baqouba, the same area where al-Zarqawi was killed earlier this month. The U.S. military said that soldiers killed a total of 15 suspected insurgents during a lengthy firefight that moved between at least two buildings.

A helicopter struck utility wires as it was firing on suspected insurgents during the battle and was forced to make an emergency landing. Another U.S. aircraft killed three gunmen as they attempted to attacked the downed helicopter, U.S. officials said. According to a press release, U.S. troops found insurgents hiding among nine women, none of whom were injured.

That account was questioned by the Association of Muslim Scholars in Iraq, a group of leading Sunni Arab clerics, which said that several women and children were among those killed in a U.S. airstrike in northeast Baqouba. The group also said that U.S. troops took four injured civilians with them, including a 10-year-old.

One resident said that a 12-year-old boy was among the dead.

In west Baghdad, a car bomb killed five Iraqis and injured 11 other people. In the predominately Shiite slum in Baghdad, known as Sadr City, another car bomb exploded near a wholesale market, killing four and wounding 16.

Also in Baghdad, two police men were shot to death while driving their patrol car. In the northern oil hub of Kirkuk gunmen in three cars killed three people near a traffic checkpoint.

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Missing Soldiers Are Found Dead (WP)

By Jonathan Finer And Joshua Partlow

The Washington Post, June 21, 2006

BAGHDAD, June 20 -- Two U.S. soldiers, missing for three days since their abduction in an insurgent stronghold south of Baghdad, were found dead, a military spokesman said Tuesday, and a top U.S. commander ordered an investigation into why the men were isolated from a larger force in such a dangerous part of Iraq.

The remains of the soldiers -- Pfc. Kristian Menchaca, 23, of Houston and Pfc. Thomas L. Tucker, 25, of Madras, Ore. -- were recovered near a power plant in the town of Yusufiya, where they had been operating a vehicle checkpoint that came under attack Friday, Maj. Gen. William B. Caldwell said in a briefing for reporters. A third soldier, Spec. David J. Babineau, 25, of Springfield, Mass., died in the initial assault.

"Coalition forces have in fact recovered what we believe to be the remains of our two soldiers," Caldwell said. "Our heartfelt prayers go out to both the families and friends of our two soldiers."

Caldwell declined to describe the condition of the soldiers' bodies, saying it would be "inappropriate until I know what the families were told." He said it was clear the soldiers had died of wounds suffered in captivity, rather than at the site of the attack on the checkpoint, but that the cause of death could not be immediately determined.

According to residents of Yusufiya and a relative of one of the victims, the soldiers were beheaded. An Iraqi official said they had been brutally tortured before their death, but provided no further details.

The bodies will be flown to Kuwait and then to Dover Air Force Base in Delaware for full autopsies and DNA testing to ensure they were identified correctly, the military said in a statement.

As 8,000 U.S. and Iraqi troops scoured the region, a tip from a local resident led them to the soldiers' bodies after dark Monday. Because the informant warned that the bodies were booby-trapped, they were not removed until after dawn Tuesday, the military said.

"We went ahead and established a cordon around the area to protect it so it would be undisturbed at daylight this morning and brought the necessary assets like explosive ordnances," Caldwell said. "They did have to dismantle some stuff to get to them."

One U.S. soldier was killed and 12 wounded during the three-day search across a vast area south of Baghdad, while two insurgents were killed and 78 detained, the military said.

The killings of the two privates raised questions about why such low-ranking troops were left alone, backed by a single armored Humvee, in a region Caldwell described Thursday as "an insurgent hotbed" and the most dangerous place in Iraq for U.S. forces after Baghdad and Ramadi. Even in safer areas, U.S. troops generally travel in convoys to provide support in case insurgents attack or a vehicle breaks down.

Lt. Gen. Peter Chiarelli, the commander of U.S. ground forces in Iraq, has ordered an investigation into procedures used that night. "They are looking at the entire situation," Caldwell said.

To the consternation of U.S. officials, who are careful to withhold casualty details until the soldiers' families can be notified, the deaths were first reported by an Iraqi defense official. Maj. Gen. Abdul Aziz Muhammed Jassim said in a news conference Tuesday they had been tortured and killed "in a barbaric way."

The Mujaheddin al-Shura Council, a collection of several insurgent groups including al-Qaeda in Iraq, claimed in an Internet statement to have "slaughtered" the two soldiers, suggesting they were beheaded. The group, which had vowed revenge on U.S. forces following the killing of Abu Musab al-Zarqawi this month, claimed on Monday to have abducted the two privates.

Asked Tuesday if the Internet statements were credible, Caldwell responded: "Absolutely not," and added that based on "preliminary analysis" there was "no reason to believe" the group's claims.

In telephone interviews, two Yusufiya residents, Muyasar Ghalib al-Qaraghuli, 19, and a tribal leader who gave his name only as Abu Salam, described a gruesome scene in which insurgents beheaded and dismembered the soldiers after dragging their bodies behind pickup trucks.

"It's something that we are against," Qaraghuli said. "But what could we do? It happened."

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Those accounts could not be independently confirmed, though U.S. and Iraqi officials acknowledged privately that the killings had been particularly brutal.

Menchaca's uncle, Mario Vasquez, said military officials told him early Tuesday morning that the two soldiers had been beheaded, according to a report on the Web site of the Houston Chronicle.

The two soldiers were the first to be classified as "duty status and whereabouts unknown," since Sgt. Keith "Matt" Maupin, who disappeared after an attack on his convoy in April 2004. He subsequently appeared in a video made by insurgents, who later released another video purporting to show his execution. The military called the footage inconclusive and continues to classify him as missing. Eleven American civilians, most of them contractors, are also considered to be missing in the country, Caldwell said.

Also Tuesday, U.S. military officials said they had killed a senior member of al-Qaeda in Iraq during an airstrike on Friday in the same area where the two Army privates vanished.

Mansur Sulayman Mansur Khalif al-Mashadani, an Iraqi known as Sheik Mansur, was a "key leader" of al-Qaeda in Iraq with "excellent religious, military and leadership credentials within that organization," said Caldwell. Mashadani, in his mid-thirties, had studied religion in Jordan before rising to be the religious emir for all of al-Qaeda in Iraq, Caldwell said.

"We do think his death will significantly continue to impact on the ability of this organization to regenerate and reorganize itself," Caldwell said.

After tracking Mashadani, U.S. forces moved to capture him, prompting Mashadani and two other people to flee in a vehicle, which was destroyed by a U.S. airstrike, said Caldwell.

Mashadani had been captured by U.S. forces in July 2004 and released that fall, Caldwell said, because he was not considered "a threat to Iraqi citizens or coalition forces." Mashadani joined al-Qaeda in Iraq after his release, he said.

On Tuesday, the U.S. military issued a statement saying it had killed 15 "terrorists" and detained three suspects during simultaneous raids near Baqubah aimed at pursuing a suspected senior member of al-Qaeda in Iraq. After being fired on from a rooftop, U.S. forces shot back and killed nine armed insurgents, and gunfire from supporting aircraft killed two others in a nearby building, the statement said.

The raids yielded 10 AK-47 assault rifles, a shotgun, a pistol and a crate of explosives, military officials said.

A different account of the incident was provided by witnesses, family members of the dead and a Sunni Muslim member of the Iraqi parliament, Mohammed al-Diani, who called the raids a "barbaric bombing" of civilians and children. Diani called on the Iraqi cabinet to investigate.

Hadi al-Azzawi, a press officer for a human rights organization in Baghdad who said he witnessed the incident, said two of the dead were young boys, ages 10 and 12, and a police officer denied any weapons were present at the scene.

When asked about the differing account, Caldwell denied there were any civilian casualties in what he described as "an extremely long firefight."

Violence continued in Baghdad despite efforts to tighten security. Four explosions detonated within an hour Tuesday morning in and around Baghdad, killing 13 people and wounding 39, said Col. Adil Saeed al-Samarai of the Interior Ministry.

In the southern city of Basra, a suicide bomber blew himself up inside a home for the elderly, killing five people and wounding 15, said Samarai.

Soldiers' Bodies Found In Iraq (WT)

By Rowan Scarborough

The Washington Times, June 21, 2006

The U.S. military yesterday recovered the mutilated bodies of two Army privates kidnapped by terrorists Friday night from a checkpoint south of Baghdad.

The bodies were so horribly disfigured that final identification will require DNA testing. But U.S. military officials in Baghdad said the bodies, found in a booby-trapped area, were thought to be those of Pfc. Thomas Lowell Tucker, 25, and Pfc. Kristian Menchaca, 23, although official confirmation awaited the notification of families.

"With great regret -- they were killed in a barbaric way," Iraqi Maj. Gen. Abdul-Aziz Mohammed told reporters.

The Associated Press in Baghdad reported that a Web site connected to the terror group al Qaeda in Iraq posted a statement, saying the two "crusaders" were "slaughtered" by Abu Ayyub al-Masri. The word "slaughtered" often means the terror victims were beheaded. The U.S. has identified al-Masri as successor to Abu Musab Zarqawi, the al Qaeda in Iraq leader who died June 7 in a strike by the U.S. military.

"We are all very much aware of the atrocities they commit," said Army Maj. Gen. William Caldwell, chief military spokesman in Baghdad, referring to the al Qaeda group. "It pains us what some service members may go through."

The soldiers' remains were being taken to Dover Air Force Base in Delaware, where a forensic laboratory would perform the DNA testing.

The abductions spurred questions inside the U.S. command on security procedures for soldiers on patrol.

Why, commanders are asking, was a small group of junior enlisted soldiers in Humvees left alone to man a checkpoint near Yusufiyah in a particularly dangerous area of Iraq dubbed the Triangle of Death? The area in the Anbar province is a hotbed of Sunni Muslim insurgents and foreign terrorists who constantly attack U.S. forces.

"My first question is: Where were the noncommissioned officers?" said a retired Army general who has spoken to active-duty officers about the incident. "Why were only privates protecting a checkpoint? The assumption you have to make is they were part of a platoon that was broken up to watch numerous checkpoints. This again goes back to the same thing: We don't have enough troops."

Soldiers and Marines in Iraq typically travel in large enough numbers to repel an attack by setting up a defensive perimeter and calling in a quick-reaction force of armored vehicles and combat aircraft as backup.

Supply convoys typically travel under a heavy guard that includes armored Humvees, Bradley fighting vehicles and attack helicopters.

Gen. Caldwell said details of what happened in the ambush at 7:55 p.m. Friday will not be released until the slain soldiers' families are briefed and added that Army Lt. Gen. Peter Chiarelli, the top tactical commander in Iraq, has ordered an investigation into procedures followed that night.

The Associated Press quoted an Iraqi farmer as saying insurgents created a diversion to draw some soldiers away from the checkpoint and then attacked the three remaining troops -- killing one and capturing two. The farmer's account could not be confirmed, the AP said.

Killed in the attack was Spc. David J. Babineau, 25. The three belonged to the 101st Airborne Division from Fort Campbell, Ky.

Security procedures have not always prevented combat deaths, but they have blunted kidnapping attempts. Only one other soldier, Army Reserve Sgt. Keith M. Maupin, has been captured by insurgents since Iraq fell to the allies in April 2003. The Army lists him as missing in action.

The command started an extensive manhunt for the missing soldiers during the weekend, dispatching 8,000 American and Iraqi personnel to comb the Triangle area south of Baghdad.

"We have surged intelligence, surveillance and reconnaissance platforms and employed planes, boats, helicopters and [unmanned aerial vehicles] to ensure the most thorough search possible," Gen. Caldwell told reporters on Monday.

He added yesterday, "We basically have turned that area upside down."

But it was an Iraqi civilian, not the military, who first spotted the bodies.

Though insurgents had booby-trapped the area in hopes of killing rescuers, troops cordoned off the area and neutralized the bombs.

"Recovery of the remains was initiated last night and was completed this morning," the U.S. military said. "Coalition forces had to carefully maneuver their way through numerous improvised explosive devices leading up to and around the site."

At a press conference yesterday, Gen. Caldwell said the sweep resulted in the killing of Mansur al Mashhadani, whom he identified as in the top five of the al Qaeda in Iraq's leadership.

"He was a right-hand man to Zarqawi," he said.

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Mashhadani, described as the religious emir for al Qaeda in Iraq, operated in the Yusufiyah area. Before the kidnapping, U.S. forces had him under surveillance. A decision was made to arrest him and troops moved in on his location. He fled in a vehicle and was killed by an air strike, Gen. Caldwell said.

U.S. Says 2 Bodies Retrieved In Iraq Were Brutalized (NYT)

By Dexter Filkins

The New York Times, June 21, 2006

BAGHDAD, Iraq, June 20 — The American military said Tuesday that a search team had found what appeared to be the remains of the two American soldiers captured by insurgents last week during an ambush south of the capital, and a senior Iraqi defense official said the two men had been "brutally tortured."

An American military official in Baghdad, who spoke on the condition of anonymity, said that both bodies showed evidence of "severe trauma" and that they could not be positively identified. The search team spotted the bodies on Monday night, but it took 12 hours to get to them because soldiers had to make their way through "numerous" bombs along the road leading to the bodies, and around the bodies themselves, the official said.

Maj. Gen. William B. Caldwell IV, the American military spokesman, said "the remains" were found Monday night near a power plant in the vicinity of Yusufiya, about three miles from the site were the Americans had been captured by insurgents.

General Caldwell declined to speak in detail about the physical condition of the bodies, but said the cause of death could not be determined. He said the remains of the men would be sent to the United States for DNA testing to determine their identities definitively.

That seemed to suggest that the two Americans had been wounded or mutilated beyond recognition.

"We couldn't identify them," the American military official in Baghdad said.

Maj. Gen. Abdul Azziz Mohammed Jassim, the chief of operations at the Defense Ministry, said he had seen an official report on the bodies and that he could confirm that the two Americans had been "killed in a very brutal way and tortured."

"There were traces of torture on their bodies, very clear traces," General Jassim said. "It was brutal torture. The torture was something unnatural."

The general said that he was unable to give any more details.

The American military official said that one of the bombs planted on the road leading to the bodies exploded when it was struck by an American vehicle, but that no one was injured.

"They were intentionally targeting the recovery force," the American official said.

The bodies of the two Americans were not damaged by the bombs, the official said.

The identities of the two missing soldiers were released on Monday: Pfc. Kristian Menchaca, 23, of Houston, and Pfc. Thomas L. Tucker, 25, of Madras, Ore. A third soldier, Specialist David J. Babineau, 25, of Springfield, Mass., was killed when insurgents attacked the three at a traffic checkpoint.

General Caldwell said the military was investigating how three young, low-ranking soldiers ended up alone on a road in Yusufiya, a town regarded as one of the most hostile in all of Iraq.

According to Iraqis living in the area, the three soldiers, who were manning a traffic checkpoint, became isolated when several of their comrades chased a group of insurgents into the orchards off the roadside. At that point, the Iraqis said, a group of seven or eight masked guerrillas attacked the three, killing Specialist Babineau and capturing Privates Menchaca and Tucker. The Iraqis said they believed that insurgents had intentionally staged the first attack to divert most of the Americans and isolate the three.

"There was a single vehicle there with three Americans soldiers when they came under attack," General Caldwell said. "We do know that the chain of command is looking at the entire situation."

Without going into detail, General Caldwell said it was clear that the two Americans had been killed in a violent way and not from wounds received during the initial battle with the guerrillas.

"Due to the condition of their bodies, we do not believe it was by natural cause of death," he said. "It did not appear that they had been mortally wounded and moved to a location and died."

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General Caldwell said the men's families in the United States had been notified that the bodies of their kin had been found. He said the Army hoped that further testing would reveal the causes of death as well.

"It pains us to realize what fellow servicemen go through," General Caldwell said in a briefing here. "Please keep both of these families in your prayers."

The American military did not release information about the identity of those who it believes may have captured the American soldiers.

An Internet statement, posted Tuesday under the name of the Mujahedeen Shura, said the successor to Abu Musab al-Zarqawi had "slaughtered" the two Americans. The Mujahedeen Shura, an umbrella group, claims Al Qaeda in Mesopotamia as a member. The Arabic word used in the posting, "nahr," denoted the cutting of the throat, and it has been used by jihadi groups when they have beheaded their victims.

The authenticity of the statement, like many that are posted on the Internet, could not be verified. The provenance of this one was called into question by SITE, a Washington group that tracks Islamic militant groups.

Rita Katz, the group's director, said she believed that the message was a fake, given the manner and place in which it was posted on the Internet. Indeed, the message disappeared from one jihadi Web site, Al Hesba, shortly after it appeared.

"There is a straightforward way that Al Qaeda posts their messages," Ms. Katz said. "This was not theirs."

On Monday, the Mujahedeen Shura said in a statement posted on the Internet that it had captured the Americans, but it provided no evidence that it had them in its custody. The group said it would provide more news in a few days. Ms. Katz said she believed that message was authentic.

Mr. Zarqawi, the head of al Qaeda in Mesopotamia, was killed in an American strike in a village 35 miles north of here on June 7. His successor, according to the group, is Abu Hamza al-Muhajir, who the Americans say is an Egyptian who has been fighting here since 2003.

A team of 8,000 troops, American and Iraqi, was assigned to search for the missing soldiers.

General Caldwell said they had encountered several bombs during their search, and also several guerrillas. One American soldier was killed and 12 were wounded during the search, he said.

This was not the first time that insurgents had planted bombs intended to explode when Americans came to recover remains, the American military official said. After insurgents shot down an American helicopter earlier this year, a team sent to recover the bodies and wreckage found 19 bombs on the road leading to the site and around the wreckage itself, the American military official in Baghdad said.

The American military goes to extraordinary lengths to ensure that its soldiers are not captured. The only other soldier captured in this war was Pfc. Keith Maupin, who was taken prisoner by insurgents in April 2004. A video showing Specialist Maupin in his army fatigues, and in the captivity of insurgents, surfaced shortly after his capture.

In June 2004, Al Jazeera, the Arabic language TV station, broadcast a video showing a person being shot. Al Jazeera said insurgents claimed the victim was Pfc. Maupin, but the man's face was not visible on the screen. The military says it is still searching for him.

Also Tuesday, the military said it was continuing its assault on the leadership of Al Qaeda, saying it had killed one of its senior leaders, Mansur Sulayman Mansur Khalif al-Mashhadani, an Iraqi, in an airstrike Friday morning near Yusufiya.

American forces had been tracking Mr. Mashhadani for some time, General Caldwell said, and then moved Friday to take him prisoner. When he tried to escape in a car, the general said, the Americans called in an airstrike to kill him.

General Caldwell said the military believed that Mr. Mashhadani, who they said was in his late 30s, was the "religious emir" for all of Al Qaeda in Mesopotamia. The general said Mr. Mashhadani had been captured by American forces in July 2004 while serving in a similar capacity for two other insurgent groups, Ansar al-Islam and Ansar Al Sunnah. He was released in the fall of 2004, General Caldwell said, when "he was deemed not to be a threat to Iraqi citizens or coalition forces."

In Ramadi, the contested city west of Baghdad, local Iraqis reported a calm day, three days after Iraqi and American troops set up what they called a "security perimeter" around the city.

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In his news conference on Tuesday, General Caldwell said Iraqi and American troops had entered the southern part of the city around the stadium, which has been the site of clashes. The Iraqi and American forces took up positions inside and around the stadium and set up barricades there.

General Caldwell said that the recent military activity did not amount to a full-scale invasion of the city, of the type the Marines undertook of Falluja in November 2004. He described the current operations as more limited, with the goal of allowing the Iraqi police and other security forces to "regain control" of the city. Ramadi has not been under the control of the Iraqi government or American forces for many months, and insurgents roam freely in some areas.

Still, both the American and Iraqi military seemed to leave the door open for stepped-up operations in the future. "There is currently no plan for a large-scale operation in Ramadi," General Jassim said.

Relatives Describe Young Men Determined To Serve Country (NYT)

By Lizette Alvarez

The New York Times, June 21, 2006

When Pfc. Kristian Menchaca, 23, came home from Iraq to South Texas for three weeks in May, his family was taken aback by his transformation, though they kept their thoughts quiet.

"He was very nervous," said his aunt Maria Vásquez. "He had never smoked, and he had started smoking, chain smoking. He was waking up in the night, very disturbed. He couldn't sleep well. He was very nervous, very jittery."

Private Menchaca, who was a newlywed, told his mother and his aunts that, although he was still glad he had enlisted in the Army, life in Iraq was difficult. They got the feeling that, privately, Private Menchaca, who grew up straddling the border in Brownsville and its two cultures, was dreading having to go back.

Just recently, he said, there had been an attack on members of his unit and he had lost all his clothes. They burned in a fire. He had only the uniform on his back.

"He said, 'Send me things: wipes, soap, Oreo cookies,' " she said. "He loved Oreo cookies."

In Oregon, Pfc. Thomas L. Tucker, 25, lived an altogether different life, far from the southern border, in a tiny Oregon farming town called Madras. He had an eye for a good spot to fish, a knack for hunting and a passion for fixing battered pick up trucks.

Private Tucker said in a voice mail message from Iraq, that his mother saved and released to the public, "Just going on a little vacation and I will be back before you know it."

Last Friday, Private Menchaca and Private Tucker were ambushed at a military checkpoint in Yusufiya, an area south of Baghdad riddled with insurgents. The two soldiers, who survived a shootout, were seen being taken away by insurgents. Their relatives, who were visited over the weekend by Army casualty affairs officers with word of the unconfirmed killings, are still awaiting DNA confirmation of the deaths.

If the two soldiers had one thing in common, it was their determination to join the Army and fight in Iraq, believing it to be the right thing to do. It is a message they tried to impress on their families, who worried incessantly about phantom snipers and hidden bombs. "I'm going to defend my country," Private Tucker said in the telephone message. "Be proud of me."

Just recently, Private Tucker told friends and family that he would be going to a more dangerous, remote section of Iraq, where he would be unable to call or send e-mail messages.

Rick Allen, the former mayor of Madras who hired Private Tucker, known as Tommy, as a teenager to work for him at his gas station and convenience store, said there was nothing that Private Tucker liked more than his dirt bikes and his tools. He also played the piano and loved music, his family said. "He was a determined kid," Mr. Allen said. "A tough kid."

Private Tucker's family lives on a stretch of highway just off the town center. On Tuesday, friends and family members sat in front of the house as police officials warned off reporters and onlookers.

Just before enlisting, Private Tucker, who made friends easily, worked in construction, but with his life a little out of focus, he decided to enlist in the Army, joining up last July. He was stationed at Fort Campbell and became a member of the 101st Airborne Division, where he met Private Menchaca.

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During his whirlwind visit to Texas, Private Menchaca was matter-of-fact about the difficulties of his mission in Iraq. He talked about how he slept in vacant buildings, without plumbing or electricity, how he and the other soldiers shared batteries to run their electrical equipment. "He was not complaining," said Sylvia Grice, 37, a cousin. "He was not whining. He was just telling it like it is."

Private Menchaca made it a point to carve out time for his extended family on both sides of the border, spending time with his mother, his brother, his cousins, aunts and uncles in Houston, Matamoros and Brownsville. He also spent time with his wife, Christina, 18, whom he married without telling his family last September, one month before shipping out.

A high school dropout who later earned his graduate equivalency diploma, Private Menchaca had been unhappy working in Houston at a gas station. He decided to join the Army, hoping it would lead to a job as an immigration agent, and told his family Christmas Day, 2004 that he planned to enlist; they tried to talk him out of it. Private Menchaca's brother had served in the Army and had not enjoyed it, Mrs. Vásquez said.

But Private Menchaca insisted, and the family came around. He scored so high on his entrance test that he was given the option to bypass the infantry, said his cousin, Gabriela García. He chose not to do that. Instead, he signed up in March 2005 and wound up in the 101st Airborne.

Ms. García said her cousin reveled in the "challenge, the training, the camaraderie, the structure."

"We think of Kristian as a hero," said Ms. Grice. "You know, he didn't have to do this. He believed in what he was doing."

Families 'devastated' By News (USAT)

By Emily Bazar And Tracy Loew

USA Today, June 21, 2006

Pfc. Kristian Menchaca's family relished his phone calls from Iraq, but the conversations fed their worries.

In one call to his mother, Menchaca said he had been knocked unconscious by a car bomb, his cousin Juan Manuel Vasquez Jr., 31, said Tuesday.

In another, Menchaca said his unit had been attacked overnight, their supplies and belongings destroyed by flames.

"He barely escaped," Vasquez said. "He called to say he needed clothing and supplies."

Vasquez choked back tears as he spoke, shortly after the family learned that the bodies of Menchaca, 23, of Houston and Pfc. Thomas Tucker, 25, of Madras, Ore., had reportedly been recovered in Iraq. The men disappeared Friday when their checkpoint was attacked.

"We did a lot together," Vasquez said of his cousin Kris.

Tucker's parents were "devastated at the news their son may have been killed," a written statement from the family said.

Ten American flags lined the road in front of their home in Madras, a central Oregon town of about 5,600 people.

Sheriff's deputies guarded the entrance but let a FedEx worker deliver a box of yellow ribbons. Similar boxes arrived throughout the community, some sent by the mother of Keith "Matt" Maupin, the only U.S. soldier in the Iraq war still listed as missing.

"Me and a bunch of women are going to put them up all over town," said Trudy Cunningham, who works at the Tiger Mart. "They'll stay up till he gets back home with us."

A memorial of posters and balloons grew on a fence on Fourth Street, the main drag.

Tucker worked at the station in high school. Later he did construction and worked at a sawmill. Cunningham said he was a hard worker who liked to fix cars in his spare time.

The Madras Chamber of Commerce plans to dedicate its Fourth of July Celebration to Tucker.

Holli Van Wert said she and other volunteers are collecting dining coupons and food for the family and a fund has been set up to help with expenses (The Bring Tommy Home Fund, c/o Columbia River Bank, P.O. Box 0, Madras, OR 97741). "It's just the way that we are here. We're all connected on one level," she said.

Tucker joined the Army in July 2005 and had been in Iraq since February.

"He was a good kid," said Tom Brown, who owns Coachworks Collision Repair. "He was a good soldier."

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The family's statement said in part, "Tom has gained a much larger family through this ordeal than he had when he left home to go help the Iraqi people and protect his country from the threat of terrorism."

In Brownsville, Menchaca's family recalled a young man who loved basketball and homemade Mexican food.

He talked of joining the Border Patrol or the customs service after the Army, Vasquez said.

His wedding in September, after a quick courtship, surprised his family, Vasquez said. Soon, he was in Iraq.

When Menchaca was home in the spring, Vasquez said, he noticed a change in his cousin. "He looked a little distant. He had trouble sleeping," he said. "You could see it in his eyes."

Vasquez said Menchaca's death underscores his feelings about the war, which he said doesn't "make any sense."

FBI Pursues Pretenders Masquerading As War Heroes (USAT)

By Gregg Zoroya

USA Today, June 21, 2006

The FBI is cracking down on phony war heroes, who often buy medals on the Internet and wear them at public events.

This year, federal agents have launched a dozen investigations against people allegedly masquerading as decorated veterans. At that pace, the FBI would open about twice as many cases as it did last year.

The cases are sometimes difficult to prosecute because the phony heroes have to be caught wearing the medal. And because the crime — unauthorized wearing of military medals and decorations — is a misdemeanor, the penalty is small. Of the 58 cases that were opened by the FBI in the past six years, 20 are pending. Of the other 38, almost 60% ended in convictions.

Support in Congress is growing for the "Stolen Valor Act," which would stiffen penalties for falsely claiming to have received any medal. Since it was introduced last year, the number of co-sponsors has doubled.

The bill would make it a crime to merely claim the medal was earned. It would also increase punishment. Today, only those fraudulently wearing Medals of Honor face up to a year in jail and a $100,000 fine. The bill would increase penalties for wearing other medals to the same level.

Offenders are people who buy Purple Hearts, Bronze Stars or even Medals of Honor on the Internet or at flea markets and play the role of war hero at military funerals, banquets and benefits, says FBI Special Agent Thomas Cottone, a violent crimes investigator who took on phony war hero cases as a personal crusade 10 years ago.

"They do it for the attention. They want to get noticed," Cottone says. "These people, by wearing those medals, are literally stealing the valor and recognition of those who legitimately did the act. And this is absolutely disgraceful."

The most recent conviction: Theodore Bantis, 59, of Dunlap, Ill., who pleaded guilty Tuesday to posing as a Marine Corps officer who had won the Navy Cross, the second-highest Marine valor award. He admitted he never served in the military.

Frauds Put Up A Decorated Front (USAT)

By Gregg Zoroya

USA Today, June 21, 2006

The man cutting a path across the Marine Corps Birthday Ball near Atlantic City last fall wore row upon row of battle ribbons on his chest — silent testament to a history of gallantry and sacrifice.

Among the awards he wore were a Bronze Star, a Silver Star and the Navy Cross, which is second in significance only to the Medal of Honor.

Retired Marine Corps master sergeant Fred Montney III and others turned to admire Gerard Smigel, 52, in his dress blue uniform and wearing the rank of lieutenant colonel. "He was in his element. He enjoyed it," says Montney, who sat at Smigel's table.

As the night wore on, Montney noticed little flaws. Smigel would excuse himself to go to the "latrine." Marines call it the "head." Smigel wore one award, a Combat Action Ribbon, upside down. "When I asked him questions, he would get somewhat fuzzy" about details, Montney recalls. He snapped a photo of Smigel, smiling next to his wife, and later called the FBI.

Smigel pleaded guilty this month in federal court to illegally wearing the uniform and medals. He was sentenced to three years of probation and fined $3,000.

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Masquerading as a war hero has become riskier — but more tempting — during this time of war. “Right now, most everybody loves the military, and that's why I'm seeing more and more of these impostors,” says senior FBI agent Thomas Cottone.

The FBI has investigated 58 cases of people allegedly wearing fraudulent military decorations since 2001. Assisted by military researchers and the Internet — where hoaxes can be quickly tracked and exposed — the FBI could end up investigating more cases of medal fraud this year than in any other previous year, Cottone says. He says he gets one tip a week.

“I call them gutless creeps,” Montney says of frauds such as Smigel. According to court documents, Smigel's true military service was as an Air Force plumbing specialist who received a less-than-honorable discharge in 1975.

“The vast majority, it's just low self-esteem,” says B.G. “Jug” Burkett, a retired stockbroker from Dallas who led efforts to unmask frauds with Stolen Valor, a 1998 book he co-wrote.

Burkett says people assume heroic alter egos to offset shortcomings.

“Whenever you make someone a hero, he's not only heroic, he's trustworthy, he's honest, he's loyal, he's sincere. All these other attributes get attached to him,” he says. “And if somehow he has failed in some way, then it's due to that evil war that he was forced to fight. You can take both the good and the bad and it explains everything.”

FBI agent Cottone says the bureau is investigating Richard Thibodeau, 64, of Lawrenceville, Ga., who asserted for years that he was a decorated Marine Corps officer and Navy Cross recipient.

Thibodeau explained himself in a May interview with The Atlanta Journal-Constitution. “In my mind, I wasn't harming anyone because I wasn't capitalizing on it,” he said.

In past decades, laws against impersonating war heroes were enforced only sporadically, Cottone says. That changed in the 1990s, largely because of Mitchell Paige, who received the Medal of Honor for beating back a Japanese assault on Guadalcanal in 1942.

During his retirement, Paige tracked people who falsely claimed to be Medal of Honor recipients. In 1994, he successfully lobbied Congress to pass a law that made selling or falsely wearing the Medal of Honor punishable by up to a year in jail and a $100,000 fine. The punishment for wearing other medals remains six months.

Cottone, who worked with Paige, used that law to investigate H.L.I. Lordship Industries, a company in Hauppauge, N.Y., that held a contract with the Pentagon to produce Medals of Honor. In 1996, Cottone proved the company had illegally sold 300 awards, many of them snapped up by impostors. The firm lost its government contract and paid a $22,500 fine.

In the past several years, military researchers and societies have begun assembling databases that have made it easier to uncover fraud.

The Congressional Medal of Honor Society lists all recipients, living or dead, on its website: www.cmohs.org. Cottone says the number of people claiming to be Medal of Honor recipients has diminished in recent years, but the number pretending to have received other valor awards has increased.

The homeofheroes.com website tracks recipients of the Medal of Honor, the Army's Distinguished Service Cross, the Navy and Marine Corps' Navy Cross and the Air Force Cross. That site was pulled together by Doug Sterner, a business technology teacher from Colorado.

Sterner says plenty of military impostors never get caught.

“I believe in virtually every city in America, no matter how small, there is at least one individual who is touting (himself) as a major combat hero based upon lies.”

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The Reliable Source (WP)

By Amy Argetsinger And Roxanne Roberts

The Washington Post, June 21, 2006

Not Playing at a Theater Near You

Hey, kids, let's put on a show ! Alexandria guys Scott Shafer and John Carter did just that in 2004. Shafer scripted a political thriller, Hollywood types took notice, they raised $750,000, and suddenly they were filming "Fatwa" here in D.C., with a solid B-list cast and Carter in his directorial debut.

The indie flick premiered last week at the Atlanta Film Festival and now it's in wide release . . . uh, in video stores across the country. But the newbie auteurs aren't complaining.

"We just wanted to put it into the venue that was most profitable," Shafer says. The 26-year-old notes that they actually turned down a theatrical distribution deal, fearing marketing costs would eat up profits. "There's some creative stigma in going straight to DVD, but I think that's changing. There's a dynamic of people wandering into video stores saying, 'Hey, this looks interesting.' "

No question about that! "Fatwa" stars Lauren Holly ("NCIS," "Picket Fences," "Dumb and Dumber") as a kinda sexy junior senator (beehive 'do, leopard-print stiletto boots) who speaks out against Islamo-fascism and ends up dodging death threats from both a terrorist cabdriver (Roger Guenveur Smith) and her own brother-in-law. Video Business magazine said it "doesn't quite click" but gave it props for nice performances by Lacey Chabert and Mykelti Williamson and more nuance than your average B-movie.

Shafer and Carter are now plotting their next film, a "comic-bookish thriller" about finding Osama . Picking up on a theme? "In the world we live in today," Shafer says, "I can't imagine writing about anything else."For Some People, Nothing Succeeds Like Excess

Two weeks ago, best-selling conservative pundit Ann Coulter shocked the nation -- or, well, some of it -- with her attack on 9/11 widows who voted for John Kerry ("I've never seen people enjoying their husbands' deaths so much"), included in her latest book. Even allies like Bill O'Reilly denounced her. Had the Coulter backlash begun? Had she Gone Too Far this time? We waited for the numbers from the folks at Nielsen BookScan.

First-week sales, "How to Talk to a Liberal (If You Must): The World According to Ann Coulter" (October 2004): 36,000 copies.

First-week sales, "Godless: The Church of Liberalism" (June 2006): 48,000 copies.Lauer and Friends, Staying Up Past Their Deadlines

Why is Matt Lauer anchoring "Today" from the White House this morning when the president's not even in the country? One reason: so he could stay out late in D.C. last night. Lauer, along with his show's top producer, Jim Bell, and Tim Russert , hosted a dinner at Cafe Milano to introduce Meredith Vieira to NBC's Washington correspondents; among the expected guests were Pete Williams , Andrea Mitchell and Lisa Myers . Vieira, who will fill Katie Couric's old seat starting Sept. 13, will also meet with folks at NBC's bureau here today.Hey, Isn't That . . . ?

? Galileo chef/owner Roberto Donna , offloading his 305 pounds from a Harley in Lovettsville, Va. -- first stop on yesterday's "Chefs on Bikes," 75 local culinary pros raising money for anti-hunger charities somehow by riding into the countryside. Over a steak lunch at the Restaurant at Patowmack Farm, he told pals, "If I eat like this every day" -- sitting down, not standing over a stove -- "then I'd become skinny."

? Director Spike Lee signing autographs at Sunday's Nats game, wearing cool gold sunglasses and a Yankees cap and rooting for the visitors. He said his D.C. weekend was a Father's Day present and that he got to see both of New York's "heartbreaking losses."

? Perky cheap-cooking guru Rachael Ray dining late at Zaytinya Monday (for the second time in six weeks -- Rach, the town is filled with restaurants!) with her Food Network colleague, chef Bobby Flay . Ray 'n' Flay were supposed to speak at the KenCen together that night, but Ray had to hold the podium on her own when Flay's flight got storm-delayed.Quoted

"Of course not. I remind them: I AM the law!"

-- Attorney General Alberto Gonzales , denying to our colleague Frank Ahrens that his two children ever download music illegally, after his address yesterday to the U.S. Chamber of Commerce on intellectual property theft.Quoted

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CORPORATE SCANDALS:

Greenberg Sues AIG To Get Board Notes (AP)

By Randall Chase, AP Business Writer

AP, June 21, 2006

Former CEO of AIG, Maurice 'Hank' Greenberg Sues to Get Copies of Board Notes, Minutes

DOVER, Del. (AP) -- The former CEO of American International Group Inc., Maurice "Hank" Greenberg, filed a lawsuit Tuesday seeking records associated with the company's $1.6 billion settlement of allegations that it engaged in deceptive accounting practices.

Starr International Co., a private company led by Greenberg, alleges in the Chancery Court filing that AIG is violating Delaware law by refusing to allow representatives of Starr, which is AIG's largest shareholder, to inspect the company's books and records.

Starr is seeking minutes, notes, transcripts and any other records relating to AIG board and committee meetings dating from Feb. 9, 2005 to the present.

Starr alleges that AIG responded to a June 9 demand letter by offering only heavily redacted "nonprivileged minutes" of board and audit committee meetings relating only to worker's compensation payments made in connection with the settlement announced Feb. 9 of this year.

In the settlement, AIG, one of the world's largest insurance companies, agreed to pay $1.64 billion to settle allegations by New York Attorney General Eliot Spitzer that the company used deceptive accounting practices to mislead investors and regulatory agencies. The Securities and Exchange Commission filed and settled allegations of accounting fraud with the company simultaneously.

The settlement did not cover Greenberg, who was named in the suit but vowed to fight it in court.

Under the settlement, AIG agreed to pay $800 million for investors allegedly deceived by AIG's accounting tactics, including a $100 million penalty to the SEC. The company also agreed to pay $375 million to policyholders, $344 million to states harmed by practices from 1986 to 1995 involving state workers' compensation funds, and fines of $100 million to the state of New York and $25 million to the U.S. Justice Department.

In the demand letter seeking access to AIG records and in the complaint filed Tuesday, Starr claims that at least three states slated to receive worker's compensation payments have admitted that they are not entitled to receive such payments.

The complaint also alleges that other states have expressed "serious misgivings" about the workers' compensation payments. Minnesota, for example, filed a separate lawsuit against AIG rather than accept a settlement state officials believed to be inadequate.

"The stockholder believes that the above issues may be indicative of other problems with the settlement and corresponding possible mismanagement of the company," the Chancery Court complaint reads.

Greenberg was ousted in March 2005 and says he followed proper accounting procedures during his 38 years leading the company. Through a spokesman, Greenberg declined to comment on Tuesday's court filing.

AIG spokesman Joe Norton did not immediately return a call seeking comment.

U.S. Atty. Subpoenas Delta Petroleum (FINDLAW/AP)

AP, June 21, 2006

(AP) - DENVER-Delta Petroleum Corp., a natural gas and oil producer, said late Monday it has received a federal subpoena requesting records back to 1996 over its granting of stock options.

The company said it believes the request comes because it was identified May 16 in a "third-party report" as being at-risk for having backdated stock options for executives. On May 22, the Denver company said its board had formed a special committee to review Delta's option granting practices and related accounting.

The subpoena is from the U.S. Attorney for the Southern District of New York.

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Delta shares fell 36 cents to close at $14.47 Monday on the Nasdaq Stock Market, before the company announced the subpoena.

The 'Backdating' Witch Hunt (WSJ)

By Holman W. Jenkins, Jr.

The Wall Street Journal, June 21, 2006

Another business scandal, this one over options "backdating," reveals that some CEOs are "in it" for the money. Tsk, tsk.

There has been outrage aplenty, lawsuits and even a grand jury investigation over a procession of companies accused of committing this violation of the moral code. A few are big names: Home Depot, Microsoft, UnitedHealth Group. But most are midsized tech companies with good reputations in their industries. So far, about 50 (the number grows daily) are suspected of having granted their executives and employees stock options whose issue date was retroactively established to coincide with a recent low in the company's stock price.

Missing, however, has been any cogent explanation of the possible reasons behind a practice apparently so widespread that companies must either have been sharing notes on it or have discovered it independently following some inner logic of corporate life. Also missing is any cogent explanation of why it's wrong.

CEO "greed" seems to be analysis enough for many leading journalistic minds. But even stipulating that CEOs are greedy, companies have not been short of ways to shovel large sums to their top servants. Why adopt this stratagem? And why should it automatically be assumed that backdating means CEOs were garnering more pay than their boards intended or were somehow exploiting a loophole?

A little history of how we came to this "scandal": Anyone who waded through the literature on CEO compensation has long been aware of studies showing that executives reap non-random gains on their stock options. No surprise here: Options are meant to motivate executives to produce non-random gains, and the whole theory of corporate governance is that executives are self-interested and possess inside information, so you'd expect them to negotiate pay deals for themselves from which they'd benefit.

It took Erik Lie, an economist at the University of Iowa, to show that the gains realized by executives at certain companies were conceivable only if option grants had been systematically retroactive to a recent low in the share price. His work was noticed by the Journal, which went about identifying some of the companies that engaged in apparent backdating.

His finding is revealing, but of what? Let's try to remember -- as some of the subsequent scandal coverage hasn't -- that options typically vest over time, and the value of the CEO's pay package is determined by two factors, not one: The net price of the options multiplied by the number of options.

These simple facts make a mockery of two standard assumptions of the media coverage: that backdating automatically means CEOs were "padding" their pay; and that backdating is the equivalent of being allowed to bet on a horse race after it has been run.

Think about it this way: Options packages don't spring out of the ground, but must be designed and agreed upon. A company and its executive both have an interest in simplifying the negotiation as well as an interest in understanding clearly what the package is likely to be worth.

Why would backdating be appealing in this light? Because it lets one parameter be locked in so negotiation can focus efficiently on the other, the size of the grant. It eliminates a perverse incentive to game the stock price during the negotiation. It leaves a valued executive no reason to grump about the issue date or feel there was any invidious message in its selection, yet the company retains full control over the size of the package.

Some companies are also suspected of timing options grants before impending good corporate news. The same considerations apply. It eliminates an incentive to game the stock price. It eliminates a source of ill will on the executive's part over the selection of the issue date. The company still controls the value of the package (and incentive) through the size of the grant.

Don't doubt, nonetheless, that entrepreneurs and executive are "in it" for the money as well as for the other satisfactions that come from building a business. Too, most of the backdating under the microscope today took place amid the stock price

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gyrations of the Internet bubble, which created unusual challenges for tech companies trying to recruit and keep talent during a business-model land grab.

Yet, all the while, CEO churn surveys have continued to show higher turnover, shorter tenure, more demanding boards in the last several years, even against the background of rising pay. This picture suggests, And large, that high pay is a product not of board cronyism but of a dynamic market for CEOs. Boards are willing to pay a lot of money but they won't put up with poor performance.

Since Enron, a great deal has been said about corporate governance, most of it useless. The one lesson that should be reinforced is that overseeing CEO incentives is among the most important board responsibilities, and boards should keep control of it and do it clearheadedly. Yet there is nothing categorically corrupt or improper about backdating to justify a conclusion that the boards here weren't doing just that.

The scandal element, instead, arises because ever-shifting accounting, regulatory and tax standards were, by some readings, punitive during the years in question toward choosing a past date to make an options package effective. We wouldn't want the legal bills of UnitedHealth's Bill McGuire -- or Vitesse Semiconductor's Louis Tomasetta, or KLA-Tencor's Ken Levy. In the end, dozens of executives are likely now to find themselves skinned and hung out to dry over a practice that's innocuous and even sensible in its own right.

CRIMINAL LAW:

1st Trial In Abramoff Probe Gets Conviction (USAT)

USA Today, June 21, 2006

David Safavian, a former General Services Administration chief of staff, was convicted Tuesday in federal court of lying and obstructing justice in the investigation of lobbyist Jack Abramoff.

Safavian, a former partner of Abramoff, could face up to 20 years in prison at sentencing Oct. 12. He was convicted of obstructing an investigation into whether he aided Abramoff in efforts to acquire property controlled by the GSA in 2002, when Safavian accompanied the lobbyist on a golfing trip to Scotland.

The jury found Safavian hid details of his relationship with Abramoff from a GSA ethics lawyer, the GSA's inspector general's office and the Senate Indian Affairs Committee. He was acquitted of obstructing a Senate investigation.

Safavian also worked as the chief procurement officer in the White House Office of Management and Budget. This was the first trial in the Abramoff inquiry, though the lobbyist and three former congressional aides have pleaded guilty to a variety of charges.

President Bush and his wife, Laura, arrived in Vienna where the president will meet today with leaders of the 25-nation European Union. Bush arrived for the summit optimistic about trans-Atlantic relations on issues such as trade, Iran and counterterrorism.

"We will strengthen our close and growing partnership with the European Union," Bush said.

The president plans to press the Europeans to eliminate farm subsidies that are a sticking point in free-trade negotiations and to make good on their promises of aid for Iraq.

Bush goes to Budapest tonight for the 50th anniversary of the Hungarian revolution against Soviet domination. He will return to Washington late Thursday.

— David Jackson

People convicted of fraudulently obtaining disaster aid would face up to 30 years in prison and $1 million fines under a bill the House of Representatives passed. The legislation goes to the Senate.

The House approved the bill on a voice vote a week after a Government Accountability Office report found up to $1.4 billion in fraudulent claims to the Federal Emergency Management Agency as it rushed to provide relief after Hurricanes Katrina and Rita last year.

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"Fraudsters and scam artists went into high gear" as federal aid poured in, said House Judiciary Committee Chairman James Sensenbrenner, R-Wis. He said 261 people have been charged in 218 federal cases and there have been 44 guilty pleas or convictions. The new penalties would affect only future cases.

Safavian May File Appeal (RC)

By John Bresnahan

Roll Call, June 21, 2006

David Safavian, convicted on Tuesday of lying to federal and Senate investigators and obstructing their investigation into his ties to former lobbyist Jack Abramoff, plans to ask a federal judge to vacate portions of the decision and then will most likely appeal the case, his attorney said.

Safavian was convicted on four of the five felony counts he'd been indicted on last October, including making false statements to investigators and obstructing the Justice Department probe of Abramoff. The jury found him not guilty of obstructing a parallel investigation by the Senate Indian Affairs Committee into Abramoff's business activities.

Senior Justice Department officials hailed the jury's decision, which was announced Tuesday morning after five days of deliberation by the 10 women and two men on the panel.

"Today a jury found David Safavian, a former federal official, guilty of lying to Congress and [General Services Administration] investigators about his dealings with lobbyist Jack Abramoff," said Assistant Attorney General Alice Fisher, head of the criminal division, in a statement released by the department. "The message of this verdict is clear: in answering questions posed by Congress and by federal agencies, public officials have the same obligation as does the public for which they serve — to tell the truth. No one is above the law."

Safavian's sentencing is scheduled for Oct. 12, and under the complicated formula used by the federal courts in determining prison sentences for felony convictions, he faces up to 21 months behind bars, said Biz Van Gelder, his lawyer.

Before his sentence is handed down, however, Safavian will ask the presiding judge, District Judge Paul Friedman of the U.S. District Court for the District of Columbia, to vacate some portions of the decision, Van Gelder said. If that effort fails, Van Gelder plans to appeal the case to the U.S. Court of Appeals for the District of Columbia.

Van Gelder believes that her client has several grounds for appeal, including the decision by Friedman to allow jurors to see hundreds of e-mail exchanges between Abramoff and Safavian. Those e-mails detailed Abramoff's attempts in 2002 to gain control of the Old Post Office building in downtown Washington, D.C., which Abramoff wanted to turn into a luxury hotel. Another GSA property that Abramoff was seeking at that time would have been turned into a school.

Safavian was serving as GSA chief of staff at that time, and he secretly advised Abramoff how to acquire the two GSA properties. Safavian then took part in a luxury golf junket to Scotland in August 2002 that was paid for by Abramoff.

Other participants in that trip included Rep. Bob Ney (R-Ohio); Neil Volz, Ney's former chief of staff; and Ralph Reed, the one-time Christian Coalition executive who is now running for lieutenant governor of Georgia. Both Abramoff and Volz have already pleaded guilty in the ongoing corruption probe, and Volz testified against Safavian during the trial.

Safavian sought an advisory opinion from the GSA ethics office before the Scotland trip, claiming that Abramoff was not "doing business" with GSA, despite the fact that Safavian knew Abramoff was trying to acquire the two GSA properties.

Van Gelder said that Safavian, who worked at the same lobbying firm as Abramoff in the 1990s, should not have been charged with lying to a GSA ethics officer about his knowledge of Abramoff's dealings with GSA, including whether Abramoff was formally lobbying the agency.

Van Gelder also complained about the verdict form used in the trial, arguing that it was too broad and allowed jurors no discretion in whether to convict her client.

"There are a number of issues for us to appeal on," Van Gelder said. "At the end of the day, David Safavian believed his friend [Abramoff] and still doesn't think he did anything wrong."

Van Gelder did acknowledge that Safavian has spent heavily on his legal defense, and that the total would only rise if Safavian were actually to file an appeal.

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"It is very hard for an individual to take on the Justice Department, especially if that individual is paying his own way," Van Gelder said. Van Gelder declined to say how much Safavian had spent.

Safavian has received some financial help from his friends, but those contributions do not come near to covering his legal bills. One source who knows Safavian personally suggested that his legal tab was "far in excess of $500,000." Another GOP insider said Safavian laid out "more than $800,000" on his defense team, with additional bills expected if an appeal is filed.

Several legal experts also said that getting an appeals court to overturn Tuesday's decision would be difficult. Safavian offered extensive challenges to the government's attempts to introduce evidence against him before the trial began, and while Friedman granted his side some victories, the Justice Department won overall.

"Decisions like this one are rarely overturned," said a criminal defense attorney with extensive trial experience. This source said that judges like Friedman — himself a former lawyer in the U.S. attorney's office in the District — are cognizant that any decisions they make prior to and during a criminal trial could end up being reviewed by a higher court.

With the Safavian conviction in hand, and with a number of individuals involved in the probe continuing to cooperate with prosecutors, the question for the Justice Department now becomes where the Abramoff probe goes next, and who will be the next person to agree to a guilty plea or face indictment.

Several individuals directly involved with the investigation believe that Ed Buckham, DeLay's former chief of staff, is the next logical target for federal prosecutors, and one who could help them make a case against any lawmakers tied to Abramoff.

Two former DeLay aides, Michael Scanlon and Tony Rudy, have already pleaded guilty in the case and have agreed to cooperate with federal prosecutors. Rudy worked with Buckham at Alexander Strategy Group, a lobbying firm, before it disbanded in January due to the negative publicity surrounding the pair.

Buckham could not be reached for comment on Tuesday, but he has repeatedly denied any wrongdoing in the past.

"I have been waiting for the other shoe to fall" on Buckham, said a source who has been interviewed by federal investigators handling the case. "He would be the right person for them to go after next."

Buckham also has ties to defense contractor Brent Wilkes, who has been implicated in the bribery scandal that brought down former Rep. Duke Cunningham (R-Calif.). Buckham lobbied for one of Wilkes' companies, Group W, from 2002 to 2005. Wilkes has not been charged in the Cunningham probe.

Ney, another focus for federal prosecutors during the Abramoff investigation, has repeatedly stated he has done nothing improper or illegal in his dealings with Abramoff.

"The Congressman has said consistently from day one that he has never, at any point, engaged in any improper, unethical or illegal activity," Brian Walsh, Ney's spokesman, said.

Ney was forced out of his post as chairman of the House Administration following Rudy's guilty plea, and the Justice Department has subpoenaed any records he possesses regarding contacts with Abramoff. Ney has run up several hundred thousand dollars in legal bills since he was first publicly linked to Abramoff in late 2004, and the Ohio Republican has been forced to establish a legal-defense fund to help offset those costs.

Ney "remains absolutely confident that the lies and deceptions of Jack Abramoff will continue to be revealed and that his name will be cleared fully at the end of the day," Walsh said Tuesday.

Ex-Aide To Bush Found Guilty (WP)

By Jeffrey H. Birnbaum

The Washington Post, June 21, 2006

A federal jury found former White House aide David H. Safavian guilty yesterday of lying and obstructing justice, making him the highest-ranking government official to be convicted in the spreading scandal involving disgraced former lobbyist Jack Abramoff.

Safavian, a former chief of staff of the General Services Administration, was convicted in U.S. District Court here of covering up his many efforts to assist Abramoff in acquiring two properties controlled by the GSA, and also of concealing facts about a lavish weeklong golf trip he took with Abramoff to Scotland and London in the summer of 2002.

This was the first Abramoff-related legal action to go to trial and face a jury. Several legal experts said the case could embolden federal prosecutors to seek additional indictments against cronies of Abramoff, who has been cooperating with the Justice Department since pleading guilty in January to corrupting public officials.

The jury of 10 women and two men came to its decision on its fifth day of deliberations after hearing eight days of testimony. Safavian, 38, sat silently and without expression as U.S. District Judge Paul L. Friedman read the verdict aloud.

The jury found him guilty of obstructing an inquiry by the inspector general's office of the GSA and of lying to the Senate Indian Affairs Committee, a GSA ethics officer and the GSA inspector general. He was acquitted of obstructing the Senate's probe. He faces up to 20 years in jail and $1 million in fines; sentencing was set for Oct. 12.

Safavian's attorney, Barbara Van Gelder, said she will seek a new trial. Prosecutors "will say how this was a great day in the war on corruption," she said. "I find they made a mountain out of a molehill, and now they're going to plant the flag on top of the molehill."

Safavian is the fifth person to be found guilty in legal actions connected to Abramoff, the once-powerful Republican lobbyist who has pleaded guilty to charges of fraud, tax evasion and conspiracy to bribe government officials. Like Abramoff, the other four negotiated plea agreements and did not go to trial. One of those, Neil G. Volz, a congressional aide-turned-lobbyist, testified against Safavian two weeks ago.

Legal observers cited the effectiveness of Volz's testimony as a strong indication that other Abramoff-related indictments or plea agreements are probably imminent. They asserted that Rep. Robert W. Ney (R-Ohio) is in particular jeopardy because he took part in the Scotland trip and has been mentioned in a veiled way in Abramoff-related guilty pleas, and because Volz, as Ney's former chief of staff, is in a position to testify against him.

Safavian's conviction "bolsters the credibility of Neil Volz as a witness," said Stanley M. Brand, an expert on ethics law. "This is another building block in the case against Ney."

Jonathan Turley, a professor at the George Washington University School of Law, added: "This is the type of conviction that tends to loosen tongues."

Spokesman Brian J. Walsh said in a statement that Ney faces no greater danger of prosecution than he did before the verdict. "The Safavian case had nothing to do with Congressman Ney," Walsh said. "He is confident that . . . he will be vindicated."

Besides Volz, the Justice Department has gotten guilty pleas from Abramoff associates Michael Scanlon, a public relations executive; Adam Kidan, a partner of Abramoff's in a Florida gambling-boat investment; and lobbyist Tony C. Rudy, once a top aide to former House majority leader Tom DeLay (R-Tex.).

A federal judge in Miami yesterday granted Abramoff and Kidan three more months of freedom before they must begin prison terms for fraud convictions in a separate case involving the purchase of a cruise-ship line. This will give the two more time to cooperate with investigations into official corruption in Washington and into the 2001 slaying in Fort Lauderdale, Fla., of businessman Konstantinos "Gus" Boulis, who was killed a few months after he sold SunCruz Casinos to the pair.

Days before his arrest in September, Safavian had resigned as the White House's chief procurement policy officer, a job he got after leaving the GSA. He had worked earlier as a lobbyist for Abramoff and also as a congressional aide.

He pleaded not guilty to the charges and, in a surprise move, took the stand in his defense. His wife, Jennifer, also testified. Safavian contended that he was a friend and not a business associate of Abramoff's, that he was forthright with federal investigators, and that Abramoff was not engaged in formal business dealings with the GSA because he was not a contractor with the agency.

But prosecutors Peter Zeidenberg and Nathaniel B. Edmonds introduced dozens of e-mails between Safavian and Abramoff to show the jury that Abramoff sought two government properties Safavian's agency oversaw while offering him favors, including the overseas trip. They did not call Abramoff to testify.

In mid-2002, Safavian joined the GSA, which oversees the purchase and leasing of the federal government's billions of dollars in property around the country. Soon after he arrived at the agency, he and Abramoff began e-mailing each other and exchanging information and strategic advice about how to buy or lease the GSA properties.

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One was a parcel of land in Montgomery County, on which Abramoff hoped to situate a Jewish high school he supported. The second was the Old Post Office Pavilion on Pennsylvania Avenue NW. Abramoff wanted to convert the historic but underused structure into a luxury hotel for an Indian tribe client.

At the same time, Safavian and Abramoff kept in constant social contact -- on the local golf links and at Abramoff's Pennsylvania Avenue restaurant, Signatures. Safavian also agreed to attend the junket to St. Andrews in Scotland, the birthplace of golf, which was arranged by Abramoff.

In addition to Volz, Ney and Safavian, the trip, via a chartered Gulfstream II jet, included two Ney aides and former Christian Coalition leader Ralph Reed -- a business associate and longtime friend of Abramoff's.

Before that trip in August 2002, Safavian asked the GSA ethics office whether he could accept the gift of airfare without breaching the agency's ethics code. In an e-mail requesting the ruling, Safavian called Abramoff a friend and a lobbyist "but one that has no business before GSA (he does all of this work on Capitol Hill)."

The office replied that Safavian could accept the airfare. Nonetheless, Safavian wrote Abramoff a check for $3,100 before the journey began, an amount that Safavian contended throughout the trial was enough to cover the entire cost of the trip.

Zeidenberg and Edmonds derided that assertion. They presented evidence that the check barely paid one-fifth of the real expense: Hotel rooms ran between $400 and $500 a night, greens fees for golf at the fabled St. Andrews were $400 per game, and rounds of drinks in Scotland cost $100 each. Chartering the jet, for nine passengers, cost at least $91,000.

Former Bush Official Safavian Convicted (LAT)

By Richard B. Schmitt, Times Staff Writer

The Los Angeles Times, June 21, 2006

A former Bush administration official was convicted today of lying and obstructing justice for concealing his ties to Republican lobbyist Jack Abramoff.

A federal jury found David H. Safavian guilty of three counts of lying or making false statements and one count of obstructing justice in the first trial to emerge from the scandal surrounding the disgraced lobbyist.

Each count carries a maximum penalty of five years in prison, and a $250,000 fine. U.S. District Judge Paul Friedman set sentencing for Oct. 12.

Safavian sat without expression as the guilty verdicts were read. He was cleared of one count of obstructing the Senate Indian Affairs Committee's investigation.

The verdict adds momentum to a Justice Department investigation focusing on a number of members of Congress, including Rep. Bob Ney (R-Ohio), whose former chief of staff was a government witness against Safavian.

Four other Abramoff associates have pleaded guilty.

Abramoff pleaded guilty in January to conspiring to corrupt public officials, and to steal millions from Indian tribes he represented. Abramoff did not testify at Safavian's trial, but his presence loomed large, through dozens of e-mails the government presented to the jury that showed how he attempted to use Safavian to extend his circle of influence.

Safavian had been a friend of the lobbyist since the two worked together at a Washington law firm in the mid-1990s, when Abramoff was just beginning his rise to power.

Safavian later struck out on his own to form a lobbying firm with conservative activist Grover Norquist, and worked as a congressional aide.

In 2002, he was named chief of staff at the General Services Administration, the federal agency that manages billions of dollars worth of federal real estate.

Prosecutors alleged that Safavian never stopped working for Abramoff despite being on the payroll of a public agency. Soon after arriving at GSA, he began exchanging e-mails with Abramoff about two pieces of GSA property that the lobbyist was interested in developing in the Washington area.

The case boiled down to whether Safavian had misled GSA ethics officers and other investigators about his relationship with Abramoff and the circumstances of a lavish golf junket to Scotland that Abramoff was organizing at the time.

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Safavian went on the August 2002 trip, reimbursing Abramoff $3,100. Prosecutors alleged that the sum was a small fraction of the total cost, which included private jet service, luxury hotel accommodations, and $400 worth of golf at the famed Old Course at St. Andrews.

Former White House Aide Convicted In Abramoff Inquiry (NYT)

By Philip Shenon

The New York Times, June 21, 2006

WASHINGTON, June 20 — A former White House aide was convicted today of lying to government investigators about his ties to the disgraced lobbyist Jack Abramoff, in the first trial to result from the influence-peddling inquiry centered on Mr. Abramoff.

The former aide, David H. Safavian, who resigned from the White House budget office days before his arrest last September, was convicted of four counts of lying and obstruction of justice in his statements to investigators about Mr. Abramoff and about a 2002 golf trip to Scotland that the lobbyist arranged for Mr. Safavian and others. Mr. Safavian was acquitted on an additional obstruction charge.

The verdict was hailed by Justice Department officials as a victory in their wide-ranging criminal investigation of the lobbying operations run by Mr. Abramoff, a Republican fundraiser who pleaded guilty in January to conspiring to go bribe public officials, including members of Congress, and is cooperating with prosecutors.

The criminal inquiry has created alarm on Capitol Hill, with several Republican lawmakers facing difficult re-election battles this November because of questions about their ties to Mr. Abramoff. Congressional aides said the influence-peddling scandal was a major factor in the decision of Tom DeLay, the former House majority leader and an ally of Mr. Abramoff, to retire from politics this year.

Mr. Safavian, 38 years old and a member of Mr. Abramoff's lobbying staff before joining the Bush administration, showed little emotion as the guilty verdicts were read in federal district court in Washington. He could be given 20 years in prison on the four counts, although federal sentencing guidelines suggest he will face a much lighter sentence.

After four days of deliberation, the jury agreed with prosecutors that Mr. Safavian lied to investigators when he insisted there was no ethical conflict in joining Mr. Abramoff's August 2002 golfing trip to Scotland since, Mr. Safavian claimed, the lobbyist did "no business" with the General Services Administration. Mr. Safavian was then the chief of staff of the G.S.A., which fuctions as the government's real-estate manager.

The jury saw e-mail traffic from the summer of 2002 in which Mr. Abramoff repeatedly asked Mr. Safavian for help in acquiring two real-estate parcels that were controlled by the G.S.A., including the Old Post Office Building on Pennsylvania Avenue in Washington, close to the White House. Mr. Safavian arranged a meeting at G.S.A. for Mr. Safavian's wife to discuss the properties on the day before he left for Scotland.

According to the prosecution's case, Mr. Safavian's lies were initially told in the summer of 2002 to the G.S.A.'s ethics office and then repeated to investigators for the agency's inspector general office and for the Senate Indian Affairs Committee, which investigated Mr. Abramoff's lobbying contracts with Indian tribe casinos. Mr. Safavian left the G.S.A. in 2004 to join the White House budget office as the director of federal procurement policies.

Although Mr. Safavian was the first person to go to trial as a result of ties to Mr. Abramoff, four other Abramoff associates, including two former top House aides to Mr. DeLay, have pleaded guilty to criminal charges and face prison sentences.

Mr. Safavian's lawyer, Barbara Van Gelder, said he would appeal the conviction. In a meeting with reporters after the verdict, she suggested, as she did in the trial, that Mr. Safavian was a victim of guilt by association with Mr. Abramoff, whose name has become synonymous in Washington with the worst abuses of corporate lobbyists. "I've always been perplexed as to why the Justice Department decided to take out the howitzers against Mr. Safavian," she said.

Defense lawyers representing other subjects of the Abramoff investigation said they were chilled by the verdict against Mr. Safavian, suggesting that it might embolden the Justice Department to bring charges against much more prominent public officials who were close to Mr. Abramoff.

"Safavian was a little fish," said a lawyer for a former government official who has also become entangled in the investigations of Mr. Abramoff. The lawyer, who spoke on condition of anonymity, saying he did not want to bring unnecessary

attention to his client, added, "I think this makes it easier for the prosecutors to ask permission at the Justice Department to go for the bigger fish."

Assistant Attorney General Alice S. Fisher, the head of the Justice Department's criminal division, said in a statement that "the message of this verdict is clear: in answering questions posed by Congress and by federal agencies, public officials have the same obligation as does the public for which they serve — to tell the truth."

Among the other lawmakers under close scrutiny by the Justice Department is Representative Bob Ney, an Ohio Republican who joined Mr. Abramoff and Mr. Safavian on the 2002 trip to Scotland, where they played on the fabled course at St. Andrews.

Mr. Ney's former chief of staff, Neil G. Volz, was a government witness against Mr. Safavian and was questioned in detail about the golf trip. He testified as a result of a guilty plea in which Mr. Volz confessed to conspiring with Mr. Abramoff to corrupt public officials, including Mr. Ney.

After learning of Mr. Safavian's conviction, Mr. Ney's office said in a statement today that "the reality" is that Mr. Safavian's trial "had absolutely nothing to do with Congressman Ney" and that the lawmaker "remains absolutely confident that the lies and deception of Jack Abramoff will continue to be revealed."

Probe Becomes Election Issue (WSJ)

By Jeanne Cummings

The Wall Street Journal, June 21, 2006

WASHINGTON -- A conviction Tuesday in a Capitol Hill influence-peddling scandal is likely to have broad legal and political effects. The guilty verdict, handed down by a federal jury, could pressure more congressional aides to cooperate with the investigation, and complicate the re-election bids of a handful of Republican legislators named during the trial.

David Safavian, the White House's former top procurement officer, was found guilty on four counts: obstructing the probe of Jack Abramoff's lobbying operations and lying to federal ethics officers and investigators to hide his relationship with Mr. Abramoff.

The verdict -- which followed guilty pleas by Mr. Abramoff and three former congressional aides -- places at least part of the Abramoff scandal inside the Bush administration, not solely in Congress. It is the first trial victory for the Justice Department's task force investigating Mr. Abramoff.

One possible focus of prosecutors is Ohio Republican Rep. Bob Ney, whose role in Abramoff lobbying projects was mentioned in the Safavian trial and the previous guilty-plea agreements. Mr. Ney has denied wrongdoing. His former chief of staff, Neil Volz, is among those who have pleaded guilty; Mr. Volz was the government's star witness in the Safavian trial. (Read about key players1.)

The investigation is factoring into Mr. Ney's re-election campaign, turning a once-safe seat into a battle. Mr. Ney's campaign says that Democrats are trying to make the probe an issue in the campaign, and that it shouldn't be one because he did nothing wrong.

The Safavian trial could complicate the re-election of two other Republicans: Rep. Steven C. LaTourette of Ohio, and Rep. Shelley Moore Capito of West Virginia, says Amy Walter of the nonpartisan Cook Political Report.

Until recently, political handicappers such as Ms. Walter expected Mr. LaTourette and Ms. Capito to hold their seats with relative ease. But trial testimony linking the two lawmakers to Mr. Abramoff's lobbying strategy has provided ammunition to opponents. That is a boost for Democrats who need to win 15 seats to take over the House.

Political charges of corruption "become an issue if the incumbent is already perceived as vulnerable," says Ms. Walter. In the cases of Mr. LaTourette and Ms. Capito, both already had weaknesses.

Mr. LaTourette's office didn't return phone calls for comment on whether the investigation would affect his re-election campaign.

Mr. LaTourette's vote in support of the Central American Free Trade Agreement already looms as an issue in his campaign to hold on to the largely blue-collar district. Mr. LaTourette, a 12-year incumbent, had positioned himself as an independent

Republican and told constituents he wouldn't support such free-trade deals. A public divorce complicated his 2004 re-election and could resurface in this campaign.

The Abramoff connection, "makes it easier to make the case that Steve LaTourette is not the Steve LaTourette you think he is," Ms. Walter said.

The connection began in 2002, when Mr. Safavian was chief of staff of the General Services Administration, which oversees government property. Mr. Abramoff was seeking, on behalf of his Indian tribal clients, a contract to convert the Old Post Office building in downtown Washington to a hotel.

Mr. Abramoff, working with Mr. Safavian, sought a letter from Capitol Hill to give the tribal clients an edge against competitors for the contract. In September 2002, Mr. LaTourette signed a letter to the GSA invoking a special program for economically distressed communities, urging officials to "consider giving Hubzone businesses an advance opportunity to provide redevelopment proposal that could be given priorities" if they meet all other requirements. Indian tribes were considered Hubzone-qualified businesses.

Mr. Volz testified that the letter wasn't as strong as the Abramoff team had wished. In the end, Mr. Abramoff and his clients didn't bid on or receive a contract to revamp the building. Mr. LaTourette's spokeswoman has said her boss did nothing wrong in sending the letter and that he has always supported advantages for small businesses.

But Jason Huff, a spokesman for Larry Katz, the first-time candidate and college professor challenging Mr. LaTourette, says that is irrelevant. "It's one thing to get caught up in a scandal that helps people in your district, but these were things not even in the district," he said.

As for Ms. Capito, according to testimony at the Safavian trial, Mr. Volz contacted Ms. Capito's then-chief of staff, Mark Johnson, in 2002 and asked if he would contact the GSA and inquire about the status of a Maryland property Mr. Abramoff wanted for a school he had founded.

Mr. Johnson made the call to the GSA, but it had little effect. Mr. Abramoff's team briefly considered asking Ms. Capito's office to send a letter but the idea was quashed because it might make her politically vulnerable. "We can't ask the most vulnerable Republican incumbent member of Congress in the House to put something in writing that can be made public," Mr. Volz wrote in a July 2002 email to Mr. Abramoff that was copied to Mr. Safavian.

In the trial, prosecutors characterized Ms. Capito as an unwitting player in the scandal.

When asked to comment on whether this will affect Ms. Capito's re-election prospects, her spokesman, Jordan Stoick, said West Virginians will see that Ms. Capito wasn't part of the Abramoff scheme.

Mr. Johnson, the former chief of staff, didn't testify at the trial. He said in an interview that he feels "really bad for my boss now that her name is getting dragged through the mud." Still, the tie to the trial could be another burden in a difficult race. Ms. Capito, a six-year veteran, represents a district that leans Democratic and her allegiance to President Bush's agenda -- including the Iraq war -- is out of sync with many constituents. "Those voters have seemed to be somewhat comfortable supporting Republicans, but the political climate is much different than it was" two years ago, said Ms. Walter of the Cook Political Report.

Ms. Capito faces Mike Callaghan, an assistant U.S. attorney during the Clinton administration, who has made ethics a centerpiece of his campaign.

The Safavian case centered on a 2002 golfing trip to Scotland paid for by Mr. Abramoff and his clients. Prosecutors alleged Mr. Safavian lied to GSA ethics officials when, while seeking clearance to take the trip, he said Mr. Abramoff had "no business" before the agency.

Mr. Safavian argued that he was being truthful because Mr. Abramoff hadn't formally submitted or won a bid to do business with the agency. Mr. Safavian's sentencing is scheduled for October. He faces a maximum sentence of 20 years in prison and $1 million in fines.

Ex-GSA Official Safavian Is Convicted (PHI)

By Marisa Taylor

The Philadelphia Inquirer, June 21, 2006

DOJ_NMG_0036287

WASHINGTON - A federal jury convicted a former Bush administration official yesterday of lying about his relationship with convicted lobbyist Jack Abramoff, who is at the center of a broadening investigation into influence-peddling on Capitol Hill.

David Safavian, former chief of staff of the General Services Administration, the federal government's procurement agency, was found guilty of four charges of making false statements and misleading investigators who were looking into Abramoff's dealings with other public officials and lobbyists.

Safavian faces up to five years in prison on each of the four counts. Sentencing was set for Oct. 12.

Prosecutors had accused Safavian of lying about helping Abramoff try to buy two GSA-managed properties.

Safavian also did not reveal the extent of his relationship with Abramoff and his plans to take a golfing trip to Scotland with the lobbyist in August 2002, prosecutors said.

The jury acquitted Safavian of a fifth charge, of trying to mislead the Senate Committee on Indian Affairs, which later determined that Abramoff had paid for a portion of the trip with tribal money.

Justice Department officials said Safavian's conviction showed that government officials would be held accountable for failing to cooperate with federal investigators.

"Public officials have the same obligation as does the public for which they serve: to tell the truth," Assistant Attorney General Alice S. Fisher said.

Abramoff pleaded guilty in January to fraud, tax evasion, and conspiracy to bribe public officials. He did not testify at Safavian's trial but has agreed to cooperate with federal prosecutors.

Four other former Abramoff associates, including a former chief of staff to Rep. Bob W. Ney (R., Ohio) and two former aides to former Rep. Tom DeLay (R., Texas), have pleaded guilty in the scandal. Ney and DeLay have denied any wrongdoing.

During the eight-day trial, prosecutors presented dozens of e-mail exchanges between Safavian and Abramoff that discussed the GSA properties.

Abramoff contacted Safavian days after his old friend became the GSA's chief of staff to talk to him about the properties, according to federal records.

Abramoff wanted to buy or lease a portion of 600 acres in Silver Spring, Md., and the Old Post Office Building in Washington. At the time, the GSA managed the properties.

Prosecutors said Safavian later advised Abramoff about leasing or buying the properties, gave him internal government documents, and set up a meeting with other GSA officials.

At the time, Safavian had been planning to take the Scotland golf trip with a group that included Abramoff and Ney.

Safavian sought an opinion from ethics officers about whether he could join the trip, telling them Abramoff was a "lawyer and a lobbyist, but one that has no business before GSA," according to the federal documents.

Ethics officers concluded that Safavian could accept a gift as long as Abramoff was not seeking to do business with the GSA. Safavian e-mailed Abramoff: "It looks like Scotland is a go."

During the trial, defense attorneys argued that Safavian had acted appropriately by seeking advice from the ethics officers and reimbursing Abramoff $3,100 for the trip. Prosecutors contended the amount could not have covered his share of the expenses, which exceeded $130,000 for nine people.

Three-Month Reprieve for Abramoff

Convicted lobbyist Jack Abramoff will not have to go to prison in a fraud case in Florida for at least three more months,

a judge in Miami ruled yesterday.

U.S. District Judge Paul Huck in March sentenced Abramoff and former business partner Adam Kidan to five years and 10 months in a case tied to their purchase in 2000 of a casino-boat company. Huck told the pair then to surrender to authorities on June 29 to start their prison terms.

Federal prosecutorsrequested a 90-day extension because Abramoff and Kidan were cooperating with investigations into others, including public officials in Washington. Several government agencies are involved in the probe, and quick access to Abramoff is essential, they said.

"The pending investigations will require further contact between the defendants and government agents, which will best be served by the defendants' continued liberty," prosecutors Lawrence LaVecchio and Paul Schwartz wrote in their request, which defense lawyers joined.

Huck ruled yesterdaythat Abramoff and Kidan need not surrender until Oct. 2.

- Bloomberg News

Safavian Found Guilty On Four Criminal Charges (GOVEXEC)

By Jenny Mandel

Government Executive, June 21, 2006

A federal jury on Tuesday found David Safavian, the former federal procurement chief on trial in connection with his dealings with Jack Abramoff, guilty on four of five charges involving lying and obstructing official investigations.

Safavian was convicted on three counts of making false statements and one count of obstructing an investigation. He was cleared on a fifth charge of obstructing an investigation by the Senate Indian Affairs Committee.

The verdict came early on the fifth day of deliberations, with jurors finding that Safavian made false statements to an ethics official at the General Services Administration, where he worked as chief of staff, both by concealing that he assisted Abramoff with agency activities and by stating that the lobbyist did all his work on Capitol Hill.

The jury also found Safavian had lied to the GSA inspector general's office by concealing his dealings with Abramoff, and to the Senate committee in a letter stating that Abramoff did not have business with the GSA at the time of a 2002 golf trip to Scotland that Safavian took with the lobbyist.

Safavian faces up to five years in prison and a $250,000 fine for each of the four counts, though his lawyer, Barbara Van Gelder, said she would draw on his clean record in arguing that he serve less than the full 20 years. Sentencing is scheduled for Oct. 12.

Van Gelder said her client will appeal the jury's decision, a process she said could take many years.

As possible grounds for appeal, Van Gelder cited concerns with the verdict form, which she said used overly broad language and introduced new wording that had not been defined during the trial. She also described instructions on how the jury was to consider a flood of e-mail traffic between Safavian and Abramoff as confusing and "hypertechnical," with some messages to be considered solely for the fact that they were sent, while others could be considered as statements of fact.

Van Gelder, who spoke with several jurors after the verdict was announced, said, "It's clear the e-mails certainly played ... a maybe more central role than they should have," noting that their sheer volume gave the government's case "heft."

But she said the verdict could not be taken as a clear indication of how others caught up in the Abramoff scandal may fare should they face trial. "Each defendant is a snowflake," she said, noting that others who pleaded guilty had admitted to different charges relating to provision of their "good and honest services."

Van Gelder said the decision could have a chilling effect on government officials considering whether to seek ethics opinions if they feel that might open them up to future charges.

"I've always been perplexed by why the Justice Department took out the howitzers and started aiming them at David Safavian," she said. But she stood by her decision not to subpoena Abramoff during the trial, saying his status as a cooperating government witness would have limited her access to interview him in advance.

After the judge read the verdict and the lawyers, court officials and much of the public had left the room, Safavian continued to sit blank-faced on a bench in the courtroom with his wife, Jennifer, who testified during the trial.

Van Gelder said the past several weeks have been emotional for her client. "This has been a very long road for Mr. Safavian," she said.

Ex-Abramoff Associate Safavian Found Guilty (LAW)

By Emma Schwartz, Legal Times

Legal Times, June 21, 2006

Former White House official faces up to 20 years in prison when sentenced this fall.

DOJ_NMG_0036289

Former White House official David Safavian was found guilty Tuesday of obstructing justice and lying to federal investigators about his relationship with ex-lobbyist Jack Abramoff. The verdict gives a boost to the government's ongoing probe into the dealings of the one-time Washington power broker.

A federal jury found Safavian, who served as chief procurement officer at the Office of Management and Budget until last September, guilty on three counts of making false statements and one count of obstructing justice. The jury acquitted him on a second count of obstructing justice in connection with an investigation of Abramoff conducted by the Senate Indian Affairs Committee. Safavian faces up to 20 years in prison when sentenced this fall.

The case was a significant victory for the government's expanding public corruption probe. Safavian's was the first, and so far only, Abramoff-related case to make it to trial. Four other targets — Abramoff and his associates Michael Scanlon, Neil Volz, and Tony Rudy — agreed to plead guilty to a variety of charges, including conspiracy to bribe public officials.

"The message of this verdict is clear: In answering questions posed by Congress and by federal agencies, public officials have the same obligation as does the public which they serve — to tell the truth. No one is above the law," said Assistant Attorney General Alice Fisher, in a statement released by the Justice Department.

Safavian's case was somewhat narrower than those of others targeted in the Abramoff probe. It focused on an August 2002 trip Safavian took to Scotland and London that Abramoff sponsored. Others on the junket included Ohio Republican Rep. Bob Ney and political strategist Ralph Reed, the former head of the Christian Coalition. Attendees played rounds of golf at the Old Course of St. Andrews and stayed at luxury hotels in London and Scotland.

At the time of the trip, Safavian had just been appointed chief of staff to the administrator of the Government Services Administration. But when asking for clearance to go on the trip, Safavian told a GSA ethics officer that Abramoff had no business before the agency because he did all of his work on Capitol Hill. In fact, Abramoff had previously sought assistance from Safavian to secure leases on two GSA-controlled properties.

During the trial prosecutors disclosed hundreds of e-mails between Safavian and Abramoff that detailed extensive consultations between the two. Safavian actively advised Abramoff, an old friend, on the best way to proceed with his two GSA-related projects. One of those projects involved using a government facility in Silver Spring, Md., to house a Jewish day school Abramoff had helped found. The other project was a bid for the Old Post Office building in downtown Washington, which an Abramoff client wanted to convert into an upscale hotel. Neither proposal ever got off the ground.

Prosecutors argued that even though Safavian paid Abramoff $3,100 to cover the cost of the Scotland trip, which included multiple rounds of golf and expensive dinners, he should have known that the actual cost was far higher.

Safavian took the stand for two days, testifying that he never tried to hide anything about his relationship with Abramoff. While he admitted he had, at times, used poor judgment in some of the e-mails he sent to Abramoff, he maintained he did not believe Abramoff's interests met the technical standards of "doing business" with the agency.

Safavian first came under scrutiny in March 2003, when an anonymous caller to the GSA raised questions about the Scotland trip. Safavian gave an official in the inspector general's office the GSA ethics opinion clearing him to go on the trip, and no further action was taken. Then, in the spring of 2004, he sent the same ethics opinion, which included the false statement about Abramoff's business, to the Senate Indian Affairs Committee, which was also probing the Scotland trip. But it wasn't until May 2005 that federal investigators first approached him. He was arrested in September.

The jury's deliberations in the case were not problem-free. The judge dismissed one juror on the second day, forcing the remaining jurors to start deliberations over again. On Tuesday morning attorneys for both sides were in court again to discuss scheduling problems with three other jurors when the jury came back, after three and a half days, with its decision.

After the verdict was read, Safavian's family and friends seated in the courtroom broke down in tears.

Safavian's attorney, Barbara Van Gelder, vowed to appeal the decision. She called the entire government investigation of her client an attempt to make "a mountain out of a molehill." Though she said she believed the jury had deliberated thoroughly, she argued that the introduction of many of the e-mails into evidence, as well as the language of the jury form, was improper and had prejudiced the outcome of the case.

Emma Schwartz can be contacted at eschwartz@alm.com.

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Safavian Convicted Of Hiding Aid To Lobbyist Abramoff (Update6) (BLOOM)

By Kristin Jensen

Bloomberg, June 21, 2006

June 20 (Bloomberg) -- A federal jury convicted former White House official David Safavian of lying and obstructing justice in the first trial to come out of the influence-peddling investigation of Republican lobbyist Jack Abramoff.

Safavian, 38, was found guilty today of three counts of making false statements and one count of obstructing justice. He was acquitted of another obstruction charge. Each count carries a maximum penalty of five years in prison and a $250,000 fine.

The verdict validates the Justice Department's strategy of relying on e-mail messages to show that Safavian concealed the inside help he gave to Abramoff. Without calling Abramoff to the witness stand, prosecutors Peter Zeidenberg and Nathaniel Edmonds painted Safavian as a public servant led astray by lavish gifts.

``The e-mails certainly played a very large, maybe more important, role than they should have in this case," Safavian's attorney, Barbara Van Gelder, told reporters outside the federal courthouse in Washington after the verdict. ``Mr. Abramoff loomed large, and his absence loomed larger than his presence."

Abramoff, 47, became the subject of a U.S. government task force investigation after a series of articles in the Washington Post in 2004 about his financial dealings with partner Michael Scanlon and their work for American Indian tribes. In January this year, Abramoff pleaded guilty to defrauding the tribes and conspiring to corrupt public officials.

`Bigger Sword'

Scanlon and two other former congressional aides, who later worked for Abramoff, have also pleaded guilty to conspiracy. They are cooperating with prosecutors investigating other lobbyists and public officials including U.S. Representative Bob Ney, who traveled with Safavian on an Abramoff-arranged golf trip to Scotland in 2002. Ney has denied all wrongdoing.

``Prosecutors now have a bigger sword to rattle when they are trying to convince witnesses to cooperate, or individuals to plead guilty," said Joshua Berman, a former Justice Department lawyer and partner at Sonnenschein, Nath & Rosenthal LLP in Washington. ``The prosecutors can essentially say to a reluctant target or subject, `Look, we're prepared to try these cases. We did it with Safavian and are ready to do it with you.'"

Van Gelder had fought the introduction of hundreds of e- mails into evidence, arguing that Abramoff should appear on the witness stand to show whether they were valid. The decision by U.S. District Judge Paul Friedman to allow the e-mails into evidence without any testimony by Abramoff will play a role in the fight to overturn the verdict, she said.

Straight Ahead

Safavian looked straight ahead and made no statement as Friedman read the verdict, reached after more than four days of deliberation by the jury. The judge set a sentencing date for Oct. 12 and a court date for Aug. 24 to hear Van Gelder's arguments in an expected bid to throw out the verdict.

``We're still absolutely staunch" that Safavian did nothing wrong, Van Gelder said. ``It is more difficult today than ever before to maintain your innocence and explain your innocence."

The Safavian case stems from the August 2002 trip Abramoff arranged for a group to visit Scotland's famed St. Andrews golf course. Abramoff added on three nights in London, where guests stayed in $500-a-night rooms at the Mandarin Oriental hotel.

Abramoff chartered a private jet at a cost of more than $91,000 for the nine-person outing. Ney, an Ohio Republican, came with two of his aides, Will Heaton and Paul Vinovich. The group also included Abramoff's son, two of his fellow lobbyists and Christian activist Ralph Reed, a longtime friend.

GSA

At the time of the trip, Safavian was chief of staff at the General Services Administration, which oversees government land. Before the trip, he sent an e-mail to a GSA ethics official asking how he should treat the offer from Abramoff of a free ride on the jet. He told the ethics official that Abramoff had ``no business before GSA" and did all his work on Capitol Hill.

Prosecutors said those statements were untrue because Safavian and Abramoff had discussed how to acquire rights to GSA properties in a series of e-mails shown to the jury. Safavian said his statement was true because Abramoff, who worked for Greenberg Traurig LLP, didn't have any GSA contracts or bids and wasn't likely to have any.

Safavian also said he believed he had paid for the trip and his share of airfare with a $3,100 check written to Abramoff, a former colleague and golfing buddy. Prosecutors said Safavian should have known the vacation was far more expensive and contended that he accepted an improper gift.

`Tell the Truth'

When the GSA Inspector General's office and later a Senate committee investigating Abramoff asked Safavian about the trip, prosecutors contended that Safavian lied again. The jury agreed.

``The message of this verdict is clear: In answering questions posed by Congress and by federal agencies, public officials have the same obligation as does the public for which they serve -- to tell the truth," Assistant Attorney General Alice Fisher said in a statement. ``No one is above the law."

Safavian left the GSA after getting an appointment from President George W. Bush to the Office of Management and Budget. He served as the government's top procurement officer until September 2005, when he resigned several days before his arrest.

``Even though Safavian is not a major target in the Abramoff investigations, as the first defendant to go to trial, his conviction will generate prosecutorial momentum," said Greg Wallance, a former federal prosecutor and now a lawyer at the New York firm Kaye Scholer. ``The conviction likely will encourage other witnesses -- who until now have been unwilling to cooperate -- to get off the fence and make a deal."

The case is U.S. v. Safavian, 05cr370, U.S. District Court for the District of Columbia.

Ex-Bush Official Guilty In Lobby Scandal (WT/AP)

By The Associated Press

The Washington Times, June 21, 2006

ASSOCIATED PRESS

A jury found former Bush administration official David Safavian guilty yesterday of covering up his dealings with Republican lobbyist Jack Abramoff.

Safavian was convicted on four of five felony counts of lying and obstruction. He had resigned from his White House post last year as the federal government's chief procurement officer.

The verdict gave a boost to the wide-ranging influence-peddling probe focusing on Abramoff's dealings with Congress.

In the Safavian case, prosecutors highlighted the name of Rep. Bob Ney, Ohio Republican. They introduced a photograph of the congressman and Abramoff standing in front of a private jet that whisked them and other members of a golfing party for a five-day trip to St. Andrews Old Course in Scotland. Safavian went on the trans-Atlantic trip while he was chief of staff at the General Services Administration (GSA).

The trial consumed eight days of testimony about Safavian's assistance to Abramoff regarding government-owned real estate and the excursion to Scotland that the lobbyist organized. The verdict came on the fifth day of jury deliberations.

Safavian showed no expression when the judge announced the guilty verdicts on each of four counts. Sentencing was scheduled for Oct. 12.

"The task force will say how this was a great day in the war on corruption," said Barbara van Gelder, Safavian's attorney, referring to the Justice Department task force investigating the Abramoff scandal. "I find they made a mountain out of a molehill and now they're going to plant the flag on top of the molehill."

This was the first trial to emerge from the scandal surrounding Abramoff, who is a former business partner of Safavian's. Abramoff has pleaded guilty to federal crimes in Washington and in Miami.

A key witness in the case was Neil Volz, a convicted partner of Abramoff's and ex-chief of staff to Mr. Ney. Prosecutors introduced hundreds of e-mails exchanged among Safavian, Abramoff, Volz and others in 2002.

The Justice Department made a case that Safavian provided Abramoff with advice and some inside information about two government properties.

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Prosecutors said Abramoff wanted to buy or lease part of the GSA's White Oak property in the Maryland suburbs for use by a Jewish school he had established. They also said he wanted to give an Indian tribe client a leg up on obtaining the contract to redevelop the Old Post Office in downtown Washington as a luxury hotel, near two restaurants Abramoff owned.

Volz testified that the Abramoff team referred to Safavian as one of their "champions" inside government, who could give them insider information they couldn't get elsewhere.

Safavian took the stand for two days in his own defense. He acknowledged some misjudgments and forwarding Abramoff some insider information.

He maintained he simply gave generally available information to an old friend who was inquiring about government property that the GSA had not decided what to do with yet.

Former Bush Official Convicted Of Lying About Ties To Abramoff (KRT)

By Marisa Taylor

Knight Ridder, June 20, 2006

WASHINGTON - A federal jury convicted a former Bush administration official Tuesday of lying about his relationship with a high-powered Washington lobbyist who's at the center of a broadening investigation into influence-peddling on Capitol Hill.

David Safavian, former chief of staff of the General Services Administration, the federal government's procurement agency, was found guilty of four charges of making false statements and misleading investigators who were looking into Jack Abramoff's dealings with other public officials and lobbyists.

At his sentencing in October, Safavian faces up to five years in prison on each of the four counts.

Prosecutors had accused Safavian of lying about helping Abramoff attempt to buy two GSA-managed properties in the Washington area.

Safavian also didn't reveal the extent of his relationship with Abramoff and his plans to take a golfing trip to Scotland with the lobbyist in August 2002, prosecutors said.

The jury acquitted Safavian of a fifth charge, of attempting to mislead the Senate Committee on Indian Affairs, which later determined that Abramoff had paid for a portion of the trip with tribal money.

Justice Department officials said Safavian's conviction showed that government officials would be held accountable for failing to cooperate with federal investigators.

"Public officials have the same obligation as does the public for which they serve: to tell the truth," Assistant Attorney General Alice S. Fisher said.

Abramoff pleaded guilty in January to fraud, tax evasion and conspiracy to bribe public officials. He didn't testify in the Safavian case, although he's agreed to cooperate with federal prosecutors.

Four other former Abramoff associates, including a former chief of staff for Rep. Bob Ney, R-Ohio, and two former aides to former Rep. Tom DeLay, R-Texas, have pleaded guilty in the scandal. Ney and DeLay have denied any wrongdoing.

Neil Volz, Ney's former chief of staff, pleaded guilty in May to conspiring with Abramoff. Former DeLay aides Michael Scanlon and Tony Rudy have pleaded guilty to committing fraud and violating the federal one-year lobbying ban. Volz testified on behalf of the government during Safavian's trial.

During the eight-day trial, prosecutors presented dozens of e-mails between Safavian and Abramoff discussing the GSA properties.

Abramoff contacted Safavian days after his old friend became GSA's chief of staff to talk to him about the properties, according to federal records.

Abramoff wanted to buy or lease a portion of 600 acres in Silver Spring, Md., and the Old Post Office Building in Washington. At the time, the GSA managed the properties.

Prosecutors said Safavian later gave Abramoff advice about leasing or buying the properties, provided him with internal government documents and set up a meeting with other GSA officials.

At the time, Safavian had been planning to take the golfing trip to Scotland with a group that included Abramoff and Ney.

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Safavian sought an opinion from ethics officers about whether he could join the trip, telling them Abramoff was a "lawyer and a lobbyist, but one that has no business before GSA," according to the federal documents.

Ethics officers concluded that Safavian could accept a gift as long as Abramoff wasn't seeking to do business with the GSA.

Safavian sent an e-mail to Abramoff, saying: "It looks like Scotland is a go."

During the trial, defense attorneys argued that Safavian had acted appropriately by seeking advice from the ethics officers and reimbursing Abramoff $3,100 for the trip. Safavian's attorney Barbara Van Gelder didn't return repeated calls.

Prosecutors countered that the amount couldn't have covered his share of the expenses, which exceeded $130,000 for nine people.

Guilty Verdict For Associate Of Abramoff (LAT)

By Richard B. Schmitt

The Los Angeles Times, June 21, 2006

WASHINGTON — In the first trial arising from the Jack Abramoff influence-peddling scandal, a federal jury on Tuesday found a former Bush administration official guilty of lying and concealing his ties to the disgraced Republican lobbyist.

The case against David H. Safavian, once the government's chief procurement officer, turned on a lavish golf outing to Scotland. His conviction was a milestone for the Justice Department, which is continuing to pursue figures linked to Abramoff. The verdict adds momentum to that probe and is apt to put pressure on Safavian to cooperate with investigators to gain leniency when he is sentenced.

Abramoff pleaded guilty in January to conspiring to corrupt public officials and to steal millions from Indian tribes he represented; he has agreed to cooperate in the ongoing investigation of his activities. Abramoff did not testify at Safavian's trial, although prosecutors introduced dozens of e-mails to show how he used his friendship with Safavian to learn more about government properties for sale.

Safavian was found guilty on three counts of lying or making false statements and one count of obstructing justice. Each count carries a maximum penalty of five years in prison and a $250,000 fine. U.S. District Judge Paul L. Friedman set sentencing for Oct. 12.

"The message of this verdict is clear: In answering questions posed by Congress and by federal agencies, public officials have the same obligation as does the public for which they serve — to tell the truth. No one is above the law," Alice Fisher, chief of the Justice Department's criminal division, said in a prepared statement.

The verdict comes amid the investigation into whether Abramoff illegally traded campaign contributions and other favors to aid his lobbying clients. Federal agents are focusing on a number of Congress members, including Rep. Bob Ney (R-Ohio), whose former chief of staff was the key government witness against Safavian.

Three other former Abramoff associates have pleaded guilty to crimes related to the scandal.

A lawyer for Safavian said her client had tried to play by the rules but had been swept up in a broader government corruption crackdown.

"The task force will say how this was a great day in the war on corruption," Barbara van Gelder said after the verdict. "I find they made a mountain out of a molehill, and now they're going to plant the flag on top of the molehill."

Legal experts said the verdict would strengthen the government's hand in dealing with others under investigation, and show that the government was serious about pursuing even lesser players caught in the Abramoff web.

"The conviction likely will encourage other witnesses — who until now have been unwilling to cooperate — to get off the fence and make a deal," said Greg Wallance, a former federal prosecutor in Brooklyn who was part of the team that prosecuted members of Congress in the so-called ABSCAM investigation in the 1970s and 1980s.

Democrats, eager to make corruption in Washington an issue at the polls in November, also said the conviction was significant.

The verdict "is another sign that the grip of the Republican culture of corruption and abuses of power in Washington is loosening, but it's just the tip of the iceberg," Democratic National Committee Chairman Howard Dean said.

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Safavian befriended Abramoff at a Washington lobbying firm in the mid-1990s, when Abramoff was just beginning his rise to power in the capital. Safavian later struck out on his own to form a lobbying firm with conservative activist Grover Norquist. Safavian also worked as a congressional aide.

In 2002, he was named chief of staff at the General Services Administration, the powerful agency that manages billions in federal real estate. President Bush later named him the top procurement official at the Office of Management and Budget. He resigned that post last fall just before he was arrested and charged.

Prosecutors said Safavian never stopped working with Abramoff, even after he was employed by a federal agency. Soon after arriving at GSA, he began exchanging e-mails with Abramoff about two pieces of GSA property that the lobbyist was interested in developing in the Washington area.

The case boiled down to whether Safavian had misled GSA ethics officers and other investigators about his relationship with Abramoff and the circumstances of a lavish golf trip to Scotland that Abramoff was organizing at the time. Safavian went on the August 2002 trip, reimbursing Abramoff $3,100 to cover his share of the costs.

But prosecutors said the sum was a small fraction of the total cost, which included private jet service, luxury hotel accommodations and $400 rounds of golf at the famed Old Course at St. Andrews.

Safavian had requested an opinion from the GSA ethics office about whether he was permitted under agency conflict-of-interest rules to go on the trip. The office approved the trip after Safavian assured officials in an e-mail that Abramoff had "no business before G.S.A."

Prosecutors said the statement was a lie. Using e-mail traffic, they showed that, just weeks before the trip, Safavian was advising Abramoff on how to acquire GSA property in Maryland for a Jewish academy that the lobbyist had founded. Safavian also offered Abramoff tips on being considered for a GSA contract to redevelop the Old Post Office building on Pennsylvania Avenue near the White House.

Abramoff didn't acquire either property.

In addition, the five-count indictment charged Safavian with lying and concealing information from the GSA inspector general — who had been tipped off to the trip by an anonymous call to the agency hot line. Safavian also was charged with lying to the staff of a Senate committee that was investigating Abramoff. He was acquitted of a charge of obstructing the committee's investigation.

Safavian's case was hurt by the testimony of a former congressional staffer, GSA officials — and his own words.

A star witness was Neil Volz, who had gone to work for Abramoff after serving as chief of staff to Ney. He testified that Safavian and Ney were seen as "champions" who could always be counted on to back causes the lobbyists touted. Both Volz — who testified as part of a deal with prosecutors last month in which he pleaded guilty to corruption charges — and Ney were part of the golf trip to Scotland.

GSA and Senate investigators testified that they were kept in the dark about the advice Safavian gave Abramoff, and said the information could have altered their decision to clear the trip.

And Safavian, testifying in his own defense, said that the $3,100 he paid for the golf trip was based on an estimate provided by Abramoff, and that he had no reason to doubt it despite lavish accommodations. He said under cross-examination that he believed the cost of a round of golf at St. Andrews was "comparable" to the $135 he paid to play golf at a good course in the Maryland suburbs. The government estimated that the true cost of his share was more than five times the amount he paid.

"Mr. Safavian tried to serve two masters," Justice Department lawyer Nathaniel Edmonds told the jury last week as the government wrapped up its case. "He was appointed by the president to serve the people of the United States. But he chose to serve Jack Abramoff."

Safavian Found Guilty Of Lying About Abramoff (HILL)

By Roxana Tiron

The Hill, June 21, 2006

A jury yesterday found David Safavian, a former Bush administration official, guilty of lying about his dealings with disgraced lobbyist Jack Abramoff.

DOJ_NMG_0036295

The former General Services Administration official was convicted on four of five felony counts of lying and obstruction.

The trial revolved around testimony about Safavian's assistance to Abramoff regarding government-owned property and a weeklong trip to a famed golfing course in Scotland and London.

Abramoff did not testify in Safavian's case, but Neil Volz, an Abramoff associate and former chief of staff to embattled Rep. Bob Ney (R-Ohio), testified against Safavian.

Safavian's case was the first to go to trial in the influence-peddling case arising from the Abramoff scandal. A date for Safavian's sentencing has yet to be set.

Procurement Nominee Offers Contrast To Predecessor: Experience (WP)

By Stephen Barr

The Washington Post, June 21, 2006

The contrast between present and past nominees was fairly obvious although never addressed yesterday in the Senate hearing room.

Paul A. Denett , the president's choice to head the White House's federal procurement policy office, was selected primarily because of his deep knowledge of government contracting. His predecessor, David H. Safavian , had come to the job primarily because of his political connections.

Yesterday morning, Denett, 60, promised at his confirmation hearing "to build a world-class acquisition system that garners the confidence of our taxpayers by consistently delivering efficient, effective and ethical contracting service."

A few blocks away, down Capitol Hill, a federal jury announced that Safavian, 38, had been found guilty on four of five felony charges tied to a corruption and influence-peddling scandal centered around lobbyist Jack Abramoff . [Story, A1.]

Safavian's name was not mentioned at the hearing on Denett's nomination to head the Office of Federal Procurement Policy, part of the Office of Management and Budget. Denett was nominated in April to serve as the OFPP administrator, replacing Safavian, who had resigned in September.

But Sen. Susan Collins (R-Maine), who held the hearing as chairman of the Senate Homeland Security and Governmental Affairs Committee, told Denett that she wanted to see the procurement office play a stronger role in federal contracting, suggesting that the office might want to consider auditing agencies' performance.

"OFPP is often too passive in its role," she said.

These are trying times for the federal contracting community. In addition to the embarrassment caused by the Safavian case, members of Congress are frustrated by recent procurement woes at the departments of Defense and Homeland Security.

Collins said noncompetitive contracts and other lax practices had caused the government to squander more than $1 billion in its response to Hurricane Katrina. The only other committee member to attend the hearing, Sen. Tom Coburn (R-Okla.), faulted some Iraq war contract practices and urged Denett to go after contracts that lead to wasteful spending, noting that there "are some real gravy trains out there."

Denett agreed with the senators that there is "vast room for improvement" in federal procurement practices and said agency contracting officers should be held accountable for getting the best price for the taxpayer.

The nominee said he would work to improve training for the federal acquisition workforce, help agencies plan and operate more effectively during emergencies like Katrina, work for greater clarity and transparency in contract management, and ensure that work performed by federal employees is put up for bid "in a reasoned and responsible manner."

Denett served for more than 30 years as a career federal employee in the Navy and Army and the departments of Agriculture, Treasury and Interior. He held senior positions in acquisition operations and policy and started intern programs to recruit and train acquisition specialists.

Since 2003, he has been vice president of contracting programs at ESI International, a training and consulting firm in Arlington.

Aides to Collins said she hopes to soon schedule a committee vote and move the nomination to the Senate for approval.Pension Policy on Hold

DOJ_NMG_0036296

Energy Secretary Samuel W. Bodman has ordered a one-year suspension of a new policy that would shift contract workers to "market-based" retirement and health-care plans to reduce costs.

The policy, announced April 27, was criticized in Congress as an effort to force Energy contractors to abandon guaranteed pensions and cut back medical benefits for new employees. The House Appropriations Committee and some members of Congress had introduced proposals to block the policy.

Energy officials said the policy was aimed at helping rein in growing liabilities. They noted that the department will spend $784 million this year to reimburse contractors for health-care and defined-benefit pension programs.

Bodman said he has directed department personnel to continue talks with interested parties, including members of Congress, during the one-year suspension. Sen. Edward M. Kennedy (D-Mass.) said he was pleased that Bodman "retracted this harmful policy."

Safavian Found Guilty In Lobbyist Trial (AP-Y2)

By Pete Yost

AP2, June 21, 2006

The Justice Department on Tuesday won its first trial in the probe of influence peddler Jack Abramoff, convicting a former Bush administration official in a case that touched on questionable behavior by members of Congress.

A jury found David Safavian had hidden details of his relationship with Abramoff from a General Services Administration ethics lawyer, the GSA's Inspector General's office and the Senate Indian Affairs Committee and had obstructed the IG.

Safavian, the GSA's former chief of staff, could face up to five years in prison on each of those four counts. He was acquitted of obstructing the Senate probe.

The guilty verdict is expected to give a boost to a wide-ranging federal investigation that includes lawmakers, their aides and members of the Bush administration.

"The message of this verdict is clear: In answering questions posed by Congress and by federal agencies, public officials have the same obligation as does the public for which they serve — to tell the truth," said Alice Fisher, the assistant attorney general in charge of the Justice Department's criminal division.

In Miami, meanwhile, a judge granted Abramoff and ex-business partner Adam Kidan another three months before they must begin serving prison sentences for fraud convictions stemming from the purchase of a gambling boat fleet. Abramoff also faces sentencing in Washington on federal charges of conspiracy, tax evasion and mail fraud.

The delay will give the two more time to cooperate with investigators.

In persuading a jury to convict Safavian, prosecutors introduced a photograph of Rep. Bob Ney (news, bio, voting record), R-Ohio, and Abramoff standing next to a private jet that whisked them and other members of a golfing party to Scotland for five days at the storied St. Andrews Old Course. Safavian was in the photo too, as were two of Ney's aides who also went on the Abramoff-organized junket.

Recent Justice Department court papers say Ney engaged in 16 actions on behalf of Abramoff at the same time the congressman and his staff were accepting gifts from the lobbyist.

In response to Tuesday's verdict, Ney's office blamed Ney's problems on "the lies and deception of Jack Abramoff."

Ney "has never, at any point, engaged in any improper, unethical or illegal activity" and the Safavian case "had absolutely nothing to do with Congressman Ney," his office said.

Prosecutors never called Abramoff to testify, instead relying on e-mail traffic to detail the relationship between the lobbyist and Safavian.

Abramoff, the e-mails showed, showered the GSA chief of staff with the lobbyist's largesse while badgering him for information about two pieces of government-controlled property the lobbyist wanted. One of them was the historic Old Post Office in downtown Washington.

Testifying in his own defense, Safavian said he and Abramoff were longtime friends and that he was trying to do the right thing by seeking a GSA ethics opinion on whether he could go on the Scotland trip.

DOJ_NMG_0036297

Safavian sat impassively as U.S. District Judge Paul Friedman read the verdict, showing no emotion when the judge announced the guilty verdicts on each of four counts. Sentencing was scheduled for Oct. 12.

Safavian's attorney, Barbara Van Gelder, said the Justice Department task force investigating the Abramoff scandal will say that "this was a great day in the war on corruption. I find they made a mountain out of a molehill and now they're going to plant the flag on top of the molehill."

Van Gelder said convicting Safavian for not disclosing certain details to the ethics officer will dissuade other government officials from seeking such guidance.

Safavian did not disclose the advice and assistance he gave Abramoff on the two properties, including what Safavian acknowledged on the stand was some inside information about the position of officials in other agencies about the post office redevelopment.

In a bid for a lighter sentence on his own conviction, Neil Volz, Ney's former chief of staff, testified for the prosecution. Volz outlined how the Abramoff team received assistance on the GSA properties from several Republican congressmen or their aides including Ney, Rep. Don Young (news, bio, voting record) of Alaska, Rep. Steven LaTourette (news, bio, voting record) of Ohio and a former top aide to Rep. Shelley Moore Capito (news, bio, voting record) of West Virginia.

Volz told the jury the Abramoff team referred to Safavian and Ney as two of their "champions" who helped with inside information and assistance. Volz said Safavian was the mastermind of some of the strategy for developing congressional pressure or action to sway GSA. Volz said they tried to keep this maneuvering secret.

Ney's office called it "baffling" that Ney could be referred to as a champion for Abramoff "when there is no evidence that he took any official action on any of the issues Neil testified about."

Young's office has said he did not advocate any particular business over another. LaTourette said he was simply advocating special opportunities for small businesses. Capito's office said the congresswoman was unaware of assistance provided by her then-chief of staff.

Saginaw Tribe Wants Former Employee Investigated (AP)

By Tim Martin, Associated Press

AP, June 21, 2006

LANSING, Mich. (AP) -- The Saginaw Chippewa Indian Tribe wants the U.S. Department of Justice to investigate one of its former employees and his ties to tainted lobbyist Jack Abramoff.

Former legislative affairs worker Christopher Petras is accused by the tribe of giving "incorrect and misleading" testimony to the U.S. Senate Affairs Committee in September 2004 during hearings about Abramoff and Abramoff's associate, Michael Scanlon.

Abramoff is charged with defrauding the Mount Pleasant tribe while representing its interests in Washington, mainly from late 2001 to late 2003. Both he and Scanlon have pleaded guilty to various crimes dealing with work they did for Indian tribes in Michigan, Louisiana, Mississippi and Texas.

Although Petras testified before the Senate Indian Affairs Committee that he didn't recall many of the details about his communications with Abramoff and Scanlon, the tribe says a trail of e-mails and other testimony indicate a stronger relationship than Petras revealed.

Federal prosecutors say Abramoff encouraged the tribe to expand a lobbying contract without disclosing that he would receive about 50 percent of the profits from the tribe's payments. From June 2002 to October 2003, the tribe paid about $3.5 million on the contract, with about $540,000 being kicked back to Abramoff, court documents say.

Abramoff's former employer, Greenberg Traurig LLP, has agreed to repay millions of dollars to the tribe as part of a settlement. The Saginaw Chippewas say they paid about $14 million to Abramoff and Scanlon overall.

Tribal Chief Fred Cantu sent a letter last month requesting the Justice Department investigation to U.S. Sen. John McCain, the Arizona Republican who heads the Senate Indian Affairs Committee. The Senate committee is expected to release its own report this week on its investigation into Abramoff and the tribes.

Bernie Sprague, a former tribal subchief, is upset Petras did not reveal more at the Senate hearing of his ties to Abramoff.

"He was an employee of the tribe. He was on our payroll," Sprague said. "We expected him to be honest and forthright with us, and he was none of the above."

Tribal representatives say they want to find out what Petras knew about financial dealings concerning Abramoff.

"All that money coming from the tribe to Abramoff and Scanlon ... he had to know about that," Dave Otto, a former tribal subchief, said of Petras. "I think he knew or had to have some idea of what was going on."

Petras has not returned repeated phone messages and e-mails from The Associated Press in recent weeks seeking his side of the story. He worked in the Saginaw Chippewas' legislative affairs office from late 1998 to early 2004, when his job was eliminated by a newly elected tribal council.

E-mails submitted as part of the Senate committee's hearing process give some insight into Abramoff's dealings with Petras.

A May 2000 e-mail from Abramoff appears to indicate that Petras requested a meeting with Abramoff's firm about possible representation for the Saginaw Chippewa tribe.

In his 2004 testimony, Petras said he had no role in hiring Abramoff and that other tribal officials made the decision. However, he also said Abramoff's former firm was one of three for which he lined up interviews when the tribe was trying to expand its influence in Washington.

The Senate Indian Affairs Committee learned in 2004 that Abramoff and Scanlon spent $100,000 to help get eight supporters elected to the Saginaw Chippewas' 12-member council in 2001. Otto said that Petras was involved in that process and arranged a meeting with Scanlon. The new council soon voted to hire Abramoff and Scanlon.

Petras told the Senate panel the lobbyists gave him a digital video camera, a leather briefcase and "some type of slide projection desktop screen" as gifts but otherwise never paid him for that work.

He is listed on Abramoff gift lists as receiving $200 in December 2000 and $100 in December 2001. Tribal representatives say it is possible the gifts Petras acknowledged receiving are the same ones reflected on the lists. Other tribal officials also are named as gift recipients.

Current tribal leaders and Petras differ on how much influence Petras had on the political contributions the tribe made while he worked for them.

Petras testified there were "no efforts on my behalf to push either way any type of political contribution." Tribal leaders say that appears to be contradicted by other documents.

Petras told the Senate Indian Affairs Committee he never assessed how Washington lobbyists were doing. That was left for the council members themselves. In later testimony, Petras said he may have told the council from time to time that Abramoff and Scanlon were doing a good job.

E-mails indicate Abramoff and Petras may have worked to try and regain influence in February 2004 -- after they no longer worked for the tribe -- by getting involved in a recall election of tribal officers.

"They are running out of money for copying, stamps, etc. Petras asked if we could come up with $2500 to help them out," an e-mail from an Abramoff co-worker to Abramoff read. E-mails indicate Abramoff instructed a co-worker to get money from one of his accounts to help the recall effort.

In his Senate testimony, Petras said he did not recall the incident.

Another e-mail indicates Abramoff planned to loan Petras a computer so they could stay in contact after the newly elected tribal council eliminated Petras' job.

On the Net:

Senate Indian Affairs Committee: http://indian.senate.gov/public/

Saginaw Chippewa Indian Tribe: http://www.sagchip.org

More Than $2M Raised For Libby's Defense (AP-Y2)

AP2, June 21, 2006

DOJ_NMG_0036299

Supporters of Vice President Dick Cheney's indicted former chief of staff have raised more than $2 million since late last year for his legal defense in the CIA leak case.

Former Cheney spokeswoman Mary Matalin was hosting a fundraiser at her home Tuesday night to help pay the legal expenses of I. Lewis Libby, who is charged with five counts of perjury, obstruction and lying to the FBI in the Valerie Plame affair.

The $2 million figure came from Barbara Comstock, a member of Libby's legal team. Among the co-hosts for the event at Matalin's home were former Energy Secretary Spencer Abraham, former Rep. Bob Livingston and oil industry executive and former Commerce Secretary Don Evans.

Former Republican Sen. Fred Thompson hosted a fundraiser at his northern Virginia home last month to raise money for Libby's defense.

Libby is accused of lying to Special Counsel Patrick Fitzgerald about how the former Cheney aide learned of Plame's CIA identity and what he told reporters about it.

One Count Dropped In Patronage Trial (CHIT)

By Rudolph Bush And Matt O'connor, Tribune Staff Reporters

Chicago Tribune, June 21, 2006

Mayor Richard Daley's former patronage chief Robert Sorich and his three co-defendants scored a victory in court Tuesday when a federal judge tossed out a significant fraud charge against all of them in their City Hall corruption trial.

U.S. District Judge David Coar's ruling came as prosecutors rested a six-week case that portrayed much of the city's hiring and promotions system as riddled with political favoritism, sham interviews and preselected job applicants.

Coar also said Tuesday that he will reserve ruling on whether to dismiss all charges against former Streets and Sanitation officials John Sullivan and Patrick Slattery.

He rejected a defense request to dismiss remaining charges against Sorich and his former aide Timothy McCarthy.

Prosecutors allege in an eight-count indictment that the men schemed to rig hiring and promotion for many blue-collar city jobs in favor of pro-Daley political workers and others with political clout.

Coar tossed out count one of the indictment, a mail fraud charge against all four defendants, after prosecutors conceded they cannot provide evidence that a particular job applicant, Streets and Sanitation employee Joseph Pratl, received a 2004 promotion letter through the mail.

Pratl's promotion was one of hundreds, if not thousands, of city jobs that prosecutors allege were rigged through the mayor's Office of Intergovernmental Affairs, where Sorich was a top aide.

They used Pratl's promotion, however, to charge all four men with one count of mail fraud.

Defense attorneys for Sorich and his former aide Timothy McCarthy called the ruling a significant stepping stone in their fight against the accusations.

"It's terrific. It's very consistent with my feelings about this case all along," said Sorich's attorney, Thomas Anthony Durkin.

Prosecutors declined to comment.

As the courtroom was turned over to the defense Tuesday, it was revealed in a court filing that Durkin may seek to call Daley's former Chief of Staff Sheila O'Grady and former Intergovernmental Affairs Directors Tim Degnan Sr. and Victor Reyes to testify. In an e-mail to prosecutors Saturday, Durkin suggested he will seek immunity from prosecution to secure their testimony.

Reyes heads the powerful pro-Daley Hispanic Democratic Organization, which prosecutors charge was among the main beneficiaries of the alleged scheme.

As Slattery's attorney Patrick Blegen presented the first defense witness Tuesday afternoon, veteran attorneys said the defendants face an uphill fight despite their victory Tuesday.

Richard Kling, a professor at Chicago-Kent College of Law and a criminal-defense lawyer, thinks the verdict could hinge "on whether the defense that 'I was only following orders' flies with the jury."

Since the trial began in mid-May, Durkin has argued that Sorich was simply forwarding job recommendations from alderman, community leaders and others to city departments.

He has argued the practice was longstanding and widely known in City Hall.

But a series of current and former city employees have testified that Sorich or McCarthy effectively ordered the city's largest departments to hire or promote people selected by the mayor's office.

The trial's first witness, former Water Department Personnel Director Mary Jo Falcon, said that for years she received lists of job applicants from Sorich or McCarthy. She called the lists "blessed" and said she didn't consider the names on them applicants but "hires."

According to testimony, many of the people hired or promoted were culled from armies of political workers.

The government put disgraced city employees Donald Tomczak and Daniel Katalinic on the stand to testify that they operated pro-Daley political organizations largely made up of city workers.

Tomczak, a former first deputy commissioner in the Water Department, and Katalinic, a former deputy commissioner in Streets and Sanitation, have both admitted taking bribes through the city's scandal-plagued Hired Truck Program.

They testified that they maintained their political armies by offering jobs and promotions to workers. When they needed jobs, they would go to officials in the mayor's office, including Sorich and McCarthy, they said.

Throughout the case, defense attorneys have hammered at the credibility of government witnesses. Many witnesses received immunity from prosecution for their testimony. Tomczak and Katalinic are expected to receive more lenient sentences.

The prosecution's most prominent witness was City Hall's top lawyer, Mara Georges, who testified about conversations she had with McCarthy and Sorich after federal agents raided their offices in April 2005.

Georges said she was unaware until the 2005 raid that there were "irregularities" with regard to hiring for jobs covered by the Shakman decree, a federal court order prohibiting political-based hiring.

She grudgingly acknowledged on cross-examination that she learned in 2004 about an allegation that the mayor's office was involved in hiring an unqualified 19-year-old building inspector.

The prosecution's last witness, called Tuesday morning, was FBI agent John Hauser, who led the April 2005 raid of City Hall.

He said a sweep of offices at Intergovernmental Affairs yielded only one recommendation letter from an alderman.

But Hauser said searches of the Sorich and McCarthy offices, which had combination locks on the doors, turned up several lists of names connected to people and organizations with political clout.

Testimony from defense witnesses is scheduled to continue Wednesday. Durkin has said he expects the defense case to last about a week.

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Judge Dismisses 1 Count Against Chicago Patronage Trial Defendants (AP)

By Megan Reichgott

AP, June 21, 2006

CHICAGO - A federal judge dismissed a mail fraud charge against Mayor Richard Daley's former patronage chief and three other former city officials Tuesday, ruling prosecutors did not have evidence to support the charge.

U.S. District Judge David H. Coar's decision to dismiss the charge, which takes up 13 pages of an 18-page indictment, was a boost for Robert Sorich, former head of the city's Office of Intergovernmental Affairs, and the three others accused of covering up the illegal use of clout as the basis for filling city payroll jobs.

"It's a significant ruling, it's very consistent with my feeling about this case all along," defense attorney Thomas Durkin told reporters after the decision.

Sorich, Timothy McCarthy and Patrick Slattery still face other charges, including mail fraud.

McCarthy attorney Patrick E. Deady said the ruling "demonstrates it's not an ironclad case on all of the legal issues."

John Sullivan, former deputy commissioner of streets and sanitation, now only is charged with lying to the FBI. A message seeking comment was left for his attorney Tuesday night.

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After prosecutors called their last witness Tuesday, Assistant U.S. Attorney Patrick Collins called a sidebar and asked the judge to dismiss the charge, said attorney's office spokeswoman Kim Nerheim. She declined to comment on the prosecutors' decision because the case is ongoing.

Coar allowed the defense to call its first witness, then formally threw out the charge after the jury went home for the day, Nerheim said. The trial was to continue with the same defense witness Wednesday.

"The next step is to move forward with the other counts against the defendants," Nerheim said.

The men are accused of disguising the use of clout rather than merit in hiring for city jobs despite the long-standing court-ordered Shakman Decree, which sharply curbs the city's traditional patronage system by banning political patronage as a basis for hiring all but about 1,000 of 38,000 city employees.

The charges are a spinoff of the federal government's 18-month investigation of the city's scandal-plagued Hired Truck Program. The investigation has penetrated the heart of Daley's political operation and sent shock waves through City Hall, although Daley is not accused of any wrongdoing and has said his administration plans to continue cooperating with the federal government.

City Law Department spokeswoman Jennifer Hoyle did not immediately return a telephone call Tuesday evening after business hours.

2 Indicted For Alleged BWC Bribe; Brokers Accused Of Trading Condo Use For State Deals (TOLB)

By JAMES DREW And STEVE EDER, BLADE STAFF WRITERS

Toledo Blade (OH), June 21, 2006

COLUMBUS — The scandal that has gripped state government for 14 months broadened yesterday as two Cleveland-area investment brokers were indicted on charges that they conspired to bribe a high-ranking official of the Ohio Bureau of Workers' Compensation in exchange for getting and keeping a piece of the bureau's business.

Brokers Michael W. Lewis and Daniel P. O'Neil worked for three investment firms in the six years they gave Terrence Gasper, the bureau's chief financial officer, use of an oceanfront condominium and a boat slip in the Florida Keys, according to the indictment unsealed yesterday in U.S. District Court.

In exchange, Gasper steered business to the firms that Mr. Lewis and Mr. O'Neil worked for — Ferris, Baker Watts for the past six years; Raymond James & Associates in 2000, and Roney & Co. from 1997 through 1999, federal prosecutors allege.

The indictments are the latest in a state and federal investigation of the bureau's investment practices that began last year after The Blade began reporting about problems with the agency's $50 million investment in rare-coin funds managed by former Toledo-area coin dealer and GOP fund-raiser Tom Noe. He has been charged with stealing millions from the funds.

"We are looking at the conduct of these individuals because the business followed them, no matter where they went," said Gregory White, U.S. attorney for the Northern District of Ohio.

Mr. White estimated that the firms for which Mr. Lewis and Mr. O'Neil worked received $5 million to $6 million in brokerage commissions, marketing, and solicitation fees from the bureau, the state agency that pays medical bills and provides monthly checks to Ohio workers injured on the job.

Mr. Lewis, 71, and Mr. O'Neil, 54, pleaded not guilty yesterday to the felony charges during a brief hearing in U.S. District Court in Akron. Mr. Lewis surrendered to FBI officials yesterday and gave his U.S. and Irish passports to authorities.

The four-count indictment returned by a federal grand jury in Cleveland states that in November, 1998, Gasper and his then-girlfriend met with a real estate agent and signed a contract to buy a condo and boat slip at the Coral Harbour Club Condominium in Islamorada, Fla., for $345,000.

But Gasper never had plans to buy the condo and boat slip, federal authorities allege.

Instead, Mr. Lewis contacted the real estate agent, said he was Gasper's partner, and the contract then was assigned to Mr. O'Neil and Mr. Lewis — who at the time worked for Roney & Co.

Condo purchased

In January, 1999, Mr. O'Neil and Mr. Lewis closed on the purchase of the condo and boat slip for $345,000, federal prosecutors allege.

From February, 1999, to his forced resignation in October, 2004, after the state lost $216 million in a Bermuda-based hedge fund, Gasper stayed at the condo and "treated it as if it were his own," allowing his girlfriend, her family members, and her veterinarian to use the condo for free, the indictment states.

Gasper occasionally would make a "token rental payment'" to Mr. Lewis to make it look like his stays there were legitimate, authorities said, but for five years starting in 1999, Mr. Lewis and Mr. O'Neil jointly paid the mortgage and all other fees related to the condo and boat slip.

Mr. Lewis and Mr. O'Neil are charged with violating federal law by conspiring to bribe Gasper, committing mail and wire fraud by arranging to buy the condo for Gasper's use, and making false statements to federal investigators when they claimed that Gasper had no involvement in the Florida Keys condo, Mr. White said.

Mr. Lewis and Mr. O'Neil each face a maximum of 20 years in prison, a $250,000 fine, and three years of probation on the charge of conspiring to bribe Gasper. On the other three counts, they face up to five years in prison, a $250,000 fine, and three years of probation.

Gasper pleaded guilty June 7 in federal and state courts to massive public corruption charges, including money laundering for accepting $25,000 from Noe for an investment that was made in the name of Gasper's then-girlfriend, Betsy Ratcliff.

Gasper made key decisions regarding Noe's $50 million coin funds and the failed hedge fund run by Mark D. Lay of Pittsburgh-based MDL Capital Management.

A marketer, who has not been identified by federal authorities, gave Gasper a $9,000 check made payable to the college that Gasper's son attended.

Big commissions

Gasper, who lives in the Columbus suburb of Worthington, must cooperate with federal and state investigators as part of his plea agreement. An attorney representing Gasper, who has not been sentenced, didn't return a message seeking comment.

Nancy Smeltzer, a bureau spokesman, said brokerage firms that Mr. Lewis and Mr. O'Neil worked for have collected about $3.2 million in commissions from the agency since 1997.

Ms. Smeltzer said it was unclear what percentage of commissions were directed to Mr. Lewis and Mr. O'Neil.

"It is our interest to see this investigation and all this activity brought to a close. We've got business to do. We've got public trust to rebuild. We are eager to see this over with as anybody," Ms. Smeltzer said.

Joan Ellis, a Princeton, N.J., resident who owns the unit next to the one purchased by Mr. Lewis and Mr. O'Neil, said the Coral Harbour Club Condominium complex is "probably the fanciest, nicest, la-de-da place in the Florida Keys — at least from Islamorada up." Ms. Ellis said she has never seen or met the brokers or Gasper.

Ms. Ellis said the complex is situated on the oceanside with a clubhouse, swimming pool, tennis courts, and a man-made lake.

'The best building'

"It has 14 acres of very tropical, posh plantings and with peacocks that wake you up at 4:30 in the morning," she said. "Behind the ocean there's big long dock, and there's a protected marina, and there's some really big boats."

The complex comprises about eight buildings and the brokers own a unit in the "E" building.

"I happen to think the 'E' building is definitely the best building," Ms. Ellis said, adding that the building is "right on the ocean."

Donna Klements, who lives near Mr. Lewis in Willoughby, which is east of Cleveland in Lake County, said she hadn't had much contact with Mr. Lewis.

"I don't even think I could pick him out of a line-up," Ms. Klements said.

Ms. Klements said Mr. Lewis and his wife live in a "regular house." Mr. Lewis purchased the 1,944-square-foot home in Lake County in 1998 for $327,000, according to property records.

"There's nothing extravagant, fancy, ooh la la about it," Ms. Klements said.

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Susan Markley, who lives next door to Mr. O'Neil and his wife in Geauga County, said she has talked to him several times and can't believe the allegations.

"I can see maybe someone trying to set Dan up and pulling him into it," she said.

Contact James Drew at: jdrew@theblade.com or 614-221-0496.

Brokers Indicted In State Scandals (COLDIS)

By Mark Niquette, THE COLUMBUS DISPATCH

Columbus Dispatch, June 21, 2006

Former BWC official, friend given condo use, counts say

Terrence W. Gasper and his former girlfriend personally picked out the oceanfront condo and boat slip in the Florida Keys that the couple, her family members and her veterinarian would use.

But Gasper knew they wouldn't have to pay for it, authorities say.

The $345,000 tab was picked up by a pair of Ohio brokers in exchange for millions of dollars of business with the state Bureau of Workers' Compensation, where Gasper was chief financial officer, according to a four-count federal indictment of the brokers handed up yesterday.

Michael W. Lewis, 71, of Willoughby Hills, and Daniel P. O'Neil, 54, of Chesterland, both were indicted by a federal grand jury in Cleveland on charges that include lying to federal authorities and conspiring to bribe Gasper, who earlier this month pleaded guilty to corruption charges and is cooperating with authorities.

According to the indictment, Gasper and his former girlfriend selected the Islamorada, Fla., condo in November 1998. But the two brokers actually bought it "in return for favorable treatment" from Gasper in getting business from the bureau's multibillion-dollar portfolio.

The value of that business was about $5 million or $6 million, said U.S. Attorney Greg White of Cleveland. He is part of an unprecedented task force of federal, state and county authorities investigating state investment and ethics scandals.

Lewis and O'Neil are the eighth and ninth people charged in that sweeping probe so far, and authorities said charges against others are expected.

"We still have more work to do," said Inspector General Thomas P. Charles, part of the task force.

Lewis and O'Neil pleaded not guilty to the charges yesterday in U.S. District Court in Akron. Each is free on $50,000 cash bond. An Aug. 28 trial date has been scheduled.

If convicted, each man faces up to 35 years in prison and $1 million in fines.

But William D. Beyer, O'Neil's Cleveland attorney, said O'Neil would fight the charges "to preserve his good name and reputation."

"Dan O'Neil is a good and decent man," Beyer said. Roger Synenberg, Lewis' attorney, could not be reached.

According to the indictment, Lewis, O'Neil and Gasper agreed in 1998 that the brokers would provide Gasper with a condo and boat slip. Gasper and the former girlfriend signed a contract to purchase them and gave a real-estate agent a $500 down payment, the court document says.

But Lewis contacted the agent a few days later saying he was Gasper's partner. Lewis and O'Neil then took over the contract and bought the condo and boat slip. Gasper never had any intention of buying it with his own money, the indictment said.

Gasper occasionally would make a "token rental payment" to Lewis to "make it appear that his stays (at the condo) were legitimate," but Gasper "treated it as if it were his own," according to the filing.

Gasper allowed others to use the condo free from 1999 through 2004, authorities said. Lewis also wrote checks payable to those close to Gasper, including a $2,000 check to his former girlfriend with "consulting" written in the memo line, the indictment said.

The court documents don't name the girlfriend.

The two brokers also provided meals and other gifts to Gasper, among the 150 freebies worth thousands of dollars that Gasper accepted from brokers and others doing business with the bureau, Franklin County Prosecutor Ron O'Brien said.

According to Ohio records, Lewis and O'Neil now work for Ferris, Baker Watts Inc. in the Cleveland area, and both previously worked for Raymond James & Associates and Roney & Co.

Bureau records list payments to firms and not individual brokers, but documents show that those three firms earned more than $2.7 million in commissions during the times the two brokers worked for them.

The records also show that Ferris, Baker Watts didn't start earning commissions from the bureau until the third quarter of 2000, the same quarter that Lewis and O'Neil joined the firm, state documents show. An attorney for the firm has not returned repeated phone calls.

Gasper, the bureau's chief financial officer from 1995 until October 2004, pleaded guilty in both federal and state courts June 7 as part of plea agreements that require him to cooperate with the investigation.

He admitted accepting free stays at the condominium — now valued at $745,000 — a $9,000 college tuition payment for his son and other gifts from former coin dealer Thomas W. Noe, brokers and others.

The probe also has uncovered additional information about potential wrongdoing in some of the state's pension systems, and more than a dozen vendors and as many or more public officials and employees are under scrutiny, The Dispatch has reported.

Brokers Indicted In Stock Scandal (AP)

By Connie Mabin, Associated Press Writer

AP, June 21, 2006

CLEVELAND - Two investment brokers were indicted Monday on federal charges that they bribed a top official at the Ohio Bureau of Workers' Compensation with the use of their Florida Keys condominium in exchange for state business.

A federal grand jury indicted Michael W. Lewis and Daniel P. O'Neil, who managed stock investments for the $15 billion insurance fund for injured workers, on four counts each. The two worked at firms that received hundreds of thousands of dollars in commissions from the agency.

Both pleaded innocent Monday before U.S. District Judge David D. Dowd Jr. in Akron, which is in the Cleveland-based federal court district.

Terrence Gasper, the bureau's former chief financial officer, pleaded guilty in state and federal court earlier this month to accepting stays at the condo, money for his son's tuition and other gifts in exchange for doling out investment business.

Prosecutors promised more charges after Gasper became the first bureau official convicted in a yearlong political scandal that has shaken the state's GOP-dominated government and given Democrats hope of regaining some seats, including governor. The scandal forced the ouster of the longtime workers' comp administrator, the firing of its chief investment officer and an overhaul of the fund's investment operations.

Lewis, 71, of Willoughby, and O'Neil, 54, of Chesterland, also are accused of committing mail and wire fraud to conceal their relationship with Gasper. Two counts charge them with lying to a federal agent about Gasper's involvement with the condo.

Area Men Charged In Scandal (WILLNH)

By Tracey Read

Willoughby (OH) News-Herald, June 21, 2006

Two brokers accused in Ohio Bureau of Workers Comp case

Two area investment brokers are the latest businessmen to be charged in the Ohio Bureau of Workers' Compensation investment scandal.

Indicted on federal charges were Michael W. Lewis, 71, of 2358 Dodd Road in Willoughby, and Daniel P. O'Neil, 54, of 11365 Kristine Drive in Chester Township, the U.S. Attorney's Office announced Monday.

The case involves Terrence Gasper, the former OBWC chief financial officer who pleaded guilty in federal court earlier this month to one count of racketeering for accepting a gift for business deals.

Lewis and O'Neil are accused of providing Gasper with a condominium in Islamorada, Fla., and cash and college tuition for his son in exchange for business deals with the bureau's $15 billion investment fund.

A federal grand jury in Cleveland returned a four-count indictment against the suspects, who face up to 35 years in prison each, if convicted.

Assistant U.S. Attorney Benita Pearson stated in a news release on Monday:

"Lewis and O'Neil conspired with Gasper to deprive the citizens of Ohio of their right to Gasper's honest services by using Gasper's position and influence ... to assist Lewis and O'Neil in obtaining and retaining OBWC investment business by committing mail and wire fraud to conceal their illicit relationship with Gasper."

The two brokers also were charged with lying to a federal law enforcement officer about Gasper's involvement with the condominium purchase.

The indictment is part of an ongoing criminal investigation into allegations of misconduct involving millions of dollars in Workers' Compensation investment funds.

The probe is being led by officials with the Inspector General for the state of Ohio, Ohio Highway Patrol, Ohio Ethics Commission and numerous others.

Gasper is the first workers' compensation official to be charged in the scandal.

He said during the hearing he was "more than willing" to help with the investigation, which has shaken the state's Republican-dominated government.

It led to ethics charges against Gov. Bob Taft, who pleaded no contest to charges of failing to report gifts such as golf outings.

The probe also led to the ouster of the bureau's administrator, the firing of its chief investment officer and an overhaul of the fund's investment operations. Gasper's attorney, Terrence Grady, said his client also would plead guilty to related state charges.

Gasper, 59, is also accused of receiving $25,000 from rare-coin dealer Tom Noe, who has pleaded guilty to illegally funneling money to President Bush's re-election campaign.

Noe still faces allegations he embezzled $1 million from a $50 million rare-coin investment he managed for the workers' compensation fund.

Under federal guidelines, Gasper faces a sentence of five years and 10 months to seven years and three months in prison.

U.S. District Judge David D. Dowd Jr. said he will not sentence Gasper until he is through helping with the government investigation. Lewis and O'Neil did not yet have attorneys on record. Their cases had not yet been assigned to a judge.

Ohio has one of the nation's largest workers' compensation funds, with investment assets totaling about $19 billion, according to U.S. attorneys.

The Associated Press contributed to this report.

Evidence Could Tie Women To Deaths (LAT)

By Richard Winton, Times Staff Writer

The Los Angeles Times, June 21, 2006

A Mercury Sable found in Hollywood may link two alleged scammers to the hit-and-run killing of a homeless man.

Los Angeles police detectives and FBI agents investigating a pair of women suspected of killing two homeless men have turned their attention to one of those victims after uncovering new evidence that they say links the women to his death.

Detectives looking into the case of Helen Golay and Olga Rutterschmidt are now focusing primarily on the death of Kenneth McDavid, who was run over in a Westwood alley last June in a hit-and-run that remains unsolved.

Authorities said in a search warrant affidavit that an hour before McDavid's body was discovered, Golay called the Auto Club to have a Mercury Sable towed from an intersection a block from where the 50-year-old was hit.

In new court papers obtained by The Times, detectives said they found blood and "organic matter" on the damaged undercarriage of the Sable.

The car was registered to an Encino woman whose name has been withheld by authorities. The woman told Det. Dennis Kilcoyne and FBI Special Agent Samuel A. Mayrose that she never owned the Sable but that her purse had been stolen around April 2003.

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Authorities said in court papers that when they searched Golay's Mercedes-Benz SUV, they found a planner containing the Encino woman's name, a note with the Sable's license plate number and its vehicle identification number.

At Rutterschmidt's Hollywood apartment, authorities discovered photocopies of the Encino woman's driver's license, according to the affidavit. The photocopies were in an envelope marked "Helen sent Pictures," along with the Encino woman's name, address and cellphone number.

Kilcoyne said investigators now believe the Encino woman was the victim of identity theft and was not involved in McDavid's death.

Rutterschmidt, 72, and Golay, 75, were indicted last month on nine charges, including mail fraud, for allegedly collecting more than $2.2 million in life insurance on McDavid and Paul Vados, who was killed in an unsolved hit-and-run on Nov. 8, 1999, in a Hollywood alley.

They have pleaded not guilty. Both women are being held in federal custody and could not be reached for comment. Their attorneys could also not be reached.

Prosecutors allege that the women paid the rent on apartments for Vados and McDavid in order to keep track of the men's whereabouts for two years. In McDavid's case, authorities say Golay approached him at church and offered to get him off the streets in exchange for his signing an application for a $500,000 life insurance policy.

Although authorities said the women had no family relationship to Vados or McDavid, the pair were listed on insurance applications as the men's aunts or cousins or business partners, and Golay as a fiancee.

Neither woman has been charged in the mens' deaths, but police detectives have described them as suspects.

Investigators said they were focusing on McDavid's death because it occurred more recently and because they have tracked down more clues. But they said they are also continuing to pursue Vados' death, as well as that of a 97-year-old Massachusetts man who was hit by a car in Santa Monica.

According to the court papers, investigators believe McDavid was hit and killed by a car traveling at "a fairly low speed." He may have been unconscious because of a combination of alcohol, prescription sleep drugs and prescription painkillers that coroner's officials found in his system, according to prosecutors.

Detectives obtained a warrant to check Golay and Rutterschmidt's homes for possible prescription medicines found in McDavid's system, but police have not said what they found in that search.

Detectives have arranged for DNA tests on the blood found on the Sable but have not received the results.

The Sable has proven to be a key piece of evidence in the case.

A few weeks after McDavid's death, the car was found on a Hollywood side street, less than a mile from Rutterschmidt's apartment, prosecutors said. The vehicle was ticketed three times between July 15 and 20, and records indicate that it was impounded and determined to have been abandoned.

Impound records indicate that the vehicle had "front-end damage," according to the court filing.

The Sable was eventually sold by Hollywood Tow to a person who was unaware of its past.

Priest, Formerly Of Chicago Area, Pleads Guilty To Having Child Porn (BVND)

The Belleville News Democrat, June 21, 2006

CHICAGO - A Roman Catholic priest formerly based in suburban Hoffman Estates pleaded guilty Tuesday to possessing child pornography.

The Rev. Daniel Schulte, 53, former chaplain at St. Alexius Medical Center, was accused after federal investigators found still and video sexual images of children on the hard drive of his computer.

The images included girls and boys younger than 12 years old and some involved material that portrayed sadistic or masochistic acts, according to the plea agreement. The computer held more than 600 images when federal agents seized it, according to the U.S. attorney's office, but the defense disagreed with that number, the plea said.

The Vincentian priest was not accused of engaging in sexual activity with children. Defense attorney Patrick J. Cotter declined to comment Tuesday.

The Rev. Raymond Van Dorpe, assistant provincial of the order, said when Schulte was charged in March that the Internet service provider for Schulte's computer had contacted the order in March 2005 with the suspicion that child pornography had been accessed.

The provincial superior immediately removed Father Schulte from active ministry and placed him on precautionary administrative leave, Dorpe said. An attorney for the order contacted the FBI and Schulte was moved to St. Louis where both he and his access to the Internet were supervised.

Schulte faces up to 10 years in prison and a maximum $250,000 fine when he is sentenced Sept. 14.

Bay Area Man Convicted In Internet Piracy Case (BCN)

Bay City News, June 21, 2006

(BCN) Federal prosecutors announced today that two more people, including a Cupertino man, have been convicted as part of Operation Copycat, the Justice Department's crackdown on Internet piracy.

Cupertino resident Tom Leung, 53, and Ray Morada, 32, of Washington, D.C., were convicted today of conspiracy and copyright infringement charges for their participation in a "warez group."

Warez groups are the source of the majority of pirated movies, music and software distributed and downloaded on the Internet, according to federal prosecutors.

Once a warez release group prepares a stolen work for distribution, the material is distributed in minutes to secure, top-level Internet servers throughout the world. From there, within a matter of hours, the pirated works are distributed globally, filtering down to peer-to-peer and other public file sharing networks accessible to anyone with Internet access, according to authorities.

Federal authorities began cracking down on the groups last year with Operation Copycat. To date 36 people have been charged in connection with Operation Copycat and 30 have been convicted, including Paul Sherman, a film critic for the Boston Herald. Sherman pleaded guilty last month to selling more than 100 pre-release review copies of movies to a known warez supplier between 2002 and 2005.

"Operation Copycat has yielded the conviction of a film critic who sold approximately 117 movies for illegal distribution. In addition, the case has yielded several notable firsts including the first convictions for recording a movie in a theater and uploading a pre-released movie on the Internet. The success of this investigation shows that individuals cannot hide behind advanced technology and the Internet to reproduce and distribute copyrighted works," U.S. Attorney Kevin Ryan said.

Hooks Jr. Indicted, Joins Father As Defendant In Tenn. Waltz (AP)

AP, June 21, 2006

MEMPHIS, Tenn. -- Former Memphis school board member Michael Hooks Jr. became the 11th person charged in the Tennessee Waltz corruption scandal when he was indicted Tuesday on embezzlement charges.

Hooks' father, Shelby County Commissioner Michael Hooks Sr., was indicted last year on Tennessee Waltz bribery charges and is awaiting trial.

Five of the accused in the federal investigation are current or former state lawmakers, two of whom have been convicted.

The Hooks family has long been active in Memphis politics, and Hooks Jr.'s great-uncle, Benjamin Hooks, is a former national director of the NAACP.

Hooks Jr. is charged in a four-count indictment with skimming public money from the Shelby County Juvenile Court.

While Tennessee Waltz focused on an FBI front company called E-Cycle Management that offered bribes statewide for government favors, it grew out of an embezzlement investigation at the juvenile court in Memphis.

Offenses in the indictment against Hooks Jr. carrying a maximum punishment of 40 years in prison and fines totaling $1 million, though federal guidelines would call for a much lighter sentence upon conviction.

The indictment says Hooks conspired with former court employee Darrell Catron to get a cut of more than $60,000 paid to former business consultant Tim Willis on bogus work claims.

Catron pleaded guilty to federal embezzlement charges in 2003 and Willis became an FBI informant when caught lying to a grand jury.

A woman who answered the phone at Hooks' office told The Associated Press he would have no comment.

Hooks, 31, announced his resignation from the school board in October, saying he wanted to spend more time with his family and return to college.

Willis was a key witness against former Sen. Roscoe Dixon, D-Memphis, the first state lawmaker facing Tennessee Waltz charges to go to trial. Dixon was convicted earlier this month and is awaiting sentencing.

Witnesses at Dixon's trial said the juvenile court investigation was rolled into Tennessee Waltz when the FBI sting officially began in 2004.

Former Rep. Chris Newton, R-Cleveland, has pleaded guilty to accepting Tennessee Waltz bribes and is serving a one-year prison sentence.

Two bribery "bagmen" also have pleaded guilty and a former county commissioner in Chattanooga was convicted at trial. A former county commission administrator in Memphis is also under indictment.

Sen. Kathryn Bowers, D-Memphis; Sen. Ward Crutchfield, D-Chattanooga; and former Sen. John Ford, D-Memphis, are awaiting trial.

Hooks Jr., an aspiring actor, played a small role as a prison official in "Hustle and Flow," a movie about a small-time Memphis pimp and drug dealer who longs to be a rapper.

Testimony On Bulger Probe Is Disputed (BOS)

By Shelley Murphy, Globe Staff

The Boston Globe, June 21, 2006

A retired FBI agent, who went undercover in 1983 to offer bribes to officials, yesterday disputed testimony that the Massachusetts Senate president at the time, William M. Bulger, had been a target of the investigation.

``His name never came up," John ``Jack" Callahan said in a telephone interview with The Boston Globe. ``As far as Bulger being a target of the investigation? Not to my knowledge, and I was the primary and only undercover agent involved in it for four years."

Yesterday, Robert Fitzpatrick, who was second in command of the FBI's Boston office from 1981 to 1986, acknowledged that the FBI did not have any evidence of wrongdoing by Bulger during the 1983 investigation.

But he stood by his testimony on Monday that Bulger was a target of the inquiry.

Fitzpatrick said it was one of nine investigations in his tenure in Boston that he believed had been compromised by leaks to informants, including Bulger's gangster brother, James ``Whitey" Bulger, or others outside the agency.

Fitzpatrick testified Monday in a wrongful-death suit.

The action was brought against the government by the family of a murdered FBI informant who was to ``get" the House majority whip at the time, Vincent Piro ; the House speaker, Thomas W. McGee ; and Bulger.

Piro, a Somerville Democrat, was recorded on tape in 1983 asking Callahan, who was posing as a mall developer, for $25,000 to ensure legislative approval for liquor licenses for the Assembly Square Mall in Somerville. Piro said he needed $5 ,000 up front ``to grease a few guys."

But after accepting $5,000 from the undercover agent, Piro returned it three weeks later, saying that he had never taken money before, and that ``I don't want to start now."

Prosecutors said Piro had been tipped off that Callahan was an FBI agent. Piro argued entrapment at the trial; he was acquitted of conspiracy and extortion charges.

A witness testified that Piro had made reference to ``the speaker," but McGee was never charged, and he denied any involvement with the case. Bulger's name did not surface during the trial.

Yesterday, after Fitzpatrick finished testifying in a civil suit in US District Court, he told a reporter that the FBI was ``getting a lot of information about the flow of the money . . . there were allegations that [Bulger] might get money, that he was part of this chain."

Fitzpatrick said that Bulger was known as someone ``who could make deals go through" at the State House, and that the FBI thought Piro might enlist Bulger's help for the liquor licenses.

Fitzpatrick acknowledged, however, that there was no evidence that Bulger ever got any money from Piro.

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``The investigation ended quite abruptly," Fitzpatrick said.

A Boston lawyer, R. Robert Popeo , who represented Piro in the criminal case and who represented Bulger on unrelated matters in the 1980s, called Fitzpatrick's claims ``preposterous."

He said that Bulger's name had never surfaced during the case and that the government never produced ``a scintilla of evidence" that there was a leak to Piro.

``It's clearly revisionist history," Popeo said, adding: ``They never had evidence then [of a leak], and they don't have it now."

Fitzpatrick said Monday that after Piro returned the money, the FBI launched a leak inquiry.

In the courthouse hallway yesterday, Fitzpatrick said that he and the US attorney at the time, William F. Weld, who became the governor, interviewed a retired FBI agent, Dennis Condon, about whether he had leaked information about the Piro investigation.

Condon had worked in the organized crime squad of the FBI's Boston office and had had dealings with James ``Whitey" Bulger and his sidekick, Stephen ``The Rifleman" Flemmi, both longtime informants. But, Fitzpatrick said, Condon denied having been involved in leaking information.

Condon's lawyer, Michael B. Meyer , said yesterday that Condon retired from the FBI in May 1977, and that he ``therefore was not in a position to leak, and did not leak, anything."

Yesterday was Fitzpatrick's sixth and final day on the stand in a $50 million wrongful death suit filed against the government by the family of John McIntyre, a Quincy fisherman who was murdered on Nov. 30, 1984.

McIntyre's mother, Emily, and brother, Christopher, have asserted that the government had negligently caused McIntyre's death because of the FBI's mishandling of James ``Whitey" Bulger and Flemmi.

Flemmi testified this month that he and Bulger had killed McIntyre because an FBI agent, John J. Connolly Jr., had warned them that McIntyre was cooperating against them.

Beaten P.I. Was Seeking Witness To '92 Mob Slay (NYDN)

By Nancie L. Katz, Daily News Staff Writer

New York Daily News, June 21, 2006

When veteran forensic investigator Angela Clemente drove to a remote parking lot in the dead of night last week, she thought she was about to break another big mob case.

Her longtime partner, Stephen Dresch, said yesterday that Clemente was hoping to meet an eyewitness to two 1992 mob slayings - and get enough evidence to possibly overturn the murder convictions of three men.

Instead, Clemente was beaten and nearly strangled last Friday - and then threatened again.

"The threat that came after the attack was far more alarming than the attack itself," Clemente told a source yesterday. "I'm in hiding. I'm very nervous. I'm scared. I'm not going to do any further investigation."

The case she was probing stemmed from the slayings of reputed Colombo soldiers John Minerva, 66, and Michael Imbergamo, 54, on Long Island.

Clemente, 40, has been seeking evidence that would help clear three men convicted of the murders - and link the crimes instead to the late Colombo capo Greg Scarpa Sr. and his FBI handler, Lindley DeVecchio.

Dresch said she hoped to get it from Imbergamo's nephew and bodyguard, a retired NYPD cop who ducked the gunfire that fatal day.

"He dived under the dashboard of his car," said Dresch, a forensic investigator and retired college professor. "He was supposed to have gotten out of the way.

"Presumably, he would have seen something," he added. "Angela. has been trying to find him and had the word out."

Clemente had been getting anonymous notes about the Long Island murder on her car windshield. She thought they could have come from the nephew - the possible breakthrough she was looking for, said Dresch.

"She was hoping he would tell her something. What did he see? Anything she could get. He was there. He was a witness," Dresch said. Nassau County prosecutors are now probing what role Scarpa played in the convictions of rival capos Joseph and Anthony Russo and associate .Joseph Monteleone in those murders.

Dresch and Clemente played an early role in bringing out evidence against DeVecchio that Brooklyn District Attorney Charles Hynes turned into a criminal indictment, charging him in four mob murders.

Scarpa died in 1994. DeVecchio, who has vigorously denied any wrongdoing, is free on bail.

About 1 In 20 Americans Stalked, Study Says (SCRIPPS)

By Lee Bowman, Scripps Howard News Service

Scripps Howard, June 21, 2006

Nearly 5 percent of adults in a national survey reported having been stalked at some point, translating to an at-risk pool of more than 7 million women and 2 million men in the United States.

Most stalkers aren't strangers, according to the study's lead researcher, Kathleen Basile, a behavioral scientist who works in violence prevention at the National Center for Injury Prevention and Control, part of the federal Centers for Disease Control and Prevention.

Women, younger adults and those who are single, separated or divorced are most at risk. Younger adults being more likely victims "goes along with what we know about violence in general," Basile said.

The results, being published in the American Journal of Preventive Medicine in August, are based on phone interviews done with nearly 10,000 adults between 2001 and 2003, with responses about equally divided between women and men.

Stalking was defined as "ever being followed, spied on or communicated with, without consent, at a level perceived to be somewhat more dangerous or life-threatening (not counting commercial exchanges with bill collectors or telemarketers) for more than one month."

According to the researchers, "Stalking continues to be a public health problem at a magnitude comparable to that measured in the National Violence Against Women Study (done for the Justice Department in 1995-96)."

That study concluded that about 8 percent of women and 2 percent of men had been stalked.

Both surveys indicated that women were most likely to be stalked by someone with whom they've had a relationship, while men were more likely to be stalked by acquaintances or strangers.

"Women should be aware of the potential for stalking by an intimate partner, particularly when that intimate partner is physically or sexually violent," Basile said.

The new survey found that blacks have significantly lower odds of being stalked than whites, but Basile said the reasons for this aren't clear and that there may be differences in how people report stalking.

The earlier study found that about two-thirds of all stalking episodes end within a year, but that those involving intimate partners tended to go on longer.

Mindy Mechanic, an associate professor of psychology at California State University-Fullerton who researches intimate-partner violence, agreed that the most dangerous stalker is someone who is - or has been - in a relationship with the victim. "In the majority of homicides involving intimate partners, stalking was another tactic, another tool in the abusive armamentarium of the stalker," she said.

However, she noted, "most stalking does not end in homicide or even violence. The perpetrator is arrested, hospitalized, moves away, gets tired or finds another victim."

The Justice Department survey indicated that about half of victims felt the intrusions had stopped either because they had moved or because the stalker turned to a new relationship.

The duration of stalking seems to mostly depend on the stalker's motivation, according to Mechanic. "A delusional individual, like a celebrity stalker, is different from a socially unskilled, awkward ... individual who thinks that a neighbor who says 'Hi' in the hallways is romantically interested in them."

Firms Seek Federal Privacy Rules (WP)

By Kim Hart

The Washington Post, June 21, 2006

Several large technology companies, including Google Inc. and eBay Inc., announced support yesterday for stronger federal regulations to protect consumer privacy on the Internet.

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Twelve companies formed an advocacy group, the Consumer Privacy Legislative Forum, to lobby for greater protection of private information, and several members testified yesterday before a House subcommittee.

For over a decade, consumer groups have pushed for measures to safeguard personal information from identity theft and fraud.

The group of companies is seeking federal legislation that would require businesses to notify consumers when collecting personal information, then allow individuals to choose how the information is used and to access data they have provided to cut down on unauthorized use.

An "uneven patchwork" of state laws aimed at protecting consumer privacy makes it difficult for companies to comply and is confusing for consumers, said Nicole Wong, Google's associate general counsel.

"When you have so many laws all with the same aim but with different definitions, companies aren't able to create protection in a uniform way," Wong said.

Ari Schwartz, deputy director of the District-based Center for Democracy and Technology, said a multitude of industry-specific laws has been ineffective in protecting consumers "across the board."

"We don't want states passing new laws every time a data breach happens," he said.

Meg Whitman, eBay's president and chief executive, is also in favor of a single federal law. Yesterday, she told the House Energy and Commerce Committee's subcommittee on commerce, trade and consumer protection that the Federal Trade Commission should more closely monitor how consumer information is obtained and shared on the Internet. She said Web-based retailers should not be held to a higher standard than other businesses.

Before the group formed in March, a few companies -- among them Hewlett-Packard Co., Microsoft Corp. and Intel Corp. -- actively supported far-reaching legislation, Schwartz said. Now companies such as Eastman Kodak Co., Eli Lilly and Co. and Procter & Gamble Co. have joined the cause.

The involvement of companies that haven't traditionally been big online players indicates the importance of the consumer privacy issue, he said.

Other analysts said that overregulating data gathered online could disrupt the free flow of information that is vital to healthy markets.

Restricting information could reduce competition and prevent new firms from entering the marketplace, said Thomas M. Lenard, senior fellow at the Progress & Freedom Foundation, a nonprofit organization that analyzes public policy relating to digital technology.

"The personal information utilized by firms produces great value for consumers and the economy," Lenard told the subcommittee. Regulation, he said, would have "unintended" consequences, "especially when imposed on a medium like the Internet that is changing so rapidly."

He said companies already have market-induced incentives to protect private data.

The challenge of securing personal information and the reluctance of Congress to pass stronger legislation has frustrated consumer advocates. Marc Rotenberg, executive director of the Electronic Privacy Information Center, said state governments have been more responsive than Congress in safeguarding consumer privacy. Pressure from private companies may yield results as long as the new campaign is more than a ploy to improve their image, he said.

"We welcome the participation of industry in the discussion, but it can't simply be an exercise in public relations," Rotenberg said.

Google, Other Tech Giants Call For Law To Protect Consumers (AFP-Y2)

By Glenn Chapman

AFP, June 21, 2006

Fresh from a fight with US officials over the sanctity of online search information, Google joined an alliance of technology firms calling for federal legislation protecting consumer privacy.

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"Today we live in a digital economy where both beneficial and potentially harmful uses of personal information are multiplying," said a statement from the Consumer Privacy Legislative Forum, whose roster includes such technology powerhouses as Microsoft, Intel, Oracle, Sun Microsystems and Hewlett Packard.

"The time has come for a serious process to consider comprehensive harmonized federal privacy legislation to create a simplified, uniform but flexible legal framework" for protecting consumers, it said.

"The legislation should provide protection for consumers from inappropriate collection and misuse of their personal information and also enable legitimate businesses to use information to promote economic and social value."

Google counsel Nicole Wong said Tuesday in a blog posting on the Google website that the company joined a group of "notable US companies" calling for federal consumer privacy legislation.

There was a "patchwork quilt" of US state consumer protection laws that varied depending on location and subject, with examples being health, financial, or child-related data, according to Wong.

"This matrix of laws is complex, incomplete, and sometimes contradictory," Wong wrote. "For consumers, the result is a set of privacy protections that are uneven at best."

The Internet was "beset with spyware, malware, phishing, identity-theft, and other privacy threats" that made protecting privacy an industry-wide challenge and highlighted the lack of a coherent regulatory structure, according to Wong.

A national standard for Internet privacy needed to be "a robust framework" because it would supersede state laws, the forum maintained.

The forum was created late last year and members that signed the statement on Tuesday included Eastman Kodak, eBay, Google, Hewlett-Packard, Intel, Microsoft, Oracle, Sun Microsystems, Symantec, Proctor and Gamble, Eli Lilly and Company, and Hewitt and Associates.

Google's joining the forum came in the wake of its legal standoff earlier this year with US federal government officials who demanded online search records from the company.

The standoff ended in March when US District Judge James Ware ordered Google to turn over only a fraction of the information sought.

Maintaining that the case raised "vital interests", Ware ordered the Mountain View, California-based search engine giant to hand over data on just 50,000 websites.

Ware rejected the Justice Department's attempt to obtain more sensitive data that might disclose the online search habits of web users, noting that that could spark a possible "loss of good will" among Google's users.

Federal prosecutors sought the information as ammunition in a legal fight to revive an overturned 1998 statute making it a crime for websites to allow minors access to adult material online such as pornography.

Wong at the time proclaimed Ware's decision "a clear victory" for the company and Internet users.

CIVIL RIGHTS:

A Chance To Mark The Ballot By Puffing Through A Straw (NYT)

By Sewell Chan

The New York Times, June 21, 2006

For the first time, New York City residents will be able to vote by "puffing" and "sipping" air through a straw, pumping a foot pedal, touching a computer screen or pressing flat plastic shapes — two triangles, a circle and a square — affixed to the four corners of a specially configured keyboard.

These new methods, which represent the biggest innovation in the city's voting technologies since the Shoup mechanical-lever machine was introduced in 1962, are a temporary measure intended to help disabled people vote.

The new voting methods are the product of a lawsuit from the federal government. They will be used in the Sept. 12 primary and the Nov. 7 general election as an interim step to comply with a new federal requirement that voting machines be accessible to the disabled.

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The new voting methods can be used on 22 ballot-marking devices that will be available at one site in each of the five boroughs. It is an imperfect compromise: by placing the machines at centrally located offices, the city is essentially requiring some of the least mobile voters to travel the longest distances to vote. And because it can take up to 40 minutes to cast a vote using the new machines, voters may find themselves waiting in long lines.

The devices are not actual voting machines; they cannot record votes, but merely generate a printed ballot on a sheet of white paper. The voter, with help from a poll worker if necessary, would then place the ballot in an envelope. The ballot would then be counted by hand, along with other paper ballots, including absentee ballots, on Election Day or shortly after.

John Ravitz, the executive director of the city's Board of Elections, gave a presentation yesterday on voting reform to members of a mayoral task force on modernizing elections and later oversaw a demonstration of the new devices to members of the board and the public, including several disabled residents.

In March, the Justice Department sued New York State for failing to comply with the federal Help America Vote Act of 2002, which called on the states to overhaul their voting systems. In May, after both sides acknowledged that the state could not overhaul its entire system in time for this year's elections, they agreed on a compliance plan that required each county to provide a limited number of voting machines that are fully accessible to the disabled for this year's elections.

The city bought 27 ballot-marking devices from Avante International Technology of Princeton Junction, N.J. The company is also providing the devices to 32 of the 57 counties in New York State outside New York City.

By next year, the state must have fully accessible voting machines in every polling place statewide — including the 1,369 in New York City. The state Board of Elections, which must approve new voting systems, has not yet done so, and so the city must wait before selecting its new voting technology.

The new ballot-marking devices will be available in each of the board's five borough offices: 5 each in Manhattan, Brooklyn and Queens; 4 in the Bronx; and 3 in Staten Island. (Three devices will be used in demonstrations, and two internally.) Before the September primary, the board will mail information about the devices to the city's 4.3 million registered voters.

Some advocates for the disabled said they were not fully satisfied. "I'm sorry we're having to go ahead with this interim plan," said Alexander Wood, executive director of the Disabilities Network of New York City, which represents people with motor and sensory disabilities. "I would have liked to see us hold out for a solution that accommodates all disenfranchised voters. This is a separate system, not an equal system."

Mr. Wood, a paraplegic who uses a wheelchair, noted that it could take up to 40 minutes for a disabled voter to cast a ballot using the new device. Many disabled voters will have to listen to a long recorded announcement with instructions — and the contents of the ballot — before they can vote.

Terrence C. O'Connor, a Queens Democrat who holds the rotating presidency of the 10-member city Board of Elections, conceded that the new device could be cumbersome. "It's the best it could be under the circumstances," he said.

Hispanics Drop Voter Rights Lawsuit Against Kissimmee (AP)

AP, June 21, 2006

KISSIMMEE, Fla. -- Four people want to drop a lawsuit alleging city election procedures unfairly diluted the voting power of Hispanics after they found that the minority group now outnumbers registered white voters.

The class-action complaint was filed last year to challenge the way city commissioners are elected, arguing that each spot should represent a geographic district. Instead, residents citywide are allowed to vote on each race, similar to the U.S. Senate.

Despite comprising about 45 percent of Kissimmee's 52,000 people, no Hispanic has ever been elected to the commission.

Armando Ramirez, one of the four residents behind the lawsuit, originally filed a federal complaint six years ago alleging unfair voting practices. In July, the U.S. Justice Department filed a lawsuit against Osceola County on similar grounds, and Ramirez's group said they wanted to carry that momentum by suing weeks later.

However, the voter registration rolls now show that Hispanic voters outnumber white voters by about 900.

"The lawsuit is unsustainable," said Ramirez, who ran unsuccessfully for the Kissimmee City Commission in 2002. "Instead of waiting for the judge to tell us that, we directed our attorneys to" seek a voluntary dismissal.

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The motion must still be approved by a judge, and Hispanics interested in continuing the suit have until June 30 to respond to a legal notice published Monday in the Orlando Sentinel. They would have to object to the motion to dismiss, which could mean hiring an attorney and being responsible for the cost of pursuing the action, according to the advertisement.

Ramirez said Monday the group will focus its efforts on registering people to vote.

The Justice Department case against Osceola County is still pending. A department spokesman declined to comment Tuesday on the request to drop the class-action suit.

Flag Burning Redux (WP)

The Washington Post, June 21, 2006

WITH CONGRESSIONAL elections coming, the Republican leadership has found a pivotal issue. Terrorism? Hardly. Entitlement reform? Don't be silly. We're talking about the grave threat to America known as flag burning. Yes, that election-year favorite is back: the proposed amendment to the Constitution of the United States allowing Congress to criminally punish the "physical desecration" of the American national banner. If you haven't noticed a rash of flag-burning incidents sweeping the nation that's because, well, there isn't one. But that doesn't stop Republicans from trotting it out as a more-patriotic-than-thou card.

They are, as always, close to having the votes to send it to the states for ratification. The House of Representatives has passed the measure and the vote will be tight in the Senate, where the Judiciary Committee approved the amendment 11 to 7. We hope the amendment will fall short of the needed two-thirds majority on the Senate floor; it's depressing enough that a majority of senators will support it.

The amendment would soil the First Amendment's command that Congress shall "make no law . . . abridging the freedom of speech." Flag burning is an odious form of expression. But there are lots of odious forms of expression the First Amendment protects: Holocaust denial and swastikas, racist rants and giant Confederate flags, hammers and sickles. The amendment's power is in its self-confident sweep: Speech, including expressive acts, will not be censored. Government cannot punish ideas. Members of Congress who would protect the flag thus do it far greater damage than a few miscreants with matches.

ANTITRUST:

Knight Ridder Deal OK'd (KRT)

By Pete Carey, Knight Ridder

Knight Ridder, June 21, 2006

The Justice Department has cleared McClatchy to buy Knight Ridder, after McClatchy agreed to sign a guarantee that it will sell the St. Paul Pioneer Press, according to people familiar with the process.

The Justice Department was concerned about McClatchy's purchase of Knight Ridder because the company would own two papers in the Twin Cities — its own Minneapolis-based Star-Tribune and Knight Ridder's Pioneer Press.

McClatchy already has a buyer lined up for the Pioneer Press: Denver-based MediaNews, which also is buying the San Jose Mercury News, Contra Costa Times and Monterey County Herald, all in California, in a complicated $1 billion deal. That deal is still under antitrust review. McClatchy was asked to guarantee that it would sell the Pioneer Press regardless of whether the sale to MediaNews is approved by regulators.

Sacramento, Calif.-based McClatchy declined to comment.

All that remains now for the Knight Ridder-McClatchy deal to be complete is to count the shareholder votes on Monday at Knight Ridder's annual meeting in San Jose. Eighty percent of shareholders must approve the deal. The final papers will be signed June 27., at which point Knight Ridder will cease to exist.

The Justice Department is continuing to review MediaNews' $1 billion plan to purchase the four papers, and is specifically looking at overlaps between the Contra Costa Times and MediaNews' Tri-Valley Herald. It is also reviewing the involvement of Hearst in the MediaNews purchase, because Hearst owns the San Francisco Chronicle, which competes with MediaNews in

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the Bay Area. Hearst is spending $263 million for the Monterey County Herald and the Pioneer Press, but will trade the two papers to MediaNews in exchange for a stake in MediaNews' assets outside the Bay Area.

McClatchy is buying Knight Ridder and its 32 newspapers for $4.5 billion and assuming $2 billion in Knight Ridder debt. It is selling 12 of the newspapers to help finance the deal.

All but one of the papers being sold has a buyer.

McClatchy Cleared By DOJ To Buy Knight Ridder (SANJBIZ)

San Jose Business Journal, June 21, 2006

The McClatchy Co. has been cleared by the U.S. Department of Justice to buy Knight Ridder Inc. after agreeing to sell the St. Paul Pioneer Press, according to reports.

The Justice Department was concerned about Sacramento-based McClatchy's (NYSE:MNI - News) purchase of San Jose-based Knight Ridder Inc. (NYSE: KRI - News) because of antitrust issues -- McClatchy would then both the Minneapolis Star-Tribune and Knight Ridder's St. Paul Pioneer Press.

According to reports, the Pioneer Press may be bought by Denver-based MediaNews Group Inc., which owns other newspapers in the Bay Area and is also buying the San Jose Mercury News, Contra Costa Times and Monterey County Herald in a complicated $1 billion deal.

That deal is still under antitrust review.

McClatchy is in the process of buying Knight Ridder for about $4.3 billion. The deal involves the sale of 12 Knight-Ridder newspapers that McClatchy views as having low growth prospects.

The Knight Ridder-McClatchy deal must still be approved by shareholders.

Justice, FTC Unveil E-filing For Pre-merger Notification Documents (FCW)

By David Hubler

Federal Computer Week, June 21, 2006

The Justice Department's Antitrust Division and the Federal Trade Commission announced today an electronic filing system that will allow merging companies to submit pre-merger notification filings, as required by the Hart-Scott-Rodino Act, via the Internet, eliminating the time and expense of duplicating and submitting written documents.

The new system ends the requirement to submit to Justice and the FTC paper copies of the required pre-merger notification form and attachments, according to a DOJ announcement.

Under the new system, pre-merger filers now have three options. They can:br>

Complete and submit the form and all attachments in hard copy.

Complete the electronic version of the form and submit it and all attachments electronically.

Complete the electronic version of the form and submit it electronically while submitting all documentary attachments in paper copy.

The Hart-Scott-Rodino Act requires companies planning acquisitions or mergers that meet certain threshold requirements to file a Notification and Report Form with Justice and the FTC in advance. The law also requires the merging parties to observe a mandatory 15- or 30-day waiting period, after which the companies may proceed with the transaction if neither Justice nor the FTC has requested additional information about the transaction.

Because Hart-Scott-Rodino filings are highly confidential, every step of the e-filing process has been designed to ensure the confidentiality and security of submitted information, according to the statement. A valid electronic signature will be required before submission of the package, which will be encrypted and transmitted via the Internet to a secure FTC server.

Justice and the FTC will employ unspecified security measures to protect the information parties submit, according to the statement.

In addition to providing benefits to filers and government agencies, e-filing complies with the Government Paperwork Elimination Act, which requires that federal agencies provide e-filing and signature options to the extent practicable.

Detailed information on e-filing, including an electronic version of the Notification and Report Form, is available at https://www.hsr.gov/.

The e-filing option will be available on the publication of the Federal Register notice announcing necessary Hart-Scott-Rodino Act changes. That notice is available at http://www.ftc.gov/bc/hsr/hsr.htm.

FTC, DOJ To Allow Premerger Notices Filed Via Internet (DOW)

Dow Jones, June 21, 2006

The Federal Trade Commission and the Justice Department's antitrust division will allow merging companies to submit premerger filings via the Internet instead of delivering hard copies.

Companies still will be allowed to file paper copies with the FTC and antitrust division, and also will be able to submit merger notification and report forms electronically along with paper copies of documentary attachments.

The electronic filing option will be available upon Federal Registry publication of the notice that makes the necessary changes to the Hart-Scott- Rodino Act's rules.

FTC Secretary Donald Clark told Dow Jones Newswires he expects the notice will be published by the end of the week.

-Jason Ma; 201-938-5400; AskNewswires@dowjones.com

Justice Cites Strides In Copyright Fight (UPI)

UPI, June 21, 2006

The U.S. Justice Department said Tuesday it is making progress in the fight against intellectual property piracy.

A new department report said all of the recommendations from an earlier task force report on intellectual property theft have been implemented.

Intellectual property theft includes the trading and online piracy of copyrighted movies, music and video games.

Attorney General Alberto Gonzales, in prepared remarks to the U.S. Chamber of Commerce in Washington, said the department attempted to implement all 31 recommendations, and, "I am proud to announce that the Department of Justice has achieved this goal."

Gonzales cited "The 2006 Progress Report" on intellectual property theft.

Among the highlights, Gonzales said, was the fact that the task force increased the number of prosecutors in the field by not only creating the five additional Computer Hacking and Intellectual Property, or CHIP, units recommended in the 2004 report, but also created an additional seven CHIP units.

That nearly doubled the number of CHIP units - from 13 to 25 - in less than two years, he said.

Feds Pump Up Intellectual Property Protection Efforts (IDG)

By Grant Gross, IDG News Service

IDG News Service, June 21, 2006

WASHINGTON, D.C.-- The U.S. Department of Justice has fulfilled or exceeded all recommendations made by an intellectual property task force in October 2004, including new computer crime investigations units in 12 cities, Attorney General Alberto Gonzales announced Tuesday.

Since the Justice Department's task force made 31 recommendations for protecting intellectual property, the department has launched Computer Hacking and Intellectual Property units in seven more cities than the task force recommended. The department now has 25 CHIP units across the United States. Among the newest 12 are units in Washington, D.C., Baltimore, Denver, Detroit, and Philadelphia.Efforts Abroad

Gonzales called intellectual property the "lifeblood" of the U.S. economy during a speech in Washington, D.C. "We've done a lot," he said. "We have to do a lot more."

The Justice Department, which released a progress report on the initiative today, has also stationed an experienced prosecutor to work on intellectual property enforcement in Southeast Asia, and will add a prosecutor in Eastern Europe. Those prosecutors will help train foreign prosecutors, investigators, and judges about intellectual property investigations, the department said.Goals Accomplished

The report, which will be available at the department's cybercrime page, also notes several other Justice Department efforts during the past two years. Among the task force recommendations the department has met:

Increasing the number of defendants prosecuted for intellectual property offenses by 98 percent between the government's fiscal 2004 and 2005 years

Publishing a nearly 400-page comprehensive resource manual for federal prosecutors on prosecuting intellectual property crimes

Partnering with the U.S. Patent and Trademark Office to dedicate $900,000 over three years to piracy prevention efforts with nonprofit educational institutions

The Business Software Alliance, a trade group representing large software vendors, praised the Justice Department report, saying the agency has made "significant progress" in protecting intellectual property.

Justice Dept: Has Doubled Counterfeiting, Piracy Cases (DOW)

Dow Jones, June 21, 2006

WASHINGTON -(Dow Jones)- The U.S. Justice Department Tuesday said it has doubled prosecutions of counterfeiting and piracy since a task force was set up in 2004 to address intellectual property prosecutions.

"We have increased our capacity to address intellectual property thefts," Attorney General Alberto Gonzales told a luncheon in a speech at the U.S. Chamber of Commerce. "We have done a lot, but we have to do a lot more."

The doubling of federal prosecutions was noted in a 72-page progress report on the department's intellectual property task force, which was released this week.

Gonzales said the Justice Department has set up 25 special computer hacking and piracy units around the U.S. in the last two years, boosting the ability of government prosecutors to dismantle international and domestic counterfeiting organizations. The department also has worked with other agencies to, among other things, press China and other countries to do more in combatting illegal counterfeiting.

Gonzales told the room of business representatives that the department has made combatting illegal counterfeiting a top agency priority, not only for artistic works but also for trademarks, trade secrets and patented products, such as pharmaceuticals and medical devices.

-By Mark H. Anderson, Dow Jones Newswires; 202 862-9254; mark.anderson@ dowjones.com

Intellectual Property Prosecutions Double, Says Justice (B&C)

By John Eggerton, Broadcasting & Cable

Broadcasting & Cable, June 21, 2006

The Justice Department Tuesday is issuing a status report on protection of intellectual property in the digital age, saying it has almost doubled the number of defendants prosecuted for intellectual property crimes.

Even Court TV has been part of the solution, according to the department.

In its 104-page progress report, the Task force on Intellectual Property says it has implemented recommendations made in October 2004, when it issued its initial report about what steps needed to be taken.

Among the progress it is reporting:

•Boosting the number of prosecutors of intellectual property crimes by a dozen.

•Creating an intellectual property educational program for young people (including distributing information on college campuses).

•Increasing the number of defendants prosecuted for intellectual property offenses 98% (from 177 in fiscal year 2004 to 350 in 2005).

•Training over 2,000 prosecutors in other countries and boosting efforts in Asia and Eastern Europe.

•Partnering with the Patent Office to put $900,000 over three years into piracy prevention efforts.

•Teaming with Court TV, which has covered a number of events on intellectual property rights.

Prosecuting the theft of DISH's satellite signal by a man who made over $300,000 selling pirated and re-programmed devices.

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Content providers, arguably led by NBC Universal Chairman Bob Wright, have been pushing for stronger copyright protections and stepped-up pursuit of IP pirates, arguing they threaten hundreds of billions of dollars across a host of sectors, from counterfeit drugs to stolen TV shows, and could impede the transition to digital content distribution.

In October 2005, Attorney General Alberto Gonzales added new members to the task force and told it to implement the 2004 recommendations ASAP.

Increased Piracy Puts More Heat On China (LAW)

By Gabe Nelson, Legal Times

Legal Times, June 21, 2006

The entertainment industry hoped the counterfeiting of movies, music, software and books would plummet after China agreed in 2002 to abide by the World Trade Organization's standards for global intellectual property rights.

Instead, the industry says piracy has increased dramatically, leading some American companies to view the Chinese government as unable -- or unwilling -- to curb it. And industry lobbyists are now helping the U.S. government prepare a case that could be brought against China in the WTO's Dispute Settlement Body.

Earlier this month, Assistant U.S. Trade Representative Timothy Stratford told the American Industries U.S.-China Economic and Security Review Commission that the United States could launch a WTO case if China doesn't crack down on IP offenders.

But experts suggest that while both the industry and the government talk tough when it comes to taking on China, America may be reluctant to actually bring a complaint against the Asian superpower.

Pushing the industry's case is Washington's Smith & Metalitz, a deceptively small lobbying firm specializing in intellectual property. Although the firm employs just four partners, an associate and a consultant, its list of clients reads like an all-star roster of influential entertainment trade groups. The firm's secret: Smith & Metalitz plays Clark Kent to the International Intellectual Property Alliance's Superman.

Both share the same leader, Eric Smith, who serves as both the association's president and Smith & Metalitz's managing partner. In 1995, Smith and intellectual property lawyer Steven Metalitz formed Smith & Metalitz, and today the firm represents all seven of the association's member groups, including the Motion Picture Association of America, the Recording Industry Association of America, the Association of American Publishers, the Business Software Alliance, and the Entertainment Software Association.

Smith & Metalitz recently made it a greater priority to work with the Office of the U.S. Trade Representative to build a case against China, according to lobbying registrations released last month by the Senate Office of Public Records.

Smith declined to comment on the details of the case. "It's a little premature to support a case actively," he says. "We're still in the evidence-gathering stage with USTR." Records also show that Smith & Metalitz received about $400,000 from its clients for 2005.

Also lobbying is the National Association of Manufacturers, the largest industrial trade group in the United States, whose $8.3 million in-house lobbying practice works extensively on Chinese trade issues.

NAM has seen an upswing in piracy across many sectors of industry, says Bill Primosch, the organization's director for international business policy.

"Anything that has a high markup is being counterfeited," Primosch says. "It's all kinds of products: pharmaceuticals, personal-care products, auto parts, medical-testing equipment. And it's starting to flow into the international marketplace."

In 2000, the year before China joined the WTO, the International Intellectual Property Alliance claimed losses of more than $1 billion to Chinese copyright piracy in the film, music, video-game, publishing and business-software industries.

Since then, China's economy has boomed, with an annual increase in gross domestic product of about 10 percent. Piracy industries have grown too. The association has estimated losses of $2.69 billion for 2005. Those figures don't include illegal Internet file sharing, which has increased as more and more Chinese gain access to the Internet.

But the USTR's threat of a WTO suit against China might be little more than saber rattling, experts say.

AN EMPTY THREAT?

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Trade groups remain reluctant to support a WTO case, Primosch says. Many of NAM's member companies fear China's government will identify them as troublemakers and blackball them, he explains. "They don't want to burn their bridges," he explains.

Although trade groups fear becoming foes of the Chinese government, they say they would support a case against China if there were adequate evidence to prove it. "The worst thing that could happen is you lodge a complaint, a WTO panel reviews the material and says, 'Well, you just haven't proven your case,'" Primosch says.

American industry has reason to worry, as experts say it's unclear whether a case against China would be effective. The Chinese government, they say, has already implemented significant legal reforms since joining the WTO.

"The formal legal regime governing [intellectual property rights] protection in China has improved, and that improvement is ongoing," says Kenneth Lieberthal, a professor of political science and international business at the University of Michigan. "The national leadership is gradually developing some institutional capacity, particularly in the eastern cities, to enforce the rules."

Piracy continues, in part, because many Chinese officials protect illegal enterprises to boost their local economy, Lieberthal says. In many cases, a region's economic performance influences whether an official will be promoted, creating a powerful incentive for administrators to ignore the legal status of the industries under their jurisdiction.

That poses a problem for the United States because the WTO can only determine whether a national government is meeting its obligations and has no authority over corrupt officials. In this case the WTO would have to determine whether Chinese law meets the trade body's requirements regarding copyright and patent enforcement. To win a case, the United States would need to prove that Chinese law enables corruption, and given China's recent efforts to improve its copyright laws, that would be a much more difficult case than simply proving the existence of piracy.

"You can't just haul China into court on the basis that there is piracy in China," Lieberthal says.

But some have said problems with the way Chinese law is written could be used to bolster a WTO case.

For example, Chinese copyright law sets the minimum amount of piracy needed for prosecution far too high, according to the U.S. trade representative's 2006 Special 301 Report on China.

"The mandated thresholds remain so high that they make it impossible as a matter of law to prosecute many commercial infringers, especially at the retail level," the report says.

If China doesn't take steps to improve intellectual property protection, America could impose sanctions, which could force the nation to bring its IP enforcement into line. But the United States would be unlikely to impose economic barriers against China because sanctions could damage a U.S. economy increasingly dependent on inexpensive Chinese-manufactured goods, says Marc Busch, an international business professor at Georgetown University.

Busch cites a hypothetical situation: The United States could put a tariff in place if it won a WTO case against the European Union, for example. "We're hurting EU companies so that they'll turn around and ask Brussels to fix the problem," Busch says. "At the same time, we're kind of punishing ourselves by making it harder to buy Fendi bags or Roquefort cheese."

Since the WTO formed in 1995, it has given member countries permission to seek retaliation fewer than 10 times, and half the countries with permission to create sanctions have been too scared of economic backlash to implement them, Busch says.

Financially, American companies have little to gain from a case against China: The WTO's Dispute Settlement Body cannot award compensatory damages, so a decision in the United States' favor wouldn't yield a settlement for companies whose intellectual property has been infringed. "If you want damages, you should be suing in a Chinese court," Busch says.

He adds that companies may be waiting for the possibility of suing for damages in Chinese courts, and their pressure on China's government is meant to hasten that day. Even if the United States has only a tenuous case against China, American criticisms of the Chinese legal system ought to remind China of the importance of IP protection in an innovation-based economy, he says.

And Lieberthal says that to a great degree, China is only hurting itself, since much of the piracy in the nation has victimized Chinese-owned companies. "If China is serious about creating an innovation-based society, then it needs to do a better job of protecting intellectual property," he says.

PSC Considers AT&T-BellSouth Merger (MH)

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The Miami Herald, June 21, 2006

The Public Service Commission today is slated to consider AT&T's $67 million acquisition of BellSouth, a deal that some opponents claim will lead to reduced competition.

On Monday, Florida Attorney General Charlie Crist sent a letter to the PSC urging it to ensure that merger doesn't harm competition for basic telephone service.

"My concern here is that the merged company might squeeze out competition to the detriment of consumers, particularly seniors, and residential and small-business customers," Crist wrote.

AT&T would grow to 70 million local phone customers and nearly 10 million broad band subscribers in 22 states if the deal is completed. The merger requires approval from both companies' shareholders, the Federal Communications Commission and the Justice Department. State regulatory agencies, including the PSC, also are weighing in on the deal.

FTC Nearing Approval Of Lockheed-Boeing Rocket Deal (AP)

AP, June 21, 2006

BETHESDA, Md. - Defense contractor Lockheed Martin Corp. has received a copy of a draft consent order proposed by federal antitrust regulators to approve the creation of a joint rocket venture with rival Boeing Co., which has rocket production facilities in Decatur, Ala.

Lockheed received the draft from the Federal Trade Commission about 10 days ago, company spokesman Tom Jurkowsky said Tuesday. He was unaware of the contents or how long Lockheed will review it before sending recommendations back to the FTC.

Boeing Co. has also received a copy, said Dan Beck, a company spokesman in Virginia. Beck did not know when the company would send recommendations back to the FTC.

He also said he didn't know when the FTC would approve or reject the merger announced in May 2005.

"It's entirely in the hands of the government right now," he said.

Although competitive concerns have prolonged the review, Lockheed is encouraged by the FTC's actions.

"Clearly this is a step in the right direction," said Jurkowsky, whose company earlier this year urged the FTC to complete its review.

A spokesman for the FTC said the agency does not comment on ongoing investigations.

The new venture, United Launch Alliance, is meant to cut costs for the launch of government satellites.

Boeing officials said the Decatur facility, which already produces its Delta rockets, would also produce Lockheed's Atlas rockets, if the merger is completed.

The Decatur facility employs 660 people. Boeing would not comment on how the merger would affect jobs at the plant.

"It certainly means there will be more activity," Beck said.

The merger would also defuse a legal battle between Lockheed and Boeing over charges that Boeing had access to stolen Lockheed documents on its rocket launch plans.

The government stripped $1 billion worth of rocket launches from Boeing and the company later agreed to pay $615 million to end a Justice Department probe of the Lockheed records theft and other infractions.

Germany's Bayer Says It Has Enough Shares To Proceed With Takeover Of Schering AG (AP)

By David Rising, Associated Press Writer

AP, June 21, 2006

BERLIN (AP) German drug and chemical maker Bayer AG said Tuesday it now controls enough shares of Schering AG for it to go ahead with its nearly 17 billion euros ($21.33 billion) takeover of the rival company.

``Bayer has gained control of a total of 88.0 percent of Schering's approximately 191 million issued and outstanding shares," Bayer said in a statement. ``The attainment of a three-quarters majority was the last remaining condition of the takeover offer. Both the EU Commission and the U.S. antitrust authorities had already given their unconditional approval."

The announcement appeared to mark the final end to a merger battle over Schering between Bayer and fellow German drugmaker Merck KGaA.

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Bayer's initial 16.5 billion euros ($20.7 billion) takeover bid for Schering trumped a hostile 14.9 billion euros ($18.69 billion) offer by Merck, which later said it was pulling out.

Merck then started snapping up Schering shares, making it look unlikely that Bayer would get the 75 percent stake it needed in order for the takeover to go through.

But at the last minute, Merck agreed to sell the 21.8 percent stake in Schering that it had accumulated to Bayer at a premium price of 89 euros ($111.66) per share, which bumped the total value of the takeover up to about 16.9 euros billion ($21.2 billion).

``We're pleased to have received such broad-based support from the stockholders," said Bayer Management Board Chairman Werner Wenning. ``We also invite the remaining Schering stockholders to accept our attractive offer of 89 euros ($111.66) per share," he said, adding the additional acceptance period runs from June 23 until July 6.

Bayer said it continues to pursue its goal of wholly acquiring Schering.

Further details were expected to be released Wednesday in a news conference at Schering headquarters in Berlin.

The takeover gives Bayer access to Schering's lineup of best-selling multiple sclerosis treatments as well as Yasmin, a birth control product that has helped make Schering the world's biggest producer of oral contraceptives. Bayer is known for its Aspirin and prescription medication like the antibiotic Cipro and Levitra, which is used to treat erectile dysfunction.

Bayer, which posted sales of 27.4 billion euros in 2005, hopes to combine Schering's portfolio into its lineup of over-the-counter drugs, pesticides and industrial polymers.

Founded in 1863, Bayer invented Aspirin in 1897 and has since gone on to make everything from vitamins to agricultural chemicals. Its best known products include Alka-Seltzer and One-A-Day vitamins. The company employs some 93,700 workers.

Schering, founded in 1851 as a pharmacy, has since grown to a corporation that employs 24,500 people worldwide. Schering's connection to its former U.S. subsidiary, Kenilworth, N.J.-based Schering-Plough, was broken during World War II and the companies are no longer related.

Merck, also founded as a pharmacy in 1668, is the oldest pharmaceutical business in the world. It has been entirely separate from Whitehouse Station, N.J.-based Merck & Co. since the end of World War I.

The announcement came after European markets had closed. Bayer shares ended the day down 0.46 percent at 32.73 euros ($41.06), Schering shares were up 0.79 percent to 89.70 euros ($112.54), while Merck shares were up 0.69 percent to 73.40 euros ($92.09).

Lawsuits Allege Wide Collusion On Nurses' Pay (WSJ)

By Kris Maher

The Wall Street Journal, June 21, 2006

Four lawsuits filed in federal courts in four cities allege that hospital systems colluded to keep nurses' pay artificially low despite concerns of a nursing shortage.

The suits, which seek class-action status, allege the systems shared information on pay practices with an understanding that they wouldn't outbid one another to recruit nurses.

The lawsuits -- put together with the help of the Service Employees International Union, which represents nurses and others -- were filed yesterday in Chicago, San Antonio, Memphis, Tenn., and Albany, N.Y., against more than 17 hospitals and allege that they violated antitrust laws.

Several thousand nurses in each city could be eligible to participate if class-action status is granted, said Daniel Small, a partner at Cohen, Milstein, Hausfeld & Toll PLLC, in Washington, D.C., which brought the suits. The accusations are based on information lawyers gathered from interviews with dozens of former and current system employees, Mr. Small said. The estimated wage losses came from economists, he said.

Echelle Rutschman, a spokeswoman for Baptist Memorial Health Care Corp., a Memphis regional health-care system named in one lawsuit, said the suit is "completely without merit." She added, "We use industry-standard, legal practices to adjust salaries." Bill Van Slyke, a spokesman for Healthcare Association of New York State, which represents more than 550 nonprofit

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and public hospitals, called the allegations "outrageous" and added he thought the lawsuits were fueled by SEIU's organizing interests.

Median weekly cash earnings for registered nurses rose to $931 a week last year, up from $781 a week in 2000, according to the Bureau of Labor Statistics.

A union-commissioned study released in March by the Institute for Women's Policy Research found that wages for nurses employed in hospitals fell from 2003 to 2004.

According to the American Hospital Association, U.S. hospitals needed roughly 118,000 registered nurses to fill vacant positions as of December 2005.

Studio Sues Over Internet Film Based On Stone's Script (WP)

By Eric M. Weiss

The Washington Post, June 21, 2006

Chris Moukarbel was intrigued by director Oliver Stone's latest project, a $60 million movie to be released this summer about two police officers rescued from the rubble of the twin towers.

But as a 28-year-old filmmaker, Moukarbel wanted to do more than simply watch Stone's "World Trade Center." He decided to create his own version -- using a bootleg copy of the screenplay and Yale University student actors -- and offer it free on the Internet.

Although his film is only 12 minutes long and doesn't have a cast to rival Nicolas Cage and Maria Bello, it has brought the power of Hollywood down on him.

Paramount Pictures is suing Moukarbel in U.S. District Court in Washington, asking the court to prohibit the distribution of his movie. "He's free to make any World Trade Center movie he wants to make, but not our movie with our script," said Nancy Kirkpatrick, a Paramount spokeswoman.

According to its lawsuit, which was filed Friday, the studio is afraid that people will see the student film on the Internet and confuse it with the big-time Hollywood version set to hit 1,500 screens on Aug. 9 and backed up with a $40 million marketing campaign.

"Large numbers of people will see the Moukarbel Film first for free and determine, based on this poor-quality copy, that they do not want to pay to see the remainder of the WTC Film at a theater when it is released," Paramount's lawsuit said.

Moukarbel, who lives in Dupont Circle and graduated from Yale last month with a master of fine arts degree, could not be located for comment yesterday. On his Web site, his project is described as a "12-minute movie, adapted from a bootleg script for Oliver Stone's soon to be released film World Trade Center." His film has since been taken off the site, replaced with "VIDEO REMOVED AT REQUEST OF PARAMOUNT PICTURES."

According to the Witte de With Center for Contemporary Art in Rotterdam, which has a link to the film on its Web site, "Moukarbel makes site-specific video and installations, often using found media or objects as his sources. His projects explore the idea of memorial, and are concerned with the way in which political events are edified. . . . The video was made entirely in the artist's studio using student actors and then released on the internet, intentionally pre-empting Stone's film release in August 2006."

The lawsuit compares the nearly identical dialogue from the Moukarbel and Stone films, which both document the ordeal of two Port Authority of New York and New Jersey police officers. The Paramount film was made with the cooperation of the two officers, Will Jimeno and John McLoughlin. Paramount's lawsuit said it "owns the rights to the WTC Screenplay, and thus the right to be the first and only entity to tell this important story. The Moukarbel Film deprives Paramount of that valuable right."

Paramount's lawyers have also contacted Web sites that linked to Moukarbel's movie. On the site FilmThreat.com, a message from Paramount's lawyers replaced a link to the film.

Despite Paramount's pan, Moukarbel's movie was getting some good word of mouth, at least among the few who had seen it.

"It may not be Oliver Stone's version, but it actually was pretty good, better than the trailer that they released themselves," wrote "AuntPeru" on Filmthreat.com. "Oh well, hopefully it'll show up on YouTube."

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Early Univision Bids Near $11 Billion (WSJ)

By Dennis K. Berman, Henny Sender And John Lyons

The Wall Street Journal, June 21, 2006

The two groups bidding for Univision Communications Inc. were last night preparing offers near the range of the company's current stock price of $35.40 a share, valuing the broadcasting concern at around $11 billion, people familiar with the matter said.

As in any auction, the prices offered in the first round can differ substantially from final offers. But bidders are coping with skittish debt markets and banks that have reined in their lending in recent weeks. That has made it harder for buyers to reach the $40-a-share price that Univision, the nation's largest Spanish-language broadcaster by audience, first hoped to reach.

The group widely viewed as the favorite to win -- consisting of Mexican broadcaster Televisa SA, Venezuela's Venevision Investments LLC and private-equity shops Bain Capital, Blackstone Group, Cascade Investments, and Kohlberg Kravis Roberts & Co. -- was last night discussing an offer below Univision's current market price, though that could rise to at or around market at the last moment, these people said. Televisa already owns 11% of Univision.

Another group -- Texas Pacific Group Inc., Thomas H. Lee Partners, Madison Dearborn Partners LLC, Providence Equity Partners Inc. and media mogul Haim Saban -- was preparing an offer in the $35 range, people familiar with the matter said. That is at or below where Univision's class A shares stood yesterday -- at $35.40, down 30 cents for the day -- in 4 p.m. New York Stock Exchange composite trading.

It is still possible that Univision could pull the auction if it feels prices aren't to its liking. Such moves are rare after a company announces it is for sale and spends months preparing for a new owner.

Jitters in the debt-financing markets over higher interest rates have changed the dynamics for Univision, a Los Angeles conglomerate that operates television and cable networks, television stations, radio stations, a variety of music properties, and an Internet operation, all with Spanish-language content. The bond market for lower-rated credit that would be used to fund a deal has been spooked by the recent stock-market downturn and a heavy supply of new debt issues.

Just weeks ago, lending banks were willing to make loans valued at more than 13 times Univision's operating income, said one person familiar with their activity. That level has sunk recently, while loan prices have ticked up, this person said.

The Washington, D.C., private-equity firm Carlyle Group dropped from the Televisa-led group, a person familiar with the matter said, over concerns about price and governance between all of the private-equity firms and Televisa.

Jockeying between the two camps promises to be intense, as Univision presents complicated regulatory issues. The presence of Televisa in one group, for example, will inevitably raise foreign-ownership concerns, which could take months to resolve and which rivals are sure to prey upon for an advantage.

The Federal Communications Commission will have broad say on approving any transaction. The law generally prevents foreign entities from owning more than 25% of domestic broadcasters. But such reviews also take into account other factors, such as whether a foreign company has substantive control of a company via veto rights over management, board members or strategy decisions.

EU Competition Chief Says Anti-Monoply Law Would Help Benefit China's Economy (AP)

AP, June 21, 2006

BRUSSELS, Belgium (AP) -- European Union antitrust chief Neelie Kroes said Tuesday that China's move to adopt an anti-monopoly law would help benefit China's economy by attracting more business investors.

The EU Competition Commissioner made the comments after talks with China's Vice Minister of Commerce Ma Xiuhong at EU headquarters.

"This is an important step toward an effective competition regime," Kroes said in a statement. "The Chinese economy will benefit from the implementation of a sound competition policy, as will any company seeking to do business in China."

The Chinese Cabinet endorsed a draft anti-monopoly law on June 8 aimed at boosting fair competition after decades of domination by state industry. Foreign business groups, however, have expressed concern that it might be used to restrict or interfere with their investments.

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Beijing officials said the proposed legislation would not discriminate between domestic and foreign companies. China began drafting the law in 1994 and a first draft was completed in 2003.

But progress was stymied by controversy over how to carry out enforcement, given the prevalence of state-owned monopolies or semi-monopolies in many industries. The draft law still needs the backing of China's legislature before it can become law.

ENVIRONMENT:

Ex-Firefighter Pleads Guilty In Nev. Fires (FINDLAW/AP)

AP, June 21, 2006

(AP) - RENO, Nev.-An ex-firefighter has pleaded guilty to setting three wildfires that burned hundreds of acres of national forest in central Nevada last August, a federal prosecutor said Monday.

Mark E. Morgan worked temporarily with a U.S. Bureau of Land Management crew. Investigators said he started the fires because he was bored and needed the paycheck.

Morgan, 34, faces up to five years in prison and a $250,000 fine, and he could be required to pay restitution, U.S. Attorney Daniel G. Bogden said in a statement. He entered the plea Thursday. Sentencing was set for October.

The fires in the Humboldt-Toiyabe National Forest in Lander County, about 170 miles east of Reno, burned more than 550 acres of timber, brush and grassland. Two miles of fence also burned, but no injuries were reported.

When questioned by investigators, Morgan admitted starting two fires with a cigarette lighter and the third with a flare gun.

Draft Of Park Rules Stresses Conservation (WP)

By Juliet Eilperin

The Washington Post, June 21, 2006

The Bush administration has issued new draft guidelines for managing the national parks that make conservation the top priority -- ahead of recreation and energy development.

The new management rules -- which outline how park supervisors should handle issues including homeland security and whether to allow off-road vehicles to cross nature areas -- pleased environmentalists but angered off-road vehicle users, who said they fear that the Interior Department is modeling its practices after those of the Clinton administration.

In a news conference Monday, Interior Secretary Dirk Kempthorne said department officials had decided that preserving the country's parks ranks above any other management goal.

"When there is a conflict between conserving resources unimpaired for future generations and the use of those resources, conservation will be predominant," Kempthorne said. "That is the heart of these policies and the lifeblood of our nation's commitment to care for these special places and provide for their enjoyment."

Environmentalists had sharply criticized two earlier drafts of the rules, including one version leaked to the media in August that was written by Paul Hoffman. Hoffman, a political appointee, served as a deputy assistant secretary for fish, wildlife and parks at the time and now holds the same title in the Interior Department's policy, management and budget division.

Park advocates noted that the most recent management draft released in October, which ran more than 200 pages, included language that would have made good visibility in national parks an "associated value" rather than a "highly valued" resource as it stands under current rules. The latest draft restores the current language.

"They made virtually every change we recommended," said Ronald J. Tipton, senior vice president for programs at the National Parks Conservation Association. "The only conclusion you could draw from this is Secretary Kempthorne has taken a keen interest in national parks. This is a priority for him."

Don Amador, the Western representative for the Blue Ribbon Coalition, a group representing park users nationwide, said the administration had gone too far in placating its critics.

"Our concern is we don't want the administration to go back to the Clinton-era policy of putting preservation over recreation," Amador said. "They're both important, and motorized access to national parks, whether it's snowmobiling in

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Yellowstone or riding a sports-utility vehicle in the desert Southwest, are important ways for people to use and enjoy their parks. We just want to see a balance."

The administration will now take public input on the proposal for 90 days. That it was willing to revisit the matter of how the government manages its parks, Kempthorne said, shows the department's commitment to serving the public.

"The true test of any vibrant organization is that it can examine itself critically and constructively to strengthen its vision and improve its operations," he said. "With these revised policies, the National Park Service has again demonstrated its ability to engage citizens in productive dialogue and benefit from the valuable insights and suggestions of its employees, friends and partners."

U.S. Hybrids Get More Miles Per Congress (NYT)

The New York Times, June 21, 2006

EVER since the first Prius rolled off the assembly line almost a decade ago at the Takaoka plant not far from Toyota City, hybrid cars have basically been a luxury item. If you owned one, you could feel good about using less gasoline and being a trendsetter, but you couldn't expect the fuel savings to make up for the thousands of extra dollars that the hybrid cost. There was no financial reward for environmental virtue.

But in the last few months, something important has changed. Gas prices have settled in at close to $3 a gallon, which is enough to make a few hybrids almost worth it, if not quite. And since the start of the year, the federal government has been giving generous tax credits to hybrid buyers, pushing the Prius and a couple of other hybrids into bargain territory.

Between the money saved on gas and the tax credit, the Honda Civic Hybrid will cost slightly less over a five-year span than the regular Civic, according to Consumer Reports. The same is true of the sharp-looking new Toyota Camry Hybrid, relative to a regular Camry. If you're deciding between a Prius and a regular Camry, the Prius, which gets a $3,150 credit, will start saving you money in just a few years.

The point of a tax policy like this — the point of a lot of tax policy, in fact — is to give people an incentive to change their behavior, and persuading Americans to use less oil certainly sounds like one of Washington's priorities these days.

Yet, astoundingly, many of the tax credits are about to be taken away. So if you are thinking of buying a Prius or Camry Hybrid, do it soon, as in this month or maybe next. And if you are wondering whether policy makers mean it when they say they're serious about changing our energy policy, join the crowd.

THE first thing to understand about the hybrid tax credit is that it was never really intended to reduce oil imports from the Middle East or slow the effects of global warming. The credit was created to prop up Detroit while giving conservation a nod.

Last summer, when Congress was completing an energy bill, Toyota's and Honda's hybrids were already winning people over in the marketplace, and it was clear that any tax credit would go overwhelmingly to buyers of Japanese cars. So members of Congress, with help from Detroit's lobbyists, came up with an ingenious solution. They created a cap, a maximum number of hybrids that any single manufacturer could sell — 60,000 — before a clock started ticking, causing the credits for that carmaker to begin disappearing two quarters later.

The idea, Mark Kemmer, a G.M. lobbyist, told Automotive News, was to keep any one company from getting "a runaway benefit."

Toyota hit the 60,000 mark last month, less than five months after the Jan. 1 start of the program, and the credits for its hybrid buyers will be cut in half on Oct. 1. (Because there are waiting lists for the Prius and Camry Hybrid, people who buy one in August or September may get their car after Oct. 1.) On April 1, 2007, the credits will be cut in half again. On Oct. 1, 2007, they will vanish. Honda, for its part, will probably hit the cap next year.

And the Big Three? Combined, they have sold fewer than 15,000 eligible vehicles so far, all by Ford, largely because their hybrids have not impressed buyers. Rather than building highly efficient hybrids like the Prius, Detroit has tinkered with gas guzzlers like the Chevrolet Silverado, adding hybrid technology to them so that they get slightly better mileage.

Come next year, then, the government will pay you to buy a Silverado hybrid (which gets about 16 miles per gallon) or a Ford Escape Hybrid (which gets about 26, according to Consumer Reports), but not a Prius (44) or a nonhybrid Corolla (29).

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The obvious answer to this bizarre situation is to remove the caps. To their credit, Mr. Bush and a few members of Congress have called for precisely that, although it seems unlikely to happen anytime soon.

But I think there is a larger lesson here. In recent months, there has been a lot of talk in Washington about alternative energy sources, not just hybrids, but ethanol, fuel cells and nuclear power as well. Mr. Bush, Senator Hillary Rodham Clinton and others are pitching tax credits and similar financing mechanisms to give these technologies a boost.

The reality, though, is that government isn't particularly good at predicting which alternative will pan out. No single person or group is. "You can spend a lot of money on technologies that don't fit," says Susan M. Cischke, Ford's vice president for environmental and safety engineering. Remember the electric-car fad in California?

What the government can do that nobody else can, however, is set up a simple system of rewards and penalties — with the single goal of reducing oil use, regardless of the means — and then let the marketplace work it out. Economists tend to prefer a gas tax, but it's not the only option.

There is already a gas-guzzler tax written into the law that raises the price of inefficient cars, but not of sport utility vehicles or light trucks, notes Therese Langer of the American Council for an Energy-Efficient Economy. Making the tax universal would have a far bigger effect than a narrow policy aimed at hybrids, and it could be balanced by tax credits for efficient vehicles of any kind. Google has a nice template: it gives $5,000 to employees who buy a car that gets at least 45 m.p.g. in the government's ratings, a threshold that only the Prius and two Honda hybrids now meet.

I know this might sound like one more nail in Detroit's coffin, but it doesn't have to be one. The Big Three have the engineering expertise to build vehicles that can go a long way on a gallon of gas. If Washington would only nudge people to buy cars like that, Detroit would start making them.

An Ear For The Market (NYT)

By David Morris

The New York Times, June 21, 2006

Minneapolis

CONGRESS is considering several bills to extend the 51-cent-per-gallon tax credit for ethanol producers beyond its 2010 expiration date. But let's hope that our elected representatives don't make their decision in the grips of an ethanol haze. The state of the ethanol industry changed so substantially since the last extension, one year ago, that a fundamental and clearheaded redesign is in order.

Sky-high oil prices and a national ethanol mandate have undermined the rationale for incentives. With oil at $60 a barrel, ethanol can compete with gasoline without federal subsidies. For much of 2005, oil prices approached or surpassed the $60 level. In recent months, they've hovered near $70.

Last year, Congress ordered a near doubling of ethanol sales by 2012. Industry has responded so rapidly that the nation may have enough capacity to meet the Congressional goal by 2008. Indeed, Congress is already debating measures to increase mandated levels to 10 billion gallons in 2010 and 30 billion in 2020.

If the current 51-cent-per-gallon tax credit remains in place, these mandates would cost the Treasury Department $5 billion in 2010 and more than $15 billion in 2020. In the face of high oil prices, such subsidy levels are likely to prove politically untenable when there's no need for tax credits to make ethanol competitive.

Moreover, the rapidly changing structure of the ethanol industry argues for an entirely different kind of incentive. In 2003, some 50 percent of all ethanol refineries and perhaps 80 percent of all proposed plants were controlled by farmers, with an average annual output of about 40 million gallons each. But now, around 80 percent of new ethanol production is coming from plants controlled by absentee owners that produce 100 million to 125 million gallons.

As farmer and ethanol refinery have become delinked, so have biofuels policy and agricultural policy. True, the increased demand for ethanol has benefited farmers, but only modestly, raising the price of a bushel of corn by 10 cents to 15 cents. But when the farmer is also an owner in the refinery, he or she receives annual dividends averaging about 50 cents a bushel and more than $1 a bushel in very profitable years. Farmer-owners can also use an ethanol plant as a hedge against a drop in the

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price of their raw material. If the price of corn falls, so does the production cost of ethanol; all other things being equal, refinery profits and therefore dividends will rise.

How might Washington redesign the federal incentive to reflect the realities of an increasingly competitive absentee-owned, large-scale ethanol industry?

First, tie incentive levels to an index comprised of the price of a bushel of corn and the wholesale price of a gallon of gasoline. (A similar index can be developed for biodiesel or cellulose-derived ethanol.)

Such an incentive would honor the nation's commitment to both farmers and taxpayers. The farmer-producer would be protected if the price of oil plunged or the price of corn (or soybeans or cellulose) jumped. The taxpayer would be protected from having to underwrite handsome subsidies when the biofuels industry no longer needs them.

Second, transform part of the federal incentive from a gas tax exemption for those who market the ethanol into a direct payment to those who produce it. Minnesota did this in the 1980's, turning an incentive for consumption into one for production.

The new federal producer payment should encourage locally owned ethanol plants while not being a continual drain on federal resources. A payment of 15 cents per gallon for the first 20 million gallons produced each year might be offered to an absentee-owned plant with payment increasing to 25 cents a gallon if the majority of a plant's owners were farmers or local residents. No plant should be able to receive payments for more than 10 years.

Drastically changed times call for a drastically changed federal biofuels incentive, one that minimizes the long-term costs to America's taxpayers while maximizing the long-term benefits to our rural communities and farmers.

David Morris is the vice president of the Institute for Local Self-Reliance.

Eminent Domain Surges After Ruling (WT)

By Joyce Howard Price

The Washington Times, June 21, 2006

The Supreme Court's decision last year to allow cities and states to seize property for private development "opened the floodgates" to eminent domain actions nationwide, a report says.

In the year since the Kelo decision, nearly 6,000 properties nationwide have been threatened or taken under that precedent, more than half the number that had been seized over a previous five-year period, said a report released yesterday by the Institute for Justice.

"There has been a huge rise in the number of threats to use eminent domain since Kelo. Cities are wielding eminent domain as a club," said Dana Berliner, a senior counsel with the Institute for Justice and the author of the 100-page report.

People threatened with eminent domain are vulnerable, she said, because they feel compelled to sell or have their home or business seized for a fire-sale price. At the same time, Ms. Berliner said, residents have become more active in trying to thwart land grabs and promoting changes to state law to bar the use of eminent domain.

Since the high court's 5-4 decision in Kelo v. City of New London, Conn., a year ago Friday, 5,783 properties nationwide have been either seized or threatened with seizure under eminent domain.

That number compares with 10,281 examples over the five-year period from 1998 to 2002, said the institute, a public-interest law firm that argued the Kelo case before the Supreme Court. During that period, threats were made to seize 6,560 properties, and 3,721 condemnation filings or authorizations were recorded.

In the past year, 5,429 property seizures have been threatened for economic redevelopment projects, plus 354 condemnation filings or authorizations, the institute said.

In the Kelo case, the institute represented nine Connecticut homeowners who tried unsuccessfully to halt New London's takeover of their properties for economic redevelopment. The court held that private development has a public purpose if it will increase jobs and tax receipts.

Ms. Berliner's report, "Opening the Floodgates: Eminent Domain Abuse in the Post-Kelo World," was one of five released yesterday by the Institute for Justice and its grass-roots activism project, the Castle Coalition.

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"The court ruled that the U.S. Constitution allows government to use eminent domain to take and bulldoze existing homes and businesses for new private commercial development, holding that the mere possibility that a different private use could produce more taxes or jobs is enough reason for condemnation," the report said.

"Opening the Floodgates" documents 117 projects in the District and 27 states, including Maryland, that have involved the use or threatened use of eminent domain for private development in the past year.

"The vast majority ... involved the removal of lower-income residents and smaller businesses to attract wealthier people or more prominent businesses," Ms. Berliner wrote.

"Of the 117 projects, nearly half involved taking low-income houses, apartments and mobile home parks to construct upscale condominiums or other upscale residences and new retail development. Cities across America are working hard to drive out the working poor," she said.

She said the city of Baltimore is "on an eminent domain spree" because it intends to seize 75 properties for private development in this year alone.

Agriculture Department Faulted On Bird Flu Efforts (NYT)

By Donald G. McNeil Jr.

The New York Times, June 21, 2006

The Agriculture Department lacks a comprehensive plan for detecting avian flu in poultry and wild birds, its inspector general's office said yesterday.

In an audit, the office found that the department relied too heavily on voluntary testing by the poultry industry and reports from state agriculture departments.

A spokeswoman for the department, Hallie Pickhardt, said that the agency "agreed with everything in the report, and we're either doing it or going to be doing it."

The audit began before Congress passed President Bush's plan for dealing with a pandemic flu outbreak, which gave the department an additional $91 million to fight avian flu, Ms. Pickhardt said.

But she added that the agency had no plans to make the voluntary testing now conducted by the poultry industry mandatory.

"We're confident in the testing procedure they're implementing," Ms. Pickhardt said. "They've been working very closely with us. This is their livelihood, too, and they have no reason not to report the information."

Instead, the department will supplement the voluntary testing with its own checks, she said.

The audit also recommended more testing in live-bird markets (where mild avian flu infections have been found in the past) and at illegal auctions of fighting gamecocks. It also called for a plan to protect workers with vaccines and flu drugs if infected flocks needed to be culled.

In January, the National Chicken Council, an industry trade group, said that its members, which produce more than 90 percent of the country's chickens, would test every flock for influenza two weeks before slaughter.

Yesterday, Stephen Pretanik, the council's science director, said the industry was already sharing those test results with the Agriculture Department.

Mr. Pretanik said all the swabs taken from chickens were sent to state laboratories or to laboratories accredited by the department, which are required to report positive results to the government.

The industry modeled its testing on the department's own proposals "so there will be a seamless transition when their regulations are published," he said.

Poultry experts said in January that if the lethal flu strain arrived in American domestic poultry, complicated tests would not be needed to spot it. Unlike other bird flus, the A(H5N1) strain, which has killed millions of chickens and 130 people since 2003, can wipe out a flock of thousands in 24 hours.

In Canada yesterday, veterinary officials said they had been unable to find enough virus to test in samples from a goose that had tested positive for an H5 virus in a local laboratory. They said they thought it was unlikely that the goose, on Prince Edward Island, would prove to be the first North American case of A(H5N1) flu, but said they needed an additional 12 days to try to culture the virus in eggs so it could be tested.

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World Health Organization officials said yesterday that Indonesia had its 39th confirmed death from the virus, a 13-year-old boy from South Jakarta who died on June 14. He became sick on June 9, a week after helping his grandfather slaughter diseased chickens. Other members of the family are apparently healthy.

Flu Plan at Veterans Agency

WASHINGTON, June 20 (AP) — The Department of Veterans Affairs said it would close its national cemeteries in the event of a bird flu pandemic because of staffing shortages, leaving families to delay burial or seek interment elsewhere.

According to a draft plan, the veterans health care system would continue treating veterans at its hospitals and clinics, and would provide care to active-duty military personnel and civilians if necessary.

Bird Flu Could Close Military Cemeteries (AP)

By Andrew Bridges

AP, June 21, 2006

WASHINGTON -- Taps could be silenced for veterans who die during a bird flu outbreak.

The Department of Veterans Affairs foresees closing the 120 national cemeteries in a pandemic because of staffing shortages, leaving families the option of delaying burial or seeking interment elsewhere.

The VA buries more than 250 veterans and eligible family members a day - about 93,000 people a year. It operates cemeteries in 39 states and Puerto Rico.

Those cemeteries could be shut and burials put on hold during a pandemic, presumably even as the death toll rises, according to a plan that lays out how the department will cope with an influenza outbreak. The government is preparing for a worst-case scenario of nearly 2 million deaths in the United States in a pandemic.

The VA health care system, the nation's largest, would continue treating veterans at its 150-plus hospitals and hundreds of smaller clinics. The department also would provide back-up care to active duty military, as well as non-veterans if necessary, according to the plan posted on the department's Web site.

If staffing shortages or other issues force cemeteries to close, the plan calls for employees of the VA's National Cemetery Administration to reroute phones and contact funeral homes and next-of-kin to "reschedule" burials. As much as 40 percent of the national work force could be off the job in a pandemic, according to federal estimates.

"They're raising a common concern: Where are the workers going to come from?" said Robert Fells, external chief operating officer and general counsel for the International Cemetery and Funeral Association.

As for the dead, the VA said it may have to store bodies in refrigerated warehouses or trucks outfitted as temporary morgues.

During the 1918 Spanish flu pandemic, the dead were sometimes buried in trenches, Fells said. Should another pandemic strike, it could take days to bury the dead, and perhaps only then in mass or temporary graves, he added.

"Will that be necessary? It may be and we have to be prepared if things get that bad," Fells said.

The VA plan acknowledges that cemeteries will have to plan ways of allocating staff and plots for "significant numbers of burials if closure and rescheduling is not an adequate response."

"If there's truly a catastrophic kind of thing - whether it be a bird flu pandemic or a massive, terrorist-instigated attack that would claim tens or hundreds of thousands of lives - a lot of that, frankly, involves bulldozers," said Mike Duggan, the American Legion's deputy director for national security and a Vietnam veteran.

The VA did not immediately return multiple calls seeking comment.

A lack of workers would stretch thin the funeral business but shouldn't force cemeteries to close, said John Fitch, senior vice president for advocacy at the National Funeral Directors Association.

"We'll cope like any other business. We will have to find ways and means of processing the bodies and conducting funerals," Fitch said. The group has discussed with its members refrigerating or temporarily interring bodies until an outbreak ends. It's even encouraged members to set up networks of potential volunteers to drive hearses and perform other tasks, Fitch said.

Bird flu has killed at least 128 people worldwide since it started ravaging Asian poultry farms in late 2003.

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Scientists fear the H5N1 virus will mutate into a highly contagious form that can be passed from human to human. So far, most human cases have been linked to infected birds.

US Falls Behind In Tracking Cattle To Control Disease (WSJ)

By Steve Stecklow

The Wall Street Journal, June 21, 2006

When the first U.S. case of mad-cow disease was discovered in December 2003, then-Secretary of Agriculture Ann M. Veneman pledged to hasten creation of a national identification system for tracing livestock quickly during a disease outbreak. She said she asked the U.S. Department of Agriculture's chief information officer "to make it his top priority."

Today, more than two years later, the U.S. still has no national ID system for most farm animals, including chickens and beef cattle.

The USDA, which has been discussing a system for nearly a decade -- and has spent $84.7 million to develop it -- now says one will begin operating next year. Although the agency expects nearly all newborn farm animals to be included in the system by 2009, it has abandoned the idea of mandatory participation, leaving critics to cast doubt on that projection.

As recently as April 2005, the USDA's draft plan for a national ID system called for mandatory participation. But USDA officials insist the agency was never committed to that idea, and that in response to industry feedback they decided to go with a voluntary system. They express confidence that market forces, including pressure from big beef buyers and export markets, will help drive cattle owners to register their animals.

"I believe the industry as a whole does understand and believe that a system is needed and they will participate," says John R. Clifford, the USDA's chief veterinary officer. He says the agency will review making the system mandatory if participation isn't adequate.

An ID system would assign each animal a unique number, and record all its movements as it travels to new ranches, farms or other destinations. This tracking information could prove critical in controlling outbreaks of contagious diseases because it would allow investigators to quickly locate animals that were exposed to ones already known to be infected. The USDA's goal is to be able to trace animals within 48 hours.

But the ID issue has become mired in controversy, with livestock raisers' trade groups pitted against each other and a fast-growing grassroots movement that opposes any tracking system. Many ranchers, meanwhile, worry that animal-rights groups will get hold of the data if the government runs the system. But after considering one type of privatized tracking system, the USDA changed course when a chorus of opposition arose, including complaints from some cattlemen that such a database might be used to manipulate beef prices. Now the agency envisions a voluntary system with multiple private databases.

A number of animal-health experts and several former USDA officials scoff at a voluntary system. They believe many ranchers and farmers, particularly those fearing legal liability if their animals are found to be diseased, will participate only if the system is mandatory. They also warn that a voluntary system will be inadequate for containing potentially devastating diseases like foot-and-mouth that are far more contagious than mad cow.

"If it isn't mandatory, it simply will not work," says Bobby R. Acord, who until April 2004 ran the USDA's Animal and Plant Health Inspection Service. "There are not enough market forces to make it happen." Mr. Acord is now a consultant to the National Pork Producers Council, which favors a mandatory system. There is already one in place for swine in interstate commerce, and the group says it works.

One current economic incentive hasn't convinced many beef sellers that a tracking system pays. McDonald's Corp. offers several cents per pound extra to U.S. producers who can provide information that allows the chain to trace the origin of its beef products. But the company, which supports a mandatory tracking system, has been disappointed with the number of producers taking its offer, according to a person familiar with the situation.

The lack of a national tracking system may already be hurting U.S. beef exports, which suffered after the discovery here of mad cow. Japan, South Korea and China still don't allow U.S. beef -- a ban that has cost domestic producers more than $5 billion in exports over the past two-and-a-half years, according to industry estimates.

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Agriculture Secretary Mike Johanns recently told a meeting of the National Cattlemen's Beef Association that beef exporters like Australia are "aggressively marketing traceability to gain an advantage," according to the group's newspaper. "Competitors are out there saying, 'We've got I.D. They don't.'"

In recent years, about 40 countries -- including Canada, Britain, Japan and lesser-developed nations like Namibia and Botswana -- have implemented some form of mandatory, national animal-tracking systems covering cattle.

Smaller-scale USDA and state animal ID programs already have helped combat specific diseases. But they're sometimes in place only until the health risk ebbs. In the 1990s, an ID system for cattle played a key role in stemming a disease in domestic herds called brucellosis, which can also spread to humans and cause severe fever, weight loss and other debilitating symptoms. With the disease rate now low, most ranchers are no longer required to tag their animals.

With mad-cow disease, or bovine spongiform encephalopathy, tracking is crucial because the illness is known to spread from cow to cow via contaminated feed. Lacking an effective way to trace cattle, the USDA failed to locate all of the potentially infected cattle linked to the 2003 mad-cow case and two subsequent ones in the U.S.

In the most recent incident -- a red beef cow in Alabama that tested positive in March -- officials, using DNA tests, investigated 36 different farms and five auction houses to try to figure out where it was born and what happened to its herd-mates. They couldn't.

A herd-mate from this animal "could be entering a slaughterhouse tomorrow and we would never know because they don't have that tracking system in place," says Caroline Smith DeWaal, food-safety director of the Center for Science in the Public Interest, a Washington, D.C.-based consumer group. Scientists generally agree that humans can contract the fatal, brain-wasting disorder by eating meat from infected animals. World-wide, more than 150 people have died from the human form of mad-cow, known as variant Creutzfeldt-Jakob disease, although none of the deaths has been linked to U.S. beef.

Bitter Feuding

A number of past participants in USDA animal-ID planning blame some of the delay in establishing a system on bitter feuding within the livestock industry. Trade associations have argued over who will control the data -- the government or private organizations -- as well as what information will be collected, who can access it and who will pay for the system.

A main concern has been confidentiality. The industry wants to make sure that animal-rights activists can't use the federal Freedom of Information Act to learn the locations of livestock operations, which might make it easier for them to stage protests.

A vocal grassroots movement of small farmers and ranchers who oppose an animal-tracking system has been lobbying state and federal officials, rallying support through the Internet. One Web site, StopAnimalID.org1, warns that under the USDA plan animal owners would be subject "to constant federal and state government surveillance," a claim the agency denies.

Walter Jeffries, a pig farmer in West Topsham, Vt., runs another opposition site, NoNAIS.org2, that he says draws between 7,000 and 13,000 visitors every weekday.

Registration of premises where animals are kept, a first step in a national tracking program, has already begun. But in a number of states, animal ID opponents have been trying to undermine the process. In February, dozens of protesters at a meeting of the Texas Animal Health Commission helped persuade it to postpone implementing regulations that would require such registration.

"This is supposed to be the land of the free, and pretty soon we'll be able to do nothing on our own property without permission from the government," says Ken Kerner, a 47-year-old farmer and auto-body-shop owner from Cedar Creek, Texas, who owns a dozen cows.

Beginning with the branding of cattle more than a century ago, livestock identification in the U.S. has a long history. What's evolved is an ad hoc group of systems, for particular species or in geographic regions. But they aren't linked. "The problem with all those systems is they don't communicate with each other," says Valerie E. Ragan, a former assistant deputy administrator for veterinary services at the USDA. "There's no standardization."

In 1998 the Holstein Association, a group of dairy-cattle breeders, launched a voluntary "National Farm Animal Identification & Records System" program to try to change that. Partly funded by the USDA as a pilot program, it has registered nearly three million animals in 48 states. Still, it doesn't extend much beyond the dairy industry.

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Following a foot-and-mouth epidemic in Britain in 2001 that led to the killing of millions of pigs, cattle and sheep, the National Institute for Animal Agriculture, a nonprofit group, set up a U.S. task force with both industry and USDA representatives to kick-start a national animal ID system.

After the U.S.'s first mad-cow case was discovered, the USDA used an NIAA draft plan as a basis for creating a national system that could trace farm animals in a disease outbreak within 48 hours. The NIAA plan envisioned a system by 2006.

By 2003, says Glenn N. Slack, the NIAA's former chief executive, there was a general consensus within the livestock industry that the USDA would oversee the system and would control the data. "Most everyone was on the same page," he says.

But the National Cattlemen's Beef Association, which doesn't belong to the NIAA, began on its own to develop a voluntary, industry-run database for tracking animals. The NCBA represents thousands of cattle ranchers and feedlot operators, as well as meat packers, retailers and restaurants.

"We would prefer that to a government-managed program because we think a private database, first of all, is going to protect producer confidentiality to a much greater degree," says Joe Schuele, a NCBA spokesman. Cattlemen, he says, consider the names of their clients and the size of their herds to be proprietary information. They don't want competitors, or buyers, to have access to such details.

The NIAA's Mr. Slack says the "spirit of cooperation" within the industry "started to unravel" when the NCBA began pursuing its own plan in 2004. Another producers' trade association, the Ranchers-Cattlemen Action Legal Fund, United Stockgrowers of America, or R-Calf, which favors a government-run system, says it didn't trust the NCBA.

The group fears that meat packers who belong to the NCBA might take advantage of the information in the private database -- for example, offering less if the data suggested cattle were in large supply. "It would give them tremendous buying power in the marketplace," says Bill Bullard, R-Calf's chief executive.

The NCBA denies meat packers would have access to the database and dismisses R-Calf's concerns. "They don't like anything we like," says Jay Truitt, the NCBA's vice president for government affairs in Washington.

Another issue is information oversight. Several past participants in the USDA's national animal ID planning program say they always assumed the government would administer the database. But in August, the USDA said it would support a tracking system in which animal-movement data was sent to "a single, privately held animal-tracking repository" that it could access -- the kind of plan the NCBA was advocating.

Allen Bright, the NCBA's animal ID coordinator, says his group believed the database the NCBA was developing would work well and draw industry support, and so "anticipated" that the USDA would choose it as the privately held repository.

Dale Moore, the USDA's chief of staff and a former NCBA chief lobbyist, says the policy change was based on input from more than just the NCBA. Producer groups and some state officials, he says, "felt a private-database approach would get us to our goals more quickly."

'An Uproar'

But Mr. Moore concedes the privatization plan created "an uproar," with many industry groups opposed to a single database and some groups demanding their own. By January, USDA officials were suggesting that the agency would abandon the idea. In April, it formally announced a "metadata system" that would allow the government to access animal movement tracking information from multiple, private, voluntary databases run by various industry groups.

The NCBA is still hoping to play a major role. In January, it helped to launch a nonprofit called the U.S. Animal Identification Organization to create a giant, multispecies private database with animal-tracking information. The NCBA, which has a representative on the nonprofit's board, now says it expects the database to be one of several eventually authorized by the USDA.

Last month, a House appropriations subcommittee voted to withhold nearly all additional funding for a national animal ID system until the USDA better defines the program and its costs. And yesterday, a Senate appropriations subcommittee voted unanimously to ask the Government Accountability Office to review the ID program's progress because "the direction of this system remains unclear." Terri Teuber, the USDA's director of communications, says the agency is confident it can satisfy those queries.

Japan Agrees To Lift Ban On US Beef (AP)

DOJ_NMG_0036333

By Mari Yamaguchi

AP, June 21, 2006

TOKYO — Japan agreed Wednesday to lift its ban on U.S. beef imports, pending planned inspections of U.S. meat processing plants, the agriculture ministry said. The Asian nation imposed the ban over concerns about mad cow disease.

The breakthrough resolves a thorny, long-running trade dispute between the allies, and gives U.S. ranchers access to what was once their most lucrative export market.

"Japan agreed to resume U.S. beef imports on the condition that we find no further problems during onsite inspections," said agriculture ministry official Hiroaki Ogura.

U.S. officials had no immediate comment.

American beef shipments to Japan were halted in January after Japanese officials found a veal shipment that contained backbone, which Asian countries consider at risk for mad cow disease. The cuts are eaten in the United States and other countries, but Japan's rules are stricter.

Kyodo News agency reported that the inspections are meant to ensure that U.S. processing facilities conform with Japanese food safety guidelines. Officials from Japan's health and agriculture ministries will inspect 35 meatpacking plants certified to ship beef to Japan to see if they are complying with export requirements, Kyodo said citing government officials.

Only facilities whose safeguards meet Japanese standards will be authorized to export to Japan, the report said. Japanese officials will also be allowed to accompany U.S. counterparts on spot inspections of U.S. facilities, it added. The accord requires the U.S. side to conduct the spot inspections.

The accord was worked out via a video conference directed by Japanese Agriculture Ministry's consumption safety director, Hiroshi Nakagawa, and his U.S. Agriculture Department counterpart, Chuck Lambert, deputy undersecretary for marketing and regulatory programs.

At stake was a trading relationship worth millions of dollars to the U.S. beef industry. Japan's market was worth $1.4 billion annually when it banned American beef in response to the first U.S. case of mad cow disease in 2003.

The ban had only recently been lifted before Japan halted shipments.

The U.S. Agriculture Department says that New York-based Atlantic Veal & Lamb and a government inspector misunderstood new trade rules when they allowed prohibited veal to be shipped to Japan.

American officials had been impatient for trade to resume, with several U.S. senators saying Tuesday they are introducing a bill that would impose trade sanctions if Japan does not reopen its market to U.S. beef by Aug. 31.

The agreement comes as Japanese Prime Minister Junichiro Koizumi prepares to visit President Bush at the end of this month. The two leaders are scheduled to meet in Washington on June 29 and travel to Elvis Presley's Graceland home in Memphis, Tenn., the next day.

Mad cow disease is medically known as bovine spongiform encephalopathy, or BSE. In humans, eating meat contaminated with BSE is linked to variant Creutzfeldt-Jakob Disease, a rare and deadly nerve disease.

FBI/DEA/ATF/USMS:

FBI Shadowed Playwright Arthur Miller (SFC/AP)

By Hillel Italie, Ap National Writer

San Francisco Chronicle, June 21, 2006

(06-20) 14:12 PDT NEW YORK, (AP) --

In the summer of 1956, playwright Arthur Miller married screen idol Marilyn Monroe in a Jewish ceremony, an event of high-level gossip for much of the world and of high-level curiosity for the U.S. government.

"An anonymous telephone call" has been placed to the New York Daily News, an FBI report notes at the time. The caller stated that the "religious" wedding — Miller was Jewish and Monroe had converted — was an obvious "cover up" for Miller, who "had been and still was a member of the CP (Communist Party) and was their cultural front man." Monroe also "had drifted into the Communist Party orbit."

The memo is one of many included in Miller's FBI files, obtained by The Associated Press through the Freedom of Information Act. Miller, who died last year at age 89, was a longtime liberal who opposed the Vietnam War, supported civil rights and, in one play, "The Crucible," linked the Cold War pursuit of communists to the Salem witch trials of the 17th century.

His files only became available after his death, but the government's interest in Miller was well established in his lifetime. In 1956, the House Un-American Activities Committee asked him to give names of alleged communist writers with whom he had attended some meetings in the 1940s. Miller refused and was convicted of contempt of Congress, a decision eventually overturned by the U.S. Supreme Court.

For a decade before his congressional testimony, the FBI kept track of the playwright, but ended up making a more convincing case that Miller was a dissenter from the Communist Party rather than a sympathizer.

"Miller became disillusioned with the party because the party did not stimulate in him the ability and inspiration to do creative writing as he had expected when he joined the Party," one informant told the FBI.

According to a 34-page FBI report, compiled in 1951, Miller was identified by an informant as being "under Communist Party discipline" in the 1930s and, as of the mid-1940s, a member.

According to Miller, he had never been "under Communist discipline," although "there were two short periods — one in 1940 and one in 1947 — when I was sufficiently close to Communist Party activities so that someone might honestly have thought that I had become a member."

In an essay published in 1999, Miller recalled that "practically everyone I knew stood within the conventions of the political left of center; one or two were Communist party members ... and most had had a brush with Marxist ideas or organizations.

"I have never been able to believe in the reality of these people being actual or putative traitors any more than I could be," he wrote.

Miller's first Broadway play, "The Man Who Had All the Luck," came out in 1944, around the same time that the earliest FBI files are dated. His professional and personal life were closely watched, usually through newspaper clippings, but also from informants (whose names have been blacked out in the records) and public documents.

The FBI not only kept records of Miller's political statements, from his opposition to nuclear weapons to his attacks against the anti-communist blacklist, but of his affiliation with such organizations as the American Labor Party ("a communist front") and the "communist infiltrated" American Civil Liberties Union.

In vain, the FBI probed for communist influence in the content and in the productions of his plays. One memo cites an "informant" who reported that "several communists" have been turned down for roles in various "Arthur Miller playlets."

Miller's plays, the informant concludes, "although occasionally supported by the Communist Party, do not follow Marxist ideology." A separate file states that "Miller was not looked on with favor by the Communist Party," which regarded him as "`just a civil rights guy.'"

Miller's fame made him a target of the government, but also protected him. For example, a memo from 1955 noted an admiring article by Holiday magazine and concluded that "because of Miller's "limited activity with the CP (Communist Party) and his position in the business world, it is felt that an interview would result in embarrassment for the Bureau."

His files essentially end in 1956, except for a brief reprise in 1993, when a background check was submitted to Bernard Nussbaum, the White House counsel to President Clinton. The occasion was not subversive activity, but the imminent presentation of a National Medal of the Arts.

Although his alleged communist ties were reviewed and he was identified as a "participant in activities calling for an end to the war in Vietnam," no other "pertinent information" turned up and he received his medal.

At the ceremony, Clinton praised Miller as a major playwright of the 20th century, and cited "The Crucible" for its admirable focus on "issues of conscience."

Mack Tops FBI's Most Wanted; Mothers Mourn At Wife's Reno Funeral (AP)

By Scott Sonner, ASSOCIATED PRESS

AP, June 21, 2006

DOJ_NMG_0036335

RENO, Nev. (AP) - The mothers of both the victim and the husband accused of killing her were among some 500 mourners who attended Charla Mack's private funeral service Tuesday as the FBI added Darren Mack to its list of "Most Wanted" fugitives.

Darren Mack, 45, the wealthy former co-owner of a Reno pawn shop, hasn't been seen since the June 12 stabbing death of his estranged wife and the sniper shooting of Family Court Judge Chuck Weller, who was wounded in the chest.

The FBI gave Mack top billing on it's Web site list for "Most Wanted" fugitives, describing the dark-haired, 5-foot-11, 190-pound man as a bodybuilder and hunter with "access to all types of weapons." He should be considered "armed and dangerous," FBI Director Robert S. Mueller III said.

Bomb materials, ammunition and written allegations of corruption against Weller - who was handling the couple's pending divorce - were found in Mack's town house, police said in court documents.

Scott Freeman, a Reno lawyer, said he had been retained by Darren Mack's family to represent him "when and if he is found." Freeman said he had not heard from Mack since he disappeared.

Charla Mack's mother, Soorya Townley, and the dead woman's brother, Christopher Broughton, accompanied Darren and Charla Mack's 8-year-old daughter, Erica, to the funeral. Also attending were Mack's brother, Landon Mack, 43, and his mother, Joan Mack, with whom Darren Mack shared ownership of the pawn shop until last summer.

"I really think the important thing now is to find Darren but not to have all this vengefulness," Townley told a Reno television station Monday. "I don't think Charla really would have wanted that."

It was not clear if Mack's two teenage children from a previous marriage attended the funeral.

Reporters were kept about 100 yards from the mortuary during the private service, and Charla Mack's family declined any comment, said Wayne N. Reynolds, president of Mountain View Mortuary.

Security workers with walkie-talkies chased TV camera operators off neighboring properties that Reynolds said the mortuary owned. Reporters also were banned from the neighboring cemetery where Charla Mack was buried after a service that lasted more than an hour.

Reynolds said in a statement that family members wanted no media coverage of "their final moments with Charla during the `Celebration of Charla's Life.'"

"This tragic event has deeply traumatized two wonderful families who while experiencing their own grief, are working feverishly to provide the love, nurture, caring and assistance in the grief process of three beautiful children and this `Celebration of Life' needs to protect them from any further trauma of having their private emotions aired on the evening news," Reynolds said.

Weller was shot through the window of his third-floor office in the downtown courthouse. He is under police protection as he recovers.

Authorities said they were uncertain whether Mack had fled the country. Mueller said anyone with information on Mack should contact the FBI or the nearest U.S. Embassy or Consulate.

A search warrant affidavit first disclosed by the Reno Gazette-Journal on Tuesday said officers found several boxes of ammunition and an empty gun case with a receipt for a Bushmaster .223-caliber rifle equipped with a laser sighting device at Mack's town house, where Charla's body was found in the garage in a pool of blood in the hours after Weller was shot.

Officers also found notes and printed material that "contain allegations that Weller was corrupt and had exhibited favoritism in his rulings," the affidavit said.

A witness told police that Mack "discussed hiring him to follow Judge Weller in the hope of proving that he was corrupt."

"That same witness described Mr. Darren Roy Mack as seeming to him to have been 'at the end of his rope' and extremely frustrated and angry with both his estranged wife and Judge Weller," the police affidavit said.

Mack's cousin, Jeff Donner of Moraga, Calif., said last week that Mack called him about 11:19 a.m. June 12. Donner said Mack wanted him to "carry my message of what's been going on in his courtroom if anything happens to me." Weller was shot at about 11:05 a.m.

Mack earned more than $500,000 a year and had a net worth of $9.4 million as recently as 2004, according to court documents.

Darren Mack Put On FBI's Most Wanted List (KVBC-TV)

KVBC-TV, June 21, 2006

Reno pawn shop owner Darren Mack, 45, has been put on the FBI's Most Wanted List.

Since the shooting occurred a week ago, authorities say Mack's whereabouts is still unknown. The FBI says he's considered armed and dangerous.

Custody of the couple's 8 year old daughter was granted to Darren Mack's mother, Joan. Court officials say Charla Mack's family has open visitation rights.

Darren Mack On FBI's Most Wanted (KLAS-TV)

KLAS-TV, June 21, 2006

The FBI added Darren Mack to its list of "Most Wanted" fugitives today as family members paid their last respects at a funeral service for the estranged wife he's accused of killing.

The mothers of both Charla Mack and Darren Mack were among an estimated 500 people who attended the private service Tuesday in west Reno.

The 45-year-old Mack is the wealthy former co-owner of a Reno pawn shop. He hasn't been seen since the June 12th stabbing death of Charla and sniper shooting of Family Court Judge Chuck Weller. He's a suspect in both cases.

Weller, who was wounded in the chest but is recovering, was handling the couple's pending divorce.

The FBI is giving Mack top billing on it's Web site for the "Most Wanted" list. He's described as a five-foot-11, 190-pound, dark-haired man who is a bodybuilder and hunter with "access to all types of weapons."

FBI Director Robert S. Mueller said Mack should be considered "armed and dangerous."

Reno lawyer Scott Freeman says he has been retained by Darren Mack's family to represent Mack "when and if he is found." Freeman says he is cooperating with investigators but has not heard from Mack or anyone who knew him since he disappeared.

Charla Mack's mother, Soorya Townley, and Charla's brother, Christopher Broughton, accompanied Darren and Charla's 8-year-old daughter, Erica, to Tuesday's funeral. Also attending were Darren Mack's only brother, 43-year-old Landon Mack, and his mother, Joan Mack.

Mack's Room Held Bomb Parts (RENOGJ)

Reno Gazette-Journal, June 21, 2006

While murder victim Charla Mack's family met with friends at a mortuary visitation Monday, a review of a search warrant request shows her estranged husband Darren Mack had bombmaking materials in his bedroom.

The materials, when mixed together and attached to a blasting cap or shot at, will explode, said Washoe County sheriff's Sgt. Lou Gazes, head of the Consolidated Bomb Squad for Washoe County, Reno and Sparks and who was at Mack's apartment.

"There were materials that could have made a bomb," Gazes said Monday.

Mack, 45, is wanted in a nationwide manhunt for the stabbing death of his estranged wife, Charla, and in the sniper-style shooting of Family Court Judge Chuck Weller.

Charla Mack, 39, was found fatally stabbed in Darren Mack's garage June 12. The couple's 8-year-old is staying with Darren's mother, Joan Mack, and is spending time with both families.

Weller, shot in the chest while standing in his Reno Justice Court chambers, is recovering in a secure location. On Monday, he began working on some court business for the first time since the shooting, said Jim Denton, the judge's family friend and spokesman.

During a search of Mack's apartment after the shooting and stabbing, police also found ammunition, notes and printed material that "contain allegations that Judge Weller was corrupt and had exhibited favoritism in his rulings," according to the search warrant affidavit.

A witness told police that Mack "discussed hiring him to follow Judge Weller in the hope of proving that he was corrupt," the search warrant affidavit said. "That same witness described Mr. Darren Roy Mack as seeming to him to have been 'at the end of his rope' and extremely frustrated and angry with both his estranged wife and Judge Weller," Detective David Jenkins said in the affidavit.

Charla remembered

Charla's family spent Monday at the Mountain View Mortuary in Reno, sharing hugs and stories with friends. Charla's funeral is scheduled for today.

Outside the funeral home, Charla's mother, Soorya Townley, showed friends pictures of her daughter and granddaughter, as Charla's brother, Christopher Broughton, helped her unload their car.

"It's just such a nightmare," Townley said. "I never imagined something like this would be happening."

She held up a framed photograph of Charla and Darren's daughter, dressed in a fairy outfit and kneeling in a magical garden fantasy setting with flowers, butterflies and a small pool.

"This was the fantasy world they had," Townley said. "This is the direct opposite of what Darren has now created for his daughter."

Broughton said their family's only priority is to deal with their pain.

"We're grieving -- that's it," Broughton said.

Mack family waits

Darren Mack's family continued the waiting game Monday, said Landon Mack, 43, Darren's only brother. They had heard no news, he said. The family kept their focus on taking care of the couple's daughter and preparing the child for her mother's funeral.

The family-owned business, Palace Jewelry & Loan Co., released a statement saying the company was under the sole management of Joan Mack since last summer. The company is not in bankruptcy, the statement said, and "will continue to operate as it always has."

"In these difficult times for the Mack family, as well as the Palace and its employees, the Palace appreciates the continued support from its friends, customers, partners, vendors, and the community," the statement said.

Darren Mack filed for Chapter 7 bankruptcy protection in U.S. Bankruptcy Court on Aug. 26, 2005, according to court documents. In his filing, he said he owned half the stock of the company and said it was worth $550,000.

But in a financial statement Mack filed with Wells Fargo Bank on April 28, 2005 to secure his $500,000 line of credit, Mack said his interest in Palace Jewelry was worth $5 million.

Police search Mack's apartment

A review of the search warrant affidavit filed June 14 showed police found the explosive material in Mack's bedroom.

"During the protective sweep of that residence, Sgt. Mike Lessman of the Reno Police Department SWAT Team observed items inside the master bedroom which he recognized and believed to be material commonly used to build an explosive or incendiary device," the affidavit said.

During a search of the courthouse just after the shooting, two police dogs trained to detect explosives "alerted" on Weller's vehicle, parked in the court's basement. But a search found no explosive devices, police said.

When asked if the hit from the dogs could have been connected to the explosive material found in Mack's bedroom, Gazes said: "It's certainly a possibility."

The police search of Mack's apartment also found "several boxes of firearm ammunition, including .223-caliber and .243-caliber rifle ammunition which was strewn about a floor in one of the bedrooms," the document said.

And police found "an empty rifle case which contained a receipt from the purchase of a Bushmaster .223 caliber rifle by Darren Roy Mack." It said the rifle was "equipped with a laser sighting device."

Police also saw a Dell computer in Mack's kitchen, according to the affidavit.

"Near the computer were numerous printed e-mails and other computer generated documents which referenced Judge Weller," the affidavit said.

"Several documents and handwritten notes appeared to have been written by Darren Roy Mack and some of those documents appeared to contain allegations that Judge Weller was corrupt and had exhibited favoritism in his rulings," the affidavit said.

DOJ_NMG_0036338

Jenkins told the court in the search warrant affidavit he had interviewed several people who knew Mack and said Mack was "extremely displeased with Judge Weller and that he believed that Judge Weller had made a series of judgments in the pending litigation which were adverse to him."

Detectives also said they obtained Mack's cell phone records.

"That information indicates that Mr. Darren Roy Mack's cellular telephone was in close proximity to downtown Reno and the Washoe County Courthouse at 1 South Sierra Street when Judge Weller was shot," the affidavit said.

Darren Mack's cousin, Jeff Donner of Moraga, Calif., said last week that Mack called him about 11:19 a.m. June 12. Donner said Mack wanted him to "carry my message of what's been going on in his courtroom if anything happens to me."

Weller was shot at about 11:05 a.m.

Officials Announce Joint Effort To Track Tainted Heroin Use (AP)

By Joann Loviglio, Associated Press Writer

AP, June 20, 2006

PHILADELPHIA -- City, state and federal law enforcement and public health officials on Tuesday announced a joint regional effort to track the ongoing deaths attributed to painkiller-laced heroin and identify the suppliers of the drug.

The fentanyl-laced heroin has caused about 70 deaths in the Philadelphia metropolitan region and more than 200 overdoses nationwide since it was first spotted in April, U.S. Attorney Patrick J. Meehan said.

"The problem with fentanyl is that it's deadly," Meehan said. "The push of a syringe is like pulling the trigger."

To determine the full scope of the problem in the region, officials representing law enforcement in Philadelphia and Camden County, N.J.; the federal Drug Enforcement Agency and the FBI; and Philadelphia's behavioral health department said they would share information and coordinate their investigations into the spike of fentanyl-related deaths since the spring.

Fentanyl is a legally produced prescription painkiller that is 40 to 100 times stronger than morphine, said James Kasson, DEA special agent-in-charge. It is commonly used to treat cancer pain; however, the type of fentanyl currently being mixed with heroin is most likely manufactured in clandestine labs like one raided several weeks ago in Mexico, he said.

The drug is also many times stronger than heroin and even OxyContin, another painkiller that has caused overdoses. An overdose can slow breathing to the point of death.

Deaths have been reported over the past month in the cities _ and suburbs _ of Philadelphia, Camden, Chicago and Detroit. Federal authorities are trying to determine whether the cases are related in any of those areas, Kasson said.

Philadelphia District Attorney Lynne Abraham expressed concern that disseminating information about fentanyl-laced heroin would increase awareness among addicts and result in more deaths. However, she said that getting the word out was essential from a public health perspective.

"In the back of our minds we worry ... this may be something that, perverse as it may sound, will encourage drug abusers who are used to the high of heroin to want to seek even a bigger bang for their dollar," she said.

Some dealers are already asking buyers if they want their heroin "with or without," meaning with or without fentanyl, she said. "It's not unlike going to a cheesesteak place and asking, 'With or without,'" she said.

Meehan said that key to the coordination efforts is using a central "fusion center" for investigative agencies, hospitals, public health agencies, drug treatment centers and medical examiners to submit their findings. The federal High Intensity Drug Trafficking Area (HIDTA) program will serve as that point for collecting and distributing information, Meehan said.

The goal is to find out where addicts are getting the tainted heroin, then disrupt and dismantle the supply chain, Abraham said.

Meehan and Abraham also made it clear that third-degree murder charges could be brought in Pennsylvania against drug dealers whose product kills someone.

"Fentanyl-laced heroin is a sure and certain way to death," Abraham said.

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On the Net:

http://www.hidta.info

DOJ_NMG_0036339

'Bad' Heroin Suspected In 20-year-old's Death (GLOUCOTMSNJ)

By Pete Mccarthy, Pmccarthy@sjnewsco.com

Gloucester County Times, June 20, 2006

Angela Doyle doesn't want her 20-year-old son to have died in vain.

The body of Micheal "Percy" Curci III was found Thursday morning in Pittsgrove Township following a lethal dose of heroin.

Curci had been out of jail just two days after serving a 60-day sentence for violating drug court -- a program offered to drug addicts who are facing criminal charges for related offenses.

"He just struggled," a tearful Doyle explained on Monday. "He just couldn't stop doing it."

Salem County authorities were awaiting toxicology reports, but confirmed Curci's death.

"(Curci) had been clean for a period of time, but (the heroin) may have shocked his body," Salem County Prosecutor John T. Lenahan said.

Doyle, who lives in West Deptford Township, said she recently received a letter from her son while he was locked up at Gloucester County Jail.

It said, "I know it's going to take me if I do it again," Doyle recalled Monday, as she prepared to bury her son on Friday.

If addicts learn anything from Curci's death, Doyle said, she wants it to be that they should stay clear of these drugs.

"They think -- they're 18, 19 years old -- they're invincible," Doyle said. "This is not a joke. You really can die from this stuff."

There was a rash of fatal drug reactions in April -- including a Greenwich Township woman -- to heroin purchased in Camden that had been laced with fentanyl.

Curci did purchase a batch of heroin in Camden, Lenahan said, but it was not clear whether his death is related to the latest rash of hospitalizations and deaths in South Jersey from heroin use.

Lenahan said another Pittsgrove man, John Burke, died of a heroin overdose in May.

He said that supply was also purchased in Camden.

Curci is believed to have been one of four individuals to die in the past week after overdosing on heroin purchased in Camden.

Three men -- ages 20, 30 and 31 -- died between Friday and Sunday in Camden County, according to Camden County Prosecutor's Office Spokesman Bill Shralow.

The heroin involved in the most recent overdose -- a 31-year-old Pennsylvania man in Pennsauken -- had the same "Paul Wahl" label stamped on it as heroin found in Glassboro on Saturday.

However, investigators so far believe that heroin was purchased in Philadelphia, according to Shralow.

Two men in Glassboro were treated over the weekend after allegedly injecting heroin.

They have both recovered and were released from Kennedy Memorial Hospital in Washington Township, according to Glassboro Detective Sgt. Robert Highley.

Authorities were still trying to determine where the drugs originated, but were not getting cooperation from the two men.

"I guess it's all involved in that same stuff that's been hitting the streets everywhere else," Highley said.

A counselor at SODAT -- an outpatient drug and alcohol treatment and prevention agency in Woodbury -- said help is available.

But the "physical addiction" causes withdrawal symptoms, which leads to the need for more.

There are several local venues for dealing with drug addiction.

What South Jersey really needs is a long-term inpatient treatment facility, according to Kas Foster, who is with Parent to Parent, a grassroots effort of parents who have lost a child to drugs.

"Instead of treating them, we're burying them at a rapid rate," said Foster, a National Park resident who lost her son to drugs in 1997.

Her agency helps addicts get referrals into treatment facilities, but more facilities are still needed, she said.

"Drugs are a horrible thing," Foster said. "They are killing our youth. They're destroying our families."

To get help from Parent to Parent, call (856) 983-3328.

-- Staff writer Courtney Elko contributed to this report.

Fewer Positive Drug Tests Among Workers (PHI)

By Catherine Larkin

The Philadelphia Inquirer, June 20, 2006

A smaller percentage of U.S. workers tested positive for drug use last year than at any time in the 18 years of screening by Quest Diagnostics Inc.

About 4.1 percent of the 7.3 million workplace drug tests performed last year came back positive, compared with 4.5 percent in 2004 and 13.6 percent when Quest started its Drug Testing Index in 1988, Quest said yesterday.

Marijuana accounted for about 53 percent of the positive samples in 2005, the Lyndhurst, N.J., company said.

Barry Sample, director of science and technology in Quest's employer solutions division, said he was encouraged by the findings, especially the drop in amphetamine use found among general workforce employees. About 75 percent of these tests are given before employment, and 10 percent are random screenings, he said.

"There's a lot of data that show that drug testing works simply as a deterrence," Sample said in a telephone interview.

The semiannual report suggests that state policymakers and stores such as Target Corp. may be helping to reduce drug use by limiting access to cold medicines containing pseudoephedrine, a key ingredient used to make methamphetamine illegally, Sample said.

"People can't go in and buy hundreds of boxes at a time," Sample said. "It has greatly restricted the availability."

Preliminary reviews of data from the first five months of this year show that use of amphetamines, a group of stimulants that includes methamphetamine, has dropped to its lowest level among both general employees and workers for whom testing is federally required since they became popular in 2002 and 2003, Sample said.

Battle Against Meth (CCT)

The Contra Costa Times, June 20, 2006

FINALLY, WE HAVE WHAT appears to be good news in the fight against the dangerously addictive drug methamphetamine. But it is clear that the nation should not be celebrating just yet because more difficult work lies ahead.

The Bush administration reported Monday that there has been a major decline in the number of meth lab seizures nationwide. At the same time, a drug-testing company said the number of job applicants and workers who tested positive for meth plunged 31 percent over the first five months of this year.

Of course, White House drug czar John Walters said the two reports are evidence that federal efforts are working and that the "one-two punch" to restrict chemicals and educate the public about the horrors of meth addiction are finally paying off.

We hope that is the reason, but truthfully, no one is yet sure. It is possible that the meth lab people are getting smarter and hiding their labs better or that the police don't have the adequate manpower to search for the labs and, therefore, the seizures have dropped.

It is also possible that meth users have found ways to get around the drug tests.

Rep. Mark Souder, R-Ind., chairman of the House drug policy subcommittee, gives most of the credit for the numbers to state and local governments, saying the decline in meth abuse has come despite the absence of national direction.

He claims the administration has refused to make combating meth a priority. He criticized a White House budget proposal to slash federal spending for state and local law enforcement to fight meth.

But Walters disagreed with such assertions, saying "No one's trying to downplay it. There's no drug worse than meth." But he said his office can't focus too much on a single drug at the expense of other threats like heroin, cocaine, prescription drugs and marijuana.

This kind of talk certainly indicates that there is disagreement among experts about the relative success of the nation's fight against meth. But they do seem to agree that progress has been made; numbers that large are difficult to ignore.

This tiny bit of sunlight in the otherwise bleak national picture on meth abuse should be seen as a ray of hope rather than the dawn of a new day. As we said, there remains much work to be done.

The Up And Down Numbers Of Meth Use In The Rockies (NW)

DOJ_NMG_0036341

New West, June 20, 2006

New federal reports from the Drug Enforcement Administration say that use of methamphetamines is declining in some Western states, but officials in the energy industry in Utah say it's on the rise, so where are we in the fight against this destructive drug?

An Associated Press story in todayâ€™s New York Times says that the number of meth lab seizures across the country was down 30 percent, which is attributed to many states and drugstores limiting the availability of some of the ingredients on store shelves while also doing a better job of educating people about the drugâ€™s dangers.

As well, the AP story reports, the number of positive tests for meth use among job seekers was down 31 percent, according to Quest Diagnostics, the nation's largest drug testing company. And the biggest decline in use has come from some western states, where the drug first became prevalent, including Montana, which saw a 66 percent decline in meth lab seizures.

The Office of National Drug Control Policy takes some of the credit for the declines, but at least one influential federal lawmakers attributes the decline to state and local governments, and criticized the Bush administration for its lack of direction on combating meth use.

The anti-meth advertising campaign in Montana has gained much attention for its hard-hitting and graphic ads depicting the downward spiral of young people who become addicted to the drug. The campaign, mostly finaced by technology billionaire Thomas Siebel, has been adopted or copied in other states, and recently Utah Gov. Jon Huntsman Jr. said he wanted to use similar sorts of ads in his state. But one criticism against the ads was that they donâ€™t depict many types of users, especially the occasional user.

One user type that isnâ€™t in the Montana Meth Projects ads, but which is becoming more prevalent in Utah is the energy worker â€" roughnecks working long hours in tough conditions and in remote areas.

A story in Sundayâ€™s Deseret News reports that meth and other drug use is increasing on the rigs, and the industry is taking a mixed stance on it: some are working hard to combat it and have a zero-tolerance policy for use while others say they canâ€™t risk losing employees or are willing to hire former drug offenders or will offer last-chance opportunities for employees who test positive for drug use.

Missouri Still Leads The Nation In Meth Lab Seizures (AP/KWMU)

AP/KWMU-TV, June 20, 2006

ST. LOUIS, MO - Despite a 22% decline from last year, Missouri still leads the nation in police seizures of illegal meth labs.

Missouri is one of at least 37 states with laws that restrict the sale of cold medications. The laws are part of an effort to starve meth manufacturers of their key ingredient.

The new federal Combat Meth Act will enforce similar restrictions across the nation by September 30th.

Nationally, police seizures of meth labs fell 30% last year.

Also, the nation's largest drug testing company said the number of job applicants and workers who test positive for meth fell 31% in the first five months of this year.

White House drug czar John Walters said the declines are evidence that the one-two punch to restrict chemicals and educate the public about meth are paying off.

Bill To Pour $8 Mil Into State's Meth Programs (AR)

Arizona Republic, June 20, 2006

State lawmakers have agreed to pump $8 million toward tackling meth addiction, crafting a plan to beef up law enforcement and provide money for prevention, treatment and education programs.

The idea: Disrupt the flow and sale of meth in local communities while teaching children about the evils of meth before they are tempted to try the drug.

Democratic Gov. Janet Napolitano is expected later this week to sign House Bill 2554, which is part of a negotiated $10 billion state budget agreement.

advertisement

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Some experts say that a key part of the solution to meth-related problems is educating children about the danger of the drug. An infusion of $500,000 in state funds will help Boys & Girls Clubs across Arizona expand the "Smart Moves" program to teach more children about the evils of meth.

"We could use the money to increase the number of kids that we can work with on a one-on-one basis," said John Heitel, president of Arizona Alliance of Boys & Girls Clubs. "Meth is so horrible that when they start with meth, then they are hooked on that stuff."

Children were found in the homes involved in about a third of Arizona's 102 meth-lab raids in 2004. The primary ingredient in meth is ephedrine or pseudoephedrine, a common ingredient in over-the-counter cold medicines.

About $3 million of the state dollars would be devoted to counties for drug interdiction, education and prevention efforts. Maricopa County figures to get more than $1.5 million from the state. Some of that could go toward the county's efforts to launch an anti-meth advertising campaign modeled after the Montana Meth Project, which has received national recognition.

While grateful for the funding, Maricopa County Supervisor Don Stapley said he wished the Legislature would take a more leading role in the effort. "At the end of the day, the state's going to wish it had been part of this project because it is so dynamic and effective," he said.

The anti-meth legislation took many twists and turns this year at the Capitol.

Napolitano unveiled a $5 million plan in February to disrupt the flow of the drug from Mexico by having a drug interdiction team. Republican lawmakers countered with a $12 million proposal that included more money for police, prevention and education. The $8 million compromise came after nearly four months of disagreements and delays.

Dr. Marc Matthews, director of the trauma unit at Maricopa Medical Center, doesn't need convincing when it comes to the state's meth problem.

"I see it in my trauma patients every single night," said Mathews, an associate director of the Arizona Burn Center. "It's in our homes, it's in our workplaces, it's in our communities. It's everywhere. It's crippling us."

He called the state's $8 million response "a joke" and added: "Give me $80 million. Now we're serious. With this drug, you're literally fighting for the heart and soul of your community."

Meth produces euphoria, increased alertness and increased physical activity. Users can become paranoid, even violent, and often turn to crime to finance their habits. Meth is cheap and easy to get. It can be manufactured with household chemicals and over-the-counter cold medications.

Authorities believe a lion's share of the meth used in Arizona is produced in labs in Mexico and Southern California and run by organized crime and street gangs.

The remaining supply comes from makeshift meth labs in Arizona.

Rep. Mark Anderson, who has introduced the legislation, said it's a good first step in cracking down on the rampant addiction in Arizona.

"It's comprehensive," said Anderson, R-Mesa. "It has prevention, treatment and interdiction. Without all of those things, it would diminish the other components of our plan. We need all of this to help fix the problem."

Staff reporter Matthew Benson contributed to this story.

related WASHINGTON - Good news in the fight against meth abuse came on two fronts Monday, with reports showing a major drop in methamphetamine lab seizures nationwide and a similar decline in the spread of the drug into the workplace.

Local law enforcement officials say there is still a strong appetite for the highly addictive drug. They warned that meth manufacturers in Mexico and other countries are moving to fill the supply void.

The number of meth-lab busts plummeted more than 30 percent last year as most states enacted laws to restrict the sale of over-the-counter cold medicines used to make meth, according to the Drug Enforcement Administration's El Paso Intelligence Center.

Meanwhile, the nation's largest drug-testing company said Monday that the number of job applicants and workers who tested positive for meth plunged 31 percent over the first five months of this year.

Those figures are based on the results of more than 7 million drug tests in 2005 and about 3 million tests from January to May 2006, conducted by New Jersey-based Quest Diagnostics Inc.

John Walters, the White House drug policy director, called the data an encouraging sign of progress.

"The practices that have been taking place in our states are working, not only on small toxic labs but also what we're trying to do with demand," said Walters, head of the Office of National Drug Control Policy.

Earlier this month, the White House drug policy office set a goal to cut meth use by 15 percent by 2009 and increase seizures of meth labs by 25 percent.

A priority is stemming the flow of meth from superlabs in Mexico, which supply about 80 percent of the drug to the United States.

U.S. Asks Suriname To Extradite Suspect (AP)

AP, June 21, 2006

PARAMARIBO, Suriname — The United States has asked Suriname to extradite a Guyanese man wanted on drug charges in New York, a U.S. Embassy spokesman said Tuesday.

Shaheed Khan was arrested Thursday by authorities in Suriname. He is accused of leading a criminal network that smuggled arms, ammunition and cocaine from Colombia to Europe and the United States via Guyana and Suriname.

The United States filed an extradition request with Suriname's foreign affairs ministry on Monday, said embassy spokesman Cliff Djamin.

Surinamese officials told the U.S. that they need to review the request.

A U.S. grand jury indictment unsealed in April by a judge in New York charged Khan with conspiring to smuggle at least 11 pounds of cocaine into the U.S. since January 2001.

Lawyer Guilty Of Peddling Pot (TD)

By Jim Nolan

Times Dispatch, June 21, 2006

A criminal-defense attorney appeared in federal court yesterday as a criminal defendant and pleaded guilty to peddling marijuana.

Jeremy Clyde Sharp, 35, faces up to five years in prison and a $250,000 fine when he is sentenced on Sept. 20 by U.S. District Judge Henry E. Hudson on one count of conspiracy to possess marijuana with the intent to distribute it.

Sharp's attorney, Craig S. Cooley, declined comment on behalf of his client yesterday.

Prosecutors charged that Sharp "did conspire with others, known and unknown to law enforcement to distribute and possess with the intent to distribute, a mixture and substance containing detectable amounts of marijuana."

Beginning in the fall 2004, Sharp bought between 20 and 40 kilograms of high-grade marijuana from at least two suppliers, one of whom charged him $3,600 per pound, according to the statement of facts in the plea agreement. A kilogram is equal to about 2.2 pounds.

"Sharp progressed from quarter-pound quantities until he regularly bought two to three pounds at a time," according to the documents, which also stated that he purchased seven pounds of marijuana on one occasion.

"Sharp would then break the pound quantities into smaller amounts for redistribution to his customers," the documents state.

The records did not specify the names of Sharp's customers, or of his suppliers.

The U.S. attorney's office declined to comment on the plea agreement, except to say the investigation is continuing. Sharp agreed to cooperate with investigators as part of his plea agreement.

According to the court papers, Sharp used his pickup truck to transport and store the marijuana and the proceeds from his sales.

When Sharp's Floyd Avenue home was searched in early February, investigators from the Drug Enforcement Administration, Henrico County police and Virginia Commonwealth University police also found the remains of a dismantled marijuana-growing operation. Sharp was arrested Feb. 10.

Sharp, a former public defender, was in private practice at the time of his arrest.

DOJ_NMG_0036344

Baseball Won't Save Samples For Testing (NYT)

By Jack Curry

The New York Times, June 21, 2006

While Commissioner Bud Selig reiterated that Major League Baseball was eventually hoping to find a urine test to detect human growth hormone, he said he did not envision freezing urine samples from baseball players for future testing.

Several scientists, including Dr. Donald H. Catlin, whom baseball officials appointed to research a test for the hormone known as HGH, have said that such a search could be arduous.

A possible option to deter HGH use would be to save urine samples already collected by baseball. If players knew there was a possibility they could be punished at a future date for drugs they had used in the past, the frozen samples might be a deterrent. Selig dismissed the notion.

"I'm not a doctor, but I've talked to a number of significant experts on that issue," Selig said. "They don't believe it's a viable solution in any shape or form."

Selig declined to be more specific, other than saying experts "talked about it not being stable," referring to frozen samples.

Rob Manfred, baseball's executive vice president for labor relations, said he had had discussions with some experts and "they do not see the freezing of urine as a panacea in regards to HGH." Manfred said there were "practical and scientific issues" involved. He was probably referring to the storage of the more than 10,000 samples baseball collects each year and whether a test from frozen urine would survive legal challenges.

Catlin, who is the director of the Olympic Analytical Laboratory at U.C.L.A., said that freezing urine samples would act "as a very strong and powerful deterrent." But Catlin acknowledged that it would be an expensive and challenging process.

Catlin also agreed that the stability of the samples would be an issue because scientists do not know the stability of human growth hormone.

"It is viable," Catlin said about saving samples. "It's not simple. Nothing in this life involving doping is simple."

Even if Selig wanted to save urine samples, he would have to persuade the players union to agree to it. Urine samples from current tests for steroids and amphetamines are thrown out. Should scientists develop a practical blood test for HGH, the union would still have to accept it, and union officials would surely view it as an invasion of privacy.

Gene Orza, the chief operating officer for the players union, would not say, in an e-mail response, how the union would react to attempts to save urine samples or take blood samples.

The debate about human growth hormone has intensified since federal agents said that Jason Grimsley, a pitcher the Arizona Diamondbacks released earlier this month, said in an affidavit that he had used HGH, steroids and amphetamines. Grimsley named other major leaguers who he said had used the drugs. Those names were blacked out in copies of a document made public.

Dr. Gary I. Wadler, a New York University medical professor and steroid expert, has said that the notion of a urine test for human growth hormone "is a pipe dream."

Catlin, whose research group found previously undetected designer steroids, said he disliked hearing other scientists' commenting on the likelihood of his success.

"It's as if I have no clue what I'm doing," Catlin said. "I do have a clue what I'm doing."

Officials for the World Anti-Doping Agency said a blood test for the hormone that they deemed reliable was used during the Athens Games in 2004. Only several hundred of the tests have been given, the officials said, because antibodies needed for the test are in short supply.

When Catlin was hired, Major League Baseball pledged $450,000 over three years to finance his research. Selig and Manfred have said the contribution has increased to $500,000. That is a modest sum for a $2-billion-a-year industry.

"I'm sure there will be more contributions by M.L.B.," Selig said. "Who knows how much it will take?"

Catlin said the International Olympic Committee, the United States Anti-Doping Agency and the World Anti-Doping Agency had invested millions in trying to develop a test for HGH, and had been unsuccessful.

"We're hoping to get the ball rolling and lead to further advances," Catlin said. "It's not terribly realistic to expect a solution based on the amount of money we're receiving."

DOJ_NMG_0036345

Coca Production Up Despite Eradication Efforts (AP)

AP, June 21, 2006

BOGOTA, Colombia -- The United Nations says production of the plant used to make cocaine has increased by 8 percent in Colombia, despite record drug seizures and spraying of herbicides.

A similar report by the U.S. Office of National Drug Control Policy showed Colombia's coca production skyrocketed 26 percent from 2004 to 2005, in part due to a near-doubling of the area surveyed.

The two reports are the strongest evidence yet that a cornerstone of the U.S.-led war on drugs -- the aerial fumigation of coca fields -- is failing to meet its goal of halving coca production in the Andes.

The results may hamper efforts by President Alvaro Uribe to win additional U.S. backing for Plan Colombia, the anti-drug strategy that has cost American taxpayers $4 billion since 2000.

Coca Production Increases In Colombia (AP)

By Joshua Goodman, Associated Press Writer

AP, June 20, 2006

BOGOTA, Colombia — A key component of the U.S.-backed war on drugs appears to be failing.

Despite record drug seizures and spraying of herbicides, production of the plant used to make cocaine increased by 8 percent in Colombia, to 330 square miles, the United Nations said Tuesday _ even as authorities sprayed coca fields totaling 25 times the size of Manhattan

The findings come on the heels of a similar report in April by the U.S. Office of National Drug Control Policy, which showed Colombia's coca production skyrocketed 26 percent from 2004 to 2005, in part due to a near-doubling of the area surveyed.

The two reports are the strongest evidence yet that a cornerstone of the U.S.-led war on drugs _ the aerial fumigation of coca fields _ is failing to meet its goal of halving coca production in the Andes.

The results may hamper efforts by President Alvaro Uribe to win additional U.S. backing for Plan Colombia, the anti-drug strategy that has cost American taxpayers $4 billion since 2000.

The report by the U.N. Office of Drugs and Crime said Colombian coca production expanded for the first time in five years, by 23 square miles.

"If this is the start of a return to much higher levels of coca, then it will be a problem," the U.N. agency's executive director Antonio Maria Costa told a news conference in Bogota.

"But I don't think that will happen. The government has every intention to continue its eradication efforts at the same high level as the past few years."

Partially offsetting the rise in Colombian production were declines in the world's two other coca-producing countries, Bolivia and Peru.

Overall, coca production in the Andean region rose 1 percent, to 616 square miles from 2004, according to the U.N.'s Andean coca survey.

In Colombia, the world's largest cocaine producer, the biggest increases were in the lawless, largely uninhabited jungles near its borders with Venezuela and Ecuador.

The spread of the coca frontier eastward toward Venezuela is in line with comments by U.S. anti-drug officials who have alleged that corruption within the government of Venezuelan President Hugo Chavez may be converting Colombia's neighbor into a major drug route.

Colombia is believed to be the source of 90 percent of the cocaine consumed in the United States.

Last year, the government eradicated a record 656 square miles of coca, mainly through aerial spraying of the herbicide glyphosate, up from 529 square miles in 2004.

But with drug traffickers developing techniques to better camouflage illegal crops and increase yields, Uribe has asked the Bush administration to boost financing for fumigation efforts.

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However, key members of the U.S. Congress and growing numbers of Colombians have suggested it may be time to give up the potentially environmentally harmful practice in favor of alternative economic programs for the poor farmers who grow coca on behalf of the country's cartels.

Currently about a third of the roughly $700 million in annual U.S. aid to Colombia funds economic and social development programs.

Although production is on the rise in Colombia, the U.N. said it declined in Peru and Bolivia.

Coca production in Bolivia fell by 8 percent last year, according to the U.N. The United States, however, is concerned Bolivia's leftist, coca-growing President Evo Morales _ who took office in January _ could relax his country's drug-fighting efforts.

In Peru, the world's second-largest cocaine producer, the coca crop declined by 4 percent.

The apparent declines differ widely from findings by the United States, based more heavily on satellite imagery, which estimated coca plantings grew by 38 percent in Peru and nearly 10 percent in Bolivia last year.

For anti-drug efforts to be successful, Costa said the United States and Europe must curb cocaine consumption and support alternative crop development programs in South America.

"Our aid efforts need to be multiplied at least tenfold in order to reach all impoverished farmers who need support," he said in a statement.

Colombia Sees Rise In Coca Growth (BBC)

BBC, June 20, 2006

The US has backed an aggressive anti-coca drive Coca production in Colombia grew by 8% in 2005 - the first rise in five years, the UN Office of Drugs and Crime says.

The production of coca, the raw material for cocaine, reached 86,000 hectares last year, UNODC found.

Despite the rise, it is half of Colombia's cultivation in 2000, which then stood at 163,000 hectares.

Colombia needs more international help to find alternative livelihoods for ex-coca farmers, one of the report's authors, Anja Korenblik, said.

Since 2000, the United States has spent more than $4bn on the fight against drug-trafficking in Colombia.

This has involved the aerial spraying of herbicides to kill the crops, as well as by law enforcement.

But despite such eradication efforts, the area under coca cultivation in Colombia rose by 6,000 hectares between 2004 and 2005, UNODC found.

Beating the cartels

"In Colombia in 2005, we found 86,000 hectares of coca bush, that is an 8% increase on 2004 when we saw 80,000 hectares," Mrs Korenblik told the BBC's Americas Service.

"That's almost half of the cultivation in the year 2000 when it was more than 160,000 hectares so it's really an impressive decline."

But she said the research showed more economic aid was required for poor farmers who grow coca on behalf of the drug cartels.

"What is needed is for the international community to support Colombia in identifying alternative livelihoods for ex-coca farmers," she said.

"This is not happening enough and that's probably why it's difficult for all the Andean countries to sustain their reductions in coca cultivation that they have seen," she added.

Colombia remains the world's largest producer of cocaine, although its share has dropped to 54% from 74% in 2000.

Coca production in Peru and Bolivia fell by 8% and 4% respectively in 2005, UNODC found.

Bridgeport Mayor Admits Using Cocaine (AP)

AP, June 20, 2006

BRIDGEPORT, Conn. Jun 20, 2006 (AP)— Mayor John M. Fabrizi publicly admitted Tuesday that he had abused cocaine while in office and said he wanted to apologize "to all the people of the city."

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The admission followed the inadvertent court filing of an FBI document in which an alleged drug dealer claimed an associate had a videotape of the mayor using cocaine.

In a tearful speech to about 200 city employees in City Council chambers Tuesday, Fabrizi said he had not used drugs in 18 months and had sought help for a drug addiction that he had hoped to handle privately.

"I thought that these were personal, private matters to me and my family, that I could deal with these issues with my family and myself," Fabrizi said. "I now recognize my actions affected many others, and I want to apologize to my family, my friends, and all of the people of the city of Bridgeport for my actions, my past actions."

Fabrizi, a Democrat who took office after former Mayor Joseph Ganim was convicted of corruption in 2003, said he hopes to move forward and continue running Connecticut's largest city.

Mayor Of Scandal-Weary Bridgeport Admits That He Used Cocaine (NYT)

By Alison Leigh Cowan

The New York Times, June 21, 2006

BRIDGEPORT, Conn., — Fighting back tears, John M. Fabrizi, the mayor of Bridgeport, Connecticut's largest city, admitted on Tuesday that he had used cocaine and abused alcohol since he took office in April 2003, but said that it "never, ever affected my job performance" and that he had "put this personal struggle behind me."

His emotional admission followed months of rumors and the disclosure last week of a court document filed by federal prosecutors suggesting that he had used cocaine with a local Democratic official. The news of his problems was the latest black eye for this troubled city, whose last mayor, Joseph P. Ganim, a Democrat, was convicted on bribery, extortion and other corruption charges and is now serving a nine-year federal prison term.

Speaking before a room packed with 200 city employees, residents and reporters Tuesday morning at City Hall, Mr. Fabrizi, 49, expressed the hope that his tenure would not end prematurely.

He also apologized for not having been frank about his failings sooner, and asked the public to permit him to continue serving in a job that he said he loves "heart and soul." A Democrat, he faces re-election next year.

Mr. Fabrizi was the City Council president before becoming mayor when Mr. Ganim resigned, then won election to the office in November 2003. Though he has worked hard to revive his city's downtown, his grip on power began to weaken last week when federal prosecutors filed a document implicating him in a long-running drug investigation that has already resulted in dozens of arrests.

Hours after The Connecticut Post published an article about the document on Friday, United States Attorney Kevin O'Connor asked a judge to seal the document and issued an unusual apology to the mayor for having allowed it to become public. He said Mr. Fabrizi was not a target of the drug investigation.

"I thought that these were personal and private matters to me and my family," said Mr. Fabrizi, choking up as he read his statement, with his wife, Mary, at his side patting his back. "I now recognize my actions affected many others and I want to apologize."

Without going into details, he said that he had sought treatment for his problems and that he had not used drugs since late 2004. He added that he stopped drinking about four months ago. He told The Connecticut Post in an interview on Monday that he initially gave up drinking in 2005 but relapsed during the holidays.

About the time the mayor said he quit using cocaine, federal prosecutors began wiretapping two brothers who have since been charged with running a drug-trafficking organization. One of them, Juan Marrero, who is awaiting trial, told federal agents after his arrest last year that he was asked by Shawn Fardy, then a member of the Democratic Town Committee, for cocaine, because Mr. Fardy told him that Mr. Fabrizi was coming over and "needed a hit." Mr. Fardy has been indicted in the case and last week pleaded not guilty.

Dr. Jay Berkowitz, a psychiatrist who is a friend of the mayor, said that in or around October 2004, he began noticing some "erratic behavior" by the mayor. In particular, he said in an interview, the mayor was unusually loud and boisterous one night at a restaurant.

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"He was handling the stress of the job beautifully, but with the job, sometimes you have a lot of social functions and that's where he thought he needed help," said Dr. Berkowitz, who spoke with the mayor's permission.

He said that the mayor initially rebuffed him when he asked if Mr. Fabrizi had a problem that required help, but that Mr. Fabrizi came to him last spring or summer seeking help for substance abuse.

Dr. Berkowitz said he helped get the mayor into an outpatient treatment program and believed Mr. Fabrizi was doing well. He also said he understood that the mayor had been taking Antabuse, a medication that makes a person sick if alcohol is imbibed.

Mr. Fabrizi, a former schoolteacher, said in his remarks that his problems never affected his ability to govern. "The tremendous progress Bridgeport has made over the past three years is a testament to that," he said. "Folks, my record speaks for itself."

He vowed to work hard to "regain the respect and support of the people of the city" and also to make the public "aware that even people in a position like my own can become a victim of drugs or alcohol."

The mayor also added that he was "appalled by some of my recent statements and the lengths to which I was willing to go to keep this issue private. Having put this painful episode behind me well over a year ago, I hope you can all understand why I foolishly wanted to distance myself from this nightmare."

He received a standing ovation when he entered the room and applause as he read his statement. He left without taking questions. Afterward, many spectators said they would continue to support him.

"I think we can all relate to it," said Jill Bruno, director of veterans affairs for the city. "I have some family members with addiction problems, and it hit home. I don't know too many mayors who stand up in front of a crowd and cry and pour their heart out to the city."

Others interviewed in Bridgeport on Tuesday were generally less sympathetic. Several mentioned the harsh penalties that acquaintances had faced when they were caught up in drug problems. They questioned whether the mayor would have come forward if he had not been implicated in the investigation.

Maria Yaylagul, 20, a University of Connecticut student who is taking a summer course at Housatonic Community College in downtown Bridgeport, said, "It was kind of unfair that celebrities and people in power get a get-out-of-jail-free card" when they break the law, but not average citizens. "I don't think it should even be an option for him to run again, a known drug addict."

Her classmate, David Jackson, 21, said he agreed that the mayor ought to be a role model. "Don't they have drug tests for the mayor?" he asked.

Several current and former politicians also said they thought the mayor ought to resign for the good of the city.

"We can't be the town that has the mayor with the drug problem," said Rick Torres, the Republican who lost to Mr. Fabrizi in 2003. "That's for him to deal with, not for us."

Gary Rose, the chairman of the department of government and politics at Sacred Heart University, said he expected the mayor to survive since Bridgeport's residents forgive "practically all forms of misbehavior on the part of their mayors."

Still, he said, "I think the mayor really has to decide sooner rather than later as to whether he has the moral leadership for a city that is really starving for ethical political figures."

Mayor Admits Cocaine Use In Speech To City Employees (CP)

Connecticut Post, June 20, 2006

BRIDGEPORT — Amid a few boos and much stronger applause, Mayor John M. Fabrizi on Tuesday stood before more than 200 city employees and residents and admitted he used cocaine in the past.

"I am sorry if I have, in any way, hurt the dignity of this office. I will do everything I can to regain the respect and support of the people of this city," Fabrizi said during an emotional address in which he choked up several times.

Referring specifically to his past drug use, Fabrizi said flatly, "Over the course of a number of years I abused alcohol and used cocaine occasionally."

Admitting he used cocaine during his time in office as both City Council president and later as mayor, he said he has not used drugs in 18 months.

Tears running down his cheeks, Fabrizi said he sought help for a drug addiction and had hoped that he could handle it privately.

During an interview

Advertisement

Monday with the Connecticut Post editorial board, Fabrizi said he quit using cocaine at the end of 2004, and stopped drinking this year. He was elected in the fall of 2003.

The admission followed the release of FBI documents in which an alleged drug dealer claimed an associate had a videotape of the mayor using cocaine. Fabrizi, a Democrat who took office after Joseph Ganim was convicted of corruption in 2003, said he hopes to move forward and continue running Connecticut's largest city.

Prosecutors Want Councilman With Cocaine Record Removed (AP)

AP, June 20, 2006

GALVESTON, Texas - Galveston County prosecutors have filed a petition to remove a recently elected city council member who was convicted in 2000 on felony cocaine charges.

State election law usually prevents someone who has been convicted of a felony from running for or being elected to office.

Marc Hoskins, 28, was elected in May and had disclosed his past to the city attorney before the election. He had also mentioned his conviction in a guest newspaper column.

Galveston County District Attorney Kurt Sistrunk filed a five-page petition Monday citing the Texas Election Code, which states that a candidate must not have been convicted of a felony "from which the person has not been pardoned or otherwise released from the resulting disabilities."

Hoskins' attorney, state Rep. Harold Dutton, D-Houston, said he will file a response later this week. Dutton said his client has been "released from the resulting disabilities" after serving six months of a two-year sentence in federal prison.

Hoskins was released under three years' supervision.

"I think the law is probably going to be on Marc's side," Dutton said.

Hoskins was arrested in 1999 while he we was a senior at Lamar University. He pleaded guilty to one count of conspiracy to with intent to deliver cocaine, according to court records.

Galveston DA Petitions For Councilman's Removal (HC)

By Ruth Rendon

Houston Chronicle, June 20, 2006

Election code bars a convicted felon from office

GALVESTON - District Attorney Kurt Sistrunk filed a petition Monday asking that Councilman Marc Hoskins, who disclosed before the May election he was a convicted felon, be removed from office.

Sistrunk has determined that Hoskins, 28, should be barred from holding an elected office because of his 2000 federal cocaine distribution conspiracy conviction.

Hoskins, who was in attendance at a Juneteenth breakfast Monday morning representing the City Council, was served with papers Monday afternoon, Sistrunk said. He has until July 10 to respond to the five-page petition. A status conference before state District Judge David Garner is scheduled for Sept. 21.

Hoskins was not at his home Monday evening and could not be reached for comment. Hoskins' attorney, state Rep. Harold Dutton, D-Houston, also could not be reached.

In his petition, Sistrunk cites the Texas Election Code, which states that "a person must have not been fully convicted of a felony from which the person has not been pardoned or otherwise released from the resulting disabilities."

Sistrunk said Hoskins "was not eligible to be a candidate for nor was he eligible to be elected" as a Galveston council member. As such, Sistrunk said, "he unlawfully holds and executes the office of Councilmember of District 2, City of Galveston, Texas."

Sistrunk was asked to look into Hoskins' eligibility after receiving a letter from Galveston City Attorney Susie Green.

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Hoskins, a consultant and lobbyist, has not tried to keep his conviction a secret, having mentioned his legal woes in a guest column before the election. He even told Green about his criminal past and told her that lawyers had advised him he was eligible to run.

Hoskins was arrested in August 1999, when he was a senior at Lamar University in Beaumont, and pleaded guilty in federal court to one count of conspiracy with intent to distribute cocaine, according to court records.

Hoskins was sentenced to two years but served only six months in a federal prison in Pennsylvania before being released under three years' supervision.

Officials Seek To Remove Galveston City Council Member (KHOU)

By Kelly Hawes

KHOU-TV, June 20, 2006

GALVESTON — The district attorney filed a petition Monday seeking to remove City Councilman Marc Hoskins from office.

The petition, filed in 10th District Court, contends that Hoskins was ineligible to seek office because of a drug-dealing conviction six years ago in federal court.

Hoskins will have until July 10 to file a legal response. A status conference has been scheduled for 10 a.m. Sept. 21.

During a City Council meeting last week, Hoskins said he did not know how the process would work out.

"We live in a country where we have fair and free elections," he said. "I'm here because I was elected to be here, and while I'm here, I will continue to work for you, the residents of District 2."

Hoskins won support during the weekend from the host of a Houston public radio show aimed at prisoners and their families. Ray Hill, host of "The Prison Show" on radio station KPFT, said the Citizenship Restoration Act of 1985 restored all rights of citizenship to convicted felons once they had completed their sentences.

"All of these issues have been vetted for 20 years," he said.

Hill, who became the first Texas felon to register to vote after passage of the law, has since run for office seven times. He twice sought a justice of the peace position and five times ran for a seat on the Houston City Council.

Hill acknowledged that he had never won election and thus hadn't held office, but he insisted that the legislative intent of the measure was clear.

"We talked about that while having hearings on passage of the bill in 1985," he said.

District Attorney Kurt Sistrunk said he was unaware of the law cited by Hill.

"We'll check its application," he said.

Sistrunk later said a quick examination indicated that the law applied only to voting rights.

"I believe that same argument was previously presented to the city, and the restoration of voting rights alone is not a complete removal of the disabilities imposed as a result of a conviction," he said.

Di Trapano's Bond Denied (CHASGAZ)

By Tom Searls, Staff writer

Charleston Gazette, June 21, 2006

Lawyer is a threat and violated bond conditions, judge says

Evidence shows Charleston lawyer Dante di Trapano could be a danger to the community and regularly violates bond conditions, a federal judge ruled Tuesday in denying di Trapano's bond request.

U.S. Magistrate Mary Stanley said di Trapano, 43, had "demonstrated time and time again that he is not willing to comply" with bond conditions and has "shown total disrespect for the law" in an order denying him bond.

Di Trapano was indicted last week on single counts of being a drug addict in possession of firearms and for allegedly lying on a federal form by stating he was not addicted to drugs when he purchased a gun in February.

- advertisement -

Federal agents found eight guns inside di Trapano's South Hills residence in April. Charleston Police Detective Tim Palmer, who is working with federal agents, testified that while the guns were loaded, all were in a gun safe or locked up. Di Trapano was not home at the time of the search.

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Palmer said agents also found possible drugs in the 1340 Johnson Road house. “It was some suspected cocaine, crack cocaine as well,” he said.

Some other substances were also located in the dwelling, he said, but authorities were waiting to learn from a laboratory what those substances are. Di Trapano has not been charged for those items.

Di Trapano’s attorney, Michael Del Giudice, pointed out that none of the prosecutors’ witnesses testified di Trapano had been violent, and said his client should be released.

Stanley disagreed and set an Aug. 23 trial date for di Trapano before Chief U.S. District Judge David Faber. Di Trapano is expected to remain in jail until then.

Following the hearing, di Trapano’s wife lashed out at National Football League star Randy Moss, whom di Trapano represented until April. Moss, a Rand native and former Marshall University star, plays for the Oakland Raiders and is set to open a smoothie business in Charleston this weekend.

“Anyone want a Randy Moss shirt?” Teri di Trapano said to reporters outside the federal courthouse before tossing the black shirt emblazoned with Moss’ name into a nearby trash can.

Dante and Teri di Trapano were arrested with three others in a Florida hotel in March and charged with possession with intent to deliver crack cocaine. Stanley noted di Trapano failed to report to the rehabilitation center the court sent him to, instead choosing one of his own.

Stanley said di Trapano was arrested in Georgia just weeks after that on charges of felony cocaine and misdemeanor marijuana possession. He was then arrested in the St. Albans area early June 10 on a charge of driving with a suspended license.

When Palmer arrested him last week for the federal charge, di Trapano was also driving with a suspended license, documents show.

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Del Giudice argued that even if convicted of the charges, di Trapano would only serve a year in jail. He asked Stanley to place his client on home confinement, saying locking him up is “highly severe and unnecessary,” and that di Trapano is not a flight risk.

“They have not caught him in any serious charges,” he said.

Prosecutors’ main evidence showing di Trapano is a danger was based on the testimony of police officers who said di Trapano’s father hired an off-duty officer to patrol his law firm to keep his son out. Dante di Trapano has been let go by his former law firm, which is headed by his father, well-known trial lawyer and former state Democratic Party chairman Rudolph DiTrapano.

Charleston Police Sgt. Jason Beckett testified that Rudolph DiTrapano hired an off-duty officer. “He was concerned with his son, Dante di Trapano, possibly coming to the law firm and damaging equipment and for the protection of employees,” Beckett testified.

Under cross-examination, Beckett admitted he filled out a report on the matter at the request of another officer working with federal agents, something not normally done. “It’s just the government creating their case,” Del Giudice said.

Beckett also said Rudolph DiTrapano did not sign the form requesting the officer. Instead, it was a stamped signature.

Patrolman Raymond Coleman, who only worked three days at the firm, said he saw Dante di Trapano pass by one time, but that he did not attempt to enter the law firm. Coleman testified he was not told of any danger to employees.

Del Giudice noted di Trapano is the only means of support for his wife and four children, two of whom are planning to go to college this fall.

“We have nothing to live on except my savings,” Teri di Trapano said outside the courthouse.

Teri di Trapano said her father-in-law is holding her husband’s money in escrow. “They promised him they would take care of his family,” she said, saying she fears losing all the family’s belongings.

To contact staff writer Tom Searls, use e-mail or call 348-5192.

Man Accused Of Clinic Bomb Plot Indicted (FINDLAW/AP)

AP, June 21, 2006

(AP) - BALTIMORE-A Maryland man accused of plotting to attack an abortion clinic with a pipe bomb and handgun was indicted Monday on weapons and explosives charges, the U.S. attorney's office said.

A federal grand jury indicted Robert Weiler, 25, on charges of possessing and making an unregistered destructive device, illegally possessing a firearm, and possessing a stolen firearm.

Weiler called the Bureau of Alcohol, Tobacco, Firearms and Explosives on June 8 from a western Maryland highway rest stop to confess to the plan, according to court documents. He told authorities he had built a pipe bomb, stolen a handgun from a friend and planned to attack an abortion clinic in suburban Washington.

That morning, the pipe bomb exploded in a house belonging to a friend of Weiler as a bomb technician tried to defuse it. No one was hurt, but the bomb set fire to the house.

Each count carries a maximum penalty of 10 years in prison. A preliminary hearing is set for Thursday.

IMMIGRATION:

Senate Bill Would Add New Immigration Judges (LAW)

By Jason McLure, Legal Times

Legal Times, June 21, 2006

At DOJ, getting to be an immigration judge can depend more on political contacts than experience.

It's just after 2 p.m. and Immigration Judge Garry Malphrus is looking at a long afternoon of deporting illegal immigrants. He punches a button on a tape recorder and intones: "Respondent was scheduled for a master calendar hearing at 9 a.m. It is now 2:20 p.m." Malphrus notes the immigrant's failure to appear, asks a lone Immigration and Customs Enforcement lawyer if an attempt has been made to contact the government (the inevitable response: "no"), and then formally orders the immigrant's removal from the United States. Stop tape.

The routine continues for the better part of an hour. Next file. Repeat script. Stop tape.

Watching this tedious exercise, it's hard to imagine that being appointed a federal immigration judge would be considered a political plum. But that's how these career civil service jobs are increasingly treated, say immigration lawyers who practice before the courts. Malphrus, a former White House aide and Republican campaign veteran, had never practiced immigration law when he joined the bench last year.

"The Bush administration has realized these are great jobs and maybe [it] shouldn't be left up to the civil service to determine who gets a job," says Charles Kuck, a vice president of the American Immigration Lawyers Association. "I believe that these folks without prior immigration experience tend not to be good judges."

Whether they're great jobs is a matter of opinion. But with the immigration courts under scrutiny by Congress and the attorney general after a series of federal appellate decisions blasting the courts as sloppy and inept, the issue of just who serves in an office with enormous influence over the lives of immigrants has received scant attention. And the practice of appointing judges with no immigration law experience is condemned by lawyers in the field, who say the complexity of immigration laws means judges such as Malphrus do their training on the job.

Hired in March 2005, Malphrus, 38, is on the front line of America's swamped immigration system. The 200-odd judges in the Justice Department's Executive Office of Immigration Review handle more than 300,000 immigration cases every year, considering matters that range from approving the status of asylum seekers to deporting illegal migrants seeking jobs to signing off on the legal status of those who have married U.S. citizens.

But the process by which the judges are hired is a murky one, often little understood by either immigration lawyers or the judges themselves. Unlike federal district and circuit court judges, who are appointed for life and work for the Administrative Office of the U.S. Courts, immigration judges are part of the Justice Department's career civil service. As such, the EOIR has a formal application process for immigration judges. Applicants are vetted by the office's chief immigration judge, who conducts interviews and makes formal hiring recommendations.

But according to an immigration-judge hiring policy released by the Justice Department, the attorney general also has the option to pre-empt the formal vetting process and directly hire a judge of his choosing.

This two-track hiring method helps explain why the nation's immigration bench is stocked not only with lawyers who have spent years as trial attorneys for ICE or the military's JAG Corps (who enjoy preference in federal hiring) but with a sprinkling of Republican Party activists and campaign veterans such as Malphrus. Among the 19 immigration judges hired since 2004: Francis Cramer, the former campaign treasurer for New Hampshire Sen. Judd Gregg; James Nugent, the former vice chairman of the Louisiana Republican Party; and Chris Brisack, a former Republican Party county chairman from Texas who had served on the state library commission under then-Gov. George W. Bush.

Malphrus' move was cited last month in a report to Congress by the Government Accountability Office on the subject of the movement of political appointees into the government civil service. That phenomenon, known as "burrowing in" to the government bureaucracy, has been an issue for Democratic and Republican administrations alike. Ultimately, the GAO reported that "it could not be determined whether appropriate authorities and proper procedures were followed" in Malphrus' hiring.

And while a courtroom on the 13th floor of a nondescript office building in Arlington, Va. — where Malphrus presides — may seem to be a million miles from the corridors of power across the Potomac River, the job isn't without its perks. When Malphrus was hired, his salary nearly doubled to $113,904. And unlike his former colleagues at the White House, as a career civil service employee, Malphrus won't be out of work should Republicans lose the White House in 2008.

"It's not a glamorous job," says Joseph Vail, himself a former immigration judge who now works at a legal aid clinic in Houston. "You don't have a whole lot of power . . . but the salary and benefits are good, plus you get to call yourself a judge."

Addressed by a reporter in court, Malphrus said he would be happy to be interviewed for this article with the approval of his Justice Department superiors. But that interview request was denied by Justice's press office in Washington. The Justice Department did not return calls for comment for this article.

Political activism

Malphrus' most public political episode came during the 2000 Florida presidential election recount. He was then a Republican aide to the Senate Judiciary Committee and turned up at the Miami-Dade Elections Department with a group of well-dressed Republican protesters.

In what news reports later dubbed the "Brooks Brothers riot," the protesters, chanting "Stop the fraud," pounded on the windows and doors of the municipal building and demanded that the election board in the heavily Democratic county end its manual recount of thousands of ballots that a scanning machine had determined contained no vote for president. Shortly afterward, in a decision pivotal to the outcome of the election, the board voted unanimously to stop the recount. Months later, Malphrus received a White House appointment to the Domestic Policy Council, where he served for three years.

Last week, Malphrus crossed paths with a former political activist of a different stripe. Seated before him on June 15 was Andrei Brezineu, a soft-spoken young Belarussian dressed in jeans and white high-tops who, according to his lawyer, fled the Eastern European country in 2003 after suffering a series of threats, beatings, and arrests for distributing pamphlets for a political party opposed to President Alexander Lukashenko. Lukashenko's regime has been dubbed the "last dictatorship in Europe" by Secretary of State Condoleezza Rice, and this winter, Lukashenko was re-elected with 86 percent of the vote in an election observers said was marred by fraud and intimidation. "Belarus is known to be a country where political dissent and human rights are not tolerated," Brezineu's lawyer told Malphrus.

The government trial attorney in the case opposed Brezineu's application for political asylum, questioning whether he would face persecution if he was returned to Belarus and pointing out that Brezineu appeared to have limited knowledge of recent political events in his home country and no documentation of his arrests. Malphrus questioned Brezineu's defense attorney as well, asking whether a series of harassing incidents could rise to the level of political persecution needed to grant Brezineu asylum. When neither Malphrus nor Brezineu's attorney could recall a precedent for this from immigration case law, the judge ordered that the hearing be continued for a month.

The decision reflected a cautious approach to deciding asylum cases that has won Malphrus praise from immigration attorneys. That approach, say a number of lawyers who've practiced before him, is fortunate given the judge's limited knowledge of the country's specialized and oft-changing immigration laws.

"I like Garry Malphrus," says one immigration lawyer in Cleveland who practices before the judge and therefore requested anonymity. "But he has no immigration experience whatsoever, and that comes across."

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A native of Jasper County, in a historically Democratic pocket of South Carolina's Low Country, Malphrus became active in Republican politics more than two decades ago. After graduating from the University of South Carolina Law School in 1993, Malphrus spent the next four years clerking for a series of state and federal judges. In 1997 he was hired as an aide to then-Sen. Strom Thurmond (R) and joined the staff of the Senate Judiciary Committee, where he worked on a range of policy issues, including crime, immigration, bankruptcy, and tort reform — issues he would confront later as a White House aide, according to former Senate colleagues. Studious and soft-spoken, Malphrus was known as a strong conservative.

David Brog, a former Judiciary Committee staffer for moderate Republican Sen. Arlen Specter of Pennsylvania, recalls being teased by Malphrus at party staff meetings. "This is a Republican meeting," Brog recalls Malphrus as saying. "What are you doing here?"

Those who've worked with Malphrus say his experience as a law clerk and policy aide makes him well qualified to sit on the immigration court. "The idea that it was politics and not competence is ludicrous," Brog says of Malphrus' appointment.

Malphrus' departure from the White House for the relative backwater of the Arlington Immigration Court may seem like a step down for an ambitious, young, conservative lawyer. After all, a lawyer with Malphrus' connections could almost certainly have been richly rewarded on K Street. But William O'Neil, a South Carolina trial lawyer and law school classmate of Malphrus', says it's just one more career step for a friend he's always thought was bound for a judgeship in state or federal court.

"He's well connected," he says of Malphrus. "I think he's just working his way up the totem pole. I don't think he's going to be an immigration judge for the rest of his life."

Judicial jobs ahead

Malphrus' entrance to the bench comes at a time of flux for the immigration courts. In an opinion highly critical of the immigration courts and the Board of Immigration Appeals late last year, Judge Richard Posner of the U.S. Circuit Court of Appeals for the 7th Circuit wrote that "the adjudication of these cases at the administrative level has fallen below the minimum standards of legal justice." Posner's opinion cited a dozen other recent appellate opinions from four circuits that all offered harsh words for the conduct and reasoning of the immigration judiciary.

Additionally, the immigration reform bill that has passed the Senate contains a number of measures aimed at improving the quality of the immigration courts. One provision would increase the number of members on the Board of Immigration Appeals, allowing for closer review of immigration judicial decisions before they make it to the federal appeals courts. The Senate bill would also add at least 20 new immigration judges. Should the House pass those provisions, Malphrus may well be joined by additional political hires who prefer an immigration judge's black robes to a political job in an administration approaching lame-duck status.

"It's usually a pretty secure job," says David Martin, a law professor at the University of Virginia. "If you're not quite in the category to merit an appointment to the federal bench, an immigration-judge job might satisfy some of those instincts. Immigration judges work hard, but they don't have to bill 2,100 hours [a year] or have clients calling them up on the weekend."

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Pa. City Poised For Immigration Crackdown (FINDLAW/AP)

By Michael Rubinkam, Associated Press Writer

AP, June 21, 2006

(AP) - HAZLETON, Pa.-With tensions rising and the police department and municipal budget stretched thin, Hazleton is about to embark on one of the toughest crackdowns on illegal immigrants anywhere in the United States.

Last week the mayor of this former coal town introduced, and the City Council tentatively approved, a measure that would revoke the business licenses of companies that employ illegal immigrants; impose $1,000 fines on landlords who rent to illegal immigrants; and make English the official language of the city.

"Illegal immigrants are destroying the city," said Mayor Lou Barletta, a Republican. "I don't want them here, period."

Barletta said he had no choice but to act after two illegal immigrants from the Dominican Republic were charged last month with shooting and killing a 29-year-old man. Other recent incidents involving illegal immigrants have rattled this city 80 miles northwest of Philadelphia, including the arrest of a 14-year-old boy for firing a gun at a playground.

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"This is crazy," the mayor said. "People are afraid to walk the streets. There's going to be law and order back in Hazleton, and I'm going to use every tool I possibly can."

The City Council, which approved the measure in a 4-1 vote, must vote on it twice more before it can become law. The next vote is scheduled for mid-July.

When Barletta took office in 2000, Hispanics represented about 5 percent of the city's population of 23,000. The population has since shot up to 31,000, with Hispanics now representing 30 percent, lured to Hazleton by cheap housing, a lower cost of living and jobs in nearby plants, factories and farms.

City officials do not know how many of the new arrivals are in the United States illegally, but say they are fueling the drug trade, joining gangs and committing other crimes.

Municipal officials around the nation, frustrated at what they perceive as the federal government's inability to stem illegal immigration, have increasingly taken matters into their own hands.

In San Bernardino, Calif., voters will decide whether to adopt a measure nearly identical to the one in Hazleton. An Idaho county filed a racketeering lawsuit against agricultural companies accused of hiring illegal immigrants. In New Hampshire, a pair of police chiefs began arresting illegal immigrants for trespassing.

"They're being forced to pick up the financial tab for all of this nonsense, and they are doing whatever they can to find ways to combat it at the local level," said Susan Tully, national field director of the Federation for American Immigration Reform , which advocates limits on immigration. "This is a fine example of what I'm talking about."

Flavia Jimenez, an immigrant policy analyst at the National Council of La Raza, predicted the Hazleton crackdown would prompt a civil rights lawsuit.

"Landlords are going to shut their doors to anyone who may look or sound Latino," she said. "On the other hand, landlords may attempt to actually determine whether a person is undocumented or not, and make multiple mistakes because of the complexity of immigration law."

Whites in Hazleton seem to overwhelmingly favor the proposed crackdown. Barletta's office has been flooded with hundreds of approving e-mails and phone calls - from as far as California and Florida - and he got a standing ovation when he walked into a Hazleton diner for lunch.

"It's about time," said Francis X. Tucci, 57, who was born and raised in Hazleton and owns a hair salon in the heart of the Hispanic business district. "We were a nice community. You find bad everywhere, I understand that, but we're talking about here and now."

Some Hispanics approve of the measure, saying they are fed up with crime and graffiti. "If I was mayor, I wouldn't let anyone in who had a criminal record," said Rafael Rovira, 69, a naturalized American citizen from the Dominican Republic.

Others view the proposal as unnecessary, saying that most illegal immigrants obey the law and only want to work. They point to the success of Wyoming Street, a colorful thoroughfare where dozens of businesses have opened in the past few years.

Jose Lechuga, 42, came to the United States illegally in 1982, received amnesty in 1986 and now operates a grocery store and restaurant in Hazleton. He said the mayor is "confusing illegal people with criminals."

On the Net:

Open letter from Barletta: http://www.hazletoncity.org

FAIR: http://www.fairus.org

National Council of La Raza: http://www.nclr.org

Immigration Bill Delayed By House (CHIT)

By Frank James

Chicago Tribune, June 21, 2006

WASHINGTON -- In a move that could sound the death knell for immigration-reform legislation in Congress this year, House Republican leaders said Tuesday they plan to hold numerous hearings on the issue this summer and only then start talks with the Senate that might lead to a final bill.

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The delay raises the likelihood that Congress will end the year without passing major immigration legislation that President Bush has supported. That would be a signal defeat for the president, who has urged Congress to approve comprehensive legislation along the lines of the Senate-passed bill, which included a path to citizenship for many of the estimated 12 million undocumented immigrants already in the U.S. and the creation of a guest-worker program.

Failure to approve final legislation, however, would be an election-year victory for many House Republicans who have fiercely opposed any course that could lead to illegal immigrants gaining citizenship before U.S. borders are secured, a position held by many voters as well.

House Republicans have consistently decried provisions calling for legalization of immigrants as an amnesty, which they find anathema. In addition, they have said the nation's priority should be securing its borders first, especially along the southern perimeter with Mexico, and cracking down on employers who hire illegal immigrants. The House passed enforcement-only legislation in December while the Senate approved its broader bill last month.

"I'm not putting any time line on this thing but I think we need to get this done right," House Speaker Dennis Hastert (R-Ill.) told reporters. "We want to have hearings on this bill. I asked the various [House committee] chairmen to go out and have hearings so we understand what the American people are saying."

The call for hearings was part of a strategy by House Republicans to raise public awareness of various elements in the Senate bill they find objectionable, they said.

One provision of the Senate bill would allow illegal immigrants to collect Social Security for the years when they lacked authorization to work, even when they illegally used Social Security numbers that belonged to U.S. citizens or legal residents in order to obtain jobs.

House critics of the Senate bill also complain it would place unreasonable limits on the information immigration officials could use to decide whether to grant an applicant legal status.

"Once [voters] find out some of things that are in this bill they will be outraged about it," said one House Republican aide who requested anonymity because he wanted to speak more frankly. "And that's the problem. If we just went into a conference [with the Senate] and then passed a bill and sent it to the president and [voters] didn't know all these things were in there, we'd be in a lot of trouble before an election."

Congressional supporters of the Senate's immigration legislation accused House Republicans and some in the Senate of acting in bad faith. "The Republican House wants to defeat the immigration bill," said Sen. Harry Reid (D-Nev.,) leader of the Senate's Democrats.

"It's obvious that the Republicans in the Senate don't want an immigration bill," Reid said. "…This is a stall.… If there were ever a time for the president to get engaged in this, it would be now. Why can't he, with this power that he has over this Republican-dominated Congress, tell them, 'I want to go to conference on this'?"

Despite the delay in any start of House-Senate negotiations over the legislation, White House spokeswoman Dana Perino said, "The president is undeterred. We are committed and we have been working very hard with members [of Congress] to see if we can reach consensus on an issue the American people have said they want action on."

Hastert press secretary Ron Bonjean said as many as eight committees will holding hearings, including the House Judiciary, Ways and Means and Homeland Security panels. Hearings would be held in July and August with negotiations between the House and Senate on a final measure slated for September.

"If this legislation is ready to pass in September, then we'll pass it," Hastert said. "But we're not going to pass it before it's ready."

Sen. Edward Kennedy (D-Mass.) said Tuesday there was no reason to hold additional hearings on the immigration bill. The decision by House Republians was "the wrong way to go," he said, and seemed to simply delay resolving differences between House and Senate versions of the legislation.

"We have had 2 1/2 years of hearings. We know what the problem is," Kennedy said.

Supporters of a more lenient approach towards illegal immigrants suggested that the House leadership hoped that by pushing negotiations with the Senate closer to the Nov. 7 midterm congressional elections, the likelihood of passing a bill would diminish.

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Angela Kelly, deputy director of the National Immigration Forum, a Washington-based organization that favors the Senate bill, said, "I think…the Republican leadership's game is to just run out the clock. I think that they're really uncomfortable, they're squirming with the split in their party over this. And the fact that the stars have aligned so that the president and the Senate are in the same place on this is just something they don't want to contend with" in an election year.

Steven Camarota of the Washington-based Center for Immigration Studies, which opposes the Senate bill, raised an issue critics have aired as another reason why immigration reform might be doomed, at least for this year.

The Senate bill has some revenue-raising provisions that would require illegal workers to pay back taxes. But the Constitution requires revenue-raising measures to originate in the House.

That could force the Senate to go back and strip out those provisions and that might require more debate and votes in a Senate that already had great difficulty producing its legislation.

"The chance that they have an appetite for debate and votes again on this is not that great," he said. "So that technicality actually matters."

Leaders: Broad Immigration Bill Unlikely (AP-Y2)

By David Espo

AP2, June 21, 2006

In a defeat for President Bush, Republican congressional leaders said Tuesday that broad immigration legislation is all but doomed for the year, a victim of election-year concerns in the House and conservatives' implacable opposition to citizenship for millions of illegal immigrants.

"Our number one priority is to secure the border, and right now I haven't heard a lot of pressure to have a path to citizenship," said Speaker Dennis Hastert, R-Ill., announcing plans for an unusual series of hearings around the nation to begin in August on Senate-passed immigration legislation.

"I think it is easy to say the first priority of the House is to secure the borders," added Rep. Roy Blunt (news, bio, voting record), the GOP whip.

In deference to the president, neither Hastert nor any other Republican official in either house said publicly that the president's ambitious plan — including a guest worker program as well as an opportunity for citizenship for many illegal immigrants — was dead for the year.

But several Republicans in both houses, speaking on condition of anonymity, were less guarded.

"There will be no path to citizenship," said one lawmaker who attended a strategy session in Hastert's office.

Some officials added that Republicans have begun discussing a pre-election strategy for seizing the political high ground on an issue that so far has served to highlight divisions within the party. Among the possibilities, these officials said, are holding votes in the House or Senate this fall on additional measures to secure the borders, or on legislation that would prevent illegal immigrants from receiving Social Security payments or other government benefits.

"The discussion is how to put the Democrats in a box without attacking the president," said one aide, speaking on condition of anonymity.

Additionally, GOP aides said Rep. Tom Reynolds, chairman of the House campaign committee, has recently been using polling data to persuade fellow members of the leadership that the public would respond poorly to some provisions in the Senate-passed bill.

White House spokeswoman Dana Perino said after Hastert's announcement of hearings, "The president is undeterred. We are committed and we have been working very hard with members (of Congress) to see if we can reach consensus on an issue the American people have said they want action on."

In the Senate, Majority Leader Bill Frist, R-Tenn., told reporters he welcomed hearings. "As much examination of the House bill and Senate bill as possible is good," he said.

Sen. John McCain (news, bio, voting record), R-Ariz., a principal author of the Senate-passed measure, offered to testify at House hearings. Sen. Arlen Specter (news, bio, voting record) of Pennsylvania, chairman of the Judiciary Committee, said, "I'm hopeful" of a compromise before the elections.

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Hastert announced no schedule for the completion of hearings. He and other members of the leadership sidestepped numerous times when asked whether a House-Senate compromise along the lines of what Bush has sought could come to a vote by year's end. "I am not putting any timetable on this thing, but I think we need to get this thing done right," the speaker told reporters.

The Republican-controlled House passed border security legislation last year, largely along party lines. By contrast, the Senate approved a bipartisan bill calling for tougher border enforcement; penalties against employers who hire illegal immigrants, a new guest worker program and a shot at citizenship for most of the estimated 12 million immigrants in the country illegally.

The measure won the support of only 23 of the Senate's 55 Republicans. Frist, a likely presidential contender for 2008, is under pressure from conservatives not to agree to a compromise bill they oppose. Democrats, on the other hand, are insisting on assurances that any final bill will remain bipartisan.

Hastert told reporters he had conveyed his views on immigration privately to Bush in recent days, and other officials said opinions among House Republicans hardened when Republican Rep. Brian Bilbray won a special election this month in the San Diego area. Bilbray campaigned for tougher immigration measures than Bush favors, and equated the president's approach to amnesty.

Several Republican officials, speaking on condition of anonymity, said Hastert and the president had expressed differing views at one meeting about the importance of immigration in Bilbray's victory. These officials said Hastert assigned it greater weight than the president. The Republican National Committee ran a 72-hour program in the campaign's final days that many Republicans credit with maximizing the vote for the winner.

Additionally, the RNC conducted a postelection poll of the San Diego-area district that suggests voters take a dim view of citizenship for illegal immigrants.

The poll found that when people were asked if they prefer a comprehensive bill to one that emphasizes border security and imposing criminal penalties on individuals already in the country illegally, the comprehensive approach was favored, 45-32. But when asked if they favor a comprehensive approach or a security-first bill that "under no circumstances" allows for citizenship, 43 percent said they prefer focusing on the border, and 33 percent picked overall reform.

Hastert Doubts Alien Bill In 2006 (WT)

By Charles Hurt

The Washington Times, June 21, 2006

House leaders cast doubt yesterday on the possibility of passing immigration reform legislation this year and said, in an unusual move, that they will hold hearings across the country to gauge voter concern.

"I'm not putting any timeline ... but I think we need to get this thing done right," House Speaker J. Dennis Hastert, Illinois Republican, told reporters yesterday after meeting with the chairmen of all the committees that oversee immigration-related legislation.

Aides in both the House and Senate said yesterday the developments mean immigration legislation is essentially dead for the year. Pushing something through before the November elections would be too politically unpredictable, they said, and there would be no incentive to do it between the election and year's end.

Asked yesterday if it was realistic to think Congress could still pass immigration legislation before the elections, House Majority Leader John A. Boehner of Ohio said: "Maybe."

Immigration legislation has been stalled for nearly a month because of deep opposition by House Republicans to the Senate's proposal, which provides a path to citizenship for most of the estimated 12 million illegal aliens in the U.S. The House last year approved a bill to secure the border without dealing with the current illegal alien population or the "guest-worker" program wanted by President Bush.

Senate Majority Leader Bill Frist of Tennessee, who voted for the Senate bill, said yesterday he "strongly supports" Mr. Hastert's decision to delay legislation for additional hearings.

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While the issue of immigration divides Republicans, the position that Democrats are fairly unified behind -- granting citizenship rights to illegal aliens -- is highly unpopular among voters, polls show.

"We're ready to go on a comprehensive immigration reform bill, one that deals with security, one that deals with temporary guest-worker program, one, of course, that deals with a pathway to citizenship," said Senate Minority Leader Harry Reid of Nevada, who accused House Republicans of stalling the legislation because they don't like the Senate bill.

House Republicans went to great efforts yesterday to suggest their differences are not with the Senate, but with Democrats.

Though 17 Republicans supported the Senate's "amnesty" bill, House Republicans are referring to it as the "Kennedy bill." Sen. Edward M. Kennedy, Massachusetts Democrat, wrote much of the language in the bill that passed the Senate but the slightly modified compromise version that passed was sponsored by two Republicans, Sens. Mel Martinez of Florida and Chuck Hagel of Nebraska.

Once the Senate "amnesty" bill is securely yoked to Democrats, House Republicans will take the issue on the road in the months leading up to the election.

"This is an issue that is on the minds of the American people," Mr. Boehner said. "I think that we clearly want to solve this problem but the House bill is very different than the Senate bill."

But Rep. Thomas M. Reynolds, New York Republican, downplayed the impact immigration will have on congressional races.

"It all depends on every district," he said. "The Number One issue in my district is jobs and taxes."

The "field hearings" will be held across the country mainly during the August recess.

Among the sharpest criticisms of the Senate bill are that it grants Social Security benefits to illegals for work they performed here illegally, it requires illegals to pay just three of five years in back taxes, and it could lead to 100 million new legal immigrants during the next 20 years. Mr. Boehner also noted that the Senate bill would allow illegals to get in-state tuition at colleges and universities where they illegally reside.

While Mr. Hastert gave no indication yesterday that he would try pressing forward with the issue this year, he declined to rule out the possibility.

"We're not going to pass it before it's ready," he said.

House Plans National Hearings Before Changes To Immigration (NYT)

By Carl Hulse

The New York Times, June 21, 2006

WASHINGTON, June 20 — In a decision that puts an overhaul of immigration laws in serious doubt, House Republican leaders said Tuesday that they would hold summer hearings around the nation on the politically volatile subject before trying to compromise with the Senate on a chief domestic priority of President Bush.

"We are going to listen to the American people, and we are going to get a bill that is right," said Speaker J. Dennis Hastert, who said he had informed Mr. Bush of the plan.

The unusual decision to set a new round of hearings on legislation already passed by the House and the Senate places a serious roadblock in the way of Mr. Bush's drive for major changes in immigration policy.

The timing means that formal Congressional negotiations will not begin until September, just as Congressional campaigns are entering their crucial final weeks, when lawmakers typically shy away from difficult issues.

"I don't know how likely that is," Representative Roy Blunt of Missouri, the House Republican whip, said about reaching an agreement before November.

Mr. Blunt suggested that final consideration might have to wait for a lame-duck session after the election. "We clearly are going to be here later in the year," he said.

But advancing significant legislation in lame-duck sessions has proved difficult. If Congress does not act this year, the House and the Senate will have to begin anew in 2007 should lawmakers want to pursue immigration changes.

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A White House spokeswoman said Mr. Bush would press for legislation. "The president is undeterred in his efforts to pass a comprehensive immigration reform bill," said the spokeswoman, Dana Perino, who said the White House was "committed to working with members to see if we can reach a consensus on a bill that will help solve our nation's immigration problems."

The leadership decision reflected the deep resistance among House Republicans to the bipartisan approach approved in May by the Senate and generally endorsed by Mr. Bush. That bill combined new border enforcement with a program for temporary guest workers and the ability of illegal immigrants to qualify for citizenship by meeting a series of requirements.

House Republicans passed a party-line bill late last year that focused solely on border enforcement, and they said a majority of the public backed their approach. Many House Republicans consider the Senate bill amnesty for those who have entered the country illegally.

"Our No. 1 priority is to secure the border," Mr. Hastert said, "and right now I haven't heard a lot of pressure to have a path to citizenship."

In a swipe at the Senate version, Representative Deborah Pryce of Ohio, a senior member of the Republican leadership, labeled the legislation the "Kennedy bill" — a dismissive reference to Senator Edward M. Kennedy, Democrat of Massachusetts, who helped write the measure in cooperation with Republicans including Senators Arlen Specter of Pennsylvania and John McCain of Arizona.

Those lawmakers held out hope on Tuesday that a final bill could be completed this year and said they accepted the House position that more scrutiny of the issue was required. "I respect their views," Mr. McCain said, "and I hope that we can still continue discussions, and hopefully we can reach an agreement."

Another Republican proponent, Senator Lindsey Graham of South Carolina, warned that voters might punish Republicans if they were unable to come up with a solution to such a pressing national problem.

"The question is, Is it better to solve the issue before the election, or is it better to make people mad and do nothing?" Mr. Graham said. "I think it is hard to go to the electorate when you have the White House, the Senate and the House and say that you cannot at least go through the effort of trying to get a bill. That would to me be a sign of inability to govern."

Democrats were highly critical of House Republicans, with Mr. Kennedy accusing them of a "cynical effort to delay or kill a comprehensive immigration bill."

Senator Harry Reid of Nevada, the Democratic leader, said Republicans were stalling, and he called on Mr. Bush to prod members of his party. "He has complete domination over this Republican Congress," Mr. Reid said. "Let him tell us how much he really wants a bill."

The focus of the summer hearings and the schedule were uncertain Tuesday as Republicans suggested that they would be used both to explore the content of the Senate bill and to survey public opinion on the issue. But it was clear House Republicans intended to use the forums to try to expose what they saw as failings in the Senate bill and to build public opposition to that approach.

"The House bill is very different than the Senate bill, and I think we want to have a clear understanding of what is in that bill," said Representative John A. Boehner of Ohio, the House majority leader.

The hearings could also help House Republicans rally conservative supporters in advance of the election, particularly given a recent special election in Southern California in which immigration emerged as a dominant issue. But Representative Thomas M. Reynolds of New York, the chairman of the National Republican Congressional Committee, said Tuesday that the topic's power varied from district to district.

"It is not, in my view, a situation that has the same resonance in each district," Mr. Reynolds said.

Official Opposes Border Wall

TUCSON, June 20 (AP) —The new commissioner of Customs and Border Protection said Tuesday that he did not favor building a huge wall along the Mexican border.

"I don't support, I don't believe the administration supports a wall," the commissioner, W. Ralph Basham, said. "It doesn't make sense; it's not practical."

Fencing, including so-called smart fencing with sensors, vehicle barriers and lighting, will be part of the infrastructure improvements, Mr. Basham said. But a layered approach combining technology and air operations will be necessary, he said.

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Mr. Basham, only two weeks on the job, is touring the Southwest border region to look at the challenges his agency is facing as National Guard troops arrive to begin assisting its efforts.

House Republican Leaders Apply Brakes On Immigration Bill (USAT)

By Kathy Kiely

USA Today, June 21, 2006

WASHINGTON — Ignoring President Bush's call for speedy enactment of a new immigration bill, House Republican leaders said Tuesday that they'll hold more hearings this summer instead of working out a compromise with the Senate.

Both chambers have passed bills. The House's version emphasizes border security. House leaders object to a provision in the Senate bill that would create a path to citizenship for many illegal immigrants. "Our No. 1 priority is to secure the border, and right now I haven't heard a lot of pressure to have a path to citizenship," House Speaker Dennis Hastert, R-Ill., told the Associated Press.

Hastert's decision, which jeopardizes final action on a bill this year, came as Bush was traveling to Europe for a summit with leaders there. White House deputy press secretary Dana Perino said the president remains "undeterred in his effort to pass an immigration reform bill." Other Republicans are less optimistic about chances that legislation will pass before Congress adjourns for the fall elections.

"It's going to be difficult," said Sen. Sam Brownback, R-Kan. House Majority Leader John Boehner, R-Ohio, agreed. Asked whether he thought immigration legislation would become law this year, he said, "Maybe."

Normally, the next step in the legislative process is for a House-Senate conference committee to reconcile differences between the bills. That won't happen until September at the earliest, according to Hastert spokesman Ron Bonjean. "Before the speaker will appoint conferees, he wants to get to the bottom of the Senate Kennedy bill," Bonjean said.

Bonjean's characterization of the Senate bill, identifying it with Sen. Edward Kennedy of Massachusetts, an icon of Democratic liberalism, reflects the deep divisions in the Republican Party over immigration. In fact, the Senate bill was co-sponsored by a number of prominent Republicans, including Sens. John McCain of Arizona, Chuck Hagel of Nebraska and Brownback.

Brownback expressed dismay at the news that Hastert will not begin negotiations with the Senate until the fall. "I am OK with hearings, but don't stall the process," he said. "This is a bill that is going to need a lot of conference time."

Bush has been urging Congress to move quickly on immigration. "I don't think this issue can wait," he said in Nebraska this month. "It needs to be addressed now."

He has endorsed the basic outline of the Senate bill, including plans to allow immigrants who have lived in the country illegally since at least 2004 to apply for citizenship. "To me that is a humane, decent way of addressing a very difficult problem," he said at his Nebraska appearance.

Many House Republicans feel differently. House Judiciary Committee Chairman F. James Sensenbrenner, R-Wis., has said giving illegal immigrants citizenship amounts to amnesty for lawbreakers.

Further complicating the outlook for the immigration bill: a special election for a Southern California congressional seat that Republican Brian Bilbray won with a campaign that emphasized his opposition to illegal immigration. Angelo Amador, director of immigration policy for the U.S. Chamber of Commerce, which supports the Senate bill, says the Bilbray election may have given Republicans cold feet about striking a deal on immigration: "They're going back and forth trying to decide what's best for them."

Kennedy called Hastert's decision a "cynical delay tactic."

Immigration Bill May Be Delayed By Public Hearings (WSJ)

By Sarah Lueck

The Wall Street Journal, June 21, 2006

WASHINGTON -- House Republicans will hold public immigration hearings around the country in August, a move that clouds the prospects for Congress to complete overhaul legislation before the November elections.

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The decision effectively throws the issue, on which both the Senate and House have voted, back to the debate stage rather than advancing it with intensive negotiations for the two chambers to try to bridge their vast differences. It also reduces the chance that a compromise will be reached this fall, when campaigning for re-election will become the focal point for many lawmakers.

House leaders said they want more public input on immigration. They also plan to use the hearings as a platform to highlight what they say are the most objectionable policies in the Senate bill, which they have taken to calling the "Kennedy bill" despite substantial support from Republican senators. For example, House members will discuss the Social Security benefits that illegal immigrants would be able to collect under the Senate plan once they become citizens, a House Republican aide said.

Speaker Dennis Hastert said the House is "not putting any timeline" on completing the immigration bill. "I think we need to get this thing done right."

Dozens of hearings are expected later this summer in Washington and in cities around the country. Some lawmakers said the hearings would bolster their argument that the public wants increased border security and enforcement before Congress moves ahead with a Senate-backed plan to expand guest-worker programs and grant citizenship to millions of illegal immigrants in the U.S.

"I haven't heard a lot of pressure to have a path to citizenship" for illegal immigrants, Mr. Hastert said.

Senate Democrats blasted the House for impeding progress on an issue that is near the top of the public's concerns. "We have had 2½ years of hearings. We know what the problem is," said Sen. Edward Kennedy (D., Mass.). "Holding additional hearings ... is the wrong way to go."

Republican senators said the move was unusual, but not necessarily the end of progress. "It could be helpful," said Sen. Lindsey Graham (R., S.C.), a supporter of the Senate legislation. "It depends on what they want to accomplish. ... The jury's still out."

The Senate bill hasn't yet been sent to the House, because of procedural hurdles -- a fact House leaders said was a reason progress has been stalled. Attempts to get around the procedural problems by Senate Majority Leader Bill Frist (R., Tenn.) have been stymied by Democrats and Republican opponents of the immigration bill.

Democrats, however, disputed that they remained an obstacle. Senate Minority Leader Harry Reid (D., Nev.) said he and his colleagues "are ready to go into conference."

GOP Plans Hearings On Issue Of Immigrants (WP)

By Jonathan Weisman And Shailagh Murray

The Washington Post, June 21, 2006

In a move that could bury President Bush's high-profile effort to overhaul immigration law until after the midterm elections, House GOP leaders yesterday announced a series of field hearings during the August recess, pushing off final negotiations on a bill until fall at the earliest.

The announcement was the clearest sign yet that House Republicans have largely given up on passing a broad rewrite of the nation's immigration laws this year. They believe that their get-tough approach -- including building a wall along the border with Mexico and deporting millions of illegal immigrants -- is far more popular with voters than the approach backed by Bush and the Senate, which would create a guest-worker program and allow many illegal immigrants to apply for U.S. citizenship.

House GOP leaders said yesterday that several committee chairmen will hold field hearings in congressional districts in the Southwest, the South and other areas where the issue of illegal immigration is especially potent. Those hearings will take place before the start of the formal negotiating process between the House and Senate, which could take months to complete given the complexity of the issue and the competing business, labor and social concerns.

"I'm not putting any timeline on this thing, but I think we need this thing done right," Speaker J. Dennis Hastert (R-Ill.) said after a House leadership strategy session.

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Senate negotiators played down the hearings, noting that informal talks had already started between the House and the Senate. "There's a general recognition that we need a bill," said Senate Judiciary Committee Chairman Arlen Specter (R-Pa.), a key backer of the Senate legislation. "We're going to get together. We're going to sit down and try to work it all out."

Asked whether a deal could be struck with the Senate this fall, in the throes of a difficult reelection season, House Majority Whip Roy Blunt (R-Mo.) allowed: "I think that's possible. I don't know how likely it is."

White House spokeswoman Dana Perino sought to put the House announcement in a positive light, saying the field hearings could "possibly provide an opportunity to air out issues" that she conceded are "complex." But she added: "The president is undeterred in his efforts to pass comprehensive immigration reform."

Rep. Tom Tancredo (R-Colo.), who is leading the fight against the Senate plan, said: "Odds were long that any so-called 'compromise bill' would get to the president's desk this year. . . . The nail was already put in the coffin of the Senate's amnesty plan. These hearings probably lowered it into the grave."

Sen. Edward M. Kennedy (D-Mass.), one of the main authors of the Senate plan, called the announcement "a cynical delaying tactic."

The House move was widely viewed as a slap at Bush, who is seeking a comprehensive immigration bill along the lines of the one approved by the Senate on May 25, which would tighten border controls, establish a guest-worker program for future immigrants and offer most of the nation's estimated 12 million illegal residents a chance to become citizens. The announcement came shortly after Bush left on a trip to Europe.

House Republicans have long frowned upon the president's approach. In December, they passed a bill that would tighten border controls, clamp down on employers who hire undocumented workers, and declare illegal immigrants and those who assist them to be felons. Their position was solidified this month after Republican Brian Bilbray defeated Democrat Francine Busby by running against Bush's immigration plan in a hard-fought special election to replace imprisoned former congressman Randy "Duke" Cunningham (R-Calif.).

Since then, House leaders have dragged their feet on naming negotiators to a House-Senate conference to reconcile the chambers' two bills. The field hearings, which will be conducted through Labor Day, will be held at the discretion of the chairmen of the Judiciary Committee, the Homeland Security Committee, the Government Reform Committee and any other House committee that can demonstrate tangential jurisdiction over immigration, GOP leaders said.

GOP aides said the topics could include the Senate's decision to allow undocumented workers to keep Social Security benefits earned while they worked in the country illegally; the Senate requirement that illegal workers be required to pay taxes on three of their last five years of income to become eligible to apply for citizenship; and the assertion that the Senate plan could allow as many as 100 million new immigrants into the country over the next 20 years.

"We clearly want to solve this problem," said House Majority Leader John A. Boehner (R-Ohio). "But the House bill is very different than the Senate bill, and I think we want to have a clear understanding of what is in that bill."

The field hearings "will be about forming a credible strategy and a credible plan to secure the borders," said Rep. Eric I. Cantor (R-Va.), the House GOP's chief deputy whip. "That's what the issue is. Once we can accomplish that, we can begin to talk about the rest of the equation, the 12 million illegals here, et cetera."

Hastert added: "Right now, I haven't heard a lot of pressure to have a path to citizenship."

Immigration Bill Chances Fading (RC)

By Ben Pershing

Roll Call, June 21, 2006

Prospects for a comprehensive immigration bill reaching President Bush's desk this year appeared to dim significantly Tuesday after House GOP leaders announced plans for an unusual set of field hearings on the Senate-passed immigration plan.

Though the details are still being crafted, House Republican Members and aides said they expected a series of hearings to be held in July and August by several different House panels — a timetable that would delay any House-Senate agreement on a conference report into at least September.

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No Republican in either chamber would say publicly Tuesday that the immigration bill was dead for the year, but nor could anyone explain how or when a deal might be reached this fall given the looming November elections.

House Majority Leader John Boehner (R-Ohio) said last week that "if people are serious about doing an immigration bill this year, it really needs to be finished before the August recess."

Asked Tuesday whether a bill could still reach Bush's desk this year given the new plans for field hearings, Boehner said, "Maybe."

House Republican Policy Chairman Adam Putnam (Fla.) said he didn't "think anyone has closed the door on a permanent solution, but it's important that the committees get out of Washington and see the border."

Republican leaders expect at least eight committees to hold hearings this summer, both on Capitol Hill and around the country. They include Resources, Government Reform, Homeland Security, Judiciary, Intelligence, Ways and Means, International Relations and House Administration.

"There are policy issues in the Senate bill that stretch across a wide array of committees," Boehner said.

The decision by House Republicans to schedule hearings — an unusual move given that the immigration bill is already in conference — signifies their willingness to run for re-election in November on the strength of the enforcement-focused House bill and their unwillingness to give any ground to President Bush and the Senate, which passed a broader measure that includes a guest-worker program.

"House Republicans want a strong border security bill and will not be pressured into just getting any bill done during an election year," said Ron Bonjean, spokesman for Speaker Dennis Hastert (R-Ill.).

Bonjean said Hastert wants committee chairmen to report the results of their hearings to him after the August recess. Then he could "look at appointing conferees in September," Bonjean said.

When they passed their bill last December, House Republicans were convinced that their measure would be popular with the public and have become more convinced in the intervening months, as they review polling data that they say suggests voters are now able to distinguish between the two chambers' approaches.

"Generally speaking, House Members are pretty comfortable with the House position," Putnam said.

House GOP aides said Tuesday that they expected the hearings to serve in part to highlight what they view as the most unpopular elements of the Senate measure. And in an effort to further frame the political debate, House Republicans have recently taken to calling the Senate bill "the Kennedy bill," a reference to the co-author of the Senate measure and favorite conservative villain, Sen. Edward Kennedy (D-Mass.).

Reaction to the House move among Kennedy's Senate colleagues was mixed, however.

Sen. John Cornyn (R-Texas), who opposed the Senate version and supports a stronger

enforcement bill, said the House hearings were welcome news and that he hoped they would help strengthen his position, and ensure that the Senate's bill doesn't emerge as law.

"Obviously it moves the timetable back," Cornyn said. "But that's more important than to pass this bill prematurely, before Senators and Members of Congress understand what exactly is in it."

Sen. Lindsey Graham (R-S.C.), who supported the Senate reform measure, said it is unclear whether the hearings will help or hurt the bill's chances for passage this year, but he hopes they serve as an avenue to answer outstanding questions and improve public understanding.

"I'm cautiously optimistic," Graham said.

Senate Minority Leader Harry Reid (D-Nev.) charged that Congressional Republicans aren't interested in advancing a bill at all this year, and called the hearings the latest political tactic to meet that end. "This is a stall," he said.

"Every day the Republicans delay going to conference — they've delayed it for five weeks — it makes it more difficult to get a bill," Reid said.

House GOP supporters of a comprehensive bill, who are outnumbered within their own Conference, reacted to Tuesday's news with dismay.

"Americans don't want more hearings on immigration reform; they want a bill," Rep. Jeff Flake (Ariz.), a leading GOP proponent of a guest-worker plan, said in a statement. "The longer we wait to appoint members to the conference committee, the

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more difficult it becomes to produce a bill. That may be the aim of some in the House, but that's certainly not the sentiment of most Americans."

Rep. Mike Pence (R-Ind.), who has been pushing his own compromise measure, said that House Members "would do well to expose the Senate bill for what it is."

"I think job one for House Republicans should be to expose and dismantle the amnesty bill proposed by the Senate," Pence said. "I still hope we can have a compromise bill with no amnesty."

GOP's Call For Hearings Puts Immigration Overhaul In Limbo (LAT)

By Nicole Gaouette

The Los Angeles Times, June 21, 2006

WASHINGTON — President Bush's push for a sweeping overhaul of immigration laws was dealt a major blow Tuesday when House Republican leaders announced they would hold public hearings on the Senate bill that they strongly oppose.

The plan, unveiled almost a month after the Senate measure passed, is the latest sign of reluctance among the GOP House leadership to try to negotiate a compromise bill that would include a path to citizenship for illegal immigrants. Conservatives say that element — a central part of the Senate measure — is the equivalent of amnesty.

House leaders insisted Tuesday that they still hoped to negotiate with the Senate. But the schedule for the hearings, set for July and August across the country, makes it unlikely that the two chambers can reach a final agreement before the November elections.

When Congress reconvenes in September, most lawmakers will be preoccupied with their campaigns; traditionally, little important business gets done at that time.

Failure to produce a bill would be a huge setback for Bush, who has prodded lawmakers to pass immigration legislation that — like the Senate legislation — would toughen border enforcement but also create a guest worker program and offer millions of illegal immigrants a way to gain legal status.

Democrats interpreted the House decision to hold town-hall-style meetings as an effort to stop the Senate legislation.

"The Republican House wants to defeat the immigration bill," Senate Minority Leader Harry Reid (D-Nev.) said. "This is a stall."

House Republicans denied the charge, arguing that they needed the time to review the legislation.

House Speaker J. Dennis Hastert (R-Ill.) "believes that we should focus on getting a bill done right and not be pressured by some during an election year," said his spokesman, Ron Bonjean.

He added that the House would select negotiators to work on a final bill only "after we go through the Senate … bill with a fine-tooth comb."

House leaders informed Bush of their plan a few days ago, aides said, although Senate Majority Leader Bill Frist (R-Tenn.) had known about it for several weeks.

A spokeswoman for Frist, Carolyn Weyforth, said her boss welcomed the hearings and the desire of House members to have time to catch up on the Senate bill.

When asked whether he thought the call for hearings was an attempt to kill the Senate version, Frist said, "I don't think so."

But in announcing the hearings, House Majority Leader John A. Boehner (R-Ohio) said one purpose would be to discuss "provisions in that bill that I have concerns about."

The move comes as Republicans are seeking to energize their core voters in the months before the midterm elections.

This month, Brian Bilbray, a Republican from Carlsbad in San Diego County, won the House seat vacated by disgraced Rep. Randy "Duke" Cunningham by campaigning almost entirely on the need to get tough on illegal immigration.

His victory encouraged House conservatives, who say border security and enforcement must come first.

Rep. Tom Tancredo (R-Colo.), the leader of a 101-member caucus that advocates tough enforcement, interpreted the scheduling of the summer hearings as a sign that House leaders had little desire to try to find common ground with the Senate.

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"Odds were long that any so-called compromise bill would get to the president's desk this year," said Tancredo, citing the tight legislative schedule and the distance between the House and Senate approaches to immigration. "The nail was already put in the coffin of the Senate's amnesty plan. These hearings probably lowered it into the grave."

Tancredo added that the hearings were designed to build support for an enforcement-only approach adopted by the House in a bill it passed in December.

"This is an issue that we can run on and win in November," Tancredo said. "By training Americans' focus on the Senate's amnesty pact, we'll create momentum for an enforcement-first bill after November. As more light is shed on the Senate's bill, more and more Americans find reasons to oppose it."

Boehner and his staff said that the hearing dates and locations had not been decided, but that they would involve several House committees that hold jurisdiction over different aspects of the bill.

Some of the hearings are expected to be held in areas in the South and Southwest where the immigration issue has been particularly divisive.

A Boehner spokesman detailed a few of the Senate provisions that might be examined in the hearings. They include a measure that would allow immigrants who gain legal status to receive Social Security benefits for work they did while illegal, and another that would require immigrants eligible for legalization to pay back taxes.

Even before the hearings were announced, progress on a final bill was stymied by a procedural problem that is blocking the Senate from choosing negotiators to work with the House.

Republicans and Democrats blame each other for the delay, which shows no sign of resolution.

Senate Republican aides said Tuesday that they doubted there would be much movement on the issue until the House hearings were completed. And some senators said they thought it was a good idea for the House to take the time to consider the Senate version.

"The problem with the Senate bill is that it is a tremendously important issue that had very little serious thought given to it," said Sen. Jeff Sessions (R-Ala.), who voted against the measure. "The House can provide the nation an opportunity to find out what's in the bill."

One architect of the Senate bill said that since the House had only debated enforcement measures, the hearings might offer members a chance to learn about a broader overhaul.

"I realize that the House has not addressed two of the three major aspects of the Senate bill," said Sen. Mel Martinez (R-Fla.), who added that he was optimistic about the Senate's approach.

Sen. Dianne Feinstein (D-Calif.) said some delay might help the chances of getting a bill with a guest worker program and path to legalization through Congress.

"My own view is that Republicans want to use it as a campaign issue," she said. "I think it is a good idea to let this thing settle for a while."

Sen. John Cornyn (R-Texas), a critic of the Senate bill, said some Republicans wanted to put off the discussion until after election day, when Congress will likely hold a lame-duck session. He added that backers of the Senate bill would have to accept some compromise.

"I think it's clear the Senate will have to move closer to the House position to get it resolved," Cornyn said.

But many saw the hearings as an attempt to scuttle the immigration overhaul altogether.

"This is clearly a delay tactic by the House Republicans, who have been dead set against comprehensive reform from the beginning," said Sen. Edward M. Kennedy (D-Mass.), an author of the Senate legislation. "One has to wonder why there are going to be continued hearings … other than just to delay and kill the bill."

It's Time To Cut And Run From 'Cut And Run' (WP)

By Dana Milbank

The Washington Post, June 21, 2006

Policy wonks of the left and right held a panel discussion at the National Press Club yesterday to ask the question: "Is Politics Brain-Dead?" Up on Capitol Hill, Congress was providing some clues.

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Confronted with the tough issues -- Iraq, immigration, the minimum wage -- lawmakers weighed their options and then went with their default position: exchange taunts.

Not quite six minutes after the Senate chaplain prayed yesterday for God to use senators "as agents of your grace," Majority Leader Bill Frist (R-Tenn.) started the sloganeering. "If we break our promise and cut and run, as some would have us do, the implications could be catastrophic," he said. In case anybody missed that, he also said "we can't cut and run" twice on CBS News and issued a follow-up press release titled: "FRIST DENOUNCES DEMOCRATS' PLAN TO CUT AND RUN."

Sen. Jon Kyl (R-Ariz.) added: "If we cut and run in Iraq, what we will have done is prove what Osama bin Laden said."

Sen. John Kerry (D-Mass.), an expert windsurfer, had heard quite enough of this nautical term. "Cut and run, cut and run, cut and run, cut and run -- that's their phrase," he told Don Imus. "My plan is not cut and run. Their plan is lie and die."

Fox News was on the story. "John Kerry calls it 'lie and die,' " anchor Bill Hemmer told Sen. Lindsey Graham (R-S.C.). "What do you say to that?"

"I think the sound-bite war is not going to be an effective way to fight the war," the sensible senator said.

But Republican Party Chairman Ken Mehlman had a different view. "There's a debate going on within the Democratic Party," he said on CNN. "Some are saying we need to cut and run, others are saying we need to cut and jog, and still others are saying we need to cut and walk."

Mehlman's metaphor may have been muddled -- "cut and run" involves anchor cable and sail lashings, not the human leg -- but he had lawmakers' sentiments right. If Democrats were cutting and running from Iraq, Republicans were cutting and running from a minimum-wage increase and immigration legislation.

First thing yesterday morning, reporters were summoned to House Speaker Dennis Hastert's office, where GOP leaders were huddling. When the lawmakers emerged, they announced that, rather than having a conference with the Senate to negotiate compromise immigration legislation, they would hold another round of hearings.

Reporters pointed out that the delay meant that immigration legislation, so recently a priority for Congress, would probably not happen this year. And the GOP leaders did little to discourage that view. "We're not foreclosing the possibility," was all Rep. Deborah Pryce (Ohio) would promise, adding that this would postpone the issue at least until fall.

Rep. Roy Blunt (Mo.), the majority whip, concurred: "I don't know how likely it is."

Cut and run! "The Republican House wants to defeat the immigration bill," Senate Democratic leader Harry Reid (Nev.) crowed in front of the cameras. "Is this part of the Orwellian message we continually get out of this administration?"

Republicans quickly tried to change the subject from their immigration cut and run to the Democrats' cut and run on Iraq. House Majority Leader John Boehner (Ohio) held a news conference and declared that Democrats have "no plan at all to confront the real threat of terrorism and to achieve victory in a global war on terror."

But David Rogers, a Wall Street Journal reporter and Vietnam veteran, had prepared an ambush for Boehner. "In Vietnam, they used to put us out in these fire support bases and hope we would get attacked," he said. "Is that what you are doing? You are putting people in Iraq and hoping they get attacked so you can bring out the terrorists?"

"No, no," Boehner protested.

Over on the Senate floor, Sen. Bill Nelson (D-Fla.) was trying to insulate the party from the Republicans' cut-and-run charges on Iraq. He proposed a resolution "to express the sense of Congress that the government of Iraq should not grant amnesty to persons known to have attacked, killed or wounded members of the armed forces of the United States."

It was purely symbolic: The Iraqi government says it will not grant amnesty, and the minister who suggested it to The Washington Post last week resigned the next day. But the Iraq debate was all about symbolism, and Nelson's proposal was adopted, 79 to 19.

Next, when Sen. Edward Kennedy (D-Mass.) introduced a proposal to increase the minimum wage, and Republicans introduced an alternative, Democrats didn't even pretend that legislation might be produced. "Both will fail," Reid spokesman Jim Manley said with confidence. So why bring them up? "It allows both sides to proclaim a modicum of victory."

As evening approached, Sens. Carl Levin (D-Mich.) and Jack Reed (D-R.I.) visited the Senate press gallery to talk about their proposal, to be introduced today, calling for the beginning of a withdrawal of U.S. troops from Iraq.

The inevitable question arose: Won't this immediately be branded "cut and run"?

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"The wording is very clear: It's not a cut-and-run strategy," Levin protested. "Our amendment is not in any sense a cut-and-run amendment."

Added Reed: "Throughout this whole endeavor, there's been more sloganizing than planning." He suggested that Democrats come up with a taunt of their own for Republicans: "I guess their position is 'we're there forever.' "

Before nightfall, Democrats had drafted a new press release. Title: "Bush Republicans Plan to be in Iraq Forever."

House GOP To Hold Hearings On Senate Immigration Bill (HILL)

By Patrick O'Connor

The Hill, June 21, 2006

Republican leaders in the House are organizing a series of committee hearings to examine Senate-passed legislation to restructure the country's immigration laws.

The leaders clearly intend these hearings to increase their leverage on the brink of a tense bargaining session with the Senate. A procedural measure has stalled the bill indefinitely, preventing leaders from naming conferees.

Speaker Dennis Hastert (R-Ill.) convened a meeting in his conference room yesterday morning with most of his elected leadership and nine committee chairmen. None of the leaders or chairmen made an official announcement upon leaving the meeting but confirmed that committee hearings were in the works.

"We want to have hearings on this bill," Hastert told reporters yesterday. "I've asked the various chairmen to go out and have hearings so we understand what the American people are saying."

The immigration issue pits a majority of GOP lawmakers in the House against President Bush and a handful of Republicans in the Senate. Despite an uproar of opposition to the president's guest-worker plan, the administration continues to pressure Republican lawmakers in both chambers to support comprehensive reform.

Bush has toured the border in recent weeks with congressional Republicans, and Commerce Secretary Carlos Gutierrez is touring parts of New Mexico and Texas this week to push the president's comprehensive reform plan.

"We need to have comprehensive reform," Gutierrez said in a phone interview from Odessa, Texas. "In order to secure our borders, we need to secure our interior and enforce employers."

Gutierrez echoed Bush's contention that border enforcement is the primary goal of any reform measure but that it is impossible to address enforcement realistically without accounting for the estimated 12 million illegal immigrants already in this country.

The commerce secretary said it is imperative for Congress to work together in resolving this complicated issue and find a workable solution on which all sides could agree.

"The fact that it is complicated is not a reason to delay," Gutierrez said. "It needs to be resolved as soon as possible."

The House hearings would begin in July and run through August, members said yesterday. The special sessions would be held both in Washington and throughout the country. House Majority Leader John Boehner (R-Ohio) said one goal of the hearings would be to address specific components of the Senate bill.

"We want to have a very clear idea of what is in the Senate bill and what some people think of some of the provisions in the Senate bill," Boehner told reporters during one of his regular weekly press briefings.

He pointed to language in the Senate bill granting illegal immigrants the benefits of in-state tuition as one example of a Senate provision he objects to. A senior GOP leadership aide in the House said members also oppose provisions in the bill written by Sens. Edward Kennedy (D-Mass.) and John McCain (R-Ariz.) that would allow illegal immigrants to collect some Social Security benefits, as well as a provision that would require the undocumented workers to pay back taxes for just three of the five years leading up to their application for citizenship.

While a spokeswoman for Senate Majority Leader Bill Frist (R-Tenn.) welcomed further inspection of the Senate measure by various House panels, Kennedy was less than enthused that House lawmakers want to inspect the Senate bill any more.

"This is clearly a delay tactic by House Republicans who have been dead set against comprehensive reform from the beginning," Kennedy said in a statement released by his office. "We face an immigration crisis, and we need prompt and comprehensive action to address it — not more hearings."

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In addition to Hastert and Boehner, other GOP leaders attending the hour-long meeting included Majority Whip Roy Blunt (Mo.); his chief deputy, Rep. Eric Cantor (Va.); Conference Chairwoman Deborah Pryce (Ohio); National Republican Congressional Committee Chairman Tom Reynolds (N.Y.); and Policy Committee Chairman Adam Putnam (Fla.).

Chairmen included the Judiciary Committee's James Sensenbrenner (R-Wis.), who is expected to take the lead in the negotiations for Republicans in the House; Homeland Security's Peter King (R-N.Y.); Ways and Means' Bill Thomas (R-Calif.); Government Reform's Tom Davis (R-Va.); Resources' Richard Pombo (R-Calif.); Intelligence's Peter Hoekstra (R-Mich.); and Administration's Vernon Ehlers (R-Mich.).

Given the breadth of the committees involved in the discussions, neither the chairmen nor the leaders could give any details about which committees would handle the particular details.

"There are policy issues in the Senate bill that stretch across a wide array of committees," Boehner said.

By holding a series of hearings in Washington and elsewhere during the August recess, Republican leaders in the House are hoping to feed dissatisfaction with the bill, which would, in turn, give them more leverage heading into negotiations with the Senate.

Republican leaders would like to pass a bill increasing enforcement along the border and in the workplace before addressing an expansion of the current guest-worker plan, and most GOP lawmakers in the House are adamantly opposed to any provision that would grant eventual citizenship to workers who came to the United States illegally.

"We're feeling pressure from the Senate and the administration, but we don't feel we should pass something that Americans are upset about," Hastert spokesman Ron Bonjean said. "Our chairmen need to put this under a microscope."

Although the hearings could prevent Congress from moving any bill, Hastert said he remains committed to passing something soon.

"I'm not putting any timeline on this thing, but I think we need to get this thing done right," Hastert said yesterday. "I told that to the president the other day that we need to have that discussion."

Migrating From Farm Hand To Orchard Owner (LAT)

By Miguel Bustillo

The Los Angeles Times, June 21, 2006

TIETON, Wash. — His name is Evaristo Silva, but the immigrant farm hands address him with reverence as Don Varo.

He once was one of them — a poor and desperate young man from Mexico who left behind a pregnant wife and three children and risked his life crossing the border on an illegal search for the American Dream. Now he is everything they aspire to be.

The farmworker became a farm owner, saving enough to buy a small apple orchard on the outskirts of Yakima. The illegal immigrant became a United States citizen, benefiting from the amnesty President Reagan offered to his generation of undocumented migrants.

"For me, this really was the land of opportunity," Silva, 62, said as he walked along the tidy rows of his red delicious apple trees. "In Mexico, I would wake up on many days without knowing how I was going to eat. I may not have much here, but I am so much better off than I would have been if I had stayed."

But now that the campesino is a ranchero, and needs illegal immigrants to pick and prune his apple orchard, he has found that they don't need him any more to succeed in America.

Silva now wants to end illegal immigration. He wants an expanded guest worker program so that farm owners like him could still benefit from the cheap labor of Mexican workers. The foreigners could come into the U.S. to work harvests, but would then have to go home.

He feels this way despite understanding that such a radical shift — most fruit pickers are illegal immigrants — would separate fathers from their families every growing season, and guarantee that younger field hands never get the opportunities he had.

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"Everything has a limit," Silva said in Spanish, the language he's most comfortable speaking. "People who are working and have been here a long time should be allowed to stay. But if half of Latin America keeps coming — Hondurans, Salvadorans, Mexicans — you will reach a point where we don't all fit."

Silva's new stance on immigration is largely based on his own bottom line. Yakima Valley apple growers are struggling to survive because they face global competition from farmers in China and Chile who undercut their prices.

Silva is having a hard time finding field hands willing to work for $8 to $10 an hour — the most he and other farmers say they can afford — because illegal immigrants can now earn more as year-round construction workers and janitors.

Silva scrounged up a crew last year to harvest his 40 acres, but other farmers were less fortunate: Some of their apples rotted on the trees. Still, low apple prices have so eroded Silva's profits that for the last two years, he has not been able to make payments on his orchard.

Without a guest worker program, the farm hand turned farm owner believes he will lose his land.

As Silva toured his orchard, tugging wayward branches at just about every step, he marveled at how much he had accomplished since sneaking into the U.S. three decades ago.

A small man with evocative brown eyes, graying hair and a bushy mustache, Silva wore a red-check flannel shirt, faded blue jeans and brown work boots. Somewhat jarringly, he also wore a yellow construction helmet, a habit he picked up as a field hand worried that a falling apple might thump him in the head.

His had not been an easy life, he conceded; he was sometimes "treated like another piece of farm equipment" in his years as a farmworker. But as he surveyed his family's homestead amid the gently rolling hills of his apple orchard, he stopped and said, "I have lived a beautiful life."

Silva is a native of Pajacuaran, a poor old farming town in the Mexican state of Michoacan. Generations of men from his town — including Silva's father, Jesus — have illegally entered the U.S. to work the fields. Their wages, often just a few thousand dollars a year, were princely compared with what the same work would pay in Pajacuaran.

Silva started out working the harvests in America and returning home each year. But after he nearly died crossing the desert east of San Diego in 1972, he got scared of crossing back and forth and decided to stay in the U.S.

A devout Roman Catholic and devoted family man, Silva lived away from his children for so long that when two of them unexpectedly showed up on his doorstep one day, he did not recognize them. The memory of it made him cry. "At the time my children needed me most, I was away," Silva said, wiping away tears. Apologizing, he continued: "But it was out of necessity."

The entire family eventually reunited in Washington, where Silva followed in his father's path and found plentiful work as an apple picker. His children also became citizens; his wife, Maria, became a legal resident.

"When my husband first told me he was in Washington — to me, a Mexican, it sounded very cold, like he was at the end of the world," Maria said with a smile. "But we have really done well here as a family. This is our home now."

Don Varo belongs to a generation of migrant field hands that has transformed the Yakima Valley into a postmodern melting pot east of the Cascade Range. Yakima County's population in 1990 was 188,823, and was less than one-fourth Latino. A decade later, its population grew by 34,000, and about 27,000 of the newcomers are Latinos, according to U.S. census figures.

Side by side with the burger joints and rib shacks on Yakima's increasingly urban thoroughfares, restaurants sell authentic antojitos Mexicanos, or Mexican small dishes, and a popular downtown supermarket called La Bodega Yakimex features ethnic delicacies such as nopales, an edible part of the prickly pear cactus.

Although Latino immigrants have been praised for creating a bustling small-business community that has invigorated the Yakima Valley, they have also been blamed for higher crime, as well as overcrowding in some of the city's oldest neighborhoods, where it is common for several immigrant families to share a single worn-out bungalow. Numerous street gangs roam Yakima, and their graffiti brands venerable buildings with crude monikers such as "Original Loko Boyz" and "Can't Stop Mexicans."

"It wouldn't be so bad if migrant laborers did what they used to do: work, pick up and go home. But the current system, where they bring their families and stay, has the potential to bankrupt us," said John Tierney, a former state trooper who is chairman of the Yakima County Republican Party. "If you talk to people who've been here a while, including the legal Latino immigrants, many will tell you we have seen an erosion of quality of life."

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Silva's hometown of Tieton, about 15 miles northwest of Yakima, is just a few streets of modest bungalows and a handful of agricultural packinghouses surrounded by family owned orchards. It has not escaped the changes, or the resulting friction. But it is still a sleepy backwater of 1,150 people.

For Silva, it is everything he wanted: He and his wife, the children and their families all live within a few hundred feet of one another amid his apple trees.

At the crest of the road from his old ranch house sit two boxy manufactured homes, with satellite dishes pointing skyward and bicycles and plastic toys strewn where grandchildren had left them. One is the home of his oldest daughter, Maria, who is studying to become a beautician; the other is the home of his only son, Evaristo Jr., who owns a carpet and tile business.

At the bottom of the slope in a weathered gray farm cottage lives Lucia, who runs her own day-care center. Another daughter, Lupe, a church secretary, lives down the road in a large trailer. "I am who I am," she said, "because of the United States."

Adriana, the youngest, who was born in the U.S., is living with her parents while she attends community college to become a dental hygienist.

Silva's children range from 19 to 38 years old. He has 11 grandchildren, with another on the way, and he has high hopes for them all — that they become engineers, doctors or lawyers. His own education, he reminds them, ended after fifth grade so he could help support his family.

Silva's six brothers also sneaked across the border in search of a better life, and all live legally in America now, part of an extended family of more than 250 parents, children and grandchildren. When they all go together, the Silvas fill a Yakima Valley Catholic church. When they gather for Christmas, they rent a conference hall.

By American standards, the Silvas' standard of living remains modest at best. But as Silva's wife, Maria, likes to say, even average Americans "live like the rich of Pajacuaran."

The five varieties of apple trees Silva planted a decade ago are now mature, and they bear beautiful fruit. They grow sweet yellow-specked gala apples, big golden delicious apples, heart-shaped red delicious apples.

But they don't bring Don Varo much money.

The first few years were good — the trees made him a sweet profit. But the market for Washington apples went into a slump, and Silva has fallen more than $40,000 behind on his land payments.

The old farmer he is buying the land from is sympathetic, and patient. Still, Silva wonders how much longer he can continue. He had hoped to leave the land to his children. Now he thinks he may only be able to keep their homes.

"What Evaristo has, that is probably the lowest number of acres you can have and still make a living," said a neighboring farmer, Tony Pottratz, as he stopped his tractor to chat with Silva.

Pottratz didn't mention it, but he was helping the Silvas put Adriana though college by paying $500 toward her tuition every semester. She would be the first in the family with a college education.

Silva had hoped to ease into retirement; instead, to pay his bills he is driving a tractor for a larger grower. His wife still works the early shift at a fruit packing plant.

As he cut through another neighbor's rows of cherry trees on the walk home, Silva ran into a crew of Mexican field hands clipping branches. The younger men were clumsily performing a task Silva had mastered, and he began to give them unsolicited advice, telling them to trim some stems that had grown too close together.

"This man here with me, he is with la migra. He has some questions for you," Silva said in jest. The workers did not laugh.

Silva started talking about illegal immigration. He told them he supported tightening the borders and limiting opportunities to guest programs that required workers like them to return home.

"You all no longer want to do this kind of work, and I understand, because you can hardly pay your bills," Silva said. "But you can go to work for a factory," while farmers have no choice but to find ways around labor shortages.

"Let the Americans come and do this," a laborer chimed in with a grin before going back to work.

Most of the men kept trimming, but one, clad in a soiled Central Washington University sweatshirt and a baseball cap emblazoned with the letters "Mexico," turned around.

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"If you want us here to work, you should give us a chance to become citizens," said Jesus Estrada, 50, a father of eight children who lives with his family in Yakima year-round. "Coming here to work and then being forced to go home again — that's not opportunity."

"If it keeps up like this, people won't fit here anymore," Silva said of illegal immigration. "Have you seen the graffiti in Yakima? They are having urban problems there, gang problems. It was never like that before."

"You used to see migrant workers from California, even Texas, up here during the harvest," said Estrada, who has been pruning local apple orchards for 20 years. "But now you owners are paying $7 an hour, $8 an hour, and that is just not enough to live."

"When you are a worker, I know, it does not sound like a lot," Silva said, "but if you are a ranchero like me, believe me, it is a lot."

If farmers like him go broke, Silva said, there will be less work for men such as Estrada.

If workers like him cannot earn enough to pay their bills as field hands, Estrada countered, they will not travel to Yakima as illegal immigrants or legal guest workers, and the labor shortages will only get worse.

As a chilly breeze blew, the two men continued arguing for a few minutes, but it was clear that neither was going to change his mind. The farmer went back to his apple orchard, and the field hand resumed trimming the cherry trees.

The GOP's Immigration Shame (LAT)

The Los Angeles Times, June 21, 2006

HOW CAN YOU TELL WHEN a governing party is running out of steam? When it controls all branches of government yet abandons even the pretense of addressing an issue most members claim is a "crisis."

That's what the GOP-led House did Tuesday in announcing that discussions over reconciling its enforcement-centric immigration bill with the Senate's legalization-focused version will be pushed back to September at the earliest, and only after completing more hearings. Instead of naming negotiators and attempting in good faith to bridge the chasm between the bills, House leaders are busy naming locations for "field meetings" that can deliver maximum demagogic effect in the run-up to the November election.

These meetings are nonsense. Congress held more than a dozen hearings on immigration last year before passing HR 4437. That punitive bill filled the streets with millions of protesters angry that it did little to address the nation's need for a legal supply of labor or the estimated 11 million-plus illegal residents of this country, besides turning them into felons.

The Senate version, a flawed piece of work in its own right after too many compromises, at least offered a system (however torturous) by which millions of underground workers could finally come into the open without fear of immediate incarceration or deportation. Most of the last-minute amendments to the Senate bill brought the legislation closer to the version passed by the House. But Republicans there prefer clinging to the dangerous fantasy that a massive, militarized wall must be approved before discussions can even begin over what to do with the millions of indispensable, but vilified, workers already here.

House GOP leaders can barely conceal their preference for divisive politics over sound policy. Speaker J. Dennis Hastert of Illinois has reportedly conveyed to President Bush that hard-line enforcement politics is polling particularly well this season. One Republican congressional aide told the Associated Press: "The discussion is how to put the Democrats in a box without attacking the president." This is what passes for Republican leadership nowadays.

Summer and fall will be gut-check time not just for Bush, who has tried in his vague though periodically eloquent way to make immigration reform his signature domestic accomplishment this year, or for pro-reform GOP senators such as John McCain of Arizona, but for the American people. When the vulnerable party in power chooses to adopt a campaign strategy that demonizes a class of people, how it fares will say much about who we are.

Twelve years ago, Republicans were swept into Congress on a platform bursting with energy and ideas, with many measures enacted within the GOP's first 100 days in power. If inaction and xenophobia are all the party has left, this could be its last 100 days.

The Terrible, Horrible, Urgent National Disaster That Immigration Isn't (NYT)

By Lawrence Downes

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The New York Times, June 21, 2006

Part 1: What's Wrong with "Getting Tough on Immigration"

I. Immigration, Oversimplified

The arguments made by hard-line critics of immigration reform are depressingly simple, which makes them simply depressing.

They boil down to this: the immigration problems we have today, and a vast array of other problems, begin and end with immigrants themselves, the people who have committed the offense of being here illegally — or just being here, period, in undesirable numbers, with undesirable habits and undesirable effects on the health of the nation.

Their presence here is seen as overwhelmingly if not entirely bad, an unpardonable offense for which American citizens are made to suffer.

In this view, the problem is not going to be solved by repairing a complex system of immigration laws and regulations, by tinkering with the economic machinery to find a better fit between labor demand and supply, or by being more diligent about enforcing existing rules about workplaces and hiring. And it certainly won't be solved by being creative or more welcoming and humane toward immigrants in a way that rewards their hard work and desire to participate in the system more fully.

It will be solved by keeping people out, and kicking people out. Do that, the restrictionists insist, and you will help resolve a host of other problems — the invasion of neighborhoods and street corners by Latino men; the upsurge of gangs and drugs; urban congestion and suburban sprawl; human trafficking; the demise of white European culture and values; the strain on jails, hospitals and schools, and the threat to the very stability of the United States.

It's no wonder some people compare immigrant workers to locusts, bacteria or an occupying army. If you could find a 250-year-old American to discuss this, he or she would tell you how familiar this all sounds. Identical arguments were once made about Chinese laborers, Japanese-Americans, Roman Catholics, the Irish, Italians, and the original unloved — though fully documented — outsiders, African-Americans. Let's not even talk about American Indians.

II. The Disturbing Role Played by Fear

Many of those who favor a get-tough approach to immigration do not like having their arguments mocked and their tolerance questioned. They hate being dumped into the loony bin with Colonel Custer, the the Know-Nothings and the the Ku Klux Klan.

That is understandable. But xenophobia is not restricted to a fringe element within the anti-immigration movement. Panicky arguments about the dangers of immigration have been made by supposedly responsible people — including members of the United States House and Senate, and state, county and local officials around the country. United States Representative Tom Tancredo of Colorado may be the best-known xenophobe in Congress. He created an immigration caucus to further his firebrand views. It now has about 100 members and a Web site that is a one-stop shop for fear-stricken anti-immigration arguments.

One member of Mr. Tancredo's caucus is John Culberson of Houston, who issued a "Border Security Alert" last October warning that "Al Qaeda terrorists and Chinese nationals are infiltrating our country virtually anywhere they choose from Brownsville to San Diego." Besides that, he said, "a large number of Islamic individuals have moved into homes in Nuevo Laredo and are being taught Spanish to assimilate with the local culture."

Because of that, Mr. Culberson said, "Full scale war is underway on our southern border, and our entire way of life is at risk if we do not win the battle for Laredo."

The view of America as a nation under siege led the United States House last December to pass an immigration bill, sponsored by James Sensenbrenner of Wisconsin, that sees the problem as entirely an issue of enforcement. It would make it a federal crime to live in the United States illegally, which would turn millions of immigrants into felons, ineligible to win any legal status. It would also make it a crime for churches and social service agencies to shield or offer support to illegal immigrants. The debate in the Senate over immigration reform had its own low moments, including the successful passage of a non-sequitur amendment by Senator James Inhofe of Oklahoma to declare English the country's national language — an undisguised swipe at Latino immigrants and their supposed reluctance to assimilate. A guest-worker program in the Senate bill was sharply scaled back after the Heritage Foundation, a conservative think tank, issued a report warning that if the bill as written passed, the country

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could end up swamped with up to 193 million new legal immigrants within 20 years. That number, greater than the populations of Mexico and Central America combined, was hysterically off the charts. The bill was hastily amended and the estimates revised downward to a still unrealistic 66 million, or 47 million if you count only net new arrivals, not people already here who would be legalized.(The Congressional Budget Office, by contrast, projects 8 million net new migrants over the next 10 years under the Senate bill. The National Foundation for American Policy, counting newcomers and immigrants already here, studied the Senate bill and came up with a figure of 28.48 million over 20 years, or 1.42 million a year. That's a lot, but far less than the anti-immigration number masseurs would have you believe.)

If you dig into the widely discussed arguments connecting immigrants to things like rampant overpopulation or the demise the English language, you will discern the influence of any number of hard-line restrictionist immigration organizations. Scratch those groups, and underneath you will usually find a kook. There are usually not many degrees of separation from ostensibly rational, often-quoted organizations like the Federation for American Immigration Reform, which calls itself a nonprofit, nonpartisan organization dedicated to research and policy study, and people like its co-founder John Tanton. The Southern Poverty Law Center, which tracks hate groups, says that Mr. Tanton, a retired Michigan eye doctor, "is widely recognized as the leading figure in the anti-immigration and 'official English' movements in the United States."

A profile on the law center's Web site says: "In addition to FAIR, where he still is a board member, Tanton has been a central player in an array of anti-immigrant, nationalist groups and institutes, including Pro English, U.S. Inc., Center for Immigration Studies (CIS), U.S. English, and Numbers USA."

Who is this Mr. Tanton? He is someone who has depicted Latino immigrants as a horde of alarmingly procreative Roman Catholics of questionable "educability," and who runs a publishing company, Social Contract Press, that sells titles on immigration topics like "The Camp of the Saints," that have been denounced as racist and vile.

The Anti-Defamation League, in a 2000 report on FAIR, traced its nativist roots and offered what it called "a glimpse into how advocacy can cross the line into a divisive and troubling tendency toward scapegoating of the foreign born." It's worth reading.

FAIR and its allies are is hardly the only hard-core immigration foes out there, and their more unprintable opinions would be rejected passionately by great numbers of people in the enforcement-only immigration camp. But their influence is still significant: their arguments mirror the immigration talking points of many leading conservatives. And it shows just how much of the current panic has its source not in people's gray matter, but in their viscera.

III. An Array of Too-Costly Solutions

The restrictionists have a variety of clear-cut solutions. But the reassurance they offer those who worry about immigration is a false one, for a simple reason: their price tags are simply too costly for them to be seriously considered. Anyone who seriously proposes them is engaging in little more than demagoguery.

Take the restrictionists' favorite solution: deporting 'em all. It is a straw man in the debate, because only the most rabid talk-show callers would be willing to pay that price — $200 billion or more, at least double the Department of Homeland Security budget. And that cost does not even count the psychic toll it would take on our nation to rip immigrants out of homes and workplaces and schools and eject them. As unlikely as we would be to pay this cost once, it is even less likely we would be willing to pay it again and again, as we would no doubt have to as new immigrants arrived to replace the ones who were sent home.

Then there is the hard-liners' other favorite solution — fortifying the border, which any restrictionist will tell you is the most urgent priority of immigration reform. Billions have already been lavished at the southern border — California, Arizona, New Mexico and Texas — in walls, patrols and technology. Since 1986, the border patrol budget has been raised 10 times, and the number of border patrol agents has gone up eightfold. The House of Representatives, in its disturbingly get-tough immigration bill, wants to erect a 700-mile wall, which will fatten a few powerful contractors' bottom lines by untold millions, and President Bush has already sent in the National Guard.

These price tags will only seem higher when measured against results.

We have already spent a lot on enforcement, and have precious little to show for it. A Wall Street Journal editorial[$] titled "The Border Brigades" noted that "U.S. immigration policy at least since the passage of the Simpson-Mazzoli law in 1986 and certainly since the 1990's has emphasized 'security' above all else." But this has not slowed illegal immigration in the least. The

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Pew Hispanic Center reports that the population of illegal immigrants has shown "steady growth" in recent years, which is putting it mildly. In 1986, the last time the country was consumed with a debate about immigration reform, the illegal population was estimated at 3 million. Today it's 11 million to 12 million.

Those who are wedded to the iron-fisted approach oppose any immigration reform that would ease pressure at the border by including a temporary-worker program or granting visas to legalize people already here and their relatives waiting to enter. They will not admit, or do not understand, that they are simply insisting on throwing good money after bad.

IV. Local Fear and Loathing

America's approach to immigration has to be worthy of a nation built on immigration, and dedicated to the ideal of equality. Unfortunately, the measures that are being implemented at the local level — where most of the action is occurring — look a whole lot like bullying and bigotry.

Cities and counties in California, Arizona, New York and elsewhere have enacted ordinances cracking down on day laborers, the most visible and vilified members of the immigrant population. That does not mean that illegal immigrants are not being hired. It simply means the government is making their harsh lives harsher. Day laborers have been subject to police harassment and illegal evictions. And that does not include the freelance hostility and abuse directed at them by abusive contractors, regular citizens, protesters and vigilante groups like the Minuteman Civil Defense Corps.

Other places are focusing on ripping immigrants out of the social fabric — passing rules that bar them from being helped by the society they are contributing to. In April, Gov. Sonny Perdue of Georgia

signed one of the harshest anti-immigration laws in the country, a package of restrictions that, among other things, requires adults seeking state benefits to prove they are here legally, and state agencies to check every employee's immigration status. Never mind that much of Georgia's economic vitality stems from the immigrants operating its textile mills, picking its peaches, preparing its meals and building and tidying its expansive suburbs.

Some of these outbursts are merely silly. In Danbury, Conn., the mayor has cracked down on volleyball, a favorite pastime of Ecuadoran immigrants. Nashville tried to ban taco trucks but not, tellingly, hot dog stands. Silly, but mean-spirited.

V. Sending In the Police

Others local measures are more serious. The most wrongheaded of the local crackdown impulses may be the one to enlist state and local police to enforce immigration laws. Law-enforcement officials themselves hate it. City councils and police departments around the country are resisting efforts to make them shoulder what is and should remain a federal responsibility.

For example, Minneapolis and St. Paul's mayors and police chiefs have spoken out against a proposal by the Minnesota governor to enlist local police officers in immigration enforcement — and they are speaking for many other mayors and police chiefs who feel the same way. Chief John Harrington of the St. Paul Police Department told the St. Paul Pioneer Press that local cops were already buried in other work — like fighting violent crime — that was more urgent than checking people's immigration papers.

"The City of St. Paul doesn't have enough cops to handle the load of things we already have on the books, the basic city ordinances and statutes and those egregious federal crimes — drug trafficking, kidnapping, bank robbery — that we have now," Chief Harrington said. Checking up on immigrants, he insisted, would take his officers away from tracking down serious criminals, including sex offenders. He also argued that the cost of sending 550 officers for the six months of training that Immigrations and Customs Enforcement officials recommend could better be used fighting crime at home.

There is another way cracking down on immigrants hurts, rather than helps, in the fight against crime. As Chief Harrington and many others have pointed out, local police officers — unlike their federal counterparts — need the help of the community to do their jobs. Illegal immigrants are already a hidden population. Turning local cops against them will drive them further into the shadows. This will hinder investigations — witnesses will vanish, and criminals, uncaught and unpunished, will flourish.

Part 2: The Harder but Better Way

I. A 796-Page Attempt to Do Better

If the hard-liners trying to kill comprehensive immigration reform are a disciplined chorus singing one note, pure and bell-clear, the other side is more like a crowd struggling to pull together the "Messiah" in a stadium sing-along. They are an alliance of the dirt-poor and powerful, of plainspoken Republicans like Senators John McCain and Lindsey Graham and a lion-in-winter

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liberal, Edward Kennedy. They include business interests, some labor unions, editorial pages like this one and editorial pages not at all like this one. A diffident President Bush has been trying to fit in somewhere.

What unites these motley allies and distinguishes them from the hard-liners is their understanding that bountiful immigration is a blessing — a mixed blessing, but a blessing all the same. Their efforts to solve the problem lack clarity. They grapple with contradictions. Their approach, embodied in a 796-page brick of a Senate immigration bill, is at once punitive and forgiving. It throws money at the border but also includes a path to citizenship for many, though not all, of the illegal immigrants already here. It paves the way for millions more whose hopes of entering the country have been stymied, sometimes for decades, by bureaucratic backlogs.

Critics of the bill have called it unworkable and incomprehensible. They have a point. But flawed as it is, the Senate bill is the only one that acknowledges and seeks to enhance the contributions that immigrants make to this country's economy and culture. It's the only one that tries to enlist immigrants present and future, illegal and otherwise, in the job of making this country better. And therefore it is the only one with any hope of making the excruciatingly difficult and complicated cost-benefit equation of immigration end up in the black.

II. How Badly We Need Them

As a conduit for workers into this country, the existing immigration system is greatly out of balance with demand. The legal path for an unskilled worker to enter the United States is through one of about 5,000 visas issued for such workers each year, which means it is no path at all. The United States economy has adjusted, of course, by hiring temporary workers and illegal workers by the millions. The invisible hand doesn't ask for ID for the roughly 500,000 people who enter illegally each year.

Immigrants — legal and illegal — fill a vital niche in the American economy. They make up 12 percent of the United States population but 14 percent of its workers, according to the Congressional Budget Office. From 1994 to 2004, the agency said in a report last December, the number of foreign-born workers grew to 21 million from 13 million, a rise that accounted for more than half of the growth of the U.S. labor force. According to the American Immigration Lawyers Association, immigrants hold 40 percent of farming, fishing and forestry jobs in the United States, 33 percent of jobs in building and grounds maintenance, 22 percent of food preparation jobs and 22 percent of construction jobs. Tearing the approximately one third of those workers who are illegal away from their livelihoods and families would be ruinous to the economy, particularly the agricultural and tourism industries in states like California.

Throw away the arguments that immigrants are tax leeches. On the contrary. They pay more in taxes than they consume in services. They all pay sales taxes. Illegal immigrants who use fake Social Security numbers to get hired pay income and payroll taxes — but don't collect Social Security and are ineligible for Medicaid. The amount of unclaimed Social Security tax has more than doubled since the 1980's, to roughly $189 billion. Because immigrants tend to be younger and healthier than native born workers, they use government services more sparingly. A comprehensive study of immigration and its economic effects — "The New Americans: Economic, Demographic, and Fiscal Effects of Immigration," by James Smith and Barry Edmonston for the National Research Council in 1997 — summed up its conclusions this way: Because immigrants on average have less education than the native-born, they earn less and pay lower taxes. But immigrants also consume far fewer services. As a result: the average immigrant pays nearly $1,800 more in taxes than he or she costs in benefits, even when you factor in the cost of public education for his or her children.

The report emphasizes that the proper way to understand these expenditures is as an investment in America's future. In a country that absorbs about one million newcomers per year, each yearly cohort of immigrants pays $80 billion more in taxes over the course of a lifetime than it consumes in services. In other words, there is no economic crisis being caused by immigration — but there could be one if it came to a halt.

An open letter to President Bush and Congress made the rounds of the Internet last week. Signed by more than 500 economists in varied fields, including five Nobel Prize winners, it argues that immigration is a net economic gain for America and its citizens and "the greatest anti-poverty program ever devised."

III. Acknowledging the Costs

It would be wrong to argue that tighter enforcement has no place in sensible immigration reform, or that immigration does not bring with it an array of problems. There are all sorts of things that supporters of immigrants should — and do — own up to. It

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is not only good-hearted immigrant workers with sore feet, blisters and hungry families, for example, who pour across America's borders. Drugs, counterfeit goods and weapons do, too. No terrorists have been known to have entered from Mexico, but it could happen. If there were a realistic way of sealing the borders against all drug dealers, felons, and terrorists, we would certainly want to consider it. But there is not. Law enforcement should focus vigilantly on all of these, but the border is not where those battles will be won.

There is one conundrum of illegal immigration that is very real: the cost it imposes on people who would compete for jobs with undocumented low-skilled immigrants. It stands to reason — how could a job market absorb so many new people and not see wages fall? An often-cited study by two Harvard economists, George J. Borjas and Lawrence F. Katz, found that from 1980 to 2000, a wave of illegal immigration from Mexico had reduced the wages of high school dropouts in the United States by 8.2 percent.

But that study gave only a partial picture. It failed to account for the economic growth that immigrants cause — the many jobs that cheap immigrant labor creates, and the gaping demographic niche it fills. As Eduardo Porter pointed out in The Times in April, "Over the last quarter-century, the number of people without any college education, including high school dropouts, has fallen sharply. This has reduced the pool of workers who are most vulnerable to competition from illegal immigrants."

This is no consolation to the janitor in Los Angeles who has seen his job disappear, or the by-the-book contractor who can't compete with the fly-by-night operation that hires — and underpays and exploits — illegal day laborers by the truckload. Any serious attempt at immigration reform has to grapple with the fact that many Americans — young black men, among others — who have been overlooked and shunned in the job market for generations will likely continue to be overlooked. That is especially true as the economy hums along through the energy of immigrants, many of them illegal. If immigration decreases costs and increases the national prosperity, we need to find a way to make sure that those gains are shared with those on the low rungs of the economic ladder.

IV. Anger on the Ground

Farmingville, a working-class community on Long Island that has been utterly transformed by Latino immigration, is a prime example of the challenges that burgeoning immigration poses and the resentment it inspires. Longtime residents became acutely aware of the presence of dozens of Latino men on street corners and piling up in illegally subdivided rooming houses. This was a clear example of globalization at the local level, and to many in Farmingville the costs were obvious and unacceptable. Young men crowding the 7-Eleven parking lot, intimidating women and girls with sexually aggressive catcalls. Men urinating in the street, loitering and generally creating a nuisance of themselves. You couldn't talk to these people, and you couldn't make them go away.

They were the visible manifestation of broken borders, and some aggrieved people took it on themselves to solve the problem. They beat up workers and firebombed their homes. They held signs and marched. They harassed and heckled day laborers, they wrote letters and had meetings.

The Farmingville conflict is being repeated, in different forms, in communities across the United States. But the anti-immigrant activists in Farmingville accomplished nothing, unless you consider waging a successful battle against the creation of a day-labor hiring site a success. Five years after the furor erupted and became the subject of a well-regarded documentary, Farmingville has as many day laborers as ever. It doesn't have a hiring site.

V. The Cost Abroad

There are many books that document the hardship for Latinos migrating to El Norte. The book "Coyotes" by Ted Conover, a white journalist with a fondness for living his stories, is a good one. In villages where most of the young men go abroad, the result is a a reliable stream of remittances to their hometowns — $25.5 billion in 2003, according to the Congressional Budget Office — which is a vital source of revenue for poor countries.

But it also means that communities, particularly small ones in the south of Mexico and Central America, lose their brightest, best and strongest men and women for months or years at a time. The energy that could be expended in making a community grow or a local business prosper is spent in another country, and while cash is welcome, it is often a poor substitute for having children and spouses at home, as the toll in broken families attests.

VI. Uncertain Possibilities

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The current immigration "system," if you can call it that, is broken. It's rich in perversities. So is the effort to fix it.

The House bill is simply noxious. The Senate alternative has some serious flaws. It attempts to divide the population of illegal immigrants into three groups, being relatively gentle on some immigrants and tough on others, depending on how many years they have been here. Millions of newer arrivals will have to volunteer to leave the country — to report to be deported. It's hard to imagine that a significant majority of them will ever do so. But in any case, it seems highly unlikely the full Congress could, in the current climate, pass anything as good as the Senate bill.

A significant number of pro-immigrant groups have already concluded that doing nothing — passing no immigration bill this year — would be better than passing some awkward hybrid of the existing Senate and House bills.

They may be right. With elections looming in November, the get-tough argument may have the upper hand. It is an approach supported by a majority of the House, backed up by thousands of constituents who have been making phone calls and mailing bricks (yes, actual bricks) to their elected representatives to drive the point home. But it's foolish to think that walling off America and reforming immigration through enforcement alone is anything but self-defeating.

It's not only because the costs of security are so high, or because the contributions that legal and illegal immigrants make to this country are so positive. Those who have been working as hard as the hard-liners have been to close this country off to people who came here to seek work and a future have a radically astringent vision of what this country should be. To militarize the border, to turn illegal immigrants into felons, means trying to reverse the polarity on the American magnet, to repel the people who have struggled, dreamed and died to get here.

It means turning this singular country into just another industrial power with a declining birthrate and a self-defeating antagonism to the foreign born. It means defining down what America stands for, no matter what the cost to the American economy, its traditions and values and moral standing.

It's dangerous. It's not rational. But the argument on the restrictionist side isn't about being rational. It's about being afraid.

TAX:

Guilty Plea In Denver Tax Fraud Scheme (DENVERBIZ)

Denver Business Journal, June 21, 2006

A Wyoming businessman has pleaded guilty for his part in a tax fraud scheme that began in Denver.

Russell J. Brown pleaded guilty in federal court in Seattle to aiding and assisting in the filing of a false tax return for Paul Bekins, the former president and majority owner of a Seattle moving company.

Brown and Bekins were both members of Tower Executive Resources, a Denver-based organization that helped its members evade paying federal income taxes, according to the U.S. Department of Justice. The organization helped its members set up offshore bank accounts and corporations to hide income from the Internal Revenue Service.

Taxpayers paid as much as $50,000 to join Tower, the justice department alleged.

Bekins previously entered a guilty plea. He was sentenced last year to six months of house arrest, followed by 18 months of supervised release and 300 hours of community service. The Justice Department said Bekins listed his "other income" in 1999 as $77,515 when it was actually $2.6 million.

The government said Brown helped Bekins avoid paying $1.3 million in federal income taxes.

Brown will be sentenced later this year.

Two promoters of Tower, Paul D. Harris of Elizabeth, and Lester R. Retherford of Cañon City, were convicted after a six-week trial on charges of conspiring to defraud the United States. Harris was sentenced to five and a half years in prison, followed by three years of supervised release. Retherford was sentenced to four years in prison followed by three years of supervised release.

Businessman Charged With $20 Million Tax Fraud (AP)

AP, June 21, 2006

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LOS ANGELES - A businessman who has donated hundreds of thousands of dollars to local colleges and nonprofits is accused of defrauding the government of more than $20 million in taxes.

Gene Haas, the 54-year-old owner of Oxnard-based Haas Automation, was arrested Monday for investigation of conspiracy, filing false tax returns and witness intimidation.

Charges filed by the U.S. Attorney's Office accuse him of orchestrating a plan to list $50 million in bogus expenses that could be written off as business costs and save the company $20 million in taxes. Haas, of Camarillo, was being held without bail.

Haas Automation, which makes computerized machine tools, said in a statement that Haas was not guilty and that the tax issues "revolve around" the company's former financial officer, John Phillips.

Last month, Haas Automation by default won a Ventura County Superior Court lawsuit accusing Phillips of cheating the company out of $27.5 million.

The transactions described in the lawsuit are among those listed in the federal indictment, said Peter Zierhut, a Haas Automation spokesman.

Phillips, who is an unindicted coconspirator, went to the FBI. in April 2001 claiming Haas had ordered him to cheat the government out of more than $8.9 million in taxes, the Justice Department said.

The owner of Supermill Inc., a nonexistent Nevada company that allegedly issued fake bills to Haas Automation, agreed to plead guilty to two tax evasion charges, the Justice Department said.

Haas Automation's former general manager, Denis Dupuis, and a former salesman, Robert Cable, also were indicted in connection with the purported scheme.

The company, formed in 1983, employs 1,000 people and had revenues of more than $500 million last year, said Robert Murray, the firm's general manager.

The New York Times described the firm as the nation's largest computerized machine tool maker.

House GOP Settles For Less Than Full Repeal Of Estate Tax (WP)

By Jonathan Weisman

The Washington Post, June 21, 2006

Republican leaders announced yesterday that the House will vote this week on estate tax legislation that falls short of full repeal, conceding defeat on a philosophical issue that has been central to the GOP economic plank for more than a decade.

The bill, introduced by House Ways and Means Committee Chairman Bill Thomas (Calif.), marks a major turnaround for congressional Republicans, who for years have made "Death to the death tax" a political battle cry.

Ending the estate tax has also been a priority for President Bush, who in 2001 won passage of legislation that gradually raises the exemption and lowers the tax rate on inheritances until the tax is eliminated in 2010. But when that legislation expires in 2011, the estate tax is scheduled to return to the level it stood at before Bush was elected.

The Senate has blocked any effort to fully repeal the estate tax. Under the House's compromise, which probably will come to a vote tomorrow, estates worth as much as $5 million -- $10 million for couples -- would be exempt from taxation indefinitely.

The tax rate on estates worth more than the exemption level up to $25 million would be set at the same tax rates that apply to capital gains -- now 15 percent but scheduled to rise to 20 percent in 2011. The rate for estates worth more than $25 million would be twice the capital gains rate. The bipartisan Joint Committee on Taxation estimated the estate tax cut would cost the government $279 billion over 10 years.

To lure Democratic senators from Washington state and Arkansas, Thomas included a lucrative tax break for the timber industry, pushing the total cost of the bill to nearly $280 billion.

Senior House Republicans conceded that a long-sought permanent repeal of the estate tax is now out of reach. And with the possibility that Republicans will lose Senate seats in the midterm elections in November, GOP tax writers decided to grab the most lucrative deal possible in case Republican power begins to ebb.

"The sales message is very simple," Thomas said. "Do you want to make a statement, or do you want to make law?"

House Speaker J. Dennis Hastert (R-Ill.) conceded, "We need to do what is reality, what you can get done with the Senate."

Senators set the scramble for compromise in motion earlier this month when they fell three votes short of cutting off debate on legislation to permanently repeal the estate tax. That convinced the groups that have lobbied the issue for decades -- small-business groups, agriculture associations and extremely affluent families -- that the time had come to settle.

Senate Majority Leader Bill Frist (R-Tenn.) took the unusual step last week of asking Thomas to intervene, hoping House passage of a generous compromise would create the momentum needed to attract 60 votes in the Senate required to cut off debate. Frist has promised a vote on a compromise next week.

But passage is anything but certain. Republicans probably have the votes in the House, but Democrats will use the debate this week to highlight what they see as a flagrant GOP tilt to the rich.

House Democrats plan to offer a minimum-wage increase -- the first since 1997 -- as the alternative to the estate tax bill.

The search for a compromise has pitted affluent small-business owners against the truly rich -- families with estates valued at tens of millions of dollars.

Thomas came down in favor of the business owners. His legislation would ensure that married couples could leave their children estates worth $10 million, untaxed. But the most wealthy families could face estate taxes as high as 40 percent. And to trim the cost of the package, Thomas repealed a provision in the tax code that allows families with large inheritances to deduct the cost of state-levied death taxes from the federal estate tax.

To the powerful families that have bankrolled the estate tax repeal movement, Thomas's compromise may be too much to swallow, suggested Frank A. Blethen, publisher of the family-owned Seattle Times newspaper and a longtime advocate of repealing the estate tax.

"If this bill is what it looks like, a 40 percent tax on larger businesses, that's not much of a deal," Blethen said. "It is a huge disappointment."

Knowing how tight the vote would be, Thomas included a narrowly tailored measure, sought by Washington state's two Democratic senators, to offer strapped timber companies a two-year tax break worth $940 million.

Spokesmen for the senators, Maria Cantwell and Patty Murray, said the legislation is still being studied.

Timber Becomes Tool In Effort To Cut Estate Tax (NYT)

By Edmund L. Andrews

The New York Times, June 21, 2006

WASHINGTON, June 20 — In a new attempt to permanently reduce the estate tax on inherited wealth, House Republican leaders moved on Tuesday to win over crucial Democrats with a tax sweetener for timber companies.

Admitting that Congress would not be able to abolish the estate tax this year, House leaders unveiled a compromise that would stop just short of full repeal and would give the Senate another chance to take up the issue.

The latest proposal would eliminate the tax for all estates worth less than $5 million — up to $10 million for couples. That would cover more than 99.5 percent of estates, according to Congressional estimates. In addition, the compromise would reduce the tax rates on the few estates that would still be subject to a tax.

"We need to do what is reality, what you can get done with the Senate," said Representative J. Dennis Hastert of Illinois, the House speaker. "We just want to bring death to the death tax."

The Republican-controlled House has already passed a bill that would permanently abolish the estate tax, which under current law is set to phase out gradually by 2010 and then return in full force in 2011. But in a crucial procedural vote on June 8, Senate Republicans came up 3 votes short of the 60 needed to limit debate and prevent a filibuster by Democrats. That vote forced Republicans to consider a compromise.

The House proposal is aimed at giving Senate Republican leaders another chance of passing legislation. Last week, Senator Bill Frist of Tennessee, the majority leader, acknowledged that he could not pass a full repeal bill and would wait until the House voted on a new proposal before trying again in the Senate.

The House bill is similar to a compromise that Senate Republicans circulated two weeks ago, without success. But it includes a tax cut that would save timber companies about $900 million over the next three years, a new twist that could win as many as four more Democratic votes in the Senate.

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The provision would reduce the corporate capital gains tax, which is assessed on sales of timber, to about 14 percent from 35 percent. Two of the timber industry's strongest advocates are the Democratic senators from Washington — Patty Murray and Maria Cantwell — who both voted with other Democrats against blocking a filibuster on the estate tax.

The Weyerhaeuser Corporation, the giant paper and forest products company, is based in Federal Way, Wash., and the state is a major timber-producing area.

Other Democratic Senators — Mark Pryor and Blanche Lincoln of Arkansas and Mary L. Landrieu of Louisiana — were co-sponsors of a similar timber tax cut last year.

Ms. Lincoln voted with the Republicans to limit debate earlier this month, but Mr. Pryor and Ms. Landrieu refused to cross party lines.

"We are a railroad car attached to the main engine," said W. Henson Moore, president of the American Forest and Paper Association, which has been lobbying for the tax cut for more than a year.

Mr. Moore, a former congressman from Louisiana, said timber companies paid a capital gains tax of 35 percent on their profit from timber — a rate, he said, that is higher than rivals in other countries pay.

"It's extremely important to us," he said. "If something is not done, it could mean that a number of our companies divest their timberlands."

The Joint Committee on Taxation estimated that the new House proposal for reducing the estate tax would lower tax revenue by $280 million in the first five years after it became effective in 2011. Under current law, the estate tax is set to phase out gradually by 2010, but return in full force in 2011.

Though billed as a compromise, the measure would cost about three-quarters as much as full repeal of the estate tax. The timber provision in the measure is set to expire at the end of 2008, but industry executives fully intend it to be renewed regularly.

House Republicans vowed to pass the new bill before the end of this week. Mr. Frist said he wanted to pass a bill before lawmakers headed home for the Fourth of July recess.

But James Manley, a spokesman for Senator Harry Reid of Nevada, the Senate Democratic leader, said most Democrats would oppose the new compromise as vehemently as the previous proposals.

"If there's a bill that is fiscally responsible and fair to the middle class, then we're for it," Mr. Manley said. "But this bill would cost well over $700 billion in the first 10 years after it takes effect and it would only benefit the wealthiest individuals and households."

IRS Collects Only 11% Of Fines On Tax Preparers (USAT)

By Kevin McCoy

USA Today, June 21, 2006

The IRS has collected little more than 10 cents of every dollar in fines it assessed since 2003 on tax preparers who made unsupported claims or egregious mistakes on clients' tax returns, its data show.

During the last three fiscal years, the IRS fined 528 tax preparers roughly $4.7 million for taking unsubstantiated deductions, cashing clients' tax refunds or other violations of tax laws.

But a USA TODAY review found the agency has so far collected about $518,000 of the penalties, or 11%. Roughly half the penalized preparers have paid nothing, while half have paid some or all their fines, according to the IRS.

The penalties largely represent cases the IRS handled administratively without court action.

Evidence of the low dollar collection rate — down slightly from the percentage found by a government review of prior years — surfaces amid concern that tax preparer mistakes, negligence and fraud may be rising as paid preparers complete more than 60% of individual tax returns.

Tax experts say the low rate, and tax law confidentiality restrictions that prevent the IRS from publicly identifying many penalized preparers, undercut the agency's efforts to crack down on problem preparers who cost the government millions of dollars in revenue. They also highlight limited IRS oversight.

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"There's no deterrent effect if there's a one-in-10 chance of collecting a penalty," said National Taxpayer Advocate Nina Olson, whose IRS office critiques the agency and helps taxpayers resolve problems. "You can build that into your business model as a cost of doing business."

Congress is weighing legislation that could strengthen IRS oversight of tax preparers, in part by authorizing higher penalties. Sen. Jeff Bingaman, D-N.M., the lead sponsor of the Senate bill, said "the opportunity for mistakes and abuse increases" as more Americans turn to preparers.

While defending his agency's efforts to stop problem tax preparers, Kevin Brown, commissioner of the IRS Small Business/Self-Employed Division, said, "I suspect we can do more with this, and do it better."

"We have to be more rigorous to make sure we impose and collect fines, where appropriate," he said.

IRS officials say they believe most of the nation's hundreds of thousands of tax preparers are honest and competent. However, a test by the Government Accountability Office, the investigative arm of Congress, found that five of 19 tax preparer offices checked in March by undercover agents produced federal tax returns with nearly $2,000 in unwarranted refunds. In two cases, the offices prepared returns that would have cost a taxpayer client a legitimate $1,500 refund.

Although the GAO cautioned that the results from the limited sampling could not be used to draw general conclusions about the retail tax preparation community, Brown said the findings "gave us pause."

Olson said she doesn't suspect a significant increase in fraud or negligence by preparers. However, she said increasing use of tax software means "that literally anyone can get into the tax preparation business" without learning "anything about tax law," posing a danger to taxpayer clients.

An estimated 600,000 so-called unenrolled tax preparers, who are largely unregulated and have no training requirements, worked in the USA as of 2003, according to an estimate by Olson's office. By law, the IRS has authority to penalize tax preparers who overstate legitimate tax deductions, fail to give clients a copy of their return, fail to sign the return, engage in reckless conduct or commit other tax law offenses. Penalties range from $50 to $1,000 per return, Brown said, depending on the severity of the offense.

The IRS says it is paying more attention to problem preparers, doubling the number of open cases during the last year. The emphasis came after the IRS told federal investigators in 2003 that other problems, such as targeting abusive tax schemes, were a higher priority.

Brown said in a recent interview that the fines in any given investigation may be low because the IRS generally reviews a small sampling of the tax returns produced by a preparer — enough to substantiate a case and enjoin the preparer from additional violations — then moves on to new investigations.

Even in cases when the IRS plans to impose and collect fines, the proposed penalties may be reduced based on evidence submitted by the tax preparer during an appeal process, or through litigation. The IRS may also write off the penalty as uncollectible if the preparer files for bankruptcy or is financially insolvent.

Alvin Brown, a former IRS attorney now in a private tax law practice, said at least some of the penalized preparers are "little guys in hand-to-mouth businesses" who cannot pay large fines without hardship.

A 2003 GAO report argued that "in assessing but not collecting these penalties, IRS may be sending preparers a mixed message about whether poor performance by preparers will be tolerated."

That report showed that the agency assessed approximately $2.4 million in penalties against tax preparers in 2001 and 2002, and collected roughly $291,000, or 12%. USA TODAY's review found that the overall dollar collection rate dipped lower during the ensuing three years, though it increased in 2004.

The percentage of preparers who paid at least some of the penalties rose from 44% for 2001-2002 to 50% for the next three years, the IRS said.

Kevin Brown said the dollar collection rates could rise as pending cases are closed and added to the statistics. Brown also said he plans to improve tracking of fines against tax preparers.

The IRS should take stronger action if it wants to show "they are protecting taxpayers," Olson said. She called on the agency to support proposals in which she and other tax experts have advocated universal registration of tax preparers, mandatory competency tests and a continuing education requirement on tax laws.

"This is an issue where it just makes sense to protect taxpayers at the front end" with stricter government regulation "and have appropriate penalties and collections on the back end," Olson said.

Current tax laws make it difficult for a taxpayer to find out whether a preparer has been penalized by the IRS. The same privacy shield that covers IRS interactions with taxpayers applies to tax preparers, unless IRS investigations escalate into civil or criminal court action. Citing the confidentiality restriction, the IRS declined to release any details of the cases that underlie the 2003-2005 fines.

Cono Namorato, a former head of the IRS Office of Professional Responsibility, said agency officials were often frustrated by confidentiality provisions of the tax code. "The fact that somebody was sanctioned, and we couldn't make that public, was a problem," he said.

The Senate measure would not lift the confidentiality restriction, though Bingaman said he would favor some form of public disclosure to protect taxpayers. The bill would mandate registration and competency testing for preparers, and would raise penalties for violations to as high as $5,000 per return.

Bingaman said he's hopeful that the proposed legislation, which has drawn bipartisan support from Senate Finance Committee Chairman Charles Grassley, R-Iowa, and other Republicans, will win Senate approval this year. But the outlook in the House is less certain, he acknowledged.

Government licensing "has the potential to raise the (competency) bar. That's a good thing," Paul Cinquemani, director of government relations for the National Association of Tax Professionals, said of the Senate measure.

Still, he cautioned that licensing would not deter unscrupulous tax preparers.

"If the IRS enforced things better, it would have a chilling effect on some of the screwing around that's going on out there," Cinquemani said.

IRS Plans To Use Private Firms To Pursue Taxpayers This Year (WSJ)

By Tom Herman

The Wall Street Journal, June 21, 2006

Tax deadbeats who owe money to the Internal Revenue Service could be hearing from private debt-collection firms as soon as September.

IRS officials say they're resuming work on controversial plans to hire private firms to help collect large sums of unpaid taxes. The IRS said this week it received the green light to proceed with the project's first phase -- in which three firms will begin pursuing about 40,000 people -- when the Government Accountability Office, a congressional investigative agency, rejected challenges by companies not awarded IRS contracts.

But the program still faces heavy fire in Congress, and its long-term fate remains unclear. The House voted recently to block funding for the program in fiscal 2007, which starts on Oct. 1 of this year. The Senate hasn't yet acted.

Critics fear private debt-collection firms will trample on taxpayer rights and resort to questionable methods to collect unpaid taxes. They also say hiring collectors and paying them a percentage of what they collect will be far more expensive than relying on regular IRS workers. The House vote means "We are one giant step closer to saving hundreds of millions of dollars and safeguarding taxpayers' personal financial information from the grips of private, for-profit collection agencies," says Rep. Steve Rothman, a New Jersey Democrat who led the charge to strip the plan's funding.

IRS officials have promised to protect taxpayer rights. They say private collectors won't be allowed to threaten or intimidate. "Using private collection agencies would bring in extra money and help reduce the deficit," IRS Commissioner Mark W. Everson said recently.

While tax collecting may sound like strictly a governmental function, many states have hired private firms over the years to help them collect tax debts, according to the GAO. In the mid-1990s, the IRS itself tried a small-scale pilot program involving private firms. But it dropped the program, partly because collections weren't as high as hoped. Then two years ago, amid growing concern about big budget deficits, Congress authorized the IRS to hire private firms.

A group representing debt collectors says fears about the program are misplaced. The IRS "is committed to hiring collection professionals who comply with a strict code of ethics and adhere to" safeguards in the law, says Rozanne Andersen,

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general counsel of ACA International, an association based in Edina, Minn., that represents the credit and collection industry. Taxpayers "are treated most fairly when nontaxpayers are encouraged to pay their fair share."

In this first phase of the project, the IRS is hiring three firms to begin pursuing about 40,000 people, each of whom owe the government $25,000 or less, says Nancy Mathis, an IRS spokeswoman. In each case, the person doesn't dispute owing the money, Ms. Mathis says.

The IRS plans eventually to hire as many as 10 firms by 2008, when the program will be fully operational, Ms. Mathis says. Over the course of 10 years, the IRS expects the private firms to help it collect an additional $1.4 billion in unpaid taxes.

Among the most vocal critics of the plan is the National Treasury Employees Union, which represents about 150,000 federal workers. * * *

BRIEFS: Estate- and gift-tax revenues surged to $19.14 billion during the eight months through May from $16.55 billion in the same period a year earlier, the Treasury Department says. ... IRS Commissioner Everson says he is "disappointed" by the overall IRS funding level set recently by the House. He says the bill falls $104.5 million short of the administration's proposed budget and that if it becomes law, would result in personnel reductions.

CONGRESS-ADMINISTRATION:

House Approves A Pentagon Budget (WSJ)

By David Rogers

The Wall Street Journal, June 21, 2006

WASHINGTON -- The House approved a $427.6 billion Pentagon budget after narrowly rejecting a bipartisan effort to curb funding for the National Security Agency's warrantless surveillance program within the U.S.

The amendment, which failed 219-207, touched off the fullest House debate on the secret surveillance since the existence of the program was revealed last fall.

Twenty-three Republicans, including House Government Reform Committee Chairman Tom Davis (R., Va.) broke ranks in support of the proposal, which directly challenged President Bush by proposing to bar funding for any electronic surveillance inside the U.S. that fails to comply with the court review required under the Foreign Intelligence Surveillance Act.

To quell concerns in Congress, the White House has allowed more lawmakers to be briefed on the details of the surveillance, which the administration says is an effective tool in tracking calls between the U.S. and terrorist suspects overseas.

Rep. John Murtha (D., Pa.), a top Democrat on military and intelligence issues, said he now felt "comfortable there are adequate safeguards" and House Intelligence Committee Chairman Peter Hoekstra (R., Mich.) pledged that he would hold a hearing this summer on a new legal framework for the program.

But the length and emotion of the House debate testified to the continued concern in Congress that the White House has been unilaterally circumventing the need to seek warrants under FISA. "I'm not satisfied with an argument that says, 'Trust us, we're from the government,'" said Rep. Adam Schiff (D., Calif.), a lead sponsor. And Rep. Jeff Flake (R., Ariz.) said "the acid test for Republicans on this has to be, would we be comfortable if a Democrat were in the White House using this authority. And I have to say I wouldn't be."

"What isn't allowed?" Mr. Flake asked, referencing administration testimony before the House Judiciary Committee. "If you're not going to use FISA, why not just run amok?"

The underlying defense bill, approved 407-19 last night, includes another $50 billion in emergency funds for military operations in Iraq, and passage comes even as the Senate will begin debate this afternoon on whether Congress should set some timetable to begin to pull American forces out of the country.

No one so far has attempted to actually limit funds, as the NSA amendment in the House proposed. But Democrats are pressing for some statement of policy that the administration should begin "a phased redeployment of U.S. forces."

Meanwhile, among domestic issues, Republicans are trying to shore up their fiscal credentials by moving new legislation to set up procedures at least to try to curb spending.

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The House will vote this week on a measure giving the White House greater power to single out appropriations items to be cut. Senate Budget Committee Chairman Judd Gregg (R., N.H.) won his panel's approval for a more ambitious agenda that envisions across-the-board cuts even in benefit programs such as Medicare and Medicaid if deficit targets aren't met.

Mr. Gregg's efforts could complicate matters for the administration, which would prefer the narrower focus of the House bill. In meeting with reporters, Mr. Gregg agreed the enhanced power sought by the White House would be a "useful tool for the administration to have," but he saw it as "moving deck chairs around," given the larger problem facing the budget from benefit programs.

Among Democrats, the most immediate domestic priority is the party's drive to force action in Congress before the November election on an increase in the federal minimum wage. Sen. Edward Kennedy (D., Mass.) hopes to show at least 50 votes today for a proposed $2.10-an-hour increase spread over three years. And despite continued resistance from their leadership, House Republicans say that the House will also have to vote on the issue before the election.

Flake Strikes At Earmark Of Hastert's (HILL)

By Jonathan Allen

The Hill, June 21, 2006

Rep. Jeff Flake (R-Ariz.) escalated his anti-earmark crusade yesterday by attempting to strip a request by Speaker Dennis Hastert (R-Ill.) out of a defense appropriations bill.

Flake offered an amendment designed to kill a $2.5 million provision intended for a technology organization created by one of Hastert's former aides. The amendment, one of about 10 he offered, was expected to fail miserably as of press time.

The earmark is for the Illinois Technology Transition Center, a program established late last year through a partnership between the Pentagon and a private outfit run by Thomas V. Thornton, a former policy director for Hastert in the early '90s. Neither Thornton nor Hastert's office replied to requests for comment on the earmark.

The center was designed to find technology companies in Illinois that could fulfill the needs of the Defense Department's Office of Naval Research (ONR).

"This is a win-win for entrepreneurs and ONR," Thornton said when the center won its initial $1.3 million in funding last October.

Flake said yesterday that he did not realize the earmark was one of Hastert's when he decided to fight it on the floor, but knowing that the top House GOP leader had requested the funding didn't change Flake's plans.

"I don't want to avoid someone just because they're in a leadership position," Flake said yesterday.

Hastert's earmarking record has come under scrutiny in the past week. The Sunlight Foundation and several media outlets reported that Hastert turned a profit of at least $1.5 million on a land deal several miles from a proposed highway he secured more than $200 million for last year.

The amendment demonstrated a new height of boldness on Flake's part, and it served to fan the flames of those determined to crack down on lawmakers' propensity to load bills with millions in federal money directly to their home states and districts for pet projects.

Flake has riled some colleagues this year by forcing recorded votes on appropriations earmarks, but this is the first time he has taken his fight to the top elected leader in the chamber.

Even critics of the amendment conceded that Flake demonstrated devotion to principle by treating Hastert's earmark like any others; yesterday he offered several amendments to prohibit the use of funds for various provisions.

Rep. Ray LaHood (R-Ill.), an appropriator who supported Hastert's request on the floor yesterday, said Flake's effort could be characterized as either a "principled approach" or "a strong showing of stupidity."

"I think he's doing it on principle," LaHood said.

He defended the earmark as a necessary link between the Pentagon and local technology companies that would benefit the country's national defense and said the debate would demonstrate that many earmarks are vetted well.

"It shows that these earmarks have value," LaHood said. "It gives an opportunity to justify a program."

Rep. Mike Simpson (R-Idaho), another appropriator, agreed.

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"I don't think it's necessarily very smart politically," Simpson remarked.

Earmark defenders, including Hastert, say that lawmakers, not civil servants, should determine where federal funds are spent in their home states and districts.

Some lawmakers and aides were shocked by Flake's decision to go forward with an amendment targeting one of Hastert's earmark requests.

"I've never seen that before," said Rep. John Murtha (Pa.), the senior Democratic defense appropriator and another Flake target. "I can't imagine what he's doing."

Flake's allies praise him for picking earmarks regardless of the sponsor's status. His anti-earmark battle has targeted backbenchers and committee chairmen alike.

"I would be more worried if no leadership earmarks were" targeted, said Keith Ashdown, vice president for policy at Taxpayers for Common Sense, which tracks and often criticizes congressional earmarks.

But some lawmakers said Flake could pay a political price for his earmark-striking crusade, even if he does not suffer direct punishment from GOP leaders.

"The retribution comes not in terms of sanctions," Simpson said. "It comes in terms of your own credibility. People walk in and see 'Flake amendment' and say no. They don't even ask what it is."

But longtime critics of congressional earmarks say Flake is making a courageous stand.

"Representative Flake is doing the Lord's work," Ashdown said. "He's doing what millions of people want."

Lawmakers who oppose Flake's effort pointed out early in the day that he would not be successful.

"It's a dead end. It's not going anywhere," LaHood said. "It's on a collision course with defeat."

As for Hastert, Flake said he would prefer not to know whose earmarks he is targeting.

"I've told my staff, 'Please don't tell me.' It might dissuade me," he said.

Senate Budget Panel Approves Spending Curbs (AP-Y2)

By Andrew Taylor

AP2, June 21, 2006

In an election-year bid to polish their credentials as fiscal conservatives in an election year, Senate Republicans on Tuesday advanced a bill designed to force cuts in the spiraling growth of federal benefit programs while also reviving the line-item veto.

The measure, written by Budget Committee Chairman Judd Gregg, R-N.H., and approved by that panel by a 12-10 party-line vote, combines several ideas aimed at putting the brakes on spending. Most striking, the bill would force mandatory cuts to the deficit, enforced by across-the-board cuts to benefit programs such as Medicare, Medicaid and unemployment insurance if Congress can't meet deficit targets on its own.

"This bill renews and re-energizes the budget process to bring enforceable discipline to federal spending," Gregg said.

Gregg acknowledged that his bill won't pass the full Senate, and Republicans seem to welcome the prospect of a filibuster by Democrats. That would allow them to accuse Democrats of being weak on controlling spending while sparing Republican moderates from having to vote on the bill's more controversial elements.

Democrats criticized the measure as overreaching in its attack on benefit programs. But the measure pleases Republicans' core political supporters, who have been disappointed by the party's performance on spending.

"If it passes, that's wonderful. If we simply have the debate, that's wonderful," said tax-cut activist Grover Norquist, president of Americans for Tax Reform. "That's the perfect issue."

The bill revives the idea of the line-item veto as requested by President Bush, though in a much weaker form than passed by Congress in 1996 and struck down by the Supreme Court two years later. The new version would allow the president to single out wasteful items contained in bills he signs into law, and it would require Congress to vote on those items again.

Under the proposal, it would take a simple majority in both House and Senate to approve the items over the president's objections. The old line-item veto allowed the president to strike items from appropriations and tax bills and required a two-thirds margin of both House and Senate to override a veto.

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The House is slated to vote on a similar line-item veto plan Thursday and GOP leaders were scrambling Tuesday to assemble the votes to pass the bill.

Gregg, however, vowed not to break off his line-item veto plan for a separate vote.

The bill also revives the Gramm-Rudman mechanism of setting hard deficit targets and requiring across-the-board cuts if they are not met. Unlike the Gramm-Rudman law, the across-the-board cuts apply to benefit programs such as Medicare, welfare and unemployment insurance instead of annual budgets of Cabinet agencies such as the Defense Department.

Panel OKs Spending Controls (WT)

By Patrice Hill

The Washington Times, June 21, 2006

The Senate Budget Committee yesterday voted 12-10 along party lines to approve a stringent spending control bill that would require Congress to achieve a nearly balanced budget by 2012, but Republican leadership aides said the legislation faces a tough uphill battle in the full Senate.

The bill would reinstate spending disciplines, including caps on non-entitlement programs, that helped balance the budget in the 1980s and 1990s. It would require the White House to order across-the-board spending cuts in every program but Social Security if Congress did not achieve the deficit-reduction goals.

The committee rejected an amendment by Democrats that would have reinstated required offsets to tax cuts and new spending programs, though former Federal Reserve Chairman Alan Greenspan and other budget analysts said the policy helped Congress take control over the deficit in the 1990s.

Committee Chairman Judd Gregg, New Hampshire Republican and author of the bill, acceded to another Democratic proposal to modify a key mechanism designed to force Congress to vote on reforms of fast-growing entitlement programs such as Medicare, Medicaid and Social Security.

The change would require 60 votes in the Senate, rather than a simple majority of 51, for approval of any entitlement reforms recommended by a bipartisan commission to be set up under the legislation. Committee Republicans upheld a requirement that Congress vote on the commission's proposed spending cuts under expedited procedures.

"Congress is not making tough choices because the system is broken," said Sen. Michael D. Crapo, Idaho Republican, noting that Congress fought hard last year to produce a modest entitlement-reform bill with $39 billion in savings -- a fraction of what would be needed to eliminate deficits averaging more than $300 billion a year.

"We'd have the tools to get past the procedural hurdles" that have prevented Republicans in Congress from gaining control over spending, he said. "This bill gives us a chance to have some fiscal restraint."

Democrats said Republicans were abdicating their responsibility to get the budget under control and trying to "outsource" that job to an unelected commission, while trying to jury-rig legislative procedures to ensure passage of unpopular Republican proposals such as the partial privatization of Social Security and deep cuts in health care and veterans programs.

"Republicans have rejected the one device that proved successful at reducing the deficit" between 1991 and 2000, said Sen. Kent Conrad, North Dakota Democrat and author of the Democratic alternative. Meanwhile, they have corrupted a budget process that was designed to reduce deficits in order to pass tax-cutting bills that have added $1.7 trillion to the deficit since 2001, he said.

A Republican aide said Senate Majority Leader Bill Frist, Tennessee Republican, may have trouble getting agreement to bring up a bill with such broad provisions on the Senate floor next month without raising objections from both Republican and Democratic members of the Appropriations Committee.

Mr. Frist may break the bill into smaller increments that have better chances of passing, including one providing the president with authority to veto individual items in tax and spending bills.

Mr. Gregg and Mr. Conrad also said they were working to cobble together a bipartisan bill that would include seven or eight items on which both parties could agree.

Gregg Shifts Formula For Line-Item Veto (RC)

By Robert Rosenbaum

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Roll Call, June 21, 2006

The Senate Budget Committee met Tuesday to mark up the Stop Over-Spending Act of 2006, a package aimed at reining in federal spending proposed by Chairman Judd Gregg (R-N.H.).

The package includes items ranging from discretionary spending caps that would limit emergency spending measures to a line-item veto provision for the president with an expedited rescission process for Congressional response.

Among the most hotly contested issues were a provision to create an Entitlement Solvency Commission, made up of people outside of Congress, and presidential line-item veto power.

In a 12-10 vote along partisan lines, the act passed without any formal amendments. Eight amendments were proposed, most by Democrats.

The line-item veto provision was quite different from one recently proposed by the Bush administration. The new provision is a stronger version than Bush's proposal and requires Congressional affirmation for any rescission proposed by the president.

Gregg made one major concession to Sen. Kent Conrad (N.D.) and his fellow Democrats on the committee, requiring a 60 percent vote in each chamber for any presidential rescission instead of the originally proposed simple majority.

The major changes to the Bush administration's version of the line-item veto provisions include first, that the rescission savings must be used for deficit reduction. Second, the president is allowed only four rescission packages a year (one of which will be with the president's budget and the other three at his discretion). Third, the president can resubmit only one rescission that already was included in a package of rescissions rejected by Congress. And finally, the president may suspend funds from his recommended rescissions for 45 days. If Congress rejects this before the 45-day limit, the president may release the funds earlier.

No official date has been set for a Senate vote on the S.O.S. Act, but Senate Majority Leader Bill Frist (R-Tenn.) has indicated it will likely come before the end of the year.

Stop Federal Overspending (WT)

By Judd Gregg

The Washington Times, June 21, 2006

If Capt. Renault stepped into today's Senate instead of Rick's Cafe in 1941 Casablanca, he would feel quite at home. He would observe"I'mshocked, SHOCKED, to find that deficit spending is going on in here!"

Simply put, the federal budget process is ailing. In fact, it is on life support. The Budget Enforcement Act of 1990, which provided real teeth in the budget process, expired in 2002. Furthermore, because of a lack of will to control spending, Congress has failed to adopt a budget resolution for three of the past five years.

Each year, Congress embraces score-keeping gimmicks to get around any limitations. Site-specific earmarks and non-peer-reviewed projects are increasing -- last year's highway bill being a poster child for unrestricted projects.

The part of the budget called "mandatory" spending continues to grow much faster than inflation. Twenty years ago, entitlements comprised 45 percent of the budget; today, they will soon exceed 60 percent. Medicare alone is growing by almost 10 percent per year. Based on forecasted economic growth, demographics and program benefits, just three entitlement programs -- Medicare, Medicaid and Social Security -- if left unchanged will consume 20 percent of the economy in 30 years. That may not sound alarming until one realizes that the entire U.S. government -- including functions ranging from health care to defense to border security -- consumes 20 percent of the gross domestic product.

Some might speculate that this is just business as usual. It is not. Never in U.S. history have we had to face so many claimants for funds and unfunded IOU's. As the Baby Boom generation retires, older Americans will be handing younger Americans their bills. We are recklessly undermining the future of our children and our grandchildren.

Clearly, spending is out of control and Congress needs to regain fiscal discipline over this runaway train.

Last week, I, along with 24 other cosponsors, introduced the Stop Over-Spending Act. This commonsense and fiscally responsible bill proposes tough measures to force Congress and the Bush administration to adhere to a disciplined budget process. It ends the free pass to spend and re-establishes a real, transparent and straightforward budget.

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First, the SOS bill reinstates discretionary spending caps in law. If Congress exceeds these limits, then the overage must be offset by an across-the-board reduction.

Second, the SOS bill eliminates "shadow budgets," otherwise knows as emergency spending. It limits the misuse of emergency spending by building in reasonable assumptions of emergency spending into the discretionary caps.

Third, the SOS bill requires the deficit to be measured and considered as its share of economy, the GDP, and requires the deficit to decline from 2.75 percent of GDP next year to .05 percent of GDP by 2012.

What happens if these deficit targets are not achieved? Then congressional committees are required to "reconcile" and write laws to achieve savings. If these committees do not make the tough decisions, then an across-the-board sequester of entitlement programs kicks in.

Sound familiar? It should. SOS is modeled on the Gramm-Rudman-Hollings approach, but it is strengthened and updated to deal with the budget realities of this millennium. It requires entitlement programs that are causing the deficit to be accountable.

Fourth, SOS includes a line-item veto/expedited rescission process to allow the president to identify wasteful spending and to get an up-or-down vote without amendment. Forty-three state governors have line-item veto authority. A Republican Congress gave Bill Clinton this authority in 1996. Unfortunately, the courts negated that action. SOS redrafts this reform in a way to withstand challenges.

Fifth, the SOS bill creates a commission to identify and eliminate agency duplication and programs that have outlived their usefulness, as well as a commission to ensure the solvency of entitlement programs.

No budget process changes can force the president and members of Congress to have the willpower to make tough decisions. But a transparent, tough and honest budget process can help. The Stop Over-Spending Act can take us a long way toward achieving real budgets and effective budget discipline.

It is time to get serious about spending restraint and resurrect the budget process to protect future generations and ensure that we hand our children, and our children's children, a government they can afford.

Sen. Judd Gregg, New Hampshire Republican is chairman of the Senate Budget Committee.

The 'Pay-As-You-Go' Ruse (WSJ)

The Wall Street Journal, June 21, 2006

Democrats in Congress unveiled their 2006 campaign agenda last week, laying claim to the mantle of "fiscal responsibility." The GOP's spendthrifts have handed them this political opening, which makes it all the more disappointing that Democrats are falling back on an old confidence trick.

Their ruse goes by the name of "pay-as-you-go" budgeting, which has the political virtue of sounding as if spending won't be able to exceed revenue. Their Web site, HouseDemocrats.gov, claims that pay-as-you-go policy "means that spending increases, as well as tax cuts, need to be offset by cuts in other areas -- like fewer corporate tax breaks."

A three-card monte dealer in Times Square couldn't have said it better. Paygo rules, to use the Beltway argot, were in place from 1990 until they expired in 2002, so we know how they work. And in practice all they really do is constrain tax cuts, not new spending.

That's because paygo rules apply only to new or expanded entitlement programs, not to those that already exist and grow automatically with user demand. Thus spending for Medicare, growing this year at an astounding 15% annual rate, would continue to run on autopilot. Ditto for Medicaid. So-called "discretionary" programs (education, Defense) that Congress approves each year are also exempt. Democrats somehow forget to disclose that those notorious "earmarks" stuffed into spending bills are also exempt from paygo.

The real game here is to make tax cutting all but impossible. Under paygo, tax cuts must be offset with either other tax increases or entitlement cuts. This usually means pitting tax cuts against cuts in the likes of Medicare, which is a very hard political sale. Paygo rules are one reason the 2001 tax cut was so paltry and phased-in and thus economically ineffective. Had paygo still been in force, the 2003 tax cuts that have done so much to spur growth and increase federal revenues would never have passed.

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Another myth is that paygo was crucial to eliminating the budget deficit during the Clinton years. In fact, deficits remained high until the GOP took Congress in 1994 and, for a rare couple of years, actually reduced the growth rate of spending. Defense spending also fell by a full two-percentage-points of GDP during the 1990s. Paygo did little to restrain the appetite for new entitlements, as Democrats began their push for the Medicare prescription drug benefit long before the 2000 election.

The House Democratic agenda promises "a new direction for America." But when it comes to paygo and fiscal policy, the only change is their political marketing.

Time's Running Out For 527 Reform (HILL)

By Edward Kangas And Charles Kolb

The Hill, June 21, 2006

Every politician knows money is the mother's milk of politics. However, unregulated political contributions have the potential to undermine voters' confidence and involvement in our participatory democracy. When campaign spending rules favor special interests and the very wealthy, small contributors stop donating, voters stay home and the public loses faith in its elected officials.

With just months remaining before the midterm elections, the House of Representatives passed legislation that would regulate 527 organizations and included the legislation as part of the recently passed lobbying reform package. Now the Senate has an opportunity to show its support for reforming the campaign-finance system and restore public confidence in a system that many perceive to be dysfunctional, polarizing and unfair.

Recent attention has focused on legislators' reactions to the Jack Abramoff scandal and calls for outlawing more favors and gifts. But if Congress is serious about real change, it also needs to regulate 527s and other political funding mechanisms that attempt to corrupt the system.

As most of us learned during the 2004 presidential campaign, a 527 is a tax-exempt organization named after a section of the U.S. tax code. Many of these groups are created to influence the nomination, election, appointment or defeat of candidates for public office. Under current law, however, 527s are not regulated by the Federal Election Commission (FEC). That's a serious problem, not just for November 2006 but, more important, for the 2008 presidential campaigns. The adage "bad money drives out good" is as true in politics as it is in the marketplace.

Enactment of the Bipartisan Campaign Finance Reform Act (BCRA) in 2002 ended the soft-money shakedown of business executives by candidates and party officials, but just when business leaders thought it was safe to leave their wallets at home, 527s formed, raised hundreds of millions of dollars in unregulated donations and became the new recipients of most soft money contributions.

During the 2004 presidential campaign, the lack of oversight allowed Swift Boat Veterans for Truth, Texans for Truth and other partisan political organizations and individuals to spend more than $400 million of unregulated soft money to influence and hijack the election. Fortunately, most corporations had the good sense not to become involved in the 527 game.

The bill regulating 527s that was passed by the House is a big step in the right direction. If we are serious about eliminating soft money in our campaign system, Congress needs to adhere to the following three provisions recommended by the Committee for Economic Development (CED), an independent, business-led research organization that has been instrumental in bringing the voice of business leaders to the debate over campaign-finance reform:

• First, all 527s that spend money to influence federal elections should be required to register as political committees with the FEC. By requiring these 527s to be bound by FEC regulations, Congress will eliminate the current loophole that permits the groups to avoid limits on the sources and amounts of allowable contributions.

• Second, all Section 527 groups that broadcast advertisements that promote, support, attack or oppose a federal candidate should be required to pay for such ads only with money raised from individuals under federal contribution limits. No corporate or labor union contributions should be used for this purpose.

• Third, if a group maintains both federal and nonfederal campaign accounts to support voter-registration drives and similar activities, at least half of the costs for such activities must be funded with "hard money" contributions.

Taken together, these new rules would put an end to many of the offensive and unfair political activities voters were subjected to in 2004.

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However, even the best-written rules are only as effective as their enforcement. To realize the full benefits of campaign-finance reform, the FEC needs to be streamlined and strengthened, making it as valuable to the regulation of sound campaign practices as the Securities and Exchange Commission is to the regulation of sound business practices.

It is clear legislation is needed now more than ever. When ordered by a U.S. District Court judge either to set new rules for 527s or explain how 527s will be regulated under current rules, the FEC opted not to set new regulation. This despite a dissenting vote from FEC Chairman Michael Toner, who stated the decision set the stage for "527s to once again spend hundred of millions of dollars in soft money" to affect the midterm elections and the 2008 presidential race.

It's not enough for Congress just to fight for principles of good governance, as it has rightly done in the case of corporate accounting scandals. Congress must live up to those same principles it expects the business community to abide by, transparency and accountability, in how it regulates campaigns.

The bigger prize is the 2008 presidential campaign. New limits on 527s and a stronger FEC will encourage even more individuals to help finance the political campaigns of interest to them. This will lead to not only greater confidence in our political system but also greater diversity and participation. For a democratic republic like ours, there can be no more important endeavor or admirable goal.

Kangas is the retired chairman of Deloitte Touche Tohmatsu and co-chairman of the Committee for Economic Development's subcommittee on campaign finance. Kolb is president of the Committee for Economic Development, an independent, nonpartisan, Washington-based organization of over 200 business and education leaders.

A Graduate So Happy, He Hugged The Speaker (NYT)

By Julia C. Mead

The New York Times, June 21, 2006

Gabriel Whitney says he did not plan to nearly suffocate President Bush in a bear hug. In fact, he did not plan to hug him at all.

But when Mr. Whitney, one of 202 midshipmen to graduate from the United States Merchant Marine Academy in Kings Point, N.Y., on Monday, stepped forward to receive his diploma, it just sort of happened. Call it irrational exuberance. But after six years of undergraduate school and 4,872 demerits, Mr. Whitney, 25, of Nashua, N.H., could hardly restrain himself.

With more reason than most to be overjoyed, the 6-foot-7 midshipman stepped onto the stage to accept his degree and hugged Vice Adm. Joseph D. Stewart, the academy's superintendent. Then he raised both arms in a victorious salute as his classmates roared their approval.

Elated and with his arms still upraised, he turned toward President Bush, who had just delivered the commencement address.

Mr. Bush, wearing a quizzical expression, responded by raising his arms as well and moved in for a hug. The midshipman — almost unwittingly — found himself squeezing the president in his powerful arms. When the president caught his breath, he shook Mr. Whitney's hand.

"I said, 'You're the man! Thank you very much,' " Mr. Whitney said in a telephone interview yesterday.

"The president thought the big bear hug was funny," said Dana M. Perino, a White House spokeswoman. "He appreciates the terrific enthusiasm of our nation's graduates, and he was honored to be the first president to address the Merchant Marine Academy. It was quite a thrill for everyone."

Mr. Whitney's sister, who works in an advertising office, had designed T-shirts for the 15 family members who attended the ceremony. Mr. Whitney's many difficulties in reaching graduation were emblazoned on the front of the shirt: 4,872 demerits ("painful"); four and a half years on academic restriction ("wounding"); two visits to the committee that weighs student expulsions ("agonizing"); two reprieves from the admiral ("necessary"); and six years of school with only an undergraduate degree to show for it ("humbling").

The back of the shirt, which bore a photograph of the midshipman and the American flag, celebrated his crowning achievement: "Passing all licensing exams, first try: Priceless."

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Reached in New Hampshire, his grandmother, Alberta Whitney, said that some of the 4,400 people in the audience took pictures of the T-shirts, front and back.

"We were very happy to pose," she said. "We are so proud of Gabriel. He's a wonderful, wonderful boy."

The day after graduation, Mr. Whitney said he had no immediate plans but one long-term goal: "I plan to achieve greatness someday, though I'm not exactly sure yet how I'm going to do it."

For now, he is relaxing and basking in the attention that his widely publicized hug has garnered.

"I'm trying not to think farther than the next couple of days," he said, adding with a chuckle, "It's been kind of a long trip."

Senators To Propose New Safety Tactics For FDA (WSJ)

By Anna Wilde Mathews

The Wall Street Journal, June 21, 2006

WASHINGTON -- The leaders of the Senate committee that oversees the Food and Drug Administration plan to unveil legislation that would substantially change how the agency reviews medications.

The bill is being prepared by Michael Enzi, the Wyoming Republican who heads the Senate Committee on Health, Education, Labor and Pensions, and its ranking Democrat, Edward Kennedy of Massachusetts. The two lawmakers' views are particularly important as Congress prepares to consider legislation next year to renew the industry-user fees that fund many of the FDA's operations.

The drug-safety bill prepared by Sens. Kennedy and Enzi is keyed to that user-fee renewal, and would likely depend on increases in the fees. Details could change before the final version emerges in the next several weeks. The senators aim to get a vote on the bill this year, but if that doesn't happen in the abbreviated election-year Congress, it could provide a framework for drug-safety provisions in next year's user-fee legislation.

Mr. Enzi said the bill would "raise the bar to ensure that safety is not an afterthought, but a given" and "restore public confidence in the FDA's process of reviewing the benefits and risks of prescription drugs." Mr. Kennedy said the bill would give the agency "a complete set of tools to address the safety of drugs post-approval, including giving the FDA authority to require post-approval labeling changes and safety studies."

Though drug makers may object to aspects of the bill, they are under pressure to back some drug-safety changes. In a statement, the Pharmaceutical Research and Manufacturers of America said the organization can't fully comment on the bill because it hasn't been formally introduced, but that drugs already are "subject to rigorous safety and effectiveness reviews" by the FDA.

An FDA spokeswoman said it "welcomes additional ideas on improving oversight of drug safety," and the agency has safety initiatives already under way.

Other drug-safety bills also have emerged. Legislation co-sponsored by Senate Finance Committee Chairman Charles Grassley (R., Iowa) and Sen. Christopher Dodd (D., Conn.) would restructure the agency, creating a FDA center focused on the safety of drugs already on the market and granting the agency substantial new powers.

The latest bill is expected to require the FDA to have a plan for evaluating and mitigating the potential risks of every drug it approves, congressional staff members said. The plan would have to be re-evaluated at least once a year for the first three years a drug is on the market.

The bill also would give the FDA new authority to ensure the safety of drugs, which could be used as part of the risk-mitigation plans. Drug manufacturers would be able to go through an FDA dispute-resolution procedure if they object to the agency's proposed risk-mitigation strategies. The plans could include requirements that drug makers do studies or keep registries after their medicines go on the market; limit direct-to-consumer advertising or impose disclosure requirements on it; and limit use or distribution of a drug.

Currently, the FDA sometimes uses such tactics for drugs seen as risky, but the agency typically has to use the leverage it has over drug approval to negotiate the restrictions with manufacturers. Its authority to impose them isn't clear-cut. The bill would amp up the regulators' power by giving the FDA a new ability to impose fines on companies that don't adhere to the risk-mitigation plans.

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The bill also would require drug makers to register their clinical trials in a public government database and make the results of the advanced studies public. It would authorize some resources for an FDA effort to spearhead research on drug evaluation.

Senators Prepare To Unveil New Drug Safety Proposals (NYT)

By Gardiner Harris

The New York Times, June 21, 2006

WASHINGTON, June 20 — After more than a year of quiet negotiations, two influential senators are expected within weeks to introduce a legislative proposal that could drastically change how drugs are tested and approved in the United States.

The senators, Michael B. Enzi, Republican of Wyoming and chairman of the Health, Education, Labor and Pensions Committee, and Edward M. Kennedy of Massachusetts, the ranking Democrat on the committee, still refuse to speak about the proposal, representatives for both said.

But committee staff members have for weeks been showing legislative talking points to drug industry representatives, scientists and others on Capitol Hill to help tailor the proposed legislation and build support for it.

In broad terms, the bill would require that drug makers disclose the results of all large human tests of their drugs, known as Phase 3 and Phase 4 trials; create a detailed risk management plan to uncover and control any safety problems that arise after a drug is approved; and pay penalties if they fail to follow through with this plan, according to four experts who were briefed on the proposals.

The experts spoke on condition that their names not be used because they had told members of the senators' staffs that they would not talk publicly about the proposals.

A spokeswoman for the Food and Drug Administration, Susan Bro, said the agency had not yet reviewed the proposed legislation. She said the agency had already undertaken "a number of initiatives" to improve itself.

"We always welcome additional ideas on improving oversight of drug safety," Ms. Bro said.

The senators plan to introduce the bill before Congress recesses in August, those briefed on the proposal said.

Senator Charles E. Grassley, Republican of Iowa and chairman of the Senate Finance Committee, and Senator Christopher J. Dodd, Democrat of Connecticut, have offered legislation similar in some respects to the Enzi-Kennedy proposal. But Mr. Enzi presides over the committee that has direct oversight of the drug agency, and Mr. Kennedy has specialized in health legislation for decades. Their imprimatur carries great weight on bills dealing with the agency.

It is unlikely that Congress will act on the proposal before the November election, and any action may be delayed until 2007, when Congress must reauthorize the formula by which the F.D.A. receives tens of millions of dollars in fees from drug makers. The Enzi-Kennedy proposal calls for an increase in those fees to pay for greater oversight of drug safety by the agency, before and after a medicine is approved. How such an increase could be approved apart from next year's reauthorization is unclear.

Daniel E. Troy, a former general counsel of the drug agency who now represents drug companies, said it would be a mistake for Congress to combine the Enzi-Kennedy proposal with next year's negotiations over extending the fees.

"If what we hear is true," Mr. Troy said, "my concern is that these issues are too complex to get mixed up with the reauthorization of the Prescription Drug User Fee Act."

Dr. Sidney M. Wolfe, director of health research for the consumer advocacy group Public Citizen, said he was encouraged by some of the Enzi-Kennedy proposals, particularly one that would exact monetary penalties from drug makers who fail to follow through on their own drug safety promises.

"There really is a crisis at the F.D.A.," Dr. Wolfe said.

The proposals come after a series of drug withdrawals led agency critics and some on Capitol Hill to suggest that the agency was failing in its mission to protect the public from dangerous drugs. Since 2000, pharmaceutical companies have withdrawn 10 drugs after deaths and injuries demonstrated that the medicines were unsafe.

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In addition, the agency has only recently learned that widely prescribed antidepressants can cause some children and teenagers to become suicidal; that hugely popular pain pills are likely to increase the risk of heart attacks; and that commonly used antipsychotic drugs and stimulants may be more dangerous than was previously known.

Just Who Is 'Disgruntled'? (WSJ)

The Wall Street Journal, June 21, 2006

An article on the congressional midterm elections ("Midterm Tea Leaves Signal Hot Water for Republicans," page one, June 6) makes a false assumption about our seniors. The article states: "In all these [regional] areas, seniors are disgruntled about the new Medicare prescription-drug benefit."

Disgruntled? Medicare reports that seniors are saving an average of $1,100 a year with prescription-drug coverage, and recent polls have shown that nearly 80% of seniors are happy with their coverage plan. Does this sound "disgruntled" to you?

Seniors are seeing real savings under Medicare Part D. Unlike the Democrats and shadow organizations content to play politics with our seniors' health, Republicans have worked tirelessly to help seniors sign up and save. I firmly believe that come November, seniors will reward the Republican majority for finally delivering on the long-overdue promise of affordable prescription drug coverage.

Rep. Phil Gingrey, M.D. (R., Ga.)
Co-Chair
Republican Healthcare
Public Affairs Team
Washington

Drug Prices Up Sharply This Year (NYT)

By Milt Freudenheim

The New York Times, June 21, 2006

Prices of the most widely used prescription drugs rose sharply in this year's first quarter, just as the new Medicare drug coverage program was going into effect, according to separate studies issued yesterday by two large consumer advocacy groups.

AARP, which represents older Americans, said prices charged by drug makers for brand-name pharmaceuticals jumped 3.9 percent, four times the general inflation rate during the first three months of this year and the largest quarterly price increase in six years.

Price increases for some of the most popular brand-name drugs were much steeper; the sleeping pill Ambien was up 13.3 percent, and the best-selling cholesterol drug, Lipitor, was up 4.7 to 6.5 percent, depending on dosage.

Over all, AARP said, higher prices mean that the cost of providing brand-name drugs to the typical older American, who takes four prescription medicines daily, rose by nearly $240 on average over the 12-month period that ended on March 31.

"When the manufacturers' wholesale prices increase, it gets passed through the system, regardless of who the final purchaser is," said John Rother, the policy director of AARP. Although the drug industry's main trade association challenged the accuracy of the AARP survey, a separate study, by Families USA, a patient advocacy group, found similar inflation rates among brand-name drug prices. While the higher prices have a general impact on the drug-taking public, consumer advocates said the higher prices have special implications for Medicare, which Congress barred from negotiating prices with drug makers when lawmakers devised the new so-called Part D drug program.

Commercial insurers, which are offering the drug insurance plans under Medicare's auspices, do have negotiating power. And they say that by switching to generic drugs, consumers can avoid most of the price increases.

The surveys measured manufacturers' wholesale prices, which would not necessarily reflect any discounts insurers might be able to negotiate.

But even so, the price increases in the Medicare drug plans since they began were identical in many cases with the jump in wholesale prices, Families USA said.

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Some health care economists said the price increases, if they continued, could have a devastating effect on the new Medicare drug program.

"Higher drug prices may lead to higher premiums next year, which may discourage enrollees from joining or staying in the program, and fewer enrollees could drive premiums even higher," said Stephen W. Schondelmeyer, a University of Minnesota economist who specializes in drug industry issues.

Mr. Schondelmeyer said one clear indication of the inflation's impact could be seen among the six million low-income elderly and disabled people who previously received drug coverage through Medicaid but were automatically switched to the Part D program when it began in January.

That shift was a windfall for drug makers, he said. "Medicaid would have paid 25 to 30 percent less under the old system, including rebates from the manufacturers, than the new Medicare Part D program is paying."

Ron Pollock, the executive director of Families USA, offered another way to gauge the federal impact. The federal Department of Veterans Affairs, which is able to negotiate prices with pharmaceutical makers, is paying 46 percent less for the most popular brand-name drugs than the average prices posted by the Medicare plans for the same drugs, Mr. Pollack said.

Peter Ashkenaz, a Medicare spokesman, said enrollees in the Part D program could obtain a broad range of drugs as well as "personalized help in finding less costly drugs." He said many enrollees were in drug plans with "flat co-pays, which protects them from changes in pricing."

The first quarter of the year is typically the time when drug makers make many of their annual price increases. The industry did not comment on this year's increases, other than to question the accuracy of the AARP survey.

The drug industry's trade group, the Pharmaceutical Research and Manufacturers Association, said in a statement that the AARP conclusions were "erroneous," because consumer drug prices had increased less than 2 percent since Jan. 1. The group, though, was citing a federal Bureau of Labor Statistics report that combines prices for brand-name and lower-priced generic drugs, as well as various "medical supplies."

Paul Fitzhenry, a spokesman for Pfizer, which makes Lipitor, pointed the finger at health insurers, which he said were increasing their drug payment charges to members faster than drug makers were raising their prices.

"There has been a huge disconnect between changes to our prices and increases to consumers' out-of-pocket costs for medicines," he said. "Between 2001 and 2005, our compound annual average net price increase was 3.3 percent per year. During that same time, the average co-payment charged by insurers for brand-name pharmaceuticals has increased at an annual rate of 11.1 to 15.5 percent," he said, citing a Kaiser Family Foundation 2005 survey.

Mohit Ghose, a spokesman for the American Association of Health Plans, a insurance trade group, said the insurers were actually reducing drug spending increases by promoting lower-cost generics instead of brand-name drugs.

Mark Green, a spokesman for Sanofi-Aventis, which makes Ambien, said the drug was "priced more competitively than some other products in the sleep category." He added, "We make every effort to price our prices competitively, relative to the value they provide to patients."

Private Contracts Take Beating In Report (LAT)

By Heather Gehlert

The Los Angeles Times, June 21, 2006

WASHINGTON — The Bush administration has greatly expanded the use of contracts with private companies to provide public goods and services even as the number of government employees has increased, a congressional report has found.

But the administration's tilt toward doing business with private companies has failed to bring promised savings and has been characterized by "significant waste, fraud, abuse and mismanagement," according to the report released this week by Rep. Henry A. Waxman of Los Angeles, the top Democrat on the House Government Reform Committee.

Of particular concern, the report said, were contracts related to domestic security, the Iraq war and Hurricane Katrina recovery.

Waxman's report is described as the first comprehensive assessment of contracting under the Bush administration, which had vowed upon taking office in January 2001 to provide services more efficiently while reducing the size of government.

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It reveals an 86% increase in contracts with private businesses, from $203 billion in 2000 to $377.5 billion a year in 2005 — a growth rate nearly double that of federal spending as a whole.

At the same time, federal payrolls also have grown: The government now has about 1,874,000 civilian employees, up from 1,738,000 five years ago.

"We've never seen [private] contracting on the scale that we're seeing now," Waxman said. "Nearly 40 cents of every dollar appropriated goes to private contractors, which is a record level."

Yet, Waxman said, his biggest concern is not the growth in contracts, but the abuse of them.

Poor contract planning and weak oversight, the report said, have led to government overspending and corruption by companies that have padded their invoices, charged for services not provided and received award fees for jobs that were completed late.

"Taxpayers should be outraged at the billions of dollars that have been wasted," said Waxman. "And the Bush administration isn't learning from its mistakes, it's repeating them."

In many cases, the report found, the types and terms of the contracts have made them ripe for abuse:

• Spending on cost-plus contracts — under which the government bears the risk of cost overruns — has increased from $62 billion in 2000 to $110 billion in 2005.

• Spending on no-bid contracts — those granted without competition from other companies — rose 110%, to $97.8 billion, during the same period.

• Spending on monopoly contracts, which allow the government to buy goods and services without defining them in advance, nearly doubled, to $15.3 billion.

The report comes as the federal government's handling of contracts is increasingly in question. On Tuesday, the government's onetime chief procurement officer, David H. Safavian, was convicted of making false statements and obstruction of justice for concealing his relationship with disgraced former GOP lobbyist Jack Abramoff. The jury's decision in Safavian's case, Waxman said, "underscores the findings of the new report."

"The corruption and inappropriate influence of special interests in government contracting has gone virtually unchecked and erodes the public trust in the federal government," he said.

Also on Tuesday, the Senate rejected — for the third time — a proposal to form a special committee to investigate contracting improprieties in war zones.

"It's scandalous that the GOP Senate refuses to look into the hundreds of billions of dollars spent in the war in Iraq to see that the funds are carefully and honestly spent," Sen. Edward M. Kennedy (D-Mass.) said in a written statement after the vote.

Kennedy's comments echoed the concerns outlined in Waxman's report, which also identifies several smaller pieces of $745.5 billion in federal contracts awarded between 2000 and 2005 that the auditors deemed wasteful, fraudulent or mismanaged.

In 2003, for example, the Border Patrol was found to have paid $20 million for security camera systems that malfunctioned or were never installed. That same year, the Transportation Security Administration awarded Boeing Co. $44 million for installing and maintaining airport luggage screening equipment — a job that was never evaluated.

In 2005, the Federal Emergency Management Agency bought $915 million worth of temporary housing and offices for Katrina victims and relief workers. More than a third of them have never been used.

"The lesson of this report is that there's a massive amount of spending, and yet we very clearly aren't spending it smartly," said Peter Singer, an analyst with the Brookings Institution, a centrist public policy center in Washington. "When the overspending is not just in the billions but in the hundreds of billions — that's worrisome."

A spokesman for the White House Office of Management and Budget, which is responsible for overall procurement policy, said it made sense to turn to the private sector for providing security after the Sept. 11, 2001, terrorist attacks and cleaning up after Katrina — two disasters that affected everyone, not just government.

Tapping private-sector expertise allows the government to "bring the full strength of American ingenuity to bear as we seek solutions," said OMB spokesman Scott Milburn.

But, he added, contracting requires constant oversight to make sure "the public's money is spent responsibly."

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Specter To The Justices: I'm Hungry, Let's Do Lunch (HILL)

By Alexander Bolton

The Hill, June 21, 2006

Sen. Arlen Specter (R-Pa.), chairman of the Senate Judiciary Committee, is hosting a series of one-on-one lunches with members of the Supreme Court.

The senator, whose tenure as chairman began last year amid furious conservative opposition but has included confirmation of two conservative nominees to the high court, is holding his tête-à-têtes in the Senate dining room with strict constructionists and loose constructionists alike.

Specter told The Hill that he lunches with the justices simply because he is hungry. In a more serious vein, he added that he does so to hash out "matters of concern."

Pennsylvania's senior senator said he's already lunched with most of the justices. They have discussed the administration of the courts, their confirmation hearings and one of his pet issues: bringing television cameras into the court chamber.

He has also grilled them about instances when the court has struck down laws by questioning what it called Congress's "method of reasoning." It was a concern Specter raised during the Supreme Court confirmation hearings he presided over months ago.

"It's good to talk on an informal basis," he said.

Specter was spotted Thursday at a table in a corner of the dinning room with conservative Justice Clarence Thomas, chatting long after the server had dropped off the check. As the host, Specter naturally reached over to take care of the bill at the end of the meal.

On Tuesday he had lunch with Justice David Souter, a Republican nominee who, like Specter, has irked the political right with his positions on social issues, particularly abortion.

"He likes long lunches," Specter said, adding, "He had a no-martini lunch."

Souter seemed happy strolling to a blue sedan that picked him up afterward, but he declined to talk about what he and his host had discussed — or even what he ate.

The senator's record of having not voted against any of the sitting justices has presumably spared him from awkward moments during lunch. The same cannot be said of other lawmakers, however.

Sen. Chris Dodd (D-Conn.), sitting a few tables away, joked that he was offended that Specter and Thomas didn't stop to greet him but then noted that he voted against Thomas's nomination.

Specter, by contrast, gave Thomas crucial support during his tumultuous and protracted confirmation hearing by asking tough questions of Thomas's chief accuser, Anita Hill.

There is no such thing as a free lunch, but Specter said the justices have not been swiftly swayed; they are not, for example, enthusiastic about his desire to air court proceedings on television.

The chairman and the justices have also chewed over the priorities of court members. Specifically, they have talked about court security and budgets, pay for younger district court judges and the General Services Administration (GSA) practice of charging the courts rent for the buildings they occupy.

The GSA manages federal properties, and Specter and several other senators have introduced legislation that would limit the rent charged of the judicial branch to the costs of operating and maintaining their offices.

Sen. Orrin Hatch (R-Utah), who chaired the judiciary panel before Specter, said that he lunched with the justices "from time to time" but that he did not meet with all of them.

Hatch said they talked about "philosophy, great literature and music, "mainly joint interests not related to their cases."

Richard Baker, the Senate historian, said that members of the Senate and the Supreme Court used to have close relationships before the court was moved out of the old Senate chamber to its neoclassical home across 1st Street in 1935.

"The Supreme Court used to be located down the hall until 1935," Baker said. There used to be lots of commingling between the senators and the justices."

Baker said that members of the court "undoubtedly broke bread with the senators" most likely in the old Senate dining room which was located off what is now the modern dining room's waiting area.

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Since the justices moved out of the Capitol, Baker said, little is known about their personal relationships with the Congress. He did not know of a Judiciary Committee chairman ever before making an effort to meet with each justice.

"To systematically do it is something we could not find precedent for," he said.

Here's A Way To Help Broadcasters, PBS And Congress (RC)

By Norman Ornstein

Roll Call, June 21, 2006

The past couple of weeks have been rough ones for broadcasters. Congress passed, and the president signed, the Broadcast Decency Enforcement Act, which increased by tenfold (to $325,000) the fines on stations that air "indecent" materials outside of late-night hours. The law defines "indecent" as "patently offensive" sexual or excretory content.

Then, on Monday, the Federal Communications Commission withdrew a plan to vote on requiring cable networks to air all the multicast channels broadcasters will have available when they go digital — as many as four to six for each broadcast analog channel now in operation — because Chairman Kevin Martin did not have the votes. The commercial broadcasters desperately want the multicast requirement to make their business model for digital television work.

Not surprisingly, the broadcast indecency bill passed by unanimous consent in the Senate and by a 10-to-1 margin in the House; how could Members pass up an opportunity to take a courageous stand against indecency? But the bill basically was just grandstanding. It's a poor piece of legislation, and one that reflects yet again the lack of any meaningful deliberation in Congress. The fines, if applied to many smaller stations, are prohibitive, and could force some into bankruptcy — for what might be an inadvertent airing of a program that had an action defined by the FCC as indecent.

Unfortunately, the definition of indecency is nowhere near a "bright line" test that broadcasters can rely on. We already have seen regulators struggle to deal with things such as the naked bodies shown in "Schindler's List" as they try to create reasonable and necessary exceptions for material with compelling artistic justification.

But when a PBS station in San Mateo, Calif., aired an episode of "The Blues" directed by Martin Scorsese that included New Orleans musicians using four-letter words —words they use as part of their everyday language — it was socked by the FCC with a $15,000 fine, which is a big-time penalty for a station of that size. How the FCC came to decide that Steven Spielberg's artistic vision was OK but Scorsese's was not is beyond me — and beyond all rationality.

So stations are left with no clear standard, yet with huge new penalties if they guess wrong. The charges against these stations have to be triggered by complaints. Here is a prediction: Some sharks will find ways to generate complaints against small, poorly financed stations to drive them into bankruptcy so they can purchase their spot on the airwaves for their own purposes. Congress considered none of these issues in the blind rush to show moral indignation.

I feel the broadcasters' pain. And I want to find a way to ease their burden. There isn't any readily available remedy now on the indecency or must-carry front. But there is another way, one that came to me when I got a release last week from the National Association of Broadcasters toting up their stations' public interest activities.

According to the NAB, such public-interest efforts add up to more than $10 billion for the year. The figure, the NAB says, is actually an understatement since it includes only direct activities such as public service announcements.

What a load on the broadcasters! All these other problems and a $10 billion burden. Of course, the burden is there because of the compact the public has had with broadcasters since they were first granted portions of the public airwaves — that in return for that use, they would have requirements to fulfill public interest obligations. When I co-chaired a presidential advisory committee in the late 1990s to look at their public interest obligations as we headed toward the digital age, the broadcasters on the panel regularly complained about the difficulty of meeting the obligations that already existed.

My commission proposed an altered set of public-interest obligations for the digital age. The FCC promised several years ago to address the issue. Despite the generous grant of valuable public airwaves for the broadcasters to convert to digital transmissions, the FCC so far has failed to do so. I think it is time to find another model that takes into account the challenges broadcasters face.

Here is what I propose: relieve the broadcasters of their onerous public interest obligations. All of them. In return, charge them fees that amount to a paltry 20 cents on the dollar for what they have been doing (or what they say they have been doing).

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That would be $2 billion per year. Do so for only seven years, and then leave them free and clear. Put the money into an endowment fund that ultimately would total $14 billion (plus interest) for public broadcasting. (I am on the board of PBS, which I mention not because I have a conflict of interest — my compensation consists of an occasional PBS windbreaker or DVD — but because I have an abiding interest in the one outlet that exists to serve the public interest and is eager to do so.)

In return for this endowment, public broadcasters would relieve Congress of the burden of annually appropriating money for it. Since Rep. Ralph Regula (Ohio) and other Republicans in Congress have been trying for several years to cut those funds (and indeed have a plan to zero them out by 2009) this will be a big bonus for the lawmakers. They could cut the federal budget without the huge outcry that now comes every year from huge numbers of voters in every district who love PBS.

In the meantime, public broadcasting avidly would take on all the public interest burdens that now beset the commercial broadcasters. It could offer a separate digital channel for public affairs that offered time for candidates to get their messages across, for campaign debates, issue discussion and expanded news analysis. And of course, they would extend these efforts to the Web and other new media.

Public broadcasters could run a separate health channel, going well beyond the commercial ventures to include massive amounts of accessible information on every debilitating disease, and facilitate interactive communications with patients, families, doctors and researchers on them. It could facilitate community service through every individual station, provide readily available digitized archives of materials from museums, schools and other cultural institutions and expand all kinds of educational opportunities.

Here is a win-win-win — for commercial broadcasters now groaning under the weight of a $10 billion annual public-interest burden, for a Congress now grappling with a budget deficit and for public broadcasters now searching for a consistent source of funding to fulfill its mandate. Are you listening, Reps. Fred Upton (R-Mich.) and Ed Markey (D-Mass.), and Sens. Ted Stevens (R-Alaska) and John McCain (R-Ariz.)? Any takers?

Norman Ornstein is a scholar at the American Enterprise Institute.

Razzle-Dazzle 'Em Ethics Reform (NYT)

The New York Times, June 21, 2006

The House ethics committee, ever wondrous in its irresponsibility, is preparing to set itself up as the arbiter of one-stop, conscience-free junket approval for gadabout lawmakers. Last winter, as the stain of the Jack Abramoff lobbying scandal spread, Speaker Dennis Hastert impulsively — and properly — called for a total ban on junkets financed by private favor seekers. But lawmakers, globe-trotting at the giddy rate of $10 million a year in free private excursions, rebelled. They killed the ban outright and substituted cosmetic panaceas for their promised ethics reform.

The end product would have the ethics committee — long a still-life study in Capitol dysfunction — snap into action to prejudge junketeering requests. This should be great for the lawmakers, who will be able to wave rubber-stamped in-House visas when faced with constituents' questions about how come their tours of global trouble spots so often hit Paris.

The ethics committee would, at least, have a great deal of expertise in its new duties. It turns out the 10 committee members and their aides have enjoyed 400 privately financed trips worth $1 million in a recent five-year stretch, according to a new accounting by the independent Center for Public Integrity. Leading the beneficiaries with 80 trips worth $245,000 was Representative Howard Berman, a California Democrat, a member of the International Relations Committee and one of the principals in giving a bipartisan patina to this latest evasion.

Clearly, lawmakers are gambling that the scandals nipping at their heels will pale by Election Day. Not so: as the new House rules were being cobbled together, David Safavian, a former White House aide, was found guilty of lying about his ties to Jack Abramoff. No less significant, Mr. Abramoff has reportedly received three additional months' grace before going to prison so that he can cooperate more fully with criminal prosecutors looking into the ethical misbehavior that finds Congress in deep denial.

OTHER NEWS:

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Softer Housing Sector Is Seen, But Data Don't Point To Collapse (WSJ)

By Christopher Conkey And Michael Corkery

The Wall Street Journal, June 21, 2006

U.S. home builders stepped up the pace of new construction in May after three months of declines, a sign that the housing market is softening but not collapsing.

The Commerce Department said housing starts rose 5% last month from April to an annual rate of 1.96 million units, but were down 3.8% from a year earlier. Building permits, an indicator of future trends in new residential construction, fell 2.1% last month and were running 8.5% lower than a year earlier.

The faster pace of new-home building in May is confirmation that the housing market is experiencing what Federal Reserve Chairman Ben Bernanke recently described as an "orderly and moderate" correction following last year's peak. That bodes well for the economy, though analysts anticipate more weakness in the housing market during the rest of the year.

"Housing starts surprised to the upside, but May's rebound is almost certainly a temporary pause in the downward trend," said Haseeb Ahmed, U.S. economist at J.P. Morgan Chase & Co. Other economists were puzzled about why builders would keep ramping up the supply of new homes when demand is on the wane. Daniel Oppenheim, an analyst at Bank of America Securities, said the gap between starts and sales traffic was at the "highest level in at least the past 20 years," a development that would lead to "even higher inventory and more pricing pressure."

There are proliferating signs that builders are responding to widespread expectations that the housing boom is ending. Robert Toll, chief executive of Toll Brothers Inc., the luxury-home builder based in Horsham, Pa., said the industry also faces an increasingly negative psychology among prospective buyers, despite historically low interest rates and a relatively strong economy. He attributes some of that negativity to media reports about the housing slowdown. "If you go to a party and tell people that you bought a new house, people look at you like you are crazy," he said.

Toll Brothers last month reported that orders for new homes fell 32% in the latest quarter. On Monday, KB Home, the big Los Angeles builder, said it had laid off some 7% of its workers.

In May, starts of single-family homes rose 2.1% from April, but were 7.6% lower than a year earlier, with the declines particularly pronounced in the Midwest. The South is the only region where the rate of new-home construction is up from a year earlier.

One bright spot for builders has been the construction of apartment buildings. Housing starts for residential structures with five or more units leapt 25.4% in May and were nearly 15% higher than a year earlier.

Home Building Rebounds After 3 Months Of Decline (NYT)

By Jeremy W. Peters

The New York Times, June 21, 2006

Construction of new homes rose in May, bouncing back from a disappointing April, the federal government reported yesterday. But the improvement may prove to be a temporary blip, as other numbers in the report pointed to a slowdown in the coming months and a market that is less robust than a year ago.

The Department of Housing and Urban Development said new construction rose 5 percent in May, to a seasonally adjusted annual pace of 1,957,000 homes. Still, that number was 3.8 percent less than in May 2005.

The increase was not a sign of an upward trend, but more likely a rebound after three months of significant declines, economists said.

Many economists had predicted less of a bounce.

"The one we got was larger than expected, but certainly not enough to overturn the idea that housing is in a contraction," a group of economists from Goldman Sachs wrote in a research note.

Stuart G. Hoffman, chief economist of PNC Financial, said the upturn in May probably "marks one of the housing market's last hurrahs."

The stock market had little reaction to the report. The Standard & Poor's 500-stock index was virtually unchanged. The Nasdaq composite fell slightly, while the Dow Jones industrial average rose slightly. [Page C9.]

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In a sign that construction is likely to taper off, the number of building permits declined considerably in May, to its lowest level since 2003. The rate was 2.1 percent lower than in April and down 8.5 percent from a year earlier. The decline in the number of permits usually shows up in the construction numbers within three months.

Taken with other signs of slower growth in housing — like a record number of unsold new homes on the market and a darkening financial outlook among builders — the new construction numbers point to an overall slowdown from the boom of the last few years, economists said.

"I don't think there's anything scary about what's happening in the housing market," Patrick Newport, an economist with Global Insight, said. "It's just a slowdown from record-high numbers. It's just slowing down to a more stable pace."

The government report hurt the stock values of some of the largest home-construction companies.

Shares of Toll Brothers, the largest builder of luxury homes, and D. R. Horton, the largest home building company, both posted losses. Other large home builders — the Centex Corporation, Pulte Homes and the Lennar Corporation — were also down for the day.

The stock values of most major home construction companies have been pummeled over the last year. Since the beginning of the year, the Bloomberg United States home builders index, which includes the largest construction companies, has fallen nearly 30 percent.

The rise in new construction last month was helped by the continuing surge of building in the West, where new construction jumped 15.8 percent from April's levels. The building rate in the South also posted an 8.5 percent gain from April. Housing starts were up only marginally in the Northeast and fell 15.8 percent in the Midwest.

The report also showed strong growth in the construction of apartments, a sign that high interest rates are beginning to affect the housing market.

"As interest rates start to rise, particularly mortgage rates, it becomes more expensive to purchase a home," said Bernard Baumohl, executive director of the Economic Outlook Group in Princeton, N.J.

And as purchases of single-family homes slow, so does the economy, he said. "Does the continued strength in apartment building bode well for real estate and the economy? Not quite."

The government report showed a 25.4 percent increase since April in the construction of structures with five units or more.

Yesterday's housing report was the latest to suggest a slowdown. On Monday, a survey of home builders found their collective view of the current business climate at the lowest level since 1995.

Last week, the Federal Reserve also cautioned that the housing market appeared to be cooling. In its Beige Book report, the Fed said that building had slowed in most regions and that too many homes were being built in some regions.

Housing Starts Rebound From 13-Month Low (WP)

By Victor Epstein

The Washington Post, June 21, 2006

U.S. home construction rebounded in May from a 13-month low as builders worked on backlogged orders and used incentives such as free car leases to win new business.

Housing starts rose a greater-than-expected 5 percent, to an annual rate of 1.957 million, the Commerce Department reported yesterday. Building permits, a sign of future construction, fell 2.1 percent, to an annual pace of 1.932 million, the lowest since November 2003.

While the increase in starts does not change the outlook for a cooling housing market, the number may reassure investors and Federal Reserve policymakers that the slowdown will not become a rout.

"The message the Fed's going to take away from this starts report is that the roof's not caving in on housing and they can keep raising interest rates," said Stuart Hoffman, chief economist at PNC Financial Services Group Inc. in Pittsburgh.

The annual rate of housing starts in May is still below the 1.972 million pace recorded in March. Construction has averaged an annual rate of 1.931 million units in the past three months, the lowest since September to November 2004.

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Slowing sales have left a record numbers of unsold homes on the market. There were 565,000 new and 3.4 million previously owned residences awaiting purchase in April, according to the National Association of Realtors and the Commerce Department.

Strong Start To Trading Fizzles On Doubt (USAT)

By From Wire Reports

USA Today, June 21, 2006

NEW YORK — The Dow made a half-hearted attempt to get back above 11,000 Tuesday but couldn't hang on.

Better-than-expected news on the housing front triggered a rally that had the Dow Jones industrial average up 88 points at 11,030 before interest rate worries prevailed and the Dow closed up just 32.73 points at 10,974.84.

And it was the only one of the three major U.S. indexes to end the day with a gain. The Standard & Poor's 500 dipped 0.02 points to 1240.12, and the Nasdaq composite fell 3.36 points to 2107.06.

Trading got off to a strong start after the Commerce Department said U.S. housing starts rose in May faster than economists had forecast. But the focus soon shifted back to the big uncertainty surrounding the Federal Reserve's meeting next week. Traders say a lack of economic data will likely make investors unsure about buying stocks until the Fed's interest rate decision.

Jay Suskind, head trader at Ryan Beck & Co., says Tuesday was more of a quiet stabilization in the market after Monday's sell-off. "Inflation, stagflation, interest rates — there are all those words out there making this a very tough market," he says.

Although May housing starts were better than expected, a weak June outlook dragged down home builders. D.R. Horton fell 61 cents to $23.40, Hovnanian Enterprises lost 34 cents to $28.65, and Toll Bros. slid 49 cents to $26.05.

•Warner Music Group dropped $1.16 to $26.18, while China Unicom rose 7 cents to $8.66. Warner signed a deal to distribute music to mobile-phone operator China Unicom's wireless customers.

•CFC International jumped $5.11, or 45%, to $16.41 and was the Nasdaq's biggest gainer. Illinois Tool Works is acquiring the holographic and specialty coated film producer for $16.75 a share, or about $90 million. Illinois Tool shares added 17 cents to $47.60.

•Actuant skidded $10.12, or 18%, to $46.58. The industrial manufacturer said its third-quarter profit grew 34% but forecast lower earnings in the fourth quarter.

•Greenhill & Co. climbed $2.37 to $55.08 on news the investment bank agreed to buy Canada-based investment firm Beaufort Partners for an undisclosed amount.

•Golf Galaxy sliced off $2.51 to $12.43. The golf retailer posted a higher first-quarter profit but cut its guidance for the year.

Dow Rises 32.73 After Rate Fears Rein In Gains (WSJ)

By E.S. Browning

The Wall Street Journal, June 21, 2006

After initially pushing higher in response to reassuring housing-construction data, stocks ran out of steam yesterday and finished with a sigh.

The Dow Jones Industrial Average clung to a gain, rising 32.73 points, or 0.30%, to 10974.84. It had been up as much as 87.72 points at midday. It remains ahead 2.4% for 2006, but down 5.7% since hitting a six-year high on May 10.

Most stocks finished down. The broad Standard & Poor's 500-stock index edged down 0.02 point, virtually unchanged in percentage terms, to 1240.12, still down 0.7% for the year. Volatile tech stocks were among the harder hit, driving the tech-heavy Nasdaq Composite Index down 0.16%, or 3.36 points, to 2107.06, a decline of 4.5% for the year.

Some economists are starting to predict that the Federal Reserve could raise its target for short-term interest rates three more times this year, starting at the central bank's meeting of policymakers Wednesday and Thursday of next week, to prevent inflation by slowing the economy. If the Fed continues its practice of quarter-point increases each time, it would push the target rate to 5.75%, higher than most investors expected just a few weeks ago. Rising rates crimp corporate profits, and uncertainty about how high they will go makes investors nervous about owning stocks and other securities.

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Yesterday, "investors used the opportunity to sell into the rally," which explains the weak finish, said stock trader Larry Peruzzi at Boston Company Asset Management. He said he saw many late-day computer-driven trades, suggesting that some investment pros have decided to use stock gains as an opportunity to pull back until the outlook becomes clearer.

The day started on an upbeat note, with stocks rising after May housing starts came in stronger than expected, even as new building permits fell. The data quieted fears about a sharp housing downturn, suggesting that any real-estate decline is occurring at a moderate rate.

Foreign stocks were little changed on the day, as were oil futures. Gold futures, which have been under fire, rebounded $8.10 to $576.90 a troy ounce.

Outside the U.S., stocks were unchanged in dollar terms. The Dow Jones World Stock Index, excluding U.S. stocks, remained at 202.37.

In major U.S. market action:

Stocks were mixed and bond prices fell. The 10-year Treasury note fell 2/32, or 63 cents for each $1,000 invested, pushing the yield up to 5.151%. The 30-year bond was down 4/32 to yield 5.189%.

The dollar weakened, to 114.93 yen, down from 115.42; the euro rose to $1.2583 from $1.2577.

Facing Up To Inflation (WP)

By Robert J. Samuelson

The Washington Post, June 21, 2006

If the Federal Reserve raises interest rates at the end of June, as seems probable, it will likely be criticized for making a fetish of inflation and, in the process, risking an American or global recession. There are already signs that the U.S. economy is slowing. Stock markets around the world have declined sharply. Why should the Fed make matters worse by nudging up rates even a tad? This is a sensible-sounding complaint. Based on what we now know, it's also wrong.

We have an inflation problem that we need to cure before it gets worse. A central lesson of the past half-century is that inflationary psychology, once embedded in price- and wage-setting practices, is stubborn and destructive. It leads to frequent recessions. It stunts the rise in living standards. People detest it. They're frightened by rapid and unpredictable price changes. We learned these lessons the hard way. From 1960 to 1979, inflation rose from 1.4 percent to 13.3 percent. Only the horrific 1980-82 slump (peak monthly unemployment: 10.8 percent) repressed it.

The job of the Federal Reserve is "to take away the punch bowl just when the party gets going," William McChesney Martin Jr., the Fed chairman from 1951 to 1970, once famously said. As business cycles mature, inflationary and speculative pressures build. Demand begins to overtake supply. Companies find it easier to raise prices. Workers find it easier to win bigger wage increases. Greater optimism encourages riskier, often foolhardy, investments. The present economic expansion began in December 2001. It's now showing many telltale danger signs.

Inflation, though nowhere near double digits, is clearly rising. The government last week released the consumer price index (CPI) for May. It was up 4.2 percent from a year earlier. The comparable figures for the past three years were 3.4 percent (2005), 3.3 percent (2004) and 1.9 percent (2003). Even these comparisons may understate the reality. In the past three months, the increase in the CPI on an annualized basis (projected for a year) is 5.7 percent.

The obvious remedy is to slow the economy's growth -- make it harder for companies, workers and landlords to raise prices, wages and rents. But some economists contend that the Fed should discount the latest inflation reports and suspend any further interest rate increases. (The Federal Open Market Committee meets June 28 and 29.) Here's the gist of their argument:

First, the Fed's been raising interest rates since June 2004. The overnight Fed funds rate has gone from 1 percent to 5 percent. Higher interest rates operate on the economy with a delay. Finally, the economy's responding. Home building and consumer spending are weakening. In May industrial production dropped 0.1 percent. Eleven of 17 manufacturing sectors, including autos, declined. Wage increases have been modest. Inflation will subside; it, too, is a lagging indicator.

Second, inflation statistics are misleading and falsely alarming. Oil explains much of the surge. Gasoline prices are up 33.4 percent and home fuel prices 13.5 percent in the past year. Obviously the Fed can't change these. Without them, so-called core inflation (all prices except energy and food) is fairly tame. For the past year, it's 2.4 percent. Even this is skewed by a quirky

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housing component. The CPI doesn't count home prices directly. Instead, it converts rents into homeownership costs. Because rents are rising, so is homeownership. Weird, say critics.

You should treat these objections skeptically. It's not that they're wrong. But they can all be qualified. Yes, home building is down -- but commercial construction is up. Yes, industrial production dropped in May -- but it increased (0.8 percent) in April. Yes, core inflation is a useful concept if energy and food prices go down after they go up. But if oil prices stay up -- as they are doing -- it's less useful. (Even so, core inflation is outside the Fed's comfort zone of 1 to 2 percent.) Yes, the CPI's housing component is quirky -- but it's not necessarily wrong. Rents are rising partly because home prices have increased so much that more people are forced to rent. If the CPI counted home prices directly, it would have gone up much more in 2004 and 2005.

All these arguments aim to minimize the inflation threat. To anyone who knows the history, this is eerily reminiscent of the 1960s and '70s. Then, economists underestimated inflation. They argued that a bit more wouldn't hurt or that increases reflected "temporary" pressures. In the resulting political and intellectual climate, the Fed pursued easy money and credit policies for too long. It tried to drive economic growth up and unemployment down. The results were perverse: double-digit inflation, four recessions from 1969 to 1982 and higher unemployment.

Since 1982 there have been only two mild recessions. The lesson is that low inflation promotes more stable economic growth. The Fed should heed that. True, it could trip into a recession. But without dramatic evidence of a weakening economy, the greater danger is a renewal of inflationary psychology. It's time for the punch bowl to go.

When Hedging Doesn't Pay Off (WP)

By David Ignatius

The Washington Post, June 21, 2006

The financial world has been suffering lately from Post-Greenspan Stress Disorder. The new chairman of the Federal Reserve, Ben Bernanke, has been accident-prone, and some investors have gotten the jitters. They might be reassured if they paid more attention to the country's second most powerful monetary official, New York Fed President Timothy Geithner.

Geithner watches for the big, scary meltdowns that could threaten the entire financial system. Like his mentor, former Treasury secretary Robert Rubin, he's a worrier -- always looking for the "systemic risks," the cascading events that can trigger a panicky rush for the exits. He's in a constant dialogue with the nation's biggest banks and investment firms about how they manage risk.

As with globalization itself, the good news and the bad news in these markets is the same -- greater interdependence. Financial markets appear to be better protected today thanks to complicated products, known as derivatives, that allow different kinds of financial risk to be shared and traded around the world. You can hedge against almost anything these days, from hurricanes to interest rate hikes. The danger is that if this complex protective scaffolding ever failed, it could bring some of the global financial architecture down with it.

The past six weeks have been an interesting period for Geithner and his fellow central bankers. Some of the world's smartest investors, who run the exotic portfolios known as "hedge funds," got caught in a sudden, unexpected downdraft in May. The investments that had proved most profitable -- in emerging markets, commodities and other alternatives to large-cap stocks -- all took nose dives. Investment strategies that supposedly were well hedged, so that losses in one sector would be offset by gains in another, turned out to be "correlated," so that they all went down together.

The hedge fund industry prides itself on its "value at risk" (VAR) models. But last month, traders say, some markets moved "six standard deviations" -- in other words, six times the expected range of volatility. The fancy VAR models, based on past experience, failed to predict the actual damage.

The European Central Bank got so worried that it warned this month that hedge funds were the financial equivalent of bird flu and could pose a "major risk for financial stability." And Raghuram Rajan, the chief economist of the International Monetary Fund, cautioned June 8 that hedge fund managers were all chasing the same investment magic they describe as "alpha." This was driving them like a herd into riskier assets and making them all vulnerable to the same potential reversals.

The new alpha-mania may be the market's latest folly. Ordinary investors make do with what's known as the "beta," which means basic market returns as embodied by the Standard & Poor's 500 composite index of stocks. But the pros want to emulate

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hedge fund managers in chasing the outsize "alpha" returns. Almost by definition, those will come from more exotic investments -- from the tempting emerging markets in China and India, say, or commodities.

"Portable alpha" is the term investment managers have given to the notion that by moving out of the S&P 500 universe, they can match the performance of George Soros. It's an investment version of Lake Wobegon, where all the children are above average. One factor pushing the market is the wildly outsize reward for alpha performance. For the top 26 hedge fund managers, the average pay last year was a jaw-dropping $363 million, according to a survey by Alpha magazine.

Alas, the portfolio managers can't all be above average. Indeed, as more and more asset managers began chasing the outsize returns, they bid up the prices of their pet alternative assets -- to the peak levels from which they began to plummet last month. Since May 10 emerging markets have fallen by about 25 percent, for example. Hedge funds have taken a smaller but real hit. In May the Credit Suisse/Tremont Hedge Fund Index was down 1.3 percent, the first time since October it has posted a negative monthly return.

Geithner's answer has been to stress the basics. In recent speeches, he has urged financial institutions to invest in better back-office infrastructure, so that they know what's on their books and can trade efficiently even during crises. And he urged senior managers to make sure they understand the real risk they're carrying in their portfolios, by conducting tougher "what if" stress testing.

In the financial world, as in most things, people learn only by making mistakes. That's why it's useful to have little crises, like the one that swept through the hedge fund world in May. Lots of little crises reduce the risk of the big one.

Congressional Democrats Pass GOP In Funds (AP-Y2)

AP2, June 21, 2006

Senate and House Democrats, optimistic about their election-year prospects, have more money in the bank for the midterm contests than their Republican counterparts.

Some four months before the voting, the Democratic Senatorial Campaign Committee has $33.5 million cash on hand compared to $18.3 million for the National Republican Senatorial Committee, the groups said Tuesday. The Democrats raised $4.7 million in May; the Republicans collected $4.3 million in the month.

"Our fundraising success reflects a deep desire for change and recognition that the best way to get things back on track is by electing more Democrats to the Senate," said Sen. Chuck Schumer, D-N.Y., chairman of the Democratic committee.

Although the GOP committees trail in cash on hand, it has the advantage of the presidency and the fundraiser in chief as well as majority control of the House and Senate.

On Monday, Bush helped Republicans raise $27 million for the fall congressional contests, with $15 million for Senate candidates and $12 million for House candidates. The numbers will be reflected in the next filing. The president used the event to reassure Republicans that they will prevail in November.

"We're going to keep the House and we're going to keep the Senate thanks to all of you here," Bush said.

House Democrats said they had $24.5 million cash on hand after raising $5.5 million last month. House Republicans said they had $21.9 million at the end of May after collecting $5.6 million.

Dems Boast Of Fundraising Totals (HILL)

By Jonathan E. Kaplan

The Hill, June 21, 2006

Congressional Democrats yesterday trumpeted the sums of money they raised in the second quarter of the year.

The Democratic Senatorial Campaign Committee (DSCC) has raised $64.2 million in the 2006 election cycle; it raised $4.7 million and spent $3.7 million in May, according to spokesman Phil Singer. The DSCC also reported it holds a 2-1 cash-on-hand advantage over the National Republican Senatorial Committee (NRSC).

“Throughout the country, people are saying that we need a new direction and are looking to the Democrats,” said Sen. Charles Schumer (D-N.Y.), the DSCC chairman. “Our fundraising success reflects a deep desire for change.”

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The Democratic Congressional Campaign Committee (DCCC), led by Rep. Rahm Emanuel (D-Ill.), reported having $24.5 million in the bank and raising $5.5 million in May. The House Democrats' campaign arm started the election cycle with $12 million in debt, which Emanuel said has been reduced to $500,000.

"These new funds are exactly what we need to fight for the new direction that the American people want and deserve," Emanuel said. "While all the Republicans have to offer the American people is two more years just like the last six and a wageless recovery and an endless occupation, Democrats are fighting for change."

The National Republican Congressional Committee (NRCC) said it had $21.9 million on hand and no debt at the end of May. The committee raised $5.6 million last month.

DCCC Has Cash Edge For Now (RC)

By Lauren W. Whittington

Roll Call, June 21, 2006

Both House and Senate Democrats ended May with more money in the bank than their GOP counterparts, according to monthly fundraising reports due to be filed Tuesday with the Federal Election Commission.

While the Senate Democrats' campaign arm has consistently shown more available cash than the National Republican Senatorial Committee this cycle, this is the first time in recent memory that House Democrats have banked more than Republicans.

Their financial advantage isn't expected to last long, however.

The Democratic Congressional Campaign Committee ended May with about $2.6 million more in cash than the National Republican Congressional Committee. The NRCC had $21.9 million while the DCCC had $24.5 million.

However, that difference is likely to be erased by the time the committees file their June monthly reports, after the NRCC raised $15 million at the annual President's Dinner fundraiser Monday night. Although that sum is collected over several months' time, Republicans are confident they'll regain the financial edge.

"I would expect this is the last month this occurs," said NRCC Communications Director Carl Forti.

The two committees raised almost even amounts in May, with the DCCC taking in $5.5 million and the NRCC collecting $5.6 million.

But the NRCC's heavy spending on the special election in California's 50th district accounted for the cash-on-hand difference.

"We spent what it took in California 50 and we won," Forti said. "And we will have a resources advantage come fall."

But that didn't stop Democrats from crowing.

"These new funds are exactly what we need to fight for the new direction that the American people want and deserve," said DCCC Chairman Rahm Emanuel (Ill.). The DCCC still carries a little more than $1 million in debt.

On the Senate side, Democrats raised $4.7 million in May, bringing their total raised for the cycle to $64.2 million. They have raised more than $23 million more than they had at this same point in the 2004 cycle. The Democratic Senatorial Campaign Committee spent $3.7 million in May, leaving $33.5 million in its bank account at the end of last month.

The NRSC collected $4.3 million in the period and as of May 31 had raised $57.8 million in the 2006 cycle. The committee has raised $22.3 million more in the 2006 cycle than it had at this point in the previous cycle.

While the NRSC banked slightly more than the DSCC did in May, the committee's burn rate has been considerably higher for the cycle and Senate Republicans remain at a substantial cash disadvantage. The NRSC had $18.3 million at the end of May compared to the $33.5 million for the DSCC. The NRSC's take from the President's Dinner is estimated to be about $12 million.

Rahm Nixes Second Term (HILL)

By Josephine Hearn

The Hill, June 21, 2006

Rep. Rahm Emanuel (D-Ill.) will step down from the House Democrats' campaign operation after the November elections to spend more time with his family, he told The Hill yesterday.

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Emanuel has been a leading strategist, fundraiser, cheerleader and recruiter for House Democrats as chairman of the Democratic Congressional Campaign Committee (DCCC) since the beginning of last year. His uncommon pairing of cunning efficiency and profanity-laced outbursts has won him both plaudits and opprobrium, but nearly all Democrats concede that he deserves substantial credit for their rosy election prospects this year.

"I served one term, and my kids are all at a certain point. They've had it," Emanuel told The Hill. "I'll do whatever the caucus wants in the sense of helping the next chairperson in any capacity, but I will not serve as chairman another cycle." He and his wife, Amy, have three children under 10.

Although most DCCC chairmen serve only a single term, many Democrats welcomed Emanuel's presence and held out hope he would serve a second term.

Emanuel's comments came just as the DCCC was releasing its latest fundraising total. The DCCC raised $5.5 million in May, slightly behind its rival, the National Republican Congressional Committee (NRCC), which raised $5.6 million. The Democrats finished the month with $24.5 million on hand, compared with $21.9 million for the Republicans.

Across the Capitol, the Democratic Senatorial Campaign Committee also beat its counterpart (see related story, Page 6).

Several of Emanuel's colleagues were hopeful that he could be convinced to stay, noting that he had been reluctant to take the position when first offered it by House Minority Leader Nancy Pelosi (D-Calif.).

"I hope he'll change his mind. We're going to have a battle royal in 2008, and we'll need him." said Rep. Artur Davis (D-Ala.). "He expressed the same concerns about family, about lack of time, the last time around."

Rep. Debbie Wasserman Schultz (D-Fla.) concurred.

"I bet there are a whole lot of members who are going to beg him not to leave. We're not above groveling!" she quipped. Still, if he is resolved to step down, she called it a "good news, bad news" situation.

"He's a supertough act to follow. It would be daunting for any member to step into his shoes," she said. "But on the other hand he had created a tremendously solid foundation and firm ground to stand on for his successor."

Emanuel has spent much time on the road in the past year, raising money and recruiting candidates. Pelosi joked in a recent interview that she sees more of his children than he does. He typically carries a leather portfolio filled with his children's letters, photos and drawings, an aide said.

While traversing the country, he has been concerned about fundraising decisions in Washington at the Democratic National Committee (DNC). Emanuel reportedly stormed out of a meeting with DNC Chairman Howard Dean several weeks ago, exasperated that the Republican National Committee (RNC) had banked far greater reserves than its Democratic counterpart.

Asked whether Dean is doing a good job, Emanuel did not directly answer the question.

"We have the resources to do what we need to do to help our candidates," he said. "The DCCC will stay competitive. ... This will be first cycle since 1994 that DCCC will be at dollar parity with the NRCC."

At the end of May, the RNC had $43.1 million on hand while the DNC had $10.3 million.

Dean sent an e-mail to supporters yesterday defending his strategy of spending money on party operations in all 50 states rather than hoarding it for congressional races.

"We're in the middle of our campaign to explain the 50-state strategy and answer questions about its purpose," Dean told backers. He referred to a letter from Utah Democratic Party Chairman Wayne Holland Jr. calling the approach the "future of our party here in Utah."

"'Win for today' is not a long-term strategy by itself, and it has left millions of Americans and vast areas of the country without a healthy political dialogue.

On ethics issues, Emanuel voiced support for Pelosi's decision to oust Rep. William Jefferson (D-La.) from the Ways and Means Committee while he faces a government corruption investigation, citing the need to chart the high road on ethics.

"There's a clear distinction between the two parties over how a member is supposed to conduct themselves. We threw Bill Jefferson off the committee. They gave [former Rep.] Tom DeLay [R-Texas] a standing ovation on the House floor."

Some of DeLay's former aides have pleaded guilty in a wide-ranging government corruption probe, and DeLay is under indictment in a Texas campaign-finance case.

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Jefferson's removal irked members of the Congressional Black Caucus (CBC), who felt he was being unfairly singled out. The group has criticized Emanuel, saying he failed to hire enough minority consultants and did not seek the caucus's counsel. The Congressional Hispanic Caucus has at times registered similar concerns about Emanuel.

The DCCC chairman acknowledges that he has had a rocky relationship with some colleagues.

"There's no doubt I could change my style and be more patient," he conceded, noting that his wife had suggested they name a fourth child Patience as a "subtle reminder."

But he argues that he does not play favorites.

"I am impatient, [but] I'm impatient with everybody. ... I push the Blue Dogs as hard as I push the New Democrats as hard as I push the CBC. Either you do or don't believe this is a historical election."

He lamented a lack of effort from some of his colleagues.

"I've ruffled feathers with a purpose. There's a sclerosis that's set in. I've ruffled feathers of elder members of caucus with intention of recruiting younger members. I've ruffled of New Democrats and Blue Dogs. I've ruffled feathers, no doubt about it."

Tenn. May Give Dems Sixth Senator They Need (HILL)

By Dick Morris

The Hill, June 21, 2006

For months I have wondered which would be the sixth seat the Democrats could win to capture the Senate.

Because Vice President Dick Cheney would, of course, break any 50-50 tie in favor of the GOP, the Democrats, down 55-45 now, have to gain six seats in the 2006 election to get control.

Five prime Democratic targets have been obvious for some time. According to the latest Rasmussen polls, Sen. Rick Santorum (R-Pa.) belongs on the endangered-species list, trailing Bob Casey Jr., his Democratic challenger, by 56-33. Also behind, although by lesser margins, are Sens. Mike DeWine (R-Ohio), who trails Rep. Sherrod Brown by 44-41, and Conrad Burns (R-Mont.), losing to Jon Tester by 48-44.

Burns, handicapped by his association with Jack Abramoff, may be headed to defeat. DeWine, a former client of mine, has manifest campaign skills and could come back, but it doesn't look good.

Ahead of their Democratic challengers but well below 50 percent are Sens. Jim Talent (R-Mo.), who holds a narrow 43-40 lead over Claire McCaskill, and Lincoln Chafee (R-R.I.), who leads Sheldon Whitehouse by 44-42. Talent is a great candidate and could come back but would probably be defeated in a Democratic trend. Chafee, a prime RINO (Republican in name only), never really has captured the hearts of his state after succeeding his father and could also be a casualty of a GOP landslide in one of the country's most Democratic states.

If all five lose, a fair bet right now, who would be the sixth seat without which the Republicans would remain in charge of the Senate?

Now the Zogby poll indicates that Harold Ford, the Democratic candidate to succeed Majority Leader Bill Frist (R) in Tennessee, is running a surprisingly strong race against his three possible Republican opponents. That could be the sixth seat.

Zogby has Ford tied with former Rep. Ed Bryant, with each winning 42 percent of the vote, and trailing by a small margin, 43-41, against former Rep. Van Hilleary. A third possible candidate, Chattanooga Mayor Bob Corker, leads Ford by 46-42.

Ford, one of a new generation of African-American politicians with considerable appeal across party lines, has two defects as he runs for the open seat: He is black in a state with the lowest African-American population in the old Confederacy, and his uncle is facing serious corruption charges. But both of these drawbacks are quite obvious to the voters of Tennessee. If they are insufficient to doom his candidacy, this man may be a winner.

Ford himself is a Southern version of Sen. Barack Obama (D-Ill.), a moderate who has the capacity to attract independent votes. Ford rejects the extreme liberal ideology of many other black Democratic congressmen. He has also, one hopes, absorbed the lessons his ethically challenged family has to teach him about keeping his nose clean. Harold Ford is exactly the kind of black Democrat whom moderates would love to love.

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There are other possible problems on the Democratic horizon. The most serious is in New Jersey, where the open seat of former Sen. Jon Corzine (D), now the governor, is contested by Corzine's anointed heir, Democrat Bob Menendez, and Republican Tom Kean Jr., the son of the former governor.

Rasmussen's polling has Kean holding a narrow 40-37 lead. Since Kean is obviously a statewide name and Menendez has been little-known outside of his district, the congressman would seem to have the edge. New Jersey, once a toss-up state, has become a true blue enclave largely because of Hispanic in-migration, a vote that will turn out in droves for Menendez.

Rasmussen also reports that Maria Cantwell (D-Wash.) has been falling of late in his polling, so that might be another Republican target. But neither Washington state nor New Jersey can be counted on for the Republican Party.

All of this is to show that President Bush had better shake himself up and address the gas-price and energy issues that he has so far failed to speak out about, except for one mention in his long-ago State of the Union address. It is only by an ongoing relevance to this nation's key problem that Bush can hope to avert the disaster looming on the horizon.

Morris, a former political adviser to Sen. Trent Lott (R-Miss.) and President Bill Clinton, is the author of Condi vs. Hillary: The Next Great Presidential Race.

Lieberman Could Put Leaders In Bind (RC)

By John Stanton And Nicole Duran

Roll Call, June 21, 2006

Should Sen. Joe Lieberman (D) opt to run as an Independent for re-election if he is defeated in Connecticut's August Democratic primary by political upstart Ned Lamont, Senate Democratic leaders could find themselves in uncharted political waters in deciding which candidate to back against Republican Alan Schlesinger and whether sanctions would be imposed on Lieberman for leaving the party even temporarily.

Although the Senate has twice before seen incumbents launch Independent re-election bids following a primary defeat — including, ironically, an unsuccessful 1970 run by the late Sen. Thomas Dodd (D-Conn.), the father of Connecticut's other Democratic Senator, Chris Dodd — neither of those instances seems likely to provide a precedent for Minority Leader Harry Reid (D-Nev.) and Democratic Senatorial Campaign Committee Chairman Charles Schumer (N.Y.), according to Associate Senate Historian Don Ritchie.

Publicly, both Lieberman and Senate Democrats insist they are making no plans for a potential bid as an Independent and insist they are confident he will prevail in his party's primary contest.

"He said 'I'm a Democrat, period,'" Lieberman spokeswoman Marion Steinfels said. "Sen. Lieberman has said he always will be a Democrat. This is all speculation. Our campaign is completely 100 percent focused on winning Aug. 8. No one is sitting around strategizing" about an Independent bid.

DSCC spokesman Phil Singer called speculation about a possible Independent run "much ado about nothing: Joe Lieberman is and will remain a candidate in the Democratic primary." Schumer, however, refused to rule out backing Lieberman should he run without the party label when asked about it at a news conference last week.

When pressed on the matter by a reporter, Schumer said: "There are a lot of choices" if Lieberman loses the primary. "You can run as an Independent, you can run as an independent Democrat ... we'll cross that bridge when we come to it."

With Lamont mounting a serious challenge, Senate Democrats are making a point of rallying around Lieberman, with many lawmakers expected to travel to the Nutmeg State in the coming weeks. His Senate Democratic colleagues already have donated more than $49,000 since 2004 to his re-election campaign.

"I disagree with Joe on the war, but there are a lot of things we agree on," one Democratic Senator close to Lieberman said. The lawmaker, who has clashed with Lieberman in the past, nevertheless said that he will travel to Connecticut in the run-up to the primary to campaign for his colleague.

The Senator also argued that Lieberman is the stronger candidate and that a Lamont win could seriously damage the party's ability to take control of the Senate. "Joe Lieberman represents our best chance of taking back the majority. I think that if Ned Lamont wins that primary we're in real danger of losing that seat" in November, the Senator said.

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Privately, however, Democrats acknowledge that Lieberman — whose positions on the Iraq war and often close relationship with the Bush administration have rankled many in the party — could force his fellow Senators to choose between backing one of their own and abiding by the wishes of the state's Democratic voters. Lieberman's decision to leave the door open to an Independent run has angered many rank-and-file Democratic activists and has added an unwanted wrinkle to Democrats' long-shot efforts to gain control of the Senate in November.

"Lieberman running as an Independent will do major damage to our party, undoing all the work we have been doing building relationships between Democrats in Washington and the [liberal] base back home," a senior Democratic aide said, warning that "If the DSCC and the establishment support a Lieberman Independent bid, it would send a message to state parties that they don't matter anymore. That would be devastating. Lieberman needs to run in the primary, follow the rules, and work hard for a win. Any other option should be off the table."

Ari Melber, a former Senate staffer and Web logger on Huffingtonpost.com agreed, saying that, "if he loses the primary and bolts the party for his own political agenda, it would reveal that he is more concerned with staying in power than honoring Connecticut's primary process. In the end, Lieberman brought these questions on himself. He says he is proud of being a Democrat, so why won't he commit to supporting the Democratic nominee?"

Melber also argues that the base's unhappiness with the Connecticut lawmaker goes beyond his position on the war, noting that on several key issues Lieberman has broken with the bulk of his party.

"I think it's about much more than Iraq," Melber said, noting that President Bush and Vice President Cheney "cite Lieberman in speeches to attack broader Democratic plans and values" and that angers the base significantly.

Leadership aides said neither Reid nor Schumer is preparing for fallout from a possible Independent run and insisted no discussions have occurred on whether to back an Independent campaign by Lieberman or whether the Caucus would force him to step down as ranking member of the Senate's Homeland Security and Governmental Affairs Committee.

State party leaders in Connecticut are also hopeful that a three-way race is a dilemma they will not have to face.

"I will be endorsing the Democratic Party candidate, who I anticipate will be Joe Lieberman," said Nancy DiNardo, the state party chairman.

According to Ritchie, an Independent campaign by Lieberman would represent only the third time that an incumbent would have taken such a step in modern Senate history. In the case of Dodd, following his loss to Joseph Duffey in the Democratic primary, he mounted an Independent bid, garnering 24 percent of the popular vote to Duffy's 33 percent, essentially splitting the Democratic vote and allowing GOP challenger Lowell Weicker to win the election. (Lieberman unseated Weicker in 1988, and Weicker would later win election as Connecticut governor running as an Independent.)

However, the Dodd case was significantly different than this year's election. In 1967, Dodd was censured by the Senate for inappropriate personal use of campaign funds, according to Ritchie. Dodd was also neither the chairman nor ranking member of a committee, unlike Lieberman. Lieberman has also not been the subject of any ethics scandals or censure.

Similarly, Lieberman's circumstances are only partially similar to those surrounding the Senate's other example in which former Sen. Jacob Javits (R-N.Y.) ran on the Liberal Party ticket after being defeated in the GOP primary by Alfonse D'Amato. Although Javits was ranking member of the Foreign Relations Committee — and was sworn in as the committee chairman for his last day in the Senate — his 1980 Liberal Party challenge to D'Amato was, according Ritchie, prompted largely out of anger at D'Amato for basing much of his primary challenge on Javits' poor health rather than his record in office.

Lieberman's 'Little Fun' In Animated Ad Rankles Opponent (WP)

By Zachary A. Goldfarb

The Washington Post, June 21, 2006

A couple of old hands in Connecticut politics are ganging up on Sen. Joseph I. Lieberman (D).

George Jepsen, a former chairman of the state Democratic Party and former state Senate majority leader, on Monday endorsed the candidacy of Ned Lamont, a businessman who is closing in on Lieberman in the polls. Lamont's support has come largely from antiwar activists angry with Lieberman's stance on Iraq. Jepsen's endorsement follows one from former senator Lowell P. Weicker Jr., who was defeated by Lieberman in 1988.

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"It's a very difficult decision, because I've known Joe Lieberman for 20-odd years, and I like him and I thought he's sincere in what he believes," Jepsen said. "But it's become increasingly clear on most of the major issues of the day that I don't share his values. . . . I personally believe the war is possibly the worst foreign policy mistake of the post-World War II era, and Joe has been an enabler of that."

Recent polls showed Lieberman holding a lead of 55 percent to 40 percent over Lamont among likely voters in the Aug. 8 Democratic primary.

Lieberman's campaign recently posted a Web ad poking fun at the Weicker-Lamont alliance. "Remember Lowell Weicker? Well, bears never forget. He's never gotten over losing his Senate race to Joe Lieberman," says the ad, which features animation of a bear. "But instead of coming out of hibernation, he's sent his bear cub, instead -- Ned Lamont."

Lieberman spokeswoman Marion Steinfels explained the ad as having "a little fun with the Greenwich billionaires uniting against Senator Lieberman." Lamont spokesman Liz Dupont-Diehl called the ad "pathetic."

Lieberman has won a string of endorsements from prominent Democrats around the state, including the state party chairman and state Senate majority leader. One endorsement he won't be getting is that of his 2000 running mate, Al Gore. In an interview Sunday with Al Hunt of Bloomberg TV, Gore called Lieberman "my close friend" but said, "I typically do not get involved in Democratic primaries."

Gore, who has opposed the Iraq war, did endorse former Vermont governor Howard Dean in the 2004 Democratic presidential primaries.Democrats Cash In

For the first time in recent memory, the Democratic Party's House and Senate campaign committees have more money to spend on races than their Republican counterparts.

Five months before the midterm elections, the Democratic Congressional Campaign Committee ended May with $24.5 million in the bank, compared with the National Republican Congressional Committee's $21.9 million, according to reports filed with the Federal Election Commission yesterday.

The Democratic Senatorial Campaign Committee had $33.5 million at the end of last month and the National Republican Senatorial Committee showed $18.5 million.

Republicans still maintain a wide advantage in one arena. The Republican National Committee ended May with $43 million in the bank; the Democratic National Committee had $10.3 million.Thompson Won't Challenge Kohl

Former governor Tommy Thompson announced Monday that he will not seek the Senate seat in Wisconsin, which leaves Republicans with no major challenger to Democratic Sen. Herb Kohl.

"Governor Thompson will not run for the United States Senate in 2006," Thompson's office said in a statement, according to the Associated Press. "He is enjoying his work in the private sector and decided against a return to public office at this time."

Thompson, 64, announced last month he would not run for governor but left open the possibility of running against Kohl, a three-term incumbent. Once the longest-serving governor in Wisconsin, Thompson resigned in 2001 to become President Bush's first secretary of Health and Human Services.

Lieberman Vs. The Democrats (WP)

By Harold Meyerson

The Washington Post, June 21, 2006

Connecticut Sen. Joseph Lieberman is as seasoned a pol as anyone can find, but he seems to have forgotten the very purpose of elections.

In a remarkable interview he recently gave to The Post's David S. Broder [op-ed, June 18], the Democrats' 2000 vice presidential nominee sounded appalled that his fellow Democrats might, in his state's upcoming August primary, reject his reelection bid because he doesn't think his party should criticize the president on the conduct of the Iraq war. (By most indications, his primary opponent, businessman Ned Lamont, is mounting a strong challenge.)

"I know I'm taking a position that is not popular within the party," Lieberman told Broder, "but that is a challenge for the party -- whether it will accept diversity of opinion or is on a kind of crusade or jihad of its own to have everybody toe the line. No successful political party has ever done that."

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That's a rather stunning assertion. If parties were based on the acceptance of diversity of opinion on the most important issues of the day, they would lack the definition to be parties at all. And the conduct and duration of our involvement in Iraq is, by the measure of every single poll, the No. 1 issue in the minds of the American people -- a majority of whom believe that the Bush administration has botched the war about as badly as a war can be botched.

Now, maybe I've had this backward all my life, but I thought that elections were held to enable voters to choose between candidates espousing different points of view on the most important issues. Lieberman seems to believe that elections exist to enable voters not to choose -- indeed, to "accept diversity of opinion." And that if voters have the temerity to go ahead and choose anyway, they have crossed the line between party and sect in their zeal "to have everybody toe the line."

Toe the line? On Iraq? The Democrats? What line would that be? Last week, when the Republican leadership in the House brought forth a resolution that rejected setting a timetable for withdrawing troops and that called the war an integral part of the fight against global terrorism, 42 Democrats voted yes and 149 Democrats voted no. This week two groups of Democratic senators have introduced rival resolutions on Iraq policy in the Senate: one calling for the withdrawal of most ground troops by July 1, 2007, and the other calling on the president to begin phased redeployment of troops by the end of this year.

Whatever the Democrats' flaws, moving in lock step on Iraq isn't one of them. Indeed, the Republicans seem to have concluded that the uniformity of their own message on Iraq -- unpopular though it may be -- plays better than the Democrats' cacophony.

Lieberman's problem is not that he faces expulsion from a sect but that he has chosen to stand outside what remains a big, messy tent of a party. Moreover, he seems to have reversed the roles that the two parties play when it comes to Iraq.

By criticizing the president on the war, he has said, the Democrats are playing partisan politics. His opponent, Lieberman told Broder, criticized him for breaking "Democratic unity. . . . Well, dammit, I wasn't thinking about Democratic unity. It was a moment to put the national interest above partisan interest."

How's that again? To criticize Bush on the war is partisan, while refusing to criticize Bush on the war affirms the national interest? That's taking a rather partisan -- a pro-Bush partisan -- view of the national interest. Lieberman is surely right that one party has exploited the war for partisan gain, but that party is the GOP. From forcing through a resolution authorizing the war on the eve of the 2002 elections to last week's vote in the House, the Republicans have continually used the war to play gotcha with any Democrats from swing states or districts with the guts to dissent from the administration's non-reality-based view of the conflict.

In talking with Broder, Lieberman also expressed a kind of wry nostalgia for the pre-primary days when political bosses could assemble slates of candidates essentially by themselves. But the last stand of the bosses came in 1968, when machine-appointed delegates to the Democratic National Convention nominated Hubert Humphrey for president even though the voters in those states that had held primaries had favored the anti-Vietnam War candidacies of Robert Kennedy and Eugene McCarthy. Thereafter, delegates in every state were selected in primaries and caucuses, as party leaders concluded that voters would demand -- and even deserved -- a say on issues as fundamental as Vietnam. To Joe Lieberman's apparent dismay, Iraq is just such an issue, and the voters of his state are just irresponsible enough to judge him on it.

The Great Democratic Hope (WSJ)

By Ross Douthat

The Wall Street Journal, June 21, 2006

Iowa and New Hampshire are still 18 months away, but the 2008 presidential campaign has already entered its Cuomo hour -- the twilight period before a race when the press grows weary of the likely candidates and begins casting about for big names and dark horses. It's a moment when imaginations run wild: Conservative pundits confidently announce that only Rudy can beat Hillary; a glorified PowerPoint presentation is all it takes for Al Gore to be anointed savior of his party; and the fence-sitting politicians who want to run for president someday try to read the tea leaves and figure out if that someday should be now.

History suggests that the answer should be "yes" for almost all of them, potential frontrunners and long shots alike. If Rudy Giuliani ever wants to run, for instance, the case for him to do so in 2008 is practically airtight. The nomination is up for grabs and every rival has a weakness; the GOP will be looking for a white knight to replace a weakened president; and Mr. Giuliani's

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socially liberal record won't go away with time, whereas his personal appeal will fade as the memory of 9/11 diminishes. A similar calculus holds for Mr. Gore: If he wants to make another run, he's unlikely to have a better foil than Hillary Clinton or a media more likely to rally to his side. * * *

But consider a more difficult case -- Barack Obama, the Great Democratic Hope, who's currently pegged as a frontrunner for 2012, or perhaps 2016 or even 2020. Would it be presumptuous for Illinois's junior senator to run this time around, on the basis of charisma, a compelling personal story and just a few short years in Washington? Of course it would -- but it might also be the smartest thing he ever does.

Yes, Mr. Obama is young and untested; yes, there are older, better-qualified names in line ahead of him. But he's in the Senate, where presidential aspirations go to die, and his political stock may never be higher than it is right now, when liberal Democrats and centrists alike project their dreams upon him, undimmed by the disappointments and compromises of a long career. For the moment, he's part Clinton, part Roosevelt, part JFK and MLK; but in eight or 12 or 16 years, he might be John Kerry.

Would Mr. Obama win in 2008? Probably not -- though he's breaking records as a fund raiser, and sparking more enthusiasm from Democratic audiences than any of the other '08 hopefuls. As the New Republic's Ryan Lizza has pointed out, there will be no incumbents in 2008 to unseat, either in the primaries or the general election, whereas "if he waits until 2012, he will face the historically impossible task of unseating the incumbent president of his own party, or the historically difficult task of unseating the incumbent president of the opposition party." Meanwhile, 2016 and 2020 are eternities away. And as with John Edwards, a good showing in the primaries could make Mr. Obama the presumptive VP nominee -- while unlike Mr. Edwards, he'll have a Senate seat to fall back on if he loses.

The danger, of course, is that he might peak too soon -- the fate of Harold Stassen, for instance, who ran well in the 1948 GOP primaries and badly in eight presidential elections thereafter -- or else get laughed off the stage as an overly ambitious greenhorn. But in presidential politics, it's usually better to run too early than to wait, and wait, for a perfect moment that may not come. Losing the 1988 primaries at age 39 didn't hurt Al Gore's long-term prospects; it didn't hurt Ronald Reagan's future chances that he ran, and lost, against Gerald Ford in 1976; losing to George W. Bush in the 2000 primaries doesn't seem to have damaged John McCain's '08 hopes. Mr. Edwards was mocked as callow in 2004, but his VP slot on the Kerry ticket carried him to the doorstep of the White House. And sometimes you even shock the world and win -- as Bill Clinton did in 1992, like Jimmy Carter and JFK before.

Wait too long, on the other hand, and time can pass you by. Think of the Democratic bigwigs -- Mario Cuomo, Sam Nunn, Bill Bradley -- who declined to take on George H.W. Bush in 1992, preferring to wait for a more propitious moment. More recently, Hillary decided that 2008, not 2004, was the perfect year to make her bid, and while she may yet be proven right, you have to wonder if she might have improved on Mr. Kerry's close-but-no-cigar showing against George W. Bush.

Fence-sitting politicians will always be tempted to take a page from Richard Nixon, the most Machiavellian campaigner of them all, who supposedly bided his time after his defeat in '60, sitting out the 1964 race and letting the moment come to him. But Nixon didn't sit out '64, exactly -- in the months before that year's GOP convention he plotted on the sidelines, lining up chits and calling on donors, ready to seize the nomination if it seemed to be on offer. 1964 was hardly a perfect year for him to run, and it would have been a far harder race than the next election proved to be. But Nixon knew what today's political Hamlets would do well to remember -- that the perfect is the enemy of the best, and that if you want the White House you have to seize the day, because the "next election" doesn't always come.

Mr. Douthat is an associate editor at the Atlantic Monthly.

The Democrats Reassess (WP)

By Dan Balz

The Washington Post, June 21, 2006

This is idea week for the Democratic Party.

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On Monday, three veteran party strategists -- William Galston, Stan Greenberg and Ruy Teixeira -- launched a Web site (http://www.thedemocraticstrategist.org) with the goal of generating fact-based, empirically tested theories that might help Democrats resolve their policy differences and win more elections.

Yesterday saw another launch party, this time for Democracy, a quarterly journal that also will be available online (http://www.democracyjournal.org). The magazine will be edited by Andrei Cherny and Kenneth Baer, two younger veterans of recent party wars. Their goal is do for the Democrats what journals such as Public Interest did for conservatives and Republicans decades ago, which is to bring forward big ideas to challenge what they regard as the tired thinking that grips Democratic politicians.

On Thursday, NDN (formerly the New Democrat Network) will convene its annual conference. NDN, founded by Simon Rosenberg, has recently been in the forefront of moving beyond differences between centrists, liberals and the new world of blogs and net-roots activists, all with an eye toward tipping the political balance back in a Democratic direction.

Those in the middle of these events share a similar conviction, which is that for too long Republicans have been winning the battle of ideas (and often campaign strategy) in American politics, in part because conservatives invested in what is now a well-funded infrastructure of organizations that have produced ideas, thinkers, publications, strategists, and politicians who now control the White House, Congress and increasingly the federal judiciary.

There is also a belief shared at least by some of the participants that Democrats have ridden for too long on what are the fumes of the New Deal and the Great Society, which sustained Democrats for half a century. The first issue of Democracy offers articles on rethinking how to finance the health-care system, the economic and security challenges posed by differing birthrates around the world, and alternatives to redistribution to reduce inequality. The Democratic Strategist provides essays on competence as a campaign theme, protecting voting rights and demography's impact on politics.

Doug Hattaway, a Democratic communications consultant who worked for Al Gore's presidential campaign in 2000, recalled a moment of epiphany during a focus group of Democratic operatives and marketing professionals he attended last year. The participants were asked to say what Democratic accomplishments they were most proud of. Their responses filled several pages on a flip chart set up in the focus group facility. "We all realized there was nothing there within the past 30 years," Hattaway said.

Many Democratic politicians are still tied to past glory and what worries some of the progressives trying to generate new ideas is that elected officials are divorced from what is a lively debate-in-the-making on national security and domestic challenges. "Somehow or another this conversation does not really make its way to Democratic politicians very much," said Michael Tomasky, editor of the liberal American Prospect.

The lone exception he cited was Bill Clinton and his presidency.

Baer offered a sharper critique of the politicians, criticizing as poll-driven and uninspired the 2006 campaign agenda issued by congressional Democrats. "You could go through it line by line and write the poll questions that generated each line," he said.

The people in the middle of the Democrats' idea week seem to agree on another point, which is that the two-decade-old battle between party centrists and liberals may have run its course. "I think the old centrist-liberal debate in the party is to some extent dead," Teixeira said. "I think people have lost interest in that."

Galston noted that, while he is a charter member of the centrist movement, he split with many of his friends at the Democratic Leadership Council by opposing the war in Iraq. Rosenberg has been looking for fusion between center and left, between old strategist and new bloggers. On everything from fighting terrorism to assuring economic security in a time of globalization, many of these activists believe, the party will have to put aside left-right battles of the past and come up with fresh ideas.

It was left to some conservatives to offer Democrats comfort. Historian Francis Fukuyama, who has broken with other neo conservatives over Iraq, said the conservative era may be ending. "It does seem to me that the country is way overdue for one of those big pendulum swings back," he said.

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William Kristol, editor of the conservative Weekly Standard, also reminded the progressives that internecine battles can be constructive, recalling vicious fights over the years that he said resulted in stronger conservative movement. "It's a big mistake when people lament that, gee, there's too much infighting on our side," he said.

Merrill Apparently Shot Himself On The Bay (WP)

By Eric Rich

The Washington Post, June 21, 2006

Philip Merrill, the prominent publisher and former diplomat whose body was found floating in the Chesapeake Bay on Monday, suffered from a heart condition and apparently took his own life, his family said last night.

Merrill, 72, was found with a shotgun wound to the head and a small anchor tied around one or both ankles, according to a source familiar with the investigation.

"Obviously, he took his own life," the source said, speaking on condition of anonymity because the results of an autopsy had not been announced. "This is not an accident."

Merrill, who was famously brash and determined as the leader of a publishing empire that includes Washingtonian magazine and the Capital newspaper of Annapolis, lately had become fatigued and unmotivated, his family said in a statement late yesterday. They said he had undergone heart surgery a year ago and was on several medications as a result.

"Over the past four weeks we've observed that his spirit dimmed," the family said.

"We were concerned for his welfare but never imagined he would consider taking his own life," they said. "Unfortunately, with the same resolve and single-mindedness that made him so effective as an executive he appears to have made his decision to carry out his actions with tragic consequences."

The development was a startling turn in a series of tragic events that began June 10, when his boat was found under sail but empty and drifting in high winds. A massive search that day and for days later yielded nothing. Then, on Monday, a recreational boater found his body close to a shipping lane off Poplar Island, more than 11 miles from where his boat, the Merrilly, had been found.

"To be honest with you, I'm speechless," Tom Marquardt, executive editor of the Capital, said last night. "This ending does not change his accomplishments one iota."

Merrill was assistant secretary general to the North Atlantic Treaty Organization in the early 1990s and president of the Export-Import Bank of the United States from 2002 until last year. He frequently took time away from his business to pursue diplomatic and intelligence assignments for the government. He served six administrations, mostly in the State and Defense departments.

His death recalled two other high-profile incidents involving prominent Washington area residents. In 1996, former CIA director William E. Colby died from drowning and exposure after falling from a canoe off Charles County. After his body was recovered more than a week later, authorities said he probably had a stroke or heart attack before the accident.

In 1978, another former high-level CIA employee, John A. Paisley, disappeared while sailing across the Chesapeake Bay. His body was found a week later near Solomons Island with a fatal gunshot wound in an apparent suicide.

Ex-Anchor Adrift After CBS News Cuts His Workload (WP)

By Howard Kurtz

The Washington Post, June 21, 2006

Dan Rather accused CBS executives yesterday of not having "lived up to their obligation to allow me to do substantive work there" as the network announced his departure after a 44-year career.

CBS officials heaped praise on the longtime anchor, even as they were ushering him out the door yesterday. Rather, for his part, made clear his frustration with the network for refusing to renew his contract or give him an ample workload at "60 Minutes."

His departure "represents CBS's final acknowledgement, after a protracted struggle," that the network was making inadequate use of him, Rather said in a statement. "As for their offers of a future with only an office but no assignments, it just isn't in me to sit around doing nothing."

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CBS News President Sean McManus tried to accentuate the positive, likening Rather's career to those of Edward R. Murrow and Walter Cronkite.

"I'm sad this day has come," he said, "but really hope the challenges Dan talked about for him in the future provide the ability to do the great kind of work he wants to do."

Asked why the network is dropping the 74-year-old Rather, McManus said: "We just couldn't come up with an arrangement that had enough work to satisfy both him and CBS. If there had been a scenario that would have provided a workload that made sense for both CBS and Dan, we would have pursued that, but unfortunately that was not the case."

The network says it plans to pay tribute to Rather in a prime-time special this fall and is making a donation to his Texas alma mater, Sam Houston State University. Rather is expected to leave this week, well before the November expiration of his contract.

Rather, who anchored the "CBS Evening News" for 24 years, relinquished the post early last year after apologizing for a 2004 story -- based on documents that could not be authenticated -- that charged President Bush had received favorable treatment from the National Guard three decades ago.

McManus would not address whether the botched Guard story, which prompted the resignations of three senior network executives and the firing of Rather's producer, was a factor in CBS's decision to end Rather's career there. On the advice of company lawyers, McManus never met with Rather.

"It would be silly for me to try to list his enormous accomplishments and the contributions he made to CBS News," McManus said. "As time goes by, people will probably appreciate those more and more. I have nothing but respect and admiration for Dan Rather." CBS chief executive Les Moonves also hailed Rather in a statement for his "singular passion" and "dedication."

The Washington Post reported the decision to drop Rather last week, citing network sources as saying there was no room for him on "60 Minutes," in part because the program must find time for two part-time contributors, incoming anchor Katie Couric and CNN's Anderson Cooper.

"I'm going to miss him, just because he's been part of my life for so long," said Bob Schieffer, who met Rather while covering the Kennedy assassination and served as his interim successor. "I truly believe Dan Rather was a major figure in American journalism in the 20th century. His successes were larger than life, and his mistakes were larger than life."

While some CBS staff members say the network is treating Rather shabbily, many believe that he badly damaged the news division with his mishandling of the Guard story and that his departure is overdue. A number were shaking their heads over his recent comment to the New York Times that, having had little to do lately, he had gone five times to see the George Clooney film about Murrow, "Good Night, and Good Luck," sometimes by himself.

Rather covered wars from Vietnam to Yugoslavia to Iraq, political conventions and plenty of hurricanes in between, landing big interviews along the way. He was the first to interview President Bill Clinton after his impeachment, and the last Western journalist to sit down with Saddam Hussein before the 2003 U.S. invasion.

But Rather was also a lightning rod for conservatives, especially after his confrontational 1988 interview with Vice President George Bush over the Iran-contra scandal.

Mark Cuban, the billionaire owner of the Dallas Mavericks, confirmed on his blog that he is in discussions with Rather about launching a program on HDNet, a high-definition channel that reaches about 3 million homes. "We hope to do a deal where he produces a show that uncovers news. Information with a payoff. . . . I will tell you that there won't be any corporate considerations. No earnings per share issues. No worries about advertisers and what they might think," Cuban wrote.

Rather, who commanded a multimillion-dollar salary as the face of CBS News, maintained yesterday that "too much is made of anchors and their personalities, their ups and downs," as opposed to questions about the role of a free press and the "corporatization" of news.

Michael Wolff, a Vanity Fair columnist, called the CBS executives "a bunch of phony balonies" for praising Rather while dismissing him. "They looked at this with some amount of cold logic," Wolff said. "He's disgraced, he's old and we have a whole new era that's beginning, so let's get rid of him. It has no decency or compassion."

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John Hinderaker, a lawyer whose conservative blog raised early questions about the disputed Guard documents, said it was "really indefensible" for Rather to have stood by the story for nearly two weeks. But, he said, "I've got some sympathy for the view that he had a long and distinguished career and that one episode shouldn't negate a lot of years of hard work. I always kind of liked the guy. He was a little quirky, an old-fashioned anchorman."

Rem Rieder, editor of American Journalism Review, said Rather "certainly brought on a lot of his own problems with the National Guard story. But given his long history with CBS and all the work he's done, you just wish there would have been a more graceful way to end this saga. One of the hardest things in life is knowing when it's time to go."

Rather Steps Down From Post At CBS News After 44 Years (WT)

By Jennifer Harper

The Washington Times, June 21, 2006

CBS News veteran Dan Rather will leave his post after 44 years on the job, the network announced yesterday.

Calling Mr. Rather a "reporter's reporter," Sean McManus, president for news and sports coverage, said: "His legacy cannot be replicated."

But Mr. Rather's legacy has turned bitter in the last year, tainted by the network's recent decision not to renew his contract and the ballyhoo over former NBC morning hostess Katie Couric, who arrives to replace Mr. Rather in September.

The newsman, who turns 75 in October, does not plan to simply fade away like an old soldier. He will, in fact, exit on a strident note.

"My departure before the term of my contract represents CBS' final acknowledgment, after a protracted struggle, that they had not lived up to their obligation to allow me to do substantive work," Mr. Rather said yesterday.

"As for their offers of a future with only an office but not assignments, it just isn't in me to sit around doing nothing," he added.

Recent press reports indicate Mr. Rather may take up a newscasting role with HDNet, a high-definition cable channel currently available in about 3 million homes. The folksy Texan is one of the last old-school, authority-figure anchormen -- and not without notoriety. Still, he downplayed celebrity and rued the state of journalism yesterday.

"Too much is made of anchors and their personalities, their ups and downs," Mr. Rather said. "The large issues -- the role of a free press and of honest, real news in a democracy, the role of technology in supporting a free press, the 'corporatization' of news and its effect on news content -- all deserve more attention."

He delivered his final broadcast as prime-time anchorman on March 9, 2005, signing off with the word "courage." The dramatic exit ended months of controversy after a setback for CBS delivered by Mr. Rather himself.

He suffered public loss of credibility after using forged documents in a "60 Minutes II" broadcast in late 2004 that accused President Bush of compromising his Vietnam-era National Guard duty, aired in the pivotal weeks before the presidential election. In the aftermath, Mr. Rather traded his anchor chair for the role of special correspondent, and CBS ceremoniously fired four news executives after completing a lengthy internal review.

"Dan Rather's career ended about two years ago, after the National Guard story," Brent Bozell of the Media Research Center said yesterday. "He made not just a monumental mistake, but a monumental mistake compounded by months of denials. To this day, he claims his innocence in this. And that's what really undid him."

Mr. Rather, who broke into journalism in Texas as a reporter for the Associated Press and later United Press International, took over as anchorman from Walter Cronkite in 1981. In 2002, he broadcast excerpts from journalist Daniel Pearl's videotaped execution by Islamist terrorists, over the objections of the White House and the State Department. He also interviewed Saddam Hussein in 2003, though officials cautioned journalists to be wary of media-savvy terrorists.

Rather's Career Comes To A Sudden End (USAT)

By The Media Mix By Peter Johnson

USA Today, June 21, 2006

Dan Rather's troubles with CBS News began in 2004 with Memogate, the scandal that stemmed from his 60 Minutes report on President Bush's military service.

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But 60 Minutes correspondent Steve Kroft says Rather's CBS career, which came to its official close Tuesday, ended much like those of two other CBS News legends, Edward R. Murrow and Walter Cronkite: CBS wanted to move on and, news icons or not, they had to go.

"The past two years have been extremely difficult for Dan and uncomfortable for everyone at CBS News," Kroft says. "But he has handled the adversity with his customary grace and leaves with his head held high. This has much less to do with the National Guard story than management's decision that it was time to make a change and move in a different direction."

It's no secret that CBS, by hiring former Today star Katie Couric to anchor the Evening News and adding younger correspondents such as Lara Logan and CNN's Anderson Cooper to 60's ranks, is eyeing the next generation of viewers.

Rather and CBS News chief Sean McManus say they were at odds over how many stories Rather would report for 60 Minutes, where he turned after leaving The CBS Evening News in March 2005.

McManus, named president in November, says he didn't talk to Rather about his future because lawyers "got very quickly involved" and he was advised to let them handle it. "If there was an amount of assignments that made sense for Dan and CBS, we would have pursued that, but there was not."

Rather declined to be interviewed. But he said in a statement that leaving "before the term of my contract represents CBS' final acknowledgement, after a protracted struggle, that they had not lived up to their obligation to allow me to do substantive work there. As for their offers of a future with only an office but no assignments, it just isn't in me to sit around doing nothing."

On his website, Mark Cuban, founder of cable's HDNet, wrote that he has been talking to Rather about anchoring a high-definition broadcast "that uncovers news" with "no worries about advertisers and what they might think."

Rather will be the subject of a prime-time special on his career next fall, the network said.

Rather's departure from CBS after 44 years — and the way it was handled — was topic No. 1 in news circles Tuesday. Some say Rather was owed a better sendoff; others say he got what he deserved.

"No one likes to see a run like this end on such a bad note," says NBC Nightly News anchor Brian Williams. "But somewhere in Pennsylvania a father of four with 19 years under his belt came home after getting his notice at the factory today, and he would give anything for one week of Dan's compensation. Dan would be the first to counsel massive amounts of perspective on this story."

"Most people at CBS" thought Rather should have resigned after two of his producers on the National Guard story were fired, says 60 Minutes commentator Andy Rooney. "On the other hand, I feel vaguely bad for him; it's a sad way for him to end his career."

"Even before the scandal, he didn't have the reservoir of good will (at 60) that Walter Cronkite or Bob Schieffer would have had," says Bob Zelnick, a former ABC News correspondent who chairs the journalism school at Boston University. "Could CBS have acted with more grace? Of course."

Says Brent Bozell, head of the Media Research Center, a conservative watchdog group: "The real irony is that Guard story had the potential to destroy George Bush's career, but it ultimately destroyed Dan Rather's."

CBS To Rather: Good Night, And Good Luck (WP)

By Tom Shales

The Washington Post, June 21, 2006

Dan Rather is a free man. After an appropriately acrimonious final round of legal wrangling, his 44 years with CBS News came to an end yesterday -- or will come to an end today. Or will end Friday. There's a bit of confusion on that point.

Those who have followed the awkward exit of Rather from his position first as anchor of the "CBS Evening News" last year, then as a CBS News employee this year, often ask a simple question: How could a network for which Rather has done so much and served so loyally treat him so shabbily as the curtain falls?

Some think there is a strange personal grudge against Rather by CBS chief executive Leslie Moonves, who was quoted diplomatically in a CBS news release yesterday as saying of Rather, "The unique mark he has left on his craft is indelible." Others think there is intense pressure on CBS News President Sean McManus to clear Rather and all remnants of him from the

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premises in preparation for the arrival of Katie Couric, the former "Today" show host who will anchor the "Evening News" this fall and has a growing reputation in the business as the neediest diva on the block.

An explanation from one of Rather's many supporters inside the company: "We're dealing with a bunch of classic idiots."

Reached at his home in New York, Rather did not sound rattled. It is unlikely he will make an appearance at the fly-infested CBS News building on New York's West 57th Street this week; the contents of his office -- including the family Bible that was always opened to a different verse -- have been removed and will be sent to him. As of Friday, officially, Dan Rather and CBS News will no longer be one.

Now that the smoke has cleared from a final skirmish, Rather says he and his wife, Jean, and one or two of their children are headed for a retreat in the Catskills that has been in the family for decades. Then the couple will head to Alaska because Dan loves to fish there, and because the air is so clean. Especially when compared with the air on the Upper West Side.

CBS will pay Rather, either by lump sum or biweekly paychecks, through November, when his contract is officially up. Since he makes $12 million a year, that was worth arguing about, and CBS executives did argue until Monday. As most of those who follow such events know, Rather was removed as anchor of the "CBS Evening News" a year short of his 25th anniversary after the airing of an apparently flawed "60 Minutes II" report on George W. Bush's alleged special treatment while in the Texas National Guard. Rather was the correspondent on that report. One producer lost her job, others are suing.

Don Hewitt, executive producer of "60 Minutes," and Mike Wallace, its most famous correspondent, huffed and puffed and declared that Rather should resign. Dan Rather is not the resigning type. Wallace has since apologized.

Although the CBS farewell statement issued yesterday was mostly bland and laudatory, it was updated later in the day on the CBS Web site after Rather's statement was released; a small blog war ensued. "In response to the [Rather] statement," said the Web site, "a CBS spokeswoman said: 'We value and respect Dan's tremendous career at CBS News. Despite the fact that we couldn't reach an agreement that satisfied everyone, we wish him all future success.' "

Rather was reassigned after the Bush report to join the correspondents on "60 Minutes" and "60 Minutes II," a then-successful spinoff of the original classic news program. If "60 Minutes II" went off the air, the agreement said -- and it did go off the air -- Rather was to join "60 Minutes," where he'd earlier made a major mark as an investigative reporter, full time. But Rather discovered in fairly short order that he was a correspondent in only a token, perfunctory way.

He contributed a mere seven reports to the shows over the past year and a half, Rather said Monday. "From 18 to 22 is the norm."

Some of his detractors claimed this was poetic justice because Rather, on ascending to the anchor chair March 9, 1981, supposedly banished his predecessor, Walter Cronkite, from ever appearing on the program and even from doing other reporting work for CBS News. But one of Rather's supporters said yesterday that, first of all, Rather would hardly have had the authority to "ban" Cronkite from the airwaves and, second, Cronkite hosted a series, "Universe," in prime time on the network.

That his last weeks and days at CBS should be marked by turbulence seems somehow appropriate for Rather, although through the years he has been among the most ferociously loyal of company men where CBS News was concerned. As with such illustrious predecessors as Edward R. Murrow, Rather's in-house enemies were up in the corporate stratosphere, not down in the trenches with the hard-working journalists.

He suffered and squirmed under the disastrous reign of CBS Chairman Laurence Tisch, who slashed the news division budget and, by losing professional football to another network, lost a number of important affiliates, too. Rather's "Evening News," which had been No. 1, eventually fell to third place. In some major markets its lead-in, the local CBS station's news, was paltry, further handicapping the Rather program.

Over the years he endured all kinds of advice and counsel on his delivery of the news. There were plans to do the newscast standing up after Cronkite left, but those were abandoned. For a while, Rather wore a sleeveless sweater under his jacket to try to "warm him up" on the air. Some found his formality too rigid. As the hired entertainment at a Clinton-era press dinner, radio shock jock Don Imus observed, "Dan Rather delivers the news as if he were making a hostage tape."

But all the comments only tend to "underscore," as Rather liked to say, his controversiality on the air, his status as a national lightning rod, a dynamic personality about whom no one seemed to lack an opinion. On the CBS Web site yesterday, former rival

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Tom Brokaw spoke in mellow tones of the old three-anchor era that is now history, Brokaw having retired, ABC's Peter Jennings having died and the great Rather having been brought down from his pedestal.

"Dan, Peter and I chased each other around the world a lot," Brokaw recalled. "We made each other better, I think, by being so competitive." It was Rather who was the most competitive of all and whose trips to the news sites of the world forced his fellow anchors to follow. This might be his great contribution: redefining the term anchor to such a degree that "anchor" is an anomaly. An anchor holds a ship in one place, but Rather was always on the go, whether interviewing terrorists in the Mideast or clinging to a tree in the midst of a torrential hurricane.

He was and remains a living legend in the business he loves, and the bumpy years that ended his CBS run cannot change that. One of Rather's former bosses, Sir Howard Stringer (now president of Sony Corp.), used to marvel that when he'd walk down the street with Rather, the anchor had a magnetic effect on people -- real people, who would come up to him to shake his hand or express a grievance or offer words of admiration.

Last night, Bob Schieffer -- Rather's temporary successor -- said on "CBS Evening News": "Dan Rather was one of the great reporters of his time." This followed an affectionate and even stirring report by Anthony Mason that retraced a few of Rather's giant steps.

Rather says that, though 74, he has no intention of leaving broadcast news. But watching the farewell report last night, one couldn't help thinking: We shall not see his like again. Ever. Because the domain he dominated is one of the things he is taking with him.

The world has changed a lot in Rather's 44 years at CBS. Yesterday, it changed a little more.

Surge Of Population In The Exurbs Continues (NYT)

By Rick Lyman

The New York Times, June 21, 2006

Once again, the fastest-growing cities in the United States are some of the far-flung exurbs in the Sun Belt and the Far West, according to fresh population estimates from the Census Bureau.

The bureau's annual survey of municipalities with at least 100,000 residents shows that from July 1, 2004, to July 1, 2005, four outer suburbs in California, three in Florida, two in Arizona and one in Nevada were the country's most rapidly growing.

Leading the list was Elk Grove, Calif., on the Sacramento area's far southern edge, which grew nearly 12 percent in those 12 months, to 112,338. Elk Grove was followed by North Las Vegas, Nev.; Port St. Lucie, Fla.; Gilbert, Ariz.; Cape Coral, Fla.; Moreno Valley, Calif.; Rancho Cucamonga, Calif.; Miramar, Fla.; Chandler, Ariz.; and Irvine, Calif.

Several of those cities were also on the previous year's list — Port St. Lucie was No. 1 then — and the pattern of the last decade has been for an increasing number of these distant exurbs to pace the national rate of population growth.

"As far as we are concerned, this is very good news indeed," said Christine Brainerd, spokeswoman for Elk Grove's city government. "It's a sign that the development strategies the city has put in place are working and that we have become a place where many, many people want to live."

The Census Bureau made the estimates by taking the full 2000 census tally and then using population indicators like building permits to make a guess about subsequent growth. Since the estimates were for July 1 of last year, they do not include any population changes brought about by Hurricane Katrina, which struck on Aug. 29.

The only change in population ranking among the nation's 10 largest cities was that San Antonio supplanted San Diego in seventh place, although Phoenix came within fewer than 2,500 people of taking over fifth place from Philadelphia, as it will almost certainly do in next year's estimates.

In terms of the actual number of additional residents, as opposed to percentage growth, Phoenix attracted the most, its population rising an estimated 44,456, to 1,461,575.

And it was a Phoenix exurb, Gilbert, on the metropolitan area's far southeastern flank, that ranked first in growth in percentage terms from 2000 to 2005, spurting 58 percent, to 173,989 from 110,061.

Big-city Schools Struggle (USAT)

By Greg Toppo

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USA Today, June 21, 2006

WASHINGTON — Students in a handful of big-city school districts have a less than 50-50 chance of graduating from high school with their peers, and a few cities graduate far fewer than half each spring, according to research released on Tuesday.

Fourteen urban school districts have on-time graduation rates lower than 50%; they include Detroit, Baltimore, New York, Milwaukee, Cleveland, Los Angeles, Miami, Dallas, Denver and Houston.

The findings present a bleak picture and are sure to generate controversy as lawmakers and others push to keep U.S. students competitive globally.

While the basic finding that the nation's overall graduation rate is about 70% is not new, the study suggests that graduation rates are much lower than previously reported in many states. It also could bring the dropout debate to the local level, because it allows anyone with Internet access to view with unprecedented detail data on the nation's 12,000 school districts.

Among the nation's 50 largest districts, the study finds, three graduate fewer than 40%: Detroit (21.7%), Baltimore (38.5%) and New York City (38.9%).

The advantage of the new study is that "you could apply it to any and all school districts in the country with the same validity — and the same problems," says Michael Casserly of The Council of the Great City Schools, an advocacy group for large urban districts.

He says it's still unclear whether researcher Christopher Swanson overstates the problem. Swanson's analysis, strictly speaking, is not a calculation of dropout rates but of graduation rates; it estimates the probability that a student in ninth grade will complete high school on time and with a regular diploma.

Adding to the debate: The study is sponsored by the Bill & Melinda Gates Foundation, which promotes its own brand of high school reform. Last year, Bill Gates called U.S. high schools "obsolete."

The study, which uses 2002 and 2003 data, the most current available, finds that public schools graduate 69.6% of an estimated 4 million eligible students each spring, meaning about 1.2 million students likely won't graduate this year. That means about 7,000 students drop out per school day, Swanson says.

Researcher Lawrence Mishel of the Economic Policy Institute says Swanson's figures "seriously understate graduation rates, especially for minorities." They say that just 52% of blacks graduate, and 57% of Hispanics.

Mishel says by comparing the number of graduates with the number of ninth-graders, Swanson exaggerates the effects of the "ninth-grade bulge," in which many ninth-graders are held back a year before tackling more advanced work and, often, state-mandated exit exams. Mishel's most recent research puts the overall U.S. graduation rate at 82%.

An A-to-Z Book Of Conservatism Now Weighs In (NYT)

By Jason Deparle

The New York Times, June 21, 2006

WASHINGTON, June 20 — It has red states and blond pundits; home schoolers and The Human Life Review; originalists, monetarists, federalists and evangelists; and no shortage of people named Kristol.

Now American conservatism can claim another mark of distinction: an encyclopedia all its own.

It is a big deal, in terms literal — 997 pages — and metaphorical. Few insults have stung the movement's thinkers as much as the barb from Lionel Trilling, the literary critic, who said conservatives had no ideas, "just irritable mental gestures."

A half-century later, 251 contributors have weighed in, not so irritably, with a four-pound response.

"Feel the heft of it," said Lee Edwards, a former aide to Senator Barry Goldwater, who appears in the volume with a byline and an entry. "It's more than a book. It is, if you will, an estimate — it shows the maturation of the conservative movement."

And a timely one, at that. Sixteen years in the making, American Conservatism: An Encyclopedia appears with American conservatism, the political movement, warring over its future direction.

"We've gone from history's adversary to destiny's child, but governing has brought a whole new level of challenge," said Jeffrey O. Nelson, publisher of ISI Books, the conservative press in Wilmington, Del., that produced the encyclopedia. Criticizing what he called the "big education, big spending, big war, big government" conservatism of Republican leaders, Mr. Nelson said he hoped that the book, whose list price is $35, would help the movement return to its small-government roots.

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"If conservatism is going to succeed and thrive in the 21st century," he said, "it's got to look more like the conservative tradition as expressed in this book than the conservatism currently practiced in Washington."

Those people toiling in the capital trenches may not recognize the conservatism represented here. The book omits familiar names like Ann Coulter, Tom DeLay, Grover Norquist, Bill O'Reilly and Karl Rove.

It includes the journals University Bookman, circulation 2,600, and First Things. It gives Willmoore Kendall, a political scientist who died in 1967, three times as much ink as former House Speaker Newt Gingrich. Those proportions are appropriate, said a former student of Mr. Kendall, William F. Buckley Jr., the founder of National Review, who called the reference book "terrific."

"Newt came and went rather fast but didn't leave hard fingerprints," Mr. Buckley said. "The quote, unquote conservative politicians have a pretty short lifetime in encyclopedia usage.

"It seems to me that if one were looking for orientation in such a world that the encyclopedia tries to serve that you would be more interested in Burckhardt," he said, a reference to Jacob Burckhardt, a 19th-century Swiss historian of the Renaissance, "than in any of more than 100 conservative senators in the past 50 years."

Garland Publishing started working on the encyclopedia in 1990. ISI Books took over the project 10 years later. ISI Books is part of the Intercollegiate Studies Institute, which, as Page 436 explains, is a nonprofit group founded in 1953 to promote conservative ideas in colleges.

The encyclopedia is being featured by two conservative book clubs, Mr. Nelson said, and has sold nearly 20,000 copies since its release about two months ago. Along with Mr. Nelson, its editors were Bruce P. Frohnen, who teaches at the Ave Maria School of Law in Ann Arbor, Mich., and Jeremy Beer of ISI Books. Given its gestation, the book includes contributions from scholars who are long dead, including Russell Kirk, who in 1953 published a seminal book, "The Conservative Mind." Kirk, who died in 1994, wrote essays on John Adams and moral imagination. Mr. Nelson is his son-in-law.

Some entries wear their conservatism on their sleeve. Goldwater's "loyalties were to duty, honor and country." Ronald Reagan had a "vigorous and principled agenda." Bill Clinton was "corrupt."

Others plumb more obscure topics with no obvious tilt. "Public choice economics" describes a theory of how special interests wield power. Two of its proponents have won Nobel Prizes.

The discussion under "Jewish conservatism" acknowledges a history of anti-Semitism on the right. The entry on Abraham Lincoln explores a conservative split between admirers and those who think he laid the groundwork for "contemporary statist liberalism."

The longest entry belongs to "Straussianism," a school of political theory founded by a professor at the University of Chicago, Leo Strauss, that emphasizes classical texts. Embraced by some leading proponents of the Iraq war, Straussianism is often regarded by those beyond its fold as opaque mumbo jumbo, a reputation that five pages of explanation may not dispel.

If there is a place where the rivers of the right converge, it appears to be the office of William Kristol, a Straussian editor and advocate, whose mother (Gertrude Himmelfarb), father (Irving Kristol), philosophy (neoconservatism) and magazine (The Weekly Standard) all earned separate entries.

Though Mr. Kristol was puzzled to read that he valued "the virtue of a citizenry" more than its prosperity or freedom, he declined to dwell on quibbles, praising the volume for concluding each entry with a short bibliography.

"What I liked most was that it encouraged you to read additional works," Mr. Kristol said.

Some quibbles are edifying. The entry about "God and Man at Yale," Mr. Buckley's most famous book, says it portrayed a campus "conspiracy" against capitalism and Christianity. But Mr. Buckley said his book "made a rather emphatic point to say there was no conspiracy, that people were acting out of their own impulses."

Another entry describes the editorial page of The Wall Street Journal as "pro-business." The page's editor, Paul A. Gigot, said the paper often criticized businesses that sought government favors and won a Pulitzer Prize in 1980 partly for an editorial called "Down With Big Business."

"We believe in capitalism, free markets and free people, not business over labor," Mr. Gigot said.

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The volume treads lightly, when it treads at all, on matters of race. It describes the "courtesy and dignity" of Strom Thurmond, who as a South Carolina governor and senator led the South's effort to preserve segregation. It does not mention that Mr. Thurmond had a black daughter whose existence he kept secret.

George C. Wallace, who became governor of Alabama pledging "segregation forever," was "always more complicated than his critics allowed." The discussion of "Southern conservatism" pays tribute to the region's "precious Anglo-American continuity" and says nothing about Jim Crow.

Dan T. Carter of the University of South of Carolina said such entries offered a "pasteurized" view of racial history. "The rise of American conservatism owes, in some part, to racial animosity, and it's uncomfortable for many conservatives to deal with that," said Mr. Carter, a biographer of Wallace who describes his politics as liberal. "You don't have to say that conservatism capitulated to it. But you have to acknowledge it was there."

Mr. Nelson agreed that the encyclopedia's discussion of race was incomplete and said the next edition would include an entry about conservatives' reaction to the civil rights movement.

"Our forebears made a mistake on the issue," he said. "They were just wrong. I don't know how to say it more clearly than that."

The sheer mass of the volume left at least one subject with mixed feelings. Richard A. Viguerie, a founder of Moral Majority, was delighted to find himself portrayed as a "liberal bogeyman." But given the army of thinkers and doers who inhabit the book, Mr. Viguerie said, "we should have achieved more politically than we have."

That, Mr. Kristol said, was not a conservative view. "Conservative thinking," he said, "should teach you not to expect too much from politics, at least in the short run."

Real Reform Must Scrutinize Lobbying And Lawmakers (USAT)

By Abbe D. Lowell

USA Today, June 21, 2006

Amid the allegations of accepting money or gifts from lobbyists and others swirling around former congressman Randall "Duke" Cunningham and Reps. William Jefferson, D-La., and Jerry Lewis, R-Calif., Congress has once again taken up lobbying and ethics reform.

A number of the "reform" measures, such as increased restrictions on accepting gifts or more frequent public disclosures of contacts with lobbyists, are merely cosmetic. Real reform will not occur until the very relationship between lobbyists and public officials is re-examined.

Recent news reports and denials that Speaker of the House Dennis Hastert was "under investigation" for signing a letter in support of a lobbyist's clients shortly after that lobbyist raised large contributions should have, but did not, start this examination.

What hasn't received much scrutiny is the interplay between lobbyists and fundraising. As long as campaign engines need to be fueled, special interests and lobbyists who have the most immediate interest in legislation will have the most incentive to supply the gas. This gives lobbyists an unfair advantage in access and persuasion.

More often than those simply interested in good government, lobbyists will take on the request from a member or a member's staff that: "Gee, I will consider your position of that bill or your client's interests, and, by the way, I am having a fundraiser next week."

So, the same individuals and companies who promote their causes in legislation are also the ones who can get their clients, friends, colleagues and acquaintances to come to the cocktail party or reception with the large contributions that are now needed.

The payback

And what does that interest group or lobbyist get in return? Honest members of Congress do not agree to a position or compromise their principles just because a proponent of the position or principle raised the campaign funds requested. Even so, that member gets to know that advocate's position in a context that average Americans do not enjoy.

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For decades, the Justice Department's practice has been not to consider campaign contributions linked by timing or sequence to official action as illegal bribes. The recent scandals may change this. But lawmakers, not prosecutors reinterpreting policy, should set the stage for change.

Public officials do not need new laws to know they should not accept money or gifts in exchange for public actions or their office.

It should be relatively simple for Congress to declare that if a lobbyist's position has merit, it can be presented in the congressional office and not at a Washington restaurant, a private suite at a sports arena, or on the 15th hole of a country club golf course.

And, as to travel, it is not hard to conclude that a public official's travel is either official business to be paid by the government, campaign business to be paid by the election committee or party, or personal travel to be paid by the public official himself.

Real reform ideas

The more difficult issue is how to weaken the link between lobbying and fundraising. A few ideas:

• Require fundraisers to disclose publicly their interest in legislation.

• Require sponsors of "bundled" contributions (individual contributions arranged together for greater impact) to disclose their roles.

• Impose further limits on the total amount individuals can give in an election cycle.

• Provide additional public financing of campaigns.

• Help candidates pay for access to various media.

No doubt other ideas exist, but in the midst of the current debate about "reform," none of these is being proposed in legislation.

So, it was wrong for someone to leak that Hastert was or should be under investigation. What should have been leaked is that the time has come for the entire process to be under investigation so that a better system can result.

Abbe D. Lowell, a partner at Chadbourne & Parke LLP, served as special ethics counsel to Congress reviewing the conduct of former representative George Hansen. He has also represented lawmakers and others in ethics investigations, including former senator Robert Torricelli and former representative Dan Rostenkowski. He currently representsformer lobbyist Jack Abramoff.

Emergency In The Emergency Rooms (NYT)

The New York Times, June 21, 2006

The nation's emergency rooms have been stretched thin for at least a decade or more, but a new analysis suggests that they have reached a breaking point. Their plight underscores how dreadfully unprepared we are to cope with a major disaster like pandemic influenza or mass casualties from a terrorism attack.

The crisis in emergency medical care was laid bare in three reports issued last week by the Institute of Medicine, a unit of the National Academy of Sciences. Half a million times a year ambulances are diverted from emergency rooms that are full and sent to others farther away. Emergency room patients who need admission to the hospital often spend eight hours or more — sometimes even two days or more — on gurneys in the hallways, waiting for a hospital bed to open up.

Some emergency rooms lack the services of key specialists, such as neurosurgeons, who shy away from emergency room duty because many uninsured patients can't pay and their malpractice premiums would skyrocket because of the risky nature of emergency cases. What is not known is how many people die as a result of delays in treatment or inadequate care under chaotic conditions. No measurement system tracks such data.

The emergency room crisis has many causes, none of them easily or cheaply resolved. The number of people seeking treatment in emergency rooms has jumped sharply over the past decade or so, from 90 million in 1993 to 114 million in 2003. Over the same period, cost pressures forced the closing of some 700 hospitals, almost 200,000 hospital beds and 425 emergency departments. The result is severe crowding, exacerbated by a huge influx of poor people seeking routine care who

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are either uninsured or on Medicaid but unable to find doctors willing to treat them. By law, emergency rooms must accept all patients, whether they have insurance or not.

The institute's experts have many proposals for easing the situation, ranging from new regional systems to improve the flow of patients to the most appropriate and least crowded emergency rooms to an infusion of money to cover unpaid emergency care and to bolster preparedness for large-scale disasters. The most important change would be to stop diverting seriously ill ambulance patients and divert instead the poor patients who clog emergency rooms seeking routine care. That would require extending health coverage to the uninsured and providing more primary care clinics and doctors in poor neighborhoods.

Bush's Unpopularity In Europe Hangs Over Summit (WP)

By Michael Abramowitz

The Washington Post, June 21, 2006

VIENNA, June 20 -- President Bush arrived here Tuesday for his 15th visit to Europe since taking office, at a time when the populace remains generally wary of him despite concerted efforts by political leaders on both sides of the Atlantic to patch up their differences.

In meetings here Wednesday, Bush and European Union officials are to confer on issues including trade, energy security and their mutual efforts to persuade Iran to halt activities that could lead to the development of nuclear weapons.

Officials have dampened expectations of any major announcements, because Iran has yet to respond to a package of inducements and penalties -- including the offer of talks with the United States for the first time since the 1979 Islamic revolution -- aimed at ending its enrichment of uranium.

Speaking with reporters aboard Air Force One, Bush's national security adviser, Stephen J. Hadley, said Americans and Europeans were strongly committed to having Iran completely shut down its enrichment program. "The framework is clear," he said. "What is missing is a positive Iranian response. And that's, of course, what we are looking for."

On Thursday, Bush is scheduled to visit Budapest, the Hungarian capital, where he will mark the 50th anniversary of the 1956 uprising against communist rule.

Since his reelection in 2004, Bush and his advisers have tried to rebuild relations with Europe -- deferring to Britain, France and Germany, for example, in handling the diplomatic initiative toward Iran. The White House has been aided by the defeat of Gerhard Schroeder in his bid to remain German chancellor and the weakening influence of French President Jacques Chirac; both had made opposition to the U.S. war effort in Iraq a centerpiece of their administrations.

But if relations at the political level have improved, public opinion has lagged far behind. Bush remains unpopular with the public in many European countries over the war in Iraq and alleged abuse of detainees by U.S. forces at Guantanamo Bay, Cuba, and other facilities, according to opinion polls and experts on transatlantic relations. A survey released last week by the Pew Research Center found that the United States' image has slipped over the past year in France, Germany and Spain and is down considerably since 2000.

Diplomats and experts on Europe say public opinion is a significant drag on Bush's ability to expect much from political leaders here -- for instance, for his renewed effort to secure international assistance for the new Iraqi government. While countries such as Poland and Britain have contributed substantially to security in Iraq, the European Union as a bloc has done relatively little, officials say, pledging the equivalent of about $250 million in assistance in 2006.

"The scars of Iraq are still very real and run real deep," said Ronald D. Asmus, executive director of the German Marshall Fund's Brussels office. While political leaders may agree that success in Iraq is important, he said, the European public believes "that Americans screwed it up and need to clean up the mess."

Gary J. Schmitt, who specializes in defense and foreign policy issues at the American Enterprise Institute in Washington, said the Bush administration has done a much better job handling Europe in the second term, but questioned whether Europe's leaders will sign on to tough sanctions if Iran rebuffs the recent overtures.

"To their credit," he said, speaking of Bush administration officials, "they have learned that it's better to have the Europeans on board than not. The real question is when it comes to the hard issues, like Iran, whether it will pay off."

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Adding to the public relations problem is continuing anger over allegations of abuse by U.S. forces at Guantanamo Bay and in Iraq, and disclosures about secret CIA prisons in Europe. Bush has been confronted with questions about these matters almost every time he has met a European leader, and a spokeswoman for Austrian Chancellor Wolfgang Schuessel, whose country holds the revolving presidency of the E.U., said he would raise the issue again on Wednesday.

At a briefing for reporters last week, Hadley noted Bush's repeated statement of interest in closing the Guantanamo facility and said people would "be held accountable" by the Pentagon if allegations of wrongdoing in Iraq were confirmed. "That's been explained to the Europeans in various forms at various times," he said. "They can raise it -- there's not a lot new to be said on that issue."

Denis MacShane, a British member of Parliament from the ruling Labor Party and a former minister of state for Europe, said that Americans "just have to live" with a reflexive anti-Americanism and that Europeans are coming to share American concern over the threat from radical Islam. But the Bush administration, he added, "has not really thought about managing European public opinion -- they have not had a kind of program of public diplomacy that has been convincing."

John Bruton, a former Irish prime minister who now leads the E.U. mission in Washington, said that U.S. and European politicians both need to do a better job. "Our task really is one of trying to reestablish a sense among Europeans that Americans are their cousins," he said.

Iraq Threatens Bush Agenda At EU (WT/AP)

By George Jahn, Associated Press

The Washington Times, June 21, 2006

VIENNA, Austria -- President Bush's meeting with European Union leaders today is scheduled to focus on Iran's nuclear ambitions and economic concerns, but the United States' conduct of the war on terrorism will be an unspoken theme.

National Security Adviser Stephen Hadley has said he doubts Mr. Bush will have much to say about the U.S. prison for terror suspects at U.S. Naval Base, Guantanamo Bay, Cuba, charges of prisoner abuse in Iraq and suspected killings of Iraqi civilians by Marines in Haditha.

For millions of Europeans, however, these are the issues that matter -- and their concerns are shared by politicians.

Austrian Chancellor Wolfgang Schuessel, whose country holds the rotating EU presidency, plans to urge Mr. Bush to close Guantanamo. Peter Pilz, a senior member of Austria's Green party, says Mr. Schuessel should tell Mr. Bush "that the criminal actions of his government will not be tolerated in Europe."

Mr. Pilz is one of Austria's more outspoken public figures. Still, his sentiments -- that the U.S. is breaking the law in Iraq and in its larger fight against terror -- are shared by many Europeans angry over the Iraq invasion, recent suicides at Guantanamo and the reported existence of secret CIA prisons worldwide.

Newspaper editorials reflect Europe's dismay with a partnership that most here see as has having gone wrong.

"Those who came as liberators, those who wanted to bring the rule of justice ... lost their moral credibility in Iraq," wrote the German weekly Die Zeit. "Not just a few soldiers have 'lost their control' as they like to say. America's entire Iraq policy is out of control."

In France, the newspaper Le Monde wrote of the Guantanamo suicides: "We continue to ask by what heavenly decree America holds itself above the rule of law."

Young people, like Andrej Mantei of Berlin, are even more scathing. "I don't think it's possible that anybody could make worse foreign policy than Bush," he says.

And even many older people are critical, unlike a few decades ago, when they equated America with the war against Nazi Germany, postwar reconstruction and the shield against the Soviet Union.

"I think Bush was wrong, and he should have remorse," said Rosa Sarrocco, 80, of Rome. "The recent events ... have had a further negative impact on my opinion of America."

America's image problems in Europe are reflected by a survey done by the Pew Research Center for the People & the Press and released last week. Favorable opinions of the United States ranged from a high of 56 percent in Britain to a low of 23 percent in Spain.

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Pro-U.S. sentiment is stronger in much of formerly communist Eastern Europe, where Washington's contribution to toppling Soviet dominance lingers in many minds. It peaks in Kosovo, whose ethnic Albanian majority gratefully remembers the U.S.-led bombing in 1999 that forced Serb troops from the province.

Bush Seeks Pledge Compliance (WT)

By Stephen Dinan

The Washington Times, June 21, 2006

VIENNA, Austria -- The White House yesterday said countries have an obligation to fulfill their monetary pledges to help rebuild Iraq, but refused to name the nations that are $10 billion behind their commitments, according to Bush administration calculations.

"Some of them have done better than others, and some are clearly lagging," Stephen J. Hadley, the president's national security adviser, told reporters aboard Air Force One as Mr. Bush traveled to Vienna for the annual U.S.-European Union summit.

The president is looking for a show of unity on blocking Iran's nuclear program and plans to push for Europeans to commit to completing the "Doha round" of free-trade talks, while Austrian Chancellor Wolfgang Schuessel, who currently holds the six-month rotating EU presidency, is expected to press Mr. Bush on closing the enemy combatant detention facility at Guantanamo Bay, Cuba.

But even as he seeks to build pressure on Iran, Mr. Bush's eye will be on the other two spokes of his "axis of evil" as he tries to block North Korea's burgeoning nuclear and missile programs and tries to shore up international support for the new government in Iraq.

Anti-Iraq-war protests are scheduled for Mr. Bush's stay in Vienna, but the president will be departing even as the main protest is under way today, headed for Budapest to commemorate tomorrow the 50th anniversary of the Hungarian uprising that Soviet troops and tanks brutally smashed.

The president has not carved out much time for cultural activities in his two days on the ground in Europe, though he is expected to see the Vienna Boys Choir perform.

During his visit to Budapest, he will lay a wreath at the eternal flame in Kossuth Square, a memorial to the 1956 revolt against the Soviet bloc, and later will deliver a speech on the uprising and the push for freedom.

U.S. officials have said they don't expect any breakthroughs on trade, nor do they expect major developments on Iran, in part because the principal European leaders involved in Iran aren't here and in part because the burden is now on Iran to respond to a European-led offer.

On Iraq, Mr. Bush has stepped up pressure in the past several weeks to collect on the commitments made at a donor's conference in Madrid in 2003, saying Monday that $13.5 billion has been pledged but only $3.5 billion has been paid.

"It's a critical time for Iraq's young democracy, and assistance from the international community will make an immediate difference," Mr. Bush said. "All nations that have pledged money have a responsibility to keep their pledges, and America and Europe will work together to ensure they do so."

Of the $13.5 billion pledged in 2003, $8 billion was assistance from donors and $5.5 billion was in the form of loans from the International Monetary Fund and the World Bank.

The money is to be disbursed between 2004 and 2007. But donations appear to have dried up since the total hasn't risen much from September 2005, when the State Department reported that more than $3 billion already had been contributed.

Bush To Partners In Iraq: Pay Up (CSM)

By Peter Grier

The Christian Science Monitor, June 21, 2006

WASHINGTON

For nations that in the past have pledged to help Iraq rebuild, the United States has this message: Get out your checkbook.

In recent days, administration officials, from President Bush on down, have insisted repeatedly that it is time for others to live up to monetary commitments to Baghdad, most of them made in 2003.

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"The international community has pledged about $13 billion to help this new government. Yet only $3.5 billion has been paid," said Mr. Bush on Monday in a commencement address to the US Merchant Marine Academy.

Iraq's security situation has discouraged many donors from pouring cash into the country. They don't want their aid used to pay for gun-toting guards, or for clinics or courthouses that might get blown up.

But the White House argues that the elimination of insurgent leader Abu Musab al-Zarqawi shows security is improving. The renewed push for international contributions also comes at a time when it is becoming clear just how expensive rebuilding Iraq will be.

"There's a convergence of events at this point in time leading to this," says Robert Pfaltzgraff, a professor of international security at the Fletcher School at Tufts University.

In coming months, non-US donor nations and international institutions should become increasingly important to the reconstruction of Iraq, according to US officials. Money in the main US reconstruction account, the Iraq Relief and Reconstruction Fund, is dwindling. The new Iraqi government will increasingly take over reconstruction management duties from the US.

The United Nations has already agreed to step up its activity. Earlier this week, Secretary-General Kofi Annan, responding to a plea from Iraqi officials, said he would help organize international economic and political support for Iraq.

Given all this, it's time for nations to make good on promised reconstruction donations, insists the White House. Pledges are fine, and many nations have made generous promises, say US officials. But Iraq now needs the money.

Bush has mentioned the issue often in public in recent days. And the administration has sent Deputy Treasury Secretary Robert Kimmitt and State Department counselor Philip Zelikow to visit world capitals and figuratively rattle the tin cup.

"We need to get these amounts paid in, and then we need to look here in a three- or four-month time ... [at] what additional amounts need to be pledged," said National Security Adviser Stephen Hadley at a briefing for reporters last week.

It's true that the international community could step up its Iraqi aid activity, say experts outside the administration. But the situation is more complicated than the White House is portraying it, they say.

The bulk of aid pledges, $13.6 billion, were made at a donor conference in Madrid in October 2003. Of this, some $4 billion was offered as outright grants. The rest - $9.6 billion - was proffered as loans, not straight handouts.

Of these pledges, about 25 percent, worth $3.5 billion, have been paid, according to the US Special Inspector General for Iraq Reconstruction. In addition, the International Monetary Fund and World Bank have begun providing some of their promised loans. (Later pledges have raised the total amount of money promised by the international community to $14.6 billion.)

Some nations have moved quickly to provide their promised aid. Japan and Britain have been "notably active" in this regard, says a recent Congressional Research Service report.

Japan - the second-largest donor to Iraq after the United States - has spent most of its pledged $1.5 billion in grant aid, and is close to launching the first phase of a $3.5 billion loan, according to CRS. Japanese funds have paid for power-station rehabilitation, water tankers, fire trucks, and irrigation equipment. (Tuesday, Japan announced it would withdraw its 600 troops in Iraq but hoped to increase noncombat air operations there.)

Britain has helped pay for reconstruction of the Iraqi justice system, among other things.

Other nations have moved more slowly. Iraq's neighbors have made generous pledges, for instance, but so far little of the promised money has shown up.

"Kuwait ... has not moved much of its $565 million pledge," says the most recent Special Inspector General quarterly report to Congress. "Similarly, Saudi Arabia and the United Arab Emirates are holding off on expenditures."

Lack of security is one big cause of this reluctance. Currently, between 16 and 22 percent of Iraqi reconstruction aid pays for armed guards and other security-related costs. Many non-US nations don't want a large percentage of their donations to be devoted to such items. In general, they have not been eager to rebuild a war zone while the war was still going on.

Iraqi politics has been another concern. Saudi Arabia and other largely Sunni Muslim nations have kept their checkbooks closed while they wait to see how Sunnis will fare in the new Iraq.

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"These countries want to see whether a stable political democratic system can be established in Iraq that will include the Sunni Arabs as well as the Shia Arabs and the Kurds," said James Jeffrey, Department of State coordinator for Iraq policy, at a June 8 House hearing.

With the establishment of the new Iraqi government, this criteria has been met, according to Mr. Jeffrey. Other US officials argue that with the death of the terror figure al-Zarqawi, the security situation is improving as well.

Pressing for reconstruction pledges to be made good may thus be an attempt by the Bush administration to help build on the momentum they say has been generated in Iraq in recent weeks - though Al Qaeda in Iraq has named a new leader, and insurgent attacks continue.

"The US has every interest in promoting international contributions to post-conflict stability in Iraq," says professor Pfaltzgraff of the Fletcher School.

US Effort To Rehab Image Falls Short (CSM)

By Howard LaFranchi

The Christian Science Monitor, June 21, 2006

WASHINGTON

In Europe for two days, President Bush will lay out a full agenda on Iran, aid to Iraq, and farm subsidies in world trade. But he'll also confront a European public that has such a poor view of America that in some countries, the United States is seen as the biggest threat to global stability today - surpassing Iran.

Views like this have figured in Helle Maasbol's family. For the three years she has lived in the US, she's not been able to entice her mom back home in Denmark to pay a visit.

"Her image of the States was going downhill for a while, but it was the war in Iraq that was the real blow," says the wife of a World Bank economist and mother of two girls - all of whom are now moving back to Europe. "I told her often about the wonderful people we've met in America, but she said she wouldn't come as long as the president was George Bush."

Indeed, the US image abroad has continued to deteriorate, despite a concerted effort by the Bush administration to turn things around by mending fences with key allies, taking concrete steps to make diplomacy work, and expanding public-diplomacy efforts in the Middle East and other regions.

At the beginning of his second term, Mr. Bush set out to improve America's relations with the world by extending a more diplomatic hand to international partners, taking more multilateral positions on security concerns like Iran, and naming trusted aide Karen Hughes to help fix the US image abroad. But recent surveys show that public opinion about America continues to fall in countries as diverse as Spain, Turkey, Russia, and Indonesia. And the repercussions of the decline are not just touchy-feely image issues, experts say.

Low public esteem for the US makes it more difficult for governments to unabashedly side with the US on international issues, while less attraction to America can mean a smaller slice of the global tourism pie for the US.

"We lose out on jobs when foreigners don't travel here as much. We lose out on billions of dollars in spending, but we also lose the goodwill we know comes from people getting to know Americans," says Roger Dow, president of the Travel Industry Association of America (TIA).

Noting that he discussed that impact recently with Ms. Hughes, Mr. Dow says, "I asked her, 'What would it be worth to you to have 8 million people going home to say, "You know, they're not so bad."' You have to figure that into the diplomacy equation."

Eight million is the number of additional visitors the US would greet if it increased its share of the international travel pie by just 1 percent. In 2002, the US reaped 9 percent of international travel, but today the number is down to 6 percent. Each percentage drop represents 150,000 jobs and $15 billion in spending, according to the TIA.

Of course, anti-Americanism is not the only explanation for falling numbers of foreign visitors - any more than disdain for the Stars and Stripes was invented by Bush. Many experts tie the tourism phenomenon to America's place as the world's only superpower, and the resentment that people have long felt toward the power they believe must be responsible when events turn negative.

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But others say that US policy under Bush - from the war in Iraq to rejection of the Kyoto accords on greenhouse gases - is responsible for the new spike in anti-US sentiment. "I don't believe the figures we're seeing will change much so long as this president is in office," says Simon Serfaty, an expert in US-Europe relations at the Center for Strategic and International Studies (CSIS) in Washington.

Results of a new global attitudes survey by the Washington-based Pew Research Center show that a country's image of Americans is at least several percentage points higher than the same country's image of America as a nation. Bush's numbers are below both of those categories.

Another poll published this week by the Harris group shows that Europeans generally pick the US as the world's biggest threat to global security over Iran. This was true even in Britain, although Germans and Italians rank the US below Iran.

Ms. Maasbol finds this evolution sad and troubling, especially since she remembers as a little girl hearing "only good things" about America and its role in World War II - yes, even from her mom. "People say Iraq has made things worse for everybody in the world, and that it has brought out the bad side in America with things like the prisoner abuse," she says.

When Bush meets Wednesday with European leaders in Austria, he will hear calls for the closing of the Pentagon's detention facility in Guantánamo, Cuba. Bush is attending the annual US-European Union summit. From there he travels to Budapest, Hungary, where he will give a speech Thursday.

Mr. Serfaty of CSIS says the prisoner-abuse issue and the case of Guantánamo are particularly poignant for Europeans because they suggest an America making the same kinds of mistakes that Europe made in its colonial past.

"Europeans are saying, 'Don't use your power to do what we used to do,' " he says, which was to commit widespread rights abuses in African and Asian colonies while claiming to improve the world. He adds, however, that the European perspective "demonstrates how there is no understanding over there of how 9/11 has changed mentalities in this nation."

Particularly troubling for the US may be indications that America is slipping even in places where it is lavishing new attention. Opinion of America dropped 15 points in India compared with last year - despite a Bush visit to India in March and his calling for a new strategic partnership between the two countries.

There are some bright spots for the US. The Pew survey found that America's image improved among French youth, for example. "Feelings about America were bad in 2003 at the start of the war, but you don't see that so much among the young people anymore," says Swann Gros, a 17-year-old Parisian on his first visit to America this summer. Demonstrating an awareness of current events, he says the French know that Bush "is not so popular with Americans now - just as the French don't so much like Jacques Chirac."

Bush's Goals In Austria May Be Overshadowed (LAT)

By James Gerstenzang And Alissa J. Rubin

The Los Angeles Times, June 21, 2006

VIENNA — President Bush stepped off Air Force One on a warm night Tuesday in the heart of Central Europe, and into the steamy debate over the U.S. war in Iraq and his administration's tactics in countering terrorism.

He began a 21-hour visit to Austria, built around a meeting with the leaders of the European Union, as the United States and its allies await Iran's response to their latest anti-nuclear proposals. Bush also plans a similar quick stop in Hungary tonight and Thursday.

The president arrived with what his national security advisor, Stephen Hadley, said last week were three goals: "Promoting freedom and democracy, enhancing security and pursuing greater global prosperity." The goals draw little debate, but the means for achieving them are tearing at the European political and social fabric.

Though the U.S. agenda with Europe covers global trade negotiations, European farm subsidies and Iran, Austrians want their leaders to confront Bush's policies in Iraq, the U.S. prison at Guantanamo Bay, Cuba, and the "rendition" of suspected terrorists to countries that permit torture. Newspapers and TV talk shows have discussed little else in recent days, with people at both ends of the political spectrum denouncing the treatment of terrorism suspects who have not been charged with crimes.

The visit to this officially neutral country is the first by a U.S. president since Jimmy Carter met Soviet leader Leonid I. Brezhnev here in 1979 to sign an arms control treaty. Bush is meeting with Chancellor Wolfgang Schuessel, EU president.

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Peter Pilz, a spokesman on security issues for the leftist Green Party, said of Bush's visit: "It is problematic to welcome as guest a politician who wages unconstitutional wars, uses falsified secret … reports as an excuse to do so, is willing to preemptively deploy nuclear weapons, who tolerates kidnappings, torture and illegal detention camps as a means of security policy."

Joerg Haider, former leader of the far-right Freedom Party, said in an interview with the moderately conservative newspaper Die Presse that Bush was turning the Middle East "into a witches' caldron."

"The summit will not change anything," said Haider, who is best-known for anti-Semitic comments and opposition to immigrants when his party was part of the government.

Austria's widely read news magazine Profil featured Bush on its cover this week, under the headline "The Mad World of George Bush."

"What makes the leader of the last superpower tick? Just how fanatical is he?" the magazine asked. In the city of Freud, it drew a deeply unflattering psychological profile of the president, under the headline "Bush on the Couch."

The visit to Budapest, the Hungarian capital, will give Bush an opportunity to commemorate the unsuccessful partisan uprising against Soviet domination in 1956. The revolution foreshadowed the disintegration more than three decades later of communist rule across Central and Eastern Europe, and provides the U.S. leader a metaphor for the broader democracy that he has promoted as the foundation of his Middle East policies.

Noting the division in Europe over the war, Bush said Monday at the U.S. Merchant Marine Academy in Kings Point, N.Y., "Some of the most important support for Iraqis is coming from European democracies with recent memories of tyranny." He cited Poland, Hungary, Romania, Bulgaria, the Czech Republic, Slovakia, Georgia, Ukraine, Latvia, Lithuania and Estonia as examples.

But he acknowledged that "others in Europe have had disagreements with our decisions on Iraq."

Bush is making a renewed push to get those who have promised to help rebuild Iraq to begin paying up. Of the $13.5 billion in assistance that has been pledged, he said Monday, only $3.5 billion has been paid.

Large amounts are due from Iraq's wealthier Persian Gulf neighbors, but Europe also owes money, Hadley said last week.

The meeting with the EU leadership has been long-scheduled, but its timing allows the president to promote a united front in the effort to pressure Iran to suspend enrichment of nuclear fuel, which the Bush administration sees as an immediate and pressing problem.

The five permanent members of the United Nations Security Council — the U.S., Russia, China, France and Britain — and Germany offered a package of incentives early this month to persuade Iran to halt its nuclear program. Since then, Iran has been lobbying hard to soften the terms so it can continue some uranium enrichment as "research and development."

Iranian President Mahmoud Ahmadinejad said Friday that the offer was under serious consideration.

In the view of some analysts in Washington, the diplomatic strategy on Iran may allow the U.S. to present a less bellicose image than it has regarding Iraq, potentially softening the impression Bush creates.

Having recently agreed to join other nations in direct negotiations with Iran, "President Bush has improved his standing and support among European leaders," Jon B. Wolfsthal and Jennifer Hamilton wrote in a paper for the Center for Strategic and International Studies, a Washington policy research organization.

And, they said, with the EU's top officials at his side, Bush "can in one step make clear that the offer on the table is the best Iran can hope to receive."

Austria is the 54th country Bush has visited as president; Hungary will be the 55th.

Die Presse, reflecting none of the potentially tempered view of him that Wolfsthal and Hamilton raised, featured a cartoon that suggested Bush might have become confused.

The cartoon showed the president in a pub talking to students, with a thought bubble over his head. It had him thinking, "funny kangaroos" — a jeering suggestion that Bush would mistake Austria for Australia.

An Unpopular Export (LAT)

The Los Angeles Times, June 21, 2006

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PRESIDENT BUSH'S TRIP TO EUROPE is being welcomed like an infectious disease. Bush was unpopular in Europe from day one of his presidency, but a charm offensive launched last year — and a more conciliatory approach toward European concerns — was meant to change that, or at least nudge the approval rating up a notch. Instead, recent polls show he is more unpopular than ever across the Atlantic.

Things have gotten so bad, in fact, that Europeans now claim the United States is a greater threat to global stability than Iran, according to a Harris poll. Given that a key goal of Bush's visit is to persuade European leaders to support his efforts to stem Iran's nuclear ambitions, that's a bit of a problem. Though Bush wants to talk about Iran, energy and Europe's failure to live up to its commitments to help pay for Iraq's reconstruction, European leaders will feel obliged to take the president to task over Guantanamo Bay and alleged secret CIA prisons.

European disdain for the United States is nothing new, of course, and the feeling has long seemed a bit contrived. The French grumble about the U.S., but they love McDonald's and Hollywood. Austria, host to the meeting between the U.S. and European leaders, is one of the most fiercely anti-Bush nations in Europe. It prides itself on its neutrality, which is another way of saying it prefers to let the U.S. pay the financial and human costs of policing the world while its intelligentsia get to rail about American excesses in the war on terror. Nonetheless, Bush's disdain for multilateral institutions, environmental protection and international law has earned him a special place in the pantheon of unpopular U.S. political exports.

It is hard for Bush to alter his image at this point in his presidency, but he must do as much as he can to court European public opinion, lest governments on the Continent find it untenable to be associated with any Bush initiative. Bush's recent interview on German television, in which he said he would like to end internments at Guantanamo Bay, was a good start. He could build on it by acknowledging legitimate European concerns over climate change and repudiating the "rendition" of terror suspects.

Maybe the best PR move would be to make a surprise trip to a World Cup game in Germany. With the U.S. seen abroad as an insular nation that doesn't play well with others, a presidential visit to the hugely popular event — indeed, a humble recognition by the former baseball team owner that the World Cup is the biggest sports event on Earth — would carry enormous symbolic value. For security reasons, it would have to be unannounced and last-minute. But if Bush can drop into Baghdad unannounced, as he did last week, surely he can make a visit to Nuremberg.

Bush Travels To Europe To Shore Up Ties (AP-Y2)

By Terence Hunt

AP2, June 20, 2006

President Bush confronted high-stakes nuclear showdowns with North Korea and Iran and grisly news about U.S. war deaths Tuesday as he began a quick trip to strengthen ties with European allies unhappy about Iraq.

A week after Bush made a surprise, celebratory visit to Baghdad, he learned that two U.S. soldiers captured in Iraq had been found slain. They were killed by the new leader of al-Qaida in Iraq, an insurgent umbrella group said in a Web statement that suggested the servicemen had been beheaded.

"It's a reminder that this is a brutal enemy that does not follow any of the rules," National Security Adviser Stephen Hadley told reporters on Air Force One on the way to Europe. White House press secretary Tony Snow said, "We are seeing evidence that the Iraqi people are also sick of this."

More than 2,500 members of the U.S. military have died since the beginning of the Iraq war in March, 2003.

On his 15th trip to Europe since taking office, Bush and his wife, Laura, were greeted by Austrian Chancellor Wolfgang Schuessel. As Bush was driven to his hotel, curious onlookers, most of whom remained motionless and expressionless, gathered along Vienna's streets. One group struggled unsuccessfully to unfurl a "Go Home" banner from a restaurant balcony in time for it to be seen by occupants of the speeding motorcade.

Anti-Americanism is widespread in Europe where Bush is seen by many as a cowboy president who doesn't care about the concerns of other countries. The abuse of Iraqi prisoners by U.S. soldiers at Abu Ghraib, allegations of a massacre of unarmed civilians by U.S. Marines at Haditha and reports of secret prisons for terror suspects have hurt America's image.

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Bush is under political pressure at home, as well. Approval of his handling of Iraq had dropped to 33 percent in an AP-Ipsos poll this month. Hadley took issue with a debate in Congress about Iraq, saying that "there's been sort of a suggestion out there that somehow there's an open-ended commitment by the United States to Iraq."

He repeated Bush's oft-stated promise that as Iraqi troops are capable of defending their country, American forces will leave.

The president will hold several hours of talks Wednesday with leaders of the 25-nation European Union. Wednesday evening he will go to Budapest, Hungary, to mark the 50th anniversary of the 1956 uprising against communist rule. The president returns to Washington Thursday evening.

North Korea was a growing concern because of fears its government was preparing to test-fire a long-range ballistic missile. "They seem to be moving toward a launch, but the intelligence is not conclusive at this point," Hadley said.

He said North Korea seemed to feel that creating a sense of crisis brings attention that is helpful.

"A lot of folks are sending messages to the North Koreans this would be a bad idea, they shouldn't do it," Hadley said. "And a lot of countries are going to have ideas about what we do, should North Korea ignore the advice of the international community and go forward with this launch."

Iran was another problem. The United States, Britain, France, Germany, China and Russia have offered Iran incentives to impose a long-term moratorium on uranium enrichment, a process that can produce material for nuclear generators or bombs. Two weeks after receiving the proposal, Iran has not said yes or no.

Hadley said he was confident the U.S. and its partners were standing united. "If Iran does not accept this offer, then we return to the U.N. Security Council," he said.

Bush planned to press Europe to eliminate agricultural subsidies so that talks for a global free-trade pact can proceed. "If they can move in that direction," Hadley said, "we're going to be in the zone of getting an agreement by the end of the year."

The White House said Bush would prod nations to honor their pledges of reconstruction aid for Iraq. Of $13 billion promised, only $3 billion has been delivered, the administration says.

European leaders have their own concerns, many of them revolving around Iraq and the war on terror.

Schuessel, whose country holds the rotating EU presidency, was expected to urge Bush to close the U.S. detention center at Guantanamo Bay, Cuba. The White House said Bush wouldn't have anything new to say on that.

Bush has said he would like to close Guantanamo but some of its prisoners are too dangerous to set free and it's unclear what to do with others.

Bush was the first American president in 27 years to visit Austria.

Come Clean In Hungary (WP)

By Charles Gati

The Washington Post, June 21, 2006

President Bush will be in Budapest tomorrow to visit a good ally -- a member of the coalition of the willing. The first item on his agenda, according to the White House, is to "celebrate Hungary's historic sacrifices in the name of freedom by commemorating the 50th anniversary of the 1956 Hungarian Revolution." Topics of mutual interest will follow.

The president should indeed join Prime Minister Ferenc Gyurcs?ny -- Hungary's Tony Blair -- to celebrate that country's recent achievements. But commemorating 1956 is a different matter.

The truth is that at a critical juncture in the Cold War, when Hungarians rose against their Soviet oppressors, the United States abandoned them. After 13 days of high drama, hope and despair, the mighty Soviet army prevailed. For its part, Washington offered a sad variation on "NATO": no action, talk only. The Eisenhower administration's policy of "liberation" and "rollback" turned out to be a hoax -- hypocrisy mitigated only by self-delusion. The more evident, if unstated, goal was to roll back the Democrats from Capitol Hill rather than liberate Central and Eastern Europe from Soviet tyranny.

Until the Soviet tanks rolled in, the Hungarians believed what Washington had proclaimed. They did not know that the United States was unprepared to help them and that a few high officials even expected some political and foreign policy benefits from a Soviet invasion. Vice President Richard Nixon explained to his colleagues at a top-secret National Security Council

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meeting in July 1956 that "it wouldn't be an unmixed evil, from the point of view of U.S. interest, if the Soviet iron fist were to come down again on the Soviet bloc."

In a similarly cynical vein, American-run Radio Free Europe in Germany encouraged the hapless insurgents to go all the way against the Kremlin and even broadcast lessons on how to make molotov cocktails.

We now know from Russian archives that the Hungarians did have a chance to gain some of what they sought. For on Oct. 30, one week after the revolt began, members of the Soviet Presidium (as the Politburo was called then) unanimously voted not to use military force. Their decision came in the wake of a series of conciliatory, post-Stalin policies, such as the 1955 Soviet withdrawal from Austria and reconciliation with Yugoslavia -- both of which are neighbors of Hungary -- as well as the first summit with the United States in a decade. In the end, the Kremlin intervened because it feared that the situation would spin out of control both in Hungary and elsewhere in the Soviet bloc. Radio Free Europe's exaggerated rhetoric only amplified these fears.

The United States, according to the usual version of what happened, could not help the Hungarians because any action would have triggered a military confrontation with Moscow. This explanation misses the point: There were actions short of war that Washington might have taken. It could certainly have urged the Hungarians to temporize and pursue limited, evolutionary goals. It could have taken the issue to the United Nations before, and not after, the Soviet crackdown. In an imaginative move toward post-Stalin detente, it could have proposed immediate talks about withdrawing American forces from a small Western European country in exchange for Soviet withdrawal from Hungary.

Instead, Washington offered only hope, no help. "Poor fellows, poor fellows," President Dwight Eisenhower said privately as he campaigned for reelection. "I wish there were some way of helping them."

Washington's hands-off stance had nothing to do with the concurrent Suez crisis either. With Suez or without it, the United States had no means available to aid, let alone "liberate," Hungary. For despite all the talk about "liberation" since 1952, neither the National Security Council nor the State Department had devised plans for diplomatic or any other form of assistance. Nor was the CIA ready. When I received permission to study the agency's operational files for my book "Failed Illusions," to be published in September, I was stunned to learn that the CIA had but one official operating in Hungary in 1956. In Austria, as first reported by Evan Thomas a few years ago, the CIA did not have a single Hungarian-speaking agent. The handful of emigres trained for behind-the-lines activity were let go in 1953.

It is time to come clean.

The president should tell the Hungarians that in the 1950s Congress issued politically inspired "Captive Nations" resolutions and held self-satisfying "prayer breakfasts," while Eisenhower delivered empty promises about "liberation" during presidential campaigns in 1952 and 1956 to please Hungarian (and other Eastern European) ethnics in Ohio and elsewhere -- with no plans to carry them out.

The Hungarians need to hear what happened 50 years ago -- and Americans need to hear that in the future we will not say we seek clearly unattainable goals abroad for political ends at home.

The writer teaches European politics at Johns Hopkins University's Nitze School of Advanced International Studies.

Bush Hopes For WTO Breakthrough On Farm Subsidies (AFP)

AFP, June 21, 2006

US President George W. Bush hopes European leaders will improve their offer on agricultural trade to help bring about a breakthrough in stalled global trade talks, a White House official said.

National security advisor Stephen Hadley told reporters on Air Force One, carrying Bush and other officials to a US-European Union summit, that Bush sees a deal as possible this year on the Doha Round of World Trade Organization talks.

Hadley cited a "bold offer with respect to agricultural subsidies" made by Washington last year, which would slash subsidies by some 60 percent.

"We really need to see a response from the Group of 20 countries and from the Europeans that is comparable to this offer."

The G20 group of developing nations is another key bloc at the WTO talks along with the US and EU.

Hadley said resolving the deadlock on farm subsidies could allow WTO negotiators to strike an overall deal liberalizing trade, which he said offers benefits for all countries.

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"If they can move in this direction we are going to be in the sight of getting an agreement by the end of the year and I think we will see the president encourage everyone he talks to on this trip not to miss this terrific opportunity to advance trade and advance development and help raise people out of poverty," the official added.

Members of the WTO are struggling to meet their deadline of year-end 2006 to complete the current, so-called Doha Development Agenda of trade talks, which is supposed to help poor countries.

The Doha round, which was launched in 2001 in the Qatari capital, was meant to have been completed in 2004. Negotiators also missed their last deadline, April 30, for deciding on the mathematics of the final accord.

WTO ministers are next to meet at the headquarters of the free-trade organization's headquarters on June 29 to try to hammer out out an agreement on the framework for further talks on the key subjects of tariffs on agriculture and industrial products.

Plan B For Plurilateralists (WSJ)

By Bernard K. Gordon

The Wall Street Journal, June 21, 2006

The president's trip to Europe this week includes a personal effort to kick-start world trade talks. That should end the idea that he was downgrading U.S. trade goals when Rob Portman was transferred from trade chief to budget director. Instead, the president has made clear the U.S. insists on a genuine big deal for world trade -- or no deal at all. That's in contrast to what some are calling a "modestly ambitious outcome" -- or what Susan Schwab, Mr. Portman's successor as USTR, has rejected as "Doha Lite."

The president laid out what's involved: Europe will "have to make a tough decision on farming," the developing countries will "have to make a tough decision on manufacturing" and the U.S., he said, "is prepared to make a tough decision to go along with them." It's a last-ditch effort, because presidential trade authority expires in a year, and in Congress there's no stomach for half-deals. Indeed Bill Thomas, the powerful chairman of the House Ways and Means Committee, has said Washington should end altogether its support for the WTO.

It's the developing nations, led by Brazil and India, which are calling for just a "modest outcome," and it's time to recognize they have too small a stake to make that case. In fact, the world's 50 "least developed" nations account for less than 1% of global trade, and even with India and Brazil added, the total is less than 3%. The economies that are in fact the world's trade leaders are, not surprisingly, in North America, northeast Asia, the EU and the Asia/Pacific region.

If those trade heavyweights cannot close a satisfactory deal this summer, it will be time to start on Plan B, which would be centered on "plurilateral" or less than global-scale trade agreements. These would retain the key elements of the present multilateral system, which means they must exclude all preferences or preferential treatment; be based on full reciprocity; and be open to all who abide by those rules.

Fortunately the two essential elements to do just that are already in place. One building-block is the General Agreement on Tariffs and Trade's Article 24, which was initially drafted to allow for the original European Community. It provides legal cover for groups of nations to establish FTAs, so long as "substantially all trade" is included. The second building-block is in the several "free trade" agreements the U.S. already has signed, and the others on its current agenda. Included are Nafta, the recent agreements with Singapore, Australia and Chile, earlier agreements with Jordan and Israel, and the largely completed Cafta. FTA talks recently begun with Korea and Malaysia have produced encouraging signs (those with Thailand are on hold), and further down the road are several FTAs in the Middle East.

The initial step would be to tie together these separate FTAs into a broader group of nations that share America's free trade goals. Some in Europe are in that category: Britain, the Netherlands, several in Scandinavia and very probably Germany. They seem hardly willing to continue supporting the French-EU insistence on the agricultural policies that have stalled the Doha Round. Yes, Peter Mandelson, EU Trade Commissioner, has said Europe would lose "next to nothing" if the WTO's Doha Round fails, and it's time to test that.

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One clue of change in Europe's trade winds came two months ago, when several EU nations wrote Mr. Mandelson to warn him not to make further concessions on agriculture. But those that did not sign the letter included most of the EU's trade heavyweights: Britain, Holland, Germany, Sweden and Denmark. In world trade terms, that's quite a club.

Just as with the existing bilateral and regional FTAs, the new plurilateral free trade group would exist alongside, rather than substitute for, the multilateral system at the heart of the present Doha Round, which has evidently come on hard times. The key advantage of plurilateralism would be to continue the widening of trade liberalization, rather than being stymied by the split between what Robert Zoellick called the "can do" and the "won't do" nations.

But to get the ball rolling the U.S. must return to its traditional position of trade leadership. The whole process started when Cordell Hull, FDR's secretary of state, authored the Reciprocal Trade Act of 1934, and now's the time to resume that role.

Mr. Gordon is emeritus professor of political science at the University of New Hampshire.

Brussels Decries US Protectionism (FT)

By Wolfgang Proissl, Fidelius Schmid And Daniel Dombey

Financial Times, June 21, 2006

A rising tide of protectionism could endanger European investment in the US, the president of the European Commission said ahead of a European Union-US summit in Vienna on Wednesday.

José Manuel Barroso said he had spoken to George W. Bush, US president, several times about the risk of introducing new barriers on investment because of worries about globalisation or terrorism.

"We want to make sure that the security concerns that we respect can be dealt with in a manner that is not detrimental with our overall political relations, specifically on trade and investment," he told Financial Times Deutschland, the FT's sister paper.

"We deplore all decisions when there is – because of a security concern – the restriction of the free flow of capital . . . It's negative for all of us. We believe it's important to have more cross-border investment."

He said a backlash against globalisation was also stoking "protectionist tendencies" in the US. and elsewhere.

The US and the EU are each other's biggest source of foreign direct investment. With a total bilateral investment stock of €1,500bn ($18,871bn), two-thirds of European and US companies' investment abroad reaches the other side of the Atlantic.

But EU officials believe the failure of Dubai Ports World's attempt to buy US ports this year showed a willingness by Congress to block foreign investment on grounds unrelated to economic criteria.

The topic is just one of a number of sensitive practical issues on which transatlantic ties will be tested at today's summit.

Mr Barroso is also worried about Washington's refusal to grant visa-free access to the US to citizens of "new" EU member states, and the Commission has struggled to meet US demands to provide details of transatlantic air passengers in a way that is compatible with EU law.

But Mr Barroso said that, on broad strategic issues, the Bush administration had moved closer to the EU in recent months.

Mr Barroso said the US's position on the visa-waiver scheme treated people from new member states "as second-class citizens" even though they hailed from countries that were "very pro-American".

He put this in the context of "a great improvement in EU-US relations", shown by the US's greater appetite for a multilateral approach, notably over Iran.

However, he underlined the EU's demand for the US to close its detention centre on Guantanamo Bay. "We believe that the moral ground that we have in fighting terrorism should not be changed by any kind of vacuum or break in the respect of human rights," he said. "We should not lose our soul in our fight against that."

U.S., EU Are Set To Pressure Russia (WSJ)

By John D. McKinnon And Henry J. Pulizzi

The Wall Street Journal, June 21, 2006

VIENNA -- A U.S.-European Union draft declaration raises concerns about Russia's energy policy and erosion of political freedoms, just weeks before that country hosts its first meeting of the Group of Eight powers.

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The draft declaration sets the stage for a tussle over energy policy at the coming G-8 summit, where Russia has made energy security the primary agenda item. The Bush administration believes Russia has been seeking to use its vast energy resources as a political weapon, particularly in Central and Eastern Europe.

President Bush arrived here late yesterday for a one-day summit with EU leaders. He travels to Budapest tomorrow to deliver a speech commemorating the 50th anniversary of the Hungarian uprising against the Soviet Union and is likely to raise concerns about the deterioration of democracy in Russia.

The draft states that "we are concerned about some recent developments in Russia and the region," adding that the U.S. and EU "will work with Russia to promote energy security, the application of the rule of law, and independent judiciary and full respect for human rights, including free and independent media and a vibrant civil society." It seeks to soften that criticism by noting that "we attach great importance to our relationship with Russia and are pursuing deeper cooperation on a range of issues of common interest."

On energy, the draft broadly emphasizes the need for diversification of energy sources, supplies and transit routes, implicitly underscoring concerns that Russia has too much control over Europe's gas and oil supplies. While encouraging better dialogue between consumer and producer countries, it also calls for "promoting diversification of energy sources and supply routes worldwide, and notably in the Caspian Sea region," as well as the Middle East, Africa and Latin America.

It also appears to criticize a lack of transparency and open access in Russia, saying the EU and U.S. should "promote market-based energy security policies that ensure competition, transparency, respect for contracts and non-discriminatory trade, transit and access." The U.S. and Russia have been locked in a debate over the G-8 declaration on several of those issues. Russia wants more access to Western retail markets for its state-dominated energy companies, while the U.S. is worried that Russia isn't allowing Western private-sector oil companies to compete for development of its best oil fields.

The declaration also shows the U.S. edging closer to European views on pollution and global warming. It calls for creation of an "EU-U.S. High-Level Dialogue" on climate change and alternative fuels.

U.S., EU Unite To Fight China Over Regulations (WSJ)

By William Echikson

The Wall Street Journal, June 21, 2006

BRUSSELS -- When President Bush meets with European Union leaders in Vienna today, the two sides will try to sidestep their many disputes over how to regulate global business. One thing they can agree on, though: the need to dissuade China from becoming a third global regulatory power.

Businessmen and officials on both sides of the Atlantic said China's desire to set its own regulatory requirements for goods sold there is becoming a big concern, because car makers and other exporters would have to tailor products to meet another set of expensive requirements in order to compete in China's huge market.

"We need to make sure China stays on board and doesn't create separate standards," said Reinhard Schulte-Braucks, director of the European Commission's car-regulation unit. "The Americans share the same fear, and we must work together."

So while the U.S. and EU have been slow to harmonize their regulatory regimes, the prospect of China adding another layer of costly rules is fostering greater interest in trans-Atlantic cooperation. Mr. Bush and leaders from the EU's main institutions are expected in Vienna to approve a deal to form joint task forces to crack down on counterfeiting and other intellectual-property abuses around the globe. Gregor Kreuzhuber, industry spokesman for the EU, said the agreement was directed in large part at Beijing.

The deal is one of the few concrete results expected to emerge from an annual summit designed mainly to show that the world's two biggest economies are working together on areas ranging from efforts to rein in Iran's nuclear program to improving the security of global energy supplies.

Beijing is demanding a Chinese inscription be put on tires in addition to the present international symbol, which is set along with other global standards by a United Nations agency based in Geneva. For tire makers such as Germany's Continental AG or Goodyear Tire & Rubber Co. of the U.S., that would require remaking expensive tire molds.

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"We are terribly worried about this Chinese demand and fighting it alongside the Americans, Japanese and everybody else trying to get into the Chinese market," said Fazilet Cinralp, secretary-general of the European Tyre & Rubber Manufacturers' Association. She estimated the annual cost to each major tire company at millions of euros.

Equally worrying is the "distinct possibility" that China will impose its own crash tests to protect its car makers, Mr. Schulte-Braucks said. China currently has stricter sanitary guidelines on food imports and higher capital requirements on banks, among other things.

Still, domestic political hurdles to harmonizing U.S. and European regulations are often large, and for now regulatory tensions appear to be increasing.

Günter Verheugen, the European Commission's industry chief, recalled that at the previous U.S.-EU summit a year ago, he lobbied Mr. Bush to create a "common regulatory space" across the Atlantic Ocean. As an example, Mr. Verheugen suggested safety and environmental standards for cars. "Do it," Mr. Bush told his aides, Mr. Verheugen recalled.

A year later, U.S. and EU car regulations are as far apart as ever. Car manufacturers still have to run different crash tests and make different models for the two markets to meet requirements for safety, emissions and car lights. The variations add at least 20% to the cost of making a car, according to a spokesman for Volkswagen AG.

Mr. Verheugen also is proceeding with a strict European chemical-testing initiative, much to U.S. annoyance. The legislation would mandate sweeping testing and classification of as many as 30,000 chemical substances. American businesses say most of these are harmless, and the measure could cost the U.S. chemicals industry some $17 billion in exports. "Setting the same standards sounds easy to solve, but not if you get down to the nitty gritty," said Mr. Verheugen's spokesman, Mr. Kreuzhuber.

Pyongyang Asserts 'Right' To Test-fire Missiles (WT)

By Bill Gertz And Stephen Dinan

The Washington Times, June 21, 2006

North Korea declared today that it has a right to carry out long-range missile tests, a day after U.S. officials said the Pentagon has activated a new missile defense system and as several countries called for Pyongyang to refrain from launching a missile.

"It is not right for others to tell us what to do about our sovereign rights," Han Song-ryol, the deputy chief of North Korea's mission to the United Nations, told a South Korean news agency, although he also said his country was open to talks with the U.S. on the issue.

"The United States says it is concerned about our missile test launch. Our position is, 'OK then, let us talk about it,' " Mr. Han told Yonhap.

White House officials would not say what the consequences would be if North Korea tested a missile, and officials at the Pentagon and State Department refused to comment on whether the U.S. ground-based interceptor system was up and running, as The Washington Times reported yesterday.

"There are many options, and we are simply not going to tip our hand as to what the possible response should be," White House spokesman Tony Snow told reporters traveling on Air Force One with the president, who landed in Austria yesterday for a meeting with leaders of the European Union today.

National Security Adviser Stephen J. Hadley said the North Koreans "seem to be moving forward towards a launch, but the intelligence is not conclusive at this point."

He said, however, that the rogue nation's moves have unified key U.S. partners in the region, including Japan, which has indicated it might sponsor a United Nations Security Council resolution on the matter.

"A lot of folks are sending messages to the North Koreans this would be a bad idea," Mr. Hadley said.

Poor weather conditions prevailed yesterday over northeastern North Korea, where U.S. intelligence agencies have been monitoring a long-range Taepodong missile being fueled at a base along the east coast, U.S. officials said.

The missile is thought to be a Taepodong-2 capable of hitting part of U.S. territory. The North also claims to have built nuclear weapons.

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Bush administration officials said Monday that the new ground-based interceptor missile defense system is operational and that one option being considered if a missile is launched is to shoot it down with one of 11 interceptors deployed at Fort Greeley, Alaska, or Vandenberg Air Force Base in Southern California.

Amid heightened tensions over the North Korean plans, the U.S. military is conducting its largest war games in decades. Three U.S. aircraft carrier battle groups are exercising near the Pacific island of Guam as part of the maneuvers.

The Pentagon's Missile Defense Agency also has planned a sea-based missile defense test from an Aegis cruiser near Hawaii for today.

The North's declaration prompted Japan and South Korea to pledge cooperation to thwart the test plans.

In China, Foreign Ministry spokeswoman Jiang Yu urged "all parties" to act in ways helpful to peace and stability on the Korean Peninsula, but did not publicly call on North Korea to call off its launch.

"China has taken note of reporting on the possible launch of a missile" by North Korea, she said. "We do not have a complete understanding of the situation. Under the current situation, we hope all sides concerned can put in more effort to do things which are good for calming the situation and good for regional peace and stability."

Yesterday, Japan's Kyodo news quoted North Korean Foreign Ministry official Ri Pyong-dok as saying that North Korea is not bound by the joint declaration at international nuclear disarmament talks last year or a missile-test moratorium agreed to by Tokyo and Pyongyang in 2002. The North had ceased firings since 1999, and leader Kim Jong-il reaffirmed the moratorium in 2004.

But Mr. Han said the moratorium had been respected in times of dialogue with Washington and Japan.

"When we were engaged in hectic dialogue with Washington and Tokyo for rapprochement, we said we would suspend missile test launches for the time when the dialogue was under way in order to help improve the atmosphere," he told Yonhap.

Any launch would be a provocative step and contrary to North Korea's self-imposed ban on missile testing, said U.S. State Department spokesman Adam Ereli. He would not speculate on any consequences of either a launch or a U.S. intercept.

"Our preferred course of action is that there not be a missile launch or a missile test," he said. "And we've made that clear. And we've also made clear that any such action would result in North Korea's further isolation in the international community."

On Capitol Hill, Rep. Duncan Hunter, California Republican and chairman of the House Armed Services Committee, said the North Korean plans highlight the need for U.S. missile defenses.

"Communist North Korea's current actions directly underscore the need for the United States to deploy an effective missile defense system capable of defeating these threats," Mr. Hunter said. "We can't wait around idly while our enemies build and test long-range missiles capable of attacking American cities."

North Korea Disavows Its Moratorium On Testing Of Long-Range Missiles (NYT)

By Helene Cooper And Michael R. Gordon

The New York Times, June 21, 2006

WASHINGTON, June 20 — North Korea said Tuesday that it was not bound by its own moratorium on long-range missile tests, as tension over the country's missile intentions continued to mount.

In Washington, a senior State Department official challenged the interpretation, saying the United States expected the North Korean government to abide by its commitments.

An official of that government's Foreign Ministry told Japanese reporters that a missile test would not be "bound by any statement such as the Pyongyang declaration," the Japanese news agency Kyodo reported. The agency quoted the official, Ri Pyong Dok, as saying: "This issue concerns our autonomy. Nobody has a right to slander that right."

The declaration was signed in 2002 by the North Korean leader, Kim Jong Il, and the Japanese prime minister, Junichiro Koizumi. In it, North Korea pledged to extend a moratorium on its test launchings of longrange ballistic missiles.

But that agreement is something less than a binding treaty.

The North agreed to the moratorium in 1999. Charles Kartman, the United States special envoy who negotiated it with the North Koreans, said the understanding had been worked out on the assumption that the two countries would conduct further talks

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on an American proposal to ban the testing, production and export of long-range North Korean missiles. But such negotiations have not been held since 2000.

"The moratorium was to be in effect only so long as the two sides were engaged in missile talks," Mr. Kartman said in an interview. "The Bush administration's disinterest in continuing the missile negotiations would have, of course, canceled out the 1999 moratorium."

The North Koreans later agreed to extend the moratorium on missile tests as part of the separate 2002 understanding with the Japanese. In a joint declaration with Japan, North Korea "expressed its will to extend its moratorium on missile tests beyond 2003 in the spirit of the declaration," according to an English-language translation of the declaration.

The Bush administration has taken the position that both moratoriums are still in effect. Secretary of State Condoleezza Rice said Monday that the United States would regard a missile launching as an "abrogation of obligations that North Korea undertook in the moratorium that they signed on to in 1999, that they reiterated in 2002."

A senior State Department official said: "A basic tenet of international relations is that when you say you're going to do something, you do it. You abide by your commitments, and if you don't, well, you are judged accordingly."

He insisted that his name not be used because he was not authorized to speak publicly on the issue.

The issue of the moratorium emerged along with reports that the United States has raised the alert status of its ground-based missile defense system. The Pentagon has deployed 11 missile interceptors in a test status in Alaska and California and has not conducted a successful interception test in four years.

Nonetheless, the Pentagon has asserted that the missiles could be activated if international events warranted and noted that several tests in which a target is to be intercepted are scheduled for this year and early next year.

Pentagon officials refused to discuss the current status of the system. "We have a limited missile-defense system," said Eric Ruff, the Pentagon spokesman. "We don't discuss the alert status or the specific capabilities." The Washington Times reported Tuesday that the system had been activated.

Missile defense proponents said North Korea's missile preparations would strengthen the case for building more robust missile defenses. "I think the activity by North Korea clearly makes the case that a missile defense is necessary for American security," said Representative Duncan Hunter, the California Republican who is chairman of the House Armed Service Committee.

Critics asserted that the missile defense was an illusory shield against a threat that had yet to materialize.

"The system being declared operational is no more than a scarecrow, incapable of fooling anyone except perhaps some members of the administration who want to pretend to be defending the country against a North Korean missile attack," said Robert G. Gard, a retired Army lieutenant general and a senior fellow at the Center for Arms Control and Nonproliferation.

Diplomatic efforts to stop North Korea from launching what American officials believe is a two-stage Taepodong 2 missile continued on Tuesday. Secretary General Kofi Annan of the United Nations called for a halt to test preparations. "I hope that the leaders of North Korea will listen to and hear what the world is saying," he said. "We are all worried."

[A top North Korean official has offered talks with the United States on the plans for a missile test, indicating that a launching could be put off, Agence France-Presse reported in Seoul, South Korea, on Wednesday. "The United States says it is concerned about our missile test launch," Han Song Ryol, the deputy chief of North Korea's mission to the United Nations, told the Yonhap news agency, according to A.F.P. "Our position is, O.K., then, let's talk about it."]

There has been some concern in the United States that North Korea might seek to justify the missile firing as part of a civilian space program. But American officials say that even such a launching would violate the 2002 moratorium, since the technology used to put satellites into orbit is easily transferable to intercontinental missiles. The North Koreans described their last significant test in 1998 as an effort to launch a satellite.

U.S. Readies System For Missile Detection (WP)

By Thomas E. Ricks And Joohee Cho

The Washington Post, June 21, 2006

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The U.S. military yesterday moved ships into position off the coast of North Korea to detect the launch of any long-range ballistic missiles and prepared its new, unproven missile-interception system to attempt a response if necessary.

It was apparently the first time that the U.S. government has readied its rudimentary missile-defense system other than to test it. But officials played down the possibility that the interceptors might be used against a North Korean missile, and the South Korean government expressed doubt that Pyongyang is even preparing a test launch of its first intercontinental missile. It suggested that the government of Kim Jong Il might only be preparing to send a satellite into space.

Han Song Ryol, North Korea's deputy chief of mission at the United Nations, said that Pyongyang has a right to develop and test missiles, but that it would like to ease tensions over the situation through talks, the Yonhap news agency quoted him as saying. "We know that the U.S. is concerned about our missile test launch," the news services quoted Han as having said in a telephone conversation with Yonhap. "Our position is to solve this situation through discussions."

Two U.S. Navy ships with sensors that could swiftly detect and track a missile's flight were operating off the North Korean coast yesterday, a Pentagon official said. They are the USS Curtis Wilbur and the USS Fitzgerald, both Arleigh Burke-class guided-missile destroyers based at Yokosuka, Japan.

Also, as part of a long-planned exercise, the Navy has three carrier battle groups operating near Guam in the western Pacific for the first time since the Vietnam War, along with dozens of aircraft, including several heavy bombers.

Pentagon officials said that steps had been taken to ready the U.S. interceptors in much the same way that they would proceed for a test of the system -- which is still being built -- because of recent satellite imagery indicating that North Korea might be preparing a test launch.

But they declined to confirm a Washington Times story yesterday that said the system had recently been activated, and that the Bush administration is considering shooting down the North Korean missile.

"The United States has a limited missile-defense system, but I'm not going to discuss status or capabilities," said Bryan Whitman, a Pentagon spokesman.

There are nine interceptor missiles based in Alaska and two in California. They are at the core of a complex system that connects launch data from satellites and radars on land and aboard ships, and transmits the data to command-and-control facilities, where senior commanders make decisions about whether to launch interceptors. The system has not successfully intercepted a missile in its current configuration.

U.S. government officials, speaking on the condition of anonymity, played down the likelihood of the new anti-missile system being used in this situation because, they said, it is not yet clear whether North Korea will send a missile aloft -- or if it does, whether it would head anywhere near U.S. territory. Nor would the U.S. government want to risk an embarrassing failure of its system, they said, and it is possible that the missile could carry a satellite into space, rather than arc back to earth.

In Seoul, a South Korean official said his government is skeptical of U.S. intelligence indicating that North Korea is preparing to launch a new, larger version of the Taepodong-2 missile capable of hitting the West Coast of the United States. He said his government is not particularly alarmed by the situation and "doesn't understand why there is such fuss in other countries on this."

He also said it is too early to tell if the North Koreans are trying to launch a satellite or test a missile.

A South Korean parliamentary panel concluded that North Korea "does not seem" to have completed injecting fuel into the missile, citing information from South Korea's National Intelligence Service.

"The NIS reported that it is hard to believe the missiles have been fully fueled already," Rep. Chung Hyung Keun, secretary of the National Assembly's Intelligence Committee, told reporters in Seoul. The lawmaker made the remark after emerging from a briefing by the NIS. "The 40 fuel tanks spotted at the site do not contain enough to launch a missile that needs 65 tons of liquid fuel," the lawmaker said.

National security adviser Stephen J. Hadley appeared to confirm the South Korean account when he told reporters on Air Force One as President Bush flew to Vienna yesterday that "it's hard to tell" if North Korea has fueled the missile.

"They seem to be moving forward towards a launch, but the intelligence is not conclusive at this point," Hadley said.

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U.S officials have examined intelligence that suggests Pyongyang may be preparing to test a Taepodong-2 missile from a remote village on North Korea's northeast coast. They have said U.S. satellites have observed liquid-fuel canisters placed near the missile, but officials said there was no confirmation that the missile had been fueled.

Meanwhile, the United States and Japan began negotiations on a draft resolution at the United Nations that would condemn Pyongyang if it conducts a test. The resolution would also demand that Pyongyang observe a 1999 moratorium on missile tests and resume international negotiations over its nuclear weapons program.

U.S. and Japanese diplomats have been laying the groundwork for the resolution in private meetings with members of the Security Council. But council diplomats said that China, which is hosting the stalled six-nation talks over North Korea's nuclear weapons program, has called on the resolution's chief sponsors to water it down. The United States last attempted to take up the issue of North Korea's nuclear weapons program in 2003, but dropped the effort in the face of Chinese opposition.

An expert on ballistic missile proliferation, Henry D. Sokolski, said U.S. diplomatic efforts are too limited because North Korea is hardly being punished for its actions.

"We must make sure that others see that this is not a model to follow," said Sokolski, a former Pentagon official. "I am sure the Iranians are watching this very, very closely."

North Korea Launch Concerns Mount (LAT)

By Barbara Demick

The Los Angeles Times, June 21, 2006

Defying international pressure, North Korea today defended its right to test-fire a long-range missile under international law.

In Pyongyang's first public comment on the emerging conflict over the missile launch, a North Korean official visiting Tokyo said that the country did not consider itself bound by a 1999 testing moratorium or other agreements.

"This is a matter of national sovereignty, and no one has the right to criticize it," Lee Byung-du, a director at the North Korean Foreign Ministry, was quoted as telling reporters by Japan's Kyodo News Service.

The North Korean did not elaborate on what was occurring at a remote missile base on his country's East Coast, where intelligence satellites have observed the apparent assembling and fueling of a multistage missile.

If anything, North Korea's intentions have become less clear because of a growing controversy over the intelligence data.

South Korean officials today challenged the U.S. assertion that North Korea had completed the fueling process, making a launch both inevitable and imminent.

The National Intelligence Service told the National Assembly today that only 40 fuel canisters were observed around the launch site at the Musudan-ri missile base, and that the number was far too little to fuel what is said to be a 115-foot long, 65-ton multistage missile.

In addition, the South Korean government is questioning whether the missile in question is for military use.

One government official who had attended a briefing said the nature of the liquid fuel at the site and the way it is being assembled above ground suggested a civilian purpose, such as for launching a satellite.

"We believe it is premature to judge whether this is a missile or a satellite. We are not jumping to conclusions," said the official who asked not to be named.

In 1998, North Korean launched a similar multistage Taepodong I missile over Japan and into the Pacific Ocean. They claimed the missile carried a satellite that was broadcasting North Korean revolutionary hymns, and was contributing to "scientific research for peaceful use of outer space."

The United States and Japan disputed the North Korean assertion.

North Korea signed a missile-testing moratorium in 1999 and renewed the pledge in 2002 during a summit in Pyongyang between North Korean leader Kim Jong Il and Japanese Prime Minister Junichiro Koizumi. The North Koreans say that the moratorium expired in 2003.

North Korea Asserts Right To Test-fire Missile (USAT)

By Bill Nichols

USA Today, June 21, 2006

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WASHINGTON — North Korea on Tuesday defended its right to test a long-range missile and rejected international calls to stop launch preparations.

North Korean Foreign Minister Ri Pyong Dok said the right to test-launch a ballistic missile "concerns our autonomy," Japan's Kyodo News agency reported. "Nobody has a right to slander that right," Ri told Japanese media.

Ri, while not confirming or denying that North Korea plans a missile launch, said Pyongyang's actions are not bound by international commitments it has made to a missile moratorium. North Korea has abided by a ban on long-range missile tests since 1999.

Ri's words came amid continuing signs that North Korea is preparing to test-launch a Taepodong-2 missile. The multistage missile has a range of 9,320 miles, according to North Korea, and is capable of reaching the USA.

North Korea may have as many as 13 nuclear weapons, according to the Institute for Science and Security, a Washington think tank. The Taepodong-2 is believed to be capable of carrying a nuclear warhead.

National security adviser Stephen Hadley said it was difficult to judge whether North Korea had actually completed fueling a missile in preparation for a test.

"They seem to be moving forward toward a launch, but the intelligence is not conclusive at this point," he said.

Secretary of State Condoleezza Rice warned North Korea on Monday that such a launch would be a "provocative act."

Six-party talks aimed at persuading North Korea to give up its nuclear program have been stalled since November. The United States has refused one-on-one negotiations.

In other developments Tuesday:

•Rice spoke by telephone to South Korean Foreign Minister Ban Ki Moon, and United Nations Ambassador John Bolton spoke to members of the U.N. Security Council in New York.

U.S. officials would not specify what action might be taken if North Korea conducts a test. "We are simply not going to tip our hand," White House spokesman Tony Snow said.

•International opposition to a missile launch deepened, as France and the United Nations called for a stop in test preparations.

"We are all worried," U.N. Secretary-General Kofi Annan said in Paris. French Prime Minister Dominique de Villepin said a test by North Korea would prompt a "firm and just" international response.

•Alexander Vershbow, U.S. ambassador to South Korea, said Washington wants to have normal relations with North Korea. He urged Pyongyang not to test a missile and instead return to international nuclear talks.

"We want to achieve a negotiated solution to the nuclear issue," Vershbow said after meeting with former South Korean president Kim Dae Jung, who canceled plans to meet North Korean leader Kim Jong Il next week.

•The Pentagon staged previously scheduled war games near Guam in the Pacific Ocean with 22,000 troops and three aircraft carriers. Cmdr. Mike Brown said the exercises were not aimed at North Korea or "any one nation."

N Korea 'is Not Bound' By Missile Test Ban (FT)

By David Pilling And Demetri Sevastopulo

Financial Times, June 21, 2006

North Korea on Tuesday declared that it was not bound by a moratorium on testing long-range missiles, and increasing fears that it would launch an intercontinental ballistic missile.

The North Korean threat follows days of escalating tension prompted by evidence that Pyongyang is preparing to test a long-range Taepodong-2 missile that could reach Japan and parts of the continental US.

Ri Pyong Dok, a North Korean foreign ministry official, told Japanese journalists in Pyongyang that a long-range missile test launch "is not bound by any statement such as the Pyongyang Declaration", Kyodo news reported.

Mr Ri was referring to an agreement signed in 2002 between Kim Jong Il, North Korea's leader, and Junichiro Koizumi, Japan's prime minister, in which Pyongyang promised not to test long-range missiles.

John Bolton, US ambassador to the United Nations, said members of the Security Council had begun "preliminary" discussions on how to respond to any test.

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"We are discussing a range of things that fall within the Security Council's domain given that this launch would constitute a threat to international peace and security," Mr Bolton said in Washington.

US officials said on Tuesday that the US had activated its missile defence system but some analysts questioned whether the system would be capable of hitting an incoming missile.

Bryan Whitman, Pentagon spokesman, said: "The US does have a limited missile defence system but I'm not going to get into specific alert status or capabilities."

Dominique de Villepin, the French prime minister, on Tuesday said the international community should respond to a North Korean test with a "firm and just" response.

A US official on Monday said Washington believed North Korea had fuelled the Taepodong-2 missile, a procedure that is difficult and dangerous to reverse, suggesting that a missile test could be imminent.

But Stephen Hadley, the White House national security adviser, on Tuesday said the evidence was "not conclusive". But he added that North Korea seems "to be moving forward towards a launch". Some media reports have suggested that bad weather over the missile launch site could be delaying the test.

Pyongyang caused an international crisis in 1998 when it fired an earlier version of the Taepodong missile over Japan into the Pacific.

The event was a catalyst for Tokyo's decision to develop a missile defence shield in conjunction with Washington.

Both Mr Koizumi and Shinzo Abe, Japan's chief cabinet secretary who has made his career being tough on North Korea, said this week that Japan would respond sternly to any missile test.

Few Moves Left With N. Korea (LAT)

By Barbara Demick

The Los Angeles Times, June 21, 2006

SEOUL — The Bush administration has limited options to prevent North Korea from test-firing a multistage missile that could reach U.S. interests in the Pacific.

In many ways, a missile deployment could constitute grounds for a preemptive attack, such as an airstrike against North Korea. But that is unlikely to be considered a serious option given the U.S. entanglement in Iraq and objections from China.

China and Russia's ties to North Korea also make it unlikely that the United Nations Security Council could inflict meaningful punishment on the regime in Pyongyang. South Korea has signaled it would not go along with efforts to economically isolate its estranged neighbor in retaliation for a launch.

The Bush administration already has measures in place to stanch the flow of illicit money to Pyongyang through offshore banks in Macao and to block North Korean shipping. Yet the North Korean regime continues to thumb its nose at the U.S. campaign against weapons of mass destruction.

Since September, it has boycotted six-party talks aimed at dismantlement of its nuclear program, and the coaxing and threatening from the United States have been to little avail.

"Kim Jong Il is calling the Bush administration's bluff," said Daniel Pinkston, a North Korea specialist with the Center for Nonproliferation Studies in Monterey. "The U.S. is already doing everything it can do in terms of economic pressure."

For weeks, U.S., Japanese and South Korean intelligence satellites have observed trucks delivering missile parts and fuel to the Musudan-ri missile base on North Korea's east coast. The North has made no effort to conceal the activities.

The new missile seems to be a souped-up version of the Taepodong 1, which North Korea tested in 1998. That launch demonstrated that the country, despite its impoverishment, had far more sophisticated technology than anyone thought.

The missile — called the Taepodong 2 — is thought to be capable of reaching U.S. bases in Japan, the U.S. territory of Guam and possibly Alaska or Hawaii.

North Korea's nuclear program has been up and running since 2002, when Pyongyang pulled out of the Nuclear Nonproliferation Treaty. The CIA now believes the country has enough fissile material for eight to 10 nuclear weapons.

Although North Korea probably cannot yet mount a nuclear warhead on a missile, most experts believe it is working rapidly to develop such capabilities.

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"If there ever was a case in which preemption would be logical, it would be this moment — but this is not where the political priorities are of the Bush administration right now," said a U.S.-based North Korea analyst who asked not to be quoted by name.

He contrasted the position of the U.S. and Japan in this situation with the airstrikes Israel made in 1981 to destroy an Iraqi nuclear plant under construction.

"If Japan were Israel, you know what would happen," the analyst said.

But when asked whether the United States would shoot down a missile, J. Thomas Schieffer, the U.S. ambassador to Japan, said in Tokyo today, "The U.S. has options available to it that it did not have in the past, and these options are on the table." He did not elaborate.

The U.S. hesitancy has a lot to do with horrific memories of the 1950-53 Korean War, in which China and the U.S. fought over the Korean peninsula at a cost of more than a million deaths and a ravaged land.

South Koreans are particularly fearful, and officials have had little to say publicly other than bland admonishments against a missile test, while privately downplaying the threat.

"If there is a missile test, the South Koreans will carry on business as usual," said Kim Tae-woo, a South Korean analyst at the Korea Institute for Defense Analyses. "They will not participate in any international effort to isolate North Korea."

North Korean officials have reportedly told the South that the missile is a civilian experiment designed to put a satellite into orbit. They made the same claim in 1998 after a test of a Taepodong 1 missile over Japan.

Although the U.S. is unlikely to buy the story, the ambiguity might be enough to muddle the debate over retaliatory action.

Given the limited options, the Bush administration is stuck taking the same tack it has in the wrangling over North Korea's nuclear program — asking China to lean on Pyongyang.

President Bush is believed to have called Chinese President Hu Jintao at least once over the last month because of the missile test. Almost all of North Korea's trade comes through China, making it the only country with real economic clout in this case.

Tokyo also has limited economic leverage over North Korea, leaving it with little to threaten other than asking for U.N. Security Council sanctions.

Most of Japan's actions appear aimed at voters at home, where there is simmering anger over the kidnappings of Japanese citizens in the 1970s and 1980s by North Korean security services. The Japanese government Friday passed a law requiring economic sanctions against Pyongyang if no progress is made on resolving questions about the fate of those abductees still believed to be missing.

After the 1998 missile launch, many threats were voiced against North Korea with little result.

President Clinton circumvented objections from Congress a few months afterward to fund a program to supply North Korea with heavy fuel oil. When Kim Jong Il agreed to a missile-testing moratorium the following year and again in 2002, North Korea received aid from Japan.

Andrei Lankov, a North Korea scholar based in Seoul, notes that North Korea's missile-testing moratorium has since expired and that there may be little in international law to prevent Pyongyang from doing a test launch.

He advises that the Bush administration's best bet in a no-win situation might be to "ignore the North Koreans."

"Too much of a fuss will only make things worse," Lankov said.

U.S. Missile Defense (WT)

By Peter Huessy

The Washington Times, June 21, 2006

The twin nuclear and missile threats from Iran and North Korea have transformed the missile defense debate. It is no longer "should we deploy," but "how should we deploy?" Policy-makers face a tough decision: How much to invest in some protection now, vs. future, complimentary technologies that offer enhanced protection?

In missile defense, as in finance, the best way to cover risks is not to "put all your eggs in one basket." Instead, assemble a "balanced, diversified portfolio" of short, medium- and long-term technologies that cover the range of risks. In missile defense, current assets are being fielded, such as the Aegis/Standard Missile-3, initially deployed as an air defense weapon, but now

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upgraded to be a sea-based missile defense. Another is THAAD, the Terminal High-Altitude Air Defense system capable of providing terminal missile defenses for U.S. forces in a regional conflict. And the Alaska and California-based Ground-based Interceptor system (GBI) provides an initial defense for the continental United States against long range rockets.

Each has limits. The sea-based interceptor is limited by its shipboard launch canister. THAAD will always cover a limited area. And GBI is a fixed-site system that covers chiefly Northeast Asia threats.

Future assets like the Airborne Laser (ABL) and the Kinetic Energy Interceptor (KEI) offer complementary capabilities. ABL, a chemical laser mounted in a 747, requires further technological work to become operational. KEI, a very fast interceptor launched from land or sea, is a solvable engineering challenge. More futuristic capabilities, chiefly in the realm of space-based assets, require engineering successes, and, most of all, a policy commitment to extend interceptors into space.

How "far off" will depend on "when" we decide to move forward. For example, both Polaris and Minuteman intercontinental ballistic missiles were developed in the mid-1950s by the late Air Force Gen. Bernard Schriever in a time frame previously thought undoable. Both technologies have served us well, as the sea- and land-based legs of the U.S. nuclear triad have remained the bed rock upon which U.S. nuclear deterrence rests.

So, today, choosing the right missile defense balance is complicated. Most critics claim only systems that reach perfection should be considered for deployment. For example, many argued that defenses such as the early Patriot and GBI should not be deployed because they have limitations and are not panaceas. (Ironically, these same critics resort repeatedly to reliance on arms control, which does not exactly have a perfect record.)

For example, even as early Patriot action in the 1991 Gulf War resulted in the shootdown of more than 30 percent of all Iraqi Scuds, critics argued the system should not be built. It is true the Patriot deployments were indeed rushed to the Gulf on an emergency basis. In addition, the original technology was not configured for missile intercepts but for airplanes. In part, this was due to congressional prohibitions of missile defense upgrades for the Patriot. Despite these limits, the Patriot was of enormous benefit: It kept the allied coalition together. Today, the currently upgraded Patriot has already protected scores of Americans and coalition forces in the Gulf.

So, too, with missile defenses protecting the American heartland. The GBI systems in California and Alaska, now give some protection from North Korean-launched rockets. But critics charge the system has not been perfected and should be scrapped or delayed. Do they prefer to be naked to possible aggression? Others argue we should have deployed only a system compliant with the ABM treaty (now defunct), which actually prohibited such a defense of the American heartland.

Others argue that the GBI, which intercepts a rocket high above the Earth's surface, is less effective than a boost-phase system -- striking at a rocket in its early stages when it is slow, hot and big. In part this is true, but the systems to get there, such as an upgraded Aegis or KEI or ABL, are not yet in the inventory. There also remains issues of how close to an adversaries's launch area such a system must be.

The Bush administration rightly decided to move quickly to deploy an available shield, even as we seek on an ongoing basis to make it more effective. President Bush concluded leaving the U.S. totally unprotected was simply not an option, although one congressional critic, Rep. Rush Holt, said deploying no defenses at all was the best option.

So, what's the right way to think about missile defenses today? Again the analogy from the world of finance comes in handy. First, you need a long-range "investment strategy" based on a "balanced portfolio" of assets.

Second, you resist the temptation to "unbalance?" your investment strategy by seeing in every test, whether successful or not, a benchmark from which all missile defense decisions should be made. And third, just as in finance, you steer clear of those who tell you, "if there is not a silver bullet, don't buy anything."

As the U.S. now faces imminent threats from North Korean rockets, we should count our lucky stars that we also have an operational missile defense available to protect the American people. To that all I can say is, "Thank you, Mr. President."

Peter Huessy is president of GeoStrategic Analysis.

Missile Defense Test (WSJ)

The Wall Street Journal, June 21, 2006

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As we went to press in the U.S. last night, morning was breaking at the Musudan-ri launch facility in the remote northeast of North Korea. It's possible we'll wake up to the news that Pyongyang has tested the long-range ballistic missile that is fully fueled and which U.S. satellites have monitored for more than a month.

If so, we hope we'll also learn that the U.S. responded, as defense officials said late yesterday it might, by testing its newly operational missile defense system and blowing the Korean provocation out of the sky. What better way to discourage would-be nuclear proliferators than to demonstrate that the U.S. is able to destroy their missiles before they hit our allies, or the U.S. homeland. Even a miss would be a useful learning experience all around.

Consider what's at stake. We've known for years that North Korea has several nuclear weapons at the very least and is developing the missile technology to threaten America. Pyongyang's test missile is believed to be a Taepodong-2. A two-stage version could reach Alaska, Hawaii or the West Coast, according to a study in March by the Center for Nonproliferation at the Monterey Institute of International Studies, while a three-stage model could reach all of the continental U.S.

North Korea may not yet have the ability to miniaturize a nuclear warhead -- but then again it may. In any event, it's small comfort that the Taepodong-2 is probably inaccurate. If it misses Seattle, that's not necessarily good news for Tacoma or Portland.

The last time North Korea launched a missile that caught the world's attention was in August 1998, when it shot a Taepodong-1 over Japan and into the Pacific. Pyongyang has since tested shorter-range missiles many times, including as recently as March. Its inventory of ballistic missiles totals about 800, including 100-200 Nodongs and Taepodong-1s capable of reaching Japan. North Korea is also developing a land-based mobile missile known as the Taepodong-X, with a range of 4,000 kilometers that could land anywhere in Japan.

Missile exports have also long been a major source of foreign exchange for Pyongyang, with customers in Pakistan (whose "Ghauri" missile is a renamed Nodong) and throughout the Middle East. Its longtime best customer is Iran, which last year was reported to have purchased technology that allowed it to extend the range of its Shahab-3 missile to 3,500 kilometers from 1,500. In the blunt words of the German daily Bild last December, "this means that the 'madmen of Iran' could reach targets in the whole of Germany."

All of which demonstrates once again the need for the missile defenses that the Bush Administration has steadily been developing. The objective of the integrated system -- which U.S. officials stress is "limited" and still under development -- is to provide a "layered" defense, with multiple opportunities to take shots at an incoming missile. The highly complex system depends on swift coordination among elements based on land, at sea, and in the air or space.

On the ground, a key element are the interceptor missiles newly deployed at Fort Greeley, Alaska, and Vandenberg Air Force Base in California. There are also interceptors aboard the Navy's Aegis cruisers, two of which are currently patrolling near North Korea. Sensors are located aboard ships, in space, and at several sophisticated radar stations world-wide.

North Korea clearly intends any launch as an act of intimidation, part of its long-held belief that nuclear threats give it political leverage. Knocking the missile out of the sky, or even trying to, would tell the North that it can't succeed with such tactics. It would also reassure Japan and other U.S. allies that we have the will to protect them from rogue madmen. The demonstration effect would be useful around the world, not least in Iran.

As North Korea weighs a launch, it's a useful moment to recall how we got to this pass: Amid the arms-control era of the Cold War, the U.S. chose to defend itself against attack by plane or ship or ground but not by missile. One reason North Korea -- and Iran -- decided to invest scarce resources into developing nuclear weapons and ballistic-missiles is simply this: The U.S. was vulnerable.

The emerging missile defense system is making that less true, and a North Korean test launch is an ideal time to demonstrate that we are willing and able to defend ourselves.

Right Where He Wants Us (WSJ)

By Chuck Downs

The Wall Street Journal, June 21, 2006

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It is no accident that North Korea has allowed U.S. intelligence to take note of its apparent preparations for firing a newer, longer range missile that might be capable of carrying nuclear warheads to U.S. soil. What we have been allowed to observe -- and our alarmed reactions to what we think we have seen -- are part of a strategy North Korea will play out carefully in the months ahead. Even if the Taepodong rocket is never launched, the next few months will see American interests subjected to significant strains.

Pyongyang has created an opportunity to break out of the negotiating deadlock that has stymied the regime for years, dissolve the international consensus on how to deal with the regime's illicit smuggling and counterfeiting activities, and change politics in South Korea and the U.S. And perhaps most importantly, if Kim Jong Il plays his cards right, he will prove to his inner circle that he is the genius he claims to be, renewing his hold on power at a time when he was facing his most severe challenges. * * *

Kim Jong Il is not in charge of what strategists call a "status-quo state"; he does not take comfort in the way things are. Rather he wants an Asia where the U.S. does not guarantee regional security; where Japan is brought to retribution for its historic transgressions; and where North and South Korea are united under a genuinely Korean leader. And he feels that his personal entitlement to rule the peninsula has been denied by American forces. Unfortunately from his perspective, his efforts to do so have been thwarted by an American administration he loathes. The Bush administration has refused to negotiate with him directly, convincing even his Chinese ally to chair a series of feckless meetings that allow five neighbors to complain about North Korea's violations of its international nuclear commitments.

The North Koreans have begrudgingly attended these sessions when the Chinese paid them enough to make it worthwhile, or when the U.S. seemed genuinely inclined to take military action to halt violations of international controls. But these sessions have been used by the Americans to expand international understanding of the regime's criminal activities and human-rights abuses. Efforts to win financial aid from Japan have backfired in political turmoil over North Korea's abductions of Japanese citizens. Last September, the U.S. took action against banks in Macau that had facilitated Pyongyang's overseas activities, and now the international banking community is hesitant to engage with North Koreans.

The regime feels the pinch. Meanwhile, Pyongyang's inner circles are learning more about the outside world from cell phones and contraband radios; they are beginning to know what they do not have. These difficulties could not come at a worse time, because Kim Jong Il has decided his Western-educated first-born is not fit to replace him, and he keeps everyone guessing whether he's serious that a second son -- seemingly the only soft-hearted member of the clan -- should be his successor. It's enough to make a hungry bureaucrat in Pyongyang quietly doubt whether Kim Jong Il really has the necessary competence.

But Kim Jong Il, in his own mind and propaganda, has both myth and magic. Although he was born in a military camp in Russia, North Korean schoolchildren visit the humble cabin on the side of a mountain considered sacred to all Koreans, where the "Man from Mt. Paektu" destined to unite Korea was officially born. Kim Jong Il is what psychiatrists call a "malignant narcissist," and this means he occasionally has to break out dramatically from the bounds that constrain his egotism, especially when it seems he is on the verge of failure. We are seeing some of this psychology at work now.

The test-firing of a Taepodong over Japanese airspace in 1998 suggests what lies ahead. At the time, the incident revealed how fast North Korea had developed delivery systems for weapons of mass destruction, with three stages to their rocket and a booster capability. This new intercontinental capability put Pyongyang in the global fight-ring as a major contender. The missile could have landed in Japan, causing untold consequences, or killed fishermen when it splashed down in the Pacific, where North Korea did not even issue the routine mariners' warning.

Instead, Japan began to doubt the U.S. security umbrella and invested in independent military and intelligence capabilities. It also decided to risk irritating China by joining in American missile-defense programs. South Korea became fearful of American "overreaction" to North Korean adventures and adopted a more generous and conciliatory approach to Pyongyang. And China began to view North Korea as a more significant regional player that needed to be dealt with, primarily through financial diplomacy. North Korea's interests were advanced, and Kim Jong Il began a series of pogroms and executions to consolidate his control.

In the current phase of the new crisis North Korea has generated, the world has naturally condemned as "provocative" North Korean preparations for a missile launch. And that is just what North Korea wants. Indeed, North Korea's actions are

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provocative, because they are meant to be. Resolving the tensions he has created can now proceed on terms set by Kim Jong Il himself.

Analysts have, for example, suggested that the possible missile launch calls into question an upcoming trip by former South Korean President Kim Dae Jung to celebrate the anniversary of the historic June 2000 Pyongyang summit. Perhaps. But more likely it affords an opportunity for a dramatic act of legerdemain. What if South Korea's architect of the "sunshine" policy is able to persuade Kim Jong Il to give up, or at least postpone, his provocative launch? What if advocates of a softer line get the reclusive leader to consider a late summer visit to South Korea? Kim Jong Il can always change his mind; but in the meantime that could reverse the political tide in South Korea, where recently soft-liners were overwhelmingly turned out of office by voters in a conservative backlash against the expensive failures of the sunshine policy. It might be just what the government of Roh Moo Hyun, South Korea's embattled president, needs to raise his party's miserable rankings among the electorate.

And if a new spirit of cooperation and problem-solving between Pyongyang and Seoul emerges in the months ahead, North Korea can find opportunities to threaten the U.S. and, at the same time, set Seoul and Washington against each other.

South Korea is naturally more concerned about North Korea's immediate threat to its economy and security than it is to less tangible matters such as international controls on nuclear materials, proliferation and long-range delivery systems. Seoul has lived under the threat of attack for 60 years; a new Taepodong capable of littering Alaska is not necessarily cause for a heightened level of tension on the peninsula. In spite of South Korea's professed support for international standards on errant countries like Iran, Kim Jong Il understands that few South Koreans want to risk hostility over the very same issues closer to home. When Seoul responds to every provocation by calling for a diplomatic resolution, Pyongyang understands the coercive benefits of its threatening weapons. Their threat ensures that our South Korean ally resists most strongly any U.S. action against the regime's adventures.

Moreover, the political consequences of North Korea's break-out extend beyond South Korea. There are upcoming Japanese -- and American -- elections in which Kim Jong Il has also made himself an influence. Already there are candidates in both countries who are saying that North Korea has a sovereign right to test missiles, echoing Pyongyang's position, but urging that rewards be given to the regime for good behavior if it decides not to proceed.

That's a good day's work for a narcissistic dictator on the brink of collapse.

Mr. Downs, a former Pentagon official and congressional adviser, is the author of "Over the Line: North Korea's Negotiating Strategy" (AEI Press, 1999).

Tested By North Korea (LAT)

The Los Angeles Times, June 21, 2006

KIM JONG IL, NORTH KOREA'S dangerously eccentric leader, may succeed where President Bush has not. By stubbornly insisting on its right to test a long-range ballistic missile, North Korea is reinforcing the importance of a unified approach to the crisis on the Korean peninsula.

Images from U.S. intelligence satellites show the North may be preparing to launch a missile with a range of about 9,000 miles, which would be capable of reaching Los Angeles. There is some debate about how ready the missile is, but there is reason to worry. Pyongyang pulled a similar stunt in 1998, sending a missile over Japan and into the Pacific, and a North Korean foreign ministry official said Tuesday that Pyongyang was not bound by a moratorium on testing it signed afterward. There are reports that the U.S. may have activated its missile-defense system.

North Korea's erratic leader, coupled with its nuclear ambitions, have long caused international concern. For the last several years the U.S., China, Japan, Russia and South Korea have participated in intermittent talks with Pyongyang. The basic outlines of a deal are clear: In exchange for food and energy aid, as well as guarantees of its security, the North will give up its nuclear weapons program.

But the rest is a muddle, and not just because Kim and Bush don't get along. North Korea is an unreliable negotiator (in the space of 24 hours last September, North Korea essentially agreed to end its weapons program, then took it back). The Bush administration, meanwhile, has been at times intransigent and bellicose (Bush famously said he "loathes" Kim), and its efforts to convince its allies of North Korea's wickedness have mostly fallen on deaf ears.

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So China, given its long border and economic ties to North Korea, has been the primary driver of the discussion, but its view of the North's aims is not as apocalyptic as the Bush administration's. Japan and Russia have typically been reliable supporters of the U.S. position. And South Korea, which views the North as a kind of wayward cousin, has generally been more willing to engage Pyongyang, often to the chagrin of the United States.

One result of these divergent motivations is that talks have been dormant for months. Tuesday's events will not revive them, but they should serve as a bracing reminder of their importance. The five nations have been nearly unanimous in their condemnation of North Korea's plans, while nations such as Australia and France — and U.N. Secretary-General Kofi Annan — also have expressed concern.

Diplomatic condemnations are easy, of course, and North Korea's plans are worthy of them. But if there is anything good to come of Kim's latest adventure, it will be a renewed sense of urgency among the U.S. and its allies to focus on the peninsula.

Bolton May Turn Into A Pumpkin (WP)

By Al Kamen

The Washington Post, June 21, 2006

Rumblings are that the White House is looking for ways to keep controversial U.N. Ambassador John R. Bolton in his post well beyond the expiration of his recess appointment at the end of this year.

One possibility is to bring his nomination up for vote in the Senate Foreign Relations Committee next month. Bolton supporters on the Hill first want to pass the defense appropriations bill before they leave for the August recess and say they did everything needed for the troops -- body armor, equipment and such -- before they turned to the nomination. Senate Republicans don't want wait until the fall and risk a potential loss right before the midterm elections.

The White House is said to have sounded out Hill folks, including Sen. George V. Voinovich (Ohio), a key Republican who opposed Bolton last year when the Foreign Relations Committee sent the nomination to the floor without a recommendation.

And how does Voinovich feel now? "The jury remains out, but the senator will continue to monitor the progress made toward critical reform at the U.N.," a spokesman said.

On the other hand, sources on both sides of the aisle say even if Voinovich supports Bolton, it appears most unlikely the nominee would get the 60 votes needed to overcome a Democratic filibuster.

Bolton's recent dust-up with U.N. Deputy Secretary General Mark Malloch Brown , who had criticized the United States for lack of support for the organization, may not have helped the equation. The fight rallied the Senate's conservative base, one source said, but it may have alienated moderates because Malloch Brown is a Brit and a de facto member of the coalition of the willing. Now, if he had been French . . .

The White House can re-recess-appoint Bolton. But federal law would bar him from being paid. He could work for free, though. And some Bolton supporters are taking a hard look to see if there's wiggle room in the federal law, we hear, along with other alternatives. Seems difficult, some observers say, but don't sell the pro-Bolton forces short.

Hey! What if he got a book contract and an advance to write his memoirs, the way some well-known senators do?

Fox and the News Hounds

Seems a lot of news outlets have taken great pride at being the first to interview White House Chief of Staff Joshua B. Bolten , who finally did a round of sit-downs with reporters last week.

Here's how some noted this fine scoop:

"Mr. Bolten, in his first interview since taking the job, professed . . ."

-- New York Times, June 19

"In his first interview since becoming White House chief of staff in March, Josh Bolten said . . ."

-- Wall Street Journal, June 17

"We'll talk with the man the president has asked to help save his second term, new White House Chief of Staff Josh Bolten, in his first interview . . ."

-- Fox News Sunday, April 30

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Let's see . . . April, May, then June.

Never Having to Say Sorry

Here's what White House press secretary Tony Snow actually meant to say when he was asked Monday about the anticipated resignation of Deputy Secretary of State Robert B. Zoellick .

"The president told me he was sorry to lose such a talented and dedicated adviser. Bob was, as you all know, a top official in the Bush 41 administration, at Treasury, State and finally as White House deputy chief of staff.

"Bob was an integral part of the 35-day Florida recount battle, which is what ensured President Bush 's victory. He agreed to serve in the first-term Cabinet as our U.S. trade representative and then continued to serve in a non-Cabinet post as deputy secretary of state, where he was the point man in developing our policies in Darfur and China.

"The president told me: 'I will greatly miss his insights and ability to wax eloquently on any subject. Laura and I wish him all the best in his new job in New York.' "

But this is what Snow actually said when a reporter asked if he had any comment on Zoellick's departure.

"No," said Snow. "He's been wanting to pursue options in the private sector for some time, and now he's going to do it."

Much later, near the end of the gaggle, a reporter tried again.

"On Zoellick, is the president sorry to see him go?"

"I'm sure he is," Snow said. "Look, Bob Zoellick is a guy who served -- he's highly competent, served a number of presidents, but you also know that at a certain juncture in the administration some people have worked very hard for a long time and are going to go back and pursue other opportunities."

Yikes! Talk about not letting the door hit you on the way out.

Bush Gives Frist the Nod -- for Reelection

Bush, speaking to Republicans at the gala President's Dinner on Monday night, encouraged the crowd to support GOP candidates this fall. "If you want your taxes low, keep Denny Hastert and Bill Frist as leaders of the House and the Senate."

Bush later said: "I want to thank you for helping make sure that Denny Hastert and Bill Frist remain in their positions in the Senate and the House. . . ."

Of course, Frist is leaving the Senate in six months.

Iran's Gray Area On Nuclear Arms (WP)

By Karl Vick

The Washington Post, June 21, 2006

TEHRAN -- Iranian officials often assert the peaceful intent of their nuclear program by insisting that the religious law that governs their country expressly prohibits weapons of mass destruction.

A Turkish diplomat, describing a visit in May by the chief Iranian nuclear negotiator, Ali Larijani, said that Larijani made the religious roots of the proscription clear. "I was in the meeting," said the diplomat, who spoke on condition of anonymity. "He said there is even a fatwa , a religious ruling, since the time of Khomeini, that Iran will not produce any nuclear weapons."

Yet interviews with a range of clerics and other students of Islamic teachings indicate that while Grand Ayatollah Ruhollah Khomeini indeed barred Iranian forces from unconventional weapons during the 1980-88 war with Iraq, the religious underpinning for such a ban is regarded as less than absolute, with ample justification available in scriptures for almost any course except first use.

"This question is ambiguous," said Grand Ayatollah Jalalodine Taheri, who was a leading figure in the Iranian government before becoming a sharp critic. Taheri, 80, said during an interview at his bedside in the central Iranian city of Isfahan that "taking weapons of mass destruction as a whole, I'm against it." But he added that religious texts might offer avenues that would allow stockpiling such weapons in the name of deterrence or self-defense.

"It's not clear," Taheri said.

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Those arguing for the loopholes include clerics closely identified with the country's most hard-line conservatives, the most ardent defenders of Iran's theocratic system.

"Producing and using WMD is forbidden, just as producing deadly poison or harmful drugs," said Mohsen Gharavian, who teaches Islamic philosophy in the holy city of Qom, south of Tehran. "I think there is no ambiguity here. . . . I have not seen any other type of interpretation" among religious scholars.

"But," he continued, "I have got to add something to this: If any other nation has produced this WMD and has used it against a second nation, the second nation in the name of defending itself has the right to have it and to use WMD."

Gharavian serves as spokesman for Ayatollah Mohammad Taqi Mesbah-Yazdi, an archconservative who strongly supports President Mahmoud Ahmadinejad and is suspected of providing religious justification for killings allegedly carried out by Iranian intelligence agents in the late 1990s. Gharavian spoke in an hour-long interview at the Imam Khomeini Institute, which has produced tens of thousands of clerics under Mesbah-Yazdi's tutelage. A number are expected to seek election this fall to the Assembly of Experts, the one body in Iran's theocratic system with the power to remove the supreme leader, the cleric who has ultimate authority.

"About nuclear weapons, there is this principle of all or none," Gharavian said. "If a nation arms itself with such weapons, it is quite logical for other nations to think of defending themselves against these kinds of weapons.

"I believe this is the logic of Islamic morals," Gharavian said, professing himself "100 percent sure" that Khomeini and Iran's current supreme leader, Ayatollah Ali Khamenei, "based on Islamic principles, have the same logic: Islam does not allow anyone to initiate harming a human being."

The same bedrock view and the same caveat about self-defense were offered by an influential cleric aligned with Iran's reformers, members of the relatively liberal movement recently sidelined by hard-line conservatives.

"In the time of the prophet, we didn't have nuclear bombs, so there's not a verse about it in the Koran," said Mohsen Kadivar, who like Gharavian is a middle-ranking cleric. "But we have some verses which say we can't kill anyone who hasn't committed a crime. It's very, very clear."

The faith does accept the concept of retaliation, however, so long as it stops short of injuring innocents. Kadivar said that proviso appears to proscribe actual use of weapons of mass destruction, as would scriptures warning against damaging the environment.

But none of that necessarily bars a government from stockpiling such weapons, the clerics say.

"From all I can see, it's not forbidden, but it's hard to say it's allowed. In jurisprudence these terms are different," Kadivar said. "If your enemies have these bombs, it's not forbidden to have them.

"Don't forget that Israel has these bombs," he added, raising a finger. "It's outside the Non-Proliferation Treaty."

Iranian scholars who argue against nuclear weapons point out that these questions are hardly abstract in Iran. The newly minted government faced severe, real-life tests after Saddam Hussein's troops invaded Iran in 1980. The Iraqi forces used chemical weapons on the battlefield; two decades later, badly wounded survivors still populate hospital wards in Iran.

When Iraq also launched rocket attacks on Tehran and other metropolitan areas, pressure for Tehran to retaliate was intense.

"In the eight-year war with Iraq, this was a very hot debate among all the Islamic teachers, because Iranian cities were being bombarded," said Kazem Mosavi Bojnoordi, who sat on the defense committee of Iran's parliament during part of the war. "The conclusion was that it's not allowed. Never during those eight years do we have one example of Iran bombarding cities."

Bojnoordi, now chief editor of Iran's Center for the Great Islamic Encyclopedia, recalled that after the first salvos from Iraq, a senior Iranian commander declared, "Now we will flatten Baghdad." The comment brought an immediate rebuke from Khomeini, whose fatwa closed the matter for the balance of the war.

"According to Islamic teachings, there's the principle that the goals never justify the means," said Bojnoordi, whose father was a grand ayatollah. "It has not been supported in Islam that you can do whatever you want to defend yourself. You are not allowed to gather weapons that are not allowed by Islam, even against your enemies."

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Senior Iranian officials insist their goal is only electrical power, saving their substantial petroleum deposits to export. Leaders also emphasize the role of pride and technological achievement, which inside Iran conveys the impression of economic development that has largely eluded a population that has grown poorer since the 1979 revolution.

"I believe that by getting high tech we will be getting development," Bojnoordi said. "If we improve the standard of living, that will unite the people, and that will bring security."

Said Kadivar: "I hope that science in my country is so progressive! I hope it's true. Every Iranian wants to have this energy. Every party. The difficulty is we don't have a democratic regime. So we should try to democratize."

If Iran is indeed working to produce nuclear weapons, experts say the program would surely be entrusted to the Islamic Revolutionary Guard Corps. Formed in 1979 by clerics who did not trust Iran's existing army, the Revolutionary Guards have grown into a major force in Iran's economy and political offices. Their insignia, one analyst noted, includes a passage from the Koran that reads, "Prepare any strength you can muster against them, and any cavalry with which you can overawe God's enemy and your own enemy as well, plus others besides them whom you do not know."

Compromise Eases Clash Over Hill Prerogatives (RC)

By Dan Rasmussen

Roll Call, June 21, 2006

The Bush administration has reached a compromise with Congressional leaders on one of the most prickly aspects of the pending U.S.-India nuclear deal, a provision that had rankled key Congressional Republicans and Democrats who worried about its potential to curb Congressional powers.

While much of the public debate over the U.S.-India nuclear deal has revolved around nonproliferation and global security issues, the biggest hang-up for many in Congress was the administration's initial insistence that India be treated as a country in compliance with the Nuclear Non-Proliferation Act of 1978, which it is not.

Considering India to be in compliance meant that the pact would have gone into force unless Congress passed a joint resolution of disapproval within 90 days. Effectively, that meant that both chambers would have needed veto-proof two-thirds majorities to stop its implementation.

By contrast, such deals with noncomplying states would not have gone into effect unless Congress passed a joint resolution of approval — a process that gives Congress significantly more sway over such foreign agreements.

Frustration over the president's initial proposal surfaced in a Senate Foreign Relations Committee hearing in April, when Members of both parties sharply questioned Secretary of State Condoleezza Rice about Congressional oversight issues.

However, it emerged this week that a clash between the executive and legislative branches has been averted. The Bush administration has reached a tentative agreement to only ask Congress to expedite the final approval of the bill by taking an up-or-down vote free of amendments. A public announcement of the procedural agreement is expected from the Undersecretary of State for Political Affairs Nick Burns later this week.

With markups now tentatively scheduled for next week, analysts say they expect Congress, having forced the administration to back off on its procedural demands, will likely leave the substance of the deal largely intact.

This compromise has appeased some in Congress who feared that they would be giving up too much of their input into the final decision, and it signals that Congress — which has already vigorously asserted itself on the substance of the deal — will continue to play an important role in the ongoing negotiations.

Senate Foreign Relations Chairman Dick Lugar (R-Ind.) endorsed the pact on Friday, after intensively scrutinizing the deal. House International Relations Chairman Henry Hyde (R-Ill.) also backs the bill.

A senior Democratic aide on the Foreign Relations Committee said that the skirmish over the approval procedure could be among the first signs that Congress is ending its five-year pattern of being largely tolerant of the administration's bold moves to act unilaterally, without intensive Congressional oversight.

"The administration has really overreached very badly if its forcing Congress to actually do its job," he said, speaking to the frustration provoked by the president's initial proposal. "The administration tossed this thing over and said, 'Look, Congress, why don't you just vote yourselves out of office?'"

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"From the beginning, the president went to great lengths to keep Congress out of it," added a senior Republican staff member on the House International Relations Committee. "The strategy has backfired. We will reassert our traditional role on these types of agreements."

Congress' recoiling at the initial Bush procedural demand comes as a sharp rebuke to an administration that analysts say was hoping to maximize its leeway in negotiating the final agreement.

Under the terms of the deal, the United States could ship nuclear technology and fuel to India, and in exchange, India would submit its 14 civilian nuclear reactors — though not its eight military facilities — to international inspections and safeguards.

Because India does not meet all the requirements for nuclear trade under the 1978 Nuclear Non-Proliferation Act, any nuclear deal would require Congress to both lay the legal groundwork for the deal under section 123 of the Atomic Energy Act and pass a joint resolution of approval on the final pact.

Bush's language essentially asked Congress to treat India as though it met all of the 1978 act's requirements. In effect, Bush was asking Congress to approve the deal before it had seen the final terms of the two major agreements — one between India and the U.S., and the other between India and the International Atomic Energy Agency.

But now that language has been withdrawn.

The apparent accord came after the House International Relations Committee and the Senate Foreign Relations Committee between them held eight hearings on the issue and requested thousands of pages of documents from the State Department. Lugar alone submitted 82 questions to the department.

In perhaps the most heated exchange of the April committee hearing, Sen. Paul Sarbanes (D-Md.) demanded of Rice: "Now, under your proposed legislation, is Congressional action part of the arrangement?" Unsatisfied with Rice's answer, he pressed forward.

"So your solution to that problem is to move Congress out of the decision-making process," he offered. "No, Senator," she replied, before Sarbanes interrupted her. "I mean, except for the one decision right at the outset," he said.

Sens. Lincoln Chafee (R-R.I.) and Russ Feingold (D-Wis.) also expressed their concern over this aspect of the deal. "From us in the Congress, it seems to me we're abdicating a lot of power in these amendments," Chafee said at the hearing.

Rice denied that the bill would strip Congress of prerogative on oversight matters.

"The Congress, of course, has up front — and that's why we're coming to you now — the ability to assess the deal, to look at its upsides and downsides and then to affirm in a vote, yes or no," she said. "We have offered to brief the Congress on where we are in the negotiation of this bilateral deal, which is a technical deal to try and implement the civil nuclear cooperation agreement. So we believe that there is a lot of congressional oversight."

The administration's retreat on the procedural provision suggests that such oversight is not going away. Some senior staff members cast the president's original proposal as an executive power play meant to gut Congressional oversight. They contend that the move has backfired and stirred Congressional leaders to ramp up oversight of the negotiations.

The Senate aide cast the president's proposal as part of a continuing effort to increase executive power at the expense of the legislative branch — a strategy that has worked in the past.

"Instead of just trying to get the deal through, the administration is trying to expand executive prerogative even more," he said. Bush is "really playing hardball on this without looking for something that would actually generate Congressional support."

One business lobbyist said that he still fears that the India deal could go the way of this year's deal for a Dubai-based company to run several U.S. ports — that is, turn into a political firestorm and require a major rewriting before enactment.

"Congress is saying, 'We want to take a look at all the underlying agreements.' They've had eight sets of hearings. All the answers to their questions have required thousands of pages from the State Department," he said. "They're trying to regain prerogative, and I don't think anybody can tell you where the ball is going to roll from here."

Strike In Gaza Kills 3 Children (WP)

By Scott Wilson

The Washington Post, June 21, 2006

DOJ_NMG_0036455

JERUSALEM, June 20 -- An Israeli airstrike in the Gaza Strip on Tuesday killed at least three Palestinian children and wounded 14 people, many of them children as well, according to witnesses and Palestinian health officials.

Israeli military officials said the target of the strike, which occurred around 7:30 p.m., was a car carrying gunmen from the al-Aqsa Martyrs Brigades, the armed wing of the Fatah party. Military officials said the men were planning to carry out an unspecified attack, perhaps preparing to fire missiles into southern Israel.

But Palestinian witnesses said the men escaped from the Volkswagen Golf station wagon before the missile struck the car, which was passing through a busy commercial district of Gaza City. The scene turned quickly into an angry rally with demonstrators denouncing the attack and vowing to take revenge on Israel.

Shrapnel from the blast sprayed into a group of bystanders, Palestinian witnesses said. Hospital officials in Gaza said three children -- Mohammed Roqa, 5; Samia al-Shariff, 5; and Belal al-Hessi, 15 -- suffered fatal wounds in the attack.

"If there were civilian casualties as a result of this, the IDF does regret it, as it always does," said a spokesperson for Israel's army, the Israeli Defense Forces. "But the fact is the terrorist organizations operate within these civilian areas, and the Hamas government has done nothing to stop them."

Hours earlier, the Palestinian leader, Mahmoud Abbas, called on the various armed groups at war with Israel to stop the rocket fire that has frightened and infuriated Israeli communities on the periphery of the Gaza Strip. Among the groups is the military wing of Hamas, the radical Islamic movement now running the Palestinian ministries, although two smaller factions are chiefly responsible for the missile fire.

At least three missiles landed in southern Israel on Tuesday before Abbas made his appeal, although there were no reports of injuries. The missiles are highly inaccurate and have not killed any Israelis since Israel evacuated its settlements in Gaza last year. But the attacks have surged recently, and one Israeli man was gravely injured this month.

The southern city of Sderot, the target of many of the missiles, closed schools, streets and the municipal government Tuesday to protest what residents say is the Israeli government's weak response to the rocket fire. The Israeli military has been using intensive artillery fire and airstrikes to little avail.

The airstrike Tuesday came a week after an Israeli missile attack on a minibus in Gaza City killed at least 10 Palestinians, including eight civilians. The minibus was carrying at least one rocket. Also this month, an explosion on a beach in northern Gaza killed eight Palestinian civilians. Palestinian officials and a human-rights group have said an Israeli artillery shell may have caused the blast. Israel has denied involvement.

Israeli Attack Kills 3 Gaza Children (NYT)

By Ian Fisher

The New York Times, June 21, 2006

JERUSALEM, June 20 — An Israeli aircraft fired Tuesday on a car that officials suspected was carrying armed Palestinian militants in Gaza and killed three children nearby, a 7-year-old girl and two boys, ages 5 and 16, hospital officials and witnesses said.

The airstrike was the third this month to kill civilians, infuriating Palestinians and raising an impassioned debate in Israel about its military response to the firing of homemade rockets from Gaza into Israel.

On June 9, eight civilians — seven from one family — were killed on a beach in Gaza during an Israeli bombardment against militants suspected of launching the rockets, called Qassams. The Israeli military later denied that its munitions caused the deaths, a contention disputed by Palestinians and human rights officials. Four days later, another strike in Gaza killed at least two militants and another eight civilians.

Tuesday's attack, according to an Israeli military official, was aimed at a group affiliated with the Fatah organization of President Mahmoud Abbas that had fired a rocket earlier in the day and was on its way to carry out another attack.

A military spokesman said the missile hit the car, but apparently the militants escaped.

"We are dealing with a cell that was very active in these attacks," said the spokesman, Capt. Jacob Dallal. "While we regret the loss of civilian life, the overall responsibility lies with the Palestinian Authority."

Since the beginning of the month, more than 140 Qassams have been fired from Gaza, seriously injuring one person.

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The issue of the rockets and the military response has strained the government.

Residents of Sderot, the Israeli town hardest hit by the rockets, have complained that the government is not doing enough to protect them. Israeli military officials have spoken of stepping up operations in Gaza.

Many other Israelis have said the Qassams do not represent a serious enough threat for so strong a military response, which has included some 6,000 artillery shells in recent months. "Qassams, Shmassams! So what?" the dovish former prime minister Shimon Peres was quoted as saying in the Israeli press.

Red Cross-Red Crescent Deal Threatened (WT)

By Katie Stuhldreher

The Washington Times, June 21, 2006

Last-minute maneuvers may have jeopardized a deal for Israel and the Palestinian territories to enter the International Red Cross and Red Crescent Movement after decades of ostracism, according to officials at a conference in Geneva.

The International Conference of the Red Cross and Red Crescent Societies, at a two-day meeting that began yesterday, had been expected to formally endorse the use of a new religiously neutral emblem facilitating the move.

Israel's national emergency medical service, Magen David Adom (MDA), has never been willing to use either the cross or crescent -- symbolic of Christianity and Islam respectively -- while the movement has been unwilling to allow the use of the Star of David.

Adoption of the new symbol, a diamond-shaped "red crystal," would end the more than 50-year stalemate. But the deal was thrown into doubt when Pakistan and Tunisia unexpectedly introduced a politically charged amendment to the resolution yesterday.

The action set off alarms in the U.S. government, a long-time supporter of MDA Red Cross membership.

A group called American Friends of MDA abruptly called off a celebratory press conference in Washington, saying the State Department had urged Sen. Hillary Rodham Clinton, New York Democrat, to call off her plans to participate.

"They thought any public comments might negatively affect the vote," said Daniel Allen, executive vice president of American Friends for MDA.

State Department deputy spokesman Adam Ereli said at yesterday's briefing that he knew nothing about such a request, and Mrs. Clinton's office failed to respond to repeated phone calls. However, Mr. Ereli said the United States has worked "relentlessly" to help integrate Israel into the international human rights community.

The American Red Cross withheld $42 million in overhead dues over a six-year period to protest MDA's exclusion from the group, according to the American Red Cross.

Agence France-Presse, reporting from Geneva, said the amendment proposed by Pakistan and Tunisia would say the movement's rules applied in "all Arab Territories occupied since 1967, namely the Palestinian Territory including East Jerusalem, the Syrian Golan and the Lebanese Shebaa Farms."

Israel said the suggested rewording, which effectually condemned Israel's occupation of territories, was unacceptable, according to Agence France-Presse.

"This political opposition isn't helping anyone. MDA has a lot to offer the community, with our experience in dealing with mass casualty issues and disasters," Mr. Allen said.

"We don't understand what the problem is with allowing a humanitarian organization to join the family of nations here," he said.

The adoption of the red crystal symbol was approved in principle at a meeting of Red Cross Movement member governments in December, despite strong Syrian opposition, by a vote of 98-27 with 10 abstentions. Two-thirds of the governments meeting today in Geneva must approve for the protocol to become official.

In November 2005, MDA signed a memorandum of understanding with the Palestine Red Crescent, which has been unable to become a member because of the Palestinians' lack of recognized statehood. The memorandum stated that the two organizations would seek joint entry, according to the Red Cross.

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Mr. Allen said that if MDA's entry to the organization was blocked, it might jeopardize the Palestine Red Crescent's chances as well.

Ian Piper of the International Committee of the Red Cross told the Associated Press that he hoped joint entry would result in an acceptable situation for all parties.

"For us, it's a great advantage that they both be recognized simultaneously, that they are both equal, that they both play by the same rules and are accountable to the same group of peers," he said.

Devorah Goldburg of the American Red Cross said, "We still remain hopeful that a consensus can be reached. We just want to remind everyone that this isn't a political organization and the focus should be on humanitarian concerns."

A Campus For 'Scholars, Not Fighters' On A Settlement Site (NYT)

By Steven Erlanger

The New York Times, June 21, 2006

GAZA, June 16 — A Palestinian college is growing from the rubble of an uprooted Israeli settlement.

Nearly a year ago, the Israelis pulled all their 9,000 settlers and military forces out of the Gaza Strip and then took bulldozers and backhoes to what used to be homes, schools, shops and clinics, leaving a few gutted synagogues, a few hundred greenhouses and tons of rubble.

Throughout most of the former settlements, Palestinians have thoroughly mined the debris for metal, wiring, fixtures and almost anything usable or sellable. But despite promises at the time, not an ounce of rubble has been removed or reprocessed, leaving a post-apocalyptic landscape baking in the unforgiving sun.

Except at the site of Neve Dekalim. On nearly 41 acres surrounding what used to be the largest school in what used to be called the Gush Katif bloc, the Palestinian president, Mahmoud Abbas, decreed a campus. He granted it to Al Aksa University, affiliated with his Fatah party, which lost elections this year to Hamas.

With seed money of $1.5 million from the sheik of Sharjah, one of the United Arab Emirates, the university hired its own security guards, built its own wall and started clearing and rebuilding.

The first students appeared in March, as construction went on around them, and now some 2,000 men drawn from cramped branches of the overcrowded university all over southern Gaza are taking their exams here. A new classroom building is going up to house 4,000 women, who are taught separately in this conservative society.

Mahmoud al-Shami, the deputy dean of student affairs, said he hoped that the women could be part of the campus by September for at least two days a week as building continued.

Mr. Shami showed off his office, with its satellite Internet connections, new desk, fixtures and fittings. "Now we're focusing on creating scholars, not fighters," he said.

Hosam Abu Zeit, 22, was between exams in the social sciences. "Before, we would be shot if we entered this place," he said of the once heavily guarded settlement. "Now, in less than a year, we've succeeded in studying here. It gives me a sense of pride to be studying in a liberated place."

Previously, he studied in the nearby Khan Yunis refugee camp, less than a mile and a world away across the 15-yard-high cement wall that the Israelis built between the camp and Neve Dekalim.

Al Aksa's campus in Khan Yunis, said Tamim Dheir, the assistant to the president in charge of renovation, was 1.7 acres, about 4 percent of the area of this campus. Classrooms were so scarce that students studied only three days a week, with men alternating days with women.

"We were on top of one another there," Mr. Zeit said, and then, almost giddy, swung his arm in an arc, to indicate a new sense of space. On the walls are a few posters of dead militants considered to be martyrs, like Muhammad Abdel Hadi of the Abu Rish Brigades, but students pass by them this day without a glance.

His friend Wael Balaawi, 21, ran a hand through his gelled hair. "After 38 years of occupation!" he said excitedly.

"We couldn't even come here for a picnic or go to the beach, and we were cramped into the refugee camps, and the settlers had these huge places," he said with some wonder. "Now we can go where we want in a land that's ours."

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In Gaza the Israelis largely built on empty sand dunes, displacing few Palestinians. But the network of walls, checkpoints, military sites and Israeli-only roads made it extremely difficult for Palestinians to travel freely. Now a trip from Gaza City to Rafah, which was often impossible, can be made in less than an hour.

Mr. Dheir, in his own freshly painted office, serving tea in new china cups, took out an architect's rendering of what the campus might look like in the future and displayed it proudly. Some of the nicest features were in red.

"It's only a plan," he finally said. "The red means it's part of the 10-year plan." But the intention is to bring the colleges of education, art and science here in their entirety within the next two years.

He added: "This is one of the symbols of freedom after the humiliation imposed on the Palestinians. It's a national project." But as a state university normally financed by the Palestinian Authority, now led by Hamas, the employees here, like Mr. Dheir, have also not received their salaries for the last four months.

"It's very difficult," he said with a sigh. "The whole situation is difficult. It's a big preoccupation for everyone. No one's paying their bills, and everyone is calling for unity and fearing civil war."

When Hamas supporters in Gaza's Islamic University clashed with Fatah supporters in Al Azhar University, there were some fistfights here, but they were quelled. "It nearly touched us, too, but we managed to stop it," Mr. Dheir said. "We said that this is a presidential place and we must have unity."

Still, Fatah flags fly next to the Palestinian one, and Palestinians still call the area by its former Israeli name, Neve Dekalim.

Walking around the campus, Mr. Dheir explained that there had been much salvaging and looting after the Israelis left, when even many of the trees were cut down. But Mr. Abbas soon ordered Fatah security guards to patrol the area and to stop the seizing of land that had taken place in a number of other former settlements, where some clans, militant groups and business interests had taken over what was supposed to be Palestinian Authority land devoted to the interests of Gazans as a whole.

"After we put up the wall, things became easier," said the registrar, Ahmed al-Mabhouh.

The old Neve Dekalim supermarket is being turned into a two-story cafeteria for students and teachers, and a row of shops nearby, one of which used to offer a serviceable espresso, has been remodeled into one large hall for the registrar. But the campus excludes the former synagogues, mostly gutted and firecharred, which remain on the horizon.

A group of students wandered on the repaved walkways, chatting excitedly after finishing a linguistics exam. Almutaz Abu Sittah, 19, tall and handsome, was proud of the campus but dour about the future.

"There's little optimism," he said. "The world is besieging us. And there's no real government, and no real state to govern."

Does he feel freer? "We've grown up," he said, "with vengeance in our hearts."

Armed Clash With Georgia Feared (WT)

By Michael Mainville

The Washington Times, June 21, 2006

MOSCOW -- Growing diplomatic tensions, a Russian trade embargo and a massive boost in Georgian arms spending are raising fears of conflict in the volatile Caucasus region along Russia's southern border.

Analysts say a meeting last week between Russian President Vladimir Putin and Georgian President Mikheil Saakashvili failed to defuse the tension and that Russia's open support for the leaders of Georgia's separatist regions of South Ossetia and Abkhazia is pushing the limits of Georgian patience.

The tension is expected to be discussed when Mr. Putin hosts heads of state from the Group of Eight club of wealthy nations in St. Petersburg next month. It also will be discussed in Washington July 5 when Mr. Saakashvili meets with President Bush, who has accused the Kremlin of bullying pro-Western states in the former Soviet Union.

Pavel Felgenhauer, an independent, Moscow-based defense analyst, said Russia and Georgia appear to be laying the groundwork for an armed conflict. "What we've been seeing is an exchange of prewar statements," he said. "We could see military action in the coming weeks and months."

Georgian political analyst Alexander Rondeli agreed by telephone from Tbilisi that Russia-Georgia relations "have become truly bad. ... Russia is treating Georgia as a second- or third-class country through its support of separatist regions."

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Mr. Saakashvili has made reunification with Abkhazia and South Ossetia -- which broke away from Tbilisi in the 1990s -- a key goal of his presidency. But Moscow has supported the separatists by installing Russian peacekeeping forces in the region, giving many residents Russian passports and supplementing the regions' budgets.

Georgia tried earlier this month to prevent a fresh rotation of 500 soldiers from entering South Ossetia, saying they were required to have entry visas. But Russia's Foreign Ministry dismissed the demand, saying Georgia had no control over South Ossetia and stressing the region's right to self-determination.

Buoyed by Montenegro's recent independence from Serbia, separatist leaders have stepped up efforts to break away from Georgia. At a meeting last week in the Abkhazian capital Sukhumi, the presidents of Abkhazia, South Ossetia and Moldova's separatist region of Trans-Dniester announced plans to establish a joint security force to defend their independence movements.

Russian officials, meanwhile, accuse Georgia of preparing to retake South Ossetia by force. Defense Minister Sergei Ivanov told reporters on June 13 that a significant increase in Georgian military spending last year caused "unquestionable concern."

In its annual report on global arms buying, released June 12, the Stockholm International Peace Research Institute said Georgian defense spending surged more than 140 percent to $146 million in 2005 -- the biggest increase worldwide last year.

Adding to the tension, Georgian officials on Saturday accused a Russian citizen of plotting to kill an opposition leader in order to discredit Mr. Saakashvili's government. Officials did not blame Russia directly, but accused "foreign secret services" of organizing an attempt on the life of opposition leader Koba Davitashvili.

They said the purported assassin had traveled to Tbilisi through Russian-controlled territory and had fled to Russia when Georgian police uncovered the plot.

Relations between the two countries began deteriorating after Mr. Saakashvili rose to power in Georgia's Rose Revolution, promising to boost relations with the West and to push for Georgian membership in NATO and the European Union.

In a move that critics say was designed to punish Georgia for these aspirations, Russia earlier this year imposed a ban on the country's largest imports, wine and mineral water, citing public health concerns.

Mr. Felgenhauer said Russia's goal is to undermine Mr. Saakashvili's popularity and eventually install a pro-Kremlin leader in Tbilisi.

"They're hoping that if they can destabilize the country it will lead to internal strife and the collapse of the Saakashvili regime," he said.

Amid Competition, India Cools To Expansion By Chinese Firms (WSJ)

By Peter Wonacott

The Wall Street Journal, June 21, 2006

BANGALORE, India -- Some of the world's best-known technology companies are investing billions of dollars to build modern campuses in this traffic-choked city. China's Huawei Technologies Co. wanted to join the rush.

Instead, the Chinese telecommunications-equipment maker is stalled in efforts to spend $164 million on new facilities here and has been forced to stuff 750 staffers into a hotel annex with a worn carpet and uneven light. India's government has rebuffed its efforts to obtain a trading license needed to sell directly to the booming domestic market -- rejecting its application at least nine times since early 2003, according to one senior sales executive briefed on the matter. The given reason: national-security concerns.

"We have encountered some problems in India," admits George Huang, who runs Huawei's research facility in Bangalore. India's Foreign Investment Promotion Board, which reviews applications for trade licenses, did not respond to requests for comment.

Just as they have in the U.S. and Europe, some of China's big companies have run smack into security concerns and other delays, say industry executives and lawyers. Protracted government reviews have tripped up Chinese forays in telecommunications and infrastructure -- sectors where India generally welcomes foreign capital and expertise.

In part, India's concerns mirror fears in the U.S. and Europe about China's corporate ambitions in the West and Africa, and its growing influence overseas. A year ago, an $18.5 billion bid for Unocal Corp. by China National Offshore Oil Corp., or Cnooc,

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stoked a political backlash in the U.S. that helped prompt the Chinese to back down. In Europe, China Mobile Communications Corp. is near a $5.3 billion deal to buy Millicom International Cellular SA of Luxembourg in what would be China's biggest-ever corporate acquisition.

But the delays also reflect continuing unease between India and its fast-growing neighbor, as both nations emerge as new economic powers wooing capital and pursuing rapid development. The two have talked of trying to forge a new economic partnership as a counterweight to ties with the U.S., but bitter feelings linger in India from its humiliating defeat in a 1962 border war with China. That past is part of a sharp debate within India's bureaucracy between those who advocate embracing China and those who remain wary of its involvement in strategic industries.

Moreover, after decades of relative separation, India is experiencing China's economic might firsthand, as Chinese goods from refrigerators to Hindu statues flood the nation's markets. "These two countries are trying to figure out how to deal with each other," says Ashok Gurung, director of the India China Institute at the The New School in New York. "It's going to take a while."

Among other companies facing delays, China's ZTE Corp.'s drive to expand its telecom business in India has run into security roadblocks, say industry executives. The Hong Kong port-operating unit of Hutchison Whampoa Ltd., a conglomerate run by pro-Beijing billionaire Li Ka-shing, also has been unable to win security clearance for investments, according to contents of a closed-door cabinet meeting reported in an Indian newspaper.

Another Chinese company, Shenzhen CIMC-Tianda Airport Support Ltd., was turned away from installing air bridges in several Indian airports because of security concerns, despite an offer that was at least 40% lower than the only other bid, which was from a Spanish company, says a CIMC-Tianda lawyer.

"The Indian government is asking China to come and join hands with us," says Sudhir Sajwan, part of a legal team preparing CIMC-Tianda's case for a hearing before India's Supreme Court. "Then the Chinese companies come and they face these kinds of problems."

CIMC-Tianda executives declined to comment on its case. ZTE executives in India acknowledged delays in obtaining government approvals, but refused to elaborate. A spokesman for Hutchison Port Holdings said the company "has not been rejected from participating in any port projects in India for any reason, and we have in fact taken part in previous bids." The spokesman declined to comment on reports of multiple delays in obtaining a security clearance for a recent bid to modernize the Mumbai port.

The Foreign Investment Promotion Board, the Indian agency under the Ministry of Finance that typically reviews applications for trading licenses, was set up in 1991 to pave the way for capital coming into the country. The board also refers some cases to a cabinet-level committee on national security. Besides officials at the board, neither the National Security Advisor nor the Ministry of Finance responded to requests for interviews or to a list of questions about the reviews of Chinese companies.

The security reviews have begun to draw unusual public criticism from Beijing. In remarks to reporters last week, China's Ministry of Commerce warned India not to freeze out the country's low-cost competitors. A spokesman asked why CIMC-Tianda had been allowed to install air bridges at other Indian airports only to encounter security concerns in subsequent bids.

"We couldn't understand the relevant departments of India who set a ban on this company for security reasons," said the ministry's Chong Quan, according to the government-run Xinhua News Agency. "While India speeds up its infrastructure-facility development, Chinese companies experienced in the construction of airports, roads, bridges, power stations and telecommunications can provide services of better quality on a relatively lower price."

Ironically, Indian firms are expanding aggressively in China and apparently encountering few roadblocks. In June 2005, India's Tata Consultancy Services Ltd., or TCS, announced plans to team with Microsoft Corp. and the National Development and Reforms Commission, a powerful government agency, to help turn China into a major outsourcing hub. Drugmaker Ranbaxy Laboratories Ltd. has been adding to its factory in Guangzhou to sell more generic drugs in China.

Those moves are contributing to broader growth in economic ties. In 2007, two-way trade is expected to hit $20 billion, a year ahead of the original target date, said India's foreign-trade minister, Kamal Nath.

As for Huawei, in some ways the Chinese telecom-equipment maker has enjoyed a warm market reception in India. In 2005, it recorded $120 million in local sales, up about 80% from the year before.

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Yet executives say the lack of a trading license has hamstrung its expansion, deterring fresh investment and barring its bids to supply government-backed projects. Lacking security clearance, it recently had to drop an effort to supply wireless network equipment to Bharat Sanchar Nigam Ltd.

Huawei executives say Indian suspicions are misplaced. Although founded by a former soldier of China's People's Liberation Army, Huawei doesn't maintain links to China's military, and today operates as a private company in more than 100 countries, according to Mr. Huang of Huawei Technologies India, its Bangalore-based research arm.

Mr. Huang says he would like to double the 1,500 software engineers he has in India, combining them in a single corporate campus now split between two locations in Bangalore. Instead, he is watching rivals roll out their plans.

In October, Cisco Systems Inc. announced it was investing more than $1 billion in India. The same month, it broke ground for a new research lab here just 10 kilometers from where Huawei wants to build its facility.

U.N. Renews Presence In East Timor (NYT)

By Warren Hoge

The New York Times, June 21, 2006

The Security Council extended its political mission by two months and asked Secretary General Kofi Annan to plan for a "strengthened presence" of the United Nations there in light of recent violence that killed 30 people. The United States voted for the resolution despite a statement by its ambassador, John R. Bolton, questioning the need for returning peacekeepers.

Premier's Ally Faces Arrest In E. Timor (WP)

By Tanalee Smith

The Washington Post, June 21, 2006

DILI, East Timor, June 20 -- East Timorese prosecutors ordered the arrest of the former interior minister Tuesday for supplying weapons to a hit squad tasked with eliminating political opponents of the prime minister, the United Nations said.

International troops, meanwhile, tightened security across the capital as hundreds of protesters gathered to demand the ouster of Prime Minister Mari Alkatiri, some handing out fliers calling him a terrorist and murderer.

Young men mounted a small stage across the street from Alkatiri's office to give speeches criticizing his rule as others chanted, "Step down! Step down!"

"He is a criminal. He divided the Timorese people," said Vidal Gomez, 19.

Many East Timorese say Alkatiri's decision to fire 600 disgruntled soldiers in March was to blame for the subsequent clashes and gang warfare that have left at least 30 people dead. Some also allege he formed a hit squad to kill his political opponents.

"I never provided any weapons to anyone," Alkatiri said in a television interview broadcast nationally Tuesday evening, adding that he welcomed a U.N. investigation into the claims.

But the decision by the country's top prosecutor to issue an arrest warrant for Rogerio Lobato, who resigned as interior minister June 1, added credibility to the allegations.

The indictment accuses Lobato of giving guns to rebel leader Vincente "Railos" da Concecao -- the self-proclaimed leader of a hit squad allegedly commissioned by Alkatiri to silence the opposition -- on at least three occasions in May, according to a U.N. statement.

His alleged aim was to "alter the public order and the democratic rule of law," the statement said.

Lobato, deputy head of Alkatiri's ruling Fretelin party, was at his home in Dili on Tuesday, said Jose Manuel Fernandes, the party's vice secretary general.

Sudan Leader Rejects U.N. Troops In Darfur (USAT)

USA Today, June 21, 2006

Sudanese President Omar al-Bashir said Tuesday that he will never allow United Nations peacekeepers into Darfur, where a U.N. commission has accused the government and its militia allies of human rights violations in suppressing an ethnic minority uprising. “This shall never take place,” al-Bashir said. “We will not accept colonial forces coming into the country.”

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The U.N. wants to send troops to replace a 7,000-strong African Union force that has been unable to stop the violence. About 180,000 people have died, many from hunger and disease, and about 2 million have been displaced since the conflict began in 2003.

A U.N.-chartered plane flew former Liberian president Charles Taylor from Sierra Leone to The Hague, Netherlands, to be tried on charges of war crimes.

Taylor is accused of helping Sierra Leone's Revolutionary United Front rebels, who killed, mutilated and raped civilians during the West African country's civil war from 1991 to 2002. Taylor has been in custody since March. He faces life imprisonment if convicted.

An Israeli missile aimed at suspected Palestinian militants in a car in Gaza killed three children standing nearby. The Israeli military said the car was carrying members of the Al-Aqsa Martyrs Brigade, a terrorist group. Killed in the attack in the Jebaliya refugee camp were a 5-year-old boy and two girls, 7 and 16, Jumma Fatah of Shifa Hospital said. An army spokesman, Capt. Jacob Dallal, said terrorists in the car were involved in firing rockets at Israeli neighborhoods. Dallal blamed the Palestinian government for allowing the attacks.

Santa Park in Finnish Lapland has turned a profit for the first time after cost cuts, including firing the last three full-time elves. Wille Rajala, director of the 8-year-old park, credits a change in philosophy. “We are not open every day, but a couple of months in winter and another couple of months during summer.”

Children can take sleigh rides, talk to Santa and feed the reindeer. The park's website reminds visitors that there are only 186 days until Christmas.

Leader Won't Allow U.N. Force In Darfur (NYT/AFP)

By Agence France-Presse

The New York Times, June 21, 2006

President Omar Hassan al-Bashir voiced strong opposition to the deployment of Western troops in Darfur, vowing his country would not be "recolonized," the state news media reported. "I swear that there will not be any international military intervention in Darfur as long as I am in power," Mr. Bashir was quoted as telling a meeting of his party. "Sudan, which was the first country south of the Sahara to gain independence, cannot now be the first country to be recolonized." The United Nations wants to replace an under-equipped contingent of African troops in Darfur with its own peacekeepers.

Foreign Intervention In Somalia? (CSM)

By Rob Crilly

The Christian Science Monitor, June 21, 2006

NAIROBI, KENYA

The rapid rise of Somalia's Islamist militias has prompted a flurry of diplomatic efforts to stabilize the troubled country in the Horn of Africa.

Earlier this week, the African Union and Western diplomats decided to send officials to Somalia to assess the possibility of deploying a peacekeeping force to a country ripped apart by 15 years of anarchy. That has the backing of President Abdullahi Yusuf, head of Somalia's virtually impotent transitional government, who flew to Ethiopia Tuesday to demand speedy intervention.

Regional powers support intervention out of fear of an Islamic state on their doorsteps, while Western governments are worried the country could become a haven for terrorists.

But rather than promote stability, the move could inflame feelings in the newly dominant Islamic courts movement, which has everything to lose by foreign intervention.

Its leaders say there is no need to invite peacekeepers when Islamist militias have succeeded in pacifying Mogadishu, one of the most dangerous cities on the planet.

"Any sort of AU intervention - which would most likely be a cover for Ethiopian intervention - is most likely to be highly divisive and is likely to derail any attempt at peaceful negotiation between the government and the courts," says Sulieman Baldo, Africa program director of the Brussels-based International Crisis Group. "The [Islamist] courts will be very hostile to any sort of Ethiopian intervention in Somalia."

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Ethiopian troops have previously supported President Yusuf in his home state of Puntland where he held off an Islamist challenge during the 1990s. Somalia's neighbor is also thought to have designs on its land.

For the past two weeks, Sheikh Sharif Ahmed, who heads the Islamic Courts Union, has insisted to the watching world that his network of sharia courts - which has imposed strict Islamic law, shut down cinemas, and banned people from celebrating New Year's - has no links to Al Qaeda and has no plans to turn Somalia into an Islamic state.

But at the same time, his militias have swept out of Mogadishu conquering a huge swath of Somalia, imposing sharia law on the strategic town of Jowhar and traveling almost up to the border with Ethiopia.

The courts are the closest thing to a central government the country has seen since President Siad Barre fled in 1991. After his departure, Somalia gradually split into a series of personal fiefdoms administered by a motley combination of gangsters and thugs known as warlords.

But the rise of the Islamic courts and their militias has ousted the warlords from Mogadishu, where they were allegedly receiving cash from the United States to prevent Al Qaeda from making inroads.

Militias loyal to Sheikh Ahmed are now positioned about 40 miles from the town of Baidoa, where the country's transitional government has sat for four months since being formed in neighboring Kenya.

Earlier this month, its parliament voted to endorse Yusuf's call for peacekeepers to guarantee the survival of the government.

That vote was quickly followed by accusations from the Islamic courts that Ethiopia had sent 300 soldiers across the border to bolster its ally, Yusuf. The charges are denied by Ethiopia, although it is well known that small numbers of Ethiopian troops regularly criss-cross the border as part of its own defenses.

For now, the presence of peacekeepers would also violate an arms embargo imposed by the United Nations on all sides.

Lifting it, says Lt. Col. Harjit Kelley, a consultant to the United Nations Monitoring Group on Somalia, would risk enflaming an already volatile situation by legalizing the flow of guns and ammunition into the country.

He adds that the Islamic courts had strong backing from people living in towns under their control, and that the government, which has the support of much of the international community, has no option but to open a dialogue.

However, Yusuf has previously ruled out talks with the Islamic courts' leadership unless they meet three conditions: withdraw their militias to Mogadishu, recognize his government, and disarm.

Colonel Kelley doubts the Islamists will agree to those conditions, and says Yusuf has next to no leverage over the courts.

"The Islamic courts have the infrastructure, the command and control, that has [allowed them to] take the capital and other towns and then, more important, to hold on to them, so they are a big threat to the TFG," says Kelley.

"The TFG's best chance is to offer them commanding positions - with some real responsibility - in the government."

For now, there is peace in Mogadishu, but no one doubts that much work remains to rebuild the failed state.

Earlier this week, the United Nations' World Food Programme and UNICEF warned that the recent fighting and years of drought had pushed Somalis to their limit, creating the highest rates of malnutrition seen in years.

Mahamud Hassan Ali, the mayor of Mogadishu, says the West had already intervened in his city, funding the warlords and exacerbating the conflict.

Now, he says, it is time for the outside world to help rebuild it.

"My appeal is that the taxes of the world are no longer used for destruction, but instead used to make a difference to the lives of our people."

Former Liberian President In The Hague For Trial (NYT)

By Marlise Simons

The New York Times, June 21, 2006

PARIS, June 20 — Charles G. Taylor, the former president of Liberia and one of West Africa's most feared men, arrived in handcuffs in the Netherlands on Tuesday, and was immediately taken to the jail near The Hague where the former Serbian president, Slobodan Milosevic, spent the last five years of his life.

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Mr. Taylor, 58, will be tried in the Netherlands by a specially created outpost of the Special Court for Sierra Leone, the United Nations-backed tribunal that has indicted him on charges of crimes against humanity and war crimes.

The long list of atrocities attributed to Mr. Taylor, a former warlord, includes running a rebel force that killed tens of thousands of civilians and hacked off the limbs of countless others.

A descendant of the returned slaves who founded Liberia, Mr. Taylor became notorious for his use and abuse of children who were pressed into his forces. The children were often brainwashed or drugged into killing their own parents or relatives, prosecutors have said.

Getting Mr. Taylor to The Hague has been a diplomatic headache ever since his capture as he tried to leave Nigeria in March. The Sierra Leone government requested that he be tried outside the country because, it argued, his followers could destabilize the region once again, after more than a decade of war.

Mr. Taylor is accused of financing the rebel force in Sierra Leone.

He will now be tried in The Hague, in a new courtroom at the International Criminal Court. The Dutch government, while agreeing to the trial on its soil, had insisted that Mr. Taylor was not welcome until another nation had committed to taking him into prison if he were convicted.

Britain, the former colonial power in Sierra Leone, whose troops helped end the war there, announced Thursday that Mr. Taylor could serve any sentence he might receive in Britain.

Mr. Taylor will be held in the wing of a Dutch prison, where both the United Nations tribunal for Yugoslavia and the new International Criminal Court have rented a cellblock. He will be tried by judges from the Sierra Leone court, which was created by the United Nations and the local government to try people responsible for atrocities since 1996. The court has nine people in custody.

It may take some months before Mr. Taylor begins his trial in The Hague. After his arrest, he attended a brief hearing at the Sierra Leone court, where he pleaded not guilty to all 11 charges he faces.

He also declared he was partly indigent, saying he could not pay for defense lawyers. Peter Andersen, the Sierra Leone court spokesman, said Mr. Taylor would be assigned a temporary counsel until the court has finished investigating his financial situation.

Mr. Taylor was known for trading diamonds and tropical hardwood for weapons, and is believed to have stolen millions of dollars from Liberia's coffers.

Liberia's Taylor Flown To The Hague To Face War Crimes Charges (WP)

By Molly Moore

The Washington Post, June 21, 2006

PARIS, June 20 -- Former Liberian president Charles Taylor -- once one of Africa's most feared warlords -- arrived Tuesday in The Hague to face charges of war crimes and allegations that he destabilized West African countries while amassing a fortune from illegal trade in diamonds, guns and timber.

Taylor's trial was moved from Sierra Leone, where he is accused of mass murder, sexual slavery and conscripting children during his support for a rebel movement that killed thousands of people during that country's 1991-2002 civil war.

The U.N. Security Council, which approved the move from Freetown to the facilities of the International Criminal Court in The Hague, cited concerns that trying the case in Sierra Leone could destabilize Liberia, Sierra Leone and neighboring countries.

Taylor's former wife said he knew he would be transferred from a prison in Freetown to The Hague this week, according to news reports. She said he was eager to respond to the allegations, which he denied in a preliminary court appearance in Freetown after his arrest in March.

"Mr. Taylor is in a very reflective and pensive mood," Jewel Taylor, a member of Liberia's Senate, told the BBC Tuesday. "This is his whole life we're talking about." She added, "There is not basis for the charges that have been levied on Mr. Taylor."

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The former president, 58, arrived in the Netherlands on a U.N.-chartered jet and was led from the plane in handcuffs. He then was driven to the International Criminal Court's detention center in the suburbs of The Hague. The proceedings will be held in the courtrooms of the international court, although the trial will be conducted by the Special Court for Sierra Leone.

Taylor is the first former African head of state to be brought before a war crimes tribunal, and his case comes at a time when prosecutors have begun making tentative efforts across the continent to hold political leaders accountable for the corruption, genocide and brutality of African conflicts in the final decades of the last century. He served as president of Liberia from 1997 until 2003, when he was forced to resign.

Taylor is charged with sponsoring and aiding a rebel organization in Sierra Leone that chopped off the limbs of its civilian victims and forced women into sexual slavery and children into combat, among other atrocities. While he was actively working to destabilize the region, Taylor built a massive personal fortune from illegal trading.

He had been living comfortably in exile in Nigeria until this spring, when President Olusegun Obasanjo agreed to turn him over to the Liberian government. Taylor attempted to flee and was nabbed at a border post near Cameroon in March. At a court appearance in Freetown in April, Taylor said he was innocent and described the charges against him as "an attempt to continue to divide and rule the people of Liberia and Sierra Leone."

Taylor will be housed in the same prison where former Yugoslav president Slobodan Milosevic was detained.

12 Held In ETA Racketeering Case (NYT/AP)

By The Associated Press

The New York Times, June 21, 2006

The police in Spain and France arrested 12 people on charges of acting as intermediaries between the armed Basque separatist group ETA and businesses that were forced to pay a "revolutionary tax," the Spanish Interior Ministry said. It said that the unit had been operating for the last 20 years and that extortion was how ETA financed its operations. Among those arrested was Julen de Madariaga, 74, one of ETA's founding members.

Latin America's Choice (NYT)

By Thomas L. Friedman

The New York Times, June 21, 2006

Lima, Peru

There are a lot of ways to describe Latin America's challenge today. Some will tell you it's the age-old question of overcoming the staggering gap here between rich and poor. Some will tell you it's rooting out corruption and misgovernance. But I come at this issue with my own perspective, and I would describe the big question facing Latin Americans this way: Are they going to emulate India or get addicted to China?

This question was, at least implicitly, a subtext of the recent election here in Peru. But it's true throughout this continent, which has always been better at mining its resources than mining its people.

Let me explain by introducing Gabriel Rozman — a Jewish technologist of Hungarian roots who was raised in Uruguay, educated in America and now heads the Latin American operations of India's biggest software/outsourcing company, Tata Consultancy Services of Mumbai.

Mr. Rozman runs Tata's Latin American business out of Montevideo, where 550 Uruguayan programmers, trained and directed by Indians, are writing code and running the computer systems for companies all across this continent. They are backed up by Tata engineers in India, Hungary, China, Brazil, Chile, Mexico and Argentina. India now thinks Latin America is its backyard, too.

And so does China. China, though, is almost exclusively focused here on extracting natural resources — timber, iron, soybeans, minerals, gas, fish meal — to feed its voracious appetite and keep jobs and factories humming in China. There is nothing wrong about that. America and Spain did the same for years — and often rapaciously. Today, China's appetite is helping to fuel a worldwide boom in commodity prices that is enabling a poor, low-industrialized country like Peru to grow at 5 percent.

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But countries that get addicted to selling their natural resources rarely develop their human resources and the educational institutions and innovative companies that go with that. So after the ore has been mined, the trees cut and the oil pumped, their people are actually even more behind.

"Why can't Latin America do what India is doing?" Mr. Rozman asked when I spoke with him in Washington last week. It can, he insists, but only if it changes — fast. "Right now I have 500 job openings I can't fill, and the problem is education. The prestige career to follow in India is engineering, and in Latin America it is [still] law or being a notary public."

"We need more computer courses with real standards and starting at an early age," he said. A lot of higher education in Latin America is modeled on the French/European system, which is better at producing philosophers than programmers. Philosophers are important, but not in bulk.

Latin America also has to do a better job of teaching English, he added, and eliminating the red tape that prevents economic integration in Latin America and makes it very cumbersome to start new businesses here.

"To go from Argentina to Montevideo is only a 20-minute flight," Mr. Rozman explained, but in terms of the economic integration demanded today by global firms, they are 10,000 miles apart. In addition, most of the legal systems in Latin America are designed to promote agriculture and light industry, not intellectual property or innovation. "All the laws were made for another type of society," he said. "If we don't get caught up with the next wave, we're in trouble."

That next wave is called "follow the sun," he said. "We like to start a project in Bangalore or Mumbai, then, as the day moves on, move it to our offices in Eastern Europe and then to Latin American." Tata expects its engineers in each place to be equally trained, speak English and have the computing infrastructure to seamlessly receive and hand off projects. This is a global-scale business.

"We have 50,000 employees in India and are going to 100,000," explained Mr. Rozman. Eventually, Tata will grow to 100,000 in China. "But I can't go to 100,000 in any one country in Latin America, so I have to be able to put [the whole continent] together."

Latin Americans may think that their big choice is between two models of Western capitalism — a European welfare state model and a hyper-competitive U.S. model. But before they divide their pie, they need to expand it — and here their most important choice is between an India example that focuses on developing human resources and a China syndrome that focuses on selling natural resources. Since countries tend to do either one or the other, here's hoping that Latin America discovers India before it gets hooked on China.

Slim Pickings (WSJ)

The Wall Street Journal, June 21, 2006

The Inter-American Development Bank has been lending money to governments and the private sector in Latin America for almost a half century with little to show for it. So it seems sadly appropriate that one of the main speakers at the bank's anti-poverty conference last week was Mexico's telecom monopolist, Carlos Slim. His topic, believe it or not, was "business models" to help lift majorities out of poverty.

Mr. Slim is the richest man in Latin America and, according to his own resume, one of the 10 richest men in the world. He is also reported to be a generous philanthropist. But Mr. Slim's fortune has come partly at the expense of Mexico's poor and middle class, who have had to suffer more than a decade of monopoly pricing for telecom services under his ownership of Mexico's Telmex. His anti-competitive political machinations are among the biggest obstacles to making Mexico a faster growing and more globally competitive economy.

Mr. Slim bought Telmex as a private monopoly from the government in 1990. After enjoying monopoly rights for the first six years of the privatization as part of the purchase agreement, Mr. Slim grew so rich and powerful that he became known as the "owner" of all of Mexico. When a scheduled deregulation arrived in 1997, he had the resources to fight it off and has continued to do so.

Today the Slim name is synonymous in Mexico with litigation against deregulatory orders and ferocious lobbying to protect the Telmex advantage. The company retains 95% of the fixed-line market, and telephony prices are high relative to markets that have undergone deregulation. Access in rural areas is sketchy.

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Mexico's telecommunications minister, a former Telmex district manager, has vetoed efforts to adopt such simple competition tools as number portability, according to a former commissioner at the telecom regulator. Telmex controls almost all data traffic, and there is next to no consumer choice in broadband, Internet and voice-over-Internet. Telmex's domination in fixed-line services has also damaged competition in the wireless market. All of this has raised the cost of doing business in Mexico and has diminished growth, not to mention the burden it has put on the poor, the people the Inter-American Development Bank (IDB) is supposed to care about.

There is little debate among development economists about the importance of competition to moving people out of poverty. Equality under the law -- from which competition, innovation, and efficient capital allocations derive -- is the basis of such progress. But with special interests blocking market reform in most poor countries, introducing economic competition is an uphill climb.

Helping to overcome these political forces would be a good job for the IDB, but the bank has never been a serious place for development work. It busies itself instead with redistributing wealth; since its founding in 1959, the bank has funneled $140 billion into perpetuating bureaucracies. Now it is helping Mr. Slim build a reputation as an anti-poverty expert.

At last week's anti-poverty conference, Mr. Slim followed the Roman Catholic cardinal of Honduras, who spoke on the "moral dimension" of fighting poverty. To the best of our knowledge, Mr. Slim didn't utter the other 'm' word, monopoly, the one that helped to make him rich and continues to keep his fellow Mexicans poorer than they should be.

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DEPARTMENT OF JUSTICE *NEWS CLIPS*

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TO: THE ATTORNEY GENERAL AND SENIOR STAFF

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TERRORISM NEWS:

Gov't Presses For Dismissal Of Surveillance Suit (BCN)

Bay City News, June 21, 2006

(BCN) SAN FRANCISCO The U.S. Justice Department has told a federal judge in San Francisco that allowing a surveillance lawsuit against AT&T Corp. to proceed "would cause grave harm to the nation's security."

U.S. District Judge Vaughn Walker is scheduled to hear arguments on Friday on the government's motion for dismissal of a lawsuit filed against AT&T by the San Francisco-based Electronic Frontier Foundation on behalf of four Californians.

The government contends the case must be dismissed because there is no way it could be litigated without revealing state secrets vital to national security.

In a brief filed with the judge last week, Justice Department lawyers wrote that "the very subject matter of the case is a state secret."

The lawsuit alleges that AT&T has violated communications privacy laws and the plaintiffs' constitutional rights by allegedly giving the National Security Agency records of millions of Americans' telephone and Internet communications.

But the government argues in its brief, "Plaintiffs cannot establish whether or not such cooperation exists because that factual question is itself a state secret."

The brief argues that "the state secrets privilege is solidly rooted" in the president's constitutional authority as commander-in-chief.

The lawsuit was filed only against AT&T, but the government has asked to become a party to the case for purposes of seeking dismissal of the lawsuit.

The Electronic Frontier Foundation has argued that the case against AT&T can proceed without revealing any security secrets.

Fukuyama, Hannah And Zegna (NYT)

By Maureen Dowd

The New York Times, June 21, 2006

Washington

As he launched a progressive journal to ponder big ideas that might help the wretched Democrats stop driving on Ambien and snatch back a little power, Andrei Cherny sought advice from a conservative pundit.

"Who's on your tie?" the pundit asked, explaining that Reaganites had been able to sum up their philosophy in the 80's by wearing Adam Smith and Edmund Burke ties.

Mr. Cherny did not say. (John Stuart Mill?)

So far, Democrats have been more famous for who gave the tie — Monica draped Bill with a Zegna — than who gazed from it.

Besides, Republicans don't own all three branches of government because of little cameo pictures of Adam Smith and Edmund Burke hanging over their blue Oxford button-down shirts. Mr. Smith and Mr. Burke would blanch at the shape W. and Karl Rove have given conservatism — the political muscle of the Christian right, the withering of the social contract, greedy capitalism, fiscal profligacy.

If the Democrats need anything, it's not a new tie. It may not even be big ideas.

The Republicans, after all, got a monopoly while headed by W., a guy who makes Reagan look like Hannah Arendt. "Compassionate conservatism" was an alluring alliteration, not a paradigmatic philosophy.

In politics, big ideas are too often just big slogans and big marketing techniques and big slime campaigns.

Besides, big ideas can backfire. Yesterday, Mr. Cherny and his fellow editor, Kenneth Baer, former Gore speechwriters, introduced their journal, Democracy — it's sort of like Foreign Affairs without the glitz — at a panel at the National Press Club with Francis Fukuyama and Bill Kristol.

Mr. Fukuyama's big idea was The End of History. But a couple of little things like religion and nationalist ideology, not to mention history, got in the way.

Mr. Kristol was a key backer of the neocon push to knock out Saddam and create a model democracy in the Middle East. As he pointed out ruefully yesterday, big ideas cannot survive "contact with politicians, unbruised," and are sometimes "applied inappropriately." That was no doubt a veiled shot at Donald Rumsfeld, whom Mr. Kristol faults for the slide in Iraq.

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"And since my relations with conservatives these days are so bad — with Rumsfeld and immigration and other things — I'd just as soon hang out with you guys," the Weekly Standard editor told the room of liberals, bloggers and journalists. "You're less mean."

You'd think that incorrectly predicting history is over would get you banished from the intelligentsia forever, but Mr. Fukuyama proffered another big idea, warning that the pendulum was not making its customary swing left because "values" voters were clutching it.

"There's a guy I buy my barbecue from who says, 'I think we're in a class war and my class is losing,' " he shared. (Is this The End of Barbecue?) In Europe, he said, such brisket purveyors would be voting for the left, but in America, "the values issues have been much more prominent, and so people who for economic reasons ought to be voting on the left are held still in the Republican column precisely because they don't trust the left on all the issues having to deal with family, and identity, and this sort of thing."

Big ideas are not enough, because personalities and circumstances intervene. What matters is the bearer of an idea.

Bill Clinton had big ideas but short-circuited his presidency when he elevated his chaotic, self-regarding and gluttonous personality to a management style. Al Gore had big ideas but was too neutered by political mercenaries and focus groups to make those ideas compelling. Maybe because she had one idea that was way too big, Hillary has been running away from big ideas as though they're poison.

After 9/11, Dick Cheney transposed his desire to expand executive power and his personal paranoia into a national policy. Ron Suskind reports in his new book, "The One Percent Doctrine," that Vice dictated that the war on terror allowed the administration to summarily reject the need for evidence and analysis before action.

Mr. Suskind describes the Cheney doctrine: "Even if there's just a 1 percent chance of the unimaginable coming due, act as if it is a certainty. It's not about 'our analysis,' as Cheney said. It's about 'our response.' ... Justified or not, fact-based or not, 'our response' is what matters. As to 'evidence,' the bar was set so low that the word itself almost didn't apply."

In the hands of the wrong person, big ideas can be terrifying.

Grassley Accuses FBI Of Botched Terror Investigation, Coverup (WT)

By Jerry Seper

The Washington Times, June 21, 2006

The FBI sought to cover up a "botched" investigation into a terrorist financing scheme by classifying a probe into the case as secret and misleading Congress about how the inquiry was handled, said a senior member of the Senate Judiciary Committee.

Sen. Charles E. Grassley said the FBI blocked the full release of an investigative report he sought last year from the Department of Homeland Security and the Justice Department of what he called a "turf fight" between the FBI and U.S. Immigration and Customs Enforcement (ICE) in a terrorism investigation.

The Iowa Republican, a frequent FBI critic who also serves as chairman of the Senate Finance Committee, said the FBI classified as "secret" sections of the report originally marked as "unclassified" during a review process.

Mr. Grassley said an unexplained delay by the FBI in processing a request by ICE investigators for a wiretap in the terrorist probe prevented the interception of communications between a criminal suspect and a person designated as a global terrorist by the Treasury Department.

"The FBI has a leadership role on terrorism financing cases by virtue of a May 2003 memorandum of agreement (MOA) between the Homeland Security and Justice departments, not by any statute or congressional mandate," Mr. Grassley said in a letter to FBI Director Robert S. Mueller III.

"The facts established in the [Office of Inspector General] report do not instill confidence in the FBI's ability to lead under the process established by the MOA," he said, adding that it was "a clear conflict of interest" for FBI officials to edit criticisms of their actions.

Mr. Grassley also targeted Mr. Mueller, saying that during a Senate Judiciary Committee hearing in May, the director painted "a distorted picture" of findings in the report from the inspectors general at Homeland Security and Justice, reading "selectively" from unclassified portions.

FBI spokesman Richard Kolko said the bureau received Mr. Grassley's letter but that "it would not be appropriate to discuss this letter or the response in the press."

The senator said the FBI initially blamed the delay on the bureau's Houston field office, which failed to transfer the case to the Joint Terrorism Task Force, but Mr. Grassley said evidence showed FBI headquarters raised a number of issues to slow the approval process, none of which related to whether the case had been transferred.

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"This raises questions about whether the true motivation for delaying the case may have been to prevent a rival agency from infringing on FBI turf," said Mr. Grassley, adding that several federal agencies agreed there was probable cause for a wiretap.

Mr. Grassley said the MOA giving the FBI's Terrorism Financing Operations Section the lead role in cases involving terrorist financing operations had created "a strong disincentive for those outside the FBI to investigate suspected terrorist financing."

Qaeda Says Man Was To Take Part In 9/11 Attacks (NYT/AP)

By The Associated Press

The New York Times, June 21, 2006

WASHINGTON, June 20 (AP) — Al Qaeda has identified a would-be 20th hijacker for the Sept. 11 attacks as a Saudi who was killed in a 2004 shootout with his country's security forces.

In a statement accompanying a new video, whose authenticity has not been verified, Al Qaeda's propaganda arm asserts that the Saudi, Fawaz al-Nashimi, also known as Turki bin Fuheid al-Muteiry, would have rounded out a team that ultimately took over United Airlines Flight 93, which crashed in Pennsylvania before reaching its target.

A video featuring Mr. Nashimi was obtained Tuesday by IntelCenter, a United States government contractor based in Virginia. American counterterrorism officials declined to comment on the authenticity of the video and its claims.

The video includes images of Mr. Nashimi justifying attacks against the West. It also contains 27 minutes of audio of a siege in May 2004 on oil facilities in Khobar, Saudi Arabia, in which he took part.

Screeching tires and gunfire are heard. A voice can be heard asking in Arabic, "Where are the Americans?"

In the attack, militants opened fire inside two oil industry office compounds, then moved on to a residential area. Twenty-two people were killed. Mr. Nashimi was killed the next month in a gun battle with Saudi forces.

The video offered no explanation of why Mr. Nashimi did not take part in the 9/11 attacks.

American counterterrorism officials have believed for some time that the original plot included another hijacker on Flight 93, which had only four attackers. The two planes that flew into the World Trade Center and the one that flew into the Pentagon each had five hijackers.

Al-Qaeda Identifies Would-Be 20th Hijacker (WP/AP)

By The Associated Press

The Washington Post, June 21, 2006

Al-Qaeda has identified a would-be 20th hijacker for the Sept. 11, 2001, attacks as a Saudi operative who was killed in a 2004 shootout with his country's security forces.

In a statement accompanying a new video, the terrorist network's propaganda arm identified Fawaz al-Nashmi, also known as Turki bin Fuheid al-Muteiry, as the operative who would have joined the four terrorists who took over United Airlines Flight 93, which crashed into a Pennsylvania field.

A 54-minute video featuring al-Nashmi was obtained yesterday by IntelCenter, a U.S. government contractor based in Virginia. U.S. counterterrorism officials declined to comment on the authenticity of the video and its claims.

The video included a screen crediting the al-Sahab media committee with producing the message. While no one is known to have forged the group's work, its statements are often difficult to verify.

The video includes footage of al-Nashmi justifying attacks against the West. It also contains 27 minutes of previously unheard audio of a siege that he took part in on oil facilities in Khobar, Saudi Arabia.

Screeching car tires and gunfire are heard as the terrorist cell moved from building to building. A voice can be heard saying in Arabic: "Where are the Americans? . . . Give me the information."

The demands are punctuated with more gunfire.

In the May 2004 attack, militants dressed in military-style uniforms opened fire inside two oil industry office compounds and then moved to an upscale residential area. They took 45 to 60 hostages. Saudi security forces stormed the complex, but three of the militants escaped, including al-Nashmi. Twenty-two people were killed in the 25-hour rampage, almost all of them foreigners, including one American.

Al-Nashmi was killed the following month in shootout with Saudi forces.

The Khobar assault was one of a series of attacks against foreigners by al-Qaeda's Saudi branch in 2003 and 2004, aimed at undermining its U.S.-allied royal family.

U.S. counterterrorism officials have believed for some time that the original 9/11 plot included a fifth hijacker for Flight 93.

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Federal agents at first thought al-Qaeda conspirator Zacarias Moussaoui was intended to be on that flight, but they later revised their information.

The Sept. 11 commission identified al-Qaeda member Mohamed al-Kahtani, who was turned away at Orlando International Airport in August 2001, as a possible would-be 20th hijacker.

U. Of Ark. Graduate Cleared In Terror Case (AP)

AP, June 21, 2006

Fayetteville, Ark. (AP) -- A University of Arkansas graduate has been acquitted of attempting to provide material support to a Palestinian terrorist organization but convicted of immigration charges.

Arwah Jaber, 33, faces a maximum of 10 years in prison on each count of obtaining his naturalization unlawfully and making false statements on passport and immigration applications.

The government moved to revoke his citizenship after the jury returned its verdicts Monday.

U.S. District Judge Jimm Larry Hendren on Tuesday gave both sides 10 days to submit written arguments on that issue.

Jaber came to the attention of authorities when he talked openly about joining Palestinian Islamic Jihad, a group the U.S. government considers a terrorist organization. He was arrested last year as he was about to board a flight and maintains he was going to the Middle East to visit relatives. The government says he wanted to join the holy war.

"We don't know what the consequences would have been," said U.S. Attorney Bob Balfe. "We had to take action."

Jaber was born on the West Bank and became a U.S. citizen in 1994. He testified last week he made the statements about Palestinian Islamic Jihad because he was upset at delays in obtaining his degree. He received a doctorate in chemistry from the university last fall.

He admitted using a false Social Security number but said he needed it to obtain credit cards in his Palestinian name, Orwah Houshia. He said he did not include the name Orwah Houshia on immigration papers because he had used Arwah Jaber previously for immigration documents.

Jaber said he now expects to leave the country with his wife, Dawn, and find a teaching position in the Middle East.

"I am not a terrorist. (The jury) knew it," Jaber said after Monday's verdict.

Jaber Retains Citizenship For Now (SPRINGDN)

By Trish Mehaffey, The Morning News

Springdale (AR) Daily News, June 21, 2006

FAYETTEVILLE -- Arwah Jaber retains his American citizenship for now but a motion to revoke it was taken under advisement today by U.S. District Judge Jimm Larry Hendren.

Jaber, a naturalized U.S. citizen born in the West Bank town of Yamoun, was acquitted Monday of providing material support to the recognized terrorist organization, Palestinian Islamic Jihad, but he was convicted on five lesser charges related to immigration and credit card fraud. The convictions will likely be grounds to revoke his citizenship.

U. S. Attorney Wendy Johnson filed a motion Monday to revoke his citizenship.

The motion was argued today during a hearing.

John Wesley Hall, Jr., Jaber's attorney, questioned whether the court has the jurisdiction to order Jaber to be detained for the federal Immigration and Customs Enforcement agency.

Hall also asked the court if the statute mentioned in the revocation request meant conviction as when the jury renders a verdict or after sentencing. Hall asked the court if Jaber's naturalization is revoked and then the defense wins an appeal, would Jaber's naturalization be reinstated.

Hendren said in that specific situation, the higher court would probably vacate any order from the district court.

Hendren said he was unclear on the statute's meaning of "upon conviction." A return of a verdict isn't a conviction and based on some other cases, the revocation wasn't considered until sentencing, he said.

A revocation of naturalization is an important consideration for the court because a person goes through a lengthy process to attain it, Hendren said. He asked the attorneys to provide briefs within 10 days on the motions and he will rule at that time.

Jaber said today he was happy with Hendren's decision regarding his citizenship. It took seven years for him to gain naturalization, and he appreciated the judge's thoughts, he said.

"It (naturalization) really is a sacred thing," Jaber said. "It's difficult to earn citizenship."

Jaber plans to go back home and teach when his legal problems are over. He received his doctorate in chemistry from the University of Arkansas. He said he would like to stay and teach in Arkansas if allowed but realizes that may not be possible.

Jaber still could face jail time on the charges of making false statements to obtain a passport and unlawful procurement of naturalization and credit card fraud.

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He will be sentenced within 90 days after a presentencing investigation is completed.

The defense is still considering whether it has grounds for an appeal.

Hendren also ruled to keep Jaber under the same bond and the same orders of wearing an electronic monitor. He has surrendered his passport. The judge asked Jaber to make himself "reasonably available" for his attorneys and the court during the presentencing investigation time.

Jaber said he hadn't left Washington County since his arrest last year. Under his bond, he is suppose to stay in the county and has to get permission to go anywhere else.

Jaber and his wife, Dawn, were pulled out of line by FBI agents at the Northwest Regional Airport on June 14, 2005 on their way to Palestine. Jaber told his doctoral professor and others at the university that he was going to Palestine to "fight for freedom, peace and justice." Jaber testified last week he was frustrated with a professor over delays in graduating and made the statements in an effort to sway the teacher into approving his degree.

He said he didn't mean any of it and recanted the statements under questioning by FBI agents.

Arkansas Man Acquitted Of Terror Charges (NYT)

By Steve Barnes

The New York Times, June 21, 2006

Arwah Jaber, a naturalized United States citizen born in the West Bank, was acquitted of federal charges that he tried to assist the Palestinian Islamic Jihad, which the United States government lists as a terrorist organization.

But Mr. Jaber was convicted of five lesser offenses, including lying to immigration officials. Judge Jimm L. Hendren of Federal District Court in Fayetteville took under advisement the prosecution's petition to strip Mr. Jaber of his citizenship.

Mr. Jaber, 33, acknowledged expressing a wish to join the jihad but said he had merely been frustrated at the time it had taken to graduate from the University of Arkansas.

Judge Orders Disclosure Of Details In Padilla Terror Case (AP)

By Curt Anderson

AP, June 21, 2006

MIAMI - A federal judge ordered prosecutors Tuesday to turn over more detailed evidence to back up allegations that Jose Padilla and two co-defendants conspired to kill, injure or kidnap people overseas as part of a global Islamic terrorist network.

U.S. District Judge Marcia Cooke said she agreed with many of the claims made by defense attorneys that the federal indictment against Padilla and the others is "very light on facts" that would link the defendants to specific acts of terrorism or victims.

"We are so shooting in the dark," said Jeanne Baker, one of the attorneys representing defendant Adham Amin Hassoun. "The government has to tell us, what are these acts they conspired to commit?"

Hassoun, Padilla and others are charged with being part of a North American terror support cell that provided money, recruits and supplies to al-Qaida and other violent Islamic extremist organizations. All have pleaded not guilty, with trial scheduled for this fall.

Cooke ordered the government to flesh out its charges by providing defense lawyers with names of unindicted co-conspirators, broad descriptions of intended victims of alleged acts of violence and specifics about false statements Hassoun allegedly made about the meaning of phone calls intercepted by the government.

The judge's order came despite arguments from Brian Frazier, an assistant U.S. attorney, that most of the specifics were being turned over already, mainly in the form of more than 225 key phone intercepts. And, he contended, there were 80 specific illegal acts alleged in the indictment.

"What is terrorism but a random act of violence? It means anyone could be a victim at any time," Frazier said.

The complexity of the case, with huge amounts of classified material and some 50,000 intercepted phone calls, led prosecutors and defense lawyers to tell Cooke that it seems unlikely the case will go to trial in early September as scheduled. But Cooke, noting that Hassoun and Padilla have both been in federal custody since 2002, refused for now to order a delay.

"At some point in time, a date has to be set. We have to go forward," she said.

Earlier Tuesday, another federal judge heard arguments from Hassoun's lawyers seeking to suppress evidence seized by the FBI from his Broward County home, saying the FBI "frightened and intimidated" his wife before seizing a handgun and other key evidence such as documents in Arabic and videotapes.

An FBI agent, however, testified Hassoun's wife freely consented in writing to the search of the home in Sunrise after he was arrested on an immigration violation on June 12, 2002.

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"She didn't have a problem with that," the agent, Gregory McDermott, told U.S. Magistrate Judge Stephen Brown at a hearing. "It was very professional and friendly."

Brown did not indicate when he would rule on Hassoun's motion to suppress evidence obtained in the 2002 search.

Hassoun's lawyers say his wife, Nahed Wannous, thought that she was being asked to produce only her husband's immigration documents and that she was "frightened and intimidated" by two FBI agents and one immigration agent who appeared at her door that night.

At one point, Wannous indicated she wanted a lawyer, but agreed to sign the FBI search consent form after immigration agent Mary Rodriguez said she told Wannous that she wasn't under arrest. Rodriguez testified there was never a threatening atmosphere in the house.

"It was never any raised voices, never intimidating," Rodriguez said.

The 9mm handgun that was seized from Hassoun's garage resulted in a charge of illegal possession of a weapon by an alien admitted to the United States on a non-immigrant visa. The other seized papers, documents and videotapes are part of the government's claim that Hassoun acted as an al-Qaida recruiter and fundraiser.

Hassoun's lawyers have been trying to arrange Wannous - now living in Beirut, Lebanon, and unwilling to travel to the United States - to give a videotaped statement about the FBI search. But that has not yet happened.

"We have a critical witness who could not be here today," Baker said.

Padilla was designated an "enemy combatant" and held for 3 1/2 years without charge by the Bush administration shortly after his May 2002 arrest at Chicago's O'Hare International Airport. He was accused then of plotting to detonate a radioactive "dirty bomb" in a major U.S. city.

Padilla was added as a defendant in the Miami terror support cell case last year amid a legal struggle over President Bush's authority to hold him indefinitely. The Miami indictment does not mention the "dirty bomb" allegations.

Man Renews 20-Year Battle For Citizenship (LAT)

By John Spano, Times Staff Writer

The Los Angeles Times, June 21, 2006

A man at the center of a long-running immigration legal fight that came to be known as the "L.A. 8" case returned to court Tuesday to renew his two-decade-long quest for citizenship.

Aiad Barakat, 45, walked with a pronounced limp to the witness stand in federal court downtown and in halting English fielded a barrage of questions in a bid to avoid deportation.

Almost 20 years ago, federal officials sought to deport Barakat and seven others because of their association with causes promoting Palestinian statehood, such as the Popular Front for the Liberation of Palestine.

The eight were never accused of an act of terrorism or of any other crime.

Rather, they were targeted for deportation on the grounds that they allegedly had raised money for the Popular Front, a group the government suspected of terrorist activities.

The group won a victory in 1989 when a judge struck down as unconstitutional portions of a federal law that allowed deportation to be based on political affiliation and advocacy. The charges against the L.A. 8 have been reworked at least three times since, reflecting changes in immigration and anti-terrorism laws, some of which were tailored to be applied retroactively to this case.

Constitutional questions are not at issue in the current case. The only question in court Tuesday was whether Barakat should be denied citizenship for allegedly lying about his association with Palestinian advocate Ali Kased when he sought U.S. citizenship.

The government plans to introduce an FBI surveillance videotape of a meeting Barakat attended with Kased, described as a prominent Palestinian activist, in 1985 outside of Los Angeles. The meeting purportedly lasted two hours and dealt with Palestinian causes and fundraising.

"Mr. Barakat gave false testimony to obtain an immigration benefit, and thus he is not a person of good moral character," the government asserted in court papers.

Barakat's lawyers insist he had a right to engage in political activity and said he may not have remembered the meeting when questioned by immigration officials. U.S. District Judge Steven V. Wilson is presiding over the case, which is scheduled to continue today.

Wanted: A System Of Justice (WP)

The Washington Post, June 21, 2006

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SEPT. 11 MASTERMINDS Khalid Sheik Mohammed and Ramzi Binalshibh, along with numerous other infamous al-Qaeda figures, have been in American custody for years. So has Mohamed Qatani, who was allegedly to be the 20th hijacker. None has faced trial for his crimes. Nor have any of the hundreds of lesser foreign detainees captured in the war on terrorism. Nearly five years after the Sept. 11 attacks, the Bush administration's plans for bringing the enemy to justice are a shambles. This failure has been one of the most easily avoidable blunders in the war on terrorism.

In the next few days the Supreme Court is expected to pass judgment on the administration's effort to establish military commissions -- a long-dormant trial system the executive branch seeks to revive in order to try al-Qaeda terrorists. But even if the court lets the commissions stand, the administration should go back to the drawing board, to create a fairer system for trying alleged war criminals in which this country can have confidence.

Not every detainee can be put on trial. But those who plan, assist or participate in acts of terrorism can face charges under the laws of war. Where trials are possible, criminal convictions provide a more legitimate basis for long-term incarceration than any kind of detention without charge. Trials also provide public accountability for unspeakable crimes and plots -- that is, they provide a measure of justice.

The administration is correct that U.S. federal courts often will not be the right venue for such trials. Evidence collected in the rough and tumble of a shooting war doesn't always meet the rigorous standards that courts here rightly demand. The government may have good reason to withhold witnesses or classified information. Given that foreigners abroad do not have full constitutional rights, the administration's impulse to create an alternative trial mechanism with some flexibility was reasonable. Had it gone to Congress and sought authorization to use a variation of military courts-martial, with clear rules and a codification of the offenses such tribunals were to judge, it might today have a vibrant system of justice at Guantanamo Bay.

Instead, the administration sought to rewrite the rules from scratch and revive a system of trial not seen since the World War II era. The reason for this fateful error was largely ideological: The White House wished not merely to conduct trials but also to emphasize the president's power to do it on his own. Consequently, the executive branch alone has defined the offenses to be tried by commission and it alone has written the trial rules, which have shifted repeatedly. The legality of the system has been in doubt from its inception. And while the rules have improved over time, they still permit unfairness. The result: a system that inspires little confidence here or abroad and that in five years has yet to produce one trial.

Even if the Supreme Court erases the cloud of legal uncertainty in the coming days, it makes no sense to proceed in this fashion. Instead, Congress should write a law clarifying that courts-martial will try these cases and modifying the model if necessary. The military uses this system to try its own personnel every day. More than the commissions, courts-martial would guarantee due process to detainees: the right to challenge evidence, a full appeal to the federal courts. Trials by court-martial are accepted around the world as fair.

At the same time, the system could be modified to take into account the government's needs in a continuing war. These might give prosecutors more leeway to use hearsay evidence in some cases, or to protect intelligence secrets. There may be circumstances when the accused will need to be excluded from proceedings and have his interests represented by counsel cleared to handle sensitive information. But such departures from traditional trial rules should be narrowly drawn. They should be the product of a deliberative legislative process, not a fiat from the executive branch; written into law, not existing as rules the Pentagon can change whenever convenient.

The conflict with Islamic extremists will not be over soon. The nation needs now, and will continue to need, a means to try some of the most fateful criminals of all time according to fair rules that bear the stamp of democratic approval: legislative enactment. Only the administration's rigidly ideological approach to this problem prevents its timely resolution.

This is the fourth in a series of editorials about the Bush administration's detention and treatment of foreign prisoners. The full series will be available athttp://www.washingtonpost.com/opinions.

HOMELAND RESPONSE:

Police Skirt Privacy Laws By Using Data Brokers (AP)

By Ted Bridis And John Solomon, Associated Press

AP, June 21, 2006

Buying records is quicker than subpoenas but raises concerns

WASHINGTON – Federal and local police across the country have been gathering Americans' phone records from private data brokers without subpoenas or warrants.

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These brokers, many of whom market aggressively on the Internet, have broken into customer accounts online, tricked phone companies into revealing information and sometimes acknowledged that their practices violate laws, according to documents obtained by The Associated Press.

Legal experts and privacy advocates said police reliance on private vendors who commit such acts raises civil liberties questions.

Those using data brokers include agencies of the Homeland Security and Justice departments – including the FBI and U.S. Marshals Service – and municipal police departments in California, Florida, Georgia and Utah. Experts believe hundreds of other departments frequently use such services.

"We are requesting any and all information you have regarding the above cell phone account and the account holder ... including account activity and the account holder's address," Ana Bueno, a police investigator in Redwood City, Calif., wrote in October to PDJ Investigations of Granbury, southwest of Fort Worth.

An agent in Denver for U.S. Immigration and Customs Enforcement, Anna Wells, sent a similar request on March 31 on Homeland Security stationery: "I am looking for all available subscriber information for the following phone number," Ms. Wells wrote to a corporate alias used by PDJ.

Congressional investigators estimated the U.S. government spent $30 million last year buying personal data from private brokers. But that number probably understates the breadth of transactions, since brokers said they rarely charge law enforcement agencies.

A lawmaker who has investigated the industry said Monday he was concerned about data brokers.

"There's a good chance there are some laws being broken, but it's not really clear precisely which laws, said Rep. Ed Whitfield, R-Ky., head of the House Energy and Commerce investigations subcommittee that plans to begin hearings today.

Documents gathered by Mr. Whitfield's committee show that data brokers use trickery, impersonation and technology to gather phone records. "They can basically obtain any information about anybody on any subject," Mr. Whitfield said.

James Bearden, a Texas lawyer who represents four such data brokers, likened the companies' activities to the National Security Agency, which has also surreptitiously compiled the phone records of some Americans.

"The government is doing exactly what these people are accused of doing," Mr. Bearden said. "These people are being demonized. These are people who are partners with law enforcement on a regular basis."

Larry Slade, PDJ's lawyer, said no one at the company violated laws, but he added, "I'm not sure that every law enforcement agency in the country would agree with that analysis."

PDJ always provided help to police for free. "Agencies from all across the country took advantage of it," Mr. Slade said.

The police agencies told The Associated Press they used the data brokers because it was quicker and easier than subpoenas, and their lawyers believe their actions did not violate the Fourth Amendment's guarantee against unlawful search and seizure.

None of the police agencies interviewed by AP said they researched their data brokers to determine how they gathered sensitive personal information. Privacy advocates bristled over data brokers gathering records for police without subpoenas.

"This is pernicious, an end run around the Fourth Amendment," said Marc Rotenberg, head of the Washington-based Electronic Privacy Information Center, which advocates tougher regulation of data brokers. "The government is encouraging unlawful conduct; it's not smart on the law enforcement side to be making use of information obtained improperly."

Legal experts said law enforcement agencies would be permitted to use illegally obtained information from private parties without violating the Fourth Amendment as long as police did not encourage crimes to be committed.

"If law enforcement is encouraging people in the private sector to commit a crime in getting these records, that would be problematic," said Mark Levin, a former top Justice Department official under President Reagan.

Congress Investigates Methods Of Data Sellers (USAT)

By Peter Eisler

USA Today, June 21, 2006

WASHINGTON — Congress begins hearings today on the techniques used by private data-collection companies to obtain phone records and other information.

Law enforcement agencies often go to such companies for information. They do so to save time and avoid seeking subpoenas or warrants for the information, even though the data brokers do not always obtain their information legitimately, according to an investigation by the House Energy and Commerce investigations subcommittee. Agencies using data from these companies include the FBI, Justice Department and Department of Homeland Security and state and municipal police departments from Florida to California.

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"Most of these data brokers procure the records and information, either themselves or through third-party vendors, by the use of pretext — that is, the use of ruse, lies and deception to gain access to information that is not publicly available and which they do not have the consent of the 'target' to procure," subcommittee spokesman Kevin Schweers says. "Many documents … show that the data brokers are completely aware that the phone records and other information is largely acquired through pretext."

The subcommittee, chaired by Rep. Ed Whitfield, R-Ky., will hold a series of hearings on the matter. Details of the investigation's findings were first reported by the Associated Press.

The subcommittee's investigation found that law enforcement agencies often turn to data brokers for phone records, such as unlisted numbers and information on calls made and received by suspects in an investigation. In many cases, officers would have to get a warrant or subpoena to get the same information from phone companies.

This spring, the Government Accountability Office, the investigative arm of Congress, reported that federal law enforcement agencies spent about $30 million last year to buy information from data brokers. That figure, however, only includes money paid to legitimate data-collection companies, Schweers says. Smaller, less scrupulous firms often do not charge law enforcement agencies for data, he says, so gauging how often federal, state and local authorities use them is difficult.

TSA Delays Registered Traveler Program (AP)

The AP, June 20, 2006

WASHINGTON -- A program to let frequent flyers breeze through airports has been delayed as the government and private businesses grapple with ways to ensure retention of tough security standards.

The Registered Traveler program, which has been tested at Orlando International Airport and four other airports, was supposed to be rolled out gradually starting Tuesday. But Transportation Security Administration spokeswoman Yolanda Clark said the agency was still working with private firms running the program to make certain that it "does not decrease security in any way."

Registered Traveler would have allowed certain airline passengers to quickly go through a separate airport security lane if they paid a fee, passed a government background check and submitted fingerprints. The TSA wants private contractors to run the program, but said that travelers must be able to use the pass at every airport that offers it.

Clark said the contractors must also make sure the program doesn't hold up travelers who aren't enrolled for the fast security clearance.

She could not immediately estimate when the program might be ready.

Government Orders Anthrax Drug (NYT)

By Eric Lipton

The New York Times, June 21, 2006

The Department of Health and Human Services has placed a $165 million order for 20,000 doses of a new anthrax drug that it hopes to put in a biodefense stockpile starting in 2009.

The drug, Abthrax, neutralizes the deadly toxin that anthrax bacteria produce, which accounted for the majority of deaths in the 2001 anthrax attacks, said Dr. Gerald Parker, acting assistant secretary for public health emergency preparedness.

Lower-Cost Plan For 9/11 Memorial Is Proposed (WSJ)

By Alex Frangos

The Wall Street Journal, June 21, 2006

A simpler plan for the World Trade Center memorial will include several cost-saving design changes, while aiming to preserve the overall look and feel of the project.

In a report commissioned by New York Gov. George Pataki and New York Mayor Michael Bloomberg, real-estate developer Frank Sciame suggested modifications that would bring the cost of the memorial and an adjacent museum to $510 million, plus another $150 million for underground infrastructure. (See the updated renderings.)

New York State would spend an additional $80 million on a visitors center. A cost estimate in May showed the project, minus the visitors center, approaching $1 billion.

The basic design remains similar to architect Michael Arad's original "Reflecting Absence" plan -- including a street-level plaza with two square openings, the Twin Towers' footprints. Waterfalls will cascade from the edges of the footprints into below-ground reflecting pools.

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The changes Mr. Sciame announced include moving the carved-in-stone names of 9/11 victims to ground level and reducing the size of underground galleries. Under the new plan, visitors would ponder the names amid an open-air, tree-lined park, rather than underground, as proposed by Mr. Arad.

Mr. Arad was rankled by the adjustments to his design but struck a conciliatory tone. "While I am disappointed by this change, I recognize the imperative to move forward and begin construction of the memorial as soon as possible," he said.

Other modifications include doing away with an entry pavilion and combining that function with the visitors center on Greenwich Street, wedged between the two footprints. An underground museum that would document the attacks and their aftermath will be reduced in size.

The board of the Lower Manhattan Development Corp., a state-city agency that guides the rebuilding, will vote on the changes at its meeting next week. Despite the redesign, Mr. Sciame said the memorial is still scheduled to open on Sept. 11, 2009.

Mr. Sciame also called for the Port Authority of New York and New Jersey, which owns the site, to build the memorial. Doing so would create "economies of scale," he said, that would reduce the underground-infrastructure cost, since the bistate agency is also building the nearby transit hub and Freedom Tower. The Port Authority has already agreed to pay $100 million toward the memorial's infrastructure, which includes delivery ramps, drainage and air-conditioning equipment.

"We will take responsibility for construction as long as a final design has been established and a firm funding plan is in place," said Port Authority spokesman Steve Coleman.

Even with the changes, the memorial is $130 million short of the $510 million construction budget. That doesn't include operating costs, estimated to be at least $40 million a year. The World Trade Center Memorial Foundation, a publicly chartered, privately run group in charge of fund raising, has brought in $130 million from private sources and has $250 million in federal government money.

"With the expected resolution of cost and finality of design by the end of this month, we plan to launch our national advertising campaign in early July," said Joe Daniels, acting president of the memorial foundation. "This memorial will require the participation of people from across the country and around the world."

New Design For WTC Memorial Cuts Cost In Half (USAT)

By Martha T. Moore

USA Today, June 21, 2006

NEW YORK — In a change that pleases many victims' family members, a revised design for a memorial commemorating those who died Sept. 11, 2001, will have the names of the victims inscribed above ground on walls surrounding square sunken pools instead of in subterranean galleries.

The change was announced Tuesday as part of a redesign to cut the project's cost to $500 million from nearly $1 billion. In the original plan for the memorial, the names were to have been below ground, surrounding two pools representing the destroyed twin towers of the World Trade Center. A committee appointed by New York Gov. George Pataki and Mayor Michael Bloomberg spent a month revising the project to cut its cost.

The names of the 2,749 people who died in the attack will now be viewable at all times. Visitors will not have to pass through security into the memorial museum, which is to be largely underground.

The change trades “the sanctity and the quietude” of the underground galleries for greater access, says Rick Bell, who is executive director of the New York chapter of the American Institute of Architects and a consultant to the committee that made the budget-driven revisions.

The redesign, which focused on changes with big impacts on the budget, did not address how the unidentified remains of those who died would be stored or where to locate a planned private viewing area for family members.

Some family groups had pressed for the names to be above ground. “We are very anxious to … help build it when it's right,” says Anthony Gardner, head of the World Trade Center United Family Group. “This is a step in that direction.” His organization wants victims to be listed in related groups according to where they worked. The memorial design calls for the names to be listed randomly.

9/11 Memorial's Design Revised To Save $285 Million (WP)

By Sara Kugler

The Washington Post, June 21, 2006

NEW YORK, June 20 -- A somewhat scaled-down design for the Sept. 11 memorial that retains the central elements of the original -- including reflecting pools and the inscribed names of the victims -- was unveiled Tuesday after the project was sent back to the drawing board because the cost was pushing $1 billion.

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Mayor Michael R. Bloomberg (R) and Gov. George E. Pataki (R) signed off on the more modest proposal, more than a month after asking developer Frank Sciame to find ways to reduce the cost to $500 million.

Sciame managed to cut the cost by more than $285 million by shrinking the size of the memorial museum, removing portions of the galleries around the pools where the names were to be listed, and consolidating all entrances into a visitors center. The new design will also raise the victims' names to street level.

The reflecting pools and waterfalls envisioned by architects Michael Arad and Peter Walker for the site where the World Trade Center stood were retained.

In a report, Sciame said he had considered eliminating the waterfalls but decided they were too important to the "contemplative nature" of the design -- particularly because they will drown out the sounds of the city and allow viewers to get lost in the power and emotion of the memorial.

Tuesday's announcement marked the beginning of a seven-day public comment period. The Lower Manhattan Development Corp., which oversees the rebuilding of the site, will adopt a final design by the end of the month, officials said.

The memorial is set to open by the eighth anniversary of the attacks, in 2009.

The governor praised Sciame for conducting a "thoughtful and thorough process." He said the redesigned landmark "honors our heroes' lives, mourns their passing, provides solace to their loved ones and tells their story to the world."

House Bill Raises Disaster Fraud Penalties (AP)

By Jim Abrams

The AP, June 20, 2006

WASHINGTON -- Scammers hoping to finance tropical vacations or season tickets to football games with federal disaster funds may have second thoughts with House passage of legislation imposing sentences of up to 30 years for fraud related to disaster relief.

The legislation, approved by a voice vote Tuesday, was brought to the House floor a week after congressional investigators concluded that the Federal Emergency Management Agency was defrauded of up to $1.4 billion as it rushed to provide relief after last year's hurricanes Katrina and Rita.

Congress provided more than $68 billion in relief to the Gulf Coast after those two storms, said House Judiciary Committee Chairman James Sensenbrenner, R-Wis. "With such vast resources put into the pipeline so quickly, fraudsters and scam artists went into high gear in an effort to take advantage of these government programs."

The Government Accountability Office study that came out last week cited such examples as FEMA paying an individual $2,358 in rental assistance at the same time it was paying about $8,000 for the same person to stay 70 nights in a Hawaii hotel.

It said FEMA ended up paying for season pro football tickets, a one-week Caribbean vacation and a sex change procedure.

The legislation, which now goes to the Senate, imposes a fine of up to $1 million and prison terms of up to 30 years for wire, radio, television or mail fraud in connection with a presidentially declared major disaster or emergency. While current statutes on mail and wire fraud carry similar penalties, the maximum prison term for making false statement to the government is five years.

Sensenbrenner noted that since the formation of the Hurricane Katrina Fraud Task Force, established by the attorney general last September, 261 people have been charged in 218 cases, with 44 guilty pleas or convictions.

"Despite these efforts, it is clear that current criminal penalties are insufficient to deter disaster fraud," he said.

Among those sentenced so far are a Galveston man given a year in prison for bilking FEMA of $2,000 by falsely claiming he had a home damaged in Louisiana and a Florida man given a 21-month sentence for falsely claiming he was flying relief missions to Louisiana and soliciting charitable donations.

Courts in Florida have also been trying cases related to an estimated $31 million in possible fraud arising from Hurricane Frances in 2004. Last year two Miami women pleaded guilty to fraud charges for collecting disaster aid for a storm that hit 100 miles to the north of them. One woman, who received nearly $25,000 for a sewer backup that occurred weeks before the hurricane, was given two months' house arrest, three years' probation and ordered to repay the government for the claim.

National Guard Arrives In New Orleans (AP)

By Cain Burdeau

The AP, June 21, 2006

NEW ORLEANS - Nine months after they rode to the rescue in the desperate aftermath of Hurricane Katrina, National Guardsmen carrying M-16s returned to the city Tuesday to reinforce a depleted police department and battle a surge in violence.

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The 100 or so soldiers will patrol the streets in ravaged neighborhoods left deserted by Katrina, freeing up police officers to concentrate on more heavily populated sections.

"We're just trying to give a hand to the city of New Orleans," said Lt. Melvin Edwards, 32, a member of 239th Military Police Company.

Gov. Kathleen Blanco sent in the National Guard at the mayor's request after a bloody weekend in which six people were killed.

"Criminals, hear me loud, hear me clearly: There is law and order in New Orleans," she said. "We will not let the criminals take root as our families return."

The troops, dressed in full camouflage fatigues, carried M-16s, handguns and belt clips of ammunition as they arrived in a convoy of 75 vehicles. They parked their Humvees and tanker trucks in formation in front of the Convention Center, drawing waves and thumbs-up from onlookers.

Up to 200 more Guardsmen will be sent in later, bringing the total in the city to 300. In addition, 60 state police officers were sent to help keep the peace.

As the soldiers arrived, New Orleans police were investigating another slaying, that of a 22-year-old man. The killing brought this year's murder toll to 54. That number is still less than the 81 recorded during the first four months of 2005. But New Orleans' population these days is less than half of what it was before Katrina.

The bloodshed has raised fears that violence is back on the rise in a city that was plagued by crime before Katrina drove out half its population of 465,000.

Community leaders are afraid the violence will discourage people from returning.

King Milling, a New Orleans banker, said he was "just delighted" by the troops' arrival. "The powers-that-be recognize that this is an issue that we must deal with," he said.

Many of the soldiers that arrived Tuesday were sent to New Orleans during Katrina, but they had not seen the city since those desperate days.

Sgt. Alfred Glasper of Baton Rouge looked for signs of appreciation as he steered a tan Humvee down Interstate 10 into the heart of the city.

"There you go," he said, pointing to a man stopped on the side of the highway and waving. "People down here didn't want us to leave - they felt very safe."

Later, the troops marched to an office building at the port of New Orleans, where they were briefed on their mission.

Guard Lt. Col. Pete Schneider said that patrols started later than scheduled because of a communications glitch, but that troops were on the ground as of Tuesday night.

"We were running late. We were a little anxious in getting out there," Schneider said.

Mayor Ray Nagin had asked for help from the National Guard and state police on Monday after five teenagers in an SUV were gunned down Saturday in the city's deadliest attack in at least 11 years. Police said it was apparently motivated by drugs or revenge. In a separate attack, a man was stabbed to death Sunday.

Capt. Alfred Travis, the company commander, said the Guard's mission was "still part of Katrina."

"We're in the disaster phase, and I think we may be in the disaster phase for a while, until the neighborhoods are built up again," Travis said.

The National Guard had as many as 15,000 soldiers in the city in the weeks after Katrina. As many as 2,000 stayed until February.

The police force is down to about 1,375 officers, compared with about 1,750 before Katrina.

"I think people are happy they're doing something," said Nathan Chapman, president of a neighborhood organization. "The most important thing is that we fix the problem, not pretend we don't have one."

But Cherie Kerr, who runs a Santa Ana., Calif., public-relations firm that specializes in crisis, said the move gives the impression that crime is out of hand.

"When you call in the National Guard, you're pretty much saying you're out of control," Kerr said.

Noel Scallan, executive assistant at a luxury French Quarter hotel, said calls poured in from people planning to attend a national library convention moments after it was announced that the National Guard would be sent in.

"They got panicky - 'What's going on? Is it OK?'" Scallan said. But there were no cancellations, he said.

But Bill Walker, general manager of a French-style manor on Bourbon Street, called the move "very positive," saying nothing would panic his guests more "than if the crime were to increase."

New Orleans Police Superintendent Warren J. Riley said Monday he had asked in March to have troops sent in this summer, when the population is expected to increase because FEMA assistance to displaced hurricane refugees ends June 30.

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Riley insisted his department is capable of controlling crime, saying: "This is not a situation where anything is out of control."

A Legacy Of The Storm: Depression And Suicide (NYT)

By Susan Saulny

The New York Times, June 21, 2006

NEW ORLEANS, June 20 — Sgt. Ben Glaudi, the commander of the Police Department's Mobile Crisis Unit here, spends much of each workday on this city's flood-ravaged streets trying to persuade people not to kill themselves.

Last Tuesday in the French Quarter, Sergeant Glaudi's small staff was challenged by a man who strode straight into the roaring currents of the Mississippi River, hoping to drown. As the water threatened to suck him under, the man used the last of his strength to fight the rescuers, refusing to be saved.

"He said he'd lost everything and didn't want to live anymore," Sergeant Glaudi said.

The man was counseled by the crisis unit after being pulled from the river against his will. Others have not been so lucky.

"These things come at me fast and furious," Sergeant Glaudi said. "People are just not able to handle the situation here."

New Orleans is experiencing what appears to be a near epidemic of depression and post-traumatic stress disorders, one that mental health experts say is of an intensity rarely seen in this country. It is contributing to a suicide rate that state and local officials describe as close to triple what it was before Hurricane Katrina struck and the levees broke 10 months ago.

Compounding the challenge, the local mental health system has suffered a near total collapse, heaping a great deal of the work to be done with emotionally disturbed residents onto the Police Department and people like Sergeant Glaudi, who has sharp crisis management skills but no medical background. He says his unit handles 150 to 180 such distress calls a month.

Dr. Jeffrey Rouse, the deputy New Orleans coroner dealing with psychiatric cases, said the suicide rate in the city was less than nine a year per 100,000 residents before the storm and increased to an annualized rate of more than 26 per 100,000 in the four months afterward, to the end of 2005.

While there have been 12 deaths officially classified as suicides so far this year, Dr. Rouse and Dr. Kathleen Crapanzano, director of the Louisiana Office of Mental Health, said the real number was almost certainly far higher, with many self-inflicted deaths remaining officially unclassified or wrongly described as accidents.

Charles G. Curie, the administrator of the federal Substance Abuse and Mental Health Services Administration, said the scope of the disaster that the hurricane inflicted had been "unprecedented," and added, "We've had great concerns about the level of substance abuse and mental health needs being at levels we had not seen before."

This is a city where thousands of people are living amid ruins that stretch for miles on end, where the vibrancy of life can be found only along the slivers of land next to the Mississippi. Garbage is piled up, the crime rate has soared, and as of Tuesday the National Guard and the state police were back in the city, patrolling streets that the Police Department has admitted it cannot handle on its own. The reminders of death are everywhere, and the emotional toll is now becoming clear.

Gina Barbe rode out the storm at her mother's house near Lake Pontchartrain, and says she has been crying almost every day since.

"I thought I could weather the storm, and I did — it's the aftermath that's killing me," said Ms. Barbe, who worked in tourism sales before the disaster. "When I'm driving through the city, I have to pull to the side of the street and sob. I can't drive around this city without crying."

Many people who are not at serious risk of suicide are nonetheless seeing their lives eroded by low-grade but persistent feelings of sadness, hopelessness and stress-related illnesses, doctors and researchers say. All this goes beyond the effects of 9/11 and the Oklahoma City bombing, Mr. Curie said. Beyond those of Hurricanes Andrew, Hugo and Ivan.

"We've been engaged much longer and with much more intensity in this disaster than in previous disasters," he said.

At the end of each day, Sergeant Glaudi returns to his own wrecked neighborhood and sleeps in a government-issued trailer outside what used to be home.

"You ride around and all you see is debris, debris, debris," he said.

And that is a major part of the problem, experts agree: the people of New Orleans are traumatized again every time they look around.

"This is a trauma that didn't last 24 hours, then go away," said Dr. Crapanzano, the Louisiana mental health official. "It goes on and on."

"If I could do anything," said Dr. Howard J. Osofsky, the chairman of the psychiatry department at Louisiana State University, "it would be to have a quicker pace of recovery for the community at large. The mental health needs are related to this."

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The state estimates that the city has lost more than half its psychiatrists, social workers, psychologists and other mental health workers, many of whom relocated after the storm. And according to the Louisiana Hospital Association, there are little more than 60 hospital beds for psychiatric patients in the seven hospitals that remain open here.

Because of a lack of mental heath clinics and related services, severely disturbed patients end up in hospital emergency rooms, where they often languish. Many poorer patients were dependent on a large public institution, Charity Hospital, but it has been closed since the storm despite the protests of many medical professionals who say the building is in good condition. Big Charity, as the locals called it, had room for 100 psychiatric patients and could have used more capacity.

"When you don't have a place to send that wandering schizophrenic directing traffic, guess what? Law enforcement is going to wind up taking care of that," said Dr. Rouse, the deputy coroner. "When the Police Department is forced to do the job of the mental health system, it's a lose-lose situation for everyone."

"When the family comes to see me at the coroner's office," he added, "it's a defeat. The state has a moral obligation to reinstitute this care."

Sergeant Glaudi and others said some people struggling with emotional issues had no prior history of mental illness or depression.

The symptoms cut across economic and racial lines; life in New Orleans is difficult and inconvenient for everyone.

Susan Howell, a political scientist at the University of New Orleans, conducted a recent study with researchers from Louisiana State to see how people were coping with everyday life in the city and neighboring Jefferson Parish. Ms. Howell managed a similar survey in 2003.

"The symptoms of depression have, at minimum, doubled since Katrina," she said. "These are classic post-trauma symptoms. People can't sleep, they're irritable, feeling that everything's an effort and sad."

The new survey was conducted in March and April, and canvassed 470 respondents who were living in houses or apartments. Since they were not living in government-issued trailers, it is likely that they were among the more fortunate.

Jennifer Lindsley, a gallery owner, also feels the sting of missing her friends.

"When you can't get ahold of people you used to know, it leaves you feeling kind of empty," Ms. Lindsley said. "When you try to explain it to people in other cities, they say: 'The whole world is over it, so you've got to get over it. Sorry that happened, but too bad. Move on.' "

Some people have decided to leave solely because of the mood of the city.

"I'm really aware of the air of mild depression that pervades this entire area," said Gayle Falgoust, a retired teacher. "I'm leaving after this month. I worry about living with this level of depression all the time. I worry that it might affect my health. I know the move will improve my mood."

The New Orleans Muddle (NYT)

The New York Times (editorial), June 21, 2006

It has been almost 10 months since Hurricane Katrina battered the Gulf Coast, and there is still no redevelopment plan for New Orleans. Congress has passed the emergency relief bill, and President Bush has signed it into law. Billions of dollars are headed the city's way. Leaders in New Orleans and in the state capital of Baton Rouge will have only one chance to get it right. There are no more excuses for local officials, no more pointing toward Washington. It is time for southeastern Louisiana to rebuild itself.

Yet Adam Nossiter reported this week in The Times that it will be six months before a "master planning document" answers the questions foremost in the minds of residents, like which neighborhoods will return, where rebuilding will be encouraged and where returning residents will have to make do without city services. That is totally unacceptable.

In large swaths of the city, houses still sit empty, block after block. In many places, trash and flood-ruined automobiles have yet to be cleared away. These wastelands provide hideouts for criminals, the perfect breeding ground for the kind of violence that erupted over the weekend when five teenagers were shot and killed. If the city's open wounds are left to fester, it will begin to rot from the inside.

The city's police department is close to its prehurricane size, protecting a population that is less than half of what it was before the storm. Yet Mayor Ray Nagin has now felt compelled to request — and the governor has granted — a National Guard force to help keep the peace. This does not bolster our confidence that the city will be able to govern itself.

New Orleans has its own way of doing things and says it doesn't want to be told by outsiders in what size and shape it should be reborn. That is fair enough, but only if local officials are living up to their responsibilities. Right now, the people of the city are being held hostage to whims and foot-dragging, their lives on hold as they wait for their leaders to make decisions — decisions that should have been made months ago.

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If there is one individual who needs to step up more than any other, it is Mayor Nagin. His city needs a leader more than a politician in this difficult time. Now that Mr. Nagin has been re-elected, it is time to start spending the political capital his victory earned him. His legacy will not rest on how many people like him, but on the effectiveness of the reconstruction and the safety and well-being of residents in the years to come.

New Orleans needs its mayor to speak difficult truths — like telling the residents of a vulnerable block that they will have to rebuild on safer ground. Right now, people don't know if or where to build their new walls. They deserve answers. They have waited long enough.

WAR NEWS:

Senate Democrats Offer Competing Iraq Proposals (KRT)

By James Kuhnhenn

Knight Ridder, June 20, 2006

WASHINGTON - Democrats, searching for a unified stance on Iraq, will kick off a Senate debate Wednesday over competing troop-withdrawal proposals that reflect mixed public opinions about the war.

One proposal, offered by Democratic Sens. John Kerry of Massachusetts and Russ Feingold of Wisconsin, would set a hard pullout deadline of July 2007. A more broadly backed bill, proposed by Democratic Sens. Carl Levin of Michigan and Jack Reed of Rhode Island, calls for troops to begin moving out of Iraq this year, but sets no timetable for final withdrawal.

Though the measures were designed to distinguish Democrats from Republicans on the dominant issue of the day as November's congressional elections near, they also exposed Democratic divisions on the war. Some top Republicans dismissed both proposals as "cut and run" policies and evidence of Democratic incoherence on Iraq.

Senate Republican leader Bill Frist of Tennessee equated the Democratic proposals to surrender.

"We cannot retreat. We cannot surrender. We cannot go wobbly," he said. "The price is far too high."

But at least one Republican senator praised Levin and Reed.

"Levin-Reed starts to get to the real core of responsible policy-making," Sen. Chuck Hagel, R-Neb., said in an interview. "It's a very thoughtful presentation. The Levin-Reed amendment is not a cut-and-run."

Levin said he declined to set a specific time for a pullout because it would be "arbitrary" and "precipitous."

Kerry has argued that the Bush administration needs to set a timetable to prod the Iraqi government to take control. Without deadlines, he's said, Iraq will continue to rely on the U.S. military for security.

Levin downplayed the differences between the Democratic proposals.

"The differences between where most Democrats are and where nearly all Republicans are are much greater than any differences among Democrats," he said.

The competing plans were the subject of the Democrats' regular closed-door Tuesday luncheon in the Capitol, which they described as spirited and earnest.

"It's desirable if we could be unified, but there are strong points of view," said Sen. Dianne Feinstein, D-Calif., who's backing Levin's proposal.

The Levin-Reed proposal also has the support of Democratic leader Harry Reid of Nevada. His spokesman, Jim Manley, predicted that it would draw 37 to 38 Democratic votes and some Republicans as well.

Kerry had earlier proposed a measure to withdraw from Iraq by the end of this year. When Republicans put that idea to a vote last week, it failed 93-6. Kerry said that by extending that deadline six months he'd gained some votes.

The debate comes as a new poll by the Pew Research Center recorded conflicting views from the American public on the war. The poll, conducted June 14-19, found growing optimism, with 53 percent of respondents saying they thought the military effort was going "at least fairly well." That's an improvement over April, when only 47 percent held that view.

At the same time, 52 percent wanted a timetable for withdrawing troops.

Frist Decries Proposals For Withdrawal (USAT)

USA Today, June 21, 2006

WASHINGTON — Senate Majority Leader Bill Frist declared Tuesday that “surrendering is not a solution” in Iraq as Democrats embraced a proposal to start troop withdrawals this year, setting up an election-year showdown in the Senate.

“We cannot retreat. We cannot surrender. We cannot go wobbly,” Frist said, suggesting Democrats want to do that.

Sen. Dick Durbin of Illinois, the second-ranking Democrat in the Senate, disputed the characterization of the Democrats' position. “We have to serve notice on the Iraqis that their future has to be in their own hands,” he said.

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Democrats prepared to introduce a non-binding resolution on Iraq that calls for redeployments to begin this year but does not set a firm deadline by which all forces must be out of the war zone. The Senate was expected to take up and vote on the resolution today.

The Senate also is to consider a separate proposal by Sens. John Kerry, D-Mass., and Russ Feingold, D-Wis., that would require all combat troops to be withdrawn from Iraq by July 1, 2007.

Troop 'Redeployment' Sought By Democrats (WT)

By Christina Bellantoni

The Washington Times, June 21, 2006

Democrats said yesterday that the United States must start "redeploying" troops from Iraq, calling the recovery of the mutilated bodies of two U.S. soldiers a "grim reminder" of why withdrawal should begin soon.

Republican leaders called the proposal for withdrawal a "cut and run" that would embolden terrorists.

The Senate is expected to spend at least five hours today debating two competing Democratic proposals to start pulling U.S. combat troops out of Iraq.

The killings are "a grim reminder of the price we're paying for a failed policy in Iraq," said Sen. Richard J. Durbin of Illinois, the Democratic whip. "It's time for Iraqis to stand up. When will this end?"

Senate Majority Leader Bill Frist said withdrawing troops would be a "dishonor of historic proportions."

"The Iraqi people want us and need us to help them. If we break our promise and cut and run, as some would have us do, the implications could be catastrophic," the Tennessee Republican said. "Surrendering is not a solution. We cannot go wobbly. The price is too high."

Last night, in a speech at the Hyatt Regency Washington to Republican volunteers, Republican National Committee Chairman Ken Mehlman said, "Republicans unite on the need to stay on the offense to confront terrorists; Democrats are having a debate in their party."

He characterized the Democratic debate as some "say we need to cut and run; some people say we need to walk ... and other people say we need to jog."

The comments come as lawmakers embark on a second week of debating Iraq policy, this time in the form of the Senate's defense authorization bill.

Sen. Carl Levin, Michigan Democrat and ranking member on the Armed Services Committee, and Sen. Jack Reed, Rhode Island Democrat, have sponsored an amendment that calls for "phased redeployment" to begin by Dec. 31. The nonbinding amendment would require the Bush administration to submit a schedule for continued troop withdrawal.

Democratic Sens. John Kerry of Massachusetts and Russ Feingold of Wisconsin have a binding amendment calling for all combat troops to be redeployed by July 1, 2007. A similar measure offered last week was overwhelmingly defeated in the Senate.

Mr. Kerry and Mr. Feingold -- potential presidential candidates in 2008 -- sent a joint e-mail to Mr. Kerry's 2004 campaign supporters saying that withdrawal will lead to a more effective war on terror.

"Our troops have served valiantly in Iraq," the senators said. "Now, it's time to put the future of Iraq where it belongs: in the hands of the Iraqi people and their leaders."

Senate Minority Leader Harry Reid said Democrats agree that there "should be a redeployment starting sooner rather than later," and downplayed the difference between the Levin and Kerry amendments.

"Even though we have at least two positions, I think if you look at them closely, they are both basically the same: that there should be redeployment of troops. It's a question of when," the Nevada Democrat said.

Mr. Levin and Mr. Reed insisted yesterday that their amendment is not "cutting and running," and that it sets no pace or speed for combat troops to leave Iraq.

Sen. John McCain, Arizona Republican, disagreed. "I don't support it. I strongly believe it's not when we leave, it's how we leave," he said.

Either amendment would need 51 votes to become attached to the defense authorization bill. It is unlikely that enough Republicans will join the about 40 Democrats expected to vote for the Levin amendment. Fewer Democrats are expected to back the Kerry amendment because it fixes a date for complete withdrawal from Iraq.

National Security Adviser Stephen J. Hadley told reporters on Air Force One yesterday that Iraqis are eager to assume responsibility for their nation's security. "Their concern is that we will move, draw down our forces too quickly, before they're ready," he said.

The Senate last year passed a resolution declaring that 2006 would be a year of "significant transition" in Iraq.

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Last week, House lawmakers voted 256-153 to reject a timetable for troop withdrawal and approved a nonbinding resolution that affirms the Bush administration's Iraq policy.

The 10 hours of House debate and expected five hours of Senate debate are the most significant discussion of Iraq policy since the war began in March 2003. More than 2,500 troops have been killed in the war.

The Senate yesterday voted 79-19 to pass a nonbinding amendment saying Iraq should not grant amnesty to terrorists who attack, kill or wound U.S. troops, responding to a newspaper report that Iraqi Prime Minister Nouri al-Maliki was considering limited pardons for militants who lay down arms. Senators also voted 64-34 to approve a measure saying Congress recognizes Iraq as a sovereign nation.

Democrats Divided On Withdrawal Of Troops (WP)

By Charles Babington

The Washington Post, June 21, 2006

While congressional Republicans continued to show almost unanimous support for President Bush's handling of the Iraq war, Democrats struggled for consensus yesterday, reflecting what some of them called the public's mixed feelings about the three-year-old conflict.

After a sometimes heated closed-door meeting, Senate Democrats postponed action on two proposals related to drawdowns of U.S. troops in Iraq. One would direct Bush to bring nearly all the troops home within 13 months. The other would urge him to begin an unspecified withdrawal by the end of this year.

Debate and votes on the two measures are likely to be held today and tomorrow, with Senate Republicans happy to clear the way for Democrats to showcase their divisions. Senators predicted that few, if any, Republicans will embrace the Democrats' proposals, mirroring the nearly unanimous support House Republicans displayed last week for Bush's policies.

The Senate Democrats' weekly closed luncheon was unusually spirited, participants said, because the discussion focused entirely on Iraq, particularly Sen. John F. Kerry's proposal to order Bush to remove the troops by July 31, 2007. When the 90-minute session ended, only a handful of Democrats appeared to be leaning toward supporting Kerry (Mass.), but he vowed to push the amendment today.

Some Democrats said their party's divisions are hardly surprising in light of polls showing that many Americans oppose the war but do not want to leave Iraq amid such chaos that it is a breeding ground for terrorism.

"The American people have mixed feelings about Iraq -- where we are, where we're going there," Sen. Mark Pryor (Ark.) said as he left the meeting. "The American people really understand that it's a complicated situation."

The Democrats' chief alternative to Kerry's proposal is sponsored by Sens. Carl M. Levin (Mich.) and Jack Reed (R.I.). Their nonbinding resolution urges Bush to begin "redeploying" troops from Iraq by Dec. 31, but it sets no deadline for a full withdrawal.

Kerry, Levin and Reed say Iraqis must understand that the U.S. military presence in their country is not open-ended and that Iraqis therefore should step up efforts to train and equip their police and army. Backers of the Levin-Reed plan say that a firm deadline for a full withdrawal could imperil Iraq's government if its security forces are not ready to impose stability.

Sen. Patrick J. Leahy (D-Vt.) said yesterday that he would support both measures. "This war has been a costly, tragic mistake that has not made us more secure," he said. "We need to send the signal to all concerned that it's time for Iraqis to take responsibility for running Iraq and for our troops to come home."

GOP leaders took obvious pleasure in the Democrats' disarray, issuing a stream of press releases with headlines such as, "Democrats Divided On The Meaning Of Their Own Amendments."

Senate Majority Leader Bill Frist (R-Tenn.), speaking of the Democratic proposals, said: "The Iraqi people want and need us to help them. If we don't -- if we break our promise and cut and run as some would have us do -- the implications could be catastrophic."

Some Democrats, however, said congressional Republicans are misreading the public and the situation in Iraq. "Republicans are unified with Bush in an absolutely disastrous, calamitous policy," Sen. Joseph R. Biden Jr. (Del.) said in an interview. Biden, who has traveled to Iraq several times, said he did not support Kerry's proposal but agrees that the United States must send Baghdad a strong signal to purge sectarian killers from its security forces and bring more Sunnis into the circles of power.

Senate Minority Leader Harry M. Reid (D-Nev.) acknowledged his party's divisions over Iraq but played down the significance. "One thing Democrats agree on is this war has taken too long, it's too expensive and costs too many lives and too many soldiers injured," he told reporters. "We all agree there should be a change in the course of the war. We all agree that there should be redeployment starting sooner rather than later."

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On Iraq, Kerry Again Leaves Democrats Fuming (NYT)

By Kate Zernike

The New York Times, June 21, 2006

WASHINGTON, June 20 — When Senator John Kerry was their presidential nominee in 2004, Democrats fervently wished he would express himself firmly about the Iraq war.

Mr. Kerry has found his resolve. But it has not made his fellow Democrats any happier. They fear the latest evolution of Mr. Kerry's views on Iraq may now complicate their hopes of taking back a majority in Congress in 2006.

As the Senate prepared for what promises to be a sharp debate starting on Wednesday about whether to begin pulling troops from Iraq, the Democratic leadership wants its members to rally behind a proposal that calls for some troops to move out by the end of this year but does not set a fixed date for complete withdrawal. Mr. Kerry has insisted on setting a date, for American combat troops to pull out in 12 months, saying anything less is too cautious.

In drawing up a schedule for the Wednesday session, the Democratic leadership has arranged for its plan to be debated first, pushing Mr. Kerry and his proposal into the evening, too late for the nightly television news, to starve it of some attention.

Senate Democrats have been loath to express their opinions publicly, determined to emphasize a united front. But interviews suggest a frustration with Mr. Kerry, never popular among the caucus, and still unpopular among many Democrats for failing to defeat a president they considered vulnerable. Privately, some of his Democratic peers complain that he is too focused on the next presidential campaign.

Mr. Kerry now describes the war in Iraq as a mistake, even though he once supported it. His critics say they believe the new stand reflects more politics than principle, and ignores other Democrats' concern that setting a fixed date will leave those in tough re-election fights open to Republican taunts that they are "cutting and running" in Iraq.

The Democrats' exasperation has increased in the last week, as they postponed a vote on Mr. Kerry's amendment to try to fashion a broader consensus among themselves. Democrats up for re-election asked him not to propose a fixed date. But Mr. Kerry, several Democrats said, was unwilling to budge from that idea, even though his co-sponsor, Senator Russell D. Feingold of Wisconsin, seemed willing to compromise for the sake of consensus. In the end, Mr. Kerry agreed only to extend his deadline, from Dec. 31 of this year to July 2007.

Mr. Kerry's insistence on pushing ahead with his own plan has left the Democrats divided, and open to renewed Republican accusations that they are indecisive and weak — the same ridicule that Republicans heaped on Mr. Kerry in 2004, when his "I was for it before I was against it" statement about a vote on money for the war became a punch line.

"There are certain Democrats who think that this is over, that we've lost or that there's nothing constructive the president is going to do," said Senator Joseph R. Biden Jr. of Delaware, who, like Mr. Kerry, is considering running for president and who sat in on the meetings where Democrats searched for consensus. "What it really is, in fairness to them, is a frustration that they see no learning curve on the part of this administration. I can understand that frustration. But setting a date is not a plan."

Stepping into an elevator on Capitol Hill late last week, Mr. Kerry was asked whether he was under pressure in the Democrats' meetings to withdraw his proposal. As he insisted he was not, Senator Christopher J. Dodd, Democrat of Connecticut, standing behind him, raised his eyebrows, then winked.

In an interview, Mr. Dodd, who is also considering a presidential run, said one danger in the November election was in making Democrats look indecisive. "If the argument comes down to, Is it one year or 18 months, I think we're going to confuse people," he said. "I'm not sure what the value is; I think it hurts us rather than helps."

Polls suggest many Americans are eager to see American troops come home from Iraq but are uneasy about leaving too soon. The rival Democratic approaches may reflect that tension, with Mr. Kerry appealing to those who regard the war as a mistake, while the Democratic leaders reflect more caution.

Matt Bennett, a spokesman for Third Way, a group of moderate Democrats, said his organization preferred an approach that did not set a date, proposed by Senators Carl Levin of Michigan and Jack Reed of Rhode Island. Of Mr. Kerry's stance, Mr. Bennett said: "He feels like he needs to sharpen his position. But voters can sense when you're being resolute for convenience sake, or for political advantage."

Some Democrats felt Mr. Kerry allowed Republicans to embarrass them in a vote last week, when the Republicans embraced Mr. Kerry's proposal, certain it would be defeated and allow them to declare themselves the party of unity and strength.

In a telephone interview on Tuesday, Mr. Kerry characterized his statement as the position of strength, and said Democrats had made a mistake not to take a firm stand.

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"The Democrats need to be strong and stand up with a clear articulation about how we make the United States stronger," he said. "As far as I'm concerned, we should go right at Karl Rove and his phony tough talk that is calculated purely for the election and not for a successful strategy in Iraq."

"I'm doing what I think is the right thing to do as a policy matter," he said, "for our troops and for the country. Someone else will deal with politics."

Mr. Kerry said he did not want to analyze his campaign mistakes but insisted he had been firm. "What's clear is that I said that it was the wrong war, wrong place, wrong time," he said. "I couldn't have been clearer about the president mishandling the war."

The Democrats tried to minimize their differences. Mr. Levin said differences among Democrats were not as big as the differences between Democrats and Republicans.

"One thing the Democrats agree on is that this war has taken too long, is too expensive and has cost too many lives," said Senator Harry Reid of Nevada, the minority leader.

Senator Charles E. Schumer of New York, chairman of the Democrats' effort to take control of the Senate, minimized the effect the vote would have in November.

"The public and the voters are looking at how George Bush handles Iraq," he said. "They know that he got us in there, they know he's the commander in chief, and they don't believe he has figured out a strategy that will show light at the end of the tunnel. That is the overriding issue in the election, far more than what Democrats are doing."

Mr. Feingold, Mr. Kerry's co-sponsor, said: "There should be no political considerations, there should be only considerations for the security of the American people. I believe the American people, even in conservative states, are willing to see this end."

He said that a year ago he was the only senator calling for a withdrawal. "This is building," he said. "The American people are actually way ahead of the Senate on this."

Although Mr. Kerry's approach is to be debated last, the Democratic leadership has arranged that it be voted on first, before the Levin-Reed proposal. In the interview, Mr. Kerry said that if his amendment failed, he might consider voting for the alternative "as a means of making some statement." But, he said, "My preference is, we take some strong position that's got a date."

Possible White House Hopefuls Unite On Iraq (AP-Y2)

By Liz Sidoti

AP2, June 21, 2006

Two potential 2008 presidential candidates appealed Tuesday for the Senate to support their call to withdraw U.S. combat troops from Iraq "by a hard and fast deadline," a position putting them at odds with most of their fellow Democrats.

"Our country desperately needs a new vision for strengthening our national security, and it starts by redeploying U.S. forces out of Iraq," Sens. John Kerry of Massachusetts and Russ Feingold of Wisconsin wrote in an e-mail sent to 3 million people nationwide.

"It's time for every member of the Senate to send an important message that we must change course," the senators wrote, imploring recipients to "take a stand against the senseless 'stay the course' Bush policy" and tell their senators to vote with the two Democrats.

In what promises to be a highly partisan election-year showdown Wednesday, the GOP-controlled Senate plans to take up the proposal by Kerry and Feingold that would require the Bush administration to withdraw all combat troops from Iraq by July 1, 2007. Redeployment would begin immediately, under the proposal.

At least six other Democrats have publicly or privately indicated support for that position in recent days. The Senate will vote on the proposal by week's end.

The Senate also will consider, and eventually vote on, a separate nonbinding resolution that has the backing of Senate Minority Leader Harry Reid, D-Nev., and, his aides say, a majority of Democrats.

It would call for — but not require — the administration to begin "a phased redeployment of U.S. forces" this year, and would not set a firm deadline by which time all forces must be out of the war zone.

Seeking support, Democratic sponsors of both proposals pitched their positions during the party's weekly policy luncheon on Tuesday. However, neither proposal is expected to win enough votes to be attached as an amendment to an annual military measure pending in the Senate.

Both proposals, nonetheless, are drawing ridicule from Republicans, who lumped Democrats into two groups — what they called the "cut and run" crowd backing the Kerry-Feingold position and the "cut and jog" folks supporting the other proposal.

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"We cannot retreat. We cannot surrender. We cannot go wobbly. The price is far too high," Senate Majority Leader Bill Frist, R-Tenn., said Tuesday, suggesting Democrats want to do just that.

Sen. Carl Levin (news, bio, voting record) of Michigan, the top Democrat on the Armed Services Committee, disputed the GOP characterization of the resolution that would call for U.S. troops to start leaving Iraq this year.

"It's not a cut-and-run strategy. It does not set a fixed timetable or an arbitrary deadline for the redeployment of our troops," he said. "We believe it represents where a majority of our caucus is."

With midterm elections less than five months away, Republicans are working to highlight divisions in the Democratic Party on Iraq as they seek to hang onto control of the House and Senate when polls show the public favoring a power shift to Democrats.

A week ago, the GOP-controlled Senate and House engineered back-to-back votes on Iraq that forced lawmakers in both parties to go on record on the war that polls show most Americans no longer support amid a rising U.S. death toll and a soaring price tag. In the end, both chambers of Congress soundly rejected timetables for pulling U.S. forces out of Iraq.

Across the Capitol on Tuesday, the House easily approved an additional $50 billion for Iraq and Afghanistan as part of a $427 billion measure funding the Pentagon budget for the fiscal year beginning Oct. 1. The money comes on top of $66 billion for Iraq and Afghanistan approved just last week. The vote was 407-19.

Led by Levin, Senate Democrats have spent the past week writing a proposal on Iraq that could get wide support among their rank and file. At the same time, Kerry and Feingold announced they would press their own separate proposals calling for a quick U.S. withdrawal from Iraq.

A somewhat curious pairing, the two joined forces — and offered one amendment — after failing in private meetings to convince fellow Democrats that the so-called "consensus" proposal should include what they call "a date certain" for all U.S. forces to have left Iraq.

Feingold was the first Democratic senator to call for a withdrawal timetable, but his position has been overshadowed by Kerry, who has a stronger national profile because of his status as the 2004 Democratic presidential nominee.

Both are posturing for possible presidential runs in 2008, and their positions on Iraq play well with the liberal wing of the party — the Democratic faithful who will vote for the next Democratic presidential nominee.

Iraq, Unfiltered (NYT)

The New York Times, June 21, 2006

Bush administration supporters regularly accuse the news media of reporting only bad news from Iraq and filtering out more positive stories. But just hours before American television screens began to be filled with upbeat clips of President Bush's surprise trip to Baghdad last week, the United States Embassy there cabled back a far grimmer picture of the mounting difficulties faced by its Iraqi employees.

The cable, reprinted by The Washington Post, told of embassy employees running a daily gantlet of religious dress-code enforcers and harassment by militia-style security guards — even at checkpoints surrounding the fortified Green Zone, where the embassy is located. When the Iraqi employees return to their homes, they face sweltering neighborhoods without regular electric power, daylong gasoline lines, and families torn by religious and ethnic tensions and mounting fears for the future.

The cable relays a report from an Arab editor that "ethnic cleansing" is going on "in almost every Iraqi" province. The embassy itself suspects that Shiite governmental authorities in Baghdad may be deliberately evicting Kurdish households in response to Kurdish evictions of Arabs in other parts of the country. A Sunni woman employee reports that "most of her family believes that the U.S. — which is widely perceived as fully controlling the country and tolerating the malaise — is punishing populations as Saddam did."

The cable is only a raw snapshot of the daily experiences of embassy employees, not a systematic nationwide survey. Yet embassy employees are in many ways better off than most Iraqis. At least they have jobs and someone to turn to for help. We can only guess what daily life must be like in besieged Sunni cities like Ramadi or the militia-ruled Shiite towns of the Basra area, some now too dangerous for reporters to venture into regularly.

Mr. Bush's six-hour visit to Baghdad was mostly spent inside the Green Zone, where he made much of what he had been able to learn from looking Prime Minister Nuri Kamal al-Maliki "in the eyes." Now that he's home, Mr. Bush needs to take a hard, unfiltered look at the more disturbing picture relayed by America's embassy.

Pentagon Picks Troops For Iraq, Maintaining Current Contingent (NYT)

By Thom Shanker

The New York Times, June 21, 2006

DOJ_NMG_0036491

WASHINGTON, June 20 —The Pentagon announced Tuesday that it planned to send 21,000 troops to Iraq in the next rotation of forces. That would keep the American presence at current levels into next year, unless the security situation improved.

Senior military officials said that the announcement of units to be deployed between August and January could change, depending on conditions in Iraq, and that so-called off ramps for the troops bound for Iraq were still under discussion.

Bryan G. Whitman, a Pentagon spokesman, said after the announcement, "One should not read into this a decision" about long-term troop levels in Iraq.

But at a minimum, the announcement represents a decision that for planning purposes at least, American troops in Iraq would be replaced on a one-for-one basis for now.

This week, Gen. George W. Casey Jr., the senior American commander in Iraq, is to brief Defense Secretary Donald H. Rumsfeld at the Pentagon on his newest thinking about force levels through the end of the year.

Although a discussion of potential troop reductions is certain during General Casey's meeting with Mr. Rumsfeld, the White House and the Pentagon have rejected calls, mostly from Democrats in Congress, for setting formal timetables for withdrawing from Iraq.

President Bush and Mr. Rumsfeld have said repeatedly that troop levels would be based on assessments from military commanders on the strength of the insurgency and on the capability of Iraqi troops to take over the fight.

Even so, White House officials expressed hopes last fall that reductions would come this summer, so that Republicans preparing for mid-term Congressional elections could point to progress in Iraq.

General Casey himself had said he would make recommendations on future troop numbers by the end of spring. Ground commanders in Iraq have argued that a premature decision to reduce American troops could jeopardize the mission in Iraq.

Previous predictions that American troops could drop to 100,000 by the end of the year were based on the expectation that the Iraqis would form a new government by March.

But the new government did not form until May, and important posts, including the top security positions, were not filled until earlier this month.

American troop numbers in Iraq fluctuate almost daily, as soldiers flow in and out of the country.

Troop levels early this month of 132,000 had dropped to 127,000 last week, military officials said.

Even if the number of combat brigades sent to Iraq drops over coming months, the separate requirements for support and service troops — military trainers, intelligence officers and logisticians, for example — may offset some reductions in American combat forces.

Pentagon and military planners said Tuesday's announcement was somewhat of a mechanical requirement, and was an attempt to balance a traditional tension between combat commanders who deploy troops in the field and commanders at home who provide those forces.

Field commanders want maximum flexibility in deciding whether and when to increase or decrease troop levels; commanders at home desire precise, early decisions in order to prepare equipment, troops and family members in advance of a deployment.

Pentagon and military officials predicted that General Casey's visit to Washington this week would include discussions of ways to reduce troop numbers by holding back deployments to Iraq if the situation allowed.

"They are prudently planning as if this would be a rotation in kind," said one Defense Department official who was granted anonymity to describe classified discussions on troop numbers.

"But obviously they've got six months' worth of flexibility in the case of some of these units put in the queue today, since some would not deploy until January and could be off-ramped" before their departure dates.

In its announcement of the planned deployment, the Pentagon said: "The U.S. force rotations may be tailored based upon changes in the security situation. Iraqi security forces continue to develop capability and assume responsibility for security in Iraq."

The units identified for the next rotation to Iraq include the III Corps headquarters, based at Fort Hood, Tex.; the II Marine Expeditionary Force, from Camp Lejeune, N.C.; and the First Cavalry Division headquarters, from Fort Hood.

Other units were the Second and Third Brigades of the First Cavalry Division; the Fourth Brigade of the 25th Infantry Division, based at Fort Richardson, Alaska; and the Second Brigade of the Second Infantry Division, from Fort Carson, Colo.

Australia To Review Iraq Troop Levels (AP)

By Meraiah Foley, Associated Press Writer

AP, June 21, 2006

Australia will review its troop deployment to Iraq by the end of this year, the defense ministry said Wednesday, the first time the government has hinted at a possible timeline for eventual withdrawal.

DOJ_NMG_0036492

Australia, a staunch U.S. ally, has around 1,320 troops in Iraq and the Middle East, including 460 troops guarding Japanese reconstruction efforts in Iraq's southern Muthana province.

Earlier this week, the Iraqi government announced that Australian and British forces would soon hand over security in the province to Iraqi forces.

Japan's announced Tuesday that it would immediately start pulling its ground troops from Iraq.

Australia's 460 troops in Muthana province will be transferred to an air base in Tallil, about 60 miles southeast of their current posting in Samawah, when Japan withdraws, Defense Minister Brendan Nelson said.

He said Australia would evaluate the success of the Iraqi forces in protecting Muthana province before reassessing its military presence in Iraq.

"I can assure you that the next six months in al-Muthana is going to be extremely important for our future involvement in Iraq," Nelson told the Channel Seven television network.

"If we can see that the provincial Iraqi government in al-Muthana can successfully manage its own affairs and its own security then I would expect that by the end of this year we would be starting to think about our future deployment."

Australia's conservative Prime Minister John Howard sent around 2,000 troops to Iraq in support of the U.S.-led invasion in 2003, despite widespread public opposition. He has repeatedly said that Australia will remain in Iraq for as long as its troops are needed, or until the Iraqi government asks them to withdraw.

Japan To Pull Ground Troops Out Of Iraq, Koizumi Says (NYT)

By Norimitsu Onishi

The New York Times, June 21, 2006

TOKYO, June 20 — Japan announced Tuesday that it would start pulling its ground troops out of Iraq, putting an end to the country's most significant military mission since the end of World War II.

Prime Minister Junichiro Koizumi said the force's mission had been "fulfilled," even as he announced an expansion of Japanese air support to American and multinational troops. Japan's air force will start operating regular flights to Baghdad and Erbil, he said.

"The Ground Self-Defense Force has played a considerable role in providing humanitarian reconstruction assistance, and we have decided to withdraw," Mr. Koizumi said in a news conference.

About 600 ground troops have been based in Samawa, the capital of the southern province of Muthanna, since January 2004, providing clean water, medical assistance and repair of roads and buildings. Japanese troops, who have been limited to noncombat duties because of Japan's pacifist Constitution, have depended on other nations for their security.

The announcement came a day after the Iraqi government said British troops would transfer the responsibility for security in the relatively peaceful province to local Iraqi forces. The Japanese withdrawal is expected to take a few weeks.

Mr. Koizumi has been one of President Bush's staunchest backers in Iraq, and the Japanese troops have provided diplomatic support for Mr. Bush as other allies chose not to participate in the Iraqi occupation. The deployment helped strengthen the alliance and deepen military ties.

The country's Constitution allows Japan to possess forces only for self-defense, and imposes strict rules of engagement prohibiting offensive action. But under Mr. Koizumi, the Japanese government passed a special law permitting the deployment of troops to noncombat areas in Iraq — a move that critics called anti-constitutional

The deployment at first sharply divided Japanese public opinion, as the Japanese troops went to Iraq equipped with weapons that they had never carried abroad before, including antitank weapons.

Since the Sept. 11 attacks, Japan's maritime and air forces have supported the United States in its wars in Afghanistan and Iraq. But the deployment of ground troops, with the possibility that they could be embroiled in a situation that would force them to act in a manner against the pacifist Constitution, amounted to one of the riskiest decisions Mr. Koizumi has made as prime minister.

In Samawa, the deteriorating security situation sometimes left Japanese troops unable to leave their base — and open to charges that they were merely a symbolic force.

But with time, Japanese public opinion has grown less resistant. The dispatch has also set the stage for a more assertive Japanese military, including the transformation of its Self-Defense Agency into a ministry.

U.S. Soldiers' Bodies Are Found (LAT)

By Solomon Moore

The Los Angeles Times, June 21, 2006

DOJ_NMG_0036493

Baghdad, Iraq — As the mutilated bodies of two American soldiers were flown to the United States in flag-draped coffins Tuesday night, the U.S. military launched a top-level investigation to determine why their vehicle had been traveling alone outside a fortified army camp when they were abducted.

A group affiliated with al-Qaida in Iraq took responsibility for killing the servicemen, whose corpses were found near an electrical plant in Yousifiya, where they had gone missing Friday night.

Iraqi and U.S. military officials said there were signs of torture on the bodies. "They were killed in a barbaric way," said Iraqi Maj. Gen. Abdul-Aziz Mohammed of the Iraqi Defense Ministry.

U.S. Maj. Gen. William B. Caldwell IV confirmed the bodies were believed to be the remains of Pfc. Kristian Menchaca, 23, of Houston and Pfc. Thomas L. Tucker, 25, of Madras, Ore. Caldwell said the military would conduct a complete autopsy to determine the cause of death and to "do DNA testing to confirm that it is in fact them."

A third soldier, identified as Spc. David J. Babineau, 25, of Springfield, Mass. died in a firefight that preceded the abduction. All three soldiers were assigned to the 1st Battalion, 502nd Infantry Regiment, 2nd Brigade of the U.S. Army's 101st Airborne Division and were guarding a canal bridge near their military camp.

The circumstances of the initial attack remain mysterious. In a country where military vehicles -- even the most heavily armed and impervious tanks -- rarely leave fortified areas unless they are traveling in pairs, Caldwell confirmed Tuesday that the servicemen were alone.

"We know that there was a single vehicle with three American soldiers when they came under attack," Caldwell said.

The investigation into the circumstances of their capture has been opened by Lt. Gen. Peter Chiarelli, chief of day-to-day military operations in Iraq. The Mujahedeen Shura Council, an al-Qaida-affiliated group posted a message Tuesday on a jihadist Internet site taking responsibility for the killings, but offered no proof of its involvement.

"We have good news coming straight from the battlefield to the nation of Islam," read the statement. "We satisfy your wrath by executing the sentence of God -- which is slaughter -- on those two crusader infidel prisoners."

Caldwell said U.S. troops found the bodies Monday night but did not immediately recover them, fearing that insurgents may have booby-trapped the area with explosives. U.S. troops established a perimeter and kept watch over the bodies until dawn, when they were able to bring in an explosive ordnance team and remove the remains to a military base.

As of Tuesday night, the bodies were on a plane en route to Dover Air Force Base in Delaware -- home of the U.S. military's largest mortuary.

News of the discoveries hit the soldiers' families hard. Manchea's uncle, Ken MacKenzie, went on NBC's "Today" show to blame the U.S. government for reacting too slowly to his nephew's capture and said the military should have agreed to offer $100 million and detainees in return for the soldiers' lives. There has been no public demand for any ransom in the case, and U.S. policy prohibits striking deals with hostage takers on the premise that it would encourage more kidnappings.

Kay Fristad, a spokeswoman for the Oregon National Guard, said Tucker's relatives were still waiting for DNA testing.

"The family isn't watching the news reports, so they don't yet know what's been reported about the conditions of the bodies," Fristad said. "That's something they may have to face later."

The U.S. military led a massive three-day search utilizing river boats, unmanned drones and nearly a dozen air assaults on suspected insurgent hideouts. One coalition member died during the search, two suspected insurgents were killed and 78 other alleged rebels were detained.

Caldwell also announced that a U.S. air strike on Friday killed a figure he described as a high-ranking al-Qaida operative in Yousifiya named Mansour Suleiman Mansour Khalifi al-Mashhadani, also known as Sheik Mansour. Caldwell said that Mansour, an Iraqi, was a spiritual leader and recruiter for al-Qaida in Iraq and a close associate of the late insurgent leader Abu Musab al-Zarqawi.

Caldwell also held Mansour responsible for the downing of a U.S. helicopter in Yousifiya in May that killed two soldiers.

Mansour, then a member of the insurgent group Ansar al-Sunnah Army, was detained by U.S. forces in 2004 and released in the fall of that year, after which time he joined al-Qaida. Caldwell said that prison officials determined that "he was not deemed a threat to Iraqi citizens or coalition forces."

An Iraqi army officer stationed in Yousifiya said that U.S. forces withdrew from the area on Tuesday and as they departed, set fire to warehouses near the electricity plant where the bodies were discovered. Yousifiya residents extinguished the fires after the Americans left, the officer said.

U.S. and Iraqi forces continued to pressure suspected al-Qaida insurgents north of Baqouba, the same area where al-Zarqawi was killed earlier this month. The U.S. military said that soldiers killed a total of 15 suspected insurgents during a lengthy firefight that moved between at least two buildings.

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A helicopter struck utility wires as it was firing on suspected insurgents during the battle and was forced to make an emergency landing. Another U.S. aircraft killed three gunmen as they attempted to attacked the downed helicopter, U.S. officials said. According to a press release, U.S. troops found insurgents hiding among nine women, none of whom were injured.

That account was questioned by the Association of Muslim Scholars in Iraq, a group of leading Sunni Arab clerics, which said that several women and children were among those killed in a U.S. airstrike in northeast Baqouba. The group also said that U.S. troops took four injured civilians with them, including a 10-year-old.

One resident said that a 12-year-old boy was among the dead.

In west Baghdad, a car bomb killed five Iraqis and injured 11 other people. In the predominately Shiite slum in Baghdad, known as Sadr City, another car bomb exploded near a wholesale market, killing four and wounding 16.

Also in Baghdad, two police men were shot to death while driving their patrol car. In the northern oil hub of Kirkuk gunmen in three cars killed three people near a traffic checkpoint.

Missing Soldiers Are Found Dead (WP)

By Jonathan Finer And Joshua Partlow

The Washington Post, June 21, 2006

BAGHDAD, June 20 -- Two U.S. soldiers, missing for three days since their abduction in an insurgent stronghold south of Baghdad, were found dead, a military spokesman said Tuesday, and a top U.S. commander ordered an investigation into why the men were isolated from a larger force in such a dangerous part of Iraq.

The remains of the soldiers -- Pfc. Kristian Menchaca, 23, of Houston and Pfc. Thomas L. Tucker, 25, of Madras, Ore. -- were recovered near a power plant in the town of Yusufiya, where they had been operating a vehicle checkpoint that came under attack Friday, Maj. Gen. William B. Caldwell said in a briefing for reporters. A third soldier, Spec. David J. Babineau, 25, of Springfield, Mass., died in the initial assault.

"Coalition forces have in fact recovered what we believe to be the remains of our two soldiers," Caldwell said. "Our heartfelt prayers go out to both the families and friends of our two soldiers."

Caldwell declined to describe the condition of the soldiers' bodies, saying it would be "inappropriate until I know what the families were told." He said it was clear the soldiers had died of wounds suffered in captivity, rather than at the site of the attack on the checkpoint, but that the cause of death could not be immediately determined.

According to residents of Yusufiya and a relative of one of the victims, the soldiers were beheaded. An Iraqi official said they had been brutally tortured before their death, but provided no further details.

The bodies will be flown to Kuwait and then to Dover Air Force Base in Delaware for full autopsies and DNA testing to ensure they were identified correctly, the military said in a statement.

As 8,000 U.S. and Iraqi troops scoured the region, a tip from a local resident led them to the soldiers' bodies after dark Monday. Because the informant warned that the bodies were booby-trapped, they were not removed until after dawn Tuesday, the military said.

"We went ahead and established a cordon around the area to protect it so it would be undisturbed at daylight this morning and brought the necessary assets like explosive ordnances," Caldwell said. "They did have to dismantle some stuff to get to them."

One U.S. soldier was killed and 12 wounded during the three-day search across a vast area south of Baghdad, while two insurgents were killed and 78 detained, the military said.

The killings of the two privates raised questions about why such low-ranking troops were left alone, backed by a single armored Humvee, in a region Caldwell described Thursday as "an insurgent hotbed" and the most dangerous place in Iraq for U.S. forces after Baghdad and Ramadi. Even in safer areas, U.S. troops generally travel in convoys to provide support in case insurgents attack or a vehicle breaks down.

Lt. Gen. Peter Chiarelli, the commander of U.S. ground forces in Iraq, has ordered an investigation into procedures used that night. "They are looking at the entire situation," Caldwell said.

To the consternation of U.S. officials, who are careful to withhold casualty details until the soldiers' families can be notified, the deaths were first reported by an Iraqi defense official. Maj. Gen. Abdul Aziz Muhammed Jassim said in a news conference Tuesday they had been tortured and killed "in a barbaric way."

The Mujaheddin al-Shura Council, a collection of several insurgent groups including al-Qaeda in Iraq, claimed in an Internet statement to have "slaughtered" the two soldiers, suggesting they were beheaded. The group, which had vowed revenge on U.S. forces following the killing of Abu Musab al-Zarqawi this month, claimed on Monday to have abducted the two privates.

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Asked Tuesday if the Internet statements were credible, Caldwell responded: "Absolutely not," and added that based on "preliminary analysis" there was "no reason to believe" the group's claims.

In telephone interviews, two Yusufiya residents, Muyasar Ghalib al-Qaraghuli, 19, and a tribal leader who gave his name only as Abu Salam, described a gruesome scene in which insurgents beheaded and dismembered the soldiers after dragging their bodies behind pickup trucks.

"It's something that we are against," Qaraghuli said. "But what could we do? It happened."

Those accounts could not be independently confirmed, though U.S. and Iraqi officials acknowledged privately that the killings had been particularly brutal.

Menchaca's uncle, Mario Vasquez, said military officials told him early Tuesday morning that the two soldiers had been beheaded, according to a report on the Web site of the Houston Chronicle.

The two soldiers were the first to be classified as "duty status and whereabouts unknown," since Sgt. Keith "Matt" Maupin, who disappeared after an attack on his convoy in April 2004. He subsequently appeared in a video made by insurgents, who later released another video purporting to show his execution. The military called the footage inconclusive and continues to classify him as missing. Eleven American civilians, most of them contractors, are also considered to be missing in the country, Caldwell said.

Also Tuesday, U.S. military officials said they had killed a senior member of al-Qaeda in Iraq during an airstrike on Friday in the same area where the two Army privates vanished.

Mansur Sulayman Mansur Khalif al-Mashadani, an Iraqi known as Sheik Mansur, was a "key leader" of al-Qaeda in Iraq with "excellent religious, military and leadership credentials within that organization," said Caldwell. Mashadani, in his mid-thirties, had studied religion in Jordan before rising to be the religious emir for all of al-Qaeda in Iraq, Caldwell said.

"We do think his death will significantly continue to impact on the ability of this organization to regenerate and reorganize itself," Caldwell said.

After tracking Mashadani, U.S. forces moved to capture him, prompting Mashadani and two other people to flee in a vehicle, which was destroyed by a U.S. airstrike, said Caldwell.

Mashadani had been captured by U.S. forces in July 2004 and released that fall, Caldwell said, because he was not considered "a threat to Iraqi citizens or coalition forces." Mashadani joined al-Qaeda in Iraq after his release, he said.

On Tuesday, the U.S. military issued a statement saying it had killed 15 "terrorists" and detained three suspects during simultaneous raids near Baqubah aimed at pursuing a suspected senior member of al-Qaeda in Iraq. After being fired on from a rooftop, U.S. forces shot back and killed nine armed insurgents, and gunfire from supporting aircraft killed two others in a nearby building, the statement said.

The raids yielded 10 AK-47 assault rifles, a shotgun, a pistol and a crate of explosives, military officials said.

A different account of the incident was provided by witnesses, family members of the dead and a Sunni Muslim member of the Iraqi parliament, Mohammed al-Diani, who called the raids a "barbaric bombing" of civilians and children. Diani called on the Iraqi cabinet to investigate.

Hadi al-Azzawi, a press officer for a human rights organization in Baghdad who said he witnessed the incident, said two of the dead were young boys, ages 10 and 12, and a police officer denied any weapons were present at the scene.

When asked about the differing account, Caldwell denied there were any civilian casualties in what he described as "an extremely long firefight."

Violence continued in Baghdad despite efforts to tighten security. Four explosions detonated within an hour Tuesday morning in and around Baghdad, killing 13 people and wounding 39, said Col. Adil Saeed al-Samarai of the Interior Ministry.

In the southern city of Basra, a suicide bomber blew himself up inside a home for the elderly, killing five people and wounding 15, said Samarai.

Soldiers' Bodies Found In Iraq (WT)

By Rowan Scarborough

The Washington Times, June 21, 2006

The U.S. military yesterday recovered the mutilated bodies of two Army privates kidnapped by terrorists Friday night from a checkpoint south of Baghdad.

The bodies were so horribly disfigured that final identification will require DNA testing. But U.S. military officials in Baghdad said the bodies, found in a booby-trapped area, were thought to be those of Pfc. Thomas Lowell Tucker, 25, and Pfc. Kristian Menchaca, 23, although official confirmation awaited the notification of families.

"With great regret -- they were killed in a barbaric way," Iraqi Maj. Gen. Abdul-Aziz Mohammed told reporters.

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The Associated Press in Baghdad reported that a Web site connected to the terror group al Qaeda in Iraq posted a statement, saying the two "crusaders" were "slaughtered" by Abu Ayyub al-Masri. The word "slaughtered" often means the terror victims were beheaded. The U.S. has identified al-Masri as successor to Abu Musab Zarqawi, the al Qaeda in Iraq leader who died June 7 in a strike by the U.S. military.

"We are all very much aware of the atrocities they commit," said Army Maj. Gen. William Caldwell, chief military spokesman in Baghdad, referring to the al Qaeda group. "It pains us what some service members may go through."

The soldiers' remains were being taken to Dover Air Force Base in Delaware, where a forensic laboratory would perform the DNA testing.

The abductions spurred questions inside the U.S. command on security procedures for soldiers on patrol.

Why, commanders are asking, was a small group of junior enlisted soldiers in Humvees left alone to man a checkpoint near Yusufiyah in a particularly dangerous area of Iraq dubbed the Triangle of Death? The area in the Anbar province is a hotbed of Sunni Muslim insurgents and foreign terrorists who constantly attack U.S. forces.

"My first question is: Where were the noncommissioned officers?" said a retired Army general who has spoken to active-duty officers about the incident. "Why were only privates protecting a checkpoint? The assumption you have to make is they were part of a platoon that was broken up to watch numerous checkpoints. This again goes back to the same thing: We don't have enough troops."

Soldiers and Marines in Iraq typically travel in large enough numbers to repel an attack by setting up a defensive perimeter and calling in a quick-reaction force of armored vehicles and combat aircraft as backup.

Supply convoys typically travel under a heavy guard that includes armored Humvees, Bradley fighting vehicles and attack helicopters.

Gen. Caldwell said details of what happened in the ambush at 7:55 p.m. Friday will not be released until the slain soldiers' families are briefed and added that Army Lt. Gen. Peter Chiarelli, the top tactical commander in Iraq, has ordered an investigation into procedures followed that night.

The Associated Press quoted an Iraqi farmer as saying insurgents created a diversion to draw some soldiers away from the checkpoint and then attacked the three remaining troops -- killing one and capturing two. The farmer's account could not be confirmed, the AP said.

Killed in the attack was Spc. David J. Babineau, 25. The three belonged to the 101st Airborne Division from Fort Campbell, Ky.

Security procedures have not always prevented combat deaths, but they have blunted kidnapping attempts. Only one other soldier, Army Reserve Sgt. Keith M. Maupin, has been captured by insurgents since Iraq fell to the allies in April 2003. The Army lists him as missing in action.

The command started an extensive manhunt for the missing soldiers during the weekend, dispatching 8,000 American and Iraqi personnel to comb the Triangle area south of Baghdad.

"We have surged intelligence, surveillance and reconnaissance platforms and employed planes, boats, helicopters and [unmanned aerial vehicles] to ensure the most thorough search possible," Gen. Caldwell told reporters on Monday.

He added yesterday, "We basically have turned that area upside down."

But it was an Iraqi civilian, not the military, who first spotted the bodies.

Though insurgents had booby-trapped the area in hopes of killing rescuers, troops cordoned off the area and neutralized the bombs.

"Recovery of the remains was initiated last night and was completed this morning," the U.S. military said. "Coalition forces had to carefully maneuver their way through numerous improvised explosive devices leading up to and around the site."

At a press conference yesterday, Gen. Caldwell said the sweep resulted in the killing of Mansur al Mashhadani, whom he identified as in the top five of the al Qaeda in Iraq's leadership.

"He was a right-hand man to Zarqawi," he said.

Mashhadani, described as the religious emir for al Qaeda in Iraq, operated in the Yusufiyah area. Before the kidnapping, U.S. forces had him under surveillance. A decision was made to arrest him and troops moved in on his location. He fled in a vehicle and was killed by an air strike, Gen. Caldwell said.

U.S. Says 2 Bodies Retrieved In Iraq Were Brutalized (NYT)

By Dexter Filkins

The New York Times, June 21, 2006

DOJ_NMG_0036497

BAGHDAD, Iraq, June 20 — The American military said Tuesday that a search team had found what appeared to be the remains of the two American soldiers captured by insurgents last week during an ambush south of the capital, and a senior Iraqi defense official said the two men had been "brutally tortured."

An American military official in Baghdad, who spoke on the condition of anonymity, said that both bodies showed evidence of "severe trauma" and that they could not be positively identified. The search team spotted the bodies on Monday night, but it took 12 hours to get to them because soldiers had to make their way through "numerous" bombs along the road leading to the bodies, and around the bodies themselves, the official said.

Maj. Gen. William B. Caldwell IV, the American military spokesman, said "the remains" were found Monday night near a power plant in the vicinity of Yusufiya, about three miles from the site were the Americans had been captured by insurgents.

General Caldwell declined to speak in detail about the physical condition of the bodies, but said the cause of death could not be determined. He said the remains of the men would be sent to the United States for DNA testing to determine their identities definitively.

That seemed to suggest that the two Americans had been wounded or mutilated beyond recognition.

"We couldn't identify them," the American military official in Baghdad said.

Maj. Gen. Abdul Azziz Mohammed Jassim, the chief of operations at the Defense Ministry, said he had seen an official report on the bodies and that he could confirm that the two Americans had been "killed in a very brutal way and tortured."

"There were traces of torture on their bodies, very clear traces," General Jassim said. "It was brutal torture. The torture was something unnatural."

The general said that he was unable to give any more details.

The American military official said that one of the bombs planted on the road leading to the bodies exploded when it was struck by an American vehicle, but that no one was injured.

"They were intentionally targeting the recovery force," the American official said.

The bodies of the two Americans were not damaged by the bombs, the official said.

The identities of the two missing soldiers were released on Monday: Pfc. Kristian Menchaca, 23, of Houston, and Pfc. Thomas L. Tucker, 25, of Madras, Ore. A third soldier, Specialist David J. Babineau, 25, of Springfield, Mass., was killed when insurgents attacked the three at a traffic checkpoint.

General Caldwell said the military was investigating how three young, low-ranking soldiers ended up alone on a road in Yusufiya, a town regarded as one of the most hostile in all of Iraq.

According to Iraqis living in the area, the three soldiers, who were manning a traffic checkpoint, became isolated when several of their comrades chased a group of insurgents into the orchards off the roadside. At that point, the Iraqis said, a group of seven or eight masked guerrillas attacked the three, killing Specialist Babineau and capturing Privates Menchaca and Tucker. The Iraqis said they believed that insurgents had intentionally staged the first attack to divert most of the Americans and isolate the three.

"There was a single vehicle there with three Americans soldiers when they came under attack," General Caldwell said. "We do know that the chain of command is looking at the entire situation."

Without going into detail, General Caldwell said it was clear that the two Americans had been killed in a violent way and not from wounds received during the initial battle with the guerrillas.

"Due to the condition of their bodies, we do not believe it was by natural cause of death," he said. "It did not appear that they had been mortally wounded and moved to a location and died."

General Caldwell said the men's families in the United States had been notified that the bodies of their kin had been found. He said the Army hoped that further testing would reveal the causes of death as well.

"It pains us to realize what fellow servicemen go through," General Caldwell said in a briefing here. "Please keep both of these families in your prayers."

The American military did not release information about the identity of those who it believes may have captured the American soldiers.

An Internet statement, posted Tuesday under the name of the Mujahedeen Shura, said the successor to Abu Musab al-Zarqawi had "slaughtered" the two Americans. The Mujahedeen Shura, an umbrella group, claims Al Qaeda in Mesopotamia as a member. The Arabic word used in the posting, "nahr," denoted the cutting of the throat, and it has been used by jihadi groups when they have beheaded their victims.

The authenticity of the statement, like many that are posted on the Internet, could not be verified. The provenance of this one was called into question by SITE, a Washington group that tracks Islamic militant groups.

Rita Katz, the group's director, said she believed that the message was a fake, given the manner and place in which it was posted on the Internet. Indeed, the message disappeared from one jihadi Web site, Al Hesba, shortly after it appeared.

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"There is a straightforward way that Al Qaeda posts their messages," Ms. Katz said. "This was not theirs."

On Monday, the Mujahedeen Shura said in a statement posted on the Internet that it had captured the Americans, but it provided no evidence that it had them in its custody. The group said it would provide more news in a few days. Ms. Katz said she believed that message was authentic.

Mr. Zarqawi, the head of al Qaeda in Mesopotamia, was killed in an American strike in a village 35 miles north of here on June 7. His successor, according to the group, is Abu Hamza al-Muhajir, who the Americans say is an Egyptian who has been fighting here since 2003.

A team of 8,000 troops, American and Iraqi, was assigned to search for the missing soldiers.

General Caldwell said they had encountered several bombs during their search, and also several guerrillas. One American soldier was killed and 12 were wounded during the search, he said.

This was not the first time that insurgents had planted bombs intended to explode when Americans came to recover remains, the American military official said. After insurgents shot down an American helicopter earlier this year, a team sent to recover the bodies and wreckage found 19 bombs on the road leading to the site and around the wreckage itself, the American military official in Baghdad said.

The American military goes to extraordinary lengths to ensure that its soldiers are not captured. The only other soldier captured in this war was Pfc. Keith Maupin, who was taken prisoner by insurgents in April 2004. A video showing Specialist Maupin in his army fatigues, and in the captivity of insurgents, surfaced shortly after his capture.

In June 2004, Al Jazeera, the Arabic language TV station, broadcast a video showing a person being shot. Al Jazeera said insurgents claimed the victim was Pfc. Maupin, but the man's face was not visible on the screen. The military says it is still searching for him.

Also Tuesday, the military said it was continuing its assault on the leadership of Al Qaeda, saying it had killed one of its senior leaders, Mansur Sulayman Mansur Khalif al-Mashhadani, an Iraqi, in an airstrike Friday morning near Yusufiya.

American forces had been tracking Mr. Mashhadani for some time, General Caldwell said, and then moved Friday to take him prisoner. When he tried to escape in a car, the general said, the Americans called in an airstrike to kill him.

General Caldwell said the military believed that Mr. Mashhadani, who they said was in his late 30s, was the "religious emir" for all of Al Qaeda in Mesopotamia. The general said Mr. Mashhadani had been captured by American forces in July 2004 while serving in a similar capacity for two other insurgent groups, Ansar al-Islam and Ansar Al Sunnah. He was released in the fall of 2004, General Caldwell said, when "he was deemed not to be a threat to Iraqi citizens or coalition forces."

In Ramadi, the contested city west of Baghdad, local Iraqis reported a calm day, three days after Iraqi and American troops set up what they called a "security perimeter" around the city.

In his news conference on Tuesday, General Caldwell said Iraqi and American troops had entered the southern part of the city around the stadium, which has been the site of clashes. The Iraqi and American forces took up positions inside and around the stadium and set up barricades there.

General Caldwell said that the recent military activity did not amount to a full-scale invasion of the city, of the type the Marines undertook of Falluja in November 2004. He described the current operations as more limited, with the goal of allowing the Iraqi police and other security forces to "regain control" of the city. Ramadi has not been under the control of the Iraqi government or American forces for many months, and insurgents roam freely in some areas.

Still, both the American and Iraqi military seemed to leave the door open for stepped-up operations in the future. "There is currently no plan for a large-scale operation in Ramadi," General Jassim said.

Relatives Describe Young Men Determined To Serve Country (NYT)

By Lizette Alvarez

The New York Times, June 21, 2006

When Pfc. Kristian Menchaca, 23, came home from Iraq to South Texas for three weeks in May, his family was taken aback by his transformation, though they kept their thoughts quiet.

"He was very nervous," said his aunt Maria Vásquez. "He had never smoked, and he had started smoking, chain smoking. He was waking up in the night, very disturbed. He couldn't sleep well. He was very nervous, very jittery."

Private Menchaca, who was a newlywed, told his mother and his aunts that, although he was still glad he had enlisted in the Army, life in Iraq was difficult. They got the feeling that, privately, Private Menchaca, who grew up straddling the border in Brownsville and its two cultures, was dreading having to go back.

Just recently, he said, there had been an attack on members of his unit and he had lost all his clothes. They burned in a fire. He had only the uniform on his back.

"He said, 'Send me things: wipes, soap, Oreo cookies,' " she said. "He loved Oreo cookies."

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In Oregon, Pfc. Thomas L. Tucker, 25, lived an altogether different life, far from the southern border, in a tiny Oregon farming town called Madras. He had an eye for a good spot to fish, a knack for hunting and a passion for fixing battered pickup trucks.

Private Tucker said in a voice mail message from Iraq, that his mother saved and released to the public, "Just going on a little vacation and I will be back before you know it."

Last Friday, Private Menchaca and Private Tucker were ambushed at a military checkpoint in Yusufiya, an area south of Baghdad riddled with insurgents. The two soldiers, who survived a shootout, were seen being taken away by insurgents. Their relatives, who were visited over the weekend by Army casualty affairs officers with word of the unconfirmed killings, are still awaiting DNA confirmation of the deaths.

If the two soldiers had one thing in common, it was their determination to join the Army and fight in Iraq, believing it to be the right thing to do. It is a message they tried to impress on their families, who worried incessantly about phantom snipers and hidden bombs. "I'm going to defend my country," Private Tucker said in the telephone message. "Be proud of me."

Just recently, Private Tucker told friends and family that he would be going to a more dangerous, remote section of Iraq, where he would be unable to call or send e-mail messages.

Rick Allen, the former mayor of Madras who hired Private Tucker, known as Tommy, as a teenager to work for him at his gas station and convenience store, said there was nothing that Private Tucker liked more than his dirt bikes and his tools. He also played the piano and loved music, his family said. "He was a determined kid," Mr. Allen said. "A tough kid."

Private Tucker's family lives on a stretch of highway just off the town center. On Tuesday, friends and family members sat in front of the house as police officials warned off reporters and onlookers.

Just before enlisting, Private Tucker, who made friends easily, worked in construction, but with his life a little out of focus, he decided to enlist in the Army, joining up last July. He was stationed at Fort Campbell and became a member of the 101st Airborne Division, where he met Private Menchaca.

During his whirlwind visit to Texas, Private Menchaca was matter-of-fact about the difficulties of his mission in Iraq. He talked about how he slept in vacant buildings, without plumbing or electricity, how he and the other soldiers shared batteries to run their electrical equipment. "He was not complaining," said Sylvia Grice, 37, a cousin. "He was not whining. He was just telling it like it is."

Private Menchaca made it a point to carve out time for his extended family on both sides of the border, spending time with his mother, his brother, his cousins, aunts and uncles in Houston, Matamoros and Brownsville. He also spent time with his wife, Christina, 18, whom he married without telling his family last September, one month before shipping out.

A high school dropout who later earned his graduate equivalency diploma, Private Menchaca had been unhappy working in Houston at a gas station. He decided to join the Army, hoping it would lead to a job as an immigration agent, and told his family Christmas Day, 2004 that he planned to enlist; they tried to talk him out of it. Private Menchaca's brother had served in the Army and had not enjoyed it, Mrs. Vásquez said.

But Private Menchaca insisted, and the family came around. He scored so high on his entrance test that he was given the option to bypass the infantry, said his cousin, Gabriela García. He chose not to do that. Instead, he signed up in March 2005 and wound up in the 101st Airborne.

Ms. García said her cousin reveled in the "challenge, the training, the camaraderie, the structure."

"We think of Kristian as a hero," said Ms. Grice. "You know, he didn't have to do this. He believed in what he was doing."

Families 'devastated' By News (USAT)

By Emily Bazar And Tracy Loew

USA Today, June 21, 2006

Pfc. Kristian Menchaca's family relished his phone calls from Iraq, but the conversations fed their worries.

In one call to his mother, Menchaca said he had been knocked unconscious by a car bomb, his cousin Juan Manuel Vasquez Jr., 31, said Tuesday.

In another, Menchaca said his unit had been attacked overnight, their supplies and belongings destroyed by flames.

"He barely escaped," Vasquez said. "He called to say he needed clothing and supplies."

Vasquez choked back tears as he spoke, shortly after the family learned that the bodies of Menchaca, 23, of Houston and Pfc. Thomas Tucker, 25, of Madras, Ore., had reportedly been recovered in Iraq. The men disappeared Friday when their checkpoint was attacked.

"We did a lot together," Vasquez said of his cousin Kris.

Tucker's parents were "devastated at the news their son may have been killed," a written statement from the family said.

Ten American flags lined the road in front of their home in Madras, a central Oregon town of about 5,600 people.

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Sheriff's deputies guarded the entrance but let a FedEx worker deliver a box of yellow ribbons. Similar boxes arrived throughout the community, some sent by the mother of Keith "Matt" Maupin, the only U.S. soldier in the Iraq war still listed as missing.

"Me and a bunch of women are going to put them up all over town," said Trudy Cunningham, who works at the Tiger Mart. "They'll stay up till he gets back home with us."

A memorial of posters and balloons grew on a fence on Fourth Street, the main drag.

Tucker worked at the station in high school. Later he did construction and worked at a sawmill. Cunningham said he was a hard worker who liked to fix cars in his spare time.

The Madras Chamber of Commerce plans to dedicate its Fourth of July Celebration to Tucker.

Holli Van Wert said she and other volunteers are collecting dining coupons and food for the family and a fund has been set up to help with expenses (The Bring Tommy Home Fund, c/o Columbia River Bank, P.O. Box 0, Madras, OR 97741). "It's just the way that we are here. We're all connected on one level," she said.

Tucker joined the Army in July 2005 and had been in Iraq since February.

"He was a good kid," said Tom Brown, who owns Coachworks Collision Repair. "He was a good soldier."

The family's statement said in part, "Tom has gained a much larger family through this ordeal than he had when he left home to go help the Iraqi people and protect his country from the threat of terrorism."

In Brownsville, Menchaca's family recalled a young man who loved basketball and homemade Mexican food.

He talked of joining the Border Patrol or the customs service after the Army, Vasquez said.

His wedding in September, after a quick courtship, surprised his family, Vasquez said. Soon, he was in Iraq.

When Menchaca was home in the spring, Vasquez said, he noticed a change in his cousin. "He looked a little distant. He had trouble sleeping," he said. "You could see it in his eyes."

Vasquez said Menchaca's death underscores his feelings about the war, which he said doesn't "make any sense."

FBI Pursues Pretenders Masquerading As War Heroes (USAT)

By Gregg Zoroya

USA Today, June 21, 2006

The FBI is cracking down on phony war heroes, who often buy medals on the Internet and wear them at public events.

This year, federal agents have launched a dozen investigations against people allegedly masquerading as decorated veterans. At that pace, the FBI would open about twice as many cases as it did last year.

The cases are sometimes difficult to prosecute because the phony heroes have to be caught wearing the medal. And because the crime — unauthorized wearing of military medals and decorations — is a misdemeanor, the penalty is small. Of the 58 cases that were opened by the FBI in the past six years, 20 are pending. Of the other 38, almost 60% ended in convictions.

Support in Congress is growing for the "Stolen Valor Act," which would stiffen penalties for falsely claiming to have received any medal. Since it was introduced last year, the number of co-sponsors has doubled.

The bill would make it a crime to merely claim the medal was earned. It would also increase punishment. Today, only those fraudulently wearing Medals of Honor face up to a year in jail and a $100,000 fine. The bill would increase penalties for wearing other medals to the same level.

Offenders are people who buy Purple Hearts, Bronze Stars or even Medals of Honor on the Internet or at flea markets and play the role of war hero at military funerals, banquets and benefits, says FBI Special Agent Thomas Cottone, a violent crimes investigator who took on phony war hero cases as a personal crusade 10 years ago.

"They do it for the attention. They want to get noticed," Cottone says. "These people, by wearing those medals, are literally stealing the valor and recognition of those who legitimately did the act. And this is absolutely disgraceful."

The most recent conviction: Theodore Bantis, 59, of Dunlap, Ill., who pleaded guilty Tuesday to posing as a Marine Corps officer who had won the Navy Cross, the second-highest Marine valor award. He admitted he never served in the military.

Frauds Put Up A Decorated Front (USAT)

By Gregg Zoroya

USA Today, June 21, 2006

The man cutting a path across the Marine Corps Birthday Ball near Atlantic City last fall wore row upon row of battle ribbons on his chest — silent testament to a history of gallantry and sacrifice.

Among the awards he wore were a Bronze Star, a Silver Star and the Navy Cross, which is second in significance only to the Medal of Honor.

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Retired Marine Corps master sergeant Fred Montney III and others turned to admire Gerard Smigel, 52, in his dress blue uniform and wearing the rank of lieutenant colonel. “He was in his element. He enjoyed it,” says Montney, who sat at Smigel's table.

As the night wore on, Montney noticed little flaws. Smigel would excuse himself to go to the “latrine.” Marines call it the “head.” Smigel wore one award, a Combat Action Ribbon, upside down. “When I asked him questions, he would get somewhat fuzzy” about details, Montney recalls. He snapped a photo of Smigel, smiling next to his wife, and later called the FBI.

Smigel pleaded guilty this month in federal court to illegally wearing the uniform and medals. He was sentenced to three years of probation and fined $3,000.

Masquerading as a war hero has become riskier — but more tempting — during this time of war. “Right now, most everybody loves the military, and that's why I'm seeing more and more of these impostors,” says senior FBI agent Thomas Cottone.

The FBI has investigated 58 cases of people allegedly wearing fraudulent military decorations since 2001. Assisted by military researchers and the Internet — where hoaxes can be quickly tracked and exposed — the FBI could end up investigating more cases of medal fraud this year than in any other previous year, Cottone says. He says he gets one tip a week.

“I call them gutless creeps,” Montney says of frauds such as Smigel. According to court documents, Smigel's true military service was as an Air Force plumbing specialist who received a less-than-honorable discharge in 1975.

“The vast majority, it's just low self-esteem,” says B.G. “Jug” Burkett, a retired stockbroker from Dallas who led efforts to unmask frauds with Stolen Valor, a 1998 book he co-wrote.

Burkett says people assume heroic alter egos to offset shortcomings.

“Whenever you make someone a hero, he's not only heroic, he's trustworthy, he's honest, he's loyal, he's sincere. All these other attributes get attached to him,” he says. “And if somehow he has failed in some way, then it's due to that evil war that he was forced to fight. You can take both the good and the bad and it explains everything.”

FBI agent Cottone says the bureau is investigating Richard Thibodeau, 64, of Lawrenceville, Ga., who asserted for years that he was a decorated Marine Corps officer and Navy Cross recipient.

Thibodeau explained himself in a May interview with The Atlanta Journal-Constitution. “In my mind, I wasn't harming anyone because I wasn't capitalizing on it,” he said.

In past decades, laws against impersonating war heroes were enforced only sporadically, Cottone says. That changed in the 1990s, largely because of Mitchell Paige, who received the Medal of Honor for beating back a Japanese assault on Guadalcanal in 1942.

During his retirement, Paige tracked people who falsely claimed to be Medal of Honor recipients. In 1994, he successfully lobbied Congress to pass a law that made selling or falsely wearing the Medal of Honor punishable by up to a year in jail and a $100,000 fine. The punishment for wearing other medals remains six months.

Cottone, who worked with Paige, used that law to investigate H.L.I. Lordship Industries, a company in Hauppauge, N.Y., that held a contract with the Pentagon to produce Medals of Honor. In 1996, Cottone proved the company had illegally sold 300 awards, many of them snapped up by impostors. The firm lost its government contract and paid a $22,500 fine.

In the past several years, military researchers and societies have begun assembling databases that have made it easier to uncover fraud.

The Congressional Medal of Honor Society lists all recipients, living or dead, on its website: www.cmohs.org. Cottone says the number of people claiming to be Medal of Honor recipients has diminished in recent years, but the number pretending to have received other valor awards has increased.

The homeofheroes.com website tracks recipients of the Medal of Honor, the Army's Distinguished Service Cross, the Navy and Marine Corps' Navy Cross and the Air Force Cross. That site was pulled together by Doug Sterner, a business technology teacher from Colorado.

Sterner says plenty of military impostors never get caught.

“I believe in virtually every city in America, no matter how small, there is at least one individual who is touting (himself) as a major combat hero based upon lies.”

DOJ:

The Reliable Source (WP)

By Amy Argetsinger And Roxanne Roberts

The Washington Post, June 21, 2006

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Not Playing at a Theater Near You

Hey, kids, let's put on a show ! Alexandria guys Scott Shafer and John Carter did just that in 2004. Shafer scripted a political thriller, Hollywood types took notice, they raised $750,000, and suddenly they were filming "Fatwa" here in D.C., with a solid B-list cast and Carter in his directorial debut.

The indie flick premiered last week at the Atlanta Film Festival and now it's in wide release . . . uh, in video stores across the country. But the newbie auteurs aren't complaining.

"We just wanted to put it into the venue that was most profitable," Shafer says. The 26-year-old notes that they actually turned down a theatrical distribution deal, fearing marketing costs would eat up profits. "There's some creative stigma in going straight to DVD, but I think that's changing. There's a dynamic of people wandering into video stores saying, 'Hey, this looks interesting.' "

No question about that! "Fatwa" stars Lauren Holly ("NCIS," "Picket Fences," "Dumb and Dumber") as a kinda sexy junior senator (beehive 'do, leopard-print stiletto boots) who speaks out against Islamo-fascism and ends up dodging death threats from both a terrorist cabdriver (Roger Guenveur Smith) and her own brother-in-law. Video Business magazine said it "doesn't quite click" but gave it props for nice performances by Lacey Chabert and Mykelti Williamson and more nuance than your average B-movie.

Shafer and Carter are now plotting their next film, a "comic-bookish thriller" about finding Osama . Picking up on a theme? "In the world we live in today," Shafer says, "I can't imagine writing about anything else."For Some People, Nothing Succeeds Like Excess

Two weeks ago, best-selling conservative pundit Ann Coulter shocked the nation -- or, well, some of it -- with her attack on 9/11 widows who voted for John K erry ("I've never seen people enjoying their husbands' deaths so much"), included in her latest book. Even allies like Bill O'Reilly denounced her. Had the Coulter backlash begun? Had she Gone Too Far this time? We waited for the numbers from the folks at Nielsen BookScan.

First-week sales, "How to Talk to a Liberal (If You Must): The World According to Ann Coulter" (October 2004): 36,000 copies.

First-week sales, "Godless: The Church of Liberalism" (June 2006): 48,000 copies.Lauer and Friends, Staying Up Past Their Deadlines

Why is Matt Lauer anchoring "Today" from the White House this morning when the president's not even in the country? One reason: so he could stay out late in D.C. last night. Lauer, along with his show's top producer, Jim Bell, and Tim Russert , hosted a dinner at Cafe Milano to introduce Meredith Vieira to NBC's Washington correspondents; among the expected guests were Pete Williams , Andrea Mitchell and Lisa Myers . Vieira, who will fill Katie Couric's old seat starting Sept. 13, will also meet with folks at NBC's bureau here today.Hey, Isn't That . . . ?

? Galileo chef/owner Roberto Donna , offloading his 305 pounds from a Harley in Lovettsville, Va. -- first stop on yesterday's "Chefs on Bikes," 75 local culinary pros raising money for anti-hunger charities somehow by riding into the countryside. Over a steak lunch at the Restaurant at Patowmack Farm, he told pals, "If I eat like this every day" -- sitting down, not standing over a stove -- "then I'd become skinny."

? Director Spike Lee signing autographs at Sunday's Nats game, wearing cool gold sunglasses and a Yankees cap and rooting for the visitors. He said his D.C. weekend was a Father's Day present and that he got to see both of New York's "heartbreaking losses."

? Perky cheap-cooking guru Rachael Ray dining late at Zaytinya Monday (for the second time in six weeks -- Rach, the town is filled with restaurants!) with her Food Network colleague, chef Bobby Flay . Ray 'n' Flay were supposed to speak at the KenCen together that night, but Ray had to hold the podium on her own when Flay's flight got storm-delayed.Quoted

"Of course not. I remind them: I AM the law!"

-- Attorney General Alberto Gonzales , denying to our colleague Frank Ahrens that his two children ever download music illegally, after his address yesterday to the U.S. Chamber of Commerce on intellectual property theft.Quoted

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CORPORATE SCANDALS:

Greenberg Sues AIG To Get Board Notes (AP)

By Randall Chase, AP Business Writer

DOJ_NMG_0036503

AP, June 21, 2006

Former CEO of AIG, Maurice 'Hank' Greenberg Sues to Get Copies of Board Notes, Minutes

DOVER, Del. (AP) -- The former CEO of American International Group Inc., Maurice "Hank" Greenberg, filed a lawsuit Tuesday seeking records associated with the company's $1.6 billion settlement of allegations that it engaged in deceptive accounting practices.

Starr International Co., a private company led by Greenberg, alleges in the Chancery Court filing that AIG is violating Delaware law by refusing to allow representatives of Starr, which is AIG's largest shareholder, to inspect the company's books and records.

Starr is seeking minutes, notes, transcripts and any other records relating to AIG board and committee meetings dating from Feb. 9, 2005 to the present.

Starr alleges that AIG responded to a June 9 demand letter by offering only heavily redacted "nonprivileged minutes" of board and audit committee meetings relating only to worker's compensation payments made in connection with the settlement announced Feb. 9 of this year.

In the settlement, AIG, one of the world's largest insurance companies, agreed to pay $1.64 billion to settle allegations by New York Attorney General Eliot Spitzer that the company used deceptive accounting practices to mislead investors and regulatory agencies. The Securities and Exchange Commission filed and settled allegations of accounting fraud with the company simultaneously.

The settlement did not cover Greenberg, who was named in the suit but vowed to fight it in court.

Under the settlement, AIG agreed to pay $800 million for investors allegedly deceived by AIG's accounting tactics, including a $100 million penalty to the SEC. The company also agreed to pay $375 million to policyholders, $344 million to states harmed by practices from 1986 to 1995 involving state workers' compensation funds, and fines of $100 million to the state of New York and $25 million to the U.S. Justice Department.

In the demand letter seeking access to AIG records and in the complaint filed Tuesday, Starr claims that at least three states slated to receive worker's compensation payments have admitted that they are not entitled to receive such payments.

The complaint also alleges that other states have expressed "serious misgivings" about the workers' compensation payments. Minnesota, for example, filed a separate lawsuit against AIG rather than accept a settlement state officials believed to be inadequate.

"The stockholder believes that the above issues may be indicative of other problems with the settlement and corresponding possible mismanagement of the company," the Chancery Court complaint reads.

Greenberg was ousted in March 2005 and says he followed proper accounting procedures during his 38 years leading the company. Through a spokesman, Greenberg declined to comment on Tuesday's court filing.

AIG spokesman Joe Norton did not immediately return a call seeking comment.

U.S. Atty. Subpoenas Delta Petroleum (FINDLAW/AP)

AP, June 21, 2006

(AP) - DENVER-Delta Petroleum Corp., a natural gas and oil producer, said late Monday it has received a federal subpoena requesting records back to 1996 over its granting of stock options.

The company said it believes the request comes because it was identified May 16 in a "third-party report" as being at-risk for having backdated stock options for executives. On May 22, the Denver company said its board had formed a special committee to review Delta's option granting practices and related accounting.

The subpoena is from the U.S. Attorney for the Southern District of New York.

Delta shares fell 36 cents to close at $14.47 Monday on the Nasdaq Stock Market, before the company announced the subpoena.

The 'Backdating' Witch Hunt (WSJ)

By Holman W. Jenkins, Jr.

The Wall Street Journal, June 21, 2006

Another business scandal, this one over options "backdating," reveals that some CEOs are "in it" for the money. Tsk, tsk.

There has been outrage aplenty, lawsuits and even a grand jury investigation over a procession of companies accused of committing this violation of the moral code. A few are big names: Home Depot, Microsoft, UnitedHealth Group. But most are midsized tech companies with good reputations in their industries. So far, about 50 (the number grows daily) are suspected of having granted their executives and employees stock options whose issue date was retroactively established to coincide with a recent low in the company's stock price.

Missing, however, has been any cogent explanation of the possible reasons behind a practice apparently so widespread that companies must either have been sharing notes on it or have discovered it independently following some inner logic of corporate life. Also missing is any cogent explanation of why it's wrong.

CEO "greed" seems to be analysis enough for many leading journalistic minds. But even stipulating that CEOs are greedy, companies have not been short of ways to shovel large sums to their top servants. Why adopt this stratagem? And why should it automatically be assumed that backdating means CEOs were garnering more pay than their boards intended or were somehow exploiting a loophole?

A little history of how we came to this "scandal": Anyone who waded through the literature on CEO compensation has long been aware of studies showing that executives reap non-random gains on their stock options. No surprise here: Options are meant to motivate executives to produce non-random gains, and the whole theory of corporate governance is that executives are self-interested and possess inside information, so you'd expect them to negotiate pay deals for themselves from which they'd benefit.

It took Erik Lie, an economist at the University of Iowa, to show that the gains realized by executives at certain companies were conceivable only if option grants had been systematically retroactive to a recent low in the share price. His work was noticed by the Journal, which went about identifying some of the companies that engaged in apparent backdating.

His finding is revealing, but of what? Let's try to remember -- as some of the subsequent scandal coverage hasn't -- that options typically vest over time, and the value of the CEO's pay package is determined by two factors, not one: The net price of the options multiplied by the number of options.

These simple facts make a mockery of two standard assumptions of the media coverage: that backdating automatically means CEOs were "padding" their pay; and that backdating is the equivalent of being allowed to bet on a horse race after it has been run.

Think about it this way: Options packages don't spring out of the ground, but must be designed and agreed upon. A company and its executive both have an interest in simplifying the negotiation as well as an interest in understanding clearly what the package is likely to be worth.

Why would backdating be appealing in this light? Because it lets one parameter be locked in so negotiation can focus efficiently on the other, the size of the grant. It eliminates a perverse incentive to game the stock price during the negotiation. It leaves a valued executive no reason to grump about the issue date or feel there was any invidious message in its selection, yet the company retains full control over the size of the package.

Some companies are also suspected of timing options grants before impending good corporate news. The same considerations apply. It eliminates an incentive to game the stock price. It eliminates a source of ill will on the executive's part over the selection of the issue date. The company still controls the value of the package (and incentive) through the size of the grant.

Don't doubt, nonetheless, that entrepreneurs and executive are "in it" for the money as well as for the other satisfactions that come from building a business. Too, most of the backdating under the microscope today took place amid the stock price gyrations of the Internet bubble, which created unusual challenges for tech companies trying to recruit and keep talent during a business-model land grab.

Yet, all the while, CEO churn surveys have continued to show higher turnover, shorter tenure, more demanding boards in the last several years, even against the background of rising pay. This picture suggests, And large, that high pay is a product not of board cronyism but of a dynamic market for CEOs. Boards are willing to pay a lot of money but they won't put up with poor performance.

Since Enron, a great deal has been said about corporate governance, most of it useless. The one lesson that should be reinforced is that overseeing CEO incentives is among the most important board responsibilities, and boards should keep control of it and do it clearheadedly. Yet there is nothing categorically corrupt or improper about backdating to justify a conclusion that the boards here weren't doing just that.

The scandal element, instead, arises because ever-shifting accounting, regulatory and tax standards were, by some readings, punitive during the years in question toward choosing a past date to make an options package effective. We wouldn't want the legal bills of UnitedHealth's Bill McGuire -- or Vitesse Semiconductor's Louis Tomasetta, or KLA-Tencor's Ken Levy. In the end, dozens of executives are likely now to find themselves skinned and hung out to dry over a practice that's innocuous and even sensible in its own right.

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CRIMINAL LAW:

1st Trial In Abramoff Probe Gets Conviction (USAT)

USA Today, June 21, 2006

David Safavian, a former General Services Administration chief of staff, was convicted Tuesday in federal court of lying and obstructing justice in the investigation of lobbyist Jack Abramoff.

Safavian, a former partner of Abramoff, could face up to 20 years in prison at sentencing Oct. 12. He was convicted of obstructing an investigation into whether he aided Abramoff in efforts to acquire property controlled by the GSA in 2002, when Safavian accompanied the lobbyist on a golfing trip to Scotland.

The jury found Safavian hid details of his relationship with Abramoff from a GSA ethics lawyer, the GSA's inspector general's office and the Senate Indian Affairs Committee. He was acquitted of obstructing a Senate investigation.

Safavian also worked as the chief procurement officer in the White House Office of Management and Budget. This was the first trial in the Abramoff inquiry, though the lobbyist and three former congressional aides have pleaded guilty to a variety of charges.

President Bush and his wife, Laura, arrived in Vienna where the president will meet today with leaders of the 25-nation European Union. Bush arrived for the summit optimistic about trans-Atlantic relations on issues such as trade, Iran and counterterrorism.

"We will strengthen our close and growing partnership with the European Union," Bush said.

The president plans to press the Europeans to eliminate farm subsidies that are a sticking point in free-trade negotiations and to make good on their promises of aid for Iraq.

Bush goes to Budapest tonight for the 50th anniversary of the Hungarian revolution against Soviet domination. He will return to Washington late Thursday.

— David Jackson

People convicted of fraudulently obtaining disaster aid would face up to 30 years in prison and $1 million fines under a bill the House of Representatives passed. The legislation goes to the Senate.

The House approved the bill on a voice vote a week after a Government Accountability Office report found up to $1.4 billion in fraudulent claims to the Federal Emergency Management Agency as it rushed to provide relief after Hurricanes Katrina and Rita last year.

"Fraudsters and scam artists went into high gear" as federal aid poured in, said House Judiciary Committee Chairman James Sensenbrenner, R-Wis. He said 261 people have been charged in 218 federal cases and there have been 44 guilty pleas or convictions. The new penalties would affect only future cases.

Safavian May File Appeal (RC)

By John Bresnahan

Roll Call, June 21, 2006

David Safavian, convicted on Tuesday of lying to federal and Senate investigators and obstructing their investigation into his ties to former lobbyist Jack Abramoff, plans to ask a federal judge to vacate portions of the decision and then will most likely appeal the case, his attorney said.

Safavian was convicted on four of the five felony counts he'd been indicted on last October, including making false statements to investigators and obstructing the Justice Department probe of Abramoff. The jury found him not guilty of obstructing a parallel investigation by the Senate Indian Affairs Committee into Abramoff's business activities.

Senior Justice Department officials hailed the jury's decision, which was announced Tuesday morning after five days of deliberation by the 10 women and two men on the panel.

"Today a jury found David Safavian, a former federal official, guilty of lying to Congress and [General Services Administration] investigators about his dealings with lobbyist Jack Abramoff," said Assistant Attorney General Alice Fisher, head of the criminal division, in a statement released by the department. "The message of this verdict is clear: in answering questions posed by Congress and by federal agencies, public officials have the same obligation as does the public for which they serve — to tell the truth. No one is above the law."

Safavian's sentencing is scheduled for Oct. 12, and under the complicated formula used by the federal courts in determining prison sentences for felony convictions, he faces up to 21 months behind bars, said Biz Van Gelder, his lawyer.

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Before his sentence is handed down, however, Safavian will ask the presiding judge, District Judge Paul Friedman of the U.S. District Court for the District of Columbia, to vacate some portions of the decision, Van Gelder said. If that effort fails, Van Gelder plans to appeal the case to the U.S. Court of Appeals for the District of Columbia.

Van Gelder believes that her client has several grounds for appeal, including the decision by Friedman to allow jurors to see hundreds of e-mail exchanges between Abramoff and Safavian. Those e-mails detailed Abramoff's attempts in 2002 to gain control of the Old Post Office building in downtown Washington, D.C., which Abramoff wanted to turn into a luxury hotel. Another GSA property that Abramoff was seeking at that time would have been turned into a school.

Safavian was serving as GSA chief of staff at that time, and he secretly advised Abramoff how to acquire the two GSA properties. Safavian then took part in a luxury golf junket to Scotland in August 2002 that was paid for by Abramoff.

Other participants in that trip included Rep. Bob Ney (R-Ohio); Neil Volz, Ney's former chief of staff; and Ralph Reed, the one-time Christian Coalition executive who is now running for lieutenant governor of Georgia. Both Abramoff and Volz have already pleaded guilty in the ongoing corruption probe, and Volz testified against Safavian during the trial.

Safavian sought an advisory opinion from the GSA ethics office before the Scotland trip, claiming that Abramoff was not "doing business" with GSA, despite the fact that Safavian knew Abramoff was trying to acquire the two GSA properties.

Van Gelder said that Safavian, who worked at the same lobbying firm as Abramoff in the 1990s, should not have been charged with lying to a GSA ethics officer about his knowledge of Abramoff's dealings with GSA, including whether Abramoff was formally lobbying the agency.

Van Gelder also complained about the verdict form used in the trial, arguing that it was too broad and allowed jurors no discretion in whether to convict her client.

"There are a number of issues for us to appeal on," Van Gelder said. "At the end of the day, David Safavian believed his friend [Abramoff] and still doesn't think he did anything wrong."

Van Gelder did acknowledge that Safavian has spent heavily on his legal defense, and that the total would only rise if Safavian were actually to file an appeal.

"It is very hard for an individual to take on the Justice Department, especially if that individual is paying his own way," Van Gelder said. Van Gelder declined to say how much Safavian had spent.

Safavian has received some financial help from his friends, but those contributions do not come near to covering his legal bills. One source who knows Safavian personally suggested that his legal tab was "far in excess of $500,000." Another GOP insider said Safavian laid out "more than $800,000" on his defense team, with additional bills expected if an appeal is filed.

Several legal experts also said that getting an appeals court to overturn Tuesday's decision would be difficult. Safavian offered extensive challenges to the government's attempts to introduce evidence against him before the trial began, and while Friedman granted his side some victories, the Justice Department won overall.

"Decisions like this one are rarely overturned," said a criminal defense attorney with extensive trial experience. This source said that judges like Friedman — himself a former lawyer in the U.S. attorney's office in the District — are cognizant that any decisions they make prior to and during a criminal trial could end up being reviewed by a higher court.

With the Safavian conviction in hand, and with a number of individuals involved in the probe continuing to cooperate with prosecutors, the question for the Justice Department now becomes where the Abramoff probe goes next, and who will be the next person to agree to a guilty plea or face indictment.

Several individuals directly involved with the investigation believe that Ed Buckham, DeLay's former chief of staff, is the next logical target for federal prosecutors, and one who could help them make a case against any lawmakers tied to Abramoff.

Two former DeLay aides, Michael Scanlon and Tony Rudy, have already pleaded guilty in the case and have agreed to cooperate with federal prosecutors. Rudy worked with Buckham at Alexander Strategy Group, a lobbying firm, before it disbanded in January due to the negative publicity surrounding the pair.

Buckham could not be reached for comment on Tuesday, but he has repeatedly denied any wrongdoing in the past.

"I have been waiting for the other shoe to fall" on Buckham, said a source who has been interviewed by federal investigators handling the case. "He would be the right person for them to go after next."

Buckham also has ties to defense contractor Brent Wilkes, who has been implicated in the bribery scandal that brought down former Rep. Duke Cunningham (R-Calif.). Buckham lobbied for one of Wilkes' companies, Group W, from 2002 to 2005. Wilkes has not been charged in the Cunningham probe.

Ney, another focus for federal prosecutors during the Abramoff investigation, has repeatedly stated he has done nothing improper or illegal in his dealings with Abramoff.

"The Congressman has said consistently from day one that he has never, at any point, engaged in any improper, unethical or illegal activity," Brian Walsh, Ney's spokesman, said.

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Ney was forced out of his post as chairman of the House Administration following Rudy's guilty plea, and the Justice Department has subpoenaed any records he possesses regarding contacts with Abramoff. Ney has run up several hundred thousand dollars in legal bills since he was first publicly linked to Abramoff in late 2004, and the Ohio Republican has been forced to establish a legal-defense fund to help offset those costs.

Ney "remains absolutely confident that the lies and deceptions of Jack Abramoff will continue to be revealed and that his name will be cleared fully at the end of the day," Walsh said Tuesday.

Ex-Aide To Bush Found Guilty (WP)

By Jeffrey H. Birnbaum

The Washington Post, June 21, 2006

A federal jury found former White House aide David H. Safavian guilty yesterday of lying and obstructing justice, making him the highest-ranking government official to be convicted in the spreading scandal involving disgraced former lobbyist Jack Abramoff.

Safavian, a former chief of staff of the General Services Administration, was convicted in U.S. District Court here of covering up his many efforts to assist Abramoff in acquiring two properties controlled by the GSA, and also of concealing facts about a lavish weeklong golf trip he took with Abramoff to Scotland and London in the summer of 2002.

This was the first Abramoff-related legal action to go to trial and face a jury. Several legal experts said the case could embolden federal prosecutors to seek additional indictments against cronies of Abramoff, who has been cooperating with the Justice Department since pleading guilty in January to corrupting public officials.

The jury of 10 women and two men came to its decision on its fifth day of deliberations after hearing eight days of testimony. Safavian, 38, sat silently and without expression as U.S. District Judge Paul L. Friedman read the verdict aloud.

The jury found him guilty of obstructing an inquiry by the inspector general's office of the GSA and of lying to the Senate Indian Affairs Committee, a GSA ethics officer and the GSA inspector general. He was acquitted of obstructing the Senate's probe. He faces up to 20 years in jail and $1 million in fines; sentencing was set for Oct. 12.

Safavian's attorney, Barbara Van Gelder, said she will seek a new trial. Prosecutors "will say how this was a great day in the war on corruption," she said. "I find they made a mountain out of a molehill, and now they're going to plant the flag on top of the molehill."

Safavian is the fifth person to be found guilty in legal actions connected to Abramoff, the once-powerful Republican lobbyist who has pleaded guilty to charges of fraud, tax evasion and conspiracy to bribe government officials. Like Abramoff, the other four negotiated plea agreements and did not go to trial. One of those, Neil G. Volz, a congressional aide-turned-lobbyist, testified against Safavian two weeks ago.

Legal observers cited the effectiveness of Volz's testimony as a strong indication that other Abramoff-related indictments or plea agreements are probably imminent. They asserted that Rep. Robert W. Ney (R-Ohio) is in particular jeopardy because he took part in the Scotland trip and has been mentioned in a veiled way in Abramoff-related guilty pleas, and because Volz, as Ney's former chief of staff, is in a position to testify against him.

Safavian's conviction "bolsters the credibility of Neil Volz as a witness," said Stanley M. Brand, an expert on ethics law. "This is another building block in the case against Ney."

Jonathan Turley, a professor at the George Washington University School of Law, added: "This is the type of conviction that tends to loosen tongues."

Spokesman Brian J. Walsh said in a statement that Ney faces no greater danger of prosecution than he did before the verdict. "The Safavian case had nothing to do with Congressman Ney," Walsh said. "He is confident that . . . he will be vindicated."

Besides Volz, the Justice Department has gotten guilty pleas from Abramoff associates Michael Scanlon, a public relations executive; Adam Kidan, a partner of Abramoff's in a Florida gambling-boat investment; and lobbyist Tony C. Rudy, once a top aide to former House majority leader Tom DeLay (R-Tex.).

A federal judge in Miami yesterday granted Abramoff and Kidan three more months of freedom before they must begin prison terms for fraud convictions in a separate case involving the purchase of a cruise-ship line. This will give the two more time to cooperate with investigations into official corruption in Washington and into the 2001 slaying in Fort Lauderdale, Fla., of businessman Konstantinos "Gus" Boulis, who was killed a few months after he sold SunCruz Casinos to the pair.

Days before his arrest in September, Safavian had resigned as the White House's chief procurement policy officer, a job he got after leaving the GSA. He had worked earlier as a lobbyist for Abramoff and also as a congressional aide.

He pleaded not guilty to the charges and, in a surprise move, took the stand in his defense. His wife, Jennifer, also testified. Safavian contended that he was a friend and not a business associate of Abramoff's, that he was forthright with federal

investigators, and that Abramoff was not engaged in formal business dealings with the GSA because he was not a contractor with the agency.

But prosecutors Peter Zeidenberg and Nathaniel B. Edmonds introduced dozens of e-mails between Safavian and Abramoff to show the jury that Abramoff sought two government properties Safavian's agency oversaw while offering him favors, including the overseas trip. They did not call Abramoff to testify.

In mid-2002, Safavian joined the GSA, which oversees the purchase and leasing of the federal government's billions of dollars in property around the country. Soon after he arrived at the agency, he and Abramoff began e-mailing each other and exchanging information and strategic advice about how to buy or lease the GSA properties.

One was a parcel of land in Montgomery County, on which Abramoff hoped to situate a Jewish high school he supported. The second was the Old Post Office Pavilion on Pennsylvania Avenue NW. Abramoff wanted to convert the historic but underused structure into a luxury hotel for an Indian tribe client.

At the same time, Safavian and Abramoff kept in constant social contact -- on the local golf links and at Abramoff's Pennsylvania Avenue restaurant, Signatures. Safavian also agreed to attend the junket to St. Andrews in Scotland, the birthplace of golf, which was arranged by Abramoff.

In addition to Volz, Ney and Safavian, the trip, via a chartered Gulfstream II jet, included two Ney aides and former Christian Coalition leader Ralph Reed -- a business associate and longtime friend of Abramoff's.

Before that trip in August 2002, Safavian asked the GSA ethics office whether he could accept the gift of airfare without breaching the agency's ethics code. In an e-mail requesting the ruling, Safavian called Abramoff a friend and a lobbyist "but one that has no business before GSA (he does all of this work on Capitol Hill)."

The office replied that Safavian could accept the airfare. Nonetheless, Safavian wrote Abramoff a check for $3,100 before the journey began, an amount that Safavian contended throughout the trial was enough to cover the entire cost of the trip.

Zeidenberg and Edmonds derided that assertion. They presented evidence that the check barely paid one-fifth of the real expense: Hotel rooms ran between $400 and $500 a night, greens fees for golf at the fabled St. Andrews were $400 per game, and rounds of drinks in Scotland cost $100 each. Chartering the jet, for nine passengers, cost at least $91,000.

Former Bush Official Safavian Convicted (LAT)

By Richard B. Schmitt, Times Staff Writer

The Los Angeles Times, June 21, 2006

A former Bush administration official was convicted today of lying and obstructing justice for concealing his ties to Republican lobbyist Jack Abramoff.

A federal jury found David H. Safavian guilty of three counts of lying or making false statements and one count of obstructing justice in the first trial to emerge from the scandal surrounding the disgraced lobbyist.

Each count carries a maximum penalty of five years in prison, and a $250,000 fine. U.S. District Judge Paul Friedman set sentencing for Oct. 12.

Safavian sat without expression as the guilty verdicts were read. He was cleared of one count of obstructing the Senate Indian Affairs Committee's investigation.

The verdict adds momentum to a Justice Department investigation focusing on a number of members of Congress, including Rep. Bob Ney (R-Ohio), whose former chief of staff was a government witness against Safavian.

Four other Abramoff associates have pleaded guilty.

Abramoff pleaded guilty in January to conspiring to corrupt public officials, and to steal millions from Indian tribes he represented. Abramoff did not testify at Safavian's trial, but his presence loomed large, through dozens of e-mails the government presented to the jury that showed how he attempted to use Safavian to extend his circle of influence.

Safavian had been a friend of the lobbyist since the two worked together at a Washington law firm in the mid-1990s, when Abramoff was just beginning his rise to power.

Safavian later struck out on his own to form a lobbying firm with conservative activist Grover Norquist, and worked as a congressional aide.

In 2002, he was named chief of staff at the General Services Administration, the federal agency that manages billions of dollars worth of federal real estate.

Prosecutors alleged that Safavian never stopped working for Abramoff despite being on the payroll of a public agency. Soon after arriving at GSA, he began exchanging e-mails with Abramoff about two pieces of GSA property that the lobbyist was interested in developing in the Washington area.

The case boiled down to whether Safavian had misled GSA ethics officers and other investigators about his relationship with Abramoff and the circumstances of a lavish golf junket to Scotland that Abramoff was organizing at the time.

Safavian went on the August 2002 trip, reimbursing Abramoff $3,100. Prosecutors alleged that the sum was a small fraction of the total cost, which included private jet service, luxury hotel accommodations, and $400 worth of golf at the famed Old Course at St. Andrews.

Former White House Aide Convicted In Abramoff Inquiry (NYT)

By Philip Shenon

The New York Times, June 21, 2006

WASHINGTON, June 20 — A former White House aide was convicted today of lying to government investigators about his ties to the disgraced lobbyist Jack Abramoff, in the first trial to result from the influence-peddling inquiry centered on Mr. Abramoff.

The former aide, David H. Safavian, who resigned from the White House budget office days before his arrest last September, was convicted of four counts of lying and obstruction of justice in his statements to investigators about Mr. Abramoff and about a 2002 golf trip to Scotland that the lobbyist arranged for Mr. Safavian and others. Mr. Safavian was acquitted on an additional obstruction charge.

The verdict was hailed by Justice Department officials as a victory in their wide-ranging criminal investigation of the lobbying operations run by Mr. Abramoff, a Republican fundraiser who pleaded guilty in January to conspiring to go bribe public officials, including members of Congress, and is cooperating with prosecutors.

The criminal inquiry has created alarm on Capitol Hill, with several Republican lawmakers facing difficult re-election battles this November because of questions about their ties to Mr. Abramoff. Congressional aides said the influence-peddling scandal was a major factor in the decision of Tom DeLay, the former House majority leader and an ally of Mr. Abramoff, to retire from politics this year.

Mr. Safavian, 38 years old and a member of Mr. Abramoff's lobbying staff before joining the Bush administration, showed little emotion as the guilty verdicts were read in federal district court in Washington. He could be given 20 years in prison on the four counts, although federal sentencing guidelines suggest he will face a much lighter sentence.

After four days of deliberation, the jury agreed with prosecutors that Mr. Safavian lied to investigators when he insisted there was no ethical conflict in joining Mr. Abramoff's August 2002 golfing trip to Scotland since, Mr. Safavian claimed, the lobbyist did "no business" with the General Services Administration. Mr. Safavian was then the chief of staff of the G.S.A., which fuctions as the government's real-estate manager.

The jury saw e-mail traffic from the summer of 2002 in which Mr. Abramoff repeatedly asked Mr. Safavian for help in acquiring two real-estate parcels that were controlled by the G.S.A., including the Old Post Office Building on Pennsylvania Avenue in Washington, close to the White House. Mr. Safavian arranged a meeting at G.S.A. for Mr. Safavian's wife to discuss the properties on the day before he left for Scotland.

According to the prosecution's case, Mr. Safavian's lies were initially told in the summer of 2002 to the G.S.A.'s ethics office and then repeated to investigators for the agency's inspector general office and for the Senate Indian Affairs Committee, which investigated Mr. Abramoff's lobbying contracts with Indian tribe casinos. Mr. Safavian left the G.S.A. in 2004 to join the White House budget office as the director of federal procurement policies.

Although Mr. Safavian was the first person to go to trial as a result of ties to Mr. Abramoff, four other Abramoff associates, including two former top House aides to Mr. DeLay, have pleaded guilty to criminal charges and face prison sentences.

Mr. Safavian's lawyer, Barbara Van Gelder, said he would appeal the conviction. In a meeting with reporters after the verdict, she suggested, as she did in the trial, that Mr. Safavian was a victim of guilt by association with Mr. Abramoff, whose name has become synonymous in Washington with the worst abuses of corporate lobbyists. "I've always been perplexed as to why the Justice Department decided to take out the howitzers against Mr. Safavian," she said.

Defense lawyers representing other subjects of the Abramoff investigation said they were chilled by the verdict against Mr. Safavian, suggesting that it might embolden the Justice Department to bring charges against much more prominent public officials who were close to Mr. Abramoff.

"Safavian was a little fish," said a lawyer for a former government official who has also become entangled in the investigations of Mr. Abramoff. The lawyer, who spoke on condition of anonymity, saying he did not want to bring unnecessary attention to his client, added, "I think this makes it easier for the prosecutors to ask permission at the Justice Department to go for the bigger fish."

Assistant Attorney General Alice S. Fisher, the head of the Justice Department's criminal division, said in a statement that "the message of this verdict is clear: in answering questions posed by Congress and by federal agencies, public officials have the same obligation as does the public for which they serve — to tell the truth."

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Among the other lawmakers under close scrutiny by the Justice Department is Representative Bob Ney, an Ohio Republican who joined Mr. Abramoff and Mr. Safavian on the 2002 trip to Scotland, where they played on the fabled course at St. Andrews.

Mr. Ney's former chief of staff, Neil G. Volz, was a government witness against Mr. Safavian and was questioned in detail about the golf trip. He testified as a result of a guilty plea in which Mr. Volz confessed to conspiring with Mr. Abramoff to corrupt public officials, including Mr. Ney.

After learning of Mr. Safavian's conviction, Mr. Ney's office said in a statement today that "the reality" is that Mr. Safavian's trial "had absolutely nothing to do with Congressman Ney" and that the lawmaker "remains absolutely confident that the lies and deception of Jack Abramoff will continue to be revealed."

Probe Becomes Election Issue (WSJ)

By Jeanne Cummings

The Wall Street Journal, June 21, 2006

WASHINGTON -- A conviction Tuesday in a Capitol Hill influence-peddling scandal is likely to have broad legal and political effects. The guilty verdict, handed down by a federal jury, could pressure more congressional aides to cooperate with the investigation, and complicate the re-election bids of a handful of Republican legislators named during the trial.

David Safavian, the White House's former top procurement officer, was found guilty on four counts: obstructing the probe of Jack Abramoff's lobbying operations and lying to federal ethics officers and investigators to hide his relationship with Mr. Abramoff.

The verdict -- which followed guilty pleas by Mr. Abramoff and three former congressional aides -- places at least part of the Abramoff scandal inside the Bush administration, not solely in Congress. It is the first trial victory for the Justice Department's task force investigating Mr. Abramoff.

One possible focus of prosecutors is Ohio Republican Rep. Bob Ney, whose role in Abramoff lobbying projects was mentioned in the Safavian trial and the previous guilty-plea agreements. Mr. Ney has denied wrongdoing. His former chief of staff, Neil Volz, is among those who have pleaded guilty; Mr. Volz was the government's star witness in the Safavian trial. (Read about key players1.)

The investigation is factoring into Mr. Ney's re-election campaign, turning a once-safe seat into a battle. Mr. Ney's campaign says that Democrats are trying to make the probe an issue in the campaign, and that it shouldn't be one because he did nothing wrong.

The Safavian trial could complicate the re-election of two other Republicans: Rep. Steven C. LaTourette of Ohio, and Rep. Shelley Moore Capito of West Virginia, says Amy Walter of the nonpartisan Cook Political Report.

Until recently, political handicappers such as Ms. Walter expected Mr. LaTourette and Ms. Capito to hold their seats with relative ease. But trial testimony linking the two lawmakers to Mr. Abramoff's lobbying strategy has provided ammunition to opponents. That is a boost for Democrats who need to win 15 seats to take over the House.

Political charges of corruption "become an issue if the incumbent is already perceived as vulnerable," says Ms. Walter. In the cases of Mr. LaTourette and Ms. Capito, both already had weaknesses.

Mr. LaTourette's office didn't return phone calls for comment on whether the investigation would affect his re-election campaign.

Mr. LaTourette's vote in support of the Central American Free Trade Agreement already looms as an issue in his campaign to hold on to the largely blue-collar district. Mr. LaTourette, a 12-year incumbent, had positioned himself as an independent Republican and told constituents he wouldn't support such free-trade deals. A public divorce complicated his 2004 re-election and could resurface in this campaign.

The Abramoff connection, "makes it easier to make the case that Steve LaTourette is not the Steve LaTourette you think he is," Ms. Walter said.

The connection began in 2002, when Mr. Safavian was chief of staff of the General Services Administration, which oversees government property. Mr. Abramoff was seeking, on behalf of his Indian tribal clients, a contract to convert the Old Post Office building in downtown Washington to a hotel.

Mr. Abramoff, working with Mr. Safavian, sought a letter from Capitol Hill to give the tribal clients an edge against competitors for the contract. In September 2002, Mr. LaTourette signed a letter to the GSA invoking a special program for economically distressed communities, urging officials to "consider giving Hubzone businesses an advance opportunity to provide redevelopment proposal that could be given priorities" if they meet all other requirements. Indian tribes were considered Hubzone-qualified businesses.

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Mr. Volz testified that the letter wasn't as strong as the Abramoff team had wished. In the end, Mr. Abramoff and his clients didn't bid on or receive a contract to revamp the building. Mr. LaTourette's spokeswoman has said her boss did nothing wrong in sending the letter and that he has always supported advantages for small businesses.

But Jason Huff, a spokesman for Larry Katz, the first-time candidate and college professor challenging Mr. LaTourette, says that is irrelevant. "It's one thing to get caught up in a scandal that helps people in your district, but these were things not even in the district," he said.

As for Ms. Capito, according to testimony at the Safavian trial, Mr. Volz contacted Ms. Capito's then-chief of staff, Mark Johnson, in 2002 and asked if he would contact the GSA and inquire about the status of a Maryland property Mr. Abramoff wanted for a school he had founded.

Mr. Johnson made the call to the GSA, but it had little effect. Mr. Abramoff's team briefly considered asking Ms. Capito's office to send a letter but the idea was quashed because it might make her politically vulnerable. "We can't ask the most vulnerable Republican incumbent member of Congress in the House to put something in writing that can be made public," Mr. Volz wrote in a July 2002 email to Mr. Abramoff that was copied to Mr. Safavian.

In the trial, prosecutors characterized Ms. Capito as an unwitting player in the scandal.

When asked to comment on whether this will affect Ms. Capito's re-election prospects, her spokesman, Jordan Stoick, said West Virginians will see that Ms. Capito wasn't part of the Abramoff scheme.

Mr. Johnson, the former chief of staff, didn't testify at the trial. He said in an interview that he feels "really bad for my boss now that her name is getting dragged through the mud." Still, the tie to the trial could be another burden in a difficult race. Ms. Capito, a six-year veteran, represents a district that leans Democratic and her allegiance to President Bush's agenda -- including the Iraq war -- is out of sync with many constituents. "Those voters have seemed to be somewhat comfortable supporting Republicans, but the political climate is much different than it was" two years ago, said Ms. Walter of the Cook Political Report.

Ms. Capito faces Mike Callaghan, an assistant U.S. attorney during the Clinton administration, who has made ethics a centerpiece of his campaign.

The Safavian case centered on a 2002 golfing trip to Scotland paid for by Mr. Abramoff and his clients. Prosecutors alleged Mr. Safavian lied to GSA ethics officials when, while seeking clearance to take the trip, he said Mr. Abramoff had "no business" before the agency.

Mr. Safavian argued that he was being truthful because Mr. Abramoff hadn't formally submitted or won a bid to do business with the agency. Mr. Safavian's sentencing is scheduled for October. He faces a maximum sentence of 20 years in prison and $1 million in fines.

Ex-GSA Official Safavian Is Convicted (PHI)

By Marisa Taylor

The Philadelphia Inquirer, June 21, 2006

WASHINGTON - A federal jury convicted a former Bush administration official yesterday of lying about his relationship with convicted lobbyist Jack Abramoff, who is at the center of a broadening investigation into influence-peddling on Capitol Hill.

David Safavian, former chief of staff of the General Services Administration, the federal government's procurement agency, was found guilty of four charges of making false statements and misleading investigators who were looking into Abramoff's dealings with other public officials and lobbyists.

Safavian faces up to five years in prison on each of the four counts. Sentencing was set for Oct. 12.

Prosecutors had accused Safavian of lying about helping Abramoff try to buy two GSA-managed properties.

Safavian also did not reveal the extent of his relationship with Abramoff and his plans to take a golfing trip to Scotland with the lobbyist in August 2002, prosecutors said.

The jury acquitted Safavian of a fifth charge, of trying to mislead the Senate Committee on Indian Affairs, which later determined that Abramoff had paid for a portion of the trip with tribal money.

Justice Department officials said Safavian's conviction showed that government officials would be held accountable for failing to cooperate with federal investigators.

"Public officials have the same obligation as does the public for which they serve: to tell the truth," Assistant Attorney General Alice S. Fisher said.

Abramoff pleaded guilty in January to fraud, tax evasion, and conspiracy to bribe public officials. He did not testify at Safavian's trial but has agreed to cooperate with federal prosecutors.

Four other former Abramoff associates, including a former chief of staff to Rep. Bob W. Ney (R., Ohio) and two former aides to former Rep. Tom DeLay (R., Texas), have pleaded guilty in the scandal. Ney and DeLay have denied any wrongdoing.

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During the eight-day trial, prosecutors presented dozens of e-mail exchanges between Safavian and Abramoff that discussed the GSA properties.

Abramoff contacted Safavian days after his old friend became the GSA's chief of staff to talk to him about the properties, according to federal records.

Abramoff wanted to buy or lease a portion of 600 acres in Silver Spring, Md., and the Old Post Office Building in Washington. At the time, the GSA managed the properties.

Prosecutors said Safavian later advised Abramoff about leasing or buying the properties, gave him internal government documents, and set up a meeting with other GSA officials.

At the time, Safavian had been planning to take the Scotland golf trip with a group that included Abramoff and Ney.

Safavian sought an opinion from ethics officers about whether he could join the trip, telling them Abramoff was a "lawyer and a lobbyist, but one that has no business before GSA," according to the federal documents.

Ethics officers concluded that Safavian could accept a gift as long as Abramoff was not seeking to do business with the GSA. Safavian e-mailed Abramoff: "It looks like Scotland is a go."

During the trial, defense attorneys argued that Safavian had acted appropriately by seeking advice from the ethics officers and reimbursing Abramoff $3,100 for the trip. Prosecutors contended the amount could not have covered his share of the expenses, which exceeded $130,000 for nine people.

Three-Month Reprieve for Abramoff

Convicted lobbyist Jack Abramoff will not have to go to prison in a fraud case in Florida for at least three more months,

a judge in Miami ruled yesterday.

U.S. District Judge Paul Huck in March sentenced Abramoff and former business partner Adam Kidan to five years and 10 months in a case tied to their purchase in 2000 of a casino-boat company. Huck told the pair then to surrender to authorities on June 29 to start their prison terms.

Federal prosecutorsrequested a 90-day extension because Abramoff and Kidan were cooperating with investigations into others, including public officials in Washington. Several government agencies are involved in the probe, and quick access to Abramoff is essential, they said.

"The pending investigations will require further contact between the defendants and government agents, which will best be served by the defendants' continued liberty," prosecutors Lawrence LaVecchio and Paul Schwartz wrote in their request, which defense lawyers joined.

Huck ruled yesterdaythat Abramoff and Kidan need not surrender until Oct. 2.

- Bloomberg News

Safavian Found Guilty On Four Criminal Charges (GOVEXEC)

By Jenny Mandel

Government Executive, June 21, 2006

A federal jury on Tuesday found David Safavian, the former federal procurement chief on trial in connection with his dealings with Jack Abramoff, guilty on four of five charges involving lying and obstructing official investigations.

Safavian was convicted on three counts of making false statements and one count of obstructing an investigation. He was cleared on a fifth charge of obstructing an investigation by the Senate Indian Affairs Committee.

The verdict came early on the fifth day of deliberations, with jurors finding that Safavian made false statements to an ethics official at the General Services Administration, where he worked as chief of staff, both by concealing that he assisted Abramoff with agency activities and by stating that the lobbyist did all his work on Capitol Hill.

The jury also found Safavian had lied to the GSA inspector general's office by concealing his dealings with Abramoff, and to the Senate committee in a letter stating that Abramoff did not have business with the GSA at the time of a 2002 golf trip to Scotland that Safavian took with the lobbyist.

Safavian faces up to five years in prison and a $250,000 fine for each of the four counts, though his lawyer, Barbara Van Gelder, said she would draw on his clean record in arguing that he serve less than the full 20 years. Sentencing is scheduled for Oct. 12.

Van Gelder said her client will appeal the jury's decision, a process she said could take many years.

As possible grounds for appeal, Van Gelder cited concerns with the verdict form, which she said used overly broad language and introduced new wording that had not been defined during the trial. She also described instructions on how the jury was to consider a flood of e-mail traffic between Safavian and Abramoff as confusing and "hypertechnical," with some messages to be considered solely for the fact that they were sent, while others could be considered as statements of fact.

Van Gelder, who spoke with several jurors after the verdict was announced, said, "It's clear the e-mails certainly played ... a maybe more central role than they should have," noting that their sheer volume gave the government's case "heft."

But she said the verdict could not be taken as a clear indication of how others caught up in the Abramoff scandal may fare should they face trial. "Each defendant is a snowflake," she said, noting that others who pleaded guilty had admitted to different charges relating to provision of their "good and honest services."

Van Gelder said the decision could have a chilling effect on government officials considering whether to seek ethics opinions if they feel that might open them up to future charges.

"I've always been perplexed by why the Justice Department took out the howitzers and started aiming them at David Safavian," she said. But she stood by her decision not to subpoena Abramoff during the trial, saying his status as a cooperating government witness would have limited her access to interview him in advance.

After the judge read the verdict and the lawyers, court officials and much of the public had left the room, Safavian continued to sit blank-faced on a bench in the courtroom with his wife, Jennifer, who testified during the trial.

Van Gelder said the past several weeks have been emotional for her client. "This has been a very long road for Mr. Safavian," she said.

Ex-Abramoff Associate Safavian Found Guilty (LAW)

By Emma Schwartz, Legal Times

Legal Times, June 21, 2006

Former White House official faces up to 20 years in prison when sentenced this fall.

Former White House official David Safavian was found guilty Tuesday of obstructing justice and lying to federal investigators about his relationship with ex-lobbyist Jack Abramoff. The verdict gives a boost to the government's ongoing probe into the dealings of the one-time Washington power broker.

A federal jury found Safavian, who served as chief procurement officer at the Office of Management and Budget until last September, guilty on three counts of making false statements and one count of obstructing justice. The jury acquitted him on a second count of obstructing justice in connection with an investigation of Abramoff conducted by the Senate Indian Affairs Committee. Safavian faces up to 20 years in prison when sentenced this fall.

The case was a significant victory for the government's expanding public corruption probe. Safavian's was the first, and so far only, Abramoff-related case to make it to trial. Four other targets — Abramoff and his associates Michael Scanlon, Neil Volz, and Tony Rudy — agreed to plead guilty to a variety of charges, including conspiracy to bribe public officials.

"The message of this verdict is clear: In answering questions posed by Congress and by federal agencies, public officials have the same obligation as does the public which they serve — to tell the truth. No one is above the law," said Assistant Attorney General Alice Fisher, in a statement released by the Justice Department.

Safavian's case was somewhat narrower than those of others targeted in the Abramoff probe. It focused on an August 2002 trip Safavian took to Scotland and London that Abramoff sponsored. Others on the junket included Ohio Republican Rep. Bob Ney and political strategist Ralph Reed, the former head of the Christian Coalition. Attendees played rounds of golf at the Old Course of St. Andrews and stayed at luxury hotels in London and Scotland.

At the time of the trip, Safavian had just been appointed chief of staff to the administrator of the Government Services Administration. But when asking for clearance to go on the trip, Safavian told a GSA ethics officer that Abramoff had no business before the agency because he did all of his work on Capitol Hill. In fact, Abramoff had previously sought assistance from Safavian to secure leases on two GSA-controlled properties.

During the trial prosecutors disclosed hundreds of e-mails between Safavian and Abramoff that detailed extensive consultations between the two. Safavian actively advised Abramoff, an old friend, on the best way to proceed with his two GSA-related projects. One of those projects involved using a government facility in Silver Spring, Md., to house a Jewish day school Abramoff had helped found. The other project was a bid for the Old Post Office building in downtown Washington, which an Abramoff client wanted to convert into an upscale hotel. Neither proposal ever got off the ground.

Prosecutors argued that even though Safavian paid Abramoff $3,100 to cover the cost of the Scotland trip, which included multiple rounds of golf and expensive dinners, he should have known that the actual cost was far higher.

Safavian took the stand for two days, testifying that he never tried to hide anything about his relationship with Abramoff. While he admitted he had, at times, used poor judgment in some of the e-mails he sent to Abramoff, he maintained he did not believe Abramoff's interests met the technical standards of "doing business" with the agency.

Safavian first came under scrutiny in March 2003, when an anonymous caller to the GSA raised questions about the Scotland trip. Safavian gave an official in the inspector general's office the GSA ethics opinion clearing him to go on the trip, and no further action was taken. Then, in the spring of 2004, he sent the same ethics opinion, which included the false statement

about Abramoff's business, to the Senate Indian Affairs Committee, which was also probing the Scotland trip. But it wasn't until May 2005 that federal investigators first approached him. He was arrested in September.

The jury's deliberations in the case were not problem-free. The judge dismissed one juror on the second day, forcing the remaining jurors to start deliberations over again. On Tuesday morning attorneys for both sides were in court again to discuss scheduling problems with three other jurors when the jury came back, after three and a half days, with its decision.

After the verdict was read, Safavian's family and friends seated in the courtroom broke down in tears.

Safavian's attorney, Barbara Van Gelder, vowed to appeal the decision. She called the entire government investigation of her client an attempt to make "a mountain out of a molehill." Though she said she believed the jury had deliberated thoroughly, she argued that the introduction of many of the e-mails into evidence, as well as the language of the jury form, was improper and had prejudiced the outcome of the case.

Emma Schwartz can be contacted at eschwartz@alm.com.

Safavian Convicted Of Hiding Aid To Lobbyist Abramoff (Update6) (BLOOM)

By Kristin Jensen

Bloomberg, June 21, 2006

June 20 (Bloomberg) -- A federal jury convicted former White House official David Safavian of lying and obstructing justice in the first trial to come out of the influence-peddling investigation of Republican lobbyist Jack Abramoff.

Safavian, 38, was found guilty today of three counts of making false statements and one count of obstructing justice. He was acquitted of another obstruction charge. Each count carries a maximum penalty of five years in prison and a $250,000 fine.

The verdict validates the Justice Department's strategy of relying on e-mail messages to show that Safavian concealed the inside help he gave to Abramoff. Without calling Abramoff to the witness stand, prosecutors Peter Zeidenberg and Nathaniel Edmonds painted Safavian as a public servant led astray by lavish gifts.

``The e-mails certainly played a very large, maybe more important, role than they should have in this case," Safavian's attorney, Barbara Van Gelder, told reporters outside the federal courthouse in Washington after the verdict. ``Mr. Abramoff loomed large, and his absence loomed larger than his presence."

Abramoff, 47, became the subject of a U.S. government task force investigation after a series of articles in the Washington Post in 2004 about his financial dealings with partner Michael Scanlon and their work for American Indian tribes. In January this year, Abramoff pleaded guilty to defrauding the tribes and conspiring to corrupt public officials.

`Bigger Sword'

Scanlon and two other former congressional aides, who later worked for Abramoff, have also pleaded guilty to conspiracy. They are cooperating with prosecutors investigating other lobbyists and public officials including U.S. Representative Bob Ney, who traveled with Safavian on an Abramoff-arranged golf trip to Scotland in 2002. Ney has denied all wrongdoing.

``Prosecutors now have a bigger sword to rattle when they are trying to convince witnesses to cooperate, or individuals to plead guilty," said Joshua Berman, a former Justice Department lawyer and partner at Sonnenschein, Nath & Rosenthal LLP in Washington. ``The prosecutors can essentially say to a reluctant target or subject, `Look, we're prepared to try these cases. We did it with Safavian and are ready to do it with you.'"

Van Gelder had fought the introduction of hundreds of e- mails into evidence, arguing that Abramoff should appear on the witness stand to show whether they were valid. The decision by U.S. District Judge Paul Friedman to allow the e-mails into evidence without any testimony by Abramoff will play a role in the fight to overturn the verdict, she said.

Straight Ahead

Safavian looked straight ahead and made no statement as Friedman read the verdict, reached after more than four days of deliberation by the jury. The judge set a sentencing date for Oct. 12 and a court date for Aug. 24 to hear Van Gelder's arguments in an expected bid to throw out the verdict.

``We're still absolutely staunch" that Safavian did nothing wrong, Van Gelder said. ``It is more difficult today than ever before to maintain your innocence and explain your innocence."

The Safavian case stems from the August 2002 trip Abramoff arranged for a group to visit Scotland's famed St. Andrews golf course. Abramoff added on three nights in London, where guests stayed in $500-a-night rooms at the Mandarin Oriental hotel.

Abramoff chartered a private jet at a cost of more than $91,000 for the nine-person outing. Ney, an Ohio Republican, came with two of his aides, Will Heaton and Paul Vinovich. The group also included Abramoff's son, two of his fellow lobbyists and Christian activist Ralph Reed, a longtime friend.

GSA

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At the time of the trip, Safavian was chief of staff at the General Services Administration, which oversees government land. Before the trip, he sent an e-mail to a GSA ethics official asking how he should treat the offer from Abramoff of a free ride on the jet. He told the ethics official that Abramoff had ``no business before GSA'' and did all his work on Capitol Hill.

Prosecutors said those statements were untrue because Safavian and Abramoff had discussed how to acquire rights to GSA properties in a series of e-mails shown to the jury. Safavian said his statement was true because Abramoff, who worked for Greenberg Traurig LLP, didn't have any GSA contracts or bids and wasn't likely to have any.

Safavian also said he believed he had paid for the trip and his share of airfare with a $3,100 check written to Abramoff, a former colleague and golfing buddy. Prosecutors said Safavian should have known the vacation was far more expensive and contended that he accepted an improper gift.

`Tell the Truth'

When the GSA Inspector General's office and later a Senate committee investigating Abramoff asked Safavian about the trip, prosecutors contended that Safavian lied again. The jury agreed.

``The message of this verdict is clear: In answering questions posed by Congress and by federal agencies, public officials have the same obligation as does the public for which they serve -- to tell the truth,'' Assistant Attorney General Alice Fisher said in a statement. ``No one is above the law.''

Safavian left the GSA after getting an appointment from President George W. Bush to the Office of Management and Budget. He served as the government's top procurement officer until September 2005, when he resigned several days before his arrest.

``Even though Safavian is not a major target in the Abramoff investigations, as the first defendant to go to trial, his conviction will generate prosecutorial momentum,'' said Greg Wallance, a former federal prosecutor and now a lawyer at the New York firm Kaye Scholer. ``The conviction likely will encourage other witnesses -- who until now have been unwilling to cooperate -- to get off the fence and make a deal.''

The case is U.S. v. Safavian, 05cr370, U.S. District Court for the District of Columbia.

Ex-Bush Official Guilty In Lobby Scandal (WT/AP)

By The Associated Press

The Washington Times, June 21, 2006

ASSOCIATED PRESS

A jury found former Bush administration official David Safavian guilty yesterday of covering up his dealings with Republican lobbyist Jack Abramoff.

Safavian was convicted on four of five felony counts of lying and obstruction. He had resigned from his White House post last year as the federal government's chief procurement officer.

The verdict gave a boost to the wide-ranging influence-peddling probe focusing on Abramoff's dealings with Congress.

In the Safavian case, prosecutors highlighted the name of Rep. Bob Ney, Ohio Republican. They introduced a photograph of the congressman and Abramoff standing in front of a private jet that whisked them and other members of a golfing party for a five-day trip to St. Andrews Old Course in Scotland. Safavian went on the trans-Atlantic trip while he was chief of staff at the General Services Administration (GSA).

The trial consumed eight days of testimony about Safavian's assistance to Abramoff regarding government-owned real estate and the excursion to Scotland that the lobbyist organized. The verdict came on the fifth day of jury deliberations.

Safavian showed no expression when the judge announced the guilty verdicts on each of four counts. Sentencing was scheduled for Oct. 12.

"The task force will say how this was a great day in the war on corruption," said Barbara van Gelder, Safavian's attorney, referring to the Justice Department task force investigating the Abramoff scandal. "I find they made a mountain out of a molehill and now they're going to plant the flag on top of the molehill."

This was the first trial to emerge from the scandal surrounding Abramoff, who is a former business partner of Safavian's. Abramoff has pleaded guilty to federal crimes in Washington and in Miami.

A key witness in the case was Neil Volz, a convicted partner of Abramoff's and ex-chief of staff to Mr. Ney. Prosecutors introduced hundreds of e-mails exchanged among Safavian, Abramoff, Volz and others in 2002.

The Justice Department made a case that Safavian provided Abramoff with advice and some inside information about two government properties.

Prosecutors said Abramoff wanted to buy or lease part of the GSA's White Oak property in the Maryland suburbs for use by a Jewish school he had established. They also said he wanted to give an Indian tribe client a leg up on obtaining the contract to redevelop the Old Post Office in downtown Washington as a luxury hotel, near two restaurants Abramoff owned.

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Volz testified that the Abramoff team referred to Safavian as one of their "champions" inside government, who could give them insider information they couldn't get elsewhere.

Safavian took the stand for two days in his own defense. He acknowledged some misjudgments and forwarding Abramoff some insider information.

He maintained he simply gave generally available information to an old friend who was inquiring about government property that the GSA had not decided what to do with yet.

Former Bush Official Convicted Of Lying About Ties To Abramoff (KRT)

By Marisa Taylor

Knight Ridder, June 20, 2006

WASHINGTON - A federal jury convicted a former Bush administration official Tuesday of lying about his relationship with a high-powered Washington lobbyist who's at the center of a broadening investigation into influence-peddling on Capitol Hill.

David Safavian, former chief of staff of the General Services Administration, the federal government's procurement agency, was found guilty of four charges of making false statements and misleading investigators who were looking into Jack Abramoff's dealings with other public officials and lobbyists.

At his sentencing in October, Safavian faces up to five years in prison on each of the four counts.

Prosecutors had accused Safavian of lying about helping Abramoff attempt to buy two GSA-managed properties in the Washington area.

Safavian also didn't reveal the extent of his relationship with Abramoff and his plans to take a golfing trip to Scotland with the lobbyist in August 2002, prosecutors said.

The jury acquitted Safavian of a fifth charge, of attempting to mislead the Senate Committee on Indian Affairs, which later determined that Abramoff had paid for a portion of the trip with tribal money.

Justice Department officials said Safavian's conviction showed that government officials would be held accountable for failing to cooperate with federal investigators.

"Public officials have the same obligation as does the public for which they serve: to tell the truth," Assistant Attorney General Alice S. Fisher said.

Abramoff pleaded guilty in January to fraud, tax evasion and conspiracy to bribe public officials. He didn't testify in the Safavian case, although he's agreed to cooperate with federal prosecutors.

Four other former Abramoff associates, including a former chief of staff for Rep. Bob Ney, R-Ohio, and two former aides to former Rep. Tom DeLay, R-Texas, have pleaded guilty in the scandal. Ney and DeLay have denied any wrongdoing.

Neil Volz, Ney's former chief of staff, pleaded guilty in May to conspiring with Abramoff. Former DeLay aides Michael Scanlon and Tony Rudy have pleaded guilty to committing fraud and violating the federal one-year lobbying ban. Volz testified on behalf of the government during Safavian's trial.

During the eight-day trial, prosecutors presented dozens of e-mails between Safavian and Abramoff discussing the GSA properties.

Abramoff contacted Safavian days after his old friend became GSA's chief of staff to talk to him about the properties, according to federal records.

Abramoff wanted to buy or lease a portion of 600 acres in Silver Spring, Md., and the Old Post Office Building in Washington. At the time, the GSA managed the properties.

Prosecutors said Safavian later gave Abramoff advice about leasing or buying the properties, provided him with internal government documents and set up a meeting with other GSA officials.

At the time, Safavian had been planning to take the golfing trip to Scotland with a group that included Abramoff and Ney.

Safavian sought an opinion from ethics officers about whether he could join the trip, telling them Abramoff was a "lawyer and a lobbyist, but one that has no business before GSA," according to the federal documents.

Ethics officers concluded that Safavian could accept a gift as long as Abramoff wasn't seeking to do business with the GSA.

Safavian sent an e-mail to Abramoff, saying: "It looks like Scotland is a go."

During the trial, defense attorneys argued that Safavian had acted appropriately by seeking advice from the ethics officers and reimbursing Abramoff $3,100 for the trip. Safavian's attorney Barbara Van Gelder didn't return repeated calls.

Prosecutors countered that the amount couldn't have covered his share of the expenses, which exceeded $130,000 for nine people.

Guilty Verdict For Associate Of Abramoff (LAT)

DOJ_NMG_0036517

By Richard B. Schmitt

The Los Angeles Times, June 21, 2006

WASHINGTON — In the first trial arising from the Jack Abramoff influence-peddling scandal, a federal jury on Tuesday found a former Bush administration official guilty of lying and concealing his ties to the disgraced Republican lobbyist.

The case against David H. Safavian, once the government's chief procurement officer, turned on a lavish golf outing to Scotland. His conviction was a milestone for the Justice Department, which is continuing to pursue figures linked to Abramoff. The verdict adds momentum to that probe and is apt to put pressure on Safavian to cooperate with investigators to gain leniency when he is sentenced.

Abramoff pleaded guilty in January to conspiring to corrupt public officials and to steal millions from Indian tribes he represented; he has agreed to cooperate in the ongoing investigation of his activities. Abramoff did not testify at Safavian's trial, although prosecutors introduced dozens of e-mails to show how he used his friendship with Safavian to learn more about government properties for sale.

Safavian was found guilty on three counts of lying or making false statements and one count of obstructing justice. Each count carries a maximum penalty of five years in prison and a $250,000 fine. U.S. District Judge Paul L. Friedman set sentencing for Oct. 12.

"The message of this verdict is clear: In answering questions posed by Congress and by federal agencies, public officials have the same obligation as does the public for which they serve — to tell the truth. No one is above the law," Alice Fisher, chief of the Justice Department's criminal division, said in a prepared statement.

The verdict comes amid the investigation into whether Abramoff illegally traded campaign contributions and other favors to aid his lobbying clients. Federal agents are focusing on a number of Congress members, including Rep. Bob Ney (R-Ohio), whose former chief of staff was the key government witness against Safavian.

Three other former Abramoff associates have pleaded guilty to crimes related to the scandal.

A lawyer for Safavian said her client had tried to play by the rules but had been swept up in a broader government corruption crackdown.

"The task force will say how this was a great day in the war on corruption," Barbara van Gelder said after the verdict. "I find they made a mountain out of a molehill, and now they're going to plant the flag on top of the molehill."

Legal experts said the verdict would strengthen the government's hand in dealing with others under investigation, and show that the government was serious about pursuing even lesser players caught in the Abramoff web.

"The conviction likely will encourage other witnesses — who until now have been unwilling to cooperate — to get off the fence and make a deal," said Greg Wallance, a former federal prosecutor in Brooklyn who was part of the team that prosecuted members of Congress in the so-called ABSCAM investigation in the 1970s and 1980s.

Democrats, eager to make corruption in Washington an issue at the polls in November, also said the conviction was significant.

The verdict "is another sign that the grip of the Republican culture of corruption and abuses of power in Washington is loosening, but it's just the tip of the iceberg," Democratic National Committee Chairman Howard Dean said.

Safavian befriended Abramoff at a Washington lobbying firm in the mid-1990s, when Abramoff was just beginning his rise to power in the capital. Safavian later struck out on his own to form a lobbying firm with conservative activist Grover Norquist. Safavian also worked as a congressional aide.

In 2002, he was named chief of staff at the General Services Administration, the powerful agency that manages billions in federal real estate. President Bush later named him the top procurement official at the Office of Management and Budget. He resigned that post last fall just before he was arrested and charged.

Prosecutors said Safavian never stopped working with Abramoff, even after he was employed by a federal agency. Soon after arriving at GSA, he began exchanging e-mails with Abramoff about two pieces of GSA property that the lobbyist was interested in developing in the Washington area.

The case boiled down to whether Safavian had misled GSA ethics officers and other investigators about his relationship with Abramoff and the circumstances of a lavish golf trip to Scotland that Abramoff was organizing at the time. Safavian went on the August 2002 trip, reimbursing Abramoff $3,100 to cover his share of the costs.

But prosecutors said the sum was a small fraction of the total cost, which included private jet service, luxury hotel accommodations and $400 rounds of golf at the famed Old Course at St. Andrews.

Safavian had requested an opinion from the GSA ethics office about whether he was permitted under agency conflict-of-interest rules to go on the trip. The office approved the trip after Safavian assured officials in an e-mail that Abramoff had "no business before G.S.A."

Prosecutors said the statement was a lie. Using e-mail traffic, they showed that, just weeks before the trip, Safavian was advising Abramoff on how to acquire GSA property in Maryland for a Jewish academy that the lobbyist had founded. Safavian also offered Abramoff tips on being considered for a GSA contract to redevelop the Old Post Office building on Pennsylvania Avenue near the White House.

Abramoff didn't acquire either property.

In addition, the five-count indictment charged Safavian with lying and concealing information from the GSA inspector general — who had been tipped off to the trip by an anonymous call to the agency hot line. Safavian also was charged with lying to the staff of a Senate committee that was investigating Abramoff. He was acquitted of a charge of obstructing the committee's investigation.

Safavian's case was hurt by the testimony of a former congressional staffer, GSA officials — and his own words.

A star witness was Neil Volz, who had gone to work for Abramoff after serving as chief of staff to Ney. He testified that Safavian and Ney were seen as "champions" who could always be counted on to back causes the lobbyists touted. Both Volz — who testified as part of a deal with prosecutors last month in which he pleaded guilty to corruption charges — and Ney were part of the golf trip to Scotland.

GSA and Senate investigators testified that they were kept in the dark about the advice Safavian gave Abramoff, and said the information could have altered their decision to clear the trip.

And Safavian, testifying in his own defense, said that the $3,100 he paid for the golf trip was based on an estimate provided by Abramoff, and that he had no reason to doubt it despite lavish accommodations. He said under cross-examination that he believed the cost of a round of golf at St. Andrews was "comparable" to the $135 he paid to play golf at a good course in the Maryland suburbs. The government estimated that the true cost of his share was more than five times the amount he paid.

"Mr. Safavian tried to serve two masters," Justice Department lawyer Nathaniel Edmonds told the jury last week as the government wrapped up its case. "He was appointed by the president to serve the people of the United States. But he chose to serve Jack Abramoff."

Safavian Found Guilty Of Lying About Abramoff (HILL)

By Roxana Tiron

The Hill, June 21, 2006

A jury yesterday found David Safavian, a former Bush administration official, guilty of lying about his dealings with disgraced lobbyist Jack Abramoff.

The former General Services Administration official was convicted on four of five felony counts of lying and obstruction.

The trial revolved around testimony about Safavian's assistance to Abramoff regarding government-owned property and a weeklong trip to a famed golfing course in Scotland and London.

Abramoff did not testify in Safavian's case, but Neil Volz, an Abramoff associate and former chief of staff to embattled Rep. Bob Ney (R-Ohio), testified against Safavian.

Safavian's case was the first to go to trial in the influence-peddling case arising from the Abramoff scandal. A date for Safavian's sentencing has yet to be set.

Procurement Nominee Offers Contrast To Predecessor: Experience (WP)

By Stephen Barr

The Washington Post, June 21, 2006

The contrast between present and past nominees was fairly obvious although never addressed yesterday in the Senate hearing room.

Paul A. Denett , the president's choice to head the White House's federal procurement policy office, was selected primarily because of his deep knowledge of government contracting. His predecessor, David H. Safavian , had come to the job primarily because of his political connections.

Yesterday morning, Denett, 60, promised at his confirmation hearing "to build a world-class acquisition system that garners the confidence of our taxpayers by consistently delivering efficient, effective and ethical contracting service."

A few blocks away, down Capitol Hill, a federal jury announced that Safavian, 38, had been found guilty on four of five felony charges tied to a corruption and influence-peddling scandal centered around lobbyist Jack Abramoff . [Story, A1.]

Safavian's name was not mentioned at the hearing on Denett's nomination to head the Office of Federal Procurement Policy, part of the Office of Management and Budget. Denett was nominated in April to serve as the OFPP administrator, replacing Safavian, who had resigned in September.

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But Sen. Susan Collins (R-Maine), who held the hearing as chairman of the Senate Homeland Security and Governmental Affairs Committee, told Denett that she wanted to see the procurement office play a stronger role in federal contracting, suggesting that the office might want to consider auditing agencies' performance.

"OFPP is often too passive in its role," she said.

These are trying times for the federal contracting community. In addition to the embarrassment caused by the Safavian case, members of Congress are frustrated by recent procurement woes at the departments of Defense and Homeland Security.

Collins said noncompetitive contracts and other lax practices had caused the government to squander more than $1 billion in its response to Hurricane Katrina. The only other committee member to attend the hearing, Sen. Tom Coburn (R-Okla.), faulted some Iraq war contract practices and urged Denett to go after contracts that lead to wasteful spending, noting that there "are some real gravy trains out there."

Denett agreed with the senators that there is "vast room for improvement" in federal procurement practices and said agency contracting officers should be held accountable for getting the best price for the taxpayer.

The nominee said he would work to improve training for the federal acquisition workforce, help agencies plan and operate more effectively during emergencies like Katrina, work for greater clarity and transparency in contract management, and ensure that work performed by federal employees is put up for bid "in a reasoned and responsible manner."

Denett served for more than 30 years as a career federal employee in the Navy and Army and the departments of Agriculture, Treasury and Interior. He held senior positions in acquisition operations and policy and started intern programs to recruit and train acquisition specialists.

Since 2003, he has been vice president of contracting programs at ESI International, a training and consulting firm in Arlington.

Aides to Collins said she hopes to soon schedule a committee vote and move the nomination to the Senate for approval.Pension Policy on Hold

Energy Secretary Samuel W. Bodman has ordered a one-year suspension of a new policy that would shift contract workers to "market-based" retirement and health-care plans to reduce costs.

The policy, announced April 27, was criticized in Congress as an effort to force Energy contractors to abandon guaranteed pensions and cut back medical benefits for new employees. The House Appropriations Committee and some members of Congress had introduced proposals to block the policy.

Energy officials said the policy was aimed at helping rein in growing liabilities. They noted that the department will spend $784 million this year to reimburse contractors for health-care and defined-benefit pension programs.

Bodman said he has directed department personnel to continue talks with interested parties, including members of Congress, during the one-year suspension. Sen. Edward M. Kennedy (D-Mass.) said he was pleased that Bodman "retracted this harmful policy."

Safavian Found Guilty In Lobbyist Trial (AP-Y2)

By Pete Yost

AP2, June 21, 2006

The Justice Department on Tuesday won its first trial in the probe of influence peddler Jack Abramoff, convicting a former Bush administration official in a case that touched on questionable behavior by members of Congress.

A jury found David Safavian had hidden details of his relationship with Abramoff from a General Services Administration ethics lawyer, the GSA's Inspector General's office and the Senate Indian Affairs Committee and had obstructed the IG.

Safavian, the GSA's former chief of staff, could face up to five years in prison on each of those four counts. He was acquitted of obstructing the Senate probe.

The guilty verdict is expected to give a boost to a wide-ranging federal investigation that includes lawmakers, their aides and members of the Bush administration.

"The message of this verdict is clear: In answering questions posed by Congress and by federal agencies, public officials have the same obligation as does the public for which they serve — to tell the truth," said Alice Fisher, the assistant attorney general in charge of the Justice Department's criminal division.

In Miami, meanwhile, a judge granted Abramoff and ex-business partner Adam Kidan another three months before they must begin serving prison sentences for fraud convictions stemming from the purchase of a gambling boat fleet. Abramoff also faces sentencing in Washington on federal charges of conspiracy, tax evasion and mail fraud.

The delay will give the two more time to cooperate with investigators.

In persuading a jury to convict Safavian, prosecutors introduced a photograph of Rep. Bob Ney (news, bio, voting record), R-Ohio, and Abramoff standing next to a private jet that whisked them and other members of a golfing party to Scotland for five

days at the storied St. Andrews Old Course. Safavian was in the photo too, as were two of Ney's aides who also went on the Abramoff-organized junket.

Recent Justice Department court papers say Ney engaged in 16 actions on behalf of Abramoff at the same time the congressman and his staff were accepting gifts from the lobbyist.

In response to Tuesday's verdict, Ney's office blamed Ney's problems on "the lies and deception of Jack Abramoff."

Ney "has never, at any point, engaged in any improper, unethical or illegal activity" and the Safavian case "had absolutely nothing to do with Congressman Ney," his office said.

Prosecutors never called Abramoff to testify, instead relying on e-mail traffic to detail the relationship between the lobbyist and Safavian.

Abramoff, the e-mails showed, showered the GSA chief of staff with the lobbyist's largesse while badgering him for information about two pieces of government-controlled property the lobbyist wanted. One of them was the historic Old Post Office in downtown Washington.

Testifying in his own defense, Safavian said he and Abramoff were longtime friends and that he was trying to do the right thing by seeking a GSA ethics opinion on whether he could go on the Scotland trip.

Safavian sat impassively as U.S. District Judge Paul Friedman read the verdict, showing no emotion when the judge announced the guilty verdicts on each of four counts. Sentencing was scheduled for Oct. 12.

Safavian's attorney, Barbara Van Gelder, said the Justice Department task force investigating the Abramoff scandal will say that "this was a great day in the war on corruption. I find they made a mountain out of a molehill and now they're going to plant the flag on top of the molehill."

Van Gelder said convicting Safavian for not disclosing certain details to the ethics officer will dissuade other government officials from seeking such guidance.

Safavian did not disclose the advice and assistance he gave Abramoff on the two properties, including what Safavian acknowledged on the stand was some inside information about the position of officials in other agencies about the post office redevelopment.

In a bid for a lighter sentence on his own conviction, Neil Volz, Ney's former chief of staff, testified for the prosecution. Volz outlined how the Abramoff team received assistance on the GSA properties from several Republican congressmen or their aides including Ney, Rep. Don Young (news, bio, voting record) of Alaska, Rep. Steven LaTourette (news, bio, voting record) of Ohio and a former top aide to Rep. Shelley Moore Capito (news, bio, voting record) of West Virginia.

Volz told the jury the Abramoff team referred to Safavian and Ney as two of their "champions" who helped with inside information and assistance. Volz said Safavian was the mastermind of some of the strategy for developing congressional pressure or action to sway GSA. Volz said they tried to keep this maneuvering secret.

Ney's office called it "baffling" that Ney could be referred to as a champion for Abramoff "when there is no evidence that he took any official action on any of the issues Neil testified about."

Young's office has said he did not advocate any particular business over another. LaTourette said he was simply advocating special opportunities for small businesses. Capito's office said the congresswoman was unaware of assistance provided by her then-chief of staff.

Saginaw Tribe Wants Former Employee Investigated (AP)

By Tim Martin, Associated Press

AP, June 21, 2006

LANSING, Mich. (AP) -- The Saginaw Chippewa Indian Tribe wants the U.S. Department of Justice to investigate one of its former employees and his ties to tainted lobbyist Jack Abramoff.

Former legislative affairs worker Christopher Petras is accused by the tribe of giving "incorrect and misleading" testimony to the U.S. Senate Affairs Committee in September 2004 during hearings about Abramoff and Abramoff's associate, Michael Scanlon.

Abramoff is charged with defrauding the Mount Pleasant tribe while representing its interests in Washington, mainly from late 2001 to late 2003. Both he and Scanlon have pleaded guilty to various crimes dealing with work they did for Indian tribes in Michigan, Louisiana, Mississippi and Texas.

Although Petras testified before the Senate Indian Affairs Committee that he didn't recall many of the details about his communications with Abramoff and Scanlon, the tribe says a trail of e-mails and other testimony indicate a stronger relationship than Petras revealed.

DOJ_NMG_0036521

Federal prosecutors say Abramoff encouraged the tribe to expand a lobbying contract without disclosing that he would receive about 50 percent of the profits from the tribe's payments. From June 2002 to October 2003, the tribe paid about $3.5 million on the contract, with about $540,000 being kicked back to Abramoff, court documents say.

Abramoff's former employer, Greenberg Traurig LLP, has agreed to repay millions of dollars to the tribe as part of a settlement. The Saginaw Chippewas say they paid about $14 million to Abramoff and Scanlon overall.

Tribal Chief Fred Cantu sent a letter last month requesting the Justice Department investigation to U.S. Sen. John McCain, the Arizona Republican who heads the Senate Indian Affairs Committee. The Senate committee is expected to release its own report this week on its investigation into Abramoff and the tribes.

Bernie Sprague, a former tribal subchief, is upset Petras did not reveal more at the Senate hearing of his ties to Abramoff.

"He was an employee of the tribe. He was on our payroll," Sprague said. "We expected him to be honest and forthright with us, and he was none of the above."

Tribal representatives say they want to find out what Petras knew about financial dealings concerning Abramoff.

"All that money coming from the tribe to Abramoff and Scanlon ... he had to know about that," Dave Otto, a former tribal subchief, said of Petras. "I think he knew or had to have some idea of what was going on."

Petras has not returned repeated phone messages and e-mails from The Associated Press in recent weeks seeking his side of the story. He worked in the Saginaw Chippewas' legislative affairs office from late 1998 to early 2004, when his job was eliminated by a newly elected tribal council.

E-mails submitted as part of the Senate committee's hearing process give some insight into Abramoff's dealings with Petras.

A May 2000 e-mail from Abramoff appears to indicate that Petras requested a meeting with Abramoff's firm about possible representation for the Saginaw Chippewa tribe.

In his 2004 testimony, Petras said he had no role in hiring Abramoff and that other tribal officials made the decision. However, he also said Abramoff's former firm was one of three for which he lined up interviews when the tribe was trying to expand its influence in Washington.

The Senate Indian Affairs Committee learned in 2004 that Abramoff and Scanlon spent $100,000 to help get eight supporters elected to the Saginaw Chippewas' 12-member council in 2001. Otto said that Petras was involved in that process and arranged a meeting with Scanlon. The new council soon voted to hire Abramoff and Scanlon.

Petras told the Senate panel the lobbyists gave him a digital video camera, a leather briefcase and "some type of slide projection desktop screen" as gifts but otherwise never paid him for that work.

He is listed on Abramoff gift lists as receiving $200 in December 2000 and $100 in December 2001. Tribal representatives say it is possible the gifts Petras acknowledged receiving are the same ones reflected on the lists. Other tribal officials also are named as gift recipients.

Current tribal leaders and Petras differ on how much influence Petras had on the political contributions the tribe made while he worked for them.

Petras testified there were "no efforts on my behalf to push either way any type of political contribution." Tribal leaders say that appears to be contradicted by other documents.

Petras told the Senate Indian Affairs Committee he never assessed how Washington lobbyists were doing. That was left for the council members themselves. In later testimony, Petras said he may have told the council from time to time that Abramoff and Scanlon were doing a good job.

E-mails indicate Abramoff and Petras may have worked to try and regain influence in February 2004 -- after they no longer worked for the tribe -- by getting involved in a recall election of tribal officers.

"They are running out of money for copying, stamps, etc. Petras asked if we could come up with $2500 to help them out," an e-mail from an Abramoff co-worker to Abramoff read. E-mails indicate Abramoff instructed a co-worker to get money from one of his accounts to help the recall effort.

In his Senate testimony, Petras said he did not recall the incident.

Another e-mail indicates Abramoff planned to loan Petras a computer so they could stay in contact after the newly elected tribal council eliminated Petras' job.

On the Net:

Senate Indian Affairs Committee: http://indian.senate.gov/public/

Saginaw Chippewa Indian Tribe: http://www.sagchip.org

More Than $2M Raised For Libby's Defense (AP-Y2)

AP2, June 21, 2006

Supporters of Vice President Dick Cheney's indicted former chief of staff have raised more than $2 million since late last year for his legal defense in the CIA leak case.

Former Cheney spokeswoman Mary Matalin was hosting a fundraiser at her home Tuesday night to help pay the legal expenses of I. Lewis Libby, who is charged with five counts of perjury, obstruction and lying to the FBI in the Valerie Plame affair.

The $2 million figure came from Barbara Comstock, a member of Libby's legal team. Among the co-hosts for the event at Matalin's home were former Energy Secretary Spencer Abraham, former Rep. Bob Livingston and oil industry executive and former Commerce Secretary Don Evans.

Former Republican Sen. Fred Thompson hosted a fundraiser at his northern Virginia home last month to raise money for Libby's defense.

Libby is accused of lying to Special Counsel Patrick Fitzgerald about how the former Cheney aide learned of Plame's CIA identity and what he told reporters about it.

One Count Dropped In Patronage Trial (CHIT)

By Rudolph Bush And Matt O'connor, Tribune Staff Reporters

Chicago Tribune, June 21, 2006

Mayor Richard Daley's former patronage chief Robert Sorich and his three co-defendants scored a victory in court Tuesday when a federal judge tossed out a significant fraud charge against all of them in their City Hall corruption trial.

U.S. District Judge David Coar's ruling came as prosecutors rested a six-week case that portrayed much of the city's hiring and promotions system as riddled with political favoritism, sham interviews and preselected job applicants.

Coar also said Tuesday that he will reserve ruling on whether to dismiss all charges against former Streets and Sanitation officials John Sullivan and Patrick Slattery.

He rejected a defense request to dismiss remaining charges against Sorich and his former aide Timothy McCarthy.

Prosecutors allege in an eight-count indictment that the men schemed to rig hiring and promotion for many blue-collar city jobs in favor of pro-Daley political workers and others with political clout.

Coar tossed out count one of the indictment, a mail fraud charge against all four defendants, after prosecutors conceded they cannot provide evidence that a particular job applicant, Streets and Sanitation employee Joseph Pratl, received a 2004 promotion letter through the mail.

Pratl's promotion was one of hundreds, if not thousands, of city jobs that prosecutors allege were rigged through the mayor's Office of Intergovernmental Affairs, where Sorich was a top aide.

They used Pratl's promotion, however, to charge all four men with one count of mail fraud.

Defense attorneys for Sorich and his former aide Timothy McCarthy called the ruling a significant stepping stone in their fight against the accusations.

"It's terrific. It's very consistent with my feelings about this case all along," said Sorich's attorney, Thomas Anthony Durkin.

Prosecutors declined to comment.

As the courtroom was turned over to the defense Tuesday, it was revealed in a court filing that Durkin may seek to call Daley's former Chief of Staff Sheila O'Grady and former Intergovernmental Affairs Directors Tim Degnan Sr. and Victor Reyes to testify. In an e-mail to prosecutors Saturday, Durkin suggested he will seek immunity from prosecution to secure their testimony.

Reyes heads the powerful pro-Daley Hispanic Democratic Organization, which prosecutors charge was among the main beneficiaries of the alleged scheme.

As Slattery's attorney Patrick Blegen presented the first defense witness Tuesday afternoon, veteran attorneys said the defendants face an uphill fight despite their victory Tuesday.

Richard Kling, a professor at Chicago-Kent College of Law and a criminal-defense lawyer, thinks the verdict could hinge "on whether the defense that 'I was only following orders' flies with the jury."

Since the trial began in mid-May, Durkin has argued that Sorich was simply forwarding job recommendations from alderman, community leaders and others to city departments.

He has argued the practice was longstanding and widely known in City Hall.

But a series of current and former city employees have testified that Sorich or McCarthy effectively ordered the city's largest departments to hire or promote people selected by the mayor's office.

The trial's first witness, former Water Department Personnel Director Mary Jo Falcon, said that for years she received lists of job applicants from Sorich or McCarthy. She called the lists "blessed" and said she didn't consider the names on them applicants but "hires."

According to testimony, many of the people hired or promoted were culled from armies of political workers.

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The government put disgraced city employees Donald Tomczak and Daniel Katalinic on the stand to testify that they operated pro-Daley political organizations largely made up of city workers.

Tomczak, a former first deputy commissioner in the Water Department, and Katalinic, a former deputy commissioner in Streets and Sanitation, have both admitted taking bribes through the city's scandal-plagued Hired Truck Program.

They testified that they maintained their political armies by offering jobs and promotions to workers. When they needed jobs, they would go to officials in the mayor's office, including Sorich and McCarthy, they said.

Throughout the case, defense attorneys have hammered at the credibility of government witnesses. Many witnesses received immunity from prosecution for their testimony. Tomczak and Katalinic are expected to receive more lenient sentences.

The prosecution's most prominent witness was City Hall's top lawyer, Mara Georges, who testified about conversations she had with McCarthy and Sorich after federal agents raided their offices in April 2005.

Georges said she was unaware until the 2005 raid that there were "irregularities" with regard to hiring for jobs covered by the Shakman decree, a federal court order prohibiting political-based hiring.

She grudgingly acknowledged on cross-examination that she learned in 2004 about an allegation that the mayor's office was involved in hiring an unqualified 19-year-old building inspector.

The prosecution's last witness, called Tuesday morning, was FBI agent John Hauser, who led the April 2005 raid of City Hall.

He said a sweep of offices at Intergovernmental Affairs yielded only one recommendation letter from an alderman.

But Hauser said searches of the Sorich and McCarthy offices, which had combination locks on the doors, turned up several lists of names connected to people and organizations with political clout.

Testimony from defense witnesses is scheduled to continue Wednesday. Durkin has said he expects the defense case to last about a week.

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Judge Dismisses 1 Count Against Chicago Patronage Trial Defendants (AP)

By Megan Reichgott
AP, June 21, 2006

CHICAGO - A federal judge dismissed a mail fraud charge against Mayor Richard Daley's former patronage chief and three other former city officials Tuesday, ruling prosecutors did not have evidence to support the charge.

U.S. District Judge David H. Coar's decision to dismiss the charge, which takes up 13 pages of an 18-page indictment, was a boost for Robert Sorich, former head of the city's Office of Intergovernmental Affairs, and the three others accused of covering up the illegal use of clout as the basis for filling city payroll jobs.

"It's a significant ruling, it's very consistent with my feeling about this case all along," defense attorney Thomas Durkin told reporters after the decision.

Sorich, Timothy McCarthy and Patrick Slattery still face other charges, including mail fraud.

McCarthy attorney Patrick E. Deady said the ruling "demonstrates it's not an ironclad case on all of the legal issues."

John Sullivan, former deputy commissioner of streets and sanitation, now only is charged with lying to the FBI. A message seeking comment was left for his attorney Tuesday night.

After prosecutors called their last witness Tuesday, Assistant U.S. Attorney Patrick Collins called a sidebar and asked the judge to dismiss the charge, said attorney's office spokeswoman Kim Nerheim. She declined to comment on the prosecutors' decision because the case is ongoing.

Coar allowed the defense to call its first witness, then formally threw out the charge after the jury went home for the day, Nerheim said. The trial was to continue with the same defense witness Wednesday.

"The next step is to move forward with the other counts against the defendants," Nerheim said.

The men are accused of disguising the use of clout rather than merit in hiring for city jobs despite the long-standing court-ordered Shakman Decree, which sharply curbs the city's traditional patronage system by banning political patronage as a basis for hiring all but about 1,000 of 38,000 city employees.

The charges are a spinoff of the federal government's 18-month investigation of the city's scandal-plagued Hired Truck Program. The investigation has penetrated the heart of Daley's political operation and sent shock waves through City Hall, although Daley is not accused of any wrongdoing and has said his administration plans to continue cooperating with the federal government.

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City Law Department spokeswoman Jennifer Hoyle did not immediately return a telephone call Tuesday evening after business hours.

2 Indicted For Alleged BWC Bribe; Brokers Accused Of Trading Condo Use For State Deals (TOLB)

By JAMES DREW And STEVE EDER, BLADE STAFF WRITERS

Toledo Blade (OH), June 21, 2006

COLUMBUS — The scandal that has gripped state government for 14 months broadened yesterday as two Cleveland-area investment brokers were indicted on charges that they conspired to bribe a high-ranking official of the Ohio Bureau of Workers' Compensation in exchange for getting and keeping a piece of the bureau's business.

Brokers Michael W. Lewis and Daniel P. O'Neil worked for three investment firms in the six years they gave Terrence Gasper, the bureau's chief financial officer, use of an oceanfront condominium and a boat slip in the Florida Keys, according to the indictment unsealed yesterday in U.S. District Court.

In exchange, Gasper steered business to the firms that Mr. Lewis and Mr. O'Neil worked for — Ferris, Baker Watts for the past six years; Raymond James & Associates in 2000, and Roney & Co. from 1997 through 1999, federal prosecutors allege.

The indictments are the latest in a state and federal investigation of the bureau's investment practices that began last year after The Blade began reporting about problems with the agency's $50 million investment in rare-coin funds managed by former Toledo-area coin dealer and GOP fund-raiser Tom Noe. He has been charged with stealing millions from the funds.

"We are looking at the conduct of these individuals because the business followed them, no matter where they went," said Gregory White, U.S. attorney for the Northern District of Ohio.

Mr. White estimated that the firms for which Mr. Lewis and Mr. O'Neil worked received $5 million to $6 million in brokerage commissions, marketing, and solicitation fees from the bureau, the state agency that pays medical bills and provides monthly checks to Ohio workers injured on the job.

Mr. Lewis, 71, and Mr. O'Neil, 54, pleaded not guilty yesterday to the felony charges during a brief hearing in U.S. District Court in Akron. Mr. Lewis surrendered to FBI officials yesterday and gave his U.S. and Irish passports to authorities.

The four-count indictment returned by a federal grand jury in Cleveland states that in November, 1998, Gasper and his then-girlfriend met with a real estate agent and signed a contract to buy a condo and boat slip at the Coral Harbour Club Condominium in Islamorada, Fla., for $345,000.

But Gasper never had plans to buy the condo and boat slip, federal authorities allege.

Instead, Mr. Lewis contacted the real estate agent, said he was Gasper's partner, and the contract then was assigned to Mr. O'Neil and Mr. Lewis — who at the time worked for Roney & Co.

Condo purchased

In January, 1999, Mr. O'Neil and Mr. Lewis closed on the purchase of the condo and boat slip for $345,000, federal prosecutors allege.

From February, 1999, to his forced resignation in October, 2004, after the state lost $216 million in a Bermuda-based hedge fund, Gasper stayed at the condo and "treated it as if it were his own," allowing his girlfriend, her family members, and her veterinarian to use the condo for free, the indictment states.

Gasper occasionally would make a "token rental payment'" to Mr. Lewis to make it look like his stays there were legitimate, authorities said, but for five years starting in 1999, Mr. Lewis and Mr. O'Neil jointly paid the mortgage and all other fees related to the condo and boat slip.

Mr. Lewis and Mr. O'Neil are charged with violating federal law by conspiring to bribe Gasper, committing mail and wire fraud by arranging to buy the condo for Gasper's use, and making false statements to federal investigators when they claimed that Gasper had no involvement in the Florida Keys condo, Mr. White said.

Mr. Lewis and Mr. O'Neil each face a maximum of 20 years in prison, a $250,000 fine, and three years of probation on the charge of conspiring to bribe Gasper. On the other three counts, they face up to five years in prison, a $250,000 fine, and three years of probation.

Gasper pleaded guilty June 7 in federal and state courts to massive public corruption charges, including money laundering for accepting $25,000 from Noe for an investment that was made in the name of Gasper's then-girlfriend, Betsy Ratcliff.

Gasper made key decisions regarding Noe's $50 million coin funds and the failed hedge fund run by Mark D. Lay of Pittsburgh-based MDL Capital Management.

A marketer, who has not been identified by federal authorities, gave Gasper a $9,000 check made payable to the college that Gasper's son attended.

Big commissions

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Gasper, who lives in the Columbus suburb of Worthington, must cooperate with federal and state investigators as part of his plea agreement. An attorney representing Gasper, who has not been sentenced, didn't return a message seeking comment.

Nancy Smeltzer, a bureau spokesman, said brokerage firms that Mr. Lewis and Mr. O'Neil worked for have collected about $3.2 million in commissions from the agency since 1997.

Ms. Smeltzer said it was unclear what percentage of commissions were directed to Mr. Lewis and Mr. O'Neil.

"It is our interest to see this investigation and all this activity brought to a close. We've got business to do. We've got public trust to rebuild. We are eager to see this over with as anybody," Ms. Smeltzer said.

Joan Ellis, a Princeton, N.J., resident who owns the unit next to the one purchased by Mr. Lewis and Mr. O'Neil, said the Coral Harbour Club Condominium complex is "probably the fanciest, nicest, la-de-da place in the Florida Keys — at least from Islamorada up." Ms. Ellis said she has never seen or met the brokers or Gasper.

Ms. Ellis said the complex is situated on the oceanside with a clubhouse, swimming pool, tennis courts, and a man-made lake.

'The best building'

"It has 14 acres of very tropical, posh plantings and with peacocks that wake you up at 4:30 in the morning," she said. "Behind the ocean there's big long dock, and there's a protected marina, and there's some really big boats."

The complex comprises about eight buildings and the brokers own a unit in the "E" building.

"I happen to think the 'E' building is definitely the best building," Ms. Ellis said, adding that the building is "right on the ocean."

Donna Klements, who lives near Mr. Lewis in Willoughby, which is east of Cleveland in Lake County, said she hadn't had much contact with Mr. Lewis.

"I don't even think I could pick him out of a line-up," Ms. Klements said.

Ms. Klements said Mr. Lewis and his wife live in a "regular house." Mr. Lewis purchased the 1,944-square-foot home in Lake County in 1998 for $327,000, according to property records.

"There's nothing extravagant, fancy, ooh la la about it," Ms. Klements said.

Susan Markley, who lives next door to Mr. O'Neil and his wife in Geauga County, said she has talked to him several times and can't believe the allegations.

"I can see maybe someone trying to set Dan up and pulling him into it," she said.

Contact James Drew at: jdrew@theblade.com or 614-221-0496.

Brokers Indicted In State Scandals (COLDIS)

By Mark Niquette, THE COLUMBUS DISPATCH

Columbus Dispatch, June 21, 2006

Former BWC official, friend given condo use, counts say

Terrence W. Gasper and his former girlfriend personally picked out the oceanfront condo and boat slip in the Florida Keys that the couple, her family members and her veterinarian would use.

But Gasper knew they wouldn't have to pay for it, authorities say.

The $345,000 tab was picked up by a pair of Ohio brokers in exchange for millions of dollars of business with the state Bureau of Workers' Compensation, where Gasper was chief financial officer, according to a four-count federal indictment of the brokers handed up yesterday.

Michael W. Lewis, 71, of Willoughby Hills, and Daniel P. O'Neil, 54, of Chesterland, both were indicted by a federal grand jury in Cleveland on charges that include lying to federal authorities and conspiring to bribe Gasper, who earlier this month pleaded guilty to corruption charges and is cooperating with authorities.

According to the indictment, Gasper and his former girlfriend selected the Islamorada, Fla., condo in November 1998. But the two brokers actually bought it "in return for favorable treatment" from Gasper in getting business from the bureau's multibillion-dollar portfolio.

The value of that business was about $5 million or $6 million, said U.S. Attorney Greg White of Cleveland. He is part of an unprecedented task force of federal, state and county authorities investigating state investment and ethics scandals.

Lewis and O'Neil are the eighth and ninth people charged in that sweeping probe so far, and authorities said charges against others are expected.

"We still have more work to do," said Inspector General Thomas P. Charles, part of the task force.

Lewis and O'Neil pleaded not guilty to the charges yesterday in U.S. District Court in Akron. Each is free on $50,000 cash bond. An Aug. 28 trial date has been scheduled.

If convicted, each man faces up to 35 years in prison and $1 million in fines.

But William D. Beyer, O'Neil's Cleveland attorney, said O'Neil would fight the charges "to preserve his good name and reputation."

"Dan O'Neil is a good and decent man," Beyer said. Roger Synenberg, Lewis' attorney, could not be reached.

According to the indictment, Lewis, O'Neil and Gasper agreed in 1998 that the brokers would provide Gasper with a condo and boat slip. Gasper and the former girlfriend signed a contract to purchase them and gave a real-estate agent a $500 down payment, the court document says.

But Lewis contacted the agent a few days later saying he was Gasper's partner. Lewis and O'Neil then took over the contract and bought the condo and boat slip. Gasper never had any intention of buying it with his own money, the indictment said.

Gasper occasionally would make a "token rental payment" to Lewis to "make it appear that his stays (at the condo) were legitimate," but Gasper "treated it as if it were his own," according to the filing.

Gasper allowed others to use the condo free from 1999 through 2004, authorities said. Lewis also wrote checks payable to those close to Gasper, including a $2,000 check to his former girlfriend with "consulting" written in the memo line, the indictment said.

The court documents don't name the girlfriend.

The two brokers also provided meals and other gifts to Gasper, among the 150 freebies worth thousands of dollars that Gasper accepted from brokers and others doing business with the bureau, Franklin County Prosecutor Ron O'Brien said.

According to Ohio records, Lewis and O'Neil now work for Ferris, Baker Watts Inc. in the Cleveland area, and both previously worked for Raymond James & Associates and Roney & Co.

Bureau records list payments to firms and not individual brokers, but documents show that those three firms earned more than $2.7 million in commissions during the times the two brokers worked for them.

The records also show that Ferris, Baker Watts didn't start earning commissions from the bureau until the third quarter of 2000, the same quarter that Lewis and O'Neil joined the firm, state documents show. An attorney for the firm has not returned repeated phone calls.

Gasper, the bureau's chief financial officer from 1995 until October 2004, pleaded guilty in both federal and state courts June 7 as part of plea agreements that require him to cooperate with the investigation.

He admitted accepting free stays at the condominium — now valued at $745,000 — a $9,000 college tuition payment for his son and other gifts from former coin dealer Thomas W. Noe, brokers and others.

The probe also has uncovered additional information about potential wrongdoing in some of the state's pension systems, and more than a dozen vendors and as many or more public officials and employees are under scrutiny, The Dispatch has reported.

Brokers Indicted In Stock Scandal (AP)

By Connie Mabin, Associated Press Writer

AP, June 21, 2006

CLEVELAND - Two investment brokers were indicted Monday on federal charges that they bribed a top official at the Ohio Bureau of Workers' Compensation with the use of their Florida Keys condominium in exchange for state business.

A federal grand jury indicted Michael W. Lewis and Daniel P. O'Neil, who managed stock investments for the $15 billion insurance fund for injured workers, on four counts each. The two worked at firms that received hundreds of thousands of dollars in commissions from the agency.

Both pleaded innocent Monday before U.S. District Judge David D. Dowd Jr. in Akron, which is in the Cleveland-based federal court district.

Terrence Gasper, the bureau's former chief financial officer, pleaded guilty in state and federal court earlier this month to accepting stays at the condo, money for his son's tuition and other gifts in exchange for doling out investment business.

Prosecutors promised more charges after Gasper became the first bureau official convicted in a yearlong political scandal that has shaken the state's GOP-dominated government and given Democrats hope of regaining some seats, including governor. The scandal forced the ouster of the longtime workers' comp administrator, the firing of its chief investment officer and an overhaul of the fund's investment operations.

Lewis, 71, of Willoughby, and O'Neil, 54, of Chesterland, also are accused of committing mail and wire fraud to conceal their relationship with Gasper. Two counts charge them with lying to a federal agent about Gasper's involvement with the condo.

Area Men Charged In Scandal (WILLNH)

By Tracey Read

DOJ_NMG_0036527

Willoughby (OH) News-Herald, June 21, 2006

Two brokers accused in Ohio Bureau of Workers Comp case

Two area investment brokers are the latest businessmen to be charged in the Ohio Bureau of Workers' Compensation investment scandal.

Indicted on federal charges were Michael W. Lewis, 71, of 2358 Dodd Road in Willoughby, and Daniel P. O'Neil, 54, of 11365 Kristine Drive in Chester Township, the U.S. Attorney's Office announced Monday.

The case involves Terrence Gasper, the former OBWC chief financial officer who pleaded guilty in federal court earlier this month to one count of racketeering for accepting a gift for business deals.

Lewis and O'Neil are accused of providing Gasper with a condominium in Islamorada, Fla., and cash and college tuition for his son in exchange for business deals with the bureau's $15 billion investment fund.

A federal grand jury in Cleveland returned a four-count indictment against the suspects, who face up to 35 years in prison each, if convicted.

Assistant U.S. Attorney Benita Pearson stated in a news release on Monday:

"Lewis and O'Neil conspired with Gasper to deprive the citizens of Ohio of their right to Gasper's honest services by using Gasper's position and influence ... to assist Lewis and O'Neil in obtaining and retaining OBWC investment business by committing mail and wire fraud to conceal their illicit relationship with Gasper."

The two brokers also were charged with lying to a federal law enforcement officer about Gasper's involvement with the condominium purchase.

The indictment is part of an ongoing criminal investigation into allegations of misconduct involving millions of dollars in Workers' Compensation investment funds.

The probe is being led by officials with the Inspector General for the state of Ohio, Ohio Highway Patrol, Ohio Ethics Commission and numerous others.

Gasper is the first workers' compensation official to be charged in the scandal.

He said during the hearing he was "more than willing" to help with the investigation, which has shaken the state's Republican-dominated government.

It led to ethics charges against Gov. Bob Taft, who pleaded no contest to charges of failing to report gifts such as golf outings.

The probe also led to the ouster of the bureau's administrator, the firing of its chief investment officer and an overhaul of the fund's investment operations. Gasper's attorney, Terrence Grady, said his client also would plead guilty to related state charges.

Gasper, 59, is also accused of receiving $25,000 from rare-coin dealer Tom Noe, who has pleaded guilty to illegally funneling money to President Bush's re-election campaign.

Noe still faces allegations he embezzled $1 million from a $50 million rare-coin investment he managed for the workers' compensation fund.

Under federal guidelines, Gasper faces a sentence of five years and 10 months to seven years and three months in prison.

U.S. District Judge David D. Dowd Jr. said he will not sentence Gasper until he is through helping with the government investigation. Lewis and O'Neil did not yet have attorneys on record. Their cases had not yet been assigned to a judge.

Ohio has one of the nation's largest workers' compensation funds, with investment assets totaling about $19 billion, according to U.S. attorneys.

The Associated Press contributed to this report.

Evidence Could Tie Women To Deaths (LAT)

By Richard Winton, Times Staff Writer

The Los Angeles Times, June 21, 2006

A Mercury Sable found in Hollywood may link two alleged scammers to the hit-and-run killing of a homeless man.

Los Angeles police detectives and FBI agents investigating a pair of women suspected of killing two homeless men have turned their attention to one of those victims after uncovering new evidence that they say links the women to his death.

Detectives looking into the case of Helen Golay and Olga Rutterschmidt are now focusing primarily on the death of Kenneth McDavid, who was run over in a Westwood alley last June in a hit-and-run that remains unsolved.

Authorities said in a search warrant affidavit that an hour before McDavid's body was discovered, Golay called the Auto Club to have a Mercury Sable towed from an intersection a block from where the 50-year-old was hit.

In new court papers obtained by The Times, detectives said they found blood and "organic matter" on the damaged undercarriage of the Sable.

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The car was registered to an Encino woman whose name has been withheld by authorities. The woman told Det. Dennis Kilcoyne and FBI Special Agent Samuel A. Mayrose that she never owned the Sable but that her purse had been stolen around April 2003.

Authorities said in court papers that when they searched Golay's Mercedes-Benz SUV, they found a planner containing the Encino woman's name, a note with the Sable's license plate number and its vehicle identification number.

At Rutterschmidt's Hollywood apartment, authorities discovered photocopies of the Encino woman's driver's license, according to the affidavit. The photocopies were in an envelope marked "Helen sent Pictures," along with the Encino woman's name, address and cellphone number.

Kilcoyne said investigators now believe the Encino woman was the victim of identity theft and was not involved in McDavid's death.

Rutterschmidt, 72, and Golay, 75, were indicted last month on nine charges, including mail fraud, for allegedly collecting more than $2.2 million in life insurance on McDavid and Paul Vados, who was killed in an unsolved hit-and-run on Nov. 8, 1999, in a Hollywood alley.

They have pleaded not guilty. Both women are being held in federal custody and could not be reached for comment. Their attorneys could also not be reached.

Prosecutors allege that the women paid the rent on apartments for Vados and McDavid in order to keep track of the men's whereabouts for two years. In McDavid's case, authorities say Golay approached him at church and offered to get him off the streets in exchange for his signing an application for a $500,000 life insurance policy.

Although authorities said the women had no family relationship to Vados or McDavid, the pair were listed on insurance applications as the men's aunts or cousins or business partners, and Golay as a fiancee.

Neither woman has been charged in the mens' deaths, but police detectives have described them as suspects.

Investigators said they were focusing on McDavid's death because it occurred more recently and because they have tracked down more clues. But they said they are also continuing to pursue Vados' death, as well as that of a 97-year-old Massachusetts man who was hit by a car in Santa Monica.

According to the court papers, investigators believe McDavid was hit and killed by a car traveling at "a fairly low speed." He may have been unconscious because of a combination of alcohol, prescription sleep drugs and prescription painkillers that coroner's officials found in his system, according to prosecutors.

Detectives obtained a warrant to check Golay and Rutterschmidt's homes for possible prescription medicines found in McDavid's system, but police have not said what they found in that search.

Detectives have arranged for DNA tests on the blood found on the Sable but have not received the results.

The Sable has proven to be a key piece of evidence in the case.

A few weeks after McDavid's death, the car was found on a Hollywood side street, less than a mile from Rutterschmidt's apartment, prosecutors said. The vehicle was ticketed three times between July 15 and 20, and records indicate that it was impounded and determined to have been abandoned.

Impound records indicate that the vehicle had "front-end damage," according to the court filing.

The Sable was eventually sold by Hollywood Tow to a person who was unaware of its past.

Priest, Formerly Of Chicago Area, Pleads Guilty To Having Child Porn (BVND)

The Belleville News Democrat, June 21, 2006

CHICAGO - A Roman Catholic priest formerly based in suburban Hoffman Estates pleaded guilty Tuesday to possessing child pornography.

The Rev. Daniel Schulte, 53, former chaplain at St. Alexius Medical Center, was accused after federal investigators found still and video sexual images of children on the hard drive of his computer.

The images included girls and boys younger than 12 years old and some involved material that portrayed sadistic or masochistic acts, according to the plea agreement. The computer held more than 600 images when federal agents seized it, according to the U.S. attorney's office, but the defense disagreed with that number, the plea said.

The Vincentian priest was not accused of engaging in sexual activity with children. Defense attorney Patrick J. Cotter declined to comment Tuesday.

The Rev. Raymond Van Dorpe, assistant provincial of the order, said when Schulte was charged in March that the Internet service provider for Schulte's computer had contacted the order in March 2005 with the suspicion that child pornography had been accessed.

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The provincial superior immediately removed Father Schulte from active ministry and placed him on precautionary administrative leave, Dorpe said. An attorney for the order contacted the FBI and Schulte was moved to St. Louis where both he and his access to the Internet were supervised.

Schulte faces up to 10 years in prison and a maximum $250,000 fine when he is sentenced Sept. 14.

Bay Area Man Convicted In Internet Piracy Case (BCN)

Bay City News, June 21, 2006

(BCN) Federal prosecutors announced today that two more people, including a Cupertino man, have been convicted as part of Operation Copycat, the Justice Department's crackdown on Internet piracy.

Cupertino resident Tom Leung, 53, and Ray Morada, 32, of Washington, D.C., were convicted today of conspiracy and copyright infringement charges for their participation in a "warez group."

Warez groups are the source of the majority of pirated movies, music and software distributed and downloaded on the Internet, according to federal prosecutors.

Once a warez release group prepares a stolen work for distribution, the material is distributed in minutes to secure, top-level Internet servers throughout the world. From there, within a matter of hours, the pirated works are distributed globally, filtering down to peer-to-peer and other public file sharing networks accessible to anyone with Internet access, according to authorities.

Federal authorities began cracking down on the groups last year with Operation Copycat. To date 36 people have been charged in connection with Operation Copycat and 30 have been convicted, including Paul Sherman, a film critic for the Boston Herald. Sherman pleaded guilty last month to selling more than 100 pre-release review copies of movies to a known warez supplier between 2002 and 2005.

"Operation Copycat has yielded the conviction of a film critic who sold approximately 117 movies for illegal distribution. In addition, the case has yielded several notable firsts including the first convictions for recording a movie in a theater and uploading a pre-released movie on the Internet. The success of this investigation shows that individuals cannot hide behind advanced technology and the Internet to reproduce and distribute copyrighted works," U.S. Attorney Kevin Ryan said.

Hooks Jr. Indicted, Joins Father As Defendant In Tenn. Waltz (AP)

AP, June 21, 2006

MEMPHIS, Tenn. -- Former Memphis school board member Michael Hooks Jr. became the 11th person charged in the Tennessee Waltz corruption scandal when he was indicted Tuesday on embezzlement charges.

Hooks' father, Shelby County Commissioner Michael Hooks Sr., was indicted last year on Tennessee Waltz bribery charges and is awaiting trial.

Five of the accused in the federal investigation are current or former state lawmakers, two of whom have been convicted.

The Hooks family has long been active in Memphis politics, and Hooks Jr.'s great-uncle, Benjamin Hooks, is a former national director of the NAACP.

Hooks Jr. is charged in a four-count indictment with skimming public money from the Shelby County Juvenile Court.

While Tennessee Waltz focused on an FBI front company called E-Cycle Management that offered bribes statewide for government favors, it grew out of an embezzlement investigation at the juvenile court in Memphis.

Offenses in the indictment against Hooks Jr. carrying a maximum punishment of 40 years in prison and fines totaling $1 million, though federal guidelines would call for a much lighter sentence upon conviction.

The indictment says Hooks conspired with former court employee Darrell Catron to get a cut of more than $60,000 paid to former business consultant Tim Willis on bogus work claims.

Catron pleaded guilty to federal embezzlement charges in 2003 and Willis became an FBI informant when caught lying to a grand jury.

A woman who answered the phone at Hooks' office told The Associated Press he would have no comment.

Hooks, 31, announced his resignation from the school board in October, saying he wanted to spend more time with his family and return to college.

Willis was a key witness against former Sen. Roscoe Dixon, D-Memphis, the first state lawmaker facing Tennessee Waltz charges to go to trial. Dixon was convicted earlier this month and is awaiting sentencing.

Witnesses at Dixon's trial said the juvenile court investigation was rolled into Tennessee Waltz when the FBI sting officially began in 2004.

Former Rep. Chris Newton, R-Cleveland, has pleaded guilty to accepting Tennessee Waltz bribes and is serving a one-year prison sentence.

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Two bribery "bagmen" also have pleaded guilty and a former county commissioner in Chattanooga was convicted at trial. A former county commission administrator in Memphis is also under indictment.

Sen. Kathryn Bowers, D-Memphis; Sen. Ward Crutchfield, D-Chattanooga; and former Sen. John Ford, D-Memphis, are awaiting trial.

Hooks Jr., an aspiring actor, played a small role as a prison official in "Hustle and Flow," a movie about a small-time Memphis pimp and drug dealer who longs to be a rapper.

Testimony On Bulger Probe Is Disputed (BOS)

By Shelley Murphy, Globe Staff

The Boston Globe, June 21, 2006

A retired FBI agent, who went undercover in 1983 to offer bribes to officials, yesterday disputed testimony that the Massachusetts Senate president at the time, William M. Bulger, had been a target of the investigation.

``His name never came up," John ``Jack" Callahan said in a telephone interview with The Boston Globe. ``As far as Bulger being a target of the investigation? Not to my knowledge, and I was the primary and only undercover agent involved in it for four years."

Yesterday, Robert Fitzpatrick, who was second in command of the FBI's Boston office from 1981 to 1986, acknowledged that the FBI did not have any evidence of wrongdoing by Bulger during the 1983 investigation.

But he stood by his testimony on Monday that Bulger was a target of the inquiry.

Fitzpatrick said it was one of nine investigations in his tenure in Boston that he believed had been compromised by leaks to informants, including Bulger's gangster brother, James ``Whitey" Bulger, or others outside the agency.

Fitzpatrick testified Monday in a wrongful-death suit.

The action was brought against the government by the family of a murdered FBI informant who was to ``get" the House majority whip at the time, Vincent Piro ; the House speaker, Thomas W. McGee ; and Bulger.

Piro, a Somerville Democrat, was recorded on tape in 1983 asking Callahan, who was posing as a mall developer, for $25,000 to ensure legislative approval for liquor licenses for the Assembly Square Mall in Somerville. Piro said he needed $5,000 up front ``to grease a few guys."

But after accepting $5,000 from the undercover agent, Piro returned it three weeks later, saying that he had never taken money before, and that ``I don't want to start now."

Prosecutors said Piro had been tipped off that Callahan was an FBI agent. Piro argued entrapment at the trial; he was acquitted of conspiracy and extortion charges.

A witness testified that Piro had made reference to ``the speaker," but McGee was never charged, and he denied any involvement with the case. Bulger's name did not surface during the trial.

Yesterday, after Fitzpatrick finished testifying in a civil suit in US District Court, he told a reporter that the FBI was ``getting a lot of information about the flow of the money . . . there were allegations that [Bulger] might get money, that he was part of this chain."

Fitzpatrick said that Bulger was known as someone ``who could make deals go through" at the State House, and that the FBI thought Piro might enlist Bulger's help for the liquor licenses.

Fitzpatrick acknowledged, however, that there was no evidence that Bulger ever got any money from Piro.

``The investigation ended quite abruptly," Fitzpatrick said.

A Boston lawyer, R. Robert Popeo , who represented Piro in the criminal case and who represented Bulger on unrelated matters in the 1980s, called Fitzpatrick's claims ``preposterous."

He said that Bulger's name had never surfaced during the case and that the government never produced ``a scintilla of evidence" that there was a leak to Piro.

``It's clearly revisionist history," Popeo said, adding: ``They never had evidence then [of a leak], and they don't have it now."

Fitzpatrick said Monday that after Piro returned the money, the FBI launched a leak inquiry.

In the courthouse hallway yesterday, Fitzpatrick said that he and the US attorney at the time, William F. Weld, who became the governor, interviewed a retired FBI agent, Dennis Condon, about whether he had leaked information about the Piro investigation.

Condon had worked in the organized crime squad of the FBI's Boston office and had had dealings with James ``Whitey" Bulger and his sidekick, Stephen ``The Rifleman" Flemmi, both longtime informants. But, Fitzpatrick said, Condon denied having been involved in leaking information.

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Condon's lawyer, Michael B. Meyer , said yesterday that Condon retired from the FBI in May 1977, and that he ``therefore was not in a position to leak, and did not leak, anything."

Yesterday was Fitzpatrick's sixth and final day on the stand in a $50 million wrongful death suit filed against the government by the family of John McIntyre, a Quincy fisherman who was murdered on Nov. 30, 1984.

McIntyre's mother, Emily, and brother, Christopher, have asserted that the government had negligently caused McIntyre's death because of the FBI's mishandling of James ``Whitey" Bulger and Flemmi.

Flemmi testified this month that he and Bulger had killed McIntyre because an FBI agent, John J. Connolly Jr., had warned them that McIntyre was cooperating against them.

Beaten P.I. Was Seeking Witness To '92 Mob Slay (NYDN)

By Nancie L. Katz, Daily News Staff Writer

New York Daily News, June 21, 2006

When veteran forensic investigator Angela Clemente drove to a remote parking lot in the dead of night last week, she thought she was about to break another big mob case.

Her longtime partner, Stephen Dresch, said yesterday that Clemente was hoping to meet an eyewitness to two 1992 mob slayings - and get enough evidence to possibly overturn the murder convictions of three men.

Instead, Clemente was beaten and nearly strangled last Friday - and then threatened again.

"The threat that came after the attack was far more alarming than the attack itself," Clemente told a source yesterday. "I'm in hiding. I'm very nervous. I'm scared. I'm not going to do any further investigation."

The case she was probing stemmed from the slayings of reputed Colombo soldiers John Minerva, 66, and Michael Imbergamo, 54, on Long Island.

Clemente, 40, has been seeking evidence that would help clear three men convicted of the murders - and link the crimes instead to the late Colombo capo Greg Scarpa Sr. and his FBI handler, Lindley DeVecchio.

Dresch said she hoped to get it from Imbergamo's nephew and bodyguard, a retired NYPD cop who ducked the gunfire that fatal day.

"He dived under the dashboard of his car," said Dresch, a forensic investigator and retired college professor. "He was supposed to have gotten out of the way.

"Presumably, he would have seen something," he added. "Angela. has been trying to find him and had the word out."

Clemente had been getting anonymous notes about the Long Island murder on her car windshield. She thought they could have come from the nephew - the possible breakthrough she was looking for, said Dresch.

"She was hoping he would tell her something. What did he see? Anything she could get. He was there. He was a witness," Dresch said. Nassau County prosecutors are now probing what role Scarpa played in the convictions of rival capos Joseph and Anthony Russo and associate .Joseph Monteleone in those murders.

Dresch and Clemente played an early role in bringing out evidence against DeVecchio that Brooklyn District Attorney Charles Hynes turned into a criminal indictment, charging him in four mob murders.

Scarpa died in 1994. DeVecchio, who has vigorously denied any wrongdoing, is free on bail.

About 1 In 20 Americans Stalked, Study Says (SCRIPPS)

By Lee Bowman, Scripps Howard News Service

Scripps Howard, June 21, 2006

Nearly 5 percent of adults in a national survey reported having been stalked at some point, translating to an at-risk pool of more than 7 million women and 2 million men in the United States.

Most stalkers aren't strangers, according to the study's lead researcher, Kathleen Basile, a behavioral scientist who works in violence prevention at the National Center for Injury Prevention and Control, part of the federal Centers for Disease Control and Prevention.

Women, younger adults and those who are single, separated or divorced are most at risk. Younger adults being more likely victims "goes along with what we know about violence in general," Basile said.

The results, being published in the American Journal of Preventive Medicine in August, are based on phone interviews done with nearly 10,000 adults between 2001 and 2003, with responses about equally divided between women and men.

Stalking was defined as "ever being followed, spied on or communicated with, without consent, at a level perceived to be somewhat more dangerous or life-threatening (not counting commercial exchanges with bill collectors or telemarketers) for more than one month."

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According to the researchers, "Stalking continues to be a public health problem at a magnitude comparable to that measured in the National Violence Against Women Study (done for the Justice Department in 1995-96)."

That study concluded that about 8 percent of women and 2 percent of men had been stalked.

Both surveys indicated that women were most likely to be stalked by someone with whom they've had a relationship, while men were more likely to be stalked by acquaintances or strangers.

"Women should be aware of the potential for stalking by an intimate partner, particularly when that intimate partner is physically or sexually violent," Basile said.

The new survey found that blacks have significantly lower odds of being stalked than whites, but Basile said the reasons for this aren't clear and that there may be differences in how people report stalking.

The earlier study found that about two-thirds of all stalking episodes end within a year, but that those involving intimate partners tended to go on longer.

Mindy Mechanic, an associate professor of psychology at California State University-Fullerton who researches intimate-partner violence, agreed that the most dangerous stalker is someone who is - or has been - in a relationship with the victim. "In the majority of homicides involving intimate partners, stalking was another tactic, another tool in the abusive armamentarium of the stalker," she said.

However, she noted, "most stalking does not end in homicide or even violence. The perpetrator is arrested, hospitalized, moves away, gets tired or finds another victim."

The Justice Department survey indicated that about half of victims felt the intrusions had stopped either because they had moved or because the stalker turned to a new relationship.

The duration of stalking seems to mostly depend on the stalker's motivation, according to Mechanic. "A delusional individual, like a celebrity stalker, is different from a socially unskilled, awkward ... individual who thinks that a neighbor who says 'Hi' in the hallways is romantically interested in them."

Firms Seek Federal Privacy Rules (WP)

By Kim Hart

The Washington Post, June 21, 2006

Several large technology companies, including Google Inc. and eBay Inc., announced support yesterday for stronger federal regulations to protect consumer privacy on the Internet.

Twelve companies formed an advocacy group, the Consumer Privacy Legislative Forum, to lobby for greater protection of private information, and several members testified yesterday before a House subcommittee.

For over a decade, consumer groups have pushed for measures to safeguard personal information from identity theft and fraud.

The group of companies is seeking federal legislation that would require businesses to notify consumers when collecting personal information, then allow individuals to choose how the information is used and to access data they have provided to cut down on unauthorized use.

An "uneven patchwork" of state laws aimed at protecting consumer privacy makes it difficult for companies to comply and is confusing for consumers, said Nicole Wong, Google's associate general counsel.

"When you have so many laws all with the same aim but with different definitions, companies aren't able to create protection in a uniform way," Wong said.

Ari Schwartz, deputy director of the District-based Center for Democracy and Technology, said a multitude of industry-specific laws has been ineffective in protecting consumers "across the board."

"We don't want states passing new laws every time a data breach happens," he said.

Meg Whitman, eBay's president and chief executive, is also in favor of a single federal law. Yesterday, she told the House Energy and Commerce Committee's subcommittee on commerce, trade and consumer protection that the Federal Trade Commission should more closely monitor how consumer information is obtained and shared on the Internet. She said Web-based retailers should not be held to a higher standard than other businesses.

Before the group formed in March, a few companies -- among them Hewlett-Packard Co., Microsoft Corp. and Intel Corp. -- actively supported far-reaching legislation, Schwartz said. Now companies such as Eastman Kodak Co., Eli Lilly and Co. and Procter & Gamble Co. have joined the cause.

The involvement of companies that haven't traditionally been big online players indicates the importance of the consumer privacy issue, he said.

Other analysts said that overregulating data gathered online could disrupt the free flow of information that is vital to healthy markets.

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Restricting information could reduce competition and prevent new firms from entering the marketplace, said Thomas M. Lenard, senior fellow at the Progress & Freedom Foundation, a nonprofit organization that analyzes public policy relating to digital technology.

"The personal information utilized by firms produces great value for consumers and the economy," Lenard told the subcommittee. Regulation, he said, would have "unintended" consequences, "especially when imposed on a medium like the Internet that is changing so rapidly."

He said companies already have market-induced incentives to protect private data.

The challenge of securing personal information and the reluctance of Congress to pass stronger legislation has frustrated consumer advocates. Marc Rotenberg, executive director of the Electronic Privacy Information Center, said state governments have been more responsive than Congress in safeguarding consumer privacy. Pressure from private companies may yield results as long as the new campaign is more than a ploy to improve their image, he said.

"We welcome the participation of industry in the discussion, but it can't simply be an exercise in public relations," Rotenberg said.

Google, Other Tech Giants Call For Law To Protect Consumers (AFP-Y2)

By Glenn Chapman

AFP, June 21, 2006

Fresh from a fight with US officials over the sanctity of online search information, Google joined an alliance of technology firms calling for federal legislation protecting consumer privacy.

"Today we live in a digital economy where both beneficial and potentially harmful uses of personal information are multiplying," said a statement from the Consumer Privacy Legislative Forum, whose roster includes such technology powerhouses as Microsoft, Intel, Oracle, Sun Microsystems and Hewlett Packard.

"The time has come for a serious process to consider comprehensive harmonized federal privacy legislation to create a simplified, uniform but flexible legal framework" for protecting consumers, it said.

"The legislation should provide protection for consumers from inappropriate collection and misuse of their personal information and also enable legitimate businesses to use information to promote economic and social value."

Google counsel Nicole Wong said Tuesday in a blog posting on the Google website that the company joined a group of "notable US companies" calling for federal consumer privacy legislation.

There was a "patchwork quilt" of US state consumer protection laws that varied depending on location and subject, with examples being health, financial, or child-related data, according to Wong.

"This matrix of laws is complex, incomplete, and sometimes contradictory," Wong wrote. "For consumers, the result is a set of privacy protections that are uneven at best."

The Internet was "beset with spyware, malware, phishing, identity-theft, and other privacy threats" that made protecting privacy an industry-wide challenge and highlighted the lack of a coherent regulatory structure, according to Wong.

A national standard for Internet privacy needed to be "a robust framework" because it would supersede state laws, the forum maintained.

The forum was created late last year and members that signed the statement on Tuesday included Eastman Kodak, eBay, Google, Hewlett-Packard, Intel, Microsoft, Oracle, Sun Microsystems, Symantec, Proctor and Gamble, Eli Lilly and Company, and Hewitt and Associates.

Google's joining the forum came in the wake of its legal standoff earlier this year with US federal government officials who demanded online search records from the company.

The standoff ended in March when US District Judge James Ware ordered Google to turn over only a fraction of the information sought.

Maintaining that the case raised "vital interests", Ware ordered the Mountain View, California-based search engine giant to hand over data on just 50,000 websites.

Ware rejected the Justice Department's attempt to obtain more sensitive data that might disclose the online search habits of web users, noting that that could spark a possible "loss of good will" among Google's users.

Federal prosecutors sought the information as ammunition in a legal fight to revive an overturned 1998 statute making it a crime for websites to allow minors access to adult material online such as pornography.

Wong at the time proclaimed Ware's decision "a clear victory" for the company and Internet users.

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CIVIL RIGHTS:

A Chance To Mark The Ballot By Puffing Through A Straw (NYT)

By Sewell Chan

The New York Times, June 21, 2006

For the first time, New York City residents will be able to vote by "puffing" and "sipping" air through a straw, pumping a foot pedal, touching a computer screen or pressing flat plastic shapes — two triangles, a circle and a square — affixed to the four corners of a specially configured keyboard.

These new methods, which represent the biggest innovation in the city's voting technologies since the Shoup mechanical-lever machine was introduced in 1962, are a temporary measure intended to help disabled people vote.

The new voting methods are the product of a lawsuit from the federal government. They will be used in the Sept. 12 primary and the Nov. 7 general election as an interim step to comply with a new federal requirement that voting machines be accessible to the disabled.

The new voting methods can be used on 22 ballot-marking devices that will be available at one site in each of the five boroughs. It is an imperfect compromise: by placing the machines at centrally located offices, the city is essentially requiring some of the least mobile voters to travel the longest distances to vote. And because it can take up to 40 minutes to cast a vote using the new machines, voters may find themselves waiting in long lines.

The devices are not actual voting machines; they cannot record votes, but merely generate a printed ballot on a sheet of white paper. The voter, with help from a poll worker if necessary, would then place the ballot in an envelope. The ballot would then be counted by hand, along with other paper ballots, including absentee ballots, on Election Day or shortly after.

John Ravitz, the executive director of the city's Board of Elections, gave a presentation yesterday on voting reform to members of a mayoral task force on modernizing elections and later oversaw a demonstration of the new devices to members of the board and the public, including several disabled residents.

In March, the Justice Department sued New York State for failing to comply with the federal Help America Vote Act of 2002, which called on the states to overhaul their voting systems. In May, after both sides acknowledged that the state could not overhaul its entire system in time for this year's elections, they agreed on a compliance plan that required each county to provide a limited number of voting machines that are fully accessible to the disabled for this year's elections.

The city bought 27 ballot-marking devices from Avante International Technology of Princeton Junction, N.J. The company is also providing the devices to 32 of the 57 counties in New York State outside New York City.

By next year, the state must have fully accessible voting machines in every polling place statewide — including the 1,369 in New York City. The state Board of Elections, which must approve new voting systems, has not yet done so, and so the city must wait before selecting its new voting technology.

The new ballot-marking devices will be available in each of the board's five borough offices: 5 each in Manhattan, Brooklyn and Queens; 4 in the Bronx; and 3 in Staten Island. (Three devices will be used in demonstrations, and two internally.) Before the September primary, the board will mail information about the devices to the city's 4.3 million registered voters.

Some advocates for the disabled said they were not fully satisfied. "I'm sorry we're having to go ahead with this interim plan," said Alexander Wood, executive director of the Disabilities Network of New York City, which represents people with motor and sensory disabilities. "I would have liked to see us hold out for a solution that accommodates all disenfranchised voters. This is a separate system, not an equal system."

Mr. Wood, a paraplegic who uses a wheelchair, noted that it could take up to 40 minutes for a disabled voter to cast a ballot using the new device. Many disabled voters will have to listen to a long recorded announcement with instructions — and the contents of the ballot — before they can vote.

Terrence C. O'Connor, a Queens Democrat who holds the rotating presidency of the 10-member city Board of Elections, conceded that the new device could be cumbersome. "It's the best it could be under the circumstances," he said.

Hispanics Drop Voter Rights Lawsuit Against Kissimmee (AP)

AP, June 21, 2006

KISSIMMEE, Fla. -- Four people want to drop a lawsuit alleging city election procedures unfairly diluted the voting power of Hispanics after they found that the minority group now outnumbers registered white voters.

The class-action complaint was filed last year to challenge the way city commissioners are elected, arguing that each spot should represent a geographic district. Instead, residents citywide are allowed to vote on each race, similar to the U.S. Senate.

Despite comprising about 45 percent of Kissimmee's 52,000 people, no Hispanic has ever been elected to the commission.

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Armando Ramirez, one of the four residents behind the lawsuit, originally filed a federal complaint six years ago alleging unfair voting practices. In July, the U.S. Justice Department filed a lawsuit against Osceola County on similar grounds, and Ramirez's group said they wanted to carry that momentum by suing weeks later.

However, the voter registration rolls now show that Hispanic voters outnumber white voters by about 900.

"The lawsuit is unsustainable," said Ramirez, who ran unsuccessfully for the Kissimmee City Commission in 2002. "Instead of waiting for the judge to tell us that, we directed our attorneys to" seek a voluntary dismissal.

The motion must still be approved by a judge, and Hispanics interested in continuing the suit have until June 30 to respond to a legal notice published Monday in the Orlando Sentinel. They would have to object to the motion to dismiss, which could mean hiring an attorney and being responsible for the cost of pursuing the action, according to the advertisement.

Ramirez said Monday the group will focus its efforts on registering people to vote.

The Justice Department case against Osceola County is still pending. A department spokesman declined to comment Tuesday on the request to drop the class-action suit.

Flag Burning Redux (WP)

The Washington Post, June 21, 2006

WITH CONGRESSIONAL elections coming, the Republican leadership has found a pivotal issue. Terrorism? Hardly. Entitlement reform? Don't be silly. We're talking about the grave threat to America known as flag burning. Yes, that election-year favorite is back: the proposed amendment to the Constitution of the United States allowing Congress to criminally punish the "physical desecration" of the American national banner. If you haven't noticed a rash of flag-burning incidents sweeping the nation that's because, well, there isn't one. But that doesn't stop Republicans from trotting it out as a more-patriotic-than-thou card.

They are, as always, close to having the votes to send it to the states for ratification. The House of Representatives has passed the measure and the vote will be tight in the Senate, where the Judiciary Committee approved the amendment 11 to 7. We hope the amendment will fall short of the needed two-thirds majority on the Senate floor; it's depressing enough that a majority of senators will support it.

The amendment would soil the First Amendment's command that Congress shall "make no law . . . abridging the freedom of speech." Flag burning is an odious form of expression. But there are lots of odious forms of expression the First Amendment protects: Holocaust denial and swastikas, racist rants and giant Confederate flags, hammers and sickles. The amendment's power is in its self-confident sweep: Speech, including expressive acts, will not be censored. Government cannot punish ideas. Members of Congress who would protect the flag thus do it far greater damage than a few miscreants with matches.

ANTITRUST:

Knight Ridder Deal OK'd (KRT)

By Pete Carey, Knight Ridder

Knight Ridder, June 21, 2006

The Justice Department has cleared McClatchy to buy Knight Ridder, after McClatchy agreed to sign a guarantee that it will sell the St. Paul Pioneer Press, according to people familiar with the process.

The Justice Department was concerned about McClatchy's purchase of Knight Ridder because the company would own two papers in the Twin Cities — its own Minneapolis-based Star-Tribune and Knight Ridder's Pioneer Press.

McClatchy already has a buyer lined up for the Pioneer Press: Denver-based MediaNews, which also is buying the San Jose Mercury News, Contra Costa Times and Monterey County Herald, all in California, in a complicated $1 billion deal. That deal is still under antitrust review. McClatchy was asked to guarantee that it would sell the Pioneer Press regardless of whether the sale to MediaNews is approved by regulators.

Sacramento, Calif.-based McClatchy declined to comment.

All that remains now for the Knight Ridder-McClatchy deal to be complete is to count the shareholder votes on Monday at Knight Ridder's annual meeting in San Jose. Eighty percent of shareholders must approve the deal. The final papers will be signed June 27., at which point Knight Ridder will cease to exist.

The Justice Department is continuing to review MediaNews' $1 billion plan to purchase the four papers, and is specifically looking at overlaps between the Contra Costa Times and MediaNews' Tri-Valley Herald. It is also reviewing the involvement of Hearst in the MediaNews purchase, because Hearst owns the San Francisco Chronicle, which competes with MediaNews in the

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Bay Area. Hearst is spending $263 million for the Monterey County Herald and the Pioneer Press, but will trade the two papers to MediaNews in exchange for a stake in MediaNews' assets outside the Bay Area.

McClatchy is buying Knight Ridder and its 32 newspapers for $4.5 billion and assuming $2 billion in Knight Ridder debt. It is selling 12 of the newspapers to help finance the deal.

All but one of the papers being sold has a buyer.

McClatchy Cleared By DOJ To Buy Knight Ridder (SANJBIZ)

San Jose Business Journal, June 21, 2006

The McClatchy Co. has been cleared by the U.S. Department of Justice to buy Knight Ridder Inc. after agreeing to sell the St. Paul Pioneer Press, according to reports.

The Justice Department was concerned about Sacramento-based McClatchy's (NYSE:MNI - News) purchase of San Jose-based Knight Ridder Inc. (NYSE: KRI - News) because of antitrust issues -- McClatchy would then both the Minneapolis Star-Tribune and Knight Ridder's St. Paul Pioneer Press.

According to reports, the Pioneer Press may be bought by Denver-based MediaNews Group Inc., which owns other newspapers in the Bay Area and is also buying the San Jose Mercury News, Contra Costa Times and Monterey County Herald in a complicated $1 billion deal.

That deal is still under antitrust review.

McClatchy is in the process of buying Knight Ridder for about $4.3 billion. The deal involves the sale of 12 Knight-Ridder newspapers that McClatchy views as having low growth prospects.

The Knight Ridder-McClatchy deal must still be approved by shareholders.

Justice, FTC Unveil E-filing For Pre-merger Notification Documents (FCW)

By David Hubler

Federal Computer Week, June 21, 2006

The Justice Department's Antitrust Division and the Federal Trade Commission announced today an electronic filing system that will allow merging companies to submit pre-merger notification filings, as required by the Hart-Scott-Rodino Act, via the Internet, eliminating the time and expense of duplicating and submitting written documents.

The new system ends the requirement to submit to Justice and the FTC paper copies of the required pre-merger notification form and attachments, according to a DOJ announcement.

Under the new system, pre-merger filers now have three options. They can:br>

Complete and submit the form and all attachments in hard copy.

Complete the electronic version of the form and submit it and all attachments electronically.

Complete the electronic version of the form and submit it electronically while submitting all documentary attachments in paper copy.

The Hart-Scott-Rodino Act requires companies planning acquisitions or mergers that meet certain threshold requirements to file a Notification and Report Form with Justice and the FTC in advance. The law also requires the merging parties to observe a mandatory 15- or 30-day waiting period, after which the companies may proceed with the transaction if neither Justice nor the FTC has requested additional information about the transaction.

Because Hart-Scott-Rodino filings are highly confidential, every step of the e-filing process has been designed to ensure the confidentiality and security of submitted information, according to the statement. A valid electronic signature will be required before submission of the package, which will be encrypted and transmitted via the Internet to a secure FTC server.

Justice and the FTC will employ unspecified security measures to protect the information parties submit, according to the statement.

In addition to providing benefits to filers and government agencies, e-filing complies with the Government Paperwork Elimination Act, which requires that federal agencies provide e-filing and signature options to the extent practicable.

Detailed information on e-filing, including an electronic version of the Notification and Report Form, is available at https://www.hsr.gov/.

The e-filing option will be available on the publication of the Federal Register notice announcing necessary Hart-Scott-Rodino Act changes. That notice is available at http://www.ftc.gov/bc/hsr/hsr.htm.

FTC, DOJ To Allow Premerger Notices Filed Via Internet (DOW)

Dow Jones, June 21, 2006

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The Federal Trade Commission and the Justice Department's antitrust division will allow merging companies to submit premerger filings via the Internet instead of delivering hard copies.

Companies still will be allowed to file paper copies with the FTC and antitrust division, and also will be able to submit merger notification and report forms electronically along with paper copies of documentary attachments.

The electronic filing option will be available upon Federal Registry publication of the notice that makes the necessary changes to the Hart-Scott- Rodino Act's rules.

FTC Secretary Donald Clark told Dow Jones Newswires he expects the notice will be published by the end of the week.

-Jason Ma; 201-938-5400; AskNewswires@dowjones.com

Justice Cites Strides In Copyright Fight (UPI)

UPI, June 21, 2006

The U.S. Justice Department said Tuesday it is making progress in the fight against intellectual property piracy.

A new department report said all of the recommendations from an earlier task force report on intellectual property theft have been implemented.

Intellectual property theft includes the trading and online piracy of copyrighted movies, music and video games.

Attorney General Alberto Gonzales, in prepared remarks to the U.S. Chamber of Commerce in Washington, said the department attempted to implement all 31 recommendations, and, "I am proud to announce that the Department of Justice has achieved this goal."

Gonzales cited "The 2006 Progress Report" on intellectual property theft.

Among the highlights, Gonzales said, was the fact that the task force increased the number of prosecutors in the field by not only creating the five additional Computer Hacking and Intellectual Property, or CHIP, units recommended in the 2004 report, but also created an additional seven CHIP units.

That nearly doubled the number of CHIP units - from 13 to 25 - in less than two years, he said.

Feds Pump Up Intellectual Property Protection Efforts (IDG)

By Grant Gross, IDG News Service

IDG News Service, June 21, 2006

WASHINGTON, D.C.-- The U.S. Department of Justice has fulfilled or exceeded all recommendations made by an intellectual property task force in October 2004, including new computer crime investigations units in 12 cities, Attorney General Alberto Gonzales announced Tuesday.

Since the Justice Department's task force made 31 recommendations for protecting intellectual property, the department has launched Computer Hacking and Intellectual Property units in seven more cities than the task force recommended. The department now has 25 CHIP units across the United States. Among the newest 12 are units in Washington, D.C., Baltimore, Denver, Detroit, and Philadelphia.Efforts Abroad

Gonzales called intellectual property the "lifeblood" of the U.S. economy during a speech in Washington, D.C. "We've done a lot," he said. "We have to do a lot more."

The Justice Department, which released a progress report on the initiative today, has also stationed an experienced prosecutor to work on intellectual property enforcement in Southeast Asia, and will add a prosecutor in Eastern Europe. Those prosecutors will help train foreign prosecutors, investigators, and judges about intellectual property investigations, the department said.Goals Accomplished

The report, which will be available at the department's cybercrime page, also notes several other Justice Department efforts during the past two years. Among the task force recommendations the department has met:

Increasing the number of defendants prosecuted for intellectual property offenses by 98 percent between the government's fiscal 2004 and 2005 years

Publishing a nearly 400-page comprehensive resource manual for federal prosecutors on prosecuting intellectual property crimes

Partnering with the U.S. Patent and Trademark Office to dedicate $900,000 over three years to piracy prevention efforts with nonprofit educational institutions

The Business Software Alliance, a trade group representing large software vendors, praised the Justice Department report, saying the agency has made "significant progress" in protecting intellectual property.

Justice Dept: Has Doubled Counterfeiting, Piracy Cases (DOW)

Dow Jones, June 21, 2006

WASHINGTON -(Dow Jones)- The U.S. Justice Department Tuesday said it has doubled prosecutions of counterfeiting and piracy since a task force was set up in 2004 to address intellectual property prosecutions.

"We have increased our capacity to address intellectual property thefts," Attorney General Alberto Gonzales told a luncheon in a speech at the U.S. Chamber of Commerce. "We have done a lot, but we have to do a lot more."

The doubling of federal prosecutions was noted in a 72-page progress report on the department's intellectual property task force, which was released this week.

Gonzales said the Justice Department has set up 25 special computer hacking and piracy units around the U.S. in the last two years, boosting the ability of government prosecutors to dismantle international and domestic counterfeiting organizations. The department also has worked with other agencies to, among other things, press China and other countries to do more in combatting illegal counterfeiting.

Gonzales told the room of business representatives that the department has made combatting illegal counterfeiting a top agency priority, not only for artistic works but also for trademarks, trade secrets and patented products, such as pharmaceuticals and medical devices.

-By Mark H. Anderson, Dow Jones Newswires; 202 862-9254; mark.anderson@ dowjones.com

Intellectual Property Prosecutions Double, Says Justice (B&C)

By John Eggerton, Broadcasting & Cable

Broadcasting & Cable, June 21, 2006

The Justice Department Tuesday is issuing a status report on protection of intellectual property in the digital age, saying it has almost doubled the number of defendants prosecuted for intellectual property crimes.

Even Court TV has been part of the solution, according to the department.

In its 104-page progress report, the Task force on Intellectual Property says it has implemented recommendations made in October 2004, when it issued its initial report about what steps needed to be taken.

Among the progress it is reporting:

·Boosting the number of prosecutors of intellectual property crimes by a dozen.

·Creating an intellectual property educational program for young people (including distributing information on college campuses).

·Increasing the number of defendants prosecuted for intellectual property offenses 98% (from 177 in fiscal year 2004 to 350 in 2005).

·Training over 2,000 prosecutors in other countries and boosting efforts in Asia and Eastern Europe.

·Partnering with the Patent Office to put $900,000 over three years into piracy prevention efforts.

·Teaming with Court TV, which has covered a number of events on intellectual property rights.

Prosecuting the theft of DISH's satellite signal by a man who made over $300,000 selling pirated and re-programmed devices.

Content providers, arguably led by NBC Universal Chairman Bob Wright, have been pushing for stronger copyright protections and stepped-up pursuit of IP pirates, arguing they threaten hundreds of billions of dollars across a host of sectors, from counterfeit drugs to stolen TV shows, and could impede the transition to digital content distribution.

In October 2005, Attorney General Alberto Gonzales added new members to the task force and told it to implement the 2004 recommendations ASAP.

Increased Piracy Puts More Heat On China (LAW)

By Gabe Nelson, Legal Times

Legal Times, June 21, 2006

The entertainment industry hoped the counterfeiting of movies, music, software and books would plummet after China agreed in 2002 to abide by the World Trade Organization's standards for global intellectual property rights.

Instead, the industry says piracy has increased dramatically, leading some American companies to view the Chinese government as unable -- or unwilling -- to curb it. And industry lobbyists are now helping the U.S. government prepare a case that could be brought against China in the WTO's Dispute Settlement Body.

Earlier this month, Assistant U.S. Trade Representative Timothy Stratford told the American Industries U.S.-China Economic and Security Review Commission that the United States could launch a WTO case if China doesn't crack down on IP offenders.

But experts suggest that while both the industry and the government talk tough when it comes to taking on China, America may be reluctant to actually bring a complaint against the Asian superpower.

Pushing the industry's case is Washington's Smith & Metalitz, a deceptively small lobbying firm specializing in intellectual property. Although the firm employs just four partners, an associate and a consultant, its list of clients reads like an all-star roster of influential entertainment trade groups. The firm's secret: Smith & Metalitz plays Clark Kent to the International Intellectual Property Alliance's Superman.

Both share the same leader, Eric Smith, who serves as both the association's president and Smith & Metalitz's managing partner. In 1995, Smith and intellectual property lawyer Steven Metalitz formed Smith & Metalitz, and today the firm represents all seven of the association's member groups, including the Motion Picture Association of America, the Recording Industry Association of America, the Association of American Publishers, the Business Software Alliance, and the Entertainment Software Association.

Smith & Metalitz recently made it a greater priority to work with the Office of the U.S. Trade Representative to build a case against China, according to lobbying registrations released last month by the Senate Office of Public Records.

Smith declined to comment on the details of the case. "It's a little premature to support a case actively," he says. "We're still in the evidence-gathering stage with USTR." Records also show that Smith & Metalitz received about $400,000 from its clients for 2005.

Also lobbying is the National Association of Manufacturers, the largest industrial trade group in the United States, whose $8.3 million in-house lobbying practice works extensively on Chinese trade issues.

NAM has seen an upswing in piracy across many sectors of industry, says Bill Primosch, the organization's director for international business policy.

"Anything that has a high markup is being counterfeited," Primosch says. "It's all kinds of products: pharmaceuticals, personal-care products, auto parts, medical-testing equipment. And it's starting to flow into the international marketplace."

In 2000, the year before China joined the WTO, the International Intellectual Property Alliance claimed losses of more than $1 billion to Chinese copyright piracy in the film, music, video-game, publishing and business-software industries.

Since then, China's economy has boomed, with an annual increase in gross domestic product of about 10 percent. Piracy industries have grown too. The association has estimated losses of $2.69 billion for 2005. Those figures don't include illegal Internet file sharing, which has increased as more and more Chinese gain access to the Internet.

But the USTR's threat of a WTO suit against China might be little more than saber rattling, experts say.

AN EMPTY THREAT?

Trade groups remain reluctant to support a WTO case, Primosch says. Many of NAM's member companies fear China's government will identify them as troublemakers and blackball them, he explains. "They don't want to burn their bridges," he explains.

Although trade groups fear becoming foes of the Chinese government, they say they would support a case against China if there were adequate evidence to prove it. "The worst thing that could happen is you lodge a complaint, a WTO panel reviews the material and says, 'Well, you just haven't proven your case,'" Primosch says.

American industry has reason to worry, as experts say it's unclear whether a case against China would be effective. The Chinese government, they say, has already implemented significant legal reforms since joining the WTO.

"The formal legal regime governing [intellectual property rights] protection in China has improved, and that improvement is ongoing," says Kenneth Lieberthal, a professor of political science and international business at the University of Michigan. "The national leadership is gradually developing some institutional capacity, particularly in the eastern cities, to enforce the rules."

Piracy continues, in part, because many Chinese officials protect illegal enterprises to boost their local economy, Lieberthal says. In many cases, a region's economic performance influences whether an official will be promoted, creating a powerful incentive for administrators to ignore the legal status of the industries under their jurisdiction.

That poses a problem for the United States because the WTO can only determine whether a national government is meeting its obligations and has no authority over corrupt officials. In this case the WTO would have to determine whether Chinese law meets the trade body's requirements regarding copyright and patent enforcement. To win a case, the United States would need to prove that Chinese law enables corruption, and given China's recent efforts to improve its copyright laws, that would be a much more difficult case than simply proving the existence of piracy.

"You can't just haul China into court on the basis that there is piracy in China," Lieberthal says.

But some have said problems with the way Chinese law is written could be used to bolster a WTO case.

For example, Chinese copyright law sets the minimum amount of piracy needed for prosecution far too high, according to the U.S. trade representative's 2006 Special 301 Report on China.

"The mandated thresholds remain so high that they make it impossible as a matter of law to prosecute many commercial infringers, especially at the retail level," the report says.

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If China doesn't take steps to improve intellectual property protection, America could impose sanctions, which could force the nation to bring its IP enforcement into line. But the United States would be unlikely to impose economic barriers against China because sanctions could damage a U.S. economy increasingly dependent on inexpensive Chinese-manufactured goods, says Marc Busch, an international business professor at Georgetown University.

Busch cites a hypothetical situation: The United States could put a tariff in place if it won a WTO case against the European Union, for example. "We're hurting EU companies so that they'll turn around and ask Brussels to fix the problem," Busch says. "At the same time, we're kind of punishing ourselves by making it harder to buy Fendi bags or Roquefort cheese."

Since the WTO formed in 1995, it has given member countries permission to seek retaliation fewer than 10 times, and half the countries with permission to create sanctions have been too scared of economic backlash to implement them, Busch says.

Financially, American companies have little to gain from a case against China: The WTO's Dispute Settlement Body cannot award compensatory damages, so a decision in the United States' favor wouldn't yield a settlement for companies whose intellectual property has been infringed. "If you want damages, you should be suing in a Chinese court," Busch says.

He adds that companies may be waiting for the possibility of suing for damages in Chinese courts, and their pressure on China's government is meant to hasten that day. Even if the United States has only a tenuous case against China, American criticisms of the Chinese legal system ought to remind China of the importance of IP protection in an innovation-based economy, he says.

And Lieberthal says that to a great degree, China is only hurting itself, since much of the piracy in the nation has victimized Chinese-owned companies. "If China is serious about creating an innovation-based society, then it needs to do a better job of protecting intellectual property," he says.

PSC Considers AT&T-BellSouth Merger (MH)

The Miami Herald, June 21, 2006

The Public Service Commission today is slated to consider AT&T's $67 million acquisition of BellSouth, a deal that some opponents claim will lead to reduced competition.

On Monday, Florida Attorney General Charlie Crist sent a letter to the PSC urging it to ensure that merger doesn't harm competition for basic telephone service.

"My concern here is that the merged company might squeeze out competition to the detriment of consumers, particularly seniors, and residential and small-business customers," Crist wrote.

AT&T would grow to 70 million local phone customers and nearly 10 million broad band subscribers in 22 states if the deal is completed. The merger requires approval from both companies' shareholders, the Federal Communications Commission and the Justice Department. State regulatory agencies, including the PSC, also are weighing in on the deal.

FTC Nearing Approval Of Lockheed-Boeing Rocket Deal (AP)

AP, June 21, 2006

BETHESDA, Md. - Defense contractor Lockheed Martin Corp. has received a copy of a draft consent order proposed by federal antitrust regulators to approve the creation of a joint rocket venture with rival Boeing Co., which has rocket production facilities in Decatur, Ala.

Lockheed received the draft from the Federal Trade Commission about 10 days ago, company spokesman Tom Jurkowsky said Tuesday. He was unaware of the contents or how long Lockheed will review it before sending recommendations back to the FTC.

Boeing Co. has also received a copy, said Dan Beck, a company spokesman in Virginia. Beck did not know when the company would send recommendations back to the FTC.

He also said he didn't know when the FTC would approve or reject the merger announced in May 2005.

"It's entirely in the hands of the government right now," he said.

Although competitive concerns have prolonged the review, Lockheed is encouraged by the FTC's actions.

"Clearly this is a step in the right direction," said Jurkowsky, whose company earlier this year urged the FTC to complete its review.

A spokesman for the FTC said the agency does not comment on ongoing investigations.

The new venture, United Launch Alliance, is meant to cut costs for the launch of government satellites.

Boeing officials said the Decatur facility, which already produces its Delta rockets, would also produce Lockheed's Atlas rockets, if the merger is completed.

The Decatur facility employs 660 people. Boeing would not comment on how the merger would affect jobs at the plant.

"It certainly means there will be more activity," Beck said.

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The merger would also defuse a legal battle between Lockheed and Boeing over charges that Boeing had access to stolen Lockheed documents on its rocket launch plans.

The government stripped $1 billion worth of rocket launches from Boeing and the company later agreed to pay $615 million to end a Justice Department probe of the Lockheed records theft and other infractions.

Germany's Bayer Says It Has Enough Shares To Proceed With Takeover Of Schering AG (AP)

By David Rising, Associated Press Writer

AP, June 21, 2006

BERLIN (AP) German drug and chemical maker Bayer AG said Tuesday it now controls enough shares of Schering AG for it to go ahead with its nearly 17 billion euros ($21.33 billion) takeover of the rival company.

``Bayer has gained control of a total of 88.0 percent of Schering's approximately 191 million issued and outstanding shares," Bayer said in a statement. ``The attainment of a three-quarters majority was the last remaining condition of the takeover offer. Both the EU Commission and the U.S. antitrust authorities had already given their unconditional approval."

The announcement appeared to mark the final end to a merger battle over Schering between Bayer and fellow German drugmaker Merck KGaA.

Bayer's initial 16.5 billion euros ($20.7 billion) takeover bid for Schering trumped a hostile 14.9 billion euros ($18.69 billion) offer by Merck, which later said it was pulling out.

Merck then started snapping up Schering shares, making it look unlikely that Bayer would get the 75 percent stake it needed in order for the takeover to go through.

But at the last minute, Merck agreed to sell the 21.8 percent stake in Schering that it had accumulated to Bayer at a premium price of 89 euros ($111.66) per share, which bumped the total value of the takeover up to about 16.9 euros billion ($21.2 billion).

``We're pleased to have received such broad-based support from the stockholders," said Bayer Management Board Chairman Werner Wenning. ``We also invite the remaining Schering stockholders to accept our attractive offer of 89 euros ($111.66) per share," he said, adding the additional acceptance period runs from June 23 until July 6.

Bayer said it continues to pursue its goal of wholly acquiring Schering.

Further details were expected to be released Wednesday in a news conference at Schering headquarters in Berlin.

The takeover gives Bayer access to Schering's lineup of best-selling multiple sclerosis treatments as well as Yasmin, a birth control product that has helped make Schering the world's biggest producer of oral contraceptives. Bayer is known for its Aspirin and prescription medication like the antibiotic Cipro and Levitra, which is used to treat erectile dysfunction.

Bayer, which posted sales of 27.4 billion euros in 2005, hopes to combine Schering's portfolio into its lineup of over-the-counter drugs, pesticides and industrial polymers.

Founded in 1863, Bayer invented Aspirin in 1897 and has since gone on to make everything from vitamins to agricultural chemicals. Its best known products include Alka-Seltzer and One-A-Day vitamins. The company employs some 93,700 workers.

Schering, founded in 1851 as a pharmacy, has since grown to a corporation that employs 24,500 people worldwide. Schering's connection to its former U.S. subsidiary, Kenilworth, N.J.-based Schering-Plough, was broken during World War II and the companies are no longer related.

Merck, also founded as a pharmacy in 1668, is the oldest pharmaceutical business in the world. It has been entirely separate from Whitehouse Station, N.J.-based Merck & Co. since the end of World War I.

The announcement came after European markets had closed. Bayer shares ended the day down 0.46 percent at 32.73 euros ($41.06), Schering shares were up 0.79 percent to 89.70 euros ($112.54), while Merck shares were up 0.69 percent to 73.40 euros ($92.09).

Lawsuits Allege Wide Collusion On Nurses' Pay (WSJ)

By Kris Maher

The Wall Street Journal, June 21, 2006

Four lawsuits filed in federal courts in four cities allege that hospital systems colluded to keep nurses' pay artificially low despite concerns of a nursing shortage.

The suits, which seek class-action status, allege the systems shared information on pay practices with an understanding that they wouldn't outbid one another to recruit nurses.

The lawsuits -- put together with the help of the Service Employees International Union, which represents nurses and others -- were filed yesterday in Chicago, San Antonio, Memphis, Tenn., and Albany, N.Y., against more than 17 hospitals and allege that they violated antitrust laws.

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Several thousand nurses in each city could be eligible to participate if class-action status is granted, said Daniel Small, a partner at Cohen, Milstein, Hausfeld & Toll PLLC, in Washington, D.C., which brought the suits. The accusations are based on information lawyers gathered from interviews with dozens of former and current system employees, Mr. Small said. The estimated wage losses came from economists, he said.

Echelle Rutschman, a spokeswoman for Baptist Memorial Health Care Corp., a Memphis regional health-care system named in one lawsuit, said the suit is "completely without merit." She added, "We use industry-standard, legal practices to adjust salaries." Bill Van Slyke, a spokesman for Healthcare Association of New York State, which represents more than 550 nonprofit and public hospitals, called the allegations "outrageous" and added he thought the lawsuits were fueled by SEIU's organizing interests.

Median weekly cash earnings for registered nurses rose to $931 a week last year, up from $781 a week in 2000, according to the Bureau of Labor Statistics.

A union-commissioned study released in March by the Institute for Women's Policy Research found that wages for nurses employed in hospitals fell from 2003 to 2004.

According to the American Hospital Association, U.S. hospitals needed roughly 118,000 registered nurses to fill vacant positions as of December 2005.

Studio Sues Over Internet Film Based On Stone's Script (WP)

By Eric M. Weiss

The Washington Post, June 21, 2006

Chris Moukarbel was intrigued by director Oliver Stone's latest project, a $60 million movie to be released this summer about two police officers rescued from the rubble of the twin towers.

But as a 28-year-old filmmaker, Moukarbel wanted to do more than simply watch Stone's "World Trade Center." He decided to create his own version -- using a bootleg copy of the screenplay and Yale University student actors -- and offer it free on the Internet.

Although his film is only 12 minutes long and doesn't have a cast to rival Nicolas Cage and Maria Bello, it has brought the power of Hollywood down on him.

Paramount Pictures is suing Moukarbel in U.S. District Court in Washington, asking the court to prohibit the distribution of his movie. "He's free to make any World Trade Center movie he wants to make, but not our movie with our script," said Nancy Kirkpatrick, a Paramount spokeswoman.

According to its lawsuit, which was filed Friday, the studio is afraid that people will see the student film on the Internet and confuse it with the big-time Hollywood version set to hit 1,500 screens on Aug. 9 and backed up with a $40 million marketing campaign.

"Large numbers of people will see the Moukarbel Film first for free and determine, based on this poor-quality copy, that they do not want to pay to see the remainder of the WTC Film at a theater when it is released," Paramount's lawsuit said.

Moukarbel, who lives in Dupont Circle and graduated from Yale last month with a master of fine arts degree, could not be located for comment yesterday. On his Web site, his project is described as a "12-minute movie, adapted from a bootleg script for Oliver Stone's soon to be released film World Trade Center." His film has since been taken off the site, replaced with "VIDEO REMOVED AT REQUEST OF PARAMOUNT PICTURES."

According to the Witte de With Center for Contemporary Art in Rotterdam, which has a link to the film on its Web site, "Moukarbel makes site-specific video and installations, often using found media or objects as his sources. His projects explore the idea of memorial, and are concerned with the way in which political events are edified. . . . The video was made entirely in the artist's studio using student actors and then released on the internet, intentionally pre-empting Stone's film release in August 2006."

The lawsuit compares the nearly identical dialogue from the Moukarbel and Stone films, which both document the ordeal of two Port Authority of New York and New Jersey police officers. The Paramount film was made with the cooperation of the two officers, Will Jimeno and John McLoughlin. Paramount's lawsuit said it "owns the rights to the WTC Screenplay, and thus the right to be the first and only entity to tell this important story. The Moukarbel Film deprives Paramount of that valuable right."

Paramount's lawyers have also contacted Web sites that linked to Moukarbel's movie. On the site FilmThreat.com, a message from Paramount's lawyers replaced a link to the film.

Despite Paramount's pan, Moukarbel's movie was getting some good word of mouth, at least among the few who had seen it.

"It may not be Oliver Stone's version, but it actually was pretty good, better than the trailer that they released themselves," wrote "AuntPeru" on Filmthreat.com. "Oh well, hopefully it'll show up on YouTube."

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Early Univision Bids Near $11 Billion (WSJ)

By Dennis K. Berman, Henny Sender And John Lyons

The Wall Street Journal, June 21, 2006

The two groups bidding for Univision Communications Inc. were last night preparing offers near the range of the company's current stock price of $35.40 a share, valuing the broadcasting concern at around $11 billion, people familiar with the matter said.

As in any auction, the prices offered in the first round can differ substantially from final offers. But bidders are coping with skittish debt markets and banks that have reined in their lending in recent weeks. That has made it harder for buyers to reach the $40-a-share price that Univision, the nation's largest Spanish-language broadcaster by audience, first hoped to reach.

The group widely viewed as the favorite to win -- consisting of Mexican broadcaster Televisa SA, Venezuela's Venevision Investments LLC and private-equity shops Bain Capital, Blackstone Group, Cascade Investments, and Kohlberg Kravis Roberts & Co. -- was last night discussing an offer below Univision's current market price, though that could rise to at or around market at the last moment, these people said. Televisa already owns 11% of Univision.

Another group -- Texas Pacific Group Inc., Thomas H. Lee Partners, Madison Dearborn Partners LLC, Providence Equity Partners Inc. and media mogul Haim Saban -- was preparing an offer in the $35 range, people familiar with the matter said. That is at or below where Univision's class A shares stood yesterday -- at $35.40, down 30 cents for the day -- in 4 p.m. New York Stock Exchange composite trading.

It is still possible that Univision could pull the auction if it feels prices aren't to its liking. Such moves are rare after a company announces it is for sale and spends months preparing for a new owner.

Jitters in the debt-financing markets over higher interest rates have changed the dynamics for Univision, a Los Angeles conglomerate that operates television and cable networks, television stations, radio stations, a variety of music properties, and an Internet operation, all with Spanish-language content. The bond market for lower-rated credit that would be used to fund a deal has been spooked by the recent stock-market downturn and a heavy supply of new debt issues.

Just weeks ago, lending banks were willing to make loans valued at more than 13 times Univision's operating income, said one person familiar with their activity. That level has sunk recently, while loan prices have ticked up, this person said.

The Washington, D.C., private-equity firm Carlyle Group dropped from the Televisa-led group, a person familiar with the matter said, over concerns about price and governance between all of the private-equity firms and Televisa.

Jockeying between the two camps promises to be intense, as Univision presents complicated regulatory issues. The presence of Televisa in one group, for example, will inevitably raise foreign-ownership concerns, which could take months to resolve and which rivals are sure to prey upon for an advantage.

The Federal Communications Commission will have broad say on approving any transaction. The law generally prevents foreign entities from owning more than 25% of domestic broadcasters. But such reviews also take into account other factors, such as whether a foreign company has substantive control of a company via veto rights over management, board members or strategy decisions.

EU Competition Chief Says Anti-Monoply Law Would Help Benefit China's Economy (AP)

AP, June 21, 2006

BRUSSELS, Belgium (AP) -- European Union antitrust chief Neelie Kroes said Tuesday that China's move to adopt an anti-monopoly law would help benefit China's economy by attracting more business investors.

The EU Competition Commissioner made the comments after talks with China's Vice Minister of Commerce Ma Xiuhong at EU headquarters.

"This is an important step toward an effective competition regime," Kroes said in a statement. "The Chinese economy will benefit from the implementation of a sound competition policy, as will any company seeking to do business in China."

The Chinese Cabinet endorsed a draft anti-monopoly law on June 8 aimed at boosting fair competition after decades of domination by state industry. Foreign business groups, however, have expressed concern that it might be used to restrict or interfere with their investments.

Beijing officials said the proposed legislation would not discriminate between domestic and foreign companies. China began drafting the law in 1994 and a first draft was completed in 2003.

But progress was stymied by controversy over how to carry out enforcement, given the prevalence of state-owned monopolies or semi-monopolies in many industries. The draft law still needs the backing of China's legislature before it can become law.

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ENVIRONMENT:

Ex-Firefighter Pleads Guilty In Nev. Fires (FINDLAW/AP)

AP, June 21, 2006

(AP) - RENO, Nev.-An ex-firefighter has pleaded guilty to setting three wildfires that burned hundreds of acres of national forest in central Nevada last August, a federal prosecutor said Monday.

Mark E. Morgan worked temporarily with a U.S. Bureau of Land Management crew. Investigators said he started the fires because he was bored and needed the paycheck.

Morgan, 34, faces up to five years in prison and a $250,000 fine, and he could be required to pay restitution, U.S. Attorney Daniel G. Bogden said in a statement. He entered the plea Thursday. Sentencing was set for October.

The fires in the Humboldt-Toiyabe National Forest in Lander County, about 170 miles east of Reno, burned more than 550 acres of timber, brush and grassland. Two miles of fence also burned, but no injuries were reported.

When questioned by investigators, Morgan admitted starting two fires with a cigarette lighter and the third with a flare gun.

Draft Of Park Rules Stresses Conservation (WP)

By Juliet Eilperin

The Washington Post, June 21, 2006

The Bush administration has issued new draft guidelines for managing the national parks that make conservation the top priority -- ahead of recreation and energy development.

The new management rules -- which outline how park supervisors should handle issues including homeland security and whether to allow off-road vehicles to cross nature areas -- pleased environmentalists but angered off-road vehicle users, who said they fear that the Interior Department is modeling its practices after those of the Clinton administration.

In a news conference Monday, Interior Secretary Dirk Kempthorne said department officials had decided that preserving the country's parks ranks above any other management goal.

"When there is a conflict between conserving resources unimpaired for future generations and the use of those resources, conservation will be predominant," Kempthorne said. "That is the heart of these policies and the lifeblood of our nation's commitment to care for these special places and provide for their enjoyment."

Environmentalists had sharply criticized two earlier drafts of the rules, including one version leaked to the media in August that was written by Paul Hoffman. Hoffman, a political appointee, served as a deputy assistant secretary for fish, wildlife and parks at the time and now holds the same title in the Interior Department's policy, management and budget division.

Park advocates noted that the most recent management draft released in October, which ran more than 200 pages, included language that would have made good visibility in national parks an "associated value" rather than a "highly valued" resource as it stands under current rules. The latest draft restores the current language.

"They made virtually every change we recommended," said Ronald J. Tipton, senior vice president for programs at the National Parks Conservation Association. "The only conclusion you could draw from this is Secretary Kempthorne has taken a keen interest in national parks. This is a priority for him."

Don Amador, the Western representative for the Blue Ribbon Coalition, a group representing park users nationwide, said the administration had gone too far in placating its critics.

"Our concern is we don't want the administration to go back to the Clinton-era policy of putting preservation over recreation," Amador said. "They're both important, and motorized access to national parks, whether it's snowmobiling in Yellowstone or riding a sports-utility vehicle in the desert Southwest, are important ways for people to use and enjoy their parks. We just want to see a balance."

The administration will now take public input on the proposal for 90 days. That it was willing to revisit the matter of how the government manages its parks, Kempthorne said, shows the department's commitment to serving the public.

"The true test of any vibrant organization is that it can examine itself critically and constructively to strengthen its vision and improve its operations," he said. "With these revised policies, the National Park Service has again demonstrated its ability to engage citizens in productive dialogue and benefit from the valuable insights and suggestions of its employees, friends and partners."

U.S. Hybrids Get More Miles Per Congress (NYT)

The New York Times, June 21, 2006

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EVER since the first Prius rolled off the assembly line almost a decade ago at the Takaoka plant not far from Toyota City, hybrid cars have basically been a luxury item. If you owned one, you could feel good about using less gasoline and being a trendsetter, but you couldn't expect the fuel savings to make up for the thousands of extra dollars that the hybrid cost. There was no financial reward for environmental virtue.

But in the last few months, something important has changed. Gas prices have settled in at close to $3 a gallon, which is enough to make a few hybrids almost worth it, if not quite. And since the start of the year, the federal government has been giving generous tax credits to hybrid buyers, pushing the Prius and a couple of other hybrids into bargain territory.

Between the money saved on gas and the tax credit, the Honda Civic Hybrid will cost slightly less over a five-year span than the regular Civic, according to Consumer Reports. The same is true of the sharp-looking new Toyota Camry Hybrid, relative to a regular Camry. If you're deciding between a Prius and a regular Camry, the Prius, which gets a $3,150 credit, will start saving you money in just a few years.

The point of a tax policy like this — the point of a lot of tax policy, in fact — is to give people an incentive to change their behavior, and persuading Americans to use less oil certainly sounds like one of Washington's priorities these days.

Yet, astoundingly, many of the tax credits are about to be taken away. So if you are thinking of buying a Prius or Camry Hybrid, do it soon, as in this month or maybe next. And if you are wondering whether policy makers mean it when they say they're serious about changing our energy policy, join the crowd.

THE first thing to understand about the hybrid tax credit is that it was never really intended to reduce oil imports from the Middle East or slow the effects of global warming. The credit was created to prop up Detroit while giving conservation a nod.

Last summer, when Congress was completing an energy bill, Toyota's and Honda's hybrids were already winning people over in the marketplace, and it was clear that any tax credit would go overwhelmingly to buyers of Japanese cars. So members of Congress, with help from Detroit's lobbyists, came up with an ingenious solution. They created a cap, a maximum number of hybrids that any single manufacturer could sell — 60,000 — before a clock started ticking, causing the credits for that carmaker to begin disappearing two quarters later.

The idea, Mark Kemmer, a G.M. lobbyist, told Automotive News, was to keep any one company from getting "a runaway benefit."

Toyota hit the 60,000 mark last month, less than five months after the Jan. 1 start of the program, and the credits for its hybrid buyers will be cut in half on Oct. 1. (Because there are waiting lists for the Prius and Camry Hybrid, people who buy one in August or September may get their car after Oct. 1.) On April 1, 2007, the credits will be cut in half again. On Oct. 1, 2007, they will vanish. Honda, for its part, will probably hit the cap next year.

And the Big Three? Combined, they have sold fewer than 15,000 eligible vehicles so far, all by Ford, largely because their hybrids have not impressed buyers. Rather than building highly efficient hybrids like the Prius, Detroit has tinkered with gas guzzlers like the Chevrolet Silverado, adding hybrid technology to them so that they get slightly better mileage.

Come next year, then, the government will pay you to buy a Silverado hybrid (which gets about 16 miles per gallon) or a Ford Escape Hybrid (which gets about 26, according to Consumer Reports), but not a Prius (44) or a nonhybrid Corolla (29).

The obvious answer to this bizarre situation is to remove the caps. To their credit, Mr. Bush and a few members of Congress have called for precisely that, although it seems unlikely to happen anytime soon.

But I think there is a larger lesson here. In recent months, there has been a lot of talk in Washington about alternative energy sources, not just hybrids, but ethanol, fuel cells and nuclear power as well. Mr. Bush, Senator Hillary Rodham Clinton and others are pitching tax credits and similar financing mechanisms to give these technologies a boost.

The reality, though, is that government isn't particularly good at predicting which alternative will pan out. No single person or group is. "You can spend a lot of money on technologies that don't fit," says Susan M. Cischke, Ford's vice president for environmental and safety engineering. Remember the electric-car fad in California?

What the government can do that nobody else can, however, is set up a simple system of rewards and penalties — with the single goal of reducing oil use, regardless of the means — and then let the marketplace work it out. Economists tend to prefer a gas tax, but it's not the only option.

There is already a gas-guzzler tax written into the law that raises the price of inefficient cars, but not of sport utility vehicles or light trucks, notes Therese Langer of the American Council for an Energy-Efficient Economy. Making the tax universal would have a far bigger effect than a narrow policy aimed at hybrids, and it could be balanced by tax credits for efficient vehicles of any kind. Google has a nice template: it gives $5,000 to employees who buy a car that gets at least 45 m.p.g. in the government's ratings, a threshold that only the Prius and two Honda hybrids now meet.

I know this might sound like one more nail in Detroit's coffin, but it doesn't have to be one. The Big Three have the engineering expertise to build vehicles that can go a long way on a gallon of gas. If Washington would only nudge people to buy cars like that, Detroit would start making them.

An Ear For The Market (NYT)

By David Morris

The New York Times, June 21, 2006

Minneapolis

CONGRESS is considering several bills to extend the 51-cent-per-gallon tax credit for ethanol producers beyond its 2010 expiration date. But let's hope that our elected representatives don't make their decision in the grips of an ethanol haze. The state of the ethanol industry changed so substantially since the last extension, one year ago, that a fundamental and clearheaded redesign is in order.

Sky-high oil prices and a national ethanol mandate have undermined the rationale for incentives. With oil at $60 a barrel, ethanol can compete with gasoline without federal subsidies. For much of 2005, oil prices approached or surpassed the $60 level. In recent months, they've hovered near $70.

Last year, Congress ordered a near doubling of ethanol sales by 2012. Industry has responded so rapidly that the nation may have enough capacity to meet the Congressional goal by 2008. Indeed, Congress is already debating measures to increase mandated levels to 10 billion gallons in 2010 and 30 billion in 2020.

If the current 51-cent-per-gallon tax credit remains in place, these mandates would cost the Treasury Department $5 billion in 2010 and more than $15 billion in 2020. In the face of high oil prices, such subsidy levels are likely to prove politically untenable when there's no need for tax credits to make ethanol competitive.

Moreover, the rapidly changing structure of the ethanol industry argues for an entirely different kind of incentive. In 2003, some 50 percent of all ethanol refineries and perhaps 80 percent of all proposed plants were controlled by farmers, with an average annual output of about 40 million gallons each. But now, around 80 percent of new ethanol production is coming from plants controlled by absentee owners that produce 100 million to 125 million gallons.

As farmer and ethanol refinery have become delinked, so have biofuels policy and agricultural policy. True, the increased demand for ethanol has benefited farmers, but only modestly, raising the price of a bushel of corn by 10 cents to 15 cents. But when the farmer is also an owner in the refinery, he or she receives annual dividends averaging about 50 cents a bushel and more than $1 a bushel in very profitable years. Farmer-owners can also use an ethanol plant as a hedge against a drop in the price of their raw material. If the price of corn falls, so does the production cost of ethanol; all other things being equal, refinery profits and therefore dividends will rise.

How might Washington redesign the federal incentive to reflect the realities of an increasingly competitive absentee-owned, large-scale ethanol industry?

First, tie incentive levels to an index comprised of the price of a bushel of corn and the wholesale price of a gallon of gasoline. (A similar index can be developed for biodiesel or cellulose-derived ethanol.)

Such an incentive would honor the nation's commitment to both farmers and taxpayers. The farmer-producer would be protected if the price of oil plunged or the price of corn (or soybeans or cellulose) jumped. The taxpayer would be protected from having to underwrite handsome subsidies when the biofuels industry no longer needs them.

Second, transform part of the federal incentive from a gas tax exemption for those who market the ethanol into a direct payment to those who produce it. Minnesota did this in the 1980's, turning an incentive for consumption into one for production.

The new federal producer payment should encourage locally owned ethanol plants while not being a continual drain on federal resources. A payment of 15 cents per gallon for the first 20 million gallons produced each year might be offered to an absentee-owned plant with payment increasing to 25 cents a gallon if the majority of a plant's owners were farmers or local residents. No plant should be able to receive payments for more than 10 years.

Drastically changed times call for a drastically changed federal biofuels incentive, one that minimizes the long-term costs to America's taxpayers while maximizing the long-term benefits to our rural communities and farmers.

David Morris is the vice president of the Institute for Local Self-Reliance.

Eminent Domain Surges After Ruling (WT)

By Joyce Howard Price

The Washington Times, June 21, 2006

The Supreme Court's decision last year to allow cities and states to seize property for private development "opened the floodgates" to eminent domain actions nationwide, a report says.

In the year since the Kelo decision, nearly 6,000 properties nationwide have been threatened or taken under that precedent, more than half the number that had been seized over a previous five-year period, said a report released yesterday by the Institute for Justice.

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"There has been a huge rise in the number of threats to use eminent domain since Kelo. Cities are wielding eminent domain as a club," said Dana Berliner, a senior counsel with the Institute for Justice and the author of the 100-page report.

People threatened with eminent domain are vulnerable, she said, because they feel compelled to sell or have their home or business seized for a fire-sale price. At the same time, Ms. Berliner said, residents have become more active in trying to thwart land grabs and promoting changes to state law to bar the use of eminent domain.

Since the high court's 5-4 decision in Kelo v. City of New London, Conn., a year ago Friday, 5,783 properties nationwide have been either seized or threatened with seizure under eminent domain.

That number compares with 10,281 examples over the five-year period from 1998 to 2002, said the institute, a public-interest law firm that argued the Kelo case before the Supreme Court. During that period, threats were made to seize 6,560 properties, and 3,721 condemnation filings or authorizations were recorded.

In the past year, 5,429 property seizures have been threatened for economic redevelopment projects, plus 354 condemnation filings or authorizations, the institute said.

In the Kelo case, the institute represented nine Connecticut homeowners who tried unsuccessfully to halt New London's takeover of their properties for economic redevelopment. The court held that private development has a public purpose if it will increase jobs and tax receipts.

Ms. Berliner's report, "Opening the Floodgates: Eminent Domain Abuse in the Post-Kelo World," was one of five released yesterday by the Institute for Justice and its grass-roots activism project, the Castle Coalition.

"The court ruled that the U.S. Constitution allows government to use eminent domain to take and bulldoze existing homes and businesses for new private commercial development, holding that the mere possibility that a different private use could produce more taxes or jobs is enough reason for condemnation," the report said.

"Opening the Floodgates" documents 117 projects in the District and 27 states, including Maryland, that have involved the use or threatened use of eminent domain for private development in the past year.

"The vast majority ... involved the removal of lower-income residents and smaller businesses to attract wealthier people or more prominent businesses," Ms. Berliner wrote.

"Of the 117 projects, nearly half involved taking low-income houses, apartments and mobile home parks to construct upscale condominiums or other upscale residences and new retail development. Cities across America are working hard to drive out the working poor," she said.

She said the city of Baltimore is "on an eminent domain spree" because it intends to seize 75 properties for private development in this year alone.

Agriculture Department Faulted On Bird Flu Efforts (NYT)

By Donald G. McNeil Jr.

The New York Times, June 21, 2006

The Agriculture Department lacks a comprehensive plan for detecting avian flu in poultry and wild birds, its inspector general's office said yesterday.

In an audit, the office found that the department relied too heavily on voluntary testing by the poultry industry and reports from state agriculture departments.

A spokeswoman for the department, Hallie Pickhardt, said that the agency "agreed with everything in the report, and we're either doing it or going to be doing it."

The audit began before Congress passed President Bush's plan for dealing with a pandemic flu outbreak, which gave the department an additional $91 million to fight avian flu, Ms. Pickhardt said.

But she added that the agency had no plans to make the voluntary testing now conducted by the poultry industry mandatory.

"We're confident in the testing procedure they're implementing," Ms. Pickhardt said. "They've been working very closely with us. This is their livelihood, too, and they have no reason not to report the information."

Instead, the department will supplement the voluntary testing with its own checks, she said.

The audit also recommended more testing in live-bird markets (where mild avian flu infections have been found in the past) and at illegal auctions of fighting gamecocks. It also called for a plan to protect workers with vaccines and flu drugs if infected flocks needed to be culled.

In January, the National Chicken Council, an industry trade group, said that its members, which produce more than 90 percent of the country's chickens, would test every flock for influenza two weeks before slaughter.

Yesterday, Stephen Pretanik, the council's science director, said the industry was already sharing those test results with the Agriculture Department.

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Mr. Pretanik said all the swabs taken from chickens were sent to state laboratories or to laboratories accredited by the department, which are required to report positive results to the government.

The industry modeled its testing on the department's own proposals "so there will be a seamless transition when their regulations are published," he said.

Poultry experts said in January that if the lethal flu strain arrived in American domestic poultry, complicated tests would not be needed to spot it. Unlike other bird flus, the A(H5N1) strain, which has killed millions of chickens and 130 people since 2003, can wipe out a flock of thousands in 24 hours.

In Canada yesterday, veterinary officials said they had been unable to find enough virus to test in samples from a goose that had tested positive for an H5 virus in a local laboratory. They said they thought it was unlikely that the goose, on Prince Edward Island, would prove to be the first North American case of A(H5N1) flu, but said they needed an additional 12 days to try to culture the virus in eggs so it could be tested.

World Health Organization officials said yesterday that Indonesia had its 39th confirmed death from the virus, a 13-year-old boy from South Jakarta who died on June 14. He became sick on June 9, a week after helping his grandfather slaughter diseased chickens. Other members of the family are apparently healthy.

Flu Plan at Veterans Agency

WASHINGTON, June 20 (AP) — The Department of Veterans Affairs said it would close its national cemeteries in the event of a bird flu pandemic because of staffing shortages, leaving families to delay burial or seek interment elsewhere.

According to a draft plan, the veterans health care system would continue treating veterans at its hospitals and clinics, and would provide care to active-duty military personnel and civilians if necessary.

Bird Flu Could Close Military Cemeteries (AP)

By Andrew Bridges

AP, June 21, 2006

WASHINGTON -- Taps could be silenced for veterans who die during a bird flu outbreak.

The Department of Veterans Affairs foresees closing the 120 national cemeteries in a pandemic because of staffing shortages, leaving families the option of delaying burial or seeking interment elsewhere.

The VA buries more than 250 veterans and eligible family members a day - about 93,000 people a year. It operates cemeteries in 39 states and Puerto Rico.

Those cemeteries could be shut and burials put on hold during a pandemic, presumably even as the death toll rises, according to a plan that lays out how the department will cope with an influenza outbreak. The government is preparing for a worst-case scenario of nearly 2 million deaths in the United States in a pandemic.

The VA health care system, the nation's largest, would continue treating veterans at its 150-plus hospitals and hundreds of smaller clinics. The department also would provide back-up care to active duty military, as well as non-veterans if necessary, according to the plan posted on the department's Web site.

If staffing shortages or other issues force cemeteries to close, the plan calls for employees of the VA's National Cemetery Administration to reroute phones and contact funeral homes and next-of-kin to "reschedule" burials. As much as 40 percent of the national work force could be off the job in a pandemic, according to federal estimates.

"They're raising a common concern: Where are the workers going to come from?" said Robert Fells, external chief operating officer and general counsel for the International Cemetery and Funeral Association.

As for the dead, the VA said it may have to store bodies in refrigerated warehouses or trucks outfitted as temporary morgues.

During the 1918 Spanish flu pandemic, the dead were sometimes buried in trenches, Fells said. Should another pandemic strike, it could take days to bury the dead, and perhaps only then in mass or temporary graves, he added.

"Will that be necessary? It may be and we have to be prepared if things get that bad," Fells said.

The VA plan acknowledges that cemeteries will have to plan ways of allocating staff and plots for "significant numbers of burials if closure and rescheduling is not an adequate response."

"If there's truly a catastrophic kind of thing - whether it be a bird flu pandemic or a massive, terrorist-instigated attack that would claim tens or hundreds of thousands of lives - a lot of that, frankly, involves bulldozers," said Mike Duggan, the American Legion's deputy director for national security and a Vietnam veteran.

The VA did not immediately return multiple calls seeking comment.

A lack of workers would stretch thin the funeral business but shouldn't force cemeteries to close, said John Fitch, senior vice president for advocacy at the National Funeral Directors Association.

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"We'll cope like any other business. We will have to find ways and means of processing the bodies and conducting funerals," Fitch said. The group has discussed with its members refrigerating or temporarily interring bodies until an outbreak ends. It's even encouraged members to set up networks of potential volunteers to drive hearses and perform other tasks, Fitch said.

Bird flu has killed at least 128 people worldwide since it started ravaging Asian poultry farms in late 2003.

Scientists fear the H5N1 virus will mutate into a highly contagious form that can be passed from human to human. So far, most human cases have been linked to infected birds.

US Falls Behind In Tracking Cattle To Control Disease (WSJ)

By Steve Stecklow

The Wall Street Journal, June 21, 2006

When the first U.S. case of mad-cow disease was discovered in December 2003, then-Secretary of Agriculture Ann M. Veneman pledged to hasten creation of a national identification system for tracing livestock quickly during a disease outbreak. She said she asked the U.S. Department of Agriculture's chief information officer "to make it his top priority."

Today, more than two years later, the U.S. still has no national ID system for most farm animals, including chickens and beef cattle.

The USDA, which has been discussing a system for nearly a decade -- and has spent $84.7 million to develop it -- now says one will begin operating next year. Although the agency expects nearly all newborn farm animals to be included in the system by 2009, it has abandoned the idea of mandatory participation, leaving critics to cast doubt on that projection.

As recently as April 2005, the USDA's draft plan for a national ID system called for mandatory participation. But USDA officials insist the agency was never committed to that idea, and that in response to industry feedback they decided to go with a voluntary system. They express confidence that market forces, including pressure from big beef buyers and export markets, will help drive cattle owners to register their animals.

"I believe the industry as a whole does understand and believe that a system is needed and they will participate," says John R. Clifford, the USDA's chief veterinary officer. He says the agency will review making the system mandatory if participation isn't adequate.

An ID system would assign each animal a unique number, and record all its movements as it travels to new ranches, farms or other destinations. This tracking information could prove critical in controlling outbreaks of contagious diseases because it would allow investigators to quickly locate animals that were exposed to ones already known to be infected. The USDA's goal is to be able to trace animals within 48 hours.

But the ID issue has become mired in controversy, with livestock raisers' trade groups pitted against each other and a fast-growing grassroots movement that opposes any tracking system. Many ranchers, meanwhile, worry that animal-rights groups will get hold of the data if the government runs the system. But after considering one type of privatized tracking system, the USDA changed course when a chorus of opposition arose, including complaints from some cattlemen that such a database might be used to manipulate beef prices. Now the agency envisions a voluntary system with multiple private databases.

A number of animal-health experts and several former USDA officials scoff at a voluntary system. They believe many ranchers and farmers, particularly those fearing legal liability if their animals are found to be diseased, will participate only if the system is mandatory. They also warn that a voluntary system will be inadequate for containing potentially devastating diseases like foot-and-mouth that are far more contagious than mad cow.

"If it isn't mandatory, it simply will not work," says Bobby R. Acord, who until April 2004 ran the USDA's Animal and Plant Health Inspection Service. "There are not enough market forces to make it happen." Mr. Acord is now a consultant to the National Pork Producers Council, which favors a mandatory system. There is already one in place for swine in interstate commerce, and the group says it works.

One current economic incentive hasn't convinced many beef sellers that a tracking system pays. McDonald's Corp. offers several cents per pound extra to U.S. producers who can provide information that allows the chain to trace the origin of its beef products. But the company, which supports a mandatory tracking system, has been disappointed with the number of producers taking its offer, according to a person familiar with the situation.

The lack of a national tracking system may already be hurting U.S. beef exports, which suffered after the discovery here of mad cow. Japan, South Korea and China still don't allow U.S. beef -- a ban that has cost domestic producers more than $5 billion in exports over the past two-and-a-half years, according to industry estimates.

Agriculture Secretary Mike Johanns recently told a meeting of the National Cattlemen's Beef Association that beef exporters like Australia are "aggressively marketing traceability to gain an advantage," according to the group's newspaper. "Competitors are out there saying, 'We've got I.D. They don't.'"

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In recent years, about 40 countries -- including Canada, Britain, Japan and lesser-developed nations like Namibia and Botswana -- have implemented some form of mandatory, national animal-tracking systems covering cattle.

Smaller-scale USDA and state animal ID programs already have helped combat specific diseases. But they're sometimes in place only until the health risk ebbs. In the 1990s, an ID system for cattle played a key role in stemming a disease in domestic herds called brucellosis, which can also spread to humans and cause severe fever, weight loss and other debilitating symptoms. With the disease rate now low, most ranchers are no longer required to tag their animals.

With mad-cow disease, or bovine spongiform encephalopathy, tracking is crucial because the illness is known to spread from cow to cow via contaminated feed. Lacking an effective way to trace cattle, the USDA failed to locate all of the potentially infected cattle linked to the 2003 mad-cow case and two subsequent ones in the U.S.

In the most recent incident -- a red beef cow in Alabama that tested positive in March -- officials, using DNA tests, investigated 36 different farms and five auction houses to try to figure out where it was born and what happened to its herd-mates. They couldn't.

A herd-mate from this animal "could be entering a slaughterhouse tomorrow and we would never know because they don't have that tracking system in place," says Caroline Smith DeWaal, food-safety director of the Center for Science in the Public Interest, a Washington, D.C.-based consumer group. Scientists generally agree that humans can contract the fatal, brain-wasting disorder by eating meat from infected animals. World-wide, more than 150 people have died from the human form of mad-cow, known as variant Creutzfeldt-Jakob disease, although none of the deaths has been linked to U.S. beef.

Bitter Feuding

A number of past participants in USDA animal-ID planning blame some of the delay in establishing a system on bitter feuding within the livestock industry. Trade associations have argued over who will control the data -- the government or private organizations -- as well as what information will be collected, who can access it and who will pay for the system.

A main concern has been confidentiality. The industry wants to make sure that animal-rights activists can't use the federal Freedom of Information Act to learn the locations of livestock operations, which might make it easier for them to stage protests.

A vocal grassroots movement of small farmers and ranchers who oppose an animal-tracking system has been lobbying state and federal officials, rallying support through the Internet. One Web site, StopAnimalID.org1, warns that under the USDA plan animal owners would be subject "to constant federal and state government surveillance," a claim the agency denies.

Walter Jeffries, a pig farmer in West Topsham, Vt., runs another opposition site, NoNAIS.org2, that he says draws between 7,000 and 13,000 visitors every weekday.

Registration of premises where animals are kept, a first step in a national tracking program, has already begun. But in a number of states, animal ID opponents have been trying to undermine the process. In February, dozens of protesters at a meeting of the Texas Animal Health Commission helped persuade it to postpone implementing regulations that would require such registration.

"This is supposed to be the land of the free, and pretty soon we'll be able to do nothing on our own property without permission from the government," says Ken Kerner, a 47-year-old farmer and auto-body-shop owner from Cedar Creek, Texas, who owns a dozen cows.

Beginning with the branding of cattle more than a century ago, livestock identification in the U.S. has a long history. What's evolved is an ad hoc group of systems, for particular species or in geographic regions. But they aren't linked. "The problem with all those systems is they don't communicate with each other," says Valerie E. Ragan, a former assistant deputy administrator for veterinary services at the USDA. "There's no standardization."

In 1998 the Holstein Association, a group of dairy-cattle breeders, launched a voluntary "National Farm Animal Identification & Records System" program to try to change that. Partly funded by the USDA as a pilot program, it has registered nearly three million animals in 48 states. Still, it doesn't extend much beyond the dairy industry.

Following a foot-and-mouth epidemic in Britain in 2001 that led to the killing of millions of pigs, cattle and sheep, the National Institute for Animal Agriculture, a nonprofit group, set up a U.S. task force with both industry and USDA representatives to kick-start a national animal ID system.

After the U.S.'s first mad-cow case was discovered, the USDA used an NIAA draft plan as a basis for creating a national system that could trace farm animals in a disease outbreak within 48 hours. The NIAA plan envisioned a system by 2006.

By 2003, says Glenn N. Slack, the NIAA's former chief executive, there was a general consensus within the livestock industry that the USDA would oversee the system and would control the data. "Most everyone was on the same page," he says.

But the National Cattlemen's Beef Association, which doesn't belong to the NIAA, began on its own to develop a voluntary, industry-run database for tracking animals. The NCBA represents thousands of cattle ranchers and feedlot operators, as well as meat packers, retailers and restaurants.

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"We would prefer that to a government-managed program because we think a private database, first of all, is going to protect producer confidentiality to a much greater degree," says Joe Schuele, a NCBA spokesman. Cattlemen, he says, consider the names of their clients and the size of their herds to be proprietary information. They don't want competitors, or buyers, to have access to such details.

The NIAA's Mr. Slack says the "spirit of cooperation" within the industry "started to unravel" when the NCBA began pursuing its own plan in 2004. Another producers' trade association, the Ranchers-Cattlemen Action Legal Fund, United Stockgrowers of America, or R-Calf, which favors a government-run system, says it didn't trust the NCBA.

The group fears that meat packers who belong to the NCBA might take advantage of the information in the private database -- for example, offering less if the data suggested cattle were in large supply. "It would give them tremendous buying power in the marketplace," says Bill Bullard, R-Calf's chief executive.

The NCBA denies meat packers would have access to the database and dismisses R-Calf's concerns. "They don't like anything we like," says Jay Truitt, the NCBA's vice president for government affairs in Washington.

Another issue is information oversight. Several past participants in the USDA's national animal ID planning program say they always assumed the government would administer the database. But in August, the USDA said it would support a tracking system in which animal-movement data was sent to "a single, privately held animal-tracking repository" that it could access -- the kind of plan the NCBA was advocating.

Allen Bright, the NCBA's animal ID coordinator, says his group believed the database the NCBA was developing would work well and draw industry support, and so "anticipated" that the USDA would choose it as the privately held repository.

Dale Moore, the USDA's chief of staff and a former NCBA chief lobbyist, says the policy change was based on input from more than just the NCBA. Producer groups and some state officials, he says, "felt a private-database approach would get us to our goals more quickly."

'An Uproar'

But Mr. Moore concedes the privatization plan created "an uproar," with many industry groups opposed to a single database and some groups demanding their own. By January, USDA officials were suggesting that the agency would abandon the idea. In April, it formally announced a "metadata system" that would allow the government to access animal movement tracking information from multiple, private, voluntary databases run by various industry groups.

The NCBA is still hoping to play a major role. In January, it helped to launch a nonprofit called the U.S. Animal Identification Organization to create a giant, multispecies private database with animal-tracking information. The NCBA, which has a representative on the nonprofit's board, now says it expects the database to be one of several eventually authorized by the USDA.

Last month, a House appropriations subcommittee voted to withhold nearly all additional funding for a national animal ID system until the USDA better defines the program and its costs. And yesterday, a Senate appropriations subcommittee voted unanimously to ask the Government Accountability Office to review the ID program's progress because "the direction of this system remains unclear." Terri Teuber, the USDA's director of communications, says the agency is confident it can satisfy those queries.

Japan Agrees To Lift Ban On US Beef (AP)

By Mari Yamaguchi

AP, June 21, 2006

TOKYO — Japan agreed Wednesday to lift its ban on U.S. beef imports, pending planned inspections of U.S. meat processing plants, the agriculture ministry said. The Asian nation imposed the ban over concerns about mad cow disease.

The breakthrough resolves a thorny, long-running trade dispute between the allies, and gives U.S. ranchers access to what was once their most lucrative export market.

"Japan agreed to resume U.S. beef imports on the condition that we find no further problems during onsite inspections," said agriculture ministry official Hiroaki Ogura.

U.S. officials had no immediate comment.

American beef shipments to Japan were halted in January after Japanese officials found a veal shipment that contained backbone, which Asian countries consider at risk for mad cow disease. The cuts are eaten in the United States and other countries, but Japan's rules are stricter.

Kyodo News agency reported that the inspections are meant to ensure that U.S. processing facilities conform with Japanese food safety guidelines. Officials from Japan's health and agriculture ministries will inspect 35 meatpacking plants certified to ship beef to Japan to see if they are complying with export requirements, Kyodo said citing government officials.

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Only facilities whose safeguards meet Japanese standards will be authorized to export to Japan, the report said. Japanese officials will also be allowed to accompany U.S. counterparts on spot inspections of U.S. facilities, it added. The accord requires the U.S. side to conduct the spot inspections.

The accord was worked out via a video conference directed by Japanese Agriculture Ministry's consumption safety director, Hiroshi Nakagawa, and his U.S. Agriculture Department counterpart, Chuck Lambert, deputy undersecretary for marketing and regulatory programs.

At stake was a trading relationship worth millions of dollars to the U.S. beef industry. Japan's market was worth $1.4 billion annually when it banned American beef in response to the first U.S. case of mad cow disease in 2003.

The ban had only recently been lifted before Japan halted shipments.

The U.S. Agriculture Department says that New York-based Atlantic Veal & Lamb and a government inspector misunderstood new trade rules when they allowed prohibited veal to be shipped to Japan.

American officials had been impatient for trade to resume, with several U.S. senators saying Tuesday they are introducing a bill that would impose trade sanctions if Japan does not reopen its market to U.S. beef by Aug. 31.

The agreement comes as Japanese Prime Minister Junichiro Koizumi prepares to visit President Bush at the end of this month. The two leaders are scheduled to meet in Washington on June 29 and travel to Elvis Presley's Graceland home in Memphis, Tenn., the next day.

Mad cow disease is medically known as bovine spongiform encephalopathy, or BSE. In humans, eating meat contaminated with BSE is linked to variant Creutzfeldt-Jakob Disease, a rare and deadly nerve disease.

FBI/DEA/ATF/USMS:

FBI Shadowed Playwright Arthur Miller (SFC/AP)

By Hillel Italie, Ap National Writer

San Francisco Chronicle, June 21, 2006

(06-20) 14:12 PDT NEW YORK, (AP) --

In the summer of 1956, playwright Arthur Miller married screen idol Marilyn Monroe in a Jewish ceremony, an event of high-level gossip for much of the world and of high-level curiosity for the U.S. government.

"An anonymous telephone call" has been placed to the New York Daily News, an FBI report notes at the time. The caller stated that the "religious" wedding — Miller was Jewish and Monroe had converted — was an obvious "cover up" for Miller, who "had been and still was a member of the CP (Communist Party) and was their cultural front man." Monroe also "had drifted into the Communist Party orbit."

The memo is one of many included in Miller's FBI files, obtained by The Associated Press through the Freedom of Information Act. Miller, who died last year at age 89, was a longtime liberal who opposed the Vietnam War, supported civil rights and, in one play, "The Crucible," linked the Cold War pursuit of communists to the Salem witch trials of the 17th century.

His files only became available after his death, but the government's interest in Miller was well established in his lifetime. In 1956, the House Un-American Activities Committee asked him to give names of alleged communist writers with whom he had attended some meetings in the 1940s. Miller refused and was convicted of contempt of Congress, a decision eventually overturned by the U.S. Supreme Court.

For a decade before his congressional testimony, the FBI kept track of the playwright, but ended up making a more convincing case that Miller was a dissenter from the Communist Party rather than a sympathizer.

"Miller became disillusioned with the party because the party did not stimulate in him the ability and inspiration to do creative writing as he had expected when he joined the Party," one informant told the FBI.

According to a 34-page FBI report, compiled in 1951, Miller was identified by an informant as being "under Communist Party discipline" in the 1930s and, as of the mid-1940s, a member.

According to Miller, he had never been "under Communist discipline," although "there were two short periods — one in 1940 and one in 1947 — when I was sufficiently close to Communist Party activities so that someone might honestly have thought that I had become a member."

In an essay published in 1999, Miller recalled that "practically everyone I knew stood within the conventions of the political left of center; one or two were Communist party members ... and most had had a brush with Marxist ideas or organizations.

"I have never been able to believe in the reality of these people being actual or putative traitors any more than I could be," he wrote.

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Miller's first Broadway play, "The Man Who Had All the Luck," came out in 1944, around the same time that the earliest FBI files are dated. His professional and personal life were closely watched, usually through newspaper clippings, but also from informants (whose names have been blacked out in the records) and public documents.

The FBI not only kept records of Miller's political statements, from his opposition to nuclear weapons to his attacks against the anti-communist blacklist, but of his affiliation with such organizations as the American Labor Party ("a communist front") and the "communist infiltrated" American Civil Liberties Union.

In vain, the FBI probed for communist influence in the content and in the productions of his plays. One memo cites an "informant" who reported that "several communists" have been turned down for roles in various "Arthur Miller playlets."

Miller's plays, the informant concludes, "although occasionally supported by the Communist Party, do not follow Marxist ideology." A separate file states that "Miller was not looked on with favor by the Communist Party," which regarded him as "`just a civil rights guy.'"

Miller's fame made him a target of the government, but also protected him. For example, a memo from 1955 noted an admiring article by Holiday magazine and concluded that "because of Miller's "limited activity with the CP (Communist Party) and his position in the business world, it is felt that an interview would result in embarrassment for the Bureau."

His files essentially end in 1956, except for a brief reprise in 1993, when a background check was submitted to Bernard Nussbaum, the White House counsel to President Clinton. The occasion was not subversive activity, but the imminent presentation of a National Medal of the Arts.

Although his alleged communist ties were reviewed and he was identified as a "participant in activities calling for an end to the war in Vietnam," no other "pertinent information" turned up and he received his medal.

At the ceremony, Clinton praised Miller as a major playwright of the 20th century, and cited "The Crucible" for its admirable focus on "issues of conscience."

Mack Tops FBI's Most Wanted; Mothers Mourn At Wife's Reno Funeral (AP)

By Scott Sonner, ASSOCIATED PRESS

AP, June 21, 2006

RENO, Nev. (AP) - The mothers of both the victim and the husband accused of killing her were among some 500 mourners who attended Charla Mack's private funeral service Tuesday as the FBI added Darren Mack to its list of "Most Wanted" fugitives.

Darren Mack, 45, the wealthy former co-owner of a Reno pawn shop, hasn't been seen since the June 12 stabbing death of his estranged wife and the sniper shooting of Family Court Judge Chuck Weller, who was wounded in the chest.

The FBI gave Mack top billing on it's Web site list for "Most Wanted" fugitives, describing the dark-haired, 5-foot-11, 190-pound man as a bodybuilder and hunter with "access to all types of weapons." He should be considered "armed and dangerous," FBI Director Robert S. Mueller III said.

Bomb materials, ammunition and written allegations of corruption against Weller - who was handling the couple's pending divorce - were found in Mack's town house, police said in court documents.

Scott Freeman, a Reno lawyer, said he had been retained by Darren Mack's family to represent him "when and if he is found." Freeman said he had not heard from Mack since he disappeared.

Charla Mack's mother, Soorya Townley, and the dead woman's brother, Christopher Broughton, accompanied Darren and Charla Mack's 8-year-old daughter, Erica, to the funeral. Also attending were Mack's brother, Landon Mack, 43, and his mother, Joan Mack, with whom Darren Mack shared ownership of the pawn shop until last summer.

"I really think the important thing now is to find Darren but not to have all this vengefulness," Townley told a Reno television station Monday. "I don't think Charla really would have wanted that."

It was not clear if Mack's two teenage children from a previous marriage attended the funeral.

Reporters were kept about 100 yards from the mortuary during the private service, and Charla Mack's family declined any comment, said Wayne N. Reynolds, president of Mountain View Mortuary.

Security workers with walkie-talkies chased TV camera operators off neighboring properties that Reynolds said the mortuary owned. Reporters also were banned from the neighboring cemetery where Charla Mack was buried after a service that lasted more than an hour.

Reynolds said in a statement that family members wanted no media coverage of "their final moments with Charla during the `Celebration of Charla's Life.'"

"This tragic event has deeply traumatized two wonderful families who while experiencing their own grief, are working feverishly to provide the love, nurture, caring and assistance in the grief process of three beautiful children and this `Celebration of Life' needs to protect them from any further trauma of having their private emotions aired on the evening news," Reynolds said.

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Weller was shot through the window of his third-floor office in the downtown courthouse. He is under police protection as he recovers.

Authorities said they were uncertain whether Mack had fled the country. Mueller said anyone with information on Mack should contact the FBI or the nearest U.S. Embassy or Consulate.

A search warrant affidavit first disclosed by the Reno Gazette-Journal on Tuesday said officers found several boxes of ammunition and an empty gun case with a receipt for a Bushmaster .223-caliber rifle equipped with a laser sighting device at Mack's town house, where Charla's body was found in the garage in a pool of blood in the hours after Weller was shot.

Officers also found notes and printed material that "contain allegations that Weller was corrupt and had exhibited favoritism in his rulings," the affidavit said.

A witness told police that Mack "discussed hiring him to follow Judge Weller in the hope of proving that he was corrupt."

"That same witness described Mr. Darren Roy Mack as seeming to him to have been 'at the end of his rope' and extremely frustrated and angry with both his estranged wife and Judge Weller," the police affidavit said.

Mack's cousin, Jeff Donner of Moraga, Calif., said last week that Mack called him about 11:19 a.m. June 12. Donner said Mack wanted him to "carry my message of what's been going on in his courtroom if anything happens to me." Weller was shot at about 11:05 a.m.

Mack earned more than $500,000 a year and had a net worth of $9.4 million as recently as 2004, according to court documents.

Darren Mack Put On FBI's Most Wanted List (KVBC-TV)

KVBC-TV, June 21, 2006

Reno pawn shop owner Darren Mack, 45, has been put on the FBI's Most Wanted List.

Since the shooting occurred a week ago, authorities say Mack's whereabouts is still unknown. The FBI says he's considered armed and dangerous.

Custody of the couple's 8 year old daughter was granted to Darren Mack's mother, Joan. Court officials say Charla Mack's family has open visitation rights.

Darren Mack On FBI's Most Wanted (KLAS-TV)

KLAS-TV, June 21, 2006

The FBI added Darren Mack to its list of "Most Wanted" fugitives today as family members paid their last respects at a funeral service for the estranged wife he's accused of killing.

The mothers of both Charla Mack and Darren Mack were among an estimated 500 people who attended the private service Tuesday in west Reno.

The 45-year-old Mack is the wealthy former co-owner of a Reno pawn shop. He hasn't been seen since the June 12th stabbing death of Charla and sniper shooting of Family Court Judge Chuck Weller. He's a suspect in both cases.

Weller, who was wounded in the chest but is recovering, was handling the couple's pending divorce.

The FBI is giving Mack top billing on it's Web site for the "Most Wanted" list. He's described as a five-foot-11, 190-pound, dark-haired man who is a bodybuilder and hunter with "access to all types of weapons."

FBI Director Robert S. Mueller said Mack should be considered "armed and dangerous."

Reno lawyer Scott Freeman says he has been retained by Darren Mack's family to represent Mack "when and if he is found." Freeman says he is cooperating with investigators but has not heard from Mack or anyone who knew him since he disappeared.

Charla Mack's mother, Soorya Townley, and Charla's brother, Christopher Broughton, accompanied Darren and Charla's 8-year-old daughter, Erica, to Tuesday's funeral. Also attending were Darren Mack's only brother, 43-year-old Landon Mack, and his mother, Joan Mack.

Mack's Room Held Bomb Parts (RENOGJ)

Reno Gazette-Journal, June 21, 2006

While murder victim Charla Mack's family met with friends at a mortuary visitation Monday, a review of a search warrant request shows her estranged husband Darren Mack had bombmaking materials in his bedroom.

The materials, when mixed together and attached to a blasting cap or shot at, will explode, said Washoe County sheriff's Sgt. Lou Gazes, head of the Consolidated Bomb Squad for Washoe County, Reno and Sparks and who was at Mack's apartment.

"There were materials that could have made a bomb," Gazes said Monday.

Mack, 45, is wanted in a nationwide manhunt for the stabbing death of his estranged wife, Charla, and in the sniper-style shooting of Family Court Judge Chuck Weller.

Charla Mack, 39, was found fatally stabbed in Darren Mack's garage June 12. The couple's 8-year-old is staying with Darren's mother, Joan Mack, and is spending time with both families.

Weller, shot in the chest while standing in his Reno Justice Court chambers, is recovering in a secure location. On Monday, he began working on some court business for the first time since the shooting, said Jim Denton, the judge's family friend and spokesman.

During a search of Mack's apartment after the shooting and stabbing, police also found ammunition, notes and printed material that "contain allegations that Judge Weller was corrupt and had exhibited favoritism in his rulings," according to the search warrant affidavit.

A witness told police that Mack "discussed hiring him to follow Judge Weller in the hope of proving that he was corrupt," the search warrant affidavit said. "That same witness described Mr. Darren Roy Mack as seeming to him to have been 'at the end of his rope' and extremely frustrated and angry with both his estranged wife and Judge Weller," Detective David Jenkins said in the affidavit.

Charla remembered

Charla's family spent Monday at the Mountain View Mortuary in Reno, sharing hugs and stories with friends. Charla's funeral is scheduled for today.

Outside the funeral home, Charla's mother, Soorya Townley, showed friends pictures of her daughter and granddaughter, as Charla's brother, Christopher Broughton, helped her unload their car.

"It's just such a nightmare," Townley said. "I never imagined something like this would be happening."

She held up a framed photograph of Charla and Darren's daughter, dressed in a fairy outfit and kneeling in a magical garden fantasy setting with flowers, butterflies and a small pool.

"This was the fantasy world they had," Townley said. "This is the direct opposite of what Darren has now created for his daughter."

Broughton said their family's only priority is to deal with their pain.

"We're grieving -- that's it," Broughton said.

Mack family waits

Darren Mack's family continued the waiting game Monday, said Landon Mack, 43, Darren's only brother. They had heard no news, he said. The family kept their focus on taking care of the couple's daughter and preparing the child for her mother's funeral.

The family-owned business, Palace Jewelry & Loan Co., released a statement saying the company was under the sole management of Joan Mack since last summer. The company is not in bankruptcy, the statement said, and "will continue to operate as it always has."

"In these difficult times for the Mack family, as well as the Palace and its employees, the Palace appreciates the continued support from its friends, customers, partners, vendors, and the community," the statement said.

Darren Mack filed for Chapter 7 bankruptcy protection in U.S. Bankruptcy Court on Aug. 26, 2005, according to court documents. In his filing, he said he owned half the stock of the company and said it was worth $550,000.

But in a financial statement Mack filed with Wells Fargo Bank on April 28, 2005 to secure his $500,000 line of credit, Mack said his interest in Palace Jewelry was worth $5 million.

Police search Mack's apartment

A review of the search warrant affidavit filed June 14 showed police found the explosive material in Mack's bedroom.

"During the protective sweep of that residence, Sgt. Mike Lessman of the Reno Police Department SWAT Team observed items inside the master bedroom which he recognized and believed to be material commonly used to build an explosive or incendiary device," the affidavit said.

During a search of the courthouse just after the shooting, two police dogs trained to detect explosives "alerted" on Weller's vehicle, parked in the court's basement. But a search found no explosive devices, police said.

When asked if the hit from the dogs could have been connected to the explosive material found in Mack's bedroom, Gazes said: "It's certainly a possibility."

The police search of Mack's apartment also found "several boxes of firearm ammunition, including .223-caliber and .243-caliber rifle ammunition which was strewn about a floor in one of the bedrooms," the document said.

And police found "an empty rifle case which contained a receipt from the purchase of a Bushmaster .223 caliber rifle by Darren Roy Mack." It said the rifle was "equipped with a laser sighting device."

Police also saw a Dell computer in Mack's kitchen, according to the affidavit.

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"Near the computer were numerous printed e-mails and other computer generated documents which referenced Judge Weller," the affidavit said.

"Several documents and handwritten notes appeared to have been written by Darren Roy Mack and some of those documents appeared to contain allegations that Judge Weller was corrupt and had exhibited favoritism in his rulings," the affidavit said.

Jenkins told the court in the search warrant affidavit he had interviewed several people who knew Mack and said Mack was "extremely displeased with Judge Weller and that he believed that Judge Weller had made a series of judgments in the pending litigation which were adverse to him."

Detectives also said they obtained Mack's cell phone records.

"That information indicates that Mr. Darren Roy Mack's cellular telephone was in close proximity to downtown Reno and the Washoe County Courthouse at 1 South Sierra Street when Judge Weller was shot," the affidavit said.

Darren Mack's cousin, Jeff Donner of Moraga, Calif., said last week that Mack called him about 11:19 a.m. June 12. Donner said Mack wanted him to "carry my message of what's been going on in his courtroom if anything happens to me."

Weller was shot at about 11:05 a.m.

Officials Announce Joint Effort To Track Tainted Heroin Use (AP)

By Joann Loviglio, Associated Press Writer

AP, June 20, 2006

PHILADELPHIA -- City, state and federal law enforcement and public health officials on Tuesday announced a joint regional effort to track the ongoing deaths attributed to painkiller-laced heroin and identify the suppliers of the drug.

The fentanyl-laced heroin has caused about 70 deaths in the Philadelphia metropolitan region and more than 200 overdoses nationwide since it was first spotted in April, U.S. Attorney Patrick J. Meehan said.

"The problem with fentanyl is that it's deadly," Meehan said. "The push of a syringe is like pulling the trigger."

To determine the full scope of the problem in the region, officials representing law enforcement in Philadelphia and Camden County, N.J.; the federal Drug Enforcement Agency and the FBI; and Philadelphia's behavioral health department said they would share information and coordinate their investigations into the spike of fentanyl-related deaths since the spring.

Fentanyl is a legally produced prescription painkiller that is 40 to 100 times stronger than morphine, said James Kasson, DEA special agent-in-charge. It is commonly used to treat cancer pain; however, the type of fentanyl currently being mixed with heroin is most likely manufactured in clandestine labs like one raided several weeks ago in Mexico, he said.

The drug is also many times stronger than heroin and even OxyContin, another painkiller that has caused overdoses. An overdose can slow breathing to the point of death.

Deaths have been reported over the past month in the cities _ and suburbs _ of Philadelphia, Camden, Chicago and Detroit. Federal authorities are trying to determine whether the cases are related in any of those areas, Kasson said.

Philadelphia District Attorney Lynne Abraham expressed concern that disseminating information about fentanyl-laced heroin would increase awareness among addicts and result in more deaths. However, she said that getting the word out was essential from a public health perspective.

"In the back of our minds we worry ... this may be something that, perverse as it may sound, will encourage drug abusers who are used to the high of heroin to want to seek even a bigger bang for their dollar," she said.

Some dealers are already asking buyers if they want their heroin "with or without," meaning with or without fentanyl, she said. "It's not unlike going to a cheesesteak place and asking, 'With or without,'" she said.

Meehan said that key to the coordination efforts is using a central "fusion center" for investigative agencies, hospitals, public health agencies, drug treatment centers and medical examiners to submit their findings. The federal High Intensity Drug Trafficking Area (HIDTA) program will serve as that point for collecting and distributing information, Meehan said.

The goal is to find out where addicts are getting the tainted heroin, then disrupt and dismantle the supply chain, Abraham said.

Meehan and Abraham also made it clear that third-degree murder charges could be brought in Pennsylvania against drug dealers whose product kills someone.

"Fentanyl-laced heroin is a sure and certain way to death," Abraham said.

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On the Net:

http://www.hidta.info

'Bad' Heroin Suspected In 20-year-old's Death (GLOUCOTMSNJ)

DOJ_NMG_0036557

By Pete Mccarthy, Pmccarthy@sjnewsco.com

Gloucester County Times, June 20, 2006

Angela Doyle doesn't want her 20-year-old son to have died in vain.

The body of Micheal "Percy" Curci III was found Thursday morning in Pittsgrove Township following a lethal dose of heroin.

Curci had been out of jail just two days after serving a 60-day sentence for violating drug court -- a program offered to drug addicts who are facing criminal charges for related offenses.

"He just struggled," a tearful Doyle explained on Monday. "He just couldn't stop doing it."

Salem County authorities were awaiting toxicology reports, but confirmed Curci's death.

"(Curci) had been clean for a period of time, but (the heroin) may have shocked his body," Salem County Prosecutor John T. Lenahan said.

Doyle, who lives in West Deptford Township, said she recently received a letter from her son while he was locked up at Gloucester County Jail.

It said, "I know it's going to take me if I do it again," Doyle recalled Monday, as she prepared to bury her son on Friday.

If addicts learn anything from Curci's death, Doyle said, she wants it to be that they should stay clear of these drugs.

"They think -- they're 18, 19 years old -- they're invincible," Doyle said. "This is not a joke. You really can die from this stuff."

There was a rash of fatal drug reactions in April -- including a Greenwich Township woman -- to heroin purchased in Camden that had been laced with fentanyl.

Curci did purchase a batch of heroin in Camden, Lenahan said, but it was not clear whether his death is related to the latest rash of hospitalizations and deaths in South Jersey from heroin use.

Lenahan said another Pittsgrove man, John Burke, died of a heroin overdose in May.

He said that supply was also purchased in Camden.

Curci is believed to have been one of four individuals to die in the past week after overdosing on heroin purchased in Camden.

Three men -- ages 20, 30 and 31 -- died between Friday and Sunday in Camden County, according to Camden County Prosecutor's Office Spokesman Bill Shralow.

The heroin involved in the most recent overdose -- a 31-year-old Pennsylvania man in Pennsauken -- had the same "Paul Wahl" label stamped on it as heroin found in Glassboro on Saturday.

However, investigators so far believe that heroin was purchased in Philadelphia, according to Shralow.

Two men in Glassboro were treated over the weekend after allegedly injecting heroin.

They have both recovered and were released from Kennedy Memorial Hospital in Washington Township, according to Glassboro Detective Sgt. Robert Highley.

Authorities were still trying to determine where the drugs originated, but were not getting cooperation from the two men.

"I guess it's all involved in that same stuff that's been hitting the streets everywhere else," Highley said.

A counselor at SODAT -- an outpatient drug and alcohol treatment and prevention agency in Woodbury -- said help is available.

But the "physical addiction" causes withdrawal symptoms, which leads to the need for more.

There are several local venues for dealing with drug addiction.

What South Jersey really needs is a long-term inpatient treatment facility, according to Kas Foster, who is with Parent to Parent, a grassroots effort of parents who have lost a child to drugs.

"Instead of treating them, we're burying them at a rapid rate," said Foster, a National Park resident who lost her son to drugs in 1997.

Her agency helps addicts get referrals into treatment facilities, but more facilities are still needed, she said.

"Drugs are a horrible thing," Foster said. "They are killing our youth. They're destroying our families."

To get help from Parent to Parent, call (856) 983-3328.

-- Staff writer Courtney Elko contributed to this report.

Fewer Positive Drug Tests Among Workers (PHI)

By Catherine Larkin

The Philadelphia Inquirer, June 20, 2006

A smaller percentage of U.S. workers tested positive for drug use last year than at any time in the 18 years of screening by Quest Diagnostics Inc.

About 4.1 percent of the 7.3 million workplace drug tests performed last year came back positive, compared with 4.5 percent in 2004 and 13.6 percent when Quest started its Drug Testing Index in 1988, Quest said yesterday.

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Marijuana accounted for about 53 percent of the positive samples in 2005, the Lyndhurst, N.J., company said.

Barry Sample, director of science and technology in Quest's employer solutions division, said he was encouraged by the findings, especially the drop in amphetamine use found among general workforce employees. About 75 percent of these tests are given before employment, and 10 percent are random screenings, he said.

"There's a lot of data that show that drug testing works simply as a deterrence," Sample said in a telephone interview.

The semiannual report suggests that state policymakers and stores such as Target Corp. may be helping to reduce drug use by limiting access to cold medicines containing pseudoephedrine, a key ingredient used to make methamphetamine illegally, Sample said.

"People can't go in and buy hundreds of boxes at a time," Sample said. "It has greatly restricted the availability."

Preliminary reviews of data from the first five months of this year show that use of amphetamines, a group of stimulants that includes methamphetamine, has dropped to its lowest level among both general employees and workers for whom testing is federally required since they became popular in 2002 and 2003, Sample said.

Battle Against Meth (CCT)

The Contra Costa Times, June 20, 2006

FINALLY, WE HAVE WHAT appears to be good news in the fight against the dangerously addictive drug methamphetamine. But it is clear that the nation should not be celebrating just yet because more difficult work lies ahead.

The Bush administration reported Monday that there has been a major decline in the number of meth lab seizures nationwide. At the same time, a drug-testing company said the number of job applicants and workers who tested positive for meth plunged 31 percent over the first five months of this year.

Of course, White House drug czar John Walters said the two reports are evidence that federal efforts are working and that the "one-two punch" to restrict chemicals and educate the public about the horrors of meth addiction are finally paying off.

We hope that is the reason, but truthfully, no one is yet sure. It is possible that the meth lab people are getting smarter and hiding their labs better or that the police don't have the adequate manpower to search for the labs and, therefore, the seizures have dropped.

It is also possible that meth users have found ways to get around the drug tests.

Rep. Mark Souder, R-Ind., chairman of the House drug policy subcommittee, gives most of the credit for the numbers to state and local governments, saying the decline in meth abuse has come despite the absence of national direction.

He claims the administration has refused to make combating meth a priority. He criticized a White House budget proposal to slash federal spending for state and local law enforcement to fight meth.

But Walters disagreed with such assertions, saying "No one's trying to downplay it. There's no drug worse than meth." But he said his office can't focus too much on a single drug at the expense of other threats like heroin, cocaine, prescription drugs and marijuana.

This kind of talk certainly indicates that there is disagreement among experts about the relative success of the nation's fight against meth. But they do seem to agree that progress has been made; numbers that large are difficult to ignore.

This tiny bit of sunlight in the otherwise bleak national picture on meth abuse should be seen as a ray of hope rather than the dawn of a new day. As we said, there remains much work to be done.

The Up And Down Numbers Of Meth Use In The Rockies (NW)

New West, June 20, 2006

New federal reports from the Drug Enforcement Administration say that use of methamphetamines is declining in some Western states, but officials in the energy industry in Utah say it's on the rise, so where are we in the fight against this destructive drug?

An Associated Press story in todayâ€™s New York Times says that the number of meth lab seizures across the country was down 30 percent, which is attributed to many states and drugstores limiting the availability of some of the ingredients on store shelves while also doing a better job of educating people about the drugâ€™s dangers.

As well, the AP story reports, the number of positive tests for meth use among job seekers was down 31 percent, according to Quest Diagnostics, the nation's largest drug testing company. And the biggest decline in use has come from some western states, where the drug first became prevalent, including Montana, which saw a 66 percent decline in meth lab seizures.

The Office of National Drug Control Policy takes some of the credit for the declines, but at least one influential federal lawmakers attributes the decline to state and local governments, and criticized the Bush administration for its lack of direction on combating meth use.

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The anti-meth advertising campaign in Montana has gained much attention for its hard-hitting and graphic ads depicting the downward spiral of young people who become addicted to the drug. The campaign, mostly finaced by technology billionaire Thomas Siebel, has been adopted or copied in other states, and recently Utah Gov. Jon Huntsman Jr. said he wanted to use similar sorts of ads in his state. But one criticism against the ads was that they donâ€™t depict many types of users, especially the occasional user.

One user type that isnâ€™t in the Montana Meth Projects ads, but which is becoming more prevalent in Utah is the energy worker â€" roughnecks working long hours in tough conditions and in remote areas.

A story in Sundayâ€™s Deseret News reports that meth and other drug use is increasing on the rigs, and the industry is taking a mixed stance on it: some are working hard to combat it and have a zero-tolerance policy for use while others say they canâ€™t risk losing employees or are willing to hire former drug offenders or will offer last-chance opportunities for employees who test positive for drug use.

Missouri Still Leads The Nation In Meth Lab Seizures (AP/KWMU)

AP/KWMU-TV, June 20, 2006

ST. LOUIS, MO - Despite a 22% decline from last year, Missouri still leads the nation in police seizures of illegal meth labs.

Missouri is one of at least 37 states with laws that restrict the sale of cold medications. The laws are part of an effort to starve meth manufacturers of their key ingredient.

The new federal Combat Meth Act will enforce similar restrictions across the nation by September 30th.

Nationally, police seizures of meth labs fell 30% last year.

Also, the nation's largest drug testing company said the number of job applicants and workers who test positive for meth fell 31% in the first five months of this year.

White House drug czar John Walters said the declines are evidence that the one-two punch to restrict chemicals and educate the public about meth are paying off.

Bill To Pour $8 Mil Into State's Meth Programs (AR)

Arizona Republic, June 20, 2006

State lawmakers have agreed to pump $8 million toward tackling meth addiction, crafting a plan to beef up law enforcement and provide money for prevention, treatment and education programs.

The idea: Disrupt the flow and sale of meth in local communities while teaching children about the evils of meth before they are tempted to try the drug.

Democratic Gov. Janet Napolitano is expected later this week to sign House Bill 2554, which is part of a negotiated $10 billion state budget agreement.

advertisement

Some experts say that a key part of the solution to meth-related problems is educating children about the danger of the drug. An infusion of $500,000 in state funds will help Boys & Girls Clubs across Arizona expand the "Smart Moves" program to teach more children about the evils of meth.

"We could use the money to increase the number of kids that we can work with on a one-on-one basis," said John Heitel, president of Arizona Alliance of Boys & Girls Clubs. "Meth is so horrible that when they start with meth, then they are hooked on that stuff."

Children were found in the homes involved in about a third of Arizona's 102 meth-lab raids in 2004. The primary ingredient in meth is ephedrine or pseudoephedrine, a common ingredient in over-the-counter cold medicines.

About $3 million of the state dollars would be devoted to counties for drug interdiction, education and prevention efforts. Maricopa County figures to get more than $1.5 million from the state. Some of that could go toward the county's efforts to launch an anti-meth advertising campaign modeled after the Montana Meth Project, which has received national recognition.

While grateful for the funding, Maricopa County Supervisor Don Stapley said he wished the Legislature would take a more leading role in the effort. "At the end of the day, the state's going to wish it had been part of this project because it is so dynamic and effective," he said.

The anti-meth legislation took many twists and turns this year at the Capitol.

Napolitano unveiled a $5 million plan in February to disrupt the flow of the drug from Mexico by having a drug interdiction team. Republican lawmakers countered with a $12 million proposal that included more money for police, prevention and education. The $8 million compromise came after nearly four months of disagreements and delays.

Dr. Marc Matthews, director of the trauma unit at Maricopa Medical Center, doesn't need convincing when it comes to the state's meth problem.

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"I see it in my trauma patients every single night," said Mathews, an associate director of the Arizona Burn Center. "It's in our homes, it's in our workplaces, it's in our communities. It's everywhere. It's crippling us."

He called the state's $8 million response "a joke" and added: "Give me $80 million. Now we're serious. With this drug, you're literally fighting for the heart and soul of your community."

Meth produces euphoria, increased alertness and increased physical activity. Users can become paranoid, even violent, and often turn to crime to finance their habits. Meth is cheap and easy to get. It can be manufactured with household chemicals and over-the-counter cold medications.

Authorities believe a lion's share of the meth used in Arizona is produced in labs in Mexico and Southern California and run by organized crime and street gangs.

The remaining supply comes from makeshift meth labs in Arizona.

Rep. Mark Anderson, who has introduced the legislation, said it's a good first step in cracking down on the rampant addiction in Arizona.

"It's comprehensive," said Anderson, R-Mesa. "It has prevention, treatment and interdiction. Without all of those things, it would diminish the other components of our plan. We need all of this to help fix the problem."

Staff reporter Matthew Benson contributed to this story.

related WASHINGTON - Good news in the fight against meth abuse came on two fronts Monday, with reports showing a major drop in methamphetamine lab seizures nationwide and a similar decline in the spread of the drug into the workplace.

Local law enforcement officials say there is still a strong appetite for the highly addictive drug. They warned that meth manufacturers in Mexico and other countries are moving to fill the supply void.

The number of meth-lab busts plummeted more than 30 percent last year as most states enacted laws to restrict the sale of over-the-counter cold medicines used to make meth, according to the Drug Enforcement Administration's El Paso Intelligence Center.

Meanwhile, the nation's largest drug-testing company said Monday that the number of job applicants and workers who tested positive for meth plunged 31 percent over the first five months of this year.

Those figures are based on the results of more than 7 million drug tests in 2005 and about 3 million tests from January to May 2006, conducted by New Jersey-based Quest Diagnostics Inc.

John Walters, the White House drug policy director, called the data an encouraging sign of progress.

"The practices that have been taking place in our states are working, not only on small toxic labs but also what we're trying to do with demand," said Walters, head of the Office of National Drug Control Policy.

Earlier this month, the White House drug policy office set a goal to cut meth use by 15 percent by 2009 and increase seizures of meth labs by 25 percent.

A priority is stemming the flow of meth from superlabs in Mexico, which supply about 80 percent of the drug to the United States.

U.S. Asks Suriname To Extradite Suspect (AP)

AP, June 21, 2006

PARAMARIBO, Suriname — The United States has asked Suriname to extradite a Guyanese man wanted on drug charges in New York, a U.S. Embassy spokesman said Tuesday.

Shaheed Khan was arrested Thursday by authorities in Suriname. He is accused of leading a criminal network that smuggled arms, ammunition and cocaine from Colombia to Europe and the United States via Guyana and Suriname.

The United States filed an extradition request with Suriname's foreign affairs ministry on Monday, said embassy spokesman Cliff Djamin.

Surinamese officials told the U.S. that they need to review the request.

A U.S. grand jury indictment unsealed in April by a judge in New York charged Khan with conspiring to smuggle at least 11 pounds of cocaine into the U.S. since January 2001.

Lawyer Guilty Of Peddling Pot (TD)

By Jim Nolan

Times Dispatch, June 21, 2006

A criminal-defense attorney appeared in federal court yesterday as a criminal defendant and pleaded guilty to peddling marijuana.

Jeremy Clyde Sharp, 35, faces up to five years in prison and a $250,000 fine when he is sentenced on Sept. 20 by U.S. District Judge Henry E. Hudson on one count of conspiracy to possess marijuana with the intent to distribute it.

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Sharp's attorney, Craig S. Cooley, declined comment on behalf of his client yesterday.

Prosecutors charged that Sharp "did conspire with others, known and unknown to law enforcement to distribute and possess with the intent to distribute, a mixture and substance containing detectable amounts of marijuana."

Beginning in the fall 2004, Sharp bought between 20 and 40 kilograms of high-grade marijuana from at least two suppliers, one of whom charged him $3,600 per pound, according to the statement of facts in the plea agreement. A kilogram is equal to about 2.2 pounds.

"Sharp progressed from quarter-pound quantities until he regularly bought two to three pounds at a time," according to the documents, which also stated that he purchased seven pounds of marijuana on one occasion.

"Sharp would then break the pound quantities into smaller amounts for redistribution to his customers," the documents state.

The records did not specify the names of Sharp's customers, or of his suppliers.

The U.S. attorney's office declined to comment on the plea agreement, except to say the investigation is continuing. Sharp agreed to cooperate with investigators as part of his plea agreement.

According to the court papers, Sharp used his pickup truck to transport and store the marijuana and the proceeds from his sales.

When Sharp's Floyd Avenue home was searched in early February, investigators from the Drug Enforcement Administration, Henrico County police and Virginia Commonwealth University police also found the remains of a dismantled marijuana-growing operation. Sharp was arrested Feb. 10.

Sharp, a former public defender, was in private practice at the time of his arrest.

Baseball Won't Save Samples For Testing (NYT)

By Jack Curry

The New York Times, June 21, 2006

While Commissioner Bud Selig reiterated that Major League Baseball was eventually hoping to find a urine test to detect human growth hormone, he said he did not envision freezing urine samples from baseball players for future testing.

Several scientists, including Dr. Donald H. Catlin, whom baseball officials appointed to research a test for the hormone known as HGH, have said that such a search could be arduous.

A possible option to deter HGH use would be to save urine samples already collected by baseball. If players knew there was a possibility they could be punished at a future date for drugs they had used in the past, the frozen samples might be a deterrent. Selig dismissed the notion.

"I'm not a doctor, but I've talked to a number of significant experts on that issue," Selig said. "They don't believe it's a viable solution in any shape or form."

Selig declined to be more specific, other than saying experts "talked about it not being stable," referring to frozen samples.

Rob Manfred, baseball's executive vice president for labor relations, said he had had discussions with some experts and "they do not see the freezing of urine as a panacea in regards to HGH." Manfred said there were "practical and scientific issues" involved. He was probably referring to the storage of the more than 10,000 samples baseball collects each year and whether a test from frozen urine would survive legal challenges.

Catlin, who is the director of the Olympic Analytical Laboratory at U.C.L.A., said that freezing urine samples would act "as a very strong and powerful deterrent." But Catlin acknowledged that it would be an expensive and challenging process.

Catlin also agreed that the stability of the samples would be an issue because scientists do not know the stability of human growth hormone.

"It is viable," Catlin said about saving samples. "It's not simple. Nothing in this life involving doping is simple."

Even if Selig wanted to save urine samples, he would have to persuade the players union to agree to it. Urine samples from current tests for steroids and amphetamines are thrown out. Should scientists develop a practical blood test for HGH, the union would still have to accept it, and union officials would surely view it as an invasion of privacy.

Gene Orza, the chief operating officer for the players union, would not say, in an e-mail response, how the union would react to attempts to save urine samples or take blood samples.

The debate about human growth hormone has intensified since federal agents said that Jason Grimsley, a pitcher the Arizona Diamondbacks released earlier this month, said in an affidavit that he had used HGH, steroids and amphetamines. Grimsley named other major leaguers who he said had used the drugs. Those names were blacked out in copies of a document made public.

Dr. Gary I. Wadler, a New York University medical professor and steroid expert, has said that the notion of a urine test for human growth hormone "is a pipe dream."

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Catlin, whose research group found previously undetected designer steroids, said he disliked hearing other scientists' commenting on the likelihood of his success.

"It's as if I have no clue what I'm doing," Catlin said. "I do have a clue what I'm doing."

Officials for the World Anti-Doping Agency said a blood test for the hormone that they deemed reliable was used during the Athens Games in 2004. Only several hundred of the tests have been given, the officials said, because antibodies needed for the test are in short supply.

When Catlin was hired, Major League Baseball pledged $450,000 over three years to finance his research. Selig and Manfred have said the contribution has increased to $500,000. That is a modest sum for a $2-billion-a-year industry.

"I'm sure there will be more contributions by M.L.B.," Selig said. "Who knows how much it will take?"

Catlin said the International Olympic Committee, the United States Anti-Doping Agency and the World Anti-Doping Agency had invested millions in trying to develop a test for HGH, and had been unsuccessful.

"We're hoping to get the ball rolling and lead to further advances," Catlin said. "It's not terribly realistic to expect a solution based on the amount of money we're receiving."

Coca Production Up Despite Eradication Efforts (AP)

AP, June 21, 2006

BOGOTA, Colombia -- The United Nations says production of the plant used to make cocaine has increased by 8 percent in Colombia, despite record drug seizures and spraying of herbicides.

A similar report by the U.S. Office of National Drug Control Policy showed Colombia's coca production skyrocketed 26 percent from 2004 to 2005, in part due to a near-doubling of the area surveyed.

The two reports are the strongest evidence yet that a cornerstone of the U.S.-led war on drugs -- the aerial fumigation of coca fields -- is failing to meet its goal of halving coca production in the Andes.

The results may hamper efforts by President Alvaro Uribe to win additional U.S. backing for Plan Colombia, the anti-drug strategy that has cost American taxpayers $4 billion since 2000.

Coca Production Increases In Colombia (AP)

By Joshua Goodman, Associated Press Writer

AP, June 20, 2006

BOGOTA, Colombia — A key component of the U.S.-backed war on drugs appears to be failing.

Despite record drug seizures and spraying of herbicides, production of the plant used to make cocaine increased by 8 percent in Colombia, to 330 square miles, the United Nations said Tuesday _ even as authorities sprayed coca fields totaling 25 times the size of Manhattan

The findings come on the heels of a similar report in April by the U.S. Office of National Drug Control Policy, which showed Colombia's coca production skyrocketed 26 percent from 2004 to 2005, in part due to a near-doubling of the area surveyed.

The two reports are the strongest evidence yet that a cornerstone of the U.S.-led war on drugs _ the aerial fumigation of coca fields _ is failing to meet its goal of halving coca production in the Andes.

The results may hamper efforts by President Alvaro Uribe to win additional U.S. backing for Plan Colombia, the anti-drug strategy that has cost American taxpayers $4 billion since 2000.

The report by the U.N. Office of Drugs and Crime said Colombian coca production expanded for the first time in five years, by 23 square miles.

"If this is the start of a return to much higher levels of coca, then it will be a problem," the U.N. agency's executive director Antonio Maria Costa told a news conference in Bogota.

"But I don't think that will happen. The government has every intention to continue its eradication efforts at the same high level as the past few years."

Partially offsetting the rise in Colombian production were declines in the world's two other coca-producing countries, Bolivia and Peru.

Overall, coca production in the Andean region rose 1 percent, to 616 square miles from 2004, according to the U.N.'s Andean coca survey.

In Colombia, the world's largest cocaine producer, the biggest increases were in the lawless, largely uninhabited jungles near its borders with Venezuela and Ecuador.

The spread of the coca frontier eastward toward Venezuela is in line with comments by U.S. anti-drug officials who have alleged that corruption within the government of Venezuelan President Hugo Chavez may be converting Colombia's neighbor into a major drug route.

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Colombia is believed to be the source of 90 percent of the cocaine consumed in the United States.

Last year, the government eradicated a record 656 square miles of coca, mainly through aerial spraying of the herbicide glyphosate, up from 529 square miles in 2004.

But with drug traffickers developing techniques to better camouflage illegal crops and increase yields, Uribe has asked the Bush administration to boost financing for fumigation efforts.

However, key members of the U.S. Congress and growing numbers of Colombians have suggested it may be time to give up the potentially environmentally harmful practice in favor of alternative economic programs for the poor farmers who grow coca on behalf of the country's cartels.

Currently about a third of the roughly $700 million in annual U.S. aid to Colombia funds economic and social development programs.

Although production is on the rise in Colombia, the U.N. said it declined in Peru and Bolivia.

Coca production in Bolivia fell by 8 percent last year, according to the U.N. The United States, however, is concerned Bolivia's leftist, coca-growing President Evo Morales _ who took office in January _ could relax his country's drug-fighting efforts.

In Peru, the world's second-largest cocaine producer, the coca crop declined by 4 percent.

The apparent declines differ widely from findings by the United States, based more heavily on satellite imagery, which estimated coca plantings grew by 38 percent in Peru and nearly 10 percent in Bolivia last year.

For anti-drug efforts to be successful, Costa said the United States and Europe must curb cocaine consumption and support alternative crop development programs in South America.

"Our aid efforts need to be multiplied at least tenfold in order to reach all impoverished farmers who need support," he said in a statement.

Colombia Sees Rise In Coca Growth (BBC)

BBC, June 20, 2006

The US has backed an aggressive anti-coca drive Coca production in Colombia grew by 8% in 2005 - the first rise in five years, the UN Office of Drugs and Crime says.

The production of coca, the raw material for cocaine, reached 86,000 hectares last year, UNODC found.

Despite the rise, it is half of Colombia's cultivation in 2000, which then stood at 163,000 hectares.

Colombia needs more international help to find alternative livelihoods for ex-coca farmers, one of the report's authors, Anja Korenblik, said.

Since 2000, the United States has spent more than $4bn on the fight against drug-trafficking in Colombia.

This has involved the aerial spraying of herbicides to kill the crops, as well as by law enforcement.

But despite such eradication efforts, the area under coca cultivation in Colombia rose by 6,000 hectares between 2004 and 2005, UNODC found.

Beating the cartels

"In Colombia in 2005, we found 86,000 hectares of coca bush, that is an 8% increase on 2004 when we saw 80,000 hectares," Mrs Korenblik told the BBC's Americas Service.

"That's almost half of the cultivation in the year 2000 when it was more than 160,000 hectares so it's really an impressive decline."

But she said the research showed more economic aid was required for poor farmers who grow coca on behalf of the drug cartels.

"What is needed is for the international community to support Colombia in identifying alternative livelihoods for ex-coca farmers," she said.

"This is not happening enough and that's probably why it's difficult for all the Andean countries to sustain their reductions in coca cultivation that they have seen," she added.

Colombia remains the world's largest producer of cocaine, although its share has dropped to 54% from 74% in 2000.

Coca production in Peru and Bolivia fell by 8% and 4% respectively in 2005, UNODC found.

Bridgeport Mayor Admits Using Cocaine (AP)

AP, June 20, 2006

BRIDGEPORT, Conn. Jun 20, 2006 (AP)— Mayor John M. Fabrizi publicly admitted Tuesday that he had abused cocaine while in office and said he wanted to apologize "to all the people of the city."

The admission followed the inadvertent court filing of an FBI document in which an alleged drug dealer claimed an associate had a videotape of the mayor using cocaine.

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In a tearful speech to about 200 city employees in City Council chambers Tuesday, Fabrizi said he had not used drugs in 18 months and had sought help for a drug addiction that he had hoped to handle privately.

"I thought that these were personal, private matters to me and my family, that I could deal with these issues with my family and myself," Fabrizi said. "I now recognize my actions affected many others, and I want to apologize to my family, my friends, and all of the people of the city of Bridgeport for my actions, my past actions."

Fabrizi, a Democrat who took office after former Mayor Joseph Ganim was convicted of corruption in 2003, said he hopes to move forward and continue running Connecticut's largest city.

Mayor Of Scandal-Weary Bridgeport Admits That He Used Cocaine (NYT)

By Alison Leigh Cowan

The New York Times, June 21, 2006

BRIDGEPORT, Conn., — Fighting back tears, John M. Fabrizi, the mayor of Bridgeport, Connecticut's largest city, admitted on Tuesday that he had used cocaine and abused alcohol since he took office in April 2003, but said that it "never, ever affected my job performance" and that he had "put this personal struggle behind me."

His emotional admission followed months of rumors and the disclosure last week of a court document filed by federal prosecutors suggesting that he had used cocaine with a local Democratic official. The news of his problems was the latest black eye for this troubled city, whose last mayor, Joseph P. Ganim, a Democrat, was convicted on bribery, extortion and other corruption charges and is now serving a nine-year federal prison term.

Speaking before a room packed with 200 city employees, residents and reporters Tuesday morning at City Hall, Mr. Fabrizi, 49, expressed the hope that his tenure would not end prematurely.

He also apologized for not having been frank about his failings sooner, and asked the public to permit him to continue serving in a job that he said he loves "heart and soul." A Democrat, he faces re-election next year.

Mr. Fabrizi was the City Council president before becoming mayor when Mr. Ganim resigned, then won election to the office in November 2003. Though he has worked hard to revive his city's downtown, his grip on power began to weaken last week when federal prosecutors filed a document implicating him in a long-running drug investigation that has already resulted in dozens of arrests.

Hours after The Connecticut Post published an article about the document on Friday, United States Attorney Kevin O'Connor asked a judge to seal the document and issued an unusual apology to the mayor for having allowed it to become public. He said Mr. Fabrizi was not a target of the drug investigation.

"I thought that these were personal and private matters to me and my family," said Mr. Fabrizi, choking up as he read his statement, with his wife, Mary, at his side patting his back. "I now recognize my actions affected many others and I want to apologize."

Without going into details, he said that he had sought treatment for his problems and that he had not used drugs since late 2004. He added that he stopped drinking about four months ago. He told The Connecticut Post in an interview on Monday that he initially gave up drinking in 2005 but relapsed during the holidays.

About the time the mayor said he quit using cocaine, federal prosecutors began wiretapping two brothers who have since been charged with running a drug-trafficking organization. One of them, Juan Marrero, who is awaiting trial, told federal agents after his arrest last year that he was asked by Shawn Fardy, then a member of the Democratic Town Committee, for cocaine, because Mr. Fardy told him that Mr. Fabrizi was coming over and "needed a hit." Mr. Fardy has been indicted in the case and last week pleaded not guilty.

Dr. Jay Berkowitz, a psychiatrist who is a friend of the mayor, said that in or around October 2004, he began noticing some "erratic behavior" by the mayor. In particular, he said in an interview, the mayor was unusually loud and boisterous one night at a restaurant.

"He was handling the stress of the job beautifully, but with the job, sometimes you have a lot of social functions and that's where he thought he needed help," said Dr. Berkowitz, who spoke with the mayor's permission.

He said that the mayor initially rebuffed him when he asked if Mr. Fabrizi had a problem that required help, but that Mr. Fabrizi came to him last spring or summer seeking help for substance abuse.

Dr. Berkowitz said he helped get the mayor into an outpatient treatment program and believed Mr. Fabrizi was doing well. He also said he understood that the mayor had been taking Antabuse, a medication that makes a person sick if alcohol is imbibed.

Mr. Fabrizi, a former schoolteacher, said in his remarks that his problems never affected his ability to govern. "The tremendous progress Bridgeport has made over the past three years is a testament to that," he said. "Folks, my record speaks for itself."

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He vowed to work hard to "regain the respect and support of the people of the city" and also to make the public "aware that even people in a position like my own can become a victim of drugs or alcohol."

The mayor also added that he was "appalled by some of my recent statements and the lengths to which I was willing to go to keep this issue private. Having put this painful episode behind me well over a year ago, I hope you can all understand why I foolishly wanted to distance myself from this nightmare."

He received a standing ovation when he entered the room and applause as he read his statement. He left without taking questions. Afterward, many spectators said they would continue to support him.

"I think we can all relate to it," said Jill Bruno, director of veterans affairs for the city. "I have some family members with addiction problems, and it hit home. I don't know too many mayors who stand up in front of a crowd and cry and pour their heart out to the city."

Others interviewed in Bridgeport on Tuesday were generally less sympathetic. Several mentioned the harsh penalties that acquaintances had faced when they were caught up in drug problems. They questioned whether the mayor would have come forward if he had not been implicated in the investigation.

Maria Yaylagul, 20, a University of Connecticut student who is taking a summer course at Housatonic Community College in downtown Bridgeport, said, "It was kind of unfair that celebrities and people in power get a get-out-of-jail-free card" when they break the law, but not average citizens. "I don't think it should even be an option for him to run again, a known drug addict."

Her classmate, David Jackson, 21, said he agreed that the mayor ought to be a role model. "Don't they have drug tests for the mayor?" he asked.

Several current and former politicians also said they thought the mayor ought to resign for the good of the city.

"We can't be the town that has the mayor with the drug problem," said Rick Torres, the Republican who lost to Mr. Fabrizi in 2003. "That's for him to deal with, not for us."

Gary Rose, the chairman of the department of government and politics at Sacred Heart University, said he expected the mayor to survive since Bridgeport's residents forgive "practically all forms of misbehavior on the part of their mayors."

Still, he said, "I think the mayor really has to decide sooner rather than later as to whether he has the moral leadership for a city that is really starving for ethical political figures."

Mayor Admits Cocaine Use In Speech To City Employees (CP)

Connecticut Post, June 20, 2006

BRIDGEPORT — Amid a few boos and much stronger applause, Mayor John M. Fabrizi on Tuesday stood before more than 200 city employees and residents and admitted he used cocaine in the past.

"I am sorry if I have, in any way, hurt the dignity of this office. I will do everything I can to regain the respect and support of the people of this city," Fabrizi said during an emotional address in which he choked up several times.

Referring specifically to his past drug use, Fabrizi said flatly, "Over the course of a number of years I abused alcohol and used cocaine occasionally."

Admitting he used cocaine during his time in office as both City Council president and later as mayor, he said he has not used drugs in 18 months.

Tears running down his cheeks, Fabrizi said he sought help for a drug addiction and had hoped that he could handle it privately.

During an interview

Advertisement

Monday with the Connecticut Post editorial board, Fabrizi said he quit using cocaine at the end of 2004, and stopped drinking this year. He was elected in the fall of 2003.

The admission followed the release of FBI documents in which an alleged drug dealer claimed an associate had a videotape of the mayor using cocaine. Fabrizi, a Democrat who took office after Joseph Ganim was convicted of corruption in 2003, said he hopes to move forward and continue running Connecticut's largest city.

Prosecutors Want Councilman With Cocaine Record Removed (AP)

AP, June 20, 2006

GALVESTON, Texas - Galveston County prosecutors have filed a petition to remove a recently elected city council member who was convicted in 2000 on felony cocaine charges.

State election law usually prevents someone who has been convicted of a felony from running for or being elected to office.

Marc Hoskins, 28, was elected in May and had disclosed his past to the city attorney before the election. He had also mentioned his conviction in a guest newspaper column.

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Galveston County District Attorney Kurt Sistrunk filed a five-page petition Monday citing the Texas Election Code, which states that a candidate must not have been convicted of a felony "from which the person has not been pardoned or otherwise released from the resulting disabilities."

Hoskins' attorney, state Rep. Harold Dutton, D-Houston, said he will file a response later this week. Dutton said his client has been "released from the resulting disabilities" after serving six months of a two-year sentence in federal prison.

Hoskins was released under three years' supervision.

"I think the law is probably going to be on Marc's side," Dutton said.

Hoskins was arrested in 1999 while he we was a senior at Lamar University. He pleaded guilty to one count of conspiracy to with intent to deliver cocaine, according to court records.

Galveston DA Petitions For Councilman's Removal (HC)

By Ruth Rendon

Houston Chronicle, June 20, 2006

Election code bars a convicted felon from office

GALVESTON - District Attorney Kurt Sistrunk filed a petition Monday asking that Councilman Marc Hoskins, who disclosed before the May election he was a convicted felon, be removed from office.

Sistrunk has determined that Hoskins, 28, should be barred from holding an elected office because of his 2000 federal cocaine distribution conspiracy conviction.

Hoskins, who was in attendance at a Juneteenth breakfast Monday morning representing the City Council, was served with papers Monday afternoon, Sistrunk said. He has until July 10 to respond to the five-page petition. A status conference before state District Judge David Garner is scheduled for Sept. 21.

Hoskins was not at his home Monday evening and could not be reached for comment. Hoskins' attorney, state Rep. Harold Dutton, D-Houston, also could not be reached.

In his petition, Sistrunk cites the Texas Election Code, which states that "a person must have not been fully convicted of a felony from which the person has not been pardoned or otherwise released from the resulting disabilities."

Sistrunk said Hoskins "was not eligible to be a candidate for nor was he eligible to be elected" as a Galveston council member. As such, Sistrunk said, "he unlawfully holds and executes the office of Councilmember of District 2, City of Galveston, Texas."

Sistrunk was asked to look into Hoskins' eligibility after receiving a letter from Galveston City Attorney Susie Green.

Hoskins, a consultant and lobbyist, has not tried to keep his conviction a secret, having mentioned his legal woes in a guest column before the election. He even told Green about his criminal past and told her that lawyers had advised him he was eligible to run.

Hoskins was arrested in August 1999, when he was a senior at Lamar University in Beaumont, and pleaded guilty in federal court to one count of conspiracy with intent to distribute cocaine, according to court records.

Hoskins was sentenced to two years but served only six months in a federal prison in Pennsylvania before being released under three years' supervision.

Officials Seek To Remove Galveston City Council Member (KHOU)

By Kelly Hawes

KHOU-TV, June 20, 2006

GALVESTON — The district attorney filed a petition Monday seeking to remove City Councilman Marc Hoskins from office.

The petition, filed in 10th District Court, contends that Hoskins was ineligible to seek office because of a drug-dealing conviction six years ago in federal court.

Hoskins will have until July 10 to file a legal response. A status conference has been scheduled for 10 a.m. Sept. 21.

During a City Council meeting last week, Hoskins said he did not know how the process would work out.

“We live in a country where we have fair and free elections,” he said. “I’m here because I was elected to be here, and while I’m here, I will continue to work for you, the residents of District 2.”

Hoskins won support during the weekend from the host of a Houston public radio show aimed at prisoners and their families. Ray Hill, host of “The Prison Show” on radio station KPFT, said the Citizenship Restoration Act of 1985 restored all rights of citizenship to convicted felons once they had completed their sentences.

“All of these issues have been vetted for 20 years,” he said.

Hill, who became the first Texas felon to register to vote after passage of the law, has since run for office seven times. He twice sought a justice of the peace position and five times ran for a seat on the Houston City Council.

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Hill acknowledged that he had never won election and thus hadn't held office, but he insisted that the legislative intent of the measure was clear.

"We talked about that while having hearings on passage of the bill in 1985," he said.

District Attorney Kurt Sistrunk said he was unaware of the law cited by Hill.

"We'll check its application," he said.

Sistrunk later said a quick examination indicated that the law applied only to voting rights.

"I believe that same argument was previously presented to the city, and the restoration of voting rights alone is not a complete removal of the disabilities imposed as a result of a conviction," he said.

Di Trapano's Bond Denied (CHASGAZ)

By Tom Searls, Staff writer

Charleston Gazette, June 21, 2006

Lawyer is a threat and violated bond conditions, judge says

Evidence shows Charleston lawyer Dante di Trapano could be a danger to the community and regularly violates bond conditions, a federal judge ruled Tuesday in denying di Trapano's bond request.

U.S. Magistrate Mary Stanley said di Trapano, 43, had "demonstrated time and time again that he is not willing to comply" with bond conditions and has "shown total disrespect for the law" in an order denying him bond.

Di Trapano was indicted last week on single counts of being a drug addict in possession of firearms and for allegedly lying on a federal form by stating he was not addicted to drugs when he purchased a gun in February.

- advertisement -

Federal agents found eight guns inside di Trapano's South Hills residence in April. Charleston Police Detective Tim Palmer, who is working with federal agents, testified that while the guns were loaded, all were in a gun safe or locked up. Di Trapano was not home at the time of the search.

Palmer said agents also found possible drugs in the 1340 Johnson Road house. "It was some suspected cocaine, crack cocaine as well," he said.

Some other substances were also located in the dwelling, he said, but authorities were waiting to learn from a laboratory what those substances are. Di Trapano has not been charged for those items.

Di Trapano's attorney, Michael Del Giudice, pointed out that none of the prosecutors' witnesses testified di Trapano had been violent, and said his client should be released.

Stanley disagreed and set an Aug. 23 trial date for di Trapano before Chief U.S. District Judge David Faber. Di Trapano is expected to remain in jail until then.

Following the hearing, di Trapano's wife lashed out at National Football League star Randy Moss, whom di Trapano represented until April. Moss, a Rand native and former Marshall University star, plays for the Oakland Raiders and is set to open a smoothie business in Charleston this weekend.

"Anyone want a Randy Moss shirt?" Teri di Trapano said to reporters outside the federal courthouse before tossing the black shirt emblazoned with Moss' name into a nearby trash can.

Dante and Teri di Trapano were arrested with three others in a Florida hotel in March and charged with possession with intent to deliver crack cocaine. Stanley noted di Trapano failed to report to the rehabilitation center the court sent him to, instead choosing one of his own.

Stanley said di Trapano was arrested in Georgia just weeks after that on charges of felony cocaine and misdemeanor marijuana possession. He was then arrested in the St. Albans area early June 10 on a charge of driving with a suspended license.

When Palmer arrested him last week for the federal charge, di Trapano was also driving with a suspended license, documents show.

- advertisement -

Del Giudice argued that even if convicted of the charges, di Trapano would only serve a year in jail. He asked Stanley to place his client on home confinement, saying locking him up is "highly severe and unnecessary," and that di Trapano is not a flight risk.

"They have not caught him in any serious charges," he said.

Prosecutors' main evidence showing di Trapano is a danger was based on the testimony of police officers who said di Trapano's father hired an off-duty officer to patrol his law firm to keep his son out. Dante di Trapano has been let go by his former law firm, which is headed by his father, well-known trial lawyer and former state Democratic Party chairman Rudolph DiTrapano.

Charleston Police Sgt. Jason Beckett testified that Rudolph DiTrapano hired an off-duty officer. "He was concerned with his son, Dante di Trapano, possibly coming to the law firm and damaging equipment and for the protection of employees," Beckett testified.

Under cross-examination, Beckett admitted he filled out a report on the matter at the request of another officer working with federal agents, something not normally done. "It's just the government creating their case," Del Giudice said.

Beckett also said Rudolph DiTrapano did not sign the form requesting the officer. Instead, it was a stamped signature.

Patrolman Raymond Coleman, who only worked three days at the firm, said he saw Dante di Trapano pass by one time, but that he did not attempt to enter the law firm. Coleman testified he was not told of any danger to employees.

Del Giudice noted di Trapano is the only means of support for his wife and four children, two of whom are planning to go to college this fall.

"We have nothing to live on except my savings," Teri di Trapano said outside the courthouse.

Teri di Trapano said her father-in-law is holding her husband's money in escrow. "They promised him they would take care of his family," she said, saying she fears losing all the family's belongings.

To contact staff writer Tom Searls, use e-mail or call 348-5192.

Man Accused Of Clinic Bomb Plot Indicted (FINDLAW/AP)

AP, June 21, 2006

(AP) - BALTIMORE-A Maryland man accused of plotting to attack an abortion clinic with a pipe bomb and handgun was indicted Monday on weapons and explosives charges, the U.S. attorney's office said.

A federal grand jury indicted Robert Weiler, 25, on charges of possessing and making an unregistered destructive device, illegally possessing a firearm, and possessing a stolen firearm.

Weiler called the Bureau of Alcohol, Tobacco, Firearms and Explosives on June 8 from a western Maryland highway rest stop to confess to the plan, according to court documents. He told authorities he had built a pipe bomb, stolen a handgun from a friend and planned to attack an abortion clinic in suburban Washington.

That morning, the pipe bomb exploded in a house belonging to a friend of Weiler as a bomb technician tried to defuse it. No one was hurt, but the bomb set fire to the house.

Each count carries a maximum penalty of 10 years in prison. A preliminary hearing is set for Thursday.

IMMIGRATION:

Senate Bill Would Add New Immigration Judges (LAW)

By Jason McLure, Legal Times

Legal Times, June 21, 2006

At DOJ, getting to be an immigration judge can depend more on political contacts than experience.

It's just after 2 p.m. and Immigration Judge Garry Malphrus is looking at a long afternoon of deporting illegal immigrants. He punches a button on a tape recorder and intones: "Respondent was scheduled for a master calendar hearing at 9 a.m. It is now 2:20 p.m." Malphrus notes the immigrant's failure to appear, asks a lone Immigration and Customs Enforcement lawyer if an attempt has been made to contact the government (the inevitable response: "no"), and then formally orders the immigrant's removal from the United States. Stop tape.

The routine continues for the better part of an hour. Next file. Repeat script. Stop tape.

Watching this tedious exercise, it's hard to imagine that being appointed a federal immigration judge would be considered a political plum. But that's how these career civil service jobs are increasingly treated, say immigration lawyers who practice before the courts. Malphrus, a former White House aide and Republican campaign veteran, had never practiced immigration law when he joined the bench last year.

"The Bush administration has realized these are great jobs and maybe [it] shouldn't be left up to the civil service to determine who gets a job," says Charles Kuck, a vice president of the American Immigration Lawyers Association. "I believe that these folks without prior immigration experience tend not to be good judges."

Whether they're great jobs is a matter of opinion. But with the immigration courts under scrutiny by Congress and the attorney general after a series of federal appellate decisions blasting the courts as sloppy and inept, the issue of just who serves in an office with enormous influence over the lives of immigrants has received scant attention. And the practice of appointing judges with no immigration law experience is condemned by lawyers in the field, who say the complexity of immigration laws means judges such as Malphrus do their training on the job.

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Hired in March 2005, Malphrus, 38, is on the front line of America's swamped immigration system. The 200-odd judges in the Justice Department's Executive Office of Immigration Review handle more than 300,000 immigration cases every year, considering matters that range from approving the status of asylum seekers to deporting illegal migrants seeking jobs to signing off on the legal status of those who have married U.S. citizens.

But the process by which the judges are hired is a murky one, often little understood by either immigration lawyers or the judges themselves. Unlike federal district and circuit court judges, who are appointed for life and work for the Administrative Office of the U.S. Courts, immigration judges are part of the Justice Department's career civil service. As such, the EOIR has a formal application process for immigration judges. Applicants are vetted by the office's chief immigration judge, who conducts interviews and makes formal hiring recommendations.

But according to an immigration-judge hiring policy released by the Justice Department, the attorney general also has the option to pre-empt the formal vetting process and directly hire a judge of his choosing.

This two-track hiring method helps explain why the nation's immigration bench is stocked not only with lawyers who have spent years as trial attorneys for ICE or the military's JAG Corps (who enjoy preference in federal hiring) but with a sprinkling of Republican Party activists and campaign veterans such as Malphrus. Among the 19 immigration judges hired since 2004: Francis Cramer, the former campaign treasurer for New Hampshire Sen. Judd Gregg; James Nugent, the former vice chairman of the Louisiana Republican Party; and Chris Brisack, a former Republican Party county chairman from Texas who had served on the state library commission under then-Gov. George W. Bush.

Malphrus' move was cited last month in a report to Congress by the Government Accountability Office on the subject of the movement of political appointees into the government civil service. That phenomenon, known as "burrowing in" to the government bureaucracy, has been an issue for Democratic and Republican administrations alike. Ultimately, the GAO reported that "it could not be determined whether appropriate authorities and proper procedures were followed" in Malphrus' hiring.

And while a courtroom on the 13th floor of a nondescript office building in Arlington, Va. — where Malphrus presides — may seem to be a million miles from the corridors of power across the Potomac River, the job isn't without its perks. When Malphrus was hired, his salary nearly doubled to $113,904. And unlike his former colleagues at the White House, as a career civil service employee, Malphrus won't be out of work should Republicans lose the White House in 2008.

"It's not a glamorous job," says Joseph Vail, himself a former immigration judge who now works at a legal aid clinic in Houston. "You don't have a whole lot of power . . . but the salary and benefits are good, plus you get to call yourself a judge."

Addressed by a reporter in court, Malphrus said he would be happy to be interviewed for this article with the approval of his Justice Department superiors. But that interview request was denied by Justice's press office in Washington. The Justice Department did not return calls for comment for this article.

Political activism

Malphrus' most public political episode came during the 2000 Florida presidential election recount. He was then a Republican aide to the Senate Judiciary Committee and turned up at the Miami-Dade Elections Department with a group of well-dressed Republican protesters.

In what news reports later dubbed the "Brooks Brothers riot," the protesters, chanting "Stop the fraud," pounded on the windows and doors of the municipal building and demanded that the election board in the heavily Democratic county end its manual recount of thousands of ballots that a scanning machine had determined contained no vote for president. Shortly afterward, in a decision pivotal to the outcome of the election, the board voted unanimously to stop the recount. Months later, Malphrus received a White House appointment to the Domestic Policy Council, where he served for three years.

Last week, Malphrus crossed paths with a former political activist of a different stripe. Seated before him on June 15 was Andrei Brezineu, a soft-spoken young Belarussian dressed in jeans and white high-tops who, according to his lawyer, fled the Eastern European country in 2003 after suffering a series of threats, beatings, and arrests for distributing pamphlets for a political party opposed to President Alexander Lukashenko. Lukashenko's regime has been dubbed the "last dictatorship in Europe" by Secretary of State Condoleezza Rice, and this winter, Lukashenko was re-elected with 86 percent of the vote in an election observers said was marred by fraud and intimidation. "Belarus is known to be a country where political dissent and human rights are not tolerated," Brezineu's lawyer told Malphrus.

The government trial attorney in the case opposed Brezineu's application for political asylum, questioning whether he would face persecution if he was returned to Belarus and pointing out that Brezineu appeared to have limited knowledge of recent political events in his home country and no documentation of his arrests. Malphrus questioned Brezineu's defense attorney as well, asking whether a series of harassing incidents could rise to the level of political persecution needed to grant Brezineu asylum. When neither Malphrus nor Brezineu's attorney could recall a precedent for this from immigration case law, the judge ordered that the hearing be continued for a month.

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The decision reflected a cautious approach to deciding asylum cases that has won Malphrus praise from immigration attorneys. That approach, say a number of lawyers who've practiced before him, is fortunate given the judge's limited knowledge of the country's specialized and oft-changing immigration laws.

"I like Garry Malphrus," says one immigration lawyer in Cleveland who practices before the judge and therefore requested anonymity. "But he has no immigration experience whatsoever, and that comes across."

A native of Jasper County, in a historically Democratic pocket of South Carolina's Low Country, Malphrus became active in Republican politics more than two decades ago. After graduating from the University of South Carolina Law School in 1993, Malphrus spent the next four years clerking for a series of state and federal judges. In 1997 he was hired as an aide to then-Sen. Strom Thurmond (R) and joined the staff of the Senate Judiciary Committee, where he worked on a range of policy issues, including crime, immigration, bankruptcy, and tort reform — issues he would confront later as a White House aide, according to former Senate colleagues. Studious and soft-spoken, Malphrus was known as a strong conservative.

David Brog, a former Judiciary Committee staffer for moderate Republican Sen. Arlen Specter of Pennsylvania, recalls being teased by Malphrus at party staff meetings. "This is a Republican meeting," Brog recalls Malphrus as saying. "What are you doing here?"

Those who've worked with Malphrus say his experience as a law clerk and policy aide makes him well qualified to sit on the immigration court. "The idea that it was politics and not competence is ludicrous," Brog says of Malphrus' appointment.

Malphrus' departure from the White House for the relative backwater of the Arlington Immigration Court may seem like a step down for an ambitious, young, conservative lawyer. After all, a lawyer with Malphrus' connections could almost certainly have been richly rewarded on K Street. But William O'Neil, a South Carolina trial lawyer and law school classmate of Malphrus', says it's just one more career step for a friend he's always thought was bound for a judgeship in state or federal court.

"He's well connected," he says of Malphrus. "I think he's just working his way up the totem pole. I don't think he's going to be an immigration judge for the rest of his life."

Judicial jobs ahead

Malphrus' entrance to the bench comes at a time of flux for the immigration courts. In an opinion highly critical of the immigration courts and the Board of Immigration Appeals late last year, Judge Richard Posner of the U.S. Circuit Court of Appeals for the 7th Circuit wrote that "the adjudication of these cases at the administrative level has fallen below the minimum standards of legal justice." Posner's opinion cited a dozen other recent appellate opinions from four circuits that all offered harsh words for the conduct and reasoning of the immigration judiciary.

Additionally, the immigration reform bill that has passed the Senate contains a number of measures aimed at improving the quality of the immigration courts. One provision would increase the number of members on the Board of Immigration Appeals, allowing for closer review of immigration judicial decisions before they make it to the federal appeals courts. The Senate bill would also add at least 20 new immigration judges. Should the House pass those provisions, Malphrus may well be joined by additional political hires who prefer an immigration judge's black robes to a political job in an administration approaching lame-duck status.

"It's usually a pretty secure job," says David Martin, a law professor at the University of Virginia. "If you're not quite in the category to merit an appointment to the federal bench, an immigration-judge job might satisfy some of those instincts. Immigration judges work hard, but they don't have to bill 2,100 hours [a year] or have clients calling them up on the weekend."

Jason McLure can be contacted at jmclure@alm.com.

Pa. City Poised For Immigration Crackdown (FINDLAW/AP)

By Michael Rubinkam, Associated Press Writer

AP, June 21, 2006

(AP) - HAZLETON, Pa.-With tensions rising and the police department and municipal budget stretched thin, Hazleton is about to embark on one of the toughest crackdowns on illegal immigrants anywhere in the United States.

Last week the mayor of this former coal town introduced, and the City Council tentatively approved, a measure that would revoke the business licenses of companies that employ illegal immigrants; impose $1,000 fines on landlords who rent to illegal immigrants; and make English the official language of the city.

"Illegal immigrants are destroying the city," said Mayor Lou Barletta, a Republican. "I don't want them here, period."

Barletta said he had no choice but to act after two illegal immigrants from the Dominican Republic were charged last month with shooting and killing a 29-year-old man. Other recent incidents involving illegal immigrants have rattled this city 80 miles northwest of Philadelphia, including the arrest of a 14-year-old boy for firing a gun at a playground.

"This is crazy," the mayor said. "People are afraid to walk the streets. There's going to be law and order back in Hazleton, and I'm going to use every tool I possibly can."

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The City Council, which approved the measure in a 4-1 vote, must vote on it twice more before it can become law. The next vote is scheduled for mid-July.

When Barletta took office in 2000, Hispanics represented about 5 percent of the city's population of 23,000. The population has since shot up to 31,000, with Hispanics now representing 30 percent, lured to Hazleton by cheap housing, a lower cost of living and jobs in nearby plants, factories and farms.

City officials do not know how many of the new arrivals are in the United States illegally, but say they are fueling the drug trade, joining gangs and committing other crimes.

Municipal officials around the nation, frustrated at what they perceive as the federal government's inability to stem illegal immigration, have increasingly taken matters into their own hands.

In San Bernardino, Calif., voters will decide whether to adopt a measure nearly identical to the one in Hazleton. An Idaho county filed a racketeering lawsuit against agricultural companies accused of hiring illegal immigrants. In New Hampshire, a pair of police chiefs began arresting illegal immigrants for trespassing.

"They're being forced to pick up the financial tab for all of this nonsense, and they are doing whatever they can to find ways to combat it at the local level," said Susan Tully, national field director of the Federation for American Immigration Reform, which advocates limits on immigration. "This is a fine example of what I'm talking about."

Flavia Jimenez, an immigrant policy analyst at the National Council of La Raza, predicted the Hazleton crackdown would prompt a civil rights lawsuit.

"Landlords are going to shut their doors to anyone who may look or sound Latino," she said. "On the other hand, landlords may attempt to actually determine whether a person is undocumented or not, and make multiple mistakes because of the complexity of immigration law."

Whites in Hazleton seem to overwhelmingly favor the proposed crackdown. Barletta's office has been flooded with hundreds of approving e-mails and phone calls - from as far as California and Florida - and he got a standing ovation when he walked into a Hazleton diner for lunch.

"It's about time," said Francis X. Tucci, 57, who was born and raised in Hazleton and owns a hair salon in the heart of the Hispanic business district. "We were a nice community. You find bad everywhere, I understand that, but we're talking about here and now."

Some Hispanics approve of the measure, saying they are fed up with crime and graffiti. "If I was mayor, I wouldn't let anyone in who had a criminal record," said Rafael Rovira, 69, a naturalized American citizen from the Dominican Republic.

Others view the proposal as unnecessary, saying that most illegal immigrants obey the law and only want to work. They point to the success of Wyoming Street, a colorful thoroughfare where dozens of businesses have opened in the past few years.

Jose Lechuga, 42, came to the United States illegally in 1982, received amnesty in 1986 and now operates a grocery store and restaurant in Hazleton. He said the mayor is "confusing illegal people with criminals."

On the Net:

Open letter from Barletta: http://www.hazletoncity.org

FAIR: http://www.fairus.org

National Council of La Raza: http://www.nclr.org

Immigration Bill Delayed By House (CHIT)

By Frank James

Chicago Tribune, June 21, 2006

WASHINGTON -- In a move that could sound the death knell for immigration-reform legislation in Congress this year, House Republican leaders said Tuesday they plan to hold numerous hearings on the issue this summer and only then start talks with the Senate that might lead to a final bill.

The delay raises the likelihood that Congress will end the year without passing major immigration legislation that President Bush has supported. That would be a signal defeat for the president, who has urged Congress to approve comprehensive legislation along the lines of the Senate-passed bill, which included a path to citizenship for many of the estimated 12 million undocumented immigrants already in the U.S. and the creation of a guest-worker program.

Failure to approve final legislation, however, would be an election-year victory for many House Republicans who have fiercely opposed any course that could lead to illegal immigrants gaining citizenship before U.S. borders are secured, a position held by many voters as well.

House Republicans have consistently decried provisions calling for legalization of immigrants as an amnesty, which they find anathema. In addition, they have said the nation's priority should be securing its borders first, especially along the southern

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perimeter with Mexico, and cracking down on employers who hire illegal immigrants. The House passed enforcement-only legislation in December while the Senate approved its broader bill last month.

"I'm not putting any time line on this thing but I think we need to get this done right," House Speaker Dennis Hastert (R-Ill.) told reporters. "We want to have hearings on this bill. I asked the various [House committee] chairmen to go out and have hearings so we understand what the American people are saying."

The call for hearings was part of a strategy by House Republicans to raise public awareness of various elements in the Senate bill they find objectionable, they said.

One provision of the Senate bill would allow illegal immigrants to collect Social Security for the years when they lacked authorization to work, even when they illegally used Social Security numbers that belonged to U.S. citizens or legal residents in order to obtain jobs.

House critics of the Senate bill also complain it would place unreasonable limits on the information immigration officials could use to decide whether to grant an applicant legal status.

"Once [voters] find out some of things that are in this bill they will be outraged about it," said one House Republican aide who requested anonymity because he wanted to speak more frankly. "And that's the problem. If we just went into a conference [with the Senate] and then passed a bill and sent it to the president and [voters] didn't know all these things were in there, we'd be in a lot of trouble before an election."

Congressional supporters of the Senate's immigration legislation accused House Republicans and some in the Senate of acting in bad faith. "The Republican House wants to defeat the immigration bill," said Sen. Harry Reid (D-Nev.,) leader of the Senate's Democrats.

"It's obvious that the Republicans in the Senate don't want an immigration bill," Reid said. "…This is a stall.… If there were ever a time for the president to get engaged in this, it would be now. Why can't he, with this power that he has over this Republican-dominated Congress, tell them, 'I want to go to conference on this'?"

Despite the delay in any start of House-Senate negotiations over the legislation, White House spokeswoman Dana Perino said, "The president is undeterred. We are committed and we have been working very hard with members [of Congress] to see if we can reach consensus on an issue the American people have said they want action on."

Hastert press secretary Ron Bonjean said as many as eight committees will holding hearings, including the House Judiciary, Ways and Means and Homeland Security panels. Hearings would be held in July and August with negotiations between the House and Senate on a final measure slated for September.

"If this legislation is ready to pass in September, then we'll pass it," Hastert said. "But we're not going to pass it before it's ready."

Sen. Edward Kennedy (D-Mass.) said Tuesday there was no reason to hold additional hearings on the immigration bill. The decision by House Republians was "the wrong way to go," he said, and seemed to simply delay resolving differences between House and Senate versions of the legislation.

"We have had 2 1/2 years of hearings. We know what the problem is," Kennedy said.

Supporters of a more lenient approach towards illegal immigrants suggested that the House leadership hoped that by pushing negotiations with the Senate closer to the Nov. 7 midterm congressional elections, the likelihood of passing a bill would diminish.

Angela Kelly, deputy director of the National Immigration Forum, a Washington-based organization that favors the Senate bill, said, "I think…the Republican leadership's game is to just run out the clock. I think that they're really uncomfortable, they're squirming with the split in their party over this. And the fact that the stars have aligned so that the president and the Senate are in the same place on this is just something they don't want to contend with" in an election year.

Steven Camarota of the Washington-based Center for Immigration Studies, which opposes the Senate bill, raised an issue critics have aired as another reason why immigration reform might be doomed, at least for this year.

The Senate bill has some revenue-raising provisions that would require illegal workers to pay back taxes. But the Constitution requires revenue-raising measures to originate in the House.

That could force the Senate to go back and strip out those provisions and that might require more debate and votes in a Senate that already had great difficulty producing its legislation.

"The chance that they have an appetite for debate and votes again on this is not that great," he said. "So that technicality actually matters."

Leaders: Broad Immigration Bill Unlikely (AP-Y2)

By David Espo

AP2, June 21, 2006

DOJ_NMG_0036573

In a defeat for President Bush, Republican congressional leaders said Tuesday that broad immigration legislation is all but doomed for the year, a victim of election-year concerns in the House and conservatives' implacable opposition to citizenship for millions of illegal immigrants.

"Our number one priority is to secure the border, and right now I haven't heard a lot of pressure to have a path to citizenship," said Speaker Dennis Hastert, R-Ill., announcing plans for an unusual series of hearings around the nation to begin in August on Senate-passed immigration legislation.

"I think it is easy to say the first priority of the House is to secure the borders," added Rep. Roy Blunt (news, bio, voting record), the GOP whip.

In deference to the president, neither Hastert nor any other Republican official in either house said publicly that the president's ambitious plan — including a guest worker program as well as an opportunity for citizenship for many illegal immigrants — was dead for the year.

But several Republicans in both houses, speaking on condition of anonymity, were less guarded.

"There will be no path to citizenship," said one lawmaker who attended a strategy session in Hastert's office.

Some officials added that Republicans have begun discussing a pre-election strategy for seizing the political high ground on an issue that so far has served to highlight divisions within the party. Among the possibilities, these officials said, are holding votes in the House or Senate this fall on additional measures to secure the borders, or on legislation that would prevent illegal immigrants from receiving Social Security payments or other government benefits.

"The discussion is how to put the Democrats in a box without attacking the president," said one aide, speaking on condition of anonymity.

Additionally, GOP aides said Rep. Tom Reynolds, chairman of the House campaign committee, has recently been using polling data to persuade fellow members of the leadership that the public would respond poorly to some provisions in the Senate-passed bill.

White House spokeswoman Dana Perino said after Hastert's announcement of hearings, "The president is undeterred. We are committed and we have been working very hard with members (of Congress) to see if we can reach consensus on an issue the American people have said they want action on."

In the Senate, Majority Leader Bill Frist, R-Tenn., told reporters he welcomed hearings. "As much examination of the House bill and Senate bill as possible is good," he said.

Sen. John McCain (news, bio, voting record), R-Ariz., a principal author of the Senate-passed measure, offered to testify at House hearings. Sen. Arlen Specter (news, bio, voting record) of Pennsylvania, chairman of the Judiciary Committee, said, "I'm hopeful" of a compromise before the elections.

Hastert announced no schedule for the completion of hearings. He and other members of the leadership sidestepped numerous times when asked whether a House-Senate compromise along the lines of what Bush has sought could come to a vote by year's end. "I am not putting any timetable on this thing, but I think we need to get this thing done right," the speaker told reporters.

The Republican-controlled House passed border security legislation last year, largely along party lines. By contrast, the Senate approved a bipartisan bill calling for tougher border enforcement; penalties against employers who hire illegal immigrants, a new guest worker program and a shot at citizenship for most of the estimated 12 million immigrants in the country illegally.

The measure won the support of only 23 of the Senate's 55 Republicans. Frist, a likely presidential contender for 2008, is under pressure from conservatives not to agree to a compromise bill they oppose. Democrats, on the other hand, are insisting on assurances that any final bill will remain bipartisan.

Hastert told reporters he had conveyed his views on immigration privately to Bush in recent days, and other officials said opinions among House Republicans hardened when Republican Rep. Brian Bilbray won a special election this month in the San Diego area. Bilbray campaigned for tougher immigration measures than Bush favors, and equated the president's approach to amnesty.

Several Republican officials, speaking on condition of anonymity, said Hastert and the president had expressed differing views at one meeting about the importance of immigration in Bilbray's victory. These officials said Hastert assigned it greater weight than the president. The Republican National Committee ran a 72-hour program in the campaign's final days that many Republicans credit with maximizing the vote for the winner.

Additionally, the RNC conducted a postelection poll of the San Diego-area district that suggests voters take a dim view of citizenship for illegal immigrants.

The poll found that when people were asked if they prefer a comprehensive bill to one that emphasizes border security and imposing criminal penalties on individuals already in the country illegally, the comprehensive approach was favored, 45-32. But

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when asked if they favor a comprehensive approach or a security-first bill that "under no circumstances" allows for citizenship, 43 percent said they prefer focusing on the border, and 33 percent picked overall reform.

Hastert Doubts Alien Bill In 2006 (WT)

By Charles Hurt

The Washington Times, June 21, 2006

House leaders cast doubt yesterday on the possibility of passing immigration reform legislation this year and said, in an unusual move, that they will hold hearings across the country to gauge voter concern.

"I'm not putting any timeline ... but I think we need to get this thing done right," House Speaker J. Dennis Hastert, Illinois Republican, told reporters yesterday after meeting with the chairmen of all the committees that oversee immigration-related legislation.

Aides in both the House and Senate said yesterday the developments mean immigration legislation is essentially dead for the year. Pushing something through before the November elections would be too politically unpredictable, they said, and there would be no incentive to do it between the election and year's end.

Asked yesterday if it was realistic to think Congress could still pass immigration legislation before the elections, House Majority Leader John A. Boehner of Ohio said: "Maybe."

Immigration legislation has been stalled for nearly a month because of deep opposition by House Republicans to the Senate's proposal, which provides a path to citizenship for most of the estimated 12 million illegal aliens in the U.S. The House last year approved a bill to secure the border without dealing with the current illegal alien population or the "guest-worker" program wanted by President Bush.

Senate Majority Leader Bill Frist of Tennessee, who voted for the Senate bill, said yesterday he "strongly supports" Mr. Hastert's decision to delay legislation for additional hearings.

While the issue of immigration divides Republicans, the position that Democrats are fairly unified behind -- granting citizenship rights to illegal aliens -- is highly unpopular among voters, polls show.

"We're ready to go on a comprehensive immigration reform bill, one that deals with security, one that deals with temporary guest-worker program, one, of course, that deals with a pathway to citizenship," said Senate Minority Leader Harry Reid of Nevada, who accused House Republicans of stalling the legislation because they don't like the Senate bill.

House Republicans went to great efforts yesterday to suggest their differences are not with the Senate, but with Democrats.

Though 17 Republicans supported the Senate's "amnesty" bill, House Republicans are referring to it as the "Kennedy bill." Sen. Edward M. Kennedy, Massachusetts Democrat, wrote much of the language in the bill that passed the Senate but the slightly modified compromise version that passed was sponsored by two Republicans, Sens. Mel Martinez of Florida and Chuck Hagel of Nebraska.

Once the Senate "amnesty" bill is securely yoked to Democrats, House Republicans will take the issue on the road in the months leading up to the election.

"This is an issue that is on the minds of the American people," Mr. Boehner said. "I think that we clearly want to solve this problem but the House bill is very different than the Senate bill."

But Rep. Thomas M. Reynolds, New York Republican, downplayed the impact immigration will have on congressional races.

"It all depends on every district," he said. "The Number One issue in my district is jobs and taxes."

The "field hearings" will be held across the country mainly during the August recess.

Among the sharpest criticisms of the Senate bill are that it grants Social Security benefits to illegals for work they performed here illegally, it requires illegals to pay just three of five years in back taxes, and it could lead to 100 million new legal immigrants during the next 20 years. Mr. Boehner also noted that the Senate bill would allow illegals to get in-state tuition at colleges and universities where they illegally reside.

While Mr. Hastert gave no indication yesterday that he would try pressing forward with the issue this year, he declined to rule out the possibility.

"We're not going to pass it before it's ready," he said.

House Plans National Hearings Before Changes To Immigration (NYT)

By Carl Hulse

The New York Times, June 21, 2006

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WASHINGTON, June 20 — In a decision that puts an overhaul of immigration laws in serious doubt, House Republican leaders said Tuesday that they would hold summer hearings around the nation on the politically volatile subject before trying to compromise with the Senate on a chief domestic priority of President Bush.

"We are going to listen to the American people, and we are going to get a bill that is right," said Speaker J. Dennis Hastert, who said he had informed Mr. Bush of the plan.

The unusual decision to set a new round of hearings on legislation already passed by the House and the Senate places a serious roadblock in the way of Mr. Bush's drive for major changes in immigration policy.

The timing means that formal Congressional negotiations will not begin until September, just as Congressional campaigns are entering their crucial final weeks, when lawmakers typically shy away from difficult issues.

"I don't know how likely that is," Representative Roy Blunt of Missouri, the House Republican whip, said about reaching an agreement before November.

Mr. Blunt suggested that final consideration might have to wait for a lame-duck session after the election. "We clearly are going to be here later in the year," he said.

But advancing significant legislation in lame-duck sessions has proved difficult. If Congress does not act this year, the House and the Senate will have to begin anew in 2007 should lawmakers want to pursue immigration changes.

A White House spokeswoman said Mr. Bush would press for legislation. "The president is undeterred in his efforts to pass a comprehensive immigration reform bill," said the spokeswoman, Dana Perino, who said the White House was "committed to working with members to see if we can reach a consensus on a bill that will help solve our nation's immigration problems."

The leadership decision reflected the deep resistance among House Republicans to the bipartisan approach approved in May by the Senate and generally endorsed by Mr. Bush. That bill combined new border enforcement with a program for temporary guest workers and the ability of illegal immigrants to qualify for citizenship by meeting a series of requirements.

House Republicans passed a party-line bill late last year that focused solely on border enforcement, and they said a majority of the public backed their approach. Many House Republicans consider the Senate bill amnesty for those who have entered the country illegally.

"Our No. 1 priority is to secure the border," Mr. Hastert said, "and right now I haven't heard a lot of pressure to have a path to citizenship."

In a swipe at the Senate version, Representative Deborah Pryce of Ohio, a senior member of the Republican leadership, labeled the legislation the "Kennedy bill" — a dismissive reference to Senator Edward M. Kennedy, Democrat of Massachusetts, who helped write the measure in cooperation with Republicans including Senators Arlen Specter of Pennsylvania and John McCain of Arizona.

Those lawmakers held out hope on Tuesday that a final bill could be completed this year and said they accepted the House position that more scrutiny of the issue was required. "I respect their views," Mr. McCain said, "and I hope that we can still continue discussions, and hopefully we can reach an agreement."

Another Republican proponent, Senator Lindsey Graham of South Carolina, warned that voters might punish Republicans if they were unable to come up with a solution to such a pressing national problem.

"The question is, Is it better to solve the issue before the election, or is it better to make people mad and do nothing?" Mr. Graham said. "I think it is hard to go to the electorate when you have the White House, the Senate and the House and say that you cannot at least go through the effort of trying to get a bill. That would to me be a sign of inability to govern."

Democrats were highly critical of House Republicans, with Mr. Kennedy accusing them of a "cynical effort to delay or kill a comprehensive immigration bill."

Senator Harry Reid of Nevada, the Democratic leader, said Republicans were stalling, and he called on Mr. Bush to prod members of his party. "He has complete domination over this Republican Congress," Mr. Reid said. "Let him tell us how much he really wants a bill."

The focus of the summer hearings and the schedule were uncertain Tuesday as Republicans suggested that they would be used both to explore the content of the Senate bill and to survey public opinion on the issue. But it was clear House Republicans intended to use the forums to try to expose what they saw as failings in the Senate bill and to build public opposition to that approach.

"The House bill is very different than the Senate bill, and I think we want to have a clear understanding of what is in that bill," said Representative John A. Boehner of Ohio, the House majority leader.

The hearings could also help House Republicans rally conservative supporters in advance of the election, particularly given a recent special election in Southern California in which immigration emerged as a dominant issue. But Representative Thomas M. Reynolds of New York, the chairman of the National Republican Congressional Committee, said Tuesday that the topic's power varied from district to district.

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"It is not, in my view, a situation that has the same resonance in each district," Mr. Reynolds said.

Official Opposes Border Wall

TUCSON, June 20 (AP) —The new commissioner of Customs and Border Protection said Tuesday that he did not favor building a huge wall along the Mexican border.

"I don't support, I don't believe the administration supports a wall," the commissioner, W. Ralph Basham, said. "It doesn't make sense; it's not practical."

Fencing, including so-called smart fencing with sensors, vehicle barriers and lighting, will be part of the infrastructure improvements, Mr. Basham said. But a layered approach combining technology and air operations will be necessary, he said.

Mr. Basham, only two weeks on the job, is touring the Southwest border region to look at the challenges his agency is facing as National Guard troops arrive to begin assisting its efforts.

House Republican Leaders Apply Brakes On Immigration Bill (USAT)

By Kathy Kiely

USA Today, June 21, 2006

WASHINGTON — Ignoring President Bush's call for speedy enactment of a new immigration bill, House Republican leaders said Tuesday that they'll hold more hearings this summer instead of working out a compromise with the Senate.

Both chambers have passed bills. The House's version emphasizes border security. House leaders object to a provision in the Senate bill that would create a path to citizenship for many illegal immigrants. “Our No. 1 priority is to secure the border, and right now I haven't heard a lot of pressure to have a path to citizenship,” House Speaker Dennis Hastert, R-Ill., told the Associated Press.

Hastert's decision, which jeopardizes final action on a bill this year, came as Bush was traveling to Europe for a summit with leaders there. White House deputy press secretary Dana Perino said the president remains “undeterred in his effort to pass an immigration reform bill.” Other Republicans are less optimistic about chances that legislation will pass before Congress adjourns for the fall elections.

“It's going to be difficult,” said Sen. Sam Brownback, R-Kan. House Majority Leader John Boehner, R-Ohio, agreed. Asked whether he thought immigration legislation would become law this year, he said, “Maybe.”

Normally, the next step in the legislative process is for a House-Senate conference committee to reconcile differences between the bills. That won't happen until September at the earliest, according to Hastert spokesman Ron Bonjean. “Before the speaker will appoint conferees, he wants to get to the bottom of the Senate Kennedy bill,” Bonjean said.

Bonjean's characterization of the Senate bill, identifying it with Sen. Edward Kennedy of Massachusetts, an icon of Democratic liberalism, reflects the deep divisions in the Republican Party over immigration. In fact, the Senate bill was co-sponsored by a number of prominent Republicans, including Sens. John McCain of Arizona, Chuck Hagel of Nebraska and Brownback.

Brownback expressed dismay at the news that Hastert will not begin negotiations with the Senate until the fall. “I am OK with hearings, but don't stall the process,” he said. “This is a bill that is going to need a lot of conference time.”

Bush has been urging Congress to move quickly on immigration. “I don't think this issue can wait,” he said in Nebraska this month. “It needs to be addressed now.”

He has endorsed the basic outline of the Senate bill, including plans to allow immigrants who have lived in the country illegally since at least 2004 to apply for citizenship. “To me that is a humane, decent way of addressing a very difficult problem,” he said at his Nebraska appearance.

Many House Republicans feel differently. House Judiciary Committee Chairman F. James Sensenbrenner, R-Wis., has said giving illegal immigrants citizenship amounts to amnesty for lawbreakers.

Further complicating the outlook for the immigration bill: a special election for a Southern California congressional seat that Republican Brian Bilbray won with a campaign that emphasized his opposition to illegal immigration. Angelo Amador, director of immigration policy for the U.S. Chamber of Commerce, which supports the Senate bill, says the Bilbray election may have given Republicans cold feet about striking a deal on immigration: “They're going back and forth trying to decide what's best for them.”

Kennedy called Hastert's decision a “cynical delay tactic.”

Immigration Bill May Be Delayed By Public Hearings (WSJ)

By Sarah Lueck

The Wall Street Journal, June 21, 2006

WASHINGTON -- House Republicans will hold public immigration hearings around the country in August, a move that clouds the prospects for Congress to complete overhaul legislation before the November elections.

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The decision effectively throws the issue, on which both the Senate and House have voted, back to the debate stage rather than advancing it with intensive negotiations for the two chambers to try to bridge their vast differences. It also reduces the chance that a compromise will be reached this fall, when campaigning for re-election will become the focal point for many lawmakers.

House leaders said they want more public input on immigration. They also plan to use the hearings as a platform to highlight what they say are the most objectionable policies in the Senate bill, which they have taken to calling the "Kennedy bill" despite substantial support from Republican senators. For example, House members will discuss the Social Security benefits that illegal immigrants would be able to collect under the Senate plan once they become citizens, a House Republican aide said.

Speaker Dennis Hastert said the House is "not putting any timeline" on completing the immigration bill. "I think we need to get this thing done right."

Dozens of hearings are expected later this summer in Washington and in cities around the country. Some lawmakers said the hearings would bolster their argument that the public wants increased border security and enforcement before Congress moves ahead with a Senate-backed plan to expand guest-worker programs and grant citizenship to millions of illegal immigrants in the U.S.

"I haven't heard a lot of pressure to have a path to citizenship" for illegal immigrants, Mr. Hastert said.

Senate Democrats blasted the House for impeding progress on an issue that is near the top of the public's concerns. "We have had 2½ years of hearings. We know what the problem is," said Sen. Edward Kennedy (D., Mass.). "Holding additional hearings ... is the wrong way to go."

Republican senators said the move was unusual, but not necessarily the end of progress. "It could be helpful," said Sen. Lindsey Graham (R., S.C.), a supporter of the Senate legislation. "It depends on what they want to accomplish. ... The jury's still out."

The Senate bill hasn't yet been sent to the House, because of procedural hurdles -- a fact House leaders said was a reason progress has been stalled. Attempts to get around the procedural problems by Senate Majority Leader Bill Frist (R., Tenn.) have been stymied by Democrats and Republican opponents of the immigration bill.

Democrats, however, disputed that they remained an obstacle. Senate Minority Leader Harry Reid (D., Nev.) said he and his colleagues "are ready to go into conference."

GOP Plans Hearings On Issue Of Immigrants (WP)

By Jonathan Weisman And Shailagh Murray

The Washington Post, June 21, 2006

In a move that could bury President Bush's high-profile effort to overhaul immigration law until after the midterm elections, House GOP leaders yesterday announced a series of field hearings during the August recess, pushing off final negotiations on a bill until fall at the earliest.

The announcement was the clearest sign yet that House Republicans have largely given up on passing a broad rewrite of the nation's immigration laws this year. They believe that their get-tough approach -- including building a wall along the border with Mexico and deporting millions of illegal immigrants -- is far more popular with voters than the approach backed by Bush and the Senate, which would create a guest-worker program and allow many illegal immigrants to apply for U.S. citizenship.

House GOP leaders said yesterday that several committee chairmen will hold field hearings in congressional districts in the Southwest, the South and other areas where the issue of illegal immigration is especially potent. Those hearings will take place before the start of the formal negotiating process between the House and Senate, which could take months to complete given the complexity of the issue and the competing business, labor and social concerns.

"I'm not putting any timeline on this thing, but I think we need this thing done right," Speaker J. Dennis Hastert (R-Ill.) said after a House leadership strategy session.

Senate negotiators played down the hearings, noting that informal talks had already started between the House and the Senate. "There's a general recognition that we need a bill," said Senate Judiciary Committee Chairman Arlen Specter (R-Pa.), a key backer of the Senate legislation. "We're going to get together. We're going to sit down and try to work it all out."

Asked whether a deal could be struck with the Senate this fall, in the throes of a difficult reelection season, House Majority Whip Roy Blunt (R-Mo.) allowed: "I think that's possible. I don't know how likely it is."

White House spokeswoman Dana Perino sought to put the House announcement in a positive light, saying the field hearings could "possibly provide an opportunity to air out issues" that she conceded are "complex." But she added: "The president is undeterred in his efforts to pass comprehensive immigration reform."

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Rep. Tom Tancredo (R-Colo.), who is leading the fight against the Senate plan, said: "Odds were long that any so-called 'compromise bill' would get to the president's desk this year. . . . The nail was already put in the coffin of the Senate's amnesty plan. These hearings probably lowered it into the grave."

Sen. Edward M. Kennedy (D-Mass.), one of the main authors of the Senate plan, called the announcement "a cynical delaying tactic."

The House move was widely viewed as a slap at Bush, who is seeking a comprehensive immigration bill along the lines of the one approved by the Senate on May 25, which would tighten border controls, establish a guest-worker program for future immigrants and offer most of the nation's estimated 12 million illegal residents a chance to become citizens. The announcement came shortly after Bush left on a trip to Europe.

House Republicans have long frowned upon the president's approach. In December, they passed a bill that would tighten border controls, clamp down on employers who hire undocumented workers, and declare illegal immigrants and those who assist them to be felons. Their position was solidified this month after Republican Brian Bilbray defeated Democrat Francine Busby by running against Bush's immigration plan in a hard-fought special election to replace imprisoned former congressman Randy "Duke" Cunningham (R-Calif.).

Since then, House leaders have dragged their feet on naming negotiators to a House-Senate conference to reconcile the chambers' two bills. The field hearings, which will be conducted through Labor Day, will be held at the discretion of the chairmen of the Judiciary Committee, the Homeland Security Committee, the Government Reform Committee and any other House committee that can demonstrate tangential jurisdiction over immigration, GOP leaders said.

GOP aides said the topics could include the Senate's decision to allow undocumented workers to keep Social Security benefits earned while they worked in the country illegally; the Senate requirement that illegal workers be required to pay taxes on three of their last five years of income to become eligible to apply for citizenship; and the assertion that the Senate plan could allow as many as 100 million new immigrants into the country over the next 20 years.

"We clearly want to solve this problem," said House Majority Leader John A. Boehner (R-Ohio). "But the House bill is very different than the Senate bill, and I think we want to have a clear understanding of what is in that bill."

The field hearings "will be about forming a credible strategy and a credible plan to secure the borders," said Rep. Eric I. Cantor (R-Va.), the House GOP's chief deputy whip. "That's what the issue is. Once we can accomplish that, we can begin to talk about the rest of the equation, the 12 million illegals here, et cetera."

Hastert added: "Right now, I haven't heard a lot of pressure to have a path to citizenship."

Immigration Bill Chances Fading (RC)

By Ben Pershing

Roll Call, June 21, 2006

Prospects for a comprehensive immigration bill reaching President Bush's desk this year appeared to dim significantly Tuesday after House GOP leaders announced plans for an unusual set of field hearings on the Senate-passed immigration plan.

Though the details are still being crafted, House Republican Members and aides said they expected a series of hearings to be held in July and August by several different House panels — a timetable that would delay any House-Senate agreement on a conference report into at least September.

No Republican in either chamber would say publicly Tuesday that the immigration bill was dead for the year, but nor could anyone explain how or when a deal might be reached this fall given the looming November elections.

House Majority Leader John Boehner (R-Ohio) said last week that "if people are serious about doing an immigration bill this year, it really needs to be finished before the August recess."

Asked Tuesday whether a bill could still reach Bush's desk this year given the new plans for field hearings, Boehner said, "Maybe."

House Republican Policy Chairman Adam Putnam (Fla.) said he didn't "think anyone has closed the door on a permanent solution, but it's important that the committees get out of Washington and see the border."

Republican leaders expect at least eight committees to hold hearings this summer, both on Capitol Hill and around the country. They include Resources, Government Reform, Homeland Security, Judiciary, Intelligence, Ways and Means, International Relations and House Administration.

"There are policy issues in the Senate bill that stretch across a wide array of committees," Boehner said.

The decision by House Republicans to schedule hearings — an unusual move given that the immigration bill is already in conference — signifies their willingness to run for re-election in November on the strength of the enforcement-focused House bill and their unwillingness to give any ground to President Bush and the Senate, which passed a broader measure that includes a guest-worker program.

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"House Republicans want a strong border security bill and will not be pressured into just getting any bill done during an election year," said Ron Bonjean, spokesman for Speaker Dennis Hastert (R-Ill.).

Bonjean said Hastert wants committee chairmen to report the results of their hearings to him after the August recess. Then he could "look at appointing conferees in September," Bonjean said.

When they passed their bill last December, House Republicans were convinced that their measure would be popular with the public and have become more convinced in the intervening months, as they review polling data that they say suggests voters are now able to distinguish between the two chambers' approaches.

"Generally speaking, House Members are pretty comfortable with the House position," Putnam said.

House GOP aides said Tuesday that they expected the hearings to serve in part to highlight what they view as the most unpopular elements of the Senate measure. And in an effort to further frame the political debate, House Republicans have recently taken to calling the Senate bill "the Kennedy bill," a reference to the co-author of the Senate measure and favorite conservative villain, Sen. Edward Kennedy (D-Mass.).

Reaction to the House move among Kennedy's Senate colleagues was mixed, however.

Sen. John Cornyn (R-Texas), who opposed the Senate version and supports a stronger

enforcement bill, said the House hearings were welcome news and that he hoped they would help strengthen his position, and ensure that the Senate's bill doesn't emerge as law.

"Obviously it moves the timetable back," Cornyn said. "But that's more important than to pass this bill prematurely, before Senators and Members of Congress understand what exactly is in it."

Sen. Lindsey Graham (R-S.C.), who supported the Senate reform measure, said it is unclear whether the hearings will help or hurt the bill's chances for passage this year, but he hopes they serve as an avenue to answer outstanding questions and improve public understanding.

"I'm cautiously optimistic," Graham said.

Senate Minority Leader Harry Reid (D-Nev.) charged that Congressional Republicans aren't interested in advancing a bill at all this year, and called the hearings the latest political tactic to meet that end. "This is a stall," he said.

"Every day the Republicans delay going to conference — they've delayed it for five weeks — it makes it more difficult to get a bill," Reid said.

House GOP supporters of a comprehensive bill, who are outnumbered within their own Conference, reacted to Tuesday's news with dismay.

"Americans don't want more hearings on immigration reform; they want a bill," Rep. Jeff Flake (Ariz.), a leading GOP proponent of a guest-worker plan, said in a statement. "The longer we wait to appoint members to the conference committee, the more difficult it becomes to produce a bill. That may be the aim of some in the House, but that's certainly not the sentiment of most Americans."

Rep. Mike Pence (R-Ind.), who has been pushing his own compromise measure, said that House Members "would do well to expose the Senate bill for what it is."

"I think job one for House Republicans should be to expose and dismantle the amnesty bill proposed by the Senate," Pence said. "I still hope we can have a compromise bill with no amnesty."

GOP's Call For Hearings Puts Immigration Overhaul In Limbo (LAT)

By Nicole Gaouette

The Los Angeles Times, June 21, 2006

WASHINGTON — President Bush's push for a sweeping overhaul of immigration laws was dealt a major blow Tuesday when House Republican leaders announced they would hold public hearings on the Senate bill that they strongly oppose.

The plan, unveiled almost a month after the Senate measure passed, is the latest sign of reluctance among the GOP House leadership to try to negotiate a compromise bill that would include a path to citizenship for illegal immigrants. Conservatives say that element — a central part of the Senate measure — is the equivalent of amnesty.

House leaders insisted Tuesday that they still hoped to negotiate with the Senate. But the schedule for the hearings, set for July and August across the country, makes it unlikely that the two chambers can reach a final agreement before the November elections.

When Congress reconvenes in September, most lawmakers will be preoccupied with their campaigns; traditionally, little important business gets done at that time.

Failure to produce a bill would be a huge setback for Bush, who has prodded lawmakers to pass immigration legislation that — like the Senate legislation — would toughen border enforcement but also create a guest worker program and offer millions of illegal immigrants a way to gain legal status.

Democrats interpreted the House decision to hold town-hall-style meetings as an effort to stop the Senate legislation.

"The Republican House wants to defeat the immigration bill," Senate Minority Leader Harry Reid (D-Nev.) said. "This is a stall."

House Republicans denied the charge, arguing that they needed the time to review the legislation.

House Speaker J. Dennis Hastert (R-Ill.) "believes that we should focus on getting a bill done right and not be pressured by some during an election year," said his spokesman, Ron Bonjean.

He added that the House would select negotiators to work on a final bill only "after we go through the Senate … bill with a fine-tooth comb."

House leaders informed Bush of their plan a few days ago, aides said, although Senate Majority Leader Bill Frist (R-Tenn.) had known about it for several weeks.

A spokeswoman for Frist, Carolyn Weyforth, said her boss welcomed the hearings and the desire of House members to have time to catch up on the Senate bill.

When asked whether he thought the call for hearings was an attempt to kill the Senate version, Frist said, "I don't think so."

But in announcing the hearings, House Majority Leader John A. Boehner (R-Ohio) said one purpose would be to discuss "provisions in that bill that I have concerns about."

The move comes as Republicans are seeking to energize their core voters in the months before the midterm elections.

This month, Brian Bilbray, a Republican from Carlsbad in San Diego County, won the House seat vacated by disgraced Rep. Randy "Duke" Cunningham by campaigning almost entirely on the need to get tough on illegal immigration.

His victory encouraged House conservatives, who say border security and enforcement must come first.

Rep. Tom Tancredo (R-Colo.), the leader of a 101-member caucus that advocates tough enforcement, interpreted the scheduling of the summer hearings as a sign that House leaders had little desire to try to find common ground with the Senate.

"Odds were long that any so-called compromise bill would get to the president's desk this year," said Tancredo, citing the tight legislative schedule and the distance between the House and Senate approaches to immigration. "The nail was already put in the coffin of the Senate's amnesty plan. These hearings probably lowered it into the grave."

Tancredo added that the hearings were designed to build support for an enforcement-only approach adopted by the House in a bill it passed in December.

"This is an issue that we can run on and win in November," Tancredo said. "By training Americans' focus on the Senate's amnesty pact, we'll create momentum for an enforcement-first bill after November. As more light is shed on the Senate's bill, more and more Americans find reasons to oppose it."

Boehner and his staff said that the hearing dates and locations had not been decided, but that they would involve several House committees that hold jurisdiction over different aspects of the bill.

Some of the hearings are expected to be held in areas in the South and Southwest where the immigration issue has been particularly divisive.

A Boehner spokesman detailed a few of the Senate provisions that might be examined in the hearings. They include a measure that would allow immigrants who gain legal status to receive Social Security benefits for work they did while illegal, and another that would require immigrants eligible for legalization to pay back taxes.

Even before the hearings were announced, progress on a final bill was stymied by a procedural problem that is blocking the Senate from choosing negotiators to work with the House.

Republicans and Democrats blame each other for the delay, which shows no sign of resolution.

Senate Republican aides said Tuesday that they doubted there would be much movement on the issue until the House hearings were completed. And some senators said they thought it was a good idea for the House to take the time to consider the Senate version.

"The problem with the Senate bill is that it is a tremendously important issue that had very little serious thought given to it," said Sen. Jeff Sessions (R-Ala.), who voted against the measure. "The House can provide the nation an opportunity to find out what's in the bill."

One architect of the Senate bill said that since the House had only debated enforcement measures, the hearings might offer members a chance to learn about a broader overhaul.

"I realize that the House has not addressed two of the three major aspects of the Senate bill," said Sen. Mel Martinez (R-Fla.), who added that he was optimistic about the Senate's approach.

Sen. Dianne Feinstein (D-Calif.) said some delay might help the chances of getting a bill with a guest worker program and path to legalization through Congress.

"My own view is that Republicans want to use it as a campaign issue," she said. "I think it is a good idea to let this thing settle for a while."

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Sen. John Cornyn (R-Texas), a critic of the Senate bill, said some Republicans wanted to put off the discussion until after election day, when Congress will likely hold a lame-duck session. He added that backers of the Senate bill would have to accept some compromise.

"I think it's clear the Senate will have to move closer to the House position to get it resolved," Cornyn said.

But many saw the hearings as an attempt to scuttle the immigration overhaul altogether.

"This is clearly a delay tactic by the House Republicans, who have been dead set against comprehensive reform from the beginning," said Sen. Edward M. Kennedy (D-Mass.), an author of the Senate legislation. "One has to wonder why there are going to be continued hearings … other than just to delay and kill the bill."

It's Time To Cut And Run From 'Cut And Run' (WP)

By Dana Milbank

The Washington Post, June 21, 2006

Policy wonks of the left and right held a panel discussion at the National Press Club yesterday to ask the question: "Is Politics Brain-Dead?" Up on Capitol Hill, Congress was providing some clues.

Confronted with the tough issues -- Iraq, immigration, the minimum wage -- lawmakers weighed their options and then went with their default position: exchange taunts.

Not quite six minutes after the Senate chaplain prayed yesterday for God to use senators "as agents of your grace," Majority Leader Bill Frist (R-Tenn.) started the sloganeering. "If we break our promise and cut and run, as some would have us do, the implications could be catastrophic," he said. In case anybody missed that, he also said "we can't cut and run" twice on CBS News and issued a follow-up press release titled: "FRIST DENOUNCES DEMOCRATS' PLAN TO CUT AND RUN."

Sen. Jon Kyl (R-Ariz.) added: "If we cut and run in Iraq, what we will have done is prove what Osama bin Laden said."

Sen. John Kerry (D-Mass.), an expert windsurfer, had heard quite enough of this nautical term. "Cut and run, cut and run, cut and run, cut and run -- that's their phrase," he told Don Imus. "My plan is not cut and run. Their plan is lie and die."

Fox News was on the story. "John Kerry calls it 'lie and die,' " anchor Bill Hemmer told Sen. Lindsey Graham (R-S.C.). "What do you say to that?"

"I think the sound-bite war is not going to be an effective way to fight the war," the sensible senator said.

But Republican Party Chairman Ken Mehlman had a different view. "There's a debate going on within the Democratic Party," he said on CNN. "Some are saying we need to cut and run, others are saying we need to cut and jog, and still others are saying we need to cut and walk."

Mehlman's metaphor may have been muddled -- "cut and run" involves anchor cable and sail lashings, not the human leg -- but he had lawmakers' sentiments right. If Democrats were cutting and running from Iraq, Republicans were cutting and running from a minimum-wage increase and immigration legislation.

First thing yesterday morning, reporters were summoned to House Speaker Dennis Hastert's office, where GOP leaders were huddling. When the lawmakers emerged, they announced that, rather than having a conference with the Senate to negotiate compromise immigration legislation, they would hold another round of hearings.

Reporters pointed out that the delay meant that immigration legislation, so recently a priority for Congress, would probably not happen this year. And the GOP leaders did little to discourage that view. "We're not foreclosing the possibility," was all Rep. Deborah Pryce (Ohio) would promise, adding that this would postpone the issue at least until fall.

Rep. Roy Blunt (Mo.), the majority whip, concurred: "I don't know how likely it is."

Cut and run! "The Republican House wants to defeat the immigration bill," Senate Democratic leader Harry Reid (Nev.) crowed in front of the cameras. "Is this part of the Orwellian message we continually get out of this administration?"

Republicans quickly tried to change the subject from their immigration cut and run to the Democrats' cut and run on Iraq. House Majority Leader John Boehner (Ohio) held a news conference and declared that Democrats have "no plan at all to confront the real threat of terrorism and to achieve victory in a global war on terror."

But David Rogers, a Wall Street Journal reporter and Vietnam veteran, had prepared an ambush for Boehner. "In Vietnam, they used to put us out in these fire support bases and hope we would get attacked," he said. "Is that what you are doing? You are putting people in Iraq and hoping they get attacked so you can bring out the terrorists?"

"No, no," Boehner protested.

Over on the Senate floor, Sen. Bill Nelson (D-Fla.) was trying to insulate the party from the Republicans' cut-and-run charges on Iraq. He proposed a resolution "to express the sense of Congress that the government of Iraq should not grant amnesty to persons known to have attacked, killed or wounded members of the armed forces of the United States."

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It was purely symbolic: The Iraqi government says it will not grant amnesty, and the minister who suggested it to The Washington Post last week resigned the next day. But the Iraq debate was all about symbolism, and Nelson's proposal was adopted, 79 to 19.

Next, when Sen. Edward Kennedy (D-Mass.) introduced a proposal to increase the minimum wage, and Republicans introduced an alternative, Democrats didn't even pretend that legislation might be produced. "Both will fail," Reid spokesman Jim Manley said with confidence. So why bring them up? "It allows both sides to proclaim a modicum of victory."

As evening approached, Sens. Carl Levin (D-Mich.) and Jack Reed (D-R.I.) visited the Senate press gallery to talk about their proposal, to be introduced today, calling for the beginning of a withdrawal of U.S. troops from Iraq.

The inevitable question arose: Won't this immediately be branded "cut and run"?

"The wording is very clear: It's not a cut-and-run strategy," Levin protested. "Our amendment is not in any sense a cut-and-run amendment."

Added Reed: "Throughout this whole endeavor, there's been more sloganizing than planning." He suggested that Democrats come up with a taunt of their own for Republicans: "I guess their position is 'we're there forever.' "

Before nightfall, Democrats had drafted a new press release. Title: "Bush Republicans Plan to be in Iraq Forever."

House GOP To Hold Hearings On Senate Immigration Bill (HILL)

By Patrick O'Connor

The Hill, June 21, 2006

Republican leaders in the House are organizing a series of committee hearings to examine Senate-passed legislation to restructure the country's immigration laws.

The leaders clearly intend these hearings to increase their leverage on the brink of a tense bargaining session with the Senate. A procedural measure has stalled the bill indefinitely, preventing leaders from naming conferees.

Speaker Dennis Hastert (R-Ill.) convened a meeting in his conference room yesterday morning with most of his elected leadership and nine committee chairmen. None of the leaders or chairmen made an official announcement upon leaving the meeting but confirmed that committee hearings were in the works.

"We want to have hearings on this bill," Hastert told reporters yesterday. "I've asked the various chairmen to go out and have hearings so we understand what the American people are saying."

The immigration issue pits a majority of GOP lawmakers in the House against President Bush and a handful of Republicans in the Senate. Despite an uproar of opposition to the president's guest-worker plan, the administration continues to pressure Republican lawmakers in both chambers to support comprehensive reform.

Bush has toured the border in recent weeks with congressional Republicans, and Commerce Secretary Carlos Gutierrez is touring parts of New Mexico and Texas this week to push the president's comprehensive reform plan.

"We need to have comprehensive reform," Gutierrez said in a phone interview from Odessa, Texas. "In order to secure our borders, we need to secure our interior and enforce employers."

Gutierrez echoed Bush's contention that border enforcement is the primary goal of any reform measure but that it is impossible to address enforcement realistically without accounting for the estimated 12 million illegal immigrants already in this country.

The commerce secretary said it is imperative for Congress to work together in resolving this complicated issue and find a workable solution on which all sides could agree.

"The fact that it is complicated is not a reason to delay," Gutierrez said. "It needs to be resolved as soon as possible."

The House hearings would begin in July and run through August, members said yesterday. The special sessions would be held both in Washington and throughout the country. House Majority Leader John Boehner (R-Ohio) said one goal of the hearings would be to address specific components of the Senate bill.

"We want to have a very clear idea of what is in the Senate bill and what some people think of some of the provisions in the Senate bill," Boehner told reporters during one of his regular weekly press briefings.

He pointed to language in the Senate bill granting illegal immigrants the benefits of in-state tuition as one example of a Senate provision he objects to. A senior GOP leadership aide in the House said members also oppose provisions in the bill written by Sens. Edward Kennedy (D-Mass.) and John McCain (R-Ariz.) that would allow illegal immigrants to collect some Social Security benefits, as well as a provision that would require the undocumented workers to pay back taxes for just three of the five years leading up to their application for citizenship.

While a spokeswoman for Senate Majority Leader Bill Frist (R-Tenn.) welcomed further inspection of the Senate measure by various House panels, Kennedy was less than enthused that House lawmakers want to inspect the Senate bill any more.

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"This is clearly a delay tactic by House Republicans who have been dead set against comprehensive reform from the beginning," Kennedy said in a statement released by his office. "We face an immigration crisis, and we need prompt and comprehensive action to address it — not more hearings."

In addition to Hastert and Boehner, other GOP leaders attending the hour-long meeting included Majority Whip Roy Blunt (Mo.); his chief deputy, Rep. Eric Cantor (Va.); Conference Chairwoman Deborah Pryce (Ohio); National Republican Congressional Committee Chairman Tom Reynolds (N.Y.); and Policy Committee Chairman Adam Putnam (Fla.).

Chairmen included the Judiciary Committee's James Sensenbrenner (R-Wis.), who is expected to take the lead in the negotiations for Republicans in the House; Homeland Security's Peter King (R-N.Y.); Ways and Means' Bill Thomas (R-Calif.); Government Reform's Tom Davis (R-Va.); Resources' Richard Pombo (R-Calif.); Intelligence's Peter Hoekstra (R-Mich.); and Administration's Vernon Ehlers (R-Mich.).

Given the breadth of the committees involved in the discussions, neither the chairmen nor the leaders could give any details about which committees would handle the particular details.

"There are policy issues in the Senate bill that stretch across a wide array of committees," Boehner said.

By holding a series of hearings in Washington and elsewhere during the August recess, Republican leaders in the House are hoping to feed dissatisfaction with the bill, which would, in turn, give them more leverage heading into negotiations with the Senate.

Republican leaders would like to pass a bill increasing enforcement along the border and in the workplace before addressing an expansion of the current guest-worker plan, and most GOP lawmakers in the House are adamantly opposed to any provision that would grant eventual citizenship to workers who came to the United States illegally.

"We're feeling pressure from the Senate and the administration, but we don't feel we should pass something that Americans are upset about," Hastert spokesman Ron Bonjean said. "Our chairmen need to put this under a microscope."

Although the hearings could prevent Congress from moving any bill, Hastert said he remains committed to passing something soon.

"I'm not putting any timeline on this thing, but I think we need to get this thing done right," Hastert said yesterday. "I told that to the president the other day that we need to have that discussion."

Migrating From Farm Hand To Orchard Owner (LAT)

By Miguel Bustillo

The Los Angeles Times, June 21, 2006

TIETON, Wash. — His name is Evaristo Silva, but the immigrant farm hands address him with reverence as Don Varo.

He once was one of them — a poor and desperate young man from Mexico who left behind a pregnant wife and three children and risked his life crossing the border on an illegal search for the American Dream. Now he is everything they aspire to be.

The farmworker became a farm owner, saving enough to buy a small apple orchard on the outskirts of Yakima. The illegal immigrant became a United States citizen, benefiting from the amnesty President Reagan offered to his generation of undocumented migrants.

"For me, this really was the land of opportunity," Silva, 62, said as he walked along the tidy rows of his red delicious apple trees. "In Mexico, I would wake up on many days without knowing how I was going to eat. I may not have much here, but I am so much better off than I would have been if I had stayed."

But now that the campesino is a ranchero, and needs illegal immigrants to pick and prune his apple orchard, he has found that they don't need him any more to succeed in America.

Silva now wants to end illegal immigration. He wants an expanded guest worker program so that farm owners like him could still benefit from the cheap labor of Mexican workers. The foreigners could come into the U.S. to work harvests, but would then have to go home.

He feels this way despite understanding that such a radical shift — most fruit pickers are illegal immigrants — would separate fathers from their families every growing season, and guarantee that younger field hands never get the opportunities he had.

"Everything has a limit," Silva said in Spanish, the language he's most comfortable speaking. "People who are working and have been here a long time should be allowed to stay. But if half of Latin America keeps coming — Hondurans, Salvadorans, Mexicans — you will reach a point where we don't all fit."

Silva's new stance on immigration is largely based on his own bottom line. Yakima Valley apple growers are struggling to survive because they face global competition from farmers in China and Chile who undercut their prices.

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Silva is having a hard time finding field hands willing to work for $8 to $10 an hour — the most he and other farmers say they can afford — because illegal immigrants can now earn more as year-round construction workers and janitors.

Silva scrounged up a crew last year to harvest his 40 acres, but other farmers were less fortunate: Some of their apples rotted on the trees. Still, low apple prices have so eroded Silva's profits that for the last two years, he has not been able to make payments on his orchard.

Without a guest worker program, the farm hand turned farm owner believes he will lose his land.

As Silva toured his orchard, tugging wayward branches at just about every step, he marveled at how much he had accomplished since sneaking into the U.S. three decades ago.

A small man with evocative brown eyes, graying hair and a bushy mustache, Silva wore a red-check flannel shirt, faded blue jeans and brown work boots. Somewhat jarringly, he also wore a yellow construction helmet, a habit he picked up as a field hand worried that a falling apple might thump him in the head.

His had not been an easy life, he conceded; he was sometimes "treated like another piece of farm equipment" in his years as a farmworker. But as he surveyed his family's homestead amid the gently rolling hills of his apple orchard, he stopped and said, "I have lived a beautiful life."

Silva is a native of Pajacuaran, a poor old farming town in the Mexican state of Michoacan. Generations of men from his town — including Silva's father, Jesus — have illegally entered the U.S. to work the fields. Their wages, often just a few thousand dollars a year, were princely compared with what the same work would pay in Pajacuaran.

Silva started out working the harvests in America and returning home each year. But after he nearly died crossing the desert east of San Diego in 1972, he got scared of crossing back and forth and decided to stay in the U.S.

A devout Roman Catholic and devoted family man, Silva lived away from his children for so long that when two of them unexpectedly showed up on his doorstep one day, he did not recognize them. The memory of it made him cry. "At the time my children needed me most, I was away," Silva said, wiping away tears. Apologizing, he continued: "But it was out of necessity."

The entire family eventually reunited in Washington, where Silva followed in his father's path and found plentiful work as an apple picker. His children also became citizens; his wife, Maria, became a legal resident.

"When my husband first told me he was in Washington — to me, a Mexican, it sounded very cold, like he was at the end of the world," Maria said with a smile. "But we have really done well here as a family. This is our home now."

Don Varo belongs to a generation of migrant field hands that has transformed the Yakima Valley into a postmodern melting pot east of the Cascade Range. Yakima County's population in 1990 was 188,823, and was less than one-fourth Latino. A decade later, its population grew by 34,000, and about 27,000 of the newcomers are Latinos, according to U.S. census figures.

Side by side with the burger joints and rib shacks on Yakima's increasingly urban thoroughfares, restaurants sell authentic antojitos Mexicanos, or Mexican small dishes, and a popular downtown supermarket called La Bodega Yakimex features ethnic delicacies such as nopales, an edible part of the prickly pear cactus.

Although Latino immigrants have been praised for creating a bustling small-business community that has invigorated the Yakima Valley, they have also been blamed for higher crime, as well as overcrowding in some of the city's oldest neighborhoods, where it is common for several immigrant families to share a single worn-out bungalow. Numerous street gangs roam Yakima, and their graffiti brands venerable buildings with crude monikers such as "Original Loko Boyz" and "Can't Stop Mexicans."

"It wouldn't be so bad if migrant laborers did what they used to do: work, pick up and go home. But the current system, where they bring their families and stay, has the potential to bankrupt us," said John Tierney, a former state trooper who is chairman of the Yakima County Republican Party. "If you talk to people who've been here a while, including the legal Latino immigrants, many will tell you we have seen an erosion of quality of life."

Silva's hometown of Tieton, about 15 miles northwest of Yakima, is just a few streets of modest bungalows and a handful of agricultural packinghouses surrounded by family owned orchards. It has not escaped the changes, or the resulting friction. But it is still a sleepy backwater of 1,150 people.

For Silva, it is everything he wanted: He and his wife, the children and their families all live within a few hundred feet of one another amid his apple trees.

At the crest of the road from his old ranch house sit two boxy manufactured homes, with satellite dishes pointing skyward and bicycles and plastic toys strewn where grandchildren had left them. One is the home of his oldest daughter, Maria, who is studying to become a beautician; the other is the home of his only son, Evaristo Jr., who owns a carpet and tile business.

At the bottom of the slope in a weathered gray farm cottage lives Lucia, who runs her own day-care center. Another daughter, Lupe, a church secretary, lives down the road in a large trailer. "I am who I am," she said, "because of the United States."

Adriana, the youngest, who was born in the U.S., is living with her parents while she attends community college to become a dental hygienist.

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Silva's children range from 19 to 38 years old. He has 11 grandchildren, with another on the way, and he has high hopes for them all — that they become engineers, doctors or lawyers. His own education, he reminds them, ended after fifth grade so he could help support his family.

Silva's six brothers also sneaked across the border in search of a better life, and all live legally in America now, part of an extended family of more than 250 parents, children and grandchildren. When they all go together, the Silvas fill a Yakima Valley Catholic church. When they gather for Christmas, they rent a conference hall.

By American standards, the Silvas' standard of living remains modest at best. But as Silva's wife, Maria, likes to say, even average Americans "live like the rich of Pajacuaran."

The five varieties of apple trees Silva planted a decade ago are now mature, and they bear beautiful fruit. They grow sweet yellow-specked gala apples, big golden delicious apples, heart-shaped red delicious apples.

But they don't bring Don Varo much money.

The first few years were good — the trees made him a sweet profit. But the market for Washington apples went into a slump, and Silva has fallen more than $40,000 behind on his land payments.

The old farmer he is buying the land from is sympathetic, and patient. Still, Silva wonders how much longer he can continue. He had hoped to leave the land to his children. Now he thinks he may only be able to keep their homes.

"What Evaristo has, that is probably the lowest number of acres you can have and still make a living," said a neighboring farmer, Tony Pottratz, as he stopped his tractor to chat with Silva.

Pottratz didn't mention it, but he was helping the Silvas put Adriana though college by paying $500 toward her tuition every semester. She would be the first in the family with a college education.

Silva had hoped to ease into retirement; instead, to pay his bills he is driving a tractor for a larger grower. His wife still works the early shift at a fruit packing plant.

As he cut through another neighbor's rows of cherry trees on the walk home, Silva ran into a crew of Mexican field hands clipping branches. The younger men were clumsily performing a task Silva had mastered, and he began to give them unsolicited advice, telling them to trim some stems that had grown too close together.

"This man here with me, he is with la migra. He has some questions for you," Silva said in jest. The workers did not laugh.

Silva started talking about illegal immigration. He told them he supported tightening the borders and limiting opportunities to guest programs that required workers like them to return home.

"You all no longer want to do this kind of work, and I understand, because you can hardly pay your bills," Silva said. "But you can go to work for a factory," while farmers have no choice but to find ways around labor shortages.

"Let the Americans come and do this," a laborer chimed in with a grin before going back to work.

Most of the men kept trimming, but one, clad in a soiled Central Washington University sweatshirt and a baseball cap emblazoned with the letters "Mexico," turned around.

"If you want us here to work, you should give us a chance to become citizens," said Jesus Estrada, 50, a father of eight children who lives with his family in Yakima year-round. "Coming here to work and then being forced to go home again — that's not opportunity."

"If it keeps up like this, people won't fit here anymore," Silva said of illegal immigration. "Have you seen the graffiti in Yakima? They are having urban problems there, gang problems. It was never like that before."

"You used to see migrant workers from California, even Texas, up here during the harvest," said Estrada, who has been pruning local apple orchards for 20 years. "But now you owners are paying $7 an hour, $8 an hour, and that is just not enough to live."

"When you are a worker, I know, it does not sound like a lot," Silva said, "but if you are a ranchero like me, believe me, it is a lot."

If farmers like him go broke, Silva said, there will be less work for men such as Estrada.

If workers like him cannot earn enough to pay their bills as field hands, Estrada countered, they will not travel to Yakima as illegal immigrants or legal guest workers, and the labor shortages will only get worse.

As a chilly breeze blew, the two men continued arguing for a few minutes, but it was clear that neither was going to change his mind. The farmer went back to his apple orchard, and the field hand resumed trimming the cherry trees.

The GOP's Immigration Shame (LAT)

The Los Angeles Times, June 21, 2006

HOW CAN YOU TELL WHEN a governing party is running out of steam? When it controls all branches of government yet abandons even the pretense of addressing an issue most members claim is a "crisis."

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That's what the GOP-led House did Tuesday in announcing that discussions over reconciling its enforcement-centric immigration bill with the Senate's legalization-focused version will be pushed back to September at the earliest, and only after completing more hearings. Instead of naming negotiators and attempting in good faith to bridge the chasm between the bills, House leaders are busy naming locations for "field meetings" that can deliver maximum demagogic effect in the run-up to the November election.

These meetings are nonsense. Congress held more than a dozen hearings on immigration last year before passing HR 4437. That punitive bill filled the streets with millions of protesters angry that it did little to address the nation's need for a legal supply of labor or the estimated 11 million-plus illegal residents of this country, besides turning them into felons.

The Senate version, a flawed piece of work in its own right after too many compromises, at least offered a system (however torturous) by which millions of underground workers could finally come into the open without fear of immediate incarceration or deportation. Most of the last-minute amendments to the Senate bill brought the legislation closer to the version passed by the House. But Republicans there prefer clinging to the dangerous fantasy that a massive, militarized wall must be approved before discussions can even begin over what to do with the millions of indispensable, but vilified, workers already here.

House GOP leaders can barely conceal their preference for divisive politics over sound policy. Speaker J. Dennis Hastert of Illinois has reportedly conveyed to President Bush that hard-line enforcement politics is polling particularly well this season. One Republican congressional aide told the Associated Press: "The discussion is how to put the Democrats in a box without attacking the president." This is what passes for Republican leadership nowadays.

Summer and fall will be gut-check time not just for Bush, who has tried in his vague though periodically eloquent way to make immigration reform his signature domestic accomplishment this year, or for pro-reform GOP senators such as John McCain of Arizona, but for the American people. When the vulnerable party in power chooses to adopt a campaign strategy that demonizes a class of people, how it fares will say much about who we are.

Twelve years ago, Republicans were swept into Congress on a platform bursting with energy and ideas, with many measures enacted within the GOP's first 100 days in power. If inaction and xenophobia are all the party has left, this could be its last 100 days.

The Terrible, Horrible, Urgent National Disaster That Immigration Isn't (NYT)

By Lawrence Downes

The New York Times, June 21, 2006

Part 1: What's Wrong with "Getting Tough on Immigration"

I. Immigration, Oversimplified

The arguments made by hard-line critics of immigration reform are depressingly simple, which makes them simply depressing.

They boil down to this: the immigration problems we have today, and a vast array of other problems, begin and end with immigrants themselves, the people who have committed the offense of being here illegally — or just being here, period, in undesirable numbers, with undesirable habits and undesirable effects on the health of the nation.

Their presence here is seen as overwhelmingly if not entirely bad, an unpardonable offense for which American citizens are made to suffer.

In this view, the problem is not going to be solved by repairing a complex system of immigration laws and regulations, by tinkering with the economic machinery to find a better fit between labor demand and supply, or by being more diligent about enforcing existing rules about workplaces and hiring. And it certainly won't be solved by being creative or more welcoming and humane toward immigrants in a way that rewards their hard work and desire to participate in the system more fully.

It will be solved by keeping people out, and kicking people out. Do that, the restrictionists insist, and you will help resolve a host of other problems — the invasion of neighborhoods and street corners by Latino men; the upsurge of gangs and drugs; urban congestion and suburban sprawl; human trafficking; the demise of white European culture and values; the strain on jails, hospitals and schools, and the threat to the very stability of the United States.

It's no wonder some people compare immigrant workers to locusts, bacteria or an occupying army. If you could find a 250-year-old American to discuss this, he or she would tell you how familiar this all sounds. Identical arguments were once made about Chinese laborers, Japanese-Americans, Roman Catholics, the Irish, Italians, and the original unloved — though fully documented — outsiders, African-Americans. Let's not even talk about American Indians.

II. The Disturbing Role Played by Fear

Many of those who favor a get-tough approach to immigration do not like having their arguments mocked and their tolerance questioned. They hate being dumped into the loony bin with Colonel Custer, the the Know-Nothings and the the Ku Klux Klan.

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That is understandable. But xenophobia is not restricted to a fringe element within the anti-immigration movement. Panicky arguments about the dangers of immigration have been made by supposedly responsible people — including members of the United States House and Senate, and state, county and local officials around the country. United States Representative Tom Tancredo of Colorado may be the best-known xenophobe in Congress. He created an immigration caucus to further his firebrand views. It now has about 100 members and a Web site that is a one-stop shop for fear-stricken anti-immigration arguments.

One member of Mr. Tancredo's caucus is John Culberson of Houston, who issued a "Border Security Alert" last October warning that "Al Qaeda terrorists and Chinese nationals are infiltrating our country virtually anywhere they choose from Brownsville to San Diego." Besides that, he said, "a large number of Islamic individuals have moved into homes in Nuevo Laredo and are being taught Spanish to assimilate with the local culture."

Because of that, Mr. Culberson said, "Full scale war is underway on our southern border, and our entire way of life is at risk if we do not win the battle for Laredo."

The view of America as a nation under siege led the United States House last December to pass an immigration bill, sponsored by James Sensenbrenner of Wisconsin, that sees the problem as entirely an issue of enforcement. It would make it a federal crime to live in the United States illegally, which would turn millions of immigrants into felons, ineligible to win any legal status. It would also make it a crime for churches and social service agencies to shield or offer support to illegal immigrants. The debate in the Senate over immigration reform had its own low moments, including the successful passage of a non-sequitur amendment by Senator James Inhofe of Oklahoma to declare English the country's national language — an undisguised swipe at Latino immigrants and their supposed reluctance to assimilate. A guest-worker program in the Senate bill was sharply scaled back after the Heritage Foundation, a conservative think tank, issued a report warning that if the bill as written passed, the country could end up swamped with up to 193 million new legal immigrants within 20 years. That number, greater than the populations of Mexico and Central America combined, was hysterically off the charts. The bill was hastily amended and the estimates revised downward to a still unrealistic 66 million, or 47 million if you count only net new arrivals, not people already here who would be legalized.(The Congressional Budget Office, by contrast, projects 8 million net new migrants over the next 10 years under the Senate bill. The National Foundation for American Policy, counting newcomers and immigrants already here, studied the Senate bill and came up with a figure of 28.48 million over 20 years, or 1.42 million a year. That's a lot, but far less than the anti-immigration number masseurs would have you believe.)

If you dig into the widely discussed arguments connecting immigrants to things like rampant overpopulation or the demise the English language, you will discern the influence of any number of hard-line restrictionist immigration organizations. Scratch those groups, and underneath you will usually find a kook. There are usually not many degrees of separation from ostensibly rational, often-quoted organizations like the Federation for American Immigration Reform, which calls itself a nonprofit, nonpartisan organization dedicated to research and policy study, and people like its co-founder John Tanton. The Southern Poverty Law Center, which tracks hate groups, says that Mr. Tanton, a retired Michigan eye doctor, "is widely recognized as the leading figure in the anti-immigration and 'official English' movements in the United States."

A profile on the law center's Web site says: "In addition to FAIR, where he still is a board member, Tanton has been a central player in an array of anti-immigrant, nationalist groups and institutes, including Pro English, U.S. Inc., Center for Immigration Studies (CIS), U.S. English, and Numbers USA."

Who is this Mr. Tanton? He is someone who has depicted Latino immigrants as a horde of alarmingly procreative Roman Catholics of questionable "educability," and who runs a publishing company, Social Contract Press, that sells titles on immigration topics like "The Camp of the Saints," that have been denounced as racist and vile.

The Anti-Defamation League, in a 2000 report on FAIR, traced its nativist roots and offered what it called "a glimpse into how advocacy can cross the line into a divisive and troubling tendency toward scapegoating of the foreign born." It's worth reading.

FAIR and its allies are is hardly the only hard-core immigration foes out there, and their more unprintable opinions would be rejected passionately by great numbers of people in the enforcement-only immigration camp. But their influence is still significant: their arguments mirror the immigration talking points of many leading conservatives. And it shows just how much of the current panic has its source not in people's gray matter, but in their viscera.

III. An Array of Too-Costly Solutions

The restrictionists have a variety of clear-cut solutions. But the reassurance they offer those who worry about immigration is a false one, for a simple reason: their price tags are simply too costly for them to be seriously considered. Anyone who seriously proposes them is engaging in little more than demagoguery.

Take the restrictionists' favorite solution: deporting 'em all. It is a straw man in the debate, because only the most rabid talk-show callers would be willing to pay that price — $200 billion or more, at least double the Department of Homeland Security budget. And that cost does not even count the psychic toll it would take on our nation to rip immigrants out of homes and

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workplaces and schools and eject them. As unlikely as we would be to pay this cost once, it is even less likely we would be willing to pay it again and again, as we would no doubt have to as new immigrants arrived to replace the ones who were sent home.

Then there is the hard-liners' other favorite solution — fortifying the border, which any restrictionist will tell you is the most urgent priority of immigration reform. Billions have already been lavished at the southern border — California, Arizona, New Mexico and Texas — in walls, patrols and technology. Since 1986, the border patrol budget has been raised 10 times, and the number of border patrol agents has gone up eightfold. The House of Representatives, in its disturbingly get-tough immigration bill, wants to erect a 700-mile wall, which will fatten a few powerful contractors' bottom lines by untold millions, and President Bush has already sent in the National Guard.

These price tags will only seem higher when measured against results.

We have already spent a lot on enforcement, and have precious little to show for it. A Wall Street Journal editorial[$] titled "The Border Brigades" noted that "U.S. immigration policy at least since the passage of the Simpson-Mazzoli law in 1986 and certainly since the 1990's has emphasized 'security' above all else." But this has not slowed illegal immigration in the least. The Pew Hispanic Center reports that the population of illegal immigrants has shown "steady growth" in recent years, which is putting it mildly. In 1986, the last time the country was consumed with a debate about immigration reform, the illegal population was estimated at 3 million. Today it's 11 million to 12 million.

Those who are wedded to the iron-fisted approach oppose any immigration reform that would ease pressure at the border by including a temporary-worker program or granting visas to legalize people already here and their relatives waiting to enter. They will not admit, or do not understand, that they are simply insisting on throwing good money after bad.

IV. Local Fear and Loathing

America's approach to immigration has to be worthy of a nation built on immigration, and dedicated to the ideal of equality. Unfortunately, the measures that are being implemented at the local level — where most of the action is occurring — look a whole lot like bullying and bigotry.

Cities and counties in California, Arizona, New York and elsewhere have enacted ordinances cracking down on day laborers, the most visible and vilified members of the immigrant population. That does not mean that illegal immigrants are not being hired. It simply means the government is making their harsh lives harsher. Day laborers have been subject to police harassment and illegal evictions. And that does not include the freelance hostility and abuse directed at them by abusive contractors, regular citizens, protesters and vigilante groups like the Minuteman Civil Defense Corps.

Other places are focusing on ripping immigrants out of the social fabric — passing rules that bar them from being helped by the society they are contributing to. In April, Gov. Sonny Perdue of Georgia

signed one of the harshest anti-immigration laws in the country, a package of restrictions that, among other things, requires adults seeking state benefits to prove they are here legally, and state agencies to check every employee's immigration status. Never mind that much of Georgia's economic vitality stems from the immigrants operating its textile mills, picking its peaches, preparing its meals and building and tidying its expansive suburbs.

Some of these outbursts are merely silly. In Danbury, Conn., the mayor has cracked down on volleyball, a favorite pastime of Ecuadoran immigrants. Nashville tried to ban taco trucks but not, tellingly, hot dog stands. Silly, but mean-spirited.

V. Sending In the Police

Others local measures are more serious. The most wrongheaded of the local crackdown impulses may be the one to enlist state and local police to enforce immigration laws. Law-enforcement officials themselves hate it. City councils and police departments around the country are resisting efforts to make them shoulder what is and should remain a federal responsibility.

For example, Minneapolis and St. Paul's mayors and police chiefs have spoken out against a proposal by the Minnesota governor to enlist local police officers in immigration enforcement — and they are speaking for many other mayors and police chiefs who feel the same way. Chief John Harrington of the St. Paul Police Department told the St. Paul Pioneer Press that local cops were already buried in other work — like fighting violent crime — that was more urgent than checking people's immigration papers.

"The City of St. Paul doesn't have enough cops to handle the load of things we already have on the books, the basic city ordinances and statutes and those egregious federal crimes — drug trafficking, kidnapping, bank robbery — that we have now," Chief Harrington said. Checking up on immigrants, he insisted, would take his officers away from tracking down serious criminals, including sex offenders. He also argued that the cost of sending 550 officers for the six months of training that Immigrations and Customs Enforcement officials recommend could better be used fighting crime at home.

There is another way cracking down on immigrants hurts, rather than helps, in the fight against crime. As Chief Harrington and many others have pointed out, local police officers — unlike their federal counterparts — need the help of the community to

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do their jobs. Illegal immigrants are already a hidden population. Turning local cops against them will drive them further into the shadows. This will hinder investigations — witnesses will vanish, and criminals, uncaught and unpunished, will flourish.

Part 2: The Harder but Better Way

I. A 796-Page Attempt to Do Better

If the hard-liners trying to kill comprehensive immigration reform are a disciplined chorus singing one note, pure and bell-clear, the other side is more like a crowd struggling to pull together the "Messiah" in a stadium sing-along. They are an alliance of the dirt-poor and powerful, of plainspoken Republicans like Senators John McCain and Lindsey Graham and a lion-in-winter liberal, Edward Kennedy. They include business interests, some labor unions, editorial pages like this one and editorial pages not at all like this one. A diffident President Bush has been trying to fit in somewhere.

What unites these motley allies and distinguishes them from the hard-liners is their understanding that bountiful immigration is a blessing — a mixed blessing, but a blessing all the same. Their efforts to solve the problem lack clarity. They grapple with contradictions. Their approach, embodied in a 796-page brick of a Senate immigration bill, is at once punitive and forgiving. It throws money at the border but also includes a path to citizenship for many, though not all, of the illegal immigrants already here. It paves the way for millions more whose hopes of entering the country have been stymied, sometimes for decades, by bureaucratic backlogs.

Critics of the bill have called it unworkable and incomprehensible. They have a point. But flawed as it is, the Senate bill is the only one that acknowledges and seeks to enhance the contributions that immigrants make to this country's economy and culture. It's the only one that tries to enlist immigrants present and future, illegal and otherwise, in the job of making this country better. And therefore it is the only one with any hope of making the excruciatingly difficult and complicated cost-benefit equation of immigration end up in the black.

II. How Badly We Need Them

As a conduit for workers into this country, the existing immigration system is greatly out of balance with demand. The legal path for an unskilled worker to enter the United States is through one of about 5,000 visas issued for such workers each year, which means it is no path at all. The United States economy has adjusted, of course, by hiring temporary workers and illegal workers by the millions. The invisible hand doesn't ask for ID for the roughly 500,000 people who enter illegally each year.

Immigrants — legal and illegal — fill a vital niche in the American economy. They make up 12 percent of the United States population but 14 percent of its workers, according to the Congressional Budget Office. From 1994 to 2004, the agency said in a report last December, the number of foreign-born workers grew to 21 million from 13 million, a rise that accounted for more than half of the growth of the U.S. labor force. According to the American Immigration Lawyers Association, immigrants hold 40 percent of farming, fishing and forestry jobs in the United States, 33 percent of jobs in building and grounds maintenance, 22 percent of food preparation jobs and 22 percent of construction jobs. Tearing the approximately one third of those workers who are illegal away from their livelihoods and families would be ruinous to the economy, particularly the agricultural and tourism industries in states like California.

Throw away the arguments that immigrants are tax leeches. On the contrary. They pay more in taxes than they consume in services. They all pay sales taxes. Illegal immigrants who use fake Social Security numbers to get hired pay income and payroll taxes — but don't collect Social Security and are ineligible for Medicaid. The amount of unclaimed Social Security tax has more than doubled since the 1980's, to roughly $189 billion. Because immigrants tend to be younger and healthier than native born workers, they use government services more sparingly. A comprehensive study of immigration and its economic effects — "The New Americans: Economic, Demographic, and Fiscal Effects of Immigration," by James Smith and Barry Edmonston for the National Research Council in 1997 — summed up its conclusions this way: Because immigrants on average have less education than the native-born, they earn less and pay lower taxes. But immigrants also consume far fewer services. As a result: the average immigrant pays nearly $1,800 more in taxes than he or she costs in benefits, even when you factor in the cost of public education for his or her children.

The report emphasizes that the proper way to understand these expenditures is as an investment in America's future. In a country that absorbs about one million newcomers per year, each yearly cohort of immigrants pays $80 billion more in taxes over the course of a lifetime than it consumes in services. In other words, there is no economic crisis being caused by immigration — but there could be one if it came to a halt.

An open letter to President Bush and Congress made the rounds of the Internet last week. Signed by more than 500 economists in varied fields, including five Nobel Prize winners, it argues that immigration is a net economic gain for America and its citizens and "the greatest anti-poverty program ever devised."

III. Acknowledging the Costs

It would be wrong to argue that tighter enforcement has no place in sensible immigration reform, or that immigration does not bring with it an array of problems. There are all sorts of things that supporters of immigrants should — and do — own up to. It

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is not only good-hearted immigrant workers with sore feet, blisters and hungry families, for example, who pour across America's borders. Drugs, counterfeit goods and weapons do, too. No terrorists have been known to have entered from Mexico, but it could happen. If there were a realistic way of sealing the borders against all drug dealers, felons, and terrorists, we would certainly want to consider it. But there is not. Law enforcement should focus vigilantly on all of these, but the border is not where those battles will be won.

There is one conundrum of illegal immigration that is very real: the cost it imposes on people who would compete for jobs with undocumented low-skilled immigrants. It stands to reason — how could a job market absorb so many new people and not see wages fall? An often-cited study by two Harvard economists, George J. Borjas and Lawrence F. Katz, found that from 1980 to 2000, a wave of illegal immigration from Mexico had reduced the wages of high school dropouts in the United States by 8.2 percent.

But that study gave only a partial picture. It failed to account for the economic growth that immigrants cause — the many jobs that cheap immigrant labor creates, and the gaping demographic niche it fills. As Eduardo Porter pointed out in The Times in April, "Over the last quarter-century, the number of people without any college education, including high school dropouts, has fallen sharply. This has reduced the pool of workers who are most vulnerable to competition from illegal immigrants."

This is no consolation to the janitor in Los Angeles who has seen his job disappear, or the by-the-book contractor who can't compete with the fly-by-night operation that hires — and underpays and exploits — illegal day laborers by the truckload. Any serious attempt at immigration reform has to grapple with the fact that many Americans — young black men, among others — who have been overlooked and shunned in the job market for generations will likely continue to be overlooked. That is especially true as the economy hums along through the energy of immigrants, many of them illegal. If immigration decreases costs and increases the national prosperity, we need to find a way to make sure that those gains are shared with those on the low rungs of the economic ladder.

IV. Anger on the Ground

Farmingville, a working-class community on Long Island that has been utterly transformed by Latino immigration, is a prime example of the challenges that burgeoning immigration poses and the resentment it inspires. Longtime residents became acutely aware of the presence of dozens of Latino men on street corners and piling up in illegally subdivided rooming houses. This was a clear example of globalization at the local level, and to many in Farmingville the costs were obvious and unacceptable. Young men crowding the 7-Eleven parking lot, intimidating women and girls with sexually aggressive catcalls. Men urinating in the street, loitering and generally creating a nuisance of themselves. You couldn't talk to these people, and you couldn't make them go away.

They were the visible manifestation of broken borders, and some aggrieved people took it on themselves to solve the problem. They beat up workers and firebombed their homes. They held signs and marched. They harassed and heckled day laborers, they wrote letters and had meetings.

The Farmingville conflict is being repeated, in different forms, in communities across the United States. But the anti-immigrant activists in Farmingville accomplished nothing, unless you consider waging a successful battle against the creation of a day-labor hiring site a success. Five years after the furor erupted and became the subject of a well-regarded documentary, Farmingville has as many day laborers as ever. It doesn't have a hiring site.

V. The Cost Abroad

There are many books that document the hardship for Latinos migrating to El Norte. The book "Coyotes" by Ted Conover, a white journalist with a fondness for living his stories, is a good one. In villages where most of the young men go abroad, the result is a a reliable stream of remittances to their hometowns — $25.5 billion in 2003, according to the Congressional Budget Office — which is a vital source of revenue for poor countries.

But it also means that communities, particularly small ones in the south of Mexico and Central America, lose their brightest, best and strongest men and women for months or years at a time. The energy that could be expended in making a community grow or a local business prosper is spent in another country, and while cash is welcome, it is often a poor substitute for having children and spouses at home, as the toll in broken families attests.

VI. Uncertain Possibilities

The current immigration "system," if you can call it that, is broken. It's rich in perversities. So is the effort to fix it.

The House bill is simply noxious. The Senate alternative has some serious flaws. It attempts to divide the population of illegal immigrants into three groups, being relatively gentle on some immigrants and tough on others, depending on how many years they have been here. Millions of newer arrivals will have to volunteer to leave the country — to report to be deported. It's hard to imagine that a significant majority of them will ever do so. But in any case, it seems highly unlikely the full Congress could, in the current climate, pass anything as good as the Senate bill.

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A significant number of pro-immigrant groups have already concluded that doing nothing — passing no immigration bill this year — would be better than passing some awkward hybrid of the existing Senate and House bills.

They may be right. With elections looming in November, the get-tough argument may have the upper hand. It is an approach supported by a majority of the House, backed up by thousands of constituents who have been making phone calls and mailing bricks (yes, actual bricks) to their elected representatives to drive the point home. But it's foolish to think that walling off America and reforming immigration through enforcement alone is anything but self-defeating.

It's not only because the costs of security are so high, or because the contributions that legal and illegal immigrants make to this country are so positive. Those who have been working as hard as the hard-liners have been to close this country off to people who came here to seek work and a future have a radically astringent vision of what this country should be. To militarize the border, to turn illegal immigrants into felons, means trying to reverse the polarity on the American magnet, to repel the people who have struggled, dreamed and died to get here.

It means turning this singular country into just another industrial power with a declining birthrate and a self-defeating antagonism to the foreign born. It means defining down what America stands for, no matter what the cost to the American economy, its traditions and values and moral standing.

It's dangerous. It's not rational. But the argument on the restrictionist side isn't about being rational. It's about being afraid.

TAX:

Guilty Plea In Denver Tax Fraud Scheme (DENVERBIZ)

Denver Business Journal, June 21, 2006

A Wyoming businessman has pleaded guilty for his part in a tax fraud scheme that began in Denver.

Russell J. Brown pleaded guilty in federal court in Seattle to aiding and assisting in the filing of a false tax return for Paul Bekins, the former president and majority owner of a Seattle moving company.

Brown and Bekins were both members of Tower Executive Resources, a Denver-based organization that helped its members evade paying federal income taxes, according to the U.S. Department of Justice. The organization helped its members set up offshore bank accounts and corporations to hide income from the Internal Revenue Service.

Taxpayers paid as much as $50,000 to join Tower, the justice department alleged.

Bekins previously entered a guilty plea. He was sentenced last year to six months of house arrest, followed by 18 months of supervised release and 300 hours of community service. The Justice Department said Bekins listed his "other income" in 1999 as $77,515 when it was actually $2.6 million.

The government said Brown helped Bekins avoid paying $1.3 million in federal income taxes.

Brown will be sentenced later this year.

Two promoters of Tower, Paul D. Harris of Elizabeth, and Lester R. Retherford of Cañon City, were convicted after a six-week trial on charges of conspiring to defraud the United States. Harris was sentenced to five and a half years in prison, followed by three years of supervised release. Retherford was sentenced to four years in prison followed by three years of supervised release.

Businessman Charged With $20 Million Tax Fraud (AP)

AP, June 21, 2006

LOS ANGELES - A businessman who has donated hundreds of thousands of dollars to local colleges and nonprofits is accused of defrauding the government of more than $20 million in taxes.

Gene Haas, the 54-year-old owner of Oxnard-based Haas Automation, was arrested Monday for investigation of conspiracy, filing false tax returns and witness intimidation.

Charges filed by the U.S. Attorney's Office accuse him of orchestrating a plan to list $50 million in bogus expenses that could be written off as business costs and save the company $20 million in taxes. Haas, of Camarillo, was being held without bail.

Haas Automation, which makes computerized machine tools, said in a statement that Haas was not guilty and that the tax issues "revolve around" the company's former financial officer, John Phillips.

Last month, Haas Automation by default won a Ventura County Superior Court lawsuit accusing Phillips of cheating the company out of $27.5 million.

The transactions described in the lawsuit are among those listed in the federal indictment, said Peter Zierhut, a Haas Automation spokesman.

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Phillips, who is an unindicted coconspirator, went to the FBI. in April 2001 claiming Haas had ordered him to cheat the government out of more than $8.9 million in taxes, the Justice Department said.

The owner of Supermill Inc., a nonexistent Nevada company that allegedly issued fake bills to Haas Automation, agreed to plead guilty to two tax evasion charges, the Justice Department said.

Haas Automation's former general manager, Denis Dupuis, and a former salesman, Robert Cable, also were indicted in connection with the purported scheme.

The company, formed in 1983, employs 1,000 people and had revenues of more than $500 million last year, said Robert Murray, the firm's general manager.

The New York Times described the firm as the nation's largest computerized machine tool maker.

House GOP Settles For Less Than Full Repeal Of Estate Tax (WP)

By Jonathan Weisman

The Washington Post, June 21, 2006

Republican leaders announced yesterday that the House will vote this week on estate tax legislation that falls short of full repeal, conceding defeat on a philosophical issue that has been central to the GOP economic plank for more than a decade.

The bill, introduced by House Ways and Means Committee Chairman Bill Thomas (Calif.), marks a major turnaround for congressional Republicans, who for years have made "Death to the death tax" a political battle cry.

Ending the estate tax has also been a priority for President Bush, who in 2001 won passage of legislation that gradually raises the exemption and lowers the tax rate on inheritances until the tax is eliminated in 2010. But when that legislation expires in 2011, the estate tax is scheduled to return to the level it stood at before Bush was elected.

The Senate has blocked any effort to fully repeal the estate tax. Under the House's compromise, which probably will come to a vote tomorrow, estates worth as much as $5 million -- $10 million for couples -- would be exempt from taxation indefinitely.

The tax rate on estates worth more than the exemption level up to $25 million would be set at the same tax rates that apply to capital gains -- now 15 percent but scheduled to rise to 20 percent in 2011. The rate for estates worth more than $25 million would be twice the capital gains rate. The bipartisan Joint Committee on Taxation estimated the estate tax cut would cost the government $279 billion over 10 years.

To lure Democratic senators from Washington state and Arkansas, Thomas included a lucrative tax break for the timber industry, pushing the total cost of the bill to nearly $280 billion.

Senior House Republicans conceded that a long-sought permanent repeal of the estate tax is now out of reach. And with the possibility that Republicans will lose Senate seats in the midterm elections in November, GOP tax writers decided to grab the most lucrative deal possible in case Republican power begins to ebb.

"The sales message is very simple," Thomas said. "Do you want to make a statement, or do you want to make law?"

House Speaker J. Dennis Hastert (R-Ill.) conceded, "We need to do what is reality, what you can get done with the Senate."

Senators set the scramble for compromise in motion earlier this month when they fell three votes short of cutting off debate on legislation to permanently repeal the estate tax. That convinced the groups that have lobbied the issue for decades -- small-business groups, agriculture associations and extremely affluent families -- that the time had come to settle.

Senate Majority Leader Bill Frist (R-Tenn.) took the unusual step last week of asking Thomas to intervene, hoping House passage of a generous compromise would create the momentum needed to attract 60 votes in the Senate required to cut off debate. Frist has promised a vote on a compromise next week.

But passage is anything but certain. Republicans probably have the votes in the House, but Democrats will use the debate this week to highlight what they see as a flagrant GOP tilt to the rich.

House Democrats plan to offer a minimum-wage increase -- the first since 1997 -- as the alternative to the estate tax bill.

The search for a compromise has pitted affluent small-business owners against the truly rich -- families with estates valued at tens of millions of dollars.

Thomas came down in favor of the business owners. His legislation would ensure that married couples could leave their children estates worth $10 million, untaxed. But the most wealthy families could face estate taxes as high as 40 percent. And to trim the cost of the package, Thomas repealed a provision in the tax code that allows families with large inheritances to deduct the cost of state-levied death taxes from the federal estate tax.

To the powerful families that have bankrolled the estate tax repeal movement, Thomas's compromise may be too much to swallow, suggested Frank A. Blethen, publisher of the family-owned Seattle Times newspaper and a longtime advocate of repealing the estate tax.

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"If this bill is what it looks like, a 40 percent tax on larger businesses, that's not much of a deal," Blethen said. "It is a huge disappointment."

Knowing how tight the vote would be, Thomas included a narrowly tailored measure, sought by Washington state's two Democratic senators, to offer strapped timber companies a two-year tax break worth $940 million.

Spokesmen for the senators, Maria Cantwell and Patty Murray, said the legislation is still being studied.

Timber Becomes Tool In Effort To Cut Estate Tax (NYT)

By Edmund L. Andrews

The New York Times, June 21, 2006

WASHINGTON, June 20 — In a new attempt to permanently reduce the estate tax on inherited wealth, House Republican leaders moved on Tuesday to win over crucial Democrats with a tax sweetener for timber companies.

Admitting that Congress would not be able to abolish the estate tax this year, House leaders unveiled a compromise that would stop just short of full repeal and would give the Senate another chance to take up the issue.

The latest proposal would eliminate the tax for all estates worth less than $5 million — up to $10 million for couples. That would cover more than 99.5 percent of estates, according to Congressional estimates. In addition, the compromise would reduce the tax rates on the few estates that would still be subject to a tax.

"We need to do what is reality, what you can get done with the Senate," said Representative J. Dennis Hastert of Illinois, the House speaker. "We just want to bring death to the death tax."

The Republican-controlled House has already passed a bill that would permanently abolish the estate tax, which under current law is set to phase out gradually by 2010 and then return in full force in 2011. But in a crucial procedural vote on June 8, Senate Republicans came up 3 votes short of the 60 needed to limit debate and prevent a filibuster by Democrats. That vote forced Republicans to consider a compromise.

The House proposal is aimed at giving Senate Republican leaders another chance of passing legislation. Last week, Senator Bill Frist of Tennessee, the majority leader, acknowledged that he could not pass a full repeal bill and would wait until the House voted on a new proposal before trying again in the Senate.

The House bill is similar to a compromise that Senate Republicans circulated two weeks ago, without success. But it includes a tax cut that would save timber companies about $900 million over the next three years, a new twist that could win as many as four more Democratic votes in the Senate.

The provision would reduce the corporate capital gains tax, which is assessed on sales of timber, to about 14 percent from 35 percent. Two of the timber industry's strongest advocates are the Democratic senators from Washington — Patty Murray and Maria Cantwell — who both voted with other Democrats against blocking a filibuster on the estate tax.

The Weyerhaeuser Corporation, the giant paper and forest products company, is based in Federal Way, Wash., and the state is a major timber-producing area.

Other Democratic Senators — Mark Pryor and Blanche Lincoln of Arkansas and Mary L. Landrieu of Louisiana — were co-sponsors of a similar timber tax cut last year.

Ms. Lincoln voted with the Republicans to limit debate earlier this month, but Mr. Pryor and Ms. Landrieu refused to cross party lines.

"We are a railroad car attached to the main engine," said W. Henson Moore, president of the American Forest and Paper Association, which has been lobbying for the tax cut for more than a year.

Mr. Moore, a former congressman from Louisiana, said timber companies paid a capital gains tax of 35 percent on their profit from timber — a rate, he said, that is higher than rivals in other countries pay.

"It's extremely important to us," he said. "If something is not done, it could mean that a number of our companies divest their timberlands."

The Joint Committee on Taxation estimated that the new House proposal for reducing the estate tax would lower tax revenue by $280 million in the first five years after it became effective in 2011. Under current law, the estate tax is set to phase out gradually by 2010, but return in full force in 2011.

Though billed as a compromise, the measure would cost about three-quarters as much as full repeal of the estate tax. The timber provision in the measure is set to expire at the end of 2008, but industry executives fully intend it to be renewed regularly.

House Republicans vowed to pass the new bill before the end of this week. Mr. Frist said he wanted to pass a bill before lawmakers headed home for the Fourth of July recess.

But James Manley, a spokesman for Senator Harry Reid of Nevada, the Senate Democratic leader, said most Democrats would oppose the new compromise as vehemently as the previous proposals.

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"If there's a bill that is fiscally responsible and fair to the middle class, then we're for it," Mr. Manley said. "But this bill would cost well over $700 billion in the first 10 years after it takes effect and it would only benefit the wealthiest individuals and households."

IRS Collects Only 11% Of Fines On Tax Preparers (USAT)

By Kevin McCoy

USA Today, June 21, 2006

The IRS has collected little more than 10 cents of every dollar in fines it assessed since 2003 on tax preparers who made unsupported claims or egregious mistakes on clients' tax returns, its data show.

During the last three fiscal years, the IRS fined 528 tax preparers roughly $4.7 million for taking unsubstantiated deductions, cashing clients' tax refunds or other violations of tax laws.

But a USA TODAY review found the agency has so far collected about $518,000 of the penalties, or 11%. Roughly half the penalized preparers have paid nothing, while half have paid some or all their fines, according to the IRS.

The penalties largely represent cases the IRS handled administratively without court action.

Evidence of the low dollar collection rate — down slightly from the percentage found by a government review of prior years — surfaces amid concern that tax preparer mistakes, negligence and fraud may be rising as paid preparers complete more than 60% of individual tax returns.

Tax experts say the low rate, and tax law confidentiality restrictions that prevent the IRS from publicly identifying many penalized preparers, undercut the agency's efforts to crack down on problem preparers who cost the government millions of dollars in revenue. They also highlight limited IRS oversight.

“There's no deterrent effect if there's a one-in-10 chance of collecting a penalty,” said National Taxpayer Advocate Nina Olson, whose IRS office critiques the agency and helps taxpayers resolve problems. “You can build that into your business model as a cost of doing business.”

Congress is weighing legislation that could strengthen IRS oversight of tax preparers, in part by authorizing higher penalties. Sen. Jeff Bingaman, D-N.M., the lead sponsor of the Senate bill, said “the opportunity for mistakes and abuse increases” as more Americans turn to preparers.

While defending his agency's efforts to stop problem tax preparers, Kevin Brown, commissioner of the IRS Small Business/Self-Employed Division, said, “I suspect we can do more with this, and do it better.”

“We have to be more rigorous to make sure we impose and collect fines, where appropriate,” he said.

IRS officials say they believe most of the nation's hundreds of thousands of tax preparers are honest and competent. However, a test by the Government Accountability Office, the investigative arm of Congress, found that five of 19 tax preparer offices checked in March by undercover agents produced federal tax returns with nearly $2,000 in unwarranted refunds. In two cases, the offices prepared returns that would have cost a taxpayer client a legitimate $1,500 refund.

Although the GAO cautioned that the results from the limited sampling could not be used to draw general conclusions about the retail tax preparation community, Brown said the findings “gave us pause.”

Olson said she doesn't suspect a significant increase in fraud or negligence by preparers. However, she said increasing use of tax software means “that literally anyone can get into the tax preparation business” without learning “anything about tax law,” posing a danger to taxpayer clients.

An estimated 600,000 so-called unenrolled tax preparers, who are largely unregulated and have no training requirements, worked in the USA as of 2003, according to an estimate by Olson's office. By law, the IRS has authority to penalize tax preparers who overstate legitimate tax deductions, fail to give clients a copy of their return, fail to sign the return, engage in reckless conduct or commit other tax law offenses. Penalties range from $50 to $1,000 per return, Brown said, depending on the severity of the offense.

The IRS says it is paying more attention to problem preparers, doubling the number of open cases during the last year. The emphasis came after the IRS told federal investigators in 2003 that other problems, such as targeting abusive tax schemes, were a higher priority.

Brown said in a recent interview that the fines in any given investigation may be low because the IRS generally reviews a small sampling of the tax returns produced by a preparer — enough to substantiate a case and enjoin the preparer from additional violations — then moves on to new investigations.

Even in cases when the IRS plans to impose and collect fines, the proposed penalties may be reduced based on evidence submitted by the tax preparer during an appeal process, or through litigation. The IRS may also write off the penalty as uncollectible if the preparer files for bankruptcy or is financially insolvent.

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Alvin Brown, a former IRS attorney now in a private tax law practice, said at least some of the penalized preparers are "little guys in hand-to-mouth businesses" who cannot pay large fines without hardship.

A 2003 GAO report argued that "in assessing but not collecting these penalties, IRS may be sending preparers a mixed message about whether poor performance by preparers will be tolerated."

That report showed that the agency assessed approximately $2.4 million in penalties against tax preparers in 2001 and 2002, and collected roughly $291,000, or 12%. USA TODAY's review found that the overall dollar collection rate dipped lower during the ensuing three years, though it increased in 2004.

The percentage of preparers who paid at least some of the penalties rose from 44% for 2001-2002 to 50% for the next three years, the IRS said.

Kevin Brown said the dollar collection rates could rise as pending cases are closed and added to the statistics. Brown also said he plans to improve tracking of fines against tax preparers.

The IRS should take stronger action if it wants to show "they are protecting taxpayers," Olson said. She called on the agency to support proposals in which she and other tax experts have advocated universal registration of tax preparers, mandatory competency tests and a continuing education requirement on tax laws.

"This is an issue where it just makes sense to protect taxpayers at the front end" with stricter government regulation "and have appropriate penalties and collections on the back end," Olson said.

Current tax laws make it difficult for a taxpayer to find out whether a preparer has been penalized by the IRS. The same privacy shield that covers IRS interactions with taxpayers applies to tax preparers, unless IRS investigations escalate into civil or criminal court action. Citing the confidentiality restriction, the IRS declined to release any details of the cases that underlie the 2003-2005 fines.

Cono Namorato, a former head of the IRS Office of Professional Responsibility, said agency officials were often frustrated by confidentiality provisions of the tax code. "The fact that somebody was sanctioned, and we couldn't make that public, was a problem," he said.

The Senate measure would not lift the confidentiality restriction, though Bingaman said he would favor some form of public disclosure to protect taxpayers. The bill would mandate registration and competency testing for preparers, and would raise penalties for violations to as high as $5,000 per return.

Bingaman said he's hopeful that the proposed legislation, which has drawn bipartisan support from Senate Finance Committee Chairman Charles Grassley, R-Iowa, and other Republicans, will win Senate approval this year. But the outlook in the House is less certain, he acknowledged.

Government licensing "has the potential to raise the (competency) bar. That's a good thing," Paul Cinquemani, director of government relations for the National Association of Tax Professionals, said of the Senate measure.

Still, he cautioned that licensing would not deter unscrupulous tax preparers.

"If the IRS enforced things better, it would have a chilling effect on some of the screwing around that's going on out there," Cinquemani said.

IRS Plans To Use Private Firms To Pursue Taxpayers This Year (WSJ)

By Tom Herman

The Wall Street Journal, June 21, 2006

Tax deadbeats who owe money to the Internal Revenue Service could be hearing from private debt-collection firms as soon as September.

IRS officials say they're resuming work on controversial plans to hire private firms to help collect large sums of unpaid taxes. The IRS said this week it received the green light to proceed with the project's first phase -- in which three firms will begin pursuing about 40,000 people -- when the Government Accountability Office, a congressional investigative agency, rejected challenges by companies not awarded IRS contracts.

But the program still faces heavy fire in Congress, and its long-term fate remains unclear. The House voted recently to block funding for the program in fiscal 2007, which starts on Oct. 1 of this year. The Senate hasn't yet acted.

Critics fear private debt-collection firms will trample on taxpayer rights and resort to questionable methods to collect unpaid taxes. They also say hiring collectors and paying them a percentage of what they collect will be far more expensive than relying on regular IRS workers. The House vote means "We are one giant step closer to saving hundreds of millions of dollars and safeguarding taxpayers' personal financial information from the grips of private, for-profit collection agencies," says Rep. Steve Rothman, a New Jersey Democrat who led the charge to strip the plan's funding.

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IRS officials have promised to protect taxpayer rights. They say private collectors won't be allowed to threaten or intimidate. "Using private collection agencies would bring in extra money and help reduce the deficit," IRS Commissioner Mark W. Everson said recently.

While tax collecting may sound like strictly a governmental function, many states have hired private firms over the years to help them collect tax debts, according to the GAO. In the mid-1990s, the IRS itself tried a small-scale pilot program involving private firms. But it dropped the program, partly because collections weren't as high as hoped. Then two years ago, amid growing concern about big budget deficits, Congress authorized the IRS to hire private firms.

A group representing debt collectors says fears about the program are misplaced. The IRS "is committed to hiring collection professionals who comply with a strict code of ethics and adhere to" safeguards in the law, says Rozanne Andersen, general counsel of ACA International, an association based in Edina, Minn., that represents the credit and collection industry. Taxpayers "are treated most fairly when nontaxpayers are encouraged to pay their fair share."

In this first phase of the project, the IRS is hiring three firms to begin pursuing about 40,000 people, each of whom owe the government $25,000 or less, says Nancy Mathis, an IRS spokeswoman. In each case, the person doesn't dispute owing the money, Ms. Mathis says.

The IRS plans eventually to hire as many as 10 firms by 2008, when the program will be fully operational, Ms. Mathis says. Over the course of 10 years, the IRS expects the private firms to help it collect an additional $1.4 billion in unpaid taxes.

Among the most vocal critics of the plan is the National Treasury Employees Union, which represents about 150,000 federal workers. * * *

BRIEFS: Estate- and gift-tax revenues surged to $19.14 billion during the eight months through May from $16.55 billion in the same period a year earlier, the Treasury Department says. ... IRS Commissioner Everson says he is "disappointed" by the overall IRS funding level set recently by the House. He says the bill falls $104.5 million short of the administration's proposed budget and that if it becomes law, would result in personnel reductions.

CONGRESS-ADMINISTRATION:

House Approves A Pentagon Budget (WSJ)

By David Rogers

The Wall Street Journal, June 21, 2006

WASHINGTON -- The House approved a $427.6 billion Pentagon budget after narrowly rejecting a bipartisan effort to curb funding for the National Security Agency's warrantless surveillance program within the U.S.

The amendment, which failed 219-207, touched off the fullest House debate on the secret surveillance since the existence of the program was revealed last fall.

Twenty-three Republicans, including House Government Reform Committee Chairman Tom Davis (R., Va.) broke ranks in support of the proposal, which directly challenged President Bush by proposing to bar funding for any electronic surveillance inside the U.S. that fails to comply with the court review required under the Foreign Intelligence Surveillance Act.

To quell concerns in Congress, the White House has allowed more lawmakers to be briefed on the details of the surveillance, which the administration says is an effective tool in tracking calls between the U.S. and terrorist suspects overseas.

Rep. John Murtha (D., Pa.), a top Democrat on military and intelligence issues, said he now felt "comfortable there are adequate safeguards" and House Intelligence Committee Chairman Peter Hoekstra (R., Mich.) pledged that he would hold a hearing this summer on a new legal framework for the program.

But the length and emotion of the House debate testified to the continued concern in Congress that the White House has been unilaterally circumventing the need to seek warrants under FISA. "I'm not satisfied with an argument that says, 'Trust us, we're from the government,'" said Rep. Adam Schiff (D., Calif.), a lead sponsor. And Rep. Jeff Flake (R., Ariz.) said "the acid test for Republicans on this has to be, would we be comfortable if a Democrat were in the White House using this authority. And I have to say I wouldn't be."

"What isn't allowed?" Mr. Flake asked, referencing administration testimony before the House Judiciary Committee. "If you're not going to use FISA, why not just run amok?"

The underlying defense bill, approved 407-19 last night, includes another $50 billion in emergency funds for military operations in Iraq, and passage comes even as the Senate will begin debate this afternoon on whether Congress should set some timetable to begin to pull American forces out of the country.

No one so far has attempted to actually limit funds, as the NSA amendment in the House proposed. But Democrats are pressing for some statement of policy that the administration should begin "a phased redeployment of U.S. forces."

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Meanwhile, among domestic issues, Republicans are trying to shore up their fiscal credentials by moving new legislation to set up procedures at least to try to curb spending.

The House will vote this week on a measure giving the White House greater power to single out appropriations items to be cut. Senate Budget Committee Chairman Judd Gregg (R., N.H.) won his panel's approval for a more ambitious agenda that envisions across-the-board cuts even in benefit programs such as Medicare and Medicaid if deficit targets aren't met.

Mr. Gregg's efforts could complicate matters for the administration, which would prefer the narrower focus of the House bill. In meeting with reporters, Mr. Gregg agreed the enhanced power sought by the White House would be a "useful tool for the administration to have," but he saw it as "moving deck chairs around," given the larger problem facing the budget from benefit programs.

Among Democrats, the most immediate domestic priority is the party's drive to force action in Congress before the November election on an increase in the federal minimum wage. Sen. Edward Kennedy (D., Mass.) hopes to show at least 50 votes today for a proposed $2.10-an-hour increase spread over three years. And despite continued resistance from their leadership, House Republicans say that the House will also have to vote on the issue before the election.

Flake Strikes At Earmark Of Hastert's (HILL)

By Jonathan Allen

The Hill, June 21, 2006

Rep. Jeff Flake (R-Ariz.) escalated his anti-earmark crusade yesterday by attempting to strip a request by Speaker Dennis Hastert (R-Ill.) out of a defense appropriations bill.

Flake offered an amendment designed to kill a $2.5 million provision intended for a technology organization created by one of Hastert's former aides. The amendment, one of about 10 he offered, was expected to fail miserably as of press time.

The earmark is for the Illinois Technology Transition Center, a program established late last year through a partnership between the Pentagon and a private outfit run by Thomas V. Thornton, a former policy director for Hastert in the early '90s. Neither Thornton nor Hastert's office replied to requests for comment on the earmark.

The center was designed to find technology companies in Illinois that could fulfill the needs of the Defense Department's Office of Naval Research (ONR).

"This is a win-win for entrepreneurs and ONR," Thornton said when the center won its initial $1.3 million in funding last October.

Flake said yesterday that he did not realize the earmark was one of Hastert's when he decided to fight it on the floor, but knowing that the top House GOP leader had requested the funding didn't change Flake's plans.

"I don't want to avoid someone just because they're in a leadership position," Flake said yesterday.

Hastert's earmarking record has come under scrutiny in the past week. The Sunlight Foundation and several media outlets reported that Hastert turned a profit of at least $1.5 million on a land deal several miles from a proposed highway he secured more than $200 million for last year.

The amendment demonstrated a new height of boldness on Flake's part, and it served to fan the flames of those determined to crack down on lawmakers' propensity to load bills with millions in federal money directly to their home states and districts for pet projects.

Flake has riled some colleagues this year by forcing recorded votes on appropriations earmarks, but this is the first time he has taken his fight to the top elected leader in the chamber.

Even critics of the amendment conceded that Flake demonstrated devotion to principle by treating Hastert's earmark like any others; yesterday he offered several amendments to prohibit the use of funds for various provisions.

Rep. Ray LaHood (R-Ill.), an appropriator who supported Hastert's request on the floor yesterday, said Flake's effort could be characterized as either a "principled approach" or "a strong showing of stupidity."

"I think he's doing it on principle," LaHood said.

He defended the earmark as a necessary link between the Pentagon and local technology companies that would benefit the country's national defense and said the debate would demonstrate that many earmarks are vetted well.

"It shows that these earmarks have value," LaHood said. "It gives an opportunity to justify a program."

Rep. Mike Simpson (R-Idaho), another appropriator, agreed.

"I don't think it's necessarily very smart politically," Simpson remarked.

Earmark defenders, including Hastert, say that lawmakers, not civil servants, should determine where federal funds are spent in their home states and districts.

Some lawmakers and aides were shocked by Flake's decision to go forward with an amendment targeting one of Hastert's earmark requests.

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"I've never seen that before," said Rep. John Murtha (Pa.), the senior Democratic defense appropriator and another Flake target. "I can't imagine what he's doing."

Flake's allies praise him for picking earmarks regardless of the sponsor's status. His anti-earmark battle has targeted backbenchers and committee chairmen alike.

"I would be more worried if no leadership earmarks were" targeted, said Keith Ashdown, vice president for policy at Taxpayers for Common Sense, which tracks and often criticizes congressional earmarks.

But some lawmakers said Flake could pay a political price for his earmark-striking crusade, even if he does not suffer direct punishment from GOP leaders.

"The retribution comes not in terms of sanctions," Simpson said. "It comes in terms of your own credibility. People walk in and see 'Flake amendment' and say no. They don't even ask what it is."

But longtime critics of congressional earmarks say Flake is making a courageous stand.

"Representative Flake is doing the Lord's work," Ashdown said. "He's doing what millions of people want."

Lawmakers who oppose Flake's effort pointed out early in the day that he would not be successful.

"It's a dead end. It's not going anywhere," LaHood said. "It's on a collision course with defeat."

As for Hastert, Flake said he would prefer not to know whose earmarks he is targeting.

"I've told my staff, 'Please don't tell me.' It might dissuade me," he said.

Senate Budget Panel Approves Spending Curbs (AP-Y2)

By Andrew Taylor

AP2, June 21, 2006

In an election-year bid to polish their credentials as fiscal conservatives in an election year, Senate Republicans on Tuesday advanced a bill designed to force cuts in the spiraling growth of federal benefit programs while also reviving the line-item veto.

The measure, written by Budget Committee Chairman Judd Gregg, R-N.H., and approved by that panel by a 12-10 party-line vote, combines several ideas aimed at putting the brakes on spending. Most striking, the bill would force mandatory cuts to the deficit, enforced by across-the-board cuts to benefit programs such as Medicare, Medicaid and unemployment insurance if Congress can't meet deficit targets on its own.

"This bill renews and re-energizes the budget process to bring enforceable discipline to federal spending," Gregg said.

Gregg acknowledged that his bill won't pass the full Senate, and Republicans seem to welcome the prospect of a filibuster by Democrats. That would allow them to accuse Democrats of being weak on controlling spending while sparing Republican moderates from having to vote on the bill's more controversial elements.

Democrats criticized the measure as overreaching in its attack on benefit programs. But the measure pleases Republicans' core political supporters, who have been disappointed by the party's performance on spending.

"If it passes, that's wonderful. If we simply have the debate, that's wonderful," said tax-cut activist Grover Norquist, president of Americans for Tax Reform. "That's the perfect issue."

The bill revives the idea of the line-item veto as requested by President Bush, though in a much weaker form than passed by Congress in 1996 and struck down by the Supreme Court two years later. The new version would allow the president to single out wasteful items contained in bills he signs into law, and it would require Congress to vote on those items again.

Under the proposal, it would take a simple majority in both House and Senate to approve the items over the president's objections. The old line-item veto allowed the president to strike items from appropriations and tax bills and required a two-thirds margin of both House and Senate to override a veto.

The House is slated to vote on a similar line-item veto plan Thursday and GOP leaders were scrambling Tuesday to assemble the votes to pass the bill.

Gregg, however, vowed not to break off his line-item veto plan for a separate vote.

The bill also revives the Gramm-Rudman mechanism of setting hard deficit targets and requiring across-the-board cuts if they are not met. Unlike the Gramm-Rudman law, the across-the-board cuts apply to benefit programs such as Medicare, welfare and unemployment insurance instead of annual budgets of Cabinet agencies such as the Defense Department.

Panel OKs Spending Controls (WT)

By Patrice Hill

The Washington Times, June 21, 2006

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The Senate Budget Committee yesterday voted 12-10 along party lines to approve a stringent spending control bill that would require Congress to achieve a nearly balanced budget by 2012, but Republican leadership aides said the legislation faces a tough uphill battle in the full Senate.

The bill would reinstate spending disciplines, including caps on non-entitlement programs, that helped balance the budget in the 1980s and 1990s. It would require the White House to order across-the-board spending cuts in every program but Social Security if Congress did not achieve the deficit-reduction goals.

The committee rejected an amendment by Democrats that would have reinstated required offsets to tax cuts and new spending programs, though former Federal Reserve Chairman Alan Greenspan and other budget analysts said the policy helped Congress take control over the deficit in the 1990s.

Committee Chairman Judd Gregg, New Hampshire Republican and author of the bill, acceded to another Democratic proposal to modify a key mechanism designed to force Congress to vote on reforms of fast-growing entitlement programs such as Medicare, Medicaid and Social Security.

The change would require 60 votes in the Senate, rather than a simple majority of 51, for approval of any entitlement reforms recommended by a bipartisan commission to be set up under the legislation. Committee Republicans upheld a requirement that Congress vote on the commission's proposed spending cuts under expedited procedures.

"Congress is not making tough choices because the system is broken," said Sen. Michael D. Crapo, Idaho Republican, noting that Congress fought hard last year to produce a modest entitlement-reform bill with $39 billion in savings -- a fraction of what would be needed to eliminate deficits averaging more than $300 billion a year.

"We'd have the tools to get past the procedural hurdles" that have prevented Republicans in Congress from gaining control over spending, he said. "This bill gives us a chance to have some fiscal restraint."

Democrats said Republicans were abdicating their responsibility to get the budget under control and trying to "outsource" that job to an unelected commission, while trying to jury-rig legislative procedures to ensure passage of unpopular Republican proposals such as the partial privatization of Social Security and deep cuts in health care and veterans programs.

"Republicans have rejected the one device that proved successful at reducing the deficit" between 1991 and 2000, said Sen. Kent Conrad, North Dakota Democrat and author of the Democratic alternative. Meanwhile, they have corrupted a budget process that was designed to reduce deficits in order to pass tax-cutting bills that have added $1.7 trillion to the deficit since 2001, he said.

A Republican aide said Senate Majority Leader Bill Frist, Tennessee Republican, may have trouble getting agreement to bring up a bill with such broad provisions on the Senate floor next month without raising objections from both Republican and Democratic members of the Appropriations Committee.

Mr. Frist may break the bill into smaller increments that have better chances of passing, including one providing the president with authority to veto individual items in tax and spending bills.

Mr. Gregg and Mr. Conrad also said they were working to cobble together a bipartisan bill that would include seven or eight items on which both parties could agree.

Gregg Shifts Formula For Line-Item Veto (RC)

By Robert Rosenbaum

Roll Call, June 21, 2006

The Senate Budget Committee met Tuesday to mark up the Stop Over-Spending Act of 2006, a package aimed at reining in federal spending proposed by Chairman Judd Gregg (R-N.H.).

The package includes items ranging from discretionary spending caps that would limit emergency spending measures to a line-item veto provision for the president with an expedited rescission process for Congressional response.

Among the most hotly contested issues were a provision to create an Entitlement Solvency Commission, made up of people outside of Congress, and presidential line-item veto power.

In a 12-10 vote along partisan lines, the act passed without any formal amendments. Eight amendments were proposed, most by Democrats.

The line-item veto provision was quite different from one recently proposed by the Bush administration. The new provision is a stronger version than Bush's proposal and requires Congressional affirmation for any rescission proposed by the president.

Gregg made one major concession to Sen. Kent Conrad (N.D.) and his fellow Democrats on the committee, requiring a 60 percent vote in each chamber for any presidential rescission instead of the originally proposed simple majority.

The major changes to the Bush administration's version of the line-item veto provisions include first, that the rescission savings must be used for deficit reduction. Second, the president is allowed only four rescission packages a year (one of which will be with the president's budget and the other three at his discretion). Third, the president can resubmit only one rescission

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that already was included in a package of rescissions rejected by Congress. And finally, the president may suspend funds from his recommended rescissions for 45 days. If Congress rejects this before the 45-day limit, the president may release the funds earlier.

No official date has been set for a Senate vote on the S.O.S. Act, but Senate Majority Leader Bill Frist (R-Tenn.) has indicated it will likely come before the end of the year.

Stop Federal Overspending (WT)

By Judd Gregg

The Washington Times, June 21, 2006

If Capt. Renault stepped into today's Senate instead of Rick's Cafe in 1941 Casablanca, he would feel quite at home. He would observe"I'mshocked, SHOCKED, to find that deficit spending is going on in here!"

Simply put, the federal budget process is ailing. In fact, it is on life support. The Budget Enforcement Act of 1990, which provided real teeth in the budget process, expired in 2002. Furthermore, because of a lack of will to control spending, Congress has failed to adopt a budget resolution for three of the past five years.

Each year, Congress embraces score-keeping gimmicks to get around any limitations. Site-specific earmarks and non-peer-reviewed projects are increasing -- last year's highway bill being a poster child for unrestricted projects.

The part of the budget called "mandatory" spending continues to grow much faster than inflation. Twenty years ago, entitlements comprised 45 percent of the budget; today, they will soon exceed 60 percent. Medicare alone is growing by almost 10 percent per year. Based on forecasted economic growth, demographics and program benefits, just three entitlement programs -- Medicare, Medicaid and Social Security -- if left unchanged will consume 20 percent of the economy in 30 years. That may not sound alarming until one realizes that the entire U.S. government -- including functions ranging from health care to defense to border security -- consumes 20 percent of the gross domestic product.

Some might speculate that this is just business as usual. It is not. Never in U.S. history have we had to face so many claimants for funds and unfunded IOU's. As the Baby Boom generation retires, older Americans will be handing younger Americans their bills. We are recklessly undermining the future of our children and our grandchildren.

Clearly, spending is out of control and Congress needs to regain fiscal discipline over this runaway train.

Last week, I, along with 24 other cosponsors, introduced the Stop Over-Spending Act. This commonsense and fiscally responsible bill proposes tough measures to force Congress and the Bush administration to adhere to a disciplined budget process. It ends the free pass to spend and re-establishes a real, transparent and straightforward budget.

First, the SOS bill reinstates discretionary spending caps in law. If Congress exceeds these limits, then the overage must be offset by an across-the-board reduction.

Second, the SOS bill eliminates "shadow budgets," otherwise knows as emergency spending. It limits the misuse of emergency spending by building in reasonable assumptions of emergency spending into the discretionary caps.

Third, the SOS bill requires the deficit to be measured and considered as its share of economy, the GDP, and requires the deficit to decline from 2.75 percent of GDP next year to .05 percent of GDP by 2012.

What happens if these deficit targets are not achieved? Then congressional committees are required to "reconcile" and write laws to achieve savings. If these committees do not make the tough decisions, then an across-the-board sequester of entitlement programs kicks in.

Sound familiar? It should. SOS is modeled on the Gramm-Rudman-Hollings approach, but it is strengthened and updated to deal with the budget realities of this millennium. It requires entitlement programs that are causing the deficit to be accountable.

Fourth, SOS includes a line-item veto/expedited rescission process to allow the president to identify wasteful spending and to get an up-or-down vote without amendment. Forty-three state governors have line-item veto authority. A Republican Congress gave Bill Clinton this authority in 1996. Unfortunately, the courts negated that action. SOS redrafts this reform in a way to withstand challenges.

Fifth, the SOS bill creates a commission to identify and eliminate agency duplication and programs that have outlived their usefulness, as well as a commission to ensure the solvency of entitlement programs.

No budget process changes can force the president and members of Congress to have the willpower to make tough decisions. But a transparent, tough and honest budget process can help. The Stop Over-Spending Act can take us a long way toward achieving real budgets and effective budget discipline.

It is time to get serious about spending restraint and resurrect the budget process to protect future generations and ensure that we hand our children, and our children's children, a government they can afford.

Sen. Judd Gregg, New Hampshire Republican is chairman of the Senate Budget Committee.

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The 'Pay-As-You-Go' Ruse (WSJ)

The Wall Street Journal, June 21, 2006

Democrats in Congress unveiled their 2006 campaign agenda last week, laying claim to the mantle of "fiscal responsibility." The GOP's spendthrifts have handed them this political opening, which makes it all the more disappointing that Democrats are falling back on an old confidence trick.

Their ruse goes by the name of "pay-as-you-go" budgeting, which has the political virtue of sounding as if spending won't be able to exceed revenue. Their Web site, HouseDemocrats.gov, claims that pay-as-you-go policy "means that spending increases, as well as tax cuts, need to be offset by cuts in other areas -- like fewer corporate tax breaks."

A three-card monte dealer in Times Square couldn't have said it better. Paygo rules, to use the Beltway argot, were in place from 1990 until they expired in 2002, so we know how they work. And in practice all they really do is constrain tax cuts, not new spending.

That's because paygo rules apply only to new or expanded entitlement programs, not to those that already exist and grow automatically with user demand. Thus spending for Medicare, growing this year at an astounding 15% annual rate, would continue to run on autopilot. Ditto for Medicaid. So-called "discretionary" programs (education, Defense) that Congress approves each year are also exempt. Democrats somehow forget to disclose that those notorious "earmarks" stuffed into spending bills are also exempt from paygo.

The real game here is to make tax cutting all but impossible. Under paygo, tax cuts must be offset with either other tax increases or entitlement cuts. This usually means pitting tax cuts against cuts in the likes of Medicare, which is a very hard political sale. Paygo rules are one reason the 2001 tax cut was so paltry and phased-in and thus economically ineffective. Had paygo still been in force, the 2003 tax cuts that have done so much to spur growth and increase federal revenues would never have passed.

Another myth is that paygo was crucial to eliminating the budget deficit during the Clinton years. In fact, deficits remained high until the GOP took Congress in 1994 and, for a rare couple of years, actually reduced the growth rate of spending. Defense spending also fell by a full two-percentage-points of GDP during the 1990s. Paygo did little to restrain the appetite for new entitlements, as Democrats began their push for the Medicare prescription drug benefit long before the 2000 election.

The House Democratic agenda promises "a new direction for America." But when it comes to paygo and fiscal policy, the only change is their political marketing.

Time's Running Out For 527 Reform (HILL)

By Edward Kangas And Charles Kolb

The Hill, June 21, 2006

Every politician knows money is the mother's milk of politics. However, unregulated political contributions have the potential to undermine voters' confidence and involvement in our participatory democracy. When campaign spending rules favor special interests and the very wealthy, small contributors stop donating, voters stay home and the public loses faith in its elected officials.

With just months remaining before the midterm elections, the House of Representatives passed legislation that would regulate 527 organizations and included the legislation as part of the recently passed lobbying reform package. Now the Senate has an opportunity to show its support for reforming the campaign-finance system and restore public confidence in a system that many perceive to be dysfunctional, polarizing and unfair.

Recent attention has focused on legislators' reactions to the Jack Abramoff scandal and calls for outlawing more favors and gifts. But if Congress is serious about real change, it also needs to regulate 527s and other political funding mechanisms that attempt to corrupt the system.

As most of us learned during the 2004 presidential campaign, a 527 is a tax-exempt organization named after a section of the U.S. tax code. Many of these groups are created to influence the nomination, election, appointment or defeat of candidates for public office. Under current law, however, 527s are not regulated by the Federal Election Commission (FEC). That's a serious problem, not just for November 2006 but, more important, for the 2008 presidential campaigns. The adage "bad money drives out good" is as true in politics as it is in the marketplace.

Enactment of the Bipartisan Campaign Finance Reform Act (BCRA) in 2002 ended the soft-money shakedown of business executives by candidates and party officials, but just when business leaders thought it was safe to leave their wallets at home, 527s formed, raised hundreds of millions of dollars in unregulated donations and became the new recipients of most soft money contributions.

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During the 2004 presidential campaign, the lack of oversight allowed Swift Boat Veterans for Truth, Texans for Truth and other partisan political organizations and individuals to spend more than $400 million of unregulated soft money to influence and hijack the election. Fortunately, most corporations had the good sense not to become involved in the 527 game.

The bill regulating 527s that was passed by the House is a big step in the right direction. If we are serious about eliminating soft money in our campaign system, Congress needs to adhere to the following three provisions recommended by the Committee for Economic Development (CED), an independent, business-led research organization that has been instrumental in bringing the voice of business leaders to the debate over campaign-finance reform:

· First, all 527s that spend money to influence federal elections should be required to register as political committees with the FEC. By requiring these 527s to be bound by FEC regulations, Congress will eliminate the current loophole that permits the groups to avoid limits on the sources and amounts of allowable contributions.

· Second, all Section 527 groups that broadcast advertisements that promote, support, attack or oppose a federal candidate should be required to pay for such ads only with money raised from individuals under federal contribution limits. No corporate or labor union contributions should be used for this purpose.

· Third, if a group maintains both federal and nonfederal campaign accounts to support voter-registration drives and similar activities, at least half of the costs for such activities must be funded with "hard money" contributions.

Taken together, these new rules would put an end to many of the offensive and unfair political activities voters were subjected to in 2004.

However, even the best-written rules are only as effective as their enforcement. To realize the full benefits of campaign-finance reform, the FEC needs to be streamlined and strengthened, making it as valuable to the regulation of sound campaign practices as the Securities and Exchange Commission is to the regulation of sound business practices.

It is clear legislation is needed now more than ever. When ordered by a U.S. District Court judge either to set new rules for 527s or explain how 527s will be regulated under current rules, the FEC opted not to set new regulation. This despite a dissenting vote from FEC Chairman Michael Toner, who stated the decision set the stage for "527s to once again spend hundred of millions of dollars in soft money" to affect the midterm elections and the 2008 presidential race.

It's not enough for Congress just to fight for principles of good governance, as it has rightly done in the case of corporate accounting scandals. Congress must live up to those same principles it expects the business community to abide by, transparency and accountability, in how it regulates campaigns.

The bigger prize is the 2008 presidential campaign. New limits on 527s and a stronger FEC will encourage even more individuals to help finance the political campaigns of interest to them. This will lead to not only greater confidence in our political system but also greater diversity and participation. For a democratic republic like ours, there can be no more important endeavor or admirable goal.

Kangas is the retired chairman of Deloitte Touche Tohmatsu and co-chairman of the Committee for Economic Development's subcommittee on campaign finance. Kolb is president of the Committee for Economic Development, an independent, nonpartisan, Washington-based organization of over 200 business and education leaders.

A Graduate So Happy, He Hugged The Speaker (NYT)

By Julia C. Mead

The New York Times, June 21, 2006

Gabriel Whitney says he did not plan to nearly suffocate President Bush in a bear hug. In fact, he did not plan to hug him at all.

But when Mr. Whitney, one of 202 midshipmen to graduate from the United States Merchant Marine Academy in Kings Point, N.Y., on Monday, stepped forward to receive his diploma, it just sort of happened. Call it irrational exuberance. But after six years of undergraduate school and 4,872 demerits, Mr. Whitney, 25, of Nashua, N.H., could hardly restrain himself.

With more reason than most to be overjoyed, the 6-foot-7 midshipman stepped onto the stage to accept his degree and hugged Vice Adm. Joseph D. Stewart, the academy's superintendent. Then he raised both arms in a victorious salute as his classmates roared their approval.

Elated and with his arms still upraised, he turned toward President Bush, who had just delivered the commencement address.

Mr. Bush, wearing a quizzical expression, responded by raising his arms as well and moved in for a hug. The midshipman — almost unwittingly — found himself squeezing the president in his powerful arms. When the president caught his breath, he shook Mr. Whitney's hand.

"I said, 'You're the man! Thank you very much,' " Mr. Whitney said in a telephone interview yesterday.

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"The president thought the big bear hug was funny," said Dana M. Perino, a White House spokeswoman. "He appreciates the terrific enthusiasm of our nation's graduates, and he was honored to be the first president to address the Merchant Marine Academy. It was quite a thrill for everyone."

Mr. Whitney's sister, who works in an advertising office, had designed T-shirts for the 15 family members who attended the ceremony. Mr. Whitney's many difficulties in reaching graduation were emblazoned on the front of the shirt: 4,872 demerits ("painful"); four and a half years on academic restriction ("wounding"); two visits to the committee that weighs student expulsions ("agonizing"); two reprieves from the admiral ("necessary"); and six years of school with only an undergraduate degree to show for it ("humbling").

The back of the shirt, which bore a photograph of the midshipman and the American flag, celebrated his crowning achievement: "Passing all licensing exams, first try: Priceless."

Reached in New Hampshire, his grandmother, Alberta Whitney, said that some of the 4,400 people in the audience took pictures of the T-shirts, front and back.

"We were very happy to pose," she said. "We are so proud of Gabriel. He's a wonderful, wonderful boy."

The day after graduation, Mr. Whitney said he had no immediate plans but one long-term goal: "I plan to achieve greatness someday, though I'm not exactly sure yet how I'm going to do it."

For now, he is relaxing and basking in the attention that his widely publicized hug has garnered.

"I'm trying not to think farther than the next couple of days," he said, adding with a chuckle, "It's been kind of a long trip."

Senators To Propose New Safety Tactics For FDA (WSJ)

By Anna Wilde Mathews

The Wall Street Journal, June 21, 2006

WASHINGTON -- The leaders of the Senate committee that oversees the Food and Drug Administration plan to unveil legislation that would substantially change how the agency reviews medications.

The bill is being prepared by Michael Enzi, the Wyoming Republican who heads the Senate Committee on Health, Education, Labor and Pensions, and its ranking Democrat, Edward Kennedy of Massachusetts. The two lawmakers' views are particularly important as Congress prepares to consider legislation next year to renew the industry-user fees that fund many of the FDA's operations.

The drug-safety bill prepared by Sens. Kennedy and Enzi is keyed to that user-fee renewal, and would likely depend on increases in the fees. Details could change before the final version emerges in the next several weeks. The senators aim to get a vote on the bill this year, but if that doesn't happen in the abbreviated election-year Congress, it could provide a framework for drug-safety provisions in next year's user-fee legislation.

Mr. Enzi said the bill would "raise the bar to ensure that safety is not an afterthought, but a given" and "restore public confidence in the FDA's process of reviewing the benefits and risks of prescription drugs." Mr. Kennedy said the bill would give the agency "a complete set of tools to address the safety of drugs post-approval, including giving the FDA authority to require post-approval labeling changes and safety studies."

Though drug makers may object to aspects of the bill, they are under pressure to back some drug-safety changes. In a statement, the Pharmaceutical Research and Manufacturers of America said the organization can't fully comment on the bill because it hasn't been formally introduced, but that drugs already are "subject to rigorous safety and effectiveness reviews" by the FDA.

An FDA spokeswoman said it "welcomes additional ideas on improving oversight of drug safety," and the agency has safety initiatives already under way.

Other drug-safety bills also have emerged. Legislation co-sponsored by Senate Finance Committee Chairman Charles Grassley (R., Iowa) and Sen. Christopher Dodd (D., Conn.) would restructure the agency, creating a FDA center focused on the safety of drugs already on the market and granting the agency substantial new powers.

The latest bill is expected to require the FDA to have a plan for evaluating and mitigating the potential risks of every drug it approves, congressional staff members said. The plan would have to be re-evaluated at least once a year for the first three years a drug is on the market.

The bill also would give the FDA new authority to ensure the safety of drugs, which could be used as part of the risk-mitigation plans. Drug manufacturers would be able to go through an FDA dispute-resolution procedure if they object to the agency's proposed risk-mitigation strategies. The plans could include requirements that drug makers do studies or keep registries after their medicines go on the market; limit direct-to-consumer advertising or impose disclosure requirements on it; and limit use or distribution of a drug.

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Currently, the FDA sometimes uses such tactics for drugs seen as risky, but the agency typically has to use the leverage it has over drug approval to negotiate the restrictions with manufacturers. Its authority to impose them isn't clear-cut. The bill would amp up the regulators' power by giving the FDA a new ability to impose fines on companies that don't adhere to the risk-mitigation plans.

The bill also would require drug makers to register their clinical trials in a public government database and make the results of the advanced studies public. It would authorize some resources for an FDA effort to spearhead research on drug evaluation.

Senators Prepare To Unveil New Drug Safety Proposals (NYT)

By Gardiner Harris

The New York Times, June 21, 2006

WASHINGTON, June 20 — After more than a year of quiet negotiations, two influential senators are expected within weeks to introduce a legislative proposal that could drastically change how drugs are tested and approved in the United States.

The senators, Michael B. Enzi, Republican of Wyoming and chairman of the Health, Education, Labor and Pensions Committee, and Edward M. Kennedy of Massachusetts, the ranking Democrat on the committee, still refuse to speak about the proposal, representatives for both said.

But committee staff members have for weeks been showing legislative talking points to drug industry representatives, scientists and others on Capitol Hill to help tailor the proposed legislation and build support for it.

In broad terms, the bill would require that drug makers disclose the results of all large human tests of their drugs, known as Phase 3 and Phase 4 trials; create a detailed risk management plan to uncover and control any safety problems that arise after a drug is approved; and pay penalties if they fail to follow through with this plan, according to four experts who were briefed on the proposals.

The experts spoke on condition that their names not be used because they had told members of the senators' staffs that they would not talk publicly about the proposals.

A spokeswoman for the Food and Drug Administration, Susan Bro, said the agency had not yet reviewed the proposed legislation. She said the agency had already undertaken "a number of initiatives" to improve itself.

"We always welcome additional ideas on improving oversight of drug safety," Ms. Bro said.

The senators plan to introduce the bill before Congress recesses in August, those briefed on the proposal said.

Senator Charles E. Grassley, Republican of Iowa and chairman of the Senate Finance Committee, and Senator Christopher J. Dodd, Democrat of Connecticut, have offered legislation similar in some respects to the Enzi-Kennedy proposal. But Mr. Enzi presides over the committee that has direct oversight of the drug agency, and Mr. Kennedy has specialized in health legislation for decades. Their imprimatur carries great weight on bills dealing with the agency.

It is unlikely that Congress will act on the proposal before the November election, and any action may be delayed until 2007, when Congress must reauthorize the formula by which the F.D.A. receives tens of millions of dollars in fees from drug makers. The Enzi-Kennedy proposal calls for an increase in those fees to pay for greater oversight of drug safety by the agency, before and after a medicine is approved. How such an increase could be approved apart from next year's reauthorization is unclear.

Daniel E. Troy, a former general counsel of the drug agency who now represents drug companies, said it would be a mistake for Congress to combine the Enzi-Kennedy proposal with next year's negotiations over extending the fees.

"If what we hear is true," Mr. Troy said, "my concern is that these issues are too complex to get mixed up with the reauthorization of the Prescription Drug User Fee Act."

Dr. Sidney M. Wolfe, director of health research for the consumer advocacy group Public Citizen, said he was encouraged by some of the Enzi-Kennedy proposals, particularly one that would exact monetary penalties from drug makers who fail to follow through on their own drug safety promises.

"There really is a crisis at the F.D.A.," Dr. Wolfe said.

The proposals come after a series of drug withdrawals led agency critics and some on Capitol Hill to suggest that the agency was failing in its mission to protect the public from dangerous drugs. Since 2000, pharmaceutical companies have withdrawn 10 drugs after deaths and injuries demonstrated that the medicines were unsafe.

In addition, the agency has only recently learned that widely prescribed antidepressants can cause some children and teenagers to become suicidal; that hugely popular pain pills are likely to increase the risk of heart attacks; and that commonly used antipsychotic drugs and stimulants may be more dangerous than was previously known.

Just Who Is 'Disgruntled'? (WSJ)

The Wall Street Journal, June 21, 2006

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An article on the congressional midterm elections ("Midterm Tea Leaves Signal Hot Water for Republicans," page one, June 6) makes a false assumption about our seniors. The article states: "In all these [regional] areas, seniors are disgruntled about the new Medicare prescription-drug benefit."

Disgruntled? Medicare reports that seniors are saving an average of $1,100 a year with prescription-drug coverage, and recent polls have shown that nearly 80% of seniors are happy with their coverage plan. Does this sound "disgruntled" to you?

Seniors are seeing real savings under Medicare Part D. Unlike the Democrats and shadow organizations content to play politics with our seniors' health, Republicans have worked tirelessly to help seniors sign up and save. I firmly believe that come November, seniors will reward the Republican majority for finally delivering on the long-overdue promise of affordable prescription drug coverage.

Rep. Phil Gingrey, M.D. (R., Ga.)
Co-Chair
Republican Healthcare
Public Affairs Team
Washington

Drug Prices Up Sharply This Year (NYT)

By Milt Freudenheim
The New York Times, June 21, 2006

Prices of the most widely used prescription drugs rose sharply in this year's first quarter, just as the new Medicare drug coverage program was going into effect, according to separate studies issued yesterday by two large consumer advocacy groups.

AARP, which represents older Americans, said prices charged by drug makers for brand-name pharmaceuticals jumped 3.9 percent, four times the general inflation rate during the first three months of this year and the largest quarterly price increase in six years.

Price increases for some of the most popular brand-name drugs were much steeper; the sleeping pill Ambien was up 13.3 percent, and the best-selling cholesterol drug, Lipitor, was up 4.7 to 6.5 percent, depending on dosage.

Over all, AARP said, higher prices mean that the cost of providing brand-name drugs to the typical older American, who takes four prescription medicines daily, rose by nearly $240 on average over the 12-month period that ended on March 31.

"When the manufacturers' wholesale prices increase, it gets passed through the system, regardless of who the final purchaser is," said John Rother, the policy director of AARP. Although the drug industry's main trade association challenged the accuracy of the AARP survey, a separate study, by Families USA, a patient advocacy group, found similar inflation rates among brand-name drug prices. While the higher prices have a general impact on the drug-taking public, consumer advocates said the higher prices have special implications for Medicare, which Congress barred from negotiating prices with drug makers when lawmakers devised the new so-called Part D drug program.

Commercial insurers, which are offering the drug insurance plans under Medicare's auspices, do have negotiating power. And they say that by switching to generic drugs, consumers can avoid most of the price increases.

The surveys measured manufacturers' wholesale prices, which would not necessarily reflect any discounts insurers might be able to negotiate.

But even so, the price increases in the Medicare drug plans since they began were identical in many cases with the jump in wholesale prices, Families USA said.

Some health care economists said the price increases, if they continued, could have a devastating effect on the new Medicare drug program.

"Higher drug prices may lead to higher premiums next year, which may discourage enrollees from joining or staying in the program, and fewer enrollees could drive premiums even higher," said Stephen W. Schondelmeyer, a University of Minnesota economist who specializes in drug industry issues.

Mr. Schondelmeyer said one clear indication of the inflation's impact could be seen among the six million low-income elderly and disabled people who previously received drug coverage through Medicaid but were automatically switched to the Part D program when it began in January.

That shift was a windfall for drug makers, he said. "Medicaid would have paid 25 to 30 percent less under the old system, including rebates from the manufacturers, than the new Medicare Part D program is paying."

Ron Pollock, the executive director of Families USA, offered another way to gauge the federal impact. The federal Department of Veterans Affairs, which is able to negotiate prices with pharmaceutical makers, is paying 46 percent less for the most popular brand-name drugs than the average prices posted by the Medicare plans for the same drugs, Mr. Pollack said.

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Peter Ashkenaz, a Medicare spokesman, said enrollees in the Part D program could obtain a broad range of drugs as well as "personalized help in finding less costly drugs." He said many enrollees were in drug plans with "flat co-pays, which protects them from changes in pricing."

The first quarter of the year is typically the time when drug makers make many of their annual price increases. The industry did not comment on this year's increases, other than to question the accuracy of the AARP survey.

The drug industry's trade group, the Pharmaceutical Research and Manufacturers Association, said in a statement that the AARP conclusions were "erroneous," because consumer drug prices had increased less than 2 percent since Jan. 1. The group, though, was citing a federal Bureau of Labor Statistics report that combines prices for brand-name and lower-priced generic drugs, as well as various "medical supplies."

Paul Fitzhenry, a spokesman for Pfizer, which makes Lipitor, pointed the finger at health insurers, which he said were increasing their drug payment charges to members faster than drug makers were raising their prices.

"There has been a huge disconnect between changes to our prices and increases to consumers' out-of-pocket costs for medicines," he said. "Between 2001 and 2005, our compound annual average net price increase was 3.3 percent per year. During that same time, the average co-payment charged by insurers for brand-name pharmaceuticals has increased at an annual rate of 11.1 to 15.5 percent," he said, citing a Kaiser Family Foundation 2005 survey.

Mohit Ghose, a spokesman for the American Association of Health Plans, a insurance trade group, said the insurers were actually reducing drug spending increases by promoting lower-cost generics instead of brand-name drugs.

Mark Green, a spokesman for Sanofi-Aventis, which makes Ambien, said the drug was "priced more competitively than some other products in the sleep category." He added, "We make every effort to price our prices competitively, relative to the value they provide to patients."

Private Contracts Take Beating In Report (LAT)

By Heather Gehlert

The Los Angeles Times, June 21, 2006

WASHINGTON — The Bush administration has greatly expanded the use of contracts with private companies to provide public goods and services even as the number of government employees has increased, a congressional report has found.

But the administration's tilt toward doing business with private companies has failed to bring promised savings and has been characterized by "significant waste, fraud, abuse and mismanagement," according to the report released this week by Rep. Henry A. Waxman of Los Angeles, the top Democrat on the House Government Reform Committee.

Of particular concern, the report said, were contracts related to domestic security, the Iraq war and Hurricane Katrina recovery.

Waxman's report is described as the first comprehensive assessment of contracting under the Bush administration, which had vowed upon taking office in January 2001 to provide services more efficiently while reducing the size of government.

It reveals an 86% increase in contracts with private businesses, from $203 billion in 2000 to $377.5 billion a year in 2005 — a growth rate nearly double that of federal spending as a whole.

At the same time, federal payrolls also have grown: The government now has about 1,874,000 civilian employees, up from 1,738,000 five years ago.

"We've never seen [private] contracting on the scale that we're seeing now," Waxman said. "Nearly 40 cents of every dollar appropriated goes to private contractors, which is a record level."

Yet, Waxman said, his biggest concern is not the growth in contracts, but the abuse of them.

Poor contract planning and weak oversight, the report said, have led to government overspending and corruption by companies that have padded their invoices, charged for services not provided and received award fees for jobs that were completed late.

"Taxpayers should be outraged at the billions of dollars that have been wasted," said Waxman. "And the Bush administration isn't learning from its mistakes, it's repeating them."

In many cases, the report found, the types and terms of the contracts have made them ripe for abuse:

· Spending on cost-plus contracts — under which the government bears the risk of cost overruns — has increased from $62 billion in 2000 to $110 billion in 2005.

· Spending on no-bid contracts — those granted without competition from other companies — rose 110%, to $97.8 billion, during the same period.

· Spending on monopoly contracts, which allow the government to buy goods and services without defining them in advance, nearly doubled, to $15.3 billion.

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The report comes as the federal government's handling of contracts is increasingly in question. On Tuesday, the government's onetime chief procurement officer, David H. Safavian, was convicted of making false statements and obstruction of justice for concealing his relationship with disgraced former GOP lobbyist Jack Abramoff. The jury's decision in Safavian's case, Waxman said, "underscores the findings of the new report."

"The corruption and inappropriate influence of special interests in government contracting has gone virtually unchecked and erodes the public trust in the federal government," he said.

Also on Tuesday, the Senate rejected — for the third time — a proposal to form a special committee to investigate contracting improprieties in war zones.

"It's scandalous that the GOP Senate refuses to look into the hundreds of billions of dollars spent in the war in Iraq to see that the funds are carefully and honestly spent," Sen. Edward M. Kennedy (D-Mass.) said in a written statement after the vote.

Kennedy's comments echoed the concerns outlined in Waxman's report, which also identifies several smaller pieces of $745.5 billion in federal contracts awarded between 2000 and 2005 that the auditors deemed wasteful, fraudulent or mismanaged.

In 2003, for example, the Border Patrol was found to have paid $20 million for security camera systems that malfunctioned or were never installed. That same year, the Transportation Security Administration awarded Boeing Co. $44 million for installing and maintaining airport luggage screening equipment — a job that was never evaluated.

In 2005, the Federal Emergency Management Agency bought $915 million worth of temporary housing and offices for Katrina victims and relief workers. More than a third of them have never been used.

"The lesson of this report is that there's a massive amount of spending, and yet we very clearly aren't spending it smartly," said Peter Singer, an analyst with the Brookings Institution, a centrist public policy center in Washington. "When the overspending is not just in the billions but in the hundreds of billions — that's worrisome."

A spokesman for the White House Office of Management and Budget, which is responsible for overall procurement policy, said it made sense to turn to the private sector for providing security after the Sept. 11, 2001, terrorist attacks and cleaning up after Katrina — two disasters that affected everyone, not just government.

Tapping private-sector expertise allows the government to "bring the full strength of American ingenuity to bear as we seek solutions," said OMB spokesman Scott Milburn.

But, he added, contracting requires constant oversight to make sure "the public's money is spent responsibly."

Specter To The Justices: I'm Hungry, Let's Do Lunch (HILL)

By Alexander Bolton

The Hill, June 21, 2006

Sen. Arlen Specter (R-Pa.), chairman of the Senate Judiciary Committee, is hosting a series of one-on-one lunches with members of the Supreme Court.

The senator, whose tenure as chairman began last year amid furious conservative opposition but has included confirmation of two conservative nominees to the high court, is holding his tête-à-têtes in the Senate dining room with strict constructionists and loose constructionists alike.

Specter told The Hill that he lunches with the justices simply because he is hungry. In a more serious vein, he added that he does so to hash out "matters of concern."

Pennsylvania's senior senator said he's already lunched with most of the justices. They have discussed the administration of the courts, their confirmation hearings and one of his pet issues: bringing television cameras into the court chamber.

He has also grilled them about instances when the court has struck down laws by questioning what it called Congress's "method of reasoning." It was a concern Specter raised during the Supreme Court confirmation hearings he presided over months ago.

"It's good to talk on an informal basis," he said.

Specter was spotted Thursday at a table in a corner of the dinning room with conservative Justice Clarence Thomas, chatting long after the server had dropped off the check. As the host, Specter naturally reached over to take care of the bill at the end of the meal.

On Tuesday he had lunch with Justice David Souter, a Republican nominee who, like Specter, has irked the political right with his positions on social issues, particularly abortion.

"He likes long lunches," Specter said, adding, "He had a no-martini lunch."

Souter seemed happy strolling to a blue sedan that picked him up afterward, but he declined to talk about what he and his host had discussed — or even what he ate.

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The senator's record of having not voted against any of the sitting justices has presumably spared him from awkward moments during lunch. The same cannot be said of other lawmakers, however.

Sen. Chris Dodd (D-Conn.), sitting a few tables away, joked that he was offended that Specter and Thomas didn't stop to greet him but then noted that he voted against Thomas's nomination.

Specter, by contrast, gave Thomas crucial support during his tumultuous and protracted confirmation hearing by asking tough questions of Thomas's chief accuser, Anita Hill.

There is no such thing as a free lunch, but Specter said the justices have not been swiftly swayed; they are not, for example, enthusiastic about his desire to air court proceedings on television.

The chairman and the justices have also chewed over the priorities of court members. Specifically, they have talked about court security and budgets, pay for younger district court judges and the General Services Administration (GSA) practice of charging the courts rent for the buildings they occupy.

The GSA manages federal properties, and Specter and several other senators have introduced legislation that would limit the rent charged of the judicial branch to the costs of operating and maintaining their offices.

Sen. Orrin Hatch (R-Utah), who chaired the judiciary panel before Specter, said that he lunched with the justices "from time to time" but that he did not meet with all of them.

Hatch said they talked about "philosophy, great literature and music, "mainly joint interests not related to their cases."

Richard Baker, the Senate historian, said that members of the Senate and the Supreme Court used to have close relationships before the court was moved out of the old Senate chamber to its neoclassical home across 1st Street in 1935.

"The Supreme Court used to be located down the hall until 1935," Baker said. There used to be lots of commingling between the senators and the justices."

Baker said that members of the court "undoubtedly broke bread with the senators" most likely in the old Senate dining room which was located off what is now the modern dining room's waiting area.

Since the justices moved out of the Capitol, Baker said, little is known about their personal relationships with the Congress.

He did not know of a Judiciary Committee chairman ever before making an effort to meet with each justice.

"To systematically do it is something we could not find precedent for," he said.

Here's A Way To Help Broadcasters, PBS And Congress (RC)

By Norman Ornstein

Roll Call, June 21, 2006

The past couple of weeks have been rough ones for broadcasters. Congress passed, and the president signed, the Broadcast Decency Enforcement Act, which increased by tenfold (to $325,000) the fines on stations that air "indecent" materials outside of late-night hours. The law defines "indecent" as "patently offensive" sexual or excretory content.

Then, on Monday, the Federal Communications Commission withdrew a plan to vote on requiring cable networks to air all the multicast channels broadcasters will have available when they go digital — as many as four to six for each broadcast analog channel now in operation — because Chairman Kevin Martin did not have the votes. The commercial broadcasters desperately want the multicast requirement to make their business model for digital television work.

Not surprisingly, the broadcast indecency bill passed by unanimous consent in the Senate and by a 10-to-1 margin in the House; how could Members pass up an opportunity to take a courageous stand against indecency? But the bill basically was just grandstanding. It's a poor piece of legislation, and one that reflects yet again the lack of any meaningful deliberation in Congress. The fines, if applied to many smaller stations, are prohibitive, and could force some into bankruptcy — for what might be an inadvertent airing of a program that had an action defined by the FCC as indecent.

Unfortunately, the definition of indecency is nowhere near a "bright line" test that broadcasters can rely on. We already have seen regulators struggle to deal with things such as the naked bodies shown in "Schindler's List" as they try to create reasonable and necessary exceptions for material with compelling artistic justification.

But when a PBS station in San Mateo, Calif., aired an episode of "The Blues" directed by Martin Scorsese that included New Orleans musicians using four-letter words —words they use as part of their everyday language — it was socked by the FCC with a $15,000 fine, which is a big-time penalty for a station of that size. How the FCC came to decide that Steven Spielberg's artistic vision was OK but Scorsese's was not is beyond me — and beyond all rationality.

So stations are left with no clear standard, yet with huge new penalties if they guess wrong. The charges against these stations have to be triggered by complaints. Here is a prediction: Some sharks will find ways to generate complaints against small, poorly financed stations to drive them into bankruptcy so they can purchase their spot on the airwaves for their own purposes. Congress considered none of these issues in the blind rush to show moral indignation.

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I feel the broadcasters' pain. And I want to find a way to ease their burden. There isn't any readily available remedy now on the indecency or must-carry front. But there is another way, one that came to me when I got a release last week from the National Association of Broadcasters toting up their stations' public interest activities.

According to the NAB, such public-interest efforts add up to more than $10 billion for the year. The figure, the NAB says, is actually an understatement since it includes only direct activities such as public service announcements.

What a load on the broadcasters! All these other problems and a $10 billion burden. Of course, the burden is there because of the compact the public has had with broadcasters since they were first granted portions of the public airwaves — that in return for that use, they would have requirements to fulfill public interest obligations. When I co-chaired a presidential advisory committee in the late 1990s to look at their public interest obligations as we headed toward the digital age, the broadcasters on the panel regularly complained about the difficulty of meeting the obligations that already existed.

My commission proposed an altered set of public-interest obligations for the digital age. The FCC promised several years ago to address the issue. Despite the generous grant of valuable public airwaves for the broadcasters to convert to digital transmissions, the FCC so far has failed to do so. I think it is time to find another model that takes into account the challenges broadcasters face.

Here is what I propose: relieve the broadcasters of their onerous public interest obligations. All of them. In return, charge them fees that amount to a paltry 20 cents on the dollar for what they have been doing (or what they say they have been doing). That would be $2 billion per year. Do so for only seven years, and then leave them free and clear. Put the money into an endowment fund that ultimately would total $14 billion (plus interest) for public broadcasting. (I am on the board of PBS, which I mention not because I have a conflict of interest — my compensation consists of an occasional PBS windbreaker or DVD — but because I have an abiding interest in the one outlet that exists to serve the public interest and is eager to do so.)

In return for this endowment, public broadcasters would relieve Congress of the burden of annually appropriating money for it. Since Rep. Ralph Regula (Ohio) and other Republicans in Congress have been trying for several years to cut those funds (and indeed have a plan to zero them out by 2009) this will be a big bonus for the lawmakers. They could cut the federal budget without the huge outcry that now comes every year from huge numbers of voters in every district who love PBS.

In the meantime, public broadcasting avidly would take on all the public interest burdens that now beset the commercial broadcasters. It could offer a separate digital channel for public affairs that offered time for candidates to get their messages across, for campaign debates, issue discussion and expanded news analysis. And of course, they would extend these efforts to the Web and other new media.

Public broadcasters could run a separate health channel, going well beyond the commercial ventures to include massive amounts of accessible information on every debilitating disease, and facilitate interactive communications with patients, families, doctors and researchers on them. It could facilitate community service through every individual station, provide readily available digitized archives of materials from museums, schools and other cultural institutions and expand all kinds of educational opportunities.

Here is a win-win-win — for commercial broadcasters now groaning under the weight of a $10 billion annual public-interest burden, for a Congress now grappling with a budget deficit and for public broadcasters now searching for a consistent source of funding to fulfill its mandate. Are you listening, Reps. Fred Upton (R-Mich.) and Ed Markey (D-Mass.), and Sens. Ted Stevens (R-Alaska) and John McCain (R-Ariz.)? Any takers?

Norman Ornstein is a scholar at the American Enterprise Institute.

Razzle-Dazzle 'Em Ethics Reform (NYT)

The New York Times, June 21, 2006

The House ethics committee, ever wondrous in its irresponsibility, is preparing to set itself up as the arbiter of one-stop, conscience-free junket approval for gadabout lawmakers. Last winter, as the stain of the Jack Abramoff lobbying scandal spread, Speaker Dennis Hastert impulsively — and properly — called for a total ban on junkets financed by private favor seekers. But lawmakers, globe-trotting at the giddy rate of $10 million a year in free private excursions, rebelled. They killed the ban outright and substituted cosmetic panaceas for their promised ethics reform.

The end product would have the ethics committee — long a still-life study in Capitol dysfunction — snap into action to prejudge junketeering requests. This should be great for the lawmakers, who will be able to wave rubber-stamped in-House visas when faced with constituents' questions about how come their tours of global trouble spots so often hit Paris.

The ethics committee would, at least, have a great deal of expertise in its new duties. It turns out the 10 committee members and their aides have enjoyed 400 privately financed trips worth $1 million in a recent five-year stretch, according to a new accounting by the independent Center for Public Integrity. Leading the beneficiaries with 80 trips worth $245,000 was

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Representative Howard Berman, a California Democrat, a member of the International Relations Committee and one of the principals in giving a bipartisan patina to this latest evasion.

Clearly, lawmakers are gambling that the scandals nipping at their heels will pale by Election Day. Not so: as the new House rules were being cobbled together, David Safavian, a former White House aide, was found guilty of lying about his ties to Jack Abramoff. No less significant, Mr. Abramoff has reportedly received three additional months' grace before going to prison so that he can cooperate more fully with criminal prosecutors looking into the ethical misbehavior that finds Congress in deep denial.

OTHER NEWS:

Softer Housing Sector Is Seen, But Data Don't Point To Collapse (WSJ)

By Christopher Conkey And Michael Corkery

The Wall Street Journal, June 21, 2006

U.S. home builders stepped up the pace of new construction in May after three months of declines, a sign that the housing market is softening but not collapsing.

The Commerce Department said housing starts rose 5% last month from April to an annual rate of 1.96 million units, but were down 3.8% from a year earlier. Building permits, an indicator of future trends in new residential construction, fell 2.1% last month and were running 8.5% lower than a year earlier.

The faster pace of new-home building in May is confirmation that the housing market is experiencing what Federal Reserve Chairman Ben Bernanke recently described as an "orderly and moderate" correction following last year's peak. That bodes well for the economy, though analysts anticipate more weakness in the housing market during the rest of the year.

"Housing starts surprised to the upside, but May's rebound is almost certainly a temporary pause in the downward trend," said Haseeb Ahmed, U.S. economist at J.P. Morgan Chase & Co. Other economists were puzzled about why builders would keep ramping up the supply of new homes when demand is on the wane. Daniel Oppenheim, an analyst at Bank of America Securities, said the gap between starts and sales traffic was at the "highest level in at least the past 20 years," a development that would lead to "even higher inventory and more pricing pressure."

There are proliferating signs that builders are responding to widespread expectations that the housing boom is ending. Robert Toll, chief executive of Toll Brothers Inc., the luxury-home builder based in Horsham, Pa., said the industry also faces an increasingly negative psychology among prospective buyers, despite historically low interest rates and a relatively strong economy. He attributes some of that negativity to media reports about the housing slowdown. "If you go to a party and tell people that you bought a new house, people look at you like you are crazy," he said.

Toll Brothers last month reported that orders for new homes fell 32% in the latest quarter. On Monday, KB Home, the big Los Angeles builder, said it had laid off some 7% of its workers.

In May, starts of single-family homes rose 2.1% from April, but were 7.6% lower than a year earlier, with the declines particularly pronounced in the Midwest. The South is the only region where the rate of new-home construction is up from a year earlier.

One bright spot for builders has been the construction of apartment buildings. Housing starts for residential structures with five or more units leapt 25.4% in May and were nearly 15% higher than a year earlier.

Home Building Rebounds After 3 Months Of Decline (NYT)

By Jeremy W. Peters

The New York Times, June 21, 2006

Construction of new homes rose in May, bouncing back from a disappointing April, the federal government reported yesterday. But the improvement may prove to be a temporary blip, as other numbers in the report pointed to a slowdown in the coming months and a market that is less robust than a year ago.

The Department of Housing and Urban Development said new construction rose 5 percent in May, to a seasonally adjusted annual pace of 1,957,000 homes. Still, that number was 3.8 percent less than in May 2005.

The increase was not a sign of an upward trend, but more likely a rebound after three months of significant declines, economists said.

Many economists had predicted less of a bounce.

"The one we got was larger than expected, but certainly not enough to overturn the idea that housing is in a contraction," a group of economists from Goldman Sachs wrote in a research note.

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Stuart G. Hoffman, chief economist of PNC Financial, said the upturn in May probably "marks one of the housing market's last hurrahs."

The stock market had little reaction to the report. The Standard & Poor's 500-stock index was virtually unchanged. The Nasdaq composite fell slightly, while the Dow Jones industrial average rose slightly. [Page C9.]

In a sign that construction is likely to taper off, the number of building permits declined considerably in May, to its lowest level since 2003. The rate was 2.1 percent lower than in April and down 8.5 percent from a year earlier. The decline in the number of permits usually shows up in the construction numbers within three months.

Taken with other signs of slower growth in housing — like a record number of unsold new homes on the market and a darkening financial outlook among builders — the new construction numbers point to an overall slowdown from the boom of the last few years, economists said.

"I don't think there's anything scary about what's happening in the housing market," Patrick Newport, an economist with Global Insight, said. "It's just a slowdown from record-high numbers. It's just slowing down to a more stable pace."

The government report hurt the stock values of some of the largest home-construction companies.

Shares of Toll Brothers, the largest builder of luxury homes, and D. R. Horton, the largest home building company, both posted losses. Other large home builders — the Centex Corporation, Pulte Homes and the Lennar Corporation — were also down for the day.

The stock values of most major home construction companies have been pummeled over the last year. Since the beginning of the year, the Bloomberg United States home builders index, which includes the largest construction companies, has fallen nearly 30 percent.

The rise in new construction last month was helped by the continuing surge of building in the West, where new construction jumped 15.8 percent from April's levels. The building rate in the South also posted an 8.5 percent gain from April. Housing starts were up only marginally in the Northeast and fell 15.8 percent in the Midwest.

The report also showed strong growth in the construction of apartments, a sign that high interest rates are beginning to affect the housing market.

"As interest rates start to rise, particularly mortgage rates, it becomes more expensive to purchase a home," said Bernard Baumohl, executive director of the Economic Outlook Group in Princeton, N.J.

And as purchases of single-family homes slow, so does the economy, he said. "Does the continued strength in apartment building bode well for real estate and the economy? Not quite."

The government report showed a 25.4 percent increase since April in the construction of structures with five units or more.

Yesterday's housing report was the latest to suggest a slowdown. On Monday, a survey of home builders found their collective view of the current business climate at the lowest level since 1995.

Last week, the Federal Reserve also cautioned that the housing market appeared to be cooling. In its Beige Book report, the Fed said that building had slowed in most regions and that too many homes were being built in some regions.

Housing Starts Rebound From 13-Month Low (WP)

By Victor Epstein

The Washington Post, June 21, 2006

U.S. home construction rebounded in May from a 13-month low as builders worked on backlogged orders and used incentives such as free car leases to win new business.

Housing starts rose a greater-than-expected 5 percent, to an annual rate of 1.957 million, the Commerce Department reported yesterday. Building permits, a sign of future construction, fell 2.1 percent, to an annual pace of 1.932 million, the lowest since November 2003.

While the increase in starts does not change the outlook for a cooling housing market, the number may reassure investors and Federal Reserve policymakers that the slowdown will not become a rout.

"The message the Fed's going to take away from this starts report is that the roof's not caving in on housing and they can keep raising interest rates," said Stuart Hoffman, chief economist at PNC Financial Services Group Inc. in Pittsburgh.

The annual rate of housing starts in May is still below the 1.972 million pace recorded in March. Construction has averaged an annual rate of 1.931 million units in the past three months, the lowest since September to November 2004.

Slowing sales have left a record numbers of unsold homes on the market. There were 565,000 new and 3.4 million previously owned residences awaiting purchase in April, according to the National Association of Realtors and the Commerce Department.

Strong Start To Trading Fizzles On Doubt (USAT)

DOJ_NMG_0036612

By From Wire Reports
USA Today, June 21, 2006

NEW YORK — The Dow made a half-hearted attempt to get back above 11,000 Tuesday but couldn't hang on.

Better-than-expected news on the housing front triggered a rally that had the Dow Jones industrial average up 88 points at 11,030 before interest rate worries prevailed and the Dow closed up just 32.73 points at 10,974.84.

And it was the only one of the three major U.S. indexes to end the day with a gain. The Standard & Poor's 500 dipped 0.02 points to 1240.12, and the Nasdaq composite fell 3.36 points to 2107.06.

Trading got off to a strong start after the Commerce Department said U.S. housing starts rose in May faster than economists had forecast. But the focus soon shifted back to the big uncertainty surrounding the Federal Reserve's meeting next week. Traders say a lack of economic data will likely make investors unsure about buying stocks until the Fed's interest rate decision.

Jay Suskind, head trader at Ryan Beck & Co., says Tuesday was more of a quiet stabilization in the market after Monday's sell-off. “Inflation, stagflation, interest rates — there are all those words out there making this a very tough market,” he says.

Although May housing starts were better than expected, a weak June outlook dragged down home builders. D.R. Horton fell 61 cents to $23.40, Hovnanian Enterprises lost 34 cents to $28.65, and Toll Bros. slid 49 cents to $26.05.

·Warner Music Group dropped $1.16 to $26.18, while China Unicom rose 7 cents to $8.66. Warner signed a deal to distribute music to mobile-phone operator China Unicom's wireless customers.

·CFC International jumped $5.11, or 45%, to $16.41 and was the Nasdaq's biggest gainer. Illinois Tool Works is acquiring the holographic and specialty coated film producer for $16.75 a share, or about $90 million. Illinois Tool shares added 17 cents to $47.60.

·Actuant skidded $10.12, or 18%, to $46.58. The industrial manufacturer said its third-quarter profit grew 34% but forecast lower earnings in the fourth quarter.

·Greenhill & Co. climbed $2.37 to $55.08 on news the investment bank agreed to buy Canada-based investment firm Beaufort Partners for an undisclosed amount.

·Golf Galaxy sliced off $2.51 to $12.43. The golf retailer posted a higher first-quarter profit but cut its guidance for the year.

Dow Rises 32.73 After Rate Fears Rein In Gains (WSJ)

By E.S. Browning
The Wall Street Journal, June 21, 2006

After initially pushing higher in response to reassuring housing-construction data, stocks ran out of steam yesterday and finished with a sigh.

The Dow Jones Industrial Average clung to a gain, rising 32.73 points, or 0.30%, to 10974.84. It had been up as much as 87.72 points at midday. It remains ahead 2.4% for 2006, but down 5.7% since hitting a six-year high on May 10.

Most stocks finished down. The broad Standard & Poor's 500-stock index edged down 0.02 point, virtually unchanged in percentage terms, to 1240.12, still down 0.7% for the year. Volatile tech stocks were among the harder hit, driving the tech-heavy Nasdaq Composite Index down 0.16%, or 3.36 points, to 2107.06, a decline of 4.5% for the year.

Some economists are starting to predict that the Federal Reserve could raise its target for short-term interest rates three more times this year, starting at the central bank's meeting of policymakers Wednesday and Thursday of next week, to prevent inflation by slowing the economy. If the Fed continues its practice of quarter-point increases each time, it would push the target rate to 5.75%, higher than most investors expected just a few weeks ago. Rising rates crimp corporate profits, and uncertainty about how high they will go makes investors nervous about owning stocks and other securities.

Yesterday, "investors used the opportunity to sell into the rally," which explains the weak finish, said stock trader Larry Peruzzi at Boston Company Asset Management. He said he saw many late-day computer-driven trades, suggesting that some investment pros have decided to use stock gains as an opportunity to pull back until the outlook becomes clearer.

The day started on an upbeat note, with stocks rising after May housing starts came in stronger than expected, even as new building permits fell. The data quieted fears about a sharp housing downturn, suggesting that any real-estate decline is occurring at a moderate rate.

Foreign stocks were little changed on the day, as were oil futures. Gold futures, which have been under fire, rebounded $8.10 to $576.90 a troy ounce.

Outside the U.S., stocks were unchanged in dollar terms. The Dow Jones World Stock Index, excluding U.S. stocks, remained at 202.37.

In major U.S. market action:

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Stocks were mixed and bond prices fell. The 10-year Treasury note fell 2/32, or 63 cents for each $1,000 invested, pushing the yield up to 5.151%. The 30-year bond was down 4/32 to yield 5.189%.

The dollar weakened, to 114.93 yen, down from 115.42; the euro rose to $1.2583 from $1.2577.

Facing Up To Inflation (WP)

By Robert J. Samuelson

The Washington Post, June 21, 2006

If the Federal Reserve raises interest rates at the end of June, as seems probable, it will likely be criticized for making a fetish of inflation and, in the process, risking an American or global recession. There are already signs that the U.S. economy is slowing. Stock markets around the world have declined sharply. Why should the Fed make matters worse by nudging up rates even a tad? This is a sensible-sounding complaint. Based on what we now know, it's also wrong.

We have an inflation problem that we need to cure before it gets worse. A central lesson of the past half-century is that inflationary psychology, once embedded in price- and wage-setting practices, is stubborn and destructive. It leads to frequent recessions. It stunts the rise in living standards. People detest it. They're frightened by rapid and unpredictable price changes. We learned these lessons the hard way. From 1960 to 1979, inflation rose from 1.4 percent to 13.3 percent. Only the horrific 1980-82 slump (peak monthly unemployment: 10.8 percent) repressed it.

The job of the Federal Reserve is "to take away the punch bowl just when the party gets going," William McChesney Martin Jr., the Fed chairman from 1951 to 1970, once famously said. As business cycles mature, inflationary and speculative pressures build. Demand begins to overtake supply. Companies find it easier to raise prices. Workers find it easier to win bigger wage increases. Greater optimism encourages riskier, often foolhardy, investments. The present economic expansion began in December 2001. It's now showing many telltale danger signs.

Inflation, though nowhere near double digits, is clearly rising. The government last week released the consumer price index (CPI) for May. It was up 4.2 percent from a year earlier. The comparable figures for the past three years were 3.4 percent (2005), 3.3 percent (2004) and 1.9 percent (2003). Even these comparisons may understate the reality. In the past three months, the increase in the CPI on an annualized basis (projected for a year) is 5.7 percent.

The obvious remedy is to slow the economy's growth -- make it harder for companies, workers and landlords to raise prices, wages and rents. But some economists contend that the Fed should discount the latest inflation reports and suspend any further interest rate increases. (The Federal Open Market Committee meets June 28 and 29.) Here's the gist of their argument:

First, the Fed's been raising interest rates since June 2004. The overnight Fed funds rate has gone from 1 percent to 5 percent. Higher interest rates operate on the economy with a delay. Finally, the economy's responding. Home building and consumer spending are weakening. In May industrial production dropped 0.1 percent. Eleven of 17 manufacturing sectors, including autos, declined. Wage increases have been modest. Inflation will subside; it, too, is a lagging indicator.

Second, inflation statistics are misleading and falsely alarming. Oil explains much of the surge. Gasoline prices are up 33.4 percent and home fuel prices 13.5 percent in the past year. Obviously the Fed can't change these. Without them, so-called core inflation (all prices except energy and food) is fairly tame. For the past year, it's 2.4 percent. Even this is skewed by a quirky housing component. The CPI doesn't count home prices directly. Instead, it converts rents into homeownership costs. Because rents are rising, so is homeownership. Weird, say critics.

You should treat these objections skeptically. It's not that they're wrong. But they can all be qualified. Yes, home building is down -- but commercial construction is up. Yes, industrial production dropped in May -- but it increased (0.8 percent) in April. Yes, core inflation is a useful concept if energy and food prices go down after they go up. But if oil prices stay up -- as they are doing -- it's less useful. (Even so, core inflation is outside the Fed's comfort zone of 1 to 2 percent.) Yes, the CPI's housing component is quirky -- but it's not necessarily wrong. Rents are rising partly because home prices have increased so much that more people are forced to rent. If the CPI counted home prices directly, it would have gone up much more in 2004 and 2005.

All these arguments aim to minimize the inflation threat. To anyone who knows the history, this is eerily reminiscent of the 1960s and '70s. Then, economists underestimated inflation. They argued that a bit more wouldn't hurt or that increases reflected "temporary" pressures. In the resulting political and intellectual climate, the Fed pursued easy money and credit policies for too long. It tried to drive economic growth up and unemployment down. The results were perverse: double-digit inflation, four recessions from 1969 to 1982 and higher unemployment.

Since 1982 there have been only two mild recessions. The lesson is that low inflation promotes more stable economic growth. The Fed should heed that. True, it could trip into a recession. But without dramatic evidence of a weakening economy, the greater danger is a renewal of inflationary psychology. It's time for the punch bowl to go.

When Hedging Doesn't Pay Off (WP)

DOJ_NMG_0036614

By David Ignatius

The Washington Post, June 21, 2006

The financial world has been suffering lately from Post-Greenspan Stress Disorder. The new chairman of the Federal Reserve, Ben Bernanke, has been accident-prone, and some investors have gotten the jitters. They might be reassured if they paid more attention to the country's second most powerful monetary official, New York Fed President Timothy Geithner.

Geithner watches for the big, scary meltdowns that could threaten the entire financial system. Like his mentor, former Treasury secretary Robert Rubin, he's a worrier -- always looking for the "systemic risks," the cascading events that can trigger a panicky rush for the exits. He's in a constant dialogue with the nation's biggest banks and investment firms about how they manage risk.

As with globalization itself, the good news and the bad news in these markets is the same -- greater interdependence. Financial markets appear to be better protected today thanks to complicated products, known as derivatives, that allow different kinds of financial risk to be shared and traded around the world. You can hedge against almost anything these days, from hurricanes to interest rate hikes. The danger is that if this complex protective scaffolding ever failed, it could bring some of the global financial architecture down with it.

The past six weeks have been an interesting period for Geithner and his fellow central bankers. Some of the world's smartest investors, who run the exotic portfolios known as "hedge funds," got caught in a sudden, unexpected downdraft in May. The investments that had proved most profitable -- in emerging markets, commodities and other alternatives to large-cap stocks -- all took nose dives. Investment strategies that supposedly were well hedged, so that losses in one sector would be offset by gains in another, turned out to be "correlated," so that they all went down together.

The hedge fund industry prides itself on its "value at risk" (VAR) models. But last month, traders say, some markets moved "six standard deviations" -- in other words, six times the expected range of volatility. The fancy VAR models, based on past experience, failed to predict the actual damage.

The European Central Bank got so worried that it warned this month that hedge funds were the financial equivalent of bird flu and could pose a "major risk for financial stability." And Raghuram Rajan, the chief economist of the International Monetary Fund, cautioned June 8 that hedge fund managers were all chasing the same investment magic they describe as "alpha." This was driving them like a herd into riskier assets and making them all vulnerable to the same potential reversals.

The new alpha-mania may be the market's latest folly. Ordinary investors make do with what's known as the "beta," which means basic market returns as embodied by the Standard & Poor's 500 composite index of stocks. But the pros want to emulate hedge fund managers in chasing the outsize "alpha" returns. Almost by definition, those will come from more exotic investments -- from the tempting emerging markets in China and India, say, or commodities.

"Portable alpha" is the term investment managers have given to the notion that by moving out of the S&P 500 universe, they can match the performance of George Soros. It's an investment version of Lake Wobegon, where all the children are above average. One factor pushing the market is the wildly outsize reward for alpha performance. For the top 26 hedge fund managers, the average pay last year was a jaw-dropping $363 million, according to a survey by Alpha magazine.

Alas, the portfolio managers can't all be above average. Indeed, as more and more asset managers began chasing the outsize returns, they bid up the prices of their pet alternative assets -- to the peak levels from which they began to plummet last month. Since May 10 emerging markets have fallen by about 25 percent, for example. Hedge funds have taken a smaller but real hit. In May the Credit Suisse/Tremont Hedge Fund Index was down 1.3 percent, the first time since October it has posted a negative monthly return.

Geithner's answer has been to stress the basics. In recent speeches, he has urged financial institutions to invest in better back-office infrastructure, so that they know what's on their books and can trade efficiently even during crises. And he urged senior managers to make sure they understand the real risk they're carrying in their portfolios, by conducting tougher "what if" stress testing.

In the financial world, as in most things, people learn only by making mistakes. That's why it's useful to have little crises, like the one that swept through the hedge fund world in May. Lots of little crises reduce the risk of the big one.

Congressional Democrats Pass GOP In Funds (AP-Y2)

AP2, June 21, 2006

Senate and House Democrats, optimistic about their election-year prospects, have more money in the bank for the midterm contests than their Republican counterparts.

Some four months before the voting, the Democratic Senatorial Campaign Committee has $33.5 million cash on hand compared to $18.3 million for the National Republican Senatorial Committee, the groups said Tuesday. The Democrats raised $4.7 million in May; the Republicans collected $4.3 million in the month.

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"Our fundraising success reflects a deep desire for change and recognition that the best way to get things back on track is by electing more Democrats to the Senate," said Sen. Chuck Schumer, D-N.Y., chairman of the Democratic committee.

Although the GOP committees trail in cash on hand, it has the advantage of the presidency and the fundraiser in chief as well as majority control of the House and Senate.

On Monday, Bush helped Republicans raise $27 million for the fall congressional contests, with $15 million for Senate candidates and $12 million for House candidates. The numbers will be reflected in the next filing. The president used the event to reassure Republicans that they will prevail in November.

"We're going to keep the House and we're going to keep the Senate thanks to all of you here," Bush said.

House Democrats said they had $24.5 million cash on hand after raising $5.5 million last month. House Republicans said they had $21.9 million at the end of May after collecting $5.6 million.

Dems Boast Of Fundraising Totals (HILL)

By Jonathan E. Kaplan

The Hill, June 21, 2006

Congressional Democrats yesterday trumpeted the sums of money they raised in the second quarter of the year.

The Democratic Senatorial Campaign Committee (DSCC) has raised $64.2 million in the 2006 election cycle; it raised $4.7 million and spent $3.7 million in May, according to spokesman Phil Singer. The DSCC also reported it holds a 2-1 cash-on-hand advantage over the National Republican Senatorial Committee (NRSC).

“Throughout the country, people are saying that we need a new direction and are looking to the Democrats,” said Sen. Charles Schumer (D-N.Y.), the DSCC chairman. “Our fundraising success reflects a deep desire for change.”

The Democratic Congressional Campaign Committee (DCCC), led by Rep. Rahm Emanuel (D-Ill.), reported having $24.5 million in the bank and raising $5.5 million in May. The House Democrats’ campaign arm started the election cycle with $12 million in debt, which Emanuel said has been reduced to $500,000.

“These new funds are exactly what we need to fight for the new direction that the American people want and deserve,” Emanuel said. “While all the Republicans have to offer the American people is two more years just like the last six and a wageless recovery and an endless occupation, Democrats are fighting for change.”

The National Republican Congressional Committee (NRCC) said it had $21.9 million on hand and no debt at the end of May. The committee raised $5.6 million last month.

DCCC Has Cash Edge For Now (RC)

By Lauren W. Whittington

Roll Call, June 21, 2006

Both House and Senate Democrats ended May with more money in the bank than their GOP counterparts, according to monthly fundraising reports due to be filed Tuesday with the Federal Election Commission.

While the Senate Democrats’ campaign arm has consistently shown more available cash than the National Republican Senatorial Committee this cycle, this is the first time in recent memory that House Democrats have banked more than Republicans.

Their financial advantage isn’t expected to last long, however.

The Democratic Congressional Campaign Committee ended May with about $2.6 million more in cash than the National Republican Congressional Committee. The NRCC had $21.9 million while the DCCC had $24.5 million.

However, that difference is likely to be erased by the time the committees file their June monthly reports, after the NRCC raised $15 million at the annual President’s Dinner fundraiser Monday night. Although that sum is collected over several months’ time, Republicans are confident they’ll regain the financial edge.

“I would expect this is the last month this occurs,” said NRCC Communications Director Carl Forti.

The two committees raised almost even amounts in May, with the DCCC taking in $5.5 million and the NRCC collecting $5.6 million.

But the NRCC’s heavy spending on the special election in California’s 50th district accounted for the cash-on-hand difference.

“We spent what it took in California 50 and we won,” Forti said. “And we will have a resources advantage come fall.”

But that didn’t stop Democrats from crowing.

“These new funds are exactly what we need to fight for the new direction that the American people want and deserve,” said DCCC Chairman Rahm Emanuel (Ill.). The DCCC still carries a little more than $1 million in debt.

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On the Senate side, Democrats raised $4.7 million in May, bringing their total raised for the cycle to $64.2 million. They have raised more than $23 million more than they had at this same point in the 2004 cycle. The Democratic Senatorial Campaign Committee spent $3.7 million in May, leaving $33.5 million in its bank account at the end of last month.

The NRSC collected $4.3 million in the period and as of May 31 had raised $57.8 million in the 2006 cycle. The committee has raised $22.3 million more in the 2006 cycle than it had at this point in the previous cycle.

While the NRSC banked slightly more than the DSCC did in May, the committee's burn rate has been considerably higher for the cycle and Senate Republicans remain at a substantial cash disadvantage. The NRSC had $18.3 million at the end of May compared to the $33.5 million for the DSCC. The NRSC's take from the President's Dinner is estimated to be about $12 million.

Rahm Nixes Second Term (HILL)

By Josephine Hearn

The Hill, June 21, 2006

Rep. Rahm Emanuel (D-Ill.) will step down from the House Democrats' campaign operation after the November elections to spend more time with his family, he told The Hill yesterday.

Emanuel has been a leading strategist, fundraiser, cheerleader and recruiter for House Democrats as chairman of the Democratic Congressional Campaign Committee (DCCC) since the beginning of last year. His uncommon pairing of cunning efficiency and profanity-laced outbursts has won him both plaudits and opprobrium, but nearly all Democrats concede that he deserves substantial credit for their rosy election prospects this year.

"I served one term, and my kids are all at a certain point. They've had it," Emanuel told The Hill. "I'll do whatever the caucus wants in the sense of helping the next chairperson in any capacity, but I will not serve as chairman another cycle." He and his wife, Amy, have three children under 10.

Although most DCCC chairmen serve only a single term, many Democrats welcomed Emanuel's presence and held out hope he would serve a second term.

Emanuel's comments came just as the DCCC was releasing its latest fundraising total. The DCCC raised $5.5 million in May, slightly behind its rival, the National Republican Congressional Committee (NRCC), which raised $5.6 million. The Democrats finished the month with $24.5 million on hand, compared with $21.9 million for the Republicans.

Across the Capitol, the Democratic Senatorial Campaign Committee also beat its counterpart (see related story, Page 6).

Several of Emanuel's colleagues were hopeful that he could be convinced to stay, noting that he had been reluctant to take the position when first offered it by House Minority Leader Nancy Pelosi (D-Calif.).

"I hope he'll change his mind. We're going to have a battle royal in 2008, and we'll need him." said Rep. Artur Davis (D-Ala.). "He expressed the same concerns about family, about lack of time, the last time around."

Rep. Debbie Wasserman Schultz (D-Fla.) concurred.

"I bet there are a whole lot of members who are going to beg him not to leave. We're not above groveling!" she quipped. Still, if he is resolved to step down, she called it a "good news, bad news" situation.

"He's a supertough act to follow. It would be daunting for any member to step into his shoes," she said. "But on the other hand he had created a tremendously solid foundation and firm ground to stand on for his successor."

Emanuel has spent much time on the road in the past year, raising money and recruiting candidates. Pelosi joked in a recent interview that she sees more of his children than he does. He typically carries a leather portfolio filled with his children's letters, photos and drawings, an aide said.

While traversing the country, he has been concerned about fundraising decisions in Washington at the Democratic National Committee (DNC). Emanuel reportedly stormed out of a meeting with DNC Chairman Howard Dean several weeks ago, exasperated that the Republican National Committee (RNC) had banked far greater reserves than its Democratic counterpart.

Asked whether Dean is doing a good job, Emanuel did not directly answer the question.

"We have the resources to do what we need to do to help our candidates," he said. "The DCCC will stay competitive. ... This will be first cycle since 1994 that DCCC will be at dollar parity with the NRCC."

At the end of May, the RNC had $43.1 million on hand while the DNC had $10.3 million.

Dean sent an e-mail to supporters yesterday defending his strategy of spending money on party operations in all 50 states rather than hoarding it for congressional races.

"We're in the middle of our campaign to explain the 50-state strategy and answer questions about its purpose," Dean told backers. He referred to a letter from Utah Democratic Party Chairman Wayne Holland Jr. calling the approach the "future of our party here in Utah."

"'Win for today' is not a long-term strategy by itself, and it has left millions of Americans and vast areas of the country without a healthy political dialogue.

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On ethics issues, Emanuel voiced support for Pelosi's decision to oust Rep. William Jefferson (D-La.) from the Ways and Means Committee while he faces a government corruption investigation, citing the need to chart the high road on ethics.

"There's a clear distinction between the two parties over how a member is supposed to conduct themselves. We threw Bill Jefferson off the committee. They gave [former Rep.] Tom DeLay [R-Texas] a standing ovation on the House floor."

Some of DeLay's former aides have pleaded guilty in a wide-ranging government corruption probe, and DeLay is under indictment in a Texas campaign-finance case.

Jefferson's removal irked members of the Congressional Black Caucus (CBC), who felt he was being unfairly singled out. The group has criticized Emanuel, saying he failed to hire enough minority consultants and did not seek the caucus's counsel. The Congressional Hispanic Caucus has at times registered similar concerns about Emanuel.

The DCCC chairman acknowledges that he has had a rocky relationship with some colleagues.

"There's no doubt I could change my style and be more patient," he conceded, noting that his wife had suggested they name a fourth child Patience as a "subtle reminder."

But he argues that he does not play favorites.

"I am impatient, [but] I'm impatient with everybody. ... I push the Blue Dogs as hard as I push the New Democrats as hard as I push the CBC. Either you do or don't believe this is a historical election."

He lamented a lack of effort from some of his colleagues.

"I've ruffled feathers with a purpose. There's a sclerosis that's set in. I've ruffled feathers of elder members of caucus with intention of recruiting younger members. I've ruffled of New Democrats and Blue Dogs. I've ruffled feathers, no doubt about it."

Tenn. May Give Dems Sixth Senator They Need (HILL)

By Dick Morris

The Hill, June 21, 2006

For months I have wondered which would be the sixth seat the Democrats could win to capture the Senate.

Because Vice President Dick Cheney would, of course, break any 50-50 tie in favor of the GOP, the Democrats, down 55-45 now, have to gain six seats in the 2006 election to get control.

Five prime Democratic targets have been obvious for some time. According to the latest Rasmussen polls, Sen. Rick Santorum (R-Pa.) belongs on the endangered-species list, trailing Bob Casey Jr., his Democratic challenger, by 56-33. Also behind, although by lesser margins, are Sens. Mike DeWine (R-Ohio), who trails Rep. Sherrod Brown by 44-41, and Conrad Burns (R-Mont.), losing to Jon Tester by 48-44.

Burns, handicapped by his association with Jack Abramoff, may be headed to defeat. DeWine, a former client of mine, has manifest campaign skills and could come back, but it doesn't look good.

Ahead of their Democratic challengers but well below 50 percent are Sens. Jim Talent (R-Mo.), who holds a narrow 43-40 lead over Claire McCaskill, and Lincoln Chafee (R-R.I.), who leads Sheldon Whitehouse by 44-42. Talent is a great candidate and could come back but would probably be defeated in a Democratic trend. Chafee, a prime RINO (Republican in name only), never really has captured the hearts of his state after succeeding his father and could also be a casualty of a GOP landslide in one of the country's most Democratic states.

If all five lose, a fair bet right now, who would be the sixth seat without which the Republicans would remain in charge of the Senate?

Now the Zogby poll indicates that Harold Ford, the Democratic candidate to succeed Majority Leader Bill Frist (R) in Tennessee, is running a surprisingly strong race against his three possible Republican opponents. That could be the sixth seat.

Zogby has Ford tied with former Rep. Ed Bryant, with each winning 42 percent of the vote, and trailing by a small margin, 43-41, against former Rep. Van Hilleary. A third possible candidate, Chattanooga Mayor Bob Corker, leads Ford by 46-42.

Ford, one of a new generation of African-American politicians with considerable appeal across party lines, has two defects as he runs for the open seat: He is black in a state with the lowest African-American population in the old Confederacy, and his uncle is facing serious corruption charges. But both of these drawbacks are quite obvious to the voters of Tennessee. If they are insufficient to doom his candidacy, this man may be a winner.

Ford himself is a Southern version of Sen. Barack Obama (D-Ill.), a moderate who has the capacity to attract independent votes. Ford rejects the extreme liberal ideology of many other black Democratic congressmen. He has also, one hopes, absorbed the lessons his ethically challenged family has to teach him about keeping his nose clean. Harold Ford is exactly the kind of black Democrat whom moderates would love to love.

There are other possible problems on the Democratic horizon. The most serious is in New Jersey, where the open seat of former Sen. Jon Corzine (D), now the governor, is contested by Corzine's anointed heir, Democrat Bob Menendez, and Republican Tom Kean Jr., the son of the former governor.

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Rasmussen's polling has Kean holding a narrow 40-37 lead. Since Kean is obviously a statewide name and Menendez has been little-known outside of his district, the congressman would seem to have the edge. New Jersey, once a toss-up state, has become a true blue enclave largely because of Hispanic in-migration, a vote that will turn out in droves for Menendez.

Rasmussen also reports that Maria Cantwell (D-Wash.) has been falling of late in his polling, so that might be another Republican target. But neither Washington state nor New Jersey can be counted on for the Republican Party.

All of this is to show that President Bush had better shake himself up and address the gas-price and energy issues that he has so far failed to speak out about, except for one mention in his long-ago State of the Union address. It is only by an ongoing relevance to this nation's key problem that Bush can hope to avert the disaster looming on the horizon.

Morris, a former political adviser to Sen. Trent Lott (R-Miss.) and President Bill Clinton, is the author of Condi vs. Hillary: The Next Great Presidential Race.

Lieberman Could Put Leaders In Bind (RC)

By John Stanton And Nicole Duran

Roll Call, June 21, 2006

Should Sen. Joe Lieberman (D) opt to run as an Independent for re-election if he is defeated in Connecticut's August Democratic primary by political upstart Ned Lamont, Senate Democratic leaders could find themselves in uncharted political waters in deciding which candidate to back against Republican Alan Schlesinger and whether sanctions would be imposed on Lieberman for leaving the party even temporarily.

Although the Senate has twice before seen incumbents launch Independent re-election bids following a primary defeat — including, ironically, an unsuccessful 1970 run by the late Sen. Thomas Dodd (D-Conn.), the father of Connecticut's other Democratic Senator, Chris Dodd — neither of those instances seems likely to provide a precedent for Minority Leader Harry Reid (D-Nev.) and Democratic Senatorial Campaign Committee Chairman Charles Schumer (N.Y.), according to Associate Senate Historian Don Ritchie.

Publicly, both Lieberman and Senate Democrats insist they are making no plans for a potential bid as an Independent and insist they are confident he will prevail in his party's primary contest.

"He said 'I'm a Democrat, period,'" Lieberman spokeswoman Marion Steinfels said. "Sen. Lieberman has said he always will be a Democrat. This is all speculation. Our campaign is completely 100 percent focused on winning Aug. 8. No one is sitting around strategizing" about an Independent bid.

DSCC spokesman Phil Singer called speculation about a possible Independent run "much ado about nothing: Joe Lieberman is and will remain a candidate in the Democratic primary." Schumer, however, refused to rule out backing Lieberman should he run without the party label when asked about it at a news conference last week.

When pressed on the matter by a reporter, Schumer said: "There are a lot of choices" if Lieberman loses the primary. "You can run as an Independent, you can run as an independent Democrat ... we'll cross that bridge when we come to it."

With Lamont mounting a serious challenge, Senate Democrats are making a point of rallying around Lieberman, with many lawmakers expected to travel to the Nutmeg State in the coming weeks. His Senate Democratic colleagues already have donated more than $49,000 since 2004 to his re-election campaign.

"I disagree with Joe on the war, but there are a lot of things we agree on," one Democratic Senator close to Lieberman said. The lawmaker, who has clashed with Lieberman in the past, nevertheless said that he will travel to Connecticut in the run-up to the primary to campaign for his colleague.

The Senator also argued that Lieberman is the stronger candidate and that a Lamont win could seriously damage the party's ability to take control of the Senate. "Joe Lieberman represents our best chance of taking back the majority. I think that if Ned Lamont wins that primary we're in real danger of losing that seat" in November, the Senator said.

Privately, however, Democrats acknowledge that Lieberman — whose positions on the Iraq war and often close relationship with the Bush administration have rankled many in the party — could force his fellow Senators to choose between backing one of their own and abiding by the wishes of the state's Democratic voters. Lieberman's decision to leave the door open to an Independent run has angered many rank-and-file Democratic activists and has added an unwanted wrinkle to Democrats' long-shot efforts to gain control of the Senate in November.

"Lieberman running as an Independent will do major damage to our party, undoing all the work we have been doing building relationships between Democrats in Washington and the [liberal] base back home," a senior Democratic aide said, warning that "If the DSCC and the establishment support a Lieberman Independent bid, it would send a message to state parties that they don't matter anymore. That would be devastating. Lieberman needs to run in the primary, follow the rules, and work hard for a win. Any other option should be off the table."

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Ari Melber, a former Senate staffer and Web logger on Huffingtonpost.com agreed, saying that, "if he loses the primary and bolts the party for his own political agenda, it would reveal that he is more concerned with staying in power than honoring Connecticut's primary process. In the end, Lieberman brought these questions on himself. He says he is proud of being a Democrat, so why won't he commit to supporting the Democratic nominee?"

Melber also argues that the base's unhappiness with the Connecticut lawmaker goes beyond his position on the war, noting that on several key issues Lieberman has broken with the bulk of his party.

"I think it's about much more than Iraq," Melber said, noting that President Bush and Vice President Cheney "cite Lieberman in speeches to attack broader Democratic plans and values" and that angers the base significantly.

Leadership aides said neither Reid nor Schumer is preparing for fallout from a possible Independent run and insisted no discussions have occurred on whether to back an Independent campaign by Lieberman or whether the Caucus would force him to step down as ranking member of the Senate's Homeland Security and Governmental Affairs Committee.

State party leaders in Connecticut are also hopeful that a three-way race is a dilemma they will not have to face.

"I will be endorsing the Democratic Party candidate, who I anticipate will be Joe Lieberman," said Nancy DiNardo, the state party chairman.

According to Ritchie, an Independent campaign by Lieberman would represent only the third time that an incumbent would have taken such a step in modern Senate history. In the case of Dodd, following his loss to Joseph Duffey in the Democratic primary, he mounted an Independent bid, garnering 24 percent of the popular vote to Duffy's 33 percent, essentially splitting the Democratic vote and allowing GOP challenger Lowell Weicker to win the election. (Lieberman unseated Weicker in 1988, and Weicker would later win election as Connecticut governor running as an Independent.)

However, the Dodd case was significantly different than this year's election. In 1967, Dodd was censured by the Senate for inappropriate personal use of campaign funds, according to Ritchie. Dodd was also neither the chairman nor ranking member of a committee, unlike Lieberman. Lieberman has also not been the subject of any ethics scandals or censure.

Similarly, Lieberman's circumstances are only partially similar to those surrounding the Senate's other example in which former Sen. Jacob Javits (R-N.Y.) ran on the Liberal Party ticket after being defeated in the GOP primary by Alfonse D'Amato. Although Javits was ranking member of the Foreign Relations Committee — and was sworn in as the committee chairman for his last day in the Senate — his 1980 Liberal Party challenge to D'Amato was, according Ritchie, prompted largely out of anger at D'Amato for basing much of his primary challenge on Javits' poor health rather than his record in office.

Lieberman's 'Little Fun' In Animated Ad Rankles Opponent (WP)

By Zachary A. Goldfarb

The Washington Post, June 21, 2006

A couple of old hands in Connecticut politics are ganging up on Sen. Joseph I. Lieberman (D).

George Jepsen, a former chairman of the state Democratic Party and former state Senate majority leader, on Monday endorsed the candidacy of Ned Lamont, a businessman who is closing in on Lieberman in the polls. Lamont's support has come largely from antiwar activists angry with Lieberman's stance on Iraq. Jepsen's endorsement follows one from former senator Lowell P. Weicker Jr., who was defeated by Lieberman in 1988.

"It's a very difficult decision, because I've known Joe Lieberman for 20-odd years, and I like him and I thought he's sincere in what he believes," Jepsen said. "But it's become increasingly clear on most of the major issues of the day that I don't share his values. . . . I personally believe the war is possibly the worst foreign policy mistake of the post-World War II era, and Joe has been an enabler of that."

Recent polls showed Lieberman holding a lead of 55 percent to 40 percent over Lamont among likely voters in the Aug. 8 Democratic primary.

Lieberman's campaign recently posted a Web ad poking fun at the Weicker-Lamont alliance. "Remember Lowell Weicker? Well, bears never forget. He's never gotten over losing his Senate race to Joe Lieberman," says the ad, which features animation of a bear. "But instead of coming out of hibernation, he's sent his bear cub, instead -- Ned Lamont."

Lieberman spokeswoman Marion Steinfels explained the ad as having "a little fun with the Greenwich billionaires uniting against Senator Lieberman." Lamont spokesman Liz Dupont-Diehl called the ad "pathetic."

Lieberman has won a string of endorsements from prominent Democrats around the state, including the state party chairman and state Senate majority leader. One endorsement he won't be getting is that of his 2000 running mate, Al Gore. In an interview Sunday with Al Hunt of Bloomberg TV, Gore called Lieberman "my close friend" but said, "I typically do not get involved in Democratic primaries."

Gore, who has opposed the Iraq war, did endorse former Vermont governor Howard Dean in the 2004 Democratic presidential primaries.Democrats Cash In

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For the first time in recent memory, the Democratic Party's House and Senate campaign committees have more money to spend on races than their Republican counterparts.

Five months before the midterm elections, the Democratic Congressional Campaign Committee ended May with $24.5 million in the bank, compared with the National Republican Congressional Committee's $21.9 million, according to reports filed with the Federal Election Commission yesterday.

The Democratic Senatorial Campaign Committee had $33.5 million at the end of last month and the National Republican Senatorial Committee showed $18.5 million.

Republicans still maintain a wide advantage in one arena. The Republican National Committee ended May with $43 million in the bank; the Democratic National Committee had $10.3 million.Thompson Won't Challenge Kohl

Former governor Tommy Thompson announced Monday that he will not seek the Senate seat in Wisconsin, which leaves Republicans with no major challenger to Democratic Sen. Herb Kohl.

"Governor Thompson will not run for the United States Senate in 2006," Thompson's office said in a statement, according to the Associated Press. "He is enjoying his work in the private sector and decided against a return to public office at this time."

Thompson, 64, announced last month he would not run for governor but left open the possibility of running against Kohl, a three-term incumbent. Once the longest-serving governor in Wisconsin, Thompson resigned in 2001 to become President Bush's first secretary of Health and Human Services.

Lieberman Vs. The Democrats (WP)

By Harold Meyerson

The Washington Post, June 21, 2006

Connecticut Sen. Joseph Lieberman is as seasoned a pol as anyone can find, but he seems to have forgotten the very purpose of elections.

In a remarkable interview he recently gave to The Post's David S. Broder [op-ed, June 18], the Democrats' 2000 vice presidential nominee sounded appalled that his fellow Democrats might, in his state's upcoming August primary, reject his reelection bid because he doesn't think his party should criticize the president on the conduct of the Iraq war. (By most indications, his primary opponent, businessman Ned Lamont, is mounting a strong challenge.)

"I know I'm taking a position that is not popular within the party," Lieberman told Broder, "but that is a challenge for the party -- whether it will accept diversity of opinion or is on a kind of crusade or jihad of its own to have everybody toe the line. No successful political party has ever done that."

That's a rather stunning assertion. If parties were based on the acceptance of diversity of opinion on the most important issues of the day, they would lack the definition to be parties at all. And the conduct and duration of our involvement in Iraq is, by the measure of every single poll, the No. 1 issue in the minds of the American people -- a majority of whom believe that the Bush administration has botched the war about as badly as a war can be botched.

Now, maybe I've had this backward all my life, but I thought that elections were held to enable voters to choose between candidates espousing different points of view on the most important issues. Lieberman seems to believe that elections exist to enable voters not to choose -- indeed, to "accept diversity of opinion." And that if voters have the temerity to go ahead and choose anyway, they have crossed the line between party and sect in their zeal "to have everybody toe the line."

Toe the line? On Iraq? The Democrats? What line would that be? Last week, when the Republican leadership in the House brought forth a resolution that rejected setting a timetable for withdrawing troops and that called the war an integral part of the fight against global terrorism, 42 Democrats voted yes and 149 Democrats voted no. This week two groups of Democratic senators have introduced rival resolutions on Iraq policy in the Senate: one calling for the withdrawal of most ground troops by July 1, 2007, and the other calling on the president to begin phased redeployment of troops by the end of this year.

Whatever the Democrats' flaws, moving in lock step on Iraq isn't one of them. Indeed, the Republicans seem to have concluded that the uniformity of their own message on Iraq -- unpopular though it may be -- plays better than the Democrats' cacophony.

Lieberman's problem is not that he faces expulsion from a sect but that he has chosen to stand outside what remains a big, messy tent of a party. Moreover, he seems to have reversed the roles that the two parties play when it comes to Iraq.

By criticizing the president on the war, he has said, the Democrats are playing partisan politics. His opponent, Lieberman told Broder, criticized him for breaking "Democratic unity. . . . Well, dammit, I wasn't thinking about Democratic unity. It was a moment to put the national interest above partisan interest."

How's that again? To criticize Bush on the war is partisan, while refusing to criticize Bush on the war affirms the national interest? That's taking a rather partisan -- a pro-Bush partisan -- view of the national interest. Lieberman is surely right that one party has exploited the war for partisan gain, but that party is the GOP. From forcing through a resolution authorizing the war on

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the eve of the 2002 elections to last week's vote in the House, the Republicans have continually used the war to play gotcha with any Democrats from swing states or districts with the guts to dissent from the administration's non-reality-based view of the conflict.

In talking with Broder, Lieberman also expressed a kind of wry nostalgia for the pre-primary days when political bosses could assemble slates of candidates essentially by themselves. But the last stand of the bosses came in 1968, when machine-appointed delegates to the Democratic National Convention nominated Hubert Humphrey for president even though the voters in those states that had held primaries had favored the anti-Vietnam War candidacies of Robert Kennedy and Eugene McCarthy. Thereafter, delegates in every state were selected in primaries and caucuses, as party leaders concluded that voters would demand -- and even deserved -- a say on issues as fundamental as Vietnam. To Joe Lieberman's apparent dismay, Iraq is just such an issue, and the voters of his state are just irresponsible enough to judge him on it.

The Great Democratic Hope (WSJ)

By Ross Douthat

The Wall Street Journal, June 21, 2006

Iowa and New Hampshire are still 18 months away, but the 2008 presidential campaign has already entered its Cuomo hour -- the twilight period before a race when the press grows weary of the likely candidates and begins casting about for big names and dark horses. It's a moment when imaginations run wild: Conservative pundits confidently announce that only Rudy can beat Hillary; a glorified PowerPoint presentation is all it takes for Al Gore to be anointed savior of his party; and the fence-sitting politicians who want to run for president someday try to read the tea leaves and figure out if that someday should be now.

History suggests that the answer should be "yes" for almost all of them, potential frontrunners and long shots alike. If Rudy Giuliani ever wants to run, for instance, the case for him to do so in 2008 is practically airtight. The nomination is up for grabs and every rival has a weakness; the GOP will be looking for a white knight to replace a weakened president; and Mr. Giuliani's socially liberal record won't go away with time, whereas his personal appeal will fade as the memory of 9/11 diminishes. A similar calculus holds for Mr. Gore: If he wants to make another run, he's unlikely to have a better foil than Hillary Clinton or a media more likely to rally to his side. * * *

But consider a more difficult case -- Barack Obama, the Great Democratic Hope, who's currently pegged as a frontrunner for 2012, or perhaps 2016 or even 2020. Would it be presumptuous for Illinois's junior senator to run this time around, on the basis of charisma, a compelling personal story and just a few short years in Washington? Of course it would -- but it might also be the smartest thing he ever does.

Yes, Mr. Obama is young and untested; yes, there are older, better-qualified names in line ahead of him. But he's in the Senate, where presidential aspirations go to die, and his political stock may never be higher than it is right now, when liberal Democrats and centrists alike project their dreams upon him, undimmed by the disappointments and compromises of a long career. For the moment, he's part Clinton, part Roosevelt, part JFK and MLK; but in eight or 12 or 16 years, he might be John Kerry.

Would Mr. Obama win in 2008? Probably not -- though he's breaking records as a fund raiser, and sparking more enthusiasm from Democratic audiences than any of the other '08 hopefuls. As the New Republic's Ryan Lizza has pointed out, there will be no incumbents in 2008 to unseat, either in the primaries or the general election, whereas "if he waits until 2012, he will face the historically impossible task of unseating the incumbent president of his own party, or the historically difficult task of unseating the incumbent president of the opposition party." Meanwhile, 2016 and 2020 are eternities away. And as with John Edwards, a good showing in the primaries could make Mr. Obama the presumptive VP nominee -- while unlike Mr. Edwards, he'll have a Senate seat to fall back on if he loses.

The danger, of course, is that he might peak too soon -- the fate of Harold Stassen, for instance, who ran well in the 1948 GOP primaries and badly in eight presidential elections thereafter -- or else get laughed off the stage as an overly ambitious greenhorn. But in presidential politics, it's usually better to run too early than to wait, and wait, for a perfect moment that may not come. Losing the 1988 primaries at age 39 didn't hurt Al Gore's long-term prospects; it didn't hurt Ronald Reagan's future chances that he ran, and lost, against Gerald Ford in 1976; losing to George W. Bush in the 2000 primaries doesn't seem to have damaged John McCain's '08 hopes. Mr. Edwards was mocked as callow in 2004, but his VP slot on the Kerry ticket carried him to the doorstep of the White House. And sometimes you even shock the world and win -- as Bill Clinton did in 1992, like Jimmy Carter and JFK before.

Wait too long, on the other hand, and time can pass you by. Think of the Democratic bigwigs -- Mario Cuomo, Sam Nunn, Bill Bradley -- who declined to take on George H.W. Bush in 1992, preferring to wait for a more propitious moment. More recently, Hillary decided that 2008, not 2004, was the perfect year to make her bid, and while she may yet be proven right, you have to wonder if she might have improved on Mr. Kerry's close-but-no-cigar showing against George W. Bush.

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Fence-sitting politicians will always be tempted to take a page from Richard Nixon, the most Machiavellian campaigner of them all, who supposedly bided his time after his defeat in '60, sitting out the 1964 race and letting the moment come to him. But Nixon didn't sit out '64, exactly -- in the months before that year's GOP convention he plotted on the sidelines, lining up chits and calling on donors, ready to seize the nomination if it seemed to be on offer. 1964 was hardly a perfect year for him to run, and it would have been a far harder race than the next election proved to be. But Nixon knew what today's political Hamlets would do well to remember -- that the perfect is the enemy of the best, and that if you want the White House you have to seize the day, because the "next election" doesn't always come.

Mr. Douthat is an associate editor at the Atlantic Monthly.

The Democrats Reassess (WP)

By Dan Balz

The Washington Post, June 21, 2006

This is idea week for the Democratic Party.

On Monday, three veteran party strategists -- William Galston, Stan Greenberg and Ruy Teixeira -- launched a Web site (http://www.thedemocraticstrategist.org) with the goal of generating fact-based, empirically tested theories that might help Democrats resolve their policy differences and win more elections.

Yesterday saw another launch party, this time for Democracy, a quarterly journal that also will be available online (http://www.democracyjournal.org). The magazine will be edited by Andrei Cherny and Kenneth Baer, two younger veterans of recent party wars. Their goal is do for the Democrats what journals such as Public Interest did for conservatives and Republicans decades ago, which is to bring forward big ideas to challenge what they regard as the tired thinking that grips Democratic politicians.

On Thursday, NDN (formerly the New Democrat Network) will convene its annual conference. NDN, founded by Simon Rosenberg, has recently been in the forefront of moving beyond differences between centrists, liberals and the new world of blogs and net-roots activists, all with an eye toward tipping the political balance back in a Democratic direction.

Those in the middle of these events share a similar conviction, which is that for too long Republicans have been winning the battle of ideas (and often campaign strategy) in American politics, in part because conservatives invested in what is now a well-funded infrastructure of organizations that have produced ideas, thinkers, publications, strategists, and politicians who now control the White House, Congress and increasingly the federal judiciary.

There is also a belief shared at least by some of the participants that Democrats have ridden for too long on what are the fumes of the New Deal and the Great Society, which sustained Democrats for half a century. The first issue of Democracy offers articles on rethinking how to finance the health-care system, the economic and security challenges posed by differing birthrates around the world, and alternatives to redistribution to reduce inequality. The Democratic Strategist provides essays on competence as a campaign theme, protecting voting rights and demography's impact on politics.

Doug Hattaway, a Democratic communications consultant who worked for Al Gore's presidential campaign in 2000, recalled a moment of epiphany during a focus group of Democratic operatives and marketing professionals he attended last year. The participants were asked to say what Democratic accomplishments they were most proud of. Their responses filled several pages on a flip chart set up in the focus group facility. "We all realized there was nothing there within the past 30 years," Hattaway said.

Many Democratic politicians are still tied to past glory and what worries some of the progressives trying to generate new ideas is that elected officials are divorced from what is a lively debate-in-the-making on national security and domestic challenges. "Somehow or another this conversation does not really make its way to Democratic politicians very much," said Michael Tomasky, editor of the liberal American Prospect.

The lone exception he cited was Bill Clinton and his presidency.

Baer offered a sharper critique of the politicians, criticizing as poll-driven and uninspired the 2006 campaign agenda issued by congressional Democrats. "You could go through it line by line and write the poll questions that generated each line," he said.

The people in the middle of the Democrats' idea week seem to agree on another point, which is that the two-decade-old battle between party centrists and liberals may have run its course. "I think the old centrist-liberal debate in the party is to some extent dead," Teixeira said. "I think people have lost interest in that."

Galston noted that, while he is a charter member of the centrist movement, he split with many of his friends at the Democratic Leadership Council by opposing the war in Iraq. Rosenberg has been looking for fusion between center and left, between old strategist and new bloggers. On everything from fighting terrorism to assuring economic security in a time of globalization, many of these activists believe, the party will have to put aside left-right battles of the past and come up with fresh ideas.

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It was left to some conservatives to offer Democrats comfort. Historian Francis Fukuyama, who has broken with other neo conservatives over Iraq, said the conservative era may be ending. "It does seem to me that the country is way overdue for one of those big pendulum swings back," he said.

William Kristol, editor of the conservative Weekly Standard, also reminded the progressives that internecine battles can be constructive, recalling vicious fights over the years that he said resulted in stronger conservative movement. "It's a big mistake when people lament that, gee, there's too much infighting on our side," he said.

Merrill Apparently Shot Himself On The Bay (WP)

By Eric Rich

The Washington Post, June 21, 2006

Philip Merrill, the prominent publisher and former diplomat whose body was found floating in the Chesapeake Bay on Monday, suffered from a heart condition and apparently took his own life, his family said last night.

Merrill, 72, was found with a shotgun wound to the head and a small anchor tied around one or both ankles, according to a source familiar with the investigation.

"Obviously, he took his own life," the source said, speaking on condition of anonymity because the results of an autopsy had not been announced. "This is not an accident."

Merrill, who was famously brash and determined as the leader of a publishing empire that includes Washingtonian magazine and the Capital newspaper of Annapolis, lately had become fatigued and unmotivated, his family said in a statement late yesterday. They said he had undergone heart surgery a year ago and was on several medications as a result.

"Over the past four weeks we've observed that his spirit dimmed," the family said.

"We were concerned for his welfare but never imagined he would consider taking his own life," they said. "Unfortunately, with the same resolve and single-mindedness that made him so effective as an executive he appears to have made his decision to carry out his actions with tragic consequences."

The development was a startling turn in a series of tragic events that began June 10, when his boat was found under sail but empty and drifting in high winds. A massive search that day and for days later yielded nothing. Then, on Monday, a recreational boater found his body close to a shipping lane off Poplar Island, more than 11 miles from where his boat, the Merrilly, had been found.

"To be honest with you, I'm speechless," Tom Marquardt, executive editor of the Capital, said last night. "This ending does not change his accomplishments one iota."

Merrill was assistant secretary general to the North Atlantic Treaty Organization in the early 1990s and president of the Export-Import Bank of the United States from 2002 until last year. He frequently took time away from his business to pursue diplomatic and intelligence assignments for the government. He served six administrations, mostly in the State and Defense departments.

His death recalled two other high-profile incidents involving prominent Washington area residents. In 1996, former CIA director William E. Colby died from drowning and exposure after falling from a canoe off Charles County. After his body was recovered more than a week later, authorities said he probably had a stroke or heart attack before the accident.

In 1978, another former high-level CIA employee, John A. Paisley, disappeared while sailing across the Chesapeake Bay. His body was found a week later near Solomons Island with a fatal gunshot wound in an apparent suicide.

Ex-Anchor Adrift After CBS News Cuts His Workload (WP)

By Howard Kurtz

The Washington Post, June 21, 2006

Dan Rather accused CBS executives yesterday of not having "lived up to their obligation to allow me to do substantive work there" as the network announced his departure after a 44-year career.

CBS officials heaped praise on the longtime anchor, even as they were ushering him out the door yesterday. Rather, for his part, made clear his frustration with the network for refusing to renew his contract or give him an ample workload at "60 Minutes."

His departure "represents CBS's final acknowledgement, after a protracted struggle," that the network was making inadequate use of him, Rather said in a statement. "As for their offers of a future with only an office but no assignments, it just isn't in me to sit around doing nothing."

CBS News President Sean McManus tried to accentuate the positive, likening Rather's career to those of Edward R. Murrow and Walter Cronkite.

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"I'm sad this day has come," he said, "but really hope the challenges Dan talked about for him in the future provide the ability to do the great kind of work he wants to do."

Asked why the network is dropping the 74-year-old Rather, McManus said: "We just couldn't come up with an arrangement that had enough work to satisfy both him and CBS. If there had been a scenario that would have provided a workload that made sense for both CBS and Dan, we would have pursued that, but unfortunately that was not the case."

The network says it plans to pay tribute to Rather in a prime-time special this fall and is making a donation to his Texas alma mater, Sam Houston State University. Rather is expected to leave this week, well before the November expiration of his contract.

Rather, who anchored the "CBS Evening News" for 24 years, relinquished the post early last year after apologizing for a 2004 story -- based on documents that could not be authenticated -- that charged President Bush had received favorable treatment from the National Guard three decades ago.

McManus would not address whether the botched Guard story, which prompted the resignations of three senior network executives and the firing of Rather's producer, was a factor in CBS's decision to end Rather's career there. On the advice of company lawyers, McManus never met with Rather.

"It would be silly for me to try to list his enormous accomplishments and the contributions he made to CBS News," McManus said. "As time goes by, people will probably appreciate those more and more. I have nothing but respect and admiration for Dan Rather." CBS chief executive Les Moonves also hailed Rather in a statement for his "singular passion" and "dedication."

The Washington Post reported the decision to drop Rather last week, citing network sources as saying there was no room for him on "60 Minutes," in part because the program must find time for two part-time contributors, incoming anchor Katie Couric and CNN's Anderson Cooper.

"I'm going to miss him, just because he's been part of my life for so long," said Bob Schieffer, who met Rather while covering the Kennedy assassination and served as his interim successor. "I truly believe Dan Rather was a major figure in American journalism in the 20th century. His successes were larger than life, and his mistakes were larger than life."

While some CBS staff members say the network is treating Rather shabbily, many believe that he badly damaged the news division with his mishandling of the Guard story and that his departure is overdue. A number were shaking their heads over his recent comment to the New York Times that, having had little to do lately, he had gone five times to see the George Clooney film about Murrow, "Good Night, and Good Luck," sometimes by himself.

Rather covered wars from Vietnam to Yugoslavia to Iraq, political conventions and plenty of hurricanes in between, landing big interviews along the way. He was the first to interview President Bill Clinton after his impeachment, and the last Western journalist to sit down with Saddam Hussein before the 2003 U.S. invasion.

But Rather was also a lightning rod for conservatives, especially after his confrontational 1988 interview with Vice President George Bush over the Iran-contra scandal.

Mark Cuban, the billionaire owner of the Dallas Mavericks, confirmed on his blog that he is in discussions with Rather about launching a program on HDNet, a high-definition channel that reaches about 3 million homes. "We hope to do a deal where he produces a show that uncovers news. Information with a payoff. . . . I will tell you that there won't be any corporate considerations. No earnings per share issues. No worries about advertisers and what they might think," Cuban wrote.

Rather, who commanded a multimillion-dollar salary as the face of CBS News, maintained yesterday that "too much is made of anchors and their personalities, their ups and downs," as opposed to questions about the role of a free press and the "corporatization" of news.

Michael Wolff, a Vanity Fair columnist, called the CBS executives "a bunch of phony balonies" for praising Rather while dismissing him. "They looked at this with some amount of cold logic," Wolff said. "He's disgraced, he's old and we have a whole new era that's beginning, so let's get rid of him. It has no decency or compassion."

John Hinderaker, a lawyer whose conservative blog raised early questions about the disputed Guard documents, said it was "really indefensible" for Rather to have stood by the story for nearly two weeks. But, he said, "I've got some sympathy for the view that he had a long and distinguished career and that one episode shouldn't negate a lot of years of hard work. I always kind of liked the guy. He was a little quirky, an old-fashioned anchorman."

Rem Rieder, editor of American Journalism Review, said Rather "certainly brought on a lot of his own problems with the National Guard story. But given his long history with CBS and all the work he's done, you just wish there would have been a more graceful way to end this saga. One of the hardest things in life is knowing when it's time to go."

Rather Steps Down From Post At CBS News After 44 Years (WT)

By Jennifer Harper

DOJ_NMG_0036625

The Washington Times, June 21, 2006

CBS News veteran Dan Rather will leave his post after 44 years on the job, the network announced yesterday.

Calling Mr. Rather a "reporter's reporter," Sean McManus, president for news and sports coverage, said: "His legacy cannot be replicated."

But Mr. Rather's legacy has turned bitter in the last year, tainted by the network's recent decision not to renew his contract and the ballyhoo over former NBC morning hostess Katie Couric, who arrives to replace Mr. Rather in September.

The newsman, who turns 75 in October, does not plan to simply fade away like an old soldier. He will, in fact, exit on a strident note.

"My departure before the term of my contract represents CBS' final acknowledgment, after a protracted struggle, that they had not lived up to their obligation to allow me to do substantive work," Mr. Rather said yesterday.

"As for their offers of a future with only an office but not assignments, it just isn't in me to sit around doing nothing," he added.

Recent press reports indicate Mr. Rather may take up a newscasting role with HDNet, a high-definition cable channel currently available in about 3 million homes. The folksy Texan is one of the last old-school, authority-figure anchormen -- and not without notoriety. Still, he downplayed celebrity and rued the state of journalism yesterday.

"Too much is made of anchors and their personalities, their ups and downs," Mr. Rather said. "The large issues -- the role of a free press and of honest, real news in a democracy, the role of technology in supporting a free press, the 'corporatization' of news and its effect on news content -- all deserve more attention."

He delivered his final broadcast as prime-time anchorman on March 9, 2005, signing off with the word "courage." The dramatic exit ended months of controversy after a setback for CBS delivered by Mr. Rather himself.

He suffered public loss of credibility after using forged documents in a "60 Minutes II" broadcast in late 2004 that accused President Bush of compromising his Vietnam-era National Guard duty, aired in the pivotal weeks before the presidential election. In the aftermath, Mr. Rather traded his anchor chair for the role of special correspondent, and CBS ceremoniously fired four news executives after completing a lengthy internal review.

"Dan Rather's career ended about two years ago, after the National Guard story," Brent Bozell of the Media Research Center said yesterday. "He made not just a monumental mistake, but a monumental mistake compounded by months of denials. To this day, he claims his innocence in this. And that's what really undid him."

Mr. Rather, who broke into journalism in Texas as a reporter for the Associated Press and later United Press International, took over as anchorman from Walter Cronkite in 1981. In 2002, he broadcast excerpts from journalist Daniel Pearl's videotaped execution by Islamist terrorists, over the objections of the White House and the State Department. He also interviewed Saddam Hussein in 2003, though officials cautioned journalists to be wary of media-savvy terrorists.

Rather's Career Comes To A Sudden End (USAT)

By The Media Mix By Peter Johnson

USA Today, June 21, 2006

Dan Rather's troubles with CBS News began in 2004 with Memogate, the scandal that stemmed from his 60 Minutes report on President Bush's military service.

But 60 Minutes correspondent Steve Kroft says Rather's CBS career, which came to its official close Tuesday, ended much like those of two other CBS News legends, Edward R. Murrow and Walter Cronkite: CBS wanted to move on and, news icons or not, they had to go.

“The past two years have been extremely difficult for Dan and uncomfortable for everyone at CBS News,” Kroft says. “But he has handled the adversity with his customary grace and leaves with his head held high. This has much less to do with the National Guard story than management's decision that it was time to make a change and move in a different direction.”

It's no secret that CBS, by hiring former Today star Katie Couric to anchor the Evening News and adding younger correspondents such as Lara Logan and CNN's Anderson Cooper to 60's ranks, is eyeing the next generation of viewers.

Rather and CBS News chief Sean McManus say they were at odds over how many stories Rather would report for 60 Minutes, where he turned after leaving The CBS Evening News in March 2005.

McManus, named president in November, says he didn't talk to Rather about his future because lawyers “got very quickly involved” and he was advised to let them handle it. “If there was an amount of assignments that made sense for Dan and CBS, we would have pursued that, but there was not.”

Rather declined to be interviewed. But he said in a statement that leaving “before the term of my contract represents CBS' final acknowledgement, after a protracted struggle, that they had not lived up to their obligation to allow me to do substantive work there. As for their offers of a future with only an office but no assignments, it just isn't in me to sit around doing nothing.”

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On his website, Mark Cuban, founder of cable's HDNet, wrote that he has been talking to Rather about anchoring a high-definition broadcast “that uncovers news” with “no worries about advertisers and what they might think.”

Rather will be the subject of a prime-time special on his career next fall, the network said.

Rather's departure from CBS after 44 years — and the way it was handled — was topic No. 1 in news circles Tuesday. Some say Rather was owed a better sendoff; others say he got what he deserved.

“No one likes to see a run like this end on such a bad note,” says NBC Nightly News anchor Brian Williams. “But somewhere in Pennsylvania a father of four with 19 years under his belt came home after getting his notice at the factory today, and he would give anything for one week of Dan's compensation. Dan would be the first to counsel massive amounts of perspective on this story.”

“Most people at CBS” thought Rather should have resigned after two of his producers on the National Guard story were fired, says 60 Minutes commentator Andy Rooney. “On the other hand, I feel vaguely bad for him; it's a sad way for him to end his career.”

“Even before the scandal, he didn't have the reservoir of good will (at 60) that Walter Cronkite or Bob Schieffer would have had,” says Bob Zelnick, a former ABC News correspondent who chairs the journalism school at Boston University. “Could CBS have acted with more grace? Of course.”

Says Brent Bozell, head of the Media Research Center, a conservative watchdog group: “The real irony is that Guard story had the potential to destroy George Bush's career, but it ultimately destroyed Dan Rather's.”

CBS To Rather: Good Night, And Good Luck (WP)

By Tom Shales

The Washington Post, June 21, 2006

Dan Rather is a free man. After an appropriately acrimonious final round of legal wrangling, his 44 years with CBS News came to an end yesterday -- or will come to an end today. Or will end Friday. There's a bit of confusion on that point.

Those who have followed the awkward exit of Rather from his position first as anchor of the "CBS Evening News" last year, then as a CBS News employee this year, often ask a simple question: How could a network for which Rather has done so much and served so loyally treat him so shabbily as the curtain falls?

Some think there is a strange personal grudge against Rather by CBS chief executive Leslie Moonves, who was quoted diplomatically in a CBS news release yesterday as saying of Rather, "The unique mark he has left on his craft is indelible." Others think there is intense pressure on CBS News President Sean McManus to clear Rather and all remnants of him from the premises in preparation for the arrival of Katie Couric, the former "Today" show host who will anchor the "Evening News" this fall and has a growing reputation in the business as the neediest diva on the block.

An explanation from one of Rather's many supporters inside the company: "We're dealing with a bunch of classic idiots."

Reached at his home in New York, Rather did not sound rattled. It is unlikely he will make an appearance at the fly-infested CBS News building on New York's West 57th Street this week; the contents of his office -- including the family Bible that was always opened to a different verse -- have been removed and will be sent to him. As of Friday, officially, Dan Rather and CBS News will no longer be one.

Now that the smoke has cleared from a final skirmish, Rather says he and his wife, Jean, and one or two of their children are headed for a retreat in the Catskills that has been in the family for decades. Then the couple will head to Alaska because Dan loves to fish there, and because the air is so clean. Especially when compared with the air on the Upper West Side.

CBS will pay Rather, either by lump sum or biweekly paychecks, through November, when his contract is officially up. Since he makes $12 million a year, that was worth arguing about, and CBS executives did argue until Monday. As most of those who follow such events know, Rather was removed as anchor of the "CBS Evening News" a year short of his 25th anniversary after the airing of an apparently flawed "60 Minutes II" report on George W. Bush's alleged special treatment while in the Texas National Guard. Rather was the correspondent on that report. One producer lost her job, others are suing.

Don Hewitt, executive producer of "60 Minutes," and Mike Wallace, its most famous correspondent, huffed and puffed and declared that Rather should resign. Dan Rather is not the resigning type. Wallace has since apologized.

Although the CBS farewell statement issued yesterday was mostly bland and laudatory, it was updated later in the day on the CBS Web site after Rather's statement was released; a small blog war ensued. "In response to the [Rather] statement," said the Web site, "a CBS spokeswoman said: 'We value and respect Dan's tremendous career at CBS News. Despite the fact that we couldn't reach an agreement that satisfied everyone, we wish him all future success.' "

Rather was reassigned after the Bush report to join the correspondents on "60 Minutes" and "60 Minutes II," a then-successful spinoff of the original classic news program. If "60 Minutes II" went off the air, the agreement said -- and it did go off

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the air -- Rather was to join "60 Minutes," where he'd earlier made a major mark as an investigative reporter, full time. But Rather discovered in fairly short order that he was a correspondent in only a token, perfunctory way.

He contributed a mere seven reports to the shows over the past year and a half, Rather said Monday. "From 18 to 22 is the norm."

Some of his detractors claimed this was poetic justice because Rather, on ascending to the anchor chair March 9, 1981, supposedly banished his predecessor, Walter Cronkite, from ever appearing on the program and even from doing other reporting work for CBS News. But one of Rather's supporters said yesterday that, first of all, Rather would hardly have had the authority to "ban" Cronkite from the airwaves and, second, Cronkite hosted a series, "Universe," in prime time on the network.

That his last weeks and days at CBS should be marked by turbulence seems somehow appropriate for Rather, although through the years he has been among the most ferociously loyal of company men where CBS News was concerned. As with such illustrious predecessors as Edward R. Murrow, Rather's in-house enemies were up in the corporate stratosphere, not down in the trenches with the hard-working journalists.

He suffered and squirmed under the disastrous reign of CBS Chairman Laurence Tisch, who slashed the news division budget and, by losing professional football to another network, lost a number of important affiliates, too. Rather's "Evening News," which had been No. 1, eventually fell to third place. In some major markets its lead-in, the local CBS station's news, was paltry, further handicapping the Rather program.

Over the years he endured all kinds of advice and counsel on his delivery of the news. There were plans to do the newscast standing up after Cronkite left, but those were abandoned. For a while, Rather wore a sleeveless sweater under his jacket to try to "warm him up" on the air. Some found his formality too rigid. As the hired entertainment at a Clinton-era press dinner, radio shock jock Don Imus observed, "Dan Rather delivers the news as if he were making a hostage tape."

But all the comments only tend to "underscore," as Rather liked to say, his controversiality on the air, his status as a national lightning rod, a dynamic personality about whom no one seemed to lack an opinion. On the CBS Web site yesterday, former rival Tom Brokaw spoke in mellow tones of the old three-anchor era that is now history, Brokaw having retired, ABC's Peter Jennings having died and the great Rather having been brought down from his pedestal.

"Dan, Peter and I chased each other around the world a lot," Brokaw recalled. "We made each other better, I think, by being so competitive." It was Rather who was the most competitive of all and whose trips to the news sites of the world forced his fellow anchors to follow. This might be his great contribution: redefining the term anchor to such a degree that "anchor" is an anomaly. An anchor holds a ship in one place, but Rather was always on the go, whether interviewing terrorists in the Mideast or clinging to a tree in the midst of a torrential hurricane.

He was and remains a living legend in the business he loves, and the bumpy years that ended his CBS run cannot change that. One of Rather's former bosses, Sir Howard Stringer (now president of Sony Corp.), used to marvel that when he'd walk down the street with Rather, the anchor had a magnetic effect on people -- real people, who would come up to him to shake his hand or express a grievance or offer words of admiration.

Last night, Bob Schieffer -- Rather's temporary successor -- said on "CBS Evening News": "Dan Rather was one of the great reporters of his time." This followed an affectionate and even stirring report by Anthony Mason that retraced a few of Rather's giant steps.

Rather says that, though 74, he has no intention of leaving broadcast news. But watching the farewell report last night, one couldn't help thinking: We shall not see his like again. Ever. Because the domain he dominated is one of the things he is taking with him.

The world has changed a lot in Rather's 44 years at CBS. Yesterday, it changed a little more.

Surge Of Population In The Exurbs Continues (NYT)

By Rick Lyman

The New York Times, June 21, 2006

Once again, the fastest-growing cities in the United States are some of the far-flung exurbs in the Sun Belt and the Far West, according to fresh population estimates from the Census Bureau.

The bureau's annual survey of municipalities with at least 100,000 residents shows that from July 1, 2004, to July 1, 2005, four outer suburbs in California, three in Florida, two in Arizona and one in Nevada were the country's most rapidly growing.

Leading the list was Elk Grove, Calif., on the Sacramento area's far southern edge, which grew nearly 12 percent in those 12 months, to 112,338. Elk Grove was followed by North Las Vegas, Nev.; Port St. Lucie, Fla.; Gilbert, Ariz.; Cape Coral, Fla.; Moreno Valley, Calif.; Rancho Cucamonga, Calif.; Miramar, Fla.; Chandler, Ariz.; and Irvine, Calif.

Several of those cities were also on the previous year's list — Port St. Lucie was No. 1 then — and the pattern of the last decade has been for an increasing number of these distant exurbs to pace the national rate of population growth.

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"As far as we are concerned, this is very good news indeed," said Christine Brainerd, spokeswoman for Elk Grove's city government. "It's a sign that the development strategies the city has put in place are working and that we have become a place where many, many people want to live."

The Census Bureau made the estimates by taking the full 2000 census tally and then using population indicators like building permits to make a guess about subsequent growth. Since the estimates were for July 1 of last year, they do not include any population changes brought about by Hurricane Katrina, which struck on Aug. 29.

The only change in population ranking among the nation's 10 largest cities was that San Antonio supplanted San Diego in seventh place, although Phoenix came within fewer than 2,500 people of taking over fifth place from Philadelphia, as it will almost certainly do in next year's estimates.

In terms of the actual number of additional residents, as opposed to percentage growth, Phoenix attracted the most, its population rising an estimated 44,456, to 1,461,575.

And it was a Phoenix exurb, Gilbert, on the metropolitan area's far southeastern flank, that ranked first in growth in percentage terms from 2000 to 2005, spurting 58 percent, to 173,989 from 110,061.

Big-city Schools Struggle (USAT)

By Greg Toppo

USA Today, June 21, 2006

WASHINGTON — Students in a handful of big-city school districts have a less than 50-50 chance of graduating from high school with their peers, and a few cities graduate far fewer than half each spring, according to research released on Tuesday.

Fourteen urban school districts have on-time graduation rates lower than 50%; they include Detroit, Baltimore, New York, Milwaukee, Cleveland, Los Angeles, Miami, Dallas, Denver and Houston.

The findings present a bleak picture and are sure to generate controversy as lawmakers and others push to keep U.S. students competitive globally.

While the basic finding that the nation's overall graduation rate is about 70% is not new, the study suggests that graduation rates are much lower than previously reported in many states. It also could bring the dropout debate to the local level, because it allows anyone with Internet access to view with unprecedented detail data on the nation's 12,000 school districts.

Among the nation's 50 largest districts, the study finds, three graduate fewer than 40%: Detroit (21.7%), Baltimore (38.5%) and New York City (38.9%).

The advantage of the new study is that “you could apply it to any and all school districts in the country with the same validity — and the same problems,” says Michael Casserly of The Council of the Great City Schools, an advocacy group for large urban districts.

He says it's still unclear whether researcher Christopher Swanson overstates the problem. Swanson's analysis, strictly speaking, is not a calculation of dropout rates but of graduation rates; it estimates the probability that a student in ninth grade will complete high school on time and with a regular diploma.

Adding to the debate: The study is sponsored by the Bill & Melinda Gates Foundation, which promotes its own brand of high school reform. Last year, Bill Gates called U.S. high schools “obsolete.”

The study, which uses 2002 and 2003 data, the most current available, finds that public schools graduate 69.6% of an estimated 4 million eligible students each spring, meaning about 1.2 million students likely won't graduate this year. That means about 7,000 students drop out per school day, Swanson says.

Researcher Lawrence Mishel of the Economic Policy Institute says Swanson's figures “seriously understate graduation rates, especially for minorities.” They say that just 52% of blacks graduate, and 57% of Hispanics.

Mishel says by comparing the number of graduates with the number of ninth-graders, Swanson exaggerates the effects of the “ninth-grade bulge,” in which many ninth-graders are held back a year before tackling more advanced work and, often, state-mandated exit exams. Mishel's most recent research puts the overall U.S. graduation rate at 82%.

An A-to-Z Book Of Conservatism Now Weighs In (NYT)

By Jason Deparle

The New York Times, June 21, 2006

WASHINGTON, June 20 — It has red states and blond pundits; home schoolers and The Human Life Review; originalists, monetarists, federalists and evangelists; and no shortage of people named Kristol.

Now American conservatism can claim another mark of distinction: an encyclopedia all its own.

It is a big deal, in terms literal — 997 pages — and metaphorical. Few insults have stung the movement's thinkers as much as the barb from Lionel Trilling, the literary critic, who said conservatives had no ideas, "just irritable mental gestures."

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A half-century later, 251 contributors have weighed in, not so irritably, with a four-pound response.

"Feel the heft of it," said Lee Edwards, a former aide to Senator Barry Goldwater, who appears in the volume with a byline and an entry. "It's more than a book. It is, if you will, an estimate — it shows the maturation of the conservative movement."

And a timely one, at that. Sixteen years in the making, American Conservatism: An Encyclopedia appears with American conservatism, the political movement, warring over its future direction.

"We've gone from history's adversary to destiny's child, but governing has brought a whole new level of challenge," said Jeffrey O. Nelson, publisher of ISI Books, the conservative press in Wilmington, Del., that produced the encyclopedia. Criticizing what he called the "big education, big spending, big war, big government" conservatism of Republican leaders, Mr. Nelson said he hoped that the book, whose list price is $35, would help the movement return to its small-government roots.

"If conservatism is going to succeed and thrive in the 21st century," he said, "it's got to look more like the conservative tradition as expressed in this book than the conservatism currently practiced in Washington."

Those people toiling in the capital trenches may not recognize the conservatism represented here. The book omits familiar names like Ann Coulter, Tom DeLay, Grover Norquist, Bill O'Reilly and Karl Rove.

It includes the journals University Bookman, circulation 2,600, and First Things. It gives Willmoore Kendall, a political scientist who died in 1967, three times as much ink as former House Speaker Newt Gingrich. Those proportions are appropriate, said a former student of Mr. Kendall, William F. Buckley Jr., the founder of National Review, who called the reference book "terrific."

"Newt came and went rather fast but didn't leave hard fingerprints," Mr. Buckley said. "The quote, unquote conservative politicians have a pretty short lifetime in encyclopedia usage.

"It seems to me that if one were looking for orientation in such a world that the encyclopedia tries to serve that you would be more interested in Burckhardt," he said, a reference to Jacob Burckhardt, a 19th-century Swiss historian of the Renaissance, "than in any of more than 100 conservative senators in the past 50 years."

Garland Publishing started working on the encyclopedia in 1990. ISI Books took over the project 10 years later. ISI Books is part of the Intercollegiate Studies Institute, which, as Page 436 explains, is a nonprofit group founded in 1953 to promote conservative ideas in colleges.

The encyclopedia is being featured by two conservative book clubs, Mr. Nelson said, and has sold nearly 20,000 copies since its release about two months ago. Along with Mr. Nelson, its editors were Bruce P. Frohnen, who teaches at the Ave Maria School of Law in Ann Arbor, Mich., and Jeremy Beer of ISI Books. Given its gestation, the book includes contributions from scholars who are long dead, including Russell Kirk, who in 1953 published a seminal book, "The Conservative Mind." Kirk, who died in 1994, wrote essays on John Adams and moral imagination. Mr. Nelson is his son-in-law.

Some entries wear their conservatism on their sleeve. Goldwater's "loyalties were to duty, honor and country." Ronald Reagan had a "vigorous and principled agenda." Bill Clinton was "corrupt."

Others plumb more obscure topics with no obvious tilt. "Public choice economics" describes a theory of how special interests wield power. Two of its proponents have won Nobel Prizes.

The discussion under "Jewish conservatism" acknowledges a history of anti-Semitism on the right. The entry on Abraham Lincoln explores a conservative split between admirers and those who think he laid the groundwork for "contemporary statist liberalism."

The longest entry belongs to "Straussianism," a school of political theory founded by a professor at the University of Chicago, Leo Strauss, that emphasizes classical texts. Embraced by some leading proponents of the Iraq war, Straussianism is often regarded by those beyond its fold as opaque mumbo jumbo, a reputation that five pages of explanation may not dispel.

If there is a place where the rivers of the right converge, it appears to be the office of William Kristol, a Straussian editor and advocate, whose mother (Gertrude Himmelfarb), father (Irving Kristol), philosophy (neoconservatism) and magazine (The Weekly Standard) all earned separate entries.

Though Mr. Kristol was puzzled to read that he valued "the virtue of a citizenry" more than its prosperity or freedom, he declined to dwell on quibbles, praising the volume for concluding each entry with a short bibliography.

"What I liked most was that it encouraged you to read additional works," Mr. Kristol said.

Some quibbles are edifying. The entry about "God and Man at Yale," Mr. Buckley's most famous book, says it portrayed a campus "conspiracy" against capitalism and Christianity. But Mr. Buckley said his book "made a rather emphatic point to say there was no conspiracy, that people were acting out of their own impulses."

Another entry describes the editorial page of The Wall Street Journal as "pro-business." The page's editor, Paul A. Gigot, said the paper often criticized businesses that sought government favors and won a Pulitzer Prize in 1980 partly for an editorial called "Down With Big Business."

"We believe in capitalism, free markets and free people, not business over labor," Mr. Gigot said.

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The volume treads lightly, when it treads at all, on matters of race. It describes the "courtesy and dignity" of Strom Thurmond, who as a South Carolina governor and senator led the South's effort to preserve segregation. It does not mention that Mr. Thurmond had a black daughter whose existence he kept secret.

George C. Wallace, who became governor of Alabama pledging "segregation forever," was "always more complicated than his critics allowed." The discussion of "Southern conservatism" pays tribute to the region's "precious Anglo-American continuity" and says nothing about Jim Crow.

Dan T. Carter of the University of South of Carolina said such entries offered a "pasteurized" view of racial history. "The rise of American conservatism owes, in some part, to racial animosity, and it's uncomfortable for many conservatives to deal with that," said Mr. Carter, a biographer of Wallace who describes his politics as liberal. "You don't have to say that conservatism capitulated to it. But you have to acknowledge it was there."

Mr. Nelson agreed that the encyclopedia's discussion of race was incomplete and said the next edition would include an entry about conservatives' reaction to the civil rights movement.

"Our forebears made a mistake on the issue," he said. "They were just wrong. I don't know how to say it more clearly than that."

The sheer mass of the volume left at least one subject with mixed feelings. Richard A. Viguerie, a founder of Moral Majority, was delighted to find himself portrayed as a "liberal bogeyman." But given the army of thinkers and doers who inhabit the book, Mr. Viguerie said, "we should have achieved more politically than we have."

That, Mr. Kristol said, was not a conservative view. "Conservative thinking," he said, "should teach you not to expect too much from politics, at least in the short run."

Real Reform Must Scrutinize Lobbying And Lawmakers (USAT)

By Abbe D. Lowell

USA Today, June 21, 2006

Amid the allegations of accepting money or gifts from lobbyists and others swirling around former congressman Randall "Duke" Cunningham and Reps. William Jefferson, D-La., and Jerry Lewis, R-Calif., Congress has once again taken up lobbying and ethics reform.

A number of the "reform" measures, such as increased restrictions on accepting gifts or more frequent public disclosures of contacts with lobbyists, are merely cosmetic. Real reform will not occur until the very relationship between lobbyists and public officials is re-examined.

Recent news reports and denials that Speaker of the House Dennis Hastert was "under investigation" for signing a letter in support of a lobbyist's clients shortly after that lobbyist raised large contributions should have, but did not, start this examination.

What hasn't received much scrutiny is the interplay between lobbyists and fundraising. As long as campaign engines need to be fueled, special interests and lobbyists who have the most immediate interest in legislation will have the most incentive to supply the gas. This gives lobbyists an unfair advantage in access and persuasion.

More often than those simply interested in good government, lobbyists will take on the request from a member or a member's staff that: "Gee, I will consider your position of that bill or your client's interests, and, by the way, I am having a fundraiser next week."

So, the same individuals and companies who promote their causes in legislation are also the ones who can get their clients, friends, colleagues and acquaintances to come to the cocktail party or reception with the large contributions that are now needed.

The payback

And what does that interest group or lobbyist get in return? Honest members of Congress do not agree to a position or compromise their principles just because a proponent of the position or principle raised the campaign funds requested. Even so, that member gets to know that advocate's position in a context that average Americans do not enjoy.

For decades, the Justice Department's practice has been not to consider campaign contributions linked by timing or sequence to official action as illegal bribes. The recent scandals may change this. But lawmakers, not prosecutors reinterpreting policy, should set the stage for change.

Public officials do not need new laws to know they should not accept money or gifts in exchange for public actions or their office.

It should be relatively simple for Congress to declare that if a lobbyist's position has merit, it can be presented in the congressional office and not at a Washington restaurant, a private suite at a sports arena, or on the 15th hole of a country club golf course.

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And, as to travel, it is not hard to conclude that a public official's travel is either official business to be paid by the government, campaign business to be paid by the election committee or party, or personal travel to be paid by the public official himself.

Real reform ideas

The more difficult issue is how to weaken the link between lobbying and fundraising. A few ideas:

· Require fundraisers to disclose publicly their interest in legislation.

· Require sponsors of "bundled" contributions (individual contributions arranged together for greater impact) to disclose their roles.

· Impose further limits on the total amount individuals can give in an election cycle.

· Provide additional public financing of campaigns.

· Help candidates pay for access to various media.

No doubt other ideas exist, but in the midst of the current debate about "reform," none of these is being proposed in legislation.

So, it was wrong for someone to leak that Hastert was or should be under investigation. What should have been leaked is that the time has come for the entire process to be under investigation so that a better system can result.

Abbe D. Lowell, a partner at Chadbourne & Parke LLP, served as special ethics counsel to Congress reviewing the conduct of former representative George Hansen. He has also represented lawmakers and others in ethics investigations, including former senator Robert Torricelli and former representative Dan Rostenkowski. He currently representsformer lobbyist Jack Abramoff.

Emergency In The Emergency Rooms (NYT)

The New York Times, June 21, 2006

The nation's emergency rooms have been stretched thin for at least a decade or more, but a new analysis suggests that they have reached a breaking point. Their plight underscores how dreadfully unprepared we are to cope with a major disaster like pandemic influenza or mass casualties from a terrorism attack.

The crisis in emergency medical care was laid bare in three reports issued last week by the Institute of Medicine, a unit of the National Academy of Sciences. Half a million times a year ambulances are diverted from emergency rooms that are full and sent to others farther away. Emergency room patients who need admission to the hospital often spend eight hours or more — sometimes even two days or more — on gurneys in the hallways, waiting for a hospital bed to open up.

Some emergency rooms lack the services of key specialists, such as neurosurgeons, who shy away from emergency room duty because many uninsured patients can't pay and their malpractice premiums would skyrocket because of the risky nature of emergency cases. What is not known is how many people die as a result of delays in treatment or inadequate care under chaotic conditions. No measurement system tracks such data.

The emergency room crisis has many causes, none of them easily or cheaply resolved. The number of people seeking treatment in emergency rooms has jumped sharply over the past decade or so, from 90 million in 1993 to 114 million in 2003. Over the same period, cost pressures forced the closing of some 700 hospitals, almost 200,000 hospital beds and 425 emergency departments. The result is severe crowding, exacerbated by a huge influx of poor people seeking routine care who are either uninsured or on Medicaid but unable to find doctors willing to treat them. By law, emergency rooms must accept all patients, whether they have insurance or not.

The institute's experts have many proposals for easing the situation, ranging from new regional systems to improve the flow of patients to the most appropriate and least crowded emergency rooms to an infusion of money to cover unpaid emergency care and to bolster preparedness for large-scale disasters. The most important change would be to stop diverting seriously ill ambulance patients and divert instead the poor patients who clog emergency rooms seeking routine care. That would require extending health coverage to the uninsured and providing more primary care clinics and doctors in poor neighborhoods.

Bush's Unpopularity In Europe Hangs Over Summit (WP)

By Michael Abramowitz

The Washington Post, June 21, 2006

VIENNA, June 20 -- President Bush arrived here Tuesday for his 15th visit to Europe since taking office, at a time when the populace remains generally wary of him despite concerted efforts by political leaders on both sides of the Atlantic to patch up their differences.

In meetings here Wednesday, Bush and European Union officials are to confer on issues including trade, energy security and their mutual efforts to persuade Iran to halt activities that could lead to the development of nuclear weapons.

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Officials have dampened expectations of any major announcements, because Iran has yet to respond to a package of inducements and penalties -- including the offer of talks with the United States for the first time since the 1979 Islamic revolution -- aimed at ending its enrichment of uranium.

Speaking with reporters aboard Air Force One, Bush's national security adviser, Stephen J. Hadley, said Americans and Europeans were strongly committed to having Iran completely shut down its enrichment program. "The framework is clear," he said. "What is missing is a positive Iranian response. And that's, of course, what we are looking for."

On Thursday, Bush is scheduled to visit Budapest, the Hungarian capital, where he will mark the 50th anniversary of the 1956 uprising against communist rule.

Since his reelection in 2004, Bush and his advisers have tried to rebuild relations with Europe -- deferring to Britain, France and Germany, for example, in handling the diplomatic initiative toward Iran. The White House has been aided by the defeat of Gerhard Schroeder in his bid to remain German chancellor and the weakening influence of French President Jacques Chirac; both had made opposition to the U.S. war effort in Iraq a centerpiece of their administrations.

But if relations at the political level have improved, public opinion has lagged far behind. Bush remains unpopular with the public in many European countries over the war in Iraq and alleged abuse of detainees by U.S. forces at Guantanamo Bay, Cuba, and other facilities, according to opinion polls and experts on transatlantic relations. A survey released last week by the Pew Research Center found that the United States' image has slipped over the past year in France, Germany and Spain and is down considerably since 2000.

Diplomats and experts on Europe say public opinion is a significant drag on Bush's ability to expect much from political leaders here -- for instance, for his renewed effort to secure international assistance for the new Iraqi government. While countries such as Poland and Britain have contributed substantially to security in Iraq, the European Union as a bloc has done relatively little, officials say, pledging the equivalent of about $250 million in assistance in 2006.

"The scars of Iraq are still very real and run real deep," said Ronald D. Asmus, executive director of the German Marshall Fund's Brussels office. While political leaders may agree that success in Iraq is important, he said, the European public believes "that Americans screwed it up and need to clean up the mess."

Gary J. Schmitt, who specializes in defense and foreign policy issues at the American Enterprise Institute in Washington, said the Bush administration has done a much better job handling Europe in the second term, but questioned whether Europe's leaders will sign on to tough sanctions if Iran rebuffs the recent overtures.

"To their credit," he said, speaking of Bush administration officials, "they have learned that it's better to have the Europeans on board than not. The real question is when it comes to the hard issues, like Iran, whether it will pay off."

Adding to the public relations problem is continuing anger over allegations of abuse by U.S. forces at Guantanamo Bay and in Iraq, and disclosures about secret CIA prisons in Europe. Bush has been confronted with questions about these matters almost every time he has met a European leader, and a spokeswoman for Austrian Chancellor Wolfgang Schuessel, whose country holds the revolving presidency of the E.U., said he would raise the issue again on Wednesday.

At a briefing for reporters last week, Hadley noted Bush's repeated statement of interest in closing the Guantanamo facility and said people would "be held accountable" by the Pentagon if allegations of wrongdoing in Iraq were confirmed. "That's been explained to the Europeans in various forms at various times," he said. "They can raise it -- there's not a lot new to be said on that issue."

Denis MacShane, a British member of Parliament from the ruling Labor Party and a former minister of state for Europe, said that Americans "just have to live" with a reflexive anti-Americanism and that Europeans are coming to share American concern over the threat from radical Islam. But the Bush administration, he added, "has not really thought about managing European public opinion -- they have not had a kind of program of public diplomacy that has been convincing."

John Bruton, a former Irish prime minister who now leads the E.U. mission in Washington, said that U.S. and European politicians both need to do a better job. "Our task really is one of trying to reestablish a sense among Europeans that Americans are their cousins," he said.

Iraq Threatens Bush Agenda At EU (WT/AP)

By George Jahn, Associated Press

The Washington Times, June 21, 2006

VIENNA, Austria -- President Bush's meeting with European Union leaders today is scheduled to focus on Iran's nuclear ambitions and economic concerns, but the United States' conduct of the war on terrorism will be an unspoken theme.

National Security Adviser Stephen Hadley has said he doubts Mr. Bush will have much to say about the U.S. prison for terror suspects at U.S. Naval Base, Guantanamo Bay, Cuba, charges of prisoner abuse in Iraq and suspected killings of Iraqi civilians by Marines in Haditha.

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For millions of Europeans, however, these are the issues that matter -- and their concerns are shared by politicians.

Austrian Chancellor Wolfgang Schuessel, whose country holds the rotating EU presidency, plans to urge Mr. Bush to close Guantanamo. Peter Pilz, a senior member of Austria's Green party, says Mr. Schuessel should tell Mr. Bush "that the criminal actions of his government will not be tolerated in Europe."

Mr. Pilz is one of Austria's more outspoken public figures. Still, his sentiments -- that the U.S. is breaking the law in Iraq and in its larger fight against terror -- are shared by many Europeans angry over the Iraq invasion, recent suicides at Guantanamo and the reported existence of secret CIA prisons worldwide.

Newspaper editorials reflect Europe's dismay with a partnership that most here see as has having gone wrong.

"Those who came as liberators, those who wanted to bring the rule of justice ... lost their moral credibility in Iraq," wrote the German weekly Die Zeit. "Not just a few soldiers have 'lost their control' as they like to say. America's entire Iraq policy is out of control."

In France, the newspaper Le Monde wrote of the Guantanamo suicides: "We continue to ask by what heavenly decree America holds itself above the rule of law."

Young people, like Andrej Mantei of Berlin, are even more scathing. "I don't think it's possible that anybody could make worse foreign policy than Bush," he says.

And even many older people are critical, unlike a few decades ago, when they equated America with the war against Nazi Germany, postwar reconstruction and the shield against the Soviet Union.

"I think Bush was wrong, and he should have remorse," said Rosa Sarrocco, 80, of Rome. "The recent events ... have had a further negative impact on my opinion of America."

America's image problems in Europe are reflected by a survey done by the Pew Research Center for the People & the Press and released last week. Favorable opinions of the United States ranged from a high of 56 percent in Britain to a low of 23 percent in Spain.

Pro-U.S. sentiment is stronger in much of formerly communist Eastern Europe, where Washington's contribution to toppling Soviet dominance lingers in many minds. It peaks in Kosovo, whose ethnic Albanian majority gratefully remembers the U.S.-led bombing in 1999 that forced Serb troops from the province.

Bush Seeks Pledge Compliance (WT)

By Stephen Dinan

The Washington Times, June 21, 2006

VIENNA, Austria -- The White House yesterday said countries have an obligation to fulfill their monetary pledges to help rebuild Iraq, but refused to name the nations that are $10 billion behind their commitments, according to Bush administration calculations.

"Some of them have done better than others, and some are clearly lagging," Stephen J. Hadley, the president's national security adviser, told reporters aboard Air Force One as Mr. Bush traveled to Vienna for the annual U.S.-European Union summit.

The president is looking for a show of unity on blocking Iran's nuclear program and plans to push for Europeans to commit to completing the "Doha round" of free-trade talks, while Austrian Chancellor Wolfgang Schuessel, who currently holds the six-month rotating EU presidency, is expected to press Mr. Bush on closing the enemy combatant detention facility at Guantanamo Bay, Cuba.

But even as he seeks to build pressure on Iran, Mr. Bush's eye will be on the other two spokes of his "axis of evil" as he tries to block North Korea's burgeoning nuclear and missile programs and tries to shore up international support for the new government in Iraq.

Anti-Iraq-war protests are scheduled for Mr. Bush's stay in Vienna, but the president will be departing even as the main protest is under way today, headed for Budapest to commemorate tomorrow the 50th anniversary of the Hungarian uprising that Soviet troops and tanks brutally smashed.

The president has not carved out much time for cultural activities in his two days on the ground in Europe, though he is expected to see the Vienna Boys Choir perform.

During his visit to Budapest, he will lay a wreath at the eternal flame in Kossuth Square, a memorial to the 1956 revolt against the Soviet bloc, and later will deliver a speech on the uprising and the push for freedom.

U.S. officials have said they don't expect any breakthroughs on trade, nor do they expect major developments on Iran, in part because the principal European leaders involved in Iran aren't here and in part because the burden is now on Iran to respond to a European-led offer.

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On Iraq, Mr. Bush has stepped up pressure in the past several weeks to collect on the commitments made at a donor's conference in Madrid in 2003, saying Monday that $13.5 billion has been pledged but only $3.5 billion has been paid.

"It's a critical time for Iraq's young democracy, and assistance from the international community will make an immediate difference," Mr. Bush said. "All nations that have pledged money have a responsibility to keep their pledges, and America and Europe will work together to ensure they do so."

Of the $13.5 billion pledged in 2003, $8 billion was assistance from donors and $5.5 billion was in the form of loans from the International Monetary Fund and the World Bank.

The money is to be disbursed between 2004 and 2007. But donations appear to have dried up since the total hasn't risen much from September 2005, when the State Department reported that more than $3 billion already had been contributed.

Bush To Partners In Iraq: Pay Up (CSM)

By Peter Grier

The Christian Science Monitor, June 21, 2006

WASHINGTON

For nations that in the past have pledged to help Iraq rebuild, the United States has this message: Get out your checkbook.

In recent days, administration officials, from President Bush on down, have insisted repeatedly that it is time for others to live up to monetary commitments to Baghdad, most of them made in 2003.

"The international community has pledged about $13 billion to help this new government. Yet only $3.5 billion has been paid," said Mr. Bush on Monday in a commencement address to the US Merchant Marine Academy.

Iraq's security situation has discouraged many donors from pouring cash into the country. They don't want their aid used to pay for gun-toting guards, or for clinics or courthouses that might get blown up.

But the White House argues that the elimination of insurgent leader Abu Musab al-Zarqawi shows security is improving. The renewed push for international contributions also comes at a time when it is becoming clear just how expensive rebuilding Iraq will be.

"There's a convergence of events at this point in time leading to this," says Robert Pfaltzgraff, a professor of international security at the Fletcher School at Tufts University.

In coming months, non-US donor nations and international institutions should become increasingly important to the reconstruction of Iraq, according to US officials. Money in the main US reconstruction account, the Iraq Relief and Reconstruction Fund, is dwindling. The new Iraqi government will increasingly take over reconstruction management duties from the US.

The United Nations has already agreed to step up its activity. Earlier this week, Secretary-General Kofi Annan, responding to a plea from Iraqi officials, said he would help organize international economic and political support for Iraq.

Given all this, it's time for nations to make good on promised reconstruction donations, insists the White House. Pledges are fine, and many nations have made generous promises, say US officials. But Iraq now needs the money.

Bush has mentioned the issue often in public in recent days. And the administration has sent Deputy Treasury Secretary Robert Kimmitt and State Department counselor Philip Zelikow to visit world capitals and figuratively rattle the tin cup.

"We need to get these amounts paid in, and then we need to look here in a three- or four-month time ... [at] what additional amounts need to be pledged," said National Security Adviser Stephen Hadley at a briefing for reporters last week.

It's true that the international community could step up its Iraqi aid activity, say experts outside the administration. But the situation is more complicated than the White House is portraying it, they say.

The bulk of aid pledges, $13.6 billion, were made at a donor conference in Madrid in October 2003. Of this, some $4 billion was offered as outright grants. The rest - $9.6 billion - was proffered as loans, not straight handouts.

Of these pledges, about 25 percent, worth $3.5 billion, have been paid, according to the US Special Inspector General for Iraq Reconstruction. In addition, the International Monetary Fund and World Bank have begun providing some of their promised loans. (Later pledges have raised the total amount of money promised by the international community to $14.6 billion.)

Some nations have moved quickly to provide their promised aid. Japan and Britain have been "notably active" in this regard, says a recent Congressional Research Service report.

Japan - the second-largest donor to Iraq after the United States - has spent most of its pledged $1.5 billion in grant aid, and is close to launching the first phase of a $3.5 billion loan, according to CRS. Japanese funds have paid for power-station rehabilitation, water tankers, fire trucks, and irrigation equipment. (Tuesday, Japan announced it would withdraw its 600 troops in Iraq but hoped to increase noncombat air operations there.)

Britain has helped pay for reconstruction of the Iraqi justice system, among other things.

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Other nations have moved more slowly. Iraq's neighbors have made generous pledges, for instance, but so far little of the promised money has shown up.

"Kuwait ... has not moved much of its $565 million pledge," says the most recent Special Inspector General quarterly report to Congress. "Similarly, Saudi Arabia and the United Arab Emirates are holding off on expenditures."

Lack of security is one big cause of this reluctance. Currently, between 16 and 22 percent of Iraqi reconstruction aid pays for armed guards and other security-related costs. Many non-US nations don't want a large percentage of their donations to be devoted to such items. In general, they have not been eager to rebuild a war zone while the war was still going on.

Iraqi politics has been another concern. Saudi Arabia and other largely Sunni Muslim nations have kept their checkbooks closed while they wait to see how Sunnis will fare in the new Iraq.

"These countries want to see whether a stable political democratic system can be established in Iraq that will include the Sunni Arabs as well as the Shia Arabs and the Kurds," said James Jeffrey, Department of State coordinator for Iraq policy, at a June 8 House hearing.

With the establishment of the new Iraqi government, this criteria has been met, according to Mr. Jeffrey. Other US officials argue that with the death of the terror figure al-Zarqawi, the security situation is improving as well.

Pressing for reconstruction pledges to be made good may thus be an attempt by the Bush administration to help build on the momentum they say has been generated in Iraq in recent weeks - though Al Qaeda in Iraq has named a new leader, and insurgent attacks continue.

"The US has every interest in promoting international contributions to post-conflict stability in Iraq," says professor Pfaltzgraff of the Fletcher School.

US Effort To Rehab Image Falls Short (CSM)

By Howard LaFranchi

The Christian Science Monitor, June 21, 2006

WASHINGTON

In Europe for two days, President Bush will lay out a full agenda on Iran, aid to Iraq, and farm subsidies in world trade. But he'll also confront a European public that has such a poor view of America that in some countries, the United States is seen as the biggest threat to global stability today - surpassing Iran.

Views like this have figured in Helle Maasbol's family. For the three years she has lived in the US, she's not been able to entice her mom back home in Denmark to pay a visit.

"Her image of the States was going downhill for a while, but it was the war in Iraq that was the real blow," says the wife of a World Bank economist and mother of two girls - all of whom are now moving back to Europe. "I told her often about the wonderful people we've met in America, but she said she wouldn't come as long as the president was George Bush."

Indeed, the US image abroad has continued to deteriorate, despite a concerted effort by the Bush administration to turn things around by mending fences with key allies, taking concrete steps to make diplomacy work, and expanding public-diplomacy efforts in the Middle East and other regions.

At the beginning of his second term, Mr. Bush set out to improve America's relations with the world by extending a more diplomatic hand to international partners, taking more multilateral positions on security concerns like Iran, and naming trusted aide Karen Hughes to help fix the US image abroad. But recent surveys show that public opinion about America continues to fall in countries as diverse as Spain, Turkey, Russia, and Indonesia. And the repercussions of the decline are not just touchy-feely image issues, experts say.

Low public esteem for the US makes it more difficult for governments to unabashedly side with the US on international issues, while less attraction to America can mean a smaller slice of the global tourism pie for the US.

"We lose out on jobs when foreigners don't travel here as much. We lose out on billions of dollars in spending, but we also lose the goodwill we know comes from people getting to know Americans," says Roger Dow, president of the Travel Industry Association of America (TIA).

Noting that he discussed that impact recently with Ms. Hughes, Mr. Dow says, "I asked her, 'What would it be worth to you to have 8 million people going home to say, "You know, they're not so bad." ' You have to figure that into the diplomacy equation."

Eight million is the number of additional visitors the US would greet if it increased its share of the international travel pie by just 1 percent. In 2002, the US reaped 9 percent of international travel, but today the number is down to 6 percent. Each percentage drop represents 150,000 jobs and $15 billion in spending, according to the TIA.

Of course, anti-Americanism is not the only explanation for falling numbers of foreign visitors - any more than disdain for the Stars and Stripes was invented by Bush. Many experts tie the tourism phenomenon to America's place as the world's only

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superpower, and the resentment that people have long felt toward the power they believe must be responsible when events turn negative.

But others say that US policy under Bush - from the war in Iraq to rejection of the Kyoto accords on greenhouse gases - is responsible for the new spike in anti-US sentiment. "I don't believe the figures we're seeing will change much so long as this president is in office," says Simon Serfaty, an expert in US-Europe relations at the Center for Strategic and International Studies (CSIS) in Washington.

Results of a new global attitudes survey by the Washington-based Pew Research Center show that a country's image of Americans is at least several percentage points higher than the same country's image of America as a nation. Bush's numbers are below both of those categories.

Another poll published this week by the Harris group shows that Europeans generally pick the US as the world's biggest threat to global security over Iran. This was true even in Britain, although Germans and Italians rank the US below Iran.

Ms. Maasbol finds this evolution sad and troubling, especially since she remembers as a little girl hearing "only good things" about America and its role in World War II - yes, even from her mom. "People say Iraq has made things worse for everybody in the world, and that it has brought out the bad side in America with things like the prisoner abuse," she says.

When Bush meets Wednesday with European leaders in Austria, he will hear calls for the closing of the Pentagon's detention facility in Guantánamo, Cuba. Bush is attending the annual US-European Union summit. From there he travels to Budapest, Hungary, where he will give a speech Thursday.

Mr. Serfaty of CSIS says the prisoner-abuse issue and the case of Guantánamo are particularly poignant for Europeans because they suggest an America making the same kinds of mistakes that Europe made in its colonial past.

"Europeans are saying, 'Don't use your power to do what we used to do,' " he says, which was to commit widespread rights abuses in African and Asian colonies while claiming to improve the world. He adds, however, that the European perspective "demonstrates how there is no understanding over there of how 9/11 has changed mentalities in this nation."

Particularly troubling for the US may be indications that America is slipping even in places where it is lavishing new attention. Opinion of America dropped 15 points in India compared with last year - despite a Bush visit to India in March and his calling for a new strategic partnership between the two countries.

There are some bright spots for the US. The Pew survey found that America's image improved among French youth, for example. "Feelings about America were bad in 2003 at the start of the war, but you don't see that so much among the young people anymore," says Swann Gros, a 17-year-old Parisian on his first visit to America this summer. Demonstrating an awareness of current events, he says the French know that Bush "is not so popular with Americans now - just as the French don't so much like Jacques Chirac."

Bush's Goals In Austria May Be Overshadowed (LAT)

By James Gerstenzang And Alissa J. Rubin

The Los Angeles Times, June 21, 2006

VIENNA — President Bush stepped off Air Force One on a warm night Tuesday in the heart of Central Europe, and into the steamy debate over the U.S. war in Iraq and his administration's tactics in countering terrorism.

He began a 21-hour visit to Austria, built around a meeting with the leaders of the European Union, as the United States and its allies await Iran's response to their latest anti-nuclear proposals. Bush also plans a similar quick stop in Hungary tonight and Thursday.

The president arrived with what his national security advisor, Stephen Hadley, said last week were three goals: "Promoting freedom and democracy, enhancing security and pursuing greater global prosperity." The goals draw little debate, but the means for achieving them are tearing at the European political and social fabric.

Though the U.S. agenda with Europe covers global trade negotiations, European farm subsidies and Iran, Austrians want their leaders to confront Bush's policies in Iraq, the U.S. prison at Guantanamo Bay, Cuba, and the "rendition" of suspected terrorists to countries that permit torture. Newspapers and TV talk shows have discussed little else in recent days, with people at both ends of the political spectrum denouncing the treatment of terrorism suspects who have not been charged with crimes.

The visit to this officially neutral country is the first by a U.S. president since Jimmy Carter met Soviet leader Leonid I. Brezhnev here in 1979 to sign an arms control treaty. Bush is meeting with Chancellor Wolfgang Schuessel, EU president.

Peter Pilz, a spokesman on security issues for the leftist Green Party, said of Bush's visit: "It is problematic to welcome as guest a politician who wages unconstitutional wars, uses falsified secret … reports as an excuse to do so, is willing to preemptively deploy nuclear weapons, who tolerates kidnappings, torture and illegal detention camps as a means of security policy."

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Joerg Haider, former leader of the far-right Freedom Party, said in an interview with the moderately conservative newspaper Die Presse that Bush was turning the Middle East "into a witches' caldron."

"The summit will not change anything," said Haider, who is best-known for anti-Semitic comments and opposition to immigrants when his party was part of the government.

Austria's widely read news magazine Profil featured Bush on its cover this week, under the headline "The Mad World of George Bush."

"What makes the leader of the last superpower tick? Just how fanatical is he?" the magazine asked. In the city of Freud, it drew a deeply unflattering psychological profile of the president, under the headline "Bush on the Couch."

The visit to Budapest, the Hungarian capital, will give Bush an opportunity to commemorate the unsuccessful partisan uprising against Soviet domination in 1956. The revolution foreshadowed the disintegration more than three decades later of communist rule across Central and Eastern Europe, and provides the U.S. leader a metaphor for the broader democracy that he has promoted as the foundation of his Middle East policies.

Noting the division in Europe over the war, Bush said Monday at the U.S. Merchant Marine Academy in Kings Point, N.Y., "Some of the most important support for Iraqis is coming from European democracies with recent memories of tyranny." He cited Poland, Hungary, Romania, Bulgaria, the Czech Republic, Slovakia, Georgia, Ukraine, Latvia, Lithuania and Estonia as examples.

But he acknowledged that "others in Europe have had disagreements with our decisions on Iraq."

Bush is making a renewed push to get those who have promised to help rebuild Iraq to begin paying up. Of the $13.5 billion in assistance that has been pledged, he said Monday, only $3.5 billion has been paid.

Large amounts are due from Iraq's wealthier Persian Gulf neighbors, but Europe also owes money, Hadley said last week.

The meeting with the EU leadership has been long-scheduled, but its timing allows the president to promote a united front in the effort to pressure Iran to suspend enrichment of nuclear fuel, which the Bush administration sees as an immediate and pressing problem.

The five permanent members of the United Nations Security Council — the U.S., Russia, China, France and Britain — and Germany offered a package of incentives early this month to persuade Iran to halt its nuclear program. Since then, Iran has been lobbying hard to soften the terms so it can continue some uranium enrichment as "research and development."

Iranian President Mahmoud Ahmadinejad said Friday that the offer was under serious consideration.

In the view of some analysts in Washington, the diplomatic strategy on Iran may allow the U.S. to present a less bellicose image than it has regarding Iraq, potentially softening the impression Bush creates.

Having recently agreed to join other nations in direct negotiations with Iran, "President Bush has improved his standing and support among European leaders," Jon B. Wolfsthal and Jennifer Hamilton wrote in a paper for the Center for Strategic and International Studies, a Washington policy research organization.

And, they said, with the EU's top officials at his side, Bush "can in one step make clear that the offer on the table is the best Iran can hope to receive."

Austria is the 54th country Bush has visited as president; Hungary will be the 55th.

Die Presse, reflecting none of the potentially tempered view of him that Wolfsthal and Hamilton raised, featured a cartoon that suggested Bush might have become confused.

The cartoon showed the president in a pub talking to students, with a thought bubble over his head. It had him thinking, "funny kangaroos" — a jeering suggestion that Bush would mistake Austria for Australia.

An Unpopular Export (LAT)

The Los Angeles Times, June 21, 2006

PRESIDENT BUSH'S TRIP TO EUROPE is being welcomed like an infectious disease. Bush was unpopular in Europe from day one of his presidency, but a charm offensive launched last year — and a more conciliatory approach toward European concerns — was meant to change that, or at least nudge the approval rating up a notch. Instead, recent polls show he is more unpopular than ever across the Atlantic.

Things have gotten so bad, in fact, that Europeans now claim the United States is a greater threat to global stability than Iran, according to a Harris poll. Given that a key goal of Bush's visit is to persuade European leaders to support his efforts to stem Iran's nuclear ambitions, that's a bit of a problem. Though Bush wants to talk about Iran, energy and Europe's failure to live up to its commitments to help pay for Iraq's reconstruction, European leaders will feel obliged to take the president to task over Guantanamo Bay and alleged secret CIA prisons.

European disdain for the United States is nothing new, of course, and the feeling has long seemed a bit contrived. The French grumble about the U.S., but they love McDonald's and Hollywood. Austria, host to the meeting between the U.S. and

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European leaders, is one of the most fiercely anti-Bush nations in Europe. It prides itself on its neutrality, which is another way of saying it prefers to let the U.S. pay the financial and human costs of policing the world while its intelligentsia get to rail about American excesses in the war on terror. Nonetheless, Bush's disdain for multilateral institutions, environmental protection and international law has earned him a special place in the pantheon of unpopular U.S. political exports.

It is hard for Bush to alter his image at this point in his presidency, but he must do as much as he can to court European public opinion, lest governments on the Continent find it untenable to be associated with any Bush initiative. Bush's recent interview on German television, in which he said he would like to end internments at Guantanamo Bay, was a good start. He could build on it by acknowledging legitimate European concerns over climate change and repudiating the "rendition" of terror suspects.

Maybe the best PR move would be to make a surprise trip to a World Cup game in Germany. With the U.S. seen abroad as an insular nation that doesn't play well with others, a presidential visit to the hugely popular event — indeed, a humble recognition by the former baseball team owner that the World Cup is the biggest sports event on Earth — would carry enormous symbolic value. For security reasons, it would have to be unannounced and last-minute. But if Bush can drop into Baghdad unannounced, as he did last week, surely he can make a visit to Nuremberg.

Bush Travels To Europe To Shore Up Ties (AP-Y2)

By Terence Hunt

AP2, June 20, 2006

President Bush confronted high-stakes nuclear showdowns with North Korea and Iran and grisly news about U.S. war deaths Tuesday as he began a quick trip to strengthen ties with European allies unhappy about Iraq.

A week after Bush made a surprise, celebratory visit to Baghdad, he learned that two U.S. soldiers captured in Iraq had been found slain. They were killed by the new leader of al-Qaida in Iraq, an insurgent umbrella group said in a Web statement that suggested the servicemen had been beheaded.

"It's a reminder that this is a brutal enemy that does not follow any of the rules," National Security Adviser Stephen Hadley told reporters on Air Force One on the way to Europe. White House press secretary Tony Snow said, "We are seeing evidence that the Iraqi people are also sick of this."

More than 2,500 members of the U.S. military have died since the beginning of the Iraq war in March, 2003.

On his 15th trip to Europe since taking office, Bush and his wife, Laura, were greeted by Austrian Chancellor Wolfgang Schuessel. As Bush was driven to his hotel, curious onlookers, most of whom remained motionless and expressionless, gathered along Vienna's streets. One group struggled unsuccessfully to unfurl a "Go Home" banner from a restaurant balcony in time for it to be seen by occupants of the speeding motorcade.

Anti-Americanism is widespread in Europe where Bush is seen by many as a cowboy president who doesn't care about the concerns of other countries. The abuse of Iraqi prisoners by U.S. soldiers at Abu Ghraib, allegations of a massacre of unarmed civilians by U.S. Marines at Haditha and reports of secret prisons for terror suspects have hurt America's image.

Bush is under political pressure at home, as well. Approval of his handling of Iraq had dropped to 33 percent in an AP-Ipsos poll this month. Hadley took issue with a debate in Congress about Iraq, saying that "there's been sort of a suggestion out there that somehow there's an open-ended commitment by the United States to Iraq."

He repeated Bush's oft-stated promise that as Iraqi troops are capable of defending their country, American forces will leave.

The president will hold several hours of talks Wednesday with leaders of the 25-nation European Union. Wednesday evening he will go to Budapest, Hungary, to mark the 50th anniversary of the 1956 uprising against communist rule. The president returns to Washington Thursday evening.

North Korea was a growing concern because of fears its government was preparing to test-fire a long-range ballistic missile. "They seem to be moving toward a launch, but the intelligence is not conclusive at this point," Hadley said.

He said North Korea seemed to feel that creating a sense of crisis brings attention that is helpful.

"A lot of folks are sending messages to the North Koreans this would be a bad idea, they shouldn't do it," Hadley said. "And a lot of countries are going to have ideas about what we do, should North Korea ignore the advice of the international community and go forward with this launch."

Iran was another problem. The United States, Britain, France, Germany, China and Russia have offered Iran incentives to impose a long-term moratorium on uranium enrichment, a process that can produce material for nuclear generators or bombs. Two weeks after receiving the proposal, Iran has not said yes or no.

Hadley said he was confident the U.S. and its partners were standing united. "If Iran does not accept this offer, then we return to the U.N. Security Council," he said.

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Bush planned to press Europe to eliminate agricultural subsidies so that talks for a global free-trade pact can proceed. "If they can move in that direction," Hadley said, "we're going to be in the zone of getting an agreement by the end of the year."

The White House said Bush would prod nations to honor their pledges of reconstruction aid for Iraq. Of $13 billion promised, only $3 billion has been delivered, the administration says.

European leaders have their own concerns, many of them revolving around Iraq and the war on terror.

Schuessel, whose country holds the rotating EU presidency, was expected to urge Bush to close the U.S. detention center at Guantanamo Bay, Cuba. The White House said Bush wouldn't have anything new to say on that.

Bush has said he would like to close Guantanamo but some of its prisoners are too dangerous to set free and it's unclear what to do with others.

Bush was the first American president in 27 years to visit Austria.

Come Clean In Hungary (WP)

By Charles Gati

The Washington Post, June 21, 2006

President Bush will be in Budapest tomorrow to visit a good ally -- a member of the coalition of the willing. The first item on his agenda, according to the White House, is to "celebrate Hungary's historic sacrifices in the name of freedom by commemorating the 50th anniversary of the 1956 Hungarian Revolution." Topics of mutual interest will follow.

The president should indeed join Prime Minister Ferenc Gyurcs?ny -- Hungary's Tony Blair -- to celebrate that country's recent achievements. But commemorating 1956 is a different matter.

The truth is that at a critical juncture in the Cold War, when Hungarians rose against their Soviet oppressors, the United States abandoned them. After 13 days of high drama, hope and despair, the mighty Soviet army prevailed. For its part, Washington offered a sad variation on "NATO": no action, talk only. The Eisenhower administration's policy of "liberation" and "rollback" turned out to be a hoax -- hypocrisy mitigated only by self-delusion. The more evident, if unstated, goal was to roll back the Democrats from Capitol Hill rather than liberate Central and Eastern Europe from Soviet tyranny.

Until the Soviet tanks rolled in, the Hungarians believed what Washington had proclaimed. They did not know that the United States was unprepared to help them and that a few high officials even expected some political and foreign policy benefits from a Soviet invasion. Vice President Richard Nixon explained to his colleagues at a top-secret National Security Council meeting in July 1956 that "it wouldn't be an unmixed evil, from the point of view of U.S. interest, if the Soviet iron fist were to come down again on the Soviet bloc."

In a similarly cynical vein, American-run Radio Free Europe in Germany encouraged the hapless insurgents to go all the way against the Kremlin and even broadcast lessons on how to make molotov cocktails.

We now know from Russian archives that the Hungarians did have a chance to gain some of what they sought. For on Oct. 30, one week after the revolt began, members of the Soviet Presidium (as the Politburo was called then) unanimously voted not to use military force. Their decision came in the wake of a series of conciliatory, post-Stalin policies, such as the 1955 Soviet withdrawal from Austria and reconciliation with Yugoslavia -- both of which are neighbors of Hungary -- as well as the first summit with the United States in a decade. In the end, the Kremlin intervened because it feared that the situation would spin out of control both in Hungary and elsewhere in the Soviet bloc. Radio Free Europe's exaggerated rhetoric only amplified these fears.

The United States, according to the usual version of what happened, could not help the Hungarians because any action would have triggered a military confrontation with Moscow. This explanation misses the point: There were actions short of war that Washington might have taken. It could certainly have urged the Hungarians to temporize and pursue limited, evolutionary goals. It could have taken the issue to the United Nations before, and not after, the Soviet crackdown. In an imaginative move toward post-Stalin detente, it could have proposed immediate talks about withdrawing American forces from a small Western European country in exchange for Soviet withdrawal from Hungary.

Instead, Washington offered only hope, no help. "Poor fellows, poor fellows," President Dwight Eisenhower said privately as he campaigned for reelection. "I wish there were some way of helping them."

Washington's hands-off stance had nothing to do with the concurrent Suez crisis either. With Suez or without it, the United States had no means available to aid, let alone "liberate," Hungary. For despite all the talk about "liberation" since 1952, neither the National Security Council nor the State Department had devised plans for diplomatic or any other form of assistance. Nor was the CIA ready. When I received permission to study the agency's operational files for my book "Failed Illusions," to be published in September, I was stunned to learn that the CIA had but one official operating in Hungary in 1956. In Austria, as first reported by Evan Thomas a few years ago, the CIA did not have a single Hungarian-speaking agent. The handful of emigres trained for behind-the-lines activity were let go in 1953.

It is time to come clean.

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The president should tell the Hungarians that in the 1950s Congress issued politically inspired "Captive Nations" resolutions and held self-satisfying "prayer breakfasts," while Eisenhower delivered empty promises about "liberation" during presidential campaigns in 1952 and 1956 to please Hungarian (and other Eastern European) ethnics in Ohio and elsewhere -- with no plans to carry them out.

The Hungarians need to hear what happened 50 years ago -- and Americans need to hear that in the future we will not say we seek clearly unattainable goals abroad for political ends at home.

The writer teaches European politics at Johns Hopkins University's Nitze School of Advanced International Studies.

Bush Hopes For WTO Breakthrough On Farm Subsidies (AFP)

AFP, June 21, 2006

US President George W. Bush hopes European leaders will improve their offer on agricultural trade to help bring about a breakthrough in stalled global trade talks, a White House official said.

National security advisor Stephen Hadley told reporters on Air Force One, carrying Bush and other officials to a US-European Union summit, that Bush sees a deal as possible this year on the Doha Round of World Trade Organization talks.

Hadley cited a "bold offer with respect to agricultural subsidies" made by Washington last year, which would slash subsidies by some 60 percent.

"We really need to see a response from the Group of 20 countries and from the Europeans that is comparable to this offer."

The G20 group of developing nations is another key bloc at the WTO talks along with the US and EU.

Hadley said resolving the deadlock on farm subsidies could allow WTO negotiators to strike an overall deal liberalizing trade, which he said offers benefits for all countries.

"If they can move in this direction we are going to be in the sight of getting an agreement by the end of the year and I think we will see the president encourage everyone he talks to on this trip not to miss this terrific opportunity to advance trade and advance development and help raise people out of poverty," the official added.

Members of the WTO are struggling to meet their deadline of year-end 2006 to complete the current, so-called Doha Development Agenda of trade talks, which is supposed to help poor countries.

The Doha round, which was launched in 2001 in the Qatari capital, was meant to have been completed in 2004. Negotiators also missed their last deadline, April 30, for deciding on the mathematics of the final accord.

WTO ministers are next to meet at the headquarters of the free-trade organization's headquarters on June 29 to try to hammer out out an agreement on the framework for further talks on the key subjects of tariffs on agriculture and industrial products.

Plan B For Plurilateralists (WSJ)

By Bernard K. Gordon

The Wall Street Journal, June 21, 2006

The president's trip to Europe this week includes a personal effort to kick-start world trade talks. That should end the idea that he was downgrading U.S. trade goals when Rob Portman was transferred from trade chief to budget director. Instead, the president has made clear the U.S. insists on a genuine big deal for world trade -- or no deal at all. That's in contrast to what some are calling a "modestly ambitious outcome" -- or what Susan Schwab, Mr. Portman's successor as USTR, has rejected as "Doha Lite."

The president laid out what's involved: Europe will "have to make a tough decision on farming," the developing countries will "have to make a tough decision on manufacturing" and the U.S., he said, "is prepared to make a tough decision to go along with them." It's a last-ditch effort, because presidential trade authority expires in a year, and in Congress there's no stomach for half-deals. Indeed Bill Thomas, the powerful chairman of the House Ways and Means Committee, has said Washington should end altogether its support for the WTO.

It's the developing nations, led by Brazil and India, which are calling for just a "modest outcome," and it's time to recognize they have too small a stake to make that case. In fact, the world's 50 "least developed" nations account for less than 1% of global trade, and even with India and Brazil added, the total is less than 3%. The economies that are in fact the world's trade leaders are, not surprisingly, in North America, northeast Asia, the EU and the Asia/Pacific region.

If those trade heavyweights cannot close a satisfactory deal this summer, it will be time to start on Plan B, which would be centered on "plurilateral" or less than global-scale trade agreements. These would retain the key elements of the present multilateral system, which means they must exclude all preferences or preferential treatment; be based on full reciprocity; and be open to all who abide by those rules.

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Fortunately the two essential elements to do just that are already in place. One building-block is the General Agreement on Tariffs and Trade's Article 24, which was initially drafted to allow for the original European Community. It provides legal cover for groups of nations to establish FTAs, so long as "substantially all trade" is included. The second building-block is in the several "free trade" agreements the U.S. already has signed, and the others on its current agenda. Included are Nafta, the recent agreements with Singapore, Australia and Chile, earlier agreements with Jordan and Israel, and the largely completed Cafta. FTA talks recently begun with Korea and Malaysia have produced encouraging signs (those with Thailand are on hold), and further down the road are several FTAs in the Middle East.

The initial step would be to tie together these separate FTAs into a broader group of nations that share America's free trade goals. Some in Europe are in that category: Britain, the Netherlands, several in Scandinavia and very probably Germany. They seem hardly willing to continue supporting the French-EU insistence on the agricultural policies that have stalled the Doha Round. Yes, Peter Mandelson, EU Trade Commissioner, has said Europe would lose "next to nothing" if the WTO's Doha Round fails, and it's time to test that.

One clue of change in Europe's trade winds came two months ago, when several EU nations wrote Mr. Mandelson to warn him not to make further concessions on agriculture. But those that did not sign the letter included most of the EU's trade heavyweights: Britain, Holland, Germany, Sweden and Denmark. In world trade terms, that's quite a club.

Just as with the existing bilateral and regional FTAs, the new plurilateral free trade group would exist alongside, rather than substitute for, the multilateral system at the heart of the present Doha Round, which has evidently come on hard times. The key advantage of plurilateralism would be to continue the widening of trade liberalization, rather than being stymied by the split between what Robert Zoellick called the "can do" and the "won't do" nations.

But to get the ball rolling the U.S. must return to its traditional position of trade leadership. The whole process started when Cordell Hull, FDR's secretary of state, authored the Reciprocal Trade Act of 1934, and now's the time to resume that role.

Mr. Gordon is emeritus professor of political science at the University of New Hampshire.

Brussels Decries US Protectionism (FT)

By Wolfgang Proissl, Fidelius Schmid And Daniel Dombey

Financial Times, June 21, 2006

A rising tide of protectionism could endanger European investment in the US, the president of the European Commission said ahead of a European Union-US summit in Vienna on Wednesday.

José Manuel Barroso said he had spoken to George W. Bush, US president, several times about the risk of introducing new barriers on investment because of worries about globalisation or terrorism.

“We want to make sure that the security concerns that we respect can be dealt with in a manner that is not detrimental with our overall political relations, specifically on trade and investment,” he told Financial Times Deutschland, the FT’s sister paper.

“We deplore all decisions when there is – because of a security concern – the restriction of the free flow of capital . . . It’s negative for all of us. We believe it’s important to have more cross-border investment.”

He said a backlash against globalisation was also stoking “protectionist tendencies” in the US. and elsewhere.

The US and the EU are each other’s biggest source of foreign direct investment. With a total bilateral investment stock of €1,500bn ($18,871bn), two-thirds of European and US companies’ investment abroad reaches the other side of the Atlantic.

But EU officials believe the failure of Dubai Ports World’s attempt to buy US ports this year showed a willingness by Congress to block foreign investment on grounds unrelated to economic criteria.

The topic is just one of a number of sensitive practical issues on which transatlantic ties will be tested at today’s summit.

Mr Barroso is also worried about Washington’s refusal to grant visa-free access to the US to citizens of “new” EU member states, and the Commission has struggled to meet US demands to provide details of transatlantic air passengers in a way that is compatible with EU law.

But Mr Barroso said that, on broad strategic issues, the Bush administration had moved closer to the EU in recent months.

Mr Barroso said the US’s position on the visa-waiver scheme treated people from new member states “as second-class citizens” even though they hailed from countries that were “very pro-American”.

He put this in the context of “a great improvement in EU-US relations”, shown by the US’s greater appetite for a multilateral approach, notably over Iran.

However, he underlined the EU’s demand for the US to close its detention centre on Guantanamo Bay. “We believe that the moral ground that we have in fighting terrorism should not be changed by any kind of vacuum or break in the respect of human rights,” he said. “We should not lose our soul in our fight against that.”

U.S., EU Are Set To Pressure Russia (WSJ)

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By John D. McKinnon And Henry J. Pulizzi
The Wall Street Journal, June 21, 2006

VIENNA -- A U.S.-European Union draft declaration raises concerns about Russia's energy policy and erosion of political freedoms, just weeks before that country hosts its first meeting of the Group of Eight powers.

The draft declaration sets the stage for a tussle over energy policy at the coming G-8 summit, where Russia has made energy security the primary agenda item. The Bush administration believes Russia has been seeking to use its vast energy resources as a political weapon, particularly in Central and Eastern Europe.

President Bush arrived here late yesterday for a one-day summit with EU leaders. He travels to Budapest tomorrow to deliver a speech commemorating the 50th anniversary of the Hungarian uprising against the Soviet Union and is likely to raise concerns about the deterioration of democracy in Russia.

The draft states that "we are concerned about some recent developments in Russia and the region," adding that the U.S. and EU "will work with Russia to promote energy security, the application of the rule of law, and independent judiciary and full respect for human rights, including free and independent media and a vibrant civil society." It seeks to soften that criticism by noting that "we attach great importance to our relationship with Russia and are pursuing deeper cooperation on a range of issues of common interest."

On energy, the draft broadly emphasizes the need for diversification of energy sources, supplies and transit routes, implicitly underscoring concerns that Russia has too much control over Europe's gas and oil supplies. While encouraging better dialogue between consumer and producer countries, it also calls for "promoting diversification of energy sources and supply routes world-wide, and notably in the Caspian Sea region," as well as the Middle East, Africa and Latin America.

It also appears to criticize a lack of transparency and open access in Russia, saying the EU and U.S. should "promote market-based energy security policies that ensure competition, transparency, respect for contracts and non-discriminatory trade, transit and access." The U.S. and Russia have been locked in a debate over the G-8 declaration on several of those issues. Russia wants more access to Western retail markets for its state-dominated energy companies, while the U.S. is worried that Russia isn't allowing Western private-sector oil companies to compete for development of its best oil fields.

The declaration also shows the U.S. edging closer to European views on pollution and global warming. It calls for creation of an "EU-U.S. High-Level Dialogue" on climate change and alternative fuels.

U.S., EU Unite To Fight China Over Regulations (WSJ)

By William Echikson
The Wall Street Journal, June 21, 2006

BRUSSELS -- When President Bush meets with European Union leaders in Vienna today, the two sides will try to sidestep their many disputes over how to regulate global business. One thing they can agree on, though: the need to dissuade China from becoming a third global regulatory power.

Businessmen and officials on both sides of the Atlantic said China's desire to set its own regulatory requirements for goods sold there is becoming a big concern, because car makers and other exporters would have to tailor products to meet another set of expensive requirements in order to compete in China's huge market.

"We need to make sure China stays on board and doesn't create separate standards," said Reinhard Schulte-Braucks, director of the European Commission's car-regulation unit. "The Americans share the same fear, and we must work together."

So while the U.S. and EU have been slow to harmonize their regulatory regimes, the prospect of China adding another layer of costly rules is fostering greater interest in trans-Atlantic cooperation. Mr. Bush and leaders from the EU's main institutions are expected in Vienna to approve a deal to form joint task forces to crack down on counterfeiting and other intellectual-property abuses around the globe. Gregor Kreuzhuber, industry spokesman for the EU, said the agreement was directed in large part at Beijing.

The deal is one of the few concrete results expected to emerge from an annual summit designed mainly to show that the world's two biggest economies are working together on areas ranging from efforts to rein in Iran's nuclear program to improving the security of global energy supplies.

Beijing is demanding a Chinese inscription be put on tires in addition to the present international symbol, which is set along with other global standards by a United Nations agency based in Geneva. For tire makers such as Germany's Continental AG or Goodyear Tire & Rubber Co. of the U.S., that would require remaking expensive tire molds.

"We are terribly worried about this Chinese demand and fighting it alongside the Americans, Japanese and everybody else trying to get into the Chinese market," said Fazilet Cinralp, secretary-general of the European Tyre & Rubber Manufacturers' Association. She estimated the annual cost to each major tire company at millions of euros.

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Equally worrying is the "distinct possibility" that China will impose its own crash tests to protect its car makers, Mr. Schulte-Braucks said. China currently has stricter sanitary guidelines on food imports and higher capital requirements on banks, among other things.

Still, domestic political hurdles to harmonizing U.S. and European regulations are often large, and for now regulatory tensions appear to be increasing.

Günter Verheugen, the European Commission's industry chief, recalled that at the previous U.S.-EU summit a year ago, he lobbied Mr. Bush to create a "common regulatory space" across the Atlantic Ocean. As an example, Mr. Verheugen suggested safety and environmental standards for cars. "Do it," Mr. Bush told his aides, Mr. Verheugen recalled.

A year later, U.S. and EU car regulations are as far apart as ever. Car manufacturers still have to run different crash tests and make different models for the two markets to meet requirements for safety, emissions and car lights. The variations add at least 20% to the cost of making a car, according to a spokesman for Volkswagen AG.

Mr. Verheugen also is proceeding with a strict European chemical-testing initiative, much to U.S. annoyance. The legislation would mandate sweeping testing and classification of as many as 30,000 chemical substances. American businesses say most of these are harmless, and the measure could cost the U.S. chemicals industry some $17 billion in exports. "Setting the same standards sounds easy to solve, but not if you get down to the nitty gritty," said Mr. Verheugen's spokesman, Mr. Kreuzhuber.

Pyongyang Asserts 'Right' To Test-fire Missiles (WT)

By Bill Gertz And Stephen Dinan

The Washington Times, June 21, 2006

North Korea declared today that it has a right to carry out long-range missile tests, a day after U.S. officials said the Pentagon has activated a new missile defense system and as several countries called for Pyongyang to refrain from launching a missile.

"It is not right for others to tell us what to do about our sovereign rights," Han Song-ryol, the deputy chief of North Korea's mission to the United Nations, told a South Korean news agency, although he also said his country was open to talks with the U.S. on the issue.

"The United States says it is concerned about our missile test launch. Our position is, 'OK then, let us talk about it,' " Mr. Han told Yonhap.

White House officials would not say what the consequences would be if North Korea tested a missile, and officials at the Pentagon and State Department refused to comment on whether the U.S. ground-based interceptor system was up and running, as The Washington Times reported yesterday.

"There are many options, and we are simply not going to tip our hand as to what the possible response should be," White House spokesman Tony Snow told reporters traveling on Air Force One with the president, who landed in Austria yesterday for a meeting with leaders of the European Union today.

National Security Adviser Stephen J. Hadley said the North Koreans "seem to be moving forward towards a launch, but the intelligence is not conclusive at this point."

He said, however, that the rogue nation's moves have unified key U.S. partners in the region, including Japan, which has indicated it might sponsor a United Nations Security Council resolution on the matter.

"A lot of folks are sending messages to the North Koreans this would be a bad idea," Mr. Hadley said.

Poor weather conditions prevailed yesterday over northeastern North Korea, where U.S. intelligence agencies have been monitoring a long-range Taepodong missile being fueled at a base along the east coast, U.S. officials said.

The missile is thought to be a Taepodong-2 capable of hitting part of U.S. territory. The North also claims to have built nuclear weapons.

Bush administration officials said Monday that the new ground-based interceptor missile defense system is operational and that one option being considered if a missile is launched is to shoot it down with one of 11 interceptors deployed at Fort Greeley, Alaska, or Vandenberg Air Force Base in Southern California.

Amid heightened tensions over the North Korean plans, the U.S. military is conducting its largest war games in decades. Three U.S. aircraft carrier battle groups are exercising near the Pacific island of Guam as part of the maneuvers.

The Pentagon's Missile Defense Agency also has planned a sea-based missile defense test from an Aegis cruiser near Hawaii for today.

The North's declaration prompted Japan and South Korea to pledge cooperation to thwart the test plans.

In China, Foreign Ministry spokeswoman Jiang Yu urged "all parties" to act in ways helpful to peace and stability on the Korean Peninsula, but did not publicly call on North Korea to call off its launch.

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"China has taken note of reporting on the possible launch of a missile" by North Korea, she said. "We do not have a complete understanding of the situation. Under the current situation, we hope all sides concerned can put in more effort to do things which are good for calming the situation and good for regional peace and stability."

Yesterday, Japan's Kyodo news quoted North Korean Foreign Ministry official Ri Pyong-dok as saying that North Korea is not bound by the joint declaration at international nuclear disarmament talks last year or a missile-test moratorium agreed to by Tokyo and Pyongyang in 2002. The North had ceased firings since 1999, and leader Kim Jong-il reaffirmed the moratorium in 2004.

But Mr. Han said the moratorium had been respected in times of dialogue with Washington and Japan.

"When we were engaged in hectic dialogue with Washington and Tokyo for rapprochement, we said we would suspend missile test launches for the time when the dialogue was under way in order to help improve the atmosphere," he told Yonhap.

Any launch would be a provocative step and contrary to North Korea's self-imposed ban on missile testing, said U.S. State Department spokesman Adam Ereli. He would not speculate on any consequences of either a launch or a U.S. intercept.

"Our preferred course of action is that there not be a missile launch or a missile test," he said. "And we've made that clear. And we've also made clear that any such action would result in North Korea's further isolation in the international community."

On Capitol Hill, Rep. Duncan Hunter, California Republican and chairman of the House Armed Services Committee, said the North Korean plans highlight the need for U.S. missile defenses.

"Communist North Korea's current actions directly underscore the need for the United States to deploy an effective missile defense system capable of defeating these threats," Mr. Hunter said. "We can't wait around idly while our enemies build and test long-range missiles capable of attacking American cities."

North Korea Disavows Its Moratorium On Testing Of Long-Range Missiles (NYT)

By Helene Cooper And Michael R. Gordon

The New York Times, June 21, 2006

WASHINGTON, June 20 — North Korea said Tuesday that it was not bound by its own moratorium on long-range missile tests, as tension over the country's missile intentions continued to mount.

In Washington, a senior State Department official challenged the interpretation, saying the United States expected the North Korean government to abide by its commitments.

An official of that government's Foreign Ministry told Japanese reporters that a missile test would not be "bound by any statement such as the Pyongyang declaration," the Japanese news agency Kyodo reported. The agency quoted the official, Ri Pyong Dok, as saying: "This issue concerns our autonomy. Nobody has a right to slander that right."

The declaration was signed in 2002 by the North Korean leader, Kim Jong Il, and the Japanese prime minister, Junichiro Koizumi. In it, North Korea pledged to extend a moratorium on its test launchings of longrange ballistic missiles.

But that agreement is something less than a binding treaty.

The North agreed to the moratorium in 1999. Charles Kartman, the United States special envoy who negotiated it with the North Koreans, said the understanding had been worked out on the assumption that the two countries would conduct further talks on an American proposal to ban the testing, production and export of long-range North Korean missiles. But such negotiations have not been held since 2000.

"The moratorium was to be in effect only so long as the two sides were engaged in missile talks," Mr. Kartman said in an interview. "The Bush administration's disinterest in continuing the missile negotiations would have, of course, canceled out the 1999 moratorium."

The North Koreans later agreed to extend the moratorium on missile tests as part of the separate 2002 understanding with the Japanese. In a joint declaration with Japan, North Korea "expressed its will to extend its moratorium on missile tests beyond 2003 in the spirit of the declaration," according to an English-language translation of the declaration.

The Bush administration has taken the position that both moratoriums are still in effect. Secretary of State Condoleezza Rice said Monday that the United States would regard a missile launching as an "abrogation of obligations that North Korea undertook in the moratorium that they signed on to in 1999, that they reiterated in 2002."

A senior State Department official said: "A basic tenet of international relations is that when you say you're going to do something, you do it. You abide by your commitments, and if you don't, well, you are judged accordingly."

He insisted that his name not be used because he was not authorized to speak publicly on the issue.

The issue of the moratorium emerged along with reports that the United States has raised the alert status of its ground-based missile defense system. The Pentagon has deployed 11 missile interceptors in a test status in Alaska and California and has not conducted a successful interception test in four years.

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Nonetheless, the Pentagon has asserted that the missiles could be activated if international events warranted and noted that several tests in which a target is to be intercepted are scheduled for this year and early next year.

Pentagon officials refused to discuss the current status of the system. "We have a limited missile-defense system," said Eric Ruff, the Pentagon spokesman. "We don't discuss the alert status or the specific capabilities." The Washington Times reported Tuesday that the system had been activated.

Missile defense proponents said North Korea's missile preparations would strengthen the case for building more robust missile defenses. "I think the activity by North Korea clearly makes the case that a missile defense is necessary for American security," said Representative Duncan Hunter, the California Republican who is chairman of the House Armed Service Committee.

Critics asserted that the missile defense was an illusory shield against a threat that had yet to materialize.

"The system being declared operational is no more than a scarecrow, incapable of fooling anyone except perhaps some members of the administration who want to pretend to be defending the country against a North Korean missile attack," said Robert G. Gard, a retired Army lieutenant general and a senior fellow at the Center for Arms Control and Nonproliferation.

Diplomatic efforts to stop North Korea from launching what American officials believe is a two-stage Taepodong 2 missile continued on Tuesday. Secretary General Kofi Annan of the United Nations called for a halt to test preparations. "I hope that the leaders of North Korea will listen to and hear what the world is saying," he said. "We are all worried."

[A top North Korean official has offered talks with the United States on the plans for a missile test, indicating that a launching could be put off, Agence France-Presse reported in Seoul, South Korea, on Wednesday. "The United States says it is concerned about our missile test launch," Han Song Ryol, the deputy chief of North Korea's mission to the United Nations, told the Yonhap news agency, according to A.F.P. "Our position is, O.K., then, let's talk about it."]

There has been some concern in the United States that North Korea might seek to justify the missile firing as part of a civilian space program. But American officials say that even such a launching would violate the 2002 moratorium, since the technology used to put satellites into orbit is easily transferable to intercontinental missiles. The North Koreans described their last significant test in 1998 as an effort to launch a satellite.

U.S. Readies System For Missile Detection (WP)

By Thomas E. Ricks And Joohee Cho

The Washington Post, June 21, 2006

The U.S. military yesterday moved ships into position off the coast of North Korea to detect the launch of any long-range ballistic missiles and prepared its new, unproven missile-interception system to attempt a response if necessary.

It was apparently the first time that the U.S. government has readied its rudimentary missile-defense system other than to test it. But officials played down the possibility that the interceptors might be used against a North Korean missile, and the South Korean government expressed doubt that Pyongyang is even preparing a test launch of its first intercontinental missile. It suggested that the government of Kim Jong Il might only be preparing to send a satellite into space.

Han Song Ryol, North Korea's deputy chief of mission at the United Nations, said that Pyongyang has a right to develop and test missiles, but that it would like to ease tensions over the situation through talks, the Yonhap news agency quoted him as saying. "We know that the U.S. is concerned about our missile test launch," the news services quoted Han as having said in a telephone conversation with Yonhap. "Our position is to solve this situation through discussions."

Two U.S. Navy ships with sensors that could swiftly detect and track a missile's flight were operating off the North Korean coast yesterday, a Pentagon official said. They are the USS Curtis Wilbur and the USS Fitzgerald, both Arleigh Burke-class guided-missile destroyers based at Yokosuka, Japan.

Also, as part of a long-planned exercise, the Navy has three carrier battle groups operating near Guam in the western Pacific for the first time since the Vietnam War, along with dozens of aircraft, including several heavy bombers.

Pentagon officials said that steps had been taken to ready the U.S. interceptors in much the same way that they would proceed for a test of the system -- which is still being built -- because of recent satellite imagery indicating that North Korea might be preparing a test launch.

But they declined to confirm a Washington Times story yesterday that said the system had recently been activated, and that the Bush administration is considering shooting down the North Korean missile.

"The United States has a limited missile-defense system, but I'm not going to discuss status or capabilities," said Bryan Whitman, a Pentagon spokesman.

There are nine interceptor missiles based in Alaska and two in California. They are at the core of a complex system that connects launch data from satellites and radars on land and aboard ships, and transmits the data to command-and-control

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facilities, where senior commanders make decisions about whether to launch interceptors. The system has not successfully intercepted a missile in its current configuration.

U.S. government officials, speaking on the condition of anonymity, played down the likelihood of the new anti-missile system being used in this situation because, they said, it is not yet clear whether North Korea will send a missile aloft -- or if it does, whether it would head anywhere near U.S. territory. Nor would the U.S. government want to risk an embarrassing failure of its system, they said, and it is possible that the missile could carry a satellite into space, rather than arc back to earth.

In Seoul, a South Korean official said his government is skeptical of U.S. intelligence indicating that North Korea is preparing to launch a new, larger version of the Taepodong-2 missile capable of hitting the West Coast of the United States. He said his government is not particularly alarmed by the situation and "doesn't understand why there is such fuss in other countries on this."

He also said it is too early to tell if the North Koreans are trying to launch a satellite or test a missile.

A South Korean parliamentary panel concluded that North Korea "does not seem" to have completed injecting fuel into the missile, citing information from South Korea's National Intelligence Service.

"The NIS reported that it is hard to believe the missiles have been fully fueled already," Rep. Chung Hyung Keun, secretary of the National Assembly's Intelligence Committee, told reporters in Seoul. The lawmaker made the remark after emerging from a briefing by the NIS. "The 40 fuel tanks spotted at the site do not contain enough to launch a missile that needs 65 tons of liquid fuel," the lawmaker said.

National security adviser Stephen J. Hadley appeared to confirm the South Korean account when he told reporters on Air Force One as President Bush flew to Vienna yesterday that "it's hard to tell" if North Korea has fueled the missile.

"They seem to be moving forward towards a launch, but the intelligence is not conclusive at this point," Hadley said.

U.S officials have examined intelligence that suggests Pyongyang may be preparing to test a Taepodong-2 missile from a remote village on North Korea's northeast coast. They have said U.S. satellites have observed liquid-fuel canisters placed near the missile, but officials said there was no confirmation that the missile had been fueled.

Meanwhile, the United States and Japan began negotiations on a draft resolution at the United Nations that would condemn Pyongyang if it conducts a test. The resolution would also demand that Pyongyang observe a 1999 moratorium on missile tests and resume international negotiations over its nuclear weapons program.

U.S. and Japanese diplomats have been laying the groundwork for the resolution in private meetings with members of the Security Council. But council diplomats said that China, which is hosting the stalled six-nation talks over North Korea's nuclear weapons program, has called on the resolution's chief sponsors to water it down. The United States last attempted to take up the issue of North Korea's nuclear weapons program in 2003, but dropped the effort in the face of Chinese opposition.

An expert on ballistic missile proliferation, Henry D. Sokolski, said U.S. diplomatic efforts are too limited because North Korea is hardly being punished for its actions.

"We must make sure that others see that this is not a model to follow," said Sokolski, a former Pentagon official. "I am sure the Iranians are watching this very, very closely."

North Korea Launch Concerns Mount (LAT)

By Barbara Demick

The Los Angeles Times, June 21, 2006

Defying international pressure, North Korea today defended its right to test-fire a long-range missile under international law.

In Pyongyang's first public comment on the emerging conflict over the missile launch, a North Korean official visiting Tokyo said that the country did not consider itself bound by a 1999 testing moratorium or other agreements.

"This is a matter of national sovereignty, and no one has the right to criticize it," Lee Byung-du, a director at the North Korean Foreign Ministry, was quoted as telling reporters by Japan's Kyodo News Service.

The North Korean did not elaborate on what was occurring at a remote missile base on his country's East Coast, where intelligence satellites have observed the apparent assembling and fueling of a multistage missile.

If anything, North Korea's intentions have become less clear because of a growing controversy over the intelligence data.

South Korean officials today challenged the U.S. assertion that North Korea had completed the fueling process, making a launch both inevitable and imminent.

The National Intelligence Service told the National Assembly today that only 40 fuel canisters were observed around the launch site at the Musudan-ri missile base, and that the number was far too little to fuel what is said to be a 115-foot long, 65-ton multistage missile.

In addition, the South Korean government is questioning whether the missile in question is for military use.

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One government official who had attended a briefing said the nature of the liquid fuel at the site and the way it is being assembled above ground suggested a civilian purpose, such as for launching a satellite.

"We believe it is premature to judge whether this is a missile or a satellite. We are not jumping to conclusions," said the official who asked not to be named.

In 1998, North Korean launched a similar multistage Taepodong I missile over Japan and into the Pacific Ocean. They claimed the missile carried a satellite that was broadcasting North Korean revolutionary hymns, and was contributing to "scientific research for peaceful use of outer space."

The United States and Japan disputed the North Korean assertion.

North Korea signed a missile-testing moratorium in 1999 and renewed the pledge in 2002 during a summit in Pyongyang between North Korean leader Kim Jong Il and Japanese Prime Minister Junichiro Koizumi. The North Koreans say that the moratorium expired in 2003.

North Korea Asserts Right To Test-fire Missile (USAT)

By Bill Nichols

USA Today, June 21, 2006

WASHINGTON — North Korea on Tuesday defended its right to test a long-range missile and rejected international calls to stop launch preparations.

North Korean Foreign Minister Ri Pyong Dok said the right to test-launch a ballistic missile "concerns our autonomy," Japan's Kyodo News agency reported. "Nobody has a right to slander that right," Ri told Japanese media.

Ri, while not confirming or denying that North Korea plans a missile launch, said Pyongyang's actions are not bound by international commitments it has made to a missile moratorium. North Korea has abided by a ban on long-range missile tests since 1999.

Ri's words came amid continuing signs that North Korea is preparing to test-launch a Taepodong-2 missile. The multistage missile has a range of 9,320 miles, according to North Korea, and is capable of reaching the USA.

North Korea may have as many as 13 nuclear weapons, according to the Institute for Science and Security, a Washington think tank. The Taepodong-2 is believed to be capable of carrying a nuclear warhead.

National security adviser Stephen Hadley said it was difficult to judge whether North Korea had actually completed fueling a missile in preparation for a test.

"They seem to be moving forward toward a launch, but the intelligence is not conclusive at this point," he said.

Secretary of State Condoleezza Rice warned North Korea on Monday that such a launch would be a "provocative act."

Six-party talks aimed at persuading North Korea to give up its nuclear program have been stalled since November. The United States has refused one-on-one negotiations.

In other developments Tuesday:

·Rice spoke by telephone to South Korean Foreign Minister Ban Ki Moon, and United Nations Ambassador John Bolton spoke to members of the U.N. Security Council in New York.

U.S. officials would not specify what action might be taken if North Korea conducts a test. "We are simply not going to tip our hand," White House spokesman Tony Snow said.

·International opposition to a missile launch deepened, as France and the United Nations called for a stop in test preparations.

"We are all worried," U.N. Secretary-General Kofi Annan said in Paris. French Prime Minister Dominique de Villepin said a test by North Korea would prompt a "firm and just" international response.

·Alexander Vershbow, U.S. ambassador to South Korea, said Washington wants to have normal relations with North Korea. He urged Pyongyang not to test a missile and instead return to international nuclear talks.

"We want to achieve a negotiated solution to the nuclear issue," Vershbow said after meeting with former South Korean president Kim Dae Jung, who canceled plans to meet North Korean leader Kim Jong Il next week.

·The Pentagon staged previously scheduled war games near Guam in the Pacific Ocean with 22,000 troops and three aircraft carriers. Cmdr. Mike Brown said the exercises were not aimed at North Korea or "any one nation."

N Korea 'is Not Bound' By Missile Test Ban (FT)

By David Pilling And Demetri Sevastopulo

Financial Times, June 21, 2006

North Korea on Tuesday declared that it was not bound by a moratorium on testing long-range missiles, and increasing fears that it would launch an intercontinental ballistic missile.

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The North Korean threat follows days of escalating tension prompted by evidence that Pyongyang is preparing to test a long-range Taepodong-2 missile that could reach Japan and parts of the continental US.

Ri Pyong Dok, a North Korean foreign ministry official, told Japanese journalists in Pyongyang that a long-range missile test launch "is not bound by any statement such as the Pyongyang Declaration", Kyodo news reported.

Mr Ri was referring to an agreement signed in 2002 between Kim Jong Il, North Korea's leader, and Junichiro Koizumi, Japan's prime minister, in which Pyongyang promised not to test long-range missiles.

John Bolton, US ambassador to the United Nations, said members of the Security Council had begun "preliminary" discussions on how to respond to any test.

"We are discussing a range of things that fall within the Security Council's domain given that this launch would constitute a threat to international peace and security," Mr Bolton said in Washington.

US officials said on Tuesday that the US had activated its missile defence system but some analysts questioned whether the system would be capable of hitting an incoming missile.

Bryan Whitman, Pentagon spokesman, said: "The US does have a limited missile defence system but I'm not going to get into specific alert status or capabilities."

Dominique de Villepin, the French prime minister, on Tuesday said the international community should respond to a North Korean test with a "firm and just" response.

A US official on Monday said Washington believed North Korea had fuelled the Taepodong-2 missile, a procedure that is difficult and dangerous to reverse, suggesting that a missile test could be imminent.

But Stephen Hadley, the White House national security adviser, on Tuesday said the evidence was "not conclusive". But he added that North Korea seems "to be moving forward towards a launch". Some media reports have suggested that bad weather over the missile launch site could be delaying the test.

Pyongyang caused an international crisis in 1998 when it fired an earlier version of the Taepodong missile over Japan into the Pacific.

The event was a catalyst for Tokyo's decision to develop a missile defence shield in conjunction with Washington.

Both Mr Koizumi and Shinzo Abe, Japan's chief cabinet secretary who has made his career being tough on North Korea, said this week that Japan would respond sternly to any missile test.

Few Moves Left With N. Korea (LAT)

By Barbara Demick

The Los Angeles Times, June 21, 2006

SEOUL — The Bush administration has limited options to prevent North Korea from test-firing a multistage missile that could reach U.S. interests in the Pacific.

In many ways, a missile deployment could constitute grounds for a preemptive attack, such as an airstrike against North Korea. But that is unlikely to be considered a serious option given the U.S. entanglement in Iraq and objections from China.

China and Russia's ties to North Korea also make it unlikely that the United Nations Security Council could inflict meaningful punishment on the regime in Pyongyang. South Korea has signaled it would not go along with efforts to economically isolate its estranged neighbor in retaliation for a launch.

The Bush administration already has measures in place to stanch the flow of illicit money to Pyongyang through offshore banks in Macao and to block North Korean shipping. Yet the North Korean regime continues to thumb its nose at the U.S. campaign against weapons of mass destruction.

Since September, it has boycotted six-party talks aimed at dismantlement of its nuclear program, and the coaxing and threatening from the United States have been to little avail.

"Kim Jong Il is calling the Bush administration's bluff," said Daniel Pinkston, a North Korea specialist with the Center for Nonproliferation Studies in Monterey. "The U.S. is already doing everything it can do in terms of economic pressure."

For weeks, U.S., Japanese and South Korean intelligence satellites have observed trucks delivering missile parts and fuel to the Musudan-ri missile base on North Korea's east coast. The North has made no effort to conceal the activities.

The new missile seems to be a souped-up version of the Taepodong 1, which North Korea tested in 1998. That launch demonstrated that the country, despite its impoverishment, had far more sophisticated technology than anyone thought.

The missile — called the Taepodong 2 — is thought to be capable of reaching U.S. bases in Japan, the U.S. territory of Guam and possibly Alaska or Hawaii.

North Korea's nuclear program has been up and running since 2002, when Pyongyang pulled out of the Nuclear Nonproliferation Treaty. The CIA now believes the country has enough fissile material for eight to 10 nuclear weapons.

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Although North Korea probably cannot yet mount a nuclear warhead on a missile, most experts believe it is working rapidly to develop such capabilities.

"If there ever was a case in which preemption would be logical, it would be this moment — but this is not where the political priorities are of the Bush administration right now," said a U.S.-based North Korea analyst who asked not to be quoted by name.

He contrasted the position of the U.S. and Japan in this situation with the airstrikes Israel made in 1981 to destroy an Iraqi nuclear plant under construction.

"If Japan were Israel, you know what would happen," the analyst said.

But when asked whether the United States would shoot down a missile, J. Thomas Schieffer, the U.S. ambassador to Japan, said in Tokyo today, "The U.S. has options available to it that it did not have in the past, and these options are on the table." He did not elaborate.

The U.S. hesitancy has a lot to do with horrific memories of the 1950-53 Korean War, in which China and the U.S. fought over the Korean peninsula at a cost of more than a million deaths and a ravaged land.

South Koreans are particularly fearful, and officials have had little to say publicly other than bland admonishments against a missile test, while privately downplaying the threat.

"If there is a missile test, the South Koreans will carry on business as usual," said Kim Tae-woo, a South Korean analyst at the Korea Institute for Defense Analyses. "They will not participate in any international effort to isolate North Korea."

North Korean officials have reportedly told the South that the missile is a civilian experiment designed to put a satellite into orbit. They made the same claim in 1998 after a test of a Taepodong 1 missile over Japan.

Although the U.S. is unlikely to buy the story, the ambiguity might be enough to muddle the debate over retaliatory action.

Given the limited options, the Bush administration is stuck taking the same tack it has in the wrangling over North Korea's nuclear program — asking China to lean on Pyongyang.

President Bush is believed to have called Chinese President Hu Jintao at least once over the last month because of the missile test. Almost all of North Korea's trade comes through China, making it the only country with real economic clout in this case.

Tokyo also has limited economic leverage over North Korea, leaving it with little to threaten other than asking for U.N. Security Council sanctions.

Most of Japan's actions appear aimed at voters at home, where there is simmering anger over the kidnappings of Japanese citizens in the 1970s and 1980s by North Korean security services. The Japanese government Friday passed a law requiring economic sanctions against Pyongyang if no progress is made on resolving questions about the fate of those abductees still believed to be missing.

After the 1998 missile launch, many threats were voiced against North Korea with little result.

President Clinton circumvented objections from Congress a few months afterward to fund a program to supply North Korea with heavy fuel oil. When Kim Jong Il agreed to a missile-testing moratorium the following year and again in 2002, North Korea received aid from Japan.

Andrei Lankov, a North Korea scholar based in Seoul, notes that North Korea's missile-testing moratorium has since expired and that there may be little in international law to prevent Pyongyang from doing a test launch.

He advises that the Bush administration's best bet in a no-win situation might be to "ignore the North Koreans."

"Too much of a fuss will only make things worse," Lankov said.

U.S. Missile Defense (WT)

By Peter Huessy

The Washington Times, June 21, 2006

The twin nuclear and missile threats from Iran and North Korea have transformed the missile defense debate. It is no longer "should we deploy," but "how should we deploy?" Policy-makers face a tough decision: How much to invest in some protection now, vs. future, complimentary technologies that offer enhanced protection?

In missile defense, as in finance, the best way to cover risks is not to "put all your eggs in one basket." Instead, assemble a "balanced, diversified portfolio" of short, medium- and long-term technologies that cover the range of risks. In missile defense, current assets are being fielded, such as the Aegis/Standard Missile-3, initially deployed as an air defense weapon, but now upgraded to be a sea-based missile defense. Another is THAAD, the Terminal High-Altitude Air Defense system capable of providing terminal missile defenses for U.S. forces in a regional conflict. And the Alaska and California-based Ground-based Interceptor system (GBI) provides an initial defense for the continental United States against long range rockets.

Each has limits. The sea-based interceptor is limited by its shipboard launch canister. THAAD will always cover a limited area. And GBI is a fixed-site system that covers chiefly Northeast Asia threats.

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Future assets like the Airborne Laser (ABL) and the Kinetic Energy Interceptor (KEI) offer complementary capabilities. ABL, a chemical laser mounted in a 747, requires further technological work to become operational. KEI, a very fast interceptor launched from land or sea, is a solvable engineering challenge. More futuristic capabilities, chiefly in the realm of space-based assets, require engineering successes, and, most of all, a policy commitment to extend interceptors into space.

How "far off" will depend on "when" we decide to move forward. For example, both Polaris and Minuteman intercontinental ballistic missiles were developed in the mid-1950s by the late Air Force Gen. Bernard Schriever in a time frame previously thought undoable. Both technologies have served us well, as the sea- and land-based legs of the U.S. nuclear triad have remained the bed rock upon which U.S. nuclear deterrence rests.

So, today, choosing the right missile defense balance is complicated. Most critics claim only systems that reach perfection should be considered for deployment. For example, many argued that defenses such as the early Patriot and GBI should not be deployed because they have limitations and are not panaceas. (Ironically, these same critics resort repeatedly to reliance on arms control, which does not exactly have a perfect record.)

For example, even as early Patriot action in the 1991 Gulf War resulted in the shootdown of more than 30 percent of all Iraqi Scuds, critics argued the system should not be built. It is true the Patriot deployments were indeed rushed to the Gulf on an emergency basis. In addition, the original technology was not configured for missile intercepts but for airplanes. In part, this was due to congressional prohibitions of missile defense upgrades for the Patriot. Despite these limits, the Patriot was of enormous benefit: It kept the allied coalition together. Today, the currently upgraded Patriot has already protected scores of Americans and coalition forces in the Gulf.

So, too, with missile defenses protecting the American heartland. The GBI systems in California and Alaska, now give some protection from North Korean-launched rockets. But critics charge the system has not been perfected and should be scrapped or delayed. Do they prefer to be naked to possible aggression? Others argue we should have deployed only a system compliant with the ABM treaty (now defunct), which actually prohibited such a defense of the American heartland.

Others argue that the GBI, which intercepts a rocket high above the Earth's surface, is less effective than a boost-phase system -- striking at a rocket in its early stages when it is slow, hot and big. In part this is true, but the systems to get there, such as an upgraded Aegis or KEI or ABL, are not yet in the inventory. There also remains issues of how close to an adversaries's launch area such a system must be.

The Bush administration rightly decided to move quickly to deploy an available shield, even as we seek on an ongoing basis to make it more effective. President Bush concluded leaving the U.S. totally unprotected was simply not an option, although one congressional critic, Rep. Rush Holt, said deploying no defenses at all was the best option.

So, what's the right way to think about missile defenses today? Again the analogy from the world of finance comes in handy. First, you need a long-range "investment strategy" based on a "balanced portfolio" of assets.

Second, you resist the temptation to "unbalance?" your investment strategy by seeing in every test, whether successful or not, a benchmark from which all missile defense decisions should be made. And third, just as in finance, you steer clear of those who tell you, "if there is not a silver bullet, don't buy anything."

As the U.S. now faces imminent threats from North Korean rockets, we should count our lucky stars that we also have an operational missile defense available to protect the American people. To that all I can say is, "Thank you, Mr. President."

Peter Huessy is president of GeoStrategic Analysis.

Missile Defense Test (WSJ)

The Wall Street Journal, June 21, 2006

As we went to press in the U.S. last night, morning was breaking at the Musudan-ri launch facility in the remote northeast of North Korea. It's possible we'll wake up to the news that Pyongyang has tested the long-range ballistic missile that is fully fueled and which U.S. satellites have monitored for more than a month.

If so, we hope we'll also learn that the U.S. responded, as defense officials said late yesterday it might, by testing its newly operational missile defense system and blowing the Korean provocation out of the sky. What better way to discourage would-be nuclear proliferators than to demonstrate that the U.S. is able to destroy their missiles before they hit our allies, or the U.S. homeland. Even a miss would be a useful learning experience all around.

Consider what's at stake. We've known for years that North Korea has several nuclear weapons at the very least and is developing the missile technology to threaten America. Pyongyang's test missile is believed to be a Taepodong-2. A two-stage version could reach Alaska, Hawaii or the West Coast, according to a study in March by the Center for Nonproliferation at the Monterey Institute of International Studies, while a three-stage model could reach all of the continental U.S.

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North Korea may not yet have the ability to miniaturize a nuclear warhead -- but then again it may. In any event, it's small comfort that the Taepodong-2 is probably inaccurate. If it misses Seattle, that's not necessarily good news for Tacoma or Portland.

The last time North Korea launched a missile that caught the world's attention was in August 1998, when it shot a Taepodong-1 over Japan and into the Pacific. Pyongyang has since tested shorter-range missiles many times, including as recently as March. Its inventory of ballistic missiles totals about 800, including 100-200 Nodongs and Taepodong-1s capable of reaching Japan. North Korea is also developing a land-based mobile missile known as the Taepodong-X, with a range of 4,000 kilometers that could land anywhere in Japan.

Missile exports have also long been a major source of foreign exchange for Pyongyang, with customers in Pakistan (whose "Ghauri" missile is a renamed Nodong) and throughout the Middle East. Its longtime best customer is Iran, which last year was reported to have purchased technology that allowed it to extend the range of its Shahab-3 missile to 3,500 kilometers from 1,500. In the blunt words of the German daily Bild last December, "this means that the 'madmen of Iran' could reach targets in the whole of Germany."

All of which demonstrates once again the need for the missile defenses that the Bush Administration has steadily been developing. The objective of the integrated system -- which U.S. officials stress is "limited" and still under development -- is to provide a "layered" defense, with multiple opportunities to take shots at an incoming missile. The highly complex system depends on swift coordination among elements based on land, at sea, and in the air or space.

On the ground, a key element are the interceptor missiles newly deployed at Fort Greeley, Alaska, and Vandenberg Air Force Base in California. There are also interceptors aboard the Navy's Aegis cruisers, two of which are currently patrolling near North Korea. Sensors are located aboard ships, in space, and at several sophisticated radar stations world-wide.

North Korea clearly intends any launch as an act of intimidation, part of its long-held belief that nuclear threats give it political leverage. Knocking the missile out of the sky, or even trying to, would tell the North that it can't succeed with such tactics. It would also reassure Japan and other U.S. allies that we have the will to protect them from rogue madmen. The demonstration effect would be useful around the world, not least in Iran.

As North Korea weighs a launch, it's a useful moment to recall how we got to this pass: Amid the arms-control era of the Cold War, the U.S. chose to defend itself against attack by plane or ship or ground but not by missile. One reason North Korea -- and Iran -- decided to invest scarce resources into developing nuclear weapons and ballistic-missiles is simply this: The U.S. was vulnerable.

The emerging missile defense system is making that less true, and a North Korean test launch is an ideal time to demonstrate that we are willing and able to defend ourselves.

Right Where He Wants Us (WSJ)

By Chuck Downs

The Wall Street Journal, June 21, 2006

It is no accident that North Korea has allowed U.S. intelligence to take note of its apparent preparations for firing a newer, longer range missile that might be capable of carrying nuclear warheads to U.S. soil. What we have been allowed to observe -- and our alarmed reactions to what we think we have seen -- are part of a strategy North Korea will play out carefully in the months ahead. Even if the Taepodong rocket is never launched, the next few months will see American interests subjected to significant strains.

Pyongyang has created an opportunity to break out of the negotiating deadlock that has stymied the regime for years, dissolve the international consensus on how to deal with the regime's illicit smuggling and counterfeiting activities, and change politics in South Korea and the U.S. And perhaps most importantly, if Kim Jong Il plays his cards right, he will prove to his inner circle that he is the genius he claims to be, renewing his hold on power at a time when he was facing his most severe challenges. * * *

Kim Jong Il is not in charge of what strategists call a "status-quo state"; he does not take comfort in the way things are. Rather he wants an Asia where the U.S. does not guarantee regional security; where Japan is brought to retribution for its historic transgressions; and where North and South Korea are united under a genuinely Korean leader. And he feels that his personal entitlement to rule the peninsula has been denied by American forces. Unfortunately from his perspective, his efforts to do so have been thwarted by an American administration he loathes. The Bush administration has refused to negotiate with him directly, convincing even his Chinese ally to chair a series of feckless meetings that allow five neighbors to complain about North Korea's violations of its international nuclear commitments.

The North Koreans have begrudgingly attended these sessions when the Chinese paid them enough to make it worthwhile, or when the U.S. seemed genuinely inclined to take military action to halt violations of international controls. But

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these sessions have been used by the Americans to expand international understanding of the regime's criminal activities and human-rights abuses. Efforts to win financial aid from Japan have backfired in political turmoil over North Korea's abductions of Japanese citizens. Last September, the U.S. took action against banks in Macau that had facilitated Pyongyang's overseas activities, and now the international banking community is hesitant to engage with North Koreans.

The regime feels the pinch. Meanwhile, Pyongyang's inner circles are learning more about the outside world from cell phones and contraband radios; they are beginning to know what they do not have. These difficulties could not come at a worse time, because Kim Jong Il has decided his Western-educated first-born is not fit to replace him, and he keeps everyone guessing whether he's serious that a second son -- seemingly the only soft-hearted member of the clan -- should be his successor. It's enough to make a hungry bureaucrat in Pyongyang quietly doubt whether Kim Jong Il really has the necessary competence.

But Kim Jong Il, in his own mind and propaganda, has both myth and magic. Although he was born in a military camp in Russia, North Korean schoolchildren visit the humble cabin on the side of a mountain considered sacred to all Koreans, where the "Man from Mt. Paektu" destined to unite Korea was officially born. Kim Jong Il is what psychiatrists call a "malignant narcissist," and this means he occasionally has to break out dramatically from the bounds that constrain his egotism, especially when it seems he is on the verge of failure. We are seeing some of this psychology at work now.

The test-firing of a Taepodong over Japanese airspace in 1998 suggests what lies ahead. At the time, the incident revealed how fast North Korea had developed delivery systems for weapons of mass destruction, with three stages to their rocket and a booster capability. This new intercontinental capability put Pyongyang in the global fight-ring as a major contender. The missile could have landed in Japan, causing untold consequences, or killed fishermen when it splashed down in the Pacific, where North Korea did not even issue the routine mariners' warning.

Instead, Japan began to doubt the U.S. security umbrella and invested in independent military and intelligence capabilities. It also decided to risk irritating China by joining in American missile-defense programs. South Korea became fearful of American "overreaction" to North Korean adventures and adopted a more generous and conciliatory approach to Pyongyang. And China began to view North Korea as a more significant regional player that needed to be dealt with, primarily through financial diplomacy. North Korea's interests were advanced, and Kim Jong Il began a series of pogroms and executions to consolidate his control.

In the current phase of the new crisis North Korea has generated, the world has naturally condemned as "provocative" North Korean preparations for a missile launch. And that is just what North Korea wants. Indeed, North Korea's actions are provocative, because they are meant to be. Resolving the tensions he has created can now proceed on terms set by Kim Jong Il himself.

Analysts have, for example, suggested that the possible missile launch calls into question an upcoming trip by former South Korean President Kim Dae Jung to celebrate the anniversary of the historic June 2000 Pyongyang summit. Perhaps. But more likely it affords an opportunity for a dramatic act of legerdemain. What if South Korea's architect of the "sunshine" policy is able to persuade Kim Jong Il to give up, or at least postpone, his provocative launch? What if advocates of a softer line get the reclusive leader to consider a late summer visit to South Korea? Kim Jong Il can always change his mind; but in the meantime that could reverse the political tide in South Korea, where recently soft-liners were overwhelmingly turned out of office by voters in a conservative backlash against the expensive failures of the sunshine policy. It might be just what the government of Roh Moo Hyun, South Korea's embattled president, needs to raise his party's miserable rankings among the electorate.

And if a new spirit of cooperation and problem-solving between Pyongyang and Seoul emerges in the months ahead, North Korea can find opportunities to threaten the U.S. and, at the same time, set Seoul and Washington against each other.

South Korea is naturally more concerned about North Korea's immediate threat to its economy and security than it is to less tangible matters such as international controls on nuclear materials, proliferation and long-range delivery systems. Seoul has lived under the threat of attack for 60 years; a new Taepodong capable of littering Alaska is not necessarily cause for a heightened level of tension on the peninsula. In spite of South Korea's professed support for international standards on errant countries like Iran, Kim Jong Il understands that few South Koreans want to risk hostility over the very same issues closer to home. When Seoul responds to every provocation by calling for a diplomatic resolution, Pyongyang understands the coercive benefits of its threatening weapons. Their threat ensures that our South Korean ally resists most strongly any U.S. action against the regime's adventures.

Moreover, the political consequences of North Korea's break-out extend beyond South Korea. There are upcoming Japanese -- and American -- elections in which Kim Jong Il has also made himself an influence. Already there are candidates in both countries who are saying that North Korea has a sovereign right to test missiles, echoing Pyongyang's position, but urging that rewards be given to the regime for good behavior if it decides not to proceed.

That's a good day's work for a narcissistic dictator on the brink of collapse.

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Mr. Downs, a former Pentagon official and congressional adviser, is the author of "Over the Line: North Korea's Negotiating Strategy" (AEI Press, 1999).

Tested By North Korea (LAT)

The Los Angeles Times, June 21, 2006

KIM JONG IL, NORTH KOREA'S dangerously eccentric leader, may succeed where President Bush has not. By stubbornly insisting on its right to test a long-range ballistic missile, North Korea is reinforcing the importance of a unified approach to the crisis on the Korean peninsula.

Images from U.S. intelligence satellites show the North may be preparing to launch a missile with a range of about 9,000 miles, which would be capable of reaching Los Angeles. There is some debate about how ready the missile is, but there is reason to worry. Pyongyang pulled a similar stunt in 1998, sending a missile over Japan and into the Pacific, and a North Korean foreign ministry official said Tuesday that Pyongyang was not bound by a moratorium on testing it signed afterward. There are reports that the U.S. may have activated its missile-defense system.

North Korea's erratic leader, coupled with its nuclear ambitions, have long caused international concern. For the last several years the U.S., China, Japan, Russia and South Korea have participated in intermittent talks with Pyongyang. The basic outlines of a deal are clear: In exchange for food and energy aid, as well as guarantees of its security, the North will give up its nuclear weapons program.

But the rest is a muddle, and not just because Kim and Bush don't get along. North Korea is an unreliable negotiator (in the space of 24 hours last September, North Korea essentially agreed to end its weapons program, then took it back). The Bush administration, meanwhile, has been at times intransigent and bellicose (Bush famously said he "loathes" Kim), and its efforts to convince its allies of North Korea's wickedness have mostly fallen on deaf ears.

So China, given its long border and economic ties to North Korea, has been the primary driver of the discussion, but its view of the North's aims is not as apocalyptic as the Bush administration's. Japan and Russia have typically been reliable supporters of the U.S. position. And South Korea, which views the North as a kind of wayward cousin, has generally been more willing to engage Pyongyang, often to the chagrin of the United States.

One result of these divergent motivations is that talks have been dormant for months. Tuesday's events will not revive them, but they should serve as a bracing reminder of their importance. The five nations have been nearly unanimous in their condemnation of North Korea's plans, while nations such as Australia and France — and U.N. Secretary-General Kofi Annan — also have expressed concern.

Diplomatic condemnations are easy, of course, and North Korea's plans are worthy of them. But if there is anything good to come of Kim's latest adventure, it will be a renewed sense of urgency among the U.S. and its allies to focus on the peninsula.

Bolton May Turn Into A Pumpkin (WP)

By Al Kamen

The Washington Post, June 21, 2006

Rumblings are that the White House is looking for ways to keep controversial U.N. Ambassador John R. Bolton in his post well beyond the expiration of his recess appointment at the end of this year.

One possibility is to bring his nomination up for vote in the Senate Foreign Relations Committee next month. Bolton supporters on the Hill first want to pass the defense appropriations bill before they leave for the August recess and say they did everything needed for the troops -- body armor, equipment and such -- before they turned to the nomination. Senate Republicans don't want wait until the fall and risk a potential loss right before the midterm elections.

The White House is said to have sounded out Hill folks, including Sen. George V. Voinovich (Ohio), a key Republican who opposed Bolton last year when the Foreign Relations Committee sent the nomination to the floor without a recommendation.

And how does Voinovich feel now? "The jury remains out, but the senator will continue to monitor the progress made toward critical reform at the U.N.," a spokesman said.

On the other hand, sources on both sides of the aisle say even if Voinovich supports Bolton, it appears most unlikely the nominee would get the 60 votes needed to overcome a Democratic filibuster.

Bolton's recent dust-up with U.N. Deputy Secretary General Mark Malloch Brown , who had criticized the United States for lack of support for the organization, may not have helped the equation. The fight rallied the Senate's conservative base, one source said, but it may have alienated moderates because Malloch Brown is a Brit and a de facto member of the coalition of the willing. Now, if he had been French . . .

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The White House can re-recess-appoint Bolton. But federal law would bar him from being paid. He could work for free, though. And some Bolton supporters are taking a hard look to see if there's wiggle room in the federal law, we hear, along with other alternatives. Seems difficult, some observers say, but don't sell the pro-Bolton forces short.

Hey! What if he got a book contract and an advance to write his memoirs, the way some well-known senators do?

Fox and the News Hounds

Seems a lot of news outlets have taken great pride at being the first to interview White House Chief of Staff Joshua B. Bolten , who finally did a round of sit-downs with reporters last week.

Here's how some noted this fine scoop:

"Mr. Bolten, in his first interview since taking the job, professed . . ."

-- New York Times, June 19

"In his first interview since becoming White House chief of staff in March, Josh Bolten said . . ."

-- Wall Street Journal, June 17

"We'll talk with the man the president has asked to help save his second term, new White House Chief of Staff Josh Bolten, in his first interview . . ."

-- Fox News Sunday, April 30

Let's see . . . April, May, then June.

Never Having to Say Sorry

Here's what White House press secretary Tony Snow actually meant to say when he was asked Monday about the anticipated resignation of Deputy Secretary of State Robert B. Zoellick .

"The president told me he was sorry to lose such a talented and dedicated adviser. Bob was, as you all know, a top official in the Bush 41 administration, at Treasury, State and finally as White House deputy chief of staff.

"Bob was an integral part of the 35-day Florida recount battle, which is what ensured President Bush 's victory. He agreed to serve in the first-term Cabinet as our U.S. trade representative and then continued to serve in a non-Cabinet post as deputy secretary of state, where he was the point man in developing our policies in Darfur and China.

"The president told me: 'I will greatly miss his insights and ability to wax eloquently on any subject. Laura and I wish him all the best in his new job in New York.' "

But this is what Snow actually said when a reporter asked if he had any comment on Zoellick's departure.

"No," said Snow. "He's been wanting to pursue options in the private sector for some time, and now he's going to do it."

Much later, near the end of the gaggle, a reporter tried again.

"On Zoellick, is the president sorry to see him go?"

"I'm sure he is," Snow said. "Look, Bob Zoellick is a guy who served -- he's highly competent, served a number of presidents, but you also know that at a certain juncture in the administration some people have worked very hard for a long time and are going to go back and pursue other opportunities."

Yikes! Talk about not letting the door hit you on the way out.

Bush Gives Frist the Nod -- for Reelection

Bush, speaking to Republicans at the gala President's Dinner on Monday night, encouraged the crowd to support GOP candidates this fall. "If you want your taxes low, keep Denny Hastert and Bill Frist as leaders of the House and the Senate."

Bush later said: "I want to thank you for helping make sure that Denny Hastert and Bill Frist remain in their positions in the Senate and the House. . . ."

Of course, Frist is leaving the Senate in six months.

Iran's Gray Area On Nuclear Arms (WP)

By Karl Vick

The Washington Post, June 21, 2006

TEHRAN -- Iranian officials often assert the peaceful intent of their nuclear program by insisting that the religious law that governs their country expressly prohibits weapons of mass destruction.

A Turkish diplomat, describing a visit in May by the chief Iranian nuclear negotiator, Ali Larijani, said that Larijani made the religious roots of the proscription clear. "I was in the meeting," said the diplomat, who spoke on condition of anonymity. "He said there is even a fatwa , a religious ruling, since the time of Khomeini, that Iran will not produce any nuclear weapons."

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Yet interviews with a range of clerics and other students of Islamic teachings indicate that while Grand Ayatollah Ruhollah Khomeini indeed barred Iranian forces from unconventional weapons during the 1980-88 war with Iraq, the religious underpinning for such a ban is regarded as less than absolute, with ample justification available in scriptures for almost any course except first use.

"This question is ambiguous," said Grand Ayatollah Jalalodine Taheri, who was a leading figure in the Iranian government before becoming a sharp critic. Taheri, 80, said during an interview at his bedside in the central Iranian city of Isfahan that "taking weapons of mass destruction as a whole, I'm against it." But he added that religious texts might offer avenues that would allow stockpiling such weapons in the name of deterrence or self-defense.

"It's not clear," Taheri said.

Those arguing for the loopholes include clerics closely identified with the country's most hard-line conservatives, the most ardent defenders of Iran's theocratic system.

"Producing and using WMD is forbidden, just as producing deadly poison or harmful drugs," said Mohsen Gharavian, who teaches Islamic philosophy in the holy city of Qom, south of Tehran. "I think there is no ambiguity here. . . . I have not seen any other type of interpretation" among religious scholars.

"But," he continued, "I have got to add something to this: If any other nation has produced this WMD and has used it against a second nation, the second nation in the name of defending itself has the right to have it and to use WMD."

Gharavian serves as spokesman for Ayatollah Mohammad Taqi Mesbah-Yazdi, an archconservative who strongly supports President Mahmoud Ahmadinejad and is suspected of providing religious justification for killings allegedly carried out by Iranian intelligence agents in the late 1990s. Gharavian spoke in an hour-long interview at the Imam Khomeini Institute, which has produced tens of thousands of clerics under Mesbah-Yazdi's tutelage. A number are expected to seek election this fall to the Assembly of Experts, the one body in Iran's theocratic system with the power to remove the supreme leader, the cleric who has ultimate authority.

"About nuclear weapons, there is this principle of all or none," Gharavian said. "If a nation arms itself with such weapons, it is quite logical for other nations to think of defending themselves against these kinds of weapons.

"I believe this is the logic of Islamic morals," Gharavian said, professing himself "100 percent sure" that Khomeini and Iran's current supreme leader, Ayatollah Ali Khamenei, "based on Islamic principles, have the same logic: Islam does not allow anyone to initiate harming a human being."

The same bedrock view and the same caveat about self-defense were offered by an influential cleric aligned with Iran's reformers, members of the relatively liberal movement recently sidelined by hard-line conservatives.

"In the time of the prophet, we didn't have nuclear bombs, so there's not a verse about it in the Koran," said Mohsen Kadivar, who like Gharavian is a middle-ranking cleric. "But we have some verses which say we can't kill anyone who hasn't committed a crime. It's very, very clear."

The faith does accept the concept of retaliation, however, so long as it stops short of injuring innocents. Kadivar said that proviso appears to proscribe actual use of weapons of mass destruction, as would scriptures warning against damaging the environment.

But none of that necessarily bars a government from stockpiling such weapons, the clerics say.

"From all I can see, it's not forbidden, but it's hard to say it's allowed. In jurisprudence these terms are different," Kadivar said. "If your enemies have these bombs, it's not forbidden to have them.

"Don't forget that Israel has these bombs," he added, raising a finger. "It's outside the Non-Proliferation Treaty."

Iranian scholars who argue against nuclear weapons point out that these questions are hardly abstract in Iran. The newly minted government faced severe, real-life tests after Saddam Hussein's troops invaded Iran in 1980. The Iraqi forces used chemical weapons on the battlefield; two decades later, badly wounded survivors still populate hospital wards in Iran.

When Iraq also launched rocket attacks on Tehran and other metropolitan areas, pressure for Tehran to retaliate was intense.

"In the eight-year war with Iraq, this was a very hot debate among all the Islamic teachers, because Iranian cities were being bombarded," said Kazem Mosavi Bojnoordi, who sat on the defense committee of Iran's parliament during part of the war. "The conclusion was that it's not allowed. Never during those eight years do we have one example of Iran bombarding cities."

Bojnoordi, now chief editor of Iran's Center for the Great Islamic Encyclopedia, recalled that after the first salvos from Iraq, a senior Iranian commander declared, "Now we will flatten Baghdad." The comment brought an immediate rebuke from Khomeini, whose fatwa closed the matter for the balance of the war.

"According to Islamic teachings, there's the principle that the goals never justify the means," said Bojnoordi, whose father was a grand ayatollah. "It has not been supported in Islam that you can do whatever you want to defend yourself. You are not allowed to gather weapons that are not allowed by Islam, even against your enemies."

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Senior Iranian officials insist their goal is only electrical power, saving their substantial petroleum deposits to export. Leaders also emphasize the role of pride and technological achievement, which inside Iran conveys the impression of economic development that has largely eluded a population that has grown poorer since the 1979 revolution.

"I believe that by getting high tech we will be getting development," Bojnoordi said. "If we improve the standard of living, that will unite the people, and that will bring security."

Said Kadivar: "I hope that science in my country is so progressive! I hope it's true. Every Iranian wants to have this energy. Every party. The difficulty is we don't have a democratic regime. So we should try to democratize."

If Iran is indeed working to produce nuclear weapons, experts say the program would surely be entrusted to the Islamic Revolutionary Guard Corps. Formed in 1979 by clerics who did not trust Iran's existing army, the Revolutionary Guards have grown into a major force in Iran's economy and political offices. Their insignia, one analyst noted, includes a passage from the Koran that reads, "Prepare any strength you can muster against them, and any cavalry with which you can overawe God's enemy and your own enemy as well, plus others besides them whom you do not know."

Compromise Eases Clash Over Hill Prerogatives (RC)

By Dan Rasmussen

Roll Call, June 21, 2006

The Bush administration has reached a compromise with Congressional leaders on one of the most prickly aspects of the pending U.S.-India nuclear deal, a provision that had rankled key Congressional Republicans and Democrats who worried about its potential to curb Congressional powers.

While much of the public debate over the U.S.-India nuclear deal has revolved around nonproliferation and global security issues, the biggest hang-up for many in Congress was the administration's initial insistence that India be treated as a country in compliance with the Nuclear Non-Proliferation Act of 1978, which it is not.

Considering India to be in compliance meant that the pact would have gone into force unless Congress passed a joint resolution of disapproval within 90 days. Effectively, that meant that both chambers would have needed veto-proof two-thirds majorities to stop its implementation.

By contrast, such deals with noncomplying states would not have gone into effect unless Congress passed a joint resolution of approval — a process that gives Congress significantly more sway over such foreign agreements.

Frustration over the president's initial proposal surfaced in a Senate Foreign Relations Committee hearing in April, when Members of both parties sharply questioned Secretary of State Condoleezza Rice about Congressional oversight issues.

However, it emerged this week that a clash between the executive and legislative branches has been averted. The Bush administration has reached a tentative agreement to only ask Congress to expedite the final approval of the bill by taking an up-or-down vote free of amendments. A public announcement of the procedural agreement is expected from the Undersecretary of State for Political Affairs Nick Burns later this week.

With markups now tentatively scheduled for next week, analysts say they expect Congress, having forced the administration to back off on its procedural demands, will likely leave the substance of the deal largely intact.

This compromise has appeased some in Congress who feared that they would be giving up too much of their input into the final decision, and it signals that Congress — which has already vigorously asserted itself on the substance of the deal — will continue to play an important role in the ongoing negotiations.

Senate Foreign Relations Chairman Dick Lugar (R-Ind.) endorsed the pact on Friday, after intensively scrutinizing the deal. House International Relations Chairman Henry Hyde (R-Ill.) also backs the bill.

A senior Democratic aide on the Foreign Relations Committee said that the skirmish over the approval procedure could be among the first signs that Congress is ending its five-year pattern of being largely tolerant of the administration's bold moves to act unilaterally, without intensive Congressional oversight.

"The administration has really overreached very badly if its forcing Congress to actually do its job," he said, speaking to the frustration provoked by the president's initial proposal. "The administration tossed this thing over and said, 'Look, Congress, why don't you just vote yourselves out of office?'"

"From the beginning, the president went to great lengths to keep Congress out of it," added a senior Republican staff member on the House International Relations Committee. "The strategy has backfired. We will reassert our traditional role on these types of agreements."

Congress' recoiling at the initial Bush procedural demand comes as a sharp rebuke to an administration that analysts say was hoping to maximize its leeway in negotiating the final agreement.

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Under the terms of the deal, the United States could ship nuclear technology and fuel to India, and in exchange, India would submit its 14 civilian nuclear reactors — though not its eight military facilities — to international inspections and safeguards.

Because India does not meet all the requirements for nuclear trade under the 1978 Nuclear Non-Proliferation Act, any nuclear deal would require Congress to both lay the legal groundwork for the deal under section 123 of the Atomic Energy Act and pass a joint resolution of approval on the final pact.

Bush's language essentially asked Congress to treat India as though it met all of the 1978 act's requirements. In effect, Bush was asking Congress to approve the deal before it had seen the final terms of the two major agreements — one between India and the U.S., and the other between India and the International Atomic Energy Agency.

But now that language has been withdrawn.

The apparent accord came after the House International Relations Committee and the Senate Foreign Relations Committee between them held eight hearings on the issue and requested thousands of pages of documents from the State Department. Lugar alone submitted 82 questions to the department.

In perhaps the most heated exchange of the April committee hearing, Sen. Paul Sarbanes (D-Md.) demanded of Rice: "Now, under your proposed legislation, is Congressional action part of the arrangement?" Unsatisfied with Rice's answer, he pressed forward.

"So your solution to that problem is to move Congress out of the decision-making process," he offered. "No, Senator," she replied, before Sarbanes interrupted her. "I mean, except for the one decision right at the outset," he said.

Sens. Lincoln Chafee (R-R.I.) and Russ Feingold (D-Wis.) also expressed their concern over this aspect of the deal. "From us in the Congress, it seems to me we're abdicating a lot of power in these amendments," Chafee said at the hearing.

Rice denied that the bill would strip Congress of prerogative on oversight matters.

"The Congress, of course, has up front — and that's why we're coming to you now — the ability to assess the deal, to look at its upsides and downsides and then to affirm in a vote, yes or no," she said. "We have offered to brief the Congress on where we are in the negotiation of this bilateral deal, which is a technical deal to try and implement the civil nuclear cooperation agreement. So we believe that there is a lot of congressional oversight."

The administration's retreat on the procedural provision suggests that such oversight is not going away. Some senior staff members cast the president's original proposal as an executive power play meant to gut Congressional oversight. They contend that the move has backfired and stirred Congressional leaders to ramp up oversight of the negotiations.

The Senate aide cast the president's proposal as part of a continuing effort to increase executive power at the expense of the legislative branch — a strategy that has worked in the past.

"Instead of just trying to get the deal through, the administration is trying to expand executive prerogative even more," he said. Bush is "really playing hardball on this without looking for something that would actually generate Congressional support."

One business lobbyist said that he still fears that the India deal could go the way of this year's deal for a Dubai-based company to run several U.S. ports — that is, turn into a political firestorm and require a major rewriting before enactment.

"Congress is saying, 'We want to take a look at all the underlying agreements.' They've had eight sets of hearings. All the answers to their questions have required thousands of pages from the State Department," he said. "They're trying to regain prerogative, and I don't think anybody can tell you where the ball is going to roll from here."

Strike In Gaza Kills 3 Children (WP)

By Scott Wilson

The Washington Post, June 21, 2006

JERUSALEM, June 20 -- An Israeli airstrike in the Gaza Strip on Tuesday killed at least three Palestinian children and wounded 14 people, many of them children as well, according to witnesses and Palestinian health officials.

Israeli military officials said the target of the strike, which occurred around 7:30 p.m., was a car carrying gunmen from the al-Aqsa Martyrs Brigades, the armed wing of the Fatah party. Military officials said the men were planning to carry out an unspecified attack, perhaps preparing to fire missiles into southern Israel.

But Palestinian witnesses said the men escaped from the Volkswagen Golf station wagon before the missile struck the car, which was passing through a busy commercial district of Gaza City. The scene turned quickly into an angry rally with demonstrators denouncing the attack and vowing to take revenge on Israel.

Shrapnel from the blast sprayed into a group of bystanders, Palestinian witnesses said. Hospital officials in Gaza said three children -- Mohammed Roqa, 5; Samia al-Shariff, 5; and Belal al-Hessi, 15 -- suffered fatal wounds in the attack.

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"If there were civilian casualties as a result of this, the IDF does regret it, as it always does," said a spokesperson for Israel's army, the Israeli Defense Forces. "But the fact is the terrorist organizations operate within these civilian areas, and the Hamas government has done nothing to stop them."

Hours earlier, the Palestinian leader, Mahmoud Abbas, called on the various armed groups at war with Israel to stop the rocket fire that has frightened and infuriated Israeli communities on the periphery of the Gaza Strip. Among the groups is the military wing of Hamas, the radical Islamic movement now running the Palestinian ministries, although two smaller factions are chiefly responsible for the missile fire.

At least three missiles landed in southern Israel on Tuesday before Abbas made his appeal, although there were no reports of injuries. The missiles are highly inaccurate and have not killed any Israelis since Israel evacuated its settlements in Gaza last year. But the attacks have surged recently, and one Israeli man was gravely injured this month.

The southern city of Sderot, the target of many of the missiles, closed schools, streets and the municipal government Tuesday to protest what residents say is the Israeli government's weak response to the rocket fire. The Israeli military has been using intensive artillery fire and airstrikes to little avail.

The airstrike Tuesday came a week after an Israeli missile attack on a minibus in Gaza City killed at least 10 Palestinians, including eight civilians. The minibus was carrying at least one rocket. Also this month, an explosion on a beach in northern Gaza killed eight Palestinian civilians. Palestinian officials and a human-rights group have said an Israeli artillery shell may have caused the blast. Israel has denied involvement.

Israeli Attack Kills 3 Gaza Children (NYT)

By Ian Fisher

The New York Times, June 21, 2006

JERUSALEM, June 20 — An Israeli aircraft fired Tuesday on a car that officials suspected was carrying armed Palestinian militants in Gaza and killed three children nearby, a 7-year-old girl and two boys, ages 5 and 16, hospital officials and witnesses said.

The airstrike was the third this month to kill civilians, infuriating Palestinians and raising an impassioned debate in Israel about its military response to the firing of homemade rockets from Gaza into Israel.

On June 9, eight civilians — seven from one family — were killed on a beach in Gaza during an Israeli bombardment against militants suspected of launching the rockets, called Qassams. The Israeli military later denied that its munitions caused the deaths, a contention disputed by Palestinians and human rights officials. Four days later, another strike in Gaza killed at least two militants and another eight civilians.

Tuesday's attack, according to an Israeli military official, was aimed at a group affiliated with the Fatah organization of President Mahmoud Abbas that had fired a rocket earlier in the day and was on its way to carry out another attack.

A military spokesman said the missile hit the car, but apparently the militants escaped.

"We are dealing with a cell that was very active in these attacks," said the spokesman, Capt. Jacob Dallal. "While we regret the loss of civilian life, the overall responsibility lies with the Palestinian Authority."

Since the beginning of the month, more than 140 Qassams have been fired from Gaza, seriously injuring one person.

The issue of the rockets and the military response has strained the government.

Residents of Sderot, the Israeli town hardest hit by the rockets, have complained that the government is not doing enough to protect them. Israeli military officials have spoken of stepping up operations in Gaza.

Many other Israelis have said the Qassams do not represent a serious enough threat for so strong a military response, which has included some 6,000 artillery shells in recent months. "Qassams, Shmassams! So what?" the dovish former prime minister Shimon Peres was quoted as saying in the Israeli press.

Red Cross-Red Crescent Deal Threatened (WT)

By Katie Stuhldreher

The Washington Times, June 21, 2006

Last-minute maneuvers may have jeopardized a deal for Israel and the Palestinian territories to enter the International Red Cross and Red Crescent Movement after decades of ostracism, according to officials at a conference in Geneva.

The International Conference of the Red Cross and Red Crescent Societies, at a two-day meeting that began yesterday, had been expected to formally endorse the use of a new religiously neutral emblem facilitating the move.

Israel's national emergency medical service, Magen David Adom (MDA), has never been willing to use either the cross or crescent -- symbolic of Christianity and Islam respectively -- while the movement has been unwilling to allow the use of the Star of David.

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Adoption of the new symbol, a diamond-shaped "red crystal," would end the more than 50-year stalemate. But the deal was thrown into doubt when Pakistan and Tunisia unexpectedly introduced a politically charged amendment to the resolution yesterday.

The action set off alarms in the U.S. government, a long-time supporter of MDA Red Cross membership.

A group called American Friends of MDA abruptly called off a celebratory press conference in Washington, saying the State Department had urged Sen. Hillary Rodham Clinton, New York Democrat, to call off her plans to participate.

"They thought any public comments might negatively affect the vote," said Daniel Allen, executive vice president of American Friends for MDA.

State Department deputy spokesman Adam Ereli said at yesterday's briefing that he knew nothing about such a request, and Mrs. Clinton's office failed to respond to repeated phone calls. However, Mr. Ereli said the United States has worked "relentlessly" to help integrate Israel into the international human rights community.

The American Red Cross withheld $42 million in overhead dues over a six-year period to protest MDA's exclusion from the group, according to the American Red Cross.

Agence France-Presse, reporting from Geneva, said the amendment proposed by Pakistan and Tunisia would say the movement's rules applied in "all Arab Territories occupied since 1967, namely the Palestinian Territory including East Jerusalem, the Syrian Golan and the Lebanese Shebaa Farms."

Israel said the suggested rewording, which effectually condemned Israel's occupation of territories, was unacceptable, according to Agence France-Presse.

"This political opposition isn't helping anyone. MDA has a lot to offer the community, with our experience in dealing with mass casualty issues and disasters," Mr. Allen said.

"We don't understand what the problem is with allowing a humanitarian organization to join the family of nations here," he said.

The adoption of the red crystal symbol was approved in principle at a meeting of Red Cross Movement member governments in December, despite strong Syrian opposition, by a vote of 98-27 with 10 abstentions. Two-thirds of the governments meeting today in Geneva must approve for the protocol to become official.

In November 2005, MDA signed a memorandum of understanding with the Palestine Red Crescent, which has been unable to become a member because of the Palestinians' lack of recognized statehood. The memorandum stated that the two organizations would seek joint entry, according to the Red Cross.

Mr. Allen said that if MDA's entry to the organization was blocked, it might jeopardize the Palestine Red Crescent's chances as well.

Ian Piper of the International Committee of the Red Cross told the Associated Press that he hoped joint entry would result in an acceptable situation for all parties.

"For us, it's a great advantage that they both be recognized simultaneously, that they are both equal, that they both play by the same rules and are accountable to the same group of peers," he said.

Devorah Goldburg of the American Red Cross said, "We still remain hopeful that a consensus can be reached. We just want to remind everyone that this isn't a political organization and the focus should be on humanitarian concerns."

A Campus For 'Scholars, Not Fighters' On A Settlement Site (NYT)

By Steven Erlanger

The New York Times, June 21, 2006

GAZA, June 16 — A Palestinian college is growing from the rubble of an uprooted Israeli settlement.

Nearly a year ago, the Israelis pulled all their 9,000 settlers and military forces out of the Gaza Strip and then took bulldozers and backhoes to what used to be homes, schools, shops and clinics, leaving a few gutted synagogues, a few hundred greenhouses and tons of rubble.

Throughout most of the former settlements, Palestinians have thoroughly mined the debris for metal, wiring, fixtures and almost anything usable or sellable. But despite promises at the time, not an ounce of rubble has been removed or reprocessed, leaving a post-apocalyptic landscape baking in the unforgiving sun.

Except at the site of Neve Dekalim. On nearly 41 acres surrounding what used to be the largest school in what used to be called the Gush Katif bloc, the Palestinian president, Mahmoud Abbas, decreed a campus. He granted it to Al Aksa University, affiliated with his Fatah party, which lost elections this year to Hamas.

With seed money of $1.5 million from the sheik of Sharjah, one of the United Arab Emirates, the university hired its own security guards, built its own wall and started clearing and rebuilding.

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The first students appeared in March, as construction went on around them, and now some 2,000 men drawn from cramped branches of the overcrowded university all over southern Gaza are taking their exams here. A new classroom building is going up to house 4,000 women, who are taught separately in this conservative society.

Mahmoud al-Shami, the deputy dean of student affairs, said he hoped that the women could be part of the campus by September for at least two days a week as building continued.

Mr. Shami showed off his office, with its satellite Internet connections, new desk, fixtures and fittings. "Now we're focusing on creating scholars, not fighters," he said.

Hosam Abu Zeit, 22, was between exams in the social sciences. "Before, we would be shot if we entered this place," he said of the once heavily guarded settlement. "Now, in less than a year, we've succeeded in studying here. It gives me a sense of pride to be studying in a liberated place."

Previously, he studied in the nearby Khan Yunis refugee camp, less than a mile and a world away across the 15-yard-high cement wall that the Israelis built between the camp and Neve Dekalim.

Al Aksa's campus in Khan Yunis, said Tamim Dheir, the assistant to the president in charge of renovation, was 1.7 acres, about 4 percent of the area of this campus. Classrooms were so scarce that students studied only three days a week, with men alternating days with women.

"We were on top of one another there," Mr. Zeit said, and then, almost giddy, swung his arm in an arc, to indicate a new sense of space. On the walls are a few posters of dead militants considered to be martyrs, like Muhammad Abdel Hadi of the Abu Rish Brigades, but students pass by them this day without a glance.

His friend Wael Balaawi, 21, ran a hand through his gelled hair. "After 38 years of occupation!" he said excitedly.

"We couldn't even come here for a picnic or go to the beach, and we were cramped into the refugee camps, and the settlers had these huge places," he said with some wonder. "Now we can go where we want in a land that's ours."

In Gaza the Israelis largely built on empty sand dunes, displacing few Palestinians. But the network of walls, checkpoints, military sites and Israeli-only roads made it extremely difficult for Palestinians to travel freely. Now a trip from Gaza City to Rafah, which was often impossible, can be made in less than an hour.

Mr. Dheir, in his own freshly painted office, serving tea in new china cups, took out an architect's rendering of what the campus might look like in the future and displayed it proudly. Some of the nicest features were in red.

"It's only a plan," he finally said. "The red means it's part of the 10-year plan." But the intention is to bring the colleges of education, art and science here in their entirety within the next two years.

He added: "This is one of the symbols of freedom after the humiliation imposed on the Palestinians. It's a national project." But as a state university normally financed by the Palestinian Authority, now led by Hamas, the employees here, like Mr. Dheir, have also not received their salaries for the last four months.

"It's very difficult," he said with a sigh. "The whole situation is difficult. It's a big preoccupation for everyone. No one's paying their bills, and everyone is calling for unity and fearing civil war."

When Hamas supporters in Gaza's Islamic University clashed with Fatah supporters in Al Azhar University, there were some fistfights here, but they were quelled. "It nearly touched us, too, but we managed to stop it," Mr. Dheir said. "We said that this is a presidential place and we must have unity."

Still, Fatah flags fly next to the Palestinian one, and Palestinians still call the area by its former Israeli name, Neve Dekalim.

Walking around the campus, Mr. Dheir explained that there had been much salvaging and looting after the Israelis left, when even many of the trees were cut down. But Mr. Abbas soon ordered Fatah security guards to patrol the area and to stop the seizing of land that had taken place in a number of other former settlements, where some clans, militant groups and business interests had taken over what was supposed to be Palestinian Authority land devoted to the interests of Gazans as a whole.

"After we put up the wall, things became easier," said the registrar, Ahmed al-Mabhouh.

The old Neve Dekalim supermarket is being turned into a two-story cafeteria for students and teachers, and a row of shops nearby, one of which used to offer a serviceable espresso, has been remodeled into one large hall for the registrar. But the campus excludes the former synagogues, mostly gutted and firecharred, which remain on the horizon.

A group of students wandered on the repaved walkways, chatting excitedly after finishing a linguistics exam. Almutaz Abu Sittah, 19, tall and handsome, was proud of the campus but dour about the future.

"There's little optimism," he said. "The world is besieging us. And there's no real government, and no real state to govern."

Does he feel freer? "We've grown up," he said, "with vengeance in our hearts."

Armed Clash With Georgia Feared (WT)

By Michael Mainville

The Washington Times, June 21, 2006

DOJ_NMG_0036661

MOSCOW -- Growing diplomatic tensions, a Russian trade embargo and a massive boost in Georgian arms spending are raising fears of conflict in the volatile Caucasus region along Russia's southern border.

Analysts say a meeting last week between Russian President Vladimir Putin and Georgian President Mikheil Saakashvili failed to defuse the tension and that Russia's open support for the leaders of Georgia's separatist regions of South Ossetia and Abkhazia is pushing the limits of Georgian patience.

The tension is expected to be discussed when Mr. Putin hosts heads of state from the Group of Eight club of wealthy nations in St. Petersburg next month. It also will be discussed in Washington July 5 when Mr. Saakashvili meets with President Bush, who has accused the Kremlin of bullying pro-Western states in the former Soviet Union.

Pavel Felgenhauer, an independent, Moscow-based defense analyst, said Russia and Georgia appear to be laying the groundwork for an armed conflict. "What we've been seeing is an exchange of prewar statements," he said. "We could see military action in the coming weeks and months."

Georgian political analyst Alexander Rondeli agreed by telephone from Tbilisi that Russia-Georgia relations "have become truly bad. ... Russia is treating Georgia as a second- or third-class country through its support of separatist regions."

Mr. Saakashvili has made reunification with Abkhazia and South Ossetia -- which broke away from Tbilisi in the 1990s -- a key goal of his presidency. But Moscow has supported the separatists by installing Russian peacekeeping forces in the region, giving many residents Russian passports and supplementing the regions' budgets.

Georgia tried earlier this month to prevent a fresh rotation of 500 soldiers from entering South Ossetia, saying they were required to have entry visas. But Russia's Foreign Ministry dismissed the demand, saying Georgia had no control over South Ossetia and stressing the region's right to self-determination.

Buoyed by Montenegro's recent independence from Serbia, separatist leaders have stepped up efforts to break away from Georgia. At a meeting last week in the Abkhazian capital Sukhumi, the presidents of Abkhazia, South Ossetia and Moldova's separatist region of Trans-Dniester announced plans to establish a joint security force to defend their independence movements.

Russian officials, meanwhile, accuse Georgia of preparing to retake South Ossetia by force. Defense Minister Sergei Ivanov told reporters on June 13 that a significant increase in Georgian military spending last year caused "unquestionable concern."

In its annual report on global arms buying, released June 12, the Stockholm International Peace Research Institute said Georgian defense spending surged more than 140 percent to $146 million in 2005 -- the biggest increase worldwide last year.

Adding to the tension, Georgian officials on Saturday accused a Russian citizen of plotting to kill an opposition leader in order to discredit Mr. Saakashvili's government. Officials did not blame Russia directly, but accused "foreign secret services" of organizing an attempt on the life of opposition leader Koba Davitashvili.

They said the purported assassin had traveled to Tbilisi through Russian-controlled territory and had fled to Russia when Georgian police uncovered the plot.

Relations between the two countries began deteriorating after Mr. Saakashvili rose to power in Georgia's Rose Revolution, promising to boost relations with the West and to push for Georgian membership in NATO and the European Union.

In a move that critics say was designed to punish Georgia for these aspirations, Russia earlier this year imposed a ban on the country's largest imports, wine and mineral water, citing public health concerns.

Mr. Felgenhauer said Russia's goal is to undermine Mr. Saakashvili's popularity and eventually install a pro-Kremlin leader in Tbilisi.

"They're hoping that if they can destabilize the country it will lead to internal strife and the collapse of the Saakashvili regime," he said.

Amid Competition, India Cools To Expansion By Chinese Firms (WSJ)

By Peter Wonacott

The Wall Street Journal, June 21, 2006

BANGALORE, India -- Some of the world's best-known technology companies are investing billions of dollars to build modern campuses in this traffic-choked city. China's Huawei Technologies Co. wanted to join the rush.

Instead, the Chinese telecommunications-equipment maker is stalled in efforts to spend $164 million on new facilities here and has been forced to stuff 750 staffers into a hotel annex with a worn carpet and uneven light. India's government has rebuffed its efforts to obtain a trading license needed to sell directly to the booming domestic market -- rejecting its application at least nine times since early 2003, according to one senior sales executive briefed on the matter. The given reason: national-security concerns.

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"We have encountered some problems in India," admits George Huang, who runs Huawei's research facility in Bangalore. India's Foreign Investment Promotion Board, which reviews applications for trade licenses, did not respond to requests for comment.

Just as they have in the U.S. and Europe, some of China's big companies have run smack into security concerns and other delays, say industry executives and lawyers. Protracted government reviews have tripped up Chinese forays in telecommunications and infrastructure -- sectors where India generally welcomes foreign capital and expertise.

In part, India's concerns mirror fears in the U.S. and Europe about China's corporate ambitions in the West and Africa, and its growing influence overseas. A year ago, an $18.5 billion bid for Unocal Corp. by China National Offshore Oil Corp., or Cnooc, stoked a political backlash in the U.S. that helped prompt the Chinese to back down. In Europe, China Mobile Communications Corp. is near a $5.3 billion deal to buy Millicom International Cellular SA of Luxembourg in what would be China's biggest-ever corporate acquisition.

But the delays also reflect continuing unease between India and its fast-growing neighbor, as both nations emerge as new economic powers wooing capital and pursuing rapid development. The two have talked of trying to forge a new economic partnership as a counterweight to ties with the U.S., but bitter feelings linger in India from its humiliating defeat in a 1962 border war with China. That past is part of a sharp debate within India's bureaucracy between those who advocate embracing China and those who remain wary of its involvement in strategic industries.

Moreover, after decades of relative separation, India is experiencing China's economic might firsthand, as Chinese goods from refrigerators to Hindu statues flood the nation's markets. "These two countries are trying to figure out how to deal with each other," says Ashok Gurung, director of the India China Institute at the The New School in New York. "It's going to take a while."

Among other companies facing delays, China's ZTE Corp.'s drive to expand its telecom business in India has run into security roadblocks, say industry executives. The Hong Kong port-operating unit of Hutchison Whampoa Ltd., a conglomerate run by pro-Beijing billionaire Li Ka-shing, also has been unable to win security clearance for investments, according to contents of a closed-door cabinet meeting reported in an Indian newspaper.

Another Chinese company, Shenzhen CIMC-Tianda Airport Support Ltd., was turned away from installing air bridges in several Indian airports because of security concerns, despite an offer that was at least 40% lower than the only other bid, which was from a Spanish company, says a CIMC-Tianda lawyer.

"The Indian government is asking China to come and join hands with us," says Sudhir Sajwan, part of a legal team preparing CIMC-Tianda's case for a hearing before India's Supreme Court. "Then the Chinese companies come and they face these kinds of problems."

CIMC-Tianda executives declined to comment on its case. ZTE executives in India acknowledged delays in obtaining government approvals, but refused to elaborate. A spokesman for Hutchison Port Holdings said the company "has not been rejected from participating in any port projects in India for any reason, and we have in fact taken part in previous bids." The spokesman declined to comment on reports of multiple delays in obtaining a security clearance for a recent bid to modernize the Mumbai port.

The Foreign Investment Promotion Board, the Indian agency under the Ministry of Finance that typically reviews applications for trading licenses, was set up in 1991 to pave the way for capital coming into the country. The board also refers some cases to a cabinet-level committee on national security. Besides officials at the board, neither the National Security Advisor nor the Ministry of Finance responded to requests for interviews or to a list of questions about the reviews of Chinese companies.

The security reviews have begun to draw unusual public criticism from Beijing. In remarks to reporters last week, China's Ministry of Commerce warned India not to freeze out the country's low-cost competitors. A spokesman asked why CIMC-Tianda had been allowed to install air bridges at other Indian airports only to encounter security concerns in subsequent bids.

"We couldn't understand the relevant departments of India who set a ban on this company for security reasons," said the ministry's Chong Quan, according to the government-run Xinhua News Agency. "While India speeds up its infrastructure-facility development, Chinese companies experienced in the construction of airports, roads, bridges, power stations and telecommunications can provide services of better quality on a relatively lower price."

Ironically, Indian firms are expanding aggressively in China and apparently encountering few roadblocks. In June 2005, India's Tata Consultancy Services Ltd., or TCS, announced plans to team with Microsoft Corp. and the National Development and Reforms Commission, a powerful government agency, to help turn China into a major outsourcing hub. Drugmaker Ranbaxy Laboratories Ltd. has been adding to its factory in Guangzhou to sell more generic drugs in China.

Those moves are contributing to broader growth in economic ties. In 2007, two-way trade is expected to hit $20 billion, a year ahead of the original target date, said India's foreign-trade minister, Kamal Nath.

As for Huawei, in some ways the Chinese telecom-equipment maker has enjoyed a warm market reception in India. In 2005, it recorded $120 million in local sales, up about 80% from the year before.

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Yet executives say the lack of a trading license has hamstrung its expansion, deterring fresh investment and barring its bids to supply government-backed projects. Lacking security clearance, it recently had to drop an effort to supply wireless network equipment to Bharat Sanchar Nigam Ltd.

Huawei executives say Indian suspicions are misplaced. Although founded by a former soldier of China's People's Liberation Army, Huawei doesn't maintain links to China's military, and today operates as a private company in more than 100 countries, according to Mr. Huang of Huawei Technologies India, its Bangalore-based research arm.

Mr. Huang says he would like to double the 1,500 software engineers he has in India, combining them in a single corporate campus now split between two locations in Bangalore. Instead, he is watching rivals roll out their plans.

In October, Cisco Systems Inc. announced it was investing more than $1 billion in India. The same month, it broke ground for a new research lab here just 10 kilometers from where Huawei wants to build its facility.

U.N. Renews Presence In East Timor (NYT)

By Warren Hoge

The New York Times, June 21, 2006

The Security Council extended its political mission by two months and asked Secretary General Kofi Annan to plan for a "strengthened presence" of the United Nations there in light of recent violence that killed 30 people. The United States voted for the resolution despite a statement by its ambassador, John R. Bolton, questioning the need for returning peacekeepers.

Premier's Ally Faces Arrest In E. Timor (WP)

By Tanalee Smith

The Washington Post, June 21, 2006

DILI, East Timor, June 20 -- East Timorese prosecutors ordered the arrest of the former interior minister Tuesday for supplying weapons to a hit squad tasked with eliminating political opponents of the prime minister, the United Nations said.

International troops, meanwhile, tightened security across the capital as hundreds of protesters gathered to demand the ouster of Prime Minister Mari Alkatiri, some handing out fliers calling him a terrorist and murderer.

Young men mounted a small stage across the street from Alkatiri's office to give speeches criticizing his rule as others chanted, "Step down! Step down!"

"He is a criminal. He divided the Timorese people," said Vidal Gomez, 19.

Many East Timorese say Alkatiri's decision to fire 600 disgruntled soldiers in March was to blame for the subsequent clashes and gang warfare that have left at least 30 people dead. Some also allege he formed a hit squad to kill his political opponents.

"I never provided any weapons to anyone," Alkatiri said in a television interview broadcast nationally Tuesday evening, adding that he welcomed a U.N. investigation into the claims.

But the decision by the country's top prosecutor to issue an arrest warrant for Rogerio Lobato, who resigned as interior minister June 1, added credibility to the allegations.

The indictment accuses Lobato of giving guns to rebel leader Vincente "Railos" da Concecao -- the self-proclaimed leader of a hit squad allegedly commissioned by Alkatiri to silence the opposition -- on at least three occasions in May, according to a U.N. statement.

His alleged aim was to "alter the public order and the democratic rule of law," the statement said.

Lobato, deputy head of Alkatiri's ruling Fretelin party, was at his home in Dili on Tuesday, said Jose Manuel Fernandes, the party's vice secretary general.

Sudan Leader Rejects U.N. Troops In Darfur (USAT)

USA Today, June 21, 2006

Sudanese President Omar al-Bashir said Tuesday that he will never allow United Nations peacekeepers into Darfur, where a U.N. commission has accused the government and its militia allies of human rights violations in suppressing an ethnic minority uprising. “This shall never take place,” al-Bashir said. “We will not accept colonial forces coming into the country.”

The U.N. wants to send troops to replace a 7,000-strong African Union force that has been unable to stop the violence. About 180,000 people have died, many from hunger and disease, and about 2 million have been displaced since the conflict began in 2003.

A U.N.-chartered plane flew former Liberian president Charles Taylor from Sierra Leone to The Hague, Netherlands, to be tried on charges of war crimes.

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Taylor is accused of helping Sierra Leone's Revolutionary United Front rebels, who killed, mutilated and raped civilians during the West African country's civil war from 1991 to 2002. Taylor has been in custody since March. He faces life imprisonment if convicted.

An Israeli missile aimed at suspected Palestinian militants in a car in Gaza killed three children standing nearby. The Israeli military said the car was carrying members of the Al-Aqsa Martyrs Brigade, a terrorist group. Killed in the attack in the Jebaliya refugee camp were a 5-year-old boy and two girls, 7 and 16, Jumma Fatah of Shifa Hospital said. An army spokesman, Capt. Jacob Dallal, said terrorists in the car were involved in firing rockets at Israeli neighborhoods. Dallal blamed the Palestinian government for allowing the attacks.

Santa Park in Finnish Lapland has turned a profit for the first time after cost cuts, including firing the last three full-time elves. Wille Rajala, director of the 8-year-old park, credits a change in philosophy. “We are not open every day, but a couple of months in winter and another couple of months during summer.”

Children can take sleigh rides, talk to Santa and feed the reindeer. The park's website reminds visitors that there are only 186 days until Christmas.

Leader Won't Allow U.N. Force In Darfur (NYT/AFP)

By Agence France-Presse

The New York Times, June 21, 2006

President Omar Hassan al-Bashir voiced strong opposition to the deployment of Western troops in Darfur, vowing his country would not be "recolonized," the state news media reported. "I swear that there will not be any international military intervention in Darfur as long as I am in power," Mr. Bashir was quoted as telling a meeting of his party. "Sudan, which was the first country south of the Sahara to gain independence, cannot now be the first country to be recolonized." The United Nations wants to replace an under-equipped contingent of African troops in Darfur with its own peacekeepers.

Foreign Intervention In Somalia? (CSM)

By Rob Crilly

The Christian Science Monitor, June 21, 2006

NAIROBI, KENYA

The rapid rise of Somalia's Islamist militias has prompted a flurry of diplomatic efforts to stabilize the troubled country in the Horn of Africa.

Earlier this week, the African Union and Western diplomats decided to send officials to Somalia to assess the possibility of deploying a peacekeeping force to a country ripped apart by 15 years of anarchy. That has the backing of President Abdullahi Yusuf, head of Somalia's virtually impotent transitional government, who flew to Ethiopia Tuesday to demand speedy intervention.

Regional powers support intervention out of fear of an Islamic state on their doorsteps, while Western governments are worried the country could become a haven for terrorists.

But rather than promote stability, the move could inflame feelings in the newly dominant Islamic courts movement, which has everything to lose by foreign intervention.

Its leaders say there is no need to invite peacekeepers when Islamist militias have succeeded in pacifying Mogadishu, one of the most dangerous cities on the planet.

"Any sort of AU intervention - which would most likely be a cover for Ethiopian intervention - is most likely to be highly divisive and is likely to derail any attempt at peaceful negotiation between the government and the courts," says Sulieman Baldo, Africa program director of the Brussels-based International Crisis Group. "The [Islamist] courts will be very hostile to any sort of Ethiopian intervention in Somalia."

Ethiopian troops have previously supported President Yusuf in his home state of Puntland where he held off an Islamist challenge during the 1990s. Somalia's neighbor is also thought to have designs on its land.

For the past two weeks, Sheikh Sharif Ahmed, who heads the Islamic Courts Union, has insisted to the watching world that his network of sharia courts - which has imposed strict Islamic law, shut down cinemas, and banned people from celebrating New Year's - has no links to Al Qaeda and has no plans to turn Somalia into an Islamic state.

But at the same time, his militias have swept out of Mogadishu conquering a huge swath of Somalia, imposing sharia law on the strategic town of Jowhar and traveling almost up to the border with Ethiopia.

The courts are the closest thing to a central government the country has seen since President Siad Barre fled in 1991. After his departure, Somalia gradually split into a series of personal fiefdoms administered by a motley combination of gangsters and thugs known as warlords.

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But the rise of the Islamic courts and their militias has ousted the warlords from Mogadishu, where they were allegedly receiving cash from the United States to prevent Al Qaeda from making inroads.

Militias loyal to Sheikh Ahmed are now positioned about 40 miles from the town of Baidoa, where the country's transitional government has sat for four months since being formed in neighboring Kenya.

Earlier this month, its parliament voted to endorse Yusuf's call for peacekeepers to guarantee the survival of the government.

That vote was quickly followed by accusations from the Islamic courts that Ethiopia had sent 300 soldiers across the border to bolster its ally, Yusuf. The charges are denied by Ethiopia, although it is well known that small numbers of Ethiopian troops regularly criss-cross the border as part of its own defenses.

For now, the presence of peacekeepers would also violate an arms embargo imposed by the United Nations on all sides.

Lifting it, says Lt. Col. Harjit Kelley, a consultant to the United Nations Monitoring Group on Somalia, would risk enflaming an already volatile situation by legalizing the flow of guns and ammunition into the country.

He adds that the Islamic courts had strong backing from people living in towns under their control, and that the government, which has the support of much of the international community, has no option but to open a dialogue.

However, Yusuf has previously ruled out talks with the Islamic courts' leadership unless they meet three conditions: withdraw their militias to Mogadishu, recognize his government, and disarm.

Colonel Kelley doubts the Islamists will agree to those conditions, and says Yusuf has next to no leverage over the courts.

"The Islamic courts have the infrastructure, the command and control, that has [allowed them to] take the capital and other towns and then, more important, to hold on to them, so they are a big threat to the TFG," says Kelley.

"The TFG's best chance is to offer them commanding positions - with some real responsibility - in the government."

For now, there is peace in Mogadishu, but no one doubts that much work remains to rebuild the failed state.

Earlier this week, the United Nations' World Food Programme and UNICEF warned that the recent fighting and years of drought had pushed Somalis to their limit, creating the highest rates of malnutrition seen in years.

Mahamud Hassan Ali, the mayor of Mogadishu, says the West had already intervened in his city, funding the warlords and exacerbating the conflict.

Now, he says, it is time for the outside world to help rebuild it.

"My appeal is that the taxes of the world are no longer used for destruction, but instead used to make a difference to the lives of our people."

Former Liberian President In The Hague For Trial (NYT)

By Marlise Simons

The New York Times, June 21, 2006

PARIS, June 20 — Charles G. Taylor, the former president of Liberia and one of West Africa's most feared men, arrived in handcuffs in the Netherlands on Tuesday, and was immediately taken to the jail near The Hague where the former Serbian president, Slobodan Milosevic, spent the last five years of his life.

Mr. Taylor, 58, will be tried in the Netherlands by a specially created outpost of the Special Court for Sierra Leone, the United Nations-backed tribunal that has indicted him on charges of crimes against humanity and war crimes.

The long list of atrocities attributed to Mr. Taylor, a former warlord, includes running a rebel force that killed tens of thousands of civilians and hacked off the limbs of countless others.

A descendant of the returned slaves who founded Liberia, Mr. Taylor became notorious for his use and abuse of children who were pressed into his forces. The children were often brainwashed or drugged into killing their own parents or relatives, prosecutors have said.

Getting Mr. Taylor to The Hague has been a diplomatic headache ever since his capture as he tried to leave Nigeria in March. The Sierra Leone government requested that he be tried outside the country because, it argued, his followers could destabilize the region once again, after more than a decade of war.

Mr. Taylor is accused of financing the rebel force in Sierra Leone.

He will now be tried in The Hague, in a new courtroom at the International Criminal Court. The Dutch government, while agreeing to the trial on its soil, had insisted that Mr. Taylor was not welcome until another nation had committed to taking him into prison if he were convicted.

Britain, the former colonial power in Sierra Leone, whose troops helped end the war there, announced Thursday that Mr. Taylor could serve any sentence he might receive in Britain.

Mr. Taylor will be held in the wing of a Dutch prison, where both the United Nations tribunal for Yugoslavia and the new International Criminal Court have rented a cellblock. He will be tried by judges from the Sierra Leone court, which was created by

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the United Nations and the local government to try people responsible for atrocities since 1996. The court has nine people in custody.

It may take some months before Mr. Taylor begins his trial in The Hague. After his arrest, he attended a brief hearing at the Sierra Leone court, where he pleaded not guilty to all 11 charges he faces.

He also declared he was partly indigent, saying he could not pay for defense lawyers. Peter Andersen, the Sierra Leone court spokesman, said Mr. Taylor would be assigned a temporary counsel until the court has finished investigating his financial situation.

Mr. Taylor was known for trading diamonds and tropical hardwood for weapons, and is believed to have stolen millions of dollars from Liberia's coffers.

Liberia's Taylor Flown To The Hague To Face War Crimes Charges (WP)

By Molly Moore

The Washington Post, June 21, 2006

PARIS, June 20 -- Former Liberian president Charles Taylor -- once one of Africa's most feared warlords -- arrived Tuesday in The Hague to face charges of war crimes and allegations that he destabilized West African countries while amassing a fortune from illegal trade in diamonds, guns and timber.

Taylor's trial was moved from Sierra Leone, where he is accused of mass murder, sexual slavery and conscripting children during his support for a rebel movement that killed thousands of people during that country's 1991-2002 civil war.

The U.N. Security Council, which approved the move from Freetown to the facilities of the International Criminal Court in The Hague, cited concerns that trying the case in Sierra Leone could destabilize Liberia, Sierra Leone and neighboring countries.

Taylor's former wife said he knew he would be transferred from a prison in Freetown to The Hague this week, according to news reports. She said he was eager to respond to the allegations, which he denied in a preliminary court appearance in Freetown after his arrest in March.

"Mr. Taylor is in a very reflective and pensive mood," Jewel Taylor, a member of Liberia's Senate, told the BBC Tuesday. "This is his whole life we're talking about." She added, "There is not basis for the charges that have been levied on Mr. Taylor."

The former president, 58, arrived in the Netherlands on a U.N.-chartered jet and was led from the plane in handcuffs. He then was driven to the International Criminal Court's detention center in the suburbs of The Hague. The proceedings will be held in the courtrooms of the international court, although the trial will be conducted by the Special Court for Sierra Leone.

Taylor is the first former African head of state to be brought before a war crimes tribunal, and his case comes at a time when prosecutors have begun making tentative efforts across the continent to hold political leaders accountable for the corruption, genocide and brutality of African conflicts in the final decades of the last century. He served as president of Liberia from 1997 until 2003, when he was forced to resign.

Taylor is charged with sponsoring and aiding a rebel organization in Sierra Leone that chopped off the limbs of its civilian victims and forced women into sexual slavery and children into combat, among other atrocities. While he was actively working to destabilize the region, Taylor built a massive personal fortune from illegal trading.

He had been living comfortably in exile in Nigeria until this spring, when President Olusegun Obasanjo agreed to turn him over to the Liberian government. Taylor attempted to flee and was nabbed at a border post near Cameroon in March. At a court appearance in Freetown in April, Taylor said he was innocent and described the charges against him as "an attempt to continue to divide and rule the people of Liberia and Sierra Leone."

Taylor will be housed in the same prison where former Yugoslav president Slobodan Milosevic was detained.

12 Held In ETA Racketeering Case (NYT/AP)

By The Associated Press

The New York Times, June 21, 2006

The police in Spain and France arrested 12 people on charges of acting as intermediaries between the armed Basque separatist group ETA and businesses that were forced to pay a "revolutionary tax," the Spanish Interior Ministry said. It said that the unit had been operating for the last 20 years and that extortion was how ETA financed its operations. Among those arrested was Julen de Madariaga, 74, one of ETA's founding members.

Latin America's Choice (NYT)

By Thomas L. Friedman

The New York Times, June 21, 2006

Lima, Peru

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There are a lot of ways to describe Latin America's challenge today. Some will tell you it's the age-old question of overcoming the staggering gap here between rich and poor. Some will tell you it's rooting out corruption and misgovernance. But I come at this issue with my own perspective, and I would describe the big question facing Latin Americans this way: Are they going to emulate India or get addicted to China?

This question was, at least implicitly, a subtext of the recent election here in Peru. But it's true throughout this continent, which has always been better at mining its resources than mining its people.

Let me explain by introducing Gabriel Rozman — a Jewish technologist of Hungarian roots who was raised in Uruguay, educated in America and now heads the Latin American operations of India's biggest software/outsourcing company, Tata Consultancy Services of Mumbai.

Mr. Rozman runs Tata's Latin American business out of Montevideo, where 550 Uruguayan programmers, trained and directed by Indians, are writing code and running the computer systems for companies all across this continent. They are backed up by Tata engineers in India, Hungary, China, Brazil, Chile, Mexico and Argentina. India now thinks Latin America is its backyard, too.

And so does China. China, though, is almost exclusively focused here on extracting natural resources — timber, iron, soybeans, minerals, gas, fish meal — to feed its voracious appetite and keep jobs and factories humming in China. There is nothing wrong about that. America and Spain did the same for years — and often rapaciously. Today, China's appetite is helping to fuel a worldwide boom in commodity prices that is enabling a poor, low-industrialized country like Peru to grow at 5 percent.

But countries that get addicted to selling their natural resources rarely develop their human resources and the educational institutions and innovative companies that go with that. So after the ore has been mined, the trees cut and the oil pumped, their people are actually even more behind.

"Why can't Latin America do what India is doing?" Mr. Rozman asked when I spoke with him in Washington last week. It can, he insists, but only if it changes — fast. "Right now I have 500 job openings I can't fill, and the problem is education. The prestige career to follow in India is engineering, and in Latin America it is [still] law or being a notary public."

"We need more computer courses with real standards and starting at an early age," he said. A lot of higher education in Latin America is modeled on the French/European system, which is better at producing philosophers than programmers. Philosophers are important, but not in bulk.

Latin America also has to do a better job of teaching English, he added, and eliminating the red tape that prevents economic integration in Latin America and makes it very cumbersome to start new businesses here.

"To go from Argentina to Montevideo is only a 20-minute flight," Mr. Rozman explained, but in terms of the economic integration demanded today by global firms, they are 10,000 miles apart. In addition, most of the legal systems in Latin America are designed to promote agriculture and light industry, not intellectual property or innovation. "All the laws were made for another type of society," he said. "If we don't get caught up with the next wave, we're in trouble."

That next wave is called "follow the sun," he said. "We like to start a project in Bangalore or Mumbai, then, as the day moves on, move it to our offices in Eastern Europe and then to Latin American." Tata expects its engineers in each place to be equally trained, speak English and have the computing infrastructure to seamlessly receive and hand off projects. This is a global-scale business.

"We have 50,000 employees in India and are going to 100,000," explained Mr. Rozman. Eventually, Tata will grow to 100,000 in China. "But I can't go to 100,000 in any one country in Latin America, so I have to be able to put [the whole continent] together."

Latin Americans may think that their big choice is between two models of Western capitalism — a European welfare state model and a hyper-competitive U.S. model. But before they divide their pie, they need to expand it — and here their most important choice is between an India example that focuses on developing human resources and a China syndrome that focuses on selling natural resources. Since countries tend to do either one or the other, here's hoping that Latin America discovers India before it gets hooked on China.

Slim Pickings (WSJ)

The Wall Street Journal, June 21, 2006

The Inter-American Development Bank has been lending money to governments and the private sector in Latin America for almost a half century with little to show for it. So it seems sadly appropriate that one of the main speakers at the bank's anti-poverty conference last week was Mexico's telecom monopolist, Carlos Slim. His topic, believe it or not, was "business models" to help lift majorities out of poverty.

Mr. Slim is the richest man in Latin America and, according to his own resume, one of the 10 richest men in the world. He is also reported to be a generous philanthropist. But Mr. Slim's fortune has come partly at the expense of Mexico's poor and

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middle class, who have had to suffer more than a decade of monopoly pricing for telecom services under his ownership of Mexico's Telmex. His anti-competitive political machinations are among the biggest obstacles to making Mexico a faster growing and more globally competitive economy.

Mr. Slim bought Telmex as a private monopoly from the government in 1990. After enjoying monopoly rights for the first six years of the privatization as part of the purchase agreement, Mr. Slim grew so rich and powerful that he became known as the "owner" of all of Mexico. When a scheduled deregulation arrived in 1997, he had the resources to fight it off and has continued to do so.

Today the Slim name is synonymous in Mexico with litigation against deregulatory orders and ferocious lobbying to protect the Telmex advantage. The company retains 95% of the fixed-line market, and telephony prices are high relative to markets that have undergone deregulation. Access in rural areas is sketchy.

Mexico's telecommunications minister, a former Telmex district manager, has vetoed efforts to adopt such simple competition tools as number portability, according to a former commissioner at the telecom regulator. Telmex controls almost all data traffic, and there is next to no consumer choice in broadband, Internet and voice-over-Internet. Telmex's domination in fixed-line services has also damaged competition in the wireless market. All of this has raised the cost of doing business in Mexico and has diminished growth, not to mention the burden it has put on the poor, the people the Inter-American Development Bank (IDB) is supposed to care about.

There is little debate among development economists about the importance of competition to moving people out of poverty. Equality under the law -- from which competition, innovation, and efficient capital allocations derive -- is the basis of such progress. But with special interests blocking market reform in most poor countries, introducing economic competition is an uphill climb.

Helping to overcome these political forces would be a good job for the IDB, but the bank has never been a serious place for development work. It busies itself instead with redistributing wealth; since its founding in 1959, the bank has funneled $140 billion into perpetuating bureaucracies. Now it is helping Mr. Slim build a reputation as an anti-poverty expert.

At last week's anti-poverty conference, Mr. Slim followed the Roman Catholic cardinal of Honduras, who spoke on the "moral dimension" of fighting poverty. To the best of our knowledge, Mr. Slim didn't utter the other 'm' word, monopoly, the one that helped to make him rich and continues to keep his fellow Mexicans poorer than they should be.

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Cook, Elisebeth C

From: Cook, Elisebeth C
Sent: Wednesday, June 21, 2006 10:15 AM
To: Gorsuch, Neil M
Subject: FW: Updated Table of Contents for Neil Gorsuch
Attachments: gorsuch.wpd

Here's a rough TOC (haven't looked at it yet for formatting, etc.)

From: Coehins, Bridget C
Sent: Wednesday, June 21, 2006 10:11 AM
To: Cook, Elisebeth C
Subject: Updated Table of Contents for Neil Gorsuch

Bridget C.Coehins
U.S. Department of Justice
Office of Legal Policy
Room 4233
202-514-2061

LETTERS IN SUPPORT OF
NEIL M. GORSUCH
NOMINEE TO THE TENTH CIRCUIT COURT OF APPEALS

ATTORNEYS AND OTHER SUPPORTERS

1. William J. Hughes, Jr., Cooper Levenson April Niedelman & Wagenheim, P.A., May 30, 2006

2. Ken Kramer, May 31, 2006

3. Michael Kellogg, Kellogg, Huber, Hansen, Todd, Evans & Figel, P.L.L.C., June 1, 2006

4. Kerry McQueen, Sharp, McQueen, McKinley, McQueen & Dodge, P.A., June 2, 2006

5. Lourdes Lopez-Isa, June 2, 2006

6. Edward C. Stewart & John R. Trigg, WheelerTriggKennedy LLP, June 2, 2006

7. Silvija A. Strikis, Kellogg, Huber, Hansen, Todd, Evans & Figel, P.L.L.C., June 2, 2006

8. Eric A. Prager, Darby & Darby, June 4, 2006

9. D. Michael Trent, June 5, 3006

10. Mark Hansen, Kellogg, Huber, Hansen, Todd, Evans & Figel, P.L.L.C., June 5, 1006

11. James M. Webster III, Kellogg, Huber, Hansen, Todd, Evans, & Figel, P.L.L.C., June 6, 2006

12. Ken Fetterman, Kellogg, Huber, Hansen, Todd, Evans, & Figel, P.L.L.C., June 6, 2006

13. Isaac L. Kiel, For the Firm, Law Offices of Isaac L. Diel, Attorneys at Law, June 6, 2006

14. Hal Kepner, Kepner Company, June 7, 2006

15. Harold S. Handelsman, The Pritzker Organization, LLC, June 8, 2006

16. Christian E. Mammen, Day Casebeer Madrid & Batchelder LLP, June 9, 2006

17. Michael J. Guzman, Kellogg, Huber, Hansen, Todd, Evans & Figel, P.L.L.C., June 12, 2006

18. Sally J. Gardenswartz, June 12, 2006

19. William H. Albright, June 14, 2006

20. Robert W. Hite, Supreme Court, State of Colorado, June 16, 2006

21. Gary L. Christy, June 19, 2006

22. Stephanie W. Fields, Senior Vice President & General Counsel, Classic Residence By Hyatt, June 20, 2006

From: Ames, Andrew
Sent: Wednesday, June 21, 2006 10:26 AM
To: Ames, Andrew; Baxter, Felix (CIV); Blomquist, Kathleen M; Branda, Joyce (CIV); Brett Gerry; Brody, Stephen (CIV); Bucholtz, Jeffrey (CIV); Bukvics, Jennifer (CIV); Claterbos, Barbara (CIV); Cohen, David M. (CIV); Cohn, Jonathan (CIV); Davidson, Jeanne (CIV); Davis, Dan (CIV); Fargo, John (CIV); Fielding, Gabrielle (CIV); Figley, Paul (CIV); Flentje, August (CIV); Frost, Peter (CIV); Garren, Timothy (CIV); Glynn, J.Patrick (CIV); Gorsuch, Neil M; Hertz, Michael (CIV); Hollis, Robert (CIV); Hunt, Jody (CIV); Hussey, Thom (CIV); Jennifer Brosnahan; Jeweler, James (CIV); Katsas, Gregory (CIV); Keisler, Peter D (CIV); Kohn, Chris (CIV); Kopp, Robert (CIV); Letter, Douglas (CIV); Levine, Larry (EOIR); Lindemann, Michael (CIV); Magnuson, Cynthia; McCallum, Robert (SMO); Miller, Charles S; Nichols, Carl (CIV); Nowacki, John; Pyles, Phyllis (CIV); Riley, Sharon (CIV); Rivera, Jennifer (CIV); Roehrkasse, Brian; Schiffer, Stuart (CIV); Scolinos, Tasia; Seidel, Rebecca; Senger, Jeffrey M; Spellberg, Dianne (CIV); Swenson, Lily F; Thirolf, Eugene; Wilson, Karen L; Zwick, Ken (CIV)
Subject: 6/21/06 Civil Division News

Brief says secrecy trumps any wiretap ruling; Government claims an award of damages to plaintiffs would undermine security

U.S., State Reach Accord

Testimony on Bulger probe is disputed

Man Renews 20-Year Battle for Citizenship

Missouri officials demand AT&T records

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Some people never quit

Editorial: Secrecy Mustn't Crush Rule of Law

San Francisco Chronicle

June 21, 2006

Bob Egelko, Chronicle Staff Writer

Brief says secrecy trumps any wiretap ruling; Government claims an award of damages to plaintiffs would undermine security

The Bush administration says its program of clandestine electronic surveillance, and AT&T's alleged participation in it, are secrets so important that a federal judge couldn't consider awarding damages even if he agreed with a lawsuit that accuses the company of breaking the law.

Justice Department lawyers made a sweeping claim of immunity, for both the government and the telecommunications company, in their latest filing seeking dismissal of the lawsuit by customers against AT&T. A hearing is scheduled Friday before Chief U.S. District Judge Vaughn Walker in San Francisco.

The suit, filed in January, accuses AT&T of illegally giving the National Security Agency access to its voice and data network and to its databases of customers' phone calls and e-mails, to be used in a government program of monitoring Americans' contacts with suspected terrorists.

DOJ_NMG_0036673

President Bush has acknowledged authorizing wiretaps of calls between Americans and alleged terrorists abroad without court warrants since shortly after the Sept. 11 attacks on the World Trade Center and the Pentagon. But the administration has refused to discuss allegations of telecommunications company collaboration, the subject of numerous media reports, and has insisted that the subject is too sensitive to be aired in court.

Although the government is not a defendant in the AT&T case, government lawyers have asked Walker to rule that the suit would endanger state secrets and must be dismissed. In its latest filing, the administration said AT&T can't admit or deny participating in the program -- and thus can't fully respond to the plaintiffs' accusations -- because its alleged role is a secret.

Even if Walker, in a closed-door review, "were to find unlawfulness," Justice Department lawyers wrote, he "could not then proceed to adjudicate the very question of awarding damages because to do so would confirm plaintiffs' allegations."

That appeared to refer to the alleged law-breaking by AT&T rather than the overall surveillance program. But the Electronic Frontier Foundation, a privacy-rights organization that represents the plaintiffs, said the government's brief amounts to a claim "that the program is above the law."

"We intend to vigorously oppose this radical assertion of power," the foundation said.

The Bush administration has also invoked state secrets in seeking to dismiss a lawsuit by the American Civil Liberties Union directly challenging the National Security Agency surveillance program on behalf of writers and scholars who believe their calls were intercepted. That case is before a federal judge in Detroit.

Gregory Sisk, a law professor at St. Thomas University in Minnesota who has studied the government's use of state secrets as a legal defense, said courts have occasionally found that an entire federal program -- the alleged wiretapping of dissenters during the Vietnam War, for example -- was immune from judicial review.

"Taking something out of the context of litigation doesn't mean that there aren't checks and balances available," such as congressional action, Sisk said. But he said the government could argue in the current cases that even if the surveillance were found to be illegal, allowing individuals to seek damages would "confirm that their communications have been intercepted, and that would violate national security."

On Tuesday, Walker sent a series of questions to lawyers that indicated he was keeping his options open.

One question was how he could "minimize the conflict between plaintiffs' right to litigate this case and the government's duty to protect state secrets."

He also asked how confirming or denying the existence of the surveillance program, or AT&T's participation, could amount to disclosing a state secret "when the program has been so widely reported in the public sphere."

END

Hartford Courant

June 21, 2006

U.S., State Reach Accord

Robert A. Frahm

The Hartford Courant, Conn.

Jun. 21--Thousands of veteran Connecticut schoolteachers whose qualifications were called into question by a recent U.S. government review will no longer have to worry about undergoing additional training or testing, education officials said Tuesday.

After originally challenging Connecticut's procedures for evaluating teachers, the U.S. Department of Education, on further review, has approved those methods for determining whether teachers meet the federal standards as "highly qualified."

An estimated 13,000 teachers, about 30 percent of the state's public school teaching force, were uncertain of their status after federal monitors conducted a review in January, but the government's latest stance means most of those teachers will meet the standards established under the federal No Child Left Behind Act.

"It's a big relief," state Education Commissioner Betty J. Sternberg said.

Earlier this spring, Sternberg said she feared the federal law might require teachers to undergo testing or further training

to demonstrate their competence. Now, however, U.S. officials have agreed that they can establish their qualifications in job reviews conducted by local school districts.

Teacher quality is a key element of the No Child Left Behind Act, the 4-year-old school reform law that is the centerpiece of President Bush's educational agenda.

The law, which calls for a broad expansion of school testing and a shake-up of schools that fail to make adequate progress, requires states to ensure that all teachers are "highly qualified."

What that means is that all teachers - aside from having at least a bachelor's degree and state certification - must demonstrate knowledge in the academic subjects they teach. States failing to meet that goal could risk millions of dollars in federal money.

In its earlier review, federal officials said that Connecticut elementary teachers who were certified before 1988 may not have demonstrated competence to teach core academic subjects such as English, reading, math and science. The state began testing all new teachers, starting in 1988, in subject-matter knowledge.

The federal monitors also had questioned whether a broad general test required of the state's social studies teachers was adequate to measure competence in the specific areas of history, geography, civics and economics.

The issues raised by the monitors potentially affected many older elementary teachers and special education teachers, as well as social studies teachers.

However, state officials submitted a detailed response to the federal review, and U.S. officials determined that the state procedures, including the local job reviews of teachers, met the necessary requirements of No Child Left Behind.

"We commend your excellent work in responding to the concerns raised by the monitoring report," Assistant U.S. Secretary of Education Henry L. Johnson wrote to Sternberg. Nevertheless, because not all teachers will meet the law's standard this school year, the state must submit a revised plan for meeting the standard for the 2006-07 year, Johnson said.

END

Boston Globe

June 21, 206

Testimony on Bulger probe is disputed

By Shelley Murphy, Globe Staff

A retired FBI agent, who went undercover in 1983 to offer bribes to officials, yesterday disputed testimony that the Massachusetts Senate president at the time, William M. Bulger, had been a target of the investigation.

``His name never came up," John ``Jack" Callahan said in a telephone interview with The Boston Globe. ``As far as Bulger being a target of the investigation? Not to my knowledge, and I was the primary and only undercover agent involved in it for four years."

Yesterday, Robert Fitzpatrick, who was second in command of the FBI's Boston office from 1981 to 1986, acknowledged that the FBI did not have any evidence of wrongdoing by Bulger during the 1983 investigation.

But he stood by his testimony on Monday that Bulger was a target of the inquiry.

Fitzpatrick said it was one of nine investigations in his tenure in Boston that he believed had been compromised by leaks to informants, including Bulger's gangster brother, James ``Whitey" Bulger, or others outside the agency.

Fitzpatrick testified Monday in a wrongful-death suit.

The action was brought against the government by the family of a murdered FBI informant who was to ``get" the House majority whip at the time, Vincent Piro ; the House speaker, Thomas W. McGee ; and Bulger.

DOJ_NMG_0036675

Piro, a Somerville Democrat, was recorded on tape in 1983 asking Callahan, who was posing as a mall developer, for $25,000 to ensure legislative approval for liquor licenses for the Assembly Square Mall in Somerville. Piro said he needed $5,000 up front ``to grease a few guys."

But after accepting $5,000 from the undercover agent, Piro returned it three weeks later, saying that he had never taken money before, and that ``I don't want to start now."

Prosecutors said Piro had been tipped off that Callahan was an FBI agent. Piro argued entrapment at the trial; he was acquitted of conspiracy and extortion charges.

A witness testified that Piro had made reference to ``the speaker," but McGee was never charged, and he denied any involvement with the case. Bulger's name did not surface during the trial.

Yesterday, after Fitzpatrick finished testifying in a civil suit in US District Court, he told a reporter that the FBI was ``getting a lot of information about the flow of the money . . . there were allegations that [Bulger] might get money, that he was part of this chain."

Fitzpatrick said that Bulger was known as someone ``who could make deals go through" at the State House, and that the FBI thought Piro might enlist Bulger's help for the liquor licenses.

Fitzpatrick acknowledged, however, that there was no evidence that Bulger ever got any money from Piro.

``The investigation ended quite abruptly," Fitzpatrick said.

A Boston lawyer, R. Robert Popeo , who represented Piro in the criminal case and who represented Bulger on unrelated matters in the 1980s, called Fitzpatrick's claims ``preposterous."

He said that Bulger's name had never surfaced during the case and that the government never produced ``a scintilla of evidence" that there was a leak to Piro.

``It's clearly revisionist history," Popeo said, adding: ``They never had evidence then [of a leak], and they don't have it now."

Fitzpatrick said Monday that after Piro returned the money, the FBI launched a leak inquiry.

In the courthouse hallway yesterday, Fitzpatrick said that he and the US attorney at the time, William F. Weld, who became the governor, interviewed a retired FBI agent, Dennis Condon, about whether he had leaked information about the Piro investigation.

Condon had worked in the organized crime squad of the FBI's Boston office and had had dealings with James ``Whitey" Bulger and his sidekick, Stephen ``The Rifleman" Flemmi, both longtime informants. But, Fitzpatrick said, Condon denied having been involved in leaking information.

Condon's lawyer, Michael B. Meyer , said yesterday that Condon retired from the FBI in May 1977, and that he ``therefore was not in a position to leak, and did not leak, anything."

Yesterday was Fitzpatrick's sixth and final day on the stand in a $50 million wrongful death suit filed against the government by the family of John McIntyre, a Quincy fisherman who was murdered on Nov. 30, 1984.

McIntyre's mother, Emily, and brother, Christopher, have asserted that the government had negligently caused McIntyre's death because of the FBI's mishandling of James ``Whitey" Bulger and Flemmi.

Flemmi testified this month that he and Bulger had killed McIntyre because an FBI agent, John J. Connolly Jr., had warned them that McIntyre was cooperating against them.

END

Los Angeles Times

June 21, 2006

Man Renews 20-Year Battle for Citizenship

John Spano, Times Staff Writer

A man at the center of a long-running immigration legal fight that came to be known as the "L.A. 8" case returned to court\l "l" Tuesday to renew his two-decade-long quest for citizenship.

Aiad Barakat, 45, walked with a pronounced limp to the witness stand in federal court downtown and in halting English fielded a barrage of questions in a bid to avoid deportation.

Almost 20 years ago, federal officials sought to deport Barakat and seven others because of their association with causes promoting Palestinian statehood, such as the Popular Front for the Liberation of Palestine.

The eight were never accused of an act of terrorism or of any other crime.

Rather, they were targeted for deportation\l "l" on the grounds that they allegedly had raised money for the Popular Front, a group the government suspected of terrorist activities.

The group won a victory in 1989 when a judge struck down as unconstitutional portions of a federal law that allowed deportation to be based on political affiliation and advocacy. The charges against the L.A. 8 have been reworked at least three times since, reflecting changes in immigration and anti-terrorism laws, some of which were tailored to be applied retroactively to this case.

Constitutional questions are not at issue in the current case. The only question in court Tuesday was whether Barakat should be denied citizenship for allegedly lying about his association with Palestinian advocate Ali Kased when he sought U.S. citizenship.

The government plans to introduce an FBI surveillance videotape of a meeting Barakat attended with Kased, described as a prominent Palestinian activist, in 1985 outside of Los Angeles. The meeting purportedly lasted two hours and dealt with Palestinian causes and fundraising.

"Mr. Barakat gave false testimony to obtain an immigration benefit, and thus he is not a person of good moral character," the government asserted in court papers.

Barakat's lawyers insist he had a right to engage in political activity and said he may not have remembered the meeting when questioned by immigration officials. U.S. District Judge Steven V. Wilson is presiding over the case, which is scheduled to continue today.

END

ST. LOUIS POST-DISPATCH

By Michael D. Sorkin

06/21/2006

Missouri officials demand AT&T records

State regulators in Missouri have issued subpoenas to AT&T, demanding to know whether the company is violating consumer privacy laws by sharing customer phone and Internet records with the government.

The subpoenas set a deadline of July 12. They seek records and company officials to testify under oath.

The subpoenas, along with a growing number of legal challenges here and elsewhere, set the stage for confrontations between civil liberties and national security - and between state and federal governments.

The challenges accuse the government of abusing anti-terrorism laws, and AT&T of allowing government agencies to monitor millions of phone calls and e-mails without legal authority.

For its part, AT&T says it is bound by national security laws not to reveal what it might have done.

Confrontation of some sort seems all but certain. The regulators served their subpoenas Monday after receiving a letter last week from AT&T that says the company cannot and will not answer any questions.

The letter also pointed to New Jersey, where the state attorney general issued subpoenas last week. The Justice Department responded by suing in federal court to block them.

The government asserts that the subpoenas require the phone company to confirm or deny the existence of sensitive

information that "cannot be confirmed or denied without causing exceptionally grave harm to the national security."

The subpoenas here and in New Jersey essentially ask whether the phone company is turning over information to the government simply by request - without any court order or search warrant.

In Missouri, Commissioners Steve Gaw and Robert Clayton of the state Public Service Commission have repeatedly written AT&T and its affiliates, asking for the company's legal authority to give the government customer calling information.

AT&T doesn't admit sharing the information - but doesn't deny it, either.

In his letter to the Missouri officials last week, Alfred G. Richter Jr., senior AT&T vice president and general counsel and secretary, said that even advising whether or not the company has provided information to the National Security Agency "could place the company in violation of federal law."

The two Missouri commissioners say they are responding to disclosures in USA Today and The New York Times that AT&T secretly gave the government records revealing who millions of customers have talked to.

In Illinois, a spokeswoman says Attorney General Lisa Madigan's office is watching the controversy but has not decided whether to take action.

Meanwhile, a customer's civil suit filed in St. Louis Circuit Court, seeking damages from AT&T over the issue, is currently in U.S. District Court in St. Louis.

On another front, a federal judge in San Francisco will hear arguments Friday on the government's motion to dismiss the Electronic Frontier Foundation's class-action lawsuit against AT&T.

END

National Public Radio

June 20, 2006

By Julie Rovner

Supreme Court to Hear 'Partial-Birth' Abortion Cases

The Supreme Court has agreed to broaden its look at abortion restrictions in next year's term.

When President Bush signed the Partial Birth Abortion Ban Act in 2003, opponents of the measure filed three separate lawsuits challenging its constitutionality in New York, Nebraska and San Francisco. In all three suits, both district and appeals courts struck down the measure as written.

In February the Supreme Court agreed to hear the Nebraska case, and now it has added the San Francisco case to next year's docket. The two are expected to be merged and heard as one.

Despite the unanimity in the lower courts, however, the case is being watched closely by those on both sides of the abortion dispute. The last decision on the issue, six years ago, was a 5-4 ruling. And one of those voting with abortion-rights advocates was Justice Sandra Day O'Connor. She's now been replaced by Justice Samuel Alito, who's considered likely to rule the other way.

High Court Rejects State Challenge to Medicare Drug Law

June 19, 2006 --The Supreme Court has rejected a suit filed by several states to invalidate a key part of the new Medicare prescription drug law.

DOJ_NMG_0036678

Five states, led by Texas, went directly to the Supreme Court in March. They're challenging a piece of the Medicare law known as the "clawback." The idea is that with the federal government taking over from the states the drug costs of those patients on both Medicare and Medicaid, states would get a windfall. The clawback requires states to return most of those savings to Washington.

But many states say they were doing a better job at holding down drug costs than the new program does, and the clawback will actually cost them money.

The Supreme Court, however, did not rule on the merits of the issue. It simply ruled the suit needs to go through the lower federal courts first.

South Dakota Abortion Ban Faces Ballot

June 19, 2006 -- South Dakota's sweeping abortion ban won't go into effect next month as scheduled. Opponents have gathered enough signatures to force the law to the November ballot.

The secretary of state has certified that a petition drive has resulted in more than the 16,700 signatures needed to force the ban to the ballot. The law signed earlier this spring would ban virtually all abortions in the state.

The legislature purposely went further in the law than the U.S. Supreme Court has allowed under the landmark 1973 ruling *Roe v. Wade*. The intent was to give the newly configured court a way to revisit abortion rights in general.

But rather than suing, abortion rights advocates instead have so far concentrated on defeating the measure at the ballot box.

END

Manitoba Co-operator

By Ron Friesen

Some people never quit.

The American ranchers group R-CALF will ask the same U.S. Appeal Court which twice before rejected their case against Canadian cattle imports for another hearing.

R-CALF is appealing Montana District Court Judge Richard Cebull's decision in April not to reopen the case.

The group said last week it will ask the U.S. Ninth Circuit Court of Appeals to remand the case against a United States Department of Agriculture (USDA) rule, allowing imports of cattle under 30 months of age from Canada, back to Judge Cebull.

"We remain frustrated that there has never been full consideration of the merits of our case," said Chuck Kiker, R-CALF president, in a June 6 statement.

Cebull originally granted a preliminary injunction in March 2005 against the USDA's UTM (under-30-month) rule. A three-judge Appeal Court panel reversed it in July 2005, saying Cebull failed to give USDA sufficient deference.

R-CALF asked the entire 47-judge Appeal Court to consider the case, but was denied.
The organization went back to Cebull in January 2006 requesting a full hearing into a permanent injunction against cattle from Canada.

In his April 2006 ruling, Cebull said the Appeal Court had instructed him to abide by a "deferential standard" and his "hands are tied."

Now R-CALF is asking the Appeal Court to overrule Cebull's decision not to hold a hearing.

DOJ_NMG_0036679

John Masswohl, international relations director for the Canadian Cattlemen's Association, dismissed R-CALF's latest effort as "a fund-raising gimmick."

Masswohl suggested R-CALF is whipping a dead cow by asking the Appeal Court to hear a case which has already been decided.

"Even if I were in the R-CALF camp, I'd have to wonder why they continue to throw money down a hole," Masswohl said.

"I can't see anything legally wrong with the decision Judge Cebull reached. I can't see that there's been any new information."

Masswohl rejected R-CALF's claim that the courts have never ruled on the merits of the case.
He wondered why R-CALF was taking another run at the case when it issued a statement in April saying the judicial process had come to a halt and it would focus on stopping a second USDA rule to admit cattle over 30 months (OTM) of age from Canada.

The USDA is still developing the long-expected OTM rule, which is not expected until 2007. R-CALF is almost sure to challenge it legally as well when it comes out.

Masswohl said a new Canadian import policy on bluetongue disease may take some wind out of R-CALF's sails. The Canadian Food Inspection Agency says it will remove bluetongue restrictions for cattle and other ruminants imported year-round into Western Canada from the U.S.

U.S. cattle producers have long objected to Canada's import rules for bluetongue, calling them an unfair trade barrier.

Masswohl said a number of American ranchers joined R-CALF because of the bluetongue restrictions. With the limits removed, R-CALF loses one of its reasons to retaliate against Canada, he said.

END

Wired News

Wednesday, June 21, 2006

By Jennifer Granick

Editorial: Secrecy Mustn't Crush Rule of Law

Are there any legal limits to what the executive branch can do in the name of national security, or is it anything goes?

In separate federal lawsuits challenging the warrantless surveillance of American citizens, the Bush administration argues that courts must dismiss cases claiming that the National Security Agency has broken the law because those claims implicate "state secrets."

On Friday of this week, U.S. District Judge Vaughn Walker sitting in San Francisco will hear arguments on the issue in *Hepting v. AT&T*, a class action claiming that the telecommunications giant has been collaborating with the NSA in illegally eavesdropping on millions of Americans' calls and e-mails. (Disclosures: Last week, professor Susan Freiwald and our Stanford Center for Internet and Society filed a law professors' *amicus* brief on behalf of the plaintiffs in *Hepting*. Wired News has also filed motions to intervene in the case and asked the court to make public evidence filed under seal of AT&T's alleged wiretapping activities.)

Later in the month, Judge Anna Diggs Taylor in Detroit will hear similar arguments in *ACLU v. National Security Agency (NSA)*, a case brought against the NSA by journalists claiming the surveillance program has dried up sources and interfered with the plaintiffs' ability to gather news.

The stakes are high, and sight of them should not be lost among the citations to cases from the 1870s or the redacted pleadings referencing classified arguments and evidence lodged in a secure location in Washington, D.C., for sequestered review by the sitting judges.

The way the government has asserted the state-secrets privilege means these courts will do more than answer the already serious question of what protection official secrets deserve in a democratic government. The judges will be deciding whether the rule of law applies to any party, whether an agency of the government or a private company, acting in the realm of national security.

DOJ_NMG_0036680

The government has already been wildly successful in using the state-secrets privilege to completely shield itself from appropriate punishment for shocking and illegal behavior in *El-Masri v. Tenet*.

Khaled El-Masri was abducted, sodomized and beaten over five months of detention at the hands of CIA agents or their operatives. Eventually, the government realized it had kidnapped the wrong person and, luckily, released him.

El-Masri sued the head of the CIA, claiming the agency authorized his kidnapping and torture as part of the U.S. "rendition program." Though German prosecutors back up El-Masri's story and though the United States has admitted and lauded the practice of rendition, the government successfully moved to dismiss the lawsuit on the grounds of state secrets.

The trial judge dismissed El-Masri's case because litigating it would reveal operational details as to means and methods, persons, companies or governments involved. I suppose we're fortunate the CIA operatives didn't kill El-Masri to protect the world from learning about the "operational details" of rendition. Though if they had, his family would have had no legal recourse against his murderers.

The government is attempting to build on the anomaly of its victory in *El-Masri v. Tenet* to push for complete dismissal on state-secrets grounds in other cases where it has acted illegally. If this claim prevails, then executive agencies can act with impunity if part of a national intelligence effort, regardless of efforts by Congress, the courts or the international community to set rules of engagement. This Friday, Walker will take the issue up with lawyers from the government, AT&T and the Electronic Frontier Foundation.

In *Hepting v. AT&T*, the EFF represents a class of plaintiffs comprised of AT&T customers. Based on documents from Mark Klein, a former AT&T employee, the plaintiffs claim that AT&T has been illegally diverting their communications to the NSA.

The United States moved to intervene in the case, arguing that the claims should be dismissed because litigation would disclose intelligence information, sources and methods. The government claims neither it nor AT&T may confirm or deny the existence, scope and potential targets of intelligence activities because there is a reasonable danger that national security would be harmed by the disclosure. If this claim is true, then the court must dismiss the case.

Thus, much of the argument Friday will be about whether the case requires information that is, in fact, secret.

The public knows that telecommunications carriers like AT&T have both the capability and often the legal responsibility to intercept communications, and that the government often asks them to do so. The fact that the government is listening to phone calls and that AT&T is involved is not secret.

The only issue is whether AT&T eavesdropped with court authorization.

But court authorization isn't secret either. It's a piece of paper signed by a judge. Sensitive details contained in that court order can be excised, received under seal, reviewed by the judge in chambers (in camera review) or handled any number of ways that courts use to deal with confidential information.

The public knows this case is a challenge to the government's previously secret program of warrantless surveillance. But the plaintiffs have had to argue they can prove AT&T illegally intercepted its customers' private calls without needing any evidence of the government's surveillance program in order to avoid the state-secrets ax.

It's one of the many Kafkaesque turns in the case, though certainly no more strange than the government's assertion that the court -- even if it were to review the evidence outside of the public eye and find the government acted illegally -- could not then award damages because to do so would confirm the plaintiffs' allegations.

One improvement might be to disfavor claims of state-secrets privilege in cases directly challenging the legality of U.S. conduct in the national-security arena. This rule particularly would make sense when the facts on which the plaintiff is depending to make his case are already available from unclassified sources. El-Masri knows what the CIA did to him, and German authorities back him up. Klein's documents showing AT&T's mass surveillance are in the public record. The only secret is whether the defendant -- the CIA, the NSA or AT&T -- has a legitimate excuse.

This idea arguably goes against case law stating that if "the very subject matter of the action" is a state secret, then the case should be dismissed. That language comes from an 1875 case involving a lawsuit for breach of a contract to pay a secret agent under a government contract for clandestine services, and a 1953 negligence lawsuit brought by widows whose husbands had been killed in the crash of a military airplane carrying electronic surveillance equipment. However, in those cases, the state secret was separate and apart from the plaintiffs' claims of wrongdoing. In *El-Masri* and the pending surveillance cases, the government's illegal behavior is the very thing it seeks to keep secret.

Perhaps my idea also seems uncomfortably suspicious of national-security claims at a time when international terrorism is on the rise and national security is of pre-eminent importance. The healthier skepticism I suggest does not mean courts will disfavor national-security claims that arise in the normal course of litigation, but only that they will be suspicious of state-secret claims that shield government wrongdoing from judicial review and remedy, particularly when the plaintiffs have made out a case from independent investigation, record collection and expert testimony.

DOJ_NMG_0036681

The judges in the Hepting and ACLU cases have to draw the line between protecting legitimate state secrets and protecting illegal activity connected to the war on terror. Illegal programs like rendition and warrantless wiretapping do not keep America safe. They undermine our democracy by violating civil rights and ignoring the rule of law.

END

DOJ_NMG_0036682

Image not available for this document, ID: 0.7.10316.6365-000001

From: Ames, Andrew
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Feds Want Eavesdropping Suits Combined

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Former agent says leaks to Bulger not a concern; Account rebuts earlier testimony

American Indian-owned Armor Plant Raided By Federal Agents

Bush: Move all spy cases to D.C.

The Oregonian

June 22, 2006

U.S. claims 'state secrets privilege' in Oregon case

U.S. Justice Department lawyers Wednesday claimed that state secrets would be revealed if a federal judge did not dismiss an Oregon lawsuit challenging a National Security Agency warrantless eavesdropping program.

Government lawyers had promised in earlier court papers that they would assert the "state secrets privilege," which has almost always resulted in dismissal of civil lawsuits during the past 50 years.

The Al-Haramain Islamic Foundation in late February filed a lawsuit claiming that the NSA illegally eavesdropped on phone conversations between one of the group's directors in Saudi Arabia and U.S. attorneys for the Ashland-based charity.

Al-Haramain attorneys filed a sealed document with the court that they claimed was proof of the eavesdropping. The government says the top-secret document was inadvertently given to Al-Haramain attorneys and should be returned, and they have filed secret explanations to the judge.

More than two dozen lawsuits have been filed around the country this year challenging NSA surveillance programs.

DOJ_NMG_0036684

On Monday, the government moved to consolidate them in one courtroom in Washington, D.C. There, federal lawyers say they will seek dismissal on the grounds that the suits threaten to reveal state secrets

END

Los Angeles Times

6/22/06

Judge May Deny Bid to End NSA Suit

The federal government has claimed 'state secrets privilege' in seeking the dismissal of a rights group's domestic spying case against AT&T.

By Joseph Menn
Times Staff Writer

SAN FRANCISCO — A federal judge weighing one of the first lawsuits against the National Security Agency's domestic spying efforts has asked the government how the case should proceed if he refuses authorities' request to dismiss it.

The series of questions U.S. District Judge Vaughn Walker published Tuesday implied that he was reluctant to grant the government motion to end the case under the "state secrets privilege," a powerful argument that usually succeeds in quashing litigation.

"They certainly suggest that he has not been convinced by the government's argument and that he is considering denying the government's motion," said George Washington University law professor Jonathan Turley, who is involved in a separate case related to NSA activities.

Among other things, Walker asked the lawyers whether he should grant an interim request known as an interlocutory appeal "regardless how the court decides" on the motion to dismiss, which is scheduled for a hearing Friday.

That type of appeal would be relevant only if he declined to dismiss the case, said Shane Kadidal, an attorney with the Center for Constitutional Rights, a civil liberties group challenging the NSA elsewhere.

Walker also asked a series of questions about appointing an expert to advise him on the secrecy aspects of specific pieces of evidence, which would make sense only if the case continued.

Another civil liberties group, the Electronic Frontier Foundation, filed the suit against AT&T Corp. on behalf of Internet and phone users, accusing it of violating wiretap and other laws by sharing customer calling records with the NSA.

After the suit was filed, it was bolstered by the participation of former AT&T technician Mark Klein, who provided documents detailing a secured secret room where copies of all e-mails sent through the company's San Francisco hub were collected.

More than 20 suits now address one aspect or another of the NSA's domestic programs, but Walker could become the first judge to rule on the state secrets claim.

An appeal of that ruling is likely.

Also this week, the government asked a judicial panel to consolidate many of the cases in Washington.

Justice Department spokesman Charles Miller said he had no comment. "It's ongoing litigation," he said. "We will be in court on Friday, and we will argue our case."

AT&T spokesman Walt Sharp said the company wouldn't go beyond an earlier statement in which it said that it provides information to authorities "strictly within the law and under the most stringent conditions."

END

Oregon Public Broadcasting

6/22/06

Feds Want Eavesdropping Suits Combined

By Colin Fogarty

PORTLAND, OR

The US Department of Justice is trying to consolidate lawsuits over the Bush administration's domestic eavesdropping program, including a case in Portland. Colin Fogarty reports.

The lawsuit by the defunct Islamic charity Al Haramain is one of more than 20 cases across the country over a program allowing the National Security Agency to listen in on conversations without a warrant.

This week, government attorneys asked the Judicial Panel on Multidistrict Litigation to merge all the cases into one before a judge in Washington DC.

Attorneys for groups suing the administration say the government is just shopping for a more sympathetic venue.

But Department of Justice spokesman Charles Miller says one case would be more efficient than far flung lawsuits across the country.

"Oh it's much more practical than tactical, having everyone in one place, with one judge listening to the same or similar cases."

The government is trying to convince judges to dismiss the lawsuits, arguing they would reveal state secrets.

Attorneys for Al Haramain expect the Justice Department to make that claim in Portland soon.

END

Wichita Eagle (KS)

June 22, 2006

Raytheon looking to settle overcharging case

BY TONY CAPACCIO AND ROBERT SCHMIDT, Bloomberg News

Raytheon Co.' s aircraft unit is negotiating with the U.S. Justice Department over allegations the company charged too much for parts used to build training planes for the Air Force and Navy, people familiar with the talks said.

The possible civil settlement would address findings of a criminal investigation into the activities of Darleen Druyun, the Air Force's former N 2 acquisition official, who was jailed in 2005 for violating conflict-of-interest laws.

The Raytheon contract was awarded by Druyun as part of a $4.5 billion program, one of 11 in which she was involved that have been reviewed by the Defense Department's inspector general.

Jim Cross, a spokesman for the U.S. attorney's office in Wichita, which is handling the settlement talks, declined to comment. Jackie Berger, a spokesman for the Wichita-based aircraft unit of Raytheon, confirmed the existence of the Pentagon probe while also declining to comment on any settlement talks.

Raytheon, the fifth-largest U.S. defense contractor, is "fully cooperating" with the Pentagon probe, Berger said. "We believe the company's actions have been entirely consistent with all legal requirements."

An unreleased Pentagon audit, dated April 12, valued the training-plane contract at $1.56 billion. The audit, which didn't cite specific instances of inflated prices, said the price per aircraft increased 23 percent in a year, to $4.8 million from $3.9 million, in part because the Air Force decided to buy fewer planes.

The contract was awarded in two sections starting in December 2000 and covered production of 349 aircraft, training equipment and technical manuals.

Druyun was sentenced in October 2004 to nine months in prison for discussing a job with Boeing Co. at the same time

she was negotiating a now-canceled $23 billion aerial-refueling tanker program with the company.

Druyun, along with other Pentagon officials, advocated a streamlined weapons contracting procedure that required less documentation of costs. Raytheon's contract for the training aircraft exempted the company from a federal purchasing rule that would have required it to provide certified data on costs to back up its charges.

The contract structure increased the Air Force's "risk of paying excessive prices" for the aircraft, the audit said.

Contract changes

Raytheon has agreed to provide certified cost data in the remaining production contracts under negotiation, according to Jim Smith, vice president for government business at Raytheon Aircraft.

Smith, in a telephone interview, denied that Raytheon's prices were inflated. Still, he said he understood why the Air Force wanted to change the contract structure.

A breakdown in communications led to questions on pricing "and, on some parts, the perception of overpricing," he said.

While the new contract demands won't have a financial impact on Raytheon Aircraft, "it's a fairly significant change for us in the way we deal with suppliers," Smith said. "I want to make sure we don't add program costs."

The new procedures to be followed will allow the Air Force to "know the cost of every nut, bolt and component," Smith said. Providing that level of detail "creates a lot more effort on our part."

Raytheon Aircraft generated $493 million in net sales in the first quarter of this year, which accounted for about 9 percent of Raytheon's overall net sales of $5.3 billion in that period. The aircraft unit's sales were up 12 percent from the first quarter in 2005.

The training plane program represents just less than 20 percent of the aircraft unit's business, Smith said.

END

AP

June 22, 2006

Government makes arguments in renewed effort to deport Palestinian

LOS ANGELES_Government lawyers plan to deliver closing arguments in an L-A courtroom today in their effort to deport a a 45-year-old Palestinian they've wanted out of the country for decades.

Aiad Barakat was accused of raising money for the Popular Front for the Liberation of Palestine. It was accused of terror attacks in the 1970s. But he was never formally accused of terrorism.

Now the government is alleging Barakat lied about his association with political groups in his bid to obtain citizenship.

Government lawyers yesterday showed a tape from a hidden camera that showed Barakat at a meeting of a Palestinian advocacy group's weekend retreat in the San Bernardino Mountains.

They said a statement one participant makes in Arabic about the Popular Front for the Liberation of Palestine shows Barakat belongs to the group.

But Barakat's lawyers are questioning the government's translations, and say the government's argument infers too much and offers too little proof.

END

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Boston Globe

June 22, 2006

Former agent says leaks to Bulger not a concern; Account rebuts earlier testimony

By Shelley Murphy, Globe Staff

A retired FBI agent testified yesterday that he used ``super caution'' while investigating longtime FBI informants James ``Whitey'' Bulger and Stephen ``The Rifleman'' Flemmi for murder in the early 1980s, but insisted he was never concerned that other agents were leaking information to them.

Gerald T. Montanari , who retired in 1999 after 30 years with the FBI , took the stand yesterday in US District Court as the government launched its defense against a $50 million wrongful death suit brought by the family of a man who was killed in 1984 by Flemmi and, allegedly, Bulger.

Montanari, rebuting earlier testimony by another agent, testified that he never complained in 1982 that then FBI agent John J. Connolly Jr. was rifling his files and leaking information to Bulger and Flemmi.

``The situation with John Connolly was a little awkward, because I knew he had these informants,'' Montanari said. He added that he had no ``specific concerns'' about leaks while investigating claims by Edward ``Brian'' Halloran that Bulger and Flemmi were involved in the 1981 slaying of Roger Wheeler, a Tulsa businessman who owned World Jai Alai.

``Maybe I was more cautious, so at some point if something went wrong, we could say we did everything to protect the information,'' Montanari said.

Something did go wrong.

In May 1982, Halloran was gunned down on Boston's waterfront. Two months later, John Callahan , who had also been implicated by Halloran in the Wheeler slaying, was killed in Miami.

FBI officials in Washington decided to drop Flemmi as an informant in September 1982, but still used Bulger, citing him as an invaluable informant against local Mafia leaders, according to FBI documents filed in court.

They began using Flemmi again in 1986, however.

Montanari defended the FBI's decision to continue using Bulger as an informant, saying that Halloran's allegations were ``all uncorroborated.''

Montanari will resume testifying today in the civil case brought by the family of John McIntyre , a Quincy fisherman. The McIntyres say the FBI's mishandling of Bulger and Flemmi caused McIntyre's killing.

Earlier in the trial, Flemmi testified that he and Bulger killed McIntyre on Nov. 30, 1984, after Connolly told them McIntyre was cooperating against them. Flemmi said they learned McIntyre had implicated them in an unsuccessful plot to ship weapons to the Irish Republican Army aboard the Valhalla, a Gloucester trawler.

Flemmi is serving a life sentence for killing 10 people, including McIntyre, Wheeler, and Callahan. Bulger, who is wanted in 19 murders, has been a fugitive since 1995. Connolly is serving a 10-year prison term for racketeering and helping Bulger evade capture.

Philip Brady , a retired US Customs Service agent, testified yesterday that McIntyre provided ``nothing significant'' against Bulger and Flemmi during his meetings with Customs and the FBI, while focusing mostly on the operation of Charlestown gangster Joseph Murray, who was involved in the Valhalla. McIntyre gave information that led to the seizure of the Ramsland, a freighter smuggling 36 tons of marijuana into Boston Harbor, Brady said.

Brady said McIntyre declined an offer to join the Federal Witness Protection program, even after Murray announced that he knew a member of his crew had told authorities about the Ramsland . ``Murray sat them all down and said, `We know one of you ratted this out and when I found out who, I'm going to kill you,' '' said Brady.

But McIntyre ``didn't think he was in danger,'' said Brady. ``He reported it with a smirk.''

END

The Associated Press

By JAMES MacPHERSON,

Thursday, June 22, 2006

American Indian-owned Armor Plant Raided By Federal Agents

BISMARCK, N.D. -- Federal agents raided an American Indian-owned armor plant based in Fort Totten on Wednesday, confiscating boxes of company records under a search warrant involving questionable business practices.

Assistant U.S. Attorney David Peterson said Sioux Manufacturing Corp. was under investigation by the Justice Department and the U.S. attorney's office for "alleged contract irregularities." He would not elaborate.

"There were some agents at the site" from the Justice Department and the FBI, he said.

FBI special agent Paul McCabe in Minneapolis said one FBI agent participated in the raid.

"We're just assisting in a liaison capacity," he said.

The plant, which opened in 1974, manufactures protective armor for soldiers, tanks, ships and aircraft.

The plant is owned by the Spirit Lake Sioux tribe, on the Spirit Lake reservation in northeastern North Dakota. The tribe, which numbers about 5,000, also owns a casino and other manufacturing businesses on the reservation.

Nearly all employees at the armor plant are American Indians.

Crystal McKay, a receptionist at the tribal office, said the plant had shut down Wednesday during the raid and employees were told to go home. The plant runs three shifts and had been operating nonstop since the war in Iraq began.

Carl McKay, the company's president and chief executive officer, did not immediately return telephone calls left by The Associated Press at his office and at his home in New Rockford.

McKay said last year that the company was on pace to surpass $20 million in revenue for 2005, a record.

The company reported a record $17 million in revenue in 2003. Officials said revenue was down slightly in 2004 because of a shortage of special fibers used for the bulletproof material that protects U.S. troops.

END

The Detroit News

Thursday, June 22, 2006

Bush: Move all spy cases to D.C.

By Gregg Krupa

DETROIT -- The Bush administration is seeking to consolidate all court challenges to domestic spying programs operated by the National Security Agency into one case in Washington, D.C.

If granted, a motion by lawyers for the U.S. Department of Justice, filed in Washington this week, would move a challenge in Detroit by a host of plaintiffs to the federal district court in Washington. The Detroit case is the first in the country to be heard in open court, and a further hearing is scheduled for July 10 before U.S. District Judge Anna Diggs Taylor.

In making the request of the federal Judicial Panel on Multidistrict Litigation, the Justice Department supports an effort by Verizon Communications to try multiple suits challenging the telecommunications giant's purported cooperation with the NSA in one jurisdiction.

The Bush administration, however, seeks to expand the Verizon filing beyond cases involving the NSA's collection of phone records to also include several electronic eavesdropping cases.

"Each of these cases puts at issue alleged foreign intelligence surveillance activities undertaken by the United States government," lawyers for the department asserted in the 22-page memorandum. The unusual issues presented by the diverse cases would be dealt with most efficiently in one court, while protecting "highly sensitive and classified information," they said.

Disclosure of the information "would be harmful to the national security," the lawyers said.

Some legal experts said the consolidation would be unusual in civil liberties cases. But others noted that it is also highly unusual for so many civil liberties cases to be filed at the same time in multiple jurisdictions.

Unanimously, the legal experts also pointed out that the federal bench in Washington is far more considerate of the presidents' assertions of power than other district courts across the country.

"This seems very unprecedented," said Robert Sedler, an expert on constitutional law and a professor at Wayne State University. "Typically, the (multidistrict) panel gets involved when there are claims arising from the same incident, like an airline crash. These are constitutional cases, and the facts differ from case to case."

But Philip Heymann, a professor at Harvard Law School and a former Justice Department official, said that hearing all of the cases in one action makes some sense.

"But anyone who would do it would do it for tactical reasons," Heymann said. "They think the District of Columbia jurisdiction would be a more sympathetic jurisdiction."

Officials at the Department of Justice declined comment, referring only to the legal memorandum on file.

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USDOJ- Office of Public Affairs

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This morning's Attorney General's News Briefing is attached.

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THE ATTORNEY GENERAL'S *NEWS BRIEFING*

PREPARED FOR THE OFFICE OF PUBLIC AFFAIRS, U.S. DEPARTMENT OF JUSTICE

TO: THE ATTORNEY GENERAL AND SENIOR STAFF

DATE: FRIDAY, JUNE 23, 2006 7:45 AM EDT

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TERRORISM NEWS:

DOJ Argues For Dismissal Of NSA Surveillance Suit. The AP (6/23, Kravets) reports, "A lawsuit challenging the Bush administration's domestic spying program must be dismissed because it threatens to reveal state secrets and jeopardize the war on terror, the government says." The AP continues, "The Bush administration plans to make that argument Friday before a San Francisco federal judge, who will hear a case that tests the reach of the president's powers. … The administration argues in legal briefs that the courts cannot decide the constitutionality of the president's asserted wartime powers to eavesdrop on Americans without warrants." The AP adds, "The government is invoking the so-called 'state secrets privilege' in a federal lawsuit filed by a privacy group against communications giant AT&T Inc. over the telecom's alleged involvement in Bush's surveillance program adopted after the Sept. 11, 2001, terror attacks. … 'Resolution of those legal issues depends entirely on facts that, in light of their highly classified nature, cannot be made the subject of litigation,' the Justice Department wrote in a brief to U.S. District Judge Vaughn Walker. … The legal tactic of state secrets privilege, first recognized by the U.S. Supreme Court in a McCarthy-era lawsuit, has been increasingly and successfully invoked by federal lawyers seeking to shield the government from scrutiny by the courts, from espionage cases and patent disputes to routine employment discrimination lawsuits."

Specter Grills AT&T CEO Over NSA Surveillance Program. ABC World News Tonight (6/22, story 6, 1:40, Gibson, 8.78M) reported, "The CEO of AT&T appeared before the Senate Judiciary Committee today. Committee Chairman Arlen Specter tried to find out if" stories that "giant phone companies like AT&T were supplying information on their customers' calls to the government" were true. It was a "confrontation that became rather tense." In a sample of the back and forth, Specter asked, "Does your company provide information to the Federal Government or any law enforcement information about customers?" Whitacre: "If it's legal and we're requested to do so, of course we do." Sen. Specter: "Have you?" Whitacre: "Senator, all I'm going to say is we follow the law." Specter concluded by saying, "Well, I think that answer is contemptuous of this committee." Gibson: "The AT&T Chairman did eventually say he couldn't answer because it's classified information to which Senator Specter said, they'd discuss that privately."

AT&T Changes Privacy Policy On Data-Sharing. The AP (6/23) reports, "AT&T Inc. is changing its privacy policy for Internet and television customers to specify that account information is a business record the company owns and can be disclosed to government and law enforcement and to protect the company's 'legitimate business interests.'" The AP continues, "AT&T said that the account information, which includes the customer's name, address, telephone number and e-mail address as well as information about the customer's services, constitute business records and are owned by AT&T. The company said account information doesn't include usage information, such as how a person uses the Web or what programs a person using the company's television service watches." The AP adds, "The company may disclose customer information 'in response to subpoenas, court orders, or other legal process, or to establish or exercise our legal rights or defend against legal claims,' the company said in the policy update, which was sent to 7 million Internet and television customers. … The new policy takes effect Friday."

Treasury Secretly Tracks Terror Suspects' Financial Data. Stories about the Terrorist Finance Tracking Program appeared on the front pages of major US newspapers. The Wall Street Journal (6/23, A1, Simpson, 2.11M) reports, "Since shortly after the Sept. 11, 2001 terrorist attacks, the U.S. Treasury Department has been secretly tracking suspected terrorist financing through a far-reaching program that gives it access to records from" Swift, the network that handles nearly all international financial transfers. The Terrorist Finance Tracking Program "operates under a series of broad U.S. subpoenas." Although "U.S. officials said few American citizens would have financial data that fall under the program, because they are unlikely to engage in international money transfers," the "disclosure of its existence may be controversial in Europe and other parts of the world and within the global banking industry." Treasury Secretary John W. Snow "called the program an 'essential tool' for fighting terror and said it had effective oversight and safeguards," adding, "It is not 'data mining.'" Stuart Levey,

DOJ_NMG_0036695

Treasury's top counter-terrorism official, also said "the data isn't subjected to controversial data-mining techniques."

The New York Times (6/23, A1, Lichtblau, Risen, 1.19M) adds, "Among the safeguards, government officials said, is an outside auditing firm that verifies that the data searches are based on intelligence leads about suspected terrorists." Levey also noted that "one person had been removed from the operation for conducting a search considered inappropriate." In 2003, after Swift executives and some board members "met with Mr. Greenspan, Robert S. Mueller III, the F.B.I. director, and Treasury officials, among others, in what one official described as 'a full-court press'" the Administration "pledged to impose tighter controls" in exchange for continued access to the data.

Notably, "Intelligence officials were so eager to use the Swift data that they discussed having the C.I.A. covertly gain access to the system." The Times calls the program "a significant departure from typical practice in how the government acquires Americans' financial records." Several officials said "access to large amounts of confidential data was highly unusual…and stirred concerns inside the administration about legal and privacy issues." Even one former senior counterterrorism official who considers the program valuable said that "While tight controls are in place…'the potential for abuse is enormous.'" Some current and former government officials also "expressed reservations about the program, saying that what they viewed as an urgent, temporary measure had become permanent nearly five years later without specific Congressional approval or formal authorization."

The Los Angeles Times (6/23, Meyer, Miller, 958K) notes "Current and former U.S. officials say the effort has been only marginally successful against al-Qaida," but the program is valuable for "tracking lower- and mid-level terrorist operatives and financiers who believe they have not been detected and militant groups, such as Hezbollah, Hamas and Palestinian Islamic Jihad, that also operate political and social welfare organizations." The Times calls the program "part of an arsenal of aggressive measures the government has adopted since the Sept. 11 terrorist attacks that yield new intelligence, but also circumvent traditional safeguards against abuse and raise concerns about intrusions on privacy." The Times notes "a former senior Treasury official expressed concern that the SWIFT program allows access to vast quantities of sensitive data that could be abused without safeguards" and "questioned what becomes of the data, some of it presumably related to innocent banking customers."

Administration Asked NYTimes Not To Publish Article. The New York Times (6/23, A1, Lichtblau, Risen, 1.19M) reports "Administration officials…asked The New York Times not to publish" the article on the program and "enlisted several current and former officials, both Democrat and Republican, to vouch for its value." Dana Perino, deputy White House press secretary, said "The president is concerned that once again The New York Times has chosen to expose a classified program that is working to protect our citizens."

Guantanamo Documentary Said To Be Flawed. The Wall Street Journal (6/23, Morgenstern, 2.11M) reviews the documentary "The Road to Guantanamo," calling it "filmmaking with the potential to mold public opinion." But "no facts are to be found here, only personal narratives that may or may not be factual, and remarkably skillful re-creations that invoke twin powers of the film medium -- to dramatize, and to propagandize." USA Today (6/23, 2.31M) also reviews the film, saying it "falls short of greatness by not providing enough insight into the characters. It is mostly intent on inciting a sense of outrage in the viewer, and it succeeds." In his Washington Post (6/23, 744K) review of the movie, Stephen Hunter writes, "Where's the love? There isn't any in any military prison and there hasn't been for 4,000 years. But is this torture? You must make your own call."

HOMELAND RESPONSE:

FBI Raid Nabs Terrorists In Miami. CNN (9/22, Cooper) reported that the FBI and state and local police conducted anti-terrorism raids In Miami Thursday. CNN added, "Now at this point, seven people are under arrest. Law enforcement officials tell CNN the individuals being detained are suspected of plotting terrorist attacks inside the United States. According to at least one law enforcement source, some of the possible targets may have included the Sears Tower in Chicago and Miami's FBI offices. Those just two possible targets, according to one law enforcement source telling CNN."

The Washington Post (6/23, A26, Whoriskey, Eggen, 744K) reports that the "suspects were described as supporters of militant Islam but not members of al-Qaeda."

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FBI Special Agent Richard J. Kolko said the "operation was a 'terrorist-related matter' but that 'the individuals arrested posed no immediate threat to the U.S.,'" and law enforcement officials said "the plotting was in its early stages." Also, "as of 9:15 p.m. no weapons or explosives had been seized from the searched locations." The New York Times (6/23, 1.19M) adds that a law-enforcement official, speaking on condition of anonymity, "said the investigation had been going on for more than a year."

The Miami Herald (6/23, Benn, 323K) adds that an anonymous official said "Five of those arrested are U.S. citizens, one is a legal U.S. resident and one is an illegal alien." The source added that "the group thought that they 'were doing (the attacks) in conjunction with al Qaeda' but were really dealing with undercover law enforcement." MSNBC (6/23) adds, "An FBI informant infiltrated the group, the sources say, neutralizing the threat."

The Chicago Tribune (6/23, Tackett, Zeleny, 643K) reports that a senior law-enforcement official said, "They talked about belonging to an Islamic army. They wanted to raise an army in the U.S.... But they didn't have the means to do this." The Wall Street Journal (6/23, A6, Squeo, 2.11M) notes that this is the "kind of home-grown threat that U.S. officials have feared since the London subway bombings last year." Still, CNN (6/23) reports that law enforcement sources said "that at least one had taken 'an al Qaeda oath.'"

The South Florida Sun-Sentinel (6/23, Nolin, Holland, 249K) adds, "The suspects are being held in the federal detention center in downtown Miami and will appear in magistrate court this morning." The AP (6/26) notes, "Managers of the Sears Tower, the nation's tallest building, said in a statement that they speak regularly with the FBI and local law enforcement about terror threats and that Thursday 'was no exception.'" The AFP (6/23) adds, "Another person was arrested in Atlanta, Georgia as well, according to television reports." The Washington Times (6/23, 90K) and UPI (6/23) also cover this story.

CNN.com (6/23) reports, "Federal law enforcement sources said five of the seven men were Americans, one was an illegal immigrant from Haiti whose visa had expired and the seventh was a resident alien. ... Sources told CNN that the arrests culminated a monthslong undercover operation. The suspects believed they were dealing with an al Qaeda operative but the person was actually a government informant, the sources said."

The AP (6/23, Kennedy) reports, "Miami U.S. Attorney R. Alexander Acosta said in a statement that more details about the probe would be released Friday. ... 'There is no imminent threat to Miami or any other area because of these operations,' said Richard Kolko, spokesman for FBI headquarters in Washington. He declined further comment."

Mueller Says Miami Operation Should Be Concluded Tomorrow. FBI Director Robert Mueller was asked on CNN's Larry King Live (6/22) about today's anti-terror operation in Miami. Mueller said, "I can tell you that we do have an ongoing operation in Miami. We are conducting a number of arrests and searches and we'll have more about that when the operation is concluded, probably tomorrow morning."

Mueller Says US Is Much Safer Now Than Before 9/11. FBI Director Robert Mueller said on CNN's Larry King Live (6/22), "I think we have taken substantial measures to protect the country. I will say we're not -- we're much safer than we were before September 11th. We're not totally safe, but because we've taken off a number of the leaders of al Qaeda around the world with the CIA and with our counterparts overseas, they don't have the same leadership they had in the past. We took away the sanctuary of Afghanistan. But if you look at what happened in London the last year, you look at what happened in Canada, we have to be concerned those who espouse the same philosophy."

Mueller Says FBI, NYPD Addressed Threat Described By Suskind. FBI Director Robert Mueller was asked on CNN's Larry King Live (6/22) about author Ron Suskind's report that a terror cell came within weeks of striking New York's subway with poison gas. Mueller said, "I'm familiar with the incident that Ron Suskind describes. And there was a threat back then that -- we had information about a possible strike against the subways in New York. We worked with the New York Police Department to address that threat. And went to the public now and I can tell you we had addressed that threat. ... Meaning it is no longer a threat."

Mueller Announces Mason As FBI's Assistant Director For Investigations. The Washington Times (6/23, Seper, 90K) reports that FBI Director Robert S. Mueller III announced "FBI veteran Michael A. Mason, who formerly headed the bureau's Washington field office, has been named the bureau's executive assistant director for investigations." Mueller "said Mr. Mason has 'the knowledge and experience' with both criminal investigations and

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administrative matters 'to ensure that the criminal programs receive strategic guidance and support,'" adding, "I have no doubt the FBI will maintain its unparalleled level of excellence in criminal investigations."

Cities Considering Bans On Chemical Rail Shipments. USA Today (6/23, 1A, Hall, 2.31M) reports in a front page article that at least six US cities may follow Washington, DC, in placing "a ban or limit on rail shipments of deadly chemicals in an effort to prevent terrorists from turning tank cars into weapons of mass destruction." Fred Millar, an environmentalist, "who helped" with the passage of Washington's ban last year, said he "cannot imagine an easier way for al-Qaeda to fulfill its goal than to take out a (chlorine-filled) tank car." Meanwhile, DHS' William Flynn "says security assessments have been conducted along tracks in five cities. Flynn acknowledges the measures may not stop a terrorist attack. 'We can reduce risk,' he says. 'We can't eliminate it.'"

Arguments Heard In 9/11 Workers' Toxic Exposure Case. The New York Times (6/23, Depalma, 1.19M) reports a federal district court judge in Manhattan "heard oral arguments yesterday on the city's motion to dismiss a lawsuit brought on behalf of more than 8,000 firefighters, police officers and construction workers who say they were harmed by exposure to toxic substances while working at ground zero." Though NYC "lawyers have argued that the city cannot be sued because it has legal immunity under a state civil defense law," lawyers for the workers say "that Congress would never have established a $1 billion insurance fund in 2003 if it believed that the city was immune from negligence lawsuits. … The city has argued that it will be handicapped in responding to any future disasters if the possibility of negligence lawsuits is left hanging."

WAR NEWS:

In Budapest, Bush Draws Parallel Between Iraq War, Hungary's Freedom Struggle. ABC World News Tonight (6/22, story 5, Gibson, 8.78M) reported President Bush "invoked the Iraq war while visiting Hungary today. He was there to mark 50 years since Hungary's failed uprising against communism. And he drew parallels between that long struggle and the fight for democracy in Iraq." The President was shown saying, "Iraq's young democracy still faces determined enemies. Defeating these enemies will require sacrifice and continued patience. The kind of patience the good people of Hungary displayed after 1956." ABC was the only network to cover Bush's trip last night.

The Washington Post (6/23, A18, Abramowitz, 744K) reports Bush "hailed Hungary's resistance as a story that 'inspires all who love liberty,'" and "sought to draw parallels between Hungary's transition from dictatorship to democracy and the US enterprise in Iraq." In Budapest, Bush "consulted Thursday with" President Laszlo Solyom and Prime Minister Ferenc Gyurcsany "about the Balkans, Iran, energy and a dispute over visa policy." Bush's "symbolic gestures here appeared likely to be appreciated by many Hungarians, who perhaps with some ambivalence lined the streets for a glimpse of the American president on his first visit to Budapest."

The Financial Times (6/23, Condon, Alden) adds, "A day after working to repair ties with European leaders dismayed by US foreign policy," Bush "returned to more assertive rhetoric on Thursday while paying tribute to the fallen heroes of Hungary's 1956 anti-Soviet uprising. … The confident tone of the president's remarks contrasted with the softer approach he used to mend relations with leaders from western Europe."

The New York Times (6/23, Stolberg, 1.19M) says the Budapest stop "was largely ceremonial, with themes of freedom and democracy sprinkled throughout. … But tensions surfaced amid the pomp." Leaders in eastern Europe are pressing Mr. Bush for their countries to be included in a waiver program that allows foreigners to visit the United States for three months without a visa."

The Los Angeles Times (6/23, Gerstenzang, 958K) reports, "During the day, Bush also viewed the Holy Crown of St. Stephen, the king who resolved to make Hungary a Christian kingdom. The crown fell into US hands at the end of World War II. President Carter approved its return to Hungary in 1978 to recognize improving respect here for human rights despite continued Communist domination." And Bush "placed a bouquet at a dark gray granite monument, built 10 years ago, to those who died in the 1956 uprising."

The Washington Times (6/23, Dinan, 90K) notes Bush "travels next month to the Group of Eight summit in St. Petersburg where he will be under pressure to take a harsh stance on Russian President Vladimir Putin's backsliding on

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democracy. White House officials had said yesterday's speech was not a message to Mr. Putin, but the Russian leader could certainly see it that way. … The president mentioned the Soviets' role three times, and specifically blamed 'the communists in Moscow' for the brutality."

USA Today (6/23, Jackson, 2.31M) reports, "This trip had a different feel from ones around the time of the Iraq invasion in March 2003, when European leaders split sharply with the Bush administration and blocked an invasion resolution in the United Nations. One sign of reduced tension: fewer protesters. Hundreds were seen at Wednesday's EU summit in Vienna, as opposed to thousands in past years." During this trip, "Bush and European leaders said disputes over Iraq are behind them. While the war there still rages, Europeans support the emergence of a democratic government in Baghdad, and leaders chose instead to focus on areas where they agree, such as stopping the spread of nuclear weapons in Iran and North Korea."

Bush Seen As Having Taken "Milder Line" On Russia Than Did Cheney. The AP (6/23, Loven) reports Putin "has been irritated by Bush's attention and visits to former Soviet states." Bush "talked with Hungarian officials about how to reassure Putin that promoting democracy and freedom among Russia's neighbors 'is not some kind of effort to encircle Russia but is, in fact, a good thing for Russia because democratic states make good and peaceful neighbors,'" said National Security Adviser Stephen Hadley, traveling with Bush.

The Wall Street Journal (6/23, Harwood, 2.11M) reports in its "Washington Wire" column that President Bush took a "milder line in Europe than Cheney last month in Lithuania. His commemoration of Hungary's 1956 uprising signals continued displeasure over Putin's antidemocratic moves, but aides concede they have little leverage. White House will send low-ranking State official to pre-G8 gathering of Russian opposition figures, disappointing Putin critics. But 2008 Republican contender McCain and Clinton ex-adviser Albright plan joint Washington appearance denouncing Russian autocracy."

Hungarian Economy In Deep Trouble. USA Today (6/23, Lynch, 2.31M), meanwhile, says Bush "was in Hungary on Thursday to talk politics. But for his hosts, economics are more urgent. Once an impressive post-communist success, Hungary now finds itself a leading contender to become the next emerging-markets disaster. The Budapest stock market has plunged more than 22% since May 5 as global investors reawakened to the risk involved in developing nations. Towering twin deficits in both its government budget and current account make Hungary especially vulnerable."

LATimes Says Comparison Between '56 Uprising And Iraq War "Troubling." The Los Angeles Times (6/23, 958K) editorializes that "by drawing a direct link between Hungary's quashed anti-communist rebels of 1956 and Iraq's struggling leaders of 2006," Bush "offered a troubling reminder that his administration continues to confuse the Cold War with the vastly dissimilar war on terrorism -- while refusing to acknowledge any limitations on the use of American power." The Times concludes that "staking a nation's foreign policy on Iraq resembling Hungary is a recipe for disappointment -- or something much worse."

Top US Officials, GOP Lawmakers Say WMD Found In Iraq. Fox News' Special Report (6/22, Hume) reported, "Top administration officials said today that chemical and biological weapons have indeed been found in Iraq and they now worry what this could suggest about other hidden weapons there and the possible dangers to US troops." Fox (Angle) added, "US intelligence officials believe the weapons were made prior to the Gulf War in 1991 and officials say they have seriously degraded over time. But the declassified report says they are still lethal and Secretary Rumsfeld said that is a concern for all those in Iraq."

Most reports are treating the significance of the finding skeptically. NBC Nightly News (6/22, story 3, 2:15, Reid, 9.87M) reported on a "battle brewing over weapons of mass destruction and at the center of it all, Republican Senator Rick Santorum. The story begins Wednesday afternoon with the release of a one-page summary of a Pentagon report stating that '…approximately 500 weapons munitions which contain degraded mustard or sarin nerve agent' have been found in Iraq since 2003. Republican Pennsylvania Senator Rick Santorum rushes out a press release and heads for the Senate floor…" Sen. Santorum: "This is an incredibly significant document." NBC added that late yesterday, "the Secretary of Defense weighed in. He said that those 500 shells are 'weapons of mass destruction.' But he was not asked and he did not comment on whether that they're the kinds of weapons of mass destruction that justified invading Iraq."

The Washington Post (6/23, A10, Pincus, 744K) titles its report "Democrats Criticize Claim On Iraqi Arms," and says, "The assertion by two Republican lawmakers that a new

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intelligence study proves that chemical weapons were found in Iraq has triggered sharp criticism from Democrats that the GOP is distorting intelligence for political purposes." The Army finding "was seized on by Rep. Peter Hoekstra (R-Mich.) chairman of the House Permanent Select Committee on Intelligence," and Santorum, "a strong supporter of the war who is trailing his Democratic opponent in his reelection bid."

Under the headline "For Diehards, Search For Iraq's W.M.D. Isn't Over," the New York Times (6/23, Shane, 1.19M) reports that after Santorum's announcement, "American intelligence officials hastily scheduled a background briefing for the news media on Thursday to clarify" that the Army report "that described roughly 500 munitions containing 'degraded' mustard or sarin gas, all manufactured before the 1991 gulf war and found scattered through Iraq since 2003. Such shells had previously been reported and do not change the government conclusion, the officials said."

Senate Rejects Democratic Measures Calling For US Withdrawal From Iraq. The CBS Evening News (6/22, story 5, 2:00, Schieffer, 7.66M) reported, "The Republican-led Senate today defeated two Democratic proposals for withdrawing US forces from Iraq, though the Pentagon reportedly is considering a small cut in troop strength involving a few thousand troops." ABC World News Tonight (6/22, story 3, 2:35, Gibson, 8.78M) said senators "voted 86-13 against requiring a pullout of combat forces by July 2007. Then, voted 60-39, to defeat a measure that simply urged President Bush to start pulling out troops this year." USA Today/AP (6/23, Sidoti) notes "Rhode Island Sen. Lincoln Chafee, who also is up for re-election, was the only Republican supporter of the troop withdrawal resolution."

Most media coverage last night and this morning focuses on which party emerges from the debate in a stronger position on the Iraq issue. There is no clear consensus on who "won" the debate, although a number of media outlets describe the Democratic caucus as divided. The Christian Science Monitor (6/23, Feldmann, Chaddock, 61K) headlines its story "In Iraq War Vote, Democrats Fail," and says "the Republicans appeared intent on portraying the Democrats in two negative ways -- first, as divided (read: weak) on how to proceed in the war, and second, as quitters wanting to 'cut and run.' Whether the debate, and one held last week in the House, will affect public opinion on the war remains to be seen. But as a piece of political strategy, analysts saw Republicans taking a weak hand -- a war that has become chronically unpopular -- and making the most of it." Knight Ridder (6/23, Kuhnhenn) also says the debate "exposed divisions among Democrats."

The Washington Post (6/23, A1, Babington, 744K) says the GOP displayed the "cohesion that has eluded Democrats," and adds the votes "underscored the Democratic constituency's split between staunchly antiwar activists and those who are frustrated but less fervent." The Post also reports, "The GOP solidarity was a vote of confidence in the White House and a gamble that the situation in Iraq will stabilize, or at least not worsen, between now and November. The administration worked hard to reassure nervous Republicans, having the Pentagon send them a thick binder of talking points about the war's progress and the need to stay the course until Iraqis can maintain order in their country."

The Washington Times (6/23, Fagan, 90K) notes Republicans "used yesterday's vote for political points, too. The National Republican Senatorial Committee quickly sent out an e-mail yesterday bashing Sen. Robert Menendez, a Democrat running for re-election in New Jersey, for supporting Mr. Kerry's plan. A spokesman said it 'puts him not just on the fringe of American politics, but also on the fringe of the Democrat Party.'" Democrats "were split yesterday."

The Wall Street Journal (6/23, Rogers, 2.11M) reports "the recent killing of terrorist leader Abu Musab al-Zarqawi and the formation of the new government in Baghdad have increased Republican confidence about the Iraq venture. And whatever their remaining doubts, Republicans have chosen to project unity, hoping to shift attention from the war itself and focus on the splits among Democrats."

The New York Times (6/23, Zernike, 1.19M) reports Republicans "lined up squarely behind President Bush," and adds "Democrats, believing that polls show a majority of Americans want troops to begin coming home, mocked Republicans after the vote as being a 'rubber stamp' for Mr. Bush."

NBC Nightly News (6/22, story 2, 2:00, Reid, 9.87M) reported that "in typical Washington fashion, both sides are claiming victory here today. The Republicans say they are united behind their stay the course position. They say the Democrats are divided and appear weak on national security. Democrats, though, say they may have differences on timing, but they say they agree on a fundamental point and that is that there needs to be a major course change in Iraq and a focus

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on getting the troops home and they say that is closer to how the American people feel about Iraq." CNN's The Situation Room (6/22, King) reported Democrats are "hoping to change the story line of the debate from Democrats are divided to Democrats are united."

The Los Angeles Times (6/23, Reynolds, 958K) says the votes were "less an attempt to legislate than a test of Democratic unity on an issue that could prove decisive in November's congressional elections and the 2008 presidential race." The Times adds that "in a sign of the attitudes among this constituency, Democratic senators earned only measured praise Thursday from Tom Andrews, national director of Win Without War, a coalition of liberal groups opposed to the war." Andrews "lauded those who voted for the Kerry measure. He said war opponents would likely view the strong Democratic support for the Levin-Reed proposal as 'a half-step in the right direction, but it's only a half-step.'"

Casey Considering Small, Gradual Troop Reduction In Iraq. CNN's The Situation (6/22, King) reported, "In the midst of a political war over bringing the troops home, there's growing pressure on the Pentagon to reduce force levels. Military sources tell CNN the commanding general in Iraq, George Casey, is considering recommending a small and gradual troop reduction in Iraq. Sources say this would amount to, at most, some 6,000 to 10,000 troops."

Cheney Makes Case Against Timetables For Troop Withdrawal. Vice President Dick Cheney said on CNN's The Situation Room (6/22) that calls from Senate Democrats to set a timetable for US troops to leave Iraq are "wrong in many respects," adding, "We are making significant progress. We have had major success on the political front in terms of three national elections last year by the Iraqis. They've stood up a brand new government under a new constitution for the first time ever. We have got a quarter of a million Iraqis now in uniform, equipped, trained, in the fight. So there has been significant progress made with respect with what's going on in Iraq." Later in the interview, Cheney expanded on his point, noting, "You're not going to complete the mission if we follow the Democrats' advice. And, in fact, we will have set up the situation in which the al Qaeda types can win." They are betting that the US does not "have the stomach for the fight, and we can not afford to validate that strategy. We can win -- we are winning -- but we've got to stay at it."

ABC World News Tonight (6/22, story 3, 2:35, Stephanopoulos, 8.78M) reported on Cheney's CNN interview. Cheney was shown saying, "The worst possible thing we could do is what the Democrats are suggesting. Packing it in. Going home, persuading and validating the theory that we don't have the stomach for this fight."

US Soldiers React To Debate. ABC World News Tonight (6/22, story 4, 1:10, Gibson, 8.78M) reported, "As George said right at the end, the debate in the Senate was a preview of arguments about the war that will be raised in this fall's congressional elections. How voters react is important. But what do the soldiers in Iraq think about the debate? They were very aware it was going on. And we were struck by some of the voices we heard on NPR this morning. NPR's Phillip Reeves is embedded with the 506th Infantry Regimen in Iraq." Sgt. Britt Ruble: "It's easy for somebody in an air-conditioned office, back in the states to state their opinion. Unless you've done the deed, spilled blood with your men on the dirt, you really can't talk about it intelligently because you don't know what's going on." Spc. Roger Sanchez: "Everything happens out here from mortars to IEDs to RPGs being shot at us. Weapons being shot at us. I wasn't expecting all this. I don't guess anybody can imagine what exactly it is like unless they're in it." Sgt. Britt Ruble: "If we pull out too early and go home, and we don't finish it, that means that all those guys have done it for naught. And I don't want to see that happen. I want to do it and do it right. So when we go home, we can say, hey, look what we've done."

The Washington Times (6/23, Gertz, Scarborough, 90K) reports in its "Inside the Ring" column, "Army officers back from Iraq express frustration with what they consider the drift of the Democratic Party back to the left-wing days of the 1960s and '70s. The officers say that a definite departure date for U.S. troops from Iraq, which some Democrats are embracing, would be a clear victory for al Qaeda."

Reed Says Democrats Had A "Strong Showing" On Iraq Amendments. Sen. Jack Reed said on MSNBC's Hardball (6/22), "We got a strong showing from the Democratic Caucus. This is a very difficult issue. I don't think anyone assumes that it should be one that is completely unanimous, but we had a very strong showing. And I think we enunciated a policy that is not only the best policy, but it's a policy that appears to be one being advocated by General Casey, who is today talking about troop reductions this year, and also by the Iraqi national security adviser, who predicts that before the end of this year, we'll reduce troops."

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Bond Says Timetables Have More To Do With Election Than Iraq Mission. Sen. Kit Bond said on MSNBC's Hardball (6/22), "What these amendments did, both the Kerry and the Reed-Levin bill did, was to say that it's not going to be the generals there on the ground looking at it who decide when the security forces of Iraq are adequate to take over. It's going to be a political timetable. Unfortunately, there is a suspicion that that political timetable has more to do with November 7th's general election than whether we complete our mission in Iraq."

Casey Says Iran Helping Iraqi Insurgents.

The CBS Evening News (6/22, story 5, 2:00, Schieffer, 7.66M) reported "American forces in Iraq apparently facing a potent new enemy: Iran." CBS (Cowan) added, "For US Soldiers fighting insurgents just south of Baghdad tonight, the news from the Pentagon is sobering. Iran has joined the war. According to the commanding general in Iraq, they're helping to plant some of the roadside bombs like the ones that killed at least four US Marines just this week." Gen. George Casey, Commander, Multi-National Force, Iraq: "We are quite confident that the Iranians through their covert special operations forces are providing weapons, IED technology and training to Shi'a extremist groups in Iraq." Cowan: "General Casey went so far as to point his finger directly at the government of Iran." Gen. Casey: "Now you would assume that they're not doing that independently, that there is some central direction from somebody in Tehran." Cowan: "And that was enough for the Secretary of Defense to reason it was too soon to talk openly about US troop withdrawals." Secretary Rumsfeld: "It very likely will go down and up and down and up depending on the circumstances and depending on the needs."

The Washington Post (6/23, A19, Ricks, 744K) reports, "Iran's actions are a major concern not only because of attacks on US forces, but also because the durability of the new Iraqi government depends in part on the willingness of Iraqi's Sunni minority to accept the government." The Sunnis "will be unlikely to do so if the Iranian government is perceived as playing a major role in supporting and even arming violent Shiite factions." The Washington Times (6/23, Scarborough, 90K) runs a similar story under the headline "Casey Cites Iran Hand In Attacks By Iraqi Shi'ites."

Hadley Says Administration Is Losing Patience With Iran. CNN's The Situation Room (6/22, Malveaux) reported that National Security Adviser Stephen Hadley said the Administration's patience with Iran "is wearing thin. Hadley says the US and it's European allies are getting mixed messages from Iran as to when it will respond to a package of incentives offered to convince the regime to abandon its nuclear ambitions. While Hadley said it would be helpful to get a response before a series of scheduled meetings among the industrial nations, the first one slated for June 29th, Hadley ruled out trying to do this through an arbitrary set of deadlines."

Annan Says Tehran's Answer Will Be Delayed. The AP (6/23, Higgins) reports UN Secretary-General Kofi Annan met with Iranian Foreign Minister Manouchehr Mottaki, after which Annan told reporters "Iran will not respond to incentives to halt its nuclear program before mid-July, at least two weeks past the date sought by the U.S. and its partners. … The U.S. has said that" Secretary Rice "and diplomats from the other five nations offering Iran the incentives agreed by phone that they expect an answer around the time of a meeting of G-8 foreign ministers on June 29 in Moscow. The United States reiterated that Iran should respond by next week." Annan called his meeting with Mottaki "very useful," and the AP notes Mottaki will meet with German Foreign Minister Frank-Walter Steinmeier in Berlin tomorrow. While the Administration "is reluctant to set a specific deadline," NSA Hadley "said that it would be 'helpful and useful if we could get a response and know where the Iranians are' before the June 29 meeting." Ambassador Bolton "said that June 29 would be 'an ample period of time, very reasonable time in which Iran could respond. I think we've made it clear that if the Iranians don't choose the path that's been presented to them, the alternative path is one of increasing isolation -- that we'd be prepared to move very quickly in the Security Council,' Bolton said."

Iran Could Be Seeking To Emulate North Korean Tactics. The Christian Science Monitor (6/23, LaFranchi, 61K) reports, "There may be no such thing as a North Korea playbook for would-be nuclear proliferators." But "many Western leaders suspect Iran of trying to emulate North Korea's secretive development of nuclear weapons. And as both nations continue to command international attention for their nuclear programs, it's clear the two countries watch each other for 'how to' lessons in nuclear diplomacy."

Former FBI Director Criticizes US History Of Handling Of Iran On Terrorism. Louis J. Freeh, FBI director from 1993-2001, writes in an op-ed in the Wall Street Journal (6/23, 2.11M), "Ten years ago this Sunday, acting

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under direct orders from senior Iranian government leaders, the Saudi Hezbollah detonated a 25,000-pound TNT bomb that killed 19 U.S. airmen in their dormitory at Khobar Towers in Dhahran, Saudi Arabia," and "two of the primary leaders of the attack, Ahmed Ibrahim al-Mughassil and Abdel Hussein Mohamed al-Nasser, are living comfortably in Iran with about as much to fear from America as Osama bin Laden had prior to Sept. 11." President Clinton "had no interest in confronting the fact that Iran had blown up the Towers," as he "was set on 'improving' relations with what it mistakenly perceived to be a moderate Iranian president." It took years and a call to former President George H.W. Bush to get interviews with the bombers, who were in Saudi custody. Those "obtained direct evidence of Iran's complicity," yet it took the current President's administration to lead to an indictment. This is "just one example of how successive U.S. governments have mishandled Iran." In the current negotiations, "will we ultimately ignore justice and buy a separate peace with our enemy?"

More Commentary. David Ignatius writes in the Washington Post (6/23, A25, 744K), "Sometime in the next several months, Secretary of State Condoleezza Rice or a senior colleague is likely to sit down at a negotiating table with representatives of the Islamic Republic of Iran. As she prepares for these meetings, I suspect Rice is reviewing the most famous instance of America talking to an enemy: Henry Kissinger's secret opening to China in the early 1970s. … Thinking about Kissinger's opening to China, it seems to me that one clear lesson for the Bush administration is that it shouldn't be overly cautious in its engagement with Iran. It's time to talk, and if the Iranians will agree to the West's appropriate precondition that they halt enrichment of uranium, then all issues should be on the table. … Here's the pitch that you can imagine Kissinger making: Iran's hopes of becoming a major power can be achieved only by halting its nuclear program and working with the United States to stabilize Iraq and the wider Middle East. I hope Secretary Rice is preparing a similar presentation."

Iraqi Police Free 17 Hostages. The New York Times (6/23, Burns, 1.19M) reports, "A day after a large group of gunmen seized scores of Iraqis from a factory, a police raid freed 17 of them, but 34 hostages remained unaccounted for, the industry minister said Thursday. The abduction, involving 40 or 50 gunmen, some wearing police uniforms, represented a sharp intensification of a tactic that has become increasingly common."

Mass Abduction Said To Show Clampdown Not Working. The Los Angeles Times (6/23, 958K) reports the "brazen" abduction of 50 workers near Baghdad "sent a reminder that the violence in this country, and particularly the capital, has not been curbed by a major security clampdown put in place June 14 with much fanfare." The Times says the mass abduction was "as brazen an act" as a June 5 incident in which "men wearing police uniforms descended on a Baghdad bus depot and kidnapped about 50 people."

Amnesty Plan Won't Apply To Those Who Have Attacked Iraqis Or "Friends Of Iraq." The Washington Post (6/23, A19, Partlow, 744K) reports, "Prime Minister Nouri al-Maliki's new plan to promote reconciliation among Iraq's rival factions will offer amnesty to Iraqis who have 'carried weapons' but not to those who have committed serious crimes, according to Iraqi politicians who have read the proposal." Deputy Prime Minister Barham Saleh, an ethnic Kurd from President Jalal Talabani's Patriotic Union of Kurdistan, said of the plan, "It says that the government will issue an amnesty for all those who have not committed crimes against the people of Iraq and the friends of Iraq. … Those who attack U.S. forces are not immune from legal consequences. An attack on Iraqi forces or multinational forces are seen legally...as the same thing from the perspective of the government."

Professor Says Alleged US Atrocities In Iraq Were Inevitable. In a New York Times (6/23, 1.19M) op-ed, Hendrix College English professor Alex Vernon, a veteran of the first Gulf War, writes, "It's impossible to imagine the frustration and stress on American soldiers in Iraq today -- impossible, or maybe it's simply not something we willingly work to imagine. Then the news breaks. My first thought on hearing about the alleged atrocities at Haditha -- and of the announcement this week that murder charges are being brought against eight American servicemen for killing an Iraqi civilian at Hamdania in April -- was 'Duh.' If we didn't know this day was coming, we were fools."

US Officials Say Taliban Controls One-Third Of Afghanistan. NBC Nightly News (6/22, story 6, 2:20, Williams, 9.87M) reported, "The United States has 23,000 troops in Afghanistan at this very moment. And while they fully

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expected the Taliban's so-called spring offensive, this season has been especially fierce, causing the US military to conduct a staggering 340 airstrikes in Afghanistan, that is just in the last three months alone." NBC (Maceda) added, "US officials say the Taliban Islamist fighters, numbering in the thousands, now control at least a third of Afghanistan. How did it happen? First, the Taliban's tactics have improved. Roadside and suicide bombs, techniques borrowed from Iraq, are on the rise. Also improved, the Taliban's command and control. Local leaders are now in charge. To counter the Taliban offensive, a second massive operation launched last week called Mountain Thrust – some 10,000 US, Coalition, and Afghan troops sweeping into the south, while Operation Mountain Lion continues in the east."

Four US Soldiers Killed In Afghanistan. ABC World News Tonight (6/22, lead story, 3:45, Gibson, 8.78M) reported, "Four US Soldiers have died in Afghanistan today. The loss of American forces there often gets overlooked." The New York Times (6/23, Gall, 1.19M) also reports the story.

Zawahiri Urges Afghans To Rebel Against Government In New Video. NBC Nightly News (6/22, story 6, 2:20, Williams, 9.87M) reported, "The latest video by al Qaeda's number two, Ayman al-Zawahiri, who urged Afghans to step up the fight against the US and what he called other occupying forces."

The Washington Post (6/23, A18, Constable, 744K) reports a "new videotape from al-Qaeda's second-in-command urging Afghans to rise up against their government and foreign military forces was vehemently denounced by Afghan President Hamid Karzai on Thursday but had little immediate impact on the Afghan public." In the "3 1/2 -minute videotape, made available on a Web site early Thursday, Ayman al-Zawahiri said in Arabic, 'I am calling on the Muslims in Kabul in particular and in all Afghanistan in general and for the sake of God to stand up . . . in the face of the infidel forces that are invading Muslim lands.' He wore a white turban and posed with an assault rifle." Karzai, "meeting with journalists Thursday morning on the shaded grounds of his fortified palace, denounced the Egyptian-born Zawahiri as an outlaw who had caused bloodshed in Afghanistan for years."

The New York Times (6/23, Gall, 1.19M) reports Zawahiri, "who is believed to be in hiding along the Afghan-Pakistani border, called on 'the young men of Islam, in the universities and schools of Kabul, to carry out their duties in defense of their religion, honor, land and country.'" President Karzai "urged other nations to reassess their approach to curbing terrorism in Afghanistan, saying that the deaths of hundreds of Afghans in fighting with American-led forces was 'not acceptable,' news agencies reported."

Stolen Documents Show US Located Top Tier Al Qaeda Terrorists In Pakistan. ABC World News Tonight (6/22, lead story, 3:45, Ross, 8.78M) reported US documents on a flash drive, stolen from the US Air Force Base in Bagram and sold in the bazaar, "show the US knows or knew the locations of some of the most-wanted terrorists. They are in Pakistan. And the documents name prominent figures, including President Karzai's brother, thought in the military to be of the pay of druglords." The US targeting assessment "produced in January of last year" reflects "US frustration with Pakistan's 'political and military inertia' in going after terror targets. One map shows infiltration routes and locations of four al Qaeda training camps in Pakistan, marked 'AQ' and a location in Pakistan for al Qaeda's number two, Ayman al Zawahiri. In total, the documents list 16 senior-level al Qaeda and Taliban leaders, including Mullah Omar, as hiding in Pakistan, where US troops cannot operate. US officials say the information has been provided to the government of Pakistani President Musharraf. But the tier one targets tonight to operate inside Pakistan." But Osama bin Laden's "name does not appear anywhere in this targeting memorandum. Clearly, they don't have a very good idea where he is."

CORPORATE SCANDALS:

UTStarcom Examines Allegations Of Bribery. The AP (6/23) reports, "UTStarcom Inc. reported it is investigating allegations of improper payments to officials in India and Mongolia by people connected to the company." The AP continues, "The Alameda, Calif.-based networking company said it is in contact with the Department of Justice and the Securities and Exchange Commission about the probe. … UTStarcom disclosed that payments may have been made in those countries that violated the Foreign Corrupt Practices Act, a law aimed at curtailing bribery of foreign officials." The AP adds, "The company made the disclosure in its quarterly report on Thursday, and had previously discussed the matter in its annual report filed on

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June 1. … The Mongolia allegations involve alleged improper payments made by an agent of the company's joint venture in that country. The U.S. Embassy in Mongolia informed the company of the matter in December 2005, and said it had referred the allegations to the SEC and Justice Department, the company said."

SEC Reportedly Probing Big Hedge Fund. The New York Times (6/23, Bogdanich, Morgenson) reports, "One of the nation's most prominent hedge funds, Pequot Capital Management, is under investigation by the Securities and Exchange Commission for possible insider trading, according to government officials briefed on the case." The Times continues, "The S.E.C. declined to confirm or deny that it was investigating Pequot, a $7 billion fund overseen by Arthur J. Samberg, 65, a leading money manager and philanthropist. But a lawyer who once led the agency's investigation has told Congress that the fund's trading had repeatedly aroused suspicion among stock exchange officials, prompting them on 18 occasions to refer cases to the S.E.C. for further investigation, records show." The Times adds, "In one instance, Pequot made $18 million by investing in companies that soon after announced a major corporate merger, in July 2001, the lawyer told Congress. … The investigation has not resulted in any charges against Pequot, and the fund has denied any wrongdoing. … At the same time, the S.E.C.'s handling of the Pequot inquiry has itself come under scrutiny by Congress and the Office of Special Counsel, a federal agency that examines whistle-blower complaints. These officials are examining charges by Gary J. Aguirre, the S.E.C. lawyer who ran the Pequot investigation until last summer, that senior S.E.C. officials had backed his inquiry — including the issuance of scores of subpoenas — until he sought the testimony of an influential Wall Street executive."

SEC Says Scientific-Atlanta Aided Adelphia Fraud. USA Today (6/23, Smith) reports, "Scientific-Atlanta and two executives paid Adelphia Communications $43 million disguised as marketing allowances in 2000 and 2001 to help the cable operator falsely meet Wall Street earnings expectations, the Securities and Exchange Commission said Thursday." USA continues, "In a civil complaint, the SEC accused Scientific-Atlanta, a supplier of digital television set-top boxes, of abetting a larger financial fraud at Adelphia that culminated in the cable operator's June 2002 collapse in bankruptcy court and criminal convictions against three members of the controlling Rigas family. … Scientific-Atlanta, now part of Cisco, settled the SEC complaint by giving up $20 million in profit from its dealings with Adelphia. The executives, former chief financial officer Wallace Haislip, 56, and former controller Julian Eidson, 65, consented to cease-and-desist orders without admitting, or denying, wrongdoing." USA adds, "Cisco spokeswoman Penelope Bruce called the settlement 'reasonable' and said the company is 'pleased that it resolves the SEC's concerns.' Bruce said Scientific-Atlanta appeared also to have satisfied a related Justice Department investigation, though an investor lawsuit remains outstanding. Haislip and Eidson remain employed in non-financial roles."

CRIMINAL LAW:

Cheney Says He May Be Called As A Witness In Libby Trial. Vice President Dick Cheney was asked on CNN's The Situation Room (6/22) about the case against Lewis 'Scooter' Libby. Cheney said, "I am not going to comment on the case. I may be called as a witness. Scooter Libby, obviously, one of the finest men I've ever known, he's entitled to the presumption of innocence. And I have not made any comments on the case up until now, and I won't."

The AP (6/23) reports "Cheney's state of mind is directly relevant to whether Libby lied to FBI agents and a federal grand jury about how Libby learned CIA officer Valerie Plame's identity and what he later told reporters, Special Counsel Patrick Fitzgerald has said in recently filed court papers." Fitzgerald "has revealed that Cheney was upset because Plame's husband -- former U.S. Ambassador Joseph Wilson -- had accused the Bush administration of manipulating prewar intelligence to exaggerate the Iraqi threat from weapons of mass destruction."

Cheney's Position In White House Said To Be Undiminished. Knight Ridder (6/23, Douglas) reports, "He accidentally shot a hunting buddy. His job-approval rating is abysmal. His former chief of staff was charged with lying to a grand jury. And he remains an unapologetic cheerleader for the unpopular war in Iraq. None of it cramps Vice President Dick Cheney's style." Knight Ridder adds, "Cheney remains Cheney, a quiet, stoic force at the heart of the Bush administration. Despite rumors earlier this year that President Bush might ask him to resign, he still has Bush's ear, and his

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fingerprints still turn up on all manner of policy decisions, from war and domestic spying to spending 'earmarks' for allies. … Recent White House meetings on Iraq with members of Congress left no doubt where Cheney ranks: right beside the president, sitting silently, listening intently."

Three Guards In Tallahassee Jail Shootout Denied Bail. The New York Times (6/23, Goodnough, 1.19M) reports, Magistrate Judge William C. Sherrill Jr. "ordered Alfred Barnes, Gregory Dixon and Alan Moore held without bail" after their arrest on charges of being part of a prison sex ring, which sparked a shootout in a Tallahassee jail and ended with two fatalities. Robert Davis, a government prosecutor, "said that Mr. Dixon and Mr. Moore tried to evade arrest after the shootings, and that Mr. Dixon ignored a federal agent's order to get out of his car, and that he tried to drive away." Sherrill also "ordered Mr. Barnes held without bail because he 'appeared more substantially involved' in the alleged conspiracy than his co-defendants." The other two guards, "Vincent Johnson and E. Lavon Spence, could go free until trial, but ordered them put under curfew and said they must wear electronic monitoring devices part of the time." Notably, Judge Sherrill "singled out Mr. Johnson, the only guard not accused of having sex with inmates, for praise after the man's lawyer, Robert Morris, said he had triggered an alarm just after the shooting, helped staunch the bleeding of an injured prison lieutenant and provided cover for a federal agent in the line of fire."

The Miami Herald (6/23, Fineout, 323K) elaborates that Johnson "moved an FBI agent away from the gun battle, shielding her until the shooting stopped." While "an FBI shooting-review team arrived Thursday from Washington to sort through the details of the firefight,…the FBI released no new information and did not say when the team would wrap up its work or whether the findings would be made public."

Bureau Of Prisons To Consider Searching Guards. USA Today (6/23, 4A, Johnson, 2.31M) reports, "Carla Wilson, spokeswoman for the federal Bureau of Prisons, "said the incident has encouraged officials to re-examine the security policy for federal prison employees, who have not been subject to the type of screening that visitors face." In 2002, "the Bureau of Prisons rejected a recommendation by the Justice Department's inspector general that called for searches of prison staff members to help reduce the flow of drugs and other contraband into such facilities." Wilson explained, "We believed that such searches were not necessary and could undermine our staff morale," but added that guards' misconduct "caused us to reconsider this issue." The South Florida Sun-Sentinel (6/23, Kleindienst, Hollis, 249K) adds, "It was not immediately clear how soon policies would change in the federal prison system."

Sexual Abuse Of Female Inmates By Male Guards Called "Chronic." The AP (6/23, Kallestad) reports that the shootout "raised new questions about whether men should be assigned to guard women's facilities" and "put a spotlight on the chronic problem of male guards having sex with inmates at federal, state and local institutions." A 2004 federal Bureau of Justice Statistics study of more than 2,700 correctional facilities for men and women found "charges of sexual misconduct by employees were made in all but one state prison surveyed."

FBI Says Private Data Brokers Probably Are Breaking The Law. The AP (6/23) reports that senior FBI lawyer Elaine N. Lammert, told lawmakers, "There are compelling reasons for the government to believe that" private data brokers' gathering Americans' private telephone records without warrants or subpoenas "violate federal law." He added, "the bureau was still surveying agents around the U.S. but so far has found no 'systemic' use of data brokers by the FBI seeking telephone records or other information without warrants or subpoenas." However, "A federal agent who acknowledged requesting phone records from data brokers without warrants or subpoenas told AP that he learned about such services from FBI investigators, who vouched for their use."

Senate Report On Abramoff Could Be Trouble For Reed, Ney, Norquist. The Wall Street Journal (6/23, Cummings, 2.11M) reports the Senate Indian Affairs Committee report on "the Jack Abramoff influence-peddling scandal suggests further trouble for Ohio Rep. Bob Ney and high-profile Republicans Ralph Reed, the former Christian Coalition leader, and Grover Norquist, the antitax activist." The panel "urged the Senate Finance Committee to continue the probe by investigating the transfer of payments by Indian tribes through multiple charities apparently to hide their original sources." The final report "includes detailed accounts of how money was funneled to Mr. Reed's political-consulting firm through Mr. Norquist's advocacy group, Americans for Tax Reform, and other tax-exempt organizations. The transactions effectively hid the

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conservative Christian leader's efforts on behalf of the tribes." In exchange "for the use of ATR's accounts, Mr. Norquist took $25,000 from the payment and turned it into a donation to his group, according to the report. Indian tribal officials testified to Senate investigators that they never intended or authorized a donation to the antitax group."

The AP (6/23, Sherman) says the Senate report shows Rep. Ney "told Senate investigators he made no effort to help a client of disgraced lobbyist Jack Abramoff, despite extensive evidence to the contrary." Ney said "he was not even familiar with the Tigua tribe of El Paso, Texas, which was seeking legislation that would allow it to reopen its shuttered casino, according to the Senate Indian Affairs Committee report." Yet the report "says Ney assured tribal leaders of his support for the legislation on two occasions in 2002, once in person and once via telephone." Another person "under federal investigation who also is mentioned in the report is former deputy Interior Secretary Steven Griles, who has denied giving Abramoff or his clients preferential treatment." The committee "was 'unable to arrive at any definitive conclusions as to the veracity of Griles' testimony,' the report said."

The Washington Post (6/23, A1, Schmidt, 744K) reports on the front page that Ney's "comments to the panel could add to his problems with the Justice Department. Federal prosecutors have secured guilty pleas from Abramoff and three former associates implicating Ney in a string of official acts allegedly performed in exchange for favors such as a golf trip to Scotland and campaign contributions." A spokesman for Ney "said yesterday that in his interview with the Senate committee, the congressman did not initially recognize the name of the tribe." Ney's statements "to the committee have been contradicted by others as well, including his former longtime chief of staff, Neil G. Volz, in admissions he made this year as part of his guilty plea to corruptly seeking to influence Ney on the Tigua issue."

The New York Times (6/23, Shenon, 1.19M) says the Senate report "documented more than $5.3 million in payments to Ralph Reed, the former director of the Christian Coalition and a leading Republican Party strategist, from an influence-peddling operation run by the corrupt lobbyist Jack Abramoff on behalf of Indian tribe casinos." The report "portrayed Mr. Reed, now a candidate for the Republican nomination for lieutenant governor in his home state of Georgia, as a central figure in Mr. Abramoff's lobbying operation, the focus of a criminal investigation by the Justice Department." In a statement "issued through his campaign office in response to the report, Mr. Reed portrayed the report as a vindication. He said that while 'it is now clear with the benefit of hindsight that this is a piece of business I should have declined,' the report 'confirms that I have not been accused of any wrongdoing.'"

Senate Report Details Former Tribe Official's Ties To Abramoff. The AP (6/23, Thomas) reports, "Christopher Petras, the former legislative director for the Saginaw Chippewa Indian Tribe, served as the point man in helping disgraced lobbyist Jack Abramoff and his colleague land lucrative contracts with the Michigan tribe, a Senate report said Thursday." The AP continues, "The Senate Indian Affairs Committee said in the 373-page report that it's 'concerned about the veracity' of Petras' 2004 testimony to the panel. Petras told senators that he didn't recall many of the details about his communications with Abramoff and his associate Michael Scanlon." The AP adds, "But the committee, led by Sen. John McCain, R-Ariz., said its investigation showed Petras helped Abramoff and Scanlon become enmeshed in tribal elections to help maximize their chances of getting hired by new tribal leaders. … 'Serving as Abramoff and Scanlon's primary point of contact with the Tribe, Petras proved to be their key to access to the Saginaw Chippewa,' the report said. … The committee report was entitled 'Gimme Five,' a reference to what Abramoff and Scanlon called their secret fee-splitting arrangement. Through e-mails and testimony, it describes Petras' ties to the men as they reaped millions of dollars from the Mount Pleasant, Mich.-based tribe, operator of one of the biggest Indian casinos in the nation."

Man Who Fled Marshals At Chicago Courthouse Captured. The AP (6/23, Burghart) reports, "A man whose flight from the federal courthouse caused the building to be locked down for more than three hours Thursday was later arrested near his aunt's home, authorities said." The AP continues, "The U.S. Marshals Service said Larnell Rogers - who fled the building after learning an arrest warrant had been issued for him - was taken into custody by Chicago police about 3 1/2 miles west of the courthouse. He was not carrying a weapon and the arrest was uneventful, said U.S. Marshal Kim Widup." The AP adds, "Officials had closed the courthouse and sealed courtrooms, offices and bathrooms to search for Rogers, who is accused of lying to a federal agent. … Rogers was scheduled to appear at 10:30 a.m. for a status hearing on

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charges he lied to the Bureau of Alcohol, Tobacco, Firearms and Explosives. When he did not appear, U.S. District Judge Samuel Der-Yeghiayan issued a bench warrant for his arrest, Widup said, adding Rogers showed up after the hearing was over. … No federal marshal was in the courtroom where Rogers was supposed to appear because he was not in their custody, Widup said. But a deputy marshal was in a stairwell when he overheard a man saying 'basically something to the effect of, "We've got to get out of here, the marshals are looking for us,"' Widup said, quoting the deputy marshal."

Aberdeen Proving Grounds Employees Charged With Fraud. The Washington Post (6/23, B2, Rich, 744K) reports, "Three civilian employees at the U.S. Army's Aberdeen Proving Ground conspired with a company's sales representative to defraud the government through a purchasing scam that spanned nearly two years, a federal indictment alleges." They "bought equipment on behalf of the Army at inflated prices, arranging for some of it to be described incorrectly on invoices and delivered directly to their homes." The Army employees -- Douglas Atwell, Gerard Yursis, and Ellis Lonabaugh -- and salesman Wayne Silbersack "appeared yesterday in federal court in Baltimore but did not enter pleas."

Sides Argue Over Jury Instructions In Sorich Trial. The Chicago Tribune (6/23, Bush, Mihalopoulos, 643K) reports, "Prosecutors and defense attorneys negotiated Thursday afternoon on how to instruct jurors on the law in the trial of Mayor Richard Daley's former patronage chief Robert Sorich." Sorich's attorney "filed a 20-page list of proposed instructions and verdict forms," including "a key theory of his defense," that the government had, "at best, proven only a violation by the City of Chicago of the 1983 Shakman Consent Decree, a civil rather than a criminal violation." Prosecutors "sought to instruct jurors that they 'should not speculate' about why they won't be asked to reach a verdict on count one of an eight-count indictment against the defendants," which the judge dismissed.

Prosecutors Deny Vindictiveness, Oppose Wecht Motion To Dismiss. The Pittsburgh Post-Gazette (6/23, 261K) reports, "Federal prosecutors yesterday said the 84-count indictment against former Allegheny County Coroner Dr. Cyril Wecht is based on violations of federal law and not 'vindictiveness,' as Dr. Wecht's lawyers have asserted" in their motion to dismiss the case. "Assistant U.S. Attorney Stephen Stallings said Dr. Wecht 'has utterly failed to meet his burden of proof of showing any malevolence, ill will, or vindictiveness on the part of the government.'"

Mack A No-Show For Surrendering To Authorities. The San Francisco Chronicle (6/23, Lee) reports that FBI most wanted fugitive Darren Roy Mack "failed to surrender today at an agreed meeting place in Mexico" arranged after he "contacted Washoe County District Attorney Dick Gammick on Monday and offered to surrender." The AP (6/23) adds that the surrender offer "had been the most significant break in an international manhunt for Mack since the attacks on Charla Mack and Judge Chuck Weller." Reno Police Chief Michael Poehlman said "investigators last communicated with Mack on Wednesday, and they believed he was in Mexico based on comments he made and information from the FBI."

"Mob Cops'" Former Lawyers To Testify Defending Their Representation. The New York Times (6/23, Feuer, 1.19M) reports, "Bruce Cutler and Edward Hayes, two of the city's most flamboyant defense lawyers," have been subpoenaed by Louis Eppolito and Stephen Caracappa, their former clients, "to appear in court and answer charges that they bungled their defense." The "hearing could get ugly," as, "In what has been described by everyone involved as an unprecedented hearing, Mr. Hayes and Mr. Cutler are expected to address that accusation on the witness stand — in their own defense."

The New York Newsday (6/23, Destefano) adds that while "Both defendants want their racketeering convictions overturned and to have new trials, in part because they claim their former lawyers were ineffective," Judge Jack B. Weinstein "in earlier court proceedings…expressed skepticism over the idea of questioning Cutler's and Hayes' conduct as lawyers" and appears to be holding the hearing "in an apparent effort to make a complete record for any appeal."

Former Head Of Boston FBI Testifies He Didn't Know About Bulger, Flemmi Investigations. The Boston Globe (6/23, Murphy, 484K) reports when "the FBI was investigating its own informants -- James 'Whitey' Bulger and Stephen 'The Rifleman' Flemmi -- as suspects in four murders by 1983 and had been told they

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were involved in cocaine and marijuana trafficking," James Greenleaf , "the head of the FBI's Boston office at the time…testified yesterday that nobody ever told him" about it. He also said "he never reviewed the office's informant files, which were replete with references to the alleged involvement of Bulger and Flemmi in murder, drugs, and other crimes." The Globe calls the testimony "striking because he indicated that no one in the Boston FBI office thought it important to inform the man running the office about serious allegations of criminal activity by the two gangsters." The federal trial judge also "quizzed Greenleaf about whether he had concerns about Bulger and Flemmi after learning that they were being targeted by three other law enforcement agencies." Greenleaf replied, "I don't think I really focused on that."

Columnist Says Greenleaf Was Compelling Witness – For McIntyres. Peter Gelzinis writes in his column in the Boston Herald (6/23, 220K) that James Greenleaf, the special agent in charge of Boston "while the two 'Top Echelon' gangsters were extracting teeth and tongues from doomed people, who were then dropped into holes." Testified "he was clueless about all of it," that "never bothered to read the informant files and no underling bothered to mention what was in them." Gelzinis adds, "This lanky, old federal hack may well turn out to be the most compelling witness the McIntyres could ever have hoped for," and "the crazy thing is" that he "wasn't on the McIntyre family's witness list. The Department of Justice civil liability lawyers dragged him off some golf course to, theoretically, help torpedo this case."

Louisiana Teacher Pleads Guilty To Child Porn Charges. The New Orleans Times-Picayune (6/23, Filosa, 257K) reports that Russell Counterman, a former teacher at Taylor Academy, "pleaded guilty to possession of child pornography this week and faces up to 10 years in prison for downloading hundreds of sexually explicit images from the Internet, including some that FBI agents found in his classroom." In a search of his home and classroom computer that he consented to, the FBI "found three thumb-drives and the laptop."

Virginia Law Requires Checking Of Prospective Students For Sex Offenses. The AP (6/23, Gelineau) reports, "A new law requiring Virginia's colleges to hand over prospective students' personal information to police for cross-checking against sex offender lists is coming under fire from privacy advocates and education leaders." The AP continues, "Under the law, which takes effect July 1, public and private college officials must send state police the names, Social Security identification numbers and birth dates of all students accepted to their schools. … Proponents say the law will help protect students from sex offenders and state police are confident the personal information will be secure. But critics are raising concerns about privacy rights and risks that the data could be misused or stolen. … Privacy law experts believe it is the first time a U.S. state has ever imposed such a requirement." The AP adds, "The new requirement was part of a unanimously approved bill that makes sweeping changes to Virginia's sex offender laws, including tougher punishments and better monitoring of offenders once they are released from prison. Police expect to have guidelines in place for most schools by the fall. … Although the federal Family Educational Rights and Privacy Act protects the personal information of enrolled students, it does not apply to those who have merely been accepted. The law does not bar sex offenders from entering college but provides a way to keep track of them."

Project Safe Neighborhoods Cracks Down On Louisiana Child Porn. The Baton Rouge Advocate (6/23, Burgess) reports, "Federal and state officials announced Thursday a joint initiative to combat child pornography and exploitation, launching the statewide effort with the announcement of 10 arrests." The Advocate continues, "The Justice Department's Project Safe Childhood Initiative aims to marshal forces for a 'much more aggressive attack' on a problem made worse in recent years by the Internet, U.S. Attorney Donald Washington said. ..'There was a time when you could come home and lock your doors … Because of the Internet, the predators can get past the locks and into your home,' said David Dugas, U.S. attorney for the Baton Rouge-based Middle District. … Dugas, Washington and state Attorney General Charles Foti Jr. announced the joint effort." The Advocate adds, "The Project Safe Childhood Initiative mirrors a similar federal project dubbed Project Safe Neighborhoods, which pulled together state and federal agencies to combat gun violence. … Washington said the Safe Childhood program will include law-enforcement components as well as training and outreach programs to educate parents and children on how to identify Internet predators and risky online situations."

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Map Dealer Pleads Guilty To Thefts. The New York Times (6/23, Cowan) reports, "A map dealer who specialized in finding elusive treasures for rich collectors admitted in federal court on Thursday to having stolen 97 antique maps worth more than $3 million from more than a half-dozen universities and libraries over the last seven and a half years." The Times continues, "One of the hardest-hit institutions was the New York Public Library, which lost 32 maps, but rare book collections in Boston, Chicago and London were also victims, according to federal prosecutors." The Times adds, "The admissions by the map dealer, Edward Forbes Smiley III, came roughly one year after he was caught with five rare maps in his briefcase and tweed jacket minutes after leaving Yale University's rare-book library. A video surveillance system showed him removing a map valued at $150,000 from a book. .. The New Haven police arrested Mr. Smiley and charged him with larceny, but federal prosecutors and the Federal Bureau of Investigation launched their own investigation to determine whether Mr. Smiley might also be responsible for missing maps at other institutions. … Mr. Smiley's arrest last June rattled many institutions that had allowed him to visit their collections. But the scope of his pillaging was not fully appreciated until his back-to-back guilty pleas in federal and state court in New Haven on Thursday." The Times notes, "Though he pleaded guilty to one count of theft of a major artwork in federal and three counts of larceny in state court, he admitted in plea agreements with prosecutors to having stolen 97 maps from seven institutions, including the 5 maps he was caught with last June after leaving Yale's Beinecke Library."

Jury Selection Begins In Baltimore Beheadings Case. The Washington Times (6/23, Summers) reports, "Jury selection began yesterday in the retrial of two men accused of beheading three young relatives." The Times continues, "The defendants -- Adan Canela, 19, and Policarpio Espinoza Perez, 24 -- are charged in the May 27, 2004, killings of Ricardo Espinoza Jr., 9; his sister, Lucero Espinoza, 8; and their male cousin, Alexis Espejo Quezada, 10." The Times adds, "Prosecutors say Mr. Perez, the victims' uncle, and Mr. Canela, their cousin, beat the children with an aluminum baseball bat, choked them and slashed their throats with a boning knife in their Northwest Baltimore apartment. … The first trial, which included more than 300 pieces of evidence and five weeks of testimony from about two dozen witnesses, ended in August 2005 in a hung jury after 10 days of deliberations." The Times notes, "The trial attracted so much press attention that Baltimore Circuit Judge David B. Mitchell yesterday expressed concern about intimate details of the case and its evidence tainting potential jurors. … Attorneys in the case said jury selection might take several days and expect the trial to start no earlier than the middle of next week."

Medical Experts Say Lethal Injection Methods Can Be Made More Humane. The New York Times (6/23, Grady, 1.19M) reports a "flood of lawsuits challenging lethal injection as cruel and unusual has stalled executions in some states and may prompt others to abandon them. And a Supreme Court ruling last week made it easier for death-row prisoners to file such suits." But "medical experts say the current method of lethal injection could easily be changed to make suffering less likely. Even the doctor who devised the technique 30 years ago says that if he had it to do over again, he would recommend a different method." Switching to "an injection method with less potential to cause pain could undercut many of the lawsuits. But so far, in this chapter of the nation's long and tangled history with the death penalty, no state has moved to alter its lethal injection protocol."

CIVIL LAW:

Raytheon Reportedly Discussing Settlement Of Contracting Charges. The Bloomberg (6/23, Capaccio, Schmidt) reports, "Raytheon Co.'s aircraft unit is negotiating with the U. S. Justice Department over allegations the company charged too much for parts used to build training planes for the Air Force and Navy, people familiar with the talks said." Bloomberg continues, "The possible civil settlement would address findings of a criminal investigation into the activities of Darleen Druyun, the Air Force's former No. 2 acquisition official, who was jailed in 2005 for violating conflict-of-interest laws. … The Raytheon contract was awarded by Druyun as part of a $ 4. 5 billion program, one of 11 in which she was involved that have been reviewed by the Defense Department's inspector general." Bloomberg adds, "Jim Cross, a spokesman for the U. S. attorney's office in Wichita, Kan., which is handling the settlement talks, declined to comment. Jackie Berger, a spokesman for the Wichitabased aircraft unit of Waltham, Mass.-based Raytheon, confirmed the existence of the Pentagon

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investigation while also declining to comment on any settlement talks. … Raytheon, the fifth-largest U. S. defense contractor, is 'fully cooperating' with the Pentagon investigation, Berger said. 'We believe the company's actions have been entirely consistent with all legal requirements.'"

McCain-Feingold Seen As Having Positive Impact. In a Washington Post op-ed (6/23, A25), former FEC Commissioner Trevor Potter says when the McCain-Feingold campaign finance legislation "was being debated four years ago, Sen. Mitch McConnell (R-Ky.) told his colleagues that it would 'eviscerate the national party committees' because of its ban on unlimited 'soft money' donations." But in 2004, "the parties raised more funds than ever before. In response, critics explained that it was a presidential election year, and an exceptionally motivating one at that; funds would surely dry up in 2006. Yet numbers recently released by the Federal Election Commission (FEC) show that the $555.2 million raised by both parties so far this cycle is ahead of 2004 totals by 5 percent." The law "has been an undisputed success in combating the corruption of huge soft-money contributions and an apparent success in re-energizing grass-roots supporters." McCain-Feingold "was a necessary -- but not sufficient -- start."

CIVIL RIGHTS:

DOJ Clears Austin, TX, Officer In Fatal 2003 Shooting. The Austin American-Statesman (6/23, Plohetski) reports, "A federal investigation has concluded that Austin police officer Scott Glasgow did not violate Jesse Lee Owens' civil rights when the officer fatally shot Owens during a 2003 traffic stop in East Austin, authorities said Thursday." The A-S continues, "Glasgow will not face federal charges for his actions during the stop, which began when he pulled Owens over for driving a car that had been reported stolen. … The U.S. Department of Justice's civil rights division, the FBI and the U.S. attorney's office said in a written statement that the 'government could not prove beyond a reasonable doubt that the victim's death was the result of more force than was necessary . . . The department is closing this matter.' … The federal inquiry was the last open investigation into Glasgow's actions during the June 14, 2003, incident."

KXAN-TV, Austin, TX (6/23) reports, "The attorney for Jesse Owens' family says he will appeal the decision from the Department of Justice. The higher court will be the 5th Circuit Court of Appeals out of New Orleans. … Attorney Bobby Taylor says he will spend his own money to try and get justice for the Owens family, and that will include an immediate appeal. … On the other side of that coin, the police union says it's satisfied with the vindication of Officer Glasgow, but at the same time acknowledges, this was a tragic incident."

Justices Sets Wider Standards For Worker Discrimination Suits. NBC Nightly News (6/22, story 8, 1:05, Williams, 9.87M) reported, "An important ruling today from the US Supreme Court, one that could potentially affect every American worker, especially women. It came in a case involving a woman forklift operator who said her boss illegally retaliated against her when she complained she was the target of sex discrimination." NBC (P. Williams) added, "The court today clarified what counts as retaliation and said it can be something much more subtle than denying a promotion, cutting pay, or outright firing. … Today's decision said it is illegal discrimination, retaliation, to give employees who complain about discrimination less desirable jobs or to suspend them without pay, even if they eventually get the money back."

The Wall Street Journal (6/23, Bravin, Ben Winograd, 2.11M) reports, "A unanimous Supreme Court sent a warning to employers: Be careful how you treat workers who file discrimination complaints. … Employee advocates said the decision would help ensure that antidiscrimination laws have teeth." The Washington Post (6/23, A16, Lane, 744K) notes the decision "had the full support of eight justices." Justice Samuel A. Alito Jr. "agreed with the result but differed from the majority reasoning."

The Financial Times (6/23, Waldmeir) says the court "gave US workers more power in employment discrimination lawsuits, making it easier for employees to fight back if punished by employers for lodging job-bias complaints. … The decision set out new standards for what kind of action, and the severity of that action, qualifies as retaliation under federal civil rights law." The Christian Science Monitor (6/23, Richey, 61K) runs a similar report under the headline "High Court Eases Path For Workers' Discrimination Suits," while USA Today (6/23, Biskupic, 2.31M) titles its story "Court Eases Worker Lawsuits."

The AP (6/23, Locy) reports, "By a 9-0 vote, justices said that Sheila White was improperly punished with a suspension for 37 days over a Christmas holiday and was transferred from operating the forklift to doing more physical work as a yard

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worker. … Justice Stephen Breyer wrote that White did receive back pay. But he said she and her family had to live 37 days without any income. … 'Many reasonable employees would find a month without a paycheck to be a serious hardship,' Breyer wrote, adding that 'an indefinite suspension without pay could well act as a deterrent, even if the suspended employee eventually received back pay.'" The AP adds, "The high court's ruling tilts the balance of power in employment settings toward employees by establishing a broader legal standard for retaliation claims, an area of litigation that has exploded in recent years. … Under the high court's standard, employers are liable for unlawful retaliation if their actions 'interfere with an employee's efforts' to ensure that he or she is not discriminated against in the workplace, Breyer wrote."

The Legal Times (6/23, Mauro) reports, "The decision in Burlington Northern & Santa Fe Railway Co. v. White ends disarray among lower courts on the standard required to assess retaliation claims, but employment lawyers say it will trigger a wave of new litigation to determine what kind of employer actions constitute illegal retaliation. … 'This decision is huge -- hugely bad for me as a defense lawyer,' says Daniel Westman, a partner at Morrison & Foerster and the author of a book on retaliation litigation. 'It really makes it a lot easier for employees to make out a case.' … Civil rights groups, for their part, applauded the decision. 'The Burlington Northern opinion is an emphatic statement that employees should be able to raise a good-faith complaint of discrimination without fear of retaliation from their employers,' says Gillian Thomas, lawyer for the women's rights group Legal Momentum."

Pennsylvania Moves Toward Constitutional Amendment Banning Gay Marriage. The AP (6/23) reports, "Lawmakers took another step toward putting a constitutional amendment to ban gay marriage on the ballot in Pennsylvania. … The state Senate approved the proposed amendment 38-12 on Wednesday." The AP continues, "Pennsylvania already has a law defining marriage as between a man and a woman. But Senator Jane Orie and other Republicans warned that without a constitutional amendment, a judge could act on a legal challenge and effectively legalize gay marriage or civil unions. … Opponents questioned the need to guard against a hypothetical challenge. 'Mind your own business, stay out of the bedroom,' said Senator Vincent J. Fumo, a Democrat." The AP adds, "Amending the state constitution requires approval by the House and Senate in successive two-year sessions of the General Assembly and then the approval of voters in a statewide referendum. … Senators must now work out differences with a version passed by the House, which also prohibits civil unions."

House GOP Said To Show True Colors On Voting Rights Act. In his Washington Post column (6/23, A25), Eugene Robinson says, "Wednesday we had one of those rare high-definition moments, when the House Republican caucus defied its leaders and refused to back renewal of the Voting Rights Act. That tells you about all you need to know, doesn't it?" Speaker Dennis Hastert "was ready to move forward with a feel-good, election-year extension of the landmark 1965 act that guaranteed voting rights for African Americans disenfranchised by Jim Crow law and custom in Alabama, Mississippi, Georgia, Louisiana, South Carolina and Virginia." Hastert "understood that reauthorizing the act would be useful in efforts to convince voters that the Republican Party as presently constituted is just ultraconservative, not actually racist. But Hastert was sandbagged by fellow Republicans who rebelled in a private caucus meeting Wednesday. The renewal probably could have won easy approval on the House floor, since Democrats would have voted for it, but Hastert's policy is to not bring out any bill that lacks majority support from Republicans, so he had no choice but to yank it. So much for the erstwhile 'party of Lincoln.'"

WNBA Player Decries Education Department Change In Title IX Policy. In a USA Today op-ed (6/23), Tamika Catchings of the Indiana Fever in the WNBA says, "Largely as a result of Title IX, women's participation in athletics has increased more than 400% at the college level and more than 800% in high schools since 1972." But "this march forward has reached a potential roadblock. About 15 months ago, the Department of Education quietly issued a new Title IX policy that lowers the bar for what schools must do to provide equal sports opportunities for women. Schools now can show compliance with the law simply by sending all female students an e-mail survey gauging their athletic interests. Schools can claim that any failure to respond indicates a lack of interest in additional opportunities." The Education Department "should reverse this policy. Preserving Title IX is simply the right thing to do."

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ANTITRUST:

DOJ Approves Exelon's Acquisition Of PSEG. The AP (6/23) reports, "The U.S. Department of Justice on Thursday approved a deal to create the nation's largest power generation company, but it ordered Exelon Corp. and Public Service Enterprise Group to first divest six electricity generating plants." The AP continues, "The department said more competition was needed because the merger, as originally proposed, would have sparked higher prices for wholesale electricity and, ultimately, hiked rates for millions of customers in the mid-Atlantic region. … The deal, which was announced in 2004, still requires approval from New Jersey regulators. The final decision on whether to continue with the merger will rest with the boards of both Exelon and PSEG after the terms and conditions of regulatory requirements are known."

The Wall Street Journal (6/23, Smith) reports, "The federal antitrust enforcers didn't order nuclear-plant divestitures, a move that might have caused Exelon to abandon the stock-swap transaction. Exelon faces one more hurdle: regulatory approval from the state of New Jersey. Exelon Chief Executive John Rowe said he hopes the agreement with the Justice Department creates 'positive momentum' that will lead to resolution with the state." The Journal adds, "The demand by the Justice Department shows that antitrust regulators are willing to order significant divestitures to prevent the formation of giant utility companies that could push up electricity prices in deregulated markets. In its findings, the agency said the transaction 'as originally proposed, would have caused higher prices for...millions of electricity consumers in the mid-Atlantic region.' … Some consumer advocates said the Justice Department didn't go far enough. To nip unfair market power and improve market function, Exelon should be ordered to divest 6,300 megawatts to 9,600 megawatts, said the New Jersey Public Interest Research Group. That would amount to a significant portion of a portfolio starting at about 43,000 megawatts, before any divestitures."

The Chicago Tribune (6/23, Miller) reports, "The Chicago-based utility holding company's accord with the Justice Department will reduce the economic value Exelon reaps from the planned purchase through a one-time hit of $500 million to $600 million, most of it tax-related. … But it also leaves Commonwealth Edison's parent with just one regulatory hurdle left to clear: The deal, first announced in December 2004, still needs approval of New Jersey's Board of Public Utilities. The merger has met with vocal opposition from some citizen groups, however." The Tribune adds, "Through its antitrust division, the Justice Department evaluates proposed mergers to ensure that the combination of two industry rivals won't damage competition by creating a company with excessive 'market power.' … The transaction as originally proposed 'would have caused higher prices for wholesale electricity, ultimately increasing prices paid by millions of electricity consumers in the mid-Atlantic region,' the department noted Thursday. … That's because, it said, with Exelon's existing Pennsylvania properties, the combined company would have owned nearly half the generating capacity in the densely populated area of eastern Pennsylvania, New Jersey, the District of Columbia, and parts of Maryland and Virginia."

The Newark Star-Ledger (NJ) (6/23, Ovide) reports, "Analysts said the green light from the Justice Department was crucial to finalize a deal Exelon and Public Service announced with fanfare 18 months ago, but which since has been delayed by regulatory concerns and scorned by some skeptical investors. … With the government agreement, the proposed merger faces one final regulatory hurdle -- approval by the New Jersey Board of Public Utilities."

MarketWatch (6/23, Cassidy) reports, "The merged company would serve 7.2 million electric customers in a patchwork of service territories in Illinois, Pennsylvania and New Jersey. It will also serve just more than 2 million natural-gas customers, primarily in New Jersey and Pennsylvania. … But the DOJ antitrust division said that the companies would own nearly half of the electricity generating capacity in the densely populated area encompassing eastern Pennsylvania, New Jersey and the District of Columbia, as well as parts of Maryland and Virginia. … 'The combination of their assets would enhance the incentive and ability of the merged firm to raise wholesale electric prices,' the government added."

Bloomberg (6/23, Seeley, Polson) reports that FERC "approved the acquisition a year ago on the conditions that Exelon sells plants with a capacity of 4,000 megawatts," and "sell 2,600 megawatts of nuclear-plant output to competitors under long-term contracts."

US, UK Antitrust Agencies Probing Alleged Airline Price-Fixing. The New York Times (6/23, Timmons) reports, "British and United States agencies are

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investigating a possible conspiracy to illegally fix the amounts of fuel surcharges imposed on passengers on long-distance flights to and from Britain." The Times continues, "Most major airlines flying between the United States and Heathrow, London's main international airport, charge passengers about £35 ($64) each way in fuel surcharges. … The Justice Department and the Office of Fair Trade in Britain have contacted British Airways, Virgin Atlantic Airways, United Airlines and American Airlines and may be talking to others in connection with the investigation. Violation of price-fixing laws could carry civil and criminal penalties."

The Dallas Morning News (6/23, Maxon) reports, "The extent of the investigation remained a mystery. … No other airline stepped forward to say it also faced accusations, although several others disclosed that they've been contacted by investigators." The News adds, "American Airlines Inc., British Airways' partner across the Atlantic and in the Oneworld airline alliance, said it received a federal grand jury subpoena Tuesday as part of a U.S. Department of Justice investigation. … The Times of London quoted analysts as saying that the investigators seem to be looking into airlines that fly into London's Heathrow Airport, particularly on the lucrative New York-London route."

Bloomberg (6/23, Fletcher) reports, "With oil prices near record highs, airlines have been able to cover 15 percent to 20 percent of their additional costs with supplemental charges, according to the International Air Transport Association. … British Airways' non-fare revenue, which includes fuel surcharges, increased 65 percent in the fourth quarter to 340 million pounds, the airline said on May 19. British Airways in April raised the fuel surcharge on long-haul flights by 17 percent to 35 pounds. The cost of a one-way business class ticket to New York from London Heathrow on July 6 is 2,563.50 pounds including taxes, according to the airline's Web site." Bloomberg adds, "The U.S. Justice Department 'is investigating the possibility of anticompetitive practices involving surcharges and rates for passenger fares and air cargo shipments,' agency spokeswoman Gina Talamona said in a statement."

The AP (6/23, Wagner) reports, "Two BA executives -- commercial director Martin George and head of communications Iain Burns -- have been given leaves of absence. BA declined to provide any information beyond its brief statement, including whether George and Burns were asked to leave or ordered out." The AP adds, "High fuel prices have led airlines to raise the surcharge that passengers pay on long-haul flights. For instance, BA customers now pay a 70 pound ($129) surcharge on a round-trip ticket from London to New York, the airline said."

United Press International (6/23) also reports on the probe.

EU Has Received No Complaint By Adobe About Microsoft Office. The AP (6/23) reports, "The European Commission said Thursday that software company Adobe Systems Inc. has not made any complaints so far about Microsoft Corp.'s plans to ship its new Office software without Adobe's PDF file reader." The AP continues, "In an ongoing dispute with Adobe, Microsoft said earlier this month that it had canceled plans to include an automatic way to save documents in the popular Portable Document Format in Office 2007, due out to consumers in January. Instead, users will have to download separate, free software to save documents created in Office products such as Word and Excel as PDFs." The AP adds, "European Union spokesman Jonathan Todd said EU antitrust regulators were in contact with Microsoft to discuss concerns about how the new Windows Vista operating system will treat PDF-type documents, but had not received a complaint about Office from Adobe. … The spat with Adobe, which developed the popular PDF technology, comes as Microsoft prepares to launch its own competing format for saving documents that cannot be easily modified."

SCOTUS Dismisses Closely Watched Patent Case. The Legal Times (6/23, Mauro) reports, "The Supreme Court on Thursday dismissed from its docket a closely watched patent case, saving for another day a decision on whether a naturally occurring scientific relationship can be patented." The Times continues, "The Court's surprise action came in Laboratory Corp. v. Metabolite Laboratories, a dispute over the patentability of a correlation between blood composition and a vitamin deficiency. The dismissal came without explanation. But an unusual dissent by Justice Stephen Breyer hinted that the high court had dismissed the case because the patentability issue was not squarely raised before the U.S. Court of Appeals for the Federal Circuit, which ruled on the case in 2004." The Times adds, "Breyer, joined by Justices John Paul Stevens and David Souter, said he would have ruled on the case anyway, in part because physicians could become unwitting patent infringers whenever they make the same connection between

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the presence of a certain amino acid in a patient's blood and vitamin B deficiency that was included in Metabolite's patent. … A decision in the case could have had an effect on not only medical or scientific developments but also certain 'business method' patents that have been challenged as unpatentable. … But with the Court ending the case as it did, 'it became a nonevent,' says Michael Barclay, a patent specialist at Wilson Sonsini Goodrich & Rosati. Even though the net result of the high court's action is to let the federal circuit ruling stand, he says, that circuit ruling has no broad importance because the Supreme Court believes the patentability issue went undecided."

Bolloré Will Not Pursue Merger With Aegis. The Wall Street Journal (6/23, Patrick) reports, "Vincent Bolloré, the French corporate raider who is also chairman of French advertising concern Havas, said yesterday that he wants rival Aegis to remain independent, rebutting months of talk in the ad world about a possible merger of the two companies. … However, Mr. Bolloré, who in recent months has become Aegis's biggest shareholder, outlined his plans to seek 'links' between Havas and Aegis in one of the hottest areas in advertising: media buying and planning." The Journal continues, "Media buyers and planners purchase TV, newspaper and other advertising space and work out where to best place ads on behalf of marketers. The rapid growth of the Internet, computer games and other entertainment has made it harder for advertisers to reach consumers. And the services of media buyers and planners are in greater demand. … But Havas lacks the international scale that clients are increasingly demanding. By linking with London-based Aegis on specific accounts or in particular regions, for example, Havas could offer clients a broader menu."

Mittal May Boost Bid For Arcelor. The Wall Street Journal (6/23, Glader, Singer) reports, "Mittal Steel Co. is in advanced talks with rival steelmaker Arcelor SA about improving its €23.93 billion ($30.1 billion) hostile takeover bid to forge a friendly deal, according to people close to the matter." The Journal continues, "Mittal is considering increasing its bid for a second time, either with more cash, more stock or both, these people said. Under terms being discussed, Arcelor shareholders could end up with more than half of the combined company's shares, control much of a newly formed board of nonexecutive directors, and even keep current Arcelor Chief Executive Officer Guy Dollé in the same role, they said." The Journal adds, "Talks are continuing and terms could change, these people said. The parties are locked in tense negotiations in advance of Sunday's meeting of Arcelor's board, when it will consider any new proposals by Mittal Steel as well as an updated merger proposal by Russian steelmaker OAO Severstal. … The new proposal from London-based billionaire Lakshmi Mittal, chairman and CEO of Mittal, would likely value Arcelor above €40 a share, these people said. Mittal's current cash and stock offer values Arcelor at €36.04 a share. In Paris, Arcelor's shares stood at €35.02 before trading was suspended pending resolution of the matter. Mittal's shares ended trading in Amsterdam yesterday at €25.99, down four European cents."

Univision Auction Draws Little Interest. The Wall Street Journal (6/23, Marr, Berman, Lyons) reports, "The high-profile auction of Univision Communications Inc. descended into turmoil yesterday, raising questions about the appeal of a Spanish-language media business that in recent years has been coveted for its ability to reach the growing ranks of Hispanic consumers in the U.S." The Journal continues, "With the dominant Spanish-language TV network in the U.S. and a collection of other assets, Univision was expected to be an unusually attractive media property. But as a deadline for bids came and went this week, it became apparent that there were few interested parties -- especially at the price Univision wanted." The Journal adds, "Univision's chairman, Hollywood veteran A. Jerrold Perenchio, may yet sell -- if he can coax a somewhat higher price out of the private-equity investors circling the company. One group, led by Mexican TV giant Grupo Televisa SA, was scrambling to present a bid last night after its original coalition fell apart. Some partners in that group, which initially included Kohlberg Kravis Roberts, Blackstone Group and Carlyle Group, have been smarting about the price they had to pay as well as the power-sharing arrangement with Televisa. U.S. law prohibits a foreign company from owning more than 25% of a U.S. broadcaster."

WSJournal Criticizes FCC Extension Of Universal Service Fund To Internet. The Wall Street Journal (6/23, 2.11M) says in an editorial that the Federal Communications Commission has "voted to require Internet telephone companies to contribute to the Universal Service Fund (USF). The move means higher phone bills for Internet telephone service as providers pass this new cost on to customers. But it also means that a Republican-run

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regulatory agency is expanding a federal subsidy that should have been phased out long ago." The USF "has become a tool for redistributing wealth from urban phone customers to their rural counterparts, says Randolph May, a former FCC lawyer who now heads the Free State Foundation think tank."

LATimes Criticizes Move To Regulate Internet Based On Network Neutrality. The Los Angeles Times (6/23, 958K) says in an editorial, "The debate over regulating high-speed Internet providers has unleashed a rare apocalyptic synchronicity. Both sides make the same dire warning: The future of the Internet is at stake. And both respond in the wrong way." At issue "is whether broadband providers will be able to offer websites and services a faster route into their customers' homes and offices. Some want to prioritize traffic on the last mile for a fee. This way, they say, Web-based companies can ensure the quality of the movies, music and other services they deliver online. It also would help broadband providers raise the money they say they need to keep up with the growing demand for space on their networks." This "kind of prioritizing scares some high-tech firms and advocacy groups, which worry about phone and cable companies picking winners and losers online. Such interference, they say, would stifle innovation by making it harder for start-ups and interest groups to compete with well-funded media powerhouses. They want Congress to preserve 'network neutrality' by banning network operators from prioritizing data in a discriminatory way." But "the best protection for websites and Internet users is to have more broadband providers competing with the phone and cable companies." The Internet is "a hotbed of innovation largely because there are no barriers to entry on the last mile. Broadband providers should be free to experiment as they add capacity, but not at the expense of the Internet access they deliver to customers today."

ENVIRONMENT:

US Charges Puerto Rico Utility With Environmental Crimes. AFP (6/23) reports, "The US government has indicted a Puerto Rico utility company for 'environmental crimes', and sealed a deal with the utility which will see it pay a record nine million dollar fine for partly polluting US waters." AFP continues, "The US Justice Department and the US Environmental Protection Agency said in a joint statement that the Puerto Rico Aqueduct and Sewer Authority (PRASA) has agreed to plead guilty to the indictment relating to Clean Water Act violations. … The criminal fine of nine million dollars is the largest ever paid by a utility for violating the act." AFP adds, "The indictment from the administration of President George W. Bush against the US island territory in the Caribbean follows the discharge of 'millions of gallons of inadequately treated sewage and raw sewage through illegal discharges,' the statement said. … The Bush administration has been fiercely criticized by environmental groups for rolling-back environmental protections and failing to penalize polluters."

California Supreme Court Denies Review Of Lead Paint Case. The California Recorder (6/23, McKee) reports, "After years of litigation, eight major paint manufacturers may be on the verge of having to get the lead out -- of countless public and private buildings around California, that is." The Recorder continues, "The California Supreme Court on Wednesday refused to review a ruling that OK'd a suit seeking to force manufacturers, such as Atlantic Richfield Co. and Sherwin-Williams Co., to cover the costs of abating lead paint inside and outside all types of structures." The Recorder adds, "The original suit was filed by 12 Bay Area counties, cities and public agencies -- including San Francisco, Oakland and Santa Clara County -- intent on forcing paint makers to fund cleanup costs that plaintiffs lawyer Bruce Simon, a partner in Burlingame, Calif.'s Cotchett, Pitre, Simon & McCarthy, estimated at "potentially billions of dollars." … 'You just have to imagine how many hospitals, schools and public buildings were built prior to 1978,' he said. That was the year the federal government banned lead paint for residential use. … The government entities sued the paint manufacturers on behalf of the public in March 2000, long after the industry had pulled lead paint from the market, but only two years after scientific studies showed that even low-level exposure could cause serious physical harm."

Senate Adds $4 Billion In Emergency Aid For Farmers. The AP (6/23, Quaid) reports the Senate Agriculture Committee Thursday "revived a $4 billion aid measure for farmers struggling with high fuel prices and drought, despite opposition from President Bush and the House." Earlier this month, negotiators "dumped" the farm disaster aid from a spending bill for the war in Iraq and hurricane relief. The White House "disliked the farm aid

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because it raised the bill's price," the AP says. Agriculture Secretary Mike Johanns contended the money "would not give energy relief to every farmer."

CQ (6/23, Richert) says the committee approved nearly $4.2 billion, including $18.2 billion in discretionary spending, for the Agriculture Department and Food and Drug Administration. Agriculture Appropriations Subcommittee Chairman Robert Bennett (R-UT) warned that the funding "would likely be cut again." Also, in a move CQ says "threatens to draw a veto threat from the Bush administration," the committee adopted an amendment that would license farmers to travel to Cuba to sell their products.

National Research Council Says Earth Warmest Since 1600. The CBS Evening News (6/22, lead story, 3:00, Schieffer, 7.66M) reported, "Well, it is getting hot here on Earth. How hot? Well, maybe hotter than it has been in 2,000 years and it is our fault, humans, that is. That in layman's language is the conclusion of a panel of prestigious scientists working for the National Academy of Science that was released today and it could spell serious trouble for the future." CBS (Whitaker) added, "Scientists with the National Research Council concluded with a high degree of confidence that the rise in temperatures the last few decades of the 20th century was unprecedented, adding to the general science of the consensus that much of the temperature up tick is due to human activity." The debate "over global warming is as much political as scientific. The Bush Administration insists the threat is not grave enough to warrant stringent pollution controls and risk American jobs. But Republican Congressman Sherwood Boehlert, who called for the national research council report, says it should put the debate to rest." Rep. Sherwood Boehlert, Chairman, Science Committee, New York: "I welcome the conclusions because nothing in the report raised any doubts about the broad scientific consensus on global climate change."

NBC Nightly News (6/22, lead story, Bazell, 9.87M) reported, "Congress asked the nation's top science body to study the issue after a widely publicized 1998 study concluding the 90s were the hottest decade in a thousand years. The Academy decided the thousand-year comparison may be true, but it said since 1600, the data are absolutely reliable. The evidence – it includes historical records of weather observations, the buildup of coral and reefs which indicates ocean warming, soil and ice samples from cores drilled deep into the Earth, tree ring growth, the wider the ring, the warmer the year, and the size of glaciers; as for the cause of the warming, Dr. Kurt Cuffey of the University of California." Dr. Cuffey: "This information is certainly consistent with the prevailing view that climate is warming due to human influences and will continue to do so in the future."

ABC World News Tonight (6/22, story 8, :25, Gibson, 8.78M) reported, "Congress got a weather report today that caught our attention. It was told the earth's temperature is warmer than it's been in 400 years, possibly the last 2,000 years."

The Washington Post (6/23, A3, Eilperin, 744K) reports the National Academy of Sciences report "on the 'hockey stick graph' -- a much-discussed chart showing a sudden rise in temperatures in the Northern Hemisphere since the Industrial Revolution began -- voiced less confidence about the graph's conclusion that the climate is hotter now than it has been in 1,000 years. As a result, the academy report is not likely to resolve the fierce debate over the extent to which human-generated greenhouse gas emissions are responsible for warming the earth."

The Los Angeles Times (6/23, Maugh, Kaplan, 958K) reports, "Coupled with a report last month from the Bush administration's Climate Change Science Program that found 'clear evidence of human influences on the climate system,' the new study from the council, part of the National Academy of Sciences, signals a growing acceptance in Washington of widely held scientific views on the causes of global warming."

Friedman Says Global Warming Hurts Developing Countries Most. In his New York Times column (6/23), Thomas Friedman says, "For many Americans, combating climate change is at best a cause for green do-gooders and at worse something to be debated. But in a developing country like Peru, where many people live on the land and close to the edge, climate change is neither a hobby nor a question for debate." Peru's "plant and animal species are also being affected. The Andes region is one of the world's most mega-diverse hot spots, home to unique plant and animal species. Its rain forests, mountains and varied terrain create microclimates that provide habitats for endemic species, which have evolved in isolation from one another. As climate change shifts the boundaries between these zones, species found nowhere else in the world are threatened and disappearing."

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Increasing US Reliance On Coal Seen As Unwise. In a New York Times op-ed (6/23), author Jeff Goodell says According to a recent report by the National Coal Council, an advisory board to the Department of Energy that is dominated by coal executives, if America invested $211 billion in coal-to-liquids refineries over the next 20 years, we could make 2.6 million barrels of diesel per day, enhancing the American oil supply by 10 percent. A number of coal-to-liquids plants are on the drawing boards in the United States, and China is eagerly pursuing this technology too." But "let's consider the wisdom of substituting one fossil fuel for another. We already burn a billion tons of coal a year — it generates more than half the electricity in the United States. But thanks in part to ever bigger, more powerful equipment, mining is destroying vast swaths of Appalachia while providing fewer well-paying jobs."

FBI/DEA/ATF/USMS:

Technical Mistake Reveals Conte As Reporter's Source In BALCO Probe. The San Francisco Chronicle (6/23, Egelko, Writer) reports, "Federal prosecutors say Victor Conte, founder of the Bay Area Laboratory Co-Operative, gave a Chronicle reporter information about the proceedings of a grand jury that was investigating BALCO for supplying performance-enhancing drugs to star athletes." The Chronicle continues, "The government's assertions, contained in portions of a federal court filing on Wednesday that were meant to be sealed from public view, stop short of accusing Conte of being the source of grand jury transcripts of testimony by Barry Bonds and other athletes reported in Chronicle articles and in a book by two Chronicle reporters." The Chronicle adds, "The government has subpoenaed the reporters, Mark Fainaru-Wada and Lance Williams, and The Chronicle to identify their source of the transcripts, which had been sealed by a federal judge's protective order. … Prosecutors cite numerous e-mail exchanges about grand jury testimony between Conte and Fainaru-Wada, including a purported offer by Conte to turn over a CD containing the testimony."

The New York Times (6/23, Liptak) reports, "About eight pages of a 51-page government brief filed in federal court in San Francisco on Wednesday were electronically blacked out to protect what prosecutors said was sensitive material concerning a grand jury's investigation into steroid use in baseball. … But the secret passages can be viewed by simply pasting the document into a word processing program. The passages open a window onto a particularly aggressive government leak investigation, one that seeks to force two San Francisco Chronicle reporters to reveal the identity of a confidential source. They also help explain why prosecutors are pursuing the matter so vigorously." The Times adds, "Phil Bronstein, the editor of The Chronicle, said the government might have taken more care to protect the blacked-out passages in light of the nature of its investigation. 'It's a little surprising and ironic in this case in particular,' Mr. Bronstein said, 'that this information which the government filed is somehow available to the public.' … Eve Burton, vice president and general counsel of the Hearst Corporation, which owns The Chronicle, said that prosecutors may be guilty of the very thing they are investigating. 'It is our hope,' she said, 'that the government did not leak the document.'"

The New York Sun (6/23, Gerstein) reports, "Those portions detail e-mail correspondence between Mr. Fainaru-Wada and the founder of a drug lab implicated in the probe, Victor Conte Jr. According to the filing, Conte broached the possibility of giving the reporter a CD containing grand jury transcripts, but added 'Just Kidding.' Mr. Fainaru-Wada pursued the possibility and suggested moving the conversation to a 'pay phone or cell or even meeting that would provide more comfort.' Three days after that exchange in June 2004, the Chronicle published a story detailing testimony about steroid use by a sprinter, Tim Montgomery."

Defendants In Heroin, Fentanyl Case Face Conspiracy Charges. The Chicago Tribune (6/23, Coen) reports two dozen people "charged in this week's takedown of the Mickey Cobras street gang appeared at the Dirksen U.S. Courthouse on Thursday for a reading of the drug conspiracy charges filed against them. Federal prosecutors have charged 47 members and associates of the gang in a sweeping complaint that accuses the Mickey Cobras of selling heroin and fentanyl at the Dearborn Homes housing project. … Christopher Hoyt, special agent with the U.S. Drug Enforcement Administration, said 32 of the 47 charged in the complaint were in custody Thursday."

The AP (6/23) reports a Chicago police officer "swept up in the crackdown on the Mickey Cobras' street gang appeared in federal court Thursday and arranged to post $10,000 bond. Tashika Sledge, 29, was among 47 people charged Wednesday with conspiracy to possess and

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distribute heroin and other drugs. Federal prosecutors contend the officer had a personal relationship with a top gang leader and fed him information about police activity."

UPI (6/22) reports a Chicago policewoman "is among 47 people arrested in a major gang-operated heroin distribution ring run out of a Chicago public housing complex. … The 213-page federal complaint alleges… Tashika Sledge helped the gang leaders by giving access to the police database to determine which members were under surveillance, and enabling them to check vehicle license plates to determine who was following them."

The Detroit News (6/22) reports that in Detroit, DEA spokeswoman Carolyn Gibson "said officials believe the tainted heroin sold in Detroit is linked with the Chicago heroin. Still, 'I cannot confirm at this time that that particular gang is connected,' Gibson said."

Accused Drug Dealer Said To Be Career Criminal. The Detroit News (6/22) reports, "A drug dealer accused of running a dope house where a 17-year-old Birmingham high school student overdosed was a career criminal and a fugitive on numerous parole violations that could have sent him to prison years ago, records show. A toxicology report completed Wednesday confirmed that Lauren Jolly of Bloomfield Township died last month from a lethal dose of fentanyl, a painkiller that has been mixed with heroin and is believed to have killed at least 79 people in Metro Detroit. Donald Edwin Cunningham, 26, with whom Jolly spent the last hours of her life at the house on Keating Street, according to police, violated terms of his parole at least nine times since he was sent to prison in April 2001."

Local TV Coverage. WFLD-TV, Chicago (6/22, 7:00 a.m.) reported, "Federal authorities say more arrests could be coming in connection with yesterday's sweeping gang crackdown. Drug agents swarmed the Dearborn Homes arresting several people they say were dealing drugs for the gang, the Mickey Cobras. The drugs include cocaine, marijuana, heroin laced with fentanyl and among those arrested was a Chicago police officer. Tashiqua Sledge was accused of feeding information to her boyfriend who is an alleged gang member. Police say they have been watching Sledge for months."

WGN-TV, Chicago (6/22, 8:00 a.m.) reported, "Chicago police and federal agents have shut down a major operation that sold killer drugs. Authorities staged a morning raid at the Dearborn Homes complex and charged 47 people in a conspiracy to market heroin laced with the painkiller fentanyl. Most of the suspects belong to the Mickey Cobras gang."

WBBM-TV, Chicago (6/22, 5:00 a.m.) reported, "Officials call it a significant victory in the war on drugs. Federal agents arrested nearly four dozen gang members who sold several types of drugs, the Mickey Cobras ran their operation out of the Dearborn Homes and eventually sold crack cocaine, marijuana, heroin and the potentially lethal prescription pain killer fentanyl."

New Orleans Police Promise "Massive Presence" Amidst Drug Turf War. The New Orleans Times-Picayune (6/23, Varney, 257K) reports that New Orleans Police Department said that, "augmented by the arrival of National Guard and State Police reinforcements," it "will begin deploying a 'massive physical presence' in Central City, Algiers and parts of Uptown," even as Federal law enforcement officials "vowed Thursday to bring federal cases whenever possible against suspects charged with violent offenses, yanking them out of a crippled state criminal justice system struggling to cope with a surge in crime and arrests." According to a recent FBI intelligence dossier, the "resurgence of crime in the city" is due to "a turf war among rival gangs that controlled the narcotics trade before Hurricane Katrina and have moved back into the city." Jim Bernazzani, special agent in charge of the FBI's New Orleans field office, said the report "shows that nine family or neighborhood-based drug organizations have returned to New Orleans and most have taken up residence in and around Central City."

FBI Announces Arrest Of Drug Ring Members. The Philadelphia Inquirer (6/23, Mason, 423K) reports that the FBI said "A drug task force has arrested three people suspected of distributing a deadly combination of heroin and a powerful painkiller." Louis "Bardo" Morales, Osvaldo "Valdi" Seda and Adam J. "Kekito" Torres-Ojeda were held after "the task force seized what agents called 'a large quantity' of heroin in predawn raids" at Morales' and at Torres-Ojeda's homes. "Jerri Williams, an FBI spokeswoman, said the drugs are being tested for fentanyl, a powerful painkiller that increases the odds of taking an overdose," but "declined to provide details of the arrests or seizures until the warrants are unsealed." Still, Chester narcotics Sgt. Joseph Bail said "the Morales organization is believed to be 'a major heroin distribution ring in the city.'"

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Drug Suspect Arrested Nine Months After Faking His Death. The AP (6/23) reports that nine months after Kevin Klarell Washington faked this own death, "federal authorities found the 32-year-old Savannah man alive in Orlando, Fla., and arrested him on charges of distributing crack cocaine stemming from an investigation before Washington vanished." Authorities "had gotten a big break in March, when Washington's wife renewed his Georgia driver's license," but William Kirkconnell, the FBI's supervisory senior special agent in Savannah, notes, "'Based on the timing of his alleged drowning, law enforcement was skeptical at best' of his death."

In Florida, Defense Attorneys Seek Dismissal Of Drug Cartel Case. The St. Petersburg Times (6/22) reports arguments were scheduled to conclude yesterday in a hearing regarding Joaquin Valencia-Trujillo, a Colombian businessman "described by federal prosecutors as a kingpin in the Cali drug cartel. Valencia-Trujillo's attorneys asked U.S. Magistrate Judge Elizabeth A. Jenkins to take the dramatic step of dismissing the case against their client. They say the government's actions, which include detaining a defense investigator as he returned from Colombia and seizing his records, have irreparably harmed Valencia-Trujillo's ability to receive a fair trial."

Texas Woman Gets Life Sentence In Drug Conspiracy Case. The Houston Chronicle (6/23, Rendon) reports a Texas City woman "convicted of conspiracy to distribute crack is headed to federal prison for life without parole, the mandatory sentence after prosecutors presented evidence of prior drug convictions. Carol Denise Richardson, 38, was convicted of conspiracy and several other federal drug charges in March. U.S. District Judge Keith P. Ellison sentenced her June 16. … Prosecutors sought a sentencing enhancement based upon Richardson's prior drug convictions, which raised the mandatory minimum sentence to life without parole."

IMMIGRATION:

High Court Decision Clears Way For Summary Deportations. The Washington Times (6/23, Seper, 90K) reports, "The Supreme Court yesterday upheld the deportation of an illegal alien who lived here for more than 20 years, started a business, married a US citizen and fathered a child -- delivering what immigration specialists said was a setback to other longtime illegal residents who might seek legal status." The Washington Post (6/23, A16, Lane, 744K) says that by a vote of 8 to 1, "the court ruled that the US government properly sent Utah truck driver Humberto Fernandez-Vargas back to Mexico in 2004 because he returned to the US illegally in 1982 after having been previously deported."

The Christian Science Monitor (6/23, Richey, 61K) reports, "Under the 1996 Illegal Immigration Reform and Immigrant Responsibility Act, anyone who sneaks back into the US after being deported is barred from applying to become a legal resident. The law says the old deportation order must be immediately reinstated and carried out, again. In his lone dissent, Justice John Paul Stevens says the law does not apply to those who entered the US prior to its passage - and creates an improper retroactive effect upon illegal immigrants." The ruling "will make it easier for immigration officials to enforce the law. But such enforcement will also jeopardize extensive family, work, and community ties forged by large numbers of illegal immigrants who have led productive lives in the US for decades."

The AP (6/23) reports, "By an 8-1 vote, justices said that Humberto Fernandez-Vargas, who was deported several times from the 1970s to 1981, is subject to a 1996 law Congress passed to streamline the legal process for expelling aliens who have been deported at least once before and returned. … After his last deportation in 1981, Fernandez-Vargas returned to the United States, fathered a child, started a trucking company in Utah and eventually married his longtime companion, a U.S. citizen. … But by the time he applied for legal status - after his marriage in 2001 - Congress had passed the Illegal Immigration and Immigrant Responsibility Act, which revoked the right to appeal to an immigration judge an order of removal."

The Houston Chronicle (6/23, Reinert) reports, "Making it more difficult for longtime illegal immigrants to remain in the United States, the U.S. Supreme Court on Thursday upheld the deportation of a Mexican national who lived in the United States for 20 years and is married to a U.S. citizen." The Chronicle continues, "Of the nine justices, only John Paul Stevens sided with Humberto Fernandez-Vargas, who has been trying to return to his wife and child in Utah since being deported in 2004." The Chronicle adds, "Lawyers for Fernandez-Vargas had argued that the federal Illegal

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Immigration and Immigrant Responsibility Act — which Congress passed in 1996 to speed up the removal of those who illegally re-enter the country after being deported at least once — did not apply to him because he had last re-entered 15 years before the law took effect. … Stevens said Fernandez-Vargas, who is in his 50s, rightly complained that the U.S. government 'changed the rules midgame.' Under previous law, the justice said, the best chance of eventually becoming a legal resident or U.S. citizen was to do exactly what Fernandez-Vargas did: Remain in the country at least seven years, start a business, stay out of trouble and build a U.S. family. … Stevens said the new law had an 'undeniably harsh retroactive effect' that Congress did not intend."

House GOP Leaders Deny They Plan To Thwart Immigration Bill. The Chicago Tribune (6/23, James, 643K) reports House GOP leaders, "stung by charges in recent days that they were trying to thwart congressional efforts at immigration reform," said yesterday "they still hoped to get a bill to President Bush this year." They "pointed the finger at the Republican-controlled Senate for delays in Congress's further consideration of immigration legislation, claiming that the Senate hadn't followed the proper legislative procedures that would allow the House to act." But the House leaders "also made clear that their re-election strategy this year includes blaming Senate Democrats for the perceived flaws in legislation passed by the Senate even though it passed last month with broad bipartisan support." Speaker Dennis Hastert said, "Let me be clear, our goal is to send an immigration bill to the president that is a strong bill on immigration that protects our borders and protects the American people. …We can send an immigration bill to the president this year." The Tribune adds House leaders "made every effort Thursday to link the bill to Senate Democrats, particularly Sen. Edward Kennedy of Massachusetts and Senate Minority Leader Harry Reid of Nevada."

The New York Times (6/23, Hulse, 1.19M) reports House Republicans "announced on Thursday a series of summer hearings on immigration policy to be held in California, Arizona and Texas and challenged the view that the sessions were intended to delay new immigration legislation." Sessions "are planned in San Diego and Laredo, Tex., on July 5 and July 7, respectively, on border vulnerabilities and international terrorism; hearings on English as the official language and enforcement of current immigration laws are planned for mid-July; and hearings are planned in Arizona in mid-August on costs to the government resulting from gaps in border control."

CNN's The Situation Room (6/22, Koppel) reported, "House Republican leaders and other committee members, some of the top committee members in the House, flanked the speaker, Dennis Hastert, this afternoon, as the Speaker made clear that the House wasn't going to compromise on immigration reform just because it's an election year. Dennis Hastert also said that the House wanted to get an immigration bill to President Bush by the end of this year."

NBC Nightly News (6/22, story 7, 2:35, Williams, 9.87M) reported, "Republican leaders insisted today they want an immigration reform bill this year, but the House and Senate bills are so different, the republicans in charge admit it will all be very hard to reconcile. So, the situation on the border will likely continue, at least for now."

WPost, WSJournal Criticize House GOP On Immigration. The Washington Post (6/23, A24, 744K) says in an editorial that House Republican leaders "have refused to open talks to bridge the gaps between" the House and Senate immigration reform bills and "have decided that ironing out the differences within their own party is too onerous. Instead, House leaders have branded the Senate package as a liberal 'Kennedy bill' and promised to run against it in the coming midterm elections. Despite the fact that Congress has already held hearings on immigration for two years, lawmakers plan to hold yet more hearings around the country -- especially in the Southern border states where the House's draconian enforcement approach is electorally potent. This is irresponsible."

The Wall Street Journal (6/23, 2.11M) says in an editorial House Republicans "have decided that the key to saving their majority is not to solve the immigration problem they've spent the last year building into a 'crisis.' Give them credit for novelty, if not for wisdom." This is "the only way to read House Speaker Denny Hastert's decision this week to delay a House-Senate conference on immigration reform, and instead to stage a summer anti-immigration road show. Republicans plan to use the events to further raise the false alarm of 'amnesty,' which means further attacking their own President's immigration policy. We realize this year's immigration debate long ago left the rational world and is now driven entirely by political fear. But even as political strategy, this is the equivalent of snake-handling; it will be diverting to watch, unless the snake bites back."

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Border Patrol Agents Increasingly Face Violence. NBC Nightly News (6/22, story 7, 2:35, Williams, 9.87M) reported, "There are 12,000 border Patrol agents, with another 6,000 to be added over the next two years time." NBC (Teague) added, "After five months of training that covers everything from Spanish classes to high-speed chases, graduates of the Border Patrol Academy enter one of the most dangerous jobs in law enforcement. There were nearly 800 violent assaults against Border Patrol agents last year, a 108% increase from the year before. One reason -- smugglers and others crossing the Mexican border are increasingly armed."

Cannon Faces Tough Primary Challenge Over Immigration. The Washington Times (6/23, Hurt, 90K) reports Rep. Chris Cannon "is a loyal Republican" but he "faces a tough challenge in next week's Republican primary because, his opponent," businessman John Jacob says, he's not tough enough on illegal immigration." Both sides "agree that the election will turn on the issue of immigration and Mr. Cannon has plenty to worry about. In May, Mr. Jacob beat Mr. Cannon at Utah's Republican convention in a 52-48 surprise upset. Because neither candidate collected 60 percent of the convention vote, the nominee will be picked in the Republican primary next week." Cannon is haunted by "a four-year-old quote he made before an audience at the Mexican American Legal Defense and Educational Fund dinner, where he was accepting an 'Excellence in Leadership' award for helping children of illegal aliens get tuition breaks at public universities." Cannon said, "We love immigrants in Utah and we don't oftentimes make the distinction between legal and illegal. In fact, I think Utah was the first state in the country to legislate the ability to get a driver's license based on the matricula consular and of that I am proud." The Times adds Cannon "insists, he's not soft on illegal immigration."

Local Virginia Authorities Lack Authority To Arrest Illegals For Immigration Status. The Washington Times (6/23, Bomey, 90K) reports local Northern Virginia authorities "say they can't stop a van full of illegal aliens that's on its way from Ohio to Manassas, Va., because they don't have the authority to detain them." A sheriff's deputy "in Belmont County, Ohio, detained the aliens for about two hours early Tuesday after stopping the van on Interstate 470 for a traffic violation. A passenger in the van told deputies that they were illegal aliens and heading to Manassas to find work." The deputies "released the group after federal immigration authorities said via telephone they could not interview the aliens." Officials "with the Manassas Police Department and the Prince William County Sheriff's Department said they can't arrest the illegals even if they spot the van in their jurisdictions. Local police in Virginia don't have the authority to make arrests solely on the basis of a person's immigration status."

TAX:

House Votes To Cut Estate Taxes. The AP (6/23, Dalrymple) reports, "The House voted Thursday to cut taxes on inherited estates and relieve thousands of heirs from paying tax collectors beginning next decade. The 269-156 vote, just a few months before an election with control of Congress at stake, saw majority Republicans temporarily setting aside their ambition to abolish the tax." Instead, they "voted to exempt from taxation individual estates up to $5 million and couple's estates up to $10 million, while also blunting the impact on even richer families. The compromise measure now goes to the Senate."

Bloomberg (6/23, Newton-Small, Donmoyer) says that in the Senate, "some Democrats said it is unlikely the House legislation can draw enough support to attract swing votes in their party. Negotiations have begun among some Democrats for a compromise that would cost less to the Treasury than the House legislation, which has been estimated at about 75 percent of the cost of a full repeal."

The Wall Street Journal (6/23, Mullins, 2.11M) reports, "The decision by Republican congressional leaders to seek something less than full repeal reflects the changing political dynamic in Washington. After 12 years in control of Congress, Republicans worry that Democrats could win a majority in the House or Senate after November's congressional elections." The Journal adds, "With Democrats in control -- or even if they just pick up a few more seats in the Senate -- estate-tax repeal would face even longer odds. So, after four years of failed attempts to eliminate the tax, opponents of the estate tax decided to try at least to settle the issue and reduce its bite from what would happen if Congress didn't act at all." The Washington Post (6/23, A6, Weisman, 744K) also says "the estate tax bill -- which would cut but not eliminate taxes on inheritances -- marked a significant turnaround for House Republicans." The Washington Times (6/23, DeBose, 90K) runs a similar report.

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NYTimes Criticizes Measure, GOP Priorities. The New York Times (6/23, 1.19M) editorializes, "Two weeks ago, the Senate killed an effort to repeal the federal estate tax on multimillion-dollar fortunes. The 'no' votes were a stand for budget sanity and basic fairness. But the pro-repeal camp doesn't want to take no for an answer. Yesterday, the House of Representatives passed an estate-tax cut that is a repeal in everything but name. The so-called compromise would exempt more than 99.5 percent of estates from tax, slash the tax rates on the rest and cost at least $760 billion during its first full decade. … No lawmaker who voted for the compromise gets any points for moderation."

A second New York Times editorial (6/23) says that "at the same time that Republicans are fighting to exempt the richest estates from taxes, they are blocking a raise for the nation's poorest workers. … Just 23 percent of Americans approve of the job Congress is doing, according to a recent New York Times/CBS News poll. These dismal ratings are no surprise when Congress's highest economic priority is handing out tax cuts to millionaires and oil companies, and its one point of fiscal restraint is protecting employers from having to pay a decent wage to factory workers and waiters."

CONGRESS-ADMINISTRATION:

House Approves Line-Item Veto. The AP (6/23, Taylor) reports, "President Bush would receive greater power to try to kill 'pork barrel' spending projects under a bill passed Thursday by the House." Lawmakers "voted to give Bush and his successor a weaker version of the line-item veto law struck down by the Supreme Court in 1998, despite a recent series of lopsided votes in which they've rallied to preserve each other's back-home projects. The new power would expire after six years." The AP adds, "The House passed the bill by a 247-172 vote. Thirty-five Democrats joined with most Republicans in voting for the bill; 15 Republicans opposed the measure and others voted for the bill despite private reservations." The measure "must still pass the Senate, and that's by no means a certainty."

Rumsfeld Considering Replacements For Abizaid, Jones. The Wall Street Journal (6/23, Harwood, 2.11M) reports in its "Washington Wire" column that Defense Secretary Donald Rumsfeld is weighing "replacements for key commanders. Army Gen. Craddock of U.S. Southern Command might succeed Abizaid as senior Middle East commander. Air Force chief of staff Moseley is rumored front-runner to succeed Marine Gen. Jones as head of European Command."

The Washington Times (6/23, Gertz, Scarborough, 90K) reports in its "Inside the Ring" column, "Gen. Abizaid and Mr. Rumsfeld have agreed that the general will stay through the summer. But the question is open about whether he will remain at CentCom after that."

FTC Computer Stolen. The Wall Street Journal (6/23, Conkey, 2.11M) reports, "The Federal Trade Commission, the primary regulator enforcing privacy laws, said a laptop containing sensitive consumer data was stolen, adding to a string of disclosures that has exposed lax security practices in government." FTC officials "said a laptop storing the Social Security numbers or other personal data of 110 people was stolen from a vehicle being used by its attorneys last week. The information on it was password-protected but not encrypted. The agency said the individuals who were affected are involved in a continuing legal case, which it declined to identify."

Hacker Obtains Information On USDA Employees, Retirees, Contractors. The Washington Post (6/23, A23, Goldfarb, 744K) reports, "A hacker breached the Agriculture Department's computer system and may have taken personal information on 26,000 employees, retirees and contractors, the department said, making it the latest federal agency to have had personal data compromised." The Post adds, "The potential loss is less dramatic than the one that occurred last month with the theft of a laptop computer and hard drive containing personal information on up to 26.5 million veterans and military personnel from the home of a Department of Veterans Affairs employee." The Agriculture Department "said those affected will receive a year of free credit monitoring. VA announced a similar plan Wednesday after weeks of criticism for its failure to safeguard private data."

Votes Cast In CBP Union Election. In its Federal Diary column, the Washington Post (6/23, D4, Barr, 744K) reports "yesterday was the deadline for casting votes" in the election of a union "to negotiate on behalf of employees at Customs and Border Protection." In petitioning for the election, which set up "a showdown between the American Federation of Government Employees, which represented immigration employees, and the National Treasury

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Employees Union, which represented customs employees," the agency "contended that the Homeland Security merger had raised a series of union jurisdiction issues."

Duvall Says Bush "Much Less Intellectual" Than Clinton, But "Very Bright." USA Today (6/23, 2.31M) reports actor Robert Duvall, his wife, "and friends spent an evening at the White House recently, invited by President and Laura Bush for a screening of Broken Trail. Bush, he says, is 'much less intellectual' than President Clinton, with whom he once spent two hours at a dinner, but 'a very bright guy, very focused — and he'll excuse himself and go to bed at 9 o'clock.'" And there's "something special about a visit to the White House, no matter who the occupant is, Duvall says."

OTHER NEWS:

Economy Expected To Slow In Coming Months. The CBS Evening News (6/22, story 6, 0:20, Schieffer, 7.66M) reported, "A report out today suggests the US economy will weaken somewhat in coming months. The Index of Leading Economic Indicators fell 0.6% in May to its lowest level since October. That drove down stocks on wall street. The Dow lost about 60 points [to close at 11,019.11], the NASDAQ 18 [to close at 2,122.98]." NBC Nightly News (6/22, story 9, 0:10, Williams, 9.87M) also reported the stock numbers, as did the Wall Street Journal (6/23, McKay, 2.11M), among other sources.

Meanwhile, the Wall Street Journal (6/23, McAuley, Ives-Halperin, 2.11M) reports US "jobless claims rose last week, reversing a recent two-week downward trend, and indicating the labor market, though generally sound, may have some slack." Initial jobless claims "increased by 11,000 to a seasonally adjusted 308,000 in the week ending June 17, the Labor Department said Thursday. New claims for the week ending June 10 were 297,000, revised from a previously reported 295,000."

Increase In Fed Funds Rate Urged. William A. Niskanen, chairman of the Cato Institute and a member and acting chairman of the Council of Economic Advisers under President Reagan, writes in the Wall Street Journal (6/23, 2.11M), "Ben Bernanke and the Fed face a critical test at the Federal Open Market Committee meeting next week that will demonstrate whether they are serious about constraining inflation. … Should the FOMC continue to increase the Fed funds rate in order to reduce the inflation rate? Or should it pause for a while, given the selective signs of a slowing economy and a concern by many about the potential effects on the mid-term congressional elections this fall? My vote is for another 25-basis-point increase in the Fed funds rate."

Nevada High Court Reviewing Conflict, Favoritism Charges Against Three Judges. The Los Angeles Times (6/23, Woutat) reports, "The Nevada Supreme Court has asked three Las Vegas judges to respond to reports that they have engaged in conflicts of interest, favoritism and other questionable practices." The Times continues, "Based on the responses of those senior judges and a review of the allegations, first detailed in the Los Angeles Times, the state Supreme Court will decide whether to take action, Chief Justice Robert E. Rose said." The Times adds, "In an interview, Rose also called for beefing up the state agency responsible for investigating judges, and for making it easier to remove senior judges from cases." The Times notes, "The Times articles, published this month, detailed what appeared to be widespread conflicts of interest, favoritism and violations of judicial canons by Las Vegas judges. … The reports focused on eight current or former district court judges and a sitting federal judge. The Supreme Court's inquiry is the first known step toward investigating the allegations. … News media and political commentators in Las Vegas have condemned the behavior described in the reports, and numerous Nevada lawyers praised the disclosures as a step toward reform."

Duncan Drops Out Of Maryland Governor's Race. CNN's The Situation Room (6/22, King) reported that Democrat Doug Duncan says he is dropping out of the Maryland gubernatorial race "because he's suffering from depression. That clears the way for Baltimore Mayor Martin O'Malley to win the Democratic nomination and challenge Republican incumbent Robert Ehrlich this fall."

WPost Says Duncan Announcement Is Disappointment. The Washington Post (6/23, A24, 744K) editorializes, "Duncan's surprise announcement is a disappointment, and not only because hard-fought primary contests are a sign of robust health for any political party. For almost 12 years as the chief executive of Montgomery County, he has been a capable, decisive manager of the state's largest and most economically vibrant locality, overseeing a

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period of staggering growth, immigration and demographic change that left the county stronger and more vital."

Lieberman Votes On Iraq Troop Withdrawals Could Help Primary Opponent. The Washington Post (6/23, A11, Cillizza, 744K) reports Sen. Joseph I. Lieberman (D-Conn.) "further inflamed his party's liberal base yesterday by opposing two Senate measures seeking to limit the scope of the war in Iraq." Lieberman "may have further jeopardized his chances of defeating businessman Ned Lamont in the state's Aug. 8 primary. Lamont, a political unknown until a few months ago, has drawn national attention and rising poll numbers at home in recent weeks -- especially after he drew support from a third of the delegates at a recent state party convention." Lamont spokeswoman Liz Dupont-Diehl said, "This is further evidence of why a lot of people call Joe Lieberman 'George Bush's favorite Democrat." The Post adds Lieberman "was one of six Democrats to vote against both resolutions offered by his Senate colleagues. Of that group, Sens. Ben Nelson (Neb.) and Bill Nelson (Fla.) are the only ones other than Lieberman standing for reelection this fall."

Edwards Calls For Eliminating Poverty By 2036. Knight Ridder (6/23, Funk) reports Sen. John Edwards, "Fresh from his first-place showing among possible presidential contenders in a poll of Iowa Democrats," yesterday spoke "to a roomful of pundits and national reporters, road-testing the big themes he hopes to ride into the White House in 2008." Edwards' "biggest" theme is to "eliminate poverty in the United States by 2036. Edwards, who heads the Center on Poverty, Work and Opportunity at the University of North Carolina at Chapel Hill, has made no secret of his itch to run for president again as long as his wife's health holds out." Edwards said his wife, Elizabeth, who "was diagnosed with breast cancer in late 2004," is "now cancer-free." In "his speech before the National Press Club to about 150 people, Edwards covered several issues, proposing an immediate pullout of 40,000 U.S. troops from Iraq and calling for a bolder Democratic Party, one with 'big ideas and backbone.'" But "mostly he talked about setting a national goal to eradicate poverty over the next 30 years. He proposes to end it not with a rehash of the 'Great Society,' President Lyndon Johnson's string of federal programs in the 1960s, but by ushering in what Edwards called his 'Working Society.'"

The Washington Post (6/23, A9, Balz, 744K) reports Edwards said "the nation should set a goal of eliminating poverty over the next three decades and seek to reclaim the moral high ground internationally by starting to withdraw forces from Iraq." Edwards had "sharp words for his party, saying Democrats must stand for big ideas, backbone and leadership. 'I do not believe in a party obsessed with incrementalism, half-measures, positions based on yesterday's polls,' he said." Edwards said "wiping out poverty would cost $15 billion to $20 billion a year, which he said he would pay for by rolling back President Bush's tax cuts for the wealthiest Americans and preserving the estate tax, which the Republicans are seeking to eliminate."

Study Finds Stewart's "Daily Show" Promotes Cynicism. The Washington Post (6/23, A2, Morin, 744K) reports Jon Stewart "and his hit Comedy Central cable show may be poisoning democracy. Two political scientists found that young people who watch Stewart's faux news program, 'The Daily Show,' develop cynical views about politics and politicians that could lead them to just say no to voting." The finding is "particularly dismaying news because the show is hugely popular among college students, many of whom already don't bother to cast ballots." Jody Baumgartner and Jonathan S. Morris of East Carolina University "said previous research found that nearly half -- 48 percent -- of this age group watched 'The Daily Show' and only 23 percent of show viewers followed 'hard news' programs closely."

Celebrities Under Pressure To Be Activists, Philanthropists. USA Today (6/23, Freydkin, 2.31M) reports Bono, Angelina Jolie and Oprah Winfrey "set the gold standard when it comes to celebrity activism. Bono has been instrumental in raising awareness of global poverty and the AIDS epidemic with his ONE campaign, which has gotten stars such as George Clooney, Matt Damon and Brad Pitt on board." After "initial skepticism, politicians from House Minority Leader Nancy Pelosi, D-Calif., to Sen. Rick Santorum, R-Pa., now wax poetic about the U2 singer, lauding his understanding of the issues." Celebrities "of all stripes find themselves under pressure to use their fame for a higher purpose. With the high-profile examples set by Jolie and Bono, there may come a time, observers say, when a star's lack of charity work will be a liability."

Rumsfeld, Hadley Say Bush Could Order Shoot-Down Of North Korean Missile. The

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Washington Times (6/23, Dinan, 90K) reports Defense Secretary Donald Rumsfeld and National Security Adviser Stephen Hadley said the US "is set to shoot down any North Korean missile launch that threatens the United States." Rumsfeld told reporters that Bush "has the power to order a shootdown, using one of 11 ground-based interceptors now located in Alaska and California," while Hadley said the US "has a missile defense system with 'limited operational capability' that could be used to try to shoot down" a missile. Hadley added that US officials "were vigorously pursuing a diplomatic push to head off a test launch by Pyongyang."

NBC and CBS reported on the missile standoff. On NBC Nightly News (6/22, story 5, 0:45, 9.87M), Brian Williams said the story was "rather urgently reported earlier this evening," but "I'm not sure how urgent it is." NBC (Miklaszewski) added, "Military officials tell NBC News that the Pentagon has issued an execution order which officially puts the US missile defense system on alert to shoot down a North Korean missile but only if it poses a direct threat to the US."

The CBS Evening News (6/22, story 3, 2:45, Schieffer, 7.66M) ran a much longer report focusing on how Russia and China have joined the US "in urging North Korea to call off its preparations to test-fire a long-range missile with the capability to reach the West Coast. No one really believes that if the North Koreans do fire it, they will aim it there, but Administration officials made it clear today that if it does appear it is headed our way, they'll try to shoot it down." CBS (Martin) added, "Orders have been issued to the fledgling missile defense system to be prepared to shoot down the North Korean missile if it is launched in a direction to land on American soil. That includes the Pacific island of Guam, site of a growing US military base. Defense Secretary Rumsfeld said today the decision to fire would be up to the President."

Cheney, Hadley Reject Pre-Emptive Strike Advice. The Financial Times (6/23, Sevastopulo, Alden) reports Vice President Cheney rejected a call by two Clinton Administration Pentagon officials for a "US pre-emptive strike to prevent North Korea from testing an intercontinental ballistic missile." Responding to a Thursday Washington Post op-ed, Cheney "Cheney suggested that the US should not try to destroy the North Korean missile with a pre-emptive strike." Cheney said, "At this stage, we are addressing the issue in a proper fashion. Obviously, if you're going to launch strikes at another nation, you'd better be prepared to not just fire one shot." The Washington Post (6/23, A21, Kessler, 744K) reports others in the Administration, including Hadley, also rejected the advice from ex-Defense Secretary William Perry and ex-Assistant Secretary Ashton Carter.

Knight Ridder (6/23, Landay) says the White House "has little leverage to use on North Korea" despite a US "threat of severe consequences." The US "has no diplomatic or economic ties with North Korea, the rudimentary U.S. missile-defense system is untested in real-world conditions and Pyongyang is regarded as having a right to test missiles, making any American attack to forestall a launch an act of war with potentially explosive consequences."

Ex-Envoy Also Rejects Strike Suggestion. In a Washington Post (6/23, A25, 744K) op-ed, Charles L. "Jack" Pritchard, a former special US envoy for negotiations with North Korea, calls the ex-officials' advice an "egregious suggestion," asking, "If you were Kim Jong Il and saw a buildup of American forces on the Korean Peninsula before an announced preemptive airstrike, would you be thinking that it would be only a limited strike and not the start of an effort to bring down your regime?"

Cheney, Rice, Burns Lead India Nuclear Deal Lobbying Effort. The Financial Times (6/23, Daniel) reports the Administration "set out its strongest defence of the civilian nuclear assistance agreement with India, when" Vice President Cheney "called it 'one of the most important strategic foreign policy initiatives of our government.' His remarks are part of an aggressive campaign to address scepticism ahead of the mark-up of the draft bill next Tuesday in the House international relations committee and on Wednesday by the Senate foreign relations committee." Undersecretary Burns "spent the last two days briefing members on Capitol Hill." Secretary Rice "will make further calls on Friday." Burns, who "addressed fears that the agreement created a double standard by treating India's nuclear ambitions differently from Iran's and North Korea's," is quoted saying, "The message is that [that] country . . . plays by the rules and wants to invite the inspectors in. If India wants to do that, it is a good message for Iran and North Korea." Furthermore, Burns "expected amendments to be introduced next week, but warned that some of them 'could effectively kill the agreement.' He expressed confidence that the House and Senate would agree on 'one piece of legislation' that could be voted on after the July 4 recess." Cheney "also urged Congress to make sure 'that amendments or delays on the US side do not risk wasting this critical opportunity,' and

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encouraged the leaders of the Indian-American Caucus…to 'use their leadership role to help usher through a critical agreement.'"

The Washington Times (6/23, Stuhldreher, 90K) notes that "under legislation introduced in March, an exemption for India would depend upon several conditions: India would have to present a plan to segregate its civilian and military nuclear facilities, negotiate a treaty limiting the production of fissile material, adopt IAEA safeguards, and work to prevent the spread of technology that could assist other states in developing weapons." Additionally, "the 45 nations of the Nuclear Suppliers Group would have to reach a consensus to endorse the deal."

Bush Support Raises Hope For WTO Deal. The Financial Times (6/23, Beattie, Alden) reports the "troubled" Doha round of global trade talks is "witnessing the most serious attempt yet by the European Union, the US and developing countries" to reach a deal. Ahead of a "crucial" meeting of trade ministers in Geneva next week, President George W. Bush's "signal of strong political support for the talks has raised hopes the US will accept more constraints on its farm subsidies and will moderate its demands for access to foreign agricultural markets," the Times writes. A spokesman for EU trade commissioner Peter Mandelson said he had been "impressed" with Bush's "determination during the EU-US summit this week to get a deal done."

The New York Times (6/23, Landler, 1.19M) reports, "A month after he warned that the five-year negotiations for a global trade agreement were in the 'red zone,' the head of the World Trade Organization, Pascal Lamy, said Thursday that he had grown considerably more optimistic about the odds of a deal." Lamy attributed his "confidence to a change in the tone of the United States." While it was not clear whether the United States planned to make any new proposals next week, Lamy said Bush's words this week suggested that Washington was open to a compromise. "Until yesterday, the US side of the triangle had remained locked," Lamy said. "The good news yesterday was that suggestions of flexibility were given by the US, notably by Bush," he added.

EU Trade Chief Urges WTO Talks On Energy. The Wall Street Journal (6/23, A6, Champion, Von Reppert-Bismark, 2.11M) reports EU trade commissioner Peter Mandelson said Thursday he wants a new round of global trade talks that will focus on energy, with the goal of subjecting trade in oil and gas to the same "ordinary rules" as other goods. In an interview, Mandelson said "bringing energy trade and investment under the rules and enforcement procedures of the World Trade Organization would, among other things, require that producers provide free access to transit of such resources." However, the Journal says extending the WTO's reach over energy "would also face enormous hurdles. For one thing, producers are likely to see little to gain in opening up distribution networks to competition."

WSJournal Says Farm Subsidies Distort Global Trade. In an editorial, the Wall Street Journal (6/23, 2.11M) says this week's US-EU summit "did little to end the finger-pointing over who is more at fault for endangering the Doha trade talks by refusing to budge on farm subsidies." According to a report released this week by the Organization for Economic Cooperation and Development "shows that developed countries continue to prop up uncompetitive farmers, to the tune of $280 billion in 2005." These subsidies, the Journal says, "most distort global trade and punish poor farmers in the developing world" and "raise prices for domestic consumers." Farm liberalization, the newspaper continues, "shouldn't hinge on whether or how much other nations lower their barriers to Western goods. The people of Europe, America and Japan would benefit from any move to free up agricultural trade, even a unilateral one."

Olmert And Abbas Meet, Agree To Continue Dialogue. The New York Times (6/23, Erlanger, 1.19M) reports Palestinian Authority President Mahmoud Abbas and Israeli Prime Minister Ehud Olmert "held informal and inconclusive talks over breakfast here on Thursday, their first meeting since Mr. Olmert became prime minister. They embraced and promised to accelerate preparations for a substantive meeting in the next few weeks, both men said afterward." The Times says the "reluctant" meeting "was orchestrated" by King Abdullah of Jordan and author Elie Wiesel. "Neither the Israelis nor the Palestinians wanted a rushed meeting that 'would produce no concrete agreements and could worsen the situation,' said the Israeli deputy prime minister, Shimon Peres, who also attended the breakfast." Olmert "made it clear on Thursday that substantive negotiations on a final peace agreement could not take place while Hamas…remains in control of the Palestinian Authority." He "praised Mr. Abbas as sincere, but said Israel had preconditions before opening such negotiations." Also, Olmert "apologized for the deaths of Palestinian civilians in

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Israeli military efforts to stop the firing of Qassam rockets from Gaza into Israel. The Financial Times (6/23, Morris) leads its coverage with Olmert's apology, saying he told Abbas that "he regretted the deaths of Palestinian civilians in recent air strikes on the Gaza Strip."

The AP (6/23, Halaby) says the two leaders "kissed and embraced Thursday in the first meeting between Israeli and Palestinian leaders in more than a year, and Olmert made a rare apology for Palestinian civilian deaths in recent Israeli airstrikes. Despite the icebreaker," Olmert "said peace talks are unlikely unless the Palestinians' Hamas-led government changes its stripes, and he pledged to keep up attacks against militants."

Survey Finds Deep Division Between Views Of Muslims, Westerners. Knight Ridder (6/23, Latifi) reports, "Muslims and Westerners remain sharply at odds in the way they view each other, according to a 13-country poll released Thursday. Among the findings: Majorities of Muslims in several countries don't think Arabs were responsible for the Sept. 11, 2001, terrorist attacks. Majorities of Westerners in countries surveyed don't think Muslims respect women." Knight Ridder adds, "On the bright side, support for Osama bin Laden is declining among Muslims, and most Muslims believe that democracy can work in Islamic countries."

The Washington Post (6/23, A19, Schrank, 744K) reports that "for the second year running, the survey shows increasing opposition among Muslim populations to violence targeting civilians in the name of Islam. About 71 percent of polled Muslim Indonesians said such violence is never justified, compared with 66 percent last year; in Pakistan, the figure was 69 percent, up from 46 percent; Jordan has had the steepest rise in the proportion of people opposed to extremist violence, up from 11 percent last year to 46 percent. But 'a sizeable number of adherents,' particularly among sampled Nigerian Muslims, still believe that violence against civilians is justifiable in defense of Islam, the survey found."

USA Today (6/23, Page, 2.31M) reports, "The poll by the Pew Research Center found that many Americans and Europeans view Muslims as fanatical and violent. By wider margins, most Muslims in the Middle East and Asia see Westerners as selfish, arrogant and violent. … In an example of conflicting views, about six of 10 of those surveyed in the USA and Western Europe blame 'Muslim intolerance' for the protests and violence this year that followed publication of Danish cartoons depicting the prophet Mohammed. Nearly nine of 10 of those surveyed in Jordan, Egypt, Indonesia and Turkey blame the furor on 'Western disrespect' of Islam. Islam forbids the depiction of Mohammed's image."

The New York Times (6/23, Bortin, 1.19M) says "majorities in every country surveyed except Pakistan expressed pessimism about Muslim-Western relations, with Germany most strongly viewing the situation as bad (70 percent), followed by France (66 percent), Turkey (64 percent), Spain and Britain (61 percent), and Egypt (58 percent)." Pew surveyed 14,030 people from March 31 to May 14 "in Britain, Egypt, France, Germany, India, Indonesia, Jordan, Nigeria, Pakistan, Russia, Spain, Turkey and the United States."

Albright, Danforth, Kohut Discuss Poll. The Christian Science Monitor (6/23, Cook, 61K) reports former Secretary of State Madeleine Albright, former Sen. John Danforth, and Pew Research Center pollster Andrew Kohut discussed a new study by the Pew Global Attitudes Project that examines Muslim public opinion about the US and the West. At a Monitor breakfast, Kohut said, "A real divide does exist between peoples. Muslims and Westerners are generally convinced that relationships are not good these days. Westerners see Muslims as fanatical, violent and not tolerant. Muslims see Westerners as selfish, immoral and greedy.... One of the most startling findings here, most Muslims remain unconvinced that Arabs carried out the September 11 attacks." Sen. Danforth said, "The leaders of Islam have been less than forthcoming in expressing strong views on matters of terrorism.... [Western religious leaders] have not been strong in any respect about how their religion relates to the world beyond themselves." Albright said the US government has "not fully engaged, or have not engaged enough, in what I consider the battle of ideas."

Former DIA Analyst Pleads Guilty To Giving Top Secret Information To China. The Washington Times (6/23, Gertz, 90K) reports former Defense Intelligence Agency analyst Ronald N. Montaperto "has pleaded guilty to illegally holding classified documents and admitted in a plea agreement to passing 'top secret' information to Chinese intelligence officials." Montaperto, "who held a security clearance as a China specialist at a U.S. Pacific Command research center until 2004, pleaded guilty to one count of unlawful retention of national defense information, according to court papers and law officials

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familiar with the case, who spoke on the condition of anonymity."

NRA Prompts Letter-Writing Protest Of UN Forum On Firearms. The Washington Times (6/23, Pisik, 90K) reports UN officials "have received more than 100,000 letters, many of them generated by a National Rifle Association campaign, protesting a U.N. forum on illicit small arms that starts Monday and runs through July Fourth." The form letter to UN Secretary General Kofi Annan available on the NRA Website says, "The 4th of July is America's most revered national holiday. Yet, you have nevertheless chosen that day to meet at the U.N., on American soil, in your drive to ban civilian firearm ownership worldwide. In doing so, you have placed the U.N. squarely on the side of freedom's enemies."

Somali Government, Islamic Faction Sign Ceasefire. The Washington Post/AP (6/23, A20) reports Somalia's "interim government and the Islamic faction that controls the country's capital signed an agreement Thursday that calls for an immediate cease-fire and confers mutual recognition on the warring parties." The secretary general of the Arab League, Amr Moussa, said "the delegation from the Islamic Courts Union, the militia that controls Mogadishu, the capital, and most of southern Somalia, agreed to recognize the legitimacy of the interim government, which is based in Baidoa, 155 miles northwest of Mogadishu."

Lack Of Security Could Undercut Congolese Election. The New York Times (6/23, Polgreen, 1.19M) reports the Congo "presidential and parliamentary elections in July will be the first moment of self-determination for most Congolese; the last multiparty election was in 1965." Since former leader Mobuto Sese Seko "was deposed in 1997, the nation, renamed the Democratic Republic of the Congo, has been caught in the murderous grip of rival militias, both homegrown and backed by neighboring countries. The war has officially been over since a peace agreement between the factions was signed four years ago, but the transition to peace has yet to come." The election is "meant to draw a line between that chaotic past and a more hopeful future. But the process of preparing for the election has been extraordinarily difficult in the troubled and violent eastern regions, where militias have battled government troops over control of lucrative industries like diamond and copper mining, and in the short term the election may cause as many problems as it solves."

Lopez-Obrador Proposes "New Deal" Building Program. The Washington Post (6/23, A18, Roig-Franzia, 744K) reports Mexican presidential candidate Andres Manuel Lopez Obrador, "who is often compared with South American leftists, has found a model in an icon from the north: Franklin Delano Roosevelt." Lopez-Obrador's "economics team has developed a blueprint for what they call the 'Mexican New Deal.' Their modern version of Depression-era populism is an ambitious program to create millions of jobs and stem migration by undertaking huge public works projects, including a railroad network, vast housing developments, ports and timber replanting."

Venezuela's Security Council Bid Seen As Linked To Iran Crisis. In her Wall Street Journal column (6/23), Mary Anastasia O'Grady says, "In Latin America, the competition between Guatemala and Venezuela for the U.N. Security Council seat that Argentina will vacate at the end of this year is of particular importance." Venezuelan President Hugo Chávez "has made it clear that when it comes to geopolitics, his preferences lie with hostile states like Iran, Cuba, Sudan and North Korea. A seat on the Security Council, where the presidency also rotates monthly, would give the Venezuelan strongman ways to make those preferences operational at the multilateral level." Guatemala has "the solid backing of the more serious democracies in the region -- such as Colombia and Mexico -- and insists that it will not withdraw its candidacy. That means that in all likelihood the vote will probably go to the General Assembly. Guatemala believes it can win that ballot. Let's hope so. If not, Latin America will have handed Iran a victory that is likely to threaten world peace."

NYTimes Says UN Human Rights Council Membership Rules Flawed. The New York Times (6/23, 1.19M) says in an editorial, "The Bush administration was right to hold out for high principle when the ground rules for membership on the new United Nations Human Rights Council were being debated earlier this year. Unfortunately, the United States lost that fight, and the council's opening session this week was tarnished by the participation of Pakistan, Saudi Arabia and Cuba, all flagrant abusers themselves and poorly suited to judge the human-rights

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performance of other nations. Other questionable members include China and Russia, which not only circumscribe the rights of their own citizens but also use their clout regularly to defend the indefensible behavior of allies like Uzbekistan or Sudan."

Krauthammer Says Australia's Alliance With US "Heartfelt." In his Washington Post column (6/23, A25), Charles Krauthammer says, "When Australian ambassadors in Washington express support for the United States, it is heartfelt and unalloyed, never the 'yes, but' of the other allies, perfunctory support followed by a list of complaints, slights and sage finger-wagging. Australia understands America's role and is sympathetic to its predicament as reluctant hegemon. That understanding has led it to share foxholes with Americans from Korea to Kabul. They fought with us at Tet and now in Baghdad. Not every engagement has ended well. But every one was strenuous, and many quite friendless. Which is why America has such affection for a country whose prime minister said after Sept. 11, 'This is no time to be an 80 percent ally' and actually meant it."

THE BIG PICTURE:

Headlines From Today's Front Pages.

Los Angeles Times:
"Secret U.S. Program Tracks Global Bank Transfers."
"New Gypsy Vision For The Future."
"Shyamalan Book Tells Of Breakup With Disney."
"Villaraigosa's Plan For L.A. Unified Faces Opposition In Classrooms."
"U.S. Panel Backs Data On Global Warming."
"Mexico's Cartels Escalate Drug War."
"American Dream Still Out Of Reach."

USA Today:
"Court Eases Worker Lawsuits."
"Celebrity Activists Put Star Power To Good Use."
"Cities May Ban Trains With Chemicals."
"Study: 25% Of Americans Have No One To Confide In."

New York Times:
"Bank Data Sifted In Secret By U.S. To Block Terror."
"S.E.C. Is Reported To Be Examining A Big Hedge Fund."
"Senate Rejects Calls To Begin Iraq Pullback."
"In Congo, Hunger And Disease Erode Democracy."
"Doctors See Way To Cut Risks Of Suffering In Lethal Injection."

Washington Post:
"Duncan Drops Bid For Governor, Pitting O'Malley Vs. Ehrlich In Md."
"For The Love Of Ballou."
"Senate's Abramoff Report Disputes Rep. Ney."
"Court Expands Right To Sue Over Wrongs At Work."
"Senate Rejects Democrats' Calls For Iraq Timetable."

Washington Times:
"Senate Rejects Iraq Troop Pullout."
"U.S. Set To Down Korean Missile."
"Duncan Ends Campaign For Governor."
"Ex-DIA Analyst Admits Passing Secrets To China."
"Letters Against Gun Meeting Swamp U.N."
"Free Ride To Manassas And No Stopping Them."
"Putting Dinner On The Table."

Detroit Free Press:
"Car Incentive Wars To Heat Up."
"Cops Nab Fentanyl Suspect."
"UAW Springs For Fun, Perks."
"Feeling Cut Off."
"Secret U.S. Program Spies On Bank Records."

Atlanta Journal-Constitution:
"Few Water Police Guard Taps."
"Violent Crime, Guard Return To New Orleans."
'Metro Law Agencies Tune Up Radio Links For Security Crises."
"It's Not Age Before Duty."

Houston Chronicle:
"U.S. Secretly Scours Bank Data In War On Terror."
"He Lost The Game But Not The Magic."
"7 Held In Plot On Sears Tower."
"Feeling Alone? You're Not The Only One."
"'In A Lot Of Ways, I Still Am Suffering.'"

Story Lineup From Last Night's Network News:
ABC: Afghanistan-Stolen Documents; Iraq-US KIAs; Iraq-Senate Debate; Iraq-US Troops' Opinion; Bush-Hungary; Senate-NSA Surveillance Program; Merck-Zocor Patent; Global Warming; Arizona Wildfire; World Cup-US Out; Petite Women-Clothing.
CBS: Global Warming; Western Wildfires; North Korea Missile; US KIAs; Iraq-Iran Influence; US Economy Forecast;

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Social Networking Websites; Military Credit Monitoring; Faith-Based Health Care; World Cup-US Out.

NBC: Global Warming Report; Iraq-Senate Debate; Santorum-WMDs; Iraq-Iran Influence; North Korea Missile; Afghanistan-Taliban Offensive; Border Patrol Training; Supreme Court-Sexual Harassment; Stock Markets; World Cup-US Out; American Airlines-Cost-Cutting.

Story Lineup From This Morning's Radio News Broadcasts:

ABC: Miami-Terror Arrests; Afghanistan-US Computer Disk Stolen; House-Line Item Veto.

CBS: Miami-Terror Arrests; Treasury-Terror Financing; Pentagon-Missile Interceptor Test; North Korea-Missile Test; Iraq-US KIA; AZ-Wildfire.

NPR: Senate-Iraq; North Korea-Missile Test; Economic Indicators Index; Wall Street; Treasury-Terror Financing; World Cup.

WASHINGTON'S SCHEDULE:

Today's Events In Washington.

White House:

PRESIDENT BUSH — Attends White House Tee Ball Game, South Lawn.

VICE PRESIDENT CHENEY — Speaks on the economy, Chicago Mercantile Exchange Auditorium, 20 South Wacker Drive; speaks at a luncheon for congressional candidate Dave McSweeney, Hilton Chicago.

US Senate: FLOOR SCHEDULE _ 11 a.m. FLOOR SCHEDULE _ Reconvenes for morning business only.

1 p.m. FOREIGN RELATIONS _ Full Committee. Closed briefing on overseas cooperation between the Defense and State departments. State Department counselor Philip Zelikow; Undersecretary of Defense Eric Edelman. Location: Room S-407, Capitol.

US House: No Scheduled Events.

Other: COUNCIL ON BIOETHICS _ President's Council on Bioethics conference. Location: St. Regis Hotel.

NDN MEETING _ NDN holds its 2006 annual meeting, ``What Comes Next: A New Politics for America." Highlights: 8:30 a.m. Rep. Rahm Emanuel. 9 a.m. Sen. Hillary Clinton. 9:30 a.m. Session on ``Progressive Idea-Making in the 21st Century, with Jonathan Alter, Senior Editor and columnist at Newsweek; Rep. Artur Davis; Markos Moulitsas, Internet pioneer; Michael Tomasky, Editor, The American Prospect. 11 a.m. Iowa Gov. Tom Vilsack and NDN President Simon Rosenberg. 12 p.m. Luncheon on ``What's Next for Globalization," with former Mexican Foreign Minister Jorge Castaneda and Loral Space and Communications CEO Bernard Schwartz. Location: Mayflower Hotel.

POW/MIA FAMILIES _ 37th annual convention of the National League of POW/MIA Families. Location: Hilton Crystal City, 2399 Jefferson Davis Highway, Arlington.

AMERICAN FOR DEMOCRATIC ACTION _ Americans for Democratic Action holds its 2006 conference on convention. Highlights: 9 a.m. Session on building a liberal majority, with Reps. Diane Watson, Pete STark, Mike Honda, Rush Holt and Lynn Woolsey. 10:30 a.m. Keynote address: ADA President Rep. Jim McDermott. 11 a.m. Session on a road map for liberal victories, with economist Jeff Faux, Rev. Lennox Yearwood, United Steelworkers President Leo Gerard, others. 12:15 p.m. Luncheon speaker - Rep. Raul Grijalva. 3:30 p.m. Session on governing, with Reps. Barney Frank and Jerrold Nadler, others. 7 p.m. Banquet with honorees John Connolly of AFTRA, Helen Thomas, and Fred Azcarate of Jobs with Justice. Location: Gallaudet University.

LIBYAN DEMOCRACY-CONFERENCE _ American Libyan Freedom Alliance holds conference on ``Working Toward the Return of the Constitutional Legitimacy to Libya. Highlights: 8:45 a.m. Opening remarks by Adel Mekraz, ALFA executive director. 9 a.m. Session 1 topics: ``Libya's struggle for constitutional rule" and ``The political forces behind the 1951 Libyan Constitution." 10:45 a.m. Session 2 Topics: ``The 1969 coup and economic impact of rule by fiat" and ``Libyan civil society and challenges under Totalitarianism." 1:30 p.m. Session 3 Topic: ``US foreign policy and the restoration of constitutional rule in Libya." 3 p.m. Session 4 Topics: ``Writing a new Libyan constitution" and ``The Libyan Experience: Lessons in Law." 4:15 p.m. Concluding remarks by ALFA director Mekraz. Location: HC-5, US Capitol.

RURAL AMERICA _ 8:30 a.m. - 3 p.m. The National Center for Food and Agricultural Policy and USDA hold a workshop, ``Growing Up and Growing Old in Rural America." Highlights: 8:45 a.m. Deputy Agriculture Secretary Chnuck Conner. 9:15 a.m. Rep. Rosa DeLauro. Location: Room 325, Russell.

LIBYA _ 8:45 a.m. - 2 p.m. The Middle East Institute, others, sponsor the first U.S.-Libya Business Association's annual policy conference. Highlights: 9:15 a.m. Keynote address - Rep. Tom Lantos. 10:10 a.m. Session on the diplomatic outlook, with Assistant Secretary of State David

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Welch, and Libyan Amb. Ali Aujali. 11:35 a.m. Session on commercial prospects in Libya, with Deputy USTR Douglas Bell, Deputy Assistant Commerce Secretary Matthew Borman. 12:45 p.m. Luncheon panel on economic reforms in Libya, with Taher El Jehaimi, Secretary of the General People's Committee for Planning, others. Location: Carnegie Endowment for International Peace, 1779 Massachusetts Ave. NW.

PAKISTAN-ENERGY _ 8:45 a.m. - 5:30 p.m. Wilson Center program on ``Meeting Pakistan's Energy Needs in the 21st Century." Participants include: Ziad Alahdad, World Bank Institute; Mukhtar Ahmed, Energy Advisor to the Prime Minister of Pakistan; Shahid Javed Burki, former Pakistan finance minister; John Hammond, United States Energy Association; and officials from the Karachi Stock Exchange; Canadian International Development Agency; elsewhere. Location: Woodrow Wilson International Center for Scholars, 6th Floor Auditorium; Ronald Reagan Building and International Trade Center; 1300 Pennsylvania Ave., NW.

MIDEAST _ 9 a.m. - 2 p.m. The Middle East Institute holds a forum on ``U.S.-Libya Re-Engagement: The Path Forward," with Taher El Jehaimi, Secretary of the General People's committee for Planning. Location: Carnegie Endowment for International Peace.

SUPREME COURT _ 9 a.m. The Washington Legal Foundation holds a discussion to review the 2005 Supreme Court term. Location: Murdock Center for Free Enterprise, 2009 Massachusetts Ave. NW.

SEMICONDUCTOR INDUSTRY-DEFENSE _ 9 a.m. - 10:30 a.m. The Center for Strategic and International Studies (CSIS) will hold a session on the national defense implications of U.S. competitiveness with a particular focus on the semiconductor chip industry. Location: CSIS, 1800 K St. NW.

FIGHTING TERRORISM _ 10 a.m. The Heritage Foundation holds a panel discussion on ``24 and America's Image in Fighting Terrorism: Fact, Fiction or Does it Matter?" with Homeland Security Secretary Chertoff, talk show host Rush Limbaugh, David Heyman of CSIS, James Carafano of the foundation, ``24" Executive Producers Howard Gordon and Joel Surnow, plus ``24 cast members. Location: Reagan Trade Center.

PALESTINE _ 10 a.m. The Council for the National Interest holds a discussion on ``Politics of Starvation: The Humanitarian Crisis in Palestine," with Timothy Rothermel, former UNDP Chief in Jerusalem, and Laila El Haddad, Al-Jazeera International Correspondent. Location: Room SC-6, Capitol.

SMITH _ 10 a.m. Conservative author Mark Smith gives a lecture on a new conservative battle plan for the courts. Location: National Press Club.

JUSTICE-TERRORISM _ 11 a.m. Deputy Attorney General Paul McNulty hosts a pen-and-pad (no cameras) roundtable regarding DOJ efforts to prosecute terrorists after 9/11. Location: Room 4111, main Justice.

ENERGY _ 11:30 a.m. Agriculture Secretary Johanns and Energy Secretary Bodman hold a telephone briefing to discuss their departments' renewable energy efforts. Notes: Callin number: 888-455-0060; passcode: 6761983.

PORT SECURITY _ 12:30 a.m. Kurt Nagle, president of the American Association of Port Authorities, speaks on ``Security, Globalization and American Ports" at monthly Transportation Table lunch. Location: National Press Club, 14th and F Sts. NW.

PRESCRIPTION DRUGS _ 12:15 p.m. The Commonwealth Fund and the Alliance for Health Reform hold a briefing on prescription drug coverage and practices at several health systems. Location: Room G-50, Dirksen.

SARBANES-OXLEY _ 12:30 p.m. The Heritage Foundation holds a seminar on the Sarbanes-Oxley Act, with Alex Pollock of AEI, David John of Heritage, others. Location: 4th floor, Capitol Hill Club, 300 1st St. SE.

USTR-UAE _ 2:15 p.m. USTR Susan Schwab meets with the MAE Minister of Economy and commerce Shikha Luban Al Qasimi. Photo op only. Location: USTR offices, 600 17th St. NW.

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THE ATTORNEY GENERAL'S *NEWS BRIEFING*

PREPARED FOR THE OFFICE OF PUBLIC AFFAIRS, U.S. DEPARTMENT OF JUSTICE

TO: THE ATTORNEY GENERAL AND SENIOR STAFF

DATE: FRIDAY, JUNE 23, 2006 7:45 AM EDT

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TERRORISM NEWS:

DOJ Argues For Dismissal Of NSA Surveillance Suit. The AP (6/23, Kravets) reports, "A lawsuit challenging the Bush administration's domestic spying program must be dismissed because it threatens to reveal state secrets and jeopardize the war on terror, the government says." The AP continues, "The Bush administration plans to make that argument Friday before a San Francisco federal judge, who will hear a case that tests the reach of the president's powers. … The administration argues in legal briefs that the courts cannot decide the constitutionality of the president's asserted wartime powers to eavesdrop on Americans without warrants." The AP adds, "The government is invoking the so-called 'state secrets privilege' in a federal lawsuit filed by a privacy group against communications giant AT&T Inc. over the telecom's alleged involvement in Bush's surveillance program adopted after the Sept. 11, 2001, terror attacks. … 'Resolution of those legal issues depends entirely on facts that, in light of their highly classified nature, cannot be made the subject of litigation,' the Justice Department wrote in a brief to U.S. District Judge Vaughn Walker. … The legal tactic of state secrets privilege, first recognized by the U.S. Supreme Court in a McCarthy-era lawsuit, has been increasingly and successfully invoked by federal lawyers seeking to shield the government from scrutiny by the courts, from espionage cases and patent disputes to routine employment discrimination lawsuits."

Specter Grills AT&T CEO Over NSA Surveillance Program. ABC World News Tonight (6/22, story 6, 1:40, Gibson, 8.78M) reported, "The CEO of AT&T appeared before the Senate Judiciary Committee today. Committee Chairman Arlen Specter tried to find out if" stories that "giant phone companies like AT&T were supplying information on their customers' calls to the government" were true. It was a "confrontation that became rather tense." In a sample of the back and forth, Specter asked, "Does your company provide information to the Federal Government or any law enforcement information about customers?" Whitacre: "If it's legal and we're requested to do so, of course we do." Sen. Specter: "Have you?" Whitacre: "Senator, all I'm going to say is we follow the law." Specter concluded by saying, "Well, I think that answer is contemptuous of this committee." Gibson: "The AT&T Chairman did eventually say he couldn't answer because it's classified information to which Senator Specter said, they'd discuss that privately."

AT&T Changes Privacy Policy On Data-Sharing. The AP (6/23) reports, "AT&T Inc. is changing its privacy policy for Internet and television customers to specify that account information is a business record the company owns and can be disclosed to government and law enforcement and to protect the company's 'legitimate business interests.'" The AP continues, "AT&T said that the account information, which includes the customer's name, address, telephone number and e-mail address as well as information about the customer's services, constitute business records and are owned by AT&T. The company said account information doesn't include usage information, such as how a person uses the Web or what programs a person using the company's television service watches." The AP adds, "The company may disclose customer information 'in response to subpoenas, court orders, or other legal process, or to establish or exercise our legal rights or defend against legal claims,' the company said in the policy update, which was sent to 7 million Internet and television customers. … The new policy takes effect Friday."

Treasury Secretly Tracks Terror Suspects' Financial Data. Stories about the Terrorist Finance Tracking Program appeared on the front pages of major US newspapers. The Wall Street Journal (6/23, A1, Simpson, 2.11M) reports, "Since shortly after the Sept. 11, 2001 terrorist attacks, the U.S. Treasury Department has been secretly tracking suspected terrorist financing through a far-reaching program that gives it access to records from" Swift, the network that handles nearly all international financial transfers. The Terrorist Finance Tracking Program "operates under a series of broad U.S. subpoenas." Although "U.S. officials said few American citizens would have financial data that fall under the program, because they are unlikely to engage in international money transfers," the "disclosure of its existence may be controversial in Europe and other parts of the world and within the global banking industry." Treasury Secretary John W. Snow "called the program an 'essential tool' for fighting terror and said it had effective oversight and safeguards," adding, "It is not 'data mining.'" Stuart Levey, Treasury's top counter-terrorism official, also said "the data isn't subjected to controversial data-mining techniques."

The New York Times (6/23, A1, Lichtblau, Risen, 1.19M) adds, "Among the safeguards, government officials said, is an outside auditing firm that verifies that the data searches are based on intelligence leads about suspected terrorists." Levey also noted that "one person had been removed from the operation for conducting a search considered inappropriate." In 2003, after Swift executives and some board members "met with Mr. Greenspan, Robert S. Mueller III, the F.B.I. director, and Treasury officials, among others, in what one official described as 'a full-court press'" the Administration "pledged to impose tighter controls" in exchange for continued access to the data.

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Notably, "Intelligence officials were so eager to use the Swift data that they discussed having the C.I.A. covertly gain access to the system." The Times calls the program "a significant departure from typical practice in how the government acquires Americans' financial records." Several officials said "access to large amounts of confidential data was highly unusual…and stirred concerns inside the administration about legal and privacy issues." Even one former senior counterterrorism official who considers the program valuable said that "While tight controls are in place…'the potential for abuse is enormous.'" Some current and former government officials also "expressed reservations about the program, saying that what they viewed as an urgent, temporary measure had become permanent nearly five years later without specific Congressional approval or formal authorization."

The Los Angeles Times (6/23, Meyer, Miller, 958K) notes "Current and former U.S. officials say the effort has been only marginally successful against al-Qaida," but the program is valuable for "tracking lower- and mid-level terrorist operatives and financiers who believe they have not been detected and militant groups, such as Hezbollah, Hamas and Palestinian Islamic Jihad, that also operate political and social welfare organizations." The Times calls the program "part of an arsenal of aggressive measures the government has adopted since the Sept. 11 terrorist attacks that yield new intelligence, but also circumvent traditional safeguards against abuse and raise concerns about intrusions on privacy." The Times notes "a former senior Treasury official expressed concern that the SWIFT program allows access to vast quantities of sensitive data that could be abused without safeguards" and "questioned what becomes of the data, some of it presumably related to innocent banking customers."

Administration Asked NYTimes Not To Publish Article. The New York Times (6/23, A1, Lichtblau, Risen, 1.19M) reports "Administration officials…asked The New York Times not to publish" the article on the program and "enlisted several current and former officials, both Democrat and Republican, to vouch for its value." Dana Perino, deputy White House press secretary, said "The president is concerned that once again The New York Times has chosen to expose a classified program that is working to protect our citizens."

Guantanamo Documentary Said To Be Flawed. The Wall Street Journal (6/23, Morgenstern, 2.11M) reviews the documentary "The Road to Guantanamo," calling it "filmmaking with the potential to mold public opinion." But "no facts are to be found here, only personal narratives that may or may not be factual, and remarkably skillful re-creations that invoke twin powers of the film medium -- to dramatize, and to propagandize." USA Today (6/23, 2.31M) also reviews the film, saying it "falls short of greatness by not providing enough insight into the characters. It is mostly intent on inciting a sense of outrage in the viewer, and it succeeds." In his Washington Post (6/23, 744K) review of the movie, Stephen Hunter writes, "Where's the love? There isn't any in any military prison and there hasn't been for 4,000 years. But is this torture? You must make your own call."

HOMELAND RESPONSE:

FBI Raid Nabs Terrorists In Miami. CNN (9/22, Cooper) reported that the FBI and state and local police conducted anti-terrorism raids In Miami Thursday. CNN added, "Now at this point, seven people are under arrest. Law enforcement officials tell CNN the individuals being detained are suspected of plotting terrorist attacks inside the United States. According to at least one law enforcement source, some of the possible targets may have included the Sears Tower in Chicago and Miami's FBI offices. Those just two possible targets, according to one law enforcement source telling CNN."

The Washington Post (6/23, A26, Whoriskey, Eggen, 744K) reports that the "suspects were described as supporters of militant Islam but not members of al-Qaeda." FBI Special Agent Richard J. Kolko said the "operation was a 'terrorist-related matter' but that 'the individuals arrested posed no immediate threat to the U.S.,'" and law enforcement officials said "the plotting was in its early stages." Also, "as of 9:15 p.m. no weapons or explosives had been seized from the searched locations." The New York Times (6/23, 1.19M) adds that a law-enforcement official, speaking on condition of anonymity, "said the investigation had been going on for more than a year."

The Miami Herald (6/23, Benn, 323K) adds that an anonymous official said "Five of those arrested are U.S. citizens, one is a legal U.S. resident and one is an illegal alien." The source added that "the group thought that they 'were doing (the attacks) in conjunction with al Qaeda' but were really dealing with undercover law enforcement." MSNBC (6/23) adds, "An FBI informant infiltrated the group, the sources say, neutralizing the threat."

The Chicago Tribune (6/23, Tackett, Zeleny, 643K) reports that a senior law-enforcement official said, "They talked about belonging to an Islamic army. They wanted to raise an army in the U.S…. But they didn't have the means to do this." The Wall Street Journal (6/23, A6, Squeo, 2.11M) notes that this is the "kind of home-grown threat that U.S. officials have feared since the London subway bombings last year." Still, CNN (6/23) reports that law enforcement sources said "that at least one had taken 'an al Qaeda oath.'"

The South Florida Sun-Sentinel (6/23, Nolin, Holland, 249K) adds, "The suspects are being held in the federal

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detention center in downtown Miami and will appear in magistrate court this morning." The AP (6/26) notes, "Managers of the Sears Tower, the nation's tallest building, said in a statement that they speak regularly with the FBI and local law enforcement about terror threats and that Thursday 'was no exception.'" The AFP (6/23) adds, "Another person was arrested in Atlanta, Georgia as well, according to television reports." The Washington Times (6/23, 90K) and UPI (6/23) also cover this story.

CNN.com (6/23) reports, "Federal law enforcement sources said five of the seven men were Americans, one was an illegal immigrant from Haiti whose visa had expired and the seventh was a resident alien. … Sources told CNN that the arrests culminated a monthslong undercover operation. The suspects believed they were dealing with an al Qaeda operative but the person was actually a government informant, the sources said."

The AP (6/23, Kennedy) reports, "Miami U.S. Attorney R. Alexander Acosta said in a statement that more details about the probe would be released Friday. … 'There is no imminent threat to Miami or any other area because of these operations,' said Richard Kolko, spokesman for FBI headquarters in Washington. He declined further comment."

Mueller Says Miami Operation Should Be Concluded Tomorrow. FBI Director Robert Mueller was asked on CNN's Larry King Live (6/22) about today's anti-terror operation in Miami. Mueller said, "I can tell you that we do have an ongoing operation in Miami. We are conducting a number of arrests and searches and we'll have more about that when the operation is concluded, probably tomorrow morning."

Mueller Says US Is Much Safer Now Than Before 9/11. FBI Director Robert Mueller said on CNN's Larry King Live (6/22), "I think we have taken substantial measures to protect the country. I will say we're not -- we're much safer than we were before September 11th. We're not totally safe, but because we've taken off a number of the leaders of al Qaeda around the world with the CIA and with our counterparts overseas, they don't have the same leadership they had in the past. We took away the sanctuary of Afghanistan. But if you look at what happened in London the last year, you look at what happened in Canada, we have to be concerned those who espouse the same philosophy."

Mueller Says FBI, NYPD Addressed Threat Described By Suskind. FBI Director Robert Mueller was asked on CNN's Larry King Live (6/22) about author Ron Suskind's report that a terror cell came within weeks of striking New York's subway with poison gas. Mueller said, "I'm familiar with the incident that Ron Suskind describes. And there was a threat back then that -- we had information about a possible strike against the subways in New York. We worked with the New York Police Department to address that threat. And went to the public now and I can tell you we had addressed that threat. … Meaning it is no longer a threat."

Mueller Announces Mason As FBI's Assistant Director For Investigations. The Washington Times (6/23, Seper, 90K) reports that FBI Director Robert S. Mueller III announced "FBI veteran Michael A. Mason, who formerly headed the bureau's Washington field office, has been named the bureau's executive assistant director for investigations." Mueller "said Mr. Mason has 'the knowledge and experience' with both criminal investigations and administrative matters 'to ensure that the criminal programs receive strategic guidance and support,'" adding, "I have no doubt the FBI will maintain its unparalleled level of excellence in criminal investigations."

Cities Considering Bans On Chemical Rail Shipments. USA Today (6/23, 1A, Hall, 2.31M) reports in a front page article that at least six US cities may follow Washington, DC, in placing "a ban or limit on rail shipments of deadly chemicals in an effort to prevent terrorists from turning tank cars into weapons of mass destruction." Fred Millar, an environmentalist, "who helped" with the passage of Washington's ban last year, said he "cannot imagine an easier way for al-Qaeda to fulfill its goal than to take out a (chlorine-filled) tank car." Meanwhile, DHS' William Flynn "says security assessments have been conducted along tracks in five cities. Flynn acknowledges the measures may not stop a terrorist attack. 'We can reduce risk,' he says. 'We can't eliminate it.'"

Arguments Heard In 9/11 Workers' Toxic Exposure Case. The New York Times (6/23, Depalma, 1.19M) reports a federal district court judge in Manhattan "heard oral arguments yesterday on the city's motion to dismiss a lawsuit brought on behalf of more than 8,000 firefighters, police officers and construction workers who say they were harmed by exposure to toxic substances while working at ground zero." Though NYC "lawyers have argued that the city cannot be sued because it has legal immunity under a state civil defense law," lawyers for the workers say "that Congress would never have established a $1 billion insurance fund in 2003 if it believed that the city was immune from negligence lawsuits. … The city has argued that it will be handicapped in responding to any future disasters if the possibility of negligence lawsuits is left hanging."

WAR NEWS:

In Budapest, Bush Draws Parallel Between Iraq War, Hungary's Freedom Struggle. ABC World News Tonight (6/22, story 5, Gibson, 8.78M) reported

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President Bush "invoked the Iraq war while visiting Hungary today. He was there to mark 50 years since Hungary's failed uprising against communism. And he drew parallels between that long struggle and the fight for democracy in Iraq." The President was shown saying, "Iraq's young democracy still faces determined enemies. Defeating these enemies will require sacrifice and continued patience. The kind of patience the good people of Hungary displayed after 1956." ABC was the only network to cover Bush's trip last night.

The Washington Post (6/23, A18, Abramowitz, 744K) reports Bush "hailed Hungary's resistance as a story that 'inspires all who love liberty,'" and "sought to draw parallels between Hungary's transition from dictatorship to democracy and the US enterprise in Iraq." In Budapest, Bush "consulted Thursday with" President Laszlo Solyom and Prime Minister Ferenc Gyurcsany "about the Balkans, Iran, energy and a dispute over visa policy." Bush's "symbolic gestures here appeared likely to be appreciated by many Hungarians, who perhaps with some ambivalence lined the streets for a glimpse of the American president on his first visit to Budapest."

The Financial Times (6/23, Condon, Alden) adds, "A day after working to repair ties with European leaders dismayed by US foreign policy," Bush "returned to more assertive rhetoric on Thursday while paying tribute to the fallen heroes of Hungary's 1956 anti-Soviet uprising. … The confident tone of the president's remarks contrasted with the softer approach he used to mend relations with leaders from western Europe."

The New York Times (6/23, Stolberg, 1.19M) says the Budapest stop "was largely ceremonial, with themes of freedom and democracy sprinkled throughout. … But tensions surfaced amid the pomp." Leaders in eastern Europe are pressing Mr. Bush for their countries to be included in a waiver program that allows foreigners to visit the United States for three months without a visa."

The Los Angeles Times (6/23, Gerstenzang, 958K) reports, "During the day, Bush also viewed the Holy Crown of St. Stephen, the king who resolved to make Hungary a Christian kingdom. The crown fell into US hands at the end of World War II. President Carter approved its return to Hungary in 1978 to recognize improving respect here for human rights despite continued Communist domination." And Bush "placed a bouquet at a dark gray granite monument, built 10 years ago, to those who died in the 1956 uprising."

The Washington Times (6/23, Dinan, 90K) notes Bush "travels next month to the Group of Eight summit in St. Petersburg where he will be under pressure to take a harsh stance on Russian President Vladimir Putin's backsliding on democracy. White House officials had said yesterday's speech was not a message to Mr. Putin, but the Russian leader could certainly see it that way. … The president mentioned the Soviets' role three times, and specifically blamed 'the communists in Moscow' for the brutality."

USA Today (6/23, Jackson, 2.31M) reports, "This trip had a different feel from ones around the time of the Iraq invasion in March 2003, when European leaders split sharply with the Bush administration and blocked an invasion resolution in the United Nations. One sign of reduced tension: fewer protesters. Hundreds were seen at Wednesday's EU summit in Vienna, as opposed to thousands in past years." During this trip, "Bush and European leaders said disputes over Iraq are behind them. While the war there still rages, Europeans support the emergence of a democratic government in Baghdad, and leaders chose instead to focus on areas where they agree, such as stopping the spread of nuclear weapons in Iran and North Korea."

Bush Seen As Having Taken "Milder Line" On Russia Than Did Cheney. The AP (6/23, Loven) reports Putin "has been irritated by Bush's attention and visits to former Soviet states." Bush "talked with Hungarian officials about how to reassure Putin that promoting democracy and freedom among Russia's neighbors 'is not some kind of effort to encircle Russia but is, in fact, a good thing for Russia because democratic states make good and peaceful neighbors,'" said National Security Adviser Stephen Hadley, traveling with Bush.

The Wall Street Journal (6/23, Harwood, 2.11M) reports in its "Washington Wire" column that President Bush took a "milder line in Europe than Cheney last month in Lithuania. His commemoration of Hungary's 1956 uprising signals continued displeasure over Putin's antidemocratic moves, but aides concede they have little leverage. White House will send low-ranking State official to pre-G8 gathering of Russian opposition figures, disappointing Putin critics. But 2008 Republican contender McCain and Clinton ex-adviser Albright plan joint Washington appearance denouncing Russian autocracy."

Hungarian Economy In Deep Trouble. USA Today (6/23, Lynch, 2.31M), meanwhile, says Bush "was in Hungary on Thursday to talk politics. But for his hosts, economics are more urgent. Once an impressive post-communist success, Hungary now finds itself a leading contender to become the next emerging-markets disaster. The Budapest stock market has plunged more than 22% since May 5 as global investors reawakened to the risk involved in developing nations. Towering twin deficits in both its government budget and current account make Hungary especially vulnerable."

LATimes Says Comparison Between '56 Uprising And Iraq War "Troubling." The Los Angeles Times (6/23, 958K) editorializes that "by drawing a direct link between Hungary's quashed anti-communist rebels of 1956 and Iraq's struggling leaders of 2006," Bush "offered a troubling reminder that his administration continues to confuse the

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Cold War with the vastly dissimilar war on terrorism -- while refusing to acknowledge any limitations on the use of American power." The Times concludes that "staking a nation's foreign policy on Iraq resembling Hungary is a recipe for disappointment -- or something much worse."

Top US Officials, GOP Lawmakers Say WMD Found In Iraq. Fox News' Special Report (6/22, Hume) reported, "Top administration officials said today that chemical and biological weapons have indeed been found in Iraq and they now worry what this could suggest about other hidden weapons there and the possible dangers to US troops." Fox (Angle) added, "US intelligence officials believe the weapons were made prior to the Gulf War in 1991 and officials say they have seriously degraded over time. But the declassified report says they are still lethal and Secretary Rumsfeld said that is a concern for all those in Iraq."

Most reports are treating the significance of the finding skeptically. NBC Nightly News (6/22, story 3, 2:15, Reid, 9.87M) reported on a "battle brewing over weapons of mass destruction and at the center of it all, Republican Senator Rick Santorum. The story begins Wednesday afternoon with the release of a one-page summary of a Pentagon report stating that '…approximately 500 weapons munitions which contain degraded mustard or sarin nerve agent' have been found in Iraq since 2003. Republican Pennsylvania Senator Rick Santorum rushes out a press release and heads for the Senate floor…" Sen. Santorum: "This is an incredibly significant document." NBC added that late yesterday, "the Secretary of Defense weighed in. He said that those 500 shells are 'weapons of mass destruction.' But he was not asked and he did not comment on whether that they're the kinds of weapons of mass destruction that justified invading Iraq."

The Washington Post (6/23, A10, Pincus, 744K) titles its report "Democrats Criticize Claim On Iraqi Arms," and says, "The assertion by two Republican lawmakers that a new intelligence study proves that chemical weapons were found in Iraq has triggered sharp criticism from Democrats that the GOP is distorting intelligence for political purposes." The Army finding "was seized on by Rep. Peter Hoekstra (R-Mich.) chairman of the House Permanent Select Committee on Intelligence," and Santorum, "a strong supporter of the war who is trailing his Democratic opponent in his reelection bid."

Under the headline "For Diehards, Search For Iraq's W.M.D. Isn't Over," the New York Times (6/23, Shane, 1.19M) reports that after Santorum's announcement, "American intelligence officials hastily scheduled a background briefing for the news media on Thursday to clarify" that the Army report "that described roughly 500 munitions containing 'degraded' mustard or sarin gas, all manufactured before the 1991 gulf war and found scattered through Iraq since 2003. Such shells had previously been reported and do not change the government conclusion, the officials said."

Senate Rejects Democratic Measures Calling For US Withdrawal From Iraq. The CBS Evening News (6/22, story 5, 2:00, Schieffer, 7.66M) reported, "The Republican-led Senate today defeated two Democratic proposals for withdrawing US forces from Iraq, though the Pentagon reportedly is considering a small cut in troop strength involving a few thousand troops." ABC World News Tonight (6/22, story 3, 2:35, Gibson, 8.78M) said senators "voted 86-13 against requiring a pullout of combat forces by July 2007. Then, voted 60-39, to defeat a measure that simply urged President Bush to start pulling out troops this year." USA Today/AP (6/23, Sidoti) notes "Rhode Island Sen. Lincoln Chafee, who also is up for re-election, was the only Republican supporter of the troop withdrawal resolution."

Most media coverage last night and this morning focuses on which party emerges from the debate in a stronger position on the Iraq issue. There is no clear consensus on who "won" the debate, although a number of media outlets describe the Democratic caucus as divided. The Christian Science Monitor (6/23, Feldmann, Chaddock, 61K) headlines its story "In Iraq War Vote, Democrats Fail," and says "the Republicans appeared intent on portraying the Democrats in two negative ways -- first, as divided (read: weak) on how to proceed in the war, and second, as quitters wanting to 'cut and run.' Whether the debate, and one held last week in the House, will affect public opinion on the war remains to be seen. But as a piece of political strategy, analysts saw Republicans taking a weak hand -- a war that has become chronically unpopular -- and making the most of it." Knight Ridder (6/23, Kuhnhenn) also says the debate "exposed divisions among Democrats."

The Washington Post (6/23, A1, Babington, 744K) says the GOP displayed the "cohesion that has eluded Democrats," and adds the votes "underscored the Democratic constituency's split between staunchly antiwar activists and those who are frustrated but less fervent." The Post also reports, "The GOP solidarity was a vote of confidence in the White House and a gamble that the situation in Iraq will stabilize, or at least not worsen, between now and November. The administration worked hard to reassure nervous Republicans, having the Pentagon send them a thick binder of talking points about the war's progress and the need to stay the course until Iraqis can maintain order in their country."

The Washington Times (6/23, Fagan, 90K) notes Republicans "used yesterday's vote for political points, too. The National Republican Senatorial Committee quickly sent out an e-mail yesterday bashing Sen. Robert Menendez, a

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Democrat running for re-election in New Jersey, for supporting Mr. Kerry's plan. A spokesman said it 'puts him not just on the fringe of American politics, but also on the fringe of the Democrat Party.'" Democrats "were split yesterday."

The Wall Street Journal (6/23, Rogers, 2.11M) reports "the recent killing of terrorist leader Abu Musab al-Zarqawi and the formation of the new government in Baghdad have increased Republican confidence about the Iraq venture. And whatever their remaining doubts, Republicans have chosen to project unity, hoping to shift attention from the war itself and focus on the splits among Democrats."

The New York Times (6/23, Zernike, 1.19M) reports Republicans "lined up squarely behind President Bush," and adds "Democrats, believing that polls show a majority of Americans want troops to begin coming home, mocked Republicans after the vote as being a 'rubber stamp' for Mr. Bush."

NBC Nightly News (6/22, story 2, 2:00, Reid, 9.87M) reported that "in typical Washington fashion, both sides are claiming victory here today. The Republicans say they are united behind their stay the course position. They say the Democrats are divided and appear weak on national security. Democrats, though, say they may have differences on timing, but they say they agree on a fundamental point and that is that there needs to be a major course change in Iraq and a focus on getting the troops home and they say that is closer to how the American people feel about Iraq." CNN's The Situation Room (6/22, King) reported Democrats are "hoping to change the story line of the debate from Democrats are divided to Democrats are united."

The Los Angeles Times (6/23, Reynolds, 958K) says the votes were "less an attempt to legislate than a test of Democratic unity on an issue that could prove decisive in November's congressional elections and the 2008 presidential race." The Times adds that "in a sign of the attitudes among this constituency, Democratic senators earned only measured praise Thursday from Tom Andrews, national director of Win Without War, a coalition of liberal groups opposed to the war." Andrews "lauded those who voted for the Kerry measure. He said war opponents would likely view the strong Democratic support for the Levin-Reed proposal as 'a half-step in the right direction, but it's only a half-step.'"

Casey Considering Small, Gradual Troop Reduction In Iraq. CNN's The Situation (6/22, King) reported, "In the midst of a political war over bringing the troops home, there's growing pressure on the Pentagon to reduce force levels. Military sources tell CNN the commanding general in Iraq, George Casey, is considering recommending a small and gradual troop reduction in Iraq. Sources say this would amount to, at most, some 6,000 to 10,000 troops."

Cheney Makes Case Against Timetables For Troop Withdrawal. Vice President Dick Cheney said on CNN's The Situation Room (6/22) that calls from Senate Democrats to set a timetable for US troops to leave Iraq are "wrong in many respects," adding, "We are making significant progress. We have had major success on the political front in terms of three national elections last year by the Iraqis. They've stood up a brand new government under a new constitution for the first time ever. We have got a quarter of a million Iraqis now in uniform, equipped, trained, in the fight. So there has been significant progress made with respect with what's going on in Iraq." Later in the interview, Cheney expanded on his point, noting, "You're not going to complete the mission if we follow the Democrats' advice. And, in fact, we will have set up the situation in which the al Qaeda types can win." They are betting that the US does not "have the stomach for the fight, and we can not afford to validate that strategy. We can win -- we are winning -- but we've got to stay at it."

ABC World News Tonight (6/22, story 3, 2:35, Stephanopoulos, 8.78M) reported on Cheney's CNN interview. Cheney was shown saying, "The worst possible thing we could do is what the Democrats are suggesting. Packing it in. Going home, persuading and validating the theory that we don't have the stomach for this fight."

US Soldiers React To Debate. ABC World News Tonight (6/22, story 4, 1:10, Gibson, 8.78M) reported, "As George said right at the end, the debate in the Senate was a preview of arguments about the war that will be raised in this fall's congressional elections. How voters react is important. But what do the soldiers in Iraq think about the debate? They were very aware it was going on. And we were struck by some of the voices we heard on NPR this morning. NPR's Phillip Reeves is embedded with the 506th Infantry Regimen in Iraq." Sgt. Britt Ruble: "It's easy for somebody in an air-conditioned office, back in the states to state their opinion. Unless you've done the deed, spilled blood with your men on the dirt, you really can't talk about it intelligently because you don't know what's going on." Spc. Roger Sanchez: "Everything happens out here from mortars to IEDs to RPGs being shot at us. Weapons being shot at us. I wasn't expecting all this. I don't guess anybody can imagine what exactly it is like unless they're in it." Sgt. Britt Ruble: "If we pull out too early and go home, and we don't finish it, that means that all those guys have done it for naught. And I don't want to see that happen. I want to do it and do it right. So when we go home, we can say, hey, look what we've done."

The Washington Times (6/23, Gertz, Scarborough, 90K) reports in its "Inside the Ring" column, "Army officers back from Iraq express frustration with what they consider the drift of the Democratic Party back to the left-wing days of the 1960s and '70s. The officers say that a definite departure

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date for U.S. troops from Iraq, which some Democrats are embracing, would be a clear victory for al Qaeda."

Reed Says Democrats Had A "Strong Showing" On Iraq Amendments. Sen. Jack Reed said on MSNBC's Hardball (6/22), "We got a strong showing from the Democratic Caucus. This is a very difficult issue. I don't think anyone assumes that it should be one that is completely unanimous, but we had a very strong showing. And I think we enunciated a policy that is not only the best policy, but it's a policy that appears to be one being advocated by General Casey, who is today talking about troop reductions this year, and also by the Iraqi national security adviser, who predicts that before the end of this year, we'll reduce troops."

Bond Says Timetables Have More To Do With Election Than Iraq Mission. Sen. Kit Bond said on MSNBC's Hardball (6/22), "What these amendments did, both the Kerry and the Reed-Levin bill did, was to say that it's not going to be the generals there on the ground looking at it who decide when the security forces of Iraq are adequate to take over. It's going to be a political timetable. Unfortunately, there is a suspicion that that political timetable has more to do with November 7th's general election than whether we complete our mission in Iraq."

Casey Says Iran Helping Iraqi Insurgents. The CBS Evening News (6/22, story 5, 2:00, Schieffer, 7.66M) reported "American forces in Iraq apparently facing a potent new enemy: Iran." CBS (Cowan) added, "For US Soldiers fighting insurgents just south of Baghdad tonight, the news from the Pentagon is sobering. Iran has joined the war. According to the commanding general in Iraq, they're helping to plant some of the roadside bombs like the ones that killed at least four US Marines just this week." Gen. George Casey, Commander, Multi-National Force, Iraq: "We are quite confident that the Iranians through their covert special operations forces are providing weapons, IED technology and training to Shi'a extremist groups in Iraq." Cowan: "General Casey went so far as to point his finger directly at the government of Iran." Gen. Casey: "Now you would assume that they're not doing that independently, that there is some central direction from somebody in Tehran." Cowan: "And that was enough for the Secretary of Defense to reason it was too soon to talk openly about US troop withdrawals." Secretary Rumsfeld: "It very likely will go down and up and down and up depending on the circumstances and depending on the needs."

The Washington Post (6/23, A19, Ricks, 744K) reports, "Iran's actions are a major concern not only because of attacks on US forces, but also because the durability of the new Iraqi government depends in part on the willingness of Iraqi's Sunni minority to accept the government." The Sunnis "will be unlikely to do so if the Iranian government is perceived as playing a major role in supporting and even arming violent Shiite factions." The Washington Times (6/23, Scarborough, 90K) runs a similar story under the headline "Casey Cites Iran Hand In Attacks By Iraqi Shi'ites."

Hadley Says Administration Is Losing Patience With Iran. CNN's The Situation Room (6/22, Malveaux) reported that National Security Adviser Stephen Hadley said the Administration's patience with Iran "is wearing thin. Hadley says the US and it's European allies are getting mixed messages from Iran as to when it will respond to a package of incentives offered to convince the regime to abandon its nuclear ambitions. While Hadley said it would be helpful to get a response before a series of scheduled meetings among the industrial nations, the first one slated for June 29th, Hadley ruled out trying to do this through an arbitrary set of deadlines."

Annan Says Tehran's Answer Will Be Delayed. The AP (6/23, Higgins) reports UN Secretary-General Kofi Annan met with Iranian Foreign Minister Manouchehr Mottaki, after which Annan told reporters "Iran will not respond to incentives to halt its nuclear program before mid-July, at least two weeks past the date sought by the U.S. and its partners. … The U.S. has said that" Secretary Rice "and diplomats from the other five nations offering Iran the incentives agreed by phone that they expect an answer around the time of a meeting of G-8 foreign ministers on June 29 in Moscow. The United States reiterated that Iran should respond by next week." Annan called his meeting with Mottaki "very useful," and the AP notes Mottaki will meet with German Foreign Minister Frank-Walter Steinmeier in Berlin tomorrow. While the Administration "is reluctant to set a specific deadline," NSA Hadley "said that it would be 'helpful and useful if we could get a response and know where the Iranians are' before the June 29 meeting." Ambassador Bolton "said that June 29 would be 'an ample period of time, very reasonable time in which Iran could respond. I think we've made it clear that if the Iranians don't choose the path that's been presented to them, the alternative path is one of increasing isolation -- that we'd be prepared to move very quickly in the Security Council,' Bolton said."

Iran Could Be Seeking To Emulate North Korean Tactics. The Christian Science Monitor (6/23, LaFranchi, 61K) reports, "There may be no such thing as a North Korea playbook for would-be nuclear proliferators." But "many Western leaders suspect Iran of trying to emulate North Korea's secretive development of nuclear weapons. And as both nations continue to command international attention for their nuclear programs, it's clear the two countries watch each other for 'how to' lessons in nuclear diplomacy."

Former FBI Director Criticizes US History Of Handling Of Iran On Terrorism. Louis J. Freeh, FBI director from 1993-2001, writes in an op-ed in the Wall Street Journal (6/23, 2.11M), "Ten years ago this Sunday, acting under direct orders from senior Iranian government leaders, the

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Saudi Hezbollah detonated a 25,000-pound TNT bomb that killed 19 U.S. airmen in their dormitory at Khobar Towers in Dhahran, Saudi Arabia," and "two of the primary leaders of the attack, Ahmed Ibrahim al-Mughassil and Abdel Hussein Mohamed al-Nasser, are living comfortably in Iran with about as much to fear from America as Osama bin Laden had prior to Sept. 11." President Clinton "had no interest in confronting the fact that Iran had blown up the Towers," as he "was set on 'improving' relations with what it mistakenly perceived to be a moderate Iranian president." It took years and a call to former President George H.W. Bush to get interviews with the bombers, who were in Saudi custody. Those "obtained direct evidence of Iran's complicity," yet it took the current President's administration to lead to an indictment. This is "just one example of how successive U.S. governments have mishandled Iran." In the current negotiations, "will we ultimately ignore justice and buy a separate peace with our enemy?"

More Commentary. David Ignatius writes in the Washington Post (6/23, A25, 744K), "Sometime in the next several months, Secretary of State Condoleezza Rice or a senior colleague is likely to sit down at a negotiating table with representatives of the Islamic Republic of Iran. As she prepares for these meetings, I suspect Rice is reviewing the most famous instance of America talking to an enemy: Henry Kissinger's secret opening to China in the early 1970s. … Thinking about Kissinger's opening to China, it seems to me that one clear lesson for the Bush administration is that it shouldn't be overly cautious in its engagement with Iran. It's time to talk, and if the Iranians will agree to the West's appropriate precondition that they halt enrichment of uranium, then all issues should be on the table. … Here's the pitch that you can imagine Kissinger making: Iran's hopes of becoming a major power can be achieved only by halting its nuclear program and working with the United States to stabilize Iraq and the wider Middle East. I hope Secretary Rice is preparing a similar presentation."

Iraqi Police Free 17 Hostages. The New York Times (6/23, Burns, 1.19M) reports, "A day after a large group of gunmen seized scores of Iraqis from a factory, a police raid freed 17 of them, but 34 hostages remained unaccounted for, the industry minister said Thursday. The abduction, involving 40 or 50 gunmen, some wearing police uniforms, represented a sharp intensification of a tactic that has become increasingly common."

Mass Abduction Said To Show Clampdown Not Working. The Los Angeles Times (6/23, 958K) reports the "brazen" abduction of 50 workers near Baghdad "sent a reminder that the violence in this country, and particularly the capital, has not been curbed by a major security clampdown put in place June 14 with much fanfare." The Times says the mass abduction was "as brazen an act" as a June 5 incident in which "men wearing police uniforms descended on a Baghdad bus depot and kidnapped about 50 people."

Amnesty Plan Won't Apply To Those Who Have Attacked Iraqis Or "Friends Of Iraq." The Washington Post (6/23, A19, Partlow, 744K) reports, "Prime Minister Nouri al-Maliki's new plan to promote reconciliation among Iraq's rival factions will offer amnesty to Iraqis who have 'carried weapons' but not to those who have committed serious crimes, according to Iraqi politicians who have read the proposal." Deputy Prime Minister Barham Saleh, an ethnic Kurd from President Jalal Talabani's Patriotic Union of Kurdistan, said of the plan, "It says that the government will issue an amnesty for all those who have not committed crimes against the people of Iraq and the friends of Iraq. … Those who attack U.S. forces are not immune from legal consequences. An attack on Iraqi forces or multinational forces are seen legally...as the same thing from the perspective of the government."

Professor Says Alleged US Atrocities In Iraq Were Inevitable. In a New York Times (6/23, 1.19M) op-ed, Hendrix College English professor Alex Vernon, a veteran of the first Gulf War, writes, "It's impossible to imagine the frustration and stress on American soldiers in Iraq today -- impossible, or maybe it's simply not something we willingly work to imagine. Then the news breaks. My first thought on hearing about the alleged atrocities at Haditha -- and of the announcement this week that murder charges are being brought against eight American servicemen for killing an Iraqi civilian at Hamdania in April -- was 'Duh.' If we didn't know this day was coming, we were fools."

US Officials Say Taliban Controls One-Third Of Afghanistan. NBC Nightly News (6/22, story 6, 2:20, Williams, 9.87M) reported, "The United States has 23,000 troops in Afghanistan at this very moment. And while they fully expected the Taliban's so-called spring offensive, this season has been especially fierce, causing the US military to conduct a staggering 340 airstrikes in Afghanistan, that is just in the last three months alone." NBC (Maceda) added, "US officials say the Taliban Islamist fighters, numbering in the thousands, now control at least a third of Afghanistan. How did it happen? First, the Taliban's tactics have improved. Roadside and suicide bombs, techniques borrowed from Iraq, are on the rise. Also improved, the Taliban's command and control. Local leaders are now in charge. To counter the Taliban offensive, a second massive operation launched last week called Mountain Thrust – some 10,000 US, Coalition, and Afghan troops sweeping into the south, while Operation Mountain Lion continues in the east."

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Four US Soldiers Killed In Afghanistan. ABC World News Tonight (6/22, lead story, 3:45, Gibson, 8.78M) reported, "Four US Soldiers have died in Afghanistan today. The loss of American forces there often gets overlooked." The New York Times (6/23, Gall, 1.19M) also reports the story.

Zawahiri Urges Afghans To Rebel Against Government In New Video. NBC Nightly News (6/22, story 6, 2:20, Williams, 9.87M) reported, "The latest video by al Qaeda's number two, Ayman al-Zawahiri, who urged Afghans to step up the fight against the US and what he called other occupying forces."

The Washington Post (6/23, A18, Constable, 744K) reports a "new videotape from al-Qaeda's second-in-command urging Afghans to rise up against their government and foreign military forces was vehemently denounced by Afghan President Hamid Karzai on Thursday but had little immediate impact on the Afghan public." In the "3 1/2 -minute videotape, made available on a Web site early Thursday, Ayman al-Zawahiri said in Arabic, 'I am calling on the Muslims in Kabul in particular and in all Afghanistan in general and for the sake of God to stand up . . . in the face of the infidel forces that are invading Muslim lands.' He wore a white turban and posed with an assault rifle." Karzai, "meeting with journalists Thursday morning on the shaded grounds of his fortified palace, denounced the Egyptian-born Zawahiri as an outlaw who had caused bloodshed in Afghanistan for years."

The New York Times (6/23, Gall, 1.19M) reports Zawahiri, "who is believed to be in hiding along the Afghan-Pakistani border, called on 'the young men of Islam, in the universities and schools of Kabul, to carry out their duties in defense of their religion, honor, land and country.'" President Karzai "urged other nations to reassess their approach to curbing terrorism in Afghanistan, saying that the deaths of hundreds of Afghans in fighting with American-led forces was 'not acceptable,' news agencies reported."

Stolen Documents Show US Located Top Tier Al Qaeda Terrorists In Pakistan. ABC World News Tonight (6/22, lead story, 3:45, Ross, 8.78M) reported US documents on a flash drive, stolen from the US Air Force Base in Bagram and sold in the bazaar, "show the US knows or knew the locations of some of the most-wanted terrorists. They are in Pakistan. And the documents name prominent figures, including President Karzai's brother, thought in the military to be of the pay of druglords." The US targeting assessment "produced in January of last year" reflects "US frustration with Pakistan's 'political and military inertia' in going after terror targets. One map shows infiltration routes and locations of four al Qaeda training camps in Pakistan, marked 'AQ' and a location in Pakistan for al Qaeda's number two, Ayman al Zawahiri. In total, the documents list 16 senior-level al Qaeda and Taliban leaders, including Mullah Omar, as hiding in Pakistan, where US troops cannot operate. US officials say the information has been provided to the government of Pakistani President Musharraf. But the tier one targets tonight to operate inside Pakistan." But Osama bin Laden's "name does not appear anywhere in this targeting memorandum. Clearly, they don't have a very good idea where he is."

CORPORATE SCANDALS:

UTStarcom Examines Allegations Of Bribery. The AP (6/23) reports, "UTStarcom Inc. reported it is investigating allegations of improper payments to officials in India and Mongolia by people connected to the company." The AP continues, "The Alameda, Calif.-based networking company said it is in contact with the Department of Justice and the Securities and Exchange Commission about the probe. … UTStarcom disclosed that payments may have been made in those countries that violated the Foreign Corrupt Practices Act, a law aimed at curtailing bribery of foreign officials." The AP adds, "The company made the disclosure in its quarterly report on Thursday, and had previously discussed the matter in its annual report filed on June 1. … The Mongolia allegations involve alleged improper payments made by an agent of the company's joint venture in that country. The U.S. Embassy in Mongolia informed the company of the matter in December 2005, and said it had referred the allegations to the SEC and Justice Department, the company said."

SEC Reportedly Probing Big Hedge Fund. The New York Times (6/23, Bogdanich, Morgenson) reports, "One of the nation's most prominent hedge funds, Pequot Capital Management, is under investigation by the Securities and Exchange Commission for possible insider trading, according to government officials briefed on the case." The Times continues, "The S.E.C. declined to confirm or deny that it was investigating Pequot, a $7 billion fund overseen by Arthur J. Samberg, 65, a leading money manager and philanthropist. But a lawyer who once led the agency's investigation has told Congress that the fund's trading had repeatedly aroused suspicion among stock exchange officials, prompting them on 18 occasions to refer cases to the S.E.C. for further investigation, records show." The Times adds, "In one instance, Pequot made $18 million by investing in companies that soon after announced a major corporate merger, in July 2001, the lawyer told Congress. … The investigation has not resulted in any charges against Pequot, and the fund has denied any wrongdoing. … At the same time, the S.E.C.'s

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handling of the Pequot inquiry has itself come under scrutiny by Congress and the Office of Special Counsel, a federal agency that examines whistle-blower complaints. These officials are examining charges by Gary J. Aguirre, the S.E.C. lawyer who ran the Pequot investigation until last summer, that senior S.E.C. officials had backed his inquiry — including the issuance of scores of subpoenas — until he sought the testimony of an influential Wall Street executive."

SEC Says Scientific-Atlanta Aided Adelphia Fraud. USA Today (6/23, Smith) reports, "Scientific-Atlanta and two executives paid Adelphia Communications $43 million disguised as marketing allowances in 2000 and 2001 to help the cable operator falsely meet Wall Street earnings expectations, the Securities and Exchange Commission said Thursday." USA continues, "In a civil complaint, the SEC accused Scientific-Atlanta, a supplier of digital television set-top boxes, of abetting a larger financial fraud at Adelphia that culminated in the cable operator's June 2002 collapse in bankruptcy court and criminal convictions against three members of the controlling Rigas family. … Scientific-Atlanta, now part of Cisco, settled the SEC complaint by giving up $20 million in profit from its dealings with Adelphia. The executives, former chief financial officer Wallace Haislip, 56, and former controller Julian Eidson, 65, consented to cease-and-desist orders without admitting, or denying, wrongdoing." USA adds, "Cisco spokeswoman Penelope Bruce called the settlement 'reasonable' and said the company is 'pleased that it resolves the SEC's concerns.' Bruce said Scientific-Atlanta appeared also to have satisfied a related Justice Department investigation, though an investor lawsuit remains outstanding. Haislip and Eidson remain employed in non-financial roles."

CRIMINAL LAW:

Cheney Says He May Be Called As A Witness In Libby Trial. Vice President Dick Cheney was asked on CNN's The Situation Room (6/22) about the case against Lewis 'Scooter' Libby. Cheney said, "I am not going to comment on the case. I may be called as a witness. Scooter Libby, obviously, one of the finest men I've ever known, he's entitled to the presumption of innocence. And I have not made any comments on the case up until now, and I won't."

The AP (6/23) reports "Cheney's state of mind is directly relevant to whether Libby lied to FBI agents and a federal grand jury about how Libby learned CIA officer Valerie Plame's identity and what he later told reporters, Special Counsel Patrick Fitzgerald has said in recently filed court papers." Fitzgerald "has revealed that Cheney was upset because Plame's husband -- former U.S. Ambassador Joseph Wilson -- had accused the Bush administration of manipulating prewar intelligence to exaggerate the Iraqi threat from weapons of mass destruction."

Cheney's Position In White House Said To Be Undiminished. Knight Ridder (6/23, Douglas) reports, "He accidentally shot a hunting buddy. His job-approval rating is abysmal. His former chief of staff was charged with lying to a grand jury. And he remains an unapologetic cheerleader for the unpopular war in Iraq. None of it cramps Vice President Dick Cheney's style." Knight Ridder adds, "Cheney remains Cheney, a quiet, stoic force at the heart of the Bush administration. Despite rumors earlier this year that President Bush might ask him to resign, he still has Bush's ear, and his fingerprints still turn up on all manner of policy decisions, from war and domestic spying to spending 'earmarks' for allies. … Recent White House meetings on Iraq with members of Congress left no doubt where Cheney ranks: right beside the president, sitting silently, listening intently."

Three Guards In Tallahassee Jail Shootout Denied Bail. The New York Times (6/23, Goodnough, 1.19M) reports, Magistrate Judge William C. Sherrill Jr. "ordered Alfred Barnes, Gregory Dixon and Alan Moore held without bail" after their arrest on charges of being part of a prison sex ring, which sparked a shootout in a Tallahassee jail and ended with two fatalities. Robert Davis, a government prosecutor, "said that Mr. Dixon and Mr. Moore tried to evade arrest after the shootings, and that Mr. Dixon ignored a federal agent's order to get out of his car, and that he tried to drive away." Sherrill also "ordered Mr. Barnes held without bail because he 'appeared more substantially involved' in the alleged conspiracy than his co-defendants." The other two guards, "Vincent Johnson and E. Lavon Spence, could go free until trial, but ordered them put under curfew and said they must wear electronic monitoring devices part of the time." Notably, Judge Sherrill "singled out Mr. Johnson, the only guard not accused of having sex with inmates, for praise after the man's lawyer, Robert Morris, said he had triggered an alarm just after the shooting, helped staunch the bleeding of an injured prison lieutenant and provided cover for a federal agent in the line of fire."

The Miami Herald (6/23, Fineout, 323K) elaborates that Johnson "moved an FBI agent away from the gun battle, shielding her until the shooting stopped." While "an FBI shooting-review team arrived Thursday from Washington to sort through the details of the firefight,…the FBI released no new information and did not say when the team would wrap up its work or whether the findings would be made public."

Bureau Of Prisons To Consider Searching Guards. USA Today (6/23, 4A, Johnson, 2.31M) reports, "Carla Wilson, spokeswoman for the federal Bureau of Prisons, "said the incident has encouraged officials to re-examine the security policy for federal prison employees, who have not been subject to the type of screening that visitors face." In

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2002, "the Bureau of Prisons rejected a recommendation by the Justice Department's inspector general that called for searches of prison staff members to help reduce the flow of drugs and other contraband into such facilities." Wilson explained, "We believed that such searches were not necessary and could undermine our staff morale," but added that guards' misconduct "caused us to reconsider this issue." The South Florida Sun-Sentinel (6/23, Kleindienst, Hollis, 249K) adds, "It was not immediately clear how soon policies would change in the federal prison system."

Sexual Abuse Of Female Inmates By Male Guards Called "Chronic." The AP (6/23, Kallestad) reports that the shootout "raised new questions about whether men should be assigned to guard women's facilities" and "put a spotlight on the chronic problem of male guards having sex with inmates at federal, state and local institutions." A 2004 federal Bureau of Justice Statistics study of more than 2,700 correctional facilities for men and women found "charges of sexual misconduct by employees were made in all but one state prison surveyed."

FBI Says Private Data Brokers Probably Are Breaking The Law. The AP (6/23) reports that senior FBI lawyer Elaine N. Lammert, told lawmakers, "There are compelling reasons for the government to believe that" private data brokers' gathering Americans' private telephone records without warrants or subpoenas "violate federal law." He added, "the bureau was still surveying agents around the U.S. but so far has found no 'systemic' use of data brokers by the FBI seeking telephone records or other information without warrants or subpoenas." However, "A federal agent who acknowledged requesting phone records from data brokers without warrants or subpoenas told AP that he learned about such services from FBI investigators, who vouched for their use."

Senate Report On Abramoff Could Be Trouble For Reed, Ney, Norquist. The Wall Street Journal (6/23, Cummings, 2.11M) reports the Senate Indian Affairs Committee report on "the Jack Abramoff influence-peddling scandal suggests further trouble for Ohio Rep. Bob Ney and high-profile Republicans Ralph Reed, the former Christian Coalition leader, and Grover Norquist, the antitax activist." The panel "urged the Senate Finance Committee to continue the probe by investigating the transfer of payments by Indian tribes through multiple charities apparently to hide their original sources." The final report "includes detailed accounts of how money was funneled to Mr. Reed's political-consulting firm through Mr. Norquist's advocacy group, Americans for Tax Reform, and other tax-exempt organizations. The transactions effectively hid the conservative Christian leader's efforts on behalf of the tribes." In exchange "for the use of ATR's accounts, Mr. Norquist took $25,000 from the payment and turned it into a donation to his group, according to the report. Indian tribal officials testified to Senate investigators that they never intended or authorized a donation to the antitax group."

The AP (6/23, Sherman) says the Senate report shows Rep. Ney "told Senate investigators he made no effort to help a client of disgraced lobbyist Jack Abramoff, despite extensive evidence to the contrary." Ney said "he was not even familiar with the Tigua tribe of El Paso, Texas, which was seeking legislation that would allow it to reopen its shuttered casino, according to the Senate Indian Affairs Committee report." Yet the report "says Ney assured tribal leaders of his support for the legislation on two occasions in 2002, once in person and once via telephone." Another person "under federal investigation who also is mentioned in the report is former deputy Interior Secretary Steven Griles, who has denied giving Abramoff or his clients preferential treatment." The committee "was 'unable to arrive at any definitive conclusions as to the veracity of Griles' testimony,' the report said."

The Washington Post (6/23, A1, Schmidt, 744K) reports on the front page that Ney's "comments to the panel could add to his problems with the Justice Department. Federal prosecutors have secured guilty pleas from Abramoff and three former associates implicating Ney in a string of official acts allegedly performed in exchange for favors such as a golf trip to Scotland and campaign contributions." A spokesman for Ney "said yesterday that in his interview with the Senate committee, the congressman did not initially recognize the name of the tribe." Ney's statements "to the committee have been contradicted by others as well, including his former longtime chief of staff, Neil G. Volz, in admissions he made this year as part of his guilty plea to corruptly seeking to influence Ney on the Tigua issue."

The New York Times (6/23, Shenon, 1.19M) says the Senate report "documented more than $5.3 million in payments to Ralph Reed, the former director of the Christian Coalition and a leading Republican Party strategist, from an influence-peddling operation run by the corrupt lobbyist Jack Abramoff on behalf of Indian tribe casinos." The report "portrayed Mr. Reed, now a candidate for the Republican nomination for lieutenant governor in his home state of Georgia, as a central figure in Mr. Abramoff's lobbying operation, the focus of a criminal investigation by the Justice Department." In a statement "issued through his campaign office in response to the report, Mr. Reed portrayed the report as a vindication. He said that while 'it is now clear with the benefit of hindsight that this is a piece of business I should have declined,' the report 'confirms that I have not been accused of any wrongdoing.'"

Senate Report Details Former Tribe Official's Ties To Abramoff. The AP (6/23, Thomas) reports, "Christopher

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Petras, the former legislative director for the Saginaw Chippewa Indian Tribe, served as the point man in helping disgraced lobbyist Jack Abramoff and his colleague land lucrative contracts with the Michigan tribe, a Senate report said Thursday." The AP continues, "The Senate Indian Affairs Committee said in the 373-page report that it's 'concerned about the veracity' of Petras' 2004 testimony to the panel. Petras told senators that he didn't recall many of the details about his communications with Abramoff and his associate Michael Scanlon." The AP adds, "But the committee, led by Sen. John McCain, R-Ariz., said its investigation showed Petras helped Abramoff and Scanlon become enmeshed in tribal elections to help maximize their chances of getting hired by new tribal leaders. … 'Serving as Abramoff and Scanlon's primary point of contact with the Tribe, Petras proved to be their key to access to the Saginaw Chippewa,' the report said. … The committee report was entitled 'Gimme Five,' a reference to what Abramoff and Scanlon called their secret fee-splitting arrangement. Through e-mails and testimony, it describes Petras' ties to the men as they reaped millions of dollars from the Mount Pleasant, Mich.-based tribe, operator of one of the biggest Indian casinos in the nation."

Man Who Fled Marshals At Chicago Courthouse Captured. The AP (6/23, Burghart) reports, "A man whose flight from the federal courthouse caused the building to be locked down for more than three hours Thursday was later arrested near his aunt's home, authorities said." The AP continues, "The U.S. Marshals Service said Larnell Rogers - who fled the building after learning an arrest warrant had been issued for him - was taken into custody by Chicago police about 3 1/2 miles west of the courthouse. He was not carrying a weapon and the arrest was uneventful, said U.S. Marshal Kim Widup." The AP adds, "Officials had closed the courthouse and sealed courtrooms, offices and bathrooms to search for Rogers, who is accused of lying to a federal agent. … Rogers was scheduled to appear at 10:30 a.m. for a status hearing on charges he lied to the Bureau of Alcohol, Tobacco, Firearms and Explosives. When he did not appear, U.S. District Judge Samuel Der-Yeghiayan issued a bench warrant for his arrest, Widup said, adding Rogers showed up after the hearing was over. … No federal marshal was in the courtroom where Rogers was supposed to appear because he was not in their custody, Widup said. But a deputy marshal was in a stairwell when he overheard a man saying 'basically something to the effect of, "We've got to get out of here, the marshals are looking for us,"' Widup said, quoting the deputy marshal."

Aberdeen Proving Grounds Employees Charged With Fraud. The Washington Post (6/23, B2, Rich, 744K) reports, "Three civilian employees at the U.S. Army's Aberdeen Proving Ground conspired with a company's sales representative to defraud the government through a purchasing scam that spanned nearly two years, a federal indictment alleges." They "bought equipment on behalf of the Army at inflated prices, arranging for some of it to be described incorrectly on invoices and delivered directly to their homes." The Army employees -- Douglas Atwell, Gerard Yursis, and Ellis Lonabaugh -- and salesman Wayne Silbersack "appeared yesterday in federal court in Baltimore but did not enter pleas."

Sides Argue Over Jury Instructions In Sorich Trial. The Chicago Tribune (6/23, Bush, Mihalopoulos, 643K) reports, "Prosecutors and defense attorneys negotiated Thursday afternoon on how to instruct jurors on the law in the trial of Mayor Richard Daley's former patronage chief Robert Sorich." Sorich's attorney "filed a 20-page list of proposed instructions and verdict forms," including "a key theory of his defense," that the government had, "at best, proven only a violation by the City of Chicago of the 1983 Shakman Consent Decree, a civil rather than a criminal violation." Prosecutors "sought to instruct jurors that they 'should not speculate' about why they won't be asked to reach a verdict on count one of an eight-count indictment against the defendants," which the judge dismissed.

Prosecutors Deny Vindictiveness, Oppose Wecht Motion To Dismiss. The Pittsburgh Post-Gazette (6/23, 261K) reports, "Federal prosecutors yesterday said the 84-count indictment against former Allegheny County Coroner Dr. Cyril Wecht is based on violations of federal law and not 'vindictiveness,' as Dr. Wecht's lawyers have asserted" in their motion to dismiss the case. "Assistant U.S. Attorney Stephen Stallings said Dr. Wecht 'has utterly failed to meet his burden of proof of showing any malevolence, ill will, or vindictiveness on the part of the government.'"

Mack A No-Show For Surrendering To Authorities. The San Francisco Chronicle (6/23, Lee) reports that FBI most wanted fugitive Darren Roy Mack "failed to surrender today at an agreed meeting place in Mexico" arranged after he "contacted Washoe County District Attorney Dick Gammick on Monday and offered to surrender." The AP (6/23) adds that the surrender offer "had been the most significant break in an international manhunt for Mack since the attacks on Charla Mack and Judge Chuck Weller." Reno Police Chief Michael Poehlman said "investigators last communicated with Mack on Wednesday, and they believed he was in Mexico based on comments he made and information from the FBI."

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"Mob Cops'" Former Lawyers To Testify Defending Their Representation. The New York Times (6/23, Feuer, 1.19M) reports, "Bruce Cutler and Edward Hayes, two of the city's most flamboyant defense lawyers," have been subpoenaed by Louis Eppolito and Stephen Caracappa, their former clients, "to appear in court and answer charges that they bungled their defense." The "hearing could get ugly," as, "In what has been described by everyone involved as an unprecedented hearing, Mr. Hayes and Mr. Cutler are expected to address that accusation on the witness stand — in their own defense."

The New York Newsday (6/23, Destefano) adds that while "Both defendants want their racketeering convictions overturned and to have new trials, in part because they claim their former lawyers were ineffective," Judge Jack B. Weinstein "in earlier court proceedings…expressed skepticism over the idea of questioning Cutler's and Hayes' conduct as lawyers" and appears to be holding the hearing "in an apparent effort to make a complete record for any appeal."

Former Head Of Boston FBI Testifies He Didn't Know About Bulger, Flemmi Investigations. The Boston Globe (6/23, Murphy, 484K) reports when "the FBI was investigating its own informants -- James 'Whitey' Bulger and Stephen 'The Rifleman' Flemmi -- as suspects in four murders by 1983 and had been told they were involved in cocaine and marijuana trafficking," James Greenleaf , "the head of the FBI's Boston office at the time…testified yesterday that nobody ever told him" about it. He also said "he never reviewed the office's informant files, which were replete with references to the alleged involvement of Bulger and Flemmi in murder, drugs, and other crimes." The Globe calls the testimony "striking because he indicated that no one in the Boston FBI office thought it important to inform the man running the office about serious allegations of criminal activity by the two gangsters." The federal trial judge also "quizzed Greenleaf about whether he had concerns about Bulger and Flemmi after learning that they were being targeted by three other law enforcement agencies." Greenleaf replied, "I don't think I really focused on that."

Columnist Says Greenleaf Was Compelling Witness – For McIntyres. Peter Gelzinis writes in his column in the Boston Herald (6/23, 220K) that James Greenleaf, the special agent in charge of Boston "while the two 'Top Echelon' gangsters were extracting teeth and tongues from doomed people, who were then dropped into holes." Testified "he was clueless about all of it," that "never bothered to read the informant files and no underling bothered to mention what was in them." Gelzinis adds, "This lanky, old federal hack may well turn out to be the most compelling witness the McIntyres could ever have hoped for," and "the crazy thing is" that he "wasn't on the McIntyre family's witness list. The Department of Justice civil liability lawyers dragged him off some golf course to, theoretically, help torpedo this case."

Louisiana Teacher Pleads Guilty To Child Porn Charges. The New Orleans Times-Picayune (6/23, Filosa, 257K) reports that Russell Counterman, a former teacher at Taylor Academy, "pleaded guilty to possession of child pornography this week and faces up to 10 years in prison for downloading hundreds of sexually explicit images from the Internet, including some that FBI agents found in his classroom." In a search of his home and classroom computer that he consented to, the FBI "found three thumb-drives and the laptop."

Virginia Law Requires Checking Of Prospective Students For Sex Offenses. The AP (6/23, Gelineau) reports, "A new law requiring Virginia's colleges to hand over prospective students' personal information to police for cross-checking against sex offender lists is coming under fire from privacy advocates and education leaders." The AP continues, "Under the law, which takes effect July 1, public and private college officials must send state police the names, Social Security identification numbers and birth dates of all students accepted to their schools. … Proponents say the law will help protect students from sex offenders and state police are confident the personal information will be secure. But critics are raising concerns about privacy rights and risks that the data could be misused or stolen. … Privacy law experts believe it is the first time a U.S. state has ever imposed such a requirement." The AP adds, "The new requirement was part of a unanimously approved bill that makes sweeping changes to Virginia's sex offender laws, including tougher punishments and better monitoring of offenders once they are released from prison. Police expect to have guidelines in place for most schools by the fall. … Although the federal Family Educational Rights and Privacy Act protects the personal information of enrolled students, it does not apply to those who have merely been accepted. The law does not bar sex offenders from entering college but provides a way to keep track of them."

Project Safe Neighborhoods Cracks Down On Louisiana Child Porn. The Baton Rouge Advocate (6/23, Burgess) reports, "Federal and state officials announced Thursday a joint initiative to combat child pornography and exploitation, launching the statewide effort with the announcement of 10 arrests." The Advocate continues, "The Justice Department's Project Safe Childhood Initiative aims to marshal forces for a 'much more aggressive attack' on a problem made worse in recent years by the Internet, U.S. Attorney Donald Washington said. ..'There was

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a time when you could come home and lock your doors … Because of the Internet, the predators can get past the locks and into your home,' said David Dugas, U.S. attorney for the Baton Rouge-based Middle District. … Dugas, Washington and state Attorney General Charles Foti Jr. announced the joint effort." The Advocate adds, "The Project Safe Childhood Initiative mirrors a similar federal project dubbed Project Safe Neighborhoods, which pulled together state and federal agencies to combat gun violence. … Washington said the Safe Childhood program will include law-enforcement components as well as training and outreach programs to educate parents and children on how to identify Internet predators and risky online situations."

Map Dealer Pleads Guilty To Thefts. The New York Times (6/23, Cowan) reports, "A map dealer who specialized in finding elusive treasures for rich collectors admitted in federal court on Thursday to having stolen 97 antique maps worth more than $3 million from more than a half-dozen universities and libraries over the last seven and a half years." The Times continues, "One of the hardest-hit institutions was the New York Public Library, which lost 32 maps, but rare book collections in Boston, Chicago and London were also victims, according to federal prosecutors." The Times adds, "The admissions by the map dealer, Edward Forbes Smiley III, came roughly one year after he was caught with five rare maps in his briefcase and tweed jacket minutes after leaving Yale University's rare-book library. A video surveillance system showed him removing a map valued at $150,000 from a book. .. The New Haven police arrested Mr. Smiley and charged him with larceny, but federal prosecutors and the Federal Bureau of Investigation launched their own investigation to determine whether Mr. Smiley might also be responsible for missing maps at other institutions. … Mr. Smiley's arrest last June rattled many institutions that had allowed him to visit their collections. But the scope of his pillaging was not fully appreciated until his back-to-back guilty pleas in federal and state court in New Haven on Thursday." The Times notes, "Though he pleaded guilty to one count of theft of a major artwork in federal and three counts of larceny in state court, he admitted in plea agreements with prosecutors to having stolen 97 maps from seven institutions, including the 5 maps he was caught with last June after leaving Yale's Beinecke Library."

Jury Selection Begins In Baltimore Beheadings Case. The Washington Times (6/23, Summers) reports, "Jury selection began yesterday in the retrial of two men accused of beheading three young relatives." The Times continues, "The defendants -- Adan Canela, 19, and Policarpio Espinoza Perez, 24 -- are charged in the May 27, 2004, killings of Ricardo Espinoza Jr., 9; his sister, Lucero Espinoza, 8; and their male cousin, Alexis Espejo Quezada, 10." The Times adds, "Prosecutors say Mr. Perez, the victims' uncle, and Mr. Canela, their cousin, beat the children with an aluminum baseball bat, choked them and slashed their throats with a boning knife in their Northwest Baltimore apartment. … The first trial, which included more than 300 pieces of evidence and five weeks of testimony from about two dozen witnesses, ended in August 2005 in a hung jury after 10 days of deliberations." The Times notes, "The trial attracted so much press attention that Baltimore Circuit Judge David B. Mitchell yesterday expressed concern about intimate details of the case and its evidence tainting potential jurors. … Attorneys in the case said jury selection might take several days and expect the trial to start no earlier than the middle of next week."

Medical Experts Say Lethal Injection Methods Can Be Made More Humane. The New York Times (6/23, Grady, 1.19M) reports a "flood of lawsuits challenging lethal injection as cruel and unusual has stalled executions in some states and may prompt others to abandon them. And a Supreme Court ruling last week made it easier for death-row prisoners to file such suits." But "medical experts say the current method of lethal injection could easily be changed to make suffering less likely. Even the doctor who devised the technique 30 years ago says that if he had it to do over again, he would recommend a different method." Switching to "an injection method with less potential to cause pain could undercut many of the lawsuits. But so far, in this chapter of the nation's long and tangled history with the death penalty, no state has moved to alter its lethal injection protocol."

CIVIL LAW:

Raytheon Reportedly Discussing Settlement Of Contracting Charges. The Bloomberg (6/23, Capaccio, Schmidt) reports, "Raytheon Co.'s aircraft unit is negotiating with the U. S. Justice Department over allegations the company charged too much for parts used to build training planes for the Air Force and Navy, people familiar with the talks said." Bloomberg continues, "The possible civil settlement would address findings of a criminal investigation into the activities of Darleen Druyun, the Air Force's former No. 2 acquisition official, who was jailed in 2005 for violating conflict-of-interest laws. … The Raytheon contract was awarded by Druyun as part of a $ 4. 5 billion program, one of 11 in which she was involved that have been reviewed by the Defense Department's inspector general." Bloomberg adds, "Jim Cross, a spokesman for the U. S. attorney's office in Wichita, Kan., which is handling the settlement talks, declined to comment. Jackie Berger, a spokesman for the Wichitabased aircraft unit of Waltham, Mass.-based Raytheon, confirmed the existence of the Pentagon

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investigation while also declining to comment on any settlement talks. … Raytheon, the fifth-largest U. S. defense contractor, is 'fully cooperating' with the Pentagon investigation, Berger said. 'We believe the company's actions have been entirely consistent with all legal requirements.'"

McCain-Feingold Seen As Having Positive Impact. In a Washington Post op-ed (6/23, A25), former FEC Commissioner Trevor Potter says when the McCain-Feingold campaign finance legislation "was being debated four years ago, Sen. Mitch McConnell (R-Ky.) told his colleagues that it would 'eviscerate the national party committees' because of its ban on unlimited 'soft money' donations." But in 2004, "the parties raised more funds than ever before. In response, critics explained that it was a presidential election year, and an exceptionally motivating one at that; funds would surely dry up in 2006. Yet numbers recently released by the Federal Election Commission (FEC) show that the $555.2 million raised by both parties so far this cycle is ahead of 2004 totals by 5 percent." The law "has been an undisputed success in combating the corruption of huge soft-money contributions and an apparent success in re-energizing grass-roots supporters." McCain-Feingold "was a necessary -- but not sufficient -- start."

CIVIL RIGHTS:

DOJ Clears Austin, TX, Officer In Fatal 2003 Shooting. The Austin American-Statesman (6/23, Plohetski) reports, "A federal investigation has concluded that Austin police officer Scott Glasgow did not violate Jesse Lee Owens' civil rights when the officer fatally shot Owens during a 2003 traffic stop in East Austin, authorities said Thursday." The A-S continues, "Glasgow will not face federal charges for his actions during the stop, which began when he pulled Owens over for driving a car that had been reported stolen. … The U.S. Department of Justice's civil rights division, the FBI and the U.S. attorney's office said in a written statement that the 'government could not prove beyond a reasonable doubt that the victim's death was the result of more force than was necessary . . . The department is closing this matter.' … The federal inquiry was the last open investigation into Glasgow's actions during the June 14, 2003, incident."

KXAN-TV, Austin, TX (6/23) reports, "The attorney for Jesse Owens' family says he will appeal the decision from the Department of Justice. The higher court will be the 5th Circuit Court of Appeals out of New Orleans. … Attorney Bobby Taylor says he will spend his own money to try and get justice for the Owens family, and that will include an immediate appeal. … On the other side of that coin, the police union says it's satisfied with the vindication of Officer Glasgow, but at the same time acknowledges, this was a tragic incident."

Justices Sets Wider Standards For Worker Discrimination Suits. NBC Nightly News (6/22, story 8, 1:05, Williams, 9.87M) reported, "An important ruling today from the US Supreme Court, one that could potentially affect every American worker, especially women. It came in a case involving a woman forklift operator who said her boss illegally retaliated against her when she complained she was the target of sex discrimination." NBC (P. Williams) added, "The court today clarified what counts as retaliation and said it can be something much more subtle than denying a promotion, cutting pay, or outright firing. … Today's decision said it is illegal discrimination, retaliation, to give employees who complain about discrimination less desirable jobs or to suspend them without pay, even if they eventually get the money back."

The Wall Street Journal (6/23, Bravin, Ben Winograd, 2.11M) reports, "A unanimous Supreme Court sent a warning to employers: Be careful how you treat workers who file discrimination complaints. … Employee advocates said the decision would help ensure that antidiscrimination laws have teeth." The Washington Post (6/23, A16, Lane, 744K) notes the decision "had the full support of eight justices." Justice Samuel A. Alito Jr. "agreed with the result but differed from the majority reasoning."

The Financial Times (6/23, Waldmeir) says the court "gave US workers more power in employment discrimination lawsuits, making it easier for employees to fight back if punished by employers for lodging job-bias complaints. … The decision set out new standards for what kind of action, and the severity of that action, qualifies as retaliation under federal civil rights law." The Christian Science Monitor (6/23, Richey, 61K) runs a similar report under the headline "High Court Eases Path For Workers' Discrimination Suits," while USA Today (6/23, Biskupic, 2.31M) titles its story "Court Eases Worker Lawsuits."

The AP (6/23, Locy) reports, "By a 9-0 vote, justices said that Sheila White was improperly punished with a suspension for 37 days over a Christmas holiday and was transferred from operating the forklift to doing more physical work as a yard worker. … Justice Stephen Breyer wrote that White did receive back pay. But he said she and her family had to live 37 days without any income. … 'Many reasonable employees would find a month without a paycheck to be a serious hardship,' Breyer wrote, adding that 'an indefinite suspension without pay could well act as a deterrent, even if the suspended employee eventually received back pay.'" The AP adds, "The high court's ruling tilts the balance of power in employment settings toward employees by establishing a broader legal standard for retaliation claims, an area of litigation that has exploded in recent years. … Under the high court's standard, employers are liable for unlawful retaliation if their actions 'interfere with an employee's efforts' to ensure

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that he or she is not discriminated against in the workplace, Breyer wrote."

The Legal Times (6/23, Mauro) reports, "The decision in Burlington Northern & Santa Fe Railway Co. v. White ends disarray among lower courts on the standard required to assess retaliation claims, but employment lawyers say it will trigger a wave of new litigation to determine what kind of employer actions constitute illegal retaliation. … 'This decision is huge -- hugely bad for me as a defense lawyer,' says Daniel Westman, a partner at Morrison & Foerster and the author of a book on retaliation litigation. 'It really makes it a lot easier for employees to make out a case.' … Civil rights groups, for their part, applauded the decision. 'The Burlington Northern opinion is an emphatic statement that employees should be able to raise a good-faith complaint of discrimination without fear of retaliation from their employers,' says Gillian Thomas, lawyer for the women's rights group Legal Momentum."

Pennsylvania Moves Toward Constitutional Amendment Banning Gay Marriage. The AP (6/23) reports, "Lawmakers took another step toward putting a constitutional amendment to ban gay marriage on the ballot in Pennsylvania. … The state Senate approved the proposed amendment 38-12 on Wednesday." The AP continues, "Pennsylvania already has a law defining marriage as between a man and a woman. But Senator Jane Orie and other Republicans warned that without a constitutional amendment, a judge could act on a legal challenge and effectively legalize gay marriage or civil unions. … Opponents questioned the need to guard against a hypothetical challenge. 'Mind your own business, stay out of the bedroom,' said Senator Vincent J. Fumo, a Democrat." The AP adds, "Amending the state constitution requires approval by the House and Senate in successive two-year sessions of the General Assembly and then the approval of voters in a statewide referendum. … Senators must now work out differences with a version passed by the House, which also prohibits civil unions."

House GOP Said To Show True Colors On Voting Rights Act. In his Washington Post column (6/23, A25), Eugene Robinson says, "Wednesday we had one of those rare high-definition moments, when the House Republican caucus defied its leaders and refused to back renewal of the Voting Rights Act. That tells you about all you need to know, doesn't it?" Speaker Dennis Hastert "was ready to move forward with a feel-good, election-year extension of the landmark 1965 act that guaranteed voting rights for African Americans disenfranchised by Jim Crow law and custom in Alabama, Mississippi, Georgia, Louisiana, South Carolina and Virginia." Hastert "understood that reauthorizing the act would be useful in efforts to convince voters that the Republican Party as presently constituted is just ultraconservative, not actually racist. But Hastert was sandbagged by fellow Republicans who rebelled in a private caucus meeting Wednesday. The renewal probably could have won easy approval on the House floor, since Democrats would have voted for it, but Hastert's policy is to not bring out any bill that lacks majority support from Republicans, so he had no choice but to yank it. So much for the erstwhile 'party of Lincoln.'"

WNBA Player Decries Education Department Change In Title IX Policy. In a USA Today op-ed (6/23), Tamika Catchings of the Indiana Fever in the WNBA says, "Largely as a result of Title IX, women's participation in athletics has increased more than 400% at the college level and more than 800% in high schools since 1972." But "this march forward has reached a potential roadblock. About 15 months ago, the Department of Education quietly issued a new Title IX policy that lowers the bar for what schools must do to provide equal sports opportunities for women. Schools now can show compliance with the law simply by sending all female students an e-mail survey gauging their athletic interests. Schools can claim that any failure to respond indicates a lack of interest in additional opportunities." The Education Department "should reverse this policy. Preserving Title IX is simply the right thing to do."

ANTITRUST:

DOJ Approves Exelon's Acquisition Of PSEG. The AP (6/23) reports, "The U.S. Department of Justice on Thursday approved a deal to create the nation's largest power generation company, but it ordered Exelon Corp. and Public Service Enterprise Group to first divest six electricity generating plants." The AP continues, "The department said more competition was needed because the merger, as originally proposed, would have sparked higher prices for wholesale electricity and, ultimately, hiked rates for millions of customers in the mid-Atlantic region. … The deal, which was announced in 2004, still requires approval from New Jersey regulators. The final decision on whether to continue with the merger will rest with the boards of both Exelon and PSEG after the terms and conditions of regulatory requirements are known."

The Wall Street Journal (6/23, Smith) reports, "The federal antitrust enforcers didn't order nuclear-plant divestitures, a move that might have caused Exelon to abandon the stock-swap transaction. Exelon faces one more hurdle: regulatory approval from the state of New Jersey. Exelon Chief Executive John Rowe said he hopes the agreement with the Justice Department creates 'positive

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momentum' that will lead to resolution with the state." The Journal adds, "The demand by the Justice Department shows that antitrust regulators are willing to order significant divestitures to prevent the formation of giant utility companies that could push up electricity prices in deregulated markets. In its findings, the agency said the transaction 'as originally proposed, would have caused higher prices for...millions of electricity consumers in the mid-Atlantic region.' … Some consumer advocates said the Justice Department didn't go far enough. To nip unfair market power and improve market function, Exelon should be ordered to divest 6,300 megawatts to 9,600 megawatts, said the New Jersey Public Interest Research Group. That would amount to a significant portion of a portfolio starting at about 43,000 megawatts, before any divestitures."

The Chicago Tribune (6/23, Miller) reports, "The Chicago-based utility holding company's accord with the Justice Department will reduce the economic value Exelon reaps from the planned purchase through a one-time hit of $500 million to $600 million, most of it tax-related. … But it also leaves Commonwealth Edison's parent with just one regulatory hurdle left to clear: The deal, first announced in December 2004, still needs approval of New Jersey's Board of Public Utilities. The merger has met with vocal opposition from some citizen groups, however." The Tribune adds, "Through its antitrust division, the Justice Department evaluates proposed mergers to ensure that the combination of two industry rivals won't damage competition by creating a company with excessive 'market power.' … The transaction as originally proposed 'would have caused higher prices for wholesale electricity, ultimately increasing prices paid by millions of electricity consumers in the mid-Atlantic region,' the department noted Thursday. … That's because, it said, with Exelon's existing Pennsylvania properties, the combined company would have owned nearly half the generating capacity in the densely populated area of eastern Pennsylvania, New Jersey, the District of Columbia, and parts of Maryland and Virginia."

The Newark Star-Ledger (NJ) (6/23, Ovide) reports, "Analysts said the green light from the Justice Department was crucial to finalize a deal Exelon and Public Service announced with fanfare 18 months ago, but which since has been delayed by regulatory concerns and scorned by some skeptical investors. … With the government agreement, the proposed merger faces one final regulatory hurdle -- approval by the New Jersey Board of Public Utilities."

MarketWatch (6/23, Cassidy) reports, "The merged company would serve 7.2 million electric customers in a patchwork of service territories in Illinois, Pennsylvania and New Jersey. It will also serve just more than 2 million natural-gas customers, primarily in New Jersey and Pennsylvania. … But the DOJ antitrust division said that the companies would own nearly half of the electricity generating capacity in the densely populated area encompassing eastern Pennsylvania, New Jersey and the District of Columbia, as well as parts of Maryland and Virginia. … 'The combination of their assets would enhance the incentive and ability of the merged firm to raise wholesale electric prices,' the government added."

Bloomberg (6/23, Seeley, Polson) reports that FERC "approved the acquisition a year ago on the conditions that Exelon sells plants with a capacity of 4,000 megawatts," and "sell 2,600 megawatts of nuclear-plant output to competitors under long-term contracts."

US, UK Antitrust Agencies Probing Alleged Airline Price-Fixing. The New York Times (6/23, Timmons) reports, "British and United States agencies are investigating a possible conspiracy to illegally fix the amounts of fuel surcharges imposed on passengers on long-distance flights to and from Britain." The Times continues, "Most major airlines flying between the United States and Heathrow, London's main international airport, charge passengers about £35 ($64) each way in fuel surcharges. … The Justice Department and the Office of Fair Trade in Britain have contacted British Airways, Virgin Atlantic Airways, United Airlines and American Airlines and may be talking to others in connection with the investigation. Violation of price-fixing laws could carry civil and criminal penalties."

The Dallas Morning News (6/23, Maxon) reports, "The extent of the investigation remained a mystery. … No other airline stepped forward to say it also faced accusations, although several others disclosed that they've been contacted by investigators." The News adds, "American Airlines Inc., British Airways' partner across the Atlantic and in the Oneworld airline alliance, said it received a federal grand jury subpoena Tuesday as part of a U.S. Department of Justice investigation. … The Times of London quoted analysts as saying that the investigators seem to be looking into airlines that fly into London's Heathrow Airport, particularly on the lucrative New York-London route."

Bloomberg (6/23, Fletcher) reports, "With oil prices near record highs, airlines have been able to cover 15 percent to 20 percent of their additional costs with supplemental charges, according to the International Air Transport Association. … British Airways' non-fare revenue, which includes fuel surcharges, increased 65 percent in the fourth quarter to 340 million pounds, the airline said on May 19. British Airways in April raised the fuel surcharge on long-haul flights by 17 percent to 35 pounds. The cost of a one-way business class ticket to New York from London Heathrow on July 6 is 2,563.50 pounds including taxes, according to the airline's Web site." Bloomberg adds, "The U.S. Justice Department 'is investigating the possibility of anticompetitive practices involving surcharges and rates for passenger fares

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and air cargo shipments,' agency spokeswoman Gina Talamona said in a statement."

The AP (6/23, Wagner) reports, "Two BA executives -- commercial director Martin George and head of communications Iain Burns -- have been given leaves of absence. BA declined to provide any information beyond its brief statement, including whether George and Burns were asked to leave or ordered out." The AP adds, "High fuel prices have led airlines to raise the surcharge that passengers pay on long-haul flights. For instance, BA customers now pay a 70 pound ($129) surcharge on a round-trip ticket from London to New York, the airline said."

United Press International (6/23) also reports on the probe.

EU Has Received No Complaint By Adobe About Microsoft Office. The AP (6/23) reports, "The European Commission said Thursday that software company Adobe Systems Inc. has not made any complaints so far about Microsoft Corp.'s plans to ship its new Office software without Adobe's PDF file reader." The AP continues, "In an ongoing dispute with Adobe, Microsoft said earlier this month that it had canceled plans to include an automatic way to save documents in the popular Portable Document Format in Office 2007, due out to consumers in January. Instead, users will have to download separate, free software to save documents created in Office products such as Word and Excel as PDFs." The AP adds, "European Union spokesman Jonathan Todd said EU antitrust regulators were in contact with Microsoft to discuss concerns about how the new Windows Vista operating system will treat PDF-type documents, but had not received a complaint about Office from Adobe. … The spat with Adobe, which developed the popular PDF technology, comes as Microsoft prepares to launch its own competing format for saving documents that cannot be easily modified."

SCOTUS Dismisses Closely Watched Patent Case. The Legal Times (6/23, Mauro) reports, "The Supreme Court on Thursday dismissed from its docket a closely watched patent case, saving for another day a decision on whether a naturally occurring scientific relationship can be patented." The Times continues, "The Court's surprise action came in Laboratory Corp. v. Metabolite Laboratories, a dispute over the patentability of a correlation between blood composition and a vitamin deficiency. The dismissal came without explanation. But an unusual dissent by Justice Stephen Breyer hinted that the high court had dismissed the case because the patentability issue was not squarely raised before the U.S. Court of Appeals for the Federal Circuit, which ruled on the case in 2004." The Times adds, "Breyer, joined by Justices John Paul Stevens and David Souter, said he would have ruled on the case anyway, in part because physicians could become unwitting patent infringers whenever they make the same connection between the presence of a certain amino acid in a patient's blood and vitamin B deficiency that was included in Metabolite's patent. … A decision in the case could have had an effect on not only medical or scientific developments but also certain 'business method' patents that have been challenged as unpatentable. … But with the Court ending the case as it did, 'it became a nonevent,' says Michael Barclay, a patent specialist at Wilson Sonsini Goodrich & Rosati. Even though the net result of the high court's action is to let the federal circuit ruling stand, he says, that circuit ruling has no broad importance because the Supreme Court believes the patentability issue went undecided."

Bolloré Will Not Pursue Merger With Aegis. The Wall Street Journal (6/23, Patrick) reports, "Vincent Bolloré, the French corporate raider who is also chairman of French advertising concern Havas, said yesterday that he wants rival Aegis to remain independent, rebutting months of talk in the ad world about a possible merger of the two companies. … However, Mr. Bolloré, who in recent months has become Aegis's biggest shareholder, outlined his plans to seek 'links' between Havas and Aegis in one of the hottest areas in advertising: media buying and planning." The Journal continues, "Media buyers and planners purchase TV, newspaper and other advertising space and work out where to best place ads on behalf of marketers. The rapid growth of the Internet, computer games and other entertainment has made it harder for advertisers to reach consumers. And the services of media buyers and planners are in greater demand. … But Havas lacks the international scale that clients are increasingly demanding. By linking with London-based Aegis on specific accounts or in particular regions, for example, Havas could offer clients a broader menu."

Mittal May Boost Bid For Arcelor. The Wall Street Journal (6/23, Glader, Singer) reports, "Mittal Steel Co. is in advanced talks with rival steelmaker Arcelor SA about improving its €23.93 billion ($30.1 billion) hostile takeover bid to forge a friendly deal, according to people close to the matter." The Journal continues, "Mittal is considering increasing its bid for a second time, either with more cash, more stock or both, these people said. Under terms being discussed, Arcelor shareholders could end up with more than half of the combined company's shares, control much of a newly formed board of nonexecutive directors, and even keep current Arcelor Chief Executive Officer Guy Dollé in the same role, they said." The Journal adds, "Talks are continuing and terms could change, these people said. The parties are locked in tense negotiations in advance of Sunday's meeting of Arcelor's board, when it will consider any new proposals by

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Mittal Steel as well as an updated merger proposal by Russian steelmaker OAO Severstal. … The new proposal from London-based billionaire Lakshmi Mittal, chairman and CEO of Mittal, would likely value Arcelor above €40 a share, these people said. Mittal's current cash and stock offer values Arcelor at €36.04 a share. In Paris, Arcelor's shares stood at €35.02 before trading was suspended pending resolution of the matter. Mittal's shares ended trading in Amsterdam yesterday at €25.99, down four European cents."

Univision Auction Draws Little Interest. The Wall Street Journal (6/23, Marr, Berman, Lyons) reports, "The high-profile auction of Univision Communications Inc. descended into turmoil yesterday, raising questions about the appeal of a Spanish-language media business that in recent years has been coveted for its ability to reach the growing ranks of Hispanic consumers in the U.S." The Journal continues, "With the dominant Spanish-language TV network in the U.S. and a collection of other assets, Univision was expected to be an unusually attractive media property. But as a deadline for bids came and went this week, it became apparent that there were few interested parties -- especially at the price Univision wanted." The Journal adds, "Univision's chairman, Hollywood veteran A. Jerrold Perenchio, may yet sell -- if he can coax a somewhat higher price out of the private-equity investors circling the company. One group, led by Mexican TV giant Grupo Televisa SA, was scrambling to present a bid last night after its original coalition fell apart. Some partners in that group, which initially included Kohlberg Kravis Roberts, Blackstone Group and Carlyle Group, have been smarting about the price they had to pay as well as the power-sharing arrangement with Televisa. U.S. law prohibits a foreign company from owning more than 25% of a U.S. broadcaster."

WSJournal Criticizes FCC Extension Of Universal Service Fund To Internet. The Wall Street Journal (6/23, 2.11M) says in an editorial that the Federal Communications Commission has "voted to require Internet telephone companies to contribute to the Universal Service Fund (USF). The move means higher phone bills for Internet telephone service as providers pass this new cost on to customers. But it also means that a Republican-run regulatory agency is expanding a federal subsidy that should have been phased out long ago." The USF "has become a tool for redistributing wealth from urban phone customers to their rural counterparts, says Randolph May, a former FCC lawyer who now heads the Free State Foundation think tank."

LATimes Criticizes Move To Regulate Internet Based On Network Neutrality. The Los Angeles Times (6/23, 958K) says in an editorial, "The debate over regulating high-speed Internet providers has unleashed a rare apocalyptic synchronicity. Both sides make the same dire warning: The future of the Internet is at stake. And both respond in the wrong way." At issue "is whether broadband providers will be able to offer websites and services a faster route into their customers' homes and offices. Some want to prioritize traffic on the last mile for a fee. This way, they say, Web-based companies can ensure the quality of the movies, music and other services they deliver online. It also would help broadband providers raise the money they say they need to keep up with the growing demand for space on their networks." This "kind of prioritizing scares some high-tech firms and advocacy groups, which worry about phone and cable companies picking winners and losers online. Such interference, they say, would stifle innovation by making it harder for start-ups and interest groups to compete with well-funded media powerhouses. They want Congress to preserve 'network neutrality' by banning network operators from prioritizing data in a discriminatory way." But "the best protection for websites and Internet users is to have more broadband providers competing with the phone and cable companies." The Internet is "a hotbed of innovation largely because there are no barriers to entry on the last mile. Broadband providers should be free to experiment as they add capacity, but not at the expense of the Internet access they deliver to customers today."

ENVIRONMENT:

US Charges Puerto Rico Utility With Environmental Crimes. AFP (6/23) reports, "The US government has indicted a Puerto Rico utility company for 'environmental crimes', and sealed a deal with the utility which will see it pay a record nine million dollar fine for partly polluting US waters." AFP continues, "The US Justice Department and the US Environmental Protection Agency said in a joint statement that the Puerto Rico Aqueduct and Sewer Authority (PRASA) has agreed to plead guilty to the indictment relating to Clean Water Act violations. … The criminal fine of nine million dollars is the largest ever paid by a utility for violating the act." AFP adds, "The indictment from the administration of President George W. Bush against the US island territory in the Caribbean follows the discharge of 'millions of gallons of inadequately treated sewage and raw sewage through illegal discharges,' the statement said. … The Bush administration has been fiercely criticized by environmental groups for rolling-back environmental protections and failing to penalize polluters."

California Supreme Court Denies Review Of Lead Paint Case. The California Recorder (6/23, McKee) reports, "After years of litigation, eight major paint manufacturers may be on the verge of having to get the lead

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out -- of countless public and private buildings around California, that is." The Recorder continues, "The California Supreme Court on Wednesday refused to review a ruling that OK'd a suit seeking to force manufacturers, such as Atlantic Richfield Co. and Sherwin-Williams Co., to cover the costs of abating lead paint inside and outside all types of structures." The Recorder adds, "The original suit was filed by 12 Bay Area counties, cities and public agencies -- including San Francisco, Oakland and Santa Clara County -- intent on forcing paint makers to fund cleanup costs that plaintiffs lawyer Bruce Simon, a partner in Burlingame, Calif.'s Cotchett, Pitre, Simon & McCarthy, estimated at "potentially billions of dollars." … 'You just have to imagine how many hospitals, schools and public buildings were built prior to 1978,' he said. That was the year the federal government banned lead paint for residential use. … The government entities sued the paint manufacturers on behalf of the public in March 2000, long after the industry had pulled lead paint from the market, but only two years after scientific studies showed that even low-level exposure could cause serious physical harm."

Senate Adds $4 Billion In Emergency Aid For Farmers. The AP (6/23, Quaid) reports the Senate Agriculture Committee Thursday "revived a $4 billion aid measure for farmers struggling with high fuel prices and drought, despite opposition from President Bush and the House." Earlier this month, negotiators "dumped" the farm disaster aid from a spending bill for the war in Iraq and hurricane relief. The White House "disliked the farm aid because it raised the bill's price," the AP says. Agriculture Secretary Mike Johanns contended the money "would not give energy relief to every farmer."

CQ (6/23, Richert) says the committee approved nearly $4.2 billion, including $18.2 billion in discretionary spending, for the Agriculture Department and Food and Drug Administration. Agriculture Appropriations Subcommittee Chairman Robert Bennett (R-UT) warned that the funding "would likely be cut again." Also, in a move CQ says "threatens to draw a veto threat from the Bush administration," the committee adopted an amendment that would license farmers to travel to Cuba to sell their products.

National Research Council Says Earth Warmest Since 1600. The CBS Evening News (6/22, lead story, 3:00, Schieffer, 7.66M) reported, "Well, it is getting hot here on Earth. How hot? Well, maybe hotter than it has been in 2,000 years and it is our fault, humans, that is. That in layman's language is the conclusion of a panel of prestigious scientists working for the National Academy of Science that was released today and it could spell serious trouble for the future." CBS (Whitaker) added, "Scientists with the National Research Council concluded with a high degree of confidence that the rise in temperatures the last few decades of the 20th century was unprecedented, adding to the general science of the consensus that much of the temperature up tick is due to human activity." The debate "over global warming is as much political as scientific. The Bush Administration insists the threat is not grave enough to warrant stringent pollution controls and risk American jobs. But Republican Congressman Sherwood Boehlert, who called for the national research council report, says it should put the debate to rest." Rep. Sherwood Boehlert, Chairman, Science Committee, New York: "I welcome the conclusions because nothing in the report raised any doubts about the broad scientific consensus on global climate change."

NBC Nightly News (6/22, lead story, Bazell, 9.87M) reported, "Congress asked the nation's top science body to study the issue after a widely publicized 1998 study concluding the 90s were the hottest decade in a thousand years. The Academy decided the thousand-year comparison may be true, but it said since 1600, the data are absolutely reliable. The evidence – it includes historical records of weather observations, the buildup of coral and reefs which indicates ocean warming, soil and ice samples from cores drilled deep into the Earth, tree ring growth, the wider the ring, the warmer the year, and the size of glaciers; as for the cause of the warming, Dr. Kurt Cuffey of the University of California." Dr. Cuffey: "This information is certainly consistent with the prevailing view that climate is warming due to human influences and will continue to do so in the future."

ABC World News Tonight (6/22, story 8, :25, Gibson, 8.78M) reported, "Congress got a weather report today that caught our attention. It was told the earth's temperature is warmer than it's been in 400 years, possibly the last 2,000 years."

The Washington Post (6/23, A3, Eilperin, 744K) reports the National Academy of Sciences report "on the 'hockey stick graph' -- a much-discussed chart showing a sudden rise in temperatures in the Northern Hemisphere since the Industrial Revolution began -- voiced less confidence about the graph's conclusion that the climate is hotter now than it has been in 1,000 years. As a result, the academy report is not likely to resolve the fierce debate over the extent to which human-generated greenhouse gas emissions are responsible for warming the earth."

The Los Angeles Times (6/23, Maugh, Kaplan, 958K) reports, "Coupled with a report last month from the Bush administration's Climate Change Science Program that found 'clear evidence of human influences on the climate system,' the new study from the council, part of the National Academy of Sciences, signals a growing acceptance in Washington of widely held scientific views on the causes of global warming."

Friedman Says Global Warming Hurts Developing Countries Most. In his New York Times column (6/23),

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Thomas Friedman says, "For many Americans, combating climate change is at best a cause for green do-gooders and at worse something to be debated. But in a developing country like Peru, where many people live on the land and close to the edge, climate change is neither a hobby nor a question for debate." Peru's "plant and animal species are also being affected. The Andes region is one of the world's most mega-diverse hot spots, home to unique plant and animal species. Its rain forests, mountains and varied terrain create microclimates that provide habitats for endemic species, which have evolved in isolation from one another. As climate change shifts the boundaries between these zones, species found nowhere else in the world are threatened and disappearing."

Increasing US Reliance On Coal Seen As Unwise. In a New York Times op-ed (6/23), author Jeff Goodell says According to a recent report by the National Coal Council, an advisory board to the Department of Energy that is dominated by coal executives, if America invested $211 billion in coal-to-liquids refineries over the next 20 years, we could make 2.6 million barrels of diesel per day, enhancing the American oil supply by 10 percent. A number of coal-to-liquids plants are on the drawing boards in the United States, and China is eagerly pursuing this technology too." But "let's consider the wisdom of substituting one fossil fuel for another. We already burn a billion tons of coal a year — it generates more than half the electricity in the United States. But thanks in part to ever bigger, more powerful equipment, mining is destroying vast swaths of Appalachia while providing fewer well-paying jobs."

FBI/DEA/ATF/USMS:

Technical Mistake Reveals Conte As Reporter's Source In BALCO Probe. The San Francisco Chronicle (6/23, Egelko, Writer) reports, "Federal prosecutors say Victor Conte, founder of the Bay Area Laboratory Co-Operative, gave a Chronicle reporter information about the proceedings of a grand jury that was investigating BALCO for supplying performance-enhancing drugs to star athletes." The Chronicle continues, "The government's assertions, contained in portions of a federal court filing on Wednesday that were meant to be sealed from public view, stop short of accusing Conte of being the source of grand jury transcripts of testimony by Barry Bonds and other athletes reported in Chronicle articles and in a book by two Chronicle reporters." The Chronicle adds, "The government has subpoenaed the reporters, Mark Fainaru-Wada and Lance Williams, and The Chronicle to identify their source of the transcripts, which had been sealed by a federal judge's protective order. … Prosecutors cite numerous e-mail exchanges about grand jury testimony between Conte and Fainaru-Wada, including a purported offer by Conte to turn over a CD containing the testimony."

The New York Times (6/23, Liptak) reports, "About eight pages of a 51-page government brief filed in federal court in San Francisco on Wednesday were electronically blacked out to protect what prosecutors said was sensitive material concerning a grand jury's investigation into steroid use in baseball. … But the secret passages can be viewed by simply pasting the document into a word processing program. The passages open a window onto a particularly aggressive government leak investigation, one that seeks to force two San Francisco Chronicle reporters to reveal the identity of a confidential source. They also help explain why prosecutors are pursuing the matter so vigorously." The Times adds, "Phil Bronstein, the editor of The Chronicle, said the government might have taken more care to protect the blacked-out passages in light of the nature of its investigation. 'It's a little surprising and ironic in this case in particular,' Mr. Bronstein said, 'that this information which the government filed is somehow available to the public.' … Eve Burton, vice president and general counsel of the Hearst Corporation, which owns The Chronicle, said that prosecutors may be guilty of the very thing they are investigating. 'It is our hope,' she said, 'that the government did not leak the document.'"

The New York Sun (6/23, Gerstein) reports, "Those portions detail e-mail correspondence between Mr. Fainaru-Wada and the founder of a drug lab implicated in the probe, Victor Conte Jr. According to the filing, Conte broached the possibility of giving the reporter a CD containing grand jury transcripts, but added 'Just Kidding.' Mr. Fainaru-Wada pursued the possibility and suggested moving the conversation to a 'pay phone or cell or even meeting that would provide more comfort.' Three days after that exchange in June 2004, the Chronicle published a story detailing testimony about steroid use by a sprinter, Tim Montgomery."

Defendants In Heroin, Fentanyl Case Face Conspiracy Charges. The Chicago Tribune (6/23, Coen) reports two dozen people "charged in this week's takedown of the Mickey Cobras street gang appeared at the Dirksen U.S. Courthouse on Thursday for a reading of the drug conspiracy charges filed against them. Federal prosecutors have charged 47 members and associates of the gang in a sweeping complaint that accuses the Mickey Cobras of selling heroin and fentanyl at the Dearborn Homes housing project. … Christopher Hoyt, special agent with the U.S. Drug Enforcement Administration, said 32 of the 47 charged in the complaint were in custody Thursday."

The AP (6/23) reports a Chicago police officer "swept up in the crackdown on the Mickey Cobras' street gang appeared in federal court Thursday and arranged to post

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$10,000 bond. Tashika Sledge, 29, was among 47 people charged Wednesday with conspiracy to possess and distribute heroin and other drugs. Federal prosecutors contend the officer had a personal relationship with a top gang leader and fed him information about police activity."

UPI (6/22) reports a Chicago policewoman "is among 47 people arrested in a major gang-operated heroin distribution ring run out of a Chicago public housing complex. … The 213-page federal complaint alleges… Tashika Sledge helped the gang leaders by giving access to the police database to determine which members were under surveillance, and enabling them to check vehicle license plates to determine who was following them."

The Detroit News (6/22) reports that in Detroit, DEA spokeswoman Carolyn Gibson "said officials believe the tainted heroin sold in Detroit is linked with the Chicago heroin. Still, 'I cannot confirm at this time that that particular gang is connected,' Gibson said."

Accused Drug Dealer Said To Be Career Criminal. The Detroit News (6/22) reports, "A drug dealer accused of running a dope house where a 17-year-old Birmingham high school student overdosed was a career criminal and a fugitive on numerous parole violations that could have sent him to prison years ago, records show. A toxicology report completed Wednesday confirmed that Lauren Jolly of Bloomfield Township died last month from a lethal dose of fentanyl, a painkiller that has been mixed with heroin and is believed to have killed at least 79 people in Metro Detroit. Donald Edwin Cunningham, 26, with whom Jolly spent the last hours of her life at the house on Keating Street, according to police, violated terms of his parole at least nine times since he was sent to prison in April 2001."

Local TV Coverage. WFLD-TV, Chicago (6/22, 7:00 a.m.) reported, "Federal authorities say more arrests could be coming in connection with yesterday's sweeping gang crackdown. Drug agents swarmed the Dearborn Homes arresting several people they say were dealing drugs for the gang, the Mickey Cobras. The drugs include cocaine, marijuana, heroin laced with fentanyl and among those arrested was a Chicago police officer. Tashiqua Sledge was accused of feeding information to her boyfriend who is an alleged gang member. Police say they have been watching Sledge for months."

WGN-TV, Chicago (6/22, 8:00 a.m.) reported, "Chicago police and federal agents have shut down a major operation that sold killer drugs. Authorities staged a morning raid at the Dearborn Homes complex and charged 47 people in a conspiracy to market heroin laced with the painkiller fentanyl. Most of the suspects belong to the Mickey Cobras gang."

WBBM-TV, Chicago (6/22, 5:00 a.m.) reported, "Officials call it a significant victory in the war on drugs. Federal agents arrested nearly four dozen gang members who sold several types of drugs, the Mickey Cobras ran their operation out of the Dearborn Homes and eventually sold crack cocaine, marijuana, heroin and the potentially lethal prescription pain killer fentanyl."

New Orleans Police Promise "Massive Presence" Amidst Drug Turf War. The New Orleans Times-Picayune (6/23, Varney, 257K) reports that New Orleans Police Department said that, "augmented by the arrival of National Guard and State Police reinforcements," it "will begin deploying a 'massive physical presence' in Central City, Algiers and parts of Uptown," even as Federal law enforcement officials "vowed Thursday to bring federal cases whenever possible against suspects charged with violent offenses, yanking them out of a crippled state criminal justice system struggling to cope with a surge in crime and arrests." According to a recent FBI intelligence dossier, the "resurgence of crime in the city" is due to "a turf war among rival gangs that controlled the narcotics trade before Hurricane Katrina and have moved back into the city." Jim Bernazzani, special agent in charge of the FBI's New Orleans field office, said the report "shows that nine family or neighborhood-based drug organizations have returned to New Orleans and most have taken up residence in and around Central City."

FBI Announces Arrest Of Drug Ring Members. The Philadelphia Inquirer (6/23, Mason, 423K) reports that the FBI said "A drug task force has arrested three people suspected of distributing a deadly combination of heroin and a powerful painkiller." Louis "Bardo" Morales, Osvaldo "Valdi" Seda and Adam J. "Kekito" Torres-Ojeda were held after "the task force seized what agents called 'a large quantity' of heroin in predawn raids" at Morales' and at Torres-Ojeda's homes. "Jerri Williams, an FBI spokeswoman, said the drugs are being tested for fentanyl, a powerful painkiller that increases the odds of taking an overdose," but "declined to provide details of the arrests or seizures until the warrants are unsealed." Still, Chester narcotics Sgt. Joseph Bail said "the Morales organization is believed to be 'a major heroin distribution ring in the city.'"

Drug Suspect Arrested Nine Months After Faking His Death. The AP (6/23) reports that nine months after Kevin Klarell Washington faked this own death, "federal authorities found the 32-year-old Savannah man alive in Orlando, Fla., and arrested him on charges of distributing crack cocaine stemming from an investigation before Washington vanished." Authorities "had gotten a big break in March, when Washington's wife renewed his Georgia driver's license," but William Kirkconnell, the FBI's supervisory senior special agent in Savannah, notes, "'Based on the timing of his alleged drowning, law enforcement was skeptical at best' of his death."

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In Florida, Defense Attorneys Seek Dismissal Of Drug Cartel Case. The St. Petersburg Times (6/22) reports arguments were scheduled to conclude yesterday in a hearing regarding Joaquin Valencia-Trujillo, a Colombian businessman "described by federal prosecutors as a kingpin in the Cali drug cartel. Valencia-Trujillo's attorneys asked U.S. Magistrate Judge Elizabeth A. Jenkins to take the dramatic step of dismissing the case against their client. They say the government's actions, which include detaining a defense investigator as he returned from Colombia and seizing his records, have irreparably harmed Valencia-Trujillo's ability to receive a fair trial."

Texas Woman Gets Life Sentence In Drug Conspiracy Case. The Houston Chronicle (6/23, Rendon) reports a Texas City woman "convicted of conspiracy to distribute crack is headed to federal prison for life without parole, the mandatory sentence after prosecutors presented evidence of prior drug convictions. Carol Denise Richardson, 38, was convicted of conspiracy and several other federal drug charges in March. U.S. District Judge Keith P. Ellison sentenced her June 16. … Prosecutors sought a sentencing enhancement based upon Richardson's prior drug convictions, which raised the mandatory minimum sentence to life without parole."

IMMIGRATION:

High Court Decision Clears Way For Summary Deportations. The Washington Times (6/23, Seper, 90K) reports, "The Supreme Court yesterday upheld the deportation of an illegal alien who lived here for more than 20 years, started a business, married a US citizen and fathered a child -- delivering what immigration specialists said was a setback to other longtime illegal residents who might seek legal status." The Washington Post (6/23, A16, Lane, 744K) says that by a vote of 8 to 1, "the court ruled that the US government properly sent Utah truck driver Humberto Fernandez-Vargas back to Mexico in 2004 because he returned to the US illegally in 1982 after having been previously deported."

The Christian Science Monitor (6/23, Richey, 61K) reports, "Under the 1996 Illegal Immigration Reform and Immigrant Responsibility Act, anyone who sneaks back into the US after being deported is barred from applying to become a legal resident. The law says the old deportation order must be immediately reinstated and carried out, again. In his lone dissent, Justice John Paul Stevens says the law does not apply to those who entered the US prior to its passage - and creates an improper retroactive effect upon illegal immigrants." The ruling "will make it easier for immigration officials to enforce the law. But such enforcement will also jeopardize extensive family, work, and community ties forged by large numbers of illegal immigrants who have led productive lives in the US for decades."

The AP (6/23) reports, "By an 8-1 vote, justices said that Humberto Fernandez-Vargas, who was deported several times from the 1970s to 1981, is subject to a 1996 law Congress passed to streamline the legal process for expelling aliens who have been deported at least once before and returned. … After his last deportation in 1981, Fernandez-Vargas returned to the United States, fathered a child, started a trucking company in Utah and eventually married his longtime companion, a U.S. citizen. … But by the time he applied for legal status - after his marriage in 2001 - Congress had passed the Illegal Immigration and Immigrant Responsibility Act, which revoked the right to appeal to an immigration judge an order of removal."

The Houston Chronicle (6/23, Reinert) reports, "Making it more difficult for longtime illegal immigrants to remain in the United States, the U.S. Supreme Court on Thursday upheld the deportation of a Mexican national who lived in the United States for 20 years and is married to a U.S. citizen." The Chronicle continues, "Of the nine justices, only John Paul Stevens sided with Humberto Fernandez-Vargas, who has been trying to return to his wife and child in Utah since being deported in 2004." The Chronicle adds, "Lawyers for Fernandez-Vargas had argued that the federal Illegal Immigration and Immigrant Responsibility Act — which Congress passed in 1996 to speed up the removal of those who illegally re-enter the country after being deported at least once — did not apply to him because he had last re-entered 15 years before the law took effect. … Stevens said Fernandez-Vargas, who is in his 50s, rightly complained that the U.S. government 'changed the rules midgame.' Under previous law, the justice said, the best chance of eventually becoming a legal resident or U.S. citizen was to do exactly what Fernandez-Vargas did: Remain in the country at least seven years, start a business, stay out of trouble and build a U.S. family. … Stevens said the new law had an 'undeniably harsh retroactive effect' that Congress did not intend."

House GOP Leaders Deny They Plan To Thwart Immigration Bill. The Chicago Tribune (6/23, James, 643K) reports House GOP leaders, "stung by charges in recent days that they were trying to thwart congressional efforts at immigration reform," said yesterday "they still hoped to get a bill to President Bush this year." They "pointed the finger at the Republican-controlled Senate for delays in Congress's further consideration of immigration legislation, claiming that the Senate hadn't followed the proper legislative procedures that would allow the House to act." But the House leaders "also made clear that their re-election strategy

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this year includes blaming Senate Democrats for the perceived flaws in legislation passed by the Senate even though it passed last month with broad bipartisan support." Speaker Dennis Hastert said, "Let me be clear, our goal is to send an immigration bill to the president that is a strong bill on immigration that protects our borders and protects the American people. …We can send an immigration bill to the president this year." The Tribune adds House leaders "made every effort Thursday to link the bill to Senate Democrats, particularly Sen. Edward Kennedy of Massachusetts and Senate Minority Leader Harry Reid of Nevada."

The New York Times (6/23, Hulse, 1.19M) reports House Republicans "announced on Thursday a series of summer hearings on immigration policy to be held in California, Arizona and Texas and challenged the view that the sessions were intended to delay new immigration legislation." Sessions "are planned in San Diego and Laredo, Tex., on July 5 and July 7, respectively, on border vulnerabilities and international terrorism; hearings on English as the official language and enforcement of current immigration laws are planned for mid-July; and hearings are planned in Arizona in mid-August on costs to the government resulting from gaps in border control."

CNN's The Situation Room (6/22, Koppel) reported, "House Republican leaders and other committee members, some of the top committee members in the House, flanked the speaker, Dennis Hastert, this afternoon, as the Speaker made clear that the House wasn't going to compromise on immigration reform just because it's an election year. Dennis Hastert also said that the House wanted to get an immigration bill to President Bush by the end of this year."

NBC Nightly News (6/22, story 7, 2:35, Williams, 9.87M) reported, "Republican leaders insisted today they want an immigration reform bill this year, but the House and Senate bills are so different, the republicans in charge admit it will all be very hard to reconcile. So, the situation on the border will likely continue, at least for now."

WPost, WSJournal Criticize House GOP On Immigration. The Washington Post (6/23, A24, 744K) says in an editorial that House Republican leaders "have refused to open talks to bridge the gaps between" the House and Senate immigration reform bills and "have decided that ironing out the differences within their own party is too onerous. Instead, House leaders have branded the Senate package as a liberal 'Kennedy bill' and promised to run against it in the coming midterm elections. Despite the fact that Congress has already held hearings on immigration for two years, lawmakers plan to hold yet more hearings around the country -- especially in the Southern border states where the House's draconian enforcement approach is electorally potent. This is irresponsible."

The Wall Street Journal (6/23, 2.11M) says in an editorial House Republicans "have decided that the key to saving their majority is not to solve the immigration problem they've spent the last year building into a 'crisis.' Give them credit for novelty, if not for wisdom." This is "the only way to read House Speaker Denny Hastert's decision this week to delay a House-Senate conference on immigration reform, and instead to stage a summer anti-immigration road show. Republicans plan to use the events to further raise the false alarm of 'amnesty,' which means further attacking their own President's immigration policy. We realize this year's immigration debate long ago left the rational world and is now driven entirely by political fear. But even as political strategy, this is the equivalent of snake-handling; it will be diverting to watch, unless the snake bites back."

Border Patrol Agents Increasingly Face Violence. NBC Nightly News (6/22, story 7, 2:35, Williams, 9.87M) reported, "There are 12,000 border Patrol agents, with another 6,000 to be added over the next two years time." NBC (Teague) added, "After five months of training that covers everything from Spanish classes to high-speed chases, graduates of the Border Patrol Academy enter one of the most dangerous jobs in law enforcement. There were nearly 800 violent assaults against Border Patrol agents last year, a 108% increase from the year before. One reason -- smugglers and others crossing the Mexican border are increasingly armed."

Cannon Faces Tough Primary Challenge Over Immigration. The Washington Times (6/23, Hurt, 90K) reports Rep. Chris Cannon "is a loyal Republican" but he "faces a tough challenge in next week's Republican primary because, his opponent," businessman John Jacob says, he's not tough enough on illegal immigration." Both sides "agree that the election will turn on the issue of immigration and Mr. Cannon has plenty to worry about. In May, Mr. Jacob beat Mr. Cannon at Utah's Republican convention in a 52-48 surprise upset. Because neither candidate collected 60 percent of the convention vote, the nominee will be picked in the Republican primary next week." Cannon is haunted by "a four-year-old quote he made before an audience at the Mexican American Legal Defense and Educational Fund dinner, where he was accepting an 'Excellence in Leadership' award for helping children of illegal aliens get tuition breaks at public universities." Cannon said, "We love immigrants in Utah and we don't oftentimes make the distinction between legal and illegal. In fact, I think Utah was the first state in the country to legislate the ability to get a driver's license based on the matricula consular and of that I am proud." The Times adds Cannon "insists, he's not soft on illegal immigration."

Local Virginia Authorities Lack Authority To Arrest Illegals For Immigration Status. The Washington Times (6/23, Bomey, 90K) reports local Northern Virginia authorities "say they can't stop a van full of illegal aliens that's on its way from Ohio to Manassas, Va., because they don't have the authority to detain them." A sheriff's deputy "in Belmont

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County, Ohio, detained the aliens for about two hours early Tuesday after stopping the van on Interstate 470 for a traffic violation. A passenger in the van told deputies that they were illegal aliens and heading to Manassas to find work." The deputies "released the group after federal immigration authorities said via telephone they could not interview the aliens." Officials "with the Manassas Police Department and the Prince William County Sheriff's Department said they can't arrest the illegals even if they spot the van in their jurisdictions. Local police in Virginia don't have the authority to make arrests solely on the basis of a person's immigration status."

TAX:

House Votes To Cut Estate Taxes. The AP (6/23, Dalrymple) reports, "The House voted Thursday to cut taxes on inherited estates and relieve thousands of heirs from paying tax collectors beginning next decade. The 269-156 vote, just a few months before an election with control of Congress at stake, saw majority Republicans temporarily setting aside their ambition to abolish the tax." Instead, they "voted to exempt from taxation individual estates up to $5 million and couple's estates up to $10 million, while also blunting the impact on even richer families. The compromise measure now goes to the Senate."

Bloomberg (6/23, Newton-Small, Donmoyer) says that in the Senate, "some Democrats said it is unlikely the House legislation can draw enough support to attract swing votes in their party. Negotiations have begun among some Democrats for a compromise that would cost less to the Treasury than the House legislation, which has been estimated at about 75 percent of the cost of a full repeal."

The Wall Street Journal (6/23, Mullins, 2.11M) reports, "The decision by Republican congressional leaders to seek something less than full repeal reflects the changing political dynamic in Washington. After 12 years in control of Congress, Republicans worry that Democrats could win a majority in the House or Senate after November's congressional elections." The Journal adds, "With Democrats in control -- or even if they just pick up a few more seats in the Senate -- estate-tax repeal would face even longer odds. So, after four years of failed attempts to eliminate the tax, opponents of the estate tax decided to try at least to settle the issue and reduce its bite from what would happen if Congress didn't act at all." The Washington Post (6/23, A6, Weisman, 744K) also says "the estate tax bill -- which would cut but not eliminate taxes on inheritances -- marked a significant turnaround for House Republicans." The Washington Times (6/23, DeBose, 90K) runs a similar report.

NYTimes Criticizes Measure, GOP Priorities. The New York Times (6/23, 1.19M) editorializes, "Two weeks ago, the Senate killed an effort to repeal the federal estate tax on multimillion-dollar fortunes. The 'no' votes were a stand for budget sanity and basic fairness. But the pro-repeal camp doesn't want to take no for an answer. Yesterday, the House of Representatives passed an estate-tax cut that is a repeal in everything but name. The so-called compromise would exempt more than 99.5 percent of estates from tax, slash the tax rates on the rest and cost at least $760 billion during its first full decade. … No lawmaker who voted for the compromise gets any points for moderation."

A second New York Times editorial (6/23) says that "at the same time that Republicans are fighting to exempt the richest estates from taxes, they are blocking a raise for the nation's poorest workers. … Just 23 percent of Americans approve of the job Congress is doing, according to a recent New York Times/CBS News poll. These dismal ratings are no surprise when Congress's highest economic priority is handing out tax cuts to millionaires and oil companies, and its one point of fiscal restraint is protecting employers from having to pay a decent wage to factory workers and waiters."

CONGRESS-ADMINISTRATION:

House Approves Line-Item Veto. The AP (6/23, Taylor) reports, "President Bush would receive greater power to try to kill 'pork barrel' spending projects under a bill passed Thursday by the House." Lawmakers "voted to give Bush and his successor a weaker version of the line-item veto law struck down by the Supreme Court in 1998, despite a recent series of lopsided votes in which they've rallied to preserve each other's back-home projects. The new power would expire after six years." The AP adds, "The House passed the bill by a 247-172 vote. Thirty-five Democrats joined with most Republicans in voting for the bill; 15 Republicans opposed the measure and others voted for the bill despite private reservations." The measure "must still pass the Senate, and that's by no means a certainty."

Rumsfeld Considering Replacements For Abizaid, Jones. The Wall Street Journal (6/23, Harwood, 2.11M) reports in its "Washington Wire" column that Defense Secretary Donald Rumsfeld is weighing "replacements for key commanders. Army Gen. Craddock of U.S. Southern Command might succeed Abizaid as senior Middle East commander. Air Force chief of staff Moseley is rumored front-runner to succeed Marine Gen. Jones as head of European Command."

The Washington Times (6/23, Gertz, Scarborough, 90K) reports in its "Inside the Ring" column, "Gen. Abizaid and Mr. Rumsfeld have agreed that the general will stay through the summer. But the question is open about whether he will remain at CentCom after that."

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FTC Computer Stolen. The Wall Street Journal (6/23, Conkey, 2.11M) reports, "The Federal Trade Commission, the primary regulator enforcing privacy laws, said a laptop containing sensitive consumer data was stolen, adding to a string of disclosures that has exposed lax security practices in government." FTC officials "said a laptop storing the Social Security numbers or other personal data of 110 people was stolen from a vehicle being used by its attorneys last week. The information on it was password-protected but not encrypted. The agency said the individuals who were affected are involved in a continuing legal case, which it declined to identify."

Hacker Obtains Information On USDA Employees, Retirees, Contractors. The Washington Post (6/23, A23, Goldfarb, 744K) reports, "A hacker breached the Agriculture Department's computer system and may have taken personal information on 26,000 employees, retirees and contractors, the department said, making it the latest federal agency to have had personal data compromised." The Post adds, "The potential loss is less dramatic than the one that occurred last month with the theft of a laptop computer and hard drive containing personal information on up to 26.5 million veterans and military personnel from the home of a Department of Veterans Affairs employee." The Agriculture Department "said those affected will receive a year of free credit monitoring. VA announced a similar plan Wednesday after weeks of criticism for its failure to safeguard private data."

Votes Cast In CBP Union Election. In its Federal Diary column, the Washington Post (6/23, D4, Barr, 744K) reports "yesterday was the deadline for casting votes" in the election of a union "to negotiate on behalf of employees at Customs and Border Protection." In petitioning for the election, which set up "a showdown between the American Federation of Government Employees, which represented immigration employees, and the National Treasury Employees Union, which represented customs employees," the agency "contended that the Homeland Security merger had raised a series of union jurisdiction issues."

Duvall Says Bush "Much Less Intellectual" Than Clinton, But "Very Bright." USA Today (6/23, 2.31M) reports actor Robert Duvall, his wife, "and friends spent an evening at the White House recently, invited by President and Laura Bush for a screening of Broken Trail. Bush, he says, is 'much less intellectual' than President Clinton, with whom he once spent two hours at a dinner, but 'a very bright guy, very focused — and he'll excuse himself and go to bed at 9 o'clock.'" And there's "something special about a visit to the White House, no matter who the occupant is, Duvall says."

OTHER NEWS:

Economy Expected To Slow In Coming Months. The CBS Evening News (6/22, story 6, 0:20, Schieffer, 7.66M) reported, "A report out today suggests the US economy will weaken somewhat in coming months. The Index of Leading Economic Indicators fell 0.6% in May to its lowest level since October. That drove down stocks on wall street. The Dow lost about 60 points [to close at 11,019.11], the NASDAQ 18 [to close at 2,122.98]." NBC Nightly News (6/22, story 9, 0:10, Williams, 9.87M) also reported the stock numbers, as did the Wall Street Journal (6/23, McKay, 2.11M), among other sources.

Meanwhile, the Wall Street Journal (6/23, McAuley, Ives-Halperin, 2.11M) reports US "jobless claims rose last week, reversing a recent two-week downward trend, and indicating the labor market, though generally sound, may have some slack." Initial jobless claims "increased by 11,000 to a seasonally adjusted 308,000 in the week ending June 17, the Labor Department said Thursday. New claims for the week ending June 10 were 297,000, revised from a previously reported 295,000."

Increase In Fed Funds Rate Urged. William A. Niskanen, chairman of the Cato Institute and a member and acting chairman of the Council of Economic Advisers under President Reagan, writes in the Wall Street Journal (6/23, 2.11M), "Ben Bernanke and the Fed face a critical test at the Federal Open Market Committee meeting next week that will demonstrate whether they are serious about constraining inflation. … Should the FOMC continue to increase the Fed funds rate in order to reduce the inflation rate? Or should it pause for a while, given the selective signs of a slowing economy and a concern by many about the potential effects on the mid-term congressional elections this fall? My vote is for another 25-basis-point increase in the Fed funds rate."

Nevada High Court Reviewing Conflict, Favoritism Charges Against Three Judges. The Los Angeles Times (6/23, Woutat) reports, "The Nevada Supreme Court has asked three Las Vegas judges to respond to reports that they have engaged in conflicts of interest, favoritism and other questionable practices." The Times continues, "Based on the responses of those senior judges and a review of the allegations, first detailed in the Los Angeles Times, the state Supreme Court will decide whether to take action, Chief Justice Robert E. Rose said." The Times adds, "In an interview, Rose also called for beefing up the state agency responsible for investigating judges, and for making it easier to remove senior judges from cases." The

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Times notes, "The Times articles, published this month, detailed what appeared to be widespread conflicts of interest, favoritism and violations of judicial canons by Las Vegas judges. … The reports focused on eight current or former district court judges and a sitting federal judge. The Supreme Court's inquiry is the first known step toward investigating the allegations. … News media and political commentators in Las Vegas have condemned the behavior described in the reports, and numerous Nevada lawyers praised the disclosures as a step toward reform."

Duncan Drops Out Of Maryland Governor's Race. CNN's The Situation Room (6/22, King) reported that Democrat Doug Duncan says he is dropping out of the Maryland gubernatorial race "because he's suffering from depression. That clears the way for Baltimore Mayor Martin O'Malley to win the Democratic nomination and challenge Republican incumbent Robert Ehrlich this fall."

WPost Says Duncan Announcement Is Disappointment. The Washington Post (6/23, A24, 744K) editorializes, "Duncan's surprise announcement is a disappointment, and not only because hard-fought primary contests are a sign of robust health for any political party. For almost 12 years as the chief executive of Montgomery County, he has been a capable, decisive manager of the state's largest and most economically vibrant locality, overseeing a period of staggering growth, immigration and demographic change that left the county stronger and more vital."

Lieberman Votes On Iraq Troop Withdrawals Could Help Primary Opponent. The Washington Post (6/23, A11, Cillizza, 744K) reports Sen. Joseph I. Lieberman (D-Conn.) "further inflamed his party's liberal base yesterday by opposing two Senate measures seeking to limit the scope of the war in Iraq." Lieberman "may have further jeopardized his chances of defeating businessman Ned Lamont in the state's Aug. 8 primary. Lamont, a political unknown until a few months ago, has drawn national attention and rising poll numbers at home in recent weeks -- especially after he drew support from a third of the delegates at a recent state party convention." Lamont spokeswoman Liz Dupont-Diehl said, "This is further evidence of why a lot of people call Joe Lieberman 'George Bush's favorite Democrat." The Post adds Lieberman "was one of six Democrats to vote against both resolutions offered by his Senate colleagues. Of that group, Sens. Ben Nelson (Neb.) and Bill Nelson (Fla.) are the only ones other than Lieberman standing for reelection this fall."

Edwards Calls For Eliminating Poverty By 2036. Knight Ridder (6/23, Funk) reports Sen. John Edwards, "Fresh from his first-place showing among possible presidential contenders in a poll of Iowa Democrats," yesterday spoke "to a roomful of pundits and national reporters, road-testing the big themes he hopes to ride into the White House in 2008." Edwards' "biggest" theme is to "eliminate poverty in the United States by 2036. Edwards, who heads the Center on Poverty, Work and Opportunity at the University of North Carolina at Chapel Hill, has made no secret of his itch to run for president again as long as his wife's health holds out." Edwards said his wife, Elizabeth, who "was diagnosed with breast cancer in late 2004," is "now cancer-free." In "his speech before the National Press Club to about 150 people, Edwards covered several issues, proposing an immediate pullout of 40,000 U.S. troops from Iraq and calling for a bolder Democratic Party, one with 'big ideas and backbone.'" But "mostly he talked about setting a national goal to eradicate poverty over the next 30 years. He proposes to end it not with a rehash of the 'Great Society,' President Lyndon Johnson's string of federal programs in the 1960s, but by ushering in what Edwards called his 'Working Society.'"

The Washington Post (6/23, A9, Balz, 744K) reports Edwards said "the nation should set a goal of eliminating poverty over the next three decades and seek to reclaim the moral high ground internationally by starting to withdraw forces from Iraq." Edwards had "sharp words for his party, saying Democrats must stand for big ideas, backbone and leadership. 'I do not believe in a party obsessed with incrementalism, half-measures, positions based on yesterday's polls,' he said." Edwards said "wiping out poverty would cost $15 billion to $20 billion a year, which he said he would pay for by rolling back President Bush's tax cuts for the wealthiest Americans and preserving the estate tax, which the Republicans are seeking to eliminate."

Study Finds Stewart's "Daily Show" Promotes Cynicism. The Washington Post (6/23, A2, Morin, 744K) reports Jon Stewart "and his hit Comedy Central cable show may be poisoning democracy. Two political scientists found that young people who watch Stewart's faux news program, 'The Daily Show,' develop cynical views about politics and politicians that could lead them to just say no to voting." The finding is "particularly dismaying news because the show is hugely popular among college students, many of whom already don't bother to cast ballots." Jody Baumgartner and Jonathan S. Morris of East Carolina University "said previous research found that nearly half -- 48 percent -- of this age group watched 'The Daily Show' and only 23 percent of show viewers followed 'hard news' programs closely."

Celebrities Under Pressure To Be Activists, Philanthropists. USA Today (6/23, Freydkin, 2.31M) reports Bono, Angelina Jolie and Oprah Winfrey "set the gold standard when it comes to celebrity activism. Bono has been

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instrumental in raising awareness of global poverty and the AIDS epidemic with his ONE campaign, which has gotten stars such as George Clooney, Matt Damon and Brad Pitt on board." After "initial skepticism, politicians from House Minority Leader Nancy Pelosi, D-Calif., to Sen. Rick Santorum, R-Pa., now wax poetic about the U2 singer, lauding his understanding of the issues." Celebrities "of all stripes find themselves under pressure to use their fame for a higher purpose. With the high-profile examples set by Jolie and Bono, there may come a time, observers say, when a star's lack of charity work will be a liability."

Rumsfeld, Hadley Say Bush Could Order Shoot-Down Of North Korean Missile. The Washington Times (6/23, Dinan, 90K) reports Defense Secretary Donald Rumsfeld and National Security Adviser Stephen Hadley said the US "is set to shoot down any North Korean missile launch that threatens the United States." Rumsfeld told reporters that Bush "has the power to order a shootdown, using one of 11 ground-based interceptors now located in Alaska and California," while Hadley said the US "has a missile defense system with 'limited operational capability' that could be used to try to shoot down" a missile. Hadley added that US officials "were vigorously pursuing a diplomatic push to head off a test launch by Pyongyang."

NBC and CBS reported on the missile standoff. On NBC Nightly News (6/22, story 5, 0:45, 9.87M), Brian Williams said the story was "rather urgently reported earlier this evening," but "I'm not sure how urgent it is." NBC (Miklaszewski) added, "Military officials tell NBC News that the Pentagon has issued an execution order which officially puts the US missile defense system on alert to shoot down a North Korean missile but only if it poses a direct threat to the US."

The CBS Evening News (6/22, story 3, 2:45, Schieffer, 7.66M) ran a much longer report focusing on how Russia and China have joined the US "in urging North Korea to call off its preparations to test-fire a long-range missile with the capability to reach the West Coast. No one really believes that if the North Koreans do fire it, they will aim it there, but Administration officials made it clear today that if it does appear it is headed our way, they'll try to shoot it down." CBS (Martin) added, "Orders have been issued to the fledgling missile defense system to be prepared to shoot down the North Korean missile if it is launched in a direction to land on American soil. That includes the Pacific island of Guam, site of a growing US military base. Defense Secretary Rumsfeld said today the decision to fire would be up to the President."

Cheney, Hadley Reject Pre-Emptive Strike Advice. The Financial Times (6/23, Sevastopulo, Alden) reports Vice President Cheney rejected a call by two Clinton Administration Pentagon officials for a "US pre-emptive strike to prevent North Korea from testing an intercontinental ballistic missile." Responding to a Thursday Washington Post op-ed, Cheney "Cheney suggested that the US should not try to destroy the North Korean missile with a pre-emptive strike." Cheney said, "At this stage, we are addressing the issue in a proper fashion. Obviously, if you're going to launch strikes at another nation, you'd better be prepared to not just fire one shot." The Washington Post (6/23, A21, Kessler, 744K) reports others in the Administration, including Hadley, also rejected the advice from ex-Defense Secretary William Perry and ex-Assistant Secretary Ashton Carter.

Knight Ridder (6/23, Landay) says the White House "has little leverage to use on North Korea" despite a US "threat of severe consequences." The US "has no diplomatic or economic ties with North Korea, the rudimentary U.S. missile-defense system is untested in real-world conditions and Pyongyang is regarded as having a right to test missiles, making any American attack to forestall a launch an act of war with potentially explosive consequences."

Ex-Envoy Also Rejects Strike Suggestion. In a Washington Post (6/23, A25, 744K) op-ed, Charles L. "Jack" Pritchard, a former special US envoy for negotiations with North Korea, calls the ex-officials' advice an "egregious suggestion," asking, "If you were Kim Jong Il and saw a buildup of American forces on the Korean Peninsula before an announced preemptive airstrike, would you be thinking that it would be only a limited strike and not the start of an effort to bring down your regime?"

Cheney, Rice, Burns Lead India Nuclear Deal Lobbying Effort. The Financial Times (6/23, Daniel) reports the Administration "set out its strongest defence of the civilian nuclear assistance agreement with India, when" Vice President Cheney "called it 'one of the most important strategic foreign policy initiatives of our government.' His remarks are part of an aggressive campaign to address scepticism ahead of the mark-up of the draft bill next Tuesday in the House international relations committee and on Wednesday by the Senate foreign relations committee." Undersecretary Burns "spent the last two days briefing members on Capitol Hill." Secretary Rice "will make further calls on Friday." Burns, who "addressed fears that the agreement created a double standard by treating India's nuclear ambitions differently from Iran's and North Korea's," is quoted saying, "The message is that [that] country . . . plays by the rules and wants to invite the inspectors in. If India wants to do that, it is a good message for Iran and North Korea." Furthermore, Burns "expected amendments to be introduced next week, but warned that some of them 'could effectively kill the agreement.' He expressed confidence that the House and Senate would agree on 'one piece of legislation' that could be voted on after the July 4 recess."

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Cheney "also urged Congress to make sure 'that amendments or delays on the US side do not risk wasting this critical opportunity,' and encouraged the leaders of the Indian-American Caucus…to 'use their leadership role to help usher through a critical agreement.'"

The Washington Times (6/23, Stuhldreher, 90K) notes that "under legislation introduced in March, an exemption for India would depend upon several conditions: India would have to present a plan to segregate its civilian and military nuclear facilities, negotiate a treaty limiting the production of fissile material, adopt IAEA safeguards, and work to prevent the spread of technology that could assist other states in developing weapons." Additionally, "the 45 nations of the Nuclear Suppliers Group would have to reach a consensus to endorse the deal."

Bush Support Raises Hope For WTO Deal. The Financial Times (6/23, Beattie, Alden) reports the "troubled" Doha round of global trade talks is "witnessing the most serious attempt yet by the European Union, the US and developing countries" to reach a deal. Ahead of a "crucial" meeting of trade ministers in Geneva next week, President George W. Bush's "signal of strong political support for the talks has raised hopes the US will accept more constraints on its farm subsidies and will moderate its demands for access to foreign agricultural markets," the Times writes. A spokesman for EU trade commissioner Peter Mandelson said he had been "impressed" with Bush's "determination during the EU-US summit this week to get a deal done."

The New York Times (6/23, Landler, 1.19M) reports, "A month after he warned that the five-year negotiations for a global trade agreement were in the 'red zone,' the head of the World Trade Organization, Pascal Lamy, said Thursday that he had grown considerably more optimistic about the odds of a deal." Lamy attributed his "confidence to a change in the tone of the United States." While it was not clear whether the United States planned to make any new proposals next week, Lamy said Bush's words this week suggested that Washington was open to a compromise. "Until yesterday, the US side of the triangle had remained locked," Lamy said. "The good news yesterday was that suggestions of flexibility were given by the US, notably by Bush," he added.

EU Trade Chief Urges WTO Talks On Energy. The Wall Street Journal (6/23, A6, Champion, Von Reppert-Bismark, 2.11M) reports EU trade commissioner Peter Mandelson said Thursday he wants a new round of global trade talks that will focus on energy, with the goal of subjecting trade in oil and gas to the same "ordinary rules" as other goods. In an interview, Mandelson said "bringing energy trade and investment under the rules and enforcement procedures of the World Trade Organization would, among other things, require that producers provide free access to transit of such resources." However, the Journal says extending the WTO's reach over energy "would also face enormous hurdles. For one thing, producers are likely to see little to gain in opening up distribution networks to competition."

WSJournal Says Farm Subsidies Distort Global Trade. In an editorial, the Wall Street Journal (6/23, 2.11M) says this week's US-EU summit "did little to end the finger-pointing over who is more at fault for endangering the Doha trade talks by refusing to budge on farm subsidies." According to a report released this week by the Organization for Economic Cooperation and Development "shows that developed countries continue to prop up uncompetitive farmers, to the tune of $280 billion in 2005." These subsidies, the Journal says, "most distort global trade and punish poor farmers in the developing world" and "raise prices for domestic consumers." Farm liberalization, the newspaper continues, "shouldn't hinge on whether or how much other nations lower their barriers to Western goods. The people of Europe, America and Japan would benefit from any move to free up agricultural trade, even a unilateral one."

Olmert And Abbas Meet, Agree To Continue Dialogue. The New York Times (6/23, Erlanger, 1.19M) reports Palestinian Authority President Mahmoud Abbas and Israeli Prime Minister Ehud Olmert "held informal and inconclusive talks over breakfast here on Thursday, their first meeting since Mr. Olmert became prime minister. They embraced and promised to accelerate preparations for a substantive meeting in the next few weeks, both men said afterward." The Times says the "reluctant" meeting "was orchestrated" by King Abdullah of Jordan and author Elie Wiesel. "Neither the Israelis nor the Palestinians wanted a rushed meeting that 'would produce no concrete agreements and could worsen the situation,' said the Israeli deputy prime minister, Shimon Peres, who also attended the breakfast." Olmert "made it clear on Thursday that substantive negotiations on a final peace agreement could not take place while Hamas…remains in control of the Palestinian Authority." He "praised Mr. Abbas as sincere, but said Israel had preconditions before opening such negotiations." Also, Olmert "apologized for the deaths of Palestinian civilians in Israeli military efforts to stop the firing of Qassam rockets from Gaza into Israel. The Financial Times (6/23, Morris) leads its coverage with Olmert's apology, saying he told Abbas that "he regretted the deaths of Palestinian civilians in recent air strikes on the Gaza Strip."

The AP (6/23, Halaby) says the two leaders "kissed and embraced Thursday in the first meeting between Israeli and Palestinian leaders in more than a year, and Olmert made a rare apology for Palestinian civilian deaths in recent Israeli airstrikes. Despite the icebreaker," Olmert "said peace talks are unlikely unless the Palestinians' Hamas-led government

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changes its stripes, and he pledged to keep up attacks against militants."

Survey Finds Deep Division Between Views Of Muslims, Westerners. Knight Ridder (6/23, Latifi) reports, "Muslims and Westerners remain sharply at odds in the way they view each other, according to a 13-country poll released Thursday. Among the findings: Majorities of Muslims in several countries don't think Arabs were responsible for the Sept. 11, 2001, terrorist attacks. Majorities of Westerners in countries surveyed don't think Muslims respect women." Knight Ridder adds, "On the bright side, support for Osama bin Laden is declining among Muslims, and most Muslims believe that democracy can work in Islamic countries."

The Washington Post (6/23, A19, Schrank, 744K) reports that "for the second year running, the survey shows increasing opposition among Muslim populations to violence targeting civilians in the name of Islam. About 71 percent of polled Muslim Indonesians said such violence is never justified, compared with 66 percent last year; in Pakistan, the figure was 69 percent, up from 46 percent; Jordan has had the steepest rise in the proportion of people opposed to extremist violence, up from 11 percent last year to 46 percent. But 'a sizeable number of adherents,' particularly among sampled Nigerian Muslims, still believe that violence against civilians is justifiable in defense of Islam, the survey found."

USA Today (6/23, Page, 2.31M) reports, "The poll by the Pew Research Center found that many Americans and Europeans view Muslims as fanatical and violent. By wider margins, most Muslims in the Middle East and Asia see Westerners as selfish, arrogant and violent. … In an example of conflicting views, about six of 10 of those surveyed in the USA and Western Europe blame 'Muslim intolerance' for the protests and violence this year that followed publication of Danish cartoons depicting the prophet Mohammed. Nearly nine of 10 of those surveyed in Jordan, Egypt, Indonesia and Turkey blame the furor on 'Western disrespect' of Islam. Islam forbids the depiction of Mohammed's image."

The New York Times (6/23, Bortin, 1.19M) says "majorities in every country surveyed except Pakistan expressed pessimism about Muslim-Western relations, with Germany most strongly viewing the situation as bad (70 percent), followed by France (66 percent), Turkey (64 percent), Spain and Britain (61 percent), and Egypt (58 percent)." Pew surveyed 14,030 people from March 31 to May 14 "in Britain, Egypt, France, Germany, India, Indonesia, Jordan, Nigeria, Pakistan, Russia, Spain, Turkey and the United States."

Albright, Danforth, Kohut Discuss Poll. The Christian Science Monitor (6/23, Cook, 61K) reports former Secretary of State Madeleine Albright, former Sen. John Danforth, and Pew Research Center pollster Andrew Kohut discussed a new study by the Pew Global Attitudes Project that examines Muslim public opinion about the US and the West. At a Monitor breakfast, Kohut said, "A real divide does exist between peoples. Muslims and Westerners are generally convinced that relationships are not good these days. Westerners see Muslims as fanatical, violent and not tolerant. Muslims see Westerners as selfish, immoral and greedy.... One of the most startling findings here, most Muslims remain unconvinced that Arabs carried out the September 11 attacks." Sen. Danforth said, "The leaders of Islam have been less than forthcoming in expressing strong views on matters of terrorism.... [Western religious leaders] have not been strong in any respect about how their religion relates to the world beyond themselves." Albright said the US government has "not fully engaged, or have not engaged enough, in what I consider the battle of ideas."

Former DIA Analyst Pleads Guilty To Giving Top Secret Information To China. The Washington Times (6/23, Gertz, 90K) reports former Defense Intelligence Agency analyst Ronald N. Montaperto "has pleaded guilty to illegally holding classified documents and admitted in a plea agreement to passing 'top secret' information to Chinese intelligence officials." Montaperto, "who held a security clearance as a China specialist at a U.S. Pacific Command research center until 2004, pleaded guilty to one count of unlawful retention of national defense information, according to court papers and law officials familiar with the case, who spoke on the condition of anonymity."

NRA Prompts Letter-Writing Protest Of UN Forum On Firearms. The Washington Times (6/23, Pisik, 90K) reports UN officials "have received more than 100,000 letters, many of them generated by a National Rifle Association campaign, protesting a U.N. forum on illicit small arms that starts Monday and runs through July Fourth." The form letter to UN Secretary General Kofi Annan available on the NRA Website says, "The 4th of July is America's most revered national holiday. Yet, you have nevertheless chosen that day to meet at the U.N., on American soil, in your drive to ban civilian firearm ownership worldwide. In doing so, you have placed the U.N. squarely on the side of freedom's enemies."

Somali Government, Islamic Faction Sign Ceasefire. The Washington Post/AP (6/23, A20) reports Somalia's "interim government and the Islamic faction that controls the country's capital signed an agreement Thursday that calls for an immediate cease-fire and confers mutual recognition on the warring parties." The secretary general of

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the Arab League, Amr Moussa, said "the delegation from the Islamic Courts Union, the militia that controls Mogadishu, the capital, and most of southern Somalia, agreed to recognize the legitimacy of the interim government, which is based in Baidoa, 155 miles northwest of Mogadishu."

Lack Of Security Could Undercut Congolese Election. The New York Times (6/23, Polgreen, 1.19M) reports the Congo "presidential and parliamentary elections in July will be the first moment of self-determination for most Congolese; the last multiparty election was in 1965." Since former leader Mobuto Sese Seko "was deposed in 1997, the nation, renamed the Democratic Republic of the Congo, has been caught in the murderous grip of rival militias, both homegrown and backed by neighboring countries. The war has officially been over since a peace agreement between the factions was signed four years ago, but the transition to peace has yet to come." The election is "meant to draw a line between that chaotic past and a more hopeful future. But the process of preparing for the election has been extraordinarily difficult in the troubled and violent eastern regions, where militias have battled government troops over control of lucrative industries like diamond and copper mining, and in the short term the election may cause as many problems as it solves."

Lopez-Obrador Proposes "New Deal" Building Program. The Washington Post (6/23, A18, Roig-Franzia, 744K) reports Mexican presidential candidate Andres Manuel Lopez Obrador, "who is often compared with South American leftists, has found a model in an icon from the north: Franklin Delano Roosevelt." Lopez-Obrador's "economics team has developed a blueprint for what they call the 'Mexican New Deal.' Their modern version of Depression-era populism is an ambitious program to create millions of jobs and stem migration by undertaking huge public works projects, including a railroad network, vast housing developments, ports and timber replanting."

Venezuela's Security Council Bid Seen As Linked To Iran Crisis. In her Wall Street Journal column (6/23), Mary Anastasia O'Grady says, "In Latin America, the competition between Guatemala and Venezuela for the U.N. Security Council seat that Argentina will vacate at the end of this year is of particular importance." Venezuelan President Hugo Chávez "has made it clear that when it comes to geopolitics, his preferences lie with hostile states like Iran, Cuba, Sudan and North Korea. A seat on the Security Council, where the presidency also rotates monthly, would give the Venezuelan strongman ways to make those preferences operational at the multilateral level." Guatemala has "the solid backing of the more serious democracies in the region -- such as Colombia and Mexico -- and insists that it will not withdraw its candidacy. That means that in all likelihood the vote will probably go to the General Assembly. Guatemala believes it can win that ballot. Let's hope so. If not, Latin America will have handed Iran a victory that is likely to threaten world peace."

NYTimes Says UN Human Rights Council Membership Rules Flawed. The New York Times (6/23, 1.19M) says in an editorial, "The Bush administration was right to hold out for high principle when the ground rules for membership on the new United Nations Human Rights Council were being debated earlier this year. Unfortunately, the United States lost that fight, and the council's opening session this week was tarnished by the participation of Pakistan, Saudi Arabia and Cuba, all flagrant abusers themselves and poorly suited to judge the human-rights performance of other nations. Other questionable members include China and Russia, which not only circumscribe the rights of their own citizens but also use their clout regularly to defend the indefensible behavior of allies like Uzbekistan or Sudan."

Krauthammer Says Australia's Alliance With US "Heartfelt." In his Washington Post column (6/23, A25), Charles Krauthammer says, "When Australian ambassadors in Washington express support for the United States, it is heartfelt and unalloyed, never the 'yes, but' of the other allies, perfunctory support followed by a list of complaints, slights and sage finger-wagging. Australia understands America's role and is sympathetic to its predicament as reluctant hegemon. That understanding has led it to share foxholes with Americans from Korea to Kabul. They fought with us at Tet and now in Baghdad. Not every engagement has ended well. But every one was strenuous, and many quite friendless. Which is why America has such affection for a country whose prime minister said after Sept. 11, 'This is no time to be an 80 percent ally' and actually meant it."

THE BIG PICTURE:

Headlines From Today's Front Pages.

Los Angeles Times:

"Secret U.S. Program Tracks Global Bank Transfers."
"New Gypsy Vision For The Future."
"Shyamalan Book Tells Of Breakup With Disney."
"Villaraigosa's Plan For L.A. Unified Faces Opposition In Classrooms."
"U.S. Panel Backs Data On Global Warming."

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"Mexico's Cartels Escalate Drug War."
"American Dream Still Out Of Reach."

USA Today:
"Court Eases Worker Lawsuits."
"Celebrity Activists Put Star Power To Good Use."
"Cities May Ban Trains With Chemicals."
"Study: 25% Of Americans Have No One To Confide In."

New York Times:
"Bank Data Sifted In Secret By U.S. To Block Terror."
"S.E.C. Is Reported To Be Examining A Big Hedge Fund."
"Senate Rejects Calls To Begin Iraq Pullback."
"In Congo, Hunger And Disease Erode Democracy."
"Doctors See Way To Cut Risks Of Suffering In Lethal Injection."

Washington Post:
"Duncan Drops Bid For Governor, Pitting O'Malley Vs. Ehrlich In Md."
"For The Love Of Ballou."
"Senate's Abramoff Report Disputes Rep. Ney."
"Court Expands Right To Sue Over Wrongs At Work."
"Senate Rejects Democrats' Calls For Iraq Timetable."

Washington Times:
"Senate Rejects Iraq Troop Pullout."
"U.S. Set To Down Korean Missile."
"Duncan Ends Campaign For Governor."
"Ex-DIA Analyst Admits Passing Secrets To China."
"Letters Against Gun Meeting Swamp U.N."
"Free Ride To Manassas And No Stopping Them."
"Putting Dinner On The Table."

Detroit Free Press:
"Car Incentive Wars To Heat Up."
"Cops Nab Fentanyl Suspect."
"UAW Springs For Fun, Perks."
"Feeling Cut Off."
"Secret U.S. Program Spies On Bank Records."

Atlanta Journal-Constitution:
"Few Water Police Guard Taps."
"Violent Crime, Guard Return To New Orleans."
'Metro Law Agencies Tune Up Radio Links For Security Crises."
"It's Not Age Before Duty."

Houston Chronicle:
"U.S. Secretly Scours Bank Data In War On Terror."
"He Lost The Game But Not The Magic."
"7 Held In Plot On Sears Tower."
"Feeling Alone? You're Not The Only One."
"'In A Lot Of Ways, I Still Am Suffering.'"

Story Lineup From Last Night's Network News:
ABC: Afghanistan-Stolen Documents; Iraq-US KIAs; Iraq-Senate Debate; Iraq-US Troops' Opinion; Bush-Hungary; Senate-NSA Surveillance Program; Merck-Zocor Patent; Global Warming; Arizona Wildfire; World Cup-US Out; Petite Women-Clothing.
CBS: Global Warming; Western Wildfires; North Korea Missile; US KIAs; Iraq-Iran Influence; US Economy Forecast; Social Networking Websites; Military Credit Monitoring; Faith-Based Health Care; World Cup-US Out.
NBC: Global Warming Report; Iraq-Senate Debate; Santorum-WMDs; Iraq-Iran Influence; North Korea Missile; Afghanistan-Taliban Offensive; Border Patrol Training; Supreme Court-Sexual Harassment; Stock Markets; World Cup-US Out; American Airlines-Cost-Cutting.

Story Lineup From This Morning's Radio News Broadcasts:
ABC: Miami-Terror Arrests; Afghanistan-US Computer Disk Stolen; House-Line Item Veto.
CBS: Miami-Terror Arrests; Treasury-Terror Financing; Pentagon-Missile Interceptor Test; North Korea-Missile Test; Iraq-US KIA; AZ-Wildfire.
NPR: Senate-Iraq; North Korea-Missile Test; Economic Indicators Index; Wall Street; Treasury-Terror Financing; World Cup.

WASHINGTON'S SCHEDULE:

Today's Events In Washington.
White House:

PRESIDENT BUSH — Attends White House Tee Ball Game, South Lawn.

VICE PRESIDENT CHENEY — Speaks on the economy, Chicago Mercantile Exchange Auditorium, 20 South Wacker Drive; speaks at a luncheon for congressional candidate Dave McSweeney, Hilton Chicago.

US Senate: FLOOR SCHEDULE _ 11 a.m. FLOOR SCHEDULE _ Reconvenes for morning business only.

1 p.m. FOREIGN RELATIONS _ Full Committee. Closed briefing on overseas cooperation between the Defense and State departments. State Department counselor Philip Zelikow; Undersecretary of Defense Eric Edelman. Location: Room S-407, Capitol.

US House: No Scheduled Events.

Other: COUNCIL ON BIOETHICS _ President's Council on Bioethics conference. Location: St. Regis Hotel.

NDN MEETING _ NDN holds its 2006 annual meeting, ``What Comes Next: A New Politics for America." Highlights: 8:30 a.m. Rep. Rahm Emanuel. 9 a.m. Sen. Hillary Clinton. 9:30 a.m. Session on ``Progressive Idea-Making in the 21st Century, with Jonathan Alter, Senior Editor and columnist at Newsweek; Rep. Artur Davis; Markos Moulitsas, Internet pioneer; Michael Tomasky, Editor, The American Prospect. 11 a.m. Iowa Gov. Tom Vilsack and NDN President Simon

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Rosenberg. 12 p.m. Luncheon on ``What's Next for Globalization," with former Mexican Foreign Minister Jorge Castaneda and Loral Space and Communications CEO Bernard Schwartz. Location: Mayflower Hotel.

POW/MIA FAMILIES _ 37th annual convention of the National League of POW/MIA Families. Location: Hilton Crystal City, 2399 Jefferson Davis Highway, Arlington.

AMERICAN FOR DEMOCRATIC ACTION _ Americans for Democratic Action holds its 2006 conference on convention. Highlights: 9 a.m. Session on building a liberal majority, with Reps. Diane Watson, Pete STark, Mike Honda, Rush Holt and Lynn Woolsey. 10:30 a.m. Keynote address: ADA President Rep. Jim McDermott. 11 a.m. Session on a road map for liberal victories, with economist Jeff Faux, Rev. Lennox Yearwood, United Steelworkers President Leo Gerard, others. 12:15 p.m. Luncheon speaker - Rep. Raul Grijalva. 3:30 p.m. Session on governing, with Reps. Barney Frank and Jerrold Nadler, others. 7 p.m. Banquet with honorees John Connolly of AFTRA, Helen Thomas, and Fred Azcarate of Jobs with Justice. Location: Gallaudet University.

LIBYAN DEMOCRACY-CONFERENCE _ American Libyan Freedom Alliance holds conference on ``Working Toward the Return of the Constitutional Legitimacy to Libya. Highlights: 8:45 a.m. Opening remarks by Adel Mekraz, ALFA executive director. 9 a.m. Session 1 topics: ``Libya's struggle for constitutional rule" and ``The political forces behind the 1951 Libyan Constitution." 10:45 a.m. Session 2 Topics: ``The 1969 coup and economic impact of rule by fiat" and ``Libyan civil society and challenges under Totalitarianism." 1:30 p.m. Session 3 Topic: ``US foreign policy and the restoration of constitutional rule in Libya." 3 p.m. Session 4 Topics: ``Writing a new Libyan constitution" and ``The Libyan Experience: Lessons in Law." 4:15 p.m. Concluding remarks by ALFA director Mekraz. Location: HC-5, US Capitol.

RURAL AMERICA _ 8:30 a.m. - 3 p.m. The National Center for Food and Agricultural Policy and USDA hold a workshop, ``Growing Up and Growing Old in Rural America." Highlights: 8:45 a.m. Deputy Agriculture Secretary Chnuck Conner. 9:15 a.m. Rep. Rosa DeLauro. Location: Room 325, Russell.

LIBYA _ 8:45 a.m. - 2 p.m. The Middle East Institute, others, sponsor the first U.S.-Libya Business Association's annual policy conference. Highlights: 9:15 a.m. Keynote address - Rep. Tom Lantos. 10:10 a.m. Session on the diplomatic outlook, with Assistant Secretary of State David Welch, and Libyan Amb. Ali Aujali. 11:35 a.m. Session on commercial prospects in Libya, with Deputy USTR Douglas Bell, Deputy Assistant Commerce Secretary Matthew Borman. 12:45 p.m. Luncheon panel on economic reforms in Libya, with Taher El Jehaimi, Secretary of the General People's Committee for Planning, others. Location: Carnegie Endowment for International Peace, 1779 Massachusetts Ave. NW.

PAKISTAN-ENERGY _ 8:45 a.m. - 5:30 p.m. Wilson Center program on ``Meeting Pakistan's Energy Needs in the 21st Century." Participants include: Ziad Alahdad, World Bank Institute; Mukhtar Ahmed, Energy Advisor to the Prime Minister of Pakistan; Shahid Javed Burki, former Pakistan finance minister; John Hammond, United States Energy Association; and officials from the Karachi Stock Exchange; Canadian International Development Agency; elsewhere. Location: Woodrow Wilson International Center for Scholars, 6th Floor Auditorium; Ronald Reagan Building and International Trade Center; 1300 Pennsylvania Ave., NW.

MIDEAST _ 9 a.m. - 2 p.m. The Middle East Institute holds a forum on ``U.S.-Libya Re-Engagement: The Path Forward," with Taher El Jehaimi, Secretary of the General People's committee for Planning. Location: Carnegie Endowment for International Peace.

SUPREME COURT _ 9 a.m. The Washington Legal Foundation holds a discussion to review the 2005 Supreme Court term. Location: Murdock Center for Free Enterprise, 2009 Massachusetts Ave. NW.

SEMICONDUCTOR INDUSTRY-DEFENSE _ 9 a.m. - 10:30 a.m. The Center for Strategic and International Studies (CSIS) will hold a session on the national defense implications of U.S. competitiveness with a particular focus on the semiconductor chip industry. Location: CSIS, 1800 K St. NW.

FIGHTING TERRORISM _ 10 a.m. The Heritage Foundation holds a panel discussion on ``24 and America's Image in Fighting Terrorism: Fact, Fiction or Does it Matter?" with Homeland Security Secretary Chertoff, talk show host Rush Limbaugh, David Heyman of CSIS, James Carafano of the foundation, ``24" Executive Producers Howard Gordon and Joel Surnow, plus ``24 cast members. Location: Reagan Trade Center.

PALESTINE _ 10 a.m. The Council for the National Interest holds a discussion on ``Politics of Starvation: The Humanitarian Crisis in Palestine," with Timothy Rothermel, former UNDP Chief in Jerusalem, and Laila El Haddad, Al-Jazeera International Correspondent. Location: Room SC-6, Capitol.

SMITH _ 10 a.m. Conservative author Mark Smith gives a lecture on a new conservative battle plan for the courts. Location: National Press Club.

JUSTICE-TERRORISM _ 11 a.m. Deputy Attorney General Paul McNulty hosts a pen-and-pad (no cameras) roundtable regarding DOJ efforts to prosecute terrorists after 9/11. Location: Room 4111, main Justice.

ENERGY _ 11:30 a.m. Agriculture Secretary Johanns and Energy Secretary Bodman hold a telephone briefing to discuss their departments' renewable energy efforts. Notes: Callin number: 888-455-0060; passcode: 6761983.

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PORT SECURITY _ 12:30 a.m. Kurt Nagle, president of the American Association of Port Authorities, speaks on ``Security, Globalization and American Ports'' at monthly Transportation Table lunch. Location: National Press Club, 14th and F Sts. NW.

PRESCRIPTION DRUGS _ 12:15 p.m. The Commonwealth Fund and the Alliance for Health Reform hold a briefing on prescription drug coverage and practices at several health systems. Location: Room G-50, Dirksen.

SARBANES-OXLEY _ 12:30 p.m. The Heritage Foundation holds a seminar on the Sarbanes-Oxley Act, with Alex Pollock of AEI, David John of Heritage, others. Location: 4th floor, Capitol Hill Club, 300 1st St. SE.

USTR-UAE _ 2:15 p.m. USTR Susan Schwab meets with the MAE Minister of Economy and commerce Shikha Luban Al Qasimi. Photo op only. Location: USTR offices, 600 17th St. NW.

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DOJ_NMG_0036768

Blomquist, Kathleen M

From: Blomquist, Kathleen M
Sent: Tuesday, June 27, 2006 2:59 PM
To: Clement, Paul D; Garre, Gregory G; Gorsuch, Neil M; 'jimenezf@dodgc.osd.mil'
Subject: Hamdan Background Media Call

Hi,

I wanted to touch base with you regarding the background media call that will take place after the Hamdan decision comes down. We'd like to shoot for 1pm to accommodate press deadlines but can push it back if you need more time. We do hope to set the time soon after the decision comes down, however, so that we can send out an advisory to reporters with the time and call-in information.

Also, we spoke with Mr. Clement about this earlier and understand that he may not be available.

Thanks very much,

Kat Blomquist
202/514-2007

USDOJ- Office of Public Affairs

From: USDOJ- Office of Public Affairs
Sent: Tuesday, June 27, 2006 7:26 PM
To: USDOJ- Office of Public Affairs
Subject: PUBLIC AFFAIRS DAILY NEWS WRAP FOR JUNE 27, 2006

PUBLIC AFFAIRS DAILY NEWS WRAP
June 27, 2006

Contact: Brian Roehrkasse, Deputy Director, Office of Public Affairs (202) 514-2007

TOMORROW'S EXPECTED NEWS STORIES:

Attorney General Delivers Remarks at Tel Aviv University (OPA)
Attorney General Alberto R. Gonzales delivered remarks this morning on Global Law Enforcement in a Post 9/11 World and participated in a question-and-answer session with attendees at Tel Aviv University in Tel Aviv, Israel.

KPMG Ruling (OPA)
Today, a federal judge ruled against the government in *United States v. Stein*, ruling that prosecutors unconstitutionally pressured accounting firm KPMG LLP not to pay legal fees – based on guidance in the Department's Thompson Corporate Fraud Guidelines memo – for 16 former partners accused of setting up illegal tax shelters for wealthy clients.

Talking Points:

- The principles articulated in the Thompson Memorandum were first set out in the late 1990s. They have been successfully used by prosecutors over the last eight years, including a period of unparalleled success in rooting out corporate misconduct.

- The guidelines are time-tested and fairly balance the interests of the business community and the investing public. We are therefore surprised and disappointed by Judge Kaplan's novel conclusion, never before reached by any other court, that these guidelines are constitutionally suspect.

- The Department remains committed to the principles and guidance set out in the Thompson Memorandum. The Department of Justice is currently studying Judge Kaplan's opinion and its legal options in response.

Justice Department Testimony on Signing Statements (OPA)
Michelle Boardman, Deputy Assistant Attorney General for the Office of Legal Counsel, testified before the Senate Judiciary Committee on Presidential Signing Statements today.

Nevada Sex Trafficking Conviction (Criminal)
A Reno, Nevada man has been convicted by a federal jury in Los Angeles on multiple charges related to the sex trafficking of minors. Yesterday, a jury in the Central District of California found Juan Rico Doss guilty of two counts of sex trafficking of children, three counts of transporting minors into prostitution, one count of conspiracy to commit sex trafficking of children and transporting minors into prostitution, and two counts of witness tampering. Doss was found not guilty on one count of witness tampering. These charges arose from information that Doss prostituted two minor victims in both California and Reno, Nevada, during the first two weeks of May 2005.

State of Indiana & ITS Intelenet Commission Agree to Pay U.S. over $8.2 Million to Settle False Claims Involving E-Rate Program (Civil)
The state of Indiana and the Intelenet Commission, an entity controlled by the state of Indiana, have agreed to pay the United States nearly $8.3 million as a civil settlement relating to allegations of making false claims and false statements in connection with the Federal Communication Commission's (FCC) E-Rate program, the Department of Justice and the U.S. Attorney's Office for the Southern District of Indiana announced today.

AT&T Agrees to Pay the United States $2.9 Million to Settle Allegations of Contracting Fraud (Civil)
AT&T Communications- East, Inc., a subsidiary of AT&T Corp., has agreed to pay the United States $2.9 million to settle claims that it defrauded the General Services Administration (GSA) from 1998 to 2001, the Justice Department announced today.

Justice Department Announces Agreement to Protect the Integrity and Accuracy of Indiana's Voter Registration List (Civil Rights)
The Justice Department today announced that it has reached an agreement with Indiana officials that will help to ensure the accuracy and integrity of Indiana's statewide registration list in accordance with the National Voter Registration Act (NVRA).
The agreement sets forth the state's short-term and long-term plan for creating and implementing a program to identify and remove ineligible voters from the statewide database, including deceased registrants, convicted felons, and voters who no longer live in Indiana or the county of their registration. The lawsuit, which was filed contemporaneously with the agreement, was filed following a Justice Department investigation that found that Indiana had hundreds of thousands of ineligible voters on its registration lists, including over 29,000 possibly deceased registrants and 290,000 duplicate registrations.

Justice Department Requires Divestiture in the Acquisition of Knight Ridder Inc by the McClatchy Company (Antitrust)
The Department of Justice announced today that it will require The McClatchy Company and Knight Ridder Inc. to divest the St. Paul Pioneer Press in order to proceed with their proposed multi-billion dollar newspaper merger. The Department said that the transaction, as originally proposed, would have eliminated head-to-head competition between McClatchy and Knight Ridder and likely would have resulted in higher prices for advertisers and readers in the Minneapolis/St. Paul metropolitan area. The Department's Antitrust Division filed a civil antitrust lawsuit today in U.S. District Court in Washington, D.C. to block the proposed transaction. At the same time, the Department filed a proposed consent decree that, if approved

by the court, would resolve the lawsuit and the Department's competitive concerns. Under the terms of the consent decree, Knight Ridder can merge with and into McClatchy, but McClatchy must divest the St. Paul Pioneer Press.

Announcement of Information Protection Center at Utica College (FBI)
A press conference will be held tomorrow at the National Press Club where Acting Deputy Assistant Director Ray Morrow will discuss creating a new Center for Information Management and Information Protection at Utica College in upstate New York. United States Secret Service and several private companies will also participate.

Oprah to Feature Watch List (FBI)
Tomorrow, "The Oprah Winfrey Show" will feature a segment on the sexual predator watch list.

WEDNESDAY'S EXPECTED EVENTS/RELEASES:

The Environmental and Natural Resources Division will have a release on a vessel pollution matter. (Magnuson)

At 10:00 A.M., DEA Administrator Karen Tandy will testify before the House Armed Services Committee regarding Stability in Afghanistan.
: Office Building
Room 2118

The Supreme Court may hand down a decision tomorrow in *Hamdan v. Rumsfeld*.

Keisler, Peter D (CIV)

From:	Keisler, Peter D (CIV)
Sent:	Wednesday, June 28, 2006 9:04 AM
To:	McCallum, Robert (SMO); Gorsuch, Neil M
Cc:	Bucholtz, Jeffrey (CIV); Schiffer, Stuart (CIV); Katsas, Gregory (CIV); Cohn, Jonathan (CIV); Nichols, Carl (CIV); Calvert, Chris (CIV)
Subject:	Weekly

Robert, Neil: [redacted]. If so, my apologies -- and please start without me, of course. Thanks. Peter

Gorsuch, Neil M

From: Gorsuch, Neil M
Sent: Wednesday, June 28, 2006 9:10 AM
To: Keisler, Peter D (CIV)
Subject: Re: Weekly

Congratulations! Thrilled with today's news.

-----Original Message-----
From: Keisler, Peter D (CIV)
To: McCallum, Robert (SMO); Gorsuch, Neil M
CC: Bucholtz, Jeffrey (CIV); Schiffer, Stuart (CIV); Katsas, Gregory (CIV); Cohn, Jonathan (CIV); Nichols, Carl (CIV); Calvert, Chris (CIV)
Sent: Wed Jun 28 09:04:26 2006
Subject: Weekly

Robert, Neil: [redacted] If so, my apologies -- and please start without me, of course. Thanks. Peter

Keisler, Peter D (CIV)

From: Keisler, Peter D (CIV)
Sent: Wednesday, June 28, 2006 9:14 AM
To: Gorsuch, Neil M
Subject: Re: Weekly

Thanks so much. I've only known about it for a very, very short time, and have been keeping it under wraps, per instructions -- but I'm absolutely delighted you know and appreciate so much all our conversations leading up to this.

May I ask how you found out (and who else knows)? I'm very eager to share it with Robert, but I'm enjoined from discussing it with anyone, and have obeyed.

-----Original Message-----
From: Gorsuch, Neil M <Neil.Gorsuch@SMOJMD.USDOJ.gov>
To: Keisler, Peter D (CIV) <pkeisler@CIV.USDOJ.GOV>
Sent: Wed Jun 28 09:09:40 2006
Subject: Re: Weekly

Congratulations! Thrilled with today's news.

-----Original Message-----
From: Keisler, Peter D (CIV)
To: McCallum, Robert (SMO); Gorsuch, Neil M
CC: Bucholtz, Jeffrey (CIV); Schiffer, Stuart (CIV); Katsas, Gregory (CIV); Cohn, Jonathan (CIV); Nichols, Carl (CIV); Calvert, Chris (CIV)
Sent: Wed Jun 28 09:04:26 2006
Subject: Weekly

Robert, Neil: [redacted] If so, my apologies -- and please start without me, of course. Thanks. Peter

Gorsuch, Neil M

From: Gorsuch, Neil M
Sent: Wednesday, June 28, 2006 9:20 AM
To: Keisler, Peter D (CIV)
Subject: Re: Weekly

Heard it yesterday informally but it was announced at sr mgmt mtg today with firm instructions not to be shared prior to public announcement.

-----Original Message-----
From: Keisler, Peter D (CIV)
To: Gorsuch, Neil M
Sent: Wed Jun 28 09:14:07 2006
Subject: Re: Weekly

Thanks so much. I've only known about it for a very, very short time, and have been keeping it under wraps, per instructions -- but I'm absolutely delighted you know and appreciate so much all our conversations leading up to this.

May I ask how you found out (and who else knows)? I'm very eager to share it with Robert, but I'm enjoined from discussing it with anyone, and have obeyed.

-----Original Message-----
From: Gorsuch, Neil M <Neil.Gorsuch@SMOJMD.USDOJ.gov>
To: Keisler, Peter D (CIV) <pkeisler@CIV.USDOJ.GOV>
Sent: Wed Jun 28 09:09:40 2006
Subject: Re: Weekly

Congratulations! Thrilled with today's news.

-----Original Message-----
From: Keisler, Peter D (CIV)
To: McCallum, Robert (SMO); Gorsuch, Neil M
CC: Bucholtz, Jeffrey (CIV); Schiffer, Stuart (CIV); Katsas, Gregory (CIV); Cohn, Jonathan (CIV); Nichols, Carl (CIV); Calvert, Chris (CIV)
Sent: Wed Jun 28 09:04:26 2006
Subject: Weekly

Robert, Neil: [redacted]. If so, my apologies -- and please start without me, of course. Thanks. Peter

Katsas, Gregory (CIV)

From:	Katsas, Gregory (CIV)
Sent:	Wednesday, June 28, 2006 9:20 AM
To:	Keisler, Peter D (CIV); McCallum, Robert (SMO); Gorsuch, Neil M
Cc:	Bucholtz, Jeffrey (CIV); Schiffer, Stuart (CIV); Cohn, Jonathan (CIV); Nichols, Carl (CIV); Calvert, Chris (CIV)
Subject:	Re: Weekly

I'll be out until this afternoon, but have nothing significant to report, other than that we are trying to get as much of Appellate back online as quickly as possible.

-----Original Message-----
From: Keisler, Peter D (CIV) <pkeisler@CIV.USDOJ.GOV>
To: McCallum, Robert (SMO) <Robert.McCallum@SMOJMD.USDOJ.gov>; Gorsuch, Neil M <Neil.Gorsuch@SMOJMD.USDOJ.gov>
CC: Bucholtz, Jeffrey (CIV) <JBucholt@CIV.USDOJ.GOV>; Schiffer, Stuart (CIV) <sschiffe@CIV.USDOJ.GOV>; Katsas, Gregory (CIV) <GKatsas@CIV.USDOJ.GOV>; Cohn, Jonathan (CIV) <JCohn@CIV.USDOJ.GOV>; Nichols, Carl (CIV) <canichol@CIV.USDOJ.GOV>; Calvert, Chris (CIV) <CCalvert@CIV.USDOJ.GOV>
Sent: Wed Jun 28 09:04:26 2006
Subject: Weekly

Robert, Neil: [redacted] If so, my apologies -- and please start without me, of course. Thanks. Peter

Gorsuch, Neil M

From: Gorsuch, Neil M
Sent: Wednesday, June 28, 2006 9:24 AM
To: Katsas, Gregory (CIV)
Subject: Re: Weekly

How did Treas mtg go?

-----Original Message-----
From: Katsas, Gregory (CIV)
To: Keisler, Peter D (CIV); McCallum, Robert (SMO); Gorsuch, Neil M
CC: Bucholtz, Jeffrey (CIV); Schiffer, Stuart (CIV); Cohn, Jonathan (CIV); Nichols, Carl (CIV); Calvert, Chris (CIV)
Sent: Wed Jun 28 09:20:15 2006
Subject: Re: Weekly

I'll be out until this afternoon, but have nothing significant to report, other than that we are trying to get as much of Appellate back online as quickly as possible.

-----Original Message-----
From: Keisler, Peter D (CIV) <pkeisler@CIV.USDOJ.GOV>
To: McCallum, Robert (SMO) <Robert.McCallum@SMOJMD.USDOJ.gov>; Gorsuch, Neil M <Neil.Gorsuch@SMOJMD.USDOJ.gov>
CC: Bucholtz, Jeffrey (CIV) <JBucholt@CIV.USDOJ.GOV>; Schiffer, Stuart (CIV) <sschiffe@CIV.USDOJ.GOV>; Katsas, Gregory (CIV) <GKatsas@CIV.USDOJ.GOV>; Cohn, Jonathan (CIV) <JCohn@CIV.USDOJ.GOV>; Nichols, Carl (CIV) <canichol@CIV.USDOJ.GOV>; Calvert, Chris (CIV) <CCalvert@CIV.USDOJ.GOV>
Sent: Wed Jun 28 09:04:26 2006
Subject: Weekly

Robert, Neil: [redacted] If so, my apologies -- and please start without me, of course. Thanks. Peter

Katsas, Gregory (CIV)

From: Katsas, Gregory (CIV)
Sent: Wednesday, June 28, 2006 9:38 AM
To: Gorsuch, Neil M
Subject: Re: Weekly

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Congrats on your hearing. Wish I'd known, to go and cheer you on. Seems like everything is on track.

-----Original Message-----
From: Gorsuch, Neil M <Neil.Gorsuch@SMOJMD.USDOJ.gov>
To: Katsas, Gregory (CIV) <GKatsas@CIV.USDOJ.GOV>
Sent: Wed Jun 28 09:24:11 2006
Subject: Re: Weekly

How did Treas mtg go?

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From: Katsas, Gregory (CIV)
To: Keisler, Peter D (CIV); McCallum, Robert (SMO); Gorsuch, Neil M
CC: Bucholtz, Jeffrey (CIV); Schiffer, Stuart (CIV); Cohn, Jonathan (CIV); Nichols, Carl (CIV); Calvert, Chris (CIV)
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Sent: Wednesday, June 28, 2006 9:49 AM
To: Katsas, Gregory (CIV)
Subject: RE: Weekly

Sounds like a great trip and it's a very good time to be away. If I were you, I'd extend it as chaos reigns here. [redacted] what a hassle. Thanks for the good wishes on the hearing; may [redacted] go just as smoothly!

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USDOJ- Office of Public Affairs

From:	USDOJ- Office of Public Affairs
Sent:	Wednesday, June 28, 2006 9:49 AM
To:	USDOJ- Office of Public Affairs
Subject:	Attorney General's News Briefing for Wednesday, June 28, 2006
Attachments:	agnb060628.pdf; agnb060628.doc

THE ATTORNEY GENERAL'S NEWS BRIEFING

PREPARED FOR THE OFFICE OF PUBLIC AFFAIRS, U.S. DEPARTMENT OF JUSTICE

TO: THE ATTORNEY GENERAL AND SENIOR STAFF

DATE: WEDNESDAY, JUNE 28, 2006 7:45 AM EDT

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TERRORISM NEWS:

In Jerusalem, Gonzales Warns Of Home-Grown Terror Plots. The Jerusalem Post (6/28, Izenberg) reports, "US Attorney-General Alberto Gonzales on Tuesday warned that the war against terrorism was evolving and that a new threat was in the making from homegrown terrorism, which was sometimes harder to defend against than international terrorism. … 'They [home-grown terrorists] are much more difficult to find because they exist in our communities,' said Gonzales in a speech at Tel Aviv University's Jaffe Center for Strategic Studies, during a short visit to Israel which was due to end Wednesday. 'This is presenting additional challenges for us that we are now

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beginning to focus on.'" The Post continues, "Asked whether he thought the war against terrorism was succeeding, Gonzales replied, 'The US and other countries, like Israel are safer today. [But] we are not safe.' … Gonzales singled out US-Israel collaboration in combatting terrorism. 'We are working closing in the war on terror,' he said." The Post adds, "Gonzales that the improvement in US security was due to the establishment of the Homeland Security Department, new legislation such as the Patriot Act, the war against terrorism in Afghanistan and Iraq and strong international cooperation among law enforcement agencies, which he described as 'fantastic.' … Still, he said, he constantly reads intelligence reports about terrorist threats to the US and other countries, including Israel. 'I sometimes wonder when it this ever going to stop,' he added. 'And it may not stop for a while.' … Gonzales refused to say whether or not the Bush administration was seriously considering closing the prison facility at Guantanamo Bay. In the meantime, the US government is awaiting a Supreme Court ruling on a petition challenging the commissions established by the government to try some of the detainees imprisoned at the US facility."

House GOP Drafting Resolution Condemning NYTimes Over Intelligence Leaks. CNN's The Situation Room (6/27, Henry) reported, "Republicans on Capitol Hill stepped up their barrage on The New York Times in another move that will rally conservatives in advance of the midterm elections." CNN added, "The chance to beat up on a newspaper with a liberal reputation is too good to resist for an administration struggling to keep its conservative base happy. … But White House Press Secretary Tony Snow was less certain than the vice president when pressed Tuesday on what evidence there is the leak has compromised terror probes. … Snow did charge The New York Times endangered lives by bucking a tradition of media organizations agreeing to keep government secrets at a time of war. But Times executive editor Bill Keller defended the decision to publish."

The Hill (6/28 O'Connor, Allen) reports House Republican "are expected to introduce a resolution today condemning The New York Times for publishing a story last week that exposed government monitoring of banking records." Rep. J.D. Hayworth "working independently from his leadership, began circulating a letter…asking his leaders to revoke the Times's congressional press credentials."

Roll Call (6/28, Ben Pershing) reports, "At press time Tuesday, the resolution was still being drafted by a handful of different committees under the direction of Majority Leader John Boehner's office. Republican sources said they expected the finished product would condemn both the leaking of the law enforcement program and its publication by the Times and a handful of other newspapers. … What is less clear is how House Democrats will react. Both Democratic leaders and rank-and-file lawmakers have complained in the past about the administration's conduct of the war on terrorism, particularly after The New York Times disclosed last year that the National Security Agency was listening to some domestic phone calls without a warrant. But in the case of the SWIFT story, most Democratic leaders have been noticeably silent. The administration even enlisted some Democrats, reportedly including Rep. John Murtha…to try to lobby the Times not to publish its piece."

Roberts Calls For Investigation. The AP (6/28) reports Sen. Pat Roberts, chairman of the Senate Intelligence Committee, said the government "should conduct an inquiry into damage done by the recent disclosures of intelligence programs aimed at stopping terrorists. .. 'We cannot continue to operate in a system where the government takes steps to counter terrorism while the media actively works to disclose those operations without any regard for protection of lives, sources and legal methods,' said Roberts."

The New York Times (6/28, Shane, 1.19M) reports Roberts asked John D. Negroponte, director of national intelligence "to assess any damage to American counterterrorism efforts caused by the disclosure of secret programs to monitor telephone calls and financial transactions." Roberts "asked for a formal evaluation of damage to intelligence collection resulting from the revelation of the secret financial monitoring as well as The Times's disclosure in December of the National Security Agency's monitoring of phone calls and e-mail messages of Americans suspected of having links to Al Qaeda."

Fox News' Special Report (6/27, Hume) reported Roberts "argues the New York Times served no public interest when it exposed an effective and highly classified program that tracked terrorist money transfers." Roberts "asked the Director of National Intelligence John Negroponte to determine how much damage has been done by this most recent leak and by the Times story on the terrorist eavesdropping program."

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The Los Angeles Times (6/28, Schmitt, 958K) reports Roberts "said he was particularly concerned with disclosures that the administration was monitoring phone calls and Internet traffic without a warrant and accessing an international database of bank transactions. 'We have been unable to persuade the media to act responsibly and protect the means by which we protect this nation,' he wrote."

Group Files Complaint In 17 Countries Over Terror Finance Tracking. The AP (6/28) reports, "A civil liberties group on Wednesday asked governments around the world to block the release of confidential financial records to U.S. authorities as part of American anti-terrorist probes." The AP continues, "London-based watchdog Privacy International said it had filed complaints with data protection and privacy regulators in 17 countries, arguing that disclosures of financial transactions 'were made without any legal basis or authority whatsoever.' … The complaint, sent to regulators in 13 European countries as well as Canada, Australia, New Zealand and Hong Kong, asks authorities to 'intervene to seek the immediate suspension of the disclosure program pending legal review.'" The AP adds, "The U.S. Treasury acknowledged on Friday that since the Sept. 11, 2001 attacks on the U.S., it has tracked millions of financial transactions handled by the Belgium-based Society for Worldwide Interbank Financial Telecommunication, or SWIFT. … SWIFT oversees about 11 million financial transactions a day among banks and financial institutions worldwide, recording customers' names, account numbers and other identifying information. … Privacy International's director, Simon Davies, said the secret CIA-Treasury program 'shows yet again how the U.S. willfully disregards the privacy rights not only of its own citizens, but also the rights of foreign nationals.'"

King Says NYTimes Should Be Investigated, Prosecuted Under Espionage Act. Rep. Peter King was asked on MSNBC's Hardball (6/27) what should be done to the New York Times. King said, "They should be investigated and prosecuted for violating the Espionage Act. This was a program that was working, it was an effective weapon in the war against terrorism, it was entirely illegal and there was absolutely no public purpose at all in revealing it. They might have as well have taken confidential information and handed it to Osama bin Laden."

Markey Says NYTimes Has Provided "Enormous Public Service." Rep. Ed Markey said on MSNBC's Hardball (6/27), "The New York Times has provided an enormous public service. It has revealed that the Department of Treasury, the Bush Administration, when confronted with internal criticism, inside its own administration that this program may be illegal, rather than in fact getting a court order, or going to Congress, instead they hired an auditing firm, Booz Allen, in order to determine whether or not constitutional rights were violated. That in and of itself is a violation of the Constitution, and I think that as the story unfolds and people understand it more, that the New York Times, rather than going to jail, will be put up once again for another Pulitzer Prize."

NYTimes Defends Decision To Run Swift Story. The New York Times (6/28, 1.19M), in an editorial, writes, "Over the last year, The New York Times has twice published reports about secret antiterrorism programs being run by the Bush administration. Both times, critics have claimed that the paper was being unpatriotic or even aiding the terrorists. Some have even suggested that it should be indicted under the Espionage Act. … From our side of the news-opinion wall, the Swift story looks like part of an alarming pattern. Ever since Sept. 11, the Bush administration has taken the necessity of heightened vigilance against terrorism and turned it into a rationale for an extraordinarily powerful executive branch, exempt from the normal checks and balances of our system of government. It has created powerful new tools of surveillance and refused, almost as a matter of principle, to use normal procedures that would acknowledge that either Congress or the courts have an oversight role."

Miami Terror Plot Suspect Makes Court Appearance. The AP (6/28) reports, "Stanley Grant Phanor, one of seven men suspected of seeking to blow up the Sears Tower and with help from al-Qaida, made his first appearance in court Tuesday but did not enter a plea. Phanor and five other co-defendants will return to federal court before U.S. Magistrate Judge Ted Bandstra Friday in downtown Miami for a hearing on whether the men should remain in custody prior to trial, the U.S. Attorney's Office said. The seventh man, Lyglenson Lemorin, was scheduled to appear Thursday in federal court in Atlanta." The AP notes, "Phanor's brother Michael said his brother and the other men they were trying to do community service in the area where they grew up, studying martial arts to keep in shape and setting a good example for neighborhood kids."

Terror Suspects Allegedly Also Targeted Chicago FBI. WLS-TV Chicago (6/27, Goudie) reports on its Web site

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from a story broadcast yesterday, "Until federal court records obtained Tuesday revealed it, the Sears Tower appeared to be the only Chicago target of the accused terrorists," but "the FBI in Chicago was also on the terrorists' hit list." However, "the alleged terrorists might well have attacked the wrong building," hitting the Dirksen Federal Building, rather than the new FBI facility in Chicago. According to the court documents, terror suspect Narseal Batiste tried to recruit an "emissary to lobby Islamic extremists for money to fund the Sears Tower attack, the assault on the Chicago FBI and the other bombings. According to prosecutors, that person did not go to the Middle East for Batiste but did go to the FBI about him."

Illinois Editorial Says Miami Arrests Demonstrate Ongoing Terror Threat. Under the headline "Sears Tower Threat Shows Terrorism A Serious Concern," the Rockford (IL) Register Star (6/27) editorialized, "Fortunately, the man the wannabe terrorists thought was from al-Qaida was a FBI informant. 'This group was more aspirational than operational,' FBI Deputy Director John Pistole said. … Perhaps the attorney general and the FBI downplayed the threat to keep Americans calm or perhaps the seven men were truly the bunglers they've been portrayed as, but they could have caused plenty of damage with the machine guns they did ask for." The Register Star concluded, "This episode, and the more than 400 arrests for domestic terrorism since 2001, show that the government is paying attention to threats real and perceived. We should be thankful for that."

Miami Reporter Praises Arrests, But Worries Suspects Only "Pathetic Wannabes." In a Miami Herald (6/28, 323K) op-ed, Michael Putney of WPLG-TV Miami writes that in the Miami arrests, "the FBI acted on information provided by a confidential informant," and "until this is sorted out it's a good thing these guys are behind bars. … But I can't help wondering if the Feds swooped in too soon and merely gathered up some 'pathetic wannabes,' as the editorial page of this paper called them. The Liberty City Seven may have said violent things, but they didn't commit violent acts." Putney adds that in their conversations with the FBI informant, the suspects made "big talk, but these guys had no money, guns, bullets, bombs or explosives."

US Seeks Juror Anonymity For Hamas-Funding Trial. Knight Ridder/Chicago Tribune (6/28, Coen) reports, "Federal prosecutors have asked a judge to seat an anonymous jury to hear the case" of Muhammad Salah, accused of "taking part in a conspiracy to fund Hamas, which raises concerns for prospective jurors, the court filing states. 'The nature of the charges and the evidence supporting the charges are such as to place jurors in reasonable apprehension for their safety,' the motion reads." The Tribune notes, "The parties in the Salah case are expected to appear for a status hearing Wednesday before U.S. District Judge Amy St. Eve. The judge already has indicated she might want thorough criminal background checks performed on each prospective juror."

DOJ Defends Terror Prosecutions Despite Light Sentences. NBC News (6/28) reports, "Dozens have been arrested in the U.S., suspected of terrorist ties, but the offenses are typically small and the sentences short. Is the government crackdown working?" NBC continues, "Some legal experts accuse the Justice Department overselling the arrests cases as terrorism arrests, generating dramatic headlines that actually end very differently. … 'Our approach tends to be, I think, prosecutions by press conferences,' says Juliette Kayyem, an NBC terrorism analyst and a professor at Harvard University. 'A lot is promised at the front end, and then when you actually get to the facts of the case, it tends to fall apart.'" NBC adds, "Sensitive to that criticism, the government is now defending its record. … Just last week, the Justice Department said 261 people have been convicted in terror-related prosecutions since 2001. Many were solid wins — Iyman Faris, who plotted to attack the Brooklyn Bridge, for example. Would-be shoe bomber Richard Reid, and Mohammed Babar, who admitted providing support for al-Qaida operations overseas. … But of the total 261 convictions, the average sentence is only around a year, from plea agreements, to charges like immigration or document fraud. And sometimes the threat may seem remote, as with the Lackawanna Six, the group in Buffalo, N.Y., convicted of getting terror training but never charged with planning any specific attack." NBC notes, "Even so, in a recent speech, the deputy attorney general said all are examples of a new approach — prevention through prosecution. … 'We could await further action by these men and then arrest and prosecute them,' says Paul McNulty, U.S. deputy attorney general, 'or we could prosecute at the moment our investigation reveals both a risk to our national security and a violation of our nation's laws,' … And the government cites

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one other statistic: Since Sept. 11, 2001, no further terror attacks in the U.S."

Guantanamo Officials Say They Can't Prevent All Suicides. The Los Angeles Times (6/28, Williams, 958K) reports, "In the sharpening debate" about whether the suicides at Guantanamo Bay were "political statements or the actions of hopelessly depressed individuals," prison officials "outlined sweeping efforts to prevent them — but admitted nothing could stop the most determined prisoners." The commander of the prison, Navy Rear Adm. Harry B. Harris Jr., "stood by his characterization of the suicides as acts of 'asymmetrical warfare' by hardened holy warriors," rejecting the notion that the detainees killed themselves out of despair. The Times says the accessibility of these officials reflects "Harris' view of public scrutiny, which is more liberal than that of previous prison administrations." The Times writes that the interviews "seemed aimed at preparing the American public for continued detention and interrogation operations."

Commander Claims As Many As 140 Detainees Should Be Repatriated. ABC World News Tonight (6/27, story 5, 3:45, Gibson, 8.78M) reported, "Nightline anchor Terry Moran is getting unprecedented access this week to the Guantanamo facility." ABC (Moran) added, "Rear Admiral Harry Harris is in charge of the camp. In the first interview since Guantanamo was rocked by a riot last month and suicides of three inmates just over two weeks ago, Harris says he has no doubt men in here see their fates. Is any detainee allowed to see the evidence against them?" Harris: "No." Moran: "That doesn't seem fundamentally fair." Harris: "It's not fundamentally fair in a criminal sense. These are enemy combatants." Moran notes, "But only ten detainees have been charged with war crimes. Nearly 300 have been let freed. And defense lawyers for those incarcerated here say the lack of due process and hope has turned Guantanamo into a place of despair. The suicides on June 10th have made Guantanamo even tougher." ABC's Gibson asked: "I'm curious, the President has said he would like eventually to have Guantanamo closed down. How about the commander? What does he think about that?" Moran: "It might come as a surprise, but Admiral Harris says he supports that idea. He doesn't think Guantanamo should be opened any longer than it has to be. He believes there are 140 of the 450 detainees here who can be sent back to their home countries. But he says, he believe there's are 300 or so others that will have to be detained somewhere."

Guantanamo Prison Commander Says Detainees Waging Jihad. The AP (6/27, Jacobs) reports the medical officer in charge of the Guantanamo prison said the three detainees who committed suicide on June 10 had received psychological exams just days before to their deaths and showed no signs of depression. He suggested that the exams "supported assertions by military officials that the prisoners killed themselves as a political act."

EU Justice Office Says Europeans Gave US Terror Suspects. USA Today (6/28, 5A, 2.31M) reports comments by European Union Justice and Home Affairs Commissioner Franco Frattini that "terrorism suspects have been transferred to U.S. intelligence agents in Europe, but it's not clear whether the moves were illegal" or "whether governments knew about or cooperated in the transfers." Frattini "spoke after Europe's leading human rights watchdog, the Council of Europe, voted to continue its inquiry into alleged CIA flights and secret prisons in Europe. The council's lead investigator, Dick Marty of Switzerland, has complained that European governments weren't eager to help him establish the facts.

UK Police Arrest Two Terror Suspects. In its "Briefs" section, the New York Times (6/28, Lyall, 1.19M) reports Bolton, England police "arrested two people under terrorism legislation…in the latest in a series of antiterrorism raids — some linked, some independent — across England in the last few weeks." Police apprehended the two individuals, who have not yet been charged, after searching eight properties.

State Department Backs Pan Am 103 Families In Libyan Row. The AP (6/27) reports the Department of State "urged Libya on Tuesday to provide fair compensation to the families of victims in the 1988 bombing of a Pan Am flight over Scotland." Deputy Spokesman Adam Ereli is quoted saying, "Obviously, we support justice for the Pan Am 103 families, and we support their efforts to receive due compensation. We are actively involved in encouraging the Libyan government to extend escrow arrangements made under the settlement so that the final payment can be effected. In this matter, we want to see it resolved fairly." The Washington Post (6/27, A17, Graham, 744K) reported yesterday that Libyan officials are hedging on a previous

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agreement to make the final $2 million-per-family compensation payments this summer.

HOMELAND RESPONSE:

Study Finds US Ports Remain Vulnerable To Terror Attacks. Knight Ridder (6/28, Simerman) reports a study by the Public Policy Institute of California finds that US "seaports remain vulnerable to attack and a lack of coordination among agencies could worsen the economic aftermath of a terrorist attack." KRT notes, "One obstacle is a lack of a clear line of authority for emergency response. In areas like Los Angeles, as many as 15 different agencies may have jurisdiction, the study found." Port of Oakland security chief Mike O'Brien "said local, state and federal agencies work together on drills and exercises, and that the FBI has been designated as the lead agency if the port is attacked. 'We're talking about what-ifs and sorting out those jurisdictional issues,' said O'Brien."

Court Upholds Ruling On DHS Personnel Rules. The New York Times (6/28, Lipton, 1.19M) reports, "The United States Court of Appeals for the District of Columbia Circuit upheld a lower court decision that overturned personnel rules at the Homeland Security Department, saying they failed to ensure employees' right to bargain collectively. … The department set up the system in January 2005, saying it would allow salaries to be based on performance. A department spokesman said officials were considering what to do about the ruling."

The Washington Post (6/28, A23, Weiss, 744K) calls the ruling "another legal blow to the Bush administration's broad plan to overhaul the federal employee personnel system." The Post adds, "Elated union leaders said the decision could scuttle the broader attempt to replace the 15-grade General Schedule pay system with one that has wide salary ranges known as pay bands, and to more strongly tie annual raises to performance evaluations. The administration hopes to expand the proposed DHS system throughout the government."

The Washington Post (6/28, D4, Barr, 744K) reports in its "Federal Diary" column, "Administration officials, who spoke only on condition that they not be identified, acknowledged that the ruling was a heavy blow. One official said the new Homeland Security personnel system was 'dead in the water' and added: 'There is no leadership on this.'"

The Federal Times (6/28, Losey) reports, "The National Treasury Employees Union, which was lead plaintiff in the case, said the appeals court decision effectively settles the matter and strikes down what it calls 'a regressive personnel system.' … Homeland Security spokesman Larry Orluskie said the department will soon discuss the impact of the ruling with the Justice Department and Office of Personnel Management and decide what their next steps will be."

WAR NEWS:

Bush Jogs With Soldier Who Lost His Legs In Iraq. All three networks devoted segments of last night's broadcasts to President Bush's White House jog with Staff Sgt. Christian Bagge, who lost both legs in a roadside bomb explosion in Iraq. NBC Nightly News (6/27, story 11, 0:30, Williams, 9.87M) reported, "We want to share with you what became an emotional moment today on the South Lawn at the White House. President Bush, who has stopped jogging of late due to bad knees, suited up today so he could fulfill a promise, to go on a run with a young and courageous Iraqi war veteran he had first met back in January at Brook Army Medical Center."

ABC World News Tonight (6/27, story 8, 1:15, Gibson, 8.78M) reported, "The President just happened to stop at his bedside at an Army hospital in San Antonio." President Bush: "He said, 'I want to run with you.' He was in bed. He lost both legs. But I looked at him like, you know, there is an optimistic person. But I could tell in his eyes that he meant it." Gibson: He did, indeed, mean it. And today, he did it. Sergeant Bagge has been through 11 surgeries. And he runs on artificial limbs." Sgt. Bagge: "There's a lot of days when I don't want to do it anymore. But I can't just -- I can't call in sick. I can't quit." Gibson: "There was no quit in the Sergeant today. As he ran around the South Lawn of the White House with the President."

The CBS Evening News (6/27, story 5, 0:30, Schieffer, 7.66M) reported Bagge "was in the Oregon National Guard at the time" of the attack, "but has since enlisted in the regular Army."

The AP (6/28, Loven) reports, "Despite a slight drizzle," Bush and Bagge "took a slow jog around a spongy track that circles the White House's South Lawn. About halfway through their approximately half-mile run, Bush and Bagge paused briefly for reporters. 'He ran the president into the ground, I might add,' Bush said, as the two gripped hands in an

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emotional, lengthy shake. 'But I'm proud of you. I'm proud of your strength, proud of your character.'"

USA Today (6/28, Benedetto, 2.31M) reports Bush, "who swapped his once-manic running regimen for mountain biking due to pain in his knees, said he was inspired by Bagge's courage. 'It's an amazing sight for me to be running with a guy who, last time I saw him, was in bed,' Bush said. 'I was wondering whether or not he'd ever get out of bed. There was no doubt in his mind that he would.'"

The Los Angeles Times (6/28, Gehlert, 958K) reports Bagge's right leg "was amputated above the knee, his left leg just below the knee. For many months, he said, he needed narcotics for the severe phantom pain and post-surgical agony. … Bagge has four sets of limbs: one for walking, one for running, one for swimming and one as a backup. And he's not ashamed of his injuries: When he was awarded a Purple Heart last year, Bagge wore shorts to the ceremony.

2008 Campaign Seen As Context For Kerry-Feingold Alliance On Iraq Pullout. The AP (6/28, Frommer) reports Sens. John Kerry and Russ Feingold "joined forces last week to push a proposal that would have required troops to leave Iraq by July of next year. And they may soon have something else in common: Both are considering presidential races in 2008." Kerry and Feingold "insist that politics has nothing to do with it." Feingold "has been openly critical of Democrats who voted to authorize the Iraq war, even those who have since said that vote was a mistake — a group that includes Kerry. But Feingold said that was one reason he was so encouraged to work with Kerry. 'Let's face it — he was our standard-bearer, he had voted for the war,' Feingold said. 'And yet, I was able to bring him together with me to do exactly what I've believed all along, that this wasn't a good idea, and that we needed to reverse course.'"

Senate Democrats Claim GOP Iraq Stance Is Cynical, Hypocritical. The Washington Times (6/28, Bellantoni, 90K) reports Senate Democrats accused Republicans "of using a 'Karl Rove playbook' to make the minority party seem weak on defense and to defeat a Democratic plan to begin withdrawing troops from Iraq." Sen. Carl Levin "called Republicans hypocritical for opposing his 'phased redeployment' plan because top military officials have announced there is likely to be some troop withdrawal this year." Senate Democratic leaders "will hold a press conference today on Iraq policy, during which several Democratic senators 'will call on Bush Republicans to put aside their failed policies and join Democrats, Gen. Casey and the Iraqis in working to change course in Iraq,' according to an announcement."

The Washington Post's Harold Meyerson (6/28, A25) writes, "When Senate Democrats brought two resolutions to the floor last week, each calling for a change in our policy, the Republicans defeated them both, but they pointedly failed to introduce a resolution of their own affirming the administration's conduct of the war. That, they understood, would have been a loser in the court of public opinion."

WPost/ABC News Poll Shows Democrats Losing Ground On Iraq. CNN's The Situation Room (6/27, Crowley) reported, "New polling suggests congressional debate on a US withdrawal from Iraq did not change minds, but it did push the politics. A Washington Post/ABC poll finds Republicans with a seven-point edge on the question of which party would best handle terrorism. Forty-six percent of Americans said Republicans, 39 percent said Democrats. That's a seven point drop for Democrats in a month. … The same poll shows Democrats losing ground on Iraq. They still hold a six-point edge as the party that would do a better job, but that is down from the 14-point advantage they had in May. Wrong way for a group that hopes to win big at polls in just about four months."

Holbrooke Praises Bush Request For UN Help In Iraq. In his monthly column for the Washington Post (6/28, A25, 744K) former UN ambassador Richard Holbrooke writes, "In a little-noticed announcement in President Bush's news conference on June 14, the day he returned from Iraq, he said that he would send two personal emissaries to New York to consult with U.N. Secretary General Kofi Annan on the political and economic future of Iraq. The next day, still with remarkably little public attention, Philip Zelikow, the counselor of the State Department, and Deputy Treasury Secretary Robert Kimmitt met with Annan and his deputy, Mark Malloch Brown, at the secretary general's Sutton Place residence." The envoys "asked Annan to use his unique 'convening powers' to help organize international meetings that would lead (by this fall, the Americans hope) to the unveiling of a new 'Iraq Compact' -- an agreement between the Iraqi government and major international donors that would commit Baghdad to a series of political and economic reforms in return for substantially

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more international aid. … This is a good idea -- and quite similar to suggestions from many administration critics."

US Has Detained 20 In Kidnapping, Murder Of Two Soldiers. The Washington Times (6/28, Scarborough, 90K) reports, "The U.S. military has detained 20 persons with knowledge of the brutal deaths of two American soldiers south of Baghdad and thinks al Qaeda in Iraq was responsible, an Army general said yesterday. Maj. Gen. James Thurman, who commands U.S. operations in and around Baghdad, said at a press conference that more than 8,000 Americans and Iraqis searched for the soldiers after their traffic checkpoint was attacked on June 16. The bodies of Pfc. Kristian Menchaca, 23, and Pfc. Thomas Tucker, 25 were found three days later in a village in the 'Triangle of Death.' … Asked who was suspected in the killings, Gen. Thurman said, 'This is a terrorist and foreign fighter area where al Qaeda operates. And I will tell you I believe al Qaeda is associated with the majority of the attacks in south Baghdad, and in and around the area where we found the soldiers.'"

The Los Angeles Times (6/28, Moore, 958K) reports, "Thurman declined to answer questions about possible procedural lapses that would have allowed the soldiers to leave their camp unaccompanied, saying the inquiry was continuing. U.S. military vehicles in Iraq almost always travel in groups of two or more."

US Military Disappointed By Baghdad Crackdown. USA Today/AP (6/28) reports, "The U.S. military issued a sober assessment Tuesday of the Baghdad security crackdown, saying violence had decreased only slightly in the two weeks since 75,000 American-backed Iraqi soldiers flooded the capital." Maj. Gen. William Caldwell, spokesman for U.S. forces in Iraq, "said the overwhelming security operation launched two weeks ago to rein in violence was moving slower than hoped. … 'We … see a slight decrease (in violence) but not of the degree we would like to see at this point,' he said at a news conference in the heavily fortified Green Zone."

Baghdad Residents Resort To Subterfuge To Escape Pervasive Violence. The Los Angeles Times (6/28, Stack, 958K) reports that in Baghdad, "Rich people hide their jewelry and dig frayed clothes from the back of their closets to evade ransom-seeking kidnappers. Muslims claim to be Sunni or Shiite, depending on circumstance. Christians pose as Muslims. Lying about employment is de rigueur. Street police wrap their faces in masks so nobody will recognize them. Everybody, it seems, is pretending to be somebody else, adopting a fake identity in the terrified hope of staying safe. Baghdad residents reason that no matter who you are, you're probably on somebody's hit list."

The Washington Times (6/28, Behn, 90K) reports, "In a country where people are killed because their names mark them as Shi'ites or Sunnis, having the wrong haircut can be lethal, too. So for barber Abu Saif, staying in business requires keeping up with the latest religious edicts. … The shape of a beard or haircut often marks its wearer as Shi'ite or Sunni, ensuring support in some neighborhoods but putting him at risk in others. Religious Sunnis, for example, do not remove any neck hair, and fundamental Wahhabis never shave or trim their beards, but will cut down their mustaches to almost nothing."

Sadr Said To Have Lost Control Of Mahdi Army. The Washington Times (6/28, Scarborough, 90K) reports Shiite cleric Muqtada al-Sadr "has lost control of his Mahdi Army, which has embarked on a wide range of criminal activity, defense officials said. The officials said the Mahdi Army, which once confined most of its activities to protecting the firebrand cleric's religious turf and trying to dominate towns in Shi'ite southern Iraq, has become a criminal organization that commits homicides, kidnappings and robberies in the Baghdad area. … Sources said Army Gen. George Casey, during his trip to Washington last week for talks with President Bush and Defense Secretary Donald H. Rumsfeld, raised the Mahdi Army as a growing obstacle to peace."

Pentagon Expects To Meet Annual Training Goals For Iraqi Forces. The Washington Post (6/28, A20, White, 744K) reports, "U.S. military commanders expect to meet their goal of training and equipping more than 325,000 members of the new Iraqi security forces by the end of this year, an important step in developing Iraq's self-defense, Lt. Gen. Martin Dempsey, who leads the training effort, said yesterday." According to the Post, "Top officials remain optimistic" but "they warned that there is a long way to go before the Iraqis will be able to independently fight the insurgents." Dempsey is quoted as saying, "It's just not appropriate yet to be thinking in terms of independent anything in Iraq … They are not independent at this point in

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time." The Post adds that Dempsey noted, "Iraqi forces are not yet able to operate on their own, and the fact that they are learning while facing combat has created hurdles."

The New York Times (6/28, Shanker, 1.19M) reports Dempsey "cautioned that the new military in Iraq still faced a shortage of qualified officers and the infrastructure required to carry out independent operations. … Dempsey said the threat of armed militias could be resolved only by negotiations with religious leaders commanding those illegal groups, and by taking away their foot soldiers by offering them the choice of a role within government-controlled security services, an opportunity to disarm — or punishment."

Maliki Backtracks On Amnesty Offer As Part Of Reconciliation Plan. The Washington Post (6/28, A14, Partlow, Sebti, 744K) reports Iraqi Prime Minister Nouri al-Maliki "vowed Tuesday that no one who has killed Americans or Iraqis would be pardoned under his government's national reconciliation plan." Maliki is quoted as saying, "The fighter who did not kill anyone will be included in the amnesty, but the fighter who killed someone will not be." The Post adds, "The question of who should receive amnesty has been fiercely debated, and the issue was not settled with the vague terms first offered on Sunday, when the plan was brought before parliament. Some politicians argue that only a broader amnesty has any real chance of bringing the violent Sunni Arab insurgency into the Iraqi political process in a peaceful way. But Maliki…said the Iraqi and American families who have lost loved ones in the three-year war would not stand for such pardons." Maliki "said lesser offenses, such as minor acts of sabotage or participation in former president Saddam Hussein's Baath Party could be forgiven."

The New York Times (6/28, Tavernise, Burns, 1.19M) reports Maliki "sought to allay concerns raised by many in the United States that the plan, which he unveiled Sunday as part of a broad effort to reduce insurgent violence, could lead to pardons for some who had killed American soldiers and spur attacks on American units." The Times notes Maliki "said the plan had drawn widespread interest from groups important to its success, including members of political militias, tribal groups, religious leaders and insurgent groups," though he "would not identify the insurgent groups." According to the Times, "Allies of Mr. Maliki have said that the amnesty, presented by American officials and the prime minister's aides among many initiatives that would give momentum to the new government, reflected his relative political weakness."

Maliki Claims Offer Has Been Well Received By Insurgents. The Los Angeles Times (6/28, Moore, 958K) reports, "The Iraqi government has had contact with several insurgent organizations through intermediaries since the announcement of a partial amnesty plan…Maliki said. … 'Many people contacted me on the day I announced the reconciliation plan, and there is a lot of support even from militias and…armed [insurgent] groups,' Maliki said during a rare interview with six Western and Iraqi journalists. 'We welcome their assistance, but we are still waiting until we can meet directly with these groups and talk to them in a civilized way in order to bring them into the political process.'"

Dempsey Contends Amnesty For Insurgents Is Likely. The New York Times (6/28, Shanker, 1.19M) reports Lt. Gen. Martin Dempsey, "in a statement of battlefield realism rarely heard from a lecturn in Washington, said "it was certain that a national reconciliation plan offered by the new Baghdad government would include amnesty for at least some who had engaged in insurgent acts. 'Isn't there some sense of inevitability about that?' General Dempsey said." Dempsey said "without a national reconciliation plan that reaches out simultaneously to Sunni insurgents and Shiite militia members, neither side would disarm out of fear of the other."

Ignatius Says Khalilzad Comments Show Administration Eager To Escape "Iraq Morass." The Washington Post's David Ignatius (6/28, A25) writes US Ambassador Zalmay Khalilzad "outlined the Bush administration's current thinking about Iraq in a telephone interview from Baghdad on Monday. The items on his agenda include a joint U.S.-Iraqi committee to discuss the details for a gradual withdrawal of American troops over the next several years, a conditional amnesty for Iraqi insurgents as part of a broader reconciliation effort, and negotiations with insurgent groups about terms and conditions for ending the fighting. What was clear in Khalilzad's comments (but is rarely so in the partisan Washington debate about Iraq) is how badly the Bush administration wants to find a way out of the Iraq morass."

NYTimes Claims Amnesty Should Include "Unsavory" Combatants. The New York Times (6/28, 1.19M), in an editorial, writes, "the Iraqi government talks about denying amnesty to insurgents who have killed other Iraqis, and Washington has insisted on excluding those who

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have killed Americans. That is understandable on both counts, but it would seem to leave few, if any, real insurgents eligible for any amnesty. … Any reconciliation broad enough to matter will require embracing unsavory people and forgiving unsavory deeds. That won't be pretty or popular. But it is Iraq's best remaining hope for peace, reconstruction and national survival."

Turkish Ambassador To US Alleges Iraqi Kurds Backing Separatists. The Washington Times (6/28, Sands, 90K) reports Turkey's ambassador to the US Nabi Sensoy claimed, "The United States' Kurdish allies in northern Iraq have provided arms, shelter and equipment to a violent Kurdish separatist movement in Turkey, and the U.S. government should do more to disrupt the links." Sensoy "said Ankara has evidence that as many as 3,000 fighters from the Kurdistan Workers' Party (PKK), considered a terrorist organization by the U.S. government, recently had moved from positions in northern Iraq to the Turkish border to carry out operations inside Turkey. The PKK units, Mr. Sensoy said, have received arms, safe passage and other logistical help from the two leading Iraqi Kurdish parties -- both of which are strongly allied with Washington."

Saddam To Face Additional Charges In August. CNN's The Situation Room (6/27, Blitzer) reported, "Iraqi officials are announcing another trial for the former dictator Saddam Hussein. He'll face charges starting in August in connection with the killings of as many as 200,000 Kurds in the late 1980s."

The Los Angeles Times (6/28, Kennedy, 958K) reports Hussein "and six high-ranking members of his regime will be indicted on charges of genocide this summer in the mass killings of Iraqi Kurds during a seven-month operation in 1988, the court trying the former Iraqi president announced Tuesday. … Iraq's minority Kurds, who inhabit the northern portion of the country, have long sought justice for the Anfal campaign, in which at least 2,000 villages were destroyed and tens of thousands of people were arrested, deported, tortured and killed, often in remote desert camps."

Saddam Believes US Will Seek His Help To Stop Insurgency. CNN's The Situation Room (6/27, Snow) reported, "Saddam Hussein apparently believes he can evade a death sentence because he thinks the US will seek his help in stopping the insurgency ravaging Iraq. That is according to Hussein's chief defense lawyer, who recently spoke with the Associated Press and the New York Times. One Iraqi expert suggests the idea says more about Saddam Hussein's mindset than about reality."

Clark Says Saddam Has No Thoughts Of Political Comeback. Ramsey Clark, a defense attorney for Saddam Hussein, was asked on CNN's The Situation Room (6/27) about reports that Hussein is thinking of making a political comeback. Clark said, "I don't think he has any thoughts of a political comeback. I've never heard him say anything about it or seen any indication of it. The thing that he always says and is always clear is that he's torn apart by what he sees happening to his country, to the people of Iraq. And the thing he says above all is Iraqis should never kill Iraqis. You've got to join together."

Rice Travels To Afghanistan To Bolster Support For Embattled Karzai. The Washington Post (6/28, A21, Kessler, 744K) reports Secretary of State Condoleezza Rice flew to Kabul to meet with President Hamid Karzai, "who is facing mounting international criticism over his performance. Rice "hailed Karzai as 'an extraordinary leader' and said the United States would 'back him fully.' Rice's visit comes as Karzai is straining to hold his country together but is losing popular support because of increasing violence, corruption, drug trafficking and an inability to demonstrate tangible progress since the fall of the Taliban. A failure of the Karzai government would undermine Bush administration claims that Afghanistan has become a symbol of rising freedom and democracy in the world." The New York Times (6/28, Cooper, 1.19M) reports Rice "had strong words of praise for the besieged Afghan president."

Pakistani Official Defends His Country's Performance Combating Taliban. The Washington Post (6/28, A21, Kessler, 744K) reports Rice tried "to heal a rift between Pakistan and Afghanistan…but tensions spilled over during a news conference in which Pakistani Foreign Minister Khursheed Kasuri angrily accused the Afghan government of making false charges. Rice smiled tightly during Kasuri's emotional, five-minute outburst, which was prompted by a question about Afghan claims that Pakistan is allowing its largely lawless border areas to shelter insurgents who are mounting their biggest offensive in Afghanistan since the Taliban was ousted in 2001." Kasuri "said Pakistan would add 10,000 troops to the 80,000 now operating in areas bordering Afghanistan."

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The Washington Times (6/28, Kralev, 90K) also reports Rice was "smiling tightly" as Kasuri "rejected Afghan accusations that Pakistan is sending terrorists across the border in an emotional monologue." Rice "urged the two countries to trust each other more" and "said the U.S. military would step up joint efforts with both of them to quell the resurgence of Taliban activity along the frontier." The New York Times (6/28, Cooper, 1.19M) reports Rice "refrained from wading into the continuing fight between Pakistan and Afghanistan over who is doing more to root out terrorism on the lawless border between the countries amid surging Taliban attacks." With Rice standing next to him "looking straight ahead,". Kasuri "went through a lengthy list of all he said Pakistan had given to fighting terrorism. … 'We have had 650 martyred soldiers' since the border effort began, he said. 'We have more troops than Afghanistan and the U.S. put together.'"

Rice Prods Musharraf To Foster Democracy. The New York Times (6/28, Cooper, 1.19M) reports Secretary of State Condoleezza Rice met with Pakistani President Pervez Musharraf, "whom she prodded, gently, to allow democratic elections. 'We've had a discussion about the role of continuing democratization,' Ms. Rice said after the meeting. 'It's a good start to talk about a good and moderate Pakistan.'"

The Los Angeles Times (6/28, Gerstenzang, 958K) reports Rice's "trip, which will also include Russia, encapsulates major goals of the Bush administration's foreign policy: seeking to promote democratic growth as a weapon against terrorism and to undercut potential nuclear proliferation. Visits by senior U.S. officials to Pakistan regularly revolve around questions of how devoted Musharraf…is to pushing his country toward democracy and how quickly he will move."

Taliban Fighters Challenge NATO Forces In Southern Afghanistan. The New York Times (6/28, Gall, 1.19M) reports, "Two British soldiers were killed Tuesday in fighting in southern Afghanistan against combatants suspected of being Taliban members, and a suicide bomber detonated his car next to German peacekeepers in northern Afghanistan, killing two boys. … The increase in activity by the Taliban-led insurgency in southern Afghanistan and of bomb attacks in the north appeared to be an effort by Islamic militants to unsettle NATO forces as they take over command from American forces in the south, military officials here said. British, Canadian and Dutch soldiers have clashed daily with insurgents in southern Afghanistan while mounting a large offensive against them, and attacks in more peaceful northern Afghanistan have increased in recent weeks." The Times notes, "Besides the two British soldiers killed, one was wounded and four enemy fighters were killed in the subsequent airstrikes, a statement from the American-led force in Afghanistan said."

Italy To Withdraw 400 Troops From Afghanistan. The New York Times (6/28, Gall, 1.19M) reports the Italian government "agreed Tuesday to withdraw as many as 400 soldiers from its 1,400-member force in Afghanistan."

Inability To Provide Safety For Informants Stymies US Effort To Dislodge Afghan Insurgents. The Christian Science Monitor (6/28, Calvert, 61K) reports, "As coalition forces move into remote insurgent havens…they have been unable to provide security locals say they need in order to help oust insurgents completely. Villagers who do help coalition forces suffer, or die, for it. … The inability to provide security for villagers in these areas hampers the long-term effectiveness of operations, such as Mountain Thrust, a large-scale coalition offensive launched recently in southern Afghanistan following an upswing in insurgent activity there. Insurgents hold sway in parts of the countryside surrounding operating bases in the southern provinces."

US Military Incurring Unprecedented Vehicle Repair Costs. The CBS Evening News (6/27, story 4, 2:30, Schieffer, 7.66M) reported, "By now, there have been so many things about the Iraq war that were predicted to go one way and turned out another way that there's probably nothing much that should shock us anymore. Well, here comes another one, though. Now we find out that even repair costs for military vehicles have been vastly underestimated and we are not talking small change here, we're talking billions." CBS (Martin) added, "By Pentagon count, the war in Iraq has cost $210 billion, burning money at the rate of $6 billion a month with no end in sight. And even that can't pay all the repair bills for the equipment chewed up by the fighting. Nobody could have imagined it when the war started, but today the chief of the Army cold Congress he will need $17 billion next year to repair, replace, or upgrade equipment destroyed, damaged, or plain worn out by constant combat in the harsh conditions of Iraq and Afghanistan, double what he's spending this year. The commandant of the Marine Corps said his repair bill is more than $11 billion for next year. Again, that's double this year's bill." CBS anchor Bob

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Schieffer asked, "Are our troops going to be put in danger because their vehicles need repair?" To which, the correspondent replied, "the Army chief of staff said today he is concerned about the readiness of equipment kept in reserve for other emergencies."

Internet Sites Speed Care Packages To Soldiers. USA Today (6/28, Dorell, 2.31M) reports, "Americans are increasingly turning to high-tech methods to send gifts and supplies to U.S. troops serving in Iraq and Afghanistan. Veterans say today's care packages are more numerous and creative — and get to servicemembers much faster — than those of the past. … Today, several websites designed specifically for supporting the troops overseas allow anyone with a credit card to order cellphone minutes, snacks, books — even armor and sniper accessories."

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Main Justice Closed By Floodwaters After Heavy Rains. The Washington Post (6/28, A6, Schwartzman, Greenwell) reports, "The downtown D.C. headquarters of the Justice Department, Internal Revenue Service and National Archives will remain closed for the rest of the week because of damage wrought by Sunday's torrential downpour, officials said yesterday." The Post continues, "Nearly two days after the region's first deluge, at least four government offices in the Federal Triangle remained shut, including the Old Post Office building and the Ariel Rios Federal Building. The Commerce Department, at 15th Street NW and Pennsylvania Avenue NW, reopened yesterday after closing Monday. … Even with the closures, most of the federal government's Washington offices were open yesterday, officials said." The Post adds, "At Justice Department headquarters, at Ninth Street NW and Pennsylvania Avenue NW, crews pumped water from the subbasement and parking garage and worked to repair the seven-story building's electrical and air-conditioning systems. … Officials plan to keep the building shut for the next three days and possibly as many as seven, according to an e-mail sent to reporters by the General Services Administration late yesterday. … The nearly 2,000 employees assigned to the building were scattered elsewhere, some at offices a few blocks away. Brian Roehrkasse, a Justice spokesman, declined to specify the location for security reasons. … Attorney General Alberto R. Gonzalez is in the Middle East for the rest of the week on a scheduled trip. 'The Department of Justice is fully operational and able to carry out its essential functions,' Roehrkasse said."

The AP (6/28, Manning) reports, "In downtown Washington, the Justice Department, the IRS and the National Archives — where the Declaration of Independence and the Constitution were safe under glass — were among several buildings still closed because of flooding or other storm-related problems. Some streets also were shut down because water from the flooded buildings was being pumped into the city sewers. … None of the flooded buildings had structural damage, but water in the basements damaged air-conditioning, wiring and other building systems, said Mike McGill, a spokesman for the General Services Administration, which manages federal buildings. … Officials at the Justice Department said it could take a week to clean up and reopen the building."

The New York Times (6/28, Gately) reports, "On Tuesday evening, the National Weather Service called for four to six inches of additional rain in the Washington area, where more than seven inches fell Sunday and Monday. The deluge sent residents to emergency shelters in Maryland and Pennsylvania. Rescuers pulled stranded motorists and pedestrians from floodwaters, and workers heaved sandbags in front of office buildings in the nation's capital. … 'This has probably been the most intense rainfall in a 24-hour period in the history of Washington,' said Michael McGill, a spokesman for the General Services Administration, which oversees buildings closed because of flooding, including the headquarters for the Justice Department and the Internal Revenue Service. Both are expected to stay closed through at least Friday, he said, mostly because of basement flooding and damage to electrical systems."

Government Executive (6/28, Marino) reports, "The Justice Department's Robert F. Kennedy headquarters building will be closed for the next three to seven days as repairs are made to its flooded basement and lost power is restored. … Attorney General Alberto Gonzales said in a statement that fewer than 2,400 workers were affected by the weather-related damage, but that he remains unsure of when the headquarters will open."

Brooklyn US Attorney Nominated To Federal Bench. Roslynn Mauskopf, the US attorney in Brooklyn, has reportedly been selected to serve as a federal judge. The New York Times (6/28, Rashbaum, 1.19M) reports that while

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Mauskopf "has not yet been formally nominated, the people briefed on the matter said that she had already been interviewed by the White House and that the required F.B.I. background investigation had begun." The move "will open up one of the most important law enforcement posts in New York City."

CORPORATE SCANDALS:

US Subpoenas VeriSign In Widening Options Timing Probe. The AP (6/28) reports, "VeriSign Inc., a provider of infrastructure services for Internet and telecom networks, said Tuesday it received a grand jury subpoena from the U.S. Attorney for the Northern District of California asking for documents relating to its stock option grants." The AP continues, "VeriSign said it also received a similar request from Securities and Exchange Commission as part of an informal inquiry. … The company said it intends to cooperate fully with both the SEC and the U.S. Attorney's office, and added that its board had already began an internal investigation prior to the two requests." The AP adds, "About 48 companies in addition to VeriSign are being questioned by the SEC or Justice Department about their stock-option granting practices. At issue is whether executives backdated stock options grants to time them at low points of the stock price, thus boosting the payouts."

Rambus Warns Of Option Timing Trouble. The AP (6/28, Liedtke) reports, "Computer chip supplier Rambus Inc. on Tuesday warned some of its previously reported profits might evaporate because the timing of stock options granted to its employees wasn't properly recorded - a problem that could haunt scores of other companies as they review their past compensation practices." The AP continues, "The news, which caused Rambus's stock price to drop by more than 5 percent in extended trading, was the latest jolt in a budding scandal that threatens once again to shake investor confidence just as corporate America recovers from the accounting fiascos exposed after the fall of Enron Corp. nearly five years. … Like dozens of other companies, Los Altos, Calif.-based Rambus has been scrutinizing stock options distributed years ago to determine whether company insiders rigged the system to increase the likelihood that management would reap huge windfalls." The AP adds, "At least 44 companies have launched their own internal inquiries into possible stock option abuses or have become targets of government investigations into the practice. Some companies already have gone so far as to fire some of their top executives after learning about the manipulation of past stock options. … The number of companies responding to government inquiries continued to expand Tuesday. Cnet Networks Inc., VeriSign Inc., Foundry Networks Inc. and Cyberonics Inc. all disclosed they had received subpoenas seeking more information about their stock option awards from the U.S. Justice Department."

The Wall Street Journal (6/28, Forelle) reports, "The disclosure raises the question of whether Rambus's grants were deliberately backdated from their real date of approval to a day when the company's stock was trading lower. That would make the grants more valuable to recipients. … Separately, six other companies -- VeriSign Inc., CNET Networks Inc., Foundry Networks Inc., Applied Micro Circuits Corp., Cyberonics Inc. and Progress Software Corp. -- announced new federal inquiries into their options practices." The Journal adds, "Rambus said it isn't sure whether any charge would be material and thus require restatement. It also says the board hasn't evaluated whether it will face a tax impact. … About 50 companies are being examined by federal regulators and prosecutors in a wide-ranging probe of option-granting practices that is focusing on possible backdating and other forms of manipulation."

Cybernonics Receives DOJ Subpoena. Dow Jones (6/28) reports, "Shares of Cyberonics moved lower Tuesday, the day after it reported it has been subpoenaed by the Department of Justice over stock- options practices. … Shares of Cyberonics (CYBX) were down 4% at $20.40 in midday trades." Dow Jones continues, "According to a regulatory filing Monday, the U.S. attorney's office for the Southern District of New York issued a subpoena for documents related to its stock-option grants. Cyberonics said it is cooperating with the request. … Earlier this month, Cyberonics said it was the focus of an informal investigation by the Securities and Exchange Commission into stock options."

European Court Allows Extradition Of Enron-Linked British Bankers. Bloomberg (6/28) reports, "Three British bankers will be sent to the U.S. to face Enron Corp.-related fraud charges within three weeks after a European court refused to block their extradition, their final forum for an appeal." Bloomberg continues, "David Bermingham, Giles Darby and Gary Mulgrew are wanted in Texas for allegedly bilking their former employer, Royal Bank

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of Scotland Group Plc's Greenwich NatWest unit, out of millions from the sale of an Enron off-the-books partnership. The European Court of Human Rights in Strasbourg, France today declined to suspend their extradition, six days after Britain's highest court also rejected their appeal." Bloomberg adds, "The case has been at the forefront of calls from Britain's business and legal community to scrap its ``fast-track'' extradition arrangements with the U.S. Lobbying groups claim the legislation, introduced in 2004 mainly to clamp down on terrorism, is instead being used to target white-collar offences, unfairly increasing the risks for executives. … The European Court of Human Rights said that while it would review the merits of the men's appeal, the court wouldn't intervene to suspend extradition proceedings, according to a letter sent to the bankers' lawyers."

The AP (6/28, Wardell) reports, "The so-called Bermingham Three have been fighting against their extradition since a High Court ruling in February. They ran out of British avenues of appeal last week when the House of Lords said it would not hear the case. … The three men have consistently argued that most of the alleged offenses took place in Britain and that any trial should be held here. Being forced to stand trial in Enron's home state of Texas would be unjust and incompatible with European human rights law, the men argued. … 'We have now done everything possible to establish the rights of three U.K. citizens to be investigated and, if appropriate, prosecuted in the U.K. but all we have established is that U.K. citizens have no such rights against an extradition request made by the U.S.,' said the men's lawyer, Mark Spragg."

Judge Sentences Barred Broker, Partner To Prison For Commodities Fraud. The AP (6/28, Gold) reports, "A man barred from selling leveraged commodities and his partner in an illicit operation have been sentenced to prison for cheating about 1,000 investors out of $14 million." The AP continues, "The barred broker, Charles Paul Hoffecker, who owned Amitex Investment Services Ltd., and his partner, Charles Edward Myers, told clients that Amitex would buy gold, silver and other commodities for them. But evidence at their trial showed that no purchases were made, federal prosecutors said Tuesday." The AP adds, "Hoffecker, 53, was sentenced June 19 to 17 1/2 years in prison, while Myers, 65, was sentenced Monday to nine years. They were ordered to pay a total of $2.67 million in restitution by U.S. District Judge Katharine S. Hayden. … The restitution figure was smaller than the total losses since not all victims have been found, mostly due to incomplete records at Amitex, Assistant U.S. Attorney Bohdan Vitvitsky said." The AP notes, "Hoffecker and Myers, who were convicted in March, were charged in 2003 after a sting operation in which investigators used an undercover business to infiltrate fraudulent telemarketing investment schemes."

DOJ Handling Of Hilfiger Nonprosecution Agreement Questioned. Corporate Counsel (6/28, Reisinger) reports, "Did Tommy Hilfiger Corp. get special treatment when it negotiated a nonprosecution agreement with the U.S. Department of Justice last summer? The question has come to light in recent weeks as the now-private company defends itself against a class action shareholders' suit." Corporate Counsel continues, "Typically, when the government completes a deferred or nonprosecution agreement, it makes the deal public. The Manhattan U.S. Attorney's Office departed from this practice with Hilfiger, however. … On Aug. 10, 2005, then-U.S. Attorney David Kelley announced that his office had reached an agreement with the retailer's American subsidiary. While Kelley's press release outlined the general features of the pact, it wasn't accompanied by an actual copy of the deal. Ten months later, neither Hilfiger nor the government has made the agreement public." Corporate Counsel adds, "The secret agreement is a problem for the shareholders who filed suit against Hilfiger after the government started investigating the company in 2004. In most deferred and nonprosecution agreements, the corporate defendant admits the government's criminal allegations. Without access to the details of the Hilfiger deal, the company's shareholders say that they don't know how the retailer responded. … Hilfiger has moved to dismiss the suit, in part, because prosecutors didn't file charges against the clothing chain. … According to a transcript of a May hearing, Wachtell's John Savarese told Manhattan federal district court Judge Richard Owen that the release is 'far from confirming that there was some basis to the initially announced U.S. Attorney investigation or that some great liability would emerge for the company from that, or some criminal case.' But Savarese cited only the government's press release in his argument, and not the nonprosecution agreement itself. … The shareholders' lead attorney, Samuel Rudman, says that he finds it unusual that the agreement was not made public, given that the government 'always make them public.' It's especially

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unusual, Rudman adds, 'when [Hilfiger's] lawyers are in court arguing what the agreement says.' … A spokesperson for the Manhattan U.S. Attorney's Office declined to comment when asked why Hilfiger was treated differently. Former U.S. Attorney Kelley, now a partner at Cahill Gordon & Reindel in New York, also declined to comment. A Justice Department spokesperson in Washington, D.C., would only say that the publication of agreements 'is within the discretion of individual U.S. attorney's offices.'"

Hedge Funds Intensify Political Efforts To Block New Regulation. The Wall Street Journal (6/28, Scannell, Mullins, 2.11M) reports amid "increased scrutiny by lawmakers and regulators, hedge funds are stepping up their defenses in the nation's capital." A small group of fund managers "are behind a campaign to head off new regulations from Congress and the Securities and Exchange Commission. In the past year, funds have boosted political contributions, hired a string of new lobbyists and established a second trade association to make their case in Washington." Employees of "the 25 largest hedge funds and the Managed Funds Association, the industry's main trade group, have contributed a combined $1.2 million to congressional candidates and the Republican and Democratic parties so far in the 2005-2006 campaign. While that figure goes only through March 31 of this year, it represents nearly a 50% jump over donations made by the same organizations for the entire 2001-2002 election cycle, the last midterm election year, according to the nonpartisan Center for Responsive Politics." Hedge funds "have hired more than a dozen lobbying groups since early 2005, according to PoliticalMoneyLine, a nonpartisan organization. In 2005, the industry paid $1.5 million for Washington lobbyists, up from $1.2 million in 2004 and $565,000 in 2003."

Senate Judiciary Committee To Scrutinize Hedge Funds. Dow Jones (6/28, Schroeder) reports, "Washington and Wall Street may get a rare public look at how securities regulators track hedge funds' behavior on Wednesday, when a former Securities and Exchange Commission lawyer goes before a Senate panel probing the industry." Dow Jones continues, "Attorney Gary Aguirre told Congress that he was running the SEC's investigation into whether prominent hedge fund Pequot Capital Management engaged in insider trading. Aguirre said that he was fired in September after he sought the testimony of a Wall Street executive, reported to be John Mack, chief executive of Morgan Stanley." Dow Jones adds, "The SEC won't confirm or deny it's investigating Pequot. But the hearing in the Senate Judiciary Committee may shed light on the methods regulators use to catch potential cases of wrongdoing involving hedge funds -- the big, lightly regulated pools of money serving mostly wealthy investors. … The hearing will focus on the relationships between hedge funds and independent analysts."

Morgan Stanley Settles With SEC Over Insider Accounts. The AP (6/28) reports, "Wall Street powerhouse Morgan Stanley on Tuesday agreed to pay a $10 million civil fine to settle federal regulators' charges that it failed to maintain safeguards to prevent the misuse of inside information." The AP continues, "The Securities and Exchange Commission also censured Morgan Stanley under the settlement. The investment house neither admitted nor denied the SEC's allegations but did agree to refrain from future violations of the securities laws." The AP adds, "Morgan Stanley, the third-largest U.S. securities firm by market value, also agreed to hire an independent consultant to review its policies and practices for preventing misuse of confidential company information. … In a civil lawsuit, the SEC said Morgan Stanley for years failed to adequately maintain and enforce procedures to prevent the misuse of inside information regarding companies whose securities are held in hundreds of thousands of employee and employee-related accounts. The agency did not say whether any illegal insider trading or other improprieties had occurred using inside information as a result of the alleged lapses." The AP notes, "From at least 2000 to 2004, Morgan Stanley failed to conduct needed surveillance of hundreds of thousands of employee and employee-related accounts to detect possible insider trading, the SEC alleged."

The Wall Street Journal (6/28, Burns) reports, "Morgan Stanley settled without admitting or denying the SEC's claims that for years it lacked adequate policies and procedures to safeguard against misuse of nonpublic information, even though it was legally required to have them. … 'Due to a systemic breakdown in this critical compliance function, Morgan Stanley failed to conduct any surveillance' of trading in a massive number of employee accounts held at the firm, the SEC said. As a result, it said, 'Morgan Stanley may have failed to detect illegal insider trading' by the firm, its employees or their relatives." The Journal adds, "While the New York securities firm put stocks on a 'Watch List' when its bankers had inside information on a company, the SEC said

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that over a four-year period it failed to scrutinize employee trading in most or all of the Watch List shares. The omission went 'virtually undetected and uncorrected' for years, the SEC added."

USA Today (6/28, Smith) reports, "Richard Grime, the SEC's assistant director of enforcement, said Morgan Stanley "failed to conduct any surveillance of a massive number' of its employee accounts until the agency discovered recordkeeping gaps during a routine investigation of potential inside trading. … 'Once we scratched the surface, we found this problem,' Grime said. Many of the recordkeeping deficiencies arose as a result of the firm's failure to fully integrate employees' records after its 1997 merger with Dean Witter Reynolds, the agency said, but investigators also found that the firm's compliance department had failed to update and enforce many of its surveillance procedures."

CA To Add Shareholder Proposal After Court's Refusal To Rule. The Wall Street Journal/AP (6/28) reports, "CA Inc. said it will add to its July proxy a shareholder proposal that seeks to change the company's bylaws after a Delaware court refused to rule on the company's original decision to reject the proposal." The AP continues, "CA shareholders will be able to vote on the resolution, which seeks to limit the company's poison-pill provisions, at the shareholders' annual meeting, which is scheduled for late August." The AP adds, "The Islandia, N.Y., technology company originally denied a request to add the proposal to its upcoming proxy statement, claiming the proposal was a violation of Delaware law. The rejection resulted in a court challenge by the drafter of the resolution, Harvard professor and shareholder rights activist Lucian Bebchuk. … Last week, a Delaware judge refused to rule on the legality of CA's decision to reject the proposal, saying the issue wasn't 'ripe' for a decision."

CRIMINAL LAW:

Katrina Fraud Estimated At Near $2 Billion. Reporting on an article that appeared yesterday in the New York Times, NBC Nightly News (6/27, story 9, 0:30, Williams, 9.87M) reported Sen. Susan Collins was quoted as saying that in the wake of Hurricane Katrina, "'The blatant fraud, audacious schemes and scale of the waste is breathtaking.' The amount of taxpayer money lost to scams, schemes and bungling is now put at $2 billion, according to the 'New York Times.' Officials admit 10 months now after Katrina hit, the situation is still not under control."

CNN's The Situation Room (6/27, Foreman) reported American taxpayers can now be counted among Katrina's "victims. … The New York Times has rolled out the latest tally of abuses, and it is staggering." CNN (Foreman) added, "FEMA, of course, says they're trying to fix all of this. But in all, the Times report today echoes what we've heard in recent months from the Government Accountability Office the Red Cross, FEMA, Congress, the Attorney General and a legion of taxpayer watchdog groups, all of which say the same thing, Wolf: The true cost of Katrina to American taxpayers is still climbing and no one can yet say what the final bill will be."

NYTimes Sees No Evidence FEMA Addressing Fraud Problem. Under the headline "The Disaster Without End," the New York Times (6/28, 1.19M) editorializes, "The widespread fraud, waste and bungling was abetted by FEMA's failure to put a high priority on existing tools for catching schemers and thieves, according to the Government Accountability Office. FEMA officials, wary at the advent of a new hurricane season, insist that tougher accountability precautions are now in place. But there's been no credible evidence of the top-to-bottom revamping that FEMA needs."

Historic Church Among New Orleans Landmarks Lost To Fires After Katrina. The New York Times (6/28, Nossiter, 1.19M) reports that New Orleans, with its "landscape of abandoned buildings, water mains cracked by the storm and fire engines with smaller crews," saw the Coliseum Place Baptist Church burn down Friday, a "heartbreaking," according to preservationists. The newest threat to New Orleans is a direct outcropping of the storm, in many respects." The loss of the historic church "was a heavy psychological blow to the struggling city."

Tribe Releases Photo Of Meeting Ney Said He Could Not Remember. NBC News (6/28, Seidman) reports, "The Tigua of El Paso, an Indian tribe and former client of disgraced lobbyist Jack Abramoff, released a photo Tuesday of a meeting that members had with Ohio Republican Rep Bob Ney — a meeting the congressman told Senate investigators he did not remember having." NBC News continues, "The photo, which was taken on Aug. 14, 2002, in a House hearing room, shows the Tigua tribe's Lt. Gov. Carlos Hisa and tribal council member Raul Gutierrez with Ney. Less than a week earlier, Ney had returned from an expenses-paid golf junket to Scotland with Abramoff, Ralph

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Reed, David Safavian, Neil Volz and others. … On Nov. 12, 2004, in an interview with Senate investigators, Ney said that 'he was not familiar with the Tigua.' But the report quotes tribal representatives as testifying that they met with Ney for about two hours and he assured them he could help with legislation." NBC adds, "Ney told the investigators that he 'could not recall ever meeting with any member of the Tigua.' Ney's lawyer later said the congressman's schedule for that day showed a half-hour meeting with the 'Taqua.' A spokesman for Ney, Brian Walsh, said the congressman simply could not recall that the tribe was also known by another name, the Ysleta del Sur Pueblo Indian Tribe of El Paso, Texas."

The AP (6/28) reports an Indian tribe "that was a client of disgraced lobbyist Jack Abramoff has released a photograph of tribal leaders meeting with Rep. Bob Ney, who had told investigators he wasn't familiar with the tribe." The photo "shows the Tigua tribe's Lt. Gov. Carlos Hisa and tribal council member Raul Gutierrez with Ney in a House hearing room on Aug. 14, 2002, less than a week after Ney finished an expenses-paid golf trip to Scotland with Abramoff and others."

House Members Grill Internet Providers Over Child Porn Restrictions. The AP (6/28, Werner) reports, "Internet providers told Congress on Tuesday they're doing all they can to combat online child pornography, but they were told to expect legislation." The AP continues, "Several voiced skepticism about creating new laws that would force them to retain data about their users' online activity. … Any such measure would be costly and easily circumvented and would 'fall far short of its intended goal,' America Online chief counsel John Ryan told a House Energy and Commerce subcommittee hearing." The AP adds, "The focus should be on improving existing child porn laws -- not 'new mandates,' said Verizon Online general counsel Thomas Dailey. … Lawmakers, however, said more must be done to stop the availability of child porn on the Web and chart rooms where pedophiles troll for young victims. … 'The parents of America and I think the Congress is tired of just talking about it. I think we're ready to take action,' Energy and Commerce Chairman Joe Barton, R-Texas, told a panel of executives from seven companies including Yahoo Inc., Google Inc. and Microsoft Corp."

Senate Committee Approves Web Labeling Requirement. CNET News (6/28, McCullagh, Broache) reports, "Web site operators posting sexually explicit information must slap warning labels on their pages or face prison terms of up to 15 years, according to a proposal adopted by a U.S. Senate committee on Tuesday." CNET continues, "During a day of debate on a wide-ranging communications bill, the Senate Commerce Committee approved an amendment backed by the Bush administration that proponents claim would help clean up the Internet and protect children online. … It says that commercial Web sites must not place 'sexually explicit material' on their home pages upon pain of felony prosecution--and, in addition, they must rate 'each page or screen of the website that does contain sexually explicit material' with a system to be devised by the Federal Trade Commission. … 'This will protect children from accidentally typing in the wrong address and immediately viewing indecent material,' said Sen. Conrad Burns, a Montana Republican who is the co-founder of the Congressional Internet Caucus." CNET notes, "Civil libertarians have opposed the mandatory labeling proposal, saying it violates the First Amendment's guarantee of freedom of speech. Also, courts have taken a dim view of mandatory rating systems: In a 1968 case called Interstate Circuit v. Dallas, the U.S. Supreme Court ruled that Dallas' ordinance requiring that movies be rated was unconstitutional because the criteria for rating were unclear and vague. … Burns' seven-page amendment is virtually identical to a standalone bill introduced earlier this month by Sen. Jon Kyl, an Arizona Republican. Both proposals follow from a speech in April during which Attorney General Alberto Gonzales called on Congress to 'promptly' enact such a law."

Opening Arguments Made At Trial Of Alleged Unregistered Iraqi Agent. The AP (6/28, Caruso) reports alleged unregistered Iraqi agent Tongsun Park "was 'simply a middleman' who didn't intend to break any U.S. laws, his attorney told a federal jury Tuesday" in opening arguments at his trial. But prosecutors said Park "was no ordinary lobbyist," and "Assistant U.S. Attorney Michael Farbiarz told jurors that Park was promised millions of dollars by Iraq for his help influencing top U.N. officials, including former Secretary-General Boutros Boutros-Ghali. … 'There's a right way and a wrong way,' Farbiarz said. 'He hid his relationship with Iraq.'" Park lawyer Michael Kim "acknowledged that the case was 'full of intrigue,'" but he "insisted that Park committed no illegal acts, and urged jurors to ignore the sensational elements of the case." The New York Daily News (6/28, Shin, 729K) notes that Park "has been

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in jail since January, when he was nabbed in Mexico while traveling from Canada to Panama. At the time, he was carrying $45,000 in cash, FBI officials said."

Closing Arguments Begin At Chicago Patronage Trial. Under the headline "Feds Tell Jury: Say 'Enough' To Political Hiring," the Chicago Tribune (6/28, Bush, Mihalopoulos, 643K) reports, "Federal prosecutors urged jurors in the City Hall corruption trial Tuesday to end the illegal political hiring that they say has pervaded Mayor Richard Daley's administration. 'This machine doesn't have any brakes. That's you,' Assistant U.S. Atty. Philip Guentert told jurors. 'It's time to say enough.'" However, defense attorneys "argued that prosecutors brought insufficient and misleading evidence against Daley's former patronage chief Robert Sorich and three co-defendants." The Tribune notes codefendant John Sullivan's lawyer, Cynthia Giacchetti, recalled "that FBI agent John Hauser waited more than five months to transcribe one of two face-to-face interviews with Sullivan. She also pointed out that Hauser did not take verbatim notes of the interviews. She contrasted that to federal prosecutors' interview of Daley last year, which was transcribed word-for-word." The Chicago Sun-Times (6/28, Korecki, Warmbir) adds, "'All of this was a charade, ladies and gentlemen,' federal prosecutor Julie Ruder said of a scheme to falsify job tests and hold bogus interviews so that hundreds of jobs went to predetermined, clout-backed winners. 'The fix was in.'" But Sorich attorney Tom Durkin "went on his own attack," saying "there was no testimony Sorich took money or boasted about his connections. 'That pig Tomczak did,' Durkin said," referring to key prosecution witness Donald Tomczak.

Fumo Computer Technicians Indicted Over Deleted Emails. The AP (6/28, Dale) reports that "a pair of computer technicians assigned to state Sen. Vincent Fumo were indicted on charges of obstructing a federal investigation by deleting years worth of Fumo's e-mails." Leonard Luchko and Mark Eister were indicted yesterday "with conspiracy, destroying evidence and obstruction." The AP notes, "The FBI last month arrested Luchko and Eister in pre-dawn raids on their homes, although defense lawyers complained that their clients had been willing to surrender. … U.S. Attorney Patrick Meehan has said that the three-year investigation is far from over, but defense lawyers noted that Tuesday's indictment did not name any new defendants." The Philadelphia Inquirer (6/28, Shiffman, 423K) adds, "Yesterday's indictment did not offer any new charges. It simply repeated FBI allegations" Luchko and Eister "deleted files at Fumo's direction. The indictment, however, did trigger the random selection of a judge for the case: Senior U.S. District Judge William H. Yohn Jr." The Philadelphia Daily News (6/28, Hinkelman) also reports on the indictments.

Court Documents Reveal Two-Month Delay In FBI Seizure Of Pellicano Computers. Under the headline "FBI Was Slow To Check Pellicano's Audio Lab," the Los Angeles Times (6/28, Krikorian, Blankstein, 958K) reports, "Court documents released Tuesday show that FBI agents did not examine private investigator Anthony Pellicano's sophisticated audio lab during their initial November 2002 search of his Sunset Strip offices, raising new questions about the handling of the probe." According to the documents, "FBI agents waited almost two months to seize computers and other items from the lab. With prosecutors publicly acknowledging that they have only one allegedly wiretapped conversation on tape, the time lapse between searches raises the possibility that Pellicano or others could have removed audio files or potential evidence in the case from computers in the lab." However, the Times notes, former federal prosecutor Orin Kerr observed, "The bottom line is it's hard to tell whether this was a missed opportunity or poor judgment."

Judge Declines To Release Connecticut Trash Kingpin On Bail For Now. The Danbury News-Times (6/28, Ali) reports, "A federal judge is open to the idea of releasing Danbury trash kingpin James Galante from federal detention and putting him under some type of house arrest while his racketeering case is pending. At a lengthy hearing on Tuesday, U.S. District Court Judge Ellen Bree Burns said she wants more information from Galante's defense lawyer, Hugh Keefe, on how such an arrangement would work before letting Galante out of jail. While she is 'amenable' to such an arrangement, she won't allow Galante to go back to work at the helm of Automated Waste Disposal in Danbury, Burns told Keefe." The AP (6/28) adds that Keefe "questioned why Galante is being detained while other suspects in the investigation have been released on bond," and "Burns said she understood Keefe's concerns. 'At the same time, however, I am persuaded there is a danger that there may be some tampering with witnesses,' Burns said. …

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The judge's comments came after a lengthy hearing Tuesday in which prosecutors played tapes of intercepted phone calls and cited other evidence of what they said were attempts to influence witnesses."

Gotti Says He Will Leave New York If Acquitted At Third Trial. In a widely-distributed story, the AP (6/28) reports, "Facing his third trial on racketeering charges, the son of the late mob boss John Gotti says he will leave New York this time if he's exonerated. 'I can't stay in New York,' John 'Junior' Gotti…told the Daily News. 'I'm alone in this world. I'm a man without an island.'" The AP notes, "Gotti's lawyers have argued that he gave up all mob activities after he pleaded guilty in another racketeering case in 1999. 'There are men dying in prison for that life,' Gotti said. 'It's like a religion. But it's their religion, not my religion.'"

Gotti Defense Seeking To Bar Evidence About Role In Mob Murder. The New York Post (6/28, Cornell, 624K) reports, "Faced with an onslaught of new charges, John 'Junior' Gotti is fighting to keep damaging evidence of his alleged role in a double murder and a money-laundering scheme away from jurors at his upcoming racketeering trial. In a strange twist of logic, Gotti's lawyers conceded that the government has 'ample evidence' to show that the former mob leader was involved in 'murders or violence' -- and therefre don't need to touch on the slayings of Thomas and Rosemary Uva" in 1992. The Post notes, "Gotti is not charged with the Uva murders, but the feds are seeking to show the killings were among many crimes that he had a hand in as a powerful member of an ongoing criminal enterprise."

Retired FBI Agent Denies Receiving Gifts From Bulger, Flemmi. The Boston Globe (6/28, Murphy, 484K) reports retired FBI Special Agent testified yesterday in the $50 million wrongful death lawsuit against the FBI "that he had just finished having dinner with informants James 'Whitey' Bulger and Stephen 'The Rifleman' Flemmi at a South Boston home in 1983 when Bulger's brother, then-Massachusetts Senate President William Bulger, showed up unexpectedly" with "some photographs from a recent trip to Ireland." William Bulger, "testifying three years ago before a congressional committee investigating his brother's relationship with the FBI, said he had no memory of any such dinner." Ring also testified he did not tip Flemmi off to an FBI wiretap and "said he had never received any gifts from Bulger and Flemmi," and Flemmi has alleged.

FBI Subpoenas Chicago Union Officials In Bulger Search. The Boston Globe (6/28, Murphy, 484K) reports, "The hunt for fugitive gangster James 'Whitey' Bulger has led to Chicago, where investigators from Boston delivered subpoenas to two labor union officials last week and seized a Palm Pilot from one of them, lawyers involved in the investigation said. The PDA was taken Thursday during a search of the union office of Charles Dunn, a business representative for Chicago's Local 134 of the International Brotherhood of Electrical Workers, said Chicago attorney Patrick Deady, a partner in the law firm Hogan Marren, which represents the union. … 'We're unaware of any contact between these two guys and Whitey Bulger,' said Deady, adding that authorities told the union the FBI was following up on a lead in its hunt for Bulger. He was unaware what that lead was."

Both Sides In Aryan Brotherhood Trial Relying On Shady Witnesses. The AP (6/28, Flaccus) reports, "Convicted murderers, gang members and jailhouse informants have paraded past jurors for nearly four months in the U.S. federal government's racketeering case against the notorious Aryan Brotherhood prison gang. … Now, with the trial about to enter its final weeks, the jury will soon have to decide who to believe: the government, whose case rests on the testimony of admitted killers, or attorneys for the white supremacists accused of plotting and ordering many of those murders from behind bars." The AP continues, "Even the defense team, which has chided the U.S. Attorney's Office for its reliance on jailhouse snitches, plans to present testimony this week from a rival gang member and other inmates in a trial peppered with tales of violence and racial strife. … Attorneys on both sides are 'using and choosing from the best of the worst,' said Melissa Carr, an Anti-Defamation League special projects investigator monitoring the trial. … 'There were a couple instances where I caught jurors rolling their eyes and looking around for confirmation, like "Did I just hear that? Did he say what I thought he said?"' … The four defendants are alleged Aryan Brotherhood leaders implicated in many of the 32 murders and attempted murders detailed in the federal indictment against the white supremacist gang."

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Michigan Doctor Indicted On Medicare Fraud Charges. The Detroit Free Press (6/24, Patton) reported, "A Dearborn-based physician was indicted Friday in federal court on 39 counts of fraud in health care and immigration. … According to the indictment," Dr. Ali S. Makki "ordered dozens of unnecessary diagnostic tests for new Medicare patients, including blood tests, x-rays and echocardiograms. He falsely certified giving medical examinations and vaccinations, such as tuberculosis skin tests, the indictment says." The Detroit News (6/24, Egan) notes Makki "is accused of defrauding the federal government of more than $500,000. … Agents arrested Makki at Detroit Metropolitan Airport when he returned on a flight from Lebanon by way of Paris."

Texas Executes "Railroad Killer" Linked To 15 Murders. The AP (6/28, Graczyk) reports, "The last ride for infamous train-hopping serial killer Angel Maturino Resendiz was in a Texas prison van, from death row to the death house." The AP continues, "Resendiz, 46, received lethal injection Tuesday evening for the fatal stabbing and beating of a Houston-area physician 7 1/2 years ago. He had roamed the country by jumping aboard freight trains and was linked to at least 15 indiscriminate murders near railroad tracks around the nation, earning him the nickname the 'Railroad Killer' and a spot on the FBI's Most Wanted list." The AP adds, "The Mexican drifter, speaking from the death chamber gurney, asked for forgiveness from God and from relatives of some of his victims watching through a glass a few feet away. He then was executed for the slaying of Claudia Benton, 39, at her West University Place home during a deadly spree in 1998 and 1999. … The punishment, the 13th this year in the nation's busiest death penalty state, was delayed for two hours while multiple appeals were considered by the U.S. Supreme Court."

The New York Times (6/28, Barnes) reports, "A jury sentenced Mr. Resendiz, 46, to death for the rape and murder in 1998 of Dr. Claudia Benton, a medical researcher, at her house in Houston. Investigators said forensic evidence and, in some cases, Mr. Resendiz's statements implicated him in two years of killings in California, Florida, Georgia, Illinois, Kentucky and Texas that ended in 1999, when his half-sister helped arrange his surrender. … Catching Mr. Resendiz was made more difficult, detectives said, by his 30 aliases and a nomadic style of life, in which he hopped freight trains. Many of his suspected victims were found near rail lines and buildings. … Defense lawyers insisted that Mr. Resendiz was a paranoid schizophrenic, unable before or after Dr. Benton's murder to know right from wrong. A succession of judges found that Mr. Resendiz met the Supreme Court standard of sanity."

Tennessee Executes Man For 1985 Murder. The AP (6/28, French) reports that Tennessee "carried out only its second execution in 45 years early Wednesday after a federal appeals court panel lifted a stay of execution granted by one of its own judges." The AP continues, "Sedley Alley's execution had been scheduled to take place within hours of another, but a federal judge issued a stay late Tuesday afternoon for the other condemned man. … Alley, 50, was pronounced dead at 3:12 a.m. EDT Wednesday. He had confessed to killing 19-year-old Marine Suzanne Collins in 1985 while she jogged near a Navy base north of Memphis." The AP adds, "Alley claimed at trial that he was not responsible for the murder because he had multiple personalities. But in 2004, he recanted his confession, argued he was innocent and said DNA testing could prove it. … Judge Gilbert S. Merritt on the 6th Circuit Court of Appeals had issued a stay for Alley after a last-minute appeal was delivered to his home in Nashville. … But his colleagues on the appeals court -- Chief Judge Danny J. Boggs and Judge James L. Ryan -- overruled the order. A third judge on the panel was unavailable to participate in the decision. … The judges suggested it was improper for a single judge to 'take under consideration a matter for which the district courts and the court of appeals are competent to consider.' … Gov. Phil Bredesen and the U.S. Supreme Court had already rejected all requests for a stay Tuesday." The AP notes, "Alley's stay came only hours after federal Judge Todd Campbell halted the scheduled execution of another inmate, Paul Dennis Reid. … Campbell's stay was to give time to determine whether Reid was mentally competent to drop his appeals of seven death sentences tied to a string of 1997 murders in the Clarksville area."

High Court Asks DOJ For Brief In Oklahoma Death Row Appeal. The AP (6/28) reports, "The US Supreme Court is asking the Justice Department to file a brief in an appeal filed by an Oklahoma death row inmate." The AP continues, "Attorneys for Patrick Murphy are asking for a new trial on the grounds that Murphy and the victim are Indians, the crime took place on tribal land and the case should've been prosecuted in federal court instead of state court. … Murphy was convicted and sentenced to die for killing

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George Jacobs in 1999 in McIntosh County." The AP adds, "A state appeals court has rejected Murphy's appeal and now the Supreme Court is asking the US solicitor general for an opinion on whether a new trial is deserved."

Missouri Ordered To Halt All Executions. A federal judge has ordered a halt to all executions in the state of Missouri until the state changes its lethal injection procedures. The Los Angeles Times (6/28, Weinstein, 958K) reports that US District Judge Fernando J. Gaitan Jr. said in his ruling that the current system "creates an unnecessary risk that an inmate could be subjected to 'unconstitutional pain and suffering when the lethal-injection drugs are administered.' He gave corrections officials until July 15 to come up with new procedures."

Government, Companies Form Identity Fraud Research Center. The Wall Street Journal (6/28, Conkey, 2.11M) reports, "The Secret Service and Federal Bureau of Investigation today will join with International Business Machines Corp. and information-services firm LexisNexis" in announcing the formation of "the Center for Identity Management and Information Protection, or CIMIP, at Utica College in New York." It will "integrate various public and private efforts to study the national-security implications and other threats posed by identity fraud." According to Brian Nagel, deputy director of the Secret Service, "the agency's criminal division will share its case files with CIMIP so it can identify criminal patterns."

Judge Refuses To Release Hoffa Search Affidavit. The AP (6/28) reports, "A U.S. district judge refused to order the release of an affidavit the FBI used to get a search warrant to dig for Jimmy Hoffa's remains at a southeastern Michigan horse farm. … 'Granting public access to sensitive information in a sealed affidavit would not play a significant, positive role in the investigation,' Judge Marianne Battani wrote Monday in response to a request by the Detroit Free Press to release the document." The AP continues, "Battani said the affidavit included 'the details of a threat made to a witness' and other information that should not become public." The AP adds, "The FBI spent two weeks last month searching the Hidden Dreams Farm, 30 miles northwest of Detroit in Oakland County's Milford Township. Officials said they found no evidence of Hoffa's remains. … The former Teamsters union president was last seen July 30, 1975, the day he was supposed to meet a New Jersey Teamsters boss and a Detroit Mafia captain at a restaurant about 20 miles from the farm. Both of those men are now dead."

California Jury Finds Man Guilty Of Serial Murders. The Los Angeles Times (6/28, Reston) reports, "Serial killer Wayne Adam Ford was found guilty of four counts of first-degree murder today, making the former long-haul trucker eligible for the death penalty for the grisly slayings of four women across California. … A San Bernardino County jury delivered the verdict in the afternoon after deliberating for just over a week." The Times continues, "Ford, 44, walked into a Humboldt County sheriff's station in November 1998 with a woman's severed breast in a plastic bag in his pocket, and confessed to the sayings. … The Arcata trucker claimed the deaths were accidental, and had occurred during rough sex play. However, San Bernardino County Deputy Dist. Atty. J. David Mazurek told jurors that Ford preyed on young women to 'satisfy his sexually sadistic appetite', and 'got off' on their suffering when he tortured them." The Times adds, "Between 1997 and 1998, Ford allegedly picked up the women — prostitutes or hitchhikers — and bound, strangled, raped and, at times, beat them before dumping their bodies in waterways, Mazurek said. … The victims were found in Humboldt, Kern, San Joaquin and San Bernardino counties. Some of the bodies were dismembered. … Ford's attorney, Deputy Public Defender Joseph D. Canty, tried to convince the jury to find Ford guilty of a lesser charge — second-degree murder or manslaughter — that would have spared him from California's death row. … Canty said Ford realized that 'something was wrong with him,' and showed he was remorseful when he turned himself in. Canty argued that Ford, a retired U.S. Marine, was mired in depression, angry at his former wife — who he claimed was preventing him from seeing his young son — and struggling with other psychological problems, including borderline personality disorder."

WPost Columnist Skeptical Of Evidence In Duke Rape Case. In her column in the Washington Post (6/28, A25), Ruth Marcus writes, "At the start, I presumed they were guilty. The rape charges against three members of the Duke lacrosse team sounded like a plausible case of Jocks Gone Wild. It wasn't hard to imagine that a bunch of rowdy, hard-drinking players could have crossed the line from watching a paid dancer to sexually assaulting her. … But the

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more evidence that has emerged in the case, the more it appears that there is way more than reasonable doubt that the three accused committed rape." Marcus continues, "The paucity of physical evidence; the accuser's prior unsubstantiated rape charge; her changing stories that night; sloppy and unreliable identification procedures -- any of these alone, and certainly all of them together, make it hard to understand why the prosecution is going forward and impossible to imagine that it could win a conviction." Marcus adds, "Perhaps there are facts yet to emerge to support Durham County District Attorney Mike Nifong's continuing certitude that a rape occurred -- though the confluence of Nifong's political interests and the prosecution is itself another reason for discomfort. He brought the first charges just before a primary in which the black vote played a key role." Marcus concludes, "In an odd way, I hope Nifong's proved right, because the alternative -- that he began with a dubious case and stuck with it as it became shakier -- is so troubling. As it stands now, the case isn't expected to go to trial until spring 2007. That seems like an awfully long time to wait to find out."

Coast Guard Cadet Acquitted Of Rape, Convicted Of Other Sex-Related Charges. The AP (6/28, Apuzzo) reports, "A Coast Guard Academy cadet was acquitted of rape charges but convicted on other sex-related charges in the institution's first-ever court-martial of a student." The AP continues, "Webster M. Smith was expected to ask the military jury for leniency at a sentencing hearing scheduled Wednesday. … Jurors on Tuesday deliberated eight hours before finding Smith, 23, of Houston, guilty of indecent assault, extortion, sodomy, failure to obey an order and absent without leave." The AP adds, "Smith, the first student in the school's 130-year history to be court-martialed, was stoic as the verdict was read, but wept afterward with his parents and lawyers by his side. … Smith faces up to 13 1/2 years in prison, but his attorney said he would argue for little or no jail time. … Prosecutors, who declined to comment after the verdict, said Smith was a predator who took advantage of women when they were vulnerable."

CIVIL LAW:

Indiana Settles E-Rate Fraud Claims With DOJ. The AP (6/28) reports that Indiana "has agreed to pay nearly $8.3 million to settle allegations that an agency violated federal rules by not seeking competitive bids on Internet services and charging inflated prices." The AP continues, "The U.S. Department of Justice and the U.S. Attorney's Office for the Southern District of Indiana announced the settlement in a news release Tuesday. … The settlement covers allegations that the Intelenet Commission, which has been disbanded, failed false claims to the Federal Communications Commission's E-rate program, which provided money for Internet technology in schools and libraries." The AP adds, "The federal government claimed the state charged inflated prices for services provided to Indiana schools and libraries, falsified invoices, disregarded the requirement that schools and libraries make co-payments for expenses and failed to seek competitive bids. … The state cooperated with the investigation, the Justice Department said. … 'The E-Rate Program makes federally mandated funds available to the poorest schools in the nation for Internet access and wiring,' Peter D. Keisler, Assistant Attorney General for the Civil Division, said in the release. 'False claims to this very important federal program will not be tolerated.'"

DOJ Seeks Dismissal Of Budget Lawsuit. The AP (6/28, Thomas) reports, "The Justice Department on Tuesday asked a federal judge to dismiss a lawsuit filed by House Democrats trying to stop a $39 billion deficit-reducing bill because the House and Senate failed to approve identical versions." The AP continues, "Lawyers for the government said the 11 House members lacked standing because they are not renters of medical equipment covered by the section of the bill or are in 'any way personally affected or injured' by other provisions in the measure." The AP adds, "House Democrats have accused GOP leaders of abusing the legislative process and contend they were denied their right to vote on legislation signed into law by President Bush. … Rep. John Conyers, D-Mich., the ranking member of the House Judiciary Committee and lead plaintiff, called the government's response 'legally tenuous.' … 'In terms of standing, there is no more fundamental right in Congress than the right to vote, yet the administration would not only take this right away, but prevent duly elected members from asserting that right after it is taken away,' he said. … The Senate version of the bill said Medicare can pay to rent some types of medical equipment for 13 months, as congressional negotiators had sought. A clerk erroneously wrote down 36 months before the bill was sent back to the House for a final

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vote, and the language was approved by the House on Feb. 1."

AT&T Settles Contracting Fraud Charges With DOJ For $2.9 Million. Bloomberg (6/28, Schmidt) reports, "A unit of AT&T, the largest U.S. phone company, agreed to pay $2.9 million to resolve allegations that it defrauded the federal government." Bloomberg continues, "The civil suit against AT&T Communications East, brought by a whistleblower and joined by the government, said the company defrauded the General Services Administration from 1998 to 2001 by passing on to government customers certain costs and fees in violation of its contract. … The U.S. Justice Department announced the settlement Tuesday in Washington." Bloomberg adds, "The charges, known as Presubscribed Interexchange Carrier Charges, are a fee that long-distance companies pay to local phone companies to recover part of the cost for linking customers to the telephone network."

US Scrutinizing Drug Industry Gifts To Charities Tied To Doctors. The New York Times (6/28, Abelson) reports, "Around the country, doctors in private practice have set up tax-exempt charities into which drug companies and medical device makers are, with little fanfare, pouring donations — money that adds up to millions of dollars a year. And some medical experts see that as a big problem. … The charities are typically set up to engage in medical research or education, and the doctors involved defend those efforts as legitimate charitable activities that benefit the public. But because they operate mainly under the radar, the tax-exempt organizations represent what some other doctors, as well as regulators and industry consultants, say is a growing conduit for industry money. The payments, they say, can bias the treatment decisions of physicians, may lead to suspect research findings and at times may even risk running afoul of anti-kickback laws." The Times adds, "Federal officials are starting to take notice of such tax-exempt charities, which critics say are becoming increasingly popular as other forms of industry support to physicians — like lucrative consulting agreements that involve little actual work — have come under scrutiny from regulators and others worried about the potential conflicts." The Times notes, "The Midwest Heart Foundation, which has received millions of dollars from medical industry donors, including the drug makers Amgen and AstraZeneca, and the Cordis and Scios units of Johnson & Johnson, says it stands behind its charitable work, which currently involves about 30 studies and dozens of doctor-education lectures each year. … Dr. Mark Goodwin, a managing partner for the Midwest Heart for-profit practice, said the foundation was created to help prevent potential conflicts by keeping the industry money separate from the doctors' private practice. Companies contribute to the foundation, he said, because they can rely on its research and the doctors involved can enroll large numbers of patients in studies. … But some of its research has drawn criticism from federal regulators. Earlier this year, moreover, the foundation received a Justice Department subpoena as part of an investigation into the marketing activities of one of its big contributors, Scios."

FEC Accused Of Seeking To Intimidate Major 527 Contributors. The Hill (6/28, Bolton) reports the Federal Election Commission (FEC) "is being accused of attempting to intimidate soft-money donors to 527s by targeting the donors for questioning." The FEC is "targeting some of the wealthiest Republican and Democratic donors. Typically such people have escaped tough scrutiny unless suspected of deliberately evading contribution limits through the use of straw donors or other tactics. But recently the FEC appears to have aimed at donors even though it is the 527s that are suspected of evading campaign-finance law." A prominent GOP strategist "has charged that the new tactic is intended to scare big donors away from giving to 527s, which Congress and the White House have struggled to curb."

LATimes Praises Supreme Court Ruling On Vermont Campaign Contribution Limits. An editorial in the Los Angeles Times (6/28, 958K) says the Supreme Court's ruling on Vermont's campaign finance law "has sent a welcome signal that it will continue to scrutinize well-intentioned efforts to limit the role of money in politics with at least one eye on the 1st Amendment." The ruling that the state "went too far when it imposed strict limits on what candidates for public office could spend and on what citizens could donate to political campaigns," suggests that the 1976 Buckley vs. Valeo decision "is still good law." Buckley's "distinction between expenditures and contributions is still the law of the land. That's good news for both clean elections and free speech."

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CIVIL RIGHTS:

DOJ Reaches Agreement With Indiana Over Purging Of Voter Rolls. The AP (6/28) reports, "The Justice Department agreed Tuesday to an Indiana plan designed to eliminate the names of people who have died and those who are listed more than once from the state's voter registration rolls." The AP continues, "Indiana Secretary of State Todd Rokita last week announced the plan to purge the rolls, following negotiations between state Republicans and Democrats. It would also target convicted felons and voters who no longer live in Indiana or in the county of their registration." Letters "letters will be sent to every registered voter in the state. Any that cannot be delivered will be flagged as potential mistakes, and the state will then send follow-up mailers to those addresses. … If any of those are also returned, the voters would be placed on inactive status." The AP notes, "Inactive voters could still cast ballots this year, but their files would be flagged. If they did not vote in the 2006, 2007 or 2008 elections, their names could be removed by the end of 2008. … The agreement, designed to bring Indiana into compliance with the National Voter Registration Act, followed a Justice Department investigation that found the state had hundreds of thousands of ineligible voters on its registration lists, including possibly 29,000 who were deceased, and 290,000 duplicates."

DOJ Probes Bias Allegations In Ohio Village's Police Firings. The Cleveland Plain Dealer (6/28, Flournoy) reports, "The U.S. Justice Department has launched an investigation of (Woodmere, OH) village officials for suspending a police chief and refusing to reinstate two police officers who contend they were fired because they are white." The Plain Dealer continues, "Mayor Yolanda Broadie and Law Director Janet Beck acknowledged the investigation Tuesday, but provided no details. Justice Department officials were not available for comment. … The investigation comes a year after the U.S. Equal Employment Opportunity Commission ruled that the village violated the civil rights of Chief Lamont Lockhart and officers Amy Mengay and Timothy Ellis." The Plain Dealer adds, "Mengay and Ellis told the EEOC that Broadie, who is black, unfairly fired them and allowed black officers with similar or more serious infractions to keep their jobs. … Broadie later suspended Lockhart for what she called 'failure to properly lead and supervise the Police Department.' Lockhart in turn filed his own complaint with the EEOC, which found that the suspension was retaliation for his support of the two officers. Lockhart has since resigned. … The commission ordered the village to attempt a settlement, reinstate the officers and give them back pay. But village officials refused. So, the commission referred the case to the U.S. Justice Department. … Avery Friedman, who represents Ellis, Lockhart and Mengay, said federal attorneys interviewed village officials and gathered public records this week."

Shreveport To Improve Public Building Access In Agreement With DOJ. KTBS-TV, ABC 3, Shreveport, LA (6/28, Roberts) reports, "The city of Shreveport could have to spend up to $4 million over the next three years to bring all city buildings into compliance with the Americans with Disabilities Act." KTBS-TV continues, "Mayor Keith Hightower this afternoon offered a proposed agreement with the U.S. Justice Department to make the upgrades. It would need City Council approval. … A Justice Department task force came to town, looked at public buildings and made hundreds of 'suggested' improvements." KTBS-TV adds, "One building that needs work, the government said, is the old City Hall Annex. It was built in the 1950s and hasn't been modified much since then. Another is the old Civic Theater and the Municipal Auditorium, circa 1920 -- both built before the ADA was passed. … But Ebarb said some of the government's recommendations don't make sense. … 'They wanted to renovate the Elvis Presley bathroom (at Municipal Auditorium),' he said. 'They wanted to make the shower (handicapped) accessible. Nobody even uses the shower.' … Hightower said Washington is a lot like city hall: You can't fight it. … 'When the Justice Department comes and says you must do these things, sooner or later you've got to get them done,' he said."

Grassley To Proposes IRS Pursuit Of Sex Traffickers. USA Today (6/28) reports, "Pimps and sex traffickers could soon find themselves being chased by tax collectors, not just the vice squad." USA continues, "Sen. Charles Grassley, chairman of the tax-writing Senate Finance Committee, wants the Internal Revenue Service to chase after pimps and sex traffickers with the same fervor it stalked gangster Al Capone for tax evasion. … Grassley, R-Iowa, would hit pimps with fines and lengthy prison sentences for failing to file employment forms and withhold taxes for the

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women and girls under their command." USA adds, "The proposal would make certain tax crimes a felony when the money comes from a criminal activity. A one-year prison sentence and $25,000 fine would become a 10-year sentence and $50,000 fine for each employment form that a pimp or sex trafficker fails to file. … Grassley planned to propose the penalties when his panel meets Wednesday." USA notes, "The IRS work is intended to build on efforts underway to curb worldwide trafficking. The Justice Department, collaborating with U.S. attorneys offices nationwide, would identify pimps and sex traffickers and refer them to the IRS."

Senate GOP Conservatives Opposing Leadership On Voting Rights Act. The Hill (6/28, Allen) reports the reauthorization of the Voting Rights Act "is running into some of the same objections in the Senate that it faces in the House, where the bill was pulled from the floor schedule last week after rank-and-file Republicans rebelled against their leadership." Southern Senate conservatives are "raising concerns about reauthorizing Section 5 of the law, which requires jurisdictions with a history of racial discrimination to pre-clear voting-law changes with the Justice Department. Some Southerners argue that the requirement is unnecessarily onerous and that their states should not be singled out in perpetuity." Sen. Trent Lott said, "Our part of the country, no matter how good we do, we're going to be treated differently than the rest of the country."

House GOP Rank-And-File Say Leaders Not Addressing Voting Rights Act Concerns. Roll Call (6/28, Yachnin) reports even while Republican House leaders "work to quell internal divides that derailed consideration of the Voting Rights Act last week, some rank-and-file Members complained Tuesday that they remain shut out of discussions regarding the law's reauthorization." House Majority Leader John Boehner said, "We are continuing to have conversations with Members, and [with] lawyers, about some provisions in the bill; and those conversations will continue this week." Roll Call adds that nonetheless, "several rank-and-file Republicans said House leaders remain unwilling to discuss any aspect of reauthorization of the landmark 1965 law." Rep. Steve King "asserted that his efforts to meet with GOP leadership in recent days have yet to elicit any response." King, who is "seeking consideration of an amendment that would end mandates under the VRA that require jurisdictions to provide multilingual ballots to voters," said, "It's not due to lack of effort on my part." Roll Call adds the "exclusion of King's proposal, as well as a half-dozen other amendments targeting language provisions in the law, from consideration on the House floor sparked an internal revolt that prompted leaders to pull the measure from last Wednesday's schedule."

Rule Maneuver Prevents House From Taking Up Voting Rights Act This Week. CQ (6/27, Duggan) reports in case "there was any doubt, legislation to reauthorize the Voting Rights Act will not be making any surprise appearances on the House floor this week." The rule (H Res 890) "for the Commerce-Justice-Science spending bill, adopted 224-188 on Tuesday, included a provision that tabled a rule reported June 20 for legislation (HR 9) to reauthorize the Voting Rights Act (PL 89-110). " After that rule (H Res 878) "had been reported by the Rules Committee, House Republican leaders postponed consideration of the underlying bill to address concerns raised by a group of Southern lawmakers."

Osceola County, FL, To Challenge DOJ Voting Rights Suit. The Orlando Sentinel (6/28) reports, "A day after a federal judge put county commission elections on hold, Osceola County said it will not settle a case filed by the Justice Department over Hispanic voting rights. … 'The county intends to proceed with the defense of this case. As publicly elected officials, the board must uphold and defend the last expression of the voters in 1996 -- that every precinct voted to return to at-large elections,' read Vincent Fontana, the county's attorney, this afternoon. 'Also the 2003-2004 charter review advisory commission -- that reflected the entire ethnic makeup of the county -- voted not to recommend that the board put the issue on the ballot again.'" The Sentinel adds, "Commissioners met with Fontana for about an hour and a half to review Judge Gregory A. Prensell's order stopping this fall's elections. … 'It is important for the citizens to have direct political access to all public officials who have the power to tax their homes and property. This is among the many rights and freedoms for which our armed forces continue to fight,' Fontana concluded."

Single Manipulator Said Able To Change E-Voting Election Outcome. The Washington Post (6/28, A7, Goldfarb, 744K) reports that to "determine what it would take to hack a U.S. election, a team of cybersecurity experts turned to a fictional battleground state called Pennasota and a fictional gubernatorial race between Tom

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Jefferson and Johnny Adams. It's the year 2007, and the state uses electronic voting machines." The experts "concluded in a report issued yesterday that it would take only one person, with a sophisticated technical knowledge and timely access to the software that runs the voting machines, to change the outcome." The report "concluded that the three major electronic voting systems in use have significant security and reliability vulnerabilities. But it added that most of these vulnerabilities can be overcome by auditing printed voting records to spot irregularities. And while 26 states require paper records of votes, fewer than half of those require regular audits."

8th Circuit Upholds Continued Federal Monitoring Of Little Rock Schools. The AP (6/28, Trister) reports, "A federal appeals court on Monday upheld a decision keeping the Little Rock School District under federal desegregation monitoring, which has been in effect since 1965." The AP continues, "A three-member panel of the 8th U.S. Circuit Court of Appeals at St. Louis agreed with a 2004 ruling by U.S. District William R. Wilson in the long-running desegregation case involving the Little Rock district, the North Little Rock District and the Pulaski County Special School District." The AP adds, "Wilson had ruled that the Little Rock district did not successfully evaluate its academic programs for how well they helped black students. Otherwise, the district would have been released from the remaining desegregation monitoring it has faced since 1965. … The district had been released in 2002 from all aspects of its monitoring except those relating to program evaluations. … In his opinion, Wilson said the district would remain under court order through the 2005-06 school year. Wilson said the district must hire outside experts and design a program assessment process."

Flag Amendment Falls One Vote Short In Senate. The CBS Evening News (6/27, story 6, 0:20, Schieffer, 7.66M) reported, "Voting tonight, the US Senate rejected a constitutional amendment to ban burning the American flag, but it was a near thing. The vote was just one vote short of the required two-thirds majority." Bloomberg (6/28, Rowley) notes Senate Democratic leader "Harry Reid of Nevada and 13 other Democrats voted in favor of the proposed amendment. Kentucky Senator Mitch McConnell, the deputy Republican leader, voted against the amendment."

The New York Times (6/28, Hulse, 1.19M) reports, "Eleven senators facing re-election this year opposed the amendment and several are facing potentially difficult races, including Lincoln Chafee of Rhode Island, a Republican, and the Democrats Daniel K. Akaka of Hawaii, Robert C. Byrd of West Virginia, Maria Cantwell of Washington and Joseph I. Lieberman of Connecticut."

The Wall Street Journal (6/28, Lueck, 2.11M) reports Daniel Wheeler, the president of the Citizens Flag Alliance, "a coalition led by the American Legion that has been lobbying hard to win Senate passage, said he was disappointed by the vote." The Journal adds, "Underscoring the politics behind the measure, Mr. Wheeler said his group will work to publicize the votes of amendment opponents. The coalition plans to highlight the 'no' votes of Democratic Sens. Kent Conrad and Byron Dorgan, both of North Dakota, as well as Maria Cantwell of Washington, among others." Wheeler said McConnell "also would be a target."

The vote is generally being cast as an attempt by Republicans to rally their base with an eye on the fall elections. ABC World News Tonight (6/27, story 3, 2:35, Stephanopoulos, 8.78M) reported, "Republicans hope this vote on top of last month's debate on gay marriage, will rally conservatives come November. Democrats called that raw politics." Sen. Frank Lautenberg: "There he is, Kid Rock. With his head through the flag. Is that a desecration? It was such a desecration that he was invited to address the Republican convention. What is going on here?" Stephanopoulos: "Democrats did try to pass their own bill that would make it a crime to harm the flag without changing the Constitution. But that was also defeated."

NBC Nightly News (6/27, story 4, 2:05, Reid, 9.87M) reported, "The real reason this amendment is being debated, critics said, is to rally the conservative Republican base for the November elections. … And the fact that this amendment was defeated today does not mean this debate is over. Rest assured, it will be part of the Republican offensive on the campaign trail from now through November."

The Los Angeles Times (6/28, Neuman, Fiore, 958K) reports the vote "capped two days of debate, during which opponents charged that the push for an amendment was driven more by politics than patriotism. They argued that the main aim of Republican sponsors was to rally conservatives in an election year even if that meant trampling on the Constitution to do it."

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The Washington Post (6/28, A1, Babington, 744K) reports, "In 2000, the Senate fell four votes short, and supporters had hoped the GOP's 55 to 44 majority -- there is one independent, James M. Jeffords (Vt.) -- would put them over the top this year."

The AP (6/28, Kellman) reports, "Among possible presidential contenders in 2008, six voted yes: Democrat Evan Bayh of Indiana and Republicans George Allen of Virginia, Sam Brownback of Kansas, Frist, Chuck Hagel of Nebraska, and John McCain of Arizona. Five, all Democrats, voted no: Joseph Biden of Delaware, Hillary Rodham Clinton of New York, Christopher Dodd of Connecticut, Russell Feingold of Wisconsin, John Kerry of Massachusetts."

The Hill (6/28, Allen) reports that "even some who supported the amendment suggested it was not the most pressing business before the Senate. 'It's not a burning issue in the grand scheme of things,' said Sen. Gordon Smith (R-Ore.)." In a similar story, Dana Milbank writes in the Washington Post (6/28, A2, 744K), "As the Senate's flag-desecration debate heated up yesterday and the sparks began to fly -- but before the smoke cleared -- the amendment's backers were asked a burning question: Is this the most important issue facing the nation? The senators rushed to extinguish the very thought. 'I don't think anybody would say it's the most important,' said Sen. Trent Lott (R-Miss.). 'No, no, not even close,' said Sen. John Ensign (R-Nev.), who, like Lott and 57 other senators, nevertheless signed on as a co-sponsor of the amendment. … So why is the Senate, which came within one vote of approving the amendment yesterday, giving the matter such prominence?"

The AFP (6/28) notes the measure voted on Tuesday read, "The Congress shall have the power to prohibit the physical desecration of the flag of the United States." The Washington Times (6/28, Bellantoni, 90K) reports, "Opponents of the amendment also argued that the concept of 'desecration' was vague. They showed images of Mr. Bush using a marker to autograph a US flag and of musician Kid Rock wearing a shirt made out of the flag."

Fox News' Special Report (6/27, (Garrett) reported, "Supporters, including many veterans groups say burning or desecrating the flag isn't free speech, but a grotesque affront to those who fought and died for it. … Other veterans say they fought to protect the constitution and the free speech rights it guarantees, rights the flag amendment, they say, would diminish."

USA Today (6/28, Stone, 2.31M) reports "Sen. Orrin Hatch and other supporters vowed to try again next year, after a new Congress is elected in November. Since 1990, the measure has failed five times in the Senate to get the two-thirds vote needed to move to the states for ratification." The House of Representatives "has approved the amendment seven times, most recently last year."

Democratic Measure Fails 64-36. The New York Times (6/28, Kornblut, 1.19M) reports, "Perhaps even more than her stance on the war in Iraq, it is Senator Hillary Rodham Clinton's position on flag desecration that has drawn the scorn of the liberal Democratic base. When Mrs. Clinton took a stand on the matter last year -- co-sponsoring legislation that would have criminalized the desecration of the American flag even as she opposed a constitutional amendment that sought to achieve the same end -- she was pilloried from the left. … On Tuesday, Mrs. Clinton played a leading role in the flag-burning debate once again, co-sponsoring a measure similar to her previous one as an alternative to the constitutional amendment that was about to come up for a vote in the Senate." The measure "failed, 64 to 36, minutes before the proposed amendment fell short of the 67 votes it needed." The Times adds, "With more than half of Democrats supporting the measure, the outcome suggested that Mrs. Clinton's approach had plenty of adherents within her party, and that while she might have tried the patience of her core liberal supporters, she remained within the Democratic fold as she prepared for a possible presidential race."

LATimes Assails Schwarzenegger Prison Reform Proposals. An editorial in the Los Angeles Times (6/28, 958K) says, "Gov. Arnold Schwarzenegger's collapse on prison reform is one of the most disappointing failures of his tenure. … The extent of his retreat in the face of opposition from the guards union is evident in his new four-part plan for the prisons. … Though ostensibly aimed at overcrowding, it doesn't even propose genuine solutions to that problem, such as reforms in sentencing laws and a major boost in rehabilitation programs. If the Legislature, which met in special session Tuesday night to discuss the governor's proposals, wants to set things right, a radical shift in approach is required."

WPost Lauds Supreme Court On Workplace Discrimination Decision. The Washington Post

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(6/28, A24, 744K) editorializes that the Supreme Court resolved the issue of workplace discrimination complaints "last week in a decision that was remarkable for both its real-world sensibility and its unanimity." It "found that illegal retaliation can take place on or off the job and that it applies to situations in which the employer's actions are 'harmful to the point that they could well dissuade a reasonable worker from making or supporting a charge of discrimination,'" forming "a sensible middle ground between extremes that had been adopted by some of the federal appeals courts." From "a court sometimes characterized by ivory-tower jurisprudence, this ruling was a welcome instance of common-sense judging."

ANTITRUST:

Mississippi PSC Considers BellSouth-AT&T Merger. The AP (6/28, Mohr) reports, "A proposed merger between AT&T and BellSouth Corp. has no provisions that would immediately cut jobs in Mississippi, but some opponents fear smaller competitors here could suffer if they are not protected." The AP continues, "The $67 billion plan met opposition during a hearing before the Mississippi Public Service Commission on Tuesday from a workers' union and telecommunication companies that are concerned the massive acquisition could lead to monopolization of the market." The AP adds, "The Mississippi commission, the Justice Department, the Federal Communications Commission and several other states would have to sign off on the deal, which was announced in March. … Those testifying on behalf of the two companies on Tuesday played down the competition between AT&T and BellSouth, saying the companies target different customers. However, in a February filing with the Security and Exchange Commission, BellSouth said one of its most significant local competitors is AT&T Corp."

McClatchy Closes Knight Ridder Deal. The AP (6/28, Sutel) reports, "McClatchy Co. said Tuesday it had completed its acquisition of Knight Ridder Inc., making it the second-largest newspaper publisher in the country in terms of circulation." The AP continues, "The news came a day after Knight Ridder shareholders overwhelmingly approved the transaction in an emotional shareholders meeting in San Jose, Calif., where the company was based." The AP adds, "The company has received notice of regulatory approval for the deal on the condition that it completes its previously announced sale of the St. Paul Pioneer Press. McClatchy already owns the Star Tribune in neighboring Minneapolis, and owning both would have raised antitrust concerns. … McClatchy also announced Tuesday that it had completed the previously announced sales of four Knight Ridder newspapers: the Duluth News Tribune in Minnesota; the Grand Forks Herald in North Dakota; the Aberdeen American News in South Dakota; and the Ft. Wayne News-Sentinel in Indiana and a 75 percent interest in the Fort Wayne Joint Operating Agency." The AP notes, "In all, McClatchy has reached deals to sell 12 of Knight Ridder's 32 papers, which it has said previously it wanted to sell largely because they did not fit McClatchy's criteria of being located in rapidly growing markets."

MarketWatch (6/28, Wilkerson) reports, "The close came as expected after a legal formality in which McClatchy said it signed an agreement sought by the U.S. Department of Justice to sell the St. Paul, Minn., Pioneer Press, one of the 32 papers it bought from Knight Ridder. … The department's antitrust division earlier in the day filed a U.S. District Court suit and a proposed consent decree allowing the deal to go forward if McClatchy agreed to sell the Pioneer Press."

Attorneys Doubt Foundation For DOJ Position On Employees' Statements. In an op-ed in the New York Law Journal (6/28), Howard E. Heiss, partner and Mark A. Racanelli, counsel, with O'Melveny & Myers (both are former federal prosecutors in the U.S. District Court for the Southern District of New York) write, "In a recent criminal case, the antitrust division of the Department of Justice took the position -- and a federal court agreed -- that statements employees make during proffer sessions with the government can be used against their employer at trial, even though the company was not a party to the proffer agreement and was represented by separate counsel. … The government argued that it was permitted to use employees' statements in this way because they are vicarious admissions by the company itself. As far as the government and the court were concerned in that case, the only facts that mattered were that the employee worked at the company at the time of the proffer and made statements about things he did as part of his job." Heiss and Racanelli continue, "Whether an aberration or a sign of new thinking at the Justice Department, the case is a cautionary tale for defense lawyers representing companies whose employees have spoken to

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the government. … But the case also appears to rest on shaky legal ground. It is one thing to say that an employee speaks for the company when talking to coworkers, competitors or investors in a job-related setting. It is something else entirely when employees make statements in a prosecutor's office in an effort to avoid or deflect criminal liability for their business conduct, and when their interests might conflict with those of the company."

Antitrust Commission Proposal Would Reduce Firms' Civil Damage Liability. Bloomberg News (6/28, Rowley) reports, "A congressionally created commission is considering a proposal to let U.S. judges reduce the billions of dollars in civil damages that companies such as Microsoft Corp. would have to pay victims for thwarting competition." Bloomberg continues, "In some cases, violators would be spared triple damages and only forced to reimburse consumers for actual financial losses." Bloomberg adds, "A companion proposal would give the government a two-thirds share of triple damages and consumers the rest in criminal price-fixing conspiracies such as the government's prosecution of a global vitamin cartel led by Roche Holding AG and BASF AG. … The proposals are the latest effort to rein in suits against corporations and, if approved by the commission and sent to Congress, are sure to stir opposition. … Richard Grossman, a San Francisco lawyer who sued Microsoft on behalf of consumers, says it is vital to retain the threat of triple damages." Bloomberg notes, "The 12-member federal commission was created at the prodding of Rep. James Sensenbrenner, 63, a Wisconsin Republican who heads the House Judiciary Committee. The commission has asked for public comment on its proposals by July 10 and is due to send a package of recommendations to Congress by April."

Investment Consortium Buys Univision For $12.3 Billion. The Wall Street Journal (6/28, Jordan, Berman, Lyons) reports, "The chaotic auction of Spanish-language broadcaster Univision Communications Inc. has resulted in an equally tumultuous outcome." The Journal continues, "Univision yesterday confirmed its planned sale to a consortium of private-equity investors who will pay $12.3 billion and assume $1.4 billion in debt. But in doing so, Los Angeles-based Univision appears to have further rankled an important business partner it had already been feuding with: Mexico's Grupo Televisa SA, the company that provides much of the popular programming that has made Univision the dominant Spanish-language TV network in the U.S." The Journal adds, "Televisa, which already owns 11% of Univision, led a group that made a competing bid for Univision. For weeks, it was expected to win the deal, fulfilling Televisa Chief Executive Emilio Azcarraga Jean's dream of controlling the U.S. media asset. After losing the deal early yesterday, people close to Televisa complained bitterly that Univision and its controlling shareholder -- billionaire A. Jerrold Perenchio -- had ignored its bid, failing to discuss it even though the bid was very close in value to the winning offer."

The Financial Times (6/28, Politi) reports, "The deal capped a five-month auction for Univision and was seen as a sign of the growth of the Hispanic media market in the US. … However, many of the biggest US media groups – such as Walt Disney and CBS – failed to play meaningful roles in the auction, leaving Mexico's Televisa and a handful of buy-out firms to battle it out in the final bidding." The Times adds, "The deal involves Texas Pacific Group, Thomas H. Lee Partners, Providence Equity Partners, Madison Dearborn Partners and Saban Capital paying $36.25 a share."

The Washington Post (6/28, D4, Veiga) reports, "Grupo Televisa SA, a Mexican broadcaster that had led a rival consortium of investors, said it was disappointed with the outcome of the Univision auction. … Univision's bylaws allow Grupo Televisa, which owns an 11 percent stake in Univision and supplies it with much of its programming, to veto a sale of the company, but that could be defeated by a 60 percent approval from Univision shareholders." The Post adds, "The deal, if approved by Univision shareholders and regulators, is expected to close in the fourth quarter of this year or first quarter of 2007, according to a news release on the sale."

USA Today (6/28, Lieberman, Petrecca) reports that, "the deal left a sour taste with rival bidder Mexico-based Grupo Televisa, which supplies most of Univision's prime-time programming and holds an 11.4% stake. … 'Notwithstanding our repeated offers to discuss all aspects of our proposal, including price, Univision and its advisers refused to enter into any discussions with us after we submitted our initial bid,' the company said in a statement. It said it will 'vigorously pursue' ways "to build its potential in the growing U.S. Hispanic marketplace." … It's unclear what options Televisa has. Federal law bars foreign companies from owning more than a 25% stake in TV stations. To have big U.S. impact, Televisa 'can't be on cable, since many

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Hispanic Americans don't have cable,' says Sanders Morris Harris analyst David Miller. What's more, Univision has a long-term deal that enables it to cherry-pick Televisa's programming."

Judge Clears Adelphia Assets Sale. The Wall Street Journal/AP (6/28) reports, "A bankruptcy judge granted permission to Adelphia Communications Corp. to sell its assets to Time Warner Inc. and Comcast Corp. in deal estimated to net about $17 billion." The AP continues, "Judge Robert Gerber of the Southern District of New York said he would approve an order to be submitted later Tuesday that would detach the asset sale from the rest of the company's bankruptcy process. Adelphia sought the separation to bypass creditor disputes that have slowed the company in its filing of a final reorganization plan." The AP adds, "The sale agreement with Time Warner and Comcast had been put in jeopardy because of a July 31 deadline at which the buyers could end their offer. Once complete, it would secure their status as the two biggest cable operators in the nation. … Adelphia remains in bankruptcy protection and last week filed an amended version of its restructuring plan. The company, the country's fifth-largest cable operator, filed for bankruptcy protection four years ago, on June 25, 2002."

Citizens Banking Buys Rival Republic Bancorp. The Wall Street Journal (6/28) reports, "Citizens Banking Corp. agreed to buy Republic Bancorp Inc. for about $1.05 billion in cash and stock to form a Midwestern regional bank called Citizens Republic Bancorp." The Journal continues, "The combined bank would be the 45th-largest headquartered in the U.S., with assets of $13.9 billion and $8.6 billion in deposits, the two Michigan banks said." The Journal adds, "The terms value Republic, based in Owosso, Mich., at $13.86 a share. Shareholders will receive the equivalent of 0.4378 of a Citizens share plus $2.08 in cash for each of their shares. Of the purchase price, 85% will be paid in stock."

Mittal-Arcelor Deal Marks Changes To Steel Industry. In an op-ed in the Wall Street Journal (6/28), Peter M. Fish, chairman and managing director of MEPS (International) Ltd., writes, "It finally looks as though Mittal Steel will win its bid for Arcelor. Shareholders still have to reject, this Friday, the merger with Russian steelmaker Severstal that Arcelor management tabled when trying to elude Mittal's grasp -- and then approve the new tie-up with Mittal. So anything can happen. But it's been clear for some time now that something, in the way of consolidation, was due to happen, and not only at the top of this industry." Fish continues, "Assuming the Arcelor-Mittal marriage goes through, it will have far-reaching consequences for the global steel industry. The new company would produce approximately 10% of world-wide output. Its nearest rival would be Nippon Steel, with less than 3% of the market. To gauge the importance of the deal, consider that the nine biggest steelmakers after Arcelor-Mittal would account for just above 20% of the world's supply. The new company is slated to be a giant with production well in excess of 100 million tons per annum -- almost equivalent to the combined U.S. and Canadian output. It will have 60 plants in 27 countries." Fish adds, "It is clear that the global steel industry will remain fragmented even after the Mittal-Arcelor merger goes through. More consolidation is inevitable. Other steelmakers will be frantically looking for partners to counter the new grouping. Moreover, the merged entity will probably maintain its passion for acquisitions. … Consolidation in the future will be more internationally focused. Outside of Arcelor and Mittal, most steelmakers have sought to acquire other firms in their domestic or regional markets. Significant rationalization of the U.S. sector has already taken place -- mainly by Nucor and U.S. Steel. More could follow if Mittal is required to sell off some of its U.S. assets to satisfy antitrust authorities after the new deal." Fish concludes, "Even with consolidation, cheap steel is a thing of the past. Raw material costs are unlikely to drop significantly in the near term. Energy costs are expected to remain high. Demand from the developing nations of the world will, almost certainly, continue to rise. But higher input costs have not damaged the steel companies. The industry is more profitable now than ever. The limited consolidation so far has been beneficial. Further rationalization can only help."

EU May Fine Microsoft Up To $577 Million. The IDG News Service (6/28, Meller) reports, "The European Commission is about to propose a new fine of up to €460 million ($577 million) against Microsoft for failing to honor the antitrust ruling imposed on the company in 2004, according to people close to the case Tuesday." IDG continues, "The Commission ruled two years ago that Microsoft was abusing its dominant position in the market by denying competitors access to documentation about its Windows operating system." IDG adds, "The imminent threat of a fine comes as Microsoft continues to submit new information to the

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regulator, with the aim of complying with the ruling. The final instalment of documentation is due on July 18 -- a deadline Microsoft said it agreed with the monitoring trustee in charge of overseeing Microsoft's compliance with the ruling, Neil Barrett. … On Monday the Commission, Europe's top antitrust regulator, will propose a new negative ruling and a new fine against Microsoft to national competition regulators from the 25 countries in the European Union, the people close to the case said. … A final decision could be taken by the Commission as soon as July 12, if the national regulators support the Commission's draft ruling."

EU To Boost Antitrust Fines. The Financial Times (6/28, Buck) reports, "A huge increase in fines for companies that operate cartels or break European Union competition law will be announced on Wednesday by the European Commission." The Times continues, "Brussels has already imposed some of the toughest fines in recent history, including a record €497m ($626m, £350m) penalty against Microsoft in 2004 and one of €462m against Roche in 2001. Over the past few months the Brussels regulator has again ratcheted up the fines, especially in cartel cases. … Officials believe that only higher fines will deter companies from operating price-fixing cartels or abusing dominant market positions." The Times adds, "They are particularly keen to increase the fines for repeat offenders and large groups with significant financial fire-power. … The new guidelines, which have been seen by the Financial Times, reflect the Commission's belief that the rules are too rigid and lack transparency – a view shared by many competition lawyers and most companies targeted by the Brussels trust-busters. … The new regime will apply to all companies found guilty of participating in a cartel or that abuse their dominant market position. It will almost certainly mean that more companies will be fined the maximum amount allowed under EU law, which is 10 per cent of global annual turnover. Up to now, only a handful of companies have been punished that severely. … The new regime will be especially tough on repeat offenders. At present, fines are usually raised by 50 per cent for companies that have previous convictions for antitrust abuses. Now the Commission can double the punishment in cases where there is one earlier ruling against the group, and may go even higher for 'multi-recidivists'."

The Wall Street Journal (6/28, Jacoby, Cohen) reports, "The changes to the 1998 guidelines will be most relevant to price-fixing cases because such investigations most often lead to fines, according to two European Commission officials. They can also be used to increase financial penalties for companies found to have illegally used monopoly power to elbow rivals out of a market." The Journal adds, "If the new guidelines had been in effect in 2004, one official said, a €497 million ($625.3 million) fine to Microsoft Corp. would have been much larger. Microsoft was fined for using its dominant Windows computer-operating system to shut out competition in related software markets. Although the Microsoft fine was the largest ever leveled by the commission, it was much less than the $3 billion that the Redmond, Wash., company paid to various rivals to settle antitrust lawsuits against it in the U.S. EU officials see that disparity as evidence that their fine wasn't big enough to have a deterrent effect. … In separate deliberations, antitrust authorities from the EU's 25 member states will meet in Brussels Monday and again July 10 to review EU Antitrust Commissioner Neelie Kroes's proposal to impose additional fines on Microsoft. Ms. Kroes has concluded that Microsoft hasn't moved quickly enough to comply with the commission's 2004 orders to change its business practices, people familiar with the case said."

ENVIRONMENT/INDIAN AFFAIRS:

Grass Roots, Lobbyists Driving Effort To Revamp Energy Policy. The Christian Science Monitor (6/28, Knickerbocker, 61K) reports that the "real push for revamping energy policy" is "coming from the grass-roots and lobbyists. Citizen groups and special interests are pushing for solutions as fuel prices remain high and turmoil continues in oil-rich parts of the world. … In all, 477 energy-related bills have been introduced in this Congress, according to a New York Times report. … In the states, some governors are coming up with their own plans, banding together to promote more energy conservation and efficiency than the federal government requires. In the West especially, governors of both parties are pushing wind energy."

Pombo Makes Case For DOER Act. Rep. Richard W. Pombo, Chairman of the House Resources Committee, writes in the Washington Times (6/28, 90K), "When the House of Representatives votes tomorrow on the bipartisan Domestic Ocean Energy Resources (DOER) Act, it will be considering one of the nation's most meaningful energy-policy reforms in history. … The DOER Act represents a balanced, commonsense compromise to deliver desperately needed energy supplies to the American people, which in

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turn will lower prices for consumer wallets and create hundreds of thousands of family-wage jobs."

WPost Says Ban On Coastal Drilling Should Be Revisited. An editorial in the Washington Post (6/28, A24, 744K) says it is time to revisit the policy of banning oil and gas drilling in most US coastal waters. The House of Representatives "is about to vote on this question, probably tomorrow. … Unfortunately, the House legislation is flawed. It diverts billions of dollars' worth of oil and gas royalties from the federal government to the states, even though the waters from which the resources will come are federal. … We hope the bill passes tomorrow, but we also hope this flaw is fixed before it becomes law."

Domenici Offers Proposal On Nuclear Waste Storage. In a $30.7 billion spending bill that advanced out of his Appropriations subcommittee Tuesday, Sen. Pete Domenici has included a provision that would have the government store civilian nuclear waste for up to 25 years at federal sites across the country. The AP (6/28, Hebert) reports, "The interim storage approach is aimed at addressing increasing concern about thousands of tons of used reactor fuel accumulating at power plants, waiting to be shipped to an oft-delayed central government repository in Nevada. Industry officials have said the failure to address the waste problem will inhibit investment in new nuclear reactors."

The Wall Street Journal (6/28, Fialka, 2.11M) reports, "The committee's action would give the Department of Energy the authority to store waste for as long as 25 years at 'consolidation and preparation' sites; from there, the waste would be shipped to Nevada's Yucca Mountain for permanent storage."

Report Cites US As Disproportionate Carbon Dioxide Producer. The Washington Post (6/28, D1, Freeman, 744K) reports that a new report by the nonprofit group Environmental Defense found "Americans represent 5 percent of the world's population but contribute 45 percent of the world's emission of carbon dioxide, the main pollutant that causes global warming." However, "the group said auto companies should not be singled out for blame, because consumer choices also play a role." Besides changing the carps people drive, they "also suggest that communities reconsider land use policies because Americans are taking more and longer trips, often to shop." The report is part of an effort "to build support for government policies aiming at curbing greenhouse gases."

Scientists Say Gore Movie Generally Scientifically Correct. USA Today (6/28, 2.31M) reports, "Al Gore's documentary on global warming, An Inconvenient Truth, earns five stars for accuracy, according to an Associated Press survey of top climate scientists." Although many of those contacted "had not yet seen the movie or read the book," the ones that had "had the same general impression: Gore conveyed the science correctly."

Carmona Says Only Smoke-Free Environments Protect Against Secondhand Smoke. The New York Times (6/28, O'Neil, 1.19M) reports that Surgeon General Richard H. Carmona said "the evidence is now 'indisputable' that secondhand smoke is an 'alarming' public health hazard, responsible for tens of thousands of premature deaths among nonsmokers each year." He also "warned that measures like no-smoking sections did not provide adequate protection, adding, 'Smoke-free environments are the only approach that protects nonsmokers from the dangers of secondhand smoke.'" However, he stopped short of a "call for a federal ban on smoking in workplaces, bars or restaurants," saying his role is "providing the public and Congress with definitive information on the subject."

Sioux Tribal Leaders Plans Blockade To Curb Beer Transit. USA Today/AP (6/28, Walker) reports, "In an effort to fight alcoholism on the Pine Ridge Indian Reservation (in South Dakota), leaders of the Oglala Sioux tribe plan to set up roadblocks today and stop members from bringing in beer bought at four outlying stores." The AP continues, "Alcohol has long been banned on the 16,500-member reservation, where drinking has been a scourge for generations. But four stores in Whiteclay, Neb., a village a few hundred feet outside the reservation, sell about 4 million cans of beer every year, mostly to Indians. … Tribal members say that from now on, they will confiscate beer bought in Whiteclay. … 'We are the last line of defense when it comes to protecting our people,' says Duane Martin of the reservation's Strong Heart Civil Rights Movement." The AP adds, "The effects of alcoholism can be seen in nearly every family, in accidents, violence, sexual abuse and suicide, says Terryl Blue-White Eyes, director of the alcohol and drug program for the reservation. … The youth suicide rate on the

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reservation is the highest in the nation, and most of the suicides involve alcohol, she says. … Shannon County, where most Pine Ridge residents live, is home to less than 2% of South Dakota's population but had 19% of the fatalities caused by drunken driving in 2005 — 14 of the 74 deaths statewide, according to the South Dakota Department of Public Safety."

FBI/DEA/ATF/USMS:

Massachusetts Latin Kings Leader Sentenced To 21 Years In Prison. The Boston Globe (6/27, 484K) reported in "New England In Brief" that former Massachusetts Latin Kings leader Edwin Serrano on Friday "was sentenced to more than 21 years in federal prison for drug trafficking offenses." Serrano "was found guilty of selling cocaine and crack cocaine to a 'cooperating witness' working with a federal-state task force investigating gang activity throughout the state. Authorities say Serrano, who was minister of defense for the Lawrence chapter of the Almighty Latin King and Queen Nation, also offered to sell the witness a firearm and attempted to recruit the witness to go to New York to kidnap someone."

Three Minnesota Men Accused Of Conspiring To Distribute Fentanyl. According to the AP (6/28), heroin laced with fentanyl is working its way into the Twin Cities. "Three St. Paul men arrested Friday have been charged with conspiring to distribute fentanyl and crack cocaine. … Authorities in Minneapolis and St. Paul are reviewing heroin-related deaths to determine if fentanyl was involved."

Privacy Rules Said To Create Roadblocks For Drug Investigations. Wilmington, North Carolina's Star-News (6/27) reports federal guidelines intended to "keep personal health information confidential create a roadblock for police who want to speak with victims of overdoses about the source of the drugs that hospitalized them. The issue was discussed last week at a meeting of about 30 law enforcement officials and medical community representatives." Meanwhile, "Preliminary test results from the federal Drug Enforcement Administration show the heroin that killed two men earlier this month in Wilmington was high in purity and not cut with the powerful synthetic narcotic fentanyl, as was suspected. Whatever its composition, the heroin poses a lethal threat to users, Wilmington-based DEA Special Agent Eric Savitts said."

Michigan's Man's Death May Be Linked To Fentanyl. WOOD-TV, Grand Rapids, Michigan (6/27) reports the Portage Police Department "continues to investigate the death of a 34-year-old man. … Police think he died of a mix of heroin and the prescription pain reliever fentanyl. … Investigators hope a toxicology report on the Portage man's body will help their case."

Investigators To Determine If Limbaugh Violated Deal In Prescription Fraud Case. The AP (6/27) reports Rush Limbaugh "will likely have to wait several days to find out if he violated his deal with prosecutors in a prescription fraud case when authorities found him in possession of a bottle of Viagra that was apparently prescribed to someone else. Limbaugh, 55, was detained for more than three hours Monday at Palm Beach International Airport after he returned on his private plane from a vacation in the Dominican Republic. Customs officials found Viagra in his bag, but his name wasn't on the prescription, Palm Beach County sheriff's spokesman Paul Miller said." Limbaugh's lawyer "said the prescription was written in his doctor's name 'for privacy purposes.' The conservative radio host was released without being charged." The AP adds, "According to the Drug Enforcement Administration, Viagra is not considered a controlled substance because 'it's not something you can be addicted to,' said DEA Investigator Maria Gilbert."

USA Today (6/28, Yancey) writes, "Carrying a vial of Viagra without his name on it got talk-show host Rush Limbaugh in hot water with U.S. customs officers Monday. And his detention at Florida's Palm Beach airport raises questions for U.S. travelers who routinely fly with drugs that they can't show were prescribed to them." Jennifer Connors, a U.S. Customs and Border Protection spokeswoman said, "Names on prescription drug bottles must 'match the name on the travel document.' Passengers flying domestically don't have to carry a prescription or have a labeled bottle, although the Transportation Security Administration website encourages labeled medications."

Network TV Coverage. ABC's Good Morning America (6/27, 8:00 a.m.) reported, "An embarrassing incident for Rush Limbaugh. He was detained at a Florida airport after customs officials found a bottle of Viagra in his luggage without a prescription. The label was in his doctor's name to

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protect his privacy. Now he faces misdemeanor drug charges."

ABC's World News Now (6/27, 4:30 a.m.) reported, "Rush Limbaugh is facing possible drug charges in Florida. He was detained at Palm Beach airport for carrying Viagra without a prescription. Limbaugh's attorney says the drug was issued to the doctor to protect his client's privacy."

CBS News (6/27, 4:30 a.m.) reported, "Rush Limbaugh had drugs confiscated from him on Monday. He was carrying the prescription sex enhancer Viagra. The name on the bottle wasn't his."

Cable TV Coverage. CNN (6/27, 9:00 a.m.) reported, "Rush Limbaugh is back in the legal spotlight. Authorities in south Florida say the radio talk show host could face misdemeanor drug charges. He was detained for several hours. Custom agents say they found a bottle of Viagra in his luggage. Instead of Limbaugh's name, it carried the names of two doctors. Limbaugh's attorney said it was labeled that way for privacy. Last month he reached a deal with prosecutors. They accused him of illegally obtaining prescription painkillers.

Two Men Sentenced For Role In Connecticut Drug Ring. The Danbury (CT) News Times (6/27) reports two more Danbury men "have been sentenced to prison terms for their involvement in a Danbury-area cocaine and crack distribution ring that was broken up by law enforcement last year. Edward Toney…was sentenced to five years in prison and four years of supervised release. Timothy Eberly…was sentenced to 27 months behind bars and six years of supervised release. … The two were among 24 people from Danbury and New York City who were arrested last year during a crackdown by Danbury police and the federal Drug Enforcement Administration on a drug ring operated by Alex Luna of Danbury."

NFL To Add Amphetamines To List Of Banned Substances. The NFL will toughen its drug policy. The AP (6/28) reports the league is "adding amphetamines to the list of banned performance-enhancers starting in 2007. Amphetamines were previously listed as a 'substance-abuse drug,' but are now in the same category as steroids and other enhancers that carry stronger penalties."

USA Today (6/28, Wood) reports, "The switch in classification for amphetamines and methamphetamines will not take affect until the 2007 season to make certain all players know of the new rules. A first positive test in 2006 would bring a warning and put a player into the drug program. A positive test next year will initially result in a four-game suspension."

Bonds: No Word From Mitchell In Baseball's Steroid Investigation. According to the AP (6/28), Barry Bonds "said Tuesday he hasn't heard yet from former Sen. George Mitchell in his independent investigation of steroids in baseball. Mitchell, the former Senate majority leader, was appointed in March by commissioner Bud Selig to head the league's investigation into steroids. He has already contacted some members of the San Francisco Giants' coaching staff."

Lance Armstrong Seeks To Discount Allegations Of Drug Use. According to the Los Angeles Times (6/27, Abrahamson), cyclist Lance Armstrong "mounted a public-relations offensive Monday, seeking to discount sworn testimony alleging that he had, nearly 10 years ago in an Indiana hospital room, acknowledged use of an array of performance-enhancing substances. Appearing on a number of shows on ABC or ESPN, Armstrong sought to undercut testimony offered by Betsy Andreu, a former teammate's wife. She testified Armstrong was asked by doctors on Oct. 27, 1996, if he had used performance-enhancing drugs and said, 'EPO, growth hormone, cortisone, steroid, testosterone.'"

US Cyclist Faces More Doping Allegations. The Los Angeles Times (6/27, Abrahamson) reports a Spanish newspaper "reported Monday that U.S. cyclist Tyler Hamilton, an Olympic gold medalist serving a two-year suspension for blood doping, was billed by a doctor for treatment that allegedly included blood transfusions and banned performance-enhancing drugs, including steroids, human growth hormone and the synthetic blood booster EPO. Hamilton…said, 'I have not done what the article alleges.' The report in El Pais…is part of a series sparked by a review of confidential judicial documents tied to a raid in May by police in Madrid. El Pais said Sunday that 58 riders in recent years might have received blood and banned substances."

Hamilton Will Keep Medal. The AP (6/28) also reports Tyler Hamilton "will keep his gold medal from the 2004 Athens Olympics. The Court of Arbitration for Sport rejected an appeal Tuesday by the Russian Olympic

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Committee to strip Hamilton of his time-trial gold medal due to a doping controversy and give it to silver medalist Vyacheslav Ekimov."

German Contender Cleared In Doping Investigation. The New York Times (6/28, Vinton) writes, "The Tour de France has been enveloped by the turmoil of a doping investigation less than a week before it is scheduled to begin. Race officials asked the team of a top contender to withdraw Monday, and yesterday they cleared another contender, Jan Ullrich of Germany, after a Spanish newspaper linked him to the blood-doping inquiry that has shaken cycling for the past month."

Cycling Seen As Paying "Hefty" Price For Drug Testing. In USA Today (6/28) Jon Saraceno writes, "Cycling is paying a hefty price because of its leadership in testing, even as most pro sports fly under the drug performance-enhancement radar because of union dissent regarding perimeters for testing."

IMMIGRATION:

Key Senators Open To Specter Compromise On Immigration. The Washington Times (6/28, Fagan, 90K) reports, "Key backers of the Senate immigration bill said yesterday they are willing to consider a compromise that would delay the guest-worker program and "amnesty" portions until the borders have been secured. The proposal was floated by Senate Judiciary Chairman Arlen Specter in an interview Monday with editors and reporters at The Washington Times." Sen. John McCain said the idea is "worth discussing." Sen. Edward Kennedy "said a delay will occur anyway because it will take a few years to set up the guest-worker program and the structure to process millions of illegal aliens onto a pathway to citizenship."

The Los Angeles Times (6/28, Gaouette, 958K) says the proposal provides "a potential path to agreement between the House and Senate." The Times notes, "Left unclear in the still-emerging conversation is whether senators would agree that specific border security and law enforcement goals or targets would have to be met before a guest worker or legalization program could begin."

CQ (6/27, Sandler) reported, "Two prominent Senate Republicans called on their House GOP colleagues Tuesday to stop trying to score partisan political points on immigration and instead focus on a legislative solution. John McCain, R-Ariz., and Lindsey Graham, R-S.C., stood with Senate Democrats to reaffirm their support for the immigration bill (S 2611) the Senate passed May 25. They also expressed disappointment in the direction of the debate this year and urged House leaders to go to conference on an immigration bill this summer."

Boehner Criticizes Democratic "Silence" On Immigration. The Hill (6/28, O'Connor, Hearn) reports that House Majority Leader John Boehner "ripped congressional Democrats yesterday for refusing to adopt a unified position on" immigration reform legislation. Boehner said, "I think a feeble response from House Democrats on border security makes clear they have no coherent policy on this issue," adding, "The stone silence from them is deafening." Democratic leaders "insist their members remain largely unified on immigration reform."

Gutierrez Makes Case For Bush Immigration Reform Plan. Commerce Secretary Carols Gutierrez said on CNN's The Situation Room (6/27), "The President's comprehensive reform is realistic. It's practical. It is not amnesty. And that's the problem with this discussion, is that you can very easily go into a one-liner and shut off the discussion and call it amnesty. It is not amnesty. It makes people earn their legalization or their citizenship. But there are two extremes here. One extreme is mass deportation. We are not going to do that. The other extreme is amnesty. What the president said is, let's find something in the middle that we can do that will get a grip on national security and immigration. That's comprehensive reform."

TAX:

Judge Blasts DOJ For Pressuring KPMG Over Legal Fees. The Wall Street Journal (6/28, Cohen, Davies) reports, "In a decision that bolsters white-collar defendants facing criminal investigations, a federal judge said prosecutors can't pressure companies to stop paying legal bills for indicted employees." The Journal continues, "The ruling, by a judge overseeing the KPMG LLP accounting fraud case in a New York federal court, concluded that federal prosecutors gain an unfair advantage and violate the due process of indicted employees by pressuring their employers to refuse to pay their legal costs. The decision strikes down a key lever used by the government in several recent criminal investigations." The Journal adds, "At issue is a 2003 memorandum that advised U.S. attorneys to 'scrutinize the authenticity of a corporation's

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cooperation' when considering whether to seek criminal charges. Known as the 'Thompson memo,' for former Deputy Attorney General Larry D. Thompson, its author, the memo stated that prosecutors could take a company's willingness to advance legal fees to employees as a sign of lack of cooperation."

USA Today (6/28, Farrell) reports, "In a narrow sense, the ruling means that more than a dozen former KPMG partners and employees under indictment can now have their legal costs paid upfront by the accounting firm. … But more broadly, the ruling strikes at the Justice Department's policy for determining whether to bring charges against corporations. That policy, known as the Thompson Memorandum, was written after the indictment and collapse of the Arthur Andersen auditing firm. It sets out the conditions prosecutors should take under advisement when deciding whether to bring criminal charges against a corporation. … In order to avoid prosecution for suspected criminal wrongdoing, the memorandum states, a corporation has to show that it is cooperating fully with the Justice Department's investigation. If the corporation is paying the legal fees of employees under investigation, prosecutors could view that as being less than fully cooperative. … U.S. District Judge Lewis Kaplan blasted that viewpoint in his 83-page decision. Under the Sixth Amendment of the U.S. Constitution, he wrote, every employee of a corporation, from hourly workers to top-ranked managers, has the right 'o have their employers pay their legal expenses if they are sued as a result of their doing their jobs. This right is as much a part of the bargain between employer and employee as salary or wages.'"

The Washington Post (6/28, D1, Johnson) reports that Judge Kaplan "criticized the federal government for holding 'the proverbial gun' to the head of accounting firm KPMG LLP and advising the firm not to pay full fees to lawyers defending more than a dozen former partners on fraud charges. … The policy 'interfered' with the executives' ability to fight criminal charges in a case that has been called the largest tax fraud in history, the judge wrote. He said the government 'evidenced a desire to minimize the involvement of the defense attorneys' and added that 'the government's proper concern is not with obtaining convictions.' … Kaplan's harshly worded 83-page decision handed a potent symbolic victory to defense lawyers and business groups, who have for years complained that the government is overreaching in its attempt to weed out fraud after the Enron Corp. and WorldCom Inc. scandals. … An unusual coalition of trade organizations, including the U.S. Chamber of Commerce, the Securities Industry Association and the National Association of Criminal Defense Lawyers, banded together to fight the policy and submitted court briefs in the KPMG case."

The Los Angeles Times (6/28, Kristof, Hamilton) reports, "KPMG agreed last year to pay $456 million to settle charges that it promoted fraudulent tax shelters to wealthy investors, including Global Crossing Ltd. founder Gary Winnick, Guess Inc. co-Chairmen Paul and Maurice Marciano and former California Republican gubernatorial candidate Bill Simon Jr. … But the firm — unlike the 16 former employees — was not indicted." The Times adds, "In court papers, KPMG acknowledged that it had departed from a longtime policy to pay its employees' legal bills. Instead, the accounting firm decided in the tax fraud case that it would pay bills only for those who cooperated with the government and agreed to a $400,000 cap on fees, and that payments would cease for workers who were criminally charged. … 'If those whom the government suspects are culpable in fact are guilty, they should pay the price,' Kaplan ruled. 'But determination of guilt or innocence must be made fairly — not in a proceeding in which the government has obtained an unfair advantage long before the trial even has begun.'" The Times notes, "Legal experts said Kaplan's ruling would probably force the government to reexamine its use of the Thompson memo. … 'It's going to chill the government's willingness' to use this tactic, said Steven Peikin, a partner at Sullivan & Cromwell in New York and former chief of the securities fraud division at the U.S. attorney's office in Manhattan."

The New York Law Journal (6/28, Hamblett) reports, "Southern District U.S. Attorney Michael Garcia issued a statement saying, 'We are disappointed in Judge Kaplan's opinion today ... which we respectfully believe is unsupported by the factual record and the applicable law. The actions of the government were entirely consistent with appropriate Department of Justice policy, and we believe that the prosecutors acted ethically and properly throughout this case.'"

The AP (6/28, Caruso) reports, "Kaplan did not reach a final decision Tuesday on how to remedy things for the KPMG defendants, who are accused of developing questionable tax shelters that allowed some wealthy clients to dodge $2.5 billion in taxes. … He declined a defense motion to immediately dismiss the charges, saying to do so would be extreme."

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WSJournal Praises Judge For Rebuking Government Over Thompson Memo. The Wall Street Journal (6/28, 2.11M) editorializes, "U.S. District Court Judge Lewis A. Kaplan upheld the logic and meaning of the Constitution's Due Process Clause and the Sixth Amendment" in the Justice Department's prosecution of 16 former KPMG executives. KPMG stopped "paying the legal fees of its former executives, largely to satisfy the requirements of the so-called Thompson memo" so as to "avoid firm-wide indictment." Judge Kaplan "delivered a scathing 83-page rebuke of the government's case. Noting that Constitutional rights to a fair trial and competent counsel were at stake here," the judge concluded that "the government had used the company as a proxy to violate the defendants' rights." This is the time for "Attorney General Alberto Gonzales to reinterpret, or better yet rewrite," those policies "that his too-zealous prosecutors have been using in violation of defendants' due process rights."

IRS Employees Caught Illegally Browsing Through Taxpayer Files. The Wall Street Journal (6/28, Herman, 2.11M) reports in its "Tax Report" column, "A new Treasury report says many Internal Revenue Service employees have been caught illegally browsing through taxpayer files in recent years. In some cases, IRS employees have lost their jobs. In other cases, they have even gone to prison. Treasury agents have investigated more than 3,700 cases of potential violations in the past eight years, resulting in more than 1,600 'adverse personnel actions' by the IRS, including firings and suspensions, the report says. In addition, 126 IRS employees have been criminally prosecuted for such violations."

Former Wife Of Acquitted Mississippi Judge Sentenced For Tax Evasion. The Biloxi (MS) Sun Herald (6/28, Lee) reports, "A legal nightmare that began almost four years ago for state Supreme Court Justice Oliver Diaz Jr. and his former wife, Jennifer, ended quietly Tuesday after a 10-minute appearance in U.S. District Court (in Gulfport, MS), when Jennifer Diaz was sentenced to two years of supervised probation for income tax evasion." The Herald continues, "Judge Walter J. Gex III ordered her to pay $58,500 in restitution, but then Assistant U.S. Attorney Don Burkhalter and Diaz's attorney, James Kitchens of Jackson, told Gex the amount should be left blank until the IRS sorts out the figures. … 'I promised Jennifer early on that if she cooperated with us, I would do what I could to get her a favorable sentence,' Assistant U.S. Attorney Don Burkhalter said after the proceedings. 'As far as what I could determine, she told the truth, so I had an obligation to do what I said I would do. … I don't have any regrets about indicting them on the tax case. I just wish it had turned out better for the government.'" The Herald adds, "The U.S. Justice Department began investigating campaign contributions to judges in 2002, turning up suspicious loans from Coast attorneys to a Biloxi bed and breakfast the Diazes bought while married. … A year later, the investigation turned into judicial bribery and fraud charges against the Diazes, Biloxi attorney Paul Minor and two former trial court judges, John Whitfield and Wes Teel. Headlines played across the pages of Mississippi newspapers for several years as the case wound its way to a three-month trial last summer. … Before the trial started, Jennifer Diaz pleaded guilty to a separate charge of tax evasion. Attorneys had repaid campaign loans for them, which they had failed to report as income. … In exchange for her cooperation, the government dropped all judicial bribery charges against her. Even if a jury convicted her husband, she reasoned at the time, she would be home to raise their two young children. … Prosecutors never called her to testify against her ex-husband during the judicial bribery trial. A jury acquitted him of charges at the trial's conclusion."

Lacking Votes, Senate Republicans Postpone Consideration Of Estate Tax Repeal. The Wall Street Journal (6/28, Rogers, 2.11M) reports Senate Republicans "pulled back from a vote this week on the federal estate tax, admitting they still lack the needed support for a House-passed measure that would exempt all but the wealthiest Americans." Majority Leader Bill Frist "pledged to return to the issue after the July Fourth recess, but his announcement captured the increased frustration among Republicans in advancing their legislative agenda before the November elections."

The AP (6/28, Dalrymple) reports most Republicans "support the tax reduction, but they need support from a few more Democrats." In a statement, Sen. Frist said, "The vast majority of my Democratic colleagues have so far refused to address this issue. It's my hope that their constituents will use the upcoming recess to explain the importance of supporting a reasonable and permanent solution to this unfair tax."

Bloomberg (6/28, Donmoyer) reports the delay "is the third since Frist began his quest to repeal or reduce the tax

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last year and the second time this month his ambitions were thwarted by Democrats who say the government needs the revenue generated by the tax. The House passed the legislation 269-156 on June 22 after Frist urged it to act before the Independence Day recess next week."

Thomas Urges Senate To Pass Estate Tax Reform. In a letter to the Wall Street Journal (6/28, 2.11M), House Ways and Means Committee Chairman Bill Thomas writes, "Though the House has voted five times to permanently repeal the estate tax in recent years, the Senate has been unable to follow through. Faced with this deadlock, Congress has a choice: make yet another political statement or make law. … This is the opportunity to provide meaningful estate tax reform that is permanent, fair and pro-growth. The House has voted; now it's up to the Senate. It is my hope that the spirit of compromise prevails and permanent estate tax relief can become law in the near future."

Gingrich, Kies Criticize US Taxation Of Expatriates. Newt Gingrich, a senior fellow at the American Enterprise Institute and former speaker of the House of Representatives, and Ken Kies, managing director at Clark Consulting and chief of staff of the Joint Committee on Taxation 1995-98, write in an op-ed in the Wall Street Journal (6/28, A14, 2.11M), "Sadly, Congress has latched on" to a proposal that "would tax U.S. citizens working overseas at higher marginal rates and subject their housing to higher taxes." These section 911 rules "are of great importance for American competitiveness, which is why Congress needs to revisit the new law's changes as soon as possible." Because this makes it "cheaper for [an] employer to hire a non-American for a foreign position," these "new tax increases can only mean that there will be fewer 'Americans on the ground' in overseas markets going forward. Studies have shown a direct correlation between employment of Americans overseas and U.S. exports." Also, "the added cost of the new section 911 tax increases will only raise the pricing of U.S. bids, and therefore mean U.S. companies get less work." If we won't "follow the lead of our trading partners and exempt foreign-earned income completely," Congress should "repeal the tax increase" to get "more U.S. players out on the field. Global business competition is already fierce enough. We shouldn't sabotage ourselves."

CONGRESS-ADMINISTRATION:

Bush Signing Statements Draw Ire Of Specter, Democrats At Judiciary Hearing. The AP (6/28, Kellman) reports the White House "defended President Bush's frequent use of special statements that claim authority to limit the effects of bills he signs, saying the statements help him uphold the Constitution and defend national security. Senators weren't so sure." Senate Judiciary Committee Chairman Arlen Specter said, "It's a challenge to the plain language of the Constitution. There is a sense that the president has taken signing statements far beyond the customary purview." The AP adds the "bill-signing statements say Bush reserves a right to revise, interpret or disregard measures on national security and constitutional grounds. Some 110 statements have challenged about 750 statutes passed by Congress, according to numbers combined from White House and the Senate committee. They include documents revising or disregarding parts of legislation to ban torture of detainees and to renew the Patriot Act."

The Washington Times (6/28, Curl, 90K) reports the White House "defended President Bush's right to set limits on the scope of congressional bills he signs into law, saying the Constitution grants the executive broad powers and requires the president to uphold the law." Press secretary Tony Snow said, "The president does not, and the administration does not, refuse to carry out the laws that have been passed by Congress and signed into law by the president. In the context of trying to preserve and protect and defend the Constitution, there will be times, there will be places within signing statements, caveats, where he has reservations about [a bill he is signing into law.]"

The Financial Times (6/28, Daniel) reports Democratic senators "accused George W. Bush of 'making unprecedented claims for unchecked power.'" The issue "has attracted scrutiny following a study by the Boston Globe this year that found that Mr Bush had employed signing statements for more than 750 laws enacted by the Republican Congress." Sen. Patrick Leahy said, "That's far more than all the signing statements signed by every single president from George Washington to Bill Clinton, put together." The Times adds, "Concern has focused on whether Mr Bush has used the low-profile statements to side-step congressional authority, rather than publicly issue a presidential veto of legislation."

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The Christian Science Monitor (6/28, Chaddock, 61K) reports, "Not all Republicans are as enthused as chairman Specter and Senate Democrats over this line of questioning, especially as lawmakers head into fall elections that could change control of both houses of Congress." Sen. John Cornyn said, "This is a fascinating topic, mainly something law students and lawyers can love. … As a practical matter, I don't know what impact it has.... It promotes public discourse and discussion about what the roles of the legislative branch and the executive branch are." The Monitor adds that in testifying for the Bush Administration, Michelle Boardman, "deputy assistant attorney general in the Office of Legal Counsel at the US Department of Justice, said that signing statements serve a 'legitimate and important function' and are not an abuse of power."

The Washington Post (6/28, A9, Weisman, 744K) reports a "bipartisan group of senators and scholars denounced President Bush yesterday for using scores of 'signing statements' to reserve the right to ignore or reinterpret provisions of measures that he has signed into law." The New York Times (6/28, Zernike, 1.19M) reports, "Senators on the Judiciary Committee accused President Bush of an 'unprecedented' and 'astonishing' power grab" for using signing statements. Specter "and others are particularly upset that Mr. Bush reserved the right to interpret the torture ban passed overwhelmingly by Congress, as well as Congressional oversight powers in the renewal of the Patriot Act." Senators "and two law professors before the panel said that if the president objected to a bill, he should use his power to veto it — something he has not done in his six years in office."

Bush Urges Senate To Pass Line-Item Veto.

President Bush yesterday met with key senators and spoke before the Manhattan Institute in New York yesterday to promote the line-item veto bill. The story was picked up by the wires and major dailies, but only drew minimal attention from the cable news channels and was not covered by the networks. The AP (6/28, Riechmann) reports President Bush "criticized House Democrats who didn't back the measure even though they've called for federal spending restraint." The House "passed such legislation last week 247-172. Thirty-five Democrats joined with most Republicans in voting for the bill." At the Manhattan Institute in New York, Bush said, "I was disappointed, frankly, though that more Democrats didn't vote for the bill, especially those that are calling for fiscal discipline in Washington, D.C. I mean, you can't call for fiscal discipline on the one hand and then not pass a tool to enhance fiscal discipline on the other hand. You can't have it both ways, it seems like to me." The AP adds the bill "faces an uncertain future in the Senate. Democrats generally oppose the measure, and not all Republicans are excited about the idea."

CNN's The Situation Room (6/27, Blitzer) reported, "President Bush today urged the Senate to pass a bill giving him a line-item veto. And that would give him the power to reject items he considers wasteful in spending bills without vetoing the entire bill. In a speech in New York, Mr. Bush calls the measure a vital tool to enforce fiscal discipline."

The Washington Post (6/28, A3, Baker, 744K) reports Bush's line item veto remarks are "part of a broader political effort to assuage disaffected supporters that he really is a fiscal conservative despite the growth of government on his watch." Bush "summoned key senators to the White House and later gave a speech promoting a line-item veto to fight earmarks, or spending requests that members of Congress slip into larger bills without going through the normal budget process." In "seeking a line-item veto, Bush set sights on the most politically charged form of federal spending, often called pork. The number of earmarks inserted into spending bills has mushroomed from 3,055 in 1996 to 14,211 in 2004, according to the Congressional Research Service, and the overall cost has more than doubled to $52.7 billion." But even "if Bush had a line-item veto and struck every earmark, it would only carve a fraction out of a deficit projected to reach up to $350 billion this year."

The New York Times (6/28, Rutenberg, 1.19M) reports Bush "also met on Tuesday at the White House with senators to discuss his proposal, including the majority leader, Senator Bill Frist of Tennessee, and the president's 2000 Republican primary rival, Senator John McCain of Arizona. In his address, Mr. Bush also cited a more recent rival from the other side of the aisle, Senator John Kerry of Massachusetts, the Democratic presidential nominee in 2004, as a supporter of a line-item veto." Frist has "told administration officials he will try to bring a similar version of the bill to a vote in mid-July. But even White House officials acknowledged that the proposal would face a tough fight. Democrats have been reluctant to give the president any sort of victory, and lawmakers in charge of the Senate Appropriations Committee are not eager to cede any control."

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The Washington Times (6/28, Dinan, 90K) reports President Bush "called the line-item veto the next 'crucial test' for Congress on spending restraint, and said he was 'disappointed' in House Democrats who claimed they were for fiscal discipline but voted against the plan last week." Bush "also promised, using the strongest language he's used in months, to take another stab at controlling the growth of Social Security, saying he will try every year for the rest of his administration."

WSJournal Criticizes CBO, Joint Tax Committee For Underestimating Tax Revenues. The Wall Street Journal (6/28, 2.11M) says in an editorial titled, "Misunderestimated," that when it "comes to tax policy these days, the most powerful branch of government seems to be the unelected computers at the Joint Tax Committee and Congressional Budget Office. Those are the agencies that tell Congress how much tax cuts will 'cost' the Treasury in lost revenue. And what's standing in the way of the Senate repealing the death tax this year, for example, is their $600 billion boogeyman estimate of lost federal revenues to the Treasury over 10 years." But a "new study from the American Shareholders Association examined the 10-year forecast for economic growth and federal revenue collections for the period 1997-2006. And over these years, it found, the CBO underestimated tax revenue collections by a cumulative $800 billion. To paraphrase President Bush: That's a pretty severe misunderestimation." But the estimates "excluded the impact of at least three major tax cuts (in 1997, 2001 and 2003) that subsequently passed Congress. These tax cuts were estimated by the wizards at Joint Tax to deplete federal tax collections by an additional $1.24 trillion through 2006, according to the Shareholders Association study." If "you add those together, CBO and JTC have managed to underestimate revenues by $2.04 trillion over the past decade." Tied to "their outdated forecasting models, these agencies refuse to acknowledge that there is any Laffer Curve effect from changes in tax rates that help the economy grow and revenues increase."

New York Democrats Call For DOJ Probe Of Fosella. The New York Times (6/28, Hicks) reports, "The chairman of the State Democratic Party called on the Federal Election Commission and the Justice Department yesterday to investigate allegations that Representative Vito J. Fossella Jr. violated campaign finance regulations. Mr. Fossella is the only Republican member of Congress from New York City." The Times continues, "In a statement, the chairman, Assemblyman Herman D. Farrell Jr., said that the allegations, if true, 'would constitute a major breach of the public trust.' Mr. Farrell was referring to a report in The Daily News that Mr. Fossella, who represents Staten Island and parts of Brooklyn, took trips with his family to ski resorts and other destinations that were financed by donors and corporate sponsors." The Times adds, "Craig Donner, a Fossella spokesman, acknowledged that Mr. Fossella had taken several trips over the years, but he said they violated no laws."

Paulson Defends Bush Tax Cuts. Treasury Secretary nominee Hank Paulson defended President Bush's tax cuts yesterday during his confirmation hearing before the Senate Finance Committee, saying the cuts should be made permanent. The Financial Times (6/28, Guha) adds that Paulson also "hinted at a possible shift in emphasis in Washington's China policy." Paulson "also raised the possibility of a renewed push on reform of entitlement programmes Medicare, Medicaid and Social Security." Paulson "added that he hoped it would be possible to make progress on entitlement reform during the remainder of the Bush second term."

CQ (6/27, Crittenden) reported that Paulson "stuck to the administration line during his Senate confirmation hearing on Tuesday, touting a fiscal policy built on low tax rates." Paulson "also told the Finance Committee the costs of entitlement programs such as Social Security and Medicare need to be more tightly controlled."

The New York Times (6/28, Andrews, 1.19M) reports that during his hearing, Paulson "cautiously avoided any hints on Tuesday about the administration's economic priorities for the remainder of Mr. Bush's term." Paulson "reiterated Mr. Bush's general views on the need for low taxes, budget restraint, increased American competitiveness and the use of persuasion rather than threats in dealing with China on economic issues. But Mr. Paulson, the chairman of Goldman Sachs, carefully avoided specifics on most policy issues or any mention of prospects for reviving some of Mr. Bush's economic goals — like overhauling the income tax — that have languished for the last two years."

The Washington Post (6/28, D2, Blustein, 744K) also says Paulson "hewed firmly to Bush administration positions at his Senate confirmation hearing yesterday, saying that he 'very strongly' opposes tax increases, hopes to begin tackling the long-term obligations of Social Security and Medicare,

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and wants China to move more quickly toward changing its currency policy." The Post adds, "Paulson was asked deferential questions by senators who lauded his grasp of financial issues, but he skirted several controversial issues by pleading ignorance on technical and legal matters."

The Wall Street Journal (6/28, Solomon, 2.11M) reports that Paulson, "who is expected to be confirmed, didn't signal that any major changes in economic policy are on the horizon." Paulson "told senators he would take steps to simplify taxes and overhaul entitlement programs such as Social Security and Medicare, but said it would be 'naïve' to think those issues could be 'addressed and solved in a two-and-a-half-year period.'"

USA Today (6/28, Lynch, 2.31M) reports that there was little indication that Paulson will "differ dramatically from outgoing John Snow." USA adds, "On issues from taxes to trade with China, Paulson echoed Snow's stance."

Wilkinson To Serve As Paulson's Chief Of Staff. The Washington Post (6/28, A23, 744K) reports in its "In the Loop" column, "Word is that Jim Wilkinson, formerly at the White House and more recently burnishing Rice's image, will be chief of staff to Henry M. Paulson Jr., once he's confirmed by the Senate as Treasury secretary."

White House Eyes Social Security, Tax Reform For Fall Agenda. The White House Bulletin/US News (6/27) reports President Bush's comments on Social Security at the Manhattan Institute yesterday "appear to be part of a new policy push by the Administration. Growing more confident that the Republicans can retain control of the House and Senate, the White House is set to push a major reform agenda in the fall to change Social Security, cut taxes and boost support for the war." At least "two new themes are under consideration. They are: 'Security versus surrender,' which will focus on the war in Iraq and Afghanistan, and 'taxes and the economy,' which will push for new tax cuts and reforms meant to stimulate the economy further, according to senior officials." "There is no retrenching," one official tells US News and the Bulletin. "We are continuing to push our agenda." The Bulletin adds while a "slight uptick in polling has helped the President's situation, said the official, the agenda has been in the works for months. What's new is the addition of Social Security reform. The Administration's previous effort bombed yet the President still wants to tackle it before he leaves office. The official, however, said that it may have to wait until next year when the President hopes that his lame duck status will help him because the partisan politics directed at him may dissolve."

Wallace Stepping Down As White House Communications Director. The AP (6/28) reports that White House Communications Director Nicolle Wallace is stepping down to move to New York City to be with her husband, Mark, who is UN ambassador for management and reform this spring. Wallace will leave her job "overseeing White House press strategy" this Friday.

Bush To Nominate Donohue To Federal Judgeship. President Bush today will nominate New York Lt. Gov. Mary Donohue for a federal judgeship in upstate New York. The New York Post (6/28, 624K) reports, "Sen. Chuck Schumer (D-N.Y.), who serves on the Senate Judiciary Committee which would consider her nomination, has been informed and 'is keeping an open mind,' aides said."

Bush Nominates Connaughton To Head Maritime Administration. President Bush has selected Prince William Board of County Supervisors Sean T. Connaughton to head the US Maritime Administration. The Washington Post (6/28, B1, McCrummen, Stewart, 744K) reports, "If confirmed by the Senate, Connaughton, a maritime lawyer, would resign the post he has held nearly seven years to be the administrator of an agency with an annual budget of more than $500 million and a staff of 1,000, whose primary job is to ensure safe and efficient access for commercial and military ships through U.S. waterways."

Nicholson Wants $160.5 Million For VA Data Security. VA Secretary Jim Nicholson yesterday told a House Appropriations subcommittee that he needs at least $160.5 million to turn his agency into a "model for information security." USA Today (6/28, 2.31M) reports that Nicholson's request "includes funding for at least one year of government-paid credit monitoring for the 26.5 million veterans and active-duty military personnel whose private personal information was stolen May 3 in a burglary at the home of a VA analyst."

The Washington Post (6/28, A23, 744K) reports that Nicholson "hinted that more money may be necessary. 'If a year expires, we have a responsibility to determine whether to renew based on what we know at the time,' he said." Nicholson "said that $29 million of the $160.5 million will be taken from VA funds budgeted for 2006 to cover personnel costs at the Veterans Benefits Administration, where hiring

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planned for this year has been postponed until next. He said the rest will come from other areas of the fiscal 2006 budget."

Administration To Announce Sweeping Welfare Rule Changes. The New York Times (6/28, Pear, 1.19M) reports, "The Bush administration plans to issue sweeping new rules on Wednesday that will require states to move much larger numbers of poor people from welfare to work." In "the biggest changes in welfare policy since 1996," the rules "set a uniform definition for permissible work activities and require states to verify and document the number of hours worked by welfare recipients." However, "some state officials and antipoverty groups, including many who opposed the 1996 law, say the new work requirements are unrealistic," and "many Democrats say the welfare law creates a perverse incentive. A state can comply by putting some people to work and by simply removing others from the rolls, regardless of whether they find jobs."

Reid Threatens To Block Congressional Pay Raise Unless Minimum Wage Increased. The CBS Evening News (6/27, story 7, 2:20, Schieffer, 7.66M) reported, "It has been nine years now since Congress voted to raise the minimum wage and Senate Democratic Leader Harry Reid told senators today he would block their own pay raise unless they agree to raise the minimum wage when it comes up for a vote later this summer. While they are waiting on Washington, out in the country, some state legislatures have decided to put their own plans into action. Here's our national correspondent Byron Pitts." CBS (Pitts) added, "Growing around the silent symbols of Cleveland's sagging economy, there's now a grass roots push to give Ohio's lowest-paid workers their first pay raise in nearly a decade. Since Congress hasn't raised the Federal minimum wage of $5.15 an hour in nine years, ACORN is trying to get state governments to do it." Pitts added, "The push to raise minimum wage goes well beyond Ohio. It's a national trend. Across the country, voters and state legislatures have said the $5.15 Federal minimum wage just isn't enough. Twenty states and the District of Columbia have already adopted minimum wages above $5.15 an hour. In November, higher minimum wages are likely to be on the ballot in six more states. But in today's debate, Republicans argue that raising the minimum wage is bad economics."

CNN's The Situation Room (6/27, Blitzer) reported, "Senate Democratic Leader Harry Reid vowed today to block pay hikes for members of Congress until the minimum wage for all Americans is raised. Last week, the Senate voted down a minimum wage increase. The current minimum wage is $5.15 an hour. Democrats want to raise that wage to $7.25 an hour. The last hike in the minimum wage was back nine years ago. Republicans argue that the hike for lower-income workers would hurt small businesses."

Roll Call (6/28, Billings) adds, "Democrats offered few details about how they plan to carry out their promise to stop Congress' scheduled 2 percent pay hike from going into effect." Republicans "accused the Democrats of engaging in a 'political stunt; in an election year and said the minority won't get far with its latest tactic." Still, "Sen. Hillary Rodham Clinton (D-N.Y.) already has introduced a bill in the Senate tying a COLA freeze to a minimum wage boost, and in the House, Minority Whip Steny Hoyer (D-Md.) successfully added an amendment to the Labor, Health and Human Services and Education appropriations bill to boost the minimum wage to $7.25 an hour."

Dean Dismisses Argument Higher Minimum Wage Causes Unemployment. The Washington Times (6/28, Rutledge, 90K) reports that at a conference of liberal Christians, "Democratic National Committee Chairman Howard Dean yesterday dismissed as economic 'mumbo jumbo' the argument that raising the minimum wage would cause unemployment." He added, "This is a moral nation, so the first thing we must do is convince people that poverty is a moral problem."

Clinton Reportedly Angry Over Democratic Press Conference Snub. Roll Call (6/28, Akers) reports in its "Heard on the Hill" column that Sen. Hillary Clinton and her staff "felt snubbed when party leaders organized a news conference in which they vowed to block efforts to give Members of Congress a pay raise until Congress approves an increase in the minimum wage. Clinton has introduced legislation along those lines, but she was not involved in planning the leadership's news conference to trumpet the issue." A Clinton aide "was apparently so furious that the Senator seemed to be left out of the loop that she bawled out…a spokeswoman for [Minority Leader Harry] Reid near the entrance to the Senate Radio-Television Gallery."

Aide Defends Murkowski's Earmaks. In a letter to the Wall Street Journal (6/28, 2.11M), Danielle Holland, Communications Director for Sen. Lisa Murkowski, takes "great umbrage" at the paper's "assertion that somehow the

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senator is an active participant in what you describe as a connection between the process of earmarking and the 'opportunity for corruption.' Including her in a list of convicted felons who have sought to use their positions of power for illegal activities, simply because she has openly advocated a longstanding effort to improve the infrastructure of an Alaska community, is more than perplexing." Holland calls the notion that Murkowski would advance the prospects" of a bridge project "for some kind of family benefit is preposterous."

Deer Spotted Inside Fence Near Cheney's Residence. The Washington Post (6/28, Argetsinger, Roberts, 744K) reports in its "The Reliable Source" column, "Last week, a fully grown deer was spotted inside the fence of the Naval Observatory grounds in a wooded area near Observatory Circle." The Vice President's hours, which is on the grounds, "is surrounded by a high fence and -- we assume -- a bunch of other top-secret stuff like motion detectors and radar. In this day and age, nothing the size of a deer meanders around the 40-acre property unless the Secret Service gives it special security clearance." Bill Anderson of Naval District said that while the deer "do not affect 'at all' the vice president or the house," the Park Service "is preparing an environmental impact statement to look at the 'options' for dealing with the four-legged trespassers."

OTHER NEWS:

Rising Interest Rates Putting Brakes On Housing Markets. USA Today (6/28, Knox, 2.31M) reports rising interest rates "are making it increasingly hard to buy a home and are putting the brakes on the nation's most expensive housing markets." The "latest evidence came Tuesday from the National Association of Realtors, which said sales of existing homes fell 6% from January to May. The drop was worse for single-family homes, whose sales posted their steepest drop in 11 years. The number of homes for sale, meantime, rose sharply last month, a sign of slackening demand." The Fed "is expected to raise its target for short-term rates later this week for the 17th time in two years. Previous increases are already shutting out some buyers."

The Wall Street Journal (6/28, 2.11M) reports sales of existing homes "fell in May for the seventh time in nine months as interest rates rose, but the mood of the consumer brightened a bit in June." The Conference Board "said its consumer-confidence index, which had decreased in May, posted a slight increase in June. Consumer attitudes toward the state of the economy deteriorated, but their outlook improved."

More Economists Expect Fed To Keep Raising Rates. USA Today (6/28, Hagenbaugh, 2.31M) reports Federal Reserve Board Chairman Ben Bernanke "and his colleagues are widely expected to raise interest rates by a quarter-percentage point for the 17th time in two years at the conclusion of their two-day meeting Thursday." And in "a bid to thwart inflation, a number of economists, including those at UBS, Lehman Bros. and Bank of America, are predicting the Fed will continue raising rates at its meeting on Aug. 8 and perhaps again later in the year. Such expectations are a big change from just a few weeks ago, when many economists weren't sure if the Fed would raise rates this month, let alone later in the year. But since then, inflation measures have been coming in higher and a number of Fed officials, including Bernanke, have been warning that inflation is outside their comfort zones."

Past Fed Rate Hikes Thought To Be Slowing Economic Growth. The Christian Science Monitor (6/28, Scherer, 61K) reports, "past interest-rate increases are rippling through the economy." Economists "believe the continual rate hikes are finally starting to act as a brake on the economy. The expectation is for economic growth to slow from 5 percent in the first quarter to about 3 percent for the rest of the year. Tuesday saw yet another sign of rising interest rates: Existing home sales in May dipped 1.2 percent, the third drop in five months." If the economic data "continues to soften, economists anticipate the Fed will want to pause and try to judge how much the higher cost of borrowing money is crimping economic activity."

Stock Markets Decline Sharply On Expected Fed Rate Increases. The Financial Times (6/28, O'Doherty) reports Wall Street "ended lower on Tuesday as investors awaited the outcome of the two-day meeting of the US Federal Reserve's rate-setting body, which starts on Wednesday." The S&P 500 "was down 0.9 per cent, or 11.36 points, at 1,239.20. The Nasdaq Composite was down 1.6 per cent, or 33.42 points, at 2,100.25. The Dow Jones Industrial Average was down 1.1 per cent, or 120.54 points, at 10,924.74."

USA Today (6/28, Krantz, 2.31M) reports, "Tech stocks were clobbered as Wall Street braced for Thursday, when the

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Fed will announce the result of its two-day meeting. The Nasdaq composite fell 33.42 points, or 1.6%, to 2100.25."

The Wall Street Journal (6/28, Mckay, 2.11M) reports, "It was a bad day for companies that make things. Woes at most of the Dow Jones Industrial Average's truly industrial component companies sent the market tumbling more than 120 points." General Motors shares "nosedived 6.7% on worries about the auto makers' second-quarter sales. In particular, GM executives warned that year-over-year sales comparisons would be 'brutal,' considering that last year's totals were boosted by retail incentives programs."

Ohio, National Democrats Differ On Utility Of Corruption Charges. The AP (6/28, Hammer) reports Democrats are "split over how to attack unfolding corruption scandals involving Republicans: Continue to hammer away at what they call a culture of corruption or focus on their own candidates' ideas." Democrats "believe more than ever that Republican ethical problems in Ohio make the state a key battleground this November's midterm elections. In recent weeks, another former official from Gov. Bob Taft's administration has been charged with ethics law violations, and more details about lobbyists' allegations that Rep. Bob Ney accepted gifts for official acts have emerged in the Justice Department's investigation of congressional corruption." Ohio Democrats "see corruption as a pervasive and distinctly Republican problem in Ohio that they must exploit in every competitive race, while national Democrats' zeal has been tempered by a bribery investigation against one of their own, Rep. William Jefferson of Louisiana." The national Democrats' "issues-first perspective can be seen in one of their most favored challengers - Rep. Sherrod Brown, who is running for Senate against GOP Sen. Mike DeWine." Political analyst Stuart Rothenberg said "corruption is a clear theme for Democrat Zack Space in his race against Ney, and will be just as important for Mary Jo Kilroy against Rep. Deborah Pryce and for John Cranley against Rep. Steve Chabot - even though Pryce and Chabot are not connected to scandals by anything more than party."

Democrats Lead GOP By 16 Points On Generic Ballot In USA Today/Gallup Poll. USA Today (6/28, Page, 2.31M) reports, "Americans are paying unusually close attention to the congressional elections in November, a USA TODAY/Gallup Poll finds. They are more inclined to deliver significant gains to Democrats than in any year since Republicans won control of the House and Senate in 1994." Respondents "are more concerned about national issues than local ones — a situation that favors Democrats hoping to tap discontent over the Iraq war and gasoline prices — and prefer Democrats over Republicans on handling every major issue except terrorism." For Republicans, President Bush "looms as a significant drag: 40% of Americans say they are less likely to vote for a candidate who supports Bush. A fifth say they are more likely." The poll "of 1,000 adults Friday through Sunday has an error margin of +/-3 percentage points." By "54%-38%, the registered voters surveyed say they'd vote for a Democratic congressional candidate over a Republican one if the election were held today."

Democrats Seen As Handicapped By Lack Of Single Messenger. Roll Call (6/28, Billings) reports congressional Democrats have "spent more than a year struggling to craft what they hope is a winning message and agenda, but their biggest challenge may be one they can't fix with focus groups and slogans: lack of a singular messenger." In a "perennial problem for a minority, Democrats are denied both the bully pulpit of the White House and the instant credibility of a Speaker or Senate Majority Leader. And many view the top national Democratic leaders as either too polarizing to unify the party or too obscure to command widespread attention." While "emboldened by President Bush's sagging poll numbers and internal GOP divisions on key issues, Democrats also acknowledge they face major challenges in convincing voters to hand them power them without a prominent figure to call their drumbeat." Senate Minority Leader Harry Reid is "a social moderate who prefers to play a behind-the-scenes strategic role than that of spokesman," while House Minority Leader Nancy Pelosi (Calif.) is "an outspoken liberal who enjoys the spotlight but is viewed as too far to the left for many in her party." Democratic National Committee Chairman Howard Dean is "outspoken" but "arguably the Democrat whom Republicans most love to hate." Other Democrats "share a high public profile, including Sens. Hillary Rodham Clinton (N.Y.), John Kerry (Mass.), Edward Kennedy (Mass.) and increasingly newcomer Barack Obama (Ill.), but most have their own separate political ambitions or agendas that so far have kept them from becoming unifying figures."

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DCCC Hopes To Defeat Reynolds. The Hill (6/28, Kaplan) reports Democrats "would like nothing better than to make an example of a Republican leader and they have Rep. Tom Reynolds (R-N.Y.), chairman of the National Republican Congressional Committee (NRCC), in their crosshairs." Speaking to reporters last month, Reynolds "suggested that he and Democratic Congressional Campaign Committee (DCCC) Chairman Rahm Emanuel (D-Ill.) are like two tennis players and Emanuel has forced Reynolds to raise the level of his game." Despite their "gentlemanly respect," Emanuel has "recruited multimillionaire Democrat Jack Davis, whom Reynolds defeated in 2004 with 56 percent of the vote" and "the two chairmen have spent the past nine months trash-talking while trading allegations of corruption." Some political observers "say Emanuel will seek a leadership bid in the next Congress and others have speculated that Reynolds has his eye on replacing House Speaker Dennis Hastert (R-Ill.) when the Illinois lawmaker retires. November's results will have a significant impact on the leadership aspirations of both men."

Democrats Tell Judge DeLay's Exit Harms Party. Time (6/28, Hylton) reports in a "Web exclusive" that Democrats "miss him so terribly that they are trying to persuade a federal judge to keep former Congressman Tom DeLay's name on the ballot this fall. Allowing the Texas Republican Party to replace DeLay, who says he lives and votes in Virginia, would cause great harm to the Democratic Party, the party's lawyers argued in an Austin federal court Monday. Proving that claim is crucial to their lawsuit so Democrats testified just how much DeLay meant to them. Embarrassing? 'Maybe,' said Cris Feldman, an attorney for the Democrats, 'but necessary.'"

House GOP Unveils Values Agenda. Roll Call (6/28, Pershing) reports that with "little fanfare," House Republican leaders "unveiled a broad 'American Values Agenda,' composed of bills designed to appeal to the GOP's political base." The agenda "includes measures on topics such as abortion, cloning, religious freedom, flag burning and gun rights — all issues that resonate with social conservatives, some of whom have expressed misgivings about the party's recent direction." GOP leaders, "with the help of Rep. Joe Pitts (R-Pa.), the head of the Values Action Team, began crafting the agenda in May after holding a handful of meetings with prominent social conservative leaders."

CQ (6/27, Ferrechio) reports House GOP leaders "say they plan to take up a series of bills next month favored by the Republican Party's socially conservative base, including a constitutional amendment that would ban gay marriage (H J Res 88). GOP leaders said they also plan floor action on a series of tax cuts, including the child tax credit, 'marriage penalty' relief and tax incentives for those who adopt children." House Majority Whip Roy Blunt "said the bills will be spread out over the three weeks between the return from the weeklong July 4 recess and the start of the much longer August recess. The legislation includes top priorities of groups such as Focus on the Family and the Family Research Council."

Morris Says Lieberman Can't Win Primary. In his column in The Hill (6/28), Dick Morris says Sen. Joseph Lieberman "is in the process of committing suicide. By insisting on running in Connecticut's Democratic primary against anti-war candidate Ned Lamont, he is in a fight he won't win and, in the process, destroying his chances in the general election, which he can win." Primaries in Connecticut "are notoriously polarized. The right dominates the GOP nominating process just as surely as the left controls that of the Democrats. This is no place for a centrist to thrive." If Lieberman "simply skips the primary and runs as an independent, forcing a three-way race, he will win overwhelmingly. The larger Connecticut electorate adores him and will happily desert either party to vote for his reelection." But in "an August Democratic primary, with its low turnout and ideologically skewed voters, he faces decapitation. As surely as an American soldier on patrol in Iraq, his very presence in the Democratic primary provides a tempting target for those who want to vent their frustration at American foreign policy." The "inevitable dynamics of this primary are likely to flow toward the challenger as he picks up money, support and recognition and offers a way to do something there is no other way to do: Vote against the war."

Connecticut AFL-CIO Backs Lieberman. The New York Times (6/28, Yardley, 1.19M) reports, "Connecticut's largest labor union," the state AFL-CIO, "on Tuesday endorsed Senator Joseph I. Lieberman in the Democratic primary, although many union leaders, meeting at their state political convention, complained of his support for the war in Iraq and foreign trade agreements. Many sounded loud

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'nays' when the voice vote was called." Most of the speakers "expressed support, noting the senator's efforts in his three terms to protect workers in industries ranging from clothing to submarine manufacturing. Many said, however, that his challenger, Ned Lamont, a businessman from Greenwich who owns a cable television company, is a fresh face who will better serve their interests and stand up to President Bush on issues like the war and trade."

Ehrlich Trails O'Malley By 16 Points Among Likely Voters In WPost Poll. The Washington Post (6/28, A1, Barnes, Deane, 744K) reports in a front page story that Maryland Gov. Robert L. Ehrlich Jr. "starts his reelection campaign today significantly trailing Baltimore Mayor Martin O'Malley, according to a new Washington Post poll. Although the state's voters give the governor good marks for the job he's done, they also appear inclined to return a Democrat to the governor's mansion." The poll "shows Ehrlich trailing O'Malley by 11 percentage points among registered voters," 40%-51%, "and 16 points among those who say they are 'absolutely certain' to vote in the Nov. 7 election," 39%-55%. The "deficit comes even though a majority of voters find Ehrlich likable, approve of the job he has been doing and believe that the 48-year-old former congressman from Baltimore County has a vision for the state." The telephone poll was "conducted among 902 registered voters June 19 to Sunday and has a margin of error of plus or minus 3 percentage points."

High Gasoline Prices Could Be Crimping Summer Travel Plans. USA Today (6/28, De Lollis, Hagenbaugh, 2.31M) reports, "Only 39.8% of consumers plan to take a vacation within the next six months, a 28-year low, the Conference Board said," and "a new USA TODAY/Gallup Poll supports the notion that high gas prices are crimping vacations," as "one-third of respondents in the survey of 1,000 adults taken Friday through Sunday said they are changing summer vacation plans because of higher gas prices." Of those, "37% said they would reduce the number of trips normally taken, while 26% said they're canceling plans or simply can't afford to vacation. Some 23% will take shorter trips." However, "the decline in vacation plans could also reflect a drop in employees who get paid time off," and "hotels are packed and airlines are nearly fully booked this summer."

WSJournal Calls On Buffett, Gates To Invest On Strengthening Capitalism. The Wall Street Journal (6/28, 2.11M) editorializes that after "Warren Buffett's pledge of more than $30 billion to the Gates Foundation," now "the nation's two wealthiest men have to prove…they can be as effective at giving away their money as they have been at making it. This is harder than it sounds." Still, the Foundation "seems to have avoided the worst pitfalls of many other large, politically correct foundations" and concentrated on problems, not advocating government solutions. Still, "with their tax-sheltered assets, modern foundations have no expiration date and have become hugely important players in policy debates, the culture and even politics," creating another "reason to watch how well the two men now deploy their gifts." The Journal would "suggest that they put at least a smidgen of their money back into strengthening the foundations of the free-market system that has allowed them to become so fabulously rich." There is a good in "reinvesting in the moral capital of a free society and trying to sustain and export free-enterprise policies."

WPost Praises DC's New HIV Testing Program. The Washington Post (6/28, A24, 744K) editorializes that the District of Columbia's "new drive to test everyone…between the ages of 14 and 84" for HIV, "which kicked off yesterday in Freedom Plaza, is long overdue." With the data, "the District can start issuing the kinds of reports on the spread of the virus that have long been standard in cities such as Baltimore and New York…and finally begin targeting its HIV funding effectively." This "ambitious plan" is "an appropriately bold counterpunch in the city's so-far losing fight with HIV." However, it "won't work, however, if District residents don't take the time to get tested." The Post then urges people to make time to do so.

Hamas-Fatah Political Deal Does Not Slow Israeli Move Into Gaza. ABC World News Tonight (6/27, story 4, 2:10, Gibson, 8.78M) reported, "Israeli forces have launched an operation against Palestinians in Gaza in retaliation for the abduction of an Israeli soldier. An Israeli official warned today that Israel and the Palestinians were at the edge of a cliff. There is concern, tonight, about both sides plunging into a new round of violence." ABC (Wright) added, "Tonight, Israeli tanks and troops are on the move into Gaza, in what could be the start of a major Israeli offensive." The CBS Evening News (6/27, story 10, 0:30, Schieffer, 7.66M)

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noted the Israelis "have been threatening action since Sunday when the militants tunneled under the border, killed two Israeli soldiers and abducted a third. Palestinian officials say the captured soldier is alive."

NBC Nightly News (6/27, story 6, 1:20, Fletcher, 9.87M) said "Palestinian fighters are bracing for battle. Today, they were laying landmines, patrolling fields and building obstacles in the streets of the towns. It's all about a 19-year-old Israeli corporal who was abducted by Palestinian fighters Sunday. They raided an Israeli army post, killed two soldiers and escaped with one Israeli soldier. Now they want to swap him for women and young prisoners in Israeli jails. Israel says, no way."

On its front page, the Washington Post (6/28, A1, Wilson, 744K) reports the Israeli incursion "overshadowed an agreement earlier in the day by leaders of Hamas…on a unified political agenda advocated by Palestinian Authority President Mahmoud Abbas to ease the economic sanctions against the government." Hamas "agreed to establish a national-unity government as part of an accord signed by the largest Palestinian political factions," a move that "would signal a major shift by Hamas's political leaders, who for the first time would effectively endorse a two-state solution to the Israeli-Palestinian conflict." The Post adds that the pact "runs counter to views held by Hamas's hard-line leadership in exile headed by Khaled Mashal, whom Israeli officials say was behind the Sunday attack. Some Hamas leaders in Gaza, along with Abbas and Egyptian interlocutors, have called for" the kidnapped soldier's release.

The Financial Times (6/28, Biedermann) notes the Israeli "army said it did not intend to carry out a prolonged operation." The incursion "follows the failure of diplomatic efforts to secure the" soldier's release. Also, "the two leading Palestinian factions…have in effect reached agreement on a unified approach towards Israel and on internal Palestinian issues," which "was billed as promising an unprecedented implicit recognition of Israel by Hamas."

In a 1,336-word piece, the New York Times (6/28, Fisher, Erlanger, 1.19M) adds, "The prospect of an invasion, threatened by Israel if Corporal Shalit was not released, seemed to have pushed the Palestinians toward agreement after months of internal fighting." The Times says the deal "would move Hamas closer to recognition of Israel — a significant change — and would raise the possibility of renewed Western aid to the Palestinians." A final deal would "represent a victory for Mr. Abbas, who had threatened to put the issue to a referendum next month." On the prospect of an armed incursion, the Times says Secretary Rice "e on Tuesday called on Israel to give diplomacy more time. 'There really needs to be an effort now to try and calm the situation, not to let the situation escalate, and to give diplomacy a chance to work to try to get this release,' Ms. Rice told reporters…en route to Pakistan."

In an analysis piece, the Wall Street Journal (6/28, Leggett, 2.11M) says the incursion "could threaten a decade-long effort to build a viable and independent Palestinian government." The Palestinian Authority "is facing perhaps the biggest crisis in its existence," despite "a hint of optimism" emanating from the political agreement. "While the agreement appeared to demonstrate a willingness on the part of the two leaders to compromise with Israel, it is unclear if the document has the full support of Hamas." The "military campaign in Gaza could create enormous long-term complications. Widespread chaos could result if Palestinian security forces are scattered and infrastructure such as roads and schools are further damaged. Hospitals, already short on many supplies, could be overwhelmed." If the internal situation deteriorates, "Israel would be left with two choices: watching as a humanitarian and security crisis likely worsens, or assuming responsibility for providing basic services to roughly five million Palestinians, as Israel did before the 1990s Oslo peace process that led to the establishment of the Palestinian Authority quasi-government."

The Los Angeles Times (6/30, King, Ellingwood, 958K), Washington Times (6/28, Mitnick, 90K) and USA Today (6/28, 2.31M) run similar reports on the Israeli attack, while the Christian Science Monitor (6/28, Mitnick, 61K) analyzes its effect on Palestinian politics, in a story titled "Israeli Threat Unites Hamas, Fatah."

Israel Urged To Return To Targeted-Killing Policy. Michael Oren, senior fellow at the Shalem Center in Jerusalem, writes in the Wall Street Journal (6/28, 2.11M) that "while the operation may flex its military muscle, it cannot restore Israel's deterrence power or prevent future rocket attacks and kidnappings. Indeed, the attack may well prove Pyrrhic -- inflicting greater injury on Israel than on the Palestinians." Oren adds, "The quandary Israel confronts today originated in the unilateral withdrawal of all Israeli settlers and soldiers from Gaza last August. … There is, however, one way to avert a public relations disaster for Israel, to limit casualties, and to restore Israel's deterrence power: Israel must return to the targeted-killing policy that enabled

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Mr. Sharon to triumph over terrorist organizations. Israel must target those Palestinians who order others to fire rockets from within civilian areas but whose families are located safely away from the firing zones. No Hamas or Islamic Jihad leader should be immune from such reprisals -- neither Prime Minister Ismail Haniya nor Khaled Meshal, who masterminds Hamas from Damascus."

Khamenei Offers Mixed Message On Nuclear Program, Appoints Foreign Policy Advisors.

The New York Times (6/28, Fathi, 1.19M) reports Iranian Supreme Leader Ayatollah Ali Khamenei said "that Iran had 'no use' to negotiate with the United States. But in a more positive gesture he said that the 'the ground was prepared' for talks over Iran's nuclear program." The Times notes, "This is the first that Mr. Khamenei has reacted to the idea of direct talks with the United States since a package of incentives was submitted to Iran on June 6," and quotes Khamenei saying, "We will not negotiate over our undeniable right of using nuclear technology with anyone. But if they recognize our right, we are willing to negotiate over controls, inspections and international guarantees. The ground for such negotiations has been prepared." White House spokesman Tony Snow "said he did not consider Mr. Khamenei's comments to be a snub and pointed that various leaders in Iran had offered different reactions to the incentive plan." The Times adds, "In a major shift of policy, Mr. Khamenei created a new foreign policy committee on Sunday and appointed former Foreign Minister Kamal Kharrazi, a moderate politician, to head the committee for five years. The committee has four other members, who are all moderate former ministers."

The AP (6/28, Karimi) adds Khamenei "said Tuesday that Iran does not need negotiations with the United States over its nuclear program, apparently seeking to reassure hard-liners the country will not cave in," but Khamenei "did not give his position on the" West's incentives proposal.

Iran Courting Non-Western Powers On Nuclear Deal. The Los Angeles Times (6/28, Rubin, 958K) reports that Iranian diplomats are making dozens of visits "around the globe in recent weeks," as "high-ranking officials have touched down in Algeria, Tunisia, Yemen, China, Spain and Italy" in "part of an extensive international lobbying campaign to build support for Iran's position in talks over the future of its nuclear program." Diplomats and experts believe that "in order to make Tehran's case as strong as possible, Iranian officials are seeking broad international support, especially from outside the West." Meanwhile, "In the Middle East, Iranian officials are trying to use the nuclear talks as a vehicle for asserting themselves as the preeminent regional power."

Science Minister Says Islam Forbids WMD. The AP (6/28) reports Iranian Science and Research Minister Mohammad Mehdi Zahedi "told Indonesia's vice president Tuesday that his country has no plans to develop nuclear weapons because Islamic law outlaws the development of weapons of mass destruction." Zahedi "said that based on the Islamic principle, Iran must take advantage of all its potential resources including nuclear technology for the prosperity of its people." He also "called on Western countries not to…prevent developing nations from producing …nuclear power when it is designed for peaceful purposes."

Warner Says North Korea Missile Test May Not Be Imminent.

The New York Times (6/28, Shanker, Sanger, 1.19M) reports, "The chairman of the Senate Armed Services Committee said Tuesday that while North Korea showed clear signs of preparing a missile for a test launching, it remained uncertain whether it was fully fueled for an imminent firing." The chairman, Senator John W. Warner, "spoke on Capitol Hill after committee members received a closed-door briefing from officials of the Missile Defense Agency, the Defense Intelligence Agency and the defense secretary's office."

South Korea Urges China To Dissuade North From Testing Missile. The AP (6/28, Wong) reports, "South Korea's foreign minister urged China to use its influence to dissuade North Korea from testing a long-range missile, but Western diplomats on Tuesday questioned Beijing's influence over the reclusive communist state." South Korea's Ban Ki-moon and Chinese counterpart Li Zhaoxing "met for about an hour, discussing strategies to sway Pyongyang not to test-launch a missile and to resume six-nation talks on its nuclear weapons program." Ban "urged China to persuade North Korea not to test the missile, the South's Yonhap news agency reported, citing South Korea Foreign Ministry official Lee Hyuck, who attended Tuesday's talks."

Snow Warns North Korea Not To "Bluff." AFP (6/28) reports, "The United States warned North Korea against thinking it could use worries over a possible long-range missile to force the United States into direct talks. 'If it's a bluff for direct negotiations, it's not an advisable way to do it,' White House spokesman Tony Snow told a press briefing."

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House Panel Approves India Nuclear Cooperation Deal. The Financial Times (6/28, Daniel, Sevastopulo) says the Administration "scored a key victory in securing congressional support for its historic agreement to allow civil nuclear co-operation with India when the House foreign relations committee voted 37 to five on Tuesday to allow it to proceed with legislation. The vote came after months of negotiations between administration officials and legislators." The Times adds, "Although the initial bill expanded from the two-page version submitted by the Bush administration to 30 pages, one aide closely involved in talks, said: 'In the operative language of the legislation there were no new conditions added.'" The Times says "many observers believe" Senate approval of the deal "will not come before" November's midterm elections.

The Wall Street Journal (6/28, Solomon, 2.11M) calls it a "foreign-policy victory for the Bush administration," and "the 37-5 vote was viewed by Democrats and Republicans as a positive indication that the White House's Indian initiative will win support from the full Congress this fall." The Washington Times/AP (6/28, Klug) reports that Rep. Jim Leach ""said the deal 'knifed' the nuclear Non-Proliferation Treaty." Rep. Henry J. Hyde, "and Rep. Tom Lantos of California, the committee's top Democrat and a supporter of the plan, said yesterday's legislation would strengthen Congress' role by having lawmakers vote only after they had seen a final version of the cooperation plan with India." The AFP (6/28) also covers this story.

Koizumi To Visit US. The Washington Times (6/28, Kambayashi, 90K) reports that Japan "has taken steps to ensure a successful meeting" between President Bush and Prime Minister Junichiro Koizumi, "agreeing last week to reopen its markets to American beef and announcing Monday that it will deploy advanced U.S. Patriot interceptor missiles on Japanese soil." Japanese analysts expect the two "will discuss the Iranian nuclear standoff, rising instability in Afghanistan and the threat posed by bird flu." However, Japan's "protocol-conscious press" is focused on "crowing that Prime Minister Junichiro Koizumi will receive a more elaborate welcome than Chinese President Hu Jintao did." The "Japanese are sensitive to the contrast with the treatment given to the Chinese president when he visited Washington in April."

Japan's Actions May Be Hurting US Relations In Asia. The Christian Science Monitor (6/28, Marquand, 61K) reports, that Koizumi's visits to the Yasukuni shrine "'are not in the US interest, and as the US-Japan alliance gets stronger, the US should discourage them,' says Ezra Vogel, a senior Asia expert at Harvard University. The rest of Asia sees them as "a provocative denial of World War II Japanese aggression," and, "We need to tell Japan, as a friend, that the way it handles the shrine makes the US job in the region more difficult." However, "it is considered axiomatic in Japanese relations that overt or highly public commentary about domestic behavior by foreign politicians can scupper efforts to influence Tokyo." Also, "there are new US concerns about Japan's revisionism regarding its history with the US." A museum on the grounds of the shrine "suggests that the US, not Japan, was responsible for World War II."

Powell, Albright Advocate Fully-Funding Foreign Aid. The Washington Times (6/28, Stuhldreher, 90K) reports, "Former Secretaries of State Colin L. Powell and Madeleine K. Albright warned yesterday that proposed funding cuts for international programs could jeopardize national security." The House Appropriations Committee recently cut Bush's proposed budget "by nearly $3 billion, to $32.28 billion," and "Supporters of full funding argue that more money spent on international projects would not only increase global security, but also open up business opportunities abroad."

Somali Islamic Militia Accused Of Breaking Cease-Fire. The AP (6/28, Duhul) reports, "Islamic militiamen seized a checkpoint outside Somalia's capital Tuesday in an hourlong battle that killed six people, according to a clan leader who accused the militia of breaking a new cease-fire." The agreement, made last week, would "stop all military action and recognize the country's powerless, U.N.-backed interim government. But militia officials subsequently voted to replace their relatively moderate leader, who also had been reaching out to the West, with" Sheikh Hassan Dahir Aweys, "a radical cleric whom the U.S. accused of links to al-Qaida."

US Backs UN Conference On Reducing Illegal Arms. The New York Times (6/28, Hoge, 1.19M) reports, "the Bush administration gave its backing on Tuesday to a United Nations conference on curtailing the international flow of illegal arms, but warned delegates against adopting measures that would restrict individual possession of

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weapons." Secretary General Kofi Annan reminded "urged member countries to toughen existing laws governing arms deals," bit "said the conference was not contemplating a global ban on gun ownership." Some of his remarks "seemed to be referring to a campaign by the National Rifle Association, which has charged in mass mailings that the United Nations is plotting to take away Americans' guns through a treaty banning ownership." John R. Bolton, the United States ambassador to the United Nations, declined to comment on "why all three citizen delegates from the United States to the conference were prominent members of the gun lobby group." The Washington Times (6/28, Pisik, 90K) also covers this story.

Energy Wealth Strengthens Russia's Hand, Presents Headache For US. The Wall Street Journal (6/28, King, Cullison, 2.11M) reports, "The Bush administration is wrestling with a new challenge from abroad: an often strong-willed Russia made all the more assertive by its energy wealth." Russian President Vladimir Putin "delivered a hard-hitting speech yesterday, arguing that Russia's economic renaissance makes it an equal among other global powers," and "Bush aides say they worry that Russia's economic clout already is leading Moscow to overplay its hand on the diplomatic front." Russian "assertiveness has complicated life for an administration already struggling with falling approval ratings at home and the intractable conflict in Iraq" and "U.S. officials acknowledge that dealing with an increasingly cocky and robust Russia has complicated interactions with Moscow and made negotiations within the U.N. Security Council, where Russia holds a veto, more tricky." This is the "dilemma facing Secretary of State Condoleezza Rice" when she "arrives in Moscow today hoping to win Russia's support on international issues such as curbing Iran's nuclear ambitions, even as the Bush administration has stepped up criticism of Mr. Putin's policies both at home and toward Russia's nearest neighbors."

Belarus Vow To Retaliate For US Sanctions. The Washington Post (6/28, A23, 744K) reports in its "In the Loop" column that Belarus has "vowed to retaliate for the administration's decision to freeze the U.S. bank accounts of Belarusan President Alexander Lukashenko and other high-ranking officials. The sanctions, which also bar U.S. citizens from doing business with the Belarusans, were imposed for that government's human rights abuses, general corruption and thuggery, repression, election fraud and the disappearances of four regime critics. 'We'll apply appropriately symmetrical measures to George W. Bush and Condoleezza Rice,' Belarusan Security Council Secretary Viktor Sheiman vowed in a state television interview. 'We'll freeze their accounts and seize their assets' in Belarus."

State Department Officials' Claims About Myanmar Called "Exaggerated." Chan Kyaw Aung, Consulate General of the Union of Myanmar, writes in a letter to the Wall Street Journal (6/28, 2.11M) that US Undersecretary of State Paula J. Dobriansky's June 19 op-ed "is based on exaggerated and fabricated reports. It also makes the groundless assertion that, in addition to Aung San Suu Kyi, 50 million people are living without basic freedoms and human rights in Burma. … Instead of taking such an aggressive approach and making such provocations, those who truly want to support democracy and prosperity in Myanmar should cooperate with its government to achieve the goal of implementing the Seven-Step Road Map for Democratic Transition in Myanmar."

Obrador's Relations With "Street Bosses" Raise Critic's Concerns. The Wall Street Journal (6/28, Lyons, 2.11M) reports, "Street bosses…have long been a staple of Mexican politics, but their influence was supposed to fade as the country's democracy matured. Instead, their power has expanded because they can provide jobs and housing to thousands of families made desperate by a sluggish economy." Throughout leftist presidential candidate Andres Manuel López Obrador's "political career, he has relied on mass protests to get what he wants." Now "his critics fear that if he wins the presidency he'll rely on street bosses…to achieve his aims, and if he loses he'll call on them to shut down cities."

Chavez Used In Mexican Attack Ads. The Washington Post (6/28, A14, Roig-Franzia, 744K) reports that Hugo Chavez's "face has been all over Mexican television at critical stages in this country's bitter mudfest of a presidential race." In fact, the "imagery has gotten so intense that Mexico's electoral commission has twice ordered television advertisements featuring the Venezuelan leader off the air." Obrador's opponents have been "linking the candidate to Chavez," and "Mexican political experts generally agree the tactic has been effective." Now, "as the campaign enters its

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final stage,…Obrador has begun responding more often to the comparisons to Chavez."

Obrador Criticized For "Messianic Populism." Enrique Krauze, editor of the magazine Letras Libres and the author of "Mexico: Biography of Power," writes in an op-ed in the New York Times (6/28, 1.19M), "Should Andrés Manuel López Obrador, the front-runner in Mexico's presidential race, emerge victorious on Sunday, it could usher in a form of Latin American leftism as yet unseen: messianic populism," and "Mexico's fragile democracy could become its first casualty." Now "millions of poor Mexicans, particularly in the center and south of the country, see in him what he sees in himself: a bestower of manna who will provide the poor with cash handouts and all the services of a great welfare state. His oratory increasingly blends the theological with the revolutionary." While "his platform is full of unrealizable initiatives," far "more troubling than his economics is his political messianism, which could undermine our democracy."

Samuelson Argues Mexican Economic Growth Won't Improve, No Matter Who Wins. Robert J. Samuelson writes in his column in the Washington Post (6/28, A25, 744K) that Mexico's slow economic growth is one reason it is "sending so many of its poorest citizens north." However, "Economies advance through the adoption of better technologies and business methods" and "in Mexico, this process is weak." It has "large, modern firms in semi-protected markets that limit the pressure to improve efficiency or lower prices" and "thousands of small firms…that theoretically aren't legal, because they haven't registered with the government and often don't pay taxes or comply with regulations on wages and hiring and firing," and thus "are virtually compelled to remain small and inefficient." This "frustrates rapid economic growth," and as each presidential candidate "might have trouble enacting his agenda without a legislative majority," it probably won't change soon.

China Announces Over $1 Billion In Bank Fraud. The Washington Post (6/28, D1, Goodman, 744K) reports, "The Chinese government disclosed $1.1 billion worth of fraud at" the Agricultural Bank of China, "one of the country's largest state-owned banks this week, underscoring the risks confronting foreign investors as they seek big stakes in China's precarious banking system." This comes "as China presses to eradicate the taint of corruption from its state-owned banks as it courts foreign capital in a bid to improve management practices," and "brings to the fore a basic question about the future of China's financial system: Are the state disclosures a sign that the government is indeed serious about fixing the troubles, or are they just another indication of the extent of the problems in a fundamentally shaky system? Analysts saw a little bit of both."

Chinese Government Responding To Rural Concerns Over Land Seizures. The Washington Post (6/28, A14, Cody, 744K) reports, "For 24 hours, thousands of rampaging farmers" in Sanzhou "unleashed their rage over confiscated farmland this month," and in "a twist: The villagers won significant concessions." Now "officials had pledged a high-level review of 750 acres of rice paddies and fish ponds, property that had been confiscated by the village committee and resold for development in what the villagers said was a corrupt transaction." This "stopped the violence after only a few serious injuries. More broadly, it dramatized the Chinese government's realization that farmers have a point when they complain that their land and their livelihoods are being unfairly swallowed up by relentless economic growth." The government, "in an indication of concern about the unrest among suddenly landless farmers, has launched a campaign to preserve the fields and paddies that feed China's 1.3 billion people" and "T become increasingly frank about the corruption that often accompanies land seizures, outraging farmers and corroding their willingness to abide by official decisions." Now there are "the first signs…that the campaign may be having an effect."

Taiwan's Chen Easily Beats Recall Attempt. The Washington Post (6/28, A21, Rickards, 744K) reports Taiwanese President Chen Shui-bian "easily survived a recall vote in Taiwan's legislature Tuesday but remained mired in scandals that have undermined his leadership and touched off a rancorous political struggle." A majority of lawmakers supported the recall, however that support fell well short of the two-thirds requirement. The Post adds, "Unless new irregularities are uncovered, Chen is now expected to remain in power for the last two years of his second four-year term. But he has been weakened by charges that his family and aides were involved in under-the-table deals, and buffeted by the political storm those charges have generated." Politics and decision making in Taipei "appeared headed for a period of instability that is likely to overshadow relations with China and perhaps brake Chen's attempts to push the self-

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ruled island toward formal independence." The New York Times/AP (6/28) also covers this story.

Oman Trade Deal Rouses Groups For, Against Pact. Roll Call (6/28, Ackley) reports, "Groups for and against a Bush administration free-trade agreement with the Persian Gulf nation of Oman are stepping up their lobbying efforts, promising to fight just as hard as they did in last summer's bitter battle over the Central American Free Trade Agreement." Opponents "say Oman's labor and environmental standards are abysmal," and "while the pro-agreement side argues that Oman is a key strategic Middle East ally, especially in the war on terror, opponents counter that the trade agreement could hinder Congressional intervention when it comes to potential national security matters." Both sides agree that "the stakes are higher than they ordinarily might be because this is an election year."

Schwab Says WTO Talks Eventually Will Succeed. AFP (6/28, Raab) reports the United States "voiced optimism that struggling global trade negotiations would eventually succeed, even if a crucial WTO meeting in Switzerland this week fails." After meeting with lawmakers Tuesday, US Trade Representative Susan Schwab said, "We're going to try to get this done as soon as we can, rather than say if we don't get it done by the weekend it won't happen." Although deadlines are "important," Schwab added, "but deadlines in and of themselves are not going to create a good agreement." The World Trade Organization opens its latest round of talks Thursday in Geneva.

US Lawmakers Prefer No Deal To Bad Deal. The AP (6/28) reports US lawmakers said Tuesday they "would rather have no deal than a bad deal" when global trade talks commence this week in Geneva. Congress "won't support concessions beyond the existing offer from the US to cut farm subsidies," House Agriculture Committee chairman, Rep. Bob Goodlatte, said. "No other country has introduced a proposal that even comes close to the US proposal," Goodlatte continued.

Friedman Says Profitable Eco-Friendly Businesses Needed To Preserve Amazon. In his column in the New York Times (6/28, 1.19M), Thomas Friedman writes that the Amazon rain forest is "endangered by what Tim Killeen, a senior biologist and researcher at Conservation International, identifies as three converging forces: rising commodity prices driven by rapid growth in China, plans by leaders in South America to integrate their infrastructure and highways to create a continental economy…and some new climate models that predict that global warming could make the Amazon so hot and dry that within a century it could mutate from a rain forest into a savannah." These cannot be stopped by "protests by do-gooders." Instead, "profitable eco-friendly business alternatives — to counter the eco-hostile ones" are needed, or "the economic predators of this rain forest will eventually have their day."

THE BIG PICTURE:

Headlines From Today's Front Pages.

Los Angeles Times:
"Fear And Posing In Baghdad."
"Israeli Troops And Armor Surge Into Gaza."
"Flag Measure Fails By 1 Vote."
"Cities May Lose Power Over Cable TV."
"Some See Iran's Faculty Exodus As A New Purge."
"Secondhand Smoke: It's All Bad."

USA Today:
"Senate Rejects Flag Bill By 1 Vote."
"Film Legend, Rising Star Wearing 'Prada' Well."
"Summer Vacations Run On Empty."

New York Times:
"Israeli Troops Move Into Gaza; Bridges Are Hit."
"Flag Amendment Narrowly Fails In Senate Vote."
"Anglican Plan Threatens Split On Gay Issues."
"Charities Tied To Doctors Get Drug Industry Gifts."
"Despite Protests, Rent Board Sets 7.25% Increase."
"Push For New Tactics As War On Malaria Falters."

Washington Post:
"Israeli Troops Move Into Gaza."
"No Rest For The Wet And Weary."
"Poll Shows Ehrlich Lagging As He Opens Reelection Run."
"U.S. Details Dangers Of Secondhand Smoking."
"The Superhighway To Everywhere."
"Senate Rejects Flag-Burning Amendment."

Washington Times:
"Senate Warms To 'Border First.'"
"Abbas, Hamas Strike A Deal."

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"Homes Condemned After Floods."
"Anglican Leader Ponders A Split."
"Haircut, Shave Can Mean Life Or Death In Baghdad."
"Treasures Pulled From A Briny Tomb."
"Splitting Heirs Over Wealth."

Detroit Free Press:
"Should Girls Get Shots For Virus At 9?"
"Thousands Line Up For Delphi Jobs."
"Detroit, Flint Insurance Could Cost Less."

Atlanta Journal-Constitution:
"Flag Measure Dies By 1 Vote."
"Emory Left Out Of Loop In King Deal."
"Cutting The Internet Cord."
"Secondhand Smoke 'Serious Health Hazard.'"
"Dubai's legal System May Prove Harsh As Austin Faces Drug Trial."

Houston Chronicle:
"Health Alert Could Help City Expand Smoking Ban."
"Apartment Fire Kills Three Children Left With No Adults."
"'Railroad Killer' Offers Apology At Execution."
"Ban On Flag Desecration Comes Up One Vote Short."
"Soldier's Death 'Touched A Nerve.'"

Story Lineup From Last Night's Network News:
ABC: Second Hand Smoke; Mid-Atlantic Rains; Senate-Flag Burning Amendment; Israel-Gaza Offensive; Guantanamo Bay Conditions; Missouri-Elks Lodge Collapse; Bush, Amputee Run; Missing WWII Sub Found.
CBS: Mid-Atlantic Rains; White House Elm Tree; Western Wildfires; Military Vehicles-Repair Costs; Bush, Amputee Run; Senate-Flag Burning Amendment; Minimum Wage Debate; Secondhand Smoke; Gates Foundation-Disease Prevention; Israel-Gaza Offensive; Student Debt; Harry Potter-Character Deaths.
NBC: Secondhand Smoke; Secondhand Smoke-Analysis; Smoking Bans-Economic Impact; Senate-Flag Burning Amendment; Mid-Atlantic Rains; Israel-Gaza Offensive; Stock Markets; Justice Department-Terrorism Prosecutions; Katrina-Wasteful Spending; Sleep Deprivation; Bush, Amputee Run; Gates Foundation-Disease Prevention; Misplaced Buffett Pledge Documents.

Story Lineup From This Morning's Radio News Broadcasts:
ABC: Rumsfeld-North Korea; South Korean President-ID Theft; Israel-Gaza Offensive; Limbaugh-Detained At Airport; TX-Murderer Executed.
CBS: Israel-Gaza Offensive; Northeast-Heavy Rain; Bush Runs With Wounded Soldier; TX-Yates Retrial.
NPR: Israel-Gaza Offensive; Senate-Flag Desecration; VA-Personal Data Theft; Foreign Stock Markets; Rice-Afghanistan; Nepal-Drought.

WASHINGTON'S SCHEDULE:

Today's Events In Washington.

White House:

PRESIDENT BUSH — Speaks about the line item veto, JW Marriott Hotel; photo opportunity with Staff Sgt. Christian Bagge, Oval Office; participates in a meeting with the National Endowment for Democracy Award recipients, Oval Office; Participates in a run with Staff Sgt. Christian Bagge, South Lawn.

VICE PRESIDENT CHENEY — No public schedule.

US Senate: 10 a.m. JOINT ECONOMIC _ Full Committee. Hearing on prospects for continued economic expansion. Council of Economic Advisers Chairman Edward Lazear. Location: Room 2118, Rayburn.

9 a.m. APPROPRIATIONS _ Labor, HHS, Education and Related Agencies Subcommittee. Hearing on the impact of deriving human pluripotent stem cell lines using techniques that do no knowingly harm embryos. James Battey of the NIH Stel Cell Task Force; Stephen Strom of the University of Pittsburgh; Alan Leshner, American Association for the Advancement of Science. Location: Room 192, Dirksen.

10 a.m. COMMERCE, SCIENCE AND TRANSPORTATION _ Full Committee. Markup of the Communications Act of 2006. Location: Room 216, Hart.

10 a.m. ENERGY AND NATURAL RESOURCES _ Full Committee. Hearing on implementation of the Energy Policy Act provisions on enhancing oil and gas production on federal lands in the Rocky Mountain region. BLM Director Kathleen Clarke; Jeffrey Eppink, vice president and treasurer, Advance Resources International Inc.; Mary Flanderka, Wyoming state planning coordinator; Tom Reed, Wyoming field coordinator, Trout Unlimited; Duane Zavadil, vice president, Government and Regulatory Affairs, Bill Barrett Corp., Denver. Location: Room 366, Dirksen.

10 a.m. FINANCE _ Committee on Finance meets to consider nomination of Henry Paulson to be Secretary of the Treasury. Location: Room 106, Dirksen.

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10 a.m. HOMELAND SECURITY AND GOVERNMENTAL AFFAIRS _ Subcommittee on Oversight of Government Management, the Federal Workforce and the District of Columbia. Hearing to conduct a management review of the Office of Personnel Management. With David Walker, Comptroller General, Government Accountability Office and Linda Springer, director, Office of Personnel Management. Location: Room 342, Dirksen.

10 a.m. SPECIAL AGING _ Full Committee. Hearing on medical tourism and possible cost savings. Bruce Cunningham, American Society of Plastic Surgeons; Arnold Milstein, Mercer Health & Benefits; Bonnie Blackley, corporate benefits director, Blue Ridge Paper Products; and Rajesh Rao, CEO, IndUShealth. Location: Room 215, Dirksen.

10:30 a.m. JUDICIARY _ Full Committee. Hearing on presidential signing statements. Location: Room 226, Dirksen.

2:30 p.m. APPROPRIATIONS _ Energy and Water Subcommittee. Markup of the House Energy-Water Appropriations bill. Location: Room 138, Dirksen.

2:30 p.m. APPROPRIATIONS _ Homeland Security Subcommittee. Markup of the Homeland Security appropriations bill. Location: Room S-128, Capitol.

2:30 p.m. BANKING, HOUSING AND URBAN AFFAIRS _ Housing and Transportation Subcommittee. Oversight hearing on the SAFETEA-LU Act. FTA Deputy Administrator Sandra Bushue; Kate Siggerud, GAO; William Millar, President, American Public Transportation Association. Location: Room 538, Dirksen.

2:30 p.m. SELECT INTELLIGENCE _ Full Committee. Closed briefing in pending matters. Location: Room 219, Hart.

US House: FLOOR SCHEDULE _ 9 a.m. Meets for morning hour debate, then for legislative business at 10 a.m. Highlights: Suspensions (3 bills): 1) H.R. 42 - Freedom to Display the American Flag Act of 2005; 2) H.R. 5341 - Seasoned Customer CTR Exemption Act of 2006; 3) H.Res. 854 - Recognizing National Homeownership Month and the importance of homeownership in the United States. H.R. 4973 - Flood Insurance Reform and Modernization Act of 2006. H.R. 5672 - Science, State, Justice, Commerce, and Related Agencies Appropriations Act for Fiscal Year 2007.

10 a.m. JOINT ECONOMIC _ Full Committee. Hearing on prospects for continued economic expansion. Council of Economic Advisers Chairman Edward Lazear. Location: Room 2118, Rayburn.

9:30 a.m. APPROPRIATIONS _ Military Quality of Life and Veterans Affairs and Related Agencies Subcommittee. Hearing on the recent VA data security breach. David McIntyre, Jr., President, TriWest Healthcare Alliance; Dennis Hoffman, EMC Corp.; VA Secretary Nicholson. Location: Room H-140, Capitol.

9:45 a.m. APPROPRIATIONS _ Interior and Related Agencies Subcommittee. Markup of the Interior-Environment appropriations bill. Location: Room 124, Dirksen.

10 a.m. ENERGY AND COMMERCE _ Subcommittee on Oversight and Investigations. Hearing entitled, ``Making the Internet Safe for Kids: The Role of ISPs and Social Networking Sites," to discuss child pornography and sexual exploitation. With Chris Hansen, NBC News; John Ryan, America Online Inc.; Dave Baker, Earthlink; Elizabeth Banker, Yahoo! Inc.; Tom Dailer, Verizon; Philip Reitinger, Microsoft; Gerard Lewis, Comcast Cable Communications; and Nicole Wong, Google Inc. Location: 2123 Rayburn.

10 a.m. GOVERNMENT REFORM _ Federalism and the Census Subcommittee. Hearing on administration proposals for the Community Development Block Grant Program. Location: Room 2154, Rayburn.

10 a.m. INTERNATIONAL RELATIONS _ Full Committee. Markup of pending legislation. Location: Room 2172, Rayburn.

10 a.m. RESOURCES _ Water and Power Subcommittee and Forests and Forest Health Subcommittee. Joint hearing on forest management on federal rights of wat to ensure reliable electricity service. Location: Room 1324, Longworth.

10 a.m. TRANSPORTATION AND INFRASTRUCTURE _ Railroads Subcommittee. Hearing on current FRA rail safety initiatives. FRA Administrator Joseph Boardman; Association of American Railroads CEO Edward Hamberger; James Stem of the United Transportation Union. Location: Room 2167, Rayburn.

10 a.m. VETERANS AFFAIRS _ Health Subcommittee. Hearing on the DVA health care for veterans in rural communities. Jonathan B. Perlin, undersecretary of Veterans Affairs; Patricia Vandenberg, assistant deputy undersecretary of Veterans Affairs; Adam Darkins, chief consultant for care coordination, Department of Veterans Affairs; Robert Petzel, network director, VA Midwest Health Care Network; David Hartley, director, Division of Rural Health, Muskie School of

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Public Services, University of Southern Maine; Graham L. Adams, president, National Organization of State Offices of Rural Health. Location: Room 334, Cannon.

10 a.m. - 12 p.m. SCIENCE _ Full Committee. Markup of H.R. 5656, Energy, Research, Development, Demonstration, and Commercial Application Act of 2006. Location: 2318 Rayburn.

2 p.m. ARMED SERVICES _ Full Committee. Hearing on Army and Marine Corps reset strategies for gound equipment and rotor craft. Army Chief of Staff Gen. Peter Schoomaker; Marine Corps Commandant Gen. Michale Hagee. Location: Room 2118, Rayburn.

2 p.m. ENERGY AND COMMERCE _ Subcommittee on Telecommunications and the Internet. Hearing on ``The Audio and Video Flag: Can Content Protection and Technological Innovation Coexist?" With Mitch Bainwol, Chairman, Recording Industry Association of America; Andrew Levin, Executive Vice President and Chief Legal Officer, Clear Channel Communications, on bahalf of the National Association of Broadcasters; Stewart Harris, songwriter, on Songwriters Guild of America; Ruth Ziegler, Deputy General Counsel, Sirius Satellite Radio; Fritz Attaway, Executive Vice President and Special Policy Advisor, Motion Picture Association of America; Gary Shapiro, President and CEO, Consumer Electronics Association; and Gigi Sohn, President, Public Knowledge. Location: Room 2322, Rayburn House Office Building.

2 p.m. GOVERNMENT REFORM _ Criminal Justice, Drug Policy and Human Resources Subcommittee. Hearing on clinical lab quality. Location: Room 2247, Rayburn.

2 p.m. GOVERNMENT REFORM _ National Security, Emerging Threats and International Relations Subcommittee. Hearing on sexual assaults against women in the military. Delilah Rumberg, National Sexual Violence Resource Center; Christine Hansen, The Miles Foundation; Beth Davis, former United States Air Force Academy cadet; Kaye Whitley, Acting Director Sexual Assault Prevention and Response Office, Defense Department; Vice Admiral Rodney P. Rempt, Superintendent of the Naval Academy; Brigadier General Robert L. Caslen, Jr., Commandant of the United States Military Academy; Brigadier General Susan Y. Desjardins; Commandant of the United States Air Force Academy; Rear Admiral Paul J. Higgins, Director of Health & Safety, Coast Guard. Location: Room 2154, Rayburn.

2 p.m. INTERNATIONAL RELATIONS _ Africa, Global Human Rights and International Operations Subcommittee. Hearing on safe blood transfusions in Africa. Caroline Ryan, Office of the Global Aids Coordinator; Jerry Holmberg, HHS; Karen Shoos Lipton, CEO, AABB; Robert Ferris, USAID; Edward Green, Paresidential Advisory Council on HIV/AIDS; Neelam Dhingra, WHO. Location: Room 2172, Rayburn.

2 p.m. TRANSPORTATION AND INFRASTRUCTURE _ Subcommittee on Highways, Transit and Pipelines. Oversight hearing on ``Celebrating 50 Years: The Eisenhower Interstate Highway System." Richard Capka, Administrator, Federal Highway Administration; Jonathon Gifford, George Mason University; Tom Lewis, Skidmore College; Gene McCormick, Chairman, American Road & Transportation Builders Association. Location: Room 2167, Rayburn.

2:30 p.m. JUDICIARY _ Constitution, Civil Rights and Property Rights Subcommittee. Hearing on federal examiners and observers at elections. Location: Room 226, Dirksen.

2:30 p.m. SMALL BUSINESS _ Workforce, Empowerment and Government Programs Subcommittee. Hearing on immigrant employment verification. Location: Room 2360, Rayburn.

Other: RELIGION-POVERTY _ Faith and lay leaders from across the country attend the annual Christian Mobilization, sponsored by Sojourners and Call to Renewal. Highlights: 8:30 a.m. DNC Chairman Howard Dean speaks. 9 a.m. Amos and Joseph Award ceremony, with Marian Wright Edelman and Sen. Barack Obama. At the church. 11 a.m. March to the Capitol. Begins at the church. 12 p.m. Rally with speakers from national religious denominations and organizations. Upper Senate Park. 5 p.m. Dialogue with Sens. Hillary Clinton, Blanche Lincoln, Sam Brownback and Rick Santorum. Room 902, Hart. Location: National City Christian Church, 5 Thomas Circle, unless otherwise noted.

POWELL-ALBRIGHT _ 8 a.m. US Global Leadership Campaign and US Chamber of Commerce hosts roundtable discussion with former secretaries of state Colin Powell and Madeleine Albright. Admiral Edmund Giambastiani, Vice Chairman, Joint Chiefs of Staff, also participates. Location: 1615 H St. NW.

WORKERS-JORDAN _ 8:30 a.m. The AFL-CIO sponsors a panel of international labor, economic, and trade policy experts discussing worker rights violations in Jordan. Speakers include AFL-CIO Policy Director and Chief International Economist Thea M. Lee, General Secretary of the General Federation of Jordanian Trade Unions Mazen al Ma'ayta, Center for American Progress President and CEO

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John Podesta, and CAP Senior Fellow Gene Sperling. Location: Center for American Progress, 10th floor, 1333 H St. NW.

COMMERCE SECRETARY GUTIERREZ _ 9 a.m. Commerce Secretary Gutierrez meets with Korean Minister of Commerce, Industry and Energy Dr. Chung Sye Kyun. Location: Commerce Department.

ELECTRONIC VOTING _ 10 a.m. Rep. Rush Holt, others, hold a news conference on electronic voting machines. Location: Room 2456, Rayburn.

FDA FAILURES _ 10 a.m. News conference with advocates of food- and drug/medical device-safety to condemn the FDA's failure to protect Americans from dangerous drugs and unsafe food ingredients and the agency's domination by the industries it regulates. Participants include Rep. Henry Waxman, Sidney M. Wolfe of Public Citizen's Health Research Group, and Michael F. Jacobson, of the Center for Science in the Public Interest. Location: Room 2203, Rayburn.

FOREIGN INVESTMENTS _ 10 a.m. The National Foundation for American Policy releases a comprehensive study by Johns Hopkins University scholars examining the economic and jobs impact of foreign investment on America and individual states. Participants include Stuart Anderson of NFAP; Daniel Hamilton of Johns Hopkins; and Joseph Quinlan, SAIS. Location: National Press Club.

GULF COAST REBUILDING _ 10 a.m. The Commerce Department holds a briefing for U.S. businesses on Gulf Coast rebuilding opportunities. Highlights: 10:05 a.m. Donald Powell, Federal Coordinator for Gulf Coast Rebuilding. 10:15 a.m. Commerce Secretary Gutierrez. 10:30 a.m. Briefing with HUD Deputy Secretary Roy Bernardi, Beth Tucker of the IRS, Art Garcia of the Treasury Department, and Steve Stockton of the Army Corps of Engineers. 11:20 a.m. Louisiana briefing with Gov. Kathleen Blanco. 11:40 a.m. Mississippi briefing with Gov. Haley Barbour (taped), Gary Swoope of the Mississippi Development Authority and Leland Speed of the authority. Location: Willard Inter-Continental Hotel, 1401 Pennsylvania Ave. NW.

SECONDHAND SMOKE _ 10 a.m. Surgeon General Richard Carmona releases the new ``Surgeon General's Report on The Health Consequences of Involuntary Exposure to Tobacco Smoke." Location: The Great Hall, Hubert H. Humphrey Building, 200 Independence Ave., SW.

US-CANADA ENERGY _ 10 a.m. The Canadian American Business Council holds a telephone briefing to release a poll on U.S. voter attitudes toward Canada and energy security. Contacts: Amy Weiss, 202-203-0448. Notes: Callin number: 800-274-0873. Media RSVP requested.

DEMOCRATS-PRESCRIPTION DRUGS _ 10:45 a.m. House Democrats will hold a news conference to outline their proposed changes to the prescription drug program. With House Minority Nancy Pelosi, Congresswoman Hilda Solis and Congressman Rahm Emanuel. Location: H-204, The Capitol.

BOEHNER _ 11:30 a.m. House Majority Leader Rep. John Boehner holds a pen and pad only briefing. Location: Room H-107, Capitol.

WOMEN'S GROUP HONORS _ 11:30 a.m. National Partnership for Women & Families honors Sen. Christopher Dodd, D-Conn., as a champion of the Family and Medical Leave Act; Paul Sprenger for a career helping victims of employment discrimination, including a case depicted in the film ``North Country"; and Madelyn Antoncic, Chief Risk Officer at Lehman Brothers, as a Wall Street trailblazer for women. Location: Washington Hilton Ballroom, 1919 Connecticut Ave. NW.

CAPITAL MARKETS _ 12 p.m. The Heritage Foundation hosts a forum entitled ``Restoring American Leadership in World Capital Markets," with speaker Rep. Tom Feeney, R-Fla., and comments by Alex Pollock, resident fellow, American Enterprise Institute, and David John, senior research fellow, The Heritage Foundation's Thomas A. Roe Institute for Economic Policy Studies. Location: Lehrman Auditorium, The Heritage Foundation, 214 Massachusetts Ave. NE.

GUANTANAMO _ 12 p.m. The Council on American-Islamic Relations holds a panel discussion on the need to close the Guantanamo Bay prison camp. Location: Room 2226, Rayburn.

RADIO FREQUENCIES _ 12 p.m. The Internet Caucus Advisory Committee, others, launch the first roundtable discussion on Radio Frequency Identification with Jeff Richards, VeriSign; Shannon Kellogg, RSA Security; Paula Bruening, Center for Democracy & Technology; Elizabeth Board, EPCglobal; others. Location: Room B-339, Rayburn.

SADDAM HUSSEIN _ 12 p.m. Attorneys for Saddam Hussein, including former Attorney General Ramsey Clark, hold a news conference on the case, including presentation of new evidence. Location: National Press Club.

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ISLAM-US _ 12:15 p.m. The New America Foundation holds a discussion with author Robert Dreyfuss about ``The U.S. vs. The Evil Caliphate: The Phony Clash of Civilizations." Location: 7th floor, 1630 Connecticut Ave. NW.

REPUBLICANS-FLAG PROTECTION _ 12:15 p.m. Republican senators to hold news conference on the Flag Protection Amendment. With Majority Leader Bill Frist; Sen. Arlen Specter; Sen. Orrin Hatch; Sen. Jim Bunning; Sen. Conrad Burns; Sen. Sam Brownback; Sen. John Thune; and (Ret) Army Maj. Gen. Patrick Brady. Location: S-230, U.S. Capitol.

FLAG BURNING _ 12:30 p.m. Rep. Roscoe Bartlett holds a news conference to discuss the anticipated approval of H.R. 42, the Freedom to Display the American Flag Act of 2005. Location: Room 2325, Rayburn.

HOYER _ 12:30 p.m. House Democratic Whip Rep. Steny Hoyer holds a pen and pad only briefing. Location: Room H-306, Capitol.

OMAN-TRADE _ 12:30 p.m. Reps. Michael Michaud, Linda Sanchez, others, hold a press conference on the Oman Free Trade Agreement. Location: Cannon Terrace.

US-AUSTRALIA _ 1:15 p.m. The American Enterprise Institute holds a discussion with Australian Defense Minister Brendan John Nelson on the U.S.-Australian security alliance's future. Location: 12th floor, AEI, 1150 17th St. NW.

IMMIGRATION _ 2:30 p.m. Sens. Lindsey Graham, Edward Kennedy, John McCain and Ken Salazar, others, hold a news conference to call for comprehensive immigration reform. Location: Room 430, Dirksen.

DEMOCRACY AWARDS _ 3:30 p.m. - 7:30 p.m. The National Endowment for Democracy holds a roundtable discussion and the presentation of the 2006 Democracy Awards. Four African democracy activists have been chosen to receive the award this year. With Zainab Bangura, activist, Sierra Leone, and chief civil affairs officer to the U.N. mission in Liberia; Alfred Taban, publisher and chairman, Khartoum Monitor, Sudan; Immaculee Birhaheka, co-founder, Promotion and Support of Women's Initiatives, Democratic Republic of the Congo; and Reginald Matchaba-Howe, chairman, Zimbabwe Election Support Network. Location: Room 345, Cannon.

HUMAN RIGHTS _ 4 p.m. The UN Association holds a panel discussion on the new UN Human Rights Council. Location: UN Foundation, 4th floor conference room, 1225 Connecticut Ave. NW.

HENRY KISSINGER _ 4 p.m. - 5:30 p.m. Woodrow Wilson International Center for Scholars holds a seminar on ``Henry Kissinger and the Dilemmas of American Power." With Thomas Schwartz, professor of history, Vanderbilt University. Location: Flom Auditorium, Woodrow Wilson Center, 1300 Pennsylvania Ave., NW.

ALBERTA-ENERGY _ 5 p.m. Alberta Premier Ralph Klein meets with Sen. Pete Domenici. Photo op and media availability. Location: Room 328, Hart.

MATH-SCIENCE _ 5 p.m. The Tapping America's Potential coalition holds a math and science fair and reception to emphasize the importance of Congress moving ahead on innovation and competitiveness policies. Location: Room B-357, Rayburn.

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THE ATTORNEY GENERAL'S *NEWS BRIEFING*

PREPARED FOR THE OFFICE OF PUBLIC AFFAIRS, U.S. DEPARTMENT OF JUSTICE

TO: THE ATTORNEY GENERAL AND SENIOR STAFF

DATE: WEDNESDAY, JUNE 28, 2006 7:45 AM EDT

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TERRORISM NEWS:

In Jerusalem, Gonzales Warns Of Home-Grown Terror Plots. The Jerusalem Post (6/28, Izenberg) reports, "US Attorney-General Alberto Gonzales on Tuesday warned that the war against terrorism was evolving and that a new threat was in the making from homegrown terrorism, which was sometimes harder to defend against than international terrorism. … 'They [home-grown terrorists] are much more difficult to find because they exist in our communities,' said Gonzales in a speech at Tel Aviv University's Jaffe Center for Strategic Studies, during a short visit to Israel which was due to end Wednesday. 'This is presenting additional challenges for us that we are now beginning to focus on.'" The Post continues, "Asked whether he thought the war against terrorism was succeeding, Gonzales replied, 'The US and other countries, like Israel are safer today. [But] we are not safe.' … Gonzales singled out US-Israel collaboration in combatting terrorism. 'We are working closing in the war on terror,' he said." The Post adds, "Gonzales that the improvement in US security was due to the establishment of the Homeland Security Department, new legislation such as the Patriot Act, the war against terrorism in Afghanistan and Iraq and strong international cooperation among law enforcement agencies, which he described as 'fantastic.' … Still, he said, he constantly reads intelligence reports about terrorist threats to the US and other countries, including Israel. 'I sometimes wonder when it this ever going to stop,' he added. 'And it may not stop for a while.' … Gonzales refused to say whether or not the Bush administration was seriously considering closing the prison facility at Guantanamo Bay. In the meantime, the US government is awaiting a Supreme Court ruling on a petition challenging the commissions established by the government to try some of the detainees imprisoned at the US facility."

House GOP Drafting Resolution Condemning NYTimes Over Intelligence Leaks. CNN's The Situation Room (6/27, Henry) reported, "Republicans on Capitol Hill stepped up their barrage on The New York Times in another move that will rally conservatives in advance of the midterm elections." CNN added, "The chance to beat up on a newspaper with a liberal reputation is too good to resist for an administration struggling to keep its conservative base happy. … But White House Press Secretary Tony Snow was less certain than the vice president when pressed Tuesday on what evidence there is the leak has compromised terror probes. … Snow did charge The New York Times endangered lives by bucking a tradition of media organizations agreeing to keep government secrets at a time of war. But Times executive editor Bill Keller defended the decision to publish."

The Hill (6/28 O'Connor, Allen) reports House Republican "are expected to introduce a resolution today condemning The New York Times for publishing a story last week that exposed government monitoring of banking records." Rep. J.D. Hayworth "working independently from his leadership, began circulating a letter…asking his leaders to revoke the Times's congressional press credentials."

Roll Call (6/28, Ben Pershing) reports, "At press time Tuesday, the resolution was still being drafted by a handful of different committees under the direction of Majority Leader John Boehner's office. Republican sources said they expected the finished product would condemn both the leaking of the law enforcement program and its publication by the Times and a handful of other newspapers. … What is less clear is how House Democrats will react. Both Democratic leaders and rank-and-file lawmakers have complained in the past about the administration's conduct of the war on terrorism, particularly after The New York Times disclosed last year that the National Security Agency was listening to some domestic phone calls without a warrant. But

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in the case of the SWIFT story, most Democratic leaders have been noticeably silent. The administration even enlisted some Democrats, reportedly including Rep. John Murtha…to try to lobby the Times not to publish its piece."

Roberts Calls For Investigation. The AP (6/28) reports Sen. Pat Roberts, chairman of the Senate Intelligence Committee, said the government "should conduct an inquiry into damage done by the recent disclosures of intelligence programs aimed at stopping terrorists. .. 'We cannot continue to operate in a system where the government takes steps to counter terrorism while the media actively works to disclose those operations without any regard for protection of lives, sources and legal methods,' said Roberts."

The New York Times (6/28, Shane, 1.19M) reports Roberts asked John D. Negroponte, director of national intelligence "to assess any damage to American counterterrorism efforts caused by the disclosure of secret programs to monitor telephone calls and financial transactions." Roberts "asked for a formal evaluation of damage to intelligence collection resulting from the revelation of the secret financial monitoring as well as The Times's disclosure in December of the National Security Agency's monitoring of phone calls and e-mail messages of Americans suspected of having links to Al Qaeda."

Fox News' Special Report (6/27, Hume) reported Roberts "argues the New York Times served no public interest when it exposed an effective and highly classified program that tracked terrorist money transfers." Roberts "asked the Director of National Intelligence John Negroponte to determine how much damage has been done by this most recent leak and by the Times story on the terrorist eavesdropping program."

The Los Angeles Times (6/28, Schmitt, 958K) reports Roberts "said he was particularly concerned with disclosures that the administration was monitoring phone calls and Internet traffic without a warrant and accessing an international database of bank transactions. 'We have been unable to persuade the media to act responsibly and protect the means by which we protect this nation,' he wrote."

Group Files Complaint In 17 Countries Over Terror Finance Tracking. The AP (6/28) reports, "A civil liberties group on Wednesday asked governments around the world to block the release of confidential financial records to U.S. authorities as part of American anti-terrorist probes." The AP continues, "London-based watchdog Privacy International said it had filed complaints with data protection and privacy regulators in 17 countries, arguing that disclosures of financial transactions 'were made without any legal basis or authority whatsoever.' … The complaint, sent to regulators in 13 European countries as well as Canada, Australia, New Zealand and Hong Kong, asks authorities to 'intervene to seek the immediate suspension of the disclosure program pending legal review.'" The AP adds, "The U.S. Treasury acknowledged on Friday that since the Sept. 11, 2001 attacks on the U.S., it has tracked millions of financial transactions handled by the Belgium-based Society for Worldwide Interbank Financial Telecommunication, or SWIFT. … SWIFT oversees about 11 million financial transactions a day among banks and financial institutions worldwide, recording customers' names, account numbers and other identifying information. … Privacy International's director, Simon Davies, said the secret CIA-Treasury program 'shows yet again how the U.S. willfully disregards the privacy rights not only of its own citizens, but also the rights of foreign nationals.'"

King Says NYTimes Should Be Investigated, Prosecuted Under Espionage Act. Rep. Peter King was asked on MSNBC's Hardball (6/27) what should be done to the New York Times. King said, "They should be investigated and prosecuted for violating the Espionage Act. This was a program that was working, it was an effective weapon in the war against terrorism, it was entirely illegal and there was absolutely no public purpose at all in revealing it. They might have as well have taken confidential information and handed it to Osama bin Laden."

Markey Says NYTimes Has Provided "Enormous Public Service." Rep. Ed Markey said on MSNBC's Hardball (6/27), "The New York Times has provided an enormous public service. It has revealed that the Department of Treasury, the Bush Administration, when confronted with internal criticism, inside its own administration that this program may be illegal, rather than in fact getting a court order, or going to Congress, instead they hired an auditing firm, Booz Allen, in order to determine whether or not constitutional rights were violated. That in and of itself is a violation of the Constitution, and I think that as the story unfolds and people understand it more, that the New York Times, rather than going to jail, will be put up once again for another Pulitzer Prize."

NYTimes Defends Decision To Run Swift Story. The New York Times (6/28, 1.19M), in an editorial, writes, "Over the last year, The New York Times has twice published reports about secret antiterrorism programs being run by the Bush administration. Both times, critics have claimed that the paper was being unpatriotic or even aiding the terrorists. Some have even suggested that it should be indicted under the Espionage Act. … From our side of the news-opinion wall, the Swift story looks like part of an alarming pattern. Ever since Sept. 11, the Bush administration has taken the necessity of heightened vigilance against terrorism and turned it into a rationale for an extraordinarily powerful executive branch, exempt from the normal checks and balances of our system of government. It has created powerful new tools of surveillance and refused, almost as a matter of principle, to use normal procedures that would

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acknowledge that either Congress or the courts have an oversight role."

Miami Terror Plot Suspect Makes Court Appearance. The AP (6/28) reports, "Stanley Grant Phanor, one of seven men suspected of seeking to blow up the Sears Tower and with help from al-Qaida, made his first appearance in court Tuesday but did not enter a plea. Phanor and five other co-defendants will return to federal court before U.S. Magistrate Judge Ted Bandstra Friday in downtown Miami for a hearing on whether the men should remain in custody prior to trial, the U.S. Attorney's Office said. The seventh man, Lyglenson Lemorin, was scheduled to appear Thursday in federal court in Atlanta." The AP notes, "Phanor's brother Michael said his brother and the other men they were trying to do community service in the area where they grew up, studying martial arts to keep in shape and setting a good example for neighborhood kids."

Terror Suspects Allegedly Also Targeted Chicago FBI. WLS-TV Chicago (6/27, Goudie) reports on its Web site from a story broadcast yesterday, "Until federal court records obtained Tuesday revealed it, the Sears Tower appeared to be the only Chicago target of the accused terrorists," but "the FBI in Chicago was also on the terrorists' hit list." However, "the alleged terrorists might well have attacked the wrong building," hitting the Dirksen Federal Building, rather than the new FBI facility in Chicago. According to the court documents, terror suspect Narseal Batiste tried to recruit an "emissary to lobby Islamic extremists for money to fund the Sears Tower attack, the assault on the Chicago FBI and the other bombings. According to prosecutors, that person did not go to the Middle East for Batiste but did go to the FBI about him."

Illinois Editorial Says Miami Arrests Demonstrate Ongoing Terror Threat. Under the headline "Sears Tower Threat Shows Terrorism A Serious Concern," the Rockford (IL) Register Star (6/27) editorialized, "Fortunately, the man the wannabe terrorists thought was from al-Qaida was a FBI informant. 'This group was more aspirational than operational,' FBI Deputy Director John Pistole said. … Perhaps the attorney general and the FBI downplayed the threat to keep Americans calm or perhaps the seven men were truly the bunglers they've been portrayed as, but they could have caused plenty of damage with the machine guns they did ask for." The Register Star concluded, "This episode, and the more than 400 arrests for domestic terrorism since 2001, show that the government is paying attention to threats real and perceived. We should be thankful for that."

Miami Reporter Praises Arrests, But Worries Suspects Only "Pathetic Wannabes." In a Miami Herald (6/28, 323K) op-ed, Michael Putney of WPLG-TV Miami writes that in the Miami arrests, "the FBI acted on information provided by a confidential informant," and "until this is sorted out it's a good thing these guys are behind bars. … But I can't help wondering if the Feds swooped in too soon and merely gathered up some 'pathetic wannabes,' as the editorial page of this paper called them. The Liberty City Seven may have said violent things, but they didn't commit violent acts." Putney adds that in their conversations with the FBI informant, the suspects made "big talk, but these guys had no money, guns, bullets, bombs or explosives."

US Seeks Juror Anonymity For Hamas-Funding Trial. Knight Ridder/Chicago Tribune (6/28, Coen) reports, "Federal prosecutors have asked a judge to seat an anonymous jury to hear the case" of Muhammad Salah, accused of "taking part in a conspiracy to fund Hamas, which raises concerns for prospective jurors, the court filing states. 'The nature of the charges and the evidence supporting the charges are such as to place jurors in reasonable apprehension for their safety,' the motion reads." The Tribune notes, "The parties in the Salah case are expected to appear for a status hearing Wednesday before U.S. District Judge Amy St. Eve. The judge already has indicated she might want thorough criminal background checks performed on each prospective juror."

DOJ Defends Terror Prosecutions Despite Light Sentences. NBC News (6/28) reports, "Dozens have been arrested in the U.S., suspected of terrorist ties, but the offenses are typically small and the sentences short. Is the government crackdown working?" NBC continues, "Some legal experts accuse the Justice Department overselling the arrests cases as terrorism arrests, generating dramatic headlines that actually end very differently. … 'Our approach tends to be, I think, prosecutions by press conferences,' says Juliette Kayyem, an NBC terrorism analyst and a professor at Harvard University. 'A lot is promised at the front end, and then when you actually get to the facts of the case, it tends to fall apart.'" NBC adds, "Sensitive to that criticism, the government is now defending its record. … Just last week, the Justice Department said 261 people have been convicted in terror-related prosecutions since 2001. Many were solid wins — Iyman Faris, who plotted to attack the Brooklyn Bridge, for example. Would-be shoe bomber Richard Reid, and Mohammed Babar, who admitted providing support for al-Qaida operations overseas. … But of the total 261 convictions, the average sentence is only around a year, from plea agreements, to charges like immigration or document fraud. And sometimes the threat may seem remote, as with the Lackawanna Six, the group in Buffalo, N.Y., convicted of getting terror training but never charged with planning any specific attack." NBC notes, "Even so, in a recent speech, the deputy attorney general said all are examples of a new

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approach — prevention through prosecution. … 'We could await further action by these men and then arrest and prosecute them,' says Paul McNulty, U.S. deputy attorney general, 'or we could prosecute at the moment our investigation reveals both a risk to our national security and a violation of our nation's laws,' … And the government cites one other statistic: Since Sept. 11, 2001, no further terror attacks in the U.S."

Guantanamo Officials Say They Can't Prevent All Suicides. The Los Angeles Times (6/28, Williams, 958K) reports, "In the sharpening debate" about whether the suicides at Guantanamo Bay were "political statements or the actions of hopelessly depressed individuals," prison officials "outlined sweeping efforts to prevent them — but admitted nothing could stop the most determined prisoners." The commander of the prison, Navy Rear Adm. Harry B. Harris Jr., "stood by his characterization of the suicides as acts of 'asymmetrical warfare' by hardened holy warriors," rejecting the notion that the detainees killed themselves out of despair. The Times says the accessibility of these officials reflects "Harris' view of public scrutiny, which is more liberal than that of previous prison administrations." The Times writes that the interviews "seemed aimed at preparing the American public for continued detention and interrogation operations."

Commander Claims As Many As 140 Detainees Should Be Repatriated. ABC World News Tonight (6/27, story 5, 3:45, Gibson, 8.78M) reported, "Nightline anchor Terry Moran is getting unprecedented access this week to the Guantanamo facility." ABC (Moran) added, "Rear Admiral Harry Harris is in charge of the camp. In the first interview since Guantanamo was rocked by a riot last month and suicides of three inmates just over two weeks ago, Harris says he has no doubt men in here see their fates. Is any detainee allowed to see the evidence against them?" Harris: "No." Moran: "That doesn't seem fundamentally fair." Harris: "It's not fundamentally fair in a criminal sense. These are enemy combatants." Moran notes, "But only ten detainees have been charged with war crimes. Nearly 300 have been let freed. And defense lawyers for those incarcerated here say the lack of due process and hope has turned Guantanamo into a place of despair. The suicides on June 10th have made Guantanamo even tougher." ABC's Gibson asked: "I'm curious, the President has said he would like eventually to have Guantanamo closed down. How about the commander? What does he think about that?" Moran: "It might come as a surprise, but Admiral Harris says he supports that idea. He doesn't think Guantanamo should be opened any longer than it has to be. He believes there are 140 of the 450 detainees here who can be sent back to their home countries. But he says, he believe there's are 300 or so others that will have to be detained somewhere."

Guantanamo Prison Commander Says Detainees Waging Jihad. The AP (6/27, Jacobs) reports the medical officer in charge of the Guantanamo prison said the three detainees who committed suicide on June 10 had received psychological exams just days before to their deaths and showed no signs of depression. He suggested that the exams "supported assertions by military officials that the prisoners killed themselves as a political act."

EU Justice Office Says Europeans Gave US Terror Suspects. USA Today (6/28, 5A, 2.31M) reports comments by European Union Justice and Home Affairs Commissioner Franco Frattini that "terrorism suspects have been transferred to U.S. intelligence agents in Europe, but it's not clear whether the moves were illegal" or "whether governments knew about or cooperated in the transfers." Frattini "spoke after Europe's leading human rights watchdog, the Council of Europe, voted to continue its inquiry into alleged CIA flights and secret prisons in Europe. The council's lead investigator, Dick Marty of Switzerland, has complained that European governments weren't eager to help him establish the facts.

UK Police Arrest Two Terror Suspects. In its "Briefs" section, the New York Times (6/28, Lyall, 1.19M) reports Bolton, England police "arrested two people under terrorism legislation…in the latest in a series of antiterrorism raids — some linked, some independent — across England in the last few weeks." Police apprehended the two individuals, who have not yet been charged, after searching eight properties.

State Department Backs Pan Am 103 Families In Libyan Row. The AP (6/27) reports the Department of State "urged Libya on Tuesday to provide fair compensation to the families of victims in the 1988 bombing of a Pan Am flight over Scotland." Deputy Spokesman Adam Ereli is quoted saying, "Obviously, we support justice for the Pan Am 103 families, and we support their efforts to receive due compensation. We are actively involved in encouraging the Libyan government to extend escrow arrangements made under the settlement so that the final payment can be effected. In this matter, we want to see it resolved fairly." The Washington Post (6/27, A17, Graham, 744K) reported yesterday that Libyan officials are hedging on a previous agreement to make the final $2 million-per-family compensation payments this summer.

HOMELAND RESPONSE:

Study Finds US Ports Remain Vulnerable To Terror Attacks. Knight Ridder (6/28, Simerman) reports

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a study by the Public Policy Institute of California finds that US "seaports remain vulnerable to attack and a lack of coordination among agencies could worsen the economic aftermath of a terrorist attack." KRT notes, "One obstacle is a lack of a clear line of authority for emergency response. In areas like Los Angeles, as many as 15 different agencies may have jurisdiction, the study found." Port of Oakland security chief Mike O'Brien "said local, state and federal agencies work together on drills and exercises, and that the FBI has been designated as the lead agency if the port is attacked. 'We're talking about what-ifs and sorting out those jurisdictional issues,' said O'Brien."

Court Upholds Ruling On DHS Personnel Rules. The New York Times (6/28, Lipton, 1.19M) reports, "The United States Court of Appeals for the District of Columbia Circuit upheld a lower court decision that overturned personnel rules at the Homeland Security Department, saying they failed to ensure employees' right to bargain collectively. … The department set up the system in January 2005, saying it would allow salaries to be based on performance. A department spokesman said officials were considering what to do about the ruling."

The Washington Post (6/28, A23, Weiss, 744K) calls the ruling "another legal blow to the Bush administration's broad plan to overhaul the federal employee personnel system." The Post adds, "Elated union leaders said the decision could scuttle the broader attempt to replace the 15-grade General Schedule pay system with one that has wide salary ranges known as pay bands, and to more strongly tie annual raises to performance evaluations. The administration hopes to expand the proposed DHS system throughout the government."

The Washington Post (6/28, D4, Barr, 744K) reports in its "Federal Diary" column, "Administration officials, who spoke only on condition that they not be identified, acknowledged that the ruling was a heavy blow. One official said the new Homeland Security personnel system was 'dead in the water' and added: 'There is no leadership on this.'"

The Federal Times (6/28, Losey) reports, "The National Treasury Employees Union, which was lead plaintiff in the case, said the appeals court decision effectively settles the matter and strikes down what it calls 'a regressive personnel system.' … Homeland Security spokesman Larry Orluskie said the department will soon discuss the impact of the ruling with the Justice Department and Office of Personnel Management and decide what their next steps will be."

WAR NEWS:

Bush Jogs With Soldier Who Lost His Legs In Iraq. All three networks devoted segments of last night's broadcasts to President Bush's White House jog with Staff Sgt. Christian Bagge, who lost both legs in a roadside bomb explosion in Iraq. NBC Nightly News (6/27, story 11, 0:30, Williams, 9.87M) reported, "We want to share with you what became an emotional moment today on the South Lawn at the White House. President Bush, who has stopped jogging of late due to bad knees, suited up today so he could fulfill a promise, to go on a run with a young and courageous Iraqi war veteran he had first met back in January at Brook Army Medical Center."

ABC World News Tonight (6/27, story 8, 1:15, Gibson, 8.78M) reported, "The President just happened to stop at his bedside at an Army hospital in San Antonio." President Bush: "He said, 'I want to run with you.' He was in bed. He lost both legs. But I looked at him like, you know, there is an optimistic person. But I could tell in his eyes that he meant it." Gibson: He did, indeed, mean it. And today, he did it. Sergeant Bagge has been through 11 surgeries. And he runs on artificial limbs." Sgt. Bagge: "There's a lot of days when I don't want to do it anymore. But I can't just -- I can't call in sick. I can't quit." Gibson: "There was no quit in the Sergeant today. As he ran around the South Lawn of the White House with the President."

The CBS Evening News (6/27, story 5, 0:30, Schieffer, 7.66M) reported Bagge "was in the Oregon National Guard at the time" of the attack, "but has since enlisted in the regular Army."

The AP (6/28, Loven) reports, "Despite a slight drizzle," Bush and Bagge "took a slow jog around a spongy track that circles the White House's South Lawn. About halfway through their approximately half-mile run, Bush and Bagge paused briefly for reporters. 'He ran the president into the ground, I might add,' Bush said, as the two gripped hands in an emotional, lengthy shake. 'But I'm proud of you. I'm proud of your strength, proud of your character.'"

USA Today (6/28, Benedetto, 2.31M) reports Bush, "who swapped his once-manic running regimen for mountain biking due to pain in his knees, said he was inspired by Bagge's courage. 'It's an amazing sight for me to be running with a guy who, last time I saw him, was in bed,' Bush said. 'I was wondering whether or not he'd ever get out of bed. There was no doubt in his mind that he would.'"

The Los Angeles Times (6/28, Gehlert, 958K) reports Bagge's right leg "was amputated above the knee, his left leg just below the knee. For many months, he said, he needed narcotics for the severe phantom pain and post-surgical agony. … Bagge has four sets of limbs: one for walking, one for running, one for swimming and one as a backup. And he's not ashamed of his injuries: When he was awarded a Purple Heart last year, Bagge wore shorts to the ceremony.

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2008 Campaign Seen As Context For Kerry-Feingold Alliance On Iraq Pullout. The AP (6/28, Frommer) reports Sens. John Kerry and Russ Feingold "joined forces last week to push a proposal that would have required troops to leave Iraq by July of next year. And they may soon have something else in common: Both are considering presidential races in 2008." Kerry and Feingold "insist that politics has nothing to do with it." Feingold "has been openly critical of Democrats who voted to authorize the Iraq war, even those who have since said that vote was a mistake — a group that includes Kerry. But Feingold said that was one reason he was so encouraged to work with Kerry. 'Let's face it — he was our standard-bearer, he had voted for the war,' Feingold said. 'And yet, I was able to bring him together with me to do exactly what I've believed all along, that this wasn't a good idea, and that we needed to reverse course.'"

Senate Democrats Claim GOP Iraq Stance Is Cynical, Hypocritical. The Washington Times (6/28, Bellantoni, 90K) reports Senate Democrats accused Republicans "of using a 'Karl Rove playbook' to make the minority party seem weak on defense and to defeat a Democratic plan to begin withdrawing troops from Iraq." Sen. Carl Levin "called Republicans hypocritical for opposing his 'phased redeployment' plan because top military officials have announced there is likely to be some troop withdrawal this year." Senate Democratic leaders "will hold a press conference today on Iraq policy, during which several Democratic senators 'will call on Bush Republicans to put aside their failed policies and join Democrats, Gen. Casey and the Iraqis in working to change course in Iraq,' according to an announcement."

The Washington Post's Harold Meyerson (6/28, A25) writes, "When Senate Democrats brought two resolutions to the floor last week, each calling for a change in our policy, the Republicans defeated them both, but they pointedly failed to introduce a resolution of their own affirming the administration's conduct of the war. That, they understood, would have been a loser in the court of public opinion."

WPost/ABC News Poll Shows Democrats Losing Ground On Iraq. CNN's The Situation Room (6/27, Crowley) reported, "New polling suggests congressional debate on a US withdrawal from Iraq did not change minds, but it did push the politics. A Washington Post/ABC poll finds Republicans with a seven-point edge on the question of which party would best handle terrorism. Forty-six percent of Americans said Republicans, 39 percent said Democrats. That's a seven point drop for Democrats in a month. … The same poll shows Democrats losing ground on Iraq. They still hold a six-point edge as the party that would do a better job, but that is down from the 14-point advantage they had in May. Wrong way for a group that hopes to win big at polls in just about four months."

Holbrooke Praises Bush Request For UN Help In Iraq. In his monthly column for the Washington Post (6/28, A25, 744K) former UN ambassador Richard Holbrooke writes, "In a little-noticed announcement in President Bush's news conference on June 14, the day he returned from Iraq, he said that he would send two personal emissaries to New York to consult with U.N. Secretary General Kofi Annan on the political and economic future of Iraq. The next day, still with remarkably little public attention, Philip Zelikow, the counselor of the State Department, and Deputy Treasury Secretary Robert Kimmitt met with Annan and his deputy, Mark Malloch Brown, at the secretary general's Sutton Place residence." The envoys "asked Annan to use his unique 'convening powers' to help organize international meetings that would lead (by this fall, the Americans hope) to the unveiling of a new 'Iraq Compact' -- an agreement between the Iraqi government and major international donors that would commit Baghdad to a series of political and economic reforms in return for substantially more international aid. … This is a good idea -- and quite similar to suggestions from many administration critics."

US Has Detained 20 In Kidnapping, Murder Of Two Soldiers. The Washington Times (6/28, Scarborough, 90K) reports, "The U.S. military has detained 20 persons with knowledge of the brutal deaths of two American soldiers south of Baghdad and thinks al Qaeda in Iraq was responsible, an Army general said yesterday. Maj. Gen. James Thurman, who commands U.S. operations in and around Baghdad, said at a press conference that more than 8,000 Americans and Iraqis searched for the soldiers after their traffic checkpoint was attacked on June 16. The bodies of Pfc. Kristian Menchaca, 23, and Pfc. Thomas Tucker, 25 were found three days later in a village in the 'Triangle of Death.' … Asked who was suspected in the killings, Gen. Thurman said, 'This is a terrorist and foreign fighter area where al Qaeda operates. And I will tell you I believe al Qaeda is associated with the majority of the attacks in south Baghdad, and in and around the area where we found the soldiers.'"

The Los Angeles Times (6/28, Moore, 958K) reports, "Thurman declined to answer questions about possible procedural lapses that would have allowed the soldiers to leave their camp unaccompanied, saying the inquiry was continuing. U.S. military vehicles in Iraq almost always travel in groups of two or more."

US Military Disappointed By Baghdad Crackdown. USA Today/AP (6/28) reports, "The U.S.

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military issued a sober assessment Tuesday of the Baghdad security crackdown, saying violence had decreased only slightly in the two weeks since 75,000 American-backed Iraqi soldiers flooded the capital." Maj. Gen. William Caldwell, spokesman for U.S. forces in Iraq, "said the overwhelming security operation launched two weeks ago to rein in violence was moving slower than hoped. … 'We … see a slight decrease (in violence) but not of the degree we would like to see at this point,' he said at a news conference in the heavily fortified Green Zone."

Baghdad Residents Resort To Subterfuge To Escape Pervasive Violence. The Los Angeles Times (6/28, Stack, 958K) reports that in Baghdad, "Rich people hide their jewelry and dig frayed clothes from the back of their closets to evade ransom-seeking kidnappers. Muslims claim to be Sunni or Shiite, depending on circumstance. Christians pose as Muslims. Lying about employment is de rigueur. Street police wrap their faces in masks so nobody will recognize them. Everybody, it seems, is pretending to be somebody else, adopting a fake identity in the terrified hope of staying safe. Baghdad residents reason that no matter who you are, you're probably on somebody's hit list."

The Washington Times (6/28, Behn, 90K) reports, "In a country where people are killed because their names mark them as Shi'ites or Sunnis, having the wrong haircut can be lethal, too. So for barber Abu Saif, staying in business requires keeping up with the latest religious edicts. … The shape of a beard or haircut often marks its wearer as Shi'ite or Sunni, ensuring support in some neighborhoods but putting him at risk in others. Religious Sunnis, for example, do not remove any neck hair, and fundamental Wahhabis never shave or trim their beards, but will cut down their mustaches to almost nothing."

Sadr Said To Have Lost Control Of Mahdi Army. The Washington Times (6/28, Scarborough, 90K) reports Shiite cleric Muqtada al-Sadr "has lost control of his Mahdi Army, which has embarked on a wide range of criminal activity, defense officials said. The officials said the Mahdi Army, which once confined most of its activities to protecting the firebrand cleric's religious turf and trying to dominate towns in Shi'ite southern Iraq, has become a criminal organization that commits homicides, kidnappings and robberies in the Baghdad area. … Sources said Army Gen. George Casey, during his trip to Washington last week for talks with President Bush and Defense Secretary Donald H. Rumsfeld, raised the Mahdi Army as a growing obstacle to peace."

Pentagon Expects To Meet Annual Training Goals For Iraqi Forces. The Washington Post (6/28, A20, White, 744K) reports, "U.S. military commanders expect to meet their goal of training and equipping more than 325,000 members of the new Iraqi security forces by the end of this year, an important step in developing Iraq's self-defense, Lt. Gen. Martin Dempsey, who leads the training effort, said yesterday." According to the Post, "Top officials remain optimistic" but "they warned that there is a long way to go before the Iraqis will be able to independently fight the insurgents." Dempsey is quoted as saying, "It's just not appropriate yet to be thinking in terms of independent anything in Iraq … They are not independent at this point in time." The Post adds that Dempsey noted, "Iraqi forces are not yet able to operate on their own, and the fact that they are learning while facing combat has created hurdles."

The New York Times (6/28, Shanker, 1.19M) reports Dempsey "cautioned that the new military in Iraq still faced a shortage of qualified officers and the infrastructure required to carry out independent operations. … Dempsey said the threat of armed militias could be resolved only by negotiations with religious leaders commanding those illegal groups, and by taking away their foot soldiers by offering them the choice of a role within government-controlled security services, an opportunity to disarm — or punishment."

Maliki Backtracks On Amnesty Offer As Part Of Reconciliation Plan. The Washington Post (6/28, A14, Partlow, Sebti, 744K) reports Iraqi Prime Minister Nouri al-Maliki "vowed Tuesday that no one who has killed Americans or Iraqis would be pardoned under his government's national reconciliation plan." Maliki is quoted as saying, "The fighter who did not kill anyone will be included in the amnesty, but the fighter who killed someone will not be." The Post adds, "The question of who should receive amnesty has been fiercely debated, and the issue was not settled with the vague terms first offered on Sunday, when the plan was brought before parliament. Some politicians argue that only a broader amnesty has any real chance of bringing the violent Sunni Arab insurgency into the Iraqi political process in a peaceful way. But Maliki…said the Iraqi and American families who have lost loved ones in the three-year war would not stand for such pardons." Maliki "said lesser offenses, such as minor acts of sabotage or participation in former president Saddam Hussein's Baath Party could be forgiven."

The New York Times (6/28, Tavernise, Burns, 1.19M) reports Maliki "sought to allay concerns raised by many in the United States that the plan, which he unveiled Sunday as part of a broad effort to reduce insurgent violence, could lead to pardons for some who had killed American soldiers and spur attacks on American units." The Times notes Maliki "said the plan had drawn widespread interest from groups important to its success, including members of political militias, tribal groups, religious leaders and insurgent groups," though he "would not identify the insurgent groups." According to the Times, "Allies of Mr. Maliki have said that the amnesty,

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presented by American officials and the prime minister's aides among many initiatives that would give momentum to the new government, reflected his relative political weakness."

Maliki Claims Offer Has Been Well Received By Insurgents. The Los Angeles Times (6/28, Moore, 958K) reports, "The Iraqi government has had contact with several insurgent organizations through intermediaries since the announcement of a partial amnesty plan…Maliki said. … 'Many people contacted me on the day I announced the reconciliation plan, and there is a lot of support even from militias and…armed [insurgent] groups,' Maliki said during a rare interview with six Western and Iraqi journalists. 'We welcome their assistance, but we are still waiting until we can meet directly with these groups and talk to them in a civilized way in order to bring them into the political process.'"

Dempsey Contends Amnesty For Insurgents Is Likely. The New York Times (6/28, Shanker, 1.19M) reports Lt. Gen. Martin Dempsey, "in a statement of battlefield realism rarely heard from a lecturn in Washington, said "it was certain that a national reconciliation plan offered by the new Baghdad government would include amnesty for at least some who had engaged in insurgent acts. 'Isn't there some sense of inevitability about that?' General Dempsey said." Dempsey said "without a national reconciliation plan that reaches out simultaneously to Sunni insurgents and Shiite militia members, neither side would disarm out of fear of the other."

Ignatius Says Khalilzad Comments Show Administration Eager To Escape "Iraq Morass." The Washington Post's David Ignatius (6/28, A25) writes US Ambassador Zalmay Khalilzad "outlined the Bush administration's current thinking about Iraq in a telephone interview from Baghdad on Monday. The items on his agenda include a joint U.S.-Iraqi committee to discuss the details for a gradual withdrawal of American troops over the next several years, a conditional amnesty for Iraqi insurgents as part of a broader reconciliation effort, and negotiations with insurgent groups about terms and conditions for ending the fighting. What was clear in Khalilzad's comments (but is rarely so in the partisan Washington debate about Iraq) is how badly the Bush administration wants to find a way out of the Iraq morass."

NYTimes Claims Amnesty Should Include "Unsavory" Combatants. The New York Times (6/28, 1.19M), in an editorial, writes, "the Iraqi government talks about denying amnesty to insurgents who have killed other Iraqis, and Washington has insisted on excluding those who have killed Americans. That is understandable on both counts, but it would seem to leave few, if any, real insurgents eligible for any amnesty. … Any reconciliation broad enough to matter will require embracing unsavory people and forgiving unsavory deeds. That won't be pretty or popular. But it is Iraq's best remaining hope for peace, reconstruction and national survival."

Turkish Ambassador To US Alleges Iraqi Kurds Backing Separatists. The Washington Times (6/28, Sands, 90K) reports Turkey's ambassador to the US Nabi Sensoy claimed, "The United States' Kurdish allies in northern Iraq have provided arms, shelter and equipment to a violent Kurdish separatist movement in Turkey, and the U.S. government should do more to disrupt the links." Sensoy "said Ankara has evidence that as many as 3,000 fighters from the Kurdistan Workers' Party (PKK), considered a terrorist organization by the U.S. government, recently had moved from positions in northern Iraq to the Turkish border to carry out operations inside Turkey. The PKK units, Mr. Sensoy said, have received arms, safe passage and other logistical help from the two leading Iraqi Kurdish parties -- both of which are strongly allied with Washington."

Saddam To Face Additional Charges In August. CNN's The Situation Room (6/27, Blitzer) reported, "Iraqi officials are announcing another trial for the former dictator Saddam Hussein. He'll face charges starting in August in connection with the killings of as many as 200,000 Kurds in the late 1980s."

The Los Angeles Times (6/28, Kennedy, 958K) reports Hussein "and six high-ranking members of his regime will be indicted on charges of genocide this summer in the mass killings of Iraqi Kurds during a seven-month operation in 1988, the court trying the former Iraqi president announced Tuesday. … Iraq's minority Kurds, who inhabit the northern portion of the country, have long sought justice for the Anfal campaign, in which at least 2,000 villages were destroyed and tens of thousands of people were arrested, deported, tortured and killed, often in remote desert camps."

Saddam Believes US Will Seek His Help To Stop Insurgency. CNN's The Situation Room (6/27, Snow) reported, "Saddam Hussein apparently believes he can evade a death sentence because he thinks the US will seek his help in stopping the insurgency ravaging Iraq. That is according to Hussein's chief defense lawyer, who recently spoke with the Associated Press and the New York Times. One Iraqi expert suggests the idea says more about Saddam Hussein's mindset than about reality."

Clark Says Saddam Has No Thoughts Of Political Comeback. Ramsey Clark, a defense attorney for Saddam Hussein, was asked on CNN's The Situation Room (6/27) about reports that Hussein is thinking of making a political comeback. Clark said, "I don't think he has any thoughts of a political comeback. I've never heard him say anything about it or seen any indication of it. The thing that he always says and is always clear is that he's torn apart by what he sees happening to his country, to the people of Iraq. And the thing

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he says above all is Iraqis should never kill Iraqis. You've got to join together."

Rice Travels To Afghanistan To Bolster Support For Embattled Karzai. The Washington Post (6/28, A21, Kessler, 744K) reports Secretary of State Condoleezza Rice flew to Kabul to meet with President Hamid Karzai, "who is facing mounting international criticism over his performance. Rice "hailed Karzai as 'an extraordinary leader' and said the United States would 'back him fully.' Rice's visit comes as Karzai is straining to hold his country together but is losing popular support because of increasing violence, corruption, drug trafficking and an inability to demonstrate tangible progress since the fall of the Taliban. A failure of the Karzai government would undermine Bush administration claims that Afghanistan has become a symbol of rising freedom and democracy in the world." The New York Times (6/28, Cooper, 1.19M) reports Rice "had strong words of praise for the besieged Afghan president."

Pakistani Official Defends His Country's Performance Combating Taliban. The Washington Post (6/28, A21, Kessler, 744K) reports Rice tried "to heal a rift between Pakistan and Afghanistan…but tensions spilled over during a news conference in which Pakistani Foreign Minister Khursheed Kasuri angrily accused the Afghan government of making false charges. Rice smiled tightly during Kasuri's emotional, five-minute outburst, which was prompted by a question about Afghan claims that Pakistan is allowing its largely lawless border areas to shelter insurgents who are mounting their biggest offensive in Afghanistan since the Taliban was ousted in 2001." Kasuri "said Pakistan would add 10,000 troops to the 80,000 now operating in areas bordering Afghanistan."

The Washington Times (6/28, Kralev, 90K) also reports Rice was "smiling tightly" as Kasuri "rejected Afghan accusations that Pakistan is sending terrorists across the border in an emotional monologue." Rice "urged the two countries to trust each other more" and "said the U.S. military would step up joint efforts with both of them to quell the resurgence of Taliban activity along the frontier." The New York Times (6/28, Cooper, 1.19M) reports Rice "refrained from wading into the continuing fight between Pakistan and Afghanistan over who is doing more to root out terrorism on the lawless border between the countries amid surging Taliban attacks." With Rice standing next to him "looking straight ahead,". Kasuri "went through a lengthy list of all he said Pakistan had given to fighting terrorism. … 'We have had 650 martyred soldiers' since the border effort began, he said. 'We have more troops than Afghanistan and the U.S. put together.'"

Rice Prods Musharraf To Foster Democracy. The New York Times (6/28, Cooper, 1.19M) reports Secretary of State Condoleezza Rice met with Pakistani President Pervez Musharraf, "whom she prodded, gently, to allow democratic elections. 'We've had a discussion about the role of continuing democratization,' Ms. Rice said after the meeting. 'It's a good start to talk about a good and moderate Pakistan.'"

The Los Angeles Times (6/28, Gerstenzang, 958K) reports Rice's "trip, which will also include Russia, encapsulates major goals of the Bush administration's foreign policy: seeking to promote democratic growth as a weapon against terrorism and to undercut potential nuclear proliferation. Visits by senior U.S. officials to Pakistan regularly revolve around questions of how devoted Musharraf…is to pushing his country toward democracy and how quickly he will move."

Taliban Fighters Challenge NATO Forces In Southern Afghanistan. The New York Times (6/28, Gall, 1.19M) reports, "Two British soldiers were killed Tuesday in fighting in southern Afghanistan against combatants suspected of being Taliban members, and a suicide bomber detonated his car next to German peacekeepers in northern Afghanistan, killing two boys. … The increase in activity by the Taliban-led insurgency in southern Afghanistan and of bomb attacks in the north appeared to be an effort by Islamic militants to unsettle NATO forces as they take over command from American forces in the south, military officials here said. British, Canadian and Dutch soldiers have clashed daily with insurgents in southern Afghanistan while mounting a large offensive against them, and attacks in more peaceful northern Afghanistan have increased in recent weeks." The Times notes, "Besides the two British soldiers killed, one was wounded and four enemy fighters were killed in the subsequent airstrikes, a statement from the American-led force in Afghanistan said."

Italy To Withdraw 400 Troops From Afghanistan. The New York Times (6/28, Gall, 1.19M) reports the Italian government "agreed Tuesday to withdraw as many as 400 soldiers from its 1,400-member force in Afghanistan."

Inability To Provide Safety For Informants Stymies US Effort To Dislodge Afghan Insurgents. The Christian Science Monitor (6/28, Calvert, 61K) reports, "As coalition forces move into remote insurgent havens…they have been unable to provide security locals say they need in order to help oust insurgents completely. Villagers who do help coalition forces suffer, or die, for it. … The inability to provide security for villagers in these areas hampers the long-term effectiveness of operations, such as Mountain Thrust, a large-scale coalition offensive launched recently in southern Afghanistan following an upswing in insurgent activity there. Insurgents hold sway in parts of the countryside surrounding operating bases in the southern provinces."

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US Military Incurring Unprecedented Vehicle Repair Costs. The CBS Evening News (6/27, story 4, 2:30, Schieffer, 7.66M) reported, "By now, there have been so many things about the Iraq war that were predicted to go one way and turned out another way that there's probably nothing much that should shock us anymore. Well, here comes another one, though. Now we find out that even repair costs for military vehicles have been vastly underestimated and we are not talking small change here, we're talking billions." CBS (Martin) added, "By Pentagon count, the war in Iraq has cost $210 billion, burning money at the rate of $6 billion a month with no end in sight. And even that can't pay all the repair bills for the equipment chewed up by the fighting. Nobody could have imagined it when the war started, but today the chief of the Army cold Congress he will need $17 billion next year to repair, replace, or upgrade equipment destroyed, damaged, or plain worn out by constant combat in the harsh conditions of Iraq and Afghanistan, double what he's spending this year. The commandant of the Marine Corps said his repair bill is more than $11 billion for next year. Again, that's double this year's bill." CBS anchor Bob Schieffer asked, "Are our troops going to be put in danger because their vehicles need repair?" To which, the correspondent replied, "the Army chief of staff said today he is concerned about the readiness of equipment kept in reserve for other emergencies."

Internet Sites Speed Care Packages To Soldiers. USA Today (6/28, Dorell, 2.31M) reports, "Americans are increasingly turning to high-tech methods to send gifts and supplies to U.S. troops serving in Iraq and Afghanistan. Veterans say today's care packages are more numerous and creative — and get to servicemembers much faster — than those of the past. … Today, several websites designed specifically for supporting the troops overseas allow anyone with a credit card to order cellphone minutes, snacks, books — even armor and sniper accessories."

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Main Justice Closed By Floodwaters After Heavy Rains. The Washington Post (6/28, A6, Schwartzman, Greenwell) reports, "The downtown D.C. headquarters of the Justice Department, Internal Revenue Service and National Archives will remain closed for the rest of the week because of damage wrought by Sunday's torrential downpour, officials said yesterday." The Post continues, "Nearly two days after the region's first deluge, at least four government offices in the Federal Triangle remained shut, including the Old Post Office building and the Ariel Rios Federal Building. The Commerce Department, at 15th Street NW and Pennsylvania Avenue NW, reopened yesterday after closing Monday. … Even with the closures, most of the federal government's Washington offices were open yesterday, officials said." The Post adds, "At Justice Department headquarters, at Ninth Street NW and Pennsylvania Avenue NW, crews pumped water from the subbasement and parking garage and worked to repair the seven-story building's electrical and air-conditioning systems. … Officials plan to keep the building shut for the next three days and possibly as many as seven, according to an e-mail sent to reporters by the General Services Administration late yesterday. … The nearly 2,000 employees assigned to the building were scattered elsewhere, some at offices a few blocks away. Brian Roehrkasse, a Justice spokesman, declined to specify the location for security reasons. … Attorney General Alberto R. Gonzalez is in the Middle East for the rest of the week on a scheduled trip. 'The Department of Justice is fully operational and able to carry out its essential functions,' Roehrkasse said."

The AP (6/28, Manning) reports, "In downtown Washington, the Justice Department, the IRS and the National Archives — where the Declaration of Independence and the Constitution were safe under glass — were among several buildings still closed because of flooding or other storm-related problems. Some streets also were shut down because water from the flooded buildings was being pumped into the city sewers. … None of the flooded buildings had structural damage, but water in the basements damaged air-conditioning, wiring and other building systems, said Mike McGill, a spokesman for the General Services Administration, which manages federal buildings. … Officials at the Justice Department said it could take a week to clean up and reopen the building."

The New York Times (6/28, Gately) reports, "On Tuesday evening, the National Weather Service called for four to six inches of additional rain in the Washington area, where more than seven inches fell Sunday and Monday. The deluge sent residents to emergency shelters in Maryland and Pennsylvania. Rescuers pulled stranded motorists and pedestrians from floodwaters, and workers heaved sandbags in front of office buildings in the nation's capital. … 'This has probably been the most intense rainfall in a 24-hour period in the history of Washington,' said Michael McGill, a spokesman for the General Services Administration, which oversees buildings closed because of flooding, including the headquarters for the Justice Department and the Internal Revenue Service. Both are expected to stay closed through at least Friday, he said, mostly because of basement flooding and damage to electrical systems."

Government Executive (6/28, Marino) reports, "The Justice Department's Robert F. Kennedy headquarters building will be closed for the next three to seven days as repairs are made to its flooded basement and lost power is

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restored. … Attorney General Alberto Gonzales said in a statement that fewer than 2,400 workers were affected by the weather-related damage, but that he remains unsure of when the headquarters will open."

Brooklyn US Attorney Nominated To Federal Bench. Roslynn Mauskopf, the US attorney in Brooklyn, has reportedly been selected to serve as a federal judge. The New York Times (6/28, Rashbaum, 1.19M) reports that while Mauskopf "has not yet been formally nominated, the people briefed on the matter said that she had already been interviewed by the White House and that the required F.B.I. background investigation had begun." The move "will open up one of the most important law enforcement posts in New York City."

CORPORATE SCANDALS:

US Subpoenas VeriSign In Widening Options Timing Probe. The AP (6/28) reports, "VeriSign Inc., a provider of infrastructure services for Internet and telecom networks, said Tuesday it received a grand jury subpoena from the U.S. Attorney for the Northern District of California asking for documents relating to its stock option grants." The AP continues, "VeriSign said it also received a similar request from Securities and Exchange Commission as part of an informal inquiry. … The company said it intends to cooperate fully with both the SEC and the U.S. Attorney's office, and added that its board had already began an internal investigation prior to the two requests." The AP adds, "About 48 companies in addition to VeriSign are being questioned by the SEC or Justice Department about their stock-option granting practices. At issue is whether executives backdated stock options grants to time them at low points of the stock price, thus boosting the payouts."

Rambus Warns Of Option Timing Trouble. The AP (6/28, Liedtke) reports, "Computer chip supplier Rambus Inc. on Tuesday warned some of its previously reported profits might evaporate because the timing of stock options granted to its employees wasn't properly recorded - a problem that could haunt scores of other companies as they review their past compensation practices." The AP continues, "The news, which caused Rambus's stock price to drop by more than 5 percent in extended trading, was the latest jolt in a budding scandal that threatens once again to shake investor confidence just as corporate America recovers from the accounting fiascos exposed after the fall of Enron Corp. nearly five years. … Like dozens of other companies, Los Altos, Calif.-based Rambus has been scrutinizing stock options distributed years ago to determine whether company insiders rigged the system to increase the likelihood that management would reap huge windfalls." The AP adds, "At least 44 companies have launched their own internal inquiries into possible stock option abuses or have become targets of government investigations into the practice. Some companies already have gone so far as to fire some of their top executives after learning about the manipulation of past stock options. … The number of companies responding to government inquiries continued to expand Tuesday. Cnet Networks Inc., VeriSign Inc., Foundry Networks Inc. and Cyberonics Inc. all disclosed they had received subpoenas seeking more information about their stock option awards from the U.S. Justice Department."

The Wall Street Journal (6/28, Forelle) reports, "The disclosure raises the question of whether Rambus's grants were deliberately backdated from their real date of approval to a day when the company's stock was trading lower. That would make the grants more valuable to recipients. … Separately, six other companies -- VeriSign Inc., CNET Networks Inc., Foundry Networks Inc., Applied Micro Circuits Corp., Cyberonics Inc. and Progress Software Corp. -- announced new federal inquiries into their options practices." The Journal adds, "Rambus said it isn't sure whether any charge would be material and thus require restatement. It also says the board hasn't evaluated whether it will face a tax impact. … About 50 companies are being examined by federal regulators and prosecutors in a wide-ranging probe of option-granting practices that is focusing on possible backdating and other forms of manipulation."

Cybernonics Receives DOJ Subpoena. Dow Jones (6/28) reports, "Shares of Cyberonics moved lower Tuesday, the day after it reported it has been subpoenaed by the Department of Justice over stock- options practices. … Shares of Cyberonics (CYBX) were down 4% at $20.40 in midday trades." Dow Jones continues, "According to a regulatory filing Monday, the U.S. attorney's office for the Southern District of New York issued a subpoena for documents related to its stock-option grants. Cyberonics said it is cooperating with the request. … Earlier this month, Cyberonics said it was the focus of an informal investigation by the Securities and Exchange Commission into stock options."

European Court Allows Extradition Of Enron-Linked British Bankers. Bloomberg (6/28) reports, "Three British bankers will be sent to the U.S. to face Enron Corp.-related fraud charges within three weeks after a European court refused to block their extradition, their final forum for an appeal." Bloomberg continues, "David Bermingham, Giles Darby and Gary Mulgrew are wanted in Texas for allegedly bilking their former employer, Royal Bank of Scotland Group Plc's Greenwich NatWest unit, out of millions from the sale of an Enron off-the-books partnership. The European Court of Human Rights in Strasbourg, France

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today declined to suspend their extradition, six days after Britain's highest court also rejected their appeal." Bloomberg adds, "The case has been at the forefront of calls from Britain's business and legal community to scrap its ``fast-track" extradition arrangements with the U.S. Lobbying groups claim the legislation, introduced in 2004 mainly to clamp down on terrorism, is instead being used to target white-collar offences, unfairly increasing the risks for executives. … The European Court of Human Rights said that while it would review the merits of the men's appeal, the court wouldn't intervene to suspend extradition proceedings, according to a letter sent to the bankers' lawyers."

The AP (6/28, Wardell) reports, "The so-called Bermingham Three have been fighting against their extradition since a High Court ruling in February. They ran out of British avenues of appeal last week when the House of Lords said it would not hear the case. … The three men have consistently argued that most of the alleged offenses took place in Britain and that any trial should be held here. Being forced to stand trial in Enron's home state of Texas would be unjust and incompatible with European human rights law, the men argued. … 'We have now done everything possible to establish the rights of three U.K. citizens to be investigated and, if appropriate, prosecuted in the U.K. but all we have established is that U.K. citizens have no such rights against an extradition request made by the U.S.,' said the men's lawyer, Mark Spragg."

Judge Sentences Barred Broker, Partner To Prison For Commodities Fraud. The AP (6/28, Gold) reports, "A man barred from selling leveraged commodities and his partner in an illicit operation have been sentenced to prison for cheating about 1,000 investors out of $14 million." The AP continues, "The barred broker, Charles Paul Hoffecker, who owned Amitex Investment Services Ltd., and his partner, Charles Edward Myers, told clients that Amitex would buy gold, silver and other commodities for them. But evidence at their trial showed that no purchases were made, federal prosecutors said Tuesday." The AP adds, "Hoffecker, 53, was sentenced June 19 to 17 1/2 years in prison, while Myers, 65, was sentenced Monday to nine years. They were ordered to pay a total of $2.67 million in restitution by U.S. District Judge Katharine S. Hayden. … The restitution figure was smaller than the total losses since not all victims have been found, mostly due to incomplete records at Amitex, Assistant U.S. Attorney Bohdan Vitvitsky said." The AP notes, "Hoffecker and Myers, who were convicted in March, were charged in 2003 after a sting operation in which investigators used an undercover business to infiltrate fraudulent telemarketing investment schemes."

DOJ Handling Of Hilfiger Nonprosecution Agreement Questioned. Corporate Counsel (6/28, Reisinger) reports, "Did Tommy Hilfiger Corp. get special treatment when it negotiated a nonprosecution agreement with the U.S. Department of Justice last summer? The question has come to light in recent weeks as the now-private company defends itself against a class action shareholders' suit." Corporate Counsel continues, "Typically, when the government completes a deferred or nonprosecution agreement, it makes the deal public. The Manhattan U.S. Attorney's Office departed from this practice with Hilfiger, however. … On Aug. 10, 2005, then-U.S. Attorney David Kelley announced that his office had reached an agreement with the retailer's American subsidiary. While Kelley's press release outlined the general features of the pact, it wasn't accompanied by an actual copy of the deal. Ten months later, neither Hilfiger nor the government has made the agreement public." Corporate Counsel adds, "The secret agreement is a problem for the shareholders who filed suit against Hilfiger after the government started investigating the company in 2004. In most deferred and nonprosecution agreements, the corporate defendant admits the government's criminal allegations. Without access to the details of the Hilfiger deal, the company's shareholders say that they don't know how the retailer responded. … Hilfiger has moved to dismiss the suit, in part, because prosecutors didn't file charges against the clothing chain. … According to a transcript of a May hearing, Wachtell's John Savarese told Manhattan federal district court Judge Richard Owen that the release is 'far from confirming that there was some basis to the initially announced U.S. Attorney investigation or that some great liability would emerge for the company from that, or some criminal case.' But Savarese cited only the government's press release in his argument, and not the nonprosecution agreement itself. … The shareholders' lead attorney, Samuel Rudman, says that he finds it unusual that the agreement was not made public, given that the government 'always make them public.' It's especially unusual, Rudman adds, 'when [Hilfiger's] lawyers are in court arguing what the agreement says.' … A spokesperson for the Manhattan U.S. Attorney's Office declined to comment when asked why Hilfiger was treated differently. Former U.S. Attorney Kelley, now a partner at Cahill Gordon & Reindel in New York, also declined to comment. A Justice Department spokesperson in Washington, D.C., would only say that the publication of agreements 'is within the discretion of individual U.S. attorney's offices.'"

Hedge Funds Intensify Political Efforts To Block New Regulation. The Wall Street Journal (6/28, Scannell, Mullins, 2.11M) reports amid "increased scrutiny by lawmakers and regulators, hedge funds are stepping up their

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defenses in the nation's capital." A small group of fund managers "are behind a campaign to head off new regulations from Congress and the Securities and Exchange Commission. In the past year, funds have boosted political contributions, hired a string of new lobbyists and established a second trade association to make their case in Washington." Employees of "the 25 largest hedge funds and the Managed Funds Association, the industry's main trade group, have contributed a combined $1.2 million to congressional candidates and the Republican and Democratic parties so far in the 2005-2006 campaign. While that figure goes only through March 31 of this year, it represents nearly a 50% jump over donations made by the same organizations for the entire 2001-2002 election cycle, the last midterm election year, according to the nonpartisan Center for Responsive Politics." Hedge funds "have hired more than a dozen lobbying groups since early 2005, according to PoliticalMoneyLine, a nonpartisan organization. In 2005, the industry paid $1.5 million for Washington lobbyists, up from $1.2 million in 2004 and $565,000 in 2003."

Senate Judiciary Committee To Scrutinize Hedge Funds. Dow Jones (6/28, Schroeder) reports, "Washington and Wall Street may get a rare public look at how securities regulators track hedge funds' behavior on Wednesday, when a former Securities and Exchange Commission lawyer goes before a Senate panel probing the industry." Dow Jones continues, "Attorney Gary Aguirre told Congress that he was running the SEC's investigation into whether prominent hedge fund Pequot Capital Management engaged in insider trading. Aguirre said that he was fired in September after he sought the testimony of a Wall Street executive, reported to be John Mack, chief executive of Morgan Stanley." Dow Jones adds, "The SEC won't confirm or deny it's investigating Pequot. But the hearing in the Senate Judiciary Committee may shed light on the methods regulators use to catch potential cases of wrongdoing involving hedge funds -- the big, lightly regulated pools of money serving mostly wealthy investors. … The hearing will focus on the relationships between hedge funds and independent analysts."

Morgan Stanley Settles With SEC Over Insider Accounts. The AP (6/28) reports, "Wall Street powerhouse Morgan Stanley on Tuesday agreed to pay a $10 million civil fine to settle federal regulators' charges that it failed to maintain safeguards to prevent the misuse of inside information." The AP continues, "The Securities and Exchange Commission also censured Morgan Stanley under the settlement. The investment house neither admitted nor denied the SEC's allegations but did agree to refrain from future violations of the securities laws." The AP adds, "Morgan Stanley, the third-largest U.S. securities firm by market value, also agreed to hire an independent consultant to review its policies and practices for preventing misuse of confidential company information. … In a civil lawsuit, the SEC said Morgan Stanley for years failed to adequately maintain and enforce procedures to prevent the misuse of inside information regarding companies whose securities are held in hundreds of thousands of employee and employee-related accounts. The agency did not say whether any illegal insider trading or other improprieties had occurred using inside information as a result of the alleged lapses." The AP notes, "From at least 2000 to 2004, Morgan Stanley failed to conduct needed surveillance of hundreds of thousands of employee and employee-related accounts to detect possible insider trading, the SEC alleged."

The Wall Street Journal (6/28, Burns) reports, "Morgan Stanley settled without admitting or denying the SEC's claims that for years it lacked adequate policies and procedures to safeguard against misuse of nonpublic information, even though it was legally required to have them. … 'Due to a systemic breakdown in this critical compliance function, Morgan Stanley failed to conduct any surveillance' of trading in a massive number of employee accounts held at the firm, the SEC said. As a result, it said, 'Morgan Stanley may have failed to detect illegal insider trading' by the firm, its employees or their relatives." The Journal adds, "While the New York securities firm put stocks on a 'Watch List' when its bankers had inside information on a company, the SEC said that over a four-year period it failed to scrutinize employee trading in most or all of the Watch List shares. The omission went 'virtually undetected and uncorrected' for years, the SEC added."

USA Today (6/28, Smith) reports, "Richard Grime, the SEC's assistant director of enforcement, said Morgan Stanley "failed to conduct any surveillance of a massive number' of its employee accounts until the agency discovered recordkeeping gaps during a routine investigation of potential inside trading. … 'Once we scratched the surface, we found this problem,' Grime said. Many of the recordkeeping deficiencies arose as a result of the firm's failure to fully integrate employees' records after its 1997 merger with Dean Witter Reynolds, the agency said, but investigators also found that the firm's compliance department had failed to update and enforce many of its surveillance procedures."

CA To Add Shareholder Proposal After Court's Refusal To Rule. The Wall Street Journal/AP (6/28) reports, "CA Inc. said it will add to its July proxy a shareholder proposal that seeks to change the company's bylaws after a Delaware court refused to rule on the company's original decision to reject the proposal." The AP continues, "CA shareholders will be able to vote on the resolution, which seeks to limit the company's poison-pill provisions, at the shareholders' annual meeting, which is scheduled for late

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August." The AP adds, "The Islandia, N.Y., technology company originally denied a request to add the proposal to its upcoming proxy statement, claiming the proposal was a violation of Delaware law. The rejection resulted in a court challenge by the drafter of the resolution, Harvard professor and shareholder rights activist Lucian Bebchuk. … Last week, a Delaware judge refused to rule on the legality of CA's decision to reject the proposal, saying the issue wasn't 'ripe' for a decision."

CRIMINAL LAW:

Katrina Fraud Estimated At Near $2 Billion. Reporting on an article that appeared yesterday in the New York Times, NBC Nightly News (6/27, story 9, 0:30, Williams, 9.87M) reported Sen. Susan Collins was quoted as saying that in the wake of Hurricane Katrina, "'The blatant fraud, audacious schemes and scale of the waste is breathtaking.' The amount of taxpayer money lost to scams, schemes and bungling is now put at $2 billion, according to the 'New York Times.' Officials admit 10 months now after Katrina hit, the situation is still not under control."

CNN's The Situation Room (6/27, Foreman) reported American taxpayers can now be counted among Katrina's "victims. … The New York Times has rolled out the latest tally of abuses, and it is staggering." CNN (Foreman) added, "FEMA, of course, says they're trying to fix all of this. But in all, the Times report today echoes what we've heard in recent months from the Government Accountability Office the Red Cross, FEMA, Congress, the Attorney General and a legion of taxpayer watchdog groups, all of which say the same thing, Wolf: The true cost of Katrina to American taxpayers is still climbing and no one can yet say what the final bill will be."

NYTimes Sees No Evidence FEMA Addressing Fraud Problem. Under the headline "The Disaster Without End," the New York Times (6/28, 1.19M) editorializes, "The widespread fraud, waste and bungling was abetted by FEMA's failure to put a high priority on existing tools for catching schemers and thieves, according to the Government Accountability Office. FEMA officials, wary at the advent of a new hurricane season, insist that tougher accountability precautions are now in place. But there's been no credible evidence of the top-to-bottom revamping that FEMA needs."

Historic Church Among New Orleans Landmarks Lost To Fires After Katrina. The New York Times (6/28, Nossiter, 1.19M) reports that New Orleans, with its "landscape of abandoned buildings, water mains cracked by the storm and fire engines with smaller crews," saw the Coliseum Place Baptist Church burn down Friday, a "heartbreaking," according to preservationists. The newest threat to New Orleans is a direct outcropping of the storm, in many respects." The loss of the historic church "was a heavy psychological blow to the struggling city."

Tribe Releases Photo Of Meeting Ney Said He Could Not Remember. NBC News (6/28, Seidman) reports, "The Tigua of El Paso, an Indian tribe and former client of disgraced lobbyist Jack Abramoff, released a photo Tuesday of a meeting that members had with Ohio Republican Rep Bob Ney — a meeting the congressman told Senate investigators he did not remember having." NBC News continues, "The photo, which was taken on Aug. 14, 2002, in a House hearing room, shows the Tigua tribe's Lt. Gov. Carlos Hisa and tribal council member Raul Gutierrez with Ney. Less than a week earlier, Ney had returned from an expenses-paid golf junket to Scotland with Abramoff, Ralph Reed, David Safavian, Neil Volz and others. … On Nov. 12, 2004, in an interview with Senate investigators, Ney said that 'he was not familiar with the Tigua.' But the report quotes tribal representatives as testifying that they met with Ney for about two hours and he assured them he could help with legislation." NBC adds, "Ney told the investigators that he 'could not recall ever meeting with any member of the Tigua.' Ney's lawyer later said the congressman's schedule for that day showed a half-hour meeting with the 'Taqua.' A spokesman for Ney, Brian Walsh, said the congressman simply could not recall that the tribe was also known by another name, the Ysleta del Sur Pueblo Indian Tribe of El Paso, Texas."

The AP (6/28) reports an Indian tribe "that was a client of disgraced lobbyist Jack Abramoff has released a photograph of tribal leaders meeting with Rep. Bob Ney, who had told investigators he wasn't familiar with the tribe." The photo "shows the Tigua tribe's Lt. Gov. Carlos Hisa and tribal council member Raul Gutierrez with Ney in a House hearing room on Aug. 14, 2002, less than a week after Ney finished an expenses-paid golf trip to Scotland with Abramoff and others."

House Members Grill Internet Providers Over Child Porn Restrictions. The AP (6/28, Werner) reports, "Internet providers told Congress on Tuesday they're doing all they can to combat online child pornography, but they were told to expect legislation." The AP continues, "Several voiced skepticism about creating new laws that would force them to retain data about their users' online activity. … Any such measure would be costly and easily circumvented and would 'fall far short of its intended goal,' America Online chief counsel John Ryan told a House Energy and Commerce subcommittee hearing." The AP adds, "The focus should be on improving existing child porn laws -- not 'new mandates,' said Verizon Online general counsel Thomas Dailey. … Lawmakers, however, said more

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must be done to stop the availability of child porn on the Web and chart rooms where pedophiles troll for young victims. … 'The parents of America and I think the Congress is tired of just talking about it. I think we're ready to take action,' Energy and Commerce Chairman Joe Barton, R-Texas, told a panel of executives from seven companies including Yahoo Inc., Google Inc. and Microsoft Corp."

Senate Committee Approves Web Labeling Requirement. CNET News (6/28, McCullagh, Broache) reports, "Web site operators posting sexually explicit information must slap warning labels on their pages or face prison terms of up to 15 years, according to a proposal adopted by a U.S. Senate committee on Tuesday." CNET continues, "During a day of debate on a wide-ranging communications bill, the Senate Commerce Committee approved an amendment backed by the Bush administration that proponents claim would help clean up the Internet and protect children online. … It says that commercial Web sites must not place 'sexually explicit material' on their home pages upon pain of felony prosecution--and, in addition, they must rate 'each page or screen of the website that does contain sexually explicit material' with a system to be devised by the Federal Trade Commission. … 'This will protect children from accidentally typing in the wrong address and immediately viewing indecent material,' said Sen. Conrad Burns, a Montana Republican who is the co-founder of the Congressional Internet Caucus." CNET notes, "Civil libertarians have opposed the mandatory labeling proposal, saying it violates the First Amendment's guarantee of freedom of speech. Also, courts have taken a dim view of mandatory rating systems: In a 1968 case called Interstate Circuit v. Dallas, the U.S. Supreme Court ruled that Dallas' ordinance requiring that movies be rated was unconstitutional because the criteria for rating were unclear and vague. … Burns' seven-page amendment is virtually identical to a standalone bill introduced earlier this month by Sen. Jon Kyl, an Arizona Republican. Both proposals follow from a speech in April during which Attorney General Alberto Gonzales called on Congress to 'promptly' enact such a law."

Opening Arguments Made At Trial Of Alleged Unregistered Iraqi Agent. The AP (6/28, Caruso) reports alleged unregistered Iraqi agent Tongsun Park "was 'simply a middleman' who didn't intend to break any U.S. laws, his attorney told a federal jury Tuesday" in opening arguments at his trial. But prosecutors said Park "was no ordinary lobbyist," and "Assistant U.S. Attorney Michael Farbiarz told jurors that Park was promised millions of dollars by Iraq for his help influencing top U.N. officials, including former Secretary-General Boutros Boutros-Ghali. … 'There's a right way and a wrong way,' Farbiarz said. 'He hid his relationship with Iraq.'" Park lawyer Michael Kim "acknowledged that the case was 'full of intrigue,'" but he "insisted that Park committed no illegal acts, and urged jurors to ignore the sensational elements of the case." The New York Daily News (6/28, Shin, 729K) notes that Park "has been in jail since January, when he was nabbed in Mexico while traveling from Canada to Panama. At the time, he was carrying $45,000 in cash, FBI officials said."

Closing Arguments Begin At Chicago Patronage Trial. Under the headline "Feds Tell Jury: Say 'Enough' To Political Hiring," the Chicago Tribune (6/28, Bush, Mihalopoulos, 643K) reports, "Federal prosecutors urged jurors in the City Hall corruption trial Tuesday to end the illegal political hiring that they say has pervaded Mayor Richard Daley's administration. 'This machine doesn't have any brakes. That's you,' Assistant U.S. Atty. Philip Guentert told jurors. 'It's time to say enough.'" However, defense attorneys "argued that prosecutors brought insufficient and misleading evidence against Daley's former patronage chief Robert Sorich and three co-defendants." The Tribune notes codefendant John Sullivan's lawyer, Cynthia Giacchetti, recalled "that FBI agent John Hauser waited more than five months to transcribe one of two face-to-face interviews with Sullivan. She also pointed out that Hauser did not take verbatim notes of the interviews. She contrasted that to federal prosecutors' interview of Daley last year, which was transcribed word-for-word." The Chicago Sun-Times (6/28, Korecki, Warmbir) adds, "'All of this was a charade, ladies and gentlemen,' federal prosecutor Julie Ruder said of a scheme to falsify job tests and hold bogus interviews so that hundreds of jobs went to predetermined, clout-backed winners. 'The fix was in.'" But Sorich attorney Tom Durkin "went on his own attack," saying "there was no testimony Sorich took money or boasted about his connections. 'That pig Tomczak did,' Durkin said," referring to key prosecution witness Donald Tomczak.

Fumo Computer Technicians Indicted Over Deleted Emails. The AP (6/28, Dale) reports that "a pair of computer technicians assigned to state Sen. Vincent Fumo were indicted on charges of obstructing a federal investigation by deleting years worth of Fumo's e-mails." Leonard Luchko and Mark Eister were indicted yesterday "with conspiracy, destroying evidence and obstruction." The AP notes, "The FBI last month arrested Luchko and Eister in pre-dawn raids on their homes, although defense lawyers complained that their clients had been willing to surrender. … U.S. Attorney Patrick Meehan has said that the three-year investigation is far from over, but defense lawyers noted that Tuesday's indictment did not name any new defendants." The Philadelphia Inquirer (6/28, Shiffman, 423K) adds, "Yesterday's indictment did not offer any new charges. It

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simply repeated FBI allegations" Luchko and Eister "deleted files at Fumo's direction. The indictment, however, did trigger the random selection of a judge for the case: Senior U.S. District Judge William H. Yohn Jr." The Philadelphia Daily News (6/28, Hinkelman) also reports on the indictments.

Court Documents Reveal Two-Month Delay In FBI Seizure Of Pellicano Computers. Under the headline "FBI Was Slow To Check Pellicano's Audio Lab," the Los Angeles Times (6/28, Krikorian, Blankstein, 958K) reports, "Court documents released Tuesday show that FBI agents did not examine private investigator Anthony Pellicano's sophisticated audio lab during their initial November 2002 search of his Sunset Strip offices, raising new questions about the handling of the probe." According to the documents, "FBI agents waited almost two months to seize computers and other items from the lab. With prosecutors publicly acknowledging that they have only one allegedly wiretapped conversation on tape, the time lapse between searches raises the possibility that Pellicano or others could have removed audio files or potential evidence in the case from computers in the lab." However, the Times notes, former federal prosecutor Orin Kerr observed, "The bottom line is it's hard to tell whether this was a missed opportunity or poor judgment."

Judge Declines To Release Connecticut Trash Kingpin On Bail For Now. The Danbury News-Times (6/28, Ali) reports, "A federal judge is open to the idea of releasing Danbury trash kingpin James Galante from federal detention and putting him under some type of house arrest while his racketeering case is pending. At a lengthy hearing on Tuesday, U.S. District Court Judge Ellen Bree Burns said she wants more information from Galante's defense lawyer, Hugh Keefe, on how such an arrangement would work before letting Galante out of jail. While she is 'amenable' to such an arrangement, she won't allow Galante to go back to work at the helm of Automated Waste Disposal in Danbury, Burns told Keefe." The AP (6/28) adds that Keefe "questioned why Galante is being detained while other suspects in the investigation have been released on bond," and "Burns said she understood Keefe's concerns. 'At the same time, however, I am persuaded there is a danger that there may be some tampering with witnesses,' Burns said. … The judge's comments came after a lengthy hearing Tuesday in which prosecutors played tapes of intercepted phone calls and cited other evidence of what they said were attempts to influence witnesses."

Gotti Says He Will Leave New York If Acquitted At Third Trial. In a widely-distributed story, the AP (6/28) reports, "Facing his third trial on racketeering charges, the son of the late mob boss John Gotti says he will leave New York this time if he's exonerated. 'I can't stay in New York,' John 'Junior' Gotti…told the Daily News. 'I'm alone in this world. I'm a man without an island.'" The AP notes, "Gotti's lawyers have argued that he gave up all mob activities after he pleaded guilty in another racketeering case in 1999. 'There are men dying in prison for that life,' Gotti said. 'It's like a religion. But it's their religion, not my religion.'"

Gotti Defense Seeking To Bar Evidence About Role In Mob Murder. The New York Post (6/28, Cornell, 624K) reports, "Faced with an onslaught of new charges, John 'Junior' Gotti is fighting to keep damaging evidence of his alleged role in a double murder and a money-laundering scheme away from jurors at his upcoming racketeering trial. In a strange twist of logic, Gotti's lawyers conceded that the government has 'ample evidence' to show that the former mob leader was involved in 'murders or violence' -- and therefre don't need to touch on the slayings of Thomas and Rosemary Uva" in 1992. The Post notes, "Gotti is not charged with the Uva murders, but the feds are seeking to show the killings were among many crimes that he had a hand in as a powerful member of an ongoing criminal enterprise."

Retired FBI Agent Denies Receiving Gifts From Bulger, Flemmi. The Boston Globe (6/28, Murphy, 484K) reports retired FBI Special Agent testified yesterday in the $50 million wrongful death lawsuit against the FBI "that he had just finished having dinner with informants James 'Whitey' Bulger and Stephen 'The Rifleman' Flemmi at a South Boston home in 1983 when Bulger's brother, then-Massachusetts Senate President William Bulger, showed up unexpectedly" with "some photographs from a recent trip to Ireland." William Bulger, "testifying three years ago before a congressional committee investigating his brother's relationship with the FBI, said he had no memory of any such dinner." Ring also testified he did not tip Flemmi off to an FBI wiretap and "said he had never received any gifts from Bulger and Flemmi," and Flemmi has alleged.

FBI Subpoenas Chicago Union Officials In Bulger Search. The Boston Globe (6/28, Murphy, 484K) reports, "The hunt for fugitive gangster James 'Whitey' Bulger has led to Chicago, where investigators from Boston delivered subpoenas to two labor union officials last week and seized a Palm Pilot from one of them, lawyers involved in the investigation said. The PDA was taken Thursday during a search of the union office of Charles Dunn, a business representative for Chicago's Local 134 of the International Brotherhood of Electrical Workers, said Chicago attorney Patrick Deady, a partner in the law firm Hogan Marren, which represents the union. … 'We're unaware of any contact between these two guys and Whitey Bulger,' said Deady, adding that authorities told the union the FBI was following up

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on a lead in its hunt for Bulger. He was unaware what that lead was."

Both Sides In Aryan Brotherhood Trial Relying On Shady Witnesses. The AP (6/28, Flaccus) reports, "Convicted murderers, gang members and jailhouse informants have paraded past jurors for nearly four months in the U.S. federal government's racketeering case against the notorious Aryan Brotherhood prison gang. … Now, with the trial about to enter its final weeks, the jury will soon have to decide who to believe: the government, whose case rests on the testimony of admitted killers, or attorneys for the white supremacists accused of plotting and ordering many of those murders from behind bars." The AP continues, "Even the defense team, which has chided the U.S. Attorney's Office for its reliance on jailhouse snitches, plans to present testimony this week from a rival gang member and other inmates in a trial peppered with tales of violence and racial strife. … Attorneys on both sides are 'using and choosing from the best of the worst,' said Melissa Carr, an Anti-Defamation League special projects investigator monitoring the trial. … 'There were a couple instances where I caught jurors rolling their eyes and looking around for confirmation, like "Did I just hear that? Did he say what I thought he said?"' … The four defendants are alleged Aryan Brotherhood leaders implicated in many of the 32 murders and attempted murders detailed in the federal indictment against the white supremacist gang."

Michigan Doctor Indicted On Medicare Fraud Charges. The Detroit Free Press (6/24, Patton) reported, "A Dearborn-based physician was indicted Friday in federal court on 39 counts of fraud in health care and immigration. … According to the indictment," Dr. Ali S. Makki "ordered dozens of unnecessary diagnostic tests for new Medicare patients, including blood tests, x-rays and echocardiograms. He falsely certified giving medical examinations and vaccinations, such as tuberculosis skin tests, the indictment says." The Detroit News (6/24, Egan) notes Makki "is accused of defrauding the federal government of more than $500,000. … Agents arrested Makki at Detroit Metropolitan Airport when he returned on a flight from Lebanon by way of Paris."

Texas Executes "Railroad Killer" Linked To 15 Murders. The AP (6/28, Graczyk) reports, "The last ride for infamous train-hopping serial killer Angel Maturino Resendiz was in a Texas prison van, from death row to the death house." The AP continues, "Resendiz, 46, received lethal injection Tuesday evening for the fatal stabbing and beating of a Houston-area physician 7 1/2 years ago. He had roamed the country by jumping aboard freight trains and was linked to at least 15 indiscriminate murders near railroad tracks around the nation, earning him the nickname the 'Railroad Killer' and a spot on the FBI's Most Wanted list." The AP adds, "The Mexican drifter, speaking from the death chamber gurney, asked for forgiveness from God and from relatives of some of his victims watching through a glass a few feet away. He then was executed for the slaying of Claudia Benton, 39, at her West University Place home during a deadly spree in 1998 and 1999. … The punishment, the 13th this year in the nation's busiest death penalty state, was delayed for two hours while multiple appeals were considered by the U.S. Supreme Court."

The New York Times (6/28, Barnes) reports, "A jury sentenced Mr. Resendiz, 46, to death for the rape and murder in 1998 of Dr. Claudia Benton, a medical researcher, at her house in Houston. Investigators said forensic evidence and, in some cases, Mr. Resendiz's statements implicated him in two years of killings in California, Florida, Georgia, Illinois, Kentucky and Texas that ended in 1999, when his half-sister helped arrange his surrender. … Catching Mr. Resendiz was made more difficult, detectives said, by his 30 aliases and a nomadic style of life, in which he hopped freight trains. Many of his suspected victims were found near rail lines and buildings. … Defense lawyers insisted that Mr. Resendiz was a paranoid schizophrenic, unable before or after Dr. Benton's murder to know right from wrong. A succession of judges found that Mr. Resendiz met the Supreme Court standard of sanity."

Tennessee Executes Man For 1985 Murder. The AP (6/28, French) reports that Tennessee "carried out only its second execution in 45 years early Wednesday after a federal appeals court panel lifted a stay of execution granted by one of its own judges." The AP continues, "Sedley Alley's execution had been scheduled to take place within hours of another, but a federal judge issued a stay late Tuesday afternoon for the other condemned man. … Alley, 50, was pronounced dead at 3:12 a.m. EDT Wednesday. He had confessed to killing 19-year-old Marine Suzanne Collins in 1985 while she jogged near a Navy base north of Memphis." The AP adds, "Alley claimed at trial that he was not responsible for the murder because he had multiple personalities. But in 2004, he recanted his confession, argued he was innocent and said DNA testing could prove it. … Judge Gilbert S. Merritt on the 6th Circuit Court of Appeals had issued a stay for Alley after a last-minute appeal was delivered to his home in Nashville. … But his colleagues on the appeals court -- Chief Judge Danny J. Boggs and Judge James L. Ryan -- overruled the order. A third judge on the panel was unavailable to participate in the decision. … The judges suggested it was improper for a single judge to 'take under consideration a matter for which the district courts and the court of appeals are competent to consider.' … Gov. Phil Bredesen and the U.S. Supreme Court had already rejected all requests for a stay Tuesday." The AP notes, "Alley's stay

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came only hours after federal Judge Todd Campbell halted the scheduled execution of another inmate, Paul Dennis Reid. … Campbell's stay was to give time to determine whether Reid was mentally competent to drop his appeals of seven death sentences tied to a string of 1997 murders in the Clarksville area."

High Court Asks DOJ For Brief In Oklahoma Death Row Appeal. The AP (6/28) reports, "The US Supreme Court is asking the Justice Department to file a brief in an appeal filed by an Oklahoma death row inmate." The AP continues, "Attorneys for Patrick Murphy are asking for a new trial on the grounds that Murphy and the victim are Indians, the crime took place on tribal land and the case should've been prosecuted in federal court instead of state court. … Murphy was convicted and sentenced to die for killing George Jacobs in 1999 in McIntosh County." The AP adds, "A state appeals court has rejected Murphy's appeal and now the Supreme Court is asking the US solicitor general for an opinion on whether a new trial is deserved."

Missouri Ordered To Halt All Executions. A federal judge has ordered a halt to all executions in the state of Missouri until the state changes its lethal injection procedures. The Los Angeles Times (6/28, Weinstein, 958K) reports that US District Judge Fernando J. Gaitan Jr. said in his ruling that the current system "creates an unnecessary risk that an inmate could be subjected to 'unconstitutional pain and suffering when the lethal-injection drugs are administered.' He gave corrections officials until July 15 to come up with new procedures."

Government, Companies Form Identity Fraud Research Center. The Wall Street Journal (6/28, Conkey, 2.11M) reports, "The Secret Service and Federal Bureau of Investigation today will join with International Business Machines Corp. and information-services firm LexisNexis" in announcing the formation of "the Center for Identity Management and Information Protection, or CIMIP, at Utica College in New York." It will "integrate various public and private efforts to study the national-security implications and other threats posed by identity fraud." According to Brian Nagel, deputy director of the Secret Service, "the agency's criminal division will share its case files with CIMIP so it can identify criminal patterns."

Judge Refuses To Release Hoffa Search Affidavit. The AP (6/28) reports, "A U.S. district judge refused to order the release of an affidavit the FBI used to get a search warrant to dig for Jimmy Hoffa's remains at a southeastern Michigan horse farm. … 'Granting public access to sensitive information in a sealed affidavit would not play a significant, positive role in the investigation,' Judge Marianne Battani wrote Monday in response to a request by the Detroit Free Press to release the document." The AP continues, "Battani said the affidavit included 'the details of a threat made to a witness' and other information that should not become public." The AP adds, "The FBI spent two weeks last month searching the Hidden Dreams Farm, 30 miles northwest of Detroit in Oakland County's Milford Township. Officials said they found no evidence of Hoffa's remains. … The former Teamsters union president was last seen July 30, 1975, the day he was supposed to meet a New Jersey Teamsters boss and a Detroit Mafia captain at a restaurant about 20 miles from the farm. Both of those men are now dead."

California Jury Finds Man Guilty Of Serial Murders. The Los Angeles Times (6/28, Reston) reports, "Serial killer Wayne Adam Ford was found guilty of four counts of first-degree murder today, making the former long-haul trucker eligible for the death penalty for the grisly slayings of four women across California. … A San Bernardino County jury delivered the verdict in the afternoon after deliberating for just over a week." The Times continues, "Ford, 44, walked into a Humboldt County sheriff's station in November 1998 with a woman's severed breast in a plastic bag in his pocket, and confessed to the sayings. … The Arcata trucker claimed the deaths were accidental, and had occurred during rough sex play. However, San Bernardino County Deputy Dist. Atty. J. David Mazurek told jurors that Ford preyed on young women to 'satisfy his sexually sadistic appetite', and 'got off' on their suffering when he tortured them." The Times adds, "Between 1997 and 1998, Ford allegedly picked up the women — prostitutes or hitchhikers — and bound, strangled, raped and, at times, beat them before dumping their bodies in waterways, Mazurek said. … The victims were found in Humboldt, Kern, San Joaquin and San Bernardino counties. Some of the bodies were dismembered. … Ford's attorney, Deputy Public Defender Joseph D. Canty, tried to convince the jury to find Ford guilty of a lesser charge — second-degree murder or manslaughter — that would have spared him from California's death row. … Canty said Ford realized that 'something was wrong with him,' and showed he was remorseful when he turned himself in. Canty argued that Ford, a retired U.S. Marine, was mired in depression, angry at his former wife — who he claimed was preventing him from seeing his young son — and struggling with other psychological problems, including borderline personality disorder."

WPost Columnist Skeptical Of Evidence In Duke Rape Case. In her column in the Washington Post (6/28, A25), Ruth Marcus writes, "At the start, I presumed they were guilty. The rape charges against three members of the Duke lacrosse team sounded like a plausible case of

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Jocks Gone Wild. It wasn't hard to imagine that a bunch of rowdy, hard-drinking players could have crossed the line from watching a paid dancer to sexually assaulting her. … But the more evidence that has emerged in the case, the more it appears that there is way more than reasonable doubt that the three accused committed rape." Marcus continues, "The paucity of physical evidence; the accuser's prior unsubstantiated rape charge; her changing stories that night; sloppy and unreliable identification procedures -- any of these alone, and certainly all of them together, make it hard to understand why the prosecution is going forward and impossible to imagine that it could win a conviction." Marcus adds, "Perhaps there are facts yet to emerge to support Durham County District Attorney Mike Nifong's continuing certitude that a rape occurred -- though the confluence of Nifong's political interests and the prosecution is itself another reason for discomfort. He brought the first charges just before a primary in which the black vote played a key role." Marcus concludes, "In an odd way, I hope Nifong's proved right, because the alternative -- that he began with a dubious case and stuck with it as it became shakier -- is so troubling. As it stands now, the case isn't expected to go to trial until spring 2007. That seems like an awfully long time to wait to find out."

Coast Guard Cadet Acquitted Of Rape, Convicted Of Other Sex-Related Charges. The AP (6/28, Apuzzo) reports, "A Coast Guard Academy cadet was acquitted of rape charges but convicted on other sex-related charges in the institution's first-ever court-martial of a student." The AP continues, "Webster M. Smith was expected to ask the military jury for leniency at a sentencing hearing scheduled Wednesday. … Jurors on Tuesday deliberated eight hours before finding Smith, 23, of Houston, guilty of indecent assault, extortion, sodomy, failure to obey an order and absent without leave." The AP adds, "Smith, the first student in the school's 130-year history to be court-martialed, was stoic as the verdict was read, but wept afterward with his parents and lawyers by his side. … Smith faces up to 13 1/2 years in prison, but his attorney said he would argue for little or no jail time. … Prosecutors, who declined to comment after the verdict, said Smith was a predator who took advantage of women when they were vulnerable."

CIVIL LAW:

Indiana Settles E-Rate Fraud Claims With DOJ. The AP (6/28) reports that Indiana "has agreed to pay nearly $8.3 million to settle allegations that an agency violated federal rules by not seeking competitive bids on Internet services and charging inflated prices." The AP continues, "The U.S. Department of Justice and the U.S. Attorney's Office for the Southern District of Indiana announced the settlement in a news release Tuesday. … The settlement covers allegations that the Intelenet Commission, which has been disbanded, failed false claims to the Federal Communications Commission's E-rate program, which provided money for Internet technology in schools and libraries." The AP adds, "The federal government claimed the state charged inflated prices for services provided to Indiana schools and libraries, falsified invoices, disregarded the requirement that schools and libraries make co-payments for expenses and failed to seek competitive bids. … The state cooperated with the investigation, the Justice Department said. … 'The E-Rate Program makes federally mandated funds available to the poorest schools in the nation for Internet access and wiring,' Peter D. Keisler, Assistant Attorney General for the Civil Division, said in the release. 'False claims to this very important federal program will not be tolerated.'"

DOJ Seeks Dismissal Of Budget Lawsuit. The AP (6/28, Thomas) reports, "The Justice Department on Tuesday asked a federal judge to dismiss a lawsuit filed by House Democrats trying to stop a $39 billion deficit-reducing bill because the House and Senate failed to approve identical versions." The AP continues, "Lawyers for the government said the 11 House members lacked standing because they are not renters of medical equipment covered by the section of the bill or are in 'any way personally affected or injured' by other provisions in the measure." The AP adds, "House Democrats have accused GOP leaders of abusing the legislative process and contend they were denied their right to vote on legislation signed into law by President Bush. … Rep. John Conyers, D-Mich., the ranking member of the House Judiciary Committee and lead plaintiff, called the government's response 'legally tenuous.' … 'In terms of standing, there is no more fundamental right in Congress than the right to vote, yet the administration would not only take this right away, but prevent duly elected members from asserting that right after it is taken away,' he said. … The Senate version of the bill said Medicare can pay to rent some types of medical equipment for 13 months, as congressional negotiators had sought. A clerk erroneously wrote down 36 months before the bill was sent back to the House for a final vote, and the language was approved by the House on Feb. 1."

AT&T Settles Contracting Fraud Charges With DOJ For $2.9 Million. Bloomberg (6/28, Schmidt) reports, "A unit of AT&T, the largest U.S. phone company, agreed to pay $2.9 million to resolve allegations that it defrauded the federal government." Bloomberg continues, "The civil suit against AT&T Communications East, brought by a whistleblower and joined by the government, said the company defrauded the General Services Administration

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from 1998 to 2001 by passing on to government customers certain costs and fees in violation of its contract. … The U.S. Justice Department announced the settlement Tuesday in Washington." Bloomberg adds, "The charges, known as Presubscribed Interexchange Carrier Charges, are a fee that long-distance companies pay to local phone companies to recover part of the cost for linking customers to the telephone network."

US Scrutinizing Drug Industry Gifts To Charities Tied To Doctors. The New York Times (6/28, Abelson) reports, "Around the country, doctors in private practice have set up tax-exempt charities into which drug companies and medical device makers are, with little fanfare, pouring donations — money that adds up to millions of dollars a year. And some medical experts see that as a big problem. … The charities are typically set up to engage in medical research or education, and the doctors involved defend those efforts as legitimate charitable activities that benefit the public. But because they operate mainly under the radar, the tax-exempt organizations represent what some other doctors, as well as regulators and industry consultants, say is a growing conduit for industry money. The payments, they say, can bias the treatment decisions of physicians, may lead to suspect research findings and at times may even risk running afoul of anti-kickback laws." The Times adds, "Federal officials are starting to take notice of such tax-exempt charities, which critics say are becoming increasingly popular as other forms of industry support to physicians — like lucrative consulting agreements that involve little actual work — have come under scrutiny from regulators and others worried about the potential conflicts." The Times notes, "The Midwest Heart Foundation, which has received millions of dollars from medical industry donors, including the drug makers Amgen and AstraZeneca, and the Cordis and Scios units of Johnson & Johnson, says it stands behind its charitable work, which currently involves about 30 studies and dozens of doctor-education lectures each year. … Dr. Mark Goodwin, a managing partner for the Midwest Heart for-profit practice, said the foundation was created to help prevent potential conflicts by keeping the industry money separate from the doctors' private practice. Companies contribute to the foundation, he said, because they can rely on its research and the doctors involved can enroll large numbers of patients in studies. … But some of its research has drawn criticism from federal regulators. Earlier this year, moreover, the foundation received a Justice Department subpoena as part of an investigation into the marketing activities of one of its big contributors, Scios."

FEC Accused Of Seeking To Intimidate Major 527 Contributors. The Hill (6/28, Bolton) reports the Federal Election Commission (FEC) "is being accused of attempting to intimidate soft-money donors to 527s by targeting the donors for questioning." The FEC is "targeting some of the wealthiest Republican and Democratic donors. Typically such people have escaped tough scrutiny unless suspected of deliberately evading contribution limits through the use of straw donors or other tactics. But recently the FEC appears to have aimed at donors even though it is the 527s that are suspected of evading campaign-finance law." A prominent GOP strategist "has charged that the new tactic is intended to scare big donors away from giving to 527s, which Congress and the White House have struggled to curb."

LATimes Praises Supreme Court Ruling On Vermont Campaign Contribution Limits. An editorial in the Los Angeles Times (6/28, 958K) says the Supreme Court's ruling on Vermont's campaign finance law "has sent a welcome signal that it will continue to scrutinize well-intentioned efforts to limit the role of money in politics with at least one eye on the 1st Amendment." The ruling that the state "went too far when it imposed strict limits on what candidates for public office could spend and on what citizens could donate to political campaigns," suggests that the 1976 Buckley vs. Valeo decision "is still good law." Buckley's "distinction between expenditures and contributions is still the law of the land. That's good news for both clean elections and free speech."

CIVIL RIGHTS:

DOJ Reaches Agreement With Indiana Over Purging Of Voter Rolls. The AP (6/28) reports, "The Justice Department agreed Tuesday to an Indiana plan designed to eliminate the names of people who have died and those who are listed more than once from the state's voter registration rolls." The AP continues, "Indiana Secretary of State Todd Rokita last week announced the plan to purge the rolls, following negotiations between state Republicans and Democrats. It would also target convicted felons and voters who no longer live in Indiana or in the county of their registration." Letters "letters will be sent to every registered voter in the state. Any that cannot be delivered will be flagged as potential mistakes, and the state will then send follow-up mailers to those addresses. … If any of those are also returned, the voters would be placed on inactive status." The AP notes, "Inactive voters could still cast ballots this year, but their files would be flagged. If they did not vote in the 2006, 2007 or 2008 elections, their names could be removed by the end of 2008. … The agreement, designed to bring Indiana into compliance with the National Voter Registration Act, followed a Justice Department investigation that found the state had hundreds of thousands of ineligible voters on its

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registration lists, including possibly 29,000 who were deceased, and 290,000 duplicates."

DOJ Probes Bias Allegations In Ohio Village's Police Firings. The Cleveland Plain Dealer (6/28, Flournoy) reports, "The U.S. Justice Department has launched an investigation of (Woodmere, OH) village officials for suspending a police chief and refusing to reinstate two police officers who contend they were fired because they are white." The Plain Dealer continues, "Mayor Yolanda Broadie and Law Director Janet Beck acknowledged the investigation Tuesday, but provided no details. Justice Department officials were not available for comment. … The investigation comes a year after the U.S. Equal Employment Opportunity Commission ruled that the village violated the civil rights of Chief Lamont Lockhart and officers Amy Mengay and Timothy Ellis." The Plain Dealer adds, "Mengay and Ellis told the EEOC that Broadie, who is black, unfairly fired them and allowed black officers with similar or more serious infractions to keep their jobs. … Broadie later suspended Lockhart for what she called 'failure to properly lead and supervise the Police Department.' Lockhart in turn filed his own complaint with the EEOC, which found that the suspension was retaliation for his support of the two officers. Lockhart has since resigned. … The commission ordered the village to attempt a settlement, reinstate the officers and give them back pay. But village officials refused. So, the commission referred the case to the U.S. Justice Department. … Avery Friedman, who represents Ellis, Lockhart and Mengay, said federal attorneys interviewed village officials and gathered public records this week."

Shreveport To Improve Public Building Access In Agreement With DOJ. KTBS-TV, ABC 3, Shreveport, LA (6/28, Roberts) reports, "The city of Shreveport could have to spend up to $4 million over the next three years to bring all city buildings into compliance with the Americans with Disabilities Act." KTBS-TV continues, "Mayor Keith Hightower this afternoon offered a proposed agreement with the U.S. Justice Department to make the upgrades. It would need City Council approval. … A Justice Department task force came to town, looked at public buildings and made hundreds of 'suggested' improvements." KTBS-TV adds, "One building that needs work, the government said, is the old City Hall Annex. It was built in the 1950s and hasn't been modified much since then. Another is the old Civic Theater and the Municipal Auditorium, circa 1920 -- both built before the ADA was passed. … But Ebarb said some of the government's recommendations don't make sense. … 'They wanted to renovate the Elvis Presley bathroom (at Municipal Auditorium),' he said. 'They wanted to make the shower (handicapped) accessible. Nobody even uses the shower.' … Hightower said Washington is a lot like city hall: You can't fight it. … 'When the Justice Department comes and says you must do these things, sooner or later you've got to get them done,' he said."

Grassley To Proposes IRS Pursuit Of Sex Traffickers. USA Today (6/28) reports, "Pimps and sex traffickers could soon find themselves being chased by tax collectors, not just the vice squad." USA continues, "Sen. Charles Grassley, chairman of the tax-writing Senate Finance Committee, wants the Internal Revenue Service to chase after pimps and sex traffickers with the same fervor it stalked gangster Al Capone for tax evasion. … Grassley, R-Iowa, would hit pimps with fines and lengthy prison sentences for failing to file employment forms and withhold taxes for the women and girls under their command." USA adds, "The proposal would make certain tax crimes a felony when the money comes from a criminal activity. A one-year prison sentence and $25,000 fine would become a 10-year sentence and $50,000 fine for each employment form that a pimp or sex trafficker fails to file. … Grassley planned to propose the penalties when his panel meets Wednesday." USA notes, "The IRS work is intended to build on efforts underway to curb worldwide trafficking. The Justice Department, collaborating with U.S. attorneys offices nationwide, would identify pimps and sex traffickers and refer them to the IRS."

Senate GOP Conservatives Opposing Leadership On Voting Rights Act. The Hill (6/28, Allen) reports the reauthorization of the Voting Rights Act "is running into some of the same objections in the Senate that it faces in the House, where the bill was pulled from the floor schedule last week after rank-and-file Republicans rebelled against their leadership." Southern Senate conservatives are "raising concerns about reauthorizing Section 5 of the law, which requires jurisdictions with a history of racial discrimination to pre-clear voting-law changes with the Justice Department. Some Southerners argue that the requirement is unnecessarily onerous and that their states should not be singled out in perpetuity." Sen. Trent Lott said, "Our part of the country, no matter how good we do, we're going to be treated differently than the rest of the country."

House GOP Rank-And-File Say Leaders Not Addressing Voting Rights Act Concerns. Roll Call (6/28, Yachnin) reports even while Republican House leaders "work to quell internal divides that derailed consideration of the Voting Rights Act last week, some rank-and-file Members complained Tuesday that they remain shut out of discussions regarding the law's reauthorization." House Majority Leader John Boehner said, "We are continuing to have conversations with Members, and [with] lawyers, about some provisions in

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the bill; and those conversations will continue this week." Roll Call adds that nonetheless, "several rank-and-file Republicans said House leaders remain unwilling to discuss any aspect of reauthorization of the landmark 1965 law." Rep. Steve King "asserted that his efforts to meet with GOP leadership in recent days have yet to elicit any response." King, who is "seeking consideration of an amendment that would end mandates under the VRA that require jurisdictions to provide multilingual ballots to voters," said, "It's not due to lack of effort on my part." Roll Call adds the "exclusion of King's proposal, as well as a half-dozen other amendments targeting language provisions in the law, from consideration on the House floor sparked an internal revolt that prompted leaders to pull the measure from last Wednesday's schedule."

Rule Maneuver Prevents House From Taking Up Voting Rights Act This Week. CQ (6/27, Duggan) reports in case "there was any doubt, legislation to reauthorize the Voting Rights Act will not be making any surprise appearances on the House floor this week." The rule (H Res 890) "for the Commerce-Justice-Science spending bill, adopted 224-188 on Tuesday, included a provision that tabled a rule reported June 20 for legislation (HR 9) to reauthorize the Voting Rights Act (PL 89-110). " After that rule (H Res 878) "had been reported by the Rules Committee, House Republican leaders postponed consideration of the underlying bill to address concerns raised by a group of Southern lawmakers."

Osceola County, FL, To Challenge DOJ Voting Rights Suit. The Orlando Sentinel (6/28) reports, "A day after a federal judge put county commission elections on hold, Osceola County said it will not settle a case filed by the Justice Department over Hispanic voting rights. … 'The county intends to proceed with the defense of this case. As publicly elected officials, the board must uphold and defend the last expression of the voters in 1996 -- that every precinct voted to return to at-large elections,' read Vincent Fontana, the county's attorney, this afternoon. 'Also the 2003-2004 charter review advisory commission -- that reflected the entire ethnic makeup of the county -- voted not to recommend that the board put the issue on the ballot again.'" The Sentinel adds, "Commissioners met with Fontana for about an hour and a half to review Judge Gregory A. Prensell's order stopping this fall's elections. … 'It is important for the citizens to have direct political access to all public officials who have the power to tax their homes and property. This is among the many rights and freedoms for which our armed forces continue to fight,' Fontana concluded."

Single Manipulator Said Able To Change E-Voting Election Outcome. The Washington Post (6/28, A7, Goldfarb, 744K) reports that to "determine what it would take to hack a U.S. election, a team of cybersecurity experts turned to a fictional battleground state called Pennasota and a fictional gubernatorial race between Tom Jefferson and Johnny Adams. It's the year 2007, and the state uses electronic voting machines." The experts "concluded in a report issued yesterday that it would take only one person, with a sophisticated technical knowledge and timely access to the software that runs the voting machines, to change the outcome." The report "concluded that the three major electronic voting systems in use have significant security and reliability vulnerabilities. But it added that most of these vulnerabilities can be overcome by auditing printed voting records to spot irregularities. And while 26 states require paper records of votes, fewer than half of those require regular audits."

8th Circuit Upholds Continued Federal Monitoring Of Little Rock Schools. The AP (6/28, Trister) reports, "A federal appeals court on Monday upheld a decision keeping the Little Rock School District under federal desegregation monitoring, which has been in effect since 1965." The AP continues, "A three-member panel of the 8th U.S. Circuit Court of Appeals at St. Louis agreed with a 2004 ruling by U.S. District William R. Wilson in the long-running desegregation case involving the Little Rock district, the North Little Rock District and the Pulaski County Special School District." The AP adds, "Wilson had ruled that the Little Rock district did not successfully evaluate its academic programs for how well they helped black students. Otherwise, the district would have been released from the remaining desegregation monitoring it has faced since 1965. … The district had been released in 2002 from all aspects of its monitoring except those relating to program evaluations. … In his opinion, Wilson said the district would remain under court order through the 2005-06 school year. Wilson said the district must hire outside experts and design a program assessment process."

Flag Amendment Falls One Vote Short In Senate. The CBS Evening News (6/27, story 6, 0:20, Schieffer, 7.66M) reported, "Voting tonight, the US Senate rejected a constitutional amendment to ban burning the American flag, but it was a near thing. The vote was just one vote short of the required two-thirds majority." Bloomberg (6/28, Rowley) notes Senate Democratic leader "Harry Reid of Nevada and 13 other Democrats voted in favor of the proposed amendment. Kentucky Senator Mitch McConnell, the deputy Republican leader, voted against the amendment."

The New York Times (6/28, Hulse, 1.19M) reports, "Eleven senators facing re-election this year opposed the

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amendment and several are facing potentially difficult races, including Lincoln Chafee of Rhode Island, a Republican, and the Democrats Daniel K. Akaka of Hawaii, Robert C. Byrd of West Virginia, Maria Cantwell of Washington and Joseph I. Lieberman of Connecticut."

The Wall Street Journal (6/28, Lueck, 2.11M) reports Daniel Wheeler, the president of the Citizens Flag Alliance, "a coalition led by the American Legion that has been lobbying hard to win Senate passage, said he was disappointed by the vote." The Journal adds, "Underscoring the politics behind the measure, Mr. Wheeler said his group will work to publicize the votes of amendment opponents. The coalition plans to highlight the 'no' votes of Democratic Sens. Kent Conrad and Byron Dorgan, both of North Dakota, as well as Maria Cantwell of Washington, among others." Wheeler said McConnell "also would be a target."

The vote is generally being cast as an attempt by Republicans to rally their base with an eye on the fall elections. ABC World News Tonight (6/27, story 3, 2:35, Stephanopoulos, 8.78M) reported, "Republicans hope this vote on top of last month's debate on gay marriage, will rally conservatives come November. Democrats called that raw politics." Sen. Frank Lautenberg: "There he is, Kid Rock. With his head through the flag. Is that a desecration? It was such a desecration that he was invited to address the Republican convention. What is going on here?" Stephanopoulos: "Democrats did try to pass their own bill that would make it a crime to harm the flag without changing the Constitution. But that was also defeated."

NBC Nightly News (6/27, story 4, 2:05, Reid, 9.87M) reported, "The real reason this amendment is being debated, critics said, is to rally the conservative Republican base for the November elections. … And the fact that this amendment was defeated today does not mean this debate is over. Rest assured, it will be part of the Republican offensive on the campaign trail from now through November."

The Los Angeles Times (6/28, Neuman, Fiore, 958K) reports the vote "capped two days of debate, during which opponents charged that the push for an amendment was driven more by politics than patriotism. They argued that the main aim of Republican sponsors was to rally conservatives in an election year even if that meant trampling on the Constitution to do it."

The Washington Post (6/28, A1, Babington, 744K) reports, "In 2000, the Senate fell four votes short, and supporters had hoped the GOP's 55 to 44 majority -- there is one independent, James M. Jeffords (Vt.) -- would put them over the top this year."

The AP (6/28, Kellman) reports, "Among possible presidential contenders in 2008, six voted yes: Democrat Evan Bayh of Indiana and Republicans George Allen of Virginia, Sam Brownback of Kansas, Frist, Chuck Hagel of Nebraska, and John McCain of Arizona. Five, all Democrats, voted no: Joseph Biden of Delaware, Hillary Rodham Clinton of New York, Christopher Dodd of Connecticut, Russell Feingold of Wisconsin, John Kerry of Massachusetts."

The Hill (6/28, Allen) reports that "even some who supported the amendment suggested it was not the most pressing business before the Senate. 'It's not a burning issue in the grand scheme of things,' said Sen. Gordon Smith (R-Ore.)." In a similar story, Dana Milbank writes in the Washington Post (6/28, A2, 744K), "As the Senate's flag-desecration debate heated up yesterday and the sparks began to fly -- but before the smoke cleared -- the amendment's backers were asked a burning question: Is this the most important issue facing the nation? The senators rushed to extinguish the very thought. 'I don't think anybody would say it's the most important,' said Sen. Trent Lott (R-Miss.). 'No, no, not even close,' said Sen. John Ensign (R-Nev.), who, like Lott and 57 other senators, nevertheless signed on as a co-sponsor of the amendment. … So why is the Senate, which came within one vote of approving the amendment yesterday, giving the matter such prominence?"

The AFP (6/28) notes the measure voted on Tuesday read, "The Congress shall have the power to prohibit the physical desecration of the flag of the United States." The Washington Times (6/28, Bellantoni, 90K) reports, "Opponents of the amendment also argued that the concept of 'desecration' was vague. They showed images of Mr. Bush using a marker to autograph a US flag and of musician Kid Rock wearing a shirt made out of the flag."

Fox News' Special Report (6/27, (Garrett) reported, "Supporters, including many veterans groups say burning or desecrating the flag isn't free speech, but a grotesque affront to those who fought and died for it. … Other veterans say they fought to protect the constitution and the free speech rights it guarantees, rights the flag amendment, they say, would diminish."

USA Today (6/28, Stone, 2.31M) reports "Sen. Orrin Hatch and other supporters vowed to try again next year, after a new Congress is elected in November. Since 1990, the measure has failed five times in the Senate to get the two-thirds vote needed to move to the states for ratification." The House of Representatives "has approved the amendment seven times, most recently last year."

Democratic Measure Fails 64-36. The New York Times (6/28, Kornblut, 1.19M) reports, "Perhaps even more than her stance on the war in Iraq, it is Senator Hillary Rodham Clinton's position on flag desecration that has drawn the scorn of the liberal Democratic base. When Mrs. Clinton took a stand on the matter last year -- co-sponsoring legislation that would have criminalized the desecration of the American flag even as she opposed a constitutional amendment that sought to achieve the same end -- she was pilloried from the left. … On Tuesday, Mrs. Clinton played a leading role in the flag-burning debate once again, co-

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sponsoring a measure similar to her previous one as an alternative to the constitutional amendment that was about to come up for a vote in the Senate." The measure "failed, 64 to 36, minutes before the proposed amendment fell short of the 67 votes it needed." The Times adds, "With more than half of Democrats supporting the measure, the outcome suggested that Mrs. Clinton's approach had plenty of adherents within her party, and that while she might have tried the patience of her core liberal supporters, she remained within the Democratic fold as she prepared for a possible presidential race."

LATimes Assails Schwarzenegger Prison Reform Proposals. An editorial in the Los Angeles Times (6/28, 958K) says, "Gov. Arnold Schwarzenegger's collapse on prison reform is one of the most disappointing failures of his tenure. … The extent of his retreat in the face of opposition from the guards union is evident in his new four-part plan for the prisons. … Though ostensibly aimed at overcrowding, it doesn't even propose genuine solutions to that problem, such as reforms in sentencing laws and a major boost in rehabilitation programs. If the Legislature, which met in special session Tuesday night to discuss the governor's proposals, wants to set things right, a radical shift in approach is required."

WPost Lauds Supreme Court On Workplace Discrimination Decision. The Washington Post (6/28, A24, 744K) editorializes that the Supreme Court resolved the issue of workplace discrimination complaints "last week in a decision that was remarkable for both its real-world sensibility and its unanimity." It "found that illegal retaliation can take place on or off the job and that it applies to situations in which the employer's actions are 'harmful to the point that they could well dissuade a reasonable worker from making or supporting a charge of discrimination,'" forming "a sensible middle ground between extremes that had been adopted by some of the federal appeals courts." From "a court sometimes characterized by ivory-tower jurisprudence, this ruling was a welcome instance of common-sense judging."

ANTITRUST:

Mississippi PSC Considers BellSouth-AT&T Merger. The AP (6/28, Mohr) reports, "A proposed merger between AT&T and BellSouth Corp. has no provisions that would immediately cut jobs in Mississippi, but some opponents fear smaller competitors here could suffer if they are not protected." The AP continues, "The $67 billion plan met opposition during a hearing before the Mississippi Public Service Commission on Tuesday from a workers' union and telecommunication companies that are concerned the massive acquisition could lead to monopolization of the market." The AP adds, "The Mississippi commission, the Justice Department, the Federal Communications Commission and several other states would have to sign off on the deal, which was announced in March. … Those testifying on behalf of the two companies on Tuesday played down the competition between AT&T and BellSouth, saying the companies target different customers. However, in a February filing with the Security and Exchange Commission, BellSouth said one of its most significant local competitors is AT&T Corp."

McClatchy Closes Knight Ridder Deal. The AP (6/28, Sutel) reports, "McClatchy Co. said Tuesday it had completed its acquisition of Knight Ridder Inc., making it the second-largest newspaper publisher in the country in terms of circulation." The AP continues, "The news came a day after Knight Ridder shareholders overwhelmingly approved the transaction in an emotional shareholders meeting in San Jose, Calif., where the company was based." The AP adds, "The company has received notice of regulatory approval for the deal on the condition that it completes its previously announced sale of the St. Paul Pioneer Press. McClatchy already owns the Star Tribune in neighboring Minneapolis, and owning both would have raised antitrust concerns. … McClatchy also announced Tuesday that it had completed the previously announced sales of four Knight Ridder newspapers: the Duluth News Tribune in Minnesota; the Grand Forks Herald in North Dakota; the Aberdeen American News in South Dakota; and the Ft. Wayne News-Sentinel in Indiana and a 75 percent interest in the Fort Wayne Joint Operating Agency." The AP notes, "In all, McClatchy has reached deals to sell 12 of Knight Ridder's 32 papers, which it has said previously it wanted to sell largely because they did not fit McClatchy's criteria of being located in rapidly growing markets."

MarketWatch (6/28, Wilkerson) reports, "The close came as expected after a legal formality in which McClatchy said it signed an agreement sought by the U.S. Department of Justice to sell the St. Paul, Minn., Pioneer Press, one of the 32 papers it bought from Knight Ridder. … The department's antitrust division earlier in the day filed a U.S. District Court suit and a proposed consent decree allowing the deal to go forward if McClatchy agreed to sell the Pioneer Press."

Attorneys Doubt Foundation For DOJ Position On Employees' Statements. In an op-ed in the New York Law Journal (6/28), Howard E. Heiss, partner and Mark A. Racanelli, counsel, with O'Melveny & Myers (both are former federal prosecutors in the U.S. District Court for the Southern District of New York) write, "In a recent criminal

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case, the antitrust division of the Department of Justice took the position -- and a federal court agreed -- that statements employees make during proffer sessions with the government can be used against their employer at trial, even though the company was not a party to the proffer agreement and was represented by separate counsel. … The government argued that it was permitted to use employees' statements in this way because they are vicarious admissions by the company itself. As far as the government and the court were concerned in that case, the only facts that mattered were that the employee worked at the company at the time of the proffer and made statements about things he did as part of his job." Heiss and Racanelli continue, "Whether an aberration or a sign of new thinking at the Justice Department, the case is a cautionary tale for defense lawyers representing companies whose employees have spoken to the government. … But the case also appears to rest on shaky legal ground. It is one thing to say that an employee speaks for the company when talking to coworkers, competitors or investors in a job-related setting. It is something else entirely when employees make statements in a prosecutor's office in an effort to avoid or deflect criminal liability for their business conduct, and when their interests might conflict with those of the company."

Antitrust Commission Proposal Would Reduce Firms' Civil Damage Liability. Bloomberg News (6/28, Rowley) reports, "A congressionally created commission is considering a proposal to let U.S. judges reduce the billions of dollars in civil damages that companies such as Microsoft Corp. would have to pay victims for thwarting competition." Bloomberg continues, "In some cases, violators would be spared triple damages and only forced to reimburse consumers for actual financial losses." Bloomberg adds, "A companion proposal would give the government a two-thirds share of triple damages and consumers the rest in criminal price-fixing conspiracies such as the government's prosecution of a global vitamin cartel led by Roche Holding AG and BASF AG. … The proposals are the latest effort to rein in suits against corporations and, if approved by the commission and sent to Congress, are sure to stir opposition. … Richard Grossman, a San Francisco lawyer who sued Microsoft on behalf of consumers, says it is vital to retain the threat of triple damages." Bloomberg notes, "The 12-member federal commission was created at the prodding of Rep. James Sensenbrenner, 63, a Wisconsin Republican who heads the House Judiciary Committee. The commission has asked for public comment on its proposals by July 10 and is due to send a package of recommendations to Congress by April."

Investment Consortium Buys Univision For $12.3 Billion. The Wall Street Journal (6/28, Jordan, Berman, Lyons) reports, "The chaotic auction of Spanish-language broadcaster Univision Communications Inc. has resulted in an equally tumultuous outcome." The Journal continues, "Univision yesterday confirmed its planned sale to a consortium of private-equity investors who will pay $12.3 billion and assume $1.4 billion in debt. But in doing so, Los Angeles-based Univision appears to have further rankled an important business partner it had already been feuding with: Mexico's Grupo Televisa SA, the company that provides much of the popular programming that has made Univision the dominant Spanish-language TV network in the U.S." The Journal adds, "Televisa, which already owns 11% of Univision, led a group that made a competing bid for Univision. For weeks, it was expected to win the deal, fulfilling Televisa Chief Executive Emilio Azcarraga Jean's dream of controlling the U.S. media asset. After losing the deal early yesterday, people close to Televisa complained bitterly that Univision and its controlling shareholder -- billionaire A. Jerrold Perenchio -- had ignored its bid, failing to discuss it even though the bid was very close in value to the winning offer."

The Financial Times (6/28, Politi) reports, "The deal capped a five-month auction for Univision and was seen as a sign of the growth of the Hispanic media market in the US. … However, many of the biggest US media groups – such as Walt Disney and CBS – failed to play meaningful roles in the auction, leaving Mexico's Televisa and a handful of buy-out firms to battle it out in the final bidding." The Times adds, "The deal involves Texas Pacific Group, Thomas H. Lee Partners, Providence Equity Partners, Madison Dearborn Partners and Saban Capital paying $36.25 a share."

The Washington Post (6/28, D4, Veiga) reports, "Grupo Televisa SA, a Mexican broadcaster that had led a rival consortium of investors, said it was disappointed with the outcome of the Univision auction. … Univision's bylaws allow Grupo Televisa, which owns an 11 percent stake in Univision and supplies it with much of its programming, to veto a sale of the company, but that could be defeated by a 60 percent approval from Univision shareholders." The Post adds, "The deal, if approved by Univision shareholders and regulators, is expected to close in the fourth quarter of this year or first quarter of 2007, according to a news release on the sale."

USA Today (6/28, Lieberman, Petrecca) reports that, "the deal left a sour taste with rival bidder Mexico-based Grupo Televisa, which supplies most of Univision's prime-time programming and holds an 11.4% stake. … 'Notwithstanding our repeated offers to discuss all aspects of our proposal, including price, Univision and its advisers refused to enter into any discussions with us after we submitted our initial bid,' the company said in a statement. It

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said it will 'vigorously pursue' ways "to build its potential in the growing U.S. Hispanic marketplace." … It's unclear what options Televisa has. Federal law bars foreign companies from owning more than a 25% stake in TV stations. To have big U.S. impact, Televisa 'can't be on cable, since many Hispanic Americans don't have cable,' says Sanders Morris Harris analyst David Miller. What's more, Univision has a long-term deal that enables it to cherry-pick Televisa's programming."

Judge Clears Adelphia Assets Sale. The Wall Street Journal/AP (6/28) reports, "A bankruptcy judge granted permission to Adelphia Communications Corp. to sell its assets to Time Warner Inc. and Comcast Corp. in deal estimated to net about $17 billion." The AP continues, "Judge Robert Gerber of the Southern District of New York said he would approve an order to be submitted later Tuesday that would detach the asset sale from the rest of the company's bankruptcy process. Adelphia sought the separation to bypass creditor disputes that have slowed the company in its filing of a final reorganization plan." The AP adds, "The sale agreement with Time Warner and Comcast had been put in jeopardy because of a July 31 deadline at which the buyers could end their offer. Once complete, it would secure their status as the two biggest cable operators in the nation. … Adelphia remains in bankruptcy protection and last week filed an amended version of its restructuring plan. The company, the country's fifth-largest cable operator, filed for bankruptcy protection four years ago, on June 25, 2002."

Citizens Banking Buys Rival Republic Bancorp. The Wall Street Journal (6/28) reports, "Citizens Banking Corp. agreed to buy Republic Bancorp Inc. for about $1.05 billion in cash and stock to form a Midwestern regional bank called Citizens Republic Bancorp." The Journal continues, "The combined bank would be the 45th-largest headquartered in the U.S., with assets of $13.9 billion and $8.6 billion in deposits, the two Michigan banks said." The Journal adds, "The terms value Republic, based in Owosso, Mich., at $13.86 a share. Shareholders will receive the equivalent of 0.4378 of a Citizens share plus $2.08 in cash for each of their shares. Of the purchase price, 85% will be paid in stock."

Mittal-Arcelor Deal Marks Changes To Steel Industry. In an op-ed in the Wall Street Journal (6/28), Peter M. Fish, chairman and managing director of MEPS (International) Ltd., writes, "It finally looks as though Mittal Steel will win its bid for Arcelor. Shareholders still have to reject, this Friday, the merger with Russian steelmaker Severstal that Arcelor management tabled when trying to elude Mittal's grasp -- and then approve the new tie-up with Mittal. So anything can happen. But it's been clear for some time now that something, in the way of consolidation, was due to happen, and not only at the top of this industry." Fish continues, "Assuming the Arcelor-Mittal marriage goes through, it will have far-reaching consequences for the global steel industry. The new company would produce approximately 10% of world-wide output. Its nearest rival would be Nippon Steel, with less than 3% of the market. To gauge the importance of the deal, consider that the nine biggest steelmakers after Arcelor-Mittal would account for just above 20% of the world's supply. The new company is slated to be a giant with production well in excess of 100 million tons per annum -- almost equivalent to the combined U.S. and Canadian output. It will have 60 plants in 27 countries." Fish adds, "It is clear that the global steel industry will remain fragmented even after the Mittal-Arcelor merger goes through. More consolidation is inevitable. Other steelmakers will be frantically looking for partners to counter the new grouping. Moreover, the merged entity will probably maintain its passion for acquisitions. … Consolidation in the future will be more internationally focused. Outside of Arcelor and Mittal, most steelmakers have sought to acquire other firms in their domestic or regional markets. Significant rationalization of the U.S. sector has already taken place -- mainly by Nucor and U.S. Steel. More could follow if Mittal is required to sell off some of its U.S. assets to satisfy antitrust authorities after the new deal." Fish concludes, "Even with consolidation, cheap steel is a thing of the past. Raw material costs are unlikely to drop significantly in the near term. Energy costs are expected to remain high. Demand from the developing nations of the world will, almost certainly, continue to rise. But higher input costs have not damaged the steel companies. The industry is more profitable now than ever. The limited consolidation so far has been beneficial. Further rationalization can only help."

EU May Fine Microsoft Up To $577 Million. The IDG News Service (6/28, Meller) reports, "The European Commission is about to propose a new fine of up to €460 million ($577 million) against Microsoft for failing to honor the antitrust ruling imposed on the company in 2004, according to people close to the case Tuesday." IDG continues, "The Commission ruled two years ago that Microsoft was abusing its dominant position in the market by denying competitors access to documentation about its Windows operating system." IDG adds, "The imminent threat of a fine comes as Microsoft continues to submit new information to the regulator, with the aim of complying with the ruling. The final instalment of documentation is due on July 18 -- a deadline Microsoft said it agreed with the monitoring trustee in charge of overseeing Microsoft's compliance with the ruling, Neil Barrett. … On Monday the Commission, Europe's top antitrust regulator, will propose a new negative ruling and a new fine against Microsoft to national competition regulators from the 25 countries in the European Union, the people

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close to the case said. … A final decision could be taken by the Commission as soon as July 12, if the national regulators support the Commission's draft ruling."

EU To Boost Antitrust Fines. The Financial Times (6/28, Buck) reports, "A huge increase in fines for companies that operate cartels or break European Union competition law will be announced on Wednesday by the European Commission." The Times continues, "Brussels has already imposed some of the toughest fines in recent history, including a record €497m ($626m, £350m) penalty against Microsoft in 2004 and one of €462m against Roche in 2001. Over the past few months the Brussels regulator has again ratcheted up the fines, especially in cartel cases. … Officials believe that only higher fines will deter companies from operating price-fixing cartels or abusing dominant market positions." The Times adds, "They are particularly keen to increase the fines for repeat offenders and large groups with significant financial fire-power. … The new guidelines, which have been seen by the Financial Times, reflect the Commission's belief that the rules are too rigid and lack transparency – a view shared by many competition lawyers and most companies targeted by the Brussels trust-busters. … The new regime will apply to all companies found guilty of participating in a cartel or that abuse their dominant market position. It will almost certainly mean that more companies will be fined the maximum amount allowed under EU law, which is 10 per cent of global annual turnover. Up to now, only a handful of companies have been punished that severely. … The new regime will be especially tough on repeat offenders. At present, fines are usually raised by 50 per cent for companies that have previous convictions for antitrust abuses. Now the Commission can double the punishment in cases where there is one earlier ruling against the group, and may go even higher for 'multi-recidivists'."

The Wall Street Journal (6/28, Jacoby, Cohen) reports, "The changes to the 1998 guidelines will be most relevant to price-fixing cases because such investigations most often lead to fines, according to two European Commission officials. They can also be used to increase financial penalties for companies found to have illegally used monopoly power to elbow rivals out of a market." The Journal adds, "If the new guidelines had been in effect in 2004, one official said, a €497 million ($625.3 million) fine to Microsoft Corp. would have been much larger. Microsoft was fined for using its dominant Windows computer-operating system to shut out competition in related software markets. Although the Microsoft fine was the largest ever leveled by the commission, it was much less than the $3 billion that the Redmond, Wash., company paid to various rivals to settle antitrust lawsuits against it in the U.S. EU officials see that disparity as evidence that their fine wasn't big enough to have a deterrent effect. … In separate deliberations, antitrust authorities from the EU's 25 member states will meet in Brussels Monday and again July 10 to review EU Antitrust Commissioner Neelie Kroes's proposal to impose additional fines on Microsoft. Ms. Kroes has concluded that Microsoft hasn't moved quickly enough to comply with the commission's 2004 orders to change its business practices, people familiar with the case said."

ENVIRONMENT/INDIAN AFFAIRS:

Grass Roots, Lobbyists Driving Effort To Revamp Energy Policy. The Christian Science Monitor (6/28, Knickerbocker, 61K) reports that the "real push for revamping energy policy" is "coming from the grass-roots and lobbyists. Citizen groups and special interests are pushing for solutions as fuel prices remain high and turmoil continues in oil-rich parts of the world. … In all, 477 energy-related bills have been introduced in this Congress, according to a New York Times report. … In the states, some governors are coming up with their own plans, banding together to promote more energy conservation and efficiency than the federal government requires. In the West especially, governors of both parties are pushing wind energy."

Pombo Makes Case For DOER Act. Rep. Richard W. Pombo, Chairman of the House Resources Committee, writes in the Washington Times (6/28, 90K), "When the House of Representatives votes tomorrow on the bipartisan Domestic Ocean Energy Resources (DOER) Act, it will be considering one of the nation's most meaningful energy-policy reforms in history. … The DOER Act represents a balanced, commonsense compromise to deliver desperately needed energy supplies to the American people, which in turn will lower prices for consumer wallets and create hundreds of thousands of family-wage jobs."

WPost Says Ban On Coastal Drilling Should Be Revisited. An editorial in the Washington Post (6/28, A24, 744K) says it is time to revisit the policy of banning oil and gas drilling in most US coastal waters. The House of Representatives "is about to vote on this question, probably tomorrow. … Unfortunately, the House legislation is flawed. It diverts billions of dollars' worth of oil and gas royalties from the federal government to the states, even though the waters from which the resources will come are federal. … We hope the bill passes tomorrow, but we also hope this flaw is fixed before it becomes law."

Domenici Offers Proposal On Nuclear Waste Storage. In a $30.7 billion spending bill that advanced out of his Appropriations subcommittee Tuesday, Sen. Pete Domenici has included a provision that would have the government store civilian nuclear waste for up to 25 years at federal sites across the country. The AP (6/28, Hebert) reports, "The interim storage approach is aimed at addressing increasing concern about thousands of tons of used reactor

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fuel accumulating at power plants, waiting to be shipped to an oft-delayed central government repository in Nevada. Industry officials have said the failure to address the waste problem will inhibit investment in new nuclear reactors."

The Wall Street Journal (6/28, Fialka, 2.11M) reports, "The committee's action would give the Department of Energy the authority to store waste for as long as 25 years at 'consolidation and preparation' sites; from there, the waste would be shipped to Nevada's Yucca Mountain for permanent storage."

Report Cites US As Disproportionate Carbon Dioxide Producer. The Washington Post (6/28, D1, Freeman, 744K) reports that a new report by the nonprofit group Environmental Defense found "Americans represent 5 percent of the world's population but contribute 45 percent of the world's emission of carbon dioxide, the main pollutant that causes global warming." However, "the group said auto companies should not be singled out for blame, because consumer choices also play a role." Besides changing the carps people drive, they "also suggest that communities reconsider land use policies because Americans are taking more and longer trips, often to shop." The report is part of an effort "to build support for government policies aiming at curbing greenhouse gases."

Scientists Say Gore Movie Generally Scientifically Correct. USA Today (6/28, 2.31M) reports, "Al Gore's documentary on global warming, An Inconvenient Truth, earns five stars for accuracy, according to an Associated Press survey of top climate scientists." Although many of those contacted "had not yet seen the movie or read the book," the ones that had "had the same general impression: Gore conveyed the science correctly."

Carmona Says Only Smoke-Free Environments Protect Against Secondhand Smoke. The New York Times (6/28, O'Neil, 1.19M) reports that Surgeon General Richard H. Carmona said "the evidence is now 'indisputable' that secondhand smoke is an 'alarming' public health hazard, responsible for tens of thousands of premature deaths among nonsmokers each year." He also "warned that measures like no-smoking sections did not provide adequate protection, adding, 'Smoke-free environments are the only approach that protects nonsmokers from the dangers of secondhand smoke.'" However, he stopped short of a "call for a federal ban on smoking in workplaces, bars or restaurants," saying his role is "providing the public and Congress with definitive information on the subject."

Sioux Tribal Leaders Plans Blockade To Curb Beer Transit. USA Today/AP (6/28, Walker) reports, "In an effort to fight alcoholism on the Pine Ridge Indian Reservation (in South Dakota), leaders of the Oglala Sioux tribe plan to set up roadblocks today and stop members from bringing in beer bought at four outlying stores." The AP continues, "Alcohol has long been banned on the 16,500-member reservation, where drinking has been a scourge for generations. But four stores in Whiteclay, Neb., a village a few hundred feet outside the reservation, sell about 4 million cans of beer every year, mostly to Indians. … Tribal members say that from now on, they will confiscate beer bought in Whiteclay. … 'We are the last line of defense when it comes to protecting our people,' says Duane Martin of the reservation's Strong Heart Civil Rights Movement." The AP adds, "The effects of alcoholism can be seen in nearly every family, in accidents, violence, sexual abuse and suicide, says Terryl Blue-White Eyes, director of the alcohol and drug program for the reservation. … The youth suicide rate on the reservation is the highest in the nation, and most of the suicides involve alcohol, she says. … Shannon County, where most Pine Ridge residents live, is home to less than 2% of South Dakota's population but had 19% of the fatalities caused by drunken driving in 2005 — 14 of the 74 deaths statewide, according to the South Dakota Department of Public Safety."

FBI/DEA/ATF/USMS:

Massachusetts Latin Kings Leader Sentenced To 21 Years In Prison. The Boston Globe (6/27, 484K) reported in "New England In Brief" that former Massachusetts Latin Kings leader Edwin Serrano on Friday "was sentenced to more than 21 years in federal prison for drug trafficking offenses." Serrano "was found guilty of selling cocaine and crack cocaine to a 'cooperating witness' working with a federal-state task force investigating gang activity throughout the state. Authorities say Serrano, who was minister of defense for the Lawrence chapter of the Almighty Latin King and Queen Nation, also offered to sell the witness a firearm and attempted to recruit the witness to go to New York to kidnap someone."

Three Minnesota Men Accused Of Conspiring To Distribute Fentanyl. According to the AP (6/28), heroin laced with fentanyl is working its way into the Twin Cities. "Three St. Paul men arrested Friday have been charged with conspiring to distribute fentanyl and crack cocaine. … Authorities in Minneapolis and St. Paul are reviewing heroin-related deaths to determine if fentanyl was involved."

Privacy Rules Said To Create Roadblocks For Drug Investigations. Wilmington, North Carolina's Star-News (6/27) reports federal guidelines intended to "keep personal health information confidential create a roadblock for police

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who want to speak with victims of overdoses about the source of the drugs that hospitalized them. The issue was discussed last week at a meeting of about 30 law enforcement officials and medical community representatives." Meanwhile, "Preliminary test results from the federal Drug Enforcement Administration show the heroin that killed two men earlier this month in Wilmington was high in purity and not cut with the powerful synthetic narcotic fentanyl, as was suspected. Whatever its composition, the heroin poses a lethal threat to users, Wilmington-based DEA Special Agent Eric Savitts said."

Michigan's Man's Death May Be Linked To Fentanyl. WOOD-TV, Grand Rapids, Michigan (6/27) reports the Portage Police Department "continues to investigate the death of a 34-year-old man. … Police think he died of a mix of heroin and the prescription pain reliever fentanyl. … Investigators hope a toxicology report on the Portage man's body will help their case."

Investigators To Determine If Limbaugh Violated Deal In Prescription Fraud Case. The AP (6/27) reports Rush Limbaugh "will likely have to wait several days to find out if he violated his deal with prosecutors in a prescription fraud case when authorities found him in possession of a bottle of Viagra that was apparently prescribed to someone else. Limbaugh, 55, was detained for more than three hours Monday at Palm Beach International Airport after he returned on his private plane from a vacation in the Dominican Republic. Customs officials found Viagra in his bag, but his name wasn't on the prescription, Palm Beach County sheriff's spokesman Paul Miller said." Limbaugh's lawyer "said the prescription was written in his doctor's name 'for privacy purposes.' The conservative radio host was released without being charged." The AP adds, "According to the Drug Enforcement Administration, Viagra is not considered a controlled substance because 'it's not something you can be addicted to,' said DEA Investigator Maria Gilbert."

USA Today (6/28, Yancey) writes, "Carrying a vial of Viagra without his name on it got talk-show host Rush Limbaugh in hot water with U.S. customs officers Monday. And his detention at Florida's Palm Beach airport raises questions for U.S. travelers who routinely fly with drugs that they can't show were prescribed to them." Jennifer Connors, a U.S. Customs and Border Protection spokeswoman said, "Names on prescription drug bottles must 'match the name on the travel document.' Passengers flying domestically don't have to carry a prescription or have a labeled bottle, although the Transportation Security Administration website encourages labeled medications."

Network TV Coverage. ABC's Good Morning America (6/27, 8:00 a.m.) reported, "An embarrassing incident for Rush Limbaugh. He was detained at a Florida airport after customs officials found a bottle of Viagra in his luggage without a prescription. The label was in his doctor's name to protect his privacy. Now he faces misdemeanor drug charges."

ABC's World News Now (6/27, 4:30 a.m.) reported, "Rush Limbaugh is facing possible drug charges in Florida. He was detained at Palm Beach airport for carrying Viagra without a prescription. Limbaugh's attorney says the drug was issued to the doctor to protect his client's privacy."

CBS News (6/27, 4:30 a.m.) reported, "Rush Limbaugh had drugs confiscated from him on Monday. He was carrying the prescription sex enhancer Viagra. The name on the bottle wasn't his."

Cable TV Coverage. CNN (6/27, 9:00 a.m.) reported, "Rush Limbaugh is back in the legal spotlight. Authorities in south Florida say the radio talk show host could face misdemeanor drug charges. He was detained for several hours. Custom agents say they found a bottle of Viagra in his luggage. Instead of Limbaugh's name, it carried the names of two doctors. Limbaugh's attorney said it was labeled that way for privacy. Last month he reached a deal with prosecutors. They accused him of illegally obtaining prescription painkillers.

Two Men Sentenced For Role In Connecticut Drug Ring. The Danbury (CT) News Times (6/27) reports two more Danbury men "have been sentenced to prison terms for their involvement in a Danbury-area cocaine and crack distribution ring that was broken up by law enforcement last year. Edward Toney…was sentenced to five years in prison and four years of supervised release. Timothy Eberly…was sentenced to 27 months behind bars and six years of supervised release. … The two were among 24 people from Danbury and New York City who were arrested last year during a crackdown by Danbury police and the federal Drug Enforcement Administration on a drug ring operated by Alex Luna of Danbury."

NFL To Add Amphetamines To List Of Banned Substances. The NFL will toughen its drug policy. The AP (6/28) reports the league is "adding amphetamines to the list of banned performance-enhancers starting in 2007. Amphetamines were previously listed as a 'substance-abuse drug,' but are now in the same category as steroids and other enhancers that carry stronger penalties."

USA Today (6/28, Wood) reports, "The switch in classification for amphetamines and methamphetamines will not take affect until the 2007 season to make certain all players know of the new rules. A first positive test in 2006 would bring a warning and put a player into the drug program.

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A positive test next year will initially result in a four-game suspension."

Bonds: No Word From Mitchell In Baseball's Steroid Investigation. According to the AP (6/28), Barry Bonds "said Tuesday he hasn't heard yet from former Sen. George Mitchell in his independent investigation of steroids in baseball. Mitchell, the former Senate majority leader, was appointed in March by commissioner Bud Selig to head the league's investigation into steroids. He has already contacted some members of the San Francisco Giants' coaching staff."

Lance Armstrong Seeks To Discount Allegations Of Drug Use. According to the Los Angeles Times (6/27, Abrahamson), cyclist Lance Armstrong "mounted a public-relations offensive Monday, seeking to discount sworn testimony alleging that he had, nearly 10 years ago in an Indiana hospital room, acknowledged use of an array of performance-enhancing substances. Appearing on a number of shows on ABC or ESPN, Armstrong sought to undercut testimony offered by Betsy Andreu, a former teammate's wife. She testified Armstrong was asked by doctors on Oct. 27, 1996, if he had used performance-enhancing drugs and said, 'EPO, growth hormone, cortisone, steroid, testosterone.'"

US Cyclist Faces More Doping Allegations. The Los Angeles Times (6/27, Abrahamson) reports a Spanish newspaper "reported Monday that U.S. cyclist Tyler Hamilton, an Olympic gold medalist serving a two-year suspension for blood doping, was billed by a doctor for treatment that allegedly included blood transfusions and banned performance-enhancing drugs, including steroids, human growth hormone and the synthetic blood booster EPO. Hamilton…said, 'I have not done what the article alleges.' The report in El Pais…is part of a series sparked by a review of confidential judicial documents tied to a raid in May by police in Madrid. El Pais said Sunday that 58 riders in recent years might have received blood and banned substances."

Hamilton Will Keep Medal. The AP (6/28) also reports Tyler Hamilton "will keep his gold medal from the 2004 Athens Olympics. The Court of Arbitration for Sport rejected an appeal Tuesday by the Russian Olympic Committee to strip Hamilton of his time-trial gold medal due to a doping controversy and give it to silver medalist Vyacheslav Ekimov."

German Contender Cleared In Doping Investigation. The New York Times (6/28, Vinton) writes, "The Tour de France has been enveloped by the turmoil of a doping investigation less than a week before it is scheduled to begin. Race officials asked the team of a top contender to withdraw Monday, and yesterday they cleared another contender, Jan Ullrich of Germany, after a Spanish newspaper linked him to the blood-doping inquiry that has shaken cycling for the past month."

Cycling Seen As Paying "Hefty" Price For Drug Testing. In USA Today (6/28) Jon Saraceno writes, "Cycling is paying a hefty price because of its leadership in testing, even as most pro sports fly under the drug performance-enhancement radar because of union dissent regarding perimeters for testing."

IMMIGRATION:

Key Senators Open To Specter Compromise On Immigration. The Washington Times (6/28, Fagan, 90K) reports, "Key backers of the Senate immigration bill said yesterday they are willing to consider a compromise that would delay the guest-worker program and "amnesty" portions until the borders have been secured. The proposal was floated by Senate Judiciary Chairman Arlen Specter in an interview Monday with editors and reporters at The Washington Times." Sen. John McCain said the idea is "worth discussing." Sen. Edward Kennedy "said a delay will occur anyway because it will take a few years to set up the guest-worker program and the structure to process millions of illegal aliens onto a pathway to citizenship."

The Los Angeles Times (6/28, Gaouette, 958K) says the proposal provides "a potential path to agreement between the House and Senate." The Times notes, "Left unclear in the still-emerging conversation is whether senators would agree that specific border security and law enforcement goals or targets would have to be met before a guest worker or legalization program could begin."

CQ (6/27, Sandler) reported, "Two prominent Senate Republicans called on their House GOP colleagues Tuesday to stop trying to score partisan political points on immigration and instead focus on a legislative solution. John McCain, R-Ariz., and Lindsey Graham, R-S.C., stood with Senate Democrats to reaffirm their support for the immigration bill (S 2611) the Senate passed May 25. They also expressed disappointment in the direction of the debate this year and urged House leaders to go to conference on an immigration bill this summer."

Boehner Criticizes Democratic "Silence" On Immigration. The Hill (6/28, O'Connor, Hearn) reports that House Majority Leader John Boehner "ripped congressional Democrats yesterday for refusing to adopt a unified position on" immigration reform legislation. Boehner said, "I think a feeble response from House Democrats on border security makes clear they have no coherent policy on this issue," adding, "The stone silence from them is deafening." Democratic leaders "insist their members remain largely unified on immigration reform."

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Gutierrez Makes Case For Bush Immigration Reform Plan. Commerce Secretary Carols Gutierrez said on CNN's The Situation Room (6/27), "The President's comprehensive reform is realistic. It's practical. It is not amnesty. And that's the problem with this discussion, is that you can very easily go into a one-liner and shut off the discussion and call it amnesty. It is not amnesty. It makes people earn their legalization or their citizenship. But there are two extremes here. One extreme is mass deportation. We are not going to do that. The other extreme is amnesty. What the president said is, let's find something in the middle that we can do that will get a grip on national security and immigration. That's comprehensive reform."

TAX:

Judge Blasts DOJ For Pressuring KPMG Over Legal Fees. The Wall Street Journal (6/28, Cohen, Davies) reports, "In a decision that bolsters white-collar defendants facing criminal investigations, a federal judge said prosecutors can't pressure companies to stop paying legal bills for indicted employees." The Journal continues, "The ruling, by a judge overseeing the KPMG LLP accounting fraud case in a New York federal court, concluded that federal prosecutors gain an unfair advantage and violate the due process of indicted employees by pressuring their employers to refuse to pay their legal costs. The decision strikes down a key lever used by the government in several recent criminal investigations." The Journal adds, "At issue is a 2003 memorandum that advised U.S. attorneys to 'scrutinize the authenticity of a corporation's cooperation' when considering whether to seek criminal charges. Known as the 'Thompson memo,' for former Deputy Attorney General Larry D. Thompson, its author, the memo stated that prosecutors could take a company's willingness to advance legal fees to employees as a sign of lack of cooperation."

USA Today (6/28, Farrell) reports, "In a narrow sense, the ruling means that more than a dozen former KPMG partners and employees under indictment can now have their legal costs paid upfront by the accounting firm. … But more broadly, the ruling strikes at the Justice Department's policy for determining whether to bring charges against corporations. That policy, known as the Thompson Memorandum, was written after the indictment and collapse of the Arthur Andersen auditing firm. It sets out the conditions prosecutors should take under advisement when deciding whether to bring criminal charges against a corporation. … In order to avoid prosecution for suspected criminal wrongdoing, the memorandum states, a corporation has to show that it is cooperating fully with the Justice Department's investigation. If the corporation is paying the legal fees of employees under investigation, prosecutors could view that as being less than fully cooperative. … U.S. District Judge Lewis Kaplan blasted that viewpoint in his 83-page decision. Under the Sixth Amendment of the U.S. Constitution, he wrote, every employee of a corporation, from hourly workers to top-ranked managers, has the right 'o have their employers pay their legal expenses if they are sued as a result of their doing their jobs. This right is as much a part of the bargain between employer and employee as salary or wages.'"

The Washington Post (6/28, D1, Johnson) reports that Judge Kaplan "criticized the federal government for holding 'the proverbial gun' to the head of accounting firm KPMG LLP and advising the firm not to pay full fees to lawyers defending more than a dozen former partners on fraud charges. … The policy 'interfered' with the executives' ability to fight criminal charges in a case that has been called the largest tax fraud in history, the judge wrote. He said the government 'evidenced a desire to minimize the involvement of the defense attorneys' and added that 'the government's proper concern is not with obtaining convictions.' … Kaplan's harshly worded 83-page decision handed a potent symbolic victory to defense lawyers and business groups, who have for years complained that the government is overreaching in its attempt to weed out fraud after the Enron Corp. and WorldCom Inc. scandals. … An unusual coalition of trade organizations, including the U.S. Chamber of Commerce, the Securities Industry Association and the National Association of Criminal Defense Lawyers, banded together to fight the policy and submitted court briefs in the KPMG case."

The Los Angeles Times (6/28, Kristof, Hamilton) reports, "KPMG agreed last year to pay $456 million to settle charges that it promoted fraudulent tax shelters to wealthy investors, including Global Crossing Ltd. founder Gary Winnick, Guess Inc. co-Chairmen Paul and Maurice Marciano and former California Republican gubernatorial candidate Bill Simon Jr. … But the firm — unlike the 16 former employees — was not indicted." The Times adds, "In court papers, KPMG acknowledged that it had departed from a longtime policy to pay its employees' legal bills. Instead, the accounting firm decided in the tax fraud case that it would pay bills only for those who cooperated with the government and agreed to a $400,000 cap on fees, and that payments would cease for workers who were criminally charged. … 'If those whom the government suspects are culpable in fact are guilty, they should pay the price,' Kaplan ruled. 'But determination of guilt or innocence must be made fairly — not in a proceeding in which the government has obtained an unfair advantage long before the trial even has begun.'" The Times notes, "Legal experts said Kaplan's ruling would probably force the government to reexamine its use of the Thompson memo. … 'It's going to chill the government's willingness' to use this tactic, said Steven Peikin, a partner at Sullivan & Cromwell in New York and former chief of the

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securities fraud division at the U.S. attorney's office in Manhattan."

The New York Law Journal (6/28, Hamblett) reports, "Southern District U.S. Attorney Michael Garcia issued a statement saying, 'We are disappointed in Judge Kaplan's opinion today ... which we respectfully believe is unsupported by the factual record and the applicable law. The actions of the government were entirely consistent with appropriate Department of Justice policy, and we believe that the prosecutors acted ethically and properly throughout this case.'"

The AP (6/28, Caruso) reports, "Kaplan did not reach a final decision Tuesday on how to remedy things for the KPMG defendants, who are accused of developing questionable tax shelters that allowed some wealthy clients to dodge $2.5 billion in taxes. … He declined a defense motion to immediately dismiss the charges, saying to do so would be extreme."

WSJournal Praises Judge For Rebuking Government Over Thompson Memo. The Wall Street Journal (6/28, 2.11M) editorializes, "U.S. District Court Judge Lewis A. Kaplan upheld the logic and meaning of the Constitution's Due Process Clause and the Sixth Amendment" in the Justice Department's prosecution of 16 former KPMG executives. KPMG stopped "paying the legal fees of its former executives, largely to satisfy the requirements of the so-called Thompson memo" so as to "avoid firm-wide indictment." Judge Kaplan "delivered a scathing 83-page rebuke of the government's case. Noting that Constitutional rights to a fair trial and competent counsel were at stake here," the judge concluded that "the government had used the company as a proxy to violate the defendants' rights." This is the time for "Attorney General Alberto Gonzales to reinterpret, or better yet rewrite," those policies "that his too-zealous prosecutors have been using in violation of defendants' due process rights."

IRS Employees Caught Illegally Browsing Through Taxpayer Files. The Wall Street Journal (6/28, Herman, 2.11M) reports in its "Tax Report" column, "A new Treasury report says many Internal Revenue Service employees have been caught illegally browsing through taxpayer files in recent years. In some cases, IRS employees have lost their jobs. In other cases, they have even gone to prison. Treasury agents have investigated more than 3,700 cases of potential violations in the past eight years, resulting in more than 1,600 'adverse personnel actions' by the IRS, including firings and suspensions, the report says. In addition, 126 IRS employees have been criminally prosecuted for such violations."

Former Wife Of Acquitted Mississippi Judge Sentenced For Tax Evasion. The Biloxi (MS) Sun Herald (6/28, Lee) reports, "A legal nightmare that began almost four years ago for state Supreme Court Justice Oliver Diaz Jr. and his former wife, Jennifer, ended quietly Tuesday after a 10-minute appearance in U.S. District Court (in Gulfport, MS), when Jennifer Diaz was sentenced to two years of supervised probation for income tax evasion." The Herald continues, "Judge Walter J. Gex III ordered her to pay $58,500 in restitution, but then Assistant U.S. Attorney Don Burkhalter and Diaz's attorney, James Kitchens of Jackson, told Gex the amount should be left blank until the IRS sorts out the figures. … 'I promised Jennifer early on that if she cooperated with us, I would do what I could to get her a favorable sentence,' Assistant U.S. Attorney Don Burkhalter said after the proceedings. 'As far as what I could determine, she told the truth, so I had an obligation to do what I said I would do. … I don't have any regrets about indicting them on the tax case. I just wish it had turned out better for the government.'" The Herald adds, "The U.S. Justice Department began investigating campaign contributions to judges in 2002, turning up suspicious loans from Coast attorneys to a Biloxi bed and breakfast the Diazes bought while married. … A year later, the investigation turned into judicial bribery and fraud charges against the Diazes, Biloxi attorney Paul Minor and two former trial court judges, John Whitfield and Wes Teel. Headlines played across the pages of Mississippi newspapers for several years as the case wound its way to a three-month trial last summer. … Before the trial started, Jennifer Diaz pleaded guilty to a separate charge of tax evasion. Attorneys had repaid campaign loans for them, which they had failed to report as income. … In exchange for her cooperation, the government dropped all judicial bribery charges against her. Even if a jury convicted her husband, she reasoned at the time, she would be home to raise their two young children. … Prosecutors never called her to testify against her ex-husband during the judicial bribery trial. A jury acquitted him of charges at the trial's conclusion."

Lacking Votes, Senate Republicans Postpone Consideration Of Estate Tax Repeal. The Wall Street Journal (6/28, Rogers, 2.11M) reports Senate Republicans "pulled back from a vote this week on the federal estate tax, admitting they still lack the needed support for a House-passed measure that would exempt all but the wealthiest Americans." Majority Leader Bill Frist "pledged to return to the issue after the July Fourth recess, but his announcement captured the increased frustration among Republicans in advancing their legislative agenda before the November elections."

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The AP (6/28, Dalrymple) reports most Republicans "support the tax reduction, but they need support from a few more Democrats." In a statement, Sen. Frist said, "The vast majority of my Democratic colleagues have so far refused to address this issue. It's my hope that their constituents will use the upcoming recess to explain the importance of supporting a reasonable and permanent solution to this unfair tax."

Bloomberg (6/28, Donmoyer) reports the delay "is the third since Frist began his quest to repeal or reduce the tax last year and the second time this month his ambitions were thwarted by Democrats who say the government needs the revenue generated by the tax. The House passed the legislation 269-156 on June 22 after Frist urged it to act before the Independence Day recess next week."

Thomas Urges Senate To Pass Estate Tax Reform. In a letter to the Wall Street Journal (6/28, 2.11M), House Ways and Means Committee Chairman Bill Thomas writes, "Though the House has voted five times to permanently repeal the estate tax in recent years, the Senate has been unable to follow through. Faced with this deadlock, Congress has a choice: make yet another political statement or make law. … This is the opportunity to provide meaningful estate tax reform that is permanent, fair and pro-growth. The House has voted; now it's up to the Senate. It is my hope that the spirit of compromise prevails and permanent estate tax relief can become law in the near future."

Gingrich, Kies Criticize US Taxation Of Expatriates. Newt Gingrich, a senior fellow at the American Enterprise Institute and former speaker of the House of Representatives, and Ken Kies, managing director at Clark Consulting and chief of staff of the Joint Committee on Taxation 1995-98, write in an op-ed in the Wall Street Journal (6/28, A14, 2.11M), "Sadly, Congress has latched on" to a proposal that "would tax U.S. citizens working overseas at higher marginal rates and subject their housing to higher taxes." These section 911 rules "are of great importance for American competitiveness, which is why Congress needs to revisit the new law's changes as soon as possible." Because this makes it "cheaper for [an] employer to hire a non-American for a foreign position," these "new tax increases can only mean that there will be fewer 'Americans on the ground' in overseas markets going forward. Studies have shown a direct correlation between employment of Americans overseas and U.S. exports." Also, "the added cost of the new section 911 tax increases will only raise the pricing of U.S. bids, and therefore mean U.S. companies get less work." If we won't "follow the lead of our trading partners and exempt foreign-earned income completely," Congress should "repeal the tax increase" to get "more U.S. players out on the field. Global business competition is already fierce enough. We shouldn't sabotage ourselves."

CONGRESS-ADMINISTRATION:

Bush Signing Statements Draw Ire Of Specter, Democrats At Judiciary Hearing. The AP (6/28, Kellman) reports the White House "defended President Bush's frequent use of special statements that claim authority to limit the effects of bills he signs, saying the statements help him uphold the Constitution and defend national security. Senators weren't so sure." Senate Judiciary Committee Chairman Arlen Specter said, "It's a challenge to the plain language of the Constitution. There is a sense that the president has taken signing statements far beyond the customary purview." The AP adds the "bill-signing statements say Bush reserves a right to revise, interpret or disregard measures on national security and constitutional grounds. Some 110 statements have challenged about 750 statutes passed by Congress, according to numbers combined from White House and the Senate committee. They include documents revising or disregarding parts of legislation to ban torture of detainees and to renew the Patriot Act."

The Washington Times (6/28, Curl, 90K) reports the White House "defended President Bush's right to set limits on the scope of congressional bills he signs into law, saying the Constitution grants the executive broad powers and requires the president to uphold the law." Press secretary Tony Snow said, "The president does not, and the administration does not, refuse to carry out the laws that have been passed by Congress and signed into law by the president. In the context of trying to preserve and protect and defend the Constitution, there will be times, there will be places within signing statements, caveats, where he has reservations about [a bill he is signing into law.]"

The Financial Times (6/28, Daniel) reports Democratic senators "accused George W. Bush of 'making unprecedented claims for unchecked power.'" The issue "has attracted scrutiny following a study by the Boston Globe this year that found that Mr Bush had employed signing statements for more than 750 laws enacted by the Republican Congress." Sen. Patrick Leahy said, "That's far more than all the signing statements signed by every single president from George Washington to Bill Clinton, put together." The Times adds, "Concern has focused on whether Mr Bush has used the low-profile statements to side-step congressional authority, rather than publicly issue a presidential veto of legislation."

The Christian Science Monitor (6/28, Chaddock, 61K) reports, "Not all Republicans are as enthused as chairman Specter and Senate Democrats over this line of questioning,

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especially as lawmakers head into fall elections that could change control of both houses of Congress." Sen. John Cornyn said, "This is a fascinating topic, mainly something law students and lawyers can love. … As a practical matter, I don't know what impact it has.... It promotes public discourse and discussion about what the roles of the legislative branch and the executive branch are." The Monitor adds that in testifying for the Bush Administration, Michelle Boardman, "deputy assistant attorney general in the Office of Legal Counsel at the US Department of Justice, said that signing statements serve a 'legitimate and important function' and are not an abuse of power."

The Washington Post (6/28, A9, Weisman, 744K) reports a "bipartisan group of senators and scholars denounced President Bush yesterday for using scores of 'signing statements' to reserve the right to ignore or reinterpret provisions of measures that he has signed into law." The New York Times (6/28, Zernike, 1.19M) reports, "Senators on the Judiciary Committee accused President Bush of an 'unprecedented' and 'astonishing' power grab" for using signing statements. Specter "and others are particularly upset that Mr. Bush reserved the right to interpret the torture ban passed overwhelmingly by Congress, as well as Congressional oversight powers in the renewal of the Patriot Act." Senators "and two law professors before the panel said that if the president objected to a bill, he should use his power to veto it — something he has not done in his six years in office."

Bush Urges Senate To Pass Line-Item Veto. President Bush yesterday met with key senators and spoke before the Manhattan Institute in New York yesterday to promote the line-item veto bill. The story was picked up by the wires and major dailies, but only drew minimal attention from the cable news channels and was not covered by the networks. The AP (6/28, Riechmann) reports President Bush "criticized House Democrats who didn't back the measure even though they've called for federal spending restraint." The House "passed such legislation last week 247-172. Thirty-five Democrats joined with most Republicans in voting for the bill." At the Manhattan Institute in New York, Bush said, "I was disappointed, frankly, though that more Democrats didn't vote for the bill, especially those that are calling for fiscal discipline in Washington, D.C. I mean, you can't call for fiscal discipline on the one hand and then not pass a tool to enhance fiscal discipline on the other hand. You can't have it both ways, it seems like to me." The AP adds the bill "faces an uncertain future in the Senate. Democrats generally oppose the measure, and not all Republicans are excited about the idea."

CNN's The Situation Room (6/27, Blitzer) reported, "President Bush today urged the Senate to pass a bill giving him a line-item veto. And that would give him the power to reject items he considers wasteful in spending bills without vetoing the entire bill. In a speech in New York, Mr. Bush calls the measure a vital tool to enforce fiscal discipline."

The Washington Post (6/28, A3, Baker, 744K) reports Bush's line item veto remarks are "part of a broader political effort to assuage disaffected supporters that he really is a fiscal conservative despite the growth of government on his watch." Bush "summoned key senators to the White House and later gave a speech promoting a line-item veto to fight earmarks, or spending requests that members of Congress slip into larger bills without going through the normal budget process." In "seeking a line-item veto, Bush set sights on the most politically charged form of federal spending, often called pork. The number of earmarks inserted into spending bills has mushroomed from 3,055 in 1996 to 14,211 in 2004, according to the Congressional Research Service, and the overall cost has more than doubled to $52.7 billion." But even "if Bush had a line-item veto and struck every earmark, it would only carve a fraction out of a deficit projected to reach up to $350 billion this year."

The New York Times (6/28, Rutenberg, 1.19M) reports Bush "also met on Tuesday at the White House with senators to discuss his proposal, including the majority leader, Senator Bill Frist of Tennessee, and the president's 2000 Republican primary rival, Senator John McCain of Arizona. In his address, Mr. Bush also cited a more recent rival from the other side of the aisle, Senator John Kerry of Massachusetts, the Democratic presidential nominee in 2004, as a supporter of a line-item veto." Frist has "told administration officials he will try to bring a similar version of the bill to a vote in mid-July. But even White House officials acknowledged that the proposal would face a tough fight. Democrats have been reluctant to give the president any sort of victory, and lawmakers in charge of the Senate Appropriations Committee are not eager to cede any control."

The Washington Times (6/28, Dinan, 90K) reports President Bush "called the line-item veto the next 'crucial test' for Congress on spending restraint, and said he was 'disappointed' in House Democrats who claimed they were for fiscal discipline but voted against the plan last week." Bush "also promised, using the strongest language he's used in months, to take another stab at controlling the growth of Social Security, saying he will try every year for the rest of his administration."

WSJournal Criticizes CBO, Joint Tax Committee For Underestimating Tax Revenues. The Wall Street Journal (6/28, 2.11M) says in an editorial titled, "Misunderestimated," that when it "comes to tax policy these days, the most powerful branch of government seems to be the unelected computers at the Joint Tax Committee and Congressional Budget Office. Those are the agencies that tell Congress how much tax cuts will 'cost' the Treasury in lost revenue. And what's standing in the way of the Senate repealing the

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death tax this year, for example, is their $600 billion boogeyman estimate of lost federal revenues to the Treasury over 10 years." But a "new study from the American Shareholders Association examined the 10-year forecast for economic growth and federal revenue collections for the period 1997-2006. And over these years, it found, the CBO underestimated tax revenue collections by a cumulative $800 billion. To paraphrase President Bush: That's a pretty severe misunderestimation." But the estimates "excluded the impact of at least three major tax cuts (in 1997, 2001 and 2003) that subsequently passed Congress. These tax cuts were estimated by the wizards at Joint Tax to deplete federal tax collections by an additional $1.24 trillion through 2006, according to the Shareholders Association study." If "you add those together, CBO and JTC have managed to underestimate revenues by $2.04 trillion over the past decade." Tied to "their outdated forecasting models, these agencies refuse to acknowledge that there is any Laffer Curve effect from changes in tax rates that help the economy grow and revenues increase."

New York Democrats Call For DOJ Probe Of Fosella. The New York Times (6/28, Hicks) reports, "The chairman of the State Democratic Party called on the Federal Election Commission and the Justice Department yesterday to investigate allegations that Representative Vito J. Fossella Jr. violated campaign finance regulations. Mr. Fossella is the only Republican member of Congress from New York City." The Times continues, "In a statement, the chairman, Assemblyman Herman D. Farrell Jr., said that the allegations, if true, 'would constitute a major breach of the public trust.' Mr. Farrell was referring to a report in The Daily News that Mr. Fossella, who represents Staten Island and parts of Brooklyn, took trips with his family to ski resorts and other destinations that were financed by donors and corporate sponsors." The Times adds, "Craig Donner, a Fossella spokesman, acknowledged that Mr. Fossella had taken several trips over the years, but he said they violated no laws."

Paulson Defends Bush Tax Cuts. Treasury Secretary nominee Hank Paulson defended President Bush's tax cuts yesterday during his confirmation hearing before the Senate Finance Committee, saying the cuts should be made permanent. The Financial Times (6/28, Guha) adds that Paulson also "hinted at a possible shift in emphasis in Washington's China policy." Paulson "also raised the possibility of a renewed push on reform of entitlement programmes Medicare, Medicaid and Social Security." Paulson "added that he hoped it would be possible to make progress on entitlement reform during the remainder of the Bush second term."

CQ (6/27, Crittenden) reported that Paulson "stuck to the administration line during his Senate confirmation hearing on Tuesday, touting a fiscal policy built on low tax rates." Paulson "also told the Finance Committee the costs of entitlement programs such as Social Security and Medicare need to be more tightly controlled."

The New York Times (6/28, Andrews, 1.19M) reports that during his hearing, Paulson "cautiously avoided any hints on Tuesday about the administration's economic priorities for the remainder of Mr. Bush's term." Paulson "reiterated Mr. Bush's general views on the need for low taxes, budget restraint, increased American competitiveness and the use of persuasion rather than threats in dealing with China on economic issues. But Mr. Paulson, the chairman of Goldman Sachs, carefully avoided specifics on most policy issues or any mention of prospects for reviving some of Mr. Bush's economic goals — like overhauling the income tax — that have languished for the last two years."

The Washington Post (6/28, D2, Blustein, 744K) also says Paulson "hewed firmly to Bush administration positions at his Senate confirmation hearing yesterday, saying that he 'very strongly' opposes tax increases, hopes to begin tackling the long-term obligations of Social Security and Medicare, and wants China to move more quickly toward changing its currency policy." The Post adds, "Paulson was asked deferential questions by senators who lauded his grasp of financial issues, but he skirted several controversial issues by pleading ignorance on technical and legal matters."

The Wall Street Journal (6/28, Solomon, 2.11M) reports that Paulson, "who is expected to be confirmed, didn't signal that any major changes in economic policy are on the horizon." Paulson "told senators he would take steps to simplify taxes and overhaul entitlement programs such as Social Security and Medicare, but said it would be 'naïve' to think those issues could be 'addressed and solved in a two-and-a-half-year period.'"

USA Today (6/28, Lynch, 2.31M) reports that there was little indication that Paulson will "differ dramatically from outgoing John Snow." USA adds, "On issues from taxes to trade with China, Paulson echoed Snow's stance."

Wilkinson To Serve As Paulson's Chief Of Staff. The Washington Post (6/28, A23, 744K) reports in its "In the Loop" column, "Word is that Jim Wilkinson, formerly at the White House and more recently burnishing Rice's image, will be chief of staff to Henry M. Paulson Jr., once he's confirmed by the Senate as Treasury secretary."

White House Eyes Social Security, Tax Reform For Fall Agenda. The White House Bulletin/US News (6/27) reports President Bush's comments on Social Security at the Manhattan Institute yesterday "appear to be part of a new policy push by the Administration. Growing more

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confident that the Republicans can retain control of the House and Senate, the White House is set to push a major reform agenda in the fall to change Social Security, cut taxes and boost support for the war." At least "two new themes are under consideration. They are: 'Security versus surrender,' which will focus on the war in Iraq and Afghanistan, and 'taxes and the economy,' which will push for new tax cuts and reforms meant to stimulate the economy further, according to senior officials." "There is no retrenching," one official tells US News and the Bulletin. "We are continuing to push our agenda." The Bulletin adds while a "slight uptick in polling has helped the President's situation, said the official, the agenda has been in the works for months. What's new is the addition of Social Security reform. The Administration's previous effort bombed yet the President still wants to tackle it before he leaves office. The official, however, said that it may have to wait until next year when the President hopes that his lame duck status will help him because the partisan politics directed at him may dissolve."

Wallace Stepping Down As White House Communications Director. The AP (6/28) reports that White House Communications Director Nicolle Wallace is stepping down to move to New York City to be with her husband, Mark, who is UN ambassador for management and reform this spring. Wallace will leave her job "overseeing White House press strategy" this Friday.

Bush To Nominate Donohue To Federal Judgeship. President Bush today will nominate New York Lt. Gov. Mary Donohue for a federal judgeship in upstate New York. The New York Post (6/28, 624K) reports, "Sen. Chuck Schumer (D-N.Y.), who serves on the Senate Judiciary Committee which would consider her nomination, has been informed and 'is keeping an open mind,' aides said."

Bush Nominates Connaughton To Head Maritime Administration. President Bush has selected Prince William Board of County Supervisors Sean T. Connaughton to head the US Maritime Administration. The Washington Post (6/28, B1, McCrummen, Stewart, 744K) reports, "If confirmed by the Senate, Connaughton, a maritime lawyer, would resign the post he has held nearly seven years to be the administrator of an agency with an annual budget of more than $500 million and a staff of 1,000, whose primary job is to ensure safe and efficient access for commercial and military ships through U.S. waterways."

Nicholson Wants $160.5 Million For VA Data Security. VA Secretary Jim Nicholson yesterday told a House Appropriations subcommittee that he needs at least $160.5 million to turn his agency into a "model for information security." USA Today (6/28, 2.31M) reports that Nicholson's request "includes funding for at least one year of government-paid credit monitoring for the 26.5 million veterans and active-duty military personnel whose private personal information was stolen May 3 in a burglary at the home of a VA analyst."

The Washington Post (6/28, A23, 744K) reports that Nicholson "hinted that more money may be necessary. 'If a year expires, we have a responsibility to determine whether to renew based on what we know at the time,' he said." Nicholson "said that $29 million of the $160.5 million will be taken from VA funds budgeted for 2006 to cover personnel costs at the Veterans Benefits Administration, where hiring planned for this year has been postponed until next. He said the rest will come from other areas of the fiscal 2006 budget."

Administration To Announce Sweeping Welfare Rule Changes. The New York Times (6/28, Pear, 1.19M) reports, "The Bush administration plans to issue sweeping new rules on Wednesday that will require states to move much larger numbers of poor people from welfare to work." In "the biggest changes in welfare policy since 1996," the rules "set a uniform definition for permissible work activities and require states to verify and document the number of hours worked by welfare recipients." However, "some state officials and antipoverty groups, including many who opposed the 1996 law, say the new work requirements are unrealistic," and "many Democrats say the welfare law creates a perverse incentive. A state can comply by putting some people to work and by simply removing others from the rolls, regardless of whether they find jobs."

Reid Threatens To Block Congressional Pay Raise Unless Minimum Wage Increased. The CBS Evening News (6/27, story 7, 2:20, Schieffer, 7.66M) reported, "It has been nine years now since Congress voted to raise the minimum wage and Senate Democratic Leader Harry Reid told senators today he would block their own pay raise unless they agree to raise the minimum wage when it comes up for a vote later this summer. While they are waiting on Washington, out in the country, some state legislatures have decided to put their own plans into action. Here's our national correspondent Byron Pitts." CBS (Pitts) added, "Growing around the silent symbols of Cleveland's sagging economy, there's now a grass roots push to give Ohio's lowest-paid workers their first pay raise in nearly a decade. Since Congress hasn't raised the Federal minimum wage of $5.15 an hour in nine years, ACORN is trying to get state governments to do it." Pitts added, "The push to raise minimum wage goes well beyond Ohio. It's a national trend. Across the country, voters and state legislatures have said the $5.15 Federal minimum wage just isn't enough. Twenty

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states and the District of Columbia have already adopted minimum wages above $5.15 an hour. In November, higher minimum wages are likely to be on the ballot in six more states. But in today's debate, Republicans argue that raising the minimum wage is bad economics."

CNN's The Situation Room (6/27, Blitzer) reported, "Senate Democratic Leader Harry Reid vowed today to block pay hikes for members of Congress until the minimum wage for all Americans is raised. Last week, the Senate voted down a minimum wage increase. The current minimum wage is $5.15 an hour. Democrats want to raise that wage to $7.25 an hour. The last hike in the minimum wage was back nine years ago. Republicans argue that the hike for lower-income workers would hurt small businesses."

Roll Call (6/28, Billings) adds, "Democrats offered few details about how they plan to carry out their promise to stop Congress' scheduled 2 percent pay hike from going into effect." Republicans "accused the Democrats of engaging in a 'political stunt; in an election year and said the minority won't get far with its latest tactic." Still, "Sen. Hillary Rodham Clinton (D-N.Y.) already has introduced a bill in the Senate tying a COLA freeze to a minimum wage boost, and in the House, Minority Whip Steny Hoyer (D-Md.) successfully added an amendment to the Labor, Health and Human Services and Education appropriations bill to boost the minimum wage to $7.25 an hour."

Dean Dismisses Argument Higher Minimum Wage Causes Unemployment. The Washington Times (6/28, Rutledge, 90K) reports that at a conference of liberal Christians, "Democratic National Committee Chairman Howard Dean yesterday dismissed as economic 'mumbo jumbo' the argument that raising the minimum wage would cause unemployment." He added, "This is a moral nation, so the first thing we must do is convince people that poverty is a moral problem."

Clinton Reportedly Angry Over Democratic Press Conference Snub. Roll Call (6/28, Akers) reports in its "Heard on the Hill" column that Sen. Hillary Clinton and her staff "felt snubbed when party leaders organized a news conference in which they vowed to block efforts to give Members of Congress a pay raise until Congress approves an increase in the minimum wage. Clinton has introduced legislation along those lines, but she was not involved in planning the leadership's news conference to trumpet the issue." A Clinton aide "was apparently so furious that the Senator seemed to be left out of the loop that she bawled out…a spokeswoman for [Minority Leader Harry] Reid near the entrance to the Senate Radio-Television Gallery."

Aide Defends Murkowski's Earmaks. In a letter to the Wall Street Journal (6/28, 2.11M), Danielle Holland, Communications Director for Sen. Lisa Murkowski, takes "great umbrage" at the paper's "assertion that somehow the senator is an active participant in what you describe as a connection between the process of earmarking and the 'opportunity for corruption.' Including her in a list of convicted felons who have sought to use their positions of power for illegal activities, simply because she has openly advocated a longstanding effort to improve the infrastructure of an Alaska community, is more than perplexing." Holland calls the notion that Murkowski would advance the prospects" of a bridge project "for some kind of family benefit is preposterous."

Deer Spotted Inside Fence Near Cheney's Residence. The Washington Post (6/28, Argetsinger, Roberts, 744K) reports in its "The Reliable Source" column, "Last week, a fully grown deer was spotted inside the fence of the Naval Observatory grounds in a wooded area near Observatory Circle." The Vice President's hours, which is on the grounds, "is surrounded by a high fence and -- we assume -- a bunch of other top-secret stuff like motion detectors and radar. In this day and age, nothing the size of a deer meanders around the 40-acre property unless the Secret Service gives it special security clearance." Bill Anderson of Naval District said that while the deer "do not affect 'at all' the vice president or the house," the Park Service "is preparing an environmental impact statement to look at the 'options' for dealing with the four-legged trespassers."

OTHER NEWS:

Rising Interest Rates Putting Brakes On Housing Markets. USA Today (6/28, Knox, 2.31M) reports rising interest rates "are making it increasingly hard to buy a home and are putting the brakes on the nation's most expensive housing markets." The "latest evidence came Tuesday from the National Association of Realtors, which said sales of existing homes fell 6% from January to May. The drop was worse for single-family homes, whose sales posted their steepest drop in 11 years. The number of homes for sale, meantime, rose sharply last month, a sign of slackening demand." The Fed "is expected to raise its target for short-term rates later this week for the 17th time in two years. Previous increases are already shutting out some buyers."

The Wall Street Journal (6/28, 2.11M) reports sales of existing homes "fell in May for the seventh time in nine months as interest rates rose, but the mood of the consumer brightened a bit in June." The Conference Board "said its consumer-confidence index, which had decreased in May, posted a slight increase in June. Consumer attitudes toward the state of the economy deteriorated, but their outlook improved."

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More Economists Expect Fed To Keep Raising Rates. USA Today (6/28, Hagenbaugh, 2.31M) reports Federal Reserve Board Chairman Ben Bernanke "and his colleagues are widely expected to raise interest rates by a quarter-percentage point for the 17th time in two years at the conclusion of their two-day meeting Thursday." And in "a bid to thwart inflation, a number of economists, including those at UBS, Lehman Bros. and Bank of America, are predicting the Fed will continue raising rates at its meeting on Aug. 8 and perhaps again later in the year. Such expectations are a big change from just a few weeks ago, when many economists weren't sure if the Fed would raise rates this month, let alone later in the year. But since then, inflation measures have been coming in higher and a number of Fed officials, including Bernanke, have been warning that inflation is outside their comfort zones."

Past Fed Rate Hikes Thought To Be Slowing Economic Growth. The Christian Science Monitor (6/28, Scherer, 61K) reports, "past interest-rate increases are rippling through the economy." Economists "believe the continual rate hikes are finally starting to act as a brake on the economy. The expectation is for economic growth to slow from 5 percent in the first quarter to about 3 percent for the rest of the year. Tuesday saw yet another sign of rising interest rates: Existing home sales in May dipped 1.2 percent, the third drop in five months." If the economic data "continues to soften, economists anticipate the Fed will want to pause and try to judge how much the higher cost of borrowing money is crimping economic activity."

Stock Markets Decline Sharply On Expected Fed Rate Increases. The Financial Times (6/28, O'Doherty) reports Wall Street "ended lower on Tuesday as investors awaited the outcome of the two-day meeting of the US Federal Reserve's rate-setting body, which starts on Wednesday." The S&P 500 "was down 0.9 per cent, or 11.36 points, at 1,239.20. The Nasdaq Composite was down 1.6 per cent, or 33.42 points, at 2,100.25. The Dow Jones Industrial Average was down 1.1 per cent, or 120.54 points, at 10,924.74."

USA Today (6/28, Krantz, 2.31M) reports, "Tech stocks were clobbered as Wall Street braced for Thursday, when the Fed will announce the result of its two-day meeting. The Nasdaq composite fell 33.42 points, or 1.6%, to 2100.25."

The Wall Street Journal (6/28, Mckay, 2.11M) reports, "It was a bad day for companies that make things. Woes at most of the Dow Jones Industrial Average's truly industrial component companies sent the market tumbling more than 120 points." General Motors shares "nosedived 6.7% on worries about the auto makers' second-quarter sales. In particular, GM executives warned that year-over-year sales comparisons would be 'brutal,' considering that last year's totals were boosted by retail incentives programs."

Ohio, National Democrats Differ On Utility Of Corruption Charges. The AP (6/28, Hammer) reports Democrats are "split over how to attack unfolding corruption scandals involving Republicans: Continue to hammer away at what they call a culture of corruption or focus on their own candidates' ideas." Democrats "believe more than ever that Republican ethical problems in Ohio make the state a key battleground this November's midterm elections. In recent weeks, another former official from Gov. Bob Taft's administration has been charged with ethics law violations, and more details about lobbyists' allegations that Rep. Bob Ney accepted gifts for official acts have emerged in the Justice Department's investigation of congressional corruption." Ohio Democrats "see corruption as a pervasive and distinctly Republican problem in Ohio that they must exploit in every competitive race, while national Democrats' zeal has been tempered by a bribery investigation against one of their own, Rep. William Jefferson of Louisiana." The national Democrats' "issues-first perspective can be seen in one of their most favored challengers - Rep. Sherrod Brown, who is running for Senate against GOP Sen. Mike DeWine." Political analyst Stuart Rothenberg said "corruption is a clear theme for Democrat Zack Space in his race against Ney, and will be just as important for Mary Jo Kilroy against Rep. Deborah Pryce and for John Cranley against Rep. Steve Chabot - even though Pryce and Chabot are not connected to scandals by anything more than party."

Democrats Lead GOP By 16 Points On Generic Ballot In USA Today/Gallup Poll. USA Today (6/28, Page, 2.31M) reports, "Americans are paying unusually close attention to the congressional elections in November, a USA TODAY/Gallup Poll finds. They are more inclined to deliver significant gains to Democrats than in any year since Republicans won control of the House and Senate in 1994." Respondents "are more concerned about national issues than local ones — a situation that favors Democrats hoping to tap discontent over the Iraq war and gasoline prices — and prefer Democrats over Republicans on handling every major issue except terrorism." For Republicans, President Bush "looms as a significant drag: 40% of Americans say they are less likely to vote for a candidate who supports Bush. A fifth say they are more likely." The poll "of 1,000 adults Friday through Sunday has an error margin of +/-3 percentage points." By "54%-38%, the registered voters surveyed say they'd vote for a Democratic congressional candidate over a Republican one if the election were held today."

Democrats Seen As Handicapped By Lack Of Single Messenger. Roll Call (6/28, Billings) reports congressional Democrats have "spent more than a year struggling to craft what they hope is a winning message and

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agenda, but their biggest challenge may be one they can't fix with focus groups and slogans: lack of a singular messenger." In a "perennial problem for a minority, Democrats are denied both the bully pulpit of the White House and the instant credibility of a Speaker or Senate Majority Leader. And many view the top national Democratic leaders as either too polarizing to unify the party or too obscure to command widespread attention." While "emboldened by President Bush's sagging poll numbers and internal GOP divisions on key issues, Democrats also acknowledge they face major challenges in convincing voters to hand them power them without a prominent figure to call their drumbeat." Senate Minority Leader Harry Reid is "a social moderate who prefers to play a behind-the-scenes strategic role than that of spokesman," while House Minority Leader Nancy Pelosi (Calif.) is "an outspoken liberal who enjoys the spotlight but is viewed as too far to the left for many in her party." Democratic National Committee Chairman Howard Dean is "outspoken" but "arguably the Democrat whom Republicans most love to hate." Other Democrats "share a high public profile, including Sens. Hillary Rodham Clinton (N.Y.), John Kerry (Mass.), Edward Kennedy (Mass.) and increasingly newcomer Barack Obama (Ill.), but most have their own separate political ambitions or agendas that so far have kept them from becoming unifying figures."

DCCC Hopes To Defeat Reynolds. The Hill (6/28, Kaplan) reports Democrats "would like nothing better than to make an example of a Republican leader and they have Rep. Tom Reynolds (R-N.Y.), chairman of the National Republican Congressional Committee (NRCC), in their crosshairs." Speaking to reporters last month, Reynolds "suggested that he and Democratic Congressional Campaign Committee (DCCC) Chairman Rahm Emanuel (D-Ill.) are like two tennis players and Emanuel has forced Reynolds to raise the level of his game." Despite their "gentlemanly respect," Emanuel has "recruited multimillionaire Democrat Jack Davis, whom Reynolds defeated in 2004 with 56 percent of the vote" and "the two chairmen have spent the past nine months trash-talking while trading allegations of corruption." Some political observers "say Emanuel will seek a leadership bid in the next Congress and others have speculated that Reynolds has his eye on replacing House Speaker Dennis Hastert (R-Ill.) when the Illinois lawmaker retires. November's results will have a significant impact on the leadership aspirations of both men."

Democrats Tell Judge DeLay's Exit Harms Party. Time (6/28, Hylton) reports in a "Web exclusive" that Democrats "miss him so terribly that they are trying to persuade a federal judge to keep former Congressman Tom DeLay's name on the ballot this fall. Allowing the Texas Republican Party to replace DeLay, who says he lives and votes in Virginia, would cause great harm to the Democratic Party, the party's lawyers argued in an Austin federal court Monday. Proving that claim is crucial to their lawsuit so Democrats testified just how much DeLay meant to them. Embarrassing? 'Maybe,' said Cris Feldman, an attorney for the Democrats, 'but necessary.'"

House GOP Unveils Values Agenda. Roll Call (6/28, Pershing) reports that with "little fanfare," House Republican leaders "unveiled a broad 'American Values Agenda,' composed of bills designed to appeal to the GOP's political base." The agenda "includes measures on topics such as abortion, cloning, religious freedom, flag burning and gun rights — all issues that resonate with social conservatives, some of whom have expressed misgivings about the party's recent direction." GOP leaders, "with the help of Rep. Joe Pitts (R-Pa.), the head of the Values Action Team, began crafting the agenda in May after holding a handful of meetings with prominent social conservative leaders."

CQ (6/27, Ferrechio) reports House GOP leaders "say they plan to take up a series of bills next month favored by the Republican Party's socially conservative base, including a constitutional amendment that would ban gay marriage (H J Res 88). GOP leaders said they also plan floor action on a series of tax cuts, including the child tax credit, 'marriage penalty' relief and tax incentives for those who adopt children." House Majority Whip Roy Blunt "said the bills will be spread out over the three weeks between the return from the weeklong July 4 recess and the start of the much longer August recess. The legislation includes top priorities of groups such as Focus on the Family and the Family Research Council."

Morris Says Lieberman Can't Win Primary. In his column in The Hill (6/28), Dick Morris says Sen. Joseph Lieberman "is in the process of committing suicide. By insisting on running in Connecticut's Democratic primary against anti-war candidate Ned Lamont, he is in a fight he won't win and, in the process, destroying his chances in the general election, which he can win." Primaries in Connecticut "are notoriously polarized. The right dominates the GOP nominating process just as surely as the left controls that of the Democrats. This is no place for a centrist to thrive." If Lieberman "simply skips the primary and runs as an independent, forcing a three-way race, he will win overwhelmingly. The larger Connecticut electorate adores him and will happily desert either party to vote for his reelection." But in "an August Democratic primary, with its low turnout and ideologically skewed voters, he faces decapitation. As surely as an American soldier on patrol in Iraq, his very presence in the Democratic primary provides a tempting target for those who want to vent their frustration at American foreign policy." The "inevitable dynamics of this

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primary are likely to flow toward the challenger as he picks up money, support and recognition and offers a way to do something there is no other way to do: Vote against the war."

Connecticut AFL-CIO Backs Lieberman. The New York Times (6/28, Yardley, 1.19M) reports, "Connecticut's largest labor union," the state AFL-CIO, "on Tuesday endorsed Senator Joseph I. Lieberman in the Democratic primary, although many union leaders, meeting at their state political convention, complained of his support for the war in Iraq and foreign trade agreements. Many sounded loud 'nays' when the voice vote was called." Most of the speakers "expressed support, noting the senator's efforts in his three terms to protect workers in industries ranging from clothing to submarine manufacturing. Many said, however, that his challenger, Ned Lamont, a businessman from Greenwich who owns a cable television company, is a fresh face who will better serve their interests and stand up to President Bush on issues like the war and trade."

Ehrlich Trails O'Malley By 16 Points Among Likely Voters In WPost Poll. The Washington Post (6/28, A1, Barnes, Deane, 744K) reports in a front page story that Maryland Gov. Robert L. Ehrlich Jr. "starts his reelection campaign today significantly trailing Baltimore Mayor Martin O'Malley, according to a new Washington Post poll. Although the state's voters give the governor good marks for the job he's done, they also appear inclined to return a Democrat to the governor's mansion." The poll "shows Ehrlich trailing O'Malley by 11 percentage points among registered voters," 40%-51%, "and 16 points among those who say they are 'absolutely certain' to vote in the Nov. 7 election," 39%-55%. The "deficit comes even though a majority of voters find Ehrlich likable, approve of the job he has been doing and believe that the 48-year-old former congressman from Baltimore County has a vision for the state." The telephone poll was "conducted among 902 registered voters June 19 to Sunday and has a margin of error of plus or minus 3 percentage points."

High Gasoline Prices Could Be Crimping Summer Travel Plans. USA Today (6/28, De Lollis, Hagenbaugh, 2.31M) reports, "Only 39.8% of consumers plan to take a vacation within the next six months, a 28-year low, the Conference Board said," and "a new USA TODAY/Gallup Poll supports the notion that high gas prices are crimping vacations," as "one-third of respondents in the survey of 1,000 adults taken Friday through Sunday said they are changing summer vacation plans because of higher gas prices." Of those, "37% said they would reduce the number of trips normally taken, while 26% said they're canceling plans or simply can't afford to vacation. Some 23% will take shorter trips." However, "the decline in vacation plans could also reflect a drop in employees who get paid time off," and "hotels are packed and airlines are nearly fully booked this summer."

WSJournal Calls On Buffett, Gates To Invest On Strengthening Capitalism. The Wall Street Journal (6/28, 2.11M) editorializes that after "Warren Buffett's pledge of more than $30 billion to the Gates Foundation," now "the nation's two wealthiest men have to prove…they can be as effective at giving away their money as they have been at making it. This is harder than it sounds." Still, the Foundation "seems to have avoided the worst pitfalls of many other large, politically correct foundations" and concentrated on problems, not advocating government solutions. Still, "with their tax-sheltered assets, modern foundations have no expiration date and have become hugely important players in policy debates, the culture and even politics," creating another "reason to watch how well the two men now deploy their gifts." The Journal would "suggest that they put at least a smidgen of their money back into strengthening the foundations of the free-market system that has allowed them to become so fabulously rich." There is a good in "reinvesting in the moral capital of a free society and trying to sustain and export free-enterprise policies."

WPost Praises DC's New HIV Testing Program. The Washington Post (6/28, A24, 744K) editorializes that the District of Columbia's "new drive to test everyone…between the ages of 14 and 84" for HIV, "which kicked off yesterday in Freedom Plaza, is long overdue." With the data, "the District can start issuing the kinds of reports on the spread of the virus that have long been standard in cities such as Baltimore and New York…and finally begin targeting its HIV funding effectively." This "ambitious plan" is "an appropriately bold counterpunch in the city's so-far losing fight with HIV." However, it "won't work, however, if District residents don't take the time to get tested." The Post then urges people to make time to do so.

Hamas-Fatah Political Deal Does Not Slow Israeli Move Into Gaza. ABC World News Tonight (6/27, story 4, 2:10, Gibson, 8.78M) reported, "Israeli forces have launched an operation against Palestinians in Gaza in retaliation for the abduction of an Israeli soldier. An Israeli official warned today that Israel and the Palestinians were at the edge of a cliff. There is concern, tonight, about both sides plunging into a new round of violence." ABC (Wright) added, "Tonight, Israeli tanks and troops are on the move into Gaza, in what could be the start of a major Israeli offensive." The CBS Evening News (6/27, story 10, 0:30, Schieffer, 7.66M) noted the Israelis "have been threatening action since Sunday when the militants tunneled under the border, killed

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two Israeli soldiers and abducted a third. Palestinian officials say the captured soldier is alive."

NBC Nightly News (6/27, story 6, 1:20, Fletcher, 9.87M) said "Palestinian fighters are bracing for battle. Today, they were laying landmines, patrolling fields and building obstacles in the streets of the towns. It's all about a 19-year-old Israeli corporal who was abducted by Palestinian fighters Sunday. They raided an Israeli army post, killed two soldiers and escaped with one Israeli soldier. Now they want to swap him for women and young prisoners in Israeli jails. Israel says, no way."

On its front page, the Washington Post (6/28, A1, Wilson, 744K) reports the Israeli incursion "overshadowed an agreement earlier in the day by leaders of Hamas…on a unified political agenda advocated by Palestinian Authority President Mahmoud Abbas to ease the economic sanctions against the government." Hamas "agreed to establish a national-unity government as part of an accord signed by the largest Palestinian political factions," a move that "would signal a major shift by Hamas's political leaders, who for the first time would effectively endorse a two-state solution to the Israeli-Palestinian conflict." The Post adds that the pact "runs counter to views held by Hamas's hard-line leadership in exile headed by Khaled Mashal, whom Israeli officials say was behind the Sunday attack. Some Hamas leaders in Gaza, along with Abbas and Egyptian interlocutors, have called for" the kidnapped soldier's release.

The Financial Times (6/28, Biedermann) notes the Israeli "army said it did not intend to carry out a prolonged operation." The incursion "follows the failure of diplomatic efforts to secure the" soldier's release. Also, "the two leading Palestinian factions…have in effect reached agreement on a unified approach towards Israel and on internal Palestinian issues," which "was billed as promising an unprecedented implicit recognition of Israel by Hamas."

In a 1,336-word piece, the New York Times (6/28, Fisher, Erlanger, 1.19M) adds, "The prospect of an invasion, threatened by Israel if Corporal Shalit was not released, seemed to have pushed the Palestinians toward agreement after months of internal fighting." The Times says the deal "would move Hamas closer to recognition of Israel — a significant change — and would raise the possibility of renewed Western aid to the Palestinians." A final deal would "represent a victory for Mr. Abbas, who had threatened to put the issue to a referendum next month." On the prospect of an armed incursion, the Times says Secretary Rice "e on Tuesday called on Israel to give diplomacy more time. 'There really needs to be an effort now to try and calm the situation, not to let the situation escalate, and to give diplomacy a chance to work to try to get this release,' Ms. Rice told reporters…en route to Pakistan."

In an analysis piece, the Wall Street Journal (6/28, Leggett, 2.11M) says the incursion "could threaten a decade-long effort to build a viable and independent Palestinian government." The Palestinian Authority "is facing perhaps the biggest crisis in its existence," despite "a hint of optimism" emanating from the political agreement. "While the agreement appeared to demonstrate a willingness on the part of the two leaders to compromise with Israel, it is unclear if the document has the full support of Hamas." The "military campaign in Gaza could create enormous long-term complications. Widespread chaos could result if Palestinian security forces are scattered and infrastructure such as roads and schools are further damaged. Hospitals, already short on many supplies, could be overwhelmed." If the internal situation deteriorates, "Israel would be left with two choices: watching as a humanitarian and security crisis likely worsens, or assuming responsibility for providing basic services to roughly five million Palestinians, as Israel did before the 1990s Oslo peace process that led to the establishment of the Palestinian Authority quasi-government."

The Los Angeles Times (6/30, King, Ellingwood, 958K), Washington Times (6/28, Mitnick, 90K) and USA Today (6/28, 2.31M) run similar reports on the Israeli attack, while the Christian Science Monitor (6/28, Mitnick, 61K) analyzes its effect on Palestinian politics, in a story titled "Israeli Threat Unites Hamas, Fatah."

Israel Urged To Return To Targeted-Killing Policy. Michael Oren, senior fellow at the Shalem Center in Jerusalem, writes in the Wall Street Journal (6/28, 2.11M) that "while the operation may flex its military muscle, it cannot restore Israel's deterrence power or prevent future rocket attacks and kidnappings. Indeed, the attack may well prove Pyrrhic -- inflicting greater injury on Israel than on the Palestinians." Oren adds, "The quandary Israel confronts today originated in the unilateral withdrawal of all Israeli settlers and soldiers from Gaza last August. … There is, however, one way to avert a public relations disaster for Israel, to limit casualties, and to restore Israel's deterrence power: Israel must return to the targeted-killing policy that enabled Mr. Sharon to triumph over terrorist organizations. Israel must target those Palestinians who order others to fire rockets from within civilian areas but whose families are located safely away from the firing zones. No Hamas or Islamic Jihad leader should be immune from such reprisals -- neither Prime Minister Ismail Haniya nor Khaled Meshal, who masterminds Hamas from Damascus."

Khamenei Offers Mixed Message On Nuclear Program, Appoints Foreign Policy Advisors.

The New York Times (6/28, Fathi, 1.19M) reports Iranian Supreme Leader Ayatollah Ali Khamenei said "that Iran had 'no use' to negotiate with the United States. But in a more positive gesture he said that the 'the ground was prepared' for talks over Iran's nuclear program." The Times notes, "This

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is the first that Mr. Khamenei has reacted to the idea of direct talks with the United States since a package of incentives was submitted to Iran on June 6," and quotes Khamenei saying, "We will not negotiate over our undeniable right of using nuclear technology with anyone. But if they recognize our right, we are willing to negotiate over controls, inspections and international guarantees. The ground for such negotiations has been prepared." White House spokesman Tony Snow "said he did not consider Mr. Khamenei's comments to be a snub and pointed that various leaders in Iran had offered different reactions to the incentive plan." The Times adds, "In a major shift of policy, Mr. Khamenei created a new foreign policy committee on Sunday and appointed former Foreign Minister Kamal Kharrazi, a moderate politician, to head the committee for five years. The committee has four other members, who are all moderate former ministers."

The AP (6/28, Karimi) adds Khamenei "said Tuesday that Iran does not need negotiations with the United States over its nuclear program, apparently seeking to reassure hard-liners the country will not cave in," but Khamenei "did not give his position on the" West's incentives proposal.

Iran Courting Non-Western Powers On Nuclear Deal. The Los Angeles Times (6/28, Rubin, 958K) reports that Iranian diplomats are making dozens of visits "around the globe in recent weeks," as "high-ranking officials have touched down in Algeria, Tunisia, Yemen, China, Spain and Italy" in "part of an extensive international lobbying campaign to build support for Iran's position in talks over the future of its nuclear program." Diplomats and experts believe that "in order to make Tehran's case as strong as possible, Iranian officials are seeking broad international support, especially from outside the West." Meanwhile, "In the Middle East, Iranian officials are trying to use the nuclear talks as a vehicle for asserting themselves as the preeminent regional power."

Science Minister Says Islam Forbids WMD. The AP (6/28) reports Iranian Science and Research Minister Mohammad Mehdi Zahedi "told Indonesia's vice president Tuesday that his country has no plans to develop nuclear weapons because Islamic law outlaws the development of weapons of mass destruction." Zahedi "said that based on the Islamic principle, Iran must take advantage of all its potential resources including nuclear technology for the prosperity of its people." He also "called on Western countries not to…prevent developing nations from producing …nuclear power when it is designed for peaceful purposes."

Warner Says North Korea Missile Test May Not Be Imminent. The New York Times (6/28, Shanker, Sanger, 1.19M) reports, "The chairman of the Senate Armed Services Committee said Tuesday that while North Korea showed clear signs of preparing a missile for a test launching, it remained uncertain whether it was fully fueled for an imminent firing." The chairman, Senator John W. Warner, "spoke on Capitol Hill after committee members received a closed-door briefing from officials of the Missile Defense Agency, the Defense Intelligence Agency and the defense secretary's office."

South Korea Urges China To Dissuade North From Testing Missile. The AP (6/28, Wong) reports, "South Korea's foreign minister urged China to use its influence to dissuade North Korea from testing a long-range missile, but Western diplomats on Tuesday questioned Beijing's influence over the reclusive communist state." South Korea's Ban Ki-moon and Chinese counterpart Li Zhaoxing "met for about an hour, discussing strategies to sway Pyongyang not to test-launch a missile and to resume six-nation talks on its nuclear weapons program." Ban "urged China to persuade North Korea not to test the missile, the South's Yonhap news agency reported, citing South Korea Foreign Ministry official Lee Hyuck, who attended Tuesday's talks."

Snow Warns North Korea Not To "Bluff." AFP (6/28) reports, "The United States warned North Korea against thinking it could use worries over a possible long-range missile to force the United States into direct talks. 'If it's a bluff for direct negotiations, it's not an advisable way to do it,' White House spokesman Tony Snow told a press briefing."

House Panel Approves India Nuclear Cooperation Deal. The Financial Times (6/28, Daniel, Sevastopulo) says the Administration "scored a key victory in securing congressional support for its historic agreement to allow civil nuclear co-operation with India when the House foreign relations committee voted 37 to five on Tuesday to allow it to proceed with legislation. The vote came after months of negotiations between administration officials and legislators." The Times adds, "Although the initial bill expanded from the two-page version submitted by the Bush administration to 30 pages, one aide closely involved in talks, said: 'In the operative language of the legislation there were no new conditions added.'" The Times says "many observers believe" Senate approval of the deal "will not come before" November's midterm elections.

The Wall Street Journal (6/28, Solomon, 2.11M) calls it a "foreign-policy victory for the Bush administration," and "the 37-5 vote was viewed by Democrats and Republicans as a positive indication that the White House's Indian initiative will win support from the full Congress this fall." The Washington Times/AP (6/28, Klug) reports that Rep. Jim Leach ""said the deal 'knifed' the nuclear Non-Proliferation Treaty." Rep. Henry J. Hyde, "and Rep. Tom Lantos of California, the committee's top Democrat and a supporter of the plan, said yesterday's legislation would strengthen Congress' role by having lawmakers vote only after they had seen a final

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version of the cooperation plan with India." The AFP (6/28) also covers this story.

Koizumi To Visit US. The Washington Times (6/28, Kambayashi, 90K) reports that Japan "has taken steps to ensure a successful meeting" between President Bush and Prime Minister Junichiro Koizumi, "agreeing last week to reopen its markets to American beef and announcing Monday that it will deploy advanced U.S. Patriot interceptor missiles on Japanese soil." Japanese analysts expect the two "will discuss the Iranian nuclear standoff, rising instability in Afghanistan and the threat posed by bird flu." However, Japan's "protocol-conscious press" is focused on "crowing that Prime Minister Junichiro Koizumi will receive a more elaborate welcome than Chinese President Hu Jintao did." The "Japanese are sensitive to the contrast with the treatment given to the Chinese president when he visited Washington in April."

Japan's Actions May Be Hurting US Relations In Asia. The Christian Science Monitor (6/28, Marquand, 61K) reports, that Koizumi's visits to the Yasukuni shrine "'are not in the US interest, and as the US-Japan alliance gets stronger, the US should discourage them,' says Ezra Vogel, a senior Asia expert at Harvard University. The rest of Asia sees them as "a provocative denial of World War II Japanese aggression," and, "We need to tell Japan, as a friend, that the way it handles the shrine makes the US job in the region more difficult." However, "it is considered axiomatic in Japanese relations that overt or highly public commentary about domestic behavior by foreign politicians can scupper efforts to influence Tokyo." Also, "there are new US concerns about Japan's revisionism regarding its history with the US." A museum on the grounds of the shrine "suggests that the US, not Japan, was responsible for World War II."

Powell, Albright Advocate Fully-Funding Foreign Aid. The Washington Times (6/28, Stuhldreher, 90K) reports, "Former Secretaries of State Colin L. Powell and Madeleine K. Albright warned yesterday that proposed funding cuts for international programs could jeopardize national security." The House Appropriations Committee recently cut Bush's proposed budget "by nearly $3 billion, to $32.28 billion," and "Supporters of full funding argue that more money spent on international projects would not only increase global security, but also open up business opportunities abroad."

Somali Islamic Militia Accused Of Breaking Cease-Fire. The AP (6/28, Duhul) reports, "Islamic militiamen seized a checkpoint outside Somalia's capital Tuesday in an hourlong battle that killed six people, according to a clan leader who accused the militia of breaking a new cease-fire." The agreement, made last week, would "stop all military action and recognize the country's powerless, U.N.-backed interim government. But militia officials subsequently voted to replace their relatively moderate leader, who also had been reaching out to the West, with" Sheikh Hassan Dahir Aweys, "a radical cleric whom the U.S. accused of links to al-Qaida."

US Backs UN Conference On Reducing Illegal Arms. The New York Times (6/28, Hoge, 1.19M) reports, "the Bush administration gave its backing on Tuesday to a United Nations conference on curtailing the international flow of illegal arms, but warned delegates against adopting measures that would restrict individual possession of weapons." Secretary General Kofi Annan reminded "urged member countries to toughen existing laws governing arms deals," bit "said the conference was not contemplating a global ban on gun ownership." Some of his remarks "seemed to be referring to a campaign by the National Rifle Association, which has charged in mass mailings that the United Nations is plotting to take away Americans' guns through a treaty banning ownership." John R. Bolton, the United States ambassador to the United Nations, declined to comment on "why all three citizen delegates from the United States to the conference were prominent members of the gun lobby group." The Washington Times (6/28, Pisik, 90K) also covers this story.

Energy Wealth Strengthens Russia's Hand, Presents Headache For US. The Wall Street Journal (6/28, King, Cullison, 2.11M) reports, "The Bush administration is wrestling with a new challenge from abroad: an often strong-willed Russia made all the more assertive by its energy wealth." Russian President Vladimir Putin "delivered a hard-hitting speech yesterday, arguing that Russia's economic renaissance makes it an equal among other global powers," and "Bush aides say they worry that Russia's economic clout already is leading Moscow to overplay its hand on the diplomatic front." Russian "assertiveness has complicated life for an administration already struggling with falling approval ratings at home and the intractable conflict in Iraq" and "U.S. officials acknowledge that dealing with an increasingly cocky and robust Russia has complicated interactions with Moscow and made negotiations within the U.N. Security Council, where Russia holds a veto, more tricky." This is the "dilemma facing Secretary of State Condoleezza Rice" when she "arrives in Moscow today hoping to win Russia's support on international issues such as curbing Iran's nuclear ambitions, even as the Bush administration has stepped up criticism of Mr. Putin's policies both at home and toward Russia's nearest neighbors."

Belarus Vow To Retaliate For US Sanctions. The Washington Post (6/28, A23, 744K) reports in its "In the

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Loop" column that Belarus has "vowed to retaliate for the administration's decision to freeze the U.S. bank accounts of Belarusan President Alexander Lukashenko and other high-ranking officials. The sanctions, which also bar U.S. citizens from doing business with the Belarusans, were imposed for that government's human rights abuses, general corruption and thuggery, repression, election fraud and the disappearances of four regime critics. 'We'll apply appropriately symmetrical measures to George W. Bush and Condoleezza Rice,' Belarusan Security Council Secretary Viktor Sheiman vowed in a state television interview. 'We'll freeze their accounts and seize their assets' in Belarus."

State Department Officials' Claims About Myanmar Called "Exaggerated." Chan Kyaw Aung, Consulate General of the Union of Myanmar, writes in a letter to the Wall Street Journal (6/28, 2.11M) that US Undersecretary of State Paula J. Dobriansky's June 19 op-ed "is based on exaggerated and fabricated reports. It also makes the groundless assertion that, in addition to Aung San Suu Kyi, 50 million people are living without basic freedoms and human rights in Burma. … Instead of taking such an aggressive approach and making such provocations, those who truly want to support democracy and prosperity in Myanmar should cooperate with its government to achieve the goal of implementing the Seven-Step Road Map for Democratic Transition in Myanmar."

Obrador's Relations With "Street Bosses" Raise Critic's Concerns. The Wall Street Journal (6/28, Lyons, 2.11M) reports, "Street bosses…have long been a staple of Mexican politics, but their influence was supposed to fade as the country's democracy matured. Instead, their power has expanded because they can provide jobs and housing to thousands of families made desperate by a sluggish economy." Throughout leftist presidential candidate Andres Manuel López Obrador's "political career, he has relied on mass protests to get what he wants." Now "his critics fear that if he wins the presidency he'll rely on street bosses…to achieve his aims, and if he loses he'll call on them to shut down cities."

Chavez Used In Mexican Attack Ads. The Washington Post (6/28, A14, Roig-Franzia, 744K) reports that Hugo Chavez's "face has been all over Mexican television at critical stages in this country's bitter mudfest of a presidential race." In fact, the "imagery has gotten so intense that Mexico's electoral commission has twice ordered television advertisements featuring the Venezuelan leader off the air." Obrador's opponents have been "linking the candidate to Chavez," and "Mexican political experts generally agree the tactic has been effective." Now, "as the campaign enters its final stage,…Obrador has begun responding more often to the comparisons to Chavez."

Obrador Criticized For "Messianic Populism." Enrique Krauze, editor of the magazine Letras Libres and the author of "Mexico: Biography of Power," writes in an op-ed in the New York Times (6/28, 1.19M), "Should Andrés Manuel López Obrador, the front-runner in Mexico's presidential race, emerge victorious on Sunday, it could usher in a form of Latin American leftism as yet unseen: messianic populism," and "Mexico's fragile democracy could become its first casualty." Now "millions of poor Mexicans, particularly in the center and south of the country, see in him what he sees in himself: a bestower of manna who will provide the poor with cash handouts and all the services of a great welfare state. His oratory increasingly blends the theological with the revolutionary." While "his platform is full of unrealizable initiatives," far "more troubling than his economics is his political messianism, which could undermine our democracy."

Samuelson Argues Mexican Economic Growth Won't Improve, No Matter Who Wins. Robert J. Samuelson writes in his column in the Washington Post (6/28, A25, 744K) that Mexico's slow economic growth is one reason it is "sending so many of its poorest citizens north." However, "Economies advance through the adoption of better technologies and business methods" and "in Mexico, this process is weak." It has "large, modern firms in semi-protected markets that limit the pressure to improve efficiency or lower prices" and "thousands of small firms…that theoretically aren't legal, because they haven't registered with the government and often don't pay taxes or comply with regulations on wages and hiring and firing," and thus "are virtually compelled to remain small and inefficient." This "frustrates rapid economic growth," and as each presidential candidate "might have trouble enacting his agenda without a legislative majority," it probably won't change soon.

China Announces Over $1 Billion In Bank Fraud. The Washington Post (6/28, D1, Goodman, 744K) reports, "The Chinese government disclosed $1.1 billion worth of fraud at" the Agricultural Bank of China, "one of the country's largest state-owned banks this week, underscoring the risks confronting foreign investors as they seek big stakes in China's precarious banking system." This comes "as China presses to eradicate the taint of corruption from its state-owned banks as it courts foreign capital in a bid to improve management practices," and "brings to the fore a basic question about the future of China's financial system: Are the state disclosures a sign that the government is indeed serious about fixing the troubles, or are they just another indication of the extent of the problems in a fundamentally shaky system? Analysts saw a little bit of both."

Chinese Government Responding To Rural Concerns Over Land Seizures. The Washington Post

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(6/28, A14, Cody, 744K) reports, "For 24 hours, thousands of rampaging farmers" in Sanzhou "unleashed their rage over confiscated farmland this month," and in "a twist: The villagers won significant concessions." Now "officials had pledged a high-level review of 750 acres of rice paddies and fish ponds, property that had been confiscated by the village committee and resold for development in what the villagers said was a corrupt transaction." This "stopped the violence after only a few serious injuries. More broadly, it dramatized the Chinese government's realization that farmers have a point when they complain that their land and their livelihoods are being unfairly swallowed up by relentless economic growth." The government, "in an indication of concern about the unrest among suddenly landless farmers, has launched a campaign to preserve the fields and paddies that feed China's 1.3 billion people" and "T become increasingly frank about the corruption that often accompanies land seizures, outraging farmers and corroding their willingness to abide by official decisions." Now there are "the first signs…that the campaign may be having an effect."

Taiwan's Chen Easily Beats Recall Attempt. The Washington Post (6/28, A21, Rickards, 744K) reports Taiwanese President Chen Shui-bian "easily survived a recall vote in Taiwan's legislature Tuesday but remained mired in scandals that have undermined his leadership and touched off a rancorous political struggle." A majority of lawmakers supported the recall, however that support fell well short of the two-thirds requirement. The Post adds, "Unless new irregularities are uncovered, Chen is now expected to remain in power for the last two years of his second four-year term. But he has been weakened by charges that his family and aides were involved in under-the-table deals, and buffeted by the political storm those charges have generated." Politics and decision making in Taipei "appeared headed for a period of instability that is likely to overshadow relations with China and perhaps brake Chen's attempts to push the self-ruled island toward formal independence." The New York Times/AP (6/28) also covers this story.

Oman Trade Deal Rouses Groups For, Against Pact. Roll Call (6/28, Ackley) reports, "Groups for and against a Bush administration free-trade agreement with the Persian Gulf nation of Oman are stepping up their lobbying efforts, promising to fight just as hard as they did in last summer's bitter battle over the Central American Free Trade Agreement." Opponents "say Oman's labor and environmental standards are abysmal," and "while the pro-agreement side argues that Oman is a key strategic Middle East ally, especially in the war on terror, opponents counter that the trade agreement could hinder Congressional intervention when it comes to potential national security matters." Both sides agree that "the stakes are higher than they ordinarily might be because this is an election year."

Schwab Says WTO Talks Eventually Will Succeed. AFP (6/28, Raab) reports the United States "voiced optimism that struggling global trade negotiations would eventually succeed, even if a crucial WTO meeting in Switzerland this week fails." After meeting with lawmakers Tuesday, US Trade Representative Susan Schwab said, "We're going to try to get this done as soon as we can, rather than say if we don't get it done by the weekend it won't happen." Although deadlines are "important," Schwab added, "but deadlines in and of themselves are not going to create a good agreement." The World Trade Organization opens its latest round of talks Thursday in Geneva.

US Lawmakers Prefer No Deal To Bad Deal. The AP (6/28) reports US lawmakers said Tuesday they "would rather have no deal than a bad deal" when global trade talks commence this week in Geneva. Congress "won't support concessions beyond the existing offer from the US to cut farm subsidies," House Agriculture Committee chairman, Rep. Bob Goodlatte, said. "No other country has introduced a proposal that even comes close to the US proposal," Goodlatte continued.

Friedman Says Profitable Eco-Friendly Businesses Needed To Preserve Amazon. In his column in the New York Times (6/28, 1.19M), Thomas Friedman writes that the Amazon rain forest is "endangered by what Tim Killeen, a senior biologist and researcher at Conservation International, identifies as three converging forces: rising commodity prices driven by rapid growth in China, plans by leaders in South America to integrate their infrastructure and highways to create a continental economy…and some new climate models that predict that global warming could make the Amazon so hot and dry that within a century it could mutate from a rain forest into a savannah." These cannot be stopped by "protests by do-gooders." Instead, "profitable eco-friendly business alternatives — to counter the eco-hostile ones" are needed, or "the economic predators of this rain forest will eventually have their day."

THE BIG PICTURE:

Headlines From Today's Front Pages.

Los Angeles Times:

"Fear And Posing In Baghdad."
"Israeli Troops And Armor Surge Into Gaza."
"Flag Measure Fails By 1 Vote."

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"Cities May Lose Power Over Cable TV."
"Some See Iran's Faculty Exodus As A New Purge."
"Secondhand Smoke: It's All Bad."

USA Today:
"Senate Rejects Flag Bill By 1 Vote."
"Film Legend, Rising Star Wearing 'Prada' Well."
"Summer Vacations Run On Empty."

New York Times:
"Israeli Troops Move Into Gaza; Bridges Are Hit."
"Flag Amendment Narrowly Fails In Senate Vote."
"Anglican Plan Threatens Split On Gay Issues."
"Charities Tied To Doctors Get Drug Industry Gifts."
"Despite Protests, Rent Board Sets 7.25% Increase."
"Push For New Tactics As War On Malaria Falters."

Washington Post:
"Israeli Troops Move Into Gaza."
"No Rest For The Wet And Weary."
"Poll Shows Ehrlich Lagging As He Opens Reelection Run."
"U.S. Details Dangers Of Secondhand Smoking."
"The Superhighway To Everywhere."
"Senate Rejects Flag-Burning Amendment."

Washington Times:
"Senate Warms To 'Border First.'"
"Abbas, Hamas Strike A Deal."
"Homes Condemned After Floods."
"Anglican Leader Ponders A Split."
"Haircut, Shave Can Mean Life Or Death In Baghdad."
"Treasures Pulled From A Briny Tomb."
"Splitting Heirs Over Wealth."

Detroit Free Press:
"Should Girls Get Shots For Virus At 9?"
"Thousands Line Up For Delphi Jobs."
"Detroit, Flint Insurance Could Cost Less."

Atlanta Journal-Constitution:
"Flag Measure Dies By 1 Vote."
"Emory Left Out Of Loop In King Deal."
"Cutting The Internet Cord."
"Secondhand Smoke 'Serious Health Hazard.'"
"Dubai's legal System May Prove Harsh As Austin Faces Drug Trial."

Houston Chronicle:
"Health Alert Could Help City Expand Smoking Ban."
"Apartment Fire Kills Three Children Left With No Adults."
"'Railroad Killer' Offers Apology At Execution."
"Ban On Flag Desecration Comes Up One Vote Short."
"Soldier's Death 'Touched A Nerve.'"

Story Lineup From Last Night's Network News:
ABC: Second Hand Smoke; Mid-Atlantic Rains; Senate-Flag Burning Amendment; Israel-Gaza Offensive; Guantanamo Bay Conditions; Missouri-Elks Lodge Collapse; Bush, Amputee Run; Missing WWII Sub Found.
CBS: Mid-Atlantic Rains; White House Elm Tree; Western Wildfires; Military Vehicles-Repair Costs; Bush, Amputee Run; Senate-Flag Burning Amendment; Minimum Wage Debate; Secondhand Smoke; Gates Foundation-Disease Prevention; Israel-Gaza Offensive; Student Debt; Harry Potter-Character Deaths.
NBC: Secondhand Smoke; Secondhand Smoke-Analysis; Smoking Bans-Economic Impact; Senate-Flag Burning Amendment; Mid-Atlantic Rains; Israel-Gaza Offensive; Stock Markets; Justice Department-Terrorism Prosecutions; Katrina-Wasteful Spending; Sleep Deprivation; Bush, Amputee Run; Gates Foundation-Disease Prevention; Misplaced Buffett Pledge Documents.

Story Lineup From This Morning's Radio News Broadcasts:
ABC: Rumsfeld-North Korea; South Korean President-ID Theft; Israel-Gaza Offensive; Limbaugh-Detained At Airport; TX-Murderer Executed.
CBS: Israel-Gaza Offensive; Northeast-Heavy Rain; Bush Runs With Wounded Soldier; TX-Yates Retrial.
NPR: Israel-Gaza Offensive; Senate-Flag Desecration; VA-Personal Data Theft; Foreign Stock Markets; Rice-Afghanistan; Nepal-Drought.

WASHINGTON'S SCHEDULE:

Today's Events In Washington.
White House:

PRESIDENT BUSH — Speaks about the line item veto, JW Marriott Hotel; photo opportunity with Staff Sgt. Christian Bagge, Oval Office; participates in a meeting with the National Endowment for Democracy Award recipients, Oval Office; Participates in a run with Staff Sgt. Christian Bagge, South Lawn.

VICE PRESIDENT CHENEY — No public schedule.

US Senate: 10 a.m. JOINT ECONOMIC _ Full Committee. Hearing on prospects for continued economic expansion. Council of Economic Advisers Chairman Edward Lazear. Location: Room 2118, Rayburn.

9 a.m. APPROPRIATIONS _ Labor, HHS, Education and Related Agencies Subcommittee. Hearing on the impact of deriving human pluripotent stem cell lines using techniques that do no knowingly harm embryos. James Battey of the NIH Stel Cell Task Force; Stephen Strom of the University of Pittsburgh; Alan Leshner, American Association for the Advancement of Science. Location: Room 192, Dirksen.

10 a.m. COMMERCE, SCIENCE AND TRANSPORTATION _ Full Committee. Markup of the Communications Act of 2006. Location: Room 216, Hart.

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10 a.m. ENERGY AND NATURAL RESOURCES _ Full Committee. Hearing on implementation of the Energy Policy Act provisions on enhancing oil and gas production on federal lands in the Rocky Mountain region. BLM Director Kathleen Clarke; Jeffrey Eppink, vice president and treasurer, Advance Resources International Inc.; Mary Flanderka, Wyoming state planning coordinator; Tom Reed, Wyoming field coordinator, Trout Unlimited; Duane Zavadil, vice president, Government and Regulatory Affairs, Bill Barrett Corp., Denver. Location: Room 366, Dirksen.

10 a.m. FINANCE _ Committee on Finance meets to consider nomination of Henry Paulson to be Secretary of the Treasury. Location: Room 106, Dirksen.

10 a.m. HOMELAND SECURITY AND GOVERNMENTAL AFFAIRS _ Subcommittee on Oversight of Government Management, the Federal Workforce and the District of Columbia. Hearing to conduct a management review of the Office of Personnel Management. With David Walker, Comptroller General, Government Accountability Office and Linda Springer, director, Office of Personnel Management. Location: Room 342, Dirksen.

10 a.m. SPECIAL AGING _ Full Committee. Hearing on medical tourism and possible cost savings. Bruce Cunningham, American Society of Plastic Surgeons; Arnold Milstein, Mercer Health & Benefits; Bonnie Blackley, corporate benefits director, Blue Ridge Paper Products; and Rajesh Rao, CEO, IndUShealth. Location: Room 215, Dirksen.

10:30 a.m. JUDICIARY _ Full Committee. Hearing on presidential signing statements. Location: Room 226, Dirksen.

2:30 p.m. APPROPRIATIONS _ Energy and Water Subcommittee. Markup of the House Energy-Water Appropriations bill. Location: Room 138, Dirksen.

2:30 p.m. APPROPRIATIONS _ Homeland Security Subcommittee. Markup of the Homeland Security appropriations bill. Location: Room S-128, Capitol.

2:30 p.m. BANKING, HOUSING AND URBAN AFFAIRS _ Housing and Transportation Subcommittee. Oversight hearing on the SAFETEA-LU Act. FTA Deputy Administrator Sandra Bushue; Kate Siggerud, GAO; William Millar, President, American Public Transportation Association. Location: Room 538, Dirksen.

2:30 p.m. SELECT INTELLIGENCE _ Full Committee. Closed briefing in pending matters. Location: Room 219, Hart.

US House: FLOOR SCHEDULE _ 9 a.m. Meets for morning hour debate, then for legislative business at 10 a.m. Highlights: Suspensions (3 bills): 1) H.R. 42 - Freedom to Display the American Flag Act of 2005; 2) H.R. 5341 - Seasoned Customer CTR Exemption Act of 2006; 3) H.Res. 854 - Recognizing National Homeownership Month and the importance of homeownership in the United States. H.R. 4973 - Flood Insurance Reform and Modernization Act of 2006. H.R. 5672 - Science, State, Justice, Commerce, and Related Agencies Appropriations Act for Fiscal Year 2007.

10 a.m. JOINT ECONOMIC _ Full Committee. Hearing on prospects for continued economic expansion. Council of Economic Advisers Chairman Edward Lazear. Location: Room 2118, Rayburn.

9:30 a.m. APPROPRIATIONS _ Military Quality of Life and Veterans Affairs and Related Agencies Subcommittee. Hearing on the recent VA data security breach. David McIntyre, Jr., President, TriWest Healthcare Alliance; Dennis Hoffman, EMC Corp.; VA Secretary Nicholson. Location: Room H-140, Capitol.

9:45 a.m. APPROPRIATIONS _ Interior and Related Agencies Subcommittee. Markup of the Interior-Environment appropriations bill. Location: Room 124, Dirksen.

10 a.m. ENERGY AND COMMERCE _ Subcommittee on Oversight and Investigations. Hearing entitled, ``Making the Internet Safe for Kids: The Role of ISPs and Social Networking Sites," to discuss child pornography and sexual exploitation. With Chris Hansen, NBC News; John Ryan, America Online Inc.; Dave Baker, Earthlink; Elizabeth Banker, Yahoo! Inc.; Tom Dailer, Verizon; Philip Reitinger, Microsoft; Gerard Lewis, Comcast Cable Communications; and Nicole Wong, Google Inc. Location: 2123 Rayburn.

10 a.m. GOVERNMENT REFORM _ Federalism and the Census Subcommittee. Hearing on administration proposals for the Community Development Block Grant Program. Location: Room 2154, Rayburn.

10 a.m. INTERNATIONAL RELATIONS _ Full Committee. Markup of pending legislation. Location: Room 2172, Rayburn.

10 a.m. RESOURCES _ Water and Power Subcommittee and Forests and Forest Health Subcommittee. Joint hearing on forest management on federal rights of wat to ensure reliable electricity service. Location: Room 1324, Longworth.

10 a.m. TRANSPORTATION AND INFRASTRUCTURE _ Railroads Subcommittee. Hearing on current FRA rail safety initiatives. FRA Administrator Joseph Boardman; Association of American Railroads CEO Edward Hamberger; James Stem of the United Transportation Union. Location: Room 2167, Rayburn.

10 a.m. VETERANS AFFAIRS _ Health Subcommittee. Hearing on the DVA health care for veterans in rural communities. Jonathan B. Perlin, undersecretary of Veterans Affairs; Patricia Vandenberg, assistant deputy undersecretary of Veterans Affairs; Adam Darkins, chief consultant for care coordination, Department of Veterans Affairs; Robert Petzel, network director, VA Midwest Health Care Network; David Hartley, director, Division of Rural Health, Muskie School of Public Services, University of Southern Maine; Graham L.

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Adams, president, National Organization of State Offices of Rural Health. Location: Room 334, Cannon.

10 a.m. - 12 p.m. SCIENCE _ Full Committee. Markup of H.R. 5656, Energy, Research, Development, Demonstration, and Commercial Application Act of 2006. Location: 2318 Rayburn.

2 p.m. ARMED SERVICES _ Full Committee. Hearing on Army and Marine Corps reset strategies for gound equipment and rotor craft. Army Chief of Staff Gen. Peter Schoomaker; Marine Corps Commandant Gen. Michale Hagee. Location: Room 2118, Rayburn.

2 p.m. ENERGY AND COMMERCE _ Subcommittee on Telecommunications and the Internet. Hearing on ``The Audio and Video Flag: Can Content Protection and Technological Innovation Coexist?" With Mitch Bainwol, Chairman, Recording Industry Association of America; Andrew Levin, Executive Vice President and Chief Legal Officer, Clear Channel Communications, on bahalf of the National Association of Broadcasters; Stewart Harris, songwriter, on Songwriters Guild of America; Ruth Ziegler, Deputy General Counsel, Sirius Satellite Radio; Fritz Attaway, Executive Vice President and Special Policy Advisor, Motion Picture Association of America; Gary Shapiro, President and CEO, Consumer Electronics Association; and Gigi Sohn, President, Public Knowledge. Location: Room 2322, Rayburn House Office Building.

2 p.m. GOVERNMENT REFORM _ Criminal Justice, Drug Policy and Human Resources Subcommittee. Hearing on clinical lab quality. Location: Room 2247, Rayburn.

2 p.m. GOVERNMENT REFORM _ National Security, Emerging Threats and International Relations Subcommittee. Hearing on sexual assaults against women in the military. Delilah Rumberg, National Sexual Violence Resource Center; Christine Hansen, The Miles Foundation; Beth Davis, former United States Air Force Academy cadet; Kaye Whitley, Acting Director Sexual Assault Prevention and Response Office, Defense Department; Vice Admiral Rodney P. Rempt, Superintendent of the Naval Academy; Brigadier General Robert L. Caslen, Jr., Commandant of the United States Military Academy; Brigadier General Susan Y. Desjardins; Commandant of the United States Air Force Academy; Rear Admiral Paul J. Higgins, Director of Health & Safety, Coast Guard. Location: Room 2154, Rayburn.

2 p.m. INTERNATIONAL RELATIONS _ Africa, Global Human Rights and International Operations Subcommittee. Hearing on safe blood transfusions in Africa. Caroline Ryan, Office of the Global Aids Coordinator; Jerry Holmberg, HHS; Karen Shoos Lipton, CEO, AABB; Robert Ferris, USAID; Edward Green, Paresidential Advisory Council on HIV/AIDS; Neelam Dhingra, WHO. Location: Room 2172, Rayburn.

2 p.m. TRANSPORTATION AND INFRASTRUCTURE _ Subcommittee on Highways, Transit and Pipelines. Oversight hearing on ``Celebrating 50 Years: The Eisenhower Interstate Highway System." Richard Capka, Administrator, Federal Highway Administration; Jonathon Gifford, George Mason University; Tom Lewis, Skidmore College; Gene McCormick, Chairman, American Road & Transportation Builders Association. Location: Room 2167, Rayburn.

2:30 p.m. JUDICIARY _ Constitution, Civil Rights and Property Rights Subcommittee. Hearing on federal examiners and observers at elections. Location: Room 226, Dirksen.

2:30 p.m. SMALL BUSINESS _ Workforce, Empowerment and Government Programs Subcommittee. Hearing on immigrant employment verification. Location: Room 2360, Rayburn.

Other: RELIGION-POVERTY _ Faith and lay leaders from across the country attend the annual Christian Mobilization, sponsored by Sojourners and Call to Renewal. Highlights: 8:30 a.m. DNC Chairman Howard Dean speaks. 9 a.m. Amos and Joseph Award ceremony, with Marian Wright Edelman and Sen. Barack Obama. At the church. 11 a.m. March to the Capitol. Begins at the church. 12 p.m. Rally with speakers from national religious denominations and organizations. Upper Senate Park. 5 p.m. Dialogue with Sens. Hillary Clinton, Blanche Lincoln, Sam Brownback and Rick Santorum. Room 902, Hart. Location: National City Christian Church, 5 Thomas Circle, unless otherwise noted.

POWELL-ALBRIGHT _ 8 a.m. US Global Leadership Campaign and US Chamber of Commerce hosts roundtable discussion with former secretaries of state Colin Powell and Madeleine Albright. Admiral Edmund Giambastiani, Vice Chairman, Joint Chiefs of Staff, also participates. Location: 1615 H St. NW.

WORKERS-JORDAN _ 8:30 a.m. The AFL-CIO sponsors a panel of international labor, economic, and trade policy experts discussing worker rights violations in Jordan. Speakers include AFL-CIO Policy Director and Chief International Economist Thea M. Lee, General Secretary of the General Federation of Jordanian Trade Unions Mazen al Ma'ayta, Center for American Progress President and CEO John Podesta, and CAP Senior Fellow Gene Sperling. Location: Center for American Progress, 10th floor, 1333 H St. NW.

COMMERCE SECRETARY GUTIERREZ _ 9 a.m. Commerce Secretary Gutierrez meets with Korean Minister of Commerce, Industry and Energy Dr. Chung Sye Kyun. Location: Commerce Department.

ELECTRONIC VOTING _ 10 a.m. Rep. Rush Holt, others, hold a news conference on electronic voting machines. Location: Room 2456, Rayburn.

FDA FAILURES _ 10 a.m. News conference with advocates of food- and drug/medical device-safety to condemn the FDA's failure to protect Americans from dangerous drugs and unsafe food ingredients and the

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agency's domination by the industries it regulates. Participants include Rep. Henry Waxman, Sidney M. Wolfe of Public Citizen's Health Research Group, and Michael F. Jacobson, of the Center for Science in the Public Interest. Location: Room 2203, Rayburn.

FOREIGN INVESTMENTS _ 10 a.m. The National Foundation for American Policy releases a comprehensive study by Johns Hopkins University scholars examining the economic and jobs impact of foreign investment on America and individual states. Participants include Stuart Anderson of NFAP; Daniel Hamilton of Johns Hopkins; and Joseph Quinlan, SAIS. Location: National Press Club.

GULF COAST REBUILDING _ 10 a.m. The Commerce Department holds a briefing for U.S. businesses on Gulf Coast rebuilding opportunities. Highlights: 10:05 a.m. Donald Powell, Federal Coordinator for Gulf Coast Rebuilding. 10:15 a.m. Commerce Secretary Gutierrez. 10:30 a.m. Briefing with HUD Deputy Secretary Roy Bernardi, Beth Tucker of the IRS, Art Garcia of the Treasury Department, and Steve Stockton of the Army Corps of Engineers. 11:20 a.m. Louisiana briefing with Gov. Kathleen Blanco. 11:40 a.m. Mississippi briefing with Gov. Haley Barbour (taped), Gary Swoope of the Mississippi Development Authority and Leland Speed of the authority. Location: Willard Inter-Continental Hotel, 1401 Pennsylvania Ave. NW.

SECONDHAND SMOKE _ 10 a.m. Surgeon General Richard Carmona releases the new ``Surgeon General's Report on The Health Consequences of Involuntary Exposure to Tobacco Smoke." Location: The Great Hall, Hubert H. Humphrey Building, 200 Independence Ave., SW.

US-CANADA ENERGY _ 10 a.m. The Canadian American Business Council holds a telephone briefing to release a poll on U.S. voter attitudes toward Canada and energy security. Contacts: Amy Weiss, 202-203-0448. Notes: Callin number: 800-274-0873. Media RSVP requested.

DEMOCRATS-PRESCRIPTION DRUGS _ 10:45 a.m. House Democrats will hold a news conference to outline their proposed changes to the prescription drug program. With House Minority Nancy Pelosi, Congresswoman Hilda Solis and Congressman Rahm Emanuel. Location: H-204, The Capitol.

BOEHNER _ 11:30 a.m. House Majority Leader Rep. John Boehner holds a pen and pad only briefing. Location: Room H-107, Capitol.

WOMEN'S GROUP HONORS _ 11:30 a.m. National Partnership for Women & Families honors Sen. Christopher Dodd, D-Conn., as a champion of the Family and Medical Leave Act; Paul Sprenger for a career helping victims of employment discrimination, including a case depicted in the film ``North Country"; and Madelyn Antoncic, Chief Risk Officer at Lehman Brothers, as a Wall Street trailblazer for women. Location: Washington Hilton Ballroom, 1919 Connecticut Ave. NW.

CAPITAL MARKETS _ 12 p.m. The Heritage Foundation hosts a forum entitled ``Restoring American Leadership in World Capital Markets," with speaker Rep. Tom Feeney, R-Fla., and comments by Alex Pollock, resident fellow, American Enterprise Institute, and David John, senior research fellow, The Heritage Foundation's Thomas A. Roe Institute for Economic Policy Studies. Location: Lehrman Auditorium, The Heritage Foundation, 214 Massachusetts Ave. NE.

GUANTANAMO _ 12 p.m. The Council on American-Islamic Relations holds a panel discussion on the need to close the Guantanamo Bay prison camp. Location: Room 2226, Rayburn.

RADIO FREQUENCIES _ 12 p.m. The Internet Caucus Advisory Committee, others, launch the first roundtable discussion on Radio Frequency Identification with Jeff Richards, VeriSign; Shannon Kellogg, RSA Security; Paula Bruening, Center for Democracy & Technology; Elizabeth Board, EPCglobal; others. Location: Room B-339, Rayburn.

SADDAM HUSSEIN _ 12 p.m. Attorneys for Saddam Hussein, including former Attorney General Ramsey Clark, hold a news conference on the case, including presentation of new evidence. Location: National Press Club.

ISLAM-US _ 12:15 p.m. The New America Foundation holds a discussion with author Robert Dreyfuss about ``The U.S. vs. The Evil Caliphate: The Phony Clash of Civilizations." Location: 7th floor, 1630 Connecticut Ave. NW.

REPUBLICANS-FLAG PROTECTION _ 12:15 p.m. Republican senators to hold news conference on the Flag Protection Amendment. With Majority Leader Bill Frist; Sen. Arlen Specter; Sen. Orrin Hatch; Sen. Jim Bunning; Sen. Conrad Burns; Sen. Sam Brownback; Sen. John Thune; and (Ret) Army Maj. Gen. Patrick Brady. Location: S-230, U.S. Capitol.

FLAG BURNING _ 12:30 p.m. Rep. Roscoe Bartlett holds a news conference to discuss the anticipated approval of H.R. 42, the Freedom to Display the American Flag Act of 2005. Location: Room 2325, Rayburn.

HOYER _ 12:30 p.m. House Democratic Whip Rep. Steny Hoyer holds a pen and pad only briefing. Location: Room H-306, Capitol.

OMAN-TRADE _ 12:30 p.m. Reps. Michael Michaud, Linda Sanchez, others, hold a press conference on the Oman Free Trade Agreement. Location: Cannon Terrace.

US-AUSTRALIA _ 1:15 p.m. The American Enterprise Institute holds a discussion with Australian Defense Minister Brendan John Nelson on the U.S.-Australian security alliance's future. Location: 12th floor, AEI, 1150 17th St. NW.

IMMIGRATION _ 2:30 p.m. Sens. Lindsey Graham, Edward Kennedy, John McCain and Ken Salazar, others,

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hold a news conference to call for comprehensive immigration reform. Location: Room 430, Dirksen.

DEMOCRACY AWARDS _ 3:30 p.m. - 7:30 p.m. The National Endowment for Democracy holds a roundtable discussion and the presentation of the 2006 Democracy Awards. Four African democracy activists have been chosen to receive the award this year. With Zainab Bangura, activist, Sierra Leone, and chief civil affairs officer to the U.N. mission in Liberia; Alfred Taban, publisher and chairman, Khartoum Monitor, Sudan; Immaculee Birhaheka, co-founder, Promotion and Support of Women's Initiatives, Democratic Republic of the Congo; and Reginald Matchaba-Howe, chairman, Zimbabwe Election Support Network. Location: Room 345, Cannon.

HUMAN RIGHTS _ 4 p.m. The UN Association holds a panel discussion on the new UN Human Rights Council. Location: UN Foundation, 4th floor conference room, 1225 Connecticut Ave. NW.

HENRY KISSINGER _ 4 p.m. - 5:30 p.m. Woodrow Wilson International Center for Scholars holds a seminar on ``Henry Kissinger and the Dilemmas of American Power.'' With Thomas Schwartz, professor of history, Vanderbilt University. Location: Flom Auditorium, Woodrow Wilson Center, 1300 Pennsylvania Ave., NW.

ALBERTA-ENERGY _ 5 p.m. Alberta Premier Ralph Klein meets with Sen. Pete Domenici. Photo op and media availability. Location: Room 328, Hart.

MATH-SCIENCE _ 5 p.m. The Tapping America's Potential coalition holds a math and science fair and reception to emphasize the importance of Congress moving ahead on innovation and competitiveness policies. Location: Room B-357, Rayburn.

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DEPARTMENT OF JUSTICE *NEWS CLIPS*

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TO: THE ATTORNEY GENERAL AND SENIOR STAFF

DATE: WEDNESDAY, JUNE 28, 2006 7:45 AM EDT

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TERRORISM NEWS:

US A-G Warns Of 'home-grown Terror' (JERP)

By Dan Izenberg

The Jerusalem Post, June 28, 2006

US Attorney-General Alberto Gonzales on Tuesday warned that the war against terrorism was evolving and that a new threat was in the making from homegrown terrorism, which was sometimes harder to defend against than international terrorism.

"They [home-grown terrorists] are much more difficult to find because they exist in our communities," said Gonzales in a speech at Tel Aviv University's Jaffe Center for Strategic Studies, during a short visit to Israel which was due to end Wednesday. "This is presenting additional challenges for us that we are now beginning to focus on."

Asked whether he thought the war against terrorism was succeeding, Gonzales replied, "The US and other countries, like Israel are safer today. [But] we are not safe."

Gonzales singled out US-Israel collaboration in combatting terrorism. "We are working closing in the war on terror," he said.

Gonzales that the improvement in US security was due to the establishment of the Homeland Security Department, new legislation such as the Patriot Act, the war against terrorism in Afghanistan and Iraq and strong international cooperation among law enforcement agencies, which he described as "fantastic."

Still, he said, he constantly reads intelligence reports about terrorist threats to the US and other countries, including Israel. "I sometimes wonder when it this ever going to stop," he added. "And it may not stop for a while."

Gonzales refused to say whether or not the Bush administration was seriously considering closing the prison facility at Guantanamo Bay. In the meantime, the US government is awaiting a Supreme Court ruling on a petition challenging the commissions established by the government to try some of the detainees imprisoned at the US facility.

Gonzales said the US had already released more than 300 detainees arrested since January 2002. He added that one of the problems preventing more detainees from being set free was that no country wanted to take them, and they would be in danger if they returned to their native countries. He gave an example of 16 Chinese detainees that the US did not want to repatriate for fear they would be tortured by Chinese authorities.

Human rights groups in the US have charged that many of the detainees at Guantanamo have been tortured or treated in a cruel, inhumane and degrading manner and in violation of international human rights law.

According to Gonzales, prisoners at Guantanamo receive "top-notch medical care, they receive good food, and good facilities."

Gonzales was also asked why the US refused to join the International Criminal Court, which was established to try alleged war criminals. He replied that the US had more at stake than other countries because it had more troops serving around the world and therefore the risk of indictments against US personnel was greater.

"No country would enter into an agreement that is contrary to their interests," he said. "Why would a country do that?"

Gonzales devoted the formal part of his address to the need for international cooperation in the fight against other transnational crimes in addition to terrorism, such as cyber crimes, drug trafficking, trafficking in humans and child pornography.

GOP Bill Targets NY Times (HILL)

By Patrick O'Connor And Jonathan Allen

The Hill, June 28, 2006

House Republican leaders are expected to introduce a resolution today condemning The New York Times for publishing a story last week that exposed government monitoring of banking records.

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The resolution is expected to condemn the leak and publication of classified documents, said one Republican aide with knowledge of the impending legislation.

The resolution comes as Republicans from the president on down condemn media organizations for reporting on the secret government program that tracked financial records overseas through the Society for Worldwide Interbank Financial Telecommunications (SWIFT), an international banking cooperative.

Rep. J.D. Hayworth (R-Ariz.), working independently from his leadership, began circulating a letter to House Speaker Dennis Hastert (R-Ill.) during a late series of votes yesterday asking his leaders to revoke the Times's congressional press credentials.

The Standing Committee decides which organizations and reporters can be accredited, according to the rules of both the House and Senate press galleries. Members of that committee are elected by accredited members of those galleries.

"Under no circumstances would we revoke anyone's credentials simply because a government official is unhappy with what that correspondent's newspaper has written," said Susan Milligan, a reporter for the Boston Globe, which is owned by the Times, who also serves the standing chairwoman of the Standing Committee of Correspondents. "The rules say nothing about the stories a newspaper chooses to pursue, or the reaction those stories provoke. The Times clearly meets our standards for credentials."

The Times, the Los Angeles Times and the Wall Street Journal all reported the existence of the program on their websites last Thursday.

President Bush criticized the reports during a press event Monday, calling the disclosure "disgraceful" and a "great harm" to national security. Vice President Dick Cheney, who voiced support for the program over the weekend, followed Bush's criticism with harsh words of his own.

In an open letter responding to these criticisms, Times Executive Editor Bill Keller wrote that a free press was the key check on government's abuse of power.

GOP Measure Slams NYT For Bank Story (RC)

By Ben Pershing

Roll Call, June 28, 2006

The House will vote today on a hastily written resolution that is expected to criticize The New York Times for its recent disclosure of the government's secret use of information from a massive international finance network to fight terrorism.

At press time Tuesday, the resolution was still being drafted by a handful of different committees under the direction of Majority Leader John Boehner's (R-Ohio) office. Republican sources said they expected the finished product would condemn both the leaking of the law enforcement program and its publication by the Times and a handful of other newspapers.

A House vote would mark only the latest Republican offensive against last week's story, which detailed the Treasury Department's use of information from the Brussels-based Society for Worldwide Interbank Financial Telecommunication.

The White House lobbied the Times and other newspapers not to publish their stories, and the administration has been vocal in its criticism since they appeared in print.

President Bush himself said Monday that the disclosure "makes it harder to win this war on terror," and Vice President Cheney also joined the chorus of complaints.

House Homeland Security Chairman Peter King (R-N.Y.) has called for an "investigation and prosecution" of the Times, and other Republicans have used similarly harsh language, making it likely that the vast majority of Republicans will vote for today's resolution.

What is less clear is how House Democrats will react. Both Democratic leaders and rank-and-file lawmakers have complained in the past about the administration's conduct of the war on terrorism, particularly after The New York Times disclosed last year that the National Security Agency was listening to some domestic phone calls without a warrant.

But in the case of the SWIFT story, most Democratic leaders have been noticeably silent. The administration even enlisted some Democrats, reportedly including Rep. John Murtha (Pa.) and ex-Rep. Lee Hamilton (Ind.), to try to lobby the Times not to publish its piece.

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Senator Calls For Review Of Leaks Damage (AP-Y2)

AP2, June 27, 2006

The government should conduct an inquiry into damage done by the recent disclosures of intelligence programs aimed at stopping terrorists, the Senate Intelligence Committee chairman said Tuesday.

"We cannot continue to operate in a system where the government takes steps to counter terrorism while the media actively works to disclose those operations without any regard for protection of lives, sources and legal methods," said Sen. Pat Roberts (news, bio, voting record), R-Kan., who as intelligence chairman has been briefed extensively on the efforts.

In a letter, Roberts asked National Intelligence Director John Negroponte to order an assessment of damage caused by the disclosure of the government's most classified programs. He said he was particularly interested in the impact of stories on the Bush administration's warrantless surveillance program and its program to monitor terror finances.

Administration officials have publicly confirmed both programs.

In December, President Bush acknowledged the National Security Agency's program to monitor the international communications of people on U.S. soil when terrorism was suspected. In a departure from past practice, no court approval was deemed necessary.

Last week, senior administration officials also confirmed that the Treasury Department and CIA were using administrative subpoenas to pull information from an extensive financial database, called Swift. The Brussels, Belgium-based system captures information on money moved in more than 200 countries.

The New York Times broke the NSA story and was one of three newspapers to lead the coverage on the terror-financing program. Said Roberts: "The New York Times has the right to print what it sees fit to print. But, just because you can, doesn't mean you should."

Damage Study Urged On Surveillance Reports (NYT)

By Scott Shane

The New York Times, June 28, 2006

WASHINGTON, June 27 — Senator Pat Roberts, the chairman of the Senate intelligence committee, asked the director of national intelligence on Tuesday to assess any damage to American counterterrorism efforts caused by the disclosure of secret programs to monitor telephone calls and financial transactions.

Mr. Roberts, Republican of Kansas, singled out The New York Times for an article last week that reported that the government was tracking money transfers handled by a banking consortium based in Belgium. The targeting of the financial data, which includes some Americans' transactions, was also reported Thursday by The Los Angeles Times and The Wall Street Journal.

In his letter to John D. Negroponte, director of national intelligence, Mr. Roberts wrote that "we have been unable to persuade the media to act responsibly and to protect the means by which we protect this nation."

He asked for a formal evaluation of damage to intelligence collection resulting from the revelation of the secret financial monitoring as well as The Times's disclosure in December of the National Security Agency's monitoring of phone calls and e-mail messages of Americans suspected of having links to Al Qaeda.

In London, meanwhile, a human rights group said Tuesday that it had filed complaints in 32 countries alleging that the banking consortium, known as Swift, violated European and Asian privacy laws by giving the United States access to its data.

Simon Davies, director of the group, Privacy International, said the scale of the American monitoring, involving millions of records, "places this disclosure in the realm of a fishing exercise rather than a legally authorized investigation."

The Belgian prime minister, Guy Verhofstadt, has asked the Justice Ministry to investigate whether Swift violated Belgian law by allowing the United States government access to its data.

The American Civil Liberties Union has condemned the program, and a Chicago lawyer, Steven E. Schwarz, filed a federal class-action lawsuit against Swift on Friday alleging that it had violated United States financial privacy statutes.

President Bush, Vice President Dick Cheney, Treasury Secretary John W. Snow and numerous Republicans in Congress have vigorously defended the financial tracking program as legal and valuable and condemned its public disclosure. They have

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suggested that the articles might tip off terrorists that their money transfers could be detected. Representative J. D. Hayworth, Republican of Arizona, circulated a letter to colleagues on Tuesday asking that The Times's Congressional press credentials be suspended.

Tony Snow, the White House spokesman, said any effort to measure damage to intelligence collection would take some time.

"It's not as if the terrorists are going to say, 'Oops! Going to stop doing that,' " Mr. Snow said at a briefing. "But I think it is safe to say that once you provide a piece of intelligence, people on the other side act on it."

The electronic messaging system operated by Swift, the Society for Worldwide Interbank Financial Telecommunication, routes nearly $6 trillion a day in transfers among nearly 8,000 financial institutions.

At a confirmation hearing on Tuesday for Henry M. Paulson Jr., the nominee for Treasury secretary, Senator Max Baucus, Democrat of Montana, asked whether the monitoring might violate the Fourth Amendment's protection against unreasonable searches. "I think you'll agree that we could fight terrorism properly and adequately without having a police state in America," Mr. Baucus said.

Mr. Paulson did not express an opinion on the propriety of the Swift monitoring but pledged to study it. "I am going to, if confirmed, be all over it, make sure I learn everything there is to learn, make sure I understand the law thoroughly," he said.

Democratic staff members said they had pressed Treasury officials in recent days for a fuller accounting of which members of Congress were briefed on the program and whether notification requirements under the International Economic Emergency Powers Act, invoked by President Bush days after Sept. 11, were met.

Treasury officials have told Congressional staff members that they briefed the full intelligence committees of both houses about a month ago, after inquiries by The Times, according to one Democratic aide who spoke on condition of anonymity. Some members were told of the program several years ago, but the Treasury Department has not provided a list of who was informed when, the aide said.

Democrats said they hoped to get a clearer idea of the legal foundations for the program, how it was monitored, and how long it will be allowed to continue under the president's invocation of emergency powers.

Representative Carolyn B. Maloney, a New York Democrat who serves on the House financial services committee, said Tuesday: "The administration is basing its actions on a 1970's law that never envisioned a state of perpetual emergency. It wasn't meant to become the status quo. That is why Congress needs to look at its current use."

Victor Comras, a former State Department official who served on a United Nations counterterrorism advisory group, pointed out on The Counterterrorism Blog that a 2002 United Nations report had noted with approval that the United States was monitoring international financial systems.

While providing no details, the report mentioned Swift and similar organizations, saying "the United States has begun to apply new monitoring techniques to spot and verify suspicious transactions."

Inquiry Sought Into News Reports (LAT)

By Richard B. Schmitt

The Los Angeles Times, June 28, 2006

WASHINGTON — The chairman of the Senate Intelligence Committee on Tuesday asked for a formal investigation into whether national security had been damaged by recent news reports unearthing details of two controversial Bush administration anti-terrorism programs.

"Numerous recent unauthorized disclosures of sensitive intelligence programs have directly threatened important efforts in the war against terrorism," Sen. Pat Roberts (R-Kan.) wrote in a letter to National Intelligence Director John D. Negroponte.

Roberts said he was particularly concerned with disclosures that the administration was monitoring phone calls and Internet traffic without a warrant and accessing an international database of bank transactions. "We have been unable to persuade the media to act responsibly and protect the means by which we protect this nation," he wrote.

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The Los Angeles Times, the New York Times and the Wall Street Journal were the first to report last week on the banking program in which the Treasury Department has acquired a vast database of personal financial information from a little-known Brussels-based industry cooperative to track possible terrorist activity.

The warrantless surveillance program run by the National Security Agency was disclosed by the New York Times in December and has generated concern because it involves the tracking of international communications where one of the parties involved was in the United States.

Administration officials have confirmed the existence of both programs but have said the media disclosures have aided terrorist groups. President Bush and Vice President Cheney have criticized the revelations as disgraceful.

In an op-ed article Tuesday, Los Angeles Times Editor Dean Baquet wrote that the newspaper "very seriously" weighed the national security concerns, but decided to publish because "there is an intense and ongoing public debate about whether surveillance programs like these pose a serious threat to civil liberties."

Roberts has proposed tougher criminal penalties on those who disclose classified information. But the Kansas Republican — who worked as a reporter and editor for several Arizona newspapers after serving in the Marine Corps — said Tuesday that he did not think journalists should be prosecuted for publishing the information.

The administration indicated in a recent court case that journalists could be prosecuted for publishing classified information under espionage laws.

Negroponte's office said in a prepared statement that Roberts' request was being "reviewed."

"The Intelligence community takes extremely seriously any unauthorized disclosure of classified information," the statement said.

Negroponte has previously condemned such disclosures. He said in a speech in April that "any public disclosure of intelligence-related information is going to hurt us in one way or another."

The harm such revelations pose, he said, includes disclosing sources and methods of intelligence-gathering, and "prejudicing … very important liaison relationships that we have with other intelligence services around the world."

Civil Liberties Group Files Complaint In 17 Countries Against U.S. Mining Of Banking Data For Anti-terrorism Investigation (FINDLAW/AP)

AP, June 28, 2006

(AP) - LONDON-A civil liberties group on Wednesday asked governments around the world to block the release of confidential financial records to U.S. authorities as part of American anti-terrorist probes.

London-based watchdog Privacy International said it had filed complaints with data protection and privacy regulators in 17 countries, arguing that disclosures of financial transactions "were made without any legal basis or authority whatsoever."

The complaint, sent to regulators in 13 European countries as well as Canada, Australia, New Zealand and Hong Kong, asks authorities to "intervene to seek the immediate suspension of the disclosure program pending legal review."

The U.S. Treasury acknowledged on Friday that since the Sept. 11, 2001 attacks on the U.S., it has tracked millions of financial transactions handled by the Belgium-based Society for Worldwide Interbank Financial Telecommunication, or SWIFT.

SWIFT oversees about 11 million financial transactions a day among banks and financial institutions worldwide, recording customers' names, account numbers and other identifying information.

Privacy International's director, Simon Davies, said the secret CIA-Treasury program "shows yet again how the U.S. willfully disregards the privacy rights not only of its own citizens, but also the rights of foreign nationals."

U.S. President George W. Bush has condemned newspapers that broke the story of the program, saying the reports made it "harder to win the war on terror."

The European Union's executive branch, the European Commission, has said it has no powers to investigate whether privacy laws have been violated in the transfer of the records.

It said it was for individual national authorities to decide whether the searches were legal.

Patriotism And The Press (NYT)

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The New York Times, June 28, 2006

Over the last year, The New York Times has twice published reports about secret antiterrorism programs being run by the Bush administration. Both times, critics have claimed that the paper was being unpatriotic or even aiding the terrorists. Some have even suggested that it should be indicted under the Espionage Act. There have been a handful of times in American history when the government has indeed tried to prosecute journalists for publishing things it preferred to keep quiet. None of them turned out well — from the Sedition Act of 1798 to the time when the government tried to enjoin The Times and The Washington Post from publishing the Pentagon Papers.

As most of our readers know, there is a large wall between the news and opinion operations of this paper, and we were not part of the news side's debates about whether to publish the latest story under contention — a report about how the government tracks international financial transfers through a banking consortium known as Swift in an effort to pinpoint terrorists. Bill Keller, the executive editor, spoke for the newsroom very clearly. Our own judgments about the uproar that has ensued would be no different if the other papers that published the story, including The Los Angeles Times and The Wall Street Journal, had acted alone.

The Swift story bears no resemblance to security breaches, like disclosure of troop locations, that would clearly compromise the immediate safety of specific individuals. Terrorist groups would have had to be fairly credulous not to suspect that they would be subject to scrutiny if they moved money around through international wire transfers. In fact, a United Nations group set up to monitor Al Qaeda and the Taliban after Sept. 11 recommended in 2002 that other countries should follow the United States' lead in monitoring suspicious transactions handled by Swift. The report is public and available on the United Nations Web site.

But any argument by the government that a story is too dangerous to publish has to be taken seriously. There have been times in this paper's history when editors have decided not to print something they knew. In some cases, like the Kennedy administration's plans for the disastrous Bay of Pigs invasion, it seems in hindsight that the editors were over-cautious. (Certainly President Kennedy thought so.) Most recently, The Times held its reporting about the government's secret antiterror wiretapping program for more than a year while it weighed administration objections.

Our news colleagues work under the assumption that they should let the people know anything important that the reporters learn, unless there is some grave and overriding reason for withholding the information. They try hard not to base those decisions on political calculations, like whether a story would help or hurt the administration. It is certainly unlikely that anyone who wanted to hurt the Bush administration politically would try to do so by writing about the government's extensive efforts to make it difficult for terrorists to wire large sums of money.

From our side of the news-opinion wall, the Swift story looks like part of an alarming pattern. Ever since Sept. 11, the Bush administration has taken the necessity of heightened vigilance against terrorism and turned it into a rationale for an extraordinarily powerful executive branch, exempt from the normal checks and balances of our system of government. It has created powerful new tools of surveillance and refused, almost as a matter of principle, to use normal procedures that would acknowledge that either Congress or the courts have an oversight role.

The Swift program, like the wiretapping program, has been under way for years with no restrictions except those that the executive branch chooses to impose on itself — or, in the case of Swift, that the banks themselves are able to demand. This seems to us very much the sort of thing the other branches of government, and the public, should be nervously aware of. We would have been very happy if Congressman Peter King, the Long Island Republican who has been so vocal in citing the Espionage Act, had been as aggressive in encouraging his colleagues to do the oversight job they were elected to do.

The United States will soon be marking the fifth anniversary of the war on terror. The country is in this for the long haul, and the fight has to be coupled with a commitment to individual liberties that define America's side in the battle. A half-century ago, the country endured a long period of amorphous, global vigilance against an enemy who was suspected of boring from within, and history suggests that under those conditions, it is easy to err on the side of security and secrecy. The free press has a central place in the Constitution because it can provide information the public needs to make things right again. Even if it runs the risk of being labeled unpatriotic in the process.

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Suspect In Miami Terror Case Makes First Court Appearance (AP)

AP, June 28, 2006

MIAMI - Stanley Grant Phanor, one of seven men suspected of seeking to blow up the Sears Tower and with help from al-Qaida, made his first appearance in court Tuesday but did not enter a plea.

Phanor and five other co-defendants will return to federal court before U.S. Magistrate Judge Ted Bandstra Friday in downtown Miami for a hearing on whether the men should remain in custody prior to trial, the U.S. Attorney's Office said.

The seventh man, Lyglenson Lemorin, was scheduled to appear Thursday in federal court in Atlanta.

Attorney Roderick Vereen was appointed to represent Phanor. A phone message left by The Associated Press for Vereen at his office Tuesday afternoon was not immediately returned.

The group of men were arrested June 22 when authorities busted their alleged hide-out in a Miami warehouse. They had no explosives and lacked adequate funding. Their only link to al-Qaida was through an FBI informant fronting as a member of the terrorist group, authorities said.

Federal prosecutors said the men took an oath to al-Qaida and plotted to create an "Islamic Army" bent on violence against the United States.

The five other men made their initial court appearance on Friday, but Phanor was being held in a county detention center on an unrelated charge and was not among them.

Phanor was being held on violation of probation, said Alicia Valle, a spokeswoman for the U.S Attorney's Office in Miami.

Court records show that Phanor was convicted of carrying a concealed firearm in 2002 and sentenced to two years' probation.

Relatives have described the defendants as deeply religious people who studied the Bible and took classes in Islam.

Phanor's father Joseph said his son went to classes on Islam with a friend but that he read the Bible at his father's house.

Phanor's brother Michael said his brother and the other men they were trying to do community service in the area where they grew up, studying martial arts to keep in shape and setting a good example for neighborhood kids.

Sears Tower May Not Have Been Terror Plot's Only Chicago Target (WLS-TV)

By Chuck Goudie

WLS-TV, June 28, 2006

June 27, 2006 - Seven people were arrested last week for allegedly plotting to blow up the Sears Tower in Chicago. ABC7's Investigative Team learned there was another Chicago target.

The Chicago native accused of plotting to wage Jihad on his home town wasn't going to stop at the Sears Tower, according to newly released federal documents obtained by the I-Team.

Authorities now say that Narseal "Brother Naz" Batiste was interested in taking down the tower and taking out federal agents who would investigate such an attack.

What Attorney General Alberto Gonzalez failed to mention last week was that government buildings outside south Florida were also in the group's gunsights.

Until federal court records obtained Tuesday revealed it, the Sears Tower appeared to be the only Chicago target of the accused terrorists.

But the nation's tallest building wasn't alone. The FBI in Chicago was also on the terrorists' hit list.

The second Chicago target is identified in this motion to deny bond for the accused terrorists. Federal prosecutors say they men planned to use explosives to destroy the offices of the Federal Bureau of Investigation in Chicago and three other cities.

Had the bombing plot actually been carried out in Chicago, the alleged terrorists might well have attacked the wrong building. For years the FBI's Chicago headquarters was located in the Dirksen Federal Building. It was in this South Dearborn Street highrise at the time the bomb plot was allegedly being engineered last winter.

The current FBI center in Chicago is on the west side as a standalone building that just began full operations three weeks ago with very little fanfare.

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Authorities believe the Miami terror suspects-had their plan been executed-would have tried to attack the offices that are now empty in the Dirksen Building but will one day house federal prosecutors and US District court rooms.

Federal investigators said Tuesday night that Chicago terror suspect Narseal Batiste tried to recruit someone to travel to the Middle East on an Al Qaeda fundraising mission.

The newly released court documents reveal that Batiste wanted the emmissary to lobby Islamic extremists for money to fund the Sears Tower attack, the assault on the Chicago FBI and the other bombings.

According to prosecutors, that person did not go to the Middle East for Batiste but did go to the FBI about him.

Editorial: Sears Tower Threat Shows Terrorism A Serious Concern (ROCKRS)

Rockford (IL) Register Star, June 28, 2006

Did you hear the one about the terrorists who wanted to blow up the Sears Tower in Chicago but didn't think to ask the person they thought was their al-Qaida contact for explosives?

It's no joke. It happened and it shows that almost five years after the attacks of 9/11, efforts to combat terrorism must be taken seriously.

Some of our hearts skipped a beat when we heard seven men — five of them U.S. citizens — were arrested in Miami and charged with conspiracy to destroy the nation's tallest building and other buildings with the help of al-Qaida. It was frightening that terrorism could hit so close to home, about 90 miles east of Rockford.

Fortunately, the man the wannabe terrorists thought was from al-Qaida was a FBI informant.

"This group was more aspirational than operational," FBI Deputy Director John Pistole said.

U.S. Attorney General Alberto Gonzales described the group as "homegrown terrorists" who "came to view their home country as the enemy" and said there was no immediate threat because the group failed to get explosives.

Perhaps the attorney general and the FBI downplayed the threat to keep Americans calm or perhaps the seven men were truly the bunglers they've been portrayed as, but they could have caused plenty of damage with the machine guns they did ask for.

Are the five citizens in that group much different than Timothy McVeigh or Terry Nichols, other "homegrown terrorists?" McVeigh and Nichols succeeded in their Oklahoma City bomb plot. If the seven wannabes had stumbled upon a real al-Qaida representative, the story may have ended differently.

Remember hijackers brought down the Twin Towers in New York with weapons no more sophisticated than box cutters.

People have dismissed the threat on Chicago because the seven men are perceived as goofballs who spent their time lifting weights and sharpening their martial-arts skills.

We need to remember that it doesn't take many men or women, or much brainpower, to destroy and kill.

The law-enforcement system prevented tragedy this time.

This episode, and the more than 400 arrests for domestic terrorism since 2001, show that the government is paying attention to threats real and perceived.

We should be thankful for that.

Big Talk, No Bullets (MH)

By Michael Putney

The Miami Herald, June 28, 2006

As Butch said to Sundance, "Who are these guys?" He was talking about the relentless posse that was able to track the romantic bank robbers through the Badlands. The relentless posse in our latest terrorism drama was made up of FBI agents, aided by local police, who tracked seven homegrown "terrorists" to a nondescript warehouse in the badlands of Liberty City.

The FBI acted on information provided by a confidential informant (CI) who, judging by the guarded comments of Attorney General Alberto Gonzales and Miami U.S. Attorney Alex Acosta, contacted the agency after hearing Narseal Batiste, the alleged ringleader, make admiring remarks about al Qaeda and violent ones about the U.S. government.

Until this is sorted out it's a good thing these guys are behind bars. People who reportedly swear allegiance to al Qaeda, vow to "levy war against the United States" and produce attacks "as good or greater than 9/11," as the indictment quotes them as

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saying, shouldn't be walking the streets. Or gathering late at night to do jumping jacks, push-ups and learn martial arts, as warehouse neighbors say they did.

But I can't help wondering if the Feds swooped in too soon and merely gathered up some ''pathetic wannabes," as the editorial page of this paper called them. The Liberty City Seven may have said violent things, but they didn't commit violent acts. They pledged allegiance to al Qaeda (reportedly recorded on videotape), but I bet only to get the goodies and money the CI promised to supply. Because these guys had bupkus.

All the meetings between the mysterious CI and Batiste are apparently on audio or videotape. Defense attorneys will be chafing to hear and see them to determine if the CI was driving the conspiracy or just along for the ride. Either way they'll mount an entrapment defense, although those tapes will make it hard to prove that Batiste and the others weren't predisposed to commit the crimes they're accused of. Like blowing up the Miami Police Department building, some Metrorail stations, the FBI office in North Miami and the Sears Tower in Chicago.

Big talk, but these guys had no money, guns, bullets, bombs or explosives. They hadn't trained at al Qaeda camps in Afghanistan like the Buffalo Six, Yemenis who have pleaded guilty. Our guys were counting on the CI for cash, guns, boots, uniforms, bullet-proof vests, rental vans and, perhaps, motivation. By late May (the plot began last November), the indictment says, Batiste admitted his group was disorganized. The CI evidently pressed him to continue.

The group's plans were, as the attorney general conceded, "more aspirational than operational." The group members may have talked about violent acts, but never committed any. Their crime, if there was one, was conspiring to do so.

Enough for The Wall Street Journal to editorialize the day after the arrests that they should "serve as another wake-up call to the presence of a domestic threat from Islamic terror." True, that threat is real, but it's not clear that anyone but Narseal Batiste had read the Koran. And he reportedly belongs to a curious sect that embraces aspects of Christianity, Judaism and Islam. None of the conspirators, as far as we know, is an orthodox Muslim.

The indictment speaks of a plot to "kill all the devils we can." If those devils are white then it sounds more like racism than terrorism. These guys appear to be six poor, uneducated and disaffected day laborers who came under the spell of a forceful leader who also happened to sign their paychecks.

Ironically, on the day the Liberty City Seven were arrested, South Florida was celebrating the NBA champion Miami Heat, a team composed almost entirely of black men. Extremely talented and disciplined black men who earn unimaginable amounts of money for what they do. And yet neither money nor race mattered as our community turned out en masse to thank them and celebrate their victory.

My daily commute takes me home past a basketball court where black youths play. As the Heat moved through the playoffs and into the finals, the number of players kept growing. So, too, did kids making moves toward the basket that emulated Dwyane Wade. And you've no doubt noticed the number of white kids and adults around town wearing Heat jerseys with Wade's name and number. The Heat's "15 Strong" bring us together. The Liberty City Seven push us apart.

Anonymous Jury Sought For Trial Of Man Accused Of Funding Hamas (KCS)

By Jeff Coen

The Kansas City Star, June 28, 2006

CHICAGO - Federal prosecutors have asked a judge to seat an anonymous jury to hear the case of a Bridgeview, Ill., man accused of funding Palestinian terrorists.

Muhammad Salah and a co-defendant are to be tried this fall for allegedly taking part in a conspiracy to fund Hamas, which raises concerns for prospective jurors, the court filing states.

"The nature of the charges and the evidence supporting the charges are such as to place jurors in reasonable apprehension for their safety," the motion reads. The fact that the case has been highly publicized also could mean "the focus and work of the jurors may be interrupted by external influences or impeded by the specter of them," the document states.

The parties in the Salah case are expected to appear for a status hearing Wednesday before U.S. District Judge Amy St. Eve. The judge already has indicated she might want thorough criminal background checks performed on each prospective juror.

A lawyer for Salah could not immediately be reached for comment Tuesday.

Assistant U.S. Atty. Reid Schar said the government believes having an anonymous panel is the best way to handle the case given the charges.

The motion calls for only the general area of residence of any juror to be made public, such as a Chicago neighborhood.

Anonymous juries are not unheard of in the federal system. In the 1990s, anonymous juries considered the fates of El Rukn gang members and mob boss Ernest Rocco Infelice. Around the country they have been used in cases related to terrorism as well, including that of Zacarias Moussaoui and those convicted in the 1998 embassy bombings in Africa.

An anonymous panel was chosen to hear the case against Unabomber Theodore Kaczynski before he eventually pleaded guilty.

Salah is expected to be tried in October.

High-profile Terror Arrests Yield Small Sentences (NBC)

NBC News, June 28, 2006

Average sentence for more than 200 convictions is just one year

June 27: Dozens have been arrested in the U.S., suspected of terrorist ties, but the offenses are typically small and the sentences short. Is the government crackdown working? NBC's Pete Williams reports.

WASHINGTON - It was a high-profile arrest after a big raid in Dec. 2001: A Chicago man accused of helping Osama bin Laden himself.

"It is chilling that the origins of al-Qaida were discovered in a charity claiming to do good," said former Attorney General John Ashcroft when the arrest was announced.

Story continues below ? advertisement

"[He was] accused of running a charity to raise money for terrorists, including al-Qaida," reported NBC's Ann Curry.

But what Enaam Arnaout eventually pleaded guilty to two years ago was a single charge of providing boots and uniforms to fighters in Bosnia and Chechnya.

Some legal experts accuse the Justice Department overselling the arrests cases as terrorism arrests, generating dramatic headlines that actually end very differently.

"Our approach tends to be, I think, prosecutions by press conferences," says Juliette Kayyem, an NBC terrorism analyst and a professor at Harvard University. "A lot is promised at the front end, and then when you actually get to the facts of the case, it tends to fall apart."

Sensitive to that criticism, the government is now defending its record.

Just last week, the Justice Department said 261 people have been convicted in terror-related prosecutions since 2001. Many were solid wins — Iyman Faris, who plotted to attack the Brooklyn Bridge, for example. Would-be shoe bomber Richard Reid, and Mohammed Babar, who admitted providing support for al-Qaida operations overseas.

But of the total 261 convictions, the average sentence is only around a year, from plea agreements, to charges like immigration or document fraud. And sometimes the threat may seem remote, as with the Lackawanna Six, the group in Buffalo, N.Y., convicted of getting terror training but never charged with planning any specific attack.

Even so, in a recent speech, the deputy attorney general said all are examples of a new approach — prevention through prosecution.

"We could await further action by these men and then arrest and prosecute them," says Paul McNulty, U.S. deputy attorney general, "or we could prosecute at the moment our investigation reveals both a risk to our national security and a violation of our nation's laws,"

And the government cites one other statistic: Since Sept. 11, 2001, no further terror attacks in the U.S.

Guantanamo Officials Say They Can't Stop All Suicides (LAT)

By Carol J. Williams

The Los Angeles Times, June 28, 2006

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GUANTANAMO BAY, Cuba — In the sharpening debate about whether suicides among detainees here are political statements or the actions of hopelessly depressed individuals, officials at the federal detention center outlined sweeping efforts to prevent them — but admitted nothing could stop the most determined prisoners.

Contraband sweeps and a security overhaul have turned up evidence of prisoners trying to open their veins with the metal mesh walls of their cells, hoarding prescription medicine — one prisoner stored 16 painkillers in his artificial leg — and waging hunger strikes.

Twenty detainees considered most likely to try suicide have been outfitted in bulky quilted "suicide smocks" to prevent hangings.

But some of the top officials at the detention center said that despite extensive effort, they could do little to stop detainees from doing themselves harm.

"It is not possible to make a detention facility or a prison suicide-proof if you have detainees or prisoners bent on suicide," said Navy Rear Adm. Harry B. Harris Jr., commander of the prison and its interrogations operation.

Harris and the top two healthcare professionals at the prison complex separately met with a handful of journalists spending the week in Guantanamo. Their accessibility reflected Harris' view of public scrutiny, which is more liberal than that of previous prison administrations.

The interviews, rare until the new administration arrived earlier this year, also seemed aimed at preparing the American public for continued detention and interrogation operations no matter what ruling is handed down by the U.S. Supreme Court on the legitimacy of a war-crimes tribunal set to begin prosecuting 10 prisoners charged with conspiracy.

In command here for less than three months, Harris has been confronted with two incidents of detainees overdosing on hoarded prescription medicines, an uprising at the communal-living camp for the most compliant prisoners, a hunger strike involving almost 90 men, and the apparently coordinated suicides on June 10 of two Saudis and a Yemeni prisoner.

Harris stood by his characterization of the suicides as acts of "asymmetrical warfare" by hardened holy warriors, a comment that provoked accusations of insensitivity by human rights advocates and civilian lawyers who say depression is widespread among the 450 detainees.

Harris suggested the prison guards and administrators had been lulled into believing many of the men had come to terms with their circumstances. Most prisoners had managed to get into the two most lenient detention sites, the barracks-like Camp 4 where detainees can congregate and play sports most of the day, and Camp 1, where more "comfort items" are available.

But it was at Camp 4 that detainees ambushed guards on May 18, setting off a clash that pitted prisoners armed with fan blades and broken light fixtures against soldiers who had to retreat and return with riot gear to quell the uprising. Two prisoners at Camp 1 had overdosed earlier that day, and three detainees there committed suicide a few weeks later.

"The campaign against us, the operations against us, are less about the length of their detention than about the effect they think they'll have," Harris said of recent incidents, rejecting the notion of Guantanamo critics that despair over indefinite detention was driving detainees to harm themselves.

President Bush and other administration officials have lately acknowledged the international diplomatic disaster created by the detentions and court operations here.

Bush told European allies at a summit in Vienna last week that he was waiting for the high court ruling, which could come as soon as today, to guide his decisions about the prison.

U.S. allies now understand that Washington is not resisting their calls for closing Guantanamo, said John Bellinger, State Department legal advisor, upon return from two weeks of meetings in Europe.

"We want to get out of the Guantanamo business while continuing to protect our interests," he said Monday. Those interests include preventing any released or transferred detainees from threatening U.S. security as well as ensuring the prisoners are not subjected to torture, abuse or execution in their home countries.

The suicide attempts and other acts of protest are seen by prison commanders as an effort to intensify outside pressure for Guantanamo's closure.

The Navy captain in charge of the prison hospital said everything that could have been done to identify potential suicides had been done. The three prisoners who hanged themselves had been through medical and psychological evaluations in the

two weeks before their deaths because they had taken part in a hunger strike that began in late May. None showed signs of psychological distress — including the Saudi who had just ended a 180-day hunger strike during which he was repeatedly force-fed through a nasal tube.

"If you ask my opinion, I agree with the admiral that this was somewhat of a political statement," said the prison hospital commander, who under military policy cannot be further identified. Noting that it is impossible to know when a suicide bomber will be moved to act, he said, "I don't know if there's a medical way to pick up on that."

To avert future misuse of drugs, the prison medics have cut back significantly on the pills given out to detainees and stepped up monitoring of those medications still being issued, said the senior medical officer, a Navy commander.

A guard now accompanies each hospital corpsman on his medication rounds, twice checking detainees' hands and mouths to ensure that the pills have been swallowed, the commander said. The more potent medications are being administered in crushed or liquid form.

Several hoards of drugs have been found nonetheless, including the 16 painkillers discovered in the artificial leg.

Other measures imposed to deter suicides have included daily collection of bedsheets after the eight-hour sleep period and removal of clothing from any prisoner who shows signs of trying to shred it to make ligatures for hanging.

At least 20 detainees have been outfitted in the quilted suicide smocks that fasten at the sides and shoulders with Velcro hook and loop fasteners and are made of a tightly woven, ripstop vinyl. New mattresses covered in sturdier, plastic-coated fabric that can't be torn or used to hide pills or weapons also have been put in the cells.

Official: Gitmo Prisoners Waging "Jihad" (AP)

By Stevenson Jacobs

AP, June 28, 2006

Guantanamo Bay detainees are staging suicide attempts and hunger strikes to undermine American policy in the war on terror, a senior U.S. military official said, calling the acts a "jihad" against the United States.

"The detainees view this as a struggle. They view this as a jihad ... They're trying to figure out ways that they can continue the fight," Navy Rear Adm. Harry Harris, the commander of the U.S. prison on Cuba's southeastern tip. "They do that with hunger strikes, overdosing on medicines. And now they've succeeded in killing themselves."

Three detainees — two Saudis and a Yemeni — committed suicide in their cells on June 10. The U.S. military said the men hanged themselves by fashioning nooses from bed sheets. Harris said the deaths and other suicide attempts were coordinated acts of resistance — not acts of desperation prompted by their indefinite detention.

"I think it is less about the length of their detention ... It's less about that and it's more that they continue to fight their fight," Harris told reporters, adding that defiance in the prison was widespread. "I think the vast majority of detainees are resisting us."

President Bush has said he wants to close the detention center but is seeking guidance from the nation's top court on the matter. The U.S. Supreme Court could rule as early as Wednesday on the legitimacy of military tribunals ordered by Bush, the first such trials since World War II.

Harris, who took over command at Guantanamo on March 31, said he believed a ruling by the court wouldn't affect operations at the prison, which he said served a vital role in the U.S.-led war on terror.

"Given the battle that we're fighting as a nation, I believe there is a need for places like Guantanamo," Harris said.

The suicides of the three detainees prompted renewed calls from European countries and human rights groups to close Guantanamo, which holds about 450 men on suspicion of links to al-Qaida or the Taliban.

A spokesman for Boston-based Physicians for Human Rights said that whether the suicides were a political act or the product of desperation does not change "the fact that U.S. detention and interrogation practices have violated basic tenets" of the Geneva Conventions and the McCain Amendment, which prohibits torture or cruel, inhuman or degrading treatment of prisoners.

"Regardless of the motivation that caused the three detainees at Guantanamo to commit suicide, those being held without charge are still entitled to due process and to receive treatment that is in accordance with basic human rights standards," said spokesman Nathaniel A. Raymond from Boston.

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A military doctor at the prison said the three detainees received psychological exams only days prior to their suicides and showed no signs of being depressed. He spoke on condition of anonymity to protect his personal safety.

The doctor suggested the exams, performed by mental health professionals one to two weeks before the suicides, supported assertions by military officials that the prisoners killed themselves as a political act — not because they were despondent about their prolonged detention.

"None had showed any signs of being depressed or having a mental condition," said the doctor, who is the medical officer in charge of the prison. He said medical personnel examined the detainees some 10 minutes after they were found and "did everything we could" to revive them, including using defibrillators.

Since the deaths, the military has implemented strict measures to guard against future suicides, including only giving out bed sheets and blankets during sleeping hours and monitoring detainees in their cells every three minutes.

Officials have also lowered the threshold to determine when a detainee is at risk of being suicidal, the doctor said. Now, any detainee thought to be a suicide risk is placed in a tear-proof anti-suicide smock — which can't be fashioned into a makeshift noose — for 72 hours and given a psychological exam, he said.

There are currently about 20 detainees in green anti-suicide smocks, the doctor said.

The doctor said there have been no suicide attempts since the June 10 suicides, but there have been several incidents of detainees harming themselves, such as cutting themselves with paint chips or beating their heads against walls.

Associated Press writer David McFadden contributed to this report from San Juan, Puerto Rico.

EU Official: Suspects Were Handed To U.S. (USAT)

USA Today, June 28, 2006

Terrorism suspects have been transferred to U.S. intelligence agents in Europe, but it's not clear whether the moves were illegal, the European Union's top justice official said Tuesday. Justice and Home Affairs Commissioner Franco Frattini said it also isn't clear whether governments knew about or cooperated in the transfers.

Frattini spoke after Europe's leading human rights watchdog, the Council of Europe, voted to continue its inquiry into alleged CIA flights and secret prisons in Europe. The council's lead investigator, Dick Marty of Switzerland, has complained that European governments weren't eager to help him establish the facts.

Pakistani Foreign Minister Khursheed Kasuri challenged Afghanistan to identify terrorist hide-outs that Afghan President Hamid Karzai alleges are in Pakistan.

“We promise to investigate and take action,” Kasuri told U.S. Secretary of State Condoleezza Rice in Islamabad at a meeting with President Pervez Musharraf. Rice meets today with Karzai. “We have two good friends and two fierce fighters in the war on terror,” she said.

Nine people were convicted in Denmark of murder or of being accessories in the “honor killing” Sept. 23 of a woman shot by her brother because her Pakistani family disapproved of her husband. Ghazala Khan, 19, was killed in Slagelse two days after her wedding. Her husband, Emal Khan, was shot twice but survived. Akthar Abbas was convicted of murder. His father, Ghulum Abbas, was convicted of incitement to murder and masterminding the plot. They face 16 years in prison. The others, all relatives or friends, face lesser terms.

Three decades after the communist north won the Vietnam War and unified the country, reformers from the more open and industrious south were named prime minister and president.

The National Assembly elected Nguyen Tan Dung, 56, as the youngest prime minister since reunification in 1975. Nguyen Minh Triet, 63, the Communist Party chief of Ho Chi Minh City, formerly Saigon, was elected president. Both were unopposed. Vietnam moved toward a market economy in the mid-1980s, and foreign investment and trade have exploded recently.

Three British bankers lost their last chance to avoid extradition to the USA on wire-fraud charges in the collapse of energy giant Enron.

The European Court of Human Rights rejected the appeal of David Bermingham, Gary Mulgrew and Giles Darby. The three former executives at Greenwich NatWest, part of Royal Bank of Scotland Group, have until July 17 to leave Britain for

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Texas, where Enron is based. They've said any trial should be in Britain because that's where most of the offenses allegedly occurred.

Britain: 2 More Terrorism Arrests (NYT)

By Sarah Lyall

The New York Times, June 28, 2006

The police arrested two people under terrorism legislation in Bolton, outside of Manchester, in the latest in a series of antiterrorism raids — some linked, some independent — across England in the last few weeks. The two suspects, who have not been formally charged, were taken into custody in the aftermath of a search of eight properties in order to target "individuals suspected of possession of information that could be used for a terrorism purpose," a police spokesman said. The spokesman said the operation was not linked to other antiterrorism investigations in London and elsewhere.

State Dept. Urges Libya To Pay Families (AP)

AP, June 27, 2006

The State Department urged Libya on Tuesday to provide fair compensation to the families of victims in the 1988 bombing of a Pan Am flight over Scotland.

"Obviously, we support justice for the Pan Am 103 families, and we support their efforts to receive due compensation," deputy spokesman Adam Ereli said.

According to published reports, Libya has concluded it no longer has a legal obligation to make final payments of $2 million to each of the families of those killed in the attack.

Libya has accepted repsonsibility for the bombing and agreed to pay compensation to the families of the 270 victims. Part of the $2.7 billion has been paid. A final $2 million installment to each family is outstanding.

On Wednesday, Libya is due to be removed formally from the State Department's list of countries that sponsor terror. The payments arrangement and Libya's renunciation of weapons programs spurred good relations with the United States.

"We are actively involved in encouraging the Libyan government to extend escrow arrangements made under the settlement so that the final payment can be effected," Ereli said.

"In this matter, we want to see it resolved fairly," the U.S. official said.

Libya Says It Needn't Finish Payments To Flight 103 Victims' Families (WP)

By Bradley Graham

The Washington Post, June 27, 2006

Libya declared yesterday that it no longer has a legal obligation to make final payments of $2 million to each of the families of those killed in the bombing of a Pan Am flight in 1988, saying the agreement calling for the payments had expired. But it left open the possibility that it still might turn over the money.

Under international pressure, Libya took responsibility four years ago for the attack on Flight 103 over Lockerbie, Scotland, and agreed to pay as much as $10 million in three installments to each of the families of the 270 dead. The payments were linked to a series of conditions aimed at easing restrictions on the government of Moammar Gaddafi.

The first installment of $4 million came when the United Nations ended its sanctions, and a second $4 million followed the lifting of some U.S. sanctions. A third and final payment was due if the United States removed Libya from the list of nations sponsoring terrorism -- a move decided last month and scheduled to take effect Thursday.

But in a statement yesterday, the Libyan legal team handling the case said the deadline in the original agreement for dropping Libya from the list had passed at the end of 2004, after several extensions. Consequently, the statement said, the escrow account set up to hold the money for the final payments was dissolved early last year and the funds returned.

At the same time, the statement created a measure of ambiguity about Libya's intentions by stopping short of saying that Tripoli would refuse to make the last payments.

In recent talks with lawyers representing the victims' families, the Libyan legal team indicated that opposition to making the final payments exists within the Gaddafi government. But James P. Kreindler, a lead U.S. lawyer in the case, said the absence of

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an explicit rejection in yesterday's statement leaves the door open for Libya to meet its initial financial commitment, a view shared by some State Department officials who are following the case.

"I believe that Libya will do the right thing and make the last payment," Kreindler said in a telephone interview. "But we haven't gotten confirmation of that."

Speculation about Libya's motives in issuing yesterday's statement centered on the possibility that the government simply wanted to assert its legal rights and rebut allegations that it has not acted in good faith in the settlement.

U.S. lawyers have argued that Libya remains obligated to pay the third installment, regardless of whether the escrow account expired. But Libyan authorities have insisted they are no longer bound by the original agreement.

Apart from the legal arguments, U.S. representatives have urged the Libyans to follow through on their initial commitment as a matter of smart politics. Libya has been enjoying an end to two decades of international isolation as a result of its willingness to accept responsibility for the plane attack and its subsequent decision in 2003 to abandon its nuclear, chemical and biological weapons programs after secret negotiations with U.S. and British officials.

Calls to Libyan officials in Washington yesterday were not returned.

In the event no further payments are forthcoming after Thursday, Kreindler said, the victims' families would probably take legal action against Libya in federal court in New York.

"We would argue there's been a breach of the good-faith provision," he said. "But letting this drag out for another two or three years is not good for anyone. "

Reflecting strong congressional sentiment to compel the final payments, some House members are backing a proposed amendment to the State Department's appropriations bill that would block funds for restoring diplomatic relations with Libya until it honors its financial commitments to the families.

"How can the U.S. possibly be expected to trust Libya when they are depending on a legal technicality to absolve them from their promise to pay restitution to the families?" Rep. John E. Sweeney (R-N.Y.), the amendment's sponsor, asked in a statement yesterday. "Libya must follow through as a show of good faith to the world that they regret past actions by making full and immediate reparations to the families."

HOMELAND RESPONSE:

Nation's Ports Remain At Risk, Study Shows (KRT)

By John Simerman

Knight Ridder, June 28, 2006

WALNUT CREEK, Calif. - The nation's seaports remain vulnerable to attack and a lack of coordination among agencies could worsen the economic aftermath of a terrorist attack, a leading policy group says.

Inadequate federal funding and staffing has slowed or stalled a raft of security initiatives that lawmakers scurried to create after the threat to the nation's 361 ports came into focus following the Sept. 11 attacks, according to the study by the Public Policy Institute of California.

The federal push for better port security has also failed to recognize the importance of minimizing the economic impact of a terrorist strike.

"The only reason terrorists would attack a port is the impact on the economy," said Jon Haveman, co-editor of the report. "But if you can reduce the economic damage, the less likely they are to attack."

The report adds to a growing chorus of criticism over the federal response to the threat of nuclear, radiological, biological or chemical weapons being smuggled inside one of the millions of containers that flow into U.S. ports each year. About five percent of them are opened and inspected.

According to U.S. Coast Guard estimates, it would take about $7.3 billion over a decade for the ports to meet the demands of the maritime security law passed in 2002. So far, a little more than $700 million has been awarded in five rounds of port security grants.

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The Inspector General of the Department of Homeland Security last year found that almost 80 percent of the grant money wasn't being spent. Some projects that received funding appeared to have little security benefit, the office reported.

A follow-up report this year found improvement, but also said "it is not clear that (Homeland Security) knows how much actual risk reduction has been achieved."

California's largest seaports, in Los Angeles, Long Beach and Oakland - three of the nation's four busiest - have received just 19 percent of federal port security grant funds, though they handle 40 percent of all containers coming through U.S. ports, the PPIC study found.

The Port of Oakland, the fourth busiest, has received a little more than $11 million. It has a backlog of $89 million in unfunded security projects, said Mike O'Brien, head of security for the port.

"We've gotten a pretty good chunk of change," said O'Brien. "We still need more."

The federal agency this year moved to a "risk-based" formula designed to grant homeland security money based more on the threat than politics.

That helps bigger ports such as Los Angeles, Long Beach and Oakland, but may leave smaller ones more vulnerable, said Susan Monteverde, vice president of government relations for the American Association of Port Authorities. It represents 86 large public ports.

"Because of limited money, they only focused on the big guys," Monteverde said. "But they are all international borders. We don't want to have a soft underbelly."

The Bush administration has placed more than 1,200 radiation detectors in the nation's ports, and ports have used federal grant money to physically secure their entries. Customs officials inspect and boards ships at dozens of foreign ports, and the government has a "trusted shipper" program that allows it to focus on high-risk ships.

But a plan for background checks and identification cards for millions of port and transportation workers is far behind schedule.

Physically inspecting every container would bring commerce to a crawl, experts say. Instead, the checks on most containers rely on documentation that can be manipulated or falsified. That makes a focus on response vital, said Jon Haveman, co-editor of the report.

An attack on the ports of Los Angeles and Long Beach could cost as much as $45 billion to the economy, the report estimates. "That's really an upper bound," said Haveman. "But there are a lot of things that . . . can mitigate the damage."

Haveman said the federal port security program has largely ignored critical funding and planning to quickly recover from a port attack that can not be prevented.

One obstacle is a lack of a clear line of authority for emergency response. In areas like Los Angeles, as many as 15 different agencies may have jurisdiction, the study found.

O'Brien, security chief at the Port of Oakland, said local, state and federal agencies work together on drills and exercises, and that the FBI has been designated as the lead agency if the port is attacked.

"We're talking about what-ifs and sorting out those jurisdictional issues," said O'Brien.

A House bill authored by two Californians would dedicate $400 million a year to the port security grant program and require the Department of Homeland Security to develop specific policies and strategies for reopening ports after an attack.

One of the House members said Congress' lack of focus on recovery could lead to other ports being shut down as a precaution.

"A lot of what we did after 9/11 was to think of how we stop another attack," said Rep. Dan Lungren, R-Calif. "We're significantly less vulnerable today than we were five years ago, but nowhere near where we need to be . . . we can't ignore the possibility there could be a successful terrorist attack."

The money would come from customs fees on shippers. The bill cleared the House on a 421 to 2 vote in May. A similar bill is being held up in the Senate.

Court Says Personnel Rules Harm Bargaining (NYT)

By Eric Lipton

DOJ_NMG_0036916

The New York Times, June 28, 2006

The United States Court of Appeals for the District of Columbia Circuit upheld a lower court decision that overturned personnel rules at the Homeland Security Department, saying they failed to ensure employees' right to bargain collectively. "The regulations effectively eliminate all meaningful bargaining over fundamental working conditions," the ruling said. The department set up the system in January 2005, saying it would allow salaries to be based on performance. A department spokesman said officials were considering what to do about the ruling.

Appeals Court Vetoes Bush Plan To Alter U.S. Personnel Rules (WP)

By Eric M. Weiss

The Washington Post, June 28, 2006

A federal appeals court delivered another legal blow to the Bush administration's broad plan to overhaul the federal employee personnel system, ruling yesterday that the proposed changes would illegally limit the scope of collective bargaining.

The opinion by a panel of the U.S. Court of Appeals for the D.C. Circuit said new Department of Homeland Security personnel rules that deal with working conditions and employee appeals were illegal. The court upheld two rulings by a federal district judge that found the government had overstepped the authority given by Congress to rewrite personnel rules when it created the department in 2002.

Elated union leaders said the decision could scuttle the broader attempt to replace the 15-grade General Schedule pay system with one that has wide salary ranges known as pay bands, and to more strongly tie annual raises to performance evaluations. The administration hopes to expand the proposed DHS system throughout the government.

"I think the whole pay system is up in the air," said Colleen M. Kelley, president of the National Treasury Employees Union, which led a group of five unions that sued DHS. "Time is running out with this administration."

Kelley said she will ask Homeland Security Secretary Michael Chertoff to meet and discuss reworking the personnel plans with more union input.

The new system is the product of more than three years of work. It could dramatically change the way many of the department's 180,000 workers are paid, promoted, deployed and disciplined. A similar system being developed at the Defense Department would affect 746,000 workers and has been challenged in a separate lawsuit filed by labor unions.

Bush administration officials have argued that such changes are necessary to make the federal bureaucracy more nimble and responsive in the fight against terrorism and, more generally, to improve government efficiency.

"DHS will be discussing the impact of today's ruling and potential next steps with the Department of Justice and the Office of Personnel Management," said Larry Orluskie, a DHS spokesman. "Meanwhile, DHS is moving forward with implementing a key element of MAX-HR, performance management, for most non-bargaining unit employees."

Last August, U.S. District Judge Rosemary M. Collyer found that Homeland Security's new personnel system falls short of guaranteeing collective bargaining rights because the department can override any provision in a labor agreement by issuing a department-wide directive.

Collyer faulted the department's plan to limit the ability of the independent Merit Systems Protection Board to mitigate punishment handed out to employees who have successfully appealed firings and demotions to the board. And she ruled that the plan would go too far in altering the role of the independent Federal Labor Relations Authority, many of whose duties would be taken over by an internal labor relations board.

Yesterday's opinion, written by Judge Harry T. Edwards on behalf of a three-judge panel, agreed with Collyer's findings on the DHS appeals process and on the proposed ability to unilaterally break negotiated contracts, which it called "plainly unlawful."

But the appeals court went further, saying the DHS plan, by limiting collective bargaining to employee-specific personnel matters, leaves most decisions on working conditions up to management only.

"In no sense can such a limited scope of bargaining be viewed as consistent with the Act's mandate that DHS 'ensure' collective bargaining rights for its employees," the court said.

The administration could still decide to ask the full D.C. Circuit for review or could appeal to the Supreme Court.

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"Today's ruling once more demonstrates the shortsightedness of this administration in developing personnel systems that ignore the rights of federal workers -- especially collective-bargaining rights," said Sen. Daniel K. Akaka (D-Hawaii), one of nine senators to vote against the creation of DHS, in part because of concerns about the personnel system. "Now is the time for the department to sit down with the federal employee unions to work out a personnel system that is fair, contemporary, flexible, and has the support of employees and the department's leadership."

Sen. George V. Voinovich (R-Ohio), a supporter of the new personnel system, said: "In light of today's ruling by the court, I encourage the department to renew discussion with its employees over the sections of the regulations enjoined by the court."

DHS Ruling Deals Administration A Setback (WP)

By Stephen Barr

The Washington Post, June 28, 2006

A federal appeals court left no doubt yesterday that the Bush administration overreached in fashioning new workplace rules for the Department of Homeland Security.

The department's regulation "renders 'collective bargaining' meaningless; and it is utterly unreasonable and thus impermissible, because it makes no sense on its own terms," the three-judge panel found.

The judges, at another point in a 50-page opinion, said, "The government's position not only defies the well-understood meaning of collective bargaining, it also defies common sense."

To imagine that a contract is not binding on both parties, as the Bush administration contended, "is simply bizarre," the judges wrote.

For three years, Bush administration officials have defended their plans for new workplace rules at Homeland Security and the Defense Department, contending that managers should not feel any hesitation to respond to emergencies or terrorist threats because of a union agreement. Unions responded that their contracts already contained emergency clauses that gave managers ample flexibility, and they filed lawsuits against the new rules.

Yesterday, the U.S. Court of Appeals for the District of Columbia Circuit, said the Homeland Security rules failed to ensure that employees could bargain collectively and went too far in limiting the topics that could be put on the negotiating table. [Story, Page A23.]

"The obvious problem," the ruling said, "is that very few 'conditions of employment' are subject to meaningful bargaining, and the few conditions over which the parties can negotiate may be unilaterally abrogated by management. A system of this sort does not even give an illusion of collective bargaining."

The opinion, written by Judge Harry T. Edwards and joined by Judge A. Raymond Randolph and Judge Thomas B. Griffith, leaves the White House with a tough decision to make -- file for a review at the Supreme Court or go back to the drawing board.

Administration officials, who spoke only on condition that they not be identified, acknowledged that the ruling was a heavy blow. One official said the new Homeland Security personnel system was "dead in the water" and added: "There is no leadership on this."

Clearly, much is at stake. The Pentagon lost on similar grounds in U.S. District Court, and its appeal will be handled by the federal appeals court here. Additional adverse rulings could jeopardize other administration efforts as well, most notably the push to retool the federal pay system to include more performance-based standards.

Two senators who oversee federal workforce issues urged the Bush administration officials and labor leaders to meet and discuss their differences.

"In light of today's ruling by the court, I encourage the department to renew discussions with its employees over sections of the regulations enjoined by the court," Sen. George V. Voinovich (R-Ohio) said.

Sen. Daniel K. Akaka (D-Hawaii) said, "Now is the time for the department to sit down with the federal employee unions to work out a personnel system that is fair, contemporary, flexible, and has the support of employees and the department's leadership."

The National Treasury Employees Union argued the case in court and union president Colleen M. Kelley yesterday called the appeals court ruling "a sweeping legal victory."

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She said she would ask Homeland Security Secretary Michael Chertoff for a meeting to "work out a system that can be supported and will allow employees to do their jobs."

But Kelley also suggested she was not certain a deal could be reached between unions and the administration. "They have been pretty tireless in their efforts to impose change, whether legal or not. . . . Now we will see what they do."

NTEU President Kelley will take your questions about the appeals court ruling at noon today on Federal Diary Live athttp://washingtonpost.com. My e-mail address isbarrs@washpost.com.

Appeals Court Upholds Rejection Of Homeland Security Personnel System (FEDTIMES)

By Stephen Losey

Federal Times, June 28, 2006

The Homeland Security Department's new personnel system violates laws guaranteeing workers the right to collectively bargain with their employers over workplace matters, a federal appeals court ruled June 27.

The ruling likely will force the department to rewrite the labor relations sections of its new personnel rules, some observers say.

As part of its new rulebook for hiring, paying, appraising and managing employees, Homeland Security sought to include rules that would allow department managers to overturn agreements with employee unions — which the court called "plainly unlawful" — and to limit what unions can bargain over.

The ruling of the U.S. Court of Appeals for the District of Columbia Circuit backs up an October ruling by U.S. District Court Judge Rosemary Collyer, which also struck down the employee relations portions of the department's personnel system. This latest ruling came after the department appealed that earlier ruling.

The appeals court also broadened the earlier decision by ruling that the department cannot restrict negotiations to "employee-specific" matters. Such limitations would be unprecedented and would "effectively eliminate all meaningful bargaining over fundamental working conditions, thereby committing the bulk of decisions concerning conditions of employment to the department's exclusive discretion," the court ruled.

The National Treasury Employees Union, which was lead plaintiff in the case, said the appeals court decision effectively settles the matter and strikes down what it calls "a regressive personnel system." NTEU president Colleen Kelley said she hopes to soon meet with Homeland Security Secretary Michael Chertoff to begin crafting new regulations that uphold collective bargaining rights.

Homeland Security spokesman Larry Orluskie said the department will soon discuss the impact of the ruling with the Justice Department and Office of Personnel Management and decide what their next steps will be.

Orluskie said Homeland Security continues to move forward with its pay-for-performance plan for most nonbargaining unit employees as part of its new human resources system, called MAXHR. Orluskie said the department is putting supervisors and managers through performance leadership training to prepare them for this transition.

"The human capital flexibilities contained in MAXHR remain critical to DHS mission accomplishment and our goal of creating a 21st century department," Orluskie said.

In other union news, the Federal Labor Relations Authority on June 27 began counting votes from Customs and Border Protection employees to determine once and for all whether NTEU or the American Federation of Government Employees will represent them. Kelley said a final vote tally should be finished by the morning of June 28.

WAR NEWS:

Bush Jogs With Wounded Soldier (AP-Y2)

By Jennifer Loven

AP2, June 27, 2006

President Bush took a jog Tuesday with a soldier who lost part of both legs in Iraq, following through on a bedside promise even the president had doubts about at the time.

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Despite a slight drizzle, Bush and Staff Sgt. Christian Bagge took a slow jog around a spongy track that circles the White House's South Lawn. About halfway through their approximately half-mile run, Bush and Bagge paused briefly for reporters.

"He ran the president into the ground, I might add," Bush said, as the two gripped hands in an emotional, lengthy shake. "But I'm proud of you. I'm proud of your strength, proud of your character."

The president met the soldier on a New Year's Day visit to Brooke Army Medical Center in San Antonio, where Bagge had been recuperating from his injuries for months. Bagge, now 23 and a native of Eugene, Ore., was in a convoy hit by roadside bombs a year ago in the remote Iraq desert south of Kirkuk.

Bagge's left leg was amputated just above the ankle, and his right leg ends just above the knee.

He told Bush during their January visit that he wanted to run with him. Bush was an avid runner who had mostly traded the activity for mountain biking in the last couple of years because of knee problems.

"I looked at him, like, you know, there's an optimistic person," Bush said. "It's an amazing sight for me to be running with a guy who, last time I saw him, was in bed wondering whether or not — I was wondering whether or not he'd ever get out of bed."

But, the president added, in tribute to the hard work Bagge did to realize this goal, "There was no doubt in his mind that he would."

"It's a privilege," commented Bagge, who had changed in the Oval Office into a special set of prosthetic legs that he uses to jog.

And then the pair took off for the remainder of their run.

Amputee Iraq Vet Fulfills Wish, Jogs With Bush (USAT)

By Richard Benedetto

USA Today, June 28, 2006

WASHINGTON — Shortly after Army Staff Sgt. Christian Bagge lost parts of both legs in Iraq when a roadside bomb tore through his Humvee last June, he vowed to not let the injury prevent him from doing things he could do before he was wounded.

“I want to run. I want to swim. I want to mountain bike. The biggest goal of all is just to do what I did before,” Bagge, 23, told CNN in an interview last month.

On Tuesday, he did one of those things. He ran side-by-side with President Bush on the spongy black jogging track that rings the South Lawn of the White House.

“And he ran the president into the ground, I might add,” Bush said after jogging about a quarter-mile.

While Bush spoke with reporters, Bagge, in an Army T-shirt and black shorts, stood next to the president, resting his hand on Bush's shoulder.

The run, under drizzly gray skies in the rain-drenched capital, was the fulfillment of a request Bagge made when Bush visited him and 50 other wounded soldiers last New Year's Day at the Brooke Army Medical Center at Fort Sam Houston in San Antonio.

Lying in a hospital bed, Bagge told his commander in chief that he wanted to run with him sometime. Of course, Bush said, admitting now that he was skeptical that the young soldier would ever be able to do it. The payoff came less than six months later, thanks to two prosthetic legs and a lot of determination on Bagge's part.

Bagge's left leg was amputated below the knee, his right leg just above the knee. He put on his special running legs — each a springy, C-shaped device that takes the place of the foot and lower leg — in the Oval Office.

Bush, 59, who swapped his once-manic running regimen for mountain biking due to pain in his knees, said he was inspired by Bagge's courage.

“It's an amazing sight for me to be running with a guy who, last time I saw him, was in bed,” Bush said. “I was wondering whether or not he'd ever get out of bed. There was no doubt in his mind that he would.” As they stood before reporters Tuesday, Bush thanked Bagge, a member of the Oregon National Guard, for his service: “Good man. God bless you.”

“It's a privilege,” Bagge said.

Then Bush waved reporters away. “We're not through running yet,” he said. “Get out of the way.” They ran another quarter-mile and retired to the White House.

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He Came A Long Way For That White House Jog (LAT)

By Heather Gehlert

The Los Angeles Times, June 28, 2006

WASHINGTON — One year and 14 surgeries after Army Staff Sgt. Christian Bagge lost both legs during a roadside bomb explosion in Iraq, he is out of a wheelchair and back on his feet — and jogging at the White House.

"He ran the president into the ground," President Bush told reporters Tuesday afternoon as the two men took a break from a turn around the nearly quarter-mile track on the South Lawn.

They first met in January at Brooke Army Medical Center in Texas. Bagge was bedridden.

"He said, 'I want to run with you,' " Bush said. "I looked at him, like, you know, there's an optimistic person. But I could tell in his eyes that he meant it.

"It's an amazing sight for me to be running with a guy who, last time I saw him … I was wondering whether or not he'd ever get out of bed," the president said. "There was no doubt in his mind that he would."

Because Bagge cannot feel his feet hitting the ground, he has had to relearn the mechanics of jogging, relying on the energy return from carbon fibers in his prosthetic limbs, instead of his own calf and ankle muscles, to propel him forward.

"It's very strange to get used to … you learn to feel the vibration of the prosthetic in your limb," Bagge, 24, said in an interview the night before the presidential jog. "The prosthetic becomes an extension of you."

His father, Doug, described his son as so agile that "many times, if you didn't look down at his feet, you'd never know he doesn't have them."

Bagge, a member of an Oregon National Guard unit, and nine other soldiers were injured last June in the blast near Kirkuk.

He was trapped in the Humvee for about 45 minutes — aware of his blood-soaked body, the left boot that was pointed in the wrong direction and the pain. After being pulled from the vehicle, he waited another 45 minutes for a helicopter.

"At first, I thought that I may have been dead because my driver wasn't calling my name, and he was calling other people's names," he said. "I thought maybe for a minute I was hearing things outside my body."

Bagge's right leg was amputated above the knee, his left leg just below the knee. For many months, he said, he needed narcotics for the severe phantom pain and post-surgical agony.

"To see him in the early days, having to scoot around on his bottom or falling out of his wheelchair — that was hard," said Bagge's father. "But he's an overcomer."

Bagge has four sets of limbs: one for walking, one for running, one for swimming and one as a backup. And he's not ashamed of his injuries: When he was awarded a Purple Heart last year, Bagge wore shorts to the ceremony.

"I'm very proud of what I've done for this country," he said. "I'm proud of my wounds."

The hardest part of his recovery, he noted, has been mental.

"Even today, a year later, I find myself self-conscious on this trip [to Washington]," he said. "I get funny looks all the time…. Obviously people are shocked to see somebody with two fake legs walking around. Some people will drop their jaw and watch you walk away. And sometimes it's just extremely rude.

"It can be very easy on certain days for me to get down and depressed," Bagge continued. "But if I could ask an Iraqi who was oppressed by Saddam: 'Hey, is this worth the loss of two legs of an American soldier?' I think they would say, 'Yes.' "

Kerry And Feingold Form Alliance On Iraq (AP-Y2)

By Frederic J. Frommer

AP2, June 27, 2006

One epitomizes the Washington political establishment as the Democratic Party's most recent presidential nominee. The other is the quintessential Democratic outsider, proud to be the only senator to vote against the USA Patriot Act.

Notwithstanding their different histories, Sens. John Kerry and Russ Feingold joined forces last week to push a proposal that would have required troops to leave Iraq by July of next year. And they may soon have something else in common: Both are considering presidential races in 2008.

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"It seems to be a marriage of convenience," said Democratic consultant Dan Payne, a former Kerry Senate campaign strategist. "Feingold wants to be considered of presidential stature, and Kerry wants to look like he can work with others to reach a compromise."

Both Kerry, D-Mass., and Feingold, D-Wis., insist that politics has nothing to do with it.

"Not on subjects of war and peace," Kerry said in a telephone interview. "Not on subjects that involve young Americans in uniform in harm's way. As far as I'm concerned, the only consideration is what's the best policy, how do you advance the security of our country, and what do we do to do it?"

Feingold, who voted against the Iraq war resolution in 2002, last year became the first senator to call for a troop withdrawal timetable. He said he didn't mind that many news stories referred to the "Kerry" proposal.

"I'm not in this game for ego, and I'm not in this game for trying to figure out who should go first and who should go second," Feingold said in a separate telephone interview. "This is a matter of life and death. This is a matter of our national security. And I was proud to join with another senator whom I respect to do this."

Ann Marie Hauser, a spokeswoman for the Republican National Committee, mocked the coupling.

"Whether it's John Kerry's indecisiveness or Russ Feingold's extremism, Democrats across the board support an approach that results in surrendering to our enemy," Hauser said. "But as 2008 looms, it is interesting to watch these two senators trip over each other as they rush to the far left of their party."

While the Senate defeated, on a 60-39 vote, a nonbinding resolution that would have urged the administration to start withdrawing troops by year's end, the Feingold-Kerry proposal went down on an 86-13 vote. By Feingold's standard, that was progress.

"You know, I was the only one in this position a year ago," he said. "Now you have 13 senators, including our presidential standard-bearer, John Kerry."

Feingold certainly doesn't mind standing alone. In 2001, he cast the only vote in the Senate against the Patriot Act, the post-Sept. 11 federal law that greatly expanded the government's authority to investigate terrorism suspects at the cost, according to its critics, of some civil liberties. His proposal to censure President Bush for a warrantless surveillance program has attracted only three co-sponsors — one of them Kerry.

Those positions have made Feingold popular among liberal anti-Bush activists.

Feingold has been openly critical of Democrats who voted to authorize the Iraq war, even those who have since said that vote was a mistake — a group that includes Kerry.

But Feingold said that was one reason he was so encouraged to work with Kerry.

"Let's face it — he was our standard-bearer, he had voted for the war," Feingold said. "And yet, I was able to bring him together with me to do exactly what I've believed all along, that this wasn't a good idea, and that we needed to reverse course."

Kerry reiterated his position, dating back to the 2004 presidential election, that he would not have gone to war had he been president — "wrong war, wrong place and wrong time."

But he added: "Russ made the right vote, I made the wrong vote, it's that simple."

Feingold said the two men started working together on the issue when they both staked a position in meetings with fellow Democrats calling for a timetable to bring the troops back. Neither could persuade the group to go along.

"So we just decided to cooperate in order to strengthen our hand, and not just be operating on our own," Feingold recalled.

"We've worked together on a lot of things," Kerry said. "We share a lot of strong beliefs about how badly the system needs to be reformed, and how screwed up Washington is."

Payne, the former Kerry strategist, said the alliance poses risks for Feingold and Kerry.

"It's a trick for both of them because there's the potential that Kerry can look like he's backtracking, and Feingold has to be careful not to appear to be co-opted or bought off," he said.

Democrats Attack GOP On Iraq Bills (WT)

By Christina Bellantoni

The Washington Times, June 28, 2006

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Senate Democrats yesterday accused Republicans of using a "Karl Rove playbook" to make the minority party seem weak on defense and to defeat a Democratic plan to begin withdrawing troops from Iraq.

They called Senate Republicans a "rubber stamp" for the White House.

Sen. Carl Levin of Michigan called Republicans hypocritical for opposing his "phased redeployment" plan because top military officials have announced there is likely to be some troop withdrawal this year.

Republicans "tried and failed" to put the Democrats on the defensive during last week's heated debate, said Mr. Levin, the ranking Democrat on the Armed Services Committee.

"The public wants a debate on Iraq," he said. "The Republicans looked like they are rubber-stamping whatever the White House wants and using a play out of the campaign playbook of Karl Rove to attack your opponents as being weak on defense instead of talking about policy pros and cons."

Mr. Levin and Sen. Jack Reed, Rhode Island Democrat, last week sponsored a nonbinding resolution that called for starting a phased withdrawal of troops from Iraq by Dec. 31. It was rejected Thursday on a nearly party-line vote of 60-39, with Republicans accusing Democrats of trying to "surrender" or "cut-and-run" in Iraq.

On the same day, the Senate voted 86-13 to reject a separate proposal to withdraw combat troops by July 2007.

Gen. George Casey, the top U.S. military commander in Iraq, said last week that more Iraqi forces are prepared to take the lead, showing "great progress."

"I'm confident that we'll be able to continue to take reductions over the course of this year," he said shortly after the Senate votes, adding that the first U.S. troop reductions in Iraq could begin in September.

"Within two hours [of Thursday´s votes,] our commander on the ground is saying he still believes fairly substantial reductions can take place over the course of this year," Mr. Levin said, adding that Democrats are "very much in sync with General Casey."

Senate Majority Leader Bill Frist of Tennessee said yesterday that he "wholeheartedly disagrees." Mr. Frist said Gen. Casey is qualified to craft plans for troop withdrawals, but senators are not.

White House spokesman Tony Snow said Gen. Casey has offered several options and warned reporters against focusing on the withdrawal plan. "Certainly that's under consideration," Mr. Snow said.

House Majority Leader John A. Boehner said those who support "prematurely withdrawing" troops clearly were defeated in the Senate and in the House earlier this month.

When asked about Gen. Casey's plan, the Ohio Republican said the commander and President Bush should make the decision based on conditions on the ground.

"It should not be left to the Congress to set some arbitrary timetable for the draw-down of the troops," Mr. Boehner said. "The [generals] are the people on the ground. They're there, charged with making those decisions. And they will make those decisions, not us."

"We were not calling for some arbitrary deadline; we were asking the president to initiate withdrawal of forces this year," Mr. Reed said. "Frankly, that's what General Casey suggested rather strongly."

Democratic leaders will hold a press conference today on Iraq policy, during which several Democratic senators "will call on Bush Republicans to put aside their failed policies and join Democrats, Gen. Casey and the Iraqis in working to change course in Iraq," according to an announcement.

Staying On Message -- Nixon's Message (WP)

By Harold Meyerson

The Washington Post, June 28, 2006

Let's give credit where credit is due: Nobody knows how to take the worst political hand imaginable -- responsibility for a failing war -- and turn it to their own advantage like the Republicans. That was the defining political accomplishment of Richard Nixon in Vietnam. It may yet be the defining political achievement of George W. Bush in Iraq.

Nixon, of course, had an easier time of it. When he took office in 1969, he inherited a war that his Democratic predecessors had made and that had long since descended into a blood-drenched, stalemated disaster. He could have opted to end the war

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early in his term, particularly since neither he nor his national security adviser, Henry Kissinger, believed it was winnable. But by continuing the conflict, and even expanding it into Cambodia, he enraged the 40 percent of the nation that wanted us out of Vietnam. Millions of demonstrators took to the streets; some of the student movement embraced a wacky, self-marginalizing anti-Americanism; and mainstream Democrats grew steadily more antiwar.

And by nurturing such deep divisions in the body politic, Nixon created the very kind of political landscape on which he was a master at maneuvering. Just 10 months into his presidency, Nixon was championing what he termed the "silent majority" of his countrymen against the protesting hordes. Democrats railed against the war in Vietnam; Nixon railed against the demonstrators and Democrats, whom he gleefully conflated, at home. It was an asymmetric conflict, and Nixon won it going away, defeating George McGovern in 1972 by more than 20 percentage points.

Today Republicans in general and Karl Rove in particular have resurrected the Nixon game plan. They are not mounting a point-by-point defense of the administration's plan for Iraq, not least because the administration doesn't really have a plan for Iraq. When Senate Democrats brought two resolutions to the floor last week, each calling for a change in our policy, the Republicans defeated them both, but they pointedly failed to introduce a resolution of their own affirming the administration's conduct of the war. That, they understood, would have been a loser in the court of public opinion. Instead, they walked a tightrope: not really defending the war per se but attacking the Democrats for seeking to end it. This was Nixonism of the highest order.

But Bush Republicans face a tougher challenge than their Nixonian forebears. There aren't really demonstrators in the streets. No one is being rude or disorderly. Most congressional Democrats advocate nothing more than a phased redeployment of our troops, though polling shows the public is split on the more radical alternative of setting a hard deadline for withdrawal.

In the face of such raging moderation, the Republicans have nonetheless opened a two-pronged attack on the Democrats. First, they argue, the Dems are defeatists, calling for a withdrawal of our forces that would dishonor the men and women in the military who've given their lives in the course of the war. But the selectivity with which Republicans invoke this equation of withdrawal with dishonor undermines the equation altogether. After all, who among them argues that Ronald Reagan's withdrawal of our forces from Lebanon, or Nixon's withdrawal from Vietnam, disgraced our dead?

The more serious, and innovative, Republican claim isn't that Democrats are defeatists, however; it's that the Democrats are ditherers. "I believe [the Democrats'] real challenge is that they have no common unified position on Iraq as a party," Oklahoma Republican Rep. Tom Cole said recently. "Whether we are right or wrong on our side of the aisle, we do have a common position."

Repeatedly, Republicans have accused the Democrats of having what the president termed an "interesting internal debate" on the war. The implication is that the Democrats are all talk (or, worse, all thought) but no action, and in a post-Sept. 11 world, what really matters is resolve. That the president's war of choice has created a disaster in Iraq so profound that no course of action is likely to result in a safe, livable nation, then, may perversely work in the president's favor. Of course, the Democrats are conflicted about what to do in Iraq. They think about it (at least, some of them do) and can't totally agree on how best to mitigate the catastrophe.

The Democrats think too much, say the Republicans; such men are dangerous. Vote for us; we're dumb but tough. This may not be a surefire prescription for electoral success, but given the hole the Republicans have dug themselves into, I think Nixon would be proud.

Turning To The U.N., Again (WP)

By Richard Holbrooke

The Washington Post, June 28, 2006

In a little-noticed announcement in President Bush's news conference on June 14, the day he returned from Iraq, he said that he would send two personal emissaries to New York to consult with U.N. Secretary General Kofi Annan on the political and economic future of Iraq. The next day, still with remarkably little public attention, Philip Zelikow, the counselor of the State Department, and Deputy Treasury Secretary Robert Kimmitt met with Annan and his deputy, Mark Malloch Brown, at the secretary general's Sutton Place residence. There was no one else present.

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The two presidential envoys asked Annan to use his unique "convening powers" to help organize international meetings that would lead (by this fall, the Americans hope) to the unveiling of a new "Iraq Compact" -- an agreement between the Iraqi government and major international donors that would commit Baghdad to a series of political and economic reforms in return for substantially more international aid. (Iraqi Prime Minister Nouri al-Maliki called Annan the same day to make an identical request.)

This is a good idea -- and quite similar to suggestions from many administration critics. With the battle for Baghdad raging, it remains to be seen whether an Iraq Compact will work -- or even get off the ground -- but it is certainly an important step in the right direction for Iraq and for American policy.

For Annan and the United Nations, Bush's request poses an ironic and difficult challenge. On the one hand, the administration is asking for help on the worst problem it faces, acknowledging, however belatedly and reluctantly, that once again, the United Nations is not only relevant but at times indispensable to the United States. On the other hand, the resentment among the majority of U.N. member states over the way the institution has been treated recently, especially by Washington's current U.N. ambassador, makes any effort to get the United Nations to help the United States far more difficult.

How to treat the United Nations has been a particular dilemma for President Bush, since opponents of the organization form an important part of the administration's core constituency. Internal disagreements over the past five years about whether to support it or abandon it, to use it or bypass it, have both weakened the organization and led to reduced U.S. influence even as more and more intractable issues are thrown into its hands.

The United Nations is facing major budgetary problems caused primarily by American insistence on a six-month budget cycle instead of the normal two-year cycle. It must deal with growing shortfalls in the U.S. contribution to peacekeeping funding, despite Washington's calls for more peacekeepers in Darfur and elsewhere. And it is confronted by a deadlock over rebuilding the headquarters complex in New York -- a deadlock whose main cause is the administration's failure to push Congress for proper funding. (This is particularly difficult to understand, since the U.N. signature building, its 38-story East River office tower -- built in 1950 and never subject to modern safety codes -- is widely acknowledged to be the major building in New York most vulnerable to a terrorist attack. For example, when the president visits it, the Secret Service closes down FDR Drive beneath it -- but what about the rest of the time?)

Still, even though Annan and the world body have been diminished by Washington, he and his colleagues simply cannot refuse to help on the Iraq matter; it is their responsibility as international civil servants to go where the problems are worst and then to do their best. And, on the basis of private talks with Annan, Malloch Brown and administration officials, I have no doubt that they intend to do just that. In fact, Malloch Brown has already agreed to travel to Baghdad very soon for preliminary meetings that the United Nations and the United States hope will culminate later this year in a high-level conference in the region. As Annan moves into his last six months as secretary general, this would be the right way to end a turbulent decade in that office -- with a genuine contribution to the cause of peace in Iraq.

It is, however, impossible not to note the irony and the implications of what has happened in the past two weeks between Washington and the United Nations. Once again, an administration that has underfunded, undersupported and undermined the United Nations has turned to it, almost in desperation, for help.

The lesson should be clear: Despite the enormously self-destructive actions of many other member states, especially the group of developing nations called the G-77, the United Nations still serves U.S. foreign policy interests in many important ways. Not only Iraq but also Iran, Darfur, Afghanistan and the difficult negotiations just started over Kosovo's final status -- all issues of vital importance to the United States -- have now ended up in the United Nations. To weaken this institution further, as has happened in recent years, serves no clear American national security interest. To strengthen it would make it more valuable to the United States and to every nation that seeks conflict resolution, stability and economic progress. With the maneuvering over the selection of Annan's successor underway, it is time for Washington -- and this must include Congress -- to put behind it a sorry period of confusion and offer the United Nations more support, both financial and political, in return for the things it needs in Iraq and elsewhere.

Richard Holbrooke, a former U.S. ambassador to the United Nations, writes a monthly column for The Post.

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20 Held In U.S. Soldiers' Slaying (WT)

By Rowan Scarborough

The Washington Times, June 28, 2006

The U.S. military has detained 20 persons with knowledge of the brutal deaths of two American soldiers south of Baghdad and thinks al Qaeda in Iraq was responsible, an Army general said yesterday.

Maj. Gen. James Thurman, who commands U.S. operations in and around Baghdad, said at a press conference that more than 8,000 Americans and Iraqis searched for the soldiers after their traffic checkpoint was attacked on June 16.

The bodies of Pfc. Kristian Menchaca, 23, and Pfc. Thomas Tucker, 25 were found three days later in a village in the "Triangle of Death," so called because of the large presence of insurgents. The troops' bodies had been booby-trapped with improvised explosive devices, and it took demolition teams half a day to clear a path to the bodies. Another soldier, Spc. David J. Babineau, 25, was found killed near the checkpoint.

Asked who was suspected in the killings, Gen. Thurman said, "This is a terrorist and foreign fighter area where al Qaeda operates. And I will tell you I believe al Qaeda is associated with the majority of the attacks in south Baghdad, and in and around the area where we found the soldiers ... I think we've hurt them very bad down there, and I'll tell you that. I believe we have."

The general said investigators are still piecing together what happened on June 16. He declined to say why three junior-rank soldiers were left alone, in one armored Humvee, to man a checkpoint in one of Iraq's most violent neighborhoods.

He also did not reveal whether the soldiers were killed at the scene and their bodies mutilated or whether they were tortured to death, as an Iraq general has said.

"That's why we're investigating it," Gen. Thurman said. "We go through intensive efforts to look at DNA, to look at autopsies and things like that to make sure that we can determine the cause of death and that sort of business."

He said searchers captured 36 suspected insurgents, 20 of whom had "direct or indirect links to the attack."

At the Pentagon, Army Lt. Gen. Martin Dempsey, the man in charge of training and equipping the growing Iraqi security forces (ISF), said that newly minted army battalions are still not able to operate independently of U.S. forces but that they continue to make progress. The ability of the ISF to fight is the key to President Bush being able to order home large number of U.S. troops.

"They are not independent at this point in time," Gen. Dempsey said. "They will become independent as we see the new government take on some of the issues related to things like national reconciliation, which has the potential to reduce the threat, which then could over time allow them to become more independent in terms of military operations."

He said the Iraqi army not only has to learn how to fight, but also how to administer to a fighting force with such support activities as pay, promotions, procurement and budgeting.

"If we were having this conversation 18 months ago, there were still U.S. personnel helping Iraq figure out how to pay its soldiers and policemen," he said. "That entire process has been transitioned over to Iraqis. We have no part in their pay process right now."

U.S. Tells Of Hunt For Kidnapped GIs (LAT)

By Solomon Moore

The Los Angeles Times, June 28, 2006

BAGHDAD — The U.S. military released a timeline Tuesday that detailed its response to the abduction of two American soldiers south of the capital and the discovery of their mutilated and booby-trapped bodies more than a week ago.

But the briefing failed to explain why Pfc. Kristian Menchaca, 23, of Houston; Pfc. Thomas L. Tucker, 25, of Madras, Ore.; and a third soldier, who was killed at the site of the kidnapping, Spc. David J. Babineau, 25, of Springfield, Mass.; were outside their base camp with a single armored Humvee on the night of June 16, a Friday.

Maj. Gen. James D. Thurman declined to answer questions about possible procedural lapses that would have allowed the soldiers to leave their camp unaccompanied, saying the inquiry was continuing. U.S. military vehicles in Iraq almost always travel in groups of two or more.

U.S. and Iraqi forces staged a massive 8,000-troop, three-day search for the missing servicemen through at least a dozen villages in the Yousifiya area south of Baghdad, described by Thurman as a "hot bed of terrorist and foreign fighter activity."

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He said U.S. forces had entered the area only intermittently before October 2005 and had since established six patrol bases, counted 2,296 attacks and encountered 1,630 hidden bombs.

By the time the search for the missing troops concluded, Thurman said, U.S. and Iraqi forces had detained 36 people, 20 believed to have had links to the attack on the American soldiers. Two alleged insurgent leaders were killed during the operations, he said, and troops found 29 hidden bombs, documents and a global positioning system. Thurman said the documents and the detainees had provided useful intelligence.

On the evening of the abduction, Thurman said, U.S. soldiers stationed near Yousifiya heard gunshots and rocket blasts coming from an observation post overlooking a canal that joins the Euphrates River.

Fifteen minutes later, U.S. soldiers arrived at the site and found Babineau's body. Five minutes later, military officials stopped traffic in the area, and by 8:29, just more than half an hour after they heard the initial gunfire, they had launched an unmanned aerial drone and helicopters to search for the two missing soldiers.

U.S. and Iraqi special operations forces, along with dive teams, began scouring the area and searching the Euphrates for the GIs.

By early Saturday, shortly after midnight, 400 U.S. soldiers had cordoned off and searched areas north and south of the observation post. Helicopters dropped off Iraqi special operations forces at the Yousifiya power plant, an abandoned square kilometer of storage tanks, generators, towers, tunnels and other structures.

After daybreak, U.S. soldiers found a trail of evidence that led them into the power plant complex.

By Sunday morning, as search teams continued to sweep along the west bank of the Euphrates, troops started finding bombs, and a blast wounded a soldier shortly before 8.

At 6 a.m. Monday, a detainee told U.S. soldiers that the remains of the missing GIs were near a village called Mufaraji, north of the Yousifiya power plant. About four hours later the bodies were spotted.

U.S. officials said the bodies were badly mutilated, and efforts to recover the remains were delayed by six bombs planted to kill anyone who attempted to approach the corpses.

A group linked to Al Qaeda has claimed to have abducted and killed the two soldiers. Thurman declined to name groups he believed might be responsible, but pledged that the military would "be relentless in pursuing the perpetrators of this event."

Crackdown In Baghdad Going Slowly, U.S. Says (USAT/AP)

By The Associated Press

USA Today, June 28, 2006

BAGHDAD — The U.S. military issued a sober assessment Tuesday of the Baghdad security crackdown, saying violence had decreased only slightly in the two weeks since 75,000 American-backed Iraqi soldiers flooded the capital.

Maj. Gen. William Caldwell, spokesman for U.S. forces in Iraq, said the overwhelming security operation launched two weeks ago to rein in violence was moving slower than hoped.

“It's going to take some time. We do not see an upward trend. We … see a slight decrease (in violence) but not of the degree we would like to see at this point,” he said at a news conference in the heavily fortified Green Zone.

Meanwhile, an influential Sunni Arab cleric endorsed the reconciliation plan of Prime Minister Nouri al-Maliki, a Shiite. Ahmed Abdul Ghafour al-Samaraie said he saw some cause for optimism and called on the government to implement it quickly.

Al-Samaraie, the head of the Sunni Endowment, the state agency responsible for Sunni mosques and shrines, threw his support behind al-Maliki's 24-point reconciliation plan, which was presented to the parliament Sunday.

He urged the government to provide details and said the plan should include the disbanding of Shiite militias, as well as the release of all prisoners who have not been charged with a crime.

“We see a glimmer of hope in this plan, but at the same time, we are noticing that some people are pushing the armed groups to attack some areas in Baghdad, spreading terror and chaos in the city in order to make this plan a failure,” the cleric said.

Deputy Prime Minister Salam Zikam Ali al-Zubaie said he met secretly in Jordan with exiled Sunni tribal leaders to win their support for al-Maliki's plan.

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Al-Zubaie said he also met and discussed the security situation with tribal leaders from volatile Anbar province, an insurgent stronghold, before al-Maliki unveiled the plan Sunday.

"We have reached positive results so that they (can try to) convince members of the honorable resistance to join the political process," he told the Associated Press in a telephone interview. Many Iraqis refer to those who have only attacked foreign troops in Iraq as the "honorable resistance" because they do not target Iraqis.

"There is no dialogue with those who targeted Iraqis," said al-Zubaie, a member of the influential Sunni Arab Zubaa tribe.

In other Iraq news Tuesday:

•The U.S. military announced the deaths of a Marine and three soldiers, and police reported 18 more Iraqis fell victim to sectarian and insurgent violence, including five people whose bodies were found dumped in the capital.

•The Iraqi High Tribunal said Saddam Hussein and six members of his ousted regime will stand trial Aug. 21 in connection with the 1980s Anfal campaign that killed an estimated 100,000 Kurds and saw thousands of their villages razed. The Anfal trial will be the second for Saddam. His first trial is in recess until July 10.

•The United Nations said 150,000 Iraqis have been displaced by sectarian violence sparked by the bombing of a 1,200-year-old Shiite shrine Feb. 22. The U.N. now estimates that 1.3 million people are displaced in Iraq. That's about 5% of the country's population.

Fear And Posing In Baghdad (LAT)

By Megan K. Stack

The Los Angeles Times, June 28, 2006

BAGHDAD — You don't want to draw attention, so you keep a battered car even if you can afford a fancier model. You don't wash it; better to let dust smear the windows. Night falls, curfew clamps down, and all those dirty old cars wend their way back to the homes of the capital. The eyes of neighbors slide after them.

Where are the drivers coming from? Some work for the government. Some fight with insurgents or death squads. Some are employed by Americans. No one asks, and no one tells; nobody knows who's who.

Bloodshed has turned Iraq into a country defined by disguise and bluff. Violence in the streets has begun to defy logic, and this is part of the fallout: A lively city where people used to butt gleefully into one another's business has degenerated into a labyrinth of disguises, a place where neighbors brush silently past one another like dancers in a macabre costume ball.

"Everything is hidden among Iraqis; people are very suspicious of one another," said 66-year-old Hayawi Mahdi Abaasi, a successful lawyer who says he won't repair his tumble-down house or replace his 1982 Toyota for fear the wrong people would notice.

"Why should I call the attention of terrorists to me? I try to be very common like everyone else," he said.

Rich people hide their jewelry and dig frayed clothes from the back of their closets to evade ransom-seeking kidnappers. Muslims claim to be Sunni or Shiite, depending on circumstance. Christians pose as Muslims. Lying about employment is de rigueur. Street police wrap their faces in masks so nobody will recognize them.

Everybody, it seems, is pretending to be somebody else, adopting a fake identity in the terrified hope of staying safe. Baghdad residents reason that no matter who you are, you're probably on somebody's hit list.

"It's not a matter of lying or not lying," said Ali Abdullah. "It's a matter of life or death."

Abdullah is a 31-year-old Sunni with dark skin, a strapping build and a bushy strip of mustache. Like most people in Baghdad, he is a man of secrets.

He was trained as an engineer in Saddam Hussein's Iraq but now works for an American nonprofit organization. His life has been threatened and his wife begs him to quit, but he says he can't — the money is too good, and they have a 3-year-old son to think about.

Abdullah takes a taxi to work so his car won't be recognized. He uses different streets each time and changes his telephone number every few months.

He splurged on a $100 Swatch watch in neighboring Jordan, but now he's afraid to wear it in public. When people ask about his job, he lies and says he owns a computer shop.

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Rule No. 1, he says: Never, under any circumstance, intimate to the neighbors on his predominantly Sunni street that he's sold out to the foreigners.

"This is a killer, if my neighbors find out where I work," he said. "This is the first thing that must be maintained, that my neighbors can't know what I do."

For Abdullah and his family, that has meant isolation. He shrinks from possible conversations, taking care not to linger in his doorway, make eye contact or trade small talk. When he caught sight of an old college friend across a crowded restaurant recently, he turned on his heels and rushed away to avoid conversation.

When they talk about the loss of intimacy, many Iraqis are mournful. Like members of most Middle Eastern societies, Iraqis have traditionally prized warmth and valued social interchange over what Westerners might regard as personal privacy. In the old Iraq, it was better to err on the side of nosiness than to appear cold or distant. It was perfectly normal to grill strangers on their marital status and the price of their possessions.

Little by little, that warmth has been bled away by war. Tension pulls on the city now. The atmosphere is thick with intrigue; it feels film noir, cloak-and-dagger. Except it is real — and deadly.

"Behavior has changed from rational behavior into instinctive, animalistic behavior," said Ehsan Mohammed Hassan, one of Iraq's leading sociologists and a professor at Baghdad University. "The individual is not safe from the others. He has to hide. He doesn't want people to see him because he thinks the people are evil."

Amid the fear and loathing, a long-standing tribal tradition has disappeared. Etiquette used to require men to ask one another about their jobs; it was a way of showing concern for a friend's livelihood and to demonstrate willingness to help a man if he had fallen on hard times.

These days, though, to ask about jobs is impolite — perhaps even dangerous. Instead, men find themselves throwing out other questions: How are you? What are you doing here?

"A lot of people are killed for no reason. So what do you think they'll do if you work for the Americans?" Abdullah asked. "That's it. You're a traitor."

Working for the Iraqi government is no better — everybody from university professors to national athletes to traffic police has been slaughtered by insurgents determined to bludgeon civic and social life to a standstill.

Iraq may be the only country in the world where militia members and anti-government insurgents walk the streets with bare faces while government workers, soldiers and cops cower behind masks.

"I wear a mask because I don't want people to know I'm working for the police," a 34-year-old officer named Ahmed Ali said on a recent afternoon. It was lunch hour, and he and some of his colleagues had driven across Baghdad through the 110-degree heat to gobble down lamb kebabs in a neighborhood where they knew fewer people.

The men are stationed in the volatile Dora area, south of downtown and one of Baghdad's bloodiest sectarian battlefields. Clad in matching blue button-downs and navy trousers, their pistols holstered on their waists, they said they didn't dare bring their badges or uniforms home, not even to launder them.

They described slipping from the house in civilian clothes, creeping into the station and changing hurriedly into their uniforms.

"In Dora, I'm well known," Ali said. "I have to wear a mask and sunglasses." Gunfire rattled a few blocks away as he spoke, but none of the police officers so much as glanced in that direction.

Amid the fear, some profit. The document forger, for one.

Assad Kheldoun, a 29-year-old who operates out of the religiously mixed neighborhood of Shaab, grinds out fake identity cards for about $30 apiece. "Exactly like the original," he boasts. But with one difference: a false name.

He's not selling to hustlers or mischief makers. Most of his clients are bus drivers, highway workers or car repairmen — people forced to make their living in Iraq's mean streets.

Last names are sectarian giveaways in Iraq, often deriving from tribes commonly known to be either Sunni or Shiite. Jaabour or Dulaimi, for instance, mean "Sunni" to Iraqis; so does the first name Omar.

Bayati is a popular surname for Iraqis looking to hide behind an adopted handle. So are Obeidi and Saadi. Those names are deliberately ambiguous, common to both Sunnis and Shiites. With a name that can go either way, Iraqis hedge their bets.

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"People are getting killed because of their names," Kheldoun said. "In the past few months, everybody is asking for a false identity card. It's a phenomenon now. The people are scared."

At the nearly deserted Abu Tariq car dealership, the owners loitered wearily among their polished models on a recent afternoon. Business is grinding along slowly for the car salesmen — even those Iraqis reaping enough cash to treat themselves to new wheels are terrified of conspicuous consumption.

"A car like this could mark the end of your life," said the owner of the dealership, 60-year-old Abu Tariq.

His partner, 48-year-old Faiq Ubaidi, pointed a finger toward a $19,000 Toyota Avalon and an $11,000 Super Saloon Toyota. The pair have been gathering dust for the last year without a single inquiry, he griped.

"People say if they buy a car like this today, they'll be killed tomorrow," he said. "I myself would like to drive it downtown with my family and enjoy the air conditioning, but I wouldn't dare."

Fear gets fundamental in today's Baghdad: The Christian woman in an Islamic headdress won't give her name for fear of getting killed. She is 33, lives with her parents on a street dominated by Muslims and risks her life after breakfast every morning by slipping into the Green Zone for work.

She is terrified that word of her job will leak out to neighbors — even her cousins don't know that she works in the heart of the U.S.-backed Iraqi government.

"I deny everything," she said.

But religious isolation has been the most painful of all. She and her family no longer dare attend church on Sundays. And she has been forced to hide her identity with Islamic dress — a head scarf, or hijab, and robe, or abaya.

"It scares me: There are people who believe that all Christians are with the Americans," she said. "We can't trust each other now. I have to keep all my secrets and everything to myself, because I don't know the people in front of me."

Haircut, Shave Can Mean Life Or Death In Baghdad (WT)

By Sharon Behn

The Washington Times, June 28, 2006

BAGHDAD -- In a country where people are killed because their names mark them as Shi'ites or Sunnis, having the wrong haircut can be lethal, too. So for barber Abu Saif, staying in business requires keeping up with the latest religious edicts.

"Being completely clean-shaven is not right," Mr. Saif explains as he draws his razor down a customer's cheek, then sweeps it back up toward his upper lip. He takes time over the cut -- a perfect upside-down question mark shave around the cheek that is most popular with Baghdad's religious Shi'ites.

"The 'Marine' cut, or shaven head, is forbidden. It is considered to be something of the foreigners," said Mr. Saif, 52, who has been cutting hair and shaving beards in his small Mansour barber shop since he was a boy of 12.

Above all, he said, Iraqi barbers have given up "threading" -- a practice common in the Middle East and Asia that involves removing facial hair with two threads tied together, rather than with a razor.

For some, the punishment for doing so was death.

"I put a poster in the window of my shop, that I apologized for threading and I said we were not doing that anymore," Mr. Saif said. "This is terrorism. One day they attack bakers, the next day they attack barbers."

The shape of a beard or haircut often marks its wearer as Shi'ite or Sunni, ensuring support in some neighborhoods but putting him at risk in others.

Religious Sunnis, for example, do not remove any neck hair, and fundamental Wahhabis never shave or trim their beards, but will cut down their mustaches to almost nothing -- "zero to one" on the razor notch, Mr. Saif said.

The customer in his chair, a Shi'ite named Abu Sara, wears his hair short and has his beard trimmed every three weeks to a tight one-week growth.

A few people have changed their cuts to match ethnicities or religious leanings other than their own, he said. Mr. Saif dismisses them as cowards: "I know some are doing that, but as Shi'ites we don't need that 1 percent."

Young men who are not religiously minded have their own models.

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"They get their ideas from actors on television, or some famous Iraqi singers or Brazilian soccer players," said Mr. Saif, who has about 20 customers a day. "Some cut most of their hair short then leave it long in front. Others wear their hair long but slicked back with a lot of gel."

Even boys come into the barber shop asking for specific cuts, he said, sometimes adding gel and perfume.

Weddings are big days at the local barber shops. A "wedding cut" includes a facial massage, eyebrow thinning, a good haircut, an extra-fine trimming of the beard and removal of unsightly ear hair.

"When I got married, I had curly hair, so I used a heating iron to straighten it out. After the wedding, my hair went back to normal and my wife was so surprised," Mr. Saif said with a laugh.

But the war and constant conflict have taken a toll on the typical barber-shop banter, he said. Customers still comment on social and political matters, and still ask for marriage advice, but politics have become a dangerous topic.

Mr. Saif recalls an argument with one of his customers over Saddam Hussein's trial, and said one of his clients took offense to another's comments after one of Baghdad's daily bombings.

"One of the customers informed on him, and then one of his friends came over and warned him not to speak like that anymore," he said.

Shi'ite Iraqi Militia Regroups Into 'Gang Of Thugs' (WT)

By Rowan Scarborough

The Washington Times, June 28, 2006

Prominent Shi'ite cleric Muqtada al-Sadr, a foe of the U.S. military presence in Iraq, has lost control of his Mahdi Army, which has embarked on a wide range of criminal activity, defense officials said.

The officials said the Mahdi Army, which once confined most of its activities to protecting the firebrand cleric's religious turf and trying to dominate towns in Shi'ite southern Iraq, has become a criminal organization that commits homicides, kidnappings and robberies in the Baghdad area.

"They are killing Sunnis. Looting," said a defense official briefed on the Mahdi Army's growing violence. "It has become a gang of thugs. Sadr has lost control."

Sources said Army Gen. George Casey, during his trip to Washington last week for talks with President Bush and Defense Secretary Donald H. Rumsfeld, raised the Mahdi Army as a growing obstacle to peace.

Gen. Casey, the top U.S. commander in Iraq, gave no indication that U.S. forces will move against the thousands of Mahdi Army militiamen. But it was clear to those who heard Gen. Casey's talks that the new government of Prime Minister Nouri al-Maliki will have to confront the militia with force if he is to carry out his goal of reducing violence in Baghdad.

Officials said they think the Mahdi Army is responsible for many of the execution-style killings of Sunni Muslims, whose bodies are found regularly dumped in the city and its suburbs.

The Mahdi Army is backed financially by Shi'ite-dominated Iran, which has poured agents and cash into southern Iraq since the fall of Saddam Hussein in 2003.

"Iran is encouraging lawlessness," the defense source said.

In a press conference Thursday, Gen. Casey listed "illegal armed groups" as one of four major security challenges in Iraq, along with meddling from Iran, the Sunni insurgency and al Qaeda in Iraq. He did not mention the Mahdi Army by name, but officials said he considers it an illegally armed group.

"These illegal armed groups are operating outside the rule of law," he said. "They need to be dealt with through a combination of political influence and security forces, and they will be. The government has stepped up to the challenge, has issued instructions for enforcing weapons bans in and around Baghdad and is committed to dealing with the illegal armed groups issue to protect their citizens."

Sheik al-Sadr created the militia shortly after U.S. forces ousted Saddam. U.S. intelligence sources said it has grown from a few hundred to perhaps 10,000, armed with AK-47s, mortars and explosives.

Twice in 2004, the U.S. Army launched successful offensive operations when the militia gained control of towns and villages. American soldiers, backed by Abrams main battle tanks, killed hundreds of Sheik al-Sadr's armed followers.

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But the Mahdi Army has risen again, capitalizing on the withdrawal of some U.S. forces from the south and its ability to infiltrate the Iraqi police force and army.

Iran backs the army through training and money, defense officials said. Tehran's meddling has reached the point where Gen. Casey singled out the regime for criticism.

"We are quite confident that the Iranians, through their covert special operations forces, are providing weapons, [improvised explosive device] technology and training to Shi'a extremist groups in Iraq," Gen. Casey said.

U.S. Military Expects To Meet Training Goal For Iraqi Security Forces (WP)

By Josh White

The Washington Post, June 28, 2006

U.S. military commanders expect to meet their goal of training and equipping more than 325,000 members of the new Iraqi security forces by the end of this year, an important step in developing Iraq's self-defense, Lt. Gen. Martin Dempsey, who leads the training effort, said yesterday.

Top officials remain optimistic that they will meet targets that call for training 137,000 troops for the Iraqi military and 188,000 people for Interior ministry units such as local police and the border patrol. But they warned that there is a long way to go before the Iraqis will be able to independently fight the insurgents.

"It's just not appropriate yet to be thinking in terms of independent anything in Iraq," Dempsey said. "This, remember, is a nation at war, and although they have taken responsibility for battle space, and large swaths of it . . . they are not independent at this point in time."

Dempsey, speaking to reporters at the Pentagon yesterday, said that Iraqi army troops are becoming increasingly capable as time goes on and that they share combat efforts with U.S. and coalition forces. Still, the Iraqi forces are not yet able to operate on their own, and the fact that they are learning while facing combat has created hurdles.

The development of Iraqi security forces is the cornerstone of the U.S. plan to give the new Iraqi government control of the war-torn nation. Even if the desired number of troops becomes available in six months, Dempsey said, they will need time to develop before they can take control from U.S. forces, especially in the contested areas of Baghdad and Anbar province to the west.

Nor are U.S. military leaders saying that a trained Iraqi military means that U.S. forces can leave Iraq soon.

"It's my belief . . . that we're going to be in Iraq for a long time," Gen. Peter J. Schoomaker, the Army chief of staff, told the House Armed Services Committee yesterday. "It's open-ended."

Dempsey said major progress has been made in the development of the Iraqi police, which number more than 100,000. He said officials expect 24,000 of 25,000 members of the border police will be trained and equipped by the end of July. And U.S. officials plan to provide nearly 2,800 armored Humvees to Iraqi forces to fight the insurgency.

Dempsey said the training effort's biggest challenge is finding capable leaders. In an effort to find 2,500 officers, trainers recalled about 3,800 who were in Saddam Hussein's military. After screenings and a six-week training program, 1,800 remained. But Dempsey said three military academy classes have produced 2,500 newly minted officers.

U.S. General Says Iraqi Army Will Be Built By End Of The Year (NYT)

By Thom Shanker

The New York Times, June 28, 2006

WASHINGTON, June 27 — The American general in charge of training Iraqi security forces said Tuesday that the new army would be formed and at full strength by the end of the year. But he cautioned that the new military in Iraq still faced a shortage of qualified officers and the infrastructure required to carry out independent operations.

The officer, Lt. Gen. Martin E. Dempsey, said the threat of armed militias could be resolved only by negotiations with religious leaders commanding those illegal groups, and by taking away their foot soldiers by offering them the choice of a role within government-controlled security services, an opportunity to disarm — or punishment.

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And in a statement of battlefield realism rarely heard from a lecturn in Washington, General Dempsey said it was certain that a national reconciliation plan offered by the new Baghdad government would include amnesty for at least some who had engaged in insurgent acts.

"Isn't there some sense of inevitability about that?" General Dempsey said. But he quickly noted that Iraqi and United States officials would discuss in private how best to "establish the white lines" that would deny amnesty or pardon to those who had killed any Iraqis or troops from the American-led forces.

Political figures in Washington have loudly criticized members of Prime Minister Nuri Kamal al-Maliki's government for even considering an amnesty that would include insurgent fighters. In Baghdad on Tuesday, Mr. Maliki clarified his plans for amnesty, assuring that it would not be given to anyone who killed troops or Iraqi civilians.

General Dempsey said that without a national reconciliation plan that reaches out simultaneously to Sunni insurgents and Shiite militia members, neither side would disarm out of fear of the other.

The general's training efforts are the foundation of the Bush administration's plans for withdrawing troops as indigenous security forces grow in number and competence, and he spoke as Washington was boiling with debate over timetables for American troop reductions in Iraq.

"The Iraqi Army will be built by the end of this calendar year," General Dempsey declared at a Pentagon news conference.

General Dempsey said that by the end of the year, the army would be "fully capable of recruiting, vetting, inducting, training, forming into units, putting them in barracks, sending them out the gate to perform their missions."

But he expressed concerns about the ability of the Iraqi ministries to carry out military operations independent of American support, and about "leader development."

While military and police cadets "come out of a training base at a very high level of motivation," General Dempsey said, "we then turn them over to a police chief who maybe has bad habits from former times or a midgrade army officer who believes that leadership is an entitlement, not a responsibility."

Amnesty To Exclude Killers Of GIs, Iraqis (WP)

By Joshua Partlow And Bassam Sebti

The Washington Post, June 28, 2006

BAGHDAD, June 27 -- Prime Minister Nouri al-Maliki vowed Tuesday that no one who has killed Americans or Iraqis would be pardoned under his government's national reconciliation plan.

"The fighter who did not kill anyone will be included in the amnesty, but the fighter who killed someone will not be," Maliki said in his first interview with Western print reporters since he became prime minister last month. "This is an international commitment, an ethical commitment: Whoever kills is not included in amnesty."

Sitting at the head of a polished wood conference table, beneath a framed Koranic verse -- "Consult with others and when you reach a decision, trust in God" -- Maliki spoke for nearly an hour about the need to build up the Iraqi army before U.S. and other foreign forces could withdraw, his desire to disband violent militias and the terms of his two-day-old reconciliation plan.

The question of who should receive amnesty has been fiercely debated, and the issue was not settled with the vague terms first offered on Sunday, when the plan was brought before parliament. Some politicians argue that only a broader amnesty has any real chance of bringing the violent Sunni Arab insurgency into the Iraqi political process in a peaceful way. But Maliki, a Shiite Muslim who heads a government led by Shiite religious parties, said the Iraqi and American families who have lost loved ones in the three-year war would not stand for such pardons.

"We have people who have confessed to killing 10, 20, 50, sometimes 100 Iraqis or Americans," he said. "And I think if a general amnesty was announced, it would have a very negative reaction."

Maliki said lesser offenses, such as minor acts of sabotage or participation in former president Saddam Hussein's Baath Party could be forgiven.

Maliki spoke on a day when the U.S. military announced that three American soldiers and a Marine had been killed in Iraq. Two of the soldiers and the Marine died over the past two days from fighting in the embattled western province of Anbar. The third soldier was killed by a roadside bomb Tuesday while on a foot patrol south of Baghdad.

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During the interview, Maliki refused to set a date for when he wanted U.S. troops to withdraw. "As the readiness of Iraqi troops goes up," he said, "the need for American or international troops goes down."

"I would also say that all the Iraqis are looking forward to the day when all foreign troops" are gone, he said.

In the two days since Maliki set forth the outline of his reconciliation plan during a speech in parliament, response from Iraq's Sunni Arab minority has been disparate. Some elder Sunni politicians, such as Adnan al-Dulaimi, as well as the Sunni Endowment, the government body that oversees Sunni mosques and religious affairs, have endorsed the plan.

In addition, Maliki said, seven insurgent groups have expressed through a third party their desire to enter in discussions with the government. Maliki declined to name the groups.

To further the reconciliation, government employees who had been detained and then released would be reinstated in their jobs with no detrimental effect on their bonuses or chance at promotion, the Council of Ministers said in a statement Tuesday. Students who spent time in prison would not be failed for missing class and could make up final exams.

The Mujaheddin al-Shura Council, an umbrella group of insurgents including al-Qaeda in Iraq, derided the reconciliation plan in an online statement, saying that "there will be no reconciliation with the apostates, nor will our swords be put in their sheaths."

A member of the Islamic Army of Iraq, an insurgent group, said this week that violent attacks would continue until all American troops left Iraq.

Adnan Thiyab al-Jubouri, a Sunni member of parliament, has already decided negotiations with insurgents are over.

"We worked hard trying to make one of the resistance armed groups accept the reconciliation project but we failed," he said. "We've been in direct contact with most of them, except al-Qaeda. They said it is impossible for the Iraqi armed resistance to stop. They insist that this is their right to get rid of the occupation."

Another Sunni in parliament, Hussein Shukr al-Falluji, said it is too soon to say whether insurgent groups will embrace Maliki's proposal but described the reconciliation plan as "born crippled."

"This thing is not as easy as some people have said. I think it follows an American ideology, not an Iraqi one," he said. "If it is not agreed that the foreign forces in Iraq are occupiers and the people fighting them are resistance, then there is no way of thinking of reconciliation, never."

The violence targeted by the government's olive branch has shown no sign of abating. Bombings killed scores of Iraqis over the past two days, including a suicide car bomb that exploded Tuesday at a gas station in the northern city of Kirkuk, killing at least three people and wounding 14.

Also Tuesday, the Iraqi tribunal prosecuting Hussein for crimes against humanity said a second trial, in the killings of tens of thousands of Iraqi Kurds in 1988, will begin on Aug. 21. Hussein and six of his aides, including Ali Hassan al-Majeed, known as "Chemical Ali" for his alleged use of chemical weapons against the Kurds, will be tried.

Prosecutors have recommended the death penalty for Hussein in the first trial, on charges of ordering the killing of 148 Shiites from the village of Dujail after an assassination attempt against him there in 1982.

Iraqi Says Attacks On U.S. Won't Be Pardoned (NYT)

By Sabrina Tavernise And John F. Burns

The New York Times, June 28, 2006

BAGHDAD, Iraq, June 27 — Prime Minister Nuri Kamal al-Maliki said publicly on Tuesday for the first time that attacks on American soldiers would not be pardoned under the rules of a new Iraqi amnesty plan.

In his first meeting with Western journalists since he became prime minister a month ago, Mr. Maliki sought to allay concerns raised by many in the United States that the plan, which he unveiled Sunday as part of a broad effort to reduce insurgent violence, could lead to pardons for some who had killed American soldiers and spur attacks on American units.

Americans, he said, came to Iraq to help make it free. "Therefore, out of respect for their contribution to Iraq," no pardon will be offered to their killers, or to insurgents who have killed Iraqi soldiers and police officers, he said.

It was the most unequivocal statement by any Iraqi official about the amnesty, which had caused confusion among Iraqi political leaders as well as American officials since it was announced in broad terms on Sunday.

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The amnesty is part of a "national reconciliation" program that Mr. Maliki, a Shiite, offered in an effort to find a political solution to the violence that continues to kill dozens of people a day, a vast majority of them Iraqi civilians. Iraq now has an elected government with a four-year term, but it has failed to improve security here in the battered capital, where Sunni and Shiite militias continue to kill with impunity, and some neighborhoods have sunk into conditions resembling anarchy.

Insurgent violence on Tuesday claimed the lives of 21 Iraqis and 2 American servicemen, and wounded an additional 41 people. The American military also announced the deaths of 2 service members killed Monday in fighting in Anbar Province.

Mr. Maliki was at pains on Tuesday to explain his reconciliation plan, which emerged from long consultations with the competing political blocs in his national unity government, but drew criticism for the vagueness of its amnesty provisions. They reflected the deep divisions in the government.

Religious Shiites strongly opposed amnesty for Sunni insurgents, while Sunni Arabs said it would be meaningless without provisions to encourage insurgents to disarm. The Americans strongly favored reaching out to the insurgents, but opposed anything amounting to a pardon for rebels who participated in killing Americans, more than 2,500 of whom have died in the three-year war.

Despite the vagueness of the amnesty terms, Mr. Maliki said the plan had drawn widespread interest from groups important to its success, including members of political militias, tribal groups, religious leaders and insurgent groups. He would not identify the insurgent groups.

Asked to identify the sort of groups and individuals who would be eligible, he cited Iraqis who had carried out "sabotage" against the government, though only "minor" acts, as well as to those who had joined the insurgency out of hostility for the American-sponsored political process but had not killed anyone. He said it also would apply to members of the Baath Party of Saddam Hussein who renounced that allegiance. Insurgents who face trial over attacks would be eligible for pardons if they were found not guilty of any killings.

"Whoever can prove himself innocent of murder in the judicial process will be allowed to join the political process," he said.

Allies of Mr. Maliki have said that the amnesty, presented by American officials and the prime minister's aides among many initiatives that would give momentum to the new government, reflected his relative political weakness.

"Maliki's intentions are good, but he is not free to do as he likes," said Mahmoud Othman, a Kurdish member of Parliament. "He is part of this Shiite bloc, and they don't believe in this initiative to begin with."

Also on Tuesday, American military commanders released new details about three American servicemen killed by insurgents last week near Yusufiya. Maj. Gen. James Thurman, the commander of American forces in Baghdad, said 8,000 American and Iraqi troops followed a trail of "evidence," in a power plant, in a pickup truck there and on a canal road that helped lead to the bodies of two of the soldiers who had disappeared after an attack on June 16. The third soldier, who was killed in the initial attack, was found in the canal, he said.

"We did not know the demise of the two soldiers at that point," he said. Also on Tuesday, the Iranian Fars News Agency reported that President Mahmoud Ahmadinejad of Iran would visit Iraq to meet President Jalal Talabani. A spokesman for Mr. Talabani, Kameran Qaradaghi, said he had no details about the visit.

Iraq Leader Cites Rebel Interest In Amnesty (LAT)

By Solomon Moore

The Los Angeles Times, June 28, 2006

BAGHDAD — The Iraqi government has had contact with several insurgent organizations through intermediaries since the announcement of a partial amnesty plan, Prime Minister Nouri Maliki said Tuesday.

Under Maliki's proposal, amnesty would be offered to insurgents who have not killed anyone, in return for their disarming and submitting to Iraqi law.

"Many people contacted me on the day I announced the reconciliation plan, and there is a lot of support even from militias and … armed [insurgent] groups," Maliki said during a rare interview with six Western and Iraqi journalists. "We welcome their assistance, but we are still waiting until we can meet directly with these groups and talk to them in a civilized way in order to bring them into the political process. These groups contacted us indirectly through mediators."

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Maliki declined to identify the groups.

The ambitious reconciliation plan announced Sunday comes on the heels of security clampdowns in Baghdad and Basra. Maliki is also developing economic and reconstruction proposals meant to present his government as strong and decisive, focused on national rather than sectarian concerns.

Although many have criticized the amnesty plan as not ambitious enough, vague or too conciliatory toward insurgents, Iraq's disparate political groups appear to be giving Maliki a great deal of political leeway on the basis of his reputation as a pragmatic and objective leader.

"Since his first days in office, he's shown a great understanding and support of the national project," said Ammar Wajih of the Iraqi Islamic Party, the main Sunni Arab parliamentary coalition.

"He is the first elected Iraqi prime minister who addressed the issue of reconciliation matched with a security plan," the lawmaker said. "The reconciliation is an official recognition of the existence of the resistance … as distinguished from the terrorist groups."

Abbas Bayati, a Shiite lawmaker, said Maliki's efforts showed that he was willing to take a tack different from that of his predecessors.

"Maliki … wants to send a message to the neighboring countries and the U.S. that he will not only use force to handle the security" issue.

Maliki also "would like to give space for policy and dialogue with the resistance," Bayati said. "He would like to use the policy of stick and carrot."

U.S. Ambassador Zalmay Khalilzad, at a news conference Sunday, said there had been "a lot more dynamism and activity" by Maliki than his predecessor, fellow Islamic Dawa Party member Ibrahim Jafari.

"Quite a lot has already been done in terms of considering issues and deciding on them," Khalilzad said.

Despite Maliki's nonsectarian reputation among Iraq's political elite, he has been constrained by members of his Shiite bloc who are wary of any plan that might appear to appease the Sunni-led insurgents.

Maliki insisted that "amnesty doesn't include those who have killed Iraqis or even coalition forces, because those soldiers came to Iraq under international agreements to help Iraq."

"The fighter who did not kill anyone will be included in the amnesty," he said. "But the fighter who killed someone will not be included."

It was not immediately clear how the program would go about categorizing each fighter.

Maliki said that extending amnesty to violent insurgents was impossible.

"There are demands for general amnesty, but in my opinion this is wrong," he said. "We have people we have detained who have confessed to killing 10, 20, 50, 100 Iraqis and Americans.

"It would result in a very bad reaction among Iraqis whose family members have been killed by those people, or even Americans with families who have been killed by those people."

Shiites are not alone in opposing a general amnesty. A bipartisan group of U.S. lawmakers strongly condemned any move that would pardon insurgents who had attacked American soldiers.

Asked to specify who would be eligible for amnesty, Maliki said it would apply to those who had not committed violent acts.

"We divide crimes into two parts," he said. "One is related to blood and killing and the other is related to opposing the government and sabotaging government institutions."

Also eligible would be "those involved with illegitimate parties, like the Baathists, who want to come back into the political process but not under their old ideology."

The reconciliation plan concerns Mahmoud Othman, a prominent Kurdish lawmaker, who said that a peace process that excludes the violent insurgents will fail.

"Insurgents in general have spilled blood," Othman said. "If you just reconcile with people who haven't caused any violence, then the violence will continue."

Othman said that Maliki probably would prefer to offer more concessions to insurgent groups but that he must be careful not to appear to be soft on terrorism.

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"He's not free to do what he wants, so when he talks publicly he talks that way to avoid pressure here and there, but in his mind he wants to go further," Othman said. "I know him — he's realistic and he wants to be serious."

Othman said Maliki's recent contact with insurgents proved his willingness to go further than his comments might indicate. The lawmaker said the rebel groups had been put in contact with Maliki by Sunni tribal figures, American officials and even President Jalal Talabani, who has been holding his own talks with insurgent sympathizers.

"Some of these moderators are living in Amman [Jordan], some in Anbar, some in Syria," Othman said. "They have contacts with the other side and with us."

During the interview, Maliki appeared relaxed and eager to answer journalists' questions. The session took place in a conference room at his presidential complex as assistants served fruit juice and tea. A framed verse of the Koran in florid script read, "Take counsel with others and when you have reached a decision together, put your faith in Allah."

Maliki, a member of the Shiite opposition during the reign of Saddam Hussein, led Dawa Party guerrilla operations while in exile in Syria and Lebanon. Upon his return to Iraq in 2003, he served on the De-Baathification Committee formed to purge members of the former regime and sat on the national constitution-drafting committee.

Since he was chosen prime minister in April, Maliki's precarious position between so many competing agendas has engendered sympathy even from prominent Sunni leaders such as Ahmed Abdel Ghafour Samaraie, head of the Sunni Waqf endowment, the government agency that maintains Sunni houses of worship. The influential group endorsed Maliki's plan Tuesday.

Hassan Sunayed, a Dawa Party member and acquaintance of Maliki's for 25 years, said the prime minister's deliberate style was necessary in Iraq's fractious political environment.

"He is wise and open and never rushes things," Sunayed said. "He is strict and forceful when it comes to the law…. I lived with him a long time and lived under the same roof with his family. He consults about everything — even his tie!"

Samaraie acknowledged Sunni discontent with some aspects of Maliki's proposal and his cautious pace but said he trusted his intentions and understood his limitations.

"He's the proper man for this period and we hope he can succeed," Samaraie said. "Actually, whatever his successes, it is not just his gain, it is for all of Iraq. This is why we are now supporting him."

A Road Map Home (WP)

By David Ignatius

The Washington Post, June 28, 2006

"Every war must end," says Zalmay Khalilzad, America's ambassador to Baghdad. And while termination of the brutal conflict in Iraq is hard to imagine right now, top U.S. officials are sketching a road map to begin stabilizing the conflict and withdrawing American troops.

Khalilzad outlined the Bush administration's current thinking about Iraq in a telephone interview from Baghdad on Monday. The items on his agenda include a joint U.S.-Iraqi committee to discuss the details for a gradual withdrawal of American troops over the next several years, a conditional amnesty for Iraqi insurgents as part of a broader reconciliation effort, and negotiations with insurgent groups about terms and conditions for ending the fighting.

What was clear in Khalilzad's comments (but is rarely so in the partisan Washington debate about Iraq) is how badly the Bush administration wants to find a way out of the Iraq morass. Last week was an example of this disconnect, with Republican legislators blasting Democrats for advocating phased troop withdrawals, even as Gen. George Casey, the U.S. military commander in Iraq, was quietly discussing just such a withdrawal timetable at the Pentagon. As is usually the case with Iraq, the Baghdad version of what's going on is far more useful than the Washington version, so it's worth paying careful attention to Khalilzad's account.

Reconciliation sounds fine in principle, but in practice it can be agonizing. I asked Khalilzad how he would answer members of Congress who are indignant that insurgents who opposed the U.S. occupation might be pardoned by the Iraqi government. "They need to understand that we want this conflict to end," he said, and stressed that Iraqi and American hopes of reducing U.S. forces can be achieved only if the insurgents agree to stop fighting and recognize the Iraqi government's authority.

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"The biggest thing we can do to honor those who sacrificed here is to achieve the cause they fought for" by creating a peaceful and democratic Iraq, he said.

"Ending a war is as difficult as fighting a war," Khalilzad went on. He noted that many conflicts in American history have ended with a general or partial amnesty -- from the Whiskey Rebellion to the Civil War to the U.S. Army's battle against insurgents in the Philippines. "To end a war, you must balance the requirements of reconciliation with the requirements of justice," he explained. Iraqi Prime Minister Nouri al-Maliki seemed to be trying to strike such a balance yesterday when he said any amnesty shouldn't apply to insurgents who had actually killed Americans or Iraqis.

A key part of the Bush administration's strategy is to involve Maliki's government in discussions about withdrawal of U.S. troops. Gen. Casey briefed the Pentagon last week on his hopes to cut the number of U.S. combat brigades in Iraq by more than half by the end of 2007, according to a story in Sunday's New York Times. Casey will soon meet with Maliki to form the joint U.S.-Iraqi committee that can oversee the buildup of Iraqi security forces and the corresponding drawdown of U.S. troops.

"When we establish that committee," Khalilzad explained, "the subject will be the withdrawal of U.S. forces, and the conditions related to a road map for an ultimate withdrawal of U.S. troops." He stressed, however, that there was no automatic timetable for withdrawal and that he expected Maliki "will be on the cautious side."

The political-military strategy embraced by Khalilzad and Casey over the past year has combined aggressive military operations against die-hard insurgent groups with outreach to elements of the Sunni insurgency that (in theory) can be co-opted. After killing the worst of the worst, Abu Musab al-Zarqawi, U.S. and Iraqi forces have pushed hard on both fronts -- taking down Zarqawi's networks and simultaneously talking with Sunni groups. Khalilzad said Monday that this outreach effort had made significant progress in the past few days.

"Contacts have been made with the Iraqi government and the coalition, by people who say they are associated with the insurgency, about reaching an agreement," he said. Among the issues under discussion, he said, is whether some of the Sunni insurgent groups can be melded into the Iraqi security forces, as is being done with Shiite and Kurdish militias. "I would not rule it out," Khalilzad said.

Listening to America's ultra-realist ambassador, it's obvious that the buzzwords of the Washington political debate -- "cut and run," "troops out now" -- don't have much relevance for what the generals and diplomats are trying to achieve. This messy war won't end with a victory parade but with a process that is messy itself -- slow, precarious, ambiguous. But the alternative is an open-ended U.S. military occupation of Iraq that nobody wants. As Khalilzad put it: "If you don't want reconciliation, it means you must fight on."

Talking With Iraqi Insurgents (NYT)

The New York Times, June 28, 2006

It is a measure of how far Washington has scaled down its expectations on Iraq that this week's most encouraging news consisted of some highly tentative feelers for direct talks between the armed Shiite parties that dominate Iraq's government and some of the armed Sunni insurgent groups that have been fighting it.

Don't get us wrong. We, too, are encouraged that Prime Minister Nuri Kamal al-Maliki has announced a promising, though not fully spelled out, national reconciliation program aimed at attracting wider support from the restive Sunni Arab minority. We are even more encouraged that several Sunni insurgent groups have reportedly approached the government with the idea of beginning negotiations.

If these approaches lead to successful talks with important elements of the insurgency, it would be a crucial breakthrough. Productive negotiations could help transform the newly formed Maliki cabinet into a true government of national unity, not just a symbolic parceling out of cabinet jobs among Shiite, Kurdish and Sunni politicians.

An agreement with major insurgent groups would also be an important step toward eventually enabling the Iraqi government to stand on its own, without having to rely indefinitely on tens of thousands of American troops to hold down the Sunni western provinces. Such an agreement could stabilize some areas enough to allow the kind of infrastructure repair and economic reconstruction that could generate genuine support from ordinary Iraqis.

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Nobody should underestimate the obstacles. But if Mr. Maliki is prepared to be a strong national leader, rather than a captive of the Shiite parties that put him in power, there is a chance that they can be overcome.

One big issue is amnesty. Insurgent groups are unlikely to agree to lay down their arms without some assurances of amnesty for their fighters. Yet the Iraqi government talks about denying amnesty to insurgents who have killed other Iraqis, and Washington has insisted on excluding those who have killed Americans. That is understandable on both counts, but it would seem to leave few, if any, real insurgents eligible for any amnesty.

There is also the question of dropping employment restrictions and other penalties against all but the highest echelons of former Baath Party members — those with direct responsibility for the major crimes of the Saddam Hussein era. For most of the rest, party membership was often a condition for employment, promotion and, in some cases, survival. But many Shiites and Kurds, who suffered systematic discrimination under Baath rule, want to penalize even lower-level Baathists.

Any reconciliation broad enough to matter will require embracing unsavory people and forgiving unsavory deeds. That won't be pretty or popular. But it is Iraq's best remaining hope for peace, reconstruction and national survival.

U.S. Urged To Press Kurds In Iraq (WT)

By David R. Sands

The Washington Times, June 28, 2006

The United States' Kurdish allies in northern Iraq have provided arms, shelter and equipment to a violent Kurdish separatist movement in Turkey, and the U.S. government should do more to disrupt the links, Turkey's ambassador to Washington said yesterday.

Ambassador Nabi Sensoy said Ankara has evidence that as many as 3,000 fighters from the Kurdistan Workers' Party (PKK), considered a terrorist organization by the U.S. government, recently had moved from positions in northern Iraq to the Turkish border to carry out operations inside Turkey.

The PKK units, Mr. Sensoy said, have received arms, safe passage and other logistical help from the two leading Iraqi Kurdish parties -- both of which are strongly allied with Washington.

"The United States is on record saying it is an enemy of terrorism wherever it is in the world," Mr. Sensoy told editors and reporters at The Washington Times yesterday. "We take the United States at its word."

Turkey long has feared that the emergence of an independent Kurdish state on its border after the breakup of Iraq could revive the bloody separatist strife that has killed an estimated 35,000 people since 1984.

Mr. Sensoy said his government understands that U.S. forces face grave security challenges in other parts of Iraq and that an armed intervention against the PKK was unlikely. He said the United States also had helped disrupt Kurdish funding links in Western Europe.

But he said Washington should use its influence on its Iraqi Kurdish allies to end their links to the PKK, and to disrupt the militants' command-and-control networks.

"You have great influence over these people," he said, adding that average Turks were increasingly frustrated by the apparent inability to contain the PKK threat from Iraq.

On Cyprus, Mr. Sensoy said he thought the Bush administration was close to revealing a series of measures to ease the isolation of Turkish Cypriots after the April 2004 vote on a United Nations-endorsed plan to reunify the long-divided Mediterranean island state.

The Turkish enclave, which is recognized only by Ankara and protected by Turkish troops, voted in support of the plan, while the majority Greek Cypriots overwhelmingly rejected it.

"The United States is very much aware of what happened," Mr. Sensoy said, adding that ending the U.S. ban on direct flights to the Turkish enclave "is a very good bet."

He said eventual membership in the European Union is a central pillar of Turkey's foreign policy, but no Turkish government could make concessions on Cyprus when the European Union membership talks barely have begun.

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Turkey remains central to U.S. foreign policy on a variety of fronts, including Iran's nuclear program, the Israeli-Palestinian conflict and relations with the Islamic world. Mr. Sensoy said Turkey, an overwhelmingly Muslim nation with a rigorously secular democratic government, was a key to avoiding a "clash of civilizations" in the post-September 11 world.

"The success of Turkey's secular state is a very important project for the Islamic world and for the world at large," he said. "We are a litmus test. We have to succeed."

Hussein To Face Genocide Charges In Anfal Trial (LAT)

By J. Michael Kennedy

The Los Angeles Times, June 28, 2006

BAGHDAD — Saddam Hussein and six high-ranking members of his regime will be indicted on charges of genocide this summer in the mass killings of Iraqi Kurds during a seven-month operation in 1988, the court trying the former Iraqi president announced Tuesday.

The defendants, including Hussein's cousin, Ali Hassan Majid, also known as Chemical Ali because of his alleged role in gas attacks on the Kurds, are scheduled to appear before the court Aug. 21.

"We will hear the reading of the accusations against the defendants, some testimony and other procedural matters," said Jaafar Mousawi, a prosecutor serving in the Iraqi High Tribunal.

Iraq's minority Kurds, who inhabit the northern portion of the country, have long sought justice for the Anfal campaign, in which at least 2,000 villages were destroyed and tens of thousands of people were arrested, deported, tortured and killed, often in remote desert camps.

Anfal, which means "the spoils," is taken from a Koranic verse calling for the striking of fear in nonbelievers. Iraqis use the term to refer to the campaign between Feb. 23 and Sept. 6, 1988, when an entire swath of the Kurdish population was eradicated. The Iraqi army used mustard gas and nerve agents to wipe out Kurdish villages during that period.

The announcement of the Anfal trial came as a current trial of Hussein and seven others winds down. The former Iraqi leader and his codefendants are being tried in the killings of 148 Shiite Muslim residents from the town of Dujayl in 1982. Final defense arguments in the case are scheduled for July 10, and a verdict is expected in September. Prosecutors are seeking the death penalty for Hussein and at least two other defendants in the case.

Iraqi President Jalal Talabani, a Kurd, has said that Hussein will be tried for all his alleged crimes before any of the sentences are carried out. Under Iraqi criminal law, the second trial will begin with a detailed indictment of the charges against the former Iraqi military commanders, including Hussein.

Besides the former president, the best known of those who will go on trial in August is Majid, who is accused of playing a leading role in the Anfal killings.

He has been accused of directing a gas attack against the Kurdish village of Halabja in March 1988, killing an estimated 5,000 people. The alleged perpetrators will be tried separately, even though that attack took place in the same period as Anfal.

The other five defendants in the Anfal case were identified by the Associated Press as former Defense Minister Sultan Hashim Ahmad Jabburi Tai; former intelligence chief Sabir Abdel-Aziz Douri; former Republican Guard commander Hussein Tikriti; former Nineveh provincial Gov. Taher Tawfiq Ani; and former top military commander Farhan Mutlaq Jubouri.

Many of the Anfal victims are believed to have been buried in mass graves. Those burial sites are being systematically investigated and the findings are expected to be presented as evidence at the trial.

Rice Strives To Close Afghan-Pakistani Rift (WP)

By Glenn Kessler

The Washington Post, June 28, 2006

ISLAMABAD, Pakistan, June 27 -- Secretary of State Condoleezza Rice sought Tuesday to heal a rift between Pakistan and Afghanistan, two Muslim allies of the United States, but tensions spilled over during a news conference in which Pakistani Foreign Minister Khursheed Kasuri angrily accused the Afghan government of making false charges.

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Rice smiled tightly during Kasuri's emotional, five-minute outburst, which was prompted by a question about Afghan claims that Pakistan is allowing its largely lawless border areas to shelter insurgents who are mounting their biggest offensive in Afghanistan since the Taliban was ousted in 2001.

With close to 10,000 international troops conducting sweeps in rugged southern Afghanistan, Rice's trip here was organized on short notice in an effort to end feuding that many analysts say is undermining efforts to stabilize the government of President Hamid Karzai.

Kasuri said Pakistan would add 10,000 troops to the 80,000 now operating in areas bordering Afghanistan. He noted that already "we have 650-plus martyred soldiers." Officials offered few other details of the content of the talks.

Rice flew Wednesday to Kabul to meet with Karzai, who is facing mounting international criticism over his performance. As she traveled to Islamabad on Monday, Rice hailed Karzai as "an extraordinary leader" and said the United States would "back him fully."

Rice's visit comes as Karzai is straining to hold his country together but is losing popular support because of increasing violence, corruption, drug trafficking and an inability to demonstrate tangible progress since the fall of the Taliban. A failure of the Karzai government would undermine Bush administration claims that Afghanistan has become a symbol of rising freedom and democracy in the world.

It is a sensitive time in Pakistan, too. With elections scheduled for next year, there are signs that Gen. Pervez Musharraf -- whose military efforts in the border areas are not popular in Pakistan -- is maneuvering to extend his presidential term. He seized power in a bloodless coup nearly seven years ago, and Rice reiterated her belief that the 2007 elections would be "free and fair."

But U.S. officials have been wary about pressing Musharraf too hard, seeking to balance demands for action against extremist groups with tangible U.S. rewards, such as sales of F-16 fighter jets, many analysts say.

In the news conference, Kasuri said he had recently met with Afghan Foreign Minister Rangin Dadfar Spanta. They had pledged not to debate each other through the media, he said, but he told reporters he could not remain silent. He said he told Spanta, "Excellency, brother, you are a scholar and professor, give me a motive why we would willingly destabilize you."

Kasuri pointedly said Pakistan could not be blamed for recent riots in Kabul, which were sparked when a U.S. military truck crashed into a crowd. He said that Afghanistan, for all its complaints about terrorists taking sanctuary in Pakistan, has provided little intelligence that was useful.

"Tell me, brother, have you ever given us actionable intelligence?" he said he asked Spanta, noting that intelligence that Karzai personally gave President Bush was later deemed "out of date" by the CIA.

"Tell us where they are hiding," Kasuri demanded. "We promise to investigate and take action."

Pakistan is eager for oil and gas deals and greater trade with Central Asia, which would be dependent on a secure Afghanistan, Kasuri said, asking, "Which country has a greater stake in peace and stability in Afghanistan?"

After Kasuri's statement, Rice minimized the dispute, saying that "our view is that we have two good friends and two fierce fighters in the war on terror." She said the key to success was greater unity, not division.

"We, Afghanistan and Pakistan are going to unify all our efforts, as we have done over the last several years, towards the goal of eliminating the threat of al-Qaeda and the Taliban," Rice said.

Rice Gently Prods Pakistan To Have Democratic Elections (NYT)

By Helene Cooper

The New York Times, June 28, 2006

ISLAMABAD, Pakistan, June 27 — Secretary of State Condoleezza Rice sought Tuesday to prop up two troubled leaders whose success is crucial to the administration on two fronts: the fight against terrorism and relations with the Muslim world.

Arriving here on Tuesday evening, Ms. Rice met with President Pervez Musharraf, whom she prodded, gently, to allow democratic elections. "We've had a discussion about the role of continuing democratization," Ms. Rice said after the meeting. "It's a good start to talk about a good and moderate Pakistan."

Ms. Rice refrained from wading into the continuing fight between Pakistan and Afghanistan over who is doing more to root out terrorism on the lawless border between the countries amid surging Taliban attacks.

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She had strong words of praise for the besieged Afghan president, Hamid Karzai, whom she will see Wednesday morning in Kabul.

"This is an extraordinary leader and we're going to back him, and back him fully," Ms. Rice said. "And when he has problems, we're going to sit with him and we're going to find ways to resolve those problems."

State Department officials did not announce that Ms. Rice was going to Pakistan until a few hours before she boarded the flight to Islamabad. In Pakistan, Ms. Rice had to play referee in the bickering between Afghanistan and Pakistan. Afghan officials, including Mr. Karzai, have accused the Pakistanis of failing to do enough to rein in the recent spate of Taliban-fueled violence.

That subject is clearly a touchy one with the Pakistanis, and on Tuesday, when a reporter asked the Pakistani foreign minister, Khurshid Mahmood Kasuri, about the Afghan complaints, he became very animated.

With Ms. Rice standing next to him looking straight ahead, Mr. Kasuri went through a lengthy list of all he said Pakistan had given to fighting terrorism. He said Pakistan has deployed 80,000 troops on the border, and would add 10,000 shortly.

"We have had 650 martyred soldiers" since the border effort began, he said. "We have more troops than Afghanistan and the U.S. put together."

The United States has about 25,000 troops in Afghanistan, but is in the process of turning over control of some areas to NATO forces. A springtime offensive by Taliban fighters has turned into the strongest show of force since American forces chased the Taliban from power in late 2001, and Afghan and foreign officials and local villagers blame a lack of United States-led coalition forces on the ground for the resurgence.

Pakistani officials also had criticism on Tuesday for the American nuclear deal with India. The deal, which needs Congressional approval, would allow the United States to share civilian nuclear technology with India despite Delhi's refusal to sign the Nuclear Nonproliferation Treaty. Pakistan, which also has not signed the treaty and, like India, has tested nuclear weapons, wants the same deal.

Bush administration officials say they will not get it, in part because the architect of Pakistan's nuclear program, Abdul Qadeer Khan, is believed to have shared nuclear knowledge and material with North Korea, Iran and other countries.

Waiting outside the hall at the presidential palace while Ms. Rice was meeting with Mr. Musharraf, Tasnim Aslam, the spokeswoman for the Foreign Ministry, got almost as riled up as her boss did when a reporter mentioned Mr. Khan's proliferation activities as the stumbling block to Pakistan getting a similar deal.

"Who has not proliferated?" she said. "What about all those U.S. scientists who proliferated? Where do you think the Manhattan Project comes from?"

She said Pakistanis believed that Mr. Khan's house arrest was punishment enough.

Rice Seeks To Ease Neighbors' Tensions (WT)

By Nicholas Kralev

The Washington Times, June 28, 2006

ISLAMABAD, Pakistan -- Secretary of State Condoleezza Rice began a brief visit to Pakistan and Afghanistan yesterday aimed at easing recent tensions between the two neighbors over fighting remnants of the Taliban militia along their common border.

Miss Rice thrust herself into the middle of the squabble, standing beside Pakistani Foreign Minister Khurshe ed Kasuri at a press conference and smiling tightly while he rejected Afghan accusations that Pakistan is sending terrorists across the bord er in an emotional monologue.

As she urged the two countries to trust each other more, the secretary also said the U.S. military would step up joint efforts with both of them to quell the resurgence of Taliban activity along the frontier, which she called "a very difficult and some what stubborn problem."

"The piece we need to work harder on is the cooperation that is U.S.-Afghan-Pakistani in that region," Miss Rice told reporters traveling with her. "Our military people have had discussions with the Pakistanis about what more can be done."

Violence in Afghanistan, particularly in the south, is at its worst since the Taliban was driven from power after the September 11 attacks. More than 1,100 people have been killed so far this year.

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Pakistan says it has deployed about 80,000 troops in the lawless tribal region of North Waziristan, and that they have killed about 300 militants in the past year.

But last week, Afghan President Hamid Karzai accused Islamabad of sheltering Taliban militants and, in effect, sending them to kill Afghan civilians. He also said the U.S.-led coalition forces were not doing enough to protect his citizens.

Mr. Kasuri, who hosted Afghan Foreign Minister Rangin Spanta last week, said they agreed not to resolve their differences through the press. Nevertheless, he said he felt an obligation to respond to the accusations, insisting that Pakistan had no reason to destabilize its neighbor.

"Who can understand Afghanistan better than Pakistan?" he asked rhetorically. "Which country has a greater stake in peace and stability in Afghanistan?"

He said Pakistan wants cross-border oil and gas pipelines, more trade and investment that could not take place until Afghanistan stabilizes.

Mr. Kasuri challenged the Afghan government to substantiate its claims that militants are hiding out in the Pakistani city of Quetta by providing "actionable intelligence" -- a phrase widely used by the Bush administration in its argument that the September 11 attacks could not have been anticipated.

"Tell us where they are hiding," the minister said. "We promise to investigate and take action."

Miss Rice, who flies to Kabul, Afghanistan, early this morning, discouraged Mr. Karzai from his intention to use tribal militias to provide security in parts of Afghanistan that security forces cannot reach.

"He's always talked about trying to do things in the context of moving toward regular police and army forces, because he is the one who initiated, after all, the demobilization of militias, and I don't think he wants to take a step backwards," she said.

Condoleezza Rice Visits Pakistan (LAT)

By James Gerstenzang

The Los Angeles Times, June 28, 2006

ISLAMABAD, Pakistan — A top Pakistani official delivered a muscular defense Tuesday of his nation's effort to track down Al Qaeda and Taliban insurgents in its territory and to help ease warfare in neighboring Afghanistan.

Foreign Minister Mian Khursheed Mehmood Kasuri's response to suggestions that Pakistan had not done enough to rein in the militants came after he and the country's leader, President Pervez Musharraf, met with U.S. Secretary of State Condoleezza Rice.

Rice in turn offered praise to Pakistan and Afghanistan, saying they were united in their efforts to counter the threat posed by Al Qaeda and the Taliban.

The secretary was beginning a two-day visit to the South Asian nations to shore up anti-terrorism efforts, promote democracy and demonstrate anew U.S. support for Afghan President Hamid Karzai. She is scheduled to meet today with Karzai during a roughly five-hour visit to Afghanistan.

Her trip, which will also include Russia, encapsulates major goals of the Bush administration's foreign policy: seeking to promote democratic growth as a weapon against terrorism and to undercut potential nuclear proliferation.

Visits by senior U.S. officials to Pakistan regularly revolve around questions of how devoted Musharraf, an army general who has refused to give up his military post, is to pushing his country toward democracy and how quickly he will move. Those issues drew attention during President Bush's visit here in March.

On the final two days of the trip, Rice will meet in Moscow with foreign ministers of the Group of 8 industrialized nations, which consist of the United States, Russia, Britain, Canada, France, Germany, Italy and Japan. The conference is expected to focus largely on efforts to restrain what the officials see as Iran's efforts to develop a nuclear weapon.

The question of PakistaniAfghan cooperation to fight militant groups along their shared border has drawn renewed interest recently as insurgent attacks have intensified in the Kandahar region of southern Afghanistan.

Kasuri, growing animated, said he recently met with his Afghan counterpart, addressing him as "brother." He insisted that no country was more interested than Pakistan in seeing Afghanistan become a stable democracy, given the latter's potential role in helping ship energy supplies from Central Asia to market.

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He spoke at a news conference with Rice, and was responding to a questioner who cited Karzai's often-voiced complaint that Pakistan had not done enough to root out insurgents hiding in what is widely referred to as its ungoverned tribal area along the border.

Pakistan, he said, had given refuge to 4 million people from Afghanistan who fled during a decade of Soviet control, a period followed by chaos and the eventual rise of the Taliban regime. The radical Islamic group was routed in the U.S.-led invasion in 2001 that followed the Sept. 11 attacks.

Kasuri said Pakistan had dispatched 80,000 troops to the border region.

Referring to a Pakistani city that is believed to be a refuge for Afghan insurgents, Kasuri said his government was trying to support the building of stable institutions in Afghanistan and that "saying so-and-so is hiding in Quetta will get you nowhere."

His energetic response suggested that Pakistan, which walks a line between Islamic fundamentalism and more moderate politics, is sensitive to having its commitment to fighting terrorism challenged.

Rice said the U.S., Pakistan and Afghanistan were working "toward the goal of eliminating the threat" posed by Al Qaeda and the Taliban.

Bomb Kills 2 Boys And Fighting Claims 2 Britons In Afghanistan (NYT)

By Carlotta Gall

The New York Times, June 28, 2006

KABUL, Afghanistan, June 27 — Two British soldiers were killed Tuesday in fighting in southern Afghanistan against combatants suspected of being Taliban members, and a suicide bomber detonated his car next to German peacekeepers in northern Afghanistan, killing two boys.

The violence occurred a day before Secretary of State Condoleezza Rice's visit to Afghanistan. The increase in activity by the Taliban-led insurgency in southern Afghanistan and of bomb attacks in the north appeared to be an effort by Islamic militants to unsettle NATO forces as they take over command from American forces in the south, military officials here said. British, Canadian and Dutch soldiers have clashed daily with insurgents in southern Afghanistan while mounting a large offensive against them, and attacks in more peaceful northern Afghanistan have increased in recent weeks.

The British military said from its news media office in Helmand Province in the south that British forces "were caught in an incident" in the Sangin district of Helmand. The BBC reported that the soldiers had been hit by a rocket-propelled grenade as they returned from a planned operation, then had fought off a group of Taliban until air support arrived.

Besides the two British soldiers killed, one was wounded and four enemy fighters were killed in the subsequent airstrikes, a statement from the American-led force in Afghanistan said. Two Afghan soldiers were killed in the area in a clash earlier this week.

Muhammad Omar, the governor of Kunduz Province, said the two boys, ages 12 or 13, who had been killed in the suicide bombing, near the German peacekeepers' convoy in Kunduz city, were bystanders. Nine civilians were wounded in the blast, three of them critically, he said.

The governor blamed "Al Qaeda and terrorists" for the attacks. "Most of the suicide attacks are by those foreigners, and they are the enemies of Afghanistan," he said. Investigators had found the car license plate and the cellphone of the bomber and hoped to discover his origins, the governor said.

Fifty-three soldiers of the multinational force in Afghanistan have been killed this year, most of them Americans. At current rates the total could easily surpass the 86 soldiers killed in Afghanistan in 2005, which was the highest annual casualty total since American-led forces routed the Taliban in 2001.

Italy to Withdraw 400 Soldiers

ROME, June 27 (AP) — Italy's governing coalition agreed Tuesday to withdraw as many as 400 soldiers from its 1,400-member force in Afghanistan, Italian news agencies reported Tuesday. The coalition has already committed to removing all its troops from Iraq by year's end.

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The remaining soldiers in Afghanistan will focus on civil duties, Giovanni Russo Spena, a Communist Refoundation Party member, said after lawmakers met with Foreign Minister Massimo D'Alema and other officials, the ANSA and Apcom news agencies reported.

Afghans Tell Troops: 'No Security, No Help' (CSM)

By Brian Calvert

The Christian Science Monitor, June 28, 2006

SARKONI DISTRICT, AFGHANISTAN

Capt. Floy Rodriguez, leader of a US Marine advisory team to the Afghan National Army (ANA), was listening to Johnny Cash at a forward operating base deep in the arid mountains of northeast Afghanistan when the group of about 30 insurgent fighters attacked last month with rocket-propelled grenades and machine-guns. The base, called Lumberyard, had been established in early May, as a foothold for Afghan and US troops pushing north into Kunar and Nuristan Provinces.

The attack, and the killing of a local informant whose information could have prevented it, typify the difficulties faced by US and Afghan forces as they push farther into this rugged corner of Afghanistan, often mentioned as a possible hiding place of top Al Qaeda figures. As coalition forces move into remote insurgent havens, but they have been unable to provide security locals say they need in order to help oust insurgents completely. Villagers who do help coalition forces suffer, or die, for it.

"Whoever shows up with guns on that day, [the villagers] are that guy's friend," says Rodriguez, who spent more than a month patrolling the area with Afghan soldiers and meeting with villagers both inside and outside Lumberyard. Those patrols were too short and too spread out to secure the valley, which remains full of "bad guys," he says.

The inability to provide security for villagers in these areas hampers the long-term effectiveness of operations, such as Mountain Thrust, a large-scale coalition offensive launched recently in southern Afghanistan following an upswing in insurgent activity there. Insurgents hold sway in parts of the countryside surrounding operating bases in the southern provinces.

In lieu of securing whole areas like those in the southern deserts or northeastern mountains, the US has set up bases like Lumberyard, from which they conduct patrols, meet with village elders, and constantly travel the roads in search of bombs. And while coalition soldiers are able to glean some intelligence from locals in their areas, many are hesitant to give up information for fear of retribution by insurgents.

Kunar Province remains one of the most dangerous regions in the country. One US soldier was killed June 13 in Kunar, and two US soldiers were killed three days later when the all-terrain vehicle they were driving hit a roadside bomb, according to Pentagon statements. On Sunday, another coalition soldier was fatally wounded.

Afghan commanders say they are fighting Taliban and Al Qaeda remnants who have safe zones in Pakistan and are able to cross easily into Kunar. They are also fighting followers of Gulbuddin Hekmatyar, a powerful warlord who has refused to join Afghanistan's nascent government. There are also locals who once gave up the gun when economic development seemed likely, but who are now picking up the fight again.

Some US officials say troop strength is enough in these areas but that more development will bring stability where soldiers cannot. Meanwhile, they continue to push north. Last week, four US soldiers were killed "while conducting security operations to interdict enemy movement through northern Nuristan," the province north of Kunar, according to a Pentagon statement.

Staff Sergeant Shawn Nedari, a National Guard adviser to the Afghan Army who grew up in Manhattan and whose parents are Afghan, fought and patrolled in the mountains of Kunar during a recent coalition push into the area. Villagers told him that they would be unable to provide information without security.

"The problem is, we don't stay there long enough to keep [the insurgents] out," he says. "We don't have enough bodies."

Brigadier General Zemari, who commands the brigade of the Afghan Army operating in Kunar, has been wounded 15 times in battle and knows how hard it can be to fight insurgents in the mountains without the help of locals.

"The problem is not knowing, not having exact intelligence reports and no indication of the enemy from the people," he says. "[Without intelligence], we cannot separate the enemy from the locals. So if we do something, we will bring damage to the locals, and the people will not get along with the army and will not be happy with the army."

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Building schools, roads, and clinics is more important than putting more troops on the ground, Zemari says, a statement echoed by US officials.

"As the Afghan government builds the capacity to extend their reach, security will improve even more," coalition spokesman Paul Fitzpatrick wrote in an e-mail. "This is not about US troop levels in Kunar or anywhere else. The solution lies within the Afghan government and its people."

Development, meanwhile, is practically impossible without security from insurgents who target aid efforts - not to mention the rugged terrain that has hindered progress even in years of peace.

Websites Connecting Americans' Generosity, Servicemembers' Needs (USAT)

By Oren Dorell

USA Today, June 28, 2006

'There's definitely more support than there ever was'

— and the Internet offers new ways to demonstrate it

Americans are increasingly turning to high-tech methods to send gifts and supplies to U.S. troops serving in Iraq and Afghanistan.

Veterans say today's care packages are more numerous and creative — and get to servicemembers much faster — than those of the past.

In previous wars, letters from home were sometimes accompanied by cigarettes or magazines. Today, several websites designed specifically for supporting the troops overseas allow anyone with a credit card to order cellphone minutes, snacks, books — even armor and sniper accessories.

Air Force Senior Airman Hollis Vernetti went through the website Any Soldier (anysoldier.com) to request hair conditioner and other items for herself and 21 other women in her group while they were stationed in Afghanistan last year.

"Sometimes, the PX, they do the best they can, but the high-priority items, like laundry soap and coffee, go fast," says Vernetti, who is now stationed at Al Asad Air Base in Iraq. She says she was deeply moved by the messages people included with their gifts. "The letters and the cards, they made me cry."

Allison Barber, a deputy assistant secretary of Defense, says: "In today's environment, people like to customize everything they do. Back in the good old days you'd just write a letter to any servicemember. Now you have 225 choices." That's how many non-profit support organizations the Defense Department lists on the website of America Supports You (americasupportsyou.mil), a program created to spread the word about such efforts.

"There's definitely more support now than there ever was," says Judith Young, national president of American Gold Star Mothers, an organization of women who have had children die in military action. Young's son, Jeffrey, was a Marine who died in an attack on his barracks in Beirut in 1983.

"I think technology is the main difference," Young says. "These moms and the troops that are over there now, they get to talk to them every day. … I was lucky if I talked to him once or twice a month."

Among websites offering support:

•Soldiers' Angels (soldiersangels.org). This site, started by the mother of an Iraq war veteran, takes donations for Kevlar blankets that can protect Humvee crews from roadside bombs and sniper fire. It also provides troops with "cool scarves" — fabric filled with polymer crystals that can provide up to 15 hours of relief from the heat after a 15-minute soaking in cold water.

•Operation Uplink (operationuplink.org). This Veterans of Foreign Wars program solicits online donations to provide servicemembers with prepaid phone cards to call home.

•AmericanSnipers.org. A group of police and military sharpshooters created the "Adopt a Sniper" program. Donors help provide supplies such as spotting scopes, holsters and ammunition wallets to snipers deployed in combat zones around the world.

•Freedom Calls Foundation (freedomcalls.org). This non-profit uses donations to provide free videoconferences between soldiers and their families. Marine Sgt. Mitch Selco, stationed in Fallujah, Iraq, got to see his daughter by teleconference after

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she was born in Denver. Another Marine in Iraq, Cpl. Terrence Lambert, saw his daughter's birth in Jacksonville, Ala., via satellite on Fathers Day.

•Operation Gratitude (opgratitude.com). The program celebrated its 150,000th care-package delivery to servicemembers on Father's Day weekend.

Marty Horn, a Vietnam-era military policeman, founded Any Soldier in 2003 when his son, Brian, went to Afghanistan with the Army. Horn has 3,000 contacts in the military who post messages on his site about what their buddies need. Goods are distributed to 92,000 troops in 11 countries and at sea.

"These have to be the best-supported troops in history," Horn says.

Tom Clarkson, a Vietnam War veteran working in public relations for the Army Corps of Engineers in Iraq, says that what the troops receive now is "completely different" from the packages servicemembers received in Vietnam. Those care packages typically came from family members and contained items like Kool-Aid, socks and popcorn.

"I can't recall anyone getting boxes and boxes of stuff," Clarkson says.

Robert Houston, a civilian working at Fort Monroe in Virginia, says the only package he received during his time in Vietnam were some cookies from his mother. "They were stale and broken up by the time I received them," he says.

Horn says there can be problems associated with being able to send almost anything anywhere. He says many troops ask for synthetic Under Armour T-shirts because they're more comfortable than Army-issue cotton — even though the Marine Corps banned synthetic materials this spring for Marines outside their operating bases. A Marine was badly burned when his synthetic T-shirt melted on his skin in a roadside bomb attack near Ramadi in Iraq.

Sometimes technology cannot improve on the old ways. Sgt. Brian Horn, 26, who recently returned from leading a sniper team in Iraq and Afghanistan, said the thing that's most appreciated is still an old-fashioned letter. "(There are) always smiles and some disbelief, and some teared up a little bit," Horn says in describing how troops react to a letter.

"It's kind of hard to explain," he says. "You have to go out for a week and get shot at a bunch and not hear from anyone, from your family, and (you) come back and it's there — a letter from someone who's (in the USA) right now — and it's positive energy, it's 'thank you,' and it's real."

DOJ:

Justice Dept., Archives And IRS To Stay Shuttered Rest Of Week (WP)

By Paul Schwartzman And Megan Greenwell

The Washington Post, June 28, 2006

The downtown D.C. headquarters of the Justice Department, Internal Revenue Service and National Archives will remain closed for the rest of the week because of damage wrought by Sunday's torrential downpour, officials said yesterday.

As emergency workers braced for more rain and pumped out flooded basements, the archives brought in industrial-size dehumidifiers to protect its historical documents and papers from page-curling mildew.

"There's no damage," said Susan Cooper, an archives spokesman. The Constitution, Bill of Rights and Declaration of Independence, which are in protective cases, were never at risk, she said.

Nearly two days after the region's first deluge, at least four government offices in the Federal Triangle remained shut, including the Old Post Office building and the Ariel Rios Federal Building. The Commerce Department, at 15th Street NW and Pennsylvania Avenue NW, reopened yesterday after closing Monday.

Even with the closures, most of the federal government's Washington offices were open yesterday, officials said.

"The bottom line is that there are more federal employees in town working than have been told not to come in because of various problems," said Mike Orenstein, a spokesman for the Office of Personnel Management.

At Justice Department headquarters, at Ninth Street NW and Pennsylvania Avenue NW, crews pumped water from the subbasement and parking garage and worked to repair the seven-story building's electrical and air-conditioning systems.

Officials plan to keep the building shut for the next three days and possibly as many as seven, according to an e-mail sent to reporters by the General Services Administration late yesterday.

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The nearly 2,000 employees assigned to the building were scattered elsewhere, some at offices a few blocks away. Brian Roehrkasse, a Justice spokesman, declined to specify the location for security reasons.

Attorney General Alberto R. Gonzalez is in the Middle East for the rest of the week on a scheduled trip. "The Department of Justice is fully operational and able to carry out its essential functions," Roehrkasse said.

The rain flooded the basement and subbasement at the IRS, at 11th Street NW and Constitution Avenue NW, damaging the building's air-conditioning and electrical systems.

Terry Lemons, the agency's chief spokesman, declined to set a date for the building's reopening, saying, "We'll continue assessing the situation.

"We have not had a situation like this in 20 years," he said, speaking from his home in Northern Virginia. "The building sustained significant damage in the basement. Before we can open, we need to have our electrical system and air conditioning working."

Lemons said he did not know how many of the 2,400 employees assigned to the building were working. But he said: "We're continuing our tax administration work. The tax system continues to operate."

At the National Archives, crews worked to repair a subbasement transformer that had been submerged in eight feet of water, knocking out the electricity and air conditioning. Officials plan to keep the building, on Pennsylvania Avenue NW, closed through Monday. The archives will host its annual Fourth of July ceremony on the front steps, but the public will not be allowed inside.

Yesterday, dozens of tourists arriving at the archives were turned away by a handwritten sign taped to a garbage can telling them that flooding had closed the building.

Justin James, 10, of Frankfort, Ky., had hoped for a peek at the Constitution.

"I was going to show pictures to my friends. Now, they're not going to believe I saw it," he told his mom before heading to the International Spy Museum, which was open and dry.

Mid-Atlantic Region Braces For More Rain (AP-Y2)

By Stephen Manning, Associated Press Writer

AP2, June 28, 2006

Workers pumped water from the IRS headquarters' flooded basement Tuesday and mopped up at other government buildings Monday after heavy rain swamped the nation's capital.

A brief break from the two-day deluge gave crews a chance to reopen commuter routes and set up sandbags to prevent more water from getting inside buildings.

More than 7 inches of rain fell on the nation's capital in a 24-hour period Sunday and Monday, shutting down several federal buildings and closing some of the city's busiest tourist attractions just days before the Fourth of July weekend.

Forecasters warned that more rain is likely every day this week.

States of emergency were declared for Sussex County, Del., and the District of Columbia.

In downtown Washington, the Justice Department, the IRS and the National Archives — where the Declaration of Independence and the Constitution were safe under glass — were among several buildings still closed because of flooding or other storm-related problems. Some streets also were shut down because water from the flooded buildings was being pumped into the city sewers.

None of the flooded buildings had structural damage, but water in the basements damaged air-conditioning, wiring and other building systems, said Mike McGill, a spokesman for the General Services Administration, which manages federal buildings.

Officials at the Justice Department said it could take a week to clean up and reopen the building.

The storm also toppled a 100-year-old elm tree on the White House lawn Monday. Claudia Dickens, a spokeswoman for the Bureau of Printing and Engraving, said the elm might be one of the trees depicted on the back of the $20 bill.

But she said it is also possible that the artist and the engraver took artistic license in depicting the greenery at the White House.

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Commuters and tourists slogged through the muddy aftermath. With the continuing threat of flash flooding, government employees were given the option of taking a personal day.

Flood warnings and watches remained in effect Tuesday along the Sastern Seaboard, and the National Weather Service warned that some places could get up to 8 inches rain. That could be dangerous for soaked communities that already absorbed as much as 10 inches of rain Sunday and Monday.

In Laurel, just outside Washington, some residents voluntarily evacuated their homes as the local water utility opened floodgates on a reservoir dam, sending water gushing into the Patuxent River. By midday Tuesday, nearly 60 people who left homes downstream in the middle of the night had gathered at two shelters.

In Pennsylvania, countless small streams and creeks overflowed their banks. The weather service predicted severe flooding along the Philadelphia area's Schuylkill River by Wednesday afternoon.

In Alexandria, Va., officials urged residents and businesses to prepare for high water on the Potomac River. Rescuers searched for an 8-year-old girl swept away by floodwaters in Alleghany County.

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Associated Press writers Marty Niland and Derrill Holly in Washington contributed to this report.

Eastern States Preparing For More Rain And Floods (NYT)

By Gary Gately

The New York Times, June 28, 2006

BALTIMORE, June 27 — Relentless rain continued drenching the East Coast on Tuesday as the region braced for overnight downpours that prompted evacuations of homes and businesses, knocked out power to tens of thousands, shut down government office buildings and led to flash flood warnings from upstate New York to North Carolina.

Heightening anxieties, the National Weather Service said a tropical storm forming near Cape Fear in North Carolina would bring more precipitation and heavy winds up the Atlantic coast to the lowlands of eastern Maryland and Northern Virginia, which in the past few days have been battered by storms and flooding.

The flooding was blamed for car crashes that killed two people in Maryland and New Jersey and for the disappearance of an 8-year-old girl swept away by rushing floodwaters Tuesday afternoon in southwestern Virginia.

On Tuesday evening, the National Weather Service called for four to six inches of additional rain in the Washington area, where more than seven inches fell Sunday and Monday. The deluge sent residents to emergency shelters in Maryland and Pennsylvania. Rescuers pulled stranded motorists and pedestrians from floodwaters, and workers heaved sandbags in front of office buildings in the nation's capital.

"This has probably been the most intense rainfall in a 24-hour period in the history of Washington," said Michael McGill, a spokesman for the General Services Administration, which oversees buildings closed because of flooding, including the headquarters for the Justice Department and the Internal Revenue Service. Both are expected to stay closed through at least Friday, he said, mostly because of basement flooding and damage to electrical systems.

"We're still in the process of evaluating the damage to those systems," Mr. McGill said. Because of flooding and power failures, popular attractions like the National Museum of Natural History and National Museum of American History remained closed Tuesday.

In Maryland, the flooding heavily damaged dozens of roads, the authorities said, and the forecast made highway officials anxious. "We're spread so thin already, getting another three, four, five inches of rain Tuesday night would be devastating," said David Buck, a spokesman for the State Highway Administration.

Flooding, Mr. Buck said, closed at least 35 Maryland roads, many on the Eastern Shore, and in some cases, torrents washed away huge chunks of asphalt and created a hole that closed lanes on I-95 and flooded Route 29 in suburban Washington.

In Annapolis, the county executive of Anne Arundel County, Janet S. Owens, urged several dozen residents of low-lying areas to leave their homes after officials opened seven floodgates of the Howard Duckett Dam on the Patuxent River. "I am asking these residents to be proactive and leave as early as possible," she said.

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Ms. Owens said the county had shelters ready to take in at least 200 more people if necessary, and officials in other Maryland counties also prepared shelters.

Tides, she said, are expected to be two to three feet above normal with winds of 20 to 30 knots. Like other wary government officials in the region, Ms. Owens said the National Hurricane Center was closely monitoring the conditions that could lead to a tropical storm off the coast of North Carolina.

In Pennsylvania, Gov. Edward G. Rendell said the state was preparing to respond quickly to possible flooding in areas along several rivers, including the Schuylkill and the Susquehanna River. Some residents had been evacuated.

Based on forecasts, Mr. Rendell said, "Moderate to major flooding will likely affect parts of the commonwealth overnight and through Thursday."

In Scranton, The Associated Press reported, the American Red Cross set up an evacuation center at Green Ridge Assembly of God church, and other towns throughout eastern Pennsylvania reported flooding.

In southwestern Virginia, disabled children in Craig County, some in wheelchairs, waited for their parents at a high school after being evacuated from an Easter Seals camp Monday night. Nearby, officials continued searching for an 8-year-old girl swept away in Alleghany County.

Outside Washington, in Prince George's County, about 70 Maryland residents who had been evacuated, some by rescue boats, returned to their homes Tuesday, said Mark Brady, a Prince George's County fire and rescue spokesman. "We're just keeping our eye on the sky and hoping for the best," Mr. Brady said.

Flooding also occurred in Delaware and New Jersey.

Federal Agencies Still Recovering From Flooding (GOVEXEC)

By Jonathan Marino

Government Executive, June 28, 2006

More government building closings were announced late Monday and early Tuesday as federal agencies prepared for what forecasters warned could be a continuation of heavy rains that have pounded the capital region.

The Justice Department's Robert F. Kennedy headquarters building will be closed for the next three to seven days as repairs are made to its flooded basement and lost power is restored.

Attorney General Alberto Gonzales said in a statement that fewer than 2,400 workers were affected by the weather-related damage, but that he remains unsure of when the headquarters will open.

IRS headquarters will be closed until Friday, according to the General Services Administration, which manages many of the federal government's buildings. Flooding in the basement is delaying clean-up, GSA said. Offices in the Old Post Office, which uses the same power source as the IRS, also are closed, but shops in the building remain open.

The Environmental Protection Agency released a statement saying its Ariel Rios north and south buildings at its headquarters would remain closed Tuesday and that employees working in the facility's east and west basements would remain on administrative leave due to flooding.

The National Archives' Washington building also remained closed Tuesday, and an early-afternoon statement said it would stay that way at least through Wednesday. The archives reported no damage to original records at the rotunda and stack areas.

The heavy rains also caused several Crystal City buildings leased by GSA to lose power and some Federal Technology Service employees lost e-mail access when the e-mail server went down.

But the Commerce Department, closed Monday, said its facilities were fully repaired and operational by Tuesday afternoon.

A statement posted late Monday night by the Office of Personnel Management said federal agencies would be open under an unscheduled leave policy, meaning that taking the day off requires taking leave time. Emergency workers are expected to show up.

Kimberly Palmer contributed to this report.

U.S. Attorney In Brooklyn Is Said To Be Choice For Federal Bench (NYT)

By William K. Rashbaum

The New York Times, June 28, 2006

The United States attorney in Brooklyn, Roslynn R. Mauskopf, has been selected to serve as a federal judge, according to several people briefed on the matter. The move will open up one of the most important law enforcement posts in New York City.

While Ms. Mauskopf has not yet been formally nominated, the people briefed on the matter said that she had already been interviewed by the White House and that the required F.B.I. background investigation had begun.

Such investigations are not undertaken until the selection is made, several of the people said. When the investigation is complete, the people said, the White House will formally submit the nomination to the Senate.

Ms. Mauskopf, 49, who oversees the prosecution of federal crimes in Brooklyn and Queens and on Staten Island and Long Island, was selected for the judgeship by Gov. George E. Pataki, several of the people said. She served him for six years as the state inspector general, a post in which she was responsible for investigating corruption, fraud and abuse in state government.

Before that, she served for 13 years as an assistant prosecutor in the office of the Manhattan district attorney, Robert M. Morgenthau.

Mr. Pataki, who had also backed her for the prosecutor's post, to which she was nominated in 2002, will lose his authority to make such selections when he leaves office next year.

Ms. Mauskopf, through a spokesman, declined to comment yesterday.

When President Bush nominated her to the prosecutor's post — one of the busiest in the country, commanding an office of nearly 150 lawyers — some Democrats questioned her qualifications, noting that she had never worked as a federal prosecutor. During her tenure in Albany, critics raised questions about whether she had been aggressive enough in investigating state officials.

A spokesman for Mr. Pataki, Michael E. Marr, said, "Roz Mauskopf has been an outstanding law enforcement professional at the local, state and federal levels, and we are confident that if she were nominated and confirmed, she would also make an excellent federal judge."

Ms. Mauskopf will be appointed to the United States District Court for the Eastern District of New York, according to the people briefed on the matter. She will fill a position that was opened up when Judge David G. Trager, himself a former United States attorney in Brooklyn, recently moved to senior status.

During her tenure, prosecutors in her office conducted several high-profile prosecutions, winning convictions against a Yemeni cleric for financing terrorism, and decimating the ranks of the Bonanno crime family. There have also been losses, including the acquittals of a hip-hop producer and his brother on money-laundering charges and of two waterfront union officials on fraud and other charges.

Several people said a possible successor to Ms. Mauskopf was Chauncey G. Parker, the director of the State Division of Criminal Justice Services and a former federal prosecutor in Manhattan.

CORPORATE SCANDALS:

VeriSign Receives Options Subpoena (AP)

AP, June 28, 2006

VeriSign Gets Grand Jury Subpoena Over Stock Options Grants; Shares Fall

MOUNTAIN VIEW, Calif. (AP) -- VeriSign Inc., a provider of infrastructure services for Internet and telecom networks, said Tuesday it received a grand jury subpoena from the U.S. Attorney for the Northern District of California asking for documents relating to its stock option grants.

VeriSign said it also received a similar request from Securities and Exchange Commission as part of an informal inquiry.

The company said it intends to cooperate fully with both the SEC and the U.S. Attorney's office, and added that its board had already began an internal investigation prior to the two requests.

About 48 companies in addition to VeriSign are being questioned by the SEC or Justice Department about their stock-option granting practices. At issue is whether executives backdated stock options grants to time them at low points of the stock price, thus boosting the payouts.

Shares fell $1.16, or 5.1 percent, to $21.62 in afternoon trading on the Nasdaq. In the past 52 weeks, the stock has changed hands between $19.01 and $30.99.

Rambus Warns Stock Option Trouble May Wipe Out Some Past Profits (AP)

By Michael Liedtke, AP Business Writer

AP, June 28, 2006

SAN FRANCISCO -- Computer chip supplier Rambus Inc. on Tuesday warned some of its previously reported profits might evaporate because the timing of stock options granted to its employees wasn't properly recorded - a problem that could haunt scores of other companies as they review their past compensation practices.

The news, which caused Rambus's stock price to drop by more than 5 percent in extended trading, was the latest jolt in a budding scandal that threatens once again to shake investor confidence just as corporate America recovers from the accounting fiascos exposed after the fall of Enron Corp. nearly five years.

Like dozens of other companies, Los Altos, Calif.-based Rambus has been scrutinizing stock options distributed years ago to determine whether company insiders rigged the system to increase the likelihood that management would reap huge windfalls.

Under the practice, the options are backdated to an ebb in a company's stock price instead of pegging the exercise price to the prevailing market value at the time of the award.

Stock options become more valuable as the market price rises above the exercise price, so backdating fattens the recipient's profit.

At least 44 companies have launched their own internal inquiries into possible stock option abuses or have become targets of government investigations into the practice. Some companies already have gone so far as to fire some of their top executives after learning about the manipulation of past stock options.

The number of companies responding to government inquiries continued to expand Tuesday. Cnet Networks Inc., VeriSign Inc., Foundry Networks Inc. and Cyberonics Inc. all disclosed they had received subpoenas seeking more information about their stock option awards from the U.S. Justice Department.

The Silicon Valley has become a focal point in the brewing tempest over stock options because the region's high-tech companies relied heavily on the awards to attract and motivate employees.

Backdating stock options isn't necessarily illegal, but it can cause a company to improperly deduct employee compensation expenses - a misstep that could exaggerate profits and result in an underpayment of taxes.

Without providing specifics, Rambus said its audit committee had uncovered discrepancies between the dates that some stock options went on the books and the dates that they should have been recorded under accounting rules.

If the committee's continuing investigation determines the company has to absorb substantial charges to correct the error, Rambus said it may have wipe out some of its past profits. The potential restatements aren't expected to affect Rambus's revenue.

Rambus said it hadn't yet determined whether the accounting trouble will force it to amend its taxes.

The news, released after the stock market closed, agitated investors. Rambus shares fell 71 cents to close at $23.13 Tuesday on the Nasdaq Stock Market, then dropped $1.23, or 5.3 percent, in extended trading.

Rambus's results during the past decade have been a mixed bag - ranging from a $33.7 million profit last year to a $106.1 million loss in 2000.

Rambus Stock-Options Errors May Require Restatements (WSJ)

By Charles Forelle

The Wall Street Journal, June 28, 2006

Rambus Inc. said a preliminary board review found improperly dated stock-option grants that may lead to a restatement of prior financial results.

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The Los Altos, Calif., designer of memory-chip technology provided little detail about the results of the review in its news release, but the language of the release -- and the indication that the company may take an accounting charge -- implies the grants were wrongly timed in a manner that benefited insiders by giving them a lower exercise price.

The disclosure raises the question of whether Rambus's grants were deliberately backdated from their real date of approval to a day when the company's stock was trading lower. That would make the grants more valuable to recipients.

Separately, six other companies -- VeriSign Inc., CNET Networks Inc., Foundry Networks Inc., Applied Micro Circuits Corp., Cyberonics Inc. and Progress Software Corp. -- announced new federal inquiries into their options practices.

Rambus's board "has reached a preliminary conclusion that the actual measurement dates for certain stock option grants issued in prior years differ from the recorded grant dates for such awards," the company said.

It didn't specify who the recipients were, how many grants were at issue or when the suspect grants occurred. A Rambus spokeswoman declined to elaborate. She said the Securities and Exchange Commission has been "apprised" of the review.

MORE ON OPTIONS

• How to Remedy Backdated Options?1

• Options Scorecard: Companies under scrutiny2

• FAQ on backdating3 and complete coverage4

Rambus said it isn't sure whether any charge would be material and thus require restatement. It also says the board hasn't evaluated whether it will face a tax impact.

About 50 companies are being examined by federal regulators and prosecutors in a wide-ranging probe of option-granting practices that is focusing on possible backdating and other forms of manipulation.

Backdating could lead to fraud charges for executives, particularly if they conducted the practice behind the backs of directors in order to enhance their potential profit from option grants. Granting options discounts via backdating or other means can violate federal securities laws when not disclosed to shareholders. It can also lead to accounting problems and tax bills for companies.

VeriSign, of Mountain View, Calif.; CNET, of San Francisco; and Foundry Networks, of San Jose, all said they received options-related subpoenas from the U.S. attorney for the Northern District of California. The companies said they are cooperating. VeriSign, which provides infrastructure services for the Internet, and Foundry, a network-equipment maker, both said they are subjects of informal SEC inquiries. CNET, a Web site operator, previously disclosed an SEC probe.

Applied Micro, of Sunnyvale, Calif., said it received an options-related subpoena from the U.S. attorney for the Northern District of California. The semiconductor company also said the U.S. attorney for the Southern District of California has opened its own investigation of the company's stock-option practices. Applied Micro noted that a self-initiated review of stock option grant practices is continuing.

Cyberonics said it received an options-related subpoena from the U.S. attorney's Office for the Southern District of New York. The Houston medical-device maker previously disclosed that it is the subject of an informal SEC probe. A securities analyst earlier this month raised questions over a grant made just ahead of good news from a federal regulatory panel for a Cyberonics product. The company says it is cooperating and has hired outside counsel.

Progress Software, of Bedford, Mass., said in a securities filing that it is the subject of an SEC probe relating to options. The business-software company had earlier said it was conducting its own review.

UPDATE: Cyberonics Subpoenaed By U.S. Justice Department (DOW)

Dow Jones, June 28, 2006

BOSTON (Dow Jones) -- Shares of Cyberonics moved lower Tuesday, the day after it reported it has been subpoenaed by the Department of Justice over stock- options practices.

Shares of Cyberonics (CYBX) were down 4% at $20.40 in midday trades.

According to a regulatory filing Monday, the U.S. attorney's office for the Southern District of New York issued a subpoena for documents related to its stock-option grants. Cyberonics said it is cooperating with the request.

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"In furtherance of such cooperation, the audit committee of the company's board of directors will retain independent counsel to assist it in reviewing the company's stock option grants, procedures, and practices, including compliance with Generally Accepted Accounting Principles and all applicable statutes, rules, and regulations," wrote Cyberonics in the filing.

"Given the ongoing nature of these matters, the company is not in a position to comment further at this time," Cyberonics added.

Earlier this month, Cyberonics said it was the focus of an informal investigation by the Securities and Exchange Commission into stock options.

European Court Refuses To Halt Extradition Of Bankers (Update3) (BLOOM)

Bloomberg, June 28, 2006

June 27 (Bloomberg) -- Three British bankers will be sent to the U.S. to face Enron Corp.-related fraud charges within three weeks after a European court refused to block their extradition, their final forum for an appeal.

David Bermingham, Giles Darby and Gary Mulgrew are wanted in Texas for allegedly bilking their former employer, Royal Bank of Scotland Group Plc's Greenwich NatWest unit, out of millions from the sale of an Enron off-the-books partnership. The European Court of Human Rights in Strasbourg, France today declined to suspend their extradition, six days after Britain's highest court also rejected their appeal.

The case has been at the forefront of calls from Britain's business and legal community to scrap its ``fast-track" extradition arrangements with the U.S. Lobbying groups claim the legislation, introduced in 2004 mainly to clamp down on terrorism, is instead being used to target white-collar offences, unfairly increasing the risks for executives.

``I urge U.K. Prime Minister Tony Blair to intervene to defend the human rights of British citizens that are being abused by a country which is supposedly our greatest ally," Digby Jones, director general of the Confederation of British Industry, said in a statement. The bankers ``represent no threat to society, yet they will still be banged up in a U.S. prison with rapists and drug addicts."

The European Court of Human Rights said that while it would review the merits of the men's appeal, the court wouldn't intervene to suspend extradition proceedings, according to a letter sent to the bankers' lawyers.

July Deadline

Bermingham, Darby and Mulgrew, who each face more than 20 years of prison if convicted on all counts, must now be extradited to the U.S. by July 17, their lawyers said. They may be detained for as long as two years in a high-security U.S. prison awaiting trial, U.K. courts have been told.

The three men were charged with seven counts of wire fraud in 2002 for allegedly skimming $7.3 million by duping Greenwich Natwest over the value of an Enron partnership known as ``Swap Sub." The indictments were the first criminal fraud charges to emerge from the U.S. Justice Department's probe into the energy trader's collapse.

Texas Trial

The bankers claim that as British citizens, accused of defrauding a British bank, any charges against them should have been brought in the U.K. They have also argued that they won't get a fair trial in Texas, where Enron was based, due to public animosity toward the company and its senior officers.

Former Enron Chairman Kenneth Lay and ex-Chief Executive Officer Jeffrey Skilling were convicted last month of fraud and conspiracy in connection with Enron's 2001 implosion, which wiped out thousands of jobs and more than $1 billion in retirement funds virtually overnight. They each face at least 25 years in prison.

``We have now done everything possible to establish the rights of three U.K. citizens to be investigated and, if appropriate, prosecuted in the U.K.," Mark Spragg, a lawyer for Bermingham, Mulgrew and Darby, said in a statement. ``All we have established is that U.K. citizens have no such rights against an extradition request made by the U.S."

Under the fast-track legislation, known as the Extradition Act 2003, the U.S. was added to a list of countries that no longer have to provide evidence of a crime when seeking to extradite a U.K. citizen. The U.K. must still show ``probable cause" that an offence has been committed when requesting a U.S. citizen, as prescribed by the U.S. Constitution.

Demonstration

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Around 200 U.K. businesspeople are expected to participate in a demonstration against those rules, led by Internet entrepreneur Karl Watkin, in London later this week, according to the event's organizers.

``The feeling is that it's a very unbalanced, one-sided piece of law," Colin Passmore, the head of litigation at London- based Simmons & Simmons, said in an interview. ``There are no escape routes, as this case has shown."

The European Court of Human Rights didn't provide specific reasons for refusing the three bankers' application for a temporary stay in the letter sent to Spragg's law firm, Jeffrey Green Russell. The court said it will review the merits of the men's appeal in ``due course," the letter says.

Britain's Home Office, which is responsible for extradition requests, had agreed to suspend proceedings pending the outcome of the men's application to the Strasbourg court. The department said today that extradition arrangements are now being considered, but that it isn't in a position to comment on how and when the extraditions will take place.

Lawyers specializing in extradition said it was likely the men would be removed within days.

The European Court of Human Rights confirmed that the request for interim measures had been rejected.

To contact the reporter on this story: Megan Murphy in London at mmurphy41@bloomberg.net. Last Updated: June 27, 2006 12:37 EDT

Enron Bankers' Extradition Moves Forward (FINDLAW/AP)

By Jane Wardell, Ap Business Writer

AP, June 28, 2006

(AP) - LONDON-The European Court of Human Rights on Tuesday refused to halt extradition proceedings against three British bankers wanted in the United States on Enron-related fraud charges.

David Bermingham, Gary Mulgrew and Giles Darby, former executives at Greenwich NatWest, a unit of Royal Bank of Scotland Group PLC, had asked the European court to freeze a British court ruling for their deportation ahead of a fuller appeal.

However, the European court said in a letter to London law firm Jeffrey Green Russell on Tuesday that it saw no immediate cause to overturn the decision of the British courts to send the trio to face trial in the United States.

A court official wrote that it had been decided "in the circumstances, not to indicate to the government of the United Kingdom ... the interim measure you are seeking."

It added that the "remaining issues, namely the merits of the application, will be examined in due course."

"However ... any such examination of the remaining legal issues will not stop the applicants' proposed removal," it said.

The so-called Bermingham Three have been fighting against their extradition since a High Court ruling in February. They ran out of British avenues of appeal last week when the House of Lords said it would not hear the case.

The three men have consistently argued that most of the alleged offenses took place in Britain and that any trial should be held here. Being forced to stand trial in Enron's home state of Texas would be unjust and incompatible with European human rights law, the men argued.

"We have now done everything possible to establish the rights of three U.K. citizens to be investigated and, if appropriate, prosecuted in the U.K. but all we have established is that U.K. citizens have no such rights against an extradition request made by the U.S.," said the men's lawyer, Mark Spragg.

Spragg said that all the witnesses and documents for the defense case would now be sent to Houston for the trial "which could, and should, take place in the U.K."

The trio, all British citizens, were charged in the United States in 2002 with bilking National Westminster Bank of $7.3 million and each face seven counts of wire fraud.

They allegedly advised NatWest in 2000 to sell part of an Enron business it owned for less than the stake was worth, in a scheme allegedly devised with Andrew Fastow, former finance chief of the collapsed energy trader Enron Corp., and his colleague, managing director Michael Kopper.

The three men then left NatWest, bought into the firm themselves and sold it off for a much higher fee, each pocketing about $2.6 million in the process, according to prosecutors.

Enron filed for bankruptcy in 2001 after revealing that it inflated its profits and filed false accounts to hide debts.

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Barred Broker, Partner Get Prison For $14 Million Commodities Fraud (FINDLAW/AP)

By Jeffrey Gold, Ap Business Writer

AP, June 28, 2006

(AP) - NEWARK, New Jersey-A man barred from selling leveraged commodities and his partner in an illicit operation have been sentenced to prison for cheating about 1,000 investors out of $14 million (â,¬11 million).

The barred broker, Charles Paul Hoffecker, who owned Amitex Investment Services Ltd., and his partner, Charles Edward Myers, told clients that Amitex would buy gold, silver and other commodities for them. But evidence at their trial showed that no purchases were made, federal prosecutors said Tuesday.

Hoffecker, 53, was sentenced June 19 to 17 1/2 years in prison, while Myers, 65, was sentenced Monday to nine years. They were ordered to pay a total of $2.67 million (â,¬2.12 million) in restitution by U.S. District Judge Katharine S. Hayden.

The restitution figure was smaller than the total losses since not all victims have been found, mostly due to incomplete records at Amitex, Assistant U.S. Attorney Bohdan Vitvitsky said.

Hoffecker and Myers, who were convicted in March, were charged in 2003 after a sting operation in which investigators used an undercover business to infiltrate fraudulent telemarketing investment schemes.

Amitex told would-be clients that their money would be used to buy commodities and that Amitex would finance up to 80 percent of the purchases at 12 percent interest, the indictment said. However, Amitex did not buy any commodities and charged investors for loans that were never made, the indictment said.

Even before this case, Hoffecker had been barred in 1991 from selling or offering to sell precious metal on a financed basis. That resulted from a lawsuit brought by the Federal Trade Commission.

Amitex was incorporated in Nassau, Bahamas, and the indictment alleged that Hoffecker and Myers claimed that their transactions were not regulated by U.S. authorities.

On the Net:

U.S. Attorney's Office in Newark:

http://www.njusao.org/break.html

Did Hilfiger Corp. Get Special Treatment From DOJ? (LAW)

By Sue Reisinger, Corporate Counsel

Corporate Counsel, June 28, 2006

Did Tommy Hilfiger Corp. get special treatment when it negotiated a nonprosecution agreement with the U.S. Department of Justice last summer? The question has come to light in recent weeks as the now-private company defends itself against a class action shareholders' suit.

Typically, when the government completes a deferred or nonprosecution agreement, it makes the deal public. The Manhattan U.S. Attorney's Office departed from this practice with Hilfiger, however.

On Aug. 10, 2005, then-U.S. Attorney David Kelley announced that his office had reached an agreement with the retailer's American subsidiary. While Kelley's press release outlined the general features of the pact, it wasn't accompanied by an actual copy of the deal. Ten months later, neither Hilfiger nor the government has made the agreement public. (Hilfiger was represented in the nearly year-long tax evasion investigation by one of Kelley's former colleagues -- Mary Jo White -- a former Manhattan U.S. Attorney who is now a partner at Debevoise & Plimpton.)

The secret agreement is a problem for the shareholders who filed suit against Hilfiger after the government started investigating the company in 2004. In most deferred and nonprosecution agreements, the corporate defendant admits the government's criminal allegations. Without access to the details of the Hilfiger deal, the company's shareholders say that they don't know how the retailer responded.

Hilfiger has moved to dismiss the suit, in part, because prosecutors didn't file charges against the clothing chain. The company, which was acquired this spring by Apax Partners Worldwide, a private equity fund, is being defended in the

shareholders' litigation by Wachtell, Lipton, Rosen & Katz. Hilfiger supports its position by citing Kelley's August 2005 press release, which it says doesn't confirm any wrongdoing at the retailer.

According to a transcript of a May hearing, Wachtell's John Savarese told Manhattan federal district court Judge Richard Owen that the release is "far from confirming that there was some basis to the initially announced U.S. Attorney investigation or that some great liability would emerge for the company from that, or some criminal case." But Savarese cited only the government's press release in his argument, and not the nonprosecution agreement itself. Savarese did not return calls for comment for this article.

The shareholders' lead attorney, Samuel Rudman, says that he finds it unusual that the agreement was not made public, given that the government "always make them public." It's especially unusual, Rudman adds, "when [Hilfiger's] lawyers are in court arguing what the agreement says." Rudman is a partner with Lerach, Coughlin, Stoia, Geller, Rudman & Robbins. Rudman's observation is supported by Corporate Counsel research. Corporate Counsel completed an extensive review of the Justice Department's and many U.S. Attorneys' Web sites and found that 14 deferred and nonprosecution agreements were completed in the past 12 months. Of these 14 deals, only the Hilfiger agreement was not made public.

A spokesperson for the Manhattan U.S. Attorney's Office declined to comment when asked why Hilfiger was treated differently. Former U.S. Attorney Kelley, now a partner at Cahill Gordon & Reindel in New York, also declined to comment. A Justice Department spokesperson in Washington, D.C., would only say that the publication of agreements "is within the discretion of individual U.S. attorney's offices."

A Hilfiger spokesperson says that the company won't make the agreement public "because it has no obligation to." Debevoise's White did not return calls for comment.

What is known from Kelley's press release is that the nonprosecution agreement ended an investigation into two related areas. One was whether Hilfiger paid inflated service commissions to its overseas subsidiaries in an effort to lighten its U.S. tax burden. The other was whether some, or all, of the services were actually performed in Hong Kong, but with the commission payments sent elsewhere in an effort to avoid paying Hong Kong taxes.

Under the deal, according to the press release, Hilfiger agreed to implement new ethics and compliance programs, to cooperate with the U.S. Attorney's Office for the next three years, and to amend four years' worth of U.S. tax returns from 2001 to 2004 to reflect a lower rate of commissions. Hilfiger also agreed to pay the IRS about $18.1 million in additional taxes and interest, and to cooperate fully with the Hong Kong tax authorities.

Subject to the company fulfilling its part of the deal, the government agreed to close the U.S. tax case but left open the Hong Kong part of the case. If Hilfiger cooperates with Hong Kong authorities, the government agreed not to prosecute for activities "which may constitute mail fraud or wire fraud on the Hong Kong taxing authorities," according to the press release. Hilfiger, which was still a public company at the time of the deal, disclosed in various filings with the Securities and Exchange Commission that it had reached a nonprosecution agreement. But the company did not furnish a copy of the pact with its quarterly filing in December 2005. Hilfiger's spokesperson says that the clothing chain believes it is not required to file a copy with the SEC.

Asked whether businesses are required to file copies of nonprosecution agreements, an SEC spokesperson cited regulation S-K 229.601, which requires a public company to include with its quarterly and annual reports a complete copy of "any material contract" made outside "the ordinary course of business." The spokesperson wouldn't comment on any specific case, or on whether the SEC considers a nonprosecution agreement to be a "material contract."

Hedge Funds Sharpen Their Political Game (WSJ)

By Kara Scannell And Brody Mullins

The Wall Street Journal, June 28, 2006

WASHINGTON -- Amid increased scrutiny by lawmakers and regulators, hedge funds are stepping up their defenses in the nation's capital.

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A small group of fund managers are behind a campaign to head off new regulations from Congress and the Securities and Exchange Commission. In the past year, funds have boosted political contributions, hired a string of new lobbyists and established a second trade association to make their case in Washington.

A hearing by the Senate Judiciary Committee today will focus on industry tactics such as short-selling and allegations of collusion between independent research firms and hedge funds to manipulate stocks. (See related article on page C1.)

Separately, the Senate Banking Committee and some House lawmakers are examining whether the hedge-fund industry should face new regulations.

Employees of the 25 largest hedge funds and the Managed Funds Association, the industry's main trade group, have contributed a combined $1.2 million to congressional candidates and the Republican and Democratic parties so far in the 2005-2006 campaign. While that figure goes only through March 31 of this year, it represents nearly a 50% jump over donations made by the same organizations for the entire 2001-2002 election cycle, the last midterm election year, according to the nonpartisan Center for Responsive Politics.

For the 2003-2004 campaign, a presidential cycle, which tends to draw bigger campaign spending, the same funds contributed $1.9 million.

Hedge funds have hired more than a dozen lobbying groups since early 2005, according to PoliticalMoneyLine, a nonpartisan organization. In 2005, the industry paid $1.5 million for Washington lobbyists, up from $1.2 million in 2004 and $565,000 in 2003.

"Hedge funds have come of age as a capital-market force. There's no denying it," said Jack Gaines, president of the MFA, which represents more than 1,000 individual members with $500 billion in assets. The MFA hopes to double its staff over the next year and recently hired a lobbyist to help communicate with lawmakers and help with fund raising.

Meanwhile, James Chanos, a hedge-fund manager and well-known short-seller, in March started his own alliance of 16 hedge funds as a rival to the MFA. He has argued the industry needs to take a more aggressive stance in Washington. To lobby for the Coalition of Private Investment Companies, Mr. Chanos hired former aides to Senate Banking Committee Chairman Richard Shelby (R., Ala.) and committee member Sen. Chris Dodd (D., Conn.), who will become the panel's top Democrat next year.

In the days after Judiciary Committee Chairman Arlen Specter (R., Pa.) announced today's hedge-fund hearing, the lobbyists met with half the members of the Judiciary panel.

Hedge funds still devote fewer resources to Washington than Wall Street firms. Citigroup Inc. and its employees have made just about as many campaign donations so far this election cycle as the entire hedge-fund industry, according to the Center for Responsive Politics, and spent nearly five times as much on lobbyists in 2005.

The emerging hedge-fund lobby parallels the growth of the high-tech lobby in the late 1990s. Like the hedge-fund industry, high-tech companies paid scant attention to Washington during their early growth years. That changed when policy makers began looking closer at regulations, and one of the industry's biggest players, Microsoft Corp., became the target of a Justice Department antitrust investigation.

Hedge funds haven't yet faced a similar threat. But they may: The SEC is investigating one independent research firm for possible market manipulation and has subpoenaed documents and correspondence from a well-known hedge fund as part of the probe. The SEC also has an investigation into improper trading in the private-issuer market, which has resulted in charges against several hedge-fund managers.

Hedge funds also are coming under attack from mostly small corporations that accuse fund managers of manipulating stock prices by betting that stocks will decline, and then spreading negative information about the companies.

The SEC estimates hedge-fund advisers manage now more than $2.4 trillion in assets, up from an estimated $870 million in 2004. By comparison, mutual funds manage now roughly $8 trillion.

Hedge funds manage large pools of capital for wealthy individual investors, pension plans and endowments. They typically invest in ways traditional money managers can't, such as by placing bets that stocks will drop and profiting by the decline, a practice known as selling short; investing in currency arbitrage; and taking stakes in credit default swaps, a type of insurance play.

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Historically, hedge funds were passive short-term traders, yet they are now buying large stakes in corporations and influencing board decisions about companies' strategic directions. They have also had their share of high-profile scandals from abusive trading of mutual funds to fund managers running away with hundreds of millions of dollars in investor money.

For years hedge funds were mainly regulated, lightly, by the Commodity Futures Trading Commission, which has oversight of the futures markets. In 2004, a divided SEC moved to impose its own rules, requiring hedge-fund advisers to register with that agency and opening them up to compliance and inspection measures. That rule was thrown out by a federal appeals court last week and the SEC is re-evaluating its approach to hedge-fund activity.

As hedge funds have increased their political activities, some have become more bipartisan, giving more to the Republicans in power. Like many young high-tech companies, newly formed hedge funds tended to give largely to Democrats. From 1990 to 2005, for example, employees of Mr. Chanos's Kynikos Associates made about $200,000 in political contributions to candidates for Congress and the White House. All but a $500 check to President George Bush in 2003, went to Democratic candidates.

So far this year, employees of the fund have given all of their $15,360 in donations to Republicans. Most of that, $15,000, has been directed in three checks to Mr. Shelby, the Senate Banking Committee chairman who will have enormous influence over possible regulations for the industry.

UPDATE: Senators To Scrutinize Hedge Funds (DOW)

By Robert Schroeder

Dow Jones, June 28, 2006

WASHINGTON (Dow Jones) -- Washington and Wall Street may get a rare public look at how securities regulators track hedge funds' behavior on Wednesday, when a former Securities and Exchange Commission lawyer goes before a Senate panel probing the industry.

Attorney Gary Aguirre told Congress that he was running the SEC's investigation into whether prominent hedge fund Pequot Capital Management engaged in insider trading. Aguirre said that he was fired in September after he sought the testimony of a Wall Street executive, reported to be John Mack, chief executive of Morgan Stanley (MS) .

The SEC won't confirm or deny it's investigating Pequot. But the hearing in the Senate Judiciary Committee may shed light on the methods regulators use to catch potential cases of wrongdoing involving hedge funds -- the big, lightly regulated pools of money serving mostly wealthy investors.

The hearing will focus on the relationships between hedge funds and independent analysts.

"Everyone is very concerned about conflicts of interest," said Darren Sherman, a former SEC official and chief executive of Regulatory Advisory Services.

But the Wall Street-policing agency itself may come in for a drubbing over the dismissal of former lawyer Aguirre, for allegedly getting too close to a big- time executive who happens to be a major fund-raiser for President Bush.

Revelations of Aguirre's inquiry -- first reported Friday by the New York Times -- come as the agency's ability to oversee funds like Pequot is facing a major challenge. On Friday, a federal court threw out a rule requiring hedge- fund advisers to register with regulators as investment advisers. The agency must now go back to the drawing board and redesign new oversight guidelines.

Pequot probe

The committee, chaired by Sen. Arlen Specter, R-Pa., will likely grill Aguirre about his motives for seeking Mack's testimony, and about what evidence he has concerning possible insider trading at Pequot. The firm hasn't been charged and denies wrongdoing.

Aguirre stated in a letter dated Sept. 2, 2005, his last day on the job, that Pequot received insider information from a source believed to be John Mack, who at the time was chief executive of Credit Suisse First Boston. Aguirre told Congress that stock exchange officials referred cases involving suspicious trades by Pequot to the SEC 18 times.

While exchanges and regulators have systems in place to catch insider trading, the volume of trades makes it difficult to catch improper activity without a tip-off, according to analysts.

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"If the technology were good enough to detect this on a regular basis, there'd be no insider trading at all," said Octavio Marenzi, chief executive of Celent, a consultancy for financial institutions.

Daniel Strachman, managing partner of A&C Advisors, said that people knowledgeable about the trades in question may have alerted exchange officials and regulators.

"Somebody dropped a dime on them," he said about Pequot.

Two top law-enforcement officials also are scheduled to testify at the Senate hearing Wednesday. They are Matt Friedrich, the Justice Department's principal deputy assistant attorney general for crime, and Connecticut Attorney General Richard Blumenthal.

Heightened scrutiny

The hedge-fund industry has grown rapidly in recent years, with the total number of funds climbing to about 8,000 and overseeing more than $1 trillion in assets. The SEC has brought more than 50 cases against the industry since 2000. The court's rejection of the SEC rule notwithstanding, analysts predict regulators will step up efforts to scrutinize the investment pools.

Meanwhile, the Senate Banking Committee and Senate Finance Committee are investigating Aguirre's firing.

The Judiciary Committee's hearing is scheduled to begin at 9:30 a.m. on Wednesday.

Morgan Stanley Paying $10M Fine To Settle SEC Charges On Safeguarding Information (LAW/AP)

The Associated Press

AP, June 28, 2006

Wall Street powerhouse Morgan Stanley on Tuesday agreed to pay a $10 million civil fine to settle federal regulators' charges that it failed to maintain safeguards to prevent the misuse of inside information.

The Securities and Exchange Commission also censured Morgan Stanley under the settlement. The investment house neither admitted nor denied the SEC's allegations but did agree to refrain from future violations of the securities laws.

Morgan Stanley, the third-largest U.S. securities firm by market value, also agreed to hire an independent consultant to review its policies and practices for preventing misuse of confidential company information.

In a civil lawsuit, the SEC said Morgan Stanley for years failed to adequately maintain and enforce procedures to prevent the misuse of inside information regarding companies whose securities are held in hundreds of thousands of employee and employee-related accounts. The agency did not say whether any illegal insider trading or other improprieties had occurred using inside information as a result of the alleged lapses.

From at least 2000 to 2004, Morgan Stanley failed to conduct needed surveillance of hundreds of thousands of employee and employee-related accounts to detect possible insider trading, the SEC alleged.

"We are pleased to have resolved this matter with the SEC," New York-based Morgan Stanley said in a statement. "We have implemented substantial compliance system and process enhancements, and will continue to strengthen these as part of our ongoing commitment to having a best-in-class compliance culture."

It was the second SEC fine against the firm within a few weeks. On May 10, Morgan Stanley agreed to pay $15 million to settle the regulators' charges that it repeatedly failed to provide tens of thousands of e-mails which they sought in major investigations over several years.

Morgan Stanley Settles With SEC On Systems Issue (WSJ)

By Judith Burns

The Wall Street Journal, June 28, 2006

WASHINGTON -- Morgan Stanley will pay $10 million to settle allegations of a massive breakdown in systems to prevent misuse of inside information, the Securities and Exchange Commission said.

Morgan Stanley settled without admitting or denying the SEC's claims that for years it lacked adequate policies and procedures to safeguard against misuse of nonpublic information, even though it was legally required to have them.

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"Due to a systemic breakdown in this critical compliance function, Morgan Stanley failed to conduct any surveillance" of trading in a massive number of employee accounts held at the firm, the SEC said. As a result, it said, "Morgan Stanley may have failed to detect illegal insider trading" by the firm, its employees or their relatives.

While the New York securities firm put stocks on a "Watch List" when its bankers had inside information on a company, the SEC said that over a four-year period it failed to scrutinize employee trading in most or all of the Watch List shares. The omission went "virtually undetected and uncorrected" for years, the SEC added.

"We are pleased to have resolved this matter with the SEC," said Morgan Stanley spokesman John Franklin. "We have implemented substantial compliance system and process enhancements and will continue to strengthen these as part of our ongoing commitment to having a best-in-class compliance culture."

In addition to the $10 million fine, Morgan Stanley was censured and agreed to cease and desist from future violations. The settlement also requires it to hire an outside consultant to conduct a comprehensive review of its policies and procedures, including a plan to make up for the scrutiny it didn't do in the past with a "retrospective surveillance" of all trading and accounts it should have examined over the four-year period.

Any evidence of insider trading uncovered in the course of the retrospective surveillance must be turned over to the SEC staff "promptly," the agency said. Under the settlement, Morgan Stanley has as many as 22 months to complete the retrospective surveillance.

Richard Grime, SEC assistant enforcement director, said he would be surprised if other Wall Street firms had similar-size problems in tracking potential insider trading, and declined to comment on why Morgan Stanley's compliance failures weren't detected in the course of routine SEC inspections.

According to the SEC, from at least 1999 to 2003, Morgan Stanley put more than 3,000 stocks on its Watch List, but didn't conduct any surveillance of them. The firm didn't track trading in certain derivative securities, single-stock futures and stock options of Watch List shares until 2004, the SEC added.

Regulators said at least 434,000 employee and employee-related accounts escaped scrutiny from mid-2000 to April 2004 because Morgan Stanley's compliance staffers didn't realize the reports they received tracked trading only by a smaller group of employees who were most likely to have access to inside information.

About 900 employee accounts held outside the firm and about 30,000 employee accounts that weren't flagged as such also didn't undergo any surveillance, the SEC added.

Once the surveillance problems were discovered, the SEC said Morgan Stanley reviewed its processes and began taking steps to correct the problems it identified. It said Morgan Stanley cooperated with the SEC staff investigating the matter and was quick to report its findings as additional surveillance issues were identified.

Morgan Stanley Fined Over Insider Accounts (USAT)

By Elliot Blair Smith

USA Today, June 28, 2006

Morgan Stanley was ordered Tuesday to pay a $10 million fine and to scrutinize employee trading records for the last four years after the Securities and Exchange Commission discovered a “systemic breakdown” in how the Wall Street firm controlled inside information.

It is the latest black eye for Morgan Stanley, which has paid $155 million since 2003 to settle regulatory investigations into alleged wrongdoing involving its analysts' research, mutual fund fees and allocations of initial public offerings. In addition, the firm paid $54 million in 2004 to settle a U.S. Equal Employment Opportunity Commission lawsuit on behalf of many of its female employees.

Richard Grime, the SEC's assistant director of enforcement, said Morgan Stanley “failed to conduct any surveillance of a massive number” of its employee accounts until the agency discovered recordkeeping gaps during a routine investigation of potential inside trading.

“Once we scratched the surface, we found this problem,” Grime said. Many of the recordkeeping deficiencies arose as a result of the firm's failure to fully integrate employees' records after its 1997 merger with Dean Witter Reynolds, the agency said,

but investigators also found that the firm's compliance department had failed to update and enforce many of its surveillance procedures.

The SEC says internal auditors at the firm lost track of 251,000 employee and related accounts from mid-2000 to April 2004, because of a change in how they reviewed surveillance reports. During that same period, the firm allegedly mislabeled 183,082 employee accounts because of a computer coding error. From 1997 to 2004, it allegedly failed to monitor 900 employee accounts at other brokerages.

"As a result of these systemic failures, Morgan Stanley may have failed to detect illegal insider trading," the SEC said in a cease-and-desist order that required no admission of wrongdoing. Under the order, Morgan Stanley is required to hire an independent consultant to review its surveillance procedures, and to audit employee and related accounts that should have been monitored previously.

Morgan Stanley has 22 months to finish its review. But, Grime said, "If they find anything that looks suspicious, they shall promptly notify us, which is within 10 days."

The statute of limitations related to securities laws is five years.

Morgan Stanley spokeswoman Jennifer Mooney said, "We are pleased to have resolved this matter with the SEC. We have implemented substantial compliance system and process enhancements, and will continue to strengthen these as part of our ongoing commitment to having a 'best-in-class' compliance culture."

The recordkeeping fine is small relative to previous penalties imposed on Morgan Stanley but is the largest ever related to a firm's failure to safeguard material non-public information, Grime said.

David Callahan, author of The Cheating Culture, said, "What Morgan Stanley has received in the past is a relative slap on the wrist. … If you have no individuals who are ever held responsible for wrongdoing at these large financial companies, and if you have the financial penalties being relatively minor, given how large these organizations are, that's not a great deterrent."

CA To Add Shareholder Proposal After Court Refuses To Rule (WSJ/AP)

By Associated Press

The Wall Street Journal, June 28, 2006

NEW YORK -- CA Inc. said it will add to its July proxy a shareholder proposal that seeks to change the company's bylaws after a Delaware court refused to rule on the company's original decision to reject the proposal.

CA shareholders will be able to vote on the resolution, which seeks to limit the company's poison-pill provisions, at the shareholders' annual meeting, which is scheduled for late August.

The Islandia, N.Y., technology company originally denied a request to add the proposal to its upcoming proxy statement, claiming the proposal was a violation of Delaware law. The rejection resulted in a court challenge by the drafter of the resolution, Harvard professor and shareholder rights activist Lucian Bebchuk.

Last week, a Delaware judge refused to rule on the legality of CA's decision to reject the proposal, saying the issue wasn't "ripe" for a decision.

A ruling by the court would have shed light on the currently murky issue of whether shareholders have the power to decide bylaw issues, which are normally governed by directors. A company's bylaws are the official rules that govern its management.

CRIMINAL LAW:

The Disaster Without End (NYT)

The New York Times (opinion), June 28, 2006

It turns out that thieves and wastrels feasting in the wake of Hurricane Katrina have been doing a heck of a job too — pushing the tote in government loot toward $2 billion and counting. Government investigators have found fraud and waste consuming more than 1 in every 10 dollars of the $19 billion spent so far on Katrina and Hurricane Rita — double the usual rate after a disaster. Thousands of criminal investigations are under way, with hundreds of people already charged with price-gouging

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and fraud. Even frontline workers with the Red Cross and the Federal Emergency Management Agency are being charged with profiteering.

The most graphic evidence of FEMA mismanagement is the 10,000 mobile homes, costing $34,500 each, that proved useless in post-storm Louisiana and now sit empty at an Arkansas airfield at a storage cost of $250,000 a month. Meanwhile, contractors billed taxpayers for phantom hotel guests, phantom emergency meals and phantom caravans of storm debris. Even prison inmates allegedly gamed the system for housing aid. As much as 21 percent of the $6.3 billion sent directly to victims was improperly distributed, according to a detailed report by The Times's Eric Lipton.

The widespread fraud, waste and bungling was abetted by FEMA' s failure to put a high priority on existing tools for catching schemers and thieves, according to the Government Accountability Office. FEMA officials, wary at the advent of a new hurricane season, insist that tougher accountability precautions are now in place. But there's been no credible evidence of the top-to-bottom revamping that FEMA needs.

Venerable Church Burns In New Orleans (NYT)

By Adam Nossiter

The New York Times, June 28, 2006

NEW ORLEANS, June 27 — Newly burned-out lots pockmark the city, evidence of a fearsome new challenge as firefighters here say they are confronting a tough post-Hurricane Katrina landscape of abandoned buildings, water mains cracked by the storm and fire engines with smaller crews.

Historic structures are burning to the ground — the latest was the Coliseum Place Baptist Church, a venerable red brick church that until Friday had towered over Coliseum Square in the Lower Garden District since 1855. Preservationists here described the loss as heartbreaking; it followed a February fire that destroyed a cherished World War I-era theater in the same square.

The newest threat to New Orleans is a direct outcropping of the storm, in many respects. Vagrants, squatting in empty buildings, lighting candles and cooking without electricity, are setting fires, the authorities say. Pipes broken during Hurricane Katrina have been leaking 85 million gallons of water a day. Manpower in the Fire Department is down by a third, on a good day. And inadequate flood insurance has been an inducement to arson, officials say.

"We have more fires, burning hotter and burning faster, and we have reduced water pressure," said Capt. Nick Felton, president of the New Orleans Firefighters Association, Local 632. "We've got a recipe for disaster. We've really got our back against the wall."

Staircases leading to nowhere amid charred, twisted building fragments can be found here and there on desolate lots in the Uptown neighborhood. In the Lower Garden District, one of the city's oldest, leafiest neighborhoods, at least six significant structures have been lost to fire since the hurricane. In May, two 100-year-old wooden wharves on the Mississippi River burned, sending a column of smoke high above the Central Business District.

The Fire Department's spokesman, Chief Norman Woodridge, agreed that the volume and size of fires appeared to have increased.

"We've got many large fires," Chief Woodridge said. "We're going out two, three, four times a week. That's unusual." Meanwhile, the department worries that it will soon lose two firefighting helicopters, on temporary loan from the Federal Emergency Management Agency.

Water pressure is down to 20 pounds per square inch, from 90, in some areas because of the leaks, Captain Felton said. It is yet another legacy of the storm: trees, blown down by Hurricane Katrina, uprooted water mains, cracking them.

Adding to the fire problems, a drought described by climatologists as severe has settled over the region, drying up vegetation. Fires, more common in winter here, are particularly unwelcome with the mercury stuck in the mid-90's. Working conditions are as bad as they have ever been, firefighters say.

"It's very hot and it's very tiring," said one firefighter, Pekitha West. "Very stressful. We're at more fires, by us having to cross over districts."

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A vacant apartment complex, struck by lightning, burned to the ground in eastern New Orleans earlier this month. Firefighters had battled more than two dozen large blazes previously in June.

In many ways, Hurricane Katrina created an ideal landscape for unchecked blazes. Gutted structures, stripped of sheetrock, leave room and air for fire to spread, Captain Felton said. Rising rents mean people are crowding into closer quarters. And armies of demolition workers are breaking into empty houses to sleep on undamaged second floors.

The result: "We're makin' a whole lot of fires," Captain Felton said, using a local idiom that translates roughly as "the firefighters are busy."

The blaze at the Coliseum Place Baptist Church, the oldest Baptist church in New Orleans, was a heavy psychological blow to the struggling city. The deep red of its Gothic brick tower made an arresting counterpoint to the pastel Greek Revival houses and dark green foliage on the square. The austere church was said to have sheltered troops on both sides during the Civil War.

The cause of the fire was under investigation. The building had been vacant for quite some time, and largely unused; residents reported chasing off vagrants. The remnants of its congregation had previously sought to tear it down, but the Historic District Landmarks Commission had refused the request.

Friday, in front of the smoldering ruins — the spire was intact, though badly damaged — distraught residents milled about the square, trying to head off the wrecking crew. An engineer brought in by local residents said parts of the church could be saved. But the report was to no avail; demolition went ahead after a nearly daylong standoff.

"I've got a role here, to protect the public," said the city's director of safety and permits, Mike Centineo. Patricia Gay of the Preservation Resource Center called it "a terrible architectural and historical loss," a sentiment echoed by other preservationists.

The square's residents, meanwhile, spoke as if their neighborhood's heart had been ripped out. "No tourists are going to want to come here if we lose all of our historic buildings," said Rene Padilla, who lived next door to the church.

Photo Shows Ney At Meeting He Can't Remember (NBC)

By Joel Seidman, Producer

NBC News, June 28, 2006

Picture connects congressman to tribe that was an Abramoff client

WASHINGTON - The Tigua of El Paso, an Indian tribe and former client of disgraced lobbyist Jack Abramoff, released a photo Tuesday of a meeting that members had with Ohio Republican Rep Bob Ney — a meeting the congressman told Senate investigators he did not remember having.

The photo, which was taken on Aug. 14, 2002, in a House hearing room, shows the Tigua tribe's Lt. Gov. Carlos Hisa and tribal council member Raul Gutierrez with Ney. Less than a week earlier, Ney had returned from an expenses-paid golf junket to Scotland with Abramoff, Ralph Reed, David Safavian, Neil Volz and others.

On Nov. 12, 2004, in an interview with Senate investigators, Ney said that "he was not familiar with the Tigua." But the report quotes tribal representatives as testifying that they met with Ney for about two hours and he assured them he could help with legislation.

Story continues below ? advertisement

Ney told the investigators that he "could not recall ever meeting with any member of the Tigua." Ney's lawyer later said the congressman's schedule for that day showed a half-hour meeting with the "Taqua." A spokesman for Ney, Brian Walsh, said the congressman simply could not recall that the tribe was also known by another name, the Ysleta del Sur Pueblo Indian Tribe of El Paso, Texas.

Hisa said in a telephone interview that Ney "had a terrible sunburn. He was red like a lobster from that Scotland trip." Hisa said his tribe was asked to pay $50,000 for the trip, but they refused — other tribal clients of Abramoff's paid more than $100,000 to cover the expenses.

Hisa also said it was "strange" that Ney told Senate Indian Affairs Committee investigators that he didn't remember meeting with the Tigua.

Accepts money from tribe

Ney accepted $32,000 from the tribe and had agreed to put legislative language in a bill to reopen a closed gambling casino it owned. The measure never became law because it lacked Senate support. E-mails released by the committee show that Abramoff and Ney knew in July 2002 that the Tigua's provision in the Election Reform Bill was dead in the Senate but didn't tell the tribe until that October.

Ney's comments to the committee could complicate his problems with the Justice Department.

Ney told the committee he never knew that tribal money financed the golf trip. He said he thought the costs were covered by a private foundation. The report said: "Congressman Ney said the purpose of the trip was to raise money for underprivileged kids in Scotland and Washington, D.C. The itinerary consisted of golfing, meeting two parliamentarians, and watching the Marine Band."

The meetings with Scottish parliamentarians never took place. And according to testimony by Ney's former chief of staff Neil Volz, the trip amounted to $100 rounds of drinks, $400 rounds of golf and expensive hotel rooms.

Volz, Reed, Ney, Abramoff and David Safavian — who was convicted of four counts of lying and obstruction — were all part of the golf party to Scotland and London in 2002.

Walsh, Ney's spokesman, has said the Senate report merely shows just how far Abramoff and his conspirators, who "have pleaded guilty to deceiving their clients, employers and members of Congress, would go to further their own greed."

Five people have pleaded guilty or been convicted of influence peddling — Volz, Abramoff and two former aides to former Texas Republican Rep. Tom DeLay, Tony Rudy and Michael Scanlon. Safavian has been the only person caught up in the Abramoff scandal to be convicted at trial.

The Justice Department's investigation is continuing.

The Associated Press contributed to this story.

Photo Shows Ney In Meeting With Tribe (AP-Y2)

AP2, June 27, 2006

An Indian tribe that was a client of disgraced lobbyist Jack Abramoff has released a photograph of tribal leaders meeting with Rep. Bob Ney (news, bio, voting record), who had told investigators he wasn't familiar with the tribe.

The photo shows the Tigua tribe's Lt. Gov. Carlos Hisa and tribal council member Raul Gutierrez with Ney in a House hearing room on Aug. 14, 2002, less than a week after Ney finished an expenses-paid golf trip to Scotland with Abramoff and others.

On Nov. 12, 2004, while being interviewed by Senate investigators, Ney said he could not recall meeting with the Tigua.

After the interview, Ney's lawyer said the congressman's calendar did list a half-hour meeting with the "Taqua." Ney's spokesman Brian Walsh now says Ney may not have recognized the name "Tigua" because of the tribe's formal name, the Ysleta del Sur Pueblo.

"Ney takes literally thousands of pictures with people visiting D.C. every year and he is supposed to remember every one of them?" Walsh said.

According to testimony by Hisa and tribal spokesman Marc Schwartz, Ney met for 1 1/2 hours with Hisa, Gutierrez, Schwartz and Abramoff, and assured them that he was working to put a provision in an election-reform bill that would allow the tribe to reopen its shuttered casino. Ney also praised Abramoff as "the man to work with for changes in Washington," Hisa said. The Tigua provision did not make it into the final legislation.

Lawmakers Tackle Online Child Porn (AP-Y2)

By Erica Werner, Associated Press Writer

AP2, June 28, 2006

Internet providers told Congress on Tuesday they're doing all they can to combat online child pornography, but they were told to expect legislation.

Several voiced skepticism about creating new laws that would force them to retain data about their users' online activity.

Any such measure would be costly and easily circumvented and would "fall far short of its intended goal," America Online chief counsel John Ryan told a House Energy and Commerce subcommittee hearing.

The focus should be on improving existing child porn laws — not "new mandates," said Verizon Online general counsel Thomas Dailey.

Lawmakers, however, said more must be done to stop the availability of child porn on the Web and chart rooms where pedophiles troll for young victims.

"The parents of America and I think the Congress is tired of just talking about it. I think we're ready to take action," Energy and Commerce Chairman Joe Barton, R-Texas, told a panel of executives from seven companies including Yahoo Inc. (Nasdaq:YHOO - news), Google Inc. and Microsoft Corp.

Barton said that after hearings by his committee's investigative subcommittee wrap up Wednesday he plans to develop a comprehensive anti-porn bill. He didn't offer details, but getting companies to maintain customer records was a focus Tuesday.

Top Justice Department officials including Attorney General Alberto Gonzales have met recently with Internet executives to discuss the issue. There's currently no legal requirement for companies to hang onto records of their customers' activities, and according to testimony Tuesday, industry practices vary dramatically.

EarthLink Inc. archives customer records for seven years; Comcast Corp. now keeps it only for 31 days, but plans to implement a 180-day policy by Sept. 1.

The lack of uniformity "is seriously hindering investigations," said Rep. Diana DeGette (news, bio, voting record), D-Colo., who is writing a bill to require certain customer-identifying records to be kept for one year.

Companies already are adjusting their practices in response to the attention from Congress and the Justice Department.

Five companies — Time Warner Inc.'s AOL, Yahoo, Microsoft, Earthlink and United Online Inc. — announced Tuesday they will jointly build a database of child-pornography images and develop other tools to help prevent distribution of the images. The companies pledged $1 million and will work with the National Center for Missing and Exploited Children.

Google came under the most criticism Tuesday, with lawmakers brandishing printouts of a search using the terms "pre-teen," "sex" and "video" that yielded 2.9 million hits on the massive search site.

Nicole Wong, Google's associate general counsel and chief privacy officer, said that search was an aberration based on the company's failure to flag the word "pre-teen" when it's hyphenated, but that it's been corrected. She said the company's policy was to block access to child porn sites as soon as they're detected.

"We do the best we can," Wong said.

Senators Adopt Web Labeling Requirement (CNET)

By Declan McCullagh And Anne Broache, Staff Writer, CNET News.com

CNET News, June 28, 2006

Web site operators posting sexually explicit information must slap warning labels on their pages or face prison terms of up to 15 years, according to a proposal adopted by a U.S. Senate committee on Tuesday.

During a day of debate on a wide-ranging communications bill, the Senate Commerce Committee approved an amendment backed by the Bush administration that proponents claim would help clean up the Internet and protect children online.

It says that commercial Web sites must not place "sexually explicit material" on their home pages upon pain of felony prosecution--and, in addition, they must rate "each page or screen of the website that does contain sexually explicit material" with a system to be devised by the Federal Trade Commission.

"This will protect children from accidentally typing in the wrong address and immediately viewing indecent material," said Sen. Conrad Burns, a Montana Republican who is the co-founder of the Congressional Internet Caucus.

Burns said that politicians "have to take a bold step in this world of danger to our kids, and there are some people out there who prey on young children and they use the Internet and other methods to feed their sickness."

Civil libertarians have opposed the mandatory labeling proposal, saying it violates the First Amendment's guarantee of freedom of speech. Also, courts have taken a dim view of mandatory rating systems: In a 1968 case called Interstate Circuit v. Dallas, the U.S. Supreme Court ruled that Dallas' ordinance requiring that movies be rated was unconstitutional because the criteria for rating were unclear and vague.

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Burns' seven-page amendment is virtually identical to a standalone bill introduced earlier this month by Sen. Jon Kyl, an Arizona Republican. Both proposals follow from a speech in April during which Attorney General Alberto Gonzales called on Congress to "promptly" enact such a law.

Sen. John Kerry, the Massachusetts Democrat, had planned to offer a "very similar" amendment and Senate aides would combine the two before a floor vote, said Ted Stevens, the Alaska Republican who serves as the committee chairman.

Stevens also postponed discussion of what has proven one of the thorniest provisions of the massive telecommunications bill: Net neutrality. Senators plan to begin debate on that topic on Wednesday at 10 a.m. ET, with votes on a number of amendments expected.

The entire communications bill won't become law unless it receives final approval by the committee and, later, the full Senate. It must also be reconciled with a House of Representatives version that differs in many respects, including having no Internet labeling requirements.

Senate committee says that sexually explicit Web sites must be labeled as such--or their operators will go to jail.

Defense Says South Korean Businessman Was No Iraqi Agent (NSDY/AP)

By David B. Caruso, Associated Press Writer

Long Island Newsday, June 28, 2006

NEW YORK -- A South Korean businessman accused of secretly lobbying the United Nations on behalf of Saddam Hussein's government was "simply a middleman" who didn't intend to break any U.S. laws, his attorney told a federal jury Tuesday.

Tongsun Park, 71, is charged with acting as an unregistered agent for Iraq in the mid-1990s at a time when the country was trying to influence the design of the U.N. oil-for-food program.

Prosecutors said Park _ already infamous in the United States for his role in a 1970s influence-peddling scandal known as "Koreagate" _ was no ordinary lobbyist.

In his opening statement Tuesday, Assistant U.S. Attorney Michael Farbiarz told jurors that Park was promised millions of dollars by Iraq for his help influencing top U.N. officials, including former Secretary-General Boutros Boutros-Ghali.

Being an agent of a foreign government isn't itself illegal, but prosecutors said Park failed to follow U.S. laws requiring such lobbyists to disclose their relationships.

"There's a right way and a wrong way," Farbiarz said. "He hid his relationship with Iraq."

Park's attorney, Michael Kim, acknowledged that the case was "full of intrigue."

"It almost sounded like a Tom Clancy novel," he said of Farbiarz's opening statement, which described secret meetings in cafes and cash being smuggled out of Iraq through the desert.

But he insisted that Park committed no illegal acts, and urged jurors to ignore the sensational elements of the case.

"He is not charged with taking money from a foreign government. ... He is not charged with intelligence gathering or spying," Kim said. "He is not charged with selling his access to the United Nations."

Kim repeatedly described Park as "a middleman, a facilitator" who was little different from other people who had an interest in the final design of the oil-for-food program, including several big American companies.

He also asked jurors not to convict him simply because he dealt with the government of Saddam Hussein.

"The question is not, 'Do you like the Iraqi government?'" Kim said.

From 1996 to 2003, the oil-for-food program allowed Iraq to sell oil on the condition that most of the money go toward humanitarian supplies.

Authorities say the program was horribly corrupted, and that it allowed Hussein to evade U.N. sanctions and collect huge kickbacks from thousands of international companies. By some estimates, $1.8 billion was looted from the program.

Park, a citizen of South Korea, was indicted last year. If convicted, he could face more than 12 years in prison.

In the mid-1970s, Park was heavily involved in the Koreagate scandal, in which he was accused of helping intelligence services in his native South Korea funnel bribes and favors to U.S. politicians.

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Park was granted immunity in exchange for his cooperation with prosecutors, and testified that he doled out $850,000 worth of bribes.

The trial in the oil-for-food case began Tuesday with testimony from the government's star witness, Samir A. Vincent, who has already pleaded guilty to being an illegal lobbyist for Iraq.

Vincent, an Iraqi-born American businessman, testified that he worked for years to influence U.S. and U.N. officials over the design of the oil-for-food program, partly because companies he was affiliated with were poised to get a percentage of the revenue generated by the plan.

He testified that his lobbying efforts had largely stalled until he was introduced to Park, who quickly arranged meetings with high U.N. officials.

The trial was to resume Wednesday.

Saddam Gave Bizman 2.5M : Feds (NYDN)

By Paul H.b. Shin, Daily News Staff Writer

New York Daily News, June 28, 2006

A South Korean businessman pocketed at least $2.5 million from Saddam Hussein in a cloak-and-dagger scheme to siphon off Iraq's oil profits, federal prosecutors said yesterday.

Using cash-stuffed envelopes and back-channel talks under cover of night, Tongsun Park secretly lobbied UN officials to rig the oil-for-food program to fatten Saddam's regime, Assistant U.S. Attorney Michael Farbiarz told a Manhattan jury in opening statements of the first trial linked to the scandal-ridden program.

"Iraq wanted to buy Tongsun Park's United Nations contacts and for millions of dollars, Tongsun Park was willing to sell it," Farbiarz said.

Park, who was at the center of the Capitol Hill influence-peddling scandal dubbed Koreagate during the 1970s, is charged with acting as an unregistered agent for Iraq in the mid-1990s.

But Park did nothing illegal, said his attorney Michael Kim, who likened the prosecution's descriptions of clandestine meetings to "a Tom Clancy novel."

Park was "simply a middleman, a facilitator, just like almost everyone else involved in the oil-for-food program," Kim said, accusing the prosecution of trying to arouse the jury's passions by repeating the name of Saddam Hussein.

The oil-for-food program was established in 1996 to ease the economic strain of sanctions imposed in the wake of Iraq's invasion of Kuwait. It was intended to allow Iraq to use oil profits to buy food and medicines under UN supervision. But investigators later revealed the $64billion program was rife with corruption, with nearly 2,400 firms paying $1.8billion in kickbacks to Saddam's regime.

If convicted, Park faces a maximum of five years in prison and a $250,000 fine.

Park, 71, has been in jail since January, when he was nabbed in Mexico while traveling from Canada to Panama. At the time, he was carrying $45,000 in cash, FBI officials said. Despite his age and failing health, he has been denied bail repeatedly because judges have deemed him likely to flee the country.

The U.S. Justice Department has charged Park and six others, including Texas oil tycoon Oscar Wyatt, with illegally doing business with Iraq while UN sanctions were in place. Wyatt has been charged with paying bribes to Saddam's regime in exchange for millions of barrels of Iraqi oil on the cheap.

Feds Tell Jury: Say 'Enough' To Political Hiring (CHIT)

By Rudolph Bush And Dan Mihalopoulos, Tribune Staff Reporters

Chicago Tribune, June 28, 2006

Federal prosecutors urged jurors in the City Hall corruption trial Tuesday to end the illegal political hiring that they say has pervaded Mayor Richard Daley's administration.

"This machine doesn't have any brakes. That's you," Assistant U.S. Atty. Philip Guentert told jurors. "It's time to say enough."

Defense lawyers for three former city officials argued that prosecutors brought insufficient and misleading evidence against Daley's former patronage chief Robert Sorich and three co-defendants.

The lead attorney for Timothy McCarthy, who worked with Sorich in the mayor's Office of Intergovernmental Affairs, told jurors that prosecutors want them to "speculate and guess" that the defendants are guilty.

"You didn't always hear the whole story," said McCarthy's lawyer, Patrick Deady.

Prosecutors have alleged that Intergovernmental Affairs was the hub of a widespread scheme to fix jobs and promotions in favor of politically connected candidates.

Guentert had the last word Tuesday, and he used it to sound a warning to co-schemers who have not yet been charged as members of the "corrupt clout machine."

"For those who are out there and are responsible for this scheme, there's another day," he said.

Guentert acknowledged that Sorich did not invent the scheme to steer jobs to workers in pro-Daley campaign groups. But he said Sorich and the other defendants played important roles in an illegal process involving many others.

"City Hall is chock-full of the schemers," he said.

Although Guentert did not specifically name other alleged co-schemers, prosecutors in the trial have referred repeatedly to the involvement of former top Daley aide Victor Reyes and retired Streets and Sanitation Commissioner Al Sanchez. Reyes and Sanchez are leaders of the powerful Hispanic Democratic Organization.

The mayor's patronage office illegally handed out 5,000 jobs to applicants with political clout, Guentert said.

To emphasize the significance of the hiring investigation, he said the alleged scheme helped candidates for local, state and federal offices: "It affected the course of how people in this city were governed."

Sorich, McCarthy and former Streets and Sanitation Department official Patrick Slattery face fraud charges. A fourth defendant, former high-ranking city official John Sullivan, is charged with lying to federal agents.

U.S. District Judge David Coar is expected to instruct the jury on the law Wednesday morning, and deliberations will begin once that is complete.

Deady, McCarthy's attorney, argued Tuesday that the evidence regarding his client's actions in Intergovernmental Affairs shows he was never part of any scheme.

The prosecution alleged that McCarthy ordered the hiring of 19-year-old Andrew Ryan as a building inspector in 2004 because he was the son of a powerful union leader, even though Ryan was unqualified for the job.

"If it was really a scheme to conceal, the last person you would want to hire is a 19-year-old kid," Deady said.

He argued that the testimony of Christopher Kozicki, a former managing deputy commissioner in the Buildings Department, proves that it was Buildings Commissioner Stan Kaderbek—and not McCarthy—who ordered Ryan's hiring.

Kaderbek wanted to appease Ryan's father, a union official, Deady said.

He said that Sorich and McCarthy recommended job applicants to city departments but never ordered the hiring of anyone.

Deady highlighted Kozicki's testimony that the Buildings Department hired only two of 10 people referred by McCarthy on one occasion.

If the department had failed to accept orders from the mayor's office, Deady said, then "one of two things should have happened. Mr. Kozicki should have been called on the carpet, or his boss should have been fired."

Deady also argued that McCarthy had nothing to gain from the alleged scheme.

"Why is it he would engage in this scheme at all?" Deady asked. "He's not getting any money."

In his rebuttal argument, Guentert answered that the city handsomely compensated Sorich and McCarthy. Until they were charged and fired a year ago, Sorich was paid $101,100 a year, and McCarthy's annual salary was $90,564.

"That was their job," Guentert said. "They were in charge of patronage. It's more than insult to injury that the city had to pay these guys to do it."

After Deady's closing argument, Sullivan's lawyer said he should be acquitted. Prosecutors allege that Sullivan, who was the managing deputy in Streets and Sanitation, misled investigators about his knowledge of two political groups that helped campaign workers get jobs in his department.

Cynthia Giacchetti, Sullivan's lawyer, noted that FBI agent John Hauser waited more than five months to transcribe one of two face-to-face interviews with Sullivan. She also pointed out that Hauser did not take verbatim notes of the interviews.

She contrasted that to federal prosecutors' interview of Daley last year, which was transcribed word-for-word.

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"John Sullivan is not as powerful as the mayor ... but he is certainly deserving of the same protection and rights," Giacchetti said.

Sullivan had been accused of participating in the fraud scheme, but that charge was dropped last week.

An attorney for Slattery argued his client was charged in the case because he is a close friend of Sorich.

"This is a squeeze job on a childhood friend," said Patrick Blegen, Slattery's lawyer.

Blegen also said the key witness against Slattery, Streets and Sanitation lawyer Catharine Hennessy, could not be believed. He reminded jurors of testimony from a union official who called Hennessy's honesty into question.

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Prosecutors: 'The Fix Was In' (CHIST)

By Natasha Korecki And Steve Warmbir, Staff Reporters

Chicago Sun-Times, June 28, 2006

Mayor Daley's patronage chief and three others ran "a corrupt clout machine" greased with political workers who stole city jobs from deserving candidates, prosecutors charged Monday.

"All of this was a charade, ladies and gentlemen," federal prosecutor Julie Ruder said of a scheme to falsify job tests and hold bogus interviews so that hundreds of jobs went to predetermined, clout-backed winners. "The fix was in."

In the first day of closing arguments to cap the six-week City Hall hiring trial, prosecutors said four former city workers scammed taxpayers and qualified applicants who thought the city hiring was legitimate.

"They put their trust in a corrupt clout machine," Ruder said.

The scheme continued because Robert Sorich ordered computer tapes to be erased and city documents destroyed and one of his co-defendants, John Sullivan, lied repeatedly to the FBI, prosecutors said. "Concealment was part of the scheme from day one," Assistant U.S. Attorney Barry Miller said.

Defense rips 'pig Tomczak'

Pacing with his hands in his pockets, Sorich attorney Tom Durkin went on his own attack. He called prosecutors "intellectually dishonest" for bringing such a weak case.

"Sometimes people with good intentions go too far. That time has come today," Durkin said.

The verbal sallies came as the federal courtroom was packed to overflowing, including about 25 relatives and supporters of the four defendants.

Sorich, patronage chief and top official in Daley's Office of Intergovernmental Affairs, and three others are accused of cheating the system to ensure jobs or promotions went to campaign workers.

"It was not about qualifications. It was not about merit," Ruder said. "It was about politics. It was about clout. It was about who you knew and whose palm you were greasing."

Not with money, she said but a currency more valuable: "bodies." Ruder said jobs went to those who donated their labor to political groups by ringing doorbells, distributing flyers and making calls for candidates backed by the mayor.

Durkin said IGA took job recommendations from politicians and tracked city jobs by race, but never made guarantees. He blasted the prosecution's top witnesses, including Daniel Katalinic and Donald Tomczak, who admitted in plea deals to taking bribes, unlike Sorich.

Durkin ended his argument at the lectern staring right at the jury. His voice rising, he vouched for Sorich's credibility, causing several of the defendant's family members to dab tears from their eyes. Durkin's voice cracked as he pleaded with jurors not to see Sorich as an orchestrator of some complicated fraud scheme. He said his client had no criminal intent, and asked for a motive.

"Which was what? To be a big shot?" Durkin asked, noting there was no testimony Sorich took money or boasted about his connections. "That pig Tomczak did," Durkin said. To use Tomczak's name in the same sentence as Sorich "sickens me," he said.

'Don't try to run Daley out'

Durkin attacked City Corporation Counsel Mara Georges for saying she was unaware of IGA's role in hiring. He pointed to computer evidence the city turned over to federal prosecutors in 1997 that included IGA job lists.

"Was the stench worse from her testimony or was the stench worse that they tried to get you to believe her testimony?" Durkin asked.

Durkin, who did not put on witnesses, asked why the prosecution never brought in someone to explain the 1983 Shakman decree, which prohibits political influence from factoring into job hires and what prosecutors say the four men flouted. Durkin, who has suggested IGA's role in hiring went on before Sorich was hired, urged jurors not to convict if only they were displeased with the mayor.

"Don't try to run Daley out of office by voting to convict these guys," Durkin said.

Fighting over holes

Ruder worked to show there were victims to the scheme by spotlighting an experienced plumber, Laura Miller, who was edged out of a promotion despite being more qualified, the only union candidate and African-American. She used Miller's experience to attack the notion that IGA was trying to diversify the workforce.

She said the scheme endured because of years of concealment.

"Deny Deny Deny," Ruder said, referencing a supervisor's testimony that she was told to always hide IGA involvement in hiring. "That is what she learned her first day of work, just like a child learns ABCs on the first day of kindergarten," drawing a loud sigh from a Sorich supporter.

Durkin tried to portray Sorich as a trusted, well-liked city employee who helped people, including one city worker who agreed Sorich literally helped get him out of working in a hole, with a promotion.

Ruder, though, asked about all the other workers in low-level, back-breaking jobs, who didn't do political work.

"Mr. Sorich didn't get them out," Ruder said, her voice ringing with outrage. Unless a person did political work, Ruder said: "you were stuck in that hole for good."

Tech Pair Indicted On Charges They Deleted E-mails In Fumo Probe (AP)

By Maryclaire Dale, The Associated Press

AP, June 28, 2006

PHILADELPHIA (AP) — Weeks after their arrest, a pair of computer technicians assigned to state Sen. Vincent Fumo were indicted on charges of obstructing a federal investigation by deleting years worth of Fumo's e-mails.

The 34-count indictment returned Tuesday charges Leonard P. Luchko, 50, of Collingdale, and Mark C. Eister, 36, of Camp Hill, with conspiracy, destroying evidence and obstruction.

Federal authorities are investigating whether Fumo extorted millions in corporate donations for a South Philadelphia nonprofit, Citizens' Alliance for Better Neighborhoods, and used the nonprofit for political purposes. Fumo has not been charged in the case.

The FBI last month arrested Luchko and Eister in pre-dawn raids on their homes, although defense lawyers complained that their clients had been willing to surrender.

An FBI affidavit filed previously cites e-mails from staffers depicting Fumo as increasingly worried about leaving an electronic trail and allegedly ordering his large staff to delete his e-mails along with any relating to the nonprofit.

U.S. Attorney Patrick Meehan has said that the three-year investigation is far from over, but defense lawyers noted that Tuesday's indictment did not name any new defendants.

"It suggests that the government is not ready to indict others," said lawyer William A. DeStefano, a former federal prosecutor.

Luchko was charged Tuesday with 30 criminal counts and Eister with five counts.

Neither their lawyers nor Fumo's lawyer, Richard Sprague, immediately returned phone messages seeking comment Tuesday afternoon.

2 Computer Aides To Sen. Fumo Charged Formally (PHI)

By John Shiffman

The Philadelphia Inquirer, June 28, 2006

A federal grand jury yesterday indicted two former state Senate aides, accusing them of deleting e-mails to thwart a federal corruption and extortion investigation of State Sen. Vincent J. Fumo.

The 34-count indictment is considered a formality. The aides were arrested May 31, and prosecutors had a month to bring the case before the grand jury. Yesterday's indictment did not offer any new charges. It simply repeated FBI allegations that computer technicians Leonard P. Luchko and Mark C. Eister deleted files at Fumo's direction.

The indictment, however, did trigger the random selection of a judge for the case: Senior U.S. District Judge William H. Yohn Jr. If others are indicted in this case, Yohn would preside over their trial as well.

Yohn, a former state representative and Montgomery County Court judge, was appointed to the federal bench by President George H.W. Bush in 1991. He is a Republican and a graduate of Princeton University and Yale Law School. He has presided over several high-profile corruption cases, including this year's trial of former Norristown Mayor Ted LeBlanc.

"He's one of the brightest judges in the courthouse and not afraid to take a stand," said J. Michael Farrell, a defense lawyer who represented Mumia Abu-Jamal before Yohn in 2001. In a controversial decision, Yohn affirmed Abu-Jamal's conviction but overturned his death sentence, ordering a new hearing.

Lawyers involved in the Fumo aides' case said yesterday it would be inappropriate to comment on Yohn's selection.

No one else has been charged in the case, but Fumo and his former deputy chief of staff, Ruth Arnao, remain targets of the investigation. Until this month, Arnao was executive director of Citizens' Alliance for Better Neighborhoods, the charity at the center of the probe.

Fumo and Arnao are not mentioned by name in yesterday's indictment. The 70-page document refers to them by job title numerous times, beginning on Page 1.

The indictment says that authorities are trying to determine whether Fumo engaged in extortion by soliciting contributions for the South Philadelphia charity and whether any contributions were used improperly to benefit Fumo politically or personally.

The investigation, which began in early 2003, began focusing on the corporate donations after The Inquirer reported in late 2003 that Peco Energy Co. - engaged in negotiations with Fumo about deregulating electricity rates - had secretly given $17 million to Citizens' Alliance.

On Jan. 25, 2004, after The Inquirer reported the federal probe was under way, Luchko sent a mass e-mail to Fumo and his staff saying Fumo had ordered tighter computer security.

"The FBI probe into the senator has really set him off," Luchko wrote in another e-mail that night. "He wants us to start doing a number of security checks starting tomorrow... He wants all of the Blackberries wiped... S- has hit the fan."

In a statement yesterday, prosecutors John Pease and Robert Zauzmer said that Luchko and Eister and others "succeeded in deleting and destroying substantial amounts of electronic evidence relevant to the investigation."

Deleted files included all e-mail sent or received before 2005 by Fumo or Arnao, prosecutors said. All e-mail about Citizens' Alliance was deleted from Fumo's computers, the prosecutors said.

Fumo's attorney, Richard A. Sprague, has said the two technicians were "unfortunate victims" of a campaign to bring down the powerful Philadelphia Democrat. Sprague's office declined to comment yesterday.

Luchko and Eister resigned their Senate jobs after their arrests. Their lawyers, who were unavailable for comment yesterday, have said they would fight the charges at trial.

The indictment charges Luchko with 30 counts - including 19 counts of destroying evidence and nine counts of persuading others to destroy evidence. If convicted, the 50-year-old Collingdale resident could face about three years in prison under the advisory federal sentencing guidelines.

Eister, who is 36 and lives in Camp Hill, Pa., is charged with five similar counts. If convicted, he likely also faces three to four years.

ONLINE EXTRA

To read the indictment, go to http://go.philly.com/probe

2 Ex-computer Aides Of Fumo Indicted (PHI)

By Michael Hinkelman

The Philadelphia Inquirer, June 28, 2006

Two former computer aides of state Sen. Vince Fumo were indicted yesterday by a federal grand jury on charges of obstructing justice.

Leonard Luchko, 49, and Mark Eister, 36, were arrested at their homes on May 31 and charged in a criminal complaint accompanied by a 65-page affidavit from an FBI agent.

Yesterday's 70-page, 34-count indictment was basically a formality, and there were no new bombshells in the charging papers.

A federal grand jury charged that Luchko and Eister, who resigned their Senate jobs last month, conspired to delete and destroy e-mails between November 2003 and October 2005 to foil a federal criminal probe of Fumo and a Fumo-backed community group, the Citizens Alliance for Better Neighborhoods Inc.

The feds are investigating whether Fumo used his office to extort donations for the group and whether those donations improperly benefitted him personally or politically.

Fumo has not been charged with any wrongdoing, and his attorney, Richard A. Sprague, has said that Luchko and Eister are "victims" of a process that is attempting "to get" Fumo.

Ruth Arnao, the community group's former executive director and a one-time top aide to Fumo, has been informed by federal prosecutors that she is a target of the investigation.

The indictment, which identifies only Luchko and Eister by name, alleges that the two men:

• Systematically destroyed e- mails sent to or received from Fumo and Arnao;

• Created and implemented schedules to run computer programs that erased any trace of deleted electronic files from computer hard drives;

• Instructed Fumo's employees not to save any e-mails sent to or received from Fumo;

• Logged in to e-mail accounts of Fumo's employees to scan their e-mail to see if they were saving any Fumo-related e-mail; and

• Deleted and wiped other electronic devices, such as BlackBerries, used by Fumo and Arnao, among others.

The indictment also alleges that Luchko and Eister, as well as their unindicted co-conspirators, succeeded in permanently erasing virtually all such e-mails before 2005.

If convicted, Luchko and Eister could face up to four years in prison under federal sentencing guidelines.

James C. Schwartzman, Luchko's attorney, and Brian J. McMonagle, Eister's attorney, could not be reached for comment yesterday.

They have said that both Luchko and Eister intend to contest the charges at trial.

FBI Was Slow To Check Pellicano's Audio Lab (LAT)

By Greg Krikorian And Andrew Blankstein, Times Staff Writers

The Los Angeles Times, June 28, 2006

Agents waited almost two months to seize the taping equipment, court documents show.

Court documents released Tuesday show that FBI agents did not examine private investigator Anthony Pellicano's sophisticated audio lab during their initial November 2002 search of his Sunset Strip offices, raising new questions about the handling of the probe.

After the November search, the court documents show, FBI agents waited almost two months to seize computers and other items from the lab.

With prosecutors publicly acknowledging that they have only one allegedly wiretapped conversation on tape, the time lapse between searches raises the possibility that Pellicano or others could have removed audio files or potential evidence in the case from computers in the lab.

In recent court proceedings, federal prosecutors said they had seized 1,300 audio recordings from Pellicano's offices, nearly 300 of which remain encrypted.

The newly released documents also show that Anita Busch, a former Los Angeles Times reporter who was allegedly threatened at Pellicano's behest in June 2002, also told authorities that someone had hacked into her personal computer and tapped her telephone.

So far, Pellicano and 13 others have been charged in the federal probe of wiretapping, racketeering, witness tampering and other crimes. Seven of Pellicano's co-defendants already have pleaded guilty to charges ranging from lying to the FBI to hiring Pellicano to engage in illegal wiretapping.

He and his remaining co-defendants have pleaded not guilty to charges that they used wiretaps and illegal background checks to obtain "confidential, embarrassing or incriminating" information, typically to help attorneys and other clients gain an advantage in civil or criminal litigation.

They are scheduled to go on trial in October.

The court papers released Tuesday relate to three of six searches conducted by authorities in their investigation of Pellicano, which began after he was allegedly linked to the threat against Busch.

Investigating the threat, the FBI first raided Pellicano's offices in November 2002 and hauled away computers, data storage devices and other items, according to the search warrant documents, including affidavits, signed by the lead agent in the case, Stanley Ornellas.

In a January 2003 affidavit, Ornellas said he had spoken to an agent who had participated in the earlier search and was told that nothing was taken from the audio lab at Pellicano's offices.

"Moreover," Ornellas wrote, "a number of computers located within the audio lab were not searched or seized, as the searching agents in their discretion determined that the items to be seized pursuant to the initial warrant … were unlikely to be found in that portion of the premises."

The FBI and U.S. attorney's office declined to comment Tuesday about the handling of the searches.

Former federal prosecutor Orin Kerr said it was not clear if the searches should have been handled differently. "The bottom line is it's hard to tell whether this was a missed opportunity or poor judgment," said the cybercrimes specialist and George Washington University law professor.

"The problem with computers is that you don't know what is in them until you look at them. So when [authorities] enter a business with dozens of computers, they need to decide: do they take every one or be more selective … it's a classic problem with digital evidence."

The threat that triggered the Pellicano probe was made to look like a mafia warning. Busch, then a Times reporter who has since left the paper, found a note that said "Stop" and a dead fish with a rose in its mouth on the windshield of her car.

A few days later, she reported that someone had hacked into her computer and stolen e-mails from two online accounts, according to the newly released documents.

Over the next two months, she also found her computer hard drive had been infected with a virus that intercepted passwords and document files and sent information through e-mail to an unknown location. She deleted the virus, and her hard drive crashed.

After detecting problems with her telephone answering machine, she contacted a technician at Pacific Bell in November 2002.

The technician told Busch that he had "never seen a problem like hers." Busch contacted Pacific Bell a second time and was told by an employee that a "half tap" — or wiretap — had been placed on her second home phone line.

The court papers also included additional details about the involvement of Alexander Proctor, an ex-convict who was arrested for allegedly placing the note and dead fish on Busch's windshield.

According to the search warrant affidavits, Proctor told a government informant in August that he owed Pellicano $14,000 and claimed that actor Steven Seagal had hired Pellicano to threaten a reporter who was preparing an article on the actor.

Authorities have since said they found no convincing evidence that the actor was involved.

Proctor said Pellicano had agreed to pay him $10,000 "for the job involving the reporter," but was so pleased with Proctor's work that Pellicano wiped out the debt and told him they were even, the affidavit said.

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Proctor told the informant a week later that he was waiting to hear from the private eye about "other jobs," but that Pellicano was waiting for up-front payments from those clients. For one of the jobs, Pellicano allegedly said he would pay Proctor $100,000 to get a wanted Israeli murder suspect out of the U.S.

Judge Declines To Release Galante, For Now (DANNT)

By Karen Ali, THE NEWS-TIMES

Danbury News-Times, June 28, 2006

NEW HAVEN — A federal judge is open to the idea of releasing Danbury trash kingpin James Galante from federal detention and putting him under some type of house arrest while his racketeering case is pending.

At a lengthy hearing on Tuesday, U.S. District Court Judge Ellen Bree Burns said she wants more information from Galante's defense lawyer, Hugh Keefe, on how such an arrangement would work before letting Galante out of jail.

While she is "amenable" to such an arrangement, she won't allow Galante to go back to work at the helm of Automated Waste Disposal in Danbury, Burns told Keefe.

"Don't suggest to me he go to work because that would put him in contact with witnesses," Burns said. She said "there is a danger with him tampering with witnesses."

Several of the co-defendants are Galante's employees.

Earlier in the hearing, Keefe asked Burns to let Galante go back to work if she released him from custody.

Keefe asked the judge to place Galante under "house arrest," to wear an ankle bracelet and to have a home monitoring system.

Burns wants more specifics, however, and in writing. So, Burns continued the case for 72 hours, which is also the amount of time it takes for electronic monitoring to be set up, she said.

Burns said she understood the issue Keefe raised at the hearing, which is that Keefe is having difficulty communicating with his client because his client, for most of the 18 days since his indictment, has been jailed in a federal prison in Rhode Island. Keefe told Burns it would be much easier for him to communicate with his client if he was living in Danbury.

Judge Declines To Release Indicted Trash Magnate, For Now (AP)

Associated Press

AP, June 28, 2006

NEW HAVEN, Conn. -- A federal judge on Tuesday declined to release a Danbury businessman imprisoned in an investigation of the mob's influence on the trash industry, after federal prosecutors alleged a pattern of witness tampering.

U.S. District Judge Ellen Bree Burns, however, gave the lawyer for businessman James Galante 72 hours to come up with conditions for his proposed release that would guard against witness tampering.

Hugh Keefe, Galante's attorney, questioned why Galante is being detained while other suspects in the investigation have been released on bond. He also said it has been difficult to communicate with Galante in the Rhode Island federal detention center where he is being held.

Burns said she understood Keefe's concerns.

"At the same time, however, I am persuaded there is a danger that there may be some tampering with witnesses," Burns said. "I can't permit that."

The judge's comments came after a lengthy hearing Tuesday in which prosecutors played tapes of intercepted phone calls and cited other evidence of what they said were attempts to influence witnesses.

Galante, whose businesses handle about 80 percent of southwestern Connecticut's garbage, was arrested earlier this month in a Mafia case and ordered held without bail. He has been charged with racketeering, extortion and witness tampering.

Federal prosecutors say Galante carved out exclusive routes for his companies and paid Genovese crime family boss Matthew "Matty the Horse" Ianniello $120,000 a year for mob muscle to enforce his territories. That meant higher prices for businesses and homeowners, authorities said.

Most of the other defendants in the investigation were arraigned Monday. Former Waterbury Mayor Joseph Santopietro pleaded not guilty Monday to charges he participated in the scheme.

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Keefe argued that Galante is being treated unfairly. He is the only person among 29 charged being held without bail, his family's bank accounts are frozen and his multimillion-dollar trash conglomerate is being run by federal marshals.

Keefe questioned why Galante is being held when Ianniello has been released on bond.

"I think what they want to do is deprive him of effective assistance of counsel," Keefe said. "All I want for you, here, is to even the playing field."

Prosecutors said they were concerned Galante would try to influence witnesses, but Keefe said that was speculative.

Prosecutors cited telephone conversations recorded by the FBI in which Galante at times talks menacingly about his competitors.

"What I have to do, tell him, is hurt you," Galante was recorded instructing a subordinate during a 2005 dispute with a rival company.

Most of the threats played in court, however, were delivered by subordinates who were released on bail.

Gotti Says He'll Leave NY If Cleared (SFC/AP)

San Francisco Chronicle, June 28, 2006

(06-27) 06:44 PDT New York (AP) --

Facing his third trial on racketeering charges, the son of the late mob boss John Gotti says he will leave New York this time if he's exonerated.

"I can't stay in New York," John "Junior" Gotti, whose father died in prison, told the Daily News. "I'm alone in this world. I'm a man without an island."

Gotti, 42, is scheduled to go on trial again in August after two previous juries deadlocked on charges alleging he arranged the beating of Guardian Angels founder and radio host Curtis Sliwa.

Gotti's lawyers have argued that he gave up all mob activities after he pleaded guilty in another racketeering case in 1999.

"There are men dying in prison for that life," Gotti said. "It's like a religion. But it's their religion, not my religion."

He said his father — "the consummate tough guy" — didn't understand why he pleaded guilty in the 1999 case.

"I told him I got children. I got a son named John Gotti Jr. What can he expect to be in this life?" he told the Daily News. He said his father eventually understood his obligations to his family.

"To this day, my father is a god to me," Gotti said.

GOTTI IS TRYING TO BURY MURDER EVIDENCE (NYPOST)

By Kati Cornel

The New York Post, June 28, 2006

Faced with an onslaught of new charges, John "Junior" Gotti is fighting to keep damaging evidence of his alleged role in a double murder and a money-laundering scheme away from jurors at his upcoming racketeering trial.

In a strange twist of logic, Gotti's lawyers conceded that the government has "ample evidence" to show that the former mob leader was involved in "murders or violence" - and therefore don't need to touch on the slayings of Thomas and Rosemary Uva.

Prosecutors are seeking to show how Gotti put the wheels in motion for the 1992 double hit on the husband and wife robbery team, who raised the ire of the Gambino crime family by targeting Mafia social clubs.

Gotti is not charged with the Uva murders, but the feds are seeking to show the killings were among many crimes that he had a hand in as a powerful member of an ongoing criminal enterprise.

Ex-FBI Agent Testifies On Disputed Bulger Visit (BOS)

By Shelley Murphy, Globe Staff

The Boston Globe, June 28, 2006

A retired FBI agent testified yesterday that he had just finished having dinner with informants James ``Whitey'' Bulger and Stephen ``The Rifleman'' Flemmi at a South Boston home in 1983 when Bulger's brother, then-Massachusetts Senate President William Bulger , showed up unexpectedly.

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``He had some photographs from a recent trip to Ireland," said James Ring , recounting how William Bulger stayed for about 10 minutes at Flemmi's parents' home, showing off photos.

Ring's testimony was a repeat of his statements during federal court hearings in 1998 about William Bulger's appearance at a meeting of his brother with FBI agents. William Bulger, testifying three years ago before a congressional committee investigating his brother's relationship with the FBI, said he had no memory of any such dinner.

Then-FBI agent John J. Connolly Jr., who was later convicted of racketeering for his handling of James Bulger and Flemmi, had arranged the dinner and was present, Ring said yesterday. Ring said he was surprised by William Bulger's arrival and said Connolly told him later that the politician lived next door to Flemmi's elderly parents and that the Bulgers ``somewhat looked after" Flemmi's folks.

Ring, who supervised the organized crime squad in the FBI's Boston office from January 1983 through 1990, testified for the government, which is facing a $50 million wrongful death suit over its handling of Bulger and Flemmi. The suit has been brought by the family of John McIntyre, which blames the government for the Quincy fisherman's murder. Flemmi has testified he and Bulger killed McIntyre, 32, on Nov. 30, 1984, because Connolly had warned them that McIntyre was cooperating against them in their unsuccessful effort to ship guns to the Irish Republican Army.

Flemmi, who is serving a life sentence for 10 murders, also has testified that he and Bulger gave money or gifts to FBI agents, including Ring. He said that they gave Ring an expensive meerschaum pipe and alleged that Ring telephoned him at his mother's house in 1980 to warn him that an associate's telephone was tapped.

Ring, who joined the FBI's Boston office in 1983, testified yesterday that he never warned Flemmi of the wiretap and had never called Flemmi's mother's house. He also said he had never received any gifts from Bulger and Flemmi. Ring acknowledged that he has two meerschaum pipes -- one given to him by his ex-wife's grandfather in 1960, and another, cheaper version he bought for $10.

As for the Bulger dinner, US District Judge Reginald C. Lindsay asked Ring whether he thought it inappropriate to share dinner with informants.

``I didn't think it was inappropriate at the time," said Ring, who said there was ``a certain amount of bonding with informants" and ``many good reasons" to sit and share a meal with them.

Ring is expected to retake the stand today.

Hunt For Bulger Lands In Chicago (BOS)

By Shelley Murphy, Globe Staff

The Boston Globe, June 28, 2006

The hunt for fugitive gangster James ``Whitey" Bulger has led to Chicago, where investigators from Boston delivered subpoenas to two labor union officials last week and seized a Palm Pilot from one of them, lawyers involved in the investigation said.

The PDA was taken Thursday during a search of the union office of Charles Dunn, a business representative for Chicago's Local 134 of the International Brotherhood of Electrical Workers, said Chicago attorney Patrick Deady, a partner in the law firm Hogan Marren, which represents the union.

The Bulger Task Force is seeking to question Dunn and Michael Caddigan, the office manager of Local 134, as part of its investigation, Deady said.

``We're unaware of any contact between these two guys and Whitey Bulger," said Deady, adding that authorities told the union the FBI was following up on a lead in its hunt for Bulger. He was unaware what that lead was.

Robert Krekorian, chief of staff for US Attorney Michael J. Sullivan, said last night that he could ``not confirm or deny any specific investigative activity."

The search for Bulger, 76, has led investigators to Chicago in the past. Bulger's former associate, Kevin J. Weeks, has told investigators that he delivered phony identification to Bulger in Chicago in August 1996.

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A statement released by Hogan Marren last night said the union ``is not a target of any federal investigation" and had cooperated with federal agents who came to the Union Hall to discuss ``an ongoing investigation of a case in Boston totally unrelated to IBEW, Local 134."

Neither Caddigan nor Dunn could be reached for comment last night.

Bulger, who fled Boston just before his January 1995 federal racketeering indictment, is one of the FBI's 10 Most Wanted. After he fled, he was outed as a longtime FBI informant and charged in a new indictment with 19 murders.

His former handler, retired FBI agent John J. Connolly Jr., was convicted in 2002 of racketeering for protecting Bulger and warning him to flee in advance of his indictment. Connolly is serving 10 years in prison.

Jury In Aryan Brotherhood Trial In U.S. Must Decide Whether To Believe Killers (FINDLAW/AP)

By Gillian Flaccus, Associated Press Writer

AP, June 28, 2006

(AP) - SANTA ANA, California-Convicted murderers, gang members and jailhouse informants have paraded past jurors for nearly four months in the U.S. federal government's racketeering case against the notorious Aryan Brotherhood prison gang.

Now, with the trial about to enter its final weeks, the jury will soon have to decide who to believe: the government, whose case rests on the testimony of admitted killers, or attorneys for the white supremacists accused of plotting and ordering many of those murders from behind bars.

Even the defense team, which has chided the U.S. Attorney's Office for its reliance on jailhouse snitches, plans to present testimony this week from a rival gang member and other inmates in a trial peppered with tales of violence and racial strife.

Attorneys on both sides are "using and choosing from the best of the worst," said Melissa Carr, an Anti-Defamation League special projects investigator monitoring the trial.

"There were a couple instances where I caught jurors rolling their eyes and looking around for confirmation, like 'Did I just hear that? Did he say what I thought he said?'"

The trial is set to resume Tuesday after a break of nearly three weeks. Closing arguments are expected early next month.

The four defendants are alleged Aryan Brotherhood leaders implicated in many of the 32 murders and attempted murders detailed in the federal indictment against the white supremacist gang.

Of the 40 men initially charged, as many as 16 could face the death penalty in a series of trials that together make up one of the biggest federal death penalty cases in U.S. history.

On trial in Santa Ana are Barry "The Baron" Mills, Tyler "The Hulk" Bingham, Edgar "The Snail" Hevle and Christopher Overton Gibson. Among other things, Mills and Bingham are accused of ordering a 1997 race war at a prison in Lewisburg, Pennsylvania, that led to the deaths of two black inmates.

From the beginning, the testimony has been disturbing.

Jurors have heard graphic descriptions of dozens of murders and attempted murders, including one in which the attacker licked the dead man's blood from his hands while laughing hysterically.

Nearly all of the witnesses have been former members of the Aryan Brotherhood. In their testimony, they described schemes to transmit messages in invisible ink made from urine and the use of "runners" - usually inmates' female friends - who hid knives and drugs in their rectums or genitals when they visited.

The government's first witness, Clifford Smith, took the stand wearing an eye patch and casually admitted killing 21 people, including a man whom he said he stabbed 37 times for calling him a "punk" in front of his daughter.

Smith also admitted - under vigorous cross-examination by the defense - that he had perjured himself while testifying for the government in a death penalty case involving the Hells Angels.

"I would stick with the script that we had wrote and try to sell whatever we was trying to sell," Smith said. "You caught me - what can I do?"

Trial-watchers said the government had little choice about using the witnesses but wonder if the jury will buy their testimony. The U.S. Attorney's Office declined to comment.

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Defense lawyers have portrayed their clients as aging inmates who were forced to join a gang to survive. The men arrive in court each day wearing tortoise-shell eyeglasses and shirts with button-down collars. All have graying handlebar mustaches.

Charges Call Doctor A Fraud With Patients, Immigrants (FREEP)

By Naomi R. Patton, Free Press Staff Writer

Detroit Free Press, June 28, 2006

A Dearborn-based physician was indicted Friday in federal court on 39 counts of fraud in health care and immigration.

The indictment accuses Dr. Ali S. Makki, 46, of boosting his reimbursement payments by billing Medicare for:

Seeing patients when he was not in his Greenfield Road office and for office visits that never occurred.

Reporting services, tests and procedures that were not performed.

Ordering tests and procedures that were medically unnecessary.

Selling prescriptions for painkillers to people he did not regularly see as patients.

Harold Gurewitz, Makki's attorney, waived a reading of the indictment, preventing testimony from a government witness.

U.S. Magistrate Mona Majzoub entered a plea of not guilty.

According to the indictment, Makki ordered dozens of unnecessary diagnostic tests for new Medicare patients, including blood tests, x-rays and echocardiograms.

He falsely certified giving medical examinations and vaccinations, such as tuberculosis skin tests, the indictment says.

Between May 2003 and July 2004, the indictment says, Makki charged more than 500 patients $150 each in cash -- a total of more than $76,000 -- to complete medical forms for green card applications.

The indictment says Makki also charged immigrants $300-$400 for a separate INS form, saying a "mental or medical condition" prevented the applicants from taking and passing both English and civics tests required for U.S. citizenship.

If convicted, Makki would be forced to forfeit at least $75,980 seized from his home in July 2004. He could lose his medical license. He would also face a maximum 10-year prison sentence and a $250,000 fine.

Makki is in the Wayne County Jail pending a detention-bond hearing scheduled for Monday afternoon. He was arrested Friday afternoon at Detroit Metro Airport, returning from an extended trip to Lebanon.

Assistant U.S. Attorney James Mitzelfeld requested that Makki be detained as a potential flight risk.

Gurewitz said he didn't see the basis for detaining Makki.

"He obviously has substantial ties to the community," Gurewitz said.

Majzoub said she agreed, but added a detention hearing was necessary.

Dearborn Physician Held On Fraud Charges (DEN)

Detroit News, June 28, 2006

U.S. attorney's 40-page indictment alleges doctor billed Medicare for tests he never gave to patients.

DETROIT -- Federal officials arrested a Dearborn physician on health care fraud charges Friday.

An indictment alleges the doctor billed for office visits while away on a Caribbean cruise and other vacations and certified 512 immigrant patients as tuberculosis-free when he had not given them the skin tests for which he billed Medicare.

Dr. Ali Makki, 46, is accused of defrauding the federal government of more than $500,000. If convicted, he faces loss of his medical license and up to 10 years in prison on each fraud count.

Makki also provided two immigrants who tested positive for syphilis with "negative" test results, because he signed the paperwork before the test results were available, the U.S. attorney's office alleges in a 40-count indictment unsealed Friday.

Agents arrested Makki at Detroit Metropolitan Airport when he returned on a flight from Lebanon by way of Paris.

Makki pleaded not guilty at his arraignment in U.S. District Court late Friday afternoon and was ordered held until Monday for a detention hearing.

The indictment also alleges Makki billed Medicare for complicated medical procedures he did not perform. He also was said to have ordered and billed for thousands of unnecessary medical tests, and dispensed controlled drugs without a legitimate medical purpose.

One patient paid $55 to $60 cash for each of his 246 visits to Makki during a 19-month period to get the painkiller Vicodin, the indictment alleges.

You can reach Paul Egan at (313) 222-2069 or pegan@detnews.com.

"Railroad Killer" Executed In Texas Death (AP)

By Michael Graczyk, ASSOCIATED PRESS WRITER

AP, June 28, 2006

HUNTSVILLE, Texas -- The last ride for infamous train-hopping serial killer Angel Maturino Resendiz was in a Texas prison van, from death row to the death house.

Resendiz, 46, received lethal injection Tuesday evening for the fatal stabbing and beating of a Houston-area physician 7 1/2 years ago. He had roamed the country by jumping aboard freight trains and was linked to at least 15 indiscriminate murders near railroad tracks around the nation, earning him the nickname the "Railroad Killer" and a spot on the FBI's Most Wanted list.

The Mexican drifter, speaking from the death chamber gurney, asked for forgiveness from God and from relatives of some of his victims watching through a glass a few feet away. He then was executed for the slaying of Claudia Benton, 39, at her West University Place home during a deadly spree in 1998 and 1999.

"You did not deserve this," he said, looking at them, his feet nervously tapping under a white sheet. "I deserve what I am getting."

Seven minutes later, he was pronounced dead.

Benton's husband, George, was among those watching him die.

"It was very hollow," Benton said of Resendiz's final comments. "He never experienced any sense of remorse or sense of guilt in the past. He was very manipulative. He was a very smart man, he knew how to manipulate society. He knew how to manipulate our system, so I found it very shallow."

The punishment, the 13th this year in the nation's busiest death penalty state, was delayed for two hours while multiple appeals were considered by the U.S. Supreme Court.

Benton was stabbed with a kitchen knife, beaten 19 times with a 2-foot-tall bronze statue and raped in her home eight days before Christmas in 1998 in the Houston enclave, just down the street from a railroad track.

Her death was among eight in Texas linked to Resendiz. Two more were tied to him in both Illinois and Florida, and one each in Kentucky, California and Georgia.

At midday Tuesday, Resendiz, handcuffed and shackled, was put aboard a van at death row at a prison near Livingston and transferred to the death chamber at the Texas Department of Criminal Justice Huntsville Unit, about 45 miles to the west.

"He was very polite and listened silently as the warden talked," prison spokesman Michelle Lyons said of Resendiz's arrival in Huntsville. "He wanted to make phone calls to some of his family."

Appeals that delayed the punishment focused on his competency, the constitutionality of the lethal injection procedure and a lower court's ruling that barred additional appeals because an earlier court-appointed lawyer missed legal deadlines for appeals. Another appeal claimed the Inter-American Commission on Human Rights, a Washington-based international group that investigates human rights violations, should have had time to review Resendiz's case. The Mexican government filed an appeal of a lower court ruling that said Mexico could not be party to the Resendiz case.

Resendiz's lead appeals lawyer, Jack Zimmermann, of Houston, argued Resendiz believed he was half-man and half-angel and told psychiatrists he couldn't be executed because he didn't believe he could die. Federal courts have ruled inmates are ineligible for execution if they don't understand they will be put to death, when they are being put to death and why they are being put to death.

"I thought the evidence was overwhelming in our favor," Zimmermann said.

Late Tuesday afternoon, several people from the Mexican consulate in Houston were in Huntsville but did not see Resendiz. Capital punishment is not allowed in Mexico.

"The execution was carried out despite the existence of medical evidence of severe mental problems that, in principle, should have excluded the application of this penalty," Mexico's Foreign Relations Department said in a statement.

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George Benton said Mexican citizens "who have come to pursue a better life through hard work and sacrifice should be ashamed and embarrassed of the Mexican government's financial support for the death penalty appeals of this killer."

"And I would be every bit as ashamed in my government if they were supporting a U.S. citizen who had gone into Mexico and killed random Mexican citizens without cause," Benton added.

The Border Patrol picked up Resendiz for illegal entry in June 1999 near El Paso and released him back into Mexico, saying they were unaware Resendiz - who used some 30 aliases - was on the FBI's Most Wanted list. He committed four slayings after his release.

Resendiz's killings began with a murder in San Antonio in 1986. Benton was among 13 people killed over a 16-month period that ended in June 1999 with a double slaying in Illinois.

A month later, Resendiz walked across the international bridge at El Paso and surrendered to a Texas Ranger as part of a deal arranged by his sister in New Mexico.

The sister, Manuela Karkiewicz, was among six people Resendiz selected to watch him die.

Resendiz initially was tied to more than one slaying through DNA matches from the Benton killing and the slayings 4 1/2 months later of Weimar church pastor Norman "Skip" Sirnic, and his wife, Karen.

The couple was fatally beaten May 2, 1999, with a sledgehammer as they slept in their house adjacent to their church and across the street from a railroad track that runs through the heart of their small town about 100 miles west of Houston. Like Benton, Karen Sirnic was raped.

In an interview with The Associated Press shortly after arriving on death row in 2000, Resendiz said he remembered each of his attacks and compared them to watching something through a tunnel.

"Everything you see is in a distance," he said. "Everything is slow and silent."

He said some murders were in response to the deaths of the Branch Davidians in Waco, others on Serbian atrocities. Others he blamed on his anti-abortion beliefs or because he believed the victims may have been homosexual.

Texas Executes The 'Railway Killer' (NYT)

By Steve Barnes

The New York Times, June 28, 2006

Ángel Maturino Resendiz, a Mexican known as the railway killer who was convicted of one murder and linked by the authorities to at least 12 others, was executed last night by injection at the Huntsville, Tex., prison. Repeated appeals to state and federal courts ended when the United States Supreme Court declined to intervene, and a protest by the Mexican government was unavailing.

A jury sentenced Mr. Resendiz, 46, to death for the rape and murder in 1998 of Dr. Claudia Benton, a medical researcher, at her house in Houston. Investigators said forensic evidence and, in some cases, Mr. Resendiz's statements implicated him in two years of killings in California, Florida, Georgia, Illinois, Kentucky and Texas that ended in 1999, when his half-sister helped arrange his surrender.

Catching Mr. Resendiz was made more difficult, detectives said, by his 30 aliases and a nomadic style of life, in which he hopped freight trains. Many of his suspected victims were found near rail lines and buildings.

Defense lawyers insisted that Mr. Resendiz was a paranoid schizophrenic, unable before or after Dr. Benton's murder to know right from wrong. A succession of judges found that Mr. Resendiz met the Supreme Court standard of sanity. He was pronounced dead at 9:05 Eastern time. "Lord forgive me," Mr. Resendiz said on the gurney in the death chamber. Turning to his victims' relatives in the observation room, he said, "I deserve what I am getting."

One appeal had argued that the drugs used in his execution could produce a silent but agonizing death in defiance of the prohibition against cruel and unusual punishment.

Tennessee Holds 1st Execution In 45 Years (AP)

By Rose French, Associated Press

AP, June 28, 2006

DOJ_NMG_0036981

NASHVILLE, Tenn. -- The state carried out only its second execution in 45 years early Wednesday after a federal appeals court panel lifted a stay of execution granted by one of its own judges.

Sedley Alley's execution had been scheduled to take place within hours of another, but a federal judge issued a stay late Tuesday afternoon for the other condemned man.

Alley, 50, was pronounced dead at 3:12 a.m. EDT Wednesday. He had confessed to killing 19-year-old Marine Suzanne Collins in 1985 while she jogged near a Navy base north of Memphis.

Alley claimed at trial that he was not responsible for the murder because he had multiple personalities. But in 2004, he recanted his confession, argued he was innocent and said DNA testing could prove it.

Judge Gilbert S. Merritt on the 6th Circuit Court of Appeals had issued a stay for Alley after a last-minute appeal was delivered to his home in Nashville.

But his colleagues on the appeals court -- Chief Judge Danny J. Boggs and Judge James L. Ryan -- overruled the order. A third judge on the panel was unavailable to participate in the decision.

The judges suggested it was improper for a single judge to "take under consideration a matter for which the district courts and the court of appeals are competent to consider."

Gov. Phil Bredesen and the U.S. Supreme Court had already rejected all requests for a stay Tuesday.

Alley's stay came only hours after federal Judge Todd Campbell halted the scheduled execution of another inmate, Paul Dennis Reid.

Campbell's stay was to give time to determine whether Reid was mentally competent to drop his appeals of seven death sentences tied to a string of 1997 murders in the Clarksville area.

Tennessee Attorney General Paul Summers appealed both stays.

Alley was scheduled to die May 17, but got a reprieve to seek court permission for the DNA testing. His defense team, led by Barry Scheck of the nonprofit legal clinic Innocence Project, failed to persuade the state courts to release crime-scene evidence for testing.

Reid, 48, a former Texas drifter with music ambitions, was convicted of murdering seven people at three Tennessee restaurants in 1997 after he was fired from his job as a dishwasher. He came within hours of execution in 2003 before he was talked into resuming his appeals and got a stay.

Reid and Alley have been on death watch since the weekend at Riverbend Maximum Security Institution in Nashville.

The last Tennessee inmate executed was a convicted child rapist and murderer put to death in 2000. Before that, the last execution was by electric chair in 1960.

Tennessee has 103 inmates on death row.

Only four states -- Arkansas, Illinois, South Carolina and Texas -- have conducted double executions since the death penalty was reinstated in 1976, according to the Death Penalty Information Center in Washington.

Associated Press writers Kristin M. Hall and Lucas L. Johnson II in Nashville contributed to this report.

US Justice Department Asked To Submit Brief In Oklahoma Case (AP)

AP, June 28, 2006

OKLAHOMA CITY (AP) _ The US Supreme Court is asking the Justice Department to file a brief in an appeal filed by an Oklahoma death row inmate.

Attorneys for Patrick Murphy are asking for a new trial on the grounds that Murphy and the victim are Indians, the crime took place on tribal land and the case should've been prosecuted in federal court instead of state court.

Murphy was convicted and sentenced to die for killing George Jacobs in 1999 in McIntosh County.

A state appeals court has rejected Murphy's appeal and now the Supreme Court is asking the US solicitor general for an opinion on whether a new trial is deserved.

Federal Judge Orders Missouri To Stop All Executions (LAT)

By Henry Weinstein

The Los Angeles Times, June 28, 2006

A federal judge in Missouri has ordered a halt to all executions carried out by that state until it changes its lethal-injection procedures.

The current system, U.S. District Judge Fernando J. Gaitan Jr. said in a Monday ruling, creates an unnecessary risk that an inmate could be subjected to "unconstitutional pain and suffering when the lethal-injection drugs are administered." He gave corrections officials until July 15 to come up with new procedures.

In a related development, a federal judge in Little Rock, Ark., on Monday stayed an execution on grounds that if the condemned inmate "remains or becomes conscious during the execution, he will suffer intense pain that will never be rectified." Judge Susan Webber Wright postponed the execution until there could be a full hearing on the issue, which could be months away.

The U.S. Supreme Court in May ruled that inmates could challenge lethal-injection procedures. The two rulings this week, said Fordham University law professor Deborah W. Denno, show that "courts are taking this seriously, and there will be more challenges."

In recent years, lethal injection has become the dominant mode of execution in the U.S. The 38 states that have capital punishment laws, including California, use a three-stage procedure that masks pain during an execution, rather than preventing it.

The first drug administered, the sedative sodium thiopental, is meant to deaden pain; the second, pancuronium bromide, is a paralytic that immobilizes the prisoner; the third agent, potassium chloride, stops the heart.

Sedative dosages at times have been inadequate to anesthetize inmates, according to testimony in cases asserting that lethal-injection procedures violate the 8th Amendment prohibition against cruel and unusual punishment.

U.S. District Judge Jeremy Fogel in San Jose has scheduled a two-day hearing in September to review California's procedure. Earlier this year, Fogel raised questions about the lethal-injection protocol, which prompted the state in February to call off the execution of Michael A. Morales.

In Missouri, the challenge was raised by Michael Taylor, who was sentenced to death for the 1989 murder of a 15-year-old girl. Missouri has executed 66 people by lethal injection, the fourth highest total in the nation.

Gaitan said he was particularly troubled that the doctor — identified only as John Doe 1 — who mixes the three-drug cocktail used in Missouri executions is dyslexic and admitted during a hearing that he has difficulty reading numbers.

"The court … is gravely concerned that a physician who is solely responsible for directly mixing the drugs which will be responsible for humanely ending the life of condemned inmates has a condition which causes him confusion with regard to numbers," Gaitan wrote in his 15-page ruling.

In addition, Gaitan said, Missouri does not have a formal written protocol for how lethal injections are to be administered. John Doe 1, in a recent deposition, said that he had administered only 2.5 grams of the sodium thiopental, rather than the normal 5 grams, in several executions.

Dr. Mark Heath, an assistant professor of clinical anesthesiology at Columbia University in New York who has testified in numerous lethal-injection challenges, testified that he believed Missouri was the only state without a written protocol.

Gaitan said he wanted the Missouri Department of Corrections to require that a board-certified anesthesiologist mix the drugs; institute better monitoring so that adequate anesthetic is given to the inmate; and formulate a contingency plan in the event a problem develops during the execution.

John Fougere, a spokesman for Missouri Atty. Gen. Jay Nixon, said his office would work with corrections officials to comply with Gaitan's order.

"We want to make sure execution in Missouri is predictable, humane and efficient," Fougere said.

Research Center Created To Study Evolving Threats Of Identity Fraud (WSJ)

By Christopher Conkey

The Wall Street Journal, June 28, 2006

DOJ_NMG_0036983

WASHINGTON -- A group of government agencies, corporations and universities are launching a research center dedicated to studying the evolving threat of identity fraud.

The Secret Service and Federal Bureau of Investigation today will join with International Business Machines Corp. and information-services firm LexisNexis, a division of Reed Elsevier Group PLC, to announce the Center for Identity Management and Information Protection, or CIMIP, at Utica College in New York. The center, initially funded with a combination of grants and corporate donations totaling about $500,000, aims to integrate various public and private efforts to study the national-security implications and other threats posed by identity fraud.

"We looked around and said, 'Who's taking a leadership role in pulling together the various stakeholders?' " said Norm Willox, chief executive of special services at LexisNexis, the company's unit that provides risk-management tools to government agencies. "There was a void."

CIMIP will be led by Gary Gordon, a professor of economic crime management at Utica College, who has long ties to federal agencies like the Secret Service, which investigates financial crimes. Brian Nagel, deputy director of the Secret Service, said the agency's criminal division will share its case files with CIMIP so it can identify criminal patterns, something that is hard for agents immersed in individual cases to do.

Identity fraud is a broad term referring to the illegal use of another's personal data, from common "transactional" crimes involving credit and debit cards to more pernicious activities such as opening new accounts and taking over existing ones. Recent data security breaches at the Department of Veterans Affairs and other agencies have heightened concerns, and Congress is weighing proposals to combat identity crimes. Studies have shown that identity fraud costs businesses $50 billion annually and that roughly 4% of the adult population is affected each year.

Aside from causing personal harm to victims and added costs to businesses, identity fraud can also make it harder for the government to track or stop potential terrorists. "They can hide in plain sight," said Mr. Willox of LexisNexis. "It's a big problem for us."

Identity theft has "potentially disastrous effects on U.S. national security," said James H. Burrus, acting assistant director of the FBI's criminal investigative division in a statement. "The FBI looks forward to the opportunity to apply CIMIP research to more effective law enforcement and protection against threats to national security."

Judge Won't Release Hoffa Search Affidavit (FINDLAW/AP)

AP, June 28, 2006

(AP) - DETROIT-A U.S. district judge refused to order the release of an affidavit the FBI used to get a search warrant to dig for Jimmy Hoffa's remains at a southeastern Michigan horse farm.

"Granting public access to sensitive information in a sealed affidavit would not play a significant, positive role in the investigation," Judge Marianne Battani wrote Monday in response to a request by the Detroit Free Press to release the document.

Battani said the affidavit included "the details of a threat made to a witness" and other information that should not become public.

The FBI spent two weeks last month searching the Hidden Dreams Farm, 30 miles northwest of Detroit in Oakland County's Milford Township. Officials said they found no evidence of Hoffa's remains.

The former Teamsters union president was last seen July 30, 1975, the day he was supposed to meet a New Jersey Teamsters boss and a Detroit Mafia captain at a restaurant about 20 miles from the farm. Both of those men are now dead.

The newspaper had argued that the estimated $250,000 cost of the search gave the public an interest in the contents of the affidavit.

"Judge Battani didn't engage in a critical analysis of the government's claims," said Free Press lawyer Herschel Fink. He said editors would decide whether to appeal.

Jury Finds Serial Killer Guilty Of 4 Murders (LAT)

By Maeve Reston

The Los Angeles Times, June 28, 2006

DOJ_NMG_0036984

Serial killer Wayne Adam Ford was found guilty of four counts of first-degree murder today, making the former long-haul trucker eligible for the death penalty for the grisly slayings of four women across California.

A San Bernardino County jury delivered the verdict in the afternoon after deliberating for just over a week.

Ford, 44, walked into a Humboldt County sheriff's station in November 1998 with a woman's severed breast in a plastic bag in his pocket, and confessed to the sayings.

The Arcata trucker claimed the deaths were accidental, and had occurred during rough sex play. However, San Bernardino County Deputy Dist. Atty. J. David Mazurek told jurors that Ford preyed on young women to "satisfy his sexually sadistic appetite", and "got off" on their suffering when he tortured them.

Between 1997 and 1998, Ford allegedly picked up the women — prostitutes or hitchhikers — and bound, strangled, raped and, at times, beat them before dumping their bodies in waterways, Mazurek said.

The victims were found in Humboldt, Kern, San Joaquin and San Bernardino counties. Some of the bodies were dismembered.

Ford's attorney, Deputy Public Defender Joseph D. Canty, tried to convince the jury to find Ford guilty of a lesser charge — second-degree murder or manslaughter — that would have spared him from California's death row.

Canty said Ford realized that "something was wrong with him," and showed he was remorseful when he turned himself in. Canty argued that Ford, a retired U.S. Marine, was mired in depression, angry at his former wife — who he claimed was preventing him from seeing his young son — and struggling with other psychological problems, including borderline personality disorder.

The body of Ford's first victim was so mutilated that she has not been identified, and is known as Humboldt County Jane Doe. Ford is also charged in the deaths of prostitutes Patricia Ann Tamez, 29, of Hesperia; Tina Renee Gibbs, 26, of Las Vegas; and Lanett Deyon White, 25, of Fontana.

The cases were consolidated, and the San Bernardino County district attorney's office is prosecuting Ford for all the slayings. Ford's sentencing hearing is pending.

Reasonable Doubt At Duke (WP)

By Ruth Marcus

The Washington Post, June 28, 2006

At the start, I presumed they were guilty. The rape charges against three members of the Duke lacrosse team sounded like a plausible case of Jocks Gone Wild. It wasn't hard to imagine that a bunch of rowdy, hard-drinking players could have crossed the line from watching a paid dancer to sexually assaulting her.

After all, these were students who had plunked down $800 for a pair of strippers and were angry that their cash had bought only a few minutes of bare flesh. The show was called off when one player asked about sex toys and "said he would use the broomstick on us," according to the second dancer.

As the two women drove off, a neighbor reported hearing one of the partygoers yell a racial insult at the African American dancers: "Hey . . . thank your grandpa for my nice cotton shirt." Later that night, another teammate wrote a disgusting e-mail about plans to kill and skin "some strippers." One of the accused, Collin Finnerty, is to stand trial here next month in an incident in which he and two high school lacrosse buddies allegedly taunted a man, saying he was gay, and then beat him.

These don't sound like young men you'd want your daughter to date.

But the more evidence that has emerged in the case, the more it appears that there is way more than reasonable doubt that the three accused committed rape.

The paucity of physical evidence; the accuser's prior unsubstantiated rape charge; her changing stories that night; sloppy and unreliable identification procedures -- any of these alone, and certainly all of them together, make it hard to understand why the prosecution is going forward and impossible to imagine that it could win a conviction.

True, much of the evidence that's emerged so far has been selectively released by defense lawyers. But after a review of court filings and other material, here's what makes me doubtful:

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? There's almost no physical evidence. Two rounds of DNA testing failed to produce any evidence of semen from Duke players -- as might have been expected, given the accusation that the woman was orally, vaginally and anally penetrated, along with being choked, beaten and kicked. (DNA from one of the students, David Evans, may match material taken from the accuser's fake fingernail.) Indeed, although the prosecutor claimed the medical report found injuries consistent with sexual assault, the nurse-in-training who examined the woman found only swelling of the vaginal walls -- something that might be explained by the fact that the woman reported using a vibrator as she performed for a couple hours earlier.

? The second dancer told police that the rape charges were a "crock" and that she and the accuser had been apart for only five minutes at the party.

? The accuser made an earlier, seemingly unsubstantiated allegation of being the victim of a gang rape. She said she was attacked by three men in 1993, when she was 14, but didn't file a police report until three years later. The matter was dropped after she failed to provide a statement to the investigating officer.

? She gave six different accounts of what happened the night of the incident: She did not originally mention rape to the police when they found her in a car outside a grocery store; raised the rape allegation after being taken to a substance abuse facility; later said that "no one forced her to have sex"; and gave accounts of the alleged incident that differed in various ways, including the number of attackers and the type of assault.

? It's true, and totally understandable, that rape victims often provide inconsistent accounts. But even if a sexual assault did occur in this case, there's ample reason to question whether the right students were charged. The accuser said her attackers were named "Bret, Adam and Matt"; the indicted students are Reade, Collin and David.

Reade Seligmann's lawyer has presented evidence that during the post-midnight time frame in which the attack allegedly occurred, Seligmann called his girlfriend six times and another person twice (12:05 to 12:14); was picked up by a cab (12:19); used an ATM (12:24) and returned to his dorm (12:45). The lawyer tried to present this evidence to the prosecutor before the indictment but was rebuffed.

? In contravention of accepted practice, the photographs shown to the accuser included only members of the lacrosse team, no similar-looking "fillers." According to papers filed by David Evans's lawyer, the accuser failed to identify him in a photo lineup eight days after the party. In another test, three weeks after the incident, she selected his photo, telling investigators, "He looks like one of the guys who assaulted me, sort of." She said that she was "about 90 percent" certain but that the attacker had a mustache; Evans's lawyer says he's never had a mustache.

Perhaps there are facts yet to emerge to support Durham County District Attorney Mike Nifong's continuing certitude that a rape occurred -- though the confluence of Nifong's political interests and the prosecution is itself another reason for discomfort. He brought the first charges just before a primary in which the black vote played a key role.

In an odd way, I hope Nifong's proved right, because the alternative -- that he began with a dubious case and stuck with it as it became shakier -- is so troubling. As it stands now, the case isn't expected to go to trial until spring 2007. That seems like an awfully long time to wait to find out.

Coast Guard Cadet To Ask For Leniency (AP)

By Matt Apuzzo

AP, June 28, 2006

NEW LONDON, Conn. -- A Coast Guard Academy cadet was acquitted of rape charges but convicted on other sex-related charges in the institution's first-ever court-martial of a student.

Webster M. Smith was expected to ask the military jury for leniency at a sentencing hearing scheduled Wednesday.

Jurors on Tuesday deliberated eight hours before finding Smith, 23, of Houston, guilty of indecent assault, extortion, sodomy, failure to obey an order and absent without leave.

Smith, the first student in the school's 130-year history to be court-martialed, was stoic as the verdict was read, but wept afterward with his parents and lawyers by his side.

"This is an extraordinarily emotional time for him right now," said his attorney, Merle Smith, who is not related to the cadet. "There's so much emotion right now, both relief and also disappointment."

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Smith faces up to 13 1/2 years in prison, but his attorney said he would argue for little or no jail time.

Prosecutors, who declined to comment after the verdict, said Smith was a predator who took advantage of women when they were vulnerable.

The allegations were brought by four female cadets. The jury acquitted him of sexual misconduct charges involving three of the female cadets.

The rape case involved Smith's on-again, off-again girlfriend, who said she drank two bottles of wine at a party in Annapolis, Md., last summer and can't remember anything. She said she learned the next morning that they had had sex.

Smith testified Monday that the sex was consensual. He said the woman had been drinking but wasn't drunk when they had sex in his car outside a bar. Prosecutors say the sex happened much later that night, when she was passed out.

The indecent assault, extortion and sodomy charges stemmed from allegations by one of the other women.

That woman described a night in which she and Smith had a series of sexual encounters in her dorm room. The woman said she never protested because she was relying on Smith to keep a secret involving a crime that could have jeopardized her career.

Prosecutors said Smith held that secret over her, extorting her for sexual favors.

Smith said he never mentioned the secret and that the two had consensual oral sex.

Smith was not allowed to graduate with his class this spring and almost certainly will be kicked out of school and the Coast Guard.

CIVIL LAW:

State To Pay $8.3 Million To Settle Technology Fraud Claims (AP)

AP, June 28, 2006

INDIANAPOLIS - The state has agreed to pay nearly $8.3 million to settle allegations that an agency violated federal rules by not seeking competitive bids on Internet services and charging inflated prices.

The U.S. Department of Justice and the U.S. Attorney's Office for the Southern District of Indiana announced the settlement in a news release Tuesday.

The settlement covers allegations that the Intelenet Commission, which has been disbanded, failed false claims to the Federal Communications Commission's E-rate program, which provided money for Internet technology in schools and libraries.

The federal government claimed the state charged inflated prices for services provided to Indiana schools and libraries, falsified invoices, disregarded the requirement that schools and libraries make co-payments for expenses and failed to seek competitive bids.

The state cooperated with the investigation, the Justice Department said.

"The E-Rate Program makes federally mandated funds available to the poorest schools in the nation for Internet access and wiring," Peter D. Keisler, Assistant Attorney General for the Civil Division, said in the release. "False claims to this very important federal program will not be tolerated."

The Intelenet Commission has since been replaced by a new Office of Technology created by Gov. Mitch Daniels.

U.S. Asks Judge To Dismiss Budget Lawsuit (AP)

By KEN THOMAS, Associated Press Writer

AP, June 28, 2006

WASHINGTON (AP) - The Justice Department on Tuesday asked a federal judge to dismiss a lawsuit filed by House Democrats trying to stop a $39 billion deficit-reducing bill because the House and Senate failed to approve identical versions.

Lawyers for the government said the 11 House members lacked standing because they are not renters of medical equipment covered by the section of the bill or are in "any way personally affected or injured" by other provisions in the measure.

House Democrats have accused GOP leaders of abusing the legislative process and contend they were denied their right to vote on legislation signed into law by President Bush.

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Rep. John Conyers, D-Mich., the ranking member of the House Judiciary Committee and lead plaintiff, called the government's response "legally tenuous."

"In terms of standing, there is no more fundamental right in Congress than the right to vote, yet the administration would not only take this right away, but prevent duly elected members from asserting that right after it is taken away," he said.

The Senate version of the bill said Medicare can pay to rent some types of medical equipment for 13 months, as congressional negotiators had sought. A clerk erroneously wrote down 36 months before the bill was sent back to the House for a final vote, and the language was approved by the House on Feb. 1.

When the bill was sent to Bush for his signature, the number was back to 13 months as approved by the Senate.

The White House and Republican leaders in Congress have said the matter is settled because the mistake was technical and top House and Senate leaders certified the bill before transmitting it to the White House.

Conyers and 10 Democrats sued in late April in U.S. District Court in Detroit, asking a judge to declare that the act is not law and provide a temporary restraining order to bar its implementation.

Similar lawsuits have been filed in other states by an Alabama attorney and a Florida-based student loan consulting firm.

Brian Kennedy, a Justice Department attorney, wrote in the motion to U.S. District Judge Nancy Edmunds that the discrepancy would not have made a difference to the lawmakers' votes.

"They were opposed to the bill in either event," he wrote.

AT&T To Settle Fraud Case For $2.9M (BLOOM)

By Robert Schmidt, BLOOMBERG NEWS

Bloomberg, June 28, 2006

A unit of AT&T, the largest U.S. phone company, agreed to pay $2.9 million to resolve allegations that it defrauded the federal government.

The civil suit against AT&T Communications East, brought by a whistleblower and joined by the government, said the company defrauded the General Services Administration from 1998 to 2001 by passing on to government customers certain costs and fees in violation of its contract.

The U.S. Justice Department announced the settlement Tuesday in Washington.

The charges, known as Presubscribed Interexchange Carrier Charges, are a fee that long-distance companies pay to local phone companies to recover part of the cost for linking customers to the telephone network.

A spokesman for San Antonio-based AT&T didn't immediately return a call seeking comment.

Charities Tied To Doctors Get Drug Industry Gifts (NYT)

By Reed Abelson

The New York Times, June 28, 2006

As she presented research results indicating that a new medical device was "an important breakthrough," the doctor's enthusiasm was clear. Less evident were some of the financial links between the researchers and the device's maker.

Dr. Maria Rosa Costanzo, making her presentation at a March conference of cardiologists, said the study found that a $14,000 blood filtering device was better than intravenous diuretic drugs at removing excess fluid from patients with heart failure.

Although outside researchers raised questions about the study's conclusions, the doctor betrayed little doubt. "We believe these results challenge current medical practice and recommendations," said Dr. Costanzo, who predicted many patients might benefit.

Dr. Costanzo did disclose to the audience that she was a paid consultant with stock in the device's maker, a Minnesota company called CHF Solutions. But she omitted another potentially important detail: CHF Solutions was also one of the largest donors to the nonprofit research foundation that had overseen the study. The company contributed about $180,000 in 2004, according to the foundation's federal filings.

Nor did she note that the nonprofit entity, the Midwest Heart Foundation, was in turn an arm of the thriving for-profit medical group outside of Chicago where Dr. Costanzo and more than 50 of her fellow doctors treat heart patients — in many cases using products and drugs made by CHF Solutions and other big donors to their charity. Although the CHF Solutions device has

generally been slow to catch on, physicians at Dr. Costanzo's medical group have treated many patients with the company's filtration system.

The Midwest Heart Foundation, and the way it has become quietly interwoven into its doctors' professional lives, is far from unique. Around the country, doctors in private practice have set up tax-exempt charities into which drug companies and medical device makers are, with little fanfare, pouring donations — money that adds up to millions of dollars a year. And some medical experts see that as a big problem.

The charities are typically set up to engage in medical research or education, and the doctors involved defend those efforts as legitimate charitable activities that benefit the public. But because they operate mainly under the radar, the tax-exempt organizations represent what some other doctors, as well as regulators and industry consultants, say is a growing conduit for industry money. The payments, they say, can bias the treatment decisions of physicians, may lead to suspect research findings and at times may even risk running afoul of anti-kickback laws.

Federal officials are starting to take notice of such tax-exempt charities, which critics say are becoming increasingly popular as other forms of industry support to physicians — like lucrative consulting agreements that involve little actual work — have come under scrutiny from regulators and others worried about the potential conflicts.

The potential for abuse by these charities is clear, critics say. "It obviously sets a fertile ground for conflict of interest and misuse of funds," said Dr. Robert M. Califf, vice chancellor for clinical research at Duke University Medical Center.

The charities at issue are not philanthropies like the Bill and Melinda Gates Foundation that dispense grants for medical research but remain independent of any one group of doctors or medical practice. Instead, the charities drawing scrutiny are set up by doctors in private practice and are closely linked to those doctors' for-profit medical groups.

The Midwest Heart Foundation, which has received millions of dollars from medical industry donors, including the drug makers Amgen and AstraZeneca, and the Cordis and Scios units of Johnson & Johnson, says it stands behind its charitable work, which currently involves about 30 studies and dozens of doctor-education lectures each year.

Dr. Mark Goodwin, a managing partner for the Midwest Heart for-profit practice, said the foundation was created to help prevent potential conflicts by keeping the industry money separate from the doctors' private practice. Companies contribute to the foundation, he said, because they can rely on its research and the doctors involved can enroll large numbers of patients in studies. "We are able to deliver excellent research to our community in a timely fashion," Dr. Goodwin said, "and we are proud of it."

But some of its research has drawn criticism from federal regulators. Earlier this year, moreover, the foundation received a Justice Department subpoena as part of an investigation into the marketing activities of one of its big contributors, Scios.

Experts aware of the various doctor-run charities say that even if much of the donated money is spent on legitimate medical research or education, the funds can also go toward studies that while lending prestige to the doctors and luster to the companies, may do little to advance scientific understanding. The tax-exempt money also sometimes flows to the for-profit medical groups affiliated with the charities, sometimes covering business expenses or even paying parts of the salaries of doctors.

Too often, the critics contend, the industry donations amount to a form of "relationship funding" — to use one skeptical doctor's term — in which companies hope to sell more drugs and devices by currying favor with the doctors. That skeptic, Dr. John Cherf, is a knee surgeon at the Neurologic and Orthopedic Institute of Chicago who also consults for a market research firm specializing in health care topics. He says the donor arrangements are fraught with potential conflicts of interest and are likely to come under greater scrutiny as the costs of devices and drugs rise.

"There's undoubtedly corruption in the system," Dr. Cherf said. "We need healthy relationships between physicians and industry. Both parties have been too aggressive."

Number of Charities Is Unknown

No one knows precisely how many of these doctor-run charities exist. Although each one files with the federal government as a tax-exempt entity, they are hard to discern among other health-related charities. And because in many cases each has no more than a few hundred thousand dollars in annual revenue, they tend to escape the attention of the federal and state regulators who oversee charities.

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"The reality of it is that these are small organizations that are off the radar screen," said Douglas M. Mancino, a lawyer at McDermott Will & Emery in Los Angeles who specializes in health care law and nonprofit groups.

As long as the activities being financed benefit the public rather than the doctors or companies involved, they are legitimate charities, according to lawyers who specialize in nonprofits.

But concerns can arise when a corporate donation appears to be helping pay the salary of an additional doctor at a for-profit medical practice — through a fellowship, for example — that brings in additional revenue to the practice. Another problem area, they say, would be when donations go toward expenditures that would normally be part of the practice's business cost.

Lawyers say that determining whether a charity's activities are legitimate tax-exempt activities would typically require a close look at the facts in each case.

"If they're really underwriting normal business expenses to the group, then I think you have a problem," Mr. Mancino said.

As a group, these relatively obscure charities are attracting sizable amounts of corporate money. And many of their activities focus on the companies that have made the donations or the doctors' medical groups.

Consider the Arizona Orthopedic Education Foundation, which was created by a surgeon in Phoenix and which in 2003 received a $200,000 donation from a unit of the orthopedic device company Stryker. Most of the charity's efforts are devoted to public education, according to the founder, Dr. Anthony K. Hedley. But its activities also include teaching other doctors how to use Stryker products.

Stryker said this training was "critical" for surgeons.

Dr. Hedley says the fact that he mainly uses Stryker devices with his own patients may account for Stryker's contributions. "That was probably why I was able to leverage support," Dr. Hedley said.

Another charity is the Blue Ridge Bone and Joint Research Foundation, run by Dr. Joseph T. Moskal, an orthopedic surgeon in Roanoke, Va. It received a $75,000 contribution from the DePuy Orthopaedics unit of Johnson & Johnson in the year ended July 31, 2004, according to federal filings. The Blue Ridge foundation appears to have paid $30,000 of that money to the for-profit Roanoke Orthopaedic Center, where Dr. Moskal practices, to defray the costs of a fellowship program there.

Dr. Moskal did not return repeated phone calls seeking comment. DePuy, in a brief response to questions, said in part, "Fellowships are vital to advance the education and training of orthopaedic surgeons."

Corporate donors are also major contributors to the Vascular Specialists Education Foundation, which is led by a vascular surgeon in Norfolk, Va., Dr. Marc H. Glickman. The foundation spent $30,000 in 2003 to pay for the further medical education of doctors in his for-profit practice.

Although the public filings offer few details about the charity's activities, Dr. Glickman said such expenditures are part of the foundation's mandate, which includes offering fellowships to doctors being trained and paying for continuing medical education for those doctors. One of Vascular Specialists' two big donors, the device maker Guidant, now part of Boston Scientific, said it contributed $25,000 in 2003 and $40,000 the next year, through its own foundation. The company says the money was given with the understanding that it would go to finance the group's fellowship program.

The other big donor, the device maker Medtronic, says it gave Dr. Glickman's charity $80,000 last year to help pay for the group's fellowship program. "Dr. Glickman and his colleagues have trained hundreds of physicians and fellows on life-saving procedures associated with vascular disease — a notable accomplishment," Medtronic said in a written statement.

Donors have been so generous to Dr. Glickman's foundation that he says it is currently sitting on $100,000 he has not yet decided how to spend. "I'm very cautious with what I do," he said.

Whatever the issues of tax-exempt status among the various charities, federal regulators say the groups could find themselves in trouble in another way — in violation of federal anti-kickback laws — if donations appear to be little more than a way for companies to funnel money to doctors.

If the contributions amount to payments or gifts to doctors who then use or recommend a certain drug or device, companies could be breaking the law, said Vicki Robinson, a top lawyer in the Office of Inspector General at the federal Health and Human Services Department.

"From a legal perspective, it's really no different," Ms. Robinson said.

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Patrick L. Meehan, the United States attorney in Philadelphia, whose office has a long history of prosecuting health care fraud, said the doctors' charities could warrant scrutiny. "What we would be concerned about are end runs around the system," Mr. Meehan said. "We want to be sure there is independent and fully informed medical judgment at the heart of the physician-patient relationship."

For their part, Midwest Heart officials defend the activities of their foundation. Contributions to the charity, which was created in 1988, have more than doubled in the last few years — to $1.7 million in 2004, the most recent period for which federal filings are available.

In a written statement, the foundation said it had "strict internal controls and systems in place to ensure the independence and integrity of all research and education activities."

Questions About Research

Outside researchers have questioned some of the foundation's work. Some doctors say the study of the CHF Solutions filtration device that Dr. Costanzo presented in March may have been flawed, for example, because heart failure patients who were given conventional diuretic drugs may not have received enough medicine to provide meaningful comparisons.

One heart doctor critical of those findings was Dr. JoAnn Lindenfeld, who was quoted in a cardiology publication, Heartwire, in March as saying, "I wouldn't view these data as persuasive enough to use it full-scale in a million patients a year with acute decompensated heart failure." Dr. Lindenfeld did not dispute the accuracy of that quote but declined to comment further.

Through the Midwest Heart Foundation, Dr. Costanzo declined to comment. Both CHF Solutions and the foundation say she no longer has stock or stock options in the company.

CHF Solutions said that most of its contributions to the Midwest Heart Foundation covered the cost of conducting the research project that Dr. Costanzo led and the company helped design.

John L. Erb, CHF's chief executive, said "we were very careful" in designing the research, but he conceded that it was "not the perfect study where we could answer all the questions."

Dr. Goodwin, at the foundation, said the research was only a starting point. "We fully agree that further investigation is needed to validate the findings and carry them forward to a larger number of patients," he said.

Some of Midwest Heart's research has also fallen short of federal rules governing clinical studies. In August 2004, the Food and Drug Administration sent the foundation a warning letter about a study of a new carotid stent — a device designed to open up a major artery in the head and neck.

The F.D.A. said Midwest Heart had failed to get necessary approval before beginning its research, which involved different types of stents and 168 patient procedures. The regulators also found that some patients were not properly informed and that the foundation was too slow in reporting serious complications. The results of the study were never published, although the foundation says they were submitted to the F.D.A.

The shortcomings were simply "record keeping" issues, said Wendy Landow, the chief executive of the Midwest Heart Foundation, who said her organization had in fact received the necessary approval to do the study but had poorly documented it. The issue has been resolved, she said, adding that the foundation had adopted tighter procedures to avoid future lapses.

A separate controversy surrounds the heart failure drug Natrecor made by Scios, which gave the Midwest Heart Foundation a total of more than $300,000 for the years 2003 and 2004, according to federal filings. The Justice Department, which is investigating whether Scios improperly marketed Natrecor, has issued a subpoena to the foundation.

Scios said that most of its Midwest Heart contributions went toward educational programs that Scios had no influence over. It said it could not comment on the Justice Department investigation. Midwest Heart said it was cooperating with federal officials and had been told it was not a target of the investigation.

Natrecor was approved by the F.D.A. in 2001 for use in hospitals for patients only in an extreme, or decompensated, stage of heart failure. But it also became heavily used by doctors who administered it intravenously in outpatient clinics for periodic patient "tune-ups," as they were sometimes known. Natrecor's enthusiasts included some Midwest Heart doctors, who participated in studies of the drug and also used it in outpatient settings.

While doctors can use federally approved drugs for any purpose they see fit, a pharmaceutical company is prohibited from actively encouraging such off-label uses.

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A Debate Over Drug's Merits

In mid-2005, after researchers elsewhere published an article in a scholarly medical journal raising concerns that Natrecor could seriously impair kidney function, one of Midwest Heart's cardiologists, Dr. Mitchell T. Saltzberg, continued to staunchly defend the drug. Dr. Saltzberg, who has also been a paid Scios consultant, wrote to Medicare officials in July 2005 to argue that the drug was being "unfairly targeted."

Dr. Saltzberg's letter cited a study of Natrecor's outpatient use — a study for which the foundation had provided some work — saying that this research and "the body of anecdotal experience" indicated the drug posed no kidney risks.

His comments to Medicare, though, came a few days after Scios itself sent a safety alert to doctors warning against the outpatient use of Natrecor. The Scios alert, issued in consultation with the F.D.A., relied on the findings of an expert panel that the company had asked to look into issues involving the drug's safety.

The Scios alert referred to the very study Dr. Saltzberg had cited and found it lacking. That study "was not powered to adequately assess the effectiveness or safety of serial infusions of Natrecor," the alert said. "The size of the study, its design and its findings provide an inadequate basis to recommend the use of intermittent, serial or scheduled repetitive infusions of Natrecor." Through the foundation, Dr. Saltzberg declined to comment. Foundation officials, though, said they agreed with the Scios panel's findings.

Outpatient use of Natrecor around the country has fallen precipitously. Scios has said it plans to conduct further research into the drug's safety.

The Midwest Heart Foundation said that only one of its patients, who is part of a study, is still being given the drug as an outpatient. But while the foundation says it believes more research is needed, Dr. Goodwin also said that he believes that many doctors had positive results with the drug and that he had seen it keep patients out of the hospital.

"It worked great," he said.

FEC Unleashes Its Lawyers (HILL)

By Alexander Bolton

The Hill, June 28, 2006

The Federal Election Commission (FEC) is being accused of attempting to intimidate soft-money donors to 527s by targeting the donors for questioning.

The agency, which is tasked with policing national and congressional political campaigns, is targeting some of the wealthiest Republican and Democratic donors.

Typically such people have escaped tough scrutiny unless suspected of deliberately evading contribution limits through the use of straw donors or other tactics. But recently the FEC appears to have aimed at donors even though it is the 527s that are suspected of evading campaign-finance law.

One prominent GOP strategist has charged that the new tactic is intended to scare big donors away from giving to 527s, which Congress and the White House have struggled to curb.

This is happening despite the FEC decision last month not to implement new regulations for 527s this election cycle. That was widely interpreted as a green light for 527s to act without restriction, as groups such as America Coming Together and Swift Boat Veterans for Truth did during the 2004 election. This was expected to mean such groups would spend even more money this year and in 2008.

But the FEC has not left the same rules in place that allowed 527s to spend $400 million in the 2004 cycle. Late that year, it subtly modified its rules, which would apparently bolster investigations of 527s in response to a series of complaints filed against the groups in 2004.

The new regulation, which took effect in January 2005, stated that 527s would be subject to regulation if, when seeking money, they "indicated" to donors that the money would be spent to support or oppose a federal candidate.

Election-agency commissioners such as Ellen Weintraub and Hans A. von Spakovsky declined to discuss the investigations. But strategists close to the 527s say donors are being targeted.

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"I know for a fact that the FEC has subpoenaed donors who may have contributed to 527s in past election cycles and believe that technique is more rooted in preventing future donation to other 527s than anything else," said Chris LaCivita, a former senior adviser to Swift Boat Veterans for Truth and former head of Progress for America, both right-wing groups.

Another strategist connected with a prominent conservative 527 group, the Club for Growth, confirmed that the FEC is targeting donors.

"I've heard that lots of other groups have gotten subpoenas and requests for depositions of donors," said David Keating, the executive director of the Club for Growth, which is tied up in litigation with the FEC. Keating said he was not talking about donors to his group.

"If you look in the 2004 cycle, complaints were filed against virtually every group out there," Keating said. "None of these matters under review have been dismissed."

In 2004, a coalition of pro-campaign-finance-regulation groups including Democracy 21, the Center for Responsive Politics and the Campaign Legal Center filed at least five complaints against the major 527s: America Coming Together, the Media Fund, the Leadership Forum, Progress for America Voter Fund, Swift Boat Veterans for Truth and Texans for Truth.

Fred Wertheimer, president of Democracy 21, said that he believes all of his group's complaints are pending but that he had no further knowledge of the probes.

Because the complaints, which are 2 years old, have not been dismissed it is assumed that the FEC has given its lawyers the go-ahead to investigate them.

One Democratic lawyer said the FEC general counsel's office is asking donors to recall the specifics of their conversations and other interactions with 527s to determine whether those groups indicated that donations would be used to support or oppose federal candidates such as President Bush and Sen. John Kerry (Mass.), the Democrats' presidential nominee.

"They're asking a lot of questions of donors about what they were told when they were asked to contribute," the lawyer said. "Who knows what the six-member commission will do with whatever is presented them? There's little doubt that the general counsel's office feels responsibility to show evidence of a violation and this is the route to get there."

Once the general counsel presents his case to the commission, its members must vote on whether there is probable cause to believe the law was broken. It is not known if the commissioners specifically approved subjecting donors to subpoenas and depositions.

"Their attorneys have been let loose to look into whether … the entities violated the law," the Democratic lawyer said. "They're out there trying to gather the evidence. You don't have the FEC as a six-person office approving these inquiries."

Former FEC Chairman Scott Thomas, who retired last year, declined to comment on an ongoing investigation but said scrutinizing donors would fit the legal approach that the FEC has adopted in regulating 527s. Citing the newly enacted Section 100.57, Thomas said commissioners agreed in 2004 that 527s could be policed most effectively case by case by looking at how they solicited donors.

Thomas said solicitation is a key element in the FEC's litigation against the Club for Growth. He said FEC investigators are likely to look at "whether there was some indication given to donors in the solicitation process that the funds would be used to support or oppose federal candidates. The focus is what was said when the money was coming in."

Thomas said past enforcement actions focused on what groups communicated to voters to determine whether they should have political-committee status, a designation that would subject them to contribution limits. Thomas said that approach created gridlock.

Thomas said the regulation change in January 2005 could be used to prosecute groups for activity in 2004. He said it would not apply retroactively in the technical sense but could be held up as a point of consensus among the FEC commissioners about how the laws on the books before 2004 should be interpreted.

"It's going to be arguing that the same analytical concept can be applied for figuring out what happened in '04 cycle," Thomas said in response to claims that the general counsel is focusing on conversations with donors. "That's probably why the FEC was digging for this information, because four commissioners agreed that concept was the best way to analyze these political-committee cases."

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Court Rules Correctly On Clean Money (LAT)

The Los Angeles Times, June 28, 2006

BY RAPPING THE KNUCKLES of some over-exuberant political reformers in Vermont, the U.S. Supreme Court has sent a welcome signal that it will continue to scrutinize well-intentioned efforts to limit the role of money in politics with at least one eye on the 1st Amendment.

With Chief Justice John G. Roberts Jr. joining the lead opinion by Clinton appointee Justice Stephen G. Breyer, the court this week told Ben & Jerry's home state that it went too far when it imposed strict limits on what candidates for public office could spend and on what citizens could donate to political campaigns. The ruling suggests that a landmark 1976 campaign-finance decision is still good law.

In that decision, Buckley vs. Valeo, the high court upheld a post-Watergate law's restrictions on what individuals could contribute to candidates for federal office, but it struck down on 1st Amendment grounds the law's limits on how much a candidate could spend. Drawing a distinction that remains controversial 30 years later, the court explained that although spending limits and contribution limits raise 1st Amendment concerns, a Congress worried about corruption could put reasonable limits on how much an individual donates to a candidate, because the viewpoint conveyed by a $1,000 donation is the same "general expression of support" that would be conveyed by a larger gift.

By contrast, the Buckley ruling said, a candidate spending his own money is entitled to greater 1st Amendment protection because he is espousing his own views. The same point holds of truly independent expenditures by a candidate's supporters.

It's easy to mock this distinction. After all, both campaign contributions and campaign expenditures represent the use of money to produce political results. But Buckley's two-tier approach makes sense. It was a pragmatic attempt to balance a need for elections uncontaminated by large special-interest contributions with the guarantees of the 1st Amendment, which above all protects political speech.

In striking down Vermont's expenditure limits, the Roberts court clearly is being faithful to Buckley vs. Valeo. But what about its decision to invalidate Vermont's limits on contributions? Breyer argued in his opinion that there is no inconsistency because the court in Buckley said that even contribution limits must be "closely drawn" and must not be so low that they prevent candidates from "amassing the resources necessary for effective advocacy."

Whether Breyer is right about Vermont's limits, Congress and the states can still impose reasonable limits on contributions. But limitations on spending — unless candidates voluntarily accept them, in exchange for public financing — remain off-limits. Buckley's distinction between expenditures and contributions is still the law of the land. That's good news for both clean elections and free speech.

CIVIL RIGHTS:

Justice Agrees To Indiana Plan To Purge Voter Rolls (AP)

The Associated Press

AP, June 28, 2006

The Justice Department agreed Tuesday to an Indiana plan designed to eliminate the names of people who have died and those who are listed more than once from the state's voter registration rolls.

Indiana Secretary of State Todd Rokita last week announced the plan to purge the rolls, following negotiations between state Republicans and Democrats. It would also target convicted felons and voters who no longer live in Indiana or in the county of their registration.

"We're very pleased to be able to do this and get our voter roll cleanup under way," Rokita's chief of staff, Paul Okeson, said Tuesday.

"Last night, we started printing the first mailer (to registered voters) and started getting them ready to be sent out this week. I imagine as early as the end of this week, the first pieces of mail will begin to drop in voters' mailboxes," Okeson said.

The letters will be sent to every registered voter in the state. Any that cannot be delivered will be flagged as potential mistakes, and the state will then send follow-up mailers to those addresses.

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If any of those are also returned, the voters would be placed on inactive status.

Inactive voters could still cast ballots this year, but their files would be flagged. If they did not vote in the 2006, 2007 or 2008 elections, their names could be removed by the end of 2008.

The agreement, designed to bring Indiana into compliance with the National Voter Registration Act, followed a Justice Department investigation that found the state had hundreds of thousands of ineligible voters on its registration lists, including possibly 29,000 who were deceased, and 290,000 duplicates.

The agreement still must be approved by the U.S. District Court in Indianapolis, but Okeson said that is likely only a formality.

"All parties are on the same page," he said. "So the District Court will simply say, `We see there's an agreement that has been reached; we'll watch to see if that agreement is kept.'" >

U.S. Probing Woodmere Officers' Firings (CLPD)

By Tasha Flournoy, Plain Dealer Reporter

The Cleveland Plain Dealer, June 28, 2006

Woodmere -- The U.S. Justice Department has launched an investigation of village officials for suspending a police chief and refusing to reinstate two police officers who contend they were fired because they are white.

Mayor Yolanda Broadie and Law Director Janet Beck acknowledged the investigation Tuesday, but provided no details. Justice Department officials were not available for comment.

The investigation comes a year after the U.S. Equal Employment Opportunity Commission ruled that the village violated the civil rights of Chief Lamont Lockhart and officers Amy Mengay and Timothy Ellis.

Mengay and Ellis told the EEOC that Broadie, who is black, unfairly fired them and allowed black officers with similar or more serious infractions to keep their jobs.

Broadie later suspended Lockhart for what she called "failure to properly lead and supervise the Police Department." Lockhart in turn filed his own complaint with the EEOC, which found that the suspension was retaliation for his support of the two officers. Lockhart has since resigned.

The commission ordered the village to attempt a settlement, reinstate the officers and give them back pay. But village officials refused. So, the commission referred the case to the U.S. Justice Department.

Avery Friedman, who represents Ellis, Lockhart and Mengay, said federal attorneys interviewed village officials and gathered public records this week.

He said the village could either agree to settle with the officers or face a federal lawsuit. He called it a unique discrimination case.

"It is an unusual case because you have a black mayor telling a black chief, Get rid of the white ones,' " said Friedman. "The truth is the village of Woodmere is in a world of trouble."

Friedman said Ellis is now an officer in Sagamore Hills Township, Lockhart serves as deputy police chief for the Greater Cleveland Regional Transit Authority, and Mengay is an officer in Newburgh Heights.

Longtime Councilman James Jordan said Tuesday that he still honors the village's decision not to settle with the fired officers.

"Our opinion is the village isn't wrong," he said. "We haven't done anything wrong."

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Agreement Would Make Public Buildings More Handicapped Accessible (KTBS-TV)

By Jim Roberts

KTBS-TV, ABC 3, Shreveport, LA, June 28, 2006

The city of Shreveport could have to spend up to $4 million over the next three years to bring all city buildings into compliance with the Americans with Disabilities Act.

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Mayor Keith Hightower this afternoon offered a proposed agreement with the U.S. Justice Department to make the upgrades. It would need City Council approval.

A Justice Department task force came to town, looked at public buildings and made hundreds of "suggested" improvements.

Dwayne Ebarb's home has been modified due to his handicap. Much of what the federal government wants the city to do can be easily accomplished, he said.

"Most of the stuff they brought up was minor," Ebarb said. "It was stuff like 'grab bars.' They were an inch too high, an inch too low."

The list of improvements the government wants is several hundred pages long.

One building that needs work, the government said, is the old City Hall Annex. It was built in the 1950s and hasn't been modified much since then. Another is the old Civic Theater and the Municipal Auditorium, circa 1920 -- both built before the ADA was passed.

But Ebarb said some of the government's recommendations don't make sense.

"They wanted to renovate the Elvis Presley bathroom (at Municipal Auditorium)," he said. "They wanted to make the shower (handicapped) accessible. Nobody even uses the shower."

Hightower said Washington is a lot like city hall: You can't fight it.

"When the Justice Department comes and says you must do these things, sooner or later you've got to get them done," he said.

It will be up to the City Council and the Hightower administration to find the money.

The expenditure comes just a few weeks after the council cut the money from a $10 million sales tax windfall that would have gone to work making Shreveport ADA compliant.

The city has three years from the time the agreement is signed to make improvements to the buildings. The timetable for individual projects ranges from a few days to several years, depending on size, cost and need.

If the projects aren't done in the three years, the Justice Department could file suit against the city to get them done.

Senator Wants IRS To Chase After Pimps (USAT)

USA Today, June 28, 2006

Pimps and sex traffickers could soon find themselves being chased by tax collectors, not just the vice squad.

Sen. Charles Grassley, chairman of the tax-writing Senate Finance Committee, wants the Internal Revenue Service to chase after pimps and sex traffickers with the same fervor it stalked gangster Al Capone for tax evasion.

Grassley, R-Iowa, would hit pimps with fines and lengthy prison sentences for failing to file employment forms and withhold taxes for the women and girls under their command.

The proposal would make certain tax crimes a felony when the money comes from a criminal activity. A one-year prison sentence and $25,000 fine would become a 10-year sentence and $50,000 fine for each employment form that a pimp or sex trafficker fails to file.

Grassley planned to propose the penalties when his panel meets Wednesday.

"The thugs who run these trafficking rings are exploiting society's poorest girls and women for personal gain," Grassley said. "The IRS goes after drug traffickers. It can go after sex traffickers."

Michael Horowitz, a senior fellow at the Hudson Institute, said the change has the potential to put pimps out of business without difficult trials that require women to testify to abuse and mistreatment.

"We need to simply treat the pimps and massage parlor operators the way we would treat anybody who takes the proceeds of a customer transaction from somebody and then gives a fraction of it back," he said.

Under tax law, that relationship makes the pimp an employer, requiring the filing of a wage statement and the withholding of payroll taxes, including Social Security.

Grassley envisions creating an office inside the Internal Revenue Service to prosecute sex traffickers for violating tax laws. The office would get $2 million to get started, and it would be allowed to keep a portion of the taxes it collects.

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The IRS work is intended to build on efforts underway to curb worldwide trafficking. The Justice Department, collaborating with U.S. attorneys offices nationwide, would identify pimps and sex traffickers and refer them to the IRS.

Grassley also wants to change the IRS whistle-blower program to allow the girls and women to participate.

If the IRS goes after pimps and sex traffickers for tax offenses now, it conducts lengthy audits of their lifestyles in order to estimate their incomes from illegal activities and determine taxes due.

In Senate, It's Déjà Vu All Over Again On Voting Rights Act Extension (HILL)

By Jonathan Allen

The Hill, June 28, 2006

An extension of the Voting Rights Act is running into some of the same objections in the Senate that it faces in the House, where the bill was pulled from the floor schedule last week after rank-and-file Republicans rebelled against their leadership.

Southern Senate conservatives are raising concerns about reauthorizing Section 5 of the law, which requires jurisdictions with a history of racial discrimination to pre-clear voting-law changes with the Justice Department. Some Southerners argue that the requirement is unnecessarily onerous and that their states should not be singled out in perpetuity.

"Our part of the country, no matter how good we do, we're going to be treated differently than the rest of the country," said Sen. Trent Lott (R-Miss.).

Lott, one of two current senators who cast a vote against the 1982 extension of the original 1965 law, said he would most likely support the bill but did not commit to doing so.

"I want to see what it is first," said Lott, who was House Republican whip when he voted against the last reauthorization.

"I haven't focused on it," said Sen. Richard Shelby (R-Ala.), who also voted against the initial House version of the 1982 bill before the House cleared the Senate's measure by voice vote.

Shelby referred questions to fellow Alabama Republican Jeff Sessions, who is a member of the Judiciary Committee. That panel is expected to include its voting-rights legislation, which is identical to the House bill, on its markup agenda for tomorrow. The bill was placed on last week's agenda, but the committee was unable to muster a quorum for consideration.

More than half of the committee's 18 members are co-sponsors of the legislation, but it is not clear whether senators who dislike certain provisions could cobble together enough votes to alter it.

"I think it needs to be studied, and I think there are certainly some improvements that can be made," Sessions said. "I think we may improve it and pass it."

Sessions declined to say which parts he would change or how he would change them.

Many of the law's provisions are permanent, but several are due to expire next year. Democrats and some centrist Republicans are eager to win reauthorization of those provisions before GOP term limits force Sensenbrenner to hand his gavel to a more conservative lawmaker.

Lawmakers and aides say privately that the political sensitivity of the landmark civil-rights law makes it difficult for them to challenge its composition for fear of being branded racist.

Lott, who is considering a leadership bid, was pushed out of the majority leader's job in late 2002 after he suggested the country would have been better off had Sen. Strom Thurmond (S.C.) won his 1948 segregationist bid for the presidency.

"I think the Voting Rights Act is the most important civil-rights bill in history," said Sen. Orrin Hatch (R-Utah), a Judiciary Committee member who is not a co-sponsor of the legislation. But, he said, "There are some real questions about whether we're being fair to some states."

In the House, a bloc of Georgia and Texas Republicans banded together with lawmakers opposed to provisions allowing for multilingual ballots to avert a floor vote last week. House Republican leaders have yet to reschedule it.

"We are continuing to have conversations with members … about some provisions in the bill, and those conversations will continue this week," House Majority Leader John Boehner (R-Ohio) said yesterday.

Leaders in both parties and members of the Congressional Black Caucus have signed off on the Sensenbrenner-Specter bill. But Reps. Lynn Westmoreland and Charlie Norwood, both Georgia Republicans, wanted to amend Section 5.

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The Norwood amendment would expand its requirements to the entire country, and Westmoreland's amendment would have created an expedited procedure for states to get off of the pre-clearance list.

Section 5 covers Virginia, South Carolina, Georgia, Alabama, Mississippi, Louisiana, Texas, Arizona and parts of several other states, including California, New York and North Carolina.

Rep. Steve King (R-Iowa) and dozens of others objected to language reauthorizing multilingual ballots.

Many of the same concerns are being echoed, if softly, on the Senate side, where an effort to control expectations is beginning to take shape.

"It has a year to go, and clearly the Democrats are trying to make it an election-year issue," Hatch said.

Rank And File Cut Out Of VRA Talks (RC)

By Jennifer Yachnin

Roll Call, June 28, 2006

Even while Republican House leaders work to quell internal divides that derailed consideration of the Voting Rights Act last week, some rank-and-file Members complained Tuesday that they remain shut out of discussions regarding the law's reauthorization.

"We are continuing to have conversations with Members, and [with] lawyers, about some provisions in the bill; and those conversations will continue this week," Majority Leader John Boehner (Ohio) said during a Tuesday press conference.

But several rank-and-file Republicans said House leaders remain unwilling to discuss any aspect of reauthorization of the landmark 1965 law.

One among those Members, Rep. Steve King (R-Iowa), asserted that his efforts to meet with GOP leadership in recent days have yet to elicit any response.

"It's not due to lack of effort on my part," said King, who is seeking consideration of an amendment that would end mandates under the VRA that require jurisdictions to provide multilingual ballots to voters.

The exclusion of King's proposal, as well as a half-dozen other amendments targeting language provisions in the law, from consideration on the House floor sparked an internal revolt that prompted leaders to pull the measure from last Wednesday's schedule.

"I care about the policy," King added, stating that he is seeking not only debate on his amendment, but also support from leadership. "It would not satisfy me to [only] have an opportunity to speak my piece on the floor and get a vote in the record."

Rep. Lynn Westmoreland (R-Ga.) said he similarly has received little feedback from House leaders in recent days as he has sought support for the language amendments.

"I don't know who's been talking, but it's not us," he said.

Georgia Republicans earlier won concessions from House leaders to allow consideration of amendments to the voting rights law — GOP leadership initially had hoped to pass the bill under suspension, which would have prohibited amendments and severely limited debate on the measure — and the Rules Committee approved consideration of two measures last week.

Both of those amendments, sponsored by Westmoreland and Rep. Charlie Norwood (R-Ga.), are directed at the VRA's Section 5, which requires the Justice Department to approve any changes to voting practices in states with a documented history of discrimination.

Norwood's amendment would modify the formula used to apply that section of the law, known as pre-clearance, which some Southern lawmakers have argued is outdated.

The Westmoreland proposal would address a related section of the VRA that provides a mechanism for jurisdictions to "bailout" or be relieved from those regulations if officials can prove no discriminatory voting practices have occurred in a 10-year period.

Under that amendment the Justice Department would be required to assemble a list of those jurisdictions eligible for the bailout and then issue notifications to those groups.

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Despite the lack of communication, Westmoreland said he does not expect today's weekly Republican Conference meeting to be as contentious as last week's, during which some lawmakers chanted for the legislation to be dropped from the schedule.

Norwood said he expects any decision will be delayed until after a Supreme Court ruling is issued in the Texas redistricting case. "We'll look at it again," he said.

Plaintiffs in the Texas lawsuit, League of United Latin American Citizens v. Perry, are challenging the Texas map put into place in 2003 by arguing not only that it was devised to maximize GOP gains but also that it diluted minority voting power and violated the principle of "one person, one vote" by revising districts mid-decade.

A senior GOP leadership aide said leaders are "hopeful" that the measure could be cleared the week after the July Fourth recess and that they were enlisting ex-Rep. J.C. Watts (R-Okla.) to help allay lawmakers' concerns about the bill.

"Having him around is going to be helpful," the aide said.

Osceola To Take Hispanic Voting Rights Issue To Court (ORS)

The Orlando Sentinel, June 28, 2006

KISSIMMEE -- A day after a federal judge put county commission elections on hold, Osceola County said it will not settle a case filed by the Justice Department over Hispanic voting rights.

"The county intends to proceed with the defense of this case. As publicly elected officials, the board must uphold and defend the last expression of the voters in 1996 -- that every precinct voted to return to at-large elections," read Vincent Fontana, the county's attorney, this afternoon. "Also the 2003-2004 charter review advisory commission -- that reflected the entire ethnic makeup of the county -- voted not to recommend that the board put the issue on the ballot again."

Commissioners met with Fontana for about an hour and a half to review Judge Gregory A. Prensell's order stopping this fall's elections.

"It is important for the citizens to have direct political access to all public officials who have the power to tax their homes and property. This is among the many rights and freedoms for which our armed forces continue to fight," Fontana concluded.

It is not clear what the next step will be. Presnell, a judge in the Middle District in Orlando, wanted a status report on July 12 and scheduled a trial for July 18.

The county could appeal the injunction.

Two county commissioners contacted would not comment on the decision.

A Single Person Could Swing An Election (WP)

By Zachary A. Goldfarb

The Washington Post, June 28, 2006

To determine what it would take to hack a U.S. election, a team of cybersecurity experts turned to a fictional battleground state called Pennasota and a fictional gubernatorial race between Tom Jefferson and Johnny Adams. It's the year 2007, and the state uses electronic voting machines.

Jefferson was forecast to win the race by about 80,000 votes, or 2.3 percent of the vote. Adams's conspirators thought, "How easily can we manipulate the election results?"

The experts thought about all the ways to do it. And they concluded in a report issued yesterday that it would take only one person, with a sophisticated technical knowledge and timely access to the software that runs the voting machines, to change the outcome.

The report, which was unveiled at a Capitol Hill news conference by New York University's Brennan Center for Justice and billed as the most authoritative to date, tackles some of the most contentious questions about the security of electronic voting.

The report concluded that the three major electronic voting systems in use have significant security and reliability vulnerabilities. But it added that most of these vulnerabilities can be overcome by auditing printed voting records to spot irregularities. And while 26 states require paper records of votes, fewer than half of those require regular audits.

"With electronic voting systems, there are certain attacks that can reach enough voting machines . . . that you could affect the outcome of the statewide election," said Lawrence D. Norden, associate counsel of the Brennan Center.

With billions of dollars of support from the federal government, states have replaced outdated voting machines in recent years with optical scan ballot and touch-screen machines. Activists, including prominent computer scientists, have complained for years that these machines are not secure against tampering. But electronic voting machines are also much easier to use for disabled people and those who do not speak English.

Voting machine vendors have dismissed many of the concerns, saying they are theoretical and do not reflect the real-life experience of running elections, such as how machines are kept in a secure environment.

"It just isn't the piece of equipment," said David Bear, a spokesman for Diebold Election Systems, one of the country's largest vendors. "It's all the elements of an election environment that make for a secure election."

"This report is based on speculation rather than an examination of the record. To date, voting systems have not been successfully attacked in a live election," said Bob Cohen, a spokesman for the Election Technology Council, a voting machine vendors' trade group. "The purported vulnerabilities presented in this study, while interesting in theory, would be extremely difficult to exploit."

At yesterday's news conference, the push for more secure electronic voting machines, which has been popular largely on the left side of the political spectrum since the contested outcome of the 2000 presidential election in Florida, picked up some high-profile support from the other side.

Republican Reps. Tom Cole (Okla.) and Thomas M. Davis III (Va.), chairman of the House Government Reform Committee, joined Rep. Rush D. Holt (D-N.J.) in calling for a law that would set strict requirements for electronic voting machines. Howard Schmidt, former chief of security at Microsoft and President Bush's former cybersecurity adviser, also endorsed the Brennan report.

"It's not a question of 'if,' it's a question of 'when,' " Davis said of an attempt to manipulate election results.

Appeals Court Upholds Little Rock Order (FINDLAW/AP)

By Noah Trister, Associated Press Writer

AP, June 28, 2006

(AP) - LITTLE ROCK, Ark.-A federal appeals court on Monday upheld a decision keeping the Little Rock School District under federal desegregation monitoring, which has been in effect since 1965.

A three-member panel of the 8th U.S. Circuit Court of Appeals at St. Louis agreed with a 2004 ruling by U.S. District William R. Wilson in the long-running desegregation case involving the Little Rock district, the North Little Rock District and the Pulaski County Special School District.

Wilson had ruled that the Little Rock district did not successfully evaluate its academic programs for how well they helped black students. Otherwise, the district would have been released from the remaining desegregation monitoring it has faced since 1965.

The district had been released in 2002 from all aspects of its monitoring except those relating to program evaluations.

In his opinion, Wilson said the district would remain under court order through the 2005-06 school year. Wilson said the district must hire outside experts and design a program assessment process.

While upholding Wilson's decision, the appeals court also signaled its willingness to review the case again if the federal monitoring is not lifted in October.

The court said it was concerned about the "ever-heightened requirements that the district is being asked to satisfy."

Chris Heller, a lawyer for the Little Rock district, called the ruling "a great disappointment." But he also said he was encouraged by the court's willingness to look at the case again if federal monitoring remains in place after this year.

"Perhaps part of the rationale was that the case should be almost over anyway," Heller said of the ruling.

Senate Bars Constitutional Amendment On Flag Burning (Update1) (BLOOM)

By James Rowley

Bloomberg, June 28, 2006

June 27 (Bloomberg) -- The U.S. Senate rejected a proposed constitutional amendment to empower Congress to outlaw flag burning, falling one vote short of the two-thirds majority required to send the measure to the states for ratification.

The vote was 66-34 in favor of the amendment. Sixty-seven votes are required to approve a constitutional amendment.

To become part of the Constitution, an amendment must also be ratified by 38 state legislatures. Republicans argued that 48 states had outlawed flag desecration before a Supreme Court decision in 1989 invalidated a Texas law. They noted that all 50 state legislatures have passed resolutions urging Congress to approve a constitutional amendment.

Democrats accused the Republicans of ignoring more pressing issues, such as spiraling health-care costs, to score election- year points over flag burning. Democrats made the same charge earlier this month when Senate Republicans unsuccessfully sought a vote on a constitutional amendment to ban same-sex marriage.

``Why are we here? Because the White House and the congressional Republican leadership are nervous about the upcoming election," Dick Durbin of Illinois, the Senate's No. 2 Democrat, said during today's debate in Washington. ``We are not setting out to protect Old Glory. We are setting out to protect old politicians."

Republicans said the issue is above politics, citing bipartisan support in the House of Representatives, which has passed a flag-burning amendment six times in the last 12 years.

``Bringing it up at this time is certainly not an election- year ploy," said Utah Republican Orrin Hatch, the measure's prime sponsor. ``We have Democrats and Republicans who feel deeply about this."

Vote Breakdown

Senate Democratic leader Harry Reid of Nevada and 13 other Democrats voted in favor of the proposed amendment.

Kentucky Senator Mitch McConnell, the deputy Republican leader, voted against the amendment. McConnell has said he favors upholding First Amendment values. Two other Republicans, Lincoln Chafee of Rhode Island and Robert Bennett of Utah, also opposed the amendment.

Proponents argued that the amendment was needed to reverse the 5-4 Supreme Court ruling that they argued usurped legislative powers to outlaw flag burning. Hatch called the proposal ``a simple little constitutional amendment" to restore that power. ``Who could be against that?"

Democratic Proposal

Earlier, the Senate defeated narrower legislation proposed by Durbin. His measure would outlaw flag burning with the intent of inciting violence or desecration or theft of a flag on U.S. government property. Durbin said his bill would protect the flag ``without defiling our Constitution."

West Virginia Senator Robert Byrd, acknowledging that many voters in his home state where he is seeking re-election will disagree with him, said amending the Constitution to protect the flag would undermine the charter of democracy.

``Old Glory lives because the Constitution lives," he said. ``We love that flag, but we love the guarantees of the Constitution more."

The Senate last voted in 2000 on the proposed amendment when supporters fell four votes short of the required two-thirds support.

Flag Amendment Narrowly Fails In Senate Vote (NYT)

By Carl Hulse

The New York Times, June 28, 2006

WASHINGTON, June 27 — A proposed Constitutional amendment to allow Congress to prohibit desecration of the flag fell a single vote short of approval by the Senate on Tuesday, an excruciatingly close vote that left unresolved a long-running debate over whether the flag is a unique national symbol deserving of special legal standing.

The 66-to-34 vote on the amendment was one vote short of the 67 required to send the amendment to the states for potential ratification as the 28th Amendment. It was the closest proponents of the initiative have come in four Senate votes since the Supreme Court first ruled in 1989 that flag burning was a protected form of free speech.

The opponents — 30 Democrats, 3 Republicans and an independent — asserted that the amendment would amount to tampering with the Bill of Rights in an effort to eliminate relatively rare incidents of burning the flag. They said it violated the very freedoms guaranteed by the symbolism of the flag.

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"This objectionable expression is obscene, it is painful, it is unpatriotic," said Senator Daniel Inouye, a Hawaii Democrat who won the Medal of Honor for his service in World War II. "But I believe Americans gave their lives in many wars to make certain all Americans have a right to express themselves, even those who harbor hateful thoughts."

Proponents of the amendment, which was backed by 52 Republicans and 14 Democrats, disputed the assertion that burning the flag was a form of speech. They said the amendment was simply an effort to reassert Congressional authority after a misguided court ruling. They said it was particularly appropriate to act now when American troops are at risk.

"Old Glory lost today," said Senator Bill Frist, the majority leader, who scheduled the debate and vote in the week before Congress broke for its Fourth of July recess.

The full text of the proposed amendment is, "The Congress shall have power to prohibit the physical desecration of the flag of the United States."

The vote is likely to be an issue in the Congressional elections in November, and Senator Orrin G. Hatch, the Utah Republican who was the chief sponsor of the amendment, predicted the minority who opposed it would be held accountable by the voters.

"I think this is getting to where they are not going to be able to escape the wrath of the voters," Mr. Hatch said.

Eleven senators facing re-election this year opposed the amendment and several are facing potentially difficult races, including Lincoln Chafee of Rhode Island, a Republican, and the Democrats Daniel K. Akaka of Hawaii, Robert C. Byrd of West Virginia, Maria Cantwell of Washington and Joseph I. Lieberman of Connecticut.

The leader of the Citizens Flag Alliance, which had been running newspaper advertisements on the issue in selected states, said it would continue to press the issue and make sure voters know where their senators stand on the amendment.

"I think this is the right thing to do, and I am going to keep at it until we run out of money or they tell me to stop," said Daniel S. Wheeler, an American Legion official who leads the advocacy group.

Prior to the vote on the amendment itself, the Senate voted 64 to 36 against a proposed bill that would have criminalized flag desecration. Senator Richard J. Durbin of Illinois, the second ranking Senate Democrat, said his plan had been written to avoid Supreme Court objections, but backers of the constitutional approach dismissed that idea.

President Bush, whose father was president when the flag fight initially erupted in the aftermath of two high court rulings, said he was disappointed in the outcome. "I commend the senators from both parties who voted to allow the amendment ratification process to protect our flag to go forward, and continue to believe that the American people deserve the opportunity to express their views on this important issue."

The House has routinely approved the flag amendment on bipartisan votes and did so last year. Had the Senate passed the amendment, it would have been likely to win ratification from the required 38 states since, supporters say, all states have endorsed the amendment in some form.

While the amendment gained three votes since it was last considered in 2000, its future prospects are uncertain. Senator Mitch McConnell, Republican of Kentucky, is in line to become the Republican leader in the next Congress, and he opposes the initiative on free speech grounds. In addition, most analysts expect Republicans to lose Senate seats in the November election.

"This would have been the easiest time to get it through," said Senator Charles E. Schumer, Democrat of New York, who opposed it.

The vote, which came after the Senate earlier this month defeated a proposed constitutional amendment to ban same-sex marriage, will not be the last ideologically charged vote in the run-up to the midterm elections. The House Republican leadership announced Tuesday that it plans votes this summer on social issues, including a same-sex marriage amendment, abortion rights, Internet gambling, property rights and the Pledge of Allegiance.

"The American Values Agenda will defend America's founding principles," Speaker J. Dennis Hastert said. "Through this agenda, we will work to protect the faith of our people, the sanctity of life and freedoms outlined by our founding fathers."

And the House on Tuesday approved on a voice vote a proposal that would prohibit condominium associations and other homeowner groups from preventing residents from displaying the flag.

The American Civil Liberties Union, which has been deeply involved in opposing the amendment for years, credited the senators who took a potentially politically tough vote to block it.

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"The Senate came close to torching our Constitution, but luckily it came through unscathed," said Caroline Fredrickson, director of the organization's Washington legislative office. "We applaud those brave senators who stood up for the First Amendment and rejected this damaging and needless amendment."

Besides senators up for re-election, the issue also divided lawmakers considered possible presidential candidates in 2008. Those voting yes included Mr. Frist, George Allen of Virginia, John McCain of Arizona, Sam Brownback of Kansas and Chuck Hagel of Nebraska, all Republicans, and Evan Bayh of Indiana, a Democrat. Voting no on the Democratic side were Christopher J. Dodd of Connecticut, Hillary Rodham Clinton of New York, Joseph R. Biden Jr. of Delaware, Russell D. Feingold of Wisconsin and John Kerry of Massachusetts.

Flag-Burning Amendment Fails In Senate By 1 Vote (WSJ)

By Sarah Lueck

The Wall Street Journal, June 28, 2006

WASHINGTON -- The Senate narrowly failed to approve a proposed constitutional amendment to ban burning the American flag, as supporters fell just one vote short of the 67 needed for passage.

Fourteen Democrats were among the 66 senators voting for the proposal, which would have been a crucial step toward giving Congress the authority to prohibit "physical desecration" of the flag, just before the Fourth of July recess, when many lawmakers will return home to campaign for re-election. Three Republicans and 31 Democrats voted against it.

Opponents said they didn't want to change the Constitution to prevent an action that rarely occurs. They proposed a substitute, a statute that would have prohibited damaging the flag in narrow circumstances, such as when it belongs to the federal government or is destroyed on federal land or to incite violence. "There are ways we can deal with this" without an amendment, said Sen. Richard Durbin (D., Ill.). "We feel we should not desecrate the Constitution."

Supporters said they wanted to protect an important symbol. "Destroying the very emblem of that freedom is just plain wrong," said Senate Majority Leader Bill Frist (R., Tenn.).

Daniel Wheeler, the president of the Citizens Flag Alliance, a coalition led by the American Legion that has been lobbying hard to win Senate passage, said he was disappointed by the vote.

Underscoring the politics behind the measure, Mr. Wheeler said his group will work to publicize the votes of amendment opponents. The coalition plans to highlight the "no" votes of Democratic Sens. Kent Conrad and Byron Dorgan, both of North Dakota, as well as Maria Cantwell of Washington, among others. Mr. Wheeler said Sen. Mitch McConnell, the Kentucky Republican and majority whip who voted against the amendment, also would be a target.

Flag Amendment Rejected By One Vote In Senate (LAT)

By Johanna Neuman And Faye Fiore

The Los Angeles Times, June 28, 2006

WASHINGTON — The Senate today rejected by only one vote a constitutional amendment that would have given Congress the power to ban flag burning.

The tally was a blow to supporters who thought their time had come after 16 years of trying to overcome a Supreme Court ruling that held that legislative bans on flag burning violated the Constitution's free speech provisions.

"It's not a question of if, but when," said Marty Justis, executive director of the Citizens Flag Alliance, a coalition of 147 organizations, including the American Legion, that has spent about $25 million since 1989 to back an amendment. "We will be back."

The vote capped two days of debate, during which opponents charged that the push for an amendment was driven more by politics than patriotism. They argued that the main aim of Republican sponsors was to rally conservatives in an election year even if that meant trampling on the Constitution to do it.

In addition to urging that the flag be protected, proponents argued that the Supreme Court in its 5-4 ruling had usurped the will of the people.

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More than a dozen Democrats supported the amendment, disputing charges that it would trample on free speech rights. In an emotional speech, Sen. Dianne Feinstein (D-Calif.) talked about picking up a newspaper in February 1945 to see Joe Rosenthal's iconic photograph of U.S. Marines struggling to raise the flag on Iwo Jima.

"For me, at that time as a 12-year-old, and for the nation, the photo was a bolt of electricity that boosted morale," Feinstein said. "Its symbolism of everything courageous about my country was etched into my mind for all time."

She said that "protecting the flag will not prevent anyone from expressing his or her point of view."

Opponents countered that amending the Constitution to ban the desecration of the flag would violate the principle of free speech that allows protesters to burn or stomp on the flag as part of their demonstration.

"We must also defend the right of all Americans to express their views about their government, however hateful or spiteful or disrespectful those views may be," Sen. Russ Feingold (D-Wis.) said. "America is not simply a nation of symbols, it is a nation of principles."

Proponents argued that the Supreme Court had overreached.

"Who gets the final word -- five Justices on the Supreme Court or we the people?" asked Sen. John Cornyn (R-Texas). "The flag is the symbol of our freedom. Why in the world would we refuse to protect it?"

Countering arguments that the constitutional amendment would amend the Bill of Rights and curb free speech, Cornyn added: "This is not about speech, it's about behavior."

Sen. Orrin Hatch (R-Utah), chief sponsor of the effort, blasted those who suggested, as Sen. Dick Durbin (D-Ill.) had, that the flag amendment would for the first time amend the Bill of Rights.

"This doesn't have anything about the Bill of Rights in it," he said. "All it says is we're going to give power back to the people."

Critics argued that the effort to amend the Constitution was a solution in search of a problem because an unofficial collection of desecrations posted on the Citizens Flag Alliance website lists four events this year and about 50 in the past five years.

Unlike flag burning in the 1960s -- a powerful symbol of opposition to the Vietnam War -- these days flag burners are prosecuted for other crimes, such as public drunkenness, theft, vandalism or setting a dangerous fire.

"What is amazing is that even in a time of war and discontent, patriotism and great respect for the flag exists without a constitutional amendment. We don't need to force Americans to love the flag, they just do," said Terri Ann Schroeder, senior lobbyist for the American Civil Liberties Union, which worked against the amendment.

If the constitutional amendment eventually passes Congress, it would be sent to the states for ratification. At least 38 states would have to ratify the language within seven years before it would become the 28th amendment to the Constitution.

A recent CNN poll showed 56% of Americans favor a flag-burning amendment, and all 50 states have asked Congress to send them the amendment for ratification.

Senate Rejects Flag Desecration Amendment (WP)

By Charles Babington

The Washington Post, June 28, 2006

The Senate rejected by a single vote yesterday an effort to amend the Constitution to allow Congress to ban desecration of the American flag, after a two-day debate freighted with political calculations and sharp disputes over the limits of free speech.

The 66 to 34 vote fell just short of the two-thirds majority required to approve a constitutional amendment and submit it to the states for ratification. It marked the latest setback for congressional attempts to supersede Supreme Court decisions in 1989 and 1990. Justices narrowly ruled that burning and other desecrations of the flag are protected as free speech under the First Amendment.

As expected, three Republicans -- Robert F. Bennett (Utah), Lincoln D. Chafee (R.I.) and Mitch McConnell (Ky.) -- voted against the amendment. Fourteen Democrats voted for it. The House approved the measure 286 to 130 last year.

GOP congressional leaders have offered up several measures in recent weeks that are important to their conservative political base -- including an amendment banning same-sex marriage and further cuts in the estate tax -- culminating with yesterday's vote on flag burning.

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Polls show that most Americans want flag desecration outlawed, and the amendment's proponents said they were trying to stop justices from thwarting the public's will. They said that burning a U.S. flag in public -- while rare these days -- is a reprehensible insult to the nation's founders and a dishonor to the Americans who died fighting tyranny.

The amendment's opponents agreed that flag burning is repugnant, but argued that U.S. troops died to preserve freedoms that include controversial political statements.

Flag burning "is obscene, painful and unpatriotic," Sen. Daniel K. Inouye (D-Hawaii), who lost an arm in World War II, said in a floor speech yesterday. "But I believe Americans gave their lives in the many wars to make certain that all Americans have a right to express themselves -- even those who harbor hateful thoughts."

Sen. Dianne Feinstein (D-Calif.) summarized the proponents' views. The flag's special symbolic status, she said, makes its desecration different from holding a sign denouncing the president. Burning an American flag in anger, she said, is "conduct, not speech" because the flag is "the symbol of our democracy, our shared values, our commitment to justice, our remembrance to those who have sacrificed to defend these principles."

Behind the constitutional rhetoric were cold political considerations. Republicans are eager to energize conservative voters this fall, and the flag initiative -- even if doomed to fail -- is seen as a sure-fire way to inspire them, especially a week before Independence Day.

The vote is the closest that advocates have come to banning flag desecration in many years of trying. In 2000, the Senate fell four votes short, and supporters had hoped the GOP's 55 to 44 majority -- there is one independent, James M. Jeffords (Vt.) -- would put them over the top this year.

The GOP-controlled House has repeatedly approved the amendment by wide margins, and advocates say they could have handily obtained ratification by three-quarters of the states if the Senate had followed suit.

The debate divided senators along unusual lines. Opposing the amendment was McConnell, the Senate's second-ranking GOP leader, and Bennett, a quiet, mainstream Republican. Democratic supporters included Minority Leader Harry M. Reid (Nev.) and Sen. Evan Bayh (Ind.), a presidential hopeful. Maryland's Democratic senators voted against the amendment and Virginia's Republican senators voted for it.

The amendment's chief sponsor, Sen. Orrin G. Hatch (R-Utah), disputed assertions that the measure was politically motivated and was an unwise use of the Senate's time in the face of war in Iraq, high gasoline prices and a growing federal deficit.

"Fifty state legislatures have called on us to pass this amendment," Hatch told colleagues.

He and his allies had tried for days to pick up one more vote. But virtually all senators had stated their positions publicly, making efforts at negotiation or persuasion fruitless.

The Constitution was last amended -- for the 27th time -- in 1992, when the states belatedly ratified a 1789 bid by Congress to regulate lawmakers' pay increases.

Overturning a Texas law in 1989, the Supreme Court ruled 5 to 4 that burning an American flag in protest is a form of political speech protected under the First Amendment. Congress later passed a federal anti-flag-desecration law, and the high court invalidated it on the same grounds.

Ever since, lawmakers have debated whether flag burning is an unsavory cost of political freedom or something more akin to intolerable hate speech or monument defacement.

"All rights enshrined in the Constitution have certain limits," said Sen. Mel Martinez (R-Fla.). "There is no such thing as unlimited rights. Although we treasure and value our right of free speech . . . we protect our national monuments," including the flag.

But Russell Feingold (D-Wis.) said Congress must "defend the right of all Americans to express their views about their government, however hateful or spiteful or disrespectful those views may be."

The proposed amendment said simply: "The Congress shall have power to prohibit the physical desecration of the flag of the United States."

Before the final tally, the Senate voted 64 to 36 to reject an alternative measure designed to provide political cover for those who opposed Hatch's legislation. The measure -- a proposed statute, rather than constitutional amendment -- was offered by

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Sen. Richard J. Durbin (D-Ill.) and was strongly endorsed by Sen. Hillary Rodham Clinton (D-N.Y.), a possible presidential candidate who has sought a middle ground in the flag-burning debate.

The proposal would have outlawed flag desecration if the perpetrators were also damaging federal property, trying to incite violence or trying to intimidate someone. Opponents called Durbin's measure a political fig leaf that the Supreme Court would rule unconstitutional.

Hours before the votes were taken, Sen. George Allen (R-Va.) thrust the issue into his reelection campaign. Noting that Democratic challenger James Webb had said he opposed the amendment, Allen's campaign issued a press release linking Webb to Sens. John F. Kerry and Edward M. Kennedy of Massachusetts, who voted against the amendment. The release said Webb is "totally beholden to the liberal Washington senators" who backed him in this month's primary.

Senate Rejects Flag Desecration Amendment (AP-Y2)

By Laurie Kellman

AP2, June 27, 2006

A constitutional amendment to ban flag desecration died in a Senate cliffhanger Tuesday, a single vote short of the support needed to send it to the states for ratification and four months before voters elect a new Congress.

The 66-34 tally in favor of the amendment was one less than the two-thirds required. The House surpassed that threshold last year, 286-130.

The proposed amendment, sponsored by Sen. Orrin Hatch (news, bio, voting record), R-Utah, read: "The Congress shall have power to prohibit the physical desecration of the flag of the United States."

It represented Congress' response to Supreme Court rulings in 1989 and 1990 that burning and other desecrations of the flag are protected as free speech by the First Amendment to the Constitution.

Senate supporters said the flag amounts to a national monument in cloth that represents freedom and the sacrifice of American troops.

"Countless men and women have died defending that flag," said Majority Leader Bill Frist, R-Tenn., closing two days of debate. "It is but a small humble act for us to defend it."

Opponents said the amendment would violate the First Amendment right to free speech. And some Democrats complained that majority Republicans were exploiting people's patriotism for political advantage in the midterm elections.

"Our country's unique because our dissidents have a voice," said Sen. Daniel Inouye (news, bio, voting record), D-Hawaii, a World War II veteran who lost an arm in the war and was decorated with the Medal of Honor.

"While I take offense at disrespect to the flag," he said, "I nonetheless believe it is my continued duty as a veteran, as an American citizen, and as a United States senator to defend the constitutional right of protesters to use the flag in nonviolent speech."

Among possible presidential contenders in 2008, six voted yes: Democrat Evan Bayh of Indiana and Republicans George Allen of Virginia, Sam Brownback of Kansas, Frist, Chuck Hagel of Nebraska, and John McCain of Arizona. Five, all Democrats, voted no: Joseph Biden of Delaware, Hillary Rodham Clinton of New York, Christopher Dodd of Connecticut, Russell Feingold of Wisconsin, John Kerry of Massachusetts.

The Senate also rejected an alternative put forward by assistant Democratic leader Dick Durbin of Illinois. It would have made it against the law to damage the flag on federal land or with the intent of breaching the peace or intimidation. It also would have prohibited unapproved demonstrations at military funerals.

The last time the Senate considered the amendment, in 2000, it fell four votes short of what was needed. Both sides predicted rightly before Tuesday's vote that it would get more support.

The last proposed constitutional amendment that Congress sent to the states for ratification was the Equal Rights Amendment in 1972. The normal seven-year deadline for state ratification was extended to 1982, but the ERA couldn't muster the approval of more than 35 state legislatures, three short of the three-fourths of states required under the Constitution.

The 26th Amendment, guaranteeing 18-year-olds the right to vote, was approved by Congress in March 1971 and was ratified by the states less than four months later.

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The 27th Amendment, ratified in 1992, was first proposed in 1789. It says pay raises that Congress votes for itself can't take effect until after the next election for members of the House.

The House also got into the July Fourth spirit Tuesday by passing on a voice vote a measure that would bar condominium and homeowner associations from restricting how the flag can be displayed.

Sponsored by Rep. Roscoe Bartlett (news, bio, voting record), R-Md., the resolution would prohibit those groups from preventing residents from displaying an American flag on their own property. The Senate is considering whether to bring up the measure this year.

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The proposed flag amendment is S.J. Res. 12.

Senate Nixes Old Glory Amendment (HILL)

By Jonathan Allen

The Hill, June 28, 2006

The Senate last night rejected a constitutional amendment that would allow Congress to ban flag desecration. The 66-34 tally fell one vote short of the two-thirds support necessary to send the measure to the states.

Just before the vote, the Senate also defeated, 36-64, a substitute amendment combining a statutory desecration ban and a bill that would prohibit demonstrations at military funerals.

Invoking the American flag that flew over Iwo Jima during World War II and the one raised at the site of the World Trade Center after the Sept. 11, 2001, terrorist attacks, Senate Majority Leader Bill Frist (R-Tenn.) said the stars and stripes inspire acts of heroism, courage and strength in the name of freedom.

"Destroying the very emblem of that freedom is just flat wrong," Frist said.

Sen. Russ Feingold (D-Wis.), like Frist a possible 2008 presidential candidate, argued that free expression is more important than a symbol of that freedom.

"America is not simply a nation of symbols; it is a nation of principles," Feingold said. "And the most important principle of all, the principle that has made this country a beacon of hope and inspiration for oppressed people throughout the world, is the right of free expression."

All but three Republicans, Sens. Mitch McConnell (Ky.), Bob Bennett (Utah) and Lincoln Chafee (R.I.), voted for the constitutional amendment, and 14 Democrats supported it. Senate Minority Leader Harry Reid (D-Nev.) and freshman Sen. Robert Menendez (D-N.J.) voted for both proposals.

Amendment supporters, including sponsor Sen. Orrin Hatch (R-Utah), said a change to the Constitution is necessary because the courts have invalidated statutory flag-desecration bans. The amendment, they noted, would not actually prohibit flag desecration.

"Why wouldn't we want to restore power back to the people?" Hatch said.

California Democrat Sen. Dianne Feinstein took a similar tack.

"In honor of this emblem of America, I ask that this body permit us to give the American people the opportunity to decide if the Constitution should be amended," Feinstein said. "It is time to let the people decide."

Critics argued that few American flags are burned, that an amendment to the Constitution would be the wrong fix for such a problem and that the nation has more pressing business.

"I completely agree that flag burning is a contemptible act, calculated to outrage rather than persuade. But even if there was a nationwide epidemic of flag burning, it would not begin to rival the problems we have faced without amending the Bill of Rights," said Sen. Edward Kennedy (D-Mass.).

Proponents sought to draw a distinction between speech and physical acts.

"This amendment seeks to prevent the physical abuse of a symbol that has served our country in many valuable ways through its history," said Sen. Mel Martinez (R-Fla.). "It does not do so by restricting anyone's speech, but by addressing their physical conduct."

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Sen. Frank Lautenberg (D-N.J.) brought a picture of singer Kid Rock to the floor of the Senate to argue that one man's act of patriotism is another man's act of desecration.

"Here he is, Kid Rock, with his head through the flag. Is that a desecration? It was such a desecration that he was invited to address the Republican convention, and they partied with him and they loved him," Lautenberg said.

The two sides bantered all day over the urgency and propriety of the amendment.

"The timing of this consideration, four months before the mid-term election, raises concerns, again, that the Constitution is being misused for partisan purposes," said Vermont Sen. Patrick Leahy, the leading Democrat on the Judiciary Committee. "That is wrong."

Even some who supported the amendment suggested it was not the most pressing business before the Senate.

"It's not a burning issue in the grand scheme of things" said Sen. Gordon Smith (R-Ore.).

Not Quite The Banner Day One Might Have Hoped For (WP)

By Dana Milbank

The Washington Post, June 28, 2006

As the Senate's flag-desecration debate heated up yesterday and the sparks began to fly -- but before the smoke cleared -- the amendment's backers were asked a burning question: Is this the most important issue facing the nation?

The senators rushed to extinguish the very thought.

"I don't think anybody would say it's the most important," said Sen. Trent Lott (R-Miss.).

"No, no, not even close," said Sen. John Ensign (R-Nev.), who, like Lott and 57 other senators, nevertheless signed on as a co-sponsor of the amendment.

"Ha, ha, ha," Sen. Kay Bailey Hutchison (R-Tex.), another co-sponsor, replied, before disappearing through an unmarked doorway.

In fact, when the question was put to 19 Senate supporters of the amendment yesterday in the Capitol corridors off of the Senate chamber, only one -- amendment author Orrin Hatch (R-Utah) -- asserted that this was indeed the nation's No. 1 priority. And that was only after some serious goading.

So why is the Senate, which came within one vote of approving the amendment yesterday, giving the matter such prominence?

Backers of the flag amendment had planned to make the issue the highlight of their last week in town before the July 4 recess. But by midday yesterday, they were flagging. Originally planning to spend as many as four days of debate on the amendment, they decided to get rid of it before sunset. "This is the day we're dealing with it," Sen. Jon Kyl (R-Ariz.) vowed as he made his way to the chamber.

Out on a lethargic Senate floor, both sides were struggling to find speakers to fill the time for debate. Starting at 11 a.m., the lawmakers killed time with five quorum calls as they hunted for somebody to take the floor; one quorum call ended only when the senators decided it was time for lunch.

After a two-hour party lunch, Republican senators went to the microphone to talk about national security, not flag security. By late afternoon, Judiciary Committee Chairman Arlen Specter (R-Pa.) gave up the flag talk entirely and gave a speech instead about a judicial nominee.

"It's not a burning issue," a wry Sen. Gordon Smith (R-Ore.) told The Hill newspaper's Jonathan Allen off the Senate floor. Smith, a backer of the amendment, betrayed no hint that his wordplay was intentional.

Nearby, Sen. John Sununu (R-N.H.) was practically running from the debate. Would he take a question about flag burning? "Uh, no," he said. He paused to reconsider, then walked away briskly. "No, sorry," he reaffirmed.

If wrapping oneself in the flag were a form of desecration, senators on both sides of the issue would have been in some trouble yesterday. Majority Leader Bill Frist (R-Tenn.) called a midday news conference outside his office with two colleagues. They stood in front of three gold-trimmed flags, eagles atop each.

"The American flag represents everything this country stands for," Sen. Jim Bunning (R-Ky.) told the assembled. "I am ready to go on this amendment!"

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But is this the most important issue facing the nation? Frist was uneasy. "You know, it's interesting, in terms of the question of why, why, why now," he began, then decided to rephrase the question. "Is it important?" he asked. "You bet it's important."

Fortunately for Frist, his Democratic counterpart was struggling on another flag-bedecked stage. "I think we have some misplaced priorities," Sen. Harry Reid (Nev.) said, condemning the amendment at a news conference. "I don't think it's the right time to bring up the issue." Reid seemed a bit sheepish as he acknowledged, "I'll vote for it."

So if he thinks bringing it up is such a bad idea, why is he voting for it? "I'm confident it won't pass," Reid explained.

Hatch alone seemed unburdened of doubt. "This sends a message to the [Supreme] Court like it's never been sent before!" he said. "In my opinion, there's nothing that would supersede this in importance."

Nobody would join Hatch in assigning the "most important" label.

"I know how y'all use those questions," said a suspicious George Allen (R-Va.).

"I'm not going to put it 'the most important,' " said Norm Coleman (R-Minn.).

"I wouldn't call it the most pressing," demurred John Cornyn (R-Tex.) How about top 10? "I can't give you a top 10," Cornyn again dodged.

Out on the floor, the debate was getting sloppy. Sen. Dianne Feinstein (D-Calif.), a supporter, displayed a poster of Iwo Jima. Sen. Frank Lautenberg (D-N.J.), an opponent, countered with a poster of Kid Rock wearing a flag.

Was this any way to amend the Constitution? Hatch went to the floor to steel the chamber's resolve. "I was asked this afternoon by a large body of media: Is this the most important thing the Senate could be doing at this time?" he told his colleagues, answering the question, "I can tell you: You're darned right it is."

An hour later, Hatch fell a vote short of his goal. But there was no time to wallow: Oregon's Smith was already on the floor, hailing Oregon State University's college baseball World Series victory.

"Mr. President," Smith announced with an enthusiasm that eluded him during the flag-burning debate, "I stand before you a Beaver believer."

US Senate Turns Down Constitutional Ban On Flag Burning (AFP)

AFP, June 27, 2006

The Republican majority in the US Senate failed by just one vote Tuesday to amend the US Constitution to ban desecration of the American flag.

The motion, backed by 66 votes, fell one vote short of the two-thirds majority needed to pass a constitutional amendment. Thirty-four senators voted against it.

Backed by President George W. Bush, the measure had been promoted by the Republican majority as it tries to rally its conservative base ahead of key congressional elections in November.

Opponents of the measure said flag burning is an expression of free speech that is guaranteed by the US Bill of Rights, and which must be protected.

But the leader of Senate Republicans, Bill Frist, said the vote was a defeat for the US flag itself and the patriotic American spirit it represents.

"'Old Glory' lost today," Frist said after the vote.

And like other supporters of the amendment, he said especially at a time of war, it was important to protect the flag as a symbol of freedom and national unity.

"At a time when our armed services are defending America's freedom in the war on terror, it's unfortunate that a minority of my colleagues blocked this amendment," he said.

The Republican leader also suggested that a future vote on a similar amendment could be in the offing.

"I hope the amendment's support in the Senate will continue to grow," he said. "In the meantime, I hope America rededicates itself to respecting the flag, our symbol of national unity, especially when our troops are wearing that flag as they risk their lives for this great country every day."

Votes on outlawing desecration of the flag have become a perennial feature of the Republican-led Congress, with each succeeding vote getting a little closer to passage.

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The measure voted on Tuesday, a one sentence bill, read simply: "The Congress shall have the power to prohibit the physical desecration of the flag of the United States."

Had the measure prevailed, the vote could have been an initial step in what would have been the first congressionally mandated change to the Constitution in 35 years.

In order to change the Constitution, at least 38 of 50 states would have to accept a proposed amendment within seven years of the congressional vote.

Over the past decade and a half, since the US Supreme Court ruled that flag desecration, including burning, was a protected form of speech, Congress repeatedly has attempted to approve a ban on flag desecration.

Those bills have been approved various times in the House of Representatives, only to go down in defeat in the Senate. The House most recently passed an effort to insert a flag burning ban into the Constitution last year.

Some lawmakers, including US Senator Hillary Clinton and the Senate's Deputy Democratic leader, Richard Durbin, took a middle ground on the measure, saying they are opposed to flag desecration, but also against revising the Constitution.

They co-authored a separate bill, which was also defeated Tuesday, which would have made flag desecration a crime, but without amending the Constitution.

Flag Amendment Fails In Senate (WT)

By Christina Bellantoni

The Washington Times, June 28, 2006

The Senate last night fell one vote shy of passing a constitutional amendment against flag burning, with supporters calling the vote a blow to the American flag.

"Old Glory lost today," said Senate Majority Leader Bill Frist, Tennessee Republican. "Protecting the symbol of our nation's freedom is important, and I hope the amendment's support in the Senate will continue to grow."

The American Civil Liberties Union countered by calling the vote a "victory for the First Amendment."

Senators voted 66-34 in favor of the amendment, an increase of three lawmakers since the last Senate vote in March 2000 but short of the 67 needed. Senate leaders were not certain up to the last minute whether the measure would pass. They initially thought they would fall a vote short, but they hoped to persuade a final senator.

The amendment would have granted Congress the authority to write laws banning the physical desecration of the American flag.

Over two days of debate, supporters argued that the American flag must be protected because it "represents everything this country stands for," said Sen. Jim Bunning, Kentucky Republican.

They said the amendment would "send a message to the Supreme Court," which struck down state flag-protection laws in 1989 and a federal law intended to reverse that ruling.

"The Supreme Court should not be deciding difficult social issues," said Sen. Orrin G. Hatch, Utah Republican.

President Bush last night issued a statement saying that he thinks respect for the flag shows "reverence for the ideals that guide our nation."

"The American people deserve the opportunity to express their views on this important issue," he said.

Supporters noted that all 50 state legislatures have supported flag protection, and said the House of Representatives has passed such an amendment six times.

Opponents agreed that desecrating the flag is "disgusting," "abhorrent" and "offensive," but said changing the Constitution would be a violation of free speech.

"I love the flag; we all love the flag and all that it represents," said Sen. Robert C. Byrd, West Virginia Democrat, clutching a copy of the Constitution.

"While I agree that desecration of the flag is abhorrent, repugnant, amending the Constitution flies in the very face of the First Amendment right of freedom of speech," he said.

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Burning a flag is "obscene, painful, unpatriotic," said Sen. Daniel K. Inouye, Hawaii Democrat and a World War II veteran. "But I believe Americans gave their lives in many wars to make sure that all Americans have the right to express themselves, even those who express painful thoughts."

Opponents of the amendment also argued that the concept of "desecration" was vague. They showed images of Mr. Bush using a marker to autograph a U.S. flag and of musician Kid Rock wearing a shirt made out of the flag.

They noted that only a few incidents of flag burning have occurred since the Supreme Court decision, and said the Senate has more important issues to debate before the weeklong Independence Day recess.

Sen. Patrick J. Leahy, Vermont Democrat, said Republicans had "turned the flag into a partisan political weapon."

However, 14 Democrats joined all but three of the chamber's 55 Republicans in favor of the amendment.

Meanwhile yesterday, the House unanimously passed by voice vote a bill that said condominium associations cannot prohibit residents from flying the American flag at their homes.

House Speaker J. Dennis Hastert, Illinois Republican, praised his chamber's resolution, calling the flag the nation's "most vivid and sacred symbol of freedom."

Senate Rejects Flag Bill By 1 Vote (USAT)

By Andrea Stone

USA Today, June 28, 2006

WASHINGTON — The Senate fell one vote short Tuesday of passing a constitutional amendment that would have allowed Congress to ban desecration of the U.S. flag.

Sen. Orrin Hatch, R-Utah, and other supporters vowed to try again next year, after a new Congress is elected in November. Since 1990, the measure has failed five times in the Senate to get the two-thirds vote needed to move to the states for ratification. The House of Representatives has approved the amendment seven times, most recently last year.

Hatch says the measure is needed to protect a symbol of freedom and counteract U.S. Supreme Court decisions in 1989 and 1990 that struck down state and federal laws. He cites polls showing public support and non-binding resolutions by 50 state legislatures endorsing the amendment.

“This is a setback, but it's not a final defeat,” he said. “For protecting the Stars and Stripes, I will not give up.”

Opponents said the measure would have curtailed First Amendment rights on speech for the first time since the Bill of Rights was adopted in 1791.

“While I take offense at disrespect to the flag,” said Sen. Daniel Inouye, D-Hawaii, “I nonetheless believe it is my continued duty as a veteran, as an American citizen and as a United States senator to defend the constitutional right of protesters to use the flag in non-violent speech.”

The amendment reads, “The Congress shall have power to prohibit the physical desecration of the flag of the United States.” According to the pro-amendment Citizens Flag Alliance, there were four cases of flag desecration in 2006.

The vote came a week before Independence Day and about five months before the fall elections, prompting both sides to charge the other with playing election-year politics. It was the second time this month the Senate failed to pass a constitutional amendment. The other was a ban on gay marriage.

“The Constitution has survived yet another round of election-year politicking,” said Terri Ann Schroeder of the ACLU, which opposed the flag amendment.

Still, supporters were encouraged. In 2000, the Senate came up four votes short.

Senators also rejected a statute to ban flag desecration. The narrowly worded legislation would have made it a crime to desecrate the flag under certain circumstances, such as when trying to incite violence.

Sen. Dick Durbin, D-Ill., called it a “reasonable alternative that would protect the flag without infringing on our Bill of Rights.” Hatch said the statute was an attempt by some “to cover their backsides.”

Senator Clinton And Liberals Split Over Flag Desecration (NYT)

By Anne E. Kornblut

The New York Times, June 28, 2006

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WASHINGTON, June 27 — Perhaps even more than her stance on the war in Iraq, it is Senator Hillary Rodham Clinton's position on flag desecration that has drawn the scorn of the liberal Democratic base.

When Mrs. Clinton took a stand on the matter last year — co-sponsoring legislation that would have criminalized the desecration of the American flag even as she opposed a constitutional amendment that sought to achieve the same end — she was pilloried from the left. Editorial boards criticized her for political maneuvering, the political commentator Arianna Huffington attacked her for "stars, stripes and triangulation" and even some of her supporters quietly wondered why she had gone out on a limb on such a controversial issue.

On Tuesday, Mrs. Clinton played a leading role in the flag-burning debate once again, co-sponsoring a measure similar to her previous one as an alternative to the constitutional amendment that was about to come up for a vote in the Senate.

"Fortunately, we have an opportunity to protect our flag in a bipartisan and constitutional way," Mrs. Clinton said in her floor speech.

The measure, brought to the floor by Senator Richard J. Durbin, Democrat of Illinois, failed, 64 to 36, minutes before the proposed amendment fell short of the 67 votes it needed.

With more than half of Democrats supporting the measure, the outcome suggested that Mrs. Clinton's approach had plenty of adherents within her party, and that while she might have tried the patience of her core liberal supporters, she remained within the Democratic fold as she prepared for a possible presidential race.

The divergent views of her position reflect a broader rift in the Democratic Party over whether the key to electoral success rests in winning over centrists or by drawing clear distinctions with Republicans by staking out unapologetically liberal positions.

"What's politically pragmatic isn't always what's pleasing to the left," said Steve McMahon, a Democratic consultant. "But pragmatism is what wins elections for Democrats."

Representative Barney Frank, Democrat of Massachusetts, gave Mrs. Clinton credit for trying to give Democrats a viable alternative to amending the Constitution to ban flag desecration.

"This is an effort to try to take into account the people on the left by narrowing" the proposal, Mr. Frank said. "I still disagree with it. But it's clearly a move away from the constitutional amendment, rather than toward it."

Senator John Kerry, Democrat of Massachusetts and a former presidential nominee, voted for the measure, which closely resembled past efforts to pre-empt an amendment to the Constitution. Democrats who voted for the measure in effect bought themselves the right to claim that they had voted against flag desecration, potentially inoculating themselves against possible charges of lacking patriotism in a general election campaign. The broader measure to amend the Constitution failed by a single vote, 66 to 34.

Ms. Huffington was not mollified.

"It seems in line with her stance on so many issues — trying to strike right in the middle and triangulate, by not supporting the amendment because that would upset the base too much and at the same time supporting a legislative proposal that will appeal to the center," she said of Mrs. Clinton. "It's a truly tragic way of leading."

Arresting Prison Reform (LAT)

The Los Angeles Times, June 28, 2006

GOV. ARNOLD SCHWARZENEGGER'S collapse on prison reform is one of the most disappointing failures of his tenure. Soon after taking office in 2003, he embraced initiatives to reduce the inmate population. The extent of his retreat in the face of opposition from the guards union is evident in his new four-part plan for the prisons.

The centerpiece of the governor's plan is a bill by Assembly Speaker Fabian Nuñez (D-Los Angeles) to build two prisons using lease revenue bonds, which are advantageous for politicians because they don't require voter approval. The downside is that they are horribly expensive, with higher interest rates than voter-approved bonds. The two prisons, which would cost at least $500 million each to build, could end up costing taxpayers a total of at least $2 billion.

The expense might be worth it if building new prisons were the solution to California's correctional problems. It is not, which is why voters refuse to back them. New prisons are much like new freeways, in that they don't do much to solve overcrowding problems — as soon as you build them, they fill up. Further, although overcrowding is a serious issue, the state's

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corrections system also is plagued by ineffective management and a dangerous shortage of guards; building more prisons alone would only exacerbate the latter two problems while doing little to solve the former.

The governor also wants to use lease revenue bonds to build "parole reentry facilities" — secure detention centers in communities where male inmates would be released and where those near the end of their sentences could be sent for mental health counseling and job training. It's a fine idea, though politically impractical — if there is a community in California that would welcome the construction of a small prison, we'd like to see it. The costs of these facilities are unknown, but the funding mechanism guarantees that they would be steep.

Equally problematic is the governor's proposal to shift 4,500 nonviolent female inmates to community rehab centers near their homes. This might work if there were enough existing centers to house the inmates or guards to staff them, but there aren't. That means building even more expensive mini-prisons in communities that don't want them.

The governor's plan does nothing to address the concerns of a federal judge investigating abuses of inmates by guards. It doesn't address the shortage of guards nor the management problems that make California's prisons a national embarrassment. Though ostensibly aimed at overcrowding, it doesn't even propose genuine solutions to that problem, such as reforms in sentencing laws and a major boost in rehabilitation programs. If the Legislature, which met in special session Tuesday night to discuss the governor's proposals, wants to set things right, a radical shift in approach is required.

Complain Without Fear (WP)

The Washington Post, June 28, 2006

HAVING LAWS against workplace discrimination isn't much help if employees fear that they'll be punished for filing a claim. So from the start the federal employment discrimination law has offered protection against retaliation to workers who claim discrimination. What's been unclear, however, and a matter of disagreement among the lower federal courts, is precisely what treatment constitutes illegal retaliation. Specifically, is it limited to on-the-job activity or could it involve other actions outside the workplace? And if the retaliation occurs on the job, how serious must it be?

The Supreme Court resolved this issue last week in a decision that was remarkable for both its real-world sensibility and its unanimity. (All nine justices agreed that illegal retaliation had occurred in the case before the court, and all but one, Justice Samuel A. Alito Jr., agreed on a single standard to govern such cases.) The court found that illegal retaliation can take place on or off the job and that it applies to situations in which the employer's actions are "harmful to the point that they could well dissuade a reasonable worker from making or supporting a charge of discrimination." This is a sensible middle ground between extremes that had been adopted by some of the federal appeals courts that considered the issue.

The case involved Sheila White, a forklift operator and the only woman working in the "maintenance of way" department at Burlington Northern & Santa Fe Railway's Tennessee Yard in Memphis. Ms. White complained to officials that her immediate supervisor had repeatedly told her that women shouldn't be working in the department and had made insulting and inappropriate remarks to her.

While the supervisor was disciplined, Ms. White was transferred from forklift duty to the more onerous task of track laborer. In the course of a dispute over her new duties, Ms. White was suspended without pay for 37 days for insubordination. The company ultimately overturned the suspension and awarded Ms. White back pay for that period.

Writing for the eight-justice majority, Justice Stephen G. Breyer emphasized that "petty slights or minor annoyances" wouldn't rise to the level of retaliation, and that the conduct had to be objectively problematic -- enough to dissuade a "reasonable" employee. But as Justice Breyer wisely noted, "Context matters. . . . A change in an employee's work schedule may make little difference to many workers, but may matter enormously to a young mother with school age children."

Thus, in Ms. White's case, while both her forklift driving and her track-clearing duties fell within the same job description, as Justice Breyer wrote, "Common sense suggests that one good way to discourage an employee such as White from bringing discrimination charges would be to insist that she spend more time performing the more arduous duties and less time performing those that are easier or more agreeable."

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Similarly, Ms. White's suspension without pay could have been unlawful retaliation even if she was eventually compensated for the time off. "Many reasonable employees would find a month without a paycheck to be a serious hardship," and take that into account before filing a complaint, Justice Breyer noted.

For a court sometimes characterized by ivory-tower jurisprudence, this ruling was a welcome instance of common-sense judging.

ANTITRUST:

PSC Considers BellSouth-AT&T Merger (AP)

By Holbrook Mohr

AP, June 28, 2006

JACKSON, Miss. - A proposed merger between AT&T and BellSouth Corp. has no provisions that would immediately cut jobs in Mississippi, but some opponents fear smaller competitors here could suffer if they are not protected.

The $67 billion plan met opposition during a hearing before the Mississippi Public Service Commission on Tuesday from a workers' union and telecommunication companies that are concerned the massive acquisition could lead to monopolization of the market.

The Mississippi commission, the Justice Department, the Federal Communications Commission and several other states would have to sign off on the deal, which was announced in March.

Those testifying on behalf of the two companies on Tuesday played down the competition between AT&T and BellSouth, saying the companies target different customers. However, in a February filing with the Security and Exchange Commission, BellSouth said one of its most significant local competitors is AT&T Corp.

Mike Walker, a BellSouth spokesman, told The Associated Press that the February filing is related to all the states where BellSouth operates.

"But specifically when you get to Mississippi, AT&T is not a local competitor for this state," Walker said.

Joseph Gillan, testifying on behalf of NuVox Communications and Time Warner Telecom Inc., asked the commission to put a cap on rates that BellSouth would be able to charge other companies for use of its network.

"The primary concern is that this is going to form a massive incumbent monopoly," Gillan told The Associated Press.

Nationwide, the plan would call for downsizing by about 10,000 employees over three years, said James Kahan, AT&T's senior executive vice president of corporate development.

BellSouth employs about 2,500 people in Mississippi and its subsidiary, Cingular Wireless, has about 1,500 employees in the state.

Kahan said there are "no plans to reduce force (and) no plans to close facilities" in Mississippi.

But he rejected requests by the Communications Workers Association to make retention of jobs a condition of the merger.

"We're not willing to commit to not reducing employees in Mississippi even though we don't have any plans," Kahan said. "Putting conditions on one company and not the others is not pro-competetive."

Paul Kimble, an attorney representing the Communication Workers Association, suggested that about half the savings AT&T was hoping for would come from cutting jobs.

Kahan responded that the larger proportion of the jobs that would be lost are management positions. He said some jobs would be cut initially but the hope is that the combined company would ultimately grow.

And he said most of the savings would come through reduced advertising costs and restructuring the companies' assets, including Atlanta-based Cingular Wireless. AT&T owns 60 percent of the company and BellSouth holds the remainder.

BellSouth President John McCullogh praised the plan.

"I'm excited about the merger, it's in the public interest," he said.

AT&T officials said the merger would bring new technology to Mississippi and help protect against the major communications failures the state experienced in the wake of Hurricane Katrina.

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Chris Rice, AT&T's executive vice president of network planning and engineering, testified that the telecommunication giant has invested millions in storm preparation.

BellSouth also needs to merge with AT&T for both companies to remain competitive in a global market, Kahan said.

The merger would also allow for more research and development by spreading the cost to more customers, Kahan testified.

A hearing was set for Tuesday in Tennessee.

McClatchy Closes Deal For Knight Ridder (AP)

By Seth Sutel, AP Business Writer

AP, June 28, 2006

McClatchy Closes Deal for Knight Ridder to Become Second-Largest Newspaper Publisher in U.S.

NEW YORK (AP) -- McClatchy Co. said Tuesday it had completed its acquisition of Knight Ridder Inc., making it the second-largest newspaper publisher in the country in terms of circulation.

The news came a day after Knight Ridder shareholders overwhelmingly approved the transaction in an emotional shareholders meeting in San Jose, Calif., where the company was based.

The company has received notice of regulatory approval for the deal on the condition that it completes its previously announced sale of the St. Paul Pioneer Press. McClatchy already owns the Star Tribune in neighboring Minneapolis, and owning both would have raised antitrust concerns.

McClatchy also announced Tuesday that it had completed the previously announced sales of four Knight Ridder newspapers: the Duluth News Tribune in Minnesota; the Grand Forks Herald in North Dakota; the Aberdeen American News in South Dakota; and the Ft. Wayne News-Sentinel in Indiana and a 75 percent interest in the Fort Wayne Joint Operating Agency.

In all, McClatchy has reached deals to sell 12 of Knight Ridder's 32 papers, which it has said previously it wanted to sell largely because they did not fit McClatchy's criteria of being located in rapidly growing markets.

McClatchy plans to use the roughly $2.1 billion in proceeds from the divestitures to reduce debt taken on to complete the acquisition.

McClatchy already owned 12 newspapers, so with the 20 it is keeping from Knight Ridder it will now have 32. The company said Tuesday that it would have a combined circulation of 3.3 million.

As a result of the closing of the deal, Knight Ridder's stock will no longer be traded. Under the previously announced terms of the transaction, the shares will be converted into the right to receive $40 in cash and .5118 of a Class A McClatchy share.

In trading on the New York Stock Exchange Tuesday, Knight Ridder's shares ended down 62 cents at $60, while McClatchy's fell $1.42 to $39.03, making the deal worth $59.98 per share of Knight Ridder.

Knight Ridder's Chairman P. Anthony Ridder will join the board of McClatchy. Knight Ridder traced its roots back to 1892, when Ridder's great-grandfather Herman Ridder bought a German-language newspaper in New York.

McClatchy Completes Knight Ridder Purchase (MRKTWTCH)

By David B. Wilkerson, MarketWatch

MarketWatch, June 28, 2006

CHICAGO (MarketWatch) -- McClatchy Co. said after Tuesday's closing bell that it has completed its $6.5 billion purchase of fellow newspaper publisher Knight Ridder Inc.

The close came as expected after a legal formality in which McClatchy said it signed an agreement sought by the U.S. Department of Justice to sell the St. Paul, Minn., Pioneer Press, one of the 32 papers it bought from Knight Ridder.

The department's antitrust division earlier in the day filed a U.S. District Court suit and a proposed consent decree allowing the deal to go forward if McClatchy agreed to sell the Pioneer Press.

McClatchy, which owns the neighboring Minneapolis Star Tribune, previously had announced plans to sell the Pioneer Press to the Hearst Corp. to avoid potential antitrust problems.

McClatchy is selling 11 other Knight Ridder properties to reduce debt.

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Following the close of the deal, Knight Ridder shares, which were converted into the right to receive $40 in cash and a fraction of a McClatchy share, will no longer be traded.

McClatchy said it also completed the sales of the Duluth News Tribune; the Grand Forks Herald; the Aberdeen American News; the Ft. Wayne News-Sentinel and a 75% interest in the Fort Wayne Joint Operating Agency.

Along with the proceeds of those sales, McClatchy said it borrowed $3.08 billion under a new bank credit facility to pay for the Knight Ridder purchase.

Last November, Knight Ridder put itself on the block after two of its biggest institutional shareholders demanded that the company pursue a sale to lift its stock price.

McClatchy shares closed Tuesday at $39.03, down $1.42 or 3.51%. David B. Wilkerson is a reporter for MarketWatch in Chicago.

Op-Ed: Are Employees' Statements Their Company's As Well? (LAW)

By Howard E. Heiss And Mark A. Racanelli, New York Law Journal

New York Law Journal, June 28, 2006

Recent federal case finds employee statements made during proffer sessions with the government can be attributed to employers

In a recent criminal case, the antitrust division of the Department of Justice took the position -- and a federal court agreed -- that statements employees make during proffer sessions with the government can be used against their employer at trial, even though the company was not a party to the proffer agreement and was represented by separate counsel.

The government argued that it was permitted to use employees' statements in this way because they are vicarious admissions by the company itself. As far as the government and the court were concerned in that case, the only facts that mattered were that the employee worked at the company at the time of the proffer and made statements about things he did as part of his job.

Whether an aberration or a sign of new thinking at the Justice Department, the case is a cautionary tale for defense lawyers representing companies whose employees have spoken to the government.

But the case also appears to rest on shaky legal ground. It is one thing to say that an employee speaks for the company when talking to coworkers, competitors or investors in a job-related setting. It is something else entirely when employees make statements in a prosecutor's office in an effort to avoid or deflect criminal liability for their business conduct, and when their interests might conflict with those of the company.

JUSTICE DEPARTMENT POSITION: PROFFER AS VICARIOUS ADMISSION

The case, United States v. Alaska Brokerage Int'l, Inc.,1 filed in January 2006 in the U.S. District Court for the Western District of Washington -- involves an indictment against a company (Alaska Brokerage) and its principal (David Karsch) for bid-rigging in the market for animal pelts sold at auction. Karsch, who was the sole employee and officer of Alaska Brokerage, submitted to an interview with the government in an attempt to avoid indictment.2 He signed a proffer agreement acknowledging that the government could "use your statements to impeach your testimony ... or to rebut evidence offered on your behalf."3 During the proffer, Karsch admitted that, on behalf of the company, he entered into agreements with competitors not to bid, or to bid at certain prices, for products at auction.

Alaska Brokerage had notified Karsch a week before the interview that it was terminating his employment, though the effective date of the termination was after the proffer.4 The company was not represented at Karsch's proffer and did not sign the proffer agreement.5

Before trial, prosecutors filed an in limine motion to permit them to use Karsch's proffer statements against the company. The government relied principally on Federal Rule of Evidence 801(d)(2)(D), which allows for the admission of statements by a party's agent (1) "concerning a matter within the scope of the agency or employment," and (2) "made during the existence of the relationship."

The Justice Department maintained that Karsch's statements met both criteria and, thus, should be deemed admissions of the company. The statements concerned a "matter within the scope" of Karsch's employment, the prosecutors argued, because

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they described actions he took on behalf of the company.6 Ignoring the fact that Karsch had been handed his termination papers at the time of the proffer, the government also took the position that his statements were "made during the existence of the relationship" because Karsch's firing had not yet become effective.7

According to the government, that Karsch's statements were attributable to Alaska Brokerage as corporate admissions also closed the books on any constitutional right the company had to confront him about the statements under Crawford v. Washington.8 As the government pointed out, "a criminal defendant's right to confrontation is ... limited to confronting 'witnesses' against him and does not include the right of a criminal defendant to confront his own admissions."9

The Justice Department gave no real consideration to the possibility that Karsch might have been looking after interests that diverged from, or conflicted with, those of his employer at the time of the proffer. To be sure, those concerns were mitigated in the unique circumstances of that case because Karsch was the sole employee and officer of Alaska Brokerage. But the company reasonably argued that there nonetheless was a conflict: Karsch had been told at the time of the interview that he was being fired, the government issued separate target letters to Karsch and the company, and the company, with its own counsel, was separately pursuing plea negotiations.

Moreover, there was no indication that the prosecutors intended to limit their theory to situations where the employee is the company's alter ego. Indeed, the government's papers drew no distinction between the use of proffer statements made by an employee in a one-person "mom and pop" or a Fortune 500 company. In the government's view, either could constitute a vicarious corporate admission.

In a two-page order, the district court agreed with the government that Karsch's proffer statements could be introduced against the company.10 Both Karsch and the company later pleaded guilty.

RULE 801(D)(2)(D)

The key to the Justice Department's position in Alaska Brokerage is its view of the scope of Rule 801(d)(2)(D). The test for determining whether a statement qualifies as a vicarious admission under that rule is well-established. First, an agency relationship must exist at the time of the statement. "The authority granted in the agency relationship need not include authority to make damaging statements, but simply the authority to take action about which the statements relate."11 Thus, courts have commonly found agency relationships based on the fact that an employee was hired to conduct an aspect of the company's business.12

Second, the statement must concern "a matter within the scope" of the declarant's employment. Statements made about matters beyond an employee's job responsibilities are not admissible under 801(d)(2)(D).13But statements arising out of an employee's official duties -- including, most typically, statements about a job while doing that job -- have been deemed vicarious admissions.14 An easy case would be a CEO's statements during an analyst conference call about the company's earnings.

BEYOND THE RULE'S LIMITS

The prosecutors in Alaska Brokerage stretched each of these elements of Rule 801(d)(2)(D) beyond recognized limits. With regard to the first prong, it is difficult to imagine how an employee can be said to be truly acting for the company when he or she is handed a termination notice a week before the proffer, regardless of whether as a matter of pure formality the person is still an employee during the interview. Courts have held that what is important is not whether the employee is technically still on the company's payroll, but whether the facts show that the employee is really speaking as an employee.

In Young v. Green Mgmt, Inc., for instance, the 7th Circuit refused to admit as an agency statement an employee's resignation letter which complained of discriminatory practices by the company. Although the employee still worked for the company when he sent the letter, the circumstances demonstrated the employee was really acting as the company's adversary; thus "the justification for Rule 801(d)(2)(D) does not exist because [the employee] was no longer 'inhibited by his relationship with the principal from making erroneous or underhanded comments which could harm the principal.'"15

The government's analysis of the second prong of the 801(d)(2)(D) test is also faulty. The prosecutors argued that an employee's description of something he or she did on the job -- no matter the circumstances in which the statement was made and to whom -- necessarily concerns "matters within the scope" of the employment. But that position strips of all meaning the setting of the employee's statement. And the setting is important.

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There is a world of difference between statements made by an employee at an analyst conference call and statements made to a room full of federal agents and prosecutors intent on indicting the employee. It hardly follows that an employee is speaking for the company equally when explaining to the public why revenues will meet expectations and when trying to convince a prosecutor -- who may also be investigating other employees or the company itself -- not to press criminal charges.

Let's assume the government is conducting a criminal investigation of a company and its executives for accounting fraud, and prosecutors invite the chief accounting officer in for an interview. Also assume that that employee would say that she saw pervasive fraud at the company and that the CEO and the CFO were in on it. The potential conflict between the accounting officer's interests and those of the corporation is clear. Indeed, under these facts the witness would need separate counsel from the company. But the prosecutors in Alaska Brokerage would say that the employee's proffer statements could be used against the company as long as she was describing things that she saw, heard and did as part of her job.

2NDCIRCUIT BATTLE

We have found no case other than Alaska Brokerage where a court has ruled that the government can use an employee's statements made at a government interview against the company under Rule 801(d)(2)(D). Other authority suggests that the government's Alaska Brokerage argument would face an uphill battle at least in the 2nd Circuit.

In SEC v. Geon Indus., Inc.,16 the SEC brought a complaint against a number of defendants for insider trading, including the firm that employed a broker who traded on inside information. The broker invoked his Fifth Amendment rights at trial and the SEC offered against the brokerage firm the broker's testimony to the SEC during the investigation. No authorized representative of the firm was present for the SEC testimony. The district court refused to admit the broker's testimony as a vicarious admission under 801(d)(2)(D), and the 2nd Circuit affirmed.

Judge Henry J. Friendly, writing for the Court, focused on the conflict between the broker's interests and those of his firm as a basis for excluding the statement. The court noted that while the broker was still an employee of the firm at the time of his testimony, he had been placed on suspension. The SEC had not filed a complaint when the broker testified, and both he and the firm were "potential defendants." As the court explained, "it was clear that [the broker and the firm] might have conflicting positions" when the broker appeared before the SEC.17 The court held this conflict alone rendered the statements inadmissible as vicarious admissions, and there was no need to even analyze whether the statements fell within the scope of the broker's agency.18

CONCLUSION

While any attempt by the government to use an employee's proffer statement against a company is legally vulnerable, defense counsel -- whether for the corporation or an individual employee -- should be alert to this issue. Counsel for employees should not assume that proffer statements will not find their way into the government's trial arsenal. And counsel for corporations should be ready to prevent the government from introducing such statements as agency admissions.

Howard E. Heiss is a partner and Mark A. Racanelli is counsel, with O'Melveny & Myers. They are former federal prosecutors in the U.S. District Court for the Southern District of New York. Joseph Keller, an associate with O'Melveny, assisted in the preparation of this article.

::::FOOTNOTES::::

FN1 No. CR06-11 (JLR) (W.D. Wash.).

FN2 Memorandum in Support of Government's Motion In Limine to Permit Use of Admissions Made by David Karsch at 1, 3, United States v. Alaska Brokerage Int'l, Inc. (No. CR06-11 (JLR)).

FN3 Id. at 2.

FN4 Alaska Brokerage's Motion to Suppress Statements by David Karsch, at 2, United States v. Alaska Brokerage Int'l, Inc. (No. CR06-11 (JLR)).

FN5 Id. at 3.

FN6 Government Memorandum, supra note 2, at 4.

FN7 Id. at 3, 5.

FN8 541 U.S. 36 (2004).

FN9 Government Memorandum, supra note 2, at 6.

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FN10 Minute Order, United States v. Alaska Brokerage Int'l, Inc., (No. CR06-11 (JLR)) (April 19, 2006).

FN11 Pappas v. Middle Earth Condominium Assoc., 963 F.2d 534, 538 (2d Cir. 1992).

FN12 Id.

FN13 Williams v. Pharmacia, Inc., 137 F.3d 944, 950-51 (7th Cir. 1998) (employee complaints about their supervisors not admissible under 801(d)(2)(D)).

FN14 Buscemi v. Pepsico, Inc., 736 FSupp 1267, 1270 (SDNY 1990) (statements by vice-president of personnel on corporation's hiring practices, printed in a magazine, were 801(d)(2)(D) admissions of company).

FN15 327 F.3d 616, 622-23 (7th Cir. 2003) (citation omitted).

FN16 531 F.2d 39 (2nd Cir. 1976).

FN17 Id. at 43 n. 3.

FN18 Id.

Proposal Would Reduce Companies' Civil Damages (BLOOM)

By James Rowley, BLOOMBERG NEWS

Bloomberg News, June 28, 2006

Effort to rein in lawsuits would help Microsoft

A congressionally created commission is considering a proposal to let U.S. judges reduce the billions of dollars in civil damages that companies such as Microsoft Corp. would have to pay victims for thwarting competition.

In some cases, violators would be spared triple damages and only forced to reimburse consumers for actual financial losses.

A companion proposal would give the government a two-thirds share of triple damages and consumers the rest in criminal price-fixing conspiracies such as the government's prosecution of a global vitamin cartel led by Roche Holding AG and BASF AG.

The proposals are the latest effort to rein in suits against corporations and, if approved by the commission and sent to Congress, are sure to stir opposition.

Richard Grossman, a San Francisco lawyer who sued Microsoft on behalf of consumers, says it is vital to retain the threat of triple damages.

"If you rob a bank and you are only required when you are caught to return the money that you obtained in the bank robbery, then there is no economic incentive not to keep trying," he said.

The 12-member federal commission was created at the prodding of Rep. James Sensenbrenner, 63, a Wisconsin Republican who heads the House Judiciary Committee. The commission has asked for public comment on its proposals by July 10 and is due to send a package of recommendations to Congress by April.

Among the commission members is New York antitrust lawyer John Warden, 64, who headed Microsoft's defense team when the government successfully sued the world's largest software company. Federal courts ruled that the Redmond-based company illegally protected its monopoly for the Windows operating software that runs 95 percent of the world's personal computers.

The government's suit spawned 130 consumer class-action claims that Microsoft settled by agreeing to pay more than $2.2 billion, mostly in the form of rebates on future computer or software purchases. It also paid $4.66 billion to resolve competitors' suits, including $1.5 billion to Santa Clara, Calif.-based Sun Microsystems Inc., $850 million to Armonk, N.Y.-based International Business Machines Corp. and $750 million to Time Warner Inc., based in New York City.

The commission is "kind of an apology to Microsoft," said Lloyd Constantine, a plaintiff's attorney at Constantine Cannon in New York. "The deck was really stacked" through the appointments of Warden and Deborah Garza, the commission's chairwoman, a partner at the Fried, Frank law firm in Washington that also represents Microsoft, he said.

Warden defends the commission's work and said his role on the panel isn't representing Microsoft's interests. "I don't know why anyone would pick Microsoft as somebody who would be uniquely benefited" by the proposed changes, he said in an

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interview, adding that it is "ridiculous" to infer he was appointed to the panel to help Microsoft. "My views are my own," said Warden, a partner in the New York law firm of Sullivan & Cromwell.

Garza, 49, said that, while she did work for Microsoft, she wasn't involved in the government's antitrust case. "I don't talk to anyone at Microsoft about the commission's activity," Garza said. "I don't think that's why I am on the commission."

Microsoft spokesman Jack Evans said in an e-mail that "Microsoft neither lobbied Congress" to create the Antitrust Modernization Commission "nor advocated the appointment of any of its members."

Investor Group Snags Univision; Televisa Fumes (WSJ)

By Miriam Jordan, Dennis K. Berman And John Lyons

The Wall Street Journal, June 28, 2006

The chaotic auction of Spanish-language broadcaster Univision Communications Inc. has resulted in an equally tumultuous outcome.

Univision yesterday confirmed its planned sale to a consortium of private-equity investors who will pay $12.3 billion and assume $1.4 billion in debt. But in doing so, Los Angeles-based Univision appears to have further rankled an important business partner it had already been feuding with: Mexico's Grupo Televisa SA, the company that provides much of the popular programming that has made Univision the dominant Spanish-language TV network in the U.S.

Televisa, which already owns 11% of Univision, led a group that made a competing bid for Univision. For weeks, it was expected to win the deal, fulfilling Televisa Chief Executive Emilio Azcarraga Jean's dream of controlling the U.S. media asset. After losing the deal early yesterday, people close to Televisa complained bitterly that Univision and its controlling shareholder -- billionaire A. Jerrold Perenchio -- had ignored its bid, failing to discuss it even though the bid was very close in value to the winning offer.

A person in the Univision camp said that the auction was conducted on a level playing field, and that the board used its business judgment to secure what this person described as the best price and the only reliable offer.

In any event, the result is that Univision's relationship with Televisa -- already badly ruptured because of a series of disagreements over the past year -- may now grow even more difficult. Patching up the frayed partnership will likely be the first and most important item on the agenda of Univision's new owners.

The winning bid came from a private-equity group made up of Texas Pacific Group Inc., Thomas H. Lee Partners, Madison Dearborn Partners LLC, Providence Equity Partners Inc. and media mogul Haim Saban. The private-equity partners are contributing $900 million, with $250 million coming from Mr. Saban, and financing the remainder. The consortium didn't speak publicly about how it plans to operate Univision, which consists not just of the highly rated broadcast network, but also sister network TeleFutura, 73 radio stations and several record labels.

The acquiring group's winning bid of $36.25 per share came after an earlier offer of $35.50 was rejected. Televisa and partners Bain Capital and Cascade Investment late last week offered $35.75, but in a prepared statement Televisa said, "repeated offers to discuss all aspects of our proposal including price" were disregarded.

People close to Univision said the Televisa group was disorganized and that its offer was less desirable because of potentially messy regulatory obstacles involving foreign-ownership limits. As the auction approached its zenith late last week -- and the Televisa bid was jeopardized by various partners that pulled out -- Mr. Azcarraga flew to Germany to watch the Mexican soccer team's World Cup match on Saturday.

The Televisa spokesman called untrue the suggestion that the Televisa team was disorganized.

Televisa backers counter that the winning bidders have regulatory issues of their own, as some members are partial owners of other media assets, such as radio stations and newspapers, that could draw scrutiny. The winning deal includes a breakup fee of around $300 million.

Both offers were well below the $40 per share Mr. Perenchio initially sought when he put the company on the auction block in February. Nonetheless, the press-shy Mr. Perenchio in a written statement characterized it as a "blockbuster transaction." Mr. Perenchio himself stands to reap $1.4 billion in the transaction, a giant windfall from the $33 million he invested in the company 14 years ago.

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This blockbuster immediately faces complex problems, however. Televisa said it has "a number of options it is considering." Those could include taking legal action against Univision, presenting a new bid or somehow moving its programming to new broadcasting venues. People close to the matter said the winning bidders left room in their final documents to bring Televisa into the deal, but Televisa was steadfastly opposed.

"We've made a decision, and we're not going to join the winning bidder. We're not going to bail that consortium out of the deal that it made," the Televisa spokesman said.

Univision and Televisa have a fractious history together. Mr. Azcarraga's grandfather, who got his start buying radio stations, started assembling the network of U.S. TV stations that eventually became Univision in the 1970s after being surprised by the almost total lack of Spanish-language programming in the states at the time. Mr. Azcarraga's father, a flamboyant man who went by the nickname El Tigre, was forced to sell the network in the late 1980s after a fight with U.S. regulators who charged that he was in violation of foreign-ownership limits of media companies.

But the Azcarraga family didn't give up easily. In 1992, Televisa teamed with Mr. Perenchio and Gustavo Cisneros to repurchase Univision. The deal was highly criticized by other potential bidders and in news reports as an attempt by the Azcarraga family to retake control of Univision using Mr. Perenchio as a front man to get around U.S. foreign-ownership limits. The structure of the deal was unusual: Mr. Perenchio got 75% control but put up less than 10% of capital to buy Univision. Mr. Perenchio always denied that he was a front man for the Azcarraga family.

The relationship between Mr. Perenchio and the Azcarraga family soured greatly after the death of El Tigre in 1999. Mr. Azcarraga, who inherited the company from his father, quit the board when Mr. Perenchio named one of his protégés, Ray Rodriguez, as president; Mr. Azcarraga wanted an independent search. Televisa is suing Univision over a programming contract that gives Univision exclusive rights to Televisa programming through 2017.

Mr. Rodriguez could become a further lightning rod if the acquiring group retains the current management of the company. People close to the acquiring group say it plans to meet with Univision's management over the next few months to learn about the company and the industry. The acquiring group expects the transaction to close in spring 2007 and will decide about management later.

Televisa and another foreign-owned program supplier, Venezuela's Venevision, both own stakes in Univision that together total 25% -- the maximum foreign ownership allowed under U.S. law. Both companies have board seats and voted against accepting the winning bid at Monday evening's Univision board meeting. The acquiring team needs shareholder approval of 60% for the deal, making it impossible for Televisa and Venevision to derail the deal on their own. Venevision dropped out of Televisa's bidding group last week; it's unclear how closely aligned the two company's interests are.

Credit Suisse Group, Deutsche Bank AG, Bank of America Corp. and Wachovia Corp.'s Wachovia Securities advised the bidding group, with legal advice from Weil Gotshal & Manges and Hogan & Hartson. UBS AG and Skadden Arps Slate Meagher & Flom advised Univision.

Consortium Buys Univision For $12.3bn (FT)

By James Politi

Financial Times, June 28, 2006

A consortium of private equity groups on Tuesday agreed to buy Univision Communications, the US Spanish-language broadcasting company, for $12.3bn in cash, in a buy-out structured with an aggressive financing package and one of the biggest equity cheques on record.

The deal capped a five-month auction for Univision and was seen as a sign of the growth of the Hispanic media market in the US.

However, many of the biggest US media groups – such as Walt Disney and CBS – failed to play meaningful roles in the auction, leaving Mexico's Televisa and a handful of buy-out firms to battle it out in the final bidding.

The deal involves Texas Pacific Group, Thomas H. Lee Partners, Providence Equity Partners, Madison Dearborn Partners and Saban Capital paying $36.25 a share.

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The equity portion is worth $3.85bn, making it one of the biggest, while the remaining $8.45bn will be financed by issuing debt valued at about 11.5 times earnings before interest, tax, depreciation and amortisation. This is one of the highest multiples in recent memory, aggressive even for a fast-growing company.

These terms highlight the growing ability of private equity groups to make big acquisitions but will raise questions about the prospects of the businesses they acquire to withstand the rise in interest rates and any downturn in the economic cycle.

Televisa, which was widely seen as the frontrunner to acquire Univision, last week lost an edge in the auction after some of its private equity partners, Carlyle, Blackstone and Kohlberg Kravis Roberts, stepped away because of concerns about overpayment.

In the end, Televisa offered $35.75 a share, along with its remaining partners Bain Capital and Cascade, Bill Gates' investment vehicle.

Televisa on Tuesday criticised Univision's good faith in handling the auction. "Notwithstanding our repeated offers to discuss all aspects of our proposal including price, Univision and its advisers refused to enter into any discussions with us," Televisa said in a statement.

Although Televisa has a contract to supply Univision with some of its most valuable content until 2017, relations between the two companies have been sour for several years.

Televisa could still attempt a fresh bid for Univision but it would have to pay an additional break-up fee.

The Mexican group has also been considering a plan to launch its own Spanish-language network in the US to compete with Univision.

This could involve an alliance with US broadcasters such as Paxson Communications, NBC's Telemundo unit, and McGraw Hill.

In morning trading, Univision shares, which had fallen recently over concerns that the auction would fail, rose 7 per cent to $34.30.

Credit Suisse, Deutsche Bank, Bank of America and Wachovia advised the consortium, along with lawyers at Weil Gotshal and Hogan & Hartson. UBS and Skadden Arps advised Univision.

Univision Agrees To Buyout Offer Of $12.3 Billion (WP)

By Alex Veiga

The Washington Post, June 28, 2006

LOS ANGELES, June 27 -- Univision Communications Inc.'s board has agreed to sell the company, the nation's largest Spanish-language broadcaster, for $12.3 billion in cash to a consortium of investors, the parties involved in the sale announced Tuesday.

The figure agreed upon late Monday equals $36.25 a share, a 13 percent premium to Univision's closing stock price on Monday. The group of investors will also assume about $1.4 billion in debt.

The consortium, led by private equity firms Texas Pacific Group and Thomas H. Lee Partners LP, also includes Madison Dearborn Partners LLC, Providence Equity Partners Inc. and billionaire investor Haim Saban.

"Univision is truly a one-of-a-kind property," the acquiring group said in a written statement. "It is an outstanding media brand with exceptional positions in the fastest growing markets in the country, world-class assets, strong management, popular programming and unmatched ratings."

Grupo Televisa SA, a Mexican broadcaster that had led a rival consortium of investors, said it was disappointed with the outcome of the Univision auction.

Univision's bylaws allow Grupo Televisa, which owns an 11 percent stake in Univision and supplies it with much of its programming, to veto a sale of the company, but that could be defeated by a 60 percent approval from Univision shareholders.

The consortium led by the Texas Pacific Group initially bid $35.50 a share, or just under $11 billion, last week. But Univision, which had reportedly been seeking an offer of $40 a share, rejected it.

The investor group's offer remained on the table until Friday, when it expired. Both sides talked over the weekend and came to terms, a person familiar with the deal told the Associated Press.

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The deal, if approved by Univision shareholders and regulators, is expected to close in the fourth quarter of this year or first quarter of 2007, according to a news release on the sale.

Univision dominates the U.S. Hispanic media market through its three television networks (Univision, TeleFutura and Galavision), more than two dozen television stations, a recorded music division, an Internet portal and Spanish-language radio stations.

Univision Accepts $12.3B Cash Offer (USAT)

By David Lieberman And Laura Petrecca

USA Today, June 28, 2006

NEW YORK — A consortium of private investors including Mighty Morphin Power Rangers producer Haim Saban is set to become the USA's top Spanish-language broadcaster after Univision agreed Tuesday to accept its $12.3 billion cash offer.

The $36.25-a-share deal with Madison Dearborn Partners, Providence Equity Partners, Texas Pacific Group, Thomas H. Lee Partners and Saban Capital Group sent shares soaring 6.2% to $34.

"The outstanding cash flow multiple our shareholders will receive reflects the extraordinary growth of the Hispanic population, Univision's unique bond with its community and our ability to deliver tremendous audiences to our mainstream advertising partners," Univision CEO A. Jerrold Perenchio said in a statement.

In addition to the Univision network, the company includes broadcast network TeleFutura, cable network Galavision, 62 TV stations in the USA and Puerto Rico, Univision Radio, Univision Music Group and Univision Online.

But the deal left a sour taste with rival bidder Mexico-based Grupo Televisa, which supplies most of Univision's prime-time programming and holds an 11.4% stake.

"Notwithstanding our repeated offers to discuss all aspects of our proposal, including price, Univision and its advisers refused to enter into any discussions with us after we submitted our initial bid," the company said in a statement. It said it will "vigorously pursue" ways "to build its potential in the growing U.S. Hispanic marketplace."

It's unclear what options Televisa has. Federal law bars foreign companies from owning more than a 25% stake in TV stations. To have big U.S. impact, Televisa "can't be on cable, since many Hispanic Americans don't have cable," says Sanders Morris Harris analyst David Miller. What's more, Univision has a long-term deal that enables it to cherry-pick Televisa's programming. As a result, Miller says, Televisa will be "left with all this junky material that they're going to use to start a new network? No way."

Still, some analysts question whether Univision's buyers can make the big investment pay off.

"Spanish-language broadcast is not immune to the migration of ad dollars from broadcast to the Internet," says Guzman & Co.'s Philip Remek. "While Univision's revenues have continued to grow, the growth rate has really slowed in the last year and a half. I don't expect it to re-accelerate."

Univision's net income fell 26.9% in 2005, to $187 million, on revenue of nearly $2 billion, up 9.3%.

While advertisers are keen to reach the fast-growing Latino population, Univision has struggled to convince Madison Avenue that it appeals to young Latinos, including second-generation immigrants who are comfortable with English.

Judge Clears Way For Adelphia Sale (WSJ/AP)

By Associated Press

The Wall Street Journal, June 28, 2006

A bankruptcy judge granted permission to Adelphia Communications Corp. to sell its assets to Time Warner Inc. and Comcast Corp. in deal estimated to net about $17 billion.

Judge Robert Gerber of the Southern District of New York said he would approve an order to be submitted later Tuesday that would detach the asset sale from the rest of the company's bankruptcy process. Adelphia sought the separation to bypass creditor disputes that have slowed the company in its filing of a final reorganization plan.

The sale agreement with Time Warner and Comcast had been put in jeopardy because of a July 31 deadline at which the buyers could end their offer. Once complete, it would secure their status as the two biggest cable operators in the nation.

In its motion, filed late last month, Adelphia had said, "Time is running out."

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"The sale represents an extraordinary achievement for the debtors, as it includes a substantial control premium, and it promises to translate into significant recoveries for all the debtor's principal stakeholders," the filing read.

Adelphia remains in bankruptcy protection and last week filed an amended version of its restructuring plan. The company, the country's fifth-largest cable operator, filed for bankruptcy protection four years ago, on June 25, 2002.

The acquisition strengthens Time Warner's positions in New York, Texas, California, Ohio and the Carolinas. Comcast boosts its presence in Pennsylvania, Washington, D.C., Florida and Massachusetts.

Comcast is expected to end up with over 23 million subscribers, up from its current 21.7 million, while Time Warner would have a total of over 14 million, up from 11 million. Comcast and Time Warner also would swap certain cable systems to consolidate market positions.

Citizens Banking Buys Midwest Rival For About $1 Billion (WSJ)

By A Wall Street Journal News Roundup

The Wall Street Journal, June 28, 2006

DETROIT -- Citizens Banking Corp. agreed to buy Republic Bancorp Inc. for about $1.05 billion in cash and stock to form a Midwestern regional bank called Citizens Republic Bancorp.

The combined bank would be the 45th-largest headquartered in the U.S., with assets of $13.9 billion and $8.6 billion in deposits, the two Michigan banks said.

Citizens, based in Flint, Mich., expects the purchase to add to earnings per share in 2007, and result in $28 million of annual cost savings by 2008.

In 4 p.m. Nasdaq Stock Market trading yesterday Citizens' shares were down $2.37, or 8.8%, to $24.66, while Republic's shares were up $1.88, or 18%, to $12.45.

Citizens Chief Executive William R. Hartman will be chief executive of the combined company, while Jerry D. Campbell, chairman and founder of Republic, will serve as chairman.

The terms value Republic, based in Owosso, Mich., at $13.86 a share. Shareholders will receive the equivalent of 0.4378 of a Citizens share plus $2.08 in cash for each of their shares. Of the purchase price, 85% will be paid in stock.

The combined bank will operate 275 branches and loan offices in Michigan, Wisconsin, Ohio, Indiana and Iowa.

The companies said they expect to close the deal in the fourth quarter.

Steeled For Growth (WSJ)

By Peter M. Fish

The Wall Street Journal, June 28, 2006

It finally looks as though Mittal Steel will win its bid for Arcelor. Shareholders still have to reject, this Friday, the merger with Russian steelmaker Severstal that Arcelor management tabled when trying to elude Mittal's grasp -- and then approve the new tie-up with Mittal. So anything can happen. But it's been clear for some time now that something, in the way of consolidation, was due to happen, and not only at the top of this industry.

Assuming the Arcelor-Mittal marriage goes through, it will have far-reaching consequences for the global steel industry. The new company would produce approximately 10% of world-wide output. Its nearest rival would be Nippon Steel, with less than 3% of the market. To gauge the importance of the deal, consider that the nine biggest steelmakers after Arcelor-Mittal would account for just above 20% of the world's supply. The new company is slated to be a giant with production well in excess of 100 million tons per annum -- almost equivalent to the combined U.S. and Canadian output. It will have 60 plants in 27 countries.

It is clear that the global steel industry will remain fragmented even after the Mittal-Arcelor merger goes through. More consolidation is inevitable. Other steelmakers will be frantically looking for partners to counter the new grouping. Moreover, the merged entity will probably maintain its passion for acquisitions.

Consolidation in the future will be more internationally focused. Outside of Arcelor and Mittal, most steelmakers have sought to acquire other firms in their domestic or regional markets. Significant rationalization of the U.S. sector has already taken place -- mainly by Nucor and U.S. Steel. More could follow if Mittal is required to sell off some of its U.S. assets to satisfy antitrust authorities after the new deal.

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In Europe, Arcelor was formed by the union of the main steel producers in France, Spain and the Benelux countries. After its privatization, British Steel merged with Dutch company Hoogovens to form Corus in a cross-border deal. Nevertheless, there is room for much more consolidation within Europe.

We should not be surprised if Russian steelmakers play a leading role in steel rationalization on the Continent. Severstal made a bold attempt to join up with Arcelor. Evraz Holding has recently obtained a new large minority shareholder in Roman Abramovich. This cash infusion could spark new deals. Russian enterprises already have steel assets in the U.S., and Eastern and Western Europe.

So far, consolidation in Asia has been sparse. A few years ago, JFE in Japan was formed by the merger of NKK and Kawasaki. There is now the prospect of more deals in that country. Moreover, at the very least we can expect closer cooperation between major producers in Japan, South Korea and Taiwan in the near future.

The rationalization of the Chinese steel industry -- which already produces 30% of world output -- is progressing. Larger companies are merging with smaller ones within their geographic area. This will intensify, particularly since limits on foreign ownership will delay any significant cross-border activity in China. In India, we have seen few moves toward consolidation, a situation that is unlikely to change anytime soon. However, in Latin America, two groups have emerged in the last 12 months: Ternium and Arcelor Brazil. These regional powers are likely to expand in the future.

And why wouldn't large steelmakers go shopping? The prospects for the industry are now better than they have been for a quarter-century. Five years ago the value of world steel production was $280 billion. This year the figure will be close to $1 trillion. In 2002, the MEPS average world steel price for hot rolled coil (the benchmark product) was $230 per ton. It peaked in January 2005 at $653 per ton and, after dropping to $493 in July 2005, is now moving back toward that level.

Part of this increase in value is attributable to an increase in demand. At the start of this decade, global output of crude steel was 848 million tons. This year, the figure will be more than 40% higher: 1.2 billion tons and rising. Demand and production are growing fast in the developing nations as their industries pick up steam and spending on infrastructure and housing soars. Raw material supply is expected to remain tight because investments in new mines take several years to come onstream. This should obviate any serious oversupply in the market over the next few years. * * *

One question being asked is, What will be the impact of the Mittal-Arcelor merger on steel buyers? The proposed link-up of the two majors creates little increase in the concentration of supply to most large consuming sectors. This is because the two enterprises have minimal overlap in the markets they supply. As such, the market power of the new entity would not increase significantly and the impact on prices is likely to be relatively modest.

This feature has been reinforced in both the U.S. and Europe by the fact that a consolidated industry is much more capable of reducing output when the need arises. As inventories in the market start to expand and oversupply begins to develop, the mills are better able to respond quickly by curtailing supplies. This happened in many parts of the world, including Russia and China, when the market turned down last year.

Even with consolidation, cheap steel is a thing of the past. Raw material costs are unlikely to drop significantly in the near term. Energy costs are expected to remain high. Demand from the developing nations of the world will, almost certainly, continue to rise. But higher input costs have not damaged the steel companies. The industry is more profitable now than ever. The limited consolidation so far has been beneficial. Further rationalization can only help.

Mr. Fish is chairman and managing director of MEPS (International) Ltd.

EU May Fine Microsoft €2 Million A Day (IDG)

By Paul Meller, IDG News Service

IDG News Service, June 28, 2006

The European Commission is about to propose a new fine of up to €460 million ($577 million) against Microsoft for failing to honor the antitrust ruling imposed on the company in 2004, according to people close to the case Tuesday.

The Commission ruled two years ago that Microsoft was abusing its dominant position in the market by denying competitors access to documentation about its Windows operating system.

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The imminent threat of a fine comes as Microsoft continues to submit new information to the regulator, with the aim of complying with the ruling. The final instalment of documentation is due on July 18 -- a deadline Microsoft said it agreed with the monitoring trustee in charge of overseeing Microsoft's compliance with the ruling, Neil Barrett.

On Monday the Commission, Europe's top antitrust regulator, will propose a new negative ruling and a new fine against Microsoft to national competition regulators from the 25 countries in the European Union, the people close to the case said.

A final decision could be taken by the Commission as soon as July 12, if the national regulators support the Commission's draft ruling.

Commission spokesman Jonathan Todd declined to comment on the content of the draft decision but confirmed that it was imminent.

"We have said for some time we would decide whether or not to impose daily fines on Microsoft before the end of this month," he said.

If the Commission sets the fine at €2 million a day, as it has threatened to in recent months, the fine would reach €460 million by July 18, the date Microsoft submits the final instalment. The calculation counts all seven days of the week and dates back to December 15 when the Commission found Microsoft in breach of its 2004 antitrust ruling,

This would be nearly as much as the record €497 million fine the Commission imposed on Microsoft in the first place.

"Any fine would be unjustified and unnecessary," said Horacio Gutierrez, associate general counsel of Microsoft Europe in a statement Tuesday.

"The Commission's process calls for an advisory committee meeting, so this comes as no surprise," Gutierrez said.

But he added that Microsoft has committed "massive resources" to providing the technical documentation required in the 2004 ruling.

Microsoft "has already delivered five of seven instalments of technical documentation developed to the agreed specification and according to the agreed work plan," Gutierrez said.

The sixth is due at the end of this month and the final submission will be handed over on July 18, he said.

"Microsoft is working hard to also meet those deadlines," Gutierrez said.

Microsoft could be fined even if the seven instalments of documentation do satisfy the regulator, one person close to the case said. "Even if they change their ways in the future that doesn't get them off the hook for the period starting last December," the person said.

Cartels Face Bigger Fines From Brussels (FT)

By Tobias Buck

Financial Times, June 28, 2006

A huge increase in fines for companies that operate cartels or break European Union competition law will be announced on Wednesday by the European Commission.

Brussels has already imposed some of the toughest fines in recent history, including a record €497m ($626m, £350m) penalty against Microsoft in 2004 and one of €462m against Roche in 2001. Over the past few months the Brussels regulator has again ratcheted up the fines, especially in cartel cases.

Officials believe that only higher fines will deter companies from operating price-fixing cartels or abusing dominant market positions.

They are particularly keen to increase the fines for repeat offenders and large groups with significant financial fire-power.

The new guidelines, which have been seen by the Financial Times, reflect the Commission's belief that the rules are too rigid and lack transparency – a view shared by many competition lawyers and most companies targeted by the Brussels trust-busters.

The new regime will apply to all companies found guilty of participating in a cartel or that abuse their dominant market position. It will almost certainly mean that more companies will be fined the maximum amount allowed under EU law, which is 10 per cent of global annual turnover. Up to now, only a handful of companies have been punished that severely.

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The new regime will be especially tough on repeat offenders. At present, fines are usually raised by 50 per cent for companies that have previous convictions for antitrust abuses. Now the Commission can double the punishment in cases where there is one earlier ruling against the group, and may go even higher for "multi-recidivists".

Companies will in future be treated as repeat offenders by the Commission if they have previously been convicted by national competition authorities.

Fines will be calculated by fixing a basic amount – up to 30 per cent of a company's sales of the relevant product in the market where the abuse has taken place – and then multiplying it by the number of years during which the abuse continued. To this may be added an "entrance fee", equivalent to 15-25 per cent of the company's yearly sales of the product in question.

"The mere fact that a company enters into a cartel will cost it at least 15-25 per cent of its yearly turnover," the Commission paper says.

Stephen Kinsella, a Brussels-based partner at law firm Sidley Austin, said changes to the current fining practices would be welcome, especially if they introduced greater predictability and transparency. "At present it is almost impossible to foresee whether a company will be fined €25m or €100m. Greater clarity would also help the Commission, because it would be harder for companies to challenge the fines in court."

The Commission declined to comment. However, Neelie Kroes, the competition commissioner, has made clear in her most recent rulings against cartels that she is keen to intensify the crackdown on abusive companies.

She said earlier this month that she was "shocked" that chemicals groups such as ICI had broken cartel rules repeatedly.

EU Beefs Up Fines On Antitrust Activity (WSJ)

By Mary Jacoby And Adam Cohen

The Wall Street Journal, June 28, 2006

BRUSSELS -- European Union regulators will announce new guidelines today to increase fines for antitrust violations, aiming to more severely punish repeat offenders, cartel ringleaders and companies whose deep pockets can cushion them from the impact of fines.

The changes to the 1998 guidelines will be most relevant to price-fixing cases because such investigations most often lead to fines, according to two European Commission officials. They can also be used to increase financial penalties for companies found to have illegally used monopoly power to elbow rivals out of a market.

If the new guidelines had been in effect in 2004, one official said, a €497 million ($625.3 million) fine to Microsoft Corp. would have been much larger. Microsoft was fined for using its dominant Windows computer-operating system to shut out competition in related software markets. Although the Microsoft fine was the largest ever leveled by the commission, it was much less than the $3 billion that the Redmond, Wash., company paid to various rivals to settle antitrust lawsuits against it in the U.S. EU officials see that disparity as evidence that their fine wasn't big enough to have a deterrent effect.

In separate deliberations, antitrust authorities from the EU's 25 member states will meet in Brussels Monday and again July 10 to review EU Antitrust Commissioner Neelie Kroes's proposal to impose additional fines on Microsoft. Ms. Kroes has concluded that Microsoft hasn't moved quickly enough to comply with the commission's 2004 orders to change its business practices, people familiar with the case said.

A second EU fine against Microsoft could total more than €400 million. Ms. Kroes hopes to obtain approval for a fine from the full European Commission in a July 12 meeting, EU officials said.

Horacio Gutierrez, Microsoft's associate general counsel for Europe, said the company has put "massive resources" into helping competitors make Windows-compatible software, as the EU has ordered. "Any fine would be unjustified and unnecessary," he said in a statement.

The guidelines to be announced today, however, will not affect the current Microsoft matter. That is because the new guidelines won't take effect for several months and also because they won't apply to the more narrow question of how to punish a company for flouting EU orders.

Under current EU rules, the most serious antitrust offenses are punished with at least a €20 million fine and up to a maximum of 10% of annual global sales. The new guidelines will give regulators more flexibility to lighten fines on smaller

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companies that might otherwise go out of business if forced to pay €20 million, while increasing fines on big multinational companies for which only a very large fine would act as a deterrent.

Fines will now be calculated as a percentage of a company's sales -- up to 30% -- in whatever market regulators find was illegally manipulated. The fines will increase for each year anticompetitive behavior took place, and repeat offenders will see steep increases in penalties.

Previously the amount of any fine was set by regulators according to how serious they judged the illegal activity.

ENVIRONMENT/INDIAN AFFAIRS:

Calls Grow Louder In Congress To Revamp US Energy Policy (CSM)

By Brad Knickerbocker

The Christian Science Monitor, June 28, 2006

Everybody, it seems, is scrambling to remake America's energy policy - proposing ways to reduce US dependence on foreign oil while addressing the environmental aspects of energy production, distribution, and use.

Lawmakers on Capitol Hill, touting a raft of proposals, have declared this to be "energy week." Governors around the country have entered the fray, some with suits against the government for energy-related pollution. The Nuclear Regulatory Commission has just approved what will be the first license for a commercial nuclear facility in 30 years.

But the real push for revamping energy policy - just a year after the US enacted its first major energy bill in more than a decade - is coming from the grass-roots and lobbyists. Citizen groups and special interests are pushing for solutions as fuel prices remain high and turmoil continues in oil-rich parts of the world.

"There's tremendous pressure to do something," says Sierra Club energy specialist Melinda Pierce.

In all, 477 energy-related bills have been introduced in this Congress, according to a New York Times report. But many of those proposals involve increasing domestic energy production rather than the conservation and renewables that environmentalists prefer.

For example: The Senate Energy and Natural Resources Committee this week is hearing testimony on oil and gas drilling in the Rocky Mountain region and on the permitting process for new refineries.

In the House of Representatives, legislation lifting the 25-year moratorium on off-shore drilling passed the resources committee 29-9 last week, and is expected to face a full House vote Thursday.

"Studies indicate that natural gas from the Outer Continental Shelf [OCS] could provide the US with about 25 years of natural gas supply," says Bob Slaughter, president of the National Petrochemical & Refiners Association.

Environmentalists say the industry already has access to most OCS gas resources. They warn of erosion of state jurisdiction and pollution disasters.

"We're going to do everything we can to stop it," says Ms. Pierce of the Sierra Club.

Other legislation is meant to fill in the blanks or change certain features of the heavily compromised bill enacted last year.

The recently proposed bipartisan "Enhanced Energy Security Act" would speed up the development of new vehicle technologies such as plug-in hybrids; provide loan guarantees and grants to auto and parts manufacturers converting to fuel-efficient vehicles; increase funding for gas stations that sell alternatives such as E85 (which is 85 percent ethanol and 15 percent gasoline); and provide incentives for production of cellulosic ethanol, which is made from agricultural plant waste, sawdust, switch grass, and other substances, rather than corn or other grains.

Other lawmakers are pushing a different kind of energy future.

Sen. John Kerry (D) of Massachusetts outlined in Boston Monday what he called "the three big steps that are imperative to addressing global warming and transitioning to dependence on homegrown sources of energy."

Mr. Kerry's plan includes freezing greenhouse gas emissions in 2010, then reducing those to 65 percent below 2000 levels by 2050; mandatory reductions in US oil consumption by 2.5 million barrels a day by 2015 (the amount currently imported from the Persian Gulf); and "immediately" expanding the production of renewable vehicle fuel.

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In the states, some governors are coming up with their own plans, banding together to promote more energy conservation and efficiency than the federal government requires. In the West especially, governors of both parties are pushing wind energy.

The Nuclear Regulatory Commission has granted a license for construction of the $1.5 billion enriched uranium manufacturing facility. It "will mean ... the renaissance of nuclear energy in this country," says Sen. Pete Domenici (R) of New Mexico.

Even the US Supreme Court has jumped on the issue, agreeing this week to consider a case involving greenhouse gases (most of which come from motor vehicles and power plants).

In a way, the story is not new. "As national policy obsessions go, America's oil dependence has been one of our most enduring," Jason Grumet, executive director of the National Commission on Energy Policy, told the Senate Foreign Relations Committee last month.

How many of those 477 energy-related bills introduced in this Congress get serious consideration is another matter.

"Time is running out in this Congress to take action on energy," Sen. Jeff Bingaman (D) of New Mexico said in introducing the Enhanced Energy Security Act. The summer break looms, then campaigning for the November election.

Ending Energy Dependence (WT)

By Richard W. Pombo

The Washington Times, June 28, 2006

When the House of Representatives votes tomorrow on the bipartisan Domestic Ocean Energy Resources (DOER) Act, it will be considering one of the nation's most meaningful energy-policy reforms in history.

Decades of "just say 'no'" energy policy has turned America into a country too dependent on foreign, and often unstable, sources of energy. We send $300 billion a year overseas for energy we can produce at home, a figure that represents one-third of the current trade deficit. We have lost millions of manufacturing jobs over the past two decades because of high energy prices. We should be investing that $300 billion in America to create our own good jobs and provide our own energy security.

The DOER Act does just that. America is the only developed nation that forbids safe energy production on its Outer Continental Shelf (OCS), a fact that puts us at an economic and strategic disadvantage with other countries in a highly competitive global economy.

It just doesn't make any sense.

The DOER Act represents a balanced, commonsense compromise to deliver desperately needed energy supplies to the American people, which in turn will lower prices for consumer wallets and create hundreds of thousands of family-wage jobs. It will spur production of an untapped energy resource and correct federal government policies that have led to our dangerous dependence on foreign energy. And, just as importantly, it champions states' rights by protecting those not interested in producing energy off their shores.

Currently, two federal moratoria prevent energy production beyond state waters or three miles from the coastline, neither of which have the force of permanent law. Many have called for the complete repeal of the moratoria for full access to available resources, of which there are plenty. According to the U.S. Minerals Management Service, America's OCS contains 420 trillion cubic feet of natural gas (America consumes 23 trillion cubic feet per year) and 86 billion barrels of oil (America imports 4.5 billion barrels per year).

But that would leave coastal states without any power over their coastlines beyond three miles, a possibility unacceptable to many states.

Under the DOER Act, states like California and Florida would have the authority to ban energy production up to 100 miles off their shores. States that choose to allow production, however, would benefit from increased revenue from energy royalties -- some of which would also be routed to three separate funds for environmental protection and enhancement, renewable energy development, job training and research. Meanwhile, domestic energy production would be allowed in the deep waters beyond 100 miles.

This innovative and bipartisan compromise -- the result of work between Reps. Neil Abercrombie, Hawaii Democrat; Bobby Jindal, Louisiana Republican; Charlie Melancon, Louisiana Democrat and John Peterson, Pennsylvania Republican -- passed

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the House Resources Committee with 29-9 support. Labor unions, which appreciate how many jobs the bill would create, fully support it.

Nonetheless, special-interest groups will go to great lengths to block its passage, conjuring images of massive oil spills to scare up opposition. This is pure bunk. Today's advanced ocean energy exploration technologies were given the ultimate test last summer when hurricanes Katrina and Rita roared through nearly 3,000 offshore platforms in the Gulf of Mexico.

Despite the typical fearmongering of so-called environmental groups, no major spills were reported during one of America's worst natural disasters. In fact, according to a National Academies report, 63 percent of the petroleum found in North American waters comes from natural seeps through the ocean floor.

The bottom line is that our domestic energy policy has long stimulated jobs and economies overseas, but not at home. Enough is enough. It's time to put Americans to work for American energy.

Rep. Richard W. Pombo, California Republican, is Chairman of the House Resources Committee.

An Outdated Ban (WP)

The Washington Post, June 28, 2006

FOR THE PAST quarter of a century, the federal government has banned oil and gas drilling in most U.S. coastal waters. Efforts to relax the ban have been repelled on environmental grounds, but it is time to revisit this policy. Canada and Norway, two countries that care about the environment, have allowed offshore drilling for years and do not regret it. Offshore oil rigs in the western Gulf of Mexico, one of the exceptions to the ban imposed by Congress, endured Hurricane Katrina without spills. The industry's safety record is impressive, and it's even possible that the drilling ban increases the danger of oil spills in coastal waters: Less local drilling means more incoming traffic from oil tankers, which by some reckonings are riskier. Although balancing energy needs with the environment is always hard, the prohibition on offshore extraction cannot be justified.

The House of Representatives is about to vote on this question, probably tomorrow. A bipartisan bill would maintain a ban on drilling within 50 miles of the shoreline and allow states to extend that to 100 miles. But it would lift the congressional restriction on drilling beyond that perimeter. This compromise would give states that are unwilling to countenance the perceived environmental risks a reasonable measure of control over their coasts. But it would also open the way to more drilling.

The economic benefit of that drilling would be especially pronounced if it were aimed at natural gas extraction. Despite all the rhetoric about energy independence, it doesn't make much difference whether the United States gets its oil from its own coastal waters or whether it buys it on world markets. There is one global price for oil; producing more from U.S. waters will bring down that global price, benefiting all consuming countries rather than just U.S. consumers. But natural gas is traded globally only in small quantities, in liquefied form; nearly all of the gas consumed in the United States is produced domestically or in Canada. So producing more natural gas in U.S. coastal waters would bring down U.S. natural gas prices rather than world prices. Because natural gas is much cleaner than its main alternative, coal, this would have environmental as well as economic benefits.

Unfortunately, the House legislation is flawed. It diverts billions of dollars' worth of oil and gas royalties from the federal government to the states, even though the waters from which the resources will come are federal. The states nearest to the oil rigs may feel they carry most of the perceived environmental risks, and some sharing of revenue may be justified to bring them along, but the House bill leans too far in that direction. We hope the bill passes tomorrow, but we also hope this flaw is fixed before it becomes law.

Domenici Offers Nuclear Waste Proposal (AP-Y2)

By H. Josef Hebert

AP2, June 27, 2006

The government would store civilian nuclear waste for up to 25 years at federal sites across the country under a proposal in the Senate to deal with growing volumes of used reactor fuel at power plants.

The waste sites could be built to accommodate plants in a region or individual state, said Sen. Pete Domenici (news, bio, voting record), R-N.M., who included the provision in a $30.7 billion spending bill that advanced out of his Appropriations subcommittee on Tuesday.

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The interim storage approach is aimed at addressing increasing concern about thousands of tons of used reactor fuel accumulating at power plants, waiting to be shipped to an oft-delayed central government repository in Nevada. Industry officials have said the failure to address the waste problem will inhibit investment in new nuclear reactors.

The proposed Yucca Mountain waste site in Nevada — where the used fuel would be kept deep beneath the Earth — has yet to receive a license from the Nuclear Regulatory Commission. It is not expected to open, even if a license is approved, before 2018, Energy Department officials have told Domenici's staff.

"I think we've begun to resolve the nuclear waste problem," said Domenici of the interim storage idea. "This is an orderly way to do it."

The Energy Department maintains that it is currently barred from creating temporary storage facilities for civilian reactor waste.

The proposal received the support of Senate Democratic leader Harry Reid of Nevada, who strongly opposes the Yucca Mountain project in his state and who has said the used reactor fuel should be kept where it is, at power plants in 31 states.

Reid called interim storage on federal land "Yucca neutral" but he also clearly views the Domenici proposal as a way to have the government take the waste — as it is obligated under contracts with utilities — and keep it out of Nevada.

The bill also would include nearly $500 million for the Yucca Mountain project and $270 million for a first installment on a Bush administration proposal for reprocessing nuclear fuel as part of an international program to boost use of nuclear energy.

The House has slashed the reprocessing funds to $120 million, about half of what the administration had sought for the fiscal year beginning in October.

Currently there are more than 50,000 tons of highly radioactive nuclear waste in form of spent reactor fuel rods at nuclear power plants in 31 states. The government under contracts is obligated to take the waste off the utilities' hands, but has not done so because it has no place to put it, pending completion of the Yucca facility.

Domenici's proposal would give the Energy Department authority to build temporary storage facilities on federal land, or purchase private land for such a facility with a license to keep the waste for up to 25 years.

Some utilities already have filed lawsuits — and won favorable rulings in the courts — claiming the government owes them millions of dollars for failing to take the waste by a 1998 deadline.

Domenici's proposal is likely to be controversial because it would give the Energy Department authority to build a waste facility within a state even if a state or local authorities objected.

The department would only have to consult with a state's governor. It would require a license from the federal Nuclear Regulatory Commission including compliance with various security, safety and environmental regulations.

Under the proposal, any federal land would be eligible except national parks, wilderness areas and wildlife refuges. Or, the government could purchase private land from any willing seller for the facility. A site may not be located in either Nevada, the site of the Yucca project, or Utah, where a private nuclear waste facility is being proposed on the Goshute Indian reservation.

Reactor waste now kept at closed power plants could be kept on site, but waste on any operating reactor sites must be moved, under terms of the proposal, after the government takes title.

Plan For Nuclear-Waste Storage Is Cleared By Senate Subcommittee (WSJ)

By John J. Fialka

Wall Street Journal, June 28, 2006

WASHINGTON -- A Senate subcommittee approved a plan to require the U.S. to set up temporary nuclear-waste storage facilities in states or regions that have nuclear-power plants, a move that could renew a 30-year-old fight over where to store radioactive waste.

The committee's action would give the Department of Energy the authority to store waste for as long as 25 years at "consolidation and preparation" sites; from there, the waste would be shipped to Nevada's Yucca Mountain for permanent storage.

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The plan is intended to help carry out the Energy Department's contractual obligation to take custody and store the waste. Because of delays in completing and licensing a permanent storage facility in Nevada, federal courts have ruled that the department has breached its contracts with power-plant owners to remove the radioactive waste from power-plant sites.

Energy Department spokesman Craig Stevens said it is studying the measure as part of its effort to work out a solution with Congress on interim storage.

Frank L. Bowman, president of the Nuclear Energy Institute, which represents nuclear-power-plant owners, commended members of the Senate Appropriations subcommittee that passed the measure. "The sooner that the federal government begins meeting its obligations" to take custody of the waste, he said, "the greater the prospects" of nuclear power will be in the U.S.

Under the measure, any site that is owned or can be purchased by the federal government can be designated a temporary waste-storage site, with the exception of national parks, wildlife refuges or wilderness areas. The secretary can designate a site within each of the 31 states that have nuclear plants, or can pick regional sites to be shared by states.

Some utilities have filed lawsuits against the department for its failure to remove the radioactive waste, which is stored at the power-plant sites where it is generated. According to industry estimates, the U.S. could be liable for as much as $50 billion in damages if the wastes aren't moved. If the temporary-storage measure passes, the most likely wastes to be shipped would be in dry concrete casks that can be stored at remote sites for years. Under the proposal, the new federal storage sites would have to be picked in consultation with governors of the states involved.

Pollution In Overdrive (WP)

By Sholnn Freeman

The Washington Post, June 28, 2006

When it comes to greenhouse gases, U.S. drivers are getting more of the blame.

Americans represent 5 percent of the world's population but contribute 45 percent of the world's emission of carbon dioxide, the main pollutant that causes global warming, according to a report by the nonprofit group Environmental Defense.

Americans own 30 percent of the world's vehicles, drive farther each year than the international average and burn more fuel per mile, the report says. Additionally, the sport-utility boom of the past decade put vehicles on the road that could be spewing carbon dioxide for years to come.

General Motors Corp. and Ford Motor Co. have long been the targets of environmentalists and other groups concerned with global warming. Vehicles made by GM, the No. 1 U.S. automaker, produced as much carbon dioxide in 2004 as American Electric Power Co., the nation's largest operator of coal-fired power plants, the report says.

Auto industry representatives declined to comment on the report, saying they had yet to see it. Most auto companies have been working to reduce emissions by designing more-efficient engines and vehicles capable of running on alternative fuels.

Automakers, though, have generally resisted government restrictions on carbon dioxide emissions, saying such limits would force extensive design changes and drive up prices for consumers.

Environmental Defense, which plans to release the report publicly today, attempted to quantify how much carbon dioxide is produced by vehicles sold by various automakers. But the group said auto companies should not be singled out for blame, because consumer choices also play a role.

"What we are trying to do is make the connections for people," said John DeCicco, a senior fellow at Environmental Defense and an author of the report.

He said consumers could buy gas-electric hybrids or cars with smaller engines that burn less fuel and they could be more aware of how much they are driving, no matter the gas mileage of their cars. The report points out, for example, that although SUVs may be known as gas guzzlers, smaller cars cause more pollution because there are many more of them on the road. The authors also suggest that communities reconsider land use policies because Americans are taking more and longer trips, often to shop.

With the report, the group is trying to build support for government policies aiming at curbing greenhouse gases, including a system that would cap carbon dioxide emissions but allow companies and utilities to trade credits, mirroring Clean Air Act rules

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that govern sulfur dioxide, which causes acid rain. Under such a system, a company would get an allowance for carbon dioxide emissions each year, and if it did not reach that limit, it could sell off the remaining allotment to others.

The group's report is the latest effort by environmentalists to draw attention to global warming. Former vice president Al Gore also addresses the issue in his documentary "An Inconvenient Truth," which presents climate change from global warming as a fact he says is no longer debatable.

For years, though, environmental groups have run into resistance in Washington. The Bush administration has questioned the science behind global warming, and environmentalists complain that congressional leaders are ignoring proposals to raise fuel economy standards while pushing to expand offshore drilling.

On Monday, the Supreme Court agreed to hear arguments on whether the federal government has the authority to regulate carbon dioxide. The Bush administration is seeking to convince the court that the federal government has no obligation to restrict greenhouse gases.

Carbon dioxide is a byproduct of burning gasoline in vehicles. Scientists say the atmosphere can absorb a great deal of it, but many worry that people are adding more than nature can handle. They say the gases are building up around the Earth, trapping heat and raising the planet's temperature.

The report considered national statistics on how long vehicles are used and how far they are driven as they age. New and used vehicles were examined.

Carbon dioxide emissions from vehicles are disproportionately high in the United States for two primary reasons, the report says: U.S. drivers average 11,000 miles per year, 29 percent above the global average, and U.S. autos consume more fuel, emitting 15 percent more carbon dioxide per mile than the average vehicle in the rest of the world.

The Environmental Defense report found that in 2004, U.S. cars and light trucks emitted 314 metric tons of carbon dioxide, the equivalent of a coal train 50,000 miles long.

Greg Martin, a GM spokesman, said the automaker was working to reduce emissions. It will continue to focus on developing technologies to improve fuel efficiency. He said the automaker also plans to build more vehicles capable of burning alternative fuels, as well as more hybrids.

Gore's 'Truth' Largely Factual, Scientists Say (USAT)

USA Today, June 28, 2006

Al Gore's documentary on global warming, An Inconvenient Truth, earns five stars for accuracy, according to an Associated Press survey of top climate scientists. The former vice president's movie mostly got the science right, said all 19 climate scientists who had seen the movie or read the book. The AP says it contacted more than 100 top climate researchers, including vocal skeptics of climate change theory. Most had not yet seen the movie or read the book. But those who had had the same general impression: Gore conveyed the science correctly, and the world is getting hotter and is a man-made catastrophe in the making caused by the burning of fossil fuels. One scientist criticized the depiction of the connection between hurricanes and global warming. "I thought the use of imagery from Hurricane Katrina was inappropriate and unnecessary. … There are plenty of disturbing impacts associated with global warming for which there is much greater scientific consensus," said Brian Soden, a University of Miami professor of meteorology and oceanography. And the majority arm of the Senate Committee on Environment and Public Works issued a statement denouncing the AP story as biased.

A pair of whooping cranes has hatched two chicks in central Wisconsin, marking the first young of the species to be hatched in the wild in the eastern USA in more than 100 years. That makes about two dozen young cranes that will be added this year to an effort to establish only the second migratory flock of wild whooping cranes in North America. The flock now numbers about 60 birds. This fall, Operation Migration, the non-profit group coordinating the reintroduction project, will lead its sixth group of cranes by ultralight aircraft during their fall migration from the Necedah National Wildlife Refuge in Wisconsin to the Chassahowitzka National Wildlife Refuge near Crystal River, Fla. The birds migrate north on their own in the spring.

Researchers working in the swamps of Borneo have discovered a venomous species of snake that can change its skin color from reddish-brown to white, the conservation group WWF announced Tuesday. The ability to change skin color is known in some reptiles, such as the chameleon, but scientists have seen it rarely with snakes, the WWF says. Reptiles typically change

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color to camouflage themselves from predators. The 1.6-foot-long snake was discovered last year in wetlands and swamp forests around the Kapuas River in the Betung Kerihun National Park in the Indonesian part of the island of Borneo.

A drug already sold to treat mild to moderate dementia in Alzheimer's patients won federal approval Tuesday to treat the same condition in Parkinson's patients. It makes Exelon the first drug for the treatment of the chronic loss or impairment of intellectual capacity in Parkinson's disease patients, the Food and Drug Administration said. The drug, also called rivastigmine tartrate, is made by Novartis AG. In a 24-week trial, Parkinson's patients treated with the drug scored higher on a scale that measures mental processes than did those given a placebo, the FDA said. Side effects include gastrointestinal reactions and weight loss.

A Warning On Hazards Of Secondhand Smoke (NYT)

By John O'Neil

The New York Times, June 28, 2006

The evidence is now "indisputable" that secondhand smoke is an "alarming" public health hazard, responsible for tens of thousands of premature deaths among nonsmokers each year, Surgeon General Richard H. Carmona said yesterday.

Dr. Carmona warned that measures like no-smoking sections did not provide adequate protection, adding, "Smoke-free environments are the only approach that protects nonsmokers from the dangers of secondhand smoke."

He did not call for a federal ban on smoking in workplaces, bars or restaurants, a step that has been taken by a growing number of cities and states over the objections of business owners and of groups skeptical about the dangers of secondhand smoke. He said he saw his role as providing the public and Congress with definitive information on the subject.

"I am here to say the debate is over: the science is clear," Dr. Carmona said at a televised news conference, where he released a report updating the original surgeon general's study of secondhand smoke in 1986. Since then, hundreds of studies have indicated that the harm caused by secondhand smoke is far greater than earlier believed, he said. The report includes these findings:

¶There is no safe level of secondhand smoke, and even brief exposure can cause harm, especially for people suffering from heart or respiratory diseases.

¶For nonsmoking adults, exposure raises the risk of heart disease by 25 percent to 30 percent and of cancer by 20 percent to 30 percent. It accounted for 46,000 premature deaths from heart disease and 3,000 premature deaths from cancer last year.

¶Secondhand smoke is a cause of sudden infant death syndrome, or SIDS, accounting for 430 deaths last year. The risk is elevated for children whose mothers were exposed during pregnancy and for children exposed in their homes after birth.

¶The impact on the health and development of children is more severe than previously thought. "Children are especially vulnerable to the poisons in secondhand smoke," Dr. Carmona said.

¶Efforts to minimize the effect of secondhand smoke by separating smokers and nonsmokers are ineffective, as are ventilation systems in a shared space.

¶While exposure has declined, as many as 60 percent of nonsmokers show biological evidence of encountering secondhand smoke, and 22 percent of children are exposed to secondhand smoke in their homes.

Studies conducted by the Centers for Disease Control show that great progress has been made in reducing exposure, Dr. Carmona said. The amount of cotinine — the form nicotine takes after being metabolized — in blood samples fell by 75 percent among adults, according to specimens taken from 1999 to 2002 that were compared with samples taken a decade earlier.

But Dr. Carmona said more needed to be done, particularly to protect children. He urged parents who smoke not only to quit, but also to move their smoking outside while trying to quit. "Make the home a smoke-free environment," he said.

Tobacco companies say the risks of secondhand smoke are unproved and overstated. In a statement on its Web site, R. J. Reynolds says, "It seems unlikely that secondhand smoke presents any significant harm to otherwise healthy nonsmoking adults; and, given the extensive smoking bans and restrictions that have already been enacted, nonsmokers can easily avoid exposure to secondhand smoke."

A spokesman for the company, David Howard, said yesterday, "Bottom line, we believe adults should be able to patronize establishments that permit smoking if they choose to do so," according to The Associated Press.

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Dr. Cheryl G. Healton, the president and chief executive of the American Legacy Foundation, a nonprofit group created to use settlement money from tobacco companies to educate young people about the dangers of tobacco, called the surgeon general's report "groundbreaking" even though much of its information had already been published in journal articles. Bringing it all together creates a persuasive case for smoking bans, Dr. Healton said.

The report is online at surgeongeneral.gov/library/secondhandsmoke/.

Sioux Tribal Leaders Plan Beer Blockade (USAT/AP)

By Carson Walker, The Associated Press

USA Today, June 28, 2006

SIOUX FALLS, S.D. — In an effort to fight alcoholism on the Pine Ridge Indian Reservation, leaders of the Oglala Sioux tribe plan to set up roadblocks today and stop members from bringing in beer bought at four outlying stores.

Alcohol has long been banned on the 16,500-member reservation, where drinking has been a scourge for generations. But four stores in Whiteclay, Neb., a village a few hundred feet outside the reservation, sell about 4 million cans of beer every year, mostly to Indians.

Tribal members say that from now on, they will confiscate beer bought in Whiteclay.

"We are the last line of defense when it comes to protecting our people," says Duane Martin of the reservation's Strong Heart Civil Rights Movement.

The effects of alcoholism can be seen in nearly every family, in accidents, violence, sexual abuse and suicide, says Terryl Blue-White Eyes, director of the alcohol and drug program for the reservation.

The youth suicide rate on the reservation is the highest in the nation, and most of the suicides involve alcohol, she says.

Shannon County, where most Pine Ridge residents live, is home to less than 2% of South Dakota's population but had 19% of the fatalities caused by drunken driving in 2005 — 14 of the 74 deaths statewide, according to the South Dakota Department of Public Safety.

Beer cans litter reservation roads and the streets of Whiteclay, a village of roughly a dozen people. People loiter outside the stores. Some try to trade tools, electronics and other items for beer.

The stores have been a source of tension for years, and tribal members have tried to stop alcohol sales in Whiteclay through the courts, the county and the state licensing board.

Mark Vasina, president of Nebraskans for Peace, a mostly non-Indian activist group that tried to end alcohol sales in the border town, says the blockade is the only option left.

Lance Lintt, who works at the Jumping Eagle Inn, one of the four stores in Whiteclay, says of the blockade, "I just don't know how it's going to work or how they have any legal grounds to confiscate any beer. I just don't think they'll get anyone to stop for them."

The plan is to set up checkpoints just inside the reservation's boundaries.

Volunteers in Whiteclay will use radios to tell workers at the checkpoints which vehicles should be stopped and searched.

Tribal police will not enforce the blockade but will maintain order, says Alex White Plume, vice president of the tribal council.

FBI/DEA/ATF/USMS:

Mistrial Declared In Shooting Of Officer (BOS)

The Boston Globe, June 28, 2006

A Quincy man, accused of shooting a Boston police officer, was convicted of two firearms violations yesterday, but a Norfolk jury deadlocked on charges that he tried to kill the officer, prosecutors said. The judge declared a mistrial on the shooting charges yesterday because the 12-member jury failed to reach a verdict after deliberating for three days , said David Traub, a spokesman for the Norfolk district attorney's office. Traub said a hearing would be held Friday at Norfolk Superior Court to consider whether to retry Horacio Mays in the shooting of officer Scott W. O'Brien in the jaw and the right forearm in 2004. In

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January 2004, police went to Mays' Quincy home to arrest him on a default warrant for missing a probation surrender hearing. A standoff began after police arrived about 6 a.m., and Mays allegedly shot O'Brien, then 27, as he tried to enter the attic where Mays was hiding, police said.

Former gang leader sentenced to 21 years A former leader of the Latin King gang was sentenced to more than 21 years in federal prison for drug trafficking offenses, the US attorney's office said yesterday. Edwin Serrano, 29, of Lawrence was sentenced Friday after he was found guilty of selling cocaine and crack cocaine to a ``cooperating witness" working with a federal-state task force investigating gang activity throughout the state. Authorities say Serrano, who was minister of defense for the Lawrence chapter of the Almighty Latin King and Queen Nation, also offered to sell the witness a firearm and attempted to recruit the witness to go to New York to kidnap someone. Serrano was sentenced by Chief US District Judge Mark L. Wolf to 21 years and 10 months in prison, followed by 8 years of supervised release.

Barrios ends effort to limit Fluff State Senator Jarrett T. Barrios is abandoning his push to limit the serving of Fluff, the marshmallow concoction, in public schools. Barrios, a Cambridge Democrat, proposed an amendment to a school-nutrition bill last week that sought to restrict the sale of marshmallow spreads to once a week. But the proposal drew scorn from fans of the Fluffernutter, the sandwich made from fluff and peanut butter. After his proposal became national news and the butt of jokes on talk radio, Barrios decided to drop the effort, said spokesman Colin Durrant.

Trial set for accused Bosnian war criminal An alleged Bosnian Serb Army war criminal will go on trial in US District Court in Boston today on charges that he lied on immigration paperwork he used to enter the United States. Marko Boskic, a Croat, has told federal investigators he was forced to participate in the mass killings of 1,200 Muslim men and boys in Srebrenica in 1995 in the former Yugoslavia. The Justice Department earlier this year decided not to prosecute Boskic under American anti torture laws for his alleged role in the mass killings. Boskic, who was living in Peabody when taken into custody by immigration officials in 2004, now will be tried only on immigration charges for saying he had not served in Bosnian military.

Police identify stabbing victim in Roxbury

Police yesterday identified a man found fatally stabbed in a Roxbury home Thursday as Ronald Perry , 37, of Waltham. Police said they discovered Perry about 7 a.m. in a home on Cheney Street after a request from a friend to check on Perry. Police are investigating .

Man struck, killed by MBTA train The MBTA is trying to identify a man killed yesterday when he was struck by an Orange Line train while walking along the tracks south of the Green Street station in Jamaica Plain, said MBTA spokesman Joseph Pesaturo . The man, who Pesaturo said was not carrying identification, apparently walked off the station platform and was struck by a northbound train at about 6 a.m. Orange Line service was shut down for more than two hours and buses shuttled passengers, he said. The operator, as required, is undergoing drug and alcohol testing, Pesaturo said.

NEWTON

Two are indicted in Newton slaying Two men were indicted yesterday in the slaying of Edward Schiller, 39, during the morning of Jan. 13. James Brescia, 46, of Waltham and Scott Foxworth, 52, of Dracut are both charged with murder and conspiracy in Schiller's fatal shooting in a Newton parking garage. Schiller was found in his car with a single gunshot to the head and was pronounced dead on the scene. Authorities believe that Brescia agreed to pay Foxworth to kill Schiller and that Foxworth shot Schiller in the garage. Both men were arraigned on April 4 and pleaded not guilty.

Police: Lethal Drug Fentanyl Hitting Twin Cities Streets (AP)

AP, June 28, 2006

MINNEAPOLIS - A lethal mixture of heroin laced with fentanyl, a synthetic painkiller blamed in the deaths of more than 200 people in Chicago and Detroit, is working its way into the Twin Cities, authorities said.

"It's the beginning of an issue, and how far-reaching it becomes we'll have to see," said Thomas Kelly, agent-in-charge of the federal Drug Enforcement Administration office here.

Fentanyl can kill in tiny doses, either by stopping a user's breathing or making them so unresponsive that they choke on their own vomit, said Matt Morgan, a toxicology fellow at Hennepin County Medical Center.

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Three St. Paul men arrested Friday have been charged with conspiring to distribute fentanyl and crack cocaine. Kevin Joseph Fenner and Eric Dion Davis, both 38, and Eric Robert Hargrove are scheduled to appear Wednesday in U.S. District Court in Minneapolis.

According to a criminal complaint, Fenner sold 5 grams of a substance that tested positive for fentanyl to a police informant last week. And Hargrove possessed 6 grams of suspected fentanyl when he and Davis were arrested Friday night while driving to a drug buy set up by an informant.

Davis was identified as a Vice Lord gang member three years ago, said Ron Ryan, commander of the Metro Gang Strike Force.

Officers later recovered 1 1/2 ounces of suspected fentanyl when they searched Hargrove's bedroom in a house on Germain Avenue in St. Paul, where he lived with Fenner, the complaint states.

Authorities in Minneapolis and St. Paul are reviewing heroin-related deaths to determine if fentanyl was involved.

Though he did not have specifics, St. Paul police spokesman Pete Crum said Tuesday that "we're aware of an increase nationwide of heroin overdoses, and that includes the metro region here."

Minneapolis police Capt. Rich Stanek said the department has seized only "very small" amounts of heroin mixed with fentanyl.

Kelly said one of the three men arrested has connections to Chicago and that drug agents were trying to determine whether that's the source of the fentanyl seized in St. Paul.

Nearly 100 fentanyl-related deaths have been confirmed in the Chicago area this year, according to the Cook County medical examiner's office.

By Ken Little (SN)

By Guidelines On Health Information

Star News, June 27, 2006

Federal guidelines in place to keep personal health information confidential create a roadblock for police who want to speak with victims of overdoses about the source of the drugs that hospitalized them.

The issue was discussed last week at a meeting of about 30 law enforcement officials and medical community representatives. The task force, formed by New Hanover County District Attorney Ben David, is talking about ways to coordinate the response to a recent surge of suspected heroin overdoses that have claimed at least four lives in Wilmington.

Strides were made to ensure cooperation between the law enforcement and medical communities, David said Monday.

"The goal is to recognize that the interests of medical professionals and those of us in law enforcement are united in determining the source of the illegal drugs," David said. "The goal is to treat patients and catch dealers who are making these patients victims."

Preliminary test results from the federal Drug Enforcement Administration shows the heroin that killed two men earlier this month in Wilmington was high in purity and not cut with the powerful synthetic narcotic fentanyl, as was suspected.

Whatever its composition, the heroin poses a lethal threat to users, Wilmington-based DEA Special Agent Eric Savitts said.

"Generally speaking, if (regular users) find out there is a potent batch out there, they will gravitate towards it," Savitts said.

Further testing will help determine the specific content of the heroin, Savitts said.

Meanwhile, representatives of New Hanover Regional Medical Center and the city of Wilmington are exploring the nuances of the 1996 Health Insurance Portability and Accountability Act to see how much wiggle room institutions like hospitals and counseling centers have in providing client information to police.

"We have a lot of common goals, like making sure the community is safe, but at the same time we have a lot of privacy constraints we have to comply with," said Lori Feezor, hospital vice president of legal affairs.

Feezor and city privacy officer William Wolak are exploring ways to cooperate with police while adhering to the HIPAA law.

"We need to be mindful and protect the confidentiality of patient information. That said, we are also mindful of our dual responsibility to the community and the health of all people in the region," Feezor said.

Police Community Affairs Officer Linda Rawley suggested that something has to give for the partnership to be effective.

"The hospital has not released any information to us because of HIPAA. The only way we know about the (overdoses) is from officers who are at the scene," she said.

Investigators "want to be able to begin tracking these cases to look at the pattern," Rawley said.

"At the federal level, it looks like lawmakers and legislators should make some addendums to HIPAA," she said.

Feezor said the hospital can currently provide information to police about a patient if the individual consents to it. Medical officials can also release "aggregate data" reflecting, for instance, the total of suspected overdose victims treated with the drug Narcan over a given time frame, but can not get into specific cases. Narcan is commonly administered to people who overdose on narcotics.

"It is a difficult issue and it is an issue health care providers struggle with nationwide," Feezor said. "Generally, we have tried to collaborate where possible."

Friday's meeting "laid the foundation for examining some of those processes. We are waiting to see more hypotheticals," Feezor said.

Law enforcement and supporting agencies are gearing up for a full-scale assault on the local heroin trade, David said.

"Our primary concern is quickly locating the source of the illegal drugs," he said. "We are stepping up the pressure on drug dealers in this community and this is just one of the phases it is taking."

Man's Death Possibly Linked To Heroin (WOOD)

WOOD-TV, June 27, 2006

PORTAGE -- The Portage Police Department continues to investigate the death of a 34-year-old man.

Officers found the victim dead inside his home Thursday night.

An autopsy could not reveal what caused the man's death.

Portage police think he died of a mix of heroin and the prescription pain reliever fentanyl. Such a combination is blamed for nearly 200 deaths in the Detroit and Chicago areas.

Investigators hope a toxicology report on the Portage man's body will help their case.

Officials Investigate Limbaugh After Finding Viagra In His Bag (AP)

AP, June 27, 2006

WEST PALM BEACH, Fla. (AP) — Rush Limbaugh will likely have to wait several days to find out if he violated his deal with prosecutors in a prescription fraud case when authorities found him in possession of a bottle of Viagra that was apparently prescribed to someone else, a spokesman for the state attorney's office said Tuesday.

Limbaugh, 55, was detained for more than three hours Monday at Palm Beach International Airport after he returned on his private plane from a vacation in the Dominican Republic. Customs officials found Viagra in his bag, but his name wasn't on the prescription, Palm Beach County sheriff's spokesman Paul Miller said.

Limbaugh's lawyer, Roy Black, said the prescription was written in his doctor's name "for privacy purposes." The conservative radio host was released without being charged and investigators confiscated the Viagra, which treats erectile dysfunction.

Limbaugh joked about the search on his radio show Tuesday, saying Customs officials didn't believe him when he said he got the pills at the Clinton Library and he was told they were blue M&Ms. He later added, chuckling: "I had a great time in the Dominican Republic. Wish I could tell you about it."

It is generally not illegal under Florida law for a physician to prescribe medication in a third party's name if all parties are aware and the doctor documents it correctly, said Mike Edmondson, a spokesman for the state attorney in Palm Beach County. He would not discuss specifics in the Limbaugh case Tuesday.

The sheriff's office was continuing its investigation and would turn the case over to prosecutors in several days, Edmondson said. The alleged violation could be a second-degree misdemeanor if Limbaugh's doctor doesn't confirm the prescription.

Under last month's deal with prosecutors, authorities will dismiss a "doctor shopping" charge if Limbaugh doesn't get arrested for 18 months, among other terms. Prosecutors had said he illegally deceived multiple doctors to get overlapping painkiller prescriptions. Limbaugh denied the charges but admitted he was addicted to painkillers.

This latest case may simply be dismissed if prosecutors can confirm with Limbaugh's doctor that the prescription was indeed for Limbaugh, said Kendall Coffey, a former U.S. attorney in Florida.

"It's perhaps a little embarrassing but not highly incriminating," Coffey said.

In addition, possession of Viagra is in a "completely different universe than a matter that would involve Schedule Two (controlled) substances such as OxyContin" Coffey added.

According to the Drug Enforcement Administration, Viagra is not considered a controlled substance because "it's not something you can be addicted to," said DEA Investigator Maria Gilbert.

The Food and Drug Administration oversees regulations concerning non-addictive drugs that are not considered controlled substances, Gilbert said. A telephone call to the FDA was not immediately returned Tuesday.

Limbaugh Case Alerts Travelers To Rules For Prescriptions (USAT)

By Kitty Bean Yancey, Usa Today

USA Today, June 28, 2006

Carrying a vial of Viagra without his name on it got talk-show host Rush Limbaugh in hot water with U.S. customs officers Monday.

And his detention at Florida's Palm Beach airport raises questions for U.S. travelers who routinely fly with drugs that they can't show were prescribed to them.

Limbaugh was stopped after flying in from the Dominican Republic on a private jet. In a bag search, customs officers found a bottle of Viagra without his name on it. Limbaugh lawyer Roy Black said in a statement that the erectile-dysfunction drug was "prescribed by Mr. Limbaugh's treating physician but labeled as being issued to the physician rather than Mr. Limbaugh for privacy purposes."

VIDEO: Radio host detained for 3 hours

That violated customs rules, says Jennifer Connors, a U.S. Customs and Border Protection spokeswoman. Names on prescription drug bottles must "match the name on the travel document," she says.

Passengers flying domestically don't have to carry a prescription or have a labeled bottle, although the Transportation Security Administration website encourages labeled medications. Spokesman Darrin Kayser says, "Our focus is security; we're not as enforcement-focused as (customs), looking at 'whose drugs are those?' But it's good to have a prescription label, so it's clear."

Meanwhile, travelers often fly without prescriptions or the containers drugs came in.

Jean Mothena, 59, of Aldie, Va., takes seven pills daily (two prescription) and for ease keeps them in a sectioned pillbox. "I don't carry copies of my prescriptions. I've never thought there might be a problem."

Art Van Bodegraven, 66, of Alpharetta, Ga., flies overseas with unmarked pill containers. "I have never been asked about them."

Ditto, says Leonard Dinnerstein, 72, of Tucson. "I always dump them all in a big ol' Ziploc, throw it into the carry-on and go."

Ken Kushnir, 59, of Healdsburg, Calif., recalls being "hassled" when he lacked prescriptions or the bottles they came in. One customs agent "said he could arrest me on the spot," Kushnir says. He didn't.

Limbaugh, 55, went free after being detained. He was not targeted, Connors says: "We go through most people's bags" on private aircraft coming in from overseas.

The case went to the Palm Beach County Sheriff's Office; its report will go to the state attorney's office. Mike Edmondson, an attorney's office spokesman, says that, generally, if a doctor didn't act fraudulently and a prescription was for the patient, "that wouldn't be a violation of Florida statute."

Two months ago, Limbaugh struck a deal with prosecutors on a charge of fraudulently obtaining painkiller prescriptions. The case was to be dismissed in 18 months if he continued drug treatment and exhibited "model-citizen behavior," he told listeners.

2 More Sentenced For Role In Danbury-area Drug Ring (DNT)

Danbury (CT) News Times, June 27, 2006

DOJ_NMG_0037039

Two more Danbury men have been sentenced to prison terms for their involvement in a Danbury-area cocaine and crack distribution ring that was broken up by law enforcement last year, federal authorities said Monday

Edward Toney, 22, of Westville Avenue, Danbury, was sentenced to five years in prison and four years of supervised release for conspiring to distribute 500 grams or more of cocaine, U.S. Attorney Kevin O'Connor said.

Timothy Eberly, 22, of Davis Street, was sentenced to 27 months behind bars, and six years of supervised release. Eberle faces an additional term of imprisonment for a probation violation stemming from a previous drug-trafficking conviction.

The two were among 24 people from Danbury and New York City who were arrested last year during a crackdown by Danbury police and the federal Drug Enforcement Administration on a drug ring operated by Alex Luna of Danbury. The ring imported large quantities of powdered and crack cocaine into the area for several years, investigators said.

A large quantity of narcotics, along with packaging material, cash, firearms and ammunition, were also seized by police.

Luna, who already has pleaded guilty, and several other defendants are still awaiting sentencing, O'Connor said.

N.F.L. Strengthens Drug Policy (AP)

AP, June 28, 2006

The N.F.L. has toughened its drug policy, adding amphetamines to the list of banned performance-enhancers starting in 2007. Amphetamines were previously listed as a "substance-abuse drug," but are now in the same category as steroids and other enhancers that carry stronger penalties. Next year will serve as a transition year, when a first positive test will bring a warning and put a player into the drug program. But in 2007, testing will cover amphetamines on a regular basis. A first positive will result in a four-game suspension.

NFL Cracking Down On Amphetamines (USAT)

By Skip Wood, Usa Today

USA Today, June 28, 2006

As far as the National Football League is concerned, amphetamines and methamphetamines aren't just harmful drugs but substances that fall under the performance-enhancement category.

Thus, beginning in 2007, positive tests from the drugs will result in the same penalties carried for steroids — sanctions which have recently been increased in an agreement between the league and the union as part of the revamped collective bargaining agreement.

The changes were announced this week at the NFL's annual rookie symposium in San Diego. Players were told of the changes by Harold Henderson, the NFL's executive vice president of labor relations.

For the upcoming 2006 season, the penalty for a second violation for performance-enhancing drugs such as steroids will be increased from six games to eight games. First-time violators will continue to face an automatic suspension of four games. A third positive test still carries a one-year suspension.

According to Henderson, amphetamines and their derivatives have become a growing concern for the NFL, especially since the 2005 Congressional hearings explored performance-enhancing drug use in pro sports and the testing policies the major leagues utilize.

"Until then, we frankly didn't have a strong indication or belief they might be a problem for us," Henderson said. "But when we started talking to people in other sports, and saw what went on on the Hill, we started to re-evaluate our position."

The switch in classification for amphetamines and methamphetamines will not take affect until the 2007 season to make certain all players know of the new rules. A first positive test in 2006 would bring a warning and put a player into the drug program. A positive test next year will initially result in a four-game suspension

"We wanted this year," Henderson said, "to be less punitive and use it as a period of education and awareness."

Amphetamines previously fell under the category of harmful drugs such as cocaine and marijuana; a player wasn't suspended until his third positive test for such substances.

NFL players association president Gene Upshaw was unavailable for comment. Henderson said the union was in full agreement regarding the changes.

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Amphetamines and methamphetamines affect the central nervous system and are considered stimulants. They are known to cause euphoric feelings and temporary boosts in energy but can also cause hypertension, among other health problems. Both drugs are addictive. Methamphetamines are considered stronger than amphetamines.

"We don't think they necessarily present the same types of competitive issues as steroids but there are serious health issues," Henderson said.

"But (we) realized the possibility that some players would use it for a gameday edge," he told the Associated Press in a phone interview. "The union quickly agreed with us."

"We were all working together during the Congressional investigation," Henderson said. "We learned about it, we wondered with each other whether this was an issue to be concerned about. In the abundance of caution, we probably should be. We all understood we needed to do something here."

Major League Baseball didn't begin testing for amphetamines until this season. An initial positive test results in evaluation and follow-up testing. Further positive tests result in suspensions of 25 games, 80 games and then a lifetime ban.

The NFL rookie symposium, which began Sunday and ends Wednesday, is a mandatory affair at which rookies are prepped on off-field issues in the league — including behavior and the importance of staying out of trouble and avoiding risky activities.

Several 2006 draft picks already have run afoul of the law, a fact Henderson acknowledges concerns him.

"It does," he said, "and that's one of the things we've been talking about here."

Henderson added there has been preliminary talk about holding the symposium either in late May or early June.

The Associated Press contributed to this report

Bonds Says He Hasn't Heard From Mitchell (AP)

AP, June 27, 2006

SAN FRANCISCO (AP) -- Barry Bonds said Tuesday he hasn't heard yet from former Sen. George Mitchell in his independent investigation of steroids in baseball.

Mitchell, the former Senate majority leader, was appointed in March by commissioner Bud Selig to head the league's investigation into steroids. He has already contacted some members of the San Francisco Giants' coaching staff.

Bonds, who has always denied using performance-enhancing drugs to fuel his home run chase, said he is determined to stay upbeat despite his decreased production this season, a sore, tired body, and his off-the-field issues.

"I'm doing good, ain't I? I'm going to be a positive person no matter what," Bonds said. "As long as my health is good and my family's happy, I'm going to be happy."

Bonds returned to the Giants' lineup for Tuesday night's interleague series opener against the Texas Rangers after he left Sunday's game against the Oakland Athletics following the second inning with irritation in his left knee.

Bonds, who turns 42 on July 24, is batting .252 with 11 home runs and 34 RBIs this season and has drawn 62 walks -- 26 intentional. With 719 career homers, he is second on the career list behind Hank Aaron (755).

"I'm loving life," Bonds said. "I'm just going to roll with it and have fun."

What is he struggling with?

"Everything," Bonds said, chuckling. "But I'm happy. I'm enjoying myself. I wave to the people outside, cheery."

Bonds said he hurt his left knee -- he had three operations on the right one in 2005 -- stealing a base Friday night for the first time in nearly two years after team broadcaster Mike Krukow challenged the seven-time NL MVP's speed. Bonds acknowledged his competitive nature took over and he might have pushed his body too hard to prove Krukow wrong.

"I can only do it once. I need a break after that," Bonds said. "I'm not slow. I've played like this most of my career."

Bonds also reiterated that he doesn't plan to be in Pittsburgh for next month's All-Star game. He wants ace Jason Schmidt, another former Pirates player, to represent the Giants.

"Been there, done that," he said of returning to the city where he started his career. "Schmitty deserves it. He should represent this team. He's pitched well all year."

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While Bonds was ready to play again, right fielder Moises Alou missed another day after receiving a cortisone injection in his troublesome lower back on Monday's off day. He has missed eight games with back spasms.

Bonds and Alou have played only 30 games together dating to last season, and the Giants are 13-8 with both of them in the lineup this year.

"Me and Mo are just trying to figure out what somebody has with us being on the field at the same time," Bonds said. "Somebody has a hex on us. We need to figure out what it is and kill it."

Armstrong Goes On The Offensive To State His Case (LAT)

By Alan Abrahamson, Times Staff Writer

The Los Angeles Times, June 27, 2006

In numerous television interviews, he challenges the testimony by an ex-teammate's wife that he admitted using drugs to aid his performance.

Lance Armstrong mounted a public-relations offensive Monday, seeking to discount sworn testimony alleging that he had, nearly 10 years ago in an Indiana hospital room, acknowledged use of an array of performance-enhancing substances.

Appearing on a number of shows on ABC or ESPN, Armstrong sought to undercut testimony offered by Betsy Andreu, a former teammate's wife. She testified Armstrong was asked by doctors on Oct. 27, 1996, if he had used performance-enhancing drugs and said, "EPO, growth hormone, cortisone, steroid, testosterone."

"... The proof is in the pudding," Armstrong, appearing on ESPN's "Outside the Lines," said. "The pudding's not a bunch of people that are bitter and angry. The proof of the results, not just the race results but the drug-testing results, the investigations, the inquiries, the court cases — haven't lost one of them."

Andreu's testimony, corroborated by her husband, Frankie, a former Armstrong teammate who rode in the first two of Armstrong's history-making Tour de France wins from 1999 through 2005, came in a confidential arbitration. The case ended in February with a $7.5-million settlement in Armstrong's favor.

The Times reported Saturday about Betsy Andreu's testimony. The French newspaper Le Monde on Friday had printed portions of her testimony.

Armstrong said Monday on "The View," on ABC: "... The things they don't report is what happened under cross-examination when the person who made the accusation couldn't remember anything about the room. Couldn't remember if the doctor was a man or a woman, couldn't remember if they had a lab coat on or not, couldn't remember if they had a clipboard, couldn't remember anything.

"No facts, no figures, no evidence — just a mouth," one of the hosts, Star Jones, interjected.

Barbara Walters, another host, chimed in to ask Armstrong, "Aren't you sick of it?"

Under cross-examination, Betsy Andreu testified Jan. 17 that two doctors came into the room with white coats; one was tall with brown hair and glasses, she said. She further testified that there was a bathroom on the left, a big table on the right, a television against the wall, Armstrong was sitting in a chair by the table, a football game was on TV and one of the others who was there — Armstrong's then-girlfriend — was studying.

Betsy and Frankie Andreu issued a statement Monday through their attorney that said, "My clients remain steadfast in the truthfulness of their testimony."

Hamilton Faces New Doping Allegations (LAT)

By Alan Abrahamson, Times Staff Writer

The Los Angeles Times, June 27, 2006

Report details billing for performance-enhancing treatment U.S. cyclist is said to have received.

A Spanish newspaper reported Monday that U.S. cyclist Tyler Hamilton, an Olympic gold medalist serving a two-year suspension for blood doping, was billed by a doctor for treatment that allegedly included blood transfusions and banned performance-enhancing drugs, including steroids, human growth hormone and the synthetic blood booster EPO.

Hamilton, in a statement issued by his attorney, Howard Jacobs of Los Angeles, said, "I have not done what the article alleges."

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The report in El Pais, a national circulation paper published in Madrid, is part of a series sparked by a review of confidential judicial documents tied to a raid in May by police in Madrid. El Pais said Sunday that 58 riders in recent years might have received blood and banned substances.

Monday, the paper reported that among the documents it had reviewed was a fax, allegedly sent to Hamilton's wife, detailing a doctor bill for 43,040 euros, about $53,850 at Monday's exchange rate. The report said Hamilton also had been sent two pages of doctors' files purportedly detailing calendars noted with medications to be taken in advance of the 2003 season.

For instance, the paper reported, EPO was to be taken daily from Dec. 21 until Christmas Eve, and then on alternate days until Jan. 9. On Jan. 14, blood was to be withdrawn. On Jan. 24, anabolic steroids were to be started. Then in March, growth hormone and insulin were to be taken, as well as HMG, a hormone used by menopausal women, to mask anabolic steroid use, the paper said.

In the final lead-up to the Tour de France, cycling's premiere event, more growth hormone was to be taken and blood was to be reinfused, according to El Pais. Hamilton took fourth in the 2003 Tour despite breaking a collarbone in the first stage.

Hamilton won gold at the 2004 Athens Olympics in the time trial, then failed a test for blood doping. The backup test proved inconclusive, authorities acknowledging that the sample had mistakenly been frozen, and Hamilton kept his medal.

The month after the Olympics, in September 2004, Hamilton tested positive again for blood doping.

The test turned up markers for someone else's blood in his system.

In February, the Swiss-based Court of Arbitration for Sport, rejected Hamilton's appeal and barred him from competition through Sept. 22, 2006.

U.S. Cyclist Hamilton Keeps Gold Medal (AP)

AP, June 28, 2006

LAUSANNE, Switzerland (AP) -- American cyclist Tyler Hamilton will keep his gold medal from the 2004 Athens Olympics.

The Court of Arbitration for Sport rejected an appeal Tuesday by the Russian Olympic Committee to strip Hamilton of his time-trial gold medal due to a doping controversy and give it to silver medalist Vyacheslav Ekimov.

Hamilton currently is serving a two-year ban for testing positive for blood doping at the Spanish Vuelta in September 2004. CAS, world sport's highest tribunal, upheld the two-year ban in February.

That ban came into effect one month after an initial doping test in Athens in August 2004 led to suspicions Hamilton had used a blood transfusion to boost his endurance.

But the International Olympic Committee abandoned its probe because the American's backup specimen was mistakenly frozen, leaving too few red blood cells to analyze.

"Tyler Hamilton can retain the gold medal he won at the time-trial event in Athens and the ranking of this race is definitively confirmed," CAS said in its ruling Tuesday.

On Monday, Spanish daily El Pais reported that Hamilton was a client of Dr. Eufemiano Fuentes, one of the doctors arrested and charged in connection with the blood-doping scandal in Spain.

El Pais reported that Civil Guard investigations -- called "Operation Door" in Spanish -- show that Hamilton was among 58 pro cyclists who may have received prohibited substances and blood transfusions in recent years.

The article showed a copy of a fax, allegedly sent to Hamilton's wife -- Haven Parchinski -- detailing a doctor's bill for $54,060. The report said Hamilton had also had been sent two pages of doctors' files detailing calendars with medications to be taken in advance of the 2003 season.

Hamilton was not only engaged in banned blood transfusion practices, but also used EPO, anabolic steroids and human growth hormones during his treatment by Fuentes, the El Pais article said.

"I was very upset to read the accusations against me and to see my name associated with the 'Operacion Puerto' investigation in Spain," Hamilton said Monday in an e-mail message sent by his foundation. "I have not been treated by Dr. Fuentes. I have not done what the article alleges.

"In addition, I have never been contacted by authorities in Spain regarding these allegations. Therefore, it is impossible to comment on a situation I have no knowledge of."

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Amid Doping Scandal, Ullrich Is Cleared To Ride In Tour De France (NYT)

By Nathaniel Vinton

The New York Times, June 28, 2006

The Tour de France has been enveloped by the turmoil of a doping investigation less than a week before it is scheduled to begin. Race officials asked the team of a top contender to withdraw Monday, and yesterday they cleared another contender, Jan Ullrich of Germany, after a Spanish newspaper linked him to the blood-doping inquiry that has shaken cycling for the past month.

Tour officials asked the Astana-Würth team to withdraw after deciding it was implicated too heavily in the scandal. Alexander Vinokourov of Kazakhstan, who finished fifth in last year's Tour and third in 2003, rides for Astana-Würth.

The team appealed to the Court of Arbitration for Sport, and a ruling was expected as early as today.

"We expect to receive a request for formal arbitration tonight or tomorrow early," Matthieu Reeb, the secretary general for the C.A.S., said in a telephone interview from the court's headquarters in Lausanne, Switzerland. "We are ready to conduct an expedited procedure, to make sure that a final decision can be made before the Tour de France begins on Saturday."

Reeb said he expected the case to be considered by one court-appointed arbiter.

While the court is deliberating, uncertainty hangs over the Tour de France; teams are expected to arrive today in Strasbourg, where the competition will begin with a 7.1-kilometer prologue race (about 4.4 miles).

Astana-Würth has been involved in the doping investigation since last month, when the Guardia Civil, a military and civilian police force in Spain, raided several apartments in Madrid and seized steroids, hormones, the endurance-boosting hormone EPO, nearly 100 bags of frozen blood and equipment for treating blood. The evidence was said to have implicated dozens of cyclists and other athletes.

At the time, the team was named Liberty Seguros-Würth, but Liberty Seguros (part of Liberty Mutual, an insurance company based in Boston) demanded that its name be removed from the team's uniforms and vehicles. Astana is a collection of Kazakh businesses that came together in support of Vinokourov.

The Spanish newspaper El País reported that Ullrich, the Tour champion in 1997 and one of the favorites this year, could be implicated in the investigation. No riders have been charged in the investigation, and Ullrich has denied the accusations.

Tour de France officials said yesterday that Ullrich had been cleared to race. "For the Tour de France, for now, there is no problem with Ullrich," the race spokesman Philippe Sudres told The Associated Press.

Ullrich's team, T-Mobile, contacted the Spanish authorities yesterday and requested to see the secret evidence that El País cited in its report. But the Guardia Civil said no to the request, according to the team's spokesman, Luuc Eisenga.

Ullrich was not available for comment yesterday; he and his coach denied the blood-doping allegations Monday on the team's Web site. Ullrich, a favorite to challenge Ivan Basso of Italy for the Tour title this season, has been training in Switzerland, where he has a home.

"Obviously, we as a team cannot let Jan get stuck at home because there is a speculation in a newspaper," Eisenga said. "We have requested more information from the Guardia Civil, but they told us this information is top secret."

Eisenga said that he had spoken with the two top officials of the Tour — Christian Prudhomme, the race director, and Jean-Marie Leblanc, the deputy director — and that they were also pressing the Guardia Civil to share evidence obtained in its investigation.

"We share the same interests, and that is in having more information in order so we can make a decision," Eisenga said. "What we need for all decisions is proof, or evidence. There is no evidence. There is only speculation."

Details of the substances and documents gathered in the raid have been leaked to Spanish newspapers over the past month, creating an air of paranoia around the sport. Last week, Ullrich won the Tour de Suisse, a nine-stage race considered an indicator for Tour de France success.

RULING ALLOWS HAMILTON TO KEEP MEDAL Tyler Hamilton of the United States will keep his gold medal from the 2004 Athens Olympics. The Court of Arbitration for Sport rejected an appeal yesterday by the Russian Olympic Committee to strip Hamilton of his gold medal in the time trial because of a doping controversy and give it to the silver medalist, Vyacheslav Ekimov. Hamilton is serving a two-year suspension for testing positive for blood doping at the Spanish Vuelta in September 2004. (AP)

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Cycling Suffers Toll For Role In Drug Testing (USAT)

USA Today, June 28, 2006

The Super Bowl of cycling starts this weekend in France, sans Lance. Even without the presence of the American legend named Armstrong, the famous two-wheel marathon of mystery and misery is enough to bring a smile and a grimace to the face of one of his former teammates.

As the same clouds of suspicion gather overhead regarding new allegations of illegal doping by some of the world's top cyclists, Jonathan Vaughters is in Boulder, Colo., trying to teach the next generation of young riders a better way — the right way — to spare them from confronting a moral dilemma.

That would be the drug-free way.

The French way.

"In some ways, this pain (of scandal) is good," he says. "These kids never will have to face the decision of whether to do drugs and win or be mediocre and be able to sleep at night. Everyone in my generation faced it; it's what I went through. What a horrible choice. I don't want my guys to walk through a store and someone say, 'There goes a professional cyclist — he's a doper.' "

He insists it can be done as older riders, accustomed to the benefits of pharmacological cheating, fade. The climb up an Alps-high mountain of skepticism is long and steep. The sport is badly stigmatized because doping has been the fire under the seat for many cyclists for years. You can argue the merits of cyclists using alcohol, cocaine and amphetamines in decades past, but you cannot debate the effectiveness of EPO, a synthetic hormone that stimulates production of red blood cells and increases endurance.

Cycling is paying a hefty price because of its leadership in testing, even as most pro sports fly under the drug performance-enhancement radar because of union dissent regarding perimeters for testing.

"Cycling clearly is the divorced family," says Vaughters, 33, now retired and CEO of Slipstream Sports. "The furniture is in the front yard, the dog is running around without a leash — everyone in the neighborhood knows what's going on. Neighbors are looking out their windows and down their noses while at the same time lining up dates for the weekend on their spouses.

"Obviously, cycling has a problem with doping. But it is reduced. It was much worse in the '90s. It shows up on the radar often because the sport chose to pursue the problem. Any major team sport — baseball, the NFL, NHL — would come up with a whole lot more stuff than they did in the Spanish police raid (implicating former Tour winner Jan Ullrich). Fifteen years ago, cycling was where baseball is today."

If Vaughters is right, hold your breath regarding drugs and sports. Tuesday, the NFL toughened penalties for amphetamines. But when was the last time a pro football star not named Bill Romanowski tested positive for steroids and you heard about it? (Hint: Begins with "never.")

"The next 10 years is going to be one of the cleanest ever in professional cycling — and it will be one of the most painful eras for a lot of pro sports," Vaughters says.

Cycling remains synonymous with deception. Every day there seems to be a different allegation or re-cycling of news and old, festering personal wounds. In the case of Armstrong and adversaries such as international drug czar Dick Pound and former cyclist Greg LeMond, the rehashing of rumored treachery by the seven-time Tour kingpin is as tawdry as it is useless.

Last week it was revealed that a former Armstrong teammate, and the man's wife, swore under oath the inspirational cancer survivor admitted to a doctor (in their presence) that he doped.

Tyler Hamilton, the U.S. Olympic gold medalist suspended two years for doping, denied a report this week that a doctor billed him for blood-boosting work, including allegations he used steroids.

"Lance is extremely talented. Whether he doped or not, I have no idea," Vaughters says. "Here is a guy who, if everyone showed up clean, would win. I could've turned myself into a human chemistry lab and I still would not have been as good as Lance Armstrong."

Because the French were disgraced by a major doping scandal on their soil in the late 1990s, their attitude toward the sport was profoundly modified (some might suggest decades of not winning their own race made a difference, too). Testing of

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French cyclists is far more stringent, "10 times more than whatever I was subjected to when I was on the U.S. Postal Service team," says Vaughters, who also competed for a French contingent during his career.

It was in France where he culled the mandate he gives to young U.S. cyclists: "Do your best — don't take it beyond. We'd rather have you lose clean than win dirty."

IMMIGRATION:

Senate Warms To 'Border First' (WT)

By Amy Fagan

The Washington Times, June 28, 2006

Key backers of the Senate immigration bill said yesterday they are willing to consider a compromise that would delay the guest-worker program and "amnesty" portions until the borders have been secured.

The proposal was floated by Senate Judiciary Chairman Arlen Specter in an interview Monday with editors and reporters at The Washington Times.

"I think it's worth discussing," said Sen. John McCain, Arizona Republican. "Many of us have said we could work on border enforcement and, at the same time, work on other aspects that would take more time."

Sen. Edward M. Kennedy, Massachusetts Democrat, said a delay will occur anyway because it will take a few years to set up the guest-worker program and the structure to process millions of illegal aliens onto a pathway to citizenship.

"We've always understood that," he said, adding that the final bill must be "comprehensive" and include all provisions.

"That's the key," he said, after he, Mr. McCain and others hosted a broad coalition of outside groups demanding a comprehensive bill.

Reaction at the other end of the Capitol was more muted, with at least one key House leader continuing yesterday to point out flaws in the Senate bill.

The House and Senate approved very different immigration bills, with the House focusing on building 700 miles of fence on the U.S.-Mexico border, boosting enforcement and requiring employers to verify that their workers are here legally. The Senate bill boosts enforcement, too, but also creates a program for future immigrant workers and a path to citizenship for many current illegal aliens.

On Monday, Mr. Specter, the Pennsylvania Republican who will lead House and Senate negotiators in the conference committee, told The Times that border security should be the top priority in the final bill and that he is open to a compromise that would make the guest-worker program and path to citizenship for illegal aliens contingent on first ensuring a secure border and improved interior enforcement.

Sen. Lindsey Graham, South Carolina Republican and key backer of the Senate bill, said yesterday he could see that as a possibility.

"I'm open to the idea that you'd have ... border-security benchmarks, interior-enforcement benchmarks, and once that's fulfilled, you start assimilating people," he said.

But just a month ago, many of these same senators -- including Mr. Specter, Mr. Graham and Mr. Kennedy -- voted against a proposal that would have set out a similar timeline requiring border security and improved enforcement before the rest of the Senate bill could proceed.

Mr. McCain, who wasn't present for the vote last month, said that approach was different from Mr. Specter's because it would have required the government to certify the border is "sealed" before the rest of the Senate bill could go forward -- a standard that he said could "never" be met.

While Mr. Specter's idea was received in the Senate with cautious optimism, House Republican leaders remained entrenched in their opposition to the Senate bill and stuck by their plans to hold hearings next month pointing out its shortfalls.

The office of House Judiciary Committee Chairman F. James Sensenbrenner Jr., Wisconsin Republican -- a staunch critic of the Senate bill -- had no comment yesterday on Mr. Specter's statements.

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Meanwhile, the office of House Majority Leader John A. Boehner, Ohio Republican, pointed out yet another flaw in the Senate bill, saying it would actually weaken enforcement of immigration law by only permitting local law enforcement to assist federal agents in enforcing criminal violations of immigration law, not civil violations.

Many lawmakers say a final bill including any form of "amnesty" would never pass the House, whether those provisions are delayed or not.

"I don't think the House will go for anything that puts citizenship in the bill," said Sen. John Ensign, Nevada Republican, who thinks a compromise bill with a guest-worker program could work, as long as it didn't include citizenship for the millions of illegals already here, as the Senate bill would do.

In his comments Monday, Mr. Specter said that the Senate would insist that the final bill include a guest-worker program and a path to citizenship for many illegal aliens, but that he is also open to setting goals for border and interior enforcement ahead of those provisions.

Rep. Mike Pence, Indiana Republican, said it's a "very big deal" that Mr. Specter is willing to put border security first in the final bill. He also said he has a bill that may bridge the "amnesty" divide between the two chambers because he thinks many House Republicans could accept a guest-worker program that requires illegal aliens to return to their home country before they can apply for it.

He has a proposal that would set up a privately run system to do this, and he thinks this "no-amnesty guest-worker" program could work.

"I think the majority of House conservatives would be open to a no-amnesty guest-worker program," he said.

His bill also would set up a time frame, dedicating two years exclusively to border security before progressing to the rest of the bill.

Mr. Specter told The Times on Monday that his staff is reviewing Mr. Pence's proposal.

Mr. Pence said the Senate bill's citizenship approach is a "non-starter" in the House because it would let illegal aliens remain in the U.S. and eventually become legal, which most Republicans reject as amnesty.

Mr. McCain, Mr. Kennedy and others insist that it's not amnesty because the illegal aliens would have to fulfill a long list of demands and pay a fine before they can get in line for citizenship.

Meanwhile, Sen. Jeff Sessions, Alabama Republican, said that although he is "encouraged" by Mr. Specter's recent comments, he is concerned that such a compromise could allow "amnesty" without truly ensuring the borders are secure and immigration law is being properly enforced.

He said lawmakers shouldn't accept the Senate's contentious proposals "with nothing more than a promise for enforcement."

Senate May Budge On Immigration (LAT)

By Nicole Gaouette

The Los Angeles Times, June 28, 2006

WASHINGTON — With the House and Senate stalemated over how to overhaul immigration law, the contours of one potential path to an agreement have begun to emerge.

The House has approved a bill that focuses on improving border security and cracking down on illegal hiring. Many of the conservative Republicans who are dominant in the House have said that these security measures must be firmly in place before the House begins discussions about elements of a Senate-passed bill that would create a guest worker program and offer steps to citizenship for most illegal immigrants now in the U.S.

Now some Republican senators are suggesting — though gingerly — that they would be willing to agree to some kind of timetable in which goals related to border security and law enforcement must be met before the guest worker and citizenship programs that the senators favor could begin.

"The idea that we'll look at some sort of trigger before we implement everything else is worth some discussion," said Sen. Mel Martinez (R-Fla.), who wrote part of the Senate plan that would offer legal status to many illegal immigrants.

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Sen. John McCain (R-Ariz.), an architect of the Senate legislation, said that the Senate bill, in practice, would put border security ahead of other new immigration measures.

"Interior enforcement and border enforcement will go first.... It's going to take 18 months to two years to put the infrastructure in place to deal with guest workers," McCain said. He added that the same was true of the proposed Senate program to create a path to citizenship for most of the nation's estimated 12 million illegal immigrants.

Sen. Arlen Specter (R-Pa.), who would lead any negotiations with the House, was quoted even more directly by the Washington Times newspaper on the idea of putting in place border security and law enforcement measures before other elements of an immigration package.

"It may be down the line that we will come to some terms on a timetable, with border security first and employment verification first," Specter was quoted as saying in the newspaper's Tuesday editions. Specter, who is chairman of the Senate Judiciary Committee, could not be reached for comment Tuesday.

Left unclear in the still-emerging conversation is whether senators would agree that specific border security and law enforcement goals or targets would have to be met before a guest worker or legalization program could begin.

It is also unclear whether the House would accept a step-by-step approach. Many House members say they oppose any citizenship program as an unwelcome "amnesty" for people who broke the law by crossing the border. Others say that guest worker programs undermine wages and job availability for native workers.

Still, some senators appealed Tuesday for House members to join them in negotiations to resolve the significant differences in the House and Senate visions of immigration policy. Those negotiations were expected to begin, but the House said last week that it wanted to hold a new round of hearings across the country on immigration before starting talks with the Senate.

"We are willing to negotiate with those who have specific disagreements with the Senate bill," McCain said Tuesday.

The senators' appeal to the House came as the Senate Appropriations Committee approved $31.7 billion for the Department of Homeland Security and its efforts to strengthen the borders in the fiscal year starting in October.

The funding is almost 5% more than last year's levels, with border protection allocated $65 million more than President Bush had requested.

"We focused aggressively on border protection," said committee chairman Judd Gregg (R-N.H.).

As GOP Bickers Over Immigration, Boehner Criticizes Dem 'silence' (HILL)

By Patrick O'Connor And Josephine Hearn

The Hill, June 28, 2006

As Republicans continue to bicker among themselves on immigration reform, House Majority Leader John Boehner (R-Ohio) ripped congressional Democrats yesterday for refusing to adopt a unified position on the controversial legislation.

The prospects for a bill's being signed into law this year dimmed significantly last week after House Republican leaders announced a series of hearings to examine a comprehensive Senate package that would allow undocumented workers already in this country a path to legal status.

"I think a feeble response from House Democrats on border security makes clear they have no coherent policy on this issue," Boehner said during his regular press briefing yesterday. "The stone silence from them is deafening."

Democratic leaders have spent much of this debate on the sidelines while Republicans in the House have sparred openly with their GOP colleagues in the Senate over the politically perilous question of what to do with those workers already in this country.

Thirty-six Democrats broke with their leadership and voted to approve a House package late last year drafted by Judiciary Committee Chairman James Sensenbrenner (R-Wis.) that would increase border protection and impose stiffer sanctions on companies that employ illegal immigrants. That included all 10 members of the Democratic Congressional Campaign Committee's (DCCC) Frontline program for the most vulnerable incumbents.

Boehner voted against the Sensenbrenner bill, saying earlier this year that he saw some of the provisions as an unfunded mandate on employers.

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Democratic leaders insist their members remain largely unified on immigration reform.

"Frankly, I think this is not particularly a problem for us Democrats because Democrats are pretty well united," House Minority Whip Steny Hoyer (Md.) said during a recent press briefing. Hoyer said Republicans have a problem because GOP lawmakers in the House disagree with the White House while the Senate is somewhere in the middle. Most immigration experts say the Senate version is more to the administration's liking because it calls for a guest-worker program.

House Minority Leader Nancy Pelosi (D-Calif.) criticized President Bush last week for not intervening more with his fellow Republicans to push "comprehensive bipartisan immigration reform."

"I said all along that it wouldn't happen unless the president used his leadership and intervened into this discussion to reject the Sensenbrenner Republican House bill," Pelosi told reporters during her regular briefing Thursday.

The minority leader said House Democrats would appear at a number of the upcoming field hearings to question Republican lawmakers for failing to protect the border and American workers.

Asked if Democrats would participate in the hearings or if they would hold competing hearings, Pelosi replied, "I'm just saying we won't be missing in the debate."

The issue does not divide easily along partisan lines, but it has become increasingly difficult for the GOP, pitting Republican House leaders against Bush and a large bloc of GOP senators. In fact, Republicans in the House are not universally opposed to the White House-backed Senate plan.

Immigration reform has become a major campaign test for select congressional Republicans, most recently for Utah Rep. Chris Cannon in that state's primary yesterday, which was undecided as of press time.

A political action committee affiliated with Rep. Tom Tancredo (R-Colo.), who has maintained a long and steady drumbeat opposing illegal immigration or undocumented workers already in this country, has contributed significant funds to Cannon's Republican opponent, John Jacob, a wealthy developer.

Boehner's criticism of Democrats comes as House Republicans are attempting to blame Democrats for the immigration bill that passed in the GOP-led Senate.

In addition to calling the Senate bill the "Reid-Kennedy bill," in a nod to Senate Minority Leader Harry Reid (D-Nev.) and Sen. Edward Kennedy (D-Mass.), Boehner spokesman Kevin Madden is pushing members and staff to criticize Democrats for not taking a harder stance on immigration, leadership aides said.

The Republican Conference office is also expected to make immigration reform a major component of its member-outreach kits for the Fourth of July recess, one leadership aide said. Those kits will include talking points on the House-passed bill as well as the five statements of principle on the reform issue.

A Pelosi aide said immigration reform is crumbling because House Republicans did not work closely with Democrats in the House.

"The Speaker and Congressman Boehner believe in the principle of the majority of the majority," Pelosi spokeswoman Jennifer Crider said. "They only care about House Democrats when they're in a political box and can't think their way out."

Senate Republicans were able to craft a bipartisan compromise because they worked more closely with the minority party, Crider said. More Democrats than Republicans voted for the Senate bill.

"Had the Republicans approached immigration reform in the way it should be, in a bipartisan, bicameral way … the House Republicans wouldn't be in this position," Crider said.

With the elections approaching, members from both parties are expected to shift the blame to their counterparts in the other party.

"If [Democrats] have to take a position it will rip their party apart," one senior House GOP leadership aide said. "It's going to put them in a position of backing an open border policy and weakened enforcement."

TAX:

Court Says Prosecutors Pressure White-Collar Defendants Unfairly (WSJ)

By Laurie P. Cohen And Paul Davies

DOJ_NMG_0037049

The Wall Street Journal, June 28, 2006

In a decision that bolsters white-collar defendants facing criminal investigations, a federal judge said prosecutors can't pressure companies to stop paying legal bills for indicted employees.

The ruling, by a judge overseeing the KPMG LLP accounting fraud case in a New York federal court, concluded that federal prosecutors gain an unfair advantage and violate the due process of indicted employees by pressuring their employers to refuse to pay their legal costs. The decision strikes down a key lever used by the government in several recent criminal investigations. (Read the ruling.1)

Defense lawyers argue that by pressuring companies to withhold fees for their employees' legal costs, the government is really pressuring defendants to plead guilty -- or face enormous legal bills from drawn-out cases. The government denies pressuring companies to halt payments.

In recent years, companies including KPMG and HealthSouth Corp. have refused to pay legal fees for some indicted executives after being warned that payment could be viewed as a sign of non-cooperation, according to lawyers. In March, a federal judge in New Hampshire voiced concern that Enterasys Networks Inc., a maker of wireless products, was wrongly pressured by the government to cut off funding of legal fees for employees charged in an alleged fraud.

"This is a big decision and it affects the broad assault on white-collar crime and accounting fraud," said William McLucas, a defense lawyer and former enforcement chief of the Securities and Exchange Commission who conducts internal investigations for companies facing potential fraud charges.

At issue is a 2003 memorandum that advised U.S. attorneys to "scrutinize the authenticity of a corporation's cooperation" when considering whether to seek criminal charges. Known as the "Thompson memo," for former Deputy Attorney General Larry D. Thompson, its author, the memo stated that prosecutors could take a company's willingness to advance legal fees to employees as a sign of lack of cooperation.

Yesterday's ruling concerned 16 former KPMG executives who face trial later this year for marketing allegedly fraudulent tax shelters. They have refused to cooperate with federal prosecutors and have pleaded not guilty. Though KPMG had said it would pay up to $400,000 in legal fees for employees who cooperated in the fraud case, the accounting firm fired the 16 for refusing to cooperate and denied them any fees.

"KPMG refused to pay because the government held the proverbial gun to its head," wrote U.S. District Judge Lewis A. Kaplan in his 83-page decision. "Had that pressure not been brought to bear, KPMG would have paid these defendants' legal expenses."

While declining to toss out the charges of conspiracy and accounting fraud against the defendants, Judge Kaplan said the 16 can challenge the accounting firm's refusal to pay their legal bills, and gave them two weeks to file civil suits.

A spokesman for KPMG, which wasn't a party to the fee dispute, said the firm is "reviewing the opinion."

The government is expected to appeal. "We are disappointed" by the decision, "which we respectfully believe is unsupported by the factual record and the applicable law," said Michael J. Garcia, U.S. Attorney for the Southern District of New York, which is overseeing the KPMG prosecution. "The actions of the government were entirely consistent with appropriate Department of Justice policy, and we believe that the prosecutors acted ethically and properly throughout this case."

The dispute has its roots in sentencing guidelines enacted by Congress in 1991, which said companies could get lenient treatment only if they cooperated with investigators. In 1999, the Justice Department advised prosecutors to consider companies' willingness to waive attorney-client privilege and "identify the culprits within the corporation" in judging cooperation. In 2003, the Justice Department codified "cooperation" in white-collar cases with the Thompson memo.

For many defendants, legal fees can play a big role in deciding whether to plead guilty or fight, some lawyers said. "For once, we're getting a judge who realizes how much it costs to defend someone in a white-collar case and that something needs to be done to assist people if there is going to be a presumption of innocence," said Ellen Podgor, a professor at Stetson University's law school.

In the fraud case at Enron Corp., for instance, lawyers for onetime top accountant Richard Causey said their client lacked the estimated $20 million he would need to defend himself. Mr. Causey later pleaded guilty, and some observers said he may have felt that was his best choice given the legal costs.

By contrast, former Enron Chief Executive Jeffrey Skilling, who had a sizable personal fortune, pleaded not guilty. In his unsuccessful defense against fraud and conspiracy charges, he ultimately wracked up legal costs of more than $40 million, only $17 million of which was picked up by Enron's insurance.

The government hasn't always invoked the 2003 guidance. For instance, prosecutors didn't challenge the cooperation of Computer Associates in the fraud case there even though it covered the legal costs for some employees charged in the case.

Now, some lawyers said, they expect the government to standardize its approach in all cases. "You'll see a uniform position now with careful documentation," predicts Steven Peikin, a partner at Sullivan & Cromwell in New York and a former federal prosecutor.

People with knowledge of the KPMG case said the company is expected to argue that its own bylaws don't require the covering of legal bills -- or indemnification -- and that any challenge must first be arbitrated. But Judge Kaplan, anticipating that claim, signaled that he likely wouldn't support arbitration in the case.

If the decision stands, "there's no question it will affect future thinking by companies and the government about the whole indemnification issue," said Charles Stillman, an attorney for KPMG. However, he said, "A company has a right to make its own decisions, and the right to indemnification isn't constitutional."

KPMG reached a deferred-prosecution agreement with the government on tax-shelter charges last August, agreeing to pay $456 million. A trial in the case against the former KPMG executives is scheduled for autumn.

Judge Kaplan, himself a former corporate lawyer in Manhattan, took the prosecutors who testified in his courtroom about the fee dispute to task for denying that the government pressured KPMG not to pay employee legal fees.

"The government was economical with the truth in its early responses to this motion," he wrote. "KPMG's decision on payment of attorneys' fees was influenced by its interaction with the" U.S. Attorney's office in Manhattan "and thus cannot fairly be said to have been a decision 'made by KPMG alone,' as the government represented."

Judge Blasts Pressure Put On KPMG Over Legal Fees (USAT)

By Greg Farrell

USA Today, June 28, 2006

NEW YORK — A federal judge ruled Tuesday that the U.S. Attorney's office unfairly pressured the KPMG accounting firm not to pay the legal expenses of former partners who have been charged with selling abusive tax shelters. It marked a stinging rebuke to federal prosecutors here and the Justice Department's approach to corporate prosecutions as a whole.

In a narrow sense, the ruling means that more than a dozen former KPMG partners and employees under indictment can now have their legal costs paid upfront by the accounting firm.

But more broadly, the ruling strikes at the Justice Department's policy for determining whether to bring charges against corporations. That policy, known as the Thompson Memorandum, was written after the indictment and collapse of the Arthur Andersen auditing firm. It sets out the conditions prosecutors should take under advisement when deciding whether to bring criminal charges against a corporation.

In order to avoid prosecution for suspected criminal wrongdoing, the memorandum states, a corporation has to show that it is cooperating fully with the Justice Department's investigation. If the corporation is paying the legal fees of employees under investigation, prosecutors could view that as being less than fully cooperative.

U.S. District Judge Lewis Kaplan blasted that viewpoint in his 83-page decision. Under the Sixth Amendment of the U.S. Constitution, he wrote, every employee of a corporation, from hourly workers to top-ranked managers, has the right "to have their employers pay their legal expenses if they are sued as a result of their doing their jobs. This right is as much a part of the bargain between employer and employee as salary or wages."

Legal experts hailed the ruling as a restoration of balance between the government's interest in prosecuting bad behavior and defendants' rights to adequate counsel:

•"The court is evening the playing field and making the government play fair," says Jacob Frenkel, an attorney at Shulman Rogers in Rockville, Md. "The constitution still carries more weight than Justice Department guidance."

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•"The government is violating constitutional rights when it pressures corporations not to pay legal expenses," says John Coffee, an expert in securities law at Columbia University.

•"It's a public smackdown," says former prosecutor David Gourevitch, a Manhattan attorney.

In response to the ruling, U.S. Attorney Michael Garcia said he was "disappointed."

"The actions of the government were entirely consistent with appropriate Department of Justice policy, and we believe that the prosecutors acted ethically and properly throughout this case," Garcia said.

In August, KPMG admitted selling abusive tax shelters and agreed to pay $456 million in fines.

Policy On Legal Fees Excessive, Judge Says (WP)

By Carrie Johnson

The Washington Post, June 28, 2006

A Justice Department policy that warns companies against paying legal bills for employees under investigation violated the workers' constitutional rights, a federal judge ruled, as he blasted the government for letting "its zeal get in the way of its judgment."

U.S. District Judge Lewis A. Kaplan criticized the federal government for holding "the proverbial gun" to the head of accounting firm KPMG LLP and advising the firm not to pay full fees to lawyers defending more than a dozen former partners on fraud charges.

The policy "interfered" with the executives' ability to fight criminal charges in a case that has been called the largest tax fraud in history, the judge wrote. He said the government "evidenced a desire to minimize the involvement of the defense attorneys" and added that "the government's proper concern is not with obtaining convictions."

Kaplan's harshly worded 83-page decision handed a potent symbolic victory to defense lawyers and business groups, who have for years complained that the government is overreaching in its attempt to weed out fraud after the Enron Corp. and WorldCom Inc. scandals.

An unusual coalition of trade organizations, including the U.S. Chamber of Commerce, the Securities Industry Association and the National Association of Criminal Defense Lawyers, banded together to fight the policy and submitted court briefs in the KPMG case.

"This decision is a big step in curbing abuse of the significant power that prosecutors enjoy," said Michael J. Madigan, a lawyer at Akin Gump LLP in the District who is defending John Lanning, one of the former KPMG executives. "Hopefully, the decision will be read carefully by U.S. attorneys around the country."

E. Lawrence Barcella Jr., a lawyer at Paul Hastings LLP in the District who represents former KPMG partner Larry DeLap, said he hoped the decision would signal an end to prosecutors using a "litmus test for cooperation that undermined employees' constitutional rights."

Michael J. Garcia, the U.S. Attorney for the Southern District of New York, said he was "disappointed by the ruling . . . which we respectfully believe is unsupported by the factual record and the applicable law."

The prosecutor added, in a prepared statement: "The actions of the Government were entirely consistent with appropriate Department of Justice policy, and we believe that the prosecutors acted ethically and properly throughout this case."

At issue is a three-year-old document known as the Thompson memo, named after former U.S. deputy attorney general Larry D. Thompson. The memo, which binds federal prosecutors across the nation, sets out factors for the government to consider when deciding whether to indict a corporation. Central to the analysis is how much companies have cooperated with prosecutors, including such things as handing over documents, making available witnesses, waiving attorney-client privilege and not aiding employees who are suspected of wrongdoing by paying severance or their legal bills.

Last month, prosecutors in California indicted the law firm Milberg Weiss LLP, in part based on the argument that the firm had failed to waive its legal privilege and help the government investigate payments to third parties in exchange for serving as plaintiffs in securities cases.

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The government policy has long vexed defense lawyers, who claim it violates clients' rights to a fair trial and to be represented by attorneys, a position with which Kaplan agreed after holding an unusual three-day hearing where prosecutors testified under oath about their conversations with KPMG.

But the immediate practical implications of the decision are less clear.

The judge rejected outright a bid by defense lawyers to dismiss the criminal charges against their clients. He did, however, invite them to file a related lawsuit against KPMG for the fees within two weeks' time. He also urged KPMG to pay the fees of its own accord and encouraged prosecutors to lean on the accounting firm to do so.

George Ledwith, a spokesman for KPMG, said the firm was reviewing the decision. But in court papers lodged this year, KPMG said the former executives could not sue because they were subject to mandatory arbitration clauses in their partnership agreements. Kaplan said in a footnote to his opinion that if such arguments are raised in front of him, he will consider whether they stand in the face of "public policy."

KPMG of New York already has paid $456 million under an August deal with federal prosecutors that allowed the firm to survive and avoid criminal charges over its sale and marketing of abusive tax shelters in the 1990s. A similar indictment killed rival Arthur Andersen LLP four years ago.

Eager to cooperate with the government and avoid Andersen's fate, KPMG capped lawyer fees at $400,000 per employee and required employees to pick up any additional fees. The firm has advanced more than $10 million in fees for its current and former partners.

The criminal case against the former partners and other advisers, set for trial Sept., 11, could yet be postponed. Kaplan has called for a hearing next month on another defense motion, this one related to a dispute over the exchange of more than 6 million documents in the complex case. In one exhibit, defense lawyers offered a picture of documents nibbled by rats in a Queens, N.Y., warehouse.

Judge Faults U.S. In Tax Case (LAT)

By Kathy M. Kristof And Walter Hamilton, Times Staff Writers

The Los Angeles Times, June 28, 2006

Prosecutors erred in forcing KPMG to stop paying employees' legal bills, a ruling says.

In a ruling that could force the government to change its tactics in some corporate fraud cases, a federal judge said Tuesday that the Justice Department violated the rights of 16 former KPMG executives by coercing the accounting firm to cut off funds for their defense.

In a harshly written opinion, U.S. District Judge Lewis Kaplan said the government "let its zeal get in the way of its judgment" and "violated the Constitution it is sworn to defend."

In a statement, U.S. Atty. Michael Garcia countered that "the actions of the government were entirely consistent with appropriate Department of Justice policy, and we believe that the prosecutors acted ethically and properly throughout this case."

At issue was a Justice Department practice in which prosecutors ask companies whether they are paying the legal bills for employees charged with corporate crimes. The tactic derived from a 2003 memo from former Deputy Atty. Gen. Larry Thompson, which said prosecutors may weigh a company's legal defense of its employees in deciding whether the company itself should be prosecuted.

In a hearing on the issue a month ago, Kaplan likened the Thompson memo to "the barrel of a rifle."

KPMG agreed last year to pay $456 million to settle charges that it promoted fraudulent tax shelters to wealthy investors, including Global Crossing Ltd. founder Gary Winnick, Guess Inc. co-Chairmen Paul and Maurice Marciano and former California Republican gubernatorial candidate Bill Simon Jr.

But the firm — unlike the 16 former employees — was not indicted.

In court papers, KPMG acknowledged that it had departed from a longtime policy to pay its employees' legal bills. Instead, the accounting firm decided in the tax fraud case that it would pay bills only for those who cooperated with the government and agreed to a $400,000 cap on fees, and that payments would cease for workers who were criminally charged.

"If those whom the government suspects are culpable in fact are guilty, they should pay the price," Kaplan ruled. "But determination of guilt or innocence must be made fairly — not in a proceeding in which the government has obtained an unfair advantage long before the trial even has begun."

Legal experts said Kaplan's ruling would probably force the government to reexamine its use of the Thompson memo.

"It's going to chill the government's willingness" to use this tactic, said Steven Peikin, a partner at Sullivan & Cromwell in New York and former chief of the securities fraud division at the U.S. attorney's office in Manhattan.

The ruling also could affect scores of other corporate fraud cases being prosecuted in cities all over the country, experts said.

"The implications for the criminal defense bar nationwide are huge," said Joseph Price, a partner at law firm Arent Fox in New York. "If this stands up on appeal, it could affect hundreds of cases."

Justice Department officials did not say whether they would appeal.

John Coffee, a Columbia University law professor, said a legal challenge would be risky because an opinion upholding Kaplan could further restrict the ability of prosecutors to apply pressure in white-collar cases.

"I think [the judge] is dead right, and he's going to stop this practice dead in its tracks," Coffee said.

Charles Rettig, a partner at Hochman, Salkin, Rettig, Toscher & Perez in Beverly Hills, speculated that Kaplan's ruling alone might be sufficient to make the government's tactic obsolete.

"It will likely cause the government to back away from any discussion regarding an entity paying defense costs of current or former employees," he said.

The defendants in the KPMG case include Jeffrey Stein, the firm's former deputy chairman, and Gregg Ritchie, a former tax partner in KPMG's Woodland Hills office.

Business groups including the Securities Industry Assn. and the U.S. Chamber of Commerce had filed friend-of-the-court briefs on behalf of the defense because they were concerned about the Justice Department in effect taking away the employer's discretion to defend workers for "acts committed in the course of employment," Rettig said.

Times wire services were used in compiling this report.

Federal Judge Blasts U.S. Pressure On KPMG Case Fees (LAW)

By Mark Hamblett, New York Law Journal

New York Law Journal, June 28, 2006

Southern District of New York Judge Lewis Kaplan delivered a harsh rebuke to prosecutors Tuesday for pressuring KPMG to cut off legal fees for employees unwilling to cooperate in the largest tax fraud investigation in the nation's history.

Saying the government "let its zeal get in the way of its judgment" and "violated the Constitution it is sworn to defend," Kaplan in United States v. Stein, S1 05 Crim. 0888, found that prosecutors had violated the Fifth and Sixth amendments by "causing KPMG to cut off legal fees and other defense costs upon indictment."

The decision has been eagerly anticipated by defense groups and business organizations such as the U.S. Chamber of Commerce and the Association of Corporate Counsel, who have become increasingly concerned at prosecutorial tactics they believe are eroding defendants' rights to counsel and a fair trial.

Kaplan said KPMG should consider paying the fees of 16 former employees now under indictment. He invited the former partners and employees of the accounting company to sue for fees if need be. And he urged the government to use its influence with the company to persuade it to pay the fees.

For the moment, Kaplan declined defense requests to dismiss the indictments although he held open that possibility.

KPMG had long made it a practice to pay the fees of its employees, the judge found, but it changed its policies in the hopes of obtaining the deferred prosecution agreement it ultimately signed in August 2004.

In an 83-page opinion that was unsparing in its criticism of the government, Kaplan said KPMG was so intent on staving off indictment and surviving as an entity that it told its employees it would no longer pay their fees if they refused to cooperate with the government and that it would cut off fees for those who were indicted.

"KPMG refused to pay because the government held the proverbial gun to its head," the judge said.

David Spears of Richards Spears Kibbe & Orbe, one of the attorneys for lead defendant Jeffrey Stein, said he was "floating on air" after reading the judge's opinion.

"This decision will change the way the government does business in the investigation and prosecution of entities," Spears said.

Southern District U.S. Attorney Michael Garcia issued a statement saying, "We are disappointed in Judge Kaplan's opinion today ... which we respectfully believe is unsupported by the factual record and the applicable law. The actions of the government were entirely consistent with appropriate Department of Justice policy, and we believe that the prosecutors acted ethically and properly throughout this case."

While the judge said that monetary relief against the government for the violations is precluded by sovereign immunity, and KPMG is technically not a party to the case, he said he had ancillary jurisdiction to resolve the issue of whether KPMG can be forced to pay the legal fees and costs of those under indictment. He directed the clerk to open a civil docket number for the claims of defendants against KPMG and gave them 14 days to do so.

But the judge also said dismissal of the indictment ("or other unpalatable relief") is still a possibility if the legal fees of those under indictment are not paid.

"The government has substantial influence and almost certainly, power over KPMG by virtue of the cooperation clauses in the [deferred prosecution agreement]," the judge said. "It may well be in its interest to use that influence or power to cause KPMG to advance the defense costs."

Charles Stillman of Stillman Friedman & Schechtman, who represents KPMG, said the company was reviewing its options.

"If the defendants are going to consider any possibility of action against [KPMG], they will have to pay attention to their contractual relationship with the firm, including whether or not they have the right to go to court or arbitration," Stillman said.

GOVERNMENT PRESSURE

The judge's opinion comes on the heels of a May hearing he held to explore improper government influence over KPMG fee policy and its impact on the due process rights and the right to counsel of the defendants.

The hearing focused on meetings and communications between prosecutors and KPMG attorneys in early 2004, shortly after it was blistered by a Senate subcommittee investigating tax shelters for the wealthy. The shelters, prosecutors ultimately contended, were nothing but paper transactions that cost the government more than $2 billion in tax revenue.

With the heat on KPMG, the company hired Robert Bennett of Skadden, Arps, Slate, Meagher & Flom to try a fresh approach to dealing with the government. It also dismissed Stein, the firm's deputy chairman, who left with a generous severance agreement that included the advancement of legal fees.

KPMG, Stein's lawyers said, later reneged on the fee obligation because it feared the government would discover the arrangement and indict the firm.

At a Feb. 25 meeting, prosecutors asked Bennett and other representatives of KPMG about the firm's policy on fees for employees under investigation and whether or not the firm had "discretion" to pay the fees.

The question was an important one, given the Thompson Memorandum, a 2003 Justice Department policy statement on measuring the cooperation of entities as a factor in determining whether the government would offer a deferred prosecution agreement.

The Thompson Memo instructs prosecutors to consider several factors in deciding whether to charge a company criminally, including whether it waives the attorney-client privilege, whether it protects culpable employees by letting them keep their jobs and whether it advances them legal fees, and whether they share information about the investigation.

According to the government, the payment, or withholding, of legal fees was not the determining factor in its decision to ultimately reach a deferred prosecution agreement with KPMG. The firm avoided indictment, otherwise known as the corporate death penalty, by pledging cooperation with the government and agreeing to pay $456 million.

But defense lawyers for the 17 former KPMG employees (one pleaded guilty) cried foul, saying that two prosecutors essentially threatened the company to use its fee policy to force employees to cooperate.

At closing argument in May, Assistant U.S. Attorney Marc A. Weinstein insisted that the Thompson Memo could not, "in and of itself," have dictated KPMG's decision to change its fee policy. The issue of fees, Weinstein insisted, is only explored by the

government when it suspects a company of "circling the wagons" and offering sham cooperation -- pretending to cooperate in an investigation while shielding individual wrongdoers and offering them support, sometimes through the advancement of legal expenses.

Kaplan shot back on the Thompson Memo.

"If that is true," he said, then the people at the Justice Department were "lousy drafters" and they should "start all over again."

And if that was true, he said, then "that is certainly not what they have said to the defense bar of America."

INTERSECTION OF PRINCIPLES

In Tuesday's opinion, Kaplan said the Stein case and the Thompson Memo presented an intersection of three principles -- the due process guarantee of a fair trial, the Sixth Amendment right to the assistance of competent counsel and a third principle, "not of constitutional dimension" but important nonetheless, "an employer often must reimburse an employee for legal expenses when the employee is sued, or even charged with a crime, as a result of doing his or her job."

The judge explored the 1999 Holder Memorandum, a Justice Department policy statement that said the government might view the advancement of fees to personnel of a business entity under investigation as "protection of culpable individuals."

The Thompson Memo took the fee statement in the Holder Memo one step further by making it mandatory for all federal prosecutors to consider an entity's legal fee policy.

Shirah Neiman, chief counsel to Garcia, was asked at the May hearing whether her reference to "federal guidelines" on corporation cooperation agreements at the February 2004 meeting specifically concerned the fee issue. Neiman pointedly told the KPMG legal team that "misconduct" would not be "rewarded."

She testified that her statement was not a reference to fees but was instead addressed to any severance arrangements between KPMG and other top executives during its attempt to clean house.

But defense lawyers argued that the reference to the Thompson Memo in tandem with a discussion on KPMG's fee policy proved their point -- that the government was trying to muscle the company on fees.

FIRM 'GOT THE MESSAGE'

Kaplan said he found it "unnecessary to decide Neiman's subjective purpose in making the remark because what is more important is how her comment was understood."

KPMG's actions in the aftermath of the February 2004 meeting, he said, made it clear that the company got "the message."

After reviewing the facts, Kaplan found that the government "conducted itself in a manner that evidenced a desire to minimize the involvement of defense attorneys."

In March 2004, the firm sent out a form letter to employees who might become subjects of the investigation or might otherwise be considered under suspicion. The letter said the firm would pay fees up to $400,000 as long as the individuals cooperated with the government promptly, completely and truthfully and that monies for fees and expenses would cease if the person was charged with criminal wrongdoing.

The firm then drafted an advisory memorandum that urged employees to cooperate but also said they had the right to be represented by counsel, referred to some of the advantages of having counsel, and said KPMG had arranged for independent counsel for employees who wanted to consult with them.

After two government prosecutors expressed disappointment with the "tone" of the letter, Kaplan said, KPMG "capitulated" to their "demand" that new language be added, including one line that advises employees "you may deal directly with government representatives without counsel."

Kaplan said "it is entirely plain that the government's purpose in demanding the supplement was to increase the chances that KPMG employees would agree to interviews without consulting or being represented by counsel."

"From that point forward," he said, "the government took full advantage."

In the end, the judge found that "[a]bsent the Thompson Memorandum and the actions of the U.S. Attorney's Office, KPMG would have paid the legal fees and expenses of all of its partners and employees both prior to and after indictment, without regard to cost."

FUNDAMENTAL RIGHT

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The judge said those actions diminished the fairness of a criminal proceeding, a principle that "not only prevents the prosecution from interfering actively with the defense, but also from passively hampering the defendant's efforts."

He said the right to fairness in the criminal process is a "fundamental liberty interest entitled to substantive due process protection."

Kaplan said that a defendant's "right to prepare defense resources lawfully available to him or her, free of knowing or reckless government interference" was "basic to our concepts of justice and fair play. It is fundamental."

He concluded that the Thompson Memorandum "is not narrowly tailored to achieve a compelling" governmental objective and therefore fails examination under the strict scrutiny standard.

The government's argument on the Sixth Amendment, that the right to counsel could not have been implicated in many of its actions because the right does not attach until indictment, did not convince the judge.

The KPMG defendants were also not obliged to show that they were prejudiced by the violation, the judge found, because, under the circumstances, "prejudice must be presumed."

He said it was premature to consider the remedy sought by the defendants, dismissal of the indictment, "prior to the exhaustion of all possible courses that could lead to that outcome."

The defendants had argued that, despite sovereign immunity, the judge still had the power to award attorney fees in the form of monetary sanctions for prosecutorial misconduct. The judge rejected the argument, as he did an argument that the Federal Tort Claims Act and the Administrative Procedure Act waived sovereign immunity.

The defendants' complaints against KPMG for fees, he said, may contain a prayer for declaratory relief. The judge promised to grant a speedy hearing on such a request.

The ruling came just three days after the New York State Bar Association passed a resolution condemning what it views as pervasive interference by the federal government into the right to counsel.

"The resolution that we passed states, as a matter of policy, that the government should not, must not, pressure corporations to breach their obligation to indemnify employees and thereby prevent their employees from having counsel," said state bar President Mark H. Alcott of Paul Weiss Rifkind Wharton & Garrison, who welcomed Kaplan's ruling. "It's really a pretty simple concept, but these days the government doesn't seem to get it. People have a right to an attorney, and the government has no business interfering with that."

Judge: U.S. Acted Unconstitutionally In Pressuring KPMG (AP)

By David B. Caruso, Associated Press

AP, June 28, 2006

NEW YORK – A federal judge accused the Justice Department on Tuesday of trying to gain an unfair advantage in white-collar criminal cases by making it tougher for defendants to get a high-priced legal team.

Since at least 2003, federal prosecutors have been warning scandal-plagued companies that the government might consider them “uncooperative” if they pay the legal bills of employees accused of wrongdoing – a serious threat to a company trying to avoid an indictment.

U.S. District Judge Lewis A. Kaplan ruled Tuesday that federal prosecutors made just such a threat to the accounting firm KPMG in 2004, and as a result, the company cut off legal aid to 16 employees charged with setting up illegal tax shelters.

In a harshly worded opinion, Kaplan said prosecutors had interfered with the defendants' right to a fair trial.

“Justice is not done when the government uses the threat of indictment ... to coerce companies into depriving their present and even former employees of the means of defending themselves against criminal charges in a court of law,” he wrote.

“If those whom the government suspects are culpable in fact are guilty, they should pay the price. But the determination of guilt or innocence must be made fairly – not in a proceeding in which the government has obtained an unfair advantage long before the trial even has begun.”

U.S. Attorney Michael J. Garcia said in a written statement that he was disappointed in the opinion, which he called “unsupported by the factual record.”

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"The actions of the government were entirely consistent with appropriate Department of Justice policy, and we believe that the prosecutors acted ethically and properly throughout this case," he said.

Previously, prosecutors insisted they hadn't intentionally pressured KPMG into any action regarding legal fees. They also said the government would not seek to punish the company if it resumed paying its employees' bills.

Kaplan did not reach a final decision Tuesday on how to remedy things for the KPMG defendants, who are accused of developing questionable tax shelters that allowed some wealthy clients to dodge $2.5 billion in taxes.

He declined a defense motion to immediately dismiss the charges, saying to do so would be extreme.

U.S. law prevents the judge from ordering the government to pay the defendants' legal expenses, so Kaplan suggested that the defendants sue KPMG for the money instead. He ordered a civil docket opened to ease their path if they wish to do so.

It isn't clear what would happen if KPMG were to resist paying those bills, which could amount to hundreds of thousands or even millions of dollars. Kaplan would say in his decision only that the court might step in if "KPMG does not, for one reason or another, advance defense costs."

A spokesman for KPMG, George Ledwith, declined to comment, other than to say that the company was reviewing the opinion.

KPMG LLP has signed a deal admitting its role in the tax shelter scheme. It avoided criminal prosecution by agreeing to pay a $456 million penalty, including $128 million in forfeited fees from sales of the shelters.

Thompson Memo, R.I.P.? (WSJ)

The Wall Street Journal, June 28, 2006

Something remarkable and salutary happened in a Manhattan courtroom this week: U.S. District Court Judge Lewis A. Kaplan upheld the logic and meaning of the Constitution's Due Process Clause and the Sixth Amendment.

The case involves the Justice Department's prosecution of 16 former KPMG executives, accused of having engineered fraudulent tax shelters for their clients. We have our doubts about just how "fraudulent" those shelters were, seeing that they were never banned by the IRS, their legality was never tested in court, and KPMG stopped marketing them long before the IRS listed them as suspect. The criminal trial will be no slam dunk.

But the real whopper was the decision by KPMG to stop paying the legal fees of its former executives, largely to satisfy the requirements of the so-called Thompson memo. That 2002 document, written by then-Deputy Attorney General Larry Thompson amid corporate scandal fever, laid out the measures that companies facing prosecution could take to demonstrate cooperation and thereby avoid firm-wide indictment. Not wishing to share the fate of bankrupted Arthur Andersen, KPMG complied with the Thompson diktat and hung its executives out to dry while negotiating a deferred prosecution accord.

Enter Judge Kaplan, who on Monday delivered a scathing 83-page rebuke of the government's case. Noting that Constitutional rights to a fair trial and competent counsel were at stake here, he went on to limn a third principle, "not of constitutional dimension," but "very much a part of American life." To wit:

"Bus drivers sued for accidents, cops sued for allegedly wrongful arrests, nurses named in malpractice cases, news reporters sued in libel cases, and corporate chieftains embroiled in securities litigation generally have [the right] to have their employers pay their legal expenses." By holding "the proverbial gun to [KPMG's] head" with the threat of a company-wide indictment, the Judge wrote, the government had used the company as a proxy to violate the defendants' rights.

The 16 defendants must still contend with the charges of the indictment. But with KPMG now required to foot their legal bills, at least they don't face the bleak choice between financial ruin or copping a plea. As for the Justice Department, now is the time for Attorney General Alberto Gonzales to reinterpret, or better yet rewrite, those parts of the Thompson memo that his too-zealous prosecutors have been using in violation of defendants' due process rights.

IRS Employees Caught Peeking At Confidential Taxpayer Files (WSJ)

By Tom Herman

The Wall Street Journal, June 28, 2006

Confidential taxpayer records may not always be quite as confidential as they're supposed to be.

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A new Treasury report says many Internal Revenue Service employees have been caught illegally browsing through taxpayer files in recent years. In some cases, IRS employees have lost their jobs. In other cases, they have even gone to prison.

Treasury agents have investigated more than 3,700 cases of potential violations in the past eight years, resulting in more than 1,600 "adverse personnel actions" by the IRS, including firings and suspensions, the report says. In addition, 126 IRS employees have been criminally prosecuted for such violations.

The Treasury's findings come despite stronger taxpayer-privacy legislation and tighter IRS internal controls since the 1990s, when Congress and IRS officials became deeply concerned about highly publicized reports of unauthorized browsing by IRS workers. Senior IRS officials say they long have taken the problem seriously and have intensified efforts to train workers about the importance of safeguarding taxpayer records. "This is a very high-priority area for us," says Daniel Galik, IRS chief of security services.

Even so, "there has not been a noticeable decrease" in the number of violations over the past eight years, says a report to Congress by the Treasury Inspector General for Tax Administration.

At issue is what's known in Washington jargon as UNAX -- or "unauthorized access to taxpayer information" -- by IRS employees, as well as other federal and state employees and private contractors. Violations can include a wide range of wrongdoing. Some offenders have merely been curious voyeurs about the lives of the rich and famous. Others have been more interested in spying on friends, neighbors and enemies. Some have tried to use illegally gleaned information for financial gain, court records show.

During the six months ended March 31, the Treasury unit says its UNAX program identified and analyzed 247 leads of potential "unauthorized access" and referred 152 criminal cases to agents for investigation. The results included nine criminal prosecutions and 79 "adverse administrative actions" against IRS employees.

Consider the case of Janine Turner, a former IRS official (and not the actress). Just last month, Ms. Turner was sentenced to federal prison for a year and a day. Ironically, her job at the IRS was senior supervisory official in New Jersey responsible for overseeing access to restricted taxpayer information on the IRS's computers.

Ms. Turner admitted to unlawfully tapping into IRS computers on more than 150 occasions, getting confidential information, court records show. Her lawyer, William F. Lang III of Cedar Knolls, N.J., declined to elaborate on the case, as did a federal prosecutor. But Mr. Lang did confirm Ms. Turner has begun serving her sentence.

In another case, a former IRS employee in California agreed to plead guilty to "unauthorized access." She received a year of "supervised probation," was fined $1,000 and ordered to do 75 hours of community service, according to the Treasury report.

IRS officials point out that the number of violations is tiny compared with the total number of tax returns that pour in to the IRS each year and the number of IRS employees. (The IRS has roughly 100,000 workers, a spokesman says.) Moreover, Mr. Galik says the number of cases involving wrongdoing is significantly less than it was in the early to mid-1990s.

Even so, the problem's persistence troubles tax lawyers. "If there is only one violation, that's more than enough to be concerned about" because "the confidentiality of taxpayer information is so important to the proper functioning of the tax system," says Greg Jenner, a former Treasury official and now executive vice president of the American Council of Life Insurers in Washington.

It's unclear whether legislation will ever be able to overcome the foibles of human nature. "So long as income-tax returns are filed, with all the inviting details they provide, some curious people -- and some with worse motives -- are going to try to look at them," says Donald Alexander, a former IRS commissioner and now a lawyer at Akin Gump in Washington. * * *

Paulson vows to continue crackdown on bogus tax shelters.

Henry M. Paulson Jr., President Bush's nominee to be Treasury secretary, told senators yesterday that "I feel very strongly" about the need to continue the Treasury's efforts to combat "abusive" tax shelters.

During Mr. Paulson's confirmation hearing, Senate Finance Committee Chairman Chuck Grassley (R., Iowa) said committee tax staffers had reviewed Mr. Paulson's tax returns. Staffers found that "you did not participate in tax-shelter activities," Sen. Grassley said. Staffers also concluded "that, in your role as a senior executive at Goldman Sachs, you were not active in aggressive tax planning" or shelter activities.

"Let me say, I'm very pleased at that outcome," Sen. Grassley said. * * *

DOJ_NMG_0037059

Thousands of people get a chance to sound off on IRS service.

The IRS says it's surveying nearly 50,000 people this month to help it improve taxpayer services. Taxpayers are being chosen at random. The survey doesn't ask for any financial or personal information, "nor should any be divulged," the IRS says.

Individual responses "will remain confidential," the IRS says. * * *

BRIEFS: Rain-damage update: The IRS's headquarters in Washington, will remain closed at least through Friday, a spokesman said. ... The Senate Finance Committee today plans to consider taxpayer-protection legislation that includes expanded regulation of paid tax preparers. For more details, see the Web site of Congress's Joint Committee on Taxation (www.house.gov/jct1).

• Email me at taxreport@wsj.com2.

Diaz Tax Ordeal Is Over (BSH)

By Anita Lee

Biloxi Sun Herald, June 28, 2006

GULFPORT - A legal nightmare that began almost four years ago for state Supreme Court Justice Oliver Diaz Jr. and his former wife, Jennifer, ended quietly Tuesday after a 10-minute appearance in U.S. District Court, when Jennifer Diaz was sentenced to two years of supervised probation for income tax evasion.

Judge Walter J. Gex III ordered her to pay $58,500 in restitution, but then Assistant U.S. Attorney Don Burkhalter and Diaz's attorney, James Kitchens of Jackson, told Gex the amount should be left blank until the IRS sorts out the figures.

"I promised Jennifer early on that if she cooperated with us, I would do what I could to get her a favorable sentence," Assistant U.S. Attorney Don Burkhalter said after the proceedings. "As far as what I could determine, she told the truth, so I had an obligation to do what I said I would do.

"I don't have any regrets about indicting them on the tax case. I just wish it had turned out better for the government."

The U.S. Justice Department began investigating campaign contributions to judges in 2002, turning up suspicious loans from Coast attorneys to a Biloxi bed and breakfast the Diazes bought while married.

A year later, the investigation turned into judicial bribery and fraud charges against the Diazes, Biloxi attorney Paul Minor and two former trial court judges, John Whitfield and Wes Teel. Headlines played across the pages of Mississippi newspapers for several years as the case wound its way to a three-month trial last summer.

Before the trial started, Jennifer Diaz pleaded guilty to a separate charge of tax evasion. Attorneys had repaid campaign loans for them, which they had failed to report as income.

In exchange for her cooperation, the government dropped all judicial bribery charges against her. Even if a jury convicted her husband, she reasoned at the time, she would be home to raise their two young children.

Prosecutors never called her to testify against her ex-husband during the judicial bribery trial. A jury acquitted him of charges at the trial's conclusion.

A second jury acquitted Oliver Diaz Jr., who had been suspended from the bench after his 2003 indictment, on the tax evasion charges in April. He was reinstated to the Supreme Court bench in May.

"Jennifer thanks her many, many friends for their support and prayers through this long ordeal," said Kitchens. "She will always be remembered by me as a very courageous woman who decided to do what was best for her family."

Family spokesman Gerald Maples said the Diazes are living together with their children in Jackson.

Oliver Diaz Jr. and his parents attended her sentencing. He said they have not discussed marrying again, although Maples said it might happen.

"It's over now," Maples said. "This incredibly difficult experience is finally over for the Diaz family."

Republicans Lack Votes In Senate To Cut Estate Tax (WSJ)

By David Rogers

The Wall Street Journal, June 28, 2006

WASHINGTON -- Senate Republicans pulled back from a vote this week on the federal estate tax, admitting they still lack the needed support for a House-passed measure that would exempt all but the wealthiest Americans.

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Senate Majority Leader Bill Frist (R., Tenn.) pledged to return to the issue after the July Fourth recess, but his announcement captured the increased frustration among Republicans in advancing their legislative agenda before the November elections.

As talks continued last evening, the leadership held out hope for agreement this week on the outlines of major pension legislation but admitted there is no chance of floor action until next month. A long promised lobbying-overhaul bill remains stymied, and instead of the usual rush before the holiday recess, lawmakers settled into a slow pace leading up to the annual Congressional Republican-Democrat baseball game tomorrow night.

Hispanic supporters of a Senate immigration bill announced their own voter registration drive beginning this weekend in hopes of stimulating action in Congress. Even hard-edged conservative activist Grover Norquist had to struggle to control his emotions at a news conference calling for comprehensive legislation, a top priority for President Bush.

But House Majority Leader John Boehner (R., Ohio) was dry-eyed and cautious. "If we can get a good bill before the election, I'd take it," he said. "But a good bill is a bill that's strong on border security and on enforcing our immigration laws."

Asked if he was still confident he can get a bill before the elections, he said, "I think we can get a bill. I didn't say when."

Given the impasse, a $32.8 billion Homeland Security bill, which won initial approval yesterday in the Senate Appropriations Committee, could become a magnet for immigration-related provisions. The measure also shows the pressures on Republicans as they struggle to deal with border security in the confines of a tight budget.

With the Customs and Border Patrol, more than $225 million is added to the president's budget for improved aircraft and detention facilities. But the committee can't keep pace with Mr. Bush's pressure for more border agents and prison beds, and the bill assumes a $200 million cut from science and technology funds that will be controversial.

Mindful of the Republican troubles, Democrats have sought to ratchet up pressure for their own agenda, including a proposed $2.10-an-hour increase in the federal minimum wage.

The hourly wage has remained at $5.15 for nine years, and breaking with his custom, Senate Minority Leader Harry Reid (D., Nev.) said he and fellow Democrats would now oppose any adjustment in congressional pay until the minimum wage also is increased. He declined to spell out how he will block the next $3,300 increase, due to take effect Jan. 1. But even Mr. Boehner, an opponent of raising the minimum wage, has begun to acknowledge that Republicans must deal with the issue before November.

Democrats also believe they are helped now by the juxtaposition of the minimum wage, for low income workers, with the Republican drive to lower estate taxes, for often wealthy households. The two issues may yet be joined in an election-year deal, but the huge future cost of the proposed estate-tax reductions will make it difficult for Democrats to easily accept.

Republicans, who have long sought outright repeal of the estate tax, have shifted focus to a more incremental approach exempting the first $5 million of any individual's estate, $10 million for a married couple. Above this point, the House bill, for example, would tax as much as $25 million at the current capital gains rate of 15%, which is scheduled to rise to 20% in 2011. Above $25 million, the rate would be double: 30% at first, then 40% if the capital gains rate rises as scheduled.

Conservative Republicans have grumbled about these terms, but the greater focus has been on winning a handful of Democrats to give Mr. Frist the 60 votes he needs to avoid a filibuster. Before passage last week, the House added tax breaks for the timber industry to try to win over Southern and Western Democrats.

A major question is whether Mr. Frist will add more provisions or make side deals as part of a tax package that will be included in the final pension bill. Sen. Mark Pryor (D., Ark.), one of those being courted, acknowledged he has had discussions related to tax legislation he champions to spur investment in poor rural areas. But Mr. Pryor said he was still concerned by the costs of the House package, more than $280 billion over 10 years.

Senate GOP Leader Delays Estate Tax Vote (AP-Y2)

By Mary Dalrymple

AP2, June 27, 2006

Despite a pledge to cut estate taxes by Independence Day, the Senate's Republican leader on Tuesday postponed action on a bill to reduce taxes for heirs.

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Senate Majority Leader Bill Frist, R-Tenn., said he did not yet have enough votes to pass a bill, already approved by the House, that would eliminate taxes on the first $5 million of an individual's estate and cut taxes for others.

Most Republicans support the tax reduction, but they need support from a few more Democrats.

"The vast majority of my Democratic colleagues have so far refused to address this issue," Frist said in a statement. "It's my hope that their constituents will use the upcoming recess to explain the importance of supporting a reasonable and permanent solution to this unfair tax."

Senate Democratic leader Harry Reid of Nevada contended that Frist recognized that "the phony House 'compromise'" would be turned down by senators.

"The Senate has repeatedly rejected repeal of the estate tax because it recognized that giving away hundreds of billions in tax breaks to the wealthiest among us was the wrong priority for America," Reid said in a statement.

Frist lost one vote on the estate tax already this summer when opponents — most Democrats and a pair of Republicans — blocked debate on a bill repealing estate taxes after 2010.

Frist then turned to the House for help, asking GOP leaders for a bill that might attract enough support to pass this year, before a fall election with control of Congress at stake.

House tax-writers responded with a bill eliminating taxes for virtually all inherited estates, those worth up to $5 million for an individual and $10 million for a couple.

After those exemptions, estates worth up to $25 million would be taxed at rates equal to those on capital gains, currently 15 percent but scheduled to rise to 20 percent in 2011.

The remainder of any larger estates would be taxed at rates twice that of capital gains, or 30 percent at first and 40 percent when the scheduled capital gains tax increase takes effect.

The bill also would cut taxes for companies on certain timber gains.

The estate tax debate is made necessary because of a quirky law that eliminates the levy in 2010 but revives it a year later.

Frist said senators also must decide whether to make changes to the bill passed in the House. The House's most conservative Republicans have already signaled they could not accept any Senate attempt to negotiate for higher estate taxes.

Senate Delays Vote On Estate Tax Reduction, Timber (Update2) (BLOOM)

By Ryan Donmoyer

Bloomberg, June 28, 2006

June 27 (Bloomberg) -- Senate Majority Leader Bill Frist postponed a vote on a measure to exempt most multimillionaires from federal estate taxes after conceding Republicans lack the votes to pass legislation adopted by the House last week.

The delay is the third since Frist began his quest to repeal or reduce the tax last year and the second time this month his ambitions were thwarted by Democrats who say the government needs the revenue generated by the tax. The House passed the legislation 269-156 on June 22 after Frist urged it to act before the Independence Day recess next week.

``The Senate will vote on a permanent reduction to this tax," Frist said in a statement. ``The vast majority of my Democratic colleagues have so far refused to address this issue; it's my hope that their constituents will use the upcoming recess to explain the importance of supporting a reasonable and permanent solution to this unfair tax."

The delay allows Frist to avoid a repeat of a Senate vote on a procedural motion on June 8, when Republicans fell three votes shy of allowing a vote on outright repeal of the tax on estates valued at more than $2 million.

``Obviously, we're trying to make sure we got 60 votes," said Senator Jon Kyl, an Arizona Republican who has sought a compromise with Democrats such as Senator Max Baucus of Montana to reduce the tax instead of repealing it.

Kyl said Senate Republicans are determined to pass the legislation this year, though they want to ensure they have the 60 votes needed to withstand a challenge by Democrats. Republicans control 55 seats in the chamber; 60 votes are required to overcome filibusters, the legislative maneuvers that can kill legislation.

House Measure

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The House legislation would spare all but about 2,800 multimillion-dollar estates from federal tax by exempting the first $10 million of a couple's estate from any tax. Estates valued between $10 million and $25 million would be taxed at the capital-gains rate, while estates of more than $25 million would be taxed at top rates of 30 percent to 40 percent.

The measure, which would take effect in 2010, also includes a tax break for timber companies intended to lure Senate Democrats from timber-producing states such as Washington, Arkansas, and Louisiana.

The measure, characterized as a take-it-or-leave-it offer by House Ways and Means Committee Chairman Bill Thomas, a California Republican, has had a lukewarm reception in the Senate.

Timber-State Lawmakers

Some Senate Republicans who favor full repeal of the estate tax said the new version doesn't go far enough to help small-business owners and farmers. Timber-state Democrats such as Maria Cantwell and Patty Murray of Washington, Mark Pryor of Arkansas, and Mary Landrieu of Louisiana haven't said they would back the House legislation after voting against full repeal June 8.

Thomas said today that any modification by the Senate would kill the legislation. ``If they decide to amend it in some small way and send it back to the House, it's over," Thomas said in an interview.

For Frist, it would mark the third significant delay for Senate action on the estate tax. His original plan to hold a vote in July 2005 was scuttled by the aftermath of Hurricane Katrina, when Republicans said they were wary of voting on a measure cast by critics as only helping millionaire families after thousands of poor people lost their homes to the storm.

A second vote promised for May was delayed until June as Frist searched for support for full repeal.

The federal estate tax currently assesses rates of up to 46 percent on estates valued at more than $2 million per individual The exemption amount is scheduled to increase under current law to $3.5 million per individual or $7 million per couple by 2009. A top rate of 45 percent would apply to estates exceeding that value at that time.

2,800 Estates

Under current law, 12,600 estates -- or less than 1 percent of all people who die -- will be subject to the tax this year, according to estimates by the Tax Policy Center, a non-partisan research institution in Washington. The center estimated that a plan similar to Thomas's would reduce the number of taxable estates to 2,800 and would cut their tax rate to as low as 15 percent from about 45 percent.

The legislation also repeals a federal deduction for tax payments to the 23 states that retain their own estate or inheritance taxes, including Washington, Tennessee, Ohio, New York, New Jersey and Connecticut. That would subject residents of those states with large estates to double taxation, said Harley Duncan, executive director of the Federation of Tax Administrators, a Washington-based association of state tax officials.

Letters (WSJ)

The Wall Street Journal, June 28, 2006

Our Estate Tax Reform Is Fair and Pro-Growth

While the June 22 editorial "Doubting Thomas" misinterprets the intent of my proposed reform of the estate tax, it does elevate this important debate. Though the House has voted five times to permanently repeal the estate tax in recent years, the Senate has been unable to follow through. Faced with this deadlock, Congress has a choice: make yet another political statement or make law.

With a bipartisan vote, last week the House chose the latter -- approving compromise legislation to permanently reform the estate tax.

The House bill is a vast improvement over the only other option -- do nothing and allow the death tax to revert to a punitive 55% top rate in 2011 and beyond. The compromise bill exempts the first $5 million of every estate ($10 million per couple), establishes significantly lower rates for the few families who will still have to pay the tax, and eliminates the estate tax for 99.7% of all Americans on a permanent basis.

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This is the opportunity to provide meaningful estate tax reform that is permanent, fair and pro-growth. The House has voted; now it's up to the Senate. It is my hope that the spirit of compromise prevails and permanent estate tax relief can become law in the near future.

Bill Thomas (R., Calif.)

Chairman

Committee on Ways and Means

Washington

Please, Let's Clear the Air About the Bridge in Alaska

In regard to your June 15 editorial "Earmarker in Chief": Knowing Sen. Lisa Murkowski's clear position on the issue of earmarks, I think there is little disagreement over the fact that Congress must take steps to bring earmarks out of the shadows and into the light of public disclosure. However, I take great umbrage at your assertion that somehow the senator is an active participant in what you describe as a connection between the process of earmarking and the "opportunity for corruption." Including her in a list of convicted felons who have sought to use their positions of power for illegal activities, simply because she has openly advocated a longstanding effort to improve the infrastructure of an Alaska community, is more than perplexing.

You state that "one of the major beneficiaries" from an earmark for a bridge in Alaska is one of Sen. Murkowski's relatives. The senator's mother did indeed inherit, in 1965, one-quarter interest in a tract of land that has no structures, road access, power, water, sewer or fire service. And as a matter of factual context, this piece of property is situated on an island that totals 71,932 acres -- of which the senator's mother has roughly 8.25 acres of interest. The current owners have tried repeatedly to sell the property over the years, with no success. A simple comparison of the size of the island vs. the miniscule property interest the senator's mother owns clearly shows that she is far from being a major beneficiary.

The notion that Sen. Murkowski would have sought to advance the prospects of the bridge project, which has been advocated by the community of Ketchikan for 30 years, for some kind of family benefit is preposterous. In fact, at her request, the Senate Select Committee on Ethics reviewed the situation to determine whether her advocacy of the bridge project constituted a conflict of interest. The committee found no conflict.

Danielle Holland

Communications Director

Sen. Lisa Murkowski

Washington

See the Real Burma

U.S. Undersecretary of State Paula J. Dobriansky's June 19 editorial-page article, "Press for Change in Burma," is based on exaggerated and fabricated reports. It also makes the groundless assertion that, in addition to Aung San Suu Kyi, 50 million people are living without basic freedoms and human rights in Burma.

I would like to invite Ms. Dobriansky to pay a visit to Myanmar to see the reality of the situation for herself. She will find that, far from suffering in this way, our 50 million people are working hand in hand to develop the country in a harmonious way. She can also see for herself whether or not such violation of human rights and suppression of minority rights are really taking place.

Whether or not to release Ms. Aung San Suu Kyi and other so-called political prisoners is purely a domestic affair of our country, and none of the business of outsiders. Contrary to Ms. Dobriansky's assertions, our internal situation poses no threat to peace and security in the region. Those who make such claims should consider the disastrous situation in Iraq where the U.S. tried to justify its democracy adventure by ignoring the U.N. and taking unilateral military action based on unfounded accusations that Saddam Hussein possessed weapons of mass destruction.

Instead of taking such an aggressive approach and making such provocations, those who truly want to support democracy and prosperity in Myanmar should cooperate with its government to achieve the goal of implementing the Seven-Step Road Map for Democratic Transition in Myanmar.

Chan Kyaw Aung

Consulate General of the

Union of Myanmar

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Hong Kong

Our Taxed Expats (WSJ)

By Newt Gingrich And Ken Kies

The Wall Street Journal, June 28, 2006

Suppose you are trying to come up with ways to change U.S. tax law to make American business less competitive in the global economy. Your list of ideas would likely include raising the U.S. corporate tax rate even higher than its current 35% rate, already tops in the OECD. You would try to make sure that U.S. companies are subject to higher taxes than foreign-based competitors when they do business abroad. And of course, you would attempt to change our tax system to discourage the hiring of Americans overseas. Americans working overseas might actually help promote the export of U.S. goods and services abroad.

Sadly, Congress has latched on to this last idea as part of the ironically titled "Tax Increase Prevention and Reconciliation Act," signed into law by President Bush on May 17. A provision inserted in the conference agreement dramatically rewrites the rules under section 911 that limit U.S. taxation of American citizens working abroad. Specifically, the proposal would tax U.S. citizens working overseas at higher marginal rates and subject their housing to higher taxes. Adding insult to injury, these changes were drafted to take effect retroactively, back to the beginning of this year.

Reading the newspapers in the days following the enactment of this legislation would have given you a sense of the shocked, and unhappy, reactions of Americans working overseas. But the larger issue is that section 911 rules are of great importance for American competitiveness, which is why Congress needs to revisit the new law's changes as soon as possible. * * *

The United States is the only major industrialized country in the world that taxes its citizens without regard to where they reside or work. Accordingly, if we are transferred abroad by our employer, we are subject to tax on our salary and on "stranger in a strange land" assistance that our employer may provide (e.g., the cost of sending our kids to an English-speaking school, or airfare for an annual trip home). We are subject not only to U.S. tax on these amounts, but also to taxes imposed by the foreign country.

All things being equal, it is cheaper for our employer to hire a non-American for a foreign position. If our employer moves us, it likely will have to raise our pay to cover these additional tax costs to get us to agree to the assignment. If our employer hires a foreign national, already onsite, it simply pays a base foreign salary.

Section 911 has long helped to mitigate this disincentive to hire Americans. In 2006, the provision allows U.S. citizens to exclude $82,400 from income. Prior to the new legislation, income in excess of that amount was subject to U.S. tax at standard income-tax rates. Also prior to the new legislation, a U.S. citizen could deduct the cost of foreign housing above a base amount; alternatively, if our employer picked up this cost, the benefit was excludable.

The new changes enacted by Congress provide that any income above and beyond the exclusion cap is taxed at rates that "pretend" that the exclusion does not exist. That is, the first dollar of income above the $82,400 cap is taxed at a 25% rate, not at the 10% rate that previously applied. The new legislation also caps the foreign housing deduction/exclusion at $11,536 (or $961 a month). Congress did give Treasury the authority to adjust this amount for high-cost locations, but the extent to which meaningful relief will be provided is uncertain at best.

What is undeniable is that U.S. workers abroad face a massive tax increase -- $2.1 billion over the next 10 years to be precise, according to Congress. U.S. workers in places like Hong Kong or Dubai may see tax increases in the tens of thousands of dollars. In the near term, some employers may respond by raising a worker's pay. If employers do nothing, a worker will be left to pick up the cost. And since the tax applies retroactively back to the beginning of the year, and since employees can't typically move back to the U.S. on a week's notice, this unfortunate person may be stuck with a salary structure he or she would never have agreed to had there been knowledge of the change to section 911.

So, you might say, maybe some U.S. employers pay more and some individuals get hurt. What's the big deal? First, the new tax increases can only mean that there will be fewer "Americans on the ground" in overseas markets going forward. Studies have shown a direct correlation between employment of Americans overseas and U.S. exports. These studies confirm what one might assume -- that Americans are best at selling America. That is, U.S. workers are most likely to specify and purchase U.S. goods

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and services where opportunities arise in foreign projects. A 1980 study by the Chase Econometrics Group found that a 10% drop in Americans overseas would result in a 5% drop in U.S. exports. A 1995 Price Waterhouse study found that repeal of section 911 would result in an $8.7 billion reduction in U.S. exports, which would translate into the loss of approximately 143,000 U.S.-based jobs.

Second, where U.S. companies bid on overseas projects against foreign companies, they may have to bid, for a variety of reasons, on the assumption that they will employ U.S. citizens. Americans already are more expensive to employ in overseas locales. The added cost of the new section 911 tax increases will only raise the pricing of U.S. bids, and therefore mean U.S. companies get less work.

Third, the section 911 changes will hurt small- and medium-sized businesses. Smaller firms are more likely than larger firms to use U.S. citizens when they first seek penetration of foreign markets. A 1995 study by professors at the Johns Hopkins University of Advanced International Studies found that 82% of surveyed small- and medium-sized businesses said loss of the section 911 exclusion would have a substantial impact on their ability to secure projects or compete overseas. These firms also are far less likely to be able to absorb the cost of adjusting employees' pay to offset the impact of the section 911 tax increases. Thus, the first and harshest effects of the legislation may be felt by these smaller companies.

We hope that a critical mass can drive corrective action. We would propose something radical. Why not follow the lead of our trading partners and exempt foreign-earned income completely? If that is too far-reaching, we should repeal the tax increase, effective back to its January start date, and restore the intended utility of section 911 by increasing the exemption amount to $117,000, which would take into account inflation since the amount was originally set (at $70,000) in 1982.

Either of those approaches would mean more U.S. players out on the field. Global business competition is already fierce enough. We shouldn't sabotage ourselves.

Mr. Gingrich, a senior fellow at the American Enterprise Institute, is former speaker of the House of Representatives. Mr. Kies, a managing director at Clark Consulting, served as chief of staff of the Joint Committee on Taxation 1995-98.

CONGRESS-ADMINISTRATION:

Bush Ignores Laws He Inks, Vexing Congress (AP-Y2)

By Laurie Kellman

AP2, June 27, 2006

The White House on Tuesday defended President Bush's frequent use of special statements that claim authority to limit the effects of bills he signs, saying the statements help him uphold the Constitution and defend national security.

Senators weren't so sure.

"It's a challenge to the plain language of the Constitution," said Arlen Specter, a Republican whose Senate Judiciary Committee opened hearings on the issue. "There is a sense that the president has taken signing statements far beyond the customary purview."

At the White House, Press Secretary Tony Snow said, "There's this notion that the president is committing acts of civil disobedience, and he's not. It's important for the president at least to express reservations about the constitutionality of certain provisions."

The bill-signing statements say Bush reserves a right to revise, interpret or disregard measures on national security and constitutional grounds. Some 110 statements have challenged about 750 statutes passed by Congress, according to numbers combined from White House and the Senate committee. They include documents revising or disregarding parts of legislation to ban torture of detainees and to renew the Patriot Act.

Snow said presidents from Dwight Eisenhower to Bill Clinton have issued such statements.

"The president has done the same thing that his predecessors have," he told reporters. "Presidents generally had the same concerns about defending the presidential prerogatives when it comes to national security."

In addition to Specter's objections, Democrats called the signing statements an example of the administration trying to expand executive power.

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"I believe that this new use of signing statements is a means to undermine and weaken the law," said Sen. Dianne Feinstein (news, bio, voting record) of California. "If the president is going to have the power to nullify all or part of a statute, it should only be through veto authority that the president has authorized and can reject — rather than through a unilateral action taken outside the structures of our democracy."

Defending Bush, a Justice Department lawyer said the Sept. 11 terrorist attacks had made it prudent for the president to protect his powers with signing statements more than did his predecessors.

"Even if there is modest increase, let me just suggest that it be viewed in light of current events and Congress' response to those events," said lawyer Michelle Boardman. "The significance of legislation affecting national security has increased markedly since Sept. 11."

"Congress has been more active, the president has been more active," she added. "The separation of powers is working when we have this kind of dispute."

The exchange came during a midterm election year in which Specter, some fellow Republicans and many Democrats are highlighting concerns about the administration's use of executive power. Specter's personal list includes Bush's warrantless domestic wiretapping program, the administration's checking of phone records and the sending of officials to hearings but saying they cannot answer lawmakers' questions on national security grounds.

The session also was aimed at countering any influence Bush's signing statements may have on court decisions regarding the new laws. Courts can be expected to look to the legislature for intent, not the executive, said Sen. John Cornyn (news, bio, voting record), R-Texas., a former state judge.

"The president is entitled to express his opinion. It's the courts that determine what the law is," he said. "I don't know why the issue of presidents issuing signing statements is controversial at all."

Specter and his allies maintain that Bush is trying an end-run around the veto process. In his presidency's sixth year, Bush has yet to issue a single veto, which could be overridden with a two-thirds majority in each house.

"The president is not required to," Boardman said.

"Of course he's not if he signs the bill," Specter snapped back.

Other presidents have used signing statements for administrative reasons, such as instructing an agency how to put a certain law into effect. They usually are inserted quietly into the federal record.

White House Defends Bush's Limits On Bills (WT)

By Joseph Curl

The Washington Times, June 28, 2006

The White House yesterday defended President Bush's right to set limits on the scope of congressional bills he signs into law, saying the Constitution grants the executive broad powers and requires the president to uphold the law.

"The president does not, and the administration does not, refuse to carry out the laws that have been passed by Congress and signed into law by the president," White House press secretary Tony Snow said.

"In the context of trying to preserve and protect and defend the Constitution, there will be times, there will be places within signing statements, caveats, where he has reservations about" a bill he is signing into law, he said.

Mr. Snow said it is not unusual for presidents "to list those reservations, if nothing else, as markers, for issues that may later rise to be points of controversy."

Mr. Bush has used the constitutional statements -- about 110 in all, Mr. Snow said -- to interpret bills passed by Congress. The statements have no power in courts, which are the final arbiters on issues that arise between the interpretation offered by Congress and the interpretation of the executive branch.

Shortly after Mr. Snow defended the practice, Senate Judiciary Committee Chairman Arlen Specter held a hearing on Mr. Bush's use of signing statements.

"There is a sense that the president has taken signing statements far beyond the customary purview," said Mr. Specter, Pennsylvania Republican. "It's a challenge to the plain language of the Constitution."

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Democrats at the hearing sought to broaden the issue, complaining that Mr. Bush's signing statements are just the latest example of the administration's expansion of executive power.

"I believe that this new use of signing statements is a means to undermine and weaken the law," said Sen. Dianne Feinstein of California. "If the president is going to have the power to nullify all or part of a statute, it should only be through veto authority that the president has authorized and can reject -- rather than through a unilateral action taken outside the structures of our democracy."

But Sen. John Cornyn, Texas Republican, said courts routinely look to the legislature for its intent, not to the executive branch. "The president is entitled to express his opinion. It's the courts that determine what the law is," he said. "I don't know why the issue of presidents issuing signing statements is controversial at all."

Mr. Snow said yesterday that former President Bill Clinton employed the tactic 105 times during his two terms.

Deputy Assistant Attorney General Michelle Boardman said in yesterday's hearing that "presidents are sworn to 'preserve, protect and defend the Constitution,' and thus are responsible for ensuring that the manner in which they enforce acts of Congress is consistent with America's founding document."

Sometimes, that includes the president telling Congress that a facet of a statute appears unconstitutional and that he will avoid possible constitutional conflicts, she said. In addition, the statements are not attempts to "cherry pick" among the parts of an enacted law that the president will choose to follow, she said.

"Presidential signing statements are, rather, a statement by the president explaining his interpretation of and responsibilities under the law, and they are therefore an essential part of the constitutional dialogue between the branches," Miss Boardman said.

Democrats Accuse Bush Of Power Grab (FT)

By Caroline Daniel

Financial Times, June 28, 2006

The expansion of presidential powers by the Bush administration came under strong criticism on Tuesday from Democratic senators, who during a Senate hearing accused George W. Bush of “making unprecedented claims for unchecked power”.

Senator Arlen Specter, chairman of the Senate judiciary committee, who has been at the forefront of raising questions on presidential power, held hearings on Tuesday for the first time on the use of presidential “signing statements”. These attachments to the bill contain instructions on how the executive branch intends to carry out legislation, and often provide a way for the executive to ignore congressional intent.

The issue has attracted scrutiny following a study by the Boston Globe this year that found that Mr Bush had employed signing statements for more than 750 laws enacted by the Republican Congress. “That’s far more than all the signing statements signed by every single president from George Washington to Bill Clinton, put together,” said Patrick Leahy, a Democratic senator, during the hearing.

Concern has focused on whether Mr Bush has used the low-profile statements to side-step congressional authority, rather than publicly issue a presidential veto of legislation.

Mr Bush has never issued a formal veto. “Basically, the president signs laws enacted by people’s representatives in Congress but he’s crossing his fingers behind his back. And when he says he never had to make a veto, heck, why? He just signs laws saying he is not going to follow them,” Mr Leahy added.

The most controversial use of a signing statement came this year after the Senate voted to pass a prohibition on certain kinds of interrogation procedures. After lengthy negotiations with Senator John McCain agreeing the terms of an amendment, the administration “issued a signing statement which appeared to undercut what had been negotiated”, said Mr Specter.

Mr Leahy also offered the example of how Mr Bush had used a signing statement to narrow a provision protecting corporate whistle-blowers in the Sarbanes-Oxley law. That effort, however, was later overturned after congressional pressure.

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Dick Durbin, a Democratic senator for Illinois, said: “I’m afraid this is part of a much larger pattern which we’ve seen in the last several years, at least since 9/11, where this Congress continues to cede its authority and power to the executive branch.” He accused Republicans of being “complicit in ceding this power”.

Senator John Cornyn, a Republican, defended use of the statements, calling them “helpful to understand the rationale of the executive branch”. That point was echoed by Michelle Boardman, the deputy assistant attorney-general, who said that every president since Dwight D. Eisenhower had issued a signing statement.

Democrats have been seeking to make executive power a theme in mid-term elections. Dianne Feinstein, a Democratic senator, said the “calculated expansion of executive power was one of the lasting legacies of this administration, which could have a more lasting impact on this country than any other issue”.

Debate On Hill Over Power Of The President (CSM)

By Gail Russell Chaddock

The Christian Science Monitor, June 28, 2006

WASHINGTON

What should Congress do if the president refuses to enforce a law - or some part of it he deems unconstitutional?

It's a question that has simmered in the GOP-controlled Congress over issues ranging from post-9/11 national security to the use of torture in the war on terror.

But it resurfaced on Capitol Hill this week, as lawmakers consider giving President Bush line-item veto authority and, behind the scenes, negotiate with the White House over Mr. Bush's claim that he has authority to conduct domestic wiretapping without a warrant, despite a 1978 law that says otherwise.

"The real issue here is whether the president can cherry-pick what he likes," said Sen. Arlen Specter (R) of Pennsylvania, chairman of the Senate Judiciary Committee, as he opened a hearing Tuesday on presidential signing statements.

Such statements - issued when presidents sign bills into law - are a long White House tradition. Bush has produced a record total - more than 750 of them - that lay out his interpretation of the new law to Congress, the courts, and the public.

"The president hasn't vetoed any bills, but basically he has done a personal veto. He has said which laws he will not follow and ... put himself above the law, even the same law he has signed," said Sen. Patrick Leahy of Vermont, the ranking Democrat on the Judiciary panel.

Not all Republicans are as enthused as chairman Specter and Senate Democrats over this line of questioning, especially as lawmakers head into fall elections that could change control of both houses of Congress.

"This is a fascinating topic, mainly something law students and lawyers can love," said Sen. John Cornyn (R) of Texas, a member of the Judiciary Committee, who notes that the practice of presidents issuing signing statements goes back to 1821.

"As a practical matter, I don't know what impact it has.... It promotes public discourse and discussion about what the roles of the legislative branch and the executive branch are," he added.

Testifying for the Bush administration, Michelle Boardman, deputy assistant attorney general in the Office of Legal Counsel at the US Department of Justice, said that signing statements serve a "legitimate and important function" and are not an abuse of power.

"Congress should not fear signing statements, but welcome the openness they provide," she said. "The president must execute the law faithfully, but the Constitution is the highest law of the land. If the Constitution and the law conflict, the president must choose," she said.

Also testifying before the committee, Nicholas Rosenkranz, a law professor at Georgetown University Law Center in Washington, called the "recent brouhaha" over presidential signing statements "largely unwarranted."

But for Chairman Specter, who helped the White House move new powers under the USA Patriot Act through the Senate, the issue comes down to basic respect for balance of powers - and for the Congress. After personally negotiating with the White House over issues such as the Patriot Act and the torture ban, he questioned why objections would not have been raised at that time.

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"Wouldn't it be better as a matter [of] comity for the president to come to the Congress and say: I want these exceptions in the bill," rather than asserting them in a presidential signing statement, Specter asked.

When the question was not answered to his satisfaction, he called for answers in writing. ("My office in the Justice Department is flooded," Ms. Boardman said. "It will take a week.")

For Specter and some other Senate Republicans, what tipped the issue was the president's signing statement of the fiscal 2006 Defense authorization bill, which included a ban on torture that had passed the Senate by a wide margin. That statement claimed the right to make exceptions to that ban.

Pressing the issue, Sen. Edward Kennedy (D) of Massachusetts asked Boardman to provide a list of laws that President Bush has decided not to enforce.

"I cannot give you that list," Boardman said.

"No, then who can? Is there any way for the public to know the president has made a judgment that he is not going to enforce a law?" he asked.

It's an issue that Democrats in both the Senate and House are developing for fall elections. Last week. House Democrats introduced a resolution requiring the president to notify Congress if the president "makes a determination to ignore a duly enacted provision of law."

"For far too long, Congress has stood by and watched while President Bush has slowly expanded the unilateral powers of the presidency at the expense of the rest of the government and the people," said Senator Kennedy at Tuesday's hearing.

"This administration has issued signing statements at an astonishing rate to express the view that it does not have to comply with the laws that Congress has passed," added Sen. Russ Feingold (D) of Wisconsin, who has called for a censure of President Bush. "I believe that is dangerous to our system of government."

However arcane, the debate is "part of a much broader spectrum of issues that has to do with separation of powers," says Carl Tobias, a law professor at the University of Richmond in Virginia.

The American Civil Liberties Union welcomed the Senate Judiciary Committee's hearing as an opportunity to "highlight this administration's disregard for the law," said Caroline Fredrickson, director of the ACLU Washington Legislative office.

Bush's Challenges Of Laws He Signed Is Criticized (WP)

By Jonathan Weisman

The Washington Post, June 28, 2006

A bipartisan group of senators and scholars denounced President Bush yesterday for using scores of "signing statements" to reserve the right to ignore or reinterpret provisions of measures that he has signed into law.

Bush's statements have challenged, for instance, a congressional ban on torture, a request for data on the administration of the USA Patriot Act and even a legislative demand for suggestions on the digital mapping of coastal resources.

The Senate Judiciary Committee's hearing marked the latest effort by Chairman Arlen Specter (R-Pa.) and panel Democrats to reclaim authority that they say the president has usurped as he has expanded the power of the executive branch. It came on the same day Bush gave a speech pushing for a line-item veto that would allow him to strike spending and tax provisions from legislation without vetoing the bill.

Other presidents have used signing statements to clarify their interpretation of laws, but no president has used such statements instead of ever using the veto authority spelled out in the Constitution, said Harvard University law professor Charles J. Ogletree Jr., who is serving on a new American Bar Association task force examining Bush's signing statements. Bush has never used his veto power in his presidency.

"There is a sense that the president has taken the signing statements far beyond the customary purviews," Specter told the administration's representative, Michelle E. Boardman, deputy assistant attorney general in the Justice Department's Office of Legal Counsel. "There's a real issue here as to whether the president may, in effect, cherry-pick the provisions he likes and exclude the ones he doesn't like."

Democrats were more blunt, blasting such statements, which are estimated to number more than 750 on 110 laws -- more than all the statements issued by other presidents.

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"I've never seen anything like it," said Sen. Patrick J. Leahy (Vt.), the committee's ranking Democrat, calling the practice "a grave threat to our constitutional system of checks and balances."

Specter has been more aggressive than any other Republican in challenging Bush's expanding authority. He has pushed the president to reshape his warrantless wiretapping efforts to comply with existing law; threatened to summon telecommunications executives who have given the government access to customer phone records; and challenged the White House's legal arguments for indefinite detentions at the U.S. military base at Guantanamo Bay, Cuba.

But yesterday, Judiciary Committee members appealed to their fellow lawmakers, who Sen. Richard J. Durbin (D-Ill.) said have been "complicit as so many of our precious rights under the Constitution have been ceded away."

Boardman countered that presidents since James Monroe have issued statements of interpretation to accompany laws, and that every president since Dwight D. Eisenhower has issued statements reserving the right not to execute sections of laws that may contradict the Constitution. By her accounting, Bush has issued such statements on 110 laws, compared with 80 from Bill Clinton, as many as 105 from Ronald Reagan and 147 from George H.W. Bush in a single term. But President Bush issued multiple statements on many of those laws for a total of 750, and it is unclear how many statements the other presidents issued.

"Even if there has been a modest increase, let me just suggest that it be viewed in light of current events and Congress's response to those events," she said. "The significance of legislation affecting national security has increased markedly since September 11."

The statements related to national security have caused the most controversy.

Last year, after months of difficult negotiations, Bush withdrew a veto threat and signed a defense policy bill that included a provision by Sen. John McCain (R-Ariz.) banning cruel, inhumane or degrading treatment of prisoners at U.S. detention centers. But Bush's signing statement on Dec. 30, 2005, reserved the right to waive the torture ban if he concluded that some harsh interrogation techniques could advance anti-terrorism efforts.

This year, after Congress reached a hard-fought agreement to extend the USA Patriot Act, expanding the power of federal law enforcement, the president questioned a provision calling for the administration to furnish Congress with detailed audits on the issuance of secret business-record searches and "national security letters."

"He's crossing his fingers behind his back," Leahy said.

White House officials and their allies tried to reassure lawmakers that they have nothing to fear from such statements.

"There's this notion that the president is committing acts of civil disobedience, and he's not," White House spokesman Tony Snow said.

Bush's Use Of Authority Riles Senator (NYT)

By Kate Zernike

The New York Times, June 28, 2006

WASHINGTON, June 27 — Senators on the Judiciary Committee accused President Bush of an "unprecedented" and "astonishing" power grab on Tuesday for making use of a device that gave him the authority to revise or ignore more than 750 laws enacted since he became president.

By using what are known as signing statements, memorandums issued with legislation as he signs it, the president has reserved the right to not enforce any laws he thinks violate the Constitution or national security, or that impair foreign relations.

A lawyer for the White House said that Mr. Bush was only doing his duty to uphold the Constitution. But Senator Arlen Specter, Republican of Pennsylvania and chairman of the Judiciary Committee, characterized the president's actions as a declaration that he "will do as he pleases," without regard to the laws passed by Congress.

"There's a real issue here as to whether the president may, in effect, cherry-pick the provisions he likes and exclude the ones he doesn't like," Mr. Specter said at a hearing.

"Wouldn't it be better, as a matter of comity," he said, "for the president to have come to the Congress and said, 'I'd like to have this in the bill; I'd like to have these exceptions in the bill,' so that we could have considered that?"

Mr. Specter and others are particularly upset that Mr. Bush reserved the right to interpret the torture ban passed overwhelmingly by Congress, as well as Congressional oversight powers in the renewal of the Patriot Act.

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Michelle Boardman, a deputy assistant attorney general, said the statements were "not an abuse of power."

Rather, Ms. Boardman said, the president has the responsibility to make sure the Constitution is upheld. He uses signing statements, she argued, to "save" statutes from being found unconstitutional. And he reserves the right, she said, only to raise questions about a law "that could in some unknown future application" be declared unconstitutional.

"It is often not at all the situation that the president doesn't intend to enact the bill," Ms. Boardman said.

The fight over signing statements is part of a continuing battle between Congress and the White House. Mr. Specter and many Democrats have raised objections to the administration's wiretapping of phones without warrants from the court set up to oversee surveillance.

Last month, Mr. Specter accused Vice President Dick Cheney of going behind his back to avoid the Judiciary Committee's oversight of surveillance programs.

"Where will it end?" asked Senator Edward M. Kennedy, Democrat of Massachusetts. "Where does it stop?"

The bills Mr. Bush has reserved the right to revise or ignore include provisions that govern affirmative action programs, protect corporate whistle-blowers, require executive agencies to collect certain statistics, and establish qualifications for executive appointees.

Senators and two law professors before the panel said that if the president objected to a bill, he should use his power to veto it — something he has not done in his six years in office.

Senator Dianne Feinstein, Democrat of California, said the expansion of executive power would be the "lasting legacy" of the Bush administration. "This new use of signing statements is a means to undermine and weaken the law," she said.

What the president is saying, she added, is "Congress, what you do isn't really important; I'm going to do what I want to do."

Ms. Boardman said the president had inserted 110 statements, which senators said applied to 750 statutes, compared with 30 by President Jimmy Carter. The number has increased, she said, but only marginally, and only because national security concerns have increased since the attacks of Sept. 11 and more laws have been passed. She acknowledged that the increase might be construed as "a lack of good communication" with Congress.

But Senator John Cornyn, Republican of Texas, said the committee was making too much of the statements. "It is precedented," he said, "and it's not new."

Senators said they had been expecting a higher-ranking official from the office of legal policy, and Senator Patrick J. Leahy of Vermont, the senior Democrat on the committee, chastised the White House for not sending "anybody who would have authority to speak on this."

"But then, considering the fact that they're using basically an extra-constitutional, extra-judicial step to enhance the power of the president, it's not unusual," he said.

Bush Urges Senate To Pass Line-item Veto (AP-Y2)

By Deb Riechmann

AP2, June 27, 2006

President Bush, urging the Senate to pass the line-item veto, on Tuesday criticized House Democrats who didn't back the measure even though they've called for federal spending restraint.

A line-item veto would allow the president to cut certain provisions in spending bills without vetoing the entire measure. The House passed such legislation last week 247-172. Thirty-five Democrats joined with most Republicans in voting for the bill.

"I was disappointed, frankly, though that more Democrats didn't vote for the bill, especially those that are calling for fiscal discipline in Washington, D.C.," Bush said in a speech to members of the Manhattan Institute, a conservative think tank based in New York. "I mean, you can't call for fiscal discipline on the one hand and then not pass a tool to enhance fiscal discipline on the other hand. You can't have it both ways, it seems like to me."

The bill faces an uncertain future in the Senate. Democrats generally oppose the measure, and not all Republicans are excited about the idea. "We need to set politics aside" and pass a line-item veto, Bush said about the measure that the GOP embraces as a way to demonstrate election-year resolve to rein in federal spending.

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Lawmakers from both parties who have reservations about the line-item veto contend it would shift too much power to the president, allowing him to try to cut projects proposed by his political enemies, or to use the threat of cutting projects in exchange for favorable votes on legislation the White House desires.

The bill that passed the House is a watered-down version of a more sweeping law that the Supreme Court struck down in 1998, saying it took too much spending authority away from Congress. Bush said the new legislation would meet the court's constitutional requirements.

The new version would let the president try to kill individual items contained in spending or tax bills that he otherwise signs into law. Congress would be required to vote on those specific items again. A simple majority in both the House and the Senate could override the president's objections.

"When the president sees an earmark or a spending provision that is wasteful or unnecessary, he can send it back to the Congress," Bush said. "And Congress is then required to hold a prompt up-or-down vote on whether to retain the targeted spending. In other words, the Congress is still in the process."

Earlier, Bush met with senators at the White House to discuss the line-item veto. The group included Senate Majority Leader Bill Frist, R-Tenn., and Sens. Judd Gregg, R-N.H., Thad Cochran, R-Miss., Susan M. Collins, R-Maine, Kit Bond, R-Mo., John McCain, R-Ariz., and Ben Nelson, D-Neb.

Nelson said he told the president that he used the line-item veto to rein in irresponsible spending when he was governor of Nebraska. "It works," said Nelson, governor from 1991 to 1999.

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On the Net:

http://www.whitehouse.gov

Bush Calls On Senate To Pass Line-Item Veto (WP)

By Peter Baker

The Washington Post, June 28, 2006

President Bush pushed the Senate yesterday to give him and his successors the power to strip special projects out of spending bills, part of a broader political effort to assuage disaffected supporters that he really is a fiscal conservative despite the growth of government on his watch.

The president summoned key senators to the White House and later gave a speech promoting a line-item veto to fight earmarks, or spending requests that members of Congress slip into larger bills without going through the normal budget process. The House has passed one version of the proposal and another is waiting for a vote on the Senate floor.

Bush said he needs the power to have more influence over lawmakers as they spend taxpayer money. "I want to be a part of the budgetary process," he said in an address sponsored by the Manhattan Institute for Policy Research. "It's an important part of the president's working with Congress and I'm not going to deal myself out of the budgetary process."

Bush has never vetoed a bill in his 5 1/2 years in office and, while long on record in favor of a line-item veto, he has never made a concerted effort to win such authority from Congress until this year as polls showed increasing conservative anxiety about federal spending. Since he took office, the federal budget has grown nearly 50 percent, from $1.86 trillion to a proposed $2.77 trillion for the coming fiscal year, driven in part by the cost of wars in Afghanistan and Iraq and the rise in entitlement costs.

To demonstrate commitment to fiscal restraint, Bush forced Congress to back down after it tried to load up a $94.5 billion emergency spending bill for war operations and hurricane relief this month. He also has frozen non-security discretionary domestic spending for two years in a row and vowed to cut the deficit in half by 2009.

In seeking a line-item veto, Bush set sights on the most politically charged form of federal spending, often called pork. The number of earmarks inserted into spending bills has mushroomed from 3,055 in 1996 to 14,211 in 2004, according to the Congressional Research Service, and the overall cost has more than doubled to $52.7 billion.

But even if Bush had a line-item veto and struck every earmark, it would only carve a fraction out of a deficit projected to reach up to $350 billion this year. And as Bush said yesterday, Congress has met every overall spending target he has given it, meaning that the president and lawmakers have agreed on the broad direction of federal spending since he took office.

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"This is not a budgetary issue. It's an issue of separation or overlap of power," said Richard Kogan, a senior fellow at the Center for Budget and Policy Priorities, which focuses on issues affecting low-income Americans. "It's primarily or exclusively a question of increasing the president's leverage over legislation."

A president could hold up a highway project in a lawmaker's district to win a vote on another priority, Kogan noted. "His threats and promises will be more forceful than they were in the past."

Some supporters of the president agreed the proposal would do little to fight deficit spending. The "line-item veto is a whiff," Sen. Christopher S. Bond (R-Mo.) told reporters after meeting with Bush yesterday. "You know, all our budgets are within the president's request for appropriated spending -- the discretionary spending. And that's not busting the budget." The real problem, he said, is entitlement spending.

Bush agreed that the government needs to get control over programs such as Social Security and Medicare and he vowed to keep trying as long as he is in office. "If we can't get it done this year, I'm going to try next year," he said. "And if we can't get it done next year, I'm going to try the year after that, because it is the right thing to do."

Yet he emphasized that he would not trim military spending, which has been a large part of the growth of government. "We will not shortchange the people who wear the uniform of the United States military," Bush said.

Congress passed a line-item veto in 1996, but the Supreme Court struck it down as unconstitutional. The new version is constructed in a different way intended to address the court's concerns. While the old version functioned like a traditional veto in requiring two-thirds majorities in both houses to overturn the president's decision, the new version allows Congress to restore targeted spending items on simple majority votes.

The Senate version, crafted by Budget Committee Chairman Judd Gregg (R-N.H.), includes other budget process changes not in the House legislation. Majority Leader Bill Frist (R-Tenn.) did not commit yesterday to a date for a floor vote.

President To Press For Line-Item Veto Power (NYT)

By Jim Rutenberg

The New York Times, June 28, 2006

WASHINGTON, June 27 — With his proposed overhaul of the nation's immigration laws now in legislative limbo, President Bush focused on another priority on Tuesday, to secure Congressional approval of a presidential line-item veto.

Speaking to a conservative group here in the morning, Mr. Bush said he would use a line-item veto to eliminate spending on the pet projects called earmarks that lawmakers attach to spending bills.

"A line-item veto would be a vital tool that a president could use to target spending that lawmakers tack on to the large spending bills," Mr. Bush said before a gathering held by the Manhattan Institute, a conservative group that advocates fiscal restraint.

The president said he very much needed the power to control spending. The number of earmarks each year has grown to 13,000 per budget from 3,000 over the last decade, he said.

Mr. Bush also met on Tuesday at the White House with senators to discuss his proposal, including the majority leader, Senator Bill Frist of Tennessee, and the president's 2000 Republican primary rival, Senator John McCain of Arizona. In his address, Mr. Bush also cited a more recent rival from the other side of the aisle, Senator John Kerry of Massachusetts, the Democratic presidential nominee in 2004, as a supporter of a line-item veto.

"I remember campaigning against him in 2004, and I remember him talking about the line-item veto," Mr. Bush said of Mr. Kerry, "and I appreciate the fact that he's living up to the political promises he made."

Mr. Bush urged Mr. Kerry's Democratic colleagues to approve the veto just as they had done in 1996 for the last Democratic president, Bill Clinton. Mr. Clinton's success in obtaining line-item veto power, delivered with help from Congressional Republicans, was a victory in a decades-long struggle by the executive branch to gain a stronger hand in budget negotiations with Congress.

But the Supreme Court struck that line-item veto down in 1998, ruling that it allowed a president "to effect the repeal of laws, for his own policy reasons."

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Administration officials say the form of the veto sought by Mr. Bush would stand up to constitutional scrutiny by creating a process in which the president proposes items to strike but Congress ultimately decides whether to go along with him in a fast-tracked vote. The House passed a version of the veto with such a process last week.

Mr. Frist has told administration officials he will try to bring a similar version of the bill to a vote in mid-July. But even White House officials acknowledged that the proposal would face a tough fight. Democrats have been reluctant to give the president any sort of victory, and lawmakers in charge of the Senate Appropriations Committee are not eager to cede any control.

Senator Judd Gregg, Republican of New Hampshire and chairman of the Appropriations Committee, is pushing a version of the bill that would allow the president to strike no more than four items in a year. In addition, a core group of lawmakers is highly protective of Congressional power in general, but especially with Mr. Bush in the White House. His office has been open in its efforts to build executive power.

Winning a line-item veto would give Mr. Bush a much-needed Congressional victory. He had been trying to push through new immigration laws, but last week the House decided to have a series of national hearings before taking action. Mr. Bush said Tuesday that he was not giving up on that fight.

But he said that in the meantime he had asked his new budget director, Rob Portman, to make securing the line-item veto a top priority. Mr. Portman, a former Republican congressman with strong ties on Capitol Hill, has discussed the veto with lawmakers in the last week. "It's important that the Republican Party continue to let people know that the Republicans are the party of fiscal discipline," Mr. Portman said, adding that he was also trying to bring along Democrats.

But Jim Manley, a spokesman for Senator Harry Reid of Nevada, the Democratic leader, said his boss was working to gather enough votes to defeat the line-item veto. "It's a significant shift in authority to the executive branch," Mr. Manley said.

Bush Presses For Line-item Veto (WT)

By Stephen Dinan

The Washington Times, June 28, 2006

President Bush yesterday called the line-item veto the next "crucial test" for Congress on spending restraint, and said he was "disappointed" in House Democrats who claimed they were for fiscal discipline but voted against the plan last week.

"You can't call for fiscal discipline on the one hand and then not pass a tool to enhance fiscal discipline on the other hand," he said, referring to the 156 Democrats in the House who voted against a line-item proposal.

Mr. Bush also promised, using the strongest language he's used in months, to take another stab at controlling the growth of Social Security, saying he will try every year for the rest of his administration.

"If we can't get it done this year, I'm going to try next year. And if we can't get it done next year, I'm going to try the year after that," he said at a speech in Washington, sponsored by the Manhattan Institute.

The president claimed a victory by keeping the recent emergency spending bill to $94.5 billion, and said the line-item veto vote in the Senate later this year is the next big test. Senate Majority Leader Bill Frist hopes for a vote this summer, according to a spokeswoman.

A line-item veto passed the House last week, 247-172, with 212 Republicans and 35 Democrats supporting it.

Office of Management and Budget Director Rob Portman, a former member of Congress who is now the administration's point-man on the issue, said at least 60 senators are already on record supporting a line-item veto.

"You start with a base of 50 who supported a much more executive branch-tilted line-item veto [in 1996], and then you add to that the co-sponsors of the legislation now, and you get over 60," Mr. Portman said.

Mr. Bush yesterday said those who supported the 1996 law, later struck down by the Supreme Court, should be on board again.

"It was good enough 10 years ago, it's good enough today, for those who voted for the line-item veto," he said.

This year's bill does have some strong Democratic supporters, including Rep. Mark Udall, Colorado Democrat, who worked hard to win over Democrats. And in the Senate, Sen. John Kerry, Massachusetts Democrat, has taken a prominent public role in pushing for what he said is a "no-brainer" bill.

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"With record deficits and bridges being built to nowhere, we've got to stop the incomprehensible waste coming out of Washington," said Mr. Kerry, Mr. Bush's 2004 opponent in the presidential election. Mr. Kerry won special praise from Mr. Bush yesterday for his consistent support.

But Senate Minority Leader Harry Reid of Nevada said Republicans could expect little support from Democrats if the line-item proposal is part of a broader budget package Sen. Judd Gregg, New Hampshire Republican, is working on.

"I can't imagine there would be any support for this," he said, adding that Mr. Bush and Republicans continue to focus on spending cuts without looking at revenue or tax increases as well.

Unlike the 1996 line-item veto, the new proposal isn't exactly a veto. Called the "legislative line-item veto," it would allow the president to send a new bill back to Congress pointing out projects that should be cut. Congress would then have a set period of time to vote to accept or reject his recommendations.

The Supreme Court deemed the 1996 version unconstitutional, saying Congress did not have the authority to give the president the power to change legislation it had already passed. The court said the president can either sign legislation into law or send it back to Congress.

Mr. Portman said the new version will provide a spotlight to scare off some lawmakers from adding questionable projects, and that could give extra muscle to key subcommittee chairmen looking to keep extraneous spending out of their bills.

Misunderestimated (WSJ)

The Wall Street Journal, June 28, 2006

When it comes to tax policy these days, the most powerful branch of government seems to be the unelected computers at the Joint Tax Committee and Congressional Budget Office. Those are the agencies that tell Congress how much tax cuts will "cost" the Treasury in lost revenue. And what's standing in the way of the Senate repealing the death tax this year, for example, is their $600 billion boogeyman estimate of lost federal revenues to the Treasury over 10 years.

But what happens when the computers go haywire? A new study from the American Shareholders Association examined the 10-year forecast for economic growth and federal revenue collections for the period 1997-2006. And over these years, it found, the CBO underestimated tax revenue collections by a cumulative $800 billion. To paraphrase President Bush: That's a pretty severe misunderestimation.

The forecasting faux pas is actually larger because those estimates excluded the impact of at least three major tax cuts (in 1997, 2001 and 2003) that subsequently passed Congress. These tax cuts were estimated by the wizards at Joint Tax to deplete federal tax collections by an additional $1.24 trillion through 2006, according to the Shareholders Association study.

So if you add those together, CBO and JTC have managed to underestimate revenues by $2.04 trillion over the past decade. Here's one way to appreciate how large this error is: It would be as if CBO forgot to count all the federal income tax payments made by every resident of Florida for an entire decade. Tied to their outdated forecasting models, these agencies refuse to acknowledge that there is any Laffer Curve effect from changes in tax rates that help the economy grow and revenues increase. Thus CBO also managed to project a decade ago that the U.S. economy would be $1.3 trillion smaller today than it actually is.

Forecasting future growth is never easy, but that's all the more reason for Members of Congress not to make themselves policy slaves to these estimates. Republicans have promised time and again to fix the models, but they always flinch when the Democrats who first sponsored these models object. So after 12 years of GOP control of Congress, our nation's tax policy is still dominated by computer models that never get it right.

Manhattan: A Call For An Investigation (NYT)

By Jonathan P. Hicks

The New York Times, June 28, 2006

The chairman of the State Democratic Party called on the Federal Election Commission and the Justice Department yesterday to investigate allegations that Representative Vito J. Fossella Jr. violated campaign finance regulations. Mr. Fossella is the only Republican member of Congress from New York City. In a statement, the chairman, Assemblyman Herman D. Farrell Jr., said that the allegations, if true, "would constitute a major breach of the public trust." Mr. Farrell was referring to a report in The

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Daily News that Mr. Fossella, who represents Staten Island and parts of Brooklyn, took trips with his family to ski resorts and other destinations that were financed by donors and corporate sponsors. Craig Donner, a Fossella spokesman, acknowledged that Mr. Fossella had taken several trips over the years, but he said they violated no laws. "The expenses are legal and allowable under federal regulations," Mr. Donner said.

Paulson Defends Tax Cuts At Hearing (FT)

By Krishna Guha

Financial Times, June 28, 2006

Hank Paulson made a robust defence of President George W. Bush's tax cuts at the Senate committee overseeing his nomination as US Treasury secretary on Tuesday, and hinted at a possible shift in emphasis in Washington's China policy.

The former chairman and chief executive of Goldman Sachs stressed the importance of US pressure on Beijing to reform and open up its domestic financial system. He told senators this would allow China to move to a market-determined exchange rate.

Setting out an ambitious agenda for the remainder of Mr Bush's second term in office, Mr Paulson also raised the possibility of a renewed push on reform of entitlement programmes Medicare, Medicaid and Social Security.

The nominee kept up pressure on China to allow greater currency flexibility in the short term, telling senators "we need to encourage them to move quicker there and show more flexibility." But he added that "until they have a fully functioning financial system, a modern financial system which they don't have now, they are not going to be able to have a currency that trades in the competitive marketplace."

The former Goldman Sachs chief, who has visited China more than 70 times since 1990, said Washington should be prepared to push "aggressively" for further finanical sector liberalisation. Mr Paulson's remarks build on, rather than contradict, the stance taken by his predecessor John Snow, who also talked about the importance of banking reform in China.

They suggest that as Treasury Secretary Mr Paulson will put a lot of emphasis on this subject. Speaking more broadly, Mr Paulson also told the Senate finance committee: "If confirmed, I will focus intensely on how the US United States can maintain and strengthen our competitive position."

The nominee said "deficits do matter" and added that he hoped it would be possible to make progress on entitlement reform during the remainder of the Bush second term. On taxation, Mr Paulson said "I watched the role the tax cuts played in getting this economy to where it now is and I think we should all feel very fortunate the economy is growing." He said the tax cuts should be made permanent, saying "tax increases would be counter-productive."

Treasury Nominee Gives Few Specifics On Bush Priorities (NYT)

By Edmund L. Andrews

The New York Times, June 28, 2006

WASHINGTON, June 24 — Henry M. Paulson Jr., President Bush's nominee for Treasury secretary, cautiously avoided any hints on Tuesday about the administration's economic priorities for the remainder of Mr. Bush's term.

Testifying at his confirmation hearing before the Senate Finance Committee, Mr. Paulson reiterated Mr. Bush's general views on the need for low taxes, budget restraint, increased American competitiveness and the use of persuasion rather than threats in dealing with China on economic issues.

But Mr. Paulson, the chairman of Goldman Sachs, carefully avoided specifics on most policy issues or any mention of prospects for reviving some of Mr. Bush's economic goals — like overhauling the income tax — that have languished for the last two years.

"Having good ideas is one thing," Mr. Paulson said in response to questions about a tax overhaul. "Having good ideas that are doable is another thing."

Though lawmakers in both parties said Mr. Paulson was all but assured of being confirmed, perhaps later this week, his tentative performance on Tuesday seemed in contrast with his build-up by administration officials as a major power player in an arena where White House officials have dominated all the crucial decisions.

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Administration officials wooed Mr. Paulson, who earned $35 million at Goldman last year, in part with assurances that he would play a more central role than either of his two predecessors — Paul H. O'Neill, who was fired in part for his headstrong attitudes; and John W. Snow, who spent most of his time as a salesman rather than architect of Mr. Bush's policies.

Mr. Paulson, 60, rejected some of the White House's initial overtures to become Treasury secretary. When Mr. Bush announced his choice of Mr. Paulson on May 31, the president described him as his "principal adviser on the broad range of domestic and international economic issues."

But on Tuesday, Mr. Paulson stuck to generalities: keeping taxes low, maintaining flexibility in the capital markets, fighting a "creeping regulatory expansion," addressing an anticipated surge of spending on Social Security and Medicare as the nation's baby boomers enter retirement, and improving competitiveness in world markets.

He also alluded at least twice to the limited time left — two and a half years — in Mr. Bush's presidency.

Much like his predecessor, Mr. Paulson rebuffed calls for trimming some of Mr. Bush's tax cuts to reduce the deficit.

"I think it would be a big mistake to increase taxes," he told Senator Olympia J. Snowe, Republican of Maine, adding that the deficit, which is hovering around $300 billion a year, is "within the realm of historical norms" as a share of the gross domestic product.

Mr. Paulson faced sharp questioning from both Republicans and Democrats about the administration's efforts to stop abusive tax shelters and to reduce the so-called tax gap — as much as $350 billion a year, according to Congressional estimates — in taxes that are owed but not paid.

Senator Charles E. Grassley, Republican of Iowa and chairman of the Senate Finance Committee, complained that the Internal Revenue Service, which is part of Treasury, had "fallen down on the job" in offering incentives to whistle-blowers who could expose tax cheating.

Mr. Paulson is reported to have a net worth of about $700 million, including about $470 million in Goldman Sachs shares. He has said he will sell his holdings in Goldman Sachs to comply with the government's conflict-of-interest rules.

Mr. Grassley said his staff, which scrutinized Mr. Paulson's tax returns, had found no evidence that he had used tax shelters.

In response to questions from Senator Max Baucus, Democrat of Montana, Mr. Paulson promised to review a secret program to investigate and track terrorists that relies on an international database that includes Americans' banking transactions.

If confirmed, Mr. Paulson said that he would make sure he thoroughly understood the law covering the program.

One of the few moments of direct personal conflict between lawmakers and Mr. Paulson was not about policy but about Mr. Paulson's role as chairman of the Nature Conservancy, an environmental organization that buys land to prevent it from being developed.

The Nature Conservancy came under heavy criticism several years ago, because some of its deals allowed people to take big tax deductions for contributions of land and yet also allowed significant development projects.

Mr. Paulson pushed through major changes at the Nature Conservancy as well as a settlement of disputes with the Internal Revenue Service.

But on Tuesday, Mr. Grassley complained that the Nature Conservancy had refused to release the details of the I.R.S. settlement.

Mr. Paulson said he was "only one member" of the board, and that the chief executive of the Nature Conservancy wanted to keep the settlement out of the public eye by having the Internal Revenue Service give the Senate Finance Committee details under the cloak of confidentiality.

Paulson Sticks To The Script (WP)

By Paul Blustein

The Washington Post, June 28, 2006

Treasury secretary-designate Henry M. Paulson Jr. hewed firmly to Bush administration positions at his Senate confirmation hearing yesterday, saying that he "very strongly" opposes tax increases, hopes to begin tackling the long-term obligations of Social Security and Medicare, and wants China to move more quickly toward changing its currency policy.

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Appearing before the Senate Finance Committee, Paulson repeatedly praised President Bush's tax cuts and rebuffed suggestions by committee members that tax increases ought to be included in a package of measures to shrink the federal budget deficit.

"Would I like spending to be less? Yes. Would I like the deficit to be less? Yes," said Paulson, who has been chairman and chief executive of Goldman Sachs Group since 1999. "But it's manageable . . . and we can attack it best with a strong and growing economy." Raising taxes, he said, "would be counterproductive" by hurting growth.

Again echoing long-standing views expressed by Bush and other administration officials, Paulson said the nation should put a high priority on reducing the costs of Social Security and Medicare as the baby-boom generation retires. The sooner the retirement and health-care issues are tackled, "the less costly will be the ultimate solution," he said.

But he tacitly acknowledged that, with the administration in its sixth year, political constraints will limit how much he can accomplish.

"It would be naive to think all these things can be solved in a 2 1/2-year period," he said, although he added that he hopes "at least to begin to address" the issues.

Those and other comments indicated that Paulson will continue the approach of the outgoing Treasury secretary, John W. Snow, in faithfully backing the president's policies. Snow suffered from being widely perceived as a cheerleader for the White House, and the appointment of a Wall Street titan was aimed at giving luster to a post that has declined in influence during Bush's presidency.

Paulson was asked deferential questions by senators who lauded his grasp of financial issues, but he skirted several controversial issues by pleading ignorance on technical and legal matters.

When a couple of Democratic senators raised privacy concerns about a recently disclosed program run by the Treasury Department that monitors a large international financial database to track down terrorists, Paulson said he has to "make sure I understand the law thoroughly" before stating an opinion.

On China, he promised to continue the administration's policy of prodding Beijing to let the yuan rise in value. Many U.S. and labor unions accuse China of keeping the yuan fixed at an artificially low exchange rate against the U.S. dollar, giving Chinese businesses an unfair advantage in world markets and costing the United States jobs.

"I would give the administration and Secretary Snow a lot more credit than they are given by some people" on the China currency issue, Paulson said, noting that China has "moved to accept the principle . . . of a flexible currency. That was a very big step for China," even though the exchange rate of the yuan has barely budged.

But he declined to pass judgment on legislation proposed by Sen. Max Baucus (D-Mont.) and the Finance Committee chairman, Sen. Charles E. Grassley (R-Iowa), that would make it easier for the Treasury to impose sanctions on China for having a "misaligned" currency. "I need to learn more, and look forward to learning more, about the legal framework," he said.

Such comments were generally praised by committee members, even Charles E. Schumer (D-N.Y.), one of the Senate's sharpest critics of China's policy. Schumer said he had known Paulson for 15 years and indicated that he will cooperate closely with him on the China issue.

At the end of the hearing, Grassley said he hoped that Paulson's nomination could sail through the Senate before the July 4 recess, when Snow has said he plans to leave office. "Our goal is to report the nomination as quickly as possible," he said.

Treasury Nominee Urges Pressing China On Yuan (WSJ)

By Deborah Solomon

The Wall Street Journal, June 28, 2006

WASHINGTON -- President Bush's Treasury secretary nominee told a Senate panel that the U.S. has to "fairly aggressively" encourage China to make its currency more flexible and continue to prod the country toward economic overhauls.

Henry M. Paulson Jr., chief executive of Goldman Sachs Group Inc., who has visited China about 70 times in the past 15 years, said he hoped to be "quite active" in international issues, including China. Mr. Paulson said while there is a "strong protectionist sentiment in China," the U.S. must encourage Chinese leaders to embrace a competitive marketplace "and encourage them to move quickly."

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At a three-hour confirmation hearing before the Senate Finance Committee, Mr. Paulson, who is expected to be confirmed, didn't signal that any major changes in economic policy are on the horizon. He defended the Bush administration's recent tax cuts, saying they were helping to expand the economy. He played down concerns over the budget deficit, saying it was "manageable and within the realm of historic norms."

"Like all of us, I wish our deficit was lower. But I'm actually encouraged that despite the bursting of the [stock market] bubble and the recession and the war on terror...we're in a situation right now where our economy has been growing," he said. Asked whether, given the strong economy, it was time to raise taxes to help deal with the deficit, Mr. Paulson said it "would be a big mistake to increase taxes."

Several senators detailed fiscal problems that Mr. Paulson will have to tackle. Sen. Max Baucus, (D., Mont.), cautioned Mr. Paulson that he "will have much work to do. The government has run $300 billion budget deficits for four years in a row. The balance of trade has been on a roller-coaster ride to extremes. America faces new economic competition from China and India. And the Treasury Department has suffered depressed morale and a diminished policy role. Good luck."

Mr. Paulson told senators he would take steps to simplify taxes and overhaul entitlement programs such as Social Security and Medicare, but said it would be "naive" to think those issues could be "addressed and solved in a two-and-a-half-year period."

WALL STREET JOURNAL VIDEO

Treasury Secretary nominee Henry Paulson1 says "it would be a big mistake to increase taxes," in his testimony before the Senate Finance Committee.

A notable omission in Mr. Paulson's remarks was mention of a strong dollar -- nor was he asked about it by the senators. That stands in contrast to departing Secretary John Snow, who backed a strong-dollar policy in his confirmation hearing in 2003.

Under questioning by several senators, including Republican Sen. Charles Grassley of Iowa, chairman of the committee, Mr. Paulson said he would review a newly disclosed Treasury Department program to track suspected terrorists by examining financial transactions. "I am going to, if confirmed, be all over it," he said.

A London-based civil liberties group is asking governments to block the release of confidential financial records to U.S. authorities as part of U.S. antiterrorist probes. Privacy International said it filed complaints with data protection and privacy regulators in 17 countries, arguing that disclosures of financial transactions "were made without any legal basis or authority whatsoever."

Several senators pressed Mr. Paulson about why the Bush administration's economic policies weren't leading to faster wage growth for many Americans. "The average wage-earner is losing purchasing power and they are feeling it mightily. Exactly when do their wages grow?" asked Sen. Olympia Snowe, (R., Maine). Mr. Paulson said he cares "deeply about the economic well-being of the middle class" and said recent job growth and productivity growth "will hopefully be followed by an increase in wage income."

Mr. Paulson said he wants to be active in targeting those who abuse charitable donations to pay less in taxes. Mr. Paulson said he is concerned about instances where donors make "in kind" gifts to charities, such as art, and "take an inflated appraisal" so they can claim a higher deduction on taxes.

Treasury Nominee Paulson Sounds A Lot Like Outgoing Snow (USAT)

By David J. Lynch

USA Today, June 28, 2006

WASHINGTON — If Treasury Secretary-designate Henry Paulson is going to differ dramatically from outgoing John Snow, there wasn't much evidence of it Tuesday during his Senate confirmation hearing.

President Bush nominated Paulson to become Treasury secretary as part of a second-term shake-up aimed at reinvigorating the president's sagging public approval ratings. The chairman and chief executive of investment banking powerhouse Goldman Sachs brings to the post a reputation for financial acumen as well as deeply held views on issues such as global warming that differ from administration policy.

But under generally friendly questioning by lawmakers, the prospective Treasury boss sounded a lot like the old boss. On issues from taxes to trade with China, Paulson echoed Snow's stance, telling members of the Senate Finance Committee:

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•Federal tax cuts slated to expire in coming years should be extended and efforts to cut the deficit limited to spending reductions. “I feel very strongly we should not be increasing taxes,” Paulson said.

•China is moving toward a market-based currency, but the U.S. should urge Beijing to go faster.

•Continued economic growth, which has boosted corporate profits, eventually will pay off for middle-income workers with fatter paychecks.

Paulson also said the current government deficit is “manageable,” but he called for early action on a looming crisis over Medicare and Social Security costs as millions of baby boomers retire.

Lawmakers hope to confirm Paulson before leaving for the July Fourth holiday. The nomination faces no major obstacles, with even committee Democrats praising Paulson as a welcome addition to the administration.

With many members of Congress chafing over administration efforts to strengthen executive power, several lawmakers urged Paulson to keep them better informed. Sen. Max Baucus, D-Mont., complained that Treasury officials had not briefed the committee on the government's use of international bank records to combat terrorism, which was disclosed by The New York Times.

Paulson promised to personally review the program, which he said he had not yet been briefed on.

Paulson, 60, long has been active in environmental matters and has warned publicly that the time needed to address climate change is running out. But replying to a question from Sen. Ron Wyden, D-Ore., Paulson played down suggestions his views could modify administration policy.

“The president of the United States has nominated me to be secretary of the Treasury. He hasn't nominated me to be secretary of the Interior. He hasn't nominated me to be head of the Environmental Protection Agency.”

Reading The Classifieds (WP)

The Washington Post, June 28, 2006

The State Department's Information Systems and Services office reminded everyone last week that putting SBU (Sensitive But Unclassified) on cables and e-mails is useless in terms of actually keeping the information from the public.

Worse yet, the folks at ISS said in a June 22 announcement, putting SBU on a document "DOES NOT by itself" protect the information from release under the dread Freedom of Information Act.

So if you want to keep it from getting to the public, you need to classify it as secret, top secret, eyes only, and so on. (Another problem with using SBU is that passing such information on is not a security violation, so the divulgers can't be punished.)

This useful reminder was issued only five days after The Washington Post published a cable from the U.S. Embassy in Baghdad recounting the daily hardships and dangers confronting Iraqi embassy employees. Every paragraph of that cable was marked SBU.

ISS assures us the new guidance had nothing to do with the publication of that cable, which apparently caused a bit of a fuss at Foggy Bottom. ISS says it periodically reissues such guidance.

We certainly believe them, though we hear no one at the State Department does. The new guidance almost surely means more secrecy.

"From their point of view, SBU is an informal 'we don't want to tell you' designation," said Steven Aftergood , a secrecy specialist at the Federation of American Scientists. The State Department apparently thinks "too much information is getting out."

Well, an informed public can be a real pain.They're Baaaaaack . . .

This just in from Arab News, an English-language daily in the Middle East: "Saudis Offered Scholarships for Aviation Courses in US," says the headline.

"The Ministry of Higher Education and the General Authority of Civil Aviation are offering scholarships to Saudi men and women to study majors related to civil aviation in the United States," according to a bylined article from Jeddah, and application forms are on the ministry's Web site.

"The scholarships are available in majors such as communications, electrical and computer engineering . . . air traffic control, flight safety, and other majors related to the airline transport industry," we're told.

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The Saudis are offering scholarships this year for study in Australia, China, India, Japan, Malaysia, New Zealand, Singapore, South Korea and the United States.

Hurry on down. Deadline's July 12.It's Official: Langley Opens a Honey Pot

Great news for the new, leaner and meaner CIA. A Dunkin' Donuts has recently opened at headquarters. Nothing like one of those tasty, glazed beauties each day to keep that waistline under control.

The power outage Thursday morning in parts of McLean also hit the CIA, but we're told backup systems kept essential networks going. Some lights, desktop computers and the like were affected during the three-hour outage, forcing some employees to have doughnuts in the dark.

No connection found between the outage and the reappearance that day at the agency of legendary operative Stephen R. Kappes , who headed the clandestine service but resigned in 2004 during the 18-month reign of director Porter J. Goss .

Kappes hasn't formally come on as the agency's No. 2. He awaits Senate action on the reappointment of the current deputy director, Adm. Albert M. Calland III , to his three-star rank, at which point Calland is to move over to be deputy director of strategic planning of the National Counterterrorism Center.

Kappes, a spokesman said, "has used his time in the building . . . to read in and to reach out to agency personnel."

Speaking of the new old guy, Kappes, what about the old new guys, otherwise known as the Gosslings? The big question is whether the new regime is going to do a wholesale purge or surgical removal.

Some division chiefs and others are said to have put in a good word with new CIA Director Michael V. Hayden for Michael V. Kostiw . Kostiw, who left the agency in 1981 after some unpleasantness involving a package of bacon, was thought to have done well when he returned as Goss's special assistant for operations in Afghanistan and Iraq.An Eye for an Eye -- Belarus Sanctions Bush

Meanwhile, those lovable unreconstructed commies in Belarus have vowed to retaliate for the administration's decision to freeze the U.S. bank accounts of Belarusan President Alexander Lukashenko and other high-ranking officials.

The sanctions, which also bar U.S. citizens from doing business with the Belarusans, were imposed for that government's human rights abuses, general corruption and thuggery, repression, election fraud and the disappearances of four regime critics.

"We'll apply appropriately symmetrical measures to George W. Bush and Condoleezza Rice ," Belarusan Security Council Secretary Viktor Sheiman vowed in a state television interview. "We'll freeze their accounts and seize their assets" in Belarus.

"It's clear to everyone that neither Lukashenko, nor I have or can have any bank accounts in the U.S. The U.S. administration has been looking for these accounts for 10 years now," Sheiman said. He described the U.S. action as "diehard and ugly."

Based on their financial disclosure forms, it does not appear that Bush and Rice have extensive holdings in Belarus.On the Move?

Word is that Jim Wilkinson, formerly at the White House and more recently burnishing Rice's image, will be chief of staff to Henry M. Paulson Jr ., once he's confirmed by the Senate as Treasury secretary.

Bush's Communications Director Leaves (AP-Y2)

AP2, June 27, 2006

President Bush's communications director is stepping down to move to New York City with her husband, the White House announced Tuesday.

Nicolle Wallace has been in a long-distance marriage ever since her husband, Mark, became United Nations ambassador for management and reform this spring. Wallace decided to stay temporarily in Washington, but this Friday she is leaving her job overseeing White House press strategy.

"I've never stopped feeling amazed when the West Wing gate swings open each morning when I show my badge," Wallace said. She said she doesn't have her next job lined up yet.

The couple worked on Bush's 2004 campaign before they married — Mark Wallace as deputy campaign manager and Nicolle Devenish as communications director. She moved to the White House after Bush's re-election, and the couple married in September in Greece. Bush nominated Mark Wallace to be ambassador in January.

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W. BENCH PRESS (NYPOST)

By Deborah Orin

The New York Post, June 28, 2006

WASHINGTON - President Bush today will nominate Gov. Pataki's lieutenant governor, Mary Donohue, for a federal judgeship in upstate New York, The Post has learned.

Sen. Chuck Schumer (D-N.Y.), who serves on the Senate Judiciary Committee which would consider her nomination, has been informed and "is keeping an open mind," aides said.

Donohue is a former state Supreme Court justice who has been seen as a product of New York's Republican political machine with close ties to former Sen. Al D'Amato. Pataki submitted her name to Bush last March.

Connaughton Named To Lead U.S. Maritime Agency (WP)

By Stephanie McCrummen And Nikita Stewart

The Washington Post, June 28, 2006

Prince William Board of County Supervisors Chairman Sean T. Connaughton, who presided over a period of unprecedented growth in one of the nation's most diverse and dynamic suburban areas, was nominated yesterday by President Bush to be the head of the U.S. Maritime Administration.

If confirmed by the Senate, Connaughton, a maritime lawyer, would resign the post he has held nearly seven years to be the administrator of an agency with an annual budget of more than $500 million and a staff of 1,000, whose primary job is to ensure safe and efficient access for commercial and military ships through U.S. waterways.

"We are a dramatically different county and for the better. . . ," said Connaughton, a moderate Republican whose term as head of the supervisors expires at the end of next year. "We've been able to make growth pay for growth."

Connaughton, 45, said the presidential nomination represents the "highest honor" of his professional career as a maritime lawyer and one that he could not turn down. He is with Troutman Sanders LLP.

His decision leaves in question the leadership of a county that has changed in recent years from a quiet, semi-suburban, semi-rural area into a bona fide part of Northern Virginia, complete with $800,000 homes, fancy golf courses and epic traffic jams.

Depending on the timing of Connaughton's resignation, a special election could be called or a successor could be chosen on Election Day next year -- Nov. 6.

There are many rumored candidates. Supervisor Martin E. Nohe (R-Coles) said that it's premature for him to make a decision but that the new chairman should be "someone who follows Sean's footsteps." Only Supervisor Corey A. Stewart (R-Occoquan) has announced that he'll run.

Connaughton was almost unknown when he ran for county supervisor in 1999 against Democratic incumbent Kathleen K. Seefeldt, whom he accused of failing to foresee the effects of growth -- high taxes, inadequate roads and crowded schools -- and of being too close to developers.

He promised not to stop development but to manage it better, and voters took him up on the pledge, choosing a Republican supervisor for the first time in the county's history. Last year, he lost a bid to be the GOP candidate for lieutenant governor.

When he became a supervisor, the county had 280,000 people, an annual budget of about $400 million and one of the highest tax rates in the region.

He leaves an increasingly diverse county of about 364,000 people, a budget of $857 million and Northern Virginia's lowest tax rate, which he and his board colleagues accomplished by cutting the tax rate as property values soared. The county also earned a AAA bond rating during Connaughton's tenure, a gold star for local governments.

Developers are now paying more in proffers, voluntary funds used to offset the costs of schools, roads and other public services. Rather than wait for state transportation money to trickle down, the county used its money to build hundreds of miles of roads. And Prince William recently became one of a handful of municipalities in the state to propose creating a transportation department.

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Since Connaughton took office, the county has built 21 schools and hired several hundred police and fire personnel to keep up with growth.

And, to the consternation of some longtime residents, he initiated smaller programs aimed at changing the county's good-old-boy image.

For some accustomed to living as they please, Connaughton will be remembered as the man who banished motorboats and RVs from residential streets and who hired a "neighborhood coordinator" to point out property code violations such as derelict cars parked in front yards.

But to Connaughton, those sorts of community maintenance programs, along with the county's new emphasis on historic preservation, represent a turning point for an area once considered where the "real" Virginia began.

As the county has become more tethered to Northern Virginia, the distinction has moved a few exits south.

"I'm extremely proud of what's happened in Prince William in the last seven years," Connaughton said, adding that his nomination is only the "the first step in a long process."

Chief Seeks $160.5M For VA Data Security (USAT)

USA Today, June 28, 2006

Veterans Affairs Secretary Jim Nicholson told a House Appropriations subcommittee Tuesday that he can turn his agency into a "model for information security" but said he needs at least $160.5 million to do it. The request includes funding for at least one year of government-paid credit monitoring for the 26.5 million veterans and active-duty military personnel whose private personal information was stolen May 3 in a burglary at the home of a VA analyst. There have been no reports of identity theft in connection with the incident. The VA proposes to pay out-of-pocket expenses ranging from $10,000 to $20,000 for those whose identities are stolen. He said more money may be needed to revamp information security at the VA.

Senate Intelligence Chairman Pat Roberts, R-Kan., asked National Intelligence Director John Negroponte to order an assessment of damage caused by the disclosure of secret intelligence programs aimed at stopping terrorists. "We cannot continue to operate in a system where the government takes steps to counter terrorism while the media actively works to disclose those operations without any regard for protection of lives, sources and legal methods," Roberts said.

The latest disclosures last week reported on a secret financial-monitoring program used to trace terrorists. President Bush on Monday called the disclosures "disgraceful" and said it "does great harm to the United States" by making it "harder to win this war on terror."

The House International Relations Committee approved President Bush's plan to share civilian nuclear technology with India, a first step toward approval of the unprecedented deal. The vote was 37-5.

India would allow international inspections and safeguards at 14 reactors it has designated as civilian. Eight military facilities would remain off-limits. In return, the United States would ship nuclear technology and fuel to India. Rep. Jim Leach, R-Iowa, said the deal "knifed" the Nuclear Non-Proliferation Treaty, which limits the spread of nuclear technology. He called it a sad day for efforts to stop the spread of nuclear arms. India developed its nuclear bombs outside the treaty.

Government-owned land would be used to store nuclear waste temporarily pending completion of a long-delayed permanent facility, under a proposal by Senate Energy and Natural Resources Chairman Pete Domenici, R-N.M. His proposal would give the Energy Department authority to build storage facilities on federal land or purchase private land for storage, for up to 25 years, even if state or local authorities objected. A facility would have to get a license from the Nuclear Regulatory Commission and comply with various security, safety and environmental regulations.

Funding was included in a $30.7 billion spending bill an Appropriations subcommittee approved Tuesday. The plan deals with the more than 50,000 tons of used reactor fuel at power plants in 31 states.

The government is obligated to take the waste but has no place to put it because the permanent underground storage site to be built at Yucca Mountain in Nevada cannot open until at least 2018.

$160 Million To Be Sought For VA's Credit-Monitoring Program (WP)

By Zachary A. Goldfarb And Josh White

The Washington Post, June 28, 2006

DOJ_NMG_0037084

Veterans Affairs Secretary Jim Nicholson said yesterday that the Bush administration will seek $160.5 million to pay for free credit monitoring for veterans and military personnel whose personal information was stolen last month, and he hinted that more money may be necessary.

"If a year expires, we have a responsibility to determine whether to renew based on what we know at the time," he said.

Congress may face requests for spending to cover potential data losses at other agencies -- such as those that were announced recently at the Agriculture Department, the Pentagon and the Federal Trade Commission.

Meanwhile, Navy officials announced this week that they believe the number of sailors and their family members whose personal data were posted on a civilian Web site was larger than first suspected last week.

In a news release Monday, the Navy said that the birthdates, Social Security numbers and other personal information of more than 30,618 people were compromised when five spreadsheet files appeared on the Internet. On Friday, it had said that 28,000 people were affected.

Officials said the spreadsheets appeared to have data on personnel who were stationed in areas affected by Hurricane Katrina last year. The Naval Criminal Investigative Service is looking into how the information ended up on a public Web site.

Navy spokesmen said there is no indication that the data have been used illegally, but the service has sent letters to all sailors whose personal data were compromised to encourage them to monitor their financial accounts.

The theft of Department of Veterans Affairs data occurred at a VA data analyst's home in early May and was announced to the public three weeks later, prompting outrage among veterans. Several veterans groups have filed class-action lawsuits in Kentucky and in Washington, D.C., against the federal government, seeking $1,000 in damages per affected veteran.

A judge in Kentucky has scheduled a hearing for Friday to determine whether the VA must offer affected people more expansive services and has prohibited the VA from publicizing the credit monitoring to veterans until then.

The VA plans to send letters to eligible people in August and is receiving bids for the service from potential contractors.

Authorities have said that they do not believe the data, stored on a laptop and an external hard drive, were targeted by the thief. They said there have been no signs that the information has been misused. The data files contained information on 26.5 million people.

Nicholson said that $29 million of the $160.5 million will be taken from VA funds budgeted for 2006 to cover personnel costs at the Veterans Benefits Administration, where hiring planned for this year has been postponed until next. He said the rest will come from other areas of the fiscal 2006 budget.

"It will take some belt tightening. It will not come out of veterans' benefits," he said.

The VA has already budgeted about $25 million to set up a call center for responding to veterans' questions -- which costs about $200,000 per day -- and to send mailings to veterans alerting them about the data loss and the credit-monitoring program.

New Rules Force States To Curb Welfare Rolls (NYT)

By Robert Pear

The New York Times, June 28, 2006

WASHINGTON, June 27 — The Bush administration plans to issue sweeping new rules on Wednesday that will require states to move much larger numbers of poor people from welfare to work.

The rules, drafted in response to a budget signed into law by President Bush in February, represent the biggest changes in welfare policy since 1996, when Congress abolished the federal guarantee of cash assistance for the nation's poorest children.

Since then, the number of welfare recipients has plunged more than 60 percent, to 4.4 million people, from 12.2 million. Most of the decline occurred in the first years, before the 2001 recession. Federal and state officials say they expect the new rules to speed the decline in welfare rolls, which has slowed in recent years.

The rules are far more than a bureaucratic application of the new law, passed after four years of partisan deadlock. For the first time, they set a uniform definition for permissible work activities and require states to verify and document the number of hours worked by welfare recipients.

Nationally, in 2004, the last year for which official figures are available, about 32 percent of adults on welfare were working. Under the new rules, 50 percent of adult welfare recipients must be engaged in work or training in the fiscal year that starts Oct.

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1, or states will face financial penalties. The penalties can reduce a state's federal welfare grant by 5 percent in the first year and by two additional percentage points for each subsequent year of noncompliance, up to a maximum penalty of 21 percent.

Some state officials and antipoverty groups, including many who opposed the 1996 law, say the new work requirements are unrealistic. But Bush administration officials point to Georgia as evidence that the goals are achievable.

Gov. Sonny Perdue of Georgia, a Republican, said 69 percent of his state's adult welfare recipients were either working or in work-training programs, up from 8 percent four years ago. Moreover, Mr. Perdue said, the number of adult welfare cases has declined to 8,100, from 30,590 in 2002. In 32 of Georgia's 159 counties, he said, all the adults on welfare are employed or in training programs.

Members of Congress thought they were setting stringent work requirements when they created the current welfare program, Temporary Assistance for Needy Families, in 1996. But state officials quickly discovered that the requirements were much less onerous than they had thought.

Under the old law, the work requirements were reduced whenever states reduced the number of families on welfare, compared with the 1995 level. In theory, 50 percent of adult welfare recipients were supposed to be working. But if a state's caseload dropped 45 percent, the work requirement was slashed by 45 percentage points, so that only 5 percent of the state's welfare recipients had to be working.

Wade F. Horn, an assistant secretary of health and human services, said this provision of the 1996 law, known as a "caseload reduction credit," had wiped out any meaningful work requirements. Under the new rules, states will receive credit only for future reductions in their welfare rolls. The base year, for the purpose of comparison, will be 2005.

The new requirements may come as a shock to many states. In 2004, all states but Indiana and Mississippi met their work participation requirements, as calculated by the federal government. In 19 states, the required work participation rate — after taking account of steep declines in the welfare rolls — was zero.

The administration has scheduled a news conference for Wednesday to announce the rules, which, under the new law, must be issued by the end of this month.

Crystal A. Robinson, a 26-year-old mother of three in Minneapolis, said she believed that stricter work requirements could be helpful if states provided generous subsidies for child care.

Ms. Robinson received cash assistance from 2000 to 2002 and now receives help with her child care costs.

"I found a job I liked," said Ms. Robinson, who works 40 hours a week at a local hospital. "I'm a very hard worker. But the child care would be unaffordable without assistance from Hennepin County."

Another welfare recipient, Laura L. Kegerreis, 33, receives $497 a month for herself and her three children while she takes job-preparation courses at Harrisburg Area Community College in Pennsylvania. Mr. Kegerreis said the new work requirements could force her to take fewer classes, prolonging her stay on welfare and delaying her ability to get a professional credential.

The new law reauthorizes welfare programs through September 2010. The basic federal block grant remains $16.5 billion a year and is not adjusted for inflation or changes in the number of people on the rolls.

"Welfare" used to mean a monthly check that could be immediately converted to cash. But more than half of the money now goes into child care, education, training and other services — a huge shift since 1996.

Under the new rules, the federal government will spend $150 million a year on programs to help couples form "healthy marriages." Up to $50 million of this amount can be spent on activities promoting "responsible fatherhood." These activities could include seminars on the causes of domestic violence and child abuse.

After President Bill Clinton signed the 1996 welfare law, he gave states a large amount of discretion, saying he trusted them to help families become self-sufficient. The new rules limit the flexibility that states were granted in 1996. They define 12 acceptable types of work activity, including subsidized and unsubsidized employment, community service, on-the-job training, job search (usually limited to six weeks a year) and vocational education training (up to 12 months in a lifetime).

Federal officials said they were adopting uniform standards because the definition of work now varied from state to state, and even from year to year within the same state. As a result, they said, it is difficult to compare states' performance.

Today, as in 1996, many Democrats say the welfare law creates a perverse incentive. A state can comply by putting some people to work and by simply removing others from the rolls, regardless of whether they find jobs.

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In an executive order on Friday, Gov. John Lynch of New Hampshire, a Democrat, made clear that he wanted to meet the federal requirements not just by closing cases, but by moving people to "lasting employment and self-sufficiency." Mr. Lynch said he intended to increase child care, transportation, education and other services to help people stay off welfare.

States could avoid many restrictions of the 1996 law by providing assistance entirely with state money, through separate state programs.

Reid Threatens Member COLA (RC)

By Erin P. Billings

Roll Call, June 28, 2006

Seeking to leave town on a political high note, Senate Democratic leaders vowed on Tuesday to block their own annual pay raise unless Republicans also allow for a boost in the federal minimum wage.

Democrats offered few details about how they plan to carry out their promise to stop Congress' scheduled 2 percent pay hike from going into effect next January. But they said they have more than 40 Senate Democrats aligned behind them and will succeed in freezing Members' pay unless Congress approves a minimum wage increase by the end of the 109th.

"They can play all the games they want ... but we're going to do everything to stop the Congressional pay raise being put in — the right way, the wrong way or any way," said Senate Minority Leader Harry Reid (D-Nev.).

In recent weeks, House and Senate Democrats have been increasingly vocal about raising the minimum wage from its current $5.15 an hour to $7.25 an hour. The wage hike is part of the Democrats' national platform this year, and one of several domestic priorities they plan to tout heading into November.

Sen. Hillary Rodham Clinton (D-N.Y.) already has introduced a bill in the Senate tying a COLA freeze to a minimum wage boost, and in the House, Minority Whip Steny Hoyer (D-Md.) successfully added an amendment to the Labor, Health and Human Services and Education appropriations bill to boost the minimum wage to $7.25 an hour.

House Republican leaders had planned a floor vote on the Labor spending bill earlier this month but pulled it from the schedule fearing a defeat on the floor. Democrats have accused the GOP of holding the bill hostage over its distaste for the minimum wage amendment.

Hoyer said on Tuesday that "Democrats have made the minimum wage a top priority and will continue to push the issue any way we can."

Reid said it is unfair for Congress to accept a COLA for itself when millions of Americans are struggling to make ends meet. "We've had enough of it, and the American people have, too."

Republicans, however, accused the Democrats of engaging in a "political stunt" in an election year and said the minority won't get far with its latest tactic.

"In a week where the Democrats' main attack against Republicans is that we are putting politics first, it's an awfully interesting move," noted one Senate GOP aide.

Some Republicans support a halt to Congressional pay increases but generally see a minimum wage increase as a burden on small businesses working to make economic headway. The minimum wage has been set at $5.15 an hour since 1997.

Sen. Jon Kyl (Ariz.), the Senate GOP's policy chairman, said he'd love to have Democrats support in his ongoing efforts to sideline next year's scheduled COLA, but he believes they have a very slim chance at getting the minimum wage increase through.

"If they're still stuck on the provision they've offered, they don't have the votes this year," Kyl said, referring to a proposal by Sen. Edward Kennedy (D-Mass.) to increase the minimum wage to $7.25.

The Democratic challenge on the minimum wage comes during a week where the minority is trying to put Republicans on the defensive on a host of issues before the Senate breaks for the July Fourth recess. Democrats hope to counter Republicans attempts to frame the debate on Iraq war and immigration reform, while striking a chord of their own on those issues and others such as the minimum wage increase.

Senate Minority Whip Dick Durbin (Ill.) said Democrats clearly are trying to start a drumbeat on a long-standing priority.

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"We hope that we will not only send a message to the Republican leadership in Congress about these hardworking families, but that the voters will send a message on Nov. 7 that it's time for change," Durbin said.

While the COLA has not yet become a prominent issue in any Senate races this cycle, several Democratic challengers in the House have attempted to link Congressional pay to the minimum wage hike.

Banker Christine Jennings, a Democrat running for the open seat in Florida's 13th district, is one of the latest to do so.

Jennings will hold an event in Sarasota on Tuesday to pledge that, if elected, she will refuse a pay raise until the minimum wage is increased and will sign a copy of a written pledge to that effect.

"As your future Congresswoman, I promise to put the needs of working families ahead of fattening the salaries of members of Congress," she said in a statement.

The COLA would give House and Senate lawmakers an average $3,330 increase in their paychecks beginning in 2007, bringing rank-and-file Members' annual salary to $168,500. Elected members of the leadership are paid slightly more.

That pay raise is automatic unless lawmakers move to block it — typically through the Treasury appropriations bill, which has cleared the House and is scheduled for a Senate markup on July 20. It is unclear when that spending bill will hit the Senate floor.

On the House side, Majority Leader John Boehner (R-Ohio) said on Tuesday his chamber is "done" with the COLA this year. Rep. Jim Matheson (D-Utah) led efforts to curb the pay increase in that chamber two weeks ago.

Several Senators have long pushed to stop pay raises for Members, including Sen. Russ Feingold (D-Wis.), who last week said he once again plans to offer an amendment at some point to ensure a Senate vote on the issue.

Sen. Charles Schumer (D-N.Y.) said on Tuesday that "if tying the two together is the only way to get the minimum wage, we're all for it.

"Congress shouldn't be lining its pockets while hardworking Americans are struggling just to fill theirs."

Raising Minimum Wage Will Not Hurt Jobs, Dean Says (WT)

By Josh Rutledge

The Washington Times, June 28, 2006

Democratic National Committee Chairman Howard Dean yesterday dismissed as economic "mumbo jumbo" the argument that raising the minimum wage would cause unemployment.

The former Vermont governor made his claims during a conference of liberal Christians yesterday at National City Christian Church in Northwest, during which Mr. Dean was introduced to cheers and a standing ovation from a morning-session crowd of more than 600 people along with the Rev. Jim Wallis, the evangelical who founded the liberal religious magazine Sojourners.

"We believe that overcoming poverty must become a nonpartisan issue. We have called both Democrats and Republicans to address the issue," Mr. Wallis said.

When Mr. Wallis introduced Mr. Dean, the Democratic National Committee Chairman (DNC) chief began by saying he "felt right at home" among people praising Jesus.

"This is a moral nation, so the first thing we must do is convince people that poverty is a moral problem," Mr. Dean said. "It is a moral principle to raise the minimum wage. It is nothing but economist mumbo jumbo to say raising it will hurt jobs."

When Mr. Dean was running for the 2004 presidential nomination, he cause much skepticism about his claims to religious practice by citing Job as his favorite New Testament book and his account of leaving the Episcopal Church because of a dispute over a bike path.

The Dean speech came on the second-day of a three-day conference titled "Building a Covenant for a New America," which takes its title from an article earlier this year in Sojourners. Republican National Committee (RNC) Chairman Ken Mehlman was invited to share the stage with Mr. Dean, but organizers said yesterday that he declined.

The conference's sponsors include Sojourners and Call to Renewal, who say that its purpose is to mobilize support for a religious agenda to end poverty, both domestically and internationally. The conference's banners and handouts described raising the minimum wage as one of its three principal issues, the other two being child poverty in the United States and foreign aid.

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Christian Weller, senior economist at the Center for American Progress, said that a minimum wage increase from $5.15 to $7.25 would increase minimum wage earners' share of the nation's overall wealth.

"Profits are at their highest levels, but the purchasing power of the minimum wage is at its lowest since the 1950s. I think it is only fair to take a bit from the top and give it to the bottom," Mr. Weller said.

Adam Taylor, senior director of campaigns and organizing for Sojourners/Call to Renewal, urged his listeners to appeal to their representatives to increase this year's Foreign Operations budget to $5 billion.

After the speakers finished, the crowd gathered in the front of the Church, chanting in unison, "Hey hey, ho ho/poverty's got to go." They then proceeded down the streets, urging stalled drivers to honk if they wanted higher wages and waving signs that read, "Poverty Is Not A Family Value" and "Make Poverty History."

At a later gathering, Upper Senate Park on Capitol Hill, the Rev. Anthony Campolo said that "it's time for people of faith to stand up for what the Bible teaches."

"America will not be judged on how secure we make our people. We will be judged on how we treat the poor," he said.

Tensions Running High (RC)

By Mary Ann Akers

Roll Call, June 28, 2006

The exceedingly intense rivalry between Sens. Hillary Rodham Clinton (N.Y.) and Charles Schumer (N.Y.) embroiled just about everybody in the Senate Democratic leadership Tuesday, including Minority Leader Harry Reid (Nev.) and his spokeswoman.

Apparently, Clinton and her staff felt snubbed when party leaders organized a news conference in which they vowed to block efforts to give Members of Congress a pay raise until Congress approves an increase in the minimum wage. Clinton has introduced legislation along those lines, but she was not involved in planning the leadership's news conference to trumpet the issue.

Although Clinton, a close adviser of Reid's, was ultimately invited to attend the news conference, she was not told about the event until just hours before it began Tuesday.

While the noon event was hastily arranged — planning for it only began Monday night — a Clinton aide was apparently so furious that the Senator seemed to be left out of the loop that she bawled out ("reamed out" was how one source put it) a spokeswoman for Reid near the entrance to the Senate Radio-Television Gallery.

The Clinton aide, Laurie Rubiner, was overheard saying to Reid spokeswoman Rebecca Kirszner, "You suck" and "How could you do this?"

Sources say Clinton looked "visibly upset" at the news conference. (Paging Ken Mehlman; didn't you label Clinton the "angry" candidate?) She did not stay for the duration of the question-and-answer session.

Whatever thoughts she or her staff may have expressed to Democratic leaders and their aides before the event, Reid did introduce Clinton and single her out as being "on top of this issue."

"And I think it would have been really unfair not to have her here today," Reid said, "as she has had the vision to look down the road on this issue before some of the others."

One reporter who attended the news conference described Reid's comments as "a little weird" and "out of context."

The Democratic leaders — Reid, plus Schumer, who chairs the Democratic Senatorial Campaign Committee, Minority Whip Dick Durbin (Ill.) and Democratic Caucus Secretary Debbie Stabenow (Mich.) — met Monday night and decided to hold the news conference. First they scheduled it for 2:30 p.m. following the Tuesday Caucus lunches. Then they moved it up to noon.

Because the time switch threw off her schedule and she had other meetings to attend, Clinton had to leave early, her spokesman, Philippe Reines, told HOH.

He also jokingly denied that Rubiner had chewed out Kirszner, saying, "Laurie Rubiner did not say that to Rebecca. She said 'Nice work.' And she meant it."

Of the Senator, he said, "She was just very disappointed, and continues to be, that the federal minimum wage isn't higher."

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A Democratic leadership source told HOH that Rubiner later called Kirszner and apologized, and the apology was accepted. "All's well that ends well," the aide said.

Democratic sources also suggested that Clinton may be more irritated at Schumer than Reid.

One aide said that Schumer "had to have known that Hillary had a bill" on the minimum wage-pay raise issue during that planning meeting Monday night, yet he "didn't say a word" and didn't include her.

Phil Singer, Schumer's spokesman at the DSCC, rejected that notion out of hand, saying, "This issue starkly highlights the wrong priorities of Congressional Republicans, and we're all grateful for Sen. Clinton's leadership in bringing this issue to the forefront."

Rush Job. Rumors were swirling around Capitol Hill and beyond Tuesday that Rush Limbaugh is dating actress Mary Lynn Rajskub, who plays Chloe O'Brian on the Fox series "24." Though that still doesn't explain the unauthorized bottle of little blue pills (shhh, Viagra!) that customs agents found in Limbaugh's luggage at Palm Beach International Airport on Monday.

The conservative radio talk show host hinted on his show Tuesday that he went on a boys-only trip with the cast of "24." Chloe is no boy. If you saw the papers over the weekend, including The Washington Post, there were photos of Limbaugh planting a big kiss right on Rajskub's lips during a dog-and-pony event at the Heritage Foundation.

No one at Heritage seemed to know whether Limbaugh and Rajskub were more than photo-op kissing buddies. A spokeswoman for Heritage who asked not to be named told HOH, "Nobody knows. Several people have been asking today. I have no idea."

Our guess is, probably not. Though why would Rush take Viagra on a boys-only trip?

He joked about the incident on-air Tuesday, on 630 WMAL, after getting caught having apparently traded in the hard stuff for the stuff that makes one hard. (Last month Limbaugh reached a deal with prosecutors on charges involving prescription painkillers.)

Limbaugh asked, "How did Bob Dole's luggage get on my plane?" And he said, "I told my doctor I needed help with the ELECTION."

We called Julie Talbott, a spokeswoman for Premiere Radio Network, and asked her whether Rush was dating "Chloe." Shockingly she told us, "No comment."

At least Limbaugh's ex-girlfriend, CNN anchor Daryn Kagan, didn't have to break the Viagra news on air. Tuesday morning's live coverage began, "I'm Tony Harris. Daryn Kagan has the day off."

Whew!!

Here She Comes. Usually David All is earnestly flacking for his boss, House GOP Conference Vice Chairman Jack Kingston (Ga.). But lately, the ambitious young press secretary has been flacking for his No. 1 gal, Branda Napper, who this weekend — drum roll please — will compete for the title of Miss District of Columbia.

Napper, an aide in the public affairs office at the Department of Homeland Security, is slated to be one of 11 finalists vying for the Miss D.C. crown this Saturday at the University of the District of Columbia on Connecticut Avenue Northwest.

All has been rallying his friends far and wide to get out and support the lovely 24-year-old Ms. Napper this weekend. But as he told HOH, "Branda doesn't need my help to win. She could charm the likes of Simon Cowell and can dance better than Shakira. I'm most useful standing behind her and supporting her through it all."

It's a rigorous challenge, but somebody's gotta do it. As her issue, Napper is focusing on heart disease. She'll wear a two-piece in the swim suit competition and an evening gown that her beau has already seen.

Napper noted that last year's Miss D.C. had "80 friends and family in her cheering section; with that kind of support it is not surprise that she won the title and went on to place fifth at Miss America."

So, get on out there, folks! "Bran-da! Bran-da! Bran-da!"

The Reliable Source (WP)

By Amy Argetsinger And Roxanne Roberts

The Washington Post, June 28, 2006

Oh, Deer, This May Not Be the Right House

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Bambi has jumped into politics -- well, at least into Dick Cheney's yard. Last week, a fully grown deer was spotted inside the fence of the Naval Observatory grounds in a wooded area near Observatory Circle.

But how? The veep's house is surrounded by a high fence and -- we assume -- a bunch of other top-secret stuff like motion detectors and radar. In this day and age, nothing the size of a deer meanders around the 40-acre property unless the Secret Service gives it special security clearance.

"It's not uncommon for deer to be there," explained Bill Anderson of Naval District Washington. "They do kind of wander in and out the front gate area and they eat their grasses. We aren't stopping them from walking around the property."

The deer do not affect "at all" the vice president or the house, said Anderson. But he added that the Park Service is preparing an environmental impact statement to look at the "options" for dealing with the four-legged trespassers. Uh-oh! Seem to recall that someone on the premises likes to hunt.

Love, Etc.

? Disengaged: It was like a made-for-MTV movie: the congressman's daughter who melted the heart of the gangsta rapper. In March, The Game , 26, was secretly engaged to Valeisha Butterfield , 28, daughter of first-term Rep. G.K. Butterfield (D-N.C.), according to the exclusive interview the two gave to Jamie Foster Brown in the July issue of Sister 2 Sister magazine. (Other details: They didn't sleep together until after he proposed with a 19-carat diamond; Dad "gave him the third degree" when they met.) But media outlets ranging from Allhiphop.com to the Hill newspaper rushed to investigate -- didn't the drug-dealer-turned-platinum-seller just show up at the "Waist Deep" premiere with a different gal? Seems a lot can happen between press time and the newsstand. "After a long friendship and a brief engagement, they decided to continue on as friends," said Rep. Butterfield's spokesman, Ken Willis .Valeisha, who works in NYC for Russell Simmons's Hip-Hop Summit Action Network, returned the ring. What did Dad think about the whole thing? "He didn't pass on much about his meeting, to tell you the truth," said Willis.

Quoted

"Why was Bob Dole's luggage on my plane? . . . Customs just didn't believe me when I told them I got the pills at the Clinton Library Gift Shop and I was told they were just blue M&Ms. . . . I told my doctor I was worried about the next ELECTION."

-- Rush Limbaugh on his radio show yesterday, trying a little stand-up humor about customs agents finding Viagra (without a proper prescription) in his suitcase Monday.

OTHER NEWS:

Home Sales Sink; Rates, Inventory Rise (USAT)

By Noelle Knox

USA Today, June 28, 2006

Rising interest rates are making it increasingly hard to buy a home and are putting the brakes on the nation's most expensive housing markets.

The latest evidence came Tuesday from the National Association of Realtors, which said sales of existing homes fell 6% from January to May. The drop was worse for single-family homes, whose sales posted their steepest drop in 11 years. The number of homes for sale, meantime, rose sharply last month, a sign of slackening demand.

“The one thing that's changing my forecast is the Federal Reserve,” said David Lereah, the NAR's chief economist, who said he now expects home sales to fall as much as 8% this year, instead of the 5% drop he projected in January. “The market is expecting several more interest rate hikes from the Fed, and that could harm some of our nation's cooling housing markets.”

The Fed is expected to raise its target for short-term rates later this week for the 17th time in two years. Previous increases are already shutting out some buyers. Last week, the average 30-year, fixed-rate loan was at 6.7%, a four-year high, up from 5.57% a year ago. Someone who borrowed the full $230,000 for a median-priced home would have monthly principal and interest payments of $1,484 vs. $1,316 a year ago.

Rising rates are even more dangerous for people with adjustable-rate mortgages that will later reset to much higher rates. In San Diego, where the median home price is $607,000, 74% of buyers last year took out loans that let them pay only the interest or even less, according to LoanPerformance.

Thirteen major metro areas face a 50% or greater chance of declining prices in the next two years, according to PMI Mortgage Insurance, which released its latest market risk index on Tuesday.

Still, most experts see no sudden collapse of prices. “We're seeing an orderly slowdown,” says Mark Milner of PMI.

In May, the median price of a single-family home hit $229,700, up 6.4% from a year ago. Existing-home sales fell 1.2% from April. There's now a 6½-month supply, a sign of a balanced market.

Rising prices are scaring away investors in resort and second-home areas. The number of condos for sale in Las Vegas is up 67% from last year. The lack of investors is “the whole story of the (Las Vegas) market,” says Dennis Smith of Home Builders Research. “Same in California and Phoenix.”

Some areas that never saw frenzied buying still report strong markets. Texas, North Carolina and New Mexico are seeing double-digit gains in home sales. Still, the confidence index of the nation's home builders has fallen to its lowest level since 1995. Monday, Lennar became the fifth home builder in recent weeks to warn investors of lower orders and more cancellations.

Existing-Home Sales Fall 1.2% As Consumer Confidence Rises (WSJ)

The Wall Street Journal, June 28, 2006

WASHINGTON -- Sales of existing homes fell in May for the seventh time in nine months as interest rates rose, but the mood of the consumer brightened a bit in June.

Sales of existing homes in May were at a 6.67 million annual rate, down 1.2% from April, the National Association of Realtors said. "Although mortgage interest rates remain historically low, the uptrend in interest rates this year is affecting those buyers who are at the margins of affordability," NAR's chief economist, David Lereah, said. The average rate on a 30-year fixed-rate mortgage in May was 6.6%, up from 6.5% in April, according to Freddie Mac.

Meanwhile, the Conference Board said its consumer-confidence index, which had decreased in May, posted a slight increase in June. Consumer attitudes toward the state of the economy deteriorated, but their outlook improved.

The Realtors said the inventory of unsold homes on the market increased to 6.5 months, from April's revised 6.1 months. A rule of thumb in the industry is that there is a buyer's market any time the inventory of unsold homes exceeds six months.

The median home price increased to $230,000, up 3.6% from a revised $222,000 in April and 6% above the May 2005 level of $217,000. The median existing condo price was $229,300 in May, up 1.9% from the year-earlier level.

Sales fell 3.8% in the Midwest and 4.2% in the Northeast, and they rose 0.7% in the West and 0.4% in the South. The report came a day after the government reported that sales of newly built homes rose 4.6% in May.

The Conference Board's consumer-confidence index now stands at 105.7, up from 104.7 in May.

"The slight bounce back in confidence this month was a result of the moderate improvement in consumers' expectations," said Lynn Franco, director of the Conference Board's Consumer Research Center. "Despite the uptick, consumers remain concerned about the short-term outlook. Furthermore, the Present Situation Index lost ground for the second consecutive month, a signal that the economy is shifting into lower gear heading into the second half of this year."

Economists Expect More Rate Increases This Summer (USAT)

By Barbara Hagenbaugh

USA Today, June 28, 2006

WASHINGTON — Federal Reserve policymakers may have a busy summer ahead.

Fed Chairman Ben Bernanke and his colleagues are widely expected to raise interest rates by a quarter-percentage point for the 17th time in two years at the conclusion of their two-day meeting Thursday.

And in a bid to thwart inflation, a number of economists, including those at UBS, Lehman Bros. and Bank of America, are predicting the Fed will continue raising rates at its meeting on Aug. 8 and perhaps again later in the year.

Such expectations are a big change from just a few weeks ago, when many economists weren't sure if the Fed would raise rates this month, let alone later in the year. But since then, inflation measures have been coming in higher and a number of Fed officials, including Bernanke, have been warning that inflation is outside their comfort zones.

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"There's enough of a pickup going on (in inflation) that it's a challenge to the Fed," Lehman Bros. chief U.S. economist Ethan Harris says. He expects U.S. central bankers will raise rates twice after Thursday to send a signal that the Fed is aggressively fighting inflation.

An increase this week would bring the Fed's target for short-term interest rates, which influence borrowing costs for everything from mortgages to car loans, to 5.25%, the highest since January 2001.

Investors and economists will be closely scrutinizing the Fed's post-meeting statement Thursday to get a better idea of what the Fed will do next, Nomura Securities chief economist David Resler says. The Dow Jones industrial average fell 120.54 points Tuesday to 10,924.74 in advance of the Fed meeting.

The median answer of 20 economists surveyed by the Bond Market Association June 12-19 was that the Fed would raise rates by a quarter-percentage point once more before the end of 2006, the group said Tuesday. Some expected rates would hit 5.75%.

Fed policymakers are facing a tough balancing act, says Robert DiClemente, Citigroup chief U.S. economist and chairman of the Bond Market Association's economic advisory committee.

While the economy has been slowing to a more moderate level, as expected, there has been some "public anxiety" about inflation after reports showing a broad increase in prices in recent months, he said. Fed policymakers must address those concerns to maintain the public's confidence even though price pressures are expected to ease later in the year.

There was some good news on that front Tuesday. Consumers' inflation expectations fell in June after increasing the prior two months, the Conference Board said in a monthly report on consumer confidence.

Higher Rates Begin To Slow Growth (CSM)

By Ron Scherer

The Christian Science Monitor, June 28, 2006

NEW YORK

Starting next week, Sallie Mae will reset the interest rates on some student loans almost two full percentage points higher than last July. The change will add $5,123 in additional interest to the cost of a college education.

In August, Ty's Toy Box, a small but growing company in northern Kentucky, will renegotiate bank loans - money it needs to finance growth. In the past two years, the interest rate the company pays is already up 1-3/4 percentage points.

As for executives at the Brooklyn-based Dunn Development Corp., which builds affordable housing, they figure it will cost more to borrow money in the future. This will put pressure on the developer to raise rents on their low- and middle-income tenants.

These are just some of the ways past interest-rate increases are rippling through the economy. Economists expect yet another 0.25 percentage point hike Thursday, the Fed's 17th consecutive increase. This will boost short-term interest rates to 5.25 percent, up from 1 percent in April of 2004.

Economists believe the continual rate hikes are finally starting to act as a brake on the economy.

The expectation is for economic growth to slow from 5 percent in the first quarter to about 3 percent for the rest of the year. Tuesday saw yet another sign of rising interest rates: Existing home sales in May dipped 1.2 percent, the third drop in five months. The Conference Board, a business research group, also predicted Tuesday a slowing economy even as its consumer confidence index has edged up slightly.

If the economic data continues to soften, economists anticipate the Fed will want to pause and try to judge how much the higher cost of borrowing money is crimping economic activity.

"At this point the Fed knows there is enough tightening in the pipeline to arrest inflationary pressures and prevent the situation from getting out of control," says Anthony Chan, a New York-based economist at JP Morgan Private Client Services.

"The only reason the Fed has not stopped is the markets - the new Fed chairman, Ben Bernanke, is the new sheriff in town and has to maintain his reputation as an inflation fighter."

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The cost of education illustrates the complex effect of climbing interest rates on consumers' pockets. Sallie Mae changes its student loan interest rates only once a year based on the last Treasury bill auction in May. In the past year, that rate has increased nearly two percentage points.

However, the company also gave students thechance earlier this month to consolidate loans and lock-in lower interest rates. An interest-rate savvy student who consolidated would now be saving thousands of dollars in interest.

"We have seen an extraordinary pace of consolidation," says Pat Scherschel, vice president of loan consolidation in Indianapolis.

"Borrowers are rate-sensitive and know a good deal when they see one."

However, there is no doubt interest-rate increases in the housing market are steadily making it more expensive to buy a house. A year ago, a home-buyer would have paid 5.5 percent for a 30-year fixed-rate mortgage. Today, the rate is 6.67 percent. On a $250,000 loan, that would cost an additional $181 a month.

For an adjustable-rate mortgage, the increase is even more expensive. It now costs $308 more each month than a year ago.

The higher rates are definitely having a negative impact on housing demand, says Jim Svinth, the Irvine, California-based chief economist at LendingTree, an online mortgage loan company.

At the moment, he says, the higher rates affect mostly "folks who are really stretching to qualify for, and pay, their mortgage."

Lower-income folks may feel the rising rates more than most.

For example, Dunn Development says higher interest rates in the future will pressure them to raise rents.

"Market-rate guys can pass it on to their market-rate owners or renters, but for our affordable housing buildings, we have a fixed rent and can't do that," says Ben Kornfeind. "For us, it eats into our building."

Main street business also feels the impact of rising rates fairly quickly. Ty's Toy Box has a line of credit that is pegged to the prime interest rate, which has increased in line with each Federal Reserve hike.

So far, the rate rises have yet to slow down Ty's Toy Box, which has found a niche in online toy marketing, DVDs, and T-shirts of cartoon characters ignored by larger companies.

But, the owner of the company, Ty Simpson, says his rising interest cost comes right out of his bottom line.

"Every percentage makes a difference. We don't operate on huge margins," he says.

So far, Mr. Simpson has been able to avoid passing his higher interest costs to customers. But, he says, the rising rates are something he'll have to watch.

"In August, we'll probably have to look at it," says Simpson.

Wall Street Tumbles Ahead Of Fed Meeting (FT)

By John O'Doherty

Financial Times, June 28, 2006

Wall Street ended lower on Tuesday as investors awaited the outcome of the two-day meeting of the US Federal Reserve's rate-setting body, which starts on Wednesday.

At the close, the S&P 500 was down 0.9 per cent, or 11.36 points, at 1,239.20. The Nasdaq Composite was down 1.6 per cent, or 33.42 points, at 2,100.25. The Dow Jones Industrial Average was down 1.1 per cent, or 120.54 points, at 10,924.74.

The falls followed news that consumer confidence in June rose more than expected while sales of existing homes fell slightly less than forecast.

Ken Tower, chief market strategist at CyberTrader, said the data would add pressure for the Federal Reserve to raise rates. "As long as the economy is stronger than expected, it's an inflation threat," he said.

Univision rose 6.2 per cent to $34.00, after the company's board agreed to sell the Spanish language broadcaster for $12.3bn in cash to a consortium of investors that includes media executive Haim Saban and several private equity groups.

Tribune Group jumped 5.1 per cent to $32.47 after the company said it had completed phase one of its $2bn stock buyback programme.

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Troubled carmaker General Motors tumbled 6.7 per cent to $25.90, its worst day since December, after the company said overall sales for 2006 were likely to come in below 2005 levels.

Chemical maker Dupont fell 2.8 per cent to $40.88. French energy and telecommunications group Vivendi on Tuesday announced it had sold its 1.8 per cent stake in the company.

Crude oil rose to settle just below $72 a barrel, giving a fillip to energy stocks. Marathon Oil added 3.8 per cent to $79.81 and Hess Corporation gained 2.8 per cent to $48.20.

The rising oil price dented airline stocks. United Airlines dropped 5.5 per cent to $30.12, and US Airways lost 3.2 per cent to $48.04.

News that Intel would sell its communications processor business to Marvell Technology to concentrate on its core business dragged down rival Advanced Micro Devices, which fell 1.6 per cent to $24.26. The Philadelphia Stock Exchange Semiconductor index dropped 3.8 per cent.

Nasdaq fell 5.5 per cent to $26.64, even as the company's chief executive said that concerns that companies were choosing to list on foreign rather than domestic exchanges were overstated.

Biomet and Zimmer Holdings, the medical products makers, continued to slide following their announcements on Monday that they had received subpoenas from the Department of Justice in relation to an anti-trust investigation. Biomet fell 6 per cent to $31.19 and Zimmer shed 4.9 per cent to $55.80.

Reports that Google would test its online payment system this week worried investors in Ebay, which owns the Paypal system. Ebay fell 5 per cent to $28.25.

Stocks Sink Ahead Of Fed's Meeting (USAT)

By Matt Krantz

USA Today, June 28, 2006

Traders dumped stocks Tuesday, not wanting to step in front of a Federal Reserve meeting this week that could bring higher short-term interest rates.

Tech stocks were clobbered as Wall Street braced for Thursday, when the Fed will announce the result of its two-day meeting. The Nasdaq composite fell 33.42 points, or 1.6%, to 2100.25.

It was a dubious occasion for the Nasdaq, because Tuesday marked the 2,000th trading day since the Nasdaq first crossed above 2,000, says Fane Lozman, chairman of Scanshift.com. The Nasdaq is just 100 points above that level first reached nearly eight years ago and remains 58% below its high set in 2000. The index is off 4.8% this year.

A sell-off in already splintered shares of home builders dragged the Standard & Poor's 500 index down 11.36 points, or 0.9%, to 1239.20. Home builders KB Home and Pulte shed 3.5% and 2.2%, respectively, on housing market data showing existing home sales fell again, dropping 1.2% in May (story, 1B). The S&P 500 has lost 0.7% of its value this year. But Tuesday still was the 831st trading day the S&P has gone without a 10% drop, the second-longest streak.

And the Dow Jones industrial average sagged 120.54 points, or 1.1%, to 10,924.74. That was enough to lower the Dow's gain this year to 1.9%.

Joseph Saluzzi, trader at Themis Trading, says there wasn't a single piece of news that sent investors running. It's possible the rise in the Conference Board's measure of consumer confidence worried some investors about inflation, he says. "Everyone is a bear right now; no one wants to step up," he says.

Those worries will pass, says Charles Crane, strategist at Scotsman Capital. "Once traders get past the myopic obsession with every little economic wiggle that could influence inflation, we'll have the luxury of looking at the big picture," he says.

That big picture includes a solid economy, corporate earnings growth and reasonable stock valuations, he says. "Add those together, and you have the recipe for a satisfactory stock market in the second half of the year," he says.

General Motors fell $1.85 to $25.90 after warning 2006 auto sales might miss last year's levels due to higher interest rates and gas prices.

•Universal Compression, a maker of devices that handle natural gas, soared $5.28 to $59.61. The company plans to sell shares of a unit as an initial public offering.

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Stocks Tumble In Broad Selling Ahead Of The Fed (WSJ)

By Peter A. McKay

The Wall Street Journal, June 28, 2006

It was a bad day for companies that make things. Woes at most of the Dow Jones Industrial Average's truly industrial component companies sent the market tumbling more than 120 points.

General Motors shares nosedived 6.7% on worries about the auto makers' second-quarter sales. In particular, GM executives warned that year-over-year sales comparisons would be "brutal," considering that last year's totals were boosted by retail incentives programs.

Other Dow components that fared poorly included Boeing, which announced that it is weighing the future of its troubled communications unit Connexion. And Vivendi SA announced that it is selling a stake in E.I. DuPont de Nemours & Co., commonly known as DuPont, in order to remove a tax liability from its balance sheet. Shares in Boeing and DuPont each fell more than 2%. Also, 3M shares fell 1.9%.

All together, the Dow shed 120.54 points, or 1.1%, to close at 10924.74, up 1.9% this year. The Standard & Poor's 500-stock index fell 0.9%, or 11.36 points, to 1239.20, off 0.7% for the year. And the Nasdaq Composite Index fell 1.6%, or 33.42 points, to 2100.25, off 4.8% for the year.

Two new pieces of economic data defied Wall Street expectations, in turn raising fears of higher interest rates ahead of the two-day meeting of Federal Reserve policymakers that begins today and ends tomorrow.

According to the National Association of Realtors, sales of existing homes fell 1.2% in May, smaller than the 1.8% drop expected by Wall Street. Also, the Conference Board reported that its consumer-confidence index rose to 105.7 in June, contrary to expectations for a dip.

Many investors fear the U.S. central bank will prolong its series of interest-rate increases beyond this summer. The Fed is widely expected to make another quarter-point increase in its key interest rate to 5.25% at this week's meeting. Prices of federal-funds futures on the Chicago Board of Trade yesterday reflected nearly 100% certainty by traders regarding such a move.

"A quarter-point hike, at this point, is entirely consistent with the Fed's desire to fight inflation," said Mickey Levy, chief economist at Bank of America. "In their statement, I think they will also acknowledge there's been upward pressure on inflation recently."

In major U.S. market action:

Bond prices rose. The 10-year Treasury note rose 9/32, or $2.8125 for each $1,000 invested, pushing the yield down to 5.208%. The 30-year Treasury rose 19/32 to yield 5.237%.

The dollar was mixed. Late in New York, it traded at 116.28 yen, slightly down from 116.29 yen. The euro was unchanged against the greenback, at $1.2581.

As GOP Ties To Corruption Mount, Democrats Differ Over Strategy (AP)

By David Hammer

AP, June 27, 2006

WASHINGTON - Democrats are split over how to attack unfolding corruption scandals involving Republicans: Continue to hammer away at what they call a culture of corruption or focus on their own candidates' ideas.

Democrats believe more than ever that Republican ethical problems in Ohio make the state a key battleground this November's midterm elections. In recent weeks, another former official from Gov. Bob Taft's administration has been charged with ethics law violations, and more details about lobbyists' allegations that Rep. Bob Ney accepted gifts for official acts have emerged in the Justice Department's investigation of congressional corruption.

By and large, state Democrats see corruption as a pervasive and distinctly Republican problem in Ohio that they must exploit in every competitive race, while national Democrats' zeal has been tempered by a bribery investigation against one of their own, Rep. William Jefferson of Louisiana. They fear their challengers in Ohio won't break through against GOP opponents who face no specific corruption allegations by harping on their ties to Taft, Ney or indicted coin dealer and party fundraiser Tom Noe.

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Corruption allegations have to be specific to the opposing candidate to be successful, said Craig Smith, a veteran strategist of national Democratic campaigns who also advised Columbus Mayor Michael Coleman on his short-lived run for Ohio governor.

"We've found that if one candidate says all corruption is on the other side, voters will believe that; but if the opponent comes back and says they're all corrupt on that side, too, voters will believe that, too," Smith said.

The national Democrats' issues-first perspective can be seen in one of their most favored challengers - Rep. Sherrod Brown, who is running for Senate against GOP Sen. Mike DeWine. Brown has largely stopped talking about DeWine's time as lieutenant governor in the early 1990s as a way to connect the two-term senator to Taft, who was secretary of state at the time.

"Ohio voters are at best unhappy and at worst angry at Republicans, but that's a peripheral fact," Brown spokeswoman Joanna Kuebler said. "Specific to Mike DeWine, it's got to be more about the issues."

So, Brown has begun to attack DeWine for his support for an overhaul of Medicare, plans to privatize Social Security and free trade agreements with foreign governments.

But the Ohio Democratic Party says Ohio candidates have a unique opportunity to focus on corruption.

"National polls repeatedly indicate that voters paint corruption with a broad brush, but in Ohio, largely because one party has been in control for so long, the public equates corruption with Republicans," state party spokesman Brian Rothenberg said.

Republicans have controlled the governor's office for 16 years and both branches of the Legislature since 1994.

Rothenberg said corruption is a clear theme for Democrat Zack Space in his race against Ney, and will be just as important for Mary Jo Kilroy against Rep. Deborah Pryce and for John Cranley against Rep. Steve Chabot - even though Pryce and Chabot are not connected to scandals by anything more than party.

Although the chairman of their national House campaign organization has said, "Ohio isn't a pretty picture," the GOP is gaining confidence. The party sees as a sign of things to come in Ohio the Democrats' failure to win a special election earlier this month for the San Diego congressional seat vacated by former GOP Rep. Randy "Duke" Cunningham, who is in prison on bribery charges.

"That election showed voters are more interested in tangible issues and how each candidate addresses the issues than in name-calling and mudslinging," said Aaron McLear, spokesman for the Republican National Committee.

Even Space is starting to look for other issues with which to attack Ney. So far, Space has focused almost exclusively on Ney's ties to disgraced lobbyist Jack Abramoff. But once he finishes with a fundraising push, he says he'll start to try to distinguish his own positions on health care and labor issues - which will be difficult because Ney has often broken with his party to back his poorer constituents.

Ney has maintained his innocence and repeatedly refused to step down or give up his re-election campaign, even if he were to be indicted before Election Day. Space says he should step down, but intimated that Ney would be easier to beat than almost any replacement in the Republican district.

"There's a difference between what I think he (Ney) ought to do and what I want him to do," Space said with a laugh.

ON THE NET

Republican National Committee: http://www.gop.com/

Democratic Congressional Campaign Committee: http://www.dccc.org/

Poll Shows Americans Keeping An Eye On Congress (USAT)

By Susan Page

USA Today, June 28, 2006

WASHINGTON — Americans are paying unusually close attention to the congressional elections in November, a USA TODAY/Gallup Poll finds. They are more inclined to deliver significant gains to Democrats than in any year since Republicans won control of the House and Senate in 1994.

Those surveyed are more concerned about national issues than local ones — a situation that favors Democrats hoping to tap discontent over the Iraq war and gasoline prices — and prefer Democrats over Republicans on handling every major issue except terrorism.

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President Bush looms as a significant drag: 40% of Americans say they are less likely to vote for a candidate who supports Bush. A fifth say they are more likely.

"At this point, it certainly looks like a significant tilt to the Democrats, but it's still early," says James Campbell, a political scientist at the University of Buffalo and author of The Presidential Pulse of Congressional Elections. He says the Democratic advantage could narrow over the next four months if voters see the election more as a choice between two candidates and less as a referendum on the president.

House Democrats, including Minority Leader Nancy Pelosi of California, express optimism about prospects they will pick up the 15 seats needed to take control. They are hampered, though, by the limited number of competitive districts. The non-partisan Cook Political Report now ranks 35 GOP-held seats as competitive.

"Things are difficult, and there's a reasonable chance we'll lose some seats in both bodies," says Republican pollster David Winston. "But at the moment the majorities look reasonably solid because Democrats haven't put into play the sort of seats they need to."

The poll of 1,000 adults Friday through Sunday has an error margin of +/-3 percentage points.

Among the findings:

•Americans are interested in the election at levels not usually seen in non-presidential years. More than a third have thought "quite a lot" about the congressional elections. Seven of 10 say they are very motivated to get out and vote this year.

•Democrats are particularly engaged: 56% say they are "more enthusiastic about voting than usual," the highest level recorded since the question was first asked in 1994. Among Republicans, 43% say they are more enthusiastic than usual.

•Americans are increasingly likely to identify themselves as Democrats. Including those who "lean" to one party or the other, 55% call themselves Democrats; 38%, Republicans. That's the biggest edge for Democrats since 1998. By 54%-38%, the registered voters surveyed say they'd vote for a Democratic congressional candidate over a Republican one if the election were held today.

•That said, voters aren't particularly enamored of Democratic officeholders. Congressional Democrats have an approval rating of just 38%, 1 percentage point above Bush and 5 points above congressional Republicans.

•Democrats are preferred by double digits to Republicans on four of the five top-ranked issues: Iraq, government corruption, the economy and health care. Republicans are preferred by 11 percentage points on handling terrorism.

•Only 39% say most members of Congress deserve re-election, but 61% say their own representative does. That disparity is common and no guarantee to incumbents. The numbers were similar in July 1994, the year Democrats lost 54 House seats. Then, 60% said their representative deserved re-election; 41% said most members did.

Lack Of Messenger Bedevils Democrats (RC)

By Erin P. Billings

Roll Call, June 28, 2006

Congressional Democrats have spent more than a year struggling to craft what they hope is a winning message and agenda, but their biggest challenge may be one they can't fix with focus groups and slogans: lack of a singular messenger.

In a perennial problem for a minority, Democrats are denied both the bully pulpit of the White House and the instant credibility of a Speaker or Senate Majority Leader. And many view the top national Democratic leaders as either too polarizing to unify the party or too obscure to command widespread attention.

"It's a major problem," said one senior Democratic Congressional aide. "People already feel that it's not clear what Democrats stand for, and this just exacerbates that because [voters] can't think of any one person and one message" who speaks for all of them.

Democrats have ratcheted up their hopes for major victories this fall with a nationalized campaign message focused on alleged GOP corruption and failed Republican policies ranging from national security to health care and, most recently, the minimum wage.

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While emboldened by President Bush's sagging poll numbers and internal GOP divisions on key issues, Democrats also acknowledge they face major challenges in convincing voters to hand them power them without a prominent figure to call their drumbeat.

The Democratic leadership consists of three major players; Senate Minority Leader Harry Reid (Nev.), a social moderate who prefers to play a behind-the-scenes strategic role than that of spokesman; House Minority Leader Nancy Pelosi (Calif.), an outspoken liberal who enjoys the spotlight but is viewed as too far to the left for many in her party; and outspoken Democratic National Committee Chairman Howard Dean, arguably the Democrat whom Republicans most love to hate.

Other Democrats share a high public profile, including Sens. Hillary Rodham Clinton (N.Y.), John Kerry (Mass.), Edward Kennedy (Mass.) and increasingly newcomer Barack Obama (Ill.), but most have their own separate political ambitions or agendas that so far have kept them from becoming unifying figures.

Reid spokesman Jim Manley said Democrats understand they cannot compete with the built-in message advantage of the White House, and as such they must tap into a variety of leading party voices to articulate their agenda.

He said that, from coordinating national activities and crafting an agenda to setting up a powerful communications "war room," Democrats are doing the best they can as a minority party seeking to oust the party in power.

"Under the leadership of Sen. Reid and Congresswoman Pelosi, we've done a better job than ever before weaving a seamless relationship between all the different Democratic [factions]," Manley said.

"Republicans control the House, Senate and White House," Manley added. "They have the megaphone of the White House, we do not. So, what we need to do get our best people out there to talk about the message, day in and day out. That's what we are doing."

Sen. Dianne Feinstein (D-Calif.) said she doesn't worry about the lack of a singular messenger right now. She said 2006 is no different from other midterm election years when the White House isn't up for grabs and the minority hasn't rallied around its next presidential nominee: "It's the way it always is when we are in between presidential campaigns."

"I don't think it's a concern right now," echoed Sen. Frank Lautenberg (D-N.J.). "The midterms are about individual races. One has to speak about the issues that that individual is concerned about. Next election, of course" it matters.

Still, Democrats acknowledge there are hurdles to overcome. They argue that without the podium the Republicans enjoy, they must simply work harder and push their ideas more aggressively as a party to articulate their vision for the country.

"We have to speak up," Lautenberg said. "We're not yet speaking with one voice. But hopefully when we become the majority, we will speak with one voice."

"There doesn't have to be one face," added Senate Democratic Caucus Secretary Debbie Stabenow (Mich.). "Every Senators' [face] is the face of their state. Ultimately, I am the voice in Michigan, and ultimately each Member is the voice in their state."

The diversity of opinion within the party probably was never more evident than over the past two weeks when both the House and Senate debated the Iraq war, and Democrats continued to display their differences on how best to conclude the conflict. In both chambers, Democrats failed to agree among themselves on whether or when to withdraw troops — a point Republicans relished in reinforcing.

"There have definitely been efforts to join together on slogans like 'New Direction,' but we've also parted ways, and that's diluted the significance," noted the senior Congressional staffer.

Senate Republican Conference Chairman Rick Santorum (Pa.) said Democrats' problem in appealing to a majority of Americans is twofold: Their message lacks substance and their bench of leaders is thin.

"It's not good for them," Santorum said.

Democrats kicked off 2006 with plans to show the electorate who they are as a party, and where they would take the country if put in charge next year. After months of internal party discussion, Reid and Pelosi launched a campaign platform of anti-corruption, stronger national security and a renewed emphasis on domestic priorities of health care, energy reform, fiscal discipline and economic stability.

That effort came after several cycles of criticism both within the party and from the outside, that Democrats failed to adequately define themselves when victory appeared within their grasp.

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A senior House Democratic aide said while the party could certainly use a powerful messenger, the bigger problem may be in the message itself, one this staffer suggested is simply rehash of the same old Democratic positions.

"You need something that Members and candidates want to talk about on the stump, not something that goes from fax machine to trash," this aide said. "The [1994] 'Contract with America' made bold reform pronouncements ... it was bold enough to attract media attention on its own. It was clear that the Republicans, in 1994, were offering something different."

Still, Democrats believe they are more united than they've been in recent memory, and more than ever they agree that Republicans and Bush have taken the country in the wrong direction on most major policies, particularly in Iraq. They argue that while they don't always share the same exact viewpoints, they are together on most major policies, and articulating their positions in the toughest of political environments.

"It's always a challenge for the party in the minority," said Sen. Tim Johnson (D-S.D.). "It's even doubly so for a party with as large a tent as the Democrats have.

"All we can do is speak out as ably as we can."

Emanuel Puts Reynolds In The DCCC's Crosshairs (HILL)

By Jonathan E. Kaplan

The Hill, June 28, 2006

Former Rep. George Nethercutt (R-Wash.) was branded a giant-slayer in 1994 when he defeated Speaker Thomas Foley (D-Wash.), adding a finishing kick in the gut to the beating the Democrats took that year.

In this November's midterm elections, Democrats would like nothing better than to make an example of a Republican leader and they have Rep. Tom Reynolds (R-N.Y.), chairman of the National Republican Congressional Committee (NRCC), in their crosshairs.

Speaking to reporters last month, Reynolds suggested that he and Democratic Congressional Campaign Committee (DCCC) Chairman Rahm Emanuel (D-Ill.) are like two tennis players and Emanuel has forced Reynolds to raise the level of his game.

Emanuel late last year downplayed any rivalry with Reynolds, saying that they are friends. He also said Reynolds was one of the first to call him after he was appointed to head the DCCC.

But the gentlemanly respect stops there.

Not only has Emanuel recruited multimillionaire Democrat Jack Davis, whom Reynolds defeated in 2004 with 56 percent of the vote, but the two chairmen have spent the past nine months trash-talking while trading allegations of corruption.

Last week, the DCCC prepared a memorandum for The Hill tying President Bush and Reynolds to the economy in western New York and suburban Buffalo.

"I think Bush's performance and his numbers, and most importantly his record, is wholeheartedly rejected in the northeast and Midwest," Emanuel said last week in an interview with The Hill when asked if Reynolds should be worried about his own seat.

During a March interview on C-SPAN, Reynolds touted what he called the "Bush boom" across the country and the need to get the message out.

"Even in upstate N.Y. where jobs are a tough, tough scene and hard to come by, we're seeing production orders, we're seeing other types of things where businesses that are flourishing and there are some success stories," Reynolds said.

Reynolds spokesman L.D. Platt dismissed the DCCC memo, saying, "Rahm should pay more attention to his own district's job losses instead of helping his liberal candidates disguise their support for job-killing tax increases in western New York."

As examples of recent economic growth, Reynolds cited last Saturday's Democrat & Chronicle in Rochester, N.Y., which reported that Reynolds helped secure $30 million in federal money to help a company that produces high-frequency radios for the military reopen a plant.

The paper also reported that area business leaders and Sen. Hillary Rodham Clinton (D-N.Y.) would announce a campaign intended to "position Rochester as a major player in the push to find alternatives to foreign oil."

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Nevertheless, the DCCC's goal is not to make a fair analysis of the regional economy but to weaken Reynolds politically by suggesting that he and Bush are responsible for the economic condition of upstate New York.

"I don't think I've ever seen it in such a visible way. … Clearly there's not been, in my memory, as competitive a personal relationship as there is in this competitive environment," said former Rep. Bill Paxon (R-N.Y.), who chaired the NRCC in 1994.

Rep. Tom Cole (R-Okla.), who is on good terms with both chairmen, said that the rivalry is not personal and that they like one another.

"If you're a politician, you like to watch two great political operators. There's a lot on the line personally and for the country," he said.

Some political observers say Emanuel will seek a leadership bid in the next Congress and others have speculated that Reynolds has his eye on replacing House Speaker Dennis Hastert (R-Ill.) when the Illinois lawmaker retires. November's results will have a significant impact on the leadership aspirations of both men.

In past election cycles, committee chairmen have tried to beat their opponents' leaders, with mixed results. Former Rep. Vic Fazio (D-Calif.), DCCC chairman from 1990 to 1994, spent thousands of dollars in 1992 in a primary that pitted former Speaker Newt Gingrich (R-Ga.) against Herman Clark. Gingrich barely won.

Then-Rep. Martin Frost (D-Texas) took control of the DCCC for the 1995-'96 cycle and picked up some Democratic seats, but no GOP leaders were defeated. Frost was defeated in the 2004 election after Republicans redrew his district.

The DCCC is also targeting other members of the GOP leadership, including Reps. Deborah Pryce (R-Ohio) and John Doolittle (R-Calif.). The only member of Democratic leadership that the NRCC is looking to oust this fall is Rep. John Spratt (D-S.C.).

Reynolds taunted Emanuel after the June 6 special election in California's 50th District, saying, "Rahm Emanuel and the Democrats lost big" after they "invested financially and emotionally" in Francine Busby, who lost to Rep. Brian Bilbray (R-Calif.). The DCCC notes that the district is conservative and that Bush easily won it during the 2004 election.

The NRCC paid $1,800 for phone banks to oppose Emanuel in his 5th Congressional District, which extends west from Lake Michigan across Chicago.

However, Reynolds's seat is considered competitive by independent political analysts and Emanuel's is not.

Reynolds last year called Emanuel "Mr. Righteous" for alleging Republican corruption and tried to link Emanuel to corruption in Chicago Mayor Richard Daley's administration.

Emanuel replied that he empathized with Reynolds, adding that he should exercise because "it helps you deal with stress."

Look Who's Missing DeLay (TIME)

By Hilary Hylton

Time, June 28, 2006

His was the face that launched a thousand fundraisers and Democrats miss him so terribly that they are trying to persuade a federal judge to keep former Congressman Tom DeLay's name on the ballot this fall. Allowing the Texas Republican Party to replace DeLay, who says he lives and votes in Virginia, would cause great harm to the Democratic Party, the party's lawyers argued in an Austin federal court Monday. Proving that claim is crucial to their lawsuit so Democrats testified just how much DeLay meant to them. Embarrassing? "Maybe," said Cris Feldman, an attorney for the Democrats, "but necessary."

DeLay, who is facing criminal money laundering charges in a campaign finance probe, has a profound effect not only on Democratic juices, but also impacts the party's "bottom line," Ken Bailey, the Texas Democratic party affairs director testified. "He's kind of like a lightening rod that we use to drum up support," Bailey said. The party has used DeLay's face on numerous flyers and web campaigns in past elections, and organizers say the mention of his name can inspire volunteers from across the state to converge on DeLay's old 22nd congressional district near Houston.

"Mr. DeLay had a profile among contributor Democrats that causes them to be more generous than they are going to be with a candidate who isn't as high profile," longtime Texas Democratic political analyst Dan McClung said in court. DeLay didn't just bring in money, McClung added, but also support from out-of-state Democratic interest groups and resources from the Democratic Congressional Campaign Committee.

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Without him, the volunteers are not as inspired and, as one Republican lawyer joked in court, the money from California liberals dries up. In fact, Democrat Nick Lampson, who is seeking the seat, did receive some early support from Hollywood heavyweights Rob Reiner and Barbra Streisand when DeLay was still in the race. DeLay, who had testified earlier Monday about his move to Virginia, was not in the courtroom for the Democratic salute to his potency, but his presence loomed large. "If Mr. DeLay stays on the ballot, it is a lot easier to run against somebody who's been indicted," Bailey said.

One issue facing U.S. District Judge Sam Sparks is whether DeLay contrived to be declared ineligible, opening the door to a replacement candidate, or whether he simply withdrew from the race. Texas law does not allow a withdrawn candidate to be replaced. Another key question before the court is whether the Texas Republican Party can declare a federal candidate ineligible. Sparks is not expected to rule until early July and his decision is sure to appealed.

Meanwhile, Republicans are going forward with plans to name a new nominee, but they expect Sparks' ruling will come before that process is complete. As for DeLay, he said he would be driving back to his Sugarland "house" (not "home") after testifying that he, indeed, had a Virginia driver's license in his wallet.

GOP Offers 'Values Agenda' (RC)

By Ben Pershing

Roll Call, June 28, 2006

With little fanfare, House Republican leaders on Tuesday unveiled a broad "American Values Agenda," composed of bills designed to appeal to the GOP's political base.

The agenda includes measures on topics such as abortion, cloning, religious freedom, flag burning and gun rights — all issues that resonate with social conservatives, some of whom have expressed misgivings about the party's recent direction.

"The American Values Agenda is a collection of legislative initiatives that speak to the values many American citizens hold dear," Majority Leader John Boehner (R-Ohio) said in a statement. "Freedom to display the American flag ... freedom of religious expression ... the right to keep and bear arms ... respect for the sanctity of marriage, and the dignity of all human life."

Speaker Dennis Hastert (R-Ill.) said the agenda would help "protect the faith of our people, the sanctity of life and freedoms outlined by our Founding Fathers."

GOP leaders, with the help of Rep. Joe Pitts (R-Pa.), the head of the Values Action Team, began crafting the agenda in May after holding a handful of meetings with prominent social conservative leaders. Tuesday's list is designed to supplement the larger legislative agenda that was released in May, one that did not include many issues important to social conservatives.

The GOP already has begun cycling through the American Values Agenda, as the House passed the Freedom to Display the American Flag Act on Tuesday.

The agenda also includes the Pledge Protection Act; the Public Expression of Religion Act; the federal marriage amendment; the Unborn Child Pain Awareness Act; the Human Cloning Prohibition Act; a measure reforming the Bureau of Alcohol, Tobacco, Firearms and Explosives; an Internet gambling ban; and a measure preventing the government from confiscating citizens' guns during emergencies.

Democrats reacted to the GOP's announced agenda by accusing Republicans of playing politics.

"The American people will see through the Republicans' old playbook of distract, distort and divide," said Jennifer Crider, spokeswoman for Minority Leader Nancy Pelosi (D-Calif.). "Pandering to the radical right-wing's wrong priorities does not reflect the American values of opportunity, security and prosperity."

... And Why Lieberman Can't Win His And Shoultn't Try (HILL)

By Dick Morris

The Hill, June 28, 2006

Keeping Joseph Lieberman in the United States Senate is clearly in the national interest. One of the most ethical, sincere, thoughtful and balanced of senators, he stands as a monument to nonpartisan common sense in an increasingly shrill and polarized partisan environment.

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But he is in the process of committing suicide. By insisting on running in Connecticut's Democratic primary against anti-war candidate Ned Lamont, he is in a fight he won't win and, in the process, destroying his chances in the general election, which he can win.

As my populist and liberal friend Bill Curry discovered when he defeated the Democratic Party establishment's candidate for governor, Rep. John Larson, in the primary of 1994, primaries in Connecticut are notoriously polarized. The right dominates the GOP nominating process just as surely as the left controls that of the Democrats. This is no place for a centrist to thrive.

If Lieberman simply skips the primary and runs as an independent, forcing a three-way race, he will win overwhelmingly. The larger Connecticut electorate adores him and will happily desert either party to vote for his reelection.

But in an August Democratic primary, with its low turnout and ideologically skewed voters, he faces decapitation. As surely as an American soldier on patrol in Iraq, his very presence in the Democratic primary provides a tempting target for those who want to vent their frustration at American foreign policy.

Those who back Lieberman will stay home in a primary. Those who shine with passionate intensity against him will surely vote.

Scott Rasmussen has Lieberman clinging to a narrow 45-41 lead over Lamont, based largely on his name recognition. Other pollsters give the Senate a larger margin. But the inevitable dynamics of this primary are likely to flow toward the challenger as he picks up money, support and recognition and offers a way to do something there is no other way to do: Vote against the war.

Lieberman's supporters argue that if he loses the primary he can always then run as an independent. Technically that is not true. He would have to file his nominating petitions as an independent before the primary.

But politically it is a failed choice as well. If Lieberman loses the primary, the defeat will empower Lamont and make him a viable candidate in November. Like a parasite, he will thrive on the nutrients in the senator's blood and use them to animate his candidacy. But if Lieberman withdraws from the primary (even if his name has to remain on the ballot), he denies Lamont that victory. Without it, the insurgent can never amass the resources and credibility he would need to run and win in November.

Lieberman speaks of his loyalty to the Democratic Party. Obviously, if he wins as an independent, he will continue to vote with his party in the Senate and will continue to call himself a Democrat. But this misguided party loyalty may help to elect Republican candidate Alan Schlesinger. If Lieberman is so weakened by a primary defeat that he fades as a front-runner in the general election, we will see a three-way race that anyone can win.

Lieberman's ads attacking Lamont are pathetic. His media adviser, Carter Eskew, summons the ghosts of his past success by resurrecting ads that depict former Gov. Lowell Weicker as a bear, now encouraging Lamont to seek to avenge Weicker's 1988 Senate defeat by beating Lieberman, the man who slew him. It's an argument that is far too complex for the average voter and too remote to matter even if they understand it.

One hopes that Lieberman remembers the parable of Jacob Javits, the former New York senator whose tenure was much like Lieberman's. A liberal Republican who never marched to the beat of his party's drummer, Javits faced a primary from Alfonse D'Amato from the right wing of the GOP.

Had Javits simply run as an independent (in New York at the time that meant running on the Liberal Party line), he would easily have been elected. But because he lost in the primary, when he did run as a Liberal Party candidate he ran a poor third. Splitting the progressive vote, he so crippled the Democratic candidate, Rep. Elizabeth Holtzman, that D'Amato won by a hair.

This column is a plea to the senator: Don't let hubris, overconfidence, unfounded optimism or even muddled confusion lead you to your death in the Democratic primary. We need you too much in Washington.

Morris, a former political adviser to Sen. Trent Lott (R-Miss.) and President Bill Clinton, is the author of Condi vs. Hillary: The Next Great Presidential Race.

A.F.L.-C.I.O. In Connecticut Gives Backing To Lieberman (NYT)

By William Yardley

The New York Times, June 28, 2006

DOJ_NMG_0037103

NEW HAVEN, June 27 — Connecticut's largest labor union on Tuesday endorsed Senator Joseph I. Lieberman in the Democratic primary, although many union leaders, meeting at their state political convention, complained of his support for the war in Iraq and foreign trade agreements. Many sounded loud "nays" when the voice vote was called.

"He's endorsed," John W. Olsen, the chairman of the state A.F.L.-C.I.O., said after the vote, which followed comments by the several dozen speakers — some passionate, some conflicted — who formed lines at the two floor microphones.

Most of the speakers expressed support, noting the senator's efforts in his three terms to protect workers in industries ranging from clothing to submarine manufacturing. Many said, however, that his challenger, Ned Lamont, a businessman from Greenwich who owns a cable television company, is a fresh face who will better serve their interests and stand up to President Bush on issues like the war and trade.

After the vote, Mr. Olsen was asked whether the "nays," which were not far below the "yeas" in volume, suggested that labor leaders were split over the endorsement, and he noted that no one had challenged the vote after it was completed.

Mr. Olsen, who announced his personal support for the senator several weeks ago, said it was clear from a meeting earlier in the day with leaders of individual unions that the senator had the necessary two-thirds of the approximately 350 convention delegates. He said the senator had "a wide cushion."

He said the delegates represented about 180,000 workers. He noted, however, that labor support would be spread among several races, including tight congressional races in November and the Democratic primary for governor. In that race, the labor federation on Tuesday endorsed Mayor John DeStefano of New Haven, who narrowly lost the state party endorsement last month to Mayor Dannel P. Malloy of Stamford.

The primary is Aug. 8.

Labor backing could be important for Senator Lieberman. A recent poll showed Mr. Lamont gaining support among Democratic voters. In a poll this month by Quinnipiac University, he trailed the senator, 55 to 40, among Democratic voters who said they were likely to vote in the primary. Among all Democrats, the senator led 57 to 32 percent; in May, a Quinnipiac poll found the difference to be 65 to 19.

Mr. Lamont has used the senator's support for the war to galvanize opposition to Mr. Lieberman on other issues, including health care and education policy, and he has gathered other unions' support.

Several delegates noted that Senator Lieberman had an 84 percent score from the federation for his votes on labor issues. Many also complained that he had long supported free trade agreements that cost manufacturing jobs.

Others poked at Mr. Lamont, whom the senator has characterized as a wealthy opportunist trying to buy the election.

"Mr. Lamont owns a communications company," Howard Coling, vice president of Local 1298 of the Communications Workers of America in Seymour, Conn. "And it's nonunion." That prompted sustained hoots of disapproval across the room.

Poll Shows Ehrlich Lagging As He Opens Reelection Run (WP)

By Robert Barnes And Claudia Deane

The Washington Post, June 28, 2006

Maryland Gov. Robert L. Ehrlich Jr. starts his reelection campaign today significantly trailing Baltimore Mayor Martin O'Malley, according to a new Washington Post poll. Although the state's voters give the governor good marks for the job he's done, they also appear inclined to return a Democrat to the governor's mansion.

Ehrlich kicks off his campaign today at his boyhood home in the Baltimore suburb of Arbutus, attempting to become the state's first Republican governor in 50 years to serve a second term. But the poll shows why he is preparing to spend a record amount and why he is considered one of the nation's most endangered Republican governors.

Ehrlich is running in an overwhelmingly Democratic state at a time when voters are not happy with the GOP. Maryland voters are more critical than voters nationally of the Bush administration and more strongly opposed to the war in Iraq. And, unlike earlier in Ehrlich's term, more Marylanders than not believe the state is heading in the wrong direction, the poll shows.

Public education is the top priority of voters statewide, and that is the area in which they give Ehrlich his lowest marks. Among the state's largest jurisdictions, controlling crime ranks a strong second in Prince George's and Baltimore counties; growth and transportation are emerging priorities in Montgomery County.

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The poll shows Ehrlich trailing O'Malley by 11 percentage points among registered voters and 16 points among those who say they are "absolutely certain" to vote in the Nov. 7 election. The deficit comes even though a majority of voters find Ehrlich likable, approve of the job he has been doing and believe that the 48-year-old former congressman from Baltimore County has a vision for the state.

The telephone poll was conducted among 902 registered voters June 19 to Sunday and has a margin of error of plus or minus 3 percentage points. Montgomery County Executive Douglas M. Duncan dropped out of the race the week of the poll, leaving O'Malley as the remaining major Democrat to oppose Ehrlich in the fall.

Ehrlich declined to comment, but aides said they did not believe he trailed by such a large margin; communications director Paul E. Schurick said the campaign's most recent poll, conducted in mid-May, showed O'Malley ahead by 5 points.

"We've always known this was going to be an incredibly difficult and close race," Schurick said. "But there is something in this poll that strikes us as wrong."

O'Malley said the poll showed more than simply Democrats supporting a Democrat.

"There are a number of issues that have defined who our current governor is," O'Malley said. "The choices he's made are not in the best interests of expanding the middle class and helping our working families. . . . People feel that our state is moving in the wrong direction, and they're smart enough to know we need effective leadership."

Reelection campaigns are most often considered referendums on the incumbent, and the poll offers both good and bad news for Ehrlich.

He has lost support among independents, women and voters in the central part of the state where he put together a historic win four years ago. Democrats who took a chance on him then seem ready to return to the fold for O'Malley.

But voters still have a mostly positive view of Ehrlich; large majorities say he is honest and likable. He has only begun to fight, and he is hoping to spend $20 million to convince voters that he deserves another four years.Poor Marks on Education

According to the poll, Ehrlich and O'Malley are about equally popular with the state's independent voters and within their own parties. In most parts of the country, that would signal a very close race. But because more than half of Maryland's registered voters are Democrats, it provides the substantial lead for O'Malley.

In 2002, Ehrlich overcame that advantage with a forceful and fresh-faced campaign against then-Lt. Gov. Kathleen Kennedy Townsend. Exit polls showed that he attracted support from independent voters, people who considered themselves moderates and women who have traditionally backed Democrats. But the new poll shows that the governor has been losing those constituents at this point of the campaign.

Although an Election Day telephone poll showed that Ehrlich got about 55 percent of the independents in 2002, he and O'Malley are tied in the current poll. His support among self-described moderates dropped from 50 percent to 37 percent and among white women from 61 percent to 45 percent.

The new poll asked how much Ehrlich has accomplished in his first term and found that 8 percent said "a lot" and 21 percent said "not much"; 40 percent gave him credit for a "fair amount" and 30 percent for "some."

"I think what you're seeing is voters think he's done an okay job, but they can't really point to any accomplishments," said Democratic pollster Peter Brodnitz, who advised Timothy M. Kaine's successful gubernatorial campaign in Virginia last year and does not have a statewide client in Maryland. "They're not seeing a compelling reason" to reelect.

Ehrlich also won in 2002 by disrupting Democrats' traditional winning strategy of rolling up enough votes in Montgomery and Prince George's and the Baltimore region to offset losses elsewhere. But although Ehrlich got a boost of more than 50,000 votes last time in the region consisting of Baltimore and the counties of Baltimore, Harford and Carroll, the new poll shows him trailing O'Malley there by 12 points. It shows the two running even in the Central Maryland counties of Anne Arundel, Howard and Frederick, where Ehrlich won by more than 85,000 votes against Townsend.

On issues, Ehrlich gets his poorest marks on public education. Even though he says he has spent more money on schools than any other governor -- a state law passed the year before he took office mandates it -- half of the poll respondents said he has done a "not so good" or "poor" job of "putting more state money into the public schools."

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Public education was cited by 35 percent of the respondents as the issue that should be the top priority of the next governor, more than any other. Female voters especially were interested in education; 39 percent of them said Ehrlich was doing a good job.

And the poll indicated that some might believe Ehrlich is too close to big business. Two-thirds of the respondents said "large business corporations" had too much influence in the Ehrlich administration, and 77 percent said the legislature was right to force Wal-Mart to pay for health insurance for its employees. Ehrlich vetoed that legislation, as well as an increase in the minimum wage, and was overridden by Democratic lawmakers on both.

Those actions convinced Noelle Joll, a geographer from Anne Arundel, that Ehrlich was not as moderate as he said. "I don't think he's a bad guy," she said. "I just think he's pandering to his base."56% Job Approval Rating

On the other hand: Tom Caulfield, 59, a Republican who owns Chubby's Barbecue restaurant in Frederick, said he is sticking with Ehrlich.

"I think his first term has gone very successfully considering the odds he's had stacked against him," Caulfield said. "He does not have a popular Republican majority. For him to get anything done is amazing."

The poll indicates that many agree. While Ehrlich's favorability ratings have declined since the last Post poll in 2004, nine in 10 of the state's Republicans have a positive view of him, and nearly six in 10 of those who consider themselves independent feel the same way.

Overall, 56 percent approve of the way he handles his job, three in four say he is honest, even more say he is likable and two-thirds say he "has a vision for the state's future." A majority say he has done a good job protecting the Chesapeake Bay, and, despite his highly publicized battles with the Democrat-controlled General Assembly, six in 10 say he is "willing to make reasonable compromises."

More than seven in 10 say he deserves credit for the state's projected budget surplus.

Republican pollster Ed Goeas, who is not advising a candidate in Maryland, said the reason the Ehrlich-O'Malley matchup numbers do not reflect the generally positive views of Ehrlich is mostly because of the state's Democratic majority.

"People go back to their partisan leanings," he said. "What you have to do in a state like Maryland as you get close to the election, you have to get people to put aside their leanings and look at the person."

It is clear already that Ehrlich is trying to restore his moderate credentials and appeal to those he counted on in 2002. His first television advertisement features testimonials from six women, a black man and a man who appears Latino and includes the line: "He doesn't govern from the right or the left but from the middle, where most of us are."

He recently crossed some conservatives by quickly firing a Metro board member who described homosexuals as "persons of sexual deviancy."

And he could look to appeal to women by naming a female running mate to replace Lt. Gov. Michael S. Steele, who is running for the U.S. Senate. Ehrlich's list of candidates is almost exclusively composed of women, although the list of candidates running for statewide office this year, Democratic and Republican, is almost exclusively male.Differences by Jurisdiction

The top two issues that voters want the next governor to "work hardest on" -- public education and crime -- are two on which Ehrlich has most criticized O'Malley. The state moved to seize control of Baltimore's worst-performing schools before Democratic legislators stopped the move, and a state study is underway to see whether the city is underreporting crimes there.

The poll showed great variance, though, on voters' priorities based on jurisdiction. In Prince George's, nearly as many people listed crime as the top priority as did those who said education. In Montgomery, 20 percent said transportation should be the governor's top priority and 13 percent said growth. That compares with 25 percent who said it should be education.

On other issues, Marylanders showed a liberal streak. Although 56 percent said they would oppose a state law that would allow gay and lesbian couples to marry, respondents were just about evenly split on allowing civil unions.

And those in the poll were very negative about the Bush administration and the war in Iraq, with 63 percent saying the war "was not worth fighting."

More than two-thirds say they disapprove of President Bush's job performance -- 55 percent disapprove "strongly." And 56 percent said the fact that Bush was backing a candidate would make them less likely to vote for the candidate, as opposed to 19 percent who said it would make their support more likely.

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Summer Vacations Run On Empty (USAT)

By Barbara De Lollis And Barbara Hagenbaugh

USA Today, June 28, 2006

High gas prices may be stifling the traditional summer vacation.

Only 39.8% of consumers plan to take a vacation within the next six months, a 28-year low, the Conference Board said Tuesday.

That's the fourth consecutive decline measured by the organization, which asks the question every other month.

"It's possible that travel is falling victim to rising gas prices and rising costs overall," says Lynn Franco, director of the firm's Consumer Research Center.

A new USA TODAY/Gallup Poll supports the notion that high gas prices are crimping vacations. One-third of respondents in the survey of 1,000 adults taken Friday through Sunday said they are changing summer vacation plans because of higher gas prices.

Of those changing plans, 37% said they would reduce the number of trips normally taken, while 26% said they're canceling plans or simply can't afford to vacation. Some 23% will take shorter trips.

Gasoline prices have slipped from recent highs but are still far above where they were a year ago. The nationwide average price for a gallon of regular gasoline was $2.86 Tuesday, up 65 cents from a year ago, according to travel club AAA.

Even as many Americans say they are calling off summer travel, hotels are packed and airlines are nearly fully booked this summer. And they're charging higher prices because demand is so high.

Frequent flier Bob McBride of Omaha says high gas prices altered, but didn't snuff out, his travel plans.

For an annual trip with a friend next month, McBride, 56, will use airline and hotel loyalty points to visit Boston. They're staying downtown so they can walk or take public transportation.

More than 40 million Americans are expected to travel 50 miles or more around the July Fourth holiday, according to a report Tuesday from AAA. That's a 1.2% increase from a year ago, less than half the 2.8% jump seen last year.

The decline in vacation plans could also reflect a drop in employees who get paid time off. The percentage of companies giving paid vacation time fell to 82% this year from 91% in 2002, according to the Society for Human Resource Management. SHRM spokesman Frank Scanlan says employees who do not take time off could become burned out and less productive.

"We're all doing more with less," Scanlan says. "You have to give people time away."

Mr. Buffett's Gift (WSJ)

The Wall Street Journal, June 28, 2006

Warren Buffett's pledge of more than $30 billion to the Gates Foundation is an act of jaw-dropping generosity, all the more impressive because it represents the lion's share of his Berkshire Hathaway fortune. Now all the nation's two wealthiest men have to prove is that they can be as effective at giving away their money as they have been at making it. This is harder than it sounds.

Bill and Melinda Gates founded their charity just 12 years ago, though what it lacks in experience it more than makes up for in size. The Gates Foundation is already the nation's largest by far, and Mr. Buffett's largesse will allow it to double its annual giving to some $3 billion. To date the foundation, whose mission is "to help reduce inequities in the United States and around the world," has focused primarily on education and public health.

And so far at least, it seems to have avoided the worst pitfalls of many other large, politically correct foundations. James Piereson, the former director of the Olin Foundation, points out that the Gateses are wisely "focusing on problems -- like health in the Third World, AIDS, malaria -- rather than advocacy for government solutions." Too many large foundations -- the Ford Foundation is the classic example -- have wandered away from their donor's wishes and become adjuncts of the welfare state.

On U.S. education, though, the charity's efforts have been somewhat less noteworthy. Mr. Gates has embraced charter schools to some extent, but mainly when union opposition is minimal or nonexistent. And he has shied away from vouchers, which can literally rescue thousands of kids from failed public schools and are favored by other philanthropists like Theodore Forstmann and the late John Walton.

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In 2003, the Gates Foundation donated $58 million to build more small schools in New York City. Smaller schools and class sizes are a perennial demand of teachers unions because they means more jobs, but there's little evidence that they significantly improve student performance.

Notwithstanding these growing pains, Mr. Buffett is clearly convinced the Gates Foundation is a worthy beneficiary. No doubt he hopes to avoid the missteps of Henry Ford, Andrew Carnegie, Joseph Pew, John MacArthur and other money men of the past, whose fortunes inevitably wound up in the hands of individuals who didn't know them and spent their money on causes they almost certainly would have opposed. Hence, Mr. Buffett has decided to give away his money before he dies, and he's chosen living donors whom he knows well and trusts. Wisely, his gift is also conditioned on Mr. and Mrs. Gates remaining active in setting policy and administrating the charity.

In explaining his charitable motivations this week, Mr. Buffett also went out of his way to say that he is "not an enthusiast for dynastic wealth." This is fair enough, and is also one of Mr. Buffett's arguments for so vocally defending federal death tax rates of 50% or more. But we can't help but point out that Mr. Buffett's gift will itself be shielded from Uncle Sam because it is going to a foundation. So in practice he is in favor of death taxes only for those whose estates are too small to hide in foundation tax shelters.

We'd also note that the foundations he is donating to may well become "dynasties" in their own right. In addition to his Gates Foundation gift, Mr. Buffett also said he will give major donations well north of $1 billion each to separate foundations run by his three children and another in the name of his late wife. These gifts, too, will be shielded from taxation and will allow his heirs to wield power and influence long after the 75-year-old has gone to his just reward. With their tax-sheltered assets, modern foundations have no expiration date and have become hugely important players in policy debates, the culture and even politics.

Which is all the more reason to watch how well the two men now deploy their gifts. We can't think of two people less in need of our two cents than Messrs. Buffett and Gates. But since giving free advice is our business, we'd suggest that they put at least a smidgen of their money back into strengthening the foundations of the free-market system that has allowed them to become so fabulously rich. There's something to be said for reinvesting in the moral capital of a free society and trying to sustain and export free-enterprise policies.

Capitalism has done very well not just by Mr. Buffett but also by the world's poor, as several hundred million Chinese and Indians might attest. African nations in particular need property rights and a rule of law as badly as they need vaccines. On that score we were encouraged by a report this week that the Gateses thanked Mr. Buffett for his gift by presenting him with a book from their personal library: Adam Smith's "The Wealth of Nations."

Testing Away HIV (WP)

The Washington Post, June 28, 2006

ABOUT A QUARTER of Americans with HIV don't know they have the virus, according to the Centers for Disease Control and Prevention. In the District, a city with a well-funded but historically dysfunctional HIV-AIDS program, that number might be even higher.

We say might because the D.C. Administration for HIV Policy and Programs (AHPP) still doesn't reliably track the spread of the virus in the city. Its best estimate, released Monday to the Mayor's Task Force on HIV and AIDS, is that about 25,000 people in the city are infected, but this is just a projection based on national CDC numbers. That's why the city's new drive to test everyone in the District between the ages of 14 and 84, which kicked off yesterday in Freedom Plaza, is long overdue.

The D.C. government wants to distribute 80,000 20-minute testing kits to hospitals, schools and local health organizations before the end of the year, with the goal of making rapid HIV screening a routine part of D.C. life. The tests require only a painless mouth swab. Their distribution will be backed by a marketing campaign, launched yesterday, to encourage District residents to get screened, which may help eliminate the stigma attached to HIV testing.

The doctors, nurses and public health workers who administer the tests will report all positive results back to the Administration for HIV Policy and Programs, which keeps individual testing records strictly confidential. In theory, the AHPP will use the data it accumulates to begin gauging the rate of HIV infection in the city. Then the District can start issuing the kinds of

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reports on the spread of the virus that have long been standard in cities such as Baltimore and New York -- theirs come out quarterly -- and finally begin targeting its HIV funding effectively.

It's an ambitious plan for the AHPP, a branch of the Department of Health that has so far failed to gather basic information about HIV in the District, even though it spent almost half a billion dollars in local and federal funds over the past eight years. It's also an appropriately bold counterpunch in the city's so-far losing fight with HIV: The District's rate of HIV infection rivals that of AIDS-ridden nations in sub-Saharan Africa.

The city's latest public health campaign won't work, however, if District residents don't take the time to get tested. So if you didn't drop by Freedom Plaza on your lunch break yesterday, find a clinic and get a free HIV screening. It only takes 20 minutes to take charge of your health.

Israeli Troops Move Into Gaza (WP)

By Scott Wilson

The Washington Post, June 28, 2006

GAZA CITY, June 28 -- Israeli ground troops pushed into the Gaza Strip early Wednesday in a military operation aimed at freeing a captured soldier whose fate has transfixed much of the country. The incursion was the military's first major move into Gaza since the Israeli government withdrew all troops and settlers from the enclave nine months ago.

An undisclosed number of troops reportedly entered the strip at its southern end, near the city of Rafah on the Egyptian border. Hours earlier, Israeli military officials said, military aircraft bombed two bridges in central Gaza to prevent the gunmen who abducted Cpl. Gilad Shalit, 19, during a Sunday attack on an army post at the strip's southeastern edge from moving him around Gaza or into Egypt.

Another airstrike hit Gaza's power station, knocking out electricity throughout the strip and igniting a huge fire that lit the pre-dawn sky. A third bridge was also reported hit.

The violence overshadowed an agreement earlier in the day by leaders of Hamas, the radical Islamic movement that controls the Palestinian government, on a unified political agenda advocated by Palestinian Authority President Mahmoud Abbas to ease the economic sanctions against the government.

According to Palestinian negotiators here, Hamas agreed to establish a national-unity government as part of an accord signed by the largest Palestinian political factions. If formally signed Wednesday as scheduled, the agreement would signal a major shift by Hamas's political leaders, who for the first time would effectively endorse a two-state solution to the Israeli-Palestinian conflict.

In Washington, a senior U.S. official said that while he was not privy to many details about Israel's intentions, he expected the incursion would be "pretty significant."

"This is in the category of a major operation," said the official, who spoke on condition of anonymity. "This isn't just 20 commandos."

The signs of conflict had mounted gradually throughout the day Tuesday. More than 3,000 Israeli soldiers, along with tanks and armored personnel carriers, waited along Gaza's perimeter for orders to move into the strip, which the military abandoned last September after evacuating Israel's settlements here. At the same time, Palestinian gunmen built berms near the borders and assembled sand-bag bunkers along routes into urban areas.

The Palestinian accord comes as Hamas is confronting internal divisions and international economic sanctions. It would also be a significant political victory for Abbas, a member of the rival Fatah movement who had threatened to place the deal before Palestinian voters next month unless Hamas accepted its key conditions.

"In our view, this is an important step toward a lasting peace," said Walid Awad, a spokesman for Abbas. "The Hamas government has recognized the state of Israel."

As outlined by officials involved in the talks, the agreement calls for a future Palestinian state in the West Bank, Gaza and East Jerusalem, territory Israel occupied in the 1967 Middle East war. Since its founding nearly two decades ago, Hamas has called for creation of an Islamic state across a far larger stretch of land that includes Israel.

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It was unclear, however, whether Hamas's armed wing, known as the Izzadeen al-Qassam Brigades, would abide by the terms of the agreement. Hamas gunmen were involved in the attack Sunday on an army post inside Israel that killed two soldiers and wounded four others. So far, members of the group, who participated in the attack along with two smaller armed factions, have refused to release Shalit.

The two-state pact, which was based on an 18-point document announced last month by Fatah and Hamas leaders being held in Israeli prisons, also runs counter to views held by Hamas's hard-line leadership in exile headed by Khaled Mashal, whom Israeli officials say was behind the Sunday attack. Some Hamas leaders in Gaza, along with Abbas and Egyptian interlocutors, have called for Shalit's release.

"The political leadership of Hamas does not have the strength to control the military wing," Issa Ali Nashar, a senior Hamas political leader, said in an interview in the Gaza city of Khan Younis. "All they can say right now is to keep the soldier safe."

In addition, Israeli officials said lifting economic sanctions against the Palestinian government was highly unlikely, since Hamas had not explicitly recognized Israel or renounced violence against the Jewish state.

Mark Regev, a spokesman for Israel's Foreign Ministry, said that while details of the Palestinians' final accord are not yet known, previous versions have fallen short of meeting conditions set by international donors -- that Hamas renounce violence, abide by previously signed agreements and recognize Israel -- in return for a resumption of aid.

Regev said the agreement would likely have a "minimal effect" on Israel's position toward the Palestinian government, and he expressed frustration that Palestinian leaders were discussing the deal rather than focusing on Shalit's release. "There is an immediate crisis," Regev said. "That the Palestinian leadership was putting energy into this document that has no bearing on the most pressing issue is disappointing."

Bush administration officials reacted cautiously, saying they needed more details about the reported accord before making a judgment. They noted conflicting initial reports about what the agreement entailed.

"We're just going to wait to see exactly what the case is," White House spokesman Tony Snow told reporters. "What we want to see is something written so that we can understand what their position is."

In addition to laying out the terms of a Palestinian state, the agreement also calls for confining armed operations against Israel to the occupied territories under a unified command, the right of Palestinian refugees to return, and freedom for thousands of prisoners in Israeli jails.

Nashar and other Hamas leaders said the agreement does not commit Hamas to recognizing the Jewish state, which they believe was created illegally on Arab land through a 1947 United Nations resolution. But it does endorse previously signed agreements that do so, as well as the 2002 Arab peace initiative that calls for Israel to withdraw from all territories occupied in the 1967 war in exchange for peace and recognition.

Islamic Jihad, a smaller group responsible for all suicide bombings inside Israel over the past year, refused to sign the new agreement.

While military preparations continued here, Israeli soldiers searched parts of the West Bank for an 18-year-old Israeli settler missing since Sunday. The radical Popular Resistance Committees, an armed group involved in Sunday's kidnapping, claimed to be holding Eliyahu Asheri, who is from the northern West Bank settlement of Itamar. Settlement officials said he was last seen hitchhiking near the French Hill junction in Jerusalem.

"We don't know what happened and we pray he is okay," Moshe Goldschmidt, a leader of the settlement, said in a telephone interview.

On Wednesday, the militant group threatened to kill Asheri if Israel did not halt its incursion, news services reported.

Throughout the day Tuesday, Israeli tanks and troops assembled along Gaza's periphery while Secretary of State Condoleezza Rice called for Israel to allow more time for international diplomacy to secure the soldier's release. But a tour of several towns in southern Gaza suggested that the population here supports holding Shalit until Israel releases some of the 8,503 Palestinians being held in Israel.

The groups behind the kidnapping have demanded the release of the 421 Palestinian women and minors in Israeli prisons in exchange for information about Shalit's welfare. Olmert rejected the demand on Monday, threatening instead a "broad and comprehensive" military operation unless Shalit is freed immediately.

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"What can they do that they haven't done before?" asked Mohanned Abu Nada, a 33-year-old Fatah supporter in Khan Younis.

Israeli Tanks And Troops Enter Gaza (FT)

By Ferry Biedermann

Financial Times, June 28, 2006

Israeli tanks and troops crossed the border into the southern Gaza Strip early on Wednesday in what the army described as a target operation aimed at freeing a kidnapped soldier.

The army said it did not intend to carry out a prolonged operation. However, the incursion marks the most serious escalation in operations by Israel's ground forces since their withdrawal from the Gaza Strip nearly a year ago.

The move follows the failure of diplomatic efforts to secure the release of the Israeli soldier during an attack on Sunday in which the armed wing of Hamas, the militant Palestinian movement, participated.

The two leading Palestinian factions, Hamas and Fatah, have in effect reached agreement on a unified approach towards Israel and on internal Palestinian issues, officials in the West Bank and Gaza had said on Tuesday.

The agreement was billed as promising an unprecedented implicit recognition of Israel by Hamas.

However, the militant movement that won parliamentary elections earlier this year and now forms the government immediately cast doubt on that agreement. Leaders of the movement in Damascus also said more talks were needed with Fatah.

Word of the deal came amid continuing tensions in Gaza over the kidnapping of the Israeli soldier. One of the other groups that took part said on Tuesday that it was also holding a young Israeli settler on the West Bank.

The 18-year-old soldier's family who lives in the settlement of Itamar near Nablus said he had been missing for two days, but the authorities did not confirm he had been abducted.

On Tuesday night Israel aircraft attacked bridges in central Gaza and a helicopter launched missiles at a power station. Israeli tanks were reported to be moving near the northern end of the Gaza Strip but the army said they had not crossed the border.

The month-long negotiations between the Palestinian factions were based on a document drafted by prisoners from Hamas and Fatah held in Israel. It includes acceptance of a Palestinian state in the Gaza Strip and West Bank, including east Jerusalem.

This was seen as being in accordance with the acceptance by Fatah and the Palestine Liberation Organisation of a two-state solution whereby Israel and a Palestinian state would exist side by side.

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The precise details of the agreement had not been made public late Tuesday night. But the document was expected to be approved by the leaders of the two groups – Hamas prime minister Ismail Haniyeh and Mahmoud Abbas, the Fatah president of the Palestinian Authority.

The accord is partly intended to reduce tensions between the rival Palestinian factions that have erupted, frequently in violence, since January's elections. But it is mainly aimed at the international community, particularly the quartet consisting of the US, Russia, the European Union and the United Nations, that has demanded that Hamas recognise Israel, renounce violence and adhere to previously signed internationally binding agreements. Failing that, the quartet has acted to isolate the Hamas-ruled government, choking off financial aid.

Israel has said that it regards the agreement as "an internal Palestinian matter" and falling short of international demands.

Israel's prime minister, Ehud Olmert, said in remarks to the Knesset that he still favoured peace negotiations with the Palestinians. The US was waiting to see if the agreement between the Palestinian factions amounted to a recognition of Israel, said White House spokesman Tony Snow. But he warned that the groups must still renounce violence.

Israeli Troops Move Into Gaza; Bridges Are Hit (NYT)

By Ian Fisher And Steven Erlanger

The New York Times, June 28, 2006

DOJ_NMG_0037111

GAZA, Wednesday, June 28 — Israel sent troops into southern Gaza and its planes attacked three bridges and a power station early Wednesday, in an effort to prevent militants from moving a wounded Israeli soldier they abducted Sunday, Israeli Army officials said.

Israeli troops and tanks began to move in force in an effort to rescue the soldier, Cpl. Gilad Shalit, 19, who is believed to be held there.

Witnesses said Israeli troops had taken the old Gaza airport and were heading toward Rafah on the road that marks the border between Gaza and Egypt, as Egyptian troops watched.

Electricity was knocked out through much of Gaza after a complex of electronic transformers, south of Gaza City, was struck by Israeli planes. Witnesses said that the station was hit by numerous missiles and that it was burning brightly against the night sky.

The Israeli Army said the operation was limited to an effort to rescue the corporal and was not an attempt to reoccupy Gaza.

"If we need to, we continue on," said Capt. Noa Meir, an army spokeswoman. "It's all about getting him home."

The airstrikes hit bridges on the coastal and interior roads near the old Israeli settlement of Netzarim, which divides Gaza between north and south, and near Deir al Balah. Israeli tanks and ground forces massed in staging areas along the border fence with Gaza, especially around Kerem Shalom and Nahal Oz.

On Tuesday, as Palestinians tried to block roads with dirt mounds and barbed wire against any Israeli armored assault, their political factions completed a draft agreement aimed at a national unity government that could include an implicit recognition of Israel by Hamas.

The prospect of an invasion, threatened by Israel if Corporal Shalit was not released, seemed to have pushed the Palestinians toward agreement after months of internal fighting.

The draft agreement between the Fatah faction of Mahmoud Abbas, the Palestinian leader, and the Hamas faction of Prime Minister Ismail Haniya is based on a document outlined by Palestinian prisoners. It is described as containing an implicit recognition of Israel's right to exist, because it calls for the creation of a Palestinian state within pre-1967 borders, presumably next to Israel.

Such an accord would move Hamas closer to recognition of Israel — a significant change — and would raise the possibility of renewed Western aid to the Palestinians, which was severely curtailed after the Hamas victory in January.

If the accord backing what would amount to a two-state solution to the Israeli-Palestinian conflict is completed, it will represent a victory for Mr. Abbas, who had threatened to put the issue to a referendum next month. But Saeb Erekat, a senior Fatah official close to Mr. Abbas, said that the document was incomplete, and that Mr. Abbas wanted to review it and consult further.

Israeli officials dismissed the draft agreement as an internal Palestinian matter irrelevant to the current crisis over the fate and return of Corporal Shalit.

"We are at the edge of the cliff, and everyone is asking the Palestinian leadership to help avert this crisis and release our serviceman," said Mark Regev, the spokesman for the Foreign Ministry. "Yet energy and time is being put into this prisoners document, and it's in many ways tragic."

Mushir al-Masri, a Hamas legislator in Gaza, said the current crisis had united Fatah and Hamas to hammer out the accord. "It is natural that Israeli threats will unite Palestinians more and more," he said. "It will push us to put our differences aside and unite against a bigger threat."

Mr. Erekat said Mr. Abbas, known as Abu Mazen, and Mr. Haniya were working together to try to free the Israeli soldier. "Abu Mazen has ordered a house-to-house search for the Israeli soldier," Mr. Erekat said. "If we knew exactly where he was, we would go get him ourselves."

Fatah negotiators like Samir Masharawi were eager to describe the document as a big Hamas concession. "It has recognized a state in the '67 borders," Mr. Masharawi said. "It means indirectly recognizing another state."

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Mr. Masri said in an interview: "They do exist. It's tangible, they exist, we recognize the fact they exist. What we don't recognize is the legitimacy of the occupation."

By the last phrase, Hamas normally means the occupation of historic Palestine by an Israeli state of any kind; the Hamas charter explicitly says that Palestine is Islamic waqf — land given by God to Muslims, who cannot cede it or sell it.

The draft document also contains a clause that supports armed action against Israel, which it says should be "concentrated" in areas occupied by Israel in 1967 but not limited to them.

In Gaza on Tuesday, Palestinians worked to make any arrival of tanks and Israeli soldiers as treacherous as possible. In the town of Jabaliya, big berms of sand were piled up on a main road.

"I believe that against the Israelis, who have tanks and Apaches and all their technological machines, it's not that important," said Abu Raed, 30, a shopkeeper, sitting next to one of the berms. "But the fighters should have something to hide behind."

In anticipation of Israeli military action, the militant group Islamic Jihad called reporters in Gaza on Tuesday to film them, battle-ready, in two fields near the now-abandoned Israeli settlement of Netzarim. At one field, 11 fighters in black masks and camouflage held automatic rifles, rocket-propelled grenades and an antitank mine. Several also held up what they described as inserts for suicide-bombing belts: thin plastic bottles made to hold antiseptics that were filled with ball bearings.

Many in Gaza believed that the Israeli strike had begun shortly before 6 p.m., when a huge explosion tore apart a car in downtown Gaza, not far from the offices of both Mr. Abbas and Mr. Haniya. But it turned out to be a car bomb, which heaved half the car, bits of shrapnel and body parts dozens of yards.

While several bystanders were injured, and nearby windows shattered and walls collapsed, the only death appeared to be that of the driver of the car, identified later as Hamza Abu Mukharreb, 21, a member of Hamas's military wing.

Secretary of State Condoleezza Rice on Tuesday called on Israel to give diplomacy more time. "There really needs to be an effort now to try and calm the situation, not to let the situation escalate, and to give diplomacy a chance to work to try to get this release," Ms. Rice told reporters during a refueling stop in Scotland en route to Pakistan.

Before the incursion began, Israeli officials on Tuesday had said time for diplomacy would also help their parallel efforts to plan a rescue mission. One intermediate step, an official said, might be to cut off electricity and water to Gaza, which Israel had already sealed from the movement of goods or people, as an effort to increase pressure on those groups holding the corporal.

Those groups are the military wing of Hamas, in particular the Khan Yunis group; the Popular Resistance Committees, made up of militants from various factions; and a new group called the Army of Islam, believed to be close to Hamas. They carried out the raid into Israel on Sunday, emerging from a long tunnel dug for many weeks beneath the border, 300 yards behind Israeli lines. The attack killed two Israeli soldiers and led to the seizure of the corporal, who was said to be slightly wounded.

The Hamas military wing is considered by Fatah and Israel to be under the control of the exiled Hamas political leader, Khaled Meshal, who is in Syria. Even a statement from Mr. Abbas's office on Tuesday, calling for Israeli patience, described "kidnapping the Israeli soldier by forces loyal to Khaled Meshal."

A spokesman for the Popular Resistance Committees, Muhammad Abdel Al, said the corporal was being held "in a secure place that the Zionists cannot reach." The groups have refused to release him, despite efforts by Egyptian, French and other diplomats, and Mr. Haniya, the Hamas prime minister, to end the crisis.

Mr. Al also said his group had kidnapped a Jewish civilian settler in the West Bank. The police said that Eliyahu Asheri, 18, who lives in the settlement of Itamar, near Nablus, had been reported missing since Sunday. They said they were trying to see if there was a connection.

Israeli Attack Could Spark An End To Palestinian Authority's Grip (WSJ)

By Karby Leggett

The Wall Street Journal, June 28, 2006

JERUSALEM -- Israeli forces crossed into the Gaza Strip early this morning, three days after Palestinian militants kidnapped an Israeli soldier, in a military offensive that could threaten a decade-long effort to build a viable and independent Palestinian government.

DOJ_NMG_0037113

When leaders of the militant Islamic group Hamas took control of the Palestinian government after winning an election this year, many Palestinians expressed new hope for the future. Instead, Hamas has struggled under a cloud of international isolation, failing to pay government wages, overhaul the security forces or restore law and order on Palestinian streets.

Now, the Palestinian Authority government is facing perhaps the biggest crisis in its existence. Despite continuing diplomatic efforts to secure the soldier's release, signs pointed toward a wide-ranging Israeli ground offensive.

Israel sent a force of tanks and armored personnel carriers to the edge of Gaza, and sealed off the territory. Israeli aircraft attacked bridges in central Gaza and hit a power station before tanks and troops were sent into southern Gaza. In Gaza, militants armed with machine guns and rocket-propelled grenades rigged explosive devices along roads. Meanwhile, Israeli politicians said an offensive wouldn't be limited to finding the soldier and his abductors.

A hint of optimism also emerged yesterday. Palestinian Authority President Mahmoud Abbas, of the Fatah party, and Prime Minister Ismail Haniyeh, of Hamas, reached agreement on a document that, if the hostage is released and tensions reduced, could facilitate negotiations with Israel. The document calls for the creation of a Palestinian state alongside Israel. While the agreement appeared to demonstrate a willingness on the part of the two leaders to compromise with Israel, it is unclear if the document has the full support of Hamas, because of a growing split between the group's political leaders and its military wing -- which participated in the soldier's abduction.

For both Israel and the Palestinians, the military campaign in Gaza could create enormous long-term complications. Widespread chaos could result if Palestinian security forces are scattered and infrastructure such as roads and schools are further damaged. Hospitals, already short on many supplies, could be overwhelmed.

Israel has said it could begin targeting Hamas leaders for assassination, including those in the government, if the Israeli soldier isn't released. While Israel has assassinated Hamas figures in the past, it hasn't killed government officials. Should the soldier be killed, "no one is immune," Israeli cabinet minister and former general Benjamin Ben-Eliezer said in an interview on a local radio station.

Some Hamas officials already are in hiding, and others would likely follow in the event of a full-scale invasion. That could leave the Palestinian territories without a functioning government. Daily life in Gaza and the West Bank soon would grind to a halt, as schools, hospitals and other services shut down. Palestinian Authority employees, including tens of thousands of teachers, doctors and policemen who haven't received salaries in three months, would be unlikely to return to work without a functioning government in place.

In the end, Israel would be left with two choices: watching as a humanitarian and security crisis likely worsens, or assuming responsibility for providing basic services to roughly five million Palestinians, as Israel did before the 1990s Oslo peace process that led to the establishment of the Palestinian Authority quasigovernment.

"Israel is facing a very big problem now," says Shalom Harari, a former senior Israeli military official and expert on Hamas. "One year from now, we may have no choice but to conquer Gaza and set up a military government again."

Perhaps the greatest risk is that radical militants increase their ranks, further complicating Israel's security problems. Already, since the Israeli military withdrew from the territory last year, some Palestinian officials say al Qaeda has begun recruiting in Gaza. Hamas and Hezbollah -- the region's best-funded and equipped militia -- have been smuggling in more weapons than before.

Indeed, Mr. Harari says that even if the soldier is released, Israel may again enter Gaza in the months ahead. Pointing to the recent buildup in weapons in Gaza, including a new type of rocket than can hit some major Israeli population centers, he says, "Israel is going to have to hit Gaza and hit it hard."

Israeli Troops And Armor Surge Into Gaza (LAT)

By Laura King And Ken Ellingwood

The Los Angeles Times, June 28, 2006

GAZA CITY — Israeli troops and tanks, backed by fierce aerial bombardment, punched their way into the southern Gaza Strip early today, hours after Israel declared that time was running out for Palestinian militants to free an Israeli soldier seized in a cross-border raid.

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The offensive was by far the largest since Israel unilaterally pulled its troops out of the seaside territory more than nine months ago. In the intervening months, Israel has responded to Palestinian militants' rocket attacks with airstrikes and artillery barrages.

But this is the first time since the withdrawal that large concentrations of Israeli forces have entered the restive, densely populated coastal territory.

The attack began late Tuesday when Israeli warplanes blew up a bridge in central Gaza, with loud booms reverberating across Gaza City — a move Israeli military officials said was meant to prevent the captors of Cpl. Gilad Shalit, 19, from moving him.

Later, two other bridges and a power plant were struck, sending billows of white smoke into a night sky lighted by flames and flares.

The air offensive in effect sliced Gaza into three sectors and knocked out power to large swaths, though electricity was restored at least temporarily in Gaza City and other northern areas. There was no immediate word on any Palestinian casualties or the number of Israeli troops that crossed into Gaza.

Military analysts said the incursion was the first phase of an operation that would intensify, possibly to include targeting Hamas leaders, unless Shalit is released.

"We are trying to make it clear to the Palestinian Authority and terrorist organizations that we're very serious about this and about Cpl. Shalit's safety and quick return home," said Capt. Noa Meir, an Israeli military spokeswoman.

Officials said Israel did not want to seize the Gaza Strip, which it occupied for 38 years.

"We have no interest in returning to a place we have left. We seek dialogue, not a bloodbath," Israel's infrastructure minister, Binyamin Ben-Eliezer, said early today. "If they return the soldier, sit down at the negotiating table — we're out. There's nothing for us there."

In the hours before the strike, Palestinians girded for attack, topping bulldozed mounds of sand along urban thoroughfares with barbed wire and laying what appeared to be homemade explosives in the expected path of Israeli tanks massed just across the border.

Against the backdrop of battle preparations by both sides, the Palestinians' ruling Hamas movement and the rival Fatah faction announced Tuesday that they had tentatively agreed on a political platform that could lead to negotiations with Israel.

However, the move appeared to be more of an effort to present a symbolic united front at a time of crisis than to genuinely alter the hard-line stance that has led to the Hamas-dominated government's diplomatic and economic isolation. The Islamist Hamas movement emphasized that it was still not willing to acknowledge Israel's right to exist.

The offensive was sparked by an audacious cross-border raid Sunday in which Palestinian militants captured Shalit and killed two other soldiers. Two of the Palestinian attackers were killed.

The consortium of Hamas-linked groups claiming to hold Shalit warned Tuesday against any attempt to rescue him, saying it would result in failure and bloodshed. That was a chilling and probably deliberate reminder to Israelis that the last time Palestinian militants managed to seize an Israeli soldier, in 1994, he was subsequently killed in an Israeli rescue raid.

"The soldier is in a secure location to which the Zionists' reach does not extend," Mohammed Abdelal, a spokesman for the Popular Resistance Committees, one of three groups thought to have taken part in the raid, told reporters in Gaza City.

The purported captors have demanded the release of Palestinian prisoners who are female or younger than 18 in exchange for information about Shalit, but have provided no proof he is alive.

Israel said no prisoner exchange was being contemplated.

Israeli military sources said they believed Shalit was being held in southern Gaza, a stronghold for militant Palestinian groups that have engaged in abductions of foreigners and Palestinian political rivals.

The Israeli troop incursion was concentrated east of the southern border town of Rafah. But the scale and intended duration of the military push were not clear.

In the initial offensive, Israeli soldiers did not enter Gaza City or its immediate environs, where in some neighborhoods masked militants flooded the streets and mosque loudspeakers called on people to resist.

"Take up your rifles and fight!" a senior leader of Hamas' military wing, Nizar Rayan, said in a broadcast exhortation.

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Complex mediation efforts led by Egypt continued Tuesday. Because Shalit holds dual French-Israeli citizenship, French diplomats were also involved, but they were close-mouthed about their role.

The United States also urged restraint on Israel's part.

"There really needs to be an effort now to try and calm the situation," Secretary of State Condoleezza Rice told reporters en route to Pakistan.

Seeking to step up the pressure on the Hamas government, Israel closed its border crossings with Gaza on Monday. Combined with a naval blockade, the closure has effectively barred the importation of food, fuel and other goods. Israeli media reported that government leaders also were considering cutting off electricity and water.

Vice Premier Shimon Peres said Israel was asking governments to withhold donations to the Palestinian Authority until the soldier is freed.

Peres also said it appeared that Hamas' political leader, Khaled Meshaal, a hard-liner who is based in Damascus, the Syrian capital, was responsible for Sunday's attack — the most explicit public accusation against Meshaal from a senior Israeli official.

"It's clear that Khaled Meshaal gave the order for this operation, and he wants to destroy prospects for peace," Peres told reporters after visiting Shalit's parents in the Galilee region.

In the streets of Gaza City on Tuesday, the mood was one of anger and defiance, with many saying that Palestinians should not free the Israeli soldier without getting something in return.

Atop makeshift barricades of sand, concrete blocks and debris, young Palestinian boys played with toy rifles. Aerial drones and other aircraft could be heard circling overhead, and Israeli gunships were visible through the heat haze offshore in the Mediterranean.

Adding to the jittery atmosphere, a car exploded Tuesday close to the Gaza City residence of Palestinian Authority President Mahmoud Abbas, who was not in the building at the time.

One man, described as a Hamas militant, was killed and several others were wounded. Palestinians called it an assassination by Israel, but the Israeli military denied any involvement.

The announcement of a political agreement by Hamas and Fatah came after weeks of negotiations, and after Abbas said last month that he would put the question of whether to recognize Israel to Palestinian voters in a referendum.

Under the tentative agreement, Abbas would be empowered to hold negotiations with Israel but any agreements reached would require the approval of the Hamas-dominated parliament.

The document appeared to fall far short of international and Israeli demands on Hamas. Israel dismissed the accord as a "diplomatic non-starter."

The negotiations over a Hamas-Fatah political pact and the capture of Shalit have laid bare the divisions within Hamas.

The group's military wing, thought to report primarily to exiled leaders in Damascus, said it took part in the raid that brought about the soldier's capture. The Hamas-led government, meanwhile, urged that the soldier not be harmed.

"We … don't want to reach a situation of bloodshed," government spokesman Ghazi Hamad, who speaks fluent Hebrew, told Israel's Army Radio.

Defense Minister Amir Peretz said during a visit Tuesday to the agricultural community of Kerem Shalom, where the Palestinian attack took place, that Israel had no choice but to respond decisively to a raid on its soil.

Abbas, Hamas Strike A Deal (WT)

By Joshua Mitnick

The Washington Times, June 28, 2006

TEL AVIV -- Under mounting pressure to release a kidnapped Israeli soldier held in the Gaza Strip, Palestinian Authority President Mahmoud Abbas and Prime Minister Ismail Haniyeh put aside differences in a power-sharing agreement aimed at ending months of internecine fighting between Hamas and Fatah and implicitly recognizing Israel.

The agreement came as a surprise.

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With Israeli Prime Minister Ehud Olmert threatening a broad invasion of Gaza and more assassinations in retaliation for the abduction of Cpl. Gilad Shalit and the killings of two other soldiers during a cross-border raid, tensions have been on the rise between the rival Palestinian parties and within the Hamas party itself over how to respond.

Early today, Israeli planes attacked two bridges and a power station, knocking out electricity in most of the Gaza Strip and stepping up the pressure on Palestinian militants holding Cpl. Shalit, 19.

In central Gaza, a bridge was destroyed in a strike launched from an Israeli aircraft.

"People usually unify at times of crisis," said Ghassan Khatib, a former minister in Mr. Abbas' Cabinet. "I think the prime minister, particularly, is in need of the president nowadays, especially given that there seems to be difficulties inside of Hamas."

Mr. Haniyeh is thought to be at odds with Damascus, Syria-based Hamas hard-liner Khaled Meshal over the agreement and the attack. Mr. Abbas also is keen on gaining international legitimacy as Western countries boycott the Hamas-led government for its refusal to recognize Israel.

For Mr. Abbas, considered by some as a lame duck in the wake of Hamas' victory, cajoling Hamas into an agreement that calls for the Islamic militants to join the Fatah-dominated Palestine Liberation Organization (PLO) can be a form of a victory.

"The president has always been interested in such an agreement, because this will make him stronger internally and externally," Mr. Khatib said.

The prisoners document calls for Hamas to join the ranks of the PLO, a signatory to peace agreements with Israel. It also calls for a moratorium on attacks within Israel while legitimizing violence in areas still under Israeli control. The document also calls on Hamas and Fatah to join in a national unity government.

It is described as implicitly recognizing Israel because it accepts a Palestinian state limited to Gaza and the West Bank, in effect restricting Israel to its pre-1967 war borders.

Palestinians from Fatah have complained of a "two-headed" government pulling in opposite directions. While Mr. Abbas has called on the newly elected Hamas politicians to join peace talks with Israel, the Islamic militants have remained steadfast in their opposition to recognize the Jewish state or foreswear military attacks on Israel.

After the kidnapping, Mr. Abbas immediately denounced the operation and promised to dispatch troops to find the soldier. But Mr. Haniyeh has remained silent as aides called on militants to treat the captive well.

Fatah politicians hailed the agreement as a Hamas concession on the peace process. But, they acknowledged that the agreement won't be a springboard to talks with Israel because it contains phrases that the Israelis can't accept.

"Our way has prevailed," said Jamal Nazzal, a spokesperson for the Fatah party. "We have called for the recognition of Israel, and now almost 18 years after it, Hamas comes to understand how the world is. Hamas wants to be recognized by the world, but they didn't read the structure of the world. So now, under pressure, they are maturing."

The agreement aims to end weeks of fighting among Palestinian factions that has claimed 20 lives and threatens to mushroom into a civil war. It remains to be seen whether militant field commanders on both sides will observe the accord.

Many have criticized the agreement language as being so vague as to allow radically divergent interpretations. Although saying he supported the agreement, Hamas legislator Wael Husseini insisted that the accord doesn't mark a departure from Hamas' traditional opposition to Israel's existence.

"We will never recognize the legitimacy of Israel inside the 1948 borders," he said, referring to the dimensions of the Jewish state accepted by most of the international community. "That doesn't mean we don't recognize the existence of the Israelis. We recognize the existence of Israel, but not on our land. We don't give Israel anything in return for withdrawal." However, Mr. Abbas and Mr. Haniyeh seem to have reached a cohabitation arrangement that benefits both.

"The developments in the last three days weakens the political position and status of Haniyeh" among the Palestinian public, especially in Gaza, said Tel Aviv University professor Shaul Mishal, who authored a book on Hamas. "It's possible that the difficult situation that the government is in might have convinced them to show more willingness to go for this agreement."

Israel Launches Gaza Offensive Over Hostage (USAT)

By From Staff And Wire Reports

USA Today, June 28, 2006

DOJ_NMG_0037117

GAZA CITY — Israeli troops entered southern Gaza and planes attacked three bridges and a power station, knocking out electricity in most of the coastal strip early today. The incursion stepped up pressure on Palestinian militants holding captive a 19-year-old Israeli soldier.

The Israeli military said in a statement that the attacks on the bridges late Tuesday and early today were intended "to impair the ability of the terrorists to transfer the kidnapped soldier."

Israeli troops began taking up positions in two locations east of the Gaza town of Rafah under the cover of tank shells, witnesses and Palestinian security officials told the Associated Press. Palestinians dug in behind mounds of dirt, bracing for a major Israeli offensive.

The strikes, the first major incursion since Israel pulled out of Gaza last summer, came amid intensive diplomatic efforts in the Arab world and by the United Nations. U.S. Secretary of State Condoleezza Rice urged Israel to "give diplomacy a chance."

Negotiators from the ruling Hamas movement said Tuesday that they had accepted a document implicitly recognizing Israel. Israel said only freedom for the captive soldier, Cpl. Gilad Shalit, could defuse the crisis, not a political agreement.

Israeli planes fired at least nine missiles at Gaza's only power station, cutting electricity to much of Gaza, Palestinian security officials told AP. The station's three functioning turbines and a gasoline reservoir were engulfed in flames.

Israeli military officials told AP that Prime Minister Ehud Olmert approved a limited operation for southern Gaza, aimed at "terrorist infrastructure." The officials spoke on condition of anonymity because they were not authorized to talk to reporters.

In the Shajaiyeh neighborhood of Gaza City, armed militants took up positions across from the headlights of Israeli vehicles, and Israeli attack helicopters hovered overhead.

The militants told residents to leave the area. They piled gasoline-soaked tires in the streets. Earlier, bulldozers blocked some of the main roads with piles of sand and dirt to try to slow down Israeli tanks.

There were no reports of casualties in the Israeli strikes.

The Hamas-linked Popular Resistance Committees, one of the three groups that carried out Sunday's abduction, reported that it also kidnapped a Jewish settler in the West Bank.

Israeli police spokesman Micky Rosenfeld said the report was being taken "very seriously." Shalit's abduction has threatened to turn already devastated relations between Israel and the Hamas-led government into an all-out war. Hamas took over the Palestinian Authority after winning parliamentary elections in January.

On Tuesday, the White House reacted coolly to the Palestinian political agreement that appeared to mark the first time Hamas has endorsed the concept of a Palestinian state existing next to Israel.

The document, as described by Palestinian presidential spokesman Walid Awad and others, stopped short of fully breaking with Hamas' long-held opposition to Israel's right to exist. Israel, the United States and the European Union have demanded that Hamas renounce terrorism and recognize Israel's right to exist if the Hamas government is to be recognized as legitimate.

Hamas spokesman Sami Abu Zuhri said it is sticking to its "agenda of resistance" against Israel.

The pact, which has not been released publicly, accepts a 2002 proposal, endorsed by the Arab League, which offered the possibility of full diplomatic relations with Israel. It also calls for a future Palestinian state in the West Bank, Gaza and East Jerusalem.

White House spokesman Tony Snow said U.S. officials found the pact vague.

Israeli Threat Unites Hamas, Fatah (CSM)

By Joshua Mitnick

The Christian Science Monitor, June 28, 2006

TEL AVIV

Under mounting international pressure to free a kidnapped Israeli soldier, Palestinian President Mahmoud Abbas and Prime Minister Ismail Haniyeh closed ranks Tuesday by concluding a power-sharing agreement aimed at ending months of violent Hamas-Fatah fighting and laying down principles for talks with Israel.

The pact between Mr. Abbas and Mr. Haniyeh serves to prop up the political rivals at a time when a hostage standoff threatens an Israeli army retaliatory invasion of Gaza.

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"Now it seems they're in the same boat because they have a serious threat to their political existence," says Shaul Mishal, a Tel Aviv University political science professor who has authored a book on Hamas. "They need badly to maintain their status within the Palestinian public. [Sunday's kidnapping of an Israeli soldier] shows their weakness, and they have no real control. People do what they want, or they listen to someone else - not the government."

Osama Hamdan, a Hamas official in Lebanon close to the organization's hard-line leadership in Damascus, criticized Abbas Tuesday for helping Israel search for the kidnapped Israeli soldier, Cpl. Gilad Shalit, who is believed to be held in southern Gaza, the Associated Press reported. Instead, the official continued, Palestinians should kidnap more Israelis to use as bargaining chips.

Meanwhile, Israel's military is becoming increasingly convinced that an Israeli settler also missing since Sunday has been kidnapped, the Israeli newspaper Haaretz reported Tuesday.

In Gaza City, one Palestinian was killed Tuesday and several others were injured from a missile fired on a car traveling near Abbas's office, Israel Radio reported. Israel's military denied involvement in the attack.

The Abbas-Haniyeh agreement is based on a document drafted by a coalition of jailed Palestinian militant leaders that calls for Hamas's integration into the Fatah-dominated Palestinian Liberation Organization (PLO). Because the PLO is the signatory to peace accords with Israel, the bargain is seen as a major departure for Hamas, which has opposed peace negotiations and the idea of Israeli and Palestinian states coexisting alongside one another.

The document also calls for a unity government with Fatah, another concession by the Islamic militants who would be admitting they are unable to govern without the help of their bitter adversaries.

A commitment limiting Palestinian attacks to territories conquered by the Jewish state in the 1967 Arab-Israeli war has been seen as yet another Hamas concession, but in tolerating attacks by Palestinian militia groups it marks a compromise on Abbas's vocal criticism of the militarized uprising.

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Haniyeh and Abbas were reported to have been on the verge of concluding the agreement Saturday night just hours before a detachment of Palestinian militants raided Israeli military positions near Gaza by tunneling under the border. Two Israeli soldiers and two Palestinian militants were killed in an attack seen by many as an attempt by Hamas's hard-line leadership to undermine the accord.

Fatah leaders have said that this accord with Hamas isn't far reaching enough to form the foundation for peace talks with Israel, but that it is instead aimed to end weeks of infighting that have claimed the lives of 20 Palestinians and spurred new anarchy in the West Bank and Gaza.

"It is a national program. Palestinians will not negotiate with Israel on this basis," says Jamal Nazzal, a Fatah spokesman. "The advantage of it is that Palestinians will not block the way of each other anymore."

But it remains to be seen whether Hamas and Fatah field commanders will honor the commitment. One commander from the Fatah-affiliated Al Aqsa Martyrs Brigade described the agreement as more of a temporary cease-fire postponing an inevitable civil war.

Palestinians from Fatah have complained of a "two-headed" government pulling in opposite directions. While President Abbas has called on the newly elected Hamas politicians to join peace talks with Israel, the Islamic militants have remained steadfast in their opposition to recognize the Jewish state or forswear military attacks on Israel.

The US and the European Union both consider Hamas a terrorist group for its endorsement of suicide bombings against Israel, and have led an international aid boycott of the Palestinian Authority (PA). That has emptied government coffers and compounded economic hardship.

For Hamas's Haniyeh, the agreement with Abbas could potentially bolster his credentials abroad after most governments shunned Hamas. It also props him up amid tension with Hamas hard-liner Khaled Meshal in Damascus.

"People usually unify at the times of crisis," says Ghassan Khatib, a former Labor Minister under Abbas. "I think the prime minister particularly is in need of the president nowadays, especially given that there seems to be difficulties inside of Hamas."

The concessions won by Abbas, on the other hand, gives him ammunition to counter critics who have described him as a lame duck after Hamas's electoral victory, analysts say.

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Mr. Khatib continues, "The president has always been interested in such an agreement, because this will make him stronger internally and externally."

Many have criticized the agreement for language so vague as to allow radically divergent interpretations. While saying he supported the agreement, Hamas legislator Wael Husseini insisted that the accord doesn't mark a departure from Hamas's traditional opposition to Israel's existence.

"We will never recognize the legitimacy of Israel inside the 1948 borders," he says, referring to the dimensions of the Jewish state accepted by most of the international community. "That doesn't mean we don't recognize the existence of the Israelis. We recognize the existence of Israel but not on our land. We don't give Israel anything in return for withdrawal."

Meanwhile, the militants holding Corporal Shalit issued their first demands Monday. The groups, which included Hamas's military wing and two offshoots of the Popular Resistance Committees (PRC), said Israel should release all jailed Palestinian women and children under 18 in return for information about Shalit. Officials estimate there are 500 such prisoners.

"The soldier is in a secure place that the Zionists cannot reach," PRC spokesman Mohammed Abdel Al said. It was the first acknowledgment by militants that Shalit was still alive.

About 3,000 Israeli troops, along with tanks and armored vehicles, have massed along Israel's border with Gaza. Commanders said they were awaiting orders.

Stop Terror At Its Source (WSJ)

By Michael Oren

The Wall Street Journal, June 28, 2006

JERUSALEM -- Dawn broke yesterday over the Israel-Gaza border on a surreal but not unfamiliar scene: Rows of Merkava tanks, armored personnel carriers and Humvees were assembled in preparation for an incursion into the strip. These forces -- when given the green light -- would punch through booby-trapped refugee camps in search of Hamas and Islamic Jihad gunmen, while Israeli jets and helicopters hunt the terrorists from above.

By invading Gaza, Israel hopes to counter increasingly bold Palestinian attacks -- such as the firing of some 1,000 Qassam rockets at Israeli border towns and the kidnapping of an Israeli soldier by Hamas earlier this week. The troops will probably net a large number of terrorists and may rescue the captured soldier. But while the operation may flex its military muscle, it cannot restore Israel's deterrence power or prevent future rocket attacks and kidnappings. Indeed, the attack may well prove Pyrrhic -- inflicting greater injury on Israel than on the Palestinians.

The quandary Israel confronts today originated in the unilateral withdrawal of all Israeli settlers and soldiers from Gaza last August. A sizable majority of Israelis supported disengagement, excruciating as it was, as a means of achieving a national consensus on the country's borders and of preserving its vital Jewish majority.

Yet even those Israelis most in favor of the Gaza pullout understood that many Palestinians would interpret the move as a strategic retreat and a victory for Hamas and al-Aqsa terror. "We shot at the Jews and they fled Gaza," they would say, "so let's keep shooting and they'll abandon Tel Aviv, Haifa and Jerusalem." Israel could have refuted that claim by responding immediately and massively to every infiltration and to every rocket fired, irrespective of whether the attacks caused Israeli casualties. Gaza is now a de facto independent state, Israel should have declared, and like any other state it must bear the consequences of its aggression. * * *

But Israel did none of this. On the contrary, infiltrations and rocket strikes began almost the day after the Gaza disengagement. The primary target was Sderot, a working-class town in the western Negev populated mostly by long-settled immigrants from North Africa and more recent arrivals from Russia. Israel responded with missile attacks aimed at eliminating the Palestinian rocket crews and destroying the Qassam factories. But the crews were too elusive and the factories too readily rebuilt.

The attacks against Sderot and other border towns intensified -- several Qassams struck Askhelon, Israel's major industrial city in the south -- and the Palestinians elected a Hamas government sworn to escalate the violence. Israel retaliated by blasting the Qassam launching areas with artillery fire, but the barrages did little but churn up dirt and accidentally hit civilians. The Jewish state, from a Palestinian perspective, seemed helpless.

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Israel's impotence was the product of several factors, firstly Prime Minister Ariel Sharon's reluctance to reoccupy Gaza so soon after evacuating it. Then came Mr. Sharon's stroke and the Israeli elections, during which, traditionally, Israel refrains from staging large-scale operations. Finally, Ehud Olmert succeeded in cobbling together a left-of-center coalition that pledged to proceed with the unilateral disengagement from the territories (or, as it is now called, convergence), but largely abandoned Mr. Sharon's hard-hitting antiterror tactics.

Though himself a resident of Sderot, Minister of Defense Amir Peretz, a Laborite and advocate of renewed talks with the Palestinians, vowed to exercise maximum restraint and to "count the shells" that the Israel Defense Forces fired into Gaza. Indeed, when Qassams were smashing into Sderot last week and Mr. Peretz's neighbors were on a hunger strike in front of his house, the defense minister was in Jerusalem stumping for his candidates in the Jewish Agency elections.

Israel's inaction has provided a bonanza to Hamas. By demonstrating that disengagement impaired rather than enhanced Israeli security, Hamas has dissuaded many Israelis from supporting a similar withdrawal from the West Bank, from where Qassams could be launched at Tel Aviv and the Ben-Gurion airport. By firing the rockets from densely populated neighborhoods, the Palestinians have forced Israel to kill and wound civilian bystanders, sullying its reputation abroad. Indeed, many world leaders and virtually all of the press hastened to condemn Israel for allegedly firing a shell onto a Gaza beach that killed eight Palestinians. That the IDF denied firing the shell and that the Palestinians destroyed exculpatory evidence by gouging shrapnel from the victims' limbs could not repair the damage to Israel's image.

Collateral damage not only hurts Israel's international standing, it also divides the country internally. Many Israelis grieve over the deaths of innocent Palestinians, even those incurred in successful strikes against terrorists. Israel's Supreme Court is now considering two lawsuits against the IDF, both filed by Israelis, for the unintentional deaths of 15 civilians while killing Hamas commander Selah Shahada in 2002.

The deaths of more than a dozen Palestinian civilians by Israeli fire in the last few weeks has further widened these schisms, pinning the government between the leftists who denounce its callousness and the generals who disdain its sheepishness. An Israeli raid into Gaza will almost certainly result in a frightful number of civilian deaths. The press will once again focus on funerals and mourning families and forget the reason for Israel's action. Israelis will once again agonize over whether these casualties were justified or avoidable.

Palestinians will not be the only ones killed. Hundreds of Qassams fell on Sderot but it took the deaths of two soldiers and the kidnapping of a third to move the government to consider major military action. Soldiers are Israel's Everyman -- or rather Everychild -- and Israelis are acutely sensitive to their safety. Yet in retaliating for the rocket attacks and trying to free the hostage, the IDF will almost certainly suffer casualties.

After a few days of heated battles and accusations of Israeli atrocities, the government will be compelled to extract its forces from Gaza, but not all the soldiers will be going home. And the rockets will keep raining on Sderot. Posing as defenders of the land, Hamas will be made more, not less, popular by the Israeli attack, and Abu Mazen will be commensurately weakened. Mr. Olmert will be unable to proceed on convergence and the Israeli right will begin its inexorable return to office.

There is, however, one way to avert a public relations disaster for Israel, to limit casualties, and to restore Israel's deterrence power: Israel must return to the targeted-killing policy that enabled Mr. Sharon to triumph over terrorist organizations. Israel must target those Palestinians who order others to fire rockets from within civilian areas but whose families are located safely away from the firing zones. No Hamas or Islamic Jihad leader should be immune from such reprisals -- neither Prime Minister Ismail Haniya nor Khaled Meshal, who masterminds Hamas from Damascus. Though there is certain to be some international backlash, the damage to Israel's image will likely be temporary. Who today remembers Abdel Aziz Ranitisi and Sheikh Yassin? Those responsible for causing injury and death to both Israelis and Palestinians must pay the ultimate price. Only then can quiet be restored to Israel's borders and progress toward either unilateral or negotiated solutions resumed.

Mr. Oren, senior fellow at the Shalem Center in Jerusalem, is author of "Six Days of War" (Oxford, 2002).

Iran's Leader Sends Mixed Signals On Nuclear Talks (NYT)

By Nazila Fathi

The New York Times, June 28, 2006

DOJ_NMG_0037121

TEHRAN, June 27 — Iran's supreme religious leader, Ayatollah Ali Khamenei said today that Iran had "no use" to negotiate with the United States. But in a more positive gesture he said that the "the ground was prepared" for talks over Iran's nuclear program.

"Negotiation with the United States has no benefits for us," he said in a meeting with Senegal's President Abdoulaye Wade, the ISNA student news agency reported.

The United States had offered to enter talks with Iran if its leaders agreed to halt the country's nuclear enrichment program. Iran had agreed to negotiate with the Untied States in Iraq to help bring security and Mr. Khamenei had backed those talks publicly. However, those talks never took place.

The United States severed diplomatic ties with Iran in November 1979 when hard-line students attacked the United States embassy in Tehran and took 54 of its diplomats hostage for 444 days.

This is the first that Mr. Khamenei has reacted to the idea of direct talks with the United States since a package of incentives was submitted to Iran on June 6. The package was drafted by Germany and the five permanent members of United Nations Security Council, the United States, Britain, France, Russia and China to convince Iran to end the stand-off over its nuclear program.

Mr. Khamenei also said, "We will not negotiate over our undeniable right of using nuclear technology with anyone. But if they recognize our right, we are willing to negotiate over controls, inspections and international guarantees. The ground for such negotiations has been prepared."

Mr. Khamenei said that Iran's resistance has led to scientific development in the country and Iran's access to nuclear technology is an example of this progress.

In Washington, the White House spokesman, Tony Snow, said he did not consider Mr. Khamenei's comments to be a snub and pointed that various leaders in Iran had offered different reactions to the incentive plan. "At this point, we've heard varying responses from different quarters," he said. "And as a matter of fact, if you take a look at the Ayatollah's remarks today, they are ambiguous."

In a major shift of policy, Mr. Khamenei created a new foreign policy committee on Sunday and appointed former Foreign Minister Kamal Kharrazi, a moderate politician, to head the committee for five years. The committee has four other members, who are all moderate former ministers.

Mr. Khamenei said in his decree that the committee's mission was to "help major decision-making and search for horizons in Iran's foreign policy," the daily Shargh reported.

Rashid Jalali, a member of Parliament said that one of the major responsibilities of the committee is to give its analysis to the leader about Iran's nuclear policy, the daily Etemad Melli quoted him as saying.

The semi-official Fars News Agency reported that President Mahmoud Ahmadinejad is scheduled to visit Iraq in near future and hold talks with Iraqi President Jalal Talibani. This would be the first visit by an Iranian president to Iraq.

Ibrahim Jaffari, Iraq's former prime minister, arrived in Tehran on Sunday, Jomhouri Eslami daily reported on Tuesday. He is expected to meet with senior officials.

Abdul Aziz Hakim, the leader of the Supreme Council for the Islamic Revolution in Iraq, who had urged Iran and the United States to hold talks over Iraq, also visited Tehran last week.

Iranian Leader: U.S. Nuke Talks Not Needed (AP)

By Nasser Karimi, Associated Press Writer

AP, June 28, 2006

Supreme leader Ayatollah Ali Khamenei said Tuesday that Iran does not need negotiations with the United States over its nuclear program, apparently seeking to reassure hard-liners the country will not cave in as it considers a key Western incentives package.

Khamenei, who has the final word on all state matters, did not give his position on the proposals aimed at persuading Iran to impose a long-term moratorium on enriching uranium.

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In Washington, White House press secretary Tony Snow said Khamenei's remarks were "ambiguous" and that the Bush administration has heard varying responses from different quarters in Iran. He said Washington expects a formal response from Iran's top nuclear negotiator, Ali Larijani, to European Union foreign policy chief Javier Solana.

"We're waiting for a consistent, official response," Snow said.

Iran received the proposals June 6, and President Mahmoud Ahmadinejad has said the government will not respond officially until at least mid-August. The United States and Europe are pressing for a quicker reply.

The long period of deliberations suggests internal divisions within Iran's leadership over the proposals, which entail major concessions from Washington and a difficult compromise by Tehran.

At United Nations headquarters in New York, Secretary-General Kofi Annan urged Iran's foreign minister to speed up Tehran's response. Annan met Iranian Foreign Minister Manouchehr Mottaki for the second time in less than a week to discuss the nuclear negotiations.

The United States has said it would join direct talks with Iran, which is being asked to suspend uranium enrichment — a program it has vowed to pursue and never give up completely. Enrichment is a process that can produce fuel for nuclear generators or the material for nuclear warheads.

The United States and its allies suspect that Iran's nuclear enrichment activities are a cover for a weapons program. Iran insists its nuclear program is limited to peaceful energy uses.

Hard-liners in Iran's clerical-run leadership have called on the government to reject the proposals and have painted any agreement to talks with Washington as a surrender.

Khamenei's remarks could be aimed at assuaging their fears by showing that talks with the United States are not a major lure for the government and that negotiations with the West will not mean giving up enrichment.

"Negotiations with the United States would have no benefit for us, and we do not need them," state television quoted Khamenei as telling visiting Senegalese President Abdoulaye Wade.

He said Iran was willing to hold talks on its own terms, warning that the West can misuse the negotiating process to bar Tehran from what it considers its right to pursue enrichment.

"We do not negotiate with anybody on achieving and exploiting nuclear technology," Khamenei said. "But if they recognize our nuclear rights, we are ready to negotiate about controls, supervisions and international guarantees."

Earlier this year, Khamenei supported negotiations with Washington over stabilizing neighboring Iraq. In doing so, he overruled hard-liner opposition, though the prospects of U.S.-Iranian talks on Iraq have fallen apart since then.

If Iran accepts the incentives package, the United States has offered to join European nations in multilateral talks with Tehran over a framework that will guarantee its nuclear program cannot produce weapons.

The package also offers the lifting of some U.S. sanctions and other economic incentives, as well as a promise of American and European nuclear technology for Iran.

Washington's offer to join talks was seen as a major concession since the United States lists Iran as a sponsor of international terrorism and there have been no diplomatic relations between the two countries since 1979, when militants stormed the U.S. Embassy in Tehran and took Americans hostage for 444 days.

President Bush has warned Iran that it faces U.N. Security Council action unless it accepts the incentives. German Foreign Minister Frank-Walter Steinmeier warned Iran on Saturday that it faces isolation if it rejects the package.

Iran Builds Support For Right To Nuclear Power (LAT)

By Alissa J. Rubin

The Los Angeles Times, June 28, 2006

VIENNA — The elaborately stuccoed grand hall of the Palais Eschenbach often plays host to nobility and businessmen, concerts and Christmas parties, but last week it was the unlikely forum for a key Iranian official, who came to make the case for Tehran's right to nuclear technology.

At the evening talk, frequently interrupted by applause, Iran's deputy nuclear negotiator asserted that his country's intentions were purely peaceful.

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"Today, the power of Iran in the region has put us in the position to help with the security and the stability of the region. If we go after nuclear weapons, this would lead other countries in the region also to go after nuclear weapons," said Javad Vaeidi, who also is a member of Iran's Supreme National Security Council.

"That would be neither in the interest of Iran, nor in the interest of the countries of the region."

Vaeidi's visit was one of dozens around the globe in recent weeks by Iranian officials. High-ranking officials have touched down in Algeria, Tunisia, Yemen, China, Spain and Italy.

In Cairo, one such visit was the highest-level official contact between Egypt and Iran in more than two decades, Middle Eastern diplomats said. There were quiet discussions with Turkey and Saudi Arabia and highly visible ones in Malaysia, which played host to a meeting of the 116 member governments that make up the nonaligned movement.

The travels are part of an extensive international lobbying campaign to build support for Iran's position in talks over the future of its nuclear program. Western countries believe Iran seeks the capability to make a nuclear bomb, whereas Tehran says it wants nuclear technology for peaceful purposes only.

The United States and the other four permanent members of the U.N. Security Council, joined by Germany, have made Iran an offer under which it would receive economic and technological benefits in return for halting sensitive nuclear work. A key aspect of the offer is that the United States would join in face-to-face negotiations — the first in 27 years with Iran.

Iranian leaders have given themselves until the end of August to formally respond to the offer. It is already clear, however, that Iran will fight hard to retain the right to at least some nuclear-related activities rather than agree to completely end its research and development of nuclear technology.

Iran's supreme leader, Ayatollah Ali Khamenei, signaled Tuesday that Tehran was cool to the deal in its current form.

"Negotiations with the United States are of no use to us…. We will not negotiate with anyone over the undeniable right of nuclear technology and using it," he said.

Khamenei, however, did not close the door to a deal, adding, "If they recognize this right, we are ready to negotiate over supervision controls."

The Iranian diplomacy has had some successes. In Malaysia, Iran persuaded the conference of nonaligned nations to make a strong statement in support of Tehran's right to pursue the nuclear fuel cycle.

Since then, Iranian diplomats "have been making the rounds," said a U.S. diplomat who has closely followed the negotiations with Iran. "It appears to be a very labor intensive, diplomatic offensive." The diplomat, like others interviewed for this report, spoke on condition of anonymity because of the sensitivity of the talks.

A European diplomat who works on the Iran issue agreed that the statement from the nonaligned nations was "very bad" for the position held by the U.S. and the European Union.

In order to make Tehran's case as strong as possible, Iranian officials are seeking broad international support, especially from outside the West, said diplomats and experts.

Ali Ansari, an Iranian who teaches at the University of St. Andrews in Scotland, described the case Iran was making as stronger than the one being made by the Americans and the European Union.

"The way the West has framed the nuclear debate is pretty unjust.

"From the Third World perspective, it looks like the big powers being unjust to the little powers, saying, 'We can have it, but you can't,' " he said.

The diplomacy is also an attempt to show that Iran has many friends despite Western powers' efforts to rally international support against Tehran.

"The Iranians are anxious to show they are not isolated," Ansari said.

Vaeidi's visit to Austria underscored that. Although they are often believed to share the U.S. wariness of Iran's intentions, European countries diverge considerably in their views of Iran.

Austria, for instance, identifies itself as a neutral country and has long reached out to the Middle East; OPEC has its headquarters in Vienna, and the conservative Freedom Party, which played host to Vaeidi, has had a warm relationship with Middle East powers. And Austrian support for American policy is among the lowest in the European Union.

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For different reasons, Italy and Spain are open to listening to Iran. Foreign Minister Manouchehr Mottaki visited Italy this month and traveled to Spain a few days later.

Italian officials have made no secret they are irritated about being left out of negotiations involving the United States, the European Union and Russia regarding Iran. Britain, France and Germany have been the three European Union countries at the table.

Italy wants to either be part of the negotiations or have the talks take place in a forum to which it has access.

"The Iranians go there and say the EU is not the right forum to discuss this," said a European diplomat from one of the countries involved in the negotiations. "And the Italians agree with them."

In the Middle East, Iranian officials are trying to use the nuclear talks as a vehicle for asserting themselves as the preeminent regional power.

"Iran realizes that a threshold has been crossed — the U.S. is willing to come to the table, so it is going around to countries like Egypt and saying, 'Look we brought the U.S. to the table,' " said a senior Middle Eastern diplomat. "Now, of course, other countries in the region have relations with the U.S. too, but Iran is trying to assert itself in a special way."

Most other countries in the region are largely Sunni Muslim, and their leaders are uncomfortable with the untrammeled growth of Iran, whose population is heavily Shiite Muslim. But they also like the idea of Iran standing up to the United States.

After recent discussions in Egypt with the Arab League and the Egyptian foreign minister, Iran's top national security official, Ali Larijani, urged all Muslim countries to pursue nuclear technology, but his message was primarily directed to Egypt and Saudi Arabia, the other two Arab regional powerhouses.

"The nuclear issue affects the future of all Muslim countries," Larijani said. Speaking to reporters, he called on Muslim countries to "choose the path" of nuclear development.

Iranian Minister: WMD Outlawed In Islam (AP)

AP, June 28, 2006

An Iranian minister told Indonesia's vice president Tuesday that his country has no plans to develop nuclear weapons because Islamic law outlaws the development of weapons of mass destruction.

Mohammad Mehdi Zahedi, Iran's minister of science, research and technology said that based on the Islamic principle, Iran must take advantage of all its potential resources including nuclear technology for the prosperity of its people.

Zahedi called on Western countries not to try and prevent developing nations from producing their own nuclear power when it is designed for peaceful purposes.

"Islamic doctrine does not allow us to produce mass destruction weapons or nuclear ones and the Iranian state is based on that principle," Zahedi told a news conference after meeting with Indonesian Vice President Jusuf Kalla.

He questioned why countries that have developed or used nuclear weapons continue to oppose Iran's nuclear research and development.

He called on developing countries to fight hand in hand against what he called "scientific apartheid."

"I would like to say that the usage of nuclear energy for peaceful purposes is the right of every nation. And we, as a sovereign nation, do not allow other nations to interfere our domestic affairs," he said.

The United States and some European countries have accused Iran of seeking to develop nuclear weapons, and have offered a package of incentives for Iran to give up uranium enrichment and resume negotiations over its nuclear ambitions.

Senator Says North Korean Missile Firing May Not Be Imminent (NYT)

By Thom Shanker And David E. Sanger

The New York Times, June 28, 2006

WASHINGTON, June 27 — The chairman of the Senate Armed Services Committee said Tuesday that while North Korea showed clear signs of preparing a missile for a test launching, it remained uncertain whether it was fully fueled for an imminent firing.

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The chairman, Senator John W. Warner, a Virginia Republican, spoke on Capitol Hill after committee members received a closed-door briefing from officials of the Missile Defense Agency, the Defense Intelligence Agency and the defense secretary's office.

The briefing came as American officials said Chinese and South Korean diplomats were putting pressure on North Korea not to launch the missile. But the Americans said they had gotten little indication about what the North Koreans may have said in response.

At the White House on Tuesday, Tony Snow, the president's spokesman, said the Chinese and South Koreans "can assert considerable influence."

"What we are hoping," Mr. Snow said, "is real simple — that they will use it constructively to say to the North Koreans: 'Come on, you don't want to do this. Let's abide by your moratorium. Come back to the six-party talks.' " He added that North Korea had "a lot to gain by coming back to the table."

American intelligence officials say they believe that the missile is a Taepodong 2 and that a three-stage version could strike the United States. One administration official said the missile at the launching pad was a two-stage version.

Details like that have not been clearly spelled out, either because administration officials are uncertain of the facts or because the details are classified. Several officials would discuss recent intelligence reports on the situation only on condition of anonymity, because the situation is diplomatically delicate and the intelligence is secret.

The New York Times reported Monday that North Korea appeared to some officials to have completed fueling the missile, citing American officials who warned that the move greatly increased the probability that the North would go ahead with its first important test launching in eight years.

A senior American official said Sunday that data from satellite photographs suggested that booster rockets had been loaded onto a launching pad, and liquid-fuel tanks fitted to the missile at a site on North Korea's remote east coast.

Roughly 10 days ago, American intelligence agencies reported to the administration that fueling trucks had been spotted around the missile.

On Monday and Tuesday, two officials said the intelligence could, at best, be interpreted as offering only a prudent assumption that the missile was fueled, and that intelligence analysts had described an already fueled missile as a worst-case scenario.

"It is impossible to know for certain whether or how much fuel is moving between a closed container through a closed line to another closed container," one official said.

Citing intelligence gathered by "overhead systems" photographing the missile, Senator Warner said, "We are not certain if it's fueled."

He also said the surveillance images indicated that "certain infrastructure" remained around the missile and would have to be removed in advance of a launching.

"They could be launching a satellite, a weather satellite or any type of satellite that might be launched by this system," Mr. Warner said. But he said the United States must "prepare for the possibility of a hostile strike," though he termed it a "probably remote possibility."

China Urged To Dissuade N. Korea From Test (AP)

By Gillian Wong

AP, June 28, 2006

South Korea's foreign minister urged China to use its influence to dissuade North Korea from testing a long-range missile, but Western diplomats on Tuesday questioned Beijing's influence over the reclusive communist state.

South Korea's Ban Ki-moon and Chinese counterpart Li Zhaoxing met for about an hour, discussing strategies to sway Pyongyang not to test-launch a missile and to resume six-nation talks on its nuclear weapons program.

"We should focus efforts on dissuading North Korea from test-firing a missile," Li said.

Ban urged China to persuade North Korea not to test the missile, the South's Yonhap news agency reported, citing South Korea Foreign Ministry official Lee Hyuck, who attended Tuesday's talks.

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Recent intelligence reports have said North Korea may be fueling a Taepodong-2, one of its most advanced missiles, at a launch site on the country's northeastern coast. A U.S. government estimate puts the range of the Taepodong-2 missile at between 5,000 and 7,500 miles, making it capable of reaching the United States.

President Bush has said a test launch by North Korea would be considered "provocative," and he urged the nation to heed warnings by China and others not to conduct the test.

The flagship of the U.S. Navy's Pacific fleet arrived in Shanghai on Tuesday for a visit that reflects warming ties between the American and Chinese militaries. Although the visit of the USS Blue Ridge was planned long before reports about North Korea's apparent missile test, Capt. Jeffrey S. Bartkoski said it showed the "importance of regional cooperation" to promote "peace and security."

China, a key provider of aid to impoverished North Korea, is believed to be the only country that has considerable leverage with the hard-line regime of Kim Jong Il. But since the crisis over North Korea's nuclear programs emerged in late 2002, China has largely refrained from threats to halt the fuel and food deliveries and bank credits that sustain its neighbor.

Six-nation talks aimed at ridding the North of its nuclear weapons program stalled in November over a dispute surrounding U.S. financial restrictions on the North.

In Beijing, Western diplomats said China had not sent a special envoy to Pyongyang or otherwise intensified its diplomacy over the missile threat. The diplomats spoke on condition of anonymity because of the sensitivity of the issue.

China's Li told Ban that getting North Korea back to talks on its nuclear weapons ambitions was a top priority and that efforts should be focused on ensuring Pyongyang avoids firing a missile. Li said Beijing had discussed the reported missile test plans with Pyongyang, Yonhap said without elaborating.

Ban left Beijing Tuesday evening.

North Korea has not completed the steps needed for testing a long-range missile, a leading senator said Tuesday after a private briefing from Defense Department officials.

"There are certain steps that would have to be taken if it were imminently to be launched. And those steps, as yet, have not taken place," said Sen. John Warner (news, bio, voting record), chairman of the Armed Services Committee.

Warner said North Korea would have to "remove certain infrastructure" before a missile could be launched, though he did not specify what he meant. Satellites would detect those steps, he said.

The remarks by Warner seemed to raise more doubts than other U.S. officials have so far expressed. Last week U.S. officials said the missile was apparently fully assembled and fueled, though they later said it was unclear how ready the North Koreans actually were.

Meanwhile, North Korea said Tuesday the United States was to blame for a "new nuclear arms race."

"The U.S. is the principal criminal of the present nuclear arms race, the very one who harasses world peace and security," the North's main newspaper Rodong Sinmun said in a commentary, according to the official Korea Central News Agency.

"The U.S. should give up its wild ambition for nukes, mindful that its nuke modernization and space militarization will be a grave crime of disturbing world peace and security."

Japan's Prime Minister Junichiro Koizumi headed Tuesday to the United States for talks with Bush that will include the North Korean missile issue.

The North shocked the world in 1998 by firing a missile that flew over northern Japan and into the Pacific Ocean. It has been under a self-imposed moratorium on long-range missile tests since 1999 but since has test-fired many short-range missiles.

The Washington-based Institute for Science and International Security estimated in a report Monday that North Korea has enough separated plutonium to develop an arsenal of up to 13 nuclear weapons, compared with estimates of one or two nuclear weapons in 2000.

The group says that by 2008, North Korea could have enough plutonium for 17 atomic bombs. It also said North Korea was currently unlikely to be capable of making a nuclear warhead light enough for the Taepodong-2 missile.

The group's assessment was based on an analysis of satellite imagery, media reports and statements by North Korean officials.

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US Warns North Korea Against Talks 'Bluff' (AFP-Y2)

AFP, June 27, 2006

The United States warned North Korea against thinking it could use worries over a possible long-range missile to force the United States into direct talks.

"If it's a bluff for direct negotiations, it's not an advisable way to do it," White House spokesman Tony Snow told a press briefing.

Reports that North Korea is about to fire a missile from a sight on the remote northeast coast of the reclusive Stalinist state have caused international concern.

President George W. Bush on Monday urged the North Korean government to disclose its plans.

"The North Koreans should notify the world of their intentions, what they have on top of that vehicle and, you know, what are their intentions," said Bush.

"We have not heard from the North Koreans, so I can't tell you what their intentions are," he told reporters. "That's part of the problem."

US and Asian officials have said North Korea has prepared a Taepodong-2 missile for launch, amid a parallel standoff over the communist state's nuclear program.

North Korea has boycotted talks since November with five other nations, including the United States, over its nuclear weapons programme.

It has regularly demanded direct talks with the United States. The two sides have never formally ended hostilities since the 1950-53 Korean War, which has bedevilled relations ever since.

A prominent lawmaker in Bush's Republican party meanwhile said the White House had ruled out a preemptive strike to knock out North Korea's Taepodong missiles.

"I think that the administration has pretty well put (that) to rest, and I concur with the administration," Senator John Warner said after a closed-door briefing with top Pentagon officials.

"A preemptive strike at this point in time would not be a wise course of action," he said.

Warner, the Republican chairman of the Senate Armed Services Committee, nevertheless said "prudent steps are being taken by our government to protect us in the ... probably remote possibility that this is a hostile launch."

House Vote Lifts India Nuclear Deal Hopes (FT)

By Caroline Daniel And Demetri Sevastopulo

Financial Times, June 28, 2006

The Bush administration scored a key victory in securing congressional support for its historic agreement to allow civil nuclear co-operation with India when the House foreign relations committee voted 37 to five on Tuesday to allow it to proceed with legislation.

The vote came after months of negotiations between administration officials and legislators. The agreement had triggered fears that it could undermine the nuclear non-proliferation pact and had caused discontent that Congress had been side-stepped in the way that Bush officials chose to negotiate the deal with India.

Supporters of the civil nuclear agreement, which has become the symbol of closer strategic ties with India, quickly hailed the strong bipartisan vote during the mark-up hearings in the House and sought to build momentum to put pressure on the Senate, where the bill is expected to face more obstacles during a similar hearing on Wednesday in the Senate foreign relations committee.

Ron Somers, president of the US-India Business Council, said: "This was a tremendous, bipartisan step forward. The vote is a positive step towards a deepening partnership with India . . . US industry is delighted at the outcome."

The agreement would allow US nuclear exports to India for the first time in 30 years in return for India separating its military and civilian nuclear facilities. Congress must pass legislation to change the Atomic Energy Act of 1954 to exempt India from US laws that prohibit providing nuclear technology to countries that have not signed the nuclear nonproliferation treaty.

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Administration officials had been concerned that Congress would impose new amendments, such as forcing New Delhi to impose a moratorium on fissile material production, that had threatened to derail the whole deal.

However, that amendment was overwhelmingly defeated.

Although the initial bill expanded from the two-page version submitted by the Bush administration to 30 pages, one aide closely involved in talks, said: "In the operative language of the legislation there were no new conditions added. That's the big story.

"The vote exceeded my expectations."

Some of the language in the bill was, however, rewritten to become more specific, addressing in particular concerns about Congress's role in overseeing the final terms of the agreement with India and the agreement that India strikes with the International Atomic Energy Agency on safeguards on its civilian facilities. "What was added was more reporting requirements [to Congress], such as agreeing to an affirmative vote on the bilateral agreement, the so-called Lantos compromise [a reference to congressman Tom Lantos]," said the aide.

Nevertheless, another congressional aide said lawmakers added some non-legally binding language calling on India to work with the US to deter Iran from pursuing nuclear weapons, which could by exploited the opposition parties in India concerned that India is aligning itself too closely with the US.

Mr Somers predicted that the bill would go to the House for a formal vote in July.

"We hope for the same speedy mark-up in the Senate, without any complications. There are challenges ahead, but this is one step in the ladder, and a very important one."

While the Senate may approve the deal, many observers believe the final stamp of approval will not come before November's elections.

It also still requires approval from the 45-member Nuclear Suppliers Group.

India Nuclear Bill Receives Support (WSJ)

By Jay Solomon

Wall Street Journal, June 28, 2006

WASHINGTON -- In a foreign-policy victory for the Bush administration, the House International Relations Committee approved its initiative to share nuclear technologies with India.

The legislation passed by the House panel specifically exempts India from U.S. laws that restrict nuclear trade with countries that haven't submitted to full nuclear inspections. The 37-5 vote was viewed by Democrats and Republicans as a positive indication that the White House's Indian initiative will win support from the full Congress this fall.

India hasn't signed the Nuclear Nonproliferation Treaty and has been sanctioned by Washington in the past for its pursuit of nuclear weapons.

"The measure is an important step in transforming the strategic alliance of two of the oldest and largest democracies, while strengthening international security," said Rep. Henry Hyde (R., Ill.), chairman of the House International Relations Committee. "While the world has known that India possesses nuclear weapons, India has not had a seat at the table of nuclear stakeholders."

The Senate Foreign Relations Committee is scheduled to vote on a similar Indian bill today, and it is expected to pass.

President Bush and Indian Prime Minister Manmohan Singh agreed in March to build a broader strategic relationship between the U.S. and India, with nuclear power being one of the linchpins. Under the terms of the deal, India is required to separate its civilian and military nuclear programs and submit to extensive monitoring of its 14 civilian nuclear power plants by the International Atomic Energy Agency. The U.S. and India must still finalize an agreement detailing the scope and duration of their nuclear energy cooperation agreement.

Republican and Democratic lawmakers expressed initial concerns that the White House hadn't consulted Congress before agreeing to the initiative with New Delhi. The bill that passed the House International Relations Committee yesterday would require the White House to obtain new congressional approval after an agreement on details of the nuclear energy deal with India.

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President Bush has made better relations with India a cornerstone of his foreign-policy agenda. The South Asian country is seen as a bulwark against Islamic extremism and China's economic and military might in Asia. And Mr. Bush has heralded India's role as the world's largest democracy by population.

Supporters of the bill said the move by the House International Relations Committee could herald a new age of strategic cooperation between India and the U.S. and provide important opportunities for U.S. businesses. Companies such as General Electric Co., Boeing Co. and Ford Motor Co. are among firms that could benefit from closer U.S.-India relations.

"I think India could end up being the most important foreign policy initiative of the Bush administration," said Ron Somers, president of the U.S.-India Business Council.

The State Department welcomed the House committee's vote.

Nuclear Proposal For India Endorsed (WT/AP)

By Foster Klug, Associated Press

The Washington Times, June 28, 2006

A House panel endorsed a Bush administration plan yesterday to share civilian nuclear technology with India, a first step toward approval of the unprecedented deal between the two countries.

Supporters called it a defining moment in U.S. relations with India, which is emerging as a pivotal Asian ally and economic partner.

A Republican lawmaker, however, said the deal "knifed" the nuclear Non-Proliferation Treaty designed to limit the spread of nuclear technology, and called it a sad day for efforts to stop the spread of nuclear weapons.

The 37-5 vote in the House International Relations Committee was for legislation to exempt India from U.S. laws that restrict nuclear trade with countries that have not submitted to full nuclear inspections. India developed its nuclear weapons program outside the treaty, which it has refused to sign.

Under the deal, India would allow international inspections and safeguards to 14 nuclear reactors it has designated as civilian; India's eight military facilities would remain off-limits. In return, the U.S. would agree to ship nuclear technology and fuel to India.

The Senate Foreign Relations Committee is to consider separate legislation on the deal tomorrow.

Rep. Jim Leach, Iowa Republican, said passage of the Bush administration plan would open the door to a host of countries to press claims for similar nuclear cooperation, including South Korea, Japan, Iran and North Korea.

The nuclear treaty "has been knifed by an executive action," Mr. Leach said. "Anyone who wants to present this as a happy day is making a very serious mistake."

The House measure was based on a bill proposed by the Bush administration. Rep. Henry J. Hyde, Illinois Republican, the committee chairman, said the earlier bill was "profoundly unsatisfactory" because it removed Congress' oversight role.

While the agreement announced March 2 by President Bush and Indian Prime Minister Manmohan Singh determined a crucial part of the plan -- separating India's civilian and military nuclear facilities -- the two countries still must negotiate conditions, duration and scope of the overall cooperation plan.

Mr. Hyde and Rep. Tom Lantos of California, the committee's top Democrat and a supporter of the plan, said yesterday's legislation would strengthen Congress' role by having lawmakers vote only after they had seen a final version of the cooperation plan with India.

"I would caution the administration to pay close attention to congressional concerns," Mr. Hyde said.

Critics say the plan could boost India's nuclear arsenal. Extra nuclear fuel that the deal would provide, they say, could free up India's domestic uranium for use in its weapons program -- a violation of the treaty.

US Congress Committee Backs Nuclear Deal With India (AFP-Y2)

AFP, June 27, 2006

A controversial civilian nuclear energy deal between India and the United States cleared its first major hurdle, easily winning approval by a US Congress committee.

The House of Representatives International Relations Committee voted 37-5 in favor of the agreement.

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"This is a defining moment in our relationship with the great nation of India," said Representative Tom Lantos (news, bio, voting record), the panel's top Democrat and a primary sponsor of the bill.

"After decades of disengagement punctuated with hostility, we now have the opportunity to achieve what will be a historic geostrategic realignment of the worlds largest democracy, India, with the worlds oldest democracy, the United States," Lantos told lawmakers in arguing for the legislation.

Democratic and Republican leaders in both Houses of Congress have expressed strong support for the bill, which is due for a vote in the full House next month.

"In terms of the impact of this legislation on the new geostrategic alignment between India and the United States for the balance of the 21st century, the importance of this legislation cannot be overstated," Lantos said of the deal forged last year between US President George W. Bush and Indian Prime Minister Manmohan Singh.

The Senate Foreign Relations Committee is expected to take up the legislation next week.

Despite the easy approval, the bill has not been without controversy.

Some lawmakers have expressed doubts about extending civil nuclear technology to India, which is not a member of the Nuclear Non-Proliferation Treaty (NPT).

Republican representative Jim Leach (news, bio, voting record), lamented what he said was "a sad day in the world of arms control and the rule of law."

"Anyone who wants to present this as a happy day is making a serious mistake," he said, adding that officially sanctioning India's nuclear program "is a foolish direction to go in."

Under the deal, the United States will aid the development of civil nuclear power in India in return for New Delhi placing its civil nuclear facilities under International Atomic Energy Agency inspections.

The US Atomic Energy Act of 1954 currently prevents the United States from trading nuclear technology with nations that have not signed up to the NPT. It has to be amended for the deal to be effective.

India tested nuclear weapons in 1974 and 1998 and is currently banned by the United States and other major powers from buying fuel for atomic reactors and other related equipment as a result.

Still, some legislators opposed to the deal say it would not only make it harder to enforce rules against nuclear renegades Iran and North Korea, but also set a dangerous precedent for other countries with nuclear ambitions.

"We intend to make the case that the purported benefits of this deal are an illusion, and the risks to the international nuclear nonproliferation regime are quite real," said Democratic Representative Ed Markey, one of the chief opponents to the agreement.

Last week, a group of nonproliferation experts from across the political spectrum wrote to Congress arguing that the nuclear deal would put the United States in violation of the NPT by assisting a non-nuclear weapon state in its pursuit of nuclear weapons.

But Vice President Dick Cheney last week warned that Congress would risk squandering a critical opportunity if it held up approval of the landmark civilian nuclear deal with India.

Press Celebrates Reception Plans For Koizumi Visit (WT)

By Takehiko Kambayashi

The Washington Times, June 28, 2006

TOKYO -- Japan's protocol-conscious press is crowing that Prime Minister Junichiro Koizumi will receive a more elaborate welcome than Chinese President Hu Jintao did when he visits Washington today. But Mr. Koizumi and President Bush also have serious matters to discuss, such as Iraq and the prospects of a North Korean long-range missile launch.

The Tokyo government has taken steps to ensure a successful meeting, agreeing last week to reopen its markets to American beef and announcing Monday that it will deploy advanced U.S. Patriot interceptor missiles on Japanese soil.

Mr. Koizumi arrived in Toronto yesterday, on the first leg of his four-day trip. He will tour Niagara Falls and hold talks with Canadian Prime Minister Stephen Harper in Ottawa today before traveling to Washington.

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Japanese analysts expect Mr. Koizumi and Mr. Bush also will discuss the Iranian nuclear standoff, rising instability in Afghanistan and the threat posed by bird flu as the U.S. and Japan seek to highlight their international cooperation before the Group of Eight summit in St. Petersburg next month.

Tokyo, which was shocked when North Korea tested a long-range missile over Japan's main island in 1998, has been closely aligned with Washington in demanding that Pyongyang not fire a Taepodong-2 missile currently sitting on a launchpad near the country's northeastern coast.

Japan's largest newspaper, Yomiuri Shimbun, which reported that U.S. PAC-3 missiles could be installed in Japan by the end of the year, said it was not clear whether they could shoot down a Taepodong-2, which is thought to be capable of reaching parts of the United States. The PAC-3 missiles are designed to intercept ballistic missiles, cruise missiles or enemy aircraft.

Mr. Koizumi also supports the U.S. policy in Iraq, even though he declared last week that Japan would withdraw its 550 troops engaged in reconstruction and humanitarian work in the Samawah region in that country. He is expected to announce an expansion in operations of the Air Self-Defense Force, which is supporting coalition forces in Iraq.

"It is important to leave a national flag among multinational forces in Iraq," said Toshiyuki Shikata, a law professor at Teikyo University in Tokyo and retired Ground Self-Defense Force general.

Japanese journalists are more focused on the fact that Mr. Koizumi will be treated to a gala White House dinner, a stay at Blair House, a ride aboard Air Force One and a visit to rock legend Elvis Presley's Graceland Mansion in Memphis, Tenn. Mr. Koizumi is a lifelong Elvis fan.

Wary of a rising China, Japanese are sensitive to the contrast with the treatment given to the Chinese president when he visited Washington in April. Mr. Hu "was given only a luncheon" at the White House, noted the conservative daily Sankei Shimbun.

Mr. Shikata said Mr. Koizumi "from the very beginning developed a warm personal relationship with Mr. Bush. They want to display strong bilateral ties, and both of them want to appreciate their close relationship."

He said Yasuhiro Nakasone, prime minister of Japan from 1982 to 1987, also was known for his close relationship with a U.S. president -- Ronald Reagan. But the professor added, "Mr. Koizumi's ties with Mr. Bush are stronger than that."

The Bush administration was particularly grateful for Mr. Koizumi's decision to send troops to Iraq despite strong public opposition and Japan's U.S.-drafted pacifist constitution, Mr. Shikata said.

"A usual Japanese prime minister would have hesitated to do that."

The visit will cap the career of Mr. Koizumi, whose successor will be chosen when the ruling Liberal Democratic Party picks its next president in September. Mr. Koizumi is expected to ask Mr. Bush to give his cooperation to Chief Cabinet Secretary Shinzo Abe, the likely winner.

"Mr. Koizumi does not want to step down with his approval ratings declining. He wants the U.S. president to praise him as a great leader. That is his foremost desire," said Minoru Morita, a prominent Tokyo-based political analyst.

Koizumi Visit Presents A Tougher Japan (CSM)

By Robert Marquand

The Christian Science Monitor, June 28, 2006

TOKYO

Junichiro Koizumi, the silver-maned lion of Japanese politics, is on his last official US visit. Japan's prime minister will step down in September after six years at the helm.

As he visits his No. 1 ally, Mr. Koizumi's legacy as an upstart reformer seems assured back home: He busted up the old power-shogun cliques that ran Japan. He altered the nation's pacifist image, and self-image, by sending troops to Iraq; 100 Japanese planes will provide Iraq air support next month.

The US-Japan military and maritime alliance is melding more tightly - including Patriot missile deployments against North Korea - even as US forces and bases in Okinawa are being downsized and mothballed.

Yet Koizumi's tenure has brought an often troubling new nationalist spirit - seen in his multiple trips to the Yasukuni war shrine in Tokyo and new forms of right-wing racist rhetoric - that angers China and South Korea, nations the White House wants to work with and not alienate.

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Currently, neither South Korean President Roh Moo-hyun or President Hu Jintao of China have plans to meet Koizumi before he departs from office.

"The shrine visits are not in the US interest, and as the US-Japan alliance gets stronger, the US should discourage them," says Ezra Vogel, a senior Asia expert at Harvard University. "We need to tell Japan, as a friend, that the way it handles the shrine makes the US job in the region more difficult. We can say that if Japan wants to promote friendship in east Asia, this is not the way to do it."

It is considered axiomatic in Japanese relations that overt or highly public commentary about domestic behavior by foreign politicians can scupper efforts to influence Tokyo.

Yet there is some US fallout over Koizumi's decision not to foreclose an Aug. 15 shrine visit. Instead of an earlier possibility to have Koizumi address Congress, he will join President Bush on a trip to Graceland, home of Elvis Presley, on Air Force One. The Bush-Koizumi relationship is regarded as very close, perhaps rivaled only by the mutuality between Bush and Tony Blair.

Japanese officials are eager to point out they engage in many kinds of dialogue and exchanges with East Asian nations. They have energy talks, cultural exchanges, and many levels of diplomacy; Japan has been a leader in distributing aid in Asia. It is unfair to simply boil relations down to the shrine, they say.

"There are many voices and points of view in Japan, and I think the general trend of Japan's relations with neighbors is upward," says Foreign Ministry press secretary Yoshinori Katori.

But in East Asian capitals, Koizumi's shrine visits are widely seen as a provocative denial of World War II Japanese aggression; a high court in Tokyo in recent days refused to say whether the visits were an unconstitutional abridgement of church and state. The issue will reach another peak this summer if Koizumi visits Yasukuni on Aug. 15, the day Japan surrendered in World War II.

Under the rules of the Liberal Democratic Party (LDP), Koizumi is not eligible for another term. Having won a landslide victory in one of Japan's most colorful elections ever last September, the prime minister nonetheless said he would step down.

Yet he leaves a political climate that has moved so far to the right that the leading successor in the party is Cabinet Secretary Shinzo Abe, whose grandfather was a Cabinet member during World War II and who belongs to a new breed of unapologetic patriots who have openly described China as a "threat."

In recent months, the jockeying has taken an unexpected turn, however. Moderate candidate Yasuo Fukuda is making a run, at least in LDP party circle discussions.

Citing a need for better relations with huge trading partner China, business leaders as well support Mr. Fukuda, a former cabinet secretary. In a recent survey of 31 business leaders, 15 opted for Fukuda, while 12 gave Abe the nod.

Yet Abe is again picking up in popular polls, helped by an unlikely source. By placing a Taepodong 2 long-range missile in launch position in North Korea, Kim Jong Il has created worry in Japan - which parlays into national security fears and a boost for Abe.

"Kim launched the first Taepodong over Japan in 1998," notes a Western diplomat. "That resulted in the beginning of missile defense and the first close military alliance between Japan and the US. Now his second missile is moving to elect Abe. Kim is aiding the Japanese right-wing. How ironic is that?"

US officials regard Tokyo as their most reliable ally in the Pacific. Yet such status requires maintenance, they say, and careful attention to how the relationship plays with other partners.

South Korean diplomats have felt dismay, if not betrayal, for example, at what appears to be US neutrality on Japan's recent claims over the Dokdo islands off Korea. This spring, Korean and Japanese naval vessels came close to a standoff over Dokdo, which Japan calls Takeshima. Seoul has long felt that the US regarded Dokdo as Korean.

Last week, President Roh weighed Seoul's military ability against Japan's, telling coast guard officers that, "It is true Japan is superior in military power, but we have enough military capability to deter Japan's provocations."

As Koizumi arrives in the US, he is bringing the welcome message that Japan has agreed to lift its ban on US beef imports, put in place five months ago over concerns about mad cow disease. The ban came just a month after a previous two-year ban had been lifted. The issue has caused anger in Congress, puzzlement in ranch states, and frustration at the US Embassy over what have been viewed as subjective claims by Japan regarding US regulation of its beef exports.

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Then there are new US concerns about Japan's revisionism regarding its history with the US. The Yushukan museum, on the grounds of Yasukuni shrine, suggests that the US, not Japan, was responsible for World War II.

"We have our own history issues with Japan," says Mr. Vogel of Harvard. "The fiction that we forced Japan into World War II, things like that, are getting stronger. It is not in Japan's interest to promote these views, and we need to get a fuller discussion about history. We can be balanced and even-handed, and not one-sided, in Asia."

Ex-officials Hit Foreign Aid Cuts (WT)

By Katie Stuhldreher

The Washington Times, June 28, 2006

Former Secretaries of State Colin L. Powell and Madeleine K. Albright warned yesterday that proposed funding cuts for international programs could jeopardize national security.

"I have been arguing this case for 30 years," Mrs. Albright said, speaking at a Washington forum hosted by the U.S. Global Leadership Campaign (USGLC). "The question has always been how to sell this. I think we need to change the name from 'foreign aid' to 'national security support,' because when people hear 'national security,' they immediately salute and with good reason."

President Bush requested $35.11 billion -- up from $31.57 billion enacted last year -- to fund U.S. international affairs in fiscal 2007, accounting for 1.2 percent of total government spending.

But the House Appropriations Committee recently cut Mr. Bush's wish list by nearly $3 billion, to $32.28 billion.

The international affairs budget funds a variety of initiatives, including poverty alleviation, HIV/AIDS programs, land mine removal in former conflict areas, and diplomacy, according to USGLC.

Sen. Thad Cochran, Mississippi Republican and chairman of the Senate Appropriations Committee, recently announced his plan for cuts as well, which would leave the Senate-approved foreign affairs budget at $32.66 billion.

"This is not the place to cut. You look at the places where Congress is making increases, and you say, 'What are they thinking?' " Mr. Powell said, addressing an auditorium of businessmen and representatives from nongovernmental organizations.

Mr. Powell urged them to "march up to the Hill" to express their concerns over the proposed cuts.

The Senate Appropriations Committee is scheduled to take up the foreign affairs budget tomorrow.

Last month, Sen. Mike DeWine, Ohio Republican; Sen. Dianne Feinstein, California Democrat; Sen. Rick Santorum, Pennsylvania Republican; and Sen. Richard J. Durbin, Illinois Democrat, sent a letter signed by 52 senators to the Senate Appropriations Committee urging full funding of the requested budget.

"A majority of my colleagues in the Senate agree that it is critical that we continue to fund our U.S. International Affairs Budget. Terrorist networks recruit from the ranks of the millions of hungry, hopeless, and uneducated youth found throughout the developing world," Mrs. Feinstein said.

Supporters of full funding argue that more money spent on international projects would not only increase global security, but also open up business opportunities abroad.

"The world Madeleine and I grew up in was a world of battlefields. But today, I think it's a world of playing fields, with great opportunities. Countries once closed to us, like China and India, are now ready and willing to do business," said Mr. Powell, who was secretary of state from 2001 to 2005, under Mr. Bush.

Mrs. Albright, who served President Clinton from 1997 to 2001, said the proposed budget asks for a small amount of taxpayer money for a very worthy purpose.

"[Warren] Buffet gave that much money away the other day," Mrs. Albright said.

Islamic Militia Accused Of Breaking Truce (AP)

By Salad Duhul

AP, June 27, 2006

Islamic militiamen seized a checkpoint outside Somalia's capital Tuesday in an hourlong battle that killed six people, according to a clan leader who accused the militia of breaking a new cease-fire.

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The checkpoint connecting Mogadishu to the Lower Shabelle region was manned by members of the Habar Gidir clan who had been charging motorists to pass. The fighting killed three clan gunmen and three civilians, clan leader Abdi Kaibdid said.

"The Islamists made a surprise attack on my troops overnight," he told The Associated Press.

The militia took control of Mogadishu and most of the rest of southern Somalia this month. It signed an agreement last week to stop all military action and recognize the country's powerless, U.N.-backed interim government. But militia officials subsequently voted to replace their relatively moderate leader, who also had been reaching out to the West, with a radical cleric whom the U.S. accused of links to al-Qaida.

Salad Ali Jelle, deputy information minister for Somalia's interim government, said the militia's attack on the checkpoint was a clear breach of the cease-fire.

"They should withdraw from the post they captured and go back to their original positions," he said. Members of the Islamic militia could not be reached for comment.

Somalia has been without an effective central government since warlords toppled dictator Mohamed Siad Barre in 1991 and then turned on each other, carving much of the country into armed camps ruled by violence and clan law. Many of the capital's residents applauded the Islamic group for forcing the warlords from Mogadishu, despite concerns the militia may try to remake Somalia into a theocracy akin to Afghanistan under the Taliban.

State Department spokesman Sean McCormack said Monday that the United States has no plans to engage with the group's new leader, Sheikh Hassan Dahir Aweys, who is on the U.S. terrorist watch list as a suspected collaborator with al-Qaida.

Aweys, 71, told the AP Monday that he will honor his more moderate predecessor Sheikh Sharif Sheikh Ahmed's agreement to meet with interim government leaders next month. He said he plans to tell them that Islamic rule is the only option for Somalia, which has a constitution that makes no mention of Islam.

Underlining the apparent tougher line under Aweys' leadership, militia leaders said they will publicly stone to death four suspected rapists if they are convicted Thursday in Jowhar, 55 miles from Mogadishu.

Ted Dagne, an Africa specialist at the Congressional Research Service, said it was too soon to characterize Aweys' leadership.

"Let's be cautious and try to see if there is a trend that clearly shows a move to an extremist agenda," Dagne said.

Washington has long-standing concerns that Somalia will become a refuge for members of bin Laden's terror network, much like Afghanistan did in the late 1990s. The U.S. has accused the Islamic militia of harboring al-Qaida leaders responsible for deadly 1998 bombings at the U.S. embassies in Kenya and Tanzania. The U.S. backed the warlords in their fight against the Islamic militia.

With Caveats, U.S. Backs Session At U.N. On Curtailing Illegal Arms (NYT)

By Warren Hoge

The New York Times, June 28, 2006

UNITED NATIONS, June 27 — The Bush administration gave its backing on Tuesday to a United Nations conference on curtailing the international flow of illegal arms, but warned delegates against adopting measures that would restrict individual possession of weapons.

"The U.S. Constitution guarantees the rights of our citizens to keep and bear arms, and there will be no infringement of those rights," Robert G. Joseph, under secretary of state for arms control and international security affairs, told the General Assembly. "Many millions of American citizens enjoy hunting and the full range of firearms sports, and our work will not affect their rights," he said.

He also said Washington would object to any steps to establish international regulation of ammunition or to ban governments from selling arms to rebel groups, known in diplomatic jargon as "nonstate actors."

"While we will of course continue to oppose the acquisition of arms by terrorist groups," he said, "we recognize the rights of the oppressed to defend themselves against tyrannical and genocidal regimes and oppose a blanket ban on nonstate actors."

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The two-week conference, which began Monday, is intended to improve ways of curbing the $1 billion black market in the manufacture and distribution of small arms and light weapons that supply brutal civil wars and organized crime networks and end up killing an estimated 1,000 people every day worldwide.

Secretary General Kofi Annan reminded the gathering that "these weapons may be small, but they cause mass destruction." He urged member countries to toughen existing laws governing arms deals.

Steps that Mr. Joseph said the United States would support included the marking and tracing of weapons, controls on transfers, certification of the ultimate recipients, effective management of national stockpiles and destruction of illicit and government-declared surplus weapons.

Mr. Annan said the conference was not contemplating a global ban on gun ownership. "Nor do we wish to deny law-abiding citizens their right to bear arms in accordance with their national laws," he said.

He seemed to be referring to a campaign by the National Rifle Association, which has charged in mass mailings that the United Nations is plotting to take away Americans' guns through a treaty banning ownership.

John R. Bolton, the United States ambassador to the United Nations, confirmed that he had received hundreds of the form letters. Asked why all three citizen delegates from the United States to the conference were prominent members of the gun lobby group, he said he made it a practice not to comment on the activities of nongovernmental organizations.

U.S. Rejects Limits On Personal Guns (WT)

By Betsy Pisik

The Washington Times, June 28, 2006

NEW YORK -- The United States will oppose any international effort to limit access of U.S. civilians to legal firearms but supports stronger controls on arms imports and exports, a senior State Department official said yesterday.

"The United States believes it is important for all of us to speak with one voice concerning the grave matter of the international illicit trade in small arms and light weapons," said Robert Joseph, the undersecretary of state for arms control and international security.

Mr. Joseph is heading the U.S. delegation to the small-arms review conference at the United Nations, which continues through next week.

"The U.S. Constitution guarantees the rights of our citizens to keep and bear arms, and there will be no infringement of those rights," Mr. Joseph said. "The United States will not agree to any provisions restricting civilian possession, use or legal trade of firearms inconsistent with our laws and practices."

The international conference has triggered anger among many American gun owners, who have responded to a National Rifle Association campaign suggesting that the United Nations is trying to take their weapons away.

Tens of thousands of letters have poured in to the United Nations from NRA members, prompting reassurances from Secretary-General Kofi Annan and Prasad Kariyawasam, the president of the review conference.

Mr. Joseph stressed that Washington seeks a "positive" engagement with other governments and supports the implementation of a recent agreement to mark weapons and create a registry to trace their whereabouts. The agreement would also:

•Establish more effective controls on the importing and exporting of weapons.

•Strengthen controls over international brokers.

•Provide for more effective stockpile management of weapons under state control.

•Provide for the destruction of government-declared surplus and illicit weapons.

In an effort to focus on "substance, not process," Mr. Joseph said, Washington would not endorse a third review conference, preferring to discuss "actions that are focused, practical and intended to strengthen" illicit arms-control regimes.

Europeans and others are pressing for a formal agreement on transfer controls, to make sure that weapons are not diverted to conflicts or repressive regimes. The United States has refused to discuss a new treaty relating to arms, but Mr. Joseph said yesterday that Washington will consider voluntary principles.

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He also warned other delegations to back away from issues that the Bush administration deems too complex or inappropriate for such international conferences, such as the marking of ammunition.

Russia Oil Tempers U.S. Sway (WSJ)

By Neil King Jr. And Alan Cullison

The Wall Street Journal, June 28, 2006

The Bush administration is wrestling with a new challenge from abroad: an often strong-willed Russia made all the more assertive by its energy wealth. As if to drive home that point, Russian President Vladimir Putin delivered a hard-hitting speech yesterday, arguing that Russia's economic renaissance makes it an equal among other global powers.

His comments highlight the dilemma facing Secretary of State Condoleezza Rice, who arrives in Moscow today hoping to win Russia's support on international issues such as curbing Iran's nuclear ambitions, even as the Bush administration has stepped up criticism of Mr. Putin's policies both at home and toward Russia's nearest neighbors.

President Bush is set for his own visit to Russia next month, when he must face a similar bind. Administration officials concede that Moscow's economic boom is fueling a more independent Russian foreign policy, and that U.S. criticism of Russian policies increasingly falls on deaf ears. Mr. Putin, talking to an annual gathering of top diplomats in Moscow, acknowledged that some countries haven't caught up with Russia's new economic strength. "Not everyone was ready for Russia to restore so quickly its economic health and position in the world arena," he said. "Some see us through the prism of the prejudices of the past ... and see a threat in a strong, reborn Russia."

Bush aides say they worry that Russia's economic clout already is leading Moscow to overplay its hand on the diplomatic front. As examples, they cite Moscow's decision in January to cut off gas supplies briefly to Ukraine, and Mr. Putin's outreach in March to top leaders of Hamas soon after the militant group began to run the Palestinian government.

"They are certainly feeling better about themselves than at any time since the breakup of the Soviet Union," says one senior administration official, adding that Russia's energy wealth "has given them the distinct feeling that they are back as a big-time player." Russia's assertiveness has complicated life for an administration already struggling with falling approval ratings at home and the intractable conflict in Iraq.

The big test of U.S.-Russia relations is Iran. So far, Moscow has supported U.S. and European efforts to forge a united front within the United Nations to get Tehran to give up any pursuit of nuclear weapons. But Moscow has said repeatedly that it doesn't support imposing sanctions or harsher measures if Iran doesn't comply, and Mr. Putin made clear that Russia wasn't ready to give ground on this issue. "I repeat again: We do not intend to join all sorts of ultimatums that can only drive the situation to a dead end," he said.

Administration officials say that Ms. Rice, while in Moscow this week, is unlikely to echo the blunt language that Vice President Dick Cheney used last month in Lithuania, when he accused the Putin government of concentrating power at home while using Russia's vast oil and gas reserves as "tools of intimidation or blackmail." Instead, Ms. Rice may meet privately with several leaders of Russian civil society. Mr. Putin yesterday denounced all criticism of his energy policy as "exclusively political."

President Bush, during his trip in July, may also show some sign of support for greater democracy in Russia, though his advisers are debating what gesture to make. Mr. Cheney's public blast in Lithuania, U.S. officials say, was meant to put down a marker in the lead-up to the Russian-hosted summit of the Group of Eight top industrialized countries in St. Petersburg next month. Russia's stewardship of the G8 this year, at a time when the Putin government clamps down on dissent at home, has embarrassed many in Europe and the U.S.

Mr. Cheney's speech, if anything, only appeared to redouble the Kremlin's defiance of Washington, and aroused an argument in the state-run media that is often expressed: The U.S. is using the rhetoric of democracy as a weapon as it installs unfriendly governments on Russia's borders, and supports opposition groups within Russia itself.

Mr. Cheney delivered his broadside against the Kremlin from Lithuania, and then departed to oil-rich Kazakhstan, where he praised the authoritarian leader as a personal friend. "Where is all this pathos about protecting human rights and democracy when it comes to the need to pursue their own interests?" Mr. Putin asked in his annual state-of-the-nation address a week later.

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Bush administration officials insist there is no internal feud over Russia policy per se. The administration wants good relations with Russia, they say, on counterterrorism and energy cooperation, but also won't shy away from pointing out Mr. Putin's democratic lapses. "We believe it's possible to do the criticism and the cooperation at the same time," says one official. To keep some focus on the democracy side, the administration plans to send two State Department officials, including the top U.S. diplomat for Europe, Daniel Fried, to a pro-democracy "alternative summit" four days before the G8 gathering.

Still, U.S. officials acknowledge that dealing with an increasingly cocky and robust Russia has complicated interactions with Moscow and made negotiations within the U.N. Security Council, where Russia holds a veto, more tricky.

When Mr. Bush in June 2001 declared Mr. Putin "a man deeply committed to his country," Russia was still severely in debt and struggling to recover from the chaos of the 1990s. Russians were also far more uncertain of Mr. Putin himself.

Moscow now has the third-largest currency reserves in the world, including a special $70 billion domestic "stabilization fund." The Russian economy is growing at faster than 6% a year, driven mainly by its output of oil and gas. And its OAO Gazprom, now one of the world's largest companies, supplies more than a quarter of all of Europe's gas, and is pushing to become a major future supplier to China and the U.S.

A King Of Roadblocks Works To Clear A Path In Presidential Race (WSJ)

By John Lyons

The Wall Street Journal, June 28, 2006

MEXICO CITY -- In the no-holds-barred arena of Mexico City politics, the heavyweight is El Grandote.

Dubbed the "Big Guy" by Mexican cops who once charged him with murdering a judge, Alejandro López Villanueva heads a militant squatters' organization of 34,000 families who owe him their homes -- and often their jobs -- and who have become his political soldiers. The 40-year-old Mr. López Villanueva, who wears his dark curly hair at shoulder length, can dispatch 10,000 protesters within two hours to block intersections and snarl traffic, which he does to settle scores and seek benefits for his followers.

These days, Mr. López Villanueva has put his troops at the disposal of the leftist presidential candidate Andres Manuel López Obrador, who has a small lead in most opinion polls in Sunday's national election. Street bosses like Mr. López Villanueva have long been a staple of Mexican politics, but their influence was supposed to fade as the country's democracy matured. Instead, their power has expanded because they can provide jobs and housing to thousands of families made desperate by a sluggish economy.

Mr. López Villanueva has arranged to have about 10,000 members of his organization -- the Francisco Villa Popular Front -- trained by federal election officials to be poll watchers for Mr. López Obrador's Democratic Revolution Party, or PRD. On Sunday he will dispatch them to observe the vote in Mexico City. His followers can be counted on to back Mr. López Obrador and other PRD candidates and to encourage their friends and relatives to do likewise. Other parties will have observers at polling stations, too.

Throughout Mr. López Obrador's political career, he has relied on mass protests to get what he wants. He was famous in his home state of Tabasco for surrounding oil refineries to demand payments to local Indians. His critics fear that if he wins the presidency he'll rely on street bosses like Mr. López Villanueva to achieve his aims, and if he loses he'll call on them to shut down cities. Mr. López Obrador denies the accusation.

"Our hope is that López Obrador will be a transition government to a state that looks after the needs of the lower social classes," said Mr. López Villanueva, who says he is inspired by Marxism. "The involvement of our movement will also be critical in making sure that he comes through with his promises to help the poor." Mr. López Villanueva said he has no plans to contest the results of the election if his man loses.

Mr. López Villanueva rose to prominence as a radical student in the late 1980s. He and a group of other students at Mexico City's National Autonomous University invited hundreds of families who had been evicted from homes on a hillside designated as a nature preserve to camp in the university classrooms and hallways. The campus was shut down because of a student strike Mr. López Villanueva helped organize.

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Later, he led the families to a marshy patch of unused land. He persuaded dump-truck operators to unload discarded asphalt there, which the families used as foundations for the shanties they made from corrugated aluminum, scrap wood and tarps.

Marches and blockading roads eventually forced authorities to turn over title to the marsh land to the families and provide them with low-cost loans and grants to build proper housing. Today, El Molino is a bustling community with blocks of apartment houses dedicated to Carlos Marx, Federico Engels and other communist luminaries. Residents get school supplies at the Francisco Villa stationery and snack on Italian ice from the Francisco Villa ice cream shop. (The revolutionary leader is commonly known as Pancho Villa.)

Over the years, Mr. López Villanueva has seized dozens of unused plots and abandoned buildings. His followers pay fees to the Francisco Villa organization, which serve as down payments on future apartments. The down payments are held in a general account and are generally not reimbursable, so there is a disincentive to quit.

Mr. López Villanueva's tactics have produced running battles with Mexican authorities, though. In the mid-1990s, shortly after the birth of his two daughters, he spent two years on the lam, dodging authorities who arrested 15 of his associates. In 2000, prosecutors accused him of shooting to death a judge. He denied the charge, which he said was concocted by jealous rivals.

The prosecution was dropped for lack of evidence, but not before Mr. López Villanueva had spent five months in prison and was stuck with his nickname. While his friends call him Alejandro, newspapers regularly refer to him as El Grandote. "In Mexico, the cops always provide a nickname to the papers to make you sound like a delinquent," he said. "It's a way of tarring you so you live under suspicion even though what they charged you with was made up."

His fights with the law didn't frighten away Mr. López Obrador's PRD, which was looking to gain power in Mexico City. In exchange for votes, campaign contributions, and demonstrators willing to pack PRD rallies, the party agreed to let Mr. López Villanueva and other street bosses operate on the fringes of the law in places governed by the PRD. El Grandote's followers were prominent in Mr. López Obrador's successful bid to become mayor of Mexico City in 2000. When Mexico's conservative ruling party of President Vicente Fox launched a campaign to disqualify Mr. López Obrador from running for president, Mr. López Villanueva sent thousands of followers into the streets, paralyzing main thoroughfares. President Fox eventually called off the efforts.

Some of Mr. López Villanueva's associates, who see all of the mainstream political parties as buttresses for an economic system that disenfranchises the poor, called the pact with the PRD a sellout and quit his group. But the link-up deepened his power. Under the López Obrador mayoralty, the city government made numerous low-cost construction loans to the Francisco Villa organization. Mr. López Villanueva also added a 10,000-vehicle fleet of gypsy cabs, which operate unmolested by the city. His brother and brother-in-law have held city council seats.

El Grandote says that his responsibilities have grown so heavy that he is wearying of the burden. These days, he says, he often dreams of leaving the "chaos" of Mexico City for a more tranquil life in the country. He hopes his daughters, now teenagers who giggled over photos on their cellphones as he talked, will find less volatile work. "This city is a monster," he said. "It's so big that you go out and do a blockade and there's barely a reaction. Deliveries get through, people get to work."

For now, there is much work to do. On a rainy Thursday, he inaugurated a new cultural center at one of his settlements to the sound of folk music and rowdy applause. And he must keep his troops fired up. Last week, for instance, he organized rotating shifts of a thousand protesters to block off the main artery connecting Iztapalapa with the city center. His purpose was to pressure the city to provide drinking water and other services to several squatter settlements. The group is now camped in front of the borough hall while it negotiates for concessions.

At the entrance to Dusty Mines, a collection of cinderblock houses that lack running water, a teenage girl thumbed through a thin Karl Marx reader. A resident of this squatter settlement controlled by one of the squatter settlements controlled by Mr. López Villanueva, she was ready to rumble for El Grandote. Blocking roads is "a lot of fun," she said.

Chávez's Image Becomes Tool For Attack In Mexican Presidential Race (WP)

By Manuel Roig-Franzia

The Washington Post, June 28, 2006

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MEXICO CITY, June 27 -- Hugo Chávez is not running for president of Mexico. But some days it's been hard to tell.

The Venezuelan president's face has been all over Mexican television at critical stages in this country's bitter mudfest of a presidential race.

For a while, the party of candidate Felipe Calderón filled its ads with shots of Chávez paired with less-than-flattering images of Andrés Manuel López Obrador, the left-leaning Mexican presidential candidate. Later, a political activist group put Chávez back on the tube, surrounded by machine guns and soldiers, and accompanied by a dire voice-over: "In Mexico, you don't have to die to define your future -- you only have to vote!"

The strategy of López Obrador's opponents has been clear. By linking the candidate to Chávez, they have tried to frighten voters into believing López Obrador will be a carbon copy of the Venezuelan president, who has been accused of crushing dissent and crippling democratic institutions.

Mexican political experts generally agree the tactic has been effective. Calderón shot up in the polls shortly after his party began airing the Chávez spots, even though the Venezuelan leader has not taken a public role in the Mexican campaign.

"In politics it doesn't matter what is, it matters what seems to be," said Jorge Chabat, a Mexico City political analyst.

The Chávez imagery has gotten so intense that Mexico's electoral commission has twice ordered television advertisements featuring the Venezuelan leader off the air -- the latest order coming on Monday.

The Venezuelan president, seen as the heir apparent to Cuban President Fidel Castro as leader of the Latin American left, is an easy tool for smear in Mexico. After gaining an ally with the election of Evo Morales in Bolivia, Chávez was unable to use his influence to get Ollanta Humala elected president of Peru in a race against the eventual winner, Alan García.

"What we saw in Peru and we're seeing in Mexico is that Chávez has been converting into a negative," said Mexican political analyst Juan Pardinas.

Many activist groups have injected Chávez into the presidential race, but Calderón's National Action Party, or PAN, did it first. His aides spoke of Bolivarian circles -- small community groups fostered by Chávez's government -- surreptitiously working on behalf of López Obrador. Then the PAN began filling the airwaves with grainy images of Chávez, alongside images of López Obrador.

What followed was a true stunner. López Obrador, who is known for his combative style, barely responded. The PAN kept pounding him with the Chávez advertisement, but López Obrador and his Democratic Revolution Party let weeks pass before aggressively disavowing a relationship with Chávez, a decision his aides now say was a mistake.

As Calderón rose in the polls, Mexico's electoral commission stepped in, ordering the PAN to remove the advertisements in April. By then, López Obrador's once-commanding lead was gone and the race -- after a brief leap by Calderón into first place in most polls -- has settled into a statistical tie.

Arturo Sarukhan, a top Calderón adviser, said the advertisements "became a crowbar for opening the mind-set of the Mexican electorate to the issues that are disturbing to the public about López Obrador."

Chávez had been heavily criticized here for denouncing Mexican President Vicente Fox -- also a member of the PAN -- as "a lapdog" of the United States. Later, the PAN brought up the Chávez comparison when López Obrador told Fox "to shut up" about the presidential campaign, a comment widely criticized as disrespectful in Mexico.

As the campaign enters its final stage, López Obrador has begun responding more often to the comparisons to Chávez. He said in an interview this week with El Universal, one of Mexico's largest daily newspapers, that "I've grown bored with them comparing [Chávez] to me."

"It's absurd," López Obrador campaign strategist Manuel Camacho Solís said in an interview. "Andrés Manuel López Obrador doesn't know Chávez, nor have they ever spoken."

On Monday, a little-known activist group -- the Center for Leadership and Human Development -- was ordered to yank its advertisement featuring Chávez and the machine guns, which López Obrador's campaign complained was a not-so-thinly disguised attack on its candidate.

López Obrador has hit back with a radio ad of his own, which tries to turn the Chávez controversy into a joke. The ad says "Chávez is for López Obrador," but does not mention a first name. The narrator then runs off a string of common Mexican surnames, such as Gonzalez and Perez, and says they're for López Obrador, too.

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Bringing Mexico Closer To God (NYT)

By Enrique Krauze

The New York Times, June 28, 2006

SHOULD Andrés Manuel López Obrador, the front-runner in Mexico's presidential race, emerge victorious on Sunday, it could usher in a form of Latin American leftism as yet unseen: messianic populism. Mexico's fragile democracy could become its first casualty.

Outside of Mexico, people ask which Latin American leader Mr. López Obrador most resembles: Hugo Chávez of Venezuela, Evo Morales of Bolivia or Luiz Inácio Lula da Silva of Brazil. The truth is that he's not like any of them. He does not have the military stamp of Comandante Chávez or the indigenist roots of Mr. Morales. Nor is he a born compromiser like Mr. Lula who, as some Brazilians say, seems to "know the value of 10 percent." Mr. López Obrador is different: he always strives for 100 percent. And he has higher models to emulate.

Earlier this year an interviewer asked him what religion he followed. "I'm Catholic, fundamentally Christian," Mr. López Obrador responded. "The life and work of Jesus fill me with passion. He, too, was persecuted in his time, spied on by the powerful of his era, and he was crucified."

The interviewer was surprised (there is an unwritten rule that Jesus is never mentioned in Mexican politics) and asked him whether he intended some parallelism. "Not at all," he said. "I say it because sometimes it is forgotten."

Many thought his comment was a cynical appeal to win the hearts of the religious Mexican people. Others, including myself, believe, however, that his words were a sincere reflection of the way he sees himself: "I am calling together a movement of consciousness, a spiritual movement," he told a reporter in 2004. "Many people see me, humble people, what they tell me is that they are praying for me .... I am very democratic and very mystic."

Millions of poor Mexicans, particularly in the center and south of the country, see in him what he sees in himself: a bestower of manna who will provide the poor with cash handouts and all the services of a great welfare state. His oratory increasingly blends the theological with the revolutionary: he has repeated that he will "purify national life," inaugurating a new era of "historic transcendence" in which "those on top," "those with money," will no longer oppress "those on the bottom." Believe him: he's a man of his word.

Mr. López Obrador should be strongly commended for placing the fight against poverty at the center of his social platform. But his numbers don't add up. He has said repeatedly, for example, that he will finance his proposal with the more than $9 billion a year to be shaved from the budget by cutting salaries or firing top members of the bureaucracy. However, if the salaries of the 4,000 top officials of the executive branch were cut in half, it would yield scarcely 4 percent of that sum.

Mr. López Obrador has also talked of revising Nafta's agricultural provisions and subsidizing exporters with cheap fuel (a practice prohibited by Nafta). He has declared that he will "allow" private investment, but not national or foreign interest in strategic areas that urgently require it, like oil and gas.

His platform is full of unrealizable initiatives: a microcredit program (a very promising project) but for a whopping eight million people (consider that the successful Grameen Bank of Bangladesh has taken on fewer than six million borrowers since 1976); bullet trains from Mexico City to the northern border (which would not only be expensive, but also face competition from low-cost airlines).

But more troubling than his economics is his political messianism, which could undermine our democracy. As the Mexican writer Gabriel Zaid pointed out last week in the newspaper Reforma, Mr. López Obrador, a former member of the Institutional Revolutionary Party, which ruled Mexico from 1929 to 2000, wants to return to the political structure of the old days. When the P.R.I. held power, the president controlled the country's legislature, judiciary, natural resources, state-run businesses, electoral system, monetary policy and federal budget and could place limits of freedom of expression.

But there would be a disturbing novelty to the process as revived by Mr. López Obrador: his presidency wouldn't be institutional and bureaucratic like the old regime, but instead bound to his personal charisma. One of his most insistent proposals is to amend the Constitution to allow for referendums and plebiscites, so that halfway through his prospective term (in 2009) "the people" would decide whether he goes or stays.

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Knowing that he would take the microphone daily to report on his government's progress — as he has said he will — it's easy to imagine the result of such a plebiscite. And after that, who is to stop him from altering the law of the land and being re-elected indefinitely, or remaining the power behind all powers, if "the people" demand it? Redemption won't be achieved in the constitutionally allotted six years. A messiah needs time.

With the uncharismatic P.R.I. candidate, Roberto Madrazo, running third in the polls, Mr. López Obrador's main obstacle for Sunday is Felipe Calderón of the center-right National Action Party. Where Mr. López Obrador is strong, Mr. Calderón is weak: he has failed to convey real concern for Mexico's poor.

But in economic matters he seems more coherent: a young lawyer who studied at Harvard's Kennedy School of Government, Mr. Calderón seeks to reform the remains of the old corporate structures and the country's traditional inward-looking mentality.

His idea is for Mexico to carve out a competitive niche for itself in a globalized world (as has been done, at different times, by other backward Catholic countries like Chile, Ireland and Spain) and thus generate productive jobs and growth. Mr. Calderón has let it be known that if he wins, he'll call for a coalition government with the P.R.I. and even Mr. López Obrador's Party of the Democratic Revolution.

It is not impossible that Mr. Calderón could win — some recent polls have the race too close to call. But even if he does, he'll face great obstacles. While Mr. López Obrador has said publicly that he would acknowledge the official results no matter what, he always hedges such claims with a "but" — such as making it conditional on the voting being without irregularities.

As the race has tightened, he has taken to criticizing the federal electoral institute and has told the crowds that he suspects "intentions of fraud." This raises fears that he will acknowledge defeat only if Mr. Calderón wins by a significant margin, say, greater than 5 percent.

If Mr. López Obrador were to dispute a Calderón victory in the streets and at the tribunal, the P.R.I. would be likely to join him. If the tribunal cannot name a winner to take the oath on Dec. 1, the day President Vicente Fox Quesada must step down, the national legislature has to name an interim president who would have to call a new election. Mexicans would live in a state of political volatility and our electoral institutions would be discredited.

This would be a serious setback for democracy. But would it be worse than a López Obrador victory? "Mexico has yet to console itself for never having been a monarchy," the Nobel Prize-winning poet Octavio Paz told me in his last years, with great sadness. Maybe his words will prove prophetic. In the long run Mexico will find no consolation in a monarchy cloaking itself in the trappings of democracy and harboring messianic ambitions.

Enrique Krauze is the editor of the magazine Letras Libres and the author of "Mexico: Biography of Power." This article was translated by Natasha Wimmer from the Spanish.

Mexico's Missing Prosperity (WP)

By Robert J. Samuelson

The Washington Post, June 28, 2006

The subtext for the United States' immigration debate is Mexico. Why doesn't its economy grow faster, creating more jobs and higher living standards? That's the question that inevitably confronts the winner of this Sunday's Mexican presidential election, but it is also a critical question for Americans. A more prosperous country would not be sending so many of its poorest citizens north. Since 1990 about 20 to 25 percent of U.S. immigrants have come from Mexico.

Here is an illuminating comparison. In 1970 average incomes in South Korea were about half those in Mexico. By 2004 Korean incomes were more than twice Mexico's. During those decades, reports the Organization for Economic Cooperation and Development (OECD), average Mexican incomes rose 57 percent, to $9,178 (expressed in constant "2000 dollars"); the comparable Korean gain was 574 percent, to $19,148.

It's not that Mexico has made no progress. Its economy was once crisis-prone, inflation-ridden and heavily insulated from foreign trade. Now it has quelled inflation (about 4 percent, down from 17 percent in the late 1990s), controlled government spending and opened up to trade. Before adoption of the North American Free Trade Agreement in 1994, tariffs on covered imports averaged 12 percent (and were much higher in the 1980s); by 2001 they were 2 percent. The last financial crisis -- a

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collapsing currency, an outflow of money -- occurred in 1994 and 1995. In recent years its economy has grown almost 4 percent annually.

But that growth -- fine for an advanced country such as the United States -- doesn't suffice for a poor country whose population is increasing (as is Mexico's) by more than 1 percent a year. In China, economic growth averages 9 to 10 percent annually; in India, about 6 to 8 percent. Mexico isn't in the same league.

Economies advance through the adoption of better technologies and business methods. Production and efficiency improve. Prices go down or incomes go up. Either way, people can buy more -- more old stuff (say, food or housing); or more new stuff (say, Internet connections or iPods). In Mexico, this process is weak. To simplify slightly: Its economy consists of two vast sectors, each slow to adopt better technology and business practices.

One sector involves large, modern firms in semi-protected markets that limit the pressure to improve efficiency or lower prices. "Mexico's business sector is risk-averse. It's never had to operate in a true competitive environment," says Pamela Starr, an analyst for the Eurasia Group, a consulting firm. "It's operated with monopolies and oligopolies encouraged by the government."

An extreme case in point is Pemex, the state-owned monopoly oil company. Without competitors or complaining shareholders, its operations are lax. In 2004 Pemex had $69 billion in sales and 137,722 employees, according to its Web site; in the same year, Exxon Mobil had $291 billion in revenue and 85,900 employees. Telmex, which dominates the phone market, is often cited as another example. In 2004 Mexico had the sixth-highest phone charges for an average customer of 29 OECD member countries.

The other part of the economy is usually called the "informal sector." It consists of thousands of small firms -- street vendors, stores, repair shops, tiny manufacturers -- that theoretically aren't legal, because they haven't registered with the government and often don't pay taxes or comply with regulations on wages and hiring and firing. Almost two-thirds of Mexico's workers may be employed in the informal sector, according to one rough estimate by the International Monetary Fund.

The sector's size might suggest great entrepreneurial vitality. The trouble is that these firms are virtually compelled to remain small and inefficient. Because they're technically illegal, they can't easily get bank loans and can't grow too large without being forced to pay taxes or comply with government regulations. In Mexico, companies with fewer than 10 workers account for almost two-fifths of all employment. In the United States, such firms represent one-ninth of total jobs.

All this frustrates rapid economic growth -- though the obstacles have diminished as Mexico has opened to foreign trade and investment. The harder question is what created this system. Lawrence Harrison, an economic development expert at Tufts University, blames culture. Latin American values, he says, have resisted change and encouraged "rent-seeking" by business elites -- vying for government favors that provide protected markets. Asian societies, he argues, have been more accepting of change and have achieved the higher savings rates conducive to faster economic growth.

Economist William Easterly of New York University is skeptical of the cultural explanation and argues that de-emphasizing trade protectionism and government intervention requires time. "Advocates of free trade and free markets overpromise what can be accomplished in a short time," he says. Attitudes and institutions change slowly. "The payoff is in the long term," he argues.

On paper, the leading candidates for president advocate different economic policies. Former Mexico City mayor Andr?s Manuel L?pez Obrador of the center-left Democratic Revolution Party urges more government activism. Felipe Calder?n of the center-right National Action Party -- the party of the incumbent, Vicente Fox -- favors "the market." But each might have trouble enacting his agenda without a legislative majority, with the once-dominant Institutional Revolutionary Party controlling swing votes. At best, economic growth might improve slightly; at worst it might decrease.

For Americans, the implications are sobering. Mexico has long regarded immigration as an economic safety valve. Whoever wins, that won't change.

China Discloses $1.1 Billion Bank Fraud (WP)

By Peter S. Goodman

The Washington Post, June 28, 2006

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SHANGHAI, June 27 -- The Chinese government disclosed $1.1 billion worth of fraud at one of the country's largest state-owned banks this week, underscoring the risks confronting foreign investors as they seek big stakes in China's precarious banking system.

China's National Audit Office on Monday announced that an examination of records at the Agricultural Bank of China, one of four state-owned giants, uncovered 51 cases of criminal wrongdoing involving 157 people in 2004. The state audit also found evidence of $1.8 billion in improperly handled deposits and $3.5 billion in illegal loans.

The latest details of fraud come as China presses to eradicate the taint of corruption from its state-owned banks as it courts foreign capital in a bid to improve management practices. China's leaders are particularly keen to fix ailing lenders ahead of next year, when foreign banks will be allowed to conduct business inside China in local currency. That could pose a grave challenge to domestic lenders, whose managers have been nurtured by decades of state capital infusions and a system governed more by personal connections than consideration of the bottom line.

The most recent additions to a lengthy roster of bank-fraud cases brings to the fore a basic question about the future of China's financial system: Are the state disclosures a sign that the government is indeed serious about fixing the troubles, or are they just another indication of the extent of the problems in a fundamentally shaky system? Analysts saw a little bit of both. While the state is indeed intent on a fix, the challenges are deep.

"This case that has emerged at the Agricultural Bank of China is just a minor one among the overall problems with China's state-owned banks," said Yi Xianrong, a director at the China Academy of Social Sciences' financial research institute in Beijing. "Lots more such cases are not discovered and will be discovered sooner or later, as the most serious problems involve medium- and long-term loans."

He cited deep institutional problems at the banks, including a lack of internal controls. "More fundamentally, the system appoints bank leaders based on administrative power rather than on market performance," Yi said. "Real changes have yet to come."

For foreign investors, the stakes are high. Last year, Bank of America paid $3 billion for a 9 percent stake in China Construction Bank, and the Royal Bank of Scotland acquired 10 percent of Bank of China. This month, Bank of China raised about $9.7 billion through a stock offering in Hong Kong following a $9.2 billion offering there by China Construction Bank.

Last August, Goldman Sachs Group Inc., American Express Co. and Allianz AG sank $3.8 billion into China's largest lender, the Industrial & Commercial Bank of China, capturing a 10 percent stake. The bank has said it will pursue a stock offering worth about $12 billion in Hong Kong sometime this fall.

Foreign investors are eager to lock up stakes of banks in China's huge, sizzling economy. With stock and bond markets still in their infancy, China's four largest state banks essentially dictate where capital goes in the country. But the foreigners are sinking their money into a financial system that has traditionally functioned more as a cash artery for companies owned by the Communist Party-led government then as a careful arbiter of risk and reward.

Private economists estimate that China's banks are now choked with $500 billion in bad loans, making the system vulnerable to a shock. Those worries have heightened in recent weeks with the release of government data showing a surge in lending in the first five months of the year, despite government caps on investment in red-hot sectors such as real estate and automobile manufacturing.

On Tuesday, the debt-rating agency Standard & Poor's underscored those concerns, declaring that China's banks face "increasing vulnerability" from the widening volume of lending. The agency credited China's banks with some improvements in their governance but stressed that "their developing credit- and risk-management systems are likely to be severely stretched by rapidly changing economic conditions."

The Agricultural Bank has long been seen as the most flawed of the four state-owned giants. Four years ago, the bank announced plans to embrace consumer finance as a way of weaning itself off more politically motivated lending. The bank moved aggressively into the fledgling business of auto finance, seeking to profit as China's growing middle class adopts the family car.

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In interviews then, bank managers acknowledged that credit-checking systems were virtually nonexistent in China. They said that so long as would-be borrowers accurately disclosed their addresses and incomes, few applicants would be turned away.

This week's disclosures added to the evidence that the resulting consumer-finance frenzy has turned sour: The state auditors said that among the biggest areas of fraud in the cases it discovered were car loans and home mortgages.

"The banks have been desperately expanding loans, including consumer loans and real estate loans," Yi said. "The problem won't be visible until real estate prices fall dramatically, which will happen sooner or later. The problem with individual consumer loans is serious."

One Riot Breaks Ground In China (WP)

By Edward Cody

The Washington Post, June 28, 2006

SANZHOU, China -- For 24 hours, thousands of rampaging farmers here unleashed their rage over confiscated farmland this month -- holding local officials hostage and, clubs and bottles of acid in hand, forcing a band of private security guards to spend the night cowering behind locked doors.

The riot in many ways resembled other uprisings in rural China in recent years. But this one ended with a twist: The villagers won significant concessions.

By dusk on June 14, the villagers had agreed to let everyone go home -- or to the hospital for treatment -- and officials had pledged a high-level review of 750 acres of rice paddies and fish ponds, property that had been confiscated by the village committee and resold for development in what the villagers said was a corrupt transaction.

Moreover, the villagers said, they were promised an explanation of how the 200 private guards, many with buzz cuts and tattoos typical of Chinese gangsters, came to be in Sanzhou protecting a multistory apartment complex built on a prime piece of the confiscated farmland.

The compromise did not settle the land conflict that has embittered this village-turned-suburb 25 miles south of Guangzhou, in the boundless expanse of factories that has blanketed the Pearl River Delta. But it stopped the violence after only a few serious injuries. More broadly, it dramatized the Chinese government's realization that farmers have a point when they complain that their land and their livelihoods are being unfairly swallowed up by relentless economic growth.

President Hu Jintao's government, in an indication of concern about the unrest among suddenly landless farmers, has launched a campaign to preserve the fields and paddies that feed China's 1.3 billion people. In addition, it has allocated $42.5 billion to improving the lives of the 700 million Chinese still attached to the land and filled official propaganda with stories of Communist Party cadres out in the countryside solving problems for grateful farmers.

Despite the two-day riot here, the first signs have emerged that the campaign may be having an effect. Although party censorship makes information in China hard to assess, reports of violent protests in farming villages have declined sharply over the past six months. This marks a significant shift from 2004-05, when clashes between farmers and police escalated dramatically. The Public Security Ministry reported 84,000 violent protests in 2005, more than 200 a day.

The government has also become increasingly frank about the corruption that often accompanies land seizures, outraging farmers and corroding their willingness to abide by official decisions. Sun Wensheng, minister of land and resources, told reporters Friday that more than a third of land confiscations involve illegal action on the part of local party and government officials.

Premier Wen Jiabao's cabinet last week handed down an order -- the latest in a long line -- barring local officials from confiscating farmland without ministry approval and from using proceeds from sales of confiscated land to finance government institutions. Wen did not address the complaint voiced most often by farmers: that local officials pocket the difference between low compensation paid to peasants and the high market price charged to developers. But Sun said his ministry was putting together a new system to monitor seizures to prevent this and other abuses.

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The party secretary of surrounding Guangdong province, Zhang Dejiang, has told city, town and village leaders in this region that they cannot use confiscated land until farmers are satisfied with the compensation. In effect, that was the promise reiterated to the farmers of Sanzhou to get them to disperse peacefully.

Guangdong province, China's most industrialized area, has been a hot zone of land conflicts. Police opened fire Dec. 6 on protesting farmers in Dongzhou village, 130 miles east of here, killing several and raising fears that the unrest was about to rise to a higher level of bloodshed.

Zhang, the provincial party secretary and a member of the national Politburo, came under criticism in Beijing for allowing the violence to rise to that level in his province. Since then, three local officials involved in the Dongzhou killings have been fired, according to dissident sources, and 12 villagers have been sentenced to jail terms.

Sanzhou protest leaders, who described what happened here on condition of anonymity because they feared arrest, said busloads of police waited nearby as the riot flared on June 13 and 14. A half-dozen policemen who looked on were not armed, they said.

The villagers said that, although Sanzhou's land confiscations began with decisions made in the mid-1990s, it wasn't until recently that they recognized how much of their land was ticketed for residential and industrial development. In the past few years, a large pond where farmers grew carp has been drained in hopes it can become an industrial park. Municipal food warehouses have been built on former rice paddies. Nearby, a thermos bottle factory has arisen, with an adjacent dormitory for the farmers' children, who make up the workforce.

Farmers seemed most outraged by what they said was use of their compensation by village officials to build a bridge across the fish pond. Needlessly large sums were allocated for the bridge, which is designed as a simple stretch of concrete across a 200-yard bog, they said. "They say they need 10 times what they really need, then they take the difference," a villager said with a sneer.

The head of the Shunde district investigation department, which has jurisdiction over Sanzhou, declined to comment, directing inquiries to the Guangdong provincial propaganda department. Officials there, who according to local reporters have banned reporting on Sanzhou's riot, said they had no information.

Since January, villagers have blocked the bridge-building project, which stands unfinished in the form of two concrete blocks baking under the heavy southern China sun. Many farmers and their wives have sat daily under a tent-like shelter to prevent bulldozers from returning. Banners have been stretched across the tent proclaiming the farmers will not move until they get adequate compensation for their land.

Protest leaders heard earlier this month that a real-estate developer was about to turn over to buyers possession of apartments in a building constructed on another slice of the confiscated land. The developer, they said, sent two dozen private guards in civilian clothes to protect a little sales office on June 11. By June 13, the number had risen to more than 200, they said. Villagers called local police to intervene against the tough-looking outsiders, they said, but got no response.

As the confrontation grew, a number of villagers moved on the apartment building and, threatening to beat them, drove away workers putting on the final touches. The guards counterattacked, and the fight was on. Villagers said they rang gongs, raising the alarm, and by the end of the day 10,000 local farmers and their families were on the scene.

They attacked the sales office, breaking windows and driving away saleswomen. Some used bottles of sulfuric acid to scare off the security guards, they acknowledged, and many swung sticks and threw stones, forcing the guards to take shelter inside the sales office behind locked doors.

Several local officials who showed up to calm the situation were prevented from leaving, the villagers said, and were held all night and into the next afternoon before the bargain was reached.

As part of the deal, the villagers were to negotiate with the developer, who promised to stop construction pending an agreement on compensation. The developer insisted, however, that the level of compensation was a matter between the farmers and the village committee. But the village leadership has refused to meet, protest leaders said, and the local party secretary has dropped out of sight.

"It's been a long time since we saw him," one peasant activist said.

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Taiwan's President, Mired In Scandals, Survives Recall Vote (WP)

By Jane Rickards

The Washington Post, June 28, 2006

TAIPEI, Taiwan, June 27 -- President Chen Shui-bian easily survived a recall vote in Taiwan's legislature Tuesday but remained mired in scandals that have undermined his leadership and touched off a rancorous political struggle.

The recall motion, brought by the opposition Nationalist Party, was backed by 119 of the legislature's 221 members, well below the two-thirds majority needed to force a referendum.

Unless new irregularities are uncovered, Chen is now expected to remain in power for the last two years of his second four-year term. But he has been weakened by charges that his family and aides were involved in under-the-table deals, and buffeted by the political storm those charges have generated. As a result, Taiwanese politics appeared headed for a period of instability that is likely to overshadow relations with China and perhaps brake Chen's attempts to push the self-ruled island toward formal independence.

James Soong of the opposition People First Party, which is allied with the Nationalists, said after the vote that he intended to pursue the effort to oust Chen with a no-confidence vote against the government, headed by Premier Su Tseng-chang of Chen's Democratic Progressive Party. The Nationalist leader, Ma Ying-jeou, appeared less certain about the effort but did not rule it out.

A no-confidence motion would require only a simple majority, and Tuesday's vote indicated that was within reach. If Su were to lose a no-confidence motion, Chen would be forced to choose between calling new legislative elections or having Su resign. Neither would be appealing to Chen and his partisans, who see Su as a possible presidential candidate.

Chen said in a statement that he would respect the outcome of judicial probes focused on his family. But he urged Taiwanese to put the political conflicts behind them and offered to enter into peace talks with China.

"Aside from deep self-reflection and examination, I hope even more to promote political negotiations domestically and cross-strait peace talks," he said.

China has refused to deal with Chen, an ardent champion of formal independence for Taiwan, and Chen did not say what he would do to change that. As for healing the political rifts within Taiwan, opposition leaders appeared intent instead on making Chen pay the full price for the alleged irregularities by his family and aides, particularly with presidential elections on the horizon in 2008.

Ma, the likely Nationalist Party candidate in 2008, acknowledged that the recall had failed but claimed a small victory, saying no one cast a vote against the motion. The 88 legislators from Chen's Democratic Progressive Party boycotted the proceedings, which were held as 5,000 police officers and hundreds of soldiers manned barricades outside the legislature to prevent violence among opposing camps of demonstrators.

The motion to oust Chen was launched after his son-in-law, Chao Chien-ming, was arrested on suspicion of insider trading last month. Prosecutors also have begun an investigation into allegations that Chen's wife, Wu Shu-chen, accepted millions of Taiwan dollars in gift vouchers in exchange for using her influence in a department store takeover. Also, a top presidential aide, Chen Tse-nan, was arrested in connection with financial irregularities in construction of a high-speed railway.

The charges deepened political divisions in Taiwan and added to accusations that Chen's leadership was erratic and unnecessarily provocative to Beijing. In particular, Nationalists sharply criticized his decision in February to abolish the National Unification Council, established in 1990 as a display of willingness to eventually reunite with the mainland.

Taiwan: President Survives Recall Vote (NYT/AP)

By Associated Press

The New York Times, June 28, 2006

President Chen Shui-bian easily survived a recall motion brought by the opposition Nationalist Party over corruption allegations involving his family. Just 119 lawmakers in the 221-member legislature voted for the measure — more than half but well below the two-thirds majority, or 148 votes, needed to pass the motion and put the recall question to the electorate in a referendum. Mr. Chen's Democratic Progressive Party boycotted the vote.

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Groups Promise Big Fight Over Oman Trade Deal (RC)

By Kate Ackley

Roll Call, June 28, 2006

Groups for and against a Bush administration free-trade agreement with the Persian Gulf nation of Oman are stepping up their lobbying efforts, promising to fight just as hard as they did in last summer's bitter battle over the Central American Free Trade Agreement.

The Senate Finance Committee today will consider legislation to approve the deal crafted by the Bush administration. On Thursday, Ways and Means will do the same.

Both sides say the stakes are higher than they ordinarily might be because this is an election year.

Larry Weiss, executive director for the Citizens Trade Campaign, helped organize a Capitol Hill event Tuesday at which House Democrats blasted the agreement with Oman. Citizens Trade Campaign, whose members include unions and environmentalists, has been working to scuttle the pact, which can only be approved or rejected, not changed, by Congress.

"We have a field operation going across much of the country," Weiss said. "Many organizations are calling, writing and otherwise talking to their Members of Congress." The event Tuesday, he said, was "to show Congress the breadth of the opposition."

Weiss said the administration and business interests that favor the Oman agreement had expected it to sail through Congress, in part because Oman is such a small country and thus accounts for a tiny fraction of U.S. imports, and in part because of fatigue over last year's CAFTA fight.

"In the wake of the CAFTA vote, a lot of Members and organizations are just standing up and saying, 'Until you change the model of NAFTA/CAFTA, we are going to oppose these things," said Peter Chandler, chief of staff to Rep. Mike Michaud (D-Maine). Michaud took part in the Tuesday gathering, at which Citizens Trade Campaign released a letter signed by more than 400 groups that oppose the agreement with Oman.

Opponents of the pact say Oman's labor and environmental standards are abysmal.

Chuck Dittrich, vice president of regional trade initiatives for the National Foreign Trade Council, helps manage the U.S. Middle East Free Trade Coalition, a group of businesses that wants the Oman agreement to pass.

"As far as free-trade agreements go, this one is high quality," he said. The Omani government has made great strides in labor laws, he said.

"If this Congress sends a message that Oman — which has come so far in integrating into the global economy through this free-trade agreement process — is not supported, then I think all of our trading partners are going to look at this very seriously. And it's going to send a chill through the bilateral process and also the Doha round," Dittrich said.

Nicole Venable, director of international trade and global competitiveness at the U.S. Chamber of Commerce, said her side is urging Members to stand back and look at the strategic role that Oman plays in the Gulf region and, in particular, the fight against terrorism.

"Members have to recognize that other Gulf countries are looking at this process," she said.

But while the pro-agreement side argues that Oman is a key strategic Middle East ally, especially in the war on terror, opponents counter that the trade agreement could hinder Congressional intervention when it comes to potential national security matters.

Weiss said that if the United States had made a similar agreement with the United Arab Emirates when the Dubai ports controversy emerged earlier this year, then Congress would have had a much harder time killing the deal.

"Congress could not have simply called that deal off," Weiss said. "So if something similar could happen with an Omani company, we are ill-served security-wise by the provisions of this deal."

Thea Lee, policy director at the AFL-CIO, said Oman does not have a history or tradition of free association or labor organizing. Lee said even though Oman's government has reformed its labor laws, "this is really a very primitive step along the way. This is the country with the worst labor laws of any country we're negotiating a free-trade agreement."

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Added Weiss: “It’s going to be like CAFTA all over again, and closer to an election. There’s an awful lot of districts where Members took votes in favor of CAFTA that they did not want to take. Do Members really want to tell people in their districts, ‘Yep, we voted to send more jobs away’?”

Failure Of Geneva Talks Would Not Scupper WTO Round: US (AFP)

By Charlotte Raab

AFP, June 28, 2006

The United States voiced optimism that struggling global trade negotiations would eventually succeed, even if a crucial WTO meeting in Switzerland this week fails.

"We're going to try to get this done as soon as we can, rather than say if we don't get it done by the weekend it won't happen," US Trade Representative Susan Schwab said several hours before her departure for Geneva, after a meeting with US lawmakers.

"We can't be stampeded into an agreement just for a deadline," she said at a news briefing.

"We want to stick to deadlines, deadlines are important, but deadlines in and of themselves are not going to create a good agreement," she said.

"We need to negotiate a good agreement."

The World Trade Organization opens a meeting Thursday to try to save four and a half years of negotiations aimed at liberalizing trade in a way to help developing countries.

WTO Director General Pascal Lamy has set an end-of-June deadline for countries meeting in Geneva to agree on basic formulas for cutting farm subsidies and reducing agricultural and manufacturing tariffs.

Many observers see the meeting as a last-ditch attempt to revitalize the stalled Doha Development Round, which was supposed to have been completed two years ago.

The WTO's 149 divided members, who have repeatedly missed their targets for a deal, are under mounting pressure to complete the round by a December 2006 deadline fixed during a conference in Hong Kong last year.

The United States may hold the key to achieving a global trade accord but appears unwilling to make concessions, amid pressure from skeptical lawmakers and powerful farm lobbies.

Adding to the pressures on trade negotiators is the expiration of a special US trade tool a year from now.

On July 1, 2007, the government of the world's most powerful trading nation is due to lose its special authority from lawmakers to fast-track trade deals, which could hamper the WTO negotiations if they overrun the year-end deadline.

Under fast track, the US Congress is entitled to approve or reject trade deals but cannot amend them.

"There's no US trade representative who'd ever tell you that he or she doesn't want" the fast-track authority, Schwab said. But, "would you bet a whole deal on it? No."

"We are eager for a comprehensive agreement, and determined to craft an agreement that is good for American workers and manufacturers, good for the service provider, and good for our farmers and ranchers," she said.

Republican lawmaker Bob Goodlatte said it was important to continue fast-track authority, "whether we reach an agreement or not."

Schwab reiterated the US trade position, recalling an October offer to cut direct aid to agriculture by 60 percent was still available, on condition US trading partners further opened their markets and lower their customs tariffs on US exports.

US farm aid amounted to 150 billion dollars between 1995 and 2005.

"We made it clear last fall that our proposal was not a take-it-or-leave-it offer, however it was contingent on receiving meaningful offers from our trading partners that match our level of ambition on agricultural market access," she said.

"We have yet to receive such offers."

US Lawmakers Prefer No Deal To Bad Deal In Trade Talks (AP)

AP, June 28, 2006

WASHINGTON (AP)--U.S. lawmakers said Tuesday they would rather have no deal than a bad deal when global trade talks commence this week in Geneva.

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Congress won't support concessions beyond the existing offer from the U.S. to cut farm subsidies, said the House Agriculture Committee chairman, Rep. Bob Goodlatte, R-Va.

"No other country has introduced a proposal that even comes close to the U.S. proposal," Goodlatte said. "Now, we are being called on to give even more and receive less."

He and other lawmakers appeared at a news conference with U.S. Trade Representative Susan Schwab and Agriculture Secretary Mike Johanns, two senior negotiators in the World Trade Organization talks.

"We have no intention of settling for something less," Schwab said.

Schwab and Johanns are headed to Geneva, where negotiations begin Thursday on trade in goods from farms and factories. Countries then face an end-of-July deadline to agree on a framework for a new global trade treaty.

Without a breakthrough on the complex agriculture and manufacturing issues, it will be difficult to address other important issues, such as services, Schwab said.

The Cry Of The Wild (NYT)

By Thomas L. Friedman

The New York Times, June 28, 2006

Puerto MALDONADO, Peru

The most memorable thing about the Amazonian rain forest isn't the sights. It's the sounds.

Lying awake at night inside a mosquito net at the Tambopata Research Center in the Peruvian Amazon, you hear a symphony playing in the rain forest outside. It sounds like one of those dissonant pieces of modern music: a cacophony of birds, red howler monkeys, wild pigs, frogs, macaws and insects making bizarre clicks, snorts, croaks, chirps, wails and whistles that sound like car alarms, strange doorbell chimes and an orchestral wind section that has lost its music but is playing on anyway. Occasionally, this symphony gets punctuated by the shrill, desperate scream of a human species, who has just encountered a spider in her toilet.

This Amazon rain forest in southeastern Peru is a largely uninhabited wilderness that is home to some of the planet's most endangered wildlife, and one of the world's largest macaw clay licks — a cliff of red clay, where blue, red and gold macaws flock for a dirt breakfast every morning.

Look down in the rain forest and you might see a hunting wasp stinging a caterpillar and depositing its eggs inside. Or, look up in the verdant canopy and you see the hanging nest of Oro Pendula weaver birds. You will notice, though, that the Oro Pendula have located their nest on a branch right next to a large white wasp's nest. Why? So if any predators try to attack the birds they will also rile the wasps — an ingenious natural security system.

But today it's all endangered by what Tim Killeen, a senior biologist and researcher at Conservation International, identifies as three converging forces: rising commodity prices driven by rapid growth in China, plans by leaders in South America to integrate their infrastructure and highways to create a continental economy — which will spark human migration into areas that are important for biodiversity — and some new climate models that predict that global warming could make the Amazon so hot and dry that within a century it could mutate from a rain forest into a savannah.

If all of these trends converge, argues Dr. Killeen, it will create a "perfect storm of environmental destruction that will degrade one of the last great tropical wilderness areas of the planet."

The danger signs abound: Sailing here up the Rio Tambopata on our riverboat, we saw gold miners using big motorized barges and mercury to dredge and sift — and destroy — riverbanks in search of gold. With global gold prices soaring, the incentives to dredge the Tambopata are enormous. Some of the miners clear forests for camps and hunt rare animals for food.

Meanwhile, the Interoceanic Highway, running from the Atlantic coast of Brazil to the Pacific coast of Peru, appears to be heading for completion. More roads lead to more agriculture, logging, mining and oil and gas extraction, which converts more forests to cropland, which releases more climate-changing greenhouse gases.

"The Peruvian government has good policies, but it doesn't have the means to enforce them, and there is huge corruption," explained Diego Shoobridge, director of ParksWatch Peru. The road from Brazil through Peru already exists, "but now they are going to pave it," he added. "Once it is paved, all kinds of vehicles will come with Andean people, and they don't know the forests."

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But protests by do-gooders will not stop these forces. It requires a grand strategy.

"We need to put in place a green infrastructure — a system of parks, territories controlled by indigenous communities, land-use regulations, carbon credits for forest protection and green businesses, like eco-tourism — that will create a powerful green economic counterweight to the global economic forces driving deforestation," argued Glenn Prickett, a senior vice president at Conservation International and one of my traveling companions. (My wife is on the C.I. board.)

Indeed, just as the Oro Pendula learned to leverage the wasps' nest to naturally preserve their home, environmentalists have to leverage the riches of the rain forest to naturally preserve the rain forest. That means creating ways for the locals to thrive off it while also protecting it. But that's hard. It is easy to clear-cut a forest for roads or an oil well. It's hard to develop shade-grown coffee or eco-tourism or a Brazil nut factory or a palm tree oil business. But without profitable eco-friendly business alternatives — to counter the eco-hostile ones — the economic predators of this rain forest will eventually have their day.

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DEPARTMENT OF JUSTICE *NEWS CLIPS*

PREPARED FOR THE OFFICE OF PUBLIC AFFAIRS, US DEPARTMENT OF JUSTICE

TO: THE ATTORNEY GENERAL AND SENIOR STAFF

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TERRORISM NEWS:

US A-G Warns Of 'home-grown Terror' (JERP)

By Dan Izenberg

The Jerusalem Post, June 28, 2006

US Attorney-General Alberto Gonzales on Tuesday warned that the war against terrorism was evolving and that a new threat was in the making from homegrown terrorism, which was sometimes harder to defend against than international terrorism.

"They [home-grown terrorists] are much more difficult to find because they exist in our communities," said Gonzales in a speech at Tel Aviv University's Jaffe Center for Strategic Studies, during a short visit to Israel which was due to end Wednesday. "This is presenting additional challenges for us that we are now beginning to focus on."

Asked whether he thought the war against terrorism was succeeding, Gonzales replied, "The US and other countries, like Israel are safer today. [But] we are not safe."

Gonzales singled out US-Israel collaboration in combatting terrorism. "We are working closing in the war on terror," he said.

Gonzales that the improvement in US security was due to the establishment of the Homeland Security Department, new legislation such as the Patriot Act, the war against terrorism in Afghanistan and Iraq and strong international cooperation among law enforcement agencies, which he described as "fantastic."

Still, he said, he constantly reads intelligence reports about terrorist threats to the US and other countries, including Israel. "I sometimes wonder when it this ever going to stop," he added. "And it may not stop for a while."

Gonzales refused to say whether or not the Bush administration was seriously considering closing the prison facility at Guantanamo Bay. In the meantime, the US government is awaiting a Supreme Court ruling on a petition challenging the commissions established by the government to try some of the detainees imprisoned at the US facility.

Gonzales said the US had already released more than 300 detainees arrested since January 2002. He added that one of the problems preventing more detainees from being set free was that no country wanted to take them, and they would be in danger if they returned to their native countries. He gave an example of 16 Chinese detainees that the US did not want to repatriate for fear they would be tortured by Chinese authorities.

Human rights groups in the US have charged that many of the detainees at Guantanamo have been tortured or treated in a cruel, inhumane and degrading manner and in violation of international human rights law.

According to Gonzales, prisoners at Guantanamo receive "top-notch medical care, they receive good food, and good facilities."

Gonzales was also asked why the US refused to join the International Criminal Court, which was established to try alleged war criminals. He replied that the US had more at stake than other countries because it had more troops serving around the world and therefore the risk of indictments against US personnel was greater.

"No country would enter into an agreement that is contrary to their interests," he said. "Why would a country do that?"

Gonzales devoted the formal part of his address to the need for international cooperation in the fight against other transnational crimes in addition to terrorism, such as cyber crimes, drug trafficking, trafficking in humans and child pornography.

GOP Bill Targets NY Times (HILL)

By Patrick O'Connor And Jonathan Allen

The Hill, June 28, 2006

House Republican leaders are expected to introduce a resolution today condemning The New York Times for publishing a story last week that exposed government monitoring of banking records.

The resolution is expected to condemn the leak and publication of classified documents, said one Republican aide with knowledge of the impending legislation.

The resolution comes as Republicans from the president on down condemn media organizations for reporting on the secret government program that tracked financial records overseas through the Society for Worldwide Interbank Financial Telecommunications (SWIFT), an international banking cooperative.

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Rep. J.D. Hayworth (R-Ariz.), working independently from his leadership, began circulating a letter to House Speaker Dennis Hastert (R-Ill.) during a late series of votes yesterday asking his leaders to revoke the Times's congressional press credentials.

The Standing Committee decides which organizations and reporters can be accredited, according to the rules of both the House and Senate press galleries. Members of that committee are elected by accredited members of those galleries.

"Under no circumstances would we revoke anyone's credentials simply because a government official is unhappy with what that correspondent's newspaper has written," said Susan Milligan, a reporter for the Boston Globe, which is owned by the Times, who also serves the standing chairwoman of the Standing Committee of Correspondents. "The rules say nothing about the stories a newspaper chooses to pursue, or the reaction those stories provoke. The Times clearly meets our standards for credentials."

The Times, the Los Angeles Times and the Wall Street Journal all reported the existence of the program on their websites last Thursday.

President Bush criticized the reports during a press event Monday, calling the disclosure "disgraceful" and a "great harm" to national security. Vice President Dick Cheney, who voiced support for the program over the weekend, followed Bush's criticism with harsh words of his own.

In an open letter responding to these criticisms, Times Executive Editor Bill Keller wrote that a free press was the key check on government's abuse of power.

GOP Measure Slams NYT For Bank Story (RC)

By Ben Pershing

Roll Call, June 28, 2006

The House will vote today on a hastily written resolution that is expected to criticize The New York Times for its recent disclosure of the government's secret use of information from a massive international finance network to fight terrorism.

At press time Tuesday, the resolution was still being drafted by a handful of different committees under the direction of Majority Leader John Boehner's (R-Ohio) office. Republican sources said they expected the finished product would condemn both the leaking of the law enforcement program and its publication by the Times and a handful of other newspapers.

A House vote would mark only the latest Republican offensive against last week's story, which detailed the Treasury Department's use of information from the Brussels-based Society for Worldwide Interbank Financial Telecommunication.

The White House lobbied the Times and other newspapers not to publish their stories, and the administration has been vocal in its criticism since they appeared in print.

President Bush himself said Monday that the disclosure "makes it harder to win this war on terror," and Vice President Cheney also joined the chorus of complaints.

House Homeland Security Chairman Peter King (R-N.Y.) has called for an "investigation and prosecution" of the Times, and other Republicans have used similarly harsh language, making it likely that the vast majority of Republicans will vote for today's resolution.

What is less clear is how House Democrats will react. Both Democratic leaders and rank-and-file lawmakers have complained in the past about the administration's conduct of the war on terrorism, particularly after The New York Times disclosed last year that the National Security Agency was listening to some domestic phone calls without a warrant.

But in the case of the SWIFT story, most Democratic leaders have been noticeably silent. The administration even enlisted some Democrats, reportedly including Rep. John Murtha (Pa.) and ex-Rep. Lee Hamilton (Ind.), to try to lobby the Times not to publish its piece.

Senator Calls For Review Of Leaks Damage (AP-Y2)

AP2, June 27, 2006

The government should conduct an inquiry into damage done by the recent disclosures of intelligence programs aimed at stopping terrorists, the Senate Intelligence Committee chairman said Tuesday.

"We cannot continue to operate in a system where the government takes steps to counter terrorism while the media actively works to disclose those operations without any regard for protection of lives, sources and legal methods," said Sen. Pat Roberts (news, bio, voting record), R-Kan., who as intelligence chairman has been briefed extensively on the efforts.

In a letter, Roberts asked National Intelligence Director John Negroponte to order an assessment of damage caused by the disclosure of the government's most classified programs. He said he was particularly interested in the impact of stories on the Bush administration's warrantless surveillance program and its program to monitor terror finances.

Administration officials have publicly confirmed both programs.

In December, President Bush acknowledged the National Security Agency's program to monitor the international communications of people on U.S. soil when terrorism was suspected. In a departure from past practice, no court approval was deemed necessary.

Last week, senior administration officials also confirmed that the Treasury Department and CIA were using administrative subpoenas to pull information from an extensive financial database, called Swift. The Brussels, Belgium-based system captures information on money moved in more than 200 countries.

The New York Times broke the NSA story and was one of three newspapers to lead the coverage on the terror-financing program. Said Roberts: "The New York Times has the right to print what it sees fit to print. But, just because you can, doesn't mean you should."

Damage Study Urged On Surveillance Reports (NYT)

By Scott Shane

The New York Times, June 28, 2006

WASHINGTON, June 27 — Senator Pat Roberts, the chairman of the Senate intelligence committee, asked the director of national intelligence on Tuesday to assess any damage to American counterterrorism efforts caused by the disclosure of secret programs to monitor telephone calls and financial transactions.

Mr. Roberts, Republican of Kansas, singled out The New York Times for an article last week that reported that the government was tracking money transfers handled by a banking consortium based in Belgium. The targeting of the financial data, which includes some Americans' transactions, was also reported Thursday by The Los Angeles Times and The Wall Street Journal.

In his letter to John D. Negroponte, director of national intelligence, Mr. Roberts wrote that "we have been unable to persuade the media to act responsibly and to protect the means by which we protect this nation."

He asked for a formal evaluation of damage to intelligence collection resulting from the revelation of the secret financial monitoring as well as The Times's disclosure in December of the National Security Agency's monitoring of phone calls and e-mail messages of Americans suspected of having links to Al Qaeda.

In London, meanwhile, a human rights group said Tuesday that it had filed complaints in 32 countries alleging that the banking consortium, known as Swift, violated European and Asian privacy laws by giving the United States access to its data.

Simon Davies, director of the group, Privacy International, said the scale of the American monitoring, involving millions of records, "places this disclosure in the realm of a fishing exercise rather than a legally authorized investigation."

The Belgian prime minister, Guy Verhofstadt, has asked the Justice Ministry to investigate whether Swift violated Belgian law by allowing the United States government access to its data.

The American Civil Liberties Union has condemned the program, and a Chicago lawyer, Steven E. Schwarz, filed a federal class-action lawsuit against Swift on Friday alleging that it had violated United States financial privacy statutes.

President Bush, Vice President Dick Cheney, Treasury Secretary John W. Snow and numerous Republicans in Congress have vigorously defended the financial tracking program as legal and valuable and condemned its public disclosure. They have suggested that the articles might tip off terrorists that their money transfers could be detected. Representative J. D. Hayworth, Republican of Arizona, circulated a letter to colleagues on Tuesday asking that The Times's Congressional press credentials be suspended.

Tony Snow, the White House spokesman, said any effort to measure damage to intelligence collection would take some time.

"It's not as if the terrorists are going to say, 'Oops! Going to stop doing that,' " Mr. Snow said at a briefing. "But I think it is safe to say that once you provide a piece of intelligence, people on the other side act on it."

The electronic messaging system operated by Swift, the Society for Worldwide Interbank Financial Telecommunication, routes nearly $6 trillion a day in transfers among nearly 8,000 financial institutions.

At a confirmation hearing on Tuesday for Henry M. Paulson Jr., the nominee for Treasury secretary, Senator Max Baucus, Democrat of Montana, asked whether the monitoring might violate the Fourth Amendment's protection against unreasonable searches. "I think you'll agree that we could fight terrorism properly and adequately without having a police state in America," Mr. Baucus said.

Mr. Paulson did not express an opinion on the propriety of the Swift monitoring but pledged to study it. "I am going to, if confirmed, be all over it, make sure I learn everything there is to learn, make sure I understand the law thoroughly," he said.

Democratic staff members said they had pressed Treasury officials in recent days for a fuller accounting of which members of Congress were briefed on the program and whether notification requirements under the International Economic Emergency Powers Act, invoked by President Bush days after Sept. 11, were met.

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Treasury officials have told Congressional staff members that they briefed the full intelligence committees of both houses about a month ago, after inquiries by The Times, according to one Democratic aide who spoke on condition of anonymity. Some members were told of the program several years ago, but the Treasury Department has not provided a list of who was informed when, the aide said.

Democrats said they hoped to get a clearer idea of the legal foundations for the program, how it was monitored, and how long it will be allowed to continue under the president's invocation of emergency powers.

Representative Carolyn B. Maloney, a New York Democrat who serves on the House financial services committee, said Tuesday: "The administration is basing its actions on a 1970's law that never envisioned a state of perpetual emergency. It wasn't meant to become the status quo. That is why Congress needs to look at its current use."

Victor Comras, a former State Department official who served on a United Nations counterterrorism advisory group, pointed out on The Counterterrorism Blog that a 2002 United Nations report had noted with approval that the United States was monitoring international financial systems.

While providing no details, the report mentioned Swift and similar organizations, saying "the United States has begun to apply new monitoring techniques to spot and verify suspicious transactions."

Inquiry Sought Into News Reports (LAT)

By Richard B. Schmitt

The Los Angeles Times, June 28, 2006

WASHINGTON — The chairman of the Senate Intelligence Committee on Tuesday asked for a formal investigation into whether national security had been damaged by recent news reports unearthing details of two controversial Bush administration anti-terrorism programs.

"Numerous recent unauthorized disclosures of sensitive intelligence programs have directly threatened important efforts in the war against terrorism," Sen. Pat Roberts (R-Kan.) wrote in a letter to National Intelligence Director John D. Negroponte.

Roberts said he was particularly concerned with disclosures that the administration was monitoring phone calls and Internet traffic without a warrant and accessing an international database of bank transactions. "We have been unable to persuade the media to act responsibly and protect the means by which we protect this nation," he wrote.

The Los Angeles Times, the New York Times and the Wall Street Journal were the first to report last week on the banking program in which the Treasury Department has acquired a vast database of personal financial information from a little-known Brussels-based industry cooperative to track possible terrorist activity.

The warrantless surveillance program run by the National Security Agency was disclosed by the New York Times in December and has generated concern because it involves the tracking of international communications where one of the parties involved was in the United States.

Administration officials have confirmed the existence of both programs but have said the media disclosures have aided terrorist groups. President Bush and Vice President Cheney have criticized the revelations as disgraceful.

In an op-ed article Tuesday, Los Angeles Times Editor Dean Baquet wrote that the newspaper "very seriously" weighed the national security concerns, but decided to publish because "there is an intense and ongoing public debate about whether surveillance programs like these pose a serious threat to civil liberties."

Roberts has proposed tougher criminal penalties on those who disclose classified information. But the Kansas Republican — who worked as a reporter and editor for several Arizona newspapers after serving in the Marine Corps — said Tuesday that he did not think journalists should be prosecuted for publishing the information.

The administration indicated in a recent court case that journalists could be prosecuted for publishing classified information under espionage laws.

Negroponte's office said in a prepared statement that Roberts' request was being "reviewed."

"The Intelligence community takes extremely seriously any unauthorized disclosure of classified information," the statement said.

Negroponte has previously condemned such disclosures. He said in a speech in April that "any public disclosure of intelligence-related information is going to hurt us in one way or another."

The harm such revelations pose, he said, includes disclosing sources and methods of intelligence-gathering, and "prejudicing … very important liaison relationships that we have with other intelligence services around the world."

Civil Liberties Group Files Complaint In 17 Countries Against U.S. Mining Of Banking Data For Anti-terrorism Investigation (FINDLAW/AP)

AP, June 28, 2006

DOJ_NMG_0037159

(AP) - LONDON-A civil liberties group on Wednesday asked governments around the world to block the release of confidential financial records to U.S. authorities as part of American anti-terrorist probes.

London-based watchdog Privacy International said it had filed complaints with data protection and privacy regulators in 17 countries, arguing that disclosures of financial transactions "were made without any legal basis or authority whatsoever."

The complaint, sent to regulators in 13 European countries as well as Canada, Australia, New Zealand and Hong Kong, asks authorities to "intervene to seek the immediate suspension of the disclosure program pending legal review."

The U.S. Treasury acknowledged on Friday that since the Sept. 11, 2001 attacks on the U.S., it has tracked millions of financial transactions handled by the Belgium-based Society for Worldwide Interbank Financial Telecommunication, or SWIFT.

SWIFT oversees about 11 million financial transactions a day among banks and financial institutions worldwide, recording customers' names, account numbers and other identifying information.

Privacy International's director, Simon Davies, said the secret CIA-Treasury program "shows yet again how the U.S. willfully disregards the privacy rights not only of its own citizens, but also the rights of foreign nationals."

U.S. President George W. Bush has condemned newspapers that broke the story of the program, saying the reports made it "harder to win the war on terror."

The European Union's executive branch, the European Commission, has said it has no powers to investigate whether privacy laws have been violated in the transfer of the records.

It said it was for individual national authorities to decide whether the searches were legal.

Patriotism And The Press (NYT)

The New York Times, June 28, 2006

Over the last year, The New York Times has twice published reports about secret antiterrorism programs being run by the Bush administration. Both times, critics have claimed that the paper was being unpatriotic or even aiding the terrorists. Some have even suggested that it should be indicted under the Espionage Act. There have been a handful of times in American history when the government has indeed tried to prosecute journalists for publishing things it preferred to keep quiet. None of them turned out well — from the Sedition Act of 1798 to the time when the government tried to enjoin The Times and The Washington Post from publishing the Pentagon Papers.

As most of our readers know, there is a large wall between the news and opinion operations of this paper, and we were not part of the news side's debates about whether to publish the latest story under contention — a report about how the government tracks international financial transfers through a banking consortium known as Swift in an effort to pinpoint terrorists. Bill Keller, the executive editor, spoke for the newsroom very clearly. Our own judgments about the uproar that has ensued would be no different if the other papers that published the story, including The Los Angeles Times and The Wall Street Journal, had acted alone.

The Swift story bears no resemblance to security breaches, like disclosure of troop locations, that would clearly compromise the immediate safety of specific individuals. Terrorist groups would have had to be fairly credulous not to suspect that they would be subject to scrutiny if they moved money around through international wire transfers. In fact, a United Nations group set up to monitor Al Qaeda and the Taliban after Sept. 11 recommended in 2002 that other countries should follow the United States' lead in monitoring suspicious transactions handled by Swift. The report is public and available on the United Nations Web site.

But any argument by the government that a story is too dangerous to publish has to be taken seriously. There have been times in this paper's history when editors have decided not to print something they knew. In some cases, like the Kennedy administration's plans for the disastrous Bay of Pigs invasion, it seems in hindsight that the editors were over-cautious. (Certainly President Kennedy thought so.) Most recently, The Times held its reporting about the government's secret antiterror wiretapping program for more than a year while it weighed administration objections.

Our news colleagues work under the assumption that they should let the people know anything important that the reporters learn, unless there is some grave and overriding reason for withholding the information. They try hard not to base those decisions on political calculations, like whether a story would help or hurt the administration. It is certainly unlikely that anyone who wanted to hurt the Bush administration politically would try to do so by writing about the government's extensive efforts to make it difficult for terrorists to wire large sums of money.

From our side of the news-opinion wall, the Swift story looks like part of an alarming pattern. Ever since Sept. 11, the Bush administration has taken the necessity of heightened vigilance against terrorism and turned it into a rationale for an extraordinarily powerful executive branch, exempt from the normal checks and balances of our system of government. It has created powerful new tools of surveillance and refused, almost as a matter of principle, to use normal procedures that would acknowledge that either Congress or the courts have an oversight role.

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The Swift program, like the wiretapping program, has been under way for years with no restrictions except those that the executive branch chooses to impose on itself — or, in the case of Swift, that the banks themselves are able to demand. This seems to us very much the sort of thing the other branches of government, and the public, should be nervously aware of. We would have been very happy if Congressman Peter King, the Long Island Republican who has been so vocal in citing the Espionage Act, had been as aggressive in encouraging his colleagues to do the oversight job they were elected to do.

The United States will soon be marking the fifth anniversary of the war on terror. The country is in this for the long haul, and the fight has to be coupled with a commitment to individual liberties that define America's side in the battle. A half-century ago, the country endured a long period of amorphous, global vigilance against an enemy who was suspected of boring from within, and history suggests that under those conditions, it is easy to err on the side of security and secrecy. The free press has a central place in the Constitution because it can provide information the public needs to make things right again. Even if it runs the risk of being labeled unpatriotic in the process.

Suspect In Miami Terror Case Makes First Court Appearance (AP)

AP, June 28, 2006

MIAMI - Stanley Grant Phanor, one of seven men suspected of seeking to blow up the Sears Tower and with help from al-Qaida, made his first appearance in court Tuesday but did not enter a plea.

Phanor and five other co-defendants will return to federal court before U.S. Magistrate Judge Ted Bandstra Friday in downtown Miami for a hearing on whether the men should remain in custody prior to trial, the U.S. Attorney's Office said.

The seventh man, Lyglenson Lemorin, was scheduled to appear Thursday in federal court in Atlanta.

Attorney Roderick Vereen was appointed to represent Phanor. A phone message left by The Associated Press for Vereen at his office Tuesday afternoon was not immediately returned.

The group of men were arrested June 22 when authorities busted their alleged hide-out in a Miami warehouse. They had no explosives and lacked adequate funding. Their only link to al-Qaida was through an FBI informant fronting as a member of the terrorist group, authorities said.

Federal prosecutors said the men took an oath to al-Qaida and plotted to create an "Islamic Army" bent on violence against the United States.

The five other men made their initial court appearance on Friday, but Phanor was being held in a county detention center on an unrelated charge and was not among them.

Phanor was being held on violation of probation, said Alicia Valle, a spokeswoman for the U.S Attorney's Office in Miami.

Court records show that Phanor was convicted of carrying a concealed firearm in 2002 and sentenced to two years' probation.

Relatives have described the defendants as deeply religious people who studied the Bible and took classes in Islam.

Phanor's father Joseph said his son went to classes on Islam with a friend but that he read the Bible at his father's house.

Phanor's brother Michael said his brother and the other men they were trying to do community service in the area where they grew up, studying martial arts to keep in shape and setting a good example for neighborhood kids.

Sears Tower May Not Have Been Terror Plot's Only Chicago Target (WLS-TV)

By Chuck Goudie

WLS-TV, June 28, 2006

June 27, 2006 - Seven people were arrested last week for allegedly plotting to blow up the Sears Tower in Chicago. ABC7's Investigative Team learned there was another Chicago target.

The Chicago native accused of plotting to wage Jihad on his home town wasn't going to stop at the Sears Tower, according to newly released federal documents obtained by the I-Team.

Authorities now say that Narseal "Brother Naz" Batiste was interested in taking down the tower and taking out federal agents who would investigate such an attack.

What Attorney General Alberto Gonzalez failed to mention last week was that government buildings outside south Florida were also in the group's gunsights.

Until federal court records obtained Tuesday revealed it, the Sears Tower appeared to be the only Chicago target of the accused terrorists.

But the nation's tallest building wasn't alone. The FBI in Chicago was also on the terrorists' hit list.

The second Chicago target is identified in this motion to deny bond for the accused terrorists. Federal prosecutors say they men planned to use explosives to destroy the offices of the Federal Bureau of Investigation in Chicago and three other cities.

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Had the bombing plot actually been carried out in Chicago, the alleged terrorists might well have attacked the wrong building. For years the FBI's Chicago headquarters was located in the Dirksen Federal Building. It was in this South Dearborn Street highrise at the time the bomb plot was allegedly being engineered last winter.

The current FBI center in Chicago is on the west side as a standalone building that just began full operations three weeks ago with very little fanfare.

Authorities believe the Miami terror suspects-had their plan been executed-would have tried to attack the offices that are now empty in the Dirksen Building but will one day house federal prosecutors and US District court rooms.

Federal investigators said Tuesday night that Chicago terror suspect Narseal Batiste tried to recruit someone to travel to the Middle East on an Al Qaeda fundraising mission.

The newly released court documents reveal that Batiste wanted the emmissary to lobby Islamic extremists for money to fund the Sears Tower attack, the assault on the Chicago FBI and the other bombings.

According to prosecutors, that person did not go to the Middle East for Batiste but did go to the FBI about him.

Editorial: Sears Tower Threat Shows Terrorism A Serious Concern (ROCKRS)

Rockford (IL) Register Star, June 28, 2006

Did you hear the one about the terrorists who wanted to blow up the Sears Tower in Chicago but didn't think to ask the person they thought was their al-Qaida contact for explosives?

It's no joke. It happened and it shows that almost five years after the attacks of 9/11, efforts to combat terrorism must be taken seriously.

Some of our hearts skipped a beat when we heard seven men — five of them U.S. citizens — were arrested in Miami and charged with conspiracy to destroy the nation's tallest building and other buildings with the help of al-Qaida. It was frightening that terrorism could hit so close to home, about 90 miles east of Rockford.

Fortunately, the man the wannabe terrorists thought was from al-Qaida was a FBI informant.

"This group was more aspirational than operational," FBI Deputy Director John Pistole said.

U.S. Attorney General Alberto Gonzales described the group as "homegrown terrorists" who "came to view their home country as the enemy" and said there was no immediate threat because the group failed to get explosives.

Perhaps the attorney general and the FBI downplayed the threat to keep Americans calm or perhaps the seven men were truly the bunglers they've been portrayed as, but they could have caused plenty of damage with the machine guns they did ask for.

Are the five citizens in that group much different than Timothy McVeigh or Terry Nichols, other "homegrown terrorists?" McVeigh and Nichols succeeded in their Oklahoma City bomb plot. If the seven wannabes had stumbled upon a real al-Qaida representative, the story may have ended differently.

Remember hijackers brought down the Twin Towers in New York with weapons no more sophisticated than box cutters.

People have dismissed the threat on Chicago because the seven men are perceived as goofballs who spent their time lifting weights and sharpening their martial-arts skills.

We need to remember that it doesn't take many men or women, or much brainpower, to destroy and kill.

The law-enforcement system prevented tragedy this time.

This episode, and the more than 400 arrests for domestic terrorism since 2001, show that the government is paying attention to threats real and perceived.

We should be thankful for that.

Big Talk, No Bullets (MH)

By Michael Putney

The Miami Herald, June 28, 2006

As Butch said to Sundance, "Who are these guys?" He was talking about the relentless posse that was able to track the romantic bank robbers through the Badlands. The relentless posse in our latest terrorism drama was made up of FBI agents, aided by local police, who tracked seven homegrown "terrorists" to a nondescript warehouse in the badlands of Liberty City.

The FBI acted on information provided by a confidential informant (CI) who, judging by the guarded comments of Attorney General Alberto Gonzales and Miami U.S. Attorney Alex Acosta, contacted the agency after hearing Narseal Batiste, the alleged ringleader, make admiring remarks about al Qaeda and violent ones about the U.S. government.

Until this is sorted out it's a good thing these guys are behind bars. People who reportedly swear allegiance to al Qaeda, vow to "levy war against the United States" and produce attacks "as good or greater than 9/11," as the indictment quotes them

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as saying, shouldn't be walking the streets. Or gathering late at night to do jumping jacks, push-ups and learn martial arts, as warehouse neighbors say they did.

But I can't help wondering if the Feds swooped in too soon and merely gathered up some "pathetic wannabes," as the editorial page of this paper called them. The Liberty City Seven may have said violent things, but they didn't commit violent acts. They pledged allegiance to al Qaeda (reportedly recorded on videotape), but I bet only to get the goodies and money the CI promised to supply. Because these guys had bupkus.

All the meetings between the mysterious CI and Batiste are apparently on audio or videotape. Defense attorneys will be chafing to hear and see them to determine if the CI was driving the conspiracy or just along for the ride. Either way they'll mount an entrapment defense, although those tapes will make it hard to prove that Batiste and the others weren't predisposed to commit the crimes they're accused of. Like blowing up the Miami Police Department building, some Metrorail stations, the FBI office in North Miami and the Sears Tower in Chicago.

Big talk, but these guys had no money, guns, bullets, bombs or explosives. They hadn't trained at al Qaeda camps in Afghanistan like the Buffalo Six, Yemenis who have pleaded guilty. Our guys were counting on the CI for cash, guns, boots, uniforms, bullet-proof vests, rental vans and, perhaps, motivation. By late May (the plot began last November), the indictment says, Batiste admitted his group was disorganized. The CI evidently pressed him to continue.

The group's plans were, as the attorney general conceded, "more aspirational than operational." The group members may have talked about violent acts, but never committed any. Their crime, if there was one, was conspiring to do so.

Enough for The Wall Street Journal to editorialize the day after the arrests that they should "serve as another wake-up call to the presence of a domestic threat from Islamic terror." True, that threat is real, but it's not clear that anyone but Narseal Batiste had read the Koran. And he reportedly belongs to a curious sect that embraces aspects of Christianity, Judaism and Islam. None of the conspirators, as far as we know, is an orthodox Muslim.

The indictment speaks of a plot to "kill all the devils we can." If those devils are white then it sounds more like racism than terrorism. These guys appear to be six poor, uneducated and disaffected day laborers who came under the spell of a forceful leader who also happened to sign their paychecks.

Ironically, on the day the Liberty City Seven were arrested, South Florida was celebrating the NBA champion Miami Heat, a team composed almost entirely of black men. Extremely talented and disciplined black men who earn unimaginable amounts of money for what they do. And yet neither money nor race mattered as our community turned out en masse to thank them and celebrate their victory.

My daily commute takes me home past a basketball court where black youths play. As the Heat moved through the playoffs and into the finals, the number of players kept growing. So, too, did kids making moves toward the basket that emulated Dwyane Wade. And you've no doubt noticed the number of white kids and adults around town wearing Heat jerseys with Wade's name and number. The Heat's "15 Strong" bring us together. The Liberty City Seven push us apart.

Anonymous Jury Sought For Trial Of Man Accused Of Funding Hamas (KCS)

By Jeff Coen

The Kansas City Star, June 28, 2006

CHICAGO - Federal prosecutors have asked a judge to seat an anonymous jury to hear the case of a Bridgeview, Ill., man accused of funding Palestinian terrorists.

Muhammad Salah and a co-defendant are to be tried this fall for allegedly taking part in a conspiracy to fund Hamas, which raises concerns for prospective jurors, the court filing states.

"The nature of the charges and the evidence supporting the charges are such as to place jurors in reasonable apprehension for their safety," the motion reads. The fact that the case has been highly publicized also could mean "the focus and work of the jurors may be interrupted by external influences or impeded by the specter of them," the document states.

The parties in the Salah case are expected to appear for a status hearing Wednesday before U.S. District Judge Amy St. Eve. The judge already has indicated she might want thorough criminal background checks performed on each prospective juror.

A lawyer for Salah could not immediately be reached for comment Tuesday.

Assistant U.S. Atty. Reid Schar said the government believes having an anonymous panel is the best way to handle the case given the charges.

The motion calls for only the general area of residence of any juror to be made public, such as a Chicago neighborhood.

Anonymous juries are not unheard of in the federal system. In the 1990s, anonymous juries considered the fates of El Rukn gang members and mob boss Ernest Rocco Infelice. Around the country they have been used in cases related to terrorism as well, including that of Zacarias Moussaoui and those convicted in the 1998 embassy bombings in Africa.

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An anonymous panel was chosen to hear the case against Unabomber Theodore Kaczynski before he eventually pleaded guilty.

Salah is expected to be tried in October.

High-profile Terror Arrests Yield Small Sentences (NBC)

NBC News, June 28, 2006

Average sentence for more than 200 convictions is just one year

June 27: Dozens have been arrested in the U.S., suspected of terrorist ties, but the offenses are typically small and the sentences short. Is the government crackdown working? NBC's Pete Williams reports.

WASHINGTON - It was a high-profile arrest after a big raid in Dec. 2001: A Chicago man accused of helping Osama bin Laden himself.

"It is chilling that the origins of al-Qaida were discovered in a charity claiming to do good," said former Attorney General John Ashcroft when the arrest was announced.

Story continues below ? advertisement

"[He was] accused of running a charity to raise money for terrorists, including al-Qaida," reported NBC's Ann Curry.

But what Enaam Arnaout eventually pleaded guilty to two years ago was a single charge of providing boots and uniforms to fighters in Bosnia and Chechnya.

Some legal experts accuse the Justice Department overselling the arrests cases as terrorism arrests, generating dramatic headlines that actually end very differently.

"Our approach tends to be, I think, prosecutions by press conferences," says Juliette Kayyem, an NBC terrorism analyst and a professor at Harvard University. "A lot is promised at the front end, and then when you actually get to the facts of the case, it tends to fall apart."

Sensitive to that criticism, the government is now defending its record.

Just last week, the Justice Department said 261 people have been convicted in terror-related prosecutions since 2001. Many were solid wins — Iyman Faris, who plotted to attack the Brooklyn Bridge, for example. Would-be shoe bomber Richard Reid, and Mohammed Babar, who admitted providing support for al-Qaida operations overseas.

But of the total 261 convictions, the average sentence is only around a year, from plea agreements, to charges like immigration or document fraud. And sometimes the threat may seem remote, as with the Lackawanna Six, the group in Buffalo, N.Y., convicted of getting terror training but never charged with planning any specific attack.

Even so, in a recent speech, the deputy attorney general said all are examples of a new approach — prevention through prosecution.

"We could await further action by these men and then arrest and prosecute them," says Paul McNulty, U.S. deputy attorney general, "or we could prosecute at the moment our investigation reveals both a risk to our national security and a violation of our nation's laws,"

And the government cites one other statistic: Since Sept. 11, 2001, no further terror attacks in the U.S.

Guantanamo Officials Say They Can't Stop All Suicides (LAT)

By Carol J. Williams

The Los Angeles Times, June 28, 2006

GUANTANAMO BAY, Cuba — In the sharpening debate about whether suicides among detainees here are political statements or the actions of hopelessly depressed individuals, officials at the federal detention center outlined sweeping efforts to prevent them — but admitted nothing could stop the most determined prisoners.

Contraband sweeps and a security overhaul have turned up evidence of prisoners trying to open their veins with the metal mesh walls of their cells, hoarding prescription medicine — one prisoner stored 16 painkillers in his artificial leg — and waging hunger strikes.

Twenty detainees considered most likely to try suicide have been outfitted in bulky quilted "suicide smocks" to prevent hangings.

But some of the top officials at the detention center said that despite extensive effort, they could do little to stop detainees from doing themselves harm.

"It is not possible to make a detention facility or a prison suicide-proof if you have detainees or prisoners bent on suicide," said Navy Rear Adm. Harry B. Harris Jr., commander of the prison and its interrogations operation.

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Harris and the top two healthcare professionals at the prison complex separately met with a handful of journalists spending the week in Guantanamo. Their accessibility reflected Harris' view of public scrutiny, which is more liberal than that of previous prison administrations.

The interviews, rare until the new administration arrived earlier this year, also seemed aimed at preparing the American public for continued detention and interrogation operations no matter what ruling is handed down by the U.S. Supreme Court on the legitimacy of a war-crimes tribunal set to begin prosecuting 10 prisoners charged with conspiracy.

In command here for less than three months, Harris has been confronted with two incidents of detainees overdosing on hoarded prescription medicines, an uprising at the communal-living camp for the most compliant prisoners, a hunger strike involving almost 90 men, and the apparently coordinated suicides on June 10 of two Saudis and a Yemeni prisoner.

Harris stood by his characterization of the suicides as acts of "asymmetrical warfare" by hardened holy warriors, a comment that provoked accusations of insensitivity by human rights advocates and civilian lawyers who say depression is widespread among the 450 detainees.

Harris suggested the prison guards and administrators had been lulled into believing many of the men had come to terms with their circumstances. Most prisoners had managed to get into the two most lenient detention sites, the barracks-like Camp 4 where detainees can congregate and play sports most of the day, and Camp 1, where more "comfort items" are available.

But it was at Camp 4 that detainees ambushed guards on May 18, setting off a clash that pitted prisoners armed with fan blades and broken light fixtures against soldiers who had to retreat and return with riot gear to quell the uprising. Two prisoners at Camp 1 had overdosed earlier that day, and three detainees there committed suicide a few weeks later.

"The campaign against us, the operations against us, are less about the length of their detention than about the effect they think they'll have," Harris said of recent incidents, rejecting the notion of Guantanamo critics that despair over indefinite detention was driving detainees to harm themselves.

President Bush and other administration officials have lately acknowledged the international diplomatic disaster created by the detentions and court operations here.

Bush told European allies at a summit in Vienna last week that he was waiting for the high court ruling, which could come as soon as today, to guide his decisions about the prison.

U.S. allies now understand that Washington is not resisting their calls for closing Guantanamo, said John Bellinger, State Department legal advisor, upon return from two weeks of meetings in Europe.

"We want to get out of the Guantanamo business while continuing to protect our interests," he said Monday. Those interests include preventing any released or transferred detainees from threatening U.S. security as well as ensuring the prisoners are not subjected to torture, abuse or execution in their home countries.

The suicide attempts and other acts of protest are seen by prison commanders as an effort to intensify outside pressure for Guantanamo's closure.

The Navy captain in charge of the prison hospital said everything that could have been done to identify potential suicides had been done. The three prisoners who hanged themselves had been through medical and psychological evaluations in the two weeks before their deaths because they had taken part in a hunger strike that began in late May. None showed signs of psychological distress — including the Saudi who had just ended a 180-day hunger strike during which he was repeatedly force-fed through a nasal tube.

"If you ask my opinion, I agree with the admiral that this was somewhat of a political statement," said the prison hospital commander, who under military policy cannot be further identified. Noting that it is impossible to know when a suicide bomber will be moved to act, he said, "I don't know if there's a medical way to pick up on that."

To avert future misuse of drugs, the prison medics have cut back significantly on the pills given out to detainees and stepped up monitoring of those medications still being issued, said the senior medical officer, a Navy commander.

A guard now accompanies each hospital corpsman on his medication rounds, twice checking detainees' hands and mouths to ensure that the pills have been swallowed, the commander said. The more potent medications are being administered in crushed or liquid form.

Several hoards of drugs have been found nonetheless, including the 16 painkillers discovered in the artificial leg.

Other measures imposed to deter suicides have included daily collection of bedsheets after the eight-hour sleep period and removal of clothing from any prisoner who shows signs of trying to shred it to make ligatures for hanging.

At least 20 detainees have been outfitted in the quilted suicide smocks that fasten at the sides and shoulders with Velcro hook and loop fasteners and are made of a tightly woven, ripstop vinyl. New mattresses covered in sturdier, plastic-coated fabric that can't be torn or used to hide pills or weapons also have been put in the cells.

Official: Gitmo Prisoners Waging "Jihad" (AP)

By Stevenson Jacobs
AP, June 28, 2006

Guantanamo Bay detainees are staging suicide attempts and hunger strikes to undermine American policy in the war on terror, a senior U.S. military official said, calling the acts a "jihad" against the United States.

"The detainees view this as a struggle. They view this as a jihad ... They're trying to figure out ways that they can continue the fight," Navy Rear Adm. Harry Harris, the commander of the U.S. prison on Cuba's southeastern tip. "They do that with hunger strikes, overdosing on medicines. And now they've succeeded in killing themselves."

Three detainees — two Saudis and a Yemeni — committed suicide in their cells on June 10. The U.S. military said the men hanged themselves by fashioning nooses from bed sheets. Harris said the deaths and other suicide attempts were coordinated acts of resistance — not acts of desperation prompted by their indefinite detention.

"I think it is less about the length of their detention ... It's less about that and it's more that they continue to fight their fight," Harris told reporters, adding that defiance in the prison was widespread. "I think the vast majority of detainees are resisting us."

President Bush has said he wants to close the detention center but is seeking guidance from the nation's top court on the matter. The U.S. Supreme Court could rule as early as Wednesday on the legitimacy of military tribunals ordered by Bush, the first such trials since World War II.

Harris, who took over command at Guantanamo on March 31, said he believed a ruling by the court wouldn't affect operations at the prison, which he said served a vital role in the U.S.-led war on terror.

"Given the battle that we're fighting as a nation, I believe there is a need for places like Guantanamo," Harris said.

The suicides of the three detainees prompted renewed calls from European countries and human rights groups to close Guantanamo, which holds about 450 men on suspicion of links to al-Qaida or the Taliban.

A spokesman for Boston-based Physicians for Human Rights said that whether the suicides were a political act or the product of desperation does not change "the fact that U.S. detention and interrogation practices have violated basic tenets" of the Geneva Conventions and the McCain Amendment, which prohibits torture or cruel, inhuman or degrading treatment of prisoners.

"Regardless of the motivation that caused the three detainees at Guantanamo to commit suicide, those being held without charge are still entitled to due process and to receive treatment that is in accordance with basic human rights standards," said spokesman Nathaniel A. Raymond from Boston.

A military doctor at the prison said the three detainees received psychological exams only days prior to their suicides and showed no signs of being depressed. He spoke on condition of anonymity to protect his personal safety.

The doctor suggested the exams, performed by mental health professionals one to two weeks before the suicides, supported assertions by military officials that the prisoners killed themselves as a political act — not because they were despondent about their prolonged detention.

"None had showed any signs of being depressed or having a mental condition," said the doctor, who is the medical officer in charge of the prison. He said medical personnel examined the detainees some 10 minutes after they were found and "did everything we could" to revive them, including using defibrillators.

Since the deaths, the military has implemented strict measures to guard against future suicides, including only giving out bed sheets and blankets during sleeping hours and monitoring detainees in their cells every three minutes.

Officials have also lowered the threshold to determine when a detainee is at risk of being suicidal, the doctor said. Now, any detainee thought to be a suicide risk is placed in a tear-proof anti-suicide smock — which can't be fashioned into a makeshift noose — for 72 hours and given a psychological exam, he said.

There are currently about 20 detainees in green anti-suicide smocks, the doctor said.

The doctor said there have been no suicide attempts since the June 10 suicides, but there have been several incidents of detainees harming themselves, such as cutting themselves with paint chips or beating their heads against walls.

Associated Press writer David McFadden contributed to this report from San Juan, Puerto Rico.

EU Official: Suspects Were Handed To U.S. (USAT)

USA Today, June 28, 2006

Terrorism suspects have been transferred to U.S. intelligence agents in Europe, but it's not clear whether the moves were illegal, the European Union's top justice official said Tuesday. Justice and Home Affairs Commissioner Franco Frattini said it also isn't clear whether governments knew about or cooperated in the transfers.

Frattini spoke after Europe's leading human rights watchdog, the Council of Europe, voted to continue its inquiry into alleged CIA flights and secret prisons in Europe. The council's lead investigator, Dick Marty of Switzerland, has complained that European governments weren't eager to help him establish the facts.

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Pakistani Foreign Minister Khursheed Kasuri challenged Afghanistan to identify terrorist hide-outs that Afghan President Hamid Karzai alleges are in Pakistan.

"We promise to investigate and take action," Kasuri told U.S. Secretary of State Condoleezza Rice in Islamabad at a meeting with President Pervez Musharraf. Rice meets today with Karzai. "We have two good friends and two fierce fighters in the war on terror," she said.

Nine people were convicted in Denmark of murder or of being accessories in the "honor killing" Sept. 23 of a woman shot by her brother because her Pakistani family disapproved of her husband. Ghazala Khan, 19, was killed in Slagelse two days after her wedding. Her husband, Emal Khan, was shot twice but survived. Akthar Abbas was convicted of murder. His father, Ghulum Abbas, was convicted of incitement to murder and masterminding the plot. They face 16 years in prison. The others, all relatives or friends, face lesser terms.

Three decades after the communist north won the Vietnam War and unified the country, reformers from the more open and industrious south were named prime minister and president.

The National Assembly elected Nguyen Tan Dung, 56, as the youngest prime minister since reunification in 1975. Nguyen Minh Triet, 63, the Communist Party chief of Ho Chi Minh City, formerly Saigon, was elected president. Both were unopposed. Vietnam moved toward a market economy in the mid-1980s, and foreign investment and trade have exploded recently.

Three British bankers lost their last chance to avoid extradition to the USA on wire-fraud charges in the collapse of energy giant Enron.

The European Court of Human Rights rejected the appeal of David Bermingham, Gary Mulgrew and Giles Darby. The three former executives at Greenwich NatWest, part of Royal Bank of Scotland Group, have until July 17 to leave Britain for Texas, where Enron is based. They've said any trial should be in Britain because that's where most of the offenses allegedly occurred.

Britain: 2 More Terrorism Arrests (NYT)

By Sarah Lyall

The New York Times, June 28, 2006

The police arrested two people under terrorism legislation in Bolton, outside of Manchester, in the latest in a series of antiterrorism raids — some linked, some independent — across England in the last few weeks. The two suspects, who have not been formally charged, were taken into custody in the aftermath of a search of eight properties in order to target "individuals suspected of possession of information that could be used for a terrorism purpose," a police spokesman said. The spokesman said the operation was not linked to other antiterrorism investigations in London and elsewhere.

State Dept. Urges Libya To Pay Families (AP)

AP, June 27, 2006

The State Department urged Libya on Tuesday to provide fair compensation to the families of victims in the 1988 bombing of a Pan Am flight over Scotland.

"Obviously, we support justice for the Pan Am 103 families, and we support their efforts to receive due compensation," deputy spokesman Adam Ereli said.

According to published reports, Libya has concluded it no longer has a legal obligation to make final payments of $2 million to each of the families of those killed in the attack.

Libya has accepted repsonsibility for the bombing and agreed to pay compensation to the families of the 270 victims. Part of the $2.7 billion has been paid. A final $2 million installment to each family is outstanding.

On Wednesday, Libya is due to be removed formally from the State Department's list of countries that sponsor terror. The payments arrangement and Libya's renunciation of weapons programs spurred good relations with the United States.

"We are actively involved in encouraging the Libyan government to extend escrow arrangements made under the settlement so that the final payment can be effected," Ereli said.

"In this matter, we want to see it resolved fairly," the U.S. official said.

Libya Says It Needn't Finish Payments To Flight 103 Victims' Families (WP)

By Bradley Graham

The Washington Post, June 27, 2006

Libya declared yesterday that it no longer has a legal obligation to make final payments of $2 million to each of the families of those killed in the bombing of a Pan Am flight in 1988, saying the agreement calling for the payments had expired. But it left open the possibility that it still might turn over the money.

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Under international pressure, Libya took responsibility four years ago for the attack on Flight 103 over Lockerbie, Scotland, and agreed to pay as much as $10 million in three installments to each of the families of the 270 dead. The payments were linked to a series of conditions aimed at easing restrictions on the government of Moammar Gaddafi.

The first installment of $4 million came when the United Nations ended its sanctions, and a second $4 million followed the lifting of some U.S. sanctions. A third and final payment was due if the United States removed Libya from the list of nations sponsoring terrorism -- a move decided last month and scheduled to take effect Thursday.

But in a statement yesterday, the Libyan legal team handling the case said the deadline in the original agreement for dropping Libya from the list had passed at the end of 2004, after several extensions. Consequently, the statement said, the escrow account set up to hold the money for the final payments was dissolved early last year and the funds returned.

At the same time, the statement created a measure of ambiguity about Libya's intentions by stopping short of saying that Tripoli would refuse to make the last payments.

In recent talks with lawyers representing the victims' families, the Libyan legal team indicated that opposition to making the final payments exists within the Gaddafi government. But James P. Kreindler, a lead U.S. lawyer in the case, said the absence of an explicit rejection in yesterday's statement leaves the door open for Libya to meet its initial financial commitment, a view shared by some State Department officials who are following the case.

"I believe that Libya will do the right thing and make the last payment," Kreindler said in a telephone interview. "But we haven't gotten confirmation of that."

Speculation about Libya's motives in issuing yesterday's statement centered on the possibility that the government simply wanted to assert its legal rights and rebut allegations that it has not acted in good faith in the settlement.

U.S. lawyers have argued that Libya remains obligated to pay the third installment, regardless of whether the escrow account expired. But Libyan authorities have insisted they are no longer bound by the original agreement.

Apart from the legal arguments, U.S. representatives have urged the Libyans to follow through on their initial commitment as a matter of smart politics. Libya has been enjoying an end to two decades of international isolation as a result of its willingness to accept responsibility for the plane attack and its subsequent decision in 2003 to abandon its nuclear, chemical and biological weapons programs after secret negotiations with U.S. and British officials.

Calls to Libyan officials in Washington yesterday were not returned.

In the event no further payments are forthcoming after Thursday, Kreindler said, the victims' families would probably take legal action against Libya in federal court in New York.

"We would argue there's been a breach of the good-faith provision," he said. "But letting this drag out for another two or three years is not good for anyone. "

Reflecting strong congressional sentiment to compel the final payments, some House members are backing a proposed amendment to the State Department's appropriations bill that would block funds for restoring diplomatic relations with Libya until it honors its financial commitments to the families.

"How can the U.S. possibly be expected to trust Libya when they are depending on a legal technicality to absolve them from their promise to pay restitution to the families?" Rep. John E. Sweeney (R-N.Y.), the amendment's sponsor, asked in a statement yesterday. "Libya must follow through as a show of good faith to the world that they regret past actions by making full and immediate reparations to the families."

HOMELAND RESPONSE:

Nation's Ports Remain At Risk, Study Shows (KRT)

By John Simerman

Knight Ridder, June 28, 2006

WALNUT CREEK, Calif. - The nation's seaports remain vulnerable to attack and a lack of coordination among agencies could worsen the economic aftermath of a terrorist attack, a leading policy group says.

Inadequate federal funding and staffing has slowed or stalled a raft of security initiatives that lawmakers scurried to create after the threat to the nation's 361 ports came into focus following the Sept. 11 attacks, according to the study by the Public Policy Institute of California.

The federal push for better port security has also failed to recognize the importance of minimizing the economic impact of a terrorist strike.

"The only reason terrorists would attack a port is the impact on the economy," said Jon Haveman, co-editor of the report. "But if you can reduce the economic damage, the less likely they are to attack."

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The report adds to a growing chorus of criticism over the federal response to the threat of nuclear, radiological, biological or chemical weapons being smuggled inside one of the millions of containers that flow into U.S. ports each year. About five percent of them are opened and inspected.

According to U.S. Coast Guard estimates, it would take about $7.3 billion over a decade for the ports to meet the demands of the maritime security law passed in 2002. So far, a little more than $700 million has been awarded in five rounds of port security grants.

The Inspector General of the Department of Homeland Security last year found that almost 80 percent of the grant money wasn't being spent. Some projects that received funding appeared to have little security benefit, the office reported.

A follow-up report this year found improvement, but also said "it is not clear that (Homeland Security) knows how much actual risk reduction has been achieved."

California's largest seaports, in Los Angeles, Long Beach and Oakland - three of the nation's four busiest - have received just 19 percent of federal port security grant funds, though they handle 40 percent of all containers coming through U.S. ports, the PPIC study found.

The Port of Oakland, the fourth busiest, has received a little more than $11 million. It has a backlog of $89 million in unfunded security projects, said Mike O'Brien, head of security for the port.

"We've gotten a pretty good chunk of change," said O'Brien. "We still need more."

The federal agency this year moved to a "risk-based" formula designed to grant homeland security money based more on the threat than politics.

That helps bigger ports such as Los Angeles, Long Beach and Oakland, but may leave smaller ones more vulnerable, said Susan Monteverde, vice president of government relations for the American Association of Port Authorities. It represents 86 large public ports.

"Because of limited money, they only focused on the big guys," Monteverde said. "But they are all international borders. We don't want to have a soft underbelly."

The Bush administration has placed more than 1,200 radiation detectors in the nation's ports, and ports have used federal grant money to physically secure their entries. Customs officials inspect and boards ships at dozens of foreign ports, and the government has a "trusted shipper" program that allows it to focus on high-risk ships.

But a plan for background checks and identification cards for millions of port and transportation workers is far behind schedule.

Physically inspecting every container would bring commerce to a crawl, experts say. Instead, the checks on most containers rely on documentation that can be manipulated or falsified. That makes a focus on response vital, said Jon Haveman, co-editor of the report.

An attack on the ports of Los Angeles and Long Beach could cost as much as $45 billion to the economy, the report estimates. "That's really an upper bound," said Haveman. "But there are a lot of things that . . . can mitigate the damage."

Haveman said the federal port security program has largely ignored critical funding and planning to quickly recover from a port attack that can not be prevented.

One obstacle is a lack of a clear line of authority for emergency response. In areas like Los Angeles, as many as 15 different agencies may have jurisdiction, the study found.

O'Brien, security chief at the Port of Oakland, said local, state and federal agencies work together on drills and exercises, and that the FBI has been designated as the lead agency if the port is attacked.

"We're talking about what-ifs and sorting out those jurisdictional issues," said O'Brien.

A House bill authored by two Californians would dedicate $400 million a year to the port security grant program and require the Department of Homeland Security to develop specific policies and strategies for reopening ports after an attack.

One of the House members said Congress' lack of focus on recovery could lead to other ports being shut down as a precaution.

"A lot of what we did after 9/11 was to think of how we stop another attack," said Rep. Dan Lungren, R-Calif. "We're significantly less vulnerable today than we were five years ago, but nowhere near where we need to be . . . we can't ignore the possibility there could be a successful terrorist attack."

The money would come from customs fees on shippers. The bill cleared the House on a 421 to 2 vote in May. A similar bill is being held up in the Senate.

Court Says Personnel Rules Harm Bargaining (NYT)

By Eric Lipton

The New York Times, June 28, 2006

DOJ_NMG_0037169

The United States Court of Appeals for the District of Columbia Circuit upheld a lower court decision that overturned personnel rules at the Homeland Security Department, saying they failed to ensure employees' right to bargain collectively. "The regulations effectively eliminate all meaningful bargaining over fundamental working conditions," the ruling said. The department set up the system in January 2005, saying it would allow salaries to be based on performance. A department spokesman said officials were considering what to do about the ruling.

Appeals Court Vetoes Bush Plan To Alter U.S. Personnel Rules (WP)

By Eric M. Weiss

The Washington Post, June 28, 2006

A federal appeals court delivered another legal blow to the Bush administration's broad plan to overhaul the federal employee personnel system, ruling yesterday that the proposed changes would illegally limit the scope of collective bargaining.

The opinion by a panel of the U.S. Court of Appeals for the D.C. Circuit said new Department of Homeland Security personnel rules that deal with working conditions and employee appeals were illegal. The court upheld two rulings by a federal district judge that found the government had overstepped the authority given by Congress to rewrite personnel rules when it created the department in 2002.

Elated union leaders said the decision could scuttle the broader attempt to replace the 15-grade General Schedule pay system with one that has wide salary ranges known as pay bands, and to more strongly tie annual raises to performance evaluations. The administration hopes to expand the proposed DHS system throughout the government.

"I think the whole pay system is up in the air," said Colleen M. Kelley, president of the National Treasury Employees Union, which led a group of five unions that sued DHS. "Time is running out with this administration."

Kelley said she will ask Homeland Security Secretary Michael Chertoff to meet and discuss reworking the personnel plans with more union input.

The new system is the product of more than three years of work. It could dramatically change the way many of the department's 180,000 workers are paid, promoted, deployed and disciplined. A similar system being developed at the Defense Department would affect 746,000 workers and has been challenged in a separate lawsuit filed by labor unions.

Bush administration officials have argued that such changes are necessary to make the federal bureaucracy more nimble and responsive in the fight against terrorism and, more generally, to improve government efficiency.

"DHS will be discussing the impact of today's ruling and potential next steps with the Department of Justice and the Office of Personnel Management," said Larry Orluskie, a DHS spokesman. "Meanwhile, DHS is moving forward with implementing a key element of MAX-HR, performance management, for most non-bargaining unit employees."

Last August, U.S. District Judge Rosemary M. Collyer found that Homeland Security's new personnel system falls short of guaranteeing collective bargaining rights because the department can override any provision in a labor agreement by issuing a department-wide directive.

Collyer faulted the department's plan to limit the ability of the independent Merit Systems Protection Board to mitigate punishment handed out to employees who have successfully appealed firings and demotions to the board. And she ruled that the plan would go too far in altering the role of the independent Federal Labor Relations Authority, many of whose duties would be taken over by an internal labor relations board.

Yesterday's opinion, written by Judge Harry T. Edwards on behalf of a three-judge panel, agreed with Collyer's findings on the DHS appeals process and on the proposed ability to unilaterally break negotiated contracts, which it called "plainly unlawful."

But the appeals court went further, saying the DHS plan, by limiting collective bargaining to employee-specific personnel matters, leaves most decisions on working conditions up to management only.

"In no sense can such a limited scope of bargaining be viewed as consistent with the Act's mandate that DHS 'ensure' collective bargaining rights for its employees," the court said.

The administration could still decide to ask the full D.C. Circuit for review or could appeal to the Supreme Court.

"Today's ruling once more demonstrates the shortsightedness of this administration in developing personnel systems that ignore the rights of federal workers -- especially collective-bargaining rights," said Sen. Daniel K. Akaka (D-Hawaii), one of nine senators to vote against the creation of DHS, in part because of concerns about the personnel system. "Now is the time for the department to sit down with the federal employee unions to work out a personnel system that is fair, contemporary, flexible, and has the support of employees and the department's leadership."

Sen. George V. Voinovich (R-Ohio), a supporter of the new personnel system, said: "In light of today's ruling by the court, I encourage the department to renew discussion with its employees over the sections of the regulations enjoined by the court."

DHS Ruling Deals Administration A Setback (WP)

DOJ_NMG_0037170

By Stephen Barr

The Washington Post, June 28, 2006

A federal appeals court left no doubt yesterday that the Bush administration overreached in fashioning new workplace rules for the Department of Homeland Security.

The department's regulation "renders 'collective bargaining' meaningless; and it is utterly unreasonable and thus impermissible, because it makes no sense on its own terms," the three-judge panel found.

The judges, at another point in a 50-page opinion, said, "The government's position not only defies the well-understood meaning of collective bargaining, it also defies common sense."

To imagine that a contract is not binding on both parties, as the Bush administration contended, "is simply bizarre," the judges wrote.

For three years, Bush administration officials have defended their plans for new workplace rules at Homeland Security and the Defense Department, contending that managers should not feel any hesitation to respond to emergencies or terrorist threats because of a union agreement. Unions responded that their contracts already contained emergency clauses that gave managers ample flexibility, and they filed lawsuits against the new rules.

Yesterday, the U.S. Court of Appeals for the District of Columbia Circuit, said the Homeland Security rules failed to ensure that employees could bargain collectively and went too far in limiting the topics that could be put on the negotiating table. [Story, Page A23.]

"The obvious problem," the ruling said, "is that very few 'conditions of employment' are subject to meaningful bargaining, and the few conditions over which the parties can negotiate may be unilaterally abrogated by management. A system of this sort does not even give an illusion of collective bargaining."

The opinion, written by Judge Harry T. Edwards and joined by Judge A. Raymond Randolph and Judge Thomas B. Griffith , leaves the White House with a tough decision to make -- file for a review at the Supreme Court or go back to the drawing board.

Administration officials, who spoke only on condition that they not be identified, acknowledged that the ruling was a heavy blow. One official said the new Homeland Security personnel system was "dead in the water" and added: "There is no leadership on this."

Clearly, much is at stake. The Pentagon lost on similar grounds in U.S. District Court, and its appeal will be handled by the federal appeals court here. Additional adverse rulings could jeopardize other administration efforts as well, most notably the push to retool the federal pay system to include more performance-based standards.

Two senators who oversee federal workforce issues urged the Bush administration officials and labor leaders to meet and discuss their differences.

"In light of today's ruling by the court, I encourage the department to renew discussions with its employees over sections of the regulations enjoined by the court," Sen. George V. Voinovich (R-Ohio) said.

Sen. Daniel K . Akaka (D-Hawaii) said, "Now is the time for the department to sit down with the federal employee unions to work out a personnel system that is fair, contemporary, flexible, and has the support of employees and the department's leadership."

The National Treasury Employees Union argued the case in court and union president Colleen M. Kelley yesterday called the appeals court ruling "a sweeping legal victory."

She said she would ask Homeland Security Secretary Michael Chertoff for a meeting to "work out a system that can be supported and will allow employees to do their jobs."

But Kelley also suggested she was not certain a deal could be reached between unions and the administration. "They have been pretty tireless in their efforts to impose change, whether legal or not. . . . Now we will see what they do."

NTEU President Kelley will take your questions about the appeals court ruling at noon today on Federal Diary Live athttp://washingtonpost.com. My e-mail address isbarrs@washpost.com.

Appeals Court Upholds Rejection Of Homeland Security Personnel System (FEDTIMES)

By Stephen Losey

Federal Times, June 28, 2006

The Homeland Security Department's new personnel system violates laws guaranteeing workers the right to collectively bargain with their employers over workplace matters, a federal appeals court ruled June 27.

The ruling likely will force the department to rewrite the labor relations sections of its new personnel rules, some observers say.

DOJ_NMG_0037171

As part of its new rulebook for hiring, paying, appraising and managing employees, Homeland Security sought to include rules that would allow department managers to overturn agreements with employee unions — which the court called "plainly unlawful" — and to limit what unions can bargain over.

The ruling of the U.S. Court of Appeals for the District of Columbia Circuit backs up an October ruling by U.S. District Court Judge Rosemary Collyer, which also struck down the employee relations portions of the department's personnel system. This latest ruling came after the department appealed that earlier ruling.

The appeals court also broadened the earlier decision by ruling that the department cannot restrict negotiations to "employee-specific" matters. Such limitations would be unprecedented and would "effectively eliminate all meaningful bargaining over fundamental working conditions, thereby committing the bulk of decisions concerning conditions of employment to the department's exclusive discretion," the court ruled.

The National Treasury Employees Union, which was lead plaintiff in the case, said the appeals court decision effectively settles the matter and strikes down what it calls "a regressive personnel system." NTEU president Colleen Kelley said she hopes to soon meet with Homeland Security Secretary Michael Chertoff to begin crafting new regulations that uphold collective bargaining rights.

Homeland Security spokesman Larry Orluskie said the department will soon discuss the impact of the ruling with the Justice Department and Office of Personnel Management and decide what their next steps will be.

Orluskie said Homeland Security continues to move forward with its pay-for-performance plan for most nonbargaining unit employees as part of its new human resources system, called MAXHR. Orluskie said the department is putting supervisors and managers through performance leadership training to prepare them for this transition.

"The human capital flexibilities contained in MAXHR remain critical to DHS mission accomplishment and our goal of creating a 21st century department," Orluskie said.

In other union news, the Federal Labor Relations Authority on June 27 began counting votes from Customs and Border Protection employees to determine once and for all whether NTEU or the American Federation of Government Employees will represent them. Kelley said a final vote tally should be finished by the morning of June 28.

WAR NEWS:

Bush Jogs With Wounded Soldier (AP-Y2)

By Jennifer Loven

AP2, June 27, 2006

President Bush took a jog Tuesday with a soldier who lost part of both legs in Iraq, following through on a bedside promise even the president had doubts about at the time.

Despite a slight drizzle, Bush and Staff Sgt. Christian Bagge took a slow jog around a spongy track that circles the White House's South Lawn. About halfway through their approximately half-mile run, Bush and Bagge paused briefly for reporters.

"He ran the president into the ground, I might add," Bush said, as the two gripped hands in an emotional, lengthy shake. "But I'm proud of you. I'm proud of your strength, proud of your character."

The president met the soldier on a New Year's Day visit to Brooke Army Medical Center in San Antonio, where Bagge had been recuperating from his injuries for months. Bagge, now 23 and a native of Eugene, Ore., was in a convoy hit by roadside bombs a year ago in the remote Iraq desert south of Kirkuk.

Bagge's left leg was amputated just above the ankle, and his right leg ends just above the knee.

He told Bush during their January visit that he wanted to run with him. Bush was an avid runner who had mostly traded the activity for mountain biking in the last couple of years because of knee problems.

"I looked at him, like, you know, there's an optimistic person," Bush said. "It's an amazing sight for me to be running with a guy who, last time I saw him, was in bed wondering whether or not — I was wondering whether or not he'd ever get out of bed."

But, the president added, in tribute to the hard work Bagge did to realize this goal, "There was no doubt in his mind that he would."

"It's a privilege," commented Bagge, who had changed in the Oval Office into a special set of prosthetic legs that he uses to jog.

And then the pair took off for the remainder of their run.

Amputee Iraq Vet Fulfills Wish, Jogs With Bush (USAT)

By Richard Benedetto

DOJ_NMG_0037172

USA Today, June 28, 2006

WASHINGTON — Shortly after Army Staff Sgt. Christian Bagge lost parts of both legs in Iraq when a roadside bomb tore through his Humvee last June, he vowed to not let the injury prevent him from doing things he could do before he was wounded.

"I want to run. I want to swim. I want to mountain bike. The biggest goal of all is just to do what I did before," Bagge, 23, told CNN in an interview last month.

On Tuesday, he did one of those things. He ran side-by-side with President Bush on the spongy black jogging track that rings the South Lawn of the White House.

"And he ran the president into the ground, I might add," Bush said after jogging about a quarter-mile.

While Bush spoke with reporters, Bagge, in an Army T-shirt and black shorts, stood next to the president, resting his hand on Bush's shoulder.

The run, under drizzly gray skies in the rain-drenched capital, was the fulfillment of a request Bagge made when Bush visited him and 50 other wounded soldiers last New Year's Day at the Brooke Army Medical Center at Fort Sam Houston in San Antonio.

Lying in a hospital bed, Bagge told his commander in chief that he wanted to run with him sometime. Of course, Bush said, admitting now that he was skeptical that the young soldier would ever be able to do it. The payoff came less than six months later, thanks to two prosthetic legs and a lot of determination on Bagge's part.

Bagge's left leg was amputated below the knee, his right leg just above the knee. He put on his special running legs — each a springy, C-shaped device that takes the place of the foot and lower leg — in the Oval Office.

Bush, 59, who swapped his once-manic running regimen for mountain biking due to pain in his knees, said he was inspired by Bagge's courage.

"It's an amazing sight for me to be running with a guy who, last time I saw him, was in bed," Bush said. "I was wondering whether or not he'd ever get out of bed. There was no doubt in his mind that he would." As they stood before reporters Tuesday, Bush thanked Bagge, a member of the Oregon National Guard, for his service: "Good man. God bless you."

"It's a privilege," Bagge said.

Then Bush waved reporters away. "We're not through running yet," he said. "Get out of the way." They ran another quarter-mile and retired to the White House.

He Came A Long Way For That White House Jog (LAT)

By Heather Gehlert

The Los Angeles Times, June 28, 2006

WASHINGTON — One year and 14 surgeries after Army Staff Sgt. Christian Bagge lost both legs during a roadside bomb explosion in Iraq, he is out of a wheelchair and back on his feet — and jogging at the White House.

"He ran the president into the ground," President Bush told reporters Tuesday afternoon as the two men took a break from a turn around the nearly quarter-mile track on the South Lawn.

They first met in January at Brooke Army Medical Center in Texas. Bagge was bedridden.

"He said, 'I want to run with you,' " Bush said. "I looked at him, like, you know, there's an optimistic person. But I could tell in his eyes that he meant it.

"It's an amazing sight for me to be running with a guy who, last time I saw him … I was wondering whether or not he'd ever get out of bed," the president said. "There was no doubt in his mind that he would."

Because Bagge cannot feel his feet hitting the ground, he has had to relearn the mechanics of jogging, relying on the energy return from carbon fibers in his prosthetic limbs, instead of his own calf and ankle muscles, to propel him forward.

"It's very strange to get used to … you learn to feel the vibration of the prosthetic in your limb," Bagge, 24, said in an interview the night before the presidential jog. "The prosthetic becomes an extension of you."

His father, Doug, described his son as so agile that "many times, if you didn't look down at his feet, you'd never know he doesn't have them."

Bagge, a member of an Oregon National Guard unit, and nine other soldiers were injured last June in the blast near Kirkuk.

He was trapped in the Humvee for about 45 minutes — aware of his blood-soaked body, the left boot that was pointed in the wrong direction and the pain. After being pulled from the vehicle, he waited another 45 minutes for a helicopter.

"At first, I thought that I may have been dead because my driver wasn't calling my name, and he was calling other people's names," he said. "I thought maybe for a minute I was hearing things outside my body."

Bagge's right leg was amputated above the knee, his left leg just below the knee. For many months, he said, he needed narcotics for the severe phantom pain and post-surgical agony.

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"To see him in the early days, having to scoot around on his bottom or falling out of his wheelchair — that was hard," said Bagge's father. "But he's an overcomer."

Bagge has four sets of limbs: one for walking, one for running, one for swimming and one as a backup. And he's not ashamed of his injuries: When he was awarded a Purple Heart last year, Bagge wore shorts to the ceremony.

"I'm very proud of what I've done for this country," he said. "I'm proud of my wounds."

The hardest part of his recovery, he noted, has been mental.

"Even today, a year later, I find myself self-conscious on this trip [to Washington]," he said. "I get funny looks all the time…. Obviously people are shocked to see somebody with two fake legs walking around. Some people will drop their jaw and watch you walk away. And sometimes it's just extremely rude.

"It can be very easy on certain days for me to get down and depressed," Bagge continued. "But if I could ask an Iraqi who was oppressed by Saddam: 'Hey, is this worth the loss of two legs of an American soldier?' I think they would say, 'Yes.' "

Kerry And Feingold Form Alliance On Iraq (AP-Y2)

By Frederic J. Frommer

AP2, June 27, 2006

One epitomizes the Washington political establishment as the Democratic Party's most recent presidential nominee. The other is the quintessential Democratic outsider, proud to be the only senator to vote against the USA Patriot Act.

Notwithstanding their different histories, Sens. John Kerry and Russ Feingold joined forces last week to push a proposal that would have required troops to leave Iraq by July of next year. And they may soon have something else in common: Both are considering presidential races in 2008.

"It seems to be a marriage of convenience," said Democratic consultant Dan Payne, a former Kerry Senate campaign strategist. "Feingold wants to be considered of presidential stature, and Kerry wants to look like he can work with others to reach a compromise."

Both Kerry, D-Mass., and Feingold, D-Wis., insist that politics has nothing to do with it.

"Not on subjects of war and peace," Kerry said in a telephone interview. "Not on subjects that involve young Americans in uniform in harm's way. As far as I'm concerned, the only consideration is what's the best policy, how do you advance the security of our country, and what do we do to do it?"

Feingold, who voted against the Iraq war resolution in 2002, last year became the first senator to call for a troop withdrawal timetable. He said he didn't mind that many news stories referred to the "Kerry" proposal.

"I'm not in this game for ego, and I'm not in this game for trying to figure out who should go first and who should go second," Feingold said in a separate telephone interview. "This is a matter of life and death. This is a matter of our national security. And I was proud to join with another senator whom I respect to do this."

Ann Marie Hauser, a spokeswoman for the Republican National Committee, mocked the coupling.

"Whether it's John Kerry's indecisiveness or Russ Feingold's extremism, Democrats across the board support an approach that results in surrendering to our enemy," Hauser said. "But as 2008 looms, it is interesting to watch these two senators trip over each other as they rush to the far left of their party."

While the Senate defeated, on a 60-39 vote, a nonbinding resolution that would have urged the administration to start withdrawing troops by year's end, the Feingold-Kerry proposal went down on an 86-13 vote. By Feingold's standard, that was progress.

"You know, I was the only one in this position a year ago," he said. "Now you have 13 senators, including our presidential standard-bearer, John Kerry."

Feingold certainly doesn't mind standing alone. In 2001, he cast the only vote in the Senate against the Patriot Act, the post-Sept. 11 federal law that greatly expanded the government's authority to investigate terrorism suspects at the cost, according to its critics, of some civil liberties. His proposal to censure President Bush for a warrantless surveillance program has attracted only three co-sponsors — one of them Kerry.

Those positions have made Feingold popular among liberal anti-Bush activists.

Feingold has been openly critical of Democrats who voted to authorize the Iraq war, even those who have since said that vote was a mistake — a group that includes Kerry.

But Feingold said that was one reason he was so encouraged to work with Kerry.

"Let's face it — he was our standard-bearer, he had voted for the war," Feingold said. "And yet, I was able to bring him together with me to do exactly what I've believed all along, that this wasn't a good idea, and that we needed to reverse course."

Kerry reiterated his position, dating back to the 2004 presidential election, that he would not have gone to war had he been president — "wrong war, wrong place and wrong time."

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But he added: "Russ made the right vote, I made the wrong vote, it's that simple."

Feingold said the two men started working together on the issue when they both staked a position in meetings with fellow Democrats calling for a timetable to bring the troops back. Neither could persuade the group to go along.

"So we just decided to cooperate in order to strengthen our hand, and not just be operating on our own," Feingold recalled.

"We've worked together on a lot of things," Kerry said. "We share a lot of strong beliefs about how badly the system needs to be reformed, and how screwed up Washington is."

Payne, the former Kerry strategist, said the alliance poses risks for Feingold and Kerry.

"It's a trick for both of them because there's the potential that Kerry can look like he's backtracking, and Feingold has to be careful not to appear to be co-opted or bought off," he said.

Democrats Attack GOP On Iraq Bills (WT)

By Christina Bellantoni

The Washington Times, June 28, 2006

Senate Democrats yesterday accused Republicans of using a "Karl Rove playbook" to make the minority party seem weak on defense and to defeat a Democratic plan to begin withdrawing troops from Iraq.

They called Senate Republicans a "rubber stamp" for the White House.

Sen. Carl Levin of Michigan called Republicans hypocritical for opposing his "phased redeployment" plan because top military officials have announced there is likely to be some troop withdrawal this year.

Republicans "tried and failed" to put the Democrats on the defensive during last week's heated debate, said Mr. Levin, the ranking Democrat on the Armed Services Committee.

"The public wants a debate on Iraq," he said. "The Republicans looked like they are rubber-stamping whatever the White House wants and using a play out of the campaign playbook of Karl Rove to attack your opponents as being weak on defense instead of talking about policy pros and cons."

Mr. Levin and Sen. Jack Reed, Rhode Island Democrat, last week sponsored a nonbinding resolution that called for starting a phased withdrawal of troops from Iraq by Dec. 31. It was rejected Thursday on a nearly party-line vote of 60-39, with Republicans accusing Democrats of trying to "surrender" or "cut-and-run" in Iraq.

On the same day, the Senate voted 86-13 to reject a separate proposal to withdraw combat troops by July 2007.

Gen. George Casey, the top U.S. military commander in Iraq, said last week that more Iraqi forces are prepared to take the lead, showing "great progress."

"I'm confident that we'll be able to continue to take reductions over the course of this year," he said shortly after the Senate votes, adding that the first U.S. troop reductions in Iraq could begin in September.

"Within two hours [of Thursday´s votes,] our commander on the ground is saying he still believes fairly substantial reductions can take place over the course of this year," Mr. Levin said, adding that Democrats are "very much in sync with General Casey."

Senate Majority Leader Bill Frist of Tennessee said yesterday that he "wholeheartedly disagrees." Mr. Frist said Gen. Casey is qualified to craft plans for troop withdrawals, but senators are not.

White House spokesman Tony Snow said Gen. Casey has offered several options and warned reporters against focusing on the withdrawal plan. "Certainly that's under consideration," Mr. Snow said.

House Majority Leader John A. Boehner said those who support "prematurely withdrawing" troops clearly were defeated in the Senate and in the House earlier this month.

When asked about Gen. Casey's plan, the Ohio Republican said the commander and President Bush should make the decision based on conditions on the ground.

"It should not be left to the Congress to set some arbitrary timetable for the draw-down of the troops," Mr. Boehner said. "The [generals] are the people on the ground. They're there, charged with making those decisions. And they will make those decisions, not us."

"We were not calling for some arbitrary deadline; we were asking the president to initiate withdrawal of forces this year," Mr. Reed said. "Frankly, that's what General Casey suggested rather strongly."

Democratic leaders will hold a press conference today on Iraq policy, during which several Democratic senators "will call on Bush Republicans to put aside their failed policies and join Democrats, Gen. Casey and the Iraqis in working to change course in Iraq," according to an announcement.

Staying On Message -- Nixon's Message (WP)

By Harold Meyerson

DOJ_NMG_0037175

The Washington Post, June 28, 2006

Let's give credit where credit is due: Nobody knows how to take the worst political hand imaginable -- responsibility for a failing war -- and turn it to their own advantage like the Republicans. That was the defining political accomplishment of Richard Nixon in Vietnam. It may yet be the defining political achievement of George W. Bush in Iraq.

Nixon, of course, had an easier time of it. When he took office in 1969, he inherited a war that his Democratic predecessors had made and that had long since descended into a blood-drenched, stalemated disaster. He could have opted to end the war early in his term, particularly since neither he nor his national security adviser, Henry Kissinger, believed it was winnable. But by continuing the conflict, and even expanding it into Cambodia, he enraged the 40 percent of the nation that wanted us out of Vietnam. Millions of demonstrators took to the streets; some of the student movement embraced a wacky, self-marginalizing anti-Americanism; and mainstream Democrats grew steadily more antiwar.

And by nurturing such deep divisions in the body politic, Nixon created the very kind of political landscape on which he was a master at maneuvering. Just 10 months into his presidency, Nixon was championing what he termed the "silent majority" of his countrymen against the protesting hordes. Democrats railed against the war in Vietnam; Nixon railed against the demonstrators and Democrats, whom he gleefully conflated, at home. It was an asymmetric conflict, and Nixon won it going away, defeating George McGovern in 1972 by more than 20 percentage points.

Today Republicans in general and Karl Rove in particular have resurrected the Nixon game plan. They are not mounting a point-by-point defense of the administration's plan for Iraq, not least because the administration doesn't really have a plan for Iraq. When Senate Democrats brought two resolutions to the floor last week, each calling for a change in our policy, the Republicans defeated them both, but they pointedly failed to introduce a resolution of their own affirming the administration's conduct of the war. That, they understood, would have been a loser in the court of public opinion. Instead, they walked a tightrope: not really defending the war per se but attacking the Democrats for seeking to end it. This was Nixonism of the highest order.

But Bush Republicans face a tougher challenge than their Nixonian forebears. There aren't really demonstrators in the streets. No one is being rude or disorderly. Most congressional Democrats advocate nothing more than a phased redeployment of our troops, though polling shows the public is split on the more radical alternative of setting a hard deadline for withdrawal.

In the face of such raging moderation, the Republicans have nonetheless opened a two-pronged attack on the Democrats. First, they argue, the Dems are defeatists, calling for a withdrawal of our forces that would dishonor the men and women in the military who've given their lives in the course of the war. But the selectivity with which Republicans invoke this equation of withdrawal with dishonor undermines the equation altogether. After all, who among them argues that Ronald Reagan's withdrawal of our forces from Lebanon, or Nixon's withdrawal from Vietnam, disgraced our dead?

The more serious, and innovative, Republican claim isn't that Democrats are defeatists, however; it's that the Democrats are ditherers. "I believe [the Democrats'] real challenge is that they have no common unified position on Iraq as a party," Oklahoma Republican Rep. Tom Cole said recently. "Whether we are right or wrong on our side of the aisle, we do have a common position."

Repeatedly, Republicans have accused the Democrats of having what the president termed an "interesting internal debate" on the war. The implication is that the Democrats are all talk (or, worse, all thought) but no action, and in a post-Sept. 11 world, what really matters is resolve. That the president's war of choice has created a disaster in Iraq so profound that no course of action is likely to result in a safe, livable nation, then, may perversely work in the president's favor. Of course, the Democrats are conflicted about what to do in Iraq. They think about it (at least, some of them do) and can't totally agree on how best to mitigate the catastrophe.

The Democrats think too much, say the Republicans; such men are dangerous. Vote for us; we're dumb but tough. This may not be a surefire prescription for electoral success, but given the hole the Republicans have dug themselves into, I think Nixon would be proud.

Turning To The U.N., Again (WP)

By Richard Holbrooke

The Washington Post, June 28, 2006

In a little-noticed announcement in President Bush's news conference on June 14, the day he returned from Iraq, he said that he would send two personal emissaries to New York to consult with U.N. Secretary General Kofi Annan on the political and economic future of Iraq. The next day, still with remarkably little public attention, Philip Zelikow, the counselor of the State Department, and Deputy Treasury Secretary Robert Kimmitt met with Annan and his deputy, Mark Malloch Brown, at the secretary general's Sutton Place residence. There was no one else present.

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The two presidential envoys asked Annan to use his unique "convening powers" to help organize international meetings that would lead (by this fall, the Americans hope) to the unveiling of a new "Iraq Compact" -- an agreement between the Iraqi government and major international donors that would commit Baghdad to a series of political and economic reforms in return for substantially more international aid. (Iraqi Prime Minister Nouri al-Maliki called Annan the same day to make an identical request.)

This is a good idea -- and quite similar to suggestions from many administration critics. With the battle for Baghdad raging, it remains to be seen whether an Iraq Compact will work -- or even get off the ground -- but it is certainly an important step in the right direction for Iraq and for American policy.

For Annan and the United Nations, Bush's request poses an ironic and difficult challenge. On the one hand, the administration is asking for help on the worst problem it faces, acknowledging, however belatedly and reluctantly, that once again, the United Nations is not only relevant but at times indispensable to the United States. On the other hand, the resentment among the majority of U.N. member states over the way the institution has been treated recently, especially by Washington's current U.N. ambassador, makes any effort to get the United Nations to help the United States far more difficult.

How to treat the United Nations has been a particular dilemma for President Bush, since opponents of the organization form an important part of the administration's core constituency. Internal disagreements over the past five years about whether to support it or abandon it, to use it or bypass it, have both weakened the organization and led to reduced U.S. influence even as more and more intractable issues are thrown into its hands.

The United Nations is facing major budgetary problems caused primarily by American insistence on a six-month budget cycle instead of the normal two-year cycle. It must deal with growing shortfalls in the U.S. contribution to peacekeeping funding, despite Washington's calls for more peacekeepers in Darfur and elsewhere. And it is confronted by a deadlock over rebuilding the headquarters complex in New York -- a deadlock whose main cause is the administration's failure to push Congress for proper funding. (This is particularly difficult to understand, since the U.N. signature building, its 38-story East River office tower -- built in 1950 and never subject to modern safety codes -- is widely acknowledged to be the major building in New York most vulnerable to a terrorist attack. For example, when the president visits it, the Secret Service closes down FDR Drive beneath it -- but what about the rest of the time?)

Still, even though Annan and the world body have been diminished by Washington, he and his colleagues simply cannot refuse to help on the Iraq matter; it is their responsibility as international civil servants to go where the problems are worst and then to do their best. And, on the basis of private talks with Annan, Malloch Brown and administration officials, I have no doubt that they intend to do just that. In fact, Malloch Brown has already agreed to travel to Baghdad very soon for preliminary meetings that the United Nations and the United States hope will culminate later this year in a high-level conference in the region. As Annan moves into his last six months as secretary general, this would be the right way to end a turbulent decade in that office -- with a genuine contribution to the cause of peace in Iraq.

It is, however, impossible not to note the irony and the implications of what has happened in the past two weeks between Washington and the United Nations. Once again, an administration that has underfunded, undersupported and undermined the United Nations has turned to it, almost in desperation, for help.

The lesson should be clear: Despite the enormously self-destructive actions of many other member states, especially the group of developing nations called the G-77, the United Nations still serves U.S. foreign policy interests in many important ways. Not only Iraq but also Iran, Darfur, Afghanistan and the difficult negotiations just started over Kosovo's final status -- all issues of vital importance to the United States -- have now ended up in the United Nations. To weaken this institution further, as has happened in recent years, serves no clear American national security interest. To strengthen it would make it more valuable to the United States and to every nation that seeks conflict resolution, stability and economic progress. With the maneuvering over the selection of Annan's successor underway, it is time for Washington -- and this must include Congress -- to put behind it a sorry period of confusion and offer the United Nations more support, both financial and political, in return for the things it needs in Iraq and elsewhere.

Richard Holbrooke, a former U.S. ambassador to the United Nations, writes a monthly column for The Post.

20 Held In U.S. Soldiers' Slaying (WT)

By Rowan Scarborough

The Washington Times, June 28, 2006

The U.S. military has detained 20 persons with knowledge of the brutal deaths of two American soldiers south of Baghdad and thinks al Qaeda in Iraq was responsible, an Army general said yesterday.

Maj. Gen. James Thurman, who commands U.S. operations in and around Baghdad, said at a press conference that more than 8,000 Americans and Iraqis searched for the soldiers after their traffic checkpoint was attacked on June 16.

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The bodies of Pfc. Kristian Menchaca, 23, and Pfc. Thomas Tucker, 25 were found three days later in a village in the "Triangle of Death," so called because of the large presence of insurgents. The troops' bodies had been booby-trapped with improvised explosive devices, and it took demolition teams half a day to clear a path to the bodies. Another soldier, Spc. David J. Babineau, 25, was found killed near the checkpoint.

Asked who was suspected in the killings, Gen. Thurman said, "This is a terrorist and foreign fighter area where al Qaeda operates. And I will tell you I believe al Qaeda is associated with the majority of the attacks in south Baghdad, and in and around the area where we found the soldiers ... I think we've hurt them very bad down there, and I'll tell you that. I believe we have."

The general said investigators are still piecing together what happened on June 16. He declined to say why three junior-rank soldiers were left alone, in one armored Humvee, to man a checkpoint in one of Iraq's most violent neighborhoods.

He also did not reveal whether the soldiers were killed at the scene and their bodies mutilated or whether they were tortured to death, as an Iraq general has said.

"That's why we're investigating it," Gen. Thurman said. "We go through intensive efforts to look at DNA, to look at autopsies and things like that to make sure that we can determine the cause of death and that sort of business."

He said searchers captured 36 suspected insurgents, 20 of whom had "direct or indirect links to the attack."

At the Pentagon, Army Lt. Gen. Martin Dempsey, the man in charge of training and equipping the growing Iraqi security forces (ISF), said that newly minted army battalions are still not able to operate independently of U.S. forces but that they continue to make progress. The ability of the ISF to fight is the key to President Bush being able to order home large number of U.S. troops.

"They are not independent at this point in time," Gen. Dempsey said. "They will become independent as we see the new government take on some of the issues related to things like national reconciliation, which has the potential to reduce the threat, which then could over time allow them to become more independent in terms of military operations."

He said the Iraqi army not only has to learn how to fight, but also how to administer to a fighting force with such support activities as pay, promotions, procurement and budgeting.

"If we were having this conversation 18 months ago, there were still U.S. personnel helping Iraq figure out how to pay its soldiers and policemen," he said. "That entire process has been transitioned over to Iraqis. We have no part in their pay process right now."

U.S. Tells Of Hunt For Kidnapped GIs (LAT)

By Solomon Moore

The Los Angeles Times, June 28, 2006

BAGHDAD — The U.S. military released a timeline Tuesday that detailed its response to the abduction of two American soldiers south of the capital and the discovery of their mutilated and booby-trapped bodies more than a week ago.

But the briefing failed to explain why Pfc. Kristian Menchaca, 23, of Houston; Pfc. Thomas L. Tucker, 25, of Madras, Ore.; and a third soldier, who was killed at the site of the kidnapping, Spc. David J. Babineau, 25, of Springfield, Mass.; were outside their base camp with a single armored Humvee on the night of June 16, a Friday.

Maj. Gen. James D. Thurman declined to answer questions about possible procedural lapses that would have allowed the soldiers to leave their camp unaccompanied, saying the inquiry was continuing. U.S. military vehicles in Iraq almost always travel in groups of two or more.

U.S. and Iraqi forces staged a massive 8,000-troop, three-day search for the missing servicemen through at least a dozen villages in the Yousifiya area south of Baghdad, described by Thurman as a "hot bed of terrorist and foreign fighter activity."

He said U.S. forces had entered the area only intermittently before October 2005 and had since established six patrol bases, counted 2,296 attacks and encountered 1,630 hidden bombs.

By the time the search for the missing troops concluded, Thurman said, U.S. and Iraqi forces had detained 36 people, 20 believed to have had links to the attack on the American soldiers. Two alleged insurgent leaders were killed during the operations, he said, and troops found 29 hidden bombs, documents and a global positioning system. Thurman said the documents and the detainees had provided useful intelligence.

On the evening of the abduction, Thurman said, U.S. soldiers stationed near Yousifiya heard gunshots and rocket blasts coming from an observation post overlooking a canal that joins the Euphrates River.

Fifteen minutes later, U.S. soldiers arrived at the site and found Babineau's body. Five minutes later, military officials stopped traffic in the area, and by 8:29, just more than half an hour after they heard the initial gunfire, they had launched an unmanned aerial drone and helicopters to search for the two missing soldiers.

U.S. and Iraqi special operations forces, along with dive teams, began scouring the area and searching the Euphrates for the GIs.

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By early Saturday, shortly after midnight, 400 U.S. soldiers had cordoned off and searched areas north and south of the observation post. Helicopters dropped off Iraqi special operations forces at the Yousifiya power plant, an abandoned square kilometer of storage tanks, generators, towers, tunnels and other structures.

After daybreak, U.S. soldiers found a trail of evidence that led them into the power plant complex.

By Sunday morning, as search teams continued to sweep along the west bank of the Euphrates, troops started finding bombs, and a blast wounded a soldier shortly before 8.

At 6 a.m. Monday, a detainee told U.S. soldiers that the remains of the missing GIs were near a village called Mufaraji, north of the Yousifiya power plant. About four hours later the bodies were spotted.

U.S. officials said the bodies were badly mutilated, and efforts to recover the remains were delayed by six bombs planted to kill anyone who attempted to approach the corpses.

A group linked to Al Qaeda has claimed to have abducted and killed the two soldiers. Thurman declined to name groups he believed might be responsible, but pledged that the military would "be relentless in pursuing the perpetrators of this event."

Crackdown In Baghdad Going Slowly, U.S. Says (USAT/AP)

By The Associated Press

USA Today, June 28, 2006

BAGHDAD — The U.S. military issued a sober assessment Tuesday of the Baghdad security crackdown, saying violence had decreased only slightly in the two weeks since 75,000 American-backed Iraqi soldiers flooded the capital.

Maj. Gen. William Caldwell, spokesman for U.S. forces in Iraq, said the overwhelming security operation launched two weeks ago to rein in violence was moving slower than hoped.

“It's going to take some time. We do not see an upward trend. We … see a slight decrease (in violence) but not of the degree we would like to see at this point,” he said at a news conference in the heavily fortified Green Zone.

Meanwhile, an influential Sunni Arab cleric endorsed the reconciliation plan of Prime Minister Nouri al-Maliki, a Shiite. Ahmed Abdul Ghafour al-Samaraie said he saw some cause for optimism and called on the government to implement it quickly.

Al-Samaraie, the head of the Sunni Endowment, the state agency responsible for Sunni mosques and shrines, threw his support behind al-Maliki's 24-point reconciliation plan, which was presented to the parliament Sunday.

He urged the government to provide details and said the plan should include the disbanding of Shiite militias, as well as the release of all prisoners who have not been charged with a crime.

“We see a glimmer of hope in this plan, but at the same time, we are noticing that some people are pushing the armed groups to attack some areas in Baghdad, spreading terror and chaos in the city in order to make this plan a failure,” the cleric said.

Deputy Prime Minister Salam Zikam Ali al-Zubaie said he met secretly in Jordan with exiled Sunni tribal leaders to win their support for al-Maliki's plan.

Al-Zubaie said he also met and discussed the security situation with tribal leaders from volatile Anbar province, an insurgent stronghold, before al-Maliki unveiled the plan Sunday.

“We have reached positive results so that they (can try to) convince members of the honorable resistance to join the political process,” he told the Associated Press in a telephone interview. Many Iraqis refer to those who have only attacked foreign troops in Iraq as the “honorable resistance” because they do not target Iraqis.

“There is no dialogue with those who targeted Iraqis,” said al-Zubaie, a member of the influential Sunni Arab Zubaa tribe.

In other Iraq news Tuesday:

·The U.S. military announced the deaths of a Marine and three soldiers, and police reported 18 more Iraqis fell victim to sectarian and insurgent violence, including five people whose bodies were found dumped in the capital.

·The Iraqi High Tribunal said Saddam Hussein and six members of his ousted regime will stand trial Aug. 21 in connection with the 1980s Anfal campaign that killed an estimated 100,000 Kurds and saw thousands of their villages razed. The Anfal trial will be the second for Saddam. His first trial is in recess until July 10.

·The United Nations said 150,000 Iraqis have been displaced by sectarian violence sparked by the bombing of a 1,200-year-old Shiite shrine Feb. 22. The U.N. now estimates that 1.3 million people are displaced in Iraq. That's about 5% of the country's population.

Fear And Posing In Baghdad (LAT)

By Megan K. Stack

The Los Angeles Times, June 28, 2006

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BAGHDAD — You don't want to draw attention, so you keep a battered car even if you can afford a fancier model. You don't wash it; better to let dust smear the windows. Night falls, curfew clamps down, and all those dirty old cars wend their way back to the homes of the capital. The eyes of neighbors slide after them.

Where are the drivers coming from? Some work for the government. Some fight with insurgents or death squads. Some are employed by Americans. No one asks, and no one tells; nobody knows who's who.

Bloodshed has turned Iraq into a country defined by disguise and bluff. Violence in the streets has begun to defy logic, and this is part of the fallout: A lively city where people used to butt gleefully into one another's business has degenerated into a labyrinth of disguises, a place where neighbors brush silently past one another like dancers in a macabre costume ball.

"Everything is hidden among Iraqis; people are very suspicious of one another," said 66-year-old Hayawi Mahdi Abaasi, a successful lawyer who says he won't repair his tumble-down house or replace his 1982 Toyota for fear the wrong people would notice.

"Why should I call the attention of terrorists to me? I try to be very common like everyone else," he said.

Rich people hide their jewelry and dig frayed clothes from the back of their closets to evade ransom-seeking kidnappers. Muslims claim to be Sunni or Shiite, depending on circumstance. Christians pose as Muslims. Lying about employment is de rigueur. Street police wrap their faces in masks so nobody will recognize them.

Everybody, it seems, is pretending to be somebody else, adopting a fake identity in the terrified hope of staying safe. Baghdad residents reason that no matter who you are, you're probably on somebody's hit list.

"It's not a matter of lying or not lying," said Ali Abdullah. "It's a matter of life or death."

Abdullah is a 31-year-old Sunni with dark skin, a strapping build and a bushy strip of mustache. Like most people in Baghdad, he is a man of secrets.

He was trained as an engineer in Saddam Hussein's Iraq but now works for an American nonprofit organization. His life has been threatened and his wife begs him to quit, but he says he can't — the money is too good, and they have a 3-year-old son to think about.

Abdullah takes a taxi to work so his car won't be recognized. He uses different streets each time and changes his telephone number every few months.

He splurged on a $100 Swatch watch in neighboring Jordan, but now he's afraid to wear it in public. When people ask about his job, he lies and says he owns a computer shop.

Rule No. 1, he says: Never, under any circumstance, intimate to the neighbors on his predominantly Sunni street that he's sold out to the foreigners.

"This is a killer, if my neighbors find out where I work," he said. "This is the first thing that must be maintained, that my neighbors can't know what I do."

For Abdullah and his family, that has meant isolation. He shrinks from possible conversations, taking care not to linger in his doorway, make eye contact or trade small talk. When he caught sight of an old college friend across a crowded restaurant recently, he turned on his heels and rushed away to avoid conversation.

When they talk about the loss of intimacy, many Iraqis are mournful. Like members of most Middle Eastern societies, Iraqis have traditionally prized warmth and valued social interchange over what Westerners might regard as personal privacy. In the old Iraq, it was better to err on the side of nosiness than to appear cold or distant. It was perfectly normal to grill strangers on their marital status and the price of their possessions.

Little by little, that warmth has been bled away by war. Tension pulls on the city now. The atmosphere is thick with intrigue; it feels film noir, cloak-and-dagger. Except it is real — and deadly.

"Behavior has changed from rational behavior into instinctive, animalistic behavior," said Ehsan Mohammed Hassan, one of Iraq's leading sociologists and a professor at Baghdad University. "The individual is not safe from the others. He has to hide. He doesn't want people to see him because he thinks the people are evil."

Amid the fear and loathing, a long-standing tribal tradition has disappeared. Etiquette used to require men to ask one another about their jobs; it was a way of showing concern for a friend's livelihood and to demonstrate willingness to help a man if he had fallen on hard times.

These days, though, to ask about jobs is impolite — perhaps even dangerous. Instead, men find themselves throwing out other questions: How are you? What are you doing here?

"A lot of people are killed for no reason. So what do you think they'll do if you work for the Americans?" Abdullah asked. "That's it. You're a traitor."

Working for the Iraqi government is no better — everybody from university professors to national athletes to traffic police has been slaughtered by insurgents determined to bludgeon civic and social life to a standstill.

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Iraq may be the only country in the world where militia members and anti-government insurgents walk the streets with bare faces while government workers, soldiers and cops cower behind masks.

"I wear a mask because I don't want people to know I'm working for the police," a 34-year-old officer named Ahmed Ali said on a recent afternoon. It was lunch hour, and he and some of his colleagues had driven across Baghdad through the 110-degree heat to gobble down lamb kebabs in a neighborhood where they knew fewer people.

The men are stationed in the volatile Dora area, south of downtown and one of Baghdad's bloodiest sectarian battlefields. Clad in matching blue button-downs and navy trousers, their pistols holstered on their waists, they said they didn't dare bring their badges or uniforms home, not even to launder them.

They described slipping from the house in civilian clothes, creeping into the station and changing hurriedly into their uniforms.

"In Dora, I'm well known," Ali said. "I have to wear a mask and sunglasses." Gunfire rattled a few blocks away as he spoke, but none of the police officers so much as glanced in that direction.

Amid the fear, some profit. The document forger, for one.

Assad Kheldoun, a 29-year-old who operates out of the religiously mixed neighborhood of Shaab, grinds out fake identity cards for about $30 apiece. "Exactly like the original," he boasts. But with one difference: a false name.

He's not selling to hustlers or mischief makers. Most of his clients are bus drivers, highway workers or car repairmen — people forced to make their living in Iraq's mean streets.

Last names are sectarian giveaways in Iraq, often deriving from tribes commonly known to be either Sunni or Shiite. Jaabour or Dulaimi, for instance, mean "Sunni" to Iraqis; so does the first name Omar.

Bayati is a popular surname for Iraqis looking to hide behind an adopted handle. So are Obeidi and Saadi. Those names are deliberately ambiguous, common to both Sunnis and Shiites. With a name that can go either way, Iraqis hedge their bets.

"People are getting killed because of their names," Kheldoun said. "In the past few months, everybody is asking for a false identity card. It's a phenomenon now. The people are scared."

At the nearly deserted Abu Tariq car dealership, the owners loitered wearily among their polished models on a recent afternoon. Business is grinding along slowly for the car salesmen — even those Iraqis reaping enough cash to treat themselves to new wheels are terrified of conspicuous consumption.

"A car like this could mark the end of your life," said the owner of the dealership, 60-year-old Abu Tariq.

His partner, 48-year-old Faiq Ubaidi, pointed a finger toward a $19,000 Toyota Avalon and an $11,000 Super Saloon Toyota. The pair have been gathering dust for the last year without a single inquiry, he griped.

"People say if they buy a car like this today, they'll be killed tomorrow," he said. "I myself would like to drive it downtown with my family and enjoy the air conditioning, but I wouldn't dare."

Fear gets fundamental in today's Baghdad: The Christian woman in an Islamic headdress won't give her name for fear of getting killed. She is 33, lives with her parents on a street dominated by Muslims and risks her life after breakfast every morning by slipping into the Green Zone for work.

She is terrified that word of her job will leak out to neighbors — even her cousins don't know that she works in the heart of the U.S.-backed Iraqi government.

"I deny everything," she said.

But religious isolation has been the most painful of all. She and her family no longer dare attend church on Sundays. And she has been forced to hide her identity with Islamic dress — a head scarf, or hijab, and robe, or abaya.

"It scares me: There are people who believe that all Christians are with the Americans," she said. "We can't trust each other now. I have to keep all my secrets and everything to myself, because I don't know the people in front of me."

Haircut, Shave Can Mean Life Or Death In Baghdad (WT)

By Sharon Behn

The Washington Times, June 28, 2006

BAGHDAD -- In a country where people are killed because their names mark them as Shi'ites or Sunnis, having the wrong haircut can be lethal, too. So for barber Abu Saif, staying in business requires keeping up with the latest religious edicts.

"Being completely clean-shaven is not right," Mr. Saif explains as he draws his razor down a customer's cheek, then sweeps it back up toward his upper lip. He takes time over the cut -- a perfect upside-down question mark shave around the cheek that is most popular with Baghdad's religious Shi'ites.

"The 'Marine' cut, or shaven head, is forbidden. It is considered to be something of the foreigners," said Mr. Saif, 52, who has been cutting hair and shaving beards in his small Mansour barber shop since he was a boy of 12.

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Above all, he said, Iraqi barbers have given up "threading" -- a practice common in the Middle East and Asia that involves removing facial hair with two threads tied together, rather than with a razor.

For some, the punishment for doing so was death.

"I put a poster in the window of my shop, that I apologized for threading and I said we were not doing that anymore," Mr. Saif said. "This is terrorism. One day they attack bakers, the next day they attack barbers."

The shape of a beard or haircut often marks its wearer as Shi'ite or Sunni, ensuring support in some neighborhoods but putting him at risk in others.

Religious Sunnis, for example, do not remove any neck hair, and fundamental Wahhabis never shave or trim their beards, but will cut down their mustaches to almost nothing -- "zero to one" on the razor notch, Mr. Saif said.

The customer in his chair, a Shi'ite named Abu Sara, wears his hair short and has his beard trimmed every three weeks to a tight one-week growth.

A few people have changed their cuts to match ethnicities or religious leanings other than their own, he said. Mr. Saif dismisses them as cowards: "I know some are doing that, but as Shi'ites we don't need that 1 percent."

Young men who are not religiously minded have their own models.

"They get their ideas from actors on television, or some famous Iraqi singers or Brazilian soccer players," said Mr. Saif, who has about 20 customers a day. "Some cut most of their hair short then leave it long in front. Others wear their hair long but slicked back with a lot of gel."

Even boys come into the barber shop asking for specific cuts, he said, sometimes adding gel and perfume.

Weddings are big days at the local barber shops. A "wedding cut" includes a facial massage, eyebrow thinning, a good haircut, an extra-fine trimming of the beard and removal of unsightly ear hair.

"When I got married, I had curly hair, so I used a heating iron to straighten it out. After the wedding, my hair went back to normal and my wife was so surprised," Mr. Saif said with a laugh.

But the war and constant conflict have taken a toll on the typical barber-shop banter, he said. Customers still comment on social and political matters, and still ask for marriage advice, but politics have become a dangerous topic.

Mr. Saif recalls an argument with one of his customers over Saddam Hussein's trial, and said one of his clients took offense to another's comments after one of Baghdad's daily bombings.

"One of the customers informed on him, and then one of his friends came over and warned him not to speak like that anymore," he said.

Shi'ite Iraqi Militia Regroups Into 'Gang Of Thugs' (WT)

By Rowan Scarborough

The Washington Times, June 28, 2006

Prominent Shi'ite cleric Muqtada al-Sadr, a foe of the U.S. military presence in Iraq, has lost control of his Mahdi Army, which has embarked on a wide range of criminal activity, defense officials said.

The officials said the Mahdi Army, which once confined most of its activities to protecting the firebrand cleric's religious turf and trying to dominate towns in Shi'ite southern Iraq, has become a criminal organization that commits homicides, kidnappings and robberies in the Baghdad area.

"They are killing Sunnis. Looting," said a defense official briefed on the Mahdi Army's growing violence. "It has become a gang of thugs. Sadr has lost control."

Sources said Army Gen. George Casey, during his trip to Washington last week for talks with President Bush and Defense Secretary Donald H. Rumsfeld, raised the Mahdi Army as a growing obstacle to peace.

Gen. Casey, the top U.S. commander in Iraq, gave no indication that U.S. forces will move against the thousands of Mahdi Army militiamen. But it was clear to those who heard Gen. Casey's talks that the new government of Prime Minister Nouri al-Maliki will have to confront the militia with force if he is to carry out his goal of reducing violence in Baghdad.

Officials said they think the Mahdi Army is responsible for many of the execution-style killings of Sunni Muslims, whose bodies are found regularly dumped in the city and its suburbs.

The Mahdi Army is backed financially by Shi'ite-dominated Iran, which has poured agents and cash into southern Iraq since the fall of Saddam Hussein in 2003.

"Iran is encouraging lawlessness," the defense source said.

In a press conference Thursday, Gen. Casey listed "illegal armed groups" as one of four major security challenges in Iraq, along with meddling from Iran, the Sunni insurgency and al Qaeda in Iraq. He did not mention the Mahdi Army by name, but officials said he considers it an illegally armed group.

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"These illegal armed groups are operating outside the rule of law," he said. "They need to be dealt with through a combination of political influence and security forces, and they will be. The government has stepped up to the challenge, has issued instructions for enforcing weapons bans in and around Baghdad and is committed to dealing with the illegal armed groups issue to protect their citizens."

Sheik al-Sadr created the militia shortly after U.S. forces ousted Saddam. U.S. intelligence sources said it has grown from a few hundred to perhaps 10,000, armed with AK-47s, mortars and explosives.

Twice in 2004, the U.S. Army launched successful offensive operations when the militia gained control of towns and villages. American soldiers, backed by Abrams main battle tanks, killed hundreds of Sheik al-Sadr's armed followers.

But the Mahdi Army has risen again, capitalizing on the withdrawal of some U.S. forces from the south and its ability to infiltrate the Iraqi police force and army.

Iran backs the army through training and money, defense officials said. Tehran's meddling has reached the point where Gen. Casey singled out the regime for criticism.

"We are quite confident that the Iranians, through their covert special operations forces, are providing weapons, [improvised explosive device] technology and training to Shi'a extremist groups in Iraq," Gen. Casey said.

U.S. Military Expects To Meet Training Goal For Iraqi Security Forces (WP)

By Josh White

The Washington Post, June 28, 2006

U.S. military commanders expect to meet their goal of training and equipping more than 325,000 members of the new Iraqi security forces by the end of this year, an important step in developing Iraq's self-defense, Lt. Gen. Martin Dempsey, who leads the training effort, said yesterday.

Top officials remain optimistic that they will meet targets that call for training 137,000 troops for the Iraqi military and 188,000 people for Interior ministry units such as local police and the border patrol. But they warned that there is a long way to go before the Iraqis will be able to independently fight the insurgents.

"It's just not appropriate yet to be thinking in terms of independent anything in Iraq," Dempsey said. "This, remember, is a nation at war, and although they have taken responsibility for battle space, and large swaths of it . . . they are not independent at this point in time."

Dempsey, speaking to reporters at the Pentagon yesterday, said that Iraqi army troops are becoming increasingly capable as time goes on and that they share combat efforts with U.S. and coalition forces. Still, the Iraqi forces are not yet able to operate on their own, and the fact that they are learning while facing combat has created hurdles.

The development of Iraqi security forces is the cornerstone of the U.S. plan to give the new Iraqi government control of the war-torn nation. Even if the desired number of troops becomes available in six months, Dempsey said, they will need time to develop before they can take control from U.S. forces, especially in the contested areas of Baghdad and Anbar province to the west.

Nor are U.S. military leaders saying that a trained Iraqi military means that U.S. forces can leave Iraq soon.

"It's my belief . . . that we're going to be in Iraq for a long time," Gen. Peter J. Schoomaker, the Army chief of staff, told the House Armed Services Committee yesterday. "It's open-ended."

Dempsey said major progress has been made in the development of the Iraqi police, which number more than 100,000. He said officials expect 24,000 of 25,000 members of the border police will be trained and equipped by the end of July. And U.S. officials plan to provide nearly 2,800 armored Humvees to Iraqi forces to fight the insurgency.

Dempsey said the training effort's biggest challenge is finding capable leaders. In an effort to find 2,500 officers, trainers recalled about 3,800 who were in Saddam Hussein's military. After screenings and a six-week training program, 1,800 remained. But Dempsey said three military academy classes have produced 2,500 newly minted officers.

U.S. General Says Iraqi Army Will Be Built By End Of The Year (NYT)

By Thom Shanker

The New York Times, June 28, 2006

WASHINGTON, June 27 — The American general in charge of training Iraqi security forces said Tuesday that the new army would be formed and at full strength by the end of the year. But he cautioned that the new military in Iraq still faced a shortage of qualified officers and the infrastructure required to carry out independent operations.

The officer, Lt. Gen. Martin E. Dempsey, said the threat of armed militias could be resolved only by negotiations with religious leaders commanding those illegal groups, and by taking away their foot soldiers by offering them the choice of a role within government-controlled security services, an opportunity to disarm — or punishment.

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And in a statement of battlefield realism rarely heard from a lecturn in Washington, General Dempsey said it was certain that a national reconciliation plan offered by the new Baghdad government would include amnesty for at least some who had engaged in insurgent acts.

"Isn't there some sense of inevitability about that?" General Dempsey said. But he quickly noted that Iraqi and United States officials would discuss in private how best to "establish the white lines" that would deny amnesty or pardon to those who had killed any Iraqis or troops from the American-led forces.

Political figures in Washington have loudly criticized members of Prime Minister Nuri Kamal al-Maliki's government for even considering an amnesty that would include insurgent fighters. In Baghdad on Tuesday, Mr. Maliki clarified his plans for amnesty, assuring that it would not be given to anyone who killed troops or Iraqi civilians.

General Dempsey said that without a national reconciliation plan that reaches out simultaneously to Sunni insurgents and Shiite militia members, neither side would disarm out of fear of the other.

The general's training efforts are the foundation of the Bush administration's plans for withdrawing troops as indigenous security forces grow in number and competence, and he spoke as Washington was boiling with debate over timetables for American troop reductions in Iraq.

"The Iraqi Army will be built by the end of this calendar year," General Dempsey declared at a Pentagon news conference.

General Dempsey said that by the end of the year, the army would be "fully capable of recruiting, vetting, inducting, training, forming into units, putting them in barracks, sending them out the gate to perform their missions."

But he expressed concerns about the ability of the Iraqi ministries to carry out military operations independent of American support, and about "leader development."

While military and police cadets "come out of a training base at a very high level of motivation," General Dempsey said, "we then turn them over to a police chief who maybe has bad habits from former times or a midgrade army officer who believes that leadership is an entitlement, not a responsibility."

Amnesty To Exclude Killers Of Gls, Iraqis (WP)

By Joshua Partlow And Bassam Sebti

The Washington Post, June 28, 2006

BAGHDAD, June 27 -- Prime Minister Nouri al-Maliki vowed Tuesday that no one who has killed Americans or Iraqis would be pardoned under his government's national reconciliation plan.

"The fighter who did not kill anyone will be included in the amnesty, but the fighter who killed someone will not be," Maliki said in his first interview with Western print reporters since he became prime minister last month. "This is an international commitment, an ethical commitment: Whoever kills is not included in amnesty."

Sitting at the head of a polished wood conference table, beneath a framed Koranic verse -- "Consult with others and when you reach a decision, trust in God" -- Maliki spoke for nearly an hour about the need to build up the Iraqi army before U.S. and other foreign forces could withdraw, his desire to disband violent militias and the terms of his two-day-old reconciliation plan.

The question of who should receive amnesty has been fiercely debated, and the issue was not settled with the vague terms first offered on Sunday, when the plan was brought before parliament. Some politicians argue that only a broader amnesty has any real chance of bringing the violent Sunni Arab insurgency into the Iraqi political process in a peaceful way. But Maliki, a Shiite Muslim who heads a government led by Shiite religious parties, said the Iraqi and American families who have lost loved ones in the three-year war would not stand for such pardons.

"We have people who have confessed to killing 10, 20, 50, sometimes 100 Iraqis or Americans," he said. "And I think if a general amnesty was announced, it would have a very negative reaction."

Maliki said lesser offenses, such as minor acts of sabotage or participation in former president Saddam Hussein's Baath Party could be forgiven.

Maliki spoke on a day when the U.S. military announced that three American soldiers and a Marine had been killed in Iraq. Two of the soldiers and the Marine died over the past two days from fighting in the embattled western province of Anbar. The third soldier was killed by a roadside bomb Tuesday while on a foot patrol south of Baghdad.

During the interview, Maliki refused to set a date for when he wanted U.S. troops to withdraw. "As the readiness of Iraqi troops goes up," he said, "the need for American or international troops goes down."

"I would also say that all the Iraqis are looking forward to the day when all foreign troops" are gone, he said.

In the two days since Maliki set forth the outline of his reconciliation plan during a speech in parliament, response from Iraq's Sunni Arab minority has been disparate. Some elder Sunni politicians, such as Adnan al-Dulaimi, as well as the Sunni Endowment, the government body that oversees Sunni mosques and religious affairs, have endorsed the plan.

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In addition, Maliki said, seven insurgent groups have expressed through a third party their desire to enter in discussions with the government. Maliki declined to name the groups.

To further the reconciliation, government employees who had been detained and then released would be reinstated in their jobs with no detrimental effect on their bonuses or chance at promotion, the Council of Ministers said in a statement Tuesday. Students who spent time in prison would not be failed for missing class and could make up final exams.

The Mujaheddin al-Shura Council, an umbrella group of insurgents including al-Qaeda in Iraq, derided the reconciliation plan in an online statement, saying that "there will be no reconciliation with the apostates, nor will our swords be put in their sheaths."

A member of the Islamic Army of Iraq, an insurgent group, said this week that violent attacks would continue until all American troops left Iraq.

Adnan Thiyab al-Jubouri, a Sunni member of parliament, has already decided negotiations with insurgents are over.

"We worked hard trying to make one of the resistance armed groups accept the reconciliation project but we failed," he said. "We've been in direct contact with most of them, except al-Qaeda. They said it is impossible for the Iraqi armed resistance to stop. They insist that this is their right to get rid of the occupation."

Another Sunni in parliament, Hussein Shukr al-Falluji, said it is too soon to say whether insurgent groups will embrace Maliki's proposal but described the reconciliation plan as "born crippled."

"This thing is not as easy as some people have said. I think it follows an American ideology, not an Iraqi one," he said. "If it is not agreed that the foreign forces in Iraq are occupiers and the people fighting them are resistance, then there is no way of thinking of reconciliation, never."

The violence targeted by the government's olive branch has shown no sign of abating. Bombings killed scores of Iraqis over the past two days, including a suicide car bomb that exploded Tuesday at a gas station in the northern city of Kirkuk, killing at least three people and wounding 14.

Also Tuesday, the Iraqi tribunal prosecuting Hussein for crimes against humanity said a second trial, in the killings of tens of thousands of Iraqi Kurds in 1988, will begin on Aug. 21. Hussein and six of his aides, including Ali Hassan al-Majeed, known as "Chemical Ali" for his alleged use of chemical weapons against the Kurds, will be tried.

Prosecutors have recommended the death penalty for Hussein in the first trial, on charges of ordering the killing of 148 Shiites from the village of Dujail after an assassination attempt against him there in 1982.

Iraqi Says Attacks On U.S. Won't Be Pardoned (NYT)

By Sabrina Tavernise And John F. Burns

The New York Times, June 28, 2006

BAGHDAD, Iraq, June 27 — Prime Minister Nuri Kamal al-Maliki said publicly on Tuesday for the first time that attacks on American soldiers would not be pardoned under the rules of a new Iraqi amnesty plan.

In his first meeting with Western journalists since he became prime minister a month ago, Mr. Maliki sought to allay concerns raised by many in the United States that the plan, which he unveiled Sunday as part of a broad effort to reduce insurgent violence, could lead to pardons for some who had killed American soldiers and spur attacks on American units.

Americans, he said, came to Iraq to help make it free. "Therefore, out of respect for their contribution to Iraq," no pardon will be offered to their killers, or to insurgents who have killed Iraqi soldiers and police officers, he said.

It was the most unequivocal statement by any Iraqi official about the amnesty, which had caused confusion among Iraqi political leaders as well as American officials since it was announced in broad terms on Sunday.

The amnesty is part of a "national reconciliation" program that Mr. Maliki, a Shiite, offered in an effort to find a political solution to the violence that continues to kill dozens of people a day, a vast majority of them Iraqi civilians. Iraq now has an elected government with a four-year term, but it has failed to improve security here in the battered capital, where Sunni and Shiite militias continue to kill with impunity, and some neighborhoods have sunk into conditions resembling anarchy.

Insurgent violence on Tuesday claimed the lives of 21 Iraqis and 2 American servicemen, and wounded an additional 41 people. The American military also announced the deaths of 2 service members killed Monday in fighting in Anbar Province.

Mr. Maliki was at pains on Tuesday to explain his reconciliation plan, which emerged from long consultations with the competing political blocs in his national unity government, but drew criticism for the vagueness of its amnesty provisions. They reflected the deep divisions in the government.

Religious Shiites strongly opposed amnesty for Sunni insurgents, while Sunni Arabs said it would be meaningless without provisions to encourage insurgents to disarm. The Americans strongly favored reaching out to the insurgents, but opposed anything amounting to a pardon for rebels who participated in killing Americans, more than 2,500 of whom have died in the three-year war.

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Despite the vagueness of the amnesty terms, Mr. Maliki said the plan had drawn widespread interest from groups important to its success, including members of political militias, tribal groups, religious leaders and insurgent groups. He would not identify the insurgent groups.

Asked to identify the sort of groups and individuals who would be eligible, he cited Iraqis who had carried out "sabotage" against the government, though only "minor" acts, as well as to those who had joined the insurgency out of hostility for the American-sponsored political process but had not killed anyone. He said it also would apply to members of the Baath Party of Saddam Hussein who renounced that allegiance. Insurgents who face trial over attacks would be eligible for pardons if they were found not guilty of any killings.

"Whoever can prove himself innocent of murder in the judicial process will be allowed to join the political process," he said.

Allies of Mr. Maliki have said that the amnesty, presented by American officials and the prime minister's aides among many initiatives that would give momentum to the new government, reflected his relative political weakness.

"Maliki's intentions are good, but he is not free to do as he likes," said Mahmoud Othman, a Kurdish member of Parliament. "He is part of this Shiite bloc, and they don't believe in this initiative to begin with."

Also on Tuesday, American military commanders released new details about three American servicemen killed by insurgents last week near Yusufiya. Maj. Gen. James Thurman, the commander of American forces in Baghdad, said 8,000 American and Iraqi troops followed a trail of "evidence," in a power plant, in a pickup truck there and on a canal road that helped lead to the bodies of two of the soldiers who had disappeared after an attack on June 16. The third soldier, who was killed in the initial attack, was found in the canal, he said.

"We did not know the demise of the two soldiers at that point," he said. Also on Tuesday, the Iranian Fars News Agency reported that President Mahmoud Ahmadinejad of Iran would visit Iraq to meet President Jalal Talabani. A spokesman for Mr. Talabani, Kameran Qaradaghi, said he had no details about the visit.

Iraq Leader Cites Rebel Interest In Amnesty (LAT)

By Solomon Moore

The Los Angeles Times, June 28, 2006

BAGHDAD — The Iraqi government has had contact with several insurgent organizations through intermediaries since the announcement of a partial amnesty plan, Prime Minister Nouri Maliki said Tuesday.

Under Maliki's proposal, amnesty would be offered to insurgents who have not killed anyone, in return for their disarming and submitting to Iraqi law.

"Many people contacted me on the day I announced the reconciliation plan, and there is a lot of support even from militias and … armed [insurgent] groups," Maliki said during a rare interview with six Western and Iraqi journalists. "We welcome their assistance, but we are still waiting until we can meet directly with these groups and talk to them in a civilized way in order to bring them into the political process. These groups contacted us indirectly through mediators."

Maliki declined to identify the groups.

The ambitious reconciliation plan announced Sunday comes on the heels of security clampdowns in Baghdad and Basra. Maliki is also developing economic and reconstruction proposals meant to present his government as strong and decisive, focused on national rather than sectarian concerns.

Although many have criticized the amnesty plan as not ambitious enough, vague or too conciliatory toward insurgents, Iraq's disparate political groups appear to be giving Maliki a great deal of political leeway on the basis of his reputation as a pragmatic and objective leader.

"Since his first days in office, he's shown a great understanding and support of the national project," said Ammar Wajih of the Iraqi Islamic Party, the main Sunni Arab parliamentary coalition.

"He is the first elected Iraqi prime minister who addressed the issue of reconciliation matched with a security plan," the lawmaker said. "The reconciliation is an official recognition of the existence of the resistance … as distinguished from the terrorist groups."

Abbas Bayati, a Shiite lawmaker, said Maliki's efforts showed that he was willing to take a tack different from that of his predecessors.

"Maliki … wants to send a message to the neighboring countries and the U.S. that he will not only use force to handle the security" issue.

Maliki also "would like to give space for policy and dialogue with the resistance," Bayati said. "He would like to use the policy of stick and carrot."

U.S. Ambassador Zalmay Khalilzad, at a news conference Sunday, said there had been "a lot more dynamism and activity" by Maliki than his predecessor, fellow Islamic Dawa Party member Ibrahim Jafari.

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"Quite a lot has already been done in terms of considering issues and deciding on them," Khalilzad said.

Despite Maliki's nonsectarian reputation among Iraq's political elite, he has been constrained by members of his Shiite bloc who are wary of any plan that might appear to appease the Sunni-led insurgents.

Maliki insisted that "amnesty doesn't include those who have killed Iraqis or even coalition forces, because those soldiers came to Iraq under international agreements to help Iraq."

"The fighter who did not kill anyone will be included in the amnesty," he said. "But the fighter who killed someone will not be included."

It was not immediately clear how the program would go about categorizing each fighter.

Maliki said that extending amnesty to violent insurgents was impossible.

"There are demands for general amnesty, but in my opinion this is wrong," he said. "We have people we have detained who have confessed to killing 10, 20, 50, 100 Iraqis and Americans.

"It would result in a very bad reaction among Iraqis whose family members have been killed by those people, or even Americans with families who have been killed by those people."

Shiites are not alone in opposing a general amnesty. A bipartisan group of U.S. lawmakers strongly condemned any move that would pardon insurgents who had attacked American soldiers.

Asked to specify who would be eligible for amnesty, Maliki said it would apply to those who had not committed violent acts.

"We divide crimes into two parts," he said. "One is related to blood and killing and the other is related to opposing the government and sabotaging government institutions."

Also eligible would be "those involved with illegitimate parties, like the Baathists, who want to come back into the political process but not under their old ideology."

The reconciliation plan concerns Mahmoud Othman, a prominent Kurdish lawmaker, who said that a peace process that excludes the violent insurgents will fail.

"Insurgents in general have spilled blood," Othman said. "If you just reconcile with people who haven't caused any violence, then the violence will continue."

Othman said that Maliki probably would prefer to offer more concessions to insurgent groups but that he must be careful not to appear to be soft on terrorism.

"He's not free to do what he wants, so when he talks publicly he talks that way to avoid pressure here and there, but in his mind he wants to go further," Othman said. "I know him — he's realistic and he wants to be serious."

Othman said Maliki's recent contact with insurgents proved his willingness to go further than his comments might indicate. The lawmaker said the rebel groups had been put in contact with Maliki by Sunni tribal figures, American officials and even President Jalal Talabani, who has been holding his own talks with insurgent sympathizers.

"Some of these moderators are living in Amman [Jordan], some in Anbar, some in Syria," Othman said. "They have contacts with the other side and with us."

During the interview, Maliki appeared relaxed and eager to answer journalists' questions. The session took place in a conference room at his presidential complex as assistants served fruit juice and tea. A framed verse of the Koran in florid script read, "Take counsel with others and when you have reached a decision together, put your faith in Allah."

Maliki, a member of the Shiite opposition during the reign of Saddam Hussein, led Dawa Party guerrilla operations while in exile in Syria and Lebanon. Upon his return to Iraq in 2003, he served on the De-Baathification Committee formed to purge members of the former regime and sat on the national constitution-drafting committee.

Since he was chosen prime minister in April, Maliki's precarious position between so many competing agendas has engendered sympathy even from prominent Sunni leaders such as Ahmed Abdel Ghafour Samaraie, head of the Sunni Waqf endowment, the government agency that maintains Sunni houses of worship. The influential group endorsed Maliki's plan Tuesday.

Hassan Sunayed, a Dawa Party member and acquaintance of Maliki's for 25 years, said the prime minister's deliberate style was necessary in Iraq's fractious political environment.

"He is wise and open and never rushes things," Sunayed said. "He is strict and forceful when it comes to the law…. I lived with him a long time and lived under the same roof with his family. He consults about everything — even his tie!"

Samaraie acknowledged Sunni discontent with some aspects of Maliki's proposal and his cautious pace but said he trusted his intentions and understood his limitations.

"He's the proper man for this period and we hope he can succeed," Samaraie said. "Actually, whatever his successes, it is not just his gain, it is for all of Iraq. This is why we are now supporting him."

A Road Map Home (WP)

By David Ignatius

The Washington Post, June 28, 2006

"Every war must end," says Zalmay Khalilzad, America's ambassador to Baghdad. And while termination of the brutal conflict in Iraq is hard to imagine right now, top U.S. officials are sketching a road map to begin stabilizing the conflict and withdrawing American troops.

Khalilzad outlined the Bush administration's current thinking about Iraq in a telephone interview from Baghdad on Monday. The items on his agenda include a joint U.S.-Iraqi committee to discuss the details for a gradual withdrawal of American troops over the next several years, a conditional amnesty for Iraqi insurgents as part of a broader reconciliation effort, and negotiations with insurgent groups about terms and conditions for ending the fighting.

What was clear in Khalilzad's comments (but is rarely so in the partisan Washington debate about Iraq) is how badly the Bush administration wants to find a way out of the Iraq morass. Last week was an example of this disconnect, with Republican legislators blasting Democrats for advocating phased troop withdrawals, even as Gen. George Casey, the U.S. military commander in Iraq, was quietly discussing just such a withdrawal timetable at the Pentagon. As is usually the case with Iraq, the Baghdad version of what's going on is far more useful than the Washington version, so it's worth paying careful attention to Khalilzad's account.

Reconciliation sounds fine in principle, but in practice it can be agonizing. I asked Khalilzad how he would answer members of Congress who are indignant that insurgents who opposed the U.S. occupation might be pardoned by the Iraqi government. "They need to understand that we want this conflict to end," he said, and stressed that Iraqi and American hopes of reducing U.S. forces can be achieved only if the insurgents agree to stop fighting and recognize the Iraqi government's authority. "The biggest thing we can do to honor those who sacrificed here is to achieve the cause they fought for" by creating a peaceful and democratic Iraq, he said.

"Ending a war is as difficult as fighting a war," Khalilzad went on. He noted that many conflicts in American history have ended with a general or partial amnesty -- from the Whiskey Rebellion to the Civil War to the U.S. Army's battle against insurgents in the Philippines. "To end a war, you must balance the requirements of reconciliation with the requirements of justice," he explained. Iraqi Prime Minister Nouri al-Maliki seemed to be trying to strike such a balance yesterday when he said any amnesty shouldn't apply to insurgents who had actually killed Americans or Iraqis.

A key part of the Bush administration's strategy is to involve Maliki's government in discussions about withdrawal of U.S. troops. Gen. Casey briefed the Pentagon last week on his hopes to cut the number of U.S. combat brigades in Iraq by more than half by the end of 2007, according to a story in Sunday's New York Times. Casey will soon meet with Maliki to form the joint U.S.-Iraqi committee that can oversee the buildup of Iraqi security forces and the corresponding drawdown of U.S. troops.

"When we establish that committee," Khalilzad explained, "the subject will be the withdrawal of U.S. forces, and the conditions related to a road map for an ultimate withdrawal of U.S. troops." He stressed, however, that there was no automatic timetable for withdrawal and that he expected Maliki "will be on the cautious side."

The political-military strategy embraced by Khalilzad and Casey over the past year has combined aggressive military operations against die-hard insurgent groups with outreach to elements of the Sunni insurgency that (in theory) can be co-opted. After killing the worst of the worst, Abu Musab al-Zarqawi, U.S. and Iraqi forces have pushed hard on both fronts -- taking down Zarqawi's networks and simultaneously talking with Sunni groups. Khalilzad said Monday that this outreach effort had made significant progress in the past few days.

"Contacts have been made with the Iraqi government and the coalition, by people who say they are associated with the insurgency, about reaching an agreement," he said. Among the issues under discussion, he said, is whether some of the Sunni insurgent groups can be melded into the Iraqi security forces, as is being done with Shiite and Kurdish militias. "I would not rule it out," Khalilzad said.

Listening to America's ultra-realist ambassador, it's obvious that the buzzwords of the Washington political debate -- "cut and run," "troops out now" -- don't have much relevance for what the generals and diplomats are trying to achieve. This messy war won't end with a victory parade but with a process that is messy itself -- slow, precarious, ambiguous. But the alternative is an open-ended U.S. military occupation of Iraq that nobody wants. As Khalilzad put it: "If you don't want reconciliation, it means you must fight on."

Talking With Iraqi Insurgents (NYT)

The New York Times, June 28, 2006

It is a measure of how far Washington has scaled down its expectations on Iraq that this week's most encouraging news consisted of some highly tentative feelers for direct talks between the armed Shiite parties that dominate Iraq's government and some of the armed Sunni insurgent groups that have been fighting it.

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Don't get us wrong. We, too, are encouraged that Prime Minister Nuri Kamal al-Maliki has announced a promising, though not fully spelled out, national reconciliation program aimed at attracting wider support from the restive Sunni Arab minority. We are even more encouraged that several Sunni insurgent groups have reportedly approached the government with the idea of beginning negotiations.

If these approaches lead to successful talks with important elements of the insurgency, it would be a crucial breakthrough. Productive negotiations could help transform the newly formed Maliki cabinet into a true government of national unity, not just a symbolic parceling out of cabinet jobs among Shiite, Kurdish and Sunni politicians.

An agreement with major insurgent groups would also be an important step toward eventually enabling the Iraqi government to stand on its own, without having to rely indefinitely on tens of thousands of American troops to hold down the Sunni western provinces. Such an agreement could stabilize some areas enough to allow the kind of infrastructure repair and economic reconstruction that could generate genuine support from ordinary Iraqis.

Nobody should underestimate the obstacles. But if Mr. Maliki is prepared to be a strong national leader, rather than a captive of the Shiite parties that put him in power, there is a chance that they can be overcome.

One big issue is amnesty. Insurgent groups are unlikely to agree to lay down their arms without some assurances of amnesty for their fighters. Yet the Iraqi government talks about denying amnesty to insurgents who have killed other Iraqis, and Washington has insisted on excluding those who have killed Americans. That is understandable on both counts, but it would seem to leave few, if any, real insurgents eligible for any amnesty.

There is also the question of dropping employment restrictions and other penalties against all but the highest echelons of former Baath Party members — those with direct responsibility for the major crimes of the Saddam Hussein era. For most of the rest, party membership was often a condition for employment, promotion and, in some cases, survival. But many Shiites and Kurds, who suffered systematic discrimination under Baath rule, want to penalize even lower-level Baathists.

Any reconciliation broad enough to matter will require embracing unsavory people and forgiving unsavory deeds. That won't be pretty or popular. But it is Iraq's best remaining hope for peace, reconstruction and national survival.

U.S. Urged To Press Kurds In Iraq (WT)

By David R. Sands

The Washington Times, June 28, 2006

The United States' Kurdish allies in northern Iraq have provided arms, shelter and equipment to a violent Kurdish separatist movement in Turkey, and the U.S. government should do more to disrupt the links, Turkey's ambassador to Washington said yesterday.

Ambassador Nabi Sensoy said Ankara has evidence that as many as 3,000 fighters from the Kurdistan Workers' Party (PKK), considered a terrorist organization by the U.S. government, recently had moved from positions in northern Iraq to the Turkish border to carry out operations inside Turkey.

The PKK units, Mr. Sensoy said, have received arms, safe passage and other logistical help from the two leading Iraqi Kurdish parties -- both of which are strongly allied with Washington.

"The United States is on record saying it is an enemy of terrorism wherever it is in the world," Mr. Sensoy told editors and reporters at The Washington Times yesterday. "We take the United States at its word."

Turkey long has feared that the emergence of an independent Kurdish state on its border after the breakup of Iraq could revive the bloody separatist strife that has killed an estimated 35,000 people since 1984.

Mr. Sensoy said his government understands that U.S. forces face grave security challenges in other parts of Iraq and that an armed intervention against the PKK was unlikely. He said the United States also had helped disrupt Kurdish funding links in Western Europe.

But he said Washington should use its influence on its Iraqi Kurdish allies to end their links to the PKK, and to disrupt the militants' command-and-control networks.

"You have great influence over these people," he said, adding that average Turks were increasingly frustrated by the apparent inability to contain the PKK threat from Iraq.

On Cyprus, Mr. Sensoy said he thought the Bush administration was close to revealing a series of measures to ease the isolation of Turkish Cypriots after the April 2004 vote on a United Nations-endorsed plan to reunify the long-divided Mediterranean island state.

The Turkish enclave, which is recognized only by Ankara and protected by Turkish troops, voted in support of the plan, while the majority Greek Cypriots overwhelmingly rejected it.

"The United States is very much aware of what happened," Mr. Sensoy said, adding that ending the U.S. ban on direct flights to the Turkish enclave "is a very good bet."

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He said eventual membership in the European Union is a central pillar of Turkey's foreign policy, but no Turkish government could make concessions on Cyprus when the European Union membership talks barely have begun.

Turkey remains central to U.S. foreign policy on a variety of fronts, including Iran's nuclear program, the Israeli-Palestinian conflict and relations with the Islamic world. Mr. Sensoy said Turkey, an overwhelmingly Muslim nation with a rigorously secular democratic government, was a key to avoiding a "clash of civilizations" in the post-September 11 world.

"The success of Turkey's secular state is a very important project for the Islamic world and for the world at large," he said. "We are a litmus test. We have to succeed."

Hussein To Face Genocide Charges In Anfal Trial (LAT)

By J. Michael Kennedy

The Los Angeles Times, June 28, 2006

BAGHDAD — Saddam Hussein and six high-ranking members of his regime will be indicted on charges of genocide this summer in the mass killings of Iraqi Kurds during a seven-month operation in 1988, the court trying the former Iraqi president announced Tuesday.

The defendants, including Hussein's cousin, Ali Hassan Majid, also known as Chemical Ali because of his alleged role in gas attacks on the Kurds, are scheduled to appear before the court Aug. 21.

"We will hear the reading of the accusations against the defendants, some testimony and other procedural matters," said Jaafar Mousawi, a prosecutor serving in the Iraqi High Tribunal.

Iraq's minority Kurds, who inhabit the northern portion of the country, have long sought justice for the Anfal campaign, in which at least 2,000 villages were destroyed and tens of thousands of people were arrested, deported, tortured and killed, often in remote desert camps.

Anfal, which means "the spoils," is taken from a Koranic verse calling for the striking of fear in nonbelievers. Iraqis use the term to refer to the campaign between Feb. 23 and Sept. 6, 1988, when an entire swath of the Kurdish population was eradicated. The Iraqi army used mustard gas and nerve agents to wipe out Kurdish villages during that period.

The announcement of the Anfal trial came as a current trial of Hussein and seven others winds down. The former Iraqi leader and his codefendants are being tried in the killings of 148 Shiite Muslim residents from the town of Dujayl in 1982. Final defense arguments in the case are scheduled for July 10, and a verdict is expected in September. Prosecutors are seeking the death penalty for Hussein and at least two other defendants in the case.

Iraqi President Jalal Talabani, a Kurd, has said that Hussein will be tried for all his alleged crimes before any of the sentences are carried out. Under Iraqi criminal law, the second trial will begin with a detailed indictment of the charges against the former Iraqi military commanders, including Hussein.

Besides the former president, the best known of those who will go on trial in August is Majid, who is accused of playing a leading role in the Anfal killings.

He has been accused of directing a gas attack against the Kurdish village of Halabja in March 1988, killing an estimated 5,000 people. The alleged perpetrators will be tried separately, even though that attack took place in the same period as Anfal.

The other five defendants in the Anfal case were identified by the Associated Press as former Defense Minister Sultan Hashim Ahmad Jabburi Tai; former intelligence chief Sabir Abdel-Aziz Douri; former Republican Guard commander Hussein Tikriti; former Nineveh provincial Gov. Taher Tawfiq Ani; and former top military commander Farhan Mutlaq Jubouri.

Many of the Anfal victims are believed to have been buried in mass graves. Those burial sites are being systematically investigated and the findings are expected to be presented as evidence at the trial.

Rice Strives To Close Afghan-Pakistani Rift (WP)

By Glenn Kessler

The Washington Post, June 28, 2006

ISLAMABAD, Pakistan, June 27 -- Secretary of State Condoleezza Rice sought Tuesday to heal a rift between Pakistan and Afghanistan, two Muslim allies of the United States, but tensions spilled over during a news conference in which Pakistani Foreign Minister Khursheed Kasuri angrily accused the Afghan government of making false charges.

Rice smiled tightly during Kasuri's emotional, five-minute outburst, which was prompted by a question about Afghan claims that Pakistan is allowing its largely lawless border areas to shelter insurgents who are mounting their biggest offensive in Afghanistan since the Taliban was ousted in 2001.

With close to 10,000 international troops conducting sweeps in rugged southern Afghanistan, Rice's trip here was organized on short notice in an effort to end feuding that many analysts say is undermining efforts to stabilize the government of President Hamid Karzai.

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Kasuri said Pakistan would add 10,000 troops to the 80,000 now operating in areas bordering Afghanistan. He noted that already "we have 650-plus martyred soldiers." Officials offered few other details of the content of the talks.

Rice flew Wednesday to Kabul to meet with Karzai, who is facing mounting international criticism over his performance. As she traveled to Islamabad on Monday, Rice hailed Karzai as "an extraordinary leader" and said the United States would "back him fully."

Rice's visit comes as Karzai is straining to hold his country together but is losing popular support because of increasing violence, corruption, drug trafficking and an inability to demonstrate tangible progress since the fall of the Taliban. A failure of the Karzai government would undermine Bush administration claims that Afghanistan has become a symbol of rising freedom and democracy in the world.

It is a sensitive time in Pakistan, too. With elections scheduled for next year, there are signs that Gen. Pervez Musharraf -- whose military efforts in the border areas are not popular in Pakistan -- is maneuvering to extend his presidential term. He seized power in a bloodless coup nearly seven years ago, and Rice reiterated her belief that the 2007 elections would be "free and fair."

But U.S. officials have been wary about pressing Musharraf too hard, seeking to balance demands for action against extremist groups with tangible U.S. rewards, such as sales of F-16 fighter jets, many analysts say.

In the news conference, Kasuri said he had recently met with Afghan Foreign Minister Rangin Dadfar Spanta. They had pledged not to debate each other through the media, he said, but he told reporters he could not remain silent. He said he told Spanta, "Excellency, brother, you are a scholar and professor, give me a motive why we would willingly destabilize you."

Kasuri pointedly said Pakistan could not be blamed for recent riots in Kabul, which were sparked when a U.S. military truck crashed into a crowd. He said that Afghanistan, for all its complaints about terrorists taking sanctuary in Pakistan, has provided little intelligence that was useful.

"Tell me, brother, have you ever given us actionable intelligence?" he said he asked Spanta, noting that intelligence that Karzai personally gave President Bush was later deemed "out of date" by the CIA.

"Tell us where they are hiding," Kasuri demanded. "We promise to investigate and take action."

Pakistan is eager for oil and gas deals and greater trade with Central Asia, which would be dependent on a secure Afghanistan, Kasuri said, asking, "Which country has a greater stake in peace and stability in Afghanistan?"

After Kasuri's statement, Rice minimized the dispute, saying that "our view is that we have two good friends and two fierce fighters in the war on terror." She said the key to success was greater unity, not division.

"We, Afghanistan and Pakistan are going to unify all our efforts, as we have done over the last several years, towards the goal of eliminating the threat of al-Qaeda and the Taliban," Rice said.

Rice Gently Prods Pakistan To Have Democratic Elections (NYT)

By Helene Cooper

The New York Times, June 28, 2006

ISLAMABAD, Pakistan, June 27 — Secretary of State Condoleezza Rice sought Tuesday to prop up two troubled leaders whose success is crucial to the administration on two fronts: the fight against terrorism and relations with the Muslim world.

Arriving here on Tuesday evening, Ms. Rice met with President Pervez Musharraf, whom she prodded, gently, to allow democratic elections. "We've had a discussion about the role of continuing democratization," Ms. Rice said after the meeting. "It's a good start to talk about a good and moderate Pakistan."

Ms. Rice refrained from wading into the continuing fight between Pakistan and Afghanistan over who is doing more to root out terrorism on the lawless border between the countries amid surging Taliban attacks.

She had strong words of praise for the besieged Afghan president, Hamid Karzai, whom she will see Wednesday morning in Kabul.

"This is an extraordinary leader and we're going to back him, and back him fully," Ms. Rice said. "And when he has problems, we're going to sit with him and we're going to find ways to resolve those problems."

State Department officials did not announce that Ms. Rice was going to Pakistan until a few hours before she boarded the flight to Islamabad. In Pakistan, Ms. Rice had to play referee in the bickering between Afghanistan and Pakistan. Afghan officials, including Mr. Karzai, have accused the Pakistanis of failing to do enough to rein in the recent spate of Taliban-fueled violence.

That subject is clearly a touchy one with the Pakistanis, and on Tuesday, when a reporter asked the Pakistani foreign minister, Khurshid Mahmood Kasuri, about the Afghan complaints, he became very animated.

With Ms. Rice standing next to him looking straight ahead, Mr. Kasuri went through a lengthy list of all he said Pakistan had given to fighting terrorism. He said Pakistan has deployed 80,000 troops on the border, and would add 10,000 shortly.

"We have had 650 martyred soldiers" since the border effort began, he said. "We have more troops than Afghanistan and the U.S. put together."

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The United States has about 25,000 troops in Afghanistan, but is in the process of turning over control of some areas to NATO forces. A springtime offensive by Taliban fighters has turned into the strongest show of force since American forces chased the Taliban from power in late 2001, and Afghan and foreign officials and local villagers blame a lack of United States-led coalition forces on the ground for the resurgence.

Pakistani officials also had criticism on Tuesday for the American nuclear deal with India. The deal, which needs Congressional approval, would allow the United States to share civilian nuclear technology with India despite Delhi's refusal to sign the Nuclear Nonproliferation Treaty. Pakistan, which also has not signed the treaty and, like India, has tested nuclear weapons, wants the same deal.

Bush administration officials say they will not get it, in part because the architect of Pakistan's nuclear program, Abdul Qadeer Khan, is believed to have shared nuclear knowledge and material with North Korea, Iran and other countries.

Waiting outside the hall at the presidential palace while Ms. Rice was meeting with Mr. Musharraf, Tasnim Aslam, the spokeswoman for the Foreign Ministry, got almost as riled up as her boss did when a reporter mentioned Mr. Khan's proliferation activities as the stumbling block to Pakistan getting a similar deal.

"Who has not proliferated?" she said. "What about all those U.S. scientists who proliferated? Where do you think the Manhattan Project comes from?"

She said Pakistanis believed that Mr. Khan's house arrest was punishment enough.

Rice Seeks To Ease Neighbors' Tensions (WT)

By Nicholas Kralev

The Washington Times, June 28, 2006

ISLAMABAD, Pakistan -- Secretary of State Condoleezza Rice began a brief visit to Pakistan and Afghanistan yesterday aimed at easing recent tensions between the two neighbors over fighting remnants of the Taliban militia along their common border.

Miss Rice thrust herself into the middle of the squabble, standing beside Pakistani Foreign Minister Khursheed Kasuri at a press conference and smiling tightly while he rejected Afghan accusations that Pakistan is sending terrorists across the border in an emotional monologue.

As she urged the two countries to trust each other more, the secretary also said the U.S. military would step up joint efforts with both of them to quell the resurgence of Taliban activity along the frontier, which she called "a very difficult and somewhat stubborn problem."

"The piece we need to work harder on is the cooperation that is U.S.-Afghan-Pakistani in that region," Miss Rice told reporters traveling with her. "Our military people have had discussions with the Pakistanis about what more can be done."

Violence in Afghanistan, particularly in the south, is at its worst since the Taliban was driven from power after the September 11 attacks. More than 1,100 people have been killed so far this year.

Pakistan says it has deployed about 80,000 troops in the lawless tribal region of North Waziristan, and that they have killed about 300 militants in the past year.

But last week, Afghan President Hamid Karzai accused Islamabad of sheltering Taliban militants and, in effect, sending them to kill Afghan civilians. He also said the U.S.-led coalition forces were not doing enough to protect his citizens.

Mr. Kasuri, who hosted Afghan Foreign Minister Rangin Spanta last week, said they agreed not to resolve their differences through the press. Nevertheless, he said he felt an obligation to respond to the accusations, insisting that Pakistan had no reason to destabilize its neighbor.

"Who can understand Afghanistan better than Pakistan?" he asked rhetorically. "Which country has a greater stake in peace and stability in Afghanistan?"

He said Pakistan wants cross-border oil and gas pipelines, more trade and investment that could not take place until Afghanistan stabilizes.

Mr. Kasuri challenged the Afghan government to substantiate its claims that militants are hiding out in the Pakistani city of Quetta by providing "actionable intelligence" -- a phrase widely used by the Bush administration in its argument that the September 11 attacks could not have been anticipated.

"Tell us where they are hiding," the minister said. "We promise to investigate and take action."

Miss Rice, who flies to Kabul, Afghanistan, early this morning, discouraged Mr. Karzai from his intention to use tribal militias to provide security in parts of Afghanistan that security forces cannot reach.

"He's always talked about trying to do things in the context of moving toward regular police and army forces, because he is the one who initiated, after all, the demobilization of militias, and I don't think he wants to take a step backwards," she said.

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Condoleezza Rice Visits Pakistan (LAT)

By James Gerstenzang

The Los Angeles Times, June 28, 2006

ISLAMABAD, Pakistan — A top Pakistani official delivered a muscular defense Tuesday of his nation's effort to track down Al Qaeda and Taliban insurgents in its territory and to help ease warfare in neighboring Afghanistan.

Foreign Minister Mian Khursheed Mehmood Kasuri's response to suggestions that Pakistan had not done enough to rein in the militants came after he and the country's leader, President Pervez Musharraf, met with U.S. Secretary of State Condoleezza Rice.

Rice in turn offered praise to Pakistan and Afghanistan, saying they were united in their efforts to counter the threat posed by Al Qaeda and the Taliban.

The secretary was beginning a two-day visit to the South Asian nations to shore up anti-terrorism efforts, promote democracy and demonstrate anew U.S. support for Afghan President Hamid Karzai. She is scheduled to meet today with Karzai during a roughly five-hour visit to Afghanistan.

Her trip, which will also include Russia, encapsulates major goals of the Bush administration's foreign policy: seeking to promote democratic growth as a weapon against terrorism and to undercut potential nuclear proliferation.

Visits by senior U.S. officials to Pakistan regularly revolve around questions of how devoted Musharraf, an army general who has refused to give up his military post, is to pushing his country toward democracy and how quickly he will move. Those issues drew attention during President Bush's visit here in March.

On the final two days of the trip, Rice will meet in Moscow with foreign ministers of the Group of 8 industrialized nations, which consist of the United States, Russia, Britain, Canada, France, Germany, Italy and Japan. The conference is expected to focus largely on efforts to restrain what the officials see as Iran's efforts to develop a nuclear weapon.

The question of PakistaniAfghan cooperation to fight militant groups along their shared border has drawn renewed interest recently as insurgent attacks have intensified in the Kandahar region of southern Afghanistan.

Kasuri, growing animated, said he recently met with his Afghan counterpart, addressing him as "brother." He insisted that no country was more interested than Pakistan in seeing Afghanistan become a stable democracy, given the latter's potential role in helping ship energy supplies from Central Asia to market.

He spoke at a news conference with Rice, and was responding to a questioner who cited Karzai's often-voiced complaint that Pakistan had not done enough to root out insurgents hiding in what is widely referred to as its ungoverned tribal area along the border.

Pakistan, he said, had given refuge to 4 million people from Afghanistan who fled during a decade of Soviet control, a period followed by chaos and the eventual rise of the Taliban regime. The radical Islamic group was routed in the U.S.-led invasion in 2001 that followed the Sept. 11 attacks.

Kasuri said Pakistan had dispatched 80,000 troops to the border region.

Referring to a Pakistani city that is believed to be a refuge for Afghan insurgents, Kasuri said his government was trying to support the building of stable institutions in Afghanistan and that "saying so-and-so is hiding in Quetta will get you nowhere."

His energetic response suggested that Pakistan, which walks a line between Islamic fundamentalism and more moderate politics, is sensitive to having its commitment to fighting terrorism challenged.

Rice said the U.S., Pakistan and Afghanistan were working "toward the goal of eliminating the threat" posed by Al Qaeda and the Taliban.

Bomb Kills 2 Boys And Fighting Claims 2 Britons In Afghanistan (NYT)

By Carlotta Gall

The New York Times, June 28, 2006

KABUL, Afghanistan, June 27 — Two British soldiers were killed Tuesday in fighting in southern Afghanistan against combatants suspected of being Taliban members, and a suicide bomber detonated his car next to German peacekeepers in northern Afghanistan, killing two boys.

The violence occurred a day before Secretary of State Condoleezza Rice's visit to Afghanistan. The increase in activity by the Taliban-led insurgency in southern Afghanistan and of bomb attacks in the north appeared to be an effort by Islamic militants to unsettle NATO forces as they take over command from American forces in the south, military officials here said. British, Canadian and Dutch soldiers have clashed daily with insurgents in southern Afghanistan while mounting a large offensive against them, and attacks in more peaceful northern Afghanistan have increased in recent weeks.

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The British military said from its news media office in Helmand Province in the south that British forces "were caught in an incident" in the Sangin district of Helmand. The BBC reported that the soldiers had been hit by a rocket-propelled grenade as they returned from a planned operation, then had fought off a group of Taliban until air support arrived.

Besides the two British soldiers killed, one was wounded and four enemy fighters were killed in the subsequent airstrikes, a statement from the American-led force in Afghanistan said. Two Afghan soldiers were killed in the area in a clash earlier this week.

Muhammad Omar, the governor of Kunduz Province, said the two boys, ages 12 or 13, who had been killed in the suicide bombing, near the German peacekeepers' convoy in Kunduz city, were bystanders. Nine civilians were wounded in the blast, three of them critically, he said.

The governor blamed "Al Qaeda and terrorists" for the attacks. "Most of the suicide attacks are by those foreigners, and they are the enemies of Afghanistan," he said. Investigators had found the car license plate and the cellphone of the bomber and hoped to discover his origins, the governor said.

Fifty-three soldiers of the multinational force in Afghanistan have been killed this year, most of them Americans. At current rates the total could easily surpass the 86 soldiers killed in Afghanistan in 2005, which was the highest annual casualty total since American-led forces routed the Taliban in 2001.

Italy to Withdraw 400 Soldiers

ROME, June 27 (AP) — Italy's governing coalition agreed Tuesday to withdraw as many as 400 soldiers from its 1,400-member force in Afghanistan, Italian news agencies reported Tuesday. The coalition has already committed to removing all its troops from Iraq by year's end.

The remaining soldiers in Afghanistan will focus on civil duties, Giovanni Russo Spena, a Communist Refoundation Party member, said after lawmakers met with Foreign Minister Massimo D'Alema and other officials, the ANSA and Apcom news agencies reported.

Afghans Tell Troops: 'No Security, No Help' (CSM)

By Brian Calvert

The Christian Science Monitor, June 28, 2006

SARKONI DISTRICT, AFGHANISTAN

Capt. Floy Rodriguez, leader of a US Marine advisory team to the Afghan National Army (ANA), was listening to Johnny Cash at a forward operating base deep in the arid mountains of northeast Afghanistan when the group of about 30 insurgent fighters attacked last month with rocket-propelled grenades and machine-guns. The base, called Lumberyard, had been established in early May, as a foothold for Afghan and US troops pushing north into Kunar and Nuristan Provinces.

The attack, and the killing of a local informant whose information could have prevented it, typify the difficulties faced by US and Afghan forces as they push farther into this rugged corner of Afghanistan, often mentioned as a possible hiding place of top Al Qaeda figures. As coalition forces move into remote insurgent havens, but they have been unable to provide security locals say they need in order to help oust insurgents completely. Villagers who do help coalition forces suffer, or die, for it.

"Whoever shows up with guns on that day, [the villagers] are that guy's friend," says Rodriguez, who spent more than a month patrolling the area with Afghan soldiers and meeting with villagers both inside and outside Lumberyard. Those patrols were too short and too spread out to secure the valley, which remains full of "bad guys," he says.

The inability to provide security for villagers in these areas hampers the long-term effectiveness of operations, such as Mountain Thrust, a large-scale coalition offensive launched recently in southern Afghanistan following an upswing in insurgent activity there. Insurgents hold sway in parts of the countryside surrounding operating bases in the southern provinces.

In lieu of securing whole areas like those in the southern deserts or northeastern mountains, the US has set up bases like Lumberyard, from which they conduct patrols, meet with village elders, and constantly travel the roads in search of bombs. And while coalition soldiers are able to glean some intelligence from locals in their areas, many are hesitant to give up information for fear of retribution by insurgents.

Kunar Province remains one of the most dangerous regions in the country. One US soldier was killed June 13 in Kunar, and two US soldiers were killed three days later when the all-terrain vehicle they were driving hit a roadside bomb, according to Pentagon statements. On Sunday, another coalition soldier was fatally wounded.

Afghan commanders say they are fighting Taliban and Al Qaeda remnants who have safe zones in Pakistan and are able to cross easily into Kunar. They are also fighting followers of Gulbuddin Hekmatyar, a powerful warlord who has refused to join Afghanistan's nascent government. There are also locals who once gave up the gun when economic development seemed likely, but who are now picking up the fight again.

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Some US officials say troop strength is enough in these areas but that more development will bring stability where soldiers cannot. Meanwhile, they continue to push north. Last week, four US soldiers were killed "while conducting security operations to interdict enemy movement through northern Nuristan," the province north of Kunar, according to a Pentagon statement.

Staff Sergeant Shawn Nedari, a National Guard adviser to the Afghan Army who grew up in Manhattan and whose parents are Afghan, fought and patrolled in the mountains of Kunar during a recent coalition push into the area. Villagers told him that they would be unable to provide information without security.

"The problem is, we don't stay there long enough to keep [the insurgents] out," he says. "We don't have enough bodies."

Brigadier General Zemari, who commands the brigade of the Afghan Army operating in Kunar, has been wounded 15 times in battle and knows how hard it can be to fight insurgents in the mountains without the help of locals.

"The problem is not knowing, not having exact intelligence reports and no indication of the enemy from the people," he says. "[Without intelligence], we cannot separate the enemy from the locals. So if we do something, we will bring damage to the locals, and the people will not get along with the army and will not be happy with the army."

Building schools, roads, and clinics is more important than putting more troops on the ground, Zemari says, a statement echoed by US officials.

"As the Afghan government builds the capacity to extend their reach, security will improve even more," coalition spokesman Paul Fitzpatrick wrote in an e-mail. "This is not about US troop levels in Kunar or anywhere else. The solution lies within the Afghan government and its people."

Development, meanwhile, is practically impossible without security from insurgents who target aid efforts - not to mention the rugged terrain that has hindered progress even in years of peace.

Websites Connecting Americans' Generosity, Servicemembers' Needs (USAT)

By Oren Dorell

USA Today, June 28, 2006

'There's definitely more support than there ever was'

— and the Internet offers new ways to demonstrate it

Americans are increasingly turning to high-tech methods to send gifts and supplies to U.S. troops serving in Iraq and Afghanistan.

Veterans say today's care packages are more numerous and creative — and get to servicemembers much faster — than those of the past.

In previous wars, letters from home were sometimes accompanied by cigarettes or magazines. Today, several websites designed specifically for supporting the troops overseas allow anyone with a credit card to order cellphone minutes, snacks, books — even armor and sniper accessories.

Air Force Senior Airman Hollis Vernetti went through the website Any Soldier (anysoldier.com) to request hair conditioner and other items for herself and 21 other women in her group while they were stationed in Afghanistan last year.

"Sometimes, the PX, they do the best they can, but the high-priority items, like laundry soap and coffee, go fast," says Vernetti, who is now stationed at Al Asad Air Base in Iraq. She says she was deeply moved by the messages people included with their gifts. "The letters and the cards, they made me cry."

Allison Barber, a deputy assistant secretary of Defense, says: "In today's environment, people like to customize everything they do. Back in the good old days you'd just write a letter to any servicemember. Now you have 225 choices." That's how many non-profit support organizations the Defense Department lists on the website of America Supports You (americasupportsyou.mil), a program created to spread the word about such efforts.

"There's definitely more support now than there ever was," says Judith Young, national president of American Gold Star Mothers, an organization of women who have had children die in military action. Young's son, Jeffrey, was a Marine who died in an attack on his barracks in Beirut in 1983.

"I think technology is the main difference," Young says. "These moms and the troops that are over there now, they get to talk to them every day. … I was lucky if I talked to him once or twice a month."

Among websites offering support:

·Soldiers' Angels (soldiersangels.org). This site, started by the mother of an Iraq war veteran, takes donations for Kevlar blankets that can protect Humvee crews from roadside bombs and sniper fire. It also provides troops with "cool scarves" — fabric filled with polymer crystals that can provide up to 15 hours of relief from the heat after a 15-minute soaking in cold water.

·Operation Uplink (operationuplink.org). This Veterans of Foreign Wars program solicits online donations to provide servicemembers with prepaid phone cards to call home.

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·AmericanSnipers.org. A group of police and military sharpshooters created the "Adopt a Sniper" program. Donors help provide supplies such as spotting scopes, holsters and ammunition wallets to snipers deployed in combat zones around the world.

·Freedom Calls Foundation (freedomcalls.org). This non-profit uses donations to provide free videoconferences between soldiers and their families. Marine Sgt. Mitch Selco, stationed in Fallujah, Iraq, got to see his daughter by teleconference after she was born in Denver. Another Marine in Iraq, Cpl. Terrence Lambert, saw his daughter's birth in Jacksonville, Ala., via satellite on Fathers Day.

·Operation Gratitude (opgratitude.com). The program celebrated its 150,000th care-package delivery to servicemembers on Father's Day weekend.

Marty Horn, a Vietnam-era military policeman, founded Any Soldier in 2003 when his son, Brian, went to Afghanistan with the Army. Horn has 3,000 contacts in the military who post messages on his site about what their buddies need. Goods are distributed to 92,000 troops in 11 countries and at sea.

"These have to be the best-supported troops in history," Horn says.

Tom Clarkson, a Vietnam War veteran working in public relations for the Army Corps of Engineers in Iraq, says that what the troops receive now is "completely different" from the packages servicemembers received in Vietnam. Those care packages typically came from family members and contained items like Kool-Aid, socks and popcorn.

"I can't recall anyone getting boxes and boxes of stuff," Clarkson says.

Robert Houston, a civilian working at Fort Monroe in Virginia, says the only package he received during his time in Vietnam were some cookies from his mother. "They were stale and broken up by the time I received them," he says.

Horn says there can be problems associated with being able to send almost anything anywhere. He says many troops ask for synthetic Under Armour T-shirts because they're more comfortable than Army-issue cotton — even though the Marine Corps banned synthetic materials this spring for Marines outside their operating bases. A Marine was badly burned when his synthetic T-shirt melted on his skin in a roadside bomb attack near Ramadi in Iraq.

Sometimes technology cannot improve on the old ways. Sgt. Brian Horn, 26, who recently returned from leading a sniper team in Iraq and Afghanistan, said the thing that's most appreciated is still an old-fashioned letter. "(There are) always smiles and some disbelief, and some teared up a little bit," Horn says in describing how troops react to a letter.

"It's kind of hard to explain," he says. "You have to go out for a week and get shot at a bunch and not hear from anyone, from your family, and (you) come back and it's there — a letter from someone who's (in the USA) right now — and it's positive energy, it's 'thank you,' and it's real."

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Justice Dept., Archives And IRS To Stay Shuttered Rest Of Week (WP)

By Paul Schwartzman And Megan Greenwell

The Washington Post, June 28, 2006

The downtown D.C. headquarters of the Justice Department, Internal Revenue Service and National Archives will remain closed for the rest of the week because of damage wrought by Sunday's torrential downpour, officials said yesterday.

As emergency workers braced for more rain and pumped out flooded basements, the archives brought in industrial-size dehumidifiers to protect its historical documents and papers from page-curling mildew.

"There's no damage," said Susan Cooper, an archives spokesman. The Constitution, Bill of Rights and Declaration of Independence, which are in protective cases, were never at risk, she said.

Nearly two days after the region's first deluge, at least four government offices in the Federal Triangle remained shut, including the Old Post Office building and the Ariel Rios Federal Building. The Commerce Department, at 15th Street NW and Pennsylvania Avenue NW, reopened yesterday after closing Monday.

Even with the closures, most of the federal government's Washington offices were open yesterday, officials said.

"The bottom line is that there are more federal employees in town working than have been told not to come in because of various problems," said Mike Orenstein, a spokesman for the Office of Personnel Management.

At Justice Department headquarters, at Ninth Street NW and Pennsylvania Avenue NW, crews pumped water from the subbasement and parking garage and worked to repair the seven-story building's electrical and air-conditioning systems.

Officials plan to keep the building shut for the next three days and possibly as many as seven, according to an e-mail sent to reporters by the General Services Administration late yesterday.

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The nearly 2,000 employees assigned to the building were scattered elsewhere, some at offices a few blocks away. Brian Roehrkasse, a Justice spokesman, declined to specify the location for security reasons.

Attorney General Alberto R. Gonzalez is in the Middle East for the rest of the week on a scheduled trip. "The Department of Justice is fully operational and able to carry out its essential functions," Roehrkasse said.

The rain flooded the basement and subbasement at the IRS, at 11th Street NW and Constitution Avenue NW, damaging the building's air-conditioning and electrical systems.

Terry Lemons, the agency's chief spokesman, declined to set a date for the building's reopening, saying, "We'll continue assessing the situation.

"We have not had a situation like this in 20 years," he said, speaking from his home in Northern Virginia. "The building sustained significant damage in the basement. Before we can open, we need to have our electrical system and air conditioning working."

Lemons said he did not know how many of the 2,400 employees assigned to the building were working. But he said: "We're continuing our tax administration work. The tax system continues to operate."

At the National Archives, crews worked to repair a subbasement transformer that had been submerged in eight feet of water, knocking out the electricity and air conditioning. Officials plan to keep the building, on Pennsylvania Avenue NW, closed through Monday. The archives will host its annual Fourth of July ceremony on the front steps, but the public will not be allowed inside.

Yesterday, dozens of tourists arriving at the archives were turned away by a handwritten sign taped to a garbage can telling them that flooding had closed the building.

Justin James, 10, of Frankfort, Ky., had hoped for a peek at the Constitution.

"I was going to show pictures to my friends. Now, they're not going to believe I saw it," he told his mom before heading to the International Spy Museum, which was open and dry.

Mid-Atlantic Region Braces For More Rain (AP-Y2)

By Stephen Manning, Associated Press Writer

AP2, June 28, 2006

Workers pumped water from the IRS headquarters' flooded basement Tuesday and mopped up at other government buildings Monday after heavy rain swamped the nation's capital.

A brief break from the two-day deluge gave crews a chance to reopen commuter routes and set up sandbags to prevent more water from getting inside buildings.

More than 7 inches of rain fell on the nation's capital in a 24-hour period Sunday and Monday, shutting down several federal buildings and closing some of the city's busiest tourist attractions just days before the Fourth of July weekend.

Forecasters warned that more rain is likely every day this week.

States of emergency were declared for Sussex County, Del., and the District of Columbia.

In downtown Washington, the Justice Department, the IRS and the National Archives — where the Declaration of Independence and the Constitution were safe under glass — were among several buildings still closed because of flooding or other storm-related problems. Some streets also were shut down because water from the flooded buildings was being pumped into the city sewers.

None of the flooded buildings had structural damage, but water in the basements damaged air-conditioning, wiring and other building systems, said Mike McGill, a spokesman for the General Services Administration, which manages federal buildings.

Officials at the Justice Department said it could take a week to clean up and reopen the building.

The storm also toppled a 100-year-old elm tree on the White House lawn Monday. Claudia Dickens, a spokeswoman for the Bureau of Printing and Engraving, said the elm might be one of the trees depicted on the back of the $20 bill.

But she said it is also possible that the artist and the engraver took artistic license in depicting the greenery at the White House.

Commuters and tourists slogged through the muddy aftermath. With the continuing threat of flash flooding, government employees were given the option of taking a personal day.

Flood warnings and watches remained in effect Tuesday along the Sastern Seaboard, and the National Weather Service warned that some places could get up to 8 inches rain. That could be dangerous for soaked communities that already absorbed as much as 10 inches of rain Sunday and Monday.

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In Laurel, just outside Washington, some residents voluntarily evacuated their homes as the local water utility opened floodgates on a reservoir dam, sending water gushing into the Patuxent River. By midday Tuesday, nearly 60 people who left homes downstream in the middle of the night had gathered at two shelters.

In Pennsylvania, countless small streams and creeks overflowed their banks. The weather service predicted severe flooding along the Philadelphia area's Schuylkill River by Wednesday afternoon.

In Alexandria, Va., officials urged residents and businesses to prepare for high water on the Potomac River. Rescuers searched for an 8-year-old girl swept away by floodwaters in Alleghany County.

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Associated Press writers Marty Niland and Derrill Holly in Washington contributed to this report.

Eastern States Preparing For More Rain And Floods (NYT)

By Gary Gately

The New York Times, June 28, 2006

BALTIMORE, June 27 — Relentless rain continued drenching the East Coast on Tuesday as the region braced for overnight downpours that prompted evacuations of homes and businesses, knocked out power to tens of thousands, shut down government office buildings and led to flash flood warnings from upstate New York to North Carolina.

Heightening anxieties, the National Weather Service said a tropical storm forming near Cape Fear in North Carolina would bring more precipitation and heavy winds up the Atlantic coast to the lowlands of eastern Maryland and Northern Virginia, which in the past few days have been battered by storms and flooding.

The flooding was blamed for car crashes that killed two people in Maryland and New Jersey and for the disappearance of an 8-year-old girl swept away by rushing floodwaters Tuesday afternoon in southwestern Virginia.

On Tuesday evening, the National Weather Service called for four to six inches of additional rain in the Washington area, where more than seven inches fell Sunday and Monday. The deluge sent residents to emergency shelters in Maryland and Pennsylvania. Rescuers pulled stranded motorists and pedestrians from floodwaters, and workers heaved sandbags in front of office buildings in the nation's capital.

"This has probably been the most intense rainfall in a 24-hour period in the history of Washington," said Michael McGill, a spokesman for the General Services Administration, which oversees buildings closed because of flooding, including the headquarters for the Justice Department and the Internal Revenue Service. Both are expected to stay closed through at least Friday, he said, mostly because of basement flooding and damage to electrical systems.

"We're still in the process of evaluating the damage to those systems," Mr. McGill said. Because of flooding and power failures, popular attractions like the National Museum of Natural History and National Museum of American History remained closed Tuesday.

In Maryland, the flooding heavily damaged dozens of roads, the authorities said, and the forecast made highway officials anxious. "We're spread so thin already, getting another three, four, five inches of rain Tuesday night would be devastating," said David Buck, a spokesman for the State Highway Administration.

Flooding, Mr. Buck said, closed at least 35 Maryland roads, many on the Eastern Shore, and in some cases, torrents washed away huge chunks of asphalt and created a hole that closed lanes on I-95 and flooded Route 29 in suburban Washington.

In Annapolis, the county executive of Anne Arundel County, Janet S. Owens, urged several dozen residents of low-lying areas to leave their homes after officials opened seven floodgates of the Howard Duckett Dam on the Patuxent River. "I am asking these residents to be proactive and leave as early as possible," she said.

Ms. Owens said the county had shelters ready to take in at least 200 more people if necessary, and officials in other Maryland counties also prepared shelters.

Tides, she said, are expected to be two to three feet above normal with winds of 20 to 30 knots. Like other wary government officials in the region, Ms. Owens said the National Hurricane Center was closely monitoring the conditions that could lead to a tropical storm off the coast of North Carolina.

In Pennsylvania, Gov. Edward G. Rendell said the state was preparing to respond quickly to possible flooding in areas along several rivers, including the Schuylkill and the Susquehanna River. Some residents had been evacuated.

Based on forecasts, Mr. Rendell said, "Moderate to major flooding will likely affect parts of the commonwealth overnight and through Thursday."

In Scranton, The Associated Press reported, the American Red Cross set up an evacuation center at Green Ridge Assembly of God church, and other towns throughout eastern Pennsylvania reported flooding.

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In southwestern Virginia, disabled children in Craig County, some in wheelchairs, waited for their parents at a high school after being evacuated from an Easter Seals camp Monday night. Nearby, officials continued searching for an 8-year-old girl swept away in Alleghany County.

Outside Washington, in Prince George's County, about 70 Maryland residents who had been evacuated, some by rescue boats, returned to their homes Tuesday, said Mark Brady, a Prince George's County fire and rescue spokesman. "We're just keeping our eye on the sky and hoping for the best," Mr. Brady said.

Flooding also occurred in Delaware and New Jersey.

Federal Agencies Still Recovering From Flooding (GOVEXEC)

By Jonathan Marino

Government Executive, June 28, 2006

More government building closings were announced late Monday and early Tuesday as federal agencies prepared for what forecasters warned could be a continuation of heavy rains that have pounded the capital region.

The Justice Department's Robert F. Kennedy headquarters building will be closed for the next three to seven days as repairs are made to its flooded basement and lost power is restored.

Attorney General Alberto Gonzales said in a statement that fewer than 2,400 workers were affected by the weather-related damage, but that he remains unsure of when the headquarters will open.

IRS headquarters will be closed until Friday, according to the General Services Administration, which manages many of the federal government's buildings. Flooding in the basement is delaying clean-up, GSA said. Offices in the Old Post Office, which uses the same power source as the IRS, also are closed, but shops in the building remain open.

The Environmental Protection Agency released a statement saying its Ariel Rios north and south buildings at its headquarters would remain closed Tuesday and that employees working in the facility's east and west basements would remain on administrative leave due to flooding.

The National Archives' Washington building also remained closed Tuesday, and an early-afternoon statement said it would stay that way at least through Wednesday. The archives reported no damage to original records at the rotunda and stack areas.

The heavy rains also caused several Crystal City buildings leased by GSA to lose power and some Federal Technology Service employees lost e-mail access when the e-mail server went down.

But the Commerce Department, closed Monday, said its facilities were fully repaired and operational by Tuesday afternoon.

A statement posted late Monday night by the Office of Personnel Management said federal agencies would be open under an unscheduled leave policy, meaning that taking the day off requires taking leave time. Emergency workers are expected to show up.

Kimberly Palmer contributed to this report.

U.S. Attorney In Brooklyn Is Said To Be Choice For Federal Bench (NYT)

By William K. Rashbaum

The New York Times, June 28, 2006

The United States attorney in Brooklyn, Roslynn R. Mauskopf, has been selected to serve as a federal judge, according to several people briefed on the matter. The move will open up one of the most important law enforcement posts in New York City.

While Ms. Mauskopf has not yet been formally nominated, the people briefed on the matter said that she had already been interviewed by the White House and that the required F.B.I. background investigation had begun.

Such investigations are not undertaken until the selection is made, several of the people said. When the investigation is complete, the people said, the White House will formally submit the nomination to the Senate.

Ms. Mauskopf, 49, who oversees the prosecution of federal crimes in Brooklyn and Queens and on Staten Island and Long Island, was selected for the judgeship by Gov. George E. Pataki, several of the people said. She served him for six years as the state inspector general, a post in which she was responsible for investigating corruption, fraud and abuse in state government.

Before that, she served for 13 years as an assistant prosecutor in the office of the Manhattan district attorney, Robert M. Morgenthau.

Mr. Pataki, who had also backed her for the prosecutor's post, to which she was nominated in 2002, will lose his authority to make such selections when he leaves office next year.

Ms. Mauskopf, through a spokesman, declined to comment yesterday.

When President Bush nominated her to the prosecutor's post — one of the busiest in the country, commanding an office of nearly 150 lawyers — some Democrats questioned her qualifications, noting that she had never worked as a federal prosecutor.

During her tenure in Albany, critics raised questions about whether she had been aggressive enough in investigating state officials.

A spokesman for Mr. Pataki, Michael E. Marr, said, "Roz Mauskopf has been an outstanding law enforcement professional at the local, state and federal levels, and we are confident that if she were nominated and confirmed, she would also make an excellent federal judge."

Ms. Mauskopf will be appointed to the United States District Court for the Eastern District of New York, according to the people briefed on the matter. She will fill a position that was opened up when Judge David G. Trager, himself a former United States attorney in Brooklyn, recently moved to senior status.

During her tenure, prosecutors in her office conducted several high-profile prosecutions, winning convictions against a Yemeni cleric for financing terrorism, and decimating the ranks of the Bonanno crime family. There have also been losses, including the acquittals of a hip-hop producer and his brother on money-laundering charges and of two waterfront union officials on fraud and other charges.

Several people said a possible successor to Ms. Mauskopf was Chauncey G. Parker, the director of the State Division of Criminal Justice Services and a former federal prosecutor in Manhattan.

CORPORATE SCANDALS:

VeriSign Receives Options Subpoena (AP)

AP, June 28, 2006

VeriSign Gets Grand Jury Subpoena Over Stock Options Grants; Shares Fall

MOUNTAIN VIEW, Calif. (AP) -- VeriSign Inc., a provider of infrastructure services for Internet and telecom networks, said Tuesday it received a grand jury subpoena from the U.S. Attorney for the Northern District of California asking for documents relating to its stock option grants.

VeriSign said it also received a similar request from Securities and Exchange Commission as part of an informal inquiry.

The company said it intends to cooperate fully with both the SEC and the U.S. Attorney's office, and added that its board had already began an internal investigation prior to the two requests.

About 48 companies in addition to VeriSign are being questioned by the SEC or Justice Department about their stock-option granting practices. At issue is whether executives backdated stock options grants to time them at low points of the stock price, thus boosting the payouts.

Shares fell $1.16, or 5.1 percent, to $21.62 in afternoon trading on the Nasdaq. In the past 52 weeks, the stock has changed hands between $19.01 and $30.99.

Rambus Warns Stock Option Trouble May Wipe Out Some Past Profits (AP)

By Michael Liedtke, AP Business Writer

AP, June 28, 2006

SAN FRANCISCO -- Computer chip supplier Rambus Inc. on Tuesday warned some of its previously reported profits might evaporate because the timing of stock options granted to its employees wasn't properly recorded - a problem that could haunt scores of other companies as they review their past compensation practices.

The news, which caused Rambus's stock price to drop by more than 5 percent in extended trading, was the latest jolt in a budding scandal that threatens once again to shake investor confidence just as corporate America recovers from the accounting fiascos exposed after the fall of Enron Corp. nearly five years.

Like dozens of other companies, Los Altos, Calif.-based Rambus has been scrutinizing stock options distributed years ago to determine whether company insiders rigged the system to increase the likelihood that management would reap huge windfalls.

Under the practice, the options are backdated to an ebb in a company's stock price instead of pegging the exercise price to the prevailing market value at the time of the award.

Stock options become more valuable as the market price rises above the exercise price, so backdating fattens the recipient's profit.

At least 44 companies have launched their own internal inquiries into possible stock option abuses or have become targets of government investigations into the practice. Some companies already have gone so far as to fire some of their top executives after learning about the manipulation of past stock options.

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The number of companies responding to government inquiries continued to expand Tuesday. Cnet Networks Inc., VeriSign Inc., Foundry Networks Inc. and Cyberonics Inc. all disclosed they had received subpoenas seeking more information about their stock option awards from the U.S. Justice Department.

The Silicon Valley has become a focal point in the brewing tempest over stock options because the region's high-tech companies relied heavily on the awards to attract and motivate employees.

Backdating stock options isn't necessarily illegal, but it can cause a company to improperly deduct employee compensation expenses - a misstep that could exaggerate profits and result in an underpayment of taxes.

Without providing specifics, Rambus said its audit committee had uncovered discrepancies between the dates that some stock options went on the books and the dates that they should have been recorded under accounting rules.

If the committee's continuing investigation determines the company has to absorb substantial charges to correct the error, Rambus said it may have wipe out some of its past profits. The potential restatements aren't expected to affect Rambus's revenue.

Rambus said it hadn't yet determined whether the accounting trouble will force it to amend its taxes.

The news, released after the stock market closed, agitated investors. Rambus shares fell 71 cents to close at $23.13 Tuesday on the Nasdaq Stock Market, then dropped $1.23, or 5.3 percent, in extended trading.

Rambus's results during the past decade have been a mixed bag - ranging from a $33.7 million profit last year to a $106.1 million loss in 2000.

Rambus Stock-Options Errors May Require Restatements (WSJ)

By Charles Forelle

The Wall Street Journal, June 28, 2006

Rambus Inc. said a preliminary board review found improperly dated stock-option grants that may lead to a restatement of prior financial results.

The Los Altos, Calif., designer of memory-chip technology provided little detail about the results of the review in its news release, but the language of the release -- and the indication that the company may take an accounting charge -- implies the grants were wrongly timed in a manner that benefited insiders by giving them a lower exercise price.

The disclosure raises the question of whether Rambus's grants were deliberately backdated from their real date of approval to a day when the company's stock was trading lower. That would make the grants more valuable to recipients.

Separately, six other companies -- VeriSign Inc., CNET Networks Inc., Foundry Networks Inc., Applied Micro Circuits Corp., Cyberonics Inc. and Progress Software Corp. -- announced new federal inquiries into their options practices.

Rambus's board "has reached a preliminary conclusion that the actual measurement dates for certain stock option grants issued in prior years differ from the recorded grant dates for such awards," the company said.

It didn't specify who the recipients were, how many grants were at issue or when the suspect grants occurred. A Rambus spokeswoman declined to elaborate. She said the Securities and Exchange Commission has been "apprised" of the review.

MORE ON OPTIONS

· How to Remedy Backdated Options?1

· Options Scorecard: Companies under scrutiny2

· FAQ on backdating3 and complete coverage4

Rambus said it isn't sure whether any charge would be material and thus require restatement. It also says the board hasn't evaluated whether it will face a tax impact.

About 50 companies are being examined by federal regulators and prosecutors in a wide-ranging probe of option-granting practices that is focusing on possible backdating and other forms of manipulation.

Backdating could lead to fraud charges for executives, particularly if they conducted the practice behind the backs of directors in order to enhance their potential profit from option grants. Granting options discounts via backdating or other means can violate federal securities laws when not disclosed to shareholders. It can also lead to accounting problems and tax bills for companies.

VeriSign, of Mountain View, Calif.; CNET, of San Francisco; and Foundry Networks, of San Jose, all said they received options-related subpoenas from the U.S. attorney for the Northern District of California. The companies said they are cooperating. VeriSign, which provides infrastructure services for the Internet, and Foundry, a network-equipment maker, both said they are subjects of informal SEC inquiries. CNET, a Web site operator, previously disclosed an SEC probe.

Applied Micro, of Sunnyvale, Calif., said it received an options-related subpoena from the U.S. attorney for the Northern District of California. The semiconductor company also said the U.S. attorney for the Southern District of California has opened

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its own investigation of the company's stock-option practices. Applied Micro noted that a self-initiated review of stock option grant practices is continuing.

Cyberonics said it received an options-related subpoena from the U.S. attorney's Office for the Southern District of New York. The Houston medical-device maker previously disclosed that it is the subject of an informal SEC probe. A securities analyst earlier this month raised questions over a grant made just ahead of good news from a federal regulatory panel for a Cyberonics product. The company says it is cooperating and has hired outside counsel.

Progress Software, of Bedford, Mass., said in a securities filing that it is the subject of an SEC probe relating to options. The business-software company had earlier said it was conducting its own review.

UPDATE: Cyberonics Subpoenaed By U.S. Justice Department (DOW)

Dow Jones, June 28, 2006

BOSTON (Dow Jones) -- Shares of Cyberonics moved lower Tuesday, the day after it reported it has been subpoenaed by the Department of Justice over stock- options practices.

Shares of Cyberonics (CYBX) were down 4% at $20.40 in midday trades.

According to a regulatory filing Monday, the U.S. attorney's office for the Southern District of New York issued a subpoena for documents related to its stock-option grants. Cyberonics said it is cooperating with the request.

"In furtherance of such cooperation, the audit committee of the company's board of directors will retain independent counsel to assist it in reviewing the company's stock option grants, procedures, and practices, including compliance with Generally Accepted Accounting Principles and all applicable statutes, rules, and regulations," wrote Cyberonics in the filing.

"Given the ongoing nature of these matters, the company is not in a position to comment further at this time," Cyberonics added.

Earlier this month, Cyberonics said it was the focus of an informal investigation by the Securities and Exchange Commission into stock options.

European Court Refuses To Halt Extradition Of Bankers (Update3) (BLOOM)

Bloomberg, June 28, 2006

June 27 (Bloomberg) -- Three British bankers will be sent to the U.S. to face Enron Corp.-related fraud charges within three weeks after a European court refused to block their extradition, their final forum for an appeal.

David Bermingham, Giles Darby and Gary Mulgrew are wanted in Texas for allegedly bilking their former employer, Royal Bank of Scotland Group Plc's Greenwich NatWest unit, out of millions from the sale of an Enron off-the-books partnership. The European Court of Human Rights in Strasbourg, France today declined to suspend their extradition, six days after Britain's highest court also rejected their appeal.

The case has been at the forefront of calls from Britain's business and legal community to scrap its ``fast-track" extradition arrangements with the U.S. Lobbying groups claim the legislation, introduced in 2004 mainly to clamp down on terrorism, is instead being used to target white-collar offences, unfairly increasing the risks for executives.

``I urge U.K. Prime Minister Tony Blair to intervene to defend the human rights of British citizens that are being abused by a country which is supposedly our greatest ally," Digby Jones, director general of the Confederation of British Industry, said in a statement. The bankers ``represent no threat to society, yet they will still be banged up in a U.S. prison with rapists and drug addicts."

The European Court of Human Rights said that while it would review the merits of the men's appeal, the court wouldn't intervene to suspend extradition proceedings, according to a letter sent to the bankers' lawyers.

July Deadline

Bermingham, Darby and Mulgrew, who each face more than 20 years of prison if convicted on all counts, must now be extradited to the U.S. by July 17, their lawyers said. They may be detained for as long as two years in a high-security U.S. prison awaiting trial, U.K. courts have been told.

The three men were charged with seven counts of wire fraud in 2002 for allegedly skimming $7.3 million by duping Greenwich Natwest over the value of an Enron partnership known as ``Swap Sub." The indictments were the first criminal fraud charges to emerge from the U.S. Justice Department's probe into the energy trader's collapse.

Texas Trial

The bankers claim that as British citizens, accused of defrauding a British bank, any charges against them should have been brought in the U.K. They have also argued that they won't get a fair trial in Texas, where Enron was based, due to public animosity toward the company and its senior officers.

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Former Enron Chairman Kenneth Lay and ex-Chief Executive Officer Jeffrey Skilling were convicted last month of fraud and conspiracy in connection with Enron's 2001 implosion, which wiped out thousands of jobs and more than $1 billion in retirement funds virtually overnight. They each face at least 25 years in prison.

``We have now done everything possible to establish the rights of three U.K. citizens to be investigated and, if appropriate, prosecuted in the U.K.," Mark Spragg, a lawyer for Bermingham, Mulgrew and Darby, said in a statement. ``All we have established is that U.K. citizens have no such rights against an extradition request made by the U.S."

Under the fast-track legislation, known as the Extradition Act 2003, the U.S. was added to a list of countries that no longer have to provide evidence of a crime when seeking to extradite a U.K. citizen. The U.K. must still show ``probable cause" that an offence has been committed when requesting a U.S. citizen, as prescribed by the U.S. Constitution.

Demonstration

Around 200 U.K. businesspeople are expected to participate in a demonstration against those rules, led by Internet entrepreneur Karl Watkin, in London later this week, according to the event's organizers.

``The feeling is that it's a very unbalanced, one-sided piece of law," Colin Passmore, the head of litigation at London-based Simmons & Simmons, said in an interview. ``There are no escape routes, as this case has shown."

The European Court of Human Rights didn't provide specific reasons for refusing the three bankers' application for a temporary stay in the letter sent to Spragg's law firm, Jeffrey Green Russell. The court said it will review the merits of the men's appeal in ``due course," the letter says.

Britain's Home Office, which is responsible for extradition requests, had agreed to suspend proceedings pending the outcome of the men's application to the Strasbourg court. The department said today that extradition arrangements are now being considered, but that it isn't in a position to comment on how and when the extraditions will take place.

Lawyers specializing in extradition said it was likely the men would be removed within days.

The European Court of Human Rights confirmed that the request for interim measures had been rejected.

To contact the reporter on this story: Megan Murphy in London at mmurphy41@bloomberg.net. Last Updated: June 27, 2006 12:37 EDT

Enron Bankers' Extradition Moves Forward (FINDLAW/AP)

By Jane Wardell, Ap Business Writer

AP, June 28, 2006

(AP) - LONDON-The European Court of Human Rights on Tuesday refused to halt extradition proceedings against three British bankers wanted in the United States on Enron-related fraud charges.

David Bermingham, Gary Mulgrew and Giles Darby, former executives at Greenwich NatWest, a unit of Royal Bank of Scotland Group PLC, had asked the European court to freeze a British court ruling for their deportation ahead of a fuller appeal.

However, the European court said in a letter to London law firm Jeffrey Green Russell on Tuesday that it saw no immediate cause to overturn the decision of the British courts to send the trio to face trial in the United States.

A court official wrote that it had been decided "in the circumstances, not to indicate to the government of the United Kingdom ... the interim measure you are seeking."

It added that the "remaining issues, namely the merits of the application, will be examined in due course."

"However ... any such examination of the remaining legal issues will not stop the applicants' proposed removal," it said.

The so-called Bermingham Three have been fighting against their extradition since a High Court ruling in February. They ran out of British avenues of appeal last week when the House of Lords said it would not hear the case.

The three men have consistently argued that most of the alleged offenses took place in Britain and that any trial should be held here. Being forced to stand trial in Enron's home state of Texas would be unjust and incompatible with European human rights law, the men argued.

"We have now done everything possible to establish the rights of three U.K. citizens to be investigated and, if appropriate, prosecuted in the U.K. but all we have established is that U.K. citizens have no such rights against an extradition request made by the U.S.," said the men's lawyer, Mark Spragg.

Spragg said that all the witnesses and documents for the defense case would now be sent to Houston for the trial "which could, and should, take place in the U.K."

The trio, all British citizens, were charged in the United States in 2002 with bilking National Westminster Bank of $7.3 million and each face seven counts of wire fraud.

They allegedly advised NatWest in 2000 to sell part of an Enron business it owned for less than the stake was worth, in a scheme allegedly devised with Andrew Fastow, former finance chief of the collapsed energy trader Enron Corp., and his colleague, managing director Michael Kopper.

The three men then left NatWest, bought into the firm themselves and sold it off for a much higher fee, each pocketing about $2.6 million in the process, according to prosecutors.

Enron filed for bankruptcy in 2001 after revealing that it inflated its profits and filed false accounts to hide debts.

Barred Broker, Partner Get Prison For $14 Million Commodities Fraud (FINDLAW/AP)

By Jeffrey Gold, Ap Business Writer

AP, June 28, 2006

(AP) - NEWARK, New Jersey-A man barred from selling leveraged commodities and his partner in an illicit operation have been sentenced to prison for cheating about 1,000 investors out of $14 million (â‚¬11 million).

The barred broker, Charles Paul Hoffecker, who owned Amitex Investment Services Ltd., and his partner, Charles Edward Myers, told clients that Amitex would buy gold, silver and other commodities for them. But evidence at their trial showed that no purchases were made, federal prosecutors said Tuesday.

Hoffecker, 53, was sentenced June 19 to 17 1/2 years in prison, while Myers, 65, was sentenced Monday to nine years. They were ordered to pay a total of $2.67 million (â‚¬2.12 million) in restitution by U.S. District Judge Katharine S. Hayden.

The restitution figure was smaller than the total losses since not all victims have been found, mostly due to incomplete records at Amitex, Assistant U.S. Attorney Bohdan Vitvitsky said.

Hoffecker and Myers, who were convicted in March, were charged in 2003 after a sting operation in which investigators used an undercover business to infiltrate fraudulent telemarketing investment schemes.

Amitex told would-be clients that their money would be used to buy commodities and that Amitex would finance up to 80 percent of the purchases at 12 percent interest, the indictment said. However, Amitex did not buy any commodities and charged investors for loans that were never made, the indictment said.

Even before this case, Hoffecker had been barred in 1991 from selling or offering to sell precious metal on a financed basis. That resulted from a lawsuit brought by the Federal Trade Commission.

Amitex was incorporated in Nassau, Bahamas, and the indictment alleged that Hoffecker and Myers claimed that their transactions were not regulated by U.S. authorities.

On the Net:

U.S. Attorney's Office in Newark:

http://www.njusao.org/break.html

Did Hilfiger Corp. Get Special Treatment From DOJ? (LAW)

By Sue Reisinger, Corporate Counsel

Corporate Counsel, June 28, 2006

Did Tommy Hilfiger Corp. get special treatment when it negotiated a nonprosecution agreement with the U.S. Department of Justice last summer? The question has come to light in recent weeks as the now-private company defends itself against a class action shareholders' suit.

Typically, when the government completes a deferred or nonprosecution agreement, it makes the deal public. The Manhattan U.S. Attorney's Office departed from this practice with Hilfiger, however.

On Aug. 10, 2005, then-U.S. Attorney David Kelley announced that his office had reached an agreement with the retailer's American subsidiary. While Kelley's press release outlined the general features of the pact, it wasn't accompanied by an actual copy of the deal. Ten months later, neither Hilfiger nor the government has made the agreement public. (Hilfiger was represented in the nearly year-long tax evasion investigation by one of Kelley's former colleagues -- Mary Jo White -- a former Manhattan U.S. Attorney who is now a partner at Debevoise & Plimpton.)

The secret agreement is a problem for the shareholders who filed suit against Hilfiger after the government started investigating the company in 2004. In most deferred and nonprosecution agreements, the corporate defendant admits the government's criminal allegations. Without access to the details of the Hilfiger deal, the company's shareholders say that they don't know how the retailer responded.

Hilfiger has moved to dismiss the suit, in part, because prosecutors didn't file charges against the clothing chain. The company, which was acquired this spring by Apax Partners Worldwide, a private equity fund, is being defended in the shareholders' litigation by Wachtell, Lipton, Rosen & Katz. Hilfiger supports its position by citing Kelley's August 2005 press release, which it says doesn't confirm any wrongdoing at the retailer.

According to a transcript of a May hearing, Wachtell's John Savarese told Manhattan federal district court Judge Richard Owen that the release is "far from confirming that there was some basis to the initially announced U.S. Attorney investigation or

that some great liability would emerge for the company from that, or some criminal case." But Savarese cited only the government's press release in his argument, and not the nonprosecution agreement itself. Savarese did not return calls for comment for this article.

The shareholders' lead attorney, Samuel Rudman, says that he finds it unusual that the agreement was not made public, given that the government "always make them public." It's especially unusual, Rudman adds, "when [Hilfiger's] lawyers are in court arguing what the agreement says." Rudman is a partner with Lerach, Coughlin, Stoia, Geller, Rudman & Robbins. Rudman's observation is supported by Corporate Counsel research. Corporate Counsel completed an extensive review of the Justice Department's and many U.S. Attorneys' Web sites and found that 14 deferred and nonprosecution agreements were completed in the past 12 months. Of these 14 deals, only the Hilfiger agreement was not made public.

A spokesperson for the Manhattan U.S. Attorney's Office declined to comment when asked why Hilfiger was treated differently. Former U.S. Attorney Kelley, now a partner at Cahill Gordon & Reindel in New York, also declined to comment. A Justice Department spokesperson in Washington, D.C., would only say that the publication of agreements "is within the discretion of individual U.S. attorney's offices."

A Hilfiger spokesperson says that the company won't make the agreement public "because it has no obligation to." Debevoise's White did not return calls for comment.

What is known from Kelley's press release is that the nonprosecution agreement ended an investigation into two related areas. One was whether Hilfiger paid inflated service commissions to its overseas subsidiaries in an effort to lighten its U.S. tax burden. The other was whether some, or all, of the services were actually performed in Hong Kong, but with the commission payments sent elsewhere in an effort to avoid paying Hong Kong taxes.

Under the deal, according to the press release, Hilfiger agreed to implement new ethics and compliance programs, to cooperate with the U.S. Attorney's Office for the next three years, and to amend four years' worth of U.S. tax returns from 2001 to 2004 to reflect a lower rate of commissions. Hilfiger also agreed to pay the IRS about $18.1 million in additional taxes and interest, and to cooperate fully with the Hong Kong tax authorities.

Subject to the company fulfilling its part of the deal, the government agreed to close the U.S. tax case but left open the Hong Kong part of the case. If Hilfiger cooperates with Hong Kong authorities, the government agreed not to prosecute for activities "which may constitute mail fraud or wire fraud on the Hong Kong taxing authorities," according to the press release. Hilfiger, which was still a public company at the time of the deal, disclosed in various filings with the Securities and Exchange Commission that it had reached a nonprosecution agreement. But the company did not furnish a copy of the pact with its quarterly filing in December 2005. Hilfiger's spokesperson says that the clothing chain believes it is not required to file a copy with the SEC.

Asked whether businesses are required to file copies of nonprosecution agreements, an SEC spokesperson cited regulation S-K 229.601, which requires a public company to include with its quarterly and annual reports a complete copy of "any material contract" made outside "the ordinary course of business." The spokesperson wouldn't comment on any specific case, or on whether the SEC considers a nonprosecution agreement to be a "material contract."

Hedge Funds Sharpen Their Political Game (WSJ)

By Kara Scannell And Brody Mullins

The Wall Street Journal, June 28, 2006

WASHINGTON -- Amid increased scrutiny by lawmakers and regulators, hedge funds are stepping up their defenses in the nation's capital.

A small group of fund managers are behind a campaign to head off new regulations from Congress and the Securities and Exchange Commission. In the past year, funds have boosted political contributions, hired a string of new lobbyists and established a second trade association to make their case in Washington.

A hearing by the Senate Judiciary Committee today will focus on industry tactics such as short-selling and allegations of collusion between independent research firms and hedge funds to manipulate stocks. (See related article on page C1.)

Separately, the Senate Banking Committee and some House lawmakers are examining whether the hedge-fund industry should face new regulations.

Employees of the 25 largest hedge funds and the Managed Funds Association, the industry's main trade group, have contributed a combined $1.2 million to congressional candidates and the Republican and Democratic parties so far in the 2005-2006 campaign. While that figure goes only through March 31 of this year, it represents nearly a 50% jump over donations made by the same organizations for the entire 2001-2002 election cycle, the last midterm election year, according to the nonpartisan Center for Responsive Politics.

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For the 2003-2004 campaign, a presidential cycle, which tends to draw bigger campaign spending, the same funds contributed $1.9 million.

Hedge funds have hired more than a dozen lobbying groups since early 2005, according to PoliticalMoneyLine, a nonpartisan organization. In 2005, the industry paid $1.5 million for Washington lobbyists, up from $1.2 million in 2004 and $565,000 in 2003.

"Hedge funds have come of age as a capital-market force. There's no denying it," said Jack Gaines, president of the MFA, which represents more than 1,000 individual members with $500 billion in assets. The MFA hopes to double its staff over the next year and recently hired a lobbyist to help communicate with lawmakers and help with fund raising.

Meanwhile, James Chanos, a hedge-fund manager and well-known short-seller, in March started his own alliance of 16 hedge funds as a rival to the MFA. He has argued the industry needs to take a more aggressive stance in Washington. To lobby for the Coalition of Private Investment Companies, Mr. Chanos hired former aides to Senate Banking Committee Chairman Richard Shelby (R., Ala.) and committee member Sen. Chris Dodd (D., Conn.), who will become the panel's top Democrat next year.

In the days after Judiciary Committee Chairman Arlen Specter (R., Pa.) announced today's hedge-fund hearing, the lobbyists met with half the members of the Judiciary panel.

Hedge funds still devote fewer resources to Washington than Wall Street firms. Citigroup Inc. and its employees have made just about as many campaign donations so far this election cycle as the entire hedge-fund industry, according to the Center for Responsive Politics, and spent nearly five times as much on lobbyists in 2005.

The emerging hedge-fund lobby parallels the growth of the high-tech lobby in the late 1990s. Like the hedge-fund industry, high-tech companies paid scant attention to Washington during their early growth years. That changed when policy makers began looking closer at regulations, and one of the industry's biggest players, Microsoft Corp., became the target of a Justice Department antitrust investigation.

Hedge funds haven't yet faced a similar threat. But they may: The SEC is investigating one independent research firm for possible market manipulation and has subpoenaed documents and correspondence from a well-known hedge fund as part of the probe. The SEC also has an investigation into improper trading in the private-issuer market, which has resulted in charges against several hedge-fund managers.

Hedge funds also are coming under attack from mostly small corporations that accuse fund managers of manipulating stock prices by betting that stocks will decline, and then spreading negative information about the companies.

The SEC estimates hedge-fund advisers manage now more than $2.4 trillion in assets, up from an estimated $870 million in 2004. By comparison, mutual funds manage now roughly $8 trillion.

Hedge funds manage large pools of capital for wealthy individual investors, pension plans and endowments. They typically invest in ways traditional money managers can't, such as by placing bets that stocks will drop and profiting by the decline, a practice known as selling short; investing in currency arbitrage; and taking stakes in credit default swaps, a type of insurance play.

Historically, hedge funds were passive short-term traders, yet they are now buying large stakes in corporations and influencing board decisions about companies' strategic directions. They have also had their share of high-profile scandals from abusive trading of mutual funds to fund managers running away with hundreds of millions of dollars in investor money.

For years hedge funds were mainly regulated, lightly, by the Commodity Futures Trading Commission, which has oversight of the futures markets. In 2004, a divided SEC moved to impose its own rules, requiring hedge-fund advisers to register with that agency and opening them up to compliance and inspection measures. That rule was thrown out by a federal appeals court last week and the SEC is re-evaluating its approach to hedge-fund activity.

As hedge funds have increased their political activities, some have become more bipartisan, giving more to the Republicans in power. Like many young high-tech companies, newly formed hedge funds tended to give largely to Democrats. From 1990 to 2005, for example, employees of Mr. Chanos's Kynikos Associates made about $200,000 in political contributions to candidates for Congress and the White House. All but a $500 check to President George Bush in 2003, went to Democratic candidates.

So far this year, employees of the fund have given all of their $15,360 in donations to Republicans. Most of that, $15,000, has been directed in three checks to Mr. Shelby, the Senate Banking Committee chairman who will have enormous influence over possible regulations for the industry.

UPDATE: Senators To Scrutinize Hedge Funds (DOW)

By Robert Schroeder

Dow Jones, June 28, 2006

DOJ_NMG_0037206

WASHINGTON (Dow Jones) -- Washington and Wall Street may get a rare public look at how securities regulators track hedge funds' behavior on Wednesday, when a former Securities and Exchange Commission lawyer goes before a Senate panel probing the industry.

Attorney Gary Aguirre told Congress that he was running the SEC's investigation into whether prominent hedge fund Pequot Capital Management engaged in insider trading. Aguirre said that he was fired in September after he sought the testimony of a Wall Street executive, reported to be John Mack, chief executive of Morgan Stanley (MS) .

The SEC won't confirm or deny it's investigating Pequot. But the hearing in the Senate Judiciary Committee may shed light on the methods regulators use to catch potential cases of wrongdoing involving hedge funds -- the big, lightly regulated pools of money serving mostly wealthy investors.

The hearing will focus on the relationships between hedge funds and independent analysts.

"Everyone is very concerned about conflicts of interest," said Darren Sherman, a former SEC official and chief executive of Regulatory Advisory Services.

But the Wall Street-policing agency itself may come in for a drubbing over the dismissal of former lawyer Aguirre, for allegedly getting too close to a big- time executive who happens to be a major fund-raiser for President Bush.

Revelations of Aguirre's inquiry -- first reported Friday by the New York Times -- come as the agency's ability to oversee funds like Pequot is facing a major challenge. On Friday, a federal court threw out a rule requiring hedge- fund advisers to register with regulators as investment advisers. The agency must now go back to the drawing board and redesign new oversight guidelines.

Pequot probe

The committee, chaired by Sen. Arlen Specter, R-Pa., will likely grill Aguirre about his motives for seeking Mack's testimony, and about what evidence he has concerning possible insider trading at Pequot. The firm hasn't been charged and denies wrongdoing.

Aguirre stated in a letter dated Sept. 2, 2005, his last day on the job, that Pequot received insider information from a source believed to be John Mack, who at the time was chief executive of Credit Suisse First Boston. Aguirre told Congress that stock exchange officials referred cases involving suspicious trades by Pequot to the SEC 18 times.

While exchanges and regulators have systems in place to catch insider trading, the volume of trades makes it difficult to catch improper activity without a tip-off, according to analysts.

"If the technology were good enough to detect this on a regular basis, there'd be no insider trading at all," said Octavio Marenzi, chief executive of Celent, a consultancy for financial institutions.

Daniel Strachman, managing partner of A&C Advisors, said that people knowledgeable about the trades in question may have alerted exchange officials and regulators.

"Somebody dropped a dime on them," he said about Pequot.

Two top law-enforcement officials also are scheduled to testify at the Senate hearing Wednesday. They are Matt Friedrich, the Justice Department's principal deputy assistant attorney general for crime, and Connecticut Attorney General Richard Blumenthal.

Heightened scrutiny

The hedge-fund industry has grown rapidly in recent years, with the total number of funds climbing to about 8,000 and overseeing more than $1 trillion in assets. The SEC has brought more than 50 cases against the industry since 2000. The court's rejection of the SEC rule notwithstanding, analysts predict regulators will step up efforts to scrutinize the investment pools.

Meanwhile, the Senate Banking Committee and Senate Finance Committee are investigating Aguirre's firing.

The Judiciary Committee's hearing is scheduled to begin at 9:30 a.m. on Wednesday.

Morgan Stanley Paying $10M Fine To Settle SEC Charges On Safeguarding Information (LAW/AP)

The Associated Press

AP, June 28, 2006

Wall Street powerhouse Morgan Stanley on Tuesday agreed to pay a $10 million civil fine to settle federal regulators' charges that it failed to maintain safeguards to prevent the misuse of inside information.

The Securities and Exchange Commission also censured Morgan Stanley under the settlement. The investment house neither admitted nor denied the SEC's allegations but did agree to refrain from future violations of the securities laws.

Morgan Stanley, the third-largest U.S. securities firm by market value, also agreed to hire an independent consultant to review its policies and practices for preventing misuse of confidential company information.

In a civil lawsuit, the SEC said Morgan Stanley for years failed to adequately maintain and enforce procedures to prevent the misuse of inside information regarding companies whose securities are held in hundreds of thousands of employee and

employee-related accounts. The agency did not say whether any illegal insider trading or other improprieties had occurred using inside information as a result of the alleged lapses.

From at least 2000 to 2004, Morgan Stanley failed to conduct needed surveillance of hundreds of thousands of employee and employee-related accounts to detect possible insider trading, the SEC alleged.

"We are pleased to have resolved this matter with the SEC," New York-based Morgan Stanley said in a statement. "We have implemented substantial compliance system and process enhancements, and will continue to strengthen these as part of our ongoing commitment to having a best-in-class compliance culture."

It was the second SEC fine against the firm within a few weeks. On May 10, Morgan Stanley agreed to pay $15 million to settle the regulators' charges that it repeatedly failed to provide tens of thousands of e-mails which they sought in major investigations over several years.

Morgan Stanley Settles With SEC On Systems Issue (WSJ)

By Judith Burns

The Wall Street Journal, June 28, 2006

WASHINGTON -- Morgan Stanley will pay $10 million to settle allegations of a massive breakdown in systems to prevent misuse of inside information, the Securities and Exchange Commission said.

Morgan Stanley settled without admitting or denying the SEC's claims that for years it lacked adequate policies and procedures to safeguard against misuse of nonpublic information, even though it was legally required to have them.

"Due to a systemic breakdown in this critical compliance function, Morgan Stanley failed to conduct any surveillance" of trading in a massive number of employee accounts held at the firm, the SEC said. As a result, it said, "Morgan Stanley may have failed to detect illegal insider trading" by the firm, its employees or their relatives.

While the New York securities firm put stocks on a "Watch List" when its bankers had inside information on a company, the SEC said that over a four-year period it failed to scrutinize employee trading in most or all of the Watch List shares. The omission went "virtually undetected and uncorrected" for years, the SEC added.

"We are pleased to have resolved this matter with the SEC," said Morgan Stanley spokesman John Franklin. "We have implemented substantial compliance system and process enhancements and will continue to strengthen these as part of our ongoing commitment to having a best-in-class compliance culture."

In addition to the $10 million fine, Morgan Stanley was censured and agreed to cease and desist from future violations. The settlement also requires it to hire an outside consultant to conduct a comprehensive review of its policies and procedures, including a plan to make up for the scrutiny it didn't do in the past with a "retrospective surveillance" of all trading and accounts it should have examined over the four-year period.

Any evidence of insider trading uncovered in the course of the retrospective surveillance must be turned over to the SEC staff "promptly," the agency said. Under the settlement, Morgan Stanley has as many as 22 months to complete the retrospective surveillance.

Richard Grime, SEC assistant enforcement director, said he would be surprised if other Wall Street firms had similar-size problems in tracking potential insider trading, and declined to comment on why Morgan Stanley's compliance failures weren't detected in the course of routine SEC inspections.

According to the SEC, from at least 1999 to 2003, Morgan Stanley put more than 3,000 stocks on its Watch List, but didn't conduct any surveillance of them. The firm didn't track trading in certain derivative securities, single-stock futures and stock options of Watch List shares until 2004, the SEC added.

Regulators said at least 434,000 employee and employee-related accounts escaped scrutiny from mid-2000 to April 2004 because Morgan Stanley's compliance staffers didn't realize the reports they received tracked trading only by a smaller group of employees who were most likely to have access to inside information.

About 900 employee accounts held outside the firm and about 30,000 employee accounts that weren't flagged as such also didn't undergo any surveillance, the SEC added.

Once the surveillance problems were discovered, the SEC said Morgan Stanley reviewed its processes and began taking steps to correct the problems it identified. It said Morgan Stanley cooperated with the SEC staff investigating the matter and was quick to report its findings as additional surveillance issues were identified.

Morgan Stanley Fined Over Insider Accounts (USAT)

By Elliot Blair Smith

USA Today, June 28, 2006

DOJ_NMG_0037208

Morgan Stanley was ordered Tuesday to pay a $10 million fine and to scrutinize employee trading records for the last four years after the Securities and Exchange Commission discovered a "systemic breakdown" in how the Wall Street firm controlled inside information.

It is the latest black eye for Morgan Stanley, which has paid $155 million since 2003 to settle regulatory investigations into alleged wrongdoing involving its analysts' research, mutual fund fees and allocations of initial public offerings. In addition, the firm paid $54 million in 2004 to settle a U.S. Equal Employment Opportunity Commission lawsuit on behalf of many of its female employees.

Richard Grime, the SEC's assistant director of enforcement, said Morgan Stanley "failed to conduct any surveillance of a massive number" of its employee accounts until the agency discovered recordkeeping gaps during a routine investigation of potential inside trading.

"Once we scratched the surface, we found this problem," Grime said. Many of the recordkeeping deficiencies arose as a result of the firm's failure to fully integrate employees' records after its 1997 merger with Dean Witter Reynolds, the agency said, but investigators also found that the firm's compliance department had failed to update and enforce many of its surveillance procedures.

The SEC says internal auditors at the firm lost track of 251,000 employee and related accounts from mid-2000 to April 2004, because of a change in how they reviewed surveillance reports. During that same period, the firm allegedly mislabeled 183,082 employee accounts because of a computer coding error. From 1997 to 2004, it allegedly failed to monitor 900 employee accounts at other brokerages.

"As a result of these systemic failures, Morgan Stanley may have failed to detect illegal insider trading," the SEC said in a cease-and-desist order that required no admission of wrongdoing. Under the order, Morgan Stanley is required to hire an independent consultant to review its surveillance procedures, and to audit employee and related accounts that should have been monitored previously.

Morgan Stanley has 22 months to finish its review. But, Grime said, "If they find anything that looks suspicious, they shall promptly notify us, which is within 10 days."

The statute of limitations related to securities laws is five years.

Morgan Stanley spokeswoman Jennifer Mooney said, "We are pleased to have resolved this matter with the SEC. We have implemented substantial compliance system and process enhancements, and will continue to strengthen these as part of our ongoing commitment to having a 'best-in-class' compliance culture."

The recordkeeping fine is small relative to previous penalties imposed on Morgan Stanley but is the largest ever related to a firm's failure to safeguard material non-public information, Grime said.

David Callahan, author of The Cheating Culture, said, "What Morgan Stanley has received in the past is a relative slap on the wrist. … If you have no individuals who are ever held responsible for wrongdoing at these large financial companies, and if you have the financial penalties being relatively minor, given how large these organizations are, that's not a great deterrent."

CA To Add Shareholder Proposal After Court Refuses To Rule (WSJ/AP)

By Associated Press

The Wall Street Journal, June 28, 2006

NEW YORK -- CA Inc. said it will add to its July proxy a shareholder proposal that seeks to change the company's bylaws after a Delaware court refused to rule on the company's original decision to reject the proposal.

CA shareholders will be able to vote on the resolution, which seeks to limit the company's poison-pill provisions, at the shareholders' annual meeting, which is scheduled for late August.

The Islandia, N.Y., technology company originally denied a request to add the proposal to its upcoming proxy statement, claiming the proposal was a violation of Delaware law. The rejection resulted in a court challenge by the drafter of the resolution, Harvard professor and shareholder rights activist Lucian Bebchuk.

Last week, a Delaware judge refused to rule on the legality of CA's decision to reject the proposal, saying the issue wasn't "ripe" for a decision.

A ruling by the court would have shed light on the currently murky issue of whether shareholders have the power to decide bylaw issues, which are normally governed by directors. A company's bylaws are the official rules that govern its management.

CRIMINAL LAW:

The Disaster Without End (NYT)

DOJ_NMG_0037209

The New York Times (opinion), June 28, 2006

It turns out that thieves and wastrels feasting in the wake of Hurricane Katrina have been doing a heck of a job too — pushing the tote in government loot toward $2 billion and counting. Government investigators have found fraud and waste consuming more than 1 in every 10 dollars of the $19 billion spent so far on Katrina and Hurricane Rita — double the usual rate after a disaster. Thousands of criminal investigations are under way, with hundreds of people already charged with price-gouging and fraud. Even frontline workers with the Red Cross and the Federal Emergency Management Agency are being charged with profiteering.

The most graphic evidence of FEMA mismanagement is the 10,000 mobile homes, costing $34,500 each, that proved useless in post-storm Louisiana and now sit empty at an Arkansas airfield at a storage cost of $250,000 a month. Meanwhile, contractors billed taxpayers for phantom hotel guests, phantom emergency meals and phantom caravans of storm debris. Even prison inmates allegedly gamed the system for housing aid. As much as 21 percent of the $6.3 billion sent directly to victims was improperly distributed, according to a detailed report by The Times's Eric Lipton.

The widespread fraud, waste and bungling was abetted by FEMA' s failure to put a high priority on existing tools for catching schemers and thieves, according to the Government Accountability Office. FEMA officials, wary at the advent of a new hurricane season, insist that tougher accountability precautions are now in place. But there's been no credible evidence of the top-to-bottom revamping that FEMA needs.

Venerable Church Burns In New Orleans (NYT)

By Adam Nossiter

The New York Times, June 28, 2006

NEW ORLEANS, June 27 — Newly burned-out lots pockmark the city, evidence of a fearsome new challenge as firefighters here say they are confronting a tough post-Hurricane Katrina landscape of abandoned buildings, water mains cracked by the storm and fire engines with smaller crews.

Historic structures are burning to the ground — the latest was the Coliseum Place Baptist Church, a venerable red brick church that until Friday had towered over Coliseum Square in the Lower Garden District since 1855. Preservationists here described the loss as heartbreaking; it followed a February fire that destroyed a cherished World War I-era theater in the same square.

The newest threat to New Orleans is a direct outcropping of the storm, in many respects. Vagrants, squatting in empty buildings, lighting candles and cooking without electricity, are setting fires, the authorities say. Pipes broken during Hurricane Katrina have been leaking 85 million gallons of water a day. Manpower in the Fire Department is down by a third, on a good day. And inadequate flood insurance has been an inducement to arson, officials say.

"We have more fires, burning hotter and burning faster, and we have reduced water pressure," said Capt. Nick Felton, president of the New Orleans Firefighters Association, Local 632. "We've got a recipe for disaster. We've really got our back against the wall."

Staircases leading to nowhere amid charred, twisted building fragments can be found here and there on desolate lots in the Uptown neighborhood. In the Lower Garden District, one of the city's oldest, leafiest neighborhoods, at least six significant structures have been lost to fire since the hurricane. In May, two 100-year-old wooden wharves on the Mississippi River burned, sending a column of smoke high above the Central Business District.

The Fire Department's spokesman, Chief Norman Woodridge, agreed that the volume and size of fires appeared to have increased.

"We've got many large fires," Chief Woodridge said. "We're going out two, three, four times a week. That's unusual." Meanwhile, the department worries that it will soon lose two firefighting helicopters, on temporary loan from the Federal Emergency Management Agency.

Water pressure is down to 20 pounds per square inch, from 90, in some areas because of the leaks, Captain Felton said. It is yet another legacy of the storm: trees, blown down by Hurricane Katrina, uprooted water mains, cracking them.

Adding to the fire problems, a drought described by climatologists as severe has settled over the region, drying up vegetation. Fires, more common in winter here, are particularly unwelcome with the mercury stuck in the mid-90's. Working conditions are as bad as they have ever been, firefighters say.

"It's very hot and it's very tiring," said one firefighter, Pekitha West. "Very stressful. We're at more fires, by us having to cross over districts."

A vacant apartment complex, struck by lightning, burned to the ground in eastern New Orleans earlier this month. Firefighters had battled more than two dozen large blazes previously in June.

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In many ways, Hurricane Katrina created an ideal landscape for unchecked blazes. Gutted structures, stripped of sheetrock, leave room and air for fire to spread, Captain Felton said. Rising rents mean people are crowding into closer quarters. And armies of demolition workers are breaking into empty houses to sleep on undamaged second floors.

The result: "We're makin' a whole lot of fires," Captain Felton said, using a local idiom that translates roughly as "the firefighters are busy."

The blaze at the Coliseum Place Baptist Church, the oldest Baptist church in New Orleans, was a heavy psychological blow to the struggling city. The deep red of its Gothic brick tower made an arresting counterpoint to the pastel Greek Revival houses and dark green foliage on the square. The austere church was said to have sheltered troops on both sides during the Civil War.

The cause of the fire was under investigation. The building had been vacant for quite some time, and largely unused; residents reported chasing off vagrants. The remnants of its congregation had previously sought to tear it down, but the Historic District Landmarks Commission had refused the request.

Friday, in front of the smoldering ruins — the spire was intact, though badly damaged — distraught residents milled about the square, trying to head off the wrecking crew. An engineer brought in by local residents said parts of the church could be saved. But the report was to no avail; demolition went ahead after a nearly daylong standoff.

"I've got a role here, to protect the public," said the city's director of safety and permits, Mike Centineo. Patricia Gay of the Preservation Resource Center called it "a terrible architectural and historical loss," a sentiment echoed by other preservationists.

The square's residents, meanwhile, spoke as if their neighborhood's heart had been ripped out. "No tourists are going to want to come here if we lose all of our historic buildings," said Rene Padilla, who lived next door to the church.

Photo Shows Ney At Meeting He Can't Remember (NBC)

By Joel Seidman, Producer

NBC News, June 28, 2006

Picture connects congressman to tribe that was an Abramoff client

WASHINGTON - The Tigua of El Paso, an Indian tribe and former client of disgraced lobbyist Jack Abramoff, released a photo Tuesday of a meeting that members had with Ohio Republican Rep Bob Ney — a meeting the congressman told Senate investigators he did not remember having.

The photo, which was taken on Aug. 14, 2002, in a House hearing room, shows the Tigua tribe's Lt. Gov. Carlos Hisa and tribal council member Raul Gutierrez with Ney. Less than a week earlier, Ney had returned from an expenses-paid golf junket to Scotland with Abramoff, Ralph Reed, David Safavian, Neil Volz and others.

On Nov. 12, 2004, in an interview with Senate investigators, Ney said that "he was not familiar with the Tigua." But the report quotes tribal representatives as testifying that they met with Ney for about two hours and he assured them he could help with legislation.

Story continues below ? advertisement

Ney told the investigators that he "could not recall ever meeting with any member of the Tigua." Ney's lawyer later said the congressman's schedule for that day showed a half-hour meeting with the "Taqua." A spokesman for Ney, Brian Walsh, said the congressman simply could not recall that the tribe was also known by another name, the Ysleta del Sur Pueblo Indian Tribe of El Paso, Texas.

Hisa said in a telephone interview that Ney "had a terrible sunburn. He was red like a lobster from that Scotland trip." Hisa said his tribe was asked to pay $50,000 for the trip, but they refused — other tribal clients of Abramoff's paid more than $100,000 to cover the expenses.

Hisa also said it was "strange" that Ney told Senate Indian Affairs Committee investigators that he didn't remember meeting with the Tigua.

Accepts money from tribe

Ney accepted $32,000 from the tribe and had agreed to put legislative language in a bill to reopen a closed gambling casino it owned. The measure never became law because it lacked Senate support. E-mails released by the committee show that Abramoff and Ney knew in July 2002 that the Tigua's provision in the Election Reform Bill was dead in the Senate but didn't tell the tribe until that October.

Ney's comments to the committee could complicate his problems with the Justice Department.

Ney told the committee he never knew that tribal money financed the golf trip. He said he thought the costs were covered by a private foundation. The report said: "Congressman Ney said the purpose of the trip was to raise money for underprivileged kids in Scotland and Washington, D.C. The itinerary consisted of golfing, meeting two parliamentarians, and watching the Marine Band."

The meetings with Scottish parliamentarians never took place. And according to testimony by Ney's former chief of staff Neil Volz, the trip amounted to $100 rounds of drinks, $400 rounds of golf and expensive hotel rooms.

Volz, Reed, Ney, Abramoff and David Safavian — who was convicted of four counts of lying and obstruction — were all part of the golf party to Scotland and London in 2002.

Walsh, Ney's spokesman, has said the Senate report merely shows just how far Abramoff and his conspirators, who "have pleaded guilty to deceiving their clients, employers and members of Congress, would go to further their own greed."

Five people have pleaded guilty or been convicted of influence peddling — Volz, Abramoff and two former aides to former Texas Republican Rep. Tom DeLay, Tony Rudy and Michael Scanlon. Safavian has been the only person caught up in the Abramoff scandal to be convicted at trial.

The Justice Department's investigation is continuing.

The Associated Press contributed to this story.

Photo Shows Ney In Meeting With Tribe (AP-Y2)

AP2, June 27, 2006

An Indian tribe that was a client of disgraced lobbyist Jack Abramoff has released a photograph of tribal leaders meeting with Rep. Bob Ney (news, bio, voting record), who had told investigators he wasn't familiar with the tribe.

The photo shows the Tigua tribe's Lt. Gov. Carlos Hisa and tribal council member Raul Gutierrez with Ney in a House hearing room on Aug. 14, 2002, less than a week after Ney finished an expenses-paid golf trip to Scotland with Abramoff and others.

On Nov. 12, 2004, while being interviewed by Senate investigators, Ney said he could not recall meeting with the Tigua.

After the interview, Ney's lawyer said the congressman's calendar did list a half-hour meeting with the "Taqua." Ney's spokesman Brian Walsh now says Ney may not have recognized the name "Tigua" because of the tribe's formal name, the Ysleta del Sur Pueblo.

"Ney takes literally thousands of pictures with people visiting D.C. every year and he is supposed to remember every one of them?" Walsh said.

According to testimony by Hisa and tribal spokesman Marc Schwartz, Ney met for 1 1/2 hours with Hisa, Gutierrez, Schwartz and Abramoff, and assured them that he was working to put a provision in an election-reform bill that would allow the tribe to reopen its shuttered casino. Ney also praised Abramoff as "the man to work with for changes in Washington," Hisa said. The Tigua provision did not make it into the final legislation.

Lawmakers Tackle Online Child Porn (AP-Y2)

By Erica Werner, Associated Press Writer

AP2, June 28, 2006

Internet providers told Congress on Tuesday they're doing all they can to combat online child pornography, but they were told to expect legislation.

Several voiced skepticism about creating new laws that would force them to retain data about their users' online activity.

Any such measure would be costly and easily circumvented and would "fall far short of its intended goal," America Online chief counsel John Ryan told a House Energy and Commerce subcommittee hearing.

The focus should be on improving existing child porn laws — not "new mandates," said Verizon Online general counsel Thomas Dailey.

Lawmakers, however, said more must be done to stop the availability of child porn on the Web and chart rooms where pedophiles troll for young victims.

"The parents of America and I think the Congress is tired of just talking about it. I think we're ready to take action," Energy and Commerce Chairman Joe Barton, R-Texas, told a panel of executives from seven companies including Yahoo Inc. (Nasdaq:YHOO - news), Google Inc. and Microsoft Corp.

Barton said that after hearings by his committee's investigative subcommittee wrap up Wednesday he plans to develop a comprehensive anti-porn bill. He didn't offer details, but getting companies to maintain customer records was a focus Tuesday.

Top Justice Department officials including Attorney General Alberto Gonzales have met recently with Internet executives to discuss the issue. There's currently no legal requirement for companies to hang onto records of their customers' activities, and according to testimony Tuesday, industry practices vary dramatically.

EarthLink Inc. archives customer records for seven years; Comcast Corp. now keeps it only for 31 days, but plans to implement a 180-day policy by Sept. 1.

The lack of uniformity "is seriously hindering investigations," said Rep. Diana DeGette (news, bio, voting record), D-Colo., who is writing a bill to require certain customer-identifying records to be kept for one year.

Companies already are adjusting their practices in response to the attention from Congress and the Justice Department.

Five companies — Time Warner Inc.'s AOL, Yahoo, Microsoft, Earthlink and United Online Inc. — announced Tuesday they will jointly build a database of child-pornography images and develop other tools to help prevent distribution of the images. The companies pledged $1 million and will work with the National Center for Missing and Exploited Children.

Google came under the most criticism Tuesday, with lawmakers brandishing printouts of a search using the terms "pre-teen," "sex" and "video" that yielded 2.9 million hits on the massive search site.

Nicole Wong, Google's associate general counsel and chief privacy officer, said that search was an aberration based on the company's failure to flag the word "pre-teen" when it's hyphenated, but that it's been corrected. She said the company's policy was to block access to child porn sites as soon as they're detected.

"We do the best we can," Wong said.

Senators Adopt Web Labeling Requirement (CNET)

By Declan McCullagh And Anne Broache, Staff Writer, CNET News.com

CNET News, June 28, 2006

Web site operators posting sexually explicit information must slap warning labels on their pages or face prison terms of up to 15 years, according to a proposal adopted by a U.S. Senate committee on Tuesday.

During a day of debate on a wide-ranging communications bill, the Senate Commerce Committee approved an amendment backed by the Bush administration that proponents claim would help clean up the Internet and protect children online.

It says that commercial Web sites must not place "sexually explicit material" on their home pages upon pain of felony prosecution--and, in addition, they must rate "each page or screen of the website that does contain sexually explicit material" with a system to be devised by the Federal Trade Commission.

"This will protect children from accidentally typing in the wrong address and immediately viewing indecent material," said Sen. Conrad Burns, a Montana Republican who is the co-founder of the Congressional Internet Caucus.

Burns said that politicians "have to take a bold step in this world of danger to our kids, and there are some people out there who prey on young children and they use the Internet and other methods to feed their sickness."

Civil libertarians have opposed the mandatory labeling proposal, saying it violates the First Amendment's guarantee of freedom of speech. Also, courts have taken a dim view of mandatory rating systems: In a 1968 case called Interstate Circuit v. Dallas, the U.S. Supreme Court ruled that Dallas' ordinance requiring that movies be rated was unconstitutional because the criteria for rating were unclear and vague.

Burns' seven-page amendment is virtually identical to a standalone bill introduced earlier this month by Sen. Jon Kyl, an Arizona Republican. Both proposals follow from a speech in April during which Attorney General Alberto Gonzales called on Congress to "promptly" enact such a law.

Sen. John Kerry, the Massachusetts Democrat, had planned to offer a "very similar" amendment and Senate aides would combine the two before a floor vote, said Ted Stevens, the Alaska Republican who serves as the committee chairman.

Stevens also postponed discussion of what has proven one of the thorniest provisions of the massive telecommunications bill: Net neutrality. Senators plan to begin debate on that topic on Wednesday at 10 a.m. ET, with votes on a number of amendments expected.

The entire communications bill won't become law unless it receives final approval by the committee and, later, the full Senate. It must also be reconciled with a House of Representatives version that differs in many respects, including having no Internet labeling requirements.

Senate committee says that sexually explicit Web sites must be labeled as such--or their operators will go to jail.

Defense Says South Korean Businessman Was No Iraqi Agent (NSDY/AP)

By David B. Caruso, Associated Press Writer

Long Island Newsday, June 28, 2006

NEW YORK -- A South Korean businessman accused of secretly lobbying the United Nations on behalf of Saddam Hussein's government was "simply a middleman" who didn't intend to break any U.S. laws, his attorney told a federal jury Tuesday.

Tongsun Park, 71, is charged with acting as an unregistered agent for Iraq in the mid-1990s at a time when the country was trying to influence the design of the U.N. oil-for-food program.

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Prosecutors said Park _ already infamous in the United States for his role in a 1970s influence-peddling scandal known as "Koreagate" _ was no ordinary lobbyist.

In his opening statement Tuesday, Assistant U.S. Attorney Michael Farbiarz told jurors that Park was promised millions of dollars by Iraq for his help influencing top U.N. officials, including former Secretary-General Boutros Boutros-Ghali.

Being an agent of a foreign government isn't itself illegal, but prosecutors said Park failed to follow U.S. laws requiring such lobbyists to disclose their relationships.

"There's a right way and a wrong way," Farbiarz said. "He hid his relationship with Iraq."

Park's attorney, Michael Kim, acknowledged that the case was "full of intrigue."

"It almost sounded like a Tom Clancy novel," he said of Farbiarz's opening statement, which described secret meetings in cafes and cash being smuggled out of Iraq through the desert.

But he insisted that Park committed no illegal acts, and urged jurors to ignore the sensational elements of the case.

"He is not charged with taking money from a foreign government. ... He is not charged with intelligence gathering or spying," Kim said. "He is not charged with selling his access to the United Nations."

Kim repeatedly described Park as "a middleman, a facilitator" who was little different from other people who had an interest in the final design of the oil-for-food program, including several big American companies.

He also asked jurors not to convict him simply because he dealt with the government of Saddam Hussein.

"The question is not, 'Do you like the Iraqi government?'" Kim said.

From 1996 to 2003, the oil-for-food program allowed Iraq to sell oil on the condition that most of the money go toward humanitarian supplies.

Authorities say the program was horribly corrupted, and that it allowed Hussein to evade U.N. sanctions and collect huge kickbacks from thousands of international companies. By some estimates, $1.8 billion was looted from the program.

Park, a citizen of South Korea, was indicted last year. If convicted, he could face more than 12 years in prison.

In the mid-1970s, Park was heavily involved in the Koreagate scandal, in which he was accused of helping intelligence services in his native South Korea funnel bribes and favors to U.S. politicians.

Park was granted immunity in exchange for his cooperation with prosecutors, and testified that he doled out $850,000 worth of bribes.

The trial in the oil-for-food case began Tuesday with testimony from the government's star witness, Samir A. Vincent, who has already pleaded guilty to being an illegal lobbyist for Iraq.

Vincent, an Iraqi-born American businessman, testified that he worked for years to influence U.S. and U.N. officials over the design of the oil-for-food program, partly because companies he was affiliated with were poised to get a percentage of the revenue generated by the plan.

He testified that his lobbying efforts had largely stalled until he was introduced to Park, who quickly arranged meetings with high U.N. officials.

The trial was to resume Wednesday.

Saddam Gave Bizman 2.5M : Feds (NYDN)

By Paul H.b. Shin, Daily News Staff Writer

New York Daily News, June 28, 2006

A South Korean businessman pocketed at least $2.5 million from Saddam Hussein in a cloak-and-dagger scheme to siphon off Iraq's oil profits, federal prosecutors said yesterday.

Using cash-stuffed envelopes and back-channel talks under cover of night, Tongsun Park secretly lobbied UN officials to rig the oil-for-food program to fatten Saddam's regime, Assistant U.S. Attorney Michael Farbiarz told a Manhattan jury in opening statements of the first trial linked to the scandal-ridden program.

"Iraq wanted to buy Tongsun Park's United Nations contacts and for millions of dollars, Tongsun Park was willing to sell it," Farbiarz said.

Park, who was at the center of the Capitol Hill influence-peddling scandal dubbed Koreagate during the 1970s, is charged with acting as an unregistered agent for Iraq in the mid-1990s.

But Park did nothing illegal, said his attorney Michael Kim, who likened the prosecution's descriptions of clandestine meetings to "a Tom Clancy novel."

Park was "simply a middleman, a facilitator, just like almost everyone else involved in the oil-for-food program," Kim said, accusing the prosecution of trying to arouse the jury's passions by repeating the name of Saddam Hussein.

The oil-for-food program was established in 1996 to ease the economic strain of sanctions imposed in the wake of Iraq's invasion of Kuwait. It was intended to allow Iraq to use oil profits to buy food and medicines under UN supervision. But

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investigators later revealed the $64billion program was rife with corruption, with nearly 2,400 firms paying $1.8billion in kickbacks to Saddam's regime.

If convicted, Park faces a maximum of five years in prison and a $250,000 fine.

Park, 71, has been in jail since January, when he was nabbed in Mexico while traveling from Canada to Panama. At the time, he was carrying $45,000 in cash, FBI officials said. Despite his age and failing health, he has been denied bail repeatedly because judges have deemed him likely to flee the country.

The U.S. Justice Department has charged Park and six others, including Texas oil tycoon Oscar Wyatt, with illegally doing business with Iraq while UN sanctions were in place. Wyatt has been charged with paying bribes to Saddam's regime in exchange for millions of barrels of Iraqi oil on the cheap.

Feds Tell Jury: Say 'Enough' To Political Hiring (CHIT)

By Rudolph Bush And Dan Mihalopoulos, Tribune Staff Reporters

Chicago Tribune, June 28, 2006

Federal prosecutors urged jurors in the City Hall corruption trial Tuesday to end the illegal political hiring that they say has pervaded Mayor Richard Daley's administration.

"This machine doesn't have any brakes. That's you," Assistant U.S. Atty. Philip Guentert told jurors. "It's time to say enough."

Defense lawyers for three former city officials argued that prosecutors brought insufficient and misleading evidence against Daley's former patronage chief Robert Sorich and three co-defendants.

The lead attorney for Timothy McCarthy, who worked with Sorich in the mayor's Office of Intergovernmental Affairs, told jurors that prosecutors want them to "speculate and guess" that the defendants are guilty.

"You didn't always hear the whole story," said McCarthy's lawyer, Patrick Deady.

Prosecutors have alleged that Intergovernmental Affairs was the hub of a widespread scheme to fix jobs and promotions in favor of politically connected candidates.

Guentert had the last word Tuesday, and he used it to sound a warning to co-schemers who have not yet been charged as members of the "corrupt clout machine."

"For those who are out there and are responsible for this scheme, there's another day," he said.

Guentert acknowledged that Sorich did not invent the scheme to steer jobs to workers in pro-Daley campaign groups. But he said Sorich and the other defendants played important roles in an illegal process involving many others.

"City Hall is chock-full of the schemers," he said.

Although Guentert did not specifically name other alleged co-schemers, prosecutors in the trial have referred repeatedly to the involvement of former top Daley aide Victor Reyes and retired Streets and Sanitation Commissioner Al Sanchez. Reyes and Sanchez are leaders of the powerful Hispanic Democratic Organization.

The mayor's patronage office illegally handed out 5,000 jobs to applicants with political clout, Guentert said.

To emphasize the significance of the hiring investigation, he said the alleged scheme helped candidates for local, state and federal offices: "It affected the course of how people in this city were governed."

Sorich, McCarthy and former Streets and Sanitation Department official Patrick Slattery face fraud charges. A fourth defendant, former high-ranking city official John Sullivan, is charged with lying to federal agents.

U.S. District Judge David Coar is expected to instruct the jury on the law Wednesday morning, and deliberations will begin once that is complete.

Deady, McCarthy's attorney, argued Tuesday that the evidence regarding his client's actions in Intergovernmental Affairs shows he was never part of any scheme.

The prosecution alleged that McCarthy ordered the hiring of 19-year-old Andrew Ryan as a building inspector in 2004 because he was the son of a powerful union leader, even though Ryan was unqualified for the job.

"If it was really a scheme to conceal, the last person you would want to hire is a 19-year-old kid," Deady said.

He argued that the testimony of Christopher Kozicki, a former managing deputy commissioner in the Buildings Department, proves that it was Buildings Commissioner Stan Kaderbek—and not McCarthy—who ordered Ryan's hiring.

Kaderbek wanted to appease Ryan's father, a union official, Deady said.

He said that Sorich and McCarthy recommended job applicants to city departments but never ordered the hiring of anyone.

Deady highlighted Kozicki's testimony that the Buildings Department hired only two of 10 people referred by McCarthy on one occasion.

If the department had failed to accept orders from the mayor's office, Deady said, then "one of two things should have happened. Mr. Kozicki should have been called on the carpet, or his boss should have been fired."

Deady also argued that McCarthy had nothing to gain from the alleged scheme.

"Why is it he would engage in this scheme at all?" Deady asked. "He's not getting any money."

In his rebuttal argument, Guentert answered that the city handsomely compensated Sorich and McCarthy. Until they were charged and fired a year ago, Sorich was paid $101,100 a year, and McCarthy's annual salary was $90,564.

"That was their job," Guentert said. "They were in charge of patronage. It's more than insult to injury that the city had to pay these guys to do it."

After Deady's closing argument, Sullivan's lawyer said he should be acquitted. Prosecutors allege that Sullivan, who was the managing deputy in Streets and Sanitation, misled investigators about his knowledge of two political groups that helped campaign workers get jobs in his department.

Cynthia Giacchetti, Sullivan's lawyer, noted that FBI agent John Hauser waited more than five months to transcribe one of two face-to-face interviews with Sullivan. She also pointed out that Hauser did not take verbatim notes of the interviews.

She contrasted that to federal prosecutors' interview of Daley last year, which was transcribed word-for-word.

"John Sullivan is not as powerful as the mayor ... but he is certainly deserving of the same protection and rights," Giacchetti said.

Sullivan had been accused of participating in the fraud scheme, but that charge was dropped last week.

An attorney for Slattery argued his client was charged in the case because he is a close friend of Sorich.

"This is a squeeze job on a childhood friend," said Patrick Blegen, Slattery's lawyer.

Blegen also said the key witness against Slattery, Streets and Sanitation lawyer Catharine Hennessy, could not be believed. He reminded jurors of testimony from a union official who called Hennessy's honesty into question.

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Prosecutors: 'The Fix Was In' (CHIST)

By Natasha Korecki And Steve Warmbir, Staff Reporters

Chicago Sun-Times, June 28, 2006

Mayor Daley's patronage chief and three others ran "a corrupt clout machine" greased with political workers who stole city jobs from deserving candidates, prosecutors charged Monday.

"All of this was a charade, ladies and gentlemen," federal prosecutor Julie Ruder said of a scheme to falsify job tests and hold bogus interviews so that hundreds of jobs went to predetermined, clout-backed winners. "The fix was in."

In the first day of closing arguments to cap the six-week City Hall hiring trial, prosecutors said four former city workers scammed taxpayers and qualified applicants who thought the city hiring was legitimate.

"They put their trust in a corrupt clout machine," Ruder said.

The scheme continued because Robert Sorich ordered computer tapes to be erased and city documents destroyed and one of his co-defendants, John Sullivan, lied repeatedly to the FBI, prosecutors said. "Concealment was part of the scheme from day one," Assistant U.S. Attorney Barry Miller said.

Defense rips 'pig Tomczak'

Pacing with his hands in his pockets, Sorich attorney Tom Durkin went on his own attack. He called prosecutors "intellectually dishonest" for bringing such a weak case.

"Sometimes people with good intentions go too far. That time has come today," Durkin said.

The verbal sallies came as the federal courtroom was packed to overflowing, including about 25 relatives and supporters of the four defendants.

Sorich, patronage chief and top official in Daley's Office of Intergovernmental Affairs, and three others are accused of cheating the system to ensure jobs or promotions went to campaign workers.

"It was not about qualifications. It was not about merit," Ruder said. "It was about politics. It was about clout. It was about who you knew and whose palm you were greasing."

Not with money, she said but a currency more valuable: "bodies." Ruder said jobs went to those who donated their labor to political groups by ringing doorbells, distributing flyers and making calls for candidates backed by the mayor.

Durkin said IGA took job recommendations from politicians and tracked city jobs by race, but never made guarantees. He blasted the prosecution's top witnesses, including Daniel Katalinic and Donald Tomczak, who admitted in plea deals to taking bribes, unlike Sorich.

Durkin ended his argument at the lectern staring right at the jury. His voice rising, he vouched for Sorich's credibility, causing several of the defendant's family members to dab tears from their eyes. Durkin's voice cracked as he pleaded with jurors

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not to see Sorich as an orchestrator of some complicated fraud scheme. He said his client had no criminal intent, and asked for a motive.

"Which was what? To be a big shot?" Durkin asked, noting there was no testimony Sorich took money or boasted about his connections. "That pig Tomczak did," Durkin said. To use Tomczak's name in the same sentence as Sorich "sickens me," he said.

'Don't try to run Daley out'

Durkin attacked City Corporation Counsel Mara Georges for saying she was unaware of IGA's role in hiring. He pointed to computer evidence the city turned over to federal prosecutors in 1997 that included IGA job lists.

"Was the stench worse from her testimony or was the stench worse that they tried to get you to believe her testimony?" Durkin asked.

Durkin, who did not put on witnesses, asked why the prosecution never brought in someone to explain the 1983 Shakman decree, which prohibits political influence from factoring into job hires and what prosecutors say the four men flouted. Durkin, who has suggested IGA's role in hiring went on before Sorich was hired, urged jurors not to convict if only they were displeased with the mayor.

"Don't try to run Daley out of office by voting to convict these guys," Durkin said.

Fighting over holes

Ruder worked to show there were victims to the scheme by spotlighting an experienced plumber, Laura Miller, who was edged out of a promotion despite being more qualified, the only union candidate and African-American. She used Miller's experience to attack the notion that IGA was trying to diversify the workforce.

She said the scheme endured because of years of concealment.

"Deny Deny Deny," Ruder said, referencing a supervisor's testimony that she was told to always hide IGA involvement in hiring. "That is what she learned her first day of work, just like a child learns ABCs on the first day of kindergarten," drawing a loud sigh from a Sorich supporter.

Durkin tried to portray Sorich as a trusted, well-liked city employee who helped people, including one city worker who agreed Sorich literally helped get him out of working in a hole, with a promotion.

Ruder, though, asked about all the other workers in low-level, back-breaking jobs, who didn't do political work.

"Mr. Sorich didn't get them out," Ruder said, her voice ringing with outrage. Unless a person did political work, Ruder said: "you were stuck in that hole for good."

Tech Pair Indicted On Charges They Deleted E-mails In Fumo Probe (AP)

By Maryclaire Dale, The Associated Press

AP, June 28, 2006

PHILADELPHIA (AP) — Weeks after their arrest, a pair of computer technicians assigned to state Sen. Vincent Fumo were indicted on charges of obstructing a federal investigation by deleting years worth of Fumo's e-mails.

The 34-count indictment returned Tuesday charges Leonard P. Luchko, 50, of Collingdale, and Mark C. Eister, 36, of Camp Hill, with conspiracy, destroying evidence and obstruction.

Federal authorities are investigating whether Fumo extorted millions in corporate donations for a South Philadelphia nonprofit, Citizens' Alliance for Better Neighborhoods, and used the nonprofit for political purposes. Fumo has not been charged in the case.

The FBI last month arrested Luchko and Eister in pre-dawn raids on their homes, although defense lawyers complained that their clients had been willing to surrender.

An FBI affidavit filed previously cites e-mails from staffers depicting Fumo as increasingly worried about leaving an electronic trail and allegedly ordering his large staff to delete his e-mails along with any relating to the nonprofit.

U.S. Attorney Patrick Meehan has said that the three-year investigation is far from over, but defense lawyers noted that Tuesday's indictment did not name any new defendants.

"It suggests that the government is not ready to indict others," said lawyer William A. DeStefano, a former federal prosecutor.

Luchko was charged Tuesday with 30 criminal counts and Eister with five counts.

Neither their lawyers nor Fumo's lawyer, Richard Sprague, immediately returned phone messages seeking comment Tuesday afternoon.

2 Computer Aides To Sen. Fumo Charged Formally (PHI)

By John Shiffman

The Philadelphia Inquirer, June 28, 2006

A federal grand jury yesterday indicted two former state Senate aides, accusing them of deleting e-mails to thwart a federal corruption and extortion investigation of State Sen. Vincent J. Fumo.

The 34-count indictment is considered a formality. The aides were arrested May 31, and prosecutors had a month to bring the case before the grand jury. Yesterday's indictment did not offer any new charges. It simply repeated FBI allegations that computer technicians Leonard P. Luchko and Mark C. Eister deleted files at Fumo's direction.

The indictment, however, did trigger the random selection of a judge for the case: Senior U.S. District Judge William H. Yohn Jr. If others are indicted in this case, Yohn would preside over their trial as well.

Yohn, a former state representative and Montgomery County Court judge, was appointed to the federal bench by President George H.W. Bush in 1991. He is a Republican and a graduate of Princeton University and Yale Law School. He has presided over several high-profile corruption cases, including this year's trial of former Norristown Mayor Ted LeBlanc.

"He's one of the brightest judges in the courthouse and not afraid to take a stand," said J. Michael Farrell, a defense lawyer who represented Mumia Abu-Jamal before Yohn in 2001. In a controversial decision, Yohn affirmed Abu-Jamal's conviction but overturned his death sentence, ordering a new hearing.

Lawyers involved in the Fumo aides' case said yesterday it would be inappropriate to comment on Yohn's selection.

No one else has been charged in the case, but Fumo and his former deputy chief of staff, Ruth Arnao, remain targets of the investigation. Until this month, Arnao was executive director of Citizens' Alliance for Better Neighborhoods, the charity at the center of the probe.

Fumo and Arnao are not mentioned by name in yesterday's indictment. The 70-page document refers to them by job title numerous times, beginning on Page 1.

The indictment says that authorities are trying to determine whether Fumo engaged in extortion by soliciting contributions for the South Philadelphia charity and whether any contributions were used improperly to benefit Fumo politically or personally.

The investigation, which began in early 2003, began focusing on the corporate donations after The Inquirer reported in late 2003 that Peco Energy Co. - engaged in negotiations with Fumo about deregulating electricity rates - had secretly given $17 million to Citizens' Alliance.

On Jan. 25, 2004, after The Inquirer reported the federal probe was under way, Luchko sent a mass e-mail to Fumo and his staff saying Fumo had ordered tighter computer security.

"The FBI probe into the senator has really set him off," Luchko wrote in another e-mail that night. "He wants us to start doing a number of security checks starting tomorrow... He wants all of the Blackberries wiped... S- has hit the fan."

In a statement yesterday, prosecutors John Pease and Robert Zauzmer said that Luchko and Eister and others "succeeded in deleting and destroying substantial amounts of electronic evidence relevant to the investigation."

Deleted files included all e-mail sent or received before 2005 by Fumo or Arnao, prosecutors said. All e-mail about Citizens' Alliance was deleted from Fumo's computers, the prosecutors said.

Fumo's attorney, Richard A. Sprague, has said the two technicians were "unfortunate victims" of a campaign to bring down the powerful Philadelphia Democrat. Sprague's office declined to comment yesterday.

Luchko and Eister resigned their Senate jobs after their arrests. Their lawyers, who were unavailable for comment yesterday, have said they would fight the charges at trial.

The indictment charges Luchko with 30 counts - including 19 counts of destroying evidence and nine counts of persuading others to destroy evidence. If convicted, the 50-year-old Collingdale resident could face about three years in prison under the advisory federal sentencing guidelines.

Eister, who is 36 and lives in Camp Hill, Pa., is charged with five similar counts. If convicted, he likely also faces three to four years.

ONLINE EXTRA

To read the indictment, go to http://go.philly.com/probe

2 Ex-computer Aides Of Fumo Indicted (PHI)

By Michael Hinkelman

The Philadelphia Inquirer, June 28, 2006

Two former computer aides of state Sen. Vince Fumo were indicted yesterday by a federal grand jury on charges of obstructing justice.

Leonard Luchko, 49, and Mark Eister, 36, were arrested at their homes on May 31 and charged in a criminal complaint accompanied by a 65-page affidavit from an FBI agent.

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Yesterday's 70-page, 34-count indictment was basically a formality, and there were no new bombshells in the charging papers.

A federal grand jury charged that Luchko and Eister, who resigned their Senate jobs last month, conspired to delete and destroy e-mails between November 2003 and October 2005 to foil a federal criminal probe of Fumo and a Fumo-backed community group, the Citizens Alliance for Better Neighborhoods Inc.

The feds are investigating whether Fumo used his office to extort donations for the group and whether those donations improperly benefitted him personally or politically.

Fumo has not been charged with any wrongdoing, and his attorney, Richard A. Sprague, has said that Luchko and Eister are "victims" of a process that is attempting "to get" Fumo.

Ruth Arnao, the community group's former executive director and a one-time top aide to Fumo, has been informed by federal prosecutors that she is a target of the investigation.

The indictment, which identifies only Luchko and Eister by name, alleges that the two men:

· Systematically destroyed e- mails sent to or received from Fumo and Arnao;

· Created and implemented schedules to run computer programs that erased any trace of deleted electronic files from computer hard drives;

· Instructed Fumo's employees not to save any e-mails sent to or received from Fumo;

· Logged in to e-mail accounts of Fumo's employees to scan their e-mail to see if they were saving any Fumo-related e-mail; and

· Deleted and wiped other electronic devices, such as BlackBerries, used by Fumo and Arnao, among others.

The indictment also alleges that Luchko and Eister, as well as their unindicted co-conspirators, succeeded in permanently erasing virtually all such e-mails before 2005.

If convicted, Luchko and Eister could face up to four years in prison under federal sentencing guidelines.

James C. Schwartzman, Luchko's attorney, and Brian J. McMonagle, Eister's attorney, could not be reached for comment yesterday.

They have said that both Luchko and Eister intend to contest the charges at trial.

FBI Was Slow To Check Pellicano's Audio Lab (LAT)

By Greg Krikorian And Andrew Blankstein, Times Staff Writers

The Los Angeles Times, June 28, 2006

Agents waited almost two months to seize the taping equipment, court documents show.

Court documents released Tuesday show that FBI agents did not examine private investigator Anthony Pellicano's sophisticated audio lab during their initial November 2002 search of his Sunset Strip offices, raising new questions about the handling of the probe.

After the November search, the court documents show, FBI agents waited almost two months to seize computers and other items from the lab.

With prosecutors publicly acknowledging that they have only one allegedly wiretapped conversation on tape, the time lapse between searches raises the possibility that Pellicano or others could have removed audio files or potential evidence in the case from computers in the lab.

In recent court proceedings, federal prosecutors said they had seized 1,300 audio recordings from Pellicano's offices, nearly 300 of which remain encrypted.

The newly released documents also show that Anita Busch, a former Los Angeles Times reporter who was allegedly threatened at Pellicano's behest in June 2002, also told authorities that someone had hacked into her personal computer and tapped her telephone.

So far, Pellicano and 13 others have been charged in the federal probe of wiretapping, racketeering, witness tampering and other crimes. Seven of Pellicano's co-defendants already have pleaded guilty to charges ranging from lying to the FBI to hiring Pellicano to engage in illegal wiretapping.

He and his remaining co-defendants have pleaded not guilty to charges that they used wiretaps and illegal background checks to obtain "confidential, embarrassing or incriminating" information, typically to help attorneys and other clients gain an advantage in civil or criminal litigation.

They are scheduled to go on trial in October.

The court papers released Tuesday relate to three of six searches conducted by authorities in their investigation of Pellicano, which began after he was allegedly linked to the threat against Busch.

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Investigating the threat, the FBI first raided Pellicano's offices in November 2002 and hauled away computers, data storage devices and other items, according to the search warrant documents, including affidavits, signed by the lead agent in the case, Stanley Ornellas.

In a January 2003 affidavit, Ornellas said he had spoken to an agent who had participated in the earlier search and was told that nothing was taken from the audio lab at Pellicano's offices.

"Moreover," Ornellas wrote, "a number of computers located within the audio lab were not searched or seized, as the searching agents in their discretion determined that the items to be seized pursuant to the initial warrant … were unlikely to be found in that portion of the premises."

The FBI and U.S. attorney's office declined to comment Tuesday about the handling of the searches.

Former federal prosecutor Orin Kerr said it was not clear if the searches should have been handled differently. "The bottom line is it's hard to tell whether this was a missed opportunity or poor judgment," said the cybercrimes specialist and George Washington University law professor.

"The problem with computers is that you don't know what is in them until you look at them. So when [authorities] enter a business with dozens of computers, they need to decide: do they take every one or be more selective … it's a classic problem with digital evidence."

The threat that triggered the Pellicano probe was made to look like a mafia warning. Busch, then a Times reporter who has since left the paper, found a note that said "Stop" and a dead fish with a rose in its mouth on the windshield of her car.

A few days later, she reported that someone had hacked into her computer and stolen e-mails from two online accounts, according to the newly released documents.

Over the next two months, she also found her computer hard drive had been infected with a virus that intercepted passwords and document files and sent information through e-mail to an unknown location. She deleted the virus, and her hard drive crashed.

After detecting problems with her telephone answering machine, she contacted a technician at Pacific Bell in November 2002.

The technician told Busch that he had "never seen a problem like hers." Busch contacted Pacific Bell a second time and was told by an employee that a "half tap" — or wiretap — had been placed on her second home phone line.

The court papers also included additional details about the involvement of Alexander Proctor, an ex-convict who was arrested for allegedly placing the note and dead fish on Busch's windshield.

According to the search warrant affidavits, Proctor told a government informant in August that he owed Pellicano $14,000 and claimed that actor Steven Seagal had hired Pellicano to threaten a reporter who was preparing an article on the actor.

Authorities have since said they found no convincing evidence that the actor was involved.

Proctor said Pellicano had agreed to pay him $10,000 "for the job involving the reporter," but was so pleased with Proctor's work that Pellicano wiped out the debt and told him they were even, the affidavit said.

Proctor told the informant a week later that he was waiting to hear from the private eye about "other jobs," but that Pellicano was waiting for up-front payments from those clients. For one of the jobs, Pellicano allegedly said he would pay Proctor $100,000 to get a wanted Israeli murder suspect out of the U.S.

Judge Declines To Release Galante, For Now (DANNT)

By Karen Ali, THE NEWS-TIMES

Danbury News-Times, June 28, 2006

NEW HAVEN — A federal judge is open to the idea of releasing Danbury trash kingpin James Galante from federal detention and putting him under some type of house arrest while his racketeering case is pending.

At a lengthy hearing on Tuesday, U.S. District Court Judge Ellen Bree Burns said she wants more information from Galante's defense lawyer, Hugh Keefe, on how such an arrangement would work before letting Galante out of jail.

While she is "amenable" to such an arrangement, she won't allow Galante to go back to work at the helm of Automated Waste Disposal in Danbury, Burns told Keefe.

"Don't suggest to me he go to work because that would put him in contact with witnesses," Burns said. She said "there is a danger with him tampering with witnesses."

Several of the co-defendants are Galante's employees.

Earlier in the hearing, Keefe asked Burns to let Galante go back to work if she released him from custody.

Keefe asked the judge to place Galante under "house arrest," to wear an ankle bracelet and to have a home monitoring system.

Burns wants more specifics, however, and in writing. So, Burns continued the case for 72 hours, which is also the amount of time it takes for electronic monitoring to be set up, she said.

Burns said she understood the issue Keefe raised at the hearing, which is that Keefe is having difficulty communicating with his client because his client, for most of the 18 days since his indictment, has been jailed in a federal prison in Rhode Island. Keefe told Burns it would be much easier for him to communicate with his client if he was living in Danbury.

Judge Declines To Release Indicted Trash Magnate, For Now (AP)

Associated Press

AP, June 28, 2006

NEW HAVEN, Conn. -- A federal judge on Tuesday declined to release a Danbury businessman imprisoned in an investigation of the mob's influence on the trash industry, after federal prosecutors alleged a pattern of witness tampering.

U.S. District Judge Ellen Bree Burns, however, gave the lawyer for businessman James Galante 72 hours to come up with conditions for his proposed release that would guard against witness tampering.

Hugh Keefe, Galante's attorney, questioned why Galante is being detained while other suspects in the investigation have been released on bond. He also said it has been difficult to communicate with Galante in the Rhode Island federal detention center where he is being held.

Burns said she understood Keefe's concerns.

"At the same time, however, I am persuaded there is a danger that there may be some tampering with witnesses," Burns said. "I can't permit that."

The judge's comments came after a lengthy hearing Tuesday in which prosecutors played tapes of intercepted phone calls and cited other evidence of what they said were attempts to influence witnesses.

Galante, whose businesses handle about 80 percent of southwestern Connecticut's garbage, was arrested earlier this month in a Mafia case and ordered held without bail. He has been charged with racketeering, extortion and witness tampering.

Federal prosecutors say Galante carved out exclusive routes for his companies and paid Genovese crime family boss Matthew "Matty the Horse" Ianniello $120,000 a year for mob muscle to enforce his territories. That meant higher prices for businesses and homeowners, authorities said.

Most of the other defendants in the investigation were arraigned Monday. Former Waterbury Mayor Joseph Santopietro pleaded not guilty Monday to charges he participated in the scheme.

Keefe argued that Galante is being treated unfairly. He is the only person among 29 charged being held without bail, his family's bank accounts are frozen and his multimillion-dollar trash conglomerate is being run by federal marshals.

Keefe questioned why Galante is being held when Ianniello has been released on bond.

"I think what they want to do is deprive him of effective assistance of counsel," Keefe said. "All I want for you, here, is to even the playing field."

Prosecutors said they were concerned Galante would try to influence witnesses, but Keefe said that was speculative.

Prosecutors cited telephone conversations recorded by the FBI in which Galante at times talks menacingly about his competitors.

"What I have to do, tell him, is hurt you," Galante was recorded instructing a subordinate during a 2005 dispute with a rival company.

Most of the threats played in court, however, were delivered by subordinates who were released on bail.

Gotti Says He'll Leave NY If Cleared (SFC/AP)

San Francisco Chronicle, June 28, 2006

(06-27) 06:44 PDT New York (AP) --

Facing his third trial on racketeering charges, the son of the late mob boss John Gotti says he will leave New York this time if he's exonerated.

"I can't stay in New York," John "Junior" Gotti, whose father died in prison, told the Daily News. "I'm alone in this world. I'm a man without an island."

Gotti, 42, is scheduled to go on trial again in August after two previous juries deadlocked on charges alleging he arranged the beating of Guardian Angels founder and radio host Curtis Sliwa.

Gotti's lawyers have argued that he gave up all mob activities after he pleaded guilty in another racketeering case in 1999.

"There are men dying in prison for that life," Gotti said. "It's like a religion. But it's their religion, not my religion."

He said his father — "the consummate tough guy" — didn't understand why he pleaded guilty in the 1999 case.

"I told him I got children. I got a son named John Gotti Jr. What can he expect to be in this life?" he told the Daily News. He said his father eventually understood his obligations to his family.

"To this day, my father is a god to me," Gotti said.

GOTTI IS TRYING TO BURY MURDER EVIDENCE (NYPOST)

By Kati Cornel

The New York Post, June 28, 2006

Faced with an onslaught of new charges, John "Junior" Gotti is fighting to keep damaging evidence of his alleged role in a double murder and a money-laundering scheme away from jurors at his upcoming racketeering trial.

In a strange twist of logic, Gotti's lawyers conceded that the government has "ample evidence" to show that the former mob leader was involved in "murders or violence" - and therefore don't need to touch on the slayings of Thomas and Rosemary Uva.

Prosecutors are seeking to show how Gotti put the wheels in motion for the 1992 double hit on the husband and wife robbery team, who raised the ire of the Gambino crime family by targeting Mafia social clubs.

Gotti is not charged with the Uva murders, but the feds are seeking to show the killings were among many crimes that he had a hand in as a powerful member of an ongoing criminal enterprise.

Ex-FBI Agent Testifies On Disputed Bulger Visit (BOS)

By Shelley Murphy, Globe Staff

The Boston Globe, June 28, 2006

A retired FBI agent testified yesterday that he had just finished having dinner with informants James ``Whitey" Bulger and Stephen ``The Rifleman" Flemmi at a South Boston home in 1983 when Bulger's brother, then-Massachusetts Senate President William Bulger , showed up unexpectedly.

``He had some photographs from a recent trip to Ireland," said James Ring , recounting how William Bulger stayed for about 10 minutes at Flemmi's parents' home, showing off photos.

Ring's testimony was a repeat of his statements during federal court hearings in 1998 about William Bulger's appearance at a meeting of his brother with FBI agents. William Bulger, testifying three years ago before a congressional committee investigating his brother's relationship with the FBI, said he had no memory of any such dinner.

Then-FBI agent John J. Connolly Jr., who was later convicted of racketeering for his handling of James Bulger and Flemmi, had arranged the dinner and was present, Ring said yesterday. Ring said he was surprised by William Bulger's arrival and said Connolly told him later that the politician lived next door to Flemmi's elderly parents and that the Bulgers ``somewhat looked after" Flemmi's folks.

Ring, who supervised the organized crime squad in the FBI's Boston office from January 1983 through 1990, testified for the government, which is facing a $50 million wrongful death suit over its handling of Bulger and Flemmi. The suit has been brought by the family of John McIntyre, which blames the government for the Quincy fisherman's murder. Flemmi has testified he and Bulger killed McIntyre, 32, on Nov. 30, 1984, because Connolly had warned them that McIntyre was cooperating against them in their unsuccessful effort to ship guns to the Irish Republican Army.

Flemmi, who is serving a life sentence for 10 murders, also has testified that he and Bulger gave money or gifts to FBI agents, including Ring. He said that they gave Ring an expensive meerschaum pipe and alleged that Ring telephoned him at his mother's house in 1980 to warn him that an associate's telephone was tapped.

Ring, who joined the FBI's Boston office in 1983, testified yesterday that he never warned Flemmi of the wiretap and had never called Flemmi's mother's house. He also said he had never received any gifts from Bulger and Flemmi. Ring acknowledged that he has two meerschaum pipes -- one given to him by his ex-wife's grandfather in 1960, and another, cheaper version he bought for $10.

As for the Bulger dinner, US District Judge Reginald C. Lindsay asked Ring whether he thought it inappropriate to share dinner with informants.

``I didn't think it was inappropriate at the time," said Ring, who said there was ``a certain amount of bonding with informants" and ``many good reasons" to sit and share a meal with them.

Ring is expected to retake the stand today.

Hunt For Bulger Lands In Chicago (BOS)

By Shelley Murphy, Globe Staff

The Boston Globe, June 28, 2006

DOJ_NMG_0037222

The hunt for fugitive gangster James ``Whitey" Bulger has led to Chicago, where investigators from Boston delivered subpoenas to two labor union officials last week and seized a Palm Pilot from one of them, lawyers involved in the investigation said.

The PDA was taken Thursday during a search of the union office of Charles Dunn, a business representative for Chicago's Local 134 of the International Brotherhood of Electrical Workers, said Chicago attorney Patrick Deady, a partner in the law firm Hogan Marren, which represents the union.

The Bulger Task Force is seeking to question Dunn and Michael Caddigan, the office manager of Local 134, as part of its investigation, Deady said.

``We're unaware of any contact between these two guys and Whitey Bulger," said Deady, adding that authorities told the union the FBI was following up on a lead in its hunt for Bulger. He was unaware what that lead was.

Robert Krekorian, chief of staff for US Attorney Michael J. Sullivan, said last night that he could ``not confirm or deny any specific investigative activity."

The search for Bulger, 76, has led investigators to Chicago in the past. Bulger's former associate, Kevin J. Weeks, has told investigators that he delivered phony identification to Bulger in Chicago in August 1996.

A statement released by Hogan Marren last night said the union ``is not a target of any federal investigation" and had cooperated with federal agents who came to the Union Hall to discuss ``an ongoing investigation of a case in Boston totally unrelated to IBEW, Local 134."

Neither Caddigan nor Dunn could be reached for comment last night.

Bulger, who fled Boston just before his January 1995 federal racketeering indictment, is one of the FBI's 10 Most Wanted. After he fled, he was outed as a longtime FBI informant and charged in a new indictment with 19 murders.

His former handler, retired FBI agent John J. Connolly Jr., was convicted in 2002 of racketeering for protecting Bulger and warning him to flee in advance of his indictment. Connolly is serving 10 years in prison.

Jury In Aryan Brotherhood Trial In U.S. Must Decide Whether To Believe Killers (FINDLAW/AP)

By Gillian Flaccus, Associated Press Writer

AP, June 28, 2006

(AP) - SANTA ANA, California-Convicted murderers, gang members and jailhouse informants have paraded past jurors for nearly four months in the U.S. federal government's racketeering case against the notorious Aryan Brotherhood prison gang.

Now, with the trial about to enter its final weeks, the jury will soon have to decide who to believe: the government, whose case rests on the testimony of admitted killers, or attorneys for the white supremacists accused of plotting and ordering many of those murders from behind bars.

Even the defense team, which has chided the U.S. Attorney's Office for its reliance on jailhouse snitches, plans to present testimony this week from a rival gang member and other inmates in a trial peppered with tales of violence and racial strife.

Attorneys on both sides are "using and choosing from the best of the worst," said Melissa Carr, an Anti-Defamation League special projects investigator monitoring the trial.

"There were a couple instances where I caught jurors rolling their eyes and looking around for confirmation, like 'Did I just hear that? Did he say what I thought he said?'"

The trial is set to resume Tuesday after a break of nearly three weeks. Closing arguments are expected early next month.

The four defendants are alleged Aryan Brotherhood leaders implicated in many of the 32 murders and attempted murders detailed in the federal indictment against the white supremacist gang.

Of the 40 men initially charged, as many as 16 could face the death penalty in a series of trials that together make up one of the biggest federal death penalty cases in U.S. history.

On trial in Santa Ana are Barry "The Baron" Mills, Tyler "The Hulk" Bingham, Edgar "The Snail" Hevle and Christopher Overton Gibson. Among other things, Mills and Bingham are accused of ordering a 1997 race war at a prison in Lewisburg, Pennsylvania, that led to the deaths of two black inmates.

From the beginning, the testimony has been disturbing.

Jurors have heard graphic descriptions of dozens of murders and attempted murders, including one in which the attacker licked the dead man's blood from his hands while laughing hysterically.

Nearly all of the witnesses have been former members of the Aryan Brotherhood. In their testimony, they described schemes to transmit messages in invisible ink made from urine and the use of "runners" - usually inmates' female friends - who hid knives and drugs in their rectums or genitals when they visited.

The government's first witness, Clifford Smith, took the stand wearing an eye patch and casually admitted killing 21 people, including a man whom he said he stabbed 37 times for calling him a "punk" in front of his daughter.

Smith also admitted - under vigorous cross-examination by the defense - that he had perjured himself while testifying for the government in a death penalty case involving the Hells Angels.

"I would stick with the script that we had wrote and try to sell whatever we was trying to sell," Smith said. "You caught me - what can I do?"

Trial-watchers said the government had little choice about using the witnesses but wonder if the jury will buy their testimony. The U.S. Attorney's Office declined to comment.

Defense lawyers have portrayed their clients as aging inmates who were forced to join a gang to survive. The men arrive in court each day wearing tortoise-shell eyeglasses and shirts with button-down collars. All have graying handlebar mustaches.

Charges Call Doctor A Fraud With Patients, Immigrants (FREEP)

By Naomi R. Patton, Free Press Staff Writer

Detroit Free Press, June 28, 2006

A Dearborn-based physician was indicted Friday in federal court on 39 counts of fraud in health care and immigration.

The indictment accuses Dr. Ali S. Makki, 46, of boosting his reimbursement payments by billing Medicare for:

Seeing patients when he was not in his Greenfield Road office and for office visits that never occurred.

Reporting services, tests and procedures that were not performed.

Ordering tests and procedures that were medically unnecessary.

Selling prescriptions for painkillers to people he did not regularly see as patients.

Harold Gurewitz, Makki's attorney, waived a reading of the indictment, preventing testimony from a government witness.

U.S. Magistrate Mona Majzoub entered a plea of not guilty.

According to the indictment, Makki ordered dozens of unnecessary diagnostic tests for new Medicare patients, including blood tests, x-rays and echocardiograms.

He falsely certified giving medical examinations and vaccinations, such as tuberculosis skin tests, the indictment says.

Between May 2003 and July 2004, the indictment says, Makki charged more than 500 patients $150 each in cash -- a total of more than $76,000 -- to complete medical forms for green card applications.

The indictment says Makki also charged immigrants $300-$400 for a separate INS form, saying a "mental or medical condition" prevented the applicants from taking and passing both English and civics tests required for U.S. citizenship.

If convicted, Makki would be forced to forfeit at least $75,980 seized from his home in July 2004. He could lose his medical license. He would also face a maximum 10-year prison sentence and a $250,000 fine.

Makki is in the Wayne County Jail pending a detention-bond hearing scheduled for Monday afternoon. He was arrested Friday afternoon at Detroit Metro Airport, returning from an extended trip to Lebanon.

Assistant U.S. Attorney James Mitzelfeld requested that Makki be detained as a potential flight risk.

Gurewitz said he didn't see the basis for detaining Makki.

"He obviously has substantial ties to the community," Gurewitz said.

Majzoub said she agreed, but added a detention hearing was necessary.

Dearborn Physician Held On Fraud Charges (DEN)

Detroit News, June 28, 2006

U.S. attorney's 40-page indictment alleges doctor billed Medicare for tests he never gave to patients.

DETROIT -- Federal officials arrested a Dearborn physician on health care fraud charges Friday.

An indictment alleges the doctor billed for office visits while away on a Caribbean cruise and other vacations and certified 512 immigrant patients as tuberculosis-free when he had not given them the skin tests for which he billed Medicare.

Dr. Ali Makki, 46, is accused of defrauding the federal government of more than $500,000. If convicted, he faces loss of his medical license and up to 10 years in prison on each fraud count.

Makki also provided two immigrants who tested positive for syphilis with "negative" test results, because he signed the paperwork before the test results were available, the U.S. attorney's office alleges in a 40-count indictment unsealed Friday.

Agents arrested Makki at Detroit Metropolitan Airport when he returned on a flight from Lebanon by way of Paris.

Makki pleaded not guilty at his arraignment in U.S. District Court late Friday afternoon and was ordered held until Monday for a detention hearing.

The indictment also alleges Makki billed Medicare for complicated medical procedures he did not perform. He also was said to have ordered and billed for thousands of unnecessary medical tests, and dispensed controlled drugs without a legitimate medical purpose.

One patient paid $55 to $60 cash for each of his 246 visits to Makki during a 19-month period to get the painkiller Vicodin, the indictment alleges.

You can reach Paul Egan at (313) 222-2069 or pegan@detnews.com.

"Railroad Killer" Executed In Texas Death (AP)

By Michael Graczyk, ASSOCIATED PRESS WRITER

AP, June 28, 2006

HUNTSVILLE, Texas -- The last ride for infamous train-hopping serial killer Angel Maturino Resendiz was in a Texas prison van, from death row to the death house.

Resendiz, 46, received lethal injection Tuesday evening for the fatal stabbing and beating of a Houston-area physician 7 1/2 years ago. He had roamed the country by jumping aboard freight trains and was linked to at least 15 indiscriminate murders near railroad tracks around the nation, earning him the nickname the "Railroad Killer" and a spot on the FBI's Most Wanted list.

The Mexican drifter, speaking from the death chamber gurney, asked for forgiveness from God and from relatives of some of his victims watching through a glass a few feet away. He then was executed for the slaying of Claudia Benton, 39, at her West University Place home during a deadly spree in 1998 and 1999.

"You did not deserve this," he said, looking at them, his feet nervously tapping under a white sheet. "I deserve what I am getting."

Seven minutes later, he was pronounced dead.

Benton's husband, George, was among those watching him die.

"It was very hollow," Benton said of Resendiz's final comments. "He never experienced any sense of remorse or sense of guilt in the past. He was very manipulative. He was a very smart man, he knew how to manipulate society. He knew how to manipulate our system, so I found it very shallow."

The punishment, the 13th this year in the nation's busiest death penalty state, was delayed for two hours while multiple appeals were considered by the U.S. Supreme Court.

Benton was stabbed with a kitchen knife, beaten 19 times with a 2-foot-tall bronze statue and raped in her home eight days before Christmas in 1998 in the Houston enclave, just down the street from a railroad track.

Her death was among eight in Texas linked to Resendiz. Two more were tied to him in both Illinois and Florida, and one each in Kentucky, California and Georgia.

At midday Tuesday, Resendiz, handcuffed and shackled, was put aboard a van at death row at a prison near Livingston and transferred to the death chamber at the Texas Department of Criminal Justice Huntsville Unit, about 45 miles to the west.

"He was very polite and listened silently as the warden talked," prison spokesman Michelle Lyons said of Resendiz's arrival in Huntsville. "He wanted to make phone calls to some of his family."

Appeals that delayed the punishment focused on his competency, the constitutionality of the lethal injection procedure and a lower court's ruling that barred additional appeals because an earlier court-appointed lawyer missed legal deadlines for appeals. Another appeal claimed the Inter-American Commission on Human Rights, a Washington-based international group that investigates human rights violations, should have had time to review Resendiz's case. The Mexican government filed an appeal of a lower court ruling that said Mexico could not be party to the Resendiz case.

Resendiz's lead appeals lawyer, Jack Zimmermann, of Houston, argued Resendiz believed he was half-man and half-angel and told psychiatrists he couldn't be executed because he didn't believe he could die. Federal courts have ruled inmates are ineligible for execution if they don't understand they will be put to death, when they are being put to death and why they are being put to death.

"I thought the evidence was overwhelming in our favor," Zimmermann said.

Late Tuesday afternoon, several people from the Mexican consulate in Houston were in Huntsville but did not see Resendiz. Capital punishment is not allowed in Mexico.

"The execution was carried out despite the existence of medical evidence of severe mental problems that, in principle, should have excluded the application of this penalty," Mexico's Foreign Relations Department said in a statement.

George Benton said Mexican citizens "who have come to pursue a better life through hard work and sacrifice should be ashamed and embarrassed of the Mexican government's financial support for the death penalty appeals of this killer."

"And I would be every bit as ashamed in my government if they were supporting a U.S. citizen who had gone into Mexico and killed random Mexican citizens without cause," Benton added.

The Border Patrol picked up Resendiz for illegal entry in June 1999 near El Paso and released him back into Mexico, saying they were unaware Resendiz - who used some 30 aliases - was on the FBI's Most Wanted list. He committed four slayings after his release.

DOJ_NMG_0037225

Resendiz's killings began with a murder in San Antonio in 1986. Benton was among 13 people killed over a 16-month period that ended in June 1999 with a double slaying in Illinois.

A month later, Resendiz walked across the international bridge at El Paso and surrendered to a Texas Ranger as part of a deal arranged by his sister in New Mexico.

The sister, Manuela Karkiewicz, was among six people Resendiz selected to watch him die.

Resendiz initially was tied to more than one slaying through DNA matches from the Benton killing and the slayings 4 1/2 months later of Weimar church pastor Norman "Skip" Sirnic, and his wife, Karen.

The couple was fatally beaten May 2, 1999, with a sledgehammer as they slept in their house adjacent to their church and across the street from a railroad track that runs through the heart of their small town about 100 miles west of Houston. Like Benton, Karen Sirnic was raped.

In an interview with The Associated Press shortly after arriving on death row in 2000, Resendiz said he remembered each of his attacks and compared them to watching something through a tunnel.

"Everything you see is in a distance," he said. "Everything is slow and silent."

He said some murders were in response to the deaths of the Branch Davidians in Waco, others on Serbian atrocities. Others he blamed on his anti-abortion beliefs or because he believed the victims may have been homosexual.

Texas Executes The 'Railway Killer' (NYT)

By Steve Barnes

The New York Times, June 28, 2006

Ángel Maturino Resendiz, a Mexican known as the railway killer who was convicted of one murder and linked by the authorities to at least 12 others, was executed last night by injection at the Huntsville, Tex., prison. Repeated appeals to state and federal courts ended when the United States Supreme Court declined to intervene, and a protest by the Mexican government was unavailing.

A jury sentenced Mr. Resendiz, 46, to death for the rape and murder in 1998 of Dr. Claudia Benton, a medical researcher, at her house in Houston. Investigators said forensic evidence and, in some cases, Mr. Resendiz's statements implicated him in two years of killings in California, Florida, Georgia, Illinois, Kentucky and Texas that ended in 1999, when his half-sister helped arrange his surrender.

Catching Mr. Resendiz was made more difficult, detectives said, by his 30 aliases and a nomadic style of life, in which he hopped freight trains. Many of his suspected victims were found near rail lines and buildings.

Defense lawyers insisted that Mr. Resendiz was a paranoid schizophrenic, unable before or after Dr. Benton's murder to know right from wrong. A succession of judges found that Mr. Resendiz met the Supreme Court standard of sanity. He was pronounced dead at 9:05 Eastern time. "Lord forgive me," Mr. Resendiz said on the gurney in the death chamber. Turning to his victims' relatives in the observation room, he said, "I deserve what I am getting."

One appeal had argued that the drugs used in his execution could produce a silent but agonizing death in defiance of the prohibition against cruel and unusual punishment.

Tennessee Holds 1st Execution In 45 Years (AP)

By Rose French, Associated Press

AP, June 28, 2006

NASHVILLE, Tenn. -- The state carried out only its second execution in 45 years early Wednesday after a federal appeals court panel lifted a stay of execution granted by one of its own judges.

Sedley Alley's execution had been scheduled to take place within hours of another, but a federal judge issued a stay late Tuesday afternoon for the other condemned man.

Alley, 50, was pronounced dead at 3:12 a.m. EDT Wednesday. He had confessed to killing 19-year-old Marine Suzanne Collins in 1985 while she jogged near a Navy base north of Memphis.

Alley claimed at trial that he was not responsible for the murder because he had multiple personalities. But in 2004, he recanted his confession, argued he was innocent and said DNA testing could prove it.

Judge Gilbert S. Merritt on the 6th Circuit Court of Appeals had issued a stay for Alley after a last-minute appeal was delivered to his home in Nashville.

But his colleagues on the appeals court -- Chief Judge Danny J. Boggs and Judge James L. Ryan -- overruled the order. A third judge on the panel was unavailable to participate in the decision.

The judges suggested it was improper for a single judge to "take under consideration a matter for which the district courts and the court of appeals are competent to consider."

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Gov. Phil Bredesen and the U.S. Supreme Court had already rejected all requests for a stay Tuesday.

Alley's stay came only hours after federal Judge Todd Campbell halted the scheduled execution of another inmate, Paul Dennis Reid.

Campbell's stay was to give time to determine whether Reid was mentally competent to drop his appeals of seven death sentences tied to a string of 1997 murders in the Clarksville area.

Tennessee Attorney General Paul Summers appealed both stays.

Alley was scheduled to die May 17, but got a reprieve to seek court permission for the DNA testing. His defense team, led by Barry Scheck of the nonprofit legal clinic Innocence Project, failed to persuade the state courts to release crime-scene evidence for testing.

Reid, 48, a former Texas drifter with music ambitions, was convicted of murdering seven people at three Tennessee restaurants in 1997 after he was fired from his job as a dishwasher. He came within hours of execution in 2003 before he was talked into resuming his appeals and got a stay.

Reid and Alley have been on death watch since the weekend at Riverbend Maximum Security Institution in Nashville.

The last Tennessee inmate executed was a convicted child rapist and murderer put to death in 2000. Before that, the last execution was by electric chair in 1960.

Tennessee has 103 inmates on death row.

Only four states -- Arkansas, Illinois, South Carolina and Texas -- have conducted double executions since the death penalty was reinstated in 1976, according to the Death Penalty Information Center in Washington.

Associated Press writers Kristin M. Hall and Lucas L. Johnson II in Nashville contributed to this report.

US Justice Department Asked To Submit Brief In Oklahoma Case (AP)

AP, June 28, 2006

OKLAHOMA CITY (AP) _ The US Supreme Court is asking the Justice Department to file a brief in an appeal filed by an Oklahoma death row inmate.

Attorneys for Patrick Murphy are asking for a new trial on the grounds that Murphy and the victim are Indians, the crime took place on tribal land and the case should've been prosecuted in federal court instead of state court.

Murphy was convicted and sentenced to die for killing George Jacobs in 1999 in McIntosh County.

A state appeals court has rejected Murphy's appeal and now the Supreme Court is asking the US solicitor general for an opinion on whether a new trial is deserved.

Federal Judge Orders Missouri To Stop All Executions (LAT)

By Henry Weinstein

The Los Angeles Times, June 28, 2006

A federal judge in Missouri has ordered a halt to all executions carried out by that state until it changes its lethal-injection procedures.

The current system, U.S. District Judge Fernando J. Gaitan Jr. said in a Monday ruling, creates an unnecessary risk that an inmate could be subjected to "unconstitutional pain and suffering when the lethal-injection drugs are administered." He gave corrections officials until July 15 to come up with new procedures.

In a related development, a federal judge in Little Rock, Ark., on Monday stayed an execution on grounds that if the condemned inmate "remains or becomes conscious during the execution, he will suffer intense pain that will never be rectified." Judge Susan Webber Wright postponed the execution until there could be a full hearing on the issue, which could be months away.

The U.S. Supreme Court in May ruled that inmates could challenge lethal-injection procedures. The two rulings this week, said Fordham University law professor Deborah W. Denno, show that "courts are taking this seriously, and there will be more challenges."

In recent years, lethal injection has become the dominant mode of execution in the U.S. The 38 states that have capital punishment laws, including California, use a three-stage procedure that masks pain during an execution, rather than preventing it.

The first drug administered, the sedative sodium thiopental, is meant to deaden pain; the second, pancuronium bromide, is a paralytic that immobilizes the prisoner; the third agent, potassium chloride, stops the heart.

Sedative dosages at times have been inadequate to anesthetize inmates, according to testimony in cases asserting that lethal-injection procedures violate the 8th Amendment prohibition against cruel and unusual punishment.

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U.S. District Judge Jeremy Fogel in San Jose has scheduled a two-day hearing in September to review California's procedure. Earlier this year, Fogel raised questions about the lethal-injection protocol, which prompted the state in February to call off the execution of Michael A. Morales.

In Missouri, the challenge was raised by Michael Taylor, who was sentenced to death for the 1989 murder of a 15-year-old girl. Missouri has executed 66 people by lethal injection, the fourth highest total in the nation.

Gaitan said he was particularly troubled that the doctor — identified only as John Doe 1 — who mixes the three-drug cocktail used in Missouri executions is dyslexic and admitted during a hearing that he has difficulty reading numbers.

"The court … is gravely concerned that a physician who is solely responsible for directly mixing the drugs which will be responsible for humanely ending the life of condemned inmates has a condition which causes him confusion with regard to numbers," Gaitan wrote in his 15-page ruling.

In addition, Gaitan said, Missouri does not have a formal written protocol for how lethal injections are to be administered. John Doe 1, in a recent deposition, said that he had administered only 2.5 grams of the sodium thiopental, rather than the normal 5 grams, in several executions.

Dr. Mark Heath, an assistant professor of clinical anesthesiology at Columbia University in New York who has testified in numerous lethal-injection challenges, testified that he believed Missouri was the only state without a written protocol.

Gaitan said he wanted the Missouri Department of Corrections to require that a board-certified anesthesiologist mix the drugs; institute better monitoring so that adequate anesthetic is given to the inmate; and formulate a contingency plan in the event a problem develops during the execution.

John Fougere, a spokesman for Missouri Atty. Gen. Jay Nixon, said his office would work with corrections officials to comply with Gaitan's order.

"We want to make sure execution in Missouri is predictable, humane and efficient," Fougere said.

Research Center Created To Study Evolving Threats Of Identity Fraud (WSJ)

By Christopher Conkey

The Wall Street Journal, June 28, 2006

WASHINGTON -- A group of government agencies, corporations and universities are launching a research center dedicated to studying the evolving threat of identity fraud.

The Secret Service and Federal Bureau of Investigation today will join with International Business Machines Corp. and information-services firm LexisNexis, a division of Reed Elsevier Group PLC, to announce the Center for Identity Management and Information Protection, or CIMIP, at Utica College in New York. The center, initially funded with a combination of grants and corporate donations totaling about $500,000, aims to integrate various public and private efforts to study the national-security implications and other threats posed by identity fraud.

"We looked around and said, 'Who's taking a leadership role in pulling together the various stakeholders?' " said Norm Willox, chief executive of special services at LexisNexis, the company's unit that provides risk-management tools to government agencies. "There was a void."

CIMIP will be led by Gary Gordon, a professor of economic crime management at Utica College, who has long ties to federal agencies like the Secret Service, which investigates financial crimes. Brian Nagel, deputy director of the Secret Service, said the agency's criminal division will share its case files with CIMIP so it can identify criminal patterns, something that is hard for agents immersed in individual cases to do.

Identity fraud is a broad term referring to the illegal use of another's personal data, from common "transactional" crimes involving credit and debit cards to more pernicious activities such as opening new accounts and taking over existing ones. Recent data security breaches at the Department of Veterans Affairs and other agencies have heightened concerns, and Congress is weighing proposals to combat identity crimes. Studies have shown that identity fraud costs businesses $50 billion annually and that roughly 4% of the adult population is affected each year.

Aside from causing personal harm to victims and added costs to businesses, identity fraud can also make it harder for the government to track or stop potential terrorists. "They can hide in plain sight," said Mr. Willox of LexisNexis. "It's a big problem for us."

Identity theft has "potentially disastrous effects on U.S. national security," said James H. Burrus, acting assistant director of the FBI's criminal investigative division in a statement. "The FBI looks forward to the opportunity to apply CIMIP research to more effective law enforcement and protection against threats to national security."

Judge Won't Release Hoffa Search Affidavit (FINDLAW/AP)

AP, June 28, 2006

DOJ_NMG_0037228

(AP) - DETROIT-A U.S. district judge refused to order the release of an affidavit the FBI used to get a search warrant to dig for Jimmy Hoffa's remains at a southeastern Michigan horse farm.

"Granting public access to sensitive information in a sealed affidavit would not play a significant, positive role in the investigation," Judge Marianne Battani wrote Monday in response to a request by the Detroit Free Press to release the document.

Battani said the affidavit included "the details of a threat made to a witness" and other information that should not become public.

The FBI spent two weeks last month searching the Hidden Dreams Farm, 30 miles northwest of Detroit in Oakland County's Milford Township. Officials said they found no evidence of Hoffa's remains.

The former Teamsters union president was last seen July 30, 1975, the day he was supposed to meet a New Jersey Teamsters boss and a Detroit Mafia captain at a restaurant about 20 miles from the farm. Both of those men are now dead.

The newspaper had argued that the estimated $250,000 cost of the search gave the public an interest in the contents of the affidavit.

"Judge Battani didn't engage in a critical analysis of the government's claims," said Free Press lawyer Herschel Fink. He said editors would decide whether to appeal.

Jury Finds Serial Killer Guilty Of 4 Murders (LAT)

By Maeve Reston

The Los Angeles Times, June 28, 2006

Serial killer Wayne Adam Ford was found guilty of four counts of first-degree murder today, making the former long-haul trucker eligible for the death penalty for the grisly slayings of four women across California.

A San Bernardino County jury delivered the verdict in the afternoon after deliberating for just over a week.

Ford, 44, walked into a Humboldt County sheriff's station in November 1998 with a woman's severed breast in a plastic bag in his pocket, and confessed to the sayings.

The Arcata trucker claimed the deaths were accidental, and had occurred during rough sex play. However, San Bernardino County Deputy Dist. Atty. J. David Mazurek told jurors that Ford preyed on young women to "satisfy his sexually sadistic appetite", and "got off" on their suffering when he tortured them.

Between 1997 and 1998, Ford allegedly picked up the women — prostitutes or hitchhikers — and bound, strangled, raped and, at times, beat them before dumping their bodies in waterways, Mazurek said.

The victims were found in Humboldt, Kern, San Joaquin and San Bernardino counties. Some of the bodies were dismembered.

Ford's attorney, Deputy Public Defender Joseph D. Canty, tried to convince the jury to find Ford guilty of a lesser charge — second-degree murder or manslaughter — that would have spared him from California's death row.

Canty said Ford realized that "something was wrong with him," and showed he was remorseful when he turned himself in. Canty argued that Ford, a retired U.S. Marine, was mired in depression, angry at his former wife — who he claimed was preventing him from seeing his young son — and struggling with other psychological problems, including borderline personality disorder.

The body of Ford's first victim was so mutilated that she has not been identified, and is known as Humboldt County Jane Doe. Ford is also charged in the deaths of prostitutes Patricia Ann Tamez, 29, of Hesperia; Tina Renee Gibbs, 26, of Las Vegas; and Lanett Deyon White, 25, of Fontana.

The cases were consolidated, and the San Bernardino County district attorney's office is prosecuting Ford for all the slayings. Ford's sentencing hearing is pending.

Reasonable Doubt At Duke (WP)

By Ruth Marcus

The Washington Post, June 28, 2006

At the start, I presumed they were guilty. The rape charges against three members of the Duke lacrosse team sounded like a plausible case of Jocks Gone Wild. It wasn't hard to imagine that a bunch of rowdy, hard-drinking players could have crossed the line from watching a paid dancer to sexually assaulting her.

After all, these were students who had plunked down $800 for a pair of strippers and were angry that their cash had bought only a few minutes of bare flesh. The show was called off when one player asked about sex toys and "said he would use the broomstick on us," according to the second dancer.

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As the two women drove off, a neighbor reported hearing one of the partygoers yell a racial insult at the African American dancers: "Hey . . . thank your grandpa for my nice cotton shirt." Later that night, another teammate wrote a disgusting e-mail about plans to kill and skin "some strippers." One of the accused, Collin Finnerty, is to stand trial here next month in an incident in which he and two high school lacrosse buddies allegedly taunted a man, saying he was gay, and then beat him.

These don't sound like young men you'd want your daughter to date.

But the more evidence that has emerged in the case, the more it appears that there is way more than reasonable doubt that the three accused committed rape.

The paucity of physical evidence; the accuser's prior unsubstantiated rape charge; her changing stories that night; sloppy and unreliable identification procedures -- any of these alone, and certainly all of them together, make it hard to understand why the prosecution is going forward and impossible to imagine that it could win a conviction.

True, much of the evidence that's emerged so far has been selectively released by defense lawyers. But after a review of court filings and other material, here's what makes me doubtful:

? There's almost no physical evidence. Two rounds of DNA testing failed to produce any evidence of semen from Duke players -- as might have been expected, given the accusation that the woman was orally, vaginally and anally penetrated, along with being choked, beaten and kicked. (DNA from one of the students, David Evans, may match material taken from the accuser's fake fingernail.) Indeed, although the prosecutor claimed the medical report found injuries consistent with sexual assault, the nurse-in-training who examined the woman found only swelling of the vaginal walls -- something that might be explained by the fact that the woman reported using a vibrator as she performed for a couple hours earlier.

? The second dancer told police that the rape charges were a "crock" and that she and the accuser had been apart for only five minutes at the party.

? The accuser made an earlier, seemingly unsubstantiated allegation of being the victim of a gang rape. She said she was attacked by three men in 1993, when she was 14, but didn't file a police report until three years later. The matter was dropped after she failed to provide a statement to the investigating officer.

? She gave six different accounts of what happened the night of the incident: She did not originally mention rape to the police when they found her in a car outside a grocery store; raised the rape allegation after being taken to a substance abuse facility; later said that "no one forced her to have sex"; and gave accounts of the alleged incident that differed in various ways, including the number of attackers and the type of assault.

? It's true, and totally understandable, that rape victims often provide inconsistent accounts. But even if a sexual assault did occur in this case, there's ample reason to question whether the right students were charged. The accuser said her attackers were named "Bret, Adam and Matt"; the indicted students are Reade, Collin and David.

Reade Seligmann's lawyer has presented evidence that during the post-midnight time frame in which the attack allegedly occurred, Seligmann called his girlfriend six times and another person twice (12:05 to 12:14); was picked up by a cab (12:19); used an ATM (12:24) and returned to his dorm (12:45). The lawyer tried to present this evidence to the prosecutor before the indictment but was rebuffed.

? In contravention of accepted practice, the photographs shown to the accuser included only members of the lacrosse team, no similar-looking "fillers." According to papers filed by David Evans's lawyer, the accuser failed to identify him in a photo lineup eight days after the party. In another test, three weeks after the incident, she selected his photo, telling investigators, "He looks like one of the guys who assaulted me, sort of." She said that she was "about 90 percent" certain but that the attacker had a mustache; Evans's lawyer says he's never had a mustache.

Perhaps there are facts yet to emerge to support Durham County District Attorney Mike Nifong's continuing certitude that a rape occurred -- though the confluence of Nifong's political interests and the prosecution is itself another reason for discomfort. He brought the first charges just before a primary in which the black vote played a key role.

In an odd way, I hope Nifong's proved right, because the alternative -- that he began with a dubious case and stuck with it as it became shakier -- is so troubling. As it stands now, the case isn't expected to go to trial until spring 2007. That seems like an awfully long time to wait to find out.

Coast Guard Cadet To Ask For Leniency (AP)

By Matt Apuzzo

AP, June 28, 2006

NEW LONDON, Conn. -- A Coast Guard Academy cadet was acquitted of rape charges but convicted on other sex-related charges in the institution's first-ever court-martial of a student.

Webster M. Smith was expected to ask the military jury for leniency at a sentencing hearing scheduled Wednesday.

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Jurors on Tuesday deliberated eight hours before finding Smith, 23, of Houston, guilty of indecent assault, extortion, sodomy, failure to obey an order and absent without leave.

Smith, the first student in the school's 130-year history to be court-martialed, was stoic as the verdict was read, but wept afterward with his parents and lawyers by his side.

"This is an extraordinarily emotional time for him right now," said his attorney, Merle Smith, who is not related to the cadet. "There's so much emotion right now, both relief and also disappointment."

Smith faces up to 13 1/2 years in prison, but his attorney said he would argue for little or no jail time.

Prosecutors, who declined to comment after the verdict, said Smith was a predator who took advantage of women when they were vulnerable.

The allegations were brought by four female cadets. The jury acquitted him of sexual misconduct charges involving three of the female cadets.

The rape case involved Smith's on-again, off-again girlfriend, who said she drank two bottles of wine at a party in Annapolis, Md., last summer and can't remember anything. She said she learned the next morning that they had had sex.

Smith testified Monday that the sex was consensual. He said the woman had been drinking but wasn't drunk when they had sex in his car outside a bar. Prosecutors say the sex happened much later that night, when she was passed out.

The indecent assault, extortion and sodomy charges stemmed from allegations by one of the other women.

That woman described a night in which she and Smith had a series of sexual encounters in her dorm room. The woman said she never protested because she was relying on Smith to keep a secret involving a crime that could have jeopardized her career.

Prosecutors said Smith held that secret over her, extorting her for sexual favors.

Smith said he never mentioned the secret and that the two had consensual oral sex.

Smith was not allowed to graduate with his class this spring and almost certainly will be kicked out of school and the Coast Guard.

CIVIL LAW:

State To Pay $8.3 Million To Settle Technology Fraud Claims (AP)

AP, June 28, 2006

INDIANAPOLIS - The state has agreed to pay nearly $8.3 million to settle allegations that an agency violated federal rules by not seeking competitive bids on Internet services and charging inflated prices.

The U.S. Department of Justice and the U.S. Attorney's Office for the Southern District of Indiana announced the settlement in a news release Tuesday.

The settlement covers allegations that the Intelenet Commission, which has been disbanded, failed false claims to the Federal Communications Commission's E-rate program, which provided money for Internet technology in schools and libraries.

The federal government claimed the state charged inflated prices for services provided to Indiana schools and libraries, falsified invoices, disregarded the requirement that schools and libraries make co-payments for expenses and failed to seek competitive bids.

The state cooperated with the investigation, the Justice Department said.

"The E-Rate Program makes federally mandated funds available to the poorest schools in the nation for Internet access and wiring," Peter D. Keisler, Assistant Attorney General for the Civil Division, said in the release. "False claims to this very important federal program will not be tolerated."

The Intelenet Commission has since been replaced by a new Office of Technology created by Gov. Mitch Daniels.

U.S. Asks Judge To Dismiss Budget Lawsuit (AP)

By KEN THOMAS, Associated Press Writer

AP, June 28, 2006

WASHINGTON (AP) - The Justice Department on Tuesday asked a federal judge to dismiss a lawsuit filed by House Democrats trying to stop a $39 billion deficit-reducing bill because the House and Senate failed to approve identical versions.

Lawyers for the government said the 11 House members lacked standing because they are not renters of medical equipment covered by the section of the bill or are in "any way personally affected or injured" by other provisions in the measure.

House Democrats have accused GOP leaders of abusing the legislative process and contend they were denied their right to vote on legislation signed into law by President Bush.

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Rep. John Conyers, D-Mich., the ranking member of the House Judiciary Committee and lead plaintiff, called the government's response "legally tenuous."

"In terms of standing, there is no more fundamental right in Congress than the right to vote, yet the administration would not only take this right away, but prevent duly elected members from asserting that right after it is taken away," he said.

The Senate version of the bill said Medicare can pay to rent some types of medical equipment for 13 months, as congressional negotiators had sought. A clerk erroneously wrote down 36 months before the bill was sent back to the House for a final vote, and the language was approved by the House on Feb. 1.

When the bill was sent to Bush for his signature, the number was back to 13 months as approved by the Senate.

The White House and Republican leaders in Congress have said the matter is settled because the mistake was technical and top House and Senate leaders certified the bill before transmitting it to the White House.

Conyers and 10 Democrats sued in late April in U.S. District Court in Detroit, asking a judge to declare that the act is not law and provide a temporary restraining order to bar its implementation.

Similar lawsuits have been filed in other states by an Alabama attorney and a Florida-based student loan consulting firm.

Brian Kennedy, a Justice Department attorney, wrote in the motion to U.S. District Judge Nancy Edmunds that the discrepancy would not have made a difference to the lawmakers' votes.

"They were opposed to the bill in either event," he wrote.

AT&T To Settle Fraud Case For $2.9M (BLOOM)

By Robert Schmidt, BLOOMBERG NEWS

Bloomberg, June 28, 2006

A unit of AT&T, the largest U.S. phone company, agreed to pay $2.9 million to resolve allegations that it defrauded the federal government.

The civil suit against AT&T Communications East, brought by a whistleblower and joined by the government, said the company defrauded the General Services Administration from 1998 to 2001 by passing on to government customers certain costs and fees in violation of its contract.

The U.S. Justice Department announced the settlement Tuesday in Washington.

The charges, known as Presubscribed Interexchange Carrier Charges, are a fee that long-distance companies pay to local phone companies to recover part of the cost for linking customers to the telephone network.

A spokesman for San Antonio-based AT&T didn't immediately return a call seeking comment.

Charities Tied To Doctors Get Drug Industry Gifts (NYT)

By Reed Abelson

The New York Times, June 28, 2006

As she presented research results indicating that a new medical device was "an important breakthrough," the doctor's enthusiasm was clear. Less evident were some of the financial links between the researchers and the device's maker.

Dr. Maria Rosa Costanzo, making her presentation at a March conference of cardiologists, said the study found that a $14,000 blood filtering device was better than intravenous diuretic drugs at removing excess fluid from patients with heart failure.

Although outside researchers raised questions about the study's conclusions, the doctor betrayed little doubt. "We believe these results challenge current medical practice and recommendations," said Dr. Costanzo, who predicted many patients might benefit.

Dr. Costanzo did disclose to the audience that she was a paid consultant with stock in the device's maker, a Minnesota company called CHF Solutions. But she omitted another potentially important detail: CHF Solutions was also one of the largest donors to the nonprofit research foundation that had overseen the study. The company contributed about $180,000 in 2004, according to the foundation's federal filings.

Nor did she note that the nonprofit entity, the Midwest Heart Foundation, was in turn an arm of the thriving for-profit medical group outside of Chicago where Dr. Costanzo and more than 50 of her fellow doctors treat heart patients — in many cases using products and drugs made by CHF Solutions and other big donors to their charity. Although the CHF Solutions device has generally been slow to catch on, physicians at Dr. Costanzo's medical group have treated many patients with the company's filtration system.

The Midwest Heart Foundation, and the way it has become quietly interwoven into its doctors' professional lives, is far from unique. Around the country, doctors in private practice have set up tax-exempt charities into which drug companies and medical device makers are, with little fanfare, pouring donations — money that adds up to millions of dollars a year. And some medical experts see that as a big problem.

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The charities are typically set up to engage in medical research or education, and the doctors involved defend those efforts as legitimate charitable activities that benefit the public. But because they operate mainly under the radar, the tax-exempt organizations represent what some other doctors, as well as regulators and industry consultants, say is a growing conduit for industry money. The payments, they say, can bias the treatment decisions of physicians, may lead to suspect research findings and at times may even risk running afoul of anti-kickback laws.

Federal officials are starting to take notice of such tax-exempt charities, which critics say are becoming increasingly popular as other forms of industry support to physicians — like lucrative consulting agreements that involve little actual work — have come under scrutiny from regulators and others worried about the potential conflicts.

The potential for abuse by these charities is clear, critics say. "It obviously sets a fertile ground for conflict of interest and misuse of funds," said Dr. Robert M. Califf, vice chancellor for clinical research at Duke University Medical Center.

The charities at issue are not philanthropies like the Bill and Melinda Gates Foundation that dispense grants for medical research but remain independent of any one group of doctors or medical practice. Instead, the charities drawing scrutiny are set up by doctors in private practice and are closely linked to those doctors' for-profit medical groups.

The Midwest Heart Foundation, which has received millions of dollars from medical industry donors, including the drug makers Amgen and AstraZeneca, and the Cordis and Scios units of Johnson & Johnson, says it stands behind its charitable work, which currently involves about 30 studies and dozens of doctor-education lectures each year.

Dr. Mark Goodwin, a managing partner for the Midwest Heart for-profit practice, said the foundation was created to help prevent potential conflicts by keeping the industry money separate from the doctors' private practice. Companies contribute to the foundation, he said, because they can rely on its research and the doctors involved can enroll large numbers of patients in studies. "We are able to deliver excellent research to our community in a timely fashion," Dr. Goodwin said, "and we are proud of it."

But some of its research has drawn criticism from federal regulators. Earlier this year, moreover, the foundation received a Justice Department subpoena as part of an investigation into the marketing activities of one of its big contributors, Scios.

Experts aware of the various doctor-run charities say that even if much of the donated money is spent on legitimate medical research or education, the funds can also go toward studies that while lending prestige to the doctors and luster to the companies, may do little to advance scientific understanding. The tax-exempt money also sometimes flows to the for-profit medical groups affiliated with the charities, sometimes covering business expenses or even paying parts of the salaries of doctors.

Too often, the critics contend, the industry donations amount to a form of "relationship funding" — to use one skeptical doctor's term — in which companies hope to sell more drugs and devices by currying favor with the doctors. That skeptic, Dr. John Cherf, is a knee surgeon at the Neurologic and Orthopedic Institute of Chicago who also consults for a market research firm specializing in health care topics. He says the donor arrangements are fraught with potential conflicts of interest and are likely to come under greater scrutiny as the costs of devices and drugs rise.

"There's undoubtedly corruption in the system," Dr. Cherf said. "We need healthy relationships between physicians and industry. Both parties have been too aggressive."

Number of Charities Is Unknown

No one knows precisely how many of these doctor-run charities exist. Although each one files with the federal government as a tax-exempt entity, they are hard to discern among other health-related charities. And because in many cases each has no more than a few hundred thousand dollars in annual revenue, they tend to escape the attention of the federal and state regulators who oversee charities.

"The reality of it is that these are small organizations that are off the radar screen," said Douglas M. Mancino, a lawyer at McDermott Will & Emery in Los Angeles who specializes in health care law and nonprofit groups.

As long as the activities being financed benefit the public rather than the doctors or companies involved, they are legitimate charities, according to lawyers who specialize in nonprofits.

But concerns can arise when a corporate donation appears to be helping pay the salary of an additional doctor at a for-profit medical practice — through a fellowship, for example — that brings in additional revenue to the practice. Another problem area, they say, would be when donations go toward expenditures that would normally be part of the practice's business cost.

Lawyers say that determining whether a charity's activities are legitimate tax-exempt activities would typically require a close look at the facts in each case.

"If they're really underwriting normal business expenses to the group, then I think you have a problem," Mr. Mancino said.

As a group, these relatively obscure charities are attracting sizable amounts of corporate money. And many of their activities focus on the companies that have made the donations or the doctors' medical groups.

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Consider the Arizona Orthopedic Education Foundation, which was created by a surgeon in Phoenix and which in 2003 received a $200,000 donation from a unit of the orthopedic device company Stryker. Most of the charity's efforts are devoted to public education, according to the founder, Dr. Anthony K. Hedley. But its activities also include teaching other doctors how to use Stryker products.

Stryker said this training was "critical" for surgeons.

Dr. Hedley says the fact that he mainly uses Stryker devices with his own patients may account for Stryker's contributions. "That was probably why I was able to leverage support," Dr. Hedley said.

Another charity is the Blue Ridge Bone and Joint Research Foundation, run by Dr. Joseph T. Moskal, an orthopedic surgeon in Roanoke, Va. It received a $75,000 contribution from the DePuy Orthopaedics unit of Johnson & Johnson in the year ended July 31, 2004, according to federal filings. The Blue Ridge foundation appears to have paid $30,000 of that money to the for-profit Roanoke Orthopaedic Center, where Dr. Moskal practices, to defray the costs of a fellowship program there.

Dr. Moskal did not return repeated phone calls seeking comment. DePuy, in a brief response to questions, said in part, "Fellowships are vital to advance the education and training of orthopaedic surgeons."

Corporate donors are also major contributors to the Vascular Specialists Education Foundation, which is led by a vascular surgeon in Norfolk, Va., Dr. Marc H. Glickman. The foundation spent $30,000 in 2003 to pay for the further medical education of doctors in his for-profit practice.

Although the public filings offer few details about the charity's activities, Dr. Glickman said such expenditures are part of the foundation's mandate, which includes offering fellowships to doctors being trained and paying for continuing medical education for those doctors. One of Vascular Specialists' two big donors, the device maker Guidant, now part of Boston Scientific, said it contributed $25,000 in 2003 and $40,000 the next year, through its own foundation. The company says the money was given with the understanding that it would go to finance the group's fellowship program.

The other big donor, the device maker Medtronic, says it gave Dr. Glickman's charity $80,000 last year to help pay for the group's fellowship program. "Dr. Glickman and his colleagues have trained hundreds of physicians and fellows on life-saving procedures associated with vascular disease — a notable accomplishment," Medtronic said in a written statement.

Donors have been so generous to Dr. Glickman's foundation that he says it is currently sitting on $100,000 he has not yet decided how to spend. "I'm very cautious with what I do," he said.

Whatever the issues of tax-exempt status among the various charities, federal regulators say the groups could find themselves in trouble in another way — in violation of federal anti-kickback laws — if donations appear to be little more than a way for companies to funnel money to doctors.

If the contributions amount to payments or gifts to doctors who then use or recommend a certain drug or device, companies could be breaking the law, said Vicki Robinson, a top lawyer in the Office of Inspector General at the federal Health and Human Services Department.

"From a legal perspective, it's really no different," Ms. Robinson said.

Patrick L. Meehan, the United States attorney in Philadelphia, whose office has a long history of prosecuting health care fraud, said the doctors' charities could warrant scrutiny. "What we would be concerned about are end runs around the system," Mr. Meehan said. "We want to be sure there is independent and fully informed medical judgment at the heart of the physician-patient relationship."

For their part, Midwest Heart officials defend the activities of their foundation. Contributions to the charity, which was created in 1988, have more than doubled in the last few years — to $1.7 million in 2004, the most recent period for which federal filings are available.

In a written statement, the foundation said it had "strict internal controls and systems in place to ensure the independence and integrity of all research and education activities."

Questions About Research

Outside researchers have questioned some of the foundation's work. Some doctors say the study of the CHF Solutions filtration device that Dr. Costanzo presented in March may have been flawed, for example, because heart failure patients who were given conventional diuretic drugs may not have received enough medicine to provide meaningful comparisons.

One heart doctor critical of those findings was Dr. JoAnn Lindenfeld, who was quoted in a cardiology publication, Heartwire, in March as saying, "I wouldn't view these data as persuasive enough to use it full-scale in a million patients a year with acute decompensated heart failure." Dr. Lindenfeld did not dispute the accuracy of that quote but declined to comment further.

Through the Midwest Heart Foundation, Dr. Costanzo declined to comment. Both CHF Solutions and the foundation say she no longer has stock or stock options in the company.

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CHF Solutions said that most of its contributions to the Midwest Heart Foundation covered the cost of conducting the research project that Dr. Costanzo led and the company helped design.

John L. Erb, CHF's chief executive, said "we were very careful" in designing the research, but he conceded that it was "not the perfect study where we could answer all the questions."

Dr. Goodwin, at the foundation, said the research was only a starting point. "We fully agree that further investigation is needed to validate the findings and carry them forward to a larger number of patients," he said.

Some of Midwest Heart's research has also fallen short of federal rules governing clinical studies. In August 2004, the Food and Drug Administration sent the foundation a warning letter about a study of a new carotid stent — a device designed to open up a major artery in the head and neck.

The F.D.A. said Midwest Heart had failed to get necessary approval before beginning its research, which involved different types of stents and 168 patient procedures. The regulators also found that some patients were not properly informed and that the foundation was too slow in reporting serious complications. The results of the study were never published, although the foundation says they were submitted to the F.D.A.

The shortcomings were simply "record keeping" issues, said Wendy Landow, the chief executive of the Midwest Heart Foundation, who said her organization had in fact received the necessary approval to do the study but had poorly documented it. The issue has been resolved, she said, adding that the foundation had adopted tighter procedures to avoid future lapses.

A separate controversy surrounds the heart failure drug Natrecor made by Scios, which gave the Midwest Heart Foundation a total of more than $300,000 for the years 2003 and 2004, according to federal filings. The Justice Department, which is investigating whether Scios improperly marketed Natrecor, has issued a subpoena to the foundation.

Scios said that most of its Midwest Heart contributions went toward educational programs that Scios had no influence over. It said it could not comment on the Justice Department investigation. Midwest Heart said it was cooperating with federal officials and had been told it was not a target of the investigation.

Natrecor was approved by the F.D.A. in 2001 for use in hospitals for patients only in an extreme, or decompensated, stage of heart failure. But it also became heavily used by doctors who administered it intravenously in outpatient clinics for periodic patient "tune-ups," as they were sometimes known. Natrecor's enthusiasts included some Midwest Heart doctors, who participated in studies of the drug and also used it in outpatient settings.

While doctors can use federally approved drugs for any purpose they see fit, a pharmaceutical company is prohibited from actively encouraging such off-label uses.

A Debate Over Drug's Merits

In mid-2005, after researchers elsewhere published an article in a scholarly medical journal raising concerns that Natrecor could seriously impair kidney function, one of Midwest Heart's cardiologists, Dr. Mitchell T. Saltzberg, continued to staunchly defend the drug. Dr. Saltzberg, who has also been a paid Scios consultant, wrote to Medicare officials in July 2005 to argue that the drug was being "unfairly targeted."

Dr. Saltzberg's letter cited a study of Natrecor's outpatient use — a study for which the foundation had provided some work — saying that this research and "the body of anecdotal experience" indicated the drug posed no kidney risks.

His comments to Medicare, though, came a few days after Scios itself sent a safety alert to doctors warning against the outpatient use of Natrecor. The Scios alert, issued in consultation with the F.D.A., relied on the findings of an expert panel that the company had asked to look into issues involving the drug's safety.

The Scios alert referred to the very study Dr. Saltzberg had cited and found it lacking. That study "was not powered to adequately assess the effectiveness or safety of serial infusions of Natrecor," the alert said. "The size of the study, its design and its findings provide an inadequate basis to recommend the use of intermittent, serial or scheduled repetitive infusions of Natrecor." Through the foundation, Dr. Saltzberg declined to comment. Foundation officials, though, said they agreed with the Scios panel's findings.

Outpatient use of Natrecor around the country has fallen precipitously. Scios has said it plans to conduct further research into the drug's safety.

The Midwest Heart Foundation said that only one of its patients, who is part of a study, is still being given the drug as an outpatient. But while the foundation says it believes more research is needed, Dr. Goodwin also said that he believes that many doctors had positive results with the drug and that he had seen it keep patients out of the hospital.

"It worked great," he said.

FEC Unleashes Its Lawyers (HILL)

By Alexander Bolton

The Hill, June 28, 2006

The Federal Election Commission (FEC) is being accused of attempting to intimidate soft-money donors to 527s by targeting the donors for questioning.

The agency, which is tasked with policing national and congressional political campaigns, is targeting some of the wealthiest Republican and Democratic donors.

Typically such people have escaped tough scrutiny unless suspected of deliberately evading contribution limits through the use of straw donors or other tactics. But recently the FEC appears to have aimed at donors even though it is the 527s that are suspected of evading campaign-finance law.

One prominent GOP strategist has charged that the new tactic is intended to scare big donors away from giving to 527s, which Congress and the White House have struggled to curb.

This is happening despite the FEC decision last month not to implement new regulations for 527s this election cycle. That was widely interpreted as a green light for 527s to act without restriction, as groups such as America Coming Together and Swift Boat Veterans for Truth did during the 2004 election. This was expected to mean such groups would spend even more money this year and in 2008.

But the FEC has not left the same rules in place that allowed 527s to spend $400 million in the 2004 cycle. Late that year, it subtly modified its rules, which would apparently bolster investigations of 527s in response to a series of complaints filed against the groups in 2004.

The new regulation, which took effect in January 2005, stated that 527s would be subject to regulation if, when seeking money, they "indicated" to donors that the money would be spent to support or oppose a federal candidate.

Election-agency commissioners such as Ellen Weintraub and Hans A. von Spakovsky declined to discuss the investigations. But strategists close to the 527s say donors are being targeted.

"I know for a fact that the FEC has subpoenaed donors who may have contributed to 527s in past election cycles and believe that technique is more rooted in preventing future donation to other 527s than anything else," said Chris LaCivita, a former senior adviser to Swift Boat Veterans for Truth and former head of Progress for America, both right-wing groups.

Another strategist connected with a prominent conservative 527 group, the Club for Growth, confirmed that the FEC is targeting donors.

"I've heard that lots of other groups have gotten subpoenas and requests for depositions of donors," said David Keating, the executive director of the Club for Growth, which is tied up in litigation with the FEC. Keating said he was not talking about donors to his group.

"If you look in the 2004 cycle, complaints were filed against virtually every group out there," Keating said. "None of these matters under review have been dismissed."

In 2004, a coalition of pro-campaign-finance-regulation groups including Democracy 21, the Center for Responsive Politics and the Campaign Legal Center filed at least five complaints against the major 527s: America Coming Together, the Media Fund, the Leadership Forum, Progress for America Voter Fund, Swift Boat Veterans for Truth and Texans for Truth.

Fred Wertheimer, president of Democracy 21, said that he believes all of his group's complaints are pending but that he had no further knowledge of the probes.

Because the complaints, which are 2 years old, have not been dismissed it is assumed that the FEC has given its lawyers the go-ahead to investigate them.

One Democratic lawyer said the FEC general counsel's office is asking donors to recall the specifics of their conversations and other interactions with 527s to determine whether those groups indicated that donations would be used to support or oppose federal candidates such as President Bush and Sen. John Kerry (Mass.), the Democrats' presidential nominee.

"They're asking a lot of questions of donors about what they were told when they were asked to contribute," the lawyer said. "Who knows what the six-member commission will do with whatever is presented them? There's little doubt that the general counsel's office feels responsibility to show evidence of a violation and this is the route to get there."

Once the general counsel presents his case to the commission, its members must vote on whether there is probable cause to believe the law was broken. It is not known if the commissioners specifically approved subjecting donors to subpoenas and depositions.

"Their attorneys have been let loose to look into whether … the entities violated the law," the Democratic lawyer said. "They're out there trying to gather the evidence. You don't have the FEC as a six-person office approving these inquiries."

Former FEC Chairman Scott Thomas, who retired last year, declined to comment on an ongoing investigation but said scrutinizing donors would fit the legal approach that the FEC has adopted in regulating 527s. Citing the newly enacted Section 100.57, Thomas said commissioners agreed in 2004 that 527s could be policed most effectively case by case by looking at how they solicited donors.

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Thomas said solicitation is a key element in the FEC's litigation against the Club for Growth. He said FEC investigators are likely to look at "whether there was some indication given to donors in the solicitation process that the funds would be used to support or oppose federal candidates. The focus is what was said when the money was coming in."

Thomas said past enforcement actions focused on what groups communicated to voters to determine whether they should have political-committee status, a designation that would subject them to contribution limits. Thomas said that approach created gridlock.

Thomas said the regulation change in January 2005 could be used to prosecute groups for activity in 2004. He said it would not apply retroactively in the technical sense but could be held up as a point of consensus among the FEC commissioners about how the laws on the books before 2004 should be interpreted.

"It's going to be arguing that the same analytical concept can be applied for figuring out what happened in '04 cycle," Thomas said in response to claims that the general counsel is focusing on conversations with donors. "That's probably why the FEC was digging for this information, because four commissioners agreed that concept was the best way to analyze these political-committee cases."

Court Rules Correctly On Clean Money (LAT)

The Los Angeles Times, June 28, 2006

BY RAPPING THE KNUCKLES of some over-exuberant political reformers in Vermont, the U.S. Supreme Court has sent a welcome signal that it will continue to scrutinize well-intentioned efforts to limit the role of money in politics with at least one eye on the 1st Amendment.

With Chief Justice John G. Roberts Jr. joining the lead opinion by Clinton appointee Justice Stephen G. Breyer, the court this week told Ben & Jerry's home state that it went too far when it imposed strict limits on what candidates for public office could spend and on what citizens could donate to political campaigns. The ruling suggests that a landmark 1976 campaign-finance decision is still good law.

In that decision, Buckley vs. Valeo, the high court upheld a post-Watergate law's restrictions on what individuals could contribute to candidates for federal office, but it struck down on 1st Amendment grounds the law's limits on how much a candidate could spend. Drawing a distinction that remains controversial 30 years later, the court explained that although spending limits and contribution limits raise 1st Amendment concerns, a Congress worried about corruption could put reasonable limits on how much an individual donates to a candidate, because the viewpoint conveyed by a $1,000 donation is the same "general expression of support" that would be conveyed by a larger gift.

By contrast, the Buckley ruling said, a candidate spending his own money is entitled to greater 1st Amendment protection because he is espousing his own views. The same point holds of truly independent expenditures by a candidate's supporters.

It's easy to mock this distinction. After all, both campaign contributions and campaign expenditures represent the use of money to produce political results. But Buckley's two-tier approach makes sense. It was a pragmatic attempt to balance a need for elections uncontaminated by large special-interest contributions with the guarantees of the 1st Amendment, which above all protects political speech.

In striking down Vermont's expenditure limits, the Roberts court clearly is being faithful to Buckley vs. Valeo. But what about its decision to invalidate Vermont's limits on contributions? Breyer argued in his opinion that there is no inconsistency because the court in Buckley said that even contribution limits must be "closely drawn" and must not be so low that they prevent candidates from "amassing the resources necessary for effective advocacy."

Whether Breyer is right about Vermont's limits, Congress and the states can still impose reasonable limits on contributions. But limitations on spending — unless candidates voluntarily accept them, in exchange for public financing — remain off-limits. Buckley's distinction between expenditures and contributions is still the law of the land. That's good news for both clean elections and free speech.

CIVIL RIGHTS:

Justice Agrees To Indiana Plan To Purge Voter Rolls (AP)

The Associated Press

AP, June 28, 2006

The Justice Department agreed Tuesday to an Indiana plan designed to eliminate the names of people who have died and those who are listed more than once from the state's voter registration rolls.

DOJ_NMG_0037237

Indiana Secretary of State Todd Rokita last week announced the plan to purge the rolls, following negotiations between state Republicans and Democrats. It would also target convicted felons and voters who no longer live in Indiana or in the county of their registration.

"We're very pleased to be able to do this and get our voter roll cleanup under way," Rokita's chief of staff, Paul Okeson, said Tuesday.

"Last night, we started printing the first mailer (to registered voters) and started getting them ready to be sent out this week. I imagine as early as the end of this week, the first pieces of mail will begin to drop in voters' mailboxes," Okeson said.

The letters will be sent to every registered voter in the state. Any that cannot be delivered will be flagged as potential mistakes, and the state will then send follow-up mailers to those addresses.

If any of those are also returned, the voters would be placed on inactive status.

Inactive voters could still cast ballots this year, but their files would be flagged. If they did not vote in the 2006, 2007 or 2008 elections, their names could be removed by the end of 2008.

The agreement, designed to bring Indiana into compliance with the National Voter Registration Act, followed a Justice Department investigation that found the state had hundreds of thousands of ineligible voters on its registration lists, including possibly 29,000 who were deceased, and 290,000 duplicates.

The agreement still must be approved by the U.S. District Court in Indianapolis, but Okeson said that is likely only a formality.

"All parties are on the same page," he said. "So the District Court will simply say, `We see there's an agreement that has been reached; we'll watch to see if that agreement is kept.'" >

U.S. Probing Woodmere Officers' Firings (CLPD)

By Tasha Flournoy, Plain Dealer Reporter

The Cleveland Plain Dealer, June 28, 2006

Woodmere -- The U.S. Justice Department has launched an investigation of village officials for suspending a police chief and refusing to reinstate two police officers who contend they were fired because they are white.

Mayor Yolanda Broadie and Law Director Janet Beck acknowledged the investigation Tuesday, but provided no details. Justice Department officials were not available for comment.

The investigation comes a year after the U.S. Equal Employment Opportunity Commission ruled that the village violated the civil rights of Chief Lamont Lockhart and officers Amy Mengay and Timothy Ellis.

Mengay and Ellis told the EEOC that Broadie, who is black, unfairly fired them and allowed black officers with similar or more serious infractions to keep their jobs.

Broadie later suspended Lockhart for what she called "failure to properly lead and supervise the Police Department." Lockhart in turn filed his own complaint with the EEOC, which found that the suspension was retaliation for his support of the two officers. Lockhart has since resigned.

The commission ordered the village to attempt a settlement, reinstate the officers and give them back pay. But village officials refused. So, the commission referred the case to the U.S. Justice Department.

Avery Friedman, who represents Ellis, Lockhart and Mengay, said federal attorneys interviewed village officials and gathered public records this week.

He said the village could either agree to settle with the officers or face a federal lawsuit. He called it a unique discrimination case.

"It is an unusual case because you have a black mayor telling a black chief, Get rid of the white ones,' " said Friedman. "The truth is the village of Woodmere is in a world of trouble."

Friedman said Ellis is now an officer in Sagamore Hills Township, Lockhart serves as deputy police chief for the Greater Cleveland Regional Transit Authority, and Mengay is an officer in Newburgh Heights.

Longtime Councilman James Jordan said Tuesday that he still honors the village's decision not to settle with the fired officers.

"Our opinion is the village isn't wrong," he said. "We haven't done anything wrong."

To reach this Plain Dealer reporter:

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Agreement Would Make Public Buildings More Handicapped Accessible (KTBS-TV)

By Jim Roberts

KTBS-TV, ABC 3, Shreveport, LA, June 28, 2006

DOJ_NMG_0037238

The city of Shreveport could have to spend up to $4 million over the next three years to bring all city buildings into compliance with the Americans with Disabilities Act.

Mayor Keith Hightower this afternoon offered a proposed agreement with the U.S. Justice Department to make the upgrades. It would need City Council approval.

A Justice Department task force came to town, looked at public buildings and made hundreds of "suggested" improvements.

Dwayne Ebarb's home has been modified due to his handicap. Much of what the federal government wants the city to do can be easily accomplished, he said.

"Most of the stuff they brought up was minor," Ebarb said. "It was stuff like 'grab bars.' They were an inch too high, an inch too low."

The list of improvements the government wants is several hundred pages long.

One building that needs work, the government said, is the old City Hall Annex. It was built in the 1950s and hasn't been modified much since then. Another is the old Civic Theater and the Municipal Auditorium, circa 1920 -- both built before the ADA was passed.

But Ebarb said some of the government's recommendations don't make sense.

"They wanted to renovate the Elvis Presley bathroom (at Municipal Auditorium)," he said. "They wanted to make the shower (handicapped) accessible. Nobody even uses the shower."

Hightower said Washington is a lot like city hall: You can't fight it.

"When the Justice Department comes and says you must do these things, sooner or later you've got to get them done," he said.

It will be up to the City Council and the Hightower administration to find the money.

The expenditure comes just a few weeks after the council cut the money from a $10 million sales tax windfall that would have gone to work making Shreveport ADA compliant.

The city has three years from the time the agreement is signed to make improvements to the buildings. The timetable for individual projects ranges from a few days to several years, depending on size, cost and need.

If the projects aren't done in the three years, the Justice Department could file suit against the city to get them done.

Senator Wants IRS To Chase After Pimps (USAT)

USA Today, June 28, 2006

Pimps and sex traffickers could soon find themselves being chased by tax collectors, not just the vice squad.

Sen. Charles Grassley, chairman of the tax-writing Senate Finance Committee, wants the Internal Revenue Service to chase after pimps and sex traffickers with the same fervor it stalked gangster Al Capone for tax evasion.

Grassley, R-Iowa, would hit pimps with fines and lengthy prison sentences for failing to file employment forms and withhold taxes for the women and girls under their command.

The proposal would make certain tax crimes a felony when the money comes from a criminal activity. A one-year prison sentence and $25,000 fine would become a 10-year sentence and $50,000 fine for each employment form that a pimp or sex trafficker fails to file.

Grassley planned to propose the penalties when his panel meets Wednesday.

"The thugs who run these trafficking rings are exploiting society's poorest girls and women for personal gain," Grassley said. "The IRS goes after drug traffickers. It can go after sex traffickers."

Michael Horowitz, a senior fellow at the Hudson Institute, said the change has the potential to put pimps out of business without difficult trials that require women to testify to abuse and mistreatment.

"We need to simply treat the pimps and massage parlor operators the way we would treat anybody who takes the proceeds of a customer transaction from somebody and then gives a fraction of it back," he said.

Under tax law, that relationship makes the pimp an employer, requiring the filing of a wage statement and the withholding of payroll taxes, including Social Security.

Grassley envisions creating an office inside the Internal Revenue Service to prosecute sex traffickers for violating tax laws. The office would get $2 million to get started, and it would be allowed to keep a portion of the taxes it collects.

The IRS work is intended to build on efforts underway to curb worldwide trafficking. The Justice Department, collaborating with U.S. attorneys offices nationwide, would identify pimps and sex traffickers and refer them to the IRS.

Grassley also wants to change the IRS whistle-blower program to allow the girls and women to participate.

If the IRS goes after pimps and sex traffickers for tax offenses now, it conducts lengthy audits of their lifestyles in order to estimate their incomes from illegal activities and determine taxes due.

DOJ_NMG_0037239

In Senate, It's Déjà Vu All Over Again On Voting Rights Act Extension (HILL)

By Jonathan Allen

The Hill, June 28, 2006

An extension of the Voting Rights Act is running into some of the same objections in the Senate that it faces in the House, where the bill was pulled from the floor schedule last week after rank-and-file Republicans rebelled against their leadership.

Southern Senate conservatives are raising concerns about reauthorizing Section 5 of the law, which requires jurisdictions with a history of racial discrimination to pre-clear voting-law changes with the Justice Department. Some Southerners argue that the requirement is unnecessarily onerous and that their states should not be singled out in perpetuity.

"Our part of the country, no matter how good we do, we're going to be treated differently than the rest of the country," said Sen. Trent Lott (R-Miss.).

Lott, one of two current senators who cast a vote against the 1982 extension of the original 1965 law, said he would most likely support the bill but did not commit to doing so.

"I want to see what it is first," said Lott, who was House Republican whip when he voted against the last reauthorization.

"I haven't focused on it," said Sen. Richard Shelby (R-Ala.), who also voted against the initial House version of the 1982 bill before the House cleared the Senate's measure by voice vote.

Shelby referred questions to fellow Alabama Republican Jeff Sessions, who is a member of the Judiciary Committee. That panel is expected to include its voting-rights legislation, which is identical to the House bill, on its markup agenda for tomorrow. The bill was placed on last week's agenda, but the committee was unable to muster a quorum for consideration.

More than half of the committee's 18 members are co-sponsors of the legislation, but it is not clear whether senators who dislike certain provisions could cobble together enough votes to alter it.

"I think it needs to be studied, and I think there are certainly some improvements that can be made," Sessions said. "I think we may improve it and pass it."

Sessions declined to say which parts he would change or how he would change them.

Many of the law's provisions are permanent, but several are due to expire next year. Democrats and some centrist Republicans are eager to win reauthorization of those provisions before GOP term limits force Sensenbrenner to hand his gavel to a more conservative lawmaker.

Lawmakers and aides say privately that the political sensitivity of the landmark civil-rights law makes it difficult for them to challenge its composition for fear of being branded racist.

Lott, who is considering a leadership bid, was pushed out of the majority leader's job in late 2002 after he suggested the country would have been better off had Sen. Strom Thurmond (S.C.) won his 1948 segregationist bid for the presidency.

"I think the Voting Rights Act is the most important civil-rights bill in history," said Sen. Orrin Hatch (R-Utah), a Judiciary Committee member who is not a co-sponsor of the legislation. But, he said, "There are some real questions about whether we're being fair to some states."

In the House, a bloc of Georgia and Texas Republicans banded together with lawmakers opposed to provisions allowing for multilingual ballots to avert a floor vote last week. House Republican leaders have yet to reschedule it.

"We are continuing to have conversations with members … about some provisions in the bill, and those conversations will continue this week," House Majority Leader John Boehner (R-Ohio) said yesterday.

Leaders in both parties and members of the Congressional Black Caucus have signed off on the Sensenbrenner-Specter bill. But Reps. Lynn Westmoreland and Charlie Norwood, both Georgia Republicans, wanted to amend Section 5.

The Norwood amendment would expand its requirements to the entire country, and Westmoreland's amendment would have created an expedited procedure for states to get off of the pre-clearance list.

Section 5 covers Virginia, South Carolina, Georgia, Alabama, Mississippi, Louisiana, Texas, Arizona and parts of several other states, including California, New York and North Carolina.

Rep. Steve King (R-Iowa) and dozens of others objected to language reauthorizing multilingual ballots.

Many of the same concerns are being echoed, if softly, on the Senate side, where an effort to control expectations is beginning to take shape.

"It has a year to go, and clearly the Democrats are trying to make it an election-year issue," Hatch said.

Rank And File Cut Out Of VRA Talks (RC)

By Jennifer Yachnin

Roll Call, June 28, 2006

DOJ_NMG_0037240

Even while Republican House leaders work to quell internal divides that derailed consideration of the Voting Rights Act last week, some rank-and-file Members complained Tuesday that they remain shut out of discussions regarding the law's reauthorization.

"We are continuing to have conversations with Members, and [with] lawyers, about some provisions in the bill; and those conversations will continue this week," Majority Leader John Boehner (Ohio) said during a Tuesday press conference.

But several rank-and-file Republicans said House leaders remain unwilling to discuss any aspect of reauthorization of the landmark 1965 law.

One among those Members, Rep. Steve King (R-Iowa), asserted that his efforts to meet with GOP leadership in recent days have yet to elicit any response.

"It's not due to lack of effort on my part," said King, who is seeking consideration of an amendment that would end mandates under the VRA that require jurisdictions to provide multilingual ballots to voters.

The exclusion of King's proposal, as well as a half-dozen other amendments targeting language provisions in the law, from consideration on the House floor sparked an internal revolt that prompted leaders to pull the measure from last Wednesday's schedule.

"I care about the policy," King added, stating that he is seeking not only debate on his amendment, but also support from leadership. "It would not satisfy me to [only] have an opportunity to speak my piece on the floor and get a vote in the record."

Rep. Lynn Westmoreland (R-Ga.) said he similarly has received little feedback from House leaders in recent days as he has sought support for the language amendments.

"I don't know who's been talking, but it's not us," he said.

Georgia Republicans earlier won concessions from House leaders to allow consideration of amendments to the voting rights law — GOP leadership initially had hoped to pass the bill under suspension, which would have prohibited amendments and severely limited debate on the measure — and the Rules Committee approved consideration of two measures last week.

Both of those amendments, sponsored by Westmoreland and Rep. Charlie Norwood (R-Ga.), are directed at the VRA's Section 5, which requires the Justice Department to approve any changes to voting practices in states with a documented history of discrimination.

Norwood's amendment would modify the formula used to apply that section of the law, known as pre-clearance, which some Southern lawmakers have argued is outdated.

The Westmoreland proposal would address a related section of the VRA that provides a mechanism for jurisdictions to "bailout" or be relieved from those regulations if officials can prove no discriminatory voting practices have occurred in a 10-year period.

Under that amendment the Justice Department would be required to assemble a list of those jurisdictions eligible for the bailout and then issue notifications to those groups.

Despite the lack of communication, Westmoreland said he does not expect today's weekly Republican Conference meeting to be as contentious as last week's, during which some lawmakers chanted for the legislation to be dropped from the schedule.

Norwood said he expects any decision will be delayed until after a Supreme Court ruling is issued in the Texas redistricting case. "We'll look at it again," he said.

Plaintiffs in the Texas lawsuit, League of United Latin American Citizens v. Perry, are challenging the Texas map put into place in 2003 by arguing not only that it was devised to maximize GOP gains but also that it diluted minority voting power and violated the principle of "one person, one vote" by revising districts mid-decade.

A senior GOP leadership aide said leaders are "hopeful" that the measure could be cleared the week after the July Fourth recess and that they were enlisting ex-Rep. J.C. Watts (R-Okla.) to help allay lawmakers' concerns about the bill.

"Having him around is going to be helpful," the aide said.

Osceola To Take Hispanic Voting Rights Issue To Court (ORS)

The Orlando Sentinel, June 28, 2006

KISSIMMEE -- A day after a federal judge put county commission elections on hold, Osceola County said it will not settle a case filed by the Justice Department over Hispanic voting rights.

"The county intends to proceed with the defense of this case. As publicly elected officials, the board must uphold and defend the last expression of the voters in 1996 -- that every precinct voted to return to at-large elections," read Vincent Fontana, the county's attorney, this afternoon. "Also the 2003-2004 charter review advisory commission -- that reflected the entire ethnic makeup of the county -- voted not to recommend that the board put the issue on the ballot again."

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Commissioners met with Fontana for about an hour and a half to review Judge Gregory A. Prensell's order stopping this fall's elections.

"It is important for the citizens to have direct political access to all public officials who have the power to tax their homes and property. This is among the many rights and freedoms for which our armed forces continue to fight," Fontana concluded.

It is not clear what the next step will be. Presnell, a judge in the Middle District in Orlando, wanted a status report on July 12 and scheduled a trial for July 18.

The county could appeal the injunction.

Two county commissioners contacted would not comment on the decision.

A Single Person Could Swing An Election (WP)

By Zachary A. Goldfarb

The Washington Post, June 28, 2006

To determine what it would take to hack a U.S. election, a team of cybersecurity experts turned to a fictional battleground state called Pennasota and a fictional gubernatorial race between Tom Jefferson and Johnny Adams. It's the year 2007, and the state uses electronic voting machines.

Jefferson was forecast to win the race by about 80,000 votes, or 2.3 percent of the vote. Adams's conspirators thought, "How easily can we manipulate the election results?"

The experts thought about all the ways to do it. And they concluded in a report issued yesterday that it would take only one person, with a sophisticated technical knowledge and timely access to the software that runs the voting machines, to change the outcome.

The report, which was unveiled at a Capitol Hill news conference by New York University's Brennan Center for Justice and billed as the most authoritative to date, tackles some of the most contentious questions about the security of electronic voting.

The report concluded that the three major electronic voting systems in use have significant security and reliability vulnerabilities. But it added that most of these vulnerabilities can be overcome by auditing printed voting records to spot irregularities. And while 26 states require paper records of votes, fewer than half of those require regular audits.

"With electronic voting systems, there are certain attacks that can reach enough voting machines . . . that you could affect the outcome of the statewide election," said Lawrence D. Norden, associate counsel of the Brennan Center.

With billions of dollars of support from the federal government, states have replaced outdated voting machines in recent years with optical scan ballot and touch-screen machines. Activists, including prominent computer scientists, have complained for years that these machines are not secure against tampering. But electronic voting machines are also much easier to use for disabled people and those who do not speak English.

Voting machine vendors have dismissed many of the concerns, saying they are theoretical and do not reflect the real-life experience of running elections, such as how machines are kept in a secure environment.

"It just isn't the piece of equipment," said David Bear, a spokesman for Diebold Election Systems, one of the country's largest vendors. "It's all the elements of an election environment that make for a secure election."

"This report is based on speculation rather than an examination of the record. To date, voting systems have not been successfully attacked in a live election," said Bob Cohen, a spokesman for the Election Technology Council, a voting machine vendors' trade group. "The purported vulnerabilities presented in this study, while interesting in theory, would be extremely difficult to exploit."

At yesterday's news conference, the push for more secure electronic voting machines, which has been popular largely on the left side of the political spectrum since the contested outcome of the 2000 presidential election in Florida, picked up some high-profile support from the other side.

Republican Reps. Tom Cole (Okla.) and Thomas M. Davis III (Va.), chairman of the House Government Reform Committee, joined Rep. Rush D. Holt (D-N.J.) in calling for a law that would set strict requirements for electronic voting machines. Howard Schmidt, former chief of security at Microsoft and President Bush's former cybersecurity adviser, also endorsed the Brennan report.

"It's not a question of 'if,' it's a question of 'when,' " Davis said of an attempt to manipulate election results.

Appeals Court Upholds Little Rock Order (FINDLAW/AP)

By Noah Trister, Associated Press Writer

AP, June 28, 2006

(AP) - LITTLE ROCK, Ark.-A federal appeals court on Monday upheld a decision keeping the Little Rock School District under federal desegregation monitoring, which has been in effect since 1965.

DOJ_NMG_0037242

A three-member panel of the 8th U.S. Circuit Court of Appeals at St. Louis agreed with a 2004 ruling by U.S. District William R. Wilson in the long-running desegregation case involving the Little Rock district, the North Little Rock District and the Pulaski County Special School District.

Wilson had ruled that the Little Rock district did not successfully evaluate its academic programs for how well they helped black students. Otherwise, the district would have been released from the remaining desegregation monitoring it has faced since 1965.

The district had been released in 2002 from all aspects of its monitoring except those relating to program evaluations.

In his opinion, Wilson said the district would remain under court order through the 2005-06 school year. Wilson said the district must hire outside experts and design a program assessment process.

While upholding Wilson's decision, the appeals court also signaled its willingness to review the case again if the federal monitoring is not lifted in October.

The court said it was concerned about the "ever-heightened requirements that the district is being asked to satisfy."

Chris Heller, a lawyer for the Little Rock district, called the ruling "a great disappointment." But he also said he was encouraged by the court's willingness to look at the case again if federal monitoring remains in place after this year.

"Perhaps part of the rationale was that the case should be almost over anyway," Heller said of the ruling.

Senate Bars Constitutional Amendment On Flag Burning (Update1) (BLOOM)

By James Rowley

Bloomberg, June 28, 2006

June 27 (Bloomberg) -- The U.S. Senate rejected a proposed constitutional amendment to empower Congress to outlaw flag burning, falling one vote short of the two-thirds majority required to send the measure to the states for ratification.

The vote was 66-34 in favor of the amendment. Sixty-seven votes are required to approve a constitutional amendment.

To become part of the Constitution, an amendment must also be ratified by 38 state legislatures. Republicans argued that 48 states had outlawed flag desecration before a Supreme Court decision in 1989 invalidated a Texas law. They noted that all 50 state legislatures have passed resolutions urging Congress to approve a constitutional amendment.

Democrats accused the Republicans of ignoring more pressing issues, such as spiraling health-care costs, to score election- year points over flag burning. Democrats made the same charge earlier this month when Senate Republicans unsuccessfully sought a vote on a constitutional amendment to ban same-sex marriage.

``Why are we here? Because the White House and the congressional Republican leadership are nervous about the upcoming election," Dick Durbin of Illinois, the Senate's No. 2 Democrat, said during today's debate in Washington. ``We are not setting out to protect Old Glory. We are setting out to protect old politicians."

Republicans said the issue is above politics, citing bipartisan support in the House of Representatives, which has passed a flag-burning amendment six times in the last 12 years.

``Bringing it up at this time is certainly not an election- year ploy," said Utah Republican Orrin Hatch, the measure's prime sponsor. ``We have Democrats and Republicans who feel deeply about this."

Vote Breakdown

Senate Democratic leader Harry Reid of Nevada and 13 other Democrats voted in favor of the proposed amendment.

Kentucky Senator Mitch McConnell, the deputy Republican leader, voted against the amendment. McConnell has said he favors upholding First Amendment values. Two other Republicans, Lincoln Chafee of Rhode Island and Robert Bennett of Utah, also opposed the amendment.

Proponents argued that the amendment was needed to reverse the 5-4 Supreme Court ruling that they argued usurped legislative powers to outlaw flag burning. Hatch called the proposal ``a simple little constitutional amendment" to restore that power. ``Who could be against that?"

Democratic Proposal

Earlier, the Senate defeated narrower legislation proposed by Durbin. His measure would outlaw flag burning with the intent of inciting violence or desecration or theft of a flag on U.S. government property. Durbin said his bill would protect the flag ``without defiling our Constitution."

West Virginia Senator Robert Byrd, acknowledging that many voters in his home state where he is seeking re-election will disagree with him, said amending the Constitution to protect the flag would undermine the charter of democracy.

``Old Glory lives because the Constitution lives," he said. ``We love that flag, but we love the guarantees of the Constitution more."

The Senate last voted in 2000 on the proposed amendment when supporters fell four votes short of the required two-thirds support.

DOJ_NMG_0037243

Flag Amendment Narrowly Fails In Senate Vote (NYT)

By Carl Hulse

The New York Times, June 28, 2006

WASHINGTON, June 27 — A proposed Constitutional amendment to allow Congress to prohibit desecration of the flag fell a single vote short of approval by the Senate on Tuesday, an excruciatingly close vote that left unresolved a long-running debate over whether the flag is a unique national symbol deserving of special legal standing.

The 66-to-34 vote on the amendment was one vote short of the 67 required to send the amendment to the states for potential ratification as the 28th Amendment. It was the closest proponents of the initiative have come in four Senate votes since the Supreme Court first ruled in 1989 that flag burning was a protected form of free speech.

The opponents — 30 Democrats, 3 Republicans and an independent — asserted that the amendment would amount to tampering with the Bill of Rights in an effort to eliminate relatively rare incidents of burning the flag. They said it violated the very freedoms guaranteed by the symbolism of the flag.

"This objectionable expression is obscene, it is painful, it is unpatriotic," said Senator Daniel Inouye, a Hawaii Democrat who won the Medal of Honor for his service in World War II. "But I believe Americans gave their lives in many wars to make certain all Americans have a right to express themselves, even those who harbor hateful thoughts."

Proponents of the amendment, which was backed by 52 Republicans and 14 Democrats, disputed the assertion that burning the flag was a form of speech. They said the amendment was simply an effort to reassert Congressional authority after a misguided court ruling. They said it was particularly appropriate to act now when American troops are at risk.

"Old Glory lost today," said Senator Bill Frist, the majority leader, who scheduled the debate and vote in the week before Congress broke for its Fourth of July recess.

The full text of the proposed amendment is, "The Congress shall have power to prohibit the physical desecration of the flag of the United States."

The vote is likely to be an issue in the Congressional elections in November, and Senator Orrin G. Hatch, the Utah Republican who was the chief sponsor of the amendment, predicted the minority who opposed it would be held accountable by the voters.

"I think this is getting to where they are not going to be able to escape the wrath of the voters," Mr. Hatch said.

Eleven senators facing re-election this year opposed the amendment and several are facing potentially difficult races, including Lincoln Chafee of Rhode Island, a Republican, and the Democrats Daniel K. Akaka of Hawaii, Robert C. Byrd of West Virginia, Maria Cantwell of Washington and Joseph I. Lieberman of Connecticut.

The leader of the Citizens Flag Alliance, which had been running newspaper advertisements on the issue in selected states, said it would continue to press the issue and make sure voters know where their senators stand on the amendment.

"I think this is the right thing to do, and I am going to keep at it until we run out of money or they tell me to stop," said Daniel S. Wheeler, an American Legion official who leads the advocacy group.

Prior to the vote on the amendment itself, the Senate voted 64 to 36 against a proposed bill that would have criminalized flag desecration. Senator Richard J. Durbin of Illinois, the second ranking Senate Democrat, said his plan had been written to avoid Supreme Court objections, but backers of the constitutional approach dismissed that idea.

President Bush, whose father was president when the flag fight initially erupted in the aftermath of two high court rulings, said he was disappointed in the outcome. "I commend the senators from both parties who voted to allow the amendment ratification process to protect our flag to go forward, and continue to believe that the American people deserve the opportunity to express their views on this important issue."

The House has routinely approved the flag amendment on bipartisan votes and did so last year. Had the Senate passed the amendment, it would have been likely to win ratification from the required 38 states since, supporters say, all states have endorsed the amendment in some form.

While the amendment gained three votes since it was last considered in 2000, its future prospects are uncertain. Senator Mitch McConnell, Republican of Kentucky, is in line to become the Republican leader in the next Congress, and he opposes the initiative on free speech grounds. In addition, most analysts expect Republicans to lose Senate seats in the November election.

"This would have been the easiest time to get it through," said Senator Charles E. Schumer, Democrat of New York, who opposed it.

The vote, which came after the Senate earlier this month defeated a proposed constitutional amendment to ban same-sex marriage, will not be the last ideologically charged vote in the run-up to the midterm elections. The House Republican leadership announced Tuesday that it plans votes this summer on social issues, including a same-sex marriage amendment, abortion rights, Internet gambling, property rights and the Pledge of Allegiance.

DOJ_NMG_0037244

"The American Values Agenda will defend America's founding principles," Speaker J. Dennis Hastert said. "Through this agenda, we will work to protect the faith of our people, the sanctity of life and freedoms outlined by our founding fathers."

And the House on Tuesday approved on a voice vote a proposal that would prohibit condominium associations and other homeowner groups from preventing residents from displaying the flag.

The American Civil Liberties Union, which has been deeply involved in opposing the amendment for years, credited the senators who took a potentially politically tough vote to block it.

"The Senate came close to torching our Constitution, but luckily it came through unscathed," said Caroline Fredrickson, director of the organization's Washington legislative office. "We applaud those brave senators who stood up for the First Amendment and rejected this damaging and needless amendment."

Besides senators up for re-election, the issue also divided lawmakers considered possible presidential candidates in 2008. Those voting yes included Mr. Frist, George Allen of Virginia, John McCain of Arizona, Sam Brownback of Kansas and Chuck Hagel of Nebraska, all Republicans, and Evan Bayh of Indiana, a Democrat. Voting no on the Democratic side were Christopher J. Dodd of Connecticut, Hillary Rodham Clinton of New York, Joseph R. Biden Jr. of Delaware, Russell D. Feingold of Wisconsin and John Kerry of Massachusetts.

Flag-Burning Amendment Fails In Senate By 1 Vote (WSJ)

By Sarah Lueck

The Wall Street Journal, June 28, 2006

WASHINGTON -- The Senate narrowly failed to approve a proposed constitutional amendment to ban burning the American flag, as supporters fell just one vote short of the 67 needed for passage.

Fourteen Democrats were among the 66 senators voting for the proposal, which would have been a crucial step toward giving Congress the authority to prohibit "physical desecration" of the flag, just before the Fourth of July recess, when many lawmakers will return home to campaign for re-election. Three Republicans and 31 Democrats voted against it.

Opponents said they didn't want to change the Constitution to prevent an action that rarely occurs. They proposed a substitute, a statute that would have prohibited damaging the flag in narrow circumstances, such as when it belongs to the federal government or is destroyed on federal land or to incite violence. "There are ways we can deal with this" without an amendment, said Sen. Richard Durbin (D., Ill.). "We feel we should not desecrate the Constitution."

Supporters said they wanted to protect an important symbol. "Destroying the very emblem of that freedom is just plain wrong," said Senate Majority Leader Bill Frist (R., Tenn.).

Daniel Wheeler, the president of the Citizens Flag Alliance, a coalition led by the American Legion that has been lobbying hard to win Senate passage, said he was disappointed by the vote.

Underscoring the politics behind the measure, Mr. Wheeler said his group will work to publicize the votes of amendment opponents. The coalition plans to highlight the "no" votes of Democratic Sens. Kent Conrad and Byron Dorgan, both of North Dakota, as well as Maria Cantwell of Washington, among others. Mr. Wheeler said Sen. Mitch McConnell, the Kentucky Republican and majority whip who voted against the amendment, also would be a target.

Flag Amendment Rejected By One Vote In Senate (LAT)

By Johanna Neuman And Faye Fiore

The Los Angeles Times, June 28, 2006

WASHINGTON — The Senate today rejected by only one vote a constitutional amendment that would have given Congress the power to ban flag burning.

The tally was a blow to supporters who thought their time had come after 16 years of trying to overcome a Supreme Court ruling that held that legislative bans on flag burning violated the Constitution's free speech provisions.

"It's not a question of if, but when," said Marty Justis, executive director of the Citizens Flag Alliance, a coalition of 147 organizations, including the American Legion, that has spent about $25 million since 1989 to back an amendment. "We will be back."

The vote capped two days of debate, during which opponents charged that the push for an amendment was driven more by politics than patriotism. They argued that the main aim of Republican sponsors was to rally conservatives in an election year even if that meant trampling on the Constitution to do it.

In addition to urging that the flag be protected, proponents argued that the Supreme Court in its 5-4 ruling had usurped the will of the people.

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More than a dozen Democrats supported the amendment, disputing charges that it would trample on free speech rights. In an emotional speech, Sen. Dianne Feinstein (D-Calif.) talked about picking up a newspaper in February 1945 to see Joe Rosenthal's iconic photograph of U.S. Marines struggling to raise the flag on Iwo Jima.

"For me, at that time as a 12-year-old, and for the nation, the photo was a bolt of electricity that boosted morale," Feinstein said. "Its symbolism of everything courageous about my country was etched into my mind for all time."

She said that "protecting the flag will not prevent anyone from expressing his or her point of view."

Opponents countered that amending the Constitution to ban the desecration of the flag would violate the principle of free speech that allows protesters to burn or stomp on the flag as part of their demonstration.

"We must also defend the right of all Americans to express their views about their government, however hateful or spiteful or disrespectful those views may be," Sen. Russ Feingold (D-Wis.) said. "America is not simply a nation of symbols, it is a nation of principles."

Proponents argued that the Supreme Court had overreached.

"Who gets the final word -- five Justices on the Supreme Court or we the people?" asked Sen. John Cornyn (R-Texas). "The flag is the symbol of our freedom. Why in the world would we refuse to protect it?"

Countering arguments that the constitutional amendment would amend the Bill of Rights and curb free speech, Cornyn added: "This is not about speech, it's about behavior."

Sen. Orrin Hatch (R-Utah), chief sponsor of the effort, blasted those who suggested, as Sen. Dick Durbin (D-Ill.) had, that the flag amendment would for the first time amend the Bill of Rights.

"This doesn't have anything about the Bill of Rights in it," he said. "All it says is we're going to give power back to the people."

Critics argued that the effort to amend the Constitution was a solution in search of a problem because an unofficial collection of desecrations posted on the Citizens Flag Alliance website lists four events this year and about 50 in the past five years.

Unlike flag burning in the 1960s -- a powerful symbol of opposition to the Vietnam War -- these days flag burners are prosecuted for other crimes, such as public drunkenness, theft, vandalism or setting a dangerous fire.

"What is amazing is that even in a time of war and discontent, patriotism and great respect for the flag exists without a constitutional amendment. We don't need to force Americans to love the flag, they just do," said Terri Ann Schroeder, senior lobbyist for the American Civil Liberties Union, which worked against the amendment.

If the constitutional amendment eventually passes Congress, it would be sent to the states for ratification. At least 38 states would have to ratify the language within seven years before it would become the 28th amendment to the Constitution.

A recent CNN poll showed 56% of Americans favor a flag-burning amendment, and all 50 states have asked Congress to send them the amendment for ratification.

Senate Rejects Flag Desecration Amendment (WP)

By Charles Babington

The Washington Post, June 28, 2006

The Senate rejected by a single vote yesterday an effort to amend the Constitution to allow Congress to ban desecration of the American flag, after a two-day debate freighted with political calculations and sharp disputes over the limits of free speech.

The 66 to 34 vote fell just short of the two-thirds majority required to approve a constitutional amendment and submit it to the states for ratification. It marked the latest setback for congressional attempts to supersede Supreme Court decisions in 1989 and 1990. Justices narrowly ruled that burning and other desecrations of the flag are protected as free speech under the First Amendment.

As expected, three Republicans -- Robert F. Bennett (Utah), Lincoln D. Chafee (R.I.) and Mitch McConnell (Ky.) -- voted against the amendment. Fourteen Democrats voted for it. The House approved the measure 286 to 130 last year.

GOP congressional leaders have offered up several measures in recent weeks that are important to their conservative political base -- including an amendment banning same-sex marriage and further cuts in the estate tax -- culminating with yesterday's vote on flag burning.

Polls show that most Americans want flag desecration outlawed, and the amendment's proponents said they were trying to stop justices from thwarting the public's will. They said that burning a U.S. flag in public -- while rare these days -- is a reprehensible insult to the nation's founders and a dishonor to the Americans who died fighting tyranny.

The amendment's opponents agreed that flag burning is repugnant, but argued that U.S. troops died to preserve freedoms that include controversial political statements.

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Flag burning "is obscene, painful and unpatriotic," Sen. Daniel K. Inouye (D-Hawaii), who lost an arm in World War II, said in a floor speech yesterday. "But I believe Americans gave their lives in the many wars to make certain that all Americans have a right to express themselves -- even those who harbor hateful thoughts."

Sen. Dianne Feinstein (D-Calif.) summarized the proponents' views. The flag's special symbolic status, she said, makes its desecration different from holding a sign denouncing the president. Burning an American flag in anger, she said, is "conduct, not speech" because the flag is "the symbol of our democracy, our shared values, our commitment to justice, our remembrance to those who have sacrificed to defend these principles."

Behind the constitutional rhetoric were cold political considerations. Republicans are eager to energize conservative voters this fall, and the flag initiative -- even if doomed to fail -- is seen as a sure-fire way to inspire them, especially a week before Independence Day.

The vote is the closest that advocates have come to banning flag desecration in many years of trying. In 2000, the Senate fell four votes short, and supporters had hoped the GOP's 55 to 44 majority -- there is one independent, James M. Jeffords (Vt.) -- would put them over the top this year.

The GOP-controlled House has repeatedly approved the amendment by wide margins, and advocates say they could have handily obtained ratification by three-quarters of the states if the Senate had followed suit.

The debate divided senators along unusual lines. Opposing the amendment was McConnell, the Senate's second-ranking GOP leader, and Bennett, a quiet, mainstream Republican. Democratic supporters included Minority Leader Harry M. Reid (Nev.) and Sen. Evan Bayh (Ind.), a presidential hopeful. Maryland's Democratic senators voted against the amendment and Virginia's Republican senators voted for it.

The amendment's chief sponsor, Sen. Orrin G. Hatch (R-Utah), disputed assertions that the measure was politically motivated and was an unwise use of the Senate's time in the face of war in Iraq, high gasoline prices and a growing federal deficit.

"Fifty state legislatures have called on us to pass this amendment," Hatch told colleagues.

He and his allies had tried for days to pick up one more vote. But virtually all senators had stated their positions publicly, making efforts at negotiation or persuasion fruitless.

The Constitution was last amended -- for the 27th time -- in 1992, when the states belatedly ratified a 1789 bid by Congress to regulate lawmakers' pay increases.

Overturning a Texas law in 1989, the Supreme Court ruled 5 to 4 that burning an American flag in protest is a form of political speech protected under the First Amendment. Congress later passed a federal anti-flag-desecration law, and the high court invalidated it on the same grounds.

Ever since, lawmakers have debated whether flag burning is an unsavory cost of political freedom or something more akin to intolerable hate speech or monument defacement.

"All rights enshrined in the Constitution have certain limits," said Sen. Mel Martinez (R-Fla.). "There is no such thing as unlimited rights. Although we treasure and value our right of free speech . . . we protect our national monuments," including the flag.

But Russell Feingold (D-Wis.) said Congress must "defend the right of all Americans to express their views about their government, however hateful or spiteful or disrespectful those views may be."

The proposed amendment said simply: "The Congress shall have power to prohibit the physical desecration of the flag of the United States."

Before the final tally, the Senate voted 64 to 36 to reject an alternative measure designed to provide political cover for those who opposed Hatch's legislation. The measure -- a proposed statute, rather than constitutional amendment -- was offered by Sen. Richard J. Durbin (D-Ill.) and was strongly endorsed by Sen. Hillary Rodham Clinton (D-N.Y.), a possible presidential candidate who has sought a middle ground in the flag-burning debate.

The proposal would have outlawed flag desecration if the perpetrators were also damaging federal property, trying to incite violence or trying to intimidate someone. Opponents called Durbin's measure a political fig leaf that the Supreme Court would rule unconstitutional.

Hours before the votes were taken, Sen. George Allen (R-Va.) thrust the issue into his reelection campaign. Noting that Democratic challenger James Webb had said he opposed the amendment, Allen's campaign issued a press release linking Webb to Sens. John F. Kerry and Edward M. Kennedy of Massachusetts, who voted against the amendment. The release said Webb is "totally beholden to the liberal Washington senators" who backed him in this month's primary.

Senate Rejects Flag Desecration Amendment (AP-Y2)

By Laurie Kellman

DOJ_NMG_0037247

AP2, June 27, 2006

A constitutional amendment to ban flag desecration died in a Senate cliffhanger Tuesday, a single vote short of the support needed to send it to the states for ratification and four months before voters elect a new Congress.

The 66-34 tally in favor of the amendment was one less than the two-thirds required. The House surpassed that threshold last year, 286-130.

The proposed amendment, sponsored by Sen. Orrin Hatch (news, bio, voting record), R-Utah, read: "The Congress shall have power to prohibit the physical desecration of the flag of the United States."

It represented Congress' response to Supreme Court rulings in 1989 and 1990 that burning and other desecrations of the flag are protected as free speech by the First Amendment to the Constitution.

Senate supporters said the flag amounts to a national monument in cloth that represents freedom and the sacrifice of American troops.

"Countless men and women have died defending that flag," said Majority Leader Bill Frist, R-Tenn., closing two days of debate. "It is but a small humble act for us to defend it."

Opponents said the amendment would violate the First Amendment right to free speech. And some Democrats complained that majority Republicans were exploiting people's patriotism for political advantage in the midterm elections.

"Our country's unique because our dissidents have a voice," said Sen. Daniel Inouye (news, bio, voting record), D-Hawaii, a World War II veteran who lost an arm in the war and was decorated with the Medal of Honor.

"While I take offense at disrespect to the flag," he said, "I nonetheless believe it is my continued duty as a veteran, as an American citizen, and as a United States senator to defend the constitutional right of protesters to use the flag in nonviolent speech."

Among possible presidential contenders in 2008, six voted yes: Democrat Evan Bayh of Indiana and Republicans George Allen of Virginia, Sam Brownback of Kansas, Frist, Chuck Hagel of Nebraska, and John McCain of Arizona. Five, all Democrats, voted no: Joseph Biden of Delaware, Hillary Rodham Clinton of New York, Christopher Dodd of Connecticut, Russell Feingold of Wisconsin, John Kerry of Massachusetts.

The Senate also rejected an alternative put forward by assistant Democratic leader Dick Durbin of Illinois. It would have made it against the law to damage the flag on federal land or with the intent of breaching the peace or intimidation. It also would have prohibited unapproved demonstrations at military funerals.

The last time the Senate considered the amendment, in 2000, it fell four votes short of what was needed. Both sides predicted rightly before Tuesday's vote that it would get more support.

The last proposed constitutional amendment that Congress sent to the states for ratification was the Equal Rights Amendment in 1972. The normal seven-year deadline for state ratification was extended to 1982, but the ERA couldn't muster the approval of more than 35 state legislatures, three short of the three-fourths of states required under the Constitution.

The 26th Amendment, guaranteeing 18-year-olds the right to vote, was approved by Congress in March 1971 and was ratified by the states less than four months later.

The 27th Amendment, ratified in 1992, was first proposed in 1789. It says pay raises that Congress votes for itself can't take effect until after the next election for members of the House.

The House also got into the July Fourth spirit Tuesday by passing on a voice vote a measure that would bar condominium and homeowner associations from restricting how the flag can be displayed.

Sponsored by Rep. Roscoe Bartlett (news, bio, voting record), R-Md., the resolution would prohibit those groups from preventing residents from displaying an American flag on their own property. The Senate is considering whether to bring up the measure this year.

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The proposed flag amendment is S.J. Res. 12.

Senate Nixes Old Glory Amendment (HILL)

By Jonathan Allen

The Hill, June 28, 2006

The Senate last night rejected a constitutional amendment that would allow Congress to ban flag desecration. The 66-34 tally fell one vote short of the two-thirds support necessary to send the measure to the states.

Just before the vote, the Senate also defeated, 36-64, a substitute amendment combining a statutory desecration ban and a bill that would prohibit demonstrations at military funerals.

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Invoking the American flag that flew over Iwo Jima during World War II and the one raised at the site of the World Trade Center after the Sept. 11, 2001, terrorist attacks, Senate Majority Leader Bill Frist (R-Tenn.) said the stars and stripes inspire acts of heroism, courage and strength in the name of freedom.

"Destroying the very emblem of that freedom is just flat wrong," Frist said.

Sen. Russ Feingold (D-Wis.), like Frist a possible 2008 presidential candidate, argued that free expression is more important than a symbol of that freedom.

"America is not simply a nation of symbols; it is a nation of principles," Feingold said. "And the most important principle of all, the principle that has made this country a beacon of hope and inspiration for oppressed people throughout the world, is the right of free expression."

All but three Republicans, Sens. Mitch McConnell (Ky.), Bob Bennett (Utah) and Lincoln Chafee (R.I.), voted for the constitutional amendment, and 14 Democrats supported it. Senate Minority Leader Harry Reid (D-Nev.) and freshman Sen. Robert Menendez (D-N.J.) voted for both proposals.

Amendment supporters, including sponsor Sen. Orrin Hatch (R-Utah), said a change to the Constitution is necessary because the courts have invalidated statutory flag-desecration bans. The amendment, they noted, would not actually prohibit flag desecration.

"Why wouldn't we want to restore power back to the people?" Hatch said.

California Democrat Sen. Dianne Feinstein took a similar tack.

"In honor of this emblem of America, I ask that this body permit us to give the American people the opportunity to decide if the Constitution should be amended," Feinstein said. "It is time to let the people decide."

Critics argued that few American flags are burned, that an amendment to the Constitution would be the wrong fix for such a problem and that the nation has more pressing business.

"I completely agree that flag burning is a contemptible act, calculated to outrage rather than persuade. But even if there was a nationwide epidemic of flag burning, it would not begin to rival the problems we have faced without amending the Bill of Rights," said Sen. Edward Kennedy (D-Mass.).

Proponents sought to draw a distinction between speech and physical acts.

"This amendment seeks to prevent the physical abuse of a symbol that has served our country in many valuable ways through its history," said Sen. Mel Martinez (R-Fla.). "It does not do so by restricting anyone's speech, but by addressing their physical conduct."

Sen. Frank Lautenberg (D-N.J.) brought a picture of singer Kid Rock to the floor of the Senate to argue that one man's act of patriotism is another man's act of desecration.

"Here he is, Kid Rock, with his head through the flag. Is that a desecration? It was such a desecration that he was invited to address the Republican convention, and they partied with him and they loved him," Lautenberg said.

The two sides bantered all day over the urgency and propriety of the amendment.

"The timing of this consideration, four months before the mid-term election, raises concerns, again, that the Constitution is being misused for partisan purposes," said Vermont Sen. Patrick Leahy, the leading Democrat on the Judiciary Committee. "That is wrong."

Even some who supported the amendment suggested it was not the most pressing business before the Senate.

"It's not a burning issue in the grand scheme of things" said Sen. Gordon Smith (R-Ore.).

Not Quite The Banner Day One Might Have Hoped For (WP)

By Dana Milbank

The Washington Post, June 28, 2006

As the Senate's flag-desecration debate heated up yesterday and the sparks began to fly -- but before the smoke cleared -- the amendment's backers were asked a burning question: Is this the most important issue facing the nation?

The senators rushed to extinguish the very thought.

"I don't think anybody would say it's the most important," said Sen. Trent Lott (R-Miss.).

"No, no, not even close," said Sen. John Ensign (R-Nev.), who, like Lott and 57 other senators, nevertheless signed on as a co-sponsor of the amendment.

"Ha, ha, ha," Sen. Kay Bailey Hutchison (R-Tex.), another co-sponsor, replied, before disappearing through an unmarked doorway.

In fact, when the question was put to 19 Senate supporters of the amendment yesterday in the Capitol corridors off of the Senate chamber, only one -- amendment author Orrin Hatch (R-Utah) -- asserted that this was indeed the nation's No. 1 priority. And that was only after some serious goading.

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So why is the Senate, which came within one vote of approving the amendment yesterday, giving the matter such prominence?

Backers of the flag amendment had planned to make the issue the highlight of their last week in town before the July 4 recess. But by midday yesterday, they were flagging. Originally planning to spend as many as four days of debate on the amendment, they decided to get rid of it before sunset. "This is the day we're dealing with it," Sen. Jon Kyl (R-Ariz.) vowed as he made his way to the chamber.

Out on a lethargic Senate floor, both sides were struggling to find speakers to fill the time for debate. Starting at 11 a.m., the lawmakers killed time with five quorum calls as they hunted for somebody to take the floor; one quorum call ended only when the senators decided it was time for lunch.

After a two-hour party lunch, Republican senators went to the microphone to talk about national security, not flag security. By late afternoon, Judiciary Committee Chairman Arlen Specter (R-Pa.) gave up the flag talk entirely and gave a speech instead about a judicial nominee.

"It's not a burning issue," a wry Sen. Gordon Smith (R-Ore.) told The Hill newspaper's Jonathan Allen off the Senate floor. Smith, a backer of the amendment, betrayed no hint that his wordplay was intentional.

Nearby, Sen. John Sununu (R-N.H.) was practically running from the debate. Would he take a question about flag burning? "Uh, no," he said. He paused to reconsider, then walked away briskly. "No, sorry," he reaffirmed.

If wrapping oneself in the flag were a form of desecration, senators on both sides of the issue would have been in some trouble yesterday. Majority Leader Bill Frist (R-Tenn.) called a midday news conference outside his office with two colleagues. They stood in front of three gold-trimmed flags, eagles atop each.

"The American flag represents everything this country stands for," Sen. Jim Bunning (R-Ky.) told the assembled. "I am ready to go on this amendment!"

But is this the most important issue facing the nation? Frist was uneasy. "You know, it's interesting, in terms of the question of why, why, why now," he began, then decided to rephrase the question. "Is it important?" he asked. "You bet it's important."

Fortunately for Frist, his Democratic counterpart was struggling on another flag-bedecked stage. "I think we have some misplaced priorities," Sen. Harry Reid (Nev.) said, condemning the amendment at a news conference. "I don't think it's the right time to bring up the issue." Reid seemed a bit sheepish as he acknowledged, "I'll vote for it."

So if he thinks bringing it up is such a bad idea, why is he voting for it? "I'm confident it won't pass," Reid explained.

Hatch alone seemed unburdened of doubt. "This sends a message to the [Supreme] Court like it's never been sent before!" he said. "In my opinion, there's nothing that would supersede this in importance."

Nobody would join Hatch in assigning the "most important" label.

"I know how y'all use those questions," said a suspicious George Allen (R-Va.).

"I'm not going to put it 'the most important,' " said Norm Coleman (R-Minn.).

"I wouldn't call it the most pressing," demurred John Cornyn (R-Tex.) How about top 10? "I can't give you a top 10," Cornyn again dodged.

Out on the floor, the debate was getting sloppy. Sen. Dianne Feinstein (D-Calif.), a supporter, displayed a poster of Iwo Jima. Sen. Frank Lautenberg (D-N.J.), an opponent, countered with a poster of Kid Rock wearing a flag.

Was this any way to amend the Constitution? Hatch went to the floor to steel the chamber's resolve. "I was asked this afternoon by a large body of media: Is this the most important thing the Senate could be doing at this time?" he told his colleagues, answering the question, "I can tell you: You're darned right it is."

An hour later, Hatch fell a vote short of his goal. But there was no time to wallow: Oregon's Smith was already on the floor, hailing Oregon State University's college baseball World Series victory.

"Mr. President," Smith announced with an enthusiasm that eluded him during the flag-burning debate, "I stand before you a Beaver believer."

US Senate Turns Down Constitutional Ban On Flag Burning (AFP)

AFP, June 27, 2006

The Republican majority in the US Senate failed by just one vote Tuesday to amend the US Constitution to ban desecration of the American flag.

The motion, backed by 66 votes, fell one vote short of the two-thirds majority needed to pass a constitutional amendment. Thirty-four senators voted against it.

Backed by President George W. Bush, the measure had been promoted by the Republican majority as it tries to rally its conservative base ahead of key congressional elections in November.

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Opponents of the measure said flag burning is an expression of free speech that is guaranteed by the US Bill of Rights, and which must be protected.

But the leader of Senate Republicans, Bill Frist, said the vote was a defeat for the US flag itself and the patriotic American spirit it represents.

"'Old Glory' lost today," Frist said after the vote.

And like other supporters of the amendment, he said especially at a time of war, it was important to protect the flag as a symbol of freedom and national unity.

"At a time when our armed services are defending America's freedom in the war on terror, it's unfortunate that a minority of my colleagues blocked this amendment," he said.

The Republican leader also suggested that a future vote on a similar amendment could be in the offing.

"I hope the amendment's support in the Senate will continue to grow," he said. "In the meantime, I hope America rededicates itself to respecting the flag, our symbol of national unity, especially when our troops are wearing that flag as they risk their lives for this great country every day."

Votes on outlawing desecration of the flag have become a perennial feature of the Republican-led Congress, with each succeeding vote getting a little closer to passage.

The measure voted on Tuesday, a one sentence bill, read simply: "The Congress shall have the power to prohibit the physical desecration of the flag of the United States."

Had the measure prevailed, the vote could have been an initial step in what would have been the first congressionally mandated change to the Constitution in 35 years.

In order to change the Constitution, at least 38 of 50 states would have to accept a proposed amendment within seven years of the congressional vote.

Over the past decade and a half, since the US Supreme Court ruled that flag desecration, including burning, was a protected form of speech, Congress repeatedly has attempted to approve a ban on flag desecration.

Those bills have been approved various times in the House of Representatives, only to go down in defeat in the Senate. The House most recently passed an effort to insert a flag burning ban into the Constitution last year.

Some lawmakers, including US Senator Hillary Clinton and the Senate's Deputy Democratic leader, Richard Durbin, took a middle ground on the measure, saying they are opposed to flag desecration, but also against revising the Constitution.

They co-authored a separate bill, which was also defeated Tuesday, which would have made flag desecration a crime, but without amending the Constitution.

Flag Amendment Fails In Senate (WT)

By Christina Bellantoni

The Washington Times, June 28, 2006

The Senate last night fell one vote shy of passing a constitutional amendment against flag burning, with supporters calling the vote a blow to the American flag.

"Old Glory lost today," said Senate Majority Leader Bill Frist, Tennessee Republican. "Protecting the symbol of our nation's freedom is important, and I hope the amendment's support in the Senate will continue to grow."

The American Civil Liberties Union countered by calling the vote a "victory for the First Amendment."

Senators voted 66-34 in favor of the amendment, an increase of three lawmakers since the last Senate vote in March 2000 but short of the 67 needed. Senate leaders were not certain up to the last minute whether the measure would pass. They initially thought they would fall a vote short, but they hoped to persuade a final senator.

The amendment would have granted Congress the authority to write laws banning the physical desecration of the American flag.

Over two days of debate, supporters argued that the American flag must be protected because it "represents everything this country stands for," said Sen. Jim Bunning, Kentucky Republican.

They said the amendment would "send a message to the Supreme Court," which struck down state flag-protection laws in 1989 and a federal law intended to reverse that ruling.

"The Supreme Court should not be deciding difficult social issues," said Sen. Orrin G. Hatch, Utah Republican.

President Bush last night issued a statement saying that he thinks respect for the flag shows "reverence for the ideals that guide our nation."

"The American people deserve the opportunity to express their views on this important issue," he said.

Supporters noted that all 50 state legislatures have supported flag protection, and said the House of Representatives has passed such an amendment six times.

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Opponents agreed that desecrating the flag is "disgusting," "abhorrent" and "offensive," but said changing the Constitution would be a violation of free speech.

"I love the flag; we all love the flag and all that it represents," said Sen. Robert C. Byrd, West Virginia Democrat, clutching a copy of the Constitution.

"While I agree that desecration of the flag is abhorrent, repugnant, amending the Constitution flies in the very face of the First Amendment right of freedom of speech," he said.

Burning a flag is "obscene, painful, unpatriotic," said Sen. Daniel K. Inouye, Hawaii Democrat and a World War II veteran. "But I believe Americans gave their lives in many wars to make sure that all Americans have the right to express themselves, even those who express painful thoughts."

Opponents of the amendment also argued that the concept of "desecration" was vague. They showed images of Mr. Bush using a marker to autograph a U.S. flag and of musician Kid Rock wearing a shirt made out of the flag.

They noted that only a few incidents of flag burning have occurred since the Supreme Court decision, and said the Senate has more important issues to debate before the weeklong Independence Day recess.

Sen. Patrick J. Leahy, Vermont Democrat, said Republicans had "turned the flag into a partisan political weapon."

However, 14 Democrats joined all but three of the chamber's 55 Republicans in favor of the amendment.

Meanwhile yesterday, the House unanimously passed by voice vote a bill that said condominium associations cannot prohibit residents from flying the American flag at their homes.

House Speaker J. Dennis Hastert, Illinois Republican, praised his chamber's resolution, calling the flag the nation's "most vivid and sacred symbol of freedom."

Senate Rejects Flag Bill By 1 Vote (USAT)

By Andrea Stone

USA Today, June 28, 2006

WASHINGTON — The Senate fell one vote short Tuesday of passing a constitutional amendment that would have allowed Congress to ban desecration of the U.S. flag.

Sen. Orrin Hatch, R-Utah, and other supporters vowed to try again next year, after a new Congress is elected in November. Since 1990, the measure has failed five times in the Senate to get the two-thirds vote needed to move to the states for ratification. The House of Representatives has approved the amendment seven times, most recently last year.

Hatch says the measure is needed to protect a symbol of freedom and counteract U.S. Supreme Court decisions in 1989 and 1990 that struck down state and federal laws. He cites polls showing public support and non-binding resolutions by 50 state legislatures endorsing the amendment.

“This is a setback, but it's not a final defeat,” he said. “For protecting the Stars and Stripes, I will not give up.”

Opponents said the measure would have curtailed First Amendment rights on speech for the first time since the Bill of Rights was adopted in 1791.

“While I take offense at disrespect to the flag,” said Sen. Daniel Inouye, D-Hawaii, “I nonetheless believe it is my continued duty as a veteran, as an American citizen and as a United States senator to defend the constitutional right of protesters to use the flag in non-violent speech.”

The amendment reads, “The Congress shall have power to prohibit the physical desecration of the flag of the United States.” According to the pro-amendment Citizens Flag Alliance, there were four cases of flag desecration in 2006.

The vote came a week before Independence Day and about five months before the fall elections, prompting both sides to charge the other with playing election-year politics. It was the second time this month the Senate failed to pass a constitutional amendment. The other was a ban on gay marriage.

“The Constitution has survived yet another round of election-year politicking,” said Terri Ann Schroeder of the ACLU, which opposed the flag amendment.

Still, supporters were encouraged. In 2000, the Senate came up four votes short.

Senators also rejected a statute to ban flag desecration. The narrowly worded legislation would have made it a crime to desecrate the flag under certain circumstances, such as when trying to incite violence.

Sen. Dick Durbin, D-Ill., called it a “reasonable alternative that would protect the flag without infringing on our Bill of Rights.” Hatch said the statute was an attempt by some “to cover their backsides.”

Senator Clinton And Liberals Split Over Flag Desecration (NYT)

By Anne E. Kornblut

The New York Times, June 28, 2006

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WASHINGTON, June 27 — Perhaps even more than her stance on the war in Iraq, it is Senator Hillary Rodham Clinton's position on flag desecration that has drawn the scorn of the liberal Democratic base.

When Mrs. Clinton took a stand on the matter last year — co-sponsoring legislation that would have criminalized the desecration of the American flag even as she opposed a constitutional amendment that sought to achieve the same end — she was pilloried from the left. Editorial boards criticized her for political maneuvering, the political commentator Arianna Huffington attacked her for "stars, stripes and triangulation" and even some of her supporters quietly wondered why she had gone out on a limb on such a controversial issue.

On Tuesday, Mrs. Clinton played a leading role in the flag-burning debate once again, co-sponsoring a measure similar to her previous one as an alternative to the constitutional amendment that was about to come up for a vote in the Senate.

"Fortunately, we have an opportunity to protect our flag in a bipartisan and constitutional way," Mrs. Clinton said in her floor speech.

The measure, brought to the floor by Senator Richard J. Durbin, Democrat of Illinois, failed, 64 to 36, minutes before the proposed amendment fell short of the 67 votes it needed.

With more than half of Democrats supporting the measure, the outcome suggested that Mrs. Clinton's approach had plenty of adherents within her party, and that while she might have tried the patience of her core liberal supporters, she remained within the Democratic fold as she prepared for a possible presidential race.

The divergent views of her position reflect a broader rift in the Democratic Party over whether the key to electoral success rests in winning over centrists or by drawing clear distinctions with Republicans by staking out unapologetically liberal positions.

"What's politically pragmatic isn't always what's pleasing to the left," said Steve McMahon, a Democratic consultant. "But pragmatism is what wins elections for Democrats."

Representative Barney Frank, Democrat of Massachusetts, gave Mrs. Clinton credit for trying to give Democrats a viable alternative to amending the Constitution to ban flag desecration.

"This is an effort to try to take into account the people on the left by narrowing" the proposal, Mr. Frank said. "I still disagree with it. But it's clearly a move away from the constitutional amendment, rather than toward it."

Senator John Kerry, Democrat of Massachusetts and a former presidential nominee, voted for the measure, which closely resembled past efforts to pre-empt an amendment to the Constitution. Democrats who voted for the measure in effect bought themselves the right to claim that they had voted against flag desecration, potentially inoculating themselves against possible charges of lacking patriotism in a general election campaign. The broader measure to amend the Constitution failed by a single vote, 66 to 34.

Ms. Huffington was not mollified.

"It seems in line with her stance on so many issues — trying to strike right in the middle and triangulate, by not supporting the amendment because that would upset the base too much and at the same time supporting a legislative proposal that will appeal to the center," she said of Mrs. Clinton. "It's a truly tragic way of leading."

Arresting Prison Reform (LAT)

The Los Angeles Times, June 28, 2006

GOV. ARNOLD SCHWARZENEGGER'S collapse on prison reform is one of the most disappointing failures of his tenure. Soon after taking office in 2003, he embraced initiatives to reduce the inmate population. The extent of his retreat in the face of opposition from the guards union is evident in his new four-part plan for the prisons.

The centerpiece of the governor's plan is a bill by Assembly Speaker Fabian Nuñez (D-Los Angeles) to build two prisons using lease revenue bonds, which are advantageous for politicians because they don't require voter approval. The downside is that they are horribly expensive, with higher interest rates than voter-approved bonds. The two prisons, which would cost at least $500 million each to build, could end up costing taxpayers a total of at least $2 billion.

The expense might be worth it if building new prisons were the solution to California's correctional problems. It is not, which is why voters refuse to back them. New prisons are much like new freeways, in that they don't do much to solve overcrowding problems — as soon as you build them, they fill up. Further, although overcrowding is a serious issue, the state's corrections system also is plagued by ineffective management and a dangerous shortage of guards; building more prisons alone would only exacerbate the latter two problems while doing little to solve the former.

The governor also wants to use lease revenue bonds to build "parole reentry facilities" — secure detention centers in communities where male inmates would be released and where those near the end of their sentences could be sent for mental health counseling and job training. It's a fine idea, though politically impractical — if there is a community in California that would welcome the construction of a small prison, we'd like to see it. The costs of these facilities are unknown, but the funding mechanism guarantees that they would be steep.

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Equally problematic is the governor's proposal to shift 4,500 nonviolent female inmates to community rehab centers near their homes. This might work if there were enough existing centers to house the inmates or guards to staff them, but there aren't. That means building even more expensive mini-prisons in communities that don't want them.

The governor's plan does nothing to address the concerns of a federal judge investigating abuses of inmates by guards. It doesn't address the shortage of guards nor the management problems that make California's prisons a national embarrassment. Though ostensibly aimed at overcrowding, it doesn't even propose genuine solutions to that problem, such as reforms in sentencing laws and a major boost in rehabilitation programs. If the Legislature, which met in special session Tuesday night to discuss the governor's proposals, wants to set things right, a radical shift in approach is required.

Complain Without Fear (WP)

The Washington Post, June 28, 2006

HAVING LAWS against workplace discrimination isn't much help if employees fear that they'll be punished for filing a claim. So from the start the federal employment discrimination law has offered protection against retaliation to workers who claim discrimination. What's been unclear, however, and a matter of disagreement among the lower federal courts, is precisely what treatment constitutes illegal retaliation. Specifically, is it limited to on-the-job activity or could it involve other actions outside the workplace? And if the retaliation occurs on the job, how serious must it be?

The Supreme Court resolved this issue last week in a decision that was remarkable for both its real-world sensibility and its unanimity. (All nine justices agreed that illegal retaliation had occurred in the case before the court, and all but one, Justice Samuel A. Alito Jr., agreed on a single standard to govern such cases.) The court found that illegal retaliation can take place on or off the job and that it applies to situations in which the employer's actions are "harmful to the point that they could well dissuade a reasonable worker from making or supporting a charge of discrimination." This is a sensible middle ground between extremes that had been adopted by some of the federal appeals courts that considered the issue.

The case involved Sheila White, a forklift operator and the only woman working in the "maintenance of way" department at Burlington Northern & Santa Fe Railway's Tennessee Yard in Memphis. Ms. White complained to officials that her immediate supervisor had repeatedly told her that women shouldn't be working in the department and had made insulting and inappropriate remarks to her.

While the supervisor was disciplined, Ms. White was transferred from forklift duty to the more onerous task of track laborer. In the course of a dispute over her new duties, Ms. White was suspended without pay for 37 days for insubordination. The company ultimately overturned the suspension and awarded Ms. White back pay for that period.

Writing for the eight-justice majority, Justice Stephen G. Breyer emphasized that "petty slights or minor annoyances" wouldn't rise to the level of retaliation, and that the conduct had to be objectively problematic -- enough to dissuade a "reasonable" employee. But as Justice Breyer wisely noted, "Context matters. . . . A change in an employee's work schedule may make little difference to many workers, but may matter enormously to a young mother with school age children."

Thus, in Ms. White's case, while both her forklift driving and her track-clearing duties fell within the same job description, as Justice Breyer wrote, "Common sense suggests that one good way to discourage an employee such as White from bringing discrimination charges would be to insist that she spend more time performing the more arduous duties and less time performing those that are easier or more agreeable."

Similarly, Ms. White's suspension without pay could have been unlawful retaliation even if she was eventually compensated for the time off. "Many reasonable employees would find a month without a paycheck to be a serious hardship," and take that into account before filing a complaint, Justice Breyer noted.

For a court sometimes characterized by ivory-tower jurisprudence, this ruling was a welcome instance of common-sense judging.

ANTITRUST:

PSC Considers BellSouth-AT&T Merger (AP)

By Holbrook Mohr

AP, June 28, 2006

JACKSON, Miss. - A proposed merger between AT&T and BellSouth Corp. has no provisions that would immediately cut jobs in Mississippi, but some opponents fear smaller competitors here could suffer if they are not protected.

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The $67 billion plan met opposition during a hearing before the Mississippi Public Service Commission on Tuesday from a workers' union and telecommunication companies that are concerned the massive acquisition could lead to monopolization of the market.

The Mississippi commission, the Justice Department, the Federal Communications Commission and several other states would have to sign off on the deal, which was announced in March.

Those testifying on behalf of the two companies on Tuesday played down the competition between AT&T and BellSouth, saying the companies target different customers. However, in a February filing with the Security and Exchange Commission, BellSouth said one of its most significant local competitors is AT&T Corp.

Mike Walker, a BellSouth spokesman, told The Associated Press that the February filing is related to all the states where BellSouth operates.

"But specifically when you get to Mississippi, AT&T is not a local competitor for this state," Walker said.

Joseph Gillan, testifying on behalf of NuVox Communications and Time Warner Telecom Inc., asked the commission to put a cap on rates that BellSouth would be able to charge other companies for use of its network.

"The primary concern is that this is going to form a massive incumbent monopoly," Gillan told The Associated Press.

Nationwide, the plan would call for downsizing by about 10,000 employees over three years, said James Kahan, AT&T's senior executive vice president of corporate development.

BellSouth employs about 2,500 people in Mississippi and its subsidiary, Cingular Wireless, has about 1,500 employees in the state.

Kahan said there are "no plans to reduce force (and) no plans to close facilities" in Mississippi.

But he rejected requests by the Communications Workers Association to make retention of jobs a condition of the merger.

"We're not willing to commit to not reducing employees in Mississippi even though we don't have any plans," Kahan said. "Putting conditions on one company and not the others is not pro-competetive."

Paul Kimble, an attorney representing the Communication Workers Association, suggested that about half the savings AT&T was hoping for would come from cutting jobs.

Kahan responded that the larger proportion of the jobs that would be lost are management positions. He said some jobs would be cut initially but the hope is that the combined company would ultimately grow.

And he said most of the savings would come through reduced advertising costs and restructuring the companies' assets, including Atlanta-based Cingular Wireless. AT&T owns 60 percent of the company and BellSouth holds the remainder.

BellSouth President John McCullogh praised the plan.

"I'm excited about the merger, it's in the public interest," he said.

AT&T officials said the merger would bring new technology to Mississippi and help protect against the major communications failures the state experienced in the wake of Hurricane Katrina.

Chris Rice, AT&T's executive vice president of network planning and engineering, testified that the telecommunication giant has invested millions in storm preparation.

BellSouth also needs to merge with AT&T for both companies to remain competitive in a global market, Kahan said.

The merger would also allow for more research and development by spreading the cost to more customers, Kahan testified.

A hearing was set for Tuesday in Tennessee.

McClatchy Closes Deal For Knight Ridder (AP)

By Seth Sutel, AP Business Writer

AP, June 28, 2006

McClatchy Closes Deal for Knight Ridder to Become Second-Largest Newspaper Publisher in U.S.

NEW YORK (AP) -- McClatchy Co. said Tuesday it had completed its acquisition of Knight Ridder Inc., making it the second-largest newspaper publisher in the country in terms of circulation.

The news came a day after Knight Ridder shareholders overwhelmingly approved the transaction in an emotional shareholders meeting in San Jose, Calif., where the company was based.

The company has received notice of regulatory approval for the deal on the condition that it completes its previously announced sale of the St. Paul Pioneer Press. McClatchy already owns the Star Tribune in neighboring Minneapolis, and owning both would have raised antitrust concerns.

McClatchy also announced Tuesday that it had completed the previously announced sales of four Knight Ridder newspapers: the Duluth News Tribune in Minnesota; the Grand Forks Herald in North Dakota; the Aberdeen American News in South Dakota; and the Ft. Wayne News-Sentinel in Indiana and a 75 percent interest in the Fort Wayne Joint Operating Agency.

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In all, McClatchy has reached deals to sell 12 of Knight Ridder's 32 papers, which it has said previously it wanted to sell largely because they did not fit McClatchy's criteria of being located in rapidly growing markets.

McClatchy plans to use the roughly $2.1 billion in proceeds from the divestitures to reduce debt taken on to complete the acquisition.

McClatchy already owned 12 newspapers, so with the 20 it is keeping from Knight Ridder it will now have 32. The company said Tuesday that it would have a combined circulation of 3.3 million.

As a result of the closing of the deal, Knight Ridder's stock will no longer be traded. Under the previously announced terms of the transaction, the shares will be converted into the right to receive $40 in cash and .5118 of a Class A McClatchy share.

In trading on the New York Stock Exchange Tuesday, Knight Ridder's shares ended down 62 cents at $60, while McClatchy's fell $1.42 to $39.03, making the deal worth $59.98 per share of Knight Ridder.

Knight Ridder's Chairman P. Anthony Ridder will join the board of McClatchy. Knight Ridder traced its roots back to 1892, when Ridder's great-grandfather Herman Ridder bought a German-language newspaper in New York.

McClatchy Completes Knight Ridder Purchase (MRKTWTCH)

By David B. Wilkerson, MarketWatch

MarketWatch, June 28, 2006

CHICAGO (MarketWatch) -- McClatchy Co. said after Tuesday's closing bell that it has completed its $6.5 billion purchase of fellow newspaper publisher Knight Ridder Inc.

The close came as expected after a legal formality in which McClatchy said it signed an agreement sought by the U.S. Department of Justice to sell the St. Paul, Minn., Pioneer Press, one of the 32 papers it bought from Knight Ridder.

The department's antitrust division earlier in the day filed a U.S. District Court suit and a proposed consent decree allowing the deal to go forward if McClatchy agreed to sell the Pioneer Press.

McClatchy, which owns the neighboring Minneapolis Star Tribune, previously had announced plans to sell the Pioneer Press to the Hearst Corp. to avoid potential antitrust problems.

McClatchy is selling 11 other Knight Ridder properties to reduce debt.

Following the close of the deal, Knight Ridder shares, which were converted into the right to receive $40 in cash and a fraction of a McClatchy share, will no longer be traded.

McClatchy said it also completed the sales of the Duluth News Tribune; the Grand Forks Herald; the Aberdeen American News; the Ft. Wayne News-Sentinel and a 75% interest in the Fort Wayne Joint Operating Agency.

Along with the proceeds of those sales, McClatchy said it borrowed $3.08 billion under a new bank credit facility to pay for the Knight Ridder purchase.

Last November, Knight Ridder put itself on the block after two of its biggest institutional shareholders demanded that the company pursue a sale to lift its stock price.

McClatchy shares closed Tuesday at $39.03, down $1.42 or 3.51%. David B. Wilkerson is a reporter for MarketWatch in Chicago.

Op-Ed: Are Employees' Statements Their Company's As Well? (LAW)

By Howard E. Heiss And Mark A. Racanelli, New York Law Journal

New York Law Journal, June 28, 2006

Recent federal case finds employee statements made during proffer sessions with the government can be attributed to employers

In a recent criminal case, the antitrust division of the Department of Justice took the position -- and a federal court agreed -- that statements employees make during proffer sessions with the government can be used against their employer at trial, even though the company was not a party to the proffer agreement and was represented by separate counsel.

The government argued that it was permitted to use employees' statements in this way because they are vicarious admissions by the company itself. As far as the government and the court were concerned in that case, the only facts that mattered were that the employee worked at the company at the time of the proffer and made statements about things he did as part of his job.

Whether an aberration or a sign of new thinking at the Justice Department, the case is a cautionary tale for defense lawyers representing companies whose employees have spoken to the government.

But the case also appears to rest on shaky legal ground. It is one thing to say that an employee speaks for the company when talking to coworkers, competitors or investors in a job-related setting. It is something else entirely when employees make

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statements in a prosecutor's office in an effort to avoid or deflect criminal liability for their business conduct, and when their interests might conflict with those of the company.

JUSTICE DEPARTMENT POSITION: PROFFER AS VICARIOUS ADMISSION

The case, United States v. Alaska Brokerage Int'l, Inc.,1 filed in January 2006 in the U.S. District Court for the Western District of Washington -- involves an indictment against a company (Alaska Brokerage) and its principal (David Karsch) for bid-rigging in the market for animal pelts sold at auction. Karsch, who was the sole employee and officer of Alaska Brokerage, submitted to an interview with the government in an attempt to avoid indictment.2 He signed a proffer agreement acknowledging that the government could "use your statements to impeach your testimony ... or to rebut evidence offered on your behalf."3 During the proffer, Karsch admitted that, on behalf of the company, he entered into agreements with competitors not to bid, or to bid at certain prices, for products at auction.

Alaska Brokerage had notified Karsch a week before the interview that it was terminating his employment, though the effective date of the termination was after the proffer.4 The company was not represented at Karsch's proffer and did not sign the proffer agreement.5

Before trial, prosecutors filed an in limine motion to permit them to use Karsch's proffer statements against the company. The government relied principally on Federal Rule of Evidence 801(d)(2)(D), which allows for the admission of statements by a party's agent (1) "concerning a matter within the scope of the agency or employment," and (2) "made during the existence of the relationship."

The Justice Department maintained that Karsch's statements met both criteria and, thus, should be deemed admissions of the company. The statements concerned a "matter within the scope" of Karsch's employment, the prosecutors argued, because they described actions he took on behalf of the company.6 Ignoring the fact that Karsch had been handed his termination papers at the time of the proffer, the government also took the position that his statements were "made during the existence of the relationship" because Karsch's firing had not yet become effective.7

According to the government, that Karsch's statements were attributable to Alaska Brokerage as corporate admissions also closed the books on any constitutional right the company had to confront him about the statements under Crawford v. Washington.8 As the government pointed out, "a criminal defendant's right to confrontation is ... limited to confronting 'witnesses' against him and does not include the right of a criminal defendant to confront his own admissions."9

The Justice Department gave no real consideration to the possibility that Karsch might have been looking after interests that diverged from, or conflicted with, those of his employer at the time of the proffer. To be sure, those concerns were mitigated in the unique circumstances of that case because Karsch was the sole employee and officer of Alaska Brokerage. But the company reasonably argued that there nonetheless was a conflict: Karsch had been told at the time of the interview that he was being fired, the government issued separate target letters to Karsch and the company, and the company, with its own counsel, was separately pursuing plea negotiations.

Moreover, there was no indication that the prosecutors intended to limit their theory to situations where the employee is the company's alter ego. Indeed, the government's papers drew no distinction between the use of proffer statements made by an employee in a one-person "mom and pop" or a Fortune 500 company. In the government's view, either could constitute a vicarious corporate admission.

In a two-page order, the district court agreed with the government that Karsch's proffer statements could be introduced against the company.10 Both Karsch and the company later pleaded guilty.

RULE 801(D)(2)(D)

The key to the Justice Department's position in Alaska Brokerage is its view of the scope of Rule 801(d)(2)(D). The test for determining whether a statement qualifies as a vicarious admission under that rule is well-established. First, an agency relationship must exist at the time of the statement. "The authority granted in the agency relationship need not include authority to make damaging statements, but simply the authority to take action about which the statements relate."11 Thus, courts have commonly found agency relationships based on the fact that an employee was hired to conduct an aspect of the company's business.12

Second, the statement must concern "a matter within the scope" of the declarant's employment. Statements made about matters beyond an employee's job responsibilities are not admissible under 801(d)(2)(D).13But statements arising out of an employee's official duties -- including, most typically, statements about a job while doing that job -- have been deemed vicarious admissions.14 An easy case would be a CEO's statements during an analyst conference call about the company's earnings.

BEYOND THE RULE'S LIMITS

The prosecutors in Alaska Brokerage stretched each of these elements of Rule 801(d)(2)(D) beyond recognized limits. With regard to the first prong, it is difficult to imagine how an employee can be said to be truly acting for the company when he or she is handed a termination notice a week before the proffer, regardless of whether as a matter of pure formality the person is

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still an employee during the interview. Courts have held that what is important is not whether the employee is technically still on the company's payroll, but whether the facts show that the employee is really speaking as an employee.

In Young v. Green Mgmt, Inc., for instance, the 7th Circuit refused to admit as an agency statement an employee's resignation letter which complained of discriminatory practices by the company. Although the employee still worked for the company when he sent the letter, the circumstances demonstrated the employee was really acting as the company's adversary; thus "the justification for Rule 801(d)(2)(D) does not exist because [the employee] was no longer 'inhibited by his relationship with the principal from making erroneous or underhanded comments which could harm the principal.'"15

The government's analysis of the second prong of the 801(d)(2)(D) test is also faulty. The prosecutors argued that an employee's description of something he or she did on the job -- no matter the circumstances in which the statement was made and to whom -- necessarily concerns "matters within the scope" of the employment. But that position strips of all meaning the setting of the employee's statement. And the setting is important.

There is a world of difference between statements made by an employee at an analyst conference call and statements made to a room full of federal agents and prosecutors intent on indicting the employee. It hardly follows that an employee is speaking for the company equally when explaining to the public why revenues will meet expectations and when trying to convince a prosecutor -- who may also be investigating other employees or the company itself -- not to press criminal charges.

Let's assume the government is conducting a criminal investigation of a company and its executives for accounting fraud, and prosecutors invite the chief accounting officer in for an interview. Also assume that that employee would say that she saw pervasive fraud at the company and that the CEO and the CFO were in on it. The potential conflict between the accounting officer's interests and those of the corporation is clear. Indeed, under these facts the witness would need separate counsel from the company. But the prosecutors in Alaska Brokerage would say that the employee's proffer statements could be used against the company as long as she was describing things that she saw, heard and did as part of her job.

2NDCIRCUIT BATTLE

We have found no case other than Alaska Brokerage where a court has ruled that the government can use an employee's statements made at a government interview against the company under Rule 801(d)(2)(D). Other authority suggests that the government's Alaska Brokerage argument would face an uphill battle at least in the 2nd Circuit.

In SEC v. Geon Indus., Inc.,16 the SEC brought a complaint against a number of defendants for insider trading, including the firm that employed a broker who traded on inside information. The broker invoked his Fifth Amendment rights at trial and the SEC offered against the brokerage firm the broker's testimony to the SEC during the investigation. No authorized representative of the firm was present for the SEC testimony. The district court refused to admit the broker's testimony as a vicarious admission under 801(d)(2)(D), and the 2nd Circuit affirmed.

Judge Henry J. Friendly, writing for the Court, focused on the conflict between the broker's interests and those of his firm as a basis for excluding the statement. The court noted that while the broker was still an employee of the firm at the time of his testimony, he had been placed on suspension. The SEC had not filed a complaint when the broker testified, and both he and the firm were "potential defendants." As the court explained, "it was clear that [the broker and the firm] might have conflicting positions" when the broker appeared before the SEC.17 The court held this conflict alone rendered the statements inadmissible as vicarious admissions, and there was no need to even analyze whether the statements fell within the scope of the broker's agency.18

CONCLUSION

While any attempt by the government to use an employee's proffer statement against a company is legally vulnerable, defense counsel -- whether for the corporation or an individual employee -- should be alert to this issue. Counsel for employees should not assume that proffer statements will not find their way into the government's trial arsenal. And counsel for corporations should be ready to prevent the government from introducing such statements as agency admissions.

Howard E. Heiss is a partner and Mark A. Racanelli is counsel, with O'Melveny & Myers. They are former federal prosecutors in the U.S. District Court for the Southern District of New York. Joseph Keller, an associate with O'Melveny, assisted in the preparation of this article.

::::FOOTNOTES::::

FN1 No. CR06-11 (JLR) (W.D. Wash.).

FN2 Memorandum in Support of Government's Motion In Limine to Permit Use of Admissions Made by David Karsch at 1, 3, United States v. Alaska Brokerage Int'l, Inc. (No. CR06-11 (JLR)).

FN3 Id. at 2.

FN4 Alaska Brokerage's Motion to Suppress Statements by David Karsch, at 2, United States v. Alaska Brokerage Int'l, Inc. (No. CR06-11 (JLR)).

FN5 Id. at 3.

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FN6 Government Memorandum, supra note 2, at 4.
FN7 Id. at 3, 5.
FN8 541 U.S. 36 (2004).
FN9 Government Memorandum, supra note 2, at 6.
FN10 Minute Order, United States v. Alaska Brokerage Int'l, Inc., (No. CR06-11 (JLR)) (April 19, 2006).
FN11 Pappas v. Middle Earth Condominium Assoc., 963 F.2d 534, 538 (2d Cir. 1992).
FN12 Id.
FN13 Williams v. Pharmacia, Inc., 137 F.3d 944, 950-51 (7th Cir. 1998) (employee complaints about their supervisors not admissible under 801(d)(2)(D)).
FN14 Buscemi v. Pepsico, Inc., 736 FSupp 1267, 1270 (SDNY 1990) (statements by vice-president of personnel on corporation's hiring practices, printed in a magazine, were 801(d)(2)(D) admissions of company).
FN15 327 F.3d 616, 622-23 (7th Cir. 2003) (citation omitted).
FN16 531 F.2d 39 (2nd Cir. 1976).
FN17 Id. at 43 n. 3.
FN18 Id.

Proposal Would Reduce Companies' Civil Damages (BLOOM)

By James Rowley, BLOOMBERG NEWS
Bloomberg News, June 28, 2006
Effort to rein in lawsuits would help Microsoft

A congressionally created commission is considering a proposal to let U.S. judges reduce the billions of dollars in civil damages that companies such as Microsoft Corp. would have to pay victims for thwarting competition.

In some cases, violators would be spared triple damages and only forced to reimburse consumers for actual financial losses.

A companion proposal would give the government a two-thirds share of triple damages and consumers the rest in criminal price-fixing conspiracies such as the government's prosecution of a global vitamin cartel led by Roche Holding AG and BASF AG.

The proposals are the latest effort to rein in suits against corporations and, if approved by the commission and sent to Congress, are sure to stir opposition.

Richard Grossman, a San Francisco lawyer who sued Microsoft on behalf of consumers, says it is vital to retain the threat of triple damages.

"If you rob a bank and you are only required when you are caught to return the money that you obtained in the bank robbery, then there is no economic incentive not to keep trying," he said.

The 12-member federal commission was created at the prodding of Rep. James Sensenbrenner, 63, a Wisconsin Republican who heads the House Judiciary Committee. The commission has asked for public comment on its proposals by July 10 and is due to send a package of recommendations to Congress by April.

Among the commission members is New York antitrust lawyer John Warden, 64, who headed Microsoft's defense team when the government successfully sued the world's largest software company. Federal courts ruled that the Redmond-based company illegally protected its monopoly for the Windows operating software that runs 95 percent of the world's personal computers.

The government's suit spawned 130 consumer class-action claims that Microsoft settled by agreeing to pay more than $2.2 billion, mostly in the form of rebates on future computer or software purchases. It also paid $4.66 billion to resolve competitors' suits, including $1.5 billion to Santa Clara, Calif.-based Sun Microsystems Inc., $850 million to Armonk, N.Y.-based International Business Machines Corp. and $750 million to Time Warner Inc., based in New York City.

The commission is "kind of an apology to Microsoft," said Lloyd Constantine, a plaintiff's attorney at Constantine Cannon in New York. "The deck was really stacked" through the appointments of Warden and Deborah Garza, the commission's chairwoman, a partner at the Fried, Frank law firm in Washington that also represents Microsoft, he said.

Warden defends the commission's work and said his role on the panel isn't representing Microsoft's interests. "I don't know why anyone would pick Microsoft as somebody who would be uniquely benefited" by the proposed changes, he said in an interview, adding that it is "ridiculous" to infer he was appointed to the panel to help Microsoft. "My views are my own," said Warden, a partner in the New York law firm of Sullivan & Cromwell.

Garza, 49, said that, while she did work for Microsoft, she wasn't involved in the government's antitrust case. "I don't talk to anyone at Microsoft about the commission's activity," Garza said. "I don't think that's why I am on the commission."

Microsoft spokesman Jack Evans said in an e-mail that "Microsoft neither lobbied Congress" to create the Antitrust Modernization Commission "nor advocated the appointment of any of its members."

Investor Group Snags Univision; Televisa Fumes (WSJ)

By Miriam Jordan, Dennis K. Berman And John Lyons

The Wall Street Journal, June 28, 2006

The chaotic auction of Spanish-language broadcaster Univision Communications Inc. has resulted in an equally tumultuous outcome.

Univision yesterday confirmed its planned sale to a consortium of private-equity investors who will pay $12.3 billion and assume $1.4 billion in debt. But in doing so, Los Angeles-based Univision appears to have further rankled an important business partner it had already been feuding with: Mexico's Grupo Televisa SA, the company that provides much of the popular programming that has made Univision the dominant Spanish-language TV network in the U.S.

Televisa, which already owns 11% of Univision, led a group that made a competing bid for Univision. For weeks, it was expected to win the deal, fulfilling Televisa Chief Executive Emilio Azcarraga Jean's dream of controlling the U.S. media asset. After losing the deal early yesterday, people close to Televisa complained bitterly that Univision and its controlling shareholder -- billionaire A. Jerrold Perenchio -- had ignored its bid, failing to discuss it even though the bid was very close in value to the winning offer.

A person in the Univision camp said that the auction was conducted on a level playing field, and that the board used its business judgment to secure what this person described as the best price and the only reliable offer.

In any event, the result is that Univision's relationship with Televisa -- already badly ruptured because of a series of disagreements over the past year -- may now grow even more difficult. Patching up the frayed partnership will likely be the first and most important item on the agenda of Univision's new owners.

The winning bid came from a private-equity group made up of Texas Pacific Group Inc., Thomas H. Lee Partners, Madison Dearborn Partners LLC, Providence Equity Partners Inc. and media mogul Haim Saban. The private-equity partners are contributing $900 million, with $250 million coming from Mr. Saban, and financing the remainder. The consortium didn't speak publicly about how it plans to operate Univision, which consists not just of the highly rated broadcast network, but also sister network TeleFutura, 73 radio stations and several record labels.

The acquiring group's winning bid of $36.25 per share came after an earlier offer of $35.50 was rejected. Televisa and partners Bain Capital and Cascade Investment late last week offered $35.75, but in a prepared statement Televisa said, "repeated offers to discuss all aspects of our proposal including price" were disregarded.

People close to Univision said the Televisa group was disorganized and that its offer was less desirable because of potentially messy regulatory obstacles involving foreign-ownership limits. As the auction approached its zenith late last week -- and the Televisa bid was jeopardized by various partners that pulled out -- Mr. Azcarraga flew to Germany to watch the Mexican soccer team's World Cup match on Saturday.

The Televisa spokesman called untrue the suggestion that the Televisa team was disorganized.

Televisa backers counter that the winning bidders have regulatory issues of their own, as some members are partial owners of other media assets, such as radio stations and newspapers, that could draw scrutiny. The winning deal includes a breakup fee of around $300 million.

Both offers were well below the $40 per share Mr. Perenchio initially sought when he put the company on the auction block in February. Nonetheless, the press-shy Mr. Perenchio in a written statement characterized it as a "blockbuster transaction." Mr. Perenchio himself stands to reap $1.4 billion in the transaction, a giant windfall from the $33 million he invested in the company 14 years ago.

This blockbuster immediately faces complex problems, however. Televisa said it has "a number of options it is considering." Those could include taking legal action against Univision, presenting a new bid or somehow moving its programming to new broadcasting venues. People close to the matter said the winning bidders left room in their final documents to bring Televisa into the deal, but Televisa was steadfastly opposed.

"We've made a decision, and we're not going to join the winning bidder. We're not going to bail that consortium out of the deal that it made," the Televisa spokesman said.

Univision and Televisa have a fractious history together. Mr. Azcarraga's grandfather, who got his start buying radio stations, started assembling the network of U.S. TV stations that eventually became Univision in the 1970s after being surprised by the almost total lack of Spanish-language programming in the states at the time. Mr. Azcarraga's father, a flamboyant man who went by the nickname El Tigre, was forced to sell the network in the late 1980s after a fight with U.S. regulators who charged that he was in violation of foreign-ownership limits of media companies.

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But the Azcarraga family didn't give up easily. In 1992, Televisa teamed with Mr. Perenchio and Gustavo Cisneros to repurchase Univision. The deal was highly criticized by other potential bidders and in news reports as an attempt by the Azcarraga family to retake control of Univision using Mr. Perenchio as a front man to get around U.S. foreign-ownership limits. The structure of the deal was unusual: Mr. Perenchio got 75% control but put up less than 10% of capital to buy Univision. Mr. Perenchio always denied that he was a front man for the Azcarraga family.

The relationship between Mr. Perenchio and the Azcarraga family soured greatly after the death of El Tigre in 1999. Mr. Azcarraga, who inherited the company from his father, quit the board when Mr. Perenchio named one of his protégés, Ray Rodriguez, as president; Mr. Azcarraga wanted an independent search. Televisa is suing Univision over a programming contract that gives Univision exclusive rights to Televisa programming through 2017.

Mr. Rodriguez could become a further lightning rod if the acquiring group retains the current management of the company. People close to the acquiring group say it plans to meet with Univision's management over the next few months to learn about the company and the industry. The acquiring group expects the transaction to close in spring 2007 and will decide about management later.

Televisa and another foreign-owned program supplier, Venezuela's Venevision, both own stakes in Univision that together total 25% -- the maximum foreign ownership allowed under U.S. law. Both companies have board seats and voted against accepting the winning bid at Monday evening's Univision board meeting. The acquiring team needs shareholder approval of 60% for the deal, making it impossible for Televisa and Venevision to derail the deal on their own. Venevision dropped out of Televisa's bidding group last week; it's unclear how closely aligned the two company's interests are.

Credit Suisse Group, Deutsche Bank AG, Bank of America Corp. and Wachovia Corp.'s Wachovia Securities advised the bidding group, with legal advice from Weil Gotshal & Manges and Hogan & Hartson. UBS AG and Skadden Arps Slate Meagher & Flom advised Univision.

Consortium Buys Univision For $12.3bn (FT)

By James Politi

Financial Times, June 28, 2006

A consortium of private equity groups on Tuesday agreed to buy Univision Communications, the US Spanish-language broadcasting company, for $12.3bn in cash, in a buy-out structured with an aggressive financing package and one of the biggest equity cheques on record.

The deal capped a five-month auction for Univision and was seen as a sign of the growth of the Hispanic media market in the US.

However, many of the biggest US media groups – such as Walt Disney and CBS – failed to play meaningful roles in the auction, leaving Mexico's Televisa and a handful of buy-out firms to battle it out in the final bidding.

The deal involves Texas Pacific Group, Thomas H. Lee Partners, Providence Equity Partners, Madison Dearborn Partners and Saban Capital paying $36.25 a share.

The equity portion is worth $3.85bn, making it one of the biggest, while the remaining $8.45bn will be financed by issuing debt valued at about 11.5 times earnings before interest, tax, depreciation and amortisation. This is one of the highest multiples in recent memory, aggressive even for a fast-growing company.

These terms highlight the growing ability of private equity groups to make big acquisitions but will raise questions about the prospects of the businesses they acquire to withstand the rise in interest rates and any downturn in the economic cycle.

Televisa, which was widely seen as the frontrunner to acquire Univision, last week lost an edge in the auction after some of its private equity partners, Carlyle, Blackstone and Kohlberg Kravis Roberts, stepped away because of concerns about overpayment.

In the end, Televisa offered $35.75 a share, along with its remaining partners Bain Capital and Cascade, Bill Gates' investment vehicle.

Televisa on Tuesday criticised Univision's good faith in handling the auction. "Notwithstanding our repeated offers to discuss all aspects of our proposal including price, Univision and its advisers refused to enter into any discussions with us," Televisa said in a statement.

Although Televisa has a contract to supply Univision with some of its most valuable content until 2017, relations between the two companies have been sour for several years.

Televisa could still attempt a fresh bid for Univision but it would have to pay an additional break-up fee.

The Mexican group has also been considering a plan to launch its own Spanish-language network in the US to compete with Univision.

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This could involve an alliance with US broadcasters such as Paxson Communications, NBC's Telemundo unit, and McGraw Hill.

In morning trading, Univision shares, which had fallen recently over concerns that the auction would fail, rose 7 per cent to $34.30.

Credit Suisse, Deutsche Bank, Bank of America and Wachovia advised the consortium, along with lawyers at Weil Gotshal and Hogan & Hartson. UBS and Skadden Arps advised Univision.

Univision Agrees To Buyout Offer Of $12.3 Billion (WP)

By Alex Veiga

The Washington Post, June 28, 2006

LOS ANGELES, June 27 -- Univision Communications Inc.'s board has agreed to sell the company, the nation's largest Spanish-language broadcaster, for $12.3 billion in cash to a consortium of investors, the parties involved in the sale announced Tuesday.

The figure agreed upon late Monday equals $36.25 a share, a 13 percent premium to Univision's closing stock price on Monday. The group of investors will also assume about $1.4 billion in debt.

The consortium, led by private equity firms Texas Pacific Group and Thomas H. Lee Partners LP, also includes Madison Dearborn Partners LLC, Providence Equity Partners Inc. and billionaire investor Haim Saban.

"Univision is truly a one-of-a-kind property," the acquiring group said in a written statement. "It is an outstanding media brand with exceptional positions in the fastest growing markets in the country, world-class assets, strong management, popular programming and unmatched ratings."

Grupo Televisa SA, a Mexican broadcaster that had led a rival consortium of investors, said it was disappointed with the outcome of the Univision auction.

Univision's bylaws allow Grupo Televisa, which owns an 11 percent stake in Univision and supplies it with much of its programming, to veto a sale of the company, but that could be defeated by a 60 percent approval from Univision shareholders.

The consortium led by the Texas Pacific Group initially bid $35.50 a share, or just under $11 billion, last week. But Univision, which had reportedly been seeking an offer of $40 a share, rejected it.

The investor group's offer remained on the table until Friday, when it expired. Both sides talked over the weekend and came to terms, a person familiar with the deal told the Associated Press.

The deal, if approved by Univision shareholders and regulators, is expected to close in the fourth quarter of this year or first quarter of 2007, according to a news release on the sale.

Univision dominates the U.S. Hispanic media market through its three television networks (Univision, TeleFutura and Galavision), more than two dozen television stations, a recorded music division, an Internet portal and Spanish-language radio stations.

Univision Accepts $12.3B Cash Offer (USAT)

By David Lieberman And Laura Petrecca

USA Today, June 28, 2006

NEW YORK — A consortium of private investors including Mighty Morphin Power Rangers producer Haim Saban is set to become the USA's top Spanish-language broadcaster after Univision agreed Tuesday to accept its $12.3 billion cash offer.

The $36.25-a-share deal with Madison Dearborn Partners, Providence Equity Partners, Texas Pacific Group, Thomas H. Lee Partners and Saban Capital Group sent shares soaring 6.2% to $34.

"The outstanding cash flow multiple our shareholders will receive reflects the extraordinary growth of the Hispanic population, Univision's unique bond with its community and our ability to deliver tremendous audiences to our mainstream advertising partners," Univision CEO A. Jerrold Perenchio said in a statement.

In addition to the Univision network, the company includes broadcast network TeleFutura, cable network Galavision, 62 TV stations in the USA and Puerto Rico, Univision Radio, Univision Music Group and Univision Online.

But the deal left a sour taste with rival bidder Mexico-based Grupo Televisa, which supplies most of Univision's prime-time programming and holds an 11.4% stake.

"Notwithstanding our repeated offers to discuss all aspects of our proposal, including price, Univision and its advisers refused to enter into any discussions with us after we submitted our initial bid," the company said in a statement. It said it will "vigorously pursue" ways "to build its potential in the growing U.S. Hispanic marketplace."

It's unclear what options Televisa has. Federal law bars foreign companies from owning more than a 25% stake in TV stations. To have big U.S. impact, Televisa "can't be on cable, since many Hispanic Americans don't have cable," says Sanders

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Morris Harris analyst David Miller. What's more, Univision has a long-term deal that enables it to cherry-pick Televisa's programming. As a result, Miller says, Televisa will be "left with all this junky material that they're going to use to start a new network? No way."

Still, some analysts question whether Univision's buyers can make the big investment pay off.

"Spanish-language broadcast is not immune to the migration of ad dollars from broadcast to the Internet," says Guzman & Co.'s Philip Remek. "While Univision's revenues have continued to grow, the growth rate has really slowed in the last year and a half. I don't expect it to re-accelerate."

Univision's net income fell 26.9% in 2005, to $187 million, on revenue of nearly $2 billion, up 9.3%.

While advertisers are keen to reach the fast-growing Latino population, Univision has struggled to convince Madison Avenue that it appeals to young Latinos, including second-generation immigrants who are comfortable with English.

Judge Clears Way For Adelphia Sale (WSJ/AP)

By Associated Press

The Wall Street Journal, June 28, 2006

A bankruptcy judge granted permission to Adelphia Communications Corp. to sell its assets to Time Warner Inc. and Comcast Corp. in deal estimated to net about $17 billion.

Judge Robert Gerber of the Southern District of New York said he would approve an order to be submitted later Tuesday that would detach the asset sale from the rest of the company's bankruptcy process. Adelphia sought the separation to bypass creditor disputes that have slowed the company in its filing of a final reorganization plan.

The sale agreement with Time Warner and Comcast had been put in jeopardy because of a July 31 deadline at which the buyers could end their offer. Once complete, it would secure their status as the two biggest cable operators in the nation.

In its motion, filed late last month, Adelphia had said, "Time is running out."

"The sale represents an extraordinary achievement for the debtors, as it includes a substantial control premium, and it promises to translate into significant recoveries for all the debtor's principal stakeholders," the filing read.

Adelphia remains in bankruptcy protection and last week filed an amended version of its restructuring plan. The company, the country's fifth-largest cable operator, filed for bankruptcy protection four years ago, on June 25, 2002.

The acquisition strengthens Time Warner's positions in New York, Texas, California, Ohio and the Carolinas. Comcast boosts its presence in Pennsylvania, Washington, D.C., Florida and Massachusetts.

Comcast is expected to end up with over 23 million subscribers, up from its current 21.7 million, while Time Warner would have a total of over 14 million, up from 11 million. Comcast and Time Warner also would swap certain cable systems to consolidate market positions.

Citizens Banking Buys Midwest Rival For About $1 Billion (WSJ)

By A Wall Street Journal News Roundup

The Wall Street Journal, June 28, 2006

DETROIT -- Citizens Banking Corp. agreed to buy Republic Bancorp Inc. for about $1.05 billion in cash and stock to form a Midwestern regional bank called Citizens Republic Bancorp.

The combined bank would be the 45th-largest headquartered in the U.S., with assets of $13.9 billion and $8.6 billion in deposits, the two Michigan banks said.

Citizens, based in Flint, Mich., expects the purchase to add to earnings per share in 2007, and result in $28 million of annual cost savings by 2008.

In 4 p.m. Nasdaq Stock Market trading yesterday Citizens' shares were down $2.37, or 8.8%, to $24.66, while Republic's shares were up $1.88, or 18%, to $12.45.

Citizens Chief Executive William R. Hartman will be chief executive of the combined company, while Jerry D. Campbell, chairman and founder of Republic, will serve as chairman.

The terms value Republic, based in Owosso, Mich., at $13.86 a share. Shareholders will receive the equivalent of 0.4378 of a Citizens share plus $2.08 in cash for each of their shares. Of the purchase price, 85% will be paid in stock.

The combined bank will operate 275 branches and loan offices in Michigan, Wisconsin, Ohio, Indiana and Iowa.

The companies said they expect to close the deal in the fourth quarter.

Steeled For Growth (WSJ)

By Peter M. Fish

The Wall Street Journal, June 28, 2006

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It finally looks as though Mittal Steel will win its bid for Arcelor. Shareholders still have to reject, this Friday, the merger with Russian steelmaker Severstal that Arcelor management tabled when trying to elude Mittal's grasp -- and then approve the new tie-up with Mittal. So anything can happen. But it's been clear for some time now that something, in the way of consolidation, was due to happen, and not only at the top of this industry.

Assuming the Arcelor-Mittal marriage goes through, it will have far-reaching consequences for the global steel industry. The new company would produce approximately 10% of world-wide output. Its nearest rival would be Nippon Steel, with less than 3% of the market. To gauge the importance of the deal, consider that the nine biggest steelmakers after Arcelor-Mittal would account for just above 20% of the world's supply. The new company is slated to be a giant with production well in excess of 100 million tons per annum -- almost equivalent to the combined U.S. and Canadian output. It will have 60 plants in 27 countries.

It is clear that the global steel industry will remain fragmented even after the Mittal-Arcelor merger goes through. More consolidation is inevitable. Other steelmakers will be frantically looking for partners to counter the new grouping. Moreover, the merged entity will probably maintain its passion for acquisitions.

Consolidation in the future will be more internationally focused. Outside of Arcelor and Mittal, most steelmakers have sought to acquire other firms in their domestic or regional markets. Significant rationalization of the U.S. sector has already taken place -- mainly by Nucor and U.S. Steel. More could follow if Mittal is required to sell off some of its U.S. assets to satisfy antitrust authorities after the new deal.

In Europe, Arcelor was formed by the union of the main steel producers in France, Spain and the Benelux countries. After its privatization, British Steel merged with Dutch company Hoogovens to form Corus in a cross-border deal. Nevertheless, there is room for much more consolidation within Europe.

We should not be surprised if Russian steelmakers play a leading role in steel rationalization on the Continent. Severstal made a bold attempt to join up with Arcelor. Evraz Holding has recently obtained a new large minority shareholder in Roman Abramovich. This cash infusion could spark new deals. Russian enterprises already have steel assets in the U.S., and Eastern and Western Europe.

So far, consolidation in Asia has been sparse. A few years ago, JFE in Japan was formed by the merger of NKK and Kawasaki. There is now the prospect of more deals in that country. Moreover, at the very least we can expect closer cooperation between major producers in Japan, South Korea and Taiwan in the near future.

The rationalization of the Chinese steel industry -- which already produces 30% of world output -- is progressing. Larger companies are merging with smaller ones within their geographic area. This will intensify, particularly since limits on foreign ownership will delay any significant cross-border activity in China. In India, we have seen few moves toward consolidation, a situation that is unlikely to change anytime soon. However, in Latin America, two groups have emerged in the last 12 months: Ternium and Arcelor Brazil. These regional powers are likely to expand in the future.

And why wouldn't large steelmakers go shopping? The prospects for the industry are now better than they have been for a quarter-century. Five years ago the value of world steel production was $280 billion. This year the figure will be close to $1 trillion. In 2002, the MEPS average world steel price for hot rolled coil (the benchmark product) was $230 per ton. It peaked in January 2005 at $653 per ton and, after dropping to $493 in July 2005, is now moving back toward that level.

Part of this increase in value is attributable to an increase in demand. At the start of this decade, global output of crude steel was 848 million tons. This year, the figure will be more than 40% higher: 1.2 billion tons and rising. Demand and production are growing fast in the developing nations as their industries pick up steam and spending on infrastructure and housing soars. Raw material supply is expected to remain tight because investments in new mines take several years to come onstream. This should obviate any serious oversupply in the market over the next few years. * * *

One question being asked is, What will be the impact of the Mittal-Arcelor merger on steel buyers? The proposed link-up of the two majors creates little increase in the concentration of supply to most large consuming sectors. This is because the two enterprises have minimal overlap in the markets they supply. As such, the market power of the new entity would not increase significantly and the impact on prices is likely to be relatively modest.

This feature has been reinforced in both the U.S. and Europe by the fact that a consolidated industry is much more capable of reducing output when the need arises. As inventories in the market start to expand and oversupply begins to develop, the mills are better able to respond quickly by curtailing supplies. This happened in many parts of the world, including Russia and China, when the market turned down last year.

Even with consolidation, cheap steel is a thing of the past. Raw material costs are unlikely to drop significantly in the near term. Energy costs are expected to remain high. Demand from the developing nations of the world will, almost certainly, continue to rise. But higher input costs have not damaged the steel companies. The industry is more profitable now than ever. The limited consolidation so far has been beneficial. Further rationalization can only help.

Mr. Fish is chairman and managing director of MEPS (International) Ltd.

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EU May Fine Microsoft €2 Million A Day (IDG)

By Paul Meller, IDG News Service

IDG News Service, June 28, 2006

The European Commission is about to propose a new fine of up to €460 million ($577 million) against Microsoft for failing to honor the antitrust ruling imposed on the company in 2004, according to people close to the case Tuesday.

The Commission ruled two years ago that Microsoft was abusing its dominant position in the market by denying competitors access to documentation about its Windows operating system.

The imminent threat of a fine comes as Microsoft continues to submit new information to the regulator, with the aim of complying with the ruling. The final instalment of documentation is due on July 18 -- a deadline Microsoft said it agreed with the monitoring trustee in charge of overseeing Microsoft's compliance with the ruling, Neil Barrett.

On Monday the Commission, Europe's top antitrust regulator, will propose a new negative ruling and a new fine against Microsoft to national competition regulators from the 25 countries in the European Union, the people close to the case said.

A final decision could be taken by the Commission as soon as July 12, if the national regulators support the Commission's draft ruling.

Commission spokesman Jonathan Todd declined to comment on the content of the draft decision but confirmed that it was imminent.

"We have said for some time we would decide whether or not to impose daily fines on Microsoft before the end of this month," he said.

If the Commission sets the fine at €2 million a day, as it has threatened to in recent months, the fine would reach €460 million by July 18, the date Microsoft submits the final instalment. The calculation counts all seven days of the week and dates back to December 15 when the Commission found Microsoft in breach of its 2004 antitrust ruling,

This would be nearly as much as the record €497 million fine the Commission imposed on Microsoft in the first place.

"Any fine would be unjustified and unnecessary," said Horacio Gutierrez, associate general counsel of Microsoft Europe in a statement Tuesday.

"The Commission's process calls for an advisory committee meeting, so this comes as no surprise," Gutierrez said.

But he added that Microsoft has committed "massive resources" to providing the technical documentation required in the 2004 ruling.

Microsoft "has already delivered five of seven instalments of technical documentation developed to the agreed specification and according to the agreed work plan," Gutierrez said.

The sixth is due at the end of this month and the final submission will be handed over on July 18, he said.

"Microsoft is working hard to also meet those deadlines," Gutierrez said.

Microsoft could be fined even if the seven instalments of documentation do satisfy the regulator, one person close to the case said. "Even if they change their ways in the future that doesn't get them off the hook for the period starting last December," the person said.

Cartels Face Bigger Fines From Brussels (FT)

By Tobias Buck

Financial Times, June 28, 2006

A huge increase in fines for companies that operate cartels or break European Union competition law will be announced on Wednesday by the European Commission.

Brussels has already imposed some of the toughest fines in recent history, including a record €497m ($626m, £350m) penalty against Microsoft in 2004 and one of €462m against Roche in 2001. Over the past few months the Brussels regulator has again ratcheted up the fines, especially in cartel cases.

Officials believe that only higher fines will deter companies from operating price-fixing cartels or abusing dominant market positions.

They are particularly keen to increase the fines for repeat offenders and large groups with significant financial fire-power.

The new guidelines, which have been seen by the Financial Times, reflect the Commission's belief that the rules are too rigid and lack transparency – a view shared by many competition lawyers and most companies targeted by the Brussels trust-busters.

The new regime will apply to all companies found guilty of participating in a cartel or that abuse their dominant market position. It will almost certainly mean that more companies will be fined the maximum amount allowed under EU law, which is 10 per cent of global annual turnover. Up to now, only a handful of companies have been punished that severely.

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The new regime will be especially tough on repeat offenders. At present, fines are usually raised by 50 per cent for companies that have previous convictions for antitrust abuses. Now the Commission can double the punishment in cases where there is one earlier ruling against the group, and may go even higher for "multi-recidivists".

Companies will in future be treated as repeat offenders by the Commission if they have previously been convicted by national competition authorities.

Fines will be calculated by fixing a basic amount – up to 30 per cent of a company's sales of the relevant product in the market where the abuse has taken place – and then multiplying it by the number of years during which the abuse continued. To this may be added an "entrance fee", equivalent to 15-25 per cent of the company's yearly sales of the product in question.

"The mere fact that a company enters into a cartel will cost it at least 15-25 per cent of its yearly turnover," the Commission paper says.

Stephen Kinsella, a Brussels-based partner at law firm Sidley Austin, said changes to the current fining practices would be welcome, especially if they introduced greater predictability and transparency. "At present it is almost impossible to foresee whether a company will be fined €25m or €100m. Greater clarity would also help the Commission, because it would be harder for companies to challenge the fines in court."

The Commission declined to comment. However, Neelie Kroes, the competition commissioner, has made clear in her most recent rulings against cartels that she is keen to intensify the crackdown on abusive companies.

She said earlier this month that she was "shocked" that chemicals groups such as ICI had broken cartel rules repeatedly.

EU Beefs Up Fines On Antitrust Activity (WSJ)

By Mary Jacoby And Adam Cohen

The Wall Street Journal, June 28, 2006

BRUSSELS -- European Union regulators will announce new guidelines today to increase fines for antitrust violations, aiming to more severely punish repeat offenders, cartel ringleaders and companies whose deep pockets can cushion them from the impact of fines.

The changes to the 1998 guidelines will be most relevant to price-fixing cases because such investigations most often lead to fines, according to two European Commission officials. They can also be used to increase financial penalties for companies found to have illegally used monopoly power to elbow rivals out of a market.

If the new guidelines had been in effect in 2004, one official said, a €497 million ($625.3 million) fine to Microsoft Corp. would have been much larger. Microsoft was fined for using its dominant Windows computer-operating system to shut out competition in related software markets. Although the Microsoft fine was the largest ever leveled by the commission, it was much less than the $3 billion that the Redmond, Wash., company paid to various rivals to settle antitrust lawsuits against it in the U.S. EU officials see that disparity as evidence that their fine wasn't big enough to have a deterrent effect.

In separate deliberations, antitrust authorities from the EU's 25 member states will meet in Brussels Monday and again July 10 to review EU Antitrust Commissioner Neelie Kroes's proposal to impose additional fines on Microsoft. Ms. Kroes has concluded that Microsoft hasn't moved quickly enough to comply with the commission's 2004 orders to change its business practices, people familiar with the case said.

A second EU fine against Microsoft could total more than €400 million. Ms. Kroes hopes to obtain approval for a fine from the full European Commission in a July 12 meeting, EU officials said.

Horacio Gutierrez, Microsoft's associate general counsel for Europe, said the company has put "massive resources" into helping competitors make Windows-compatible software, as the EU has ordered. "Any fine would be unjustified and unnecessary," he said in a statement.

The guidelines to be announced today, however, will not affect the current Microsoft matter. That is because the new guidelines won't take effect for several months and also because they won't apply to the more narrow question of how to punish a company for flouting EU orders.

Under current EU rules, the most serious antitrust offenses are punished with at least a €20 million fine and up to a maximum of 10% of annual global sales. The new guidelines will give regulators more flexibility to lighten fines on smaller companies that might otherwise go out of business if forced to pay €20 million, while increasing fines on big multinational companies for which only a very large fine would act as a deterrent.

Fines will now be calculated as a percentage of a company's sales -- up to 30% -- in whatever market regulators find was illegally manipulated. The fines will increase for each year anticompetitive behavior took place, and repeat offenders will see steep increases in penalties.

Previously the amount of any fine was set by regulators according to how serious they judged the illegal activity.

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ENVIRONMENT/INDIAN AFFAIRS:

Calls Grow Louder In Congress To Revamp US Energy Policy (CSM)

By Brad Knickerbocker

The Christian Science Monitor, June 28, 2006

Everybody, it seems, is scrambling to remake America's energy policy - proposing ways to reduce US dependence on foreign oil while addressing the environmental aspects of energy production, distribution, and use.

Lawmakers on Capitol Hill, touting a raft of proposals, have declared this to be "energy week." Governors around the country have entered the fray, some with suits against the government for energy-related pollution. The Nuclear Regulatory Commission has just approved what will be the first license for a commercial nuclear facility in 30 years.

But the real push for revamping energy policy - just a year after the US enacted its first major energy bill in more than a decade - is coming from the grass-roots and lobbyists. Citizen groups and special interests are pushing for solutions as fuel prices remain high and turmoil continues in oil-rich parts of the world.

"There's tremendous pressure to do something," says Sierra Club energy specialist Melinda Pierce.

In all, 477 energy-related bills have been introduced in this Congress, according to a New York Times report. But many of those proposals involve increasing domestic energy production rather than the conservation and renewables that environmentalists prefer.

For example: The Senate Energy and Natural Resources Committee this week is hearing testimony on oil and gas drilling in the Rocky Mountain region and on the permitting process for new refineries.

In the House of Representatives, legislation lifting the 25-year moratorium on off-shore drilling passed the resources committee 29-9 last week, and is expected to face a full House vote Thursday.

"Studies indicate that natural gas from the Outer Continental Shelf [OCS] could provide the US with about 25 years of natural gas supply," says Bob Slaughter, president of the National Petrochemical & Refiners Association.

Environmentalists say the industry already has access to most OCS gas resources. They warn of erosion of state jurisdiction and pollution disasters.

"We're going to do everything we can to stop it," says Ms. Pierce of the Sierra Club.

Other legislation is meant to fill in the blanks or change certain features of the heavily compromised bill enacted last year.

The recently proposed bipartisan "Enhanced Energy Security Act" would speed up the development of new vehicle technologies such as plug-in hybrids; provide loan guarantees and grants to auto and parts manufacturers converting to fuel-efficient vehicles; increase funding for gas stations that sell alternatives such as E85 (which is 85 percent ethanol and 15 percent gasoline); and provide incentives for production of cellulosic ethanol, which is made from agricultural plant waste, sawdust, switch grass, and other substances, rather than corn or other grains.

Other lawmakers are pushing a different kind of energy future.

Sen. John Kerry (D) of Massachusetts outlined in Boston Monday what he called "the three big steps that are imperative to addressing global warming and transitioning to dependence on homegrown sources of energy."

Mr. Kerry's plan includes freezing greenhouse gas emissions in 2010, then reducing those to 65 percent below 2000 levels by 2050; mandatory reductions in US oil consumption by 2.5 million barrels a day by 2015 (the amount currently imported from the Persian Gulf); and "immediately" expanding the production of renewable vehicle fuel.

In the states, some governors are coming up with their own plans, banding together to promote more energy conservation and efficiency than the federal government requires. In the West especially, governors of both parties are pushing wind energy.

The Nuclear Regulatory Commission has granted a license for construction of the $1.5 billion enriched uranium manufacturing facility. It "will mean ... the renaissance of nuclear energy in this country," says Sen. Pete Domenici (R) of New Mexico.

Even the US Supreme Court has jumped on the issue, agreeing this week to consider a case involving greenhouse gases (most of which come from motor vehicles and power plants).

In a way, the story is not new. "As national policy obsessions go, America's oil dependence has been one of our most enduring," Jason Grumet, executive director of the National Commission on Energy Policy, told the Senate Foreign Relations Committee last month.

How many of those 477 energy-related bills introduced in this Congress get serious consideration is another matter.

"Time is running out in this Congress to take action on energy," Sen. Jeff Bingaman (D) of New Mexico said in introducing the Enhanced Energy Security Act. The summer break looms, then campaigning for the November election.

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Ending Energy Dependence (WT)

By Richard W. Pombo

The Washington Times, June 28, 2006

When the House of Representatives votes tomorrow on the bipartisan Domestic Ocean Energy Resources (DOER) Act, it will be considering one of the nation's most meaningful energy-policy reforms in history.

Decades of "just say 'no'" energy policy has turned America into a country too dependent on foreign, and often unstable, sources of energy. We send $300 billion a year overseas for energy we can produce at home, a figure that represents one-third of the current trade deficit. We have lost millions of manufacturing jobs over the past two decades because of high energy prices. We should be investing that $300 billion in America to create our own good jobs and provide our own energy security.

The DOER Act does just that. America is the only developed nation that forbids safe energy production on its Outer Continental Shelf (OCS), a fact that puts us at an economic and strategic disadvantage with other countries in a highly competitive global economy.

It just doesn't make any sense.

The DOER Act represents a balanced, commonsense compromise to deliver desperately needed energy supplies to the American people, which in turn will lower prices for consumer wallets and create hundreds of thousands of family-wage jobs. It will spur production of an untapped energy resource and correct federal government policies that have led to our dangerous dependence on foreign energy. And, just as importantly, it champions states' rights by protecting those not interested in producing energy off their shores.

Currently, two federal moratoria prevent energy production beyond state waters or three miles from the coastline, neither of which have the force of permanent law. Many have called for the complete repeal of the moratoria for full access to available resources, of which there are plenty. According to the U.S. Minerals Management Service, America's OCS contains 420 trillion cubic feet of natural gas (America consumes 23 trillion cubic feet per year) and 86 billion barrels of oil (America imports 4.5 billion barrels per year).

But that would leave coastal states without any power over their coastlines beyond three miles, a possibility unacceptable to many states.

Under the DOER Act, states like California and Florida would have the authority to ban energy production up to 100 miles off their shores. States that choose to allow production, however, would benefit from increased revenue from energy royalties -- some of which would also be routed to three separate funds for environmental protection and enhancement, renewable energy development, job training and research. Meanwhile, domestic energy production would be allowed in the deep waters beyond 100 miles.

This innovative and bipartisan compromise -- the result of work between Reps. Neil Abercrombie, Hawaii Democrat; Bobby Jindal, Louisiana Republican; Charlie Melancon, Louisiana Democrat and John Peterson, Pennsylvania Republican -- passed the House Resources Committee with 29-9 support. Labor unions, which appreciate how many jobs the bill would create, fully support it.

Nonetheless, special-interest groups will go to great lengths to block its passage, conjuring images of massive oil spills to scare up opposition. This is pure bunk. Today's advanced ocean energy exploration technologies were given the ultimate test last summer when hurricanes Katrina and Rita roared through nearly 3,000 offshore platforms in the Gulf of Mexico.

Despite the typical fearmongering of so-called environmental groups, no major spills were reported during one of America's worst natural disasters. In fact, according to a National Academies report, 63 percent of the petroleum found in North American waters comes from natural seeps through the ocean floor.

The bottom line is that our domestic energy policy has long stimulated jobs and economies overseas, but not at home. Enough is enough. It's time to put Americans to work for American energy.

Rep. Richard W. Pombo, California Republican, is Chairman of the House Resources Committee.

An Outdated Ban (WP)

The Washington Post, June 28, 2006

FOR THE PAST quarter of a century, the federal government has banned oil and gas drilling in most U.S. coastal waters. Efforts to relax the ban have been repelled on environmental grounds, but it is time to revisit this policy. Canada and Norway, two countries that care about the environment, have allowed offshore drilling for years and do not regret it. Offshore oil rigs in the western Gulf of Mexico, one of the exceptions to the ban imposed by Congress, endured Hurricane Katrina without spills. The industry's safety record is impressive, and it's even possible that the drilling ban increases the danger of oil spills in coastal

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waters: Less local drilling means more incoming traffic from oil tankers, which by some reckonings are riskier. Although balancing energy needs with the environment is always hard, the prohibition on offshore extraction cannot be justified.

The House of Representatives is about to vote on this question, probably tomorrow. A bipartisan bill would maintain a ban on drilling within 50 miles of the shoreline and allow states to extend that to 100 miles. But it would lift the congressional restriction on drilling beyond that perimeter. This compromise would give states that are unwilling to countenance the perceived environmental risks a reasonable measure of control over their coasts. But it would also open the way to more drilling.

The economic benefit of that drilling would be especially pronounced if it were aimed at natural gas extraction. Despite all the rhetoric about energy independence, it doesn't make much difference whether the United States gets its oil from its own coastal waters or whether it buys it on world markets. There is one global price for oil; producing more from U.S. waters will bring down that global price, benefiting all consuming countries rather than just U.S. consumers. But natural gas is traded globally only in small quantities, in liquefied form; nearly all of the gas consumed in the United States is produced domestically or in Canada. So producing more natural gas in U.S. coastal waters would bring down U.S. natural gas prices rather than world prices. Because natural gas is much cleaner than its main alternative, coal, this would have environmental as well as economic benefits.

Unfortunately, the House legislation is flawed. It diverts billions of dollars' worth of oil and gas royalties from the federal government to the states, even though the waters from which the resources will come are federal. The states nearest to the oil rigs may feel they carry most of the perceived environmental risks, and some sharing of revenue may be justified to bring them along, but the House bill leans too far in that direction. We hope the bill passes tomorrow, but we also hope this flaw is fixed before it becomes law.

Domenici Offers Nuclear Waste Proposal (AP-Y2)

By H. Josef Hebert

AP2, June 27, 2006

The government would store civilian nuclear waste for up to 25 years at federal sites across the country under a proposal in the Senate to deal with growing volumes of used reactor fuel at power plants.

The waste sites could be built to accommodate plants in a region or individual state, said Sen. Pete Domenici (news, bio, voting record), R-N.M., who included the provision in a $30.7 billion spending bill that advanced out of his Appropriations subcommittee on Tuesday.

The interim storage approach is aimed at addressing increasing concern about thousands of tons of used reactor fuel accumulating at power plants, waiting to be shipped to an oft-delayed central government repository in Nevada. Industry officials have said the failure to address the waste problem will inhibit investment in new nuclear reactors.

The proposed Yucca Mountain waste site in Nevada — where the used fuel would be kept deep beneath the Earth — has yet to receive a license from the Nuclear Regulatory Commission. It is not expected to open, even if a license is approved, before 2018, Energy Department officials have told Domenici's staff.

"I think we've begun to resolve the nuclear waste problem," said Domenici of the interim storage idea. "This is an orderly way to do it."

The Energy Department maintains that it is currently barred from creating temporary storage facilities for civilian reactor waste.

The proposal received the support of Senate Democratic leader Harry Reid of Nevada, who strongly opposes the Yucca Mountain project in his state and who has said the used reactor fuel should be kept where it is, at power plants in 31 states.

Reid called interim storage on federal land "Yucca neutral" but he also clearly views the Domenici proposal as a way to have the government take the waste — as it is obligated under contracts with utilities — and keep it out of Nevada.

The bill also would include nearly $500 million for the Yucca Mountain project and $270 million for a first installment on a Bush administration proposal for reprocessing nuclear fuel as part of an international program to boost use of nuclear energy.

The House has slashed the reprocessing funds to $120 million, about half of what the administration had sought for the fiscal year beginning in October.

Currently there are more than 50,000 tons of highly radioactive nuclear waste in form of spent reactor fuel rods at nuclear power plants in 31 states. The government under contracts is obligated to take the waste off the utilities' hands, but has not done so because it has no place to put it, pending completion of the Yucca facility.

Domenici's proposal would give the Energy Department authority to build temporary storage facilities on federal land, or purchase private land for such a facility with a license to keep the waste for up to 25 years.

Some utilities already have filed lawsuits — and won favorable rulings in the courts — claiming the government owes them millions of dollars for failing to take the waste by a 1998 deadline.

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Domenici's proposal is likely to be controversial because it would give the Energy Department authority to build a waste facility within a state even if a state or local authorities objected.

The department would only have to consult with a state's governor. It would require a license from the federal Nuclear Regulatory Commission including compliance with various security, safety and environmental regulations.

Under the proposal, any federal land would be eligible except national parks, wilderness areas and wildlife refuges. Or, the government could purchase private land from any willing seller for the facility. A site may not be located in either Nevada, the site of the Yucca project, or Utah, where a private nuclear waste facility is being proposed on the Goshute Indian reservation.

Reactor waste now kept at closed power plants could be kept on site, but waste on any operating reactor sites must be moved, under terms of the proposal, after the government takes title.

Plan For Nuclear-Waste Storage Is Cleared By Senate Subcommittee (WSJ)

By John J. Fialka

Wall Street Journal, June 28, 2006

WASHINGTON -- A Senate subcommittee approved a plan to require the U.S. to set up temporary nuclear-waste storage facilities in states or regions that have nuclear-power plants, a move that could renew a 30-year-old fight over where to store radioactive waste.

The committee's action would give the Department of Energy the authority to store waste for as long as 25 years at "consolidation and preparation" sites; from there, the waste would be shipped to Nevada's Yucca Mountain for permanent storage.

The plan is intended to help carry out the Energy Department's contractual obligation to take custody and store the waste. Because of delays in completing and licensing a permanent storage facility in Nevada, federal courts have ruled that the department has breached its contracts with power-plant owners to remove the radioactive waste from power-plant sites.

Energy Department spokesman Craig Stevens said it is studying the measure as part of its effort to work out a solution with Congress on interim storage.

Frank L. Bowman, president of the Nuclear Energy Institute, which represents nuclear-power-plant owners, commended members of the Senate Appropriations subcommittee that passed the measure. "The sooner that the federal government begins meeting its obligations" to take custody of the waste, he said, "the greater the prospects" of nuclear power will be in the U.S.

Under the measure, any site that is owned or can be purchased by the federal government can be designated a temporary waste-storage site, with the exception of national parks, wildlife refuges or wilderness areas. The secretary can designate a site within each of the 31 states that have nuclear plants, or can pick regional sites to be shared by states.

Some utilities have filed lawsuits against the department for its failure to remove the radioactive waste, which is stored at the power-plant sites where it is generated. According to industry estimates, the U.S. could be liable for as much as $50 billion in damages if the wastes aren't moved. If the temporary-storage measure passes, the most likely wastes to be shipped would be in dry concrete casks that can be stored at remote sites for years. Under the proposal, the new federal storage sites would have to be picked in consultation with governors of the states involved.

Pollution In Overdrive (WP)

By Sholnn Freeman

The Washington Post, June 28, 2006

When it comes to greenhouse gases, U.S. drivers are getting more of the blame.

Americans represent 5 percent of the world's population but contribute 45 percent of the world's emission of carbon dioxide, the main pollutant that causes global warming, according to a report by the nonprofit group Environmental Defense.

Americans own 30 percent of the world's vehicles, drive farther each year than the international average and burn more fuel per mile, the report says. Additionally, the sport-utility boom of the past decade put vehicles on the road that could be spewing carbon dioxide for years to come.

General Motors Corp. and Ford Motor Co. have long been the targets of environmentalists and other groups concerned with global warming. Vehicles made by GM, the No. 1 U.S. automaker, produced as much carbon dioxide in 2004 as American Electric Power Co., the nation's largest operator of coal-fired power plants, the report says.

Auto industry representatives declined to comment on the report, saying they had yet to see it. Most auto companies have been working to reduce emissions by designing more-efficient engines and vehicles capable of running on alternative fuels.

Automakers, though, have generally resisted government restrictions on carbon dioxide emissions, saying such limits would force extensive design changes and drive up prices for consumers.

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Environmental Defense, which plans to release the report publicly today, attempted to quantify how much carbon dioxide is produced by vehicles sold by various automakers. But the group said auto companies should not be singled out for blame, because consumer choices also play a role.

"What we are trying to do is make the connections for people," said John DeCicco, a senior fellow at Environmental Defense and an author of the report.

He said consumers could buy gas-electric hybrids or cars with smaller engines that burn less fuel and they could be more aware of how much they are driving, no matter the gas mileage of their cars. The report points out, for example, that although SUVs may be known as gas guzzlers, smaller cars cause more pollution because there are many more of them on the road. The authors also suggest that communities reconsider land use policies because Americans are taking more and longer trips, often to shop.

With the report, the group is trying to build support for government policies aiming at curbing greenhouse gases, including a system that would cap carbon dioxide emissions but allow companies and utilities to trade credits, mirroring Clean Air Act rules that govern sulfur dioxide, which causes acid rain. Under such a system, a company would get an allowance for carbon dioxide emissions each year, and if it did not reach that limit, it could sell off the remaining allotment to others.

The group's report is the latest effort by environmentalists to draw attention to global warming. Former vice president Al Gore also addresses the issue in his documentary "An Inconvenient Truth," which presents climate change from global warming as a fact he says is no longer debatable.

For years, though, environmental groups have run into resistance in Washington. The Bush administration has questioned the science behind global warming, and environmentalists complain that congressional leaders are ignoring proposals to raise fuel economy standards while pushing to expand offshore drilling.

On Monday, the Supreme Court agreed to hear arguments on whether the federal government has the authority to regulate carbon dioxide. The Bush administration is seeking to convince the court that the federal government has no obligation to restrict greenhouse gases.

Carbon dioxide is a byproduct of burning gasoline in vehicles. Scientists say the atmosphere can absorb a great deal of it, but many worry that people are adding more than nature can handle. They say the gases are building up around the Earth, trapping heat and raising the planet's temperature.

The report considered national statistics on how long vehicles are used and how far they are driven as they age. New and used vehicles were examined.

Carbon dioxide emissions from vehicles are disproportionately high in the United States for two primary reasons, the report says: U.S. drivers average 11,000 miles per year, 29 percent above the global average, and U.S. autos consume more fuel, emitting 15 percent more carbon dioxide per mile than the average vehicle in the rest of the world.

The Environmental Defense report found that in 2004, U.S. cars and light trucks emitted 314 metric tons of carbon dioxide, the equivalent of a coal train 50,000 miles long.

Greg Martin, a GM spokesman, said the automaker was working to reduce emissions. It will continue to focus on developing technologies to improve fuel efficiency. He said the automaker also plans to build more vehicles capable of burning alternative fuels, as well as more hybrids.

Gore's 'Truth' Largely Factual, Scientists Say (USAT)

USA Today, June 28, 2006

Al Gore's documentary on global warming, An Inconvenient Truth, earns five stars for accuracy, according to an Associated Press survey of top climate scientists. The former vice president's movie mostly got the science right, said all 19 climate scientists who had seen the movie or read the book. The AP says it contacted more than 100 top climate researchers, including vocal skeptics of climate change theory. Most had not yet seen the movie or read the book. But those who had had the same general impression: Gore conveyed the science correctly, and the world is getting hotter and is a man-made catastrophe in the making caused by the burning of fossil fuels. One scientist criticized the depiction of the connection between hurricanes and global warming. "I thought the use of imagery from Hurricane Katrina was inappropriate and unnecessary. … There are plenty of disturbing impacts associated with global warming for which there is much greater scientific consensus," said Brian Soden, a University of Miami professor of meteorology and oceanography. And the majority arm of the Senate Committee on Environment and Public Works issued a statement denouncing the AP story as biased.

A pair of whooping cranes has hatched two chicks in central Wisconsin, marking the first young of the species to be hatched in the wild in the eastern USA in more than 100 years. That makes about two dozen young cranes that will be added this year to an effort to establish only the second migratory flock of wild whooping cranes in North America. The flock now numbers about 60 birds. This fall, Operation Migration, the non-profit group coordinating the reintroduction project, will lead its

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sixth group of cranes by ultralight aircraft during their fall migration from the Necedah National Wildlife Refuge in Wisconsin to the Chassahowitzka National Wildlife Refuge near Crystal River, Fla. The birds migrate north on their own in the spring.

Researchers working in the swamps of Borneo have discovered a venomous species of snake that can change its skin color from reddish-brown to white, the conservation group WWF announced Tuesday. The ability to change skin color is known in some reptiles, such as the chameleon, but scientists have seen it rarely with snakes, the WWF says. Reptiles typically change color to camouflage themselves from predators. The 1.6-foot-long snake was discovered last year in wetlands and swamp forests around the Kapuas River in the Betung Kerihun National Park in the Indonesian part of the island of Borneo.

A drug already sold to treat mild to moderate dementia in Alzheimer's patients won federal approval Tuesday to treat the same condition in Parkinson's patients. It makes Exelon the first drug for the treatment of the chronic loss or impairment of intellectual capacity in Parkinson's disease patients, the Food and Drug Administration said. The drug, also called rivastigmine tartrate, is made by Novartis AG. In a 24-week trial, Parkinson's patients treated with the drug scored higher on a scale that measures mental processes than did those given a placebo, the FDA said. Side effects include gastrointestinal reactions and weight loss.

A Warning On Hazards Of Secondhand Smoke (NYT)

By John O'Neil

The New York Times, June 28, 2006

The evidence is now "indisputable" that secondhand smoke is an "alarming" public health hazard, responsible for tens of thousands of premature deaths among nonsmokers each year, Surgeon General Richard H. Carmona said yesterday.

Dr. Carmona warned that measures like no-smoking sections did not provide adequate protection, adding, "Smoke-free environments are the only approach that protects nonsmokers from the dangers of secondhand smoke."

He did not call for a federal ban on smoking in workplaces, bars or restaurants, a step that has been taken by a growing number of cities and states over the objections of business owners and of groups skeptical about the dangers of secondhand smoke. He said he saw his role as providing the public and Congress with definitive information on the subject.

"I am here to say the debate is over: the science is clear," Dr. Carmona said at a televised news conference, where he released a report updating the original surgeon general's study of secondhand smoke in 1986. Since then, hundreds of studies have indicated that the harm caused by secondhand smoke is far greater than earlier believed, he said. The report includes these findings:

¶There is no safe level of secondhand smoke, and even brief exposure can cause harm, especially for people suffering from heart or respiratory diseases.

¶For nonsmoking adults, exposure raises the risk of heart disease by 25 percent to 30 percent and of cancer by 20 percent to 30 percent. It accounted for 46,000 premature deaths from heart disease and 3,000 premature deaths from cancer last year.

¶Secondhand smoke is a cause of sudden infant death syndrome, or SIDS, accounting for 430 deaths last year. The risk is elevated for children whose mothers were exposed during pregnancy and for children exposed in their homes after birth.

¶The impact on the health and development of children is more severe than previously thought. "Children are especially vulnerable to the poisons in secondhand smoke," Dr. Carmona said.

¶Efforts to minimize the effect of secondhand smoke by separating smokers and nonsmokers are ineffective, as are ventilation systems in a shared space.

¶While exposure has declined, as many as 60 percent of nonsmokers show biological evidence of encountering secondhand smoke, and 22 percent of children are exposed to secondhand smoke in their homes.

Studies conducted by the Centers for Disease Control show that great progress has been made in reducing exposure, Dr. Carmona said. The amount of cotinine — the form nicotine takes after being metabolized — in blood samples fell by 75 percent among adults, according to specimens taken from 1999 to 2002 that were compared with samples taken a decade earlier.

But Dr. Carmona said more needed to be done, particularly to protect children. He urged parents who smoke not only to quit, but also to move their smoking outside while trying to quit. "Make the home a smoke-free environment," he said.

Tobacco companies say the risks of secondhand smoke are unproved and overstated. In a statement on its Web site, R. J. Reynolds says, "It seems unlikely that secondhand smoke presents any significant harm to otherwise healthy nonsmoking adults; and, given the extensive smoking bans and restrictions that have already been enacted, nonsmokers can easily avoid exposure to secondhand smoke."

A spokesman for the company, David Howard, said yesterday, "Bottom line, we believe adults should be able to patronize establishments that permit smoking if they choose to do so," according to The Associated Press.

Dr. Cheryl G. Healton, the president and chief executive of the American Legacy Foundation, a nonprofit group created to use settlement money from tobacco companies to educate young people about the dangers of tobacco, called the surgeon

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general's report "groundbreaking" even though much of its information had already been published in journal articles. Bringing it all together creates a persuasive case for smoking bans, Dr. Healton said.

The report is online at surgeongeneral.gov/library/secondhandsmoke/.

Sioux Tribal Leaders Plan Beer Blockade (USAT/AP)

By Carson Walker, The Associated Press

USA Today, June 28, 2006

SIOUX FALLS, S.D. — In an effort to fight alcoholism on the Pine Ridge Indian Reservation, leaders of the Oglala Sioux tribe plan to set up roadblocks today and stop members from bringing in beer bought at four outlying stores.

Alcohol has long been banned on the 16,500-member reservation, where drinking has been a scourge for generations. But four stores in Whiteclay, Neb., a village a few hundred feet outside the reservation, sell about 4 million cans of beer every year, mostly to Indians.

Tribal members say that from now on, they will confiscate beer bought in Whiteclay.

“We are the last line of defense when it comes to protecting our people,” says Duane Martin of the reservation's Strong Heart Civil Rights Movement.

The effects of alcoholism can be seen in nearly every family, in accidents, violence, sexual abuse and suicide, says Terryl Blue-White Eyes, director of the alcohol and drug program for the reservation.

The youth suicide rate on the reservation is the highest in the nation, and most of the suicides involve alcohol, she says.

Shannon County, where most Pine Ridge residents live, is home to less than 2% of South Dakota's population but had 19% of the fatalities caused by drunken driving in 2005 — 14 of the 74 deaths statewide, according to the South Dakota Department of Public Safety.

Beer cans litter reservation roads and the streets of Whiteclay, a village of roughly a dozen people. People loiter outside the stores. Some try to trade tools, electronics and other items for beer.

The stores have been a source of tension for years, and tribal members have tried to stop alcohol sales in Whiteclay through the courts, the county and the state licensing board.

Mark Vasina, president of Nebraskans for Peace, a mostly non-Indian activist group that tried to end alcohol sales in the border town, says the blockade is the only option left.

Lance Lintt, who works at the Jumping Eagle Inn, one of the four stores in Whiteclay, says of the blockade, “I just don't know how it's going to work or how they have any legal grounds to confiscate any beer. I just don't think they'll get anyone to stop for them.”

The plan is to set up checkpoints just inside the reservation's boundaries.

Volunteers in Whiteclay will use radios to tell workers at the checkpoints which vehicles should be stopped and searched.

Tribal police will not enforce the blockade but will maintain order, says Alex White Plume, vice president of the tribal council.

FBI/DEA/ATF/USMS:

Mistrial Declared In Shooting Of Officer (BOS)

The Boston Globe, June 28, 2006

A Quincy man, accused of shooting a Boston police officer, was convicted of two firearms violations yesterday, but a Norfolk jury deadlocked on charges that he tried to kill the officer, prosecutors said. The judge declared a mistrial on the shooting charges yesterday because the 12-member jury failed to reach a verdict after deliberating for three days , said David Traub, a spokesman for the Norfolk district attorney's office. Traub said a hearing would be held Friday at Norfolk Superior Court to consider whether to retry Horacio Mays in the shooting of officer Scott W. O'Brien in the jaw and the right forearm in 2004. In January 2004, police went to Mays' Quincy home to arrest him on a default warrant for missing a probation surrender hearing. A standoff began after police arrived about 6 a.m., and Mays allegedly shot O'Brien, then 27, as he tried to enter the attic where Mays was hiding, police said.

Former gang leader sentenced to 21 years A former leader of the Latin King gang was sentenced to more than 21 years in federal prison for drug trafficking offenses, the US attorney's office said yesterday. Edwin Serrano, 29, of Lawrence was sentenced Friday after he was found guilty of selling cocaine and crack cocaine to a ``cooperating witness" working with a federal-state task force investigating gang activity throughout the state. Authorities say Serrano, who was minister of defense for the Lawrence chapter of the Almighty Latin King and Queen Nation, also offered to sell the witness a firearm and attempted to

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recruit the witness to go to New York to kidnap someone. Serrano was sentenced by Chief US District Judge Mark L. Wolf to 21 years and 10 months in prison, followed by 8 years of supervised release.

Barrios ends effort to limit Fluff State Senator Jarrett T. Barrios is abandoning his push to limit the serving of Fluff, the marshmallow concoction, in public schools. Barrios, a Cambridge Democrat, proposed an amendment to a school-nutrition bill last week that sought to restrict the sale of marshmallow spreads to once a week. But the proposal drew scorn from fans of the Fluffernutter, the sandwich made from fluff and peanut butter. After his proposal became national news and the butt of jokes on talk radio, Barrios decided to drop the effort, said spokesman Colin Durrant.

Trial set for accused Bosnian war criminal An alleged Bosnian Serb Army war criminal will go on trial in US District Court in Boston today on charges that he lied on immigration paperwork he used to enter the United States. Marko Boskic, a Croat, has told federal investigators he was forced to participate in the mass killings of 1,200 Muslim men and boys in Srebrenica in 1995 in the former Yugoslavia. The Justice Department earlier this year decided not to prosecute Boskic under American anti torture laws for his alleged role in the mass killings. Boskic, who was living in Peabody when taken into custody by immigration officials in 2004, now will be tried only on immigration charges for saying he had not served in Bosnian military.

Police identify stabbing victim in Roxbury

Police yesterday identified a man found fatally stabbed in a Roxbury home Thursday as Ronald Perry , 37, of Waltham. Police said they discovered Perry about 7 a.m. in a home on Cheney Street after a request from a friend to check on Perry. Police are investigating .

Man struck, killed by MBTA train The MBTA is trying to identify a man killed yesterday when he was struck by an Orange Line train while walking along the tracks south of the Green Street station in Jamaica Plain, said MBTA spokesman Joseph Pesaturo . The man, who Pesaturo said was not carrying identification, apparently walked off the station platform and was struck by a northbound train at about 6 a.m. Orange Line service was shut down for more than two hours and buses shuttled passengers, he said. The operator, as required, is undergoing drug and alcohol testing, Pesaturo said.

NEWTON

Two are indicted in Newton slaying Two men were indicted yesterday in the slaying of Edward Schiller, 39, during the morning of Jan. 13. James Brescia, 46, of Waltham and Scott Foxworth, 52, of Dracut are both charged with murder and conspiracy in Schiller's fatal shooting in a Newton parking garage. Schiller was found in his car with a single gunshot to the head and was pronounced dead on the scene. Authorities believe that Brescia agreed to pay Foxworth to kill Schiller and that Foxworth shot Schiller in the garage. Both men were arraigned on April 4 and pleaded not guilty.

Police: Lethal Drug Fentanyl Hitting Twin Cities Streets (AP)

AP, June 28, 2006

MINNEAPOLIS - A lethal mixture of heroin laced with fentanyl, a synthetic painkiller blamed in the deaths of more than 200 people in Chicago and Detroit, is working its way into the Twin Cities, authorities said.

"It's the beginning of an issue, and how far-reaching it becomes we'll have to see," said Thomas Kelly, agent-in-charge of the federal Drug Enforcement Administration office here.

Fentanyl can kill in tiny doses, either by stopping a user's breathing or making them so unresponsive that they choke on their own vomit, said Matt Morgan, a toxicology fellow at Hennepin County Medical Center.

Three St. Paul men arrested Friday have been charged with conspiring to distribute fentanyl and crack cocaine. Kevin Joseph Fenner and Eric Dion Davis, both 38, and Eric Robert Hargrove are scheduled to appear Wednesday in U.S. District Court in Minneapolis.

According to a criminal complaint, Fenner sold 5 grams of a substance that tested positive for fentanyl to a police informant last week. And Hargrove possessed 6 grams of suspected fentanyl when he and Davis were arrested Friday night while driving to a drug buy set up by an informant.

Davis was identified as a Vice Lord gang member three years ago, said Ron Ryan, commander of the Metro Gang Strike Force.

Officers later recovered 1 1/2 ounces of suspected fentanyl when they searched Hargrove's bedroom in a house on Germain Avenue in St. Paul, where he lived with Fenner, the complaint states.

Authorities in Minneapolis and St. Paul are reviewing heroin-related deaths to determine if fentanyl was involved.

Though he did not have specifics, St. Paul police spokesman Pete Crum said Tuesday that "we're aware of an increase nationwide of heroin overdoses, and that includes the metro region here."

Minneapolis police Capt. Rich Stanek said the department has seized only "very small" amounts of heroin mixed with fentanyl.

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Kelly said one of the three men arrested has connections to Chicago and that drug agents were trying to determine whether that's the source of the fentanyl seized in St. Paul.

Nearly 100 fentanyl-related deaths have been confirmed in the Chicago area this year, according to the Cook County medical examiner's office.

By Ken Little (SN)

By Guidelines On Health Information

Star News, June 27, 2006

Federal guidelines in place to keep personal health information confidential create a roadblock for police who want to speak with victims of overdoses about the source of the drugs that hospitalized them.

The issue was discussed last week at a meeting of about 30 law enforcement officials and medical community representatives. The task force, formed by New Hanover County District Attorney Ben David, is talking about ways to coordinate the response to a recent surge of suspected heroin overdoses that have claimed at least four lives in Wilmington.

Strides were made to ensure cooperation between the law enforcement and medical communities, David said Monday.

"The goal is to recognize that the interests of medical professionals and those of us in law enforcement are united in determining the source of the illegal drugs," David said. "The goal is to treat patients and catch dealers who are making these patients victims."

Preliminary test results from the federal Drug Enforcement Administration shows the heroin that killed two men earlier this month in Wilmington was high in purity and not cut with the powerful synthetic narcotic fentanyl, as was suspected.

Whatever its composition, the heroin poses a lethal threat to users, Wilmington-based DEA Special Agent Eric Savitts said.

"Generally speaking, if (regular users) find out there is a potent batch out there, they will gravitate towards it," Savitts said.

Further testing will help determine the specific content of the heroin, Savitts said.

Meanwhile, representatives of New Hanover Regional Medical Center and the city of Wilmington are exploring the nuances of the 1996 Health Insurance Portability and Accountability Act to see how much wiggle room institutions like hospitals and counseling centers have in providing client information to police.

"We have a lot of common goals, like making sure the community is safe, but at the same time we have a lot of privacy constraints we have to comply with," said Lori Feezor, hospital vice president of legal affairs.

Feezor and city privacy officer William Wolak are exploring ways to cooperate with police while adhering to the HIPAA law.

"We need to be mindful and protect the confidentiality of patient information. That said, we are also mindful of our dual responsibility to the community and the health of all people in the region," Feezor said.

Police Community Affairs Officer Linda Rawley suggested that something has to give for the partnership to be effective.

"The hospital has not released any information to us because of HIPAA. The only way we know about the (overdoses) is from officers who are at the scene," she said.

Investigators "want to be able to begin tracking these cases to look at the pattern," Rawley said.

"At the federal level, it looks like lawmakers and legislators should make some addendums to HIPAA," she said.

Feezor said the hospital can currently provide information to police about a patient if the individual consents to it. Medical officials can also release "aggregate data" reflecting, for instance, the total of suspected overdose victims treated with the drug Narcan over a given time frame, but can not get into specific cases. Narcan is commonly administered to people who overdose on narcotics.

"It is a difficult issue and it is an issue health care providers struggle with nationwide," Feezor said. "Generally, we have tried to collaborate where possible."

Friday's meeting "laid the foundation for examining some of those processes. We are waiting to see more hypotheticals," Feezor said.

Law enforcement and supporting agencies are gearing up for a full-scale assault on the local heroin trade, David said.

"Our primary concern is quickly locating the source of the illegal drugs," he said. "We are stepping up the pressure on drug dealers in this community and this is just one of the phases it is taking."

Man's Death Possibly Linked To Heroin (WOOD)

WOOD-TV, June 27, 2006

PORTAGE -- The Portage Police Department continues to investigate the death of a 34-year-old man.

Officers found the victim dead inside his home Thursday night.

An autopsy could not reveal what caused the man's death.

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Portage police think he died of a mix of heroin and the prescription pain reliever fentanyl. Such a combination is blamed for nearly 200 deaths in the Detroit and Chicago areas.

Investigators hope a toxicology report on the Portage man's body will help their case.

Officials Investigate Limbaugh After Finding Viagra In His Bag (AP)

AP, June 27, 2006

WEST PALM BEACH, Fla. (AP) — Rush Limbaugh will likely have to wait several days to find out if he violated his deal with prosecutors in a prescription fraud case when authorities found him in possession of a bottle of Viagra that was apparently prescribed to someone else, a spokesman for the state attorney's office said Tuesday.

Limbaugh, 55, was detained for more than three hours Monday at Palm Beach International Airport after he returned on his private plane from a vacation in the Dominican Republic. Customs officials found Viagra in his bag, but his name wasn't on the prescription, Palm Beach County sheriff's spokesman Paul Miller said.

Limbaugh's lawyer, Roy Black, said the prescription was written in his doctor's name "for privacy purposes." The conservative radio host was released without being charged and investigators confiscated the Viagra, which treats erectile dysfunction.

Limbaugh joked about the search on his radio show Tuesday, saying Customs officials didn't believe him when he said he got the pills at the Clinton Library and he was told they were blue M&Ms. He later added, chuckling: "I had a great time in the Dominican Republic. Wish I could tell you about it."

It is generally not illegal under Florida law for a physician to prescribe medication in a third party's name if all parties are aware and the doctor documents it correctly, said Mike Edmondson, a spokesman for the state attorney in Palm Beach County. He would not discuss specifics in the Limbaugh case Tuesday.

The sheriff's office was continuing its investigation and would turn the case over to prosecutors in several days, Edmondson said. The alleged violation could be a second-degree misdemeanor if Limbaugh's doctor doesn't confirm the prescription.

Under last month's deal with prosecutors, authorities will dismiss a "doctor shopping" charge if Limbaugh doesn't get arrested for 18 months, among other terms. Prosecutors had said he illegally deceived multiple doctors to get overlapping painkiller prescriptions. Limbaugh denied the charges but admitted he was addicted to painkillers.

This latest case may simply be dismissed if prosecutors can confirm with Limbaugh's doctor that the prescription was indeed for Limbaugh, said Kendall Coffey, a former U.S. attorney in Florida.

"It's perhaps a little embarrassing but not highly incriminating," Coffey said.

In addition, possession of Viagra is in a "completely different universe than a matter that would involve Schedule Two (controlled) substances such as OxyContin" Coffey added.

According to the Drug Enforcement Administration, Viagra is not considered a controlled substance because "it's not something you can be addicted to," said DEA Investigator Maria Gilbert.

The Food and Drug Administration oversees regulations concerning non-addictive drugs that are not considered controlled substances, Gilbert said. A telephone call to the FDA was not immediately returned Tuesday.

Limbaugh Case Alerts Travelers To Rules For Prescriptions (USAT)

By Kitty Bean Yancey, Usa Today

USA Today, June 28, 2006

Carrying a vial of Viagra without his name on it got talk-show host Rush Limbaugh in hot water with U.S. customs officers Monday.

And his detention at Florida's Palm Beach airport raises questions for U.S. travelers who routinely fly with drugs that they can't show were prescribed to them.

Limbaugh was stopped after flying in from the Dominican Republic on a private jet. In a bag search, customs officers found a bottle of Viagra without his name on it. Limbaugh lawyer Roy Black said in a statement that the erectile-dysfunction drug was "prescribed by Mr. Limbaugh's treating physician but labeled as being issued to the physician rather than Mr. Limbaugh for privacy purposes."

VIDEO: Radio host detained for 3 hours

That violated customs rules, says Jennifer Connors, a U.S. Customs and Border Protection spokeswoman. Names on prescription drug bottles must "match the name on the travel document," she says.

Passengers flying domestically don't have to carry a prescription or have a labeled bottle, although the Transportation Security Administration website encourages labeled medications. Spokesman Darrin Kayser says, "Our focus is security; we're

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not as enforcement-focused as (customs), looking at 'whose drugs are those?' But it's good to have a prescription label, so it's clear."

Meanwhile, travelers often fly without prescriptions or the containers drugs came in.

Jean Mothena, 59, of Aldie, Va., takes seven pills daily (two prescription) and for ease keeps them in a sectioned pillbox. "I don't carry copies of my prescriptions. I've never thought there might be a problem."

Art Van Bodegraven, 66, of Alpharetta, Ga., flies overseas with unmarked pill containers. "I have never been asked about them."

Ditto, says Leonard Dinnerstein, 72, of Tucson. "I always dump them all in a big ol' Ziploc, throw it into the carry-on and go."

Ken Kushnir, 59, of Healdsburg, Calif., recalls being "hassled" when he lacked prescriptions or the bottles they came in. One customs agent "said he could arrest me on the spot," Kushnir says. He didn't.

Limbaugh, 55, went free after being detained. He was not targeted, Connors says: "We go through most people's bags" on private aircraft coming in from overseas.

The case went to the Palm Beach County Sheriff's Office; its report will go to the state attorney's office. Mike Edmondson, an attorney's office spokesman, says that, generally, if a doctor didn't act fraudulently and a prescription was for the patient, "that wouldn't be a violation of Florida statute."

Two months ago, Limbaugh struck a deal with prosecutors on a charge of fraudulently obtaining painkiller prescriptions. The case was to be dismissed in 18 months if he continued drug treatment and exhibited "model-citizen behavior," he told listeners.

2 More Sentenced For Role In Danbury-area Drug Ring (DNT)

Danbury (CT) News Times, June 27, 2006

Two more Danbury men have been sentenced to prison terms for their involvement in a Danbury-area cocaine and crack distribution ring that was broken up by law enforcement last year, federal authorities said Monday

Edward Toney, 22, of Westville Avenue, Danbury, was sentenced to five years in prison and four years of supervised release for conspiring to distribute 500 grams or more of cocaine, U.S. Attorney Kevin O'Connor said.

Timothy Eberly, 22, of Davis Street, was sentenced to 27 months behind bars, and six years of supervised release. Eberle faces an additional term of imprisonment for a probation violation stemming from a previous drug-trafficking conviction.

The two were among 24 people from Danbury and New York City who were arrested last year during a crackdown by Danbury police and the federal Drug Enforcement Administration on a drug ring operated by Alex Luna of Danbury. The ring imported large quantities of powdered and crack cocaine into the area for several years, investigators said.

A large quantity of narcotics, along with packaging material, cash, firearms and ammunition, were also seized by police.

Luna, who already has pleaded guilty, and several other defendants are still awaiting sentencing, O'Connor said.

N.F.L. Strengthens Drug Policy (AP)

AP, June 28, 2006

The N.F.L. has toughened its drug policy, adding amphetamines to the list of banned performance-enhancers starting in 2007. Amphetamines were previously listed as a "substance-abuse drug," but are now in the same category as steroids and other enhancers that carry stronger penalties. Next year will serve as a transition year, when a first positive test will bring a warning and put a player into the drug program. But in 2007, testing will cover amphetamines on a regular basis. A first positive will result in a four-game suspension.

NFL Cracking Down On Amphetamines (USAT)

By Skip Wood, Usa Today

USA Today, June 28, 2006

As far as the National Football League is concerned, amphetamines and methamphetamines aren't just harmful drugs but substances that fall under the performance-enhancement category.

Thus, beginning in 2007, positive tests from the drugs will result in the same penalties carried for steroids — sanctions which have recently been increased in an agreement between the league and the union as part of the revamped collective bargaining agreement.

The changes were announced this week at the NFL's annual rookie symposium in San Diego. Players were told of the changes by Harold Henderson, the NFL's executive vice president of labor relations.

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For the upcoming 2006 season, the penalty for a second violation for performance-enhancing drugs such as steroids will be increased from six games to eight games. First-time violators will continue to face an automatic suspension of four games. A third positive test still carries a one-year suspension.

According to Henderson, amphetamines and their derivatives have become a growing concern for the NFL, especially since the 2005 Congressional hearings explored performance-enhancing drug use in pro sports and the testing policies the major leagues utilize.

"Until then, we frankly didn't have a strong indication or belief they might be a problem for us," Henderson said. "But when we started talking to people in other sports, and saw what went on on the Hill, we started to re-evaluate our position."

The switch in classification for amphetamines and methamphetamines will not take affect until the 2007 season to make certain all players know of the new rules. A first positive test in 2006 would bring a warning and put a player into the drug program. A positive test next year will initially result in a four-game suspension

"We wanted this year," Henderson said, "to be less punitive and use it as a period of education and awareness."

Amphetamines previously fell under the category of harmful drugs such as cocaine and marijuana; a player wasn't suspended until his third positive test for such substances.

NFL players association president Gene Upshaw was unavailable for comment. Henderson said the union was in full agreement regarding the changes.

Amphetamines and methamphetamines affect the central nervous system and are considered stimulants. They are known to cause euphoric feelings and temporary boosts in energy but can also cause hypertension, among other health problems. Both drugs are addictive. Methamphetamines are considered stronger than amphetamines.

"We don't think they necessarily present the same types of competitive issues as steroids but there are serious health issues," Henderson said.

"But (we) realized the possibility that some players would use it for a gameday edge," he told the Associated Press in a phone interview. "The union quickly agreed with us."

"We were all working together during the Congressional investigation," Henderson said. "We learned about it, we wondered with each other whether this was an issue to be concerned about. In the abundance of caution, we probably should be. We all understood we needed to do something here."

Major League Baseball didn't begin testing for amphetamines until this season. An initial positive test results in evaluation and follow-up testing. Further positive tests result in suspensions of 25 games, 80 games and then a lifetime ban.

The NFL rookie symposium, which began Sunday and ends Wednesday, is a mandatory affair at which rookies are prepped on off-field issues in the league — including behavior and the importance of staying out of trouble and avoiding risky activities.

Several 2006 draft picks already have run afoul of the law, a fact Henderson acknowledges concerns him.

"It does," he said, "and that's one of the things we've been talking about here."

Henderson added there has been preliminary talk about holding the symposium either in late May or early June.

The Associated Press contributed to this report

Bonds Says He Hasn't Heard From Mitchell (AP)

AP, June 27, 2006

SAN FRANCISCO (AP) -- Barry Bonds said Tuesday he hasn't heard yet from former Sen. George Mitchell in his independent investigation of steroids in baseball.

Mitchell, the former Senate majority leader, was appointed in March by commissioner Bud Selig to head the league's investigation into steroids. He has already contacted some members of the San Francisco Giants' coaching staff.

Bonds, who has always denied using performance-enhancing drugs to fuel his home run chase, said he is determined to stay upbeat despite his decreased production this season, a sore, tired body, and his off-the-field issues.

"I'm doing good, ain't I? I'm going to be a positive person no matter what," Bonds said. "As long as my health is good and my family's happy, I'm going to be happy."

Bonds returned to the Giants' lineup for Tuesday night's interleague series opener against the Texas Rangers after he left Sunday's game against the Oakland Athletics following the second inning with irritation in his left knee.

Bonds, who turns 42 on July 24, is batting .252 with 11 home runs and 34 RBIs this season and has drawn 62 walks -- 26 intentional. With 719 career homers, he is second on the career list behind Hank Aaron (755).

"I'm loving life," Bonds said. "I'm just going to roll with it and have fun."

What is he struggling with?

"Everything," Bonds said, chuckling. "But I'm happy. I'm enjoying myself. I wave to the people outside, cheery."

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Bonds said he hurt his left knee -- he had three operations on the right one in 2005 -- stealing a base Friday night for the first time in nearly two years after team broadcaster Mike Krukow challenged the seven-time NL MVP's speed. Bonds acknowledged his competitive nature took over and he might have pushed his body too hard to prove Krukow wrong.

"I can only do it once. I need a break after that," Bonds said. "I'm not slow. I've played like this most of my career."

Bonds also reiterated that he doesn't plan to be in Pittsburgh for next month's All-Star game. He wants ace Jason Schmidt, another former Pirates player, to represent the Giants.

"Been there, done that," he said of returning to the city where he started his career. "Schmitty deserves it. He should represent this team. He's pitched well all year."

While Bonds was ready to play again, right fielder Moises Alou missed another day after receiving a cortisone injection in his troublesome lower back on Monday's off day. He has missed eight games with back spasms.

Bonds and Alou have played only 30 games together dating to last season, and the Giants are 13-8 with both of them in the lineup this year.

"Me and Mo are just trying to figure out what somebody has with us being on the field at the same time," Bonds said. "Somebody has a hex on us. We need to figure out what it is and kill it."

Armstrong Goes On The Offensive To State His Case (LAT)

By Alan Abrahamson, Times Staff Writer

The Los Angeles Times, June 27, 2006

In numerous television interviews, he challenges the testimony by an ex-teammate's wife that he admitted using drugs to aid his performance.

Lance Armstrong mounted a public-relations offensive Monday, seeking to discount sworn testimony alleging that he had, nearly 10 years ago in an Indiana hospital room, acknowledged use of an array of performance-enhancing substances.

Appearing on a number of shows on ABC or ESPN, Armstrong sought to undercut testimony offered by Betsy Andreu, a former teammate's wife. She testified Armstrong was asked by doctors on Oct. 27, 1996, if he had used performance-enhancing drugs and said, "EPO, growth hormone, cortisone, steroid, testosterone."

"... The proof is in the pudding," Armstrong, appearing on ESPN's "Outside the Lines," said. "The pudding's not a bunch of people that are bitter and angry. The proof of the results, not just the race results but the drug-testing results, the investigations, the inquiries, the court cases — haven't lost one of them."

Andreu's testimony, corroborated by her husband, Frankie, a former Armstrong teammate who rode in the first two of Armstrong's history-making Tour de France wins from 1999 through 2005, came in a confidential arbitration. The case ended in February with a $7.5-million settlement in Armstrong's favor.

The Times reported Saturday about Betsy Andreu's testimony. The French newspaper Le Monde on Friday had printed portions of her testimony.

Armstrong said Monday on "The View," on ABC: "... The things they don't report is what happened under cross-examination when the person who made the accusation couldn't remember anything about the room. Couldn't remember if the doctor was a man or a woman, couldn't remember if they had a lab coat on or not, couldn't remember if they had a clipboard, couldn't remember anything.

"No facts, no figures, no evidence — just a mouth," one of the hosts, Star Jones, interjected.

Barbara Walters, another host, chimed in to ask Armstrong, "Aren't you sick of it?"

Under cross-examination, Betsy Andreu testified Jan. 17 that two doctors came into the room with white coats; one was tall with brown hair and glasses, she said. She further testified that there was a bathroom on the left, a big table on the right, a television against the wall, Armstrong was sitting in a chair by the table, a football game was on TV and one of the others who was there — Armstrong's then-girlfriend — was studying.

Betsy and Frankie Andreu issued a statement Monday through their attorney that said, "My clients remain steadfast in the truthfulness of their testimony."

Hamilton Faces New Doping Allegations (LAT)

By Alan Abrahamson, Times Staff Writer

The Los Angeles Times, June 27, 2006

Report details billing for performance-enhancing treatment U.S. cyclist is said to have received.

A Spanish newspaper reported Monday that U.S. cyclist Tyler Hamilton, an Olympic gold medalist serving a two-year suspension for blood doping, was billed by a doctor for treatment that allegedly included blood transfusions and banned performance-enhancing drugs, including steroids, human growth hormone and the synthetic blood booster EPO.

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Hamilton, in a statement issued by his attorney, Howard Jacobs of Los Angeles, said, "I have not done what the article alleges."

The report in El Pais, a national circulation paper published in Madrid, is part of a series sparked by a review of confidential judicial documents tied to a raid in May by police in Madrid. El Pais said Sunday that 58 riders in recent years might have received blood and banned substances.

Monday, the paper reported that among the documents it had reviewed was a fax, allegedly sent to Hamilton's wife, detailing a doctor bill for 43,040 euros, about $53,850 at Monday's exchange rate. The report said Hamilton also had been sent two pages of doctors' files purportedly detailing calendars noted with medications to be taken in advance of the 2003 season.

For instance, the paper reported, EPO was to be taken daily from Dec. 21 until Christmas Eve, and then on alternate days until Jan. 9. On Jan. 14, blood was to be withdrawn. On Jan. 24, anabolic steroids were to be started. Then in March, growth hormone and insulin were to be taken, as well as HMG, a hormone used by menopausal women, to mask anabolic steroid use, the paper said.

In the final lead-up to the Tour de France, cycling's premiere event, more growth hormone was to be taken and blood was to be reinfused, according to El Pais. Hamilton took fourth in the 2003 Tour despite breaking a collarbone in the first stage.

Hamilton won gold at the 2004 Athens Olympics in the time trial, then failed a test for blood doping. The backup test proved inconclusive, authorities acknowledging that the sample had mistakenly been frozen, and Hamilton kept his medal.

The month after the Olympics, in September 2004, Hamilton tested positive again for blood doping.

The test turned up markers for someone else's blood in his system.

In February, the Swiss-based Court of Arbitration for Sport, rejected Hamilton's appeal and barred him from competition through Sept. 22, 2006.

U.S. Cyclist Hamilton Keeps Gold Medal (AP)

AP, June 28, 2006

LAUSANNE, Switzerland (AP) -- American cyclist Tyler Hamilton will keep his gold medal from the 2004 Athens Olympics.

The Court of Arbitration for Sport rejected an appeal Tuesday by the Russian Olympic Committee to strip Hamilton of his time-trial gold medal due to a doping controversy and give it to silver medalist Vyacheslav Ekimov.

Hamilton currently is serving a two-year ban for testing positive for blood doping at the Spanish Vuelta in September 2004. CAS, world sport's highest tribunal, upheld the two-year ban in February.

That ban came into effect one month after an initial doping test in Athens in August 2004 led to suspicions Hamilton had used a blood transfusion to boost his endurance.

But the International Olympic Committee abandoned its probe because the American's backup specimen was mistakenly frozen, leaving too few red blood cells to analyze.

"Tyler Hamilton can retain the gold medal he won at the time-trial event in Athens and the ranking of this race is definitively confirmed," CAS said in its ruling Tuesday.

On Monday, Spanish daily El Pais reported that Hamilton was a client of Dr. Eufemiano Fuentes, one of the doctors arrested and charged in connection with the blood-doping scandal in Spain.

El Pais reported that Civil Guard investigations -- called "Operation Door" in Spanish -- show that Hamilton was among 58 pro cyclists who may have received prohibited substances and blood transfusions in recent years.

The article showed a copy of a fax, allegedly sent to Hamilton's wife -- Haven Parchinski -- detailing a doctor's bill for $54,060. The report said Hamilton had also had been sent two pages of doctors' files detailing calendars with medications to be taken in advance of the 2003 season.

Hamilton was not only engaged in banned blood transfusion practices, but also used EPO, anabolic steroids and human growth hormones during his treatment by Fuentes, the El Pais article said.

"I was very upset to read the accusations against me and to see my name associated with the 'Operacion Puerto' investigation in Spain," Hamilton said Monday in an e-mail message sent by his foundation. "I have not been treated by Dr. Fuentes. I have not done what the article alleges.

"In addition, I have never been contacted by authorities in Spain regarding these allegations. Therefore, it is impossible to comment on a situation I have no knowledge of."

Amid Doping Scandal, Ullrich Is Cleared To Ride In Tour De France (NYT)

By Nathaniel Vinton

The New York Times, June 28, 2006

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The Tour de France has been enveloped by the turmoil of a doping investigation less than a week before it is scheduled to begin. Race officials asked the team of a top contender to withdraw Monday, and yesterday they cleared another contender, Jan Ullrich of Germany, after a Spanish newspaper linked him to the blood-doping inquiry that has shaken cycling for the past month.

Tour officials asked the Astana-Würth team to withdraw after deciding it was implicated too heavily in the scandal. Alexander Vinokourov of Kazakhstan, who finished fifth in last year's Tour and third in 2003, rides for Astana-Würth.

The team appealed to the Court of Arbitration for Sport, and a ruling was expected as early as today.

"We expect to receive a request for formal arbitration tonight or tomorrow early," Matthieu Reeb, the secretary general for the C.A.S., said in a telephone interview from the court's headquarters in Lausanne, Switzerland. "We are ready to conduct an expedited procedure, to make sure that a final decision can be made before the Tour de France begins on Saturday."

Reeb said he expected the case to be considered by one court-appointed arbiter.

While the court is deliberating, uncertainty hangs over the Tour de France; teams are expected to arrive today in Strasbourg, where the competition will begin with a 7.1-kilometer prologue race (about 4.4 miles).

Astana-Würth has been involved in the doping investigation since last month, when the Guardia Civil, a military and civilian police force in Spain, raided several apartments in Madrid and seized steroids, hormones, the endurance-boosting hormone EPO, nearly 100 bags of frozen blood and equipment for treating blood. The evidence was said to have implicated dozens of cyclists and other athletes.

At the time, the team was named Liberty Seguros-Würth, but Liberty Seguros (part of Liberty Mutual, an insurance company based in Boston) demanded that its name be removed from the team's uniforms and vehicles. Astana is a collection of Kazakh businesses that came together in support of Vinokourov.

The Spanish newspaper El País reported that Ullrich, the Tour champion in 1997 and one of the favorites this year, could be implicated in the investigation. No riders have been charged in the investigation, and Ullrich has denied the accusations.

Tour de France officials said yesterday that Ullrich had been cleared to race. "For the Tour de France, for now, there is no problem with Ullrich," the race spokesman Philippe Sudres told The Associated Press.

Ullrich's team, T-Mobile, contacted the Spanish authorities yesterday and requested to see the secret evidence that El País cited in its report. But the Guardia Civil said no to the request, according to the team's spokesman, Luuc Eisenga.

Ullrich was not available for comment yesterday; he and his coach denied the blood-doping allegations Monday on the team's Web site. Ullrich, a favorite to challenge Ivan Basso of Italy for the Tour title this season, has been training in Switzerland, where he has a home.

"Obviously, we as a team cannot let Jan get stuck at home because there is a speculation in a newspaper," Eisenga said. "We have requested more information from the Guardia Civil, but they told us this information is top secret."

Eisenga said that he had spoken with the two top officials of the Tour — Christian Prudhomme, the race director, and Jean-Marie Leblanc, the deputy director — and that they were also pressing the Guardia Civil to share evidence obtained in its investigation.

"We share the same interests, and that is in having more information in order so we can make a decision," Eisenga said. "What we need for all decisions is proof, or evidence. There is no evidence. There is only speculation."

Details of the substances and documents gathered in the raid have been leaked to Spanish newspapers over the past month, creating an air of paranoia around the sport. Last week, Ullrich won the Tour de Suisse, a nine-stage race considered an indicator for Tour de France success.

RULING ALLOWS HAMILTON TO KEEP MEDAL Tyler Hamilton of the United States will keep his gold medal from the 2004 Athens Olympics. The Court of Arbitration for Sport rejected an appeal yesterday by the Russian Olympic Committee to strip Hamilton of his gold medal in the time trial because of a doping controversy and give it to the silver medalist, Vyacheslav Ekimov. Hamilton is serving a two-year suspension for testing positive for blood doping at the Spanish Vuelta in September 2004. (AP)

Cycling Suffers Toll For Role In Drug Testing (USAT)

USA Today, June 28, 2006

The Super Bowl of cycling starts this weekend in France, sans Lance. Even without the presence of the American legend named Armstrong, the famous two-wheel marathon of mystery and misery is enough to bring a smile and a grimace to the face of one of his former teammates.

As the same clouds of suspicion gather overhead regarding new allegations of illegal doping by some of the world's top cyclists, Jonathan Vaughters is in Boulder, Colo., trying to teach the next generation of young riders a better way — the right way — to spare them from confronting a moral dilemma.

That would be the drug-free way.

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The French way.

"In some ways, this pain (of scandal) is good," he says. "These kids never will have to face the decision of whether to do drugs and win or be mediocre and be able to sleep at night. Everyone in my generation faced it; it's what I went through. What a horrible choice. I don't want my guys to walk through a store and someone say, 'There goes a professional cyclist — he's a doper.' "

He insists it can be done as older riders, accustomed to the benefits of pharmacological cheating, fade. The climb up an Alps-high mountain of skepticism is long and steep. The sport is badly stigmatized because doping has been the fire under the seat for many cyclists for years. You can argue the merits of cyclists using alcohol, cocaine and amphetamines in decades past, but you cannot debate the effectiveness of EPO, a synthetic hormone that stimulates production of red blood cells and increases endurance.

Cycling is paying a hefty price because of its leadership in testing, even as most pro sports fly under the drug performance-enhancement radar because of union dissent regarding perimeters for testing.

"Cycling clearly is the divorced family," says Vaughters, 33, now retired and CEO of Slipstream Sports. "The furniture is in the front yard, the dog is running around without a leash — everyone in the neighborhood knows what's going on. Neighbors are looking out their windows and down their noses while at the same time lining up dates for the weekend on their spouses.

"Obviously, cycling has a problem with doping. But it is reduced. It was much worse in the '90s. It shows up on the radar often because the sport chose to pursue the problem. Any major team sport — baseball, the NFL, NHL — would come up with a whole lot more stuff than they did in the Spanish police raid (implicating former Tour winner Jan Ullrich). Fifteen years ago, cycling was where baseball is today."

If Vaughters is right, hold your breath regarding drugs and sports. Tuesday, the NFL toughened penalties for amphetamines. But when was the last time a pro football star not named Bill Romanowski tested positive for steroids and you heard about it? (Hint: Begins with "never.")

"The next 10 years is going to be one of the cleanest ever in professional cycling — and it will be one of the most painful eras for a lot of pro sports," Vaughters says.

Cycling remains synonymous with deception. Every day there seems to be a different allegation or re-cycling of news and old, festering personal wounds. In the case of Armstrong and adversaries such as international drug czar Dick Pound and former cyclist Greg LeMond, the rehashing of rumored treachery by the seven-time Tour kingpin is as tawdry as it is useless.

Last week it was revealed that a former Armstrong teammate, and the man's wife, swore under oath the inspirational cancer survivor admitted to a doctor (in their presence) that he doped.

Tyler Hamilton, the U.S. Olympic gold medalist suspended two years for doping, denied a report this week that a doctor billed him for blood-boosting work, including allegations he used steroids.

"Lance is extremely talented. Whether he doped or not, I have no idea," Vaughters says. "Here is a guy who, if everyone showed up clean, would win. I could've turned myself into a human chemistry lab and I still would not have been as good as Lance Armstrong."

Because the French were disgraced by a major doping scandal on their soil in the late 1990s, their attitude toward the sport was profoundly modified (some might suggest decades of not winning their own race made a difference, too). Testing of French cyclists is far more stringent, "10 times more than whatever I was subjected to when I was on the U.S. Postal Service team," says Vaughters, who also competed for a French contingent during his career.

It was in France where he culled the mandate he gives to young U.S. cyclists: "Do your best — don't take it beyond. We'd rather have you lose clean than win dirty."

IMMIGRATION:

Senate Warms To 'Border First' (WT)

By Amy Fagan

The Washington Times, June 28, 2006

Key backers of the Senate immigration bill said yesterday they are willing to consider a compromise that would delay the guest-worker program and "amnesty" portions until the borders have been secured.

The proposal was floated by Senate Judiciary Chairman Arlen Specter in an interview Monday with editors and reporters at The Washington Times.

"I think it's worth discussing," said Sen. John McCain, Arizona Republican. "Many of us have said we could work on border enforcement and, at the same time, work on other aspects that would take more time."

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Sen. Edward M. Kennedy, Massachusetts Democrat, said a delay will occur anyway because it will take a few years to set up the guest-worker program and the structure to process millions of illegal aliens onto a pathway to citizenship.

"We've always understood that," he said, adding that the final bill must be "comprehensive" and include all provisions.

"That's the key," he said, after he, Mr. McCain and others hosted a broad coalition of outside groups demanding a comprehensive bill.

Reaction at the other end of the Capitol was more muted, with at least one key House leader continuing yesterday to point out flaws in the Senate bill.

The House and Senate approved very different immigration bills, with the House focusing on building 700 miles of fence on the U.S.-Mexico border, boosting enforcement and requiring employers to verify that their workers are here legally. The Senate bill boosts enforcement, too, but also creates a program for future immigrant workers and a path to citizenship for many current illegal aliens.

On Monday, Mr. Specter, the Pennsylvania Republican who will lead House and Senate negotiators in the conference committee, told The Times that border security should be the top priority in the final bill and that he is open to a compromise that would make the guest-worker program and path to citizenship for illegal aliens contingent on first ensuring a secure border and improved interior enforcement.

Sen. Lindsey Graham, South Carolina Republican and key backer of the Senate bill, said yesterday he could see that as a possibility.

"I'm open to the idea that you'd have ... border-security benchmarks, interior-enforcement benchmarks, and once that's fulfilled, you start assimilating people," he said.

But just a month ago, many of these same senators -- including Mr. Specter, Mr. Graham and Mr. Kennedy -- voted against a proposal that would have set out a similar timeline requiring border security and improved enforcement before the rest of the Senate bill could proceed.

Mr. McCain, who wasn't present for the vote last month, said that approach was different from Mr. Specter's because it would have required the government to certify the border is "sealed" before the rest of the Senate bill could go forward -- a standard that he said could "never" be met.

While Mr. Specter's idea was received in the Senate with cautious optimism, House Republican leaders remained entrenched in their opposition to the Senate bill and stuck by their plans to hold hearings next month pointing out its shortfalls.

The office of House Judiciary Committee Chairman F. James Sensenbrenner Jr., Wisconsin Republican -- a staunch critic of the Senate bill -- had no comment yesterday on Mr. Specter's statements.

Meanwhile, the office of House Majority Leader John A. Boehner, Ohio Republican, pointed out yet another flaw in the Senate bill, saying it would actually weaken enforcement of immigration law by only permitting local law enforcement to assist federal agents in enforcing criminal violations of immigration law, not civil violations.

Many lawmakers say a final bill including any form of "amnesty" would never pass the House, whether those provisions are delayed or not.

"I don't think the House will go for anything that puts citizenship in the bill," said Sen. John Ensign, Nevada Republican, who thinks a compromise bill with a guest-worker program could work, as long as it didn't include citizenship for the millions of illegals already here, as the Senate bill would do.

In his comments Monday, Mr. Specter said that the Senate would insist that the final bill include a guest-worker program and a path to citizenship for many illegal aliens, but that he is also open to setting goals for border and interior enforcement ahead of those provisions.

Rep. Mike Pence, Indiana Republican, said it's a "very big deal" that Mr. Specter is willing to put border security first in the final bill. He also said he has a bill that may bridge the "amnesty" divide between the two chambers because he thinks many House Republicans could accept a guest-worker program that requires illegal aliens to return to their home country before they can apply for it.

He has a proposal that would set up a privately run system to do this, and he thinks this "no-amnesty guest-worker" program could work.

"I think the majority of House conservatives would be open to a no-amnesty guest-worker program," he said.

His bill also would set up a time frame, dedicating two years exclusively to border security before progressing to the rest of the bill.

Mr. Specter told The Times on Monday that his staff is reviewing Mr. Pence's proposal.

Mr. Pence said the Senate bill's citizenship approach is a "non-starter" in the House because it would let illegal aliens remain in the U.S. and eventually become legal, which most Republicans reject as amnesty.

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Mr. McCain, Mr. Kennedy and others insist that it's not amnesty because the illegal aliens would have to fulfill a long list of demands and pay a fine before they can get in line for citizenship.

Meanwhile, Sen. Jeff Sessions, Alabama Republican, said that although he is "encouraged" by Mr. Specter's recent comments, he is concerned that such a compromise could allow "amnesty" without truly ensuring the borders are secure and immigration law is being properly enforced.

He said lawmakers shouldn't accept the Senate's contentious proposals "with nothing more than a promise for enforcement."

Senate May Budge On Immigration (LAT)

By Nicole Gaouette

The Los Angeles Times, June 28, 2006

WASHINGTON — With the House and Senate stalemated over how to overhaul immigration law, the contours of one potential path to an agreement have begun to emerge.

The House has approved a bill that focuses on improving border security and cracking down on illegal hiring. Many of the conservative Republicans who are dominant in the House have said that these security measures must be firmly in place before the House begins discussions about elements of a Senate-passed bill that would create a guest worker program and offer steps to citizenship for most illegal immigrants now in the U.S.

Now some Republican senators are suggesting — though gingerly — that they would be willing to agree to some kind of timetable in which goals related to border security and law enforcement must be met before the guest worker and citizenship programs that the senators favor could begin.

"The idea that we'll look at some sort of trigger before we implement everything else is worth some discussion," said Sen. Mel Martinez (R-Fla.), who wrote part of the Senate plan that would offer legal status to many illegal immigrants.

Sen. John McCain (R-Ariz.), an architect of the Senate legislation, said that the Senate bill, in practice, would put border security ahead of other new immigration measures.

"Interior enforcement and border enforcement will go first…. It's going to take 18 months to two years to put the infrastructure in place to deal with guest workers," McCain said. He added that the same was true of the proposed Senate program to create a path to citizenship for most of the nation's estimated 12 million illegal immigrants.

Sen. Arlen Specter (R-Pa.), who would lead any negotiations with the House, was quoted even more directly by the Washington Times newspaper on the idea of putting in place border security and law enforcement measures before other elements of an immigration package.

"It may be down the line that we will come to some terms on a timetable, with border security first and employment verification first," Specter was quoted as saying in the newspaper's Tuesday editions. Specter, who is chairman of the Senate Judiciary Committee, could not be reached for comment Tuesday.

Left unclear in the still-emerging conversation is whether senators would agree that specific border security and law enforcement goals or targets would have to be met before a guest worker or legalization program could begin.

It is also unclear whether the House would accept a step-by-step approach. Many House members say they oppose any citizenship program as an unwelcome "amnesty" for people who broke the law by crossing the border. Others say that guest worker programs undermine wages and job availability for native workers.

Still, some senators appealed Tuesday for House members to join them in negotiations to resolve the significant differences in the House and Senate visions of immigration policy. Those negotiations were expected to begin, but the House said last week that it wanted to hold a new round of hearings across the country on immigration before starting talks with the Senate.

"We are willing to negotiate with those who have specific disagreements with the Senate bill," McCain said Tuesday.

The senators' appeal to the House came as the Senate Appropriations Committee approved $31.7 billion for the Department of Homeland Security and its efforts to strengthen the borders in the fiscal year starting in October.

The funding is almost 5% more than last year's levels, with border protection allocated $65 million more than President Bush had requested.

"We focused aggressively on border protection," said committee chairman Judd Gregg (R-N.H.).

As GOP Bickers Over Immigration, Boehner Criticizes Dem 'silence' (HILL)

By Patrick O'Connor And Josephine Hearn

The Hill, June 28, 2006

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As Republicans continue to bicker among themselves on immigration reform, House Majority Leader John Boehner (R-Ohio) ripped congressional Democrats yesterday for refusing to adopt a unified position on the controversial legislation.

The prospects for a bill's being signed into law this year dimmed significantly last week after House Republican leaders announced a series of hearings to examine a comprehensive Senate package that would allow undocumented workers already in this country a path to legal status.

"I think a feeble response from House Democrats on border security makes clear they have no coherent policy on this issue," Boehner said during his regular press briefing yesterday. "The stone silence from them is deafening."

Democratic leaders have spent much of this debate on the sidelines while Republicans in the House have sparred openly with their GOP colleagues in the Senate over the politically perilous question of what to do with those workers already in this country.

Thirty-six Democrats broke with their leadership and voted to approve a House package late last year drafted by Judiciary Committee Chairman James Sensenbrenner (R-Wis.) that would increase border protection and impose stiffer sanctions on companies that employ illegal immigrants. That included all 10 members of the Democratic Congressional Campaign Committee's (DCCC) Frontline program for the most vulnerable incumbents.

Boehner voted against the Sensenbrenner bill, saying earlier this year that he saw some of the provisions as an unfunded mandate on employers.

Democratic leaders insist their members remain largely unified on immigration reform.

"Frankly, I think this is not particularly a problem for us Democrats because Democrats are pretty well united," House Minority Whip Steny Hoyer (Md.) said during a recent press briefing. Hoyer said Republicans have a problem because GOP lawmakers in the House disagree with the White House while the Senate is somewhere in the middle. Most immigration experts say the Senate version is more to the administration's liking because it calls for a guest-worker program.

House Minority Leader Nancy Pelosi (D-Calif.) criticized President Bush last week for not intervening more with his fellow Republicans to push "comprehensive bipartisan immigration reform."

"I said all along that it wouldn't happen unless the president used his leadership and intervened into this discussion to reject the Sensenbrenner Republican House bill," Pelosi told reporters during her regular briefing Thursday.

The minority leader said House Democrats would appear at a number of the upcoming field hearings to question Republican lawmakers for failing to protect the border and American workers.

Asked if Democrats would participate in the hearings or if they would hold competing hearings, Pelosi replied, "I'm just saying we won't be missing in the debate."

The issue does not divide easily along partisan lines, but it has become increasingly difficult for the GOP, pitting Republican House leaders against Bush and a large bloc of GOP senators. In fact, Republicans in the House are not universally opposed to the White House-backed Senate plan.

Immigration reform has become a major campaign test for select congressional Republicans, most recently for Utah Rep. Chris Cannon in that state's primary yesterday, which was undecided as of press time.

A political action committee affiliated with Rep. Tom Tancredo (R-Colo.), who has maintained a long and steady drumbeat opposing illegal immigration or undocumented workers already in this country, has contributed significant funds to Cannon's Republican opponent, John Jacob, a wealthy developer.

Boehner's criticism of Democrats comes as House Republicans are attempting to blame Democrats for the immigration bill that passed in the GOP-led Senate.

In addition to calling the Senate bill the "Reid-Kennedy bill," in a nod to Senate Minority Leader Harry Reid (D-Nev.) and Sen. Edward Kennedy (D-Mass.), Boehner spokesman Kevin Madden is pushing members and staff to criticize Democrats for not taking a harder stance on immigration, leadership aides said.

The Republican Conference office is also expected to make immigration reform a major component of its member-outreach kits for the Fourth of July recess, one leadership aide said. Those kits will include talking points on the House-passed bill as well as the five statements of principle on the reform issue.

A Pelosi aide said immigration reform is crumbling because House Republicans did not work closely with Democrats in the House.

"The Speaker and Congressman Boehner believe in the principle of the majority of the majority," Pelosi spokeswoman Jennifer Crider said. "They only care about House Democrats when they're in a political box and can't think their way out."

Senate Republicans were able to craft a bipartisan compromise because they worked more closely with the minority party, Crider said. More Democrats than Republicans voted for the Senate bill.

"Had the Republicans approached immigration reform in the way it should be, in a bipartisan, bicameral way … the House Republicans wouldn't be in this position," Crider said.

With the elections approaching, members from both parties are expected to shift the blame to their counterparts in the other party.

"If [Democrats] have to take a position it will rip their party apart," one senior House GOP leadership aide said. "It's going to put them in a position of backing an open border policy and weakened enforcement."

TAX:

Court Says Prosecutors Pressure White-Collar Defendants Unfairly (WSJ)

By Laurie P. Cohen And Paul Davies

The Wall Street Journal, June 28, 2006

In a decision that bolsters white-collar defendants facing criminal investigations, a federal judge said prosecutors can't pressure companies to stop paying legal bills for indicted employees.

The ruling, by a judge overseeing the KPMG LLP accounting fraud case in a New York federal court, concluded that federal prosecutors gain an unfair advantage and violate the due process of indicted employees by pressuring their employers to refuse to pay their legal costs. The decision strikes down a key lever used by the government in several recent criminal investigations. (Read the ruling.1)

Defense lawyers argue that by pressuring companies to withhold fees for their employees' legal costs, the government is really pressuring defendants to plead guilty -- or face enormous legal bills from drawn-out cases. The government denies pressuring companies to halt payments.

In recent years, companies including KPMG and HealthSouth Corp. have refused to pay legal fees for some indicted executives after being warned that payment could be viewed as a sign of non-cooperation, according to lawyers. In March, a federal judge in New Hampshire voiced concern that Enterasys Networks Inc., a maker of wireless products, was wrongly pressured by the government to cut off funding of legal fees for employees charged in an alleged fraud.

"This is a big decision and it affects the broad assault on white-collar crime and accounting fraud," said William McLucas, a defense lawyer and former enforcement chief of the Securities and Exchange Commission who conducts internal investigations for companies facing potential fraud charges.

At issue is a 2003 memorandum that advised U.S. attorneys to "scrutinize the authenticity of a corporation's cooperation" when considering whether to seek criminal charges. Known as the "Thompson memo," for former Deputy Attorney General Larry D. Thompson, its author, the memo stated that prosecutors could take a company's willingness to advance legal fees to employees as a sign of lack of cooperation.

Yesterday's ruling concerned 16 former KPMG executives who face trial later this year for marketing allegedly fraudulent tax shelters. They have refused to cooperate with federal prosecutors and have pleaded not guilty. Though KPMG had said it would pay up to $400,000 in legal fees for employees who cooperated in the fraud case, the accounting firm fired the 16 for refusing to cooperate and denied them any fees.

"KPMG refused to pay because the government held the proverbial gun to its head," wrote U.S. District Judge Lewis A. Kaplan in his 83-page decision. "Had that pressure not been brought to bear, KPMG would have paid these defendants' legal expenses."

While declining to toss out the charges of conspiracy and accounting fraud against the defendants, Judge Kaplan said the 16 can challenge the accounting firm's refusal to pay their legal bills, and gave them two weeks to file civil suits.

A spokesman for KPMG, which wasn't a party to the fee dispute, said the firm is "reviewing the opinion."

The government is expected to appeal. "We are disappointed" by the decision, "which we respectfully believe is unsupported by the factual record and the applicable law," said Michael J. Garcia, U.S. Attorney for the Southern District of New York, which is overseeing the KPMG prosecution. "The actions of the government were entirely consistent with appropriate Department of Justice policy, and we believe that the prosecutors acted ethically and properly throughout this case."

The dispute has its roots in sentencing guidelines enacted by Congress in 1991, which said companies could get lenient treatment only if they cooperated with investigators. In 1999, the Justice Department advised prosecutors to consider companies' willingness to waive attorney-client privilege and "identify the culprits within the corporation" in judging cooperation. In 2003, the Justice Department codified "cooperation" in white-collar cases with the Thompson memo.

For many defendants, legal fees can play a big role in deciding whether to plead guilty or fight, some lawyers said. "For once, we're getting a judge who realizes how much it costs to defend someone in a white-collar case and that something needs to be done to assist people if there is going to be a presumption of innocence," said Ellen Podgor, a professor at Stetson University's law school.

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In the fraud case at Enron Corp., for instance, lawyers for onetime top accountant Richard Causey said their client lacked the estimated $20 million he would need to defend himself. Mr. Causey later pleaded guilty, and some observers said he may have felt that was his best choice given the legal costs.

By contrast, former Enron Chief Executive Jeffrey Skilling, who had a sizable personal fortune, pleaded not guilty. In his unsuccessful defense against fraud and conspiracy charges, he ultimately wracked up legal costs of more than $40 million, only $17 million of which was picked up by Enron's insurance.

The government hasn't always invoked the 2003 guidance. For instance, prosecutors didn't challenge the cooperation of Computer Associates in the fraud case there even though it covered the legal costs for some employees charged in the case.

Now, some lawyers said, they expect the government to standardize its approach in all cases. "You'll see a uniform position now with careful documentation," predicts Steven Peikin, a partner at Sullivan & Cromwell in New York and a former federal prosecutor.

People with knowledge of the KPMG case said the company is expected to argue that its own bylaws don't require the covering of legal bills -- or indemnification -- and that any challenge must first be arbitrated. But Judge Kaplan, anticipating that claim, signaled that he likely wouldn't support arbitration in the case.

If the decision stands, "there's no question it will affect future thinking by companies and the government about the whole indemnification issue," said Charles Stillman, an attorney for KPMG. However, he said, "A company has a right to make its own decisions, and the right to indemnification isn't constitutional."

KPMG reached a deferred-prosecution agreement with the government on tax-shelter charges last August, agreeing to pay $456 million. A trial in the case against the former KPMG executives is scheduled for autumn.

Judge Kaplan, himself a former corporate lawyer in Manhattan, took the prosecutors who testified in his courtroom about the fee dispute to task for denying that the government pressured KPMG not to pay employee legal fees.

"The government was economical with the truth in its early responses to this motion," he wrote. "KPMG's decision on payment of attorneys' fees was influenced by its interaction with the" U.S. Attorney's office in Manhattan "and thus cannot fairly be said to have been a decision 'made by KPMG alone,' as the government represented."

Judge Blasts Pressure Put On KPMG Over Legal Fees (USAT)

By Greg Farrell

USA Today, June 28, 2006

NEW YORK — A federal judge ruled Tuesday that the U.S. Attorney's office unfairly pressured the KPMG accounting firm not to pay the legal expenses of former partners who have been charged with selling abusive tax shelters. It marked a stinging rebuke to federal prosecutors here and the Justice Department's approach to corporate prosecutions as a whole.

In a narrow sense, the ruling means that more than a dozen former KPMG partners and employees under indictment can now have their legal costs paid upfront by the accounting firm.

But more broadly, the ruling strikes at the Justice Department's policy for determining whether to bring charges against corporations. That policy, known as the Thompson Memorandum, was written after the indictment and collapse of the Arthur Andersen auditing firm. It sets out the conditions prosecutors should take under advisement when deciding whether to bring criminal charges against a corporation.

In order to avoid prosecution for suspected criminal wrongdoing, the memorandum states, a corporation has to show that it is cooperating fully with the Justice Department's investigation. If the corporation is paying the legal fees of employees under investigation, prosecutors could view that as being less than fully cooperative.

U.S. District Judge Lewis Kaplan blasted that viewpoint in his 83-page decision. Under the Sixth Amendment of the U.S. Constitution, he wrote, every employee of a corporation, from hourly workers to top-ranked managers, has the right “to have their employers pay their legal expenses if they are sued as a result of their doing their jobs. This right is as much a part of the bargain between employer and employee as salary or wages.”

Legal experts hailed the ruling as a restoration of balance between the government's interest in prosecuting bad behavior and defendants' rights to adequate counsel:

·“The court is evening the playing field and making the government play fair,” says Jacob Frenkel, an attorney at Shulman Rogers in Rockville, Md. “The constitution still carries more weight than Justice Department guidance.”

·“The government is violating constitutional rights when it pressures corporations not to pay legal expenses,” says John Coffee, an expert in securities law at Columbia University.

·“It's a public smackdown,” says former prosecutor David Gourevitch, a Manhattan attorney.

In response to the ruling, U.S. Attorney Michael Garcia said he was “disappointed.”

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"The actions of the government were entirely consistent with appropriate Department of Justice policy, and we believe that the prosecutors acted ethically and properly throughout this case," Garcia said.

In August, KPMG admitted selling abusive tax shelters and agreed to pay $456 million in fines.

Policy On Legal Fees Excessive, Judge Says (WP)

By Carrie Johnson

The Washington Post, June 28, 2006

A Justice Department policy that warns companies against paying legal bills for employees under investigation violated the workers' constitutional rights, a federal judge ruled, as he blasted the government for letting "its zeal get in the way of its judgment."

U.S. District Judge Lewis A. Kaplan criticized the federal government for holding "the proverbial gun" to the head of accounting firm KPMG LLP and advising the firm not to pay full fees to lawyers defending more than a dozen former partners on fraud charges.

The policy "interfered" with the executives' ability to fight criminal charges in a case that has been called the largest tax fraud in history, the judge wrote. He said the government "evidenced a desire to minimize the involvement of the defense attorneys" and added that "the government's proper concern is not with obtaining convictions."

Kaplan's harshly worded 83-page decision handed a potent symbolic victory to defense lawyers and business groups, who have for years complained that the government is overreaching in its attempt to weed out fraud after the Enron Corp. and WorldCom Inc. scandals.

An unusual coalition of trade organizations, including the U.S. Chamber of Commerce, the Securities Industry Association and the National Association of Criminal Defense Lawyers, banded together to fight the policy and submitted court briefs in the KPMG case.

"This decision is a big step in curbing abuse of the significant power that prosecutors enjoy," said Michael J. Madigan, a lawyer at Akin Gump LLP in the District who is defending John Lanning, one of the former KPMG executives. "Hopefully, the decision will be read carefully by U.S. attorneys around the country."

E. Lawrence Barcella Jr., a lawyer at Paul Hastings LLP in the District who represents former KPMG partner Larry DeLap, said he hoped the decision would signal an end to prosecutors using a "litmus test for cooperation that undermined employees' constitutional rights."

Michael J. Garcia, the U.S. Attorney for the Southern District of New York, said he was "disappointed by the ruling . . . which we respectfully believe is unsupported by the factual record and the applicable law."

The prosecutor added, in a prepared statement: "The actions of the Government were entirely consistent with appropriate Department of Justice policy, and we believe that the prosecutors acted ethically and properly throughout this case."

At issue is a three-year-old document known as the Thompson memo, named after former U.S. deputy attorney general Larry D. Thompson. The memo, which binds federal prosecutors across the nation, sets out factors for the government to consider when deciding whether to indict a corporation. Central to the analysis is how much companies have cooperated with prosecutors, including such things as handing over documents, making available witnesses, waiving attorney-client privilege and not aiding employees who are suspected of wrongdoing by paying severance or their legal bills.

Last month, prosecutors in California indicted the law firm Milberg Weiss LLP, in part based on the argument that the firm had failed to waive its legal privilege and help the government investigate payments to third parties in exchange for serving as plaintiffs in securities cases.

The government policy has long vexed defense lawyers, who claim it violates clients' rights to a fair trial and to be represented by attorneys, a position with which Kaplan agreed after holding an unusual three-day hearing where prosecutors testified under oath about their conversations with KPMG.

But the immediate practical implications of the decision are less clear.

The judge rejected outright a bid by defense lawyers to dismiss the criminal charges against their clients. He did, however, invite them to file a related lawsuit against KPMG for the fees within two weeks' time. He also urged KPMG to pay the fees of its own accord and encouraged prosecutors to lean on the accounting firm to do so.

George Ledwith, a spokesman for KPMG, said the firm was reviewing the decision. But in court papers lodged this year, KPMG said the former executives could not sue because they were subject to mandatory arbitration clauses in their partnership agreements. Kaplan said in a footnote to his opinion that if such arguments are raised in front of him, he will consider whether they stand in the face of "public policy."

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KPMG of New York already has paid $456 million under an August deal with federal prosecutors that allowed the firm to survive and avoid criminal charges over its sale and marketing of abusive tax shelters in the 1990s. A similar indictment killed rival Arthur Andersen LLP four years ago.

Eager to cooperate with the government and avoid Andersen's fate, KPMG capped lawyer fees at $400,000 per employee and required employees to pick up any additional fees. The firm has advanced more than $10 million in fees for its current and former partners.

The criminal case against the former partners and other advisers, set for trial Sept., 11, could yet be postponed. Kaplan has called for a hearing next month on another defense motion, this one related to a dispute over the exchange of more than 6 million documents in the complex case. In one exhibit, defense lawyers offered a picture of documents nibbled by rats in a Queens, N.Y., warehouse.

Judge Faults U.S. In Tax Case (LAT)

By Kathy M. Kristof And Walter Hamilton, Times Staff Writers

The Los Angeles Times, June 28, 2006

Prosecutors erred in forcing KPMG to stop paying employees' legal bills, a ruling says.

In a ruling that could force the government to change its tactics in some corporate fraud cases, a federal judge said Tuesday that the Justice Department violated the rights of 16 former KPMG executives by coercing the accounting firm to cut off funds for their defense.

In a harshly written opinion, U.S. District Judge Lewis Kaplan said the government "let its zeal get in the way of its judgment" and "violated the Constitution it is sworn to defend."

In a statement, U.S. Atty. Michael Garcia countered that "the actions of the government were entirely consistent with appropriate Department of Justice policy, and we believe that the prosecutors acted ethically and properly throughout this case."

At issue was a Justice Department practice in which prosecutors ask companies whether they are paying the legal bills for employees charged with corporate crimes. The tactic derived from a 2003 memo from former Deputy Atty. Gen. Larry Thompson, which said prosecutors may weigh a company's legal defense of its employees in deciding whether the company itself should be prosecuted.

In a hearing on the issue a month ago, Kaplan likened the Thompson memo to "the barrel of a rifle."

KPMG agreed last year to pay $456 million to settle charges that it promoted fraudulent tax shelters to wealthy investors, including Global Crossing Ltd. founder Gary Winnick, Guess Inc. co-Chairmen Paul and Maurice Marciano and former California Republican gubernatorial candidate Bill Simon Jr.

But the firm — unlike the 16 former employees — was not indicted.

In court papers, KPMG acknowledged that it had departed from a longtime policy to pay its employees' legal bills. Instead, the accounting firm decided in the tax fraud case that it would pay bills only for those who cooperated with the government and agreed to a $400,000 cap on fees, and that payments would cease for workers who were criminally charged.

"If those whom the government suspects are culpable in fact are guilty, they should pay the price," Kaplan ruled. "But determination of guilt or innocence must be made fairly — not in a proceeding in which the government has obtained an unfair advantage long before the trial even has begun."

Legal experts said Kaplan's ruling would probably force the government to reexamine its use of the Thompson memo.

"It's going to chill the government's willingness" to use this tactic, said Steven Peikin, a partner at Sullivan & Cromwell in New York and former chief of the securities fraud division at the U.S. attorney's office in Manhattan.

The ruling also could affect scores of other corporate fraud cases being prosecuted in cities all over the country, experts said.

"The implications for the criminal defense bar nationwide are huge," said Joseph Price, a partner at law firm Arent Fox in New York. "If this stands up on appeal, it could affect hundreds of cases."

Justice Department officials did not say whether they would appeal.

John Coffee, a Columbia University law professor, said a legal challenge would be risky because an opinion upholding Kaplan could further restrict the ability of prosecutors to apply pressure in white-collar cases.

"I think [the judge] is dead right, and he's going to stop this practice dead in its tracks," Coffee said.

Charles Rettig, a partner at Hochman, Salkin, Rettig, Toscher & Perez in Beverly Hills, speculated that Kaplan's ruling alone might be sufficient to make the government's tactic obsolete.

"It will likely cause the government to back away from any discussion regarding an entity paying defense costs of current or former employees," he said.

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The defendants in the KPMG case include Jeffrey Stein, the firm's former deputy chairman, and Gregg Ritchie, a former tax partner in KPMG's Woodland Hills office.

Business groups including the Securities Industry Assn. and the U.S. Chamber of Commerce had filed friend-of-the-court briefs on behalf of the defense because they were concerned about the Justice Department in effect taking away the employer's discretion to defend workers for "acts committed in the course of employment," Rettig said.

Times wire services were used in compiling this report.

Federal Judge Blasts U.S. Pressure On KPMG Case Fees (LAW)

By Mark Hamblett, New York Law Journal

New York Law Journal, June 28, 2006

Southern District of New York Judge Lewis Kaplan delivered a harsh rebuke to prosecutors Tuesday for pressuring KPMG to cut off legal fees for employees unwilling to cooperate in the largest tax fraud investigation in the nation's history.

Saying the government "let its zeal get in the way of its judgment" and "violated the Constitution it is sworn to defend," Kaplan in United States v. Stein, S1 05 Crim. 0888, found that prosecutors had violated the Fifth and Sixth amendments by "causing KPMG to cut off legal fees and other defense costs upon indictment."

The decision has been eagerly anticipated by defense groups and business organizations such as the U.S. Chamber of Commerce and the Association of Corporate Counsel, who have become increasingly concerned at prosecutorial tactics they believe are eroding defendants' rights to counsel and a fair trial.

Kaplan said KPMG should consider paying the fees of 16 former employees now under indictment. He invited the former partners and employees of the accounting company to sue for fees if need be. And he urged the government to use its influence with the company to persuade it to pay the fees.

For the moment, Kaplan declined defense requests to dismiss the indictments although he held open that possibility.

KPMG had long made it a practice to pay the fees of its employees, the judge found, but it changed its policies in the hopes of obtaining the deferred prosecution agreement it ultimately signed in August 2004.

In an 83-page opinion that was unsparing in its criticism of the government, Kaplan said KPMG was so intent on staving off indictment and surviving as an entity that it told its employees it would no longer pay their fees if they refused to cooperate with the government and that it would cut off fees for those who were indicted.

"KPMG refused to pay because the government held the proverbial gun to its head," the judge said.

David Spears of Richards Spears Kibbe & Orbe, one of the attorneys for lead defendant Jeffrey Stein, said he was "floating on air" after reading the judge's opinion.

"This decision will change the way the government does business in the investigation and prosecution of entities," Spears said.

Southern District U.S. Attorney Michael Garcia issued a statement saying, "We are disappointed in Judge Kaplan's opinion today ... which we respectfully believe is unsupported by the factual record and the applicable law. The actions of the government were entirely consistent with appropriate Department of Justice policy, and we believe that the prosecutors acted ethically and properly throughout this case."

While the judge said that monetary relief against the government for the violations is precluded by sovereign immunity, and KPMG is technically not a party to the case, he said he had ancillary jurisdiction to resolve the issue of whether KPMG can be forced to pay the legal fees and costs of those under indictment. He directed the clerk to open a civil docket number for the claims of defendants against KPMG and gave them 14 days to do so.

But the judge also said dismissal of the indictment ("or other unpalatable relief") is still a possibility if the legal fees of those under indictment are not paid.

"The government has substantial influence and almost certainly, power over KPMG by virtue of the cooperation clauses in the [deferred prosecution agreement]," the judge said. "It may well be in its interest to use that influence or power to cause KPMG to advance the defense costs."

Charles Stillman of Stillman Friedman & Schechtman, who represents KPMG, said the company was reviewing its options.

"If the defendants are going to consider any possibility of action against [KPMG], they will have to pay attention to their contractual relationship with the firm, including whether or not they have the right to go to court or arbitration," Stillman said.

GOVERNMENT PRESSURE

The judge's opinion comes on the heels of a May hearing he held to explore improper government influence over KPMG fee policy and its impact on the due process rights and the right to counsel of the defendants.

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The hearing focused on meetings and communications between prosecutors and KPMG attorneys in early 2004, shortly after it was blistered by a Senate subcommittee investigating tax shelters for the wealthy. The shelters, prosecutors ultimately contended, were nothing but paper transactions that cost the government more than $2 billion in tax revenue.

With the heat on KPMG, the company hired Robert Bennett of Skadden, Arps, Slate, Meagher & Flom to try a fresh approach to dealing with the government. It also dismissed Stein, the firm's deputy chairman, who left with a generous severance agreement that included the advancement of legal fees.

KPMG, Stein's lawyers said, later reneged on the fee obligation because it feared the government would discover the arrangement and indict the firm.

At a Feb. 25 meeting, prosecutors asked Bennett and other representatives of KPMG about the firm's policy on fees for employees under investigation and whether or not the firm had "discretion" to pay the fees.

The question was an important one, given the Thompson Memorandum, a 2003 Justice Department policy statement on measuring the cooperation of entities as a factor in determining whether the government would offer a deferred prosecution agreement.

The Thompson Memo instructs prosecutors to consider several factors in deciding whether to charge a company criminally, including whether it waives the attorney-client privilege, whether it protects culpable employees by letting them keep their jobs and whether it advances them legal fees, and whether they share information about the investigation.

According to the government, the payment, or withholding, of legal fees was not the determining factor in its decision to ultimately reach a deferred prosecution agreement with KPMG. The firm avoided indictment, otherwise known as the corporate death penalty, by pledging cooperation with the government and agreeing to pay $456 million.

But defense lawyers for the 17 former KPMG employees (one pleaded guilty) cried foul, saying that two prosecutors essentially threatened the company to use its fee policy to force employees to cooperate.

At closing argument in May, Assistant U.S. Attorney Marc A. Weinstein insisted that the Thompson Memo could not, "in and of itself," have dictated KPMG's decision to change its fee policy. The issue of fees, Weinstein insisted, is only explored by the government when it suspects a company of "circling the wagons" and offering sham cooperation -- pretending to cooperate in an investigation while shielding individual wrongdoers and offering them support, sometimes through the advancement of legal expenses.

Kaplan shot back on the Thompson Memo.

"If that is true," he said, then the people at the Justice Department were "lousy drafters" and they should "start all over again."

And if that was true, he said, then "that is certainly not what they have said to the defense bar of America."

INTERSECTION OF PRINCIPLES

In Tuesday's opinion, Kaplan said the Stein case and the Thompson Memo presented an intersection of three principles -- the due process guarantee of a fair trial, the Sixth Amendment right to the assistance of competent counsel and a third principle, "not of constitutional dimension" but important nonetheless, "an employer often must reimburse an employee for legal expenses when the employee is sued, or even charged with a crime, as a result of doing his or her job."

The judge explored the 1999 Holder Memorandum, a Justice Department policy statement that said the government might view the advancement of fees to personnel of a business entity under investigation as "protection of culpable individuals."

The Thompson Memo took the fee statement in the Holder Memo one step further by making it mandatory for all federal prosecutors to consider an entity's legal fee policy.

Shirah Neiman, chief counsel to Garcia, was asked at the May hearing whether her reference to "federal guidelines" on corporation cooperation agreements at the February 2004 meeting specifically concerned the fee issue. Neiman pointedly told the KPMG legal team that "misconduct" would not be "rewarded."

She testified that her statement was not a reference to fees but was instead addressed to any severance arrangements between KPMG and other top executives during its attempt to clean house.

But defense lawyers argued that the reference to the Thompson Memo in tandem with a discussion on KPMG's fee policy proved their point -- that the government was trying to muscle the company on fees.

FIRM 'GOT THE MESSAGE'

Kaplan said he found it "unnecessary to decide Neiman's subjective purpose in making the remark because what is more important is how her comment was understood."

KPMG's actions in the aftermath of the February 2004 meeting, he said, made it clear that the company got "the message."

After reviewing the facts, Kaplan found that the government "conducted itself in a manner that evidenced a desire to minimize the involvement of defense attorneys."

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In March 2004, the firm sent out a form letter to employees who might become subjects of the investigation or might otherwise be considered under suspicion. The letter said the firm would pay fees up to $400,000 as long as the individuals cooperated with the government promptly, completely and truthfully and that monies for fees and expenses would cease if the person was charged with criminal wrongdoing.

The firm then drafted an advisory memorandum that urged employees to cooperate but also said they had the right to be represented by counsel, referred to some of the advantages of having counsel, and said KPMG had arranged for independent counsel for employees who wanted to consult with them.

After two government prosecutors expressed disappointment with the "tone" of the letter, Kaplan said, KPMG "capitulated" to their "demand" that new language be added, including one line that advises employees "you may deal directly with government representatives without counsel."

Kaplan said "it is entirely plain that the government's purpose in demanding the supplement was to increase the chances that KPMG employees would agree to interviews without consulting or being represented by counsel."

"From that point forward," he said, "the government took full advantage."

In the end, the judge found that "[a]bsent the Thompson Memorandum and the actions of the U.S. Attorney's Office, KPMG would have paid the legal fees and expenses of all of its partners and employees both prior to and after indictment, without regard to cost."

FUNDAMENTAL RIGHT

The judge said those actions diminished the fairness of a criminal proceeding, a principle that "not only prevents the prosecution from interfering actively with the defense, but also from passively hampering the defendant's efforts."

He said the right to fairness in the criminal process is a "fundamental liberty interest entitled to substantive due process protection."

Kaplan said that a defendant's "right to prepare defense resources lawfully available to him or her, free of knowing or reckless government interference" was "basic to our concepts of justice and fair play. It is fundamental."

He concluded that the Thompson Memorandum "is not narrowly tailored to achieve a compelling" governmental objective and therefore fails examination under the strict scrutiny standard.

The government's argument on the Sixth Amendment, that the right to counsel could not have been implicated in many of its actions because the right does not attach until indictment, did not convince the judge.

The KPMG defendants were also not obliged to show that they were prejudiced by the violation, the judge found, because, under the circumstances, "prejudice must be presumed."

He said it was premature to consider the remedy sought by the defendants, dismissal of the indictment, "prior to the exhaustion of all possible courses that could lead to that outcome."

The defendants had argued that, despite sovereign immunity, the judge still had the power to award attorney fees in the form of monetary sanctions for prosecutorial misconduct. The judge rejected the argument, as he did an argument that the Federal Tort Claims Act and the Administrative Procedure Act waived sovereign immunity.

The defendants' complaints against KPMG for fees, he said, may contain a prayer for declaratory relief. The judge promised to grant a speedy hearing on such a request.

The ruling came just three days after the New York State Bar Association passed a resolution condemning what it views as pervasive interference by the federal government into the right to counsel.

"The resolution that we passed states, as a matter of policy, that the government should not, must not, pressure corporations to breach their obligation to indemnify employees and thereby prevent their employees from having counsel," said state bar President Mark H. Alcott of Paul Weiss Rifkind Wharton & Garrison, who welcomed Kaplan's ruling. "It's really a pretty simple concept, but these days the government doesn't seem to get it. People have a right to an attorney, and the government has no business interfering with that."

Judge: U.S. Acted Unconstitutionally In Pressuring KPMG (AP)

By David B. Caruso, Associated Press

AP, June 28, 2006

NEW YORK – A federal judge accused the Justice Department on Tuesday of trying to gain an unfair advantage in white-collar criminal cases by making it tougher for defendants to get a high-priced legal team.

Since at least 2003, federal prosecutors have been warning scandal-plagued companies that the government might consider them “uncooperative” if they pay the legal bills of employees accused of wrongdoing – a serious threat to a company trying to avoid an indictment.

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U.S. District Judge Lewis A. Kaplan ruled Tuesday that federal prosecutors made just such a threat to the accounting firm KPMG in 2004, and as a result, the company cut off legal aid to 16 employees charged with setting up illegal tax shelters.

In a harshly worded opinion, Kaplan said prosecutors had interfered with the defendants' right to a fair trial.

"Justice is not done when the government uses the threat of indictment ... to coerce companies into depriving their present and even former employees of the means of defending themselves against criminal charges in a court of law," he wrote.

"If those whom the government suspects are culpable in fact are guilty, they should pay the price. But the determination of guilt or innocence must be made fairly – not in a proceeding in which the government has obtained an unfair advantage long before the trial even has begun."

U.S. Attorney Michael J. Garcia said in a written statement that he was disappointed in the opinion, which he called "unsupported by the factual record."

"The actions of the government were entirely consistent with appropriate Department of Justice policy, and we believe that the prosecutors acted ethically and properly throughout this case," he said.

Previously, prosecutors insisted they hadn't intentionally pressured KPMG into any action regarding legal fees. They also said the government would not seek to punish the company if it resumed paying its employees' bills.

Kaplan did not reach a final decision Tuesday on how to remedy things for the KPMG defendants, who are accused of developing questionable tax shelters that allowed some wealthy clients to dodge $2.5 billion in taxes.

He declined a defense motion to immediately dismiss the charges, saying to do so would be extreme.

U.S. law prevents the judge from ordering the government to pay the defendants' legal expenses, so Kaplan suggested that the defendants sue KPMG for the money instead. He ordered a civil docket opened to ease their path if they wish to do so.

It isn't clear what would happen if KPMG were to resist paying those bills, which could amount to hundreds of thousands or even millions of dollars. Kaplan would say in his decision only that the court might step in if "KPMG does not, for one reason or another, advance defense costs."

A spokesman for KPMG, George Ledwith, declined to comment, other than to say that the company was reviewing the opinion.

KPMG LLP has signed a deal admitting its role in the tax shelter scheme. It avoided criminal prosecution by agreeing to pay a $456 million penalty, including $128 million in forfeited fees from sales of the shelters.

Thompson Memo, R.I.P.? (WSJ)

The Wall Street Journal, June 28, 2006

Something remarkable and salutary happened in a Manhattan courtroom this week: U.S. District Court Judge Lewis A. Kaplan upheld the logic and meaning of the Constitution's Due Process Clause and the Sixth Amendment.

The case involves the Justice Department's prosecution of 16 former KPMG executives, accused of having engineered fraudulent tax shelters for their clients. We have our doubts about just how "fraudulent" those shelters were, seeing that they were never banned by the IRS, their legality was never tested in court, and KPMG stopped marketing them long before the IRS listed them as suspect. The criminal trial will be no slam dunk.

But the real whopper was the decision by KPMG to stop paying the legal fees of its former executives, largely to satisfy the requirements of the so-called Thompson memo. That 2002 document, written by then-Deputy Attorney General Larry Thompson amid corporate scandal fever, laid out the measures that companies facing prosecution could take to demonstrate cooperation and thereby avoid firm-wide indictment. Not wishing to share the fate of bankrupted Arthur Andersen, KPMG complied with the Thompson diktat and hung its executives out to dry while negotiating a deferred prosecution accord.

Enter Judge Kaplan, who on Monday delivered a scathing 83-page rebuke of the government's case. Noting that Constitutional rights to a fair trial and competent counsel were at stake here, he went on to limn a third principle, "not of constitutional dimension," but "very much a part of American life." To wit:

"Bus drivers sued for accidents, cops sued for allegedly wrongful arrests, nurses named in malpractice cases, news reporters sued in libel cases, and corporate chieftains embroiled in securities litigation generally have [the right] to have their employers pay their legal expenses." By holding "the proverbial gun to [KPMG's] head" with the threat of a company-wide indictment, the Judge wrote, the government had used the company as a proxy to violate the defendants' rights.

The 16 defendants must still contend with the charges of the indictment. But with KPMG now required to foot their legal bills, at least they don't face the bleak choice between financial ruin or copping a plea. As for the Justice Department, now is the time for Attorney General Alberto Gonzales to reinterpret, or better yet rewrite, those parts of the Thompson memo that his too-zealous prosecutors have been using in violation of defendants' due process rights.

IRS Employees Caught Peeking At Confidential Taxpayer Files (WSJ)

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By Tom Herman

The Wall Street Journal, June 28, 2006

Confidential taxpayer records may not always be quite as confidential as they're supposed to be.

A new Treasury report says many Internal Revenue Service employees have been caught illegally browsing through taxpayer files in recent years. In some cases, IRS employees have lost their jobs. In other cases, they have even gone to prison.

Treasury agents have investigated more than 3,700 cases of potential violations in the past eight years, resulting in more than 1,600 "adverse personnel actions" by the IRS, including firings and suspensions, the report says. In addition, 126 IRS employees have been criminally prosecuted for such violations.

The Treasury's findings come despite stronger taxpayer-privacy legislation and tighter IRS internal controls since the 1990s, when Congress and IRS officials became deeply concerned about highly publicized reports of unauthorized browsing by IRS workers. Senior IRS officials say they long have taken the problem seriously and have intensified efforts to train workers about the importance of safeguarding taxpayer records. "This is a very high-priority area for us," says Daniel Galik, IRS chief of security services.

Even so, "there has not been a noticeable decrease" in the number of violations over the past eight years, says a report to Congress by the Treasury Inspector General for Tax Administration.

At issue is what's known in Washington jargon as UNAX -- or "unauthorized access to taxpayer information" -- by IRS employees, as well as other federal and state employees and private contractors. Violations can include a wide range of wrongdoing. Some offenders have merely been curious voyeurs about the lives of the rich and famous. Others have been more interested in spying on friends, neighbors and enemies. Some have tried to use illegally gleaned information for financial gain, court records show.

During the six months ended March 31, the Treasury unit says its UNAX program identified and analyzed 247 leads of potential "unauthorized access" and referred 152 criminal cases to agents for investigation. The results included nine criminal prosecutions and 79 "adverse administrative actions" against IRS employees.

Consider the case of Janine Turner, a former IRS official (and not the actress). Just last month, Ms. Turner was sentenced to federal prison for a year and a day. Ironically, her job at the IRS was senior supervisory official in New Jersey responsible for overseeing access to restricted taxpayer information on the IRS's computers.

Ms. Turner admitted to unlawfully tapping into IRS computers on more than 150 occasions, getting confidential information, court records show. Her lawyer, William F. Lang III of Cedar Knolls, N.J., declined to elaborate on the case, as did a federal prosecutor. But Mr. Lang did confirm Ms. Turner has begun serving her sentence.

In another case, a former IRS employee in California agreed to plead guilty to "unauthorized access." She received a year of "supervised probation," was fined $1,000 and ordered to do 75 hours of community service, according to the Treasury report.

IRS officials point out that the number of violations is tiny compared with the total number of tax returns that pour in to the IRS each year and the number of IRS employees. (The IRS has roughly 100,000 workers, a spokesman says.) Moreover, Mr. Galik says the number of cases involving wrongdoing is significantly less than it was in the early to mid-1990s.

Even so, the problem's persistence troubles tax lawyers. "If there is only one violation, that's more than enough to be concerned about" because "the confidentiality of taxpayer information is so important to the proper functioning of the tax system," says Greg Jenner, a former Treasury official and now executive vice president of the American Council of Life Insurers in Washington.

It's unclear whether legislation will ever be able to overcome the foibles of human nature. "So long as income-tax returns are filed, with all the inviting details they provide, some curious people -- and some with worse motives -- are going to try to look at them," says Donald Alexander, a former IRS commissioner and now a lawyer at Akin Gump in Washington. * * *

Paulson vows to continue crackdown on bogus tax shelters.

Henry M. Paulson Jr., President Bush's nominee to be Treasury secretary, told senators yesterday that "I feel very strongly" about the need to continue the Treasury's efforts to combat "abusive" tax shelters.

During Mr. Paulson's confirmation hearing, Senate Finance Committee Chairman Chuck Grassley (R., Iowa) said committee tax staffers had reviewed Mr. Paulson's tax returns. Staffers found that "you did not participate in tax-shelter activities," Sen. Grassley said. Staffers also concluded "that, in your role as a senior executive at Goldman Sachs, you were not active in aggressive tax planning" or shelter activities.

"Let me say, I'm very pleased at that outcome," Sen. Grassley said. * * *

Thousands of people get a chance to sound off on IRS service.

The IRS says it's surveying nearly 50,000 people this month to help it improve taxpayer services. Taxpayers are being chosen at random. The survey doesn't ask for any financial or personal information, "nor should any be divulged," the IRS says.

Individual responses "will remain confidential," the IRS says. * * *

BRIEFS: Rain-damage update: The IRS's headquarters in Washington, will remain closed at least through Friday, a spokesman said. ... The Senate Finance Committee today plans to consider taxpayer-protection legislation that includes expanded regulation of paid tax preparers. For more details, see the Web site of Congress's Joint Committee on Taxation (www.house.gov/jct1).

· Email me at taxreport@wsj.com2.

Diaz Tax Ordeal Is Over (BSH)

By Anita Lee

Biloxi Sun Herald, June 28, 2006

GULFPORT - A legal nightmare that began almost four years ago for state Supreme Court Justice Oliver Diaz Jr. and his former wife, Jennifer, ended quietly Tuesday after a 10-minute appearance in U.S. District Court, when Jennifer Diaz was sentenced to two years of supervised probation for income tax evasion.

Judge Walter J. Gex III ordered her to pay $58,500 in restitution, but then Assistant U.S. Attorney Don Burkhalter and Diaz's attorney, James Kitchens of Jackson, told Gex the amount should be left blank until the IRS sorts out the figures.

"I promised Jennifer early on that if she cooperated with us, I would do what I could to get her a favorable sentence," Assistant U.S. Attorney Don Burkhalter said after the proceedings. "As far as what I could determine, she told the truth, so I had an obligation to do what I said I would do.

"I don't have any regrets about indicting them on the tax case. I just wish it had turned out better for the government."

The U.S. Justice Department began investigating campaign contributions to judges in 2002, turning up suspicious loans from Coast attorneys to a Biloxi bed and breakfast the Diazes bought while married.

A year later, the investigation turned into judicial bribery and fraud charges against the Diazes, Biloxi attorney Paul Minor and two former trial court judges, John Whitfield and Wes Teel. Headlines played across the pages of Mississippi newspapers for several years as the case wound its way to a three-month trial last summer.

Before the trial started, Jennifer Diaz pleaded guilty to a separate charge of tax evasion. Attorneys had repaid campaign loans for them, which they had failed to report as income.

In exchange for her cooperation, the government dropped all judicial bribery charges against her. Even if a jury convicted her husband, she reasoned at the time, she would be home to raise their two young children.

Prosecutors never called her to testify against her ex-husband during the judicial bribery trial. A jury acquitted him of charges at the trial's conclusion.

A second jury acquitted Oliver Diaz Jr., who had been suspended from the bench after his 2003 indictment, on the tax evasion charges in April. He was reinstated to the Supreme Court bench in May.

"Jennifer thanks her many, many friends for their support and prayers through this long ordeal," said Kitchens. "She will always be remembered by me as a very courageous woman who decided to do what was best for her family."

Family spokesman Gerald Maples said the Diazes are living together with their children in Jackson.

Oliver Diaz Jr. and his parents attended her sentencing. He said they have not discussed marrying again, although Maples said it might happen.

"It's over now," Maples said. "This incredibly difficult experience is finally over for the Diaz family."

Republicans Lack Votes In Senate To Cut Estate Tax (WSJ)

By David Rogers

The Wall Street Journal, June 28, 2006

WASHINGTON -- Senate Republicans pulled back from a vote this week on the federal estate tax, admitting they still lack the needed support for a House-passed measure that would exempt all but the wealthiest Americans.

Senate Majority Leader Bill Frist (R., Tenn.) pledged to return to the issue after the July Fourth recess, but his announcement captured the increased frustration among Republicans in advancing their legislative agenda before the November elections.

As talks continued last evening, the leadership held out hope for agreement this week on the outlines of major pension legislation but admitted there is no chance of floor action until next month. A long promised lobbying-overhaul bill remains stymied, and instead of the usual rush before the holiday recess, lawmakers settled into a slow pace leading up to the annual Congressional Republican-Democrat baseball game tomorrow night.

Hispanic supporters of a Senate immigration bill announced their own voter registration drive beginning this weekend in hopes of stimulating action in Congress. Even hard-edged conservative activist Grover Norquist had to struggle to control his emotions at a news conference calling for comprehensive legislation, a top priority for President Bush.

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But House Majority Leader John Boehner (R., Ohio) was dry-eyed and cautious. "If we can get a good bill before the election, I'd take it," he said. "But a good bill is a bill that's strong on border security and on enforcing our immigration laws."

Asked if he was still confident he can get a bill before the elections, he said, "I think we can get a bill. I didn't say when."

Given the impasse, a $32.8 billion Homeland Security bill, which won initial approval yesterday in the Senate Appropriations Committee, could become a magnet for immigration-related provisions. The measure also shows the pressures on Republicans as they struggle to deal with border security in the confines of a tight budget.

With the Customs and Border Patrol, more than $225 million is added to the president's budget for improved aircraft and detention facilities. But the committee can't keep pace with Mr. Bush's pressure for more border agents and prison beds, and the bill assumes a $200 million cut from science and technology funds that will be controversial.

Mindful of the Republican troubles, Democrats have sought to ratchet up pressure for their own agenda, including a proposed $2.10-an-hour increase in the federal minimum wage.

The hourly wage has remained at $5.15 for nine years, and breaking with his custom, Senate Minority Leader Harry Reid (D., Nev.) said he and fellow Democrats would now oppose any adjustment in congressional pay until the minimum wage also is increased. He declined to spell out how he will block the next $3,300 increase, due to take effect Jan. 1. But even Mr. Boehner, an opponent of raising the minimum wage, has begun to acknowledge that Republicans must deal with the issue before November.

Democrats also believe they are helped now by the juxtaposition of the minimum wage, for low income workers, with the Republican drive to lower estate taxes, for often wealthy households. The two issues may yet be joined in an election-year deal, but the huge future cost of the proposed estate-tax reductions will make it difficult for Democrats to easily accept.

Republicans, who have long sought outright repeal of the estate tax, have shifted focus to a more incremental approach exempting the first $5 million of any individual's estate, $10 million for a married couple. Above this point, the House bill, for example, would tax as much as $25 million at the current capital gains rate of 15%, which is scheduled to rise to 20% in 2011. Above $25 million, the rate would be double: 30% at first, then 40% if the capital gains rate rises as scheduled.

Conservative Republicans have grumbled about these terms, but the greater focus has been on winning a handful of Democrats to give Mr. Frist the 60 votes he needs to avoid a filibuster. Before passage last week, the House added tax breaks for the timber industry to try to win over Southern and Western Democrats.

A major question is whether Mr. Frist will add more provisions or make side deals as part of a tax package that will be included in the final pension bill. Sen. Mark Pryor (D., Ark.), one of those being courted, acknowledged he has had discussions related to tax legislation he champions to spur investment in poor rural areas. But Mr. Pryor said he was still concerned by the costs of the House package, more than $280 billion over 10 years.

Senate GOP Leader Delays Estate Tax Vote (AP-Y2)

By Mary Dalrymple

AP2, June 27, 2006

Despite a pledge to cut estate taxes by Independence Day, the Senate's Republican leader on Tuesday postponed action on a bill to reduce taxes for heirs.

Senate Majority Leader Bill Frist, R-Tenn., said he did not yet have enough votes to pass a bill, already approved by the House, that would eliminate taxes on the first $5 million of an individual's estate and cut taxes for others.

Most Republicans support the tax reduction, but they need support from a few more Democrats.

"The vast majority of my Democratic colleagues have so far refused to address this issue," Frist said in a statement. "It's my hope that their constituents will use the upcoming recess to explain the importance of supporting a reasonable and permanent solution to this unfair tax."

Senate Democratic leader Harry Reid of Nevada contended that Frist recognized that "the phony House 'compromise'" would be turned down by senators.

"The Senate has repeatedly rejected repeal of the estate tax because it recognized that giving away hundreds of billions in tax breaks to the wealthiest among us was the wrong priority for America," Reid said in a statement.

Frist lost one vote on the estate tax already this summer when opponents — most Democrats and a pair of Republicans — blocked debate on a bill repealing estate taxes after 2010.

Frist then turned to the House for help, asking GOP leaders for a bill that might attract enough support to pass this year, before a fall election with control of Congress at stake.

House tax-writers responded with a bill eliminating taxes for virtually all inherited estates, those worth up to $5 million for an individual and $10 million for a couple.

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After those exemptions, estates worth up to $25 million would be taxed at rates equal to those on capital gains, currently 15 percent but scheduled to rise to 20 percent in 2011.

The remainder of any larger estates would be taxed at rates twice that of capital gains, or 30 percent at first and 40 percent when the scheduled capital gains tax increase takes effect.

The bill also would cut taxes for companies on certain timber gains.

The estate tax debate is made necessary because of a quirky law that eliminates the levy in 2010 but revives it a year later.

Frist said senators also must decide whether to make changes to the bill passed in the House. The House's most conservative Republicans have already signaled they could not accept any Senate attempt to negotiate for higher estate taxes.

Senate Delays Vote On Estate Tax Reduction, Timber (Update2) (BLOOM)

By Ryan Donmoyer

Bloomberg, June 28, 2006

June 27 (Bloomberg) -- Senate Majority Leader Bill Frist postponed a vote on a measure to exempt most multimillionaires from federal estate taxes after conceding Republicans lack the votes to pass legislation adopted by the House last week.

The delay is the third since Frist began his quest to repeal or reduce the tax last year and the second time this month his ambitions were thwarted by Democrats who say the government needs the revenue generated by the tax. The House passed the legislation 269-156 on June 22 after Frist urged it to act before the Independence Day recess next week.

``The Senate will vote on a permanent reduction to this tax," Frist said in a statement. ``The vast majority of my Democratic colleagues have so far refused to address this issue; it's my hope that their constituents will use the upcoming recess to explain the importance of supporting a reasonable and permanent solution to this unfair tax."

The delay allows Frist to avoid a repeat of a Senate vote on a procedural motion on June 8, when Republicans fell three votes shy of allowing a vote on outright repeal of the tax on estates valued at more than $2 million.

``Obviously, we're trying to make sure we got 60 votes," said Senator Jon Kyl, an Arizona Republican who has sought a compromise with Democrats such as Senator Max Baucus of Montana to reduce the tax instead of repealing it.

Kyl said Senate Republicans are determined to pass the legislation this year, though they want to ensure they have the 60 votes needed to withstand a challenge by Democrats. Republicans control 55 seats in the chamber; 60 votes are required to overcome filibusters, the legislative maneuvers that can kill legislation.

House Measure

The House legislation would spare all but about 2,800 multimillion-dollar estates from federal tax by exempting the first $10 million of a couple's estate from any tax. Estates valued between $10 million and $25 million would be taxed at the capital-gains rate, while estates of more than $25 million would be taxed at top rates of 30 percent to 40 percent.

The measure, which would take effect in 2010, also includes a tax break for timber companies intended to lure Senate Democrats from timber-producing states such as Washington, Arkansas, and Louisiana.

The measure, characterized as a take-it-or-leave-it offer by House Ways and Means Committee Chairman Bill Thomas, a California Republican, has had a lukewarm reception in the Senate.

Timber-State Lawmakers

Some Senate Republicans who favor full repeal of the estate tax said the new version doesn't go far enough to help small-business owners and farmers. Timber-state Democrats such as Maria Cantwell and Patty Murray of Washington, Mark Pryor of Arkansas, and Mary Landrieu of Louisiana haven't said they would back the House legislation after voting against full repeal June 8.

Thomas said today that any modification by the Senate would kill the legislation. ``If they decide to amend it in some small way and send it back to the House, it's over," Thomas said in an interview.

For Frist, it would mark the third significant delay for Senate action on the estate tax. His original plan to hold a vote in July 2005 was scuttled by the aftermath of Hurricane Katrina, when Republicans said they were wary of voting on a measure cast by critics as only helping millionaire families after thousands of poor people lost their homes to the storm.

A second vote promised for May was delayed until June as Frist searched for support for full repeal.

The federal estate tax currently assesses rates of up to 46 percent on estates valued at more than $2 million per individual The exemption amount is scheduled to increase under current law to $3.5 million per individual or $7 million per couple by 2009. A top rate of 45 percent would apply to estates exceeding that value at that time.

2,800 Estates

Under current law, 12,600 estates -- or less than 1 percent of all people who die -- will be subject to the tax this year, according to estimates by the Tax Policy Center, a non-partisan research institution in Washington. The center estimated that a

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plan similar to Thomas's would reduce the number of taxable estates to 2,800 and would cut their tax rate to as low as 15 percent from about 45 percent.

The legislation also repeals a federal deduction for tax payments to the 23 states that retain their own estate or inheritance taxes, including Washington, Tennessee, Ohio, New York, New Jersey and Connecticut. That would subject residents of those states with large estates to double taxation, said Harley Duncan, executive director of the Federation of Tax Administrators, a Washington-based association of state tax officials.

Letters (WSJ)

The Wall Street Journal, June 28, 2006

Our Estate Tax Reform Is Fair and Pro-Growth

While the June 22 editorial "Doubting Thomas" misinterprets the intent of my proposed reform of the estate tax, it does elevate this important debate. Though the House has voted five times to permanently repeal the estate tax in recent years, the Senate has been unable to follow through. Faced with this deadlock, Congress has a choice: make yet another political statement or make law.

With a bipartisan vote, last week the House chose the latter -- approving compromise legislation to permanently reform the estate tax.

The House bill is a vast improvement over the only other option -- do nothing and allow the death tax to revert to a punitive 55% top rate in 2011 and beyond. The compromise bill exempts the first $5 million of every estate ($10 million per couple), establishes significantly lower rates for the few families who will still have to pay the tax, and eliminates the estate tax for 99.7% of all Americans on a permanent basis.

This is the opportunity to provide meaningful estate tax reform that is permanent, fair and pro-growth. The House has voted; now it's up to the Senate. It is my hope that the spirit of compromise prevails and permanent estate tax relief can become law in the near future.

Bill Thomas (R., Calif.)
Chairman
Committee on Ways and Means
Washington

Please, Let's Clear the Air About the Bridge in Alaska

In regard to your June 15 editorial "Earmarker in Chief": Knowing Sen. Lisa Murkowski's clear position on the issue of earmarks, I think there is little disagreement over the fact that Congress must take steps to bring earmarks out of the shadows and into the light of public disclosure. However, I take great umbrage at your assertion that somehow the senator is an active participant in what you describe as a connection between the process of earmarking and the "opportunity for corruption." Including her in a list of convicted felons who have sought to use their positions of power for illegal activities, simply because she has openly advocated a longstanding effort to improve the infrastructure of an Alaska community, is more than perplexing.

You state that "one of the major beneficiaries" from an earmark for a bridge in Alaska is one of Sen. Murkowski's relatives. The senator's mother did indeed inherit, in 1965, one-quarter interest in a tract of land that has no structures, road access, power, water, sewer or fire service. And as a matter of factual context, this piece of property is situated on an island that totals 71,932 acres -- of which the senator's mother has roughly 8.25 acres of interest. The current owners have tried repeatedly to sell the property over the years, with no success. A simple comparison of the size of the island vs. the miniscule property interest the senator's mother owns clearly shows that she is far from being a major beneficiary.

The notion that Sen. Murkowski would have sought to advance the prospects of the bridge project, which has been advocated by the community of Ketchikan for 30 years, for some kind of family benefit is preposterous. In fact, at her request, the Senate Select Committee on Ethics reviewed the situation to determine whether her advocacy of the bridge project constituted a conflict of interest. The committee found no conflict.

Danielle Holland
Communications Director
Sen. Lisa Murkowski
Washington

See the Real Burma

U.S. Undersecretary of State Paula J. Dobriansky's June 19 editorial-page article, "Press for Change in Burma," is based on exaggerated and fabricated reports. It also makes the groundless assertion that, in addition to Aung San Suu Kyi, 50 million people are living without basic freedoms and human rights in Burma.

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I would like to invite Ms. Dobriansky to pay a visit to Myanmar to see the reality of the situation for herself. She will find that, far from suffering in this way, our 50 million people are working hand in hand to develop the country in a harmonious way. She can also see for herself whether or not such violation of human rights and suppression of minority rights are really taking place.

Whether or not to release Ms. Aung San Suu Kyi and other so-called political prisoners is purely a domestic affair of our country, and none of the business of outsiders. Contrary to Ms. Dobriansky's assertions, our internal situation poses no threat to peace and security in the region. Those who make such claims should consider the disastrous situation in Iraq where the U.S. tried to justify its democracy adventure by ignoring the U.N. and taking unilateral military action based on unfounded accusations that Saddam Hussein possessed weapons of mass destruction.

Instead of taking such an aggressive approach and making such provocations, those who truly want to support democracy and prosperity in Myanmar should cooperate with its government to achieve the goal of implementing the Seven-Step Road Map for Democratic Transition in Myanmar.

Chan Kyaw Aung
Consulate General of the
Union of Myanmar
Hong Kong

Our Taxed Expats (WSJ)

By Newt Gingrich And Ken Kies
The Wall Street Journal, June 28, 2006

Suppose you are trying to come up with ways to change U.S. tax law to make American business less competitive in the global economy. Your list of ideas would likely include raising the U.S. corporate tax rate even higher than its current 35% rate, already tops in the OECD. You would try to make sure that U.S. companies are subject to higher taxes than foreign-based competitors when they do business abroad. And of course, you would attempt to change our tax system to discourage the hiring of Americans overseas. Americans working overseas might actually help promote the export of U.S. goods and services abroad.

Sadly, Congress has latched on to this last idea as part of the ironically titled "Tax Increase Prevention and Reconciliation Act," signed into law by President Bush on May 17. A provision inserted in the conference agreement dramatically rewrites the rules under section 911 that limit U.S. taxation of American citizens working abroad. Specifically, the proposal would tax U.S. citizens working overseas at higher marginal rates and subject their housing to higher taxes. Adding insult to injury, these changes were drafted to take effect retroactively, back to the beginning of this year.

Reading the newspapers in the days following the enactment of this legislation would have given you a sense of the shocked, and unhappy, reactions of Americans working overseas. But the larger issue is that section 911 rules are of great importance for American competitiveness, which is why Congress needs to revisit the new law's changes as soon as possible. * * *

The United States is the only major industrialized country in the world that taxes its citizens without regard to where they reside or work. Accordingly, if we are transferred abroad by our employer, we are subject to tax on our salary and on "stranger in a strange land" assistance that our employer may provide (e.g., the cost of sending our kids to an English-speaking school, or airfare for an annual trip home). We are subject not only to U.S. tax on these amounts, but also to taxes imposed by the foreign country.

All things being equal, it is cheaper for our employer to hire a non-American for a foreign position. If our employer moves us, it likely will have to raise our pay to cover these additional tax costs to get us to agree to the assignment. If our employer hires a foreign national, already onsite, it simply pays a base foreign salary.

Section 911 has long helped to mitigate this disincentive to hire Americans. In 2006, the provision allows U.S. citizens to exclude $82,400 from income. Prior to the new legislation, income in excess of that amount was subject to U.S. tax at standard income-tax rates. Also prior to the new legislation, a U.S. citizen could deduct the cost of foreign housing above a base amount; alternatively, if our employer picked up this cost, the benefit was excludable.

The new changes enacted by Congress provide that any income above and beyond the exclusion cap is taxed at rates that "pretend" that the exclusion does not exist. That is, the first dollar of income above the $82,400 cap is taxed at a 25% rate, not at the 10% rate that previously applied. The new legislation also caps the foreign housing deduction/exclusion at $11,536 (or $961 a month). Congress did give Treasury the authority to adjust this amount for high-cost locations, but the extent to which meaningful relief will be provided is uncertain at best.

What is undeniable is that U.S. workers abroad face a massive tax increase -- $2.1 billion over the next 10 years to be precise, according to Congress. U.S. workers in places like Hong Kong or Dubai may see tax increases in the tens of thousands of dollars. In the near term, some employers may respond by raising a worker's pay. If employers do nothing, a worker will be left

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to pick up the cost. And since the tax applies retroactively back to the beginning of the year, and since employees can't typically move back to the U.S. on a week's notice, this unfortunate person may be stuck with a salary structure he or she would never have agreed to had there been knowledge of the change to section 911.

So, you might say, maybe some U.S. employers pay more and some individuals get hurt. What's the big deal? First, the new tax increases can only mean that there will be fewer "Americans on the ground" in overseas markets going forward. Studies have shown a direct correlation between employment of Americans overseas and U.S. exports. These studies confirm what one might assume -- that Americans are best at selling America. That is, U.S. workers are most likely to specify and purchase U.S. goods and services where opportunities arise in foreign projects. A 1980 study by the Chase Econometrics Group found that a 10% drop in Americans overseas would result in a 5% drop in U.S. exports. A 1995 Price Waterhouse study found that repeal of section 911 would result in an $8.7 billion reduction in U.S. exports, which would translate into the loss of approximately 143,000 U.S.-based jobs.

Second, where U.S. companies bid on overseas projects against foreign companies, they may have to bid, for a variety of reasons, on the assumption that they will employ U.S. citizens. Americans already are more expensive to employ in overseas locales. The added cost of the new section 911 tax increases will only raise the pricing of U.S. bids, and therefore mean U.S. companies get less work.

Third, the section 911 changes will hurt small- and medium-sized businesses. Smaller firms are more likely than larger firms to use U.S. citizens when they first seek penetration of foreign markets. A 1995 study by professors at the Johns Hopkins University of Advanced International Studies found that 82% of surveyed small- and medium-sized businesses said loss of the section 911 exclusion would have a substantial impact on their ability to secure projects or compete overseas. These firms also are far less likely to be able to absorb the cost of adjusting employees' pay to offset the impact of the section 911 tax increases. Thus, the first and harshest effects of the legislation may be felt by these smaller companies.

We hope that a critical mass can drive corrective action. We would propose something radical. Why not follow the lead of our trading partners and exempt foreign-earned income completely? If that is too far-reaching, we should repeal the tax increase, effective back to its January start date, and restore the intended utility of section 911 by increasing the exemption amount to $117,000, which would take into account inflation since the amount was originally set (at $70,000) in 1982.

Either of those approaches would mean more U.S. players out on the field. Global business competition is already fierce enough. We shouldn't sabotage ourselves.

Mr. Gingrich, a senior fellow at the American Enterprise Institute, is former speaker of the House of Representatives. Mr. Kies, a managing director at Clark Consulting, served as chief of staff of the Joint Committee on Taxation 1995-98.

CONGRESS-ADMINISTRATION:

Bush Ignores Laws He Inks, Vexing Congress (AP-Y2)

By Laurie Kellman

AP2, June 27, 2006

The White House on Tuesday defended President Bush's frequent use of special statements that claim authority to limit the effects of bills he signs, saying the statements help him uphold the Constitution and defend national security.

Senators weren't so sure.

"It's a challenge to the plain language of the Constitution," said Arlen Specter, a Republican whose Senate Judiciary Committee opened hearings on the issue. "There is a sense that the president has taken signing statements far beyond the customary purview."

At the White House, Press Secretary Tony Snow said, "There's this notion that the president is committing acts of civil disobedience, and he's not. It's important for the president at least to express reservations about the constitutionality of certain provisions."

The bill-signing statements say Bush reserves a right to revise, interpret or disregard measures on national security and constitutional grounds. Some 110 statements have challenged about 750 statutes passed by Congress, according to numbers combined from White House and the Senate committee. They include documents revising or disregarding parts of legislation to ban torture of detainees and to renew the Patriot Act.

Snow said presidents from Dwight Eisenhower to Bill Clinton have issued such statements.

"The president has done the same thing that his predecessors have," he told reporters. "Presidents generally had the same concerns about defending the presidential prerogatives when it comes to national security."

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In addition to Specter's objections, Democrats called the signing statements an example of the administration trying to expand executive power.

"I believe that this new use of signing statements is a means to undermine and weaken the law," said Sen. Dianne Feinstein (news, bio, voting record) of California. "If the president is going to have the power to nullify all or part of a statute, it should only be through veto authority that the president has authorized and can reject — rather than through a unilateral action taken outside the structures of our democracy."

Defending Bush, a Justice Department lawyer said the Sept. 11 terrorist attacks had made it prudent for the president to protect his powers with signing statements more than did his predecessors.

"Even if there is modest increase, let me just suggest that it be viewed in light of current events and Congress' response to those events," said lawyer Michelle Boardman. "The significance of legislation affecting national security has increased markedly since Sept. 11."

"Congress has been more active, the president has been more active," she added. "The separation of powers is working when we have this kind of dispute."

The exchange came during a midterm election year in which Specter, some fellow Republicans and many Democrats are highlighting concerns about the administration's use of executive power. Specter's personal list includes Bush's warrantless domestic wiretapping program, the administration's checking of phone records and the sending of officials to hearings but saying they cannot answer lawmakers' questions on national security grounds.

The session also was aimed at countering any influence Bush's signing statements may have on court decisions regarding the new laws. Courts can be expected to look to the legislature for intent, not the executive, said Sen. John Cornyn (news, bio, voting record), R-Texas., a former state judge.

"The president is entitled to express his opinion. It's the courts that determine what the law is," he said. "I don't know why the issue of presidents issuing signing statements is controversial at all."

Specter and his allies maintain that Bush is trying an end-run around the veto process. In his presidency's sixth year, Bush has yet to issue a single veto, which could be overridden with a two-thirds majority in each house.

"The president is not required to," Boardman said.

"Of course he's not if he signs the bill," Specter snapped back.

Other presidents have used signing statements for administrative reasons, such as instructing an agency how to put a certain law into effect. They usually are inserted quietly into the federal record.

White House Defends Bush's Limits On Bills (WT)

By Joseph Curl

The Washington Times, June 28, 2006

The White House yesterday defended President Bush's right to set limits on the scope of congressional bills he signs into law, saying the Constitution grants the executive broad powers and requires the president to uphold the law.

"The president does not, and the administration does not, refuse to carry out the laws that have been passed by Congress and signed into law by the president," White House press secretary Tony Snow said.

"In the context of trying to preserve and protect and defend the Constitution, there will be times, there will be places within signing statements, caveats, where he has reservations about" a bill he is signing into law, he said.

Mr. Snow said it is not unusual for presidents "to list those reservations, if nothing else, as markers, for issues that may later rise to be points of controversy."

Mr. Bush has used the constitutional statements -- about 110 in all, Mr. Snow said -- to interpret bills passed by Congress. The statements have no power in courts, which are the final arbiters on issues that arise between the interpretation offered by Congress and the interpretation of the executive branch.

Shortly after Mr. Snow defended the practice, Senate Judiciary Committee Chairman Arlen Specter held a hearing on Mr. Bush's use of signing statements.

"There is a sense that the president has taken signing statements far beyond the customary purview," said Mr. Specter, Pennsylvania Republican. "It's a challenge to the plain language of the Constitution."

Democrats at the hearing sought to broaden the issue, complaining that Mr. Bush's signing statements are just the latest example of the administration's expansion of executive power.

"I believe that this new use of signing statements is a means to undermine and weaken the law," said Sen. Dianne Feinstein of California. "If the president is going to have the power to nullify all or part of a statute, it should only be through veto authority that the president has authorized and can reject -- rather than through a unilateral action taken outside the structures of our democracy."

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But Sen. John Cornyn, Texas Republican, said courts routinely look to the legislature for its intent, not to the executive branch. "The president is entitled to express his opinion. It's the courts that determine what the law is," he said. "I don't know why the issue of presidents issuing signing statements is controversial at all."

Mr. Snow said yesterday that former President Bill Clinton employed the tactic 105 times during his two terms.

Deputy Assistant Attorney General Michelle Boardman said in yesterday's hearing that "presidents are sworn to 'preserve, protect and defend the Constitution,' and thus are responsible for ensuring that the manner in which they enforce acts of Congress is consistent with America's founding document."

Sometimes, that includes the president telling Congress that a facet of a statute appears unconstitutional and that he will avoid possible constitutional conflicts, she said. In addition, the statements are not attempts to "cherry pick" among the parts of an enacted law that the president will choose to follow, she said.

"Presidential signing statements are, rather, a statement by the president explaining his interpretation of and responsibilities under the law, and they are therefore an essential part of the constitutional dialogue between the branches," Miss Boardman said.

Democrats Accuse Bush Of Power Grab (FT)

By Caroline Daniel

Financial Times, June 28, 2006

The expansion of presidential powers by the Bush administration came under strong criticism on Tuesday from Democratic senators, who during a Senate hearing accused George W. Bush of “making unprecedented claims for unchecked power”.

Senator Arlen Specter, chairman of the Senate judiciary committee, who has been at the forefront of raising questions on presidential power, held hearings on Tuesday for the first time on the use of presidential “signing statements”. These attachments to the bill contain instructions on how the executive branch intends to carry out legislation, and often provide a way for the executive to ignore congressional intent.

The issue has attracted scrutiny following a study by the Boston Globe this year that found that Mr Bush had employed signing statements for more than 750 laws enacted by the Republican Congress. “That’s far more than all the signing statements signed by every single president from George Washington to Bill Clinton, put together,” said Patrick Leahy, a Democratic senator, during the hearing.

Concern has focused on whether Mr Bush has used the low-profile statements to side-step congressional authority, rather than publicly issue a presidential veto of legislation.

Mr Bush has never issued a formal veto. “Basically, the president signs laws enacted by people’s representatives in Congress but he’s crossing his fingers behind his back. And when he says he never had to make a veto, heck, why? He just signs laws saying he is not going to follow them,” Mr Leahy added.

The most controversial use of a signing statement came this year after the Senate voted to pass a prohibition on certain kinds of interrogation procedures. After lengthy negotiations with Senator John McCain agreeing the terms of an amendment, the administration “issued a signing statement which appeared to undercut what had been negotiated”, said Mr Specter.

Mr Leahy also offered the example of how Mr Bush had used a signing statement to narrow a provision protecting corporate whistle-blowers in the Sarbanes-Oxley law. That effort, however, was later overturned after congressional pressure.

Dick Durbin, a Democratic senator for Illinois, said: “I’m afraid this is part of a much larger pattern which we’ve seen in the last several years, at least since 9/11, where this Congress continues to cede its authority and power to the executive branch.” He accused Republicans of being “complicit in ceding this power”.

Senator John Cornyn, a Republican, defended use of the statements, calling them “helpful to understand the rationale of the executive branch”. That point was echoed by Michelle Boardman, the deputy assistant attorney-general, who said that every president since Dwight D. Eisenhower had issued a signing statement.

Democrats have been seeking to make executive power a theme in mid-term elections. Dianne Feinstein, a Democratic senator, said the “calculated expansion of executive power was one of the lasting legacies of this administration, which could have a more lasting impact on this country than any other issue”.

Debate On Hill Over Power Of The President (CSM)

By Gail Russell Chaddock

The Christian Science Monitor, June 28, 2006

WASHINGTON

What should Congress do if the president refuses to enforce a law - or some part of it he deems unconstitutional?

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It's a question that has simmered in the GOP-controlled Congress over issues ranging from post-9/11 national security to the use of torture in the war on terror.

But it resurfaced on Capitol Hill this week, as lawmakers consider giving President Bush line-item veto authority and, behind the scenes, negotiate with the White House over Mr. Bush's claim that he has authority to conduct domestic wiretapping without a warrant, despite a 1978 law that says otherwise.

"The real issue here is whether the president can cherry-pick what he likes," said Sen. Arlen Specter (R) of Pennsylvania, chairman of the Senate Judiciary Committee, as he opened a hearing Tuesday on presidential signing statements.

Such statements - issued when presidents sign bills into law - are a long White House tradition. Bush has produced a record total - more than 750 of them - that lay out his interpretation of the new law to Congress, the courts, and the public.

"The president hasn't vetoed any bills, but basically he has done a personal veto. He has said which laws he will not follow and ... put himself above the law, even the same law he has signed," said Sen. Patrick Leahy of Vermont, the ranking Democrat on the Judiciary panel.

Not all Republicans are as enthused as chairman Specter and Senate Democrats over this line of questioning, especially as lawmakers head into fall elections that could change control of both houses of Congress.

"This is a fascinating topic, mainly something law students and lawyers can love," said Sen. John Cornyn (R) of Texas, a member of the Judiciary Committee, who notes that the practice of presidents issuing signing statements goes back to 1821.

"As a practical matter, I don't know what impact it has.... It promotes public discourse and discussion about what the roles of the legislative branch and the executive branch are," he added.

Testifying for the Bush administration, Michelle Boardman, deputy assistant attorney general in the Office of Legal Counsel at the US Department of Justice, said that signing statements serve a "legitimate and important function" and are not an abuse of power.

"Congress should not fear signing statements, but welcome the openness they provide," she said. "The president must execute the law faithfully, but the Constitution is the highest law of the land. If the Constitution and the law conflict, the president must choose," she said.

Also testifying before the committee, Nicholas Rosenkranz, a law professor at Georgetown University Law Center in Washington, called the "recent brouhaha" over presidential signing statements "largely unwarranted."

But for Chairman Specter, who helped the White House move new powers under the USA Patriot Act through the Senate, the issue comes down to basic respect for balance of powers - and for the Congress. After personally negotiating with the White House over issues such as the Patriot Act and the torture ban, he questioned why objections would not have been raised at that time.

"Wouldn't it be better as a matter [of] comity for the president to come to the Congress and say: I want these exceptions in the bill," rather than asserting them in a presidential signing statement, Specter asked.

When the question was not answered to his satisfaction, he called for answers in writing. ("My office in the Justice Department is flooded," Ms. Boardman said. "It will take a week.")

For Specter and some other Senate Republicans, what tipped the issue was the president's signing statement of the fiscal 2006 Defense authorization bill, which included a ban on torture that had passed the Senate by a wide margin. That statement claimed the right to make exceptions to that ban.

Pressing the issue, Sen. Edward Kennedy (D) of Massachusetts asked Boardman to provide a list of laws that President Bush has decided not to enforce.

"I cannot give you that list," Boardman said.

"No, then who can? Is there any way for the public to know the president has made a judgment that he is not going to enforce a law?" he asked.

It's an issue that Democrats in both the Senate and House are developing for fall elections. Last week. House Democrats introduced a resolution requiring the president to notify Congress if the president "makes a determination to ignore a duly enacted provision of law."

"For far too long, Congress has stood by and watched while President Bush has slowly expanded the unilateral powers of the presidency at the expense of the rest of the government and the people," said Senator Kennedy at Tuesday's hearing.

"This administration has issued signing statements at an astonishing rate to express the view that it does not have to comply with the laws that Congress has passed," added Sen. Russ Feingold (D) of Wisconsin, who has called for a censure of President Bush. "I believe that is dangerous to our system of government."

However arcane, the debate is "part of a much broader spectrum of issues that has to do with separation of powers," says Carl Tobias, a law professor at the University of Richmond in Virginia.

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The American Civil Liberties Union welcomed the Senate Judiciary Committee's hearing as an opportunity to "highlight this administration's disregard for the law," said Caroline Fredrickson, director of the ACLU Washington Legislative office.

Bush's Challenges Of Laws He Signed Is Criticized (WP)

By Jonathan Weisman

The Washington Post, June 28, 2006

A bipartisan group of senators and scholars denounced President Bush yesterday for using scores of "signing statements" to reserve the right to ignore or reinterpret provisions of measures that he has signed into law.

Bush's statements have challenged, for instance, a congressional ban on torture, a request for data on the administration of the USA Patriot Act and even a legislative demand for suggestions on the digital mapping of coastal resources.

The Senate Judiciary Committee's hearing marked the latest effort by Chairman Arlen Specter (R-Pa.) and panel Democrats to reclaim authority that they say the president has usurped as he has expanded the power of the executive branch. It came on the same day Bush gave a speech pushing for a line-item veto that would allow him to strike spending and tax provisions from legislation without vetoing the bill.

Other presidents have used signing statements to clarify their interpretation of laws, but no president has used such statements instead of ever using the veto authority spelled out in the Constitution, said Harvard University law professor Charles J. Ogletree Jr., who is serving on a new American Bar Association task force examining Bush's signing statements. Bush has never used his veto power in his presidency.

"There is a sense that the president has taken the signing statements far beyond the customary purviews," Specter told the administration's representative, Michelle E. Boardman, deputy assistant attorney general in the Justice Department's Office of Legal Counsel. "There's a real issue here as to whether the president may, in effect, cherry-pick the provisions he likes and exclude the ones he doesn't like."

Democrats were more blunt, blasting such statements, which are estimated to number more than 750 on 110 laws -- more than all the statements issued by other presidents.

"I've never seen anything like it," said Sen. Patrick J. Leahy (Vt.), the committee's ranking Democrat, calling the practice "a grave threat to our constitutional system of checks and balances."

Specter has been more aggressive than any other Republican in challenging Bush's expanding authority. He has pushed the president to reshape his warrantless wiretapping efforts to comply with existing law; threatened to summon telecommunications executives who have given the government access to customer phone records; and challenged the White House's legal arguments for indefinite detentions at the U.S. military base at Guantanamo Bay, Cuba.

But yesterday, Judiciary Committee members appealed to their fellow lawmakers, who Sen. Richard J. Durbin (D-Ill.) said have been "complicit as so many of our precious rights under the Constitution have been ceded away."

Boardman countered that presidents since James Monroe have issued statements of interpretation to accompany laws, and that every president since Dwight D. Eisenhower has issued statements reserving the right not to execute sections of laws that may contradict the Constitution. By her accounting, Bush has issued such statements on 110 laws, compared with 80 from Bill Clinton, as many as 105 from Ronald Reagan and 147 from George H.W. Bush in a single term. But President Bush issued multiple statements on many of those laws for a total of 750, and it is unclear how many statements the other presidents issued.

"Even if there has been a modest increase, let me just suggest that it be viewed in light of current events and Congress's response to those events," she said. "The significance of legislation affecting national security has increased markedly since September 11."

The statements related to national security have caused the most controversy.

Last year, after months of difficult negotiations, Bush withdrew a veto threat and signed a defense policy bill that included a provision by Sen. John McCain (R-Ariz.) banning cruel, inhumane or degrading treatment of prisoners at U.S. detention centers. But Bush's signing statement on Dec. 30, 2005, reserved the right to waive the torture ban if he concluded that some harsh interrogation techniques could advance anti-terrorism efforts.

This year, after Congress reached a hard-fought agreement to extend the USA Patriot Act, expanding the power of federal law enforcement, the president questioned a provision calling for the administration to furnish Congress with detailed audits on the issuance of secret business-record searches and "national security letters."

"He's crossing his fingers behind his back," Leahy said.

White House officials and their allies tried to reassure lawmakers that they have nothing to fear from such statements.

"There's this notion that the president is committing acts of civil disobedience, and he's not," White House spokesman Tony Snow said.

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Bush's Use Of Authority Riles Senator (NYT)

By Kate Zernike

The New York Times, June 28, 2006

WASHINGTON, June 27 — Senators on the Judiciary Committee accused President Bush of an "unprecedented" and "astonishing" power grab on Tuesday for making use of a device that gave him the authority to revise or ignore more than 750 laws enacted since he became president.

By using what are known as signing statements, memorandums issued with legislation as he signs it, the president has reserved the right to not enforce any laws he thinks violate the Constitution or national security, or that impair foreign relations.

A lawyer for the White House said that Mr. Bush was only doing his duty to uphold the Constitution. But Senator Arlen Specter, Republican of Pennsylvania and chairman of the Judiciary Committee, characterized the president's actions as a declaration that he "will do as he pleases," without regard to the laws passed by Congress.

"There's a real issue here as to whether the president may, in effect, cherry-pick the provisions he likes and exclude the ones he doesn't like," Mr. Specter said at a hearing.

"Wouldn't it be better, as a matter of comity," he said, "for the president to have come to the Congress and said, 'I'd like to have this in the bill; I'd like to have these exceptions in the bill,' so that we could have considered that?"

Mr. Specter and others are particularly upset that Mr. Bush reserved the right to interpret the torture ban passed overwhelmingly by Congress, as well as Congressional oversight powers in the renewal of the Patriot Act.

Michelle Boardman, a deputy assistant attorney general, said the statements were "not an abuse of power."

Rather, Ms. Boardman said, the president has the responsibility to make sure the Constitution is upheld. He uses signing statements, she argued, to "save" statutes from being found unconstitutional. And he reserves the right, she said, only to raise questions about a law "that could in some unknown future application" be declared unconstitutional.

"It is often not at all the situation that the president doesn't intend to enact the bill," Ms. Boardman said.

The fight over signing statements is part of a continuing battle between Congress and the White House. Mr. Specter and many Democrats have raised objections to the administration's wiretapping of phones without warrants from the court set up to oversee surveillance.

Last month, Mr. Specter accused Vice President Dick Cheney of going behind his back to avoid the Judiciary Committee's oversight of surveillance programs.

"Where will it end?" asked Senator Edward M. Kennedy, Democrat of Massachusetts. "Where does it stop?"

The bills Mr. Bush has reserved the right to revise or ignore include provisions that govern affirmative action programs, protect corporate whistle-blowers, require executive agencies to collect certain statistics, and establish qualifications for executive appointees.

Senators and two law professors before the panel said that if the president objected to a bill, he should use his power to veto it — something he has not done in his six years in office.

Senator Dianne Feinstein, Democrat of California, said the expansion of executive power would be the "lasting legacy" of the Bush administration. "This new use of signing statements is a means to undermine and weaken the law," she said.

What the president is saying, she added, is "Congress, what you do isn't really important; I'm going to do what I want to do."

Ms. Boardman said the president had inserted 110 statements, which senators said applied to 750 statutes, compared with 30 by President Jimmy Carter. The number has increased, she said, but only marginally, and only because national security concerns have increased since the attacks of Sept. 11 and more laws have been passed. She acknowledged that the increase might be construed as "a lack of good communication" with Congress.

But Senator John Cornyn, Republican of Texas, said the committee was making too much of the statements. "It is precedented," he said, "and it's not new."

Senators said they had been expecting a higher-ranking official from the office of legal policy, and Senator Patrick J. Leahy of Vermont, the senior Democrat on the committee, chastised the White House for not sending "anybody who would have authority to speak on this."

"But then, considering the fact that they're using basically an extra-constitutional, extra-judicial step to enhance the power of the president, it's not unusual," he said.

Bush Urges Senate To Pass Line-item Veto (AP-Y2)

By Deb Riechmann

AP2, June 27, 2006

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President Bush, urging the Senate to pass the line-item veto, on Tuesday criticized House Democrats who didn't back the measure even though they've called for federal spending restraint.

A line-item veto would allow the president to cut certain provisions in spending bills without vetoing the entire measure. The House passed such legislation last week 247-172. Thirty-five Democrats joined with most Republicans in voting for the bill.

"I was disappointed, frankly, though that more Democrats didn't vote for the bill, especially those that are calling for fiscal discipline in Washington, D.C.," Bush said in a speech to members of the Manhattan Institute, a conservative think tank based in New York. "I mean, you can't call for fiscal discipline on the one hand and then not pass a tool to enhance fiscal discipline on the other hand. You can't have it both ways, it seems like to me."

The bill faces an uncertain future in the Senate. Democrats generally oppose the measure, and not all Republicans are excited about the idea. "We need to set politics aside" and pass a line-item veto, Bush said about the measure that the GOP embraces as a way to demonstrate election-year resolve to rein in federal spending.

Lawmakers from both parties who have reservations about the line-item veto contend it would shift too much power to the president, allowing him to try to cut projects proposed by his political enemies, or to use the threat of cutting projects in exchange for favorable votes on legislation the White House desires.

The bill that passed the House is a watered-down version of a more sweeping law that the Supreme Court struck down in 1998, saying it took too much spending authority away from Congress. Bush said the new legislation would meet the court's constitutional requirements.

The new version would let the president try to kill individual items contained in spending or tax bills that he otherwise signs into law. Congress would be required to vote on those specific items again. A simple majority in both the House and the Senate could override the president's objections.

"When the president sees an earmark or a spending provision that is wasteful or unnecessary, he can send it back to the Congress," Bush said. "And Congress is then required to hold a prompt up-or-down vote on whether to retain the targeted spending. In other words, the Congress is still in the process."

Earlier, Bush met with senators at the White House to discuss the line-item veto. The group included Senate Majority Leader Bill Frist, R-Tenn., and Sens. Judd Gregg, R-N.H., Thad Cochran, R-Miss., Susan M. Collins, R-Maine, Kit Bond, R-Mo., John McCain, R-Ariz., and Ben Nelson, D-Neb.

Nelson said he told the president that he used the line-item veto to rein in irresponsible spending when he was governor of Nebraska. "It works," said Nelson, governor from 1991 to 1999.

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On the Net:
http://www.whitehouse.gov

Bush Calls On Senate To Pass Line-Item Veto (WP)

By Peter Baker

The Washington Post, June 28, 2006

President Bush pushed the Senate yesterday to give him and his successors the power to strip special projects out of spending bills, part of a broader political effort to assuage disaffected supporters that he really is a fiscal conservative despite the growth of government on his watch.

The president summoned key senators to the White House and later gave a speech promoting a line-item veto to fight earmarks, or spending requests that members of Congress slip into larger bills without going through the normal budget process. The House has passed one version of the proposal and another is waiting for a vote on the Senate floor.

Bush said he needs the power to have more influence over lawmakers as they spend taxpayer money. "I want to be a part of the budgetary process," he said in an address sponsored by the Manhattan Institute for Policy Research. "It's an important part of the president's working with Congress and I'm not going to deal myself out of the budgetary process."

Bush has never vetoed a bill in his 5 1/2 years in office and, while long on record in favor of a line-item veto, he has never made a concerted effort to win such authority from Congress until this year as polls showed increasing conservative anxiety about federal spending. Since he took office, the federal budget has grown nearly 50 percent, from $1.86 trillion to a proposed $2.77 trillion for the coming fiscal year, driven in part by the cost of wars in Afghanistan and Iraq and the rise in entitlement costs.

To demonstrate commitment to fiscal restraint, Bush forced Congress to back down after it tried to load up a $94.5 billion emergency spending bill for war operations and hurricane relief this month. He also has frozen non-security discretionary domestic spending for two years in a row and vowed to cut the deficit in half by 2009.

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In seeking a line-item veto, Bush set sights on the most politically charged form of federal spending, often called pork. The number of earmarks inserted into spending bills has mushroomed from 3,055 in 1996 to 14,211 in 2004, according to the Congressional Research Service, and the overall cost has more than doubled to $52.7 billion.

But even if Bush had a line-item veto and struck every earmark, it would only carve a fraction out of a deficit projected to reach up to $350 billion this year. And as Bush said yesterday, Congress has met every overall spending target he has given it, meaning that the president and lawmakers have agreed on the broad direction of federal spending since he took office.

"This is not a budgetary issue. It's an issue of separation or overlap of power," said Richard Kogan, a senior fellow at the Center for Budget and Policy Priorities, which focuses on issues affecting low-income Americans. "It's primarily or exclusively a question of increasing the president's leverage over legislation."

A president could hold up a highway project in a lawmaker's district to win a vote on another priority, Kogan noted. "His threats and promises will be more forceful than they were in the past."

Some supporters of the president agreed the proposal would do little to fight deficit spending. The "line-item veto is a whiff," Sen. Christopher S. Bond (R-Mo.) told reporters after meeting with Bush yesterday. "You know, all our budgets are within the president's request for appropriated spending -- the discretionary spending. And that's not busting the budget." The real problem, he said, is entitlement spending.

Bush agreed that the government needs to get control over programs such as Social Security and Medicare and he vowed to keep trying as long as he is in office. "If we can't get it done this year, I'm going to try next year," he said. "And if we can't get it done next year, I'm going to try the year after that, because it is the right thing to do."

Yet he emphasized that he would not trim military spending, which has been a large part of the growth of government. "We will not shortchange the people who wear the uniform of the United States military," Bush said.

Congress passed a line-item veto in 1996, but the Supreme Court struck it down as unconstitutional. The new version is constructed in a different way intended to address the court's concerns. While the old version functioned like a traditional veto in requiring two-thirds majorities in both houses to overturn the president's decision, the new version allows Congress to restore targeted spending items on simple majority votes.

The Senate version, crafted by Budget Committee Chairman Judd Gregg (R-N.H.), includes other budget process changes not in the House legislation. Majority Leader Bill Frist (R-Tenn.) did not commit yesterday to a date for a floor vote.

President To Press For Line-Item Veto Power (NYT)

By Jim Rutenberg

The New York Times, June 28, 2006

WASHINGTON, June 27 — With his proposed overhaul of the nation's immigration laws now in legislative limbo, President Bush focused on another priority on Tuesday, to secure Congressional approval of a presidential line-item veto.

Speaking to a conservative group here in the morning, Mr. Bush said he would use a line-item veto to eliminate spending on the pet projects called earmarks that lawmakers attach to spending bills.

"A line-item veto would be a vital tool that a president could use to target spending that lawmakers tack on to the large spending bills," Mr. Bush said before a gathering held by the Manhattan Institute, a conservative group that advocates fiscal restraint.

The president said he very much needed the power to control spending. The number of earmarks each year has grown to 13,000 per budget from 3,000 over the last decade, he said.

Mr. Bush also met on Tuesday at the White House with senators to discuss his proposal, including the majority leader, Senator Bill Frist of Tennessee, and the president's 2000 Republican primary rival, Senator John McCain of Arizona. In his address, Mr. Bush also cited a more recent rival from the other side of the aisle, Senator John Kerry of Massachusetts, the Democratic presidential nominee in 2004, as a supporter of a line-item veto.

"I remember campaigning against him in 2004, and I remember him talking about the line-item veto," Mr. Bush said of Mr. Kerry, "and I appreciate the fact that he's living up to the political promises he made."

Mr. Bush urged Mr. Kerry's Democratic colleagues to approve the veto just as they had done in 1996 for the last Democratic president, Bill Clinton. Mr. Clinton's success in obtaining line-item veto power, delivered with help from Congressional Republicans, was a victory in a decades-long struggle by the executive branch to gain a stronger hand in budget negotiations with Congress.

But the Supreme Court struck that line-item veto down in 1998, ruling that it allowed a president "to effect the repeal of laws, for his own policy reasons."

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Administration officials say the form of the veto sought by Mr. Bush would stand up to constitutional scrutiny by creating a process in which the president proposes items to strike but Congress ultimately decides whether to go along with him in a fast-tracked vote. The House passed a version of the veto with such a process last week.

Mr. Frist has told administration officials he will try to bring a similar version of the bill to a vote in mid-July. But even White House officials acknowledged that the proposal would face a tough fight. Democrats have been reluctant to give the president any sort of victory, and lawmakers in charge of the Senate Appropriations Committee are not eager to cede any control.

Senator Judd Gregg, Republican of New Hampshire and chairman of the Appropriations Committee, is pushing a version of the bill that would allow the president to strike no more than four items in a year. In addition, a core group of lawmakers is highly protective of Congressional power in general, but especially with Mr. Bush in the White House. His office has been open in its efforts to build executive power.

Winning a line-item veto would give Mr. Bush a much-needed Congressional victory. He had been trying to push through new immigration laws, but last week the House decided to have a series of national hearings before taking action. Mr. Bush said Tuesday that he was not giving up on that fight.

But he said that in the meantime he had asked his new budget director, Rob Portman, to make securing the line-item veto a top priority. Mr. Portman, a former Republican congressman with strong ties on Capitol Hill, has discussed the veto with lawmakers in the last week. "It's important that the Republican Party continue to let people know that the Republicans are the party of fiscal discipline," Mr. Portman said, adding that he was also trying to bring along Democrats.

But Jim Manley, a spokesman for Senator Harry Reid of Nevada, the Democratic leader, said his boss was working to gather enough votes to defeat the line-item veto. "It's a significant shift in authority to the executive branch," Mr. Manley said.

Bush Presses For Line-item Veto (WT)

By Stephen Dinan

The Washington Times, June 28, 2006

President Bush yesterday called the line-item veto the next "crucial test" for Congress on spending restraint, and said he was "disappointed" in House Democrats who claimed they were for fiscal discipline but voted against the plan last week.

"You can't call for fiscal discipline on the one hand and then not pass a tool to enhance fiscal discipline on the other hand," he said, referring to the 156 Democrats in the House who voted against a line-item proposal.

Mr. Bush also promised, using the strongest language he's used in months, to take another stab at controlling the growth of Social Security, saying he will try every year for the rest of his administration.

"If we can't get it done this year, I'm going to try next year. And if we can't get it done next year, I'm going to try the year after that," he said at a speech in Washington, sponsored by the Manhattan Institute.

The president claimed a victory by keeping the recent emergency spending bill to $94.5 billion, and said the line-item veto vote in the Senate later this year is the next big test. Senate Majority Leader Bill Frist hopes for a vote this summer, according to a spokeswoman.

A line-item veto passed the House last week, 247-172, with 212 Republicans and 35 Democrats supporting it.

Office of Management and Budget Director Rob Portman, a former member of Congress who is now the administration's point-man on the issue, said at least 60 senators are already on record supporting a line-item veto.

"You start with a base of 50 who supported a much more executive branch-tilted line-item veto [in 1996], and then you add to that the co-sponsors of the legislation now, and you get over 60," Mr. Portman said.

Mr. Bush yesterday said those who supported the 1996 law, later struck down by the Supreme Court, should be on board again.

"It was good enough 10 years ago, it's good enough today, for those who voted for the line-item veto," he said.

This year's bill does have some strong Democratic supporters, including Rep. Mark Udall, Colorado Democrat, who worked hard to win over Democrats. And in the Senate, Sen. John Kerry, Massachusetts Democrat, has taken a prominent public role in pushing for what he said is a "no-brainer" bill.

"With record deficits and bridges being built to nowhere, we've got to stop the incomprehensible waste coming out of Washington," said Mr. Kerry, Mr. Bush's 2004 opponent in the presidential election. Mr. Kerry won special praise from Mr. Bush yesterday for his consistent support.

But Senate Minority Leader Harry Reid of Nevada said Republicans could expect little support from Democrats if the line-item proposal is part of a broader budget package Sen. Judd Gregg, New Hampshire Republican, is working on.

"I can't imagine there would be any support for this," he said, adding that Mr. Bush and Republicans continue to focus on spending cuts without looking at revenue or tax increases as well.

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Unlike the 1996 line-item veto, the new proposal isn't exactly a veto. Called the "legislative line-item veto," it would allow the president to send a new bill back to Congress pointing out projects that should be cut. Congress would then have a set period of time to vote to accept or reject his recommendations.

The Supreme Court deemed the 1996 version unconstitutional, saying Congress did not have the authority to give the president the power to change legislation it had already passed. The court said the president can either sign legislation into law or send it back to Congress.

Mr. Portman said the new version will provide a spotlight to scare off some lawmakers from adding questionable projects, and that could give extra muscle to key subcommittee chairmen looking to keep extraneous spending out of their bills.

Misunderestimated (WSJ)

The Wall Street Journal, June 28, 2006

When it comes to tax policy these days, the most powerful branch of government seems to be the unelected computers at the Joint Tax Committee and Congressional Budget Office. Those are the agencies that tell Congress how much tax cuts will "cost" the Treasury in lost revenue. And what's standing in the way of the Senate repealing the death tax this year, for example, is their $600 billion boogeyman estimate of lost federal revenues to the Treasury over 10 years.

But what happens when the computers go haywire? A new study from the American Shareholders Association examined the 10-year forecast for economic growth and federal revenue collections for the period 1997-2006. And over these years, it found, the CBO underestimated tax revenue collections by a cumulative $800 billion. To paraphrase President Bush: That's a pretty severe misunderestimation.

The forecasting faux pas is actually larger because those estimates excluded the impact of at least three major tax cuts (in 1997, 2001 and 2003) that subsequently passed Congress. These tax cuts were estimated by the wizards at Joint Tax to deplete federal tax collections by an additional $1.24 trillion through 2006, according to the Shareholders Association study.

So if you add those together, CBO and JTC have managed to underestimate revenues by $2.04 trillion over the past decade. Here's one way to appreciate how large this error is: It would be as if CBO forgot to count all the federal income tax payments made by every resident of Florida for an entire decade. Tied to their outdated forecasting models, these agencies refuse to acknowledge that there is any Laffer Curve effect from changes in tax rates that help the economy grow and revenues increase. Thus CBO also managed to project a decade ago that the U.S. economy would be $1.3 trillion smaller today than it actually is.

Forecasting future growth is never easy, but that's all the more reason for Members of Congress not to make themselves policy slaves to these estimates. Republicans have promised time and again to fix the models, but they always flinch when the Democrats who first sponsored these models object. So after 12 years of GOP control of Congress, our nation's tax policy is still dominated by computer models that never get it right.

Manhattan: A Call For An Investigation (NYT)

By Jonathan P. Hicks

The New York Times, June 28, 2006

The chairman of the State Democratic Party called on the Federal Election Commission and the Justice Department yesterday to investigate allegations that Representative Vito J. Fossella Jr. violated campaign finance regulations. Mr. Fossella is the only Republican member of Congress from New York City. In a statement, the chairman, Assemblyman Herman D. Farrell Jr., said that the allegations, if true, "would constitute a major breach of the public trust." Mr. Farrell was referring to a report in The Daily News that Mr. Fossella, who represents Staten Island and parts of Brooklyn, took trips with his family to ski resorts and other destinations that were financed by donors and corporate sponsors. Craig Donner, a Fossella spokesman, acknowledged that Mr. Fossella had taken several trips over the years, but he said they violated no laws. "The expenses are legal and allowable under federal regulations," Mr. Donner said.

Paulson Defends Tax Cuts At Hearing (FT)

By Krishna Guha

Financial Times, June 28, 2006

Hank Paulson made a robust defence of President George W. Bush's tax cuts at the Senate committee overseeing his nomination as US Treasury secretary on Tuesday, and hinted at a possible shift in emphasis in Washington's China policy.

The former chairman and chief executive of Goldman Sachs stressed the importance of US pressure on Beijing to reform and open up its domestic financial system. He told senators this would allow China to move to a market-determined exchange rate.

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Setting out an ambitious agenda for the remainder of Mr Bush's second term in office, Mr Paulson also raised the possibility of a renewed push on reform of entitlement programmes Medicare, Medicaid and Social Security.

The nominee kept up pressure on China to allow greater currency flexibility in the short term, telling senators "we need to encourage them to move quicker there and show more flexibility." But he added that "until they have a fully functioning financial system, a modern financial system which they don't have now, they are not going to be able to have a currency that trades in the competitive marketplace."

The former Goldman Sachs chief, who has visited China more than 70 times since 1990, said Washington should be prepared to push "aggressively" for further finanical sector liberalisation. Mr Paulson's remarks build on, rather than contradict, the stance taken by his predecessor John Snow, who also talked about the importance of banking reform in China.

They suggest that as Treasury Secretary Mr Paulson will put a lot of emphasis on this subject. Speaking more broadly, Mr Paulson also told the Senate finance committee: "If confirmed, I will focus intensely on how the US United States can maintain and strengthen our competitive position."

The nominee said "deficits do matter" and added that he hoped it would be possible to make progress on entitlement reform during the remainder of the Bush second term. On taxation, Mr Paulson said "I watched the role the tax cuts played in getting this economy to where it now is and I think we should all feel very fortunate the economy is growing." He said the tax cuts should be made permanent, saying "tax increases would be counter-productive."

Treasury Nominee Gives Few Specifics On Bush Priorities (NYT)

By Edmund L. Andrews

The New York Times, June 28, 2006

WASHINGTON, June 24 — Henry M. Paulson Jr., President Bush's nominee for Treasury secretary, cautiously avoided any hints on Tuesday about the administration's economic priorities for the remainder of Mr. Bush's term.

Testifying at his confirmation hearing before the Senate Finance Committee, Mr. Paulson reiterated Mr. Bush's general views on the need for low taxes, budget restraint, increased American competitiveness and the use of persuasion rather than threats in dealing with China on economic issues.

But Mr. Paulson, the chairman of Goldman Sachs, carefully avoided specifics on most policy issues or any mention of prospects for reviving some of Mr. Bush's economic goals — like overhauling the income tax — that have languished for the last two years.

"Having good ideas is one thing," Mr. Paulson said in response to questions about a tax overhaul. "Having good ideas that are doable is another thing."

Though lawmakers in both parties said Mr. Paulson was all but assured of being confirmed, perhaps later this week, his tentative performance on Tuesday seemed in contrast with his build-up by administration officials as a major power player in an arena where White House officials have dominated all the crucial decisions.

Administration officials wooed Mr. Paulson, who earned $35 million at Goldman last year, in part with assurances that he would play a more central role than either of his two predecessors — Paul H. O'Neill, who was fired in part for his headstrong attitudes; and John W. Snow, who spent most of his time as a salesman rather than architect of Mr. Bush's policies.

Mr. Paulson, 60, rejected some of the White House's initial overtures to become Treasury secretary. When Mr. Bush announced his choice of Mr. Paulson on May 31, the president described him as his "principal adviser on the broad range of domestic and international economic issues."

But on Tuesday, Mr. Paulson stuck to generalities: keeping taxes low, maintaining flexibility in the capital markets, fighting a "creeping regulatory expansion," addressing an anticipated surge of spending on Social Security and Medicare as the nation's baby boomers enter retirement, and improving competitiveness in world markets.

He also alluded at least twice to the limited time left — two and a half years — in Mr. Bush's presidency.

Much like his predecessor, Mr. Paulson rebuffed calls for trimming some of Mr. Bush's tax cuts to reduce the deficit.

"I think it would be a big mistake to increase taxes," he told Senator Olympia J. Snowe, Republican of Maine, adding that the deficit, which is hovering around $300 billion a year, is "within the realm of historical norms" as a share of the gross domestic product.

Mr. Paulson faced sharp questioning from both Republicans and Democrats about the administration's efforts to stop abusive tax shelters and to reduce the so-called tax gap — as much as $350 billion a year, according to Congressional estimates — in taxes that are owed but not paid.

Senator Charles E. Grassley, Republican of Iowa and chairman of the Senate Finance Committee, complained that the Internal Revenue Service, which is part of Treasury, had "fallen down on the job" in offering incentives to whistle-blowers who could expose tax cheating.

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Mr. Paulson is reported to have a net worth of about $700 million, including about $470 million in Goldman Sachs shares. He has said he will sell his holdings in Goldman Sachs to comply with the government's conflict-of-interest rules.

Mr. Grassley said his staff, which scrutinized Mr. Paulson's tax returns, had found no evidence that he had used tax shelters.

In response to questions from Senator Max Baucus, Democrat of Montana, Mr. Paulson promised to review a secret program to investigate and track terrorists that relies on an international database that includes Americans' banking transactions.

If confirmed, Mr. Paulson said that he would make sure he thoroughly understood the law covering the program.

One of the few moments of direct personal conflict between lawmakers and Mr. Paulson was not about policy but about Mr. Paulson's role as chairman of the Nature Conservancy, an environmental organization that buys land to prevent it from being developed.

The Nature Conservancy came under heavy criticism several years ago, because some of its deals allowed people to take big tax deductions for contributions of land and yet also allowed significant development projects.

Mr. Paulson pushed through major changes at the Nature Conservancy as well as a settlement of disputes with the Internal Revenue Service.

But on Tuesday, Mr. Grassley complained that the Nature Conservancy had refused to release the details of the I.R.S. settlement.

Mr. Paulson said he was "only one member" of the board, and that the chief executive of the Nature Conservancy wanted to keep the settlement out of the public eye by having the Internal Revenue Service give the Senate Finance Committee details under the cloak of confidentiality.

Paulson Sticks To The Script (WP)

By Paul Blustein

The Washington Post, June 28, 2006

Treasury secretary-designate Henry M. Paulson Jr. hewed firmly to Bush administration positions at his Senate confirmation hearing yesterday, saying that he "very strongly" opposes tax increases, hopes to begin tackling the long-term obligations of Social Security and Medicare, and wants China to move more quickly toward changing its currency policy.

Appearing before the Senate Finance Committee, Paulson repeatedly praised President Bush's tax cuts and rebuffed suggestions by committee members that tax increases ought to be included in a package of measures to shrink the federal budget deficit.

"Would I like spending to be less? Yes. Would I like the deficit to be less? Yes," said Paulson, who has been chairman and chief executive of Goldman Sachs Group since 1999. "But it's manageable . . . and we can attack it best with a strong and growing economy." Raising taxes, he said, "would be counterproductive" by hurting growth.

Again echoing long-standing views expressed by Bush and other administration officials, Paulson said the nation should put a high priority on reducing the costs of Social Security and Medicare as the baby-boom generation retires. The sooner the retirement and health-care issues are tackled, "the less costly will be the ultimate solution," he said.

But he tacitly acknowledged that, with the administration in its sixth year, political constraints will limit how much he can accomplish.

"It would be naive to think all these things can be solved in a 2 1/2-year period," he said, although he added that he hopes "at least to begin to address" the issues.

Those and other comments indicated that Paulson will continue the approach of the outgoing Treasury secretary, John W. Snow, in faithfully backing the president's policies. Snow suffered from being widely perceived as a cheerleader for the White House, and the appointment of a Wall Street titan was aimed at giving luster to a post that has declined in influence during Bush's presidency.

Paulson was asked deferential questions by senators who lauded his grasp of financial issues, but he skirted several controversial issues by pleading ignorance on technical and legal matters.

When a couple of Democratic senators raised privacy concerns about a recently disclosed program run by the Treasury Department that monitors a large international financial database to track down terrorists, Paulson said he has to "make sure I understand the law thoroughly" before stating an opinion.

On China, he promised to continue the administration's policy of prodding Beijing to let the yuan rise in value. Many U.S. and labor unions accuse China of keeping the yuan fixed at an artificially low exchange rate against the U.S. dollar, giving Chinese businesses an unfair advantage in world markets and costing the United States jobs.

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"I would give the administration and Secretary Snow a lot more credit than they are given by some people" on the China currency issue, Paulson said, noting that China has "moved to accept the principle . . . of a flexible currency. That was a very big step for China," even though the exchange rate of the yuan has barely budged.

But he declined to pass judgment on legislation proposed by Sen. Max Baucus (D-Mont.) and the Finance Committee chairman, Sen. Charles E. Grassley (R-Iowa), that would make it easier for the Treasury to impose sanctions on China for having a "misaligned" currency. "I need to learn more, and look forward to learning more, about the legal framework," he said.

Such comments were generally praised by committee members, even Charles E. Schumer (D-N.Y.), one of the Senate's sharpest critics of China's policy. Schumer said he had known Paulson for 15 years and indicated that he will cooperate closely with him on the China issue.

At the end of the hearing, Grassley said he hoped that Paulson's nomination could sail through the Senate before the July 4 recess, when Snow has said he plans to leave office. "Our goal is to report the nomination as quickly as possible," he said.

Treasury Nominee Urges Pressing China On Yuan (WSJ)

By Deborah Solomon

The Wall Street Journal, June 28, 2006

WASHINGTON -- President Bush's Treasury secretary nominee told a Senate panel that the U.S. has to "fairly aggressively" encourage China to make its currency more flexible and continue to prod the country toward economic overhauls.

Henry M. Paulson Jr., chief executive of Goldman Sachs Group Inc., who has visited China about 70 times in the past 15 years, said he hoped to be "quite active" in international issues, including China. Mr. Paulson said while there is a "strong protectionist sentiment in China," the U.S. must encourage Chinese leaders to embrace a competitive marketplace "and encourage them to move quickly."

At a three-hour confirmation hearing before the Senate Finance Committee, Mr. Paulson, who is expected to be confirmed, didn't signal that any major changes in economic policy are on the horizon. He defended the Bush administration's recent tax cuts, saying they were helping to expand the economy. He played down concerns over the budget deficit, saying it was "manageable and within the realm of historic norms."

"Like all of us, I wish our deficit was lower. But I'm actually encouraged that despite the bursting of the [stock market] bubble and the recession and the war on terror...we're in a situation right now where our economy has been growing," he said. Asked whether, given the strong economy, it was time to raise taxes to help deal with the deficit, Mr. Paulson said it "would be a big mistake to increase taxes."

Several senators detailed fiscal problems that Mr. Paulson will have to tackle. Sen. Max Baucus, (D., Mont.), cautioned Mr. Paulson that he "will have much work to do. The government has run $300 billion budget deficits for four years in a row. The balance of trade has been on a roller-coaster ride to extremes. America faces new economic competition from China and India. And the Treasury Department has suffered depressed morale and a diminished policy role. Good luck."

Mr. Paulson told senators he would take steps to simplify taxes and overhaul entitlement programs such as Social Security and Medicare, but said it would be "naive" to think those issues could be "addressed and solved in a two-and-a-half-year period."

WALL STREET JOURNAL VIDEO

Treasury Secretary nominee Henry Paulson1 says "it would be a big mistake to increase taxes," in his testimony before the Senate Finance Committee.

A notable omission in Mr. Paulson's remarks was mention of a strong dollar -- nor was he asked about it by the senators. That stands in contrast to departing Secretary John Snow, who backed a strong-dollar policy in his confirmation hearing in 2003.

Under questioning by several senators, including Republican Sen. Charles Grassley of Iowa, chairman of the committee, Mr. Paulson said he would review a newly disclosed Treasury Department program to track suspected terrorists by examining financial transactions. "I am going to, if confirmed, be all over it," he said.

A London-based civil liberties group is asking governments to block the release of confidential financial records to U.S. authorities as part of U.S. antiterrorist probes. Privacy International said it filed complaints with data protection and privacy regulators in 17 countries, arguing that disclosures of financial transactions "were made without any legal basis or authority whatsoever."

Several senators pressed Mr. Paulson about why the Bush administration's economic policies weren't leading to faster wage growth for many Americans. "The average wage-earner is losing purchasing power and they are feeling it mightily. Exactly when do their wages grow?" asked Sen. Olympia Snowe, (R., Maine). Mr. Paulson said he cares "deeply about the economic well-being of the middle class" and said recent job growth and productivity growth "will hopefully be followed by an increase in wage income."

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Mr. Paulson said he wants to be active in targeting those who abuse charitable donations to pay less in taxes. Mr. Paulson said he is concerned about instances where donors make "in kind" gifts to charities, such as art, and "take an inflated appraisal" so they can claim a higher deduction on taxes.

Treasury Nominee Paulson Sounds A Lot Like Outgoing Snow (USAT)

By David J. Lynch

USA Today, June 28, 2006

WASHINGTON — If Treasury Secretary-designate Henry Paulson is going to differ dramatically from outgoing John Snow, there wasn't much evidence of it Tuesday during his Senate confirmation hearing.

President Bush nominated Paulson to become Treasury secretary as part of a second-term shake-up aimed at reinvigorating the president's sagging public approval ratings. The chairman and chief executive of investment banking powerhouse Goldman Sachs brings to the post a reputation for financial acumen as well as deeply held views on issues such as global warming that differ from administration policy.

But under generally friendly questioning by lawmakers, the prospective Treasury boss sounded a lot like the old boss. On issues from taxes to trade with China, Paulson echoed Snow's stance, telling members of the Senate Finance Committee:

·Federal tax cuts slated to expire in coming years should be extended and efforts to cut the deficit limited to spending reductions. “I feel very strongly we should not be increasing taxes,” Paulson said.

·China is moving toward a market-based currency, but the U.S. should urge Beijing to go faster.

·Continued economic growth, which has boosted corporate profits, eventually will pay off for middle-income workers with fatter paychecks.

Paulson also said the current government deficit is “manageable,” but he called for early action on a looming crisis over Medicare and Social Security costs as millions of baby boomers retire.

Lawmakers hope to confirm Paulson before leaving for the July Fourth holiday. The nomination faces no major obstacles, with even committee Democrats praising Paulson as a welcome addition to the administration.

With many members of Congress chafing over administration efforts to strengthen executive power, several lawmakers urged Paulson to keep them better informed. Sen. Max Baucus, D-Mont., complained that Treasury officials had not briefed the committee on the government's use of international bank records to combat terrorism, which was disclosed by The New York Times.

Paulson promised to personally review the program, which he said he had not yet been briefed on.

Paulson, 60, long has been active in environmental matters and has warned publicly that the time needed to address climate change is running out. But replying to a question from Sen. Ron Wyden, D-Ore., Paulson played down suggestions his views could modify administration policy.

“The president of the United States has nominated me to be secretary of the Treasury. He hasn't nominated me to be secretary of the Interior. He hasn't nominated me to be head of the Environmental Protection Agency.”

Reading The Classifieds (WP)

The Washington Post, June 28, 2006

The State Department's Information Systems and Services office reminded everyone last week that putting SBU (Sensitive But Unclassified) on cables and e-mails is useless in terms of actually keeping the information from the public.

Worse yet, the folks at ISS said in a June 22 announcement, putting SBU on a document "DOES NOT by itself" protect the information from release under the dread Freedom of Information Act.

So if you want to keep it from getting to the public, you need to classify it as secret, top secret, eyes only, and so on. (Another problem with using SBU is that passing such information on is not a security violation, so the divulgers can't be punished.)

This useful reminder was issued only five days after The Washington Post published a cable from the U.S. Embassy in Baghdad recounting the daily hardships and dangers confronting Iraqi embassy employees. Every paragraph of that cable was marked SBU.

ISS assures us the new guidance had nothing to do with the publication of that cable, which apparently caused a bit of a fuss at Foggy Bottom. ISS says it periodically reissues such guidance.

We certainly believe them, though we hear no one at the State Department does. The new guidance almost surely means more secrecy.

"From their point of view, SBU is an informal 'we don't want to tell you' designation," said Steven Aftergood , a secrecy specialist at the Federation of American Scientists. The State Department apparently thinks "too much information is getting out."

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Well, an informed public can be a real pain.They're Baaaaaack . . .

This just in from Arab News, an English-language daily in the Middle East: "Saudis Offered Scholarships for Aviation Courses in US," says the headline.

"The Ministry of Higher Education and the General Authority of Civil Aviation are offering scholarships to Saudi men and women to study majors related to civil aviation in the United States," according to a bylined article from Jeddah, and application forms are on the ministry's Web site.

"The scholarships are available in majors such as communications, electrical and computer engineering . . . air traffic control, flight safety, and other majors related to the airline transport industry," we're told.

The Saudis are offering scholarships this year for study in Australia, China, India, Japan, Malaysia, New Zealand, Singapore, South Korea and the United States.

Hurry on down. Deadline's July 12.It's Official: Langley Opens a Honey Pot

Great news for the new, leaner and meaner CIA. A Dunkin' Donuts has recently opened at headquarters. Nothing like one of those tasty, glazed beauties each day to keep that waistline under control.

The power outage Thursday morning in parts of McLean also hit the CIA, but we're told backup systems kept essential networks going. Some lights, desktop computers and the like were affected during the three-hour outage, forcing some employees to have doughnuts in the dark.

No connection found between the outage and the reappearance that day at the agency of legendary operative Stephen R. Kappes , who headed the clandestine service but resigned in 2004 during the 18-month reign of director Porter J. Goss .

Kappes hasn't formally come on as the agency's No. 2. He awaits Senate action on the reappointment of the current deputy director, Adm. Albert M. Calland III , to his three-star rank, at which point Calland is to move over to be deputy director of strategic planning of the National Counterterrorism Center.

Kappes, a spokesman said, "has used his time in the building . . . to read in and to reach out to agency personnel."

Speaking of the new old guy, Kappes, what about the old new guys, otherwise known as the Gosslings? The big question is whether the new regime is going to do a wholesale purge or surgical removal.

Some division chiefs and others are said to have put in a good word with new CIA Director Michael V. Hayden for Michael V. Kostiw . Kostiw, who left the agency in 1981 after some unpleasantness involving a package of bacon, was thought to have done well when he returned as Goss's special assistant for operations in Afghanistan and Iraq.An Eye for an Eye -- Belarus Sanctions Bush

Meanwhile, those lovable unreconstructed commies in Belarus have vowed to retaliate for the administration's decision to freeze the U.S. bank accounts of Belarusan President Alexander Lukashenko and other high-ranking officials.

The sanctions, which also bar U.S. citizens from doing business with the Belarusans, were imposed for that government's human rights abuses, general corruption and thuggery, repression, election fraud and the disappearances of four regime critics.

"We'll apply appropriately symmetrical measures to George W. Bush and Condoleezza Rice ," Belarusan Security Council Secretary Viktor Sheiman vowed in a state television interview. "We'll freeze their accounts and seize their assets" in Belarus.

"It's clear to everyone that neither Lukashenko, nor I have or can have any bank accounts in the U.S. The U.S. administration has been looking for these accounts for 10 years now," Sheiman said. He described the U.S. action as "diehard and ugly."

Based on their financial disclosure forms, it does not appear that Bush and Rice have extensive holdings in Belarus.On the Move?

Word is that Jim Wilkinson, formerly at the White House and more recently burnishing Rice's image, will be chief of staff to Henry M. Paulson Jr ., once he's confirmed by the Senate as Treasury secretary.

Bush's Communications Director Leaves (AP-Y2)

AP2, June 27, 2006

President Bush's communications director is stepping down to move to New York City with her husband, the White House announced Tuesday.

Nicolle Wallace has been in a long-distance marriage ever since her husband, Mark, became United Nations ambassador for management and reform this spring. Wallace decided to stay temporarily in Washington, but this Friday she is leaving her job overseeing White House press strategy.

"I've never stopped feeling amazed when the West Wing gate swings open each morning when I show my badge," Wallace said. She said she doesn't have her next job lined up yet.

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The couple worked on Bush's 2004 campaign before they married — Mark Wallace as deputy campaign manager and Nicolle Devenish as communications director. She moved to the White House after Bush's re-election, and the couple married in September in Greece. Bush nominated Mark Wallace to be ambassador in January.

W. BENCH PRESS (NYPOST)

By Deborah Orin

The New York Post, June 28, 2006

WASHINGTON - President Bush today will nominate Gov. Pataki's lieutenant governor, Mary Donohue, for a federal judgeship in upstate New York, The Post has learned.

Sen. Chuck Schumer (D-N.Y.), who serves on the Senate Judiciary Committee which would consider her nomination, has been informed and "is keeping an open mind," aides said.

Donohue is a former state Supreme Court justice who has been seen as a product of New York's Republican political machine with close ties to former Sen. Al D'Amato. Pataki submitted her name to Bush last March.

Connaughton Named To Lead U.S. Maritime Agency (WP)

By Stephanie McCrummen And Nikita Stewart

The Washington Post, June 28, 2006

Prince William Board of County Supervisors Chairman Sean T. Connaughton, who presided over a period of unprecedented growth in one of the nation's most diverse and dynamic suburban areas, was nominated yesterday by President Bush to be the head of the U.S. Maritime Administration.

If confirmed by the Senate, Connaughton, a maritime lawyer, would resign the post he has held nearly seven years to be the administrator of an agency with an annual budget of more than $500 million and a staff of 1,000, whose primary job is to ensure safe and efficient access for commercial and military ships through U.S. waterways.

"We are a dramatically different county and for the better. . . ," said Connaughton, a moderate Republican whose term as head of the supervisors expires at the end of next year. "We've been able to make growth pay for growth."

Connaughton, 45, said the presidential nomination represents the "highest honor" of his professional career as a maritime lawyer and one that he could not turn down. He is with Troutman Sanders LLP.

His decision leaves in question the leadership of a county that has changed in recent years from a quiet, semi-suburban, semi-rural area into a bona fide part of Northern Virginia, complete with $800,000 homes, fancy golf courses and epic traffic jams.

Depending on the timing of Connaughton's resignation, a special election could be called or a successor could be chosen on Election Day next year -- Nov. 6.

There are many rumored candidates. Supervisor Martin E. Nohe (R-Coles) said that it's premature for him to make a decision but that the new chairman should be "someone who follows Sean's footsteps." Only Supervisor Corey A. Stewart (R-Occoquan) has announced that he'll run.

Connaughton was almost unknown when he ran for county supervisor in 1999 against Democratic incumbent Kathleen K. Seefeldt, whom he accused of failing to foresee the effects of growth -- high taxes, inadequate roads and crowded schools -- and of being too close to developers.

He promised not to stop development but to manage it better, and voters took him up on the pledge, choosing a Republican supervisor for the first time in the county's history. Last year, he lost a bid to be the GOP candidate for lieutenant governor.

When he became a supervisor, the county had 280,000 people, an annual budget of about $400 million and one of the highest tax rates in the region.

He leaves an increasingly diverse county of about 364,000 people, a budget of $857 million and Northern Virginia's lowest tax rate, which he and his board colleagues accomplished by cutting the tax rate as property values soared. The county also earned a AAA bond rating during Connaughton's tenure, a gold star for local governments.

Developers are now paying more in proffers, voluntary funds used to offset the costs of schools, roads and other public services. Rather than wait for state transportation money to trickle down, the county used its money to build hundreds of miles of roads. And Prince William recently became one of a handful of municipalities in the state to propose creating a transportation department.

Since Connaughton took office, the county has built 21 schools and hired several hundred police and fire personnel to keep up with growth.

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And, to the consternation of some longtime residents, he initiated smaller programs aimed at changing the county's good-old-boy image.

For some accustomed to living as they please, Connaughton will be remembered as the man who banished motorboats and RVs from residential streets and who hired a "neighborhood coordinator" to point out property code violations such as derelict cars parked in front yards.

But to Connaughton, those sorts of community maintenance programs, along with the county's new emphasis on historic preservation, represent a turning point for an area once considered where the "real" Virginia began.

As the county has become more tethered to Northern Virginia, the distinction has moved a few exits south.

"I'm extremely proud of what's happened in Prince William in the last seven years," Connaughton said, adding that his nomination is only the "the first step in a long process."

Chief Seeks $160.5M For VA Data Security (USAT)

USA Today, June 28, 2006

Veterans Affairs Secretary Jim Nicholson told a House Appropriations subcommittee Tuesday that he can turn his agency into a “model for information security” but said he needs at least $160.5 million to do it. The request includes funding for at least one year of government-paid credit monitoring for the 26.5 million veterans and active-duty military personnel whose private personal information was stolen May 3 in a burglary at the home of a VA analyst. There have been no reports of identity theft in connection with the incident. The VA proposes to pay out-of-pocket expenses ranging from $10,000 to $20,000 for those whose identities are stolen. He said more money may be needed to revamp information security at the VA.

Senate Intelligence Chairman Pat Roberts, R-Kan., asked National Intelligence Director John Negroponte to order an assessment of damage caused by the disclosure of secret intelligence programs aimed at stopping terrorists. “We cannot continue to operate in a system where the government takes steps to counter terrorism while the media actively works to disclose those operations without any regard for protection of lives, sources and legal methods,” Roberts said.

The latest disclosures last week reported on a secret financial-monitoring program used to trace terrorists. President Bush on Monday called the disclosures “disgraceful” and said it “does great harm to the United States” by making it “harder to win this war on terror.”

The House International Relations Committee approved President Bush's plan to share civilian nuclear technology with India, a first step toward approval of the unprecedented deal. The vote was 37-5.

India would allow international inspections and safeguards at 14 reactors it has designated as civilian. Eight military facilities would remain off-limits. In return, the United States would ship nuclear technology and fuel to India. Rep. Jim Leach, R-Iowa, said the deal “knifed” the Nuclear Non-Proliferation Treaty, which limits the spread of nuclear technology. He called it a sad day for efforts to stop the spread of nuclear arms. India developed its nuclear bombs outside the treaty.

Government-owned land would be used to store nuclear waste temporarily pending completion of a long-delayed permanent facility, under a proposal by Senate Energy and Natural Resources Chairman Pete Domenici, R-N.M. His proposal would give the Energy Department authority to build storage facilities on federal land or purchase private land for storage, for up to 25 years, even if state or local authorities objected. A facility would have to get a license from the Nuclear Regulatory Commission and comply with various security, safety and environmental regulations.

Funding was included in a $30.7 billion spending bill an Appropriations subcommittee approved Tuesday. The plan deals with the more than 50,000 tons of used reactor fuel at power plants in 31 states.

The government is obligated to take the waste but has no place to put it because the permanent underground storage site to be built at Yucca Mountain in Nevada cannot open until at least 2018.

$160 Million To Be Sought For VA's Credit-Monitoring Program (WP)

By Zachary A. Goldfarb And Josh White

The Washington Post, June 28, 2006

Veterans Affairs Secretary Jim Nicholson said yesterday that the Bush administration will seek $160.5 million to pay for free credit monitoring for veterans and military personnel whose personal information was stolen last month, and he hinted that more money may be necessary.

"If a year expires, we have a responsibility to determine whether to renew based on what we know at the time," he said.

Congress may face requests for spending to cover potential data losses at other agencies -- such as those that were announced recently at the Agriculture Department, the Pentagon and the Federal Trade Commission.

Meanwhile, Navy officials announced this week that they believe the number of sailors and their family members whose personal data were posted on a civilian Web site was larger than first suspected last week.

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In a news release Monday, the Navy said that the birthdates, Social Security numbers and other personal information of more than 30,618 people were compromised when five spreadsheet files appeared on the Internet. On Friday, it had said that 28,000 people were affected.

Officials said the spreadsheets appeared to have data on personnel who were stationed in areas affected by Hurricane Katrina last year. The Naval Criminal Investigative Service is looking into how the information ended up on a public Web site.

Navy spokesmen said there is no indication that the data have been used illegally, but the service has sent letters to all sailors whose personal data were compromised to encourage them to monitor their financial accounts.

The theft of Department of Veterans Affairs data occurred at a VA data analyst's home in early May and was announced to the public three weeks later, prompting outrage among veterans. Several veterans groups have filed class-action lawsuits in Kentucky and in Washington, D.C., against the federal government, seeking $1,000 in damages per affected veteran.

A judge in Kentucky has scheduled a hearing for Friday to determine whether the VA must offer affected people more expansive services and has prohibited the VA from publicizing the credit monitoring to veterans until then.

The VA plans to send letters to eligible people in August and is receiving bids for the service from potential contractors.

Authorities have said that they do not believe the data, stored on a laptop and an external hard drive, were targeted by the thief. They said there have been no signs that the information has been misused. The data files contained information on 26.5 million people.

Nicholson said that $29 million of the $160.5 million will be taken from VA funds budgeted for 2006 to cover personnel costs at the Veterans Benefits Administration, where hiring planned for this year has been postponed until next. He said the rest will come from other areas of the fiscal 2006 budget.

"It will take some belt tightening. It will not come out of veterans' benefits," he said.

The VA has already budgeted about $25 million to set up a call center for responding to veterans' questions -- which costs about $200,000 per day -- and to send mailings to veterans alerting them about the data loss and the credit-monitoring program.

New Rules Force States To Curb Welfare Rolls (NYT)

By Robert Pear

The New York Times, June 28, 2006

WASHINGTON, June 27 — The Bush administration plans to issue sweeping new rules on Wednesday that will require states to move much larger numbers of poor people from welfare to work.

The rules, drafted in response to a budget signed into law by President Bush in February, represent the biggest changes in welfare policy since 1996, when Congress abolished the federal guarantee of cash assistance for the nation's poorest children.

Since then, the number of welfare recipients has plunged more than 60 percent, to 4.4 million people, from 12.2 million. Most of the decline occurred in the first years, before the 2001 recession. Federal and state officials say they expect the new rules to speed the decline in welfare rolls, which has slowed in recent years.

The rules are far more than a bureaucratic application of the new law, passed after four years of partisan deadlock. For the first time, they set a uniform definition for permissible work activities and require states to verify and document the number of hours worked by welfare recipients.

Nationally, in 2004, the last year for which official figures are available, about 32 percent of adults on welfare were working. Under the new rules, 50 percent of adult welfare recipients must be engaged in work or training in the fiscal year that starts Oct. 1, or states will face financial penalties. The penalties can reduce a state's federal welfare grant by 5 percent in the first year and by two additional percentage points for each subsequent year of noncompliance, up to a maximum penalty of 21 percent.

Some state officials and antipoverty groups, including many who opposed the 1996 law, say the new work requirements are unrealistic. But Bush administration officials point to Georgia as evidence that the goals are achievable.

Gov. Sonny Perdue of Georgia, a Republican, said 69 percent of his state's adult welfare recipients were either working or in work-training programs, up from 8 percent four years ago. Moreover, Mr. Perdue said, the number of adult welfare cases has declined to 8,100, from 30,590 in 2002. In 32 of Georgia's 159 counties, he said, all the adults on welfare are employed or in training programs.

Members of Congress thought they were setting stringent work requirements when they created the current welfare program, Temporary Assistance for Needy Families, in 1996. But state officials quickly discovered that the requirements were much less onerous than they had thought.

Under the old law, the work requirements were reduced whenever states reduced the number of families on welfare, compared with the 1995 level. In theory, 50 percent of adult welfare recipients were supposed to be working. But if a state's caseload dropped 45 percent, the work requirement was slashed by 45 percentage points, so that only 5 percent of the state's welfare recipients had to be working.

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Wade F. Horn, an assistant secretary of health and human services, said this provision of the 1996 law, known as a "caseload reduction credit," had wiped out any meaningful work requirements. Under the new rules, states will receive credit only for future reductions in their welfare rolls. The base year, for the purpose of comparison, will be 2005.

The new requirements may come as a shock to many states. In 2004, all states but Indiana and Mississippi met their work participation requirements, as calculated by the federal government. In 19 states, the required work participation rate — after taking account of steep declines in the welfare rolls — was zero.

The administration has scheduled a news conference for Wednesday to announce the rules, which, under the new law, must be issued by the end of this month.

Crystal A. Robinson, a 26-year-old mother of three in Minneapolis, said she believed that stricter work requirements could be helpful if states provided generous subsidies for child care.

Ms. Robinson received cash assistance from 2000 to 2002 and now receives help with her child care costs.

"I found a job I liked," said Ms. Robinson, who works 40 hours a week at a local hospital. "I'm a very hard worker. But the child care would be unaffordable without assistance from Hennepin County."

Another welfare recipient, Laura L. Kegerreis, 33, receives $497 a month for herself and her three children while she takes job-preparation courses at Harrisburg Area Community College in Pennsylvania. Mr. Kegerreis said the new work requirements could force her to take fewer classes, prolonging her stay on welfare and delaying her ability to get a professional credential.

The new law reauthorizes welfare programs through September 2010. The basic federal block grant remains $16.5 billion a year and is not adjusted for inflation or changes in the number of people on the rolls.

"Welfare" used to mean a monthly check that could be immediately converted to cash. But more than half of the money now goes into child care, education, training and other services — a huge shift since 1996.

Under the new rules, the federal government will spend $150 million a year on programs to help couples form "healthy marriages." Up to $50 million of this amount can be spent on activities promoting "responsible fatherhood." These activities could include seminars on the causes of domestic violence and child abuse.

After President Bill Clinton signed the 1996 welfare law, he gave states a large amount of discretion, saying he trusted them to help families become self-sufficient. The new rules limit the flexibility that states were granted in 1996. They define 12 acceptable types of work activity, including subsidized and unsubsidized employment, community service, on-the-job training, job search (usually limited to six weeks a year) and vocational education training (up to 12 months in a lifetime).

Federal officials said they were adopting uniform standards because the definition of work now varied from state to state, and even from year to year within the same state. As a result, they said, it is difficult to compare states' performance.

Today, as in 1996, many Democrats say the welfare law creates a perverse incentive. A state can comply by putting some people to work and by simply removing others from the rolls, regardless of whether they find jobs.

In an executive order on Friday, Gov. John Lynch of New Hampshire, a Democrat, made clear that he wanted to meet the federal requirements not just by closing cases, but by moving people to "lasting employment and self-sufficiency." Mr. Lynch said he intended to increase child care, transportation, education and other services to help people stay off welfare.

States could avoid many restrictions of the 1996 law by providing assistance entirely with state money, through separate state programs.

Reid Threatens Member COLA (RC)

By Erin P. Billings

Roll Call, June 28, 2006

Seeking to leave town on a political high note, Senate Democratic leaders vowed on Tuesday to block their own annual pay raise unless Republicans also allow for a boost in the federal minimum wage.

Democrats offered few details about how they plan to carry out their promise to stop Congress' scheduled 2 percent pay hike from going into effect next January. But they said they have more than 40 Senate Democrats aligned behind them and will succeed in freezing Members' pay unless Congress approves a minimum wage increase by the end of the 109th.

"They can play all the games they want ... but we're going to do everything to stop the Congressional pay raise being put in — the right way, the wrong way or any way," said Senate Minority Leader Harry Reid (D-Nev.).

In recent weeks, House and Senate Democrats have been increasingly vocal about raising the minimum wage from its current $5.15 an hour to $7.25 an hour. The wage hike is part of the Democrats' national platform this year, and one of several domestic priorities they plan to tout heading into November.

Sen. Hillary Rodham Clinton (D-N.Y.) already has introduced a bill in the Senate tying a COLA freeze to a minimum wage boost, and in the House, Minority Whip Steny Hoyer (D-Md.) successfully added an amendment to the Labor, Health and Human Services and Education appropriations bill to boost the minimum wage to $7.25 an hour.

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House Republican leaders had planned a floor vote on the Labor spending bill earlier this month but pulled it from the schedule fearing a defeat on the floor. Democrats have accused the GOP of holding the bill hostage over its distaste for the minimum wage amendment.

Hoyer said on Tuesday that "Democrats have made the minimum wage a top priority and will continue to push the issue any way we can."

Reid said it is unfair for Congress to accept a COLA for itself when millions of Americans are struggling to make ends meet. "We've had enough of it, and the American people have, too."

Republicans, however, accused the Democrats of engaging in a "political stunt" in an election year and said the minority won't get far with its latest tactic.

"In a week where the Democrats' main attack against Republicans is that we are putting politics first, it's an awfully interesting move," noted one Senate GOP aide.

Some Republicans support a halt to Congressional pay increases but generally see a minimum wage increase as a burden on small businesses working to make economic headway. The minimum wage has been set at $5.15 an hour since 1997.

Sen. Jon Kyl (Ariz.), the Senate GOP's policy chairman, said he'd love to have Democrats support in his ongoing efforts to sideline next year's scheduled COLA, but he believes they have a very slim chance at getting the minimum wage increase through.

"If they're still stuck on the provision they've offered, they don't have the votes this year," Kyl said, referring to a proposal by Sen. Edward Kennedy (D-Mass.) to increase the minimum wage to $7.25.

The Democratic challenge on the minimum wage comes during a week where the minority is trying to put Republicans on the defensive on a host of issues before the Senate breaks for the July Fourth recess. Democrats hope to counter Republicans attempts to frame the debate on Iraq war and immigration reform, while striking a chord of their own on those issues and others such as the minimum wage increase.

Senate Minority Whip Dick Durbin (Ill.) said Democrats clearly are trying to start a drumbeat on a long-standing priority.

"We hope that we will not only send a message to the Republican leadership in Congress about these hardworking families, but that the voters will send a message on Nov. 7 that it's time for change," Durbin said.

While the COLA has not yet become a prominent issue in any Senate races this cycle, several Democratic challengers in the House have attempted to link Congressional pay to the minimum wage hike.

Banker Christine Jennings, a Democrat running for the open seat in Florida's 13th district, is one of the latest to do so.

Jennings will hold an event in Sarasota on Tuesday to pledge that, if elected, she will refuse a pay raise until the minimum wage is increased and will sign a copy of a written pledge to that effect.

"As your future Congresswoman, I promise to put the needs of working families ahead of fattening the salaries of members of Congress," she said in a statement.

The COLA would give House and Senate lawmakers an average $3,330 increase in their paychecks beginning in 2007, bringing rank-and-file Members' annual salary to $168,500. Elected members of the leadership are paid slightly more.

That pay raise is automatic unless lawmakers move to block it — typically through the Treasury appropriations bill, which has cleared the House and is scheduled for a Senate markup on July 20. It is unclear when that spending bill will hit the Senate floor.

On the House side, Majority Leader John Boehner (R-Ohio) said on Tuesday his chamber is "done" with the COLA this year. Rep. Jim Matheson (D-Utah) led efforts to curb the pay increase in that chamber two weeks ago.

Several Senators have long pushed to stop pay raises for Members, including Sen. Russ Feingold (D-Wis.), who last week said he once again plans to offer an amendment at some point to ensure a Senate vote on the issue.

Sen. Charles Schumer (D-N.Y.) said on Tuesday that "if tying the two together is the only way to get the minimum wage, we're all for it.

"Congress shouldn't be lining its pockets while hardworking Americans are struggling just to fill theirs."

Raising Minimum Wage Will Not Hurt Jobs, Dean Says (WT)

By Josh Rutledge

The Washington Times, June 28, 2006

Democratic National Committee Chairman Howard Dean yesterday dismissed as economic "mumbo jumbo" the argument that raising the minimum wage would cause unemployment.

The former Vermont governor made his claims during a conference of liberal Christians yesterday at National City Christian Church in Northwest, during which Mr. Dean was introduced to cheers and a standing ovation from a morning-session crowd of more than 600 people along with the Rev. Jim Wallis, the evangelical who founded the liberal religious magazine Sojourners.

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"We believe that overcoming poverty must become a nonpartisan issue. We have called both Democrats and Republicans to address the issue," Mr. Wallis said.

When Mr. Wallis introduced Mr. Dean, the Democratic National Committee Chairman (DNC) chief began by saying he "felt right at home" among people praising Jesus.

"This is a moral nation, so the first thing we must do is convince people that poverty is a moral problem," Mr. Dean said. "It is a moral principle to raise the minimum wage. It is nothing but economist mumbo jumbo to say raising it will hurt jobs."

When Mr. Dean was running for the 2004 presidential nomination, he cause much skepticism about his claims to religious practice by citing Job as his favorite New Testament book and his account of leaving the Episcopal Church because of a dispute over a bike path.

The Dean speech came on the second-day of a three-day conference titled "Building a Covenant for a New America," which takes its title from an article earlier this year in Sojourners. Republican National Committee (RNC) Chairman Ken Mehlman was invited to share the stage with Mr. Dean, but organizers said yesterday that he declined.

The conference's sponsors include Sojourners and Call to Renewal, who say that its purpose is to mobilize support for a religious agenda to end poverty, both domestically and internationally. The conference's banners and handouts described raising the minimum wage as one of its three principal issues, the other two being child poverty in the United States and foreign aid.

Christian Weller, senior economist at the Center for American Progress, said that a minimum wage increase from $5.15 to $7.25 would increase minimum wage earners' share of the nation's overall wealth.

"Profits are at their highest levels, but the purchasing power of the minimum wage is at its lowest since the 1950s. I think it is only fair to take a bit from the top and give it to the bottom," Mr. Weller said.

Adam Taylor, senior director of campaigns and organizing for Sojourners/Call to Renewal, urged his listeners to appeal to their representatives to increase this year's Foreign Operations budget to $5 billion.

After the speakers finished, the crowd gathered in the front of the Church, chanting in unison, "Hey hey, ho ho/poverty's got to go." They then proceeded down the streets, urging stalled drivers to honk if they wanted higher wages and waving signs that read, "Poverty Is Not A Family Value" and "Make Poverty History."

At a later gathering, Upper Senate Park on Capitol Hill, the Rev. Anthony Campolo said that "it's time for people of faith to stand up for what the Bible teaches."

"America will not be judged on how secure we make our people. We will be judged on how we treat the poor," he said.

Tensions Running High (RC)

By Mary Ann Akers

Roll Call, June 28, 2006

The exceedingly intense rivalry between Sens. Hillary Rodham Clinton (N.Y.) and Charles Schumer (N.Y.) embroiled just about everybody in the Senate Democratic leadership Tuesday, including Minority Leader Harry Reid (Nev.) and his spokeswoman.

Apparently, Clinton and her staff felt snubbed when party leaders organized a news conference in which they vowed to block efforts to give Members of Congress a pay raise until Congress approves an increase in the minimum wage. Clinton has introduced legislation along those lines, but she was not involved in planning the leadership's news conference to trumpet the issue.

Although Clinton, a close adviser of Reid's, was ultimately invited to attend the news conference, she was not told about the event until just hours before it began Tuesday.

While the noon event was hastily arranged — planning for it only began Monday night — a Clinton aide was apparently so furious that the Senator seemed to be left out of the loop that she bawled out ("reamed out" was how one source put it) a spokeswoman for Reid near the entrance to the Senate Radio-Television Gallery.

The Clinton aide, Laurie Rubiner, was overheard saying to Reid spokeswoman Rebecca Kirszner, "You suck" and "How could you do this?"

Sources say Clinton looked "visibly upset" at the news conference. (Paging Ken Mehlman; didn't you label Clinton the "angry" candidate?) She did not stay for the duration of the question-and-answer session.

Whatever thoughts she or her staff may have expressed to Democratic leaders and their aides before the event, Reid did introduce Clinton and single her out as being "on top of this issue."

"And I think it would have been really unfair not to have her here today," Reid said, "as she has had the vision to look down the road on this issue before some of the others."

One reporter who attended the news conference described Reid's comments as "a little weird" and "out of context."

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The Democratic leaders — Reid, plus Schumer, who chairs the Democratic Senatorial Campaign Committee, Minority Whip Dick Durbin (Ill.) and Democratic Caucus Secretary Debbie Stabenow (Mich.) — met Monday night and decided to hold the news conference. First they scheduled it for 2:30 p.m. following the Tuesday Caucus lunches. Then they moved it up to noon.

Because the time switch threw off her schedule and she had other meetings to attend, Clinton had to leave early, her spokesman, Philippe Reines, told HOH.

He also jokingly denied that Rubiner had chewed out Kirszner, saying, "Laurie Rubiner did not say that to Rebecca. She said 'Nice work.' And she meant it."

Of the Senator, he said, "She was just very disappointed, and continues to be, that the federal minimum wage isn't higher."

A Democratic leadership source told HOH that Rubiner later called Kirszner and apologized, and the apology was accepted. "All's well that ends well," the aide said.

Democratic sources also suggested that Clinton may be more irritated at Schumer than Reid.

One aide said that Schumer "had to have known that Hillary had a bill" on the minimum wage-pay raise issue during that planning meeting Monday night, yet he "didn't say a word" and didn't include her.

Phil Singer, Schumer's spokesman at the DSCC, rejected that notion out of hand, saying, "This issue starkly highlights the wrong priorities of Congressional Republicans, and we're all grateful for Sen. Clinton's leadership in bringing this issue to the forefront."

Rush Job. Rumors were swirling around Capitol Hill and beyond Tuesday that Rush Limbaugh is dating actress Mary Lynn Rajskub, who plays Chloe O'Brian on the Fox series "24." Though that still doesn't explain the unauthorized bottle of little blue pills (shhh, Viagra!) that customs agents found in Limbaugh's luggage at Palm Beach International Airport on Monday.

The conservative radio talk show host hinted on his show Tuesday that he went on a boys-only trip with the cast of "24." Chloe is no boy. If you saw the papers over the weekend, including The Washington Post, there were photos of Limbaugh planting a big kiss right on Rajskub's lips during a dog-and-pony event at the Heritage Foundation.

No one at Heritage seemed to know whether Limbaugh and Rajskub were more than photo-op kissing buddies. A spokeswoman for Heritage who asked not to be named told HOH, "Nobody knows. Several people have been asking today. I have no idea."

Our guess is, probably not. Though why would Rush take Viagra on a boys-only trip?

He joked about the incident on-air Tuesday, on 630 WMAL, after getting caught having apparently traded in the hard stuff for the stuff that makes one hard. (Last month Limbaugh reached a deal with prosecutors on charges involving prescription painkillers.)

Limbaugh asked, "How did Bob Dole's luggage get on my plane?" And he said, "I told my doctor I needed help with the ELECTION."

We called Julie Talbott, a spokeswoman for Premiere Radio Network, and asked her whether Rush was dating "Chloe." Shockingly she told us, "No comment."

At least Limbaugh's ex-girlfriend, CNN anchor Daryn Kagan, didn't have to break the Viagra news on air. Tuesday morning's live coverage began, "I'm Tony Harris. Daryn Kagan has the day off."

Whew!!

Here She Comes. Usually David All is earnestly flacking for his boss, House GOP Conference Vice Chairman Jack Kingston (Ga.). But lately, the ambitious young press secretary has been flacking for his No. 1 gal, Branda Napper, who this weekend — drum roll please — will compete for the title of Miss District of Columbia.

Napper, an aide in the public affairs office at the Department of Homeland Security, is slated to be one of 11 finalists vying for the Miss D.C. crown this Saturday at the University of the District of Columbia on Connecticut Avenue Northwest.

All has been rallying his friends far and wide to get out and support the lovely 24-year-old Ms. Napper this weekend. But as he told HOH, "Branda doesn't need my help to win. She could charm the likes of Simon Cowell and can dance better than Shakira. I'm most useful standing behind her and supporting her through it all."

It's a rigorous challenge, but somebody's gotta do it. As her issue, Napper is focusing on heart disease. She'll wear a two-piece in the swim suit competition and an evening gown that her beau has already seen.

Napper noted that last year's Miss D.C. had "80 friends and family in her cheering section; with that kind of support it is not surprise that she won the title and went on to place fifth at Miss America."

So, get on out there, folks! "Bran-da! Bran-da! Bran-da!"

The Reliable Source (WP)

By Amy Argetsinger And Roxanne Roberts

The Washington Post, June 28, 2006

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Oh, Deer, This May Not Be the Right House

Bambi has jumped into politics -- well, at least into Dick Cheney's yard. Last week, a fully grown deer was spotted inside the fence of the Naval Observatory grounds in a wooded area near Observatory Circle.

But how? The veep's house is surrounded by a high fence and -- we assume -- a bunch of other top-secret stuff like motion detectors and radar. In this day and age, nothing the size of a deer meanders around the 40-acre property unless the Secret Service gives it special security clearance.

"It's not uncommon for deer to be there," explained Bill Anderson of Naval District Washington. "They do kind of wander in and out the front gate area and they eat their grasses. We aren't stopping them from walking around the property."

The deer do not affect "at all" the vice president or the house, said Anderson. But he added that the Park Service is preparing an environmental impact statement to look at the "options" for dealing with the four-legged trespassers. Uh-oh! Seem to recall that someone on the premises likes to hunt.

Love, Etc.

? Disengaged: It was like a made-for-MTV movie: the congressman's daughter who melted the heart of the gangsta rapper. In March, The Game , 26, was secretly engaged to Valeisha Butterfield , 28, daughter of first-term Rep. G.K. Butterfield (D-N.C.), according to the exclusive interview the two gave to Jamie Foster Brown in the July issue of Sister 2 Sister magazine. (Other details: They didn't sleep together until after he proposed with a 19-carat diamond; Dad "gave him the third degree" when they met.) But media outlets ranging from Allhiphop.com to the Hill newspaper rushed to investigate -- didn't the drug-dealer-turned-platinum-seller just show up at the "Waist Deep" premiere with a different gal? Seems a lot can happen between press time and the newsstand. "After a long friendship and a brief engagement, they decided to continue on as friends," said Rep. Butterfield's spokesman, Ken Willis .Valeisha, who works in NYC for Russell Simmons's Hip-Hop Summit Action Network, returned the ring. What did Dad think about the whole thing? "He didn't pass on much about his meeting, to tell you the truth," said Willis.

Quoted

"Why was Bob Dole's luggage on my plane? . . . Customs just didn't believe me when I told them I got the pills at the Clinton Library Gift Shop and I was told they were just blue M&Ms. . . . I told my doctor I was worried about the next ELECTION."

-- Rush Limbaugh on his radio show yesterday, trying a little stand-up humor about customs agents finding Viagra (without a proper prescription) in his suitcase Monday.

OTHER NEWS:

Home Sales Sink; Rates, Inventory Rise (USAT)

By Noelle Knox

USA Today, June 28, 2006

Rising interest rates are making it increasingly hard to buy a home and are putting the brakes on the nation's most expensive housing markets.

The latest evidence came Tuesday from the National Association of Realtors, which said sales of existing homes fell 6% from January to May. The drop was worse for single-family homes, whose sales posted their steepest drop in 11 years. The number of homes for sale, meantime, rose sharply last month, a sign of slackening demand.

“The one thing that's changing my forecast is the Federal Reserve,” said David Lereah, the NAR's chief economist, who said he now expects home sales to fall as much as 8% this year, instead of the 5% drop he projected in January. “The market is expecting several more interest rate hikes from the Fed, and that could harm some of our nation's cooling housing markets.”

The Fed is expected to raise its target for short-term rates later this week for the 17th time in two years. Previous increases are already shutting out some buyers. Last week, the average 30-year, fixed-rate loan was at 6.7%, a four-year high, up from 5.57% a year ago. Someone who borrowed the full $230,000 for a median-priced home would have monthly principal and interest payments of $1,484 vs. $1,316 a year ago.

Rising rates are even more dangerous for people with adjustable-rate mortgages that will later reset to much higher rates. In San Diego, where the median home price is $607,000, 74% of buyers last year took out loans that let them pay only the interest or even less, according to LoanPerformance.

Thirteen major metro areas face a 50% or greater chance of declining prices in the next two years, according to PMI Mortgage Insurance, which released its latest market risk index on Tuesday.

Still, most experts see no sudden collapse of prices. “We're seeing an orderly slowdown,” says Mark Milner of PMI.

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In May, the median price of a single-family home hit $229,700, up 6.4% from a year ago. Existing-home sales fell 1.2% from April. There's now a 6½-month supply, a sign of a balanced market.

Rising prices are scaring away investors in resort and second-home areas. The number of condos for sale in Las Vegas is up 67% from last year. The lack of investors is "the whole story of the (Las Vegas) market," says Dennis Smith of Home Builders Research. "Same in California and Phoenix."

Some areas that never saw frenzied buying still report strong markets. Texas, North Carolina and New Mexico are seeing double-digit gains in home sales. Still, the confidence index of the nation's home builders has fallen to its lowest level since 1995. Monday, Lennar became the fifth home builder in recent weeks to warn investors of lower orders and more cancellations.

Existing-Home Sales Fall 1.2% As Consumer Confidence Rises (WSJ)

The Wall Street Journal, June 28, 2006

WASHINGTON -- Sales of existing homes fell in May for the seventh time in nine months as interest rates rose, but the mood of the consumer brightened a bit in June.

Sales of existing homes in May were at a 6.67 million annual rate, down 1.2% from April, the National Association of Realtors said. "Although mortgage interest rates remain historically low, the uptrend in interest rates this year is affecting those buyers who are at the margins of affordability," NAR's chief economist, David Lereah, said. The average rate on a 30-year fixed-rate mortgage in May was 6.6%, up from 6.5% in April, according to Freddie Mac.

Meanwhile, the Conference Board said its consumer-confidence index, which had decreased in May, posted a slight increase in June. Consumer attitudes toward the state of the economy deteriorated, but their outlook improved.

The Realtors said the inventory of unsold homes on the market increased to 6.5 months, from April's revised 6.1 months. A rule of thumb in the industry is that there is a buyer's market any time the inventory of unsold homes exceeds six months.

The median home price increased to $230,000, up 3.6% from a revised $222,000 in April and 6% above the May 2005 level of $217,000. The median existing condo price was $229,300 in May, up 1.9% from the year-earlier level.

Sales fell 3.8% in the Midwest and 4.2% in the Northeast, and they rose 0.7% in the West and 0.4% in the South. The report came a day after the government reported that sales of newly built homes rose 4.6% in May.

The Conference Board's consumer-confidence index now stands at 105.7, up from 104.7 in May.

"The slight bounce back in confidence this month was a result of the moderate improvement in consumers' expectations," said Lynn Franco, director of the Conference Board's Consumer Research Center. "Despite the uptick, consumers remain concerned about the short-term outlook. Furthermore, the Present Situation Index lost ground for the second consecutive month, a signal that the economy is shifting into lower gear heading into the second half of this year."

Economists Expect More Rate Increases This Summer (USAT)

By Barbara Hagenbaugh

USA Today, June 28, 2006

WASHINGTON — Federal Reserve policymakers may have a busy summer ahead.

Fed Chairman Ben Bernanke and his colleagues are widely expected to raise interest rates by a quarter-percentage point for the 17th time in two years at the conclusion of their two-day meeting Thursday.

And in a bid to thwart inflation, a number of economists, including those at UBS, Lehman Bros. and Bank of America, are predicting the Fed will continue raising rates at its meeting on Aug. 8 and perhaps again later in the year.

Such expectations are a big change from just a few weeks ago, when many economists weren't sure if the Fed would raise rates this month, let alone later in the year. But since then, inflation measures have been coming in higher and a number of Fed officials, including Bernanke, have been warning that inflation is outside their comfort zones.

"There's enough of a pickup going on (in inflation) that it's a challenge to the Fed," Lehman Bros. chief U.S. economist Ethan Harris says. He expects U.S. central bankers will raise rates twice after Thursday to send a signal that the Fed is aggressively fighting inflation.

An increase this week would bring the Fed's target for short-term interest rates, which influence borrowing costs for everything from mortgages to car loans, to 5.25%, the highest since January 2001.

Investors and economists will be closely scrutinizing the Fed's post-meeting statement Thursday to get a better idea of what the Fed will do next, Nomura Securities chief economist David Resler says. The Dow Jones industrial average fell 120.54 points Tuesday to 10,924.74 in advance of the Fed meeting.

The median answer of 20 economists surveyed by the Bond Market Association June 12-19 was that the Fed would raise rates by a quarter-percentage point once more before the end of 2006, the group said Tuesday. Some expected rates would hit 5.75%.

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Fed policymakers are facing a tough balancing act, says Robert DiClemente, Citigroup chief U.S. economist and chairman of the Bond Market Association's economic advisory committee.

While the economy has been slowing to a more moderate level, as expected, there has been some “public anxiety” about inflation after reports showing a broad increase in prices in recent months, he said. Fed policymakers must address those concerns to maintain the public's confidence even though price pressures are expected to ease later in the year.

There was some good news on that front Tuesday. Consumers' inflation expectations fell in June after increasing the prior two months, the Conference Board said in a monthly report on consumer confidence.

Higher Rates Begin To Slow Growth (CSM)

By Ron Scherer

The Christian Science Monitor, June 28, 2006

NEW YORK

Starting next week, Sallie Mae will reset the interest rates on some student loans almost two full percentage points higher than last July. The change will add $5,123 in additional interest to the cost of a college education.

In August, Ty's Toy Box, a small but growing company in northern Kentucky, will renegotiate bank loans - money it needs to finance growth. In the past two years, the interest rate the company pays is already up 1-3/4 percentage points.

As for executives at the Brooklyn-based Dunn Development Corp., which builds affordable housing, they figure it will cost more to borrow money in the future. This will put pressure on the developer to raise rents on their low- and middle-income tenants.

These are just some of the ways past interest-rate increases are rippling through the economy. Economists expect yet another 0.25 percentage point hike Thursday, the Fed's 17th consecutive increase. This will boost short-term interest rates to 5.25 percent, up from 1 percent in April of 2004.

Economists believe the continual rate hikes are finally starting to act as a brake on the economy.

The expectation is for economic growth to slow from 5 percent in the first quarter to about 3 percent for the rest of the year. Tuesday saw yet another sign of rising interest rates: Existing home sales in May dipped 1.2 percent, the third drop in five months. The Conference Board, a business research group, also predicted Tuesday a slowing economy even as its consumer confidence index has edged up slightly.

If the economic data continues to soften, economists anticipate the Fed will want to pause and try to judge how much the higher cost of borrowing money is crimping economic activity.

"At this point the Fed knows there is enough tightening in the pipeline to arrest inflationary pressures and prevent the situation from getting out of control," says Anthony Chan, a New York-based economist at JP Morgan Private Client Services.

"The only reason the Fed has not stopped is the markets - the new Fed chairman, Ben Bernanke, is the new sheriff in town and has to maintain his reputation as an inflation fighter."

The cost of education illustrates the complex effect of climbing interest rates on consumers' pockets. Sallie Mae changes its student loan interest rates only once a year based on the last Treasury bill auction in May. In the past year, that rate has increased nearly two percentage points.

However, the company also gave students thechance earlier this month to consolidate loans and lock-in lower interest rates. An interest-rate savvy student who consolidated would now be saving thousands of dollars in interest.

"We have seen an extraordinary pace of consolidation," says Pat Scherschel, vice president of loan consolidation in Indianapolis.

"Borrowers are rate-sensitive and know a good deal when they see one."

However, there is no doubt interest-rate increases in the housing market are steadily making it more expensive to buy a house. A year ago, a home-buyer would have paid 5.5 percent for a 30-year fixed-rate mortgage. Today, the rate is 6.67 percent. On a $250,000 loan, that would cost an additional $181 a month.

For an adjustable-rate mortgage, the increase is even more expensive. It now costs $308 more each month than a year ago.

The higher rates are definitely having a negative impact on housing demand, says Jim Svinth, the Irvine, California-based chief economist at LendingTree, an online mortgage loan company.

At the moment, he says, the higher rates affect mostly "folks who are really stretching to qualify for, and pay, their mortgage."

Lower-income folks may feel the rising rates more than most.

For example, Dunn Development says higher interest rates in the future will pressure them to raise rents.

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"Market-rate guys can pass it on to their market-rate owners or renters, but for our affordable housing buildings, we have a fixed rent and can't do that," says Ben Kornfeind. "For us, it eats into our building."

Main street business also feels the impact of rising rates fairly quickly. Ty's Toy Box has a line of credit that is pegged to the prime interest rate, which has increased in line with each Federal Reserve hike.

So far, the rate rises have yet to slow down Ty's Toy Box, which has found a niche in online toy marketing, DVDs, and T-shirts of cartoon characters ignored by larger companies.

But, the owner of the company, Ty Simpson, says his rising interest cost comes right out of his bottom line.

"Every percentage makes a difference. We don't operate on huge margins," he says.

So far, Mr. Simpson has been able to avoid passing his higher interest costs to customers. But, he says, the rising rates are something he'll have to watch.

"In August, we'll probably have to look at it," says Simpson.

Wall Street Tumbles Ahead Of Fed Meeting (FT)

By John O'Doherty

Financial Times, June 28, 2006

Wall Street ended lower on Tuesday as investors awaited the outcome of the two-day meeting of the US Federal Reserve's rate-setting body, which starts on Wednesday.

At the close, the S&P 500 was down 0.9 per cent, or 11.36 points, at 1,239.20. The Nasdaq Composite was down 1.6 per cent, or 33.42 points, at 2,100.25. The Dow Jones Industrial Average was down 1.1 per cent, or 120.54 points, at 10,924.74.

The falls followed news that consumer confidence in June rose more than expected while sales of existing homes fell slightly less than forecast.

Ken Tower, chief market strategist at CyberTrader, said the data would add pressure for the Federal Reserve to raise rates. "As long as the economy is stronger than expected, it's an inflation threat," he said.

Univision rose 6.2 per cent to $34.00, after the company's board agreed to sell the Spanish language broadcaster for $12.3bn in cash to a consortium of investors that includes media executive Haim Saban and several private equity groups.

Tribune Group jumped 5.1 per cent to $32.47 after the company said it had completed phase one of its $2bn stock buyback programme.

Troubled carmaker General Motors tumbled 6.7 per cent to $25.90, its worst day since December, after the company said overall sales for 2006 were likely to come in below 2005 levels.

Chemical maker Dupont fell 2.8 per cent to $40.88. French energy and telecommunications group Vivendi on Tuesday announced it had sold its 1.8 per cent stake in the company.

Crude oil rose to settle just below $72 a barrel, giving a fillip to energy stocks. Marathon Oil added 3.8 per cent to $79.81 and Hess Corporation gained 2.8 per cent to $48.20.

The rising oil price dented airline stocks. United Airlines dropped 5.5 per cent to $30.12, and US Airways lost 3.2 per cent to $48.04.

News that Intel would sell its communications processor business to Marvell Technology to concentrate on its core business dragged down rival Advanced Micro Devices, which fell 1.6 per cent to $24.26. The Philadelphia Stock Exchange Semiconductor index dropped 3.8 per cent.

Nasdaq fell 5.5 per cent to $26.64, even as the company's chief executive said that concerns that companies were choosing to list on foreign rather than domestic exchanges were overstated.

Biomet and Zimmer Holdings, the medical products makers, continued to slide following their announcements on Monday that they had received subpoenas from the Department of Justice in relation to an anti-trust investigation. Biomet fell 6 per cent to $31.19 and Zimmer shed 4.9 per cent to $55.80.

Reports that Google would test its online payment system this week worried investors in Ebay, which owns the Paypal system. Ebay fell 5 per cent to $28.25.

Stocks Sink Ahead Of Fed's Meeting (USAT)

By Matt Krantz

USA Today, June 28, 2006

Traders dumped stocks Tuesday, not wanting to step in front of a Federal Reserve meeting this week that could bring higher short-term interest rates.

Tech stocks were clobbered as Wall Street braced for Thursday, when the Fed will announce the result of its two-day meeting. The Nasdaq composite fell 33.42 points, or 1.6%, to 2100.25.

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It was a dubious occasion for the Nasdaq, because Tuesday marked the 2,000th trading day since the Nasdaq first crossed above 2,000, says Fane Lozman, chairman of Scanshift.com. The Nasdaq is just 100 points above that level first reached nearly eight years ago and remains 58% below its high set in 2000. The index is off 4.8% this year.

A sell-off in already splintered shares of home builders dragged the Standard & Poor's 500 index down 11.36 points, or 0.9%, to 1239.20. Home builders KB Home and Pulte shed 3.5% and 2.2%, respectively, on housing market data showing existing home sales fell again, dropping 1.2% in May (story, 1B). The S&P 500 has lost 0.7% of its value this year. But Tuesday still was the 831st trading day the S&P has gone without a 10% drop, the second-longest streak.

And the Dow Jones industrial average sagged 120.54 points, or 1.1%, to 10,924.74. That was enough to lower the Dow's gain this year to 1.9%.

Joseph Saluzzi, trader at Themis Trading, says there wasn't a single piece of news that sent investors running. It's possible the rise in the Conference Board's measure of consumer confidence worried some investors about inflation, he says. “Everyone is a bear right now; no one wants to step up,” he says.

Those worries will pass, says Charles Crane, strategist at Scotsman Capital. “Once traders get past the myopic obsession with every little economic wiggle that could influence inflation, we'll have the luxury of looking at the big picture,” he says.

That big picture includes a solid economy, corporate earnings growth and reasonable stock valuations, he says. “Add those together, and you have the recipe for a satisfactory stock market in the second half of the year,” he says.

General Motors fell $1.85 to $25.90 after warning 2006 auto sales might miss last year's levels due to higher interest rates and gas prices.

·Universal Compression, a maker of devices that handle natural gas, soared $5.28 to $59.61. The company plans to sell shares of a unit as an initial public offering.

Stocks Tumble In Broad Selling Ahead Of The Fed (WSJ)

By Peter A. McKay

The Wall Street Journal, June 28, 2006

It was a bad day for companies that make things. Woes at most of the Dow Jones Industrial Average's truly industrial component companies sent the market tumbling more than 120 points.

General Motors shares nosedived 6.7% on worries about the auto makers' second-quarter sales. In particular, GM executives warned that year-over-year sales comparisons would be "brutal," considering that last year's totals were boosted by retail incentives programs.

Other Dow components that fared poorly included Boeing, which announced that it is weighing the future of its troubled communications unit Connexion. And Vivendi SA announced that it is selling a stake in E.I. DuPont de Nemours & Co., commonly known as DuPont, in order to remove a tax liability from its balance sheet. Shares in Boeing and DuPont each fell more than 2%. Also, 3M shares fell 1.9%.

All together, the Dow shed 120.54 points, or 1.1%, to close at 10924.74, up 1.9% this year. The Standard & Poor's 500-stock index fell 0.9%, or 11.36 points, to 1239.20, off 0.7% for the year. And the Nasdaq Composite Index fell 1.6%, or 33.42 points, to 2100.25, off 4.8% for the year.

Two new pieces of economic data defied Wall Street expectations, in turn raising fears of higher interest rates ahead of the two-day meeting of Federal Reserve policymakers that begins today and ends tomorrow.

According to the National Association of Realtors, sales of existing homes fell 1.2% in May, smaller than the 1.8% drop expected by Wall Street. Also, the Conference Board reported that its consumer-confidence index rose to 105.7 in June, contrary to expectations for a dip.

Many investors fear the U.S. central bank will prolong its series of interest-rate increases beyond this summer. The Fed is widely expected to make another quarter-point increase in its key interest rate to 5.25% at this week's meeting. Prices of federal-funds futures on the Chicago Board of Trade yesterday reflected nearly 100% certainty by traders regarding such a move.

"A quarter-point hike, at this point, is entirely consistent with the Fed's desire to fight inflation," said Mickey Levy, chief economist at Bank of America. "In their statement, I think they will also acknowledge there's been upward pressure on inflation recently."

In major U.S. market action:

Bond prices rose. The 10-year Treasury note rose 9/32, or $2.8125 for each $1,000 invested, pushing the yield down to 5.208%. The 30-year Treasury rose 19/32 to yield 5.237%.

The dollar was mixed. Late in New York, it traded at 116.28 yen, slightly down from 116.29 yen. The euro was unchanged against the greenback, at $1.2581.

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As GOP Ties To Corruption Mount, Democrats Differ Over Strategy (AP)

By David Hammer

AP, June 27, 2006

WASHINGTON - Democrats are split over how to attack unfolding corruption scandals involving Republicans: Continue to hammer away at what they call a culture of corruption or focus on their own candidates' ideas.

Democrats believe more than ever that Republican ethical problems in Ohio make the state a key battleground this November's midterm elections. In recent weeks, another former official from Gov. Bob Taft's administration has been charged with ethics law violations, and more details about lobbyists' allegations that Rep. Bob Ney accepted gifts for official acts have emerged in the Justice Department's investigation of congressional corruption.

By and large, state Democrats see corruption as a pervasive and distinctly Republican problem in Ohio that they must exploit in every competitive race, while national Democrats' zeal has been tempered by a bribery investigation against one of their own, Rep. William Jefferson of Louisiana. They fear their challengers in Ohio won't break through against GOP opponents who face no specific corruption allegations by harping on their ties to Taft, Ney or indicted coin dealer and party fundraiser Tom Noe.

Corruption allegations have to be specific to the opposing candidate to be successful, said Craig Smith, a veteran strategist of national Democratic campaigns who also advised Columbus Mayor Michael Coleman on his short-lived run for Ohio governor.

"We've found that if one candidate says all corruption is on the other side, voters will believe that; but if the opponent comes back and says they're all corrupt on that side, too, voters will believe that, too," Smith said.

The national Democrats' issues-first perspective can be seen in one of their most favored challengers - Rep. Sherrod Brown, who is running for Senate against GOP Sen. Mike DeWine. Brown has largely stopped talking about DeWine's time as lieutenant governor in the early 1990s as a way to connect the two-term senator to Taft, who was secretary of state at the time.

"Ohio voters are at best unhappy and at worst angry at Republicans, but that's a peripheral fact," Brown spokeswoman Joanna Kuebler said. "Specific to Mike DeWine, it's got to be more about the issues."

So, Brown has begun to attack DeWine for his support for an overhaul of Medicare, plans to privatize Social Security and free trade agreements with foreign governments.

But the Ohio Democratic Party says Ohio candidates have a unique opportunity to focus on corruption.

"National polls repeatedly indicate that voters paint corruption with a broad brush, but in Ohio, largely because one party has been in control for so long, the public equates corruption with Republicans," state party spokesman Brian Rothenberg said.

Republicans have controlled the governor's office for 16 years and both branches of the Legislature since 1994.

Rothenberg said corruption is a clear theme for Democrat Zack Space in his race against Ney, and will be just as important for Mary Jo Kilroy against Rep. Deborah Pryce and for John Cranley against Rep. Steve Chabot - even though Pryce and Chabot are not connected to scandals by anything more than party.

Although the chairman of their national House campaign organization has said, "Ohio isn't a pretty picture," the GOP is gaining confidence. The party sees as a sign of things to come in Ohio the Democrats' failure to win a special election earlier this month for the San Diego congressional seat vacated by former GOP Rep. Randy "Duke" Cunningham, who is in prison on bribery charges.

"That election showed voters are more interested in tangible issues and how each candidate addresses the issues than in name-calling and mudslinging," said Aaron McLear, spokesman for the Republican National Committee.

Even Space is starting to look for other issues with which to attack Ney. So far, Space has focused almost exclusively on Ney's ties to disgraced lobbyist Jack Abramoff. But once he finishes with a fundraising push, he says he'll start to try to distinguish his own positions on health care and labor issues - which will be difficult because Ney has often broken with his party to back his poorer constituents.

Ney has maintained his innocence and repeatedly refused to step down or give up his re-election campaign, even if he were to be indicted before Election Day. Space says he should step down, but intimated that Ney would be easier to beat than almost any replacement in the Republican district.

"There's a difference between what I think he (Ney) ought to do and what I want him to do," Space said with a laugh.

ON THE NET

Republican National Committee: http://www.gop.com/

Democratic Congressional Campaign Committee: http://www.dccc.org/

Poll Shows Americans Keeping An Eye On Congress (USAT)

By Susan Page

DOJ_NMG_0037327

USA Today, June 28, 2006

WASHINGTON — Americans are paying unusually close attention to the congressional elections in November, a USA TODAY/Gallup Poll finds. They are more inclined to deliver significant gains to Democrats than in any year since Republicans won control of the House and Senate in 1994.

Those surveyed are more concerned about national issues than local ones — a situation that favors Democrats hoping to tap discontent over the Iraq war and gasoline prices — and prefer Democrats over Republicans on handling every major issue except terrorism.

President Bush looms as a significant drag: 40% of Americans say they are less likely to vote for a candidate who supports Bush. A fifth say they are more likely.

"At this point, it certainly looks like a significant tilt to the Democrats, but it's still early," says James Campbell, a political scientist at the University of Buffalo and author of The Presidential Pulse of Congressional Elections. He says the Democratic advantage could narrow over the next four months if voters see the election more as a choice between two candidates and less as a referendum on the president.

House Democrats, including Minority Leader Nancy Pelosi of California, express optimism about prospects they will pick up the 15 seats needed to take control. They are hampered, though, by the limited number of competitive districts. The non-partisan Cook Political Report now ranks 35 GOP-held seats as competitive.

"Things are difficult, and there's a reasonable chance we'll lose some seats in both bodies," says Republican pollster David Winston. "But at the moment the majorities look reasonably solid because Democrats haven't put into play the sort of seats they need to."

The poll of 1,000 adults Friday through Sunday has an error margin of +/-3 percentage points.

Among the findings:

·Americans are interested in the election at levels not usually seen in non-presidential years. More than a third have thought "quite a lot" about the congressional elections. Seven of 10 say they are very motivated to get out and vote this year.

·Democrats are particularly engaged: 56% say they are "more enthusiastic about voting than usual," the highest level recorded since the question was first asked in 1994. Among Republicans, 43% say they are more enthusiastic than usual.

·Americans are increasingly likely to identify themselves as Democrats. Including those who "lean" to one party or the other, 55% call themselves Democrats; 38%, Republicans. That's the biggest edge for Democrats since 1998. By 54%-38%, the registered voters surveyed say they'd vote for a Democratic congressional candidate over a Republican one if the election were held today.

·That said, voters aren't particularly enamored of Democratic officeholders. Congressional Democrats have an approval rating of just 38%, 1 percentage point above Bush and 5 points above congressional Republicans.

·Democrats are preferred by double digits to Republicans on four of the five top-ranked issues: Iraq, government corruption, the economy and health care. Republicans are preferred by 11 percentage points on handling terrorism.

·Only 39% say most members of Congress deserve re-election, but 61% say their own representative does. That disparity is common and no guarantee to incumbents. The numbers were similar in July 1994, the year Democrats lost 54 House seats. Then, 60% said their representative deserved re-election; 41% said most members did.

Lack Of Messenger Bedevils Democrats (RC)

By Erin P. Billings

Roll Call, June 28, 2006

Congressional Democrats have spent more than a year struggling to craft what they hope is a winning message and agenda, but their biggest challenge may be one they can't fix with focus groups and slogans: lack of a singular messenger.

In a perennial problem for a minority, Democrats are denied both the bully pulpit of the White House and the instant credibility of a Speaker or Senate Majority Leader. And many view the top national Democratic leaders as either too polarizing to unify the party or too obscure to command widespread attention.

"It's a major problem," said one senior Democratic Congressional aide. "People already feel that it's not clear what Democrats stand for, and this just exacerbates that because [voters] can't think of any one person and one message" who speaks for all of them.

Democrats have ratcheted up their hopes for major victories this fall with a nationalized campaign message focused on alleged GOP corruption and failed Republican policies ranging from national security to health care and, most recently, the minimum wage.

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While emboldened by President Bush's sagging poll numbers and internal GOP divisions on key issues, Democrats also acknowledge they face major challenges in convincing voters to hand them power them without a prominent figure to call their drumbeat.

The Democratic leadership consists of three major players; Senate Minority Leader Harry Reid (Nev.), a social moderate who prefers to play a behind-the-scenes strategic role than that of spokesman; House Minority Leader Nancy Pelosi (Calif.), an outspoken liberal who enjoys the spotlight but is viewed as too far to the left for many in her party; and outspoken Democratic National Committee Chairman Howard Dean, arguably the Democrat whom Republicans most love to hate.

Other Democrats share a high public profile, including Sens. Hillary Rodham Clinton (N.Y.), John Kerry (Mass.), Edward Kennedy (Mass.) and increasingly newcomer Barack Obama (Ill.), but most have their own separate political ambitions or agendas that so far have kept them from becoming unifying figures.

Reid spokesman Jim Manley said Democrats understand they cannot compete with the built-in message advantage of the White House, and as such they must tap into a variety of leading party voices to articulate their agenda.

He said that, from coordinating national activities and crafting an agenda to setting up a powerful communications "war room," Democrats are doing the best they can as a minority party seeking to oust the party in power.

"Under the leadership of Sen. Reid and Congresswoman Pelosi, we've done a better job than ever before weaving a seamless relationship between all the different Democratic [factions]," Manley said.

"Republicans control the House, Senate and White House," Manley added. "They have the megaphone of the White House, we do not. So, what we need to do get our best people out there to talk about the message, day in and day out. That's what we are doing."

Sen. Dianne Feinstein (D-Calif.) said she doesn't worry about the lack of a singular messenger right now. She said 2006 is no different from other midterm election years when the White House isn't up for grabs and the minority hasn't rallied around its next presidential nominee: "It's the way it always is when we are in between presidential campaigns."

"I don't think it's a concern right now," echoed Sen. Frank Lautenberg (D-N.J.). "The midterms are about individual races. One has to speak about the issues that that individual is concerned about. Next election, of course" it matters.

Still, Democrats acknowledge there are hurdles to overcome. They argue that without the podium the Republicans enjoy, they must simply work harder and push their ideas more aggressively as a party to articulate their vision for the country.

"We have to speak up," Lautenberg said. "We're not yet speaking with one voice. But hopefully when we become the majority, we will speak with one voice."

"There doesn't have to be one face," added Senate Democratic Caucus Secretary Debbie Stabenow (Mich.). "Every Senators' [face] is the face of their state. Ultimately, I am the voice in Michigan, and ultimately each Member is the voice in their state."

The diversity of opinion within the party probably was never more evident than over the past two weeks when both the House and Senate debated the Iraq war, and Democrats continued to display their differences on how best to conclude the conflict. In both chambers, Democrats failed to agree among themselves on whether or when to withdraw troops — a point Republicans relished in reinforcing.

"There have definitely been efforts to join together on slogans like 'New Direction,' but we've also parted ways, and that's diluted the significance," noted the senior Congressional staffer.

Senate Republican Conference Chairman Rick Santorum (Pa.) said Democrats' problem in appealing to a majority of Americans is twofold: Their message lacks substance and their bench of leaders is thin.

"It's not good for them," Santorum said.

Democrats kicked off 2006 with plans to show the electorate who they are as a party, and where they would take the country if put in charge next year. After months of internal party discussion, Reid and Pelosi launched a campaign platform of anti-corruption, stronger national security and a renewed emphasis on domestic priorities of health care, energy reform, fiscal discipline and economic stability.

That effort came after several cycles of criticism both within the party and from the outside, that Democrats failed to adequately define themselves when victory appeared within their grasp.

A senior House Democratic aide said while the party could certainly use a powerful messenger, the bigger problem may be in the message itself, one this staffer suggested is simply rehash of the same old Democratic positions.

"You need something that Members and candidates want to talk about on the stump, not something that goes from fax machine to trash," this aide said. "The [1994] 'Contract with America' made bold reform pronouncements ... it was bold enough to attract media attention on its own. It was clear that the Republicans, in 1994, were offering something different."

Still, Democrats believe they are more united than they've been in recent memory, and more than ever they agree that Republicans and Bush have taken the country in the wrong direction on most major policies, particularly in Iraq. They argue that

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while they don't always share the same exact viewpoints, they are together on most major policies, and articulating their positions in the toughest of political environments.

"It's always a challenge for the party in the minority," said Sen. Tim Johnson (D-S.D.). "It's even doubly so for a party with as large a tent as the Democrats have.

"All we can do is speak out as ably as we can."

Emanuel Puts Reynolds In The DCCC's Crosshairs (HILL)

By Jonathan E. Kaplan

The Hill, June 28, 2006

Former Rep. George Nethercutt (R-Wash.) was branded a giant-slayer in 1994 when he defeated Speaker Thomas Foley (D-Wash.), adding a finishing kick in the gut to the beating the Democrats took that year.

In this November's midterm elections, Democrats would like nothing better than to make an example of a Republican leader and they have Rep. Tom Reynolds (R-N.Y.), chairman of the National Republican Congressional Committee (NRCC), in their crosshairs.

Speaking to reporters last month, Reynolds suggested that he and Democratic Congressional Campaign Committee (DCCC) Chairman Rahm Emanuel (D-Ill.) are like two tennis players and Emanuel has forced Reynolds to raise the level of his game.

Emanuel late last year downplayed any rivalry with Reynolds, saying that they are friends. He also said Reynolds was one of the first to call him after he was appointed to head the DCCC.

But the gentlemanly respect stops there.

Not only has Emanuel recruited multimillionaire Democrat Jack Davis, whom Reynolds defeated in 2004 with 56 percent of the vote, but the two chairmen have spent the past nine months trash-talking while trading allegations of corruption.

Last week, the DCCC prepared a memorandum for The Hill tying President Bush and Reynolds to the economy in western New York and suburban Buffalo.

"I think Bush's performance and his numbers, and most importantly his record, is wholeheartedly rejected in the northeast and Midwest," Emanuel said last week in an interview with The Hill when asked if Reynolds should be worried about his own seat.

During a March interview on C-SPAN, Reynolds touted what he called the "Bush boom" across the country and the need to get the message out.

"Even in upstate N.Y. where jobs are a tough, tough scene and hard to come by, we're seeing production orders, we're seeing other types of things where businesses that are flourishing and there are some success stories," Reynolds said.

Reynolds spokesman L.D. Platt dismissed the DCCC memo, saying, "Rahm should pay more attention to his own district's job losses instead of helping his liberal candidates disguise their support for job-killing tax increases in western New York."

As examples of recent economic growth, Reynolds cited last Saturday's Democrat & Chronicle in Rochester, N.Y., which reported that Reynolds helped secure $30 million in federal money to help a company that produces high-frequency radios for the military reopen a plant.

The paper also reported that area business leaders and Sen. Hillary Rodham Clinton (D-N.Y.) would announce a campaign intended to "position Rochester as a major player in the push to find alternatives to foreign oil."

Nevertheless, the DCCC's goal is not to make a fair analysis of the regional economy but to weaken Reynolds politically by suggesting that he and Bush are responsible for the economic condition of upstate New York.

"I don't think I've ever seen it in such a visible way. … Clearly there's not been, in my memory, as competitive a personal relationship as there is in this competitive environment," said former Rep. Bill Paxon (R-N.Y.), who chaired the NRCC in 1994.

Rep. Tom Cole (R-Okla.), who is on good terms with both chairmen, said that the rivalry is not personal and that they like one another.

"If you're a politician, you like to watch two great political operators. There's a lot on the line personally and for the country," he said.

Some political observers say Emanuel will seek a leadership bid in the next Congress and others have speculated that Reynolds has his eye on replacing House Speaker Dennis Hastert (R-Ill.) when the Illinois lawmaker retires. November's results will have a significant impact on the leadership aspirations of both men.

In past election cycles, committee chairmen have tried to beat their opponents' leaders, with mixed results. Former Rep. Vic Fazio (D-Calif.), DCCC chairman from 1990 to 1994, spent thousands of dollars in 1992 in a primary that pitted former Speaker Newt Gingrich (R-Ga.) against Herman Clark. Gingrich barely won.

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Then-Rep. Martin Frost (D-Texas) took control of the DCCC for the 1995-'96 cycle and picked up some Democratic seats, but no GOP leaders were defeated. Frost was defeated in the 2004 election after Republicans redrew his district.

The DCCC is also targeting other members of the GOP leadership, including Reps. Deborah Pryce (R-Ohio) and John Doolittle (R-Calif.). The only member of Democratic leadership that the NRCC is looking to oust this fall is Rep. John Spratt (D-S.C.).

Reynolds taunted Emanuel after the June 6 special election in California's 50th District, saying, "Rahm Emanuel and the Democrats lost big" after they "invested financially and emotionally" in Francine Busby, who lost to Rep. Brian Bilbray (R-Calif.). The DCCC notes that the district is conservative and that Bush easily won it during the 2004 election.

The NRCC paid $1,800 for phone banks to oppose Emanuel in his 5th Congressional District, which extends west from Lake Michigan across Chicago.

However, Reynolds's seat is considered competitive by independent political analysts and Emanuel's is not.

Reynolds last year called Emanuel "Mr. Righteous" for alleging Republican corruption and tried to link Emanuel to corruption in Chicago Mayor Richard Daley's administration.

Emanuel replied that he empathized with Reynolds, adding that he should exercise because "it helps you deal with stress."

Look Who's Missing DeLay (TIME)

By Hilary Hylton

Time, June 28, 2006

His was the face that launched a thousand fundraisers and Democrats miss him so terribly that they are trying to persuade a federal judge to keep former Congressman Tom DeLay's name on the ballot this fall. Allowing the Texas Republican Party to replace DeLay, who says he lives and votes in Virginia, would cause great harm to the Democratic Party, the party's lawyers argued in an Austin federal court Monday. Proving that claim is crucial to their lawsuit so Democrats testified just how much DeLay meant to them. Embarrassing? "Maybe," said Cris Feldman, an attorney for the Democrats, "but necessary."

DeLay, who is facing criminal money laundering charges in a campaign finance probe, has a profound effect not only on Democratic juices, but also impacts the party's "bottom line," Ken Bailey, the Texas Democratic party affairs director testified. "He's kind of like a lightening rod that we use to drum up support," Bailey said. The party has used DeLay's face on numerous flyers and web campaigns in past elections, and organizers say the mention of his name can inspire volunteers from across the state to converge on DeLay's old 22nd congressional district near Houston.

"Mr. DeLay had a profile among contributor Democrats that causes them to be more generous than they are going to be with a candidate who isn't as high profile," longtime Texas Democratic political analyst Dan McClung said in court. DeLay didn't just bring in money, McClung added, but also support from out-of-state Democratic interest groups and resources from the Democratic Congressional Campaign Committee.

Without him, the volunteers are not as inspired and, as one Republican lawyer joked in court, the money from California liberals dries up. In fact, Democrat Nick Lampson, who is seeking the seat, did receive some early support from Hollywood heavyweights Rob Reiner and Barbra Streisand when DeLay was still in the race. DeLay, who had testified earlier Monday about his move to Virginia, was not in the courtroom for the Democratic salute to his potency, but his presence loomed large. "If Mr. DeLay stays on the ballot, it is a lot easier to run against somebody who's been indicted," Bailey said.

One issue facing U.S. District Judge Sam Sparks is whether DeLay contrived to be declared ineligible, opening the door to a replacement candidate, or whether he simply withdrew from the race. Texas law does not allow a withdrawn candidate to be replaced. Another key question before the court is whether the Texas Republican Party can declare a federal candidate ineligible. Sparks is not expected to rule until early July and his decision is sure to appealed.

Meanwhile, Republicans are going forward with plans to name a new nominee, but they expect Sparks' ruling will come before that process is complete. As for DeLay, he said he would be driving back to his Sugarland "house" (not "home") after testifying that he, indeed, had a Virginia driver's license in his wallet.

GOP Offers 'Values Agenda' (RC)

By Ben Pershing

Roll Call, June 28, 2006

With little fanfare, House Republican leaders on Tuesday unveiled a broad "American Values Agenda," composed of bills designed to appeal to the GOP's political base.

The agenda includes measures on topics such as abortion, cloning, religious freedom, flag burning and gun rights — all issues that resonate with social conservatives, some of whom have expressed misgivings about the party's recent direction.

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"The American Values Agenda is a collection of legislative initiatives that speak to the values many American citizens hold dear," Majority Leader John Boehner (R-Ohio) said in a statement. "Freedom to display the American flag ... freedom of religious expression ... the right to keep and bear arms ... respect for the sanctity of marriage, and the dignity of all human life."

Speaker Dennis Hastert (R-Ill.) said the agenda would help "protect the faith of our people, the sanctity of life and freedoms outlined by our Founding Fathers."

GOP leaders, with the help of Rep. Joe Pitts (R-Pa.), the head of the Values Action Team, began crafting the agenda in May after holding a handful of meetings with prominent social conservative leaders. Tuesday's list is designed to supplement the larger legislative agenda that was released in May, one that did not include many issues important to social conservatives.

The GOP already has begun cycling through the American Values Agenda, as the House passed the Freedom to Display the American Flag Act on Tuesday.

The agenda also includes the Pledge Protection Act; the Public Expression of Religion Act; the federal marriage amendment; the Unborn Child Pain Awareness Act; the Human Cloning Prohibition Act; a measure reforming the Bureau of Alcohol, Tobacco, Firearms and Explosives; an Internet gambling ban; and a measure preventing the government from confiscating citizens' guns during emergencies.

Democrats reacted to the GOP's announced agenda by accusing Republicans of playing politics.

"The American people will see through the Republicans' old playbook of distract, distort and divide," said Jennifer Crider, spokeswoman for Minority Leader Nancy Pelosi (D-Calif.). "Pandering to the radical right-wing's wrong priorities does not reflect the American values of opportunity, security and prosperity."

... And Why Lieberman Can't Win His And Shoultn't Try (HILL)

By Dick Morris

The Hill, June 28, 2006

Keeping Joseph Lieberman in the United States Senate is clearly in the national interest. One of the most ethical, sincere, thoughtful and balanced of senators, he stands as a monument to nonpartisan common sense in an increasingly shrill and polarized partisan environment.

But he is in the process of committing suicide. By insisting on running in Connecticut's Democratic primary against anti-war candidate Ned Lamont, he is in a fight he won't win and, in the process, destroying his chances in the general election, which he can win.

As my populist and liberal friend Bill Curry discovered when he defeated the Democratic Party establishment's candidate for governor, Rep. John Larson, in the primary of 1994, primaries in Connecticut are notoriously polarized. The right dominates the GOP nominating process just as surely as the left controls that of the Democrats. This is no place for a centrist to thrive.

If Lieberman simply skips the primary and runs as an independent, forcing a three-way race, he will win overwhelmingly. The larger Connecticut electorate adores him and will happily desert either party to vote for his reelection.

But in an August Democratic primary, with its low turnout and ideologically skewed voters, he faces decapitation. As surely as an American soldier on patrol in Iraq, his very presence in the Democratic primary provides a tempting target for those who want to vent their frustration at American foreign policy.

Those who back Lieberman will stay home in a primary. Those who shine with passionate intensity against him will surely vote.

Scott Rasmussen has Lieberman clinging to a narrow 45-41 lead over Lamont, based largely on his name recognition. Other pollsters give the Senate a larger margin. But the inevitable dynamics of this primary are likely to flow toward the challenger as he picks up money, support and recognition and offers a way to do something there is no other way to do: Vote against the war.

Lieberman's supporters argue that if he loses the primary he can always then run as an independent. Technically that is not true. He would have to file his nominating petitions as an independent before the primary.

But politically it is a failed choice as well. If Lieberman loses the primary, the defeat will empower Lamont and make him a viable candidate in November. Like a parasite, he will thrive on the nutrients in the senator's blood and use them to animate his candidacy. But if Lieberman withdraws from the primary (even if his name has to remain on the ballot), he denies Lamont that victory. Without it, the insurgent can never amass the resources and credibility he would need to run and win in November.

Lieberman speaks of his loyalty to the Democratic Party. Obviously, if he wins as an independent, he will continue to vote with his party in the Senate and will continue to call himself a Democrat. But this misguided party loyalty may help to elect Republican candidate Alan Schlesinger. If Lieberman is so weakened by a primary defeat that he fades as a front-runner in the general election, we will see a three-way race that anyone can win.

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Lieberman's ads attacking Lamont are pathetic. His media adviser, Carter Eskew, summons the ghosts of his past success by resurrecting ads that depict former Gov. Lowell Weicker as a bear, now encouraging Lamont to seek to avenge Weicker's 1988 Senate defeat by beating Lieberman, the man who slew him. It's an argument that is far too complex for the average voter and too remote to matter even if they understand it.

One hopes that Lieberman remembers the parable of Jacob Javits, the former New York senator whose tenure was much like Lieberman's. A liberal Republican who never marched to the beat of his party's drummer, Javits faced a primary from Alfonse D'Amato from the right wing of the GOP.

Had Javits simply run as an independent (in New York at the time that meant running on the Liberal Party line), he would easily have been elected. But because he lost in the primary, when he did run as a Liberal Party candidate he ran a poor third. Splitting the progressive vote, he so crippled the Democratic candidate, Rep. Elizabeth Holtzman, that D'Amato won by a hair.

This column is a plea to the senator: Don't let hubris, overconfidence, unfounded optimism or even muddled confusion lead you to your death in the Democratic primary. We need you too much in Washington.

Morris, a former political adviser to Sen. Trent Lott (R-Miss.) and President Bill Clinton, is the author of Condi vs. Hillary: The Next Great Presidential Race.

A.F.L.-C.I.O. In Connecticut Gives Backing To Lieberman (NYT)

By William Yardley

The New York Times, June 28, 2006

NEW HAVEN, June 27 — Connecticut's largest labor union on Tuesday endorsed Senator Joseph I. Lieberman in the Democratic primary, although many union leaders, meeting at their state political convention, complained of his support for the war in Iraq and foreign trade agreements. Many sounded loud "nays" when the voice vote was called.

"He's endorsed," John W. Olsen, the chairman of the state A.F.L.-C.I.O., said after the vote, which followed comments by the several dozen speakers — some passionate, some conflicted — who formed lines at the two floor microphones.

Most of the speakers expressed support, noting the senator's efforts in his three terms to protect workers in industries ranging from clothing to submarine manufacturing. Many said, however, that his challenger, Ned Lamont, a businessman from Greenwich who owns a cable television company, is a fresh face who will better serve their interests and stand up to President Bush on issues like the war and trade.

After the vote, Mr. Olsen was asked whether the "nays," which were not far below the "yeas" in volume, suggested that labor leaders were split over the endorsement, and he noted that no one had challenged the vote after it was completed.

Mr. Olsen, who announced his personal support for the senator several weeks ago, said it was clear from a meeting earlier in the day with leaders of individual unions that the senator had the necessary two-thirds of the approximately 350 convention delegates. He said the senator had "a wide cushion."

He said the delegates represented about 180,000 workers. He noted, however, that labor support would be spread among several races, including tight congressional races in November and the Democratic primary for governor. In that race, the labor federation on Tuesday endorsed Mayor John DeStefano of New Haven, who narrowly lost the state party endorsement last month to Mayor Dannel P. Malloy of Stamford.

The primary is Aug. 8.

Labor backing could be important for Senator Lieberman. A recent poll showed Mr. Lamont gaining support among Democratic voters. In a poll this month by Quinnipiac University, he trailed the senator, 55 to 40, among Democratic voters who said they were likely to vote in the primary. Among all Democrats, the senator led 57 to 32 percent; in May, a Quinnipiac poll found the difference to be 65 to 19.

Mr. Lamont has used the senator's support for the war to galvanize opposition to Mr. Lieberman on other issues, including health care and education policy, and he has gathered other unions' support.

Several delegates noted that Senator Lieberman had an 84 percent score from the federation for his votes on labor issues. Many also complained that he had long supported free trade agreements that cost manufacturing jobs.

Others poked at Mr. Lamont, whom the senator has characterized as a wealthy opportunist trying to buy the election.

"Mr. Lamont owns a communications company," Howard Coling, vice president of Local 1298 of the Communications Workers of America in Seymour, Conn. "And it's nonunion." That prompted sustained hoots of disapproval across the room.

Poll Shows Ehrlich Lagging As He Opens Reelection Run (WP)

By Robert Barnes And Claudia Deane

The Washington Post, June 28, 2006

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Maryland Gov. Robert L. Ehrlich Jr. starts his reelection campaign today significantly trailing Baltimore Mayor Martin O'Malley, according to a new Washington Post poll. Although the state's voters give the governor good marks for the job he's done, they also appear inclined to return a Democrat to the governor's mansion.

Ehrlich kicks off his campaign today at his boyhood home in the Baltimore suburb of Arbutus, attempting to become the state's first Republican governor in 50 years to serve a second term. But the poll shows why he is preparing to spend a record amount and why he is considered one of the nation's most endangered Republican governors.

Ehrlich is running in an overwhelmingly Democratic state at a time when voters are not happy with the GOP. Maryland voters are more critical than voters nationally of the Bush administration and more strongly opposed to the war in Iraq. And, unlike earlier in Ehrlich's term, more Marylanders than not believe the state is heading in the wrong direction, the poll shows.

Public education is the top priority of voters statewide, and that is the area in which they give Ehrlich his lowest marks. Among the state's largest jurisdictions, controlling crime ranks a strong second in Prince George's and Baltimore counties; growth and transportation are emerging priorities in Montgomery County.

The poll shows Ehrlich trailing O'Malley by 11 percentage points among registered voters and 16 points among those who say they are "absolutely certain" to vote in the Nov. 7 election. The deficit comes even though a majority of voters find Ehrlich likable, approve of the job he has been doing and believe that the 48-year-old former congressman from Baltimore County has a vision for the state.

The telephone poll was conducted among 902 registered voters June 19 to Sunday and has a margin of error of plus or minus 3 percentage points. Montgomery County Executive Douglas M. Duncan dropped out of the race the week of the poll, leaving O'Malley as the remaining major Democrat to oppose Ehrlich in the fall.

Ehrlich declined to comment, but aides said they did not believe he trailed by such a large margin; communications director Paul E. Schurick said the campaign's most recent poll, conducted in mid-May, showed O'Malley ahead by 5 points.

"We've always known this was going to be an incredibly difficult and close race," Schurick said. "But there is something in this poll that strikes us as wrong."

O'Malley said the poll showed more than simply Democrats supporting a Democrat.

"There are a number of issues that have defined who our current governor is," O'Malley said. "The choices he's made are not in the best interests of expanding the middle class and helping our working families. . . . People feel that our state is moving in the wrong direction, and they're smart enough to know we need effective leadership."

Reelection campaigns are most often considered referendums on the incumbent, and the poll offers both good and bad news for Ehrlich.

He has lost support among independents, women and voters in the central part of the state where he put together a historic win four years ago. Democrats who took a chance on him then seem ready to return to the fold for O'Malley.

But voters still have a mostly positive view of Ehrlich; large majorities say he is honest and likable. He has only begun to fight, and he is hoping to spend $20 million to convince voters that he deserves another four years.Poor Marks on Education

According to the poll, Ehrlich and O'Malley are about equally popular with the state's independent voters and within their own parties. In most parts of the country, that would signal a very close race. But because more than half of Maryland's registered voters are Democrats, it provides the substantial lead for O'Malley.

In 2002, Ehrlich overcame that advantage with a forceful and fresh-faced campaign against then-Lt. Gov. Kathleen Kennedy Townsend. Exit polls showed that he attracted support from independent voters, people who considered themselves moderates and women who have traditionally backed Democrats. But the new poll shows that the governor has been losing those constituents at this point of the campaign.

Although an Election Day telephone poll showed that Ehrlich got about 55 percent of the independents in 2002, he and O'Malley are tied in the current poll. His support among self-described moderates dropped from 50 percent to 37 percent and among white women from 61 percent to 45 percent.

The new poll asked how much Ehrlich has accomplished in his first term and found that 8 percent said "a lot" and 21 percent said "not much"; 40 percent gave him credit for a "fair amount" and 30 percent for "some."

"I think what you're seeing is voters think he's done an okay job, but they can't really point to any accomplishments," said Democratic pollster Peter Brodnitz, who advised Timothy M. Kaine's successful gubernatorial cam paign in Virginia last year and does not have a statewide client in Maryland. "They're not seeing a compelling reason" to reelect.

Ehrlich also won in 2002 by disrupting Democrats' traditional winning strategy of rolling up enough votes in Montgomery and Prince George's and the Baltimore region to offset losses elsewhere. But although Ehrlich got a boost of more than 50,000 votes last time in the region consisting of Baltimore and the counties of Baltimore, Harford and Carroll, the new poll shows him trailing O'Malley there by 12 points. It shows the two running even in the Central Maryland counties of Anne Arundel, Howard and Frederick, where Ehrlich won by more than 85,000 votes against Townsend.

On issues, Ehrlich gets his poorest marks on public education. Even though he says he has spent more money on schools than any other governor -- a state law passed the year before he took office mandates it -- half of the poll respondents said he has done a "not so good" or "poor" job of "putting more state money into the public schools."

Public education was cited by 35 percent of the respondents as the issue that should be the top priority of the next governor, more than any other. Female voters especially were interested in education; 39 percent of them said Ehrlich was doing a good job.

And the poll indicated that some might believe Ehrlich is too close to big business. Two-thirds of the respondents said "large business corporations" had too much influence in the Ehrlich administration, and 77 percent said the legislature was right to force Wal-Mart to pay for health insurance for its employees. Ehrlich vetoed that legislation, as well as an increase in the minimum wage, and was overridden by Democratic lawmakers on both.

Those actions convinced Noelle Joll, a geographer from Anne Arundel, that Ehrlich was not as moderate as he said. "I don't think he's a bad guy," she said. "I just think he's pandering to his base."56% Job Approval Rating

On the other hand: Tom Caulfield, 59, a Republican who owns Chubby's Barbecue restaurant in Frederick, said he is sticking with Ehrlich.

"I think his first term has gone very successfully considering the odds he's had stacked against him," Caulfield said. "He does not have a popular Republican majority. For him to get anything done is amazing."

The poll indicates that many agree. While Ehrlich's favorability ratings have declined since the last Post poll in 2004, nine in 10 of the state's Republicans have a positive view of him, and nearly six in 10 of those who consider themselves independent feel the same way.

Overall, 56 percent approve of the way he handles his job, three in four say he is honest, even more say he is likable and two-thirds say he "has a vision for the state's future." A majority say he has done a good job protecting the Chesapeake Bay, and, despite his highly publicized battles with the Democrat-controlled General Assembly, six in 10 say he is "willing to make reasonable compromises."

More than seven in 10 say he deserves credit for the state's projected budget surplus.

Republican pollster Ed Goeas, who is not advising a candidate in Maryland, said the reason the Ehrlich-O'Malley matchup numbers do not reflect the generally positive views of Ehrlich is mostly because of the state's Democratic majority.

"People go back to their partisan leanings," he said. "What you have to do in a state like Maryland as you get close to the election, you have to get people to put aside their leanings and look at the person."

It is clear already that Ehrlich is trying to restore his moderate credentials and appeal to those he counted on in 2002. His first television advertisement features testimonials from six women, a black man and a man who appears Latino and includes the line: "He doesn't govern from the right or the left but from the middle, where most of us are."

He recently crossed some conservatives by quickly firing a Metro board member who described homosexuals as "persons of sexual deviancy."

And he could look to appeal to women by naming a female running mate to replace Lt. Gov. Michael S. Steele, who is running for the U.S. Senate. Ehrlich's list of candidates is almost exclusively composed of women, although the list of candidates running for statewide office this year, Democratic and Republican, is almost exclusively male.Differences by Jurisdiction

The top two issues that voters want the next governor to "work hardest on" -- public education and crime -- are two on which Ehrlich has most criticized O'Malley. The state moved to seize control of Baltimore's worst-performing schools before Democratic legislators stopped the move, and a state study is underway to see whether the city is underreporting crimes there.

The poll showed great variance, though, on voters' priorities based on jurisdiction. In Prince George's, nearly as many people listed crime as the top priority as did those who said education. In Montgomery, 20 percent said transportation should be the governor's top priority and 13 percent said growth. That compares with 25 percent who said it should be education.

On other issues, Marylanders showed a liberal streak. Although 56 percent said they would oppose a state law that would allow gay and lesbian couples to marry, respondents were just about evenly split on allowing civil unions.

And those in the poll were very negative about the Bush administration and the war in Iraq, with 63 percent saying the war "was not worth fighting."

More than two-thirds say they disapprove of President Bush's job performance -- 55 percent disapprove "strongly." And 56 percent said the fact that Bush was backing a candidate would make them less likely to vote for the candidate, as opposed to 19 percent who said it would make their support more likely.

Summer Vacations Run On Empty (USAT)

By Barbara De Lollis And Barbara Hagenbaugh

USA Today, June 28, 2006

DOJ_NMG_0037335

High gas prices may be stifling the traditional summer vacation.

Only 39.8% of consumers plan to take a vacation within the next six months, a 28-year low, the Conference Board said Tuesday.

That's the fourth consecutive decline measured by the organization, which asks the question every other month.

"It's possible that travel is falling victim to rising gas prices and rising costs overall," says Lynn Franco, director of the firm's Consumer Research Center.

A new USA TODAY/Gallup Poll supports the notion that high gas prices are crimping vacations. One-third of respondents in the survey of 1,000 adults taken Friday through Sunday said they are changing summer vacation plans because of higher gas prices.

Of those changing plans, 37% said they would reduce the number of trips normally taken, while 26% said they're canceling plans or simply can't afford to vacation. Some 23% will take shorter trips.

Gasoline prices have slipped from recent highs but are still far above where they were a year ago. The nationwide average price for a gallon of regular gasoline was $2.86 Tuesday, up 65 cents from a year ago, according to travel club AAA.

Even as many Americans say they are calling off summer travel, hotels are packed and airlines are nearly fully booked this summer. And they're charging higher prices because demand is so high.

Frequent flier Bob McBride of Omaha says high gas prices altered, but didn't snuff out, his travel plans.

For an annual trip with a friend next month, McBride, 56, will use airline and hotel loyalty points to visit Boston. They're staying downtown so they can walk or take public transportation.

More than 40 million Americans are expected to travel 50 miles or more around the July Fourth holiday, according to a report Tuesday from AAA. That's a 1.2% increase from a year ago, less than half the 2.8% jump seen last year.

The decline in vacation plans could also reflect a drop in employees who get paid time off. The percentage of companies giving paid vacation time fell to 82% this year from 91% in 2002, according to the Society for Human Resource Management. SHRM spokesman Frank Scanlan says employees who do not take time off could become burned out and less productive.

"We're all doing more with less," Scanlan says. "You have to give people time away."

Mr. Buffett's Gift (WSJ)

The Wall Street Journal, June 28, 2006

Warren Buffett's pledge of more than $30 billion to the Gates Foundation is an act of jaw-dropping generosity, all the more impressive because it represents the lion's share of his Berkshire Hathaway fortune. Now all the nation's two wealthiest men have to prove is that they can be as effective at giving away their money as they have been at making it. This is harder than it sounds.

Bill and Melinda Gates founded their charity just 12 years ago, though what it lacks in experience it more than makes up for in size. The Gates Foundation is already the nation's largest by far, and Mr. Buffett's largesse will allow it to double its annual giving to some $3 billion. To date the foundation, whose mission is "to help reduce inequities in the United States and around the world," has focused primarily on education and public health.

And so far at least, it seems to have avoided the worst pitfalls of many other large, politically correct foundations. James Piereson, the former director of the Olin Foundation, points out that the Gateses are wisely "focusing on problems -- like health in the Third World, AIDS, malaria -- rather than advocacy for government solutions." Too many large foundations -- the Ford Foundation is the classic example -- have wandered away from their donor's wishes and become adjuncts of the welfare state.

On U.S. education, though, the charity's efforts have been somewhat less noteworthy. Mr. Gates has embraced charter schools to some extent, but mainly when union opposition is minimal or nonexistent. And he has shied away from vouchers, which can literally rescue thousands of kids from failed public schools and are favored by other philanthropists like Theodore Forstmann and the late John Walton.

In 2003, the Gates Foundation donated $58 million to build more small schools in New York City. Smaller schools and class sizes are a perennial demand of teachers unions because they means more jobs, but there's little evidence that they significantly improve student performance.

Notwithstanding these growing pains, Mr. Buffett is clearly convinced the Gates Foundation is a worthy beneficiary. No doubt he hopes to avoid the missteps of Henry Ford, Andrew Carnegie, Joseph Pew, John MacArthur and other money men of the past, whose fortunes inevitably wound up in the hands of individuals who didn't know them and spent their money on causes they almost certainly would have opposed. Hence, Mr. Buffett has decided to give away his money before he dies, and he's chosen living donors whom he knows well and trusts. Wisely, his gift is also conditioned on Mr. and Mrs. Gates remaining active in setting policy and administrating the charity.

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In explaining his charitable motivations this week, Mr. Buffett also went out of his way to say that he is "not an enthusiast for dynastic wealth." This is fair enough, and is also one of Mr. Buffett's arguments for so vocally defending federal death tax rates of 50% or more. But we can't help but point out that Mr. Buffett's gift will itself be shielded from Uncle Sam because it is going to a foundation. So in practice he is in favor of death taxes only for those whose estates are too small to hide in foundation tax shelters.

We'd also note that the foundations he is donating to may well become "dynasties" in their own right. In addition to his Gates Foundation gift, Mr. Buffett also said he will give major donations well north of $1 billion each to separate foundations run by his three children and another in the name of his late wife. These gifts, too, will be shielded from taxation and will allow his heirs to wield power and influence long after the 75-year-old has gone to his just reward. With their tax-sheltered assets, modern foundations have no expiration date and have become hugely important players in policy debates, the culture and even politics.

Which is all the more reason to watch how well the two men now deploy their gifts. We can't think of two people less in need of our two cents than Messrs. Buffett and Gates. But since giving free advice is our business, we'd suggest that they put at least a smidgen of their money back into strengthening the foundations of the free-market system that has allowed them to become so fabulously rich. There's something to be said for reinvesting in the moral capital of a free society and trying to sustain and export free-enterprise policies.

Capitalism has done very well not just by Mr. Buffett but also by the world's poor, as several hundred million Chinese and Indians might attest. African nations in particular need property rights and a rule of law as badly as they need vaccines. On that score we were encouraged by a report this week that the Gateses thanked Mr. Buffett for his gift by presenting him with a book from their personal library: Adam Smith's "The Wealth of Nations."

Testing Away HIV (WP)

The Washington Post, June 28, 2006

ABOUT A QUARTER of Americans with HIV don't know they have the virus, according to the Centers for Disease Control and Prevention. In the District, a city with a well-funded but historically dysfunctional HIV-AIDS program, that number might be even higher.

We say might because the D.C. Administration for HIV Policy and Programs (AHPP) still doesn't reliably track the spread of the virus in the city. Its best estimate, released Monday to the Mayor's Task Force on HIV and AIDS, is that about 25,000 people in the city are infected, but this is just a projection based on national CDC numbers. That's why the city's new drive to test everyone in the District between the ages of 14 and 84, which kicked off yesterday in Freedom Plaza, is long overdue.

The D.C. government wants to distribute 80,000 20-minute testing kits to hospitals, schools and local health organizations before the end of the year, with the goal of making rapid HIV screening a routine part of D.C. life. The tests require only a painless mouth swab. Their distribution will be backed by a marketing campaign, launched yesterday, to encourage District residents to get screened, which may help eliminate the stigma attached to HIV testing.

The doctors, nurses and public health workers who administer the tests will report all positive results back to the Administration for HIV Policy and Programs, which keeps individual testing records strictly confidential. In theory, the AHPP will use the data it accumulates to begin gauging the rate of HIV infection in the city. Then the District can start issuing the kinds of reports on the spread of the virus that have long been standard in cities such as Baltimore and New York -- theirs come out quarterly -- and finally begin targeting its HIV funding effectively.

It's an ambitious plan for the AHPP, a branch of the Department of Health that has so far failed to gather basic information about HIV in the District, even though it spent almost half a billion dollars in local and federal funds over the past eight years. It's also an appropriately bold counterpunch in the city's so-far losing fight with HIV: The District's rate of HIV infection rivals that of AIDS-ridden nations in sub-Saharan Africa.

The city's latest public health campaign won't work, however, if District residents don't take the time to get tested. So if you didn't drop by Freedom Plaza on your lunch break yesterday, find a clinic and get a free HIV screening. It only takes 20 minutes to take charge of your health.

Israeli Troops Move Into Gaza (WP)

By Scott Wilson

The Washington Post, June 28, 2006

GAZA CITY, June 28 -- Israeli ground troops pushed into the Gaza Strip early Wednesday in a military operation aimed at freeing a captured soldier whose fate has transfixed much of the country. The incursion was the military's first major move into Gaza since the Israeli government withdrew all troops and settlers from the enclave nine months ago.

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An undisclosed number of troops reportedly entered the strip at its southern end, near the city of Rafah on the Egyptian border. Hours earlier, Israeli military officials said, military aircraft bombed two bridges in central Gaza to prevent the gunmen who abducted Cpl. Gilad Shalit, 19, during a Sunday attack on an army post at the strip's southeastern edge from moving him around Gaza or into Egypt.

Another airstrike hit Gaza's power station, knocking out electricity throughout the strip and igniting a huge fire that lit the pre-dawn sky. A third bridge was also reported hit.

The violence overshadowed an agreement earlier in the day by leaders of Hamas, the radical Islamic movement that controls the Palestinian government, on a unified political agenda advocated by Palestinian Authority President Mahmoud Abbas to ease the economic sanctions against the government.

According to Palestinian negotiators here, Hamas agreed to establish a national-unity government as part of an accord signed by the largest Palestinian political factions. If formally signed Wednesday as scheduled, the agreement would signal a major shift by Hamas's political leaders, who for the first time would effectively endorse a two-state solution to the Israeli-Palestinian conflict.

In Washington, a senior U.S. official said that while he was not privy to many details about Israel's intentions, he expected the incursion would be "pretty significant."

"This is in the category of a major operation," said the official, who spoke on condition of anonymity. "This isn't just 20 commandos."

The signs of conflict had mounted gradually throughout the day Tuesday. More than 3,000 Israeli soldiers, along with tanks and armored personnel carriers, waited along Gaza's perimeter for orders to move into the strip, which the military abandoned last September after evacuating Israel's settlements here. At the same time, Palestinian gunmen built berms near the borders and assembled sand-bag bunkers along routes into urban areas.

The Palestinian accord comes as Hamas is confronting internal divisions and international economic sanctions. It would also be a significant political victory for Abbas, a member of the rival Fatah movement who had threatened to place the deal before Palestinian voters next month unless Hamas accepted its key conditions.

"In our view, this is an important step toward a lasting peace," said Walid Awad, a spokesman for Abbas. "The Hamas government has recognized the state of Israel."

As outlined by officials involved in the talks, the agreement calls for a future Palestinian state in the West Bank, Gaza and East Jerusalem, territory Israel occupied in the 1967 Middle East war. Since its founding nearly two decades ago, Hamas has called for creation of an Islamic state across a far larger stretch of land that includes Israel.

It was unclear, however, whether Hamas's armed wing, known as the Izzadeen al-Qassam Brigades, would abide by the terms of the agreement. Hamas gunmen were involved in the attack Sunday on an army post inside Israel that killed two soldiers and wounded four others. So far, members of the group, who participated in the attack along with two smaller armed factions, have refused to release Shalit.

The two-state pact, which was based on an 18-point document announced last month by Fatah and Hamas leaders being held in Israeli prisons, also runs counter to views held by Hamas's hard-line leadership in exile headed by Khaled Mashal, whom Israeli officials say was behind the Sunday attack. Some Hamas leaders in Gaza, along with Abbas and Egyptian interlocutors, have called for Shalit's release.

"The political leadership of Hamas does not have the strength to control the military wing," Issa Ali Nashar, a senior Hamas political leader, said in an interview in the Gaza city of Khan Younis. "All they can say right now is to keep the soldier safe."

In addition, Israeli officials said lifting economic sanctions against the Palestinian government was highly unlikely, since Hamas had not explicitly recognized Israel or renounced violence against the Jewish state.

Mark Regev, a spokesman for Israel's Foreign Ministry, said that while details of the Palestinians' final accord are not yet known, previous versions have fallen short of meeting conditions set by international donors -- that Hamas renounce violence, abide by previously signed agreements and recognize Israel -- in return for a resumption of aid.

Regev said the agreement would likely have a "minimal effect" on Israel's position toward the Palestinian government, and he expressed frustration that Palestinian leaders were discussing the deal rather than focusing on Shalit's release. "There is an immediate crisis," Regev said. "That the Palestinian leadership was putting energy into this document that has no bearing on the most pressing issue is disappointing."

Bush administration officials reacted cautiously, saying they needed more details about the reported accord before making a judgment. They noted conflicting initial reports about what the agreement entailed.

"We're just going to wait to see exactly what the case is," White House spokesman Tony Snow told reporters. "What we want to see is something written so that we can understand what their position is."

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In addition to laying out the terms of a Palestinian state, the agreement also calls for confining armed operations against Israel to the occupied territories under a unified command, the right of Palestinian refugees to return, and freedom for thousands of prisoners in Israeli jails.

Nashar and other Hamas leaders said the agreement does not commit Hamas to recognizing the Jewish state, which they believe was created illegally on Arab land through a 1947 United Nations resolution. But it does endorse previously signed agreements that do so, as well as the 2002 Arab peace initiative that calls for Israel to withdraw from all territories occupied in the 1967 war in exchange for peace and recognition.

Islamic Jihad, a smaller group responsible for all suicide bombings inside Israel over the past year, refused to sign the new agreement.

While military preparations continued here, Israeli soldiers searched parts of the West Bank for an 18-year-old Israeli settler missing since Sunday. The radical Popular Resistance Committees, an armed group involved in Sunday's kidnapping, claimed to be holding Eliyahu Asheri, who is from the northern West Bank settlement of Itamar. Settlement officials said he was last seen hitchhiking near the French Hill junction in Jerusalem.

"We don't know what happened and we pray he is okay," Moshe Goldschmidt, a leader of the settlement, said in a telephone interview.

On Wednesday, the militant group threatened to kill Asheri if Israel did not halt its incursion, news services reported.

Throughout the day Tuesday, Israeli tanks and troops assembled along Gaza's periphery while Secretary of State Condoleezza Rice called for Israel to allow more time for international diplomacy to secure the soldier's release. But a tour of several towns in southern Gaza suggested that the population here supports holding Shalit until Israel releases some of the 8,503 Palestinians being held in Israel.

The groups behind the kidnapping have demanded the release of the 421 Palestinian women and minors in Israeli prisons in exchange for information about Shalit's welfare. Olmert rejected the demand on Monday, threatening instead a "broad and comprehensive" military operation unless Shalit is freed immediately.

"What can they do that they haven't done before?" asked Mohanned Abu Nada, a 33-year-old Fatah supporter in Khan Younis.

Israeli Tanks And Troops Enter Gaza (FT)

By Ferry Biedermann

Financial Times, June 28, 2006

Israeli tanks and troops crossed the border into the southern Gaza Strip early on Wednesday in what the army described as a target operation aimed at freeing a kidnapped soldier.

The army said it did not intend to carry out a prolonged operation. However, the incursion marks the most serious escalation in operations by Israel's ground forces since their withdrawal from the Gaza Strip nearly a year ago.

The move follows the failure of diplomatic efforts to secure the release of the Israeli soldier during an attack on Sunday in which the armed wing of Hamas, the militant Palestinian movement, participated.

The two leading Palestinian factions, Hamas and Fatah, have in effect reached agreement on a unified approach towards Israel and on internal Palestinian issues, officials in the West Bank and Gaza had said on Tuesday.

The agreement was billed as promising an unprecedented implicit recognition of Israel by Hamas.

However, the militant movement that won parliamentary elections earlier this year and now forms the government immediately cast doubt on that agreement. Leaders of the movement in Damascus also said more talks were needed with Fatah.

Word of the deal came amid continuing tensions in Gaza over the kidnapping of the Israeli soldier. One of the other groups that took part said on Tuesday that it was also holding a young Israeli settler on the West Bank.

The 18-year-old soldier's family who lives in the settlement of Itamar near Nablus said he had been missing for two days, but the authorities did not confirm he had been abducted.

On Tuesday night Israel aircraft attacked bridges in central Gaza and a helicopter launched missiles at a power station. Israeli tanks were reported to be moving near the northern end of the Gaza Strip but the army said they had not crossed the border.

The month-long negotiations between the Palestinian factions were based on a document drafted by prisoners from Hamas and Fatah held in Israel. It includes acceptance of a Palestinian state in the Gaza Strip and West Bank, including east Jerusalem.

This was seen as being in accordance with the acceptance by Fatah and the Palestine Liberation Organisation of a two-state solution whereby Israel and a Palestinian state would exist side by side.

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The precise details of the agreement had not been made public late Tuesday night. But the document was expected to be approved by the leaders of the two groups – Hamas prime minister Ismail Haniyeh and Mahmoud Abbas, the Fatah president of the Palestinian Authority.

The accord is partly intended to reduce tensions between the rival Palestinian factions that have erupted, frequently in violence, since January's elections. But it is mainly aimed at the international community, particularly the quartet consisting of the US, Russia, the European Union and the United Nations, that has demanded that Hamas recognise Israel, renounce violence and adhere to previously signed internationally binding agreements. Failing that, the quartet has acted to isolate the Hamas-ruled government, choking off financial aid.

Israel has said that it regards the agreement as "an internal Palestinian matter" and falling short of international demands.

Israel's prime minister, Ehud Olmert, said in remarks to the Knesset that he still favoured peace negotiations with the Palestinians. The US was waiting to see if the agreement between the Palestinian factions amounted to a recognition of Israel, said White House spokesman Tony Snow. But he warned that the groups must still renounce violence.

Israeli Troops Move Into Gaza; Bridges Are Hit (NYT)

By Ian Fisher And Steven Erlanger

The New York Times, June 28, 2006

GAZA, Wednesday, June 28 — Israel sent troops into southern Gaza and its planes attacked three bridges and a power station early Wednesday, in an effort to prevent militants from moving a wounded Israeli soldier they abducted Sunday, Israeli Army officials said.

Israeli troops and tanks began to move in force in an effort to rescue the soldier, Cpl. Gilad Shalit, 19, who is believed to be held there.

Witnesses said Israeli troops had taken the old Gaza airport and were heading toward Rafah on the road that marks the border between Gaza and Egypt, as Egyptian troops watched.

Electricity was knocked out through much of Gaza after a complex of electronic transformers, south of Gaza City, was struck by Israeli planes. Witnesses said that the station was hit by numerous missiles and that it was burning brightly against the night sky.

The Israeli Army said the operation was limited to an effort to rescue the corporal and was not an attempt to reoccupy Gaza.

"If we need to, we continue on," said Capt. Noa Meir, an army spokeswoman. "It's all about getting him home."

The airstrikes hit bridges on the coastal and interior roads near the old Israeli settlement of Netzarim, which divides Gaza between north and south, and near Deir al Balah. Israeli tanks and ground forces massed in staging areas along the border fence with Gaza, especially around Kerem Shalom and Nahal Oz.

On Tuesday, as Palestinians tried to block roads with dirt mounds and barbed wire against any Israeli armored assault, their political factions completed a draft agreement aimed at a national unity government that could include an implicit recognition of Israel by Hamas.

The prospect of an invasion, threatened by Israel if Corporal Shalit was not released, seemed to have pushed the Palestinians toward agreement after months of internal fighting.

The draft agreement between the Fatah faction of Mahmoud Abbas, the Palestinian leader, and the Hamas faction of Prime Minister Ismail Haniya is based on a document outlined by Palestinian prisoners. It is described as containing an implicit recognition of Israel's right to exist, because it calls for the creation of a Palestinian state within pre-1967 borders, presumably next to Israel.

Such an accord would move Hamas closer to recognition of Israel — a significant change — and would raise the possibility of renewed Western aid to the Palestinians, which was severely curtailed after the Hamas victory in January.

If the accord backing what would amount to a two-state solution to the Israeli-Palestinian conflict is completed, it will represent a victory for Mr. Abbas, who had threatened to put the issue to a referendum next month. But Saeb Erekat, a senior Fatah official close to Mr. Abbas, said that the document was incomplete, and that Mr. Abbas wanted to review it and consult further.

Israeli officials dismissed the draft agreement as an internal Palestinian matter irrelevant to the current crisis over the fate and return of Corporal Shalit.

"We are at the edge of the cliff, and everyone is asking the Palestinian leadership to help avert this crisis and release our serviceman," said Mark Regev, the spokesman for the Foreign Ministry. "Yet energy and time is being put into this prisoners document, and it's in many ways tragic."

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Mushir al-Masri, a Hamas legislator in Gaza, said the current crisis had united Fatah and Hamas to hammer out the accord. "It is natural that Israeli threats will unite Palestinians more and more," he said. "It will push us to put our differences aside and unite against a bigger threat."

Mr. Erekat said Mr. Abbas, known as Abu Mazen, and Mr. Haniya were working together to try to free the Israeli soldier. "Abu Mazen has ordered a house-to-house search for the Israeli soldier," Mr. Erekat said. "If we knew exactly where he was, we would go get him ourselves."

Fatah negotiators like Samir Masharawi were eager to describe the document as a big Hamas concession. "It has recognized a state in the '67 borders," Mr. Masharawi said. "It means indirectly recognizing another state."

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Mr. Masri said in an interview: "They do exist. It's tangible, they exist, we recognize the fact they exist. What we don't recognize is the legitimacy of the occupation."

By the last phrase, Hamas normally means the occupation of historic Palestine by an Israeli state of any kind; the Hamas charter explicitly says that Palestine is Islamic waqf — land given by God to Muslims, who cannot cede it or sell it.

The draft document also contains a clause that supports armed action against Israel, which it says should be "concentrated" in areas occupied by Israel in 1967 but not limited to them.

In Gaza on Tuesday, Palestinians worked to make any arrival of tanks and Israeli soldiers as treacherous as possible. In the town of Jabaliya, big berms of sand were piled up on a main road.

"I believe that against the Israelis, who have tanks and Apaches and all their technological machines, it's not that important," said Abu Raed, 30, a shopkeeper, sitting next to one of the berms. "But the fighters should have something to hide behind."

In anticipation of Israeli military action, the militant group Islamic Jihad called reporters in Gaza on Tuesday to film them, battle-ready, in two fields near the now-abandoned Israeli settlement of Netzarim. At one field, 11 fighters in black masks and camouflage held automatic rifles, rocket-propelled grenades and an antitank mine. Several also held up what they described as inserts for suicide-bombing belts: thin plastic bottles made to hold antiseptics that were filled with ball bearings.

Many in Gaza believed that the Israeli strike had begun shortly before 6 p.m., when a huge explosion tore apart a car in downtown Gaza, not far from the offices of both Mr. Abbas and Mr. Haniya. But it turned out to be a car bomb, which heaved half the car, bits of shrapnel and body parts dozens of yards.

While several bystanders were injured, and nearby windows shattered and walls collapsed, the only death appeared to be that of the driver of the car, identified later as Hamza Abu Mukharreb, 21, a member of Hamas's military wing.

Secretary of State Condoleezza Rice on Tuesday called on Israel to give diplomacy more time. "There really needs to be an effort now to try and calm the situation, not to let the situation escalate, and to give diplomacy a chance to work to try to get this release," Ms. Rice told reporters during a refueling stop in Scotland en route to Pakistan.

Before the incursion began, Israeli officials on Tuesday had said time for diplomacy would also help their parallel efforts to plan a rescue mission. One intermediate step, an official said, might be to cut off electricity and water to Gaza, which Israel had already sealed from the movement of goods or people, as an effort to increase pressure on those groups holding the corporal.

Those groups are the military wing of Hamas, in particular the Khan Yunis group; the Popular Resistance Committees, made up of militants from various factions; and a new group called the Army of Islam, believed to be close to Hamas. They carried out the raid into Israel on Sunday, emerging from a long tunnel dug for many weeks beneath the border, 300 yards behind Israeli lines. The attack killed two Israeli soldiers and led to the seizure of the corporal, who was said to be slightly wounded.

The Hamas military wing is considered by Fatah and Israel to be under the control of the exiled Hamas political leader, Khaled Meshal, who is in Syria. Even a statement from Mr. Abbas's office on Tuesday, calling for Israeli patience, described "kidnapping the Israeli soldier by forces loyal to Khaled Meshal."

A spokesman for the Popular Resistance Committees, Muhammad Abdel Al, said the corporal was being held "in a secure place that the Zionists cannot reach." The groups have refused to release him, despite efforts by Egyptian, French and other diplomats, and Mr. Haniya, the Hamas prime minister, to end the crisis.

Mr. Al also said his group had kidnapped a Jewish civilian settler in the West Bank. The police said that Eliyahu Asheri, 18, who lives in the settlement of Itamar, near Nablus, had been reported missing since Sunday. They said they were trying to see if there was a connection.

Israeli Attack Could Spark An End To Palestinian Authority's Grip (WSJ)

By Karby Leggett

The Wall Street Journal, June 28, 2006

DOJ_NMG_0037341

JERUSALEM -- Israeli forces crossed into the Gaza Strip early this morning, three days after Palestinian militants kidnapped an Israeli soldier, in a military offensive that could threaten a decade-long effort to build a viable and independent Palestinian government.

When leaders of the militant Islamic group Hamas took control of the Palestinian government after winning an election this year, many Palestinians expressed new hope for the future. Instead, Hamas has struggled under a cloud of international isolation, failing to pay government wages, overhaul the security forces or restore law and order on Palestinian streets.

Now, the Palestinian Authority government is facing perhaps the biggest crisis in its existence. Despite continuing diplomatic efforts to secure the soldier's release, signs pointed toward a wide-ranging Israeli ground offensive.

Israel sent a force of tanks and armored personnel carriers to the edge of Gaza, and sealed off the territory. Israeli aircraft attacked bridges in central Gaza and hit a power station before tanks and troops were sent into southern Gaza. In Gaza, militants armed with machine guns and rocket-propelled grenades rigged explosive devices along roads. Meanwhile, Israeli politicians said an offensive wouldn't be limited to finding the soldier and his abductors.

A hint of optimism also emerged yesterday. Palestinian Authority President Mahmoud Abbas, of the Fatah party, and Prime Minister Ismail Haniyeh, of Hamas, reached agreement on a document that, if the hostage is released and tensions reduced, could facilitate negotiations with Israel. The document calls for the creation of a Palestinian state alongside Israel. While the agreement appeared to demonstrate a willingness on the part of the two leaders to compromise with Israel, it is unclear if the document has the full support of Hamas, because of a growing split between the group's political leaders and its military wing -- which participated in the soldier's abduction.

For both Israel and the Palestinians, the military campaign in Gaza could create enormous long-term complications. Widespread chaos could result if Palestinian security forces are scattered and infrastructure such as roads and schools are further damaged. Hospitals, already short on many supplies, could be overwhelmed.

Israel has said it could begin targeting Hamas leaders for assassination, including those in the government, if the Israeli soldier isn't released. While Israel has assassinated Hamas figures in the past, it hasn't killed government officials. Should the soldier be killed, "no one is immune," Israeli cabinet minister and former general Benjamin Ben-Eliezer said in an interview on a local radio station.

Some Hamas officials already are in hiding, and others would likely follow in the event of a full-scale invasion. That could leave the Palestinian territories without a functioning government. Daily life in Gaza and the West Bank soon would grind to a halt, as schools, hospitals and other services shut down. Palestinian Authority employees, including tens of thousands of teachers, doctors and policemen who haven't received salaries in three months, would be unlikely to return to work without a functioning government in place.

In the end, Israel would be left with two choices: watching as a humanitarian and security crisis likely worsens, or assuming responsibility for providing basic services to roughly five million Palestinians, as Israel did before the 1990s Oslo peace process that led to the establishment of the Palestinian Authority quasigovernment.

"Israel is facing a very big problem now," says Shalom Harari, a former senior Israeli military official and expert on Hamas. "One year from now, we may have no choice but to conquer Gaza and set up a military government again."

Perhaps the greatest risk is that radical militants increase their ranks, further complicating Israel's security problems. Already, since the Israeli military withdrew from the territory last year, some Palestinian officials say al Qaeda has begun recruiting in Gaza. Hamas and Hezbollah -- the region's best-funded and equipped militia -- have been smuggling in more weapons than before.

Indeed, Mr. Harari says that even if the soldier is released, Israel may again enter Gaza in the months ahead. Pointing to the recent buildup in weapons in Gaza, including a new type of rocket than can hit some major Israeli population centers, he says, "Israel is going to have to hit Gaza and hit it hard."

Israeli Troops And Armor Surge Into Gaza (LAT)

By Laura King And Ken Ellingwood

The Los Angeles Times, June 28, 2006

GAZA CITY — Israeli troops and tanks, backed by fierce aerial bombardment, punched their way into the southern Gaza Strip early today, hours after Israel declared that time was running out for Palestinian militants to free an Israeli soldier seized in a cross-border raid.

The offensive was by far the largest since Israel unilaterally pulled its troops out of the seaside territory more than nine months ago. In the intervening months, Israel has responded to Palestinian militants' rocket attacks with airstrikes and artillery barrages.

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But this is the first time since the withdrawal that large concentrations of Israeli forces have entered the restive, densely populated coastal territory.

The attack began late Tuesday when Israeli warplanes blew up a bridge in central Gaza, with loud booms reverberating across Gaza City — a move Israeli military officials said was meant to prevent the captors of Cpl. Gilad Shalit, 19, from moving him.

Later, two other bridges and a power plant were struck, sending billows of white smoke into a night sky lighted by flames and flares.

The air offensive in effect sliced Gaza into three sectors and knocked out power to large swaths, though electricity was restored at least temporarily in Gaza City and other northern areas. There was no immediate word on any Palestinian casualties or the number of Israeli troops that crossed into Gaza.

Military analysts said the incursion was the first phase of an operation that would intensify, possibly to include targeting Hamas leaders, unless Shalit is released.

"We are trying to make it clear to the Palestinian Authority and terrorist organizations that we're very serious about this and about Cpl. Shalit's safety and quick return home," said Capt. Noa Meir, an Israeli military spokeswoman.

Officials said Israel did not want to seize the Gaza Strip, which it occupied for 38 years.

"We have no interest in returning to a place we have left. We seek dialogue, not a bloodbath," Israel's infrastructure minister, Binyamin Ben-Eliezer, said early today. "If they return the soldier, sit down at the negotiating table — we're out. There's nothing for us there."

In the hours before the strike, Palestinians girded for attack, topping bulldozed mounds of sand along urban thoroughfares with barbed wire and laying what appeared to be homemade explosives in the expected path of Israeli tanks massed just across the border.

Against the backdrop of battle preparations by both sides, the Palestinians' ruling Hamas movement and the rival Fatah faction announced Tuesday that they had tentatively agreed on a political platform that could lead to negotiations with Israel.

However, the move appeared to be more of an effort to present a symbolic united front at a time of crisis than to genuinely alter the hard-line stance that has led to the Hamas-dominated government's diplomatic and economic isolation. The Islamist Hamas movement emphasized that it was still not willing to acknowledge Israel's right to exist.

The offensive was sparked by an audacious cross-border raid Sunday in which Palestinian militants captured Shalit and killed two other soldiers. Two of the Palestinian attackers were killed.

The consortium of Hamas-linked groups claiming to hold Shalit warned Tuesday against any attempt to rescue him, saying it would result in failure and bloodshed. That was a chilling and probably deliberate reminder to Israelis that the last time Palestinian militants managed to seize an Israeli soldier, in 1994, he was subsequently killed in an Israeli rescue raid.

"The soldier is in a secure location to which the Zionists' reach does not extend," Mohammed Abdelal, a spokesman for the Popular Resistance Committees, one of three groups thought to have taken part in the raid, told reporters in Gaza City.

The purported captors have demanded the release of Palestinian prisoners who are female or younger than 18 in exchange for information about Shalit, but have provided no proof he is alive.

Israel said no prisoner exchange was being contemplated.

Israeli military sources said they believed Shalit was being held in southern Gaza, a stronghold for militant Palestinian groups that have engaged in abductions of foreigners and Palestinian political rivals.

The Israeli troop incursion was concentrated east of the southern border town of Rafah. But the scale and intended duration of the military push were not clear.

In the initial offensive, Israeli soldiers did not enter Gaza City or its immediate environs, where in some neighborhoods masked militants flooded the streets and mosque loudspeakers called on people to resist.

"Take up your rifles and fight!" a senior leader of Hamas' military wing, Nizar Rayan, said in a broadcast exhortation.

Complex mediation efforts led by Egypt continued Tuesday. Because Shalit holds dual French-Israeli citizenship, French diplomats were also involved, but they were close-mouthed about their role.

The United States also urged restraint on Israel's part.

"There really needs to be an effort now to try and calm the situation," Secretary of State Condoleezza Rice told reporters en route to Pakistan.

Seeking to step up the pressure on the Hamas government, Israel closed its border crossings with Gaza on Monday. Combined with a naval blockade, the closure has effectively barred the importation of food, fuel and other goods. Israeli media reported that government leaders also were considering cutting off electricity and water.

Vice Premier Shimon Peres said Israel was asking governments to withhold donations to the Palestinian Authority until the soldier is freed.

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Peres also said it appeared that Hamas' political leader, Khaled Meshaal, a hard-liner who is based in Damascus, the Syrian capital, was responsible for Sunday's attack — the most explicit public accusation against Meshaal from a senior Israeli official.

"It's clear that Khaled Meshaal gave the order for this operation, and he wants to destroy prospects for peace," Peres told reporters after visiting Shalit's parents in the Galilee region.

In the streets of Gaza City on Tuesday, the mood was one of anger and defiance, with many saying that Palestinians should not free the Israeli soldier without getting something in return.

Atop makeshift barricades of sand, concrete blocks and debris, young Palestinian boys played with toy rifles. Aerial drones and other aircraft could be heard circling overhead, and Israeli gunships were visible through the heat haze offshore in the Mediterranean.

Adding to the jittery atmosphere, a car exploded Tuesday close to the Gaza City residence of Palestinian Authority President Mahmoud Abbas, who was not in the building at the time.

One man, described as a Hamas militant, was killed and several others were wounded. Palestinians called it an assassination by Israel, but the Israeli military denied any involvement.

The announcement of a political agreement by Hamas and Fatah came after weeks of negotiations, and after Abbas said last month that he would put the question of whether to recognize Israel to Palestinian voters in a referendum.

Under the tentative agreement, Abbas would be empowered to hold negotiations with Israel but any agreements reached would require the approval of the Hamas-dominated parliament.

The document appeared to fall far short of international and Israeli demands on Hamas. Israel dismissed the accord as a "diplomatic non-starter."

The negotiations over a Hamas-Fatah political pact and the capture of Shalit have laid bare the divisions within Hamas.

The group's military wing, thought to report primarily to exiled leaders in Damascus, said it took part in the raid that brought about the soldier's capture. The Hamas-led government, meanwhile, urged that the soldier not be harmed.

"We … don't want to reach a situation of bloodshed," government spokesman Ghazi Hamad, who speaks fluent Hebrew, told Israel's Army Radio.

Defense Minister Amir Peretz said during a visit Tuesday to the agricultural community of Kerem Shalom, where the Palestinian attack took place, that Israel had no choice but to respond decisively to a raid on its soil.

Abbas, Hamas Strike A Deal (WT)

By Joshua Mitnick

The Washington Times, June 28, 2006

TEL AVIV -- Under mounting pressure to release a kidnapped Israeli soldier held in the Gaza Strip, Palestinian Authority President Mahmoud Abbas and Prime Minister Ismail Haniyeh put aside differences in a power-sharing agreement aimed at ending months of internecine fighting between Hamas and Fatah and implicitly recognizing Israel.

The agreement came as a surprise.

With Israeli Prime Minister Ehud Olmert threatening a broad invasion of Gaza and more assassinations in retaliation for the abduction of Cpl. Gilad Shalit and the killings of two other soldiers during a cross-border raid, tensions have been on the rise between the rival Palestinian parties and within the Hamas party itself over how to respond.

Early today, Israeli planes attacked two bridges and a power station, knocking out electricity in most of the Gaza Strip and stepping up the pressure on Palestinian militants holding Cpl. Shalit, 19.

In central Gaza, a bridge was destroyed in a strike launched from an Israeli aircraft.

"People usually unify at times of crisis," said Ghassan Khatib, a former minister in Mr. Abbas' Cabinet. "I think the prime minister, particularly, is in need of the president nowadays, especially given that there seems to be difficulties inside of Hamas."

Mr. Haniyeh is thought to be at odds with Damascus, Syria-based Hamas hard-liner Khaled Meshal over the agreement and the attack. Mr. Abbas also is keen on gaining international legitimacy as Western countries boycott the Hamas-led government for its refusal to recognize Israel.

For Mr. Abbas, considered by some as a lame duck in the wake of Hamas' victory, cajoling Hamas into an agreement that calls for the Islamic militants to join the Fatah-dominated Palestine Liberation Organization (PLO) can be a form of a victory.

"The president has always been interested in such an agreement, because this will make him stronger internally and externally," Mr. Khatib said.

The prisoners document calls for Hamas to join the ranks of the PLO, a signatory to peace agreements with Israel. It also calls for a moratorium on attacks within Israel while legitimizing violence in areas still under Israeli control. The document also calls on Hamas and Fatah to join in a national unity government.

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It is described as implicitly recognizing Israel because it accepts a Palestinian state limited to Gaza and the West Bank, in effect restricting Israel to its pre-1967 war borders.

Palestinians from Fatah have complained of a "two-headed" government pulling in opposite directions. While Mr. Abbas has called on the newly elected Hamas politicians to join peace talks with Israel, the Islamic militants have remained steadfast in their opposition to recognize the Jewish state or foreswear military attacks on Israel.

After the kidnapping, Mr. Abbas immediately denounced the operation and promised to dispatch troops to find the soldier. But Mr. Haniyeh has remained silent as aides called on militants to treat the captive well.

Fatah politicians hailed the agreement as a Hamas concession on the peace process. But, they acknowledged that the agreement won't be a springboard to talks with Israel because it contains phrases that the Israelis can't accept.

"Our way has prevailed," said Jamal Nazzal, a spokesperson for the Fatah party. "We have called for the recognition of Israel, and now almost 18 years after it, Hamas comes to understand how the world is. Hamas wants to be recognized by the world, but they didn't read the structure of the world. So now, under pressure, they are maturing."

The agreement aims to end weeks of fighting among Palestinian factions that has claimed 20 lives and threatens to mushroom into a civil war. It remains to be seen whether militant field commanders on both sides will observe the accord.

Many have criticized the agreement language as being so vague as to allow radically divergent interpretations. Although saying he supported the agreement, Hamas legislator Wael Husseini insisted that the accord doesn't mark a departure from Hamas' traditional opposition to Israel's existence.

"We will never recognize the legitimacy of Israel inside the 1948 borders," he said, referring to the dimensions of the Jewish state accepted by most of the international community. "That doesn't mean we don't recognize the existence of the Israelis. We recognize the existence of Israel, but not on our land. We don't give Israel anything in return for withdrawal." However, Mr. Abbas and Mr. Haniyeh seem to have reached a cohabitation arrangement that benefits both.

"The developments in the last three days weakens the political position and status of Haniyeh" among the Palestinian public, especially in Gaza, said Tel Aviv University professor Shaul Mishal, who authored a book on Hamas. "It's possible that the difficult situation that the government is in might have convinced them to show more willingness to go for this agreement."

Israel Launches Gaza Offensive Over Hostage (USAT)

By From Staff And Wire Reports

USA Today, June 28, 2006

GAZA CITY — Israeli troops entered southern Gaza and planes attacked three bridges and a power station, knocking out electricity in most of the coastal strip early today. The incursion stepped up pressure on Palestinian militants holding captive a 19-year-old Israeli soldier.

The Israeli military said in a statement that the attacks on the bridges late Tuesday and early today were intended “to impair the ability of the terrorists to transfer the kidnapped soldier.”

Israeli troops began taking up positions in two locations east of the Gaza town of Rafah under the cover of tank shells, witnesses and Palestinian security officials told the Associated Press. Palestinians dug in behind mounds of dirt, bracing for a major Israeli offensive.

The strikes, the first major incursion since Israel pulled out of Gaza last summer, came amid intensive diplomatic efforts in the Arab world and by the United Nations. U.S. Secretary of State Condoleezza Rice urged Israel to “give diplomacy a chance.”

Negotiators from the ruling Hamas movement said Tuesday that they had accepted a document implicitly recognizing Israel. Israel said only freedom for the captive soldier, Cpl. Gilad Shalit, could defuse the crisis, not a political agreement.

Israeli planes fired at least nine missiles at Gaza's only power station, cutting electricity to much of Gaza, Palestinian security officials told AP. The station's three functioning turbines and a gasoline reservoir were engulfed in flames.

Israeli military officials told AP that Prime Minister Ehud Olmert approved a limited operation for southern Gaza, aimed at “terrorist infrastructure.” The officials spoke on condition of anonymity because they were not authorized to talk to reporters.

In the Shajaiyeh neighborhood of Gaza City, armed militants took up positions across from the headlights of Israeli vehicles, and Israeli attack helicopters hovered overhead.

The militants told residents to leave the area. They piled gasoline-soaked tires in the streets. Earlier, bulldozers blocked some of the main roads with piles of sand and dirt to try to slow down Israeli tanks.

There were no reports of casualties in the Israeli strikes.

The Hamas-linked Popular Resistance Committees, one of the three groups that carried out Sunday's abduction, reported that it also kidnapped a Jewish settler in the West Bank.

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Israeli police spokesman Micky Rosenfeld said the report was being taken “very seriously.” Shalit's abduction has threatened to turn already devastated relations between Israel and the Hamas-led government into an all-out war. Hamas took over the Palestinian Authority after winning parliamentary elections in January.

On Tuesday, the White House reacted coolly to the Palestinian political agreement that appeared to mark the first time Hamas has endorsed the concept of a Palestinian state existing next to Israel.

The document, as described by Palestinian presidential spokesman Walid Awad and others, stopped short of fully breaking with Hamas' long-held opposition to Israel's right to exist. Israel, the United States and the European Union have demanded that Hamas renounce terrorism and recognize Israel's right to exist if the Hamas government is to be recognized as legitimate.

Hamas spokesman Sami Abu Zuhri said it is sticking to its “agenda of resistance” against Israel.

The pact, which has not been released publicly, accepts a 2002 proposal, endorsed by the Arab League, which offered the possibility of full diplomatic relations with Israel. It also calls for a future Palestinian state in the West Bank, Gaza and East Jerusalem.

White House spokesman Tony Snow said U.S. officials found the pact vague.

Israeli Threat Unites Hamas, Fatah (CSM)

By Joshua Mitnick

The Christian Science Monitor, June 28, 2006

TEL AVIV

Under mounting international pressure to free a kidnapped Israeli soldier, Palestinian President Mahmoud Abbas and Prime Minister Ismail Haniyeh closed ranks Tuesday by concluding a power-sharing agreement aimed at ending months of violent Hamas-Fatah fighting and laying down principles for talks with Israel.

The pact between Mr. Abbas and Mr. Haniyeh serves to prop up the political rivals at a time when a hostage standoff threatens an Israeli army retaliatory invasion of Gaza.

"Now it seems they're in the same boat because they have a serious threat to their political existence," says Shaul Mishal, a Tel Aviv University political science professor who has authored a book on Hamas. "They need badly to maintain their status within the Palestinian public. [Sunday's kidnapping of an Israeli soldier] shows their weakness, and they have no real control. People do what they want, or they listen to someone else - not the government."

Osama Hamdan, a Hamas official in Lebanon close to the organization's hard-line leadership in Damascus, criticized Abbas Tuesday for helping Israel search for the kidnapped Israeli soldier, Cpl. Gilad Shalit, who is believed to be held in southern Gaza, the Associated Press reported. Instead, the official continued, Palestinians should kidnap more Israelis to use as bargaining chips.

Meanwhile, Israel's military is becoming increasingly convinced that an Israeli settler also missing since Sunday has been kidnapped, the Israeli newspaper Haaretz reported Tuesday.

In Gaza City, one Palestinian was killed Tuesday and several others were injured from a missile fired on a car traveling near Abbas's office, Israel Radio reported. Israel's military denied involvement in the attack.

The Abbas-Haniyeh agreement is based on a document drafted by a coalition of jailed Palestinian militant leaders that calls for Hamas's integration into the Fatah-dominated Palestinian Liberation Organization (PLO). Because the PLO is the signatory to peace accords with Israel, the bargain is seen as a major departure for Hamas, which has opposed peace negotiations and the idea of Israeli and Palestinian states coexisting alongside one another.

The document also calls for a unity government with Fatah, another concession by the Islamic militants who would be admitting they are unable to govern without the help of their bitter adversaries.

A commitment limiting Palestinian attacks to territories conquered by the Jewish state in the 1967 Arab-Israeli war has been seen as yet another Hamas concession, but in tolerating attacks by Palestinian militia groups it marks a compromise on Abbas's vocal criticism of the militarized uprising.

...

Haniyeh and Abbas were reported to have been on the verge of concluding the agreement Saturday night just hours before a detachment of Palestinian militants raided Israeli military positions near Gaza by tunneling under the border. Two Israeli soldiers and two Palestinian militants were killed in an attack seen by many as an attempt by Hamas's hard-line leadership to undermine the accord.

Fatah leaders have said that this accord with Hamas isn't far reaching enough to form the foundation for peace talks with Israel, but that it is instead aimed to end weeks of infighting that have claimed the lives of 20 Palestinians and spurred new anarchy in the West Bank and Gaza.

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"It is a national program. Palestinians will not negotiate with Israel on this basis," says Jamal Nazzal, a Fatah spokesman. "The advantage of it is that Palestinians will not block the way of each other anymore."

But it remains to be seen whether Hamas and Fatah field commanders will honor the commitment. One commander from the Fatah-affiliated Al Aqsa Martyrs Brigade described the agreement as more of a temporary cease-fire postponing an inevitable civil war.

Palestinians from Fatah have complained of a "two-headed" government pulling in opposite directions. While President Abbas has called on the newly elected Hamas politicians to join peace talks with Israel, the Islamic militants have remained steadfast in their opposition to recognize the Jewish state or forswear military attacks on Israel.

The US and the European Union both consider Hamas a terrorist group for its endorsement of suicide bombings against Israel, and have led an international aid boycott of the Palestinian Authority (PA). That has emptied government coffers and compounded economic hardship.

For Hamas's Haniyeh, the agreement with Abbas could potentially bolster his credentials abroad after most governments shunned Hamas. It also props him up amid tension with Hamas hard-liner Khaled Meshal in Damascus.

"People usually unify at the times of crisis," says Ghassan Khatib, a former Labor Minister under Abbas. "I think the prime minister particularly is in need of the president nowadays, especially given that there seems to be difficulties inside of Hamas."

The concessions won by Abbas, on the other hand, gives him ammunition to counter critics who have described him as a lame duck after Hamas's electoral victory, analysts say.

Mr. Khatib continues, "The president has always been interested in such an agreement, because this will make him stronger internally and externally."

Many have criticized the agreement for language so vague as to allow radically divergent interpretations. While saying he supported the agreement, Hamas legislator Wael Husseini insisted that the accord doesn't mark a departure from Hamas's traditional opposition to Israel's existence.

"We will never recognize the legitimacy of Israel inside the 1948 borders," he says, referring to the dimensions of the Jewish state accepted by most of the international community. "That doesn't mean we don't recognize the existence of the Israelis. We recognize the existence of Israel but not on our land. We don't give Israel anything in return for withdrawal."

Meanwhile, the militants holding Corporal Shalit issued their first demands Monday. The groups, which included Hamas's military wing and two offshoots of the Popular Resistance Committees (PRC), said Israel should release all jailed Palestinian women and children under 18 in return for information about Shalit. Officials estimate there are 500 such prisoners.

"The soldier is in a secure place that the Zionists cannot reach," PRC spokesman Mohammed Abdel Al said. It was the first acknowledgment by militants that Shalit was still alive.

About 3,000 Israeli troops, along with tanks and armored vehicles, have massed along Israel's border with Gaza. Commanders said they were awaiting orders.

Stop Terror At Its Source (WSJ)

By Michael Oren

The Wall Street Journal, June 28, 2006

JERUSALEM -- Dawn broke yesterday over the Israel-Gaza border on a surreal but not unfamiliar scene: Rows of Merkava tanks, armored personnel carriers and Humvees were assembled in preparation for an incursion into the strip. These forces -- when given the green light -- would punch through booby-trapped refugee camps in search of Hamas and Islamic Jihad gunmen, while Israeli jets and helicopters hunt the terrorists from above.

By invading Gaza, Israel hopes to counter increasingly bold Palestinian attacks -- such as the firing of some 1,000 Qassam rockets at Israeli border towns and the kidnapping of an Israeli soldier by Hamas earlier this week. The troops will probably net a large number of terrorists and may rescue the captured soldier. But while the operation may flex its military muscle, it cannot restore Israel's deterrence power or prevent future rocket attacks and kidnappings. Indeed, the attack may well prove Pyrrhic -- inflicting greater injury on Israel than on the Palestinians.

The quandary Israel confronts today originated in the unilateral withdrawal of all Israeli settlers and soldiers from Gaza last August. A sizable majority of Israelis supported disengagement, excruciating as it was, as a means of achieving a national consensus on the country's borders and of preserving its vital Jewish majority.

Yet even those Israelis most in favor of the Gaza pullout understood that many Palestinians would interpret the move as a strategic retreat and a victory for Hamas and al-Aqsa terror. "We shot at the Jews and they fled Gaza," they would say, "so let's keep shooting and they'll abandon Tel Aviv, Haifa and Jerusalem." Israel could have refuted that claim by responding immediately and massively to every infiltration and to every rocket fired, irrespective of whether the attacks caused Israeli

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casualties. Gaza is now a de facto independent state, Israel should have declared, and like any other state it must bear the consequences of its aggression. * * *

But Israel did none of this. On the contrary, infiltrations and rocket strikes began almost the day after the Gaza disengagement. The primary target was Sderot, a working-class town in the western Negev populated mostly by long-settled immigrants from North Africa and more recent arrivals from Russia. Israel responded with missile attacks aimed at eliminating the Palestinian rocket crews and destroying the Qassam factories. But the crews were too elusive and the factories too readily rebuilt.

The attacks against Sderot and other border towns intensified -- several Qassams struck Askhelon, Israel's major industrial city in the south -- and the Palestinians elected a Hamas government sworn to escalate the violence. Israel retaliated by blasting the Qassam launching areas with artillery fire, but the barrages did little but churn up dirt and accidentally hit civilians. The Jewish state, from a Palestinian perspective, seemed helpless.

Israel's impotence was the product of several factors, firstly Prime Minister Ariel Sharon's reluctance to reoccupy Gaza so soon after evacuating it. Then came Mr. Sharon's stroke and the Israeli elections, during which, traditionally, Israel refrains from staging large-scale operations. Finally, Ehud Olmert succeeded in cobbling together a left-of-center coalition that pledged to proceed with the unilateral disengagement from the territories (or, as it is now called, convergence), but largely abandoned Mr. Sharon's hard-hitting antiterror tactics.

Though himself a resident of Sderot, Minister of Defense Amir Peretz, a Laborite and advocate of renewed talks with the Palestinians, vowed to exercise maximum restraint and to "count the shells" that the Israel Defense Forces fired into Gaza. Indeed, when Qassams were smashing into Sderot last week and Mr. Peretz's neighbors were on a hunger strike in front of his house, the defense minister was in Jerusalem stumping for his candidates in the Jewish Agency elections.

Israel's inaction has provided a bonanza to Hamas. By demonstrating that disengagement impaired rather than enhanced Israeli security, Hamas has dissuaded many Israelis from supporting a similar withdrawal from the West Bank, from where Qassams could be launched at Tel Aviv and the Ben-Gurion airport. By firing the rockets from densely populated neighborhoods, the Palestinians have forced Israel to kill and wound civilian bystanders, sullying its reputation abroad. Indeed, many world leaders and virtually all of the press hastened to condemn Israel for allegedly firing a shell onto a Gaza beach that killed eight Palestinians. That the IDF denied firing the shell and that the Palestinians destroyed exculpatory evidence by gouging shrapnel from the victims' limbs could not repair the damage to Israel's image.

Collateral damage not only hurts Israel's international standing, it also divides the country internally. Many Israelis grieve over the deaths of innocent Palestinians, even those incurred in successful strikes against terrorists. Israel's Supreme Court is now considering two lawsuits against the IDF, both filed by Israelis, for the unintentional deaths of 15 civilians while killing Hamas commander Selah Shahada in 2002.

The deaths of more than a dozen Palestinian civilians by Israeli fire in the last few weeks has further widened these schisms, pinning the government between the leftists who denounce its callousness and the generals who disdain its sheepishness. An Israeli raid into Gaza will almost certainly result in a frightful number of civilian deaths. The press will once again focus on funerals and mourning families and forget the reason for Israel's action. Israelis will once again agonize over whether these casualties were justified or avoidable.

Palestinians will not be the only ones killed. Hundreds of Qassams fell on Sderot but it took the deaths of two soldiers and the kidnapping of a third to move the government to consider major military action. Soldiers are Israel's Everyman -- or rather Everychild -- and Israelis are acutely sensitive to their safety. Yet in retaliating for the rocket attacks and trying to free the hostage, the IDF will almost certainly suffer casualties.

After a few days of heated battles and accusations of Israeli atrocities, the government will be compelled to extract its forces from Gaza, but not all the soldiers will be going home. And the rockets will keep raining on Sderot. Posing as defenders of the land, Hamas will be made more, not less, popular by the Israeli attack, and Abu Mazen will be commensurately weakened. Mr. Olmert will be unable to proceed on convergence and the Israeli right will begin its inexorable return to office.

There is, however, one way to avert a public relations disaster for Israel, to limit casualties, and to restore Israel's deterrence power: Israel must return to the targeted-killing policy that enabled Mr. Sharon to triumph over terrorist organizations. Israel must target those Palestinians who order others to fire rockets from within civilian areas but whose families are located safely away from the firing zones. No Hamas or Islamic Jihad leader should be immune from such reprisals -- neither Prime Minister Ismail Haniya nor Khaled Meshal, who masterminds Hamas from Damascus. Though there is certain to be some international backlash, the damage to Israel's image will likely be temporary. Who today remembers Abdel Aziz Ranitisi and Sheikh Yassin? Those responsible for causing injury and death to both Israelis and Palestinians must pay the ultimate price. Only then can quiet be restored to Israel's borders and progress toward either unilateral or negotiated solutions resumed.

Mr. Oren, senior fellow at the Shalem Center in Jerusalem, is author of "Six Days of War" (Oxford, 2002).

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Iran's Leader Sends Mixed Signals On Nuclear Talks (NYT)

By Nazila Fathi

The New York Times, June 28, 2006

TEHRAN, June 27 — Iran's supreme religious leader, Ayatollah Ali Khamenei said today that Iran had "no use" to negotiate with the United States. But in a more positive gesture he said that the "the ground was prepared" for talks over Iran's nuclear program.

"Negotiation with the United States has no benefits for us," he said in a meeting with Senegal's President Abdoulaye Wade, the ISNA student news agency reported.

The United States had offered to enter talks with Iran if its leaders agreed to halt the country's nuclear enrichment program. Iran had agreed to negotiate with the Untied States in Iraq to help bring security and Mr. Khamenei had backed those talks publicly. However, those talks never took place.

The United States severed diplomatic ties with Iran in November 1979 when hard-line students attacked the United States embassy in Tehran and took 54 of its diplomats hostage for 444 days.

This is the first that Mr. Khamenei has reacted to the idea of direct talks with the United States since a package of incentives was submitted to Iran on June 6. The package was drafted by Germany and the five permanent members of United Nations Security Council, the United States, Britain, France, Russia and China to convince Iran to end the stand-off over its nuclear program.

Mr. Khamenei also said, "We will not negotiate over our undeniable right of using nuclear technology with anyone. But if they recognize our right, we are willing to negotiate over controls, inspections and international guarantees. The ground for such negotiations has been prepared."

Mr. Khamenei said that Iran's resistance has led to scientific development in the country and Iran's access to nuclear technology is an example of this progress.

In Washington, the White House spokesman, Tony Snow, said he did not consider Mr. Khamenei's comments to be a snub and pointed that various leaders in Iran had offered different reactions to the incentive plan. "At this point, we've heard varying responses from different quarters," he said. "And as a matter of fact, if you take a look at the Ayatollah's remarks today, they are ambiguous."

In a major shift of policy, Mr. Khamenei created a new foreign policy committee on Sunday and appointed former Foreign Minister Kamal Kharrazi, a moderate politician, to head the committee for five years. The committee has four other members, who are all moderate former ministers.

Mr. Khamenei said in his decree that the committee's mission was to "help major decision-making and search for horizons in Iran's foreign policy," the daily Shargh reported.

Rashid Jalali, a member of Parliament said that one of the major responsibilities of the committee is to give its analysis to the leader about Iran's nuclear policy, the daily Etemad Melli quoted him as saying.

The semi-official Fars News Agency reported that President Mahmoud Ahmadinejad is scheduled to visit Iraq in near future and hold talks with Iraqi President Jalal Talibani. This would be the first visit by an Iranian president to Iraq.

Ibrahim Jaffari, Iraq's former prime minister, arrived in Tehran on Sunday, Jomhouri Eslami daily reported on Tuesday. He is expected to meet with senior officials.

Abdul Aziz Hakim, the leader of the Supreme Council for the Islamic Revolution in Iraq, who had urged Iran and the United States to hold talks over Iraq, also visited Tehran last week.

Iranian Leader: U.S. Nuke Talks Not Needed (AP)

By Nasser Karimi, Associated Press Writer

AP, June 28, 2006

Supreme leader Ayatollah Ali Khamenei said Tuesday that Iran does not need negotiations with the United States over its nuclear program, apparently seeking to reassure hard-liners the country will not cave in as it considers a key Western incentives package.

Khamenei, who has the final word on all state matters, did not give his position on the proposals aimed at persuading Iran to impose a long-term moratorium on enriching uranium.

In Washington, White House press secretary Tony Snow said Khamenei's remarks were "ambiguous" and that the Bush administration has heard varying responses from different quarters in Iran. He said Washington expects a formal response from Iran's top nuclear negotiator, Ali Larijani, to European Union foreign policy chief Javier Solana.

"We're waiting for a consistent, official response," Snow said.

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Iran received the proposals June 6, and President Mahmoud Ahmadinejad has said the government will not respond officially until at least mid-August. The United States and Europe are pressing for a quicker reply.

The long period of deliberations suggests internal divisions within Iran's leadership over the proposals, which entail major concessions from Washington and a difficult compromise by Tehran.

At United Nations headquarters in New York, Secretary-General Kofi Annan urged Iran's foreign minister to speed up Tehran's response. Annan met Iranian Foreign Minister Manouchehr Mottaki for the second time in less than a week to discuss the nuclear negotiations.

The United States has said it would join direct talks with Iran, which is being asked to suspend uranium enrichment — a program it has vowed to pursue and never give up completely. Enrichment is a process that can produce fuel for nuclear generators or the material for nuclear warheads.

The United States and its allies suspect that Iran's nuclear enrichment activities are a cover for a weapons program. Iran insists its nuclear program is limited to peaceful energy uses.

Hard-liners in Iran's clerical-run leadership have called on the government to reject the proposals and have painted any agreement to talks with Washington as a surrender.

Khamenei's remarks could be aimed at assuaging their fears by showing that talks with the United States are not a major lure for the government and that negotiations with the West will not mean giving up enrichment.

"Negotiations with the United States would have no benefit for us, and we do not need them," state television quoted Khamenei as telling visiting Senegalese President Abdoulaye Wade.

He said Iran was willing to hold talks on its own terms, warning that the West can misuse the negotiating process to bar Tehran from what it considers its right to pursue enrichment.

"We do not negotiate with anybody on achieving and exploiting nuclear technology," Khamenei said. "But if they recognize our nuclear rights, we are ready to negotiate about controls, supervisions and international guarantees."

Earlier this year, Khamenei supported negotiations with Washington over stabilizing neighboring Iraq. In doing so, he overruled hard-liner opposition, though the prospects of U.S.-Iranian talks on Iraq have fallen apart since then.

If Iran accepts the incentives package, the United States has offered to join European nations in multilateral talks with Tehran over a framework that will guarantee its nuclear program cannot produce weapons.

The package also offers the lifting of some U.S. sanctions and other economic incentives, as well as a promise of American and European nuclear technology for Iran.

Washington's offer to join talks was seen as a major concession since the United States lists Iran as a sponsor of international terrorism and there have been no diplomatic relations between the two countries since 1979, when militants stormed the U.S. Embassy in Tehran and took Americans hostage for 444 days.

President Bush has warned Iran that it faces U.N. Security Council action unless it accepts the incentives. German Foreign Minister Frank-Walter Steinmeier warned Iran on Saturday that it faces isolation if it rejects the package.

Iran Builds Support For Right To Nuclear Power (LAT)

By Alissa J. Rubin

The Los Angeles Times, June 28, 2006

VIENNA — The elaborately stuccoed grand hall of the Palais Eschenbach often plays host to nobility and businessmen, concerts and Christmas parties, but last week it was the unlikely forum for a key Iranian official, who came to make the case for Tehran's right to nuclear technology.

At the evening talk, frequently interrupted by applause, Iran's deputy nuclear negotiator asserted that his country's intentions were purely peaceful.

"Today, the power of Iran in the region has put us in the position to help with the security and the stability of the region. If we go after nuclear weapons, this would lead other countries in the region also to go after nuclear weapons," said Javad Vaeidi, who also is a member of Iran's Supreme National Security Council.

"That would be neither in the interest of Iran, nor in the interest of the countries of the region."

Vaeidi's visit was one of dozens around the globe in recent weeks by Iranian officials. High-ranking officials have touched down in Algeria, Tunisia, Yemen, China, Spain and Italy.

In Cairo, one such visit was the highest-level official contact between Egypt and Iran in more than two decades, Middle Eastern diplomats said. There were quiet discussions with Turkey and Saudi Arabia and highly visible ones in Malaysia, which played host to a meeting of the 116 member governments that make up the nonaligned movement.

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The travels are part of an extensive international lobbying campaign to build support for Iran's position in talks over the future of its nuclear program. Western countries believe Iran seeks the capability to make a nuclear bomb, whereas Tehran says it wants nuclear technology for peaceful purposes only.

The United States and the other four permanent members of the U.N. Security Council, joined by Germany, have made Iran an offer under which it would receive economic and technological benefits in return for halting sensitive nuclear work. A key aspect of the offer is that the United States would join in face-to-face negotiations — the first in 27 years with Iran.

Iranian leaders have given themselves until the end of August to formally respond to the offer. It is already clear, however, that Iran will fight hard to retain the right to at least some nuclear-related activities rather than agree to completely end its research and development of nuclear technology.

Iran's supreme leader, Ayatollah Ali Khamenei, signaled Tuesday that Tehran was cool to the deal in its current form.

"Negotiations with the United States are of no use to us…. We will not negotiate with anyone over the undeniable right of nuclear technology and using it," he said.

Khamenei, however, did not close the door to a deal, adding, "If they recognize this right, we are ready to negotiate over supervision controls."

The Iranian diplomacy has had some successes. In Malaysia, Iran persuaded the conference of nonaligned nations to make a strong statement in support of Tehran's right to pursue the nuclear fuel cycle.

Since then, Iranian diplomats "have been making the rounds," said a U.S. diplomat who has closely followed the negotiations with Iran. "It appears to be a very labor intensive, diplomatic offensive." The diplomat, like others interviewed for this report, spoke on condition of anonymity because of the sensitivity of the talks.

A European diplomat who works on the Iran issue agreed that the statement from the nonaligned nations was "very bad" for the position held by the U.S. and the European Union.

In order to make Tehran's case as strong as possible, Iranian officials are seeking broad international support, especially from outside the West, said diplomats and experts.

Ali Ansari, an Iranian who teaches at the University of St. Andrews in Scotland, described the case Iran was making as stronger than the one being made by the Americans and the European Union.

"The way the West has framed the nuclear debate is pretty unjust.

"From the Third World perspective, it looks like the big powers being unjust to the little powers, saying, 'We can have it, but you can't,' " he said.

The diplomacy is also an attempt to show that Iran has many friends despite Western powers' efforts to rally international support against Tehran.

"The Iranians are anxious to show they are not isolated," Ansari said.

Vaeidi's visit to Austria underscored that. Although they are often believed to share the U.S. wariness of Iran's intentions, European countries diverge considerably in their views of Iran.

Austria, for instance, identifies itself as a neutral country and has long reached out to the Middle East; OPEC has its headquarters in Vienna, and the conservative Freedom Party, which played host to Vaeidi, has had a warm relationship with Middle East powers. And Austrian support for American policy is among the lowest in the European Union.

For different reasons, Italy and Spain are open to listening to Iran. Foreign Minister Manouchehr Mottaki visited Italy this month and traveled to Spain a few days later.

Italian officials have made no secret they are irritated about being left out of negotiations involving the United States, the European Union and Russia regarding Iran. Britain, France and Germany have been the three European Union countries at the table.

Italy wants to either be part of the negotiations or have the talks take place in a forum to which it has access.

"The Iranians go there and say the EU is not the right forum to discuss this," said a European diplomat from one of the countries involved in the negotiations. "And the Italians agree with them."

In the Middle East, Iranian officials are trying to use the nuclear talks as a vehicle for asserting themselves as the preeminent regional power.

"Iran realizes that a threshold has been crossed — the U.S. is willing to come to the table, so it is going around to countries like Egypt and saying, 'Look we brought the U.S. to the table,' " said a senior Middle Eastern diplomat. "Now, of course, other countries in the region have relations with the U.S. too, but Iran is trying to assert itself in a special way."

Most other countries in the region are largely Sunni Muslim, and their leaders are uncomfortable with the untrammeled growth of Iran, whose population is heavily Shiite Muslim. But they also like the idea of Iran standing up to the United States.

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After recent discussions in Egypt with the Arab League and the Egyptian foreign minister, Iran's top national security official, Ali Larijani, urged all Muslim countries to pursue nuclear technology, but his message was primarily directed to Egypt and Saudi Arabia, the other two Arab regional powerhouses.

"The nuclear issue affects the future of all Muslim countries," Larijani said. Speaking to reporters, he called on Muslim countries to "choose the path" of nuclear development.

Iranian Minister: WMD Outlawed In Islam (AP)

AP, June 28, 2006

An Iranian minister told Indonesia's vice president Tuesday that his country has no plans to develop nuclear weapons because Islamic law outlaws the development of weapons of mass destruction.

Mohammad Mehdi Zahedi, Iran's minister of science, research and technology said that based on the Islamic principle, Iran must take advantage of all its potential resources including nuclear technology for the prosperity of its people.

Zahedi called on Western countries not to try and prevent developing nations from producing their own nuclear power when it is designed for peaceful purposes.

"Islamic doctrine does not allow us to produce mass destruction weapons or nuclear ones and the Iranian state is based on that principle," Zahedi told a news conference after meeting with Indonesian Vice President Jusuf Kalla.

He questioned why countries that have developed or used nuclear weapons continue to oppose Iran's nuclear research and development.

He called on developing countries to fight hand in hand against what he called "scientific apartheid."

"I would like to say that the usage of nuclear energy for peaceful purposes is the right of every nation. And we, as a sovereign nation, do not allow other nations to interfere our domestic affairs," he said.

The United States and some European countries have accused Iran of seeking to develop nuclear weapons, and have offered a package of incentives for Iran to give up uranium enrichment and resume negotiations over its nuclear ambitions.

Senator Says North Korean Missile Firing May Not Be Imminent (NYT)

By Thom Shanker And David E. Sanger

The New York Times, June 28, 2006

WASHINGTON, June 27 — The chairman of the Senate Armed Services Committee said Tuesday that while North Korea showed clear signs of preparing a missile for a test launching, it remained uncertain whether it was fully fueled for an imminent firing.

The chairman, Senator John W. Warner, a Virginia Republican, spoke on Capitol Hill after committee members received a closed-door briefing from officials of the Missile Defense Agency, the Defense Intelligence Agency and the defense secretary's office.

The briefing came as American officials said Chinese and South Korean diplomats were putting pressure on North Korea not to launch the missile. But the Americans said they had gotten little indication about what the North Koreans may have said in response.

At the White House on Tuesday, Tony Snow, the president's spokesman, said the Chinese and South Koreans "can assert considerable influence."

"What we are hoping," Mr. Snow said, "is real simple — that they will use it constructively to say to the North Koreans: 'Come on, you don't want to do this. Let's abide by your moratorium. Come back to the six-party talks.' " He added that North Korea had "a lot to gain by coming back to the table."

American intelligence officials say they believe that the missile is a Taepodong 2 and that a three-stage version could strike the United States. One administration official said the missile at the launching pad was a two-stage version.

Details like that have not been clearly spelled out, either because administration officials are uncertain of the facts or because the details are classified. Several officials would discuss recent intelligence reports on the situation only on condition of anonymity, because the situation is diplomatically delicate and the intelligence is secret.

The New York Times reported Monday that North Korea appeared to some officials to have completed fueling the missile, citing American officials who warned that the move greatly increased the probability that the North would go ahead with its first important test launching in eight years.

A senior American official said Sunday that data from satellite photographs suggested that booster rockets had been loaded onto a launching pad, and liquid-fuel tanks fitted to the missile at a site on North Korea's remote east coast.

Roughly 10 days ago, American intelligence agencies reported to the administration that fueling trucks had been spotted around the missile.

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On Monday and Tuesday, two officials said the intelligence could, at best, be interpreted as offering only a prudent assumption that the missile was fueled, and that intelligence analysts had described an already fueled missile as a worst-case scenario.

"It is impossible to know for certain whether or how much fuel is moving between a closed container through a closed line to another closed container," one official said.

Citing intelligence gathered by "overhead systems" photographing the missile, Senator Warner said, "We are not certain if it's fueled."

He also said the surveillance images indicated that "certain infrastructure" remained around the missile and would have to be removed in advance of a launching.

"They could be launching a satellite, a weather satellite or any type of satellite that might be launched by this system," Mr. Warner said. But he said the United States must "prepare for the possibility of a hostile strike," though he termed it a "probably remote possibility."

China Urged To Dissuade N. Korea From Test (AP)

By Gillian Wong

AP, June 28, 2006

South Korea's foreign minister urged China to use its influence to dissuade North Korea from testing a long-range missile, but Western diplomats on Tuesday questioned Beijing's influence over the reclusive communist state.

South Korea's Ban Ki-moon and Chinese counterpart Li Zhaoxing met for about an hour, discussing strategies to sway Pyongyang not to test-launch a missile and to resume six-nation talks on its nuclear weapons program.

"We should focus efforts on dissuading North Korea from test-firing a missile," Li said.

Ban urged China to persuade North Korea not to test the missile, the South's Yonhap news agency reported, citing South Korea Foreign Ministry official Lee Hyuck, who attended Tuesday's talks.

Recent intelligence reports have said North Korea may be fueling a Taepodong-2, one of its most advanced missiles, at a launch site on the country's northeastern coast. A U.S. government estimate puts the range of the Taepodong-2 missile at between 5,000 and 7,500 miles, making it capable of reaching the United States.

President Bush has said a test launch by North Korea would be considered "provocative," and he urged the nation to heed warnings by China and others not to conduct the test.

The flagship of the U.S. Navy's Pacific fleet arrived in Shanghai on Tuesday for a visit that reflects warming ties between the American and Chinese militaries. Although the visit of the USS Blue Ridge was planned long before reports about North Korea's apparent missile test, Capt. Jeffrey S. Bartkoski said it showed the "importance of regional cooperation" to promote "peace and security."

China, a key provider of aid to impoverished North Korea, is believed to be the only country that has considerable leverage with the hard-line regime of Kim Jong Il. But since the crisis over North Korea's nuclear programs emerged in late 2002, China has largely refrained from threats to halt the fuel and food deliveries and bank credits that sustain its neighbor.

Six-nation talks aimed at ridding the North of its nuclear weapons program stalled in November over a dispute surrounding U.S. financial restrictions on the North.

In Beijing, Western diplomats said China had not sent a special envoy to Pyongyang or otherwise intensified its diplomacy over the missile threat. The diplomats spoke on condition of anonymity because of the sensitivity of the issue.

China's Li told Ban that getting North Korea back to talks on its nuclear weapons ambitions was a top priority and that efforts should be focused on ensuring Pyongyang avoids firing a missile. Li said Beijing had discussed the reported missile test plans with Pyongyang, Yonhap said without elaborating.

Ban left Beijing Tuesday evening.

North Korea has not completed the steps needed for testing a long-range missile, a leading senator said Tuesday after a private briefing from Defense Department officials.

"There are certain steps that would have to be taken if it were imminently to be launched. And those steps, as yet, have not taken place," said Sen. John Warner (news, bio, voting record), chairman of the Armed Services Committee.

Warner said North Korea would have to "remove certain infrastructure" before a missile could be launched, though he did not specify what he meant. Satellites would detect those steps, he said.

The remarks by Warner seemed to raise more doubts than other U.S. officials have so far expressed. Last week U.S. officials said the missile was apparently fully assembled and fueled, though they later said it was unclear how ready the North Koreans actually were.

Meanwhile, North Korea said Tuesday the United States was to blame for a "new nuclear arms race."

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"The U.S. is the principal criminal of the present nuclear arms race, the very one who harasses world peace and security," the North's main newspaper Rodong Sinmun said in a commentary, according to the official Korea Central News Agency.

"The U.S. should give up its wild ambition for nukes, mindful that its nuke modernization and space militarization will be a grave crime of disturbing world peace and security."

Japan's Prime Minister Junichiro Koizumi headed Tuesday to the United States for talks with Bush that will include the North Korean missile issue.

The North shocked the world in 1998 by firing a missile that flew over northern Japan and into the Pacific Ocean. It has been under a self-imposed moratorium on long-range missile tests since 1999 but since has test-fired many short-range missiles.

The Washington-based Institute for Science and International Security estimated in a report Monday that North Korea has enough separated plutonium to develop an arsenal of up to 13 nuclear weapons, compared with estimates of one or two nuclear weapons in 2000.

The group says that by 2008, North Korea could have enough plutonium for 17 atomic bombs. It also said North Korea was currently unlikely to be capable of making a nuclear warhead light enough for the Taepodong-2 missile.

The group's assessment was based on an analysis of satellite imagery, media reports and statements by North Korean officials.

US Warns North Korea Against Talks 'Bluff' (AFP-Y2)

AFP, June 27, 2006

The United States warned North Korea against thinking it could use worries over a possible long-range missile to force the United States into direct talks.

"If it's a bluff for direct negotiations, it's not an advisable way to do it," White House spokesman Tony Snow told a press briefing.

Reports that North Korea is about to fire a missile from a sight on the remote northeast coast of the reclusive Stalinist state have caused international concern.

President George W. Bush on Monday urged the North Korean government to disclose its plans.

"The North Koreans should notify the world of their intentions, what they have on top of that vehicle and, you know, what are their intentions," said Bush.

"We have not heard from the North Koreans, so I can't tell you what their intentions are," he told reporters. "That's part of the problem."

US and Asian officials have said North Korea has prepared a Taepodong-2 missile for launch, amid a parallel standoff over the communist state's nuclear program.

North Korea has boycotted talks since November with five other nations, including the United States, over its nuclear weapons programme.

It has regularly demanded direct talks with the United States. The two sides have never formally ended hostilities since the 1950-53 Korean War, which has bedevilled relations ever since.

A prominent lawmaker in Bush's Republican party meanwhile said the White House had ruled out a preemptive strike to knock out North Korea's Taepodong missiles.

"I think that the administration has pretty well put (that) to rest, and I concur with the administration," Senator John Warner said after a closed-door briefing with top Pentagon officials.

"A preemptive strike at this point in time would not be a wise course of action," he said.

Warner, the Republican chairman of the Senate Armed Services Committee, nevertheless said "prudent steps are being taken by our government to protect us in the ... probably remote possibility that this is a hostile launch."

House Vote Lifts India Nuclear Deal Hopes (FT)

By Caroline Daniel And Demetri Sevastopulo

Financial Times, June 28, 2006

The Bush administration scored a key victory in securing congressional support for its historic agreement to allow civil nuclear co-operation with India when the House foreign relations committee voted 37 to five on Tuesday to allow it to proceed with legislation.

The vote came after months of negotiations between administration officials and legislators. The agreement had triggered fears that it could undermine the nuclear non-proliferation pact and had caused discontent that Congress had been side-stepped in the way that Bush officials chose to negotiate the deal with India.

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Supporters of the civil nuclear agreement, which has become the symbol of closer strategic ties with India, quickly hailed the strong bipartisan vote during the mark-up hearings in the House and sought to build momentum to put pressure on the Senate, where the bill is expected to face more obstacles during a similar hearing on Wednesday in the Senate foreign relations committee.

Ron Somers, president of the US-India Business Council, said: "This was a tremendous, bipartisan step forward. The vote is a positive step towards a deepening partnership with India . . . US industry is delighted at the outcome."

The agreement would allow US nuclear exports to India for the first time in 30 years in return for India separating its military and civilian nuclear facilities. Congress must pass legislation to change the Atomic Energy Act of 1954 to exempt India from US laws that prohibit providing nuclear technology to countries that have not signed the nuclear nonproliferation treaty.

Administration officials had been concerned that Congress would impose new amendments, such as forcing New Delhi to impose a moratorium on fissile material production, that had threatened to derail the whole deal.

However, that amendment was overwhelmingly defeated.

Although the initial bill expanded from the two-page version submitted by the Bush administration to 30 pages, one aide closely involved in talks, said: "In the operative language of the legislation there were no new conditions added. That's the big story.

"The vote exceeded my expectations."

Some of the language in the bill was, however, rewritten to become more specific, addressing in particular concerns about Congress's role in overseeing the final terms of the agreement with India and the agreement that India strikes with the International Atomic Energy Agency on safeguards on its civilian facilities. "What was added was more reporting requirements [to Congress], such as agreeing to an affirmative vote on the bilateral agreement, the so-called Lantos compromise [a reference to congressman Tom Lantos]," said the aide.

Nevertheless, another congressional aide said lawmakers added some non-legally binding language calling on India to work with the US to deter Iran from pursuing nuclear weapons, which could by exploited the opposition parties in India concerned that India is aligning itself too closely with the US.

Mr Somers predicted that the bill would go to the House for a formal vote in July.

"We hope for the same speedy mark-up in the Senate, without any complications. There are challenges ahead, but this is one step in the ladder, and a very important one."

While the Senate may approve the deal, many observers believe the final stamp of approval will not come before November's elections.

It also still requires approval from the 45-member Nuclear Suppliers Group.

India Nuclear Bill Receives Support (WSJ)

By Jay Solomon

Wall Street Journal, June 28, 2006

WASHINGTON -- In a foreign-policy victory for the Bush administration, the House International Relations Committee approved its initiative to share nuclear technologies with India.

The legislation passed by the House panel specifically exempts India from U.S. laws that restrict nuclear trade with countries that haven't submitted to full nuclear inspections. The 37-5 vote was viewed by Democrats and Republicans as a positive indication that the White House's Indian initiative will win support from the full Congress this fall.

India hasn't signed the Nuclear Nonproliferation Treaty and has been sanctioned by Washington in the past for its pursuit of nuclear weapons.

"The measure is an important step in transforming the strategic alliance of two of the oldest and largest democracies, while strengthening international security," said Rep. Henry Hyde (R., Ill.), chairman of the House International Relations Committee. "While the world has known that India possesses nuclear weapons, India has not had a seat at the table of nuclear stakeholders."

The Senate Foreign Relations Committee is scheduled to vote on a similar Indian bill today, and it is expected to pass.

President Bush and Indian Prime Minister Manmohan Singh agreed in March to build a broader strategic relationship between the U.S. and India, with nuclear power being one of the linchpins. Under the terms of the deal, India is required to separate its civilian and military nuclear programs and submit to extensive monitoring of its 14 civilian nuclear power plants by the International Atomic Energy Agency. The U.S. and India must still finalize an agreement detailing the scope and duration of their nuclear energy cooperation agreement.

Republican and Democratic lawmakers expressed initial concerns that the White House hadn't consulted Congress before agreeing to the initiative with New Delhi. The bill that passed the House International Relations Committee yesterday would

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require the White House to obtain new congressional approval after an agreement on details of the nuclear energy deal with India.

President Bush has made better relations with India a cornerstone of his foreign-policy agenda. The South Asian country is seen as a bulwark against Islamic extremism and China's economic and military might in Asia. And Mr. Bush has heralded India's role as the world's largest democracy by population.

Supporters of the bill said the move by the House International Relations Committee could herald a new age of strategic cooperation between India and the U.S. and provide important opportunities for U.S. businesses. Companies such as General Electric Co., Boeing Co. and Ford Motor Co. are among firms that could benefit from closer U.S.-India relations.

"I think India could end up being the most important foreign policy initiative of the Bush administration," said Ron Somers, president of the U.S.-India Business Council.

The State Department welcomed the House committee's vote.

Nuclear Proposal For India Endorsed (WT/AP)

By Foster Klug, Associated Press

The Washington Times, June 28, 2006

A House panel endorsed a Bush administration plan yesterday to share civilian nuclear technology with India, a first step toward approval of the unprecedented deal between the two countries.

Supporters called it a defining moment in U.S. relations with India, which is emerging as a pivotal Asian ally and economic partner.

A Republican lawmaker, however, said the deal "knifed" the nuclear Non-Proliferation Treaty designed to limit the spread of nuclear technology, and called it a sad day for efforts to stop the spread of nuclear weapons.

The 37-5 vote in the House International Relations Committee was for legislation to exempt India from U.S. laws that restrict nuclear trade with countries that have not submitted to full nuclear inspections. India developed its nuclear weapons program outside the treaty, which it has refused to sign.

Under the deal, India would allow international inspections and safeguards to 14 nuclear reactors it has designated as civilian; India's eight military facilities would remain off-limits. In return, the U.S. would agree to ship nuclear technology and fuel to India.

The Senate Foreign Relations Committee is to consider separate legislation on the deal tomorrow.

Rep. Jim Leach, Iowa Republican, said passage of the Bush administration plan would open the door to a host of countries to press claims for similar nuclear cooperation, including South Korea, Japan, Iran and North Korea.

The nuclear treaty "has been knifed by an executive action," Mr. Leach said. "Anyone who wants to present this as a happy day is making a very serious mistake."

The House measure was based on a bill proposed by the Bush administration. Rep. Henry J. Hyde, Illinois Republican, the committee chairman, said the earlier bill was "profoundly unsatisfactory" because it removed Congress' oversight role.

While the agreement announced March 2 by President Bush and Indian Prime Minister Manmohan Singh determined a crucial part of the plan -- separating India's civilian and military nuclear facilities -- the two countries still must negotiate conditions, duration and scope of the overall cooperation plan.

Mr. Hyde and Rep. Tom Lantos of California, the committee's top Democrat and a supporter of the plan, said yesterday's legislation would strengthen Congress' role by having lawmakers vote only after they had seen a final version of the cooperation plan with India.

"I would caution the administration to pay close attention to congressional concerns," Mr. Hyde said.

Critics say the plan could boost India's nuclear arsenal. Extra nuclear fuel that the deal would provide, they say, could free up India's domestic uranium for use in its weapons program -- a violation of the treaty.

US Congress Committee Backs Nuclear Deal With India (AFP-Y2)

AFP, June 27, 2006

A controversial civilian nuclear energy deal between India and the United States cleared its first major hurdle, easily winning approval by a US Congress committee.

The House of Representatives International Relations Committee voted 37-5 in favor of the agreement.

"This is a defining moment in our relationship with the great nation of India," said Representative Tom Lantos (news, bio, voting record), the panel's top Democrat and a primary sponsor of the bill.

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"After decades of disengagement punctuated with hostility, we now have the opportunity to achieve what will be a historic geostrategic realignment of the worlds largest democracy, India, with the worlds oldest democracy, the United States," Lantos told lawmakers in arguing for the legislation.

Democratic and Republican leaders in both Houses of Congress have expressed strong support for the bill, which is due for a vote in the full House next month.

"In terms of the impact of this legislation on the new geostrategic alignment between India and the United States for the balance of the 21st century, the importance of this legislation cannot be overstated," Lantos said of the deal forged last year between US President George W. Bush and Indian Prime Minister Manmohan Singh.

The Senate Foreign Relations Committee is expected to take up the legislation next week.

Despite the easy approval, the bill has not been without controversy.

Some lawmakers have expressed doubts about extending civil nuclear technology to India, which is not a member of the Nuclear Non-Proliferation Treaty (NPT).

Republican representative Jim Leach (news, bio, voting record), lamented what he said was "a sad day in the world of arms control and the rule of law."

"Anyone who wants to present this as a happy day is making a serious mistake," he said, adding that officially sanctioning India's nuclear program "is a foolish direction to go in."

Under the deal, the United States will aid the development of civil nuclear power in India in return for New Delhi placing its civil nuclear facilities under International Atomic Energy Agency inspections.

The US Atomic Energy Act of 1954 currently prevents the United States from trading nuclear technology with nations that have not signed up to the NPT. It has to be amended for the deal to be effective.

India tested nuclear weapons in 1974 and 1998 and is currently banned by the United States and other major powers from buying fuel for atomic reactors and other related equipment as a result.

Still, some legislators opposed to the deal say it would not only make it harder to enforce rules against nuclear renegades Iran and North Korea, but also set a dangerous precedent for other countries with nuclear ambitions.

"We intend to make the case that the purported benefits of this deal are an illusion, and the risks to the international nuclear nonproliferation regime are quite real," said Democratic Representative Ed Markey, one of the chief opponents to the agreement.

Last week, a group of nonproliferation experts from across the political spectrum wrote to Congress arguing that the nuclear deal would put the United States in violation of the NPT by assisting a non-nuclear weapon state in its pursuit of nuclear weapons.

But Vice President Dick Cheney last week warned that Congress would risk squandering a critical opportunity if it held up approval of the landmark civilian nuclear deal with India.

Press Celebrates Reception Plans For Koizumi Visit (WT)

By Takehiko Kambayashi

The Washington Times, June 28, 2006

TOKYO -- Japan's protocol-conscious press is crowing that Prime Minister Junichiro Koizumi will receive a more elaborate welcome than Chinese President Hu Jintao did when he visits Washington today. But Mr. Koizumi and President Bush also have serious matters to discuss, such as Iraq and the prospects of a North Korean long-range missile launch.

The Tokyo government has taken steps to ensure a successful meeting, agreeing last week to reopen its markets to American beef and announcing Monday that it will deploy advanced U.S. Patriot interceptor missiles on Japanese soil.

Mr. Koizumi arrived in Toronto yesterday, on the first leg of his four-day trip. He will tour Niagara Falls and hold talks with Canadian Prime Minister Stephen Harper in Ottawa today before traveling to Washington.

Japanese analysts expect Mr. Koizumi and Mr. Bush also will discuss the Iranian nuclear standoff, rising instability in Afghanistan and the threat posed by bird flu as the U.S. and Japan seek to highlight their international cooperation before the Group of Eight summit in St. Petersburg next month.

Tokyo, which was shocked when North Korea tested a long-range missile over Japan's main island in 1998, has been closely aligned with Washington in demanding that Pyongyang not fire a Taepodong-2 missile currently sitting on a launchpad near the country's northeastern coast.

Japan's largest newspaper, Yomiuri Shimbun, which reported that U.S. PAC-3 missiles could be installed in Japan by the end of the year, said it was not clear whether they could shoot down a Taepodong-2, which is thought to be capable of reaching parts of the United States. The PAC-3 missiles are designed to intercept ballistic missiles, cruise missiles or enemy aircraft.

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Mr. Koizumi also supports the U.S. policy in Iraq, even though he declared last week that Japan would withdraw its 550 troops engaged in reconstruction and humanitarian work in the Samawah region in that country. He is expected to announce an expansion in operations of the Air Self-Defense Force, which is supporting coalition forces in Iraq.

"It is important to leave a national flag among multinational forces in Iraq," said Toshiyuki Shikata, a law professor at Teikyo University in Tokyo and retired Ground Self-Defense Force general.

Japanese journalists are more focused on the fact that Mr. Koizumi will be treated to a gala White House dinner, a stay at Blair House, a ride aboard Air Force One and a visit to rock legend Elvis Presley's Graceland Mansion in Memphis, Tenn. Mr. Koizumi is a lifelong Elvis fan.

Wary of a rising China, Japanese are sensitive to the contrast with the treatment given to the Chinese president when he visited Washington in April. Mr. Hu "was given only a luncheon" at the White House, noted the conservative daily Sankei Shimbun.

Mr. Shikata said Mr. Koizumi "from the very beginning developed a warm personal relationship with Mr. Bush. They want to display strong bilateral ties, and both of them want to appreciate their close relationship."

He said Yasuhiro Nakasone, prime minister of Japan from 1982 to 1987, also was known for his close relationship with a U.S. president -- Ronald Reagan. But the professor added, "Mr. Koizumi's ties with Mr. Bush are stronger than that."

The Bush administration was particularly grateful for Mr. Koizumi's decision to send troops to Iraq despite strong public opposition and Japan's U.S.-drafted pacifist constitution, Mr. Shikata said.

"A usual Japanese prime minister would have hesitated to do that."

The visit will cap the career of Mr. Koizumi, whose successor will be chosen when the ruling Liberal Democratic Party picks its next president in September. Mr. Koizumi is expected to ask Mr. Bush to give his cooperation to Chief Cabinet Secretary Shinzo Abe, the likely winner.

"Mr. Koizumi does not want to step down with his approval ratings declining. He wants the U.S. president to praise him as a great leader. That is his foremost desire," said Minoru Morita, a prominent Tokyo-based political analyst.

Koizumi Visit Presents A Tougher Japan (CSM)

By Robert Marquand

The Christian Science Monitor, June 28, 2006

TOKYO

Junichiro Koizumi, the silver-maned lion of Japanese politics, is on his last official US visit. Japan's prime minister will step down in September after six years at the helm.

As he visits his No. 1 ally, Mr. Koizumi's legacy as an upstart reformer seems assured back home: He busted up the old power-shogun cliques that ran Japan. He altered the nation's pacifist image, and self-image, by sending troops to Iraq; 100 Japanese planes will provide Iraq air support next month.

The US-Japan military and maritime alliance is melding more tightly - including Patriot missile deployments against North Korea - even as US forces and bases in Okinawa are being downsized and mothballed.

Yet Koizumi's tenure has brought an often troubling new nationalist spirit - seen in his multiple trips to the Yasukuni war shrine in Tokyo and new forms of right-wing racist rhetoric - that angers China and South Korea, nations the White House wants to work with and not alienate.

Currently, neither South Korean President Roh Moo-hyun or President Hu Jintao of China have plans to meet Koizumi before he departs from office.

"The shrine visits are not in the US interest, and as the US-Japan alliance gets stronger, the US should discourage them," says Ezra Vogel, a senior Asia expert at Harvard University. "We need to tell Japan, as a friend, that the way it handles the shrine makes the US job in the region more difficult. We can say that if Japan wants to promote friendship in east Asia, this is not the way to do it."

It is considered axiomatic in Japanese relations that overt or highly public commentary about domestic behavior by foreign politicians can scupper efforts to influence Tokyo.

Yet there is some US fallout over Koizumi's decision not to foreclose an Aug. 15 shrine visit. Instead of an earlier possibility to have Koizumi address Congress, he will join President Bush on a trip to Graceland, home of Elvis Presley, on Air Force One. The Bush-Koizumi relationship is regarded as very close, perhaps rivaled only by the mutuality between Bush and Tony Blair.

Japanese officials are eager to point out they engage in many kinds of dialogue and exchanges with East Asian nations. They have energy talks, cultural exchanges, and many levels of diplomacy; Japan has been a leader in distributing aid in Asia. It is unfair to simply boil relations down to the shrine, they say.

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"There are many voices and points of view in Japan, and I think the general trend of Japan's relations with neighbors is upward," says Foreign Ministry press secretary Yoshinori Katori.

But in East Asian capitals, Koizumi's shrine visits are widely seen as a provocative denial of World War II Japanese aggression; a high court in Tokyo in recent days refused to say whether the visits were an unconstitutional abridgement of church and state. The issue will reach another peak this summer if Koizumi visits Yasukuni on Aug. 15, the day Japan surrendered in World War II.

Under the rules of the Liberal Democratic Party (LDP), Koizumi is not eligible for another term. Having won a landslide victory in one of Japan's most colorful elections ever last September, the prime minister nonetheless said he would step down.

Yet he leaves a political climate that has moved so far to the right that the leading successor in the party is Cabinet Secretary Shinzo Abe, whose grandfather was a Cabinet member during World War II and who belongs to a new breed of unapologetic patriots who have openly described China as a "threat."

In recent months, the jockeying has taken an unexpected turn, however. Moderate candidate Yasuo Fukuda is making a run, at least in LDP party circle discussions.

Citing a need for better relations with huge trading partner China, business leaders as well support Mr. Fukuda, a former cabinet secretary. In a recent survey of 31 business leaders, 15 opted for Fukuda, while 12 gave Abe the nod.

Yet Abe is again picking up in popular polls, helped by an unlikely source. By placing a Taepodong 2 long-range missile in launch position in North Korea, Kim Jong Il has created worry in Japan - which parlays into national security fears and a boost for Abe.

"Kim launched the first Taepodong over Japan in 1998," notes a Western diplomat. "That resulted in the beginning of missile defense and the first close military alliance between Japan and the US. Now his second missile is moving to elect Abe. Kim is aiding the Japanese right-wing. How ironic is that?"

US officials regard Tokyo as their most reliable ally in the Pacific. Yet such status requires maintenance, they say, and careful attention to how the relationship plays with other partners.

South Korean diplomats have felt dismay, if not betrayal, for example, at what appears to be US neutrality on Japan's recent claims over the Dokdo islands off Korea. This spring, Korean and Japanese naval vessels came close to a standoff over Dokdo, which Japan calls Takeshima. Seoul has long felt that the US regarded Dokdo as Korean.

Last week, President Roh weighed Seoul's military ability against Japan's, telling coast guard officers that, "It is true Japan is superior in military power, but we have enough military capability to deter Japan's provocations."

As Koizumi arrives in the US, he is bringing the welcome message that Japan has agreed to lift its ban on US beef imports, put in place five months ago over concerns about mad cow disease. The ban came just a month after a previous two-year ban had been lifted. The issue has caused anger in Congress, puzzlement in ranch states, and frustration at the US Embassy over what have been viewed as subjective claims by Japan regarding US regulation of its beef exports.

Then there are new US concerns about Japan's revisionism regarding its history with the US. The Yushukan museum, on the grounds of Yasukuni shrine, suggests that the US, not Japan, was responsible for World War II.

"We have our own history issues with Japan," says Mr. Vogel of Harvard. "The fiction that we forced Japan into World War II, things like that, are getting stronger. It is not in Japan's interest to promote these views, and we need to get a fuller discussion about history. We can be balanced and even-handed, and not one-sided, in Asia."

Ex-officials Hit Foreign Aid Cuts (WT)

By Katie Stuhldreher

The Washington Times, June 28, 2006

Former Secretaries of State Colin L. Powell and Madeleine K. Albright warned yesterday that proposed funding cuts for international programs could jeopardize national security.

"I have been arguing this case for 30 years," Mrs. Albright said, speaking at a Washington forum hosted by the U.S. Global Leadership Campaign (USGLC). "The question has always been how to sell this. I think we need to change the name from 'foreign aid' to 'national security support,' because when people hear 'national security,' they immediately salute and with good reason."

President Bush requested $35.11 billion -- up from $31.57 billion enacted last year -- to fund U.S. international affairs in fiscal 2007, accounting for 1.2 percent of total government spending.

But the House Appropriations Committee recently cut Mr. Bush's wish list by nearly $3 billion, to $32.28 billion.

The international affairs budget funds a variety of initiatives, including poverty alleviation, HIV/AIDS programs, land mine removal in former conflict areas, and diplomacy, according to USGLC.

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Sen. Thad Cochran, Mississippi Republican and chairman of the Senate Appropriations Committee, recently announced his plan for cuts as well, which would leave the Senate-approved foreign affairs budget at $32.66 billion.

"This is not the place to cut. You look at the places where Congress is making increases, and you say, 'What are they thinking?' " Mr. Powell said, addressing an auditorium of businessmen and representatives from nongovernmental organizations.

Mr. Powell urged them to "march up to the Hill" to express their concerns over the proposed cuts.

The Senate Appropriations Committee is scheduled to take up the foreign affairs budget tomorrow.

Last month, Sen. Mike DeWine, Ohio Republican; Sen. Dianne Feinstein, California Democrat; Sen. Rick Santorum, Pennsylvania Republican; and Sen. Richard J. Durbin, Illinois Democrat, sent a letter signed by 52 senators to the Senate Appropriations Committee urging full funding of the requested budget.

"A majority of my colleagues in the Senate agree that it is critical that we continue to fund our U.S. International Affairs Budget. Terrorist networks recruit from the ranks of the millions of hungry, hopeless, and uneducated youth found throughout the developing world," Mrs. Feinstein said.

Supporters of full funding argue that more money spent on international projects would not only increase global security, but also open up business opportunities abroad.

"The world Madeleine and I grew up in was a world of battlefields. But today, I think it's a world of playing fields, with great opportunities. Countries once closed to us, like China and India, are now ready and willing to do business," said Mr. Powell, who was secretary of state from 2001 to 2005, under Mr. Bush.

Mrs. Albright, who served President Clinton from 1997 to 2001, said the proposed budget asks for a small amount of taxpayer money for a very worthy purpose.

"[Warren] Buffet gave that much money away the other day," Mrs. Albright said.

Islamic Militia Accused Of Breaking Truce (AP)

By Salad Duhul

AP, June 27, 2006

Islamic militiamen seized a checkpoint outside Somalia's capital Tuesday in an hourlong battle that killed six people, according to a clan leader who accused the militia of breaking a new cease-fire.

The checkpoint connecting Mogadishu to the Lower Shabelle region was manned by members of the Habar Gidir clan who had been charging motorists to pass. The fighting killed three clan gunmen and three civilians, clan leader Abdi Kaibdid said.

"The Islamists made a surprise attack on my troops overnight," he told The Associated Press.

The militia took control of Mogadishu and most of the rest of southern Somalia this month. It signed an agreement last week to stop all military action and recognize the country's powerless, U.N.-backed interim government. But militia officials subsequently voted to replace their relatively moderate leader, who also had been reaching out to the West, with a radical cleric whom the U.S. accused of links to al-Qaida.

Salad Ali Jelle, deputy information minister for Somalia's interim government, said the militia's attack on the checkpoint was a clear breach of the cease-fire.

"They should withdraw from the post they captured and go back to their original positions," he said. Members of the Islamic militia could not be reached for comment.

Somalia has been without an effective central government since warlords toppled dictator Mohamed Siad Barre in 1991 and then turned on each other, carving much of the country into armed camps ruled by violence and clan law. Many of the capital's residents applauded the Islamic group for forcing the warlords from Mogadishu, despite concerns the militia may try to remake Somalia into a theocracy akin to Afghanistan under the Taliban.

State Department spokesman Sean McCormack said Monday that the United States has no plans to engage with the group's new leader, Sheikh Hassan Dahir Aweys, who is on the U.S. terrorist watch list as a suspected collaborator with al-Qaida.

Aweys, 71, told the AP Monday that he will honor his more moderate predecessor Sheikh Sharif Sheikh Ahmed's agreement to meet with interim government leaders next month. He said he plans to tell them that Islamic rule is the only option for Somalia, which has a constitution that makes no mention of Islam.

Underlining the apparent tougher line under Aweys' leadership, militia leaders said they will publicly stone to death four suspected rapists if they are convicted Thursday in Jowhar, 55 miles from Mogadishu.

Ted Dagne, an Africa specialist at the Congressional Research Service, said it was too soon to characterize Aweys' leadership.

"Let's be cautious and try to see if there is a trend that clearly shows a move to an extremist agenda," Dagne said.

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Washington has long-standing concerns that Somalia will become a refuge for members of bin Laden's terror network, much like Afghanistan did in the late 1990s. The U.S. has accused the Islamic militia of harboring al-Qaida leaders responsible for deadly 1998 bombings at the U.S. embassies in Kenya and Tanzania. The U.S. backed the warlords in their fight against the Islamic militia.

With Caveats, U.S. Backs Session At U.N. On Curtailing Illegal Arms (NYT)

By Warren Hoge

The New York Times, June 28, 2006

UNITED NATIONS, June 27 — The Bush administration gave its backing on Tuesday to a United Nations conference on curtailing the international flow of illegal arms, but warned delegates against adopting measures that would restrict individual possession of weapons.

"The U.S. Constitution guarantees the rights of our citizens to keep and bear arms, and there will be no infringement of those rights," Robert G. Joseph, under secretary of state for arms control and international security affairs, told the General Assembly. "Many millions of American citizens enjoy hunting and the full range of firearms sports, and our work will not affect their rights," he said.

He also said Washington would object to any steps to establish international regulation of ammunition or to ban governments from selling arms to rebel groups, known in diplomatic jargon as "nonstate actors."

"While we will of course continue to oppose the acquisition of arms by terrorist groups," he said, "we recognize the rights of the oppressed to defend themselves against tyrannical and genocidal regimes and oppose a blanket ban on nonstate actors."

The two-week conference, which began Monday, is intended to improve ways of curbing the $1 billion black market in the manufacture and distribution of small arms and light weapons that supply brutal civil wars and organized crime networks and end up killing an estimated 1,000 people every day worldwide.

Secretary General Kofi Annan reminded the gathering that "these weapons may be small, but they cause mass destruction." He urged member countries to toughen existing laws governing arms deals.

Steps that Mr. Joseph said the United States would support included the marking and tracing of weapons, controls on transfers, certification of the ultimate recipients, effective management of national stockpiles and destruction of illicit and government-declared surplus weapons.

Mr. Annan said the conference was not contemplating a global ban on gun ownership. "Nor do we wish to deny law-abiding citizens their right to bear arms in accordance with their national laws," he said.

He seemed to be referring to a campaign by the National Rifle Association, which has charged in mass mailings that the United Nations is plotting to take away Americans' guns through a treaty banning ownership.

John R. Bolton, the United States ambassador to the United Nations, confirmed that he had received hundreds of the form letters. Asked why all three citizen delegates from the United States to the conference were prominent members of the gun lobby group, he said he made it a practice not to comment on the activities of nongovernmental organizations.

U.S. Rejects Limits On Personal Guns (WT)

By Betsy Pisik

The Washington Times, June 28, 2006

NEW YORK -- The United States will oppose any international effort to limit access of U.S. civilians to legal firearms but supports stronger controls on arms imports and exports, a senior State Department official said yesterday.

"The United States believes it is important for all of us to speak with one voice concerning the grave matter of the international illicit trade in small arms and light weapons," said Robert Joseph, the undersecretary of state for arms control and international security.

Mr. Joseph is heading the U.S. delegation to the small-arms review conference at the United Nations, which continues through next week.

"The U.S. Constitution guarantees the rights of our citizens to keep and bear arms, and there will be no infringement of those rights," Mr. Joseph said. "The United States will not agree to any provisions restricting civilian possession, use or legal trade of firearms inconsistent with our laws and practices."

The international conference has triggered anger among many American gun owners, who have responded to a National Rifle Association campaign suggesting that the United Nations is trying to take their weapons away.

Tens of thousands of letters have poured in to the United Nations from NRA members, prompting reassurances from Secretary-General Kofi Annan and Prasad Kariyawasam, the president of the review conference.

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Mr. Joseph stressed that Washington seeks a "positive" engagement with other governments and supports the implementation of a recent agreement to mark weapons and create a registry to trace their whereabouts. The agreement would also:

·Establish more effective controls on the importing and exporting of weapons.

·Strengthen controls over international brokers.

·Provide for more effective stockpile management of weapons under state control.

·Provide for the destruction of government-declared surplus and illicit weapons.

In an effort to focus on "substance, not process," Mr. Joseph said, Washington would not endorse a third review conference, preferring to discuss "actions that are focused, practical and intended to strengthen" illicit arms-control regimes.

Europeans and others are pressing for a formal agreement on transfer controls, to make sure that weapons are not diverted to conflicts or repressive regimes. The United States has refused to discuss a new treaty relating to arms, but Mr. Joseph said yesterday that Washington will consider voluntary principles.

He also warned other delegations to back away from issues that the Bush administration deems too complex or inappropriate for such international conferences, such as the marking of ammunition.

Russia Oil Tempers U.S. Sway (WSJ)

By Neil King Jr. And Alan Cullison

The Wall Street Journal, June 28, 2006

The Bush administration is wrestling with a new challenge from abroad: an often strong-willed Russia made all the more assertive by its energy wealth. As if to drive home that point, Russian President Vladimir Putin delivered a hard-hitting speech yesterday, arguing that Russia's economic renaissance makes it an equal among other global powers.

His comments highlight the dilemma facing Secretary of State Condoleezza Rice, who arrives in Moscow today hoping to win Russia's support on international issues such as curbing Iran's nuclear ambitions, even as the Bush administration has stepped up criticism of Mr. Putin's policies both at home and toward Russia's nearest neighbors.

President Bush is set for his own visit to Russia next month, when he must face a similar bind. Administration officials concede that Moscow's economic boom is fueling a more independent Russian foreign policy, and that U.S. criticism of Russian policies increasingly falls on deaf ears. Mr. Putin, talking to an annual gathering of top diplomats in Moscow, acknowledged that some countries haven't caught up with Russia's new economic strength. "Not everyone was ready for Russia to restore so quickly its economic health and position in the world arena," he said. "Some see us through the prism of the prejudices of the past ... and see a threat in a strong, reborn Russia."

Bush aides say they worry that Russia's economic clout already is leading Moscow to overplay its hand on the diplomatic front. As examples, they cite Moscow's decision in January to cut off gas supplies briefly to Ukraine, and Mr. Putin's outreach in March to top leaders of Hamas soon after the militant group began to run the Palestinian government.

"They are certainly feeling better about themselves than at any time since the breakup of the Soviet Union," says one senior administration official, adding that Russia's energy wealth "has given them the distinct feeling that they are back as a big-time player." Russia's assertiveness has complicated life for an administration already struggling with falling approval ratings at home and the intractable conflict in Iraq.

The big test of U.S.-Russia relations is Iran. So far, Moscow has supported U.S. and European efforts to forge a united front within the United Nations to get Tehran to give up any pursuit of nuclear weapons. But Moscow has said repeatedly that it doesn't support imposing sanctions or harsher measures if Iran doesn't comply, and Mr. Putin made clear that Russia wasn't ready to give ground on this issue. "I repeat again: We do not intend to join all sorts of ultimatums that can only drive the situation to a dead end," he said.

Administration officials say that Ms. Rice, while in Moscow this week, is unlikely to echo the blunt language that Vice President Dick Cheney used last month in Lithuania, when he accused the Putin government of concentrating power at home while using Russia's vast oil and gas reserves as "tools of intimidation or blackmail." Instead, Ms. Rice may meet privately with several leaders of Russian civil society. Mr. Putin yesterday denounced all criticism of his energy policy as "exclusively political."

President Bush, during his trip in July, may also show some sign of support for greater democracy in Russia, though his advisers are debating what gesture to make. Mr. Cheney's public blast in Lithuania, U.S. officials say, was meant to put down a marker in the lead-up to the Russian-hosted summit of the Group of Eight top industrialized countries in St. Petersburg next month. Russia's stewardship of the G8 this year, at a time when the Putin government clamps down on dissent at home, has embarrassed many in Europe and the U.S.

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Mr. Cheney's speech, if anything, only appeared to redouble the Kremlin's defiance of Washington, and aroused an argument in the state-run media that is often expressed: The U.S. is using the rhetoric of democracy as a weapon as it installs unfriendly governments on Russia's borders, and supports opposition groups within Russia itself.

Mr. Cheney delivered his broadside against the Kremlin from Lithuania, and then departed to oil-rich Kazakhstan, where he praised the authoritarian leader as a personal friend. "Where is all this pathos about protecting human rights and democracy when it comes to the need to pursue their own interests?" Mr. Putin asked in his annual state-of-the-nation address a week later.

Bush administration officials insist there is no internal feud over Russia policy per se. The administration wants good relations with Russia, they say, on counterterrorism and energy cooperation, but also won't shy away from pointing out Mr. Putin's democratic lapses. "We believe it's possible to do the criticism and the cooperation at the same time," says one official. To keep some focus on the democracy side, the administration plans to send two State Department officials, including the top U.S. diplomat for Europe, Daniel Fried, to a pro-democracy "alternative summit" four days before the G8 gathering.

Still, U.S. officials acknowledge that dealing with an increasingly cocky and robust Russia has complicated interactions with Moscow and made negotiations within the U.N. Security Council, where Russia holds a veto, more tricky.

When Mr. Bush in June 2001 declared Mr. Putin "a man deeply committed to his country," Russia was still severely in debt and struggling to recover from the chaos of the 1990s. Russians were also far more uncertain of Mr. Putin himself.

Moscow now has the third-largest currency reserves in the world, including a special $70 billion domestic "stabilization fund." The Russian economy is growing at faster than 6% a year, driven mainly by its output of oil and gas. And its OAO Gazprom, now one of the world's largest companies, supplies more than a quarter of all of Europe's gas, and is pushing to become a major future supplier to China and the U.S.

A King Of Roadblocks Works To Clear A Path In Presidential Race (WSJ)

By John Lyons

The Wall Street Journal, June 28, 2006

MEXICO CITY -- In the no-holds-barred arena of Mexico City politics, the heavyweight is El Grandote.

Dubbed the "Big Guy" by Mexican cops who once charged him with murdering a judge, Alejandro López Villanueva heads a militant squatters' organization of 34,000 families who owe him their homes -- and often their jobs -- and who have become his political soldiers. The 40-year-old Mr. López Villanueva, who wears his dark curly hair at shoulder length, can dispatch 10,000 protesters within two hours to block intersections and snarl traffic, which he does to settle scores and seek benefits for his followers.

These days, Mr. López Villanueva has put his troops at the disposal of the leftist presidential candidate Andres Manuel López Obrador, who has a small lead in most opinion polls in Sunday's national election. Street bosses like Mr. López Villanueva have long been a staple of Mexican politics, but their influence was supposed to fade as the country's democracy matured. Instead, their power has expanded because they can provide jobs and housing to thousands of families made desperate by a sluggish economy.

Mr. López Villanueva has arranged to have about 10,000 members of his organization -- the Francisco Villa Popular Front -- trained by federal election officials to be poll watchers for Mr. López Obrador's Democratic Revolution Party, or PRD. On Sunday he will dispatch them to observe the vote in Mexico City. His followers can be counted on to back Mr. López Obrador and other PRD candidates and to encourage their friends and relatives to do likewise. Other parties will have observers at polling stations, too.

Throughout Mr. López Obrador's political career, he has relied on mass protests to get what he wants. He was famous in his home state of Tabasco for surrounding oil refineries to demand payments to local Indians. His critics fear that if he wins the presidency he'll rely on street bosses like Mr. López Villanueva to achieve his aims, and if he loses he'll call on them to shut down cities. Mr. López Obrador denies the accusation.

"Our hope is that López Obrador will be a transition government to a state that looks after the needs of the lower social classes," said Mr. López Villanueva, who says he is inspired by Marxism. "The involvement of our movement will also be critical in making sure that he comes through with his promises to help the poor." Mr. López Villanueva said he has no plans to contest the results of the election if his man loses.

Mr. López Villanueva rose to prominence as a radical student in the late 1980s. He and a group of other students at Mexico City's National Autonomous University invited hundreds of families who had been evicted from homes on a hillside designated as a nature preserve to camp in the university classrooms and hallways. The campus was shut down because of a student strike Mr. López Villanueva helped organize.

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Later, he led the families to a marshy patch of unused land. He persuaded dump-truck operators to unload discarded asphalt there, which the families used as foundations for the shanties they made from corrugated aluminum, scrap wood and tarps.

Marches and blockading roads eventually forced authorities to turn over title to the marsh land to the families and provide them with low-cost loans and grants to build proper housing. Today, El Molino is a bustling community with blocks of apartment houses dedicated to Carlos Marx, Federico Engels and other communist luminaries. Residents get school supplies at the Francisco Villa stationery and snack on Italian ice from the Francisco Villa ice cream shop. (The revolutionary leader is commonly known as Pancho Villa.)

Over the years, Mr. López Villanueva has seized dozens of unused plots and abandoned buildings. His followers pay fees to the Francisco Villa organization, which serve as down payments on future apartments. The down payments are held in a general account and are generally not reimbursable, so there is a disincentive to quit.

Mr. López Villanueva's tactics have produced running battles with Mexican authorities, though. In the mid-1990s, shortly after the birth of his two daughters, he spent two years on the lam, dodging authorities who arrested 15 of his associates. In 2000, prosecutors accused him of shooting to death a judge. He denied the charge, which he said was concocted by jealous rivals.

The prosecution was dropped for lack of evidence, but not before Mr. López Villanueva had spent five months in prison and was stuck with his nickname. While his friends call him Alejandro, newspapers regularly refer to him as El Grandote. "In Mexico, the cops always provide a nickname to the papers to make you sound like a delinquent," he said. "It's a way of tarring you so you live under suspicion even though what they charged you with was made up."

His fights with the law didn't frighten away Mr. López Obrador's PRD, which was looking to gain power in Mexico City. In exchange for votes, campaign contributions, and demonstrators willing to pack PRD rallies, the party agreed to let Mr. López Villanueva and other street bosses operate on the fringes of the law in places governed by the PRD. El Grandote's followers were prominent in Mr. López Obrador's successful bid to become mayor of Mexico City in 2000. When Mexico's conservative ruling party of President Vicente Fox launched a campaign to disqualify Mr. López Obrador from running for president, Mr. López Villanueva sent thousands of followers into the streets, paralyzing main thoroughfares. President Fox eventually called off the efforts.

Some of Mr. López Villanueva's associates, who see all of the mainstream political parties as buttresses for an economic system that disenfranchises the poor, called the pact with the PRD a sellout and quit his group. But the link-up deepened his power. Under the López Obrador mayoralty, the city government made numerous low-cost construction loans to the Francisco Villa organization. Mr. López Villanueva also added a 10,000-vehicle fleet of gypsy cabs, which operate unmolested by the city. His brother and brother-in-law have held city council seats.

El Grandote says that his responsibilities have grown so heavy that he is wearying of the burden. These days, he says, he often dreams of leaving the "chaos" of Mexico City for a more tranquil life in the country. He hopes his daughters, now teenagers who giggled over photos on their cellphones as he talked, will find less volatile work. "This city is a monster," he said. "It's so big that you go out and do a blockade and there's barely a reaction. Deliveries get through, people get to work."

For now, there is much work to do. On a rainy Thursday, he inaugurated a new cultural center at one of his settlements to the sound of folk music and rowdy applause. And he must keep his troops fired up. Last week, for instance, he organized rotating shifts of a thousand protesters to block off the main artery connecting Iztapalapa with the city center. His purpose was to pressure the city to provide drinking water and other services to several squatter settlements. The group is now camped in front of the borough hall while it negotiates for concessions.

At the entrance to Dusty Mines, a collection of cinderblock houses that lack running water, a teenage girl thumbed through a thin Karl Marx reader. A resident of this squatter settlement controlled by one of the squatter settlements controlled by Mr. López Villanueva, she was ready to rumble for El Grandote. Blocking roads is "a lot of fun," she said.

Chávez's Image Becomes Tool For Attack In Mexican Presidential Race (WP)

By Manuel Roig-Franzia

The Washington Post, June 28, 2006

MEXICO CITY, June 27 -- Hugo Chávez is not running for president of Mexico. But some days it's been hard to tell.

The Venezuelan president's face has been all over Mexican television at critical stages in this country's bitter mudfest of a presidential race.

For a while, the party of candidate Felipe Calderón filled its ads with shots of Chávez paired with less-than-flattering images of Andrés Manuel López Obrador, the left-leaning Mexican presidential candidate. Later, a political activist group put Chávez

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back on the tube, surrounded by machine guns and soldiers, and accompanied by a dire voice-over: "In Mexico, you don't have to die to define your future -- you only have to vote!"

The strategy of López Obrador's opponents has been clear. By linking the candidate to Chávez, they have tried to frighten voters into believing López Obrador will be a carbon copy of the Venezuelan president, who has been accused of crushing dissent and crippling democratic institutions.

Mexican political experts generally agree the tactic has been effective. Calderón shot up in the polls shortly after his party began airing the Chávez spots, even though the Venezuelan leader has not taken a public role in the Mexican campaign.

"In politics it doesn't matter what is, it matters what seems to be," said Jorge Chabat, a Mexico City political analyst.

The Chávez imagery has gotten so intense that Mexico's electoral commission has twice ordered television advertisements featuring the Venezuelan leader off the air -- the latest order coming on Monday.

The Venezuelan president, seen as the heir apparent to Cuban President Fidel Castro as leader of the Latin American left, is an easy tool for smear in Mexico. After gaining an ally with the election of Evo Morales in Bolivia, Chávez was unable to use his influence to get Ollanta Humala elected president of Peru in a race against the eventual winner, Alan García.

"What we saw in Peru and we're seeing in Mexico is that Chávez has been converting into a negative," said Mexican political analyst Juan Pardinas.

Many activist groups have injected Chávez into the presidential race, but Calderón's National Action Party, or PAN, did it first. His aides spoke of Bolivarian circles -- small community groups fostered by Chávez's government -- surreptitiously working on behalf of López Obrador. Then the PAN began filling the airwaves with grainy images of Chávez, alongside images of López Obrador.

What followed was a true stunner. López Obrador, who is known for his combative style, barely responded. The PAN kept pounding him with the Chávez advertisement, but López Obrador and his Democratic Revolution Party let weeks pass before aggressively disavowing a relationship with Chávez, a decision his aides now say was a mistake.

As Calderón rose in the polls, Mexico's electoral commission stepped in, ordering the PAN to remove the advertisements in April. By then, López Obrador's once-commanding lead was gone and the race -- after a brief leap by Calderón into first place in most polls -- has settled into a statistical tie.

Arturo Sarukhan, a top Calderón adviser, said the advertisements "became a crowbar for opening the mind-set of the Mexican electorate to the issues that are disturbing to the public about López Obrador."

Chávez had been heavily criticized here for denouncing Mexican President Vicente Fox -- also a member of the PAN -- as "a lapdog" of the United States. Later, the PAN brought up the Chávez comparison when López Obrador told Fox "to shut up" about the presidential campaign, a comment widely criticized as disrespectful in Mexico.

As the campaign enters its final stage, López Obrador has begun responding more often to the comparisons to Chávez. He said in an interview this week with El Universal, one of Mexico's largest daily newspapers, that "I've grown bored with them comparing [Chávez] to me."

"It's absurd," López Obrador campaign strategist Manuel Camacho Solís said in an interview. "Andrés Manuel López Obrador doesn't know Chávez, nor have they ever spoken."

On Monday, a little-known activist group -- the Center for Leadership and Human Development -- was ordered to yank its advertisement featuring Chávez and the machine guns, which López Obrador's campaign complained was a not-so-thinly disguised attack on its candidate.

López Obrador has hit back with a radio ad of his own, which tries to turn the Chávez controversy into a joke. The ad says "Chávez is for López Obrador," but does not mention a first name. The narrator then runs off a string of common Mexican surnames, such as Gonzalez and Perez, and says they're for López Obrador, too.

Bringing Mexico Closer To God (NYT)

By Enrique Krauze

The New York Times, June 28, 2006

SHOULD Andrés Manuel López Obrador, the front-runner in Mexico's presidential race, emerge victorious on Sunday, it could usher in a form of Latin American leftism as yet unseen: messianic populism. Mexico's fragile democracy could become its first casualty.

Outside of Mexico, people ask which Latin American leader Mr. López Obrador most resembles: Hugo Chávez of Venezuela, Evo Morales of Bolivia or Luiz Inácio Lula da Silva of Brazil. The truth is that he's not like any of them. He does not have the military stamp of Comandante Chávez or the indigenist roots of Mr. Morales. Nor is he a born compromiser like Mr. Lula who, as some Brazilians say, seems to "know the value of 10 percent." Mr. López Obrador is different: he always strives for 100 percent. And he has higher models to emulate.

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Earlier this year an interviewer asked him what religion he followed. "I'm Catholic, fundamentally Christian," Mr. López Obrador responded. "The life and work of Jesus fill me with passion. He, too, was persecuted in his time, spied on by the powerful of his era, and he was crucified."

The interviewer was surprised (there is an unwritten rule that Jesus is never mentioned in Mexican politics) and asked him whether he intended some parallelism. "Not at all," he said. "I say it because sometimes it is forgotten."

Many thought his comment was a cynical appeal to win the hearts of the religious Mexican people. Others, including myself, believe, however, that his words were a sincere reflection of the way he sees himself: "I am calling together a movement of consciousness, a spiritual movement," he told a reporter in 2004. "Many people see me, humble people, what they tell me is that they are praying for me .... I am very democratic and very mystic."

Millions of poor Mexicans, particularly in the center and south of the country, see in him what he sees in himself: a bestower of manna who will provide the poor with cash handouts and all the services of a great welfare state. His oratory increasingly blends the theological with the revolutionary: he has repeated that he will "purify national life," inaugurating a new era of "historic transcendence" in which "those on top," "those with money," will no longer oppress "those on the bottom." Believe him: he's a man of his word.

Mr. López Obrador should be strongly commended for placing the fight against poverty at the center of his social platform. But his numbers don't add up. He has said repeatedly, for example, that he will finance his proposal with the more than $9 billion a year to be shaved from the budget by cutting salaries or firing top members of the bureaucracy. However, if the salaries of the 4,000 top officials of the executive branch were cut in half, it would yield scarcely 4 percent of that sum.

Mr. López Obrador has also talked of revising Nafta's agricultural provisions and subsidizing exporters with cheap fuel (a practice prohibited by Nafta). He has declared that he will "allow" private investment, but not national or foreign interest in strategic areas that urgently require it, like oil and gas.

His platform is full of unrealizable initiatives: a microcredit program (a very promising project) but for a whopping eight million people (consider that the successful Grameen Bank of Bangladesh has taken on fewer than six million borrowers since 1976); bullet trains from Mexico City to the northern border (which would not only be expensive, but also face competition from low-cost airlines).

But more troubling than his economics is his political messianism, which could undermine our democracy. As the Mexican writer Gabriel Zaid pointed out last week in the newspaper Reforma, Mr. López Obrador, a former member of the Institutional Revolutionary Party, which ruled Mexico from 1929 to 2000, wants to return to the political structure of the old days. When the P.R.I. held power, the president controlled the country's legislature, judiciary, natural resources, state-run businesses, electoral system, monetary policy and federal budget and could place limits of freedom of expression.

But there would be a disturbing novelty to the process as revived by Mr. López Obrador: his presidency wouldn't be institutional and bureaucratic like the old regime, but instead bound to his personal charisma. One of his most insistent proposals is to amend the Constitution to allow for referendums and plebiscites, so that halfway through his prospective term (in 2009) "the people" would decide whether he goes or stays.

Knowing that he would take the microphone daily to report on his government's progress — as he has said he will — it's easy to imagine the result of such a plebiscite. And after that, who is to stop him from altering the law of the land and being re-elected indefinitely, or remaining the power behind all powers, if "the people" demand it? Redemption won't be achieved in the constitutionally allotted six years. A messiah needs time.

With the uncharismatic P.R.I. candidate, Roberto Madrazo, running third in the polls, Mr. López Obrador's main obstacle for Sunday is Felipe Calderón of the center-right National Action Party. Where Mr. López Obrador is strong, Mr. Calderón is weak: he has failed to convey real concern for Mexico's poor.

But in economic matters he seems more coherent: a young lawyer who studied at Harvard's Kennedy School of Government, Mr. Calderón seeks to reform the remains of the old corporate structures and the country's traditional inward-looking mentality.

His idea is for Mexico to carve out a competitive niche for itself in a globalized world (as has been done, at different times, by other backward Catholic countries like Chile, Ireland and Spain) and thus generate productive jobs and growth. Mr. Calderón has let it be known that if he wins, he'll call for a coalition government with the P.R.I. and even Mr. López Obrador's Party of the Democratic Revolution.

It is not impossible that Mr. Calderón could win — some recent polls have the race too close to call. But even if he does, he'll face great obstacles. While Mr. López Obrador has said publicly that he would acknowledge the official results no matter what, he always hedges such claims with a "but" — such as making it conditional on the voting being without irregularities.

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As the race has tightened, he has taken to criticizing the federal electoral institute and has told the crowds that he suspects "intentions of fraud." This raises fears that he will acknowledge defeat only if Mr. Calderón wins by a significant margin, say, greater than 5 percent.

If Mr. López Obrador were to dispute a Calderón victory in the streets and at the tribunal, the P.R.I. would be likely to join him. If the tribunal cannot name a winner to take the oath on Dec. 1, the day President Vicente Fox Quesada must step down, the national legislature has to name an interim president who would have to call a new election. Mexicans would live in a state of political volatility and our electoral institutions would be discredited.

This would be a serious setback for democracy. But would it be worse than a López Obrador victory? "Mexico has yet to console itself for never having been a monarchy," the Nobel Prize-winning poet Octavio Paz told me in his last years, with great sadness. Maybe his words will prove prophetic. In the long run Mexico will find no consolation in a monarchy cloaking itself in the trappings of democracy and harboring messianic ambitions.

Enrique Krauze is the editor of the magazine Letras Libres and the author of "Mexico: Biography of Power." This article was translated by Natasha Wimmer from the Spanish.

Mexico's Missing Prosperity (WP)

By Robert J. Samuelson

The Washington Post, June 28, 2006

The subtext for the United States' immigration debate is Mexico. Why doesn't its economy grow faster, creating more jobs and higher living standards? That's the question that inevitably confronts the winner of this Sunday's Mexican presidential election, but it is also a critical question for Americans. A more prosperous country would not be sending so many of its poorest citizens north. Since 1990 about 20 to 25 percent of U.S. immigrants have come from Mexico.

Here is an illuminating comparison. In 1970 average incomes in South Korea were about half those in Mexico. By 2004 Korean incomes were more than twice Mexico's. During those decades, reports the Organization for Economic Cooperation and Development (OECD), average Mexican incomes rose 57 percent, to $9,178 (expressed in constant "2000 dollars"); the comparable Korean gain was 574 percent, to $19,148.

It's not that Mexico has made no progress. Its economy was once crisis-prone, inflation-ridden and heavily insulated from foreign trade. Now it has quelled inflation (about 4 percent, down from 17 percent in the late 1990s), controlled government spending and opened up to trade. Before adoption of the North American Free Trade Agreement in 1994, tariffs on covered imports averaged 12 percent (and were much higher in the 1980s); by 2001 they were 2 percent. The last financial crisis -- a collapsing currency, an outflow of money -- occurred in 1994 and 1995. In recent years its economy has grown almost 4 percent annually.

But that growth -- fine for an advanced country such as the United States -- doesn't suffice for a poor country whose population is increasing (as is Mexico's) by more than 1 percent a year. In China, economic growth averages 9 to 10 percent annually; in India, about 6 to 8 percent. Mexico isn't in the same league.

Economies advance through the adoption of better technologies and business methods. Production and efficiency improve. Prices go down or incomes go up. Either way, people can buy more -- more old stuff (say, food or housing); or more new stuff (say, Internet connections or iPods). In Mexico, this process is weak. To simplify slightly: Its economy consists of two vast sectors, each slow to adopt better technology and business practices.

One sector involves large, modern firms in semi-protected markets that limit the pressure to improve efficiency or lower prices. "Mexico's business sector is risk-averse. It's never had to operate in a true competitive environment," says Pamela Starr, an analyst for the Eurasia Group, a consulting firm. "It's operated with monopolies and oligopolies encouraged by the government."

An extreme case in point is Pemex, the state-owned monopoly oil company. Without competitors or complaining shareholders, its operations are lax. In 2004 Pemex had $69 billion in sales and 137,722 employees, according to its Web site; in the same year, Exxon Mobil had $291 billion in revenue and 85,900 employees. Telmex, which dominates the phone market, is often cited as another example. In 2004 Mexico had the sixth-highest phone charges for an average customer of 29 OECD member countries.

The other part of the economy is usually called the "informal sector." It consists of thousands of small firms -- street vendors, stores, repair shops, tiny manufacturers -- that theoretically aren't legal, because they haven't registered with the government and often don't pay taxes or comply with regulations on wages and hiring and firing. Almost two-thirds of Mexico's workers may be employed in the informal sector, according to one rough estimate by the International Monetary Fund.

The sector's size might suggest great entrepreneurial vitality. The trouble is that these firms are virtually compelled to remain small and inefficient. Because they're technically illegal, they can't easily get bank loans and can't grow too large without

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being forced to pay taxes or comply with government regulations. In Mexico, companies with fewer than 10 workers account for almost two-fifths of all employment. In the United States, such firms represent one-ninth of total jobs.

All this frustrates rapid economic growth -- though the obstacles have diminished as Mexico has opened to foreign trade and investment. The harder question is what created this system. Lawrence Harrison, an economic development expert at Tufts University, blames culture. Latin American values, he says, have resisted change and encouraged "rent-seeking" by business elites -- vying for government favors that provide protected markets. Asian societies, he argues, have been more accepting of change and have achieved the higher savings rates conducive to faster economic growth.

Economist William Easterly of New York University is skeptical of the cultural explanation and argues that de-emphasizing trade protectionism and government intervention requires time. "Advocates of free trade and free markets overpromise what can be accomplished in a short time," he says. Attitudes and institutions change slowly. "The payoff is in the long term," he argues.

On paper, the leading candidates for president advocate different economic policies. Former Mexico City mayor Andr?s Manuel L?pez Obrador of the center-left Democratic Revolution Party urges more government activism. Felipe Calder?n of the center-right National Action Party -- the party of the incumbent, Vicente Fox -- favors "the market." But each might have trouble enacting his agenda without a legislative majority, with the once-dominant Institutional Revolutionary Party controlling swing votes. At best, economic growth might improve slightly; at worst it might decrease.

For Americans, the implications are sobering. Mexico has long regarded immigration as an economic safety valve. Whoever wins, that won't change.

China Discloses $1.1 Billion Bank Fraud (WP)

By Peter S. Goodman

The Washington Post, June 28, 2006

SHANGHAI, June 27 -- The Chinese government disclosed $1.1 billion worth of fraud at one of the country's largest state-owned banks this week, underscoring the risks confronting foreign investors as they seek big stakes in China's precarious banking system.

China's National Audit Office on Monday announced that an examination of records at the Agricultural Bank of China, one of four state-owned giants, uncovered 51 cases of criminal wrongdoing involving 157 people in 2004. The state audit also found evidence of $1.8 billion in improperly handled deposits and $3.5 billion in illegal loans.

The latest details of fraud come as China presses to eradicate the taint of corruption from its state-owned banks as it courts foreign capital in a bid to improve management practices. China's leaders are particularly keen to fix ailing lenders ahead of next year, when foreign banks will be allowed to conduct business inside China in local currency. That could pose a grave challenge to domestic lenders, whose managers have been nurtured by decades of state capital infusions and a system governed more by personal connections than consideration of the bottom line.

The most recent additions to a lengthy roster of bank-fraud cases brings to the fore a basic question about the future of China's financial system: Are the state disclosures a sign that the government is indeed serious about fixing the troubles, or are they just another indication of the extent of the problems in a fundamentally shaky system? Analysts saw a little bit of both. While the state is indeed intent on a fix, the challenges are deep.

"This case that has emerged at the Agricultural Bank of China is just a minor one among the overall problems with China's state-owned banks," said Yi Xianrong, a director at the China Academy of Social Sciences' financial research institute in Beijing. "Lots more such cases are not discovered and will be discovered sooner or later, as the most serious problems involve medium- and long-term loans."

He cited deep institutional problems at the banks, including a lack of internal controls. "More fundamentally, the system appoints bank leaders based on administrative power rather than on market performance," Yi said. "Real changes have yet to come."

For foreign investors, the stakes are high. Last year, Bank of America paid $3 billion for a 9 percent stake in China Construction Bank, and the Royal Bank of Scotland acquired 10 percent of Bank of China. This month, Bank of China raised about $9.7 billion through a stock offering in Hong Kong following a $9.2 billion offering there by China Construction Bank.

Last August, Goldman Sachs Group Inc., American Express Co. and Allianz AG sank $3.8 billion into China's largest lender, the Industrial & Commercial Bank of China, capturing a 10 percent stake. The bank has said it will pursue a stock offering worth about $12 billion in Hong Kong sometime this fall.

Foreign investors are eager to lock up stakes of banks in China's huge, sizzling economy. With stock and bond markets still in their infancy, China's four largest state banks essentially dictate where capital goes in the country. But the foreigners are sinking their money into a financial system that has traditionally functioned more as a cash artery for companies owned by the Communist Party-led government then as a careful arbiter of risk and reward.

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Private economists estimate that China's banks are now choked with $500 billion in bad loans, making the system vulnerable to a shock. Those worries have heightened in recent weeks with the release of government data showing a surge in lending in the first five months of the year, despite government caps on investment in red-hot sectors such as real estate and automobile manufacturing.

On Tuesday, the debt-rating agency Standard & Poor's underscored those concerns, declaring that China's banks face "increasing vulnerability" from the widening volume of lending. The agency credited China's banks with some improvements in their governance but stressed that "their developing credit- and risk-management systems are likely to be severely stretched by rapidly changing economic conditions."

The Agricultural Bank has long been seen as the most flawed of the four state-owned giants. Four years ago, the bank announced plans to embrace consumer finance as a way of weaning itself off more politically motivated lending. The bank moved aggressively into the fledgling business of auto finance, seeking to profit as China's growing middle class adopts the family car.

In interviews then, bank managers acknowledged that credit-checking systems were virtually nonexistent in China. They said that so long as would-be borrowers accurately disclosed their addresses and incomes, few applicants would be turned away.

This week's disclosures added to the evidence that the resulting consumer-finance frenzy has turned sour: The state auditors said that among the biggest areas of fraud in the cases it discovered were car loans and home mortgages.

"The banks have been desperately expanding loans, including consumer loans and real estate loans," Yi said. "The problem won't be visible until real estate prices fall dramatically, which will happen sooner or later. The problem with individual consumer loans is serious."

One Riot Breaks Ground In China (WP)

By Edward Cody

The Washington Post, June 28, 2006

SANZHOU, China -- For 24 hours, thousands of rampaging farmers here unleashed their rage over confiscated farmland this month -- holding local officials hostage and, clubs and bottles of acid in hand, forcing a band of private security guards to spend the night cowering behind locked doors.

The riot in many ways resembled other uprisings in rural China in recent years. But this one ended with a twist: The villagers won significant concessions.

By dusk on June 14, the villagers had agreed to let everyone go home -- or to the hospital for treatment -- and officials had pledged a high-level review of 750 acres of rice paddies and fish ponds, property that had been confiscated by the village committee and resold for development in what the villagers said was a corrupt transaction.

Moreover, the villagers said, they were promised an explanation of how the 200 private guards, many with buzz cuts and tattoos typical of Chinese gangsters, came to be in Sanzhou protecting a multistory apartment complex built on a prime piece of the confiscated farmland.

The compromise did not settle the land conflict that has embittered this village-turned-suburb 25 miles south of Guangzhou, in the boundless expanse of factories that has blanketed the Pearl River Delta. But it stopped the violence after only a few serious injuries. More broadly, it dramatized the Chinese government's realization that farmers have a point when they complain that their land and their livelihoods are being unfairly swallowed up by relentless economic growth.

President Hu Jintao's government, in an indication of concern about the unrest among suddenly landless farmers, has launched a campaign to preserve the fields and paddies that feed China's 1.3 billion people. In addition, it has allocated $42.5 billion to improving the lives of the 700 million Chinese still attached to the land and filled official propaganda with stories of Communist Party cadres out in the countryside solving problems for grateful farmers.

Despite the two-day riot here, the first signs have emerged that the campaign may be having an effect. Although party censorship makes information in China hard to assess, reports of violent protests in farming villages have declined sharply over the past six months. This marks a significant shift from 2004-05, when clashes between farmers and police escalated dramatically. The Public Security Ministry reported 84,000 violent protests in 2005, more than 200 a day.

The government has also become increasingly frank about the corruption that often accompanies land seizures, outraging farmers and corroding their willingness to abide by official decisions. Sun Wensheng, minister of land and resources, told reporters Friday that more than a third of land confiscations involve illegal action on the part of local party and government officials.

Premier Wen Jiabao's cabinet last week handed down an order -- the latest in a long line -- barring local officials from confiscating farmland without ministry approval and from using proceeds from sales of confiscated land to finance government

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institutions. Wen did not address the complaint voiced most often by farmers: that local officials pocket the difference between low compensation paid to peasants and the high market price charged to developers. But Sun said his ministry was putting together a new system to monitor seizures to prevent this and other abuses.

The party secretary of surrounding Guangdong province, Zhang Dejiang, has told city, town and village leaders in this region that they cannot use confiscated land until farmers are satisfied with the compensation. In effect, that was the promise reiterated to the farmers of Sanzhou to get them to disperse peacefully.

Guangdong province, China's most industrialized area, has been a hot zone of land conflicts. Police opened fire Dec. 6 on protesting farmers in Dongzhou village, 130 miles east of here, killing several and raising fears that the unrest was about to rise to a higher level of bloodshed.

Zhang, the provincial party secretary and a member of the national Politburo, came under criticism in Beijing for allowing the violence to rise to that level in his province. Since then, three local officials involved in the Dongzhou killings have been fired, according to dissident sources, and 12 villagers have been sentenced to jail terms.

Sanzhou protest leaders, who described what happened here on condition of anonymity because they feared arrest, said busloads of police waited nearby as the riot flared on June 13 and 14. A half-dozen policemen who looked on were not armed, they said.

The villagers said that, although Sanzhou's land confiscations began with decisions made in the mid-1990s, it wasn't until recently that they recognized how much of their land was ticketed for residential and industrial development. In the past few years, a large pond where farmers grew carp has been drained in hopes it can become an industrial park. Municipal food warehouses have been built on former rice paddies. Nearby, a thermos bottle factory has arisen, with an adjacent dormitory for the farmers' children, who make up the workforce.

Farmers seemed most outraged by what they said was use of their compensation by village officials to build a bridge across the fish pond. Needlessly large sums were allocated for the bridge, which is designed as a simple stretch of concrete across a 200-yard bog, they said. "They say they need 10 times what they really need, then they take the difference," a villager said with a sneer.

The head of the Shunde district investigation department, which has jurisdiction over Sanzhou, declined to comment, directing inquiries to the Guangdong provincial propaganda department. Officials there, who according to local reporters have banned reporting on Sanzhou's riot, said they had no information.

Since January, villagers have blocked the bridge-building project, which stands unfinished in the form of two concrete blocks baking under the heavy southern China sun. Many farmers and their wives have sat daily under a tent-like shelter to prevent bulldozers from returning. Banners have been stretched across the tent proclaiming the farmers will not move until they get adequate compensation for their land.

Protest leaders heard earlier this month that a real-estate developer was about to turn over to buyers possession of apartments in a building constructed on another slice of the confiscated land. The developer, they said, sent two dozen private guards in civilian clothes to protect a little sales office on June 11. By June 13, the number had risen to more than 200, they said. Villagers called local police to intervene against the tough-looking outsiders, they said, but got no response.

As the confrontation grew, a number of villagers moved on the apartment building and, threatening to beat them, drove away workers putting on the final touches. The guards counterattacked, and the fight was on. Villagers said they rang gongs, raising the alarm, and by the end of the day 10,000 local farmers and their families were on the scene.

They attacked the sales office, breaking windows and driving away saleswomen. Some used bottles of sulfuric acid to scare off the security guards, they acknowledged, and many swung sticks and threw stones, forcing the guards to take shelter inside the sales office behind locked doors.

Several local officials who showed up to calm the situation were prevented from leaving, the villagers said, and were held all night and into the next afternoon before the bargain was reached.

As part of the deal, the villagers were to negotiate with the developer, who promised to stop construction pending an agreement on compensation. The developer insisted, however, that the level of compensation was a matter between the farmers and the village committee. But the village leadership has refused to meet, protest leaders said, and the local party secretary has dropped out of sight.

"It's been a long time since we saw him," one peasant activist said.

Taiwan's President, Mired In Scandals, Survives Recall Vote (WP)

By Jane Rickards

The Washington Post, June 28, 2006

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TAIPEI, Taiwan, June 27 -- President Chen Shui-bian easily survived a recall vote in Taiwan's legislature Tuesday but remained mired in scandals that have undermined his leadership and touched off a rancorous political struggle.

The recall motion, brought by the opposition Nationalist Party, was backed by 119 of the legislature's 221 members, well below the two-thirds majority needed to force a referendum.

Unless new irregularities are uncovered, Chen is now expected to remain in power for the last two years of his second four-year term. But he has been weakened by charges that his family and aides were involved in under-the-table deals, and buffeted by the political storm those charges have generated. As a result, Taiwanese politics appeared headed for a period of instability that is likely to overshadow relations with China and perhaps brake Chen's attempts to push the self-ruled island toward formal independence.

James Soong of the opposition People First Party, which is allied with the Nationalists, said after the vote that he intended to pursue the effort to oust Chen with a no-confidence vote against the government, headed by Premier Su Tseng-chang of Chen's Democratic Progressive Party. The Nationalist leader, Ma Ying-jeou, appeared less certain about the effort but did not rule it out.

A no-confidence motion would require only a simple majority, and Tuesday's vote indicated that was within reach. If Su were to lose a no-confidence motion, Chen would be forced to choose between calling new legislative elections or having Su resign. Neither would be appealing to Chen and his partisans, who see Su as a possible presidential candidate.

Chen said in a statement that he would respect the outcome of judicial probes focused on his family. But he urged Taiwanese to put the political conflicts behind them and offered to enter into peace talks with China.

"Aside from deep self-reflection and examination, I hope even more to promote political negotiations domestically and cross-strait peace talks," he said.

China has refused to deal with Chen, an ardent champion of formal independence for Taiwan, and Chen did not say what he would do to change that. As for healing the political rifts within Taiwan, opposition leaders appeared intent instead on making Chen pay the full price for the alleged irregularities by his family and aides, particularly with presidential elections on the horizon in 2008.

Ma, the likely Nationalist Party candidate in 2008, acknowledged that the recall had failed but claimed a small victory, saying no one cast a vote against the motion. The 88 legislators from Chen's Democratic Progressive Party boycotted the proceedings, which were held as 5,000 police officers and hundreds of soldiers manned barricades outside the legislature to prevent violence among opposing camps of demonstrators.

The motion to oust Chen was launched after his son-in-law, Chao Chien-ming, was arrested on suspicion of insider trading last month. Prosecutors also have begun an investigation into allegations that Chen's wife, Wu Shu-chen, accepted millions of Taiwan dollars in gift vouchers in exchange for using her influence in a department store takeover. Also, a top presidential aide, Chen Tse-nan, was arrested in connection with financial irregularities in construction of a high-speed railway.

The charges deepened political divisions in Taiwan and added to accusations that Chen's leadership was erratic and unnecessarily provocative to Beijing. In particular, Nationalists sharply criticized his decision in February to abolish the National Unification Council, established in 1990 as a display of willingness to eventually reunite with the mainland.

Taiwan: President Survives Recall Vote (NYT/AP)

By Associated Press

The New York Times, June 28, 2006

President Chen Shui-bian easily survived a recall motion brought by the opposition Nationalist Party over corruption allegations involving his family. Just 119 lawmakers in the 221-member legislature voted for the measure — more than half but well below the two-thirds majority, or 148 votes, needed to pass the motion and put the recall question to the electorate in a referendum. Mr. Chen's Democratic Progressive Party boycotted the vote.

Groups Promise Big Fight Over Oman Trade Deal (RC)

By Kate Ackley

Roll Call, June 28, 2006

Groups for and against a Bush administration free-trade agreement with the Persian Gulf nation of Oman are stepping up their lobbying efforts, promising to fight just as hard as they did in last summer's bitter battle over the Central American Free Trade Agreement.

The Senate Finance Committee today will consider legislation to approve the deal crafted by the Bush administration. On Thursday, Ways and Means will do the same.

Both sides say the stakes are higher than they ordinarily might be because this is an election year.

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Larry Weiss, executive director for the Citizens Trade Campaign, helped organize a Capitol Hill event Tuesday at which House Democrats blasted the agreement with Oman. Citizens Trade Campaign, whose members include unions and environmentalists, has been working to scuttle the pact, which can only be approved or rejected, not changed, by Congress.

"We have a field operation going across much of the country," Weiss said. "Many organizations are calling, writing and otherwise talking to their Members of Congress." The event Tuesday, he said, was "to show Congress the breadth of the opposition."

Weiss said the administration and business interests that favor the Oman agreement had expected it to sail through Congress, in part because Oman is such a small country and thus accounts for a tiny fraction of U.S. imports, and in part because of fatigue over last year's CAFTA fight.

"In the wake of the CAFTA vote, a lot of Members and organizations are just standing up and saying, 'Until you change the model of NAFTA/CAFTA, we are going to oppose these things," said Peter Chandler, chief of staff to Rep. Mike Michaud (D-Maine). Michaud took part in the Tuesday gathering, at which Citizens Trade Campaign released a letter signed by more than 400 groups that oppose the agreement with Oman.

Opponents of the pact say Oman's labor and environmental standards are abysmal.

Chuck Dittrich, vice president of regional trade initiatives for the National Foreign Trade Council, helps manage the U.S. Middle East Free Trade Coalition, a group of businesses that wants the Oman agreement to pass.

"As far as free-trade agreements go, this one is high quality," he said. The Omani government has made great strides in labor laws, he said.

"If this Congress sends a message that Oman — which has come so far in integrating into the global economy through this free-trade agreement process — is not supported, then I think all of our trading partners are going to look at this very seriously. And it's going to send a chill through the bilateral process and also the Doha round," Dittrich said.

Nicole Venable, director of international trade and global competitiveness at the U.S. Chamber of Commerce, said her side is urging Members to stand back and look at the strategic role that Oman plays in the Gulf region and, in particular, the fight against terrorism.

"Members have to recognize that other Gulf countries are looking at this process," she said.

But while the pro-agreement side argues that Oman is a key strategic Middle East ally, especially in the war on terror, opponents counter that the trade agreement could hinder Congressional intervention when it comes to potential national security matters.

Weiss said that if the United States had made a similar agreement with the United Arab Emirates when the Dubai ports controversy emerged earlier this year, then Congress would have had a much harder time killing the deal.

"Congress could not have simply called that deal off," Weiss said. "So if something similar could happen with an Omani company, we are ill-served security-wise by the provisions of this deal."

Thea Lee, policy director at the AFL-CIO, said Oman does not have a history or tradition of free association or labor organizing. Lee said even though Oman's government has reformed its labor laws, "this is really a very primitive step along the way. This is the country with the worst labor laws of any country we're negotiating a free-trade agreement."

Added Weiss: "It's going to be like CAFTA all over again, and closer to an election. There's an awful lot of districts where Members took votes in favor of CAFTA that they did not want to take. Do Members really want to tell people in their districts, 'Yep, we voted to send more jobs away'?"

Failure Of Geneva Talks Would Not Scupper WTO Round: US (AFP)

By Charlotte Raab

AFP, June 28, 2006

The United States voiced optimism that struggling global trade negotiations would eventually succeed, even if a crucial WTO meeting in Switzerland this week fails.

"We're going to try to get this done as soon as we can, rather than say if we don't get it done by the weekend it won't happen," US Trade Representative Susan Schwab said several hours before her departure for Geneva, after a meeting with US lawmakers.

"We can't be stampeded into an agreement just for a deadline," she said at a news briefing.

"We want to stick to deadlines, deadlines are important, but deadlines in and of themselves are not going to create a good agreement," she said.

"We need to negotiate a good agreement."

The World Trade Organization opens a meeting Thursday to try to save four and a half years of negotiations aimed at liberalizing trade in a way to help developing countries.

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WTO Director General Pascal Lamy has set an end-of-June deadline for countries meeting in Geneva to agree on basic formulas for cutting farm subsidies and reducing agricultural and manufacturing tariffs.

Many observers see the meeting as a last-ditch attempt to revitalize the stalled Doha Development Round, which was supposed to have been completed two years ago.

The WTO's 149 divided members, who have repeatedly missed their targets for a deal, are under mounting pressure to complete the round by a December 2006 deadline fixed during a conference in Hong Kong last year.

The United States may hold the key to achieving a global trade accord but appears unwilling to make concessions, amid pressure from skeptical lawmakers and powerful farm lobbies.

Adding to the pressures on trade negotiators is the expiration of a special US trade tool a year from now.

On July 1, 2007, the government of the world's most powerful trading nation is due to lose its special authority from lawmakers to fast-track trade deals, which could hamper the WTO negotiations if they overrun the year-end deadline.

Under fast track, the US Congress is entitled to approve or reject trade deals but cannot amend them.

"There's no US trade representative who'd ever tell you that he or she doesn't want" the fast-track authority, Schwab said. But, "would you bet a whole deal on it? No."

"We are eager for a comprehensive agreement, and determined to craft an agreement that is good for American workers and manufacturers, good for the service provider, and good for our farmers and ranchers," she said.

Republican lawmaker Bob Goodlatte said it was important to continue fast-track authority, "whether we reach an agreement or not."

Schwab reiterated the US trade position, recalling an October offer to cut direct aid to agriculture by 60 percent was still available, on condition US trading partners further opened their markets and lower their customs tariffs on US exports.

US farm aid amounted to 150 billion dollars between 1995 and 2005.

"We made it clear last fall that our proposal was not a take-it-or-leave-it offer, however it was contingent on receiving meaningful offers from our trading partners that match our level of ambition on agricultural market access," she said.

"We have yet to receive such offers."

US Lawmakers Prefer No Deal To Bad Deal In Trade Talks (AP)

AP, June 28, 2006

WASHINGTON (AP)--U.S. lawmakers said Tuesday they would rather have no deal than a bad deal when global trade talks commence this week in Geneva.

Congress won't support concessions beyond the existing offer from the U.S. to cut farm subsidies, said the House Agriculture Committee chairman, Rep. Bob Goodlatte, R-Va.

"No other country has introduced a proposal that even comes close to the U.S. proposal," Goodlatte said. "Now, we are being called on to give even more and receive less."

He and other lawmakers appeared at a news conference with U.S. Trade Representative Susan Schwab and Agriculture Secretary Mike Johanns, two senior negotiators in the World Trade Organization talks.

"We have no intention of settling for something less," Schwab said.

Schwab and Johanns are headed to Geneva, where negotiations begin Thursday on trade in goods from farms and factories. Countries then face an end-of-July deadline to agree on a framework for a new global trade treaty.

Without a breakthrough on the complex agriculture and manufacturing issues, it will be difficult to address other important issues, such as services, Schwab said.

The Cry Of The Wild (NYT)

By Thomas L. Friedman

The New York Times, June 28, 2006

Puerto MALDONADO, Peru

The most memorable thing about the Amazonian rain forest isn't the sights. It's the sounds.

Lying awake at night inside a mosquito net at the Tambopata Research Center in the Peruvian Amazon, you hear a symphony playing in the rain forest outside. It sounds like one of those dissonant pieces of modern music: a cacophony of birds, red howler monkeys, wild pigs, frogs, macaws and insects making bizarre clicks, snorts, croaks, chirps, wails and whistles that sound like car alarms, strange doorbell chimes and an orchestral wind section that has lost its music but is playing on anyway. Occasionally, this symphony gets punctuated by the shrill, desperate scream of a human species, who has just encountered a spider in her toilet.

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This Amazon rain forest in southeastern Peru is a largely uninhabited wilderness that is home to some of the planet's most endangered wildlife, and one of the world's largest macaw clay licks — a cliff of red clay, where blue, red and gold macaws flock for a dirt breakfast every morning.

Look down in the rain forest and you might see a hunting wasp stinging a caterpillar and depositing its eggs inside. Or, look up in the verdant canopy and you see the hanging nest of Oro Pendula weaver birds. You will notice, though, that the Oro Pendula have located their nest on a branch right next to a large white wasp's nest. Why? So if any predators try to attack the birds they will also rile the wasps — an ingenious natural security system.

But today it's all endangered by what Tim Killeen, a senior biologist and researcher at Conservation International, identifies as three converging forces: rising commodity prices driven by rapid growth in China, plans by leaders in South America to integrate their infrastructure and highways to create a continental economy — which will spark human migration into areas that are important for biodiversity — and some new climate models that predict that global warming could make the Amazon so hot and dry that within a century it could mutate from a rain forest into a savannah.

If all of these trends converge, argues Dr. Killeen, it will create a "perfect storm of environmental destruction that will degrade one of the last great tropical wilderness areas of the planet."

The danger signs abound: Sailing here up the Rio Tambopata on our riverboat, we saw gold miners using big motorized barges and mercury to dredge and sift — and destroy — riverbanks in search of gold. With global gold prices soaring, the incentives to dredge the Tambopata are enormous. Some of the miners clear forests for camps and hunt rare animals for food.

Meanwhile, the Interoceanic Highway, running from the Atlantic coast of Brazil to the Pacific coast of Peru, appears to be heading for completion. More roads lead to more agriculture, logging, mining and oil and gas extraction, which converts more forests to cropland, which releases more climate-changing greenhouse gases.

"The Peruvian government has good policies, but it doesn't have the means to enforce them, and there is huge corruption," explained Diego Shoobridge, director of ParksWatch Peru. The road from Brazil through Peru already exists, "but now they are going to pave it," he added. "Once it is paved, all kinds of vehicles will come with Andean people, and they don't know the forests."

But protests by do-gooders will not stop these forces. It requires a grand strategy.

"We need to put in place a green infrastructure — a system of parks, territories controlled by indigenous communities, land-use regulations, carbon credits for forest protection and green businesses, like eco-tourism — that will create a powerful green economic counterweight to the global economic forces driving deforestation," argued Glenn Prickett, a senior vice president at Conservation International and one of my traveling companions. (My wife is on the C.I. board.)

Indeed, just as the Oro Pendula learned to leverage the wasps' nest to naturally preserve their home, environmentalists have to leverage the riches of the rain forest to naturally preserve the rain forest. That means creating ways for the locals to thrive off it while also protecting it. But that's hard. It is easy to clear-cut a forest for roads or an oil well. It's hard to develop shade-grown coffee or eco-tourism or a Brazil nut factory or a palm tree oil business. But without profitable eco-friendly business alternatives — to counter the eco-hostile ones — the economic predators of this rain forest will eventually have their day.

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THE ATTORNEY GENERAL'S *NEWS BRIEFING*

PREPARED FOR THE OFFICE OF PUBLIC AFFAIRS, U.S. DEPARTMENT OF JUSTICE

TO: THE ATTORNEY GENERAL AND SENIOR STAFF

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TERRORISM NEWS:

In Jerusalem, Gonzales Defends Anti-Terrorism Efforts. The Jerusalem Post (6/29, Keinon, Izenberg) reports, "All countries have the right to protect their citizens and take lawful actions to ensure their national security, US Attorney-General Alberto Gonzales said in an interview with The Jerusalem Post approved for publication on Wednesday. … However, Gonzales, in the country for two days of high-level talks as part of a trip that will also take him to Egypt, was reticent about commenting directly on Israel's war on terrorism and the situation in the south." The Post continues, "The soft-spoken Gonzales, on his first visit to Israel, is more than just the US attorney-general, the most powerful law enforcement position in America. He is also considered one of US President George W. Bush's closest confidants, and he has turned into the lightning rod for criticism from those who think Washington has trampled human rights at the prison in its offshore naval base at Guantanamo Bay, in alleged CIA prisons in Eastern Europe or in the US itself in the name of fighting terrorism." The Post adds, "Gonzales repeatedly refused to comment on questions in which he was asked about how Israel should handle the capture and abduction of Cpl. Gilad Shalit to Gaza. All he would say was that 'we are focusing on getting this resolved as quickly as possible without any further violence. We want the soldier returned to his family.' … Gonzales insisted that all of the measures taken by the US in its battle against al-Qaida were within the limits of US law, including the open-ended incarceration of hundreds of suspected al-Qaida operatives or supporters being held without trial or judicial review at Guantanamo Bay."

Gonzales Lauds US-Israeli Cooperation Against Terror. The AP (6/28) reports, "U.S. Attorney General Alberto R. Gonzales on Tuesday commended Israel for its strong cooperation in the war against terror and international crime." The AP continues, "Speaking at Tel Aviv University, Gonzales mentioned Israel's March extradition of suspected Israeli mob boss Zeev Rosenstein to the United States as an action that 'highlights one of the most important ways we cooperate with our international law enforcement partners.' … Rosenstein was extradited for trial on charges of involvement in a drug ring that allegedly distributed more than 1 million Ecstasy pills in Miami and New York." The AP adds, "Gonzales singled out U.S.-Israel collaboration in combatting terrorism. 'We are working closing in the war on terror,' he said. … He spoke primarily about 'global law enforcement in a post 9/11 world,' and of the wide range of cooperation the U.S. had with its allies in combating drug trade, corruption, fraud, bribery and child pornography."

Bush Takes On News Media, Congressional Democrats. The AP (6/29, Pickler) reports President Bush "tried to pump up the Iraq war effort and a Republican Senate candidate Wednesday during a visit to a state he won handily two years ago but has become a trouble spot for the GOP in the midterm elections." In his visit to Missouri, Bush "visited with soldiers who fought in Iraq and Afghanistan at the Veterans of Foreign Wars post 3944, then headlined a fundraiser at the Ritz-Carlton for Sen. Jim Talent." Bush "helped bring in nearly $1 million at the fundraiser Wednesday evening, supported by about 500 donors who gave roughly $750,000 for Talent and another $200,000 for the state Republican Party."

The Washington Post (6/29, A10, Baker, 744K) reports Bush "attacked congressional Democrats and the news media at a Republican fundraiser Wednesday night, accusing the opposition of 'waving the white flag of surrender' in Iraq and declaring that there is 'no excuse' for journalists to write about secret intelligence programs." Bush sharpened "his rhetoric as the midterm congressional campaign season accelerates" and he "offered a robust defense of his decision to invade Iraq even though, ultimately, no weapons of mass destruction were found, and drew standing ovations for his attacks on those who question his leadership of the war or the fight against terrorists." Bush is quoted saying, "There's a group in the opposition party who are willing to retreat before the mission is done. … They're willing to wave the white flag of surrender. And if they succeed, the United States will be worse off, and the world will be worse off."

Much of the coverage portrays the Administration's criticism of the New York Times as an attempt to rally the GOP base with an eye on the November elections. In a discussion of the Administration's criticism, for example, NBC Nightly News (6/28, story 6, 1:05, Russert, 9.87M) said that for some, "the Times personifies the 'elite, liberal media.' The point here…is that this is not new in American politics. If you want to intensify your political base, and that's what you have to do in a midterm election, attacking the media has worked quite well. Remember Vice President Spiro Agnew – 'nattering nabobs of negativism,' the 'effete corps of impudent snobs,' and so look for this to intensify more and more, particularly focused on the Times, try to get the conservative base to see that as the most important issue, which will take off the focus on Social Security, Iraq and other issues."

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The Washington Post (6/29, A11, Babington, Abramowitz, 744K), in a story titled "Bush Seeks To Use Media Leaks To His Advantage," reports, "Senior administration officials say the president was outraged by articles in the New York Times and other newspapers about a surveillance program in which the U.S. government has tapped international banking records for information about terrorist financing." But "his comments at a Republican fundraiser in a St. Louis suburb yesterday, combined with new moves by GOP congressional leaders, showed how both are working to fan public anger and reap gains from the controversy during a midterm election year in which polls show they are running against stiff headwinds."

The Christian Science Monitor (6/29, Feldmann, 61K) reports the Times "has come in for an unusual level of vitriol from top officials in the Bush White House, their allies in Congress, and the corps of conservative commentators." While the Administration "has recovered a bit of its momentum," But Bush "and the Republican- controlled Congress still face an uphill climb. … So when The New York Times comes out with the latest exposé on a technique in the war on terror, this is red meat to the president and his supporters. 'The New York Times threw them a life preserver and they grabbed it,' says Mr. Hess."

House To Vote On Resolution Condemning NYTimes Reporting On Anti-Terror Program. CNN's The Situation Room (6/28, Blitzer) reported, "The Bush Administration and members of Congress are pounding away at the New York Times, which last week published details of a secret anti-terror program which sifts through millions of financial transactions. There are now calls for formal investigations and punishment of the newspaper."

The New York Times (6/29, Shane, 1.19M) says that today, "the House is expected to take up a Republican resolution supporting the tracking of financial transactions and condemning the publication of the existence of the program and details of how it works." The resolution says Congress "expects the cooperation of all news media organizations in protecting the lives of Americans and the capability of the government to identify, disrupt and capture terrorists by not disclosing classified intelligence programs." Democrats "are proposing a variant that expresses support for the treasury program but omits the language about the news media." The director of national intelligence, John D. Negroponte, "has ordered an assessment of any damage to counterterrorism efforts from the disclosures, but the review is expected to take months, and its findings are likely to remain classified."

The Washington Times (6/29, Bellantoni, 90K) reports, "House Speaker J. Dennis Hastert said yesterday that the New York Times deserves to receive a formal scolding from Congress for publishing a report on a classified national security program. His comments were the opening salvo in a debate expected today in the House. … Many House Republicans agree with Mr. Hastert's sentiment, and plan to support a symbolic resolution criticizing 'certain media organizations' for revealing details of the Bush administration's counterterrorism programs."

King Says DOJ Should Investigate Government Leakers. Rep. Peter King was asked on CNN's The Situation Room (6/28) if the Justice Department should launch a criminal investigation into the government officials who provided information to the news media. King said, "Absolutely. The government should go all out against those who did the leaking. And one way to get them is to put New York Times reporters in the grand jury and ask them to reveal their sources. And if they don't, find them in contempt and put them in prison."

Snow Says It Is Inappropriate For Bush To Seek Investigation. Last night, White House Press Secretary Tony Snow addressed the controversy over the newspaper disclosures. Snow said on Fox News' The O'Reilly Factor (6/28), "There are a whole number of options right now, but the Bush Administration, the President is not in a position to ask for investigations. The President's not in a position." Snow added that it would be "entirely improper. …. I'll tell you what the President's done. He's expressed his feelings about it. He described the story as disgraceful."

Olson Defends Shield Law, But Says It Would Not Include National Security Matters. In a piece in the Washington Post (6/29, A27, 744K), Theodore B. Olson, former solicitor general of the United States, writes, "Forty-nine states and the District of Columbia have laws protecting the confidentiality of reporters' sources. The Justice Department has had internal standards providing protection to journalists and their sources for 30 years. Yet no such protection exists in federal law." Olson adds, "The Senate Judiciary Committee will soon take up a bill entitled the Free Flow of Information Act of 2006, sponsored by a bipartisan group of legislators and modeled in large part on the Justice Department guidelines. It does not provide an absolute privilege for confidential sources, but it does require, among other things, that a party seeking information from a journalist be able to demonstrate that the need for that information is real and that it is not available from other sources. Matters involving classified information and national security are treated differently. The current controversy over publications relative to the administration's efforts to deter terrorists does not, therefore, provide any basis for delaying or rejecting this needed legislation. This legislation is long overdue and should be enacted."

More Commentary. The Washington Post (6/29, A26, 744K) editorializes on the New York Times decision to report on the anti-terror program, and says, "We recognize that this was a controversial choice. But that does not excuse the

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politicians who have responded with press-bashing that scores political points at the expense of constitutional values." Rep. Peter T. King "offered a prime example of this on Fox News on Sunday when he called for criminal prosecution of reporters, editors and the publisher at the New York Times. … The reactions of President Bush and, even more, Vice President Cheney have been only slightly less chilling." The Post adds, "Those who complain about disclosures assert that the war on terrorism has changed the calculus of risk. They would prefer a media meekly obeying official demands for secrecy."

US Sues New Jersey AG Over Phone Records Inquiry. The New Jersey Law Journal (6/28, Gallagher) reports, "The day before five phone companies were to answer Zulima Farber's subpoena over whether they gave caller information to the National Security Agency without a court order, she got a response - but it was hardly the one she had sought. … The state attorney general found herself a defendant in a suit by the federal government, alleging that her inquiry threatened national security and was barred by the state secrets privilege." The Journal continues, "The government, in United States v. Farber, 06-CV-2683, filed in Trenton on June 14, asks for a declaration that the state may not enforce the subpoenas and the companies may not comply with them. … The suit claims that under the U.S. Constitution's Supremacy Clause, any attempt to obtain or disclose the records is pre-empted by the federal government's 'exclusive control over foreign intelligence gathering activities, national security, the conduct of foreign affairs, and the conduct of military affairs.' … That control is manifested in statutes like the Intelligence Reform and Terrorism Act of 2004, in executive orders that govern how national security information is handled and in the government's absolute privilege to protect military and state secrets from disclosure, the complaint says." The Journal adds, "The complaint is backed by declarations from NSA Director Keith Alexander and Director of National Intelligence John Negroponte. They describe a Terrorist Surveillance Program, authorized by the president after the Sept. 11 attacks, involving NSA's collection of 'one-end foreign communications where one party is associated with . . . al Qaeda' and state that providing greater detail about the program would disclose classified intelligence. … Named as defendants besides Farber are Deputy Attorney General Cathleen O'Donnell, Consumer Affairs Director Kimberly Ricketts and the phone carriers Farber subpoenaed - AT&T Corp., Verizon Communications, Cingular Wireless, Sprint Nextel Corp. and Qwest Communications International."

Saudis Bury Guantanamo Detainee. The New York Times (6/29, Fattah, 1.19M) reports, "Hundreds of Saudis descended on a suburban cemetery here in the Saudi capital late Wednesday to bury Mani Shaman al-Utaybi, 30, one of three prisoners who committed suicide this month at the American detention center at Guantánamo Bay, Cuba." Utaybi "was laid to rest in a nondescript grave, in keeping with Saudi tradition, at the Nassim Cemetery on the outskirts of Riyadh in a ceremony marked by displays of rare public emotion. The mourners, some of whom expressed anger over the detentions or disputed the Americans' version of the deaths, included some former Guantánamo detainees."

Florida Terror Plot Suspect's Lawyer Expects To Argue Entrapment. MSNBC's The Abrams Report (6/28, Moret) reported, "Last week, the Justice Department announced it had busted a group in Florida with plans to launch a terrorist attack here in the US," but "their attorneys are claiming this is a case of entrapment, and their clients never would have acted without the FBI informant." Albert Levin, Attorney for Patrick Abraham: "It's a little early really to say whether or not it's actually entrapment," but "I would anticipate that an entrapment defense could be utilized, based upon what the tapes reveal, based upon what the government's proof is, which…we don't have yet." Levin added, "You know, FBI agents are human beings. And following policies and procedures, that's, in a perfect world, what happens. But, sometimes, policies and procedures aren't followed. And I anticipate, maybe in this case, that was one of those times."

British Judge Rules Against Tactic Used In Terrorism Cases. The New York Times (6/29, Cowell, 1.19M) reports, "Throwing down a new challenge to the government's tactics against terrorism, a High Court judge ruled Wednesday that so-called control orders -- a form of house arrest without trial -- were incompatible with European human rights laws." The government" is expected to appeal the ruling, issued by Justice Jeremy Sullivan, while civil rights groups depicted it as a victory in a sharpening duel over the state's efforts to amass ever greater powers, ostensibly to combat terrorism. … If the government's appeal fails, the authorities will have to seek some other mechanism to continue holding the six suspects -- a Briton and five Iraqis -- whose cases prompted the ruling."

Swiss Say CIA Planes Landed In Their Country 58 Times In Past Five Years. USA Today (6/29, 2.31M) reports, "CIA planes landed in Switzerland 58 times over the past five years, nearly 10 times more than previously disclosed, the Swiss Federal Office of Civil Aviation said Wednesday." Spokesman Anton Kohler also "said there were 13 aircraft, not three as previously disclosed. Dick Marty, chief investigator for Europe's human rights watchdog, the Council

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of Europe, reported earlier this month that European flight logs and other evidence showed that 14 European nations colluded with U.S. intelligence in a "spider's web" of human rights abuses to help the CIA spirit terrorism suspects to illegal detention facilities. He didn't name the countries."

Columnist Notes "Terrorism Index" Findings. Bob Herbert writes in the New York Times (6/29, 1.19M), "After all the sound and fury of the past few years, how is the US doing in its fight against terrorism? Not too well, according to a recent survey of more than 100 highly respected foreign policy and national security experts. The survey, dubbed the 'Terrorism Index,' was conducted by the Center for American Progress and Foreign Policy magazine. The respondents included Republicans and Democrats, moderates, liberals and conservatives." The survey's findings were "striking. A strong, bipartisan consensus emerged on two crucial points: 84 percent of the respondents said the United States was not winning the war on terror, and 86 percent said the world was becoming more -- not less -- dangerous for Americans." Herbert adds, "If the respondents to this survey are correct, the US needs to be moving in an entirely different direction. The war against terror cannot be won by bombing the enemy into submission. The bull in the china shop may be frightening at first, but after a while it's just enraging. We need a better, smarter way."

HOMELAND RESPONSE:

Southwest Airlines Flight Diverted By Bomb Scare. In a widely-distributed story, the AP (6/29) reports, "A Southwest Airlines flight en route to Las Vegas was diverted to Ontario International Airport on Wednesday after a threatening note was found on board, authorities said. … The message was found scrawled in pen on at least two tray tables, indicating a bomb was on board, said FBI spokeswoman Laura Eimiller. FBI agents collected evidence and were trying to determine if the message was written during the flight or at a previous location." Southwest spokeswoman Beth Harbin "said no bombs had been found on the plane and the investigation was nearing an end." The Los Angeles Times (6/29, Reitman, 958K) notes Eimiller said that "once the plane reached cruising altitude, a passenger pulled down the seatback tray and saw 'language warning of a bomb.'"

Some Candidates From Areas With Increased Funding Criticize DHS Allocation. The Hill (6/29, Blake) reports that when the "Department of Homeland Security announced its fiscal year 2006 grant allocations," there were "few…places that actually received more grant money than in the past," and it turns out that "the department would be hard-pressed to satisfy even some House members and candidates in those areas," all of whom "have their own ideas for improving the grant-allocation process." While "incumbents are touting their efforts and justifying the gains while stressing room for improvement nationwide," many challengers are "declaring that the money their areas received is insufficient."

University Connections Seen As Conflict Of Interest For Cybersecurity Chief. The Washington Post/AP (6/29, A5) reports DHS National Cyber Security Division acting director Donald "Andy" Purdy "is a contract employee who earns $577,000 under an agreement with a private university that does extensive business with the federal office he manages. … By comparison, the Homeland Security secretary, Michael Chertoff, is paid $175,000 annually. Purdy is on loan from the school to the government, which is paying nearly all his salary. Meanwhile, Purdy's cybersecurity division has paid Carnegie Mellon $19 million in contracts this year, almost one-fifth of the unit's total budget. Purdy said he has not been involved in discussions of his office's business deals with the school." The AP notes Democratic Reps. Bennie Thompson, Loretta Sanchez and Zoe Lofgren wrote in a letter to House Republicans, "Purdy's contract 'raises questions about whether the American people are getting their money's worth."

TSA Aviation Chief Says Lighters Should Be Allowed On Planes. USA Today (6/29, Frank, 2.31M) reports that Transportation Security Administration chief Kip Hawley "says Congress should lift a ban on passengers carrying lighters on airplanes because screeners are spending too much time looking for lighters instead of bombs." He "said he has briefed lawmakers and 'recommended they consider whether that ban needs to stay.'" Lighters are "the only item that Congress has specifically banned." While "lighters are just one of 68 items passengers cannot carry on planes, they represent 80% of the confiscated items," yet, "lighters 'do not represent a particularly effective ignition source for terrorists.'"

Property Rights Dispute Slows Federal Gulf Coast Cleanup. The AP (6/29, Jordan) reports, "The government says it has not removed the Gulf Coast's remaining hurricane wreckage, enough to stack 2 miles high onto a football field, because it must respect private property rights. … Local officials charge the delay could hamper public safety during the current hurricane season." The AP continues, "Ten months after Hurricane Katrina, about one-sixth of the debris that littered the Gulf Coast remains an estimated 20 million cubic yards. Much of the rubble is from

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damaged homes and businesses that the Federal Emergency Management Agency says it cannot clear away without approval from property owners and insurers. … 'It's a mess and it's dangerous in the storm season,' said Marnie Winter, environmental director in Jefferson Parish, La., which borders New Orleans and extends to the Gulf of Mexico." The AP adds, "The federal agency now is considering whether to continue paying the full cost of removing debris in the disaster area; the program is set to end on Friday. … Officials in cash-strapped New Orleans and surrounding parishes said this week they want the deadline extended. Without the extra aid, Washington will pay for 90 percent of debris removal cost and local governments 10 percent. … FEMA estimates it has paid $3.6 billion for the Army Corps of Engineers and private contractors to remove about 98.6 million cubic yards of debris from Alabama, Louisiana, Mississippi and Texas. Most of it has been on streets, sidewalks, curbs and other public property."

In Letter To Bush, Vitter Criticizes Army Corps' Flood Prevention Work. The New York Times (6/29, Schwartz, 1.19M) reports that Louisiana Sen. David Vitter said in a letter to be sent today to President Bush, "New Orleans still faces serious street flooding in coming storms because the Army Corps of Engineers has fallen behind in repairing the city's hurricane protection system," especially in that it has "not provided enough pumping capacity to get water out of the city's drainage canals in heavy storms." Vitter adds that "extensive flooding could occur even in heavy rainstorms…and a hurricane could have enormous consequences for the restoration of New Orleans." While the corps "has acknowledged falling behind in the effort to install enough pumps to get large amounts of water out of the drainage canals," Col. Richard P. Wagenaar, the commander of the New Orleans district says "the corps has committed to increasing the pumping capacity over time." However, "Vitter said that after months of meetings with the corps, 'there's been no adequate improvement or resolution,' and that he had 'sort of reached the breaking point.'"

Thousands Lose FEMA Rent Help At End Of June. USA Today/AP (6/29, Poovey) reports, "Hundreds of hurricane evacuees around the country could be evicted in the coming weeks if they can't pay the rent without help from the Federal Emergency Management Agency." While over "12,600 households nationwide found out in April that they were going to lose their FEMA rent subsidies," according to FEMA spokesman James McIntyre there will not be "large numbers of people…turned out on the street," as "Many have already lined up a place to live or did not need the assistance to begin with."

Former FEMA Division Director Leading Firm's New Orleans Team. Judy Sarasohn writes in her column in the Washington Post (6/29, A25, 744K), "Daniel Craig was director of the Recovery Division at the Federal Emergency Management Agency and…one of the political appointees last year who came under criticism for lack of disaster-preparedness experience." Now he's "joined the D.C. office of Florida-based law firm Akerman Senterfitt and working with the firm's newly pulled-together Disaster Preparedness and Recovery Practice Group," as well as "leading the firm's team working for New Orleans." Another member of that team is "Jim Schumann , former director of emergency preparedness and response at the Department of Homeland Security's Office of Legislative Affairs." Sarashon observes, "Washington is a great place for second acts -- and third and fourth acts, too."

WPost Says Rain Problems Reveal Weak Points In DC Evacuation Plans. The Washington Post (6/29, A26, 744K) editorializes, "The gridlock downtown Monday and Tuesday" during the torrential rains "was a reminder of how vulnerable the District remains to sliding into logistical chaos during a major emergency." Washington area emergency officials "admit that, beyond models and a trial test after last year's Fourth of July celebrations, they don't know how effective" their planned "extend green lights and…more intersection control officers" would be. "District and regional disaster planners should start assuming that D.C. streets will look like they did Tuesday should there be another terrorist attack. That means developing a better plan to communicate traffic and road conditions to tied-up motorists and a more robust regional infrastructure for coordination among emergency planners."

WAR NEWS:

Rice Visits Afghanistan In Effort To Bolster Karzai. The New York Times (6/29, Cooper, 1.19M) reports that Secretary of State Condoleezza Rice visited Afghanistan yesterday where she sought "to shore up the country's besieged president, Hamid Karzai, promising that the Taliban forces that have mounted a string of attacks in the country will be defeated."

The Wall Street Journal (6/29, King, 2.11M) reports that the Bush Administration "worries that the good news [in Afghanistan] is fading. … So after trips to Baghdad in recent months, Secretary of State Condoleezza Rice came to Kabul to buck up Afghan President Hamid Karzai and tout the country's progress." Rice said Afghanistan's democratic institutions "are getting stronger each day."

The Washington Post (6/29, A20, Kessler, White, 744K) reports that Rice "told Karzai that the administration was considering a boost in reconstruction funding, an aide to Rice

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said. The additional money -- to be directed especially at troubled areas in the south -- would be accompanied by a shift from big nationwide projects such as roads to smaller community projects." The Post notes, "Rice's itinerary on her third trip here showed how far Afghanistan still has to go. With a surge of violence touching even the capital in recent weeks, she passed her time almost entirely behind the heavily guarded high walls and concrete barriers of the U.S. Embassy and the presidential compound."

The Los Angeles Times (6/28, Gerstenzang, 958K) reported on its web site that Rice promised "additional US financial support, and focusing on small-scale projects drawn up to improve daily life more quickly than long-range and massive reconstruction efforts. She said the country, troubled anew by insurgent attacks and civilian unrest, continued to face 'strong enemies, and they're ruthless.' But she said that militants would 'not succeed in rolling back the democratic gains' achieved since the Taliban was overthrown in 2001."

The Financial Times (6/29, Morarjee) reports that Rice "emphasised Washington's strong support" for Afghan President Hamid Karzai. Rice's "brief visit to the Afghan capital was seen as a valuable boost to Mr Karzai after the toughest weeks of his presidency, during which he faced a barrage of criticism for failing to stem the southern violence or deliver reconstruction in pace with rising expectations." Rice "said the US was in Afghanistan for the long haul. 'I want to say to the Afghan people that that commitment from the international community is very strong. We are not going to tire, we are not going to leave,' she said."

The Washington Times (6/29, Kralev, 90K) reports that Rice's Afghanistan visit comes "amid the worst violence there in nearly five years." The Times adds, "A senior State Department official traveling with Miss Rice said the Kabul visit was kept secret 'out of general prudence,' given the dangerous security situation there."

The AP (6/28) reported that Rice "renewed US support for Afghanistan's embattled president during a brief and heavily guarded visit Wednesday, and said the newly democratic country has come too far to fall back into terrorism and anarchy."

UPI (6/28) said Karzai got "strong backing" from Rice. UPI added, "Rice had discussions Wednesday with top Afghan officials on issues including reconstruction projects designed to boost public morale."

DEA Official Says Afghan Heroin Trade Fueling Violence. DEA Administrator Karen Tandy told House committee yesterday that Afghanistan's production of 82 percent of the world's heroin supply has driven ongoing violence in the country. The Washington Times (6/29, Seper, 90K) reports that Tandy said the country's stability "rises and falls with the drug trade." Tandy "said her agency is making 'great progress' in targeting the drug warlords and the Afghan criminal organizations who control the heroin supply."

Broder Says Afghan, Iraqi Leaders Have "Loose Grip On Power." David Broder writes in the Washington Post (6/29, A27, 744K), "The situation the United States and its allies face in Afghanistan and Iraq is one almost without precedent. In two countries where we used our military might to rout the menacing dictatorial regimes running things, we now find ourselves sponsoring governments with notably shaky holds on popular support. … A huge American investment of money and lives now rests on two men with a loose grip on power."

Insurgents Offer To Stop Attacks If US Troops Leave Within Two Years. CNN's The Situation Room (6/28, Blitzer) reported, "The Associated Press reports that insurgent groups are offering to stop attacking coalition troops, but only if American-led forces leave Iraq within two years." CNN (McIntyre) added that Defense Secretary Donald Rumsfeld "said he hadn't heard about this specific proposal," but "he said there have been other offers like this in the past. He was very cautious, though, about anything that would resemble horse trading with insurgents over a timetable."

ABC World News Tonight (6/28, story 5, :20, Gibson, 8.78M) reported, "There are reports, today, from Iraq, that 11 Sunni insurgent groups have offered an immediate halt to all attacks, including those on American troops, if the US agrees to withdraw its forces in two years. Defense Secretary Donald Rumsfeld was asked about the offer. He says President Bush believes a timetable is not something that is useful."

The CBS Evening News (6/28, story 4, 0:20, Schieffer, 7.66M) reported, "Iraq's government said today that it has received an offer from 11 Sunni insurgent groups to stop attacking US military forces if President Bush will set a two-year timetable for withdrawing American troops. The Iraqi government did not reject the idea outright but said it is unclear when Iraqi security forces will be ready to take over."

The AP (6/29) reports that Rumsfeld said President Bush's view "remains that a timetable is not something that is useful. It is a signal to the enemies that all you have to do is just wait and it's yours." The Washington Times runs the AP Story this morning.

Official Says Iraqi Al Qaeda Member Led Shrine Bomb Attack. The New York Times (6/29, Wong, 1.19M) reports that Iraqi national security adviser Mowaffak al-Rubaie said an Iraqi affiliated with Al Qaeda in Mesopotamia "led the team that carried out the February bombing of a golden-domed Shiite shrine." The insurgent, Haitham al-Badri, "is in hiding in Iraq and being sought by

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government forces." Rubaie "said the Iraqi government learned the details of the shrine bombing after the capture a few days ago of Yusri Fakher Muhammad Ali, also known as Abu Qudama, a Tunisian militant who confessed to be a member of Mr. Badri's team."

Admitted Iraqi Agent Testifies About Work With Park On Oil-For-Food Program. The AP (6/29, Caruso) reports, "An Iraqi-American businessman testifying in a trial related to corruption in the United Nations' oil-for-food program spent hours Wednesday describing his efforts to help Saddam Hussein's regime get relief from economic sanctions in the 1990s. Samir A. Vincent, who pleaded guilty last year to being an unregistered agent for Iraq, said he worked for years with South Korean businessman Tongsun Park to persuade U.N. officials to allow Saddam's government to sell oil to pay for humanitarian supplies." The AP notes, "Over two days of testimony in Manhattan federal court, Vincent has described numerous meetings and communications that he said Park arranged with the former U.N. chief," Boutros Boutros-Ghali. "He also identified a series of letters in which he reported the results of those liaisons to top Iraqi officials."

Putin Vows Russian Forces Will Find, Execute Killers Of Four Russians In Iraq. The CBS Evening News (6/28, story 5, 0:20, Schieffer, 7.66M) reported, "In Moscow today, president Vladimir Putin vowed revenge for the murders of four Russian embassy workers who were kidnapped in Iraq earlier this month and beheaded. The Kremlin said Putin has ordered Russian special forces to hunt down and destroy the killers, who were thought to be linked to al Qaeda."

The New York Times (6/29, Myers, 1.19M) reports, "The bluntness of the statement reflected the deep shock and anger — much directed at the United States — that have unfolded in Russia after the kidnapping on June 3 in an attack that killed a fifth Russian."

The Washington Times (6/29, Mainville, 90K) reports, "The Kremlin press service said yesterday that Mr. Putin 'has ordered Russia's secret services to take all necessary steps to find and destroy the criminals who committed this evil deed.' It did not say which Russian special forces are in Iraq or under what authority they would be acting in that country."

Marine Featured In Moore Film Killed In Iraq. The AP (6/29) reports, "A Marine and one-time recruiter who appeared in Michael Moore's documentary film 'Fahrenheit 9/11' has died in a roadside bombing in Iraq. Staff Sgt. Raymond J. Plouhar, 30, died Monday of wounds suffered while conducting combat operations in Iraq's volatile Anbar province, the Defense Department said Tuesday." Plouhar "is seen in the 2004 film approaching prospective recruits in a mall parking lot. … Although Plouhar willingly appeared in the movie, which is critical of the Bush administration's actions after Sept. 11, his father said Plouhar didn't realize it would criticize the war."

ABC World News Tonight (6/28, story 6, 1:00, Gibson, 8.78M) reported that Moore's film depicted Plouhar "as a relentless recruiter."

The CBS Evening News (6/28, story 6, 2:15, Cowan, 7.66M) reported, "The documentary shows Plouhar recruiting high school students at a mall parking lot in Flint, Michigan. Moore, who narrates the film, said Plouhar had gone to this mall because it was in a poor neighborhood where finding recruits was easy. Michael Moore had no comment on Plouhar's death."

NBC Nightly News (6/28, story 11, 0:30, Williams, 9.87M) reported, "Raymond Plouhar had 38 days left on his tour in Iraq when he died. He was 30 years old."

Soldiers Remember Fallen Colleague As Remains Leave Iraq. The New York Times (6/29, Filkins, 1.19M) reports, "Death comes often to the soldiers and marines who are fighting in Anbar Province, which is roughly the size of Louisiana and is the most intractable region in Iraq. … In small ways, the military tries to ensure that individual soldiers…are not forgotten in the plenitude of death. … One way is to say goodbye to the body of a fallen comrade as it leaves for the United States." The Times adds, "Whenever a soldier dies, in Iraq or anywhere else, a wave of uneasiness — fear, revulsion, guilt, sadness — ripples through the survivors."

Bin Laden To Pay Tribute To Zarqawi. CNN's The Situation Room (6/28, Verjee) reported, "CNN's confirmed that there's a message posted on an Islamic Web site that says Osama bin Laden will issue a videotaped message apparently paying tribute to Abu Musab al- Zarqawi. You'll remember the al Qaeda leader that was killed in Iraq recently. The message apparently doesn't say exactly when this video's going to be posted, and it's not even clear if Osama bin Laden himself would actually appear in it."

CORPORATE SCANDALS:

Specter Presses Administration To Increase Regulation Of Hedge Funds. The Wall Street Journal (6/29, Scannell, 2.11M) reports Sen. Arlen Specter is "pressing the Bush administration to review and step up its investigation and enforcement of allegations of improper trading by hedge funds, including short-selling, in the wake of a recent federal appeals-court ruling that left a regulatory void

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over the fast-growing industry." At a Judiciary Committee hearing "on the relationship between hedge funds and independent research firms," Specter said, "It's very important there be adequate investigation [by the Justice Department and actions by Congress] if we need any new laws." In "urging federal prosecutors to examine their track record in the area, Sen. Specter suggested if they didn't have the right laws or penalties, Congress could write them." The hearing "came in the wake of a federal-appeals court decision throwing out a rule requiring most hedge-fund managers to register with the SEC, reopening the debate as to whether there should be federal oversight of the fast-growing industry."

The Washington Post (6/29, D2, Johnson, 744K) reports Connecticut Attorney General Richard Blumenthal (D) "urged Congress yesterday to heighten federal scrutiny of the secretive hedge fund industry or face the prospect of a patchwork group of state authorities stepping in to monitor the rapidly growing investment pools to prevent fraud." Blumenthal, "whose state is the headquarters for scores of hedge funds, told the Senate Judiciary Committee that last week's federal appeals court ruling striking down oversight of the funds by federal regulators left investors 'in a regulatory void, without any disclosure or accountability.'" The Post adds lawmakers "concur that the funds, which account for about 30 percent of trading each day on the New York Stock Exchange, play an important role in the economy. But they appear to disagree on who should oversee them, and how much."

Former SEC Attorney Says Political Pressure Killed Mack Probe. USA Today (6/29, Farrell, 2.31M) reports former Securities and Exchange Commission attorney Gary Aguirre "told a Senate committee Wednesday that he was fired because he tried to investigate whether a prominent Wall Street executive was involved in an inside-trading case." Aguirre said that "he was terminated last year by superiors at the Securities and Exchange Commission after he tried to issue a subpoena to Morgan Stanley CEO John Mack." Aguirre said "that his superiors froze him out of subsequent discussions of the case and that he was fired weeks later, just before completing a full year on the job."

The Hill (6/29, Schor) reports what "could have been a routine oversight hearing became a hot ticket in recent days as the committee added Gary Aguirre, a former Securities and Exchange Commission (SEC) lawyer who alleges he was fired for pursuing aggressive enforcement of hedgers, to the witness list. But Aguirre told Specter he had scrapped his original testimony after the SEC informed him of possible penalties for revealing new information." Specter "took umbrage at the SEC's request to silence Aguirre without alerting his panel."

The AP (6/29, Gordon) reports, "The SEC was investigating whether the hedge fund had received a tip about an upcoming merger. … 'By mid-June, growing evidence pointed to one person, the former CEO of a large investment bank,' Aguirre said in written testimony to the Senate Judiciary Committee." The AP notes, "Under questioning by committee members, he identified the executive as John Mack, who is the chairman and chief executive of investment house Morgan Stanley Inc. … Morgan Stanley, one of the largest U.S. securities firms, said Aguirre had provided no evidence for his allegation."

Wall Street Seeking Cut In Regulation. The Wall Street Journal (6/29, Smith, Lucchetti, Craig, 2.11M) reports more than "three years after the stock market bottomed out amid a storm of scandal, Wall Street is pushing hard for a reduction in its own regulation." The effort "came to a head in a five-minute encounter between two Wall Street heavyweights at a Swiss resort hotel last winter." The Journal recounts that between sessions "at the World Economic Forum at Davos, New York Stock Exchange chief John Thain ran into Thomas Russo, vice chairman of Lehman Brothers Holdings Inc." Thain said he "was concerned that big Wall Street firms like Lehman might try to delay a merger that would take the Big Board public, according to people familiar with the conversation." In reply, Russo "pressed a top priority of the Securities Industry Association, Wall Street's lobbying arm. He asked Mr. Thain for a commitment to combine some NYSE regulatory functions with another regulator, the National Association of Securities Dealers." The Russo-SIA proposal "would effectively reduce the number of national regulators overseeing and inspecting Wall Street brokerage firms from three to two, dramatically easing Wall Street's regulatory load. Although Mr. Thain agreed and the two men shook hands, the specifics were left open. Since then, the effort appears to have floundered, though the SIA continues to press the issue." The "behind-the-scenes story of Wall Street's new push for regulatory relief reflects the changed climate since the stock-market bubble burst in 2000, and state and federal regulators competed to unearth Wall Street misconduct."

Connecticut AG Urges Federal Oversight Of Hedge Funds. Bloomberg (6/29) reports, "The U.S. government should regulate the $1.2 trillion hedge-fund industry or states will step in and oversee the private investment pools, the attorney general of Connecticut told senators. … 'Right now hedge funds are in a regulatory void without any disclosure or accountability,' Attorney General Richard Blumenthal said today at a Senate Judiciary Committee hearing in Washington. 'States will fill the void.'" Bloomberg continues, "Lawmakers are increasing scrutiny of hedge funds after the lightly regulated investment vehicles have more than doubled their assets over the past five years. A federal appeals court in Washington last week struck down U.S. Securities and Exchange Commission rules that required many hedge funds

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to register with the agency and submit to audits. … 'This is a subject of enormous importance to the United States economy,' said Senator Arlen Specter, a Pennsylvania Republican and the committee's chairman." Bloomberg adds, "Specter defended his committee's decision to hold today's hearing, which drew complaints from the Senate Banking Committee. That panel oversees the SEC and generally is charged with handling financial regulation. … Senator Charles Schumer, a member of both committees, said the hearing 'raises a yellow flag of caution' because it treads on the banking committee's turf. The judiciary panel doesn't have the financial and market expertise that the banking committee does, he said."

British Bankers Facing Enron-Related Charges In US Seek Bail In Britain. The AP (6/29, Wardell) reports, "Three British bankers who have been ordered to be extradited to the United States to face Enron-related fraud charges said Wednesday that they are in talks with U.S. authorities about the possibility of returning to Britain on bail." The AP continues, "The trio - David Bermingham, Giles Darby and Gary Mulgrew - said access to documents and witnesses in Britain was crucial to preparing a defense for a trial in Enron's home state of Texas. … The three men lost a last-ditch appeal on Tuesday to the European Court of Human rights against British court rulings that they be extradited for trial. … 'We would love bail conditions that would allow us to come back here and prepare for our defense,' said Bermingham. 'We can't prepare for our defense in Texas.'" The AP adds, "However, Bermingham was not optimistic about securing bail in Britain because they are considered fugitives from justice in the United States and therefore are flight risks. … The men will be held in a maximum-security facility in Houston if they do not receive bail, making it more difficult to prepare their defense against crimes allegedly committed against a British company in Britain."

Morgan Stanley Asks Court To Overturn Perelman Judgment. The Wall Street Journal (6/29, Craig) reports, "Last year a court ruled against Morgan Stanley in a case focused on the firm's actions surrounding the sale of a company controlled by billionaire financier Ronald Perelman, to Sunbeam Corp., which was a Morgan Stanley client. The court railed against Morgan Stanley's repeated inability to produce documents and the jury awarded Mr. Perelman $1.58 billion. For each day that passes, Mr. Perelman makes about $300,000 in interest payments on the original award, though the final payment hinges on the outcome of Morgan Stanley's appeal." The Journal adds, "Yesterday Morgan Stanley's lawyer, Bruce Rogow, asked the court to throw out that verdict, saying the punishment far outweighed the firm's misdeeds. Moreover, he argued, the lower-court judge stripped Morgan Stanley of its right to properly defend itself and applied the wrong law to the case, resulting in further damages to the firm." The Journal notes, "The stakes are high for Morgan Stanley, which a year ago installed a new chief executive officer and is trying to move beyond some of its past legal missteps, notably this verdict which has caused it much public embarrassment and put an unfavorable spotlight on its lack of internal controls. The firm has set aside $360 million to cover the award and has made no serious settlement offers, according to people familiar with the matter."

CRIMINAL LAW:

Interior Department Employee Charged In Abramoff Probe. In the ongoing corruption investigation related to lobbyist Jack Abramoff, Interior Department Insular Affairs Office employee Roger G. Stillwell has been charged with filing a false financial disclosure over gifts he received from Abramoff while working as a contract employee for the department.

The Washington Post (6/29, A3, Schmidt, Grimaldi, 744K) reports, "Stillwell is an officer on the desk that handles the Commonwealth of the Northern Mariana Islands, a U.S. territory whose government hired Abramoff as a lobbyist. … During the 1990s, before Stillwell joined the Interior Department, his communications firm did work for the Marianas government, according to an audit by the island government. Stillwell, a Democrat, said in the interview with The Post that he worked closely with Abramoff when their representation of the island government overlapped beginning in 1995."

Roll Call (6/29, Bresnahan) adds that Stillwell "will plead guilty next month" and "is reportedly cooperating with federal prosecutors in their ongoing corruption probe of Abramoff's activities." Roll Call notes, "Interior Department officials acknowledged that they were aware of the allegation against Stillwell, but they declined to say what steps they would take regarding his future employment at the agency, citing the criminal case against him." The New York Times (6/29, 1.19M) also briefly reports on the charge against Stillwell, under the headline "Misdemeanor Charge For Official Linked To Abramoff."

The Legal Times (6/29, Schwartz) reports, "The charges against Stillwell are the first connected to the Abramoff scandal to touch the Interior Department, and they mark an expansion of the government's ongoing investigation into public corruption involving the convicted lobbyist. So far five people -- Abramoff and former associates Michael Scanlon, Tony Rudy, Neil Volz and Adam Kidan -- have pleaded guilty. Earlier this month, David Safavian, the former

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top procurement officer at the Office of Management and Budget, was convicted on four charges of making false statements and obstructing justice stemming from his dealings with Abramoff. … Reached at his office, Stillwell referred questions about the charges to his attorney, Justin Murphy of Crowell & Moring. Murphy confirmed that Stillwell, who started working at the Interior Department in 2001, has been cooperating with government officials, but he declined to name the "prohibited source" of the gifts cited in the government filing. A hearing is set for July 21 before U.S. Magistrate Judge Deborah Robinson." The Times notes, "Stillwell told The Washington Post late last year that he accepted free dinners at Abramoff's restaurant, Signatures, and complimentary tickets to Washington Redskins games. But he told the Post that those activities 'occurred while he was a contract employee at Interior, not a federal worker.' … Stillwell told Legal Times Wednesday that the Post misquoted him, but he would not elaborate."

NYTimes Denounces Third-Party Payments To Reed As "Hypocritical." The New York Times (6/29, 1.19M) editorializes, "The grinning, spectral presence of Jack Abramoff…is the last image any Republican candidate needs wafting about this campaign year. But there Mr. Abramoff stands in a photograph from his infamous 2002 golf junket…beaming next to Ralph Reed…who is running hard now for lieutenant governor of Georgia." The Times notes, "Mr. Reed said he had assurances he would not be paid with gambling profits, and indeed Mr. Abramoff was concerned that his associate's choirboy image not seem 'kind of like hypocritical,' according to one tribal witness. So the money was simply laundered through third parties — nonprofit charities and advocacy groups. … Talk about kind of like hypocritical."

FBI Busts Two Major Movie Piracy Rings. In a widely-distributed story, the AP (6/29, Hays) reports, "The FBI broke up two movie piracy rings Wednesday that authorities said specialized in sneaking digital camcorders into theaters and shooting hit films, then duplicating and distributing millions of bootlegs worldwide. Agents arrested 13 people in raids across" New York City, and "some of the DVD knockoffs included the FBI warning seen at the start of legitimate discs – 'no small irony,' Mark Mershon, head of the FBI's New York office, said at a news conference." The AP notes, "The FBI learned that assistants were used to surround 'cammers,' people who specialize in covertly filming movies, to conceal their filming and prevent people from blocking the view." The New York Times (6/29, Hartocollis, 1.19M) adds Mershon noted that "the rings are two of the largest in the world," and he and MPAA anti-piracy official Michael Robinson "said movies were often recorded at theaters in New York City and its suburbs and then sent over the Internet to distribution hubs in Pakistan, Singapore, Hong Kong and Malaysia. They said that it was hard to estimate how much the operations were worth, but that the economic impact on attendance at theaters and the sale of legitimate videotapes and DVD's was in the billions of dollars."

Newsday (6/29, DeStefano) reports, "FBI agents discovered evidence that the defendants were on the verge of making and distributing counterfeit copies of the new film 'Superman Returns' which opened yesterday. 'This is about thieves, pretty ingenious thieves to be sure, who are technically sophisticated,'" Mershon said. "Dubbed 'Operation Knock Off,' the nearly three-year-long investigation used undercover agents and confidential informants to break up what amounted to two criminal syndicates that pirated movies and fed them into a massive illegal industry selling millions of counterfeit DVDs." Under the headline "Feds Rescue 'Superman,' Nab Pirating Men Of Steal," the New York Daily News (6/29, Zambito, 729K) notes, "Cooperating witnesses, together with undercover agents, helped penetrate the ring's inner workings, revealing a multitiered operation that employed "blockers" to insure a clear shot of the screen and conceal video recording equipment."

The New York Sun (6/29, Solomont) adds Mershon said that "the effects of the operation likely will be seen immediately. The defendants 'are believed to be responsible for 50% of the piracy and the distribution of pirated DVDs worldwide. That is substantial,' he said. 'In the very short term, you may see the disruption in availability in new releases.'" The New York Post (6/29, Bulliet, Cornell, 624K) also notes Mershon said, "We believe it to be the largest video piracy syndicate worldwide," and reports, "The distributors allegedly bought masters for anywhere from $40 to several hundred dollars each and then mass-produced them, selling copies for anywhere from $7 to $10 each. 'We had a camcorder making $400,000 a year just by delivering recordings two to three times a week,' said Scott McGaunn, a special agent with the FBI." BBC News (6/28) and CNET News.com (6/28, Sandoval) also reports on the FBI arrests.

Retired FBI Supervisor Defends Bulger Oversight. The Boston Globe (6/29, Murphy, 484K) reports, "A retired FBI supervisor yesterday defended the bureau's handling of longtime informants James 'Whitey' Bulger and Stephen 'The Rifleman' Flemmi, saying he was unaware the gangsters were involved with murders and had a corrupt relationship with other agents. 'I thought they were involved in gambling, and I assumed they were involved in loan-sharking,' said James Ring, who supervised the organized-crime squad of the FBI's Boston office between 1983 and 1990. But he said he didn't believe they were involved in murder." The Globe adds that Ring "testified that in the 1980s the FBI's organized crime squad was focusing

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on La Cosa Nostra…as well as members of the Sicilian Mafia, who were entrenched locally. The FBI decimated New England's Patriarca crime family with a wave of successful prosecutions. Though Bulger and Flemmi provided information about local Mafia leaders, Ring described them as 'outsiders, looking in' who weren't as valuable as informants who were 'made' members of the mob."

Defense Lawyers Say KPMG Legal Fee Ruling Could Help In AIPAC Case. The New York Sun (6/29, Gerstein) reports Tuesday's ruling by US District Judge Lewis Kaplan "that the government improperly pressured an accounting firm, KPMG, not to pay for the legal defense of a group of the firm's employees could be a boon to two pro-Israel lobbyists facing trial in Virginia." Although "Kaplan's decision is not binding in other cases," Keith Weissman's lawyer, John Nassikas, told the Sun yesterday, "I'd like to think it's going to be read by the Aipac folks in a way that they're going to see a lot of judicial force behind the idea employees and managers should have their legal fees paid by their organization." Steven Rosen's lawyer, Abbe Lowell, also said that "he was closely reviewing the KPMG decision," but AIPAC spokesman Patrick Dorton "said there is no parallel between the two cases."

MS-13 Member Pleads Guilty To Racketeering Charges In Maryland Murder. The Washington Post (6/29, B4, Klein, 744K) reports, "A member of the Mara Salvatrucha street gang pleaded guilty yesterday in U.S. District Court in Baltimore to racketeering in connection with burning evidence from a homicide scene, among other criminal acts, Maryland U.S. Attorney Rod J. Rosenstein said." Juan "Diabolico" Lopez "was the first person to plead guilty as a result of an indictment last August involving 19 alleged MS-13 members accused of committing homicides and other violent crimes in the Maryland suburbs." The Post notes, "He pleaded guilty to being involved in a killing on March 26, 2005," which "occurred after Lopez and other MS-13 members confronted members of a rival gang at a strip mall in Prince George's County, according to the plea agreement."

Mack Lawyer Seeking To Bar All Reno Prosecutors, Judges From Case. The AP (Sonner) reports, "A lawyer for the wealthy ex-owner of a Reno pawn shop accused of killing his wife and shooting a Washoe County judge filed an unprecedented motion Wednesday seeking to bar all county prosecutors and judges from any involvement in the case due to alleged conflicts of interest." Darren Mack is scheduled to be arraigned today, and the motions filed yesterday by his attorney, Scott Freeman, "argue the case should be handled by outside prosecutors because Washoe County District Attorney Richard Gammick is a longtime acquaintance of Mack, and that Mack's fate should be determined by judges outside the county partly because the sniper attack on Family Court Judge Chuck Weller, who was handling the couple's divorce, occurred at the courthouse."

Rival Gang Members Testify Aryan Brotherhood Too Weak To Incite Prison Riot. In a widely-distributed story, the AP (6/29, Flaccus) reports, "Two black prison gang members testified Wednesday that the notorious Aryan Brotherhood was too small and weak to attack a rival black gang behind bars and incite a race war that left two inmates dead. The testimony of the witnesses, members of the Crips and Black Guerrilla Family, came in the final days of a sweeping federal racketeering trial against the white supremacist gang." The AP notes, "The trial was recessed until July 6, when an attorney for the fourth defendant, Christopher Gibson, will begin his defense. Closing arguments are expected to begin July 11."

South Carolina Official Charged With Bribery As FBI Launches Corruption Task Force. The Orangeburg (SC) Times & Democrat (6/29, Crider) reports, "John Rickenbacker has been indicted by a federal grand jury and suspended from public office following allegations the longtime leader of Orangeburg County Council was caught in bribery sting. An indictment unsealed Wednesday alleges Rickenbacker took $50,000 from an FBI officer posing as a consultant for a company wanting to buy The Regional Medical Center. In exchange for the money, he gave the agent an advance copy of a study of hospital finances, along with a promise to use his influence in getting Orangeburg and Calhoun counties to agree to sell the publicly owned hospital, according to the indictment." The Times & Democrat notes, "The indictment was announced during a morning press conference at the Columbia FBI office held by state and federal law enforcement officials announcing the creation of a Public Corruption Task Force." The AP (6/29) adds that US Attorney Reggie Lloyd said, "We believe that an act of public corruption is no less criminal than a violent crime committed on the streets. Abusing an office at the expense of the elector does violence to the public's trust and our very system of government."

The State (6/29, Beam) reports Lloyd announced Rickenbacker's indictment "at a news conference Wednesday morning touting the creation of a public corruption task force. … Brian Lankin, special agent in charge of the Columbia FBI office, said the creation of the task force is not in response to a specific investigation or 'an increase in activity here in South Carolina.' Officials said the task force 'formalizes' the cooperation of state and federal agencies." Lankin and State

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Law Enforcement Division chief Robert Stewart "would not say how many agents have been assigned to work on public corruption cases in South Carolina. However, they did call it a top priority in criminal investigations." WIS-TV Columbia (6/28, Miskewicz, Horne) reports on its Web site from two stories broadcast yesterday, "Corruption is the focus of the new task force that named Rickenbacker as its first suspect." Larkin "talks about the group's mission, 'We bring our collective talent and rich history, pool our assets together to address corruption in communities.' … The FBI says fighting corruption is its number one priority, but that it's been stretched since 9/11 with national security, too. So they say the task force helps."

Jury Begins Deliberations In Chicago Patronage Trial. The Chicago Tribune (6/29, Mihalopoulos, Bush, 643K) reports, "Jurors began deliberating Wednesday in the City Hall corruption trial and chose a 52-year-old professor from the northwest suburbs as their foreman." The Tribune notes, "Shortly after a lunch break, the jurors sent out a note asking for an inventory of evidence because they could not locate interview notes or an official report compiled by John Hauser, the lead FBI agent in the hiring investigation. Coar told jurors that Hauser's notes and the report were not evidence. … Sullivan's attorney, Cynthia Giacchetti, focused on Hauser's notes and report in her closing argument Tuesday. Giacchetti said the documents are not reliable because Hauser did not record exactly what Sullivan told investigators." The AP (6/29) also reports on the start of jury deliberations.

NYPD Officials Doubt Independent DeVecchio Investigator's Beating Claim. The New York Sun (6/29, Capeci) reports in its "Gang Land" column, Angela Clemente has been "hailed in tabloid stories as an amateur sleuth who helped crack one of the FBI's dirtiest secrets: how a top agent helped a mob hit man carry out murders. Today, however, cops are wondering whether…Clemente was spinning tales about a mysterious beating she suffered in the parking lot of a Brooklyn shopping center two weeks ago. They are also investigating possible financial ties" she "may have with associates of the Colombo crime family, Gang Land has learned. There are 'gaping holes' in Ms. Clemente's story, a law enforcement source said. Another said detectives have 'serious doubts' about her account of the beating." The New York Daily News (6/29, Mosconi, 729K) notes Clemente, who is "credited with helping crack the murder case against ex-FBI agent Lindley DeVecchio," twice has "failed to show up twice to meet with a police sketch artist to help nail her alleged attacker, the Daily News has learned. … Although cops and Brooklyn prosecutors are still treating her as a victim, some investigators say they are troubled by a number of other issues surrounding Clemente's claims. She told cops that notes left on her car two days in a row by her mysterious tipster were in an envelope that she saved in the backseat of her car. Police have never found them. … She also gave police varying accounts of what her assailant looked like."

Judge Threatens To Charge Salah Lawyer With Contempt. The AP (6/29, Robinson) reports that in preliminary hearings for the trial of Muhammad Salah, accused of "taking part in a racketeering conspiracy that included funneling cash to Hamas to commit murders, bombings and other violence in Israel," US District Judge Amy St. Eve threatened to charge defense lawyer Michael Deutsch with contempt "Wednesday as fireworks erupted over a government request to keep juror names secret. … Deutsch said he planned to file court papers opposing the government's request but added that 'I know what the outcome will be.' He said that based on St. Eve's rulings over the last two years he saw little difference between the court and the federal prosecutors in the case." The AP adds, "Deutsch told reporters after the hearing that the government's jury secrecy request was guaranteed to prejudice the jurors against the defendants."

Judge Enters Not Guilty Plea For Former Miami Executive Charged With Fraud. The AP (6/29) reports, "A federal judge entered a not guilty plea for a former cable executive accused of defrauding the U.S. government and media companies of more than $18 million because he did not respond during a hearing Wednesday." The AP continues, "Charles C. Hermanowski, who once led the family-owned, Miami-based Americable International Inc., was extradited to the United States from Australia over the weekend. … U.S. Magistrate Judge Ted Bandstra entered the not guilty plea for Hermanowski after the former executive refused to respond during the hearing." The AP adds, "Hermanowski faces 50 counts of attempting to defraud the U.S. Department of Defense by overcharging for cable systems installed on military bases, defrauding cable programmers by underreporting the number of his cable subscribers to avoid paying fees and federal income tax evasion. … He had originally faced 37 additional charges, but the court and Australia refused to extradite him on those counts, his attorney Donald Bierman said. … Bond has not been sought for Hermanowski, who remains in pretrial detention, Bierman said."

Bush Requests $160.5 Million In Emergency Funding To Help VA Pay For ID Theft. The Washington Post/AP (6/29) reports President Bush sent a letter to Speaker Dennis Hastert asking "for $160.5 million in

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emergency funds to help veterans and military personnel whose personal information was on a laptop computer stolen from a Veterans Affairs employee." He "said he was asking for the additional money to help the VA cover the increased costs caused by the May 3 theft. The money would help provide credit monitoring and fraud watch services for those affected." On Tuesday VA Secretary Jim Nicholson said "the money would cover monitoring for about half of the 17.5 million people whose Social Security numbers were compromised. He said it also would pay for out-of-pocket expenses ranging from $10,000 to $20,000 for those whose identities are stolen."

Democrats Criticize Plan To Shift Funds From Other Programs. The White House has proposed shifting money from other domestic programs to pay for the ID theft, a move criticized by Democratic Sens. Patrick Leahy and Patty Murray. The New York Times (6/29, Zernike, 1.19M) quotes Sen. Leahy saying, "The Bush-Cheney administration has no qualms about coming up here and twisting our arms for funding for Iraq, but when it comes to needs here at home for veterans and other ordinary Americans, it's rob Peter to pay Paul." OMB Director Rob Portman "recommended paying for the monitoring by taking about $130 million from a food stamp employment and training program, a farmers' assistance program, student loans and a program for young people released from prison." But "Murray said the problem was 'a new disaster' and 'deserves new money.' She added, 'This is truly an emergency.'"

Documents Suggest Analyst Had Approval To Work On VA Data From Home. As VA Secretary James Nicholson prepares to testify before a House committee about the data theft Thursday, new documents raise questions about whether the VA employee who was responsible for allowing the theft had actually been authorized to work on the data at home. USA Today/AP (6/29, Yen) reports the VA documents "raise questions as to whether top officials condoned a practice that led to a theft with the potential to affect 26.5 million veterans and active-duty troops." The VA analyst "had approval as early as Sept. 5, 2002, to use special software at home that was designed to manipulate large amounts of data." A second Feb. 5, 2002 agreement "allowed the worker to access Social Security numbers for millions of veterans." And a third, "also issued in 2002, gave the analyst permission to take a laptop computer and accessories for work outside of the VA building." The VA has accused the analyst of being "grossly negligent," but some lawmakers "expressed dismay over the latest disclosure." Rep. Bob Filner, a top Democrat on the House Veterans' Affairs Committee, said, "The gross negligence in this case are the people above him."

NIH Credit Union Hit By Identity Thieves. The Washington Post (6/29, B3, Trejos) reports, "The National Institutes of Health's federal credit union has notified some customers that their personal information has been compromised by an identity theft scheme, officials said yesterday." The Post continues, "Lindsay A. Alexander, chief executive of the credit union, would not disclose how many of the institution's 41,000 customers were affected, but she did say it was a small number. 'They already know who they are, and we know who they are, and we're working with them,' she said." The Post adds, "The Rockville-based credit union's clients include employees of NIH, several biotech companies and hospitals such as Sibley Memorial in Northwest Washington. Students and employees at George Washington University also have accounts there. … Alexander said she was not authorized to disclose many details about the case. She said the theft happened recently, but she would not specify when. She also said she could not reveal what type of information was stolen or how it was stolen. … Local and federal agencies are investigating, she said, but she would not identify which ones."

OMB Orders Security Updates After Laptop Thefts. InformationWeek (6/29, Keizer) reports, "The White House has given federal agencies 45 days to beef up safeguards to prevent citizen identities from being lost or stolen, the latest reaction to the numerous data disclosures suffered by the government in May and June." IW continues, "The Office of Management and Budget (OMB) issued a memorandum last week to all federal departments and agencies reminding administrators of long-standing data security requirements, but also made new recommendations. … Among them: encrypt all data on mobile computers and devices, only allow remote access to government networks using token- or card-based two-factor authentication, and log all instances when data is extracted from federal databases." IW adds, "The government has been embarrassed by several prominent data breaches, including the massive May VA incident, the loss of two Federal Trade Commission (FTC) notebooks, a large disclosure of U.S. Navy personnel identities, and a breach at the Department of Agriculture. … The OMB's timetable means that agencies have until August 7 to comply with the security standards laid out in Deputy Director for Management Clay Johnson's memo."

Federal-Private Coalition Launches ID Theft Research Center. Cox News Service (6/29, Mullin) reports, "LexisNexis and IBM Corp. joined universities and law enforcement agencies Wednesday to announce a new center to study the problem of identity theft. 'This will be a unique alliance of government, law enforcement, corporate enterprise and academia to find solutions for a comprehensive research plan for combating identify theft,' said Gary Gordon, executive director of the new Center for Identity Management and Information Protection. Founding partners of the center, to be housed at Utica College…also

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include the U.S. Secret Service, the FBI, Carnegie Mellon University, Indiana University and Syracuse University." CNET News.com (6/28, Kawamoto) notes, "The center expects to operate on a budget of nearly $500,000 in its first year, of which half is coming from corporations and the other half from federal grants, Gordon said. … 'Identity theft is a growing problem with significant negative effects on American businesses and individual citizens and potentially disastrous effects on U.S. national security,' James Burns, the acting assistant director of the FBI's criminal investigative division, said in a statement. 'From this threat, the CIMIP was born.'

Federal Computer Week (6/28, Chan) reports, "A collaborative effort would produce better tools for catching cybercriminals, law enforcement officials said at the press briefing. … 'We'd love an opportunity to look at trends,' said Ray Morrow, acting assistant deputy director of the FBI's Criminal Investigation Division. He said he believes law enforcement officials have not been able to see trends in cybercrime. 'It gives us a chance to be proactive,' he added." Government Computer News (6/28, Jackson) adds that CIMIP's "first project will be a study with the Justice Department's Office of Justice Programs of emerging criminal groups engaged in identity theft. Future research will focus on detection and prevention of identity theft; the role of policy, legislation and regulation; improvement of authentication systems; and data protection technology." GCN also notes Morrow said, "It will help us to be proactive rather than reactive, which we haven't been able to do recently."

House Rejects Effort To Undercut SCOTUS "Knock And Announce" Ruling. The AP (6/29, Taylor) reports, "The House rejected a liberal Democrat's bid to undercut a recent Supreme Court decision permitting evidence obtained in violation of the 'knock and announce' rule to be used at trial. … The vote came two weeks after the court ruled that evidence seized by police with a warrant who barge into homes even if they don't knock can be used in court." The AP continues, "By a 310-109 vote, the House rejected an amendment by Rep. Maurice Hinchey, D-N.Y., blocking the Justice Department from obtaining evidence in violation of the knock and announce rule. The vote came as the House debated a $59.8 billion measure funding the budget of the Justice Department and other agencies. … 'The knock and announce policy is enshrined in the Constitution in the context of the Fourth Amendment,' Hinchey said. 'It is held up by numerous Supreme Court decisions over the last 100 years.'" The AP adds, "Civil libertarians have predicted that police will now feel free to ignore previous court rulings that officers with search warrants must knock and announce themselves or run afoul of the Constitution's ban on unreasonable searches."

High Court Rejects Foreign Convicts' Appeal. The Wall Street Journal (6/29, Ben Winograd, 2.11M) reports, "The Supreme Court denied appeals from two foreign convicts who were arrested in the U.S. but weren't informed of their Vienna Convention right to have their consulates notified, a ruling that parts with two earlier decisions of the International Court of Justice." The 6-3 ruling "vindicated the Bush administration, which argued before the court on behalf of the states of Oregon and Virginia and has bristled at international treaties it sees as impinging on US sovereignty." Written by Chief Justice John Roberts, the opinion" means that prosecutors won't be hindered if law-enforcement officers fail to inform suspects that they can ask police to notify local consulates of their arrest. This is mandated by the Vienna Convention on Consular Relations, which the US ratified in 1969."

The New York Times (6/29, Greenhouse, 1.19M) says the decision "left foreign defendants with little practical recourse for violations of the Vienna Convention on Consular Relations, a treaty the United States ratified in 1969."

The Washington Post (6/29, A4, Lane, 744K) reports, "In dissent, Justice Stephen G. Breyer protested that the court's 'approach leaves States free to deny effective relief for Convention violations, despite America's promise to provide just such relief.'" The opinion, he added, "risks weakening respect abroad for the rights of foreign nationals, a respect that America, in 1969, sought to make effective throughout the world."

he Legal Times (6/29, Mauro) reports, "Foreign nationals who prove violations of the treaty are not entitled to the suppression of evidence obtained during the arrest or any other procedural favors, Roberts wrote. Roberts also said rulings of the International Court of Justice deserve 'respectful consideration' but cannot trump U.S. procedural rules. … But dissenters, led by Justice Stephen Breyer, said the ruling represented an 'unprecedented' repudiation of a valid treaty and of the international court's interpretation of the treaty. Justices John Paul Stevens, David Souter and Ruth Bader Ginsburg joined Breyer in dissent."

Kerik Said To Be Close To Pleading Guilty Over Improper Gifts. The New York Times (6/29, Rashbaum, 1.19M) reports that former New York City police commissioner Bernard B. Kerik "is close to reaching an agreement with prosecutors to plead guilty to having accepted improper gifts totaling tens of thousands of dollars while he was a city official in the late 1990's." Although he "will not face jail time," he "is expected to pay a substantial fine." Kerik was nominated by "President Bush… to head the Department of Homeland Security in December 2004. But he was forced to withdraw a week later, citing possible tax problems involving his family's nanny."

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Rainbow Family Seeks Larger Courthouse For Trials. The Rocky Mountain News (6/28, Frazier, Lindsay) reports, "Rainbow Family members on trial for camping without a permit and other charges should be tried in a larger public courtroom – not a small, rural firehouse near Steamboat Springs, attorney David Lane said today." The News continues, "In a complaint filed in U.S. District Court in Denver, Lane said the public and some of the attorneys for more than 200 Rainbow Family members facing trial were denied access. … He said the firehouse's limited space effectively turned the trials into 'secret proceedings,' and he has asked for a temporary restraining order to stop the proceedings." The News adds, "An estimated 20,000 members of the Rainbow Family plan to gather next week in the Routt National Forest, but they have been unable to get a permit for the gathering because of the fire danger. About 4,000 members have already arrived. … U.S. Marshals and Forest Service enforcement officers have arrested about 249 members for camping without a permit. Some also face alcohol and drugs charges. … The trials, which started last weekend and were scheduled to resume Friday, were held in the modest firehouse, which had room to seat the judge and 17 defendants and prosecutors. There was limited standing room for the public and the media."

CIVIL LAW:

Congress Examines Options To Recoup Lost Oil, Gas Royalties. The Wall Street Journal (6/29, Fialka, 2.11M) reports Congress is "weighing its options as lawmakers seek ways to recoup billions of dollars in lost royalties from dozens of oil companies that are paying below-market prices on oil and natural gas from offshore government tracts in the Gulf of Mexico." The House has "passed and the Senate Appropriations Committee is considering a measure that would punish companies that refuse to renegotiate the leases, granted by the Interior Department in 1998 and 1999, by barring them from bidding on new leases." The House is also "to vote today on a measure proposed by Rep. Richard Pombo, a California Republican, that would require companies that won't agree to pay a higher royalty to pay a 'conservation of resources fee' that would add $9 a barrel or $1.25 for each thousand cubic feet of natural gas produced." Meanwhile, Rep. Darrell Issa is promoting an approach that "wouldn't punish the companies but would encourage them to renegotiate the contracts to raise their royalty payments as 'the right thing to do.'"

Firms Compete For DOE Backing For Cellulosic Ethanol Biorefineries. The Wall Street Journal (6/29, A1, Fialka, Kilman, 2.11M) reports in a front page story on "a new U.S. fuel source: Cellulosic ethanol, which can be made from crop residues, wood chips, switchgrass and even municipal garbage." The effort "to make cellulosic ethanol into a full-blown power source to run America's cars is embryonic, and its outcome uncertain. But the fuel has two big things going for it: High oil prices and backing from the Bush administration, which sees it as a potentially important part of future energy supplies and is putting up money to help launch the first 'biorefineries' to make it." Supporters "think it could reduce U.S. dependence on imported oil, cut emissions that cause global warming and shore up the nation's rural economy. Already, the race is attracting big names, with the likes of Archer-Daniels-Midland Co., Royal Dutch Shell Group and Goldman Sachs Group Inc., investing time and seed money." The Energy Department is "staging a competition for its backing to build the nation's first three plants. The department, which has $160 million to spend on the contest, is requiring each candidate to have a pilot plant showing a process that can be successful once it is scaled up. At least 30 companies are in the running for the aid, industry officials say."

Tobacco Firms Accused Of Marketing Flavored Cigarettes To Teens. In a Washington Post op-ed (6/29, A27), Joseph A. Califano Jr., president of the National Center on Addiction and Substance Abuse at Columbia University, and Louis W. Sullivan, president emeritus of the Morehouse School of Medicine, say, "Reynolds Tobacco (or RJR), the company that brought us Joe Camel, is up to its old tricks, targeting our children again." RJR is "marketing the sweet smell and taste of flavored cigarettes that mask the harshness of natural tobacco, which can deter some first-time smokers, especially children. These cigarettes are packaged in shiny tins with cool new names, flashy advertising and candy flavors ranging from watermelon ("Beach Breezer") to berry ("Bayou Blast") to pineapple and coconut ("Kauai Kolada")." By "masking the regular tobacco flavor and scent, flavored cigarettes make it even more appealing for a 12- or 13-year-old to take that initial puff and keep smoking until he or she gets hooked."

Will Says Campaign Finance Laws Include Hidden Corruption. In his Washington Post column (6/29, A27), George Will says although many reformers "say 'corruption' is secret, hence they cannot be expected to document it, some serious corruption is hardly hidden. It is in the legislative history of McCain-Feingold. Bob Bauer, a Democratic campaign lawyer, notes that the law, although marketed as a measure for clean government, was an opportunity for incumbents' self-aggrandizement. They exploited the opportunity, enacting special protections against wealthy opponents, and 'blackouts' on much preelection advertising. These they justified as enabling them to control

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the content of political discourse in election seasons, and enabling them, as Bauer says, to 'avoid the indignity of 'negative' ads directed against them.'"

CIVIL RIGHTS:

DOJ Clears Georgia Voter ID Law. The AP (6/29, McCaffrey) reports, "The U.S. Department of Justice on Wednesday approved rules governing Georgia's new photo IDs for voters, clearing the way for the State Election Board to decide whether to require them for the July 18 primary." The AP continues, "The rules establish what kinds of documents must be presented to obtain one of the free IDs, as well as where and when they will be distributed. Critics of the law -- which mandates that all voters present a government-issued photo ID to cast a ballot -- are expected to respond by seeking an injunction to block the law." The AP adds, "The Republican-backed law was passed in 2005, but a federal judge blocked enforcement, saying it amounted to an unconstitutional poll tax. The state Legislature amended the law early this year to make the IDs free of charge. … Under rules the Election Board adopted last week by a 3-1 vote, anyone needing a voter ID card must provide one or more documents showing date of birth, evidence of being registered to vote, and proof of name and address."

Hollywood, FL, Continues Mediation Efforts In Synagogue Dispute. The Miami Herald (6/29, Wright) reports, "Hollywood commissioners were poised late tonight to reject a settlement with an Orthodox Jewish synagogue, but after hours of emotional debate decided to give mediation one last try." The Herald continues, "For the first time, officials from the city and Hollywood Community Synagogue Chabad Lubavitch will sit down face to face to try to avoid a federal religious discrimination trial. U.S. Justice Department attorneys plan to attend to help negotiate. … If that fails, the city will again face the possibility of going to court." The Herald notes, "The city could have agreed to pay $2 million to the Hollywood Community Synagogue Chabad Lubavitch and allowed it to operate permanently out of two houses in a residential neighborhood. The congregation would have also been able to expand within the block with little regard for city zoning rules. … In return, the Chabad and the U.S. Justice Department would have dropped their lawsuits against the city and Commissioner Sal Oliveri, effectively ending a five-year dispute."

Justices Uphold Almost All Of Texas Redistricting Engineered By DeLay. The CBS Evening News (6/28, story 7, 0:20, Schieffer, 7.66M) reported, "The US Supreme Court today upheld most of a Texas redistricting plan engineered by former House Republican Leader Tom DeLay. The plan redrew congressional districts in 2003 in favor of Republicans, who then picked up six seats in 2004. The court said that was all right except in one district where the power of Hispanic voters was diluted." The Houston Chronicle (6/29, Reinert, 581K) notes that by a 5-4 vote, "the court said the 23rd District in southwest Texas, represented by Republican Henry Bonilla, violated the Voting Rights Act because its design trampled the rights of some Hispanic voters. Reshaping the district, a task that apparently now is assigned to federal court in Texas, would force a change in at least one other neighboring district." The Supreme Court also "upheld the right of states to change their congressional district boundaries more frequently than the traditional every 10 years following each US Census." The AP (6/29, Espo) reports "only two justices, John Paul Stevens and Stephen Breyer, said the mid-decade redistricting showed that the Texas lawmakers were guilty of excessive partisanship."

Much of the coverage describes the ruling as a big win for the GOP, and particularly for former House Majority Leader Tom DeLay. NBC Nightly News (6/28, story 4, 2:25, P. Williams, 9.87M), for example, reported, "Today's decision is a sweet victory for Tom DeLay, the embattled former congressman and onetime House Republican leader." DeLay said the ruling vindicates his strategy." Tom DeLay, former House Majority Leader: "We used the state legislative system and what came out of that was a fair map that represented the political will of the people of Texas." Williams: "Democrats claim DeLay's tactic was unconstitutional, purely partisan, changing the boundaries in the middle of a decade when the Constitution calls for it only every ten years to adjust for census results. But by a 7-2 vote, the Supreme Court rejected the challenge."

The Chicago Tribune (6/29, Bendavid, 643K) reports the ruling ensures that "the political legacy of former Rep. Tom DeLay will live on despite his downfall." The New York Times (6/29, Greenhouse, 1.19M) says that "in political terms, the ruling was something of a vindication for Mr. DeLay, who stepped down from his leadership post and resigned from Congress this year after being indicted last year in Texas on charges of illegally routing campaign contributions to Texas Republicans." His indictment "was related to his effort to win control of the Texas Legislature in 2002; it was that development that allowed the redistricting to go forward, helping Republicans to win six additional House seats in Texas in 2004."

The Washington Post (6/29, A4, Weisman, 744K) runs a story titled "Effort To Secure Texas Led To Fall Of Tom DeLay," in which it notes "DeLay's dogged quest for a new congressional map for Texas led to a disciplinary slap from the House ethics committee, his indictment on money-

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laundering charges, his fall from the House leadership ranks and, this month, his resignation from Congress." But "the former House majority leader proclaimed yesterday that the Supreme Court's decision to uphold most of his legislative map affirmed his contention that partisan power is reason enough to muscle through new congressional district lines."

Fox News' Special Report (6/28, Kendall) reported, "It is a major victory for republicans and for Tom DeLay." CNN's The Situation Room (6/28, Crowley) also referred to "a Republican-friendly political map driven and largely written by Tom DeLay."

A number of stories, meanwhile, express concern that the court's decision will lead to other states launching similar redistricting processes, which, says the Dallas Morning News (6/29, Pusey, Gillman), would lead to "to bare-knuckled political fights in statehouses across the nation." As the Christian Science Monitor (6/29, Richey, 61K) reports, "some analysts foresee a flurry of redistricting in states whenever one party or another deems it politically expedient."

The Washington Post (6/29, A1, Lane, Balz, 744K) reports "politicians of both parties said that the ruling leaves the door wide open to attempts to copy the DeLay strategy in other states. 'Every redistricting is a partisan political exercise, but this is going to put it at a level we have never seen,' said Rep. Rahm Emanuel (Ill.), chairman of the Democratic Congressional Campaign Committee. 'That's the gift that the Supreme Court and Tom DeLay have given us.'" Meanwhile, the Washington Times (6/29, Dinan, 90K) reports "congressional Republicans saw the ruling as a solid victory that ends Democrats' efforts to use the courts to win more seats. 'The decision dismisses the Democrats' arguments that the Texas redistricting was improper or illegal,' said Rep. Thomas M. Reynolds, New York Republican and chairman of the National Republican Congressional Committee."

Also analyzing the consequences of the ruling, ABC World News Tonight (6/28, story 3, 2:00, Gibson, 8.78M) reported the court's decision that states can redraw district lines "whenever they want" has "huge implications for politics in this country." A similar story in NBC Nightly News (6/28, story 5, 1:15, Williams, 9.87M) reported, "This case now comes down to a big question -- will this mean congressional districts will be cut up and redrawn all over this country?" Tim Russert said, "There are 435 congressional districts. About 380 right now are either safe Democratic or safe Republican districts. If you're to have these kind of redistricting plans put in place on a regular basis, you could in fact make these permanent members of Congress, where there'd be no incentive to work across the aisle with the member of another party because you are only trying to protect your own ideological, partisan base."

USA Today (6/29, Biskupic, Kiely, 2.31M) reports, "The ruling opens the possibility of redistricting in other states after fall elections. One-party control of the governorship and legislature could allow for the move in at least five states: Maryland, New York and Michigan for Democrats; Pennsylvania and Indiana for Republicans." However, "the ruling's long-term impact is unclear, in part because partisan redistricting is limited in many states. Six low-population states have only one US House seat, so they aren't involved in redistricting. Eight others have districts drawn by independent commissions, rather than legislatures, and at least five more have various restrictions against redrawing districts between censuses." USA Today (6/29, Kiely, 2.31M) runs a second story on the same topic, headlined "Ruling May Incite Redistricting Battles."

The Los Angeles Times (6/29, Havemann, 958K) also says the ruling "could lead to redistricting attempts every time state legislatures changed hands between the 10-year censuses."

The AP (6/29, Holland) reports, "Justice Anthony M. Kennedy, writing for a 5-4 majority, said Hispanics do not have a chance to elect a candidate of their choosing in south and west Texas under the state's plan. … The plan's 'troubling blend of politics and race - and the resulting vote dilution of a group that was beginning to achieve (the federal law's) goal of overcoming prior electoral discrimination - cannot be sustained,' Kennedy wrote." The AP adds, "Some 100,000 Hispanics had been shifted out of a district represented by a Republican, and foes of the plan had argued it violated the Voting Rights Act which protects minority voting rights. … The court ruled 7-2 that state legislators may draw new congressional maps anytime - not just once a decade as Texas Democrats had claimed and has been traditional nationwide. That means any state's lawmakers can push through new maps anytime there is a power shift in the Legislature."

Knight Ridder distributes a Dallas Morning News article (6/29, Pusey, Gillman) that reports, "By handing Texas Republicans a major victory in their contentious congressional redistricting case, the U.S. Supreme Court may have lowered some of the last obstacles to bare-knuckled political fights in statehouses across the nation, though predictions of political chaos may be premature, experts said Wednesday." The News continues, "In a complex, multi-faceted decision the high court largely upheld a 2003 redistricting plan crafted by the Republican controlled Legislature, though justices invalidated a GOP-held South Texas district. … They also said redistricting can occur at anytime - on multiple occasions, if need be - between each decade's census. They suggested that politically motivated congressional boundaries are a part of the remap process."

The Legal Times (6/29, Mauro) reports, "By a cascading series of mix-and-match majorities, the Supreme Court on Wednesday upheld most of the controversial mid-decade

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Texas Republican redistricting plan spearheaded by former House Majority Leader Tom DeLay." The Times continues, "The ruling could encourage other states whose legislatures are dominated by one party to break from the long tradition of redistricting only after the census every decade." The Times adds, "Texas Democrats and other challengers were consoled by a partial victory Wednesday when the Court struck down Texas District 23, reshaped in 2003 into a narrow district running from the San Antonio area to the edge of El Paso in order to protect an incumbent Republican from a surging Latino population. That shift diluted minority voting power and amounted to a violation of Section 2 of the Voting Rights Act, the Court agreed. … 'Justice and fairness is always a goal worth pursuing, and the fact that the Court found the map violated the rights of Latino voters in South Texas shows the fight was worth it,' said J. Gerald Hebert, lawyer for the Texas congressional Democrats." The Times notes, "Despite the verbiage, the justices Wednesday appeared no closer than ever to deciding when a politically motivated redistricting plan crosses a constitutional line and violates either the equal protection clause or the First Amendment. … But whatever line might exist, a mid-decade reapportionment, no matter how politically motivated, does not appear to cross it, said Justice Anthony Kennedy, who wrote the main opinion and summarized it with difficulty before spectators at the Court."

Bonilla Says TX23 Was Drawn With Eye On Future, Not His Own Survival. The Wall Street Journal (6/29, Bravin, Cooper, 2.11M) reports that in an interview yesterday, Bonilla "said his district hadn't been drawn specifically for his benefit but rather to preserve Republican control into the future. 'The vision way back was not about me but looking past me,' he said. 'There was a concern long-term, that after I moved on, that they wanted to keep this seat in Republican hands.'" The New York Times (6/29, Blumenthal, Zernike, 1.19M) reports Bonilla, in a telephone interview, "denied his district had been redrawn for his protection and predicted he would beat opponents even if the lines were changed again. 'They can't win in the area I represent,' he said."

The Hill (6/29, Kaplan, O'Connor) reports that whether the ruling on the TX23 district "will boost Democrats' chances in Bonilla's district remains unclear, but his challenger, Democrat Rick Bonanos, sounded confident after receiving phone calls from top Democratic officials, including former Sen. Max Cleland (D-Ga.), pledging help." Bonilla "has more than $2 million in his campaign war chest; Bonanos said he has raised about $20,000."

Roll Call (6/29, Drucker) reports "attorney Nina Perales, southwest regional counsel for the Mexican American Legal Defense and Educational Fund and the lawyer who argued this portion of the case before the court in March, said she expects the approximately 120,000 Latinos moved out of Bonilla's district in 2003, and into Rep. Henry Cuellar's (D) 28th district, to be moved back into the 23rd. She also expects the district to lose some Anglo voters who live in its northern hill counties." Perales "speculated that this could put Bonilla in electoral jeopardy, as only 8 percent of Latino voters supported him at the polls in 2002, at that time a historic low for the Latino Republican Congressman."

More Commentary. The Wall Street Journal (6/29, 2.11M), in an editorial titled "DeLay's Revenge," says "the former House Majority Leader must take some consolation from yesterday's Supreme Court decision. … As for those of us who want fewer partisan gerrymanders, and thus more competitive elections, the battle now moves to the states themselves. Letting a nonpartisan commission draw the lines has worked well in Iowa, and reformers ought to throw their energy into that idea, rather than to the windmill-tilt of trying to purge money from politics."

The New York Times (6/29, 1.19M) titles its editorial "A Loss For Competitive Elections," and writes, "Instead of standing up for a fair electoral landscape, the court produced a ruling that did little to ensure the vibrancy of American democracy, and that itself had an unfortunate whiff of partisanship." The Times also saus, "In this post-Bush-vs.-Gore era, the court's critics will note that it again split on partisan lines, with the most conservative justices most approving of the Texas lines. That was also true in a 2004 case in which it upheld, by a 5-to-4 vote, a pro-Republican redistricting in Pennsylvania. But that same year the court, disturbingly, affirmed a lower court's ruling striking down a pro-Democratic redistricting in Georgia as unconstitutional. It is disappointing that it could not have come up with a decision yesterday that had a greater appearance of fairness."

William Hamilton, a syndicated columnist and a former executive director of the Nebraska Republican Party, writes in USA Today (6/29, 2.31M), "Americans who favor representative government should be pleased with the U.S. Supreme Court ruling on the Texas redistricting plan. Here's why: The districts were drawn by legislators elected by and answerable to the people."

Justin Levitt, associate counsel in the Democracy Program at New York University's Brennan Center for Justice, and Lisa Sandoval, a student at the Columbia law school, write in The Hill (6/29), "Yesterday the Supreme Court took another step in demoting itself from reluctant referee to irrelevant bystander in the battle by which district lines are drawn and politicians are elected. … Meaningful representative democracy requires more stability. If our representatives could change the rules at any time, politicians would choose their voters, rather than the other way around."

Abigail Thernstrom, Vice-chair of the US Commission on Civil Rights, writes in the Wall Street Journal (6/29, 2.11M), "DeLay may be down, but he's not out. Yes, he's out

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of Congress, but the Texas congressional districting plan for which he is given substantial political credit mostly lives on, thanks to yesterday's Supreme Court decision upholding it."

Senate Remains Barrier To Flag Desecration Amendment. The Christian Science Monitor (6/29, Chaddock, 61K) reports if "every current senator who voted for a flag amendment in the past had done so this week, a constitutional amendment authorizing the Congress to ban desecration of the flag would be on its way to the states for ratification." But Sens. Robert Byrd (D) of West Virginia and Kent Conrad (D) of North Dakota "did not, and the amendment went down, as it has the last three times the Senate has taken it up." But the one vote margin "wasn't as close as it looked, because Democrats were committed to finding the votes needed to fight the amendment. On the eve of the vote, Senate Democratic leader Harry Reid, who had voted for an amendment banning flag desecration in 1990, 1995, and 2000, said he would vote for it again, because he was sure 'it would not pass.' Thirteen other Democrats, mainly from states that sent their electoral votes to President Bush in the last election, joined him in supporting the bill." Republicans also "headed into battle without their best vote counter. Majority whip Mitch McConnell (R) of Kentucky opposed the amendment, along with GOP Sens. Robert Bennett of Utah and Lincoln Chafee of Rhode Island."

House Panel Rejects Resolution To Bar Challenges To Pledge Of Allegiance. CQ (6/28, Stern) reports that in a "surprise defeat for Republicans, the House Judiciary Committee deadlocked Wednesday on legislation that would bar most federal courts, including the Supreme Court, from hearing constitutional challenges to the Pledge of Allegiance." But the setback "could be temporary. Wednesday evening, the Judiciary Committee scheduled a new markup Thursday to vote again." The 15-15 tie vote "meant the court-stripping bill (HR 2389) was not reported favorably. Republican Bob Inglis of South Carolina joined 14 Democrats in voting against the measure." Seven other Republican committee members "did not vote, a sign that Chairman F. James Sensenbrenner Jr., R-Wis., did not anticipate such a close tally."

Supreme Court Rules Inmates Can Be Denied Newspapers. The Christian Science Monitor (6/29, Richey, 61K) reports, "Prison inmates do not enjoy a First Amendment right to receive newspapers and magazines in their cells when they are being punished in the highest security section of a prison. In an important decision restricting free speech protections behind bars, the US Supreme Court ruled on Wednesday that Pennsylvania state prison officials did not violate the constitutional rights of their most dangerous inmates by barring access to various news publications." The "key test," says Justice Breyer, is "whether the prison restrictions are reasonably related to legitimate penological interests. The high court said the prison restriction was aimed at creating an incentive for better prison behavior among problematic inmates, and thus satisfied the court's standard."

The AP (6/29, Locy) reports, "The decision reverses a ruling by the 3rd U.S. Circuit Court of Appeals but validates a dissent by the high court's newest member, Justice Samuel Alito, who sided with Pennsylvania when he served on the appellate court. Alito did not participate in the argument before the Supreme Court. … Breyer said that 'prison officials, relying on their professional judgment, reached an experience-based conclusion that the policies help to further legitimate prison objectives.' … The high court's ruling could have affected prison operations nationwide if justices had required state officials to prove that their policies serve legitimate security and rehabilitative interests. … The Bush administration sided with Pennsylvania, saying the state's policy deserves deference from the courts because it involves maintaining order in prisons."

House Affirms Right To Non-English Ballots. The AP (6/29, Taylor) reports, "The House agreed Wednesday to affirm the right of voters in areas with large populations of non-English-speaking citizens to cast ballots in their native language." The AP continues, "The 254-167 roll call in support of bilingual balloting came just a week after GOP divisions over the issue contributed to the postponement of a House vote to renew the landmark 1965 Voting Rights Act. … 'If you have the good fortune to be able to vote in the United States, then it is not too much to ask that this be accomplished in English,' said Rep. Cliff Stearns, R-Fla. 'I don't think the United States government should be forced to pay for (bilingual) assistance.'" The AP adds, "The bilingual balloting vote came on an amendment by Stearns as the House debated a $59.8 billion measure funding the annual budgets of the departments of Justice, Commerce and State. .. About 500 political subdivisions in 31 states must offer bilingual assistance. Of those states, five — Alaska, Arizona, California, New Mexico and Texas — must provide the assistance statewide. … The issue has become embroiled with a passionate election-year debate to overhaul immigration laws. Conservative Republicans have pushed to make English the official national language. … Supporters of non-English ballots reminded colleagues that only U.S. citizens are able to vote and that even those whose native language is English have difficulty with complex ballot initiatives, much less those who learned the language after coming to this country."

Majority Of Biggest US Companies Offer Gay Partner Benefits. USA Today (6/29, Armour, 2.31M)

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reports, "A majority of the nation's largest companies now provide health insurance for domestic partners of employees — a historic shift from the 1980s, when benefits for same-sex partners were rare." Data 'on the rise in domestic-partner benefits will be released today by the Washington-based Human Rights Campaign Foundation, the education and outreach arm of HRC, a gay-rights organization." Today, "253 companies from the Fortune 500 provide equal benefits to same-sex couples, according to the report, and 86% have policies that ban discrimination based on employees' sexual orientation."

US Transgender Community Finding More Acceptance. The AP (6/29, Leff) reports, "A clash between police and patrons of an all-night diner in San Francisco 40 years ago was once a forgotten footnote in history. For members of the transgender community, though, it was the start of their slow march toward widespread acceptance." The AP continues, "Sparked by the riot, San Francisco activists started their own civil rights movement - three years before the more famous clashes at New York City's Stonewall Inn. … A dedication this month of a granite anniversary marker at the site of the Compton's Cafeteria riot drew a pair of city supervisors, the district attorney and the police chief. The California Assembly and Mayor Gavin Newsom sent proclamations. … 'Transgender' is an umbrella term that came into common usage a decade ago and covers cross-dressers, transsexuals and others whose outward appearance doesn't match their gender at birth. … While not every city is ready to celebrate their contributions, San Francisco - which in 2001 extended its health insurance to cover sex reassignment surgeries for municipal employees - is no longer alone. Across the United States, one of the nation's most maligned minority groups is quickly winning rights and recognition it began to demand only recently. … In the last two years, New Mexico, Illinois and California have updated their anti-discrimination laws to protect transgender home buyers and renters; colleges in Vermont and Iowa have dedicated "gender neutral" dorm rooms; and corporations have adopted policies for helping employees stay on the job during sex changes."

ANTITRUST:

Biomet CEO Does Not Know Specifics Of DOJ Probe. MarketWatch (6/29, Kamp) reports, "Biomet Inc. doesn't know much about a U.S. Department of Justice probe of the orthopedics sector other than a subpoena it recently received signals an investigation into price and bidding, Biomet's interim chief executive said Wednesday." MarketWatch continues, "Four orthopedics companies - Biomet, Zimmer Holdings Inc., Stryker Corp. and Johnson & Johnson unit DePuy Inc. - have confirmed they've received subpoenas from the Justice Department's antitrust division. The subpoenas are for several years' worth of documents regarding possible federal criminal and antirust-law violations. … 'The subpoena we received is a very broad subpoena,' said Daniel P. Hann, Biomet's interim president and chief executive, speaking during a conference call with financial analysts following the company's fiscal fourth-quarter earnings release. … 'Frankly, we do not know specifically what the investigation is about,' Hann said. 'The subpoena does not signal anything other than an investigation into price and bidding in our industry.' … Hann added that these investigations typically take place 'over a long period of time,' but said he has no insight into the investigation's timing." MarketWatch adds, "He said the company doesn't know whether the investigation might be linked to a prior Justice Department probe of consulting or professional-service agreements between companies and orthopedic surgeons. That issue became public when subpoenas were disclosed in early 2005. … A Justice Department spokeswoman said Friday the agency 'is conducting an antitrust investigation into the possibility of anticompetitive practices in the implant-device industry,' and didn't offer further comment."

CFTC Charges BP Unit With Propane Price Manipulation. The AP (6/29) reports, "Federal investigators said Wednesday that BP energy traders cornered the U.S. propane market in the winter of 2004 and illegally manipulated prices, driving up heating and cooking costs for rural consumers." The AP continues, "The charges come at a time when oil and gas companies are under intense scrutiny from consumers and Congress over soaring energy prices and record profits, and analysts said the entire industry's credibility could be damaged. While BP denied any wrongdoing, a former employee admitted taking part in a conspiracy and agreed to cooperate with criminal prosecutors. … The Commodity Futures Trading Commission said that BP traders -- with the consent of senior management – 'purchased enormous quantities of propane to establish a dominant' position in the market and then withheld fuel from the market in order to drive prices higher."

Bloomberg (6/29) reports, "The commission filed suit today in federal court alleging BP Products North America, a subsidiary of London-based BP, manipulated the market for the heating fuel in February 2004 after trying the same tactic in April 2003. Former BP trader Dennis Abbott pleaded guilty to conspiracy in a separate court filing today by the Justice Department. … 'Cornering a commodity market is more than a threat to market integrity,' Gregory Mocek, director of enforcement for the commission, said in a statement. 'It is an illegal activity that could have repercussions for commercial

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market participants as well as retail consumers around this country.'" Bloomberg notes, "BP is one of several large oil companies facing increasing scrutiny from the government as energy prices surged. The company has also run afoul of U.S. regulators in the past year over operations at its refineries. … By purchasing 'enormous quantities' of propane, BP caused the price to increase to more than 90 cents a gallon on Feb. 27, 2004, 'a price that would not otherwise have been reached under the normal pressures of supply and demand,' the commission said in a statement. The company at one point owned over 88 percent of all 'TET' propane, fuel that can be delivered anywhere on the Texas Eastern pipeline system. … The strategy was done 'with the knowledge, advice and consent of senior management,' the commission said. BP also tried the strategy in April 2003, as a 'trial run,' according to the market regulator."

The Financial Times (6/29, Grant) called the allegations "serious" and noted the lawsuit "against BP is likely to be one of the biggest cases of alleged energy price manipulation in the US." The dispute is "likely to provoke a political storm as US politicians, already sensitive to high petrol prices, are alert to signs that recent volatility in energy markets could be the result of price manipulation by energy companies."

The Wall Street Journal (6/29, Wilke, Cummins) adds, "The alleged conspiracy is the latest in a series of stumbles by the London-based company's U.S. operations. BP has paid millions of dollars in federal fines over the past few years in connection with a fatal 2005 refinery fire and other alleged safety and regulatory lapses, and remains under investigation by several federal agencies."

But USA Today (6/29, Smith) reports, "BP denied the allegations even as one of its former traders pleaded guilty to a criminal conspiracy charge and agreed to cooperate with investigators." BP Products North America spokesman Ronnie Chappell said, "Market manipulation did not occur, and we are prepared to prove that case in the courts." USA Today notes, "About 7 million U.S. households in rural parts of the country depend on propane as their primary heating fuel. BP…is the largest supplier of natural gas liquids in North America."

Trader Pleads Guilty To Conspiracy. The New York Times (6/29, Mouawad) reports, "Also, the Justice Department said yesterday that one trader named in the lawsuit pleaded guilty to a conspiracy charge in a parallel criminal case. The plea is part of a continuing investigation by the F.B.I. … A former BP trader, Dennis N. Abbott, 34, pleaded guilty to conspiring to manipulate the propane market, the Justice Department said. He faces up to five years in prison and a fine of $250,000, according to Bryan Sierra, a Justice Department spokesman."

Dow Jones (6/29) reports, "According to the Justice Department, Abbott said he 'understood that the scheme was approved by senior executives at BP, and that steps were taken to avoid detection by market participants and others.'"

AFP (6/29) reports, "Abbott, 34, entered his plea to a conspiracy charge in US District Court in Washington before Judge James Robertson. Under the terms of a plea agreement, Abbott faces up to five years in prison, a fine of 250,000 dollars, and supervised release following any incarceration. … Abbott agreed to cooperate with law enforcement officials in an ongoing investigation, officials said."

Google Launches Online Payment System. The New York Times (6/29, Hansell) reports, "In its quest to 'organize the world's information,' Google now wants to keep track of your credit card number and where you live." The Times continues, "The company is introducing Google Checkout today, a service that will allow users to make purchases from online stores using payment and shipping information they keep on file with Google. … Google's aim, said Eric E. Schmidt, the chief executive, is to make it easier and faster for people to buy products advertised on Google — thus attracting more advertisers. … 'The goal here is to make it be one nanosecond from the time the customer decides to buy to the time the transaction is complete and the product is on the way,' Mr. Schmidt said." The Times adds, "For consumers, this sort of service, often referred to as an online wallet, is hardly new. Microsoft, AOL and Yahoo have offered similar wallets, which proved to have limited appeal. While the PayPal service of eBay has attracted widespread use, it offers additional features like the ability to transfer money from checking accounts. … But for merchants, the service comes with a twist: Google will waive some or all of the transaction fees for companies that buy advertising from it. That may give the service a leg up on competitors like PayPal and several smaller companies that help online merchants accept credit cards. … It will also add another entry to the list of businesses that have been shaken up by Google's innovations, a list that already includes publishing, advertising and desktop software."

EMI, Warner Music Continue Contentious Merger Discussions. USA Today (6/29, Lieberman) reports, "EMI Group and Warner Music Group stepped on each other's feet in their long-running merger dance as each disclosed in dueling press releases Wednesday that it offered to buy the other this week - to no avail." USA continues, "On Tuesday night, Warner rejected a $4.7 billion cash offer from EMI. But in a move that took some analysts by surprise, Warner turned around and bid $4.6 billion in cash for its British rival. … EMI says its board 'unanimously rejected' Warner's offer because the price doesn't account for 'EMI's prospects, the potential synergy benefits of a combination of

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the two companies and the range of strategic options available to EMI.' … It added that it still believes its proposal to pay $31 a share for Warner 'would be very attractive to both sets of shareholders.' … In response, Warner said it rejected EMI's offer partly because it required Warner first to sell its Warner/Chappell Music publishing unit, which would 'increase execution risk.' Warner said it still believes its offer would be 'value-enhancing to EMI shareholders.'"

The New York Times (6/29, Leeds) reports, "Representatives from both sides are expected to continue negotiating, but the latest moves indicate that the talks are growing contentious, particularly regarding the question of who would manage the combined company." The Times continues, "At the same time, analysts said the rival bids ultimately could push the price of any deal so high that the combined company would be laden with debt or forced to cut executives and reduce the number of artists more than anticipated. … Wall Street analysts who track the companies estimate the combined entity could generate $200 million to $300 million in additional cash flow by laying off employees and reducing the number of artists, among other cuts. But some executives involved in the talks indicated the figure could be closer to $400 million."

The AP (6/29, Barr) reports, "A combination of EMI and New York-based Warner Music would control about 25 percent of the recorded music market, surpassing BMG in the rankings and moving into second place behind Universal, according to the International Federation of the Phonographic Industry. … It would bring together artists on EMI such as Coldplay, Norah Jones, Paul McCartney and the Rolling Stones with Warner's roster that includes Sean 'P. Diddy' Combs and his Bad Boy label, Madonna and Paul Simon."

The Wall Street Journal (6/29, Smith) reports, "Neither company disputes that there are solid strategic reasons they should combine. They are each roughly half the size of the No. 1 and No. 2 music companies, Vivendi Universal SA's Universal Music Group and Sony BMG Music Entertainment, a joint venture of Tokyo-based Sony Corp. and Germany's Bertelsmann AG. And they could save hundreds of millions of dollars by combining back-end and international operations. … But neither company has expressed any interest in the kind of 50-50 merger that created Sony BMG. On the other hand, neither EMI nor Warner has been willing to cede control to the other."

The Financial Times (6/29, Van Duyn, Politi, Terazono) also reports on the negotiations.

Judge Grants Real Estate Antitrust Suits Class-Action Status. Inman News (6/29, Roberts) reports, "A judge for a U.S. District Court in Idaho has granted class-action status to four separate antitrust lawsuits, which allege that four real estate brokerage companies engaged in illegal commission practices." Inman continues, "The four class-action lawsuits were each filed against individual real estate companies -- including Aspen Realty, Holland Realty, Sel-Equity Co. and Park Pointe Realty (doing business as John L. Scott Real Estate) -- and will proceed as separate cases." Inman adds, "The real estate companies allegedly charged a commission for their services that was based on the purchase price of undeveloped land and the actual or estimated price of homes to be built on those undeveloped lots, rather than based solely on the price of the undeveloped lots, according to the lawsuits. … This practice, the lawsuits charge, constitutes a tying arrangement that violates the Sherman Antitrust Act."

Senate Panel Passes Telecom Bill. USA Today (6/29, Davidson, 2.31M) reports, "The Senate Commerce Committee on Wednesday approved sweeping telecommunications reform that would allow phone companies to more easily offer pay TV services, giving consumers a new alternative to cable." But "the measure could face an uphill fight in the Senate after Republicans defeated an amendment to limit the ability of phone and cable giants to charge websites fees for faster services." By a 15-7 vote, the panel "approved a bill that, among other things, would force communities to negotiate a franchise with video providers within 90 days. The process can take much longer now."

The Wall Street Journal (6/29, Schatz, 2.11M) reports the Senate committee "spent roughly two hours arguing about 'net neutrality' before a proposal aimed at setting new protections on Internet access and pricing failed on an 11-11 vote. Without that amendment, however, the committee passed the telecom bill." The Journal adds, "While the action was a loss for those who support net neutrality, it could result in an even bigger defeat for phone companies, which want to see Congress pass legislation opening the way for them to more quickly offer pay-television services in competition with cable companies." The Washington Post (6/29, Hart, Goo, 744K) runs a similar report.

Web Video Sites Face Test In Veoh Copyright Suit. The Wall Street Journal (6/29, Delaney) reports, "Adult entertainment company Io Group Inc. last Friday filed a lawsuit against Veoh Networks Inc., an online video-sharing service, in a potential important legal test of Web video companies' liability for copyright infringement claims." The Journal continues, "The complaint, filed in U.S. District Court for California's Northern District, alleges that Veoh, San Diego, was responsible for copyright infringement by allowing videos owned by Io Group to be accessed through Veoh's online service without permission. In the complaint, Io Group, a San Francisco company doing business by the name Titan

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Media, alleges that consumers viewed its copyrighted works over 40,000 times through Veoh's site between June 1 and June 22." The Journal adds, "The suit has potentially broad ramifications for the exploding consumption of videos online and the companies, including YouTube Inc., Google Inc., Yahoo Inc., that allow consumers to post videos for others to see on the Web. Some of those companies perform varying degrees of automated and human review of the videos consumers submit to their sites. … But some, including YouTube, the most-visited Web video site in the U.S., don't review videos before making them available on their sites and rely on content owners and users to alert them to videos that are uploaded without the copyright holders' permission. The practice of removing videos after formal notification by their owners follows an industry-standard procedure outlined in the Digital Millennium Copyright Act of 1998."

Murdoch Mulls Joining Macquarie Bid For PCCW Assets. The Wall Street Journal (6/29, Linebaugh) reports, "A unit of Rupert Murdoch's News Corp. has had discussions about joining Macquarie Bank Ltd.'s bid for the core assets of PCCW Ltd., potentially injecting a media heavyweight with a long history in China into the contentious acquisition battle." The Journal continues, "Star Group, a wholly owned subsidiary of News Corp., has "had some talks with Macquarie" about participating in its bid for the telecommunications and media assets of Hong Kong's dominant phone company, according to a spokeswoman for Star Group, who declined to comment further. The Macquarie bid is worth more than $7 billion, people familiar with the matter have said." The Journal adds, "In an interview today with a News Corp.-owned newspaper, the Australian, Mr. Murdoch confirmed the company had held talks with Macquarie but expressed skepticism about the prospects of Macquarie's bid. A person close to the situation said if News Corp. decides to join the bid, it would take a stake "in the low single digits" in percentage terms. That suggests News Corp.'s contribution could be as little as $100 million."

EU Signals Tough Line On Antitrust Enforcement. The Financial Times (6/29, Buck) reports, "Companies under investigation for anti-competitive behaviour could be fined 30 per cent of their annual turnover under European Union guidelines announced yesterday by Neelie Kroes, competition commissioner." The Times continues, "The new guidelines will apply to all investigations in which the Commission has not yet issued formal charges against a company. This includes the energy companies raided in May - RWE, Eon, Gaz de France and Eni, among others - and the air cargo groups raided in February - British Airways, Lufthansa, Air France-KLM and Cargolux." The Times adds, "Under the Commission's new guidelines, the pain for companies caught by the Brussels trust-buster is set to increase dramatically. As the FT reported yesterday, repeat offenders will be punished particularly severely, as will big companies with a large share of the market in which the abuse took place. … Ms Kroes said the message was clear: 'Don't break the antitrust rules. If you do, stop it as quickly as possible. And once you've stopped, don't do it again. If companies do not pay attention to these signals, they will pay a very high price.'"

The AP (6/29) reports, "These new fine limits will apply to every company charged with antitrust abuse after the new guidelines are published in the next two months. … The commission raised the threshold for maximum fines to 30 percent of a company's annual sales for every year it broke EU law -- up from the current limit of 10 percent of total annual turnover." The AP adds, "EU regulators said part of the fine -- an 'entry fee' may also be charged, no matter how long the company violated EU rules. This fee would be based on 15 percent to 25 percent of yearly sales during the entire time span of the illegal behavior. It will apply to cartels and to other types of antitrust abuse, they said."

Big Media Disregards FCC Ownership Rules. The Washington Post (6/29, Ahrens) reports, "When the government's attempt to relax media ownership rules was defeated in court two years ago, some hailed it as a victory against putting too much power in the hands of too few media lords. … Now, the government is taking up the issue again, but the media landscape is radically different." The Post continues, "Since 2003, the media giants have greatly expanded their presence on the Internet, buying successful Web sites or redoubling their own efforts. The continued rollout of high-speed Internet, the improvement in online content and an explosion of handheld devices have combined to give Big Media much greater reach and potentially greater influence than it would have had, were companies allowed to buy a few more television stations each. … Last week, the Federal Communications Commission voted to re-tackle the sticky issue of media ownership. This time, the agency plans to loosen some rules, allowing big media companies to expand. For instance, a newspaper will -- for the first time since 1975 -- probably be allowed to buy the most popular television station in the same city. .. But the times, technology and media marketplace have changed so much since the FCC began its ownership review last time, in 2002, that some of the same media giants that lobbied for changes before -- such as Tribune Co. -- may take little advantage of changes this time. … In 2002, the media giants had already been burned by the Internet. The newly merged AOL Time Warner Inc. took a $10 billion write-down, thanks to bad deals and falling revenue at America Online. Walt Disney Co. lost millions on its Go.com Internet portal."

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India Launches Battle Over Yoga Copyright. USA Today (6/29, Fetterman) reports, "India seems to be willing to go to the mat over yoga. … That's because Bikram Choudhury, the self-proclaimed Hollywood 'yoga teacher to the stars,' incensed his native country by getting a U.S. copyright on his style of yoga four years ago." USA continues, "In response, India has put 100 historians and scientists to work cataloging 1,500 yoga poses recorded in ancient texts written in Sanskrit, Urdu and Persian. India will use the catalogue to try to block anyone from cornering the market on the 5,000-year-old discipline of stretching, breathing and meditating." USA adds, "Bikram, who goes by one name like Bono and Beyoncé, says he sought legal protection for his yoga because 'it's the American way.' … 'You cannot drive the car if you do not have a driver's license,' he explains. 'You cannot do brain surgery if you are not a brain surgeon. You cannot even do a massage if you don't have a license.' And, he says, you shouldn't be able to teach his Bikram Yoga unless you pay him for a license." USA notes, "India's counterattack goes way beyond Bikram. … The government wants to thwart anyone who tries to profit from the nation's so-called 'traditional knowledge,' from yoga to 150,000 ancient medical remedies. India already has successfully challenged one U.S. patent granted to two Indian-born Americans who used the spice turmeric in a wound-healing product. That patent was revoked by the U.S. Patent and Trademark Office."

ENVIRONMENT/INDIAN AFFAIRS:

Sago Mine Explosion Survivor Says Miners Expected Rescue. The AP (6/29, Smith) reports, "As they sat behind a curtain that held back thick smoke but not deadly carbon monoxide, the doomed crew of the Sago Mine talked about the rescue they thought was coming, the sole survivor says." The AP continues, "In a transcript of a June 19 interview with state and federal investigators, Randal McCloy Jr. said he believed a seismographic machine somewhere above them was waiting for a signal from the miners. But they banged on roof bolts in vain: Officials have said such a device was not brought to mine because it wasn't needed. … McCloy also added detail to his contention that some of the miners' air packs didn't work, something officials who have tested the devices dispute. McCloy said he tried all four of the devices that had failed to work, including one that appeared to have a broken valve." The AP adds, "Twelve men died in the Sago mine: one in the Jan. 2 blast and the rest hours later of carbon monoxide poisoning. McCloy survived more than 40 hours in poisoned air _ a feat doctors have never been able to fully explain. … State mine safety officials released the 96-page transcript of McCloy's two-hour testimony on Wednesday. The Associated Press had requested a copy under the Freedom of Information Act."

The Pittsburgh Post-Gazette (6/29, Roddy, Lash) reports that the miners "began walking out of the mine but turned back after four of them declared that their emergency breathing devices did not work, according to the lone survivor of the disaster. … One miner, Terry Helms, apparently died outright when a methane explosion tore through a wall intended to seal off an abandoned section of the mine. Eleven others slowly died of carbon monoxide poisoning behind a makeshift barricade they hoped would keep out bad air while they awaited rescue." The Post-Gazette adds, "The only miner to survive, Randal McCloy Jr., was interviewed June 19 in Morgantown, W.Va., by a joint state-federal panel investigating the disaster. Mr. McCloy, 27, spent nearly three months in hospitals recovering from exposure to deadly carbon monoxide gas that left him in a coma and caused multiple organ and brain injuries. .. . West Virginia's Office of Miners' Health, Safety and Training released his testimony yesterday. … A state report on the Sago disaster is expected to be released July 19." The Post-Gazette notes, "In his testimony, Mr. McCloy elaborated on details -- including problems with other miners' breathing devices -- that he'd included in a letter sent to families of the dead miners earlier this year. Investigators questioned him repeatedly about the devices and also about his training in their use."

Sierra Club Sues Pentagon For Delaying Wind Farm Construction. The New York Times/AP (6/29) reports the Sierra Club "sued the Defense Department, saying the department has halted construction of wind farms across the country by failing to complete a study on whether they interfere with military radar." The suit "asserted that Defense Secretary Donald H. Rumsfeld and the Pentagon missed a deadline for completing the study, which was ordered by Congress and must be completed before the Federal Aviation Administration can issue safety permits for the projects."

Navy Sued Over Sonar Use. The AP (6/29, McAvoy) reports, "Environmental groups sued the federal government Wednesday to prevent the Navy from using active sonar during drills off Hawaii next month, saying the sound could harm whales and other marine mammals." The AP continues, "The Natural Resources Defense Council asked a federal court in Los Angeles to issue a temporary restraining order unless the Navy takes 'effective measures' to protect marine life when it uses high-intensity, mid-frequency active sonar to hunt submarines in the drills. … 'The military can train but it has to do so consistent with the law and the law requires protection of the marine environment,' said Joel Reynolds, senior attorney for the council." The AP adds, "Navy lawyers

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haven't seen the lawsuit and couldn't comment. The National Oceanic and Atmospheric Administration declined to comment, but said the agency was confident the Navy would protect dolphins and whales. … NOAA on Tuesday granted the Navy a permit to use sonar during war games involving more than 40 ships in Hawaii waters. The exercises are scheduled to start next week and last through late July. … The permit comes after NOAA said in April that Navy use of sonar during maritime exercises off Hawaii in 2004 may have contributed to the mass stranding of more than 150 whales. The report, however, did not say definitively that the sonar caused the whales to gather in the bay."

California Ports Unite To Fight Air Pollution. USA Today (6/29, Kasindorf) reports, "The neighboring seaports of Los Angeles and Long Beach announced Wednesday a proposal to crack down on the diesel-powered ships, trucks and trains that are polluting the air over the USA's trade gateway to Asia." USA continues, "Under the proposed five-year cleanup plan, the twin ports would offer $200 million to owners of 16,000 trucks to replace old rigs with cleaner new ones. Ships would have to burn cleaner fuel, cut speed within 40 miles of the harbor and plug into dockside electrical outlets that are being built. Railroads would be required to use cleaner locomotives." USA adds, "The city-owned ports, 20 miles south of downtown Los Angeles, are the nation's largest. Together they handle 40% of U.S. cargo-container imports and account for 600,000 local jobs. They're also a health hazard as Southern California's "largest fixed source of air pollution," the South Coast Air Quality Management District says. … Vessels and vehicles idling at docks spew more smog-forming nitrogen oxides and cancer-causing diesel particulates than the metropolitan area's 6 million cars, the district says. Residents of nearby neighborhoods have high rates of respiratory illness and the region's highest cancer risk, according to the California Air Resources Board. … The cleanup plan aims to reduce diesel particulates nearly 50% and nitrogen oxides 30% by 2011. Arley Baker, spokesman for the Port of Los Angeles, says the regulations could be a pattern for other ports. Houston and Shanghai also are grappling with air pollution problems, says Geraldine Knatz, the Los Angeles port's executive director."

FBI/DEA/ATF/USMS:

US Arrests 150 On Drug Charges In Virginia. The Richmond Times-Dispatch (6/29) reports, "The U.S Justice Department announced yesterday the arrests of more than 150 people on charges stemming from a methamphetamine and cocaine distribution ring in Carroll and Grayson counties." The Times-Dispatch continues, "The arrests are the result of a more than two-year investigation by federal, state and local law-enforcement agencies of a loose-knit organization that spanned several states. Members of the group imported and resold methamphetamine and cocaine from Mexico, the department said." The Times-Dispatch adds, "Through the investigation, authorities seized more than 50 pounds of methamphetamine, worth more than $2.2 million; about 4 kilograms of cocaine, worth about $89,600; more than 10 pounds of marijuana, worth $20,000; and 200 firearms. … About 100 people are facing state charges and 50 are facing federal charges, including Martin Sandoval Garcia, 43, of Mexico. He is charged with conspiracy to distribute more than 500 grams of methamphetamine to more than 20 other dealers."

FBI, NYPD Arrest 14 In Crack Ring Bust. Newsday (6/29, DeStefano) reports, "FBI agents and city police arrested 14 people yesterday on charges they were part of a crack ring that operated in the area around the Langston Hughes Houses in Bushwick," including "Cameron Spencer Jr. and Jamar Curtis, had prior state robbery convictions officials." Newsday notes, "The suspects, who include men and women, were accused of conspiracy to distribute crack between October 2004 and November 2005. Six of the suspects were also accused of possessing firearms to aid in the drug trafficking, according to the charges filed in federal court. … Investigators said the conspiracy moved about a pound of crack a month."

Michigan Man Charged Following Fentanyl-Related Death. The Detroit News (6/28) reports a disabled veteran "was charged Tuesday with distributing fentanyl and causing death in a case the U.S. Attorney's Office says is unrelated to the recent spike in deaths involving a mixture of the painkiller with heroin. William Lee Sparks…faces a 20-year minimum sentence and up to life in prison if convicted on the fentanyl charge. … Sparks also is charged with providing the same user with other painkillers -- codeine, Vicodin and hydrocodone, between January 2003 and September 2005."

The Detroit Free Press (6/28, Ashenfelter, Schaefer) reports, "In an indictment unsealed Tuesday, William L. Sparks, was charged with distributing fentanyl to a man identified only as J.L.C., who died Sept. 12, 2005. Authorities said he apparently consumed gel from a skin patch containing the drug."

The Flint (MI) Journal (6/29) writes, "Federal investigators allege Sparks distributed fentanyl in September to a naval enlistee who overdosed on the drug Sept. 12."

Three Arrested In Minnesota. On its Web site, KARE-TV, Minneapolis-St. Paul (6/29) writes, "Drug enforcement authorities say fentanyl mixed with heroin has killed hundreds

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of people in Chicago and Detroit and now the drug combination has made its way to Minnesota. Three men have been arrested in connection to the drug's appearance on Minnesota streets. Kevin Fenner, Eric Davis and Eric Hargrove are all accused of bringing the incredibly dangerous new drug to the streets of Saint Paul. All three were in court Wednesday afternoon."

Fentanyl Found In Detroit Home. On its Web site, WDIV-TV, Detroit (6/28) reports police "have confirmed the drugs found in one Detroit home are tainted. Wayne County sheriff's officials confirmed that 40 grams of the white powder that was found in the home of Darren Reese is 100 percent fentanyl, with no other drug mixed in, according to the Wayne County Sheriff's Department. Another twist in the fentanyl bust is that one of the victims of the deadly drug combination was a former Wayne County Sheriff's deputy, according to police."

Rep. Davis Seeks Funds To Combat Drug-Related Deaths. The Oak Park, Illinois Austin Weekly (6/29) reports Rep. Danny Davis (D-7th) "is calling on the state, local and federal governments to provide financial assistance to fight the recent rash of drug-related deaths connected to tainted heroin sold on the streets. At a press conference Monday, Davis, along with city and state health officials, called for a 'more aggressive program' for treatment on demand. Davis said the recent number of deaths in Cook County associated with heroin laced with fentanyl…is cause for concern and increased awareness."

Fentanyl Seen As A Mystery. The Christian Science Monitor (6/29, Paulson) writes, "Demand for the potent heroin-fentanyl mixture is just one factor complicating officials' efforts to contain, if not eliminate, a street drug that is raising alarms in cities in the upper Midwest and the Northeast. … Also impeding efforts to crack down on the drug is the fact that it remains something of a mystery. Officials acknowledge they have much to learn, including where the fentanyl is made. They also are concerned because, as a synthetic drug made in sophisticated labs, fentanyl may point to a new territorial opening in the war on illegal drugs."

House Backs Federal Prosecution Of Marijuana Users. The AP(6/29) reports the House yesterday "voted to continue to allow federal prosecution of those who smoke marijuana for medical purposes in states with laws that permit it."

In Alabama, Officers Accused Of Shooting Man At Wrong Address During Drug Bust. The Decatur (AL) Daily (6/28) reports officers serving a search warrant were apparently at the wrong home. "The multi-jurisdictional drug bust targeted an alleged Decatur drug trafficker's organization. According to family members, officers shot Kenneth Jamar, a man in his 50s who suffers from gout. U.S. Attorney Alice Martin said the task force did not have an arrest warrant for Jamar, but were searching for 28-year-old Jerome Wallace, who was wanted on federal drug conspiracy charges. Jamar is Wallace's uncle." The Daily goes on to cite the DEA's involvement in the case along with other agencies.

Accused Head Of Drug-Trafficking Organization Arrested. In a separate story, the Decatur (AL) Daily (6/28) reports, "Federal and local authorities say they have dismantled a Decatur man's drug-trafficking organization, which supplied dealers in North Alabama and adjoining states. Twenty-seven of the 29 suspects in the operation are illegal aliens, authorities said. The operation allegedly brought drugs into the U.S. from Mexico." U.S. Attorney Alice Martin "said Oscar Xicotencah Salomon, 34, also known as Javier Hernandez, Jose Delores and 'Lo Lo,' was allegedly the head of the organization that distributed cocaine, methamphetamine/ICE and marijuana."

Alabama's Hunstville Times (6/28) has posted on its Web site the names of 15 people arrested on drug conspiracy charges and writes that the arrests came after a two-year investigation that involved the DEA.

Indiana Man Is Sentenced In Drug Conspiracy Case. Terre Haute's Tribune-Star (6/28) reports a Terre Haute man "has been sentenced by a federal court to more than 24 years in prison for conspiracy to distribute cocaine base. Willie L. Hardiman, 40, was sentenced Monday to 292 months in prison. … His arrest last December came after a month-long investigation by the Drug Enforcement Administration" and others.

Plan Colombia Said To Have Saved Colombia. In the Pittsburgh Tribune-Review (6/29), columnist Robert Novak writes, "There are no illusions…about how much Colombians owe to the U.S. government and its Plan Colombia to battle narco-terrorism. 'Plan Colombia saved Colombia,' one anti-terrorist military specialist told me, and I could find nobody here who disagreed. The U.S.-Colombian relationship bears little resemblance to what it was when I visited here 10 years ago. … The Colombian National Police and the U.S. Drug Enforcement Administration last week collaborated in a drug bust that was unthinkable a decade ago."

Tandy: DEA Efforts Have Increased Drug Seizures In Afghanistan. The Washington Post (6/29, Kessler, White) reports Condoleezza Rice "lavishly praised embattled Afghan President Hamid Karzai on Wednesday, arguing that his leadership shows how far Afghanistan has come since the fall of the Taliban 4 1/2 years ago. … In

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Washington on Wednesday, Lt. Gen. Karl W. Eikenberry, who commands coalition forces in Afghanistan, told the House Armed Services Committee that there had been significant progress in the country in recent months but that "enormous obstacles" remain. … Karen P. Tandy…told the committee that opium-related trade in Afghanistan has nearly quadrupled since the U.S.-led invasion in 2001, to an estimated 4,475 metric tons a year, or 92 percent of the illicit global opium supply. Tandy said one sign of progress, however, is that DEA efforts have led to a 700 percent increase in drug seizures in Afghanistan."

The Washington Times (6/29, Seper) reports, "The head of the U.S. Drug Enforcement Administration yesterday told a House committee that Afghanistan's stability 'rises and falls with the drug trade,' and its production of 92 percent of the world's heroin supply has driven ongoing violence and lawlessness. But DEA Administrator Karen P. Tandy said her agency is making 'great progress' in targeting the drug warlords and the Afghan criminal organizations who control the heroin supply."

UPI (6/28) writes, "Heroin smuggling from Afghanistan to Russia has increased from 10 to 25 percent of Afghanistan's illegal output, according to the Drug Enforcement Agency. Tajikistan is the primary trans-shipment country for opiates destined for Russia, according to Karen Tandy, DEA administrator, who testified to the House Armed Services Committee Wednesday. About half the heroin that moves through Tajikistan is consumed in Russia, she said. The rest moves through Russia to Europe."

According to the AP (6/29), "The head of the Drug Enforcement Administration sees the fight against Afghanistan's poppy crop lasting another 20 to 30 years. Karen Tandy told a House committee that while progress is being made, eradicating that crop is a long-term effort."

London Think-Tank Says US Poppy Eradication Policies Failing In Afghanistan. The Canadian Press (6/28) writes, "Canadian troops and Afghan civilians are paying with their lives because of failing U.S. policies that focus on elimination of the opium poppy crop, says a report by a policy think-tank. The poppy eradication campaign has driven rural farmers into such extreme poverty they are shifting their support to the Taliban because the international community and the Afghan government are not doing enough to meet their basic needs, says the report by the London-based Senlis Council."

The CanWest News Service (6/28) reports, "The commander of Canadian combat troops in Afghanistan reacted angrily to a scathing report published today by a European think-tank that says Canada's military mission in South Asia is an impossible task that is doomed to failure. … 'It is completely off, this report, from what I've read,' said Lt.-Col. Ian Hope, commander of the Princess Patricia's Canadian Light Infantry battle group. 'It tries to place the blame for the insurgency on those who are here trying to help the Afghans instead of insurgents.'"

The UK's Independent (6/29) writes, "The UK mission in Afghanistan is in danger of failing because of 'misguided' support for American military and drug-eradication policies, an international think-tank has claimed."

Canada's CTV (6/29) also cited the report's criticisms.

Two Sentenced For Gun Thefts From Virginia Warehouse. The Richmond Times-Dispatch (6/29) reports, "U.S. District Judge Richard L. Williams took it easy yesterday on two repentant men who participated in stealing and selling handguns from a state warehouse." The Times-Dispatch continues, "Williams sentenced Antre R. Worthington, 23, to 15 months in federal prison. He gave Larry M. Logan Jr., 25, a year and one day to serve. … Both defendants pleaded guilty March 23 to conspiracy to receive and sell stolen firearms. Both sentences were the shortest recommended to Williams under federal sentencing guidelines, which take into account previous convictions, among other factors." The Times-Dispatch adds, "Two other defendants in the case, Ralphfield C. Sinkler, 26, and Donald M. Cotton, 23, pleaded guilty to the same charge in May. They are scheduled for sentencing by Williams on Aug. 23. All four defendants are from metropolitan Richmond. … Worthington and Sinkler worked at the Virginia Department of General Services surplus goods warehouse in Richmond and teamed up to steal the .38-caliber revolvers a few at a time starting last summer, according to court documents. … Authorities say 55 revolvers were stolen. Some of them have been recovered and others have been turning up at crime scenes or police have taken them off criminals and others not permitted to have firearms. Some may still be on the street."

IMMIGRATION:

Immigration Judges Come Under Fire For Rulings. McClatchy Newspapers (6/29, Taylor) reports, "After Islamic militants murdered Seemab Shah's father, she said, they came for her. Terrified, Shah left her newborn son in the care of relatives and fled Pakistan for the United States. … She beseeched a U.S. immigration judge to grant her asylum. As proof of the danger to her family, she presented the court with her father's death certificate and newspaper photos of him lying in a pool of blood. … Despite the evidence, Judge Donald Ferlise concluded that Shah's father wasn't dead. Rejecting Shah's story as 'totally incredible,' he denied her request to remain in the United States." McClatchy continues, "But Shah, 33, isn't going home anytime soon. The 3rd U.S. Circuit Court of Appeals in Philadelphia concluded

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that Ferlise inexplicably had ignored undisputed evidence of her father's death. The court reversed his decision and ordered another judge to hear the case. In May, Ferlise was removed from hearing cases. … Ferlise's ruling and similar decisions by other immigration judges have come under intense scrutiny by federal appeals courts. A review by McClatchy Newspapers has found that appeals courts have sent back dozens of rulings by immigration judges over the last two years, calling many of them biased and unjust. In one recent rebuke, an appeals court panel deemed an asylum decision 'incomprehensible.' Another panel called an immigration ruling 'pure supposition.' … The appeals courts also have singled out judges for what they've called rude and bullying behavior. One appeals court panel reversed a decision because, it said, the judge acted like a 'prosecutor anxious to pick holes' in immigrants' stories instead of an impartial jurist." … The appeals-court judges' unusually sharp tone has prompted calls for an overhaul of the immigration courts, the forum of last resort for many of the world's refugees who flee to the United States from repressive governments that may have tortured and imprisoned them for their beliefs. … Responding to the criticism, Attorney General Alberto Gonzales launched a review of the immigration courts in January. Gonzales, who oversees the immigration judges, is expected to make recommendations in the next few months on how to improve the court system."

At Alleged War Criminal's Immigration Trial, Jurors Told Of Pre-War Balkan History. The Boston Globe (6/29, Tench, 484K) reports, "The trial of Marko Boskic, a Bosnian immigrant and alleged war criminal living as a construction worker in Peabody, resumed yesterday with the testimony of history and US intelligence specialists who gave jurors a lesson on what led up to a 1995 massacre of more than 1,000 Muslims in the war-torn Balkans." Boskic "has been charged with five counts of lying to federal officials and concealing on immigration forms his role" in the Srebrenica massacre, but "defense attorney Max Stern told the jury Tuesday that Boskic…did not lie in the documents and that he was forced to join the 10th Sabotage Detachment…while he was a prisoner at a Serbian concentration camp. If he didn't join he would have been killed, Stern said."

White House Declares Cannon Win A Victory For Bush Immigration Plan. CNN's The Situation Room (628, Blitzer) reported, "He looked to be in danger right up until primary day, but the Utah Republican Congressman Chris Cannon survived a challenge over his support for the President's immigration reform policy." CNN (Henry) added, "The White House is declaring this is a clear victory for the President's comprehensive approach border security plus guest worker program. And the President today immediately tried to pivot off this win and take another run at striking a compromise." Bush "tried to seize the moment by summoning a leading conservative, Indiana Congressman Mike Pence for an Oval Office meeting with the President and Vice President to discuss Pence's compromise legislation that first tightens the US borders and gets illegal immigrants to leave the country temporarily."

The Washington Times (6/29, Hurt, 90K) headlines its story "Bush Carries Cannon To Victory In Utah," and reports, "It was Rep. Chris Cannon's name on the Republican primary ballot here Tuesday, but it was President Bush's resilient popularity in this conservative state that helped him beat back a challenge based almost entirely on his stance on immigration reform." Cannon's "lopsided win -- with 32,306 votes (56 percent) to 25,589 votes (44 percent) for Mr. Jacob -- vindicates the immigration policies of Mr. Bush and Mr. Cannon," challenger John Jacob told the Washington Times.

Roll Call (6/29, Duran) remarks on the "surprisingly strong margin" for Cannon, and the New York Times/AP (6/29) runs a brief report in which Cannon is quoted saying, "I hope what it means is Republicans look at this and realize we don't have to be divided on the issue of illegal immigration."

In an editorial, the Wall Street Journal (6/29, 2.11M) says Cannon's win "has national significance because he had been targeted for political extinction by immigration restrictionists in his own party and the conservative media. … Republican leaders in the House have convinced themselves that a tough anti-immigration stance is key to holding on to their majority in November. And they cite GOP Representative Brian Bilbray's special election victory earlier this month in California as evidence that demonizing illegal aliens is a political winner." But "Mr. Bilbray didn't even capture 50% of the vote in a safe GOP district against a Democrat, while Mr. Cannon has now survived a single-issue immigration assault from a well-financed fellow Republican. GOP voters are smarter than GOP Members think they are."

Senate Conservatives Seek To Resurrect Isakson Border Security Plan. The Hill (6/29, Allen) reports, "Conservative critics of the Senate's immigration bill are trying to resurrect Sen. Johnny Isakson's plan to predicate immigration reforms on federal certification that border-security measures have been implemented." Isakson "lost a floor vote on his amendment, 40-55, last month, but he says he now has the votes to support the plan and would like it to be the basis for conference negotiations, which have been forestalled by legislative and parliamentary conflicts." The Hill adds, "Several conservatives said yesterday that they are willing to consider a more comprehensive immigration bill if Isakson's trigger is implemented. 'There are lots of ways to get there, but looking the other way on border security is not'

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one of them, Isakson said." But "there is disagreement among the conservatives over how best to quash Senate provisions that would allow many of the illegal immigrants already here to become citizens."

Roll Call (6/29, Ben Pershing, Billings) reports "Republicans in both the House and Senate said the two chambers appeared to be moving slightly closer toward the possibility of an immigration reform deal." Roll Call terms the Isakson move "an olive branch" from "a handful of leading conservative Senate Republicans offered." Led by Isakson, "a half-dozen Republicans who are taking a hard line of making border security the first priority in any bill said positions are softening in the Senate on the highly charged issue. They argued that as long as border security was at the center of legislation, they would be willing to look at a temporary guest-worker program and potentially other aspects of comprehensive reform to deal with the millions of undocumented immigrants in the country."

Boehner Said To Remain Strongly Opposed To Senate Bill. The Washington Times (6/29, Fagan, Dinan, 90K) reports, "The House majority leader yesterday refused to budge from demanding a strong border-security bill and would not embrace Senate talk of broad legislation that would trigger a guest-worker program and other immigration changes once the borders are secure. 'I'm not going to negotiate this bill -- between the House and Senate -- through the press,' Rep. John A. Boehner, Ohio Republican, said after he was asked repeatedly about recent Senate developments." Boehner "said House leaders instead will continue their plan to hold hearings next month to highlight flaws in the Senate-passed immigration bill, which includes citizenship for millions of illegal aliens, and the strengths of the House bill."

Shadegg Measure Would Increase Visas For Skilled Workers. In its "Washington Wire" column on its web site, the Wall Street Journal (6/28, 2.11M) reported, "In a move that high-tech groups predict could break the impasse over immigration legislation, Arizona's John Shadegg, a member of the House leadership, says he'll introduce legislation to increase visas and citizenship opportunities for skilled workers."

DHS Official Says Border Intelligence Strategy In Early Stages. The AP (6/29, Jordan) reports that Homeland Security Department intelligence chief Charles Allen told the House Homeland Security Committee that "years without an intelligence strategy to secure U.S. borders resulted in uncoordinated and sometimes incomplete threat information about immigrants," and "the department is in the early stages of completing a comprehensive border intelligence strategy." He admitted, "we should have done more earlier," and that "only over the past year has the Bush administration begun to develop plans to analyze border security gaps." However, Allen added, "we are now at this vigorously."

Snow Says "Whole Array Of Things" Required To Secure Border. White House Press Secretary Tony Snow was asked on Fox News' The O'Reilly Factor (6/28) if the 6,000 National Guard troops sent to the Mexican border are enough to secure the border. Snow said, "No, no. As a matter of fact, what you do is you use a whole array of things. In some places you're going to need fences. In some places, you're going to need border patrol agents and some of these God-forsaken places I've been telling you about, technical means." Snow added, "President Bush has actually been beefing up border patrol for a considerable period of time."

Dean Tells LULAC Convention That GOP "Scapegoating" Immigrants. The Milwaukee Journal Sentinel (6/29, Borowski, 266K) reports Democratic National Committee Chairman Howard Dean "harshly condemned Republicans on the immigration issue Wednesday and called on Hispanic voters to help put his party back in power this fall." In a speech "at the national convention of the League of United Latin American Citizens, meeting this week in downtown Milwaukee, Dean accused Republicans of 'scapegoating' illegal immigrants." Dean said, "They're trying to do to immigrants what they did to gay and lesbian Americans in 2004, and that is wrong. Being an American means standing up for what is right. Immigrant bashing and scapegoating of any American is wrong, and we won't do it." The Journal Sentinel adds the "comments opened a day of politics and fund raising for Dean in Milwaukee. Later, he attended a fund-raiser for the state Democratic Party at the Holiday Inn City Centre expected to draw up to 300 people and raise about $10,000."

TAX:

IRS Locked In $1 Billion Dispute With Symantec. The Wall Street Journal (6/29, Drucker) reports, "Symantec Corp., a large U.S. software company, is in a $1 billion court dispute with the Internal Revenue Service involving dealings among two affiliated companies." The Journal continues, "In a petition filed with the U.S. Tax Court on Monday, Symantec said the IRS is seeking more than $757 million in back taxes owed by Veritas Software Corp., a company acquired by Symantec in 2005. The IRS is also seeking $303 million in penalties." The Journal adds, "The fight is over the company's formula for 'transfer pricing' a complex set of rules determining how companies set prices, fees and cost-allocation arrangements between their operations in different tax jurisdictions. … In Symantec's case, the dispute is over the fees and cost-allocation arrangements between Veritas and an Irish subsidiary. The

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IRS contends that licensing fees paid by the Irish subsidiary to Veritas in the U.S. were too low and that Veritas credited the U.S. business with too much of the cost of developing certain technology, according to the petition. Both of those had the effect of increasing the income of Veritas's subsidiary in Ireland at the expense of income in the U.S., consequently lowering the U.S. tax bills paid by the company in 2000 and 2001. … In its petition, Symantec called the IRS's proposed income allocations 'arbitrary, capricious, and unreasonable.'"

House Estate Tax Bill Said To Hurt Charities. The New York Times (6/29, Norris, 1.19M) reports, "If the estate tax bill approved last week by the House becomes law, it will benefit wealthy families and cost the government a lot of tax revenue. But there are likely to be other winners and losers as well." Charities "may find it harder to get donations and some heirs may have to wait years or even decades longer to collect inheritances, while surviving wives or husbands receive larger inheritances." States that impose estate taxes "will face new pressures to repeal them, because the federal government will no longer reduce its estate tax bill for those who owe state estate tax." The bill "faces an uncertain fate in the Senate, where a move to cut off debate on a bill to repeal estate taxes fell just three votes short. House leaders, who had wanted a complete repeal, pushed through the bill that was approved in the hope that it would pick up additional Senate votes."

CONGRESS-ADMINISTRATION:

Bush Sends 10 Judicial Nominations To Senate. The Washington Times (6/29, Harper, 90K) reports in its "Inside Politics" column, "President Bush yesterday sent 10 judicial nominations to the Senate, including names for four seats on the U.S. Court of Appeals, reports Stephen Dinan of The Washington Times. … Democrats and Republicans on Capitol Hill said that none of the nominees appears to be contentious but that they will be vetted thoroughly."

The AP (6/29) reports, "President Bush on Wednesday sent four nominations to the Senate to fill vacancies on federal appeals courts." The AP continues, "Nominated were Kent Jordan of Delaware for the 3rd U.S. Circuit Court of Appeals; Debra Ann Livingston of New York for the 2nd Circuit; and Raymond Kethledge and Stephen Joseph Murphy III, both of Michigan, for the 6th Circuit." The AP adds, "Murphy, U.S. attorney for the Eastern District of Michigan, attended Marquette University and earned a law degree from St. Louis University. He has been public arbitrator for the National Association of Securities Dealers, adjunct professor at Ave Maria School of Law and counsel at General Motors Corp. and has worked in the tax division of the Justice Department."

Dole Urges Up-Own-Down Vote For Boyle. Sen. Elizabeth Dole writes in the Washington Times (6/29, 90K), "If you want evidence proving that the judicial confirmation process is in serious need of repair, Exhibit A would be Judge Terrence Boyle of North Carolina. Nearly 15 years ago, Judge Boyle was nominated for a seat on the Fourth Circuit Court of Appeals by the first President Bush. President George W. Bush has since renominated Judge Boyle three times for the same seat -- once in 2001, a second time in 2003 and a third time in 2005. Judge Boyle was finally approved by the Senate Judiciary Committee a year ago, yet he continues to patiently await action by the full Senate." Dole says "the hard-core left is opposing the Boyle nomination, despite the fact that the American Bar Association has given him its highest possible rating." Boyle "deserves an up-or-down vote on his nomination. I am confident that the American people will reject this misguided attempt to tarnish his reputation and will wholeheartedly support his nomination."

Paulson Confirmed As New Treasury Secretary. The CBS Evening News (6/28, story 8, 0:15, Schieffer, 7.66M) reported, "On Capitol Hill, Senate Republicans and Democrats were unanimous today in confirming President Bush's choice of Henry Paulson as the next Treasury Secretary. Paulson is a Wall Street executive. He replaces John Snow who's held the Treasury post since 2003."

The Washington Post (6/29, A9, Murray, 744K) reports, "Depending on how Republicans fare in the midterm elections, Paulson could help to jump-start several Bush legislative initiatives that have stalled, including tax changes." The Treasury Department" is evaluating recommendations from a tax reform panel convened by Bush, and Paulson said one of his top priorities will be to complete that process and to present to Bush recommendations for 'a fair and simple tax system.'"

The Wall Street Journal (6/29, Wells, Price, 2.11M) says "Paulson, the outgoing chairman and chief executive at Goldman Sachs, broke little new ground in his testimony before the committee Tuesday. His responses on all questions were in line with Bush administration positions previously staked out by John Snow." He "spoke in favor of the 2001 reductions in taxes on dividends and capital gains, crediting them with preventing a more severe US economic retrenchment following the Sept. 11, 2001, terror attacks."

David Wessel writes his Wall Street Journal column (6/29), "Given the erosion of the Treasury's clout, the partisanship that blocks compromise and the ticking clock on the Bush presidency, Mr. Paulson faces (at least) three big questions. Can he square the deficit circle? … Can he steer

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anything through Congress? … Can he find the right words to cushion the dollar's fall?" Wessel adds, "Of course, luck helps, and there's an early sign he may be lucky. No senator asked Mr. Paulson (net worth: north of $700 million) to defend repeal of the estate tax."

State-Justice-Commerce Spending Bill Nears House Passage. The Wall Street Journal (6/29, Rogers, 2.11M) reports the $62.6 billion State-Justice-Commerce appropriations bill "neared House passage after moderate Republicans joined Democrats in adding money back for legal services to the poor and small-business loan subsidies." Forty Republicans "broke ranks on a 237-185 vote shifting $25 million within accounts to raise the Legal Services Corporation budget to $338.8 million for the new fiscal year that begins Oct. 1." The margin "was much closer in the case of the Small Business Administration funding, but Republican defections were again pivotal as 17 joined Democrats on a 214-207 vote adding $40 million for SBA in hopes of reducing the fees charged on start-up loans under the 7(a) program."

Flake's Effort To Rein In Earmarks Noted. The Wall Street Journal (6/29, Rogers, 2.11M) reports conservative Republican Rep. Jeff Flake is "a political guerrilla with a smile, a ringer for actor Owen Wilson who crashes not weddings but his own Republican Party." Since May, Flake has "grabbed the spotlight with the 'Flake Hour' -- a tradition at the end of debate on spending bills, in which he asks colleagues to come to the House floor and explain why taxpayers should pay for pet projects in their districts." Like "no one else, he has taken on the scandal-plagued House Appropriations Committee, a Republican power structure assigned the task of earmarking billions of dollars for home-state projects among members this election year." Flake said, "I don't think our leadership fully appreciates the trouble we are in." He added that Republicans are cutting their throats politically by continuing to sanction earmarks as part of an 'all politics is local' re-election strategy. The approach, he says, sacrifices the party's credibility with voters who want more control of spending."

CQ (6/28, Wolfe) reports the House "found itself in the uncomfortable position of having to fix the 2005 highway law (PL 109-59) that came up short on research funds because of too many earmarks. A vote was expected late Wednesday or Thursday." Rep. Jeff Flake, R-Ariz., "who has led the fight this year against earmarks in appropriations bills, criticized lawmakers on the floor Wednesday for what he described as an out-of-control system that allowed an 'over-earmarked' highway bill to pass."

Dubious Military Project Linked To Moran Contributions. NBC Nightly News (6/28, story 8, 2:50, Mitchell, 9.87M) reported in a "Fleecing of America" segment, "It's called 'Project M,' for magnetic levitation, a technology conceived ten years ago to make submarines quieter. It started out as one of thousands of routine research projects in the huge defense budget." So "who wanted it?" Winslow Wheeler, Center for Defense Information: "Certainly the contractor, Vibration And Sound Solutions Limited, and the local congressman, Virginia Democrat Jim Moran, a power on the Appropriations Committee, who kept pushing for it." Mitchell: "But after five years of study, in 2001 the Navy decided it didn't need the high-priced technology." Still, "year after year, it kept popping up. The contractor simply repackaged it to smooth the ride on high-speed boats used by Navy SEALs and all-terrain vehicles for the Marines. What have they produced: Some prototypes of shock-absorbing seats." The "total cost to taxpayers so far, $37 million. Campaign records show that the company's president and his wife contributed $17,000 to Congressman Moran since the project began -- all legal."

Bush Administration Unveils Stricter Welfare Rules. ABC World News Tonight (6/28, story 8, :20, Gibson, 8.78M) reported, "Today, the Bush Administration announced the biggest changes to Federal welfare rules in ten years. Those changes designed to establish one national standard and cut the welfare rolls. States are going to have to meet stricter definition of what qualifies as job training or work. And keep closer track of welfare recipients."

The Washington Times (6/29, Wetzstein, 90K) reports, "Losing weight, exercising, getting a massage, reading motivational books and shopping with a friend are all 'worthy activities,' but they no longer can count as work under federal welfare regulations released yesterday." Wade F. Horn, Assistant Secretary for Children and Families in the Health and Human Services Department (HHS), says "healthy adults on welfare should expect to spend at least 20 hours a week doing things that the average American thinks of as work -- such as earning a paycheck, going to job interviews and performing supervised community service." A "legal loophole in the landmark 1996 welfare law allowed many states to put only a small portion of their welfare caseloads to work. As a result, many adults in the Temporary Assistance for Needy Families (TANF) program didn't go to work."

USA Today (6/29, Wolf, 2.31M) reports, "Liberals and conservatives agree that new welfare regulations issued by the Bush administration Wednesday will further reduce the nation's welfare rolls. They disagree, however, on whether that's good or bad." Conservatives, "such as Ron Haskins of the Brookings Institution say tough new requirements for many of the 1.9 million families remaining on welfare will force them to get the skills they need to get private-sector jobs." But liberals, "such as Sharon Parrott of the Center on Budget and Policy Priorities, say the rules are likely to push more

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families into deep poverty by making welfare harder to get and by encouraging states to cut caseloads further."

The Washington Post (6/29, A2, Fletcher, 744K) reports Administration officials "and other supporters said new rules are necessary if the nation is going to continue reducing welfare rolls, which have shrunk nearly 60 percent in the decade since landmark changes in federal welfare law were enacted in 1996." The 1996 law, "which created the Temporary Assistance for Needy Families (TANF) program, set what lawmakers thought were tough work rules requiring half of adult welfare recipients in each state to go to work or be enrolled in job training. But the law allowed the percentage to be reduced as states sharply decreased welfare caseloads." The Post adds the proposal "would require 50 percent of adult welfare recipients on the rolls to be working or be in job training programs by October, or states would face financial penalties. State government advocates and social service groups criticized the proposed rules -- which are scheduled to go into effect in October, pending public comment -- calling them inflexible and shortsighted."

Group Alleges Taylor's Bank Ownership Violates House Ethics Rules. The Wall Street Journal (6/29, Wilke, 2.11M) reports as the House ethics committee "resumes its work after more than a year of inactivity, partisan and government-reform groups are expected to seek investigations of a number of powerful lawmakers." The nonprofit Citizens for Responsibility and Ethics in Washington "charged that Rep. Charles Taylor, chairman of the Appropriations Committee's Interior and Environment Subcommittee, violated congressional rules in his ownership of U.S. and Russian banks." The complaint "against Rep. Taylor alleges that his ownership of Blue Ridge Savings & Loan in North Carolina, and a Russian bank, Commercial Bank of Ivanovo, violates House rules prohibiting members from providing services involving fiduciary relationships. It also asserts that his ownership of the Russian bank since 2003 has amounted to an improper use of his congressional office and charges that he did favors for corporate lobbyists and contributors."

Specter Criticizes Bush Use Of Signing Statements. Senate Judiciary Committee Chairman Arlen Specter said on CNN's Lou Dobbs Tonight (6/28) that by issuing signing statements, President Bush "is revising the legislation or ignoring the legislation. And part of the duty of the Judiciary Committee is constitutional oversight. And the Constitution provides that the president can veto a bill, and he can come to us and say I'm not going to agree with it unless you put this qualifying language in. But just unilaterally, on his own, after the bill is submitted, passes both Houses to strike certain parts of it and ignore other parts…that is not in conformance with the Constitution." Specter added, "I think it is true that no president has used the signing statements as often or in the same direction that President Bush has. And I believe if he doesn't like provisions of the bill, he ought to tell us what he doesn't like, and then he can veto it."

Gingrich, Johnson Want Legislative Oversight Meeting With Democrats. The Hill (6/29, Cusack) reports after "angering some Republican investigators on Capitol Hill during a contentious meeting this spring, former House Speaker Newt Gingrich (R-Ga.) and a senior Bush administration official want to hold another forum on legislative oversight. But this time they want to invite Democrats." A bipartisan meeting "focusing on oversight of the executive branch with White House official Clay Johnson present would no doubt lead to partisan fireworks — especially during an election year." Gingrich, who "helped organize the April 7 meeting with GOP staff investigators, acknowledged that letting Democrats in the room could trigger conflict. However, Gingrich suggested that the discussion probably would yield positive results." The Hill adds Capitol Hill officials "predict that a bipartisan meeting would be even testier and would likely deteriorate into a mudslinging confrontation."

Bush Not Getting Credit For Economy. The Los Angeles Times (6/29, McManus, 958K) reports that all year long, "in speeches and briefings and visits to factories and shops, President Bush and his aides have tried to convince Americans that the economy is in good shape — and that the president deserves some credit for that. That effort is not making much headway, a Los Angeles Times/Bloomberg poll has found." Americans are "closely divided on whether the economy is in good shape, with 50% saying it is doing well and 47% saying it is doing badly, the poll found." And Bush "doesn't get much credit for the economy's relative health, the new survey found. Of respondents, 39% say they approve of the president's handling of the economy and 19% say they think the economy is better because of his policies — numbers that are basically unchanged since the beginning of the year." The Times/Bloomberg poll "interviewed 1,321 adults nationwide between Saturday and Tuesday under the supervision of Times Poll Director Susan Pinkus. The survey's margin of sampling error is plus or minus three percentage points."

Survey Finds Federal Workers Uninformed About Retirement Planning. The Washington Post (6/29, D4, Barr, 744K) reports in its "Federal Diary" column, "More than half of federal employees expect to retire before age 62, with almost four in 10 looking to retire at 59 or earlier, according to a survey conducted for the Office of Personnel

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Management. But less than half have calculated how much they need to save for a comfortable retirement, and only two in 10 federal employees have a professional financial adviser to help with retirement planning." OPM "commissioned the survey as part of an effort to address concerns in Congress that federal employees too often receive incomplete retirement counseling or start their retirement planning later than recommended. The survey will be used to develop a 'retirement readiness index profile' for government workers that will show them where they stand compared with an age-based group of peers and will help them consider the various factors, including finances, that go into successful retirement planning."

Discovery To Launch Over Objections Of NASA Safety Officer. The Washington Post (6/29, A1, Gugliotta, 744K) reports in a front page story that the space shuttle Discovery "is poised for launch Saturday for what NASA engineers hope will be an uneventful mission, knowing that another mishap, even a minor one, could doom the shuttle program and deflate President Bush's ambitions for future space exploration." The shuttle is "flying without approval by NASA's top safety officer. He voted 'no-go' for the mission at the final flight readiness review because of concerns that unacceptably large pieces of foam insulation could break away from the external fuel tank during launch and damage the orbiter." Still, chief safety officer Bryan O'Connor "and a fellow dissenter, NASA chief engineer Chris Scolese, agreed in the end with the judgment of NASA Administrator Michael D. Griffin that the hazard does not pose an unacceptable risk to the crew -- who, if necessary, could find 'safe haven' on the international space station while awaiting a rescue flight."

LATimes Says NASA Should Scrap Shuttle Program. In an editorial, the Los Angeles Times (6/29, 958K) says NASA "plans to launch the space shuttle Discovery on Saturday despite warnings that it still hasn't fixed the problem that killed seven astronauts aboard the shuttle Columbia in 2003." Instead of "risking another tragic or humiliating setback Saturday, NASA should abandon the shuttle and focus on more productive missions. The shuttle was intended as a reusable spacecraft that would require only routine maintenance between missions. But NASA has been working on the foam problem for more than three years. It's becoming increasingly clear that the issue with the shuttle isn't age but a design flaw."

55 Faith-Based Community Groups Split $4 Million In Employment Training Funds. The Washington Times (6/29, Hoover, 90K) reports, "Fifty-five faith-based and community organizations -- chosen from 557 applicants -- will split $4 million in grants designated for grass-roots groups to 'help hard-to-serve populations prepare for and succeed in employment opportunities,' the Department of Labor announced yesterday." Because "grass-roots groups know more about local businesses and the problems that specific individuals have in finding jobs, they are able to 'provide that critical personal touch that can make the difference in these individuals' lives,' said Jedd Medefind, the director of the department's Center for Faith-Based and Community Initiatives."

Mineta's Preference For Water Recreation Noted. The Washington Post (6/29, Blumenfeld, 744K) reports that for Treasury Secretary Norman Mineta, "whose office windows do not open, a few hours of river winds revive him. Next week he will step down as the longest-serving transportation secretary in U.S. history, the official charged with the safety of all trucks, buses, trains and planes. When he pilots the Rhode Runner, a 29-foot 1986 Chris-Craft cuddy, he can take off his shirt, clip on his Leatherman knife, and cruise, drop anchor or drift. And one more thing. 'I imagine I'm a pirate,' Norm said. 'Of the Caribbean.'"

Jenna Bush Said To Be Taking Teaching Job In Latin America. The Washington Post (6/29, C1, Argetsinger, Roberts, 744K) reports in its "The Reliable Source" column that Jenna Bush "has been quietly making plans over recent months to leave D.C. for a teaching job in Latin America, most likely around the end of summer." The move reflects Bush's "growing seriousness…yet also offers an escape from the Washington spotlight she and sister Barbara always have seemed to resent. Last week marked her final day at the Mount Pleasant charter school where she taught for a year and a half."

Isakson Says Pension Measure Not Bailout For Airline Industry. In a Wall Street Journal (6/29, 2.11M) letter to the editor, Sen. Johnny Isakson says, "I take great exception to the premise of your June 27 editorial 'Pension Crash Landing' that the pension reform Congress is negotiating will result in a taxpayer bailout of the airlines. In fact, this proposed pension reform will protect the American taxpayer." Congress' failure to overhaul pension laws "will almost certainly lead to companies defaulting on their pension obligations and shifting that burden onto taxpayers. You say it's wrong to give airlines with defined-benefit plans additional time to meet their pension obligations. Don't you want those airlines to honor their commitment to their employees?"

Congress Seen As Avoiding Responsibility In Election Year. In a USA Today (6/29, 2.31M) debate, conservative columnist Cal Thomas and liberal Democratic strategist Bob Beckelis debate congressional behavior during

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election years. Beckelis said, "You would think that with Iraq, a nuclear threat from Iran, $3 a gallon gas, immigration and a deficit out of control, that Congress would be busy. Bless their collective hearts, they're working hard — at getting re-elected. So what did the Senate debate this month? Constitutional amendments against gay marriage and burning the flag, and a pork-laden spending bill. The House? They worked overtime to end estate taxes for people like Paris Hilton. Voters give Congress job ratings below 25%. It's no wonder." Thomas added, "I agree with you on flag burning (most flags are made in China anyway) and on pork projects (though Democrats are equal opportunity porkers). But the politics of same-sex marriage began with those who are asserting a 'right' that violates the dictionary, historical tradition, scripture and common sense."

OTHER NEWS:

Fed Expected To Raise Rates Again Today. The Washington Post (6/29, D1, Henderson, 744K) reports, "The Federal Reserve is on track to lift its benchmark interest rate again today for a 17th consecutive quarter-percentage-point increase over 25 months, making this the longest sustained campaign on record of raising interest rates. So why isn't the economy choking by now?" The Post adds, "The short answer is that money is still pretty cheap, in historical terms. But Americans are finally starting to feel the squeeze, as higher borrowing costs cool the housing market, depress automobile sales and crimp some household spending."

Stocks Up Yesterday. NBC Nightly News (6/28, story 10, 0:15, Williams, 9.87M) reported, "On Wall Street today, stocks gained back some of what they lost yesterday. The Dow was up just under 49 points [to close at 10,973.56]. Nasdaq gained more than 11 points on the day's trading [to close at 2,111.84]." USA Today (6/29, 2.31M) reports the Standard & Poor's 500 index advanced 6.80 points, or 0.5%, to 1246.00. The Wall Street Journal (6/29, McKay, 2.11M), among other newspapers, also reports the stock numbers.

Judge Says New York Must Take Over Administration Of Legal Aid For Poor. The New York Times (6/29, Hakim) reports, "Chief Judge Judith S. Kaye of New York said Wednesday that the state must take over administration of legal services to the poor, citing a crisis in the way county governments and New York City are providing legal aid in criminal cases. Judge Kaye's call came in response to a judicial commission report saying local governments were falling well short of constitutional requirements in providing legal representation to the poor, and recommended that a permanent state commission be created to take over the responsibility. … A state takeover would require legislative approval, and the Legislature has a long history of ignoring reforms proposed by Judge Kaye and the judiciary. The commission report cited such problems as overburdened defenders who, in one county, average 1,000 misdemeanors and 175 felony cases in a year, and 'grossly inadequate' financing. It also cited wide disparities in counties' spending and in the resources available to prosecutors and defenders. The state lacks standards to define what it means to provide adequate indigent defense and has no system for enforcing such standards, the report said."

Ehrlich Launches Reelection Campaign. The Washington Post (6/29, A1, Mosk, Wagner, 744K) reports in a front page story that Maryland Gov. Robert L. Ehrlich Jr. "returned to his boyhood home yesterday to launch his bid for reelection, and he plans to name his running mate this morning, a 36-year-old female Cabinet secretary who is blind." Ehrlich "made the formal reelection announcement standing on the front steps of his parents' modest brick rowhouse in the Baltimore suburb of Arbutus, telling a sun-drenched crowd that he wants to be Maryland's first Republican governor in 50 years elected to a second term. Today he is expected to embark on that effort with Kristen Cox, his secretary of disabilities, sources close to the governor said." Ehrlich is "more than halfway to his target of raising $20 million and has had a campaign operation that has been moving at full tilt for months. Yesterday, he vowed not only to keep his hold on the governor's mansion but also to realign a state that has been dominated by Democrats for most of the past 100 years." He will "spend the next five months locked in combat with Baltimore Mayor Martin O'Malley, the Democrat who had expected an extended primary fight until his opponent, Montgomery County Executive Douglas M. Duncan, withdrew from the race last week."

46% Of Democrats "More Enthusiastic Than Usual" About 2006 Election. The Washington Times (6/29, Harper, 90K) reports in its "Inside Politics" column, "Democrats are already in dress rehearsal for the midterm elections, now less than five months away. According to a Pew Research poll of 1,501 adults released yesterday, 46 percent say they are 'more enthusiastic than usual' about the upcoming races -- compared with 30 percent of the Republicans." But, "only half of the Democrats are happy with their party, compared with 58 percent of Republicans."

Obama Urges Democrats To Embrace Discussions Of Faith. The AP (6/29, Espo) reports, "Sen. Barack Obama chastised fellow Democrats on

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Wednesday for failing to 'acknowledge the power of faith in the lives of the American people,'" and "said the party must compete for the support of evangelicals and other churchgoing Americans." Said Obama, "Not every mention of God in public is a breach to the wall of separation. Context matters. … It is doubtful that children reciting the Pledge of Allegiance feel oppressed or brainwashed as a consequence of muttering the phrase 'under God.'" USA Today (6/29, 2.31M) reports Obama said Democrats "must compete for the support of 'religious Americans and tell them what we stand for.'"

The Chicago Tribune (6/29, Goldberg, 643K) reports, "Obama spoke Wednesday of progressives' failure to handle religious issues and insisted it is time Democrats find a cure for their spiritual ills." Obama "offered his political and religious observations to a coalition of Christians gathered at the Call to Renewal conference on poverty in America." On the event's final day, Obama "was honored for his work on behalf of society's less fortunate. He said it was his work as a community organizer for Christian churches that acquainted him with his own beliefs and values." Said Obama, "At worst, some liberals dismiss religion in the public square as inherently irrational or intolerant, insisting on a caricature of religious Americans that paints them as fanatical, or thinking that the very word 'Christian' describes one's political opponents, not people of faith. … Over the long haul, I think we make a mistake when we fail to acknowledge the power of faith in the lives of the American people, and join a serious debate about how to reconcile faith with our modern, pluralistic democracy."

CNN's The Situation Room (6/28, Roberts) reported, "At stake is a huge swathe of voters across the Midwest and through the South, white evangelicals. They account for nearly one in four people who voted in 2004. And they went overwhelmingly for President Bush."

Obama Seen As Holding Promise, Peril For Democrats. In his Washington Sketch column in the Washington Post (6/29, 744K), Dana Milbank says Democratic "phenom Barack Obama, the subject of the latest presidential boomlet, was nearing the end of a thoughtful speech about religion in politics yesterday at a church in Thomas Circle when he mentioned the Sermon on the Mount." Obama said, "It's doubtful that our own Defense Department would survive its application." The Post adds, "The audience of left-leaning Christian leaders went nuts, apparently interpreting this as a barb at the Bush administration and the war in Iraq. But Obama was being rhetorical, and was not suggesting the Pentagon should surrender to the meek. Had he said such a thing during a political campaign, the other side could have used it to devastating effect." Therein "lies both the promise and peril Democrats see in the freshman senator from Illinois. Forty-four years old and smart, he is enormously charismatic -- and utterly undefined."

Electability Seen As Key Quality In 2008. In his Roll Call column (6/29), political analyst Stuart Rothenberg says that in the 2008 presidential race, "since both parties are placing an unusually high priority on nominating candidates who can beat the other's nominee, activists in each party are likely to base their decisions to an unusual degree on what the other party seems to be doing." Almost "universally, politically sophisticated Democrats have become so frustrated with their losses in 2000 and 2004 and so angry after six years of George W. Bush as president that they aren't willing to nominate someone they see as destined to lose in '08, even if they like that candidate's message or the symbolism of his or her election." Many Republicans "feel the same way. Even conservatives seem willing to support a nominee with whom they don't entirely agree, such as Arizona Sen. John McCain, if that is the only way to guarantee that New York Democratic Sen. Hillary Rodham Clinton — and her husband, former President Bill Clinton — don't return to the White House. 'Electability' apparently played a significant role in the race for the 2004 Democratic presidential nomination, especially in Iowa, where Democrats concluded that Sen. John Kerry (D-Mass.) would make a more formidable nominee than former Vermont Gov. Howard Dean. But it's likely to be an even bigger factor in 2008."

Kondracke Says Nominating Moderates Would Reduce Partisan Warfare. In his Roll Call column (6/29), executive editor Morton Kondracke says, "Probably the best chance America has for escaping from endless partisan warfare and for getting its big problems solved is for both parties to nominate a moderate in 2008 and have them argue over issues, not ideology. Like Massachusetts Gov. Mitt Romney or Sen. John McCain (Ariz.) on the Republican side, vs. former Virginia Gov. Mark Warner on the Democratic." Romney and McCain "are busy identifying themselves as 'proud conservatives' these days to maintain credibility in the GOP, and Warner, too, told me, 'I desperately try to reject' the terms 'moderate' and 'centrist' because 'they seem weaker rather than stronger on the issues' whereas he wants to be 'bold.'"

Maine Economy Declined Last Year. The New York Times (6/29, Sabar, 1.19M) reports Maine was "the only state besides Louisiana to see a decline in economic activity last year, according to a new Federal Reserve study. The state lost 1,700 manufacturing jobs and 800 financial jobs, said the report, which was posted on the Web site of the Federal Reserve Bank of Boston. The losses were partly offset by gains in education, health services, professional and business services, and government." Analysts said while

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Maine "has a consistently strong summer tourist industry, the state is struggling to retool its year-round economy after decades of mill closings."

Armstrong Takes On New Role As Cancer Research Lobbyist. USA Today (6/29, A1, Ruibal, 2.31M) reports on the front page that Lance Armstrong's "impact on" the Tour de France "was so great that his absence — and the battle to succeed him — is the biggest story of the 2006 race, which begins Saturday in Strasbourg, France. There are no American heirs apparent, and his Discovery Channel team is a decided underdog." Armstrong's life "has changed dramatically. Unlike his highly regimented Tour-training periods, there is now no typical week for Armstrong, 34. He keeps a busy schedule crammed with visits with his children in Austin, corporate promotions and the occasional mountain bike ride. Most of his time is focused on defeating the disease that almost killed him in 1996." In President Bush's "proposed 2007 budget, the annual budget for the National Cancer Institute would be cut 0.8% ($39.5 million) to $4.75 billion. This would come a year after a $31 million cut in the NCI's budget, and it would mark the first consecutive years of decreased funding since 1981 and '82, the institute says." Armstrong and "the foundation that bears his name support the NCI's effort to seek the $5.89 billion it says it needs to keep its current research programs." Armstrong says "his is a non-partisan crusade. Last year, he rode mountain bikes with Bush at the presidential ranch in Texas and made a pitch for more cancer funds. During the lobbying trip to Washington, he spoke with new White House spokesman Tony Snow — a cancer survivor — on Snow's first day in that job." But his "closest political mentor, however, is John Kerry."

Koizumi Arrives In Washington. The AP (6/29) reports that Japanese Prime Minister Junichiro Koizumi arrived in Washington Wednesday for meetings with President Bush. Discussions "were expected to focus on the possible launch of a North Korean missile and on efforts to persuade the communist country to abandon its nuclear weapons program. Bush and Koizumi planned to attend a dinner Thursday in honor of the prime minister, whose term ends in September."

Knight Ridder (6/29, Schoof) reports, "Japan and the United States both have suspicious minds about North Korea's nuclear weapons program, both are intent on keeping the peace on the Korean Peninsula and between China and Taiwan, and both want to ensure that Asia isn't all shook up by China's growing prestige and economic power. At the same time, they need to find ways to cooperate on other issues, including curbing Iran's nuclear ambitions."

Bush, Koizumi To Visit Graceland. USA Today (6/29, Jackson, Benedetto, 2.31M) reports that President Bush will take Japanese Prime Minister Junichiro Koizumi to Graceland Friday. The trip is "a presidential going-away present to the soon-to-retire Koizumi. The self-proclaimed Elvis fan and imitator has been one of Bush's staunchest global supporters in the war on terrorism and Iraq." USA adds, "Today, Koizumi will be treated to a morning arrival ceremony with full military honors on the White House South Lawn. He is the guest of honor at a black-tie dinner tonight."

The New York Times (6/29, Stolberg, 1.19M) reports, "The visit to the Presley manse in Memphis will follow a more sober joint meeting on Thursday in the White House." The Times calls the Graceland visit "a case study of Mr. Bush's own brand of diplomacy, one that relies on personal chemistry and perks."

The Christian Science Monitor (6/29, LaFranchi, 61K) reports that the trip "also suggests how much Bush appreciates Koizumi's support on issues like Iraq and international terrorism."

Strengths Seen In Bush's Personal Diplomacy. Richard Wolffe and Holly Bailey wrote on Newsweek's (6/28) web site that "even more important than the journey to Memphis is what the trip says about Bush's exceptionally personal form of diplomacy. … As trivial as it sounds, there are certain strengths to this kind of one-on-one diplomacy. There's little doubt among Japan analysts that the close relationship between Bush and Koizumi has been critical in improving relations between the United States and Japan."

Draft Foreign Aid Bill Cuts $2.4 Billion From Bush Request. CQ (6/28, Starks) reported, "Senate appropriators on Thursday will consider a draft foreign aid spending bill for fiscal 2007 that would lop off $2.4 billion from President Bush's $33.7 billion discretionary request, reflecting a congressional shift in budget priorities from defense and programs abroad to domestic ones." CQ added, "The biggest victim of that shift is expected to be the Millennium Challenge Account (MCA), President Bush's signature program that aids developing countries that demonstrate good governance and follow free-market principles. … Congressional aides said the remainder of the reductions would be spread across other programs, such as the requested $75 million for the conflict response fund, which assists unstable or 'failed' countries."

Israel Intensifies Gaza Offensive. Israel stepped up its offensive in Gaza Wednesday in an effort to seek the release and safe return of a kidnapped Israel soldier. ABC World News Tonight (6/28, story 4, 2:10, Wright, 8.78M) reported, "Israel's government today promised extreme measures in its effort to rescue the kidnapped soldier. And the Israeli military is making good on that threat. Potentially

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more troubling -- the conflict is widening. Today, Israeli war planes went all the way to Syria, to buzz the Syrian president's summer home. And the Syrians shot back at them. Bashar Assad actively supports the militant group holding Israel's soldier."

The CBS Evening News (6/28, story 3, 1:45, Simon, 7.66M) reported, "Unless and until that soldier is delivered live back to Israel, it's going to get worse. People in Gaza are going to suffer more. If the soldier turns up dead, everyone in Hamas better hit the ground running because the Israeli assassination teams are going to spring into action, including in Damascus, which is what that overflight signaled today -- that they know where the leaders are."

The CBS Evening News (6/28, story 2, 2:45, MacVicar, 7.66M) reported, "What Israeli forces tried to do last night by cutting bridges and moving ground forces close to the Egyptian border was to contain the militants with their Israeli hostage into one corner of the Gaza Strip, restricting their movement. For the people of Gaza, it has also launched the beginnings of a new humanitarian crisis."

NBC Nightly News (6/28, story 7, 2:25, Fletcher, 9.87M) reported, "Palestinian militants today stepped up the psychological pressure too, claiming they have kidnapped two more Israelis, including a Jewish settler they are threatening to behead if Israeli doesn't leave Gaza. Israel today also took the war of nerves to Syria. Fighter jets caused sonic booms over a palace of the Syrian president, warning him to stop sheltering the Palestinian who ordered the kidnapping of the Israeli soldier.

USA Today (6/29, Gutman, 2.31M) reports, "Palestinian witnesses told the Associated Press that Israeli tanks began moving into northern Gaza early today. Israel's invasion of Gaza started before dawn Wednesday, when Israeli jets knocked out three bridges on key north-south roads and blew up electrical transformers, knocking out electricity to many of Gaza's estimated 1.3 million residents. Israel was hoping those attacks would prevent the kidnappers of Cpl. Gilad Shalit, 19, from moving him to another location."

Knight Ridder (6/29, Nissenbaum) reports, "Israeli forces cut off power throughout much of Gaza, destroyed key bridges and seized the Gaza Strip's defunct airport near the Egyptian border in southern Gaza. Israeli helicopters and artillery kept up a steady rain of fire throughout southern Gaza, and scores of Palestinians fled their homes ahead of the advancing troops. There were indications that Israel planned to open a second front soon in northern Gaza."

The AP (6/29, Gutkin) reports, "No deaths or injuries were reported in the incursion, launched early Wednesday in southern Gaza. But Palestinians filled up on basic supplies after warplanes knocked out electricity, raising the specter of a humanitarian crisis. The Hamas-led government warned of 'epidemics and health disasters' because of damaged water pipes to central Gaza and the lack of power to pump water."

Israeli Forces Detain Hamas Ministers. The New York Times (6/29, Fisher, Erlanger, 1.19M) reports, "In the West Bank city of Ramallah early on Thursday, Israeli forces detained 8 ministers of the 24-member Hamas-led cabinet and 20 lawmakers, including Deputy Prime Minister Nasser Shaer and Labor Minister Mohammed Barghouti, The Associated Press reported, citing security officials."

The AP (6/29) report this morning says Israeli forces "arrested one-third of the Hamas-led Palestinian Cabinet and 20 lawmakers early Thursday and pressed their incursion into Gaza." The AP adds, "Palestinian witnesses told The Associated Press that Israeli tanks and bulldozers entered northern Gaza before daybreak Thursday, adding a second front to the Israeli action in Gaza that began early Wednesday when thousands of Israeli troops crossed into southern Gaza."

Israeli Warplanes Buzz Assad's Home. A separate AP (6/28, Abu-Nasr) reports, "Israel said its warplanes buzzed the summer residence of President Bashar Assad Wednesday in a bold warning to the country that shelters the political leader of Hamas, the Islamic militant group holding an Israeli soldier captive in the Gaza Strip."

The Washington Times (6/29, Mitnick, 90K) reports that the move was intended "to intimidate the patron of Hamas militants."

Palestinian Militants Claim They Killed Israeli Settler. The Los Angeles Times (6/29, King, Ellingwood, 958K) reports, "Palestinian militants said they had killed a Jewish settler from the West Bank whom they previously claimed to have abducted, and local media reported that a separate armed group said it had kidnapped another Israeli civilian."

US Affirms Israel's "Right To Defend Itself." The AP (6/29, Schweid) reports that the Bush Administration yesterday affirmed "Israel's right to defend itself against acts of terror and called on the president of the Palestinian Authority and Egypt to help resolve a crisis provoked by the abduction of an Israeli soldier. The White House and State Department declined to take a position on Israel's pressure offensive in southern Gaza that has knocked out electricity and water supplies for most of the 1.3 million Palestinians who live in Gaza. But spokesmen again condemned the abduction of an Israeli corporal and said Secretary of State Condoleezza Rice and U.S. diplomats 'continue to do everything we can...to bring this crisis to a peaceful resolution.'"

NYTimes Says Hamas Responsible For Latest Escalation By Israel. An editorial in the New York Times (6/29, 1.19M) says, "The responsibility for this latest escalation rests squarely with Hamas, whose military wing

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tunneled into Israel on Sunday, killed two Israeli soldiers and kidnapped another. This was a follow-up to a declaration earlier this month by Hamas's political leadership that the group's 16-month intermittent cease-fire would no longer be observed. Under the circumstances, an Israeli military response was inevitable."

LATimes Urges Israel To Exercise Restraint. The Los Angeles Times (6/29, 958K) editorializes, "The frustration that triggered the Israeli military's incursion into Gaza on Wednesday is understandable." The Times urges Israel to Exercise restraint, noting, "It isn't that the world questions Israelis' right to feel frustrated, or to retaliate. It is simply that we cringe at the sight of a disproportionate response that could undermine prospects of ending the cycle of violence.

US Wants Iran Response By Mid-July. The US and its allies want Iran To respond by mid-July to a proposal designed to ease international tensions over Iran's nuclear programs. The Washington Times (6/29, Sands, 90K) reports, "Iranian President Mahmoud Ahmadinejad suggested earlier this month that Tehran would not reply until Aug. 22, but the United States and its close allies say the delay is unacceptable. … Turkish Foreign Minister Abdullah Gul, in a visit to Tehran over the weekend, told Iranian leaders privately that the August date was unacceptable and that Iran should give its answer before the G-8 summit, Nabi Sensoy, Turkish ambassador to the United States, said in an interview at The Washington Times this week."

Iran To Give Revolutionary Guards Lucrative Gas Deal. The Wall Street Journal (6/29, Kalantari, Jones, 2.11M) reports, "Iran is about to award a lucrative gas deal to the country's Revolutionary Guards, a senior Iranian oil official said, in the latest sign of turbulence in the nation's huge but underfinanced energy industry. The official said Iranian contractor Ghorb will be awarded a $2.3 billion pact to develop two future phases of Iran's South Pars gas field. Ghorb is an affiliate of the Revolutionary Guards, Iran's elite militia. The official was unable to give the timing of the signing of the deal."

UN Urged To Include Human Rights On Iran Agenda. Hadi Ghaemi, Iran researcher for Human Rights Watch, writes in the New York Times (6/29, 1.19M), "Last week Iranians woke up to a startling piece of news: their government had dispatched Tehran's notorious prosecutor general, Saeed Mortazavi, to Geneva as a member of Iran's delegation to the opening session of the new United Nations Human Rights Council. … Mr. Mortazavi is one of the country's highest profile rights violators." Ghaemi adds that the Security council "should support the appointment of a United Nations special rapporteur on Iran to monitor and report publicly on human rights abuses and to see that the government's present lack of accountability does not translate into an even more extensive crackdown on political dissent and social freedoms. Further, the members of the Security Council and Germany, which are engaged in nuclear negotiations with Iran, should include human rights concerns on their agenda."

Administration Pushes Ahead With RRW Program. The Washington Post (6/29, A15, Pincus, 744K) reports, "The Bush administration is expected to announce today that it has dismantled the last of the most powerful nuclear missile warheads left over from the Cold War. … The National Nuclear Security Administration (NNSA) has increased by 50 percent the rate at which it is dismantling older weapons in the nuclear stockpile, which has about 5,000 weapons. But Congress and the administration are pressing ahead with the Reliable Replacement Warhead (RRW) program, which will guarantee production in the next decade of fewer but more reliable and secure nuclear warheads and bombs."

Measure Would Lift Ban On US Military Contact With Taiwan. CQ (6/28, Hoskinson) reported, "The House on Wednesday adopted by voice vote a measure that would effectively lift restrictions on high-level US military contacts with Taiwan. The amendment to the fiscal 2007 Commerce-Justice-Science spending bill (HR 5672) by Tom Tancredo, R-Colo., would bar any funds in the bill from being used to enforce State Department restrictions on official travel to Taiwan by senior U.S. military officers."

Senate Expected Top Pass Oman Trade Deal Today. CQ (6/28, Van Dongen) reported, "The Senate is expected to pass legislation Thursday that would implement a free-trade agreement with Oman, but Democratic grumbling over the Bush administration's handling of trade negotiations could spell trouble for future pacts. The Finance Committee approved the Oman bill (S 3569) on Wednesday by a 10-3 vote after an angry debate over the administration's decision not to include a provision sought by the panel on forced labor. The skirmish likely presages problems with renewal of fast-track presidential trade negotiating authority, which expires in 2007."

Schwab Says US Remains Committed To Doha Talks. Susan Schwab, the US trade representative, writes in the Wall Street Journal (6/29, 2.11M), "The atmosphere is charged with political pressure and historical significance as trade ministers and negotiators representing World Trade Organization members gather this week. With time running out for a successful conclusion of the Doha Development Round, speculation has intensified about what the US and other WTO members will be willing to do to achieve success. I

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reaffirm here that the US is committed to an ambitious and comprehensive outcome by the end of the year. As President Bush declared last week at the US-EU summit, the Doha Round is too important to fail." The United States "put forward an offer last fall to make meaningful cuts in trade-distorting domestic agricultural supports if other countries would reciprocate with deep cuts in tariffs and trade-distorting domestic support. So far, our trading partners have not matched our ambition -- but it is not too late. … The need for meaningful trade liberalization has never been greater and the potential benefits of expanded trade have never been more compelling."

Negotiations Remain Deadlocked Ahead Of Meeting. The Financial Times (6/29, Beattie, Strauss) reports, "Leading countries in the troubled Doha global trade negotiations remained firmly in entrenched positions on Wednesday ahead of a weekend of high-pressure talks, though the head of the World Trade Organization floated the outline of a possible compromise." Indian trade minister Kamal Nath Wednesday said the US had "isolated itself in the talks with its insistence on deep cuts" in agricultural tariffs. US Trade Representative Susan Schwab responded, saying, "I do not think the US is isolated in terms of wanting an ambitious outcome." For his part, WTO chief Pascal Lamy said he thought a deal could be reached if the US would adopt "a $20 billion ceiling for farm subsidies" and developing countries cut industrial tariffs "to no more than 20 percent."

US To Press EU On Farm Policy. The Washington Times (6/29, Sparshott, 90K) reports, "The Bush administration's top trade officials will push for a breakthrough in World Trade Organization talks starting tomorrow, though continuing disagreements with Europe over farm policies threaten to mire the negotiations." US Agriculture Secretary Mike Johanns, who will join US Trade Representative Susan Schwab at the talks, said, "I would even go so far as to say that this is a make-or-break stage for us." Before departing, Johanns and Schwab "reiterated that other countries must open their markets to US farm goods before the White House and Congress will pare back agriculture subsidies."

UN Approves 18-Month Budget; Members Lift Spending Caps. The Washington Times (6/29, Pisik, 90K) reports UN member states approved an 18-month budget yesterday despite objections from the United States, which had tried to hold up the package while it pressed for administrative reforms proposed by Secretary-General Kofi Annan. It still is not clear whether Congress, which has strongly advocated sweeping reforms for the world body, will authorize the payment of annual dues later this year."

The AP (6/28) reported, "UN member states lifted a $950 million spending cap on the United Nations budget Wednesday, averting a financial crisis for now but dealing a blow to the US which had pushed for the limits as a lever to pressure for reforms." The AP adds, "The decision to lift the spending cap was a defeat for US Ambassador John Bolton, who played a key role in getting the General Assembly to adopt it last year as a way to increase pressure for reform. … The decision now shifts the spotlight to the US Congress, which has threatened to block US funding for the United Nations if it does not enact serious reform."

The New York Times (6/29, Hoge, 1.19M) reports, "The measure passed by consensus, without a vote, in the 191-nation committee, but the United States, Australia and Japan declared that they were officially 'disassociating' themselves from the decision. The three countries, which together account for 43 percent of the assessed budget of the United Nations, said that not enough reform measures had been put into place to justify removing the restriction."

Russian Official Says US Seeks International Energy Domination. The Los Angeles Times (6/29, Murphy, 958K) reports, "President Vladimir V. Putin's top political advisor Wednesday accused the U.S. of seeking international energy domination under the guise of promoting democracy and insisted that Russia is committed to building its own style of political pluralism without outside interference." Vladislav Y. Surkov, deputy head of the presidential administration, said, "People talk to us about democracy, but they're really thinking about our energy resources." Surkov "noted that during Dick Cheney's recent visit to Kazakhstan, an oil-rich state whose human rights record is often criticized, the American vice president 'harshly criticized Russia's democracy and then praised Kazakhstan's.'"

Mexican Campaign Ends With Polls Too Close To Call. The New York Times (6/29, Mckinley, 1.19M) reports, "Mexico's polarizing presidential campaign ended officially on Wednesday and, with four days to go before the vote, it has come down to a contest between a gritty, charismatic advocate for the poor and a well-educated technocrat." Like many elections, "this one is a struggle between promise and fear and remains too close to call. On one side is Andrés Manuel López Obrador, the former mayor of Mexico City who has traveled little outside Mexico and says he is inspired by Gandhi and Franklin D. Roosevelt. On the other is Felipe Calderón, the former energy minister with a Harvard degree who talks of fitting Mexico into the globalized economy." But "for many voters the choice is complicated because Mexico only emerged six years ago from seven decades of single-party, autocratic rule and there are some who say that what is at stake on Sunday is the survival of still-fragile democratic institutions."

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USA Today (6/29, Harman, 2.31M) reports, "A poll in the Reforma newspaper Friday, the last day on which polls could be legally published, showed López Obrador had 36% support and Calderón had 34%. Roberto Madrazo, 53, of the PRI, which led the country for 71 years until 2000, trailed with 25%." The 2.5-percentage-point margin of error "puts the top two vote-getters in a virtual tie. Mexico doesn't require a runoff, so the presidency goes to Sunday's winner even if he takes fewer than 50% of the votes."

The Washington Times (6/29, Sparshott, 90K) notes Lopez Obrador and Felipe Calderon "are running on markedly different economic platforms and plans to create a governing coalition." Calderon's policies "are similar to those of outgoing President Vicente Fox. He has said he would try to open Mexico's energy sector to private investment and abide by rules under the North American Free Trade Agreement (NAFTA). He also wants to make Mexico more competitive with China and other developing nations." Lopez Obrador "has proposed rejecting some parts of NAFTA, providing subsidies for the poor and developing New Deal-style public works to create jobs. He has vowed to keep foreign companies out of the country's rich but underdeveloped oil fields. And he has decried corruption, a corrosive force in Mexico's economy."

The Washington Post (6/29, A1, Roig-Franzia, 744K) reports "their approaches to migration -- the defining issue in U.S.-Mexico relations on Capitol Hill, but only a tangential theme in the Mexican presidential race -- are as starkly divergent as anything in their respective campaign arsenals." Calderón "looks outward, hoping his carefully crafted pro-business image will attract foreign investment that will create jobs and dissuade Mexicans from migrating." López Obrador "looks inward, pledging to slash what he says is wasteful government spending to pay for massive public works projects that would employ millions of Mexicans for years to come."

More Commentary. In an editorial, the Wall Street Journal (6/29, 2.11M) writes, "Mexicans head to the polls on Sunday to elect a new president, and the choice they face is notably stark: Accelerate the pace of modernization that began in the mid-1980s or, because progress has been achieved a little slowly, revert to the economically populist and insular ways of old Mexico. … For Americans, the stakes in this election could hardly be greater. Tom Tancredo and friends may believe that the only thought the US need give its southern neighbor is the height of the wall it plans to raise between them." But "if Mexicans are able to build on the liberalizing trends of the past 20 years, their appetite for El Norte is bound, over time, to diminish. And if they revert to the populist habits of yore, no American wall will be high enough to keep the flood of desperate workers out."

Novak Says Uribe Shrugged Off Bush Request To Challenge Chavez. Writing from Bogota, Colombia, syndicated columnist Robert Novak (6/29) relates, "President Alvaro Uribe returned from his recent overnight visit to Washington in undisclosed disagreement with" President Bush, who "would like the newly re-elected Colombian leader to be 'our man in the Andes,' publicly standing up against Venezuela's leftist strongman President Hugo Chavez. That is not a role Uribe wants to play. Bush was dissatisfied with Uribe's noncommittal reaction in the Oval Office when the U.S. president said he was counting on him to lead the struggle against Chavez. But Uribe has his hands full in…his country's war against narco-guerillas. Nor does he want to exacerbate Colombia's often-turbulent relationship with Venezuela, second only to the United States as a trading partner." Chavez "is taken less seriously in Bogota than in Washington. It is felt here that he has begun blundering and is alienating even left-wing presidents." Although Bush "wants him to confront Chavez, Uribe will concentrate on using his overwhelming mandate (including an immense majority in Congress) to try to finish off the narco-guerillas."

African Company Joins Effort To Fight Malaria. The New York Times (6/29, LaFraniere, 1.19M) reports that one in three employees at Mozambique's international mining company Billiton fell ill with malaria, 6,600 cases in just two years. The result is that "one of the world's biggest aluminum producers joined in an exceptional partnership with the governments of three countries and with other businesses to take on malaria systematically across a broad region. Six years later, the scorecard is in. Amazingly, malaria is losing. … The results are a rare bright spot in fighting a parasitic killer that has thrived in the face of flawed, inadequate programs by African nations and international organizations."

US-India Nuclear Agreement Praised. In a piece in the Wall Street Journal (6/29, 2.11M), Vinod Khosla, co-founder of Sun Microsystems and a partner of Khosla Ventures, writes, "The U.S.-India nuclear agreement before Congress is good for America on five grounds: It enhances safeguards, benefits U.S. geopolitical interests, protects the environment, boosts the American economy and rewards good international citizenship and international compliance." India "is surrounded by two nondemocratic nuclear powers, sometimes unstable, often dictatorial, both having engaged in wars with India. And a cursory knowledge of Indian politics would dictate that there is zero possibility of India submitting all its nuclear reactors to the nuclear Non-Proliferation Treaty (NPT) regime without it being recognized as a nuclear power. Democratically elected politicians in India would be committing political suicide were they to do otherwise."

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Khosla adds, "We must recognize that India, like Israel, has very good regional and national defense reasons for not signing the current form of the NPT." The US-India "agreement provides an elegant solution to bring important global powers like India within the international framework."

WPost Says Venezuelan Trial Looks Like Suppression Of Dissent. An editorial in the Washington Post (6/29, A26, 744K) says a trial "underway in Caracas is worth watching. It features an allegedly aggrieved Cuban ambassador, a charismatic opponent of [Venezuelan President Hugo] Chavez and a tangled record of justice that looks a lot like the calculated suppression of dissent familiar in Havana." The defendant, Henrique Capriles Radonski is charged with leading an assault on the Cuban embassy. Capriles "spent four months in jail before the charges were thrown out by an appeals court. The case seemed to be over -- but then a few months later, the charges were revived."

NYTimes Decries Lawyer Fees In Holocaust Victims Case. An editorial in the New York Times (6/29, 1.19M) says, "The success of Holocaust survivors in winning a $1.25 billion settlement from Swiss banks, which they accused of helping the Nazis steal Jewish holdings, was a small bright spot in that tragic piece of history." A controversy has arisen over the $4 million bill submitted by attorney Burt Neuborne, who represented the survivors. The Times says the "dollar amounts are troubling, and so are the slipshod hourly records that Mr. Neuborne submitted." The Times adds, "When a lawyer's fee is excessive or inadequately supported, courts should step in. US Magistrate Judge James Orenstein, who is reviewing his fee request, should scrutinize it carefully, and keep the interest of the victims firmly in mind.

THE BIG PICTURE:

Headlines From Today's Front Pages.

Los Angeles Times:
"20% Of U.S. Transplant Centers Are Found To Be Substandard."
"When Fans Hissed, He Listened."
"A Path From A 'Dropout Factory' To UC Berkeley."
"On The Stump, Not The Ballot, In Mexico."
"Israel Detains Hamas Officials; Jets Buzz Syria Leader's Home."
"High Court Upholds Texas Redistricting."
"Economic Jitters An Albatross For Bush."

USA Today:
"Justices Uphold Redrawn Districts."
"Next Stage For Armstrong Presents Another Big Climb."

New York Times:
"Israelis Batter Gaza and Seize Hamas Officials."
"Justices Uphold Most Remapping In Texas By G.O.P."
"Mid-Atlantic States Reel Under Deluge; 10 Dead."
"Business Joins African Effort To Cut Malaria."
"Guilty Plea Seen For Police Figure Of Giuliani Era."
"Iraq War Ends Silently For One American Soldier."

Washington Post:
"After The Deluge, Death And Debris."
"Justices Affirm GOP Map For Texas."
"The Roar, The Screams -- And The Silence Of Death."
"Ehrlich Has Filled Ticket, Sources Say."
"Mexican Voters Split By Pull Of Polar Opposites."
"Discovery's Goal: A Quiet Trip."

Washington Times:
"Court OKs Mid-Decade Redistricting."
"Area Floods Kill 12."
"Virginia Churches Plan Diocese Exit."
"Israeli Jets Attempt To Intimidate Syria Leader."
"Boeing Sees Airbus Aid Ploy To Build Rival Jet."
"Economic Plans To Be A Major Factor In Mexico Election."

Detroit Free Press:
"U.S. Car Builders Unite For Ethanol."
"Bright Night."

Atlanta Journal-Constitution:
"CDC Panel Votes Today On Cancer Vaccine For Girls."
"Feds Accept Voter ID Law."
"Fond Farewell For Noor."
"Producer's Arrest Altered His Plans For Dubai Bash."
"Family Promises 'Fair Use' Of Collection."

Houston Chronicle:
"Most Of Texas Remap Upheld."
"One-Time East End 'Godfather' Returning."
"Remap Launched DeLay's Wild Ride."
"BP Unit Accused Of Price-Fixing Plot."
"Burglar Bars In Condo Fire May Have Violated City Law."

Story Lineup From Last Night's Network News:
ABC: East Coast Flooding; Local Emergencies; Supreme Court-TX Redistricting; Israel-Gaza Offensive; Iraq-Insurgents' Offer; Iraq-Marine Killed; Katrina Victims-Summer Camps; Bush-Welfare Rules; Gates-Education; Superman-No American Way.
CBS: East Coast Flooding; Israel-Gaza Offensive; Gaza Offensive-Analysis; Iraq-Insurgents' Offer; Putin-Slain Russian Diplomats; Iraq-Marine Killed; Supreme Court-TX Redistricting; Paulson Confirmed; Smart Car; Interstate Highways; Highlights Magazine-60th Anniversary.
NBC: East Coast Flooding; Flooding-Pennsylvania; Susquehanna River-Flooding Potential; Supreme Court-TX Redistricting; Redistricting Potential-Analysis; Bush

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Administration-NYT; Israel-Gaza Offensive; Pork-Defense Project; Smart Car; Stock Markets; Iraq-Marine Killed; YouTube.

Story Lineup From This Morning's Radio News Broadcasts:

ABC: Northeast-Heavy Rains; Israel-Gaza Incursion; Foreign Stock Markets.

CBS: Northeast-Heavy Rains; Israel-Gaza Incursion; Poland-Rabbi Attack Suspect Arrested; NASA-Shuttle Launch Plans.

NPR: SCOTUS-TX Redistricting Law; Israel-Gaza Incursion; Paulson Confirmed; Foreign Stock Markets; Bush-Koizumi Meeting; Mexico-Police Commander Killed; Northeast-Heavy Rains.

WASHINGTON'S SCHEDULE:

Today's Events In Washington.

White House:

PRESIDENT BUSH — Arrival ceremony for Japanese Prime Minister Koizumi, South Lawn, Open press; meeting with Koizumi, Oval Office; joint media availability with Koizumi, East Room, Open press; greets Prime Minister Koizumi of Japan, North Portico, open press; photo opportunity with Koizumi, Grand Foyer, pool coverage; the President and Mrs. Bush attend official dinner with Koizumi, State Dining Room, pool for toasts only; attends after dinner entertainment, East Room, pool coverage.

VICE PRESIDENT CHENEY — No public schedule.

LAURA BUSH — Hosts media preview of the official dinner with the Prime Minister of Japan, open press, State Floor; guest arrival for the official dinner, open press, Booksellers Area.

US Senate: FLOOR SCHEDULE _ 9:30 a.m. Meets for morning business.

9 a.m. FOREIGN RELATIONS _ Full Committee. Hearing on Russia. Stephen Sestanovich, Council on Foreign Relations; Dmitri Trenin, Carnegie Endowment for International Peace, Moscow; Amy Myers Jaffe, Rice University Energy Program. Location: Room 419, Dirksen.

9:30 a.m. HOMELAND SECURITY AND GOVERNMENT AFFAIRS _ Oversight of Government Managemenyt, the Federal Workforce and the District of Columbia Subcommittee. Hearing on pending legislation to improve federal employee performance. Dan Blair, deputy director, OPM; Darryl Perkinson, national president, Federal Managers Association; Colleen Kelley, president, National Treasury Employees Union; John Gage, national president, American Federation of Government Employees. Location: Room 342, Dirksen.

9:30 a.m. JUDICIARY _ Full Committee. Markup of pending legislation. Location: Room 226, Dirksen.

10 a.m. APPROPRIATIONS _ Full Committee. Markup of H.R. 5836 - Interior and Related Agencies, H.R. 5427 - Energy and Water; H.R. 5441 - Homeland Security, and H.R. 5522 - State and Foreign Operations. Location: Room 106, Dirksen.

10 a.m. COMMERCE, SCIENCE AND TRANSPORTATION _ Full Committee. Markup of pending legislation or votes on pending nominations. Location: Room 562, Dirksen.

10 a.m. FINANCE _ Full committee. Hearing on U.S.-Peru trade promotion agreement. Location: Room 215, Dirksen.

11 a.m. FOREIGN RELATIONS _ Full Committee. Markup of pending legislation and votes on nominations. Location: Room 419, Dirksen.

2:30 p.m. FINANCE _ Long Term Growth and Debt Reduction Subcommittee. Hearing on increasing worker coverage in small business pensions plans. Craig Copeland, Senior Research Associate, Employee Benefit Research Institute; Steve Bjerke, Investment Representative, Edward Jones, Pendleton, Ore.; Daniel Hall, Regional Pension Manager, The Standard, StanCorp Equities, Inc., Portland, Ore.; Paula Calimafde, Chair, Small Business Council of America, Bethesda, Md.; David C. John, Senior Research Fellow, The Heritage Foundation; J. Mark Iwry, Nonresident Senior Fellow, The Brookings Institution. Location: Room 215, Dirksen.

2:30 p.m. HOMELAND SECURITY AND GOVERNMENTAL AFFAIRS _ Federal Financial Management, Government Information and International Security Subcommittee. Hearing on overhaul of the Community Development Block Grants program. Location: Room 342, Dirksen.

2:30 p.m. JUDICIARY _ Administrative Oversight and the Courts Subcommittee. Hearing on H.R.1038 - Multidistrict Litigation Jurisdiction. Location: Room 226, Dirksen.

2:30 p.m. SELECT INTELLIGENCE _ Closed briefing on intelligence matters. Location: Room 219, Hart.

US House: FLOOR SCHEDULE _ 10 a.m. Meets for legislative business. Highlights: H.R.5672 - Science, State, Justice, Commerce and Related Agencies Appropriations Act. H.R.4761 - Deep Ocean Energy Resources Act of 2006.

9 a.m. ARMED SERVICES _ Full Committee. Hearing on reports of weapons of mass destruction in Iraq. With Lt. General Michael Maples, director of the Defense Intelligence Agency. Location: Room 2118, Rayburn.

10 a.m. AGRICULTURE _ Full Committee. Hearing to review agriculture's role in the renewable fuels market. Undersecretary of Agriculture Thomas C. Dorr; Mark K. Gaalswyk, President, Easy Automation, Welcome, Minn.; Bob

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Walker, CEO, Bixby Energy Systems, Rogers, Minn. Richard W. Hamilton, President and CEO, Ceres, and Board Member, Biotechnology Industry Organization, Thousand Oaks, Calif.; Al Christopherson, Chairman of the Board, Agricultural Utilization Research Institute, Crookston, Minn.; John W. Burke, III, Forest Landowner and President, Virginia Forestry Association, Richmond; Bob Dinneen, President and CEO, Renewable Fuels Association; Jeff Passmore, Executive Vice President, logen Energy, Ottawa; Mary Beth Stanek, Manager, General Motors Strategic Initiatives, Detroit; William A. Frey, E.I. DuPont de Nemours and Company. Location: 1300 Longworth.

10 a.m. ENERGY AND COMMERCE _ Full Committee. Hearing on ``Growth, Opportunity, Competition - America Goes to Work." Commerce Secretary Gutierrez. Location: Room 2123, Rayburn. Notes: Gutierrez holds media availability following his testimony.

10 a.m. FINANCIAL SERVICES _ Oversight and Investigations Subcommittee. Oversight hearing on pandemic flu preparedness in the financial sector. Location: Room 2128, Rayburn.

10 a.m. GOVERNMENT REFORM _ Full Committee. Markup of pending legislation, followed by a hearing on whistleblowers and the Ceballos decision. Stephen Kohn, National Whistleblowers Center; Roger Pilon, Cato Institute; Richard Deballow, Los Angeles County District Attorney's office; William Bransford, Senior Executives Association; Mimi Dash, Fairfax Education Association; Lisa Soronen, National School Boards Association; Barbara Atkin, National Treasury Employees Union; Richard Bergstrom, attorney; Joe Goldberg, Amer9ican Federation of Government Employees. Location: Room 2154, Rayburn.

10 a.m. HOMELAND SECURITY _ Economic Security, Infrasatructure Protection and Cybersecurity Subcommittee. Hearing on legislation to give the Homeland Security Department the authority to regulatethe security of chemical plants. Location: Room 311, Cannon.

10 a.m. RESOURCES _ Foresdts and Forest Health Subcommittee. Hearing on the Healthy Forerst Restoration Act and on the Health Forests Initiative at USDA. Location: Room 1334, Longworth.

10 a.m. RESOURCES _ Fisheries and Oceans Subcommittee. Hearing on reauthorizatrion of the North American Wetlands Conservation Act. With Rep. Mark Kennedy, R-Minn.; Rep. Curt Weldon, R-Pa.; Mathew J. Hogan, acting assistant secretary for fish, wildlife, and parks, Department of the Interior; John Frampton, director, South Carolina Department of Natural Resources; Alan Wentz, group manager of conservation programs, Ducks Unlimited; and Steve Parker, director, Virginia Coast Reserve Office, The Nature Conservancy. Location: Room 1324, Longworth.

10 a.m. SELECT INTELLIGENCE _ Full Committee. Closed hearing on integrated collection architecture. Location: Room H-405, Capitol.

10 a.m. TRANSPORTATION AND INFRASTRUCTURE _ Aviation Subcommittee. Hearing on airline baggage screening and explosive detection. Randy Null, assistant administrator TSA; Cathleen Berrick, GAO; Michael Ellenbogen, Reveal Imaging Technology; William Britz, Raytheon; Susan Baer, Newark Liberty International Airport; Todd Hauptli, American Association of Airport Executives and Airports Council International; Tom Ripp, L3 Communications; Dennis Cooke, GE Security, and John Wood, Analogic Corp. Location: Room 2167, Rayburn.

10 a.m. WAYS AND MEANS _ Full Committee. Markup of pending legislation. HR 5640, Child and Family Services Improvement Act of 2006. HR 5684, United States-Oman Free Trade Agreement Implementation Act. Location: Room 1100, Longworth.

10:30 a.m. ARMED SERVICES _ Terrorism, Unconventional Threats and Capabilities Subcommittee. Hearing on U.S. Special Operations Command's missions and roles. Retired Gen. Wayne Downing, former Commander, U.S. Special Operations Command; Michael Vickers, Center for Strategic and Budgetary Assessments; Max Boot, Council on Foreign Relations. Location: Room 2212, Rayburn.

10:30 a.m. EDUCATION AND THE WORKFORCE _ Workforce Protections Subcommittee. Markup of pending legislation. Location: Room 2175, Rayburn.

10:30 a.m. VETERANS AFFAIRS _ Full Committee. Oversight hearing on security breaches at the VA. Secretary Nicholson. Location: Room 334, Cannon.

11:30 a.m. JUDICIARY _ Subcommittee on Crime, Terrorism and Homeland Security. Hearing on the Judicial Transparency and Ethics Enhancement Act of 2006. Ronald Rotunda, George Mason University law school; Charles Geyh, Indiana University law school; Arthur Hellman, University of Pittsburgh School of Law. Location: Room 2141, Rayburn.

2 p.m. INTERNATIONAL RELATIONS _ Africa, Global Human Rights and International Operations Subcommittee and International Terrorism and Nonporliferation Subcommittee. Joint hearing on Somalia. Assistant Secretary of State Jendayi Frazer, John Prendergast of the International Crisis Group, and J. Peter Pham of James Madison University. Location: Room 2172, Rayburn.

Other: JAPANESE PRIME MINISTER JUNICHIRO KOIZUMI _ Highlights: 9 a.m. Arrives at the White House. 9:50 a.m. Meets with President Bush. 11:50 a.m. Holds joint media availability with President Bush. 7 p.m. Arrives at White House for official dinner. 7:20 p.m. Photo opportunity

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with President Bush. 8:05 p.m. Attends official dinner. 9:50 p.m. Attends post-dinner entertainment.

INTERSTATE HIGHWAYS _ The American Association of State Highway and Transportation Officials and the Transportation Construction Coalition hold a two-day forum, ``The Interstate Highway System - Fifth Years and looking Forward." Highlights: 10:15 a.m. Remarks by Transportation Secretary Norman Mineta. Reagan Trade Center auditorium.

IMMIGRANT RIGHTS _ The National Immigrant Solidarity Network holds a grassroots strategy conference on a national immigrant rights/civil rights movement. Location: American University.

MENTAL ILLNESS _ National Alliance on Mental Illness (NAMI) holds its annual convention. Highlights: 4 p.m. - 5:30 p.m. Opening Plenary: ``A Ceasefire on Healthcare," with Former Senate Majority Leader Tom Daschle, Sen. Don Nickles and former Sen. John Breaux. Location: Washington Hilton Hotel.

MASS CARE POLICY _ 8:30 a.m. The Homeland Security Department, American Red Cross, others, hold a Mass Care Policy seminar to discuss their roles and mass care providers. Speakers in order of appearance: David Paulison, Director, FEMA; Jack McGuire,Interim Chief Executive Officer, American Red Cross; Alan McCurry, Executive Vice President, American Red Cross; Major George Hood, Community Relations Secretary, Salvation Army; Jim Burton, Director of Volunteer Mobilization, Southern Baptists; Joe Watts, Disaster Response Coordinator, Adventist Community Services; Al Brislain, Senior Vice President, Second Harvest; Andre Miller, National Voluntary Organizations Active in Disaster (NVOAD); Michael Jackson, Deputy Secretary, DHS. Location: American Red Cross, 1730 E St. NW.

NATIONAL SECURITY _ 8:30 a.m. - 12 p.m. Center for International Policy. Discussion, ``Can National Security Agency Justify Wireless Eavesdropping and CIA Defend Secret Prisons Abroad?" With James Bamford, author, ``The Puzzle Palace, Body of Secrets," Stephen Rickard, Open Society Policy Center, and Melvin Goodman, National Security Program Center for International Policy. Location: Choate Room, Carnegie Endowment for International Peace, 1779 Massachusetts Ave., NW.

SCOTUS-ANALYSIS _ 9 a.m. The American Constitution Society holds a review of the 2006 Supreme Court term. Location: National Press Club.

ALBERTA TAR SANDS _ 10 a.m. Natural Resources Defense Council, Pembina Institute of Alberta and Mikisew Cree National Nation officials hold a news conference on the Alberta tar sands oil development in Alberta. Location: National Press Club.

CHERTOFF _ 10 a.m. Homeland Security Secretary Chertoff addresses the American Enterprise Institute on ``Securing Our Borders." Location: 12th floor, AEI, 1150 17th St. NW.

WORKPLACE-GAYS _ 10 a.m. The Human Rights Campaign holds a briefing to release its 7th State of the Workplace report. Location: National Press Club.

BOEHNER _ 10:30 a.m. House Majority Leader Rep. John Boehner holds an on-camera news conference. Location: House Radio-TV Gallery.

PELOSI _ 10:45 a.m. House Democratic leader Rep. Nancy Pelosi holds her weekly news conference. Location: Room H-206, Capitol.

DARFUR _ 11 a.m. savedarfur.org holds an event with Sen. Majority Leader Bill Frist, Sen. Hillary Clinton, Se, Sam Brownback, and others, as they sign postcards to President Bush urging a UN Peacekeeping force in Darfur. Location: Room S-211, Capitol.

MEDICAID _ 11 a.m. News conference to call attention to new Medicaid documentation requirements that may create to health care. With Linda Spears, Child Welfare League; Dan Hawkins, National Association of Community Health Centers; Ron Pollack, Families USA; Senator Daniel Akaka, D-HI; Rep. Mike Honda; Rep. Hilda Solis; and others. Location: Room 124, Dirksen.

HURRICANE PREPAREDNESS AND RECOVERY _ 11:30 a.m. American Geophysical Union and members of the Congressional Hazards Caucus. Briefing on the AGU report ``Hurricanes and the U.S. Gulf Coast: Science and Sustainable Rebuilding." With Charles Groat, University of Texas; Timothy Killeen, director, National Center for Atmospheric Research and Rep. Jo Bonner. Location: Room 2325, Rayburn. Notes: Repeated for the Senate at 3 p.m., Room 385, Russell, with Sen. Mary Landrieu.

RETIREMENT STUDY _ 12 p.m. Prudential Financial holds a news conference to announce the findings of a research study on investment behaviors in the five years before and after retirement. Location: National Press Club.

TERRORIST THREATS _ 12 p.m. The Century Foundation holds a news conference to release a report on strengthening the response to terrorist threats and other emergencies. Location: National Press Club.

ECONOMICS-FEDERAL RESERVE _ 12 p.m. - 1:30 p.m. The National Economists Club hosts a luncheon presentation by Allan Meltzer, visiting scholar, American Enterprise Institute, on ``The History of the Federal Reserve, Volume II." Location: Chinatown Garden Restaurant, 618 H St. NW.

JOURNALISTIC QUALITY _ 12 p.m. - 1:30 p.m. Washington-Baltimore Newspaper Guild and the University of Maryland's journalism school. Panel discussion on the sale of Knight Ridder and the impact on American journalism. With Rem Rieder, American Journalism Review; Linda Foley, The Newspaper Guild; Carl Sessions Stepp, University of

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Maryland; Ivan Roman, National Association of Hispanic Journalists; Ben Scott, Free Press. Location: Capital Hilton, 16th and K Sts. NW.

AGRICULTURAL INTERDEPENDENCE _ 12:30 p.m. Cross-border forum on agricultural interdependence. Remarks by Ralph Klein, premier of Alberta, Canada, and Rep. Bob Goodlatte. Location: Woodrow Wilson International Center for Scholars, 6th Floor Dining Room, Ronald Reagan Building and International Trade Center; 1300 Pennsylvania Ave., NW.

DEMOCRATS-IMMIGRATION _ 12:30 p.m. Senator Chuck Schumer, D-NY and Rep. Rahm Emanuel, D-IL, hold a news conference to highlights weaknesses in the GOP record on immigration. Release of new poll results. With representatives of Third Way. Location: DNC Headquarters, 2nd floor conference room, 430 South Capitol St., S.E.

NEW CITIZENS _ 12:30 p.m. About 100 Northern Virginia area resident take the citizenship oath. Location: USCIS office, 2675 Prosperity Ave., Fairfax.

PRESCRIPTION DRUG SAFETY _ 12:30 p.m. Families who lost family members after they took unsafe prescription medicines hold a news conference to urge Congress to pass stalled drug safety measures, with Reps. Maurice Hinchey, Rosa DeLauro and John Tierney. Location: Room 121, Cannon.

VOTER REGISTRATION-IMMIGRATION _ 12:30 p.m. The We Are America Alliance holds a news conference to announce a campaign to help involve immigration demonstrators to register to vote and become citizens by Election Day. Location: National Press Club.

DEMOCRATS-PELOSI _ 1:15 p.m. House Democrats hold a news conference to discuss ``Republican failures heading into the Independence Day recess and new directions offered by the Democratic Party." With Reps Pelosi, Hoyer, Clyburn, Larson and Emanuel. Location: H-204, The Capitol.

DEMOCRATS-MINIMUM WAGE _ 2 p.m. Democratic leaders hold a news conference to urge an increase in the minimum wage. With Sen. Harry Reid; Sen. Hillary Clinton; Sen. Charles Schumer; Sen. Edward Kennedy; and others. Location: Room S-207, U.S. Capitol.

HEALTH CARE REFORM _ 4:30 p.m. - 5:30 p.m. Discussion on health care reform with former senators John Breaux, Tom Daschle and Don Nickles. Location: Washington Hilton & Towers, 1919 Connecticut Ave. NW, International Ballroom.

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THE ATTORNEY GENERAL'S *NEWS BRIEFING*

PREPARED FOR THE OFFICE OF PUBLIC AFFAIRS, U.S. DEPARTMENT OF JUSTICE

TO: THE ATTORNEY GENERAL AND SENIOR STAFF

DATE: THURSDAY, JUNE 29, 2006 7:45 AM EDT

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TERRORISM NEWS:

In Jerusalem, Gonzales Defends Anti-Terrorism Efforts. The Jerusalem Post (6/29, Keinon, Izenberg) reports, "All countries have the right to protect their citizens and take lawful actions to ensure their national security, US Attorney-General Alberto Gonzales said in an interview with The Jerusalem Post approved for publication on Wednesday. … However, Gonzales, in the country for two days of high-level talks as part of a trip that will also take him to Egypt, was reticent about commenting directly on Israel's war on terrorism and the situation in the south." The Post continues, "The soft-spoken Gonzales, on his first visit to Israel, is more than just the US attorney-general, the most powerful law enforcement position in America. He is also considered one of US President George W. Bush's closest confidants, and he has turned into the lightning rod for criticism from those who think Washington has trampled human rights at the prison in its offshore naval base at Guantanamo Bay, in alleged CIA prisons in Eastern Europe or in the US itself in the name of fighting terrorism." The Post adds, "Gonzales repeatedly refused to comment on questions in which he was asked about how Israel should handle the capture and abduction of Cpl. Gilad Shalit to Gaza. All he would say was that 'we are focusing on getting this resolved as quickly as possible without any further violence. We want the soldier returned to his family.' … Gonzales insisted that all of the measures taken by the US in its battle against al-Qaida were within the limits of US law, including the open-ended incarceration of hundreds of suspected al-Qaida operatives or supporters being held without trial or judicial review at Guantanamo Bay."

Gonzales Lauds US-Israeli Cooperation Against Terror. The AP (6/28) reports, "U.S. Attorney General Alberto R. Gonzales on Tuesday commended Israel for its strong cooperation in the war against terror and international crime." The AP continues, "Speaking at Tel Aviv University, Gonzales mentioned Israel's March extradition of suspected Israeli mob boss Zeev Rosenstein to the United States as an action that 'highlights one of the most important ways we cooperate with our international law enforcement partners.' … Rosenstein was extradited for trial on charges of involvement in a drug ring that allegedly distributed more than 1 million Ecstasy pills in Miami and New York." The AP adds, "Gonzales singled out U.S.-Israel collaboration in combatting terrorism. 'We are working closing in the war on terror,' he said. … He spoke primarily about 'global law enforcement in a post 9/11 world,' and of the wide range of cooperation the U.S. had with its allies in combating drug trade, corruption, fraud, bribery and child pornography."

Bush Takes On News Media, Congressional Democrats. The AP (6/29, Pickler) reports President Bush "tried to pump up the Iraq war effort and a Republican Senate candidate Wednesday during a visit to a state he won handily two years ago but has become a trouble spot for the GOP in the midterm elections." In his visit to Missouri, Bush "visited with soldiers who fought in Iraq and Afghanistan at the Veterans of Foreign Wars post 3944, then headlined a fundraiser at the Ritz-Carlton for Sen. Jim Talent." Bush "helped bring in nearly $1 million at the fundraiser Wednesday evening, supported by about 500 donors who gave roughly $750,000 for Talent and another $200,000 for the state Republican Party."

The Washington Post (6/29, A10, Baker, 744K) reports Bush "attacked congressional Democrats and the news media at a Republican fundraiser Wednesday night, accusing the opposition of 'waving the white flag of surrender' in Iraq and declaring that there is 'no excuse' for journalists to write about secret intelligence programs." Bush sharpened "his rhetoric as the midterm congressional campaign season accelerates" and he "offered a robust defense of his decision to invade Iraq even though, ultimately, no weapons of mass destruction were found, and drew standing ovations for his attacks on those who question his leadership of the war or the fight against terrorists." Bush is quoted saying, "There's a group in the opposition party who are willing to retreat before the mission is done. … They're willing to wave the white flag of surrender. And if they succeed, the United States will be worse off, and the world will be worse off."

Much of the coverage portrays the Administration's criticism of the New York Times as an attempt to rally the GOP base with an eye on the November elections. In a discussion of the Administration's criticism, for example, NBC Nightly News (6/28, story 6, 1:05, Russert, 9.87M) said that for some, "the Times personifies the 'elite, liberal media.' The point here…is that this is not new in American politics. If you want to intensify your political base, and that's what you have to do in a midterm election, attacking the media has worked quite well. Remember Vice President Spiro Agnew – 'nattering nabobs of negativism,' the 'effete corps of impudent snobs,' and so look for this to intensify more and more, particularly focused on the Times, try to get the conservative base to see that as the most important issue, which will take off the focus on Social Security, Iraq and other issues."

The Washington Post (6/29, A11, Babington, Abramowitz, 744K), in a story titled "Bush Seeks To Use Media Leaks To His Advantage," reports, "Senior

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administration officials say the president was outraged by articles in the New York Times and other newspapers about a surveillance program in which the U.S. government has tapped international banking records for information about terrorist financing." But "his comments at a Republican fundraiser in a St. Louis suburb yesterday, combined with new moves by GOP congressional leaders, showed how both are working to fan public anger and reap gains from the controversy during a midterm election year in which polls show they are running against stiff headwinds."

The Christian Science Monitor (6/29, Feldmann, 61K) reports the Times "has come in for an unusual level of vitriol from top officials in the Bush White House, their allies in Congress, and the corps of conservative commentators." While the Administration "has recovered a bit of its momentum," But Bush "and the Republican- controlled Congress still face an uphill climb. … So when The New York Times comes out with the latest exposé on a technique in the war on terror, this is red meat to the president and his supporters. 'The New York Times threw them a life preserver and they grabbed it,' says Mr. Hess."

House To Vote On Resolution Condemning NYTimes Reporting On Anti-Terror Program. CNN's The Situation Room (6/28, Blitzer) reported, "The Bush Administration and members of Congress are pounding away at the New York Times, which last week published details of a secret anti-terror program which sifts through millions of financial transactions. There are now calls for formal investigations and punishment of the newspaper."

The New York Times (6/29, Shane, 1.19M) says that today, "the House is expected to take up a Republican resolution supporting the tracking of financial transactions and condemning the publication of the existence of the program and details of how it works." The resolution says Congress "expects the cooperation of all news media organizations in protecting the lives of Americans and the capability of the government to identify, disrupt and capture terrorists by not disclosing classified intelligence programs." Democrats "are proposing a variant that expresses support for the treasury program but omits the language about the news media." The director of national intelligence, John D. Negroponte, "has ordered an assessment of any damage to counterterrorism efforts from the disclosures, but the review is expected to take months, and its findings are likely to remain classified."

The Washington Times (6/29, Bellantoni, 90K) reports, "House Speaker J. Dennis Hastert said yesterday that the New York Times deserves to receive a formal scolding from Congress for publishing a report on a classified national security program. His comments were the opening salvo in a debate expected today in the House. … Many House Republicans agree with Mr. Hastert's sentiment, and plan to support a symbolic resolution criticizing 'certain media organizations' for revealing details of the Bush administration's counterterrorism programs."

King Says DOJ Should Investigate Government Leakers. Rep. Peter King was asked on CNN's The Situation Room (6/28) if the Justice Department should launch a criminal investigation into the government officials who provided information to the news media. King said, "Absolutely. The government should go all out against those who did the leaking. And one way to get them is to put New York Times reporters in the grand jury and ask them to reveal their sources. And if they don't, find them in contempt and put them in prison."

Snow Says It Is Inappropriate For Bush To Seek Investigation. Last night, White House Press Secretary Tony Snow addressed the controversy over the newspaper disclosures. Snow said on Fox News' The O'Reilly Factor (6/28), "There are a whole number of options right now, but the Bush Administration, the President is not in a position to ask for investigations. The President's not in a position." Snow added that it would be "entirely improper. …. I'll tell you what the President's done. He's expressed his feelings about it. He described the story as disgraceful."

Olson Defends Shield Law, But Says It Would Not Include National Security Matters. In a piece in the Washington Post (6/29, A27, 744K), Theodore B. Olson, former solicitor general of the United States, writes, "Forty-nine states and the District of Columbia have laws protecting the confidentiality of reporters' sources. The Justice Department has had internal standards providing protection to journalists and their sources for 30 years. Yet no such protection exists in federal law." Olson adds, "The Senate Judiciary Committee will soon take up a bill entitled the Free Flow of Information Act of 2006, sponsored by a bipartisan group of legislators and modeled in large part on the Justice Department guidelines. It does not provide an absolute privilege for confidential sources, but it does require, among other things, that a party seeking information from a journalist be able to demonstrate that the need for that information is real and that it is not available from other sources. Matters involving classified information and national security are treated differently. The current controversy over publications relative to the administration's efforts to deter terrorists does not, therefore, provide any basis for delaying or rejecting this needed legislation. This legislation is long overdue and should be enacted."

More Commentary. The Washington Post (6/29, A26, 744K) editorializes on the New York Times decision to report on the anti-terror program, and says, "We recognize that this was a controversial choice. But that does not excuse the politicians who have responded with press-bashing that scores political points at the expense of constitutional values." Rep. Peter T. King "offered a prime example of this on Fox News on Sunday when he called for criminal prosecution of

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reporters, editors and the publisher at the New York Times. … The reactions of President Bush and, even more, Vice President Cheney have been only slightly less chilling." The Post adds, "Those who complain about disclosures assert that the war on terrorism has changed the calculus of risk. They would prefer a media meekly obeying official demands for secrecy."

US Sues New Jersey AG Over Phone Records Inquiry. The New Jersey Law Journal (6/28, Gallagher) reports, "The day before five phone companies were to answer Zulima Farber's subpoena over whether they gave caller information to the National Security Agency without a court order, she got a response - but it was hardly the one she had sought. … The state attorney general found herself a defendant in a suit by the federal government, alleging that her inquiry threatened national security and was barred by the state secrets privilege." The Journal continues, "The government, in United States v. Farber, 06-CV-2683, filed in Trenton on June 14, asks for a declaration that the state may not enforce the subpoenas and the companies may not comply with them. … The suit claims that under the U.S. Constitution's Supremacy Clause, any attempt to obtain or disclose the records is pre-empted by the federal government's 'exclusive control over foreign intelligence gathering activities, national security, the conduct of foreign affairs, and the conduct of military affairs.' … That control is manifested in statutes like the Intelligence Reform and Terrorism Act of 2004, in executive orders that govern how national security information is handled and in the government's absolute privilege to protect military and state secrets from disclosure, the complaint says." The Journal adds, "The complaint is backed by declarations from NSA Director Keith Alexander and Director of National Intelligence John Negroponte. They describe a Terrorist Surveillance Program, authorized by the president after the Sept. 11 attacks, involving NSA's collection of 'one-end foreign communications where one party is associated with . . . al Qaeda' and state that providing greater detail about the program would disclose classified intelligence. … Named as defendants besides Farber are Deputy Attorney General Cathleen O'Donnell, Consumer Affairs Director Kimberly Ricketts and the phone carriers Farber subpoenaed - AT&T Corp., Verizon Communications, Cingular Wireless, Sprint Nextel Corp. and Qwest Communications International."

Saudis Bury Guantanamo Detainee. The New York Times (6/29, Fattah, 1.19M) reports, "Hundreds of Saudis descended on a suburban cemetery here in the Saudi capital late Wednesday to bury Mani Shaman al-Utaybi, 30, one of three prisoners who committed suicide this month at the American detention center at Guantánamo Bay, Cuba." Utaybi "was laid to rest in a nondescript grave, in keeping with Saudi tradition, at the Nassim Cemetery on the outskirts of Riyadh in a ceremony marked by displays of rare public emotion. The mourners, some of whom expressed anger over the detentions or disputed the Americans' version of the deaths, included some former Guantánamo detainees."

Florida Terror Plot Suspect's Lawyer Expects To Argue Entrapment. MSNBC's The Abrams Report (6/28, Moret) reported, "Last week, the Justice Department announced it had busted a group in Florida with plans to launch a terrorist attack here in the US," but "their attorneys are claiming this is a case of entrapment, and their clients never would have acted without the FBI informant." Albert Levin, Attorney for Patrick Abraham: "It's a little early really to say whether or not it's actually entrapment," but "I would anticipate that an entrapment defense could be utilized, based upon what the tapes reveal, based upon what the government's proof is, which…we don't have yet." Levin added, "You know, FBI agents are human beings. And following policies and procedures, that's, in a perfect world, what happens. But, sometimes, policies and procedures aren't followed. And I anticipate, maybe in this case, that was one of those times."

British Judge Rules Against Tactic Used In Terrorism Cases. The New York Times (6/29, Cowell, 1.19M) reports, "Throwing down a new challenge to the government's tactics against terrorism, a High Court judge ruled Wednesday that so-called control orders -- a form of house arrest without trial -- were incompatible with European human rights laws." The government" is expected to appeal the ruling, issued by Justice Jeremy Sullivan, while civil rights groups depicted it as a victory in a sharpening duel over the state's efforts to amass ever greater powers, ostensibly to combat terrorism. … If the government's appeal fails, the authorities will have to seek some other mechanism to continue holding the six suspects -- a Briton and five Iraqis -- whose cases prompted the ruling."

Swiss Say CIA Planes Landed In Their Country 58 Times In Past Five Years. USA Today (6/29, 2.31M) reports, "CIA planes landed in Switzerland 58 times over the past five years, nearly 10 times more than previously disclosed, the Swiss Federal Office of Civil Aviation said Wednesday." Spokesman Anton Kohler also "said there were 13 aircraft, not three as previously disclosed. Dick Marty, chief investigator for Europe's human rights watchdog, the Council of Europe, reported earlier this month that European flight logs and other evidence showed that 14 European nations colluded with U.S. intelligence in a "spider's web" of human rights abuses to help the CIA spirit terrorism

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suspects to illegal detention facilities. He didn't name the countries."

Columnist Notes "Terrorism Index" Findings. Bob Herbert writes in the New York Times (6/29, 1.19M), "After all the sound and fury of the past few years, how is the US doing in its fight against terrorism? Not too well, according to a recent survey of more than 100 highly respected foreign policy and national security experts. The survey, dubbed the 'Terrorism Index,' was conducted by the Center for American Progress and Foreign Policy magazine. The respondents included Republicans and Democrats, moderates, liberals and conservatives." The survey's findings were "striking. A strong, bipartisan consensus emerged on two crucial points: 84 percent of the respondents said the United States was not winning the war on terror, and 86 percent said the world was becoming more -- not less -- dangerous for Americans." Herbert adds, "If the respondents to this survey are correct, the US needs to be moving in an entirely different direction. The war against terror cannot be won by bombing the enemy into submission. The bull in the china shop may be frightening at first, but after a while it's just enraging. We need a better, smarter way."

HOMELAND RESPONSE:

Southwest Airlines Flight Diverted By Bomb Scare. In a widely-distributed story, the AP (6/29) reports, "A Southwest Airlines flight en route to Las Vegas was diverted to Ontario International Airport on Wednesday after a threatening note was found on board, authorities said. … The message was found scrawled in pen on at least two tray tables, indicating a bomb was on board, said FBI spokeswoman Laura Eimiller. FBI agents collected evidence and were trying to determine if the message was written during the flight or at a previous location." Southwest spokeswoman Beth Harbin "said no bombs had been found on the plane and the investigation was nearing an end." The Los Angeles Times (6/29, Reitman, 958K) notes Eimiller said that "once the plane reached cruising altitude, a passenger pulled down the seatback tray and saw 'language warning of a bomb.'"

Some Candidates From Areas With Increased Funding Criticize DHS Allocation. The Hill (6/29, Blake) reports that when the "Department of Homeland Security announced its fiscal year 2006 grant allocations," there were "few…places that actually received more grant money than in the past," and it turns out that "the department would be hard-pressed to satisfy even some House members and candidates in those areas," all of whom "have their own ideas for improving the grant-allocation process." While "incumbents are touting their efforts and justifying the gains while stressing room for improvement nationwide," many challengers are "declaring that the money their areas received is insufficient."

University Connections Seen As Conflict Of Interest For Cybersecurity Chief. The Washington Post/AP (6/29, A5) reports DHS National Cyber Security Division acting director Donald "Andy" Purdy "is a contract employee who earns $577,000 under an agreement with a private university that does extensive business with the federal office he manages. … By comparison, the Homeland Security secretary, Michael Chertoff, is paid $175,000 annually. Purdy is on loan from the school to the government, which is paying nearly all his salary. Meanwhile, Purdy's cybersecurity division has paid Carnegie Mellon $19 million in contracts this year, almost one-fifth of the unit's total budget. Purdy said he has not been involved in discussions of his office's business deals with the school." The AP notes Democratic Reps. Bennie Thompson, Loretta Sanchez and Zoe Lofgren wrote in a letter to House Republicans, "Purdy's contract 'raises questions about whether the American people are getting their money's worth."

TSA Aviation Chief Says Lighters Should Be Allowed On Planes. USA Today (6/29, Frank, 2.31M) reports that Transportation Security Administration chief Kip Hawley "says Congress should lift a ban on passengers carrying lighters on airplanes because screeners are spending too much time looking for lighters instead of bombs." He "said he has briefed lawmakers and 'recommended they consider whether that ban needs to stay.'" Lighters are "the only item that Congress has specifically banned." While "lighters are just one of 68 items passengers cannot carry on planes, they represent 80% of the confiscated items," yet, "lighters 'do not represent a particularly effective ignition source for terrorists.'"

Property Rights Dispute Slows Federal Gulf Coast Cleanup. The AP (6/29, Jordan) reports, "The government says it has not removed the Gulf Coast's remaining hurricane wreckage, enough to stack 2 miles high onto a football field, because it must respect private property rights. … Local officials charge the delay could hamper public safety during the current hurricane season." The AP continues, "Ten months after Hurricane Katrina, about one-sixth of the debris that littered the Gulf Coast remains an estimated 20 million cubic yards. Much of the rubble is from damaged homes and businesses that the Federal Emergency Management Agency says it cannot clear away without approval from property owners and insurers. … 'It's a mess and it's dangerous in the storm season,' said Marnie

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Winter, environmental director in Jefferson Parish, La., which borders New Orleans and extends to the Gulf of Mexico." The AP adds, "The federal agency now is considering whether to continue paying the full cost of removing debris in the disaster area; the program is set to end on Friday. … Officials in cash-strapped New Orleans and surrounding parishes said this week they want the deadline extended. Without the extra aid, Washington will pay for 90 percent of debris removal cost and local governments 10 percent. … FEMA estimates it has paid $3.6 billion for the Army Corps of Engineers and private contractors to remove about 98.6 million cubic yards of debris from Alabama, Louisiana, Mississippi and Texas. Most of it has been on streets, sidewalks, curbs and other public property."

In Letter To Bush, Vitter Criticizes Army Corps' Flood Prevention Work. The New York Times (6/29, Schwartz, 1.19M) reports that Louisiana Sen. David Vitter said in a letter to be sent today to President Bush, "New Orleans still faces serious street flooding in coming storms because the Army Corps of Engineers has fallen behind in repairing the city's hurricane protection system," especially in that it has "not provided enough pumping capacity to get water out of the city's drainage canals in heavy storms." Vitter adds that "extensive flooding could occur even in heavy rainstorms…and a hurricane could have enormous consequences for the restoration of New Orleans." While the corps "has acknowledged falling behind in the effort to install enough pumps to get large amounts of water out of the drainage canals," Col. Richard P. Wagenaar, the commander of the New Orleans district says "the corps has committed to increasing the pumping capacity over time." However, "Vitter said that after months of meetings with the corps, 'there's been no adequate improvement or resolution,' and that he had 'sort of reached the breaking point.'"

Thousands Lose FEMA Rent Help At End Of June. USA Today/AP (6/29, Poovey) reports, "Hundreds of hurricane evacuees around the country could be evicted in the coming weeks if they can't pay the rent without help from the Federal Emergency Management Agency." While over "12,600 households nationwide found out in April that they were going to lose their FEMA rent subsidies," according to FEMA spokesman James McIntyre there will not be "large numbers of people…turned out on the street," as "Many have already lined up a place to live or did not need the assistance to begin with."

Former FEMA Division Director Leading Firm's New Orleans Team. Judy Sarasohn writes in her column in the Washington Post (6/29, A25, 744K), "Daniel Craig was director of the Recovery Division at the Federal Emergency Management Agency and…one of the political appointees last year who came under criticism for lack of disaster-preparedness experience." Now he's "joined the D.C. office of Florida-based law firm Akerman Senterfitt and working with the firm's newly pulled-together Disaster Preparedness and Recovery Practice Group," as well as "leading the firm's team working for New Orleans." Another member of that team is "Jim Schumann , former director of emergency preparedness and response at the Department of Homeland Security's Office of Legislative Affairs." Sarashon observes, "Washington is a great place for second acts -- and third and fourth acts, too."

WPost Says Rain Problems Reveal Weak Points In DC Evacuation Plans. The Washington Post (6/29, A26, 744K) editorializes, "The gridlock downtown Monday and Tuesday" during the torrential rains "was a reminder of how vulnerable the District remains to sliding into logistical chaos during a major emergency." Washington area emergency officials "admit that, beyond models and a trial test after last year's Fourth of July celebrations, they don't know how effective" their planned "extend green lights and…more intersection control officers" would be. "District and regional disaster planners should start assuming that D.C. streets will look like they did Tuesday should there be another terrorist attack. That means developing a better plan to communicate traffic and road conditions to tied-up motorists and a more robust regional infrastructure for coordination among emergency planners."

WAR NEWS:

Rice Visits Afghanistan In Effort To Bolster Karzai. The New York Times (6/29, Cooper, 1.19M) reports that Secretary of State Condoleezza Rice visited Afghanistan yesterday where she sought "to shore up the country's besieged president, Hamid Karzai, promising that the Taliban forces that have mounted a string of attacks in the country will be defeated."

The Wall Street Journal (6/29, King, 2.11M) reports that the Bush Administration "worries that the good news [in Afghanistan] is fading. … So after trips to Baghdad in recent months, Secretary of State Condoleezza Rice came to Kabul to buck up Afghan President Hamid Karzai and tout the country's progress." Rice said Afghanistan's democratic institutions "are getting stronger each day."

The Washington Post (6/29, A20, Kessler, White, 744K) reports that Rice "told Karzai that the administration was considering a boost in reconstruction funding, an aide to Rice said. The additional money -- to be directed especially at troubled areas in the south -- would be accompanied by a shift from big nationwide projects such as roads to smaller community projects." The Post notes, "Rice's itinerary on her third trip here showed how far Afghanistan still has to go. With a surge of violence touching even the capital in recent

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weeks, she passed her time almost entirely behind the heavily guarded high walls and concrete barriers of the U.S. Embassy and the presidential compound."

The Los Angeles Times (6/28, Gerstenzang, 958K) reported on its web site that Rice promised "additional US financial support, and focusing on small-scale projects drawn up to improve daily life more quickly than long-range and massive reconstruction efforts. She said the country, troubled anew by insurgent attacks and civilian unrest, continued to face 'strong enemies, and they're ruthless.' But she said that militants would 'not succeed in rolling back the democratic gains' achieved since the Taliban was overthrown in 2001."

The Financial Times (6/29, Morarjee) reports that Rice "emphasised Washington's strong support" for Afghan President Hamid Karzai. Rice's "brief visit to the Afghan capital was seen as a valuable boost to Mr Karzai after the toughest weeks of his presidency, during which he faced a barrage of criticism for failing to stem the southern violence or deliver reconstruction in pace with rising expectations." Rice "said the US was in Afghanistan for the long haul. 'I want to say to the Afghan people that that commitment from the international community is very strong. We are not going to tire, we are not going to leave,' she said."

The Washington Times (6/29, Kralev, 90K) reports that Rice's Afghanistan visit comes "amid the worst violence there in nearly five years." The Times adds, "A senior State Department official traveling with Miss Rice said the Kabul visit was kept secret 'out of general prudence,' given the dangerous security situation there."

The AP (6/28) reported that Rice "renewed US support for Afghanistan's embattled president during a brief and heavily guarded visit Wednesday, and said the newly democratic country has come too far to fall back into terrorism and anarchy."

UPI (6/28) said Karzai got "strong backing" from Rice. UPI added, "Rice had discussions Wednesday with top Afghan officials on issues including reconstruction projects designed to boost public morale."

DEA Official Says Afghan Heroin Trade Fueling Violence. DEA Administrator Karen Tandy told House committee yesterday that Afghanistan's production of 82 percent of the world's heroin supply has driven ongoing violence in the country. The Washington Times (6/29, Seper, 90K) reports that Tandy said the country's stability "rises and falls with the drug trade." Tandy "said her agency is making 'great progress' in targeting the drug warlords and the Afghan criminal organizations who control the heroin supply."

Broder Says Afghan, Iraqi Leaders Have "Loose Grip On Power." David Broder writes in the Washington Post (6/29, A27, 744K), "The situation the United States and its allies face in Afghanistan and Iraq is one almost without precedent. In two countries where we used our military might to rout the menacing dictatorial regimes running things, we now find ourselves sponsoring governments with notably shaky holds on popular support. … A huge American investment of money and lives now rests on two men with a loose grip on power."

Insurgents Offer To Stop Attacks If US Troops Leave Within Two Years. CNN's The Situation Room (6/28, Blitzer) reported, "The Associated Press reports that insurgent groups are offering to stop attacking coalition troops, but only if American-led forces leave Iraq within two years." CNN (McIntyre) added that Defense Secretary Donald Rumsfeld "said he hadn't heard about this specific proposal," but "he said there have been other offers like this in the past. He was very cautious, though, about anything that would resemble horse trading with insurgents over a timetable."

ABC World News Tonight (6/28, story 5, :20, Gibson, 8.78M) reported, "There are reports, today, from Iraq, that 11 Sunni insurgent groups have offered an immediate halt to all attacks, including those on American troops, if the US agrees to withdraw its forces in two years. Defense Secretary Donald Rumsfeld was asked about the offer. He says President Bush believes a timetable is not something that is useful."

The CBS Evening News (6/28, story 4, 0:20, Schieffer, 7.66M) reported, "Iraq's government said today that it has received an offer from 11 Sunni insurgent groups to stop attacking US military forces if President Bush will set a two-year timetable for withdrawing American troops. The Iraqi government did not reject the idea outright but said it is unclear when Iraqi security forces will be ready to take over."

The AP (6/29) reports that Rumsfeld said President Bush's view "remains that a timetable is not something that is useful. It is a signal to the enemies that all you have to do is just wait and it's yours." The Washington Times runs the AP Story this morning.

Official Says Iraqi Al Qaeda Member Led Shrine Bomb Attack. The New York Times (6/29, Wong, 1.19M) reports that Iraqi national security adviser Mowaffak al-Rubaie said an Iraqi affiliated with Al Qaeda in Mesopotamia "led the team that carried out the February bombing of a golden-domed Shiite shrine." The insurgent, Haitham al-Badri, "is in hiding in Iraq and being sought by government forces." Rubaie "said the Iraqi government learned the details of the shrine bombing after the capture a few days ago of Yusri Fakher Muhammad Ali, also known as Abu Qudama, a Tunisian militant who confessed to be a member of Mr. Badri's team."

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Admitted Iraqi Agent Testifies About Work With Park On Oil-For-Food Program. The AP (6/29, Caruso) reports, "An Iraqi-American businessman testifying in a trial related to corruption in the United Nations' oil-for-food program spent hours Wednesday describing his efforts to help Saddam Hussein's regime get relief from economic sanctions in the 1990s. Samir A. Vincent, who pleaded guilty last year to being an unregistered agent for Iraq, said he worked for years with South Korean businessman Tongsun Park to persuade U.N. officials to allow Saddam's government to sell oil to pay for humanitarian supplies." The AP notes, "Over two days of testimony in Manhattan federal court, Vincent has described numerous meetings and communications that he said Park arranged with the former U.N. chief," Boutros Boutros-Ghali. "He also identified a series of letters in which he reported the results of those liaisons to top Iraqi officials."

Putin Vows Russian Forces Will Find, Execute Killers Of Four Russians In Iraq. The CBS Evening News (6/28, story 5, 0:20, Schieffer, 7.66M) reported, "In Moscow today, president Vladimir Putin vowed revenge for the murders of four Russian embassy workers who were kidnapped in Iraq earlier this month and beheaded. The Kremlin said Putin has ordered Russian special forces to hunt down and destroy the killers, who were thought to be linked to al Qaeda."

The New York Times (6/29, Myers, 1.19M) reports, "The bluntness of the statement reflected the deep shock and anger — much directed at the United States — that have unfolded in Russia after the kidnapping on June 3 in an attack that killed a fifth Russian."

The Washington Times (6/29, Mainville, 90K) reports, "The Kremlin press service said yesterday that Mr. Putin 'has ordered Russia's secret services to take all necessary steps to find and destroy the criminals who committed this evil deed.' It did not say which Russian special forces are in Iraq or under what authority they would be acting in that country."

Marine Featured In Moore Film Killed In Iraq. The AP (6/29) reports, "A Marine and one-time recruiter who appeared in Michael Moore's documentary film 'Fahrenheit 9/11' has died in a roadside bombing in Iraq. Staff Sgt. Raymond J. Plouhar, 30, died Monday of wounds suffered while conducting combat operations in Iraq's volatile Anbar province, the Defense Department said Tuesday." Plouhar "is seen in the 2004 film approaching prospective recruits in a mall parking lot. … Although Plouhar willingly appeared in the movie, which is critical of the Bush administration's actions after Sept. 11, his father said Plouhar didn't realize it would criticize the war."

ABC World News Tonight (6/28, story 6, 1:00, Gibson, 8.78M) reported that Moore's film depicted Plouhar "as a relentless recruiter."

The CBS Evening News (6/28, story 6, 2:15, Cowan, 7.66M) reported, "The documentary shows Plouhar recruiting high school students at a mall parking lot in Flint, Michigan. Moore, who narrates the film, said Plouhar had gone to this mall because it was in a poor neighborhood where finding recruits was easy. Michael Moore had no comment on Plouhar's death."

NBC Nightly News (6/28, story 11, 0:30, Williams, 9.87M) reported, "Raymond Plouhar had 38 days left on his tour in Iraq when he died. He was 30 years old."

Soldiers Remember Fallen Colleague As Remains Leave Iraq. The New York Times (6/29, Filkins, 1.19M) reports, "Death comes often to the soldiers and marines who are fighting in Anbar Province, which is roughly the size of Louisiana and is the most intractable region in Iraq. … In small ways, the military tries to ensure that individual soldiers…are not forgotten in the plenitude of death. … One way is to say goodbye to the body of a fallen comrade as it leaves for the United States." The Times adds, "Whenever a soldier dies, in Iraq or anywhere else, a wave of uneasiness — fear, revulsion, guilt, sadness — ripples through the survivors."

Bin Laden To Pay Tribute To Zarqawi. CNN's The Situation Room (6/28, Verjee) reported, "CNN's confirmed that there's a message posted on an Islamic Web site that says Osama bin Laden will issue a videotaped message apparently paying tribute to Abu Musab al- Zarqawi. You'll remember the al Qaeda leader that was killed in Iraq recently. The message apparently doesn't say exactly when this video's going to be posted, and it's not even clear if Osama bin Laden himself would actually appear in it."

CORPORATE SCANDALS:

Specter Presses Administration To Increase Regulation Of Hedge Funds. The Wall Street Journal (6/29, Scannell, 2.11M) reports Sen. Arlen Specter is "pressing the Bush administration to review and step up its investigation and enforcement of allegations of improper trading by hedge funds, including short-selling, in the wake of a recent federal appeals-court ruling that left a regulatory void over the fast-growing industry." At a Judiciary Committee hearing "on the relationship between hedge funds and independent research firms," Specter said, "It's very important there be adequate investigation [by the Justice Department and actions by Congress] if we need any new laws." In "urging federal prosecutors to examine their track record in

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the area, Sen. Specter suggested if they didn't have the right laws or penalties, Congress could write them." The hearing "came in the wake of a federal-appeals court decision throwing out a rule requiring most hedge-fund managers to register with the SEC, reopening the debate as to whether there should be federal oversight of the fast-growing industry."

The Washington Post (6/29, D2, Johnson, 744K) reports Connecticut Attorney General Richard Blumenthal (D) "urged Congress yesterday to heighten federal scrutiny of the secretive hedge fund industry or face the prospect of a patchwork group of state authorities stepping in to monitor the rapidly growing investment pools to prevent fraud." Blumenthal, "whose state is the headquarters for scores of hedge funds, told the Senate Judiciary Committee that last week's federal appeals court ruling striking down oversight of the funds by federal regulators left investors 'in a regulatory void, without any disclosure or accountability.'" The Post adds lawmakers "concur that the funds, which account for about 30 percent of trading each day on the New York Stock Exchange, play an important role in the economy. But they appear to disagree on who should oversee them, and how much."

Former SEC Attorney Says Political Pressure Killed Mack Probe. USA Today (6/29, Farrell, 2.31M) reports former Securities and Exchange Commission attorney Gary Aguirre "told a Senate committee Wednesday that he was fired because he tried to investigate whether a prominent Wall Street executive was involved in an inside-trading case." Aguirre said that "he was terminated last year by superiors at the Securities and Exchange Commission after he tried to issue a subpoena to Morgan Stanley CEO John Mack." Aguirre said "that his superiors froze him out of subsequent discussions of the case and that he was fired weeks later, just before completing a full year on the job."

The Hill (6/29, Schor) reports what "could have been a routine oversight hearing became a hot ticket in recent days as the committee added Gary Aguirre, a former Securities and Exchange Commission (SEC) lawyer who alleges he was fired for pursuing aggressive enforcement of hedgers, to the witness list. But Aguirre told Specter he had scrapped his original testimony after the SEC informed him of possible penalties for revealing new information." Specter "took umbrage at the SEC's request to silence Aguirre without alerting his panel."

The AP (6/29, Gordon) reports, "The SEC was investigating whether the hedge fund had received a tip about an upcoming merger. … 'By mid-June, growing evidence pointed to one person, the former CEO of a large investment bank,' Aguirre said in written testimony to the Senate Judiciary Committee." The AP notes, "Under questioning by committee members, he identified the executive as John Mack, who is the chairman and chief executive of investment house Morgan Stanley Inc. … Morgan Stanley, one of the largest U.S. securities firms, said Aguirre had provided no evidence for his allegation."

Wall Street Seeking Cut In Regulation. The Wall Street Journal (6/29, Smith, Lucchetti, Craig, 2.11M) reports more than "three years after the stock market bottomed out amid a storm of scandal, Wall Street is pushing hard for a reduction in its own regulation." The effort "came to a head in a five-minute encounter between two Wall Street heavyweights at a Swiss resort hotel last winter." The Journal recounts that between sessions "at the World Economic Forum at Davos, New York Stock Exchange chief John Thain ran into Thomas Russo, vice chairman of Lehman Brothers Holdings Inc." Thain said he "was concerned that big Wall Street firms like Lehman might try to delay a merger that would take the Big Board public, according to people familiar with the conversation." In reply, Russo "pressed a top priority of the Securities Industry Association, Wall Street's lobbying arm. He asked Mr. Thain for a commitment to combine some NYSE regulatory functions with another regulator, the National Association of Securities Dealers." The Russo-SIA proposal "would effectively reduce the number of national regulators overseeing and inspecting Wall Street brokerage firms from three to two, dramatically easing Wall Street's regulatory load. Although Mr. Thain agreed and the two men shook hands, the specifics were left open. Since then, the effort appears to have floundered, though the SIA continues to press the issue." The "behind-the-scenes story of Wall Street's new push for regulatory relief reflects the changed climate since the stock-market bubble burst in 2000, and state and federal regulators competed to unearth Wall Street misconduct."

Connecticut AG Urges Federal Oversight Of Hedge Funds. Bloomberg (6/29) reports, "The U.S. government should regulate the $1.2 trillion hedge-fund industry or states will step in and oversee the private investment pools, the attorney general of Connecticut told senators. … 'Right now hedge funds are in a regulatory void without any disclosure or accountability,' Attorney General Richard Blumenthal said today at a Senate Judiciary Committee hearing in Washington. 'States will fill the void.'" Bloomberg continues, "Lawmakers are increasing scrutiny of hedge funds after the lightly regulated investment vehicles have more than doubled their assets over the past five years. A federal appeals court in Washington last week struck down U.S. Securities and Exchange Commission rules that required many hedge funds to register with the agency and submit to audits. … 'This is a subject of enormous importance to the United States economy,' said Senator Arlen Specter, a Pennsylvania Republican and the committee's chairman." Bloomberg adds, "Specter defended his committee's decision to hold today's hearing, which drew complaints from the Senate Banking Committee. That panel oversees the SEC and generally is

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charged with handling financial regulation. … Senator Charles Schumer, a member of both committees, said the hearing 'raises a yellow flag of caution' because it treads on the banking committee's turf. The judiciary panel doesn't have the financial and market expertise that the banking committee does, he said."

British Bankers Facing Enron-Related Charges In US Seek Bail In Britain. The AP (6/29, Wardell) reports, "Three British bankers who have been ordered to be extradited to the United States to face Enron-related fraud charges said Wednesday that they are in talks with U.S. authorities about the possibility of returning to Britain on bail." The AP continues, "The trio - David Bermingham, Giles Darby and Gary Mulgrew - said access to documents and witnesses in Britain was crucial to preparing a defense for a trial in Enron's home state of Texas. … The three men lost a last-ditch appeal on Tuesday to the European Court of Human rights against British court rulings that they be extradited for trial. … 'We would love bail conditions that would allow us to come back here and prepare for our defense,' said Bermingham. 'We can't prepare for our defense in Texas.'" The AP adds, "However, Bermingham was not optimistic about securing bail in Britain because they are considered fugitives from justice in the United States and therefore are flight risks. … The men will be held in a maximum-security facility in Houston if they do not receive bail, making it more difficult to prepare their defense against crimes allegedly committed against a British company in Britain."

Morgan Stanley Asks Court To Overturn Perelman Judgment. The Wall Street Journal (6/29, Craig) reports, "Last year a court ruled against Morgan Stanley in a case focused on the firm's actions surrounding the sale of a company controlled by billionaire financier Ronald Perelman, to Sunbeam Corp., which was a Morgan Stanley client. The court railed against Morgan Stanley's repeated inability to produce documents and the jury awarded Mr. Perelman $1.58 billion. For each day that passes, Mr. Perelman makes about $300,000 in interest payments on the original award, though the final payment hinges on the outcome of Morgan Stanley's appeal." The Journal adds, "Yesterday Morgan Stanley's lawyer, Bruce Rogow, asked the court to throw out that verdict, saying the punishment far outweighed the firm's misdeeds. Moreover, he argued, the lower-court judge stripped Morgan Stanley of its right to properly defend itself and applied the wrong law to the case, resulting in further damages to the firm." The Journal notes, "The stakes are high for Morgan Stanley, which a year ago installed a new chief executive officer and is trying to move beyond some of its past legal missteps, notably this verdict which has caused it much public embarrassment and put an unfavorable spotlight on its lack of internal controls. The firm has set aside $360 million to cover the award and has made no serious settlement offers, according to people familiar with the matter."

CRIMINAL LAW:

Interior Department Employee Charged In Abramoff Probe. In the ongoing corruption investigation related to lobbyist Jack Abramoff, Interior Department Insular Affairs Office employee Roger G. Stillwell has been charged with filing a false financial disclosure over gifts he received from Abramoff while working as a contract employee for the department.

The Washington Post (6/29, A3, Schmidt, Grimaldi, 744K) reports, "Stillwell is an officer on the desk that handles the Commonwealth of the Northern Mariana Islands, a U.S. territory whose government hired Abramoff as a lobbyist. … During the 1990s, before Stillwell joined the Interior Department, his communications firm did work for the Marianas government, according to an audit by the island government. Stillwell, a Democrat, said in the interview with The Post that he worked closely with Abramoff when their representation of the island government overlapped beginning in 1995."

Roll Call (6/29, Bresnahan) adds that Stillwell "will plead guilty next month" and "is reportedly cooperating with federal prosecutors in their ongoing corruption probe of Abramoff's activities." Roll Call notes, "Interior Department officials acknowledged that they were aware of the allegation against Stillwell, but they declined to say what steps they would take regarding his future employment at the agency, citing the criminal case against him." The New York Times (6/29, 1.19M) also briefly reports on the charge against Stillwell, under the headline "Misdemeanor Charge For Official Linked To Abramoff."

The Legal Times (6/29, Schwartz) reports, "The charges against Stillwell are the first connected to the Abramoff scandal to touch the Interior Department, and they mark an expansion of the government's ongoing investigation into public corruption involving the convicted lobbyist. So far five people -- Abramoff and former associates Michael Scanlon, Tony Rudy, Neil Volz and Adam Kidan -- have pleaded guilty. Earlier this month, David Safavian, the former top procurement officer at the Office of Management and Budget, was convicted on four charges of making false statements and obstructing justice stemming from his dealings with Abramoff. … Reached at his office, Stillwell referred questions about the charges to his attorney, Justin Murphy of Crowell & Moring. Murphy confirmed that Stillwell, who started working at the Interior Department in 2001, has been cooperating with government officials, but he declined

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to name the "prohibited source" of the gifts cited in the government filing. A hearing is set for July 21 before U.S. Magistrate Judge Deborah Robinson." The Times notes, "Stillwell told The Washington Post late last year that he accepted free dinners at Abramoff's restaurant, Signatures, and complimentary tickets to Washington Redskins games. But he told the Post that those activities 'occurred while he was a contract employee at Interior, not a federal worker.' … Stillwell told Legal Times Wednesday that the Post misquoted him, but he would not elaborate."

NYTimes Denounces Third-Party Payments To Reed As "Hypocritical." The New York Times (6/29, 1.19M) editorializes, "The grinning, spectral presence of Jack Abramoff…is the last image any Republican candidate needs wafting about this campaign year. But there Mr. Abramoff stands in a photograph from his infamous 2002 golf junket…beaming next to Ralph Reed…who is running hard now for lieutenant governor of Georgia." The Times notes, "Mr. Reed said he had assurances he would not be paid with gambling profits, and indeed Mr. Abramoff was concerned that his associate's choirboy image not seem 'kind of like hypocritical,' according to one tribal witness. So the money was simply laundered through third parties — nonprofit charities and advocacy groups. … Talk about kind of like hypocritical."

FBI Busts Two Major Movie Piracy Rings. In a widely-distributed story, the AP (6/29, Hays) reports, "The FBI broke up two movie piracy rings Wednesday that authorities said specialized in sneaking digital camcorders into theaters and shooting hit films, then duplicating and distributing millions of bootlegs worldwide. Agents arrested 13 people in raids across" New York City, and "some of the DVD knockoffs included the FBI warning seen at the start of legitimate discs – 'no small irony,' Mark Mershon, head of the FBI's New York office, said at a news conference." The AP notes, "The FBI learned that assistants were used to surround 'cammers,' people who specialize in covertly filming movies, to conceal their filming and prevent people from blocking the view." The New York Times (6/29, Hartocollis, 1.19M) adds Mershon noted that "the rings are two of the largest in the world," and he and MPAA anti-piracy official Michael Robinson "said movies were often recorded at theaters in New York City and its suburbs and then sent over the Internet to distribution hubs in Pakistan, Singapore, Hong Kong and Malaysia. They said that it was hard to estimate how much the operations were worth, but that the economic impact on attendance at theaters and the sale of legitimate videotapes and DVD's was in the billions of dollars."

Newsday (6/29, DeStefano) reports, "FBI agents discovered evidence that the defendants were on the verge of making and distributing counterfeit copies of the new film 'Superman Returns' which opened yesterday. 'This is about thieves, pretty ingenious thieves to be sure, who are technically sophisticated,'" Mershon said. "Dubbed 'Operation Knock Off,' the nearly three-year-long investigation used undercover agents and confidential informants to break up what amounted to two criminal syndicates that pirated movies and fed them into a massive illegal industry selling millions of counterfeit DVDs." Under the headline "Feds Rescue 'Superman,' Nab Pirating Men Of Steal," the New York Daily News (6/29, Zambito, 729K) notes, "Cooperating witnesses, together with undercover agents, helped penetrate the ring's inner workings, revealing a multitiered operation that employed "blockers" to insure a clear shot of the screen and conceal video recording equipment."

The New York Sun (6/29, Solomont) adds Mershon said that "the effects of the operation likely will be seen immediately. The defendants 'are believed to be responsible for 50% of the piracy and the distribution of pirated DVDs worldwide. That is substantial,' he said. 'In the very short term, you may see the disruption in availability in new releases.'" The New York Post (6/29, Bulliet, Cornell, 624K) also notes Mershon said, "We believe it to be the largest video piracy syndicate worldwide," and reports, "The distributors allegedly bought masters for anywhere from $40 to several hundred dollars each and then mass-produced them, selling copies for anywhere from $7 to $10 each. 'We had a camcorder making $400,000 a year just by delivering recordings two to three times a week,' said Scott McGaunn, a special agent with the FBI." BBC News (6/28) and CNET News.com (6/28, Sandoval) also reports on the FBI arrests.

Retired FBI Supervisor Defends Bulger Oversight. The Boston Globe (6/29, Murphy, 484K) reports, "A retired FBI supervisor yesterday defended the bureau's handling of longtime informants James 'Whitey' Bulger and Stephen 'The Rifleman' Flemmi, saying he was unaware the gangsters were involved with murders and had a corrupt relationship with other agents. 'I thought they were involved in gambling, and I assumed they were involved in loan-sharking,' said James Ring, who supervised the organized-crime squad of the FBI's Boston office between 1983 and 1990. But he said he didn't believe they were involved in murder." The Globe adds that Ring "testified that in the 1980s the FBI's organized crime squad was focusing on La Cosa Nostra…as well as members of the Sicilian Mafia, who were entrenched locally. The FBI decimated New England's Patriarca crime family with a wave of successful prosecutions. Though Bulger and Flemmi provided information about local Mafia leaders, Ring described them as 'outsiders, looking in' who weren't as valuable as informants who were 'made' members of the mob."

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Defense Lawyers Say KPMG Legal Fee Ruling Could Help In AIPAC Case. The New York Sun (6/29, Gerstein) reports Tuesday's ruling by US District Judge Lewis Kaplan "that the government improperly pressured an accounting firm, KPMG, not to pay for the legal defense of a group of the firm's employees could be a boon to two pro-Israel lobbyists facing trial in Virginia." Although "Kaplan's decision is not binding in other cases," Keith Weissman's lawyer, John Nassikas, told the Sun yesterday, "I'd like to think it's going to be read by the Aipac folks in a way that they're going to see a lot of judicial force behind the idea employees and managers should have their legal fees paid by their organization." Steven Rosen's lawyer, Abbe Lowell, also said that "he was closely reviewing the KPMG decision," but AIPAC spokesman Patrick Dorton "said there is no parallel between the two cases."

MS-13 Member Pleads Guilty To Racketeering Charges In Maryland Murder. The Washington Post (6/29, B4, Klein, 744K) reports, "A member of the Mara Salvatrucha street gang pleaded guilty yesterday in U.S. District Court in Baltimore to racketeering in connection with burning evidence from a homicide scene, among other criminal acts, Maryland U.S. Attorney Rod J. Rosenstein said." Juan "Diabolico" Lopez "was the first person to plead guilty as a result of an indictment last August involving 19 alleged MS-13 members accused of committing homicides and other violent crimes in the Maryland suburbs." The Post notes, "He pleaded guilty to being involved in a killing on March 26, 2005," which "occurred after Lopez and other MS-13 members confronted members of a rival gang at a strip mall in Prince George's County, according to the plea agreement."

Mack Lawyer Seeking To Bar All Reno Prosecutors, Judges From Case. The AP (Sonner) reports, "A lawyer for the wealthy ex-owner of a Reno pawn shop accused of killing his wife and shooting a Washoe County judge filed an unprecedented motion Wednesday seeking to bar all county prosecutors and judges from any involvement in the case due to alleged conflicts of interest." Darren Mack is scheduled to be arraigned today, and the motions filed yesterday by his attorney, Scott Freeman, "argue the case should be handled by outside prosecutors because Washoe County District Attorney Richard Gammick is a longtime acquaintance of Mack, and that Mack's fate should be determined by judges outside the county partly because the sniper attack on Family Court Judge Chuck Weller, who was handling the couple's divorce, occurred at the courthouse."

Rival Gang Members Testify Aryan Brotherhood Too Weak To Incite Prison Riot. In a widely-distributed story, the AP (6/29, Flaccus) reports, "Two black prison gang members testified Wednesday that the notorious Aryan Brotherhood was too small and weak to attack a rival black gang behind bars and incite a race war that left two inmates dead. The testimony of the witnesses, members of the Crips and Black Guerrilla Family, came in the final days of a sweeping federal racketeering trial against the white supremacist gang." The AP notes, "The trial was recessed until July 6, when an attorney for the fourth defendant, Christopher Gibson, will begin his defense. Closing arguments are expected to begin July 11."

South Carolina Official Charged With Bribery As FBI Launches Corruption Task Force. The Orangeburg (SC) Times & Democrat (6/29, Crider) reports, "John Rickenbacker has been indicted by a federal grand jury and suspended from public office following allegations the longtime leader of Orangeburg County Council was caught in bribery sting. An indictment unsealed Wednesday alleges Rickenbacker took $50,000 from an FBI officer posing as a consultant for a company wanting to buy The Regional Medical Center. In exchange for the money, he gave the agent an advance copy of a study of hospital finances, along with a promise to use his influence in getting Orangeburg and Calhoun counties to agree to sell the publicly owned hospital, according to the indictment." The Times & Democrat notes, "The indictment was announced during a morning press conference at the Columbia FBI office held by state and federal law enforcement officials announcing the creation of a Public Corruption Task Force." The AP (6/29) adds that US Attorney Reggie Lloyd said, "We believe that an act of public corruption is no less criminal than a violent crime committed on the streets. Abusing an office at the expense of the elector does violence to the public's trust and our very system of government."

The State (6/29, Beam) reports Lloyd announced Rickenbacker's indictment "at a news conference Wednesday morning touting the creation of a public corruption task force. … Brian Lankin, special agent in charge of the Columbia FBI office, said the creation of the task force is not in response to a specific investigation or 'an increase in activity here in South Carolina.' Officials said the task force 'formalizes' the cooperation of state and federal agencies." Lankin and State Law Enforcement Division chief Robert Stewart "would not say how many agents have been assigned to work on public corruption cases in South Carolina. However, they did call it a top priority in criminal investigations." WIS-TV Columbia (6/28, Miskewicz, Horne) reports on its Web site from two stories broadcast yesterday, "Corruption is the focus of the new task force that named Rickenbacker as its first suspect."

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Larkin "talks about the group's mission, 'We bring our collective talent and rich history, pool our assets together to address corruption in communities.' … The FBI says fighting corruption is its number one priority, but that it's been stretched since 9/11 with national security, too. So they say the task force helps."

Jury Begins Deliberations In Chicago Patronage Trial. The Chicago Tribune (6/29, Mihalopoulos, Bush, 643K) reports, "Jurors began deliberating Wednesday in the City Hall corruption trial and chose a 52-year-old professor from the northwest suburbs as their foreman." The Tribune notes, "Shortly after a lunch break, the jurors sent out a note asking for an inventory of evidence because they could not locate interview notes or an official report compiled by John Hauser, the lead FBI agent in the hiring investigation. Coar told jurors that Hauser's notes and the report were not evidence. … Sullivan's attorney, Cynthia Giacchetti, focused on Hauser's notes and report in her closing argument Tuesday. Giacchetti said the documents are not reliable because Hauser did not record exactly what Sullivan told investigators." The AP (6/29) also reports on the start of jury deliberations.

NYPD Officials Doubt Independent DeVecchio Investigator's Beating Claim. The New York Sun (6/29, Capeci) reports in its "Gang Land" column, Angela Clemente has been "hailed in tabloid stories as an amateur sleuth who helped crack one of the FBI's dirtiest secrets: how a top agent helped a mob hit man carry out murders. Today, however, cops are wondering whether…Clemente was spinning tales about a mysterious beating she suffered in the parking lot of a Brooklyn shopping center two weeks ago. They are also investigating possible financial ties" she "may have with associates of the Colombo crime family, Gang Land has learned. There are 'gaping holes' in Ms. Clemente's story, a law enforcement source said. Another said detectives have 'serious doubts' about her account of the beating." The New York Daily News (6/29, Mosconi, 729K) notes Clemente, who is "credited with helping crack the murder case against ex-FBI agent Lindley DeVecchio," twice has "failed to show up twice to meet with a police sketch artist to help nail her alleged attacker, the Daily News has learned. … Although cops and Brooklyn prosecutors are still treating her as a victim, some investigators say they are troubled by a number of other issues surrounding Clemente's claims. She told cops that notes left on her car two days in a row by her mysterious tipster were in an envelope that she saved in the backseat of her car. Police have never found them. … She also gave police varying accounts of what her assailant looked like."

Judge Threatens To Charge Salah Lawyer With Contempt. The AP (6/29, Robinson) reports that in preliminary hearings for the trial of Muhammad Salah, accused of "taking part in a racketeering conspiracy that included funneling cash to Hamas to commit murders, bombings and other violence in Israel," US District Judge Amy St. Eve threatened to charge defense lawyer Michael Deutsch with contempt "Wednesday as fireworks erupted over a government request to keep juror names secret. … Deutsch said he planned to file court papers opposing the government's request but added that 'I know what the outcome will be.' He said that based on St. Eve's rulings over the last two years he saw little difference between the court and the federal prosecutors in the case." The AP adds, "Deutsch told reporters after the hearing that the government's jury secrecy request was guaranteed to prejudice the jurors against the defendants."

Judge Enters Not Guilty Plea For Former Miami Executive Charged With Fraud. The AP (6/29) reports, "A federal judge entered a not guilty plea for a former cable executive accused of defrauding the U.S. government and media companies of more than $18 million because he did not respond during a hearing Wednesday." The AP continues, "Charles C. Hermanowski, who once led the family-owned, Miami-based Americable International Inc., was extradited to the United States from Australia over the weekend. … U.S. Magistrate Judge Ted Bandstra entered the not guilty plea for Hermanowski after the former executive refused to respond during the hearing." The AP adds, "Hermanowski faces 50 counts of attempting to defraud the U.S. Department of Defense by overcharging for cable systems installed on military bases, defrauding cable programmers by underreporting the number of his cable subscribers to avoid paying fees and federal income tax evasion. … He had originally faced 37 additional charges, but the court and Australia refused to extradite him on those counts, his attorney Donald Bierman said. … Bond has not been sought for Hermanowski, who remains in pretrial detention, Bierman said."

Bush Requests $160.5 Million In Emergency Funding To Help VA Pay For ID Theft. The Washington Post/AP (6/29) reports President Bush sent a letter to Speaker Dennis Hastert asking "for $160.5 million in emergency funds to help veterans and military personnel whose personal information was on a laptop computer stolen from a Veterans Affairs employee." He "said he was asking for the additional money to help the VA cover the increased costs caused by the May 3 theft. The money would help provide credit monitoring and fraud watch services for those affected." On Tuesday VA Secretary Jim Nicholson said "the

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money would cover monitoring for about half of the 17.5 million people whose Social Security numbers were compromised. He said it also would pay for out-of-pocket expenses ranging from $10,000 to $20,000 for those whose identities are stolen."

Democrats Criticize Plan To Shift Funds From Other Programs. The White House has proposed shifting money from other domestic programs to pay for the ID theft, a move criticized by Democratic Sens. Patrick Leahy and Patty Murray. The New York Times (6/29, Zernike, 1.19M) quotes Sen. Leahy saying, "The Bush-Cheney administration has no qualms about coming up here and twisting our arms for funding for Iraq, but when it comes to needs here at home for veterans and other ordinary Americans, it's rob Peter to pay Paul." OMB Director Rob Portman "recommended paying for the monitoring by taking about $130 million from a food stamp employment and training program, a farmers' assistance program, student loans and a program for young people released from prison." But "Murray said the problem was 'a new disaster' and 'deserves new money.' She added, 'This is truly an emergency.'"

Documents Suggest Analyst Had Approval To Work On VA Data From Home. As VA Secretary James Nicholson prepares to testify before a House committee about the data theft Thursday, new documents raise questions about whether the VA employee who was responsible for allowing the theft had actually been authorized to work on the data at home. USA Today/AP (6/29, Yen) reports the VA documents "raise questions as to whether top officials condoned a practice that led to a theft with the potential to affect 26.5 million veterans and active-duty troops." The VA analyst "had approval as early as Sept. 5, 2002, to use special software at home that was designed to manipulate large amounts of data." A second Feb. 5, 2002 agreement "allowed the worker to access Social Security numbers for millions of veterans." And a third, "also issued in 2002, gave the analyst permission to take a laptop computer and accessories for work outside of the VA building." The VA has accused the analyst of being "grossly negligent," but some lawmakers "expressed dismay over the latest disclosure." Rep. Bob Filner, a top Democrat on the House Veterans' Affairs Committee, said, "The gross negligence in this case are the people above him."

NIH Credit Union Hit By Identity Thieves. The Washington Post (6/29, B3, Trejos) reports, "The National Institutes of Health's federal credit union has notified some customers that their personal information has been compromised by an identity theft scheme, officials said yesterday." The Post continues, "Lindsay A. Alexander, chief executive of the credit union, would not disclose how many of the institution's 41,000 customers were affected, but she did say it was a small number. 'They already know who they are, and we know who they are, and we're working with them,' she said." The Post adds, "The Rockville-based credit union's clients include employees of NIH, several biotech companies and hospitals such as Sibley Memorial in Northwest Washington. Students and employees at George Washington University also have accounts there. … Alexander said she was not authorized to disclose many details about the case. She said the theft happened recently, but she would not specify when. She also said she could not reveal what type of information was stolen or how it was stolen. … Local and federal agencies are investigating, she said, but she would not identify which ones."

OMB Orders Security Updates After Laptop Thefts. InformationWeek (6/29, Keizer) reports, "The White House has given federal agencies 45 days to beef up safeguards to prevent citizen identities from being lost or stolen, the latest reaction to the numerous data disclosures suffered by the government in May and June." IW continues, "The Office of Management and Budget (OMB) issued a memorandum last week to all federal departments and agencies reminding administrators of long-standing data security requirements, but also made new recommendations. … Among them: encrypt all data on mobile computers and devices, only allow remote access to government networks using token- or card-based two-factor authentication, and log all instances when data is extracted from federal databases." IW adds, "The government has been embarrassed by several prominent data breaches, including the massive May VA incident, the loss of two Federal Trade Commission (FTC) notebooks, a large disclosure of U.S. Navy personnel identities, and a breach at the Department of Agriculture. … The OMB's timetable means that agencies have until August 7 to comply with the security standards laid out in Deputy Director for Management Clay Johnson's memo."

Federal-Private Coalition Launches ID Theft Research Center. Cox News Service (6/29, Mullin) reports, "LexisNexis and IBM Corp. joined universities and law enforcement agencies Wednesday to announce a new center to study the problem of identity theft. 'This will be a unique alliance of government, law enforcement, corporate enterprise and academia to find solutions for a comprehensive research plan for combating identify theft,' said Gary Gordon, executive director of the new Center for Identity Management and Information Protection. Founding partners of the center, to be housed at Utica College…also include the U.S. Secret Service, the FBI, Carnegie Mellon University, Indiana University and Syracuse University." CNET News.com (6/28, Kawamoto) notes, "The center expects to operate on a budget of nearly $500,000 in its first year, of which half is coming from corporations and the other half from federal grants, Gordon said. … 'Identity theft is a growing problem with significant negative effects on American businesses and individual citizens and potentially disastrous effects on U.S. national security,' James Burns, the acting

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assistant director of the FBI's criminal investigative division, said in a statement. 'From this threat, the CIMIP was born.'

Federal Computer Week (6/28, Chan) reports, "A collaborative effort would produce better tools for catching cybercriminals, law enforcement officials said at the press briefing. … 'We'd love an opportunity to look at trends,' said Ray Morrow, acting assistant deputy director of the FBI's Criminal Investigation Division. He said he believes law enforcement officials have not been able to see trends in cybercrime. 'It gives us a chance to be proactive,' he added." Government Computer News (6/28, Jackson) adds that CIMIP's "first project will be a study with the Justice Department's Office of Justice Programs of emerging criminal groups engaged in identity theft. Future research will focus on detection and prevention of identity theft; the role of policy, legislation and regulation; improvement of authentication systems; and data protection technology." GCN also notes Morrow said, "It will help us to be proactive rather than reactive, which we haven't been able to do recently."

House Rejects Effort To Undercut SCOTUS "Knock And Announce" Ruling. The AP (6/29, Taylor) reports, "The House rejected a liberal Democrat's bid to undercut a recent Supreme Court decision permitting evidence obtained in violation of the 'knock and announce' rule to be used at trial. … The vote came two weeks after the court ruled that evidence seized by police with a warrant who barge into homes even if they don't knock can be used in court." The AP continues, "By a 310-109 vote, the House rejected an amendment by Rep. Maurice Hinchey, D-N.Y., blocking the Justice Department from obtaining evidence in violation of the knock and announce rule. The vote came as the House debated a $59.8 billion measure funding the budget of the Justice Department and other agencies. … 'The knock and announce policy is enshrined in the Constitution in the context of the Fourth Amendment,' Hinchey said. 'It is held up by numerous Supreme Court decisions over the last 100 years.'" The AP adds, "Civil libertarians have predicted that police will now feel free to ignore previous court rulings that officers with search warrants must knock and announce themselves or run afoul of the Constitution's ban on unreasonable searches."

High Court Rejects Foreign Convicts' Appeal. The Wall Street Journal (6/29, Ben Winograd, 2.11M) reports, "The Supreme Court denied appeals from two foreign convicts who were arrested in the U.S. but weren't informed of their Vienna Convention right to have their consulates notified, a ruling that parts with two earlier decisions of the International Court of Justice." The 6-3 ruling "vindicated the Bush administration, which argued before the court on behalf of the states of Oregon and Virginia and has bristled at international treaties it sees as impinging on US sovereignty." Written by Chief Justice John Roberts, the opinion" means that prosecutors won't be hindered if law-enforcement officers fail to inform suspects that they can ask police to notify local consulates of their arrest. This is mandated by the Vienna Convention on Consular Relations, which the US ratified in 1969."

The New York Times (6/29, Greenhouse, 1.19M) says the decision "left foreign defendants with little practical recourse for violations of the Vienna Convention on Consular Relations, a treaty the United States ratified in 1969."

The Washington Post (6/29, A4, Lane, 744K) reports, "In dissent, Justice Stephen G. Breyer protested that the court's 'approach leaves States free to deny effective relief for Convention violations, despite America's promise to provide just such relief.'" The opinion, he added, "risks weakening respect abroad for the rights of foreign nationals, a respect that America, in 1969, sought to make effective throughout the world."

he Legal Times (6/29, Mauro) reports, "Foreign nationals who prove violations of the treaty are not entitled to the suppression of evidence obtained during the arrest or any other procedural favors, Roberts wrote. Roberts also said rulings of the International Court of Justice deserve 'respectful consideration' but cannot trump U.S. procedural rules. … But dissenters, led by Justice Stephen Breyer, said the ruling represented an 'unprecedented' repudiation of a valid treaty and of the international court's interpretation of the treaty. Justices John Paul Stevens, David Souter and Ruth Bader Ginsburg joined Breyer in dissent."

Kerik Said To Be Close To Pleading Guilty Over Improper Gifts. The New York Times (6/29, Rashbaum, 1.19M) reports that former New York City police commissioner Bernard B. Kerik "is close to reaching an agreement with prosecutors to plead guilty to having accepted improper gifts totaling tens of thousands of dollars while he was a city official in the late 1990's." Although he "will not face jail time," he "is expected to pay a substantial fine." Kerik was nominated by "President Bush… to head the Department of Homeland Security in December 2004. But he was forced to withdraw a week later, citing possible tax problems involving his family's nanny."

Rainbow Family Seeks Larger Courthouse For Trials. The Rocky Mountain News (6/28, Frazier, Lindsay) reports, "Rainbow Family members on trial for camping without a permit and other charges should be tried in a larger public courtroom – not a small, rural firehouse near Steamboat Springs, attorney David Lane said today." The News continues, "In a complaint filed in U.S. District Court in Denver, Lane said the public and some of the attorneys for more than 200 Rainbow Family members facing trial were

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denied access. … He said the firehouse's limited space effectively turned the trials into 'secret proceedings,' and he has asked for a temporary restraining order to stop the proceedings." The News adds, "An estimated 20,000 members of the Rainbow Family plan to gather next week in the Routt National Forest, but they have been unable to get a permit for the gathering because of the fire danger. About 4,000 members have already arrived. … U.S. Marshals and Forest Service enforcement officers have arrested about 249 members for camping without a permit. Some also face alcohol and drugs charges. … The trials, which started last weekend and were scheduled to resume Friday, were held in the modest firehouse, which had room to seat the judge and 17 defendants and prosecutors. There was limited standing room for the public and the media."

CIVIL LAW:

Congress Examines Options To Recoup Lost Oil, Gas Royalties. The Wall Street Journal (6/29, Fialka, 2.11M) reports Congress is "weighing its options as lawmakers seek ways to recoup billions of dollars in lost royalties from dozens of oil companies that are paying below-market prices on oil and natural gas from offshore government tracts in the Gulf of Mexico." The House has "passed and the Senate Appropriations Committee is considering a measure that would punish companies that refuse to renegotiate the leases, granted by the Interior Department in 1998 and 1999, by barring them from bidding on new leases." The House is also "to vote today on a measure proposed by Rep. Richard Pombo, a California Republican, that would require companies that won't agree to pay a higher royalty to pay a 'conservation of resources fee' that would add $9 a barrel or $1.25 for each thousand cubic feet of natural gas produced." Meanwhile, Rep. Darrell Issa is promoting an approach that "wouldn't punish the companies but would encourage them to renegotiate the contracts to raise their royalty payments as 'the right thing to do.'"

Firms Compete For DOE Backing For Cellulosic Ethanol Biorefineries. The Wall Street Journal (6/29, A1, Fialka, Kilman, 2.11M) reports in a front page story on "a new U.S. fuel source: Cellulosic ethanol, which can be made from crop residues, wood chips, switchgrass and even municipal garbage." The effort "to make cellulosic ethanol into a full-blown power source to run America's cars is embryonic, and its outcome uncertain. But the fuel has two big things going for it: High oil prices and backing from the Bush administration, which sees it as a potentially important part of future energy supplies and is putting up money to help launch the first 'biorefineries' to make it." Supporters "think it could reduce U.S. dependence on imported oil, cut emissions that cause global warming and shore up the nation's rural economy. Already, the race is attracting big names, with the likes of Archer-Daniels-Midland Co., Royal Dutch Shell Group and Goldman Sachs Group Inc., investing time and seed money." The Energy Department is "staging a competition for its backing to build the nation's first three plants. The department, which has $160 million to spend on the contest, is requiring each candidate to have a pilot plant showing a process that can be successful once it is scaled up. At least 30 companies are in the running for the aid, industry officials say."

Tobacco Firms Accused Of Marketing Flavored Cigarettes To Teens. In a Washington Post op-ed (6/29, A27), Joseph A. Califano Jr., president of the National Center on Addiction and Substance Abuse at Columbia University, and Louis W. Sullivan, president emeritus of the Morehouse School of Medicine, say, "Reynolds Tobacco (or RJR), the company that brought us Joe Camel, is up to its old tricks, targeting our children again." RJR is "marketing the sweet smell and taste of flavored cigarettes that mask the harshness of natural tobacco, which can deter some first-time smokers, especially children. These cigarettes are packaged in shiny tins with cool new names, flashy advertising and candy flavors ranging from watermelon ("Beach Breezer") to berry ("Bayou Blast") to pineapple and coconut ("Kauai Kolada")." By "masking the regular tobacco flavor and scent, flavored cigarettes make it even more appealing for a 12- or 13-year-old to take that initial puff and keep smoking until he or she gets hooked."

Will Says Campaign Finance Laws Include Hidden Corruption. In his Washington Post column (6/29, A27), George Will says although many reformers "say 'corruption' is secret, hence they cannot be expected to document it, some serious corruption is hardly hidden. It is in the legislative history of McCain-Feingold. Bob Bauer, a Democratic campaign lawyer, notes that the law, although marketed as a measure for clean government, was an opportunity for incumbents' self-aggrandizement. They exploited the opportunity, enacting special protections against wealthy opponents, and 'blackouts' on much preelection advertising. These they justified as enabling them to control the content of political discourse in election seasons, and enabling them, as Bauer says, to 'avoid the indignity of 'negative' ads directed against them.'"

CIVIL RIGHTS:

DOJ Clears Georgia Voter ID Law. The AP (6/29, McCaffrey) reports, "The U.S. Department of Justice on Wednesday approved rules governing Georgia's new photo

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IDs for voters, clearing the way for the State Election Board to decide whether to require them for the July 18 primary." The AP continues, "The rules establish what kinds of documents must be presented to obtain one of the free IDs, as well as where and when they will be distributed. Critics of the law -- which mandates that all voters present a government-issued photo ID to cast a ballot -- are expected to respond by seeking an injunction to block the law." The AP adds, "The Republican-backed law was passed in 2005, but a federal judge blocked enforcement, saying it amounted to an unconstitutional poll tax. The state Legislature amended the law early this year to make the IDs free of charge. … Under rules the Election Board adopted last week by a 3-1 vote, anyone needing a voter ID card must provide one or more documents showing date of birth, evidence of being registered to vote, and proof of name and address."

Hollywood, FL, Continues Mediation Efforts In Synagogue Dispute. The Miami Herald (6/29, Wright) reports, "Hollywood commissioners were poised late tonight to reject a settlement with an Orthodox Jewish synagogue, but after hours of emotional debate decided to give mediation one last try." The Herald continues, "For the first time, officials from the city and Hollywood Community Synagogue Chabad Lubavitch will sit down face to face to try to avoid a federal religious discrimination trial. U.S. Justice Department attorneys plan to attend to help negotiate. … If that fails, the city will again face the possibility of going to court." The Herald notes, "The city could have agreed to pay $2 million to the Hollywood Community Synagogue Chabad Lubavitch and allowed it to operate permanently out of two houses in a residential neighborhood. The congregation would have also been able to expand within the block with little regard for city zoning rules. … In return, the Chabad and the U.S. Justice Department would have dropped their lawsuits against the city and Commissioner Sal Oliveri, effectively ending a five-year dispute."

Justices Uphold Almost All Of Texas Redistricting Engineered By DeLay. The CBS Evening News (6/28, story 7, 0:20, Schieffer, 7.66M) reported, "The US Supreme Court today upheld most of a Texas redistricting plan engineered by former House Republican Leader Tom DeLay. The plan redrew congressional districts in 2003 in favor of Republicans, who then picked up six seats in 2004. The court said that was all right except in one district where the power of Hispanic voters was diluted." The Houston Chronicle (6/29, Reinert, 581K) notes that by a 5-4 vote, "the court said the 23rd District in southwest Texas, represented by Republican Henry Bonilla, violated the Voting Rights Act because its design trampled the rights of some Hispanic voters. Reshaping the district, a task that apparently now is assigned to federal court in Texas, would force a change in at least one other neighboring district." The Supreme Court also "upheld the right of states to change their congressional district boundaries more frequently than the traditional every 10 years following each US Census." The AP (6/29, Espo) reports "only two justices, John Paul Stevens and Stephen Breyer, said the mid-decade redistricting showed that the Texas lawmakers were guilty of excessive partisanship."

Much of the coverage describes the ruling as a big win for the GOP, and particularly for former House Majority Leader Tom DeLay. NBC Nightly News (6/28, story 4, 2:25, P. Williams, 9.87M), for example, reported, "Today's decision is a sweet victory for Tom DeLay, the embattled former congressman and onetime House Republican leader." DeLay said the ruling vindicates his strategy." Tom DeLay, former House Majority Leader: "We used the state legislative system and what came out of that was a fair map that represented the political will of the people of Texas." Williams: "Democrats claim DeLay's tactic was unconstitutional, purely partisan, changing the boundaries in the middle of a decade when the Constitution calls for it only every ten years to adjust for census results. But by a 7-2 vote, the Supreme Court rejected the challenge."

The Chicago Tribune (6/29, Bendavid, 643K) reports the ruling ensures that "the political legacy of former Rep. Tom DeLay will live on despite his downfall." The New York Times (6/29, Greenhouse, 1.19M) says that "in political terms, the ruling was something of a vindication for Mr. DeLay, who stepped down from his leadership post and resigned from Congress this year after being indicted last year in Texas on charges of illegally routing campaign contributions to Texas Republicans." His indictment "was related to his effort to win control of the Texas Legislature in 2002; it was that development that allowed the redistricting to go forward, helping Republicans to win six additional House seats in Texas in 2004."

The Washington Post (6/29, A4, Weisman, 744K) runs a story titled "Effort To Secure Texas Led To Fall Of Tom DeLay," in which it notes "DeLay's dogged quest for a new congressional map for Texas led to a disciplinary slap from the House ethics committee, his indictment on money-laundering charges, his fall from the House leadership ranks and, this month, his resignation from Congress." But "the former House majority leader proclaimed yesterday that the Supreme Court's decision to uphold most of his legislative map affirmed his contention that partisan power is reason enough to muscle through new congressional district lines."

Fox News' Special Report (6/28, Kendall) reported, "It is a major victory for republicans and for Tom DeLay." CNN's The Situation Room (6/28, Crowley) also referred to "a Republican-friendly political map driven and largely written by Tom DeLay."

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A number of stories, meanwhile, express concern that the court's decision will lead to other states launching similar redistricting processes, which, says the Dallas Morning News (6/29, Pusey, Gillman), would lead to "to bare-knuckled political fights in statehouses across the nation." As the Christian Science Monitor (6/29, Richey, 61K) reports, "some analysts foresee a flurry of redistricting in states whenever one party or another deems it politically expedient."

The Washington Post (6/29, A1, Lane, Balz, 744K) reports "politicians of both parties said that the ruling leaves the door wide open to attempts to copy the DeLay strategy in other states. 'Every redistricting is a partisan political exercise, but this is going to put it at a level we have never seen,' said Rep. Rahm Emanuel (Ill.), chairman of the Democratic Congressional Campaign Committee. 'That's the gift that the Supreme Court and Tom DeLay have given us.'" Meanwhile, the Washington Times (6/29, Dinan, 90K) reports "congressional Republicans saw the ruling as a solid victory that ends Democrats' efforts to use the courts to win more seats. 'The decision dismisses the Democrats' arguments that the Texas redistricting was improper or illegal,' said Rep. Thomas M. Reynolds, New York Republican and chairman of the National Republican Congressional Committee."

Also analyzing the consequences of the ruling, ABC World News Tonight (6/28, story 3, 2:00, Gibson, 8.78M) reported the court's decision that states can redraw district lines "whenever they want" has "huge implications for politics in this country." A similar story in NBC Nightly News (6/28, story 5, 1:15, Williams, 9.87M) reported, "This case now comes down to a big question -- will this mean congressional districts will be cut up and redrawn all over this country?" Tim Russert said, "There are 435 congressional districts. About 380 right now are either safe Democratic or safe Republican districts. If you're to have these kind of redistricting plans put in place on a regular basis, you could in fact make these permanent members of Congress, where there'd be no incentive to work across the aisle with the member of another party because you are only trying to protect your own ideological, partisan base."

USA Today (6/29, Biskupic, Kiely, 2.31M) reports, "The ruling opens the possibility of redistricting in other states after fall elections. One-party control of the governorship and legislature could allow for the move in at least five states: Maryland, New York and Michigan for Democrats; Pennsylvania and Indiana for Republicans." However, "the ruling's long-term impact is unclear, in part because partisan redistricting is limited in many states. Six low-population states have only one US House seat, so they aren't involved in redistricting. Eight others have districts drawn by independent commissions, rather than legislatures, and at least five more have various restrictions against redrawing districts between censuses." USA Today (6/29, Kiely, 2.31M) runs a second story on the same topic, headlined "Ruling May Incite Redistricting Battles."

The Los Angeles Times (6/29, Havemann, 958K) also says the ruling "could lead to redistricting attempts every time state legislatures changed hands between the 10-year censuses."

The AP (6/29, Holland) reports, "Justice Anthony M. Kennedy, writing for a 5-4 majority, said Hispanics do not have a chance to elect a candidate of their choosing in south and west Texas under the state's plan. … The plan's 'troubling blend of politics and race - and the resulting vote dilution of a group that was beginning to achieve (the federal law's) goal of overcoming prior electoral discrimination - cannot be sustained,' Kennedy wrote." The AP adds, "Some 100,000 Hispanics had been shifted out of a district represented by a Republican, and foes of the plan had argued it violated the Voting Rights Act which protects minority voting rights. … The court ruled 7-2 that state legislators may draw new congressional maps anytime - not just once a decade as Texas Democrats had claimed and has been traditional nationwide. That means any state's lawmakers can push through new maps anytime there is a power shift in the Legislature."

Knight Ridder distributes a Dallas Morning News article (6/29, Pusey, Gillman) that reports, "By handing Texas Republicans a major victory in their contentious congressional redistricting case, the U.S. Supreme Court may have lowered some of the last obstacles to bare-knuckled political fights in statehouses across the nation, though predictions of political chaos may be premature, experts said Wednesday." The News continues, "In a complex, multi-faceted decision the high court largely upheld a 2003 redistricting plan crafted by the Republican controlled Legislature, though justices invalidated a GOP-held South Texas district. … They also said redistricting can occur at anytime - on multiple occasions, if need be - between each decade's census. They suggested that politically motivated congressional boundaries are a part of the remap process."

The Legal Times (6/29, Mauro) reports, "By a cascading series of mix-and-match majorities, the Supreme Court on Wednesday upheld most of the controversial mid-decade Texas Republican redistricting plan spearheaded by former House Majority Leader Tom DeLay." The Times continues, "The ruling could encourage other states whose legislatures are dominated by one party to break from the long tradition of redistricting only after the census every decade." The Times adds, "Texas Democrats and other challengers were consoled by a partial victory Wednesday when the Court struck down Texas District 23, reshaped in 2003 into a narrow district running from the San Antonio area to the edge of El Paso in order to protect an incumbent Republican from a surging Latino population. That shift diluted minority voting power and amounted to a violation of

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Section 2 of the Voting Rights Act, the Court agreed. … 'Justice and fairness is always a goal worth pursuing, and the fact that the Court found the map violated the rights of Latino voters in South Texas shows the fight was worth it,' said J. Gerald Hebert, lawyer for the Texas congressional Democrats." The Times notes, "Despite the verbiage, the justices Wednesday appeared no closer than ever to deciding when a politically motivated redistricting plan crosses a constitutional line and violates either the equal protection clause or the First Amendment. … But whatever line might exist, a mid-decade reapportionment, no matter how politically motivated, does not appear to cross it, said Justice Anthony Kennedy, who wrote the main opinion and summarized it with difficulty before spectators at the Court."

Bonilla Says TX23 Was Drawn With Eye On Future, Not His Own Survival. The Wall Street Journal (6/29, Bravin, Cooper, 2.11M) reports that in an interview yesterday, Bonilla "said his district hadn't been drawn specifically for his benefit but rather to preserve Republican control into the future. 'The vision way back was not about me but looking past me,' he said. 'There was a concern long-term, that after I moved on, that they wanted to keep this seat in Republican hands.'" The New York Times (6/29, Blumenthal, Zernike, 1.19M) reports Bonilla, in a telephone interview, "denied his district had been redrawn for his protection and predicted he would beat opponents even if the lines were changed again. 'They can't win in the area I represent,' he said."

The Hill (6/29, Kaplan, O'Connor) reports that whether the ruling on the TX23 district "will boost Democrats' chances in Bonilla's district remains unclear, but his challenger, Democrat Rick Bonanos, sounded confident after receiving phone calls from top Democratic officials, including former Sen. Max Cleland (D-Ga.), pledging help." Bonilla "has more than $2 million in his campaign war chest; Bonanos said he has raised about $20,000."

Roll Call (6/29, Drucker) reports "attorney Nina Perales, southwest regional counsel for the Mexican American Legal Defense and Educational Fund and the lawyer who argued this portion of the case before the court in March, said she expects the approximately 120,000 Latinos moved out of Bonilla's district in 2003, and into Rep. Henry Cuellar's (D) 28th district, to be moved back into the 23rd. She also expects the district to lose some Anglo voters who live in its northern hill counties." Perales "speculated that this could put Bonilla in electoral jeopardy, as only 8 percent of Latino voters supported him at the polls in 2002, at that time a historic low for the Latino Republican Congressman."

More Commentary. The Wall Street Journal (6/29, 2.11M), in an editorial titled "DeLay's Revenge," says "the former House Majority Leader must take some consolation from yesterday's Supreme Court decision. … As for those of us who want fewer partisan gerrymanders, and thus more competitive elections, the battle now moves to the states themselves. Letting a nonpartisan commission draw the lines has worked well in Iowa, and reformers ought to throw their energy into that idea, rather than to the windmill-tilt of trying to purge money from politics."

The New York Times (6/29, 1.19M) titles its editorial "A Loss For Competitive Elections," and writes, "Instead of standing up for a fair electoral landscape, the court produced a ruling that did little to ensure the vibrancy of American democracy, and that itself had an unfortunate whiff of partisanship." The Times also saus, "In this post-Bush-vs.-Gore era, the court's critics will note that it again split on partisan lines, with the most conservative justices most approving of the Texas lines. That was also true in a 2004 case in which it upheld, by a 5-to-4 vote, a pro-Republican redistricting in Pennsylvania. But that same year the court, disturbingly, affirmed a lower court's ruling striking down a pro-Democratic redistricting in Georgia as unconstitutional. It is disappointing that it could not have come up with a decision yesterday that had a greater appearance of fairness."

William Hamilton, a syndicated columnist and a former executive director of the Nebraska Republican Party, writes in USA Today (6/29, 2.31M), "Americans who favor representative government should be pleased with the U.S. Supreme Court ruling on the Texas redistricting plan. Here's why: The districts were drawn by legislators elected by and answerable to the people."

Justin Levitt, associate counsel in the Democracy Program at New York University's Brennan Center for Justice, and Lisa Sandoval, a student at the Columbia law school, write in The Hill (6/29), "Yesterday the Supreme Court took another step in demoting itself from reluctant referee to irrelevant bystander in the battle by which district lines are drawn and politicians are elected. … Meaningful representative democracy requires more stability. If our representatives could change the rules at any time, politicians would choose their voters, rather than the other way around."

Abigail Thernstrom, Vice-chair of the US Commission on Civil Rights, writes in the Wall Street Journal (6/29, 2.11M), "DeLay may be down, but he's not out. Yes, he's out of Congress, but the Texas congressional districting plan for which he is given substantial political credit mostly lives on, thanks to yesterday's Supreme Court decision upholding it."

Senate Remains Barrier To Flag Desecration Amendment. The Christian Science Monitor (6/29, Chaddock, 61K) reports if "every current senator who voted for a flag amendment in the past had done so this week, a constitutional amendment authorizing the Congress to ban desecration of the flag would be on its way to the states for ratification." But Sens. Robert Byrd (D) of West Virginia and Kent Conrad (D) of North Dakota "did not, and the amendment went down, as it has the last three times the

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Senate has taken it up." But the one vote margin "wasn't as close as it looked, because Democrats were committed to finding the votes needed to fight the amendment. On the eve of the vote, Senate Democratic leader Harry Reid, who had voted for an amendment banning flag desecration in 1990, 1995, and 2000, said he would vote for it again, because he was sure 'it would not pass.' Thirteen other Democrats, mainly from states that sent their electoral votes to President Bush in the last election, joined him in supporting the bill." Republicans also "headed into battle without their best vote counter. Majority whip Mitch McConnell (R) of Kentucky opposed the amendment, along with GOP Sens. Robert Bennett of Utah and Lincoln Chafee of Rhode Island."

House Panel Rejects Resolution To Bar Challenges To Pledge Of Allegiance. CQ (6/28, Stern) reports that in a "surprise defeat for Republicans, the House Judiciary Committee deadlocked Wednesday on legislation that would bar most federal courts, including the Supreme Court, from hearing constitutional challenges to the Pledge of Allegiance." But the setback "could be temporary. Wednesday evening, the Judiciary Committee scheduled a new markup Thursday to vote again." The 15-15 tie vote "meant the court-stripping bill (HR 2389) was not reported favorably. Republican Bob Inglis of South Carolina joined 14 Democrats in voting against the measure." Seven other Republican committee members "did not vote, a sign that Chairman F. James Sensenbrenner Jr., R-Wis., did not anticipate such a close tally."

Supreme Court Rules Inmates Can Be Denied Newspapers. The Christian Science Monitor (6/29, Richey, 61K) reports, "Prison inmates do not enjoy a First Amendment right to receive newspapers and magazines in their cells when they are being punished in the highest security section of a prison. In an important decision restricting free speech protections behind bars, the US Supreme Court ruled on Wednesday that Pennsylvania state prison officials did not violate the constitutional rights of their most dangerous inmates by barring access to various news publications." The "key test," says Justice Breyer, is "whether the prison restrictions are reasonably related to legitimate penological interests. The high court said the prison restriction was aimed at creating an incentive for better prison behavior among problematic inmates, and thus satisfied the court's standard."

The AP (6/29, Locy) reports, "The decision reverses a ruling by the 3rd U.S. Circuit Court of Appeals but validates a dissent by the high court's newest member, Justice Samuel Alito, who sided with Pennsylvania when he served on the appellate court. Alito did not participate in the argument before the Supreme Court. … Breyer said that 'prison officials, relying on their professional judgment, reached an experience-based conclusion that the policies help to further legitimate prison objectives.' … The high court's ruling could have affected prison operations nationwide if justices had required state officials to prove that their policies serve legitimate security and rehabilitative interests. … The Bush administration sided with Pennsylvania, saying the state's policy deserves deference from the courts because it involves maintaining order in prisons."

House Affirms Right To Non-English Ballots. The AP (6/29, Taylor) reports, "The House agreed Wednesday to affirm the right of voters in areas with large populations of non-English-speaking citizens to cast ballots in their native language." The AP continues, "The 254-167 roll call in support of bilingual balloting came just a week after GOP divisions over the issue contributed to the postponement of a House vote to renew the landmark 1965 Voting Rights Act. … 'If you have the good fortune to be able to vote in the United States, then it is not too much to ask that this be accomplished in English,' said Rep. Cliff Stearns, R-Fla. 'I don't think the United States government should be forced to pay for (bilingual) assistance.'" The AP adds, "The bilingual balloting vote came on an amendment by Stearns as the House debated a $59.8 billion measure funding the annual budgets of the departments of Justice, Commerce and State. .. About 500 political subdivisions in 31 states must offer bilingual assistance. Of those states, five — Alaska, Arizona, California, New Mexico and Texas — must provide the assistance statewide. … The issue has become embroiled with a passionate election-year debate to overhaul immigration laws. Conservative Republicans have pushed to make English the official national language. … Supporters of non-English ballots reminded colleagues that only U.S. citizens are able to vote and that even those whose native language is English have difficulty with complex ballot initiatives, much less those who learned the language after coming to this country."

Majority Of Biggest US Companies Offer Gay Partner Benefits. USA Today (6/29, Armour, 2.31M) reports, "A majority of the nation's largest companies now provide health insurance for domestic partners of employees — a historic shift from the 1980s, when benefits for same-sex partners were rare." Data 'on the rise in domestic-partner benefits will be released today by the Washington-based Human Rights Campaign Foundation, the education and outreach arm of HRC, a gay-rights organization." Today, "253 companies from the Fortune 500 provide equal benefits to same-sex couples, according to the report, and 86% have policies that ban discrimination based on employees' sexual orientation."

US Transgender Community Finding More Acceptance. The AP (6/29, Leff) reports, "A clash

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between police and patrons of an all-night diner in San Francisco 40 years ago was once a forgotten footnote in history. For members of the transgender community, though, it was the start of their slow march toward widespread acceptance." The AP continues, "Sparked by the riot, San Francisco activists started their own civil rights movement - three years before the more famous clashes at New York City's Stonewall Inn. … A dedication this month of a granite anniversary marker at the site of the Compton's Cafeteria riot drew a pair of city supervisors, the district attorney and the police chief. The California Assembly and Mayor Gavin Newsom sent proclamations. … 'Transgender' is an umbrella term that came into common usage a decade ago and covers cross-dressers, transsexuals and others whose outward appearance doesn't match their gender at birth. … While not every city is ready to celebrate their contributions, San Francisco - which in 2001 extended its health insurance to cover sex reassignment surgeries for municipal employees - is no longer alone. Across the United States, one of the nation's most maligned minority groups is quickly winning rights and recognition it began to demand only recently. … In the last two years, New Mexico, Illinois and California have updated their anti-discrimination laws to protect transgender home buyers and renters; colleges in Vermont and Iowa have dedicated "gender neutral" dorm rooms; and corporations have adopted policies for helping employees stay on the job during sex changes."

ANTITRUST:

Biomet CEO Does Not Know Specifics Of DOJ Probe. MarketWatch (6/29, Kamp) reports, "Biomet Inc. doesn't know much about a U.S. Department of Justice probe of the orthopedics sector other than a subpoena it recently received signals an investigation into price and bidding, Biomet's interim chief executive said Wednesday." MarketWatch continues, "Four orthopedics companies - Biomet, Zimmer Holdings Inc., Stryker Corp. and Johnson & Johnson unit DePuy Inc. - have confirmed they've received subpoenas from the Justice Department's antitrust division. The subpoenas are for several years' worth of documents regarding possible federal criminal and antirust-law violations. … 'The subpoena we received is a very broad subpoena,' said Daniel P. Hann, Biomet's interim president and chief executive, speaking during a conference call with financial analysts following the company's fiscal fourth-quarter earnings release. … 'Frankly, we do not know specifically what the investigation is about,' Hann said. 'The subpoena does not signal anything other than an investigation into price and bidding in our industry.' … Hann added that these investigations typically take place 'over a long period of time,' but said he has no insight into the investigation's timing." MarketWatch adds, "He said the company doesn't know whether the investigation might be linked to a prior Justice Department probe of consulting or professional-service agreements between companies and orthopedic surgeons. That issue became public when subpoenas were disclosed in early 2005. … A Justice Department spokeswoman said Friday the agency 'is conducting an antitrust investigation into the possibility of anticompetitive practices in the implant-device industry,' and didn't offer further comment."

CFTC Charges BP Unit With Propane Price Manipulation. The AP (6/29) reports, "Federal investigators said Wednesday that BP energy traders cornered the U.S. propane market in the winter of 2004 and illegally manipulated prices, driving up heating and cooking costs for rural consumers." The AP continues, "The charges come at a time when oil and gas companies are under intense scrutiny from consumers and Congress over soaring energy prices and record profits, and analysts said the entire industry's credibility could be damaged. While BP denied any wrongdoing, a former employee admitted taking part in a conspiracy and agreed to cooperate with criminal prosecutors. … The Commodity Futures Trading Commission said that BP traders -- with the consent of senior management – 'purchased enormous quantities of propane to establish a dominant' position in the market and then withheld fuel from the market in order to drive prices higher."

Bloomberg (6/29) reports, "The commission filed suit today in federal court alleging BP Products North America, a subsidiary of London-based BP, manipulated the market for the heating fuel in February 2004 after trying the same tactic in April 2003. Former BP trader Dennis Abbott pleaded guilty to conspiracy in a separate court filing today by the Justice Department. … 'Cornering a commodity market is more than a threat to market integrity,' Gregory Mocek, director of enforcement for the commission, said in a statement. 'It is an illegal activity that could have repercussions for commercial market participants as well as retail consumers around this country.'" Bloomberg notes, "BP is one of several large oil companies facing increasing scrutiny from the government as energy prices surged. The company has also run afoul of U.S. regulators in the past year over operations at its refineries. … By purchasing 'enormous quantities' of propane, BP caused the price to increase to more than 90 cents a gallon on Feb. 27, 2004, 'a price that would not otherwise have been reached under the normal pressures of supply and demand,' the commission said in a statement. The company at one point owned over 88 percent of all 'TET' propane, fuel that can be delivered anywhere on the Texas Eastern pipeline system. … The strategy was done 'with the knowledge, advice and consent of senior management,' the

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commission said. BP also tried the strategy in April 2003, as a 'trial run,' according to the market regulator."

The Financial Times (6/29, Grant) called the allegations "serious" and noted the lawsuit "against BP is likely to be one of the biggest cases of alleged energy price manipulation in the US." The dispute is "likely to provoke a political storm as US politicians, already sensitive to high petrol prices, are alert to signs that recent volatility in energy markets could be the result of price manipulation by energy companies."

The Wall Street Journal (6/29, Wilke, Cummins) adds, "The alleged conspiracy is the latest in a series of stumbles by the London-based company's U.S. operations. BP has paid millions of dollars in federal fines over the past few years in connection with a fatal 2005 refinery fire and other alleged safety and regulatory lapses, and remains under investigation by several federal agencies."

But USA Today (6/29, Smith) reports, "BP denied the allegations even as one of its former traders pleaded guilty to a criminal conspiracy charge and agreed to cooperate with investigators." BP Products North America spokesman Ronnie Chappell said, "Market manipulation did not occur, and we are prepared to prove that case in the courts." USA Today notes, "About 7 million U.S. households in rural parts of the country depend on propane as their primary heating fuel. BP…is the largest supplier of natural gas liquids in North America."

Trader Pleads Guilty To Conspiracy. The New York Times (6/29, Mouawad) reports, "Also, the Justice Department said yesterday that one trader named in the lawsuit pleaded guilty to a conspiracy charge in a parallel criminal case. The plea is part of a continuing investigation by the F.B.I. … A former BP trader, Dennis N. Abbott, 34, pleaded guilty to conspiring to manipulate the propane market, the Justice Department said. He faces up to five years in prison and a fine of $250,000, according to Bryan Sierra, a Justice Department spokesman."

Dow Jones (6/29) reports, "According to the Justice Department, Abbott said he 'understood that the scheme was approved by senior executives at BP, and that steps were taken to avoid detection by market participants and others.'"

AFP (6/29) reports, "Abbott, 34, entered his plea to a conspiracy charge in US District Court in Washington before Judge James Robertson. Under the terms of a plea agreement, Abbott faces up to five years in prison, a fine of 250,000 dollars, and supervised release following any incarceration. … Abbott agreed to cooperate with law enforcement officials in an ongoing investigation, officials said."

Google Launches Online Payment System. The New York Times (6/29, Hansell) reports, "In its quest to 'organize the world's information,' Google now wants to keep track of your credit card number and where you live." The Times continues, "The company is introducing Google Checkout today, a service that will allow users to make purchases from online stores using payment and shipping information they keep on file with Google. … Google's aim, said Eric E. Schmidt, the chief executive, is to make it easier and faster for people to buy products advertised on Google — thus attracting more advertisers. … 'The goal here is to make it be one nanosecond from the time the customer decides to buy to the time the transaction is complete and the product is on the way,' Mr. Schmidt said." The Times adds, "For consumers, this sort of service, often referred to as an online wallet, is hardly new. Microsoft, AOL and Yahoo have offered similar wallets, which proved to have limited appeal. While the PayPal service of eBay has attracted widespread use, it offers additional features like the ability to transfer money from checking accounts. … But for merchants, the service comes with a twist: Google will waive some or all of the transaction fees for companies that buy advertising from it. That may give the service a leg up on competitors like PayPal and several smaller companies that help online merchants accept credit cards. … It will also add another entry to the list of businesses that have been shaken up by Google's innovations, a list that already includes publishing, advertising and desktop software."

EMI, Warner Music Continue Contentious Merger Discussions. USA Today (6/29, Lieberman) reports, "EMI Group and Warner Music Group stepped on each other's feet in their long-running merger dance as each disclosed in dueling press releases Wednesday that it offered to buy the other this week - to no avail." USA continues, "On Tuesday night, Warner rejected a $4.7 billion cash offer from EMI. But in a move that took some analysts by surprise, Warner turned around and bid $4.6 billion in cash for its British rival. … EMI says its board 'unanimously rejected' Warner's offer because the price doesn't account for 'EMI's prospects, the potential synergy benefits of a combination of the two companies and the range of strategic options available to EMI.' … It added that it still believes its proposal to pay $31 a share for Warner 'would be very attractive to both sets of shareholders.' … In response, Warner said it rejected EMI's offer partly because it required Warner first to sell its Warner/Chappell Music publishing unit, which would 'increase execution risk.' Warner said it still believes its offer would be 'value-enhancing to EMI shareholders.'"

The New York Times (6/29, Leeds) reports, "Representatives from both sides are expected to continue negotiating, but the latest moves indicate that the talks are growing contentious, particularly regarding the question of who would manage the combined company." The Times continues, "At the same time, analysts said the rival bids ultimately could push the price of any deal so high that the

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combined company would be laden with debt or forced to cut executives and reduce the number of artists more than anticipated. … Wall Street analysts who track the companies estimate the combined entity could generate $200 million to $300 million in additional cash flow by laying off employees and reducing the number of artists, among other cuts. But some executives involved in the talks indicated the figure could be closer to $400 million."

The AP (6/29, Barr) reports, "A combination of EMI and New York-based Warner Music would control about 25 percent of the recorded music market, surpassing BMG in the rankings and moving into second place behind Universal, according to the International Federation of the Phonographic Industry. … It would bring together artists on EMI such as Coldplay, Norah Jones, Paul McCartney and the Rolling Stones with Warner's roster that includes Sean 'P. Diddy' Combs and his Bad Boy label, Madonna and Paul Simon."

The Wall Street Journal (6/29, Smith) reports, "Neither company disputes that there are solid strategic reasons they should combine. They are each roughly half the size of the No. 1 and No. 2 music companies, Vivendi Universal SA's Universal Music Group and Sony BMG Music Entertainment, a joint venture of Tokyo-based Sony Corp. and Germany's Bertelsmann AG. And they could save hundreds of millions of dollars by combining back-end and international operations. … But neither company has expressed any interest in the kind of 50-50 merger that created Sony BMG. On the other hand, neither EMI nor Warner has been willing to cede control to the other."

The Financial Times (6/29, Van Duyn, Politi, Terazono) also reports on the negotiations.

Judge Grants Real Estate Antitrust Suits Class-Action Status. Inman News (6/29, Roberts) reports, "A judge for a U.S. District Court in Idaho has granted class-action status to four separate antitrust lawsuits, which allege that four real estate brokerage companies engaged in illegal commission practices." Inman continues, "The four class-action lawsuits were each filed against individual real estate companies -- including Aspen Realty, Holland Realty, Sel-Equity Co. and Park Pointe Realty (doing business as John L. Scott Real Estate) -- and will proceed as separate cases." Inman adds, "The real estate companies allegedly charged a commission for their services that was based on the purchase price of undeveloped land and the actual or estimated price of homes to be built on those undeveloped lots, rather than based solely on the price of the undeveloped lots, according to the lawsuits. … This practice, the lawsuits charge, constitutes a tying arrangement that violates the Sherman Antitrust Act."

Senate Panel Passes Telecom Bill. USA Today (6/29, Davidson, 2.31M) reports, "The Senate Commerce Committee on Wednesday approved sweeping telecommunications reform that would allow phone companies to more easily offer pay TV services, giving consumers a new alternative to cable." But "the measure could face an uphill fight in the Senate after Republicans defeated an amendment to limit the ability of phone and cable giants to charge websites fees for faster services." By a 15-7 vote, the panel "approved a bill that, among other things, would force communities to negotiate a franchise with video providers within 90 days. The process can take much longer now."

The Wall Street Journal (6/29, Schatz, 2.11M) reports the Senate committee "spent roughly two hours arguing about 'net neutrality' before a proposal aimed at setting new protections on Internet access and pricing failed on an 11-11 vote. Without that amendment, however, the committee passed the telecom bill." The Journal adds, "While the action was a loss for those who support net neutrality, it could result in an even bigger defeat for phone companies, which want to see Congress pass legislation opening the way for them to more quickly offer pay-television services in competition with cable companies." The Washington Post (6/29, Hart, Goo, 744K) runs a similar report.

Web Video Sites Face Test In Veoh Copyright Suit. The Wall Street Journal (6/29, Delaney) reports, "Adult entertainment company Io Group Inc. last Friday filed a lawsuit against Veoh Networks Inc., an online video-sharing service, in a potential important legal test of Web video companies' liability for copyright infringement claims." The Journal continues, "The complaint, filed in U.S. District Court for California's Northern District, alleges that Veoh, San Diego, was responsible for copyright infringement by allowing videos owned by Io Group to be accessed through Veoh's online service without permission. In the complaint, Io Group, a San Francisco company doing business by the name Titan Media, alleges that consumers viewed its copyrighted works over 40,000 times through Veoh's site between June 1 and June 22." The Journal adds, "The suit has potentially broad ramifications for the exploding consumption of videos online and the companies, including YouTube Inc., Google Inc., Yahoo Inc., that allow consumers to post videos for others to see on the Web. Some of those companies perform varying degrees of automated and human review of the videos consumers submit to their sites. … But some, including YouTube, the most-visited Web video site in the U.S., don't review videos before making them available on their sites and rely on content owners and users to alert them to videos that are uploaded without the copyright holders' permission. The practice of removing videos after formal notification by their owners follows an industry-standard procedure outlined in the Digital Millennium Copyright Act of 1998."

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Murdoch Mulls Joining Macquarie Bid For PCCW Assets. The Wall Street Journal (6/29, Linebaugh) reports, "A unit of Rupert Murdoch's News Corp. has had discussions about joining Macquarie Bank Ltd.'s bid for the core assets of PCCW Ltd., potentially injecting a media heavyweight with a long history in China into the contentious acquisition battle." The Journal continues, "Star Group, a wholly owned subsidiary of News Corp., has "had some talks with Macquarie" about participating in its bid for the telecommunications and media assets of Hong Kong's dominant phone company, according to a spokeswoman for Star Group, who declined to comment further. The Macquarie bid is worth more than $7 billion, people familiar with the matter have said." The Journal adds, "In an interview today with a News Corp.-owned newspaper, the Australian, Mr. Murdoch confirmed the company had held talks with Macquarie but expressed skepticism about the prospects of Macquarie's bid. A person close to the situation said if News Corp. decides to join the bid, it would take a stake "in the low single digits" in percentage terms. That suggests News Corp.'s contribution could be as little as $100 million."

EU Signals Tough Line On Antitrust Enforcement. The Financial Times (6/29, Buck) reports, "Companies under investigation for anti-competitive behaviour could be fined 30 per cent of their annual turnover under European Union guidelines announced yesterday by Neelie Kroes, competition commissioner." The Times continues, "The new guidelines will apply to all investigations in which the Commission has not yet issued formal charges against a company. This includes the energy companies raided in May - RWE, Eon, Gaz de France and Eni, among others - and the air cargo groups raided in February - British Airways, Lufthansa, Air France-KLM and Cargolux." The Times adds, "Under the Commission's new guidelines, the pain for companies caught by the Brussels trust-buster is set to increase dramatically. As the FT reported yesterday, repeat offenders will be punished particularly severely, as will big companies with a large share of the market in which the abuse took place. … Ms Kroes said the message was clear: 'Don't break the antitrust rules. If you do, stop it as quickly as possible. And once you've stopped, don't do it again. If companies do not pay attention to these signals, they will pay a very high price.'"

The AP (6/29) reports, "These new fine limits will apply to every company charged with antitrust abuse after the new guidelines are published in the next two months. … The commission raised the threshold for maximum fines to 30 percent of a company's annual sales for every year it broke EU law -- up from the current limit of 10 percent of total annual turnover." The AP adds, "EU regulators said part of the fine -- an 'entry fee' may also be charged, no matter how long the company violated EU rules. This fee would be based on 15 percent to 25 percent of yearly sales during the entire time span of the illegal behavior. It will apply to cartels and to other types of antitrust abuse, they said."

Big Media Disregards FCC Ownership Rules. The Washington Post (6/29, Ahrens) reports, "When the government's attempt to relax media ownership rules was defeated in court two years ago, some hailed it as a victory against putting too much power in the hands of too few media lords. … Now, the government is taking up the issue again, but the media landscape is radically different." The Post continues, "Since 2003, the media giants have greatly expanded their presence on the Internet, buying successful Web sites or redoubling their own efforts. The continued rollout of high-speed Internet, the improvement in online content and an explosion of handheld devices have combined to give Big Media much greater reach and potentially greater influence than it would have had, were companies allowed to buy a few more television stations each. … Last week, the Federal Communications Commission voted to re-tackle the sticky issue of media ownership. This time, the agency plans to loosen some rules, allowing big media companies to expand. For instance, a newspaper will -- for the first time since 1975 -- probably be allowed to buy the most popular television station in the same city. .. But the times, technology and media marketplace have changed so much since the FCC began its ownership review last time, in 2002, that some of the same media giants that lobbied for changes before -- such as Tribune Co. -- may take little advantage of changes this time. … In 2002, the media giants had already been burned by the Internet. The newly merged AOL Time Warner Inc. took a $10 billion write-down, thanks to bad deals and falling revenue at America Online. Walt Disney Co. lost millions on its Go.com Internet portal."

India Launches Battle Over Yoga Copyright. USA Today (6/29, Fetterman) reports, "India seems to be willing to go to the mat over yoga. … That's because Bikram Choudhury, the self-proclaimed Hollywood 'yoga teacher to the stars,' incensed his native country by getting a U.S. copyright on his style of yoga four years ago." USA continues, "In response, India has put 100 historians and scientists to work cataloging 1,500 yoga poses recorded in ancient texts written in Sanskrit, Urdu and Persian. India will use the catalogue to try to block anyone from cornering the market on the 5,000-year-old discipline of stretching, breathing and meditating." USA adds, "Bikram, who goes by one name like Bono and Beyoncé, says he sought legal protection for his yoga because 'it's the American way.' … 'You cannot drive the car if you do not have a driver's license,' he explains. 'You cannot do brain surgery if you are not a brain surgeon. You

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cannot even do a massage if you don't have a license.' And, he says, you shouldn't be able to teach his Bikram Yoga unless you pay him for a license." USA notes, "India's counterattack goes way beyond Bikram. … The government wants to thwart anyone who tries to profit from the nation's so-called 'traditional knowledge,' from yoga to 150,000 ancient medical remedies. India already has successfully challenged one U.S. patent granted to two Indian-born Americans who used the spice turmeric in a wound-healing product. That patent was revoked by the U.S. Patent and Trademark Office."

ENVIRONMENT/INDIAN AFFAIRS:

Sago Mine Explosion Survivor Says Miners Expected Rescue. The AP (6/29, Smith) reports, "As they sat behind a curtain that held back thick smoke but not deadly carbon monoxide, the doomed crew of the Sago Mine talked about the rescue they thought was coming, the sole survivor says." The AP continues, "In a transcript of a June 19 interview with state and federal investigators, Randal McCloy Jr. said he believed a seismographic machine somewhere above them was waiting for a signal from the miners. But they banged on roof bolts in vain: Officials have said such a device was not brought to mine because it wasn't needed. … McCloy also added detail to his contention that some of the miners' air packs didn't work, something officials who have tested the devices dispute. McCloy said he tried all four of the devices that had failed to work, including one that appeared to have a broken valve." The AP adds, "Twelve men died in the Sago mine: one in the Jan. 2 blast and the rest hours later of carbon monoxide poisoning. McCloy survived more than 40 hours in poisoned air _ a feat doctors have never been able to fully explain. … State mine safety officials released the 96-page transcript of McCloy's two-hour testimony on Wednesday. The Associated Press had requested a copy under the Freedom of Information Act."

The Pittsburgh Post-Gazette (6/29, Roddy, Lash) reports that the miners "began walking out of the mine but turned back after four of them declared that their emergency breathing devices did not work, according to the lone survivor of the disaster. … One miner, Terry Helms, apparently died outright when a methane explosion tore through a wall intended to seal off an abandoned section of the mine. Eleven others slowly died of carbon monoxide poisoning behind a makeshift barricade they hoped would keep out bad air while they awaited rescue." The Post-Gazette adds, "The only miner to survive, Randal McCloy Jr., was interviewed June 19 in Morgantown, W.Va., by a joint state-federal panel investigating the disaster. Mr. McCloy, 27, spent nearly three months in hospitals recovering from exposure to deadly carbon monoxide gas that left him in a coma and caused multiple organ and brain injuries. .. . West Virginia's Office of Miners' Health, Safety and Training released his testimony yesterday. … A state report on the Sago disaster is expected to be released July 19." The Post-Gazette notes, "In his testimony, Mr. McCloy elaborated on details -- including problems with other miners' breathing devices -- that he'd included in a letter sent to families of the dead miners earlier this year. Investigators questioned him repeatedly about the devices and also about his training in their use."

Sierra Club Sues Pentagon For Delaying Wind Farm Construction. The New York Times/AP (6/29) reports the Sierra Club "sued the Defense Department, saying the department has halted construction of wind farms across the country by failing to complete a study on whether they interfere with military radar." The suit "asserted that Defense Secretary Donald H. Rumsfeld and the Pentagon missed a deadline for completing the study, which was ordered by Congress and must be completed before the Federal Aviation Administration can issue safety permits for the projects."

Navy Sued Over Sonar Use. The AP (6/29, McAvoy) reports, "Environmental groups sued the federal government Wednesday to prevent the Navy from using active sonar during drills off Hawaii next month, saying the sound could harm whales and other marine mammals." The AP continues, "The Natural Resources Defense Council asked a federal court in Los Angeles to issue a temporary restraining order unless the Navy takes 'effective measures' to protect marine life when it uses high-intensity, mid-frequency active sonar to hunt submarines in the drills. … 'The military can train but it has to do so consistent with the law and the law requires protection of the marine environment,' said Joel Reynolds, senior attorney for the council." The AP adds, "Navy lawyers haven't seen the lawsuit and couldn't comment. The National Oceanic and Atmospheric Administration declined to comment, but said the agency was confident the Navy would protect dolphins and whales. … NOAA on Tuesday granted the Navy a permit to use sonar during war games involving more than 40 ships in Hawaii waters. The exercises are scheduled to start next week and last through late July. … The permit comes after NOAA said in April that Navy use of sonar during maritime exercises off Hawaii in 2004 may have contributed to the mass stranding of more than 150 whales. The report, however, did not say definitively that the sonar caused the whales to gather in the bay."

California Ports Unite To Fight Air Pollution. USA Today (6/29, Kasindorf) reports, "The neighboring seaports of Los Angeles and Long Beach announced Wednesday a proposal to crack down on the diesel-powered ships, trucks and trains that are polluting the air over the

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USA's trade gateway to Asia." USA continues, "Under the proposed five-year cleanup plan, the twin ports would offer $200 million to owners of 16,000 trucks to replace old rigs with cleaner new ones. Ships would have to burn cleaner fuel, cut speed within 40 miles of the harbor and plug into dockside electrical outlets that are being built. Railroads would be required to use cleaner locomotives." USA adds, "The city-owned ports, 20 miles south of downtown Los Angeles, are the nation's largest. Together they handle 40% of U.S. cargo-container imports and account for 600,000 local jobs. They're also a health hazard as Southern California's "largest fixed source of air pollution," the South Coast Air Quality Management District says. … Vessels and vehicles idling at docks spew more smog-forming nitrogen oxides and cancer-causing diesel particulates than the metropolitan area's 6 million cars, the district says. Residents of nearby neighborhoods have high rates of respiratory illness and the region's highest cancer risk, according to the California Air Resources Board. … The cleanup plan aims to reduce diesel particulates nearly 50% and nitrogen oxides 30% by 2011. Arley Baker, spokesman for the Port of Los Angeles, says the regulations could be a pattern for other ports. Houston and Shanghai also are grappling with air pollution problems, says Geraldine Knatz, the Los Angeles port's executive director."

FBI/DEA/ATF/USMS:

US Arrests 150 On Drug Charges In Virginia. The Richmond Times-Dispatch (6/29) reports, "The U.S Justice Department announced yesterday the arrests of more than 150 people on charges stemming from a methamphetamine and cocaine distribution ring in Carroll and Grayson counties." The Times-Dispatch continues, "The arrests are the result of a more than two-year investigation by federal, state and local law-enforcement agencies of a loose-knit organization that spanned several states. Members of the group imported and resold methamphetamine and cocaine from Mexico, the department said." The Times-Dispatch adds, "Through the investigation, authorities seized more than 50 pounds of methamphetamine, worth more than $2.2 million; about 4 kilograms of cocaine, worth about $89,600; more than 10 pounds of marijuana, worth $20,000; and 200 firearms. … About 100 people are facing state charges and 50 are facing federal charges, including Martin Sandoval Garcia, 43, of Mexico. He is charged with conspiracy to distribute more than 500 grams of methamphetamine to more than 20 other dealers."

FBI, NYPD Arrest 14 In Crack Ring Bust. Newsday (6/29, DeStefano) reports, "FBI agents and city police arrested 14 people yesterday on charges they were part of a crack ring that operated in the area around the Langston Hughes Houses in Bushwick," including "Cameron Spencer Jr. and Jamar Curtis, had prior state robbery convictions officials." Newsday notes, "The suspects, who include men and women, were accused of conspiracy to distribute crack between October 2004 and November 2005. Six of the suspects were also accused of possessing firearms to aid in the drug trafficking, according to the charges filed in federal court. … Investigators said the conspiracy moved about a pound of crack a month."

Michigan Man Charged Following Fentanyl-Related Death. The Detroit News (6/28) reports a disabled veteran "was charged Tuesday with distributing fentanyl and causing death in a case the U.S. Attorney's Office says is unrelated to the recent spike in deaths involving a mixture of the painkiller with heroin. William Lee Sparks…faces a 20-year minimum sentence and up to life in prison if convicted on the fentanyl charge. … Sparks also is charged with providing the same user with other painkillers -- codeine, Vicodin and hydrocodone, between January 2003 and September 2005."

The Detroit Free Press (6/28, Ashenfelter, Schaefer) reports, "In an indictment unsealed Tuesday, William L. Sparks, was charged with distributing fentanyl to a man identified only as J.L.C., who died Sept. 12, 2005. Authorities said he apparently consumed gel from a skin patch containing the drug."

The Flint (MI) Journal (6/29) writes, "Federal investigators allege Sparks distributed fentanyl in September to a naval enlistee who overdosed on the drug Sept. 12."

Three Arrested In Minnesota. On its Web site, KARE-TV, Minneapolis-St. Paul (6/29) writes, "Drug enforcement authorities say fentanyl mixed with heroin has killed hundreds of people in Chicago and Detroit and now the drug combination has made its way to Minnesota. Three men have been arrested in connection to the drug's appearance on Minnesota streets. Kevin Fenner, Eric Davis and Eric Hargrove are all accused of bringing the incredibly dangerous new drug to the streets of Saint Paul. All three were in court Wednesday afternoon."

Fentanyl Found In Detroit Home. On its Web site, WDIV-TV, Detroit (6/28) reports police "have confirmed the drugs found in one Detroit home are tainted. Wayne County sheriff's officials confirmed that 40 grams of the white powder that was found in the home of Darren Reese is 100 percent fentanyl, with no other drug mixed in, according to the Wayne County Sheriff's Department. Another twist in the fentanyl bust is that one of the victims of the deadly drug combination was a former Wayne County Sheriff's deputy, according to police."

Rep. Davis Seeks Funds To Combat Drug-Related Deaths. The Oak Park, Illinois Austin Weekly (6/29) reports

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Rep. Danny Davis (D-7th) "is calling on the state, local and federal governments to provide financial assistance to fight the recent rash of drug-related deaths connected to tainted heroin sold on the streets. At a press conference Monday, Davis, along with city and state health officials, called for a 'more aggressive program' for treatment on demand. Davis said the recent number of deaths in Cook County associated with heroin laced with fentanyl…is cause for concern and increased awareness."

Fentanyl Seen As A Mystery. The Christian Science Monitor (6/29, Paulson) writes, "Demand for the potent heroin-fentanyl mixture is just one factor complicating officials' efforts to contain, if not eliminate, a street drug that is raising alarms in cities in the upper Midwest and the Northeast. … Also impeding efforts to crack down on the drug is the fact that it remains something of a mystery. Officials acknowledge they have much to learn, including where the fentanyl is made. They also are concerned because, as a synthetic drug made in sophisticated labs, fentanyl may point to a new territorial opening in the war on illegal drugs."

House Backs Federal Prosecution Of Marijuana Users. The AP(6/29) reports the House yesterday "voted to continue to allow federal prosecution of those who smoke marijuana for medical purposes in states with laws that permit it."

In Alabama, Officers Accused Of Shooting Man At Wrong Address During Drug Bust. The Decatur (AL) Daily (6/28) reports officers serving a search warrant were apparently at the wrong home. "The multi-jurisdictional drug bust targeted an alleged Decatur drug trafficker's organization. According to family members, officers shot Kenneth Jamar, a man in his 50s who suffers from gout. U.S. Attorney Alice Martin said the task force did not have an arrest warrant for Jamar, but were searching for 28-year-old Jerome Wallace, who was wanted on federal drug conspiracy charges. Jamar is Wallace's uncle." The Daily goes on to cite the DEA's involvement in the case along with other agencies.

Accused Head Of Drug-Trafficking Organization Arrested. In a separate story, the Decatur (AL) Daily (6/28) reports, "Federal and local authorities say they have dismantled a Decatur man's drug-trafficking organization, which supplied dealers in North Alabama and adjoining states. Twenty-seven of the 29 suspects in the operation are illegal aliens, authorities said. The operation allegedly brought drugs into the U.S. from Mexico." U.S. Attorney Alice Martin "said Oscar Xicotencah Salomon, 34, also known as Javier Hernandez, Jose Delores and 'Lo Lo,' was allegedly the head of the organization that distributed cocaine, methamphetamine/ICE and marijuana."

Alabama's Hunstville Times (6/28) has posted on its Web site the names of 15 people arrested on drug conspiracy charges and writes that the arrests came after a two-year investigation that involved the DEA.

Indiana Man Is Sentenced In Drug Conspiracy Case. Terre Haute's Tribune-Star (6/28) reports a Terre Haute man "has been sentenced by a federal court to more than 24 years in prison for conspiracy to distribute cocaine base. Willie L. Hardiman, 40, was sentenced Monday to 292 months in prison. … His arrest last December came after a month-long investigation by the Drug Enforcement Administration" and others.

Plan Colombia Said To Have Saved Colombia. In the Pittsburgh Tribune-Review (6/29), columnist Robert Novak writes, "There are no illusions…about how much Colombians owe to the U.S. government and its Plan Colombia to battle narco-terrorism. 'Plan Colombia saved Colombia,' one anti-terrorist military specialist told me, and I could find nobody here who disagreed. The U.S.-Colombian relationship bears little resemblance to what it was when I visited here 10 years ago. … The Colombian National Police and the U.S. Drug Enforcement Administration last week collaborated in a drug bust that was unthinkable a decade ago."

Tandy: DEA Efforts Have Increased Drug Seizures In Afghanistan. The Washington Post (6/29, Kessler, White) reports Condoleezza Rice "lavishly praised embattled Afghan President Hamid Karzai on Wednesday, arguing that his leadership shows how far Afghanistan has come since the fall of the Taliban 4 1/2 years ago. … In Washington on Wednesday, Lt. Gen. Karl W. Eikenberry, who commands coalition forces in Afghanistan, told the House Armed Services Committee that there had been significant progress in the country in recent months but that "enormous obstacles" remain. … Karen P. Tandy…told the committee that opium-related trade in Afghanistan has nearly quadrupled since the U.S.-led invasion in 2001, to an estimated 4,475 metric tons a year, or 92 percent of the illicit global opium supply. Tandy said one sign of progress, however, is that DEA efforts have led to a 700 percent increase in drug seizures in Afghanistan."

The Washington Times (6/29, Seper) reports, "The head of the U.S. Drug Enforcement Administration yesterday told a House committee that Afghanistan's stability 'rises and falls with the drug trade,' and its production of 92 percent of the world's heroin supply has driven ongoing violence and lawlessness. But DEA Administrator Karen P. Tandy said her agency is making 'great progress' in targeting the drug warlords and the Afghan criminal organizations who control the heroin supply."

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UPI (6/28) writes, "Heroin smuggling from Afghanistan to Russia has increased from 10 to 25 percent of Afghanistan's illegal output, according to the Drug Enforcement Agency. Tajikistan is the primary trans-shipment country for opiates destined for Russia, according to Karen Tandy, DEA administrator, who testified to the House Armed Services Committee Wednesday. About half the heroin that moves through Tajikistan is consumed in Russia, she said. The rest moves through Russia to Europe."

According to the AP (6/29), "The head of the Drug Enforcement Administration sees the fight against Afghanistan's poppy crop lasting another 20 to 30 years. Karen Tandy told a House committee that while progress is being made, eradicating that crop is a long-term effort."

London Think-Tank Says US Poppy Eradication Policies Failing In Afghanistan. The Canadian Press (6/28) writes, "Canadian troops and Afghan civilians are paying with their lives because of failing U.S. policies that focus on elimination of the opium poppy crop, says a report by a policy think-tank. The poppy eradication campaign has driven rural farmers into such extreme poverty they are shifting their support to the Taliban because the international community and the Afghan government are not doing enough to meet their basic needs, says the report by the London-based Senlis Council."

The CanWest News Service (6/28) reports, "The commander of Canadian combat troops in Afghanistan reacted angrily to a scathing report published today by a European think-tank that says Canada's military mission in South Asia is an impossible task that is doomed to failure. … 'It is completely off, this report, from what I've read,' said Lt.-Col. Ian Hope, commander of the Princess Patricia's Canadian Light Infantry battle group. 'It tries to place the blame for the insurgency on those who are here trying to help the Afghans instead of insurgents.'"

The UK's Independent (6/29) writes, "The UK mission in Afghanistan is in danger of failing because of 'misguided' support for American military and drug-eradication policies, an international think-tank has claimed."

Canada's CTV (6/29) also cited the report's criticisms.

Two Sentenced For Gun Thefts From Virginia Warehouse. The Richmond Times-Dispatch (6/29) reports, "U.S. District Judge Richard L. Williams took it easy yesterday on two repentant men who participated in stealing and selling handguns from a state warehouse." The Times-Dispatch continues, "Williams sentenced Antre R. Worthington, 23, to 15 months in federal prison. He gave Larry M. Logan Jr., 25, a year and one day to serve. … Both defendants pleaded guilty March 23 to conspiracy to receive and sell stolen firearms. Both sentences were the shortest recommended to Williams under federal sentencing guidelines, which take into account previous convictions, among other factors." The Times-Dispatch adds, "Two other defendants in the case, Ralphfield C. Sinkler, 26, and Donald M. Cotton, 23, pleaded guilty to the same charge in May. They are scheduled for sentencing by Williams on Aug. 23. All four defendants are from metropolitan Richmond. … Worthington and Sinkler worked at the Virginia Department of General Services surplus goods warehouse in Richmond and teamed up to steal the .38-caliber revolvers a few at a time starting last summer, according to court documents. … Authorities say 55 revolvers were stolen. Some of them have been recovered and others have been turning up at crime scenes or police have taken them off criminals and others not permitted to have firearms. Some may still be on the street."

IMMIGRATION:

Immigration Judges Come Under Fire For Rulings. McClatchy Newspapers (6/29, Taylor) reports, "After Islamic militants murdered Seemab Shah's father, she said, they came for her. Terrified, Shah left her newborn son in the care of relatives and fled Pakistan for the United States. … She beseeched a U.S. immigration judge to grant her asylum. As proof of the danger to her family, she presented the court with her father's death certificate and newspaper photos of him lying in a pool of blood. … Despite the evidence, Judge Donald Ferlise concluded that Shah's father wasn't dead. Rejecting Shah's story as 'totally incredible,' he denied her request to remain in the United States." McClatchy continues, "But Shah, 33, isn't going home anytime soon. The 3rd U.S. Circuit Court of Appeals in Philadelphia concluded that Ferlise inexplicably had ignored undisputed evidence of her father's death. The court reversed his decision and ordered another judge to hear the case. In May, Ferlise was removed from hearing cases. … Ferlise's ruling and similar decisions by other immigration judges have come under intense scrutiny by federal appeals courts. A review by McClatchy Newspapers has found that appeals courts have sent back dozens of rulings by immigration judges over the last two years, calling many of them biased and unjust. In one recent rebuke, an appeals court panel deemed an asylum decision 'incomprehensible.' Another panel called an immigration ruling 'pure supposition.' … The appeals courts also have singled out judges for what they've called rude and bullying behavior. One appeals court panel reversed a decision because, it said, the judge acted like a 'prosecutor anxious to pick holes' in immigrants' stories instead of an impartial jurist." … The appeals-court judges' unusually sharp tone has prompted calls for an overhaul of the immigration courts, the forum of last resort for many of the world's refugees who flee to the United States from repressive governments that may have tortured and

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imprisoned them for their beliefs. … Responding to the criticism, Attorney General Alberto Gonzales launched a review of the immigration courts in January. Gonzales, who oversees the immigration judges, is expected to make recommendations in the next few months on how to improve the court system."

At Alleged War Criminal's Immigration Trial, Jurors Told Of Pre-War Balkan History. The Boston Globe (6/29, Tench, 484K) reports, "The trial of Marko Boskic, a Bosnian immigrant and alleged war criminal living as a construction worker in Peabody, resumed yesterday with the testimony of history and US intelligence specialists who gave jurors a lesson on what led up to a 1995 massacre of more than 1,000 Muslims in the war-torn Balkans." Boskic "has been charged with five counts of lying to federal officials and concealing on immigration forms his role" in the Srebrenica massacre, but "defense attorney Max Stern told the jury Tuesday that Boskic…did not lie in the documents and that he was forced to join the 10th Sabotage Detachment…while he was a prisoner at a Serbian concentration camp. If he didn't join he would have been killed, Stern said."

White House Declares Cannon Win A Victory For Bush Immigration Plan. CNN's The Situation Room (628, Blitzer) reported, "He looked to be in danger right up until primary day, but the Utah Republican Congressman Chris Cannon survived a challenge over his support for the President's immigration reform policy." CNN (Henry) added, "The White House is declaring this is a clear victory for the President's comprehensive approach border security plus guest worker program. And the President today immediately tried to pivot off this win and take another run at striking a compromise." Bush "tried to seize the moment by summoning a leading conservative, Indiana Congressman Mike Pence for an Oval Office meeting with the President and Vice President to discuss Pence's compromise legislation that first tightens the US borders and gets illegal immigrants to leave the country temporarily."

The Washington Times (6/29, Hurt, 90K) headlines its story "Bush Carries Cannon To Victory In Utah," and reports, "It was Rep. Chris Cannon's name on the Republican primary ballot here Tuesday, but it was President Bush's resilient popularity in this conservative state that helped him beat back a challenge based almost entirely on his stance on immigration reform." Cannon's "lopsided win -- with 32,306 votes (56 percent) to 25,589 votes (44 percent) for Mr. Jacob -- vindicates the immigration policies of Mr. Bush and Mr. Cannon," challenger John Jacob told the Washington Times.

Roll Call (6/29, Duran) remarks on the "surprisingly strong margin" for Cannon, and the New York Times/AP (6/29) runs a brief report in which Cannon is quoted saying, "I hope what it means is Republicans look at this and realize we don't have to be divided on the issue of illegal immigration."

In an editorial, the Wall Street Journal (6/29, 2.11M) says Cannon's win "has national significance because he had been targeted for political extinction by immigration restrictionists in his own party and the conservative media. … Republican leaders in the House have convinced themselves that a tough anti-immigration stance is key to holding on to their majority in November. And they cite GOP Representative Brian Bilbray's special election victory earlier this month in California as evidence that demonizing illegal aliens is a political winner." But "Mr. Bilbray didn't even capture 50% of the vote in a safe GOP district against a Democrat, while Mr. Cannon has now survived a single-issue immigration assault from a well-financed fellow Republican. GOP voters are smarter than GOP Members think they are."

Senate Conservatives Seek To Resurrect Isakson Border Security Plan. The Hill (6/29, Allen) reports, "Conservative critics of the Senate's immigration bill are trying to resurrect Sen. Johnny Isakson's plan to predicate immigration reforms on federal certification that border-security measures have been implemented." Isakson "lost a floor vote on his amendment, 40-55, last month, but he says he now has the votes to support the plan and would like it to be the basis for conference negotiations, which have been forestalled by legislative and parliamentary conflicts." The Hill adds, "Several conservatives said yesterday that they are willing to consider a more comprehensive immigration bill if Isakson's trigger is implemented. 'There are lots of ways to get there, but looking the other way on border security is not' one of them, Isakson said." But "there is disagreement among the conservatives over how best to quash Senate provisions that would allow many of the illegal immigrants already here to become citizens."

Roll Call (6/29, Ben Pershing, Billings) reports "Republicans in both the House and Senate said the two chambers appeared to be moving slightly closer toward the possibility of an immigration reform deal." Roll Call terms the Isakson move "an olive branch" from "a handful of leading conservative Senate Republicans offered." Led by Isakson, "a half-dozen Republicans who are taking a hard line of making border security the first priority in any bill said positions are softening in the Senate on the highly charged issue. They argued that as long as border security was at the center of legislation, they would be willing to look at a temporary guest-worker program and potentially other aspects of comprehensive reform to deal with the millions of undocumented immigrants in the country."

Boehner Said To Remain Strongly Opposed To Senate Bill. The Washington Times (6/29, Fagan, Dinan,

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90K) reports, "The House majority leader yesterday refused to budge from demanding a strong border-security bill and would not embrace Senate talk of broad legislation that would trigger a guest-worker program and other immigration changes once the borders are secure. 'I'm not going to negotiate this bill -- between the House and Senate -- through the press,' Rep. John A. Boehner, Ohio Republican, said after he was asked repeatedly about recent Senate developments." Boehner "said House leaders instead will continue their plan to hold hearings next month to highlight flaws in the Senate-passed immigration bill, which includes citizenship for millions of illegal aliens, and the strengths of the House bill."

Shadegg Measure Would Increase Visas For Skilled Workers. In its "Washington Wire" column on its web site, the Wall Street Journal (6/28, 2.11M) reported, "In a move that high-tech groups predict could break the impasse over immigration legislation, Arizona's John Shadegg, a member of the House leadership, says he'll introduce legislation to increase visas and citizenship opportunities for skilled workers."

DHS Official Says Border Intelligence Strategy In Early Stages. The AP (6/29, Jordan) reports that Homeland Security Department intelligence chief Charles Allen told the House Homeland Security Committee that "years without an intelligence strategy to secure U.S. borders resulted in uncoordinated and sometimes incomplete threat information about immigrants," and "the department is in the early stages of completing a comprehensive border intelligence strategy." He admitted, "we should have done more earlier," and that "only over the past year has the Bush administration begun to develop plans to analyze border security gaps." However, Allen added, "we are now at this vigorously."

Snow Says "Whole Array Of Things" Required To Secure Border. White House Press Secretary Tony Snow was asked on Fox News' The O'Reilly Factor (6/28) if the 6,000 National Guard troops sent to the Mexican border are enough to secure the border. Snow said, "No, no. As a matter of fact, what you do is you use a whole array of things. In some places you're going to need fences. In some places, you're going to need border patrol agents and some of these God-forsaken places I've been telling you about, technical means." Snow added, "President Bush has actually been beefing up border patrol for a considerable period of time."

Dean Tells LULAC Convention That GOP "Scapegoating" Immigrants. The Milwaukee Journal Sentinel (6/29, Borowski, 266K) reports Democratic National Committee Chairman Howard Dean "harshly condemned Republicans on the immigration issue Wednesday and called on Hispanic voters to help put his party back in power this fall." In a speech "at the national convention of the League of United Latin American Citizens, meeting this week in downtown Milwaukee, Dean accused Republicans of 'scapegoating' illegal immigrants." Dean said, "They're trying to do to immigrants what they did to gay and lesbian Americans in 2004, and that is wrong. Being an American means standing up for what is right. Immigrant bashing and scapegoating of any American is wrong, and we won't do it." The Journal Sentinel adds the "comments opened a day of politics and fund raising for Dean in Milwaukee. Later, he attended a fund-raiser for the state Democratic Party at the Holiday Inn City Centre expected to draw up to 300 people and raise about $10,000."

TAX:

IRS Locked In $1 Billion Dispute With Symantec. The Wall Street Journal (6/29, Drucker) reports, "Symantec Corp., a large U.S. software company, is in a $1 billion court dispute with the Internal Revenue Service involving dealings among two affiliated companies." The Journal continues, "In a petition filed with the U.S. Tax Court on Monday, Symantec said the IRS is seeking more than $757 million in back taxes owed by Veritas Software Corp., a company acquired by Symantec in 2005. The IRS is also seeking $303 million in penalties." The Journal adds, "The fight is over the company's formula for 'transfer pricing' a complex set of rules determining how companies set prices, fees and cost-allocation arrangements between their operations in different tax jurisdictions. … In Symantec's case, the dispute is over the fees and cost-allocation arrangements between Veritas and an Irish subsidiary. The IRS contends that licensing fees paid by the Irish subsidiary to Veritas in the U.S. were too low and that Veritas credited the U.S. business with too much of the cost of developing certain technology, according to the petition. Both of those had the effect of increasing the income of Veritas's subsidiary in Ireland at the expense of income in the U.S., consequently lowering the U.S. tax bills paid by the company in 2000 and 2001. … In its petition, Symantec called the IRS's proposed income allocations 'arbitrary, capricious, and unreasonable.'"

House Estate Tax Bill Said To Hurt Charities. The New York Times (6/29, Norris, 1.19M) reports, "If the estate tax bill approved last week by the House becomes law, it will benefit wealthy families and cost the government a lot of tax revenue. But there are likely to be other winners and losers as well." Charities "may find it harder to get donations and some heirs may have to wait years or even decades longer to collect inheritances, while surviving wives or husbands receive larger inheritances." States that impose estate taxes "will face new pressures to repeal them, because the federal government will no longer reduce its estate tax bill for those who owe state estate tax." The bill "faces an uncertain fate in the Senate, where a move to cut

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off debate on a bill to repeal estate taxes fell just three votes short. House leaders, who had wanted a complete repeal, pushed through the bill that was approved in the hope that it would pick up additional Senate votes."

CONGRESS-ADMINISTRATION:

Bush Sends 10 Judicial Nominations To Senate. The Washington Times (6/29, Harper, 90K) reports in its "Inside Politics" column, "President Bush yesterday sent 10 judicial nominations to the Senate, including names for four seats on the U.S. Court of Appeals, reports Stephen Dinan of The Washington Times. … Democrats and Republicans on Capitol Hill said that none of the nominees appears to be contentious but that they will be vetted thoroughly."

The AP (6/29) reports, "President Bush on Wednesday sent four nominations to the Senate to fill vacancies on federal appeals courts." The AP continues, "Nominated were Kent Jordan of Delaware for the 3rd U.S. Circuit Court of Appeals; Debra Ann Livingston of New York for the 2nd Circuit; and Raymond Kethledge and Stephen Joseph Murphy III, both of Michigan, for the 6th Circuit." The AP adds, "Murphy, U.S. attorney for the Eastern District of Michigan, attended Marquette University and earned a law degree from St. Louis University. He has been public arbitrator for the National Association of Securities Dealers, adjunct professor at Ave Maria School of Law and counsel at General Motors Corp. and has worked in the tax division of the Justice Department."

Dole Urges Up-Own-Down Vote For Boyle. Sen. Elizabeth Dole writes in the Washington Times (6/29, 90K), "If you want evidence proving that the judicial confirmation process is in serious need of repair, Exhibit A would be Judge Terrence Boyle of North Carolina. Nearly 15 years ago, Judge Boyle was nominated for a seat on the Fourth Circuit Court of Appeals by the first President Bush. President George W. Bush has since renominated Judge Boyle three times for the same seat -- once in 2001, a second time in 2003 and a third time in 2005. Judge Boyle was finally approved by the Senate Judiciary Committee a year ago, yet he continues to patiently await action by the full Senate." Dole says "the hard-core left is opposing the Boyle nomination, despite the fact that the American Bar Association has given him its highest possible rating." Boyle "deserves an up-or-down vote on his nomination. I am confident that the American people will reject this misguided attempt to tarnish his reputation and will wholeheartedly support his nomination."

Paulson Confirmed As New Treasury Secretary. The CBS Evening News (6/28, story 8, 0:15, Schieffer, 7.66M) reported, "On Capitol Hill, Senate Republicans and Democrats were unanimous today in confirming President Bush's choice of Henry Paulson as the next Treasury Secretary. Paulson is a Wall Street executive. He replaces John Snow who's held the Treasury post since 2003."

The Washington Post (6/29, A9, Murray, 744K) reports, "Depending on how Republicans fare in the midterm elections, Paulson could help to jump-start several Bush legislative initiatives that have stalled, including tax changes." The Treasury Department" is evaluating recommendations from a tax reform panel convened by Bush, and Paulson said one of his top priorities will be to complete that process and to present to Bush recommendations for 'a fair and simple tax system.'"

The Wall Street Journal (6/29, Wells, Price, 2.11M) says "Paulson, the outgoing chairman and chief executive at Goldman Sachs, broke little new ground in his testimony before the committee Tuesday. His responses on all questions were in line with Bush administration positions previously staked out by John Snow." He "spoke in favor of the 2001 reductions in taxes on dividends and capital gains, crediting them with preventing a more severe US economic retrenchment following the Sept. 11, 2001, terror attacks."

David Wessel writes his Wall Street Journal column (6/29), "Given the erosion of the Treasury's clout, the partisanship that blocks compromise and the ticking clock on the Bush presidency, Mr. Paulson faces (at least) three big questions. Can he square the deficit circle? … Can he steer anything through Congress? … Can he find the right words to cushion the dollar's fall?" Wessel adds, "Of course, luck helps, and there's an early sign he may be lucky. No senator asked Mr. Paulson (net worth: north of $700 million) to defend repeal of the estate tax."

State-Justice-Commerce Spending Bill Nears House Passage. The Wall Street Journal (6/29, Rogers, 2.11M) reports the $62.6 billion State-Justice-Commerce appropriations bill "neared House passage after moderate Republicans joined Democrats in adding money back for legal services to the poor and small-business loan subsidies." Forty Republicans "broke ranks on a 237-185 vote shifting $25 million within accounts to raise the Legal Services Corporation budget to $338.8 million for the new fiscal year that begins Oct. 1." The margin "was much closer in the case of the Small Business Administration funding, but Republican defections were again pivotal as 17 joined Democrats on a 214-207 vote adding $40 million for SBA in hopes of reducing the fees charged on start-up loans under the 7(a) program."

Flake's Effort To Rein In Earmarks Noted. The Wall Street Journal (6/29, Rogers, 2.11M) reports conservative Republican Rep. Jeff Flake is "a political guerrilla with a smile, a ringer for actor Owen Wilson who

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crashes not weddings but his own Republican Party." Since May, Flake has "grabbed the spotlight with the 'Flake Hour' -- a tradition at the end of debate on spending bills, in which he asks colleagues to come to the House floor and explain why taxpayers should pay for pet projects in their districts." Like "no one else, he has taken on the scandal-plagued House Appropriations Committee, a Republican power structure assigned the task of earmarking billions of dollars for home-state projects among members this election year." Flake said, "I don't think our leadership fully appreciates the trouble we are in." He added that Republicans are cutting their throats politically by continuing to sanction earmarks as part of an 'all politics is local' re-election strategy. The approach, he says, sacrifices the party's credibility with voters who want more control of spending."

CQ (6/28, Wolfe) reports the House "found itself in the uncomfortable position of having to fix the 2005 highway law (PL 109-59) that came up short on research funds because of too many earmarks. A vote was expected late Wednesday or Thursday." Rep. Jeff Flake, R-Ariz., "who has led the fight this year against earmarks in appropriations bills, criticized lawmakers on the floor Wednesday for what he described as an out-of-control system that allowed an 'over-earmarked' highway bill to pass."

Dubious Military Project Linked To Moran Contributions. NBC Nightly News (6/28, story 8, 2:50, Mitchell, 9.87M) reported in a "Fleecing of America" segment, "It's called 'Project M,' for magnetic levitation, a technology conceived ten years ago to make submarines quieter. It started out as one of thousands of routine research projects in the huge defense budget." So "who wanted it?" Winslow Wheeler, Center for Defense Information: "Certainly the contractor, Vibration And Sound Solutions Limited, and the local congressman, Virginia Democrat Jim Moran, a power on the Appropriations Committee, who kept pushing for it." Mitchell: "But after five years of study, in 2001 the Navy decided it didn't need the high-priced technology." Still, "year after year, it kept popping up. The contractor simply repackaged it to smooth the ride on high-speed boats used by Navy SEALs and all-terrain vehicles for the Marines. What have they produced: Some prototypes of shock-absorbing seats." The "total cost to taxpayers so far, $37 million. Campaign records show that the company's president and his wife contributed $17,000 to Congressman Moran since the project began -- all legal."

Bush Administration Unveils Stricter Welfare Rules. ABC World News Tonight (6/28, story 8, :20, Gibson, 8.78M) reported, "Today, the Bush Administration announced the biggest changes to Federal welfare rules in ten years. Those changes designed to establish one national standard and cut the welfare rolls. States are going to have to meet stricter definition of what qualifies as job training or work. And keep closer track of welfare recipients."

The Washington Times (6/29, Wetzstein, 90K) reports, "Losing weight, exercising, getting a massage, reading motivational books and shopping with a friend are all 'worthy activities,' but they no longer can count as work under federal welfare regulations released yesterday." Wade F. Horn, Assistant Secretary for Children and Families in the Health and Human Services Department (HHS), says "healthy adults on welfare should expect to spend at least 20 hours a week doing things that the average American thinks of as work -- such as earning a paycheck, going to job interviews and performing supervised community service." A "legal loophole in the landmark 1996 welfare law allowed many states to put only a small portion of their welfare caseloads to work. As a result, many adults in the Temporary Assistance for Needy Families (TANF) program didn't go to work."

USA Today (6/29, Wolf, 2.31M) reports, "Liberals and conservatives agree that new welfare regulations issued by the Bush administration Wednesday will further reduce the nation's welfare rolls. They disagree, however, on whether that's good or bad." Conservatives, "such as Ron Haskins of the Brookings Institution say tough new requirements for many of the 1.9 million families remaining on welfare will force them to get the skills they need to get private-sector jobs." But liberals, "such as Sharon Parrott of the Center on Budget and Policy Priorities, say the rules are likely to push more families into deep poverty by making welfare harder to get and by encouraging states to cut caseloads further."

The Washington Post (6/29, A2, Fletcher, 744K) reports Administration officials "and other supporters said new rules are necessary if the nation is going to continue reducing welfare rolls, which have shrunk nearly 60 percent in the decade since landmark changes in federal welfare law were enacted in 1996." The 1996 law, "which created the Temporary Assistance for Needy Families (TANF) program, set what lawmakers thought were tough work rules requiring half of adult welfare recipients in each state to go to work or be enrolled in job training. But the law allowed the percentage to be reduced as states sharply decreased welfare caseloads." The Post adds the proposal "would require 50 percent of adult welfare recipients on the rolls to be working or be in job training programs by October, or states would face financial penalties. State government advocates and social service groups criticized the proposed rules -- which are scheduled to go into effect in October, pending public comment -- calling them inflexible and shortsighted."

Group Alleges Taylor's Bank Ownership Violates House Ethics Rules. The Wall Street Journal (6/29, Wilke, 2.11M) reports as the House ethics

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committee "resumes its work after more than a year of inactivity, partisan and government-reform groups are expected to seek investigations of a number of powerful lawmakers." The nonprofit Citizens for Responsibility and Ethics in Washington "charged that Rep. Charles Taylor, chairman of the Appropriations Committee's Interior and Environment Subcommittee, violated congressional rules in his ownership of U.S. and Russian banks." The complaint "against Rep. Taylor alleges that his ownership of Blue Ridge Savings & Loan in North Carolina, and a Russian bank, Commercial Bank of Ivanovo, violates House rules prohibiting members from providing services involving fiduciary relationships. It also asserts that his ownership of the Russian bank since 2003 has amounted to an improper use of his congressional office and charges that he did favors for corporate lobbyists and contributors."

Specter Criticizes Bush Use Of Signing Statements. Senate Judiciary Committee Chairman Arlen Specter said on CNN's Lou Dobbs Tonight (6/28) that by issuing signing statements, President Bush "is revising the legislation or ignoring the legislation. And part of the duty of the Judiciary Committee is constitutional oversight. And the Constitution provides that the president can veto a bill, and he can come to us and say I'm not going to agree with it unless you put this qualifying language in. But just unilaterally, on his own, after the bill is submitted, passes both Houses to strike certain parts of it and ignore other parts…that is not in conformance with the Constitution." Specter added, "I think it is true that no president has used the signing statements as often or in the same direction that President Bush has. And I believe if he doesn't like provisions of the bill, he ought to tell us what he doesn't like, and then he can veto it."

Gingrich, Johnson Want Legislative Oversight Meeting With Democrats. The Hill (6/29, Cusack) reports after "angering some Republican investigators on Capitol Hill during a contentious meeting this spring, former House Speaker Newt Gingrich (R-Ga.) and a senior Bush administration official want to hold another forum on legislative oversight. But this time they want to invite Democrats." A bipartisan meeting "focusing on oversight of the executive branch with White House official Clay Johnson present would no doubt lead to partisan fireworks — especially during an election year." Gingrich, who "helped organize the April 7 meeting with GOP staff investigators, acknowledged that letting Democrats in the room could trigger conflict. However, Gingrich suggested that the discussion probably would yield positive results." The Hill adds Capitol Hill officials "predict that a bipartisan meeting would be even testier and would likely deteriorate into a mudslinging confrontation."

Bush Not Getting Credit For Economy. The Los Angeles Times (6/29, McManus, 958K) reports that all year long, "in speeches and briefings and visits to factories and shops, President Bush and his aides have tried to convince Americans that the economy is in good shape — and that the president deserves some credit for that. That effort is not making much headway, a Los Angeles Times/Bloomberg poll has found." Americans are "closely divided on whether the economy is in good shape, with 50% saying it is doing well and 47% saying it is doing badly, the poll found." And Bush "doesn't get much credit for the economy's relative health, the new survey found. Of respondents, 39% say they approve of the president's handling of the economy and 19% say they think the economy is better because of his policies — numbers that are basically unchanged since the beginning of the year." The Times/Bloomberg poll "interviewed 1,321 adults nationwide between Saturday and Tuesday under the supervision of Times Poll Director Susan Pinkus. The survey's margin of sampling error is plus or minus three percentage points."

Survey Finds Federal Workers Uninformed About Retirement Planning. The Washington Post (6/29, D4, Barr, 744K) reports in its "Federal Diary" column, "More than half of federal employees expect to retire before age 62, with almost four in 10 looking to retire at 59 or earlier, according to a survey conducted for the Office of Personnel Management. But less than half have calculated how much they need to save for a comfortable retirement, and only two in 10 federal employees have a professional financial adviser to help with retirement planning." OPM "commissioned the survey as part of an effort to address concerns in Congress that federal employees too often receive incomplete retirement counseling or start their retirement planning later than recommended. The survey will be used to develop a 'retirement readiness index profile' for government workers that will show them where they stand compared with an age-based group of peers and will help them consider the various factors, including finances, that go into successful retirement planning."

Discovery To Launch Over Objections Of NASA Safety Officer. The Washington Post (6/29, A1, Gugliotta, 744K) reports in a front page story that the space shuttle Discovery "is poised for launch Saturday for what NASA engineers hope will be an uneventful mission, knowing that another mishap, even a minor one, could doom the shuttle program and deflate President Bush's ambitions for future space exploration." The shuttle is "flying without approval by NASA's top safety officer. He voted 'no-go' for the mission at the final flight readiness review because of concerns that unacceptably large pieces of foam insulation

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could break away from the external fuel tank during launch and damage the orbiter." Still, chief safety officer Bryan O'Connor "and a fellow dissenter, NASA chief engineer Chris Scolese, agreed in the end with the judgment of NASA Administrator Michael D. Griffin that the hazard does not pose an unacceptable risk to the crew -- who, if necessary, could find 'safe haven' on the international space station while awaiting a rescue flight."

LATimes Says NASA Should Scrap Shuttle Program. In an editorial, the Los Angeles Times (6/29, 958K) says NASA "plans to launch the space shuttle Discovery on Saturday despite warnings that it still hasn't fixed the problem that killed seven astronauts aboard the shuttle Columbia in 2003." Instead of "risking another tragic or humiliating setback Saturday, NASA should abandon the shuttle and focus on more productive missions. The shuttle was intended as a reusable spacecraft that would require only routine maintenance between missions. But NASA has been working on the foam problem for more than three years. It's becoming increasingly clear that the issue with the shuttle isn't age but a design flaw."

55 Faith-Based Community Groups Split $4 Million In Employment Training Funds. The Washington Times (6/29, Hoover, 90K) reports, "Fifty-five faith-based and community organizations -- chosen from 557 applicants -- will split $4 million in grants designated for grass-roots groups to 'help hard-to-serve populations prepare for and succeed in employment opportunities,' the Department of Labor announced yesterday." Because "grass-roots groups know more about local businesses and the problems that specific individuals have in finding jobs, they are able to 'provide that critical personal touch that can make the difference in these individuals' lives,' said Jedd Medefind, the director of the department's Center for Faith-Based and Community Initiatives."

Mineta's Preference For Water Recreation Noted. The Washington Post (6/29, Blumenfeld, 744K) reports that for Treasury Secretary Norman Mineta, "whose office windows do not open, a few hours of river winds revive him. Next week he will step down as the longest-serving transportation secretary in U.S. history, the official charged with the safety of all trucks, buses, trains and planes. When he pilots the Rhode Runner, a 29-foot 1986 Chris-Craft cuddy, he can take off his shirt, clip on his Leatherman knife, and cruise, drop anchor or drift. And one more thing. 'I imagine I'm a pirate,' Norm said. 'Of the Caribbean.'"

Jenna Bush Said To Be Taking Teaching Job In Latin America. The Washington Post (6/29, C1, Argetsinger, Roberts, 744K) reports in its "The Reliable Source" column that Jenna Bush "has been quietly making plans over recent months to leave D.C. for a teaching job in Latin America, most likely around the end of summer." The move reflects Bush's "growing seriousness…yet also offers an escape from the Washington spotlight she and sister Barbara always have seemed to resent. Last week marked her final day at the Mount Pleasant charter school where she taught for a year and a half."

Isakson Says Pension Measure Not Bailout For Airline Industry. In a Wall Street Journal (6/29, 2.11M) letter to the editor, Sen. Johnny Isakson says, "I take great exception to the premise of your June 27 editorial 'Pension Crash Landing' that the pension reform Congress is negotiating will result in a taxpayer bailout of the airlines. In fact, this proposed pension reform will protect the American taxpayer." Congress' failure to overhaul pension laws "will almost certainly lead to companies defaulting on their pension obligations and shifting that burden onto taxpayers. You say it's wrong to give airlines with defined-benefit plans additional time to meet their pension obligations. Don't you want those airlines to honor their commitment to their employees?"

Congress Seen As Avoiding Responsibility In Election Year. In a USA Today (6/29, 2.31M) debate, conservative columnist Cal Thomas and liberal Democratic strategist Bob Beckelis debate congressional behavior during election years. Beckelis said, "You would think that with Iraq, a nuclear threat from Iran, $3 a gallon gas, immigration and a deficit out of control, that Congress would be busy. Bless their collective hearts, they're working hard — at getting re-elected. So what did the Senate debate this month? Constitutional amendments against gay marriage and burning the flag, and a pork-laden spending bill. The House? They worked overtime to end estate taxes for people like Paris Hilton. Voters give Congress job ratings below 25%. It's no wonder." Thomas added, "I agree with you on flag burning (most flags are made in China anyway) and on pork projects (though Democrats are equal opportunity porkers). But the politics of same-sex marriage began with those who are asserting a 'right' that violates the dictionary, historical tradition, scripture and common sense."

OTHER NEWS:

Fed Expected To Raise Rates Again Today. The Washington Post (6/29, D1, Henderson, 744K) reports, "The Federal Reserve is on track to lift its benchmark interest rate again today for a 17th consecutive quarter-percentage-point increase over 25 months, making this the longest sustained campaign on record of raising interest rates. So why isn't the economy choking by now?" The Post adds, "The short

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answer is that money is still pretty cheap, in historical terms. But Americans are finally starting to feel the squeeze, as higher borrowing costs cool the housing market, depress automobile sales and crimp some household spending."

Stocks Up Yesterday. NBC Nightly News (6/28, story 10, 0:15, Williams, 9.87M) reported, "On Wall Street today, stocks gained back some of what they lost yesterday. The Dow was up just under 49 points [to close at 10,973.56]. Nasdaq gained more than 11 points on the day's trading [to close at 2,111.84]." USA Today (6/29, 2.31M) reports the Standard & Poor's 500 index advanced 6.80 points, or 0.5%, to 1246.00. The Wall Street Journal (6/29, McKay, 2.11M), among other newspapers, also reports the stock numbers.

Judge Says New York Must Take Over Administration Of Legal Aid For Poor. The New York Times (6/29, Hakim) reports, "Chief Judge Judith S. Kaye of New York said Wednesday that the state must take over administration of legal services to the poor, citing a crisis in the way county governments and New York City are providing legal aid in criminal cases. Judge Kaye's call came in response to a judicial commission report saying local governments were falling well short of constitutional requirements in providing legal representation to the poor, and recommended that a permanent state commission be created to take over the responsibility. … A state takeover would require legislative approval, and the Legislature has a long history of ignoring reforms proposed by Judge Kaye and the judiciary. The commission report cited such problems as overburdened defenders who, in one county, average 1,000 misdemeanors and 175 felony cases in a year, and 'grossly inadequate' financing. It also cited wide disparities in counties' spending and in the resources available to prosecutors and defenders. The state lacks standards to define what it means to provide adequate indigent defense and has no system for enforcing such standards, the report said."

Ehrlich Launches Reelection Campaign. The Washington Post (6/29, A1, Mosk, Wagner, 744K) reports in a front page story that Maryland Gov. Robert L. Ehrlich Jr. "returned to his boyhood home yesterday to launch his bid for reelection, and he plans to name his running mate this morning, a 36-year-old female Cabinet secretary who is blind." Ehrlich "made the formal reelection announcement standing on the front steps of his parents' modest brick rowhouse in the Baltimore suburb of Arbutus, telling a sun-drenched crowd that he wants to be Maryland's first Republican governor in 50 years elected to a second term. Today he is expected to embark on that effort with Kristen Cox, his secretary of disabilities, sources close to the governor said." Ehrlich is "more than halfway to his target of raising $20 million and has had a campaign operation that has been moving at full tilt for months. Yesterday, he vowed not only to keep his hold on the governor's mansion but also to realign a state that has been dominated by Democrats for most of the past 100 years." He will "spend the next five months locked in combat with Baltimore Mayor Martin O'Malley, the Democrat who had expected an extended primary fight until his opponent, Montgomery County Executive Douglas M. Duncan, withdrew from the race last week."

46% Of Democrats "More Enthusiastic Than Usual" About 2006 Election. The Washington Times (6/29, Harper, 90K) reports in its "Inside Politics" column, "Democrats are already in dress rehearsal for the midterm elections, now less than five months away. According to a Pew Research poll of 1,501 adults released yesterday, 46 percent say they are 'more enthusiastic than usual' about the upcoming races -- compared with 30 percent of the Republicans." But, "only half of the Democrats are happy with their party, compared with 58 percent of Republicans."

Obama Urges Democrats To Embrace Discussions Of Faith. The AP (6/29, Espo) reports, "Sen. Barack Obama chastised fellow Democrats on Wednesday for failing to 'acknowledge the power of faith in the lives of the American people,'" and "said the party must compete for the support of evangelicals and other churchgoing Americans." Said Obama, "Not every mention of God in public is a breach to the wall of separation. Context matters. … It is doubtful that children reciting the Pledge of Allegiance feel oppressed or brainwashed as a consequence of muttering the phrase 'under God.'" USA Today (6/29, 2.31M) reports Obama said Democrats "must compete for the support of 'religious Americans and tell them what we stand for.'"

The Chicago Tribune (6/29, Goldberg, 643K) reports, "Obama spoke Wednesday of progressives' failure to handle religious issues and insisted it is time Democrats find a cure for their spiritual ills." Obama "offered his political and religious observations to a coalition of Christians gathered at the Call to Renewal conference on poverty in America." On the event's final day, Obama "was honored for his work on behalf of society's less fortunate. He said it was his work as a community organizer for Christian churches that acquainted him with his own beliefs and values." Said Obama, "At worst, some liberals dismiss religion in the public square as inherently irrational or intolerant, insisting on a caricature of religious Americans that paints them as fanatical, or thinking that the very word 'Christian' describes one's political opponents, not people of faith. … Over the long haul, I think we make a mistake when we fail to acknowledge the power of faith in the lives of the American people, and join a serious

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debate about how to reconcile faith with our modern, pluralistic democracy."

CNN's The Situation Room (6/28, Roberts) reported, "At stake is a huge swathe of voters across the Midwest and through the South, white evangelicals. They account for nearly one in four people who voted in 2004. And they went overwhelmingly for President Bush."

Obama Seen As Holding Promise, Peril For Democrats. In his Washington Sketch column in the Washington Post (6/29, 744K), Dana Milbank says Democratic "phenom Barack Obama, the subject of the latest presidential boomlet, was nearing the end of a thoughtful speech about religion in politics yesterday at a church in Thomas Circle when he mentioned the Sermon on the Mount." Obama said, "It's doubtful that our own Defense Department would survive its application." The Post adds, "The audience of left-leaning Christian leaders went nuts, apparently interpreting this as a barb at the Bush administration and the war in Iraq. But Obama was being rhetorical, and was not suggesting the Pentagon should surrender to the meek. Had he said such a thing during a political campaign, the other side could have used it to devastating effect." Therein "lies both the promise and peril Democrats see in the freshman senator from Illinois. Forty-four years old and smart, he is enormously charismatic -- and utterly undefined."

Electability Seen As Key Quality In 2008. In his Roll Call column (6/29), political analyst Stuart Rothenberg says that in the 2008 presidential race, "since both parties are placing an unusually high priority on nominating candidates who can beat the other's nominee, activists in each party are likely to base their decisions to an unusual degree on what the other party seems to be doing." Almost "universally, politically sophisticated Democrats have become so frustrated with their losses in 2000 and 2004 and so angry after six years of George W. Bush as president that they aren't willing to nominate someone they see as destined to lose in '08, even if they like that candidate's message or the symbolism of his or her election." Many Republicans "feel the same way. Even conservatives seem willing to support a nominee with whom they don't entirely agree, such as Arizona Sen. John McCain, if that is the only way to guarantee that New York Democratic Sen. Hillary Rodham Clinton — and her husband, former President Bill Clinton — don't return to the White House. 'Electability' apparently played a significant role in the race for the 2004 Democratic presidential nomination, especially in Iowa, where Democrats concluded that Sen. John Kerry (D-Mass.) would make a more formidable nominee than former Vermont Gov. Howard Dean. But it's likely to be an even bigger factor in 2008."

Kondracke Says Nominating Moderates Would Reduce Partisan Warfare. In his Roll Call column (6/29), executive editor Morton Kondracke says, "Probably the best chance America has for escaping from endless partisan warfare and for getting its big problems solved is for both parties to nominate a moderate in 2008 and have them argue over issues, not ideology. Like Massachusetts Gov. Mitt Romney or Sen. John McCain (Ariz.) on the Republican side, vs. former Virginia Gov. Mark Warner on the Democratic." Romney and McCain "are busy identifying themselves as 'proud conservatives' these days to maintain credibility in the GOP, and Warner, too, told me, 'I desperately try to reject' the terms 'moderate' and 'centrist' because 'they seem weaker rather than stronger on the issues' whereas he wants to be 'bold.'"

Maine Economy Declined Last Year. The New York Times (6/29, Sabar, 1.19M) reports Maine was "the only state besides Louisiana to see a decline in economic activity last year, according to a new Federal Reserve study. The state lost 1,700 manufacturing jobs and 800 financial jobs, said the report, which was posted on the Web site of the Federal Reserve Bank of Boston. The losses were partly offset by gains in education, health services, professional and business services, and government." Analysts said while Maine "has a consistently strong summer tourist industry, the state is struggling to retool its year-round economy after decades of mill closings."

Armstrong Takes On New Role As Cancer Research Lobbyist. USA Today (6/29, A1, Ruibal, 2.31M) reports on the front page that Lance Armstrong's "impact on" the Tour de France "was so great that his absence — and the battle to succeed him — is the biggest story of the 2006 race, which begins Saturday in Strasbourg, France. There are no American heirs apparent, and his Discovery Channel team is a decided underdog." Armstrong's life "has changed dramatically. Unlike his highly regimented Tour-training periods, there is now no typical week for Armstrong, 34. He keeps a busy schedule crammed with visits with his children in Austin, corporate promotions and the occasional mountain bike ride. Most of his time is focused on defeating the disease that almost killed him in 1996." In President Bush's "proposed 2007 budget, the annual budget for the National Cancer Institute would be cut 0.8% ($39.5 million) to $4.75 billion. This would come a year after a $31 million cut in the NCI's budget, and it would mark the first consecutive years of decreased funding since 1981 and '82, the institute says." Armstrong and "the foundation that bears his name support the NCI's effort to seek the $5.89 billion it says it needs to keep its current research programs." Armstrong says "his is a non-partisan crusade. Last year, he rode mountain bikes with Bush at the presidential ranch in Texas and made a pitch for more cancer funds. During the lobbying trip to Washington, he spoke with

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new White House spokesman Tony Snow — a cancer survivor — on Snow's first day in that job." But his "closest political mentor, however, is John Kerry."

Koizumi Arrives In Washington. The AP (6/29) reports that Japanese Prime Minister Junichiro Koizumi arrived in Washington Wednesday for meetings with President Bush. Discussions "were expected to focus on the possible launch of a North Korean missile and on efforts to persuade the communist country to abandon its nuclear weapons program. Bush and Koizumi planned to attend a dinner Thursday in honor of the prime minister, whose term ends in September."

Knight Ridder (6/29, Schoof) reports, "Japan and the United States both have suspicious minds about North Korea's nuclear weapons program, both are intent on keeping the peace on the Korean Peninsula and between China and Taiwan, and both want to ensure that Asia isn't all shook up by China's growing prestige and economic power. At the same time, they need to find ways to cooperate on other issues, including curbing Iran's nuclear ambitions."

Bush, Koizumi To Visit Graceland. USA Today (6/29, Jackson, Benedetto, 2.31M) reports that President Bush will take Japanese Prime Minister Junichiro Koizumi to Graceland Friday. The trip is "a presidential going-away present to the soon-to-retire Koizumi. The self-proclaimed Elvis fan and imitator has been one of Bush's staunchest global supporters in the war on terrorism and Iraq." USA adds, "Today, Koizumi will be treated to a morning arrival ceremony with full military honors on the White House South Lawn. He is the guest of honor at a black-tie dinner tonight."

The New York Times (6/29, Stolberg, 1.19M) reports, "The visit to the Presley manse in Memphis will follow a more sober joint meeting on Thursday in the White House." The Times calls the Graceland visit "a case study of Mr. Bush's own brand of diplomacy, one that relies on personal chemistry and perks."

The Christian Science Monitor (6/29, LaFranchi, 61K) reports that the trip "also suggests how much Bush appreciates Koizumi's support on issues like Iraq and international terrorism."

Strengths Seen In Bush's Personal Diplomacy. Richard Wolffe and Holly Bailey wrote on Newsweek's (6/28) web site that "even more important than the journey to Memphis is what the trip says about Bush's exceptionally personal form of diplomacy. … As trivial as it sounds, there are certain strengths to this kind of one-on-one diplomacy. There's little doubt among Japan analysts that the close relationship between Bush and Koizumi has been critical in improving relations between the United States and Japan."

Draft Foreign Aid Bill Cuts $2.4 Billion From Bush Request. CQ (6/28, Starks) reported, "Senate appropriators on Thursday will consider a draft foreign aid spending bill for fiscal 2007 that would lop off $2.4 billion from President Bush's $33.7 billion discretionary request, reflecting a congressional shift in budget priorities from defense and programs abroad to domestic ones." CQ added, "The biggest victim of that shift is expected to be the Millennium Challenge Account (MCA), President Bush's signature program that aids developing countries that demonstrate good governance and follow free-market principles. … Congressional aides said the remainder of the reductions would be spread across other programs, such as the requested $75 million for the conflict response fund, which assists unstable or 'failed' countries."

Israel Intensifies Gaza Offensive. Israel stepped up its offensive in Gaza Wednesday in an effort to seek the release and safe return of a kidnapped Israel soldier. ABC World News Tonight (6/28, story 4, 2:10, Wright, 8.78M) reported, "Israel's government today promised extreme measures in its effort to rescue the kidnapped soldier. And the Israeli military is making good on that threat. Potentially more troubling -- the conflict is widening. Today, Israeli war planes went all the way to Syria, to buzz the Syrian president's summer home. And the Syrians shot back at them. Bashar Assad actively supports the militant group holding Israel's soldier."

The CBS Evening News (6/28, story 3, 1:45, Simon, 7.66M) reported, "Unless and until that soldier is delivered live back to Israel, it's going to get worse. People in Gaza are going to suffer more. If the soldier turns up dead, everyone in Hamas better hit the ground running because the Israeli assassination teams are going to spring into action, including in Damascus, which is what that overflight signaled today -- that they know where the leaders are."

The CBS Evening News (6/28, story 2, 2:45, MacVicar, 7.66M) reported, "What Israeli forces tried to do last night by cutting bridges and moving ground forces close to the Egyptian border was to contain the militants with their Israeli hostage into one corner of the Gaza Strip, restricting their movement. For the people of Gaza, it has also launched the beginnings of a new humanitarian crisis."

NBC Nightly News (6/28, story 7, 2:25, Fletcher, 9.87M) reported, "Palestinian militants today stepped up the psychological pressure too, claiming they have kidnapped two more Israelis, including a Jewish settler they are threatening to behead if Israeli doesn't leave Gaza. Israel today also took the war of nerves to Syria. Fighter jets caused sonic booms over a palace of the Syrian president, warning him to stop sheltering the Palestinian who ordered the kidnapping of the Israeli soldier.

USA Today (6/29, Gutman, 2.31M) reports, "Palestinian witnesses told the Associated Press that Israeli tanks began moving into northern Gaza early today. Israel's invasion of Gaza started before dawn Wednesday, when Israeli jets

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knocked out three bridges on key north-south roads and blew up electrical transformers, knocking out electricity to many of Gaza's estimated 1.3 million residents. Israel was hoping those attacks would prevent the kidnappers of Cpl. Gilad Shalit, 19, from moving him to another location."

Knight Ridder (6/29, Nissenbaum) reports, "Israeli forces cut off power throughout much of Gaza, destroyed key bridges and seized the Gaza Strip's defunct airport near the Egyptian border in southern Gaza. Israeli helicopters and artillery kept up a steady rain of fire throughout southern Gaza, and scores of Palestinians fled their homes ahead of the advancing troops. There were indications that Israel planned to open a second front soon in northern Gaza."

The AP (6/29, Gutkin) reports, "No deaths or injuries were reported in the incursion, launched early Wednesday in southern Gaza. But Palestinians filled up on basic supplies after warplanes knocked out electricity, raising the specter of a humanitarian crisis. The Hamas-led government warned of 'epidemics and health disasters' because of damaged water pipes to central Gaza and the lack of power to pump water."

Israeli Forces Detain Hamas Ministers. The New York Times (6/29, Fisher, Erlanger, 1.19M) reports, "In the West Bank city of Ramallah early on Thursday, Israeli forces detained 8 ministers of the 24-member Hamas-led cabinet and 20 lawmakers, including Deputy Prime Minister Nasser Shaer and Labor Minister Mohammed Barghouti, The Associated Press reported, citing security officials."

The AP (6/29) report this morning says Israeli forces "arrested one-third of the Hamas-led Palestinian Cabinet and 20 lawmakers early Thursday and pressed their incursion into Gaza." The AP adds, "Palestinian witnesses told The Associated Press that Israeli tanks and bulldozers entered northern Gaza before daybreak Thursday, adding a second front to the Israeli action in Gaza that began early Wednesday when thousands of Israeli troops crossed into southern Gaza."

Israeli Warplanes Buzz Assad's Home. A separate AP (6/28, Abu-Nasr) reports, "Israel said its warplanes buzzed the summer residence of President Bashar Assad Wednesday in a bold warning to the country that shelters the political leader of Hamas, the Islamic militant group holding an Israeli soldier captive in the Gaza Strip."

The Washington Times (6/29, Mitnick, 90K) reports that the move was intended "to intimidate the patron of Hamas militants."

Palestinian Militants Claim They Killed Israeli Settler. The Los Angeles Times (6/29, King, Ellingwood, 958K) reports, "Palestinian militants said they had killed a Jewish settler from the West Bank whom they previously claimed to have abducted, and local media reported that a separate armed group said it had kidnapped another Israeli civilian."

US Affirms Israel's "Right To Defend Itself." The AP (6/29, Schweid) reports that the Bush Administration yesterday affirmed "Israel's right to defend itself against acts of terror and called on the president of the Palestinian Authority and Egypt to help resolve a crisis provoked by the abduction of an Israeli soldier. The White House and State Department declined to take a position on Israel's pressure offensive in southern Gaza that has knocked out electricity and water supplies for most of the 1.3 million Palestinians who live in Gaza. But spokesmen again condemned the abduction of an Israeli corporal and said Secretary of State Condoleezza Rice and U.S. diplomats 'continue to do everything we can...to bring this crisis to a peaceful resolution.'"

NYTimes Says Hamas Responsible For Latest Escalation By Israel. An editorial in the New York Times (6/29, 1.19M) says, "The responsibility for this latest escalation rests squarely with Hamas, whose military wing tunneled into Israel on Sunday, killed two Israeli soldiers and kidnapped another. This was a follow-up to a declaration earlier this month by Hamas's political leadership that the group's 16-month intermittent cease-fire would no longer be observed. Under the circumstances, an Israeli military response was inevitable."

LATimes Urges Israel To Exercise Restraint. The Los Angeles Times (6/29, 958K) editorializes, "The frustration that triggered the Israeli military's incursion into Gaza on Wednesday is understandable." The Times urges Israel to Exercise restraint, noting, "It isn't that the world questions Israelis' right to feel frustrated, or to retaliate. It is simply that we cringe at the sight of a disproportionate response that could undermine prospects of ending the cycle of violence.

US Wants Iran Response By Mid-July. The US and its allies want Iran To respond by mid-July to a proposal designed to ease international tensions over Iran's nuclear programs. The Washington Times (6/29, Sands, 90K) reports, "Iranian President Mahmoud Ahmadinejad suggested earlier this month that Tehran would not reply until Aug. 22, but the United States and its close allies say the delay is unacceptable. … Turkish Foreign Minister Abdullah Gul, in a visit to Tehran over the weekend, told Iranian leaders privately that the August date was unacceptable and that Iran should give its answer before the G-8 summit, Nabi Sensoy, Turkish ambassador to the United States, said in an interview at The Washington Times this week."

Iran To Give Revolutionary Guards Lucrative Gas Deal. The Wall Street Journal (6/29, Kalantari, Jones, 2.11M) reports, "Iran is about to award a lucrative gas deal to the country's Revolutionary Guards, a senior Iranian oil official said, in the latest sign of turbulence in the nation's huge but underfinanced energy industry. The official said Iranian contractor Ghorb will be awarded a $2.3 billion pact to

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develop two future phases of Iran's South Pars gas field. Ghorb is an affiliate of the Revolutionary Guards, Iran's elite militia. The official was unable to give the timing of the signing of the deal."

UN Urged To Include Human Rights On Iran Agenda. Hadi Ghaemi, Iran researcher for Human Rights Watch, writes in the New York Times (6/29, 1.19M), "Last week Iranians woke up to a startling piece of news: their government had dispatched Tehran's notorious prosecutor general, Saeed Mortazavi, to Geneva as a member of Iran's delegation to the opening session of the new United Nations Human Rights Council. … Mr. Mortazavi is one of the country's highest profile rights violators." Ghaemi adds that the Security council "should support the appointment of a United Nations special rapporteur on Iran to monitor and report publicly on human rights abuses and to see that the government's present lack of accountability does not translate into an even more extensive crackdown on political dissent and social freedoms. Further, the members of the Security Council and Germany, which are engaged in nuclear negotiations with Iran, should include human rights concerns on their agenda."

Administration Pushes Ahead With RRW Program. The Washington Post (6/29, A15, Pincus, 744K) reports, "The Bush administration is expected to announce today that it has dismantled the last of the most powerful nuclear missile warheads left over from the Cold War. … The National Nuclear Security Administration (NNSA) has increased by 50 percent the rate at which it is dismantling older weapons in the nuclear stockpile, which has about 5,000 weapons. But Congress and the administration are pressing ahead with the Reliable Replacement Warhead (RRW) program, which will guarantee production in the next decade of fewer but more reliable and secure nuclear warheads and bombs."

Measure Would Lift Ban On US Military Contact With Taiwan. CQ (6/28, Hoskinson) reported, "The House on Wednesday adopted by voice vote a measure that would effectively lift restrictions on high-level US military contacts with Taiwan. The amendment to the fiscal 2007 Commerce-Justice-Science spending bill (HR 5672) by Tom Tancredo, R-Colo., would bar any funds in the bill from being used to enforce State Department restrictions on official travel to Taiwan by senior U.S. military officers."

Senate Expected Top Pass Oman Trade Deal Today. CQ (6/28, Van Dongen) reported, "The Senate is expected to pass legislation Thursday that would implement a free-trade agreement with Oman, but Democratic grumbling over the Bush administration's handling of trade negotiations could spell trouble for future pacts. The Finance Committee approved the Oman bill (S 3569) on Wednesday by a 10-3 vote after an angry debate over the administration's decision not to include a provision sought by the panel on forced labor. The skirmish likely presages problems with renewal of fast-track presidential trade negotiating authority, which expires in 2007."

Schwab Says US Remains Committed To Doha Talks. Susan Schwab, the US trade representative, writes in the Wall Street Journal (6/29, 2.11M), "The atmosphere is charged with political pressure and historical significance as trade ministers and negotiators representing World Trade Organization members gather this week. With time running out for a successful conclusion of the Doha Development Round, speculation has intensified about what the US and other WTO members will be willing to do to achieve success. I reaffirm here that the US is committed to an ambitious and comprehensive outcome by the end of the year. As President Bush declared last week at the US-EU summit, the Doha Round is too important to fail." The United States "put forward an offer last fall to make meaningful cuts in trade-distorting domestic agricultural supports if other countries would reciprocate with deep cuts in tariffs and trade-distorting domestic support. So far, our trading partners have not matched our ambition -- but it is not too late. … The need for meaningful trade liberalization has never been greater and the potential benefits of expanded trade have never been more compelling."

Negotiations Remain Deadlocked Ahead Of Meeting. The Financial Times (6/29, Beattie, Strauss) reports, "Leading countries in the troubled Doha global trade negotiations remained firmly in entrenched positions on Wednesday ahead of a weekend of high-pressure talks, though the head of the World Trade Organization floated the outline of a possible compromise." Indian trade minister Kamal Nath Wednesday said the US had "isolated itself in the talks with its insistence on deep cuts" in agricultural tariffs. US Trade Representative Susan Schwab responded, saying, "I do not think the US is isolated in terms of wanting an ambitious outcome." For his part, WTO chief Pascal Lamy said he thought a deal could be reached if the US would adopt "a $20 billion ceiling for farm subsidies" and developing countries cut industrial tariffs "to no more than 20 percent."

US To Press EU On Farm Policy. The Washington Times (6/29, Sparshott, 90K) reports, "The Bush administration's top trade officials will push for a breakthrough in World Trade Organization talks starting tomorrow, though continuing disagreements with Europe over farm policies threaten to mire the negotiations." US Agriculture Secretary Mike Johanns, who will join US Trade Representative Susan Schwab at the talks, said, "I would even go so far as to say

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that this is a make-or-break stage for us." Before departing, Johanns and Schwab "reiterated that other countries must open their markets to US farm goods before the White House and Congress will pare back agriculture subsidies."

UN Approves 18-Month Budget; Members Lift Spending Caps. The Washington Times (6/29, Pisik, 90K) reports UN member states approved an 18-month budget yesterday despite objections from the United States, which had tried to hold up the package while it pressed for administrative reforms proposed by Secretary-General Kofi Annan. It still is not clear whether Congress, which has strongly advocated sweeping reforms for the world body, will authorize the payment of annual dues later this year."

The AP (6/28) reported, "UN member states lifted a $950 million spending cap on the United Nations budget Wednesday, averting a financial crisis for now but dealing a blow to the US which had pushed for the limits as a lever to pressure for reforms." The AP adds, "The decision to lift the spending cap was a defeat for US Ambassador John Bolton, who played a key role in getting the General Assembly to adopt it last year as a way to increase pressure for reform. … The decision now shifts the spotlight to the US Congress, which has threatened to block US funding for the United Nations if it does not enact serious reform."

The New York Times (6/29, Hoge, 1.19M) reports, "The measure passed by consensus, without a vote, in the 191-nation committee, but the United States, Australia and Japan declared that they were officially 'disassociating' themselves from the decision. The three countries, which together account for 43 percent of the assessed budget of the United Nations, said that not enough reform measures had been put into place to justify removing the restriction."

Russian Official Says US Seeks International Energy Domination. The Los Angeles Times (6/29, Murphy, 958K) reports, "President Vladimir V. Putin's top political advisor Wednesday accused the U.S. of seeking international energy domination under the guise of promoting democracy and insisted that Russia is committed to building its own style of political pluralism without outside interference." Vladislav Y. Surkov, deputy head of the presidential administration, said, "People talk to us about democracy, but they're really thinking about our energy resources." Surkov "noted that during Dick Cheney's recent visit to Kazakhstan, an oil-rich state whose human rights record is often criticized, the American vice president 'harshly criticized Russia's democracy and then praised Kazakhstan's.'"

Mexican Campaign Ends With Polls Too Close To Call. The New York Times (6/29, Mckinley, 1.19M) reports, "Mexico's polarizing presidential campaign ended officially on Wednesday and, with four days to go before the vote, it has come down to a contest between a gritty, charismatic advocate for the poor and a well-educated technocrat." Like many elections, "this one is a struggle between promise and fear and remains too close to call. On one side is Andrés Manuel López Obrador, the former mayor of Mexico City who has traveled little outside Mexico and says he is inspired by Gandhi and Franklin D. Roosevelt. On the other is Felipe Calderón, the former energy minister with a Harvard degree who talks of fitting Mexico into the globalized economy." But "for many voters the choice is complicated because Mexico only emerged six years ago from seven decades of single-party, autocratic rule and there are some who say that what is at stake on Sunday is the survival of still-fragile democratic institutions."

USA Today (6/29, Harman, 2.31M) reports, "A poll in the Reforma newspaper Friday, the last day on which polls could be legally published, showed López Obrador had 36% support and Calderón had 34%. Roberto Madrazo, 53, of the PRI, which led the country for 71 years until 2000, trailed with 25%." The 2.5-percentage-point margin of error "puts the top two vote-getters in a virtual tie. Mexico doesn't require a runoff, so the presidency goes to Sunday's winner even if he takes fewer than 50% of the votes."

The Washington Times (6/29, Sparshott, 90K) notes Lopez Obrador and Felipe Calderon "are running on markedly different economic platforms and plans to create a governing coalition." Calderon's policies "are similar to those of outgoing President Vicente Fox. He has said he would try to open Mexico's energy sector to private investment and abide by rules under the North American Free Trade Agreement (NAFTA). He also wants to make Mexico more competitive with China and other developing nations." Lopez Obrador "has proposed rejecting some parts of NAFTA, providing subsidies for the poor and developing New Deal-style public works to create jobs. He has vowed to keep foreign companies out of the country's rich but underdeveloped oil fields. And he has decried corruption, a corrosive force in Mexico's economy."

The Washington Post (6/29, A1, Roig-Franzia, 744K) reports "their approaches to migration -- the defining issue in U.S.-Mexico relations on Capitol Hill, but only a tangential theme in the Mexican presidential race -- are as starkly divergent as anything in their respective campaign arsenals." Calderón "looks outward, hoping his carefully crafted pro-business image will attract foreign investment that will create jobs and dissuade Mexicans from migrating." López Obrador "looks inward, pledging to slash what he says is wasteful government spending to pay for massive public works projects that would employ millions of Mexicans for years to come."

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More Commentary. In an editorial, the Wall Street Journal (6/29, 2.11M) writes, "Mexicans head to the polls on Sunday to elect a new president, and the choice they face is notably stark: Accelerate the pace of modernization that began in the mid-1980s or, because progress has been achieved a little slowly, revert to the economically populist and insular ways of old Mexico. … For Americans, the stakes in this election could hardly be greater. Tom Tancredo and friends may believe that the only thought the US need give its southern neighbor is the height of the wall it plans to raise between them." But "if Mexicans are able to build on the liberalizing trends of the past 20 years, their appetite for El Norte is bound, over time, to diminish. And if they revert to the populist habits of yore, no American wall will be high enough to keep the flood of desperate workers out."

Novak Says Uribe Shrugged Off Bush Request To Challenge Chavez. Writing from Bogota, Colombia, syndicated columnist Robert Novak (6/29) relates, "President Alvaro Uribe returned from his recent overnight visit to Washington in undisclosed disagreement with" President Bush, who "would like the newly re-elected Colombian leader to be 'our man in the Andes,' publicly standing up against Venezuela's leftist strongman President Hugo Chavez. That is not a role Uribe wants to play. Bush was dissatisfied with Uribe's noncommittal reaction in the Oval Office when the U.S. president said he was counting on him to lead the struggle against Chavez. But Uribe has his hands full in…his country's war against narco-guerillas. Nor does he want to exacerbate Colombia's often-turbulent relationship with Venezuela, second only to the United States as a trading partner." Chavez "is taken less seriously in Bogota than in Washington. It is felt here that he has begun blundering and is alienating even left-wing presidents." Although Bush "wants him to confront Chavez, Uribe will concentrate on using his overwhelming mandate (including an immense majority in Congress) to try to finish off the narco-guerillas."

African Company Joins Effort To Fight Malaria. The New York Times (6/29, LaFraniere, 1.19M) reports that one in three employees at Mozambique's international mining company Billiton fell ill with malaria, 6,600 cases in just two years. The result is that "one of the world's biggest aluminum producers joined in an exceptional partnership with the governments of three countries and with other businesses to take on malaria systematically across a broad region. Six years later, the scorecard is in. Amazingly, malaria is losing. … The results are a rare bright spot in fighting a parasitic killer that has thrived in the face of flawed, inadequate programs by African nations and international organizations."

US-India Nuclear Agreement Praised. In a piece in the Wall Street Journal (6/29, 2.11M), Vinod Khosla, co-founder of Sun Microsystems and a partner of Khosla Ventures, writes, "The U.S.-India nuclear agreement before Congress is good for America on five grounds: It enhances safeguards, benefits U.S. geopolitical interests, protects the environment, boosts the American economy and rewards good international citizenship and international compliance." India "is surrounded by two nondemocratic nuclear powers, sometimes unstable, often dictatorial, both having engaged in wars with India. And a cursory knowledge of Indian politics would dictate that there is zero possibility of India submitting all its nuclear reactors to the nuclear Non-Proliferation Treaty (NPT) regime without it being recognized as a nuclear power. Democratically elected politicians in India would be committing political suicide were they to do otherwise." Khosla adds, "We must recognize that India, like Israel, has very good regional and national defense reasons for not signing the current form of the NPT." The US-India "agreement provides an elegant solution to bring important global powers like India within the international framework."

WPost Says Venezuelan Trial Looks Like Suppression Of Dissent. An editorial in the Washington Post (6/29, A26, 744K) says a trial "underway in Caracas is worth watching. It features an allegedly aggrieved Cuban ambassador, a charismatic opponent of [Venezuelan President Hugo] Chavez and a tangled record of justice that looks a lot like the calculated suppression of dissent familiar in Havana." The defendant, Henrique Capriles Radonski is charged with leading an assault on the Cuban embassy. Capriles "spent four months in jail before the charges were thrown out by an appeals court. The case seemed to be over -- but then a few months later, the charges were revived."

NYTimes Decries Lawyer Fees In Holocaust Victims Case. An editorial in the New York Times (6/29, 1.19M) says, "The success of Holocaust survivors in winning a $1.25 billion settlement from Swiss banks, which they accused of helping the Nazis steal Jewish holdings, was a small bright spot in that tragic piece of history." A controversy has arisen over the $4 million bill submitted by attorney Burt Neuborne, who represented the survivors. The Times says the "dollar amounts are troubling, and so are the slipshod hourly records that Mr. Neuborne submitted." The Times adds, "When a lawyer's fee is excessive or inadequately supported, courts should step in. US Magistrate Judge James Orenstein, who is reviewing his fee request, should scrutinize it carefully, and keep the interest of the victims firmly in mind.

THE BIG PICTURE:

Headlines From Today's Front Pages.

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Los Angeles Times:
"20% Of U.S. Transplant Centers Are Found To Be Substandard."
"When Fans Hissed, He Listened."
"A Path From A 'Dropout Factory' To UC Berkeley."
"On The Stump, Not The Ballot, In Mexico."
"Israel Detains Hamas Officials; Jets Buzz Syria Leader's Home."
"High Court Upholds Texas Redistricting."
"Economic Jitters An Albatross For Bush."

USA Today:
"Justices Uphold Redrawn Districts."
"Next Stage For Armstrong Presents Another Big Climb."

New York Times:
"Israelis Batter Gaza and Seize Hamas Officials."
"Justices Uphold Most Remapping In Texas By G.O.P."
"Mid-Atlantic States Reel Under Deluge; 10 Dead."
"Business Joins African Effort To Cut Malaria."
"Guilty Plea Seen For Police Figure Of Giuliani Era."
"Iraq War Ends Silently For One American Soldier."

Washington Post:
"After The Deluge, Death And Debris."
"Justices Affirm GOP Map For Texas."
"The Roar, The Screams -- And The Silence Of Death."
"Ehrlich Has Filled Ticket, Sources Say."
"Mexican Voters Split By Pull Of Polar Opposites."
"Discovery's Goal: A Quiet Trip."

Washington Times:
"Court OKs Mid-Decade Redistricting."
"Area Floods Kill 12."
"Virginia Churches Plan Diocese Exit."
"Israeli Jets Attempt To Intimidate Syria Leader."
"Boeing Sees Airbus Aid Ploy To Build Rival Jet."
"Economic Plans To Be A Major Factor In Mexico Election."

Detroit Free Press:
"U.S. Car Builders Unite For Ethanol."
"Bright Night."

Atlanta Journal-Constitution:
"CDC Panel Votes Today On Cancer Vaccine For Girls."
"Feds Accept Voter ID Law."
"Fond Farewell For Noor."
"Producer's Arrest Altered His Plans For Dubai Bash."
"Family Promises 'Fair Use' Of Collection."

Houston Chronicle:
"Most Of Texas Remap Upheld."
"One-Time East End 'Godfather' Returning."
"Remap Launched DeLay's Wild Ride."
"BP Unit Accused Of Price-Fixing Plot."
"Burglar Bars In Condo Fire May Have Violated City Law."

Story Lineup From Last Night's Network News:
ABC: East Coast Flooding; Local Emergencies; Supreme Court-TX Redistricting; Israel-Gaza Offensive; Iraq-Insurgents' Offer; Iraq-Marine Killed; Katrina Victims-Summer Camps; Bush-Welfare Rules; Gates-Education; Superman-No American Way.
CBS: East Coast Flooding; Israel-Gaza Offensive; Gaza Offensive-Analysis; Iraq-Insurgents' Offer; Putin-Slain Russian Diplomats; Iraq-Marine Killed; Supreme Court-TX Redistricting; Paulson Confirmed; Smart Car; Interstate Highways; Highlights Magazine-60th Anniversary.
NBC: East Coast Flooding; Flooding-Pennsylvania; Susquehanna River-Flooding Potential; Supreme Court-TX Redistricting; Redistricting Potential-Analysis; Bush Administration-NYT; Israel-Gaza Offensive; Pork-Defense Project; Smart Car; Stock Markets; Iraq-Marine Killed; YouTube.

Story Lineup From This Morning's Radio News Broadcasts:
ABC: Northeast-Heavy Rains; Israel-Gaza Incursion; Foreign Stock Markets.
CBS: Northeast-Heavy Rains; Israel-Gaza Incursion; Poland-Rabbi Attack Suspect Arrested; NASA-Shuttle Launch Plans.
NPR: SCOTUS-TX Redistricting Law; Israel-Gaza Incursion; Paulson Confirmed; Foreign Stock Markets; Bush-Koizumi Meeting; Mexico-Police Commander Killed; Northeast-Heavy Rains.

WASHINGTON'S SCHEDULE:

Today's Events In Washington.
White House:

PRESIDENT BUSH — Arrival ceremony for Japanese Prime Minister Koizumi, South Lawn, Open press; meeting with Koizumi, Oval Office; joint media availability with Koizumi, East Room, Open press; greets Prime Minister Koizumi of Japan, North Portico, open press; photo opportunity with Koizumi, Grand Foyer, pool coverage; the President and Mrs. Bush attend official dinner with Koizumi, State Dining Room, pool for toasts only; attends after dinner entertainment, East Room, pool coverage.

VICE PRESIDENT CHENEY — No public schedule.

LAURA BUSH — Hosts media preview of the official dinner with the Prime Minister of Japan, open press, State Floor; guest arrival for the official dinner, open press, Booksellers Area.

US Senate: FLOOR SCHEDULE _ 9:30 a.m. Meets for morning business.

9 a.m. FOREIGN RELATIONS _ Full Committee. Hearing on Russia. Stephen Sestanovich, Council on Foreign

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Relations; Dmitri Trenin, Carnegie Endowment for International Peace, Moscow; Amy Myers Jaffe, Rice University Energy Program. Location: Room 419, Dirksen.

9:30 a.m. HOMELAND SECURITY AND GOVERNMENT AFFAIRS _ Oversight of Government Managemenyt, the Federal Workforce and the District of Columbia Subcommittee. Hearing on pending legislation to improve federal employee performance. Dan Blair, deputy director, OPM; Darryl Perkinson, national president, Federal Managers Association; Colleen Kelley, president, National Treasury Employees Union; John Gage, national president, American Federation of Government Employees. Location: Room 342, Dirksen.

9:30 a.m. JUDICIARY _ Full Committee. Markup of pending legislation. Location: Room 226, Dirksen.

10 a.m. APPROPRIATIONS _ Full Committee. Markup of H.R. 5836 - Interior and Related Agencies, H.R. 5427 - Energy and Water; H.R. 5441 - Homeland Security, and H.R. 5522 - State and Foreign Operations. Location: Room 106, Dirksen.

10 a.m. COMMERCE, SCIENCE AND TRANSPORTATION _ Full Committee. Markup of pending legislation or votes on pending nominations. Location: Room 562, Dirksen.

10 a.m. FINANCE _ Full committee. Hearing on U.S.-Peru trade promotion agreement. Location: Room 215, Dirksen.

11 a.m. FOREIGN RELATIONS _ Full Committee. Markup of pending legislation and votes on nominations. Location: Room 419, Dirksen.

2:30 p.m. FINANCE _ Long Term Growth and Debt Reduction Subcommittee. Hearing on increasing worker coverage in small business pensions plans. Craig Copeland, Senior Research Associate, Employee Benefit Research Institute; Steve Bjerke, Investment Representative, Edward Jones, Pendleton, Ore.; Daniel Hall, Regional Pension Manager, The Standard, StanCorp Equities, Inc., Portland, Ore.; Paula Calimafde, Chair, Small Business Council of America, Bethesda, Md.; David C. John, Senior Research Fellow, The Heritage Foundation; J. Mark Iwry, Nonresident Senior Fellow, The Brookings Institution. Location: Room 215, Dirksen.

2:30 p.m. HOMELAND SECURITY AND GOVERNMENTAL AFFAIRS _ Federal Financial Management, Government Information and International Security Subcommittee. Hearing on overhaul of the Community Development Block Grants program. Location: Room 342, Dirksen.

2:30 p.m. JUDICIARY _ Administrative Oversight and the Courts Subcommittee. Hearing on H.R.1038 - Multidistrict Litigation Jurisdiction. Location: Room 226, Dirksen.

2:30 p.m. SELECT INTELLIGENCE _ Closed briefing on intelligence matters. Location: Room 219, Hart.

US House: FLOOR SCHEDULE _ 10 a.m. Meets for legislative business. Highlights: H.R.5672 - Science, State, Justice, Commerce and Related Agencies Appropriations Act. H.R.4761 - Deep Ocean Energy Resources Act of 2006.

9 a.m. ARMED SERVICES _ Full Committee. Hearing on reports of weapons of mass destruction in Iraq. With Lt. General Michael Maples, director of the Defense Intelligence Agency. Location: Room 2118, Rayburn.

10 a.m. AGRICULTURE _ Full Committee. Hearing to review agriculture's role in the renewable fuels market. Undersecretary of Agriculture Thomas C. Dorr; Mark K. Gaalswyk, President, Easy Automation, Welcome, Minn.; Bob Walker, CEO, Bixby Energy Systems, Rogers, Minn. Richard W. Hamilton, President and CEO, Ceres, and Board Member, Biotechnology Industry Organization, Thousand Oaks, Calif.; Al Christopherson, Chairman of the Board, Agricultural Utilization Research Institute, Crookston, Minn.; John W. Burke, III, Forest Landowner and President, Virginia Forestry Association, Richmond; Bob Dinneen, President and CEO, Renewable Fuels Association; Jeff Passmore, Executive Vice President, Iogen Energy, Ottawa; Mary Beth Stanek, Manager, General Motors Strategic Initiatives, Detroit; William A. Frey, E.I. DuPont de Nemours and Company. Location: 1300 Longworth.

10 a.m. ENERGY AND COMMERCE _ Full Committee. Hearing on ``Growth, Opportunity, Competition - America Goes to Work." Commerce Secretary Gutierrez. Location: Room 2123, Rayburn. Notes: Gutierrez holds media availability following his testimony.

10 a.m. FINANCIAL SERVICES _ Oversight and Investigations Subcommittee. Oversight hearing on pandemic flu preparedness in the financial sector. Location: Room 2128, Rayburn.

10 a.m. GOVERNMENT REFORM _ Full Committee. Markup of pending legislation, followed by a hearing on whistleblowers and the Ceballos decision. Stephen Kohn, National Whistleblowers Center; Roger Pilon, Cato Institute; Richard Deballow, Los Angeles County District Attorney's office; William Bransford, Senior Executives Association; Mimi Dash, Fairfax Education Association; Lisa Soronen, National School Boards Association; Barbara Atkin, National Treasury Employees Union; Richard Bergstrom, attorney; Joe Goldberg, Amer9ican Federation of Government Employees. Location: Room 2154, Rayburn.

10 a.m. HOMELAND SECURITY _ Economic Security, Infrasatructure Protection and Cybersecurity Subcommittee. Hearing on legislation to give the Homeland Security Department the authority to regulatethe security of chemical plants. Location: Room 311, Cannon.

10 a.m. RESOURCES _ Foresdts and Forest Health Subcommittee. Hearing on the Healthy Forerst Restoration

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Act and on the Health Forests Initiative at USDA. Location: Room 1334, Longworth.

10 a.m. RESOURCES _ Fisheries and Oceans Subcommittee. Hearing on reauthorizatrion of the North American Wetlands Conservation Act. With Rep. Mark Kennedy, R-Minn.; Rep. Curt Weldon, R-Pa.; Mathew J. Hogan, acting assistant secretary for fish, wildlife, and parks, Department of the Interior; John Frampton, director, South Carolina Department of Natural Resources; Alan Wentz, group manager of conservation programs, Ducks Unlimited; and Steve Parker, director, Virginia Coast Reserve Office, The Nature Conservancy. Location: Room 1324, Longworth.

10 a.m. SELECT INTELLIGENCE _ Full Committee. Closed hearing on integrated collection architecture. Location: Room H-405, Capitol.

10 a.m. TRANSPORTATION AND INFRASTRUCTURE _ Aviation Subcommittee. Hearing on airline baggage screening and explosive detection. Randy Null, assistant administrator TSA; Cathleen Berrick, GAO; Michael Ellenbogen, Reveal Imaging Technology; William Britz, Raytheon; Susan Baer, Newark Liberty International Airport; Todd Hauptli, American Association of Airport Executives and Airports Council International; Tom Ripp, L3 Communications; Dennis Cooke, GE Security, and John Wood, Analogic Corp. Location: Room 2167, Rayburn.

10 a.m. WAYS AND MEANS _ Full Committee. Markup of pending legislation. HR 5640, Child and Family Services Improvement Act of 2006. HR 5684, United States-Oman Free Trade Agreement Implementation Act. Location: Room 1100, Longworth.

10:30 a.m. ARMED SERVICES _ Terrorism, Unconventional Threats and Capabilities Subcommittee. Hearing on U.S. Special Operations Command's missions and roles. Retired Gen. Wayne Downing, former Commander, U.S. Special Operations Command; Michael Vickers, Center for Strategic and Budgetary Assessments; Max Boot, Council on Foreign Relations. Location: Room 2212, Rayburn.

10:30 a.m. EDUCATION AND THE WORKFORCE _ Workforce Protections Subcommittee. Markup of pending legislation. Location: Room 2175, Rayburn.

10:30 a.m. VETERANS AFFAIRS _ Full Committee. Oversight hearing on security breaches at the VA. Secretary Nicholson. Location: Room 334, Cannon.

11:30 a.m. JUDICIARY _ Subcommittee on Crime, Terrorism and Homeland Security. Hearing on the Judicial Transparency and Ethics Enhancement Act of 2006. Ronald Rotunda, George Mason University law school; Charles Geyh, Indiana University law school; Arthur Hellman, University of Pittsburgh School of Law. Location: Room 2141, Rayburn.

2 p.m. INTERNATIONAL RELATIONS _ Africa, Global Human Rights and International Operations Subcommittee and International Terrorism and Nonporliferation Subcommittee. Joint hearing on Somalia. Assistant Secretary of State Jendayi Frazer, John Prendergast of the International Crisis Group, and J. Peter Pham of James Madison University. Location: Room 2172, Rayburn.

Other: JAPANESE PRIME MINISTER JUNICHIRO KOIZUMI _ Highlights: 9 a.m. Arrives at the White House. 9:50 a.m. Meets with President Bush. 11:50 a.m. Holds joint media availability with President Bush. 7 p.m. Arrives at White House for official dinner. 7:20 p.m. Photo opportunity with President Bush. 8:05 p.m. Attends official dinner. 9:50 p.m. Attends post-dinner entertainment.

INTERSTATE HIGHWAYS _ The American Association of State Highway and Transportation Officials and the Transportation Construction Coalition hold a two-day forum, ``The Interstate Highway System - Fifth Years and looking Forward." Highlights: 10:15 a.m. Remarks by Transportation Secretary Norman Mineta. Reagan Trade Center auditorium.

IMMIGRANT RIGHTS _ The National Immigrant Solidarity Network holds a grassroots strategy conference on a national immigrant rights/civil rights movement. Location: American University.

MENTAL ILLNESS _ National Alliance on Mental Illness (NAMI) holds its annual convention. Highlights: 4 p.m. - 5:30 p.m. Opening Plenary: ``A Ceasefire on Healthcare," with Former Senate Majority Leader Tom Daschle, Sen. Don Nickles and former Sen. John Breaux. Location: Washington Hilton Hotel.

MASS CARE POLICY _ 8:30 a.m. The Homeland Security Department, American Red Cross, others, hold a Mass Care Policy seminar to discuss their roles and mass care providers. Speakers in order of appearance: David Paulison, Director, FEMA; Jack McGuire,Interim Chief Executive Officer, American Red Cross; Alan McCurry, Executive Vice President, American Red Cross; Major George Hood, Community Relations Secretary, Salvation Army; Jim Burton, Director of Volunteer Mobilization, Southern Baptists; Joe Watts, Disaster Response Coordinator, Adventist Community Services; Al Brislain, Senior Vice President, Second Harvest; Andre Miller, National Voluntary Organizations Active in Disaster (NVOAD); Michael Jackson, Deputy Secretary, DHS. Location: American Red Cross, 1730 E St. NW.

NATIONAL SECURITY _ 8:30 a.m. - 12 p.m. Center for International Policy. Discussion, ``Can National Security Agency Justify Wireless Eavesdropping and CIA Defend Secret Prisons Abroad?" With James Bamford, author, ``The Puzzle Palace, Body of Secrets," Stephen Rickard, Open Society Policy Center, and Melvin Goodman, National Security Program Center for International Policy. Location: Choate Room, Carnegie Endowment for International Peace, 1779 Massachusetts Ave., NW.

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SCOTUS-ANALYSIS _ 9 a.m. The American Constitution Society holds a review of the 2006 Supreme Court term. Location: National Press Club.

ALBERTA TAR SANDS _ 10 a.m. Natural Resources Defense Council, Pembina Institute of Alberta and Mikisew Cree National Nation officials hold a news conference on the Alberta tar sands oil development in Alberta. Location: National Press Club.

CHERTOFF _ 10 a.m. Homeland Security Secretary Chertoff addresses the American Enterprise Institute on ``Securing Our Borders." Location: 12th floor, AEI, 1150 17th St. NW.

WORKPLACE-GAYS _ 10 a.m. The Human Rights Campaign holds a briefing to release its 7th State of the Workplace report. Location: National Press Club.

BOEHNER _ 10:30 a.m. House Majority Leader Rep. John Boehner holds an on-camera news conference. Location: House Radio-TV Gallery.

PELOSI _ 10:45 a.m. House Democratic leader Rep. Nancy Pelosi holds her weekly news conference. Location: Room H-206, Capitol.

DARFUR _ 11 a.m. savedarfur.org holds an event with Sen. Majority Leader Bill Frist, Sen. Hillary Clinton, Se, Sam Brownback, and others, as they sign postcards to President Bush urging a UN Peacekeeping force in Darfur. Location: Room S-211, Capitol.

MEDICAID _ 11 a.m. News conference to call attention to new Medicaid documentation requirements that may create to health care. With Linda Spears, Child Welfare League; Dan Hawkins, National Association of Community Health Centers; Ron Pollack, Families USA; Senator Daniel Akaka, D-HI; Rep. Mike Honda; Rep. Hilda Solis; and others. Location: Room 124, Dirksen.

HURRICANE PREPAREDNESS AND RECOVERY _ 11:30 a.m. American Geophysical Union and members of the Congressional Hazards Caucus. Briefing on the AGU report ``Hurricanes and the U.S. Gulf Coast: Science and Sustainable Rebuilding." With Charles Groat, University of Texas; Timothy Killeen, director, National Center for Atmospheric Research and Rep. Jo Bonner. Location: Room 2325, Rayburn. Notes: Repeated for the Senate at 3 p.m., Room 385, Russell, with Sen. Mary Landrieu.

RETIREMENT STUDY _ 12 p.m. Prudential Financial holds a news conference to announce the findings of a research study on investment behaviors in the five years before and after retirement. Location: National Press Club.

TERRORIST THREATS _ 12 p.m. The Century Foundation holds a news conference to release a report on strengthening the response to terrorist threats and other emergencies. Location: National Press Club.

ECONOMICS-FEDERAL RESERVE _ 12 p.m. - 1:30 p.m. The National Economists Club hosts a luncheon presentation by Allan Meltzer, visiting scholar, American Enterprise Institute, on ``The History of the Federal Reserve, Volume II." Location: Chinatown Garden Restaurant, 618 H St. NW.

JOURNALISTIC QUALITY _ 12 p.m. - 1:30 p.m. Washington-Baltimore Newspaper Guild and the University of Maryland's journalism school. Panel discussion on the sale of Knight Ridder and the impact on American journalism. With Rem Rieder, American Journalism Review; Linda Foley, The Newspaper Guild; Carl Sessions Stepp, University of Maryland; Ivan Roman, National Association of Hispanic Journalists; Ben Scott, Free Press. Location: Capital Hilton, 16th and K Sts. NW.

AGRICULTURAL INTERDEPENDENCE _ 12:30 p.m. Cross-border forum on agricultural interdependence. Remarks by Ralph Klein, premier of Alberta, Canada, and Rep. Bob Goodlatte. Location: Woodrow Wilson International Center for Scholars, 6th Floor Dining Room, Ronald Reagan Building and International Trade Center; 1300 Pennsylvania Ave., NW.

DEMOCRATS-IMMIGRATION _ 12:30 p.m. Senator Chuck Schumer, D-NY and Rep. Rahm Emanuel, D-IL, hold a news conference to highlights weaknesses in the GOP record on immigration. Release of new poll results. With representatives of Third Way. Location: DNC Headquarters, 2nd floor conference room, 430 South Capitol St., S.E.

NEW CITIZENS _ 12:30 p.m. About 100 Northern Virginia area resident take the citizenship oath. Location: USCIS office, 2675 Prosperity Ave., Fairfax.

PRESCRIPTION DRUG SAFETY _ 12:30 p.m. Families who lost family members after they took unsafe prescription medicines hold a news conference to urge Congress to pass stalled drug safety measures, with Reps. Maurice Hinchey, Rosa DeLauro and John Tierney. Location: Room 121, Cannon.

VOTER REGISTRATION-IMMIGRATION _ 12:30 p.m. The We Are America Alliance holds a news conference to announce a campaign to help involve immigration demonstrators to register to vote and become citizens by Election Day. Location: National Press Club.

DEMOCRATS-PELOSI _ 1:15 p.m. House Democrats hold a news conference to discuss ``Republican failures heading into the Independence Day recess and new directions offered by the Democratic Party." With Reps Pelosi, Hoyer, Clyburn, Larson and Emanuel. Location: H-204, The Capitol.

DEMOCRATS-MINIMUM WAGE _ 2 p.m. Democratic leaders hold a news conference to urge an increase in the minimum wage. With Sen. Harry Reid; Sen. Hillary Clinton; Sen. Charles Schumer; Sen. Edward Kennedy; and others. Location: Room S-207, U.S. Capitol.

HEALTH CARE REFORM _ 4:30 p.m. - 5:30 p.m. Discussion on health care reform with former senators John Breaux, Tom Daschle and Don Nickles. Location:

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Washington Hilton & Towers, 1919 Connecticut Ave. NW, International Ballroom.

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From: USDOJ- Office of Public Affairs
Sent: Thursday, June 29, 2006 12:22 PM
To: USDOJ- Office of Public Affairs
Subject: SENIOR ADMINISTRATION OFFICIALS FROM THE DEPARTMENTS OF JUSTICE AND DEFENSE TO HOLD TELECONFERENCE REGARDING HAMDAN VERDICT

Department of Justice

FOR PLANNING PURPOSES ONLY — OPA
THURSDAY, JUNE 29, 2006 — (202) 514-2007
WWW.USDOJ.GOV — TDD (202) 514-1888

*********MEDIA ADVISORY*********

SENIOR ADMINISTRATION OFFICIALS FROM THE DEPARMENTS OF JUSTICE AND DEFENSE
TO HOLD TELECONFERENCE REGARDING HAMDAN VERDICT

WASHINGTON – Officials from the Departments of Justice and Defense will participate in a teleconference today to provide background information on the Supreme Court's ruling in *Hamdan v. Rumsfeld*. The teleconference will be held **TODAY, JUNE 29, 2006 at 2:30 P.M. EDT.**

WHO: Senior Department of Justice Officials
Senior Department of Defense Officials

WHAT: Background Teleconference for Reporters

WHEN: THURSDAY, JUNE 29, 2006
2:30 P.M. EDT

WHERE: Dial-in Number: 1-800-860-2442
Pass Code: Department of Justice call

NOTE: Press inquiries regarding logistics should be directed to the Office of Public Affairs at 202-514-2007.

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Image not available for this document, ID: 0.7.10316.53695-000002

Blomquist, Kathleen M

From:	Blomquist, Kathleen M
Sent:	Thursday, June 29, 2006 1:03 PM
To:	Elwood, Courtney; Gorsuch, Neil M; Roehrkasse, Brian; Scolinos, Tasia; Garre, Gregory G; Clement, Paul D
Cc:	Moschella, William
Subject:	Statement from U.S. Senators Lindsey Graham and Jon Kyl
Attachments:	tmp.htm

FOR IMMEDIATE RELEASE: Contact:
Wes Hickman (Graham)

June 29, 2006

Andrew Wilder (Kyl)

Senators Graham, Kyl Statement on Hamdan Ruling

WASHINGTON, D.C. - U.S. Senators Lindsey Graham (R-SC) and Jon Kyl (R-AZ) today issued the following statement on the U.S. Supreme Court's ruling on the Hamdan case:

"We are disappointed with the Supreme Court's decision. However, we believe the problems cited by the Court can and should be fixed.

"It is inappropriate to try terrorists in civilian courts. It threatens our national security and places the safety of jurors in danger. For those reasons and others, we believe terrorists should be tried before military commissions.

"In his opinion, Justice Breyer set forth the path to a solution of this problem. He wrote, 'Nothing prevents the president from returning to Congress to seek the authority he believes necessary.'

"We intend to pursue legislation in the Senate granting the Executive Branch the authority to ensure that terrorists can be tried by competent military commissions. Working together, Congress and the administration can draft a fair, suitable, and constitutionally permissible tribunal statute."

# # #

FYI....

From: Hickman, Wes (L. Graham)
Sent: Thursday, June 29, 2006 12:57 PM
Subject: ! Statement from U.S. Senators Lindsey Graham and Jon Kyl !

FOR IMMEDIATE RELEASE:
June 29, 2006

Contact: Wes Hickman (Graham)
[redacted]
Andrew Wilder (Kyl)
[redacted]

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# # #

Todd, Gordon (SMO)

From:	Todd, Gordon (SMO)
Sent:	Thursday, June 29, 2006 4:34 PM
To:	Gorsuch, Neil M
Subject:	FW: ACLU - Final Set of Summaries
Attachments:	062806.wpd

I keep forgetting to copy you. I'm sure you're MIA on Hamdan stuff. OAG should know that these materials being released tomorrow will be added to the Hamdan mix.

From: Todd, Gordon (SMO)
Sent: Thursday, June 29, 2006 4:33 PM
To: 'Brett_C._Gerry@who.eop.gov'; Elwood, Courtney
Subject: FW: ACLU - Final Set of Summaries

Here is the second set of docs, also for today.

Brett - per our exchange earlier, CIV and DOD think they have seen most everything in the Church report before, but are confirming for me. I've asked for whatever press materials they have, including whatever they plan on saying tomorrow.

From: Newmark, Andrea (CIV)
Sent: Thursday, June 29, 2006 4:27 PM
To: Todd, Gordon (SMO); Hunt, Jody (CIV); Shapiro, Elizabeth (CIV); Powell, Amy (CIV); Haas, Alexander (CIV); Chanoine, Hannah (CIV); Patterson, Nicholas (CIV)
Subject: ACLU - Final Set of Summaries

Gordon: Here are the remaining summaries. Andrea

Amy - Brief to the SecDef on Treatment of Enemy Combatants [No Bates Stamps]
These are slides from a presentation to the Secretary of Defense in May 2004. A review ordered by SecDef revealed "no evidence or suspicion of serious or systemic problems," although "minor infractions" had been reported. One problem reported at GTMO was that detainees in maximum security block were required to wear short pants, which is inconsistent with Islamic practice. At Charleston, 1 detainee had Koran, mattress and pillow removed removed from his cell as part of JFCOM-approved interrogation plan, although this technique will no longer be used. Infractions included spraying detainee with hose after detainee threw unidentified foul liquid on MP, use of pepper spray against a detainee who was about to throw unidentified liquid, striking a detainee who had been restrained after assaulting an MP, use of sexually suggestive comments and body movements by female interrogator, use of overly harsh "fear-up/harsh" interrogation technique resulting in superficial bruising to detainee's knees, engaging in inappropriately casual conversation with a detainee, and unusual haircuts by the camp barber intended to frustrate detainee requests for similar haircuts as a sign of unity. In each instance but one, there was some sort of reprimand or punishment. In the instance of the use of pepper spray, the MP was acquitted in a special court martial. The issues requiring resolution at GTMO were the lack of formal process for detainees to make complaints, that detainees do not receive packages for security reasons, and that short pants on the maximum security block conflict with religious observance. Issues requiring resolution at Charleston include that the limited population could constitute isolation, and that the Christian chaplain used to provide socialization could be perceived as forced proselytization.

Andrea
– Camp Pendleton Appendix to Annex E to 1st FSSG OPLAN 1003-02(U): ENEMY PRISONERS OF WAR, CIVILIAN INTERNEES AND OTHER DETAINED PERSONS -- guidance stating, inter alia, that no civilian will be detained for more than 2 weeks without higher-level approval; also discusses accountability, adm of D property. There are two versions of this guidance, one dated Nov 2002 and the other April 2004
– Detainee Procedures - Combined Forces Command - Afghanistan, May 2004
"All Ds will be considered as potential supporters of the Afghan Transitional Authority (ATA) and coalition until substantial evidence is clearly established otherwise" Will not be held at remote sites for processing beyond 96 hours. Ds held more than 196 hours outside Bagram collection point will be unconditionally released unless commander himself decides otherwise. "Softening up" by MP or guards prior to interrogation is strictly prohibited.
– 3-page Info Paper summarizing 25 CID death investigations and 16 other abuse investigations, all of which have seen described in greater detail in previously-released documents.
– slides re prisoner of war handling: Geneva Conv and the 5 S's [search, silence, segregate, safeguard, speed to the rear]

Amy - Formica Annex Review (pp 1-199)
This is part of the appendix to an investigation by BG Richard Formica of allegations of detainee abuse at Abu Ghraib and possibly other places. It includes the May 2004 memorandum authorizing the investigation, a chronology of the investigation, reports of detainee abuse, sworn witness statements, and other documents relevant to the investigation. The statements generally

deny having seen or been involved in any torture or interrogation with dogs. One witness statement reports that a soldier was charged for removing the shirt of a female detainee, and that he witnessed a female MP searching male detainees in what he thought was an inappropriate manner. The same witness alleged that detainees would often arrive at Abu Ghraib beaten up and would claim that they were tortured with cigarette burns and electric shocks. Some of them blamed Iraqis for the torture, including one rape. One witness described a detainee's report that Iraqi police had raped her child and murdered her older brother. One detainee had reported that he was stripped naked, given a cold shower and put on sleep patterns prior to interrogation. Several witnesses reported receiving no or only limited training on dealing with detainees. One interrogator admitted hearing about a detainee being shot with a rubber bullet, another one being forced to wear women's underwear, and about a detainee who was made to roll on the sand and skip like a chicken until he almost passed out. This witness reported tension between military intelligence and military police.

There are several sworn statements by detainees. A statement by a detainee who claimed to be an Iraqi general alleges that he was interrogated, sometimes roughly, at Abu Ghraib, but that he was beaten by an American and an Iraqi before being taken to Abu Ghraib, where he was also beaten and hit and tied to a window. 15 days after he arrived, he told an American interrogator about the abuse and it stopped. One detainee stated that the only bad thing that happened at Abu Ghraib was when an interrogator cussed at him and threatened to make him wear female clothes. Two detainees stated that, prior to their arrival at Abu Ghraib, they were not allowed to sleep for 4 days and their father was denied his heart medication.

There are also orders describing proper reasons, procedures, and review procedures for detaining people and efforts to ensure proper detainee treatment. A witness statement explains that an outdated interrogation policy was once circulated. Sign-in rosters indicate that all guards and interrogators at a temporary holding facility were required to understand the policy and the SOPs. The Interrogation and Counter-Resistance Policy dated March 23, 2004 includes the incomprehensible line "Proper clothing and any relevant medication will taken off target with the detainees." Most interrogation procedures and all detainee lists are redacted. Various file memoranda address reporting requirements for detention facilities, time-frames for transfer of detainees to the coalition holding facility, ongoing investigations. One investigation found no physical evidence to support the detainee's allegations of recent torture, another found that a man claiming to have been kept in a 4' crate without food or water was also "obvious[ly]" beaten. A memorandum on Detainees Basic Tenant Rights IAW Geneva Convention and Army Regulations requires food, water, medical treatment and humane treatment for civilian detainees, but also states that "securing detainees in a cement cell with dimensions of 4 feet long, 3.1 feet high, and 1.5 feet wide secured by a sliding metal door is acceptable for a short duration not to exceed 24 hours" even without "good ventilation, lighting or observation by guard force." (P145).

An agent's investigation report records that a servicemember died after his vehicle detonated an unknown explosive device. The report describes a witness's information about a sale of an explosive device that resulted in this attack and several witness statements are included, including a confession. The confession was later retracted, the detainee claiming that it was "beaten out of him." (P.161) A female detainee claimed that the Iraqi Police had beaten her and tortured and killed her brother in an attempt to extort money from her family. She claimed that another detainee was beaten and forced to accuse her of involvement. One detainee claimed that Iraqi Police at the palace beat and tortured him, deprived him of sleep, and food, sodomized

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him, and squeezed his testicles with pliers. There are at least two detainees who retracted statements that they claimed were given after being tortured at the palace, perhaps by Iraqi police but while Americans were present. One of the men is handicapped and suffers from a bone deficiency. Several servicemembers denied abusing detainees or being present during abuse. One volunteered that there was a lawyer in Baghdad encouraging detainees to fabricate abuse stories. The investigation found no medical evidence to support the accusation of abuse at the palace. There was corroborating evidence of the original crime and the abuse story changed over time. The accusing detainees were charged with making false official statements. After this incident, the commanding officer ordered that detainees be transferred immediately to a conventional coalition facility and that interrogations be recorded. One officer states that his team has never used a dog in their interrogations "but to be perfectly honest, a dog barking 50 feet away, if that's going to convince an Iraqi to give up another one of his IED making friends, then personally I don't see a problem with it." He also stated that "the acceptable minimum standard [for food and water] would certainly be water, three bottles a day, as far as food, something to keep them alive. I'm aware of what [REDACTION] was fed and I don't think it was particularly adequate. I should have been checking on those guys . . . ." One service member stated that, for a time, the detainees were all blindfolded. The detainees at the facility in question shower by being hosed down. One guard stated that there is a lot of diarrhea among the detainees, maybe due to unfamiliar food. One detainee claimed he was kicked by a guard when the lights went out. One guard heard a rumor that a detainee died after being turned over to Coalition forces, and was found dead with a sock in his mouth. An interrogator describes some of his typical interrogation techniques, including yelling and making the detainee believe that he can improve his position by cooperating. Also, without threatening torture, he would mention Abu Ghraib and "their own imaginations will generally be more effective." This particular interrogator was outraged by the use of sleep deprivation and stress positions as interrogation techniques because he had been taught that it was illegal, and he personally refused to take part.

Hannah - Formica Report Annex ("FRA") 54-75
201-204 FRA 55 - statement from intelligence analyst for interrogators, pre and post briefs interrogators, characterized as a subject matter expert on the types of intelligence sought, but has limited contact with the detainee. statement about a particular detainee's complaint. Detainee came in from "Adamiya Palace" where they were harsh on him. analyst was suspicious of the documents that came with the detainee. Much of the statement concerns him backtracking from a prior statement in which he told military investigators that he had heard of "this happening" meaning detainee abuse. "That statement is completely hearsay that I can't confirm or deny" [201]. The statement as a whole is confusing. He speaks a great deal of detainee abuse that appears to have gone on at Adamiya palace, but it is unclear from his statement whether he believed an allied forces unit, special forces, or other type of unit was operating from there, or whether it was former members of the Republican guard. See 203.
Also, there is a confusing discussion at the end referring to gaps of time in which detainees are brought to an unknown interrogation facility, leaving gaps in the time between the date of their arrest, and the date of their arrival at the affiant's location. [204]
Potentially problematic statements :
" . . . I can't say that they're not using another interrogator to do their dirty work." "The

interrogator who's conducting for that group is SF. He's an operator but he's prior CI and just talking to him about his knowledge of interrogations, nothing that they were doing seemed out of the ordinary He told me that the detainee basically gave the information and when the detainee felt he was going down the road of being imprisoned he basically retracted the whole thing saying 'I didn't say that, and I'm not going to sign anything.' The accusations of a detainee bleeding from the ears is hearsay information." [202]
"Whether it's fueled by hear say [*sic]* or otherwise, I do have a way to sense that some units may generally treat detainees better than others. When I was working at Abu, detainees would come up with wounds on them. If that happened in the field or during an interrogation I don't know" [202]
204 " [redacted] is definitely running an interrogation facility somewhere. I have no idea where it is located. They can't be reached by SIPR, NIPR, or DNVT. It's definitely off of a telephone. "
205-06 FRA 56 - statement by someone "working the interrogation side of the house" at abu ghraib describing his beliefs about abuse at abu. Implies there was abuse. Potentially problematic statements:"On one particular individual, his wrist wounds were so severe that they were cut down through the forth and fifth layers of flesh. It was scabbed over, but it was obvious those things had been on and a lot of pressure was exerted on those plastic cuffs, or metal cuffs, whichever ones were used. I haven't sen this but I've been told about the impaling of the rectum with a bottle. You saw prisoners that were walking kind of funny, and you knew something was wrong with them, what, I don't know. From my lifetime and experience, human beings don't act that way unless there's something with them. I've seen prisoners hat have injured themselves with flex cuffs but not to the degree that I've seen on some prisoners, there's just no way." [205]207-08 FRA 57 - statement of individual present during interrogation of detainee describing abuse at Adamiya palace. Affiant says he disbelieved the accounts of a detainee who said that at Adamiya palace he was stripped, burned by a cigarette, had a bag placed over his head, and had electrical wires attached to his testicles, penis, head, and body parts. Confusing because affiant thinks the detainee's credibility was shot after seeing two Americans come in to say contradictory evidence, who the affiant thinks the detainee recognized, though his story about Adamiya palace was that he never saw Americans or heard American voices. The two soldiers confronted him and the detainee fell silent. Afterwards the detainee faked a heart attack. The affiant's conclusions are inconsistent with the evidence described. This narrative, contrary to the affiant's assertions, seems to suggest that the detainee had been tortured by Americans.
Problematic statements: the whole of page 207.
209-211 FRA 58 -statement of detainee at Adamiya and Taji, detailing abuse ranging from beatings, electricity wires, bleeding from the ear, soap and water placed in his mouth, and use of a dog to scare and scratch him. Implication that there were Americans present.
Problematic statements: the whole of page 209
212-214 FRA 59 - questions and answers of someone at Abu Ghraib. Respondent describes detainees alleging abuse at Adamiya palace.
Problematic statements:
"Q: Do you know if a US military unit worked with the Iraqi police at Adamya palace? A: According to detainees yes."[213]
"Q: have detainees mentioned seeing or hearing Americans at the al adamiya palace. A: yes. Q: are there any allegations of abuse committed by Americans at the al adamiya palace. A: no."
215-16 FRA 60 - statement by screener at Abu Ghraib describing what she's heard from

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detainees, who told of bad treatment at Adamiya palace and by US coalition forces at the airport.
217-18 FRA 61 - statement by screener at Abu Ghraib discounting detainee accounts of abuse by Mohammed Sadaam (rape with a bottle). Occasionally sees prisoners with facial abuse, but not the norm.
Potentially problematic statement: "The only trend associated with that abuse would be with SF detainees."[217]
219-222 FRA 62 - statement by detainee describing abuse of family members and self at Adamiya palace. "Any time when Coalition forces captured someone they took them to Adamiya palace" [219] Describes American soldiers taking affiant to the palace and others present in the palace concurrently while affiant and his family are being abused by an Iraqi. The affiant describes seeing his brother raped with a bottle by an Iraqi.
222-24 FRA 63 -statement by female detainee in same family describing her account of being held and abused in Adamiya palace, after being taken there by Americans. Describes an American soldier trying to scare her by putting electric wires all around her and beating her up. Affiant states that "while I was at Adamiya, I was interrogated by an American who wanted me to admit that my sister [redacted] and my brothers sponsored terrorists". [223]. Says that she saw an interrogator put bottles in several people's rectums, describes seeing American soldiers there with the linguist.
225-26 FRA 64 - another detainee describing abuse at Adamiya, including being hung on a nail while handcuffed and blindfolded without food for two and a half days, being beaten, and having a "stick of iron in my rectum" [225]. Describes interrogator as working with the Americans. "I was taken to a room where there was Mohammed Sadaam, one American soldier, and two other people behind me that kicked me. The American had yellowish, very thin hair, and had no mustache." [225]
228-229 FRA 65 - detainee describing abuse at Adamiya palace after being taken there by Coalition forces. Describes American officers at Adamiya saying "we'll interrogate you tomorrow" then leaving the detainee with two Iraqis who beat him. Later, an American officer "took the bag from my head with respect and began to interrogate me". The officer left, and then the linguist came in and "put a stick in my bottom".
230-31 FRA 66 - statement of supervisor of operations at Radwaniyah palace Complex. Says only SF guard the detainees, and their Lebanese interpreter (who people in Adamiya think was shot, and whose death caused celebration) is never alone in a room with a detainee. Agrees that the detainees are fed bread and water, but they "get as much bread as they can eat." [230] describes a police dog they have as a distraction for the soldiers as a pet. "I think there's some reg saying you could use him but we don't use him" [231]
232-33 FRA 67 - statement of CPT _____ a commander in charge of offensive operations at Adamiyah palace. "The first thing we'd do after detaining a target would be to deliver them to this facility." [232]. Denies abuse as described above ever occurred. Agrees that one prisoner was transported in the trunk of a car, but that was for the safety of the prisoner, since there were numerous phony checkpoints killing people. Denies using dogs in interrogation, though agrees there is a pet dog at the team house. 234-35 FRA 68- describing intelligence secured by detainee, specifically several attack detainee was involved in.
236-37 FRA69 - member of resistance confessing to participation in various attacks
238-40 FRA 69 - statement by American interrogator describing interrogation techniques. Denying electrocution or use of a broomstick, or detention for more than a few days. Agrees that

detainees used to be hooded but are now blind folded. Agrees that they are fed bread and water. Agrees that dog Coji is on the site, but denies ever using the dog in interrogations.
241-43 FRA 70 - Statement of American interrogator at Adamiyah palace. details interrogation procedures and denies abuse ever took place.
244-46 FRA 71 - Statement by Iraqi working in Habamiyah palace with Americans, describing the threats to his family, and family brought in for interrogations. denies participating in interrogations or using the stick on detainees.
247-49 FRA 72 - statement of interpreter working with charlie battery interpreting interrogations. denies ever participating in, witnessing, or conducting abuse.
250-52 FRA 74 - statement by commander of first brigade. His division brought prisoners to Adhamiya palace, but denies abuse ever taking place, or that prisoners were held more than 48 hours. Says interpreter accused by detainees of abuse was never left alone with the prisoners.
256-58 FRA 75 Statement by American Captain denying abusive interrogations ever took place, describing problems with "category one translators" Thinks that there are signs of fabrication in the detainee abuse statements.
Potentially problematic statement: "We've had problems with Category one translators before , , , the battalion commander's personal category one was involved in numerous cases of blackmail, and extortion. I passed this information on to CID for investigation [redacted] He was kind of a thug figure during the old regime , , , " [256].
FRA 76-95
259-61 FRA 76 - statement of commander of C battery, that was not stationed at Adamiya, but located at the Seven apples water plant. States that he never conducted detention at Adamiya, but detained some people and brought them there. Describes the physical layout of Adamyia, including a description of holding areas made of plywood and chain link. Describes an individual identified as a former commissioner in the iraqi police during the regime. He's not paid but worked as a "battalion asset." His role was to "find[] the guys we were looking for". [259]. describes detention of female detainee under suspicion of being chief financier of the FR. Denies hearing stories of abuse, and states that the Colonel wouldn't allow it.
262–65 FRA 77 - statement of assistant detachment commander, appears to be stationed adjacent to the Adamiya Palace. Describes holding of detainees, and where interrogations took place. Describes local Iraqi national providing information, and while unsure of original motivation to help, describes his motivation hardening after local resistance fighters threatened his family. His primary role was to identify targets, but was also present for some detainee interrogations. describes interrogations as extremely professional and states that he never had unaccompanied access to detainees. "although I cannot say with absolute certainty that he never had unaccompanied access ... I highly doubt it." [263] Denies that detainees were ever threatened or physically abused. discounts allegations as attempts to leave detention. describes camp as tight ship. Describes interrogation techniques used: good cop bad cop, sleep management, but never authorized "stress positions", never caused artificial cooling of their bodies, never used dogs during interrogation, never deprived detainees of food or water. says he would not have a problem using a chain to secure detainees to the floor, as long as they could stand, sleep, use the latrine, etc.
266-67 FRA 78 - statement of soldier present during interrogations taking place at the 2-3 FA facility. performed medical screenings. states no detainees showed signs of abuse and never heard stories of abuse. Describes two detainees medical conditions as being problematic where

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they broke free of their flex cuffs and had to be physically restrained to be re cuffed. denies that a local iraqi was given unaccompanied access to detainees. describes all interrogations as professional. thinks detainees alleging abuse are lying.
268-69 FRA 79 brief statement about information derived from interrogation of suspected resistance members.
270-72 FRA 80 brief statement about information derived from interrogation of suspected resistance member suspected of financing resistance in Azimiya. Also summary of how she became to be detained.
274-75 FRA 82 - statement by intelligence sergeant describing interrogations in 2-3 facility. was one of the interrogators of the individuals alleging abuse, and denies abuse ever occurred. Notes that he heard one detainee had physical problems, including urinating on himself. Describes local Iraqi national and states that he does not see how the Iraqi could have unrestricted access, and affiant states he never implied to detainees that he would allow the iraqi to do things us soldiers were prohibited from doing. describes interpreter. concludes detainees are lying about abuse allegations.
"We used a variety of interrogation techniques. My primary technique was to be the nice guy or use a "soft sell". I would appeal to their family and their pride. I would also use the fear up/down technique. I never used stress positions. We did have them kneel during interrogations, but never used a push-up or modified push-up position. Detainees were also put up against a wall, but not for long periods of time." [274]
276-77 FRA 83 - statement by member of task force at DCO with authority over detention operations. "I'm satisfied with the procedures, although there were a couple of blips, not with Paul's folks, but with the previous team." [276] describes some incidents where knees were skinned, and the kneeling on gravel was discontinued. another incident where there was blackened toe nails and burned skin, but it turned out that he had a chronic skin condition. potentially problematic statements: "the only issue I have is the elevated techniques. Aree you using the correct IROE. Until last month we were using the September IROE from CITF-7. We found that the one that came out in October was substantially more restrictive. We asked "are you guys using the right one" and they went back up their chain. . . .We were using a brigadier general approved elevated and they were using the O-5." 276
A council member would walk into our detention facility and talk to a detainee that had been [redacted] he would allege abuse and say "I was iced down, dleep deprivation, in stress positions" and we knew we had not been doing those things so it was apparent that the detainee was speaking about the tactical interrogation center" 276
"I don't think the chain of approval is authorized. We did everything necessary to make sure everybody was aware of what's going on at least in legal channels when people know this is happening. In the way they operate their facilities, especially [redacted] guys, they are absolutely professional." 276
278-80 FRA 84. statement by LCDR _____. He's part of an intelligence unit and runs a tactical interrogation center. described interrogation techniques, mutt and jeff, aggressive tone, blindfolding of the detainee. "the way we enter a room on target, breaching the door and flooding the room, the aggressive speed, they are off kilter from the beginning. 99 percent of the time if there was an injury it happened at the objective."
281-82 FRA 85. Statement by LCDR. describes tactical interrogation facility, and no holding of detainees for longer than 72 hours, feeding schedule

potentially problematic statement: " I have not talked about what techniques could and couldn't be used. I asked him about techniques and he said "sir it's 90% about stress positions for the most part" so I assume the main techniques involved are putting an individual in stress positions. I have to assume that Gunnery Sergeant [redacted] by his position and training, can authorize stress positions. I know its okay with me." [282]
283-85 FRA 86. Statement by Master of Arms, which is the equivalent of a military police officer in the Army. Describes training for support personnel handling detainees. Says he never saw anything he'd consider a breach of the code of conduct or the UCMJ and never saw abuse.
286-88 FRA 87. Written transcripts of answers in discussion between SEAL officer and Brigadier General Formica. describes numbers of detainees he encountered, and bulk of statement is redacted.
289-91 FRA 88 . statement by assistant platoon commander, with duties of maintaining the temporary holding facility and provision of over-watch for tactical information. states that no detainee is held for greater than 72 hours. describes sleep management techniques. "They must get four hours of sleep for every 24 hours, but it doesn't have to be in a single block. 48 hours is the longest we've ever done sleep management. . . . All the stress positions are directed by the interrogator." [290]
297-98 FRA 91. brief report describing raid where individuals were taken into custody
299-301 FRA 92. redacted report of commander of 2-3 FA, which was at one point located at Adamiya palace. mostly illegible.
302-04 FRA 93. statement by individual responsible for paperwork at 2-3 FA. denies ever seeing evidence of abuse, never heard anyone screaming in pain from the interrogation room. Thinks allegations of probes, electrocutions, etc were not possible because he was present every time.
305-07 FRA 94 Assistant at 2-3 FA. Responsibilities included verifying paperwork, ensuring detainees were fed, watered, and able to visit the latrine. Describes presence of the Haf'ts in the center, and the Iraqi informant.
308-10 FRA 95. Statement by S-2 NCO, who had the night shift at Adamiya palace. Partially illegible. He was never present during interrogations. "From my understanding, we don't do interrogation. We're not trained to interrogation. We might do tactical questioning." [308]

Nick 311-419

This packet of material has a lot of information about the abuse and death of Iraqi detainees in United States custody. Much of the language, particularly the descriptions from detainees, is very graphic. It appears that most of the detainees were held in the vicinity of Tikrit Detainees were beaten, sodomized, suffocated, electrocuted, starved, and stripped. Elevated interrogation techniques were approved in general and not on a case by case basis in some instances. At least two detainees died in custody. There were women detainees. The documents are reports, sworn statements, and documents from investigations. The following is a summary followed by numerous full quotations since the material is very graphic and will probably be reproduced in the press.

One large part of the documents at the beginning describe the Detainee Holding Facility in the Adamiya Palace area. Detainees were removed from the main detention areas for prolonged periods of time (30-45 minutes) for questioning. Although most of the detainees were

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men, there were at least women detainees. There is an indication that a woman was considered a terrorist mastermind who worked with former Saddam commandos and fedayeen. The brother of the two women died apparently while detained. Mohammad Saddam, an Iraqi policeman, may have been involved in interrogations. A detainee was bruised up but he may have come in that way. Among the most graphic descriptions:

– A Marine describes an interview with a detainee: the detainee was beaten on abdomen and left flank and punched on legs, side of neck, causing "external and internal bleeding. States he was hung by a nail from the wall with his hands bound behind his back with ligature. States he was lain upon the floor on his stomach with his hands bound and sodimized (sic) with a metal "penis" that they "sexed (sic) together." He also states that his interrogators grabbed his testicles with a plier (?) which caused localized pain and bloody discharge from his penis for more than a week. After being sodomized (sic), he reports his underwear had blood everywhere, and he has had very painful defecations (sic) ever since. This detainee's exam is notable for left side adbominal and flank tenderness and some tenderness of the left testicle. The only physical findings were obvious ligature scars on his wrists consistent with his history. He also has some anal pain and 'fear' with a pale case of breakdown of the skin of the anus and changes consistent with an anal tissue at the 6-oclock position. Internal exam is not possible." P. 338.

– The same Marine describes an interview with a second detainee, an ex-Iraqi Army Engineer/Major. Detained 16 days. The detainee states he was "beaten with a stick on the bottoms of his feet and burned with lit cigarettes on the [illegible] of both feet. He was also beaten on his left forearm and punched in right eye and left ear. He also states that they attempted to sodimize (sic) him but stopped [illegible] to significant entry to his anus (?). Exam reveals scar of ligature & some scar on right shoulder & his feet but rectum (?) and other areas are normal."

– A service member who had been stationed in Tikrit, Iraq, describes the following: "interrogation techniques approved by CJSOTF-AP. These techniques included, baseline, direct, emotional fulfillment, and knowledge. Additionally, there were other techniques that had to be approved by a higher headquarters, 05 or 06 level. Some of the other techniques include Mutt/Jeff, incentive, fear up, pride down, loud music, working dogs . . . We initially asked for authorization to use the higher-level interrogation tactics and were given blanket approval to use them, to the best of my knowledge . . . That is why I believe we had a standing authority to use the elevated techniques and thus I did not feel a need to request it in each individual case . . . We used music to segregate detainees and for force protection. . . Sleep management was an authorized technique that we used. We could reduce the sleep to the minimum requirement of 4 hours of sleep per every 24 hours but this could not be continued for more than 72 hours." Some detainees were held for more than 72 hours.

– An American service member and interrogator described Iraqi forces also being rough with detainees. An insurgent was fighting with Iraqi police, an Iraqi policeman "busted in with a pistol and beat [the individual] with the pistol to the point where his head was split open in a number of different directions, like a starfish on his head . . . As soon as we put him in the truck he started banging his head on the window . . . so I dragged him to the center of the back seat and

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sat him in there and held his head down to calm him down . . . He also had ligature marks on his wrists."

– The same interrogator describes taping detainees' eyes and sitting on a resistant detainee. He also captured a detainee and could have shot him in the head when the detainee grabbed his rifle barrel but did not because the detainee's pregnant wife was there.

– One of the detainees described his experience. Soldiers came to his house in Tikrit, took him into custody, and locked him in a small room where he could not stand up. They put duct tape on his mouth and nose and kept him from breathing and then resuscitated him. They beat him repeatedly. They hit him with a big stick on his foot until his feet were blue. They hit him in the eye and it was all blue for forty days. "The Kurdish guy threatened me and said he was going to fuck me and bring my two wives and fuck them in front of my eyes." He was shocked with electricity and had water thrown on him but was not given water to drink. For five days he had no food or water. For seven days he was naked. Loud music was played with someone telling somebody else in weak Arabic that "I'm going to cut your head off." "They beat me bad here, and I was urinating blood for seven days."

– Another detainee reports that he was captured near Tikrit, kept in a cell with other people, where loud music was played. He started yelling "Please kill me." The music also sounded like someone was trying to kill someone, trying to cut their heads off. He was interrogated by a man wearing a mask and the interrogator stood behind him with a piece of pipe or metal in his hands and beat his neck. The translator was Kurdish and wore a mask. The interrogator wanted to know why he was attacking Americans. It appears he may have informed on a neighbor as being a member of the fedayeen. In the next interrogation the interrogator took of his mask and said he was his friend. He was not hit this time. When he was transferred to a different detention facility another detainee had wounds on both of his shoulders from where they were "pulling him on the ground and he had some head injuries from where they beat him with a pistol in the back of his head." He says that someone likes to exaggerate.

– An additional detainee states that he was detained by Special Forces near Tikrit. "The ICDC told me that the CIA picked me up after two days." He was held for three days without food or water and load music was played and the ceiling was hit so he couldn't sleep. "I said what do you want from me, I'll tell you anything." He was hit in the eyes and head by a Kurd and some Americans. He was hit with a pistol in the head. He was blindfolded. He was kept naked for two days. He was treated humanely by the interrogator. He was beaten the last two days he was there (which makes it seem like he was beaten by the CIA). He was given cake and water. He seemed to possibly know one of the people there, either a detainee or a captor. "There was another guy who might be dead by now from all the torture, he refused to tell me his name." "The ICDC guys knew that this center belonged to the CIA."

– A Commander of the 3rd Battalion whose headquarters had been based in Mosul stated: "I have found no clear guidance on detention facility requirements. There is very clear guidance on how they are to be treated and how they are to be maintained and processing procedures, but I have seen no guidance on the facility requirements themselves." He also talks about elevated

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interrogation techniques similar to the ones discussed above.

There is also an investigation of the death of a detainee in custody. Findings were that detainee was intoxicated, - appeared mentally challenged, repeatedly took off his clothes and defecated on himself on two occasions; he was often seen with his pants around his ankles. Aide station determined detainee had "low body temperature, shallow respiration, and weak cardio rhythms; had little response to stimuli and was moaning to himself." The next day he was airlifted to [blank] where he died due to "total cardio failure." Conclusion: "There was no evidence of misconduct or maltreatment. . . [detainee] did have some healing abrasions on his shin and bruises on his shoulders and knees." The report says the abrasions and bruises did not appear recent but the doctor's statement simply notes the abrasions and bruises and is silent as to when these injuries occurred. In other documents his death is reported as due to pneumonia. He had been placed in a heated bus when it was cold. When Brigade requested to speak to the detainee they were told he was useless for intelligence purposes because of his mental state and they recommended his release, but because he was the brother of someone he continued to be held.

Another detainee who died in custody was captured with 6 Improvised Explosive Devices and other explosive materials and grenades. He exhibited "signs of intense distress and extremely unusual behavior during his captivity, likely based on the stress of detainment and the fact that this very committed . . . member had provided actionable intelligence during his detainment." He subsequently died of cardiac arrest. "According to LTC . . . there have been a surprising number of cardiac problems, including the recent full cardiac arrest of an Iraqi citizen in his mid-30s, which have occurred in the vicinity of Mosul."

Alex - "Formica annex Review 420-484" (the annexes listed are 121-185)
These documents include memoranda and appointment letters related to specific abuse allegations, records for proceedings under Article 15 of the Uniform Code of Military Justice, summaries of investigations, detention review authority documents (for 72-hour reviews of detainees) and detainee tracking forms and tags, sworn statements, medical records, reports of decisions from Article 78 proceedings for detainees and photos. There is nothing overly disturbing in the documents that would be particularly newsworthy.
The specific allegations of abuse include claims that (i) five or six SEALs kicked a detainee who was on the ground resulting in large bruises to the detainee (420 & 421); (ii) a detainee died of injuries sustained during an escape attempt (where he had been struck and hog-tied earlier and suffered substantial bruising (428, 431, 432); (iii) a SPC (who may have been suffering from personal problems) struck a detainee for no reason, but that this was stopped immediately and reported (435); (iv) water poured into mouth while flex cuffed and being intentionally placed in fire to be burned (448 & 449) [Note that the investigation finds no support for these two allegations although the interrogators admitted being rough with that detainee]. None of these are particularly shocking in comparison to the other allegations that have been made public.

Andrea - more Formica annexes
503 Statement - not all organizations process detainees properly

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505 Statement - 2 Iraqis [supposedly sources] and an American SGT were interrogating the Ds, SGT stepped out of the interrogation room for a minute and less than 10 seconds later "I heard shouting and screaming coming from inside the room." The 2 Iraqis were kicked out and, when asked for ID, their cards said only "veterans of Saddam's prison." Couldn't determine who they were. Discussion of poor treatment accorded Ds by Iraqi police. ____ turns detainees over to Iraqi police when they get impatient to get the information faster and keep their hands clean. Its likely ___ was dropped off "at Adamiya prison which I believe is run by the Iraqis." "It rubbed me raw that the brigade had to shut down their facility for three days so that one SF team could do what they wanted."
507 - Statement - some detainees brought to AG were emotionally and physically distressed, anxious to the point of being very scared, 6-8 needed immediate medical attention - this was not the case in other units
511-12 memo - no current training class on Detainment and Interrogation in noncommissioned officers' course, though they are presented an overview of interrogation techniques, separate course in interrogation theory but it does not train Special Forces soldiers to be interrogators
515 Statement re the kind of training solders got re detainees
518-19 cable from Baghdad to Ft Campbell re Detainee Instructions for I Rotation
521 handwritten notes re screening of 1 of 2 sisters - she insisted she has nothing to do with the fedayeen. When told her brothers signed statements admitting they had conducted attacks, she went hysterical and said her brother was tortured to death at palace and she was beaten there
523 handwritten notes re screening - claims to work for an American company called The Freedom Company. She had bank accounts in Jordan and Syria on account of her used car dealership. An Iraqi policeman asked her for money bc he lost his job and knew she was rich. He said to give him the money or she will pay for it. She refused. Various peopple [apparently including at least one American] came to her house and asked her and her brothers to turn themselves in. Then they starting beating them. He ripped my clothes and showed my body to everyone and threatened to get "the bottle" to put inside me in front of everyone. [interviewer notes that her brother told the same story and that they pushed the bottle inside him]. So she said what he wanted to stop the torture. She said most folks in her area don't like the Coalition bc _____ is very powerful and extorts money from the people, they are afraid of him. Her brother is handicapped and works for post office.
526 Interrogation Plan, noting "Direct, Fear of IP, Love of Family", redact signature of scetion leader
532 normally medical treatment would be required if someone were sodomized with a bottle
534 statement - 10/1/04 - D admitted his involvement with attacks against coalition forces, outlined specifics and identified others involved - said no longer involved bc his wife pregnant. No signs of mistreatment.
536-37 Statement of Detachment Commander - either myself or MGS ___ were present at questioning, neither of us was trained in interrogation, no abuse, detainee trying to manipulate us into releasing her
541 - Statement of medic - recalls D coming in Xmas night in wheelchair, unconscious, not responding verbally, no pulse, hypothermic - pronounced dead due to hypothermia. Bruises on . extremities and irritation around wrists. No evidence of rectal trauma or internal bleeding.
543 Statement - no way for indigenous personnel to gain unaccompanied access to Ds.
545 Statement - a bunch of lies to get themselves released

547 Statement of Specialist _____: medic, "I have seen detainees who looked to have a rough time while being detained". Never sodomy.
552 Statement of detainee guard/combat medic: recalls one of the brothers cried a lot but the sisters were fine, it was cold in the detention cell, someone said he defecated on himself but that was not unusual for the Ds .
554-57 Statement attesting to lack of abuse
558 Statement of guard - Ds lip was bleeding, probably fell on bus
560 Statement of interrogator - not uncommon for a D to cry, D told him he was beaten and sodomized with a bottle, body language cast doubt on his story
562 - Statement - D complained about lower back and said he had kidney problems
540 10/5/04 memo for record - Phone Interview of CACI employee
564 statement of nightshift NCOIC for inprocessing station at _____ - on 12/25/03 c.25 Ds brought in, one was carried bc could not walk, low body temp, pants falling down, dirty, no indicia of beating. Never heard or saw Ds being sodomized with an object. Some came in w/bruises, a significant number from. Ds were kept in that facility longer than others
565 Statement of NCOIC - once saw a D with broken ribs and a fracture to one of his arms, lots had wrist abrasions from flexcuffs, most complain about beatings by Iraqi p9olice prior to transfer to coalition facility, sometimes they complain about coalition forces
567 memo re sufficiency of diet of bread and water - is okay up to 17 days

Eisenberg, John

From:	Eisenberg, John
Sent:	Thursday, June 29, 2006 5:49 PM
To:	Gorsuch, Neil M
Subject:	FW: Military Commissions bill
Attachments:	tmp.htm; HEN06897_xml.pdf; Detainees_UnprivilegedCombatantsSpecterSummaryMemo_20June06.doc

-----Original Message-----
From: Warwick, Brian
Sent: Thursday, June 29, 2006 5:10 PM
To: Marshall, C. Kevin
Subject: FW: Military Commissions bill
Importance: High

Here is Specter's draft language.

Brian Warwick

-----Original Message-----
From: Moschella, William
Sent: Thursday, June 29, 2006 2:45 PM
To: Warwick, Brian
Subject: FW: Military Commissions bill
Importance: High

Draft from O'Neill. Let's discuss in the future.

-----Original Message-----
From: [redacted]@judiciary-rep.senate.gov [mailto:[redacted]@judiciary-rep.senate.gov]
Sent: Thursday, June 29, 2006 10:50 AM
To: Moschella, William
Subject: Military Commissions bill
Importance: High

Short Summary

The Unprivileged Combatants Act of 2006 is a follow-up to the Military Commissions Procedures Act of 2002 (S. 1937, 107th Congress) which you cosponsored with Senator Durbin in February 2002. The goal of this bill is to balance the need for national security (interrogations and detention of combatants) with the need to afford detainees with sufficient due process so that nations such as Great Britain and Australia will not place undue pressure on the United States to release their citizens from Guantanamo Bay. This bill addresses only those combatants currently held at Guantanamo Bay. The Act clarifies the procedures used in Combatant Status Review Tribunals and establishes procedures for the trial of detainees. These procedures constitute "a meaningful opportunity to contest the factual basis for that detention before a neutral decision-maker." (Hamdi v. Rumsfeld, 542 U.S. 507, O'Connor, J.) This bill does not address the issue of unprivileged combatants contesting their detentions through habeas appeals. Although the Graham-Kyl-Levin amendment to the 2005 DoD appropriations bill has addressed this issue, a forthcoming Supreme Court decision (Hamdan v. Rumsfeld, 04-5393) will probably require additional legislation on this matter.

Section by Section of your bill

- **Section 301: Findings:** This title is in direct response to the United State Supreme Court's ruling in Rasul v. Bush.
- **Section 302: Definition Section:** Definition section of the bill which defines primary terms such as field tribunal, classification tribunal, military commission, and unprivileged combatant.
- **Section 303: Authorizing Military Commissions:** The President is authorized to establish military commissions for the trial of individuals for offenses as provided in this title.
- **Section 304: Jurisdiction Over Unprivileged Combatants:** This title establishes exclusive jurisdiction to hear any matter involving an unprivileged combatant who has been detained by the Department of Defense at Guantanamo Bay, Cuba. These detainees may be tried via laws of war or pursuant to the Department of Defense's Military Commission Instruction Number Two.
- **Section 305: Appellate Jurisdiction:** The U.S. Courts of Military Appeals shall have exclusive jurisdiction over appeals from all final decisions of a classification tribunal board or military commission under this title. These decisions are then subject to review by the Supreme Court by writ of certiorari.
- **Section 306: Military Commission:** The Commissions shall consist of three military officers, at least one of whom is a Judge Advocate General. These Commissions shall decide the guilt or innocence of detainees charged under section 304 of this Act. This is basically what happens now.
- **Section 307: Persons in Custody:** Not more than 60 days after the enactment of this Act, the Secretary of Defense is required to develop a list of all persons who are being detained at Guantanamo Bay, Cuba, and whom the government wishes to continue to detain as an unprivileged combatant. The Act requires that the original

list and subsequent lists, updated at least once every 60 days, be submitted to the appropriate House and Senate committees.

- **Section 308: Field Tribunals:** Not more than 30 days after a suspected unprivileged combatant has been detained by United States forces, the Department of Defense shall conduct a field tribunal ("FT") in order to determine whether the detainee is an unprivileged combatant and whether the detainee is entitled to the rights afforded under the Geneva Convention. The procedures governing a field tribunal shall be promulgated by the Department of Defense.
- **Section 309: Classification Tribunals:** A Classification Tribunal ("CT") is very similar to the current Combatant Status Review Tribunal. The CT shall be composed of three military officers, one of whom shall be an attorney. Pursuant to a hearing before a CT, a designee shall be released and repatriated to an appropriate country unless a CT finds by a preponderance of the evidence that—(1) the detainee is a threat to the national security interest of the United States; or (2) there are reasonable grounds to believe that if released the person would take up arms against the United States. Decisions of the CT shall be repeated every six months. Detainees may be released only when the CT or the Administrative Board determines the detainee is no longer a threat to national security. This section also expressly states that a detainee who is also a United States citizen may not be held or tried under this act.
- **Section 310: Classification Tribunal Procedures:** Procedures for CT's are the same as those of Combatant Status Review Tribunals except detainees shall be represented by counsel and are permitted to view unclassified discovery that the prosecution plans to present before the tribunal.
- **Section 311: Continuance of Classification Tribunals:** Classification tribunals may be continued in order for the government to continue their interrogation of a detainee. Upon a motion from the Government, the classification tribunal board may grant a continuance for up to a 6-month period, if the classification tribunal board determines that: 1) the individual being detained is a high level individual in the planning or financing of terrorist activities, or 2) the individual possesses information vital to the safety of the United States or its citizens. The Government may obtain more than one continuance if it demonstrates that such continuances are necessary for information gathering purposes as it relates to national security. Said applications for Continuances shall be made ex parte and before a detainee is given an attorney. Accordingly, a detainee is only given an attorney once the tribunal is informed that the interrogation efforts have been exhausted.
- **Section 312 & 313: Criminal Prosecution Procedures:** Military Commission procedures will be the same as the current procedures afforded detainees under the current system.
- **Section 314: Communication with Persons in Custody:** Limits communications by any detainee indicted or convicted under this Act to the individual's interpreter, assigned counsel, prison personnel, and any other individual(s) approved by the Secretary of Defense.

- **Section 315: Commission Counsel:** Provides the following criteria for persons to be admitted to practice before a commission: 1) US Citizen, 2) has been admitted to practice law in a State, district, territory or possession of the United States or before Federal Court, 3) has not been disciplined by any court, bar or other competent governmental authority for misconduct, 4) maintains a minimum of "secret" clearance and 5) signs a written agreement to comply with all applicable regulations and instructions for counsel during the course of proceedings. It further provides persons admitted to practice will not confer with any colleague who does not have at least a "secret" clearance. This section provides that individuals seeking to practice before a commission will be expedited in consideration for obtaining the necessary security clearance. The decision of the Secretary of Defense regarding the granting or not of the security clearance is final and is not eligible for appeal or review. Finally, this section provides that persons practicing before the commission are eligible to have their travel expenses reimbursed.

109TH CONGRESS
2D SESSION

S. _____

To provide comprehensive procedures for the adjudication of cases involving unprivileged combatants.

IN THE SENATE OF THE UNITED STATES

_____ introduced the following bill; which was read twice and referred to the Committee on _____

A BILL

To provide comprehensive procedures for the adjudication of cases involving unprivileged combatants.

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled,

SECTION 1. SHORT TITLE; AUTHORITY; FINDINGS.

(a) SHORT TITLE.—This Act may be cited as the ''Unprivileged Combatant Act of 2006''.

(b) AUTHORITY.—The requirements, conditions, and restrictions established by this Act are made under the authority of Congress under clauses 1, 10, 11, 12, 13, 14, and 18 of article I, section 8 of the Constitution of the United States.

(c) FINDINGS.—Congress finds the following:

(1) Article I, section 8, of the Constitution provides that the Congress has the power to ''constitute Tribunals inferior to the Supreme Court; ... define and punish ... Offenses against the Law of Nations; ... make Rules concerning Captures on Land and Water; ... make all Laws which shall be necessary and proper for carrying into Execution the foregoing Powers and all other Powers vested by this Constitution in the Government of the United States, or in any Department or Officer thereof''.

(2) The Supreme Court has repeatedly recognized military tribunals, as stated in Madsen v. Kinsella 343 U.S. 341, 1952, ''[s]ince our nation's earliest days, such tribunals have been constitutionally recognized agencies for meeting many urgent governmental responsibilities related to war....They have taken many forms and borne many names. Neither their procedure nor their jurisdiction has been prescribed by statute. It has been adapted in each instance to the need that called it forth.'' Madsen, citing In re Yamashita, 327 U.S. 1 (1946).

(3) The President has inherent authority to convene military tribunals arising from his role as Commander and Chief of the Armed Forces under

article II of the Constitution and from title 10 of the United States Code. Due to the extraordinary circumstances of the ongoing war on terrorism, it is appropriate for Congress to provide additional and explicit authorization of and procedures for military tribunals to adjudicate and punish offenses relating to the war on terrorism.

(4) This Act is in direct response to the United State Supreme Court's ruling in Rasul v. Bush. With the passage of this Act, the 109th Congress will have addressed the concerns of the Supreme Court's Rasul majority, and therefore alien enemy combatants detained or prosecuted under this Act may not challenge their detentions in the Federal courts of the United States via the habeas or any other statute.

SEC. 2. DEFINITIONS.

As used in this Act, the following definitions apply:

(1) CLASSIFICATION TRIBUNAL.—The term ''classification tribunal'' means any tribunal conducted under section 9 or any related proceeding.

(2) CLASSIFICATION TRIBUNAL BOARD.—The term ''classification tribunal board'' means a board established pursuant to section 9(d).

(3) CLASSIFIED INFORMATION.—The term ''classified information'' has the meaning given that term in section 1(a) of the Classified Information Procedures Act (18 U.S.C. App.).

(4) COMMISSION.—The term ''commission'' means a military commission established pursuant to section 3.

(5) CRIMINAL PROSECUTION.—The term ''criminal prosecution'' means a prosecution for a violation of any criminal law, including subchapter X of chapter 47 of title 10, United States Code (the Uniform Code of Military Justice) or pursuant to the Department of Defenses Military Commission Instruction number two.

(6) DETAINEE.—The term ''detainee'' means a person who is in the custody of the Department of Defense at Guantanamo Bay, Cuba, and who has not been charged with a criminal offense during that period.

(7) INTERNATIONAL TERRORISM.—The term ''international terrorism'' has the meaning given that term in section 101 of the Foreign Intelligence Surveillance Act of 1978 (50 U.S.C. 1801).

1 (8) JUDGE.—The term ''judge'' means a
2 United States military judge designated by the Sec-
3 retary of Defense to hear cases under this Act.
4 (9) PROTECTED INFORMATION.—The term
5 ''protected information'' means information—
6 (A) that is classified information;
7 (B) protected by law or rule from unau-
8 thorized disclosure;
9 (C) the disclosure of which may endanger
10 the physical safety of participants in Commis-
11 sion proceedings, including prospective wit-
12 nesses;
13 (D) concerning intelligence and law en-
14 forcement sources, methods, or activities; or
15 (E) the disclosure of which would other-
16 wise jeopardize national security interests.
17 (10) UNITED STATES PERSON.—The term
18 ''United States person'' has the meaning given that
19 term in section 101 of the Foreign Intelligence Sur-
20 veillance Act of 1978 (50 U.S.C. 1801).
21 (11) UNPRIVILEGED COMBATANT.—The term
22 ''unprivileged combatant'' means an individual—
23 (A) who has been designated as an enemy
24 combatant by a Combatant Status Review Tri-
25 bunal prior to the enactment of this Act; or

(B) who a Field Tribunal conducted by the United States military as provided in this Act determines—

(i) is not entitled to the protections set out in the Convention Relative to the Treatment of Prisoners of War, done at Geneva, August 12, 1948 (6 UST 3516) (referred to in this Act as the ''Geneva Convention''); and

(ii) has—

(I) knowingly assisted, conspired with, or solicited for a group or an individual hostile to the United States;

(II) knowingly attempted to assist others in taking up arms against the United States;

(III) conspired with or solicited others to take up arms against the United States; or

(IV) has taken up arms against, or intentionally assisted combat operations against, the United States.

(12) APPROPRIATE COMMITTEES OF CONGRESS.—The term ''appropriate committees of Congress'' means the Committee on the Judiciary and

the Committee on Armed Services of the Senate and the Committee on the Judiciary and the Committee on Armed Services of the House of Representatives.

SEC. 3. AUTHORIZING MILITARY COMMISSIONS.

The President is authorized to establish military commissions for the trial of individuals for offenses as provided in this Act.

SEC. 4. JURISDICTION.

(a) UNPRIVILEGED COMBATANTS.—This Act establishes exclusive jurisdiction to hear any matter involving an unprivileged combatant who has been detained by the Department of Defense for not less than 180 consecutive days at Guantanamo Bay, Cuba.

(b) OFFENSES.—

(1) CRIMINAL PROSECUTIONS.—A commission shall have jurisdiction to hear any criminal prosecution involving international terrorism, including any offense under chapter 113B of title 18, United States Code.

(2) OFFENSES AGAINST THE LAWS OF WAR.—A commission shall have exclusive jurisdiction over violations of the laws of war committed by unprivileged combatants.

(3) OTHER OFFENSES.—A commission shall have jurisdiction over other offenses traditionally tri-

able by military commissions or pursuant to the Department of Defense's Military Commission Instruction Number Two.

SEC. 5. APPELLATE JURISDICTION.

(a) FINAL DECISIONS.—The United States Court of Military Appeals shall have exclusive jurisdiction of appeals from all final decisions of a classification tribunal board or commission under this Act.

(b) REVIEW BY SUPREME COURT.—

(1) CERTIORARI.—The decisions of the United States Court of Military Appeals are subject to review by the Supreme Court by writ of certiorari.

(2) EXEMPTION FROM CERTAIN PETITION REQUIREMENTS.—A person who files a petition for a writ of certiorari under paragraph (1) shall not be required to submit—

(A) prepayment of any fees and costs or security therefor; or

(B) the affidavit required by section 1915(a) of title 28, United States Code.

(c) CONFORMING AMENDMENTS.—

(1) IN GENERAL.—Section 1005 of the Detainee Treatment Act of 2005 (10 U.S.C. 801 note) is amended—

(A) in subsection (e), by striking paragraphs (2) through (4); and

(B) by striking subsection (h) and inserting the following:

''(h) EFFECTIVE DATE.—This section shall take effect on the date of enactment of this Act.''.

(2) HABEAS.—Section 2241(e) of title 28, United States Code, is amended—

(A) in the matter preceding paragraph (1), by striking ''section 1005 of the Detainee Treatment Act of 2005'' and inserting ''the Unprivileged Combatant Act of 2006'';

(B) by striking paragraph (2)(B) and inserting the following:

''(B) has been determined by a classification tribunal to meet the requirements of paragraph (1) or (2) of section 9(a) of the Unprivileged Combatant Act of 2006.''.

SEC. 6. COMMISSION.

(a) COMMISSION PERSONNEL.—

(1) MEMBERS.—

(A) APPOINTMENT.—The Secretary of Defense shall designate no less than 12 United States military judges to serve as members of

1 a commission and to assume other duties as-
2 signed in this Act.
3 (B) NUMBER OF MEMBERS.—Each com-
4 mission shall consist of at least 3 military offi-
5 cers, at least one of whom shall be a military
6 judge.
7 (C) ALTERNATE MEMBERS.—For each
8 such commission, there shall also be 1 or 2 al-
9 ternate members. The alternate member or
10 members shall attend all sessions of the com-
11 mission. In case of incapacity, resignation, or
12 removal of any member, an alternate member
13 shall take the place of that member.
14 (D) QUALIFICATIONS.—Each member and
15 alternate member of the commission shall be a
16 military officer.
17 (E) PRESIDING OFFICER.—
18 (i) IN GENERAL.—From among the
19 members of the commission, the Secretary
20 of Defense shall designate a presiding offi-
21 cer who is a military judge to preside over
22 the proceedings of that commission.
23 (ii) DUTIES.—The duties of the pre-
24 siding officer shall be as follows:

1 (I) The presiding officer shall
2 admit or exclude evidence at trial in
3 accordance with the rules of this Act.
4 The presiding officer shall have au-
5 thority to close proceedings or por-
6 tions of proceedings in accordance
7 with this Act or for any other reason
8 necessary for the conduct of a full and
9 fair trial.
10 (II) The presiding officer shall
11 ensure that the discipline, dignity, and
12 decorum of the proceedings are main-
13 tained, shall exercise control over the
14 proceedings to ensure proper imple-
15 mentation of the President's Military
16 Order and this Act, and shall have au-
17 thority to act upon any contempt or
18 breach of commission rules and proce-
19 dures. Any attorney authorized to ap-
20 pear before a commission who is
21 thereafter found not to satisfy the re-
22 quirements for eligibility or who fails
23 to comply with laws, rules, regula-
24 tions, or other orders applicable to the
25 commission proceedings or any other

individual who violates such laws, rules, regulations, or orders may be disciplined as the presiding officer deems appropriate, including revocation of eligibility to appear before that commission. The Court may further revoke that attorney's or any other person's eligibility to appear before any other commission convened under this Act.

(III) The presiding officer shall ensure the expeditious conduct of the trial. In no circumstance shall accommodation of counsel be allowed to delay proceedings unreasonably.

(IV) The presiding officer may certify interlocutory questions to the Military Commission Review Panel for the Armed Forces as the presiding officer deems appropriate.

(b) POWERS OF A COMMISSION.—A commission shall have the following powers:

(1) To summon witnesses to the trial and to require their attendance and testimony and to put questions to them.

1 (2) To require the production of documents and
2 other evidentiary material.
3 (3) To administer oaths to witnesses.
4 (4) To appoint officers for the carrying out of
5 any task designated by the commission, including
6 the power to have evidence taken.

7 **SEC. 7. PERSONS IN CUSTODY.**

8 (a) IN GENERAL.—Not later than 60 days after the
9 date of enactment of this Act, the Secretary of Defense
10 shall develop—
11 (1) a complete listing of all persons who—
12 (A) are being detained by the Department
13 of Defense at Guantanamo Bay, Cuba; and
14 (B) the Government wishes to continue to
15 detain as an unprivileged combatant; and
16 (2) a detailed summary of the evidence upon
17 which the determination to keep a person described
18 in paragraph (1) in custody was made.
19 (b) CONGRESSIONAL OVERSIGHT.—Not later than 10
20 days after developing the list described in subsection (a),
21 the Secretary of Defense shall submit an unclassified
22 version of that list to the appropriate committees of Con-
23 gress. A classified, unredacted version of that list shall
24 also be submitted to the appropriate committees of Con-
25 gress for review.

1 (c) UPDATED LIST.—The Secretary of Defense shall
2 update the list of the persons described in subsection (a)
3 not less than once every 60 days after the date the list
4 described in subsection (a) is completed.

5 (d) CONGRESSIONAL OVERSIGHT.—Not later than 10
6 days after updating the list of persons under subsection
7 (c), the Secretary of Defense shall submit that updated
8 list to the appropriate committees of Congress in both un-
9 classified and unredacted, classified form.

10 **SEC. 8. FIELD TRIBUNALS.**

11 (a) IN GENERAL.—Not more than 30 days after a
12 suspected unprivileged combatant has been detained by
13 United States forces, the Department of Defense shall
14 conduct a field tribunal in order to determine whether the
15 detainee is an unprivileged combatant and whether the de-
16 tainee is entitled to the rights afforded under the Geneva
17 Convention.

18 (b) PROCEDURES.—The procedures governing a field
19 tribunal shall be promulgated by the Department of De-
20 fense

21 **SEC. 9. CLASSIFICATION TRIBUNALS.**

22 (a) IN GENERAL.—A detainee shall be released and
23 repatriated to an appropriate country unless a classifica-
24 tion tribunal board finds by a preponderance of the evi-
25 dence that—

1 (1) the detainee is a threat to the national secu-
2 rity interest of the United States; or
3 (2) there are reasonable grounds to believe that
4 if released the detainee would take up arms against
5 the United States.
6 (b) COMPLIANCE WITH GENEVA CONVENTIONS.—If
7 a detainee is found to be a privileged combatant entitled
8 to provisions under the Convention Relative to the Treat-
9 ment of Prisoners of War, done at Geneva, August 12,
10 1948 (6 UST 3516), then the detainee must be treated
11 in accordance with that convention.
12 (c) CITIZEN OF THE UNITED STATES.—If a detainee
13 is found to be a citizen of the United States of America,
14 the detainee shall not be held or tried under this Act.
15 (d) CLASSIFICATION TRIBUNAL BOARD.—A classi-
16 fication tribunal shall be conducted by a board appointed
17 by the Secretary of Defense and consist solely of line offi-
18 cers, one of whom shall be an attorney.
19 (e) DETERMINATION.—
20 (1) IN GENERAL.—If a classification tribunal
21 board finds that a detainee meets the requirements
22 of subsection (a), the classification tribunal board
23 shall order that the detainee shall continue to be de-
24 tained by the Department of Defense, subject to
25 periodic review under subsection (h).

1 (2) TIME PERIOD.—The time period for the de-
2 tention of a detainee under paragraph (1) may not
3 exceed the time period that United States forces are
4 engaged in combat operations as defined by the De-
5 partment of Defense in the nation or theater where
6 the detainee was captured so long as the detainee is
7 found to be a privileged combatant.
8 (3) CONCLUSION OF COMBAT.—At the conclu-
9 sion of combat operations within a given theater or
10 nation—
11 (A) a privileged combatant that was cap-
12 tured in that area shall be either indicted under
13 this Act or repatriated to the appropriate coun-
14 try; and
15 (B) an unprivileged combatant may con-
16 tinue to be detained pursuant to subsection (a).
17 (f) CONSIDERATIONS.—
18 (1) IN GENERAL.—In making a determination
19 under subsection (a), a classification tribunal board
20 shall consider any information brought to its atten-
21 tion regarding the need for continued detention, in-
22 cluding—
23 (A) the detainee's alleged position or rank
24 in any hostile organization;

1 (B) the activities of that hostile organiza-
2 tion;
3 (C) any statements made by the detainee
4 in response to interrogation; and
5 (D) the detainee's history of violence or
6 terrorist activity.
7 (2) PRIMA FACIE EVIDENCE.—If the Govern-
8 ment represents that a detainee was captured during
9 a military engagement while taking up arms against,
10 or supporting military operations against, the Armed
11 Forces of the United States or its allies, there shall
12 be prima facie evidence that, if released, the detainee
13 would take up arms against the United States.
14 (g) TIMING.—A detainee shall be afforded a classi-
15 fication tribunal as soon as is reasonably practicable but
16 not later than 180 days after the detainee's capture and
17 not later than 30 days after the detainee is listed under
18 section 7, unless continued.
19 (h) PERIODIC REVIEW.—
20 (1) IN GENERAL.—
21 (A) SEMIANNUAL REVIEW.—The classifica-
22 tion tribunal shall conduct a classification hear-
23 ing for each detainee not less frequently than
24 every 180 days, in accordance with the proce-

1 dures established under this section and section
2 10.
3 (B) ACTION PERIOD.—A detainee appre-
4 hended during a military engagement while tak-
5 ing up arms against, or supporting military op-
6 erations against, the Armed Forces of the
7 United States or its allies may be detained until
8 the cessation of armed hostilities in the nation
9 or region in which they were captured.
10 (2) ARGUMENT.—The Government and the de-
11 tainee may be heard regarding the review under
12 paragraph (1).
13 **SEC. 10. CLASSIFICATION TRIBUNAL PROCEDURES.**
14 (a) DETAINEES.—
15 (1) IN GENERAL.—A detainee shall not be re-
16 quired to testify or present any evidence at a classi-
17 fication tribunal.
18 (2) PRESENCE.—A detainee shall be entitled to
19 be present at the classification tribunal, unless the
20 head of the tribunal has decided to admit classified
21 information.
22 (b) COUNSEL.—
23 (1) IN GENERAL.—A detainee is entitled to the
24 assistance of counsel admitted to practice under this
25 Act at every stage of the classification tribunal, in-

1 cluding the periodic review of orders under sub-
2 section (e).
3 (2) RIGHT TO APPOINTED COUNSEL.—A de-
4 tainee who is unable to obtain counsel is entitled to
5 have counsel admitted to practice before a commis-
6 sion under this Act.
7 (3) REFUSAL OF COUNSEL.—A detainee may
8 waive counsel but shall not be entitled to protected
9 information.
10 (c) DISCOVERY.—
11 (1) GOVERNMENT'S DISCLOSURE.—Not later
12 than 3 days prior to the classification tribunal, the
13 Government shall make available for inspection by
14 counsel for the detainee any affidavit or affirmation
15 the Government intends to offer in support of con-
16 tinuing to detain the detainee. A classification tri-
17 bunal board shall maintain a copy of any submis-
18 sions made by the Government for inspection by the
19 detainee and for transmittal, if necessary, to that
20 tribunal.
21 (2) DETAINEE'S DISCLOSURE.—If the detainee
22 chooses to submit any evidence, such evidence, in-
23 cluding a list of any witnesses the detainee intends
24 to call, shall be made available to the Government

1 for inspection not later than 3 days prior to the clas-
2 sification tribunal.
3 (d) EVIDENCE.—
4 (1) IN GENERAL.—The Federal Rules of Evi-
5 dence shall not apply to a classification tribunal.
6 (2) ADMISSIBILITY STANDARD.—Evidence shall
7 be admitted if the classification tribunal board deter-
8 mines the evidence would have probative value to a
9 reasonable person.
10 (3) AFFIDAVIT OR AFFIRMATION.—The Govern-
11 ment may proceed by proffer and submit any rel-
12 evant information by affidavit or affirmation, unless
13 decided unreliable by the members of the classifica-
14 tion tribunal board.
15 (4) CROSS-EXAMINATION.—
16 (A) GOVERNMENT WITNESSES.—If a Gov-
17 ernment chooses to call witnesses, the detainee
18 may cross-examine those witnesses on all rel-
19 evant facts.
20 (B) DETAINEE WITNESSES.—If a detainee
21 calls any witnesses, they shall be subject to
22 cross examination.
23 (C) DETAINEE.—If the detainee chooses to
24 testify, the detainee shall be subject to cross-ex-
25 amination.

1 (e) DEFENSES.—A detainee may challenge whether
2 the detainee satisfies the elements required under sub-
3 section (a).
4 (f) PROCEEDINGS.—
5 (1) IN GENERAL.—A classification tribunal
6 shall be closed to the public.
7 (2) SECURITY CLEARANCES.—Each person
8 present at a classification tribunal, other than the
9 detainee, shall possess a security clearance appro-
10 priate to the level of any classified information being
11 presented.
12 (3) PUBLIC INFORMATION REGARDING PRO-
13 CEEDINGS.—After the classification tribunal board
14 rules in the classification tribunal, the parties shall
15 propose a nonclassified summary to that board. The
16 board shall publicly release a summary, containing
17 any information generated at the tribunal which can
18 be disclosed in a manner consistent with the Classi-
19 fied Information Procedures Act (18 U.S.C. App.)
20 and the national security of the United States.
21 (g) REINSTITUTING CLASSIFICATION PRO-
22 CEEDINGS.—
23 (1) IN GENERAL.—If a matter involving the
24 classification tribunal of a detainee is dismissed
25 without prejudice by the classification tribunal or

withdrawn by the Government at, or prior to, the classification tribunal, the Government may reinstitute the matter with the tribunal board that dismissed or permitted the withdrawal of the matter.

(2) TIME LIMIT.—A complaint reinstituting proceedings under paragraph (1) shall be filed not later than 10 days after the dismissal or withdrawal of the matter.

(3) NUMBER.—The Government may reinstitute proceedings under paragraph (1) not more than twice and only if approved by the ranking member on the classification tribunal board.

SEC. 11. CONTINUANCE OF CLASSIFICATION TRIBUNALS.

(a) CONTINUANCES.—

(1) IN GENERAL.—A classification tribunal board may, for cause shown, grant a continuance of a classification tribunal.

(2) CONTINUANCE.—

(A) IN GENERAL.—Upon motion of the Government, the classification tribunal board may grant a continuance for as long as necessary, but no longer than a 6-month period, under paragraph (1) if the classification tribunal board determines that the detainee is a high level individual in the planning or financ-

1 ing of terrorist activities or the individual pos-
2 sess information vital to the safety of the
3 United States or its citizens.
4 (B) SUBSEQUENT CONTINUANCES.—The
5 Government may obtain subsequent continu-
6 ances for additional 6-month periods so long as
7 the classification tribunal board finds such con-
8 tinuances are necessary to the informational
9 gathering purposes as it related to the national
10 security of the United States.
11 (3) EX PARTE APPLICATIONS.—
12 (A) IN GENERAL.—The Government may
13 move for a continuance under paragraph (1) ex
14 parte.
15 (B) DETAINEE RIGHTS.—A detainee—
16 (i) is not entitled to representation by
17 counsel in connection with any such ex
18 parte motion; and
19 (ii) shall not be given notice of the re-
20 quest for a hearing prior to the ruling of
21 the classification tribunal board on the
22 Government's request for a continuance
23 pursuant to paragraph (2).

1 (b) GRANT OF CONTINUANCE.—For each continu-
2 ance granted under subsection (a), the classification tri-
3 bunal board shall note on the record of the proceedings—
4 (1) the grounds for granting each such continu-
5 ance;
6 (2) the identity of the party requesting the con-
7 tinuance;
8 (3) the new date and time for the tribunal hear-
9 ing; and
10 (4) the reasons that the date under paragraph
11 (3) was chosen.

12 **SEC. 12. CRIMINAL PROSECUTION PROCEDURES GEN-**
13 **ERALLY.**

14 (a) COUNSEL.—
15 (1) IN GENERAL.—A defendant in a criminal
16 proceeding under this Act has a right to be rep-
17 resented by counsel admitted to practice before a
18 commission under this Act.
19 (2) APPOINTED COUNSEL.—
20 (A) IN GENERAL.—A defendant who is un-
21 able to obtain counsel is entitled to have counsel
22 appointed and to be represented by such coun-
23 sel at every stage of the proceeding subsequent
24 to being indicted.

1 (B) APPOINTMENT PROCEDURE.—The
2 Secretary of Defense shall determine the rules
3 for appointing counsel to practice before the
4 commission.
5 (b) DISCOVERY.—
6 (1) CLASSIFIED DOCUMENTS AND OBJECTS.—
7 The Government shall provide the defense with ac-
8 cess to evidence the Government intends to intro-
9 duce at trial and with access to evidence known to
10 the Government or which should be known to the
11 Government that tends to exculpate the accused. In-
12 formation disclosed to the defense may not be dis-
13 closed to the defendant if it is classified as defined
14 by this Act. The defense may submit classified infor-
15 mation for review under section 12(b)(2).
16 (2) SEPARATE COMMISSION CONCERNING CLAS-
17 SIFIED INFORMATION.—The Secretary of Defense
18 shall appoint a commission to conduct a thorough
19 review of the classification system for national secu-
20 rity information, including the policy, procedures,
21 and practices of the system. The Secretary of De-
22 fense shall determine what level of security clearance
23 is necessary to conduct the review under this para-
24 graph. No person shall be appointed as a member of
25 the commission who does not have a security clear-

1 ance at or above the level of clearance so designated
2 by the Secretary. The commission shall make rec-
3 ommendations to the Secretary of Defense as to the
4 declassification of information relevant to the trial of
5 detainees.
6 (3) REGULATING DISCOVERY.—
7 (A) IN GENERAL.—A commission may, for
8 good cause, deny, restrict, or defer discovery or
9 inspection, or grant other appropriate relief.
10 (B) EX PARTE REQUEST.—A party may
11 make an ex parte request in writing that a com-
12 mission deny, restrict, or defer discovery or in-
13 spection under subparagraph (A). If the a com-
14 mission grants a request under this subpara-
15 graph, the Commission shall preserve the entire
16 text of the party's request under seal.
17 (C) FAILURE TO COMPLY.—If a party fails
18 to comply with the rules of discovery applicable
19 to a commission, the commission may—
20 (i) order that party to permit the dis-
21 covery or inspection, specify its time, place,
22 and manner, and prescribe other just
23 terms and conditions; or
24 (ii) grant a continuance.
25 (c) OPEN PROCEEDINGS.—

1 (1) IN GENERAL.—Except as provided in para-
2 graphs (2) and (3), a proceeding before a commis-
3 sion shall be open to the public.
4 (2) CLASSIFIED INFORMATION.—
5 (A) IN GENERAL.—Upon motion by the
6 Government, a proceeding before a commission
7 shall be closed to the public if necessary to
8 avoid disclosure of classified information.
9 (B) NONDISCLOSURE.—A priority under
10 subparagraph (A) shall not disclose any infor-
11 mation presented during a closed session to in-
12 dividuals excluded from such proceeding or part
13 thereof including the defendant.
14 (3) OTHER BASES.—A commission may order
15 that a hearing be held, in whole or in part, in cam-
16 era, if the commission determines—
17 (A) it is appropriate for the security of a
18 witness or a Government employee or to protect
19 public safety; or
20 (B) that an open hearing would deter a
21 witness from testifying freely or prevent the
22 witness from testifying at all.
23 (4) EXTRAJUDICIAL STATEMENTS.—At the dis-
24 cretion of a commission, the commission may issue

1 an order limiting extrajudicial statements by the
2 parties.
3 (d) PROTECTED INFORMATION.—
4 (1) IN GENERAL.—A commission may issue
5 protective orders as necessary to safeguard protected
6 information in a proceeding before that commission.
7 (2) NOTIFICATION.—As soon as practicable, a
8 party shall notify a commission of any intent to offer
9 evidence including protected information .
10 (3) TRIAL RECORD.—
11 (A) IN GENERAL.—All exhibits admitted as
12 evidence but containing protected information
13 shall be sealed and annexed to the record of
14 trial.
15 (B) PROTECTED INFORMATION NOT AD-
16 MITTED.—Any protected information not admit-
17 ted as evidence, but reviewed by a commission
18 in camera and withheld from the defendant's
19 counsel over objection shall be sealed and an-
20 nexed to the record of the trial, with any associ-
21 ated motions and responses and any materials
22 submitted in support thereof, as additional ex-
23 hibits.
24 (e) RECORD OF TRIAL.—

1 (1) REQUIREMENT FOR RECORD.—A record of
2 each proceeding by a commission shall be prepared
3 promptly after the conclusion of the trial.
4 (2) VERBATIM TRANSCRIPT.—The record of
5 trial shall include a verbatim written transcript of all
6 sessions of the trial.
7 (3) EXHIBITS AND OTHER EVIDENCE.—The
8 record of trial shall also include all exhibits and
9 other real or demonstrative evidence, except that
10 photographs may be substituted for any large writ-
11 ten or graphic exhibits and any other real or demon-
12 strative evidence. If a photograph is substituted for
13 an exhibit or other evidence, the Government shall
14 retain the original exhibit or other evidence, respec-
15 tively, until no further appeal of the results of the
16 trial is authorized.
17 (4) CLASSIFIED INFORMATION.—In the case of
18 a conviction of a charge on which classified informa-
19 tion is admitted as evidence by a commission, the
20 copy of the record of trial submitted to the commis-
21 sion shall include the classified information.

22 **SEC. 13. TRIAL PROCEDURES FOR UNPRIVILEGED COMBAT-**
23 **ANTS.**

24 (a) SPECIALIZED PROCEDURES.—

1 (1) STANDARD OF PROOF.—All 3 members of a
2 commission shall agree that the defendant is guilty
3 beyond a reasonable doubt for a defendant to be
4 found guilty.
5 (2) RULES OF PROCEDURE.—
6 (A) IN GENERAL.—Except as provided in
7 subparagraph (B), the Secretary of Defense
8 shall draft supplementary rules to govern all
9 proceedings under this section.
10 (B) STANDARD.—Evidence is admissible if
11 the Secretary of Defense determines that the
12 evidence would have probative value to a rea-
13 sonable person.
14 (3) FORM OF TRIAL.—Any trial under this sub-
15 section shall take place before 2 military officers or
16 attorneys and at least one military judge.
17 (4) BAD ACTS.—Other bad acts may be consid-
18 ered if they would have fallen within the definition
19 under this Act of either terrorism or terrorist activ-
20 ity and they are deemed to be relevant by a commis-
21 sion including propensity.
22 (b) CUSTODY.—The Department of Defense shall re-
23 tain custody of any person determined by a commission
24 to be unprivileged combatants after the person has been
25 either convicted or sentenced in accordance with this Act,

1 unless the Department of Defense deems otherwise. Deci-
2 sions made by a commission in regards to a detainee's
3 guilt or innocence may be considered by a tribunal when
4 assessing the need to continue the detention of a detainee.

5 **SEC. 14. COMMUNICATION WITH PERSONS IN CUSTODY.**

6 An individual detained, indicted, or convicted under
7 this Act shall only be permitted to communicate with the
8 interpreter assigned to the individual, the counsel rep-
9 resenting the individual, prison personnel, and any other
10 individual approved by the Secretary of Defense.

11 **SEC. 15. COMMISSION COUNSEL.**

12 (a) IN GENERAL.—A person shall be admitted to
13 practice before a commission if the person—

14 (1) is a United States citizen;

15 (2) has been admitted to the practice of law in
16 a State, district, territory, or possession of the
17 United States, or before a Federal court;

18 (3) has not been sanctioned or otherwise the
19 subject of disciplinary action by any court, bar, or
20 other competent governmental authority for mis-
21 conduct;

22 (4) is eligible for access to information classi-
23 fied at the level of secret as defined by the Depart-
24 ment of Defense; and

1 (5) signs a written agreement to comply with
2 all applicable regulations or instructions for counsel,
3 including any rules of court for conduct during the
4 course of proceedings.
5 (b) CONSULTATION WITH COLLEAGUES.—Any per-
6 son admitted under subsection (a) shall not confer with
7 any colleague who does not have the appropriate clearance.
8 (c) SECURITY CLEARANCE.—
9 (1) EXPEDITED CONSIDERATION.—The Sec-
10 retary of Defense shall ensure that a person seeking
11 to be admitted under subsection (a) is timely proc-
12 essed for the security clearance required for access
13 to materials necessary for providing a defendant
14 with effective assistance of counsel.
15 (2) COUNSEL INELIGIBLE FOR CLEARANCE.—If
16 the Secretary of Defense determines a person is not
17 eligible for the necessary security clearance, the per-
18 son shall not be permitted to represent an individual
19 in any proceeding before the Commission. The deter-
20 mination of the Secretary of Defense shall be final
21 and is not subject to appeal to, or other review by,
22 any court of the United States.
23 (d) TRAVEL EXPENSES.—The Secretary of Defense
24 shall reimburse any person not employed by the Govern-
25 ment who is representing an individual before the Com-

1 mission for travel away from the home or regular place
2 of business of the person in connection with such represen-
3 tation. The rates for the payment of travel expenses under
4 this subsection shall be those authorized for employees of
5 agencies under subchapter I of chapter 57 of title 5,
6 United States Code.

Marshall, C. Kevin

From: Marshall, C. Kevin
Sent: Thursday, June 29, 2006 5:50 PM
To: Gorsuch, Neil M
Subject: FW: Military Commissions bill
Attachments: tmp.htm; HEN06897_xml.pdf; Detainees_UnprivilegedCombatantsSpecterSummaryMemo_20June06.doc

-----Original Message-----
From: Warwick, Brian
Sent: Thursday, June 29, 2006 5:10 PM
To: Marshall, C. Kevin
Subject: FW: Military Commissions bill
Importance: High

Here is Specter's draft language.

Brian Warwick

-----Original Message-----
From: Moschella, William
Sent: Thursday, June 29, 2006 2:45 PM
To: Warwick, Brian
Subject: FW: Military Commissions bill
Importance: High

Draft from O'Neill. Let's discuss in the future.

-----Original Message-----
From: [redacted]@judiciary-rep.senate.gov [mailto [redacted]@judiciary-rep.senate.gov]
Sent: Thursday, June 29, 2006 10:50 AM
To: Moschella, William
Subject: Military Commissions bill
Importance: High

Short Summary

The Unprivileged Combatants Act of 2006 is a follow-up to the Military Commissions Procedures Act of 2002 (S. 1937, 107th Congress) which you cosponsored with Senator Durbin in February 2002. The goal of this bill is to balance the need for national security (interrogations and detention of combatants) with the need to afford detainees with sufficient due process so that nations such as Great Britain and Australia will not place undue pressure on the United States to release their citizens from Guantanamo Bay. This bill addresses only those combatants currently held at Guantanamo Bay. The Act clarifies the procedures used in Combatant Status Review Tribunals and establishes procedures for the trial of detainees. These procedures constitute "a meaningful opportunity to contest the factual basis for that detention before a neutral decision-maker." (Hamdi v. Rumsfeld, 542 U.S. 507, O'Connor, J.) This bill does not address the issue of unprivileged combatants contesting their detentions through habeas appeals. Although the Graham-Kyl-Levin amendment to the 2005 DoD appropriations bill has addressed this issue, a forthcoming Supreme Court decision (Hamdan v. Rumsfeld, 04-5393) will probably require additional legislation on this matter.

Section by Section of your bill

- **Section 301: Findings:** This title is in direct response to the United State Supreme Court's ruling in Rasul v. Bush.
- **Section 302: Definition Section:** Definition section of the bill which defines primary terms such as field tribunal, classification tribunal, military commission, and unprivileged combatant.
- **Section 303: Authorizing Military Commissions:** The President is authorized to establish military commissions for the trial of individuals for offenses as provided in this title.
- **Section 304: Jurisdiction Over Unprivileged Combatants:** This title establishes exclusive jurisdiction to hear any matter involving an unprivileged combatant who has been detained by the Department of Defense at Guantanamo Bay, Cuba. These detainees may be tried via laws of war or pursuant to the Department of Defense's Military Commission Instruction Number Two.
- **Section 305: Appellate Jurisdiction:** The U.S. Courts of Military Appeals shall have exclusive jurisdiction over appeals from all final decisions of a classification tribunal board or military commission under this title. These decisions are then subject to review by the Supreme Court by writ of certiorari.
- **Section 306: Military Commission:** The Commissions shall consist of three military officers, at least one of whom is a Judge Advocate General. These Commissions shall decide the guilt or innocence of detainees charged under section 304 of this Act. This is basically what happens now.
- **Section 307: Persons in Custody:** Not more than 60 days after the enactment of this Act, the Secretary of Defense is required to develop a list of all persons who are being detained at Guantanamo Bay, Cuba, and whom the government wishes to continue to detain as an unprivileged combatant. The Act requires that the original

list and subsequent lists, updated at least once every 60 days, be submitted to the appropriate House and Senate committees.

- **Section 308: Field Tribunals:** Not more than 30 days after a suspected unprivileged combatant has been detained by United States forces, the Department of Defense shall conduct a field tribunal ("FT") in order to determine whether the detainee is an unprivileged combatant and whether the detainee is entitled to the rights afforded under the Geneva Convention. The procedures governing a field tribunal shall be promulgated by the Department of Defense.
- **Section 309: Classification Tribunals:** A Classification Tribunal ("CT") is very similar to the current Combatant Status Review Tribunal. The CT shall be composed of three military officers, one of whom shall be an attorney. Pursuant to a hearing before a CT, a designee shall be released and repatriated to an appropriate country unless a CT finds by a preponderance of the evidence that—(1) the detainee is a threat to the national security interest of the United States; or (2) there are reasonable grounds to believe that if released the person would take up arms against the United States. Decisions of the CT shall be repeated every six months. Detainees may be released only when the CT or the Administrative Board determines the detainee is no longer a threat to national security. This section also expressly states that a detainee who is also a United States citizen may not be held or tried under this act.
- **Section 310: Classification Tribunal Procedures:** Procedures for CT's are the same as those of Combatant Status Review Tribunals except detainees shall be represented by counsel and are permitted to view unclassified discovery that the prosecution plans to present before the tribunal.
- **Section 311: Continuance of Classification Tribunals:** Classification tribunals may be continued in order for the government to continue their interrogation of a detainee. Upon a motion from the Government, the classification tribunal board may grant a continuance for up to a 6-month period, if the classification tribunal board determines that: 1) the individual being detained is a high level individual in the planning or financing of terrorist activities, or 2) the individual possesses information vital to the safety of the United States or its citizens. The Government may obtain more than one continuance if it demonstrates that such continuances are necessary for information gathering purposes as it relates to national security. Said applications for Continuances shall be made ex parte and before a detainee is given an attorney. Accordingly, a detainee is only given an attorney once the tribunal is informed that the interrogation efforts have been exhausted.
- **Section 312 & 313: Criminal Prosecution Procedures:** Military Commission procedures will be the same as the current procedures afforded detainees under the current system.
- **Section 314: Communication with Persons in Custody:** Limits communications by any detainee indicted or convicted under this Act to the individual's interpreter, assigned counsel, prison personnel, and any other individual(s) approved by the Secretary of Defense.

- **Section 315: Commission Counsel:** Provides the following criteria for persons to be admitted to practice before a commission: 1) US Citizen, 2) has been admitted to practice law in a State, district, territory or possession of the United States or before Federal Court, 3) has not been disciplined by any court, bar or other competent governmental authority for misconduct, 4) maintains a minimum of "secret" clearance and 5) signs a written agreement to comply with all applicable regulations and instructions for counsel during the course of proceedings. It further provides persons admitted to practice will not confer with any colleague who does not have at least a "secret" clearance. This section provides that individuals seeking to practice before a commission will be expedited in consideration for obtaining the necessary security clearance. The decision of the Secretary of Defense regarding the granting or not of the security clearance is final and is not eligible for appeal or review. Finally, this section provides that persons practicing before the commission are eligible to have their travel expenses reimbursed.

109TH CONGRESS
2D SESSION

S. _____

To provide comprehensive procedures for the adjudication of cases involving unprivileged combatants.

IN THE SENATE OF THE UNITED STATES

_____ introduced the following bill; which was read twice and referred to the Committee on _____

A BILL

To provide comprehensive procedures for the adjudication of cases involving unprivileged combatants.

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled,

SECTION 1. SHORT TITLE; AUTHORITY; FINDINGS.

(a) SHORT TITLE.—This Act may be cited as the ''Unprivileged Combatant Act of 2006''.

(b) AUTHORITY.—The requirements, conditions, and restrictions established by this Act are made under the authority of Congress under clauses 1, 10, 11, 12, 13, 14, and 18 of article I, section 8 of the Constitution of the United States.

(c) FINDINGS.—Congress finds the following:

(1) Article I, section 8, of the Constitution provides that the Congress has the power to ''constitute Tribunals inferior to the Supreme Court; ... define and punish ... Offenses against the Law of Nations; ... make Rules concerning Captures on Land and Water; ... make all Laws which shall be necessary and proper for carrying into Execution the foregoing Powers and all other Powers vested by this Constitution in the Government of the United States, or in any Department or Officer thereof''.

(2) The Supreme Court has repeatedly recognized military tribunals, as stated in Madsen v. Kinsella 343 U.S. 341, 1952, ''[s]ince our nation's earliest days, such tribunals have been constitutionally recognized agencies for meeting many urgent governmental responsibilities related to war....They have taken many forms and borne many names. Neither their procedure nor their jurisdiction has been prescribed by statute. It has been adapted in each instance to the need that called it forth.'' Madsen, citing In re Yamashita, 327 U.S. 1 (1946).

(3) The President has inherent authority to convene military tribunals arising from his role as Commander and Chief of the Armed Forces under

article II of the Constitution and from title 10 of the United States Code. Due to the extraordinary circumstances of the ongoing war on terrorism, it is appropriate for Congress to provide additional and explicit authorization of and procedures for military tribunals to adjudicate and punish offenses relating to the war on terrorism.

(4) This Act is in direct response to the United State Supreme Court's ruling in Rasul v. Bush. With the passage of this Act, the 109th Congress will have addressed the concerns of the Supreme Court's Rasul majority, and therefore alien enemy combatants detained or prosecuted under this Act may not challenge their detentions in the Federal courts of the United States via the habeas or any other statute.

SEC. 2. DEFINITIONS.

As used in this Act, the following definitions apply:

(1) CLASSIFICATION TRIBUNAL.—The term ''classification tribunal'' means any tribunal conducted under section 9 or any related proceeding.

(2) CLASSIFICATION TRIBUNAL BOARD.—The term ''classification tribunal board'' means a board established pursuant to section 9(d).

(3) CLASSIFIED INFORMATION.—The term ''classified information'' has the meaning given that term in section 1(a) of the Classified Information Procedures Act (18 U.S.C. App.).

(4) COMMISSION.—The term ''commission'' means a military commission established pursuant to section 3.

(5) CRIMINAL PROSECUTION.—The term ''criminal prosecution'' means a prosecution for a violation of any criminal law, including subchapter X of chapter 47 of title 10, United States Code (the Uniform Code of Military Justice) or pursuant to the Department of Defenses Military Commission Instruction number two.

(6) DETAINEE.—The term ''detainee'' means a person who is in the custody of the Department of Defense at Guantanamo Bay, Cuba, and who has not been charged with a criminal offense during that period.

(7) INTERNATIONAL TERRORISM.—The term ''international terrorism'' has the meaning given that term in section 101 of the Foreign Intelligence Surveillance Act of 1978 (50 U.S.C. 1801).

1 (8) JUDGE.—The term ''judge'' means a
2 United States military judge designated by the Sec-
3 retary of Defense to hear cases under this Act.
4 (9) PROTECTED INFORMATION.—The term
5 ''protected information'' means information—
6 (A) that is classified information;
7 (B) protected by law or rule from unau-
8 thorized disclosure;
9 (C) the disclosure of which may endanger
10 the physical safety of participants in Commis-
11 sion proceedings, including prospective wit-
12 nesses;
13 (D) concerning intelligence and law en-
14 forcement sources, methods, or activities; or
15 (E) the disclosure of which would other-
16 wise jeopardize national security interests.
17 (10) UNITED STATES PERSON.—The term
18 ''United States person'' has the meaning given that
19 term in section 101 of the Foreign Intelligence Sur-
20 veillance Act of 1978 (50 U.S.C. 1801).
21 (11) UNPRIVILEGED COMBATANT.—The term
22 ''unprivileged combatant'' means an individual—
23 (A) who has been designated as an enemy
24 combatant by a Combatant Status Review Tri-
25 bunal prior to the enactment of this Act; or

(B) who a Field Tribunal conducted by the United States military as provided in this Act determines—

(i) is not entitled to the protections set out in the Convention Relative to the Treatment of Prisoners of War, done at Geneva, August 12, 1948 (6 UST 3516) (referred to in this Act as the ''Geneva Convention''); and

(ii) has—

(I) knowingly assisted, conspired with, or solicited for a group or an individual hostile to the United States;

(II) knowingly attempted to assist others in taking up arms against the United States;

(III) conspired with or solicited others to take up arms against the United States; or

(IV) has taken up arms against, or intentionally assisted combat operations against, the United States.

(12) APPROPRIATE COMMITTEES OF CONGRESS.—The term ''appropriate committees of Congress'' means the Committee on the Judiciary and

the Committee on Armed Services of the Senate and the Committee on the Judiciary and the Committee on Armed Services of the House of Representatives.

SEC. 3. AUTHORIZING MILITARY COMMISSIONS.

The President is authorized to establish military commissions for the trial of individuals for offenses as provided in this Act.

SEC. 4. JURISDICTION.

(a) UNPRIVILEGED COMBATANTS.—This Act establishes exclusive jurisdiction to hear any matter involving an unprivileged combatant who has been detained by the Department of Defense for not less than 180 consecutive days at Guantanamo Bay, Cuba.

(b) OFFENSES.—

(1) CRIMINAL PROSECUTIONS.—A commission shall have jurisdiction to hear any criminal prosecution involving international terrorism, including any offense under chapter 113B of title 18, United States Code.

(2) OFFENSES AGAINST THE LAWS OF WAR.—A commission shall have exclusive jurisdiction over violations of the laws of war committed by unprivileged combatants.

(3) OTHER OFFENSES.—A commission shall have jurisdiction over other offenses traditionally tri-

able by military commissions or pursuant to the Department of Defense's Military Commission Instruction Number Two.

SEC. 5. APPELLATE JURISDICTION.

(a) FINAL DECISIONS.—The United States Court of Military Appeals shall have exclusive jurisdiction of appeals from all final decisions of a classification tribunal board or commission under this Act.

(b) REVIEW BY SUPREME COURT.—

(1) CERTIORARI.—The decisions of the United States Court of Military Appeals are subject to review by the Supreme Court by writ of certiorari.

(2) EXEMPTION FROM CERTAIN PETITION REQUIREMENTS.—A person who files a petition for a writ of certiorari under paragraph (1) shall not be required to submit—

(A) prepayment of any fees and costs or security therefor; or

(B) the affidavit required by section 1915(a) of title 28, United States Code.

(c) CONFORMING AMENDMENTS.—

(1) IN GENERAL.—Section 1005 of the Detainee Treatment Act of 2005 (10 U.S.C. 801 note) is amended—

(A) in subsection (e), by striking paragraphs (2) through (4); and

(B) by striking subsection (h) and inserting the following:

''(h) EFFECTIVE DATE.—This section shall take effect on the date of enactment of this Act.''.

(2) HABEAS.—Section 2241(e) of title 28, United States Code, is amended—

(A) in the matter preceding paragraph (1), by striking ''section 1005 of the Detainee Treatment Act of 2005'' and inserting ''the Unprivileged Combatant Act of 2006'';

(B) by striking paragraph (2)(B) and inserting the following:

''(B) has been determined by a classification tribunal to meet the requirements of paragraph (1) or (2) of section 9(a) of the Unprivileged Combatant Act of 2006.''.

SEC. 6. COMMISSION.

(a) COMMISSION PERSONNEL.—

(1) MEMBERS.—

(A) APPOINTMENT.—The Secretary of Defense shall designate no less than 12 United States military judges to serve as members of

1 a commission and to assume other duties as-
2 signed in this Act.
3 (B) NUMBER OF MEMBERS.—Each com-
4 mission shall consist of at least 3 military offi-
5 cers, at least one of whom shall be a military
6 judge.
7 (C) ALTERNATE MEMBERS.—For each
8 such commission, there shall also be 1 or 2 al-
9 ternate members. The alternate member or
10 members shall attend all sessions of the com-
11 mission. In case of incapacity, resignation, or
12 removal of any member, an alternate member
13 shall take the place of that member.
14 (D) QUALIFICATIONS.—Each member and
15 alternate member of the commission shall be a
16 military officer.
17 (E) PRESIDING OFFICER.—
18 (i) IN GENERAL.—From among the
19 members of the commission, the Secretary
20 of Defense shall designate a presiding offi-
21 cer who is a military judge to preside over
22 the proceedings of that commission.
23 (ii) DUTIES.—The duties of the pre-
24 siding officer shall be as follows:

1 (I) The presiding officer shall
2 admit or exclude evidence at trial in
3 accordance with the rules of this Act.
4 The presiding officer shall have au-
5 thority to close proceedings or por-
6 tions of proceedings in accordance
7 with this Act or for any other reason
8 necessary for the conduct of a full and
9 fair trial.
10 (II) The presiding officer shall
11 ensure that the discipline, dignity, and
12 decorum of the proceedings are main-
13 tained, shall exercise control over the
14 proceedings to ensure proper imple-
15 mentation of the President's Military
16 Order and this Act, and shall have au-
17 thority to act upon any contempt or
18 breach of commission rules and proce-
19 dures. Any attorney authorized to ap-
20 pear before a commission who is
21 thereafter found not to satisfy the re-
22 quirements for eligibility or who fails
23 to comply with laws, rules, regula-
24 tions, or other orders applicable to the
25 commission proceedings or any other

1 individual who violates such laws,
2 rules, regulations, or orders may be
3 disciplined as the presiding officer
4 deems appropriate, including revoca-
5 tion of eligibility to appear before that
6 commission. The Court may further
7 revoke that attorney's or any other
8 person's eligibility to appear before
9 any other commission convened under
10 this Act.
11 (III) The presiding officer shall
12 ensure the expeditious conduct of the
13 trial. In no circumstance shall accom-
14 modation of counsel be allowed to
15 delay proceedings unreasonably.
16 (IV) The presiding officer may
17 certify interlocutory questions to the
18 Military Commission Review Panel for
19 the Armed Forces as the presiding of-
20 ficer deems appropriate.
21 (b) POWERS OF A COMMISSION.—A commission shall
22 have the following powers:
23 (1) To summon witnesses to the trial and to re-
24 quire their attendance and testimony and to put
25 questions to them.

(2) To require the production of documents and other evidentiary material.

(3) To administer oaths to witnesses.

(4) To appoint officers for the carrying out of any task designated by the commission, including the power to have evidence taken.

SEC. 7. PERSONS IN CUSTODY.

(a) IN GENERAL.—Not later than 60 days after the date of enactment of this Act, the Secretary of Defense shall develop—

(1) a complete listing of all persons who—

(A) are being detained by the Department of Defense at Guantanamo Bay, Cuba; and

(B) the Government wishes to continue to detain as an unprivileged combatant; and

(2) a detailed summary of the evidence upon which the determination to keep a person described in paragraph (1) in custody was made.

(b) CONGRESSIONAL OVERSIGHT.—Not later than 10 days after developing the list described in subsection (a), the Secretary of Defense shall submit an unclassified version of that list to the appropriate committees of Congress. A classified, unredacted version of that list shall also be submitted to the appropriate committees of Congress for review.

1 (c) UPDATED LIST.—The Secretary of Defense shall
2 update the list of the persons described in subsection (a)
3 not less than once every 60 days after the date the list
4 described in subsection (a) is completed.

5 (d) CONGRESSIONAL OVERSIGHT.—Not later than 10
6 days after updating the list of persons under subsection
7 (c), the Secretary of Defense shall submit that updated
8 list to the appropriate committees of Congress in both un-
9 classified and unredacted, classified form.

10 **SEC. 8. FIELD TRIBUNALS.**

11 (a) IN GENERAL.—Not more than 30 days after a
12 suspected unprivileged combatant has been detained by
13 United States forces, the Department of Defense shall
14 conduct a field tribunal in order to determine whether the
15 detainee is an unprivileged combatant and whether the de-
16 tainee is entitled to the rights afforded under the Geneva
17 Convention.

18 (b) PROCEDURES.—The procedures governing a field
19 tribunal shall be promulgated by the Department of De-
20 fense

21 **SEC. 9. CLASSIFICATION TRIBUNALS.**

22 (a) IN GENERAL.—A detainee shall be released and
23 repatriated to an appropriate country unless a classifica-
24 tion tribunal board finds by a preponderance of the evi-
25 dence that—

1 (1) the detainee is a threat to the national secu-
2 rity interest of the United States; or
3 (2) there are reasonable grounds to believe that
4 if released the detainee would take up arms against
5 the United States.
6 (b) COMPLIANCE WITH GENEVA CONVENTIONS.—If
7 a detainee is found to be a privileged combatant entitled
8 to provisions under the Convention Relative to the Treat-
9 ment of Prisoners of War, done at Geneva, August 12,
10 1948 (6 UST 3516), then the detainee must be treated
11 in accordance with that convention.
12 (c) CITIZEN OF THE UNITED STATES.—If a detainee
13 is found to be a citizen of the United States of America,
14 the detainee shall not be held or tried under this Act.
15 (d) CLASSIFICATION TRIBUNAL BOARD.—A classi-
16 fication tribunal shall be conducted by a board appointed
17 by the Secretary of Defense and consist solely of line offi-
18 cers, one of whom shall be an attorney.
19 (e) DETERMINATION.—
20 (1) IN GENERAL.—If a classification tribunal
21 board finds that a detainee meets the requirements
22 of subsection (a), the classification tribunal board
23 shall order that the detainee shall continue to be de-
24 tained by the Department of Defense, subject to
25 periodic review under subsection (h).

1 (2) TIME PERIOD.—The time period for the de-
2 tention of a detainee under paragraph (1) may not
3 exceed the time period that United States forces are
4 engaged in combat operations as defined by the De-
5 partment of Defense in the nation or theater where
6 the detainee was captured so long as the detainee is
7 found to be a privileged combatant.
8 (3) CONCLUSION OF COMBAT.—At the conclu-
9 sion of combat operations within a given theater or
10 nation—
11 (A) a privileged combatant that was cap-
12 tured in that area shall be either indicted under
13 this Act or repatriated to the appropriate coun-
14 try; and
15 (B) an unprivileged combatant may con-
16 tinue to be detained pursuant to subsection (a).
17 (f) CONSIDERATIONS.—
18 (1) IN GENERAL.—In making a determination
19 under subsection (a), a classification tribunal board
20 shall consider any information brought to its atten-
21 tion regarding the need for continued detention, in-
22 cluding—
23 (A) the detainee's alleged position or rank
24 in any hostile organization;

1 (B) the activities of that hostile organiza-
2 tion;
3 (C) any statements made by the detainee
4 in response to interrogation; and
5 (D) the detainee's history of violence or
6 terrorist activity.
7 (2) PRIMA FACIE EVIDENCE.—If the Govern-
8 ment represents that a detainee was captured during
9 a military engagement while taking up arms against,
10 or supporting military operations against, the Armed
11 Forces of the United States or its allies, there shall
12 be prima facie evidence that, if released, the detainee
13 would take up arms against the United States.
14 (g) TIMING.—A detainee shall be afforded a classi-
15 fication tribunal as soon as is reasonably practicable but
16 not later than 180 days after the detainee's capture and
17 not later than 30 days after the detainee is listed under
18 section 7, unless continued.
19 (h) PERIODIC REVIEW.—
20 (1) IN GENERAL.—
21 (A) SEMIANNUAL REVIEW.—The classifica-
22 tion tribunal shall conduct a classification hear-
23 ing for each detainee not less frequently than
24 every 180 days, in accordance with the proce-

1 dures established under this section and section
2 10.
3 (B) ACTION PERIOD.—A detainee appre-
4 hended during a military engagement while tak-
5 ing up arms against, or supporting military op-
6 erations against, the Armed Forces of the
7 United States or its allies may be detained until
8 the cessation of armed hostilities in the nation
9 or region in which they were captured.
10 (2) ARGUMENT.—The Government and the de-
11 tainee may be heard regarding the review under
12 paragraph (1).
13 **SEC. 10. CLASSIFICATION TRIBUNAL PROCEDURES.**
14 (a) DETAINEES.—
15 (1) IN GENERAL.—A detainee shall not be re-
16 quired to testify or present any evidence at a classi-
17 fication tribunal.
18 (2) PRESENCE.—A detainee shall be entitled to
19 be present at the classification tribunal, unless the
20 head of the tribunal has decided to admit classified
21 information.
22 (b) COUNSEL.—
23 (1) IN GENERAL.—A detainee is entitled to the
24 assistance of counsel admitted to practice under this
25 Act at every stage of the classification tribunal, in-

1 cluding the periodic review of orders under sub-
2 section (e).
3 (2) RIGHT TO APPOINTED COUNSEL.—A de-
4 tainee who is unable to obtain counsel is entitled to
5 have counsel admitted to practice before a commis-
6 sion under this Act.
7 (3) REFUSAL OF COUNSEL.—A detainee may
8 waive counsel but shall not be entitled to protected
9 information.
10 (c) DISCOVERY.—
11 (1) GOVERNMENT'S DISCLOSURE.—Not later
12 than 3 days prior to the classification tribunal, the
13 Government shall make available for inspection by
14 counsel for the detainee any affidavit or affirmation
15 the Government intends to offer in support of con-
16 tinuing to detain the detainee. A classification tri-
17 bunal board shall maintain a copy of any submis-
18 sions made by the Government for inspection by the
19 detainee and for transmittal, if necessary, to that
20 tribunal.
21 (2) DETAINEE'S DISCLOSURE.—If the detainee
22 chooses to submit any evidence, such evidence, in-
23 cluding a list of any witnesses the detainee intends
24 to call, shall be made available to the Government

1 for inspection not later than 3 days prior to the clas-
2 sification tribunal.
3 (d) EVIDENCE.—
4 (1) IN GENERAL.—The Federal Rules of Evi-
5 dence shall not apply to a classification tribunal.
6 (2) ADMISSIBILITY STANDARD.—Evidence shall
7 be admitted if the classification tribunal board deter-
8 mines the evidence would have probative value to a
9 reasonable person.
10 (3) AFFIDAVIT OR AFFIRMATION.—The Govern-
11 ment may proceed by proffer and submit any rel-
12 evant information by affidavit or affirmation, unless
13 decided unreliable by the members of the classifica-
14 tion tribunal board.
15 (4) CROSS-EXAMINATION.—
16 (A) GOVERNMENT WITNESSES.—If a Gov-
17 ernment chooses to call witnesses, the detainee
18 may cross-examine those witnesses on all rel-
19 evant facts.
20 (B) DETAINEE WITNESSES.—If a detainee
21 calls any witnesses, they shall be subject to
22 cross examination.
23 (C) DETAINEE.—If the detainee chooses to
24 testify, the detainee shall be subject to cross-ex-
25 amination.

1 (e) DEFENSES.—A detainee may challenge whether
2 the detainee satisfies the elements required under sub-
3 section (a).
4 (f) PROCEEDINGS.—
5 (1) IN GENERAL.—A classification tribunal
6 shall be closed to the public.
7 (2) SECURITY CLEARANCES.—Each person
8 present at a classification tribunal, other than the
9 detainee, shall possess a security clearance appro-
10 priate to the level of any classified information being
11 presented.
12 (3) PUBLIC INFORMATION REGARDING PRO-
13 CEEDINGS.—After the classification tribunal board
14 rules in the classification tribunal, the parties shall
15 propose a nonclassified summary to that board. The
16 board shall publicly release a summary, containing
17 any information generated at the tribunal which can
18 be disclosed in a manner consistent with the Classi-
19 fied Information Procedures Act (18 U.S.C. App.)
20 and the national security of the United States.
21 (g) REINSTITUTING CLASSIFICATION PRO-
22 CEEDINGS.—
23 (1) IN GENERAL.—If a matter involving the
24 classification tribunal of a detainee is dismissed
25 without prejudice by the classification tribunal or

withdrawn by the Government at, or prior to, the classification tribunal, the Government may reinstitute the matter with the tribunal board that dismissed or permitted the withdrawal of the matter.

(2) TIME LIMIT.—A complaint reinstituting proceedings under paragraph (1) shall be filed not later than 10 days after the dismissal or withdrawal of the matter.

(3) NUMBER.—The Government may reinstitute proceedings under paragraph (1) not more than twice and only if approved by the ranking member on the classification tribunal board.

SEC. 11. CONTINUANCE OF CLASSIFICATION TRIBUNALS.

(a) CONTINUANCES.—

(1) IN GENERAL.—A classification tribunal board may, for cause shown, grant a continuance of a classification tribunal.

(2) CONTINUANCE.—

(A) IN GENERAL.—Upon motion of the Government, the classification tribunal board may grant a continuance for as long as necessary, but no longer than a 6-month period, under paragraph (1) if the classification tribunal board determines that the detainee is a high level individual in the planning or financ-

1 ing of terrorist activities or the individual pos-
2 sess information vital to the safety of the
3 United States or its citizens.
4 (B) SUBSEQUENT CONTINUANCES.—The
5 Government may obtain subsequent continu-
6 ances for additional 6-month periods so long as
7 the classification tribunal board finds such con-
8 tinuances are necessary to the informational
9 gathering purposes as it related to the national
10 security of the United States.
11 (3) EX PARTE APPLICATIONS.—
12 (A) IN GENERAL.—The Government may
13 move for a continuance under paragraph (1) ex
14 parte.
15 (B) DETAINEE RIGHTS.—A detainee—
16 (i) is not entitled to representation by
17 counsel in connection with any such ex
18 parte motion; and
19 (ii) shall not be given notice of the re-
20 quest for a hearing prior to the ruling of
21 the classification tribunal board on the
22 Government's request for a continuance
23 pursuant to paragraph (2).

1 (b) GRANT OF CONTINUANCE.—For each continu-
2 ance granted under subsection (a), the classification tri-
3 bunal board shall note on the record of the proceedings—
4 (1) the grounds for granting each such continu-
5 ance;
6 (2) the identity of the party requesting the con-
7 tinuance;
8 (3) the new date and time for the tribunal hear-
9 ing; and
10 (4) the reasons that the date under paragraph
11 (3) was chosen.

12 **SEC. 12. CRIMINAL PROSECUTION PROCEDURES GEN-**
13 **ERALLY.**

14 (a) COUNSEL.—
15 (1) IN GENERAL.—A defendant in a criminal
16 proceeding under this Act has a right to be rep-
17 resented by counsel admitted to practice before a
18 commission under this Act.
19 (2) APPOINTED COUNSEL.—
20 (A) IN GENERAL.—A defendant who is un-
21 able to obtain counsel is entitled to have counsel
22 appointed and to be represented by such coun-
23 sel at every stage of the proceeding subsequent
24 to being indicted.

1 (B) APPOINTMENT PROCEDURE.—The
2 Secretary of Defense shall determine the rules
3 for appointing counsel to practice before the
4 commission.
5 (b) DISCOVERY.—
6 (1) CLASSIFIED DOCUMENTS AND OBJECTS.—
7 The Government shall provide the defense with ac-
8 cess to evidence the Government intends to intro-
9 duce at trial and with access to evidence known to
10 the Government or which should be known to the
11 Government that tends to exculpate the accused. In-
12 formation disclosed to the defense may not be dis-
13 closed to the defendant if it is classified as defined
14 by this Act. The defense may submit classified infor-
15 mation for review under section 12(b)(2).
16 (2) SEPARATE COMMISSION CONCERNING CLAS-
17 SIFIED INFORMATION.—The Secretary of Defense
18 shall appoint a commission to conduct a thorough
19 review of the classification system for national secu-
20 rity information, including the policy, procedures,
21 and practices of the system. The Secretary of De-
22 fense shall determine what level of security clearance
23 is necessary to conduct the review under this para-
24 graph. No person shall be appointed as a member of
25 the commission who does not have a security clear-

1 ance at or above the level of clearance so designated
2 by the Secretary. The commission shall make rec-
3 ommendations to the Secretary of Defense as to the
4 declassification of information relevant to the trial of
5 detainees.
6 (3) REGULATING DISCOVERY.—
7 (A) IN GENERAL.—A commission may, for
8 good cause, deny, restrict, or defer discovery or
9 inspection, or grant other appropriate relief.
10 (B) EX PARTE REQUEST.—A party may
11 make an ex parte request in writing that a com-
12 mission deny, restrict, or defer discovery or in-
13 spection under subparagraph (A). If the a com-
14 mission grants a request under this subpara-
15 graph, the Commission shall preserve the entire
16 text of the party's request under seal.
17 (C) FAILURE TO COMPLY.—If a party fails
18 to comply with the rules of discovery applicable
19 to a commission, the commission may—
20 (i) order that party to permit the dis-
21 covery or inspection, specify its time, place,
22 and manner, and prescribe other just
23 terms and conditions; or
24 (ii) grant a continuance.
25 (c) OPEN PROCEEDINGS.—

1 (1) IN GENERAL.—Except as provided in para-
2 graphs (2) and (3), a proceeding before a commis-
3 sion shall be open to the public.
4 (2) CLASSIFIED INFORMATION.—
5 (A) IN GENERAL.—Upon motion by the
6 Government, a proceeding before a commission
7 shall be closed to the public if necessary to
8 avoid disclosure of classified information.
9 (B) NONDISCLOSURE.—A priority under
10 subparagraph (A) shall not disclose any infor-
11 mation presented during a closed session to in-
12 dividuals excluded from such proceeding or part
13 thereof including the defendant.
14 (3) OTHER BASES.—A commission may order
15 that a hearing be held, in whole or in part, in cam-
16 era, if the commission determines—
17 (A) it is appropriate for the security of a
18 witness or a Government employee or to protect
19 public safety; or
20 (B) that an open hearing would deter a
21 witness from testifying freely or prevent the
22 witness from testifying at all.
23 (4) EXTRAJUDICIAL STATEMENTS.—At the dis-
24 cretion of a commission, the commission may issue

1 an order limiting extrajudicial statements by the
2 parties.
3 (d) PROTECTED INFORMATION.—
4 (1) IN GENERAL.—A commission may issue
5 protective orders as necessary to safeguard protected
6 information in a proceeding before that commission.
7 (2) NOTIFICATION.—As soon as practicable, a
8 party shall notify a commission of any intent to offer
9 evidence including protected information .
10 (3) TRIAL RECORD.—
11 (A) IN GENERAL.—All exhibits admitted as
12 evidence but containing protected information
13 shall be sealed and annexed to the record of
14 trial.
15 (B) PROTECTED INFORMATION NOT AD-
16 MITTED.—Any protected information not admit-
17 ted as evidence, but reviewed by a commission
18 in camera and withheld from the defendant's
19 counsel over objection shall be sealed and an-
20 nexed to the record of the trial, with any associ-
21 ated motions and responses and any materials
22 submitted in support thereof, as additional ex-
23 hibits.
24 (e) RECORD OF TRIAL.—

1 (1) REQUIREMENT FOR RECORD.—A record of
2 each proceeding by a commission shall be prepared
3 promptly after the conclusion of the trial.
4 (2) VERBATIM TRANSCRIPT.—The record of
5 trial shall include a verbatim written transcript of all
6 sessions of the trial.
7 (3) EXHIBITS AND OTHER EVIDENCE.—The
8 record of trial shall also include all exhibits and
9 other real or demonstrative evidence, except that
10 photographs may be substituted for any large writ-
11 ten or graphic exhibits and any other real or demon-
12 strative evidence. If a photograph is substituted for
13 an exhibit or other evidence, the Government shall
14 retain the original exhibit or other evidence, respec-
15 tively, until no further appeal of the results of the
16 trial is authorized.
17 (4) CLASSIFIED INFORMATION.—In the case of
18 a conviction of a charge on which classified informa-
19 tion is admitted as evidence by a commission, the
20 copy of the record of trial submitted to the commis-
21 sion shall include the classified information.

22 **SEC. 13. TRIAL PROCEDURES FOR UNPRIVILEGED COMBAT-**
23 **ANTS.**

24 (a) SPECIALIZED PROCEDURES.—

1 (1) STANDARD OF PROOF.—All 3 members of a
2 commission shall agree that the defendant is guilty
3 beyond a reasonable doubt for a defendant to be
4 found guilty.
5 (2) RULES OF PROCEDURE.—
6 (A) IN GENERAL.—Except as provided in
7 subparagraph (B), the Secretary of Defense
8 shall draft supplementary rules to govern all
9 proceedings under this section.
10 (B) STANDARD.—Evidence is admissible if
11 the Secretary of Defense determines that the
12 evidence would have probative value to a rea-
13 sonable person.
14 (3) FORM OF TRIAL.—Any trial under this sub-
15 section shall take place before 2 military officers or
16 attorneys and at least one military judge.
17 (4) BAD ACTS.—Other bad acts may be consid-
18 ered if they would have fallen within the definition
19 under this Act of either terrorism or terrorist activ-
20 ity and they are deemed to be relevant by a commis-
21 sion including propensity.
22 (b) CUSTODY.—The Department of Defense shall re-
23 tain custody of any person determined by a commission
24 to be unprivileged combatants after the person has been
25 either convicted or sentenced in accordance with this Act,

1 unless the Department of Defense deems otherwise. Deci-
2 sions made by a commission in regards to a detainee's
3 guilt or innocence may be considered by a tribunal when
4 assessing the need to continue the detention of a detainee.

5 **SEC. 14. COMMUNICATION WITH PERSONS IN CUSTODY.**

6 An individual detained, indicted, or convicted under
7 this Act shall only be permitted to communicate with the
8 interpreter assigned to the individual, the counsel rep-
9 resenting the individual, prison personnel, and any other
10 individual approved by the Secretary of Defense.

11 **SEC. 15. COMMISSION COUNSEL.**

12 (a) IN GENERAL.—A person shall be admitted to
13 practice before a commission if the person—

14 (1) is a United States citizen;

15 (2) has been admitted to the practice of law in
16 a State, district, territory, or possession of the
17 United States, or before a Federal court;

18 (3) has not been sanctioned or otherwise the
19 subject of disciplinary action by any court, bar, or
20 other competent governmental authority for mis-
21 conduct;

22 (4) is eligible for access to information classi-
23 fied at the level of secret as defined by the Depart-
24 ment of Defense; and

1 (5) signs a written agreement to comply with
2 all applicable regulations or instructions for counsel,
3 including any rules of court for conduct during the
4 course of proceedings.
5 (b) CONSULTATION WITH COLLEAGUES.—Any per-
6 son admitted under subsection (a) shall not confer with
7 any colleague who does not have the appropriate clearance.
8 (c) SECURITY CLEARANCE.—
9 (1) EXPEDITED CONSIDERATION.—The Sec-
10 retary of Defense shall ensure that a person seeking
11 to be admitted under subsection (a) is timely proc-
12 essed for the security clearance required for access
13 to materials necessary for providing a defendant
14 with effective assistance of counsel.
15 (2) COUNSEL INELIGIBLE FOR CLEARANCE.—If
16 the Secretary of Defense determines a person is not
17 eligible for the necessary security clearance, the per-
18 son shall not be permitted to represent an individual
19 in any proceeding before the Commission. The deter-
20 mination of the Secretary of Defense shall be final
21 and is not subject to appeal to, or other review by,
22 any court of the United States.
23 (d) TRAVEL EXPENSES.—The Secretary of Defense
24 shall reimburse any person not employed by the Govern-
25 ment who is representing an individual before the Com-

1 mission for travel away from the home or regular place
2 of business of the person in connection with such represen-
3 tation. The rates for the payment of travel expenses under
4 this subsection shall be those authorized for employees of
5 agencies under subchapter I of chapter 57 of title 5,
6 United States Code.

USDOJ- Office of Public Affairs

From: USDOJ- Office of Public Affairs
Sent: Thursday, June 29, 2006 6:57 PM
To: USDOJ- Office of Public Affairs
Subject: PUBLIC AFFAIRS DAILY NEWS WRAP FOR JUNE 29, 2006

PUBLIC AFFAIRS DAILY NEWS WRAP
June 29, 2006

Contact: Brian Roehrkasse, Deputy Director, Office of Public Affairs (202) 514-2007

TOMORROW'S EXPECTED NEWS STORIES:

Hamdan v. Rumsfeld Decision (OPA)
Today, the Supreme Court handed down its 5-3 ruling in the case of *Hamdan v*. Rumsfeld ruling that military commissions, as constituted by the Department of Defense, are not consistent with current congressional statutes: Uniform Code of Military Justice (UCMJ) and Geneva Convention treaty provisions (Art. 3).

Talking Points:

- Nothing in today's holding affects the authority of the President in wartime to detain enemy combatants through the duration of hostilities, authority previously recognized by the Supreme Court in *Hamdi v. Rumsfeld.* Nothing in the holding affects the status of Guantanamo Bay or the continued detention of enemy combatants there one way or the other.

- The holding does not reject the President's authority to try accused war criminals like these by military commission, something done throughout our history. Instead, the holding says simply that the military commissions as constituted by the Department of Defense, while robust and affording enemy combatants more due process than this or any other country has ever afforded enemy combatants in history, are not consistent with current congressional statutes: UCMJ and treaty provisions (Art. 3)

- The Court didn't find any Constitutional impediment to the President working with Congress in establishing military commissions. The Court emphasized that these problems can be cured and invited the President and Congress to do just that. For example, Justice Breyer said, "Nothing prevents the President from returning to Congress to seek the authority he believes necessary."

- We respect the Court's decision and will work with the Congress to establish procedures for trying enemy combatants that comply with the Court's ruling and will allow us to proceed with trials as soon as possible so as to ensure that enemy combatants charged with war crimes can be brought to justice and that the American people are protected against their release, consistent with the Supreme Court's guidance.

Tenet Settlement (Civil)

Tenet Healthcare Corporation, operator of the nation's second largest hospital chain, has agreed to pay the United States more than $900 million for alleged unlawful billing practices. Under the agreement, Tenet will pay a total of $900 million over a four-year period, plus interest, to resolve various types of civil allegations involving Tenet's billings to Medicare and other federal health care programs.

Talking Points:

- The Tenet settlement is the second largest health care fraud settlement in U.S. history. The largest was HCA, which was settled for a toal of $1.7 billion.

- Of the $900 million settlement amount, the agreement requires Tenet to pay more than $788 million to resolve claims arising from Tenet's receipt of excessive "outlier" payments (payments that are intended to be limited to situations involving extraordinarily costly episodes of care) resulting from the hospitals' inflating their charges substantially in excess of any increase in the costs associated with patient care and billing for services and supplies not provided to patients;

- More than $47 million to resolve claims that Tenet paid kickbacks to physicians to get Medicare patients referred to its facilities, and that Tenet billed Medicare for services that were ordered or referred by physicians with whom Tenet had an improper financial relationship; and,

- More than $46 million to resolve claims that Tenet engaged in "upcoding," which refers to situations where diagnosis codes that Tenet is unable to support or that were otherwise improper were assigned to patient records in order to increase reimbursement to Tenet hospitals.

- The $900 million settlement amount was based on the company's ability to pay.

Former Alabama Governor and HealthSouth CEO Convicted (Criminal)
A jury in Montgomery, Alabama today convicted former Alabama Governor Don Eugene Siegelman and former HealthSouth Chief Executive Officer Richard Scrushy, of conspiracy, bribery, fraud, and other crimes. Siegelman was convicted on 10 of the 33 counts against him. Scrushy, 53, was convicted on all of the six counts with which he was charged: one count of bribery, one count of conspiracy, and four counts of honest services mail fraud.

Man Sentence to 15 Years for Child Pornography Offense (Criminal)
A former Dracut, Mass. man was sentenced yesterday for transportation, receipt and possession of child pornography. In federal court in Boston,Darren Wilder, 36, was sentenced to 15 years in a federal correction facility after a jury found him guilty on March 21, 2006 of the distribution, receipt and possession of child pornography. After completion of his sentence, Wilder will be placed on supervised release for five years. Wilder was required to receive a sentence of no less than 15 years due to a previous child pornography conviction.

U.S. Ship Manager to Plead Guilty to Deliberate Pollution (ENRD)
An American-based ship operator, Pacific-Gulf Marine, Inc. (PGM), has agreed to plead guilty to criminal charges that it engaged in deliberate acts of pollution involving a fleet of four ships in violation of the Act to Prevent Pollution from Ships, the Justice Department announced today. As part of the plea agreement, PGM will pay a $1 million criminal fine and $500,000 for community service, if approved by the court. In a related case, a federal grand jury returned an indictment late yesterday, charging two former Chief Engineers of the M/V Tanabata (one of the ships in the fleet), with various environmental crimes.

Trust Promoters Sentenced to Prison for Tax Fraud (Tax)
Five persons associated with Innovative Financial Consultants (IFC) were sentenced to lengthy prison terms for promoting a tax evasion scheme using so-called "pure trust organizations," the Justice Department and Internal Revenue Service (IRS) announced today. U.S. District Judge Mary Murguia found the tax fraud scheme caused, at a minimum, a loss to the federal Treasury of between three to seven million dollars. The judge sentenced the five individuals to serve between 16 to 84 months imprisonment and sentenced two of those indiduals to pay fines of $100,000 and $175,000 after being convicted on charges of willful failure to file tax returns.

Laptop Containing VA Data Found (FBI)
William D. Chase, Special Agent in Charge of the Baltimore Division of the Federal Bureau of Investigation participated in a press availability announcing the recovery of the stolen laptop computer containing the personal data of more than 26 million American veterans. Chase issued a brief statement of facts, and answered limited questions.

Talking Points:

- The electronic equipment contained sensitive information concerning over 26 million veterans, and the recovery of the data has been of paramount concern.

- The protection of the sensitive data, and well being of those potentially effected, have made this investigation the number one priority for the investigating agencies.

- A preliminary review of the equipment by computer forensic teams has determined that the data base remains intact and has not been accessed since it was stolen. A thorough forensic examination is underway, and the results will be shared as soon as possible. The investigation is ongoing.

THURSDAY'S EXPECTED EVENTS/RELEASES:

No events scheduled.

The Civil Division will tentatively issue a press release on a settlement (Miller)

BellingerJB@state.gov

From: [redacted]@state.gov
Sent: Friday, June 30, 2006 9:11 AM
To: Gorsuch, Neil M
Subject: RE: Call

Oops. Sorry about that. I was still waiting for the pin. It's [redacted], pin [redacted]

Now that I'm back, I now feel more up to speed so I'm willing to fly solo if you're busy. I'd be delighted to have you though.

-----Original Message-----
From: Neil.Gorsuch@usdoj.gov [mailto:Neil.Gorsuch@usdoj.gov]
Sent: Friday, June 30, 2006 8:45 AM
To: [redacted] Legal)
Subject: Call

Haven't recvd conf call info. Not lobbying to participate and am facing some emergent issues anyway so if you'd prefer to go alone that's is more than fine!

Gorsuch, Neil M

From: Gorsuch, Neil M
Sent: Friday, June 30, 2006 9:52 AM
To: [redacted]@state.gov'
Subject: RE: Call

John - Just got this - sorry; bb doesn't work in our relocated subterranean offices. Assume I've missed the call but if not am happy to participate.

-----Original Message-----
From: [redacted]@state.gov [mailto:[redacted]@state.gov]
Sent: Friday, June 30, 2006 9:11 AM
To: Gorsuch, Neil M
Subject: RE: Call

Oops. Sorry about that. I was still waiting for the pin. It's [redacted], pin [redacted]

Now that I'm back, I now feel more up to speed so I'm willing to fly solo if you're busy. I'd be delighted to have you though.

-----Original Message-----
From: Neil.Gorsuch@usdoj.gov [mailto:Neil.Gorsuch@usdoj.gov]
Sent: Friday, June 30, 2006 8:45 AM
To: [redacted](Legal)
Subject: Call

Haven't recvd conf call info. Not lobbying to participate and am facing some emergent issues anyway so if you'd prefer to go alone that's is more than fine!

Warwick, Brian

From: Warwick, Brian
Sent: Friday, June 30, 2006 11:44 AM
To: Clinger, James H; Moschella, William; Gorsuch, Neil M; Seidel, Rebecca
Subject: FW: Hamdan Hearing
Attachments: tmp.htm

Please see below from SJC. Has anyone talked to Steve Bradbury about this? HASC wants him on the same issue on the 12th.

-----Original Message-----
From: Adam_Caudle@judiciary-rep.senate.gov [mailto:Adam_Caudle@judiciary-rep.senate.gov]
Sent: Friday, June 30, 2006 11:39 AM
To: Warwick, Brian
Cc: Evan_Kelly@judiciary-rep.senate.gov; Michael_O'Neill@judiciary-rep.senate.gov
Subject: Hamdan Hearing

Brian,

We are having our July 11th hearing on Hamdan at 9:30. We are inviting one representative each from DOJ and DOD. We believe that Steve Bradbury is the DOJ official most qualified to testify before the committee on the Administration's position on detainees in light of the Hamdan decision. We are also inviting Brigadier General Hemingway, Legal Adviser to the Appointing Authority in the Department of Defense Office of Military Commissions. Please let me know asap if Mr. Bradbury will be available for the hearing. Thanks.

****

Adam Caudle

United States Senate

Committee on the Judiciary

202.224.0675

Brian,

We are having our July 11th hearing on Hamdan at 9:30. We are inviting one representative each from DOJ and DOD. We believe that Steve Bradbury is the DOJ official most qualified to testify before the committee on the Administration's position on detainees in light of the Hamdan decision. We are also inviting Brigadier General Hemingway, Legal Adviser to the Appointing Authority in the Department of Defense Office of Military Commissions. Please let me know asap if Mr. Bradbury will be available for the hearing. Thanks.

****

Adam Caudle
United States Senate
Committee on the Judiciary
202.224.0675

Gorsuch, Neil M

From: Gorsuch, Neil M
Sent: Friday, June 30, 2006 2:24 PM
To: Engel, Steve
Subject: FW: Military Commissions bill
Attachments: tmp.htm; HEN06897_xml.pdf; Detainees_UnprivilegedCombatantsSpecterSummaryMemo_20June06.doc

This is all I have from Specter

-----Original Message-----
From: Eisenberg, John
Sent: Thursday, June 29, 2006 5:49 PM
To: Gorsuch, Neil M
Subject: FW: Military Commissions bill

-----Original Message-----
From: Warwick, Brian
Sent: Thursday, June 29, 2006 5:10 PM
To: Marshall, C. Kevin
Subject: FW: Military Commissions bill
Importance: High

Here is Specter's draft language.

Brian Warwick

-----Original Message-----
From: Moschella, William
Sent: Thursday, June 29, 2006 2:45 PM
To: Warwick, Brian
Subject: FW: Military Commissions bill
Importance: High

Draft from O'Neill. Let's discuss in the future.

-----Original Message-----
From: Michael_O'Neill@judiciary-rep.senate.gov [mailto:Michael_O'Neill@judiciary-rep.senate.gov]
Sent: Thursday, June 29, 2006 10:50 AM
To: Moschella, William
Subject: Military Commissions bill
Importance: High

Short Summary

The Unprivileged Combatants Act of 2006 is a follow-up to the Military Commissions Procedures Act of 2002 (S. 1937, 107th Congress) which you cosponsored with Senator Durbin in February 2002. The goal of this bill is to balance the need for national security (interrogations and detention of combatants) with the need to afford detainees with sufficient due process so that nations such as Great Britain and Australia will not place undue pressure on the United States to release their citizens from Guantanamo Bay. This bill addresses only those combatants currently held at Guantanamo Bay. The Act clarifies the procedures used in Combatant Status Review Tribunals and establishes procedures for the trial of detainees. These procedures constitute "a meaningful opportunity to contest the factual basis for that detention before a neutral decision-maker." (Hamdi v. Rumsfeld, 542 U.S. 507, O'Connor, J.) This bill does not address the issue of unprivileged combatants contesting their detentions through habeas appeals. Although the Graham-Kyl-Levin amendment to the 2005 DoD appropriations bill has addressed this issue, a forthcoming Supreme Court decision (Hamdan v. Rumsfeld, 04-5393) will probably require additional legislation on this matter.

Section by Section of your bill

- **Section 301: Findings:** This title is in direct response to the United State Supreme Court's ruling in Rasul v. Bush.
- **Section 302: Definition Section:** Definition section of the bill which defines primary terms such as field tribunal, classification tribunal, military commission, and unprivileged combatant.
- **Section 303: Authorizing Military Commissions:** The President is authorized to establish military commissions for the trial of individuals for offenses as provided in this title.
- **Section 304: Jurisdiction Over Unprivileged Combatants:** This title establishes exclusive jurisdiction to hear any matter involving an unprivileged combatant who has been detained by the Department of Defense at Guantanamo Bay, Cuba. These detainees may be tried via laws of war or pursuant to the Department of Defense's Military Commission Instruction Number Two.
- **Section 305: Appellate Jurisdiction:** The U.S. Courts of Military Appeals shall have exclusive jurisdiction over appeals from all final decisions of a classification tribunal board or military commission under this title. These decisions are then subject to review by the Supreme Court by writ of certiorari.
- **Section 306: Military Commission:** The Commissions shall consist of three military officers, at least one of whom is a Judge Advocate General. These Commissions shall decide the guilt or innocence of detainees charged under section 304 of this Act. This is basically what happens now.
- **Section 307: Persons in Custody:** Not more than 60 days after the enactment of this Act, the Secretary of Defense is required to develop a list of all persons who are being detained at Guantanamo Bay, Cuba, and whom the government wishes to continue to detain as an unprivileged combatant. The Act requires that the original

list and subsequent lists, updated at least once every 60 days, be submitted to the appropriate House and Senate committees.

- **Section 308: Field Tribunals:** Not more than 30 days after a suspected unprivileged combatant has been detained by United States forces, the Department of Defense shall conduct a field tribunal ("FT") in order to determine whether the detainee is an unprivileged combatant and whether the detainee is entitled to the rights afforded under the Geneva Convention. The procedures governing a field tribunal shall be promulgated by the Department of Defense.
- **Section 309: Classification Tribunals:** A Classification Tribunal ("CT") is very similar to the current Combatant Status Review Tribunal. The CT shall be composed of three military officers, one of whom shall be an attorney. Pursuant to a hearing before a CT, a designee shall be released and repatriated to an appropriate country unless a CT finds by a preponderance of the evidence that—(1) the detainee is a threat to the national security interest of the United States; or (2) there are reasonable grounds to believe that if released the person would take up arms against the United States. Decisions of the CT shall be repeated every six months. Detainees may be released only when the CT or the Administrative Board determines the detainee is no longer a threat to national security. This section also expressly states that a detainee who is also a United States citizen may not be held or tried under this act.
- **Section 310: Classification Tribunal Procedures:** Procedures for CT's are the same as those of Combatant Status Review Tribunals except detainees shall be represented by counsel and are permitted to view unclassified discovery that the prosecution plans to present before the tribunal.
- **Section 311: Continuance of Classification Tribunals:** Classification tribunals may be continued in order for the government to continue their interrogation of a detainee. Upon a motion from the Government, the classification tribunal board may grant a continuance for up to a 6-month period, if the classification tribunal board determines that: 1) the individual being detained is a high level individual in the planning or financing of terrorist activities, or 2) the individual possesses information vital to the safety of the United States or its citizens. The Government may obtain more than one continuance if it demonstrates that such continuances are necessary for information gathering purposes as it relates to national security. Said applications for Continuances shall be made ex parte and before a detainee is given an attorney. Accordingly, a detainee is only given an attorney once the tribunal is informed that the interrogation efforts have been exhausted.
- **Section 312 & 313: Criminal Prosecution Procedures:** Military Commission procedures will be the same as the current procedures afforded detainees under the current system.
- **Section 314: Communication with Persons in Custody:** Limits communications by any detainee indicted or convicted under this Act to the individual's interpreter, assigned counsel, prison personnel, and any other individual(s) approved by the Secretary of Defense.

- **Section 315: Commission Counsel:** Provides the following criteria for persons to be admitted to practice before a commission: 1) US Citizen, 2) has been admitted to practice law in a State, district, territory or possession of the United States or before Federal Court, 3) has not been disciplined by any court, bar or other competent governmental authority for misconduct, 4) maintains a minimum of "secret" clearance and 5) signs a written agreement to comply with all applicable regulations and instructions for counsel during the course of proceedings. It further provides persons admitted to practice will not confer with any colleague who does not have at least a "secret" clearance. This section provides that individuals seeking to practice before a commission will be expedited in consideration for obtaining the necessary security clearance. The decision of the Secretary of Defense regarding the granting or not of the security clearance is final and is not eligible for appeal or review. Finally, this section provides that persons practicing before the commission are eligible to have their travel expenses reimbursed.

109TH CONGRESS
2D SESSION

S. _____

To provide comprehensive procedures for the adjudication of cases involving unprivileged combatants.

IN THE SENATE OF THE UNITED STATES

_____ introduced the following bill; which was read twice and referred to the Committee on _____

A BILL

To provide comprehensive procedures for the adjudication of cases involving unprivileged combatants.

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled,

SECTION 1. SHORT TITLE; AUTHORITY; FINDINGS.

(a) SHORT TITLE.—This Act may be cited as the ''Unprivileged Combatant Act of 2006''.

(b) AUTHORITY.—The requirements, conditions, and restrictions established by this Act are made under the authority of Congress under clauses 1, 10, 11, 12, 13, 14, and 18 of article I, section 8 of the Constitution of the United States.

(c) FINDINGS.—Congress finds the following:

(1) Article I, section 8, of the Constitution provides that the Congress has the power to ''constitute Tribunals inferior to the Supreme Court; ... define and punish ... Offenses against the Law of Nations; ... make Rules concerning Captures on Land and Water; ... make all Laws which shall be necessary and proper for carrying into Execution the foregoing Powers and all other Powers vested by this Constitution in the Government of the United States, or in any Department or Officer thereof''.

(2) The Supreme Court has repeatedly recognized military tribunals, as stated in Madsen v. Kinsella 343 U.S. 341, 1952, ''[s]ince our nation's earliest days, such tribunals have been constitutionally recognized agencies for meeting many urgent governmental responsibilities related to war....They have taken many forms and borne many names. Neither their procedure nor their jurisdiction has been prescribed by statute. It has been adapted in each instance to the need that called it forth.'' Madsen, citing In re Yamashita, 327 U.S. 1 (1946).

(3) The President has inherent authority to convene military tribunals arising from his role as Commander and Chief of the Armed Forces under

article II of the Constitution and from title 10 of the United States Code. Due to the extraordinary circumstances of the ongoing war on terrorism, it is appropriate for Congress to provide additional and explicit authorization of and procedures for military tribunals to adjudicate and punish offenses relating to the war on terrorism.

(4) This Act is in direct response to the United State Supreme Court's ruling in Rasul v. Bush. With the passage of this Act, the 109th Congress will have addressed the concerns of the Supreme Court's Rasul majority, and therefore alien enemy combatants detained or prosecuted under this Act may not challenge their detentions in the Federal courts of the United States via the habeas or any other statute.

SEC. 2. DEFINITIONS.

As used in this Act, the following definitions apply:

(1) CLASSIFICATION TRIBUNAL.—The term ''classification tribunal'' means any tribunal conducted under section 9 or any related proceeding.

(2) CLASSIFICATION TRIBUNAL BOARD.—The term ''classification tribunal board'' means a board established pursuant to section 9(d).

(3) CLASSIFIED INFORMATION.—The term ''classified information'' has the meaning given that term in section 1(a) of the Classified Information Procedures Act (18 U.S.C. App.).

(4) COMMISSION.—The term ''commission'' means a military commission established pursuant to section 3.

(5) CRIMINAL PROSECUTION.—The term ''criminal prosecution'' means a prosecution for a violation of any criminal law, including subchapter X of chapter 47 of title 10, United States Code (the Uniform Code of Military Justice) or pursuant to the Department of Defenses Military Commission Instruction number two.

(6) DETAINEE.—The term ''detainee'' means a person who is in the custody of the Department of Defense at Guantanamo Bay, Cuba, and who has not been charged with a criminal offense during that period.

(7) INTERNATIONAL TERRORISM.—The term ''international terrorism'' has the meaning given that term in section 101 of the Foreign Intelligence Surveillance Act of 1978 (50 U.S.C. 1801).

1 (8) JUDGE.—The term ''judge'' means a
2 United States military judge designated by the Sec-
3 retary of Defense to hear cases under this Act.
4 (9) PROTECTED INFORMATION.—The term
5 ''protected information'' means information—
6 (A) that is classified information;
7 (B) protected by law or rule from unau-
8 thorized disclosure;
9 (C) the disclosure of which may endanger
10 the physical safety of participants in Commis-
11 sion proceedings, including prospective wit-
12 nesses;
13 (D) concerning intelligence and law en-
14 forcement sources, methods, or activities; or
15 (E) the disclosure of which would other-
16 wise jeopardize national security interests.
17 (10) UNITED STATES PERSON.—The term
18 ''United States person'' has the meaning given that
19 term in section 101 of the Foreign Intelligence Sur-
20 veillance Act of 1978 (50 U.S.C. 1801).
21 (11) UNPRIVILEGED COMBATANT.—The term
22 ''unprivileged combatant'' means an individual—
23 (A) who has been designated as an enemy
24 combatant by a Combatant Status Review Tri-
25 bunal prior to the enactment of this Act; or

(B) who a Field Tribunal conducted by the United States military as provided in this Act determines—

(i) is not entitled to the protections set out in the Convention Relative to the Treatment of Prisoners of War, done at Geneva, August 12, 1948 (6 UST 3516) (referred to in this Act as the ''Geneva Convention''); and

(ii) has—

(I) knowingly assisted, conspired with, or solicited for a group or an individual hostile to the United States;

(II) knowingly attempted to assist others in taking up arms against the United States;

(III) conspired with or solicited others to take up arms against the United States; or

(IV) has taken up arms against, or intentionally assisted combat operations against, the United States.

(12) APPROPRIATE COMMITTEES OF CONGRESS.—The term ''appropriate committees of Congress'' means the Committee on the Judiciary and

the Committee on Armed Services of the Senate and the Committee on the Judiciary and the Committee on Armed Services of the House of Representatives.

SEC. 3. AUTHORIZING MILITARY COMMISSIONS.

The President is authorized to establish military commissions for the trial of individuals for offenses as provided in this Act.

SEC. 4. JURISDICTION.

(a) UNPRIVILEGED COMBATANTS.—This Act establishes exclusive jurisdiction to hear any matter involving an unprivileged combatant who has been detained by the Department of Defense for not less than 180 consecutive days at Guantanamo Bay, Cuba.

(b) OFFENSES.—

(1) CRIMINAL PROSECUTIONS.—A commission shall have jurisdiction to hear any criminal prosecution involving international terrorism, including any offense under chapter 113B of title 18, United States Code.

(2) OFFENSES AGAINST THE LAWS OF WAR.—A commission shall have exclusive jurisdiction over violations of the laws of war committed by unprivileged combatants.

(3) OTHER OFFENSES.—A commission shall have jurisdiction over other offenses traditionally tri-

able by military commissions or pursuant to the Department of Defense's Military Commission Instruction Number Two.

SEC. 5. APPELLATE JURISDICTION.

(a) FINAL DECISIONS.—The United States Court of Military Appeals shall have exclusive jurisdiction of appeals from all final decisions of a classification tribunal board or commission under this Act.

(b) REVIEW BY SUPREME COURT.—

(1) CERTIORARI.—The decisions of the United States Court of Military Appeals are subject to review by the Supreme Court by writ of certiorari.

(2) EXEMPTION FROM CERTAIN PETITION REQUIREMENTS.—A person who files a petition for a writ of certiorari under paragraph (1) shall not be required to submit—

(A) prepayment of any fees and costs or security therefor; or

(B) the affidavit required by section 1915(a) of title 28, United States Code.

(c) CONFORMING AMENDMENTS.—

(1) IN GENERAL.—Section 1005 of the Detainee Treatment Act of 2005 (10 U.S.C. 801 note) is amended—

(A) in subsection (e), by striking paragraphs (2) through (4); and

(B) by striking subsection (h) and inserting the following:

''(h) EFFECTIVE DATE.—This section shall take effect on the date of enactment of this Act.''.

(2) HABEAS.—Section 2241(e) of title 28, United States Code, is amended—

(A) in the matter preceding paragraph (1), by striking ''section 1005 of the Detainee Treatment Act of 2005'' and inserting ''the Unprivileged Combatant Act of 2006'';

(B) by striking paragraph (2)(B) and inserting the following:

''(B) has been determined by a classification tribunal to meet the requirements of paragraph (1) or (2) of section 9(a) of the Unprivileged Combatant Act of 2006.''.

SEC. 6. COMMISSION.

(a) COMMISSION PERSONNEL.—

(1) MEMBERS.—

(A) APPOINTMENT.—The Secretary of Defense shall designate no less than 12 United States military judges to serve as members of

1 a commission and to assume other duties as-
2 signed in this Act.
3 (B) NUMBER OF MEMBERS.—Each com-
4 mission shall consist of at least 3 military offi-
5 cers, at least one of whom shall be a military
6 judge.
7 (C) ALTERNATE MEMBERS.—For each
8 such commission, there shall also be 1 or 2 al-
9 ternate members. The alternate member or
10 members shall attend all sessions of the com-
11 mission. In case of incapacity, resignation, or
12 removal of any member, an alternate member
13 shall take the place of that member.
14 (D) QUALIFICATIONS.—Each member and
15 alternate member of the commission shall be a
16 military officer.
17 (E) PRESIDING OFFICER.—
18 (i) IN GENERAL.—From among the
19 members of the commission, the Secretary
20 of Defense shall designate a presiding offi-
21 cer who is a military judge to preside over
22 the proceedings of that commission.
23 (ii) DUTIES.—The duties of the pre-
24 siding officer shall be as follows:

1 (I) The presiding officer shall
2 admit or exclude evidence at trial in
3 accordance with the rules of this Act.
4 The presiding officer shall have au-
5 thority to close proceedings or por-
6 tions of proceedings in accordance
7 with this Act or for any other reason
8 necessary for the conduct of a full and
9 fair trial.
10 (II) The presiding officer shall
11 ensure that the discipline, dignity, and
12 decorum of the proceedings are main-
13 tained, shall exercise control over the
14 proceedings to ensure proper imple-
15 mentation of the President's Military
16 Order and this Act, and shall have au-
17 thority to act upon any contempt or
18 breach of commission rules and proce-
19 dures. Any attorney authorized to ap-
20 pear before a commission who is
21 thereafter found not to satisfy the re-
22 quirements for eligibility or who fails
23 to comply with laws, rules, regula-
24 tions, or other orders applicable to the
25 commission proceedings or any other

1 individual who violates such laws,
2 rules, regulations, or orders may be
3 disciplined as the presiding officer
4 deems appropriate, including revoca-
5 tion of eligibility to appear before that
6 commission. The Court may further
7 revoke that attorney's or any other
8 person's eligibility to appear before
9 any other commission convened under
10 this Act.
11 (III) The presiding officer shall
12 ensure the expeditious conduct of the
13 trial. In no circumstance shall accom-
14 modation of counsel be allowed to
15 delay proceedings unreasonably.
16 (IV) The presiding officer may
17 certify interlocutory questions to the
18 Military Commission Review Panel for
19 the Armed Forces as the presiding of-
20 ficer deems appropriate.
21 (b) POWERS OF A COMMISSION.—A commission shall
22 have the following powers:
23 (1) To summon witnesses to the trial and to re-
24 quire their attendance and testimony and to put
25 questions to them.

1 (2) To require the production of documents and
2 other evidentiary material.
3 (3) To administer oaths to witnesses.
4 (4) To appoint officers for the carrying out of
5 any task designated by the commission, including
6 the power to have evidence taken.

7 **SEC. 7. PERSONS IN CUSTODY.**

8 (a) IN GENERAL.—Not later than 60 days after the
9 date of enactment of this Act, the Secretary of Defense
10 shall develop—
11 (1) a complete listing of all persons who—
12 (A) are being detained by the Department
13 of Defense at Guantanamo Bay, Cuba; and
14 (B) the Government wishes to continue to
15 detain as an unprivileged combatant; and
16 (2) a detailed summary of the evidence upon
17 which the determination to keep a person described
18 in paragraph (1) in custody was made.
19 (b) CONGRESSIONAL OVERSIGHT.—Not later than 10
20 days after developing the list described in subsection (a),
21 the Secretary of Defense shall submit an unclassified
22 version of that list to the appropriate committees of Con-
23 gress. A classified, unredacted version of that list shall
24 also be submitted to the appropriate committees of Con-
25 gress for review.

1 (c) UPDATED LIST.—The Secretary of Defense shall
2 update the list of the persons described in subsection (a)
3 not less than once every 60 days after the date the list
4 described in subsection (a) is completed.

5 (d) CONGRESSIONAL OVERSIGHT.—Not later than 10
6 days after updating the list of persons under subsection
7 (c), the Secretary of Defense shall submit that updated
8 list to the appropriate committees of Congress in both un-
9 classified and unredacted, classified form.

10 **SEC. 8. FIELD TRIBUNALS.**

11 (a) IN GENERAL.—Not more than 30 days after a
12 suspected unprivileged combatant has been detained by
13 United States forces, the Department of Defense shall
14 conduct a field tribunal in order to determine whether the
15 detainee is an unprivileged combatant and whether the de-
16 tainee is entitled to the rights afforded under the Geneva
17 Convention.

18 (b) PROCEDURES.—The procedures governing a field
19 tribunal shall be promulgated by the Department of De-
20 fense

21 **SEC. 9. CLASSIFICATION TRIBUNALS.**

22 (a) IN GENERAL.—A detainee shall be released and
23 repatriated to an appropriate country unless a classifica-
24 tion tribunal board finds by a preponderance of the evi-
25 dence that—

(1) the detainee is a threat to the national security interest of the United States; or

(2) there are reasonable grounds to believe that if released the detainee would take up arms against the United States.

(b) COMPLIANCE WITH GENEVA CONVENTIONS.—If a detainee is found to be a privileged combatant entitled to provisions under the Convention Relative to the Treatment of Prisoners of War, done at Geneva, August 12, 1948 (6 UST 3516), then the detainee must be treated in accordance with that convention.

(c) CITIZEN OF THE UNITED STATES.—If a detainee is found to be a citizen of the United States of America, the detainee shall not be held or tried under this Act.

(d) CLASSIFICATION TRIBUNAL BOARD.—A classification tribunal shall be conducted by a board appointed by the Secretary of Defense and consist solely of line officers, one of whom shall be an attorney.

(e) DETERMINATION.—

(1) IN GENERAL.—If a classification tribunal board finds that a detainee meets the requirements of subsection (a), the classification tribunal board shall order that the detainee shall continue to be detained by the Department of Defense, subject to periodic review under subsection (h).

1 (2) TIME PERIOD.—The time period for the de-
2 tention of a detainee under paragraph (1) may not
3 exceed the time period that United States forces are
4 engaged in combat operations as defined by the De-
5 partment of Defense in the nation or theater where
6 the detainee was captured so long as the detainee is
7 found to be a privileged combatant.
8 (3) CONCLUSION OF COMBAT.—At the conclu-
9 sion of combat operations within a given theater or
10 nation—
11 (A) a privileged combatant that was cap-
12 tured in that area shall be either indicted under
13 this Act or repatriated to the appropriate coun-
14 try; and
15 (B) an unprivileged combatant may con-
16 tinue to be detained pursuant to subsection (a).
17 (f) CONSIDERATIONS.—
18 (1) IN GENERAL.—In making a determination
19 under subsection (a), a classification tribunal board
20 shall consider any information brought to its atten-
21 tion regarding the need for continued detention, in-
22 cluding—
23 (A) the detainee's alleged position or rank
24 in any hostile organization;

1 (B) the activities of that hostile organiza-
2 tion;
3 (C) any statements made by the detainee
4 in response to interrogation; and
5 (D) the detainee's history of violence or
6 terrorist activity.
7 (2) PRIMA FACIE EVIDENCE.—If the Govern-
8 ment represents that a detainee was captured during
9 a military engagement while taking up arms against,
10 or supporting military operations against, the Armed
11 Forces of the United States or its allies, there shall
12 be prima facie evidence that, if released, the detainee
13 would take up arms against the United States.
14 (g) TIMING.—A detainee shall be afforded a classi-
15 fication tribunal as soon as is reasonably practicable but
16 not later than 180 days after the detainee's capture and
17 not later than 30 days after the detainee is listed under
18 section 7, unless continued.
19 (h) PERIODIC REVIEW.—
20 (1) IN GENERAL.—
21 (A) SEMIANNUAL REVIEW.—The classifica-
22 tion tribunal shall conduct a classification hear-
23 ing for each detainee not less frequently than
24 every 180 days, in accordance with the proce-

1 dures established under this section and section
2 10.
3 (B) ACTION PERIOD.—A detainee appre-
4 hended during a military engagement while tak-
5 ing up arms against, or supporting military op-
6 erations against, the Armed Forces of the
7 United States or its allies may be detained until
8 the cessation of armed hostilities in the nation
9 or region in which they were captured.
10 (2) ARGUMENT.—The Government and the de-
11 tainee may be heard regarding the review under
12 paragraph (1).
13 **SEC. 10. CLASSIFICATION TRIBUNAL PROCEDURES.**
14 (a) DETAINEES.—
15 (1) IN GENERAL.—A detainee shall not be re-
16 quired to testify or present any evidence at a classi-
17 fication tribunal.
18 (2) PRESENCE.—A detainee shall be entitled to
19 be present at the classification tribunal, unless the
20 head of the tribunal has decided to admit classified
21 information.
22 (b) COUNSEL.—
23 (1) IN GENERAL.—A detainee is entitled to the
24 assistance of counsel admitted to practice under this
25 Act at every stage of the classification tribunal, in-

1 cluding the periodic review of orders under sub-
2 section (e).
3 (2) RIGHT TO APPOINTED COUNSEL.—A de-
4 tainee who is unable to obtain counsel is entitled to
5 have counsel admitted to practice before a commis-
6 sion under this Act.
7 (3) REFUSAL OF COUNSEL.—A detainee may
8 waive counsel but shall not be entitled to protected
9 information.
10 (c) DISCOVERY.—
11 (1) GOVERNMENT'S DISCLOSURE.—Not later
12 than 3 days prior to the classification tribunal, the
13 Government shall make available for inspection by
14 counsel for the detainee any affidavit or affirmation
15 the Government intends to offer in support of con-
16 tinuing to detain the detainee. A classification tri-
17 bunal board shall maintain a copy of any submis-
18 sions made by the Government for inspection by the
19 detainee and for transmittal, if necessary, to that
20 tribunal.
21 (2) DETAINEE'S DISCLOSURE.—If the detainee
22 chooses to submit any evidence, such evidence, in-
23 cluding a list of any witnesses the detainee intends
24 to call, shall be made available to the Government

1 for inspection not later than 3 days prior to the clas-
2 sification tribunal.
3 (d) EVIDENCE.—
4 (1) IN GENERAL.—The Federal Rules of Evi-
5 dence shall not apply to a classification tribunal.
6 (2) ADMISSIBILITY STANDARD.—Evidence shall
7 be admitted if the classification tribunal board deter-
8 mines the evidence would have probative value to a
9 reasonable person.
10 (3) AFFIDAVIT OR AFFIRMATION.—The Govern-
11 ment may proceed by proffer and submit any rel-
12 evant information by affidavit or affirmation, unless
13 decided unreliable by the members of the classifica-
14 tion tribunal board.
15 (4) CROSS-EXAMINATION.—
16 (A) GOVERNMENT WITNESSES.—If a Gov-
17 ernment chooses to call witnesses, the detainee
18 may cross-examine those witnesses on all rel-
19 evant facts.
20 (B) DETAINEE WITNESSES.—If a detainee
21 calls any witnesses, they shall be subject to
22 cross examination.
23 (C) DETAINEE.—If the detainee chooses to
24 testify, the detainee shall be subject to cross-ex-
25 amination.

1 (e) DEFENSES.—A detainee may challenge whether
2 the detainee satisfies the elements required under sub-
3 section (a).
4 (f) PROCEEDINGS.—
5 (1) IN GENERAL.—A classification tribunal
6 shall be closed to the public.
7 (2) SECURITY CLEARANCES.—Each person
8 present at a classification tribunal, other than the
9 detainee, shall possess a security clearance appro-
10 priate to the level of any classified information being
11 presented.
12 (3) PUBLIC INFORMATION REGARDING PRO-
13 CEEDINGS.—After the classification tribunal board
14 rules in the classification tribunal, the parties shall
15 propose a nonclassified summary to that board. The
16 board shall publicly release a summary, containing
17 any information generated at the tribunal which can
18 be disclosed in a manner consistent with the Classi-
19 fied Information Procedures Act (18 U.S.C. App.)
20 and the national security of the United States.
21 (g) REINSTITUTING CLASSIFICATION PRO-
22 CEEDINGS.—
23 (1) IN GENERAL.—If a matter involving the
24 classification tribunal of a detainee is dismissed
25 without prejudice by the classification tribunal or

withdrawn by the Government at, or prior to, the classification tribunal, the Government may reinstitute the matter with the tribunal board that dismissed or permitted the withdrawal of the matter.

(2) TIME LIMIT.—A complaint reinstituting proceedings under paragraph (1) shall be filed not later than 10 days after the dismissal or withdrawal of the matter.

(3) NUMBER.—The Government may reinstitute proceedings under paragraph (1) not more than twice and only if approved by the ranking member on the classification tribunal board.

SEC. 11. CONTINUANCE OF CLASSIFICATION TRIBUNALS.

(a) CONTINUANCES.—

(1) IN GENERAL.—A classification tribunal board may, for cause shown, grant a continuance of a classification tribunal.

(2) CONTINUANCE.—

(A) IN GENERAL.—Upon motion of the Government, the classification tribunal board may grant a continuance for as long as necessary, but no longer than a 6-month period, under paragraph (1) if the classification tribunal board determines that the detainee is a high level individual in the planning or financ-

1 ing of terrorist activities or the individual pos-
2 sess information vital to the safety of the
3 United States or its citizens.
4 (B) SUBSEQUENT CONTINUANCES.—The
5 Government may obtain subsequent continu-
6 ances for additional 6-month periods so long as
7 the classification tribunal board finds such con-
8 tinuances are necessary to the informational
9 gathering purposes as it related to the national
10 security of the United States.
11 (3) EX PARTE APPLICATIONS.—
12 (A) IN GENERAL.—The Government may
13 move for a continuance under paragraph (1) ex
14 parte.
15 (B) DETAINEE RIGHTS.—A detainee—
16 (i) is not entitled to representation by
17 counsel in connection with any such ex
18 parte motion; and
19 (ii) shall not be given notice of the re-
20 quest for a hearing prior to the ruling of
21 the classification tribunal board on the
22 Government's request for a continuance
23 pursuant to paragraph (2).

1 (b) GRANT OF CONTINUANCE.—For each continu-
2 ance granted under subsection (a), the classification tri-
3 bunal board shall note on the record of the proceedings—
4 (1) the grounds for granting each such continu-
5 ance;
6 (2) the identity of the party requesting the con-
7 tinuance;
8 (3) the new date and time for the tribunal hear-
9 ing; and
10 (4) the reasons that the date under paragraph
11 (3) was chosen.

12 **SEC. 12. CRIMINAL PROSECUTION PROCEDURES GEN-**
13 **ERALLY.**

14 (a) COUNSEL.—
15 (1) IN GENERAL.—A defendant in a criminal
16 proceeding under this Act has a right to be rep-
17 resented by counsel admitted to practice before a
18 commission under this Act.
19 (2) APPOINTED COUNSEL.—
20 (A) IN GENERAL.—A defendant who is un-
21 able to obtain counsel is entitled to have counsel
22 appointed and to be represented by such coun-
23 sel at every stage of the proceeding subsequent
24 to being indicted.

1 (B) APPOINTMENT PROCEDURE.—The
2 Secretary of Defense shall determine the rules
3 for appointing counsel to practice before the
4 commission.
5 (b) DISCOVERY.—
6 (1) CLASSIFIED DOCUMENTS AND OBJECTS.—
7 The Government shall provide the defense with ac-
8 cess to evidence the Government intends to intro-
9 duce at trial and with access to evidence known to
10 the Government or which should be known to the
11 Government that tends to exculpate the accused. In-
12 formation disclosed to the defense may not be dis-
13 closed to the defendant if it is classified as defined
14 by this Act. The defense may submit classified infor-
15 mation for review under section 12(b)(2).
16 (2) SEPARATE COMMISSION CONCERNING CLAS-
17 SIFIED INFORMATION.—The Secretary of Defense
18 shall appoint a commission to conduct a thorough
19 review of the classification system for national secu-
20 rity information, including the policy, procedures,
21 and practices of the system. The Secretary of De-
22 fense shall determine what level of security clearance
23 is necessary to conduct the review under this para-
24 graph. No person shall be appointed as a member of
25 the commission who does not have a security clear-

1 ance at or above the level of clearance so designated
2 by the Secretary. The commission shall make rec-
3 ommendations to the Secretary of Defense as to the
4 declassification of information relevant to the trial of
5 detainees.
6 (3) REGULATING DISCOVERY.—
7 (A) IN GENERAL.—A commission may, for
8 good cause, deny, restrict, or defer discovery or
9 inspection, or grant other appropriate relief.
10 (B) EX PARTE REQUEST.—A party may
11 make an ex parte request in writing that a com-
12 mission deny, restrict, or defer discovery or in-
13 spection under subparagraph (A). If the a com-
14 mission grants a request under this subpara-
15 graph, the Commission shall preserve the entire
16 text of the party's request under seal.
17 (C) FAILURE TO COMPLY.—If a party fails
18 to comply with the rules of discovery applicable
19 to a commission, the commission may—
20 (i) order that party to permit the dis-
21 covery or inspection, specify its time, place,
22 and manner, and prescribe other just
23 terms and conditions; or
24 (ii) grant a continuance.
25 (c) OPEN PROCEEDINGS.—

1 (1) IN GENERAL.—Except as provided in para-
2 graphs (2) and (3), a proceeding before a commis-
3 sion shall be open to the public.
4 (2) CLASSIFIED INFORMATION.—
5 (A) IN GENERAL.—Upon motion by the
6 Government, a proceeding before a commission
7 shall be closed to the public if necessary to
8 avoid disclosure of classified information.
9 (B) NONDISCLOSURE.—A priority under
10 subparagraph (A) shall not disclose any infor-
11 mation presented during a closed session to in-
12 dividuals excluded from such proceeding or part
13 thereof including the defendant.
14 (3) OTHER BASES.—A commission may order
15 that a hearing be held, in whole or in part, in cam-
16 era, if the commission determines—
17 (A) it is appropriate for the security of a
18 witness or a Government employee or to protect
19 public safety; or
20 (B) that an open hearing would deter a
21 witness from testifying freely or prevent the
22 witness from testifying at all.
23 (4) EXTRAJUDICIAL STATEMENTS.—At the dis-
24 cretion of a commission, the commission may issue

1 an order limiting extrajudicial statements by the
2 parties.
3 (d) PROTECTED INFORMATION.—
4 (1) IN GENERAL.—A commission may issue
5 protective orders as necessary to safeguard protected
6 information in a proceeding before that commission.
7 (2) NOTIFICATION.—As soon as practicable, a
8 party shall notify a commission of any intent to offer
9 evidence including protected information .
10 (3) TRIAL RECORD.—
11 (A) IN GENERAL.—All exhibits admitted as
12 evidence but containing protected information
13 shall be sealed and annexed to the record of
14 trial.
15 (B) PROTECTED INFORMATION NOT AD-
16 MITTED.—Any protected information not admit-
17 ted as evidence, but reviewed by a commission
18 in camera and withheld from the defendant's
19 counsel over objection shall be sealed and an-
20 nexed to the record of the trial, with any associ-
21 ated motions and responses and any materials
22 submitted in support thereof, as additional ex-
23 hibits.
24 (e) RECORD OF TRIAL.—

1 (1) REQUIREMENT FOR RECORD.—A record of
2 each proceeding by a commission shall be prepared
3 promptly after the conclusion of the trial.
4 (2) VERBATIM TRANSCRIPT.—The record of
5 trial shall include a verbatim written transcript of all
6 sessions of the trial.
7 (3) EXHIBITS AND OTHER EVIDENCE.—The
8 record of trial shall also include all exhibits and
9 other real or demonstrative evidence, except that
10 photographs may be substituted for any large writ-
11 ten or graphic exhibits and any other real or demon-
12 strative evidence. If a photograph is substituted for
13 an exhibit or other evidence, the Government shall
14 retain the original exhibit or other evidence, respec-
15 tively, until no further appeal of the results of the
16 trial is authorized.
17 (4) CLASSIFIED INFORMATION.—In the case of
18 a conviction of a charge on which classified informa-
19 tion is admitted as evidence by a commission, the
20 copy of the record of trial submitted to the commis-
21 sion shall include the classified information.

22 **SEC. 13. TRIAL PROCEDURES FOR UNPRIVILEGED COMBAT-**
23 **ANTS.**

24 (a) SPECIALIZED PROCEDURES.—

1 (1) STANDARD OF PROOF.—All 3 members of a
2 commission shall agree that the defendant is guilty
3 beyond a reasonable doubt for a defendant to be
4 found guilty.
5 (2) RULES OF PROCEDURE.—
6 (A) IN GENERAL.—Except as provided in
7 subparagraph (B), the Secretary of Defense
8 shall draft supplementary rules to govern all
9 proceedings under this section.
10 (B) STANDARD.—Evidence is admissible if
11 the Secretary of Defense determines that the
12 evidence would have probative value to a rea-
13 sonable person.
14 (3) FORM OF TRIAL.—Any trial under this sub-
15 section shall take place before 2 military officers or
16 attorneys and at least one military judge.
17 (4) BAD ACTS.—Other bad acts may be consid-
18 ered if they would have fallen within the definition
19 under this Act of either terrorism or terrorist activ-
20 ity and they are deemed to be relevant by a commis-
21 sion including propensity.
22 (b) CUSTODY.—The Department of Defense shall re-
23 tain custody of any person determined by a commission
24 to be unprivileged combatants after the person has been
25 either convicted or sentenced in accordance with this Act,

unless the Department of Defense deems otherwise. Decisions made by a commission in regards to a detainee's guilt or innocence may be considered by a tribunal when assessing the need to continue the detention of a detainee.

SEC. 14. COMMUNICATION WITH PERSONS IN CUSTODY.

An individual detained, indicted, or convicted under this Act shall only be permitted to communicate with the interpreter assigned to the individual, the counsel representing the individual, prison personnel, and any other individual approved by the Secretary of Defense.

SEC. 15. COMMISSION COUNSEL.

(a) IN GENERAL.—A person shall be admitted to practice before a commission if the person—

(1) is a United States citizen;

(2) has been admitted to the practice of law in a State, district, territory, or possession of the United States, or before a Federal court;

(3) has not been sanctioned or otherwise the subject of disciplinary action by any court, bar, or other competent governmental authority for misconduct;

(4) is eligible for access to information classified at the level of secret as defined by the Department of Defense; and

1 (5) signs a written agreement to comply with
2 all applicable regulations or instructions for counsel,
3 including any rules of court for conduct during the
4 course of proceedings.
5 (b) CONSULTATION WITH COLLEAGUES.—Any per-
6 son admitted under subsection (a) shall not confer with
7 any colleague who does not have the appropriate clearance.
8 (c) SECURITY CLEARANCE.—
9 (1) EXPEDITED CONSIDERATION.—The Sec-
10 retary of Defense shall ensure that a person seeking
11 to be admitted under subsection (a) is timely proc-
12 essed for the security clearance required for access
13 to materials necessary for providing a defendant
14 with effective assistance of counsel.
15 (2) COUNSEL INELIGIBLE FOR CLEARANCE.—If
16 the Secretary of Defense determines a person is not
17 eligible for the necessary security clearance, the per-
18 son shall not be permitted to represent an individual
19 in any proceeding before the Commission. The deter-
20 mination of the Secretary of Defense shall be final
21 and is not subject to appeal to, or other review by,
22 any court of the United States.
23 (d) TRAVEL EXPENSES.—The Secretary of Defense
24 shall reimburse any person not employed by the Govern-
25 ment who is representing an individual before the Com-

1 mission for travel away from the home or regular place
2 of business of the person in connection with such represen-
3 tation. The rates for the payment of travel expenses under
4 this subsection shall be those authorized for employees of
5 agencies under subchapter I of chapter 57 of title 5,
6 United States Code.

Roehrkasse, Brian

From: Roehrkasse, Brian
Sent: Friday, June 30, 2006 3:53 PM
To: Gorsuch, Neil M; Moschella, William
Subject: FW: The New Yorker: THE HIDDEN POWER

From: Schwartz, Arthur
Sent: Friday, June 30, 2006 3:49 PM
To: Roehrkasse, Brian
Subject: The New Yorker: THE HIDDEN POWER

THE HIDDEN POWER
by JANE MAYER
The legal mind behind the White House's war on terror.
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On December 18th, Colin Powell, the former Secretary of State, joined other prominent Washington figures at FedEx Field, the Redskins' stadium, in a skybox belonging to the team's owner. During the game, between the Redskins and the Dallas Cowboys, Powell spoke of a recent report in the Times which revealed that President Bush, in his pursuit of terrorists, had secretly authorized the National Security Agency to eavesdrop on American citizens without first obtaining a warrant from the Foreign Intelligence Surveillance Court, as required by federal law. This requirement, which was instituted by Congress in 1978, after the Watergate scandal, was designed to protect civil liberties and curb abuses of executive power, such as Nixon's secret monitoring of political opponents and the F.B.I.'s eavesdropping on Martin Luther King, Jr. Nixon had claimed that as President he had the "inherent authority" to spy on people his Administration deemed enemies, such as the anti-Vietnam War activist Daniel Ellsberg. Both Nixon and the institution of the Presidency had paid a high price for this assumption. But, according to the Times, since 2002 the legal checks that Congress constructed to insure that no President would repeat Nixon's actions had been secretly ignored.

According to someone who knows Powell, his comment about the article was terse. "It's Addington," he said. "He doesn't care about the Constitution." Powell was referring to David S. Addington, Vice-President Cheney's chief of staff and his longtime principal legal adviser. Powell's office says that he does not recall making the statement. But his former top aide, Lawrence Wilkerson, confirms that he and Powell shared this opinion of Addington.

Most Americans, even those who follow politics closely, have probably never heard of Addington. But current and former Administration officials say that he has played a central role in shaping the Administration's legal strategy for the war on terror. Known as the New Paradigm, this strategy rests on a reading of the Constitution that few legal scholars share—namely, that the President, as Commander-in-Chief, has the authority to disregard virtually all previously known legal boundaries, if national security demands it. Under this framework, statutes prohibiting torture, secret detention, and warrantless surveillance have been set aside. A former high-ranking Administration lawyer who worked extensively on national-security issues said that the Administration's legal positions were, to a remarkable degree, "all Addington." Another lawyer, Richard L. Shiffrin, who until 2003 was the Pentagon's deputy general counsel for intelligence, said that Addington was "an unopposable force."

The overarching intent of the New Paradigm, which was put in place after the attacks of September 11th, was to allow the Pentagon to bring terrorists to justice as swiftly as possible. Criminal courts and military courts, with their exacting standards of evidence and emphasis on protecting defendants' rights, were deemed too cumbersome. Instead, the President authorized a system of detention and interrogation that operated outside the international standards for the treatment of prisoners of war established by the 1949 Geneva Conventions. Terror suspects would be tried in a system of military commissions, in Guantánamo Bay, Cuba, devised by the executive branch. The Administration designated these suspects not as criminals or as prisoners of war but as "illegal enemy combatants," whose treatment would be ultimately decided by the President. By emphasizing interrogation over due process, the government intended to preëmpt future attacks before they materialized. In November, 2001, Cheney said of the military commissions, "We think it guarantees that we'll have the kind of treatment of these individuals that we believe they deserve."

Yet, almost five years later, this improvised military model, which Addington was instrumental in creating, has achieved very limited results. Not a single terror suspect has been tried before a military commission. Only ten of the more than seven hundred men who have been imprisoned at Guantánamo have been formally charged with any wrongdoing. Earlier this month, three detainees committed suicide in the camp. Germany and Denmark, along with the European Union and the United Nations Commission on Human Rights, have called for the prison to be closed, accusing the United States of violating internationally accepted standards for humane treatment and due process. The New Paradigm has also come under serious challenge from the judicial branch. Two years ago, in Rasul v. Bush, the Supreme Court ruled against the Administration's contention that the Guantánamo prisoners were beyond the reach of the U.S. court system and could not challenge their detention. And this week the Court is expected to deliver a decision in Hamdan v. Rumsfeld, a case that questions the legality of the military commissions.

For years, Addington has carried a copy of the U.S. Constitution in his pocket; taped onto the back are photocopies of extra statutes that detail the legal procedures for Presidential succession in times of national emergency. Many constitutional experts, however, question his interpretation of the document, especially his views on Presidential power. Scott Horton, a professor at Columbia Law School, and the head of the New York Bar Association's International Law committee, said that Addington and a small group of Administration lawyers who share his views had attempted to "overturn two centuries of jurisprudence defining the limits of the executive branch. They've made war a matter of dictatorial power." The historian Arthur Schlesinger, Jr., who defined Nixon as the extreme example of Presidential overreaching in his book "The Imperial Presidency" (1973), said he believes that Bush "is more grandiose than Nixon." As for the Administration's legal defense of torture, which Addington played a central role in formulating, Schlesinger said, "No position taken has done more damage to the American reputation in the world—ever."

Bruce Fein, a Republican legal activist, who voted for Bush in both Presidential elections, and who served as associate deputy attorney general in the Reagan Justice Department, said that Addington and other Presidential legal advisers had "staked out powers that are a universe beyond any other Administration. This President has made claims that are really quite alarming. He's said that there are no restraints on his ability, as he sees it, to collect intelligence, to open mail, to commit torture, and to use electronic surveillance. If you used the President's reasoning, you could shut down Congress for leaking too much. His war powers allow him to declare anyone an illegal combatant. All the world's a battlefield—according to this view, he could kill someone in Lafayette Park if he wants! It's got the sense of Louis XIV: 'I am the State.' " Richard A. Epstein, a prominent libertarian law professor at the University of Chicago, said, "The President doesn't have the power of a king, or even that of state governors. He's subject to the laws of Congress! The Administration's lawyers are nuts on this issue." He warned of an impending "constitutional crisis," because "their talk of the inherent power of the Presidency seems to be saying that the courts can't stop them, and neither can Congress."

The former high-ranking lawyer for the Administration, who worked closely with Addington, and who shares his political conservatism, said that, in the aftermath of September 11th, "Addington was more like Cheney's agent than like a lawyer. A lawyer sometimes says no." He noted, "Addington never said, 'There is a line you can't cross.' " Although the lawyer supported the President, he felt that his

Administration had been led astray. “George W. Bush has been damaged by incredibly bad legal advice,” he said.

David Addington is a tall, bespectacled man of forty-nine, who has a thickening middle, a thatch of gray hair, and a trim gray beard, which gives him the look of a sea captain. He is extremely private; he keeps the door of his office locked at all times, colleagues say, because of the national-security documents in his files. He has left almost no public paper trail, and he does not speak to the press or allow photographs to be taken for news stories. (He declined repeated requests to be interviewed for this article.)

In many ways, his influence in Washington defies conventional patterns. Addington doesn’t serve the President directly. He has never run for elected office. Although he has been a government lawyer for his entire career, he has never worked in the Justice Department. He is a hawk on defense issues, but he has never served in the military.

There are various plausible explanations for Addington’s power, including the force of his intellect and his personality, and his closeness to Cheney, whose political views he clearly shares. Addington has been an ally of Cheney’s since the nineteen-eighties, and has been referred to as “Cheney’s Cheney,” or, less charitably, as “Cheney’s hit man.” Addington’s talent for bureaucratic infighting is such that some of his supporters tend to invoke, with admiration, metaphors involving knives. Juleanna Glover Weiss, Cheney’s former press secretary, said, “David is efficient, discreet, loyal, sublimely brilliant, and, as anyone who works with him knows, someone who, in a knife fight, you want covering your back.” Bradford Berenson, a former White House lawyer, said, “He’s powerful because people know he speaks for the Vice-President, and because he’s an extremely smart, creative, and aggressive public official. Some engage in bureaucratic infighting using slaps. Some use knives. David falls into the latter category. You could make the argument that there are some costs. It introduces a little fear into the policymaking process. Views might be more candidly expressed without that fear. But David is like the Marines. No better friend—no worse enemy.” People who have sparred with him agree. “He’s utterly ruthless,” Lawrence Wilkerson said. A former top national-security lawyer said, “He takes a political litmus test of everyone. If you’re not sufficiently ideological, he would cut the ground out from under you.”

Another reason for Addington’s singular role after September 11th is that he offered legal certitude at a moment of great political and legal confusion, in an Administration in which neither the President, the Vice-President, the Secretary of Defense, the Secretary of State, nor the national-security adviser was a lawyer. (In the Clinton Administration, all these posts, except for the Vice-Presidency, were held by lawyers at some point.) Neither the Attorney General, John Ashcroft, nor the White House counsel, Alberto Gonzales, had anything like Addington’s familiarity with national-security law. Moreover, Ashcroft’s relations with the White House were strained, and he was left out of the inner circle that decided the most radical legal strategies in the war on terror. Gonzales had more influence, because of his longtime ties to the President, but, as an Administration lawyer put it, “he was an empty suit. He was weak. And he doesn’t know shit about the Geneva Conventions.” Participants in meetings in the White House counsel’s office, in the days immediately after September 11th, have described Gonzales sitting in a wingback chair, asking questions, while Addington sat directly across from him and held forth. “Gonzales would call the meetings,” the former high-ranking lawyer recalled. “But Addington was always the force in the room.” Bruce Fein said that the Bush legal team was strikingly unsophisticated. “There is no one of legal stature, certainly no one like Bork, or Scalia, or Elliot Richardson, or Archibald Cox,” he said. “It’s frightening. No one knows the Constitution—certainly not Cheney.”

Conventional wisdom holds that September 11th changed everything, including the thinking of Cheney and Addington. Brent Scowcroft, the former national-security adviser, has said of Cheney that he barely recognizes the reasonable politician he knew in the past. But a close look at the twenty-year collaboration between Cheney and Addington suggests that in fact their ideology has not changed much. It seems clear that Addington was able to promote vast executive powers after September 11th in part because he and Cheney had been laying the political groundwork for years. “This preceded 9/11,” Fein, who has known both men professionally for decades, said. “I’m not saying that warrantless surveillance did. But

the idea of reducing Congress to a cipher was already in play. It was Cheney and Addington's political agenda."

Addington's admirers see him as a selfless patriot, a workaholic defender of a purist interpretation of Presidential power—the necessary answer to threatening times. In 1983, Steve Berry, a Republican lawyer and lobbyist in Washington, hired Addington to work with him as the legislative counsel to the House Intelligence Committee; he has been a career patron and close friend ever since. He said, "I know him well, and I know that if there's a threat he will do everything in his power, within the law, to protect the United States." Berry added that Addington is acutely aware of the legal tensions between liberty and security. "We fought ourselves every day about it," he recalled. But, he said, they concluded that a "strong national security and defense" was the first priority, and that "without a strong defense, there's not much expectation or hope of having other freedoms." He said that there is no better defender of the country than Addington: "I've got a lot of respect for the guy. He's probably the foremost expert on intelligence and national-security law in the nation right now." Berry has a daughter who works in New York City, and he said that when he thinks of her safety he appreciates the efforts that Addington has made to strengthen the country's security. He said, "For Dave, protecting America isn't just a virtue. It's a personal mission. I feel safer just knowing he's where he is."

Berry said of his friend, "He's methodical, conscientious, analytical, and logical. And he's as straight an arrow as they come." He noted that Addington refuses to let Berry treat him to a hamburger because it might raise issues of influence-buying—instead, they split the check. Addington, he went on, has a dazzling ability to recall the past twenty-five years' worth of intelligence and national-security legislation. For many years, he kept a vast collection of legal documents in a library in his modest brick-and-clapboard home, in Alexandria, Virginia. One evening several years ago, lightning struck a nearby power line and the house caught fire; much of the archive burned. The fire started at around nine in the evening, and Addington, typically, was still in his office. His wife, Cynthia, and their three daughters were fine, but the loss of his extraordinary collection of papers and political memorabilia, Berry said, "was very hard for him to accept. All you get in this work is memorabilia. There is no cash. But he's the type of guy who gets psychic benefit from going to work every day, making a difference."

Though few people doubt Addington's knowledge of national-security law, even his admirers question his political instincts. "The only time I've seen him wrong is on his political judgment," a former colleague said. "He has a tin ear for political issues. Sometimes the law says one thing, but you have to at least listen to the other side. He will cite case history, case after case. David doesn't see why you have to compromise." Even Berry offered a gentle criticism: "His political skills can be overshadowed by his pursuit of what he feels is legally correct."

Addington has been a hawk on national defense since he was a teen-ager. Leonard Napolitano, an engineer who was one of Addington's close childhood friends, and whose political leanings are more like those of his sister, Janet Napolitano, the Democratic governor of Arizona, joked, "I don't think that in high school David was a believer in the divine right of kings." But, he said, Addington was "always conservative."

The Addingtons were a traditional Catholic military family. They moved frequently; David's father, Jerry, an electrical engineer in the Army, was assigned to a variety of posts, including Saudi Arabia and Washington, D.C., where he worked with the Joint Chiefs of Staff. As a teen-ager, Addington told a friend that he hoped to live in Washington himself when he grew up. Jerry Addington, a 1940 graduate of West Point who won a Bronze Star during the Second World War, also served in Korea and at the North American Air Defense Command, in Colorado; he reached the rank of brigadier general before he retired, in 1970, when David was thirteen. David attended public high school in Albuquerque, New Mexico, and his father began a second career, teaching middle-school math. His mother, Eleanore, was a housewife; the family lived in a ranch house in a middle-class subdivision. She still lives there; Jerry died in 1994. "We are an extremely close family," one of Addington's three older sisters, Linda, recalled recently. "Discipline was very important for us, and faith was very important. It was about being ethical—the right

thing to do whether anyone else does it or not. I see that in Dave." She was reluctant to say more. "Dave is most deliberate about his privacy," she added.

Socially, Napolitano recalled, he and Addington were "the brains, or nerds." Addington stood out for wearing black socks with shorts. He and his friends were not particularly athletic, and they liked to play poker all night on weekends, stopping early in the morning for breakfast. Their circle included some girls, until the boys found them "too distracting to our interest in cards," Napolitano recalled.

When he and Addington were in high school, Napolitano said, the Vietnam War was in its final stages, and "there was a certain amount of 'Challenge authority' and alcohol and drugs, but they weren't issues in our group." Addington's high-school history teacher, Irwin Hoffman, whom Napolitano recalled as wonderful, exacting, and "a flaming liberal," said that Addington felt strongly that America "should have stayed and won the Vietnam War, despite the fact that we were losing." Hoffman, who is retired, added, "The boy seemed terribly, terribly bright. He wrote well, and he was very verbal, not at all reluctant to express his opinions. He was pleasant and quite handsome. He also had a very strong sarcastic streak. He was scornful of anyone who said anything that was naïve, or less than bright. His sneers were almost palpable."

Addington graduated in 1974, the year that Nixon resigned. In the aftermath of Watergate, liberal Democratic reformers imposed tighter restraints on the President and reined in the C.I.A., whose excesses were critiqued in congressional hearings, led by Senator Frank Church and Representative Otis Pike, that exposed details of assassination plots, coup attempts, mind-control experiments, and domestic spying. Congress passed a series of measures aimed at reinvigorating the system of checks and balances, including an expanded Freedom of Information Act and the Foreign Intelligence Surveillance Act, the law requiring judicial review before foreign suspects inside the country could be wiretapped. It also created the House and Senate Intelligence Committees, which oversee all covert C.I.A. activities.

After high school, Addington pursued an ambition that he had had for years: to join the military. Rather than attending West Point, as his father had, he enrolled in the U.S. Naval Academy, in Annapolis. But he dropped out before the end of his freshman year. He went home and, according to Napolitano, worked in a Long John Silver's restaurant. "The academy wasn't academically challenging enough for him," Napolitano said.

Addington went to Georgetown University, graduating summa cum laude, in 1978, from the school of foreign service; he went on to earn honors at Duke Law School. After graduating, in 1981, he married Linda Werling, a graduate student in pharmacology. The marriage ended in divorce. His current wife, Cynthia, takes care of their three girls full-time.

Soon after leaving Duke, Addington started his first job, in the general counsel's office at the C.I.A. A former top agency lawyer who later worked with Addington said that Addington strongly opposed the reform movements that followed Vietnam and Watergate. "Addington was too young to be fully affected by the Vietnam War," the lawyer said. "He was shaped by the postwar, post-Watergate years instead. He thought the Presidency was too weakened. He's a believer that in foreign policy the executive is meant to be quite powerful."

These views were shared by Dick Cheney, who served as chief of staff in the Ford Administration. "On a range of executive-power issues, Cheney thought that Presidents from Nixon onward yielded too quickly," Michael J. Malbin, a political scientist who has advised Cheney on the issue of executive power, said. Kenneth Adelman, who was a high-ranking Pentagon official under Ford, said that the fall of Saigon, in 1975, was "very painful for Dick. He believed that Vietnam could have been saved—maybe—if Congress hadn't cut off funding. He was against that kind of interference."

Jane Harman, the ranking Democrat on the House Intelligence Committee, who has spent considerable time working with Cheney and Addington in recent years, believes that they are still fighting Watergate. "They're focussed on restoring the Nixon Presidency," she said. "They've persuaded themselves that, following Nixon, things went all wrong." She said that in meetings Addington is always courtly and

pleasant. But when it comes to accommodating Congress “his answer is always no.”

In a revealing interview that Cheney gave last December to reporters travelling with him to Oman, he explained, “I do have the view that over the years there had been an erosion of Presidential power and authority. . . . A lot of the things around Watergate and Vietnam both, in the seventies, served to erode the authority I think the President needs.” Further, Cheney explained, it was his express aim to restore the balance of power. The President needed to be able to act as Alexander Hamilton had described it in the Federalist Papers, with “secrecy” and “despatch”—especially, Cheney said, “in the day and age we live in . . . with the threats we face.” He added, “I believe in a strong, robust executive authority, and I think the world we live in demands it.”

At the C.I.A., where Addington spent two years, he focussed on curtailing the ability of Congress to interfere in intelligence gathering. “He was a rookie, plenty bright,” Frederick Hitz, another C.I.A. lawyer, who later became Inspector General, recalled. After the Church and Pike hearings, legislators came up with hundreds of pages of oversight recommendations, he said. “Addington was very pro-agency. He was trying to figure out how to comply with government oversight without getting hog-tied.” Addington viewed the public airings of the C.I.A.’s covert activities as “an absolute disaster,” Berry recalled. “We both felt that Congress did great harm by flinging open the doors to operational secrets.”

When Addington joined the C.I.A., it was directed by William J. Casey, who also regarded congressional constraints on the agency as impediments to be circumvented. His sentiment about congressional overseers was best captured during a hearing about covert actions in Central America, when he responded to tough questioning by muttering the word “assholes.” After Reagan’s election in 1980, the executive branch was dominated by conservative Republicans, while the House was governed by liberal Democrats. The two parties fought intensely over Central America; the Reagan Administration was determined to overthrow the leftist Sandinista government in Nicaragua. Using their constitutional authority over appropriations, the Democrats in Congress forbade the C.I.A. to spend federal funds to support the Contras, a rightist rebel group. But Casey’s attitude, as Berry recalled it, was “We’re gonna fund these freedom fighters whether Congress wants us to or not.” Berry, then the staff director for the Republicans on the House Intelligence Committee, asked Casey for help in fighting the Democrats. Soon afterward, Addington joined Berry on Capitol Hill.

When the Iran-Contra scandal broke, in 1986, it exposed White House arms deals and foreign fund-raising designed to help the anti-Sandinista forces in Nicaragua. Members of Congress were furious. Summoned to Capitol Hill, Casey lied, denying that funds for the Contras had been solicited from any foreign governments, although he knew that the Saudis, among others, had agreed to give millions of dollars to the Contras, at the request of the White House. Even within the Reagan Administration, the foreign funding was controversial. Secretary of State George Shultz had warned Reagan that he might be committing an impeachable offense. But, under Casey’s guidance, the White House went ahead with the plan; Shultz, having expressed misgivings, was not told. It was a bureaucratic tactic that Addington reprised after September 11th, when Powell was left out of key deliberations about the treatment of detainees. Lawrence Wilkerson, Powell’s aide, said that he was aware of Addington’s general strategy: “We had heard that, behind our backs, he was saying that Powell was ‘soft, but easy to get around.’ ”

The Iran-Contra scandal substantially weakened Reagan’s popularity and, eventually, seven people were convicted of seventeen felonies. Cheney, who was then a Republican congressman from Wyoming, worried that the scandal would further undercut Presidential authority. In late 1986, he became the ranking Republican on a House select committee that was investigating the scandal, and he commissioned a report on Reagan’s support of the Contras. Addington, who had become an expert in intelligence law, contributed legal research. The scholarly-sounding but politically outlandish Minority Report, released in 1987, argued that Congress—not the President—had overstepped its authority, by encroaching on the President’s foreign-policy powers. The President, the report said, had been driven by “a legitimate frustration with abuses of power and irresolution by the legislative branch.” The Minority Report sanctioned the President’s actions to a surprising degree, considering the number of criminal charges that resulted from the scandal. The report also defended the legality of ignoring congressional intelligence oversight, arguing that “the President has the Constitutional and statutory authority to

withhold notifying Congress of covert actions under rare conditions." And it condemned "legislative hostage taking," noting that "Congress must realize . . . that the power of the purse does not make it supreme" in matters of war. In his December interview with reporters, Cheney proudly cited this document. "If you want reference to an obscure text, go look at the minority views that were filed in the Iran-Contra committee, the Iran-Contra report, in about 1987," he said. "Part of the argument was whether the President had the authority to do what was done in the Reagan years."

Addington and Cheney became a formidable team, but it was soon clear that Addington would not join Cheney as a politician. Adelman recalled Addington's personality as "dour," adding that, "unlike with Dick, I never saw much of a sense of humor. Cheney can be witty and funny. David is sober. I didn't see him at social events much." But, he added, "Dick wasn't looking for friends at work. He was looking for performance. And David delivers. He's efficient and dedicated. He's a doer." He went on, "Cheney's not a lawyer, so he would defer to David on the law."

In 1989, President George H. W. Bush appointed Cheney Secretary of Defense. Cheney hired Addington first as his special assistant and, later, as the Pentagon's general counsel. At the Pentagon, Addington became widely known as Cheney's gatekeeper—a stickler for process who controlled the flow of documents to his boss. Using a red felt-tipped pen, he covered his colleagues' memos with comments before returning them for rewrites. His editing invariably made arguments sharper, smarter, and more firm in their defense of Cheney's executive powers, a former military official who worked with him said.

At the Pentagon, Addington took a particular interest in the covert actions of the Special Forces. A former colleague recalled that, after attending a demonstration by Special Forces officers, he mocked the C.I.A., which was constrained by oversight laws. "This is how real covert operations are done," he said. (After September 11th, the Pentagon greatly expanded its covert intelligence operations; these programs have less congressional oversight than those of the C.I.A.) Cheney, throughout his tenure as Defense Secretary, shared with Addington a pessimistic view of the Soviet Union. Both remained skeptical of Gorbachev long after the State Department, the national-security adviser, and the C.I.A. had concluded that he was a reformer. "They were always, like, 'Whoa—beware the Bear!' " Wilkerson recalled. They immersed themselves in "continuity of government exercises"—studying with unusual intensity how the government might survive a nuclear attack. According to "Rise of the Vulcans," a history of the period by James Mann, Cheney, more than once, spent the night in an underground bunker.

A decade later, when hijacked planes slammed into the Twin Towers and the Pentagon, Addington, perhaps more than anyone else in the U.S. government, was ready to act. During the Clinton Presidency, he had worked as a lawyer for various business interests, such as the American Trucking Associations, and in 1994 he had led an exploratory Presidential campaign for Cheney, who decided against running. Once Cheney became Vice-President, Addington helped oversee the transition, setting up the most powerful Vice-Presidency in America's history. Addington's high-school friend Leonard Napolitano said Addington told him that he and Cheney were merging the Vice-President's office with the President's into a single "Executive Office," instead of having "two different camps." Napolitano added, "David said that Cheney saw the Vice-President as the executive and implementer of the President." Addington created a system to insure that virtually all important documents relating to national-security matters were seen by the Vice-President's office. The former high-ranking Administration lawyer said that Addington regularly attended White House legal meetings with the C.I.A. and the National Security Agency. He received copies of all National Security Council documents, including internal memos from the staff. And, as a former top official in the Defense Department, he exerted influence over the legal office at the Pentagon, helping his protégé William J. Haynes secure the position of general counsel. A former national-security lawyer, speaking of the Pentagon's legal office, said, "It's obvious that Addington runs the whole operation."

In the days after September 11th, a half-dozen White House lawyers had heated discussions about how to frame the Administration's legal response to the attacks. Bradford Berenson, one of the participants, recalled how "raw" feelings were at the time: "There were thousands of bereaved American families.

Everyone was expecting additional attacks. The only planes in the air were military. At a moment like that, there's an intense focus on responsibility and accountability. Preventing another attack should always be within the law. But if you have to err on the side of being too aggressive or not aggressive enough, you'd err by being too aggressive."

Berry said that Addington felt this keenly. "I've talked to David about this a little. Psychologically, it's really taxing to read every day not about one or two but about a dozen, or two dozen, legitimate reports about efforts to take out U.S. citizens. . . . There's a little bit of a bunker mentality that set in among some of the national-security-policy officials after 9/11."

Almost immediately, other Administration lawyers noticed that Addington dominated the internal debates. His assumption, shared by other hard-line lawyers in the White House counsel's office and in the Justice Department's Office of Legal Counsel, was that the criminal-justice system was insufficient to handle the threat from terrorism. The matter was settled without debate, Berenson recalled: "There was a consensus that we had to move from retribution and punishment to preëmption and prevention. Only a warfare model allows that approach."

Richard Shiffrin, the former Pentagon lawyer, said that during a tense White House meeting held in the Situation Room just a few days after September 11th "all of us felt under a great deal of pressure to be willing to consider even the most extraordinary proposals. The C.I.A., the N.S.C., the State Department, the Pentagon, and the Justice Department all had people there. Addington was particularly strident. He'd sit, listen, and then say, 'No, that's not right.' He was particularly doctrinaire and ideological. He didn't recognize the wisdom of the other lawyers. He was always right. He didn't listen. He knew the answers." The details of the discussion are classified, Shiffrin said, but he left with the impression that Addington "doesn't believe there should be co-equal branches." Another participant recalled, "If you favored international law, you were in danger of being called 'soft on terrorism' by Addington." He added that Addington's manner in meetings was "very insistent and very loud." Yet another participant said that, whenever he cautioned against executive-branch overreaching, Addington would respond brusquely, "There you go again, giving away the President's power."

Some of the protests from Democrats about the Administration's legal arguments and some of the declarations of high principle from Republicans are mere partisan gestures. Both sides have changed their views about the need for a strong President, depending on whether they were in power. "It's a matter of degree," the liberal Princeton historian Sean Wilentz said. "War always expands the powers of the Presidency. And Presidents always overreach." Lincoln infamously suspended habeas-corpus rights during the Civil War, locking up thousands of Confederate sympathizers without due process, and Franklin D. Roosevelt interned more than a hundred thousand innocent Japanese-Americans. "Someone said that this Administration is monarchical," Wilentz added. "That's just rhetoric. We're not a dictatorship. At the same time, this White House has assumed powers for itself that no previous Administration has done." Bush's defenders frequently cite the example of Lincoln as a justification for placing national security above the rule of law. But Schlesinger, in his book "War and the American Presidency" (2004), points out that Lincoln never "claimed an inherent and routine right to do what [he] did." The Bush White House, he told me, has seized on these historical aberrations and turned them into a doctrine of Presidential prerogative.

On September 25th, the Office of Legal Counsel issued a memo declaring that the President had inherent constitutional authority to take whatever military action he deemed necessary, not just in response to the September 11th attacks but also in the prevention of any future attacks from terrorist groups, whether they were linked to Al Qaeda or not. The memo's broad definition of the enemy went beyond that of Congress, which, on September 14th, had passed legislation authorizing the President to use military force against "nations, organizations, or persons" directly linked to the attacks. The memo was written by John Yoo, a lawyer in the Office of Legal Counsel who worked closely with Addington, and said, in part, "The power of the President is at its zenith under the Constitution when the President is directing military operations of the armed forces, because the power of the Commander-in-Chief is assigned solely to the President." The memo acknowledged that Article I of the Constitution gives Congress the power to declare war, but argued that it was a misreading to assume that the article gives Congress the lead role in

making war. Instead, the memo said, “it is beyond question that the President has the plenary Constitutional power to take such military actions as he deems necessary and appropriate to respond to the terrorist attacks upon the United States on September 11, 2001.” It concluded, “These decisions, under our Constitution, are for the President alone to make.”

Another memo sanctioned torture when the President deems it necessary; yet another claimed that there were virtually no valid legal prohibitions against the inhumane treatment of foreign prisoners held by the C.I.A. outside the U.S. Most of these decisions, according to many Administration officials who were involved in the process, were made in secrecy, and the customary interagency debate and vetting procedures were sidestepped. Addington either drafted the memos himself or advised those who were drafting them. “Addington’s fingerprints were all over these policies,” said Wilkerson, who, as Powell’s top aide, later assembled for the Secretary a dossier of internal memos detailing the decision-making process.

On November 13, 2001, an executive order setting up the military commissions was issued under Bush’s signature. The decision stunned Powell; the national-security adviser, Condoleezza Rice; the highest-ranking lawyer at the C.I.A.; and many judge advocate generals, or JAGs, the top lawyers in the military services. None of them had been consulted. Michael Chertoff, the head of the Justice Department’s criminal division, who had argued for trying terror suspects in the U.S. courts, was also bypassed. And the order surprised John Bellinger III, the National Security Council legal adviser and deputy White House counsel, who had been formally asked to help create a legal method for trying foreign terror suspects. According to multiple sources, Addington secretly usurped the process. He and a few hand-picked associates, including Bradford Berenson and Timothy Flanigan, a lawyer in the White House counsel’s office, wrote the executive order creating the commissions. Moreover, Addington did not show drafts of the order to Powell or Rice, who, the senior Administration lawyer said, was incensed when she learned about her exclusion.

The order proclaimed a state of “extraordinary emergency,” and announced that the rules for the military commissions would be dictated by the Secretary of Defense, without review by Congress or the courts. The commissions could try any foreign person the President or his representatives deemed to have “engaged in” or “abetted” or “conspired to commit” terrorism, without offering the right to seek an appeal from anyone but the President or the Secretary of Defense. Detainees would be treated “humanely,” and would be given “full and fair trials,” the order said. Yet the order continued that “it is not practicable” to apply “the principles of law and the rules of evidence generally recognized in the trial of criminal cases in the United States district courts.” The death penalty, for example, could be imposed even if there was a split verdict. Moreover, in December, 2001, the Department of Defense circulated internal memos suggesting that, in the commission system, defendants would have only limited rights to confront their accusers, see all the evidence against them, or be present during their trials. There would be no right to remain silent, and hearsay evidence would be admissible, as would evidence obtained through physical coercion. Guilt did not need to be proved beyond a reasonable doubt. The order firmly established that terrorism would henceforth be approached on a war footing, endowing the President with enhanced powers.

The precedent for the order was an arcane 1942 case, ex parte Quirin, in which Franklin Roosevelt created a military commission to try eight Nazi saboteurs who had infiltrated the United States via submarines. The Supreme Court upheld the case, 8–0, but even the conservative Justice Antonin Scalia has called it “not this Court’s finest hour.” Roosevelt was later criticized for creating a sham process. Moreover, while he used military commissions to try a handful of suspects who had already admitted their guilt, the Bush White House was proposing expanding the process to cover thousands of “enemy combatants.” It was also ignoring the Uniform Code of Military Justice, which, having codified procedures for courts-martial in 1951, had rendered Quirin out of date.

Berenson said, “The legal foundation was very strong. F.D.R.’s order establishing military commissions had been upheld by the Supreme Court. This was almost identical. What we underestimated was the extent to which the culture had shifted beneath us since World War Two.” Concerns about civil liberties and human rights, and anger over Vietnam and Watergate, he said, had turned public opinion against a

strong executive branch: “But Addington thought military commissions had to be a tool at the President’s disposal.”

Rear Admiral Donald Guter, who was the Navy’s chief JAG until June, 2002, said that he and the other JAGs, who were experts in the laws of war, tried unsuccessfully to amend parts of the military-commission plan when they learned of it, days before the order was formally signed by the President. “But we were marginalized,” he said. “We were warning them that we had this long tradition of military justice, and we didn’t want to tarnish it. The treatment of detainees was a huge issue. They didn’t want to hear it.” In a 2004 report in the Times, Guter said that when he and the other JAGs told Haynes that they needed more information, Haynes replied, “No, you don’t.” (Haynes’s office offered no comment.)

At the Defense Department, Shiffrin, the deputy general counsel for intelligence, and a career lawyer rather than a political appointee, was taken aback when Haynes showed him the order. Earlier in Shiffrin’s career, at the Justice Department, his office had been in the same room where the Nazi defendants were tried, and he had become interested in the case, which he said he regarded as “one of the worst Supreme Court cases ever.” He recalled informing Haynes that he was skeptical of the Administration’s invocation of Quirin. “Gee, this is problematic,” Shiffrin told him.

Marine Major Dan Mori, the uniformed lawyer who has been assigned to defend David Hicks, one of the ten terror suspects in Guantánamo who have been charged, said of the commissions, “It was a political stunt. The Administration clearly didn’t know anything about military law or the laws of war. I think they were clueless that there even was a U.C.M.J. and a Manual for Courts-Martial! The fundamental problem is that the rules were constructed by people with a vested interest in conviction.”

Mori said that the charges against the detainees reflected a profound legal confusion. “A military commission can try only violations of the laws of war,” he said. “But the Administration’s lawyers didn’t understand this.” Under federal criminal statutes, for example, conspiring to commit terrorist acts is a crime. But, as the Nuremburg trials that followed the Second World War established, under the laws of war it is not, since all soldiers could be charged with conspiring to fight for their side. Yet, Mori said, a charge of conspiracy “is the only thing there is in many cases at Guantánamo—guilt by association. So you’ve got this big problem.” He added, “I hope that nobody confuses military justice with these ‘military commissions.’ This is a political process, set up by the civilian leadership. It’s inept, incompetent, and improper.”

Under attack from defense lawyers like Mori, the military commissions have been tied up in the courts almost since the order was issued. Bellinger and others fought to make the commissions fairer, so that they could withstand court challenges, and the Pentagon gradually softened its rules. But Administration lawyers involved in the process said that Addington resisted at every turn. He insisted, for instance, on maintaining the admissibility of statements obtained through coercion, or even torture. In meetings, he argued that officials in charge of the military commissions should be given maximum flexibility to decide whether to include such evidence. “Torture isn’t important to Addington as a scientific matter, good or bad, or whether it works or not,” the Administration lawyer, who is familiar with these debates, said. “It’s more about his philosophy of Presidential power. He thinks that if the President wants torture he should get torture. He always argued for ‘maximum flexibility.’ ”

Last month, Addington lost this internal battle. The Administration rescinded the provision allowing coerced testimony, after even the military officials overseeing the commissions supported the reform. According to a senior Administration legal adviser who participated in discussions about the commissions, Addington remained opposed to the change. “He wanted no changes,” the lawyer said. “He said the rules were good, right from the start.” Addington accused officials who were trying to reform the rules of “giving away the President’s prerogatives.”

President Bush has blamed the legal challenges for the delays in prosecuting Guantánamo detainees. But many lawyers, even some inside the Administration, believe that the challenges were inevitable, considering the dubious constitutionality of the commissions. The Supreme Court’s ruling in the Hamdan

case is expected to establish whether the commissions meet basic standards of due process. The Administration lawyer isn't sanguine about the outcome. "It shows again that Addington overreached," he said.

Meanwhile, Addington has fought tirelessly to stem reform of other controversial aspects of the New Paradigm, such as the detention and interrogation of terror suspects. Last year, he and Cheney led an unsuccessful campaign to defeat an amendment, proposed by Senator John McCain, to ban the abusive treatment of detainees held by the military or the C.I.A. Government officials who have worked closely with Addington say he insists that legal flexibility is necessary, because of the iniquity of the enemy; moreover, he does not believe that the legal positions taken by the Bush Administration in the war on terror have damaged the country's international reputation. "He's a very smart guy, but he gives no credibility to those who say these policies are hurting us around the world," the senior Administration legal adviser said. "His feeling is that there are no costs. He'll say people are just whining. He thinks most of them would be against us no matter what." In Addington's view, critics of the Administration's aggressive legal policies are just political enemies of the President.

Yet, from the start, some of the sharpest critics of detainee-treatment policies have been military and law-enforcement officials inside the Bush Administration; people close to it, like McCain; and our foreign allies. Just a few months after the Guantánamo detention centers were established, members of the Administration began receiving reports that questioned whether all the prisoners there were really, as Secretary of Defense Donald Rumsfeld had labelled them, "the worst of the worst." Guter said that the Pentagon had originally planned to screen the suspects individually on the battlefields in Afghanistan; such "Article 5 hearings" are a provision of the Geneva Conventions. But the White House cancelled the hearings, which had been standard protocol during the previous fifty years, including in the first Gulf War. In a January 25, 2002, legal memorandum, Administration lawyers dismissed the Geneva Conventions as "obsolete," "quaint," and irrelevant to the war on terror. The memo was signed by Gonzales, but the Administration lawyer said he believed that "Addington and Flanigan were behind it." The memo argued that all Taliban and Al Qaeda detainees were illegal enemy combatants, which eliminated "any argument regarding the need for case-by-case determination of P.O.W. status." Critics claim that the lack of a careful screening process led some innocent detainees to be imprisoned. "Article 5 hearings would have cost them nothing," the Administration lawyer, who was involved in the process, said. "They just wanted to make a point on executive power—that the President can designate them all enemy combatants if he wants to."

Guter, the Navy JAG, said that, before long, he and other military experts began to wonder whether the reason they weren't getting much useful intelligence from Guantánamo was that, as he puts it, "it wasn't there." Guter, who was in the Pentagon on September 11th, said, "I don't have a sympathetic bone in my body for the terrorists. But I just wanted to make sure we were getting the right people—the real terrorists. And I wanted to make sure we were doing it in a way consistent with our values."

While the JAGs' questions about the treatment of detainees went largely unheeded, he said, the C.I.A. was simultaneously raising similar concerns. In the summer of 2002, the agency had sent an Arabic-speaking analyst to Guantánamo to find out why more intelligence wasn't being collected, and, after interviewing several dozen prisoners, he had come back with bad news: more than half the detainees, he believed, didn't belong there. He wrote a devastating classified report, which reached General John Gordon, the deputy national-security adviser for combatting terrorism. In a series of meetings at the White House, Gordon, Bellinger, and other officials warned Addington and Gonzales that potentially innocent people had been locked up in Guantánamo and would be indefinitely. "This is a violation of basic notions of American fairness," Gordon and Bellinger argued. "Isn't that what we're about as a country?" Addington's response, sources familiar with the meetings said, was "These are 'enemy combatants.' Please use that term. They've all been through a screening process. We don't have anything to talk about."

A former Administration official said of Addington's response, "It seemed illogical. How could you deny the

possibility that one or more people were locked up who shouldn't be? There were old people, sick people—why do we want to keep them?" At the meeting, Gordon and Bellinger argued, "The American public understands that wars are confusing and exceptional things happen. But the American public will expect some due process."

Addington and Gonzales dismissed this concern. The former Administration official recalled that Addington was "the dominant voice. It was a non-debate, in his view." The confrontation made clear, though, that Addington had been informed early that there were problems at Guantánamo. "There wasn't a lack of knowledge or understanding," the former official said.

Addington has proved deft at outmaneuvering his critics. Documents embarrassing to Addington's opponents have been leaked to the press, if not necessarily by him. A top-secret N.S.C. memo describing Powell's request to reconsider the suspension of the Geneva Conventions appeared in the Washington Times the day after it was circulated to the Secretary of Defense, the Attorney General, and the Vice-President; the article cited unnamed sources who accused Powell of "bowing to pressure from the political left." The Administration lawyer said, "The way Addington works, he controls the flow of information very tightly." Addington chastised a Justice Department official who showed a legal opinion on the treatment of detainees to the State Department. He repeatedly directed Gonzales, the White House counsel, to keep Bellinger, the N.S.C. lawyer, out of meetings about national-security issues. "Lip-lock" is the word Addington's old Pentagon colleague Sean O'Keefe, now the chancellor of Louisiana State University, used to describe his discretion. "He's like Cheney," O'Keefe said. "You can't get anything out of him with a crowbar." The Administration lawyer said, "He's a bully, pure and simple." Several talented top lawyers who challenged Addington on important legal matters concerning the war on terror, including Patrick Philbin, James Comey, and Jack Goldsmith, left the Administration under stressful circumstances. Other reform-minded government lawyers who clashed with Addington, including Bellinger and Matthew Waxman, both of whom were at the N.S.C. during Bush's first term, have moved to the State Department.

Waxman, a young lawyer who headed the Pentagon's office of detainee affairs, departed soon after he had a major confrontation with Addington over the issue of clarifying military rules for the treatment of prisoners. Waxman believed that international standards for the humane treatment of detainees should be followed, and argued for reforms in the Army Field Manual. He hoped to reinstate the basic standards that are specified in the Geneva Conventions. This meant the prohibition of torture, overt acts of violence, and "outrages on personal dignity, in particular humiliating and degrading treatment." Although the Vice-President's office is not part of the military chain of command, last September Addington summoned Waxman to his office and berated him. Waxman declined to comment on the incident, but a former colleague in the Pentagon, in whom Waxman confided, said that Addington accused Waxman of wanting to fight the war on terror his own way, rather than the President's way. The Army Field Manual still hasn't been revised, and, according to those involved, Addington and his protégé Haynes remain the major obstacles.

Last fall, Richard Shiffrin, the Pentagon lawyer who was left out of the Administration's initial discussions of the military commissions, learned from the Times about the Administration's decision to sanction warrantless domestic electronic surveillance by the National Security Agency. This was remarkable, because Shiffrin was the Pentagon lawyer in charge of supervising the N.S.A.'s legal advisers. "It was exceptional that I didn't know about it—extraordinary," Shiffrin said. "In the prior Administration, on anything involving N.S.A. legal issues I'd have been made aware. And I should have been in this one."

Shortly after September 11th, Addington and Cheney, without alerting Shiffrin, held meetings with top N.S.A. lawyers in the Vice-President's office and told them that the President, as Commander-in-Chief, had the authority to override the FISA statutes and not seek warrants from the special court. According to the Times, Addington and Cheney pushed the N.S.A. to engage in practices that the agency thought were illegal, such as the warrantless wiretapping of American suspects making domestic calls. General Michael Hayden, the former head of the N.S.A., who was recently confirmed as director of the C.I.A., has denied being pressured. Shiffrin, however, doubted that the N.S.A. lawyers were expert enough in Article II of the

Constitution, which defines the President's powers, to argue back. He described the Administration's legal arguments on wiretapping as "close calls."

Others are more critical. Fourteen prominent constitutional scholars, representing a range of political views, recently wrote an open letter to Congress, claiming that the N.S.A. surveillance program "appears on its face to violate existing law." The scholars noted that Bush had made no effort to amend the FISA law to suit national-security needs—he simply ignored it. The Republican legal activist Bruce Fein said, "What makes this so sinister is that the members of this Administration have unchecked power. They don't care if the wiretapping is legal or not." But the former high-ranking Administration lawyer suggested that the situation is more serious than an intentional infraction of the law. "It's not that they think they're skirting the law," he said. "They think that this is the law."

Fein suggested that the only way Congress will be able to reassert its power is by cutting off funds to the executive branch for programs that it thinks are illegal. But this approach has been tried, and here, too, Addington has had the last word. John Murtha, the ranking Democrat on the House Appropriations Subcommittee on Defense, put a provision in the Pentagon's appropriations bills for 2005 and 2006 forbidding the use of federal funds for any intelligence-gathering that violates the Fourth Amendment, which protects the privacy of American citizens. The White House, however, took exception to Congress's effort to cut off funds. When President Bush signed the appropriations bills into law, he appended "signing statements" asserting that the Commander-in-Chief had the right to collect intelligence in any way he deemed necessary. The signing statement for the 2005 budget, for instance, noted that the executive branch would "construe" the spending limit only "in a manner consistent with the President's constitutional authority as Commander-in-Chief, including for the conduct of intelligence operations."

According to the Boston Globe, Addington has been the "leading architect" of these signing statements, which have been added to more than seven hundred and fifty laws. He reportedly scrutinizes every bill before President Bush signs it, searching for any language that might impinge on Presidential power. These wars of words are yet another battlefront between Addington and Congress, and some constitutional scholars find them troubling. Few of the signing statements were noticed until one of them was slipped into Bush's signing of the McCain amendment. The language was legal boilerplate, reserving the right to construe the legislation only as it was consistent with the Constitution. But, considering that Cheney's office had waged, and lost, a public fight to defeat the McCain amendment democratically—the vote in the Senate was 90–9—the signing statement seemed sneaky and subversive.

Earlier this month, the American Bar Association voted to investigate whether President Bush had exceeded his constitutional authority by reserving the right to ignore portions of laws that he has signed. Richard Epstein, the University of Chicago law professor, said, "What's frightening to me is that this Administration is always willing to push the conventions to the limits—and beyond. With his signing statements, I think the President just goes too far. If you sign these things with a caveat, do the inferior officers follow the law or the caveat?"

Bruce Fein argues that Addington's signing statements are "unconstitutional as a strategy," because the Founding Fathers wanted Presidents to veto legislation openly if they thought the bills were unconstitutional. Bush has not vetoed a single bill since taking office. "It's part of the balancing process," Fein said. "It's about accountability. If you veto something, everyone knows where you stand. But this President wants to do it sotto voce. He wants to give the image that he's accommodating on torture, and then reserves the right to torture anyway."

David Addington is a satisfactory lawyer, Fein said, but a less than satisfactory student of American history, which, for a public servant of his influence, matters more. "If you read the Federalist Papers, you can see how rich in history they are," he said. "The Founders really understood the history of what people did with power, going back to Greek and Roman and Biblical times. Our political heritage is to be skeptical of executive power, because, in particular, there was skepticism of King George III. But Cheney and Addington are not students of history. If they were, they'd know that the Founding Fathers would be shocked by what they've done."

Gorsuch, Neil M

From: Gorsuch, Neil M
Sent: Friday, June 30, 2006 3:58 PM
To: [redacted]@state.gov'; [redacted]@dodgc.osd.mil'
Subject: FW: The New Yorker: THE HIDDEN POWER

From: Roehrkasse, Brian
Sent: Friday, June 30, 2006 3:53 PM
To: Gorsuch, Neil M; Moschella, William
Subject: FW: The New Yorker: THE HIDDEN POWER

From: Schwartz, Arthur
Sent: Friday, June 30, 2006 3:49 PM
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Subject: The New Yorker: THE HIDDEN POWER

THE HIDDEN POWER
by JANE MAYER
The legal mind behind the White House's war on terror.
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On December 18th, Colin Powell, the former Secretary of State, joined other prominent Washington figures at FedEx Field, the Redskins' stadium, in a skybox belonging to the team's owner. During the game, between the Redskins and the Dallas Cowboys, Powell spoke of a recent report in the Times which revealed that President Bush, in his pursuit of terrorists, had secretly authorized the National Security Agency to eavesdrop on American citizens without first obtaining a warrant from the Foreign Intelligence Surveillance Court, as required by federal law. This requirement, which was instituted by Congress in 1978, after the Watergate scandal, was designed to protect civil liberties and curb abuses of executive power, such as Nixon's secret monitoring of political opponents and the F.B.I.'s eavesdropping on Martin Luther King, Jr. Nixon had claimed that as President he had the "inherent authority" to spy on people his Administration deemed enemies, such as the anti-Vietnam War activist Daniel Ellsberg. Both Nixon and the institution of the Presidency had paid a high price for this assumption. But, according to the Times, since 2002 the legal checks that Congress constructed to insure that no President would repeat Nixon's actions had been secretly ignored.

According to someone who knows Powell, his comment about the article was terse. "It's Addington," he said. "He doesn't care about the Constitution." Powell was referring to David S. Addington, Vice-President Cheney's chief of staff and his longtime principal legal adviser. Powell's office says that he does not recall making the statement. But his former top aide, Lawrence Wilkerson, confirms that he and Powell shared this opinion of Addington.

Most Americans, even those who follow politics closely, have probably never heard of Addington. But current and former Administration officials say that he has played a central role in shaping the Administration's legal strategy for the war on terror. Known as the New Paradigm, this strategy rests on a reading of the Constitution that few legal scholars share—namely, that the President, as

Commander-in-Chief, has the authority to disregard virtually all previously known legal boundaries, if national security demands it. Under this framework, statutes prohibiting torture, secret detention, and warrantless surveillance have been set aside. A former high-ranking Administration lawyer who worked extensively on national-security issues said that the Administration's legal positions were, to a remarkable degree, "all Addington." Another lawyer, Richard L. Shiffrin, who until 2003 was the Pentagon's deputy general counsel for intelligence, said that Addington was "an unopposable force."

The overarching intent of the New Paradigm, which was put in place after the attacks of September 11th, was to allow the Pentagon to bring terrorists to justice as swiftly as possible. Criminal courts and military courts, with their exacting standards of evidence and emphasis on protecting defendants' rights, were deemed too cumbersome. Instead, the President authorized a system of detention and interrogation that operated outside the international standards for the treatment of prisoners of war established by the 1949 Geneva Conventions. Terror suspects would be tried in a system of military commissions, in Guantánamo Bay, Cuba, devised by the executive branch. The Administration designated these suspects not as criminals or as prisoners of war but as "illegal enemy combatants," whose treatment would be ultimately decided by the President. By emphasizing interrogation over due process, the government intended to preëmpt future attacks before they materialized. In November, 2001, Cheney said of the military commissions, "We think it guarantees that we'll have the kind of treatment of these individuals that we believe they deserve."

Yet, almost five years later, this improvised military model, which Addington was instrumental in creating, has achieved very limited results. Not a single terror suspect has been tried before a military commission. Only ten of the more than seven hundred men who have been imprisoned at Guantánamo have been formally charged with any wrongdoing. Earlier this month, three detainees committed suicide in the camp. Germany and Denmark, along with the European Union and the United Nations Commission on Human Rights, have called for the prison to be closed, accusing the United States of violating internationally accepted standards for humane treatment and due process. The New Paradigm has also come under serious challenge from the judicial branch. Two years ago, in Rasul v. Bush, the Supreme Court ruled against the Administration's contention that the Guantánamo prisoners were beyond the reach of the U.S. court system and could not challenge their detention. And this week the Court is expected to deliver a decision in Hamdan v. Rumsfeld, a case that questions the legality of the military commissions.

For years, Addington has carried a copy of the U.S. Constitution in his pocket; taped onto the back are photocopies of extra statutes that detail the legal procedures for Presidential succession in times of national emergency. Many constitutional experts, however, question his interpretation of the document, especially his views on Presidential power. Scott Horton, a professor at Columbia Law School, and the head of the New York Bar Association's International Law committee, said that Addington and a small group of Administration lawyers who share his views had attempted to "overturn two centuries of jurisprudence defining the limits of the executive branch. They've made war a matter of dictatorial power." The historian Arthur Schlesinger, Jr., who defined Nixon as the extreme example of Presidential overreaching in his book "The Imperial Presidency" (1973), said he believes that Bush "is more grandiose than Nixon." As for the Administration's legal defense of torture, which Addington played a central role in formulating, Schlesinger said, "No position taken has done more damage to the American reputation in the world—ever."

Bruce Fein, a Republican legal activist, who voted for Bush in both Presidential elections, and who served as associate deputy attorney general in the Reagan Justice Department, said that Addington and other Presidential legal advisers had "staked out powers that are a universe beyond any other Administration. This President has made claims that are really quite alarming. He's said that there are no restraints on his ability, as he sees it, to collect intelligence, to open mail, to commit torture, and to use electronic surveillance. If you used the President's reasoning, you could shut down Congress for leaking too much. His war powers allow him to declare anyone an illegal combatant. All the world's a battlefield—according to this view, he could kill someone in Lafayette Park if he wants! It's got the sense of Louis XIV: 'I am the State.' " Richard A. Epstein, a prominent libertarian law professor at the University of Chicago, said, "The President doesn't have the power of a king, or even that of state governors. He's subject to the laws of Congress! The Administration's lawyers are nuts on this issue." He warned of an impending

“constitutional crisis,” because “their talk of the inherent power of the Presidency seems to be saying that the courts can’t stop them, and neither can Congress.”

The former high-ranking lawyer for the Administration, who worked closely with Addington, and who shares his political conservatism, said that, in the aftermath of September 11th, “Addington was more like Cheney’s agent than like a lawyer. A lawyer sometimes says no.” He noted, “Addington never said, ‘There is a line you can’t cross.’ ” Although the lawyer supported the President, he felt that his Administration had been led astray. “George W. Bush has been damaged by incredibly bad legal advice,” he said.

David Addington is a tall, bespectacled man of forty-nine, who has a thickening middle, a thatch of gray hair, and a trim gray beard, which gives him the look of a sea captain. He is extremely private; he keeps the door of his office locked at all times, colleagues say, because of the national-security documents in his files. He has left almost no public paper trail, and he does not speak to the press or allow photographs to be taken for news stories. (He declined repeated requests to be interviewed for this article.)

In many ways, his influence in Washington defies conventional patterns. Addington doesn’t serve the President directly. He has never run for elected office. Although he has been a government lawyer for his entire career, he has never worked in the Justice Department. He is a hawk on defense issues, but he has never served in the military.

There are various plausible explanations for Addington’s power, including the force of his intellect and his personality, and his closeness to Cheney, whose political views he clearly shares. Addington has been an ally of Cheney’s since the nineteen-eighties, and has been referred to as “Cheney’s Cheney,” or, less charitably, as “Cheney’s hit man.” Addington’s talent for bureaucratic infighting is such that some of his supporters tend to invoke, with admiration, metaphors involving knives. Juleanna Glover Weiss, Cheney’s former press secretary, said, “David is efficient, discreet, loyal, sublimely brilliant, and, as anyone who works with him knows, someone who, in a knife fight, you want covering your back.” Bradford Berenson, a former White House lawyer, said, “He’s powerful because people know he speaks for the Vice-President, and because he’s an extremely smart, creative, and aggressive public official. Some engage in bureaucratic infighting using slaps. Some use knives. David falls into the latter category. You could make the argument that there are some costs. It introduces a little fear into the policymaking process. Views might be more candidly expressed without that fear. But David is like the Marines. No better friend—no worse enemy.” People who have sparred with him agree. “He’s utterly ruthless,” Lawrence Wilkerson said. A former top national-security lawyer said, “He takes a political litmus test of everyone. If you’re not sufficiently ideological, he would cut the ground out from under you.”

Another reason for Addington’s singular role after September 11th is that he offered legal certitude at a moment of great political and legal confusion, in an Administration in which neither the President, the Vice-President, the Secretary of Defense, the Secretary of State, nor the national-security adviser was a lawyer. (In the Clinton Administration, all these posts, except for the Vice-Presidency, were held by lawyers at some point.) Neither the Attorney General, John Ashcroft, nor the White House counsel, Alberto Gonzales, had anything like Addington’s familiarity with national-security law. Moreover, Ashcroft’s relations with the White House were strained, and he was left out of the inner circle that decided the most radical legal strategies in the war on terror. Gonzales had more influence, because of his longtime ties to the President, but, as an Administration lawyer put it, “he was an empty suit. He was weak. And he doesn’t know shit about the Geneva Conventions.” Participants in meetings in the White House counsel’s office, in the days immediately after September 11th, have described Gonzales sitting in a wingback chair, asking questions, while Addington sat directly across from him and held forth. “Gonzales would call the meetings,” the former high-ranking lawyer recalled. “But Addington was always the force in the room.” Bruce Fein said that the Bush legal team was strikingly unsophisticated. “There is no one of legal stature, certainly no one like Bork, or Scalia, or Elliot Richardson, or Archibald Cox,” he said. “It’s frightening. No one knows the Constitution—certainly not Cheney.”

Conventional wisdom holds that September 11th changed everything, including the thinking of Cheney and Addington. Brent Scowcroft, the former national-security adviser, has said of Cheney that he barely recognizes the reasonable politician he knew in the past. But a close look at the twenty-year collaboration between Cheney and Addington suggests that in fact their ideology has not changed much. It seems clear that Addington was able to promote vast executive powers after September 11th in part because he and Cheney had been laying the political groundwork for years. "This preceded 9/11," Fein, who has known both men professionally for decades, said. "I'm not saying that warrantless surveillance did. But the idea of reducing Congress to a cipher was already in play. It was Cheney and Addington's political agenda."

Addington's admirers see him as a selfless patriot, a workaholic defender of a purist interpretation of Presidential power—the necessary answer to threatening times. In 1983, Steve Berry, a Republican lawyer and lobbyist in Washington, hired Addington to work with him as the legislative counsel to the House Intelligence Committee; he has been a career patron and close friend ever since. He said, "I know him well, and I know that if there's a threat he will do everything in his power, within the law, to protect the United States." Berry added that Addington is acutely aware of the legal tensions between liberty and security. "We fought ourselves every day about it," he recalled. But, he said, they concluded that a "strong national security and defense" was the first priority, and that "without a strong defense, there's not much expectation or hope of having other freedoms." He said that there is no better defender of the country than Addington: "I've got a lot of respect for the guy. He's probably the foremost expert on intelligence and national-security law in the nation right now." Berry has a daughter who works in New York City, and he said that when he thinks of her safety he appreciates the efforts that Addington has made to strengthen the country's security. He said, "For Dave, protecting America isn't just a virtue. It's a personal mission. I feel safer just knowing he's where he is."

Berry said of his friend, "He's methodical, conscientious, analytical, and logical. And he's as straight an arrow as they come." He noted that Addington refuses to let Berry treat him to a hamburger because it might raise issues of influence-buying—instead, they split the check. Addington, he went on, has a dazzling ability to recall the past twenty-five years' worth of intelligence and national-security legislation. For many years, he kept a vast collection of legal documents in a library in his modest brick-and-clapboard home, in Alexandria, Virginia. One evening several years ago, lightning struck a nearby power line and the house caught fire; much of the archive burned. The fire started at around nine in the evening, and Addington, typically, was still in his office. His wife, Cynthia, and their three daughters were fine, but the loss of his extraordinary collection of papers and political memorabilia, Berry said, "was very hard for him to accept. All you get in this work is memorabilia. There is no cash. But he's the type of guy who gets psychic benefit from going to work every day, making a difference."

Though few people doubt Addington's knowledge of national-security law, even his admirers question his political instincts. "The only time I've seen him wrong is on his political judgment," a former colleague said. "He has a tin ear for political issues. Sometimes the law says one thing, but you have to at least listen to the other side. He will cite case history, case after case. David doesn't see why you have to compromise." Even Berry offered a gentle criticism: "His political skills can be overshadowed by his pursuit of what he feels is legally correct."

Addington has been a hawk on national defense since he was a teen-ager. Leonard Napolitano, an engineer who was one of Addington's close childhood friends, and whose political leanings are more like those of his sister, Janet Napolitano, the Democratic governor of Arizona, joked, "I don't think that in high school David was a believer in the divine right of kings." But, he said, Addington was "always conservative."

The Addingtons were a traditional Catholic military family. They moved frequently; David's father, Jerry, an electrical engineer in the Army, was assigned to a variety of posts, including Saudi Arabia and Washington, D.C., where he worked with the Joint Chiefs of Staff. As a teen-ager, Addington told a friend that he hoped to live in Washington himself when he grew up. Jerry Addington, a 1940 graduate of West

Point who won a Bronze Star during the Second World War, also served in Korea and at the North American Air Defense Command, in Colorado; he reached the rank of brigadier general before he retired, in 1970, when David was thirteen. David attended public high school in Albuquerque, New Mexico, and his father began a second career, teaching middle-school math. His mother, Eleanore, was a housewife; the family lived in a ranch house in a middle-class subdivision. She still lives there; Jerry died in 1994. "We are an extremely close family," one of Addington's three older sisters, Linda, recalled recently. "Discipline was very important for us, and faith was very important. It was about being ethical—the right thing to do whether anyone else does it or not. I see that in Dave." She was reluctant to say more. "Dave is most deliberate about his privacy," she added.

Socially, Napolitano recalled, he and Addington were "the brains, or nerds." Addington stood out for wearing black socks with shorts. He and his friends were not particularly athletic, and they liked to play poker all night on weekends, stopping early in the morning for breakfast. Their circle included some girls, until the boys found them "too distracting to our interest in cards," Napolitano recalled.

When he and Addington were in high school, Napolitano said, the Vietnam War was in its final stages, and "there was a certain amount of 'Challenge authority' and alcohol and drugs, but they weren't issues in our group." Addington's high-school history teacher, Irwin Hoffman, whom Napolitano recalled as wonderful, exacting, and "a flaming liberal," said that Addington felt strongly that America "should have stayed and won the Vietnam War, despite the fact that we were losing." Hoffman, who is retired, added, "The boy seemed terribly, terribly bright. He wrote well, and he was very verbal, not at all reluctant to express his opinions. He was pleasant and quite handsome. He also had a very strong sarcastic streak. He was scornful of anyone who said anything that was naïve, or less than bright. His sneers were almost palpable."

Addington graduated in 1974, the year that Nixon resigned. In the aftermath of Watergate, liberal Democratic reformers imposed tighter restraints on the President and reined in the C.I.A., whose excesses were critiqued in congressional hearings, led by Senator Frank Church and Representative Otis Pike, that exposed details of assassination plots, coup attempts, mind-control experiments, and domestic spying. Congress passed a series of measures aimed at reinvigorating the system of checks and balances, including an expanded Freedom of Information Act and the Foreign Intelligence Surveillance Act, the law requiring judicial review before foreign suspects inside the country could be wiretapped. It also created the House and Senate Intelligence Committees, which oversee all covert C.I.A. activities.

After high school, Addington pursued an ambition that he had had for years: to join the military. Rather than attending West Point, as his father had, he enrolled in the U.S. Naval Academy, in Annapolis. But he dropped out before the end of his freshman year. He went home and, according to Napolitano, worked in a Long John Silver's restaurant. "The academy wasn't academically challenging enough for him," Napolitano said.

Addington went to Georgetown University, graduating summa cum laude, in 1978, from the school of foreign service; he went on to earn honors at Duke Law School. After graduating, in 1981, he married Linda Werling, a graduate student in pharmacology. The marriage ended in divorce. His current wife, Cynthia, takes care of their three girls full-time.

Soon after leaving Duke, Addington started his first job, in the general counsel's office at the C.I.A. A former top agency lawyer who later worked with Addington said that Addington strongly opposed the reform movements that followed Vietnam and Watergate. "Addington was too young to be fully affected by the Vietnam War," the lawyer said. "He was shaped by the postwar, post-Watergate years instead. He thought the Presidency was too weakened. He's a believer that in foreign policy the executive is meant to be quite powerful."

These views were shared by Dick Cheney, who served as chief of staff in the Ford Administration. "On a range of executive-power issues, Cheney thought that Presidents from Nixon onward yielded too quickly," Michael J. Malbin, a political scientist who has advised Cheney on the issue of executive power, said. Kenneth Adelman, who was a high-ranking Pentagon official under Ford, said that the fall of Saigon, in

1975, was “very painful for Dick. He believed that Vietnam could have been saved—maybe—if Congress hadn’t cut off funding. He was against that kind of interference.”

Jane Harman, the ranking Democrat on the House Intelligence Committee, who has spent considerable time working with Cheney and Addington in recent years, believes that they are still fighting Watergate. “They’re focussed on restoring the Nixon Presidency,” she said. “They’ve persuaded themselves that, following Nixon, things went all wrong.” She said that in meetings Addington is always courtly and pleasant. But when it comes to accommodating Congress “his answer is always no.”

In a revealing interview that Cheney gave last December to reporters travelling with him to Oman, he explained, “I do have the view that over the years there had been an erosion of Presidential power and authority. . . . A lot of the things around Watergate and Vietnam both, in the seventies, served to erode the authority I think the President needs.” Further, Cheney explained, it was his express aim to restore the balance of power. The President needed to be able to act as Alexander Hamilton had described it in the Federalist Papers, with “secrecy” and “despatch”—especially, Cheney said, “in the day and age we live in . . . with the threats we face.” He added, “I believe in a strong, robust executive authority, and I think the world we live in demands it.”

At the C.I.A., where Addington spent two years, he focussed on curtailing the ability of Congress to interfere in intelligence gathering. “He was a rookie, plenty bright,” Frederick Hitz, another C.I.A. lawyer, who later became Inspector General, recalled. After the Church and Pike hearings, legislators came up with hundreds of pages of oversight recommendations, he said. “Addington was very pro-agency. He was trying to figure out how to comply with government oversight without getting hog-tied.” Addington viewed the public airings of the C.I.A.’s covert activities as “an absolute disaster,” Berry recalled. “We both felt that Congress did great harm by flinging open the doors to operational secrets.”

When Addington joined the C.I.A., it was directed by William J. Casey, who also regarded congressional constraints on the agency as impediments to be circumvented. His sentiment about congressional overseers was best captured during a hearing about covert actions in Central America, when he responded to tough questioning by muttering the word “assholes.” After Reagan’s election in 1980, the executive branch was dominated by conservative Republicans, while the House was governed by liberal Democrats. The two parties fought intensely over Central America; the Reagan Administration was determined to overthrow the leftist Sandinista government in Nicaragua. Using their constitutional authority over appropriations, the Democrats in Congress forbade the C.I.A. to spend federal funds to support the Contras, a rightist rebel group. But Casey’s attitude, as Berry recalled it, was “We’re gonna fund these freedom fighters whether Congress wants us to or not.” Berry, then the staff director for the Republicans on the House Intelligence Committee, asked Casey for help in fighting the Democrats. Soon afterward, Addington joined Berry on Capitol Hill.

When the Iran-Contra scandal broke, in 1986, it exposed White House arms deals and foreign fund-raising designed to help the anti-Sandinista forces in Nicaragua. Members of Congress were furious. Summoned to Capitol Hill, Casey lied, denying that funds for the Contras had been solicited from any foreign governments, although he knew that the Saudis, among others, had agreed to give millions of dollars to the Contras, at the request of the White House. Even within the Reagan Administration, the foreign funding was controversial. Secretary of State George Shultz had warned Reagan that he might be committing an impeachable offense. But, under Casey’s guidance, the White House went ahead with the plan; Shultz, having expressed misgivings, was not told. It was a bureaucratic tactic that Addington reprised after September 11th, when Powell was left out of key deliberations about the treatment of detainees. Lawrence Wilkerson, Powell’s aide, said that he was aware of Addington’s general strategy: “We had heard that, behind our backs, he was saying that Powell was ‘soft, but easy to get around.’ ”

The Iran-Contra scandal substantially weakened Reagan’s popularity and, eventually, seven people were convicted of seventeen felonies. Cheney, who was then a Republican congressman from Wyoming, worried that the scandal would further undercut Presidential authority. In late 1986, he became the ranking Republican on a House select committee that was investigating the scandal, and he commissioned a report on Reagan’s support of the Contras. Addington, who had become an expert in

intelligence law, contributed legal research. The scholarly-sounding but politically outlandish Minority Report, released in 1987, argued that Congress—not the President—had overstepped its authority, by encroaching on the President's foreign-policy powers. The President, the report said, had been driven by "a legitimate frustration with abuses of power and irresolution by the legislative branch." The Minority Report sanctioned the President's actions to a surprising degree, considering the number of criminal charges that resulted from the scandal. The report also defended the legality of ignoring congressional intelligence oversight, arguing that "the President has the Constitutional and statutory authority to withhold notifying Congress of covert actions under rare conditions." And it condemned "legislative hostage taking," noting that "Congress must realize . . . that the power of the purse does not make it supreme" in matters of war. In his December interview with reporters, Cheney proudly cited this document. "If you want reference to an obscure text, go look at the minority views that were filed in the Iran-Contra committee, the Iran-Contra report, in about 1987," he said. "Part of the argument was whether the President had the authority to do what was done in the Reagan years."

Addington and Cheney became a formidable team, but it was soon clear that Addington would not join Cheney as a politician. Adelman recalled Addington's personality as "dour," adding that, "unlike with Dick, I never saw much of a sense of humor. Cheney can be witty and funny. David is sober. I didn't see him at social events much." But, he added, "Dick wasn't looking for friends at work. He was looking for performance. And David delivers. He's efficient and dedicated. He's a doer." He went on, "Cheney's not a lawyer, so he would defer to David on the law."

In 1989, President George H. W. Bush appointed Cheney Secretary of Defense. Cheney hired Addington first as his special assistant and, later, as the Pentagon's general counsel. At the Pentagon, Addington became widely known as Cheney's gatekeeper—a stickler for process who controlled the flow of documents to his boss. Using a red felt-tipped pen, he covered his colleagues' memos with comments before returning them for rewrites. His editing invariably made arguments sharper, smarter, and more firm in their defense of Cheney's executive powers, a former military official who worked with him said.

At the Pentagon, Addington took a particular interest in the covert actions of the Special Forces. A former colleague recalled that, after attending a demonstration by Special Forces officers, he mocked the C.I.A., which was constrained by oversight laws. "This is how real covert operations are done," he said. (After September 11th, the Pentagon greatly expanded its covert intelligence operations; these programs have less congressional oversight than those of the C.I.A.) Cheney, throughout his tenure as Defense Secretary, shared with Addington a pessimistic view of the Soviet Union. Both remained skeptical of Gorbachev long after the State Department, the national-security adviser, and the C.I.A. had concluded that he was a reformer. "They were always, like, 'Whoa—beware the Bear!' " Wilkerson recalled. They immersed themselves in "continuity of government exercises"—studying with unusual intensity how the government might survive a nuclear attack. According to "Rise of the Vulcans," a history of the period by James Mann, Cheney, more than once, spent the night in an underground bunker.

A decade later, when hijacked planes slammed into the Twin Towers and the Pentagon, Addington, perhaps more than anyone else in the U.S. government, was ready to act. During the Clinton Presidency, he had worked as a lawyer for various business interests, such as the American Trucking Associations, and in 1994 he had led an exploratory Presidential campaign for Cheney, who decided against running. Once Cheney became Vice-President, Addington helped oversee the transition, setting up the most powerful Vice-Presidency in America's history. Addington's high-school friend Leonard Napolitano said Addington told him that he and Cheney were merging the Vice-President's office with the President's into a single "Executive Office," instead of having "two different camps." Napolitano added, "David said that Cheney saw the Vice-President as the executive and implementer of the President." Addington created a system to insure that virtually all important documents relating to national-security matters were seen by the Vice-President's office. The former high-ranking Administration lawyer said that Addington regularly attended White House legal meetings with the C.I.A. and the National Security Agency. He received copies of all National Security Council documents, including internal memos from the staff. And, as a former top official in the Defense Department, he exerted influence over the legal office at the Pentagon, helping his protégé William J. Haynes secure the position of general counsel. A former national-security lawyer, speaking of the Pentagon's legal office, said, "It's obvious that Addington runs the whole

operation."

In the days after September 11th, a half-dozen White House lawyers had heated discussions about how to frame the Administration's legal response to the attacks. Bradford Berenson, one of the participants, recalled how "raw" feelings were at the time: "There were thousands of bereaved American families. Everyone was expecting additional attacks. The only planes in the air were military. At a moment like that, there's an intense focus on responsibility and accountability. Preventing another attack should always be within the law. But if you have to err on the side of being too aggressive or not aggressive enough, you'd err by being too aggressive."

Berry said that Addington felt this keenly. "I've talked to David about this a little. Psychologically, it's really taxing to read every day not about one or two but about a dozen, or two dozen, legitimate reports about efforts to take out U.S. citizens. . . . There's a little bit of a bunker mentality that set in among some of the national-security-policy officials after 9/11."

Almost immediately, other Administration lawyers noticed that Addington dominated the internal debates. His assumption, shared by other hard-line lawyers in the White House counsel's office and in the Justice Department's Office of Legal Counsel, was that the criminal-justice system was insufficient to handle the threat from terrorism. The matter was settled without debate, Berenson recalled: "There was a consensus that we had to move from retribution and punishment to preëmption and prevention. Only a warfare model allows that approach."

Richard Shiffrin, the former Pentagon lawyer, said that during a tense White House meeting held in the Situation Room just a few days after September 11th "all of us felt under a great deal of pressure to be willing to consider even the most extraordinary proposals. The C.I.A., the N.S.C., the State Department, the Pentagon, and the Justice Department all had people there. Addington was particularly strident. He'd sit, listen, and then say, 'No, that's not right.' He was particularly doctrinaire and ideological. He didn't recognize the wisdom of the other lawyers. He was always right. He didn't listen. He knew the answers." The details of the discussion are classified, Shiffrin said, but he left with the impression that Addington "doesn't believe there should be co-equal branches." Another participant recalled, "If you favored international law, you were in danger of being called 'soft on terrorism' by Addington." He added that Addington's manner in meetings was "very insistent and very loud." Yet another participant said that, whenever he cautioned against executive-branch overreaching, Addington would respond brusquely, "There you go again, giving away the President's power."

Some of the protests from Democrats about the Administration's legal arguments and some of the declarations of high principle from Republicans are mere partisan gestures. Both sides have changed their views about the need for a strong President, depending on whether they were in power. "It's a matter of degree," the liberal Princeton historian Sean Wilentz said. "War always expands the powers of the Presidency. And Presidents always overreach." Lincoln infamously suspended habeas-corpus rights during the Civil War, locking up thousands of Confederate sympathizers without due process, and Franklin D. Roosevelt interned more than a hundred thousand innocent Japanese-Americans. "Someone said that this Administration is monarchical," Wilentz added. "That's just rhetoric. We're not a dictatorship. At the same time, this White House has assumed powers for itself that no previous Administration has done." Bush's defenders frequently cite the example of Lincoln as a justification for placing national security above the rule of law. But Schlesinger, in his book "War and the American Presidency" (2004), points out that Lincoln never "claimed an inherent and routine right to do what [he] did." The Bush White House, he told me, has seized on these historical aberrations and turned them into a doctrine of Presidential prerogative.

On September 25th, the Office of Legal Counsel issued a memo declaring that the President had inherent constitutional authority to take whatever military action he deemed necessary, not just in response to the September 11th attacks but also in the prevention of any future attacks from terrorist groups, whether they were linked to Al Qaeda or not. The memo's broad definition of the enemy went beyond that of

Congress, which, on September 14th, had passed legislation authorizing the President to use military force against "nations, organizations, or persons" directly linked to the attacks. The memo was written by John Yoo, a lawyer in the Office of Legal Counsel who worked closely with Addington, and said, in part, "The power of the President is at its zenith under the Constitution when the President is directing military operations of the armed forces, because the power of the Commander-in-Chief is assigned solely to the President." The memo acknowledged that Article I of the Constitution gives Congress the power to declare war, but argued that it was a misreading to assume that the article gives Congress the lead role in making war. Instead, the memo said, "it is beyond question that the President has the plenary Constitutional power to take such military actions as he deems necessary and appropriate to respond to the terrorist attacks upon the United States on September 11, 2001." It concluded, "These decisions, under our Constitution, are for the President alone to make."

Another memo sanctioned torture when the President deems it necessary; yet another claimed that there were virtually no valid legal prohibitions against the inhumane treatment of foreign prisoners held by the C.I.A. outside the U.S. Most of these decisions, according to many Administration officials who were involved in the process, were made in secrecy, and the customary interagency debate and vetting procedures were sidestepped. Addington either drafted the memos himself or advised those who were drafting them. "Addington's fingerprints were all over these policies," said Wilkerson, who, as Powell's top aide, later assembled for the Secretary a dossier of internal memos detailing the decision-making process.

On November 13, 2001, an executive order setting up the military commissions was issued under Bush's signature. The decision stunned Powell; the national-security adviser, Condoleezza Rice; the highest-ranking lawyer at the C.I.A.; and many judge advocate generals, or JAGs, the top lawyers in the military services. None of them had been consulted. Michael Chertoff, the head of the Justice Department's criminal division, who had argued for trying terror suspects in the U.S. courts, was also bypassed. And the order surprised John Bellinger III, the National Security Council legal adviser and deputy White House counsel, who had been formally asked to help create a legal method for trying foreign terror suspects. According to multiple sources, Addington secretly usurped the process. He and a few hand-picked associates, including Bradford Berenson and Timothy Flanigan, a lawyer in the White House counsel's office, wrote the executive order creating the commissions. Moreover, Addington did not show drafts of the order to Powell or Rice, who, the senior Administration lawyer said, was incensed when she learned about her exclusion.

The order proclaimed a state of "extraordinary emergency," and announced that the rules for the military commissions would be dictated by the Secretary of Defense, without review by Congress or the courts. The commissions could try any foreign person the President or his representatives deemed to have "engaged in" or "abetted" or "conspired to commit" terrorism, without offering the right to seek an appeal from anyone but the President or the Secretary of Defense. Detainees would be treated "humanely," and would be given "full and fair trials," the order said. Yet the order continued that "it is not practicable" to apply "the principles of law and the rules of evidence generally recognized in the trial of criminal cases in the United States district courts." The death penalty, for example, could be imposed even if there was a split verdict. Moreover, in December, 2001, the Department of Defense circulated internal memos suggesting that, in the commission system, defendants would have only limited rights to confront their accusers, see all the evidence against them, or be present during their trials. There would be no right to remain silent, and hearsay evidence would be admissible, as would evidence obtained through physical coercion. Guilt did not need to be proved beyond a reasonable doubt. The order firmly established that terrorism would henceforth be approached on a war footing, endowing the President with enhanced powers.

The precedent for the order was an arcane 1942 case, ex parte Quirin, in which Franklin Roosevelt created a military commission to try eight Nazi saboteurs who had infiltrated the United States via submarines. The Supreme Court upheld the case, 8–0, but even the conservative Justice Antonin Scalia has called it "not this Court's finest hour." Roosevelt was later criticized for creating a sham process. Moreover, while he used military commissions to try a handful of suspects who had already admitted their guilt, the Bush White House was proposing expanding the process to cover thousands of "enemy

combatants." It was also ignoring the Uniform Code of Military Justice, which, having codified procedures for courts-martial in 1951, had rendered Quirin out of date.

Berenson said, "The legal foundation was very strong. F.D.R.'s order establishing military commissions had been upheld by the Supreme Court. This was almost identical. What we underestimated was the extent to which the culture had shifted beneath us since World War Two." Concerns about civil liberties and human rights, and anger over Vietnam and Watergate, he said, had turned public opinion against a strong executive branch: "But Addington thought military commissions had to be a tool at the President's disposal."

Rear Admiral Donald Guter, who was the Navy's chief JAG until June, 2002, said that he and the other JAGs, who were experts in the laws of war, tried unsuccessfully to amend parts of the military-commission plan when they learned of it, days before the order was formally signed by the President. "But we were marginalized," he said. "We were warning them that we had this long tradition of military justice, and we didn't want to tarnish it. The treatment of detainees was a huge issue. They didn't want to hear it." In a 2004 report in the Times, Guter said that when he and the other JAGs told Haynes that they needed more information, Haynes replied, "No, you don't." (Haynes's office offered no comment.)

At the Defense Department, Shiffrin, the deputy general counsel for intelligence, and a career lawyer rather than a political appointee, was taken aback when Haynes showed him the order. Earlier in Shiffrin's career, at the Justice Department, his office had been in the same room where the Nazi defendants were tried, and he had become interested in the case, which he said he regarded as "one of the worst Supreme Court cases ever." He recalled informing Haynes that he was skeptical of the Administration's invocation of Quirin. "Gee, this is problematic," Shiffrin told him.

Marine Major Dan Mori, the uniformed lawyer who has been assigned to defend David Hicks, one of the ten terror suspects in Guantánamo who have been charged, said of the commissions, "It was a political stunt. The Administration clearly didn't know anything about military law or the laws of war. I think they were clueless that there even was a U.C.M.J. and a Manual for Courts-Martial! The fundamental problem is that the rules were constructed by people with a vested interest in conviction."

Mori said that the charges against the detainees reflected a profound legal confusion. "A military commission can try only violations of the laws of war," he said. "But the Administration's lawyers didn't understand this." Under federal criminal statutes, for example, conspiring to commit terrorist acts is a crime. But, as the Nuremburg trials that followed the Second World War established, under the laws of war it is not, since all soldiers could be charged with conspiring to fight for their side. Yet, Mori said, a charge of conspiracy "is the only thing there is in many cases at Guantánamo—guilt by association. So you've got this big problem." He added, "I hope that nobody confuses military justice with these 'military commissions.' This is a political process, set up by the civilian leadership. It's inept, incompetent, and improper."

Under attack from defense lawyers like Mori, the military commissions have been tied up in the courts almost since the order was issued. Bellinger and others fought to make the commissions fairer, so that they could withstand court challenges, and the Pentagon gradually softened its rules. But Administration lawyers involved in the process said that Addington resisted at every turn. He insisted, for instance, on maintaining the admissibility of statements obtained through coercion, or even torture. In meetings, he argued that officials in charge of the military commissions should be given maximum flexibility to decide whether to include such evidence. "Torture isn't important to Addington as a scientific matter, good or bad, or whether it works or not," the Administration lawyer, who is familiar with these debates, said. "It's more about his philosophy of Presidential power. He thinks that if the President wants torture he should get torture. He always argued for 'maximum flexibility.' "

Last month, Addington lost this internal battle. The Administration rescinded the provision allowing coerced testimony, after even the military officials overseeing the commissions supported the reform. According to a senior Administration legal adviser who participated in discussions about the commissions,

Addington remained opposed to the change. “He wanted no changes,” the lawyer said. “He said the rules were good, right from the start.” Addington accused officials who were trying to reform the rules of “giving away the President’s prerogatives.”

President Bush has blamed the legal challenges for the delays in prosecuting Guantánamo detainees. But many lawyers, even some inside the Administration, believe that the challenges were inevitable, considering the dubious constitutionality of the commissions. The Supreme Court’s ruling in the Hamdan case is expected to establish whether the commissions meet basic standards of due process. The Administration lawyer isn’t sanguine about the outcome. “It shows again that Addington overreached,” he said.

Meanwhile, Addington has fought tirelessly to stem reform of other controversial aspects of the New Paradigm, such as the detention and interrogation of terror suspects. Last year, he and Cheney led an unsuccessful campaign to defeat an amendment, proposed by Senator John McCain, to ban the abusive treatment of detainees held by the military or the C.I.A. Government officials who have worked closely with Addington say he insists that legal flexibility is necessary, because of the iniquity of the enemy; moreover, he does not believe that the legal positions taken by the Bush Administration in the war on terror have damaged the country’s international reputation. “He’s a very smart guy, but he gives no credibility to those who say these policies are hurting us around the world,” the senior Administration legal adviser said. “His feeling is that there are no costs. He’ll say people are just whining. He thinks most of them would be against us no matter what.” In Addington’s view, critics of the Administration’s aggressive legal policies are just political enemies of the President.

Yet, from the start, some of the sharpest critics of detainee-treatment policies have been military and law-enforcement officials inside the Bush Administration; people close to it, like McCain; and our foreign allies. Just a few months after the Guantánamo detention centers were established, members of the Administration began receiving reports that questioned whether all the prisoners there were really, as Secretary of Defense Donald Rumsfeld had labelled them, “the worst of the worst.” Guter said that the Pentagon had originally planned to screen the suspects individually on the battlefields in Afghanistan; such “Article 5 hearings” are a provision of the Geneva Conventions. But the White House cancelled the hearings, which had been standard protocol during the previous fifty years, including in the first Gulf War. In a January 25, 2002, legal memorandum, Administration lawyers dismissed the Geneva Conventions as “obsolete,” “quaint,” and irrelevant to the war on terror. The memo was signed by Gonzales, but the Administration lawyer said he believed that “Addington and Flanigan were behind it.” The memo argued that all Taliban and Al Qaeda detainees were illegal enemy combatants, which eliminated “any argument regarding the need for case-by-case determination of P.O.W. status.” Critics claim that the lack of a careful screening process led some innocent detainees to be imprisoned. “Article 5 hearings would have cost them nothing,” the Administration lawyer, who was involved in the process, said. “They just wanted to make a point on executive power—that the President can designate them all enemy combatants if he wants to.”

Guter, the Navy JAG, said that, before long, he and other military experts began to wonder whether the reason they weren’t getting much useful intelligence from Guantánamo was that, as he puts it, “it wasn’t there.” Guter, who was in the Pentagon on September 11th, said, “I don’t have a sympathetic bone in my body for the terrorists. But I just wanted to make sure we were getting the right people—the real terrorists. And I wanted to make sure we were doing it in a way consistent with our values.”

While the JAGs’ questions about the treatment of detainees went largely unheeded, he said, the C.I.A. was simultaneously raising similar concerns. In the summer of 2002, the agency had sent an Arabic-speaking analyst to Guantánamo to find out why more intelligence wasn’t being collected, and, after interviewing several dozen prisoners, he had come back with bad news: more than half the detainees, he believed, didn’t belong there. He wrote a devastating classified report, which reached General John Gordon, the deputy national-security adviser for combatting terrorism. In a series of meetings at the White House, Gordon, Bellinger, and other officials warned Addington and Gonzales that

potentially innocent people had been locked up in Guantánamo and would be indefinitely. "This is a violation of basic notions of American fairness," Gordon and Bellinger argued. "Isn't that what we're about as a country?" Addington's response, sources familiar with the meetings said, was "These are 'enemy combatants.' Please use that term. They've all been through a screening process. We don't have anything to talk about."

A former Administration official said of Addington's response, "It seemed illogical. How could you deny the possibility that one or more people were locked up who shouldn't be? There were old people, sick people—why do we want to keep them?" At the meeting, Gordon and Bellinger argued, "The American public understands that wars are confusing and exceptional things happen. But the American public will expect some due process."

Addington and Gonzales dismissed this concern. The former Administration official recalled that Addington was "the dominant voice. It was a non-debate, in his view." The confrontation made clear, though, that Addington had been informed early that there were problems at Guantánamo. "There wasn't a lack of knowledge or understanding," the former official said.

Addington has proved deft at outmaneuvering his critics. Documents embarrassing to Addington's opponents have been leaked to the press, if not necessarily by him. A top-secret N.S.C. memo describing Powell's request to reconsider the suspension of the Geneva Conventions appeared in the Washington Times the day after it was circulated to the Secretary of Defense, the Attorney General, and the Vice-President; the article cited unnamed sources who accused Powell of "bowing to pressure from the political left." The Administration lawyer said, "The way Addington works, he controls the flow of information very tightly." Addington chastised a Justice Department official who showed a legal opinion on the treatment of detainees to the State Department. He repeatedly directed Gonzales, the White House counsel, to keep Bellinger, the N.S.C. lawyer, out of meetings about national-security issues. "Lip-lock" is the word Addington's old Pentagon colleague Sean O'Keefe, now the chancellor of Louisiana State University, used to describe his discretion. "He's like Cheney," O'Keefe said. "You can't get anything out of him with a crowbar." The Administration lawyer said, "He's a bully, pure and simple." Several talented top lawyers who challenged Addington on important legal matters concerning the war on terror, including Patrick Philbin, James Comey, and Jack Goldsmith, left the Administration under stressful circumstances. Other reform-minded government lawyers who clashed with Addington, including Bellinger and Matthew Waxman, both of whom were at the N.S.C. during Bush's first term, have moved to the State Department.

Waxman, a young lawyer who headed the Pentagon's office of detainee affairs, departed soon after he had a major confrontation with Addington over the issue of clarifying military rules for the treatment of prisoners. Waxman believed that international standards for the humane treatment of detainees should be followed, and argued for reforms in the Army Field Manual. He hoped to reinstate the basic standards that are specified in the Geneva Conventions. This meant the prohibition of torture, overt acts of violence, and "outrages on personal dignity, in particular humiliating and degrading treatment." Although the Vice-President's office is not part of the military chain of command, last September Addington summoned Waxman to his office and berated him. Waxman declined to comment on the incident, but a former colleague in the Pentagon, in whom Waxman confided, said that Addington accused Waxman of wanting to fight the war on terror his own way, rather than the President's way. The Army Field Manual still hasn't been revised, and, according to those involved, Addington and his protégé Haynes remain the major obstacles.

Last fall, Richard Shiffrin, the Pentagon lawyer who was left out of the Administration's initial discussions of the military commissions, learned from the Times about the Administration's decision to sanction warrantless domestic electronic surveillance by the National Security Agency. This was remarkable, because Shiffrin was the Pentagon lawyer in charge of supervising the N.S.A.'s legal advisers. "It was exceptional that I didn't know about it—extraordinary," Shiffrin said. "In the prior Administration, on anything involving N.S.A. legal issues I'd have been made aware. And I should have been in this one."

Shortly after September 11th, Addington and Cheney, without alerting Shiffrin, held meetings with top N.S.A. lawyers in the Vice-President's office and told them that the President, as Commander-in-Chief, had the authority to override the FISA statutes and not seek warrants from the special court. According to the Times, Addington and Cheney pushed the N.S.A. to engage in practices that the agency thought were illegal, such as the warrantless wiretapping of American suspects making domestic calls. General Michael Hayden, the former head of the N.S.A., who was recently confirmed as director of the C.I.A., has denied being pressured. Shiffrin, however, doubted that the N.S.A. lawyers were expert enough in Article II of the Constitution, which defines the President's powers, to argue back. He described the Administration's legal arguments on wiretapping as "close calls."

Others are more critical. Fourteen prominent constitutional scholars, representing a range of political views, recently wrote an open letter to Congress, claiming that the N.S.A. surveillance program "appears on its face to violate existing law." The scholars noted that Bush had made no effort to amend the FISA law to suit national-security needs—he simply ignored it. The Republican legal activist Bruce Fein said, "What makes this so sinister is that the members of this Administration have unchecked power. They don't care if the wiretapping is legal or not." But the former high-ranking Administration lawyer suggested that the situation is more serious than an intentional infraction of the law. "It's not that they think they're skirting the law," he said. "They think that this is the law."

Fein suggested that the only way Congress will be able to reassert its power is by cutting off funds to the executive branch for programs that it thinks are illegal. But this approach has been tried, and here, too, Addington has had the last word. John Murtha, the ranking Democrat on the House Appropriations Subcommittee on Defense, put a provision in the Pentagon's appropriations bills for 2005 and 2006 forbidding the use of federal funds for any intelligence-gathering that violates the Fourth Amendment, which protects the privacy of American citizens. The White House, however, took exception to Congress's effort to cut off funds. When President Bush signed the appropriations bills into law, he appended "signing statements" asserting that the Commander-in-Chief had the right to collect intelligence in any way he deemed necessary. The signing statement for the 2005 budget, for instance, noted that the executive branch would "construe" the spending limit only "in a manner consistent with the President's constitutional authority as Commander-in-Chief, including for the conduct of intelligence operations."

According to the Boston Globe, Addington has been the "leading architect" of these signing statements, which have been added to more than seven hundred and fifty laws. He reportedly scrutinizes every bill before President Bush signs it, searching for any language that might impinge on Presidential power. These wars of words are yet another battlefront between Addington and Congress, and some constitutional scholars find them troubling. Few of the signing statements were noticed until one of them was slipped into Bush's signing of the McCain amendment. The language was legal boilerplate, reserving the right to construe the legislation only as it was consistent with the Constitution. But, considering that Cheney's office had waged, and lost, a public fight to defeat the McCain amendment democratically—the vote in the Senate was 90–9—the signing statement seemed sneaky and subversive.

Earlier this month, the American Bar Association voted to investigate whether President Bush had exceeded his constitutional authority by reserving the right to ignore portions of laws that he has signed. Richard Epstein, the University of Chicago law professor, said, "What's frightening to me is that this Administration is always willing to push the conventions to the limits—and beyond. With his signing statements, I think the President just goes too far. If you sign these things with a caveat, do the inferior officers follow the law or the caveat?"

Bruce Fein argues that Addington's signing statements are "unconstitutional as a strategy," because the Founding Fathers wanted Presidents to veto legislation openly if they thought the bills were unconstitutional. Bush has not vetoed a single bill since taking office. "It's part of the balancing process," Fein said. "It's about accountability. If you veto something, everyone knows where you stand. But this President wants to do it sotto voce. He wants to give the image that he's accommodating on torture, and then reserves the right to torture anyway."

David Addington is a satisfactory lawyer, Fein said, but a less than satisfactory student of American

history, which, for a public servant of his influence, matters more. “If you read the Federalist Papers, you can see how rich in history they are,” he said. “The Founders really understood the history of what people did with power, going back to Greek and Roman and Biblical times. Our political heritage is to be skeptical of executive power, because, in particular, there was skepticism of King George III. But Cheney and Addington are not students of history. If they were, they’d know that the Founding Fathers would be shocked by what they’ve done.”

Gorsuch, Neil M

From: Gorsuch, Neil M
Sent: Friday, June 30, 2006 4:14 PM
To: 'matthew.waxman@gmail.com.'; 'jimenezf@dodgc.osd.mil'
Subject: RE: The New Yorker: THE HIDDEN POWER

This is what didn't make it through to Matt, but I reckon he's well familiar with it. Has Mr. Addington a special program targeted at email about his flattering press?

From: Gorsuch, Neil M
Sent: Friday, June 30, 2006 3:58 PM
To: 'WaxmanM@state.gov'; 'jimenezf@dodgc.osd.mil'
Subject: FW: The New Yorker: THE HIDDEN POWER

From: Roehrkasse, Brian
Sent: Friday, June 30, 2006 3:53 PM
To: Gorsuch, Neil M; Moschella, William
Subject: FW: The New Yorker: THE HIDDEN POWER

From: Schwartz, Arthur
Sent: Friday, June 30, 2006 3:49 PM
To: Roehrkasse, Brian
Subject: The New Yorker: THE HIDDEN POWER

THE HIDDEN POWER
by JANE MAYER
The legal mind behind the White House's war on terror.
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On December 18th, Colin Powell, the former Secretary of State, joined other prominent Washington figures at FedEx Field, the Redskins' stadium, in a skybox belonging to the team's owner. During the game, between the Redskins and the Dallas Cowboys, Powell spoke of a recent report in the Times which revealed that President Bush, in his pursuit of terrorists, had secretly authorized the National Security Agency to eavesdrop on American citizens without first obtaining a warrant from the Foreign Intelligence Surveillance Court, as required by federal law. This requirement, which was instituted by Congress in 1978, after the Watergate scandal, was designed to protect civil liberties and curb abuses of executive power, such as Nixon's secret monitoring of political opponents and the F.B.I.'s eavesdropping on Martin Luther King, Jr. Nixon had claimed that as President he had the "inherent authority" to spy on people his Administration deemed enemies, such as the anti-Vietnam War activist Daniel Ellsberg. Both Nixon and the institution of the Presidency had paid a high price for this assumption. But, according to the Times, since 2002 the legal checks that Congress constructed to insure that no President would repeat Nixon's actions had been secretly ignored.

According to someone who knows Powell, his comment about the article was terse. "It's Addington," he said. "He doesn't care about the Constitution." Powell was referring to David S. Addington, Vice-President

Cheney's chief of staff and his longtime principal legal adviser. Powell's office says that he does not recall making the statement. But his former top aide, Lawrence Wilkerson, confirms that he and Powell shared this opinion of Addington.

Most Americans, even those who follow politics closely, have probably never heard of Addington. But current and former Administration officials say that he has played a central role in shaping the Administration's legal strategy for the war on terror. Known as the New Paradigm, this strategy rests on a reading of the Constitution that few legal scholars share—namely, that the President, as Commander-in-Chief, has the authority to disregard virtually all previously known legal boundaries, if national security demands it. Under this framework, statutes prohibiting torture, secret detention, and warrantless surveillance have been set aside. A former high-ranking Administration lawyer who worked extensively on national-security issues said that the Administration's legal positions were, to a remarkable degree, "all Addington." Another lawyer, Richard L. Shiffrin, who until 2003 was the Pentagon's deputy general counsel for intelligence, said that Addington was "an unopposable force."

The overarching intent of the New Paradigm, which was put in place after the attacks of September 11th, was to allow the Pentagon to bring terrorists to justice as swiftly as possible. Criminal courts and military courts, with their exacting standards of evidence and emphasis on protecting defendants' rights, were deemed too cumbersome. Instead, the President authorized a system of detention and interrogation that operated outside the international standards for the treatment of prisoners of war established by the 1949 Geneva Conventions. Terror suspects would be tried in a system of military commissions, in Guantánamo Bay, Cuba, devised by the executive branch. The Administration designated these suspects not as criminals or as prisoners of war but as "illegal enemy combatants," whose treatment would be ultimately decided by the President. By emphasizing interrogation over due process, the government intended to preëmpt future attacks before they materialized. In November, 2001, Cheney said of the military commissions, "We think it guarantees that we'll have the kind of treatment of these individuals that we believe they deserve."

Yet, almost five years later, this improvised military model, which Addington was instrumental in creating, has achieved very limited results. Not a single terror suspect has been tried before a military commission. Only ten of the more than seven hundred men who have been imprisoned at Guantánamo have been formally charged with any wrongdoing. Earlier this month, three detainees committed suicide in the camp. Germany and Denmark, along with the European Union and the United Nations Commission on Human Rights, have called for the prison to be closed, accusing the United States of violating internationally accepted standards for humane treatment and due process. The New Paradigm has also come under serious challenge from the judicial branch. Two years ago, in Rasul v. Bush, the Supreme Court ruled against the Administration's contention that the Guantánamo prisoners were beyond the reach of the U.S. court system and could not challenge their detention. And this week the Court is expected to deliver a decision in Hamdan v. Rumsfeld, a case that questions the legality of the military commissions.

For years, Addington has carried a copy of the U.S. Constitution in his pocket; taped onto the back are photocopies of extra statutes that detail the legal procedures for Presidential succession in times of national emergency. Many constitutional experts, however, question his interpretation of the document, especially his views on Presidential power. Scott Horton, a professor at Columbia Law School, and the head of the New York Bar Association's International Law committee, said that Addington and a small group of Administration lawyers who share his views had attempted to "overturn two centuries of jurisprudence defining the limits of the executive branch. They've made war a matter of dictatorial power." The historian Arthur Schlesinger, Jr., who defined Nixon as the extreme example of Presidential overreaching in his book "The Imperial Presidency" (1973), said he believes that Bush "is more grandiose than Nixon." As for the Administration's legal defense of torture, which Addington played a central role in formulating, Schlesinger said, "No position taken has done more damage to the American reputation in the world—ever."

Bruce Fein, a Republican legal activist, who voted for Bush in both Presidential elections, and who served as associate deputy attorney general in the Reagan Justice Department, said that Addington and other Presidential legal advisers had "staked out powers that are a universe beyond any other Administration.

This President has made claims that are really quite alarming. He's said that there are no restraints on his ability, as he sees it, to collect intelligence, to open mail, to commit torture, and to use electronic surveillance. If you used the President's reasoning, you could shut down Congress for leaking too much. His war powers allow him to declare anyone an illegal combatant. All the world's a battlefield—according to this view, he could kill someone in Lafayette Park if he wants! It's got the sense of Louis XIV: 'I am the State.' " Richard A. Epstein, a prominent libertarian law professor at the University of Chicago, said, "The President doesn't have the power of a king, or even that of state governors. He's subject to the laws of Congress! The Administration's lawyers are nuts on this issue." He warned of an impending "constitutional crisis," because "their talk of the inherent power of the Presidency seems to be saying that the courts can't stop them, and neither can Congress."

The former high-ranking lawyer for the Administration, who worked closely with Addington, and who shares his political conservatism, said that, in the aftermath of September 11th, "Addington was more like Cheney's agent than like a lawyer. A lawyer sometimes says no." He noted, "Addington never said, 'There is a line you can't cross.' " Although the lawyer supported the President, he felt that his Administration had been led astray. "George W. Bush has been damaged by incredibly bad legal advice," he said.

David Addington is a tall, bespectacled man of forty-nine, who has a thickening middle, a thatch of gray hair, and a trim gray beard, which gives him the look of a sea captain. He is extremely private; he keeps the door of his office locked at all times, colleagues say, because of the national-security documents in his files. He has left almost no public paper trail, and he does not speak to the press or allow photographs to be taken for news stories. (He declined repeated requests to be interviewed for this article.)

In many ways, his influence in Washington defies conventional patterns. Addington doesn't serve the President directly. He has never run for elected office. Although he has been a government lawyer for his entire career, he has never worked in the Justice Department. He is a hawk on defense issues, but he has never served in the military.

There are various plausible explanations for Addington's power, including the force of his intellect and his personality, and his closeness to Cheney, whose political views he clearly shares. Addington has been an ally of Cheney's since the nineteen-eighties, and has been referred to as "Cheney's Cheney," or, less charitably, as "Cheney's hit man." Addington's talent for bureaucratic infighting is such that some of his supporters tend to invoke, with admiration, metaphors involving knives. Juleanna Glover Weiss, Cheney's former press secretary, said, "David is efficient, discreet, loyal, sublimely brilliant, and, as anyone who works with him knows, someone who, in a knife fight, you want covering your back." Bradford Berenson, a former White House lawyer, said, "He's powerful because people know he speaks for the Vice-President, and because he's an extremely smart, creative, and aggressive public official. Some engage in bureaucratic infighting using slaps. Some use knives. David falls into the latter category. You could make the argument that there are some costs. It introduces a little fear into the policymaking process. Views might be more candidly expressed without that fear. But David is like the Marines. No better friend—no worse enemy." People who have sparred with him agree. "He's utterly ruthless," Lawrence Wilkerson said. A former top national-security lawyer said, "He takes a political litmus test of everyone. If you're not sufficiently ideological, he would cut the ground out from under you."

Another reason for Addington's singular role after September 11th is that he offered legal certitude at a moment of great political and legal confusion, in an Administration in which neither the President, the Vice-President, the Secretary of Defense, the Secretary of State, nor the national-security adviser was a lawyer. (In the Clinton Administration, all these posts, except for the Vice-Presidency, were held by lawyers at some point.) Neither the Attorney General, John Ashcroft, nor the White House counsel, Alberto Gonzales, had anything like Addington's familiarity with national-security law. Moreover, Ashcroft's relations with the White House were strained, and he was left out of the inner circle that decided the most radical legal strategies in the war on terror. Gonzales had more influence, because of his longtime ties to the President, but, as an Administration lawyer put it, "he was an empty suit. He was

weak. And he doesn't know shit about the Geneva Conventions." Participants in meetings in the White House counsel's office, in the days immediately after September 11th, have described Gonzales sitting in a wingback chair, asking questions, while Addington sat directly across from him and held forth. "Gonzales would call the meetings," the former high-ranking lawyer recalled. "But Addington was always the force in the room." Bruce Fein said that the Bush legal team was strikingly unsophisticated. "There is no one of legal stature, certainly no one like Bork, or Scalia, or Elliot Richardson, or Archibald Cox," he said. "It's frightening. No one knows the Constitution—certainly not Cheney."

Conventional wisdom holds that September 11th changed everything, including the thinking of Cheney and Addington. Brent Scowcroft, the former national-security adviser, has said of Cheney that he barely recognizes the reasonable politician he knew in the past. But a close look at the twenty-year collaboration between Cheney and Addington suggests that in fact their ideology has not changed much. It seems clear that Addington was able to promote vast executive powers after September 11th in part because he and Cheney had been laying the political groundwork for years. "This preceded 9/11," Fein, who has known both men professionally for decades, said. "I'm not saying that warrantless surveillance did. But the idea of reducing Congress to a cipher was already in play. It was Cheney and Addington's political agenda."

Addington's admirers see him as a selfless patriot, a workaholic defender of a purist interpretation of Presidential power—the necessary answer to threatening times. In 1983, Steve Berry, a Republican lawyer and lobbyist in Washington, hired Addington to work with him as the legislative counsel to the House Intelligence Committee; he has been a career patron and close friend ever since. He said, "I know him well, and I know that if there's a threat he will do everything in his power, within the law, to protect the United States." Berry added that Addington is acutely aware of the legal tensions between liberty and security. "We fought ourselves every day about it," he recalled. But, he said, they concluded that a "strong national security and defense" was the first priority, and that "without a strong defense, there's not much expectation or hope of having other freedoms." He said that there is no better defender of the country than Addington: "I've got a lot of respect for the guy. He's probably the foremost expert on intelligence and national-security law in the nation right now." Berry has a daughter who works in New York City, and he said that when he thinks of her safety he appreciates the efforts that Addington has made to strengthen the country's security. He said, "For Dave, protecting America isn't just a virtue. It's a personal mission. I feel safer just knowing he's where he is."

Berry said of his friend, "He's methodical, conscientious, analytical, and logical. And he's as straight an arrow as they come." He noted that Addington refuses to let Berry treat him to a hamburger because it might raise issues of influence-buying—instead, they split the check. Addington, he went on, has a dazzling ability to recall the past twenty-five years' worth of intelligence and national-security legislation. For many years, he kept a vast collection of legal documents in a library in his modest brick-and-clapboard home, in Alexandria, Virginia. One evening several years ago, lightning struck a nearby power line and the house caught fire; much of the archive burned. The fire started at around nine in the evening, and Addington, typically, was still in his office. His wife, Cynthia, and their three daughters were fine, but the loss of his extraordinary collection of papers and political memorabilia, Berry said, "was very hard for him to accept. All you get in this work is memorabilia. There is no cash. But he's the type of guy who gets psychic benefit from going to work every day, making a difference."

Though few people doubt Addington's knowledge of national-security law, even his admirers question his political instincts. "The only time I've seen him wrong is on his political judgment," a former colleague said. "He has a tin ear for political issues. Sometimes the law says one thing, but you have to at least listen to the other side. He will cite case history, case after case. David doesn't see why you have to compromise." Even Berry offered a gentle criticism: "His political skills can be overshadowed by his pursuit of what he feels is legally correct."

Addington has been a hawk on national defense since he was a teen-ager. Leonard Napolitano, an engineer who was one of Addington's close childhood friends, and whose political leanings are more like

those of his sister, Janet Napolitano, the Democratic governor of Arizona, joked, “I don’t think that in high school David was a believer in the divine right of kings.” But, he said, Addington was “always conservative.”

The Addingtons were a traditional Catholic military family. They moved frequently; David’s father, Jerry, an electrical engineer in the Army, was assigned to a variety of posts, including Saudi Arabia and Washington, D.C., where he worked with the Joint Chiefs of Staff. As a teen-ager, Addington told a friend that he hoped to live in Washington himself when he grew up. Jerry Addington, a 1940 graduate of West Point who won a Bronze Star during the Second World War, also served in Korea and at the North American Air Defense Command, in Colorado; he reached the rank of brigadier general before he retired, in 1970, when David was thirteen. David attended public high school in Albuquerque, New Mexico, and his father began a second career, teaching middle-school math. His mother, Eleanore, was a housewife; the family lived in a ranch house in a middle-class subdivision. She still lives there; Jerry died in 1994. “We are an extremely close family,” one of Addington’s three older sisters, Linda, recalled recently. “Discipline was very important for us, and faith was very important. It was about being ethical—the right thing to do whether anyone else does it or not. I see that in Dave.” She was reluctant to say more. “Dave is most deliberate about his privacy,” she added.

Socially, Napolitano recalled, he and Addington were “the brains, or nerds.” Addington stood out for wearing black socks with shorts. He and his friends were not particularly athletic, and they liked to play poker all night on weekends, stopping early in the morning for breakfast. Their circle included some girls, until the boys found them “too distracting to our interest in cards,” Napolitano recalled.

When he and Addington were in high school, Napolitano said, the Vietnam War was in its final stages, and “there was a certain amount of ‘Challenge authority’ and alcohol and drugs, but they weren’t issues in our group.” Addington’s high-school history teacher, Irwin Hoffman, whom Napolitano recalled as wonderful, exacting, and “a flaming liberal,” said that Addington felt strongly that America “should have stayed and won the Vietnam War, despite the fact that we were losing.” Hoffman, who is retired, added, “The boy seemed terribly, terribly bright. He wrote well, and he was very verbal, not at all reluctant to express his opinions. He was pleasant and quite handsome. He also had a very strong sarcastic streak. He was scornful of anyone who said anything that was naïve, or less than bright. His sneers were almost palpable.”

Addington graduated in 1974, the year that Nixon resigned. In the aftermath of Watergate, liberal Democratic reformers imposed tighter restraints on the President and reined in the C.I.A., whose excesses were critiqued in congressional hearings, led by Senator Frank Church and Representative Otis Pike, that exposed details of assassination plots, coup attempts, mind-control experiments, and domestic spying. Congress passed a series of measures aimed at reinvigorating the system of checks and balances, including an expanded Freedom of Information Act and the Foreign Intelligence Surveillance Act, the law requiring judicial review before foreign suspects inside the country could be wiretapped. It also created the House and Senate Intelligence Committees, which oversee all covert C.I.A. activities.

After high school, Addington pursued an ambition that he had had for years: to join the military. Rather than attending West Point, as his father had, he enrolled in the U.S. Naval Academy, in Annapolis. But he dropped out before the end of his freshman year. He went home and, according to Napolitano, worked in a Long John Silver’s restaurant. “The academy wasn’t academically challenging enough for him,” Napolitano said.

Addington went to Georgetown University, graduating summa cum laude, in 1978, from the school of foreign service; he went on to earn honors at Duke Law School. After graduating, in 1981, he married Linda Werling, a graduate student in pharmacology. The marriage ended in divorce. His current wife, Cynthia, takes care of their three girls full-time.

Soon after leaving Duke, Addington started his first job, in the general counsel’s office at the C.I.A. A former top agency lawyer who later worked with Addington said that Addington strongly opposed the reform movements that followed Vietnam and Watergate. “Addington was too young to be fully affected

by the Vietnam War," the lawyer said. "He was shaped by the postwar, post-Watergate years instead. He thought the Presidency was too weakened. He's a believer that in foreign policy the executive is meant to be quite powerful."

These views were shared by Dick Cheney, who served as chief of staff in the Ford Administration. "On a range of executive-power issues, Cheney thought that Presidents from Nixon onward yielded too quickly," Michael J. Malbin, a political scientist who has advised Cheney on the issue of executive power, said. Kenneth Adelman, who was a high-ranking Pentagon official under Ford, said that the fall of Saigon, in 1975, was "very painful for Dick. He believed that Vietnam could have been saved—maybe—if Congress hadn't cut off funding. He was against that kind of interference."

Jane Harman, the ranking Democrat on the House Intelligence Committee, who has spent considerable time working with Cheney and Addington in recent years, believes that they are still fighting Watergate. "They're focussed on restoring the Nixon Presidency," she said. "They've persuaded themselves that, following Nixon, things went all wrong." She said that in meetings Addington is always courtly and pleasant. But when it comes to accommodating Congress "his answer is always no."

In a revealing interview that Cheney gave last December to reporters travelling with him to Oman, he explained, "I do have the view that over the years there had been an erosion of Presidential power and authority. . . . A lot of the things around Watergate and Vietnam both, in the seventies, served to erode the authority I think the President needs." Further, Cheney explained, it was his express aim to restore the balance of power. The President needed to be able to act as Alexander Hamilton had described it in the Federalist Papers, with "secrecy" and "despatch"—especially, Cheney said, "in the day and age we live in . . . with the threats we face." He added, "I believe in a strong, robust executive authority, and I think the world we live in demands it."

At the C.I.A., where Addington spent two years, he focussed on curtailing the ability of Congress to interfere in intelligence gathering. "He was a rookie, plenty bright," Frederick Hitz, another C.I.A. lawyer, who later became Inspector General, recalled. After the Church and Pike hearings, legislators came up with hundreds of pages of oversight recommendations, he said. "Addington was very pro-agency. He was trying to figure out how to comply with government oversight without getting hog-tied." Addington viewed the public airings of the C.I.A.'s covert activities as "an absolute disaster," Berry recalled. "We both felt that Congress did great harm by flinging open the doors to operational secrets."

When Addington joined the C.I.A., it was directed by William J. Casey, who also regarded congressional constraints on the agency as impediments to be circumvented. His sentiment about congressional overseers was best captured during a hearing about covert actions in Central America, when he responded to tough questioning by muttering the word "assholes." After Reagan's election in 1980, the executive branch was dominated by conservative Republicans, while the House was governed by liberal Democrats. The two parties fought intensely over Central America; the Reagan Administration was determined to overthrow the leftist Sandinista government in Nicaragua. Using their constitutional authority over appropriations, the Democrats in Congress forbade the C.I.A. to spend federal funds to support the Contras, a rightist rebel group. But Casey's attitude, as Berry recalled it, was "We're gonna fund these freedom fighters whether Congress wants us to or not." Berry, then the staff director for the Republicans on the House Intelligence Committee, asked Casey for help in fighting the Democrats. Soon afterward, Addington joined Berry on Capitol Hill.

When the Iran-Contra scandal broke, in 1986, it exposed White House arms deals and foreign fund-raising designed to help the anti-Sandinista forces in Nicaragua. Members of Congress were furious. Summoned to Capitol Hill, Casey lied, denying that funds for the Contras had been solicited from any foreign governments, although he knew that the Saudis, among others, had agreed to give millions of dollars to the Contras, at the request of the White House. Even within the Reagan Administration, the foreign funding was controversial. Secretary of State George Shultz had warned Reagan that he might be committing an impeachable offense. But, under Casey's guidance, the White House went ahead with the plan; Shultz, having expressed misgivings, was not told. It was a bureaucratic tactic that Addington reprised after September 11th, when Powell was left out of key deliberations about the treatment of

detainees. Lawrence Wilkerson, Powell's aide, said that he was aware of Addington's general strategy: "We had heard that, behind our backs, he was saying that Powell was 'soft, but easy to get around.' "

The Iran-Contra scandal substantially weakened Reagan's popularity and, eventually, seven people were convicted of seventeen felonies. Cheney, who was then a Republican congressman from Wyoming, worried that the scandal would further undercut Presidential authority. In late 1986, he became the ranking Republican on a House select committee that was investigating the scandal, and he commissioned a report on Reagan's support of the Contras. Addington, who had become an expert in intelligence law, contributed legal research. The scholarly-sounding but politically outlandish Minority Report, released in 1987, argued that Congress—not the President—had overstepped its authority, by encroaching on the President's foreign-policy powers. The President, the report said, had been driven by "a legitimate frustration with abuses of power and irresolution by the legislative branch." The Minority Report sanctioned the President's actions to a surprising degree, considering the number of criminal charges that resulted from the scandal. The report also defended the legality of ignoring congressional intelligence oversight, arguing that "the President has the Constitutional and statutory authority to withhold notifying Congress of covert actions under rare conditions." And it condemned "legislative hostage taking," noting that "Congress must realize . . . that the power of the purse does not make it supreme" in matters of war. In his December interview with reporters, Cheney proudly cited this document. "If you want reference to an obscure text, go look at the minority views that were filed in the Iran-Contra committee, the Iran-Contra report, in about 1987," he said. "Part of the argument was whether the President had the authority to do what was done in the Reagan years."

Addington and Cheney became a formidable team, but it was soon clear that Addington would not join Cheney as a politician. Adelman recalled Addington's personality as "dour," adding that, "unlike with Dick, I never saw much of a sense of humor. Cheney can be witty and funny. David is sober. I didn't see him at social events much." But, he added, "Dick wasn't looking for friends at work. He was looking for performance. And David delivers. He's efficient and dedicated. He's a doer." He went on, "Cheney's not a lawyer, so he would defer to David on the law."

In 1989, President George H. W. Bush appointed Cheney Secretary of Defense. Cheney hired Addington first as his special assistant and, later, as the Pentagon's general counsel. At the Pentagon, Addington became widely known as Cheney's gatekeeper—a stickler for process who controlled the flow of documents to his boss. Using a red felt-tipped pen, he covered his colleagues' memos with comments before returning them for rewrites. His editing invariably made arguments sharper, smarter, and more firm in their defense of Cheney's executive powers, a former military official who worked with him said.

At the Pentagon, Addington took a particular interest in the covert actions of the Special Forces. A former colleague recalled that, after attending a demonstration by Special Forces officers, he mocked the C.I.A., which was constrained by oversight laws. "This is how real covert operations are done," he said. (After September 11th, the Pentagon greatly expanded its covert intelligence operations; these programs have less congressional oversight than those of the C.I.A.) Cheney, throughout his tenure as Defense Secretary, shared with Addington a pessimistic view of the Soviet Union. Both remained skeptical of Gorbachev long after the State Department, the national-security adviser, and the C.I.A. had concluded that he was a reformer. "They were always, like, 'Whoa—beware the Bear!' " Wilkerson recalled. They immersed themselves in "continuity of government exercises"—studying with unusual intensity how the government might survive a nuclear attack. According to "Rise of the Vulcans," a history of the period by James Mann, Cheney, more than once, spent the night in an underground bunker.

A decade later, when hijacked planes slammed into the Twin Towers and the Pentagon, Addington, perhaps more than anyone else in the U.S. government, was ready to act. During the Clinton Presidency, he had worked as a lawyer for various business interests, such as the American Trucking Associations, and in 1994 he had led an exploratory Presidential campaign for Cheney, who decided against running. Once Cheney became Vice-President, Addington helped oversee the transition, setting up the most powerful Vice-Presidency in America's history. Addington's high-school friend Leonard Napolitano said Addington told him that he and Cheney were merging the Vice-President's office with the President's into a single "Executive Office," instead of having "two different camps." Napolitano added, "David said that

Cheney saw the Vice-President as the executive and implementer of the President." Addington created a system to insure that virtually all important documents relating to national-security matters were seen by the Vice-President's office. The former high-ranking Administration lawyer said that Addington regularly attended White House legal meetings with the C.I.A. and the National Security Agency. He received copies of all National Security Council documents, including internal memos from the staff. And, as a former top official in the Defense Department, he exerted influence over the legal office at the Pentagon, helping his protégé William J. Haynes secure the position of general counsel. A former national-security lawyer, speaking of the Pentagon's legal office, said, "It's obvious that Addington runs the whole operation."

In the days after September 11th, a half-dozen White House lawyers had heated discussions about how to frame the Administration's legal response to the attacks. Bradford Berenson, one of the participants, recalled how "raw" feelings were at the time: "There were thousands of bereaved American families. Everyone was expecting additional attacks. The only planes in the air were military. At a moment like that, there's an intense focus on responsibility and accountability. Preventing another attack should always be within the law. But if you have to err on the side of being too aggressive or not aggressive enough, you'd err by being too aggressive."

Berry said that Addington felt this keenly. "I've talked to David about this a little. Psychologically, it's really taxing to read every day not about one or two but about a dozen, or two dozen, legitimate reports about efforts to take out U.S. citizens. . . . There's a little bit of a bunker mentality that set in among some of the national-security-policy officials after 9/11."

Almost immediately, other Administration lawyers noticed that Addington dominated the internal debates. His assumption, shared by other hard-line lawyers in the White House counsel's office and in the Justice Department's Office of Legal Counsel, was that the criminal-justice system was insufficient to handle the threat from terrorism. The matter was settled without debate, Berenson recalled: "There was a consensus that we had to move from retribution and punishment to preëmption and prevention. Only a warfare model allows that approach."

Richard Shiffrin, the former Pentagon lawyer, said that during a tense White House meeting held in the Situation Room just a few days after September 11th "all of us felt under a great deal of pressure to be willing to consider even the most extraordinary proposals. The C.I.A., the N.S.C., the State Department, the Pentagon, and the Justice Department all had people there. Addington was particularly strident. He'd sit, listen, and then say, 'No, that's not right.' He was particularly doctrinaire and ideological. He didn't recognize the wisdom of the other lawyers. He was always right. He didn't listen. He knew the answers." The details of the discussion are classified, Shiffrin said, but he left with the impression that Addington "doesn't believe there should be co-equal branches." Another participant recalled, "If you favored international law, you were in danger of being called 'soft on terrorism' by Addington." He added that Addington's manner in meetings was "very insistent and very loud." Yet another participant said that, whenever he cautioned against executive-branch overreaching, Addington would respond brusquely, "There you go again, giving away the President's power."

Some of the protests from Democrats about the Administration's legal arguments and some of the declarations of high principle from Republicans are mere partisan gestures. Both sides have changed their views about the need for a strong President, depending on whether they were in power. "It's a matter of degree," the liberal Princeton historian Sean Wilentz said. "War always expands the powers of the Presidency. And Presidents always overreach." Lincoln infamously suspended habeas-corpus rights during the Civil War, locking up thousands of Confederate sympathizers without due process, and Franklin D. Roosevelt interned more than a hundred thousand innocent Japanese-Americans. "Someone said that this Administration is monarchical," Wilentz added. "That's just rhetoric. We're not a dictatorship. At the same time, this White House has assumed powers for itself that no previous Administration has done." Bush's defenders frequently cite the example of Lincoln as a justification for placing national security above the rule of law. But Schlesinger, in his book "War and the American Presidency" (2004),

points out that Lincoln never "claimed an inherent and routine right to do what [he] did." The Bush White House, he told me, has seized on these historical aberrations and turned them into a doctrine of Presidential prerogative.

On September 25th, the Office of Legal Counsel issued a memo declaring that the President had inherent constitutional authority to take whatever military action he deemed necessary, not just in response to the September 11th attacks but also in the prevention of any future attacks from terrorist groups, whether they were linked to Al Qaeda or not. The memo's broad definition of the enemy went beyond that of Congress, which, on September 14th, had passed legislation authorizing the President to use military force against "nations, organizations, or persons" directly linked to the attacks. The memo was written by John Yoo, a lawyer in the Office of Legal Counsel who worked closely with Addington, and said, in part, "The power of the President is at its zenith under the Constitution when the President is directing military operations of the armed forces, because the power of the Commander-in-Chief is assigned solely to the President." The memo acknowledged that Article I of the Constitution gives Congress the power to declare war, but argued that it was a misreading to assume that the article gives Congress the lead role in making war. Instead, the memo said, "it is beyond question that the President has the plenary Constitutional power to take such military actions as he deems necessary and appropriate to respond to the terrorist attacks upon the United States on September 11, 2001." It concluded, "These decisions, under our Constitution, are for the President alone to make."

Another memo sanctioned torture when the President deems it necessary; yet another claimed that there were virtually no valid legal prohibitions against the inhumane treatment of foreign prisoners held by the C.I.A. outside the U.S. Most of these decisions, according to many Administration officials who were involved in the process, were made in secrecy, and the customary interagency debate and vetting procedures were sidestepped. Addington either drafted the memos himself or advised those who were drafting them. "Addington's fingerprints were all over these policies," said Wilkerson, who, as Powell's top aide, later assembled for the Secretary a dossier of internal memos detailing the decision-making process.

On November 13, 2001, an executive order setting up the military commissions was issued under Bush's signature. The decision stunned Powell; the national-security adviser, Condoleezza Rice; the highest-ranking lawyer at the C.I.A.; and many judge advocate generals, or JAGs, the top lawyers in the military services. None of them had been consulted. Michael Chertoff, the head of the Justice Department's criminal division, who had argued for trying terror suspects in the U.S. courts, was also bypassed. And the order surprised John Bellinger III, the National Security Council legal adviser and deputy White House counsel, who had been formally asked to help create a legal method for trying foreign terror suspects. According to multiple sources, Addington secretly usurped the process. He and a few hand-picked associates, including Bradford Berenson and Timothy Flanigan, a lawyer in the White House counsel's office, wrote the executive order creating the commissions. Moreover, Addington did not show drafts of the order to Powell or Rice, who, the senior Administration lawyer said, was incensed when she learned about her exclusion.

The order proclaimed a state of "extraordinary emergency," and announced that the rules for the military commissions would be dictated by the Secretary of Defense, without review by Congress or the courts. The commissions could try any foreign person the President or his representatives deemed to have "engaged in" or "abetted" or "conspired to commit" terrorism, without offering the right to seek an appeal from anyone but the President or the Secretary of Defense. Detainees would be treated "humanely," and would be given "full and fair trials," the order said. Yet the order continued that "it is not practicable" to apply "the principles of law and the rules of evidence generally recognized in the trial of criminal cases in the United States district courts." The death penalty, for example, could be imposed even if there was a split verdict. Moreover, in December, 2001, the Department of Defense circulated internal memos suggesting that, in the commission system, defendants would have only limited rights to confront their accusers, see all the evidence against them, or be present during their trials. There would be no right to remain silent, and hearsay evidence would be admissible, as would evidence obtained through physical coercion. Guilt did not need to be proved beyond a reasonable doubt. The order firmly established that terrorism would henceforth be approached on a war footing, endowing the President with enhanced

powers.

The precedent for the order was an arcane 1942 case, ex parte Quirin, in which Franklin Roosevelt created a military commission to try eight Nazi saboteurs who had infiltrated the United States via submarines. The Supreme Court upheld the case, 8–0, but even the conservative Justice Antonin Scalia has called it "not this Court's finest hour." Roosevelt was later criticized for creating a sham process. Moreover, while he used military commissions to try a handful of suspects who had already admitted their guilt, the Bush White House was proposing expanding the process to cover thousands of "enemy combatants." It was also ignoring the Uniform Code of Military Justice, which, having codified procedures for courts-martial in 1951, had rendered Quirin out of date.

Berenson said, "The legal foundation was very strong. F.D.R.'s order establishing military commissions had been upheld by the Supreme Court. This was almost identical. What we underestimated was the extent to which the culture had shifted beneath us since World War Two." Concerns about civil liberties and human rights, and anger over Vietnam and Watergate, he said, had turned public opinion against a strong executive branch: "But Addington thought military commissions had to be a tool at the President's disposal."

Rear Admiral Donald Guter, who was the Navy's chief JAG until June, 2002, said that he and the other JAGs, who were experts in the laws of war, tried unsuccessfully to amend parts of the military-commission plan when they learned of it, days before the order was formally signed by the President. "But we were marginalized," he said. "We were warning them that we had this long tradition of military justice, and we didn't want to tarnish it. The treatment of detainees was a huge issue. They didn't want to hear it." In a 2004 report in the Times, Guter said that when he and the other JAGs told Haynes that they needed more information, Haynes replied, "No, you don't." (Haynes's office offered no comment.)

At the Defense Department, Shiffrin, the deputy general counsel for intelligence, and a career lawyer rather than a political appointee, was taken aback when Haynes showed him the order. Earlier in Shiffrin's career, at the Justice Department, his office had been in the same room where the Nazi defendants were tried, and he had become interested in the case, which he said he regarded as "one of the worst Supreme Court cases ever." He recalled informing Haynes that he was skeptical of the Administration's invocation of Quirin. "Gee, this is problematic," Shiffrin told him.

Marine Major Dan Mori, the uniformed lawyer who has been assigned to defend David Hicks, one of the ten terror suspects in Guantánamo who have been charged, said of the commissions, "It was a political stunt. The Administration clearly didn't know anything about military law or the laws of war. I think they were clueless that there even was a U.C.M.J. and a Manual for Courts-Martial! The fundamental problem is that the rules were constructed by people with a vested interest in conviction."

Mori said that the charges against the detainees reflected a profound legal confusion. "A military commission can try only violations of the laws of war," he said. "But the Administration's lawyers didn't understand this." Under federal criminal statutes, for example, conspiring to commit terrorist acts is a crime. But, as the Nuremburg trials that followed the Second World War established, under the laws of war it is not, since all soldiers could be charged with conspiring to fight for their side. Yet, Mori said, a charge of conspiracy "is the only thing there is in many cases at Guantánamo—guilt by association. So you've got this big problem." He added, "I hope that nobody confuses military justice with these 'military commissions.' This is a political process, set up by the civilian leadership. It's inept, incompetent, and improper."

Under attack from defense lawyers like Mori, the military commissions have been tied up in the courts almost since the order was issued. Bellinger and others fought to make the commissions fairer, so that they could withstand court challenges, and the Pentagon gradually softened its rules. But Administration lawyers involved in the process said that Addington resisted at every turn. He insisted, for instance, on maintaining the admissibility of statements obtained through coercion, or even torture. In meetings, he argued that officials in charge of the military commissions should be given maximum flexibility to decide

whether to include such evidence. "Torture isn't important to Addington as a scientific matter, good or bad, or whether it works or not," the Administration lawyer, who is familiar with these debates, said. "It's more about his philosophy of Presidential power. He thinks that if the President wants torture he should get torture. He always argued for 'maximum flexibility.' "

Last month, Addington lost this internal battle. The Administration rescinded the provision allowing coerced testimony, after even the military officials overseeing the commissions supported the reform. According to a senior Administration legal adviser who participated in discussions about the commissions, Addington remained opposed to the change. "He wanted no changes," the lawyer said. "He said the rules were good, right from the start." Addington accused officials who were trying to reform the rules of "giving away the President's prerogatives."

President Bush has blamed the legal challenges for the delays in prosecuting Guantánamo detainees. But many lawyers, even some inside the Administration, believe that the challenges were inevitable, considering the dubious constitutionality of the commissions. The Supreme Court's ruling in the Hamdan case is expected to establish whether the commissions meet basic standards of due process. The Administration lawyer isn't sanguine about the outcome. "It shows again that Addington overreached," he said.

Meanwhile, Addington has fought tirelessly to stem reform of other controversial aspects of the New Paradigm, such as the detention and interrogation of terror suspects. Last year, he and Cheney led an unsuccessful campaign to defeat an amendment, proposed by Senator John McCain, to ban the abusive treatment of detainees held by the military or the C.I.A. Government officials who have worked closely with Addington say he insists that legal flexibility is necessary, because of the iniquity of the enemy; moreover, he does not believe that the legal positions taken by the Bush Administration in the war on terror have damaged the country's international reputation. "He's a very smart guy, but he gives no credibility to those who say these policies are hurting us around the world," the senior Administration legal adviser said. "His feeling is that there are no costs. He'll say people are just whining. He thinks most of them would be against us no matter what." In Addington's view, critics of the Administration's aggressive legal policies are just political enemies of the President.

Yet, from the start, some of the sharpest critics of detainee-treatment policies have been military and law-enforcement officials inside the Bush Administration; people close to it, like McCain; and our foreign allies. Just a few months after the Guantánamo detention centers were established, members of the Administration began receiving reports that questioned whether all the prisoners there were really, as Secretary of Defense Donald Rumsfeld had labelled them, "the worst of the worst." Guter said that the Pentagon had originally planned to screen the suspects individually on the battlefields in Afghanistan; such "Article 5 hearings" are a provision of the Geneva Conventions. But the White House cancelled the hearings, which had been standard protocol during the previous fifty years, including in the first Gulf War. In a January 25, 2002, legal memorandum, Administration lawyers dismissed the Geneva Conventions as "obsolete," "quaint," and irrelevant to the war on terror. The memo was signed by Gonzales, but the Administration lawyer said he believed that "Addington and Flanigan were behind it." The memo argued that all Taliban and Al Qaeda detainees were illegal enemy combatants, which eliminated "any argument regarding the need for case-by-case determination of P.O.W. status." Critics claim that the lack of a careful screening process led some innocent detainees to be imprisoned. "Article 5 hearings would have cost them nothing," the Administration lawyer, who was involved in the process, said. "They just wanted to make a point on executive power—that the President can designate them all enemy combatants if he wants to."

Guter, the Navy JAG, said that, before long, he and other military experts began to wonder whether the reason they weren't getting much useful intelligence from Guantánamo was that, as he puts it, "it wasn't there." Guter, who was in the Pentagon on September 11th, said, "I don't have a sympathetic bone in my body for the terrorists. But I just wanted to make sure we were getting the right people—the real terrorists. And I wanted to make sure we were doing it in a way consistent with our values."

While the JAGs' questions about the treatment of detainees went largely unheeded, he said, the C.I.A. was simultaneously raising similar concerns. In the summer of 2002, the agency had sent an Arabic-speaking analyst to Guantánamo to find out why more intelligence wasn't being collected, and, after interviewing several dozen prisoners, he had come back with bad news: more than half the detainees, he believed, didn't belong there. He wrote a devastating classified report, which reached General John Gordon, the deputy national-security adviser for combatting terrorism. In a series of meetings at the White House, Gordon, Bellinger, and other officials warned Addington and Gonzales that potentially innocent people had been locked up in Guantánamo and would be indefinitely. "This is a violation of basic notions of American fairness," Gordon and Bellinger argued. "Isn't that what we're about as a country?" Addington's response, sources familiar with the meetings said, was "These are 'enemy combatants.' Please use that term. They've all been through a screening process. We don't have anything to talk about."

A former Administration official said of Addington's response, "It seemed illogical. How could you deny the possibility that one or more people were locked up who shouldn't be? There were old people, sick people—why do we want to keep them?" At the meeting, Gordon and Bellinger argued, "The American public understands that wars are confusing and exceptional things happen. But the American public will expect some due process."

Addington and Gonzales dismissed this concern. The former Administration official recalled that Addington was "the dominant voice. It was a non-debate, in his view." The confrontation made clear, though, that Addington had been informed early that there were problems at Guantánamo. "There wasn't a lack of knowledge or understanding," the former official said.

Addington has proved deft at outmaneuvering his critics. Documents embarrassing to Addington's opponents have been leaked to the press, if not necessarily by him. A top-secret N.S.C. memo describing Powell's request to reconsider the suspension of the Geneva Conventions appeared in the Washington Times the day after it was circulated to the Secretary of Defense, the Attorney General, and the Vice-President; the article cited unnamed sources who accused Powell of "bowing to pressure from the political left." The Administration lawyer said, "The way Addington works, he controls the flow of information very tightly." Addington chastised a Justice Department official who showed a legal opinion on the treatment of detainees to the State Department. He repeatedly directed Gonzales, the White House counsel, to keep Bellinger, the N.S.C. lawyer, out of meetings about national-security issues. "Lip-lock" is the word Addington's old Pentagon colleague Sean O'Keefe, now the chancellor of Louisiana State University, used to describe his discretion. "He's like Cheney," O'Keefe said. "You can't get anything out of him with a crowbar." The Administration lawyer said, "He's a bully, pure and simple." Several talented top lawyers who challenged Addington on important legal matters concerning the war on terror, including Patrick Philbin, James Comey, and Jack Goldsmith, left the Administration under stressful circumstances. Other reform-minded government lawyers who clashed with Addington, including Bellinger and Matthew Waxman, both of whom were at the N.S.C. during Bush's first term, have moved to the State Department.

Waxman, a young lawyer who headed the Pentagon's office of detainee affairs, departed soon after he had a major confrontation with Addington over the issue of clarifying military rules for the treatment of prisoners. Waxman believed that international standards for the humane treatment of detainees should be followed, and argued for reforms in the Army Field Manual. He hoped to reinstate the basic standards that are specified in the Geneva Conventions. This meant the prohibition of torture, overt acts of violence, and "outrages on personal dignity, in particular humiliating and degrading treatment." Although the Vice-President's office is not part of the military chain of command, last September Addington summoned Waxman to his office and berated him. Waxman declined to comment on the incident, but a former colleague in the Pentagon, in whom Waxman confided, said that Addington accused Waxman of wanting to fight the war on terror his own way, rather than the President's way. The Army Field Manual still hasn't been revised, and, according to those involved, Addington and his protégé Haynes remain the major obstacles.

Last fall, Richard Shiffrin, the Pentagon lawyer who was left out of the Administration's initial discussions of the military commissions, learned from the Times about the Administration's decision to sanction warrantless domestic electronic surveillance by the National Security Agency. This was remarkable, because Shiffrin was the Pentagon lawyer in charge of supervising the N.S.A.'s legal advisers. "It was exceptional that I didn't know about it—extraordinary," Shiffrin said. "In the prior Administration, on anything involving N.S.A. legal issues I'd have been made aware. And I should have been in this one."

Shortly after September 11th, Addington and Cheney, without alerting Shiffrin, held meetings with top N.S.A. lawyers in the Vice-President's office and told them that the President, as Commander-in-Chief, had the authority to override the FISA statutes and not seek warrants from the special court. According to the Times, Addington and Cheney pushed the N.S.A. to engage in practices that the agency thought were illegal, such as the warrantless wiretapping of American suspects making domestic calls. General Michael Hayden, the former head of the N.S.A., who was recently confirmed as director of the C.I.A., has denied being pressured. Shiffrin, however, doubted that the N.S.A. lawyers were expert enough in Article II of the Constitution, which defines the President's powers, to argue back. He described the Administration's legal arguments on wiretapping as "close calls."

Others are more critical. Fourteen prominent constitutional scholars, representing a range of political views, recently wrote an open letter to Congress, claiming that the N.S.A. surveillance program "appears on its face to violate existing law." The scholars noted that Bush had made no effort to amend the FISA law to suit national-security needs—he simply ignored it. The Republican legal activist Bruce Fein said, "What makes this so sinister is that the members of this Administration have unchecked power. They don't care if the wiretapping is legal or not." But the former high-ranking Administration lawyer suggested that the situation is more serious than an intentional infraction of the law. "It's not that they think they're skirting the law," he said. "They think that this is the law."

Fein suggested that the only way Congress will be able to reassert its power is by cutting off funds to the executive branch for programs that it thinks are illegal. But this approach has been tried, and here, too, Addington has had the last word. John Murtha, the ranking Democrat on the House Appropriations Subcommittee on Defense, put a provision in the Pentagon's appropriations bills for 2005 and 2006 forbidding the use of federal funds for any intelligence-gathering that violates the Fourth Amendment, which protects the privacy of American citizens. The White House, however, took exception to Congress's effort to cut off funds. When President Bush signed the appropriations bills into law, he appended "signing statements" asserting that the Commander-in-Chief had the right to collect intelligence in any way he deemed necessary. The signing statement for the 2005 budget, for instance, noted that the executive branch would "construe" the spending limit only "in a manner consistent with the President's constitutional authority as Commander-in-Chief, including for the conduct of intelligence operations."

According to the Boston Globe, Addington has been the "leading architect" of these signing statements, which have been added to more than seven hundred and fifty laws. He reportedly scrutinizes every bill before President Bush signs it, searching for any language that might impinge on Presidential power. These wars of words are yet another battlefront between Addington and Congress, and some constitutional scholars find them troubling. Few of the signing statements were noticed until one of them was slipped into Bush's signing of the McCain amendment. The language was legal boilerplate, reserving the right to construe the legislation only as it was consistent with the Constitution. But, considering that Cheney's office had waged, and lost, a public fight to defeat the McCain amendment democratically—the vote in the Senate was 90–9—the signing statement seemed sneaky and subversive.

Earlier this month, the American Bar Association voted to investigate whether President Bush had exceeded his constitutional authority by reserving the right to ignore portions of laws that he has signed. Richard Epstein, the University of Chicago law professor, said, "What's frightening to me is that this Administration is always willing to push the conventions to the limits—and beyond. With his signing statements, I think the President just goes too far. If you sign these things with a caveat, do the inferior officers follow the law or the caveat?"

Bruce Fein argues that Addington's signing statements are "unconstitutional as a strategy," because the Founding Fathers wanted Presidents to veto legislation openly if they thought the bills were unconstitutional. Bush has not vetoed a single bill since taking office. "It's part of the balancing process," Fein said. "It's about accountability. If you veto something, everyone knows where you stand. But this President wants to do it sotto voce. He wants to give the image that he's accommodating on torture, and then reserves the right to torture anyway."

David Addington is a satisfactory lawyer, Fein said, but a less than satisfactory student of American history, which, for a public servant of his influence, matters more. "If you read the Federalist Papers, you can see how rich in history they are," he said. "The Founders really understood the history of what people did with power, going back to Greek and Roman and Biblical times. Our political heritage is to be skeptical of executive power, because, in particular, there was skepticism of King George III. But Cheney and Addington are not students of history. If they were, they'd know that the Founding Fathers would be shocked by what they've done."

FOR DISCUSSION PURPOSES ONLY
DRAFT—7/01/06

ENEMY COMBATANT MILITARY COMMISSIONS ACT

SECTION 1. SHORT TITLE; AUTHORITY; FINDINGS.

(a) SHORT TITLE.—This Act may be cited as the "Enemy Combatant Military Commissions Act of 2006."

(b) AUTHORITY.—The requirements, conditions, and restrictions established by this Act are made under the authority of Congress under clauses 1, 10, 11, 12, 13, 14, and 18 of article I, section 8 of the Constitution of the United States.

(c) FINDINGS.—Congress finds the following:

(1) For over 10 years, the al Qaeda terrorist organization has waged an unlawful campaign of violence and terror against the citizens of the United States and their allies abroad. Al Qaeda was involved in the bombing of the World Trade Center in New York City in 1993, the bombing of the Khobar Towers in Saudi Arabia in 1996, the bombing of the U.S. Embassies in Kenya and Tanzania in 1998, and the attack on the U.S.S. *Cole* in Yeman in 2000. On September 11, 2001, members of al Qaeda hijacked commercial airplanes and attacked the World Trade Center in New York City and the Pentagon in Washington, DC. Nearly 3,000 civilians were killed.

(2) Following September 11, Congress recognized the existing hostilities with al Qaeda and authorized the President "to use all necessary and appropriate force against those nations, organizations, or persons he determines planned, authorized, committed, or aided the terrorist attacks that occurred on September 11, 2001 … in order to prevent any future acts of international terrorism against the United States by such nations, organizations or persons." Authorization for Use of Military Force (AUMF), 115 Stat. 224, note following 50 U.S.C. § 1541.

(3) The President has inherent authority to convene military tribunals arising from his role as Commander and Chief of the Armed Forces under article II of the Constitution. As the United States Supreme Court has recognized, "[s]ince our nation's earliest days, such tribunals have been constitutionally recognized agencies for meeting many urgent governmental responsibilities related to war…. They have taken many forms and borne many names. Neither their procedure nor their jurisdiction has been prescribed by statute. It has been adapted in each instance to the need that called it forth." *Madsen v. Kinsella*, 343 U.S. 341 (1952).

(4) Pursuant to the President's inherent authority and to the AUMF, the President issued a comprehensive military order to govern the "Detention, Treatment, and Trial of Certain Non-Citizens in the War Against Terrorism" and authorized the Secretary of Defense to establish military commission to try detained enemy combatants for violations of the laws of war. 66 Fed. Reg. 57833 (2001).

(5) In *Hamdan v. Rumsfeld*, the Supreme Court held that the military commissions established under the President's authority conflicted with the Uniform Code of Military Justice, 10 U.S.C. § 801 *et seq*. As Justice Kennedy recognized in his concurring opinion, the Court's decision was premised upon "domestic statutes," and therefore if Congress "deems it appropriate to change the controlling statutes, in conformance with the Constitution and other laws, it has the power and prerogative to do so."

(6) Article I, section 8, of the Constitution provides that the Congress has the power to "constitute Tribunals inferior to the Supreme Court; … define and punish … Offenses against the Law of Nations; … make Rules concerning Captures on Land and Water; … make all Laws which shall be necessary and proper for carrying into Execution the foregoing Powers and all other Powers vested by this Constitution in the Government of the United States, or in any Department or Officer thereof."

(7) This Act is in direct response to the Supreme Court's decision in *Hamdan*. The Act confirms the President's authority to detain and prosecute by military commissions those unlawful combatants captured by United States forces during the War on Terror. The Act ensures that courts do not construe other federal laws or treaties in a manner that would prevent the prosecution of enemy combatants by military commissions established under the procedures set out in this Act.

(8) The Act also resolves uncertainties that may have arisen under the Supreme Court's decision in *Hamdan* by making clear that the standards for treating detainees under the Detainee Treatment Act of 2005 fully satisfy the United States' obligations under international law, including Common Article 3 of the Geneva Conventions.

SECTION 2. DEFINITIONS.

As used in this Act, the following definitions apply:

(1) APPROPRIATE COMMITTEES OF CONGRESS.—The term "appropriate committees of Congress" means the Committee on Armed Services of the Senate and the Committee on Armed Services of the House of Representatives.

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(2) CLASSIFIED INFORMATION.—The term "classified information" has the meaning given that term in section 1(a) of the Classified Information Procedures Act (18 U.S.C. App.).

(3) COMMISSION.—The term "commission" means a military commission established pursuant to section 5 of this Act.

(4) ENEMY COMBATANT.—The term "enemy combatant" means persons determined by the President or the Secretary of Defense to have engaged in or conspired to engage in armed hostilities against the United States or its allies and who pose a risk of return to such hostilities.

(5) GENEVA CONVENTIONS.—The term "Geneva Conventions" means the international conventions signed at Geneva, 12 August 1949, including common Article 3.

SECTION 3. AUTHORIZATION FOR DETENTIONS.

(a) The President is authorized to detain enemy combatants for the duration of hostilities, consistent with the requirements of the Detainee Treatment Act of 2005 and this Act, at such places, including within the United States, as he deems appropriate.

(b) With respect to detainees in the custody of the Department of Defense, the Secretary of Defense shall apply the procedures promulgated under the Detainee Treatment Act for Combatant Status Review Tribunals to determine each detainee's initial enemy combatant status and Administrative Review Boards to review annually whether each detainee continues to pose a risk of return to hostilities.

SECTION 4. AUTHORIZATION FOR MILITARY COMMISSIONS.

(a) The President is authorized to establish military commissions for the trial of individuals for the violations of the laws and customs of war, including conspiracy to violate the laws and customs of war.

(b) The military commission shall have the authority to impose upon any defendant found guilty after a proceeding under this Act a sentence that is appropriate to the offense or offenses for which there was a finding of guilt, which sentence may include death, imprisonment for life or term of years, payment of fine or restitution, or such other lawful punishment or condition of punishment as the Commission shall determine to be proper.

(c) The Secretary of Defense shall be authorized to carry out a sentence of punishment decreed by a military commission pursuant to such procedures.

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(d) Notwithstanding any other provision of federal law or treaty, the military commissions established under this Act shall be deemed to satisfy the obligations of the United States under the Geneva Conventions or any other treaty applicable to the detention, treatment, or prosecution of enemy combatants.

(e) ANNUAL REPORT.—The Secretary of Defense shall submit to the appropriate committees of Congress an annual report on the conduct of trials by military commissions under this Act. Each such report shall be submitted in unclassified form, with classified annex, if necessary. The report shall be submitted not later than December 31 each year.

SECTION 5. MILITARY COMMISSIONS.

(a) COMMISSION PERSONNEL.

(1) MEMBERS.—The Secretary of Defense shall appoint the members of each military commission. Each member shall be a commissioned officer of the United States Armed Forces, including without limitation reserve personnel on active duty, National Guard personnel on active duty in Federal service, and retired personnel recalled to active duty.

(2) NUMBER.—Each commission shall consist of three military officers. The commission also shall include an alternate member who shall attend all sessions and take the place of a commission member in the case of incapacity, resignation, or removal of any member.

(3) PRESIDING OFFICER.—From among the members of each Commission, the Secretary of Defense shall designate a Presiding Officer to preside over the proceedings of that Commission. The Presiding Officer shall be a United States military judge.

(4) DUTIES OF THE PRESIDING OFFICER

(A) The Presiding Officer shall admit or exclude evidence in accordance with the rules of evidence established by the Secretary of Defense and by this Act.

(B) The Presiding Officer shall have the authority to close proceedings or portions of proceedings in accordance with this Act.

(C) The Presiding Officer shall ensure that the discipline, dignity, and decorum of the proceedings are maintained, shall exercise control over the proceedings to ensure proper implementation of the President's Military Order and this

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Act, and shall have authority to act upon any contempt or breach of commission rules or procedures. The Presiding Officer shall have the authority to discipline attorneys authorized to appear before the commission for violations of the laws, rules, regulations, or orders governing the proceedings, including but not limited to revocation of eligibility to appear before that commission or to appear before any other commission convened under this Act.

(D) The Presiding Officer shall ensure the expeditious conduct of the trial. In no circumstances shall accommodation of counsel be allowed to delay proceedings unreasonably.

(E) The Presiding Officer may certify all interlocutory questions, the disposition of which would effect a termination of proceedings with respect to a charge, to the United States Court of Appeals for the District of Columbia Circuit.

(b) POWERS OF A COMMISSION.—A commission shall have the following powers:

(1) To summon witnesses to trial and to require their attendance and testimony to put questions to them;

(2) To require the production of documents and other evidentiary material;

(3) To administer oaths to witnesses;

(4) To appoint officers for the carrying out of any task designated by the commission, including the power to have evidence taken.

(c) PROCEDURES.

(1) The military commissions shall be conducted pursuant to procedures promulgated by the Secretary of Defense, consistent with the requirements of this Act. The Secretary of Defense need not rely upon the procedures for courts martial pursuant to the Uniform Code of Military Justice, where he deems alternative procedures appropriate.

(2) EVIDENCE.—Evidence is admissible if the Presiding Officer determines that it would have probative value to a reasonable person. Hearsay evidence shall be admissible in the discretion of the Presiding Officer where its probative value is not substantially outweighed by its prejudicial impact.

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(3) STANDARD OF PROOF.—All 3 members of a commission shall agree that the defendant is guilty of a charge beyond a reasonable doubt for a defendant to be found guilty.

(4) OPEN PROCEEDINGS.—The military commission shall hold open proceedings except as noted in this subsection.

(A) The Presiding Officer may close all or a portion of the proceeding upon a determination that closing of the proceeding is necessary to protect classified information; the physical safety of the participants in the proceeding; intelligence and law enforcement sources, methods, or activities; or other national security interests.

(B) The Presiding Officer may close all or part of a proceeding on his own initiative or based upon a presentation, including an *ex parte* or *in camera* presentation, by either the prosecution or the defense.

(C) A decision to close a proceeding or portion thereof may include a decision to exclude the defendant, provided that one defense counsel must be present for all trial proceedings, and the exclusion shall be no broader than necessary.

(d) COUNSEL.—The Secretary of Defense shall have the authority to promulgate regulations for the appointment of the prosecution, counsel for the defense, and any other commission personnel.

(e) SUBMITTAL OF PROCEDURES.—Not later than 180 days after the date of enactment of this Act, the Secretary of Defense shall submit to the appropriate committees of Congress a report setting forth the procedures for military commissions promulgated under this section. Thereafter, the Secretary of Defense shall submit to the same committees a report on any modification of such procedures, no later than 60 days before the date on which such modifications shall go into effect.

SECTION 6. JURISDICTION.

(a) MILITARY COMMISSION JURISDICTION.

(1) A military commission shall have jurisdiction to hear any criminal prosecution involving international terrorism, including any offense under chapter 113B of title 18, United States Code.

(2) A military commission shall have exclusive jurisdiction over violations of the laws of war, including conspiracy to violate the laws of war,

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committed by enemy combatants engaged in hostilities against the United States or its allies.

(3) A military commission shall have jurisdiction over other offenses traditionally triable by military commissions or pursuant to the Department of Defense's Military Commission Instruction Number Two.

SECTION 7. EXCLUSIVITY OF JURISDICTION; RULES OF CONSTRUCTION; RETROACTIVE APPLICATION.

(a) JUDICIAL REVIEW.—Notwithstanding any other law, no court, justice, or judge shall have jurisdiction to hear or consider any claim or cause of action whatsoever, including an application for a writ of habeas corpus, relating to an alien detained as an enemy combatant by the United States, other than the review procedures provided by this Act and by the Detainee Treatment Act of 2005.

(b) CONSTRUCTION.—This Act shall be construed in accordance with its plain language and without any reference to the doctrine of constitutional avoidance or to the judgments of foreign or international courts.

(c) RETROACTIVE APPLICATION.—This Act shall take effect on the date of the enactment of this Act and shall apply to all aliens detained as enemy combatants by the United States and to any claim or cause of action whatsoever relating to an alien detained as an enemy combatant by the United States that is pending on or after the date of the enactment of this Act.

SECTION 8. REVIEW OF FINAL DECISIONS OF MILITARY COMMISSIONS; SATISFICATION OF TREATY OBLIGATIONS.

(a) IN GENERAL.—Section 1005 of the Detainee Treatment Act of 2005 (10 U.S.C. 801 note) is amended—

(1) in subsection (e)(3)(A), by striking "(B), (C), and (D)," and inserting "(B) and (C)"; and

(2) in subsection (e)(3)(A), by striking "pursuant to Military Commission Order No. 1, August 31, 2005 (or any successor military order)" and inserting "by a military commission constituted under the Enemy Combatant Detention Act of 2006, and from any interlocutory appeal certified by the Presiding Officer of a military commission".

(b) GRANT OF REVIEW.—Section 1005 of the Detainee Treatment Act of 2005 (10 U.S.C. 801 note) is amended by striking subsection (e)(3)(B) and renumbering subsections (e)(3)(C) and (e)(3)(D) as subsections (e)(3)(B) and (e)(3)(C), respectively.

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(c) LIMITATION ON APPEALS.—Section 1005 of the Detainee Treatment Act of 2005 (10 U.S.C. 801 note) is amended—

(1) in subsection (e)(3)(C)(i), by striking "pursuant to the military order" and inserting "by a military commission"; and

(2) in subsection (e)(3)(C)(i), by striking "at Guantanamo Bay, Cuba"; and

(3) in subsection (e)(3)(C)(ii), by striking "pursuant to such military order" and inserting "by such a military commission".

(d) SCOPE OF REVIEW.— Section 1005 of the Detainee Treatment Act of 2005 (10 U.S.C. 801 note) is amended in subsection (e)(3)(D)(i) by striking "specified in the military order" and inserting "specified for a military commission".

(e) LIMITATION ON CLAIMS.—Section 1005 of the Detainee Treatment Act of 2005 (10 U.S.C. 801 note) is amended in subsection (e)(2)(B)(i) by replacing "the Department of Defense at Guantanamo Bay, Cuba" with "United States"

(f) SATISFACTION OF TREATY OBLIGATIONS.

(1) Section 1003 of the Detainee Treatment Act of 2005 (10 U.S.C. 801 note) is amended by adding the following at the end of subsection (a):

"Satisfaction of this requirement shall fully satisfy the United States' obligations under section 1 of common Article 3 of the international conventions signed at Geneva, 12 August 1949, with the exception of the obligations imposed by subsections 1(b) and 1(d)."

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THE ATTORNEY GENERAL'S NEWS BRIEFING

PREPARED FOR THE OFFICE OF PUBLIC AFFAIRS, U.S. DEPARTMENT OF JUSTICE

TO: THE ATTORNEY GENERAL AND SENIOR STAFF

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TERRORISM NEWS:

Administration Waiting For Congress To Act On Detainee Policy. While the White House was characterized as waiting for Congress to respond to the recent Supreme Court ruling on Guantanamo detainees, Congress was described as preparing to take action in what is expected to be a high-profile partisan debate which could effect the mid-term elections. NBC Nightly News (6/30, story 5, 2:00, P. Williams, 9.87M) reported, "Government lawyers met in Washington trying to figure out how to come up with some way to put detainees at Guantanamo on trial." Sen. Arlen Specter has "introduced a bill to revive military commissions. It's an idea the Bush administration favors, worried military courts would give detainees too much access to classified information. Human rights lawyers say trial by court martial would be more fair and respected worldwide." Meanwhile, "the Administration wants to see what Congress comes up with, delaying any trials for months."

GOP Takes Lead In Challenging Democrats Over Detainee Policy. Most US newspapers Saturday morning described GOP lawmakers as aggressively acting in response to the detainee ruling. The Washington Post (7/1, A1, Abramowitz, Weisman, 744K) in a front page story reports, "Republicans yesterday looked to wrest a political victory from a legal defeat in the Supreme Court, serving notice to Democrats that they must back President Bush on how to try suspects at Guantanamo Bay or risk being branded as weak on terrorism." While "the White House and lawmakers weighed next steps, House GOP leaders signaled they are ready to use this week's turn of events as a political weapon." One senior administration official "seemed to hint at the potential political implications in Congress. 'Members of both parties will have to decide whether terrorists who cherish the killing of innocents deserve the same protections as our men and women who wear the uniform,' this official said."

The Wall Street Journal (7/1, McKinnon, Bravin, 2.11M) reports, "Many Republicans predict that despite the White House's legal defeat over military tribunals, President Bush will emerge as the political winner among security-conscious voters." On Friday "Republicans sought to score points for the president. Conservative legal activists charged Democrats with excessive celebration of the decision, and said they would alienate voters. House Majority Leader John Boehner accused Democrats of supporting 'special privileges for terrorists.'" But in response "a number of Democratic lawmakers suggested that voters are likely to be frustrated with how the administration has handled the Guantanamo Bay detention center." Recently "Bush appeared to gain political momentum, thanks to a series of positive developments in Iraq. But the ruling could remind voters of the mistakes and overreaching that have dogged the administration's war effort."

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The Los Angeles Times (7/1, Reynolds, 958K) says "The debate is expected to dominate the congressional agenda for the coming months, and is likely to fuel a partisan confrontation over whether the United States has gone too far on some fronts in conducting its war on terrorism." The Times notes, "Simply asking Congress to OK the policy…appeared Friday to be the approach favored by the White House." While the detainee ruling "may be a blow to the president's policies, it may benefit his party politically -- permitting candidates in November elections to talk tough about fighting terrorists and portray Democrats as weak."

The Washington Times (7/1, Seper, 90K) reports, "The White House yesterday said the Guantanamo Bay prison will remain open until all the detainees are dealt with, and the administration will work with Congress to remedy problems the Supreme Court cited when it ruled special military tribunals were illegally created." And "White House spokesman Tony Snow said Congress is interested in ensuring the more than 400 detainees at the naval facility in Cuba are brought to justice or sent home." Snow said, "You close it when you finish handling all the cases of people who are at Guantanamo."

Sen. Warner Uncommitted To Legislation Creating New Military Tribunals. In contrast to other publications, the New York Times (7/1, Zernike, 1.19M) described the debate over new military tribunals as potentially splitting Republicans, reporting, "A leading Senate Republican said Friday that he was not sure that Congress should pass legislation to create new military tribunals for terror suspects, a stance that raised doubts about prospects for a White House plan to establish an alternative to the commissions struck down this week by the Supreme Court." Warner is "concerned that new tribunals, even if authorized by Congress, might not withstand judicial scrutiny." Warner's caution "suggested signs of division, even among Republicans, about how to balance concerns about the threat posed by terrorism with the court's requirements that detainees must be granted some basic rights."

Ruling On Detainees Seen As Threat To Executive Authority. Knight Ridder (7/1, Landay, Taylor, Talev) in an article titled "Supreme Court Ruling May Ripple Through Other Bush Policies" cites "widespread agreement" by experts that the recent ruling on detainees could impact the Administration's NSA terrorist surveillance program and detainee policies and says, "At its heart, legal experts said, the ruling rebuffed Bush's contention that the president has special powers during wartime to disregard acts of Congress and international treaties." In an interview Sen. Lindsay Graham agreed, saying, "One of the potential implications is that the 'inherent authority' argument pushed by the executive branch may be in retreat." Meanwhile, Sen. Arlen Specter "said he doesn't take the court's ruling to mean that those already being held would be off the hook simply because their rights were found to have been violated." Specter said, "They can argue that…but I think there's a basis for detaining them if they're dangerous." If "Congress passes legislation 'very promptly'" they will not be released. And "Graham agreed that the court's ruling 'confirms that the military can hold these people until the hostilities are over." He said "we now know how to write the statute to make it constitutional and to be able to move the cases forward."

The Los Angeles Times (7/1, Spiegel, 958K) in an analysis described the potential impact of the ruling as "unclear" writing that for Salim Ahmed Hamdan, "the future is a bit clearer: He must receive a trial with new, congressionally approved procedures." Yet, "the landmark 5-3 decision may also have a significant impact on hundreds of other detainees at Guantanamo, as well as an unknown number picked up by U.S. forces and held in undisclosed locations around the world." It "could lead to sweeping changes in the way they are treated, according to legal experts and advocates for those held. The ruling could give Guantanamo prisoners a day in a U.S. court, and senior Al Qaeda operatives being held as U.S. captives visits from the Red Cross."

And the AP (7/1, Yost) notes, "The Supreme Court setback for the White House comes amid a full frontal assault by the administration against The New York Times for revealing the existence of the NSA program as well as another secret government initiative accessing a huge databank of bank records." The AP adds, "The American Society of Newspaper Editors, responding to such criticism, said Friday that the Bush administration and some in Congress 'are threatening America's bedrock values of free speech and free press with their attempts to demonize newspapers for fulfilling their constitutional role in our democratic society.'"

Kennedy Applauded For Checking Executive Authority. The Financial Times (7/1, Waldmeir) credits Justice Anthony Kennedy with dealing the "historic blow this week to the executive powers of the Bush administration." The Times asks "Does that mean Justice Kennedy can be

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relied on to vote against the government in future cases inspired by this week's Hamdan case? Perhaps in a challenge to the president's warrantless wiretapping programme? Legal experts say it is too soon to tell. But one thing is clear: the new court is no lapdog of the Bush administration, and the new swing voter is no fan of unfettered executive power."

Ruling Seen As Rewarding Detainees' Efforts. Time (7/1, Zagorin) in a web exclusive reports that Guantanamo detainee "hunger strikers have already won a measure of success. In part because of their protests, and the attention focused on Guantanamo, the U.S. is facing growing criticism -- from both allies and enemies -- for the rules of detention at the camp. Now the Supreme Court's Hamdan decision effectively grants prisoners at least some of their longstanding demands, including more rights at trial. All the same, most of them are unlikely to be released soon. Indeed, authorities are currently constructing a new, state-of-the-art, $30 million prison at Guantanamo, where they plan to consolidate many of the camp's maximum-security inmates."

More Commentary. Weekly Standard senior editor Christopher Caldwell in his column titled "A Blessing In Disguise For Bush" in the Financial Times (7/1, Caldwell) writes that while the media celebrated the Supreme Court's detainee ruling, "Since Guantánamo does not agitate US public opinion in the way that overseas sceptics of the war on terror would assume, the five-to-three decision will wreak no sea change in politics, nor harm Mr Bush. As November elections heave into view, it could just as easily help him." Bush, "much like everyone else, is groping for an intellectual handhold on the problem of terrorism." But if "Hamdan is not to be tried as a war criminal, it is because of a new ambiguity that surrounds the word "war", rather than a new ambiguity that surrounds the word "criminal". What do you charge a person like Mr Hamdan with? Even if Mr Bush has come up with the wrong answer, Americans are not about to punish him for thinking that it is the right question.

Edwin S. Matthews Jr., counsel of record for 175 members of the British Parliament who filed a brief in Rasul v. George W. Bush supporting judicial review of the holding of prisoners by the United States government in Guantánamo, writes in a letter to the editor of the New York Times (7/1, 1.19M) that the Supreme Court, in Hamdan v. Rumsfeld, "stood up to protect us all." The "government has denied prisoners in Guantánamo Bay, Cuba," the right to be present at our trial, the right to know what evidence the state presents against us, the right to be defended by counsel we choose and the right under the Geneva Conventions to benefit from 'all the judicial guarantees which are recognized as indispensable by civilized peoples,'" and it "could under many other circumstances deny them to any of us. No war against anything justifies the denial of such essential rights."

Lawyers Claim NSA Sought To Create Domestic Monitoring Program Before 9/11 Attacks. Bloomberg (7/1, Harris) reports, "The U.S. National Security Agency asked AT&T Inc. to help it set up a domestic call monitoring site seven months before the Sept. 11, 2001 attacks, lawyers" suing telecommunications companies over allegations they cooperated with the NSA terrorist surveillance program "claimed June 23 in court papers filed in New York federal court." In June 2000 a "NSA initiative, code-named 'Pioneer Groundbreaker,' asked AT&T unit AT&T Solutions to build exclusively for NSA use a network operations center which duplicated AT&T's Bedminster, New Jersey facility, the court papers claimed. That plan was abandoned in favor of the NSA acquiring the monitoring technology itself, plaintiffs' lawyers Bruce Afran said."

USA Today Admits It Cannot Confirm Telecommunication Companies Cooperated With NSA. USA Today (6/30, 2a, 2.31M) reports, "Members of the House and Senate intelligence committees confirm that the National Security Agency has compiled a massive database of domestic phone call records. But some lawmakers also say that cooperation by the nation's telecommunication companies was not as extensive as first reported by USA TODAY on May 11." USA Today continues, "Several lawmakers, briefed in secret by intelligence officials about the program after the story was published, described a call records database that is enormous but incomplete. Most asked that they not be identified by name, and many offered only limited responses to questions, citing national security concerns."

USA Today (6/30, 2.31M) in a note to its readers Friday said "Based on its reporting after the May 11 article, USA TODAY has now concluded that while the NSA has built a massive domestic calls record database involving the domestic call records of telecommunications companies, the newspaper cannot confirm that BellSouth or Verizon

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contracted with the NSA to provide bulk calling records to that database."

The New York Times (7/1, Richtel, 1.19M) notes, "In the aftermath of the USA Today article in May, The New York Times reported that the security agency's efforts to collect phone data appeared to be focusing not on the local service phone companies, like BellSouth, Verizon and Qwest, but on the long-distance companies, including the former MCI and AT&T." In May, "Verizon issued a statement saying it had not turned over calling records to the security agency, but it left open the possibility that MCI, which it recently acquired, had done so. Verizon said yesterday that it had no further comment." And "AT&T said yesterday: 'The news media have carried reports alleging that AT&T is participating in an N.S.A. terrorist surveillance program. Unfortunately, the law does not permit AT&T to respond to those allegations.'"

The Washington Post (7/1, A2, Ahrens, Kurtz, 744K) says "The correction illustrates the difficulty of reporting sensitive and often classified government actions, as anonymous sources sometimes backtrack, pursue their own agendas by leaking selective information or say more than they know. News organizations attempt to assemble authoritative stories from multiple sources and agencies, creating plenty of room for potential error." The AP (7/1) reports similar details. The Wall Street Journal (7/1, Ellison, 2.11M) reports similar details.

NYT, LAT Editors Defend Decision To Print Classified Material. Los Angeles Times editor Dean Baquet and New York Times editor Bill Keller in an op-ed in the New York Times (7/1, 1.19M) defend their decision to publish classified information anout US efforts to fight terrorism writing, "Government officials, understandably, want it both ways. They want us to protect their secrets, and they want us to trumpet their successes. A few days ago, Treasury Secretary John Snow said he was scandalized by our decision to report on the bank-monitoring program. But in September 2003 the same Secretary Snow invited a group of reporters from our papers, The Wall Street Journal and others to travel with him and his aides on a military aircraft for a six-day tour to show off the department's efforts to track terrorist financing. The secretary's team discussed many sensitive details of their monitoring efforts, hoping they would appear in print and demonstrate the administration's relentlessness against the terrorist threat." Baquet and Keller conclude, "We understand that honorable people may disagree with any of these choices — to publish or not to publish. But making those decisions is the responsibility that falls to editors, a corollary to the great gift of our independence. It is not a responsibility we take lightly. And it is not one we can surrender to the government." The same op-ed also appears in the Los Angeles Times (7/1, 958K).

Administration Provided Material On Terrorist Financing Program To WSJ To Counteract NYT And LAT. Howard Kurtz in his "Media Notes" column in the Washington Post (7/1, C1, 744K) writes that as the debate over publishing details of the Treasury Department's terrorist finance tracking program escalates between the Wall Street Journal and the New York Times, "The Journal editorial board, which operates independently from the newsroom, said a top Treasury Department official had contacted Journal reporter Glenn Simpson and handed him the story. The editorial said Treasury officials decided to 'declassify a series of talking points' after failing to persuade the New York Times -- as well as the Los Angeles Times -- to kill the story on grounds that it would neutralize a key administration weapon in the war on terror. The same declassified information was provided to the other two papers, as well as to The Washington Post later on the evening of June 22."

U.S. Claims South Florida Lead Suspect Planned Terrorist Army. The South Florida Sun-Sentinel (7/1, Blum, 249K) reports, "The alleged ringleader of a group of South Florida men accused of plotting to blow up Sears Tower in Chicago wanted the blast to divert law enforcement so he could free inmates from a prison to join his terrorist army, federal prosecutors said Friday." At a two-hour hearing in a Miami federal courtroom on whether six of the seven men arrested June 22 should remain in custody, lead U.S. prosecutor Jacqueline Arango sketched "an ambitious, but inept, military-style organization whose members had illusions of grandeur and a taste for intrigue."

Suspects Variously Seen As Die-Hards, Dupes. The New York Times (7/1, Drew, Lichtblau, 1.19M) reports, "The seven men arrested on terror charges were shown Friday on undercover videotapes solemnly reciting oaths of loyalty to Al Qaeda, repeating the words that an F.B.I. informant had given them to say." The prosecutor's presentation also revealed that ringleader Batiste had requested that an undercover informant procure rockets and semiautomatic rifles. Lawyers for some defendants claimed that their clients knew little of Batiste's plans, and some

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criticized the new evidence presented at the Friday hearing as showing government entrapment. Yet, "the parents of most of the defendants, including some who have been very critical of the case, appeared surprised by the evidence presented Friday, sitting quietly through the court hearing and refusing to comment afterward." Others saw the new evidence as portraying Batiste "as a bizarre and self-aggrandizing figure" and that his followers "mostly poor, young Haitian-Americans, were more involved in parts of the scheme than their families and community leaders had suspected."

California Security Agency Tracked Protestors. The Los Angeles Times (7/1, Nicholas, 958K) reports, "Gov. Arnold Schwarzenegger's office in charge of protecting California against terrorism has tracked demonstrations staged by political and antiwar groups, a practice that senior law enforcement officials say is an abuse of civil liberties. The Times obtained reports prepared for the state Office of Homeland Security in recent months that contain details on the whereabouts and purpose of a number of political demonstrations throughout California. The source of the information is listed in some cases as federal law enforcement agencies, including the Immigration and Customs Enforcement agency, an investigative arm of the U.S. Homeland Security department." The two daily reports reviewed by the Times included such political activities as an animal rights rally outside Canada's San Francisco consulate protesting sea hunting, a demonstration in Walnut Creek where CA7 Rep. George Miller (D) and other officials spoke against the Iraq war, and a Women's International League for Peace and Freedom courthouse rally in Santa Barbara to support an antiwar protester facing federal trespassing charges. A spokesman for state Attorney General Bill Lockyer "condemned the actions, saying they violated the groups' constitutional right of free speech."

L.A. Police Chief, Others, Press Homeland Security For Greater Sharing Of Intelligence. The Los Angeles Times (7/1, Winton, McGreevy, 958K) reports, "Los Angeles Police Chief William J. Bratton said Friday that he and other big-city police chiefs will meet this month with top Homeland Security officials amid complaints that the federal agency isn't doing enough to share information with local law enforcement nationwide. It also notes, "Los Angeles mayor Antonio Villaraigosa publicly complained that federal officials didn't give him an in-depth briefing before President Bush detailed a terrorist threat on the U.S. Bank Tower in downtown Los Angeles." But L.A. chief Bratton and others have said the larger problem is the quality, not the sharing, of federal agency intelligence. "Bratton said is it is not so much 'they don't share intelligence as they don't have intelligence.'"

FBI Raids Pittsburgh Mosque. The Pittsburgh Post-Gazette (7/1, Ayad, 261K) reports, "FBI agents yesterday raided a North Side residence known to many in the neighborhood and the Pittsburgh Islamic community as both an Islamic school and mosque. The agency would say only that the search was in connection with a 'criminal investigation' and wouldn't elaborate. The raid of the Sankore Institute and Light of Age Mosque, a three-story house that doubles as a school for people seeking to learn the Koran and Islamic religious teachings, began around noon and lasted about four hours. Authorities did not state whether anyone was taken into custody, but residents of the neighborhood said several men in tunics and traditional Muslim dress were led out of the house, patted down and searched. The paper said that the group "moved into the neighborhood around February and posted fliers that said 'we are here to help you make the North Side a better place to live, worship, work and play'" and urged residents "to join us in clothing and feeding the poor, cleaning up our community and making the North Side a safer, more beautiful place for our children."

Former CIA Officer Gives His Advice To New Agency Head. In the Los Angeles Times (7/1, 958K), Garrett Jones, for 17 years a CIA case officer, provides his advice for Air Force Gen. Michael V. Hayden, who took charge of the agency last month. He writes, "your predecessor, Porter Goss, did not adapt well. He seemed unable to make it out of the lobby each morning without starting a fistfight. You can do better. For starters, resist any impulse to 'demonstrate who is in charge.'" The directorate of intelligence, however, "is a mess. … Start over. Anyone associated with the WMD mess… needs to be retired, kicked upstairs or otherwise moved on. It may not be fair, just or efficient, but you must do it to blow the smell of failure out of the organization. Then appoint a pit bull as the quality-control officer for analysis."

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WAR NEWS:

Investigators Probe Alleged Rape And Murders By GIs. Allegations of an alleged rape and murders committed by US soldiers in Iraq generated extensive and negative coverage on the networks and in the newspapers. ABC World News Tonight (6/30, story 2, 1:00, K. Snow, 8.78M) reported, "There are explosive new allegations concerning the US military in Iraq a soldier has confessed his role in rape and murder of Iraqi civilians." ABC (Karl): "These are the most disturbing allegations yet." The CBS Evening News (6/30, story 2, 2:00, Schieffer, 7.66M) reported, "At least two U.S. soldiers are being investigated for raping a young Iraqi woman, then killing her and three relatives." CBS (Martin) added, "The allegation that two American soldiers raped an Iraqi woman and then killed her and three other members of her family, including a child, and then burned the bodies, is shocking enough. Add the fact that the troops under investigation belong to the same unit as those two kidnapped soldiers whose mutilated and booby-trapped bodies were found just last week. And it becomes a cycle of unimaginable brutality on both sides."

NBC Nightly News (6/30, lead story, 2:50, Williams, 9.87M) reported, "The U.S. military is investigating this case at the highest levels of the service." NBC (Miklaszewski): "At least two and as many as five American soldiers are under investigation. ... The officials say it appeared the soldiers had stalked the woman and the rape was premeditated. Following the rape, at least one of the soldiers murdered the woman and killed three other members of her family including a child and two adults. ... Experts blame the relentless and brutal nature of the insurgent war." NBC News military analyst Dan Goure: "You get stress in war but nothing like we are facing in parts of Iraq today." Miklaszewski: "Others argue no amount of combat stress justifies criminal or immoral acts." Col. Jack Jacobs, US Army (RET.): "There's no doubt in my mind that anybody can tell the difference between right and wrong, even in the heat of battle."

The AP (6/30, Lenz) reports it is the "fifth pending case involving alleged slayings of Iraqi civilians by U.S. troops" and that the suspects "were from the same platoon as two soldiers kidnapped and killed south of Baghdad this month." The New York Times (7/1, Wong, 1.19M) reports, "The victims were a woman, her child, her husband and the husband's brother." It also states, "At least 60 American soldiers died in Iraq in June, a slight decline from 69 in May and 76 in April. Yet, that was almost twice as many as in March, which, at 31, had the second-lowest monthly fatality count of the war." Other than those comments, the Times coverage is generally based on the preceding AP coverage. The Washington Post (7/1, Finer, 744K) reports, "Investigations have intensified in recent months following the high-profile Haditha allegations, pressure from the Iraqi government on military commanders to curtail excessive force by soldiers, and an initiative by Lt. Gen. Peter Chiarelli, the top U.S. ground commander in Iraq, to cut down on civilian casualties."

The Washington Times (7/1, Scarborough, 90K) reports, "A top U.S. commander [Col. Jeffrey Snow] in Baghdad said yesterday that attacks have gone up, not down, since new Prime Minister Nouri al-Maliki ordered a citywide crackdown." It also quotes Col. Snow as worrying that excessive "negative press coverage" could hurt morale. The Los Angeles Times (7/1, Moore and Spiegel, 958K) reports, "It was unclear whether there was a connection between the deaths of the family members in Mahmoudiya and the June 16 attack on the U.S. soldiers at an observation post near Yousifiya [that resulted in their mutilation]." Both this alleged incident and the abductions of the soldiers apparently reflect a chronic "lack of manpower" south of Baghdad. As do several other sources, the Los Angeles Times notes that one suspect has already been discharged and is being sought in the US. The Washington Post, Los Angeles Times, and AP comment that allegations of rape could be especially inflammatory in a conservative Moslem culture.

List of Criminal Cases Against US Troops Is Given. The AP (6/30), as part of the followup to the coverage of rape and murder allegations, provides a listing of criminal cases filed against US troops in the Iraq war. The list is broken down into Pending Cases, Convicted, and Cleared/Acquitted.

Deaths Of Four Service Members In Iraq Are Announced. ABC World News Tonight (6/30, story 3, 0:10, K. Snow, 8.78M) reported, "The U.S. Military today announced three more deaths in Iraq. A Marine in al Anbar province, and two soldiers killed by roadside bombs in Baghdad. At least 60 U.S. forces have been killed in Iraq in June." The Washington Post (7/1, 744K) reports, "The U.S. military has announced the deaths of a Marine and three soldiers from fighting in recent days in Iraq. The names of all

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four were withheld pending notification of their families." Their units and the circumstances of their deaths are given.

Troops In Ramadi Live With Dangers. The AP (6/30, Castaneda) reports, in a sympathetic article, on the hardships faced by soldiers stationed in Ramadi: "The Iraq war for most troops is fleeting; brief ambushes or sudden, powerful roadside bombings. But in this troubled city, the capital of deadly Anbar province, the conflict is nearly constant. Gunbattles in the streets are common and mortars rain down on the bases every week." The AP quotes numerous soldiers, some of whom profess to be accustomed to the dangers and others who admit to experiencing stress.

Iraqi VP Says Reconciliation Plan Should Be Seen As First Step Towards Solution. The Financial Times (7/1, Khalaf) reports, "Iraq's national reconciliation initiative has paved the way for government contacts with insurgents and should be seen as only a first step towards a political solution to the conflict, according to Iraq's vice-president" Adel Abdel-Mehdi. He added "that other measures would follow the plan," and that "the reconciliation plan had now made dialogue an official policy. He also left the door open to a broadening of an amnesty offer after Nuri al-Maliki, the prime minister, this week insisted it would exclude anyone who had killed American troops or Iraqis." He says "the reconciliation initiative was aimed at gaining a better understanding of the" insurgent "groups and identifying whether any, and how many, were ready for a political solution." As "efforts to calm the insurgency dominated by Sunni Arabs also depend on the government's ability to rein in the Shia militias," Mr Abdel-Mehdi "insisted that the government would not allow anyone to operate 'above the law.'" However, "he acknowledged that the government faced a dilemma. To dismantle the militias it must show it is capable of providing security, which requires reducing the violence waged by insurgents. But curbing the powers of the militias is also essential to persuade insurgents to lay down their arms."

Iraq's PM Leaves On Tour To Boost Support For Reconciliation Plan. The AFP (7/1, Salem) reports, "Iraq Prime Minister Nuri al-Maliki will on Saturday embark on his first trip abroad to garner support for his much-touted peace plan that has been rejected by the Sunni leaders and rebels." He will "leave Saturday for Saudi Arabia, then the United Arab Emirates and Kuwait 'to meet their leaders to discuss the national reconciliation plan.'" Some feel "that Maliki's tour may help influence the former elite community of Sunni Arabs as many of its leaders have close ties with the oil-rich Arab states of the Gulf."

Car Bombing In Baghdad Kills 45. The AP (7/1) reports, "A parked car bomb exploded at a popular market in a Shiite slum of Baghdad, killing at least 45 people and wounding 41, police said. AP Television News footage showed a huge plume of gray smoke rising from the scene in the Sadr City neighborhood."

Panel Debates Whether Found WMD Shells Justify Iraq War. The Washington Post (7/1, Pincus, 744K) reports on the division between Republicans and Democrats on the House Armed Services Committee concerning whether the discovery of 20-year-old munitions "support the prewar contention that Saddam Hussein had weapons of mass destruction, and justify the invasion of Iraq." It characterizes DIA director Michael Maples as caught in crossfire but "adept at avoiding answers that aided either side."

Bin Laden Praises Zarqawi And Demands His Burial In Jordan. There was extensive coverage on TV and in the newspapers of Bin Laden's latest tape. ABC World News Tonight (6/30, story 4, 0:10, K. Snow, 8.78M) reported, "There is word of another internet audio message from Osama bin Laden tonight. His second in 24 hours, and the fifth this year." NBC Nightly News (6/30, story 4, 2:00, Williams, 9.87M) reported, "Osama bin Laden has been heard there again, but just not seen. He eulogizes Abu al-Zarqawi, the leader of al Qaeda in Iraq, who was killed by U.S. troops earlier this month." Myers: "Though there is ample evidence al-Zarqawi and bin Laden had their differences, here bin Laden takes credit for Zarqawi's successes and claims Zarqawi was acting on bin Laden's orders." Roger Cressey, NBC News terrorism analyst: "Al Qaeda hasn't conducted an attack in over three years. Bin Laden has to associate himself with Zarqawi and Zarqawi's successes in Iraq to maintain their credibility." Myers: "One lingering question: why no bin Laden videotapes in almost two years? It may be because audio tapes are less risky."

The CBS Evening News (6/30, story 3, :30, Schieffer, 7.66M) also reported it. The Washington Times/AP (7/1, Keath) reports, "Osama bin Laden called on President Bush in an audiotape released yesterday to release the body of Abu Musab Zarqawi and said Jordan should allow the slain

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terrorist to be buried in his homeland." Bin Laden "paid tribute to Zarqawi and said the former al Qaeda in Iraq leader had been under orders to kill Iraqis who supported U.S. forces in the country. He also vowed more attacks against the United States in the Middle East and Africa." The AP (6/30, Keath) notes doubts about the extent of Bin Laden's control of activities, his continued failure to show his face (which it attributes more to security concerns than to health problems), and the weariness of his voice. It counts "four audiotapes from bin Laden and seven audios and videos by his deputy, Ayman al-Zawahri" this year. Bloomberg (6/30) also reports the story.

Rice Offers $5 Million Reward For Al-Masri. CNN (7/1, Labott) reports, "U.S. Secretary of State Condoleezza Rice authorized up to a $5 million reward Friday for information leading to the capture of Abu Ayyub al-Masri, believed to be the replacement for the late leader of al Qaeda in Iraq -- Abu Musab al-Zarqawi." It "is being offered under the State Department's Rewards for Justice program." The State Department's "statement urges anyone with information on al-Masri's location to contact the U.S. Embassy in Baghdad or any other U.S. embassy or consulate, or any U.S. military commander." The AP (7/1) adds that spokesman Adam Erel said "Rice's agency is offering the money to encourage people with information about al-Masri's location to come forward." The AFP (7/1) notes "The true identity of Abu Ayyub al-Masri remains an enigma in his reported homeland of Egypt," although he "is believed to have lived in the central Cairo area of Zawyia Hamra before going to Afghanistan in the late 1980s or early 1990s, and then on to Iraq via Iran."

Maliki Courts Sunni Support Outside Iraq. The Los Angeles Times (7/1, 958K) reports, "Iraq's new prime minister, Nouri Maliki, was to leave today to visit Saudi Arabia and other Persian Gulf states to solicit support for a reconciliation initiative that has drawn mixed reviews since it was announced Sunday. Maliki plans to discuss bridging the widening gap between Sunni and Shiite Muslims with leaders of the oil-rich Sunni-dominated countries." However, "even as the prime minister takes his plan abroad, it is facing attacks at home," from the Muslim Scholars Association and radical cleric Moqtada al Sadr.

Rocket Wounds 10 At Kandahar Coalition Base. The AP (6/30) reports, "A Taliban rocket exploded Friday inside the main coalition base in Kandahar, Afghanistan, wounding 10 people, including soldiers and civilians, the Canadian Press news agency reported." The article notes that two Canadian soldiers were injured but does not give the nationalities of the other victims.

Italy Extends Afghan Deployment. The Los Angeles Times (7/1, 958K), in a brief article, reports, "Prime Minister Romano Prodi's government agreed to keep Italian troops in Afghanistan, despite opposition from pacifists in his coalition. ... Defense Minister Arturo Parisi said Rome would not send additional troops or boost funding."

Port Security In Umm Qasr Is Described. The New York Times (7/1, Glanz, 1.19M) reports on Iranian navy patrols in Umm Qasr. It notes the problem-plagued relationship between the navy, which is portrayed as relatively professional, and the allegedly militia-penetrated coast guard. A US naval advisor is quoted as saying that he finds it easier "to arrange joint operations with maritime forces from Kuwait" than with the Iraqi coast guard" and that the navy could "run itself" today if the US left. In general, the assessment of Umm Qasr is that security has declined: "Now, after months of relative calm, sophisticated roadside bombs and assassinations of Iraqis who work with Westerners have increased across the entire south, while the port itself has become a place of danger, corruption, commercial bustle and intrigue."

Administration WMDs Claims And Detainee Policy Defended. In the Washington Times (7/1, 90K), media critic Brent Bozell argues that the discovery of 500 shells proves the bias of the media: "But the reception of this declassified memo shows we do not have an honest, nonpartisan news media, and political calculation is everything." He warns that the Bush administration may be intimidated "by the media, who don't want any new information to change their tilted first draft of history" and that the administration may have incurred considerable damage through its inaction. Also in the Washington Times (7/1, 90K), Victor David Hansen says Europeans attack the US on Guantanamo to escape their own problems: "By ankle-biting America on Guantanamo, the Europeans sound moral and tough while ignoring the real dangers for which they have absolutely no solutions -- unassimilated and angry Muslims, the Dutch and Danes under assault by radical Islamic censors and a defenseless Europe potentially soon in range

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of Iranian President Mahmoud Ahmadinejad's nuclear-tipped missiles."

Soros Says US Has Become Threat To World. In Newsweek (6/30), George Soros explains why he considers the US now a threat to world stability: "By declaring a 'war on terror' after September the 11th, we set the wrong agenda for the world. This is something that people in America find difficult to understand because war seems like the natural response. ... We abhor terrorists, because they kill innocent people for political goals. But by waging war on terror we are doing the same thing. And the people who are on the receiving end see us in the same light with the same negative attitude as we have towards terrorists. It's also a threat to our democracy. Because when you wage war, the president can appropriate for himself excessive powers." Soros promises to spend the legal maximum supporting Democrats in 2004 and calls the "puncturing of the housing bubble" the gravest immediate danger to the US economy.

Homecoming Parties For Troops Become Lavish. The Wall Street Journal (7/1, Gamerman, 2.11M) reports, "In the Iraq War, a new approach is starting to emerge. Military tradition and conventional wisdom dictate that families should keep homecomings low-key to avoid overwhelming the troops while they're readjusting to being back. For a variety of reasons, from the military's shifting demographics to attitudes about the current war, some families are taking a different route, opting for outsize celebrations." The article describes some parties and their expense. It also quotes some troops and experts who counsel against incurring debt and against burdening unacclimated soldiers with such celebrations.

Debate Rages Over Lowering Flags For Dead Service Members. The Wall Street Journal (7/1, Zaslow, 2.11M) reports, "In some 16 states, flags are routinely lowered for fallen home-state soldiers. But what some see as a gesture of tribute, others consider inappropriate, demoralizing and even devious. Half-staff efforts, which have spread to states Oregon, Minnesota, California, Illinois, Kentucky and Maine -- are generating controversy among politicians, veterans and citizens unsure about whether and when to lower the flag ... Some wonder whether the flag tributes are really an attempt to undermine support for the war by reminding Americans of the fatalities. And though many veterans welcome the lowered flags, others say the day for honoring war dead is Memorial Day."

War Protesters Sue To Reverse Camping Ban. The AP (7/1) reports, "Cindy Sheehan and four other war protesters sued McLennan County over roadside camping and parking bans near President Bush's ranch in Crawford, saying they want to return to what became an 'international symbol of protest against the Iraq war.'"

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Roberts, Alito And Kennedy Seen As Having Distinguished Themselves In Court's Term. Knight Ridder (7/1, Henderson) reports during the 2005-06 term of the U.S. Supreme Court "the focus was on how Chief Justice John G. Roberts and Justice Samuel Alito were changing the court's outcomes." Both "established themselves as solid conservatives" but also were "distinguished…from the bench's more doctrinaire members, Justices Antonin Scalia and Clarence Thomas." The term also featured "the emergence of Justice Anthony Kennedy at the court's center. … In cases that split the justices narrowly, Kennedy was in the majority more than anyone else." The court is said to have decided "many cases on narrow legal grounds, avoiding more controversial elements." And "the court closed the term with more unanimous opinions than it has in recent years and with fewer concurrences and dissents." Alito "established a restrained conservativism that mirrored his work as an appellate judge." Roberts is described as having a "razor-sharp intellect."

Roberts's Desire For Unanimous Opinions Seen As Unlikely To Prevail. The AP (7/1, Benac) reports, "for all the talk of consensus and harmony on the new Supreme Court, plenty of trees had to die to provide enough paper for the justices' fractured rulings on some of the most contentious cases of the court's term. And all sides are betting that this transitional year…served as a fairly mild prelude to far bigger dustups to come next term and for many years hence." Roberts "has spoken publicly of his desire to achieve unanimity through narrow rulings that would offer 'clarity and guidance.' And he had some success, evidenced by a healthy share of unanimous opinions." Still "within the reinforced conservative wing of the court, there are strong and sometimes conflicting opinions." And "it turns out that the jurist to watch is 69-year-old Anthony Kennedy." He has

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"provided the fifth vote on some of the court's toughest cases" and "more often than not, he has sided with the conservatives."

James Taranto writes in the Wall Street Journal (7/1, 2.11M) that Chief Justice Roberts "showed himself to be a man of intelligence, charm and political acumen. If anyone can bring consensus to the Supreme Court, surely he can. But his first term in office showed that this goal will require patience and persistence, and maybe another new justice or two."

Boeing Announces Agreement With Justice Department. The Financial Times (7/1, Cameron) reports, "Boeing on Friday said it had reached a final agreement with the US justice department following two procurement scandals which led to the ousting of one chief executive and a prison term for its former chief financial officer." The firm will "pay $615m to avoid civil and criminal charges following the three-year DoJ probe, in line with the cost of the tentative deal outlined in May."

The New York Times (6/30, Wayne, 1.19M) reports Boeing "announced yesterday that it would take second-quarter charges of up to $1.15 billion as a result of a settlement of ethics investigations with the federal government and delays in a surveillance aircraft program for Australia and Turkey." That will "more than eliminate Boeing's second-quarter profit." The $615 million payment "resolves potential civil and criminal charges against Boeing." It results from "an investigation over the improper acquisition of proprietary documents from a rival, the Lockheed Martin Corporation, that Boeing employees used to try to gain government rocket launching business." Arizona Sen. John McCain (R) "will hold hearings this summer on the settlement."

AFP (6/30) reports, "The agreement calls for a 565 million-dollar civil settlement and a 50 million-dollar monetary penalty under a separate criminal agreement, according to the US Justice Department. The amount is a record for government procurement fraud, for the Department of Defense and for the National Aeronautics and Space Administration, officials said. The criminal probe stems from allegations that Boeing used improperly acquired data from rival Lockheed Martin to help win rocket launching business from NASA. The deal also would end a civil probe into conflict of interest in Boeing's recruitment of a senior Air Force procurement official while she still had authority over billions of dollars in other Boeing contracts. The former official, Darleen Druyun, went to prison in the case."

CORPORATE SCANDALS:

IG Report Finds Abramoff Did Not Influence Decision To Replace U.S. Attorney For Guam. The Los Angeles Times (7/1, Roche, 958K) reports, "Convicted lobbyist Jack Abramoff improperly obtained a top-secret FBI document and tried to use the information to aid his clients in the Pacific Island territories" because he "feared information in the document could be damaging to his clients' interests." According to a "41-page report into allegations that he had improperly influenced President Bush's 2002 decision to oust the acting U.S. attorney for Guam and the Northern Mariana Islands" Inspector General Glenn A. Fine concluded there was no evidence for the claim. The report did find that Abramoff "had a pipeline into the White House" in that "Leonard Rodriguez, a Bush aide, told the inspector general's office that then-White House political director Ken Mehlman 'recommended or suggested that I reach out to make Jack aware' on Guam issues."

Prosecutors Seek Enron Executives' Assets. The Washington Post (7/1, D1, Johnson, 744K) reports, "Federal prosecutors asked a judge yesterday to order former Enron Corp. executives Jeffrey K. Skilling and Kenneth L. Lay to turn over $182.8 million, arguing that their homes and other assets were acquired by fraud." Court papers claim that Skilling collected $139.2 million in bonuses and stock proceeds during the fraud, and prosecutors are seeking $49 million in securities he holds in a brokerage, his $4.6 million mansion, $808,643 in cash; and a Dallas condominium worth $579,475, and the $5 million bond Skilling posted after his indictment two years ago. Skilling argues that because jurors acquitted him on nine insider trading charges, he is entitled to keep his remaining wealth. The government says Lay collected $43.5 million in bonuses and drawdowns on his Enron-sponsored credit, and are seeking repayment of $1.5 million Lay used to pay off the mortgage on his luxury penthouse apartment in Houston, plus Lay's interest in a limited partnership now valued at $6.3 million.

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CRIMINAL LAW:

Former NYC Police Commissioner Pleads Guilty In Bribery Case. The New York Times (7/1, Franco, 1.19M) reports that Bernard B. Kerik, who was New York City police commissioner at the time of the Sept. 11 terror attacks and was nominated in 2004 to be homeland security director but withdrew, pled guilty to two misdemeanors in a Brooklyn courtroom, for failing to report a loan and accepting as a gift renovations to his apartment worth $165,000. Kerik acknowledged accepting the gifts in late 1999 and in 2000 from a large New Jersey contractor, Interstate Industrial Corporation, which has been accused of, but repeatedly denied, having ties to organized crime. He also said he spoke to other city officials about the company, then seeking a city license, when he was the city's correction commissioner. Kerik agreed to pay $221,000 in fines and penalties for accepting the renovations and failing to report a $28,000 loan from a friend, real estate developer Nathan Berman. Kerik's agreement ends an 18-month grand jury probe and allows him to avoid jail time and felony bribery charges.

The Washington Times (7/1, Seper, 90K) adds that Kerik's DHS nomination "dissolved amid accusations of extramarital affairs and his questionable hiring of a Mexican housekeeper," after Kerik told President Bush he could not "permit matters personal to me to distract from the focus and progress of the Department of Homeland Security and its crucial endeavors." The article also notes that questions had been raised at the time about Kerik's ties to stun gun make Taser International, which paid him $6.2 million in stock options after he promoted its products to law-enforcement agencies. It adds that New Jersey gambling authorities have sought to revoke Interstate Industrial's license to work in casinos, describing owners of Frank and Peter DiTommaso as associates of the Gambino organized crime family.

CIVIL LAW:

Eminent Domain Fight Ends, As New London Homeowners Settle. The New York Times (7/1, Salzman, 1.19M) reports, "With eviction looming, the two remaining homeowners fighting the city's plans to replace their homes with offices, a hotel and new housing agreed to settle on Friday, ending a six-year battle that led to a historic Supreme Court ruling on governments' power of eminent domain." The settlement ends a case that reached the U.S. Supreme Court, which issued a controversial 5-to-4 ruling last year upholding the city's power to take their homes for private development.

Plaintiff In Supreme Court Case Will Move Her House. The Los Angeles Times (7/1, Mehren, 958K) reports, "Susette Kelo, who lent her name to a lawsuit that ignited a firestorm around the practice of eminent domain, will not lose her Connecticut home to a wrecking ball, as she had feared when the U.S. Supreme Court ruled that the city of New London could build homes, offices and hotels in her neighborhood. Under an agreement announced Friday, Kelo's quaint, peach-colored house will be moved to another location. Kelo, 49, can remain in the 19th-century cottage at its present waterfront location for as long as a year, until a new site is selected." Kelo and another homeowner, Pasquale Cristofaro, "were the last plaintiffs in the landmark case of Kelo vs. City of New London to reach an accord with the city. The Cristofaro home will be razed, but the family will be able to buy a new home in the area at an undisclosed fixed price." On the first anniversary of the Kelo ruling last week, President Bush issued an executive order barring federal agencies from seizing private property except for public projects like hospitals and roads.

LATimes Faults Labels, Studios For Not Attracting File Sharers. The Los Angeles Times (7/1, 958K), in a "One Year Later" feature, follows up a the Supreme Court's Grokster decision, and says the victorious recording labels and studios "haven't done enough to lure file sharers." The decision said companies like Grokster that let their users share files over the Internet can be held liable for enabling copyright infringement. Even though the percentage of U.S. Internet users sharing files has stayed flat in recent years, while the percentage of those buying in online stores has seen real growth, "free downloaders represent a lost opportunity for the entertainment industry." The Times calls for "much more experimentation with approaches that give users the control and freedom to consume that make file-sharing networks so attractive."

CIVIL RIGHTS:

Supreme Court Denies Two State Death Penalty Appeals. The Washington Post/AP (7/1, A7)

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reports, "Texas and Arizona lost Supreme Court appeals yesterday in separate death penalty cases." The high court refused without comment Texas' request that a death sentence be reimposed on Gregory Russeau for murdering an elderly auto mechanic during a robbery, and also refused to upset an Arizona appeals court decision giving Robert Moormann a chance to appeal his conviction for killing his adoptive mother. The decisions came as the high court acted on over 50 cases in its final day of its 2005-06 term.

ANTITRUST:

Proposal Would Link General Motors To Nissan And Renault. The New York Times (7/1, A1, Maynard, 1.19M) reports in a front-page story, "General Motors' largest shareholder" Kirk Kerkorian "is pressing the troubled American auto giant to speed up its turnaround effort by forming an alliance with two foreign car companies, Nissan and Renault, which would pay $3 billion for a 20 percent stake in G.M." Such an alliance would enable Kerkorian "to enlist the help of Carlos Ghosn, the hard-charging executive who oversees" Nissan and Renault. Ghosn "earned his reputation from the swift turnaround he executed earlier this decade at Nissan, where he slashed debt, introduced flashy new vehicles and expanded sales in Japan and the United States." G.M. issued a statement saying that the proposal "would be taken under advisement by its board."

The Wall Street Journal (7/1, A1, Langley, Boudette, Hawkins, 2.11M) reports in a front-page story the proposal "raised pressure on General Motors Corp. and embattled Chairman and Chief Executive Rick Wagoner." It is also described as "a stunning shot at Mr. Wagoner's effort at restructuring the nation's biggest auto maker."
The Washington Post (7/1, D1, Freeman, 744K) also reported this story.

FBI/DEA/ATF/USMS:

FBI Examines Recovered Laptop For Signs Of Data Theft. The Washington Post (7/1, D1, Pegoraro, 744K) reports, "If your Social Security Number was on that wayward, now-recovered Department of Veterans Affairs laptop -- or any of the other computers recently lost with sensitive data onboard -- it's probably still safe. But not certainly so. And you're just going to have to live with whatever uncertainty that realization stirs in you." The Post writes, "When the VA or other offices try to ensure that lost records haven't landed on identity thieves' hard drives, they run into the same problem that's undermined the entertainment industry's efforts to stop people from circulating music and movies on the Internet. Namely, computer data, by its nature, wants to go places. You can duplicate it infinitely and perfectly, then distribute those copies at near-zero cost. That's neither bad nor good; it just is. So in a worst-case scenario, every personal record on that VA laptop could now be online. And you'd never know until the symptoms of identity theft showed up in your bank account."

Veterans Groups Continue To Press for Free Credit Monitoring. The AP (6/30, Yen) reports, "Veterans groups say they will keep pressing for improved data security - and free credit monitoring - after the government found the stolen Veterans Affairs laptop computer containing sensitive data on 26.5 million people. … Joe Davis, spokesman for the Veterans of Foreign Wars, said veterans were entitled to credit monitoring until the FBI can determine for certain the information wasn't compromised." Davis: "The worst-case scenario may have been averted this time, but an even greater tragedy would be if this type incident was allowed to happen again because of complacency.

VA Given Permission To Publicize Monitoring Offer. The Washington Post/AP (7/1, 6:00 PM, Lovan) reports, "The Veterans Affairs Department is free to publicize a no-cost credit monitoring offer to veterans whose personal information was stolen, a federal judge ruled Friday. U.S. District Court Judge William Bertelsman denied a motion from attorneys who filed a class-action suit on behalf of 26.5 million veterans and active-duty troops after a VA employee's laptop containing the private data went missing. Law enforcement officials recovered the laptop this week after it had been stolen from a data analyst's Maryland home on May 3. The FBI said Social Security numbers and other personal data had not been copied from the computer." Class-action plaintiffs attorneys "had argued that accepting the offer, which was advertised on the VA's Web site, could hamper the veterans' chances of winning more money in court." Bertelsman: "I don't see anything objectionable in it. … The court can't tell a government agency how it can communicate with its constituents. If they make a statement that's a false representation ... then the court might get into it."

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Scott Hogenson, VA spokesman: "We're encourage by the fact that we're allowed to help our veterans."

NYT Calls For Better Data Security. The New York Times (7/1, 1.19M) editorializes, "The government's extraordinary attempt at damage control when it appeared the computer was gone for good — including a plan to offer a year's free credit monitoring to the veterans at a cost of more than $160 million — underlines a mushrooming problem. It is becoming obvious that government agencies, and businesses, need better policies and practices for handling sensitive data stored on computers. To begin with, personal information on 17 million veterans is not the sort of data that should be moving around on a laptop. Data this valuable should also have been encrypted, to make it difficult for thieves to use it."

US Gun Owners Fault International Efforts To Restrict Arms Sales. The Washington Times (7/1, Pisik, 90K) reports, "The gun industry and shooting enthusiasts fired back at the anti-gun lobby yesterday at an international conference on illicit weapons, saying any global restrictions will affect sport hunters." The United Nations Small Arms Review Conference "is meant to take stock of the global efforts to curb the trade on illegal arms and draft a plan of action for the future." It "is not looking at legal civilian ownership, but is examining ways to limit the flood of weapons into unstable regions." However, it "attracted the ire of tens of thousands of American gun owners, who were mobilized by the National Rifle Association to protest what they see as a global effort to disarm U.S. civilians," and, "in a wide-ranging but ill-attended morning session, speakers representing gun manufacturers, weapons brokers, antique-firearms enthusiasts and big-game hunters stressed that misuse is the problem, and not the gun itself."

IMMIGRATION:

Border Patrol Agents Suspected Of Smuggling Immigrants Disappear. The Los Angeles Times (7/1, Marosi, 958K) reports, "Two U.S. Border Patrol agents under investigation for allegedly smuggling drugs and immigrants abruptly resigned and went into hiding this week after apparently being tipped off to the probe, according to federal law enforcement sources. The agents -- brothers Raul and Fidel Villarreal -- were veteran officers who patrolled the border near San Diego." It is suggested that "they may have left the country." The case is "the latest in a string of unrelated corruption probes" and is "being handled by Immigration and Customs Enforcement." The two "were suspected of working with Mexico-based criminal networks to smuggle Mexicans and Brazilians into the country."

California Day Labor Center Closed After Minuteman Member's Objection. The Los Angeles Times (7/1, Delson, 958K) reports, "Caltrans ordered a longtime Laguna Beach day labor center to close Friday, saying it was illegally operating on state property." The order cam "after a Laguna Beach resident who is a member of the Minuteman Project border patrol group checked property records and brought the information forward as part of a protest against the center." It is "the second day labor center in Orange County to close recently." The centers "have been targeted for protests by anti-illegal immigrant groups throughout Southern California." The decision "angered a majority of the City Council."

Los Angeles Seen As Center Of Black Resentment Of Latino Immigrants Over Jobs Competition. The Washington Post (7/1, A3, Geis, 744K) reports, "Many African Americans in Los Angeles have watched resentfully as Latinos replaced them not only in low-wage jobs, but also in many traditionally black neighborhoods. Simmering tensions between the two groups occasionally boil over in school shootings, jail violence and hate crimes." The Service Employees International Union is attempting to organize security guards in Los Angeles. The union "estimates that nearly 70 percent of the officers are black." SEIU president Andrew L. Stern said that "racial politics played no role in the timing of the security guard campaign." But the union is "well aware of black workers' fears that organizing a union could be an invitation to employers to hire immigrant workers they perceive to be more docile and willing to work for less."

Medical Costs Of Immigrants Growing Dramatically. Knight Ridder (7/1, Pugh) reports among "the costs and consequences of illegal immigration" is "a fast-growing multibillion-dollar tab for medical emergencies suffered by undocumented immigrants." While they are "ineligible for full coverage under Medicaid, … a little-known federal law requires state Medicaid programs to pay for emergency medical care for all undocumented immigrants who meet the program's financial and personal resource requirements." That care is "becoming more expensive," but the states do not "closely track what they spend." So "at the request of McClatchy Newspapers, some states took a closer

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look at the expenditures." 2005 costs were reported as follows: Minnesota $17.4 million, California $957 million, Houston's Harris County Hospital District $97.3 million, Georgia $112 million, North Carolina $52.8 million, Kentucky $9 million.

Washington Area Hospital Sets Limits To Avoid Being Overwhelmed. The Washington Post (7/1, A1, Levine, 744K) reports in a front-page story that Silver Spring, Maryland's Holy Cross Hospital's "yearly charity care more than doubled to $9 million" from 2000 to 2005. Now the hospital has decided to set a limit on the number of uninsured obstetrics cases it will take because it's system has been "overtaxed" by the work. And "the pressures on Holy Cross mirror those at other facilities in the region." So "critics cite the burden they say newly arrived immigrants place on health care as one rationale for restricting their numbers. … The full medical bill to U.S. hospitals, clinics and taxpayers probably exceeds $6 billion annually."

DC To Delay Implementing Medicaid Rule Until July 17. The Washington Post (7/1, B3, Levine, 744K) reports Washington, D.C. "agreed yesterday to delay implementing a new federal Medicaid rule requiring documented proof of citizenship" until July 17. The announcement came "one day after a Washington firm filed suit in federal court to block the city from moving forward with enforcement." The federal rule "makes documented citizenship a requirement for eligibility." Federal officials "have warned" D.C. "and states that noncompliance would mean losing Medicaid matching funds."

Immigration Hearings Described As "Public Thrashing" Of President. The Wall Street Journal (7/1, Harwood, 2.11M) reports, "Directed by House Speaker Dennis Hastert, Republicans this coming week will undertake a remarkable exercise: the public thrashing of President Bush's principles on a major initiative. House 'field hearings' on immigration, scheduled for San Diego and Laredo, Texas, weren't designed with fact-finding in mind. Their intent is rather to batter the Senate-passed immigration bill, which embodies Mr. Bush's goal of combining border security with a guest-worker program for the 12 million illegal immigrants already here." House members are said to "display striking anger" resulting from "frustration" with Iraq and "the conviction that the speaker has been personally slighted by an arrogant administration." The immigration hearings "which today look like attempts to stoke the conservative base and sink the president's priority, might look different by October."

Advocate Hopes Hearings Build Public Interest In Pragmatic Legislation. Tamar Jacoby, a senior fellow at the Manhattan Institute, writes in the Washington Post (7/1, A25, 744K) reports, "The immigration bills passed by the House and Senate in recent months could hardly be more different. The House package is harsh, punitive and focused exclusively on tougher enforcement. The Senate bill balances toughness with pragmatism" and the House's decision to hold hearings in border states means that "by the end of the summer, the public will have had a long, thorough course on immigration." And "I'm convinced that this will only deepen viewers' pragmatism." That "could in turn shift the balance among House Republicans." So "come September, the public's hunger for a solution may be impossible to ignore."

CONGRESS-ADMINISTRATION:

Bush And Koizumi Visit Graceland. President Bush and Japanese Prime Minister Junichiro Koizumi's visit to Graceland was treated mainly in a light-hearted manner on the network news, each of which devoted a short segment to the visit. Newspaper coverage generally reported that Koizumi was very happy to visit Graceland while the president looked uncomfortable. ABC World News Tonight (6/30, story 7, 2:15, K. Snow, 8.78M) called Bush and Koizumi's visit to Graceland "a day to remember in foreign diplomacy." Bush was quoted saying: "This visit here shows, not only am I personally fond of the prime minister, that the ties between our peoples are very strong, as well."

NBC Nightly News (6/30, story 8, 2:00, Faw, 9.87M) noted, "This visit was more than a reward for a friend who has staunchly supported Mr. Bush." Prof. Alan Schroeder, Northeastern University: "A pilgrimage to Graceland is like paying homage to American royalty. Presidents come and go; Elvis is forever."

The CBS Evening News (6/30, story 8, 2:30, Schieffer, 7.66M) referred to "the unlikely report that President Bush was taking Japan's visiting prime minister to Graceland." CBS (Alfonsi) added, "There are 500 Elvis impersonators in Japan. And the Japanese prime minister just happens to be one of them." So "Graceland put out the peanut butter and banana sandwiches." It "makes you wonder if 50 years from now, the president will broker world peace at Britney Spears' place."

The New York Times (7/1, Stolberg, Dewan, 1.19M) reports the prime minister said, "It's like a dream." Koizumi

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"crooned, as Priscilla Presley, Elvis's former wife, and Lisa Marie, his daughter, looked on." The visit "was a Bush-Koizumi lovefest…orchestrated by the White House to spotlight the close relationship between Japan and the United States." And "Elvis music played loudly over the speakers, until Mr. Bush asked that it be turned down." The president also "made an unannounced stop at the National Civil Rights Museum."

Knight Ridder (7/1, Hutcheson) reports, "Elvis left the building years ago, but Japanese Prime Minister Junichiro Koizumi channeled his spirit Friday during a visit to the performer's Graceland mansion. … It was perhaps the most bizarre moment in one of the strangest road trips in diplomatic history."

The Washington Times (7/1, Curl, 90K) reports, "Japanese Prime Minister Junichiro Koizumi yesterday rocked the House That Elvis Built, crooning a few bars of some classic Presley hits and leaving his tour guide, President Bush, looking a bit like a whipped Hound Dog." Mr. Bush "struck a more sober tone."

The Financial Times (7/1, Daniel, Pilling) reports the trip was "designed to celebrate" the president's "special relationship with Prime Minister Junichiro Koizumi" The Washington Post (7/1, C1, Baker, 744K) reports, "If wise men say only fools rush in, then on this day, at least, President Bush heeded the wise men. It was one thing to take his friend, Japanese Prime Minister Junichiro Koizumi, to Memphis to visit what evidently is now the nation's most important tourist site. But the president drew a line Friday when the wavy-haired Japanese leader began crooning Elvis songs." But "nothing would spoil Koizumi's day." The president "seemed to enjoy the show."

The AP (7/1, Riechmann) reports, "It didn't take much coaxing from President Bush to get Japanese Prime Minister Junichiro Koizumi to croon some Elvis tunes Friday at the king of rock 'n' roll's Graceland mansion." The Los Angeles Times (7/1, Wallsten, 958K) reports that the president and first lady, "clearly unaccustomed to such a display (or perhaps still disoriented from the mirrored ceilings in the downstairs television room) looked on with strained smiles."

The Memphis Commercial Appeal (7/1, McMillin) reports, "The Tourist in Chief made his inaugural trip to Graceland on Friday, but it was President Bush's guest from Japan who rocked Memphis with his fervent adulation for the King of Rock and Roll. Strutting and singing and doing his best Elvis lunge across the shag carpet of the Jungle Room, Japanese Prime Minister Junichiro Koizumi delighted the president, first lady Laura Bush and tour guides Priscilla and Lisa Marie Presley. 'You're a pretty good Elvis singer,' Bush said, and with the pack of media in the room entreating him, Koizumi delivered a teasing cabaret of tunes that make metaphors hard to resist. … 'Wise men say, only fools rush in,' Koizumi sang, beginning another love song but summing up what many dozen protesters across the street said in a less polite way about their dissatisfaction over the war in Iraq."

The Memphis Commercial Appeal's Halimah Abdullah (7/1) writes, "beyond the pomp and pompadours, the Memphis visit was a carefully orchestrated symbol of thanks to an outgoing leader of the world's second largest economy for supporting Bush on issues like the war in Iraq and terrorism. It's also a tactical move for Bush who, while cultivating close relationships with now-departing heads of state, finds himself besieged with criticism on domestic and international fronts. Likewise, Koizumi's theatrical warbling of Elvis tunes and flirting with Lisa Marie Presley were more about maintaining his affable public persona as he hammed it up for the press pool."

The Tennessean (7/1, Alligood) reports, "It was one magic day for Memphis, one grand day for Graceland. For about an hour and a half, three world potentates — two among the living and one reputed, by some theorists, to still be in the building — were at the locus of, if not the world's attention, then the universe of all things Elvis. The trip had been in the works for about six weeks. President George W. Bush's people, the Secret Service, came to town early to check out the Jungle Room and the rest of the mansion and gave their security blessings to the visit, which Koizumi requested."

The Memphis Commercial Appeal (7/1, Boyd) reports, "It wasn't fine china for President Bush and Prime Minister Junichiro Koizumi on their visit Friday to the Rendezvous. They ate their lunch from paper plates and used plastic utensils just like regular customers. Inside the homey, back-alley restaurant, Bush cleaned his plate of barbecue ribs and washed it down with a Diet Coke."

Maureen Dowd writes in her column for the New York Times (7/1, 1.19M), "Junichiro Koizumi seemed to be in an ecstatic trance." But "Mr. Bush seemed out of his element." He "tried to make a serious point." Still, the trip "was a triumph in personal diplomacy." Dowd concludes, "with his small circle of pals and Iraq war defenders…drifting off the world stage, and with allies pulling back troops in Iraq,

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President Bush may soon be as isolated as Elvis was at the end."

Protestors, Supporters Greet Bush In Memphis. The Memphis Commercial Appeal (7/1, Murphy) reports, "About 250-300 people waited for the 30-second spectacle of the presidential motorcade as it roared down gritty Elvis Presley Boulevard into the gates of Graceland. … Carl Rising-Moore from Crawford, Texas, who carried a flag of slain soldier Casey Sheehan, son of Cindy Sheehan, became the unofficial protest leader because he had the megaphone. Someone gave him a list of things to chant, but mostly he'd just wing it, leaving a few quiet seconds while he came up with something else to shout. A few feet away, dressed in fatigues and a black beret, former Army specialist Allison DeVante of Memphis quietly held her sign, 'Stop rape of military women in Iraq.' She said she was raped in 2002 by the officer in charge and it took two years for the military to investigate. She left the Army and they never told her what became of her rapist. Nearby, three 18-year-old girls sang 'God Bless America' quietly. They made signs supporting Bush because they didn't want him to see only protest signs."

Koizumi Shares Traits With Elvis. The Washington Post (7/1, C7, 744K) publishes several similarities between Japanese Prime Minister Junichiro Koizumi and Elvis.

Time Poll Shows Bush Approval At 35 Percent. Time (7/1, Cullen) in a web exclusive titled "Good News Fails To Boost Bush's Job Approval" reports a Time poll of 1,003 adults conducted June 27-29 shows "Bush's approval rating slipped to 35%...down from 37% in March (and 53% in early 2005). Only 33% of Americans in the survey said they approved of Bush's handling of the situation in Iraq, vs. 35% in March, and 47% in March 2005. His management of the U.S. economy lost supporters, too, as 36% approved, compared with 39% three months earlier. Bush's handling of the war on terror saw a slight gain in support, from 44% to 45%." His "poll numbers remain stuck in a rut." And "Congress isn't faring much better." Time notes, "Only 31% approved, down sharply from 39% in March. Asked whether they would be more likely to vote for the Republican or Democratic candidate…if the election were held today, 47% said Democrat and 35% said Republican, a two-point improvement for Democrats."

Student Activists Campaign For Bush's Impeachment. Time.com (7/1, Locke) reports, "Many people may scoff at the decision earlier this week by the Berkeley City Council to put a resolution on the Nov. 7 ballot calling for President Bush and Vice President Cheney to be impeached. After all, 74,000 voters of what is often referred to as The People's Republic of Berkeley can't legally oust the President and Vice President. But Berkeley Mayor Tom Bates thinks his city is simply ahead of its time, as it has often proved to be in the past. … Indeed, while Berkeley may be the first city to put an impeachment resolution to its people, numerous city and town councils have already passed such resolutions, including San Francisco, Santa Cruz, and Chapel Hill, N.C. State legislatures in Vermont, California and Illinois all have impeachment resolutions pending. To help raise awareness of the issue, there will be a series of teach-ins across the country this summer and fall, and a new film, 'How to Impeach a President,' will be screened — all part of the burgeoning impeachment effort called 'Constitution Summer,' led by a non-partisan coalition of students from the country's top law schools and universities."

Bush Nominates Mishkin To Fed. The Wall Street Journal (7/1, Pulizzi, 2.11M) reports, "President Bush Friday nominated Columbia University Professor Frederic S. Mishkin" to fill out the 14-year term ending in January 2014 of Roger Ferguson. Mishkin "has a well-established relationship with Fed Chairman Ben Bernanke." The two co-wrote a book on inflation targeting and Mishkin's nomination is "likely to heighten speculation that the central bank may eventually embrace the strategy." And "the White House has another vacancy to fill on the Fed board" as Fed Governor Mark Olson resigned, effective Friday.

The Washington Post (7/1, D3, Irwin, 744K) reports Mishkin is "a leading proponent of the idea that central bankers should set explicit targets for controlling inflation." He "headed the research department at the Federal Reserve Bank of New York in the 1990s" and is "a professor at Columbia University's business school." The nomination "adds momentum to the cause of 'inflation targeting,' which would be a departure from the Fed's traditional, improvisational approach to setting monetary policy." But former White House economic adviser R. Glenn Hubbard "played down the likelihood that Mishkin's appointment will contribute to a change in how the Fed works."

Markets Gain On Fed Report. The Washington Post (7/1, D1, Masters, 744K) reports, "Volatility ruled the stock markets in the quarter that ended Friday, and analysts agreed investors should be prepared for continued turbulence."

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Market declines in May and June are attributed to "concern that inflation may be picking up, 60 central banks around the world raising interest rates, and worries that the U.S. and global economies may be slowing." And "the major U.S. market indexes…each fell between 7 percent and 11 percent between May 8 and mid-June before recovering slightly at the end of the quarter." But "U.S. analysts disagree sharply about what the next six months will bring, although most expect the Federal Reserve to raise interest rates at least one more time, to 5.5 percent."

Bloomberg (7/1) reports, "U.S. stocks trimmed the biggest weekly advance since January as technology companies widened their examination of stock-option grants, hurting their shares. Apple Computer Inc. and Computer Sciences Corp. led the retreat as they started investigations." The market "rebounded this week from three weeks of losses as Federal Reserve policy makers, who raised interest rates for the 17th straight time, said in a statement that the economy is 'moderating from its quite strong pace' earlier in the year."

The Financial Times (7/1, O'Doherty) reports, "Wall Street finished the week sharply higher, gaining strongly after a Federal Reserve policy meeting this week and bringing to a close a quarter that mauled technology stocks and small-caps but left large-caps barely changed. Stocks soared immediately after the Federal Open Market Committee's decision to raise interest rates by 25 basis points on Thursday."

The New York Times (7/1, Andrews, 1.19M) reports, "The Federal Reserve raised interest rates for the 17th consecutive time on Thursday, but kicked off a powerful celebration in the stock market by lowering its alarms about inflation." The gains were described as a "relief rally." But the gains were also called "the latest example of heightened volatility in financial markets and heightened uncertainty about Fed policy under its rookie chairman, Ben S. Bernanke."

Consumer Spending Slowed In May But Confidence Is Up For June. Bloomberg (7/1) reports, "Consumer spending in the U.S. rose in May by the least in three months, and a measure of inflation watched by the Federal Reserve was unchanged, a day after policy makers hinted at a pause in their interest-rate increases. Spending increased 0.4 percent after a gain of 0.7 percent in April." The annual rate "excluding food and energy, rose 2.1 percent from a year ago." The lack of growth in inflation "pushed the dollar lower and spurred a rebound in Treasury notes." Meanwhile, the University of Michigan reported "the first increase in confidence in three months" rising to "84.9 from 79.1 in May."

The New York Times/AP (7/1) reports, "Consumer spending slowed sharply in May as rising gasoline prices left Americans with less cash for other items, the government reported Friday." That "provided further evidence that the economy slowed sharply in the spring." Meanwhile, "many analysts said the new inflation figure in Friday's spending report increased the odds that the Fed will increase rates at least one more time at the next meeting on Aug. 8."

OTHER NEWS:

NASA Engineers' Safety Concerns Draw Media Scrutiny As Shuttle Is Prepared For Launch. All three networks aired extensive segments on the preparations for Discovery's launch yesterday evening, with ABC and CBS leading their broadcasts with reports on Discovery and CBS running its story second. All three reports focused on the persistent concerns over fuel tank insulation shedding. NASA Administrator Michael Griffin's contention that risk can never be completely eliminated in the context of a shuttle launch was quoted in each of the network's segments. ABC World News Tonight (6/30, lead story, 2:50, K. Snow, 8.78M) reported, "It is the first mission in nearly a year, and only the second since the disaster in 2003. Questions about safety remain. Tonight, newly released e-mails show how high those concerns go." ABC continued, "As the launch approaches, there has been debate within NASA if the shuttle is safe enough to fly." NASA Administrator Michael Griffin was shown saying, "Is it a gamble? Are we playing the odds? Yes, of course. Every time we launch this shuttle, we take a risk." ABC went on to report, "Some have questioned if the risk is too great. NASA's top safety officials voted not to launch until there were more modifications to the foam on the fuel tanks. Today, it was learned, some in the inspector general's office have questioned the decision to go. In one e-mail, an inspector wrote 'The shuttle program and ultimately Mike Griffin (NASA Admr) are rolling the dice, but they think their odds are good.'" ABC concluded, "Now, one key reason that the NASA administrator feels comfortable launching tomorrow is that if there is a problem on liftoff with

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the foam, he does not feel it presents a safety issue for the crew. The shuttle would go up to the space station, dock. The crew would wait on the space station for a rescue."

The CBS Evening News (6/30, lead story, 3:00, Schieffer, 7.66M) reported, "Never before has there been a launch like the one scheduled tomorrow. NASA's top administrator is saying he considers it so important to keep the space program on schedule, he is willing to override the safety concerns of his top engineer and his top safety officer." CBS added, "Discovery will be the only shuttle ever launched with a system officially classified as an unacceptable risk. The danger comes from insulating foam on the shuttle's external fuel tank and the possibility that pieces may break off from brackets during launch, puncturing the shuttle's heat shield, which has to be intact for a safe reentry at the end of the mission. NASA's chief engineer and top safety official labeled that failure as probable/catastrophic, meaning there's roughly one in 100 chance that a foam strike will cause catastrophic damage to Discovery." NBC Nightly News (6/30, story 2, 1:50, Williams, 9.87M) reported, Engineers think they have minimized the risk but not eliminated it. Two senior engineers voted no when asked if the shuttle should launch. However, NASA management has overruled them, and decided to fly anyway. NASA leadership says, right now, the risks are acceptable and they must get going to finish the International Space Station. Importantly, those two engineers did not object when they were overruled."

Griffin's Role In Overruling Engineers' Objections To Launch Noted. The New York Times (7/1, Schwartz, Leary, 1.19M) reports, "Griffin…overruled the engineers. … He also said…he wanted to leave time to complete the 17 missions planned before President Bush's deadline for ending the shuttle program in 2010. On Friday, Mr. Griffin defended that decision, contrasting the open discussion with the process that led up to the Columbia disaster, in which managers were found to have squelched dissent. This month's preflight review was a healthy exchange of ideas and decision-making about difficult issues, he said, adding, 'What you're seeing is a good process.'" The Washington Post/AP (7/1, A5, Schneider) reports, "Griffin is taking a calculated gamble by going ahead with the launch of Discovery, overruling two top managers who fear that foam flying off the fuel tank might harm the space shuttle. The world will soon know if his gamble pays off." Griffin "wants to get the shuttles flying again and believes that a delay now would create schedule pressure toward the end of the decade. He has acknowledged, though, that he would probably shut down the shuttle program if another vehicle is lost."

Future Of Shuttle Program Depends On "Pedestrian" Discovery Mission. The New York Times (7/1, Schwartz, Leary, 1.19M) reports the Discovery crew will complete "what NASA managers called 'a rather pedestrian mission' that nevertheless has a great deal riding on it. … The 12-day mission is mainly dedicated mainly to carrying food, water, spare parts, oxygen and other supplies to the International Space Station, along with a new crew member. But far more important to the future of the space program is the issue of flaws that doomed two previous missions, those of the Challenger in 1986 and the Columbia in 2003."

WTimes Contends Current Mission Could Well Be The Shuttle Program's Last. The Washington Times (7/1, 90K) editorializes, "If anything goes wrong, which doesn't necessarily mean the loss of a third shuttle…Griffin will likely end the program. … Even something as small as what occurred last summer, when the same foam debris that doomed Columbia in 2003 flaked off Discovery's outer hull requiring a mid-mission repair, anti-shuttle forces both within and from outside NASA will probably prevail in their long-running effort to move forward from the 1970s-era program."

Louisiana Criticizes Federal Deadline For Clearing Hurricane Rita Debris. The Baton Rouge Advocate (7/1, Courreges) reports, "President Bush's Thursday exclusion of Hurricane Rita-hit areas from a list of parishes receiving time extensions on full federal coverage of expenses for hurricane debris clearing may largely paralyze work on clearing debris in storm-shattered Cameron Parish, starting today." LA7 Rep. Charles Boustany (R) on Friday "derided the decision as a 'bean-counter approach' and a 'slap in the face.' Beginning today, parishes not on the list as eligible for the deadline extension sent out by the Bush administration will have to pay 10 percent of the cost of debris removal--a list that includes none of the parishes directly hit by Rita."

Congress Seeks To Undo Error In Long-Term Oil Leases. The CBS Evening News (6/30, story 5, 2:30, Schieffer, 7.66M) reported, "We sort of hate to tell you about this next story for fear it will set off road rage." CBS (Attkisson) added, "The House of Representatives rushed last night to undo a colossal mistake, one that lets oil companies keep billions of dollars for themselves, money that should be

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going to U.S. taxpayers for the right to drill in U.S. waters." The mistake was that "somebody in the government left the royalty part out of thousands of long-term leases signed in 1998 and '99." So "Congress has been scrambling to find out who cut big oil the big break. Nobody seems to know. It happened during the Clinton years." But a bill "passed last night in the House, next goes on to the Senate. It would force oil companies to face up -- to pay up, rather, or face big penalties."

Kerr-McGee To Seek Negotiated Settlement. The New York Times (7/1, Andrews, 1.19M) reports, "The Kerr-McGee Corporation, under pressure from Congress, said on Friday that it would begin negotiations to settle a lawsuit that if it went to trial could deprive the government of as much as $60 billion in oil and gas royalties." The firm "sued the Interior Department in March to overturn a provision that requires companies to pay full royalties if oil prices climb above about $34 a barrel and natural gas prices rise above about $4 per thousand cubic feet."

House And Senate Differ On Opening Coastal Waters To Exploration. The AP (7/1, Hebert) reports, "Congress has taken a major step toward allowing oil and gas drilling in coastal waters that have been off limits for a quarter-century. Still, a battle looms in the Senate over the issue. And the Bush administration's support for the legislation…is lukewarm." The House bill would "end an Outer Continental Shelf drilling moratorium" that "covers 85 percent of the country's coastal waters." One provision "would give tens of billions of dollars to states that have drilling rigs off their coasts." It is "likely to face a filibuster from Florida senators." The Senate "is considering a limited measure that would open an area in the eastern Gulf of Mexico, known as Lease Area 181, that comes within 100 miles of Florida." The White House "strongly opposes the changes in royalty revenue sharing."

House Votes To Lift Ban On International Sales Of F-22. The Washington Post (7/1, D1, Merle, 744K) reports the U.S. House of Representatives "has recommended lifting a ban on international sales of the nation's most advanced fighter, the F-22 Raptor." The ban "was put in place to keep the Raptor's high-tech systems out of the hands of foreign governments." But lagging U.S. military orders have created fears that Lockheed Martin Corp. "may shut down the plane's production line in coming years."

Congressional Negotiators Still Unable To Resolve Pension Issues. The AP (7/1, Abrams) reports, "Congress falls short once again of achieving one of its prime goals: coming up with a bill to assure 44 million workers who depend on employer-based pension plans that they will get their promised retirement benefits." House and Senate negotiators are "still apart on two big issues: How to make companies that have fallen behind on payments to their pension plans make them up without driving them to terminate the plans or declare bankruptcy. Whether to single out financially struggling airlines for special treatment." And "the toughest issue has been working out a definition of what is an 'at risk' company that would be required by the bill to increase contributions to its pension plan."

Maryland Blue Cross Cuts Reimbursements To Doctors; Investigation Requested. The Washington Times (7/1, Rowland, 90K) reports, "A slate of reimbursement cuts going into effect today for CareFirst BlueCross BlueShield providers has some Washington-area doctors threatening to limit new patients or drop out of the network. The cuts also have prompted the Maryland State Medical Society to ask Attorney General J. Joseph Curran Jr. to investigate 'monopolistic pricing practices' between the state's largest health insurer and its major rival, UnitedHealth Group."

Senators Seek Reauthorization Of HOPE VI Housing Program. The Wall Street Journal (7/1, Roberts, 2.11M) reports, "The Federal Government's program to revitalize public housing is set to expire" but MD Sen. Barbara Mikulski (D) "is fighting an uphill battle to preserve it." The program, Homeownership and Opportunity for People Everywhere, "will be phased out in September." There is still "$3 billion…designated to complete projects, but hasn't yet been spent." And "the Bush administration says Hope VI hasn't been very productive." Yet Mikulski and "a bipartisan group of senators…are pushing for reauthorization."

Bush Makes Fifth Visit To Ohio This Year For DeWine Fundraiser. The AP (7/1, Smyth) reports, "The state's political hit parade continued Friday with President Bush jetting into the Columbus area for a fund-raiser for U.S. Sen. Mike DeWine. Adults and children were making signs to greet the president hours before his arrival in

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a suburban Columbus neighborhood Friday afternoon, and others stood in their driveways holding small American flags." The AP notes, "Friday's private fund-raiser for DeWine is Bush's fifth visit to the state this year."

Schwarzenegger Fined $202,000 Over Campaign Donation Violations. The Los Angeles Times (7/1, Salladay, 958K) reports Gov. Arnold Schwarzenegger's campaign "has agreed to pay a $202,200 penalty for failing to properly report more than $25 million in campaign donations during the special election last year, the state Fair Political Practices Commission said Friday. … Under California law, campaigns must publicly disclose donations they receive and money they spend — in some cases within 24 hours of the transaction. Disclosure is the bedrock of California's finance law, allowing the public to see the money behind political campaigns. In documents released Friday, the commission found that Schwarzenegger's California Recovery Team, created to advance the governor's causes, failed to report in a timely way millions of dollars in donations that were used to buy TV advertising pushing four initiatives on the November ballot. It found 143 delinquent reports on $25.6 million in expenditures. The complaint was filed by the Alliance for a Better California, a union-backed group that worked against the governor last year."

Schwarzenegger Approves California's First On-Time Budget In Six Years. The Los Angeles Times (7/1, Halper, 958K) reports Schwarzenegger "signed the state's first on-time budget in six years Friday, after using his veto power to scale back the expansion of environmental enforcement and healthcare programs approved by the Legislature earlier this week. The $131-billion spending plan signed by the governor will use a surge of unanticipated revenue that filled California's coffers this year to pay back billions the state borrowed from schools in recent years as well as to accelerate repayment of other state debt.

EDITORIAL WRAP-UP:

New York Times: ***"Don't Know Much About History."*** An editorial entitled "Don't Know Much About History" in the New York Times (7/1, 1.19M) says, "Somewhere between the firing in 2002 of President Bush's first Treasury secretary, Paul O'Neill, and the Senate confirmation this week of his third Treasury chief, Henry Paulson, the administration changed its tune on budget deficits. In the early days, the line was, essentially, that deficits don't matter. … Now, officials dutifully declaim that deficits matter, but that Bush-era shortfalls are 'within historical norms.' Mr. Paulson apparently shares that view, having offered it repeatedly when asked about budget deficits during his confirmation hearing." The Times faults that claim as a "disappointment" that "takes a narrow view of history." The Times states, "In contrast, the Bush years have been marked by nonstop tax cutting, deepening debt, the abandonment of budget rules and increased spending, paid for by borrowing," which is "alarming" because they are heavily foreign-financed (over 73 percent since 2001). By implying that the Bush deficits are normal, Paulson and others in the administration ignore the need to focus on tax cuts in addressing the deficit, the Times says, adding its "hope that in discussions with his new boss, Mr. Paulson has more to say about the budget deficit than he let on during his confirmation hearing."

"Watching Out for Wandering Data." The New York Times (7/1, 1.19M) editorializes, "The government's extraordinary attempt at damage control when it appeared the computer was gone for good — including a plan to offer a year's free credit monitoring to the veterans at a cost of more than $160 million — underlines a mushrooming problem. It is becoming obvious that government agencies, and businesses, need better policies and practices for handling sensitive data stored on computers. To begin with, personal information on 17 million veterans is not the sort of data that should be moving around on a laptop. Data this valuable should also have been encrypted, to make it difficult for thieves to use it."

"The Dangers of Secondhand Smoke."

"Editorial Observer: The Highway Into and Out of a Tanzanian City, in Darkness and in Light."

Washington Post: ***"Passports for Health Care."*** The Washington Post (7/1, A24, 744K) writes in an editorial the rule "may sound like a sensible safeguard" but it is "unnecessary, expensive and mean-spirited." It may result in "millions of people entitled to receive Medicaid benefits" being "denied coverage." Many American are said to lack documentation having neither a passport nor a birth certificate. Yet "under the administration's guidance for state Medicaid agencies, states can't extend coverage to new applicants while they scramble to obtain documentation."

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The post concludes, "this is an unnecessarily cruel law interpreted in an unnecessarily cruel way."

"Hamas's War." The Washington Post (7/1, A24, 744K) editorializes that if "Israel's offensive in the Gaza Strip is aimed at overturning" Palestinian Prime Minister Ismail Haniyeh's government, "Israel would be entirely justified." He chose not to "behave like a civilized government -- and work to free the hostage" but to "align itself with a terrorist operation." Still, "Israel's Gaza incursion has been reluctant, slow, carefully calibrated," restraint that "reflects recognition by Prime Minister Ehud Olmert that Israel stands only to lose if the Palestinian Authority is destroyed by force." Palestinian President Mahmoud Abbas could broker a political solution, but he "needs more help than he is getting from Egypt, other Arab states and the United Nations. Instead of fulminating about supposed Israeli war crimes, these actors ought to be demanding that Hamas -- and its sponsors in Damascus and Tehran -- stop their own acts of terrorism and war."

"Sabotaging Open Government." The Washington Post (7/1, A24, 744K) editorializes that if "Israel's offensive in the Gaza Strip is aimed at overturning" Palestinian Prime Minister Ismail Haniyeh's government, "Israel would be entirely justified." He chose not to "behave like a civilized government -- and work to free the hostage" but to "align itself with a terrorist operation." Still, "Israel's Gaza incursion has been reluctant, slow, carefully calibrated," restraint that "reflects recognition by Prime Minister Ehud Olmert that Israel stands only to lose if the Palestinian Authority is destroyed by force." Palestinian President Mahmoud Abbas could broker a political solution, but he "needs more help than he is getting from Egypt, other Arab states and the United Nations. Instead of fulminating about supposed Israeli war crimes, these actors ought to be demanding that Hamas -- and its sponsors in Damascus and Tehran -- stop their own acts of terrorism and war."

Wall Street Journal: ***"Hedge Fund Hoopla."*** The Wall Street Journal (7/1, A10, 2.11M) in an editorial writes, "Politicians are drawn to piles of unregulated money like, well, politicians to TV cameras. So it was only a matter of time before Congress took aim at the $2.4 trillion hedge fund industry." But, "Congress should tread carefully, if it treads at all."

"Arab Women's Suffrage."

"Jon Corzine Florio." The Wall Street Journal (7/1, 2.11M) editorializes, "Nearly every state in the nation is celebrating the new fiscal year that begins on Monday with record tax revenues. The big exception is New Jersey, which is headed instead for what could be a government shutdown. The political showdown isn't between Republicans and Democrats, but is between Governor Jon Corzine and his fellow Democrats who control the state legislature. On Wednesday, Democrats cursed each other and, according to our eyewitness sources, came close to blows inside the capitol in Trenton. Mr. Corzine is now threatening a government shutdown if his own party doesn't bend to his proposal for a $1.5 billion tax increase. Remarkably, all of this intra-party feuding isn't over whether to raise taxes, merely over how. … Meanwhile, the one promise that Democrats made to voters in last year's election campaign -- lowering what are some of the highest property taxes in the country -- remains conspicuously unfulfilled."

Los Angeles Times: ***"Happy anniversary, Antonio. What's next?"***

"Show Africa the money." The Los Angeles Times (7/1, 958K) editorializes, "a s we near the one-year anniversary of the Group of 8 summit in Gleneagles, Scotland," where "Rich nations signed a historic pact to forgive the debts of some of the world's most impoverished countries." However, "G-8 countries are far off track on their aid commitments and even further from a comprehensive trade deal." Implementing the agreement "to eliminate all export subsidies, cut other domestic supports and improve access to their markets for poor countries" was "supposed to be accomplished by the World Trade Organization during its Doha round of talks. Doha is desperately, perhaps fatally, stalled," and the rich countries' "promises are already starting to look hollow."

"Winning over the freeloaders." The Los Angeles Times (7/1, 958K), in a "One Year Later" feature, follows up a the Supreme Court's Grokster decision, and says the victorious recording labels and studios "haven't done enough to lure file sharers." The decision said companies like Grokster that let their users share files over the Internet can be held liable for enabling copyright infringement. Even though the percentage of U.S. Internet users sharing files has stayed flat in recent years, while the percentage of those buying in online stores has seen real growth, "free downloaders represent a lost opportunity for the entertainment industry." The Times calls for "much more experimentation with

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approaches that give users the control and freedom to consume that make file-sharing networks so attractive."

THE BIG PICTURE:

Headlines From Today's Front Pages.

Los Angeles Times:
"State Tracked Protesters in the Name of Security."
"A School's Glaring Absence."
"4 Soldiers Accused of Iraq Rape, Killings."
"Ralphs to Pay $70 Million for Illegal Hiring Scheme."
"Congress Tackles the Guantanamo Challenge."
"Gunman Kills 3, Wounds 1 in Brazen Attack Outside Home."

New York Times:
"G.I.'s Investigated in Slayings of 4 and Rape in Iraq."
"G.M. Is Pressed to Form Alliance With Two Rivals."
"Congo Nears Historic Election, Praying for Peace."
"Top Cyclists Are Out of Tour in Doping Case."
"Two Views of Terror Suspects: Die-Hards or Dupes."

Washington Post:
"GOP Seeks Advantage In Ruling On Trials."
"Troops Facing Murder Probe."
"Silver Spring Hospital Struggles to Serve."
"Israel Increases Pressure on Hamas."
"Rock Creek's Scenic Drive Battered."
"Museums Reopen to a Brand-New View."

Washington Times:
"Army Probes Iraq Family Deaths."
"Security Council Debates Incursion."
"Japanese Leader Sings King's Praises."
"Md., Va. Ask For Disaster Status."
"'Marine One' Finds Home At Nixon Site."
"Tour Favorites Cut In Doping Crisis."
"Frequent Fliers Veered Off Course."

Detroit Free Press:
"Power Play: Renault, Nissan, GM Could Link."
"It Was a Typically Shocking Action."
"GM-Nissan Proposal Shakes Motor City."

Atlanta Journal-Constitution:

Dallas Morning News:
"Many Guard Soldiers Eager to Serve on Border."
"Donor Data Stolen at Local Red Cross."
"Mom Accused of Drowning Son."
"As Hill Takes a Bride, He Considers Taking on Miller."
"5 Soldiers Face Allegations of Iraq Rape, Family Killing."

Story Lineup From Last Night's Network News:
ABC: Shuttle Launch Safety; New Soldier Misconduct Allegations; Three US Soldiers Killed In Iraq; New Bin Laden Tape; Israel Continues Palestinian Attacks; Mexican Election Close; Bush-Koizumi Graceland Trip; Gay Adoption; Northeast Flood Damage; High Flight Prices; Buffett Charity Lunch; Melinda Gates Profiled.
CBS: Shuttle Launch; Iraq War Crimes; Bin Laden Video; Israeli Soldier; Offshore Oil Lease Royalties; Global Warming Allergies; Tour DeFrance Doping Scandal; Bush-Koizumi Graceland Trip.
NBC: Alleged Atrocities In Iraq; Shuttle Launch; Proposed GM Merger; Bin Laden Tape; Guantanamo Detainee Ruling; Northeast Flooding; Bush At Graceland; Injured Children In Gaza.

WASHINGTON'S SCHEDULE:

Today's Events In Washington.

White House:

PRESIDENT BUSH — Unavailable

VICE PRESIDENT CHENEY — Highlights: Arrives at Cape Canaveral AFS. Tours the Orbiter Processing Facility. Views Discovery Space Shuttle launch. Departs Cape Canaveral en route Daytona Beach. Arrives at Daytona Beach airport. Attends Driver's meeting at NASCAR Pepsi-400. Daytona International Speedway. Visits with NASCAR drivers and crews. Participates in tour of Transporter. Tours NASCAR cut-away car. Speaks at pre-race ceremony. Note: Departs Daytona International Speedway at time TBA.

US Senate: No Scheduled Events.

US House: No Scheduled Events.

Other: June 28 - July 2. DAR CONTINENTAL CONGRESS _ Daughters of the American Revolution (DAR) convene their 115th annual Continental Congress. Meetings and events for DAR members. Location: DAR Constitution Hall, 1776 D St. NW. Contacts: Bren Landon, 202-572-0563

June 29 - July 1. MENTAL ILLNESS _ National Alliance on Mental Illness (NAMI) holds its annual convention. Highlights: 8:30 a.m. - 10 a.m. Research Plenary: Long-Term Studies, the FDA and Safety, withPedro Ruiz, MD, president, American Psychiatric Association; Jeffrey Lieberman, MD, New York State Psychiatric Institute; Gary Sachs, Massachusetts General Hospital; and Lauren Greenhill,

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M.D., Department of Child Psychiatry, NYS Psychiatric Institute. 1 p.m. - 1:45 p.m. Discussion on Mental Health Transformation, with Kathryn Power, M.Ed., U.S Department of Health & Human Services (HHS) Substance Abuse and Mental Health Services Administration (SAMHSA). 2:30 p.m. - 3:30 p.m. Ask-the-Doctor Sessions on schizophrenia, schizoaffective disorder, bipolar disorder, depression, obsessive compulsive disorder, co-occurring disorders, post traumatic stress disorder, borderline personality disorder, mood disorder in children, ADD/ADHD, medications, and physical health and mental illness. Location: Washington Hilton Hotel Contacts: Alexis O'Brien (NAMI), 202-797-4512

June 29 - July 1. YOUTH CONFERENCE _ Young America's Foundation holds its National High School Leadership Conference. Highlights: 11 a.m. Michelle Easton, President, Clare Boothe Luce Policy Institute. Location: National 4-H Conference Center, Chevy Chase. Contacts: Jason Mattera, 917-754-3425

June 30 - July 3. ASIAN AND PACIFIC CATHOLIC CONVOCATION _ First convocation of U.S. Catholic pastors, bishops, lay leaders, social workers, and educators of Asian and Pacific heritage. Four days of workshops, liturgical celebrations, policy discussions and cultural events. Location: Hyatt Regency-Crystal City, 2799 Jefferson Davis Hwy., Arlington, Va. Contacts: William Ryan, 202-541-3200

June 30 - July 4. FOLKLIFE FESTIVAL _ First session of the Smithsonian Folklife Festival, focusing on life in the Canadian province of Alberta, evening concerts celebrating African American music from New Orleans, and basketweavers from a wide variety of geographical regions, others. Location: Mall between 7th and 14th Sts. Contacts: Becky Haberacker, 202-633-5183

July 1 - 2. COMPUTER DESIGN CONTEST _ The ten IEEE Computer Society Design Contest university team finalists present their projects in computer design and engineering on the theme of 'preserving, protecting and enhancing the environment.' Teams represent universities in the U.S., China, India, Romania, Poland and Jordan. Topics include tsunami tracking, trash disposal, coal mining, solar energy and others. Location: Latham Hotel, 3000 M St. NW. Contacts: Randi Hicks Rowe, 703-836-0900 Joel Ranck, 202-832-0478

11:15 a.m. - 7 p.m. SMITHSONIAN-GRAND OPENING _ Grand re-opening ceremony for the National Portrait Gallery and the Smithsonian American Art Museum, following extensive renovations. Free performances, family activities and art exhibits. Highlights: 11:15 a.m. Ribbon cutting ceremony. Location: 8th and F Streets, NW Contacts: n/a, 202-786-2377

9 a.m. - 11 a.m. CANADA DAY PANCAKE BREAKFAST _ Free pancakes and entertainment with over 3000 expected guests. Open to all Canadians and invited Americans. Music by the Calgary Stampede Band. Highlights: 9:30 a.m. Remarks by Canada's Ambassador to the U.S. Michael Wilson; Alberta Premier Ralph Klein; and Calgary Mayor Dave Bronconnier. 10 a.m. Photo-op: Ambassador Wilson and Premier Klein flip pancakes Location: Canadian Embassy, 501 Pennsylvania Avenue, N.W. Contacts: Erica Fensom, 202-682-7716

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THE ATTORNEY GENERAL'S *NEWS BRIEFING*

PREPARED FOR THE OFFICE OF PUBLIC AFFAIRS, U.S. DEPARTMENT OF JUSTICE

TO: THE ATTORNEY GENERAL AND SENIOR STAFF

DATE: SATURDAY, JULY 1, 2006 7:45 AM EDT

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TERRORISM NEWS:

Administration Waiting For Congress To Act On Detainee Policy. While the White House was characterized as waiting for Congress to respond to the recent Supreme Court ruling on Guantanamo detainees, Congress was described as preparing to take action in what is expected to be a high-profile partisan debate which could effect the mid-term elections. NBC Nightly News (6/30, story 5, 2:00, P. Williams, 9.87M) reported, "Government lawyers met in Washington trying to figure out how to come up with some way to put detainees at Guantanamo on trial." Sen. Arlen Specter has "introduced a bill to revive military commissions. It's an idea the Bush administration favors, worried military courts would give detainees too much access to classified information. Human rights lawyers say trial by court martial would be more fair and respected worldwide." Meanwhile, "the Administration wants to see what Congress comes up with, delaying any trials for months."

GOP Takes Lead In Challenging Democrats Over Detainee Policy. Most US newspapers Saturday morning described GOP lawmakers as aggressively acting in response to the detainee ruling. The Washington Post (7/1, A1, Abramowitz, Weisman, 744K) in a front page story reports, "Republicans yesterday looked to wrest a political victory from a legal defeat in the Supreme Court, serving notice to Democrats that they must back President Bush on how to try suspects at Guantanamo Bay or risk being branded as weak on terrorism." While "the White House and lawmakers weighed next steps, House GOP leaders signaled they are ready to use this week's turn of events as a political weapon." One senior administration official "seemed to hint at the potential political implications in Congress. 'Members of both parties will have to decide whether terrorists who cherish the killing of innocents deserve the same protections as our men and women who wear the uniform,' this official said."

The Wall Street Journal (7/1, McKinnon, Bravin, 2.11M) reports, "Many Republicans predict that despite the White House's legal defeat over military tribunals, President Bush will emerge as the political winner among security-conscious voters." On Friday "Republicans sought to score points for the president. Conservative legal activists charged Democrats with excessive celebration of the decision, and said they would alienate voters. House Majority Leader John Boehner accused Democrats of supporting 'special privileges for terrorists.'" But in response "a number of Democratic lawmakers suggested that voters are likely to be frustrated with how the administration has handled the Guantanamo Bay detention center." Recently "Bush appeared to gain political momentum, thanks to a series of positive developments in Iraq. But the ruling could remind voters of the mistakes and overreaching that have dogged the administration's war effort."

The Los Angeles Times (7/1, Reynolds, 958K) says "The debate is expected to dominate the congressional agenda for the coming months, and is likely to fuel a partisan confrontation over whether the United States has gone too far on some fronts in conducting its war on terrorism." The Times notes, "Simply asking Congress to OK the policy…appeared Friday to be the approach favored by the White House." While the detainee ruling "may be a blow to the president's policies, it may benefit his party politically -- permitting candidates in November elections to talk tough about fighting terrorists and portray Democrats as weak."

The Washington Times (7/1, Seper, 90K) reports, "The White House yesterday said the Guantanamo Bay prison will remain open until all the detainees are dealt with, and the administration will work with Congress to remedy problems the Supreme Court cited when it ruled special military tribunals were illegally created." And "White House spokesman Tony Snow said Congress is interested in ensuring the more than 400 detainees at the naval facility in Cuba are brought to justice or sent home." Snow said, "You close it when you finish handling all the cases of people who are at Guantanamo."

Sen. Warner Uncommitted To Legislation Creating New Military Tribunals. In contrast to other publications, the New York Times (7/1, Zernike, 1.19M) described the debate over new military tribunals as potentially splitting Republicans, reporting, "A leading Senate Republican said Friday that he was not sure that Congress should pass legislation to create new military tribunals for terror suspects, a stance that raised doubts about prospects for a White House plan to establish an alternative to the commissions struck down this week by the Supreme Court." Warner is "concerned that new tribunals, even if authorized by Congress, might not withstand

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judicial scrutiny." Warner's caution "suggested signs of division, even among Republicans, about how to balance concerns about the threat posed by terrorism with the court's requirements that detainees must be granted some basic rights."

Ruling On Detainees Seen As Threat To Executive Authority. Knight Ridder (7/1, Landay, Taylor, Talev) in an article titled "Supreme Court Ruling May Ripple Through Other Bush Policies" cites "widespread agreement" by experts that the recent ruling on detainees could impact the Administration's NSA terrorist surveillance program and detainee policies and says, "At its heart, legal experts said, the ruling rebuffed Bush's contention that the president has special powers during wartime to disregard acts of Congress and international treaties." In an interview Sen. Lindsay Graham agreed, saying, "One of the potential implications is that the 'inherent authority' argument pushed by the executive branch may be in retreat." Meanwhile, Sen. Arlen Specter "said he doesn't take the court's ruling to mean that those already being held would be off the hook simply because their rights were found to have been violated." Specter said, "They can argue that…but I think there's a basis for detaining them if they're dangerous." If "Congress passes legislation 'very promptly'" they will not be released. And "Graham agreed that the court's ruling 'confirms that the military can hold these people until the hostilities are over." He said "we now know how to write the statute to make it constitutional and to be able to move the cases forward."

The Los Angeles Times (7/1, Spiegel, 958K) in an analysis described the potential impact of the ruling as "unclear" writing that for Salim Ahmed Hamdan, "the future is a bit clearer: He must receive a trial with new, congressionally approved procedures." Yet, "the landmark 5-3 decision may also have a significant impact on hundreds of other detainees at Guantanamo, as well as an unknown number picked up by U.S. forces and held in undisclosed locations around the world." It "could lead to sweeping changes in the way they are treated, according to legal experts and advocates for those held. The ruling could give Guantanamo prisoners a day in a U.S. court, and senior Al Qaeda operatives being held as U.S. captives visits from the Red Cross."

And the AP (7/1, Yost) notes, "The Supreme Court setback for the White House comes amid a full frontal assault by the administration against The New York Times for revealing the existence of the NSA program as well as another secret government initiative accessing a huge databank of bank records." The AP adds, "The American Society of Newspaper Editors, responding to such criticism, said Friday that the Bush administration and some in Congress 'are threatening America's bedrock values of free speech and free press with their attempts to demonize newspapers for fulfilling their constitutional role in our democratic society.'"

Kennedy Applauded For Checking Executive Authority. The Financial Times (7/1, Waldmeir) credits Justice Anthony Kennedy with dealing the "historic blow this week to the executive powers of the Bush administration." The Times asks "Does that mean Justice Kennedy can be relied on to vote against the government in future cases inspired by this week's Hamdan case? Perhaps in a challenge to the president's warrantless wiretapping programme? Legal experts say it is too soon to tell. But one thing is clear: the new court is no lapdog of the Bush administration, and the new swing voter is no fan of unfettered executive power."

Ruling Seen As Rewarding Detainees' Efforts. Time (7/1, Zagorin) in a web exclusive reports that Guantanamo detainee "hunger strikers have already won a measure of success. In part because of their protests, and the attention focused on Guantanamo, the U.S. is facing growing criticism -- from both allies and enemies -- for the rules of detention at the camp. Now the Supreme Court's Hamdan decision effectively grants prisoners at least some of their longstanding demands, including more rights at trial. All the same, most of them are unlikely to be released soon. Indeed, authorities are currently constructing a new, state-of-the-art, $30 million prison at Guantanamo, where they plan to consolidate many of the camp's maximum-security inmates."

More Commentary. Weekly Standard senior editor Christopher Caldwell in his column titled "A Blessing In Disguise For Bush" in the Financial Times (7/1, Caldwell) writes that while the media celebrated the Supreme Court's detainee ruling, "Since Guantánamo does not agitate US public opinion in the way that overseas sceptics of the war on terror would assume, the five-to-three decision will wreak no sea change in politics, nor harm Mr Bush. As November elections heave into view, it could just as easily help him." Bush, "much like everyone else, is groping for an intellectual handhold on the problem of terrorism." But if "Hamdan is not to be tried as a war criminal, it is because of a new ambiguity that surrounds the word "war", rather than a new ambiguity that surrounds the word "criminal". What do you charge a person like Mr Hamdan with? Even if Mr Bush has come up with the wrong answer, Americans are not about to punish him for thinking that it is the right question.

Edwin S. Matthews Jr., counsel of record for 175 members of the British Parliament who filed a brief in Rasul v. George W. Bush supporting judicial review of the holding of prisoners by the United States government in Guantánamo, writes in a letter to the editor of the New York Times (7/1, 1.19M) that the Supreme Court, in Hamdan v. Rumsfeld, "stood up to protect us all." The "government has denied prisoners in Guantánamo Bay, Cuba," the right to be present at our trial, the right to know what evidence the state presents

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against us, the right to be defended by counsel we choose and the right under the Geneva Conventions to benefit from 'all the judicial guarantees which are recognized as indispensable by civilized peoples,'" and it "could under many other circumstances deny them to any of us. No war against anything justifies the denial of such essential rights."

Lawyers Claim NSA Sought To Create Domestic Monitoring Program Before 9/11 Attacks. Bloomberg (7/1, Harris) reports, "The U.S. National Security Agency asked AT&T Inc. to help it set up a domestic call monitoring site seven months before the Sept. 11, 2001 attacks, lawyers" suing telecommunications companies over allegations they cooperated with the NSA terrorist surveillance program "claimed June 23 in court papers filed in New York federal court." In June 2000 a "NSA initiative, code-named 'Pioneer Groundbreaker,' asked AT&T unit AT&T Solutions to build exclusively for NSA use a network operations center which duplicated AT&T's Bedminster, New Jersey facility, the court papers claimed. That plan was abandoned in favor of the NSA acquiring the monitoring technology itself, plaintiffs' lawyers Bruce Afran said."

USA Today Admits It Cannot Confirm Telecommunication Companies Cooperated With NSA. USA Today (6/30, 2a, 2.31M) reports, "Members of the House and Senate intelligence committees confirm that the National Security Agency has compiled a massive database of domestic phone call records. But some lawmakers also say that cooperation by the nation's telecommunication companies was not as extensive as first reported by USA TODAY on May 11." USA Today continues, "Several lawmakers, briefed in secret by intelligence officials about the program after the story was published, described a call records database that is enormous but incomplete. Most asked that they not be identified by name, and many offered only limited responses to questions, citing national security concerns."

USA Today (6/30, 2.31M) in a note to its readers Friday said "Based on its reporting after the May 11 article, USA TODAY has now concluded that while the NSA has built a massive domestic calls record database involving the domestic call records of telecommunications companies, the newspaper cannot confirm that BellSouth or Verizon contracted with the NSA to provide bulk calling records to that database."

The New York Times (7/1, Richtel, 1.19M) notes, "In the aftermath of the USA Today article in May, The New York Times reported that the security agency's efforts to collect phone data appeared to be focusing not on the local service phone companies, like BellSouth, Verizon and Qwest, but on the long-distance companies, including the former MCI and AT&T." In May, "Verizon issued a statement saying it had not turned over calling records to the security agency, but it left open the possibility that MCI, which it recently acquired, had done so. Verizon said yesterday that it had no further comment." And "AT&T said yesterday: 'The news media have carried reports alleging that AT&T is participating in an N.S.A. terrorist surveillance program. Unfortunately, the law does not permit AT&T to respond to those allegations.'"

The Washington Post (7/1, A2, Ahrens, Kurtz, 744K) says "The correction illustrates the difficulty of reporting sensitive and often classified government actions, as anonymous sources sometimes backtrack, pursue their own agendas by leaking selective information or say more than they know. News organizations attempt to assemble authoritative stories from multiple sources and agencies, creating plenty of room for potential error." The AP (7/1) reports similar details. The Wall Street Journal (7/1, Ellison, 2.11M) reports similar details.

NYT, LAT Editors Defend Decision To Print Classified Material. Los Angeles Times editor Dean Baquet and New York Times editor Bill Keller in an op-ed in the New York Times (7/1, 1.19M) defend their decision to publish classified information anout US efforts to fight terrorism writing, "Government officials, understandably, want it both ways. They want us to protect their secrets, and they want us to trumpet their successes. A few days ago, Treasury Secretary John Snow said he was scandalized by our decision to report on the bank-monitoring program. But in September 2003 the same Secretary Snow invited a group of reporters from our papers, The Wall Street Journal and others to travel with him and his aides on a military aircraft for a six-day tour to show off the department's efforts to track terrorist financing. The secretary's team discussed many sensitive details of their monitoring efforts, hoping they would appear in print and demonstrate the administration's relentlessness against the terrorist threat." Baquet and Keller conclude, "We understand that honorable people may disagree with any of these choices — to publish or not to publish. But making those decisions is the responsibility that falls to editors, a corollary to the great gift of our independence. It is not a responsibility we take lightly. And it is not one we can surrender to the government." The same op-ed also appears in the Los Angeles Times (7/1, 958K).

Administration Provided Material On Terrorist Financing Program To WSJ To Counteract NYT And LAT. Howard Kurtz in his "Media Notes" column in the Washington Post (7/1, C1, 744K) writes that as the debate over publishing details of the Treasury Department's terrorist finance tracking program escalates between the Wall Street Journal and the New York Times, "The Journal editorial board, which operates independently from the newsroom, said a top

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Treasury Department official had contacted Journal reporter Glenn Simpson and handed him the story. The editorial said Treasury officials decided to 'declassify a series of talking points' after failing to persuade the New York Times -- as well as the Los Angeles Times -- to kill the story on grounds that it would neutralize a key administration weapon in the war on terror. The same declassified information was provided to the other two papers, as well as to The Washington Post later on the evening of June 22."

U.S. Claims South Florida Lead Suspect Planned Terrorist Army. The South Florida Sun-Sentinel (7/1, Blum, 249K) reports, "The alleged ringleader of a group of South Florida men accused of plotting to blow up Sears Tower in Chicago wanted the blast to divert law enforcement so he could free inmates from a prison to join his terrorist army, federal prosecutors said Friday." At a two-hour hearing in a Miami federal courtroom on whether six of the seven men arrested June 22 should remain in custody, lead U.S. prosecutor Jacqueline Arango sketched "an ambitious, but inept, military-style organization whose members had illusions of grandeur and a taste for intrigue."

Suspects Variously Seen As Die-Hards, Dupes. The New York Times (7/1, Drew, Lichtblau, 1.19M) reports, "The seven men arrested on terror charges were shown Friday on undercover videotapes solemnly reciting oaths of loyalty to Al Qaeda, repeating the words that an F.B.I. informant had given them to say." The prosecutor's presentation also revealed that ringleader Batiste had requested that an undercover informant procure rockets and semiautomatic rifles. Lawyers for some defendants claimed that their clients knew little of Batiste's plans, and some criticized the new evidence presented at the Friday hearing as showing government entrapment. Yet, "the parents of most of the defendants, including some who have been very critical of the case, appeared surprised by the evidence presented Friday, sitting quietly through the court hearing and refusing to comment afterward." Others saw the new evidence as portraying Batiste "as a bizarre and self-aggrandizing figure" and that his followers "mostly poor, young Haitian-Americans, were more involved in parts of the scheme than their families and community leaders had suspected."

California Security Agency Tracked Protestors. The Los Angeles Times (7/1, Nicholas, 958K) reports, "Gov. Arnold Schwarzenegger's office in charge of protecting California against terrorism has tracked demonstrations staged by political and antiwar groups, a practice that senior law enforcement officials say is an abuse of civil liberties. The Times obtained reports prepared for the state Office of Homeland Security in recent months that contain details on the whereabouts and purpose of a number of political demonstrations throughout California. The source of the information is listed in some cases as federal law enforcement agencies, including the Immigration and Customs Enforcement agency, an investigative arm of the U.S. Homeland Security department." The two daily reports reviewed by the Times included such political activities as an animal rights rally outside Canada's San Francisco consulate protesting sea hunting, a demonstration in Walnut Creek where CA7 Rep. George Miller (D) and other officials spoke against the Iraq war, and a Women's International League for Peace and Freedom courthouse rally in Santa Barbara to support an antiwar protester facing federal trespassing charges. A spokesman for state Attorney General Bill Lockyer "condemned the actions, saying they violated the groups' constitutional right of free speech."

L.A. Police Chief, Others, Press Homeland Security For Greater Sharing Of Intelligence. The Los Angeles Times (7/1, Winton, McGreevy, 958K) reports, "Los Angeles Police Chief William J. Bratton said Friday that he and other big-city police chiefs will meet this month with top Homeland Security officials amid complaints that the federal agency isn't doing enough to share information with local law enforcement nationwide. It also notes, "Los Angeles mayor Antonio Villaraigosa publicly complained that federal officials didn't give him an in-depth briefing before President Bush detailed a terrorist threat on the U.S. Bank Tower in downtown Los Angeles." But L.A. chief Bratton and others have said the larger problem is the quality, not the sharing, of federal agency intelligence. "Bratton said is it is not so much 'they don't share intelligence as they don't have intelligence.'"

FBI Raids Pittsburgh Mosque. The Pittsburgh Post-Gazette (7/1, Ayad, 261K) reports, "FBI agents yesterday raided a North Side residence known to many in the neighborhood and the Pittsburgh Islamic community as both an Islamic school and mosque. The agency would say only that the search was in connection with a 'criminal investigation' and wouldn't elaborate. The raid of the Sankore Institute and Light of Age Mosque, a three-story house that doubles as a school for people seeking to learn the Koran and Islamic religious teachings, began around noon and lasted about four hours. Authorities did not state whether anyone was taken into custody, but residents of the neighborhood said several men in tunics and traditional Muslim dress were led out of the house, patted down and searched. The paper said that the group "moved into the neighborhood around February and posted fliers that said 'we are here to help you make the North Side a better place to live, worship, work and play'" and urged residents "to join us in clothing and feeding the poor, cleaning up our community and making the North Side a safer, more beautiful place for our children."

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Former CIA Officer Gives His Advice To New Agency Head. In the Los Angeles Times (7/1, 958K), Garrett Jones, for 17 years a CIA case officer, provides his advice for Air Force Gen. Michael V. Hayden, who took charge of the agency last month. He writes, "your predecessor, Porter Goss, did not adapt well. He seemed unable to make it out of the lobby each morning without starting a fistfight. You can do better. For starters, resist any impulse to 'demonstrate who is in charge.'" The directorate of intelligence, however, "is a mess. … Start over. Anyone associated with the WMD mess… needs to be retired, kicked upstairs or otherwise moved on. It may not be fair, just or efficient, but you must do it to blow the smell of failure out of the organization. Then appoint a pit bull as the quality-control officer for analysis."

WAR NEWS:

Investigators Probe Alleged Rape And Murders By GIs. Allegations of an alleged rape and murders committed by US soldiers in Iraq generated extensive and negative coverage on the networks and in the newspapers. ABC World News Tonight (6/30, story 2, 1:00, K. Snow, 8.78M) reported, "There are explosive new allegations concerning the US military in Iraq a soldier has confessed his role in rape and murder of Iraqi civilians." ABC (Karl): "These are the most disturbing allegations yet." The CBS Evening News (6/30, story 2, 2:00, Schieffer, 7.66M) reported, "At least two U.S. soldiers are being investigated for raping a young Iraqi woman, then killing her and three relatives." CBS (Martin) added, "The allegation that two American soldiers raped an Iraqi woman and then killed her and three other members of her family, including a child, and then burned the bodies, is shocking enough. Add the fact that the troops under investigation belong to the same unit as those two kidnapped soldiers whose mutilated and booby-trapped bodies were found just last week. And it becomes a cycle of unimaginable brutality on both sides."

NBC Nightly News (6/30, lead story, 2:50, Williams, 9.87M) reported, "The U.S. military is investigating this case at the highest levels of the service." NBC (Miklaszewski): "At least two and as many as five American soldiers are under investigation. ... The officials say it appeared the soldiers had stalked the woman and the rape was premeditated. Following the rape, at least one of the soldiers murdered the woman and killed three other members of her family including a child and two adults. ... Experts blame the relentless and brutal nature of the insurgent war." NBC News military analyst Dan Goure: "You get stress in war but nothing like we are facing in parts of Iraq today." Miklaszewski: "Others argue no amount of combat stress justifies criminal or immoral acts." Col. Jack Jacobs, US Army (RET.): "There's no doubt in my mind that anybody can tell the difference between right and wrong, even in the heat of battle."

The AP (6/30, Lenz) reports it is the "fifth pending case involving alleged slayings of Iraqi civilians by U.S. troops" and that the suspects "were from the same platoon as two soldiers kidnapped and killed south of Baghdad this month." The New York Times (7/1, Wong, 1.19M) reports, "The victims were a woman, her child, her husband and the husband's brother." It also states, "At least 60 American soldiers died in Iraq in June, a slight decline from 69 in May and 76 in April. Yet, that was almost twice as many as in March, which, at 31, had the second-lowest monthly fatality count of the war." Other than those comments, the Times coverage is generally based on the preceding AP coverage. The Washington Post (7/1, Finer, 744K) reports, "Investigations have intensified in recent months following the high-profile Haditha allegations, pressure from the Iraqi government on military commanders to curtail excessive force by soldiers, and an initiative by Lt. Gen. Peter Chiarelli, the top U.S. ground commander in Iraq, to cut down on civilian casualties."

The Washington Times (7/1, Scarborough, 90K) reports, "A top U.S. commander [Col. Jeffrey Snow] in Baghdad said yesterday that attacks have gone up, not down, since new Prime Minister Nouri al-Maliki ordered a citywide crackdown." It also quotes Col. Snow as worrying that excessive "negative press coverage" could hurt morale. The Los Angeles Times (7/1, Moore and Spiegel, 958K) reports, "It was unclear whether there was a connection between the deaths of the family members in Mahmoudiya and the June 16 attack on the U.S. soldiers at an observation post near Yousifiya [that resulted in their mutilation]." Both this alleged incident and the abductions of the soldiers apparently reflect a chronic "lack of manpower" south of Baghdad. As do several other sources, the Los Angeles Times notes that one suspect has already been discharged and is being sought in the US. The Washington Post, Los Angeles Times, and AP comment that allegations of rape could be especially inflammatory in a conservative Moslem culture.

List of Criminal Cases Against US Troops Is Given. The AP (6/30), as part of the followup to the coverage of rape and murder allegations, provides a listing of criminal cases filed against US troops in the Iraq war. The list is broken down into Pending Cases, Convicted, and Cleared/Acquitted.

Deaths Of Four Service Members In Iraq Are Announced. ABC World News Tonight (6/30, story 3, 0:10, K. Snow, 8.78M) reported, "The U.S. Military today announced three more deaths in Iraq. A Marine in al Anbar province, and two soldiers killed by roadside bombs in

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Baghdad. At least 60 U.S. forces have been killed in Iraq in June." The Washington Post (7/1, 744K) reports, "The U.S. military has announced the deaths of a Marine and three soldiers from fighting in recent days in Iraq. The names of all four were withheld pending notification of their families." Their units and the circumstances of their deaths are given.

Troops In Ramadi Live With Dangers. The AP (6/30, Castaneda) reports, in a sympathetic article, on the hardships faced by soldiers stationed in Ramadi: "The Iraq war for most troops is fleeting; brief ambushes or sudden, powerful roadside bombings. But in this troubled city, the capital of deadly Anbar province, the conflict is nearly constant. Gunbattles in the streets are common and mortars rain down on the bases every week." The AP quotes numerous soldiers, some of whom profess to be accustomed to the dangers and others who admit to experiencing stress.

Iraqi VP Says Reconciliation Plan Should Be Seen As First Step Towards Solution. The Financial Times (7/1, Khalaf) reports, "Iraq's national reconciliation initiative has paved the way for government contacts with insurgents and should be seen as only a first step towards a political solution to the conflict, according to Iraq's vice-president" Adel Abdel-Mehdi. He added "that other measures would follow the plan," and that "the reconciliation plan had now made dialogue an official policy. He also left the door open to a broadening of an amnesty offer after Nuri al-Maliki, the prime minister, this week insisted it would exclude anyone who had killed American troops or Iraqis." He says "the reconciliation initiative was aimed at gaining a better understanding of the" insurgent "groups and identifying whether any, and how many, were ready for a political solution." As "efforts to calm the insurgency dominated by Sunni Arabs also depend on the government's ability to rein in the Shia militias," Mr Abdel-Mehdi "insisted that the government would not allow anyone to operate 'above the law.'" However, "he acknowledged that the government faced a dilemma. To dismantle the militias it must show it is capable of providing security, which requires reducing the violence waged by insurgents. But curbing the powers of the militias is also essential to persuade insurgents to lay down their arms."

Iraq's PM Leaves On Tour To Boost Support For Reconciliation Plan. The AFP (7/1, Salem) reports, "Iraq Prime Minister Nuri al-Maliki will on Saturday embark on his first trip abroad to garner support for his much-touted peace plan that has been rejected by the Sunni leaders and rebels." He will "leave Saturday for Saudi Arabia, then the United Arab Emirates and Kuwait 'to meet their leaders to discuss the national reconciliation plan.'" Some feel "that Maliki's tour may help influence the former elite community of Sunni Arabs as many of its leaders have close ties with the oil-rich Arab states of the Gulf."

Car Bombing In Baghdad Kills 45. The AP (7/1) reports, "A parked car bomb exploded at a popular market in a Shiite slum of Baghdad, killing at least 45 people and wounding 41, police said. AP Television News footage showed a huge plume of gray smoke rising from the scene in the Sadr City neighborhood."

Panel Debates Whether Found WMD Shells Justify Iraq War. The Washington Post (7/1, Pincus, 744K) reports on the division between Republicans and Democrats on the House Armed Services Committee concerning whether the discovery of 20-year-old munitions "support the prewar contention that Saddam Hussein had weapons of mass destruction, and justify the invasion of Iraq." It characterizes DIA director Michael Maples as caught in crossfire but "adept at avoiding answers that aided either side."

Bin Laden Praises Zarqawi And Demands His Burial In Jordan. There was extensive coverage on TV and in the newspapers of Bin Laden's latest tape. ABC World News Tonight (6/30, story 4, 0:10, K. Snow, 8.78M) reported, "There is word of another internet audio message from Osama bin Laden tonight. His second in 24 hours, and the fifth this year." NBC Nightly News (6/30, story 4, 2:00, Williams, 9.87M) reported, "Osama bin Laden has been heard there again, but just not seen. He eulogizes Abu al-Zarqawi, the leader of al Qaeda in Iraq, who was killed by U.S. troops earlier this month." Myers: "Though there is ample evidence al-Zarqawi and bin Laden had their differences, here bin Laden takes credit for Zarqawi's successes and claims Zarqawi was acting on bin Laden's orders." Roger Cressey, NBC News terrorism analyst: "Al Qaeda hasn't conducted an attack in over three years. Bin Laden has to associate himself with Zarqawi and Zarqawi's successes in Iraq to maintain their credibility." Myers: "One lingering question: why no bin Laden videotapes in almost two years? It may be because audio tapes are less risky."

The CBS Evening News (6/30, story 3, :30, Schieffer, 7.66M) also reported it. The Washington Times/AP (7/1, Keath) reports, "Osama bin Laden called on President Bush in an audiotape released yesterday to release the body of Abu Musab Zarqawi and said Jordan should allow the slain terrorist to be buried in his homeland." Bin Laden "paid tribute to Zarqawi and said the former al Qaeda in Iraq leader had been under orders to kill Iraqis who supported U.S. forces in the country. He also vowed more attacks against the United States in the Middle East and Africa." The AP (6/30, Keath) notes doubts about the extent of Bin Laden's control of activities, his continued failure to show his face (which it

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attributes more to security concerns than to health problems), and the weariness of his voice. It counts "four audiotapes from bin Laden and seven audios and videos by his deputy, Ayman al-Zawahri" this year. Bloomberg (6/30) also reports the story.

Rice Offers $5 Million Reward For Al-Masri. CNN (7/1, Labott) reports, "U.S. Secretary of State Condoleezza Rice authorized up to a $5 million reward Friday for information leading to the capture of Abu Ayyub al-Masri, believed to be the replacement for the late leader of al Qaeda in Iraq -- Abu Musab al-Zarqawi." It "is being offered under the State Department's Rewards for Justice program." The State Department's "statement urges anyone with information on al-Masri's location to contact the U.S. Embassy in Baghdad or any other U.S. embassy or consulate, or any U.S. military commander." The AP (7/1) adds that spokesman Adam Erel said "Rice's agency is offering the money to encourage people with information about al-Masri's location to come forward." The AFP (7/1) notes "The true identity of Abu Ayyub al-Masri remains an enigma in his reported homeland of Egypt," although he "is believed to have lived in the central Cairo area of Zawyia Hamra before going to Afghanistan in the late 1980s or early 1990s, and then on to Iraq via Iran."

Maliki Courts Sunni Support Outside Iraq. The Los Angeles Times (7/1, 958K) reports, "Iraq's new prime minister, Nouri Maliki, was to leave today to visit Saudi Arabia and other Persian Gulf states to solicit support for a reconciliation initiative that has drawn mixed reviews since it was announced Sunday. Maliki plans to discuss bridging the widening gap between Sunni and Shiite Muslims with leaders of the oil-rich Sunni-dominated countries." However, "even as the prime minister takes his plan abroad, it is facing attacks at home," from the Muslim Scholars Association and radical cleric Moqtada al Sadr.

Rocket Wounds 10 At Kandahar Coalition Base. The AP (6/30) reports, "A Taliban rocket exploded Friday inside the main coalition base in Kandahar, Afghanistan, wounding 10 people, including soldiers and civilians, the Canadian Press news agency reported." The article notes that two Canadian soldiers were injured but does not give the nationalities of the other victims.

Italy Extends Afghan Deployment. The Los Angeles Times (7/1, 958K), in a brief article, reports, "Prime Minister Romano Prodi's government agreed to keep Italian troops in Afghanistan, despite opposition from pacifists in his coalition. ... Defense Minister Arturo Parisi said Rome would not send additional troops or boost funding."

Port Security In Umm Qasr Is Described. The New York Times (7/1, Glanz, 1.19M) reports on Iranian navy patrols in Umm Qasr. It notes the problem-plagued relationship between the navy, which is portrayed as relatively professional, and the allegedly militia-penetrated coast guard. A US naval advisor is quoted as saying that he finds it easier "to arrange joint operations with maritime forces from Kuwait" than with the Iraqi coast guard" and that the navy could "run itself" today if the US left. In general, the assessment of Umm Qasr is that security has declined: "Now, after months of relative calm, sophisticated roadside bombs and assassinations of Iraqis who work with Westerners have increased across the entire south, while the port itself has become a place of danger, corruption, commercial bustle and intrigue."

Administration WMDs Claims And Detainee Policy Defended. In the Washington Times (7/1, 90K), media critic Brent Bozell argues that the discovery of 500 shells proves the bias of the media: "But the reception of this declassified memo shows we do not have an honest, nonpartisan news media, and political calculation is everything." He warns that the Bush administration may be intimidated "by the media, who don't want any new information to change their tilted first draft of history" and that the administration may have incurred considerable damage through its inaction. Also in the Washington Times (7/1, 90K), Victor David Hansen says Europeans attack the US on Guantanamo to escape their own problems: "By ankle-biting America on Guantanamo, the Europeans sound moral and tough while ignoring the real dangers for which they have absolutely no solutions -- unassimilated and angry Muslims, the Dutch and Danes under assault by radical Islamic censors and a defenseless Europe potentially soon in range of Iranian President Mahmoud Ahmadinejad's nuclear-tipped missiles."

Soros Says US Has Become Threat To World. In Newsweek (6/30), George Soros explains why he considers the US now a threat to world stability: "By declaring a 'war on terror' after September the 11th, we set the wrong agenda for the world. This is something that people in America find difficult to understand because war seems like the natural response. ... We abhor terrorists, because they kill innocent people for political goals. But by waging war on terror we are doing the same thing. And the people who are on the receiving end see us in the same light with the same negative attitude as we have towards terrorists. It's also a threat to our democracy. Because when you wage war, the president can appropriate for himself excessive powers." Soros promises to spend the legal maximum supporting

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Democrats in 2004 and calls the "puncturing of the housing bubble" the gravest immediate danger to the US economy.

Homecoming Parties For Troops Become Lavish. The Wall Street Journal (7/1, Gamerman, 2.11M) reports, "In the Iraq War, a new approach is starting to emerge. Military tradition and conventional wisdom dictate that families should keep homecomings low-key to avoid overwhelming the troops while they're readjusting to being back. For a variety of reasons, from the military's shifting demographics to attitudes about the current war, some families are taking a different route, opting for outsize celebrations." The article describes some parties and their expense. It also quotes some troops and experts who counsel against incurring debt and against burdening unacclimated soldiers with such celebrations.

Debate Rages Over Lowering Flags For Dead Service Members. The Wall Street Journal (7/1, Zaslow, 2.11M) reports, "In some 16 states, flags are routinely lowered for fallen home-state soldiers. But what some see as a gesture of tribute, others consider inappropriate, demoralizing and even devious. Half-staff efforts, which have spread to states Oregon, Minnesota, California, Illinois, Kentucky and Maine -- are generating controversy among politicians, veterans and citizens unsure about whether and when to lower the flag ... Some wonder whether the flag tributes are really an attempt to undermine support for the war by reminding Americans of the fatalities. And though many veterans welcome the lowered flags, others say the day for honoring war dead is Memorial Day."

War Protesters Sue To Reverse Camping Ban. The AP (7/1) reports, "Cindy Sheehan and four other war protesters sued McLennan County over roadside camping and parking bans near President Bush's ranch in Crawford, saying they want to return to what became an 'international symbol of protest against the Iraq war.'"

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Roberts, Alito And Kennedy Seen As Having Distinguished Themselves In Court's Term. Knight Ridder (7/1, Henderson) reports during the 2005-06 term of the U.S. Supreme Court "the focus was on how Chief Justice John G. Roberts and Justice Samuel Alito were changing the court's outcomes." Both "established themselves as solid conservatives" but also were "distinguished…from the bench's more doctrinaire members, Justices Antonin Scalia and Clarence Thomas." The term also featured "the emergence of Justice Anthony Kennedy at the court's center. … In cases that split the justices narrowly, Kennedy was in the majority more than anyone else." The court is said to have decided "many cases on narrow legal grounds, avoiding more controversial elements." And "the court closed the term with more unanimous opinions than it has in recent years and with fewer concurrences and dissents." Alito "established a restrained conservativism that mirrored his work as an appellate judge." Roberts is described as having a "razor-sharp intellect."

Roberts's Desire For Unanimous Opinions Seen As Unlikely To Prevail. The AP (7/1, Benac) reports, "for all the talk of consensus and harmony on the new Supreme Court, plenty of trees had to die to provide enough paper for the justices' fractured rulings on some of the most contentious cases of the court's term. And all sides are betting that this transitional year…served as a fairly mild prelude to far bigger dustups to come next term and for many years hence." Roberts "has spoken publicly of his desire to achieve unanimity through narrow rulings that would offer 'clarity and guidance.' And he had some success, evidenced by a healthy share of unanimous opinions." Still "within the reinforced conservative wing of the court, there are strong and sometimes conflicting opinions." And "it turns out that the jurist to watch is 69-year-old Anthony Kennedy." He has "provided the fifth vote on some of the court's toughest cases" and "more often than not, he has sided with the conservatives."

James Taranto writes in the Wall Street Journal (7/1, 2.11M) that Chief Justice Roberts "showed himself to be a man of intelligence, charm and political acumen. If anyone can bring consensus to the Supreme Court, surely he can. But his first term in office showed that this goal will require patience and persistence, and maybe another new justice or two."

Boeing Announces Agreement With Justice Department. The Financial Times (7/1, Cameron) reports, "Boeing on Friday said it had reached a final agreement with the US justice department following two procurement scandals which led to the ousting of one chief executive and a prison term for its former chief financial officer." The firm will "pay $615m to avoid civil and criminal charges following the three-year DoJ probe, in line with the cost of the tentative deal outlined in May."

The New York Times (6/30, Wayne, 1.19M) reports Boeing "announced yesterday that it would take second-quarter charges of up to $1.15 billion as a result of a settlement of ethics investigations with the federal government and delays in a surveillance aircraft program for Australia and Turkey." That will "more than eliminate Boeing's second-quarter profit." The $615 million payment "resolves potential civil and criminal charges against Boeing." It results from "an investigation over the improper acquisition

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of proprietary documents from a rival, the Lockheed Martin Corporation, that Boeing employees used to try to gain government rocket launching business." Arizona Sen. John McCain (R) "will hold hearings this summer on the settlement."

AFP (6/30) reports, "The agreement calls for a 565 million-dollar civil settlement and a 50 million-dollar monetary penalty under a separate criminal agreement, according to the US Justice Department. The amount is a record for government procurement fraud, for the Department of Defense and for the National Aeronautics and Space Administration, officials said. The criminal probe stems from allegations that Boeing used improperly acquired data from rival Lockheed Martin to help win rocket launching business from NASA. The deal also would end a civil probe into conflict of interest in Boeing's recruitment of a senior Air Force procurement official while she still had authority over billions of dollars in other Boeing contracts. The former official, Darleen Druyun, went to prison in the case."

CORPORATE SCANDALS:

IG Report Finds Abramoff Did Not Influence Decision To Replace U.S. Attorney For Guam. The Los Angeles Times (7/1, Roche, 958K) reports, "Convicted lobbyist Jack Abramoff improperly obtained a top-secret FBI document and tried to use the information to aid his clients in the Pacific Island territories" because he "feared information in the document could be damaging to his clients' interests." According to a "41-page report into allegations that he had improperly influenced President Bush's 2002 decision to oust the acting U.S. attorney for Guam and the Northern Mariana Islands" Inspector General Glenn A. Fine concluded there was no evidence for the claim. The report did find that Abramoff "had a pipeline into the White House" in that "Leonard Rodriguez, a Bush aide, told the inspector general's office that then-White House political director Ken Mehlman 'recommended or suggested that I reach out to make Jack aware' on Guam issues."

Prosecutors Seek Enron Executives' Assets. The Washington Post (7/1, D1, Johnson, 744K) reports, "Federal prosecutors asked a judge yesterday to order former Enron Corp. executives Jeffrey K. Skilling and Kenneth L. Lay to turn over $182.8 million, arguing that their homes and other assets were acquired by fraud." Court papers claim that Skilling collected $139.2 million in bonuses and stock proceeds during the fraud, and prosecutors are seeking $49 million in securities he holds in a brokerage, his $4.6 million mansion, $808,643 in cash; and a Dallas condominium worth $579,475, and the $5 million bond Skilling posted after his indictment two years ago. Skilling argues that because jurors acquitted him on nine insider trading charges, he is entitled to keep his remaining wealth. The government says Lay collected $43.5 million in bonuses and drawdowns on his Enron-sponsored credit, and are seeking repayment of $1.5 million Lay used to pay off the mortgage on his luxury penthouse apartment in Houston, plus Lay's interest in a limited partnership now valued at $6.3 million.

CRIMINAL LAW:

Former NYC Police Commissioner Pleads Guilty In Bribery Case. The New York Times (7/1, Franco, 1.19M) reports that Bernard B. Kerik, who was New York City police commissioner at the time of the Sept. 11 terror attacks and was nominated in 2004 to be homeland security director but withdrew, pled guilty to two misdemeanors in a Brooklyn courtroom, for failing to report a loan and accepting as a gift renovations to his apartment worth $165,000. Kerik acknowledged accepting the gifts in late 1999 and in 2000 from a large New Jersey contractor, Interstate Industrial Corporation, which has been accused of, but repeatedly denied, having ties to organized crime. He also said he spoke to other city officials about the company, then seeking a city license, when he was the city's correction commissioner. Kerik agreed to pay $221,000 in fines and penalties for accepting the renovations and failing to report a $28,000 loan from a friend, real estate developer Nathan Berman. Kerik's agreement ends an 18-month grand jury probe and allows him to avoid jail time and felony bribery charges.

The Washington Times (7/1, Seper, 90K) adds that Kerik's DHS nomination "dissolved amid accusations of extramarital affairs and his questionable hiring of a Mexican housekeeper," after Kerik told President Bush he could not "permit matters personal to me to distract from the focus and progress of the Department of Homeland Security and its crucial endeavors." The article also notes that questions had been raised at the time about Kerik's ties to stun gun make Taser International, which paid him $6.2 million in stock options after he promoted its products to law-enforcement agencies. It adds that New Jersey gambling authorities have sought to revoke Interstate Industrial's license to work in casinos, describing owners of Frank and Peter DiTommaso as associates of the Gambino organized crime family.

CIVIL LAW:

Eminent Domain Fight Ends, As New London Homeowners Settle. The New York Times (7/1, Salzman, 1.19M) reports, "With eviction looming, the two remaining homeowners fighting the city's plans to replace

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their homes with offices, a hotel and new housing agreed to settle on Friday, ending a six-year battle that led to a historic Supreme Court ruling on governments' power of eminent domain." The settlement ends a case that reached the U.S. Supreme Court, which issued a controversial 5-to-4 ruling last year upholding the city's power to take their homes for private development.

Plaintiff In Supreme Court Case Will Move Her House. The Los Angeles Times (7/1, Mehren, 958K) reports, "Susette Kelo, who lent her name to a lawsuit that ignited a firestorm around the practice of eminent domain, will not lose her Connecticut home to a wrecking ball, as she had feared when the U.S. Supreme Court ruled that the city of New London could build homes, offices and hotels in her neighborhood. Under an agreement announced Friday, Kelo's quaint, peach-colored house will be moved to another location. Kelo, 49, can remain in the 19th-century cottage at its present waterfront location for as long as a year, until a new site is selected." Kelo and another homeowner, Pasquale Cristofaro, "were the last plaintiffs in the landmark case of Kelo vs. City of New London to reach an accord with the city. The Cristofaro home will be razed, but the family will be able to buy a new home in the area at an undisclosed fixed price." On the first anniversary of the Kelo ruling last week, President Bush issued an executive order barring federal agencies from seizing private property except for public projects like hospitals and roads.

LATimes Faults Labels, Studios For Not Attracting File Sharers. The Los Angeles Times (7/1, 958K), in a "One Year Later" feature, follows up a the Supreme Court's Grokster decision, and says the victorious recording labels and studios "haven't done enough to lure file sharers." The decision said companies like Grokster that let their users share files over the Internet can be held liable for enabling copyright infringement. Even though the percentage of U.S. Internet users sharing files has stayed flat in recent years, while the percentage of those buying in online stores has seen real growth, "free downloaders represent a lost opportunity for the entertainment industry." The Times calls for "much more experimentation with approaches that give users the control and freedom to consume that make file-sharing networks so attractive."

CIVIL RIGHTS:

Supreme Court Denies Two State Death Penalty Appeals. The Washington Post/AP (7/1, A7) reports, "Texas and Arizona lost Supreme Court appeals yesterday in separate death penalty cases." The high court refused without comment Texas' request that a death sentence be reimposed on Gregory Russeau for murdering an elderly auto mechanic during a robbery, and also refused to upset an Arizona appeals court decision giving Robert Moormann a chance to appeal his conviction for killing his adoptive mother. The decisions came as the high court acted on over 50 cases in its final day of its 2005-06 term.

ANTITRUST:

Proposal Would Link General Motors To Nissan And Renault. The New York Times (7/1, A1, Maynard, 1.19M) reports in a front-page story, "General Motors' largest shareholder" Kirk Kerkorian "is pressing the troubled American auto giant to speed up its turnaround effort by forming an alliance with two foreign car companies, Nissan and Renault, which would pay $3 billion for a 20 percent stake in G.M." Such an alliance would enable Kerkorian "to enlist the help of Carlos Ghosn, the hard-charging executive who oversees" Nissan and Renault. Ghosn "earned his reputation from the swift turnaround he executed earlier this decade at Nissan, where he slashed debt, introduced flashy new vehicles and expanded sales in Japan and the United States." G.M. issued a statement saying that the proposal "would be taken under advisement by its board."

The Wall Street Journal (7/1, A1, Langley, Boudette, Hawkins, 2.11M) reports in a front-page story the proposal "raised pressure on General Motors Corp. and embattled Chairman and Chief Executive Rick Wagoner." It is also described as "a stunning shot at Mr. Wagoner's effort at restructuring the nation's biggest auto maker."
The Washington Post (7/1, D1, Freeman, 744K) also reported this story.

FBI/DEA/ATF/USMS:

FBI Examines Recovered Laptop For Signs Of Data Theft. The Washington Post (7/1, D1, Pegoraro, 744K) reports, "If your Social Security Number was on that wayward, now-recovered Department of Veterans Affairs laptop -- or any of the other computers recently lost with sensitive data onboard -- it's probably still safe. But not certainly so. And you're just going to have to live with whatever uncertainty that realization stirs in you." The Post writes, "When the VA or other offices try to ensure that lost records haven't landed on identity thieves' hard drives, they run into the same problem that's undermined the entertainment industry's efforts to stop people from circulating music and movies on the Internet. Namely, computer data, by its nature, wants to go places. You can duplicate it infinitely and perfectly, then distribute those copies at near-zero cost. That's neither bad nor good; it just is. So in a worst-case scenario, every personal record on that VA laptop

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could now be online. And you'd never know until the symptoms of identity theft showed up in your bank account."

Veterans Groups Continue To Press for Free Credit Monitoring. The AP (6/30, Yen) reports, "Veterans groups say they will keep pressing for improved data security - and free credit monitoring - after the government found the stolen Veterans Affairs laptop computer containing sensitive data on 26.5 million people. … Joe Davis, spokesman for the Veterans of Foreign Wars, said veterans were entitled to credit monitoring until the FBI can determine for certain the information wasn't compromised." Davis: "The worst-case scenario may have been averted this time, but an even greater tragedy would be if this type incident was allowed to happen again because of complacency.

VA Given Permission To Publicize Monitoring Offer. The Washington Post/AP (7/1, 6:00 PM, Lovan) reports, "The Veterans Affairs Department is free to publicize a no-cost credit monitoring offer to veterans whose personal information was stolen, a federal judge ruled Friday. U.S. District Court Judge William Bertelsman denied a motion from attorneys who filed a class-action suit on behalf of 26.5 million veterans and active-duty troops after a VA employee's laptop containing the private data went missing. Law enforcement officials recovered the laptop this week after it had been stolen from a data analyst's Maryland home on May 3. The FBI said Social Security numbers and other personal data had not been copied from the computer." Class-action plaintiffs attorneys "had argued that accepting the offer, which was advertised on the VA's Web site, could hamper the veterans' chances of winning more money in court." Bertelsman: "I don't see anything objectionable in it. … The court can't tell a government agency how it can communicate with its constituents. If they make a statement that's a false representation ... then the court might get into it." Scott Hogenson, VA spokesman: "We're encourage by the fact that we're allowed to help our veterans."

NYT Calls For Better Data Security. The New York Times (7/1, 1.19M) editorializes, "The government's extraordinary attempt at damage control when it appeared the computer was gone for good — including a plan to offer a year's free credit monitoring to the veterans at a cost of more than $160 million — underlines a mushrooming problem. It is becoming obvious that government agencies, and businesses, need better policies and practices for handling sensitive data stored on computers. To begin with, personal information on 17 million veterans is not the sort of data that should be moving around on a laptop. Data this valuable should also have been encrypted, to make it difficult for thieves to use it."

US Gun Owners Fault International Efforts To Restrict Arms Sales. The Washington Times (7/1, Pisik, 90K) reports, "The gun industry and shooting enthusiasts fired back at the anti-gun lobby yesterday at an international conference on illicit weapons, saying any global restrictions will affect sport hunters." The United Nations Small Arms Review Conference "is meant to take stock of the global efforts to curb the trade on illegal arms and draft a plan of action for the future." It "is not looking at legal civilian ownership, but is examining ways to limit the flood of weapons into unstable regions." However, it "attracted the ire of tens of thousands of American gun owners, who were mobilized by the National Rifle Association to protest what they see as a global effort to disarm U.S. civilians," and, "in a wide-ranging but ill-attended morning session, speakers representing gun manufacturers, weapons brokers, antique-firearms enthusiasts and big-game hunters stressed that misuse is the problem, and not the gun itself."

IMMIGRATION:

Border Patrol Agents Suspected Of Smuggling Immigrants Disappear. The Los Angeles Times (7/1, Marosi, 958K) reports, "Two U.S. Border Patrol agents under investigation for allegedly smuggling drugs and immigrants abruptly resigned and went into hiding this week after apparently being tipped off to the probe, according to federal law enforcement sources. The agents -- brothers Raul and Fidel Villarreal -- were veteran officers who patrolled the border near San Diego." It is suggested that "they may have left the country." The case is "the latest in a string of unrelated corruption probes" and is "being handled by Immigration and Customs Enforcement." The two "were suspected of working with Mexico-based criminal networks to smuggle Mexicans and Brazilians into the country."

California Day Labor Center Closed After Minuteman Member's Objection. The Los Angeles Times (7/1, Delson, 958K) reports, "Caltrans ordered a longtime Laguna Beach day labor center to close Friday, saying it was illegally operating on state property." The order cam "after a Laguna Beach resident who is a member of the Minuteman Project border patrol group checked property records and brought the information forward as part of a protest against the center." It is "the second day labor center in Orange County to close recently." The centers "have been targeted for protests by anti-illegal immigrant groups throughout Southern California." The decision "angered a majority of the City Council."

Los Angeles Seen As Center Of Black Resentment Of Latino Immigrants Over Jobs Competition. The Washington Post (7/1, A3, Geis, 744K) reports, "Many African Americans in Los Angeles have watched resentfully as Latinos replaced them not only in low-wage jobs, but also in many traditionally black neighborhoods. Simmering tensions between the two groups occasionally boil over in school

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shootings, jail violence and hate crimes." The Service Employees International Union is attempting to organize security guards in Los Angeles. The union "estimates that nearly 70 percent of the officers are black." SEIU president Andrew L. Stern said that "racial politics played no role in the timing of the security guard campaign." But the union is "well aware of black workers' fears that organizing a union could be an invitation to employers to hire immigrant workers they perceive to be more docile and willing to work for less."

Medical Costs Of Immigrants Growing Dramatically. Knight Ridder (7/1, Pugh) reports among "the costs and consequences of illegal immigration" is "a fast-growing multibillion-dollar tab for medical emergencies suffered by undocumented immigrants." While they are "ineligible for full coverage under Medicaid, … a little-known federal law requires state Medicaid programs to pay for emergency medical care for all undocumented immigrants who meet the program's financial and personal resource requirements." That care is "becoming more expensive," but the states do not "closely track what they spend." So "at the request of McClatchy Newspapers, some states took a closer look at the expenditures." 2005 costs were reported as follows: Minnesota $17.4 million, California $957 million, Houston's Harris County Hospital District $97.3 million, Georgia $112 million, North Carolina $52.8 million, Kentucky $9 million.

Washington Area Hospital Sets Limits To Avoid Being Overwhelmed. The Washington Post (7/1, A1, Levine, 744K) reports in a front-page story that Silver Spring, Maryland's Holy Cross Hospital's "yearly charity care more than doubled to $9 million" from 2000 to 2005. Now the hospital has decided to set a limit on the number of uninsured obstetrics cases it will take because it's system has been "overtaxed" by the work. And "the pressures on Holy Cross mirror those at other facilities in the region." So "critics cite the burden they say newly arrived immigrants place on health care as one rationale for restricting their numbers. … The full medical bill to U.S. hospitals, clinics and taxpayers probably exceeds $6 billion annually."

DC To Delay Implementing Medicaid Rule Until July 17. The Washington Post (7/1, B3, Levine, 744K) reports Washington, D.C. "agreed yesterday to delay implementing a new federal Medicaid rule requiring documented proof of citizenship" until July 17. The announcement came "one day after a Washington firm filed suit in federal court to block the city from moving forward with enforcement." The federal rule "makes documented citizenship a requirement for eligibility." Federal officials "have warned" D.C. "and states that noncompliance would mean losing Medicaid matching funds."

Immigration Hearings Described As "Public Thrashing" Of President. The Wall Street Journal (7/1, Harwood, 2.11M) reports, "Directed by House Speaker Dennis Hastert, Republicans this coming week will undertake a remarkable exercise: the public thrashing of President Bush's principles on a major initiative. House 'field hearings' on immigration, scheduled for San Diego and Laredo, Texas, weren't designed with fact-finding in mind. Their intent is rather to batter the Senate-passed immigration bill, which embodies Mr. Bush's goal of combining border security with a guest-worker program for the 12 million illegal immigrants already here." House members are said to "display striking anger" resulting from "frustration" with Iraq and "the conviction that the speaker has been personally slighted by an arrogant administration." The immigration hearings "which today look like attempts to stoke the conservative base and sink the president's priority, might look different by October."

Advocate Hopes Hearings Build Public Interest In Pragmatic Legislation. Tamar Jacoby, a senior fellow at the Manhattan Institute, writes in the Washington Post (7/1, A25, 744K) reports, "The immigration bills passed by the House and Senate in recent months could hardly be more different. The House package is harsh, punitive and focused exclusively on tougher enforcement. The Senate bill balances toughness with pragmatism" and the House's decision to hold hearings in border states means that "by the end of the summer, the public will have had a long, thorough course on immigration." And "I'm convinced that this will only deepen viewers' pragmatism." That "could in turn shift the balance among House Republicans." So "come September, the public's hunger for a solution may be impossible to ignore."

CONGRESS-ADMINISTRATION:

Bush And Koizumi Visit Graceland. President Bush and Japanese Prime Minister Junichiro Koizumi's visit to Graceland was treated mainly in a light-hearted manner on the network news, each of which devoted a short segment to the visit. Newspaper coverage generally reported that Koizumi was very happy to visit Graceland while the president looked uncomfortable. ABC World News Tonight (6/30, story 7, 2:15, K. Snow, 8.78M) called Bush and Koizumi's visit to Graceland "a day to remember in foreign diplomacy." Bush was quoted saying: "This visit here shows, not only am I personally fond of the prime minister, that the ties between our peoples are very strong, as well."

NBC Nightly News (6/30, story 8, 2:00, Faw, 9.87M) noted, "This visit was more than a reward for a friend who has staunchly supported Mr. Bush." Prof. Alan Schroeder, Northeastern University: "A pilgrimage to Graceland is like paying homage to American royalty. Presidents come and go; Elvis is forever."

The CBS Evening News (6/30, story 8, 2:30, Schieffer, 7.66M) referred to "the unlikely report that President Bush was taking Japan's visiting prime minister to Graceland." CBS (Alfonsi) added, "There are 500 Elvis impersonators in

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Japan. And the Japanese prime minister just happens to be one of them." So "Graceland put out the peanut butter and banana sandwiches." It "makes you wonder if 50 years from now, the president will broker world peace at Britney Spears' place."

The New York Times (7/1, Stolberg, Dewan, 1.19M) reports the prime minister said, "It's like a dream." Koizumi "crooned, as Priscilla Presley, Elvis's former wife, and Lisa Marie, his daughter, looked on." The visit "was a Bush-Koizumi lovefest…orchestrated by the White House to spotlight the close relationship between Japan and the United States." And "Elvis music played loudly over the speakers, until Mr. Bush asked that it be turned down." The president also "made an unannounced stop at the National Civil Rights Museum."

Knight Ridder (7/1, Hutcheson) reports, "Elvis left the building years ago, but Japanese Prime Minister Junichiro Koizumi channeled his spirit Friday during a visit to the performer's Graceland mansion. … It was perhaps the most bizarre moment in one of the strangest road trips in diplomatic history."

The Washington Times (7/1, Curl, 90K) reports, "Japanese Prime Minister Junichiro Koizumi yesterday rocked the House That Elvis Built, crooning a few bars of some classic Presley hits and leaving his tour guide, President Bush, looking a bit like a whipped Hound Dog." Mr. Bush "struck a more sober tone."

The Financial Times (7/1, Daniel, Pilling) reports the trip was "designed to celebrate" the president's "special relationship with Prime Minister Junichiro Koizumi" The Washington Post (7/1, C1, Baker, 744K) reports, "If wise men say only fools rush in, then on this day, at least, President Bush heeded the wise men. It was one thing to take his friend, Japanese Prime Minister Junichiro Koizumi, to Memphis to visit what evidently is now the nation's most important tourist site. But the president drew a line Friday when the wavy-haired Japanese leader began crooning Elvis songs." But "nothing would spoil Koizumi's day." The president "seemed to enjoy the show."

The AP (7/1, Riechmann) reports, "It didn't take much coaxing from President Bush to get Japanese Prime Minister Junichiro Koizumi to croon some Elvis tunes Friday at the king of rock 'n' roll's Graceland mansion." The Los Angeles Times (7/1, Wallsten, 958K) reports that the president and first lady, "clearly unaccustomed to such a display (or perhaps still disoriented from the mirrored ceilings in the downstairs television room) looked on with strained smiles."

The Memphis Commercial Appeal (7/1, McMillin) reports, "The Tourist in Chief made his inaugural trip to Graceland on Friday, but it was President Bush's guest from Japan who rocked Memphis with his fervent adulation for the King of Rock and Roll. Strutting and singing and doing his best Elvis lunge across the shag carpet of the Jungle Room, Japanese Prime Minister Junichiro Koizumi delighted the president, first lady Laura Bush and tour guides Priscilla and Lisa Marie Presley. 'You're a pretty good Elvis singer,' Bush said, and with the pack of media in the room entreating him, Koizumi delivered a teasing cabaret of tunes that make metaphors hard to resist. … 'Wise men say, only fools rush in,' Koizumi sang, beginning another love song but summing up what many dozen protesters across the street said in a less polite way about their dissatisfaction over the war in Iraq."

The Memphis Commercial Appeal's Halimah Abdullah (7/1) writes, "beyond the pomp and pompadours, the Memphis visit was a carefully orchestrated symbol of thanks to an outgoing leader of the world's second largest economy for supporting Bush on issues like the war in Iraq and terrorism. It's also a tactical move for Bush who, while cultivating close relationships with now-departing heads of state, finds himself besieged with criticism on domestic and international fronts. Likewise, Koizumi's theatrical warbling of Elvis tunes and flirting with Lisa Marie Presley were more about maintaining his affable public persona as he hammed it up for the press pool."

The Tennessean (7/1, Alligood) reports, "It was one magic day for Memphis, one grand day for Graceland. For about an hour and a half, three world potentates — two among the living and one reputed, by some theorists, to still be in the building — were at the locus of, if not the world's attention, then the universe of all things Elvis. The trip had been in the works for about six weeks. President George W. Bush's people, the Secret Service, came to town early to check out the Jungle Room and the rest of the mansion and gave their security blessings to the visit, which Koizumi requested."

The Memphis Commercial Appeal (7/1, Boyd) reports, "It wasn't fine china for President Bush and Prime Minister Junichiro Koizumi on their visit Friday to the Rendezvous. They ate their lunch from paper plates and used plastic utensils just like regular customers. Inside the homey, back-alley restaurant, Bush cleaned his plate of barbecue ribs and washed it down with a Diet Coke."

Maureen Dowd writes in her column for the New York Times (7/1, 1.19M), "Junichiro Koizumi seemed to be in an ecstatic trance." But "Mr. Bush seemed out of his element." He "tried to make a serious point." Still, the trip "was a triumph in personal diplomacy." Dowd concludes, "with his small circle of pals and Iraq war defenders…drifting off the world stage, and with allies pulling back troops in Iraq, President Bush may soon be as isolated as Elvis was at the end."

Protestors, Supporters Greet Bush In Memphis. The Memphis Commercial Appeal (7/1, Murphy) reports, "About 250-300 people waited for the 30-second spectacle of the presidential motorcade as it roared down gritty Elvis

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Presley Boulevard into the gates of Graceland. … Carl Rising-Moore from Crawford, Texas, who carried a flag of slain soldier Casey Sheehan, son of Cindy Sheehan, became the unofficial protest leader because he had the megaphone. Someone gave him a list of things to chant, but mostly he'd just wing it, leaving a few quiet seconds while he came up with something else to shout. A few feet away, dressed in fatigues and a black beret, former Army specialist Allison DeVante of Memphis quietly held her sign, 'Stop rape of military women in Iraq.' She said she was raped in 2002 by the officer in charge and it took two years for the military to investigate. She left the Army and they never told her what became of her rapist. Nearby, three 18-year-old girls sang 'God Bless America' quietly. They made signs supporting Bush because they didn't want him to see only protest signs."

Koizumi Shares Traits With Elvis. The Washington Post (7/1, C7, 744K) publishes several similarities between Japanese Prime Minister Junichiro Koizumi and Elvis.

Time Poll Shows Bush Approval At 35 Percent.

Time (7/1, Cullen) in a web exclusive titled "Good News Fails To Boost Bush's Job Approval" reports a Time poll of 1,003 adults conducted June 27-29 shows "Bush's approval rating slipped to 35%...down from 37% in March (and 53% in early 2005). Only 33% of Americans in the survey said they approved of Bush's handling of the situation in Iraq, vs. 35% in March, and 47% in March 2005. His management of the U.S. economy lost supporters, too, as 36% approved, compared with 39% three months earlier. Bush's handling of the war on terror saw a slight gain in support, from 44% to 45%." His "poll numbers remain stuck in a rut." And "Congress isn't faring much better." Time notes, "Only 31% approved, down sharply from 39% in March. Asked whether they would be more likely to vote for the Republican or Democratic candidate…if the election were held today, 47% said Democrat and 35% said Republican, a two-point improvement for Democrats."

Student Activists Campaign For Bush's Impeachment. Time.com (7/1, Locke) reports, "Many people may scoff at the decision earlier this week by the Berkeley City Council to put a resolution on the Nov. 7 ballot calling for President Bush and Vice President Cheney to be impeached. After all, 74,000 voters of what is often referred to as The People's Republic of Berkeley can't legally oust the President and Vice President. But Berkeley Mayor Tom Bates thinks his city is simply ahead of its time, as it has often proved to be in the past. … Indeed, while Berkeley may be the first city to put an impeachment resolution to its people, numerous city and town councils have already passed such resolutions, including San Francisco, Santa Cruz, and Chapel Hill, N.C. State legislatures in Vermont, California and Illinois all have impeachment resolutions pending. To help raise awareness of the issue, there will be a series of teach-ins across the country this summer and fall, and a new film, 'How to Impeach a President,' will be screened — all part of the burgeoning impeachment effort called 'Constitution Summer,' led by a non-partisan coalition of students from the country's top law schools and universities."

Bush Nominates Mishkin To Fed.

The Wall Street Journal (7/1, Pulizzi, 2.11M) reports, "President Bush Friday nominated Columbia University Professor Frederic S. Mishkin" to fill out the 14-year term ending in January 2014 of Roger Ferguson. Mishkin "has a well-established relationship with Fed Chairman Ben Bernanke." The two co-wrote a book on inflation targeting and Mishkin's nomination is "likely to heighten speculation that the central bank may eventually embrace the strategy." And "the White House has another vacancy to fill on the Fed board" as Fed Governor Mark Olson resigned, effective Friday.

The Washington Post (7/1, D3, Irwin, 744K) reports Mishkin is "a leading proponent of the idea that central bankers should set explicit targets for controlling inflation." He "headed the research department at the Federal Reserve Bank of New York in the 1990s" and is "a professor at Columbia University's business school." The nomination "adds momentum to the cause of 'inflation targeting,' which would be a departure from the Fed's traditional, improvisational approach to setting monetary policy." But former White House economic adviser R. Glenn Hubbard "played down the likelihood that Mishkin's appointment will contribute to a change in how the Fed works."

Markets Gain On Fed Report. The Washington Post (7/1, D1, Masters, 744K) reports, "Volatility ruled the stock markets in the quarter that ended Friday, and analysts agreed investors should be prepared for continued turbulence." Market declines in May and June are attributed to "concern that inflation may be picking up, 60 central banks around the world raising interest rates, and worries that the U.S. and global economies may be slowing." And "the major U.S. market indexes…each fell between 7 percent and 11 percent between May 8 and mid-June before recovering slightly at the end of the quarter." But "U.S. analysts disagree sharply about what the next six months will bring, although most expect the Federal Reserve to raise interest rates at least one more time, to 5.5 percent."

Bloomberg (7/1) reports, "U.S. stocks trimmed the biggest weekly advance since January as technology companies widened their examination of stock-option grants, hurting their shares. Apple Computer Inc. and Computer Sciences Corp. led the retreat as they started investigations." The market "rebounded this week from three weeks of losses as Federal Reserve policy makers, who raised interest rates for the 17th straight time, said in a statement that the economy is 'moderating from its quite strong pace' earlier in the year."

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The Financial Times (7/1, O'Doherty) reports, "Wall Street finished the week sharply higher, gaining strongly after a Federal Reserve policy meeting this week and bringing to a close a quarter that mauled technology stocks and small-caps but left large-caps barely changed. Stocks soared immediately after the Federal Open Market Committee's decision to raise interest rates by 25 basis points on Thursday."

The New York Times (7/1, Andrews, 1.19M) reports, "The Federal Reserve raised interest rates for the 17th consecutive time on Thursday, but kicked off a powerful celebration in the stock market by lowering its alarms about inflation." The gains were described as a "relief rally." But the gains were also called "the latest example of heightened volatility in financial markets and heightened uncertainty about Fed policy under its rookie chairman, Ben S. Bernanke."

Consumer Spending Slowed In May But Confidence Is Up For June. Bloomberg (7/1) reports, "Consumer spending in the U.S. rose in May by the least in three months, and a measure of inflation watched by the Federal Reserve was unchanged, a day after policy makers hinted at a pause in their interest-rate increases. Spending increased 0.4 percent after a gain of 0.7 percent in April." The annual rate "excluding food and energy, rose 2.1 percent from a year ago." The lack of growth in inflation "pushed the dollar lower and spurred a rebound in Treasury notes." Meanwhile, the University of Michigan reported "the first increase in confidence in three months" rising to "84.9 from 79.1 in May."

The New York Times/AP (7/1) reports, "Consumer spending slowed sharply in May as rising gasoline prices left Americans with less cash for other items, the government reported Friday." That "provided further evidence that the economy slowed sharply in the spring." Meanwhile, "many analysts said the new inflation figure in Friday's spending report increased the odds that the Fed will increase rates at least one more time at the next meeting on Aug. 8."

OTHER NEWS:

NASA Engineers' Safety Concerns Draw Media Scrutiny As Shuttle Is Prepared For Launch. All three networks aired extensive segments on the preparations for Discovery's launch yesterday evening, with ABC and CBS leading their broadcasts with reports on Discovery and CBS running its story second. All three reports focused on the persistent concerns over fuel tank insulation shedding. NASA Administrator Michael Griffin's contention that risk can never be completely eliminated in the context of a shuttle launch was quoted in each of the network's segments. ABC World News Tonight (6/30, lead story, 2:50, K. Snow, 8.78M) reported, "It is the first mission in nearly a year, and only the second since the disaster in 2003. Questions about safety remain. Tonight, newly released e-mails show how high those concerns go." ABC continued, "As the launch approaches, there has been debate within NASA if the shuttle is safe enough to fly." NASA Administrator Michael Griffin was shown saying, "Is it a gamble? Are we playing the odds? Yes, of course. Every time we launch this shuttle, we take a risk." ABC went on to report, "Some have questioned if the risk is too great. NASA's top safety officials voted not to launch until there were more modifications to the foam on the fuel tanks. Today, it was learned, some in the inspector general's office have questioned the decision to go. In one e-mail, an inspector wrote 'The shuttle program and ultimately Mike Griffin (NASA Admr) are rolling the dice, but they think their odds are good.'" ABC concluded, "Now, one key reason that the NASA administrator feels comfortable launching tomorrow is that if there is a problem on liftoff with the foam, he does not feel it presents a safety issue for the crew. The shuttle would go up to the space station, dock. The crew would wait on the space station for a rescue."

The CBS Evening News (6/30, lead story, 3:00, Schieffer, 7.66M) reported, "Never before has there been a launch like the one scheduled tomorrow. NASA's top administrator is saying he considers it so important to keep the space program on schedule, he is willing to override the safety concerns of his top engineer and his top safety officer." CBS added, "Discovery will be the only shuttle ever launched with a system officially classified as an unacceptable risk. The danger comes from insulating foam on the shuttle's external fuel tank and the possibility that pieces may break off from brackets during launch, puncturing the shuttle's heat shield, which has to be intact for a safe reentry at the end of the mission. NASA's chief engineer and top safety official labeled that failure as probable/catastrophic, meaning there's roughly one in 100 chance that a foam strike will cause catastrophic damage to Discovery." NBC Nightly News (6/30, story 2, 1:50, Williams, 9.87M) reported, Engineers think they have minimized the risk but not eliminated it. Two senior engineers voted no when asked if the shuttle should launch. However, NASA management has overruled them, and decided to fly anyway. NASA leadership says, right now, the risks are acceptable and they must get going to finish the International Space Station. Importantly, those two engineers did not object when they were overruled."

Griffin's Role In Overruling Engineers' Objections To Launch Noted. The New York Times (7/1, Schwartz, Leary, 1.19M) reports, "Griffin…overruled the engineers. … He also said…he wanted to leave time to complete the 17 missions planned before President Bush's deadline for ending the shuttle program in 2010. On Friday, Mr. Griffin defended that decision, contrasting the open discussion with

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the process that led up to the Columbia disaster, in which managers were found to have squelched dissent. This month's preflight review was a healthy exchange of ideas and decision-making about difficult issues, he said, adding, 'What you're seeing is a good process.'" The Washington Post/AP (7/1, A5, Schneider) reports, "Griffin is taking a calculated gamble by going ahead with the launch of Discovery, overruling two top managers who fear that foam flying off the fuel tank might harm the space shuttle. The world will soon know if his gamble pays off." Griffin "wants to get the shuttles flying again and believes that a delay now would create schedule pressure toward the end of the decade. He has acknowledged, though, that he would probably shut down the shuttle program if another vehicle is lost."

Future Of Shuttle Program Depends On "Pedestrian" Discovery Mission. The New York Times (7/1, Schwartz, Leary, 1.19M) reports the Discovery crew will complete "what NASA managers called 'a rather pedestrian mission' that nevertheless has a great deal riding on it. … The 12-day mission is mainly dedicated mainly to carrying food, water, spare parts, oxygen and other supplies to the International Space Station, along with a new crew member. But far more important to the future of the space program is the issue of flaws that doomed two previous missions, those of the Challenger in 1986 and the Columbia in 2003."

WTimes Contends Current Mission Could Well Be The Shuttle Program's Last. The Washington Times (7/1, 90K) editorializes, "If anything goes wrong, which doesn't necessarily mean the loss of a third shuttle…Griffin will likely end the program. … Even something as small as what occurred last summer, when the same foam debris that doomed Columbia in 2003 flaked off Discovery's outer hull requiring a mid-mission repair, anti-shuttle forces both within and from outside NASA will probably prevail in their long-running effort to move forward from the 1970s-era program."

Louisiana Criticizes Federal Deadline For Clearing Hurricane Rita Debris. The Baton Rouge Advocate (7/1, Courreges) reports, "President Bush's Thursday exclusion of Hurricane Rita-hit areas from a list of parishes receiving time extensions on full federal coverage of expenses for hurricane debris clearing may largely paralyze work on clearing debris in storm-shattered Cameron Parish, starting today." LA7 Rep. Charles Boustany (R) on Friday "derided the decision as a 'bean-counter approach' and a 'slap in the face.' Beginning today, parishes not on the list as eligible for the deadline extension sent out by the Bush administration will have to pay 10 percent of the cost of debris removal--a list that includes none of the parishes directly hit by Rita."

Congress Seeks To Undo Error In Long-Term Oil Leases. The CBS Evening News (6/30, story 5, 2:30, Schieffer, 7.66M) reported, "We sort of hate to tell you about this next story for fear it will set off road rage." CBS (Attkisson) added, "The House of Representatives rushed last night to undo a colossal mistake, one that lets oil companies keep billions of dollars for themselves, money that should be going to U.S. taxpayers for the right to drill in U.S. waters." The mistake was that "somebody in the government left the royalty part out of thousands of long-term leases signed in 1998 and '99." So "Congress has been scrambling to find out who cut big oil the big break. Nobody seems to know. It happened during the Clinton years." But a bill "passed last night in the House, next goes on to the Senate. It would force oil companies to face up -- to pay up, rather, or face big penalties."

Kerr-McGee To Seek Negotiated Settlement. The New York Times (7/1, Andrews, 1.19M) reports, "The Kerr-McGee Corporation, under pressure from Congress, said on Friday that it would begin negotiations to settle a lawsuit that if it went to trial could deprive the government of as much as $60 billion in oil and gas royalties." The firm "sued the Interior Department in March to overturn a provision that requires companies to pay full royalties if oil prices climb above about $34 a barrel and natural gas prices rise above about $4 per thousand cubic feet."

House And Senate Differ On Opening Coastal Waters To Exploration. The AP (7/1, Hebert) reports, "Congress has taken a major step toward allowing oil and gas drilling in coastal waters that have been off limits for a quarter-century. Still, a battle looms in the Senate over the issue. And the Bush administration's support for the legislation…is lukewarm." The House bill would "end an Outer Continental Shelf drilling moratorium" that "covers 85 percent of the country's coastal waters." One provision "would give tens of billions of dollars to states that have drilling rigs off their coasts." It is "likely to face a filibuster from Florida senators." The Senate "is considering a limited measure that would open an area in the eastern Gulf of Mexico, known as Lease Area 181, that comes within 100 miles of Florida." The White House "strongly opposes the changes in royalty revenue sharing."

House Votes To Lift Ban On International Sales Of F-22. The Washington Post (7/1, D1, Merle, 744K) reports the U.S. House of Representatives "has recommended lifting a ban on international sales of the nation's most advanced fighter, the F-22 Raptor." The ban "was put in place to keep the Raptor's high-tech systems out of the hands of foreign governments." But lagging U.S. military orders have created fears that Lockheed Martin Corp. "may shut down the plane's production line in coming years."

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Congressional Negotiators Still Unable To Resolve Pension Issues. The AP (7/1, Abrams) reports, "Congress falls short once again of achieving one of its prime goals: coming up with a bill to assure 44 million workers who depend on employer-based pension plans that they will get their promised retirement benefits." House and Senate negotiators are "still apart on two big issues: How to make companies that have fallen behind on payments to their pension plans make them up without driving them to terminate the plans or declare bankruptcy. Whether to single out financially struggling airlines for special treatment." And "the toughest issue has been working out a definition of what is an 'at risk' company that would be required by the bill to increase contributions to its pension plan."

Maryland Blue Cross Cuts Reimbursements To Doctors; Investigation Requested. The Washington Times (7/1, Rowland, 90K) reports, "A slate of reimbursement cuts going into effect today for CareFirst BlueCross BlueShield providers has some Washington-area doctors threatening to limit new patients or drop out of the network. The cuts also have prompted the Maryland State Medical Society to ask Attorney General J. Joseph Curran Jr. to investigate 'monopolistic pricing practices' between the state's largest health insurer and its major rival, UnitedHealth Group."

Senators Seek Reauthorization Of HOPE VI Housing Program. The Wall Street Journal (7/1, Roberts, 2.11M) reports, "The Federal Government's program to revitalize public housing is set to expire" but MD Sen. Barbara Mikulski (D) "is fighting an uphill battle to preserve it." The program, Homeownership and Opportunity for People Everywhere, "will be phased out in September." There is still "$3 billion…designated to complete projects, but hasn't yet been spent." And "the Bush administration says Hope VI hasn't been very productive." Yet Mikulski and "a bipartisan group of senators…are pushing for reauthorization."

Bush Makes Fifth Visit To Ohio This Year For DeWine Fundraiser. The AP (7/1, Smyth) reports, "The state's political hit parade continued Friday with President Bush jetting into the Columbus area for a fund-raiser for U.S. Sen. Mike DeWine. Adults and children were making signs to greet the president hours before his arrival in a suburban Columbus neighborhood Friday afternoon, and others stood in their driveways holding small American flags." The AP notes, "Friday's private fund-raiser for DeWine is Bush's fifth visit to the state this year."

Schwarzenegger Fined $202,000 Over Campaign Donation Violations. The Los Angeles Times (7/1, Salladay, 958K) reports Gov. Arnold Schwarzenegger's campaign "has agreed to pay a $202,200 penalty for failing to properly report more than $25 million in campaign donations during the special election last year, the state Fair Political Practices Commission said Friday. … Under California law, campaigns must publicly disclose donations they receive and money they spend — in some cases within 24 hours of the transaction. Disclosure is the bedrock of California's finance law, allowing the public to see the money behind political campaigns. In documents released Friday, the commission found that Schwarzenegger's California Recovery Team, created to advance the governor's causes, failed to report in a timely way millions of dollars in donations that were used to buy TV advertising pushing four initiatives on the November ballot. It found 143 delinquent reports on $25.6 million in expenditures. The complaint was filed by the Alliance for a Better California, a union-backed group that worked against the governor last year."

Schwarzenegger Approves California's First On-Time Budget In Six Years. The Los Angeles Times (7/1, Halper, 958K) reports Schwarzenegger "signed the state's first on-time budget in six years Friday, after using his veto power to scale back the expansion of environmental enforcement and healthcare programs approved by the Legislature earlier this week. The $131-billion spending plan signed by the governor will use a surge of unanticipated revenue that filled California's coffers this year to pay back billions the state borrowed from schools in recent years as well as to accelerate repayment of other state debt.

EDITORIAL WRAP-UP:

New York Times: ***"Don't Know Much About History."*** An editorial entitled "Don't Know Much About History" in the New York Times (7/1, 1.19M) says, "Somewhere between the firing in 2002 of President Bush's first Treasury secretary, Paul O'Neill, and the Senate confirmation this week of his third Treasury chief, Henry Paulson, the administration changed its tune on budget deficits. In the early days, the line was, essentially, that deficits don't matter. … Now, officials dutifully declaim that deficits matter, but that Bush-era shortfalls are 'within historical norms.' Mr. Paulson apparently shares that view, having offered it repeatedly when asked about budget deficits during his confirmation hearing." The Times faults that claim as a "disappointment" that "takes a narrow view of history." The Times states, "In contrast, the Bush years have been marked by nonstop tax cutting, deepening debt, the abandonment of budget rules and

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increased spending, paid for by borrowing," which is "alarming" because they are heavily foreign-financed (over 73 percent since 2001). By implying that the Bush deficits are normal, Paulson and others in the administration ignore the need to focus on tax cuts in addressing the deficit, the Times says, adding its "hope that in discussions with his new boss, Mr. Paulson has more to say about the budget deficit than he let on during his confirmation hearing."

"Watching Out for Wandering Data." The New York Times (7/1, 1.19M) editorializes, "The government's extraordinary attempt at damage control when it appeared the computer was gone for good — including a plan to offer a year's free credit monitoring to the veterans at a cost of more than $160 million — underlines a mushrooming problem. It is becoming obvious that government agencies, and businesses, need better policies and practices for handling sensitive data stored on computers. To begin with, personal information on 17 million veterans is not the sort of data that should be moving around on a laptop. Data this valuable should also have been encrypted, to make it difficult for thieves to use it."

"The Dangers of Secondhand Smoke."

"Editorial Observer: The Highway Into and Out of a Tanzanian City, in Darkness and in Light."

Washington Post: ***"Passports for Health Care."*** The Washington Post (7/1, A24, 744K) writes in an editorial the rule "may sound like a sensible safeguard" but it is "unnecessary, expensive and mean-spirited." It may result in "millions of people entitled to receive Medicaid benefits" being "denied coverage." Many American are said to lack documentation having neither a passport nor a birth certificate. Yet "under the administration's guidance for state Medicaid agencies, states can't extend coverage to new applicants while they scramble to obtain documentation." The post concludes, "this is an unnecessarily cruel law interpreted in an unnecessarily cruel way."

"Hamas's War." The Washington Post (7/1, A24, 744K) editorializes that if "Israel's offensive in the Gaza Strip is aimed at overturning" Palestinian Prime Minister Ismail Haniyeh's government, "Israel would be entirely justified." He chose not to "behave like a civilized government -- and work to free the hostage" but to "align itself with a terrorist operation." Still, "Israel's Gaza incursion has been reluctant, slow, carefully calibrated," restraint that "reflects recognition by Prime Minister Ehud Olmert that Israel stands only to lose if the Palestinian Authority is destroyed by force." Palestinian President Mahmoud Abbas could broker a political solution, but he "needs more help than he is getting from Egypt, other Arab states and the United Nations. Instead of fulminating about supposed Israeli war crimes, these actors ought to be demanding that Hamas -- and its sponsors in Damascus and Tehran -- stop their own acts of terrorism and war."

"Sabotaging Open Government." The Washington Post (7/1, A24, 744K) editorializes that if "Israel's offensive in the Gaza Strip is aimed at overturning" Palestinian Prime Minister Ismail Haniyeh's government, "Israel would be entirely justified." He chose not to "behave like a civilized government -- and work to free the hostage" but to "align itself with a terrorist operation." Still, "Israel's Gaza incursion has been reluctant, slow, carefully calibrated," restraint that "reflects recognition by Prime Minister Ehud Olmert that Israel stands only to lose if the Palestinian Authority is destroyed by force." Palestinian President Mahmoud Abbas could broker a political solution, but he "needs more help than he is getting from Egypt, other Arab states and the United Nations. Instead of fulminating about supposed Israeli war crimes, these actors ought to be demanding that Hamas -- and its sponsors in Damascus and Tehran -- stop their own acts of terrorism and war."

Wall Street Journal: ***"Hedge Fund Hoopla."*** The Wall Street Journal (7/1, A10, 2.11M) in an editorial writes, "Politicians are drawn to piles of unregulated money like, well, politicians to TV cameras. So it was only a matter of time before Congress took aim at the $2.4 trillion hedge fund industry." But, "Congress should tread carefully, if it treads at all."

"Arab Women's Suffrage."

"Jon Corzine Florio." The Wall Street Journal (7/1, 2.11M) editorializes, "Nearly every state in the nation is celebrating the new fiscal year that begins on Monday with record tax revenues. The big exception is New Jersey, which is headed instead for what could be a government shutdown. The political showdown isn't between Republicans and Democrats, but is between Governor Jon Corzine and his fellow Democrats who control the state legislature. On Wednesday, Democrats cursed each other and, according to our eyewitness sources, came close to blows inside the capitol in Trenton. Mr. Corzine is now threatening a government shutdown if his own party doesn't bend to his proposal for a $1.5 billion tax increase. Remarkably, all of this intra-party feuding isn't over whether to raise taxes, merely over how. … Meanwhile, the one promise that Democrats made to voters in last year's election campaign -- lowering what are some of the highest property taxes in the country -- remains conspicuously unfulfilled."

Los Angeles Times: ***"Happy anniversary, Antonio. What's next?"***

"Show Africa the money." The Los Angeles Times (7/1, 958K) editorializes, "a s we near the one-year anniversary of the Group of 8 summit in Gleneagles, Scotland," where "Rich nations signed a historic pact to forgive the debts of some of the world's most impoverished countries." However, "G-8 countries are far off track on their

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aid commitments and even further from a comprehensive trade deal." Implementing the agreement "to eliminate all export subsidies, cut other domestic supports and improve access to their markets for poor countries" was "supposed to be accomplished by the World Trade Organization during its Doha round of talks. Doha is desperately, perhaps fatally, stalled," and the rich countries' "promises are already starting to look hollow."

"Winning over the freeloaders." The Los Angeles Times (7/1, 958K), in a "One Year Later" feature, follows up a the Supreme Court's Grokster decision, and says the victorious recording labels and studios "haven't done enough to lure file sharers." The decision said companies like Grokster that let their users share files over the Internet can be held liable for enabling copyright infringement. Even though the percentage of U.S. Internet users sharing files has stayed flat in recent years, while the percentage of those buying in online stores has seen real growth, "free downloaders represent a lost opportunity for the entertainment industry." The Times calls for "much more experimentation with approaches that give users the control and freedom to consume that make file-sharing networks so attractive."

THE BIG PICTURE:

Headlines From Today's Front Pages.

Los Angeles Times:
"State Tracked Protesters in the Name of Security."
"A School's Glaring Absence."
"4 Soldiers Accused of Iraq Rape, Killings."
"Ralphs to Pay $70 Million for Illegal Hiring Scheme."
"Congress Tackles the Guantanamo Challenge."
"Gunman Kills 3, Wounds 1 in Brazen Attack Outside Home."

New York Times:
"G.I.'s Investigated in Slayings of 4 and Rape in Iraq."
"G.M. Is Pressed to Form Alliance With Two Rivals."
"Congo Nears Historic Election, Praying for Peace."
"Top Cyclists Are Out of Tour in Doping Case."
"Two Views of Terror Suspects: Die-Hards or Dupes."

Washington Post:
"GOP Seeks Advantage In Ruling On Trials."
"Troops Facing Murder Probe."
"Silver Spring Hospital Struggles to Serve."
"Israel Increases Pressure on Hamas."
"Rock Creek's Scenic Drive Battered."
"Museums Reopen to a Brand-New View."

Washington Times:
"Army Probes Iraq Family Deaths."
"Security Council Debates Incursion."
"Japanese Leader Sings King's Praises."
"Md., Va. Ask For Disaster Status."
"'Marine One' Finds Home At Nixon Site."
"Tour Favorites Cut In Doping Crisis."
"Frequent Fliers Veered Off Course."

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Atlanta Journal-Constitution:

Dallas Morning News:
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"Donor Data Stolen at Local Red Cross."
"Mom Accused of Drowning Son."
"As Hill Takes a Bride, He Considers Taking on Miller."
"5 Soldiers Face Allegations of Iraq Rape, Family Killing."

Story Lineup From Last Night's Network News:
ABC: Shuttle Launch Safety; New Soldier Misconduct Allegations; Three US Soldiers Killed In Iraq; New Bin Laden Tape; Israel Continues Palestinian Attacks; Mexican Election Close; Bush-Koizumi Graceland Trip; Gay Adoption; Northeast Flood Damage; High Flight Prices; Buffett Charity Lunch; Melinda Gates Profiled.
CBS: Shuttle Launch; Iraq War Crimes; Bin Laden Video; Israeli Soldier; Offshore Oil Lease Royalties; Global Warming Allergies; Tour DeFrance Doping Scandal; Bush-Koizumi Graceland Trip.
NBC: Alleged Atrocities In Iraq; Shuttle Launch; Proposed GM Merger; Bin Laden Tape; Guantanamo Detainee Ruling; Northeast Flooding; Bush At Graceland; Injured Children In Gaza.

WASHINGTON'S SCHEDULE:

Today's Events In Washington.

White House:

PRESIDENT BUSH — Unavailable

VICE PRESIDENT CHENEY — Highlights: Arrives at Cape Canaveral AFS. Tours the Orbiter Processing Facility. Views Discovery Space Shuttle launch. Departs Cape Canaveral en route Daytona Beach. Arrives at Daytona Beach airport. Attends Driver's meeting at NASCAR Pepsi-400. Daytona International Speedway. Visits with NASCAR drivers and crews. Participates in tour of Transporter. Tours NASCAR cut-away car. Speaks at pre-race ceremony. Note: Departs Daytona International Speedway at time TBA.

US Senate: No Scheduled Events.

US House: No Scheduled Events.

Other: June 28 - July 2. DAR CONTINENTAL CONGRESS _ Daughters of the American Revolution (DAR)

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convene their 115th annual Continental Congress. Meetings and events for DAR members. Location: DAR Constitution Hall, 1776 D St. NW. Contacts: Bren Landon, 202-572-0563

June 29 - July 1. MENTAL ILLNESS _ National Alliance on Mental Illness (NAMI) holds its annual convention. Highlights: 8:30 a.m. - 10 a.m. Research Plenary: Long-Term Studies, the FDA and Safety, withPedro Ruiz, MD, president, American Psychiatric Association; Jeffrey Lieberman, MD, New York State Psychiatric Institute; Gary Sachs, Massachusetts General Hospital; and Lauren Greenhill, M.D., Department of Child Psychiatry, NYS Psychiatric Institute. 1 p.m. - 1:45 p.m. Discussion on Mental Health Transformation, with Kathryn Power, M.Ed., U.S Department of Health & Human Services (HHS) Substance Abuse and Mental Health Services Administration (SAMHSA). 2:30 p.m. - 3:30 p.m. Ask-the-Doctor Sessions on schizophrenia, schizoaffective disorder, bipolar disorder, depression, obsessive compulsive disorder, co-occurring disorders, post traumatic stress disorder, borderline personality disorder, mood disorder in children, ADD/ADHD, medications, and physical health and mental illness. Location: Washington Hilton Hotel Contacts: Alexis O'Brien (NAMI), 202-797-4512

June 29 - July 1. YOUTH CONFERENCE _ Young America's Foundation holds its National High School Leadership Conference. Highlights: 11 a.m. Michelle Easton, President, Clare Boothe Luce Policy Institute. Location: National 4-H Conference Center, Chevy Chase. Contacts: Jason Mattera, 917-754-3425

June 30 - July 3. ASIAN AND PACIFIC CATHOLIC CONVOCATION _ First convocation of U.S. Catholic pastors, bishops, lay leaders, social workers, and educators of Asian and Pacific heritage. Four days of workshops, liturgical celebrations, policy discussions and cultural events. Location: Hyatt Regency-Crystal City, 2799 Jefferson Davis Hwy., Arlington, Va. Contacts: William Ryan, 202-541-3200

June 30 - July 4. FOLKLIFE FESTIVAL _ First session of the Smithsonian Folklife Festival, focusing on life in the Canadian province of Alberta, evening concerts celebrating African American music from New Orleans, and basketweavers from a wide variety of geographical regions, others. Location: Mall between 7th and 14th Sts. Contacts: Becky Haberacker, 202-633-5183

July 1 - 2. COMPUTER DESIGN CONTEST _ The ten IEEE Computer Society Design Contest university team finalists present their projects in computer design and engineering on the theme of 'preserving, protecting and enhancing the environment.' Teams represent universities in the U.S., China, India, Romania, Poland and Jordan. Topics include tsunami tracking, trash disposal, coal mining, solar energy and others. Location: Latham Hotel, 3000 M St. NW. Contacts: Randi Hicks Rowe, 703-836-0900 Joel Ranck, 202-832-0478

11:15 a.m. - 7 p.m. SMITHSONIAN-GRAND OPENING _ Grand re-opening ceremony for the National Portrait Gallery and the Smithsonian American Art Museum, following extensive renovations. Free performances, family activities and art exhibits. Highlights: 11:15 a.m. Ribbon cutting ceremony. Location: 8th and F Streets, NW Contacts: n/a, 202-786-2377

9 a.m. - 11 a.m. CANADA DAY PANCAKE BREAKFAST _ Free pancakes and entertainment with over 3000 expected guests. Open to all Canadians and invited Americans. Music by the Calgary Stampede Band. Highlights: 9:30 a.m. Remarks by Canada's Ambassador to the U.S. Michael Wilson; Alberta Premier Ralph Klein; and Calgary Mayor Dave Bronconnier. 10 a.m. Photo-op: Ambassador Wilson and Premier Klein flip pancakes Location: Canadian Embassy, 501 Pennsylvania Avenue, N.W. Contacts: Erica Fensom, 202-682-7716

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DEPARTMENT OF JUSTICE *NEWS CLIPS*

PREPARED FOR THE OFFICE OF PUBLIC AFFAIRS, US DEPARTMENT OF JUSTICE

TO: THE ATTORNEY GENERAL AND SENIOR STAFF

DATE: SATURDAY, JULY 1, 2006 7:45 AM EDT

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TERRORISM NEWS:

GOP Seeks Advantage In Ruling On Trials (WP)

By Michael Abramowitz And Jonathan Weisman
The Washington Post, July 1, 2006
National Security Is Likely Rallying Cry, Leaders Indicate

Republicans yesterday looked to wrest a political victory from a legal defeat in the Supreme Court, serving notice to Democrats that they must back President Bush on how to try suspects at Guantanamo Bay or risk being branded as weak on terrorism.

In striking down the military commissions Bush sought for trials of suspected members of al-Qaeda and other terrorist groups, the high court Thursday invited Congress to establish new rules and put the issue prominently before the public four months before the midterm elections. As the White House and lawmakers weighed next steps, House GOP leaders signaled they are ready to use this week's turn of events as a political weapon.

House Majority Leader John A. Boehner (R-Ohio) criticized House Minority Leader Nancy Pelosi's comment Thursday that the court decision "affirms the American ideal that all are entitled to the basic guarantees of our justice system." That statement, Boehner said, amounted to Pelosi's advocating "special privileges for terrorists."

Similar views ricocheted around conservative talk radio -- Rush Limbaugh called Pelosi's comments "deranged" on his show Thursday -- and Republican strategists said they believed that the decision presented Bush a chance to put Democrats on the spot while uniting a Republican coalition that lately has been splintered on immigration, spending and other issues.

"It would be good politics to have a debate about this if Democrats are going to argue for additional rights for terrorists," said Terry Nelson, a prominent GOP political strategist who was political director for Bush's reelection campaign in 2004.

Mindful of this thinking, Democrats were measured in their comments about how to respond to the ruling, which held that Bush's policy was not authorized by law and violated the Geneva Conventions.

Brendan Daly, Pelosi's spokesman, said Democrats "want to work with" the administration in fashioning new rules for terrorism suspects, and he dismissed Boehner's comments as a sign of desperation. "[Bush] is not a king -- he has to follow the law," Daly said. "That's all we're saying."

Democrats seemed to gain some support from a few Senate Republicans, who said politics should not dictate how Congress responds to the Supreme Court. "This should not be a party fight," said Sen. Lindsey O. Graham (R-S.C.). "I'm a proud Republican senator, but my nation needs both parties working in collaboration with the executive branch to solve the military commission problem, and both parties will be rewarded by the public if we're seen as working for the common good."

The issue is not without complexity for Republicans. A Washington Post-ABC poll this week suggested that while Americans continue to favor holding suspects at the U.S. military installation at Guantanamo Bay, Cuba, they are leery of an administration policy that has resulted in almost all of the 450 detainees being held without charges. Of those polled, 71 percent said the detainees should be either given POW status or charged with a crime.

In many respects, the Guantanamo Bay facility has become an albatross for the Bush administration since its creation in the months after the Sept. 11, 2001, attacks as a prison for terrorism suspects picked up in Afghanistan and elsewhere. Bush

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signed an executive order in November 2001 establishing military commissions to try the inmates, but the process has been in a legal limbo and no suspect has gone through a full trial.

Meanwhile, the United States has attracted intense international criticism for holding the detainees in limbo, and Bush has said repeatedly that he wants to close the prison.

Some lawmakers want Congress to endorse a plan to have the commissions operate by the rules of a regular court-martial, which would give the detainees more rights than they would have under the current commission structure. But administration lawyers have been concerned that it would be difficult to win convictions under that scenario, in large measure because the standard of proof would be higher.

White House spokeswoman Dana M. Perino said the administration is reviewing how to respond to the court.

A senior administration official, who spoke on the condition of anonymity because the issue is still being debated internally, seemed to hint at the potential political implications in Congress. "Members of both parties will have to decide whether terrorists who cherish the killing of innocents deserve the same protections as our men and women who wear the uniform," this official said.

The House and Senate Armed Services committees and the Senate Judiciary Committee have called for hearings as soon as Congress returns from the week-long Fourth of July break.

Senate Judiciary Committee Chairman Arlen Specter (R-Pa.) yesterday outlined his plan to conduct military tribunals in a manner consistent with the court's decision.

Under the Specter bill, a three-judge panel of military lawyers would preside. Defendants would be present in court with their lawyers, who would be granted the right to gather evidence, cross-examine witnesses and review classified information after it had been reviewed by a judge. Defendants would be granted the right to appeal verdicts to a court of military appeals and, ultimately, the Supreme Court.

"I would suggest that the rhetoric be cooled at least long enough for people to read the opinion," Specter said of the Supreme Court decision. "We're going to have to dot all the i's and cross all the t's on this legislation to make sure it passes muster."

Sen. Carl M. Levin (D-Mich.), a key figure on detainee policy, noted that the court pointedly ruled that military tribunals had to comport with the Geneva Conventions, so any effort to simply grant Bush the power he wants would not pass the scrutiny of the court. If Republicans ignore the court's prescription, military lawyers would be quick to speak out, granting Democrats political cover, he predicted.

"That kind of excess, I think, backfires," Levin said of the House Republican broadsides. "The American public has too much common sense to put much stock in that kind of diatribe. Americans respect the Supreme Court."

But some GOP allies said they suspect that the decision will help energize a Republican base that has been angry at some Bush policies. Tom Liddy, a conservative talk show host in Phoenix, said that the decision has been a big topic on his show and that it could be another terrorism issue that works to the GOP's advantage.

Liddy noted that House Republicans pushed through a resolution Thursday, over Democratic objections, criticizing the news media for publishing classified information about a secret anti-terrorism program that monitors bank transactions.

"It will be worse for the Democrats to be seen as favoring the terrorists than favoring the New York Times," Liddy said.

Tribunals Ruling Could Reverberate In Fall Campaign (WSJ)

By John D. McKinnon And Jess Bravin

The Wall Street Journal, July 1, 2006

WASHINGTON -- Many Republicans predict that despite the White House's legal defeat over military tribunals, President Bush will emerge as the political winner among security-conscious voters.

A day after the Supreme Court's ruling that the Bush administration's special tribunals were unlawful, Republicans sought to score points for the president. Conservative legal activists charged Democrats with excessive celebration of the decision, and said they would alienate voters. House Majority Leader John Boehner accused Democrats of supporting "special privileges for terrorists."

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For their part, a number of Democratic lawmakers suggested that voters are likely to be frustrated with how the administration has handled the Guantanamo Bay detention center, which has provoked resentment in Europe and elsewhere since its establishment in 2002.

The court ruling's political ripples could be significant in this fall's midterm congressional elections. In recent weeks, Mr. Bush appeared to gain political momentum, thanks to a series of positive developments in Iraq. But the ruling could remind voters of the mistakes and overreaching that have dogged the administration's war effort.

White House allies made the case that the decision would remind voters that Mr. Bush and Republicans have been tougher on terrorism than Democrats.

"Anytime the president is discussing keeping Americans safe and taking the fight to the terrorists, that's a good place for us to be politically," said Brian Jones, spokesman for the Republican National Committee. In the wake of the decision, "the judicial realities and the political realities are very different," he added.

Republicans even appeared to hold out hope that the decision would set the stage for a legislative victory for the president, as Congress moves to bless a new tribunal plan. If the effort ends in a stalemate, Democrats could be depicted as taking the side of those suspected of terrorism.

Mr. Bush and his party have reason to believe they can gain ground politically from the Guantanamo decision -- or at least not lose much. In November 2005, a Wall Street Journal/NBC News poll asked whether the Bush administration has "taken the right course" or "gone too far" in its handling of terror suspects at facilities outside the U.S. A 55% majority said the administration has taken "the right course," while 30% said the administration has "gone too far." Just three months ago, a Wall Street Journal/NBC News survey showed two-thirds of respondents support the administration's handling of the USA Patriot Act.

Critics scoff at the idea that Mr. Bush and congressional Republicans can gain mileage from a Supreme Court decision that repudiated their position.

Neal Katyal, a Georgetown University law professor who argued the case, said Friday the special tribunals appeared to be based first and foremost on political considerations -- namely, expanding presidential powers while appearing tough on terror. But the tribunal system's design so exceeded legal bounds that it undermined both aims, he said.

Lawmakers in both parties had previously submitted bills that would have authorized military commissions, but the White House repeatedly rejected calls to embrace legislation, fearing it would expose prisoner policies to congressional interference. After the high court's decision, lawmakers dusted off their bills. Both Senate Judiciary Committee Chairman Arlen Specter (R., Pa.) and ranking Democrat, Patrick Leahy of Vermont, circulated copies of legislation to authorize military trials, using the regular court-martial code as a starting point.

Not all lawmakers saw it as a partisan issue. "I'm optimistic that Republicans and Democrats can come up with a solution to the military commission problem, in conjunction with the administration, that the nation will be proud of," said Sen. Lindsey Graham (R., S.C.). The current Uniform Code of Military Justice, which governs courts-martial, "will be your basic source document," he said, with "necessary changes" to protect sensitive evidence.

Rep. Adam Schiff, (D., Calif.). a member of the House Judiciary Committee, introduced Guantanamo-related legislation in 2001. On Friday, he recalled frustrating meetings with Defense, Justice and State department officials, who brushed off entreaties to develop legislation for military trials.

Like other Democrats, Mr. Schiff said Republicans faced hurdles in winning political points on the matter. The Supreme Court's opinion "continues to make the case that the administration is not competently handling the war on terror."

Mr. Specter has scheduled a July 11 hearing on the Hamdan decision.

Congress Tackles The Guantanamo Challenge (LAT)

By Maura Reynolds, Times Staff Writer

The Los Angeles Times, July 1, 2006

Lawmakers could OK Bush's setup or create a whole new system for handling detainees.

WASHINGTON — Key lawmakers moved Friday to begin creating a military justice process to determine the fate of Guantanamo detainees, a day after the Supreme Court wiped out the special tribunals established by the Bush administration.

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Under the justices' ruling, Congress — which has largely stayed on the sidelines in shaping the war on terrorism — must take the lead role in implementing the most important legal decision affecting terrorism suspects since Sept. 11.

"I think we are under duty to move very, very promptly, because these people have been detained a long time," said Senate Judiciary Committee Chairman Arlen Specter (R-Pa.). "The court has told us what to do."

Members of Congress, and especially its GOP leadership, will have to figure out whether they must grant detainees more rights and protections than they currently have, or whether they can legislatively duplicate the restrictive approach the Bush administration prefers.

The debate is expected to dominate the congressional agenda for the coming months, and is likely to fuel a partisan confrontation over whether the United States has gone too far on some fronts in conducting its war on terrorism.

Specter has scheduled hearings on the detainee issue for July 11, the first day Congress is back in session after the Fourth of July recess. The House Armed Services Committee also announced hearings for this month; other relevant committees are expected to follow.

Thursday's decision in Hamdan vs. Rumsfeld said the tribunals established by the Bush administration for detainees at the military's Guantanamo Bay, Cuba, facility do not comply with existing law. The high court wrote that it is up to Congress to create a judicial review process for the detainees that comports with the Uniform Code of Military Justice and the Geneva Convention.

But the decision left several questions that now fall to Congress to answer.

One is whether the administration's system of military tribunals — or commissions, as the Pentagon calls them — would be legal if formally approved by Congress.

Simply asking Congress to OK the policy — which limits detainees' access to the evidence against them, permits testimony and evidence obtained by coercion, and provides limited opportunity for review or appeal — appeared Friday to be the approach favored by the White House.

"It looks like there's considerable interest in Congress in … making sure that we can proceed with military commissions and bring to justice the people who are held at Guantanamo," White House spokesman Tony Snow told reporters en route to Memphis, Tenn., with the president aboard Air Force One.

Another option open to Congress is to pass a law stating that the Uniform Code of Military Justice, which provides many more rights and legal safeguards for defendants, applies to the Guantanamo detainees.

"It's clear the court wants us to operate under the Uniform Code of Military Justice," Sen. John McCain (R-Ariz.) said on NBC News.

"I'm confident we will do that, and quickly."

A third option would be to create an entirely new system specifically for prisoners held as part of the administration's global war on terrorism.

That is closer to the approach favored by Specter, who has been working on legislation that would create two types of special tribunals. One would determine detainees' legal status, including whether they are properly being classified as enemy combatants. The second system would establish rules and procedures for trying detainees accused of war crimes.

Specter's committee held a hearing on the issue of the Guantanamo detainees last year.

"The Department of Defense had been trying to do as little as possible. They had delayed action on detainees for a long period of time while this case has been percolating," Specter said. "We have addressed not only those who are going to be charged with criminal offenses, but also the detainees who are enemy combatants."

Another set of questions concerns whether the Supreme Court ruling has ramifications for other administration policies, such as the detention of prisoners by the U.S. elsewhere in the world, as well as the legality of the president's terrorism surveillance programs.

Specter said he thought the Hamdan decision could call into question the legality of a number of Bush administration policies.

The White House has argued that the president's inherent authority as commander in chief — along with Congress' 2001 authorization to use military force against terrorists — grant him extensive powers to decide how to conduct the war on terrorism, including how to treat detainees and what kinds of surveillance are necessary.

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"The decision that the president lacked the authority to establish the military commissions makes it obvious that the conclusion of the Supreme Court is that there is no inherent authority — an inference and a proposition which may have some weight as we consider collateral matters, for example, on the electronic surveillance" conducted by the National Security Agency, Specter said Thursday.

Though the Supreme Court decision may be a blow to the president's policies, it may benefit his party politically — permitting candidates in November elections to talk tough about fighting terrorists and portray Democrats as weak.

For instance, a memo circulated Friday by the office of House Majority Leader John A. Boehner (R-Ohio) accused Democrats of welcoming a Supreme Court decision granting "special privileges to terrorists."

"There is a clear choice between Capitol Hill Democrats who celebrate offering special privileges to violent terrorists, and Republicans who want the president to have the necessary tools to prosecute and achieve victory in the global war on terror," the memo said.

In response, Democrats have begun to develop their own line of argument, asserting that the Hamdan case raises doubts about the administration's competence on terrorism and protection of the U.S.

"The American people increasingly question this administration's credibility when it comes to national security. They have promulgated reckless policies that endangered the country and destroyed America's reputation around the world," said Jim Manley, spokesman for Senate Minority Leader Harry Reid (D-Nev.) and director of the Senate Democrats' "war room" for responding to Republican charges.

"The chickens have finally come home to roost," he said.

Congress Implored To Resolve Tribunals (WT)

By Jerry Seper, The Washington Times

The Washington Times, July 1, 2006

The White House yesterday said the Guantanamo Bay prison will remain open until all the detainees are dealt with, and the administration will work with Congress to remedy problems the Supreme Court cited when it ruled special military tribunals were illegally created.

White House spokesman Tony Snow said Congress is interested in ensuring the more than 400 detainees at the naval facility in Cuba are brought to justice or sent home.

"You close it when you finish handling all the cases of people who are at Guantanamo," Mr. Snow said, responding to a question about Mr. Bush's stated goal of closing the jail that holds al Qaeda and Taliban prisoners picked up in the war on terror.

"And as we've said many times, you don't simply shut it down. There are some people who you do not want on American soil, who you want to go ahead and conclude the process of bringing them to justice, and repatriating those to whom it is appropriate to repatriate."

The Supreme Court ruled 5-3 on Thursday that a pending military tribunal for Yemeni national Salim Ahmed Hamdan, chauffeur to al Qaeda leader Osama bin Laden, could not proceed because its structure and procedures violated the Uniform Code of Military Justice and four Geneva Conventions signed in 1949.

The court said Mr. Bush lacked the authority to create the tribunals, which offer lesser legal protections than already established courts-martial rules, but that Congress could authorize the use of tribunals.

"There's considerable interest in Congress in going ahead and taking a good look at what the Supreme Court had to say and moving forward toward making sure we can proceed with military commissions ...," Mr. Snow said.

Senate Judiciary Committee Chairman Arlen Specter, Pennsylvania Republican, introduced a bill Thursday that would authorize the tribunals, legislation that will generate heated debate between Republicans and Democrats heading into midterm elections.

Democrats and civil rights groups, who have questioned the president's power to detain and try prisoners, praised the ruling Thursday.

Sen. Edward M. Kennedy, Massachusetts Democrat, called the decision "a stunning repudiation of the Bush administration's lawless behavior at Guantanamo."

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A senior administration official said nothing in the ruling affected the president's authority to detain enemy combatants, and that it didn't find any constitutional impediment to the president and the Congress creating military commissions.

Saying the country has a long history and tradition of using military tribunals, the official said the court recognized that military commissions would be appropriate as long as the procedures used are consistent with its decision.

Warner Is Uncertain On Legislation For Tribunals (NYT)

By Kate Zernike

The New York Times, July 1, 2006

WASHINGTON, June 30 — A leading Senate Republican said Friday that he was not sure that Congress should pass legislation to create new military tribunals for terror suspects, a stance that raised doubts about prospects for a White House plan to establish an alternative to the commissions struck down this week by the Supreme Court.

The senator, John W. Warner of Virginia, the chairman of the Armed Services Committee, said he had not yet decided what course Congress should take. But Mr. Warner, who will preside over hearings on the issue in July, said he was concerned that new tribunals, even if authorized by Congress, might not withstand judicial scrutiny.

"We're going to do this extremely carefully and accurately, or we're going to end up with a solution that once again ends up being the subject of litigation, and possibly being overturned," Mr. Warner said in an interview in his office.

The scope of the court's decision stunned the White House and Congress, forcing the House and Senate to rearrange their limited summer legislative calendar to address the issue. Lawmakers from both parties said Friday that they hoped to reach agreement by the end of summer on a new plan to bring terror suspects to trial.

But the caution voiced by Mr. Warner suggested signs of division, even among Republicans, about how to balance concerns about the threat posed by terrorism with the court's requirements that detainees must be granted some basic rights.

President Bush has said only that he intends to work with Congress, but he and his allies appear to be pressing for a law that would give the president the authority to set up something similar to the tribunals the court ruled he could not set up on his own.

Still, others within the president's own party have cautioned that the court's ruling made clear that any trials had to extend more rights than those tribunals offered. Some lawmakers suggested using the military courts or something similar, an approach the White House has rejected as granting too many rights to detainees.

"Everybody says, 'Pass legislation, pass legislation,' but we've got to make certain it's needed, and then do it with careful analysis, to get it right," Mr. Warner said. "We've got to get it right."

Until now, the White House and particularly Vice President Dick Cheney had been dead set against working with Congress on issues involving the detainees, against the advice of some Republicans and some administration lawyers. By waiting until the court forced the issue, the White House may have made its task more difficult, leaving Mr. Bush with less support in Congress than he had after the attacks of Sept. 11.

Democrats and some Republicans characterize the president's refusal to work with Congress on the tribunals as another example in a long line of presidential power grabs.

"Their whole unilateral approach made it more difficult for everybody here, and we're going to have to pick up these pieces," said Senator Carl Levin of Michigan, the senior Democrat on the Armed Services Committee. "It would have been a lot easier if they had not ignored the Congress and not behaved as if they are the law unto themselves."

Senator Charles E. Schumer, Democrat of New York, said: "This is the gang that couldn't shoot straight. Had they simply gone to Congress at the time, they could have gotten anything they wanted. Because they are so headstrong, they can only do it their way, they run into brick walls.'"

Even some Republicans expressed irritation that the White House had refused to work with Congress.

"They had been trying to do as little as possible," said Senator Arlen Specter, Republican of Pennsylvania and chairman of the Judiciary Committee, which will also hold hearings on the issue in July. Mr. Specter had offered legislation to set up a process of trials as early as 2002, but was rebuffed.

"They just delayed action on detainees for a long period of time while this case was percolating," Mr. Specter said.

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Mr. Warner and Mr. Levin said they wanted to broaden the discussion of how to treat detainees beyond the tight circle the White House had relied on, in particular to include the military. The hearings, Mr. Warner said, will rely on sitting and retired judge advocates general from each military branch. In the past, he said, those military lawyers "didn't get a full voice."

A senior Senate Republican aide, granted anonymity to speak freely about the internal debates, said, "It's clear that the administration was eager to push the envelope as far as it could by setting up these tribunals without legislative authority. They got a brushback from the Supreme Court, and now the Senate is struggling with whether or not to side with the administration's original approach or something else."

Members of both parties said they wanted to work with the president, and hoped that the gravity of the issue would trump politics. But the hearings come at a difficult political moment, with Democrats hoping to take back the majority in both houses of Congress in November.

The Democrats could try to make the hearings a referendum on what Senator Edward M. Kennedy characterized as the administration's "lawless" treatment of detainees. But Republicans were already seizing the opportunity to paint Democrats as weak on terror.

A news release from the office of the House majority leader, Representative John A. Boehner, Republican of Ohio, seized on comments by the minority leader, Representative Nancy Pelosi, Democrat of California, saying that the Supreme Court decision "reaffirms the American ideal that all are entitled the basic guarantees of our justice system." The headline read, "Capitol Hill Democrats Advocate Special Privileges for Terrorists."

In the range of options that lawmakers discussed, tribunals or military commissions would grant detainees the fewest rights, and civilian courts, the most. Courts-martial fall somewhere in the middle, granting a streamlined bill of rights, but allowing looser rules of evidence than civilian courts. Conviction requires agreement of three-quarters of the jury, not the entire panel, and the jury is typically made up of officers, who tend to have college degrees.

Mr. Specter filed legislation immediately after the court's decision Thursday, proposing military commissions overseen by a three-member panel, with at least one judge advocate general. The proposal would grant counsel to the accused and allow cross-examination in some cases, but it would also relax the evidence standards to include hearsay, recognizing the difficulty of collecting evidence against accused terrorists. Mr. Specter's proposal would also provide standards to protect classified evidence.

Mr. Levin said the Senate was unlikely to sign off on tribunals if they looked like what the president initially wanted because the courts ruled that they violated provisions in the Geneva Conventions and the military code of justice.

"There are certain guideposts that put limits on this," he said. "Unless we amend prior statutes, which I don't think we're inclined to do, we're governed by the law of war."

A senior administration official said the White House was "likely to seek legislation on the tribunal issue."

That approach got support from Senator Lindsey Graham, the South Carolina Republican who with Mr. Levin and Mr. Warner called for hearings on the detainee issue.

Mr. Graham picked up on the court's statement that "nothing prevents the president from returning to Congress to seek the authority he believes necessary."

"The court is telling us that we can create a court," Mr. Graham said in an interview. "The court said the defect was that Congress never blessed it. We'll correct that defect."

"It's highly inappropriate to use civilian courts to try enemy combatants," he said. "This is a war. It's dangerous, it's a joke. The military tribunal has been the convention in the time of war."

The White House has considered military courts unpalatable because of the due process they afford. Officials there said Friday that they were generally against leaving the combatants to the military justice system, not only for its degree of due process but also for strict standards of evidence to which prosecutors are required to adhere.

Supreme Court Ruling May Ripple Through Other Bush Policies (KRT)

By Jonathan S. Landay, Marisa Taylor And Margaret Talev

Knight Ridder, July 1, 2006

DOJ_NMG_0037717

WASHINGTON - The Supreme Court's ruling Thursday that the Bush administration can't use ad hoc military commissions to try suspected terrorists may have sweeping implications for other aspects of President Bush's war on terror.

The court's decision has ignited a fierce debate about its full impact among lawyers, legal scholars, administration officials and members of Congress.

Some believe that the opinion could challenge the administration's claim the National Security Agency is the right to eavesdrop without court approval on Americans who are suspected of having ties to al-Qaida or other terrorist groups.

The high court's embrace of a central provision of the Geneva Conventions on war could also bolster challenges to U.S. interrogation techniques and the use of secret prisons to detain suspected terrorists. It also could help detainees who are being held without charges, lawyers or trials contest their situations, experts said.

"At this point, almost everything that could be affected by the decision is going to come to a screeching halt," said Neal Sonnett, the chair of the American Bar Association's task force on enemy combatants, referring to the treatment of detainees.

"There is clearly a shot across the bow of the administration," said Scott Silliman, a professor at Duke University Law School and a former senior Air Force lawyer. "The opinion here has clear implications for the court being willing to look at how we are treating folks."

At its heart, legal experts said, the ruling rebuffed Bush's contention that the president has special powers during wartime to disregard acts of Congress and international treaties.

"I think the court's ruling is a rejection of the administration's post 9/11 legal centerpiece claim, which is the president has inherent authority in all kinds of things in the name of crisis," said Neal Katyal, the lead attorney who argued the case on behalf of detainee and plaintiff Salim Ahmed Hamdan.

"One of the potential implications is that the `inherent authority' argument pushed by the executive branch may be in retreat," agreed Sen. Lindsey Graham, R-S.C., in an interview with McClatchy Newspapers on Friday.

The administration has contended since the Sept. 11, 2001 terrorist attacks that the Constitution gives the president as commander in chief "inherent authority" to do virtually anything he wants in the name of protecting national security in time of war. The court emphatically ruled that Congress and the judiciary share authority with the executive, even in time of war.

At the same time, the court held that Congress could write a law creating new tribunals to try detainees, so long as they operate within a civil or military legal code, and leading senators intend to do so soon.

In an interview Friday with McClatchy Newspapers, Senate Judiciary Committee Chairman Arlen Specter, R-Pa., said he doesn't take the court's ruling to mean that those already being held would be off the hook simply because their rights were found to have been violated.

"They can argue that," he said, "but I think there's a basis for detaining them if they're dangerous" so long as Congress passes legislation "very promptly". "They're not going to be released," Specter said. "We'll be given time to structure a procedure that is adequate."

Specter's offering a bill that would authorize military commissions to handle detainees with two divisions - one for those charged with specific offenses and another for enemy combatants who are being held indefinitely.

Those charged would face three-officer panels with presiding judges from the Judge Advocate General's Office. They'd be entitled to cross-examination witnesses and to require unanimous verdicts. If classified information was involved, the presiding judge would decide how much information to make available to the defense, and the defendant's attorney could get a security clearance to handle that classified information.

Graham agreed that the court's ruling "confirms that the military can hold these people until the hostilities are over . . . The case was about how you bring them to trial, not how you hold them. Anybody who says detainees are going to get off the hook because of this ruling are misunderstanding the opinion, in my opinion."

"The good news," Graham said, "is we now know how to write the statute to make it constitutional and to be able to move the cases forward."

Legal experts cautioned that analysis of the complex 5-3 decision was preliminary, because they'd only had a day to distill it. But overall, there was widespread agreement that the decision could spell more legal trouble for the administration's war on terror.

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The majority decision, written by Justice John Paul Stevens, concluded that the administration's Guantanamo Bay tribunals violated both U.S. law and the Geneva Conventions of 1949 because they didn't provide defendants with legal safeguards that civilian and military courts require and they weren't authorized by Congress.

The justices cited Common Article 3 of the Geneva Conventions, which calls for "regularly constituted" courts to handle cases involving detainees. Article 3 prohibits torture and other "degrading treatment."

Some legal scholars said that could encourage current and former detainees to bring cases against the government for employing harsh interrogation techniques at Guantanamo Bay and other U.S.-run prisons.

Experts said that at the very least, the Pentagon would have to ensure that interrogation techniques set out in a new Army field manual now being drafted would have to conform with the Geneva Conventions.

"Anything basically that we wouldn't want done to our own troops - it's now prohibited," said John Hutson, the dean of the Franklin Pierce Law Center and a former Navy Judge Advocate General.

Some administration supporters predicted that the ruling would undermine public support for the president's claim of special wartime powers.

"It's a major setback for the president. The advocates of diminishing his office now have a powerful public relations tool to say that the most powerful court in the land has said he is a law breaker," said Douglas Kmiec, a professor of constitutional law at Pepperdine University Law School and a legal counsel for former presidents George H.W. Bush and Ronald Reagan.

Tribunal Ruling's Wider Impact Still Unclear (LAT)

By Peter Spiegel, Times Staff Writer

The Los Angeles Times, July 1, 2006

Thursday's Supreme Court decision could affect the way the U.S. treats all its detainees, even senior operatives of Al Qaeda.

WASHINGTON — For Salim Ahmed Hamdan, the Yemeni who was at the center of Thursday's Supreme Court ruling on military tribunals at Guantanamo Bay, the future is a bit clearer: He must receive a trial with new, congressionally approved procedures.

But the landmark 5-3 decision may also have a significant impact on hundreds of other detainees at Guantanamo, as well as an unknown number picked up by U.S. forces and held in undisclosed locations around the world.

The high court's finding that the Geneva Convention covers terrorism detainees — from young men who claim to have been mere cooks for anti-U.S. forces to Sept. 11 plotter Khalid Shaikh Mohammed — could lead to sweeping changes in the way they are treated, according to legal experts and advocates for those held. The ruling could give Guantanamo prisoners a day in a U.S. court, and senior Al Qaeda operatives being held as U.S. captives visits from the Red Cross.

Administration lawyers argue this kind of interpretation is too broad, insisting the decision only applies to Hamdan and a limited group at Guantanamo: the nine other detainees who have been charged with war crimes and 40 to 80 more who are in the pipeline to face similar charges.

"Certainly, this court's decision is limited to the case before it," argued one senior administration official who spoke on condition of anonymity in keeping with the rules of his job.

Others within the administration, however, have been more circumspect, declining to speculate on whether the Geneva Convention now applies to all detainees being held at Guantanamo and at other prisons overseas.

"That's something we're studying, and will be studying," said another senior administration official.

President Bush decided in February 2002 that Al Qaeda was not covered by the Geneva Convention and that Taliban fighters did not qualify as prisoners of war. Bush also determined that a Geneva Convention provision known as Common Article 3 — which applies to conflicts such as civil wars where the adversaries are not recognized nations — was invalid when it came to the global war on terrorism.

In the court's majority opinion, Justice John Paul Stevens found that Bush's rationale was erroneous.

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While Common Article 3 provides fewer safeguards than other portions of the Geneva Convention, it does prohibit the "passing of sentences" without a judgment from "a regularly constituted court affording all the judicial guarantees which are recognized as indispensable by civilized peoples."

The article also holds that a humanitarian agency, such as the Red Cross, may be called to ensure that the Geneva protections are being obeyed, although the provision is not mandatory.

Officially, the Justice Department said Friday that it had yet to make a determination on just how broadly the decision would be applied.

"The administration is still in the process of reviewing the opinion to determine what impact it may have outside the Hamdan case," said Brian Roehrkasse, a department spokesman.

The ramifications could be significant. The nearly 400 Guantanamo detainees who are not headed toward war crimes trials like Hamdan's are subject to annual status hearings that determine whether they are still a threat or whether they are useful for intelligence purposes.

Advocates for those detainees have argued that those hearings — which are conducted by a panel of three midlevel U.S. military officers without legal representation for the detainees — are illegal because they do not conform to the rules of evidence and procedure that exist in normal military courts.

"This opinion is a green light for those held at Guantanamo who are not held on a military commission basis," said Bill Goodman, legal director for the Center for Constitutional Rights, which has filed legal claims for nearly all Guantanamo detainees. "It allows them to go to court and see the evidence."

Lawyers for these Guantanamo detainees have filed dozens of cases in federal court to force the government to defend its reasons for holding them.

These habeas corpus cases have been on hold as the Hamdan case made its way through the courts, awaiting both a determination on whether the Geneva Convention applies to them, as well as a ruling on whether habeas corpus requests from Guantanamo had been made illegal by a law passed last year.

As part of the Hamdan decision, Stevens wrote that cases filed before the 2005 law was passed were free to move forward. Goodman said he believed the ruling eventually would allow all Guantanamo detainees to have a hearing in federal courts.

Of potentially more consequence is the ruling's impact on Al Qaeda detainees who are not being held at Guantanamo, who are believed to include Mohammed and Ramzi Binalshibh, an Al Qaeda operative involved in planning the 2001 attacks.

Harold Koh, dean of Yale Law School and a former assistant secretary of State for human rights, said the Geneva Convention wording in the decision appeared to cover all Al Qaeda prisoners — including these "ghost detainees" widely believed held by the CIA. If so, they would come under Common Article 3's protections, including its suggestion of visits from the Red Cross.

"Nobody should be detained in the course of a conflict who is not vetted by the Red Cross," Koh said. "If the government is acting prudently under this ruling, they would be granting them Geneva rights."

The Red Cross is unique in that it is specifically mentioned in the Geneva Convention as the organization responsible for independent monitoring of international rules.

The International Committee of the Red Cross has been requesting access to "ghost detainees" for several years, most recently during a May trip to Washington by its president, Jakob Kellenberger, who personally made the case to Secretary of State Condoleezza Rice and Secretary of Defense Donald H. Rumsfeld.

Spokesman Simon Schorno said the Red Cross would not comment on how the Hamdan case would affect its petition to the Bush administration, but added, "We certainly welcome any development that leads to a clarification of the future of the detainees held at Guantanamo Bay."

Schorno said the Pentagon had allowed the Red Cross access to all detainees at Guantanamo since January 2002, and it also had visited those held at Bagram Air Base in Afghanistan. As of May, the organization said it was in contact with 560 detainees at Bagram.

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Because the war in Iraq has always been covered by the Geneva Convention, the Red Cross has been given wide latitude to visit prisoners there. Between January and March of this year, the committee visited about 14,000 detainees in Iraq. Those believed held by the CIA, however, have remained off-limits.

"We still have not obtained access to an unknown number of persons captured and held by the U.S. in undisclosed locations," Schorno said.

Experts: Ruling Weakens Bush Spying Plan (AP)

By Pete Yost

AP2, July 1, 2006

A Supreme Court ruling striking down military commissions seriously weakens the foundation of the Bush administration's domestic surveillance program, critics said Friday.

A congressional resolution President Bush relied on in creating commissions is a key rationale for the National Security Agency to listen in on phone calls without first obtaining a judge's permission.

The court "reinforces our view that the NSA operation was unlawful," said George Washington University law professor Jonathan Turley. "The Supreme Court cut away the administration's principal legal argument for the NSA operation — the congressional resolution following Sept. 11."

Enacted a week after the Sept. 11 attacks, the congressional Authorization for Use of Military Force resolution cannot be seen as authorization for military commissions, the court ruled.

In January, the Justice Department invoked the resolution 92 times in a 42-page paper designed to quell the outcry that the White House had broken the law with its program of warrantless surveillance. A centerpiece in the administration's counter-attack against its critics, the DOJ entitled the white paper "Legal Authorities Supporting the Activities of the National Security Agency Described By the President."

Asked about the NSA program, a Justice Department official said after the ruling that "I don't think the court had before it any other broader issues concerning the scope of the Authorization for Use of Military Force, except it clearly did recognize that it activated the president's war powers."

The official said the implications of the decision beyond military commissions is "something that we are studying and will be studying." The official spoke on condition of anonymity because the matter is under review.

In the aftermath of the high court's ruling, lawyers for the Bush administration asked a federal appeals court in Washington to order more briefing on the decision's effect on civil lawsuits filed on behalf of hundreds of detainees held at the military prison at Guantanamo Bay, Cuba.

The NSA program faces a court challenge and the Supreme Court ruling "gives new vigor to arguments that the administration does not have the power it says it has," said Anthony Romero, executive director of the American Civil Liberties Union.

Romero said the language in Justice Anthony Kennedy's concurring opinion against military commissions "almost could have been speaking about the NSA litigation," providing useful material for the ACLU's lawsuit against the warrantless surveillance.

In the military commission case, the Supreme Court said the congressional resolution was insufficient.

The Authorization for Use of Military Force resolution says that "the president is authorized to use all necessary and appropriate force" to prevent future acts of international terrorism against the United States.

In Thursday's ruling Justice Kennedy wrote that "trial by military commission raises separation-of-powers concerns of the highest order."

"Located within a single branch, these courts carry the risk that offenses will be defined, prosecuted, and adjudicated by executive officials without independent review," Kennedy added.

It was the absence of any review that fueled the outrage against the Bush administration's warrantless surveillance.

The White House decided not to obtain orders from the Foreign Intelligence Surveillance Court before eavesdropping on phone calls.

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The Supreme Court setback for the White House comes amid a full frontal assault by the administration against The New York Times for revealing the existence of the NSA program as well as another secret government initiative accessing a huge databank of bank records.

The American Society of Newspaper Editors, responding to such criticism, said Friday that the Bush administration and some in Congress "are threatening America's bedrock values of free speech and free press with their attempts to demonize newspapers for fulfilling their constitutional role in our democratic society."

The ASNE said newspaper editors don't claim to be infallible. "However, the First Amendment makes it clear no person or branch of government has the prerogative to usurp any American's right to speak or print what he or she believes is important and relevant truth. We believe honorable debate would focus on the issues raised by the reporting, not on attacks on the truth-tellers," it said.

Justices Prove To Be No Lapdogs Of Bush (FT)

By Patti Waldmeir In Washington

Financial Times, July 1, 2006

The US Supreme Court that dealt a historic blow this week to the executive powers of the Bush administration was, ironically, a court dominated by Republicans, and headed by a brand new chief justice hand-picked by President George W. Bush.

Over the past nine months, Mr Bush has added two new conservatives to the nine-person court, Chief Justice John Roberts and Justice Samuel Alito. Both are viewed as friends of executive power. Ruling in a lower court on the same Guantánamo military tribunals case that was on Friday overturned in the Supreme Court, Justice Roberts voted to uphold the legality of military commissions. And Justice Alito was an outspoken proponent of executive power in wartime, before taking the bench.

So how could the government lose? The answer: Justice Anthony Kennedy, the moderate conservative who has emerged as the court's new swing justice. He holds the balance of power on the closely divided court, stepping into the shoes of Sandra Day O'Connor, who retired in January.

In the military tribunals case decided on Thursday, Justice Kennedy, appointed by President Ronald Reagan, voted with the court's liberal bloc to give Mr Bush a decisive rebuke. Chief Justice Roberts did not participate in the military tribunals case, because he ruled on it as a judge at the appeals court level. But even if he had done, it would not have made a difference thanks to Justice Kennedy.

This has not been the only case effectively decided by Justice Kennedy's vote during the current term, which ended on Thursday. In a critical case upholding the power of the federal government to regulate the environment, he joined the liberal bloc again, writing a separate opinion that denied his fellow conservatives the support they needed for a ruling that would have sharply circumscribed the scope of the federal Clean Water Act.

And in a ruling involving the powers of the police, he wrote a middle-of-the-road opinion again restraining the conservative majority, which appeared bent on challenging the "exclusionary rule" that says law enforcement officers must forfeit evidence gained by illegal searches.

"If you can't be chief justice, the next best thing to be is the swing vote," says Randy Barnett, a constitutional law expert at Boston University law school.

Steven Shapiro, legal dir-ector of the American Civil Liberties Union, says: "Thus far, Roberts and Alito have pretty much performed as expected. But in the short run, at least, their votes may be less important on a range of critical issues than Justice Kennedy's."

Does that mean Justice Kennedy can be relied on to vote against the government in future cases inspired by this week's Hamdan case? Perhaps in a challenge to the president's warrantless wiretapping programme? Legal experts say it is too soon to tell. But one thing is clear: the new court is no lapdog of the Bush administration, and the new swing voter is no fan of unfettered executive power.

At Guantanamo, Dying Is Not Permitted (TIME)

By Adam Zagorin

DOJ_NMG_0037722

Time, July 1, 2006

A TIME Investigation: The Supreme Court handed the prisoners at Gitmo a victory, but authorities there continue to use harsh methods to break one of their most common methods of protest — the hunger strike

The prisoners at Guantanamo Bay, Cuba, won a major victory this week when the Supreme Court struck down the Bush administration's planned military tribunals. But for many prisoners at the detention facility, the protests haven't stopped. Hunger strikes persist, in what Guantanamo commander Rear Adm. Harry Harris, Jr. has called "asymmetric warfare" — a means to attract attention to their increasingly controversial detention. As a result, the camp's administrators have sought to keep prisoners alive at all cost — because a prisoner's death (as the U.S. found out three weeks ago, when three Gitmo inmates committed suicide) can be a major embarrassment for the U.S. and add fuel to widespread demands for the facility to be shut down.

Civil-liberties advocates point out that Guantanamo's 460 inmates have few other means to make their voices heard, given that most have been detained for more than four years without even being charged with a crime. Indeed, though the U.S. has condemned the hunger strikers at Gitmo, just last year the White House hailed a hunger-striking Iranian dissident for showing "that he is willing to die for his right to express his opinion."

At Gitmo, however, dead prisoners are something the U.S. military wishes devoutly to avoid. So force-feeding has been standard policy at the camp ever since hunger strikes began in early 2002. The facility's top physicians have also told TIME that prisoners who resist are subjected to especially harsh methods. In one case, according to medical records obtained by TIME, a 20-year old named Yusuf al-Shehri, jailed since he was 16, was regularly strapped into a specially designed feeding chair that immobilizes the body at the legs, arms, shoulders and head. Then a plastic tube that is 50% larger, and more painful to insert, than the commonly used variety was inserted up through his nose and down his throat, carrying a nutritional formula into his stomach.

Thousands of people, of course, endure some form of voluntary intra-nasal feeding every day in hospital settings. But when force-feeding is involuntary and the recipient is in a state of high anxiety, the muscles tense up and the procedure can trigger nausea, bleeding, diarrhea and vomiting. "We are humane and compassionate,"; Guantanamo commander Harris told TIME, "but if we tell a detainee to do something, we expect the detainee to do it." As a note scrawled in al-Shehri's medical records put it: "[The prisoner] was informed that dying is not permitted."

Before this year, the feeding chair — marketed as a "padded cell on wheels" by its Iowa manfacturer — was evidently used sparingly. In comments several months ago, SOUTHCOM commander Gen. Bantz Craddock, who oversees Gitmo, joked that at least hunger strikers got to choose the color of their feeding tube (yellow was a favorite), and the flavor of the lozenges used to soothe thoats irritated by the feeding tubes. "Look, they get choices," Craddock said at the time. "And that's part of the problem." At the peak of a protest last fall, 131 protesters, or more than 25%, were on hunger strikes.

But in January, say lawyers for the prisoners and other critics of conditions there, camp overseers finally got fed up with protesters undermining camp discipline and overtaxing the medical staff, who often had to spend 15 hours a day feeding obstreperous inmates. Dr. Ronald Sollock, the camp's chief physician, told TIME bluntly that gentler force-feeding techniques of the past were a"failure." He says that without being strapped down, some inmates would try to pull out their nasal tubes, and even strike medical personnel. Worse, some continued to lose weight, by forcing themselves to vomit after being force-fed."We had to take steps to prevent that, but we only do what is medically necessary in a humane and compassionate manner," says Sollock.

The tougher stance on feeding did have an effect on prisoners' willingness to go on hunger strikes."A lot of detainees said, 'I don't want to put up with this. This is too much of a hassle,'" says Craddock. Asked whether the new methods represented an"effective deterrent" to hunger striking, he answered,"Yeah."

Officially, force-feeding at Gitmo is done with a tube 3mm. (or about .1 in.) across, the same size used in American hospitals. In a sworn statement last year, Gitmo's top physician at the time, Dr. John Edmondson, noted that"smaller tubes which remained in the patient for longer periods were more comfortable [and] easier to manage for medical personnel."

Al-Shehri's medical records, however, document the use of the larger tubes, which experts say have no medical purpose in this context. Al-Shehri's lawyer has also filed court documents citing lesions and bleeding caused when guards held him by the chin and hair, strapped down, as a medical staffer"forcefully inserted the tube in his nose and down his throat" The lawyer also charges that al-Sherhri was subject to verbal and religious abuse during force-feeding, asserting that the tubes"were viewed by

the detainees as objects of torture." The records also show that instead of leaving the tube in place to avoid the possible trauma of repeated insertions, al-Shehri had his introduced and withdrawn at each of his two daily feedings.

And this leads to another problem. According to al-Shehri's records and Gitmo doctors, a typical feeding lasts about two hours, with the inmate left in the restraint chair for roughly 45 minutes afterward. During the feeding period, the prisoner will receive as much as 1.5 liters of formula, which, in the case of hunger strikers, can be more than their stomachs can comfortably hold. This can produce what is euphemistically called "dumping syndrome," an uncomfortable, even painful bout of nausea, vomiting, bloating, diarrhea, and shortness of breath. And those are precisely the symptoms that al-Shehri and many other force-fed prisoners have reported to their lawyers.

In March, as a result of these allegations, more than 250 medical professionals signed an open letter to the British medical journal The Lancet, demanding an end to force-feeding. They cited the code of ethics of the American Medical Association and the World Medical Association, both of which condemn the force-feeding of prisoners as an assault on human dignity — so long as they're capable of making an informed decision not to eat. But that's the conundrum: How do you know what is an informed decision at Gitmo? Are detainees there, who are imprisoned in an isolated environment far from their families for an indefinite period, capable of making a rational and autonomous choice to starve themselves?

The code of ethics has been put to the test several times in the past, most notably during the 1980s, when several Irish Republican Army prisoners staged hunger strikes in British prisons. A handful died, and the episode was seen as evidence of Margaret Thatcher's toughness. At Gitmo, however, the death of a prisoner could ignite riots in the Muslim world. In that context, the Pentagon believes that keeping detainees alive at all costs is very much in the nation's security interest.

It's equally in the prisoners' interests to have someone die. According to Col Mike Bumgarner, who oversees the detention camps on a day-to-day basis, several prisoners have told him of a"vision, or a dream — implicitly a message from God — that if three detainees die it will attract enough attention so that they will all get out of Guantanamo." It needn't be by starvation: according to newly declassified docouments, two prisoners, one of whom was al-Shehri, tried to commit suicide on May 18 by swallowing hoarded anti-anxiety medication. Those attempts triggered a search, which in turn led to the most serious rioting in the history of Camp Delta. And on May 29, yet another round of hunger strikes began. It started with 75 prisoners, rose to 89 a few days later, and then suddenly began to fade away. Recent communications by Gitmo inmates with their lawyers, and obtained by TIME, indicate that harsh force-feeding methods were used to end the hunger strikes. The military has offered no explanation for the drop-off in hunger strikers.

Bumgarner has said the prisoners' objective is to push the number of strikers above 100, as they did last fall. But additional medical personnel are ready to be shipped in to force-feed them if they do. "We used to over-react, and the detainees saw that we got worried if they were not eating," he says."Now we have a system. I tell them, 'Have at it. If you want to have 460 hunger strikers, we'll get 460 doctors in here to take care of you.' They will not succeed."

Yet hunger strikers have already won a measure of success. In part because of their protests, and the attention focused on Guantanamo, the U.S. is facing growing criticism — from both allies and enemies — for the rules of detention at the camp. Now the Supreme Court's Hamdan decision effectively grants prisoners at least some of their longstanding demands, including more rights at trial. All the same, most of them are unlikely to be released soon. Indeed, authorities are currently constructing a new, state-of-the-art, $30 million prison at Guantanamo, where they plan to consolidate many of the camp's maximum-security inmates. Harris argues the camp will be needed for the forseeable future, and that refusing to eat is not a cry for help, but a ploy drawn from the al-Qaeda playbook calculated to attract media attention and force the U.S. government to back down."The will to resist of these detainees is high,' says Harris."They are waging their war, their jihad against America, and we just have to stop them."

A Blessing In Disguise For Bush (FT)

By Christopher Caldwell

Financial Times, July 1, 2006

When the US Supreme Court ruled on Thursday that Salim Hamdan, Osama bin Laden's former driver and an alleged terrorist, could not be tried before a special commission set up at the US military prison in Guantánamo Bay, Cuba, American

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newspapers described the rebuke to George W. Bush as "sweeping" and "stunning". Observers abroad, particularly in Europe, giddily suggested that Guantánamo had been discredited. In the drama of the moment, it was easy to lose sight of the court's insistence that the case neither questioned nor even addressed the US government's power to detain Mr Hamdan "for the duration of active hostilities". Since Guantánamo does not agitate US public opinion in the way that overseas sceptics of the war on terror would assume, the five-to-three decision will wreak no sea change in politics, nor harm Mr Bush. As November elections heave into view, it could just as easily help him.

There were three rationales for the decision – and all were necessary in order to reach it. The first – that of John Paul Stevens, the court's most leftwing justice – is that the tribunals are unconstitutional because of the nature of Guantánamo. These passages excited human rights activists, but Mr Stevens's language was measured and left open the possibility of finding another way to prosecute those imprisoned. Then, Justice Anthony Kennedy sought more assurance that the Guantánamo commissions were militarily necessary. Finally, Justice Stephen Breyer held that the system of military commissions was indeed unconstitutional, but primarily because Mr Bush had not consulted Congress first. This is a separation-of-powers argument rather than a human rights one. Mr Breyer noted that: "Nothing prevents the president from returning to Congress to seek the authority he believes necessary."

In fact, if Congress were to pass legislation re-establishing the very same courts just struck down, it is possible they would pass constitutional muster. Not for nothing did Senator Lindsey Graham, a South Carolina Republican, call the decision a "road map" for making the tribunals legal. It is striking how small some of the necessary adjustments would be. For instance, the court held that the Bush administration violated article 36 of the Uniform Code of Military Justice, which has been interpreted to say the rules of a special military commission ought, as far as possible, to resemble those of an ordinary court martial. The president would have been in a stronger constitutional position if he had made an "official determination that it is impracticable to apply the rules for court martial" in Guantánamo. Well, then, he can make one.

Not much is at stake anyway in setting courtroom rules for cases such as Mr Hamdan's. He can still be tried under a court martial or he can be tried in US criminal courts. American juries can be fickle but they are less so when they are invited to try foreign enemies of the state. The former anti-American strongman of Panama, Manuel Antonio Noriega, has been serving a 40-year sentence for drug trafficking in Florida since shortly after the US invasion of Panama in 1989.

A more likely outcome is that Mr Hamdan will eventually be tried by a modified, congressionally approved military commission. If so, this week's decision is a blessing in disguise for Mr Bush. It gives him a face-saving way to release prisoners whom the US is holding in error, without appearing to bow to international pressure, and without requiring any lenience towards the prisoners the US does want to hold (decidedly including Mr Hamdan). As the court lives up to its populist caricature as meddlesome and over-punctilious, Mr Bush is strengthened politically. He said during a press conference on Thursday: "I'm not going to jeopardise the safety of the American people." Particularly in an election year, no politician is going to present himself to the public as the champion of Osama bin Laden's chauffeur.

Mr Bush, much like everyone else, is groping for an intellectual handhold on the problem of terrorism. The laws of war grow unsettled as "privatisation" spreads to warfare from other walks of life. Warren Buffett and the Gates Foundation are picking up some of the foreign aid and social service spending that used to be done by governments. In belt-tightening welfare states, credit cards make it possible to "privatise" some of the national debt. And at a time when both grievances and arms trading are globalised, outfits such as al-Qaeda have broken the nation state's monopoly on military aggression.

Terrorism has been a confusing crossroads of criminal and military law for decades – take the battle in 1981 over whether to treat IRA prisoners involved in the "H-Block" hunger strikes as delinquents or soldiers. But these questions were never big or urgent enough to upset the whole paradigm of military justice. Now, with the rise of al-Qaeda, they are. Since Mr Hamdan is a combatant, it may be a violation of common sense to try him simply as an unruly citizen. Since he is an irregular combatant, perhaps he cannot claim the same protections under the Geneva conventions that regular uniformed soldiers can. Mr Bush tried to address such issues with a hybrid civilian-military system of his own devising. The court held that that is not Mr Bush's job. But alternatives are still thin on the ground. At the heart of this week's case was the assertion of Mr Hamdan's lawyers that "conspiracy" was not a crime covered by the laws of war. Only four of the nine justices were receptive to that view.

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If Mr Hamdan is not to be tried as a war criminal, it is because of a new ambiguity that surrounds the word “war”, rather than a new ambiguity that surrounds the word “criminal”. What do you charge a person like Mr Hamdan with? Even if Mr Bush has come up with the wrong answer, Americans are not about to punish him for thinking that it is the right question.

The writer is a senior editor at The Weekly Standard

The Power Of The President, Curbed (NYT)

By Edwin S. Matthews Jr.

The New York Times, July 1, 2006

To the Editor:

Before any of us instinctively rise to criticize the Supreme Court for being soft on terrorists based upon its decision in Hamdan v. Rumsfeld, let us not overlook that the court stood up to protect us all.

The right to be present at our trial, the right to know what evidence the state presents against us, the right to be defended by counsel we choose and the right under the Geneva Conventions to benefit from "all the judicial guarantees which are recognized as indispensable by civilized peoples," which this decision preserves, belong to us all.

Our government has denied prisoners in Guantánamo Bay, Cuba, these rights and could under many other circumstances deny them to any of us.

No war against anything justifies the denial of such essential rights.

Edwin S. Matthews Jr.

New York, June 30, 2006

The writer is counsel of record for 175 members of the British Parliament who filed a brief in Rasul v. George W. Bush supporting judicial review of the holding of prisoners by the United States government in Guantánamo.

Spy Agency Sought U.S. Call Records Before 9/11, Lawyers Say (BLOOM)

Bloomberg, July 1, 2006

June 30 (Bloomberg) -- The U.S. National Security Agency asked AT&T Inc. to help it set up a domestic call monitoring site seven months before the Sept. 11, 2001 attacks, lawyers claimed June 23 in court papers filed in New York federal court.

The allegation is part of a court filing adding AT&T, the nation's largest telephone company, as a defendant in a breach of privacy case filed earlier this month on behalf of Verizon Communications Inc. and BellSouth Corp. customers. The suit alleges that the three carriers, the NSA and President George W. Bush violated the Telecommunications Act of 1934 and the U.S. Constitution, and seeks money damages.

``The Bush Administration asserted this became necessary after 9/11," plaintiff's lawyer Carl Mayer said in a telephone interview. ``This undermines that assertion."

The lawsuit is related to an alleged NSA program to record and store data on calls placed by subscribers. More than 30 suits have been filed over claims that the carriers, the three biggest U.S. telephone companies, violated the privacy rights of their customers by cooperating with the NSA in an effort to track alleged terrorists.

``The U.S. Department of Justice has stated that AT&T may neither confirm nor deny AT&T's participation in the alleged NSA program because doing so would cause `exceptionally grave harm to national security' and would violate both civil and criminal statutes," AT&T spokesman Dave Pacholczyk said in an e-mail.

U.S. Department of Justice spokesman Charles Miller and NSA spokesman Don Weber declined to comment.

Pioneer Groundbreaker

The NSA initiative, code-named ``Pioneer Groundbreaker," asked AT&T unit AT&T Solutions to build exclusively for NSA use a network operations center which duplicated AT&T's Bedminster, New Jersey facility, the court papers claimed. That plan was abandoned in favor of the NSA acquiring the monitoring technology itself, plaintiffs' lawyers Bruce Afran said.

The NSA says on its Web site that in June 2000, the agency was seeking bids for a project to ``modernize and improve its information technology infrastructure." The plan, which included the privatization of its ``non-mission related" systems support, was said to be part of Project Groundbreaker.

Mayer said the Pioneer project is ``a different component" of that initiative.

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Mayer and Afran said an unnamed former employee of the AT&T unit provided them with evidence that the NSA approached the carrier with the proposed plan. Afran said he has seen the worker's log book and independently confirmed the source's participation in the project. He declined to identify the employee.

Stop Suit

On June 9, U.S. District Court Judge P. Kevin Castel in New York stopped the lawsuit from moving forward while the Federal Judicial Panel on Multidistrict Litigation in Washington rules on a U.S. request to assign all related telephone records lawsuits to a single judge.

Robert Varettoni, a spokesman for Verizon, said he was unaware of the allegations against AT&T and declined to comment.

Earlier this week, he issued a statement on behalf of the company that Verizon had not been asked by the NSA to provide customer phone records from either its hard-wired or wireless networks. Verizon also said that it couldn't confirm or deny ``whether it has any relationship to the classified NSA program."

Mayer's lawsuit was filed following a May 11 USA Today report that the U.S. government was using the NSA to monitor domestic telephone calls. Earlier today, USA Today said it couldn't confirm its contention that BellSouth or Verizon had contracts with the NSA to provide a database of domestic customer phone call records.

Jeff Battcher, a spokesman for Atlanta-based BellSouth, said that vindicated the company.

``We never turned over any records to the NSA," he said in a telephone interview. ``We've been clear all along that they've never contacted us. Nobody in our company has ever had any contact with the NSA."

The case is McMurray v. Verizon Communications Inc., 06cv3650, in the Southern District of New York.

Lawmakers: NSA Database Incomplete (USAT)

USA Today, July 1, 2006

Some who were briefed about the database identify who participated and who didn't

WASHINGTON — Members of the House and Senate intelligence committees confirm that the National Security Agency has compiled a massive database of domestic phone call records. But some lawmakers also say that cooperation by the nation's telecommunication companies was not as extensive as first reported by USA TODAY on May 11.

Several lawmakers, briefed in secret by intelligence officials about the program after the story was published, described a call records database that is enormous but incomplete. Most asked that they not be identified by name, and many offered only limited responses to questions, citing national security concerns.

In the May 11 article that revealed the database, USA TODAY reported that its sources said AT&T, BellSouth and Verizon had agreed to provide the NSA with call records.

AT&T, which is the nation's largest telecommunications company, providing service to tens of millions of Americans, hasn't confirmed or denied its participation with the database. BellSouth and Verizon have denied that they contracted with the NSA to turn over phone records. On May 12, an attorney for former Qwest CEO Joseph Nacchio confirmed the USA TODAY report that Qwest had declined to participate in the NSA program.

Most members of the intelligence committees wouldn't discuss which companies cooperated with the NSA. However, several did offer more information about the program's breadth and scope, confirming some elements of USA TODAY's report and contradicting others:

•Nineteen lawmakers who had been briefed on the program verified that the NSA has built a database that includes records of Americans' domestic phone calls. The program collected records of the numbers dialed and the length of calls, sources have said, but did not involve listening to the calls or recording their content.

•Five members of the intelligence committees said they were told by senior intelligence officials that AT&T participated in the NSA domestic calls program.

AT&T, asked to comment, issued a written statement Thursday. “The U.S. Department of Justice has stated that AT&T may neither confirm nor deny AT&T's participation in the alleged NSA program because doing so would cause ‘exceptionally

grave harm to national security' and would violate both civil and criminal statutes," it said. "Under these circumstances, AT&T is not able to respond to such allegations."

•Five members of the intelligence committees said they were told that BellSouth did not turn over domestic call records to the NSA.

Asked about BellSouth's denial, Sen. Saxby Chambliss, R-Ga., a member of the Senate Intelligence Committee, said, "What they said appears to be accurate."

Still, BellSouth customers' call records could end up in the NSA database, he said. "Obviously, a BellSouth customer can contract with AT&T (for long-distance phone service). There is a possibility that numbers are available from other phone companies."

•Three lawmakers said that they had been told that Verizon did not turn over call records to the NSA. However, those three and another lawmaker said MCI, the long-distance carrier that Verizon acquired in January, did provide call records to the government.

While Verizon has denied providing call records to the NSA, it has declined to comment on whether MCI participated in the calls database program.

"The President has referred to an NSA program, which he authorized, directed against al-Qaeda," Verizon said in a written statement May 12. "Because that program is highly classified, Verizon cannot comment on that program, nor can we confirm or deny whether we have had any relationship to it." The statement also said the company was now "ensuring that Verizon's policies are implemented at that entity (MCI) and that all its activities fully comply with law."

In the weeks since the database was revealed, congressional and intelligence sources have offered other new details about its scope and effectiveness.

"It was not cross-city calls. It was not mom-and-pop calls," said Sen. Ted Stevens, R-Alaska, who receives briefings as chairman of the Senate Appropriations Defense subcommittee. "It was long-distance. It was targeted on (geographic) areas of interest, places to which calls were believed to have come from al-Qaeda affiliates and from which calls were made to al-Qaeda affiliates."

Other lawmakers who were briefed about the program expressed concerns that gaps in the database could undercut its usefulness in identifying terrorist cells.

"It's difficult to say you're covering all terrorist activity in the United States if you don't have all the (phone) numbers," Chambliss said. "It probably would be better to have records of every telephone company."

"The database is not complete," said another lawmaker who was briefed on the program, speaking on condition of anonymity because the information is classified. "We don't know if this works yet."

Other publications have characterized the breadth of the database and how it is used.

The New York Times reported on May 12, for instance, that a senior government official had confirmed that the NSA had access to records of most telephone calls in the USA but said the records are used in a limited way to track "known bad guys."

The Washington Post reported on May 12 that "sources with knowledge of the program" said that the Bush administration had been collecting the domestic telephone records in "gargantuan databases" and that the "companies cooperating with the NSA dominate the U.S. telecommunications market and connect hundreds of billions of telephone calls each year."

President Bush and his top aides have defended the legality of the program, although they haven't directly confirmed its existence.

Three days after the USA TODAY story was published, national security adviser Stephen Hadley said on CBS' Face the Nation that he couldn't "confirm or deny the claims that are in the USA TODAY story."

He went on: "But it's very interesting what that story does not claim. It does not claim that the government was listening on domestic phone calls. It does not claim that names were passed, that addresses were passed, that content was passed. It's really about calling records, if you read the story. … There are a variety of ways in which those records lawfully can be provided to the government."

At a news conference two weeks later, Attorney General Alberto Gonzales made a similar point. "There has been no confirmation about any details relating to the USA TODAY story," he said. "I will say that what was in the USA TODAY story did

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relate to business records." Citing a 1979 Supreme Court decision, he said, "There is no reasonable expectation of privacy in those kinds of records."

Lawmakers who were briefed about the program disagree about whether it's legal.

"It was within the president's inherent powers," said Sen. Orrin Hatch, R-Utah, a member of the Senate Intelligence Committee.

Rep. Anna Eshoo, D-Calif., a member of the House Intelligence Committee, said there was a "schizophrenia in the presentation" by the administration. Officials say, " 'It's legal,' " she said. "But in the same breath they say, 'Perhaps we should take another look at FISA.' " FISA refers to the 1978 Foreign Intelligence Surveillance Act, which established a secret court that can grant warrants for eavesdropping.

Rep. Rush Holt, D-N.J., another member of the House Intelligence Committee, said, "I find it interesting that it seems the government is asking telephone companies to do things that their customers and shareholders would find totally unpalatable."

Debate over the database continues in several areas:

•In federal courts, at least 20 class-action lawsuits have been filed alleging that the government and phone companies have violated the rights of people whose calls have been reviewed by the NSA. The Justice Department signaled its intention in a court filing in Chicago this month to assert the "military and state secrets privilege" in all of them. That privilege allows the government to seek the dismissal of lawsuits if pursuing them would imperil national security.

•In New Jersey, the state attorney general is investigating whether telephone companies released confidential information without the consent of their customers. The federal government asked a court this month to quash subpoenas the state had issued to phone companies seeking information.

•At the Federal Communications Commission, the American Civil Liberties Union requested this month that approval of AT&T's acquisition of BellSouth be withheld until the commission reviews the companies' dealings with the NSA. However, FCC Chairman Kevin Martin said last month that the commission couldn't investigate complaints about the phone companies and the NSA because the reported activities were classified.

•On Capitol Hill, Vice President Cheney held private talks this month with Republicans on the Senate Judiciary Committee. Cheney discouraged them from supporting Judiciary Chairman Arlen Specter's vow to call telecommunications executives before the panel to answer questions about the database. Specter, R-Pa., protested to Cheney in an angry public letter.

The White House then agreed to talks with Specter on legislation he has drafted that would give the administration the option of putting the NSA's warrantless-surveillance program — which includes domestic wiretapping without a court warrant when one participant in a conversation is overseas — under the scrutiny of the FISA court.

"I'm prepared to defer, on a temporary basis, calling in the telephone companies," Specter said. If the discussions on his legislation fall through, however, he said, he will move again to demand testimony from the telephone executives about the database.

A Note To Our Readers (USAT)

USA Today, July 1, 2006

On May 11, USA TODAY reported that the National Security Agency, with the cooperation of several of America's leading telecommunications companies, had compiled a database of domestic phone call records in an effort to monitor terrorist activity.

Several days later, BellSouth and Verizon specifically denied that they were among the companies that had contracted with the NSA to provide bulk calling records.

The denial was unexpected. USA TODAY had spoken with BellSouth and Verizon for several weeks about the substance of the report. The day before the article was published, the reporter read the sections of the article concerning BellSouth and Verizon to representatives of the companies and asked for a denial before publication.

At the time, BellSouth did not deny participation in the program, but it issued a statement saying the company "does not provide any confidential customer information to the NSA or any government agency without proper legal authority." Verizon said that it would not comment on national security matters and that it acts "in full compliance with the law" and with respect for customers' privacy.

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On May 15, BellSouth said it could not categorically deny participation in the program until it had conducted a detailed investigation. BellSouth said that internal review concluded that the company did not contract with the NSA or turn over calling records.

USA TODAY continued to pursue details of the database, speaking with dozens of sources in the telecommunications, intelligence and legislative communities, including interviews with members of Congress who have been briefed by senior intelligence officials on the domestic calls program.

In the adjoining article, USA TODAY reports that five members of the congressional intelligence committees said they had been told in secret briefings that BellSouth did not turn over call records to the NSA, three lawmakers said they had been told that Verizon had not participated in the NSA database, and four said that Verizon's subsidiary MCI did turn over records to the NSA.

USA TODAY also spoke again with the sources who had originally provided information about the scope and contents of the domestic calls database. All said the published report accurately reflected their knowledge and understanding of the NSA program, but none could document a contractual relationship between BellSouth or Verizon and the NSA, or that the companies turned over bulk calling records to the NSA.

Based on its reporting after the May 11 article, USA TODAY has now concluded that while the NSA has built a massive domestic calls record database involving the domestic call records of telecommunications companies, the newspaper cannot confirm that BellSouth or Verizon contracted with the NSA to provide bulk calling records to that database.

USA TODAY will continue to report on the contents and scope of the database as part of its ongoing coverage of national security and domestic surveillance.

Newspaper Hedges On Report Of Phone Companies And Data (NYT)

By Matt Richtel

The New York Times, July 1, 2006

In a note to readers yesterday, USA Today backed off an assertion that BellSouth and Verizon had contracted to provide telephone calling records to the National Security Agency.

The note referred to an article published May 11 that said the two companies and AT&T had provided such records, without warrants, for a database the security agency was compiling to detect terrorist activity.

BellSouth and Verizon have since denied participation in such a program. AT&T has declined to comment on the matter.

In an article that accompanied its note to readers, USA Today said 19 members of Congress briefed on the program had affirmed that the security agency built a database of Americans' domestic calls, including length of calls and numbers dialed.

Congressional officials said yesterday that they could not confirm details of that account, but a Democratic aide said Democrats would press for more details of the security agency's domestic wiretapping and call-logging at a hearing on July 19.

The USA Today report in May intensified debate over whether the battle against terrorism was compromising individual liberties and privacy and how. Telecommunications law requires a court order to obtain calling records, but there is disagreement about whether exceptions may be made when the government cites national security considerations.

"Based on its reporting after the May 11 article, USA Today has now concluded that while the N.S.A. has built a massive domestic calls record database involving the domestic call records of telecommunications companies, the newspaper cannot confirm that BellSouth or Verizon contracted with the N.S.A. to provide bulk calling records to that database," the newspaper wrote in its note to readers.

Records turned over by carriers might be only one of several sources for such a database. The New York Times reported in December that the security agency had gained backdoor access to streams of domestic and international phone and e-mail traffic with the cooperation of telecommunications companies.

The USA Today article on May 11, written by Leslie Cauley, a longtime telecommunications reporter, was based on interviews with unidentified sources said to have had knowledge of the arrangement.

Steven Anderson, a spokesman for USA Today, said yesterday that the newspaper had one of the strictest policies in the industry regarding the use of unidentified sources, and "we have no plans to change our existing policy." Nor, Mr. Anderson said, did the paper anticipate any action regarding any staff members involved in the article.

"At the heart of our report is the fact that the N.S.A. is collecting phone call records of Americans, reaching into homes and businesses, and there have been no denials that the database exists," he said.

A BellSouth spokesman, Jeff Battcher, said yesterday: "As we have stated numerous times, the N.S.A. never contacted BellSouth, and we never supplied customer calling records to the N.S.A. In addition, we do not and have never had a contract with the N.S.A."

BellSouth had previously demanded a retraction of the May 11 article.

In the aftermath of the USA Today article in May, The New York Times reported that the security agency's efforts to collect phone data appeared to be focusing not on the local service phone companies, like BellSouth, Verizon and Qwest, but on the long-distance companies, including the former MCI and AT&T.

In mid-May, Verizon issued a statement saying it had not turned over calling records to the security agency, but it left open the possibility that MCI, which it recently acquired, had done so. Verizon said yesterday that it had no further comment.

USA Today said yesterday that the denials in the aftermath of its May 11 article were "unexpected," noting that the reporter had read sections of the article to both BellSouth and Verizon before publication, seeking comment. At that point, neither company denied cooperation, the newspaper said, but both affirmed their policies of acting in compliance with the law and with respect for their customers' privacy.

For its part, AT&T said yesterday: "The news media have carried reports alleging that AT&T is participating in an N.S.A. terrorist surveillance program. Unfortunately, the law does not permit AT&T to respond to those allegations."

AT&T is the name taken by SBC Communications, the nation's largest provider of local phone service, after it acquired the AT&T long-distance business last year.

USA Today Takes Back Some Of NSA Phone-Record Report (WP)

By Frank Ahrens And Howard Kurtz

The Washington Post, July 1, 2006

USA Today has acknowledged that it cannot prove key elements of a blockbuster May 11 story in which it reported that several telecommunications companies were handing over customer phone records to the National Security Agency.

The May article named AT&T Inc., Verizon Communications Corp. and BellSouth Corp. as cooperating with the NSA in compiling an unprecedented database of domestic phone records. Though the NSA was not listening to calls, the spy agency was scouring the records to search for ties to terrorism, the paper said.

The report angered the White House, alarmed privacy advocates and sent other news media scurrying to match the story.

Yesterday, in a lengthy article and accompanying "note to our readers," the nation's largest-circulation newspaper said it could not confirm that BellSouth or Verizon contracted with the NSA, which is charged with intercepting and analyzing foreign communications to look for possible threats to U.S. national security.

The correction illustrates the difficulty of reporting sensitive and often classified government actions, as anonymous sources sometimes backtrack, pursue their own agendas by leaking selective information or say more than they know. News organizations attempt to assemble authoritative stories from multiple sources and agencies, creating plenty of room for potential error.

"We take every error seriously," USA Today Editor Ken Paulson said in an interview. "This was obviously a big story. . . . All we can do is set the record straight."

Reporter Leslie Cauley revealed her unidentified sources to a top editor, Paulson said, and "the sources are credible," adding, "They have a track record with Leslie and she trusts them." But several members of the congressional intelligence committees later contradicted the sources on the question of whether Verizon and BellSouth had provided information to the NSA.

USA Today stood by much of its initial report, saying it had followed up with lawmakers and intelligence and telecom sources. Yesterday's article reported: "Members of the House and Senate intelligence committees confirm that the National Security Agency has compiled a massive database of phone call records."

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In the next sentence, the paper wrote: "But some lawmakers also say that cooperation by the nation's telecommunication companies was not as extensive as first reported by USA Today on May 11."

Yesterday, Verizon said it had no further comment on the matter, referring instead to its May 16 rebuttal of the USA Today story.

USA Today said the BellSouth and Verizon denials that came after the May 11 article were "unexpected." The paper said its reporters read sections of the article to sources at the companies and gave them the opportunity to deny their involvement. BellSouth did not deny its participation, and Verizon said it would not comment on national security issues.

So USA Today ran the story. Later, BellSouth said it had conducted an internal investigation into the matter and concluded that the company did not contract with the NSA or turn over phone records, the paper reported yesterday.

"As we have stated numerous times, the NSA never contacted BellSouth, and we never supplied customer calling records to the NSA," BellSouth spokesman Jeff Battcher wrote in an e-mail. "In addition we do not and have never had a contract with the NSA."

Some conservative bloggers instantly reacted to the USA Today correction by citing it as another example of what some on the right see as liberal, anti-Bush sentiment in the "mainstream media."

Some liberal bloggers noted the USA Today story accompanying the correction as further proof of domestic spying by the government but did not mention the correction.

USA Today: Call Database Not So Broad (AP)

AP, July 1, 2006

USA Today acknowledged in a "note to our readers" Friday that it could not establish that BellSouth or Verizon contracted with the National Security Agency to provide it with customer calling records, as it previously reported.

But spokesman Steve Anderson said "this is an important story that holds up well. At the heart of our report is the fact that NSA is collecting phone call records of millions of Americans."

"What we address in the editors' note," he said, "deals with the fact that we originally reported that the telephone companies were working under contract with the NSA. We've concluded that we cannot establish that BellSouth or Verizon entered into a contract with the NSA to provide the bulk calling records."

In an accompanying story, the newspaper reported Friday that lawmakers on House and Senate intelligence committees have said that while the NSA has amassed a huge database calling records, cooperation with the NSA by telephone companies was not as extensive USA Today initially reported on May 11.

USA Today at that time reported that, according to its sources, AT&T Inc., BellSouth Corp. and Verizon Communications Inc. all agreed to provide the agency with domestic call records. The newspaper said Friday that Verizon and BellSouth deny they contracted to provide the NSA with records of their customers' phone calls. AT&T has neither confirmed nor denied the newspaper's report.

Some lawmakers briefed on the program said NSA has a database of domestic calls that includes numbers called and the length of conversations, but not what was said. Five members of the intelligence committees said they'd been told by intelligence officials that AT&T, the nation's largest telecommunications company, did cooperate in providing NSA with call records.

Five lawmakers on the intelligence committees said they'd been told that BellSouth did not turn over call records, and three lawmakers said they'd been informed that Verizon did not turn over call records to the NSA.

Lawmakers who support the Bush administration's domestic spying program see the apparent gaps in the database as a problem.

"It's difficult to say you're covering all terrorist activity in the United States if you don't have all the (phone) numbers," Sen. Saxby Chambliss, R-Ga., told USA Today. "It probably would be better to have records of every telephone company."

In its note to readers, USA Today vowed to "continue to report on the contents and scope of the database as part of its ongoing coverage of national security and domestic surveillance."

Said Anderson: "There have been no denials that this database exists. Nineteen members of Congress who have been briefed following the May 11 article have confirmed the existence of the database."

USA Today Backs Off Of NSA Phone-Record Details (WSJ)

By Sarah Ellison

The Wall Street Journal, July 1, 2006

USA Today backed off key elements of its May 11 page-one article that said telephone companies were helping the National Security Agency amass a database of Americans' domestic phone records.

In a "note to our readers" that ran on page 2 of Friday's edition, USA Today acknowledged that subsequent reporting had been unable to confirm a key point in the article: that BellSouth Corp. and Verizon Communications Inc. had "contracted" with the NSA "to provide bulk calling records to that database."

An article accompanying the note cited interviews with several lawmakers briefed about the NSA's phone-surveillance programs to conclude that "cooperation by the nation's telecommunications companies was not as extensive as first reported by USA Today on May 11."

The newspaper said, however, that additional reporting confirmed the existence of the NSA database, a major point of the original article.

USA Today's May 11 article set off a firestorm on Capitol Hill and was cited by dozens of news outlets. The report fueled a debate about whether the Bush administration's fight against terrorism was impinging on privacy rights of Americans. At the same time, phone companies disputed elements of the story; BellSouth demanded a retraction.

USA Today's article said the NSA "has been secretly collecting the phone call records of tens of millions of Americans, using data provided by AT&T, Verizon and BellSouth," citing people with direct knowledge of the arrangement. The three companies "are working under contract with the NSA," the article said. In Friday's note, the paper said it now can't confirm that BellSouth and Verizon contracted with the NSA, but it didn't address AT&T Inc.'s role. The accompanying article, however, cited five lawmakers as saying AT&T "participated in the NSA domestic calls program."

"Reporting on a national-security story is particularly challenging," USA Today editor Ken Paulson said in an interview Friday.

"We know more today than we did before," he added, "and we'll keep reporting on it and we'll continue to learn more. We're trying to be as straightforward and transparent as possible with readers."

Jeff Battcher, a spokesman for BellSouth, said the editor's note and the article speak for themselves.

Verizon referred to a May 16 statement in which it denied that it was approached by the NSA and "entered into an arrangement to provide the NSA with data from its customers' domestic calls."

AT&T, similarly, referred reporters to a June 27 statement, which said AT&T will "vigorously protect our customers' privacy and only share information as specifically authorized by the law."

When Do We Publish A Secret? (NYT)

By Dean Baquet, Editor, The Los Angeles Times, And Bill Keller, Executive Editor, The New York Times

The New York Times, July 1, 2006

SINCE Sept. 11, 2001, newspaper editors have faced excruciating choices in covering the government's efforts to protect the country from terrorist agents. Each of us has, on a number of occasions, withheld information because we were convinced that publishing it could put lives at risk. On other occasions, each of us has decided to publish classified information over strong objections from our government.

Last week our newspapers disclosed a secret Bush administration program to monitor international banking transactions. We did so after appeals from senior administration officials to hold the story. Our reports — like earlier press disclosures of secret measures to combat terrorism — revived an emotional national debate, featuring angry calls of "treason" and proposals that journalists be jailed along with much genuine concern and confusion about the role of the press in times like these.

We are rivals. Our newspapers compete on a hundred fronts every day. We apply the principles of journalism individually as editors of independent newspapers. We agree, however, on some basics about the immense responsibility the press has been given by the inventors of the country.

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Make no mistake, journalists have a large and personal stake in the country's security. We live and work in cities that have been tragically marked as terrorist targets. Reporters and photographers from both our papers braved the collapsing towers to convey the horror to the world.

We have correspondents today alongside troops on the front lines in Iraq and Afghanistan. Others risk their lives in a quest to understand the terrorist threat; Daniel Pearl of The Wall Street Journal was murdered on such a mission. We, and the people who work for us, are not neutral in the struggle against terrorism.

But the virulent hatred espoused by terrorists, judging by their literature, is directed not just against our people and our buildings. It is also aimed at our values, at our freedoms and at our faith in the self-government of an informed electorate. If the freedom of the press makes some Americans uneasy, it is anathema to the ideologists of terror.

Thirty-five years ago yesterday, in the Supreme Court ruling that stopped the government from suppressing the secret Vietnam War history called the Pentagon Papers, Justice Hugo Black wrote: "The government's power to censor the press was abolished so that the press would remain forever free to censure the government. The press was protected so that it could bare the secrets of the government and inform the people."

As that sliver of judicial history reminds us, the conflict between the government's passion for secrecy and the press's drive to reveal is not of recent origin. This did not begin with the Bush administration, although the polarization of the electorate and the daunting challenge of terrorism have made the tension between press and government as clamorous as at any time since Justice Black wrote.

Our job, especially in times like these, is to bring our readers information that will enable them to judge how well their elected leaders are fighting on their behalf, and at what price.

In recent years our papers have brought you a great deal of information the White House never intended for you to know — classified secrets about the questionable intelligence that led the country to war in Iraq, about the abuse of prisoners in Iraq and Afghanistan, about the transfer of suspects to countries that are not squeamish about using torture, about eavesdropping without warrants.

As Robert G. Kaiser, associate editor of The Washington Post, asked recently in the pages of that newspaper: "You may have been shocked by these revelations, or not at all disturbed by them, but would you have preferred not to know them at all? If a war is being waged in America's name, shouldn't Americans understand how it is being waged?"

Government officials, understandably, want it both ways. They want us to protect their secrets, and they want us to trumpet their successes. A few days ago, Treasury Secretary John Snow said he was scandalized by our decision to report on the bank-monitoring program. But in September 2003 the same Secretary Snow invited a group of reporters from our papers, The Wall Street Journal and others to travel with him and his aides on a military aircraft for a six-day tour to show off the department's efforts to track terrorist financing. The secretary's team discussed many sensitive details of their monitoring efforts, hoping they would appear in print and demonstrate the administration's relentlessness against the terrorist threat.

How do we, as editors, reconcile the obligation to inform with the instinct to protect?

Sometimes the judgments are easy. Our reporters in Iraq and Afghanistan, for example, take great care not to divulge operational intelligence in their news reports, knowing that in this wired age it could be seen and used by insurgents.

Often the judgments are painfully hard. In those cases, we cool our competitive jets and begin an intensive deliberative process.

The process begins with reporting. Sensitive stories do not fall into our hands. They may begin with a tip from a source who has a grievance or a guilty conscience, but those tips are just the beginning of long, painstaking work. Reporters operate without security clearances, without subpoena powers, without spy technology. They work, rather, with sources who may be scared, who may know only part of the story, who may have their own agendas that need to be discovered and taken into account. We double-check and triple-check. We seek out sources with different points of view. We challenge our sources when contradictory information emerges.

Then we listen. No article on a classified program gets published until the responsible officials have been given a fair opportunity to comment. And if they want to argue that publication represents a danger to national security, we put things on hold

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and give them a respectful hearing. Often, we agree to participate in off-the-record conversations with officials, so they can make their case without fear of spilling more secrets onto our front pages.

Finally, we weigh the merits of publishing against the risks of publishing. There is no magic formula, no neat metric for either the public's interest or the dangers of publishing sensitive information. We make our best judgment.

When we come down in favor of publishing, of course, everyone hears about it. Few people are aware when we decide to hold an article. But each of us, in the past few years, has had the experience of withholding or delaying articles when the administration convinced us that the risk of publication outweighed the benefits. Probably the most discussed instance was The New York Times's decision to hold its article on telephone eavesdropping for more than a year, until editors felt that further reporting had whittled away the administration's case for secrecy.

But there are other examples. The New York Times has held articles that, if published, might have jeopardized efforts to protect vulnerable stockpiles of nuclear material, and articles about highly sensitive counterterrorism initiatives that are still in operation. In April, The Los Angeles Times withheld information about American espionage and surveillance activities in Afghanistan discovered on computer drives purchased by reporters in an Afghan bazaar.

It is not always a matter of publishing an article or killing it. Sometimes we deal with the security concerns by editing out gratuitous detail that lends little to public understanding but might be useful to the targets of surveillance. The Washington Post, at the administration's request, agreed not to name the specific countries that had secret Central Intelligence Agency prisons, deeming that information not essential for American readers. The New York Times, in its article on National Security Agency eavesdropping, left out some technical details.

Even the banking articles, which the president and vice president have condemned, did not dwell on the operational or technical aspects of the program, but on its sweep, the questions about its legal basis and the issues of oversight.

We understand that honorable people may disagree with any of these choices — to publish or not to publish. But making those decisions is the responsibility that falls to editors, a corollary to the great gift of our independence. It is not a responsibility we take lightly. And it is not one we can surrender to the government.

— DEAN BAQUET, editor, The Los Angeles Times, and BILL KELLER, executive editor, The New York Times

When Do We Publish A Secret? (LAT)

By Dean Baquet And Bill Keller, Dean Baquet Is Editor Of The Los Angeles Times. Bill Keller Is Executive Editor Of The New York Time

The Los Angeles Times, July 1, 2006

How the press balances national security with its mission to report the news.

SINCE SEPT. 11, 2001, newspaper editors have faced excruciating choices in covering the government's efforts to protect the country from terrorist agents. Each of us has, on a number of occasions, withheld information because we were convinced that publishing it could put lives at risk. On other occasions, each of us has decided to publish classified information over strong objections from our government.

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Make no mistake, journalists have a large and personal stake in the country's security. We live and work in cities that have been tragically marked as terrorist targets. Reporters and photographers from both of our papers braved the collapsing towers of the World Trade Center to convey the horror to the world. We have correspondents today alongside troops on the front lines in Iraq and Afghanistan. Others risk their lives in a quest to understand the terrorist threat; Daniel Pearl of the Wall Street Journal was murdered on such a mission. We, and the people who work for us, are not neutral in the struggle against terrorism.

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War Of Words On Bank Story (WP)

By Howard Kurtz

The Washington Post, July 1, 2006

Wall Street Journal Editorial Takes Times to Task

For the Wall Street Journal editorial page, there may be no more juicy target than the liberal press appearing to undermine the Bush administration's war on terror.

The White House and congressional Republicans, after all, have spent the past week attacking the New York Times for disclosing a secret program targeting the banking records of suspected terrorists.

The problem: The Journal itself had published a front-page story about the classified program on June 23, the same day as the Times.

The Journal's conservative editorial page weighed in yesterday by arguing that what the two newspapers had done was very different:

"More than a few commentators have tried to link the Journal and Times at the hip. On the left, the motive is to help shield the Times from political criticism. On the right, the goal is to tar everyone in the 'mainstream media.' . . . We suspect that the Times has tried to use the Journal as its political heatshield precisely because it knows our editors have more credibility on these matters."

Later in the day, the Times' publisher, Arthur Sulzberger Jr., returned fire in what has now escalated into a full-fledged battle between the two New York papers.

The Journal editorial board, which operates independently from the newsroom, said a top Treasury Department official had contacted Journal reporter Glenn Simpson and handed him the story. The editorial said Treasury officials decided to "declassify a series of talking points" after failing to persuade the New York Times -- as well as the Los Angeles Times -- to kill the story on grounds that it would neutralize a key administration weapon in the war on terror. The same declassified information was provided to the other two papers, as well as to The Washington Post later on the evening of June 22.

"Our guess," the editorial said, is that Treasury believed Simpson "would write a straighter story than the Times" -- and, it added, "he did."

The editorial makes clear that the administration handed the Journal the same information that President Bush and Vice President Cheney, among others, have been denouncing the Times for publishing.

The Republican-controlled House, in a move clearly aimed at the Times, adopted a resolution Thursday that criticizes the press for publishing details of the classified banking program.

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Defense Secretary Donald Rumsfeld continued the assault yesterday in an interview with ABC News Radio, saying, "The New York Times, when asked by the United States government, 'Please do not do that, it would cause the loss of American lives,' and they'd go right ahead and print it . . . it tells you a lot about the New York Times, and it certainly tells you a lot about the individual who did that."

In a Fox News poll released yesterday, 60 percent of those surveyed said the Times did more to help terrorist groups by publishing the information, while 27 percent said the story did more to help the public. Forty-three percent called what the newspapers did treason. Just over half said government employees were more to blame for leaking the classified information, 28 percent faulted the media for reporting it, and 17 percent said they were equally to blame.

Simpson, a veteran investigative reporter, had been asking questions about the secret banking program for some time as part of a broader story, but had not nailed it down, according to Journal staffers. That, they say, is how Treasury officials knew to call him.

"Would the Journal have published the story had we discovered it as the Times did, and had the administration asked us not to?" the editorial asks. "Speaking for the editorial columns, our answer is probably not."

So unusual was yesterday's editorial that the Journal's managing editor, Paul Steiger, felt compelled to release a statement about it. "Had Treasury made such a request," he said, "we would have listened to the government's specific concerns, and weighed them seriously before reaching any final decision on publishing. But, having never heard those concerns, I can't guess how we ultimately would have responded."

Editorial Page Editor Paul Gigot will not comment on grounds that the editorial should speak for itself, a spokesman said.

Sulzberger, whom the editorial accuses of deliberately seeking to obstruct the war on terror, offered his own response.

"I know many of the reporters and editors at the Wall Street Journal and have greater faith in their journalistic excellence than does the editorial page of their own paper," Sulzberger said in a statement. "I, for one, do not believe they were unaware of the importance of what they were publishing nor oblivious to the impact such a story would have."

Suspect Plotted To Form A Terrorist Army, U.S. Claims (FLSUNSEN)

By Vanessa Blum, South Florida Sun-sentinel

South Florida Sun-Sentinel, July 1, 2006

The alleged ringleader of a group of South Florida men accused of plotting to blow up Sears Tower in Chicago wanted the blast to divert law enforcement so he could free inmates from a prison to join his terrorist army, federal prosecutors said Friday.

The lead lawyer in the government's terrorism case against the seven men provided fresh details about the group's alleged plot to bomb buildings in Miami and Chicago -- and how the plan disintegrated as members fought among themselves.

The picture that emerged during Friday's hearing in Miami federal court was of an ambitious, but inept, military-style organization whose members had illusions of grandeur and a taste for intrigue.

The men staged a top-secret meeting in the Florida Keys, swore loyalty oaths to al-Qaida, and even put their own leader on trial for treason and insubordination, said prosecutor Jacqueline Arango.

According to the original indictment that led to their arrests on June 22, the group's ultimate goal was to launch an all-out ground war against the U.S. government by blowing up the Sears Tower.

In fact, the plan was even more far-fetched.

The group's alleged ringleader Narseal Batiste thought that bringing down the 110-story Sears Tower would divert law enforcement, allowing him to break into a Chicago-area prison and release the inmates who would then join his army, Arango said.

However, before obtaining any explosives or weapons, the group disbanded over rising suspicions about a government witness who had infiltrated the organization by posing as an al-Qaida member.

Batiste had a final meeting with that informant on May 24 and told him that he still wanted to fulfill his plan, Arango said.

"I want to fight some jihad. That's all I live for," Arango quoted Batiste as saying during the meeting.

At that point, the government decided to end its investigation and arrest the men, Arango said.

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The government's two-hour presentation, which included video recordings made during the investigation, came during a hearing on whether six of the seven men should remain in custody prior to their trial. Arango argued the men should not be released on bail because they pose a danger to the community and might flee.

U.S. Magistrate Judge Ted Bandstra said he would rule after defense lawyers finish presenting evidence next week.

The six men -- Batiste, 32; Patrick Abraham, 26; Stanley Grant Phanor, 31, Naudimar Herrera, 22; Burson Augustin, 21; and Rotschild Augustine, 22 -- each pleaded not guilty Friday to charges that they supported al-Qaida, plotted to destroy buildings using explosives, and conspired to levy war against the government. The seventh man, Lyglenson Lemorin, 31, is in custody in Atlanta.

During the proceeding, defense lawyers for the six sat at a table listening and taking notes. But only John Wylie, who represents Batiste, had a chance to question an FBI agent involved in the investigation.

"Do you have any evidence that Mr. Batiste has met with any terrorist organizations from the Middle East?" Wylie asked.

"No, I do not," Special Agent Tony Velasquez responded.

"Other than the person posing as al-Qaida, is there any evidence of contact with anyone from al-Qaida?" Wylie asked.

"No," Velasquez responded.

According to Arango, the undercover witness pretending to be an al-Qaida agent was introduced to Batiste by an acquaintance, who also cooperated with the FBI. Neither the witness nor the acquaintance were law enforcement agents, Velasquez said.

During several meetings, Batiste spoke to the witness about his desire to bomb the Sears Tower and gave the witness a list of the supplies he would need to carry out his plans, Arango said.

Among the items: $50,000, military uniforms, boots, guns, bulletproof vests, and sports utility vehicles.

But in January, the investigation hit a snag when Batiste went into hiding, telling a friend he was suspicious of the witness.

On Jan. 28, the witness was summoned to the warehouse with the acquaintance who had first introduced him to the group. They were examined for recording devices and driven to Islamorada in the Florida Keys. Batiste was waiting for the men under a bridge.

The incident, which Arango called a kidnapping, solidified Batiste's relationship with the undercover witness.

In March, the seven men pledged oaths of loyalty, or bayat, to al-Qaida and some group members conducted surveillance of potential targets in Miami, including the FBI building, the federal courthouse, and the federal prison, prosecutors say.

As their plans gained momentum, the undercover witness gave Batiste $3,500 to fly in a friend of Batiste from Chicago, Sultan Khanbey.

Khanbey, 51, quickly grew suspicious of the government witness and told Batiste he was being set up by the FBI, Arango said.

On April 17, Khanbey put Batiste on trial for treason and insubordination inside the group's Liberty City headquarters.

Some members of the group sided with Batiste and some sided with Khanbey, causing a rift in the organization, Arango said.

Khanbey was subsequently arrested on weapons charges and could be called as a witness against Batiste.

Two Views Of Terror Suspects: Die-Hards Or Dupes (NYT)

By Christopher Drew And Eric Lichtblau

The New York Times, July 1, 2006

MIAMI, June 30 — The seven men who were arrested here last week on terror charges were shown Friday on undercover videotapes solemnly reciting oaths of loyalty to Al Qaeda, repeating the words that an F.B.I. informant had given them to say.

The tapes, played at a federal court hearing by prosecutors, did not provide any evidence that the men had the money or firepower to blow up the Sears Tower in Chicago and federal buildings in five cities, as they are accused of conspiring to do, or that they had any actual ties to Al Qaeda.

But during her presentation, the prosecutor, Jacqueline M. Arango, disclosed other new details of the case, among them that the group's leader, Narseal Batiste, had asked the undercover informant for rockets and semiautomatic rifles.

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Lawyers for some of the men said in interviews this week that their clients knew little about Mr. Batiste's plans to attack the Sears Tower. Some of the lawyers criticized the new evidence presented Friday as a sign that the government had largely concocted other parts of the case and had lured the men into doing more than they would have on their own.

"It's clearly a case of entrapment," said Nathan Clark, the lawyer for one of the defendants, Rotschild Augustine. Mr. Clark said the taped oath was "induced by the government."

The tapes, in fact, made clear the large role that the government informant had played in the case. In one tape, the informant recited what F.B.I. agents said was an authentic Qaeda oath, while the seven men sat on a sofa and chairs in a warehouse that the F.B.I. had wired with eavesdropping equipment. As the informant repeated the words for a second time, each defendant stood and stated his name before they all said in unison that they were committing themselves to the "path of jihad."

But the parents of most of the defendants, including some who have been very critical of the case, appeared surprised by the evidence presented Friday, sitting quietly through the court hearing and refusing to comment afterward.

Over the last week, many critics of the Bush administration described the case as improbable and suggested that it was emblematic of other exaggerated threats that the F.B.I. had often focused on since the Sept. 11 terror attacks, especially inasmuch as federal officials said Mr. Batiste had no ability to carry out the proposed attacks.

But while the new information added to the portrait of Mr. Batiste as a bizarre and self-aggrandizing figure — he told an informant that he would like to smoke a cigarette with Osama bin Laden — it also suggested that he was determined and persistent. The new information indicated that his followers, mostly poor, young Haitian-Americans, were more involved in parts of the scheme than their families and community leaders had suspected.

The prosecutor said some of the men had strip-searched the undercover informant at a time when Mr. Batiste was worried about F.B.I. surveillance, and had also voted to take photographs of several government buildings in Miami that they thought Al Qaeda might want to attack.

Law enforcement officials said that after the men were arrested, at least two admitted some knowledge of the Sears Tower plot. The officials also said that there was ample evidence to bring all of the men into the conspiracy charges, and that after the Sept. 11 attacks, they had no choice but to be aggressive in disrupting any group that showed even the slightest interest in being involved in terrorism.

The Miami case is part of a broader strategy of pre-empting terrorist attacks in what Justice Department officials acknowledge is a significant shift in the way they go about investigating and prosecuting possible terrorism cases.

"We can't afford to wait," a senior Justice Department official said in an interview. The suspects in Miami "were of significant concern, and we're not going to allow them to run into somebody who has the means to carry out what they were talking about."

"You may never know what you prevented," the official added, "but those may be our greatest successes."

The pre-emptive strategy has led to increased use of what amount to sting operations by the F.B.I. to use informants and undercover operatives in gathering evidence against people suspected of terrorist ambitions. The strategy has led to prosecutions and convictions in terrorism cases from San Diego and Houston to Newark and Albany, often involving concocted plots to sell fictitious arms or provide other support to Al Qaeda.

Justice Department officials point to a number of high-profile successes in the campaign, including the convictions of Zacarias Moussaoui, John Walker Lindh, a Muslim-American student in Northern Virginia named Abu Ali and a Virginia cleric named Ali al-Timimi and his followers, who prosecutors said sought to wage war against Americans overseas.

But there have been a smaller number of losses as well, including the collapse of the case against an alleged terrorist cell in Detroit after accusations of prosecutorial misconduct, and the acquittal in Idaho of a graduate student in computer programming on charges of using Web sites to aid terrorists.

"While our record shows many victories in recent years, we haven't always been successful," Deputy Attorney General Paul J. McNulty told reporters last week in assessing the overall strategy of the campaign against terrorism.

The Justice Department says it has brought 441 prosecutions in what it considers to be terrorism-related cases, with 261 convictions and 150 cases remaining.

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Mr. Batiste, 32, who is married and has four children, grew up in Louisiana as the son of a Christian preacher and later worked as a FedEx driver in Chicago. He and his wife opened a stucco and masonry business here in 2004, and he rented a small salmon-colored warehouse last year in Liberty City, where he held Bible readings.

And while federal authorities described Mr. Batiste and the other defendants last week as "a radical Islamic group," neighbors say his religious teachings came from the Moorish Science Temple of America, a group founded in Illinois in the early 1900's that blends Christianity, Judaism and Islam with an emphasis on self-discipline through martial arts.

The group's headquarters was a 750-square-foot former convenience store with an old sofa in the back and no running water. People who live near the building, which had no windows or air-conditioning, say they would sometimes see Mr. Batiste and a dozen or so other men there in the evenings, either inside with the doors open or practicing martial arts in the backyard.

Others say that while the group — which called itself the Seas of David — read the Koran at times, Mr. Batiste's favorite text was Jesus' Sermon on the Mount.

At first, relatives and lawyers said, the defendants were intrigued by Mr. Batiste's religious teachings, which some of the men saw as an alternative to the drug-dealing streets in Liberty City, one of Miami's poorest neighborhoods. But by this past April, the lawyers said, some defendants had grown suspicious of Mr. Batiste and had left the group after he seemed to become more focused on raising money than on his religious teachings.

According to the indictment, the criminal investigation began last October, after Mr. Batiste began expressing ominous goals. He told someone who was traveling to Yemen that he wanted to raise an army to overthrow the United States government and needed help, one document says, "in locating foreign Islamic extremists to fund his mission."

After that person tipped the F.B.I., Ms. Arango, the prosecutor, said Friday, the bureau arranged for the undercover informant posing as a terrorist to begin a series of meetings with Mr. Batiste, which stretched from December through late May.

With the government's recording tapes whirring, the indictment says, Mr. Batiste told the informant — who at some point identified himself as being with Al Qaeda — that he wanted to kick off his war with an attack on the Sears Tower. He also asked the informant to supply him with $50,000 in cash and all the equipment, from military boots to weapons, that he and his soldiers would need to "kill all the devils we can."

And by mid-March, the informant had proposed — at a meeting with all seven defendants — bombing F.B.I. buildings in Miami and four other cities. Ms. Arango said that proposal was made just minutes after each of the men had taken the oath to Al Qaeda. Over the next three weeks, using camera equipment supplied by the government, Mr. Batiste and four of the others were involved in either taking photographs or videotapes of government buildings in Miami or delivering them to the informant.

Ms. Arango said the group split up last spring after a religious leader from Chicago had a dispute with Mr. Batiste and some of the other defendants sided with the Chicago man.

Federal officials say they also have other evidence, including statements given by some of the men shortly after they were arrested. At another hearing on Thursday, for instance, officials released a handwritten statement by one of Mr. Batiste's young followers, in which he acknowledged taking the oath to Al Qaeda and being present when Mr. Batiste received a video camera from the undercover informant "to film target locations (Federal Buildings & Tower building) in Miami, FL and Chicago, IL."

State Tracked Protesters In The Name Of Security (LAT)

By Peter Nicholas, Times Staff Writer

The Los Angeles Times, July 1, 2006

Officials say they have stopped monitoring antiwar and political rallies. The practice violates civil rights, Atty. Gen. Lockyer says.

SACRAMENTO — Gov. Arnold Schwarzenegger's office in charge of protecting California against terrorism has tracked demonstrations staged by political and antiwar groups, a practice that senior law enforcement officials say is an abuse of civil liberties.

The Times obtained reports prepared for the state Office of Homeland Security in recent months that contain details on the whereabouts and purpose of a number of political demonstrations throughout California.

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The source of the information is listed in some cases as federal law enforcement agencies, including the Immigration and Customs Enforcement agency, an investigative arm of the U.S. Homeland Security department.

Political activities cited in the reports include:

• An animal rights rally outside a Canadian consulate office in San Francisco to protest the hunting of seals.

• A demonstration in Walnut Creek at which U.S. Rep. George Miller (D-Martinez) and other officials spoke against the war in Iraq.

• A Women's International League for Peace and Freedom gathering at a courthouse in Santa Barbara in support of an antiwar protester — a 56-year-old Salinas woman — facing federal trespassing charges.

California Atty. Gen. Bill Lockyer's office learned of the monitoring activity more than two months ago. On Friday, a spokesman condemned the actions, saying they violated the groups' constitutional right of free speech.

"When people exercise their 1st Amendment rights to rally, march and protest, they should not have to worry that intelligence officials are watching them or their activities are in any way being painted with the terrorism brush," Lockyer spokesman Tom Dresslar said in an interview.

"That kind of conduct by anti-terrorism intelligence agencies threatens civil liberties, runs counter to our values and violates this office's policy regarding criminal intelligence gathering," Dresslar said.

The Times obtained two of the reports, which were compiled daily. The state homeland security office declined to release others.

The office is a 53-person operation that grew out of the Sept. 11 attacks and is financed primarily by federal money. Officials there said the details about the rallies were reported by SRA International, a company hired to provide counter-terrorism analysis.

The officials said such information made it into only the two reports that The Times obtained, out of 60-some daily intelligence reports produced since March.

No reports were produced before March, said Chris Bertelli, spokesman for the state office. When officials in the agency learned of the practice, he said, they ordered it stopped.

Copies of the reports were shared with the California Highway Patrol and the attorney general's office. Nothing else was done with the information about the demonstrations, Bertelli said.

The reports are on the letterhead of a California anti-terrorism partnership that includes the homeland security office, the attorney general and the Highway Patrol.

Dresslar said staffers in Lockyer's office saw the reports and raised concerns with their superiors, who complained to the Office of Homeland Security.

"When we discovered their existence, we informed OHS officials that we had absolutely no use for that kind of information," Dresslar said. "Collecting information on protests has no legitimate anti-terrorism intelligence function. None. No intelligence agency has any need to maintain this kind of information."

The reports obtained by The Times contain summaries of news articles about the war in Iraq, animal rights activists and terrorism. One has a section titled "Upcoming California Protests," followed by summaries of the demonstrations. Each includes an entry for "officer safety issues." No issues are cited.

One group whose antiwar rally was in the reports criticized the state agency's practice.

"It seems like a waste of taxpayer dollars and a creeping invasion of our 1st Amendment rights to demonstrate and speak," said Devlin Donnelly, assistant coordinator for the Chico Peace and Justice Center, which held a rally in Chico in March calling for an end to the war in Iraq.

Schwarzenegger had "no information and no knowledge that this was happening," said Adam Mendelsohn, the governor's communications director. "The governor feels that this particular information gathering is totally inappropriate and unacceptable."

Anti-terrorism ideas from the state homeland security office have stirred qualms before.

Past and present members of the attorney general's office said they were troubled by a meeting at the security office last September in which federal and state officials discussed ways to prevent Islamic militants from recruiting prison inmates. In

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attendance were officials from the FBI, the state Department of Corrections and Rehabilitation and various local law enforcement agencies, according to documents obtained by The Times.

One account of the meeting is provided in a whistle-blower complaint filed by a former high-ranking official in the attorney general's office, Edward Manavian.

The complaint says homeland security information analyst William Hipsley proposed monitoring private conversations in state prisons between inmates and Islamic clergymen and, citing a potential national security threat from Iran, getting a list of Iranians living in California.

State law makes it a felony to eavesdrop on conversations between a person in custody and his attorney, doctor or religious advisor.

Brian Parriott, a spokesman for the state prison system, said it is not the corrections department's practice to listen in on private conversations between inmates and visitors from the clergy.

And Mark Schlosberg, a policy director for the ACLU's San Francisco office, said it is discriminatory to compile databases on broad groups of people based on national origin without any specific link to criminal activity.

"It's contrary to our constitutional protections and our systems, and it's also ineffective in terms of law enforcement," Schlosberg said.

The state homeland security office denied Manavian's version of events and issued rebuttals from Hipsley and a staff member who also attended.

In a written statement, Hipsley said that he never suggested "Muslim clerics offices be 'bugged' " and that the subject of Iran never came up.

George Aradi, an assistant deputy director for information analysis, concurred in a separate statement.

Manavian was demoted in February. In his complaint, he said that happened in part because he refused to cooperate with "attempts to violate the civil rights of citizens in this state."

He resigned in April. His complaint is pending before the state Personnel Board, and a hearing is scheduled in late July.

Lockyer's office publicly criticized the monitoring actions after an inquiry from The Times.

But Allen Benitez, assistant chief of the attorney general's criminal intelligence bureau, had told one of his bosses in a memo April 18 that the security office was gathering information on "political groups" and protests. He voiced concerns that such tracking "may not be allowed under the law."

Lockyer's office handled the matter privately with the security office, Dresslar said.

Questions about the office come at a time when assessments by nonpartisan reviewers have concluded the state is unprepared for a terrorist attack or natural disaster.

Schwarzenegger casts himself as being immersed in efforts to prepare California for disaster, making repeated public visits to the state's emergency command center outside Sacramento, where he has watched over exercises simulating what would happen in a disaster, such as an earthquake or flood.

But a report by the legislative analyst's office last year said California lacks "a unified strategic approach to homeland security."

And more recently, the state's Little Hoover Commission watchdog agency issued a report saying it is unclear who would take charge in the event of an emergency or terrorist attack.

Mystery Surrounds FBI Raid On North Side Mosque (PPG)

By Moustafa Ayad, Pittsburgh Post-gazette

Pittsburgh Post-Gazette, July 1, 2006

Agency calls it part of 'criminal' probe

FBI agents yesterday raided a North Side residence known to many in the neighborhood and the Pittsburgh Islamic community as both an Islamic school and mosque.

The agency would say only that the search was in connection with a "criminal investigation" and wouldn't elaborate.

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The raid began around noon when authorities shut down the intersection of Boyle and Hemlock streets, residents said. The activity centered around a three-story green house located in the 1300 block of Boyle Street. It is home to the Sankore Institute and Light of Age Mosque, which doubles as a school for people seeking to learn the Koran and Islamic religious teachings.

FBI spokesman Jeff Killeen confirmed that the FBI was at the home. Mr. Killeen referred questions to Margaret Philbin, the U.S. attorney's spokeswoman, who said that the FBI executed a search warrant at the home yesterday morning or afternoon.

Authorities did not say if anyone was taken into custody, but residents said several men in tunics and traditional Muslim garb were led out of the house, patted down and searched along Boyle Street. The agents may have executed the raid during Friday prayers known as the Jummah prayer, neighbors said.

The group moved into the neighborhood around February and posted fliers that said "we are here to help you make the North Side a better place to live, worship, work and play." The group urged people "to join us in clothing and feeding the poor, cleaning up our community and making the North Side a safer, more beautiful place for our children."

Neighbors who witnessed the raid said FBI agents surrounded the home for more than four hours yesterday. They said there was a tactical squad at the scene backing up agents.

"It's scary to see guys with guns slung over their shoulders right in front of you," said Harold King, of Avalon, who was visiting a relative.

Muslim community members familiar with the group said the institute is not a part of the seven mosques under the auspices of the Islamic Council of Greater Pittsburgh. Most members of the mosque are African-American, neighbors said.

The home has two entrances, one facing Boyle Street and a side door on Hemlock Street. The Hemlock Street entrance is used by women and the Boyle Street entrance by men, neighbors said. Some orthodox Muslims do not mix genders, unless women are related or married to the men in their company.

"They are some of the nicest people in the neighborhood," said Anthony Carboni, who lives nearby on Sandusky Street. Mr. Carboni said he would often see people at the home playing football outside or hosting cookouts in the neighborhood.

A jitney driver, Andre Hammer, of the North Side, who was driving by the intersection, said he passed by the residence several weeks ago and saw police cars parked outside. Mr. Hammer said he would often see men outside of the home talking.

Gigi Lincoln of Boyle Street said she watched the men being lined up against several houses. Mrs. Lincoln said the agents searched each of the men extensively and then had police dogs walk past them. She said agents also used a robot to enter the home.

She said they loaded some of the men into the back of a white van, but said they did not appear to be handcuffed.

Witold Walczak, legal director for the American Civil Liberties Union of Pennsylvania, said "any time law enforcement officials raid a house of worship it raises concerns," but said it would be premature to comment further.

Unclassified Advice For The New CIA Chief (LAT)

By Garrett Jones, Garrett Jones Served As A Case Officer With The Cia In Africa, Europe And The Middle East For 17 Yea

The Los Angeles Times, July 1, 2006

A former case officer outlines the care and handling of spooks.

Because this is the season for gratuitous and unsolicited advice (see any graduation ceremony near you), I thought I would offer some thoughts for former Air Force Gen. Michael V. Hayden, who took over as CIA director a month ago. I am sure many people are sharing their wisdom on the "big picture," so I will confine myself to advice on the care and feeding of the denizens of the building where I once worked.

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THEY ARE AN odd bunch at the Central Intelligence Agency, and your predecessor, Porter Goss, did not adapt well. He seemed unable to make it out of the lobby each morning without starting a fistfight. You can do better.

For starters, resist any impulse to "demonstrate who is in charge." The people at the agency have never had any problem understanding who is in charge; they have on occasion had trouble believing that the person in charge knew what he was doing.

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As CIA director, Goss said he did not "do" personnel, and inside the agency, it was easily the most resented remark he ever made. You have talented people working for you. Use them, and do not go to the retirees looking for the "perfect" person. They don't make them like they used to, and that's probably a good thing.

Do not try to undo all the personnel changes made by Goss. Some people needed to be pushed out. You're trying to hire back Stephen Kappes, the former field operations boss, as your deputy, and this is good and bad. Many officers respect his operational judgment, and many are angry about his alleged leaks to the media. On your team, he should keep his mouth shut.

Goss let his entourage alienate the entire building before he ever got there. Get your assistants under control. It's better to make your own enemies. You probably brought some military aides with you. Remind them that half the agency does not know the difference between a full colonel and a milkshake; those who do know don't care.

Don't ask anyone to dumb down their work for you. The CIA has a jargon that you need to learn. Before you change anything about agency culture, first you need to understand it.

The executive dining room is a bad idea. You and your staff should be down in the cafeteria meeting people, not huddled up in a bunker wondering what folks think. Listen to people. They are smart and sophisticated and will usually tell you what is wrong if you give them a chance.

The RUMINT (rumor intelligence) on you is that you like "corporate speak" and prefer large, impersonal gatherings to one-on-one encounters. Work on that. Blunt, plain speech will get you further with those in the agency than anything else. If something is going to happen to them, tell them before they see it in the Los Angeles Times. "I do not know" or "I cannot tell you" are statements that spooks accept as sometimes necessary, but they will always find out if you lie to them. You are working with a bunch of spies, so you should not be surprised that RUMINT travels quickly and is surprisingly accurate. Yes, you are busy, but your first job is to make people motivated and effective. Screw this up and you are doomed.

The directorate of operations is where all the spies live. Frankly, this is a tough room. Your best move is to pick someone whom they respect to lead them — lead them, not manage them. When they are in some sand-blown flyspeck in Iraq with their lives on the line, they want a leader who cares about them and their mission, not a nice guy who is good at managing his paperwork. Once you get them a leader, you need to expect the impossible from them. Right now, everyone is afraid to make mistakes. Make it clear that you have confidence in them and will back them even if they do not succeed. This directorate exists to run high-risk, high-payoff operations; otherwise, it could be replaced by Al Jazeera.

The directorate of intelligence is where the analysts live and where the National Intelligence Estimates are produced. This place is a mess. Since the fiasco over Iraqi weapons of mass destruction, it has been full of dead men walking, paralyzed with fear of making another mistake. Start over. Anyone associated with the WMD mess — and there are such people still there — needs to be retired, kicked upstairs or otherwise moved on. It may not be fair, just or efficient, but you must do it to blow the smell of failure out of the organization. Then appoint a pit bull as the quality-control officer for analysis.

Your job is one of the most important in Washington, and one of the toughest. You are playing "Bet your country's future" every day. History has not been kind to your immediate predecessors. They got famous in the worst ways. Good luck. You're going to need it.

WAR NEWS:

Blast Kills 66 In Baghdad Shiite District (AP-Y2)

By Robert H. Reid, Associated Press Writer

AP2, July 2, 2006

A huge car bomb exploded Saturday at a bustling outdoor market in a Shiite district of Baghdad, killing at least 66 people and injuring about 100. It was the deadliest attack since the new national unity government took office six weeks ago and one of the biggest this year.

Shortly before the midmorning blast, gunmen seized a female Sunni legislator at a checkpoint in a Shiite area of the capital. Both attacks represented a major challenge to Prime Minister Nouri al-Maliki's vow to curb sectarian violence that threatens to plunge Iraq into civil war.

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In an audio recording posted on the Internet, al-Qaida leader Osama bin Laden endorsed the successor to the slain leader of his network in Iraq and warned the country's Shiites against collaborating with the Americans in the fight against Sunni insurgents.

The comments threatened to sharpen the conflict between Shiites and Sunnis even as al-Maliki and his American allies struggled to heal the breach between the country's major religious communities.

The market bombing appeared timed to cause a maximum number of casualties among civilians doing their weekend shopping. It blew some victims onto the roofs of nearby two-story buildings and sent a plume of gray smoke billowing into the sky above Sadr City, stronghold of radical cleric Muqtada al-Sadr.

Rescuers sprinted through streets littered with debris of shattered market stalls. Emergency crews bundled the wounded into ambulances and private cars and rushed them to hospitals. Late Saturday, Iraqi state television reported that 66 people died and about 100 were wounded.

The bombing was the deadliest since an April 7 suicide attack that killed 87 people at a Shiite mosque in Baghdad.

A statement posted Saturday on the Internet claimed responsibility for the Sadr City blast in the name of the "Sunna Supporters Group" in retaliation for Shiite attacks on Sunnis. The statement, whose authenticity could not be verified, accused Shiites of killing Sunnis and raping Sunni women in detention.

"Your mujahedeen brothers decided to teach the Shiites a lesson that they will not forget as long as they live," the statement said.

Even before the statement appeared, bystanders in Sadr City blamed Sunni extremists, such as al-Qaida in Iraq, whose leader Abu Musab al-Zarqawi was killed in a U.S. airstrike June 7.

"Give us the green light to attack and finish them for once and for all," a group of young men shouted, referring to Sunni militants.

A few miles from the blast, gunmen seized lawmaker Tayseer al-Mashhadani and seven of her bodyguards at a checkpoint in a Shiite area of eastern Baghdad. Officials said she was traveling to Baghdad from her home in nearly Diyala province, a hotbed of sectarian violence, to attend a parliament session Sunday. One of her bodyguards escaped, officials said.

Al-Mashhadani's colleagues in the Iraqi Islamic Party, the largest Sunni political organization, blamed the ministers of interior and defense for failing to restore security in the capital. A party statement alleged that some of the kidnappers carried government-issue weapons.

A top party official, Ayad al-Sammaraie, said such kidnappings were aimed at undermining steps toward national reconciliation by fueling animosity among Iraqis so "they cannot sit together and talk."

The U.S. Embassy condemned the kidnapping as an attempt to stoke sectarian tension and demanded her immediate release.

"We note that Ms. al-Mashhadani is an elected representative of the people of Iraq and that this act is repugnant to all who believe in the right of Iraqis to participate in their country's democracy," the embassy said.

The latest violence occurred as al-Maliki, a Shiite, left for a tour of Persian Gulf countries to brief leaders on his plans for national reconciliation, including amnesty for Sunni Arab insurgents and efforts to heal the Shiite-Sunni rift.

Al-Maliki's first stop was Saudi Arabia, whose government fears that sectarian violence in Iraq could spill over into neighboring countries that are dominated by Sunnis but with large Shiite communities. He is also to visit Kuwait and the United Arab Emirates.

As part of the reconciliation plan, Iraqi and U.S. authorities Saturday freed 495 prisoners from U.S. jails across Iraq, completing a mass release announced by al-Maliki last month. Most of the prisoners were believed to be Sunnis.

"We are prepared in consultation with the Iraqi leaders to make future prisoner releases and to take other concrete steps to facilitate reconciliation," U.S. Ambassador Zalmay Khalilzad said in a statement. "As the government moves forward with these steps, it can count on support from the U.S. government."

U.S. and Iraqi officials had hoped that installation of a new unity government of Shiites, Sunnis and Kurds would stem the violence and encourage armed groups to join the political process. Those hopes were buoyed by the death of al-Zarqawi in an airstrike June 7.

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However, more than 700 Iraqi civilians and security forces have died violently since al-Zarqawi's death, according to Associated Press figures.

In his Internet statement, bin Laden endorsed Abu Hamza al-Muhajer, named by the terror network as al-Zarqawi's successor, and urged him to step up "the struggle" in Iraq. Bin Laden also warned Iraqi Shiites they "cannot just take part with America and its allies" in the war against Sunni militants "and expect that their areas will be safe from a reaction and harm ."

Two American service members died of non-combat related injuries in two separate incidents, the U.S. military announced.

One was assigned to the Army's 43rd Military Police Brigade. The other was an Air Force member assigned to the 886th Expeditionary Security Forces Squadron at Camp Bucca in southern Iraq, the Air Force said in a separate statement.

No further details were released and names of the victims were withheld pending notification of kin.

Elsewhere, police found a grave in Baghdad containing bodies of at least six men who appeared to have been shot more than a month ago, Lt. Thaer Mahmoud said. The identities of the men were unknown, but their bodies were discovered in a Baghdad area notorious for sectarian killings.

New details emerged into allegations that U.S. soldiers raped an Iraqi woman south of Baghdad in March, then killed her and three family members.

A U.S. official familiar with the investigation told The Associated Press that the soldiers allegedly plotted the attack for about a week. The official, who spoke on condition of anonymity because the case is under investigation, said the soldiers doused the woman's body with flammable liquid and burned it to cover up the assault.

U.S. officials said they knew of the deaths but thought the victims died due to sectarian violence. Police Capt. Ihsan Abdul-Rahman said Iraqi officials received a report March 13 alleging that U.S. soldiers had killed the family, but did not pass that report to the U.S.

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Associated Press writers Bassem Mroue, Sameer N. Yacoub and Bushra Juhi in Baghdad and Ryan Lenz in Beiji contributed to this report.

G.I.'s Investigated In Slayings Of 4 And Rape In Iraq (NYT)

By Edward Wong

The New York Times, July 1, 2006

BAGHDAD, Iraq, June 30 — The American military is investigating accusations that soldiers raped an Iraqi woman in her home and killed her and three family members, including a child, American officials said Friday.

The investigation is the fourth into suspected killings of unarmed Iraqis by American soldiers announced by the military in June. In May, it was disclosed that the military was conducting an inquiry into the deaths of 24 civilians in Haditha last November.

The alleged rape and killings took place March 12 in the vicinity of the volatile market town of Mahmudiya, an insurgent stronghold about 20 miles south of Baghdad. The killing of the family was originally reported by the military as due to "insurgent activity," American officials said.

A senior police official in Mahmudiya said in a telephone interview that he received a report of the killings in March. The victims were a woman, her child, her husband and the husband's brother, he said. The official, who spoke on the condition of anonymity for fear of reprisals, said a sheik from the family's tribe immediately reported the episode to the police.

The American investigation began June 24, one day after two soldiers "reported alleged coalition force involvement" in the deaths of the Iraqi civilians, the military said in a written statement. A preliminary inquiry conducted after that report determined that there was sufficient evidence to merit a criminal investigation, the military said.

"This is going to be a by-the-numbers, by-the-book investigation," Maj. Todd Breasseale, a military spokesman, said in a telephone interview. He said Maj. Gen. J. D. Thurman, commander of the Fourth Infantry Division, which oversees the capital and areas immediately to the south, ordered an inquiry "the minute he got the news."

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The American officials, who spoke anonymously because they were not authorized to speak publicly about possible criminal proceedings, said the investigation involved five soldiers from the 502nd Infantry Regiment, attached to the Fourth Infantry Division.

A senior American official confirmed several details first reported by The Associated Press on Friday, including that the soldiers were accused of raping the woman, before killing her and three other family members and possibly burning her body. An Army official in Washington also confirmed that the inquiry was focused on soldiers of the 502nd Infantry Regiment, adding, "The allegation is one of rape and murder."

Earlier this month, two soldiers from the same unit were abducted while guarding a traffic control point in the town of Yusufiya and killed by insurgents, and their mutilated bodies were later found along a road booby-trapped with hidden explosives. A third soldier was killed in Yusufiya at the time of the ambush.

The alleged rape and killings came to light after a soldier felt compelled to talk about it in a "counseling-type session," after the discovery of the bodies of his kidnapped colleagues, The Associated Press reported. The soldier who originally disclosed the alleged killings had heard about them but had not taken part in them, The A.P. said.

One soldier has admitted his role and has been arrested; others have had their weapons taken away and are confined to their base in Mahmudiya, American officials said. The soldiers under investigation are apparently from the same platoon as the three killed in Yusufiya.

Both Mahmudiya and Yusufiya are in the so-called Triangle of Death, an extremely dangerous area along the Euphrates River valley that has become a melting pot of insurgents, criminal gangs and lawless tribes. The American military considers the region a crucial strategic approach to Baghdad, with important highways running south to the holy city of Najaf and the oil center of Basra, but has never been able to establish control in the region.

This latest investigation comes at a time of increasing scrutiny over the killings of civilians by American troops in Iraq. In Haditha, marines are accused of executing as many as 24 unarmed civilians after a fellow marine was killed by a roadside bomb. On June 1, as the political furor over Haditha was building, the Iraqi prime minister, Nuri Kamal al-Maliki, lashed out at the American military, saying that violence against Iraqi civilians by American troops was a "regular occurrence."

Major Breasseale said Friday that he did not know when results of the Haditha investigation would be made public.

In June, the Army charged four American soldiers suspected of killing three detainees in Iraq and then threatening another American soldier with death if he reported the shootings.

Two days later, the Marine Corps said it had charged seven marines and one Navy corpsman with murder and kidnapping in the April killing of an Iraqi man in a village on the western outskirts of Baghdad. In that episode, the assailants are accused of planting a Kalashnikov rifle and shovel by the body of the victim to frame him as an insurgent after shooting him in the face four times.

Last Sunday, the military said two members of the Pennsylvania National Guard had been charged with involuntary manslaughter in the fatal shooting of an unarmed Iraqi man on Feb. 15.

The announcement of the investigation in Mahmudiya came as the military said Friday that three soldiers had been killed in separate combat incidents. One died Thursday night in a bombing during a foot patrol south of Baghdad. Another was killed in an explosion while on patrol on Thursday night near Balad, north of the capital; that blast also wounded a soldier. The third death occurred Thursday in the northern city of Mosul, when a soldier was killed by small-arms fire.

At least 60 American soldiers died in Iraq in June, a slight decline from 69 in May and 76 in April. Yet, that was almost twice as many as in March, which, at 31, had the second-lowest monthly fatality count of the war. Until the sharp spike in April, American fatalities had been dropping for five straight months. American commanders at the time attributed the decline to a shift by insurgents to concentrating attacks on Iraqi civilians and local security forces, and to the fact that Americans were leaving their bases less often on operations and patrols.

Lt. Col. Barry Johnson, a spokesman for the American command, said he saw no clear reason for the rise in fatalities after March or the small drop in June. "We are not inclined to attribute the rise and fall in numbers to any particular factor," he said. "Coalition forces remain a priority target for terrorists and insurgents, even though we've also seen a steady increase in attacks on civilians and Iraqi security forces as their primary targets."

DOJ_NMG_0037748

Deaths of Iraqi civilians dropped in June from previous months, according to a rough estimate by the Iraq Coalition Casualty Count, an independent Web site. At least 840 Iraqi civilians died in June, compared with an all-time high of 1,100 the previous month, according to the site, which counts deaths from news reports. The June toll was about the same as that in February, the month that hundreds of civilians were killed in sectarian bloodletting after the bombing of a sacred Shiite shrine.

Three civilians were killed Friday when a bomb exploded in a minibus in Kirkuk, and an Iraqi soldier died in another bombing in the west of the city, police officials said. Gunmen killed five Iraqi soldiers at a checkpoint south of Kirkuk. At least 21 bodies were found across Iraq, many showing signs of torture. One of them was a boy in Baghdad between the ages of 4 and 6 who had been tortured and shot in the head, an Interior Ministry official said.

The Russian government offered $10 million for information leading to the killers of five Russian Embassy workers here. On Wednesday, President Vladimir V. Putin ordered Russian special services to hunt down and kill those responsible.

In an Internet audio message posted Thursday night, Osama bin Laden praised Abu Musab al-Zarqawi, the Jordanian militant killed in an American airstrike this month. Mr. bin Laden defended the copious bloodshed engineered by Mr. Zarqawi and his group, Al Qaeda in Mesopotamia, saying that Mr. Zarqawi "had clear instructions to concentrate his fighting on the occupying invaders" and "make neutral those who wished to be neutral," according to a translation by the SITE Institute, which tracks jihadist Internet postings. Mr. bin Laden vowed that the struggle would continue in Iraq and demanded that the ruler of Jordan, King Abdullah II, allow Mr. Zarqawi to be buried in his hometown of Zarqa, Jordan.

Troops Facing Murder Probe (WP)

By Jonathan Finer

The Washington Post, July 1, 2006

Atrocities Against Iraqi Family Alleged

BAGHDAD, June 30 -- The U.S. Army is investigating allegations that American soldiers raped and killed a woman and killed three of her family members in a town south of Baghdad, then reported the incident as an insurgent attack, a military official said Friday.

The alleged crimes occurred in March in the insurgent hotbed of Mahmudiyah. The four soldiers involved, from the 502nd Infantry Regiment, attempted to burn the family's home to the ground and blamed insurgents for the carnage, according to a military official familiar with the investigation, who spoke on condition of anonymity because he was providing details not released publicly.

No charges have yet been filed in the case, which the official said was "in the very early stages."

Maj. Gen James D. Thurman, commander of the Army's 4th Infantry Division, to which the 502nd is attached, ordered the investigation into the killings more than a week ago, according to a terse statement released by the military Friday. A preliminary inquiry "found sufficient information existed to recommend a criminal investigation into the incident," the statement said.

Also Friday, the military reported the deaths of three soldiers in insurgent attacks Thursday. One was killed by a roadside bomb while on foot patrol in Baghdad. Another died in a roadside bomb attack in Balad, north of Baghdad. The third was killed by small-arms fire in the northern city of Mosul. No further information was provided.

The case in Mahmudiyah, a rural town in a Sunni Arab region dubbed the Triangle of Death for the insurgent attacks and crimes that are common there, was the latest in a string of allegations of unlawful killings -- and subsequent coverups -- by U.S. forces in recent months, beginning with reports in March that Marines killed 24 unarmed civilians in the western town of Haditha. Investigations continue into that case.

In June, seven Marines and a Navy corpsman were charged with murder and other crimes related to the shooting death of a crippled man in Hamdaniya, west of Baghdad. Residents there said the soldiers planted a rifle and a shovel near the victim's body to make it look as if he had been burying roadside bombs.

Later in June, three soldiers were charged with murdering three Iraqi detainees in U.S. custody and threatening to kill another soldier who saw the incident. And last week, two Pennsylvania National Guardsmen were charged with murder in the shooting death of an unarmed man in the western city of Ramadi and with trying to cover up the crime.

DOJ_NMG_0037749

At least 14 U.S. service members have been convicted of crimes related to the deaths of Iraqi civilians or detainees, according to the Associated Press. Investigations have intensified in recent months following the high-profile Haditha allegations, pressure from the Iraqi government on military commanders to curtail excessive force by soldiers, and an initiative by Lt. Gen. Peter Chiarelli, the top U.S. ground commander in Iraq, to cut down on civilian casualties.

But the prospect that soldiers may have committed rape could make the Mahmudiyah allegations particularly incendiary. Charges that U.S. forces have killed civilians come as little shock to many Iraqis, but sex crimes -- especially those perpetrated against Muslim women by someone outside the faith -- can generate greater outrage in the Islamic world. The 2004 Abu Ghraib prison abuse scandal inflamed passions in large part because of the sexual humiliations detainees suffered.

Ammar Jabouri, a spokesman for the Iraqi Islamic Party, Iraq's largest Sunni Arab political organization and a frequent critic of U.S. actions against Iraqi civilians, said he was unaware of previous charges of rape against American soldiers.

Jabouri said that when he and others have spoken to U.S. officials about abuses by troops, the officials "explain it as 'reckless behavior by soldiers under stress.' They promise to investigate, but nothing comes out of that."

The unit in Mahmudiyah had attributed the deaths of the four civilians to "insurgent activity, which is common in the area," until two soldiers from the 502nd came forward June 23 to say U.S. troops were responsible, the military official said. An investigation began the next day. Three of the soldiers are still in Iraq, and one has been discharged for reasons unrelated to the case, he said. None is under confinement.

"They cannot be held until or unless there is enough evidence," the official said.

Mahmudiyah police Capt. Maaly Hassan Felayh said the alleged killings in March took place in a rural neighborhood called Stream Three, three miles south of the town center.

It was one of three cases since February in which U.S. forces killed Iraqi troops in the area, he said, including a shooting at a checkpoint in April that left 11 Iraqis dead.

Another local resident, Sadeq Muhammed al-Janabi, a farmer, said the woman who was raped and killed was an elementary school teacher.

In mid-June, two other members of the same brigade were abducted, their bodies later found mutilated in the town of Yusufiyah, near Mahmudiyah. The soldiers under investigation for the killings in Mahmudiyah were from the same platoon as those later abducted and killed, the AP reported, citing an account provided by an unnamed official with the unit who said the incidents were unrelated. Platoons usually number about 40 soldiers.

The AP, whose reporter was embedded with the 502nd in early June, also reported Friday that at least one soldier had confessed to involvement in the alleged crimes and was motivated to come forward when his fellow soldiers were kidnapped and murdered.

Elsewhere in Iraq on Friday, Shiite cleric Moqtada al-Sadr called on followers to prepare themselves to go to the predominantly Sunni Arab northern city of Samarra to help rebuild a Shiite shrine damaged in a February bombing that triggered months of sectarian violence. "Believers inside and outside Iraq should register their names as volunteers to build and protect the holy shrine," said Sadr, whose Mahdi Army militia terrorized Sunni neighborhoods following the bombing of Samarra's Askariya Shrine.

In Baghdad, the Association of Muslim Scholars, an influential Sunni religious organization with close ties to some Iraqi insurgent groups, rejected a plan for reconciliation between Iraq's rival sects proposed by Shiite Prime Minister Nouri al-Maliki. Maliki offered amnesty to insurgents who had not committed major crimes and said some insurgent groups had responded positively to the offer.

But in an interview with the Agence France-Presse news agency, Muthana Hareth Dhari, a Muslim Scholars official, said that "the main resistance factions have rejected" the plan and called it "nothing but a public relations campaign to brighten the image of the government."

Correspondent Ellen Knickmeyer, special correspondents Naseer Nouri and K.I. Ibrahim and other Washington Post staff in Iraq contributed to this report.

Army Probes Iraq Family Deaths (WT)

DOJ_NMG_0037750

By Rowan Scarborough, The Washington Times

The Washington Times, July 1, 2006

The Army has opened a criminal investigation into charges that soldiers murdered an Iraqi family south of Baghdad last month, marking the fourth such ongoing probe of American personnel in the war.

At the Pentagon, a top U.S. commander in Baghdad said yesterday that attacks have gone up, not down, since new Prime Minister Nouri al-Maliki ordered a citywide crackdown.

Army Col. Jeffrey J. Snow, a brigade commander in the 10th Mountain Division, also openly worried that negative press coverage of the war will sap the American public's support for the troops.

"I think sometimes we just focus a little bit too much attention to, you know, [improvised explosive devices], and kidnappings and murders," Col. Snow said.

The command in Baghdad said Maj. Gen. James D. Thurman, who heads all forces in and around Baghdad, had asked the Army Criminal Investigative Division to probe whether five soldiers were involved in killing an Iraqi family of four in the town of Mahmoudiyah, in the so-called Triangle of Death.

The probe follows the brutal killings by insurgents in the area of two Army soldiers who belonged to the same platoon as those now being investigated in connection with murder. The time of the family's killing is not clear, but it occurred during a time when Lt. Gen. Peter Chiarelli, the overall battlefield commander, ordered retraining on core values for every soldier and Marine, especially on the issue of protecting noncombatants.

Ryan Lenza, an Associated Press reporter embedded with Army troops, reported that one soldier admitted to his role in the killings and was arrested. The Army says no soldier has been formally charged.

The disclosure of yet another slaying probe promises to complicate the ongoing process of Mr. al-Maliki trying to coax Sunni Muslim opposition and tribal leaders to join his new government. Foreign terrorists use such purported incidents of U.S. abuse to inflame the Sunni community, which lost power to the Shi'ites in December elections, and to recruit terrorists to come to Iraq.

The Naval Criminal Investigative Service is now investigating the suspected killing of 24 Iraqis in Haditha by Marines, and criminal defense lawyers expect murder charges to be filed. The Marine Corps already has charged seven Marines and a sailor with murder in the death of an Iraqi man on April 26. And, the Army has filed murder charges against four soldiers in the death of male detainees.

At the Pentagon, Col. Snow said via a conference call from Iraq that he worries that a "political decision" in Washington may cut short the mission. Some Democrats have demanded a definite pullout date for U.S. troops, but the Senate and House voted down those proposals.

Col. Snow, who listed a number of achievements by his brigades in Sunni and Shi'ite neighborhoods of west Baghdad, said he also worries about bad press.

"This war is a battle of wills," he said. "The insurgents will never defeat our soldiers' will to fight -- ever. So they've taken aim at the willpower of the American people. Our soldiers may be in the cross hairs ever day, but it is the American voter who is the real target, and it is the media that carries the message back each day across the airwaves.

"So when the news is not balanced and it's always bad, that clearly leads to negative perceptions back home. Now, I'm not saying bad things don't happen. They do. But there are also good things going on, and we are making progress."

Pressed to document the progress in terms of enemy attacks, Col. Snow said, "Attacks here recently are up in our area. However, the effectiveness, the overall effectiveness of them, down." He said the increase stems from his brigade conducting more patrols and checkpoints to put pressure on insurgents.

4 Soldiers Accused Of Iraq Rape, Killings (LAT)

By Solomon Moore And Peter Spiegel, Times Staff Writers

The Los Angeles Times, July 1, 2006

BAGHDAD — The U.S. military is investigating U.S. soldiers accused of raping an Iraqi woman near their guard post, killing her and three family members and burning their home with the bodies inside.

DOJ_NMG_0037751

The rape and murder case, announced Friday, was opened by the military a week ago after two U.S. soldiers came forward with information about the March 12 deaths in the town of Mahmoudiya, south of Baghdad.

A terse statement issued Friday by the Army said that on June 23, the two soldiers reported the alleged American involvement and that a preliminary investigation found sufficient evidence to continue.

Four soldiers are under investigation in the case.

"We found out when someone spilled their guts," said a U.S. military official with knowledge of the inquiry, which is being conducted by the Army Criminal Investigation Command under orders from Maj. Gen. James D. Thurman, commander of the 4th Infantry Division.

"There is a lot of heat on the leadership," the official said. "This is the last thing we need."

The rape allegations are potentially explosive in a Muslim nation where tribal customs often enforce female chastity under penalty of death.

Previous reports of American servicemen killing civilians have led Iraqis to call for Washington to withdraw its troops.

The deaths in March occurred in the same area as the kidnapping and killing last month of two Army privates, an Army official said, and involve the same unit — the 502nd Infantry Regiment, which is attached to the 4th Infantry Division — but it was unclear whether there was a connection between the deaths of the family members in Mahmoudiya and the June 16 attack on the U.S. soldiers at an observation post near Yousifiya.

One soldier was killed in the attack and two were kidnapped. Days later, their bodies were found mutilated and booby-trapped with explosives near a Yousifiya power plant complex.

Yousifiya and Mahmoudiya lie along the Euphrates River, in an area many Iraqis call the "Triangle of Death" because of the level of insurgent violence. Scores of Iraqis, especially Shiite Muslims traveling to southern Iraq, have been killed in the region, and U.S. military officials said Abu Musab Zarqawi, the recently slain leader of Al Qaeda in Iraq, might have hidden out in the palm-fringed villages.

The Army official, speaking on condition of anonymity because the investigation is continuing, said the soldiers in the unit were in a "combat stress debriefing" a week after the kidnapping incident to deal with any psychological issues stemming from it. At the session, the official said, a soldier told his superiors that he had heard of other members in the unit who were involved in the rape of a woman and the killing of three others.

The investigation turned up another witness, who said he had heard the same account and added that the soldiers involved were seen with blood on their uniforms.

Military investigators now believe that two soldiers raped the woman and that one of them killed her and three other people — two adults and a child — in the house.

The incident was initially reported as "insurgent activity," the military source said.

The soldiers have been confined to their base and stripped of their weapons, said the source, who also spoke on condition of anonymity because of the investigation.

However, the Army official said one of the soldiers had been discharged and was back in the United States, where the military was working with civilian authorities to track him down.

Recent allegations of servicemen killing unarmed Iraqi civilians have led to several investigations by the U.S. military.

After a Time magazine article in March alleged that Marines had killed 24 Iraqi civilians, including 10 women and children, in the western town of Haditha on Nov. 19, the military launched an investigation of the incident and of the possibility that military officials had conspired to cover it up.

The military is also investigating seven Marines and a Navy corpsman in connection with the April 26 slaying of an Iraqi civilian in Hamandiya, west of Baghdad. That case also involves a possible cover-up.

Last week, military officials announced that two soldiers had been charged with voluntary manslaughter in the shooting death of an unarmed Ramadi resident Feb. 15. The soldiers are accused of trying to make it appear that the man was an insurgent by placing a rifle next to his body.

In the Mahmoudiya case, investigators are trying to determine whether the bodies were burned to destroy evidence of a crime.

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Muayed Fadil, the mayor of Yousifiya, said that investigators called him Thursday to ask about the deaths and that he found it unusual that they were so interested in this particular family.

"They said, 'We want to know their names, where they were living, how they were killed,' " he said. "They asked me, 'Do you know their relatives or the chief of their tribe?' I told them I will work to find out who their relatives are."

He said the investigators did not divulge that U.S. soldiers had been accused in the deaths.

The military source acknowledged that it was unusual for such a small contingent of soldiers to be operating alone in Iraq. Generally, U.S. troops travel in convoys. The lack of manpower south of Baghdad is a chronic problem and may have led commanders to stretch their forces thin, the source said.

"I don't want to speculate on what the commander down there was thinking, but I don't know why he had his troops arrayed that way," the source said. "I do know there's a lack of manpower down there."

An investigation of the deaths of the three American soldiers last month seeks to determine why they were alone at their observation post outside the base. The source said lack of manpower might have been a factor in that case as well.

Violence continued to flare in the country Friday. The worst involved a battle between Shiites and Sunni Arabs in a village northeast of Baghdad stemming from a bombing this week that killed at least 25 people.

As Iraqi police officers attempted to break up the conflict, snipers killed the head of the police force and two of his bodyguards. American and Iraqi troops then entered the battle, killing three fighters and wounding three.

The Sunnis were attacked while they were moving out of the village of Daliqiya after being threatened by Shiite residents in the religiously mixed hamlet, officials said.

A U.S. Marine was killed Wednesday during combat operations in Al Anbar province, officials said. Two soldiers were killed and one was wounded while on patrol Thursday near Baghdad and Balad. The names of the casualties were not released, pending notification of relatives.

Also Friday, Russia said it would pay $10 million for information about the killers of five of its embassy workers in Iraq. The announcement came two days after President Vladimir V. Putin ordered special forces to hunt down and kill the assailants.

Four Russians seized in early June were killed and a fifth was slain during the abduction. Insurgents videotaped the execution of two of the men. The militants had demanded that Russia pull its troops out of Chechnya, a predominantly Muslim republic in southern Russia.

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Moore reported from Baghdad and Spiegel from Washington. Times staff writers J. Michael Kennedy and Saif Hameed in Baghdad, correspondent Saad Fakhrildeen in Najaf and Times correspondents in Baqubah contributed to this report.

Criminal Cases Against U.S. Soldiers (AP-Y2)

By The Associated Press

AP2, July 1, 2006

A look at criminal cases against U.S. soldiers stemming from the deaths of Iraqis since the war began in 2003:

PENDING CASES:

_Pfc. Corey R. Clagett, Spc. Juston R. Graber, Staff Sgt. Raymond L. Girouard and Spc. William B. Hunsaker charged with premeditated murder of three male detainees in Salahuddin province in May. Clagett, Girouard and Hunsaker also charged with obstructing justice for allegedly threatening to kill another soldier who was a witness in the case.

_Hospitalman Third Class Melson J. Bacos; Sgt. Lawrence G. Hutchins III; Lance Cpl. Tyler A. Jackson; Pfc. John J. Jodka; Cpl. Marshall L. Magincalda; Lance Cpl. Robert B. Pennington; Lance Cpl. Jerry E. Shumate Jr.; and Marine Cpl. Trent D. Thomas charged with premeditated murder in April shooting death of Iraqi man in Hamdania. All eight also charged with kidnapping, larceny, conspiracy, assault and housebreaking.

_Five U.S. Army soldiers from 502nd Infantry Regiment being investigated for allegedly raping a young woman in March, then killing her and three members of her family in Mahmoudiyah, south of Baghdad, a U.S. military official tells The Associated Press.

DOJ_NMG_0037753

_National Guard Sgt. Milton Ortiz Jr. and Spc. Nathan B. Lynn charged in shooting death of unarmed Iraqi man near Ramadi in February. Both also charged with obstructing justice. Lynn charged with voluntary manslaughter. Ortiz also faces charges of assault and communicating a threat in separate incident involving another Iraqi man.

_Capt. James Kimber, Capt. Lucas M. McConnell, Staff Sgt. Frank D. Wuterich and an unidentified Marine under investigation for killings of two dozen unarmed Iraqi civilians in western town of Haditha on Nov. 19, 2005 in revenge attack after one of their own died in a roadside bombing. Probe focusing on allegations that the Marines stormed into nearby homes and shot occupants as well as others outside, according to U.S. lawmakers briefed by military officials. Separately, the military also investigating if there was a coverup. Iraqi government said it will also investigate.

_Chief Warrant Officer Jefferson L. Williams, Sgt. 1st Class William Sommer and Spc. Jerry Loper charged with murder and dereliction of duty, along with Chief Warrant Officer Lewis Welshofer, an incident in resulting in death of Iraqi Maj. Gen. Abed Hamed Mowhoush after an interrogation in 2003 at a detention camp in al Qaim. Army dropped murder charges against Williams and Loper in exchange for testimony against Welshofer. Murder charge against Sommer also dropped. Both Sommer and Williams face possible administrative discipline.

CONVICTIONS:

_Staff Sgt. Cardenas J. Alban convicted of killing severely wounded 16-year-old Iraqi during fighting in Baghdad's Sadr City neighborhood. Sentenced to one year's confinement, demoted to private and given bad-conduct discharge.

_Staff Sgt. Johnny Horne Jr. pleaded guilty to unpremeditated murder in same case as Alban. Sentenced to three years in prison, had rank reduced to private, forfeited wages and given dishonorable discharge. Horne's prison sentence later reduced to one year.

_Cpl. Dustin Berg of Indiana National Guard convicted and sentenced to 18 months in military prison for shooting death of Iraqi police officer.

_Spc. Rami Dajani convicted of making a false statement following fatal shooting of Iraqi translator. Sentenced to 18 months' confinement and given a reduction in rank and bad conduct discharge.

_Spc. Charley L. Hooser convicted of involuntary manslaughter in same case involving Dajani. Hooser sentenced to three years in prison and given a reduction in rank and bad conduct discharge. Also convicted of making a false statement to investigators.

_Capt. Rogelio "Roger" Maynulet convicted of assault with intent to commit voluntary manslaughter in shooting death of wounded Iraqi. Received no prison time but was dismissed from armed forces.

_Pvt. Federico Daniel Merida of North Carolina National Guard pleaded guilty to killing 17-year-old Iraqi soldier after the two had consensual sex. Sentenced to 25 years in prison, given a reduction in rank and was dishonorably discharged.

_Marine Maj. Clarke Paulus convicted of dereliction of duty and maltreatment in case stemming from death of Iraqi prisoner who was dragged out of holding cell by the neck, stripped naked and left outside for seven hours in June 2003. Paulus, who commanded the Marine detention facility Camp Whitehorse in southern Iraq, was dismissed from the service but received no prison time.

_Sgt. 1st Class Tracy Perkins acquitted of involuntary manslaughter in alleged drowning of Iraqi man but convicted of assault for forcing the man and his cousin into Tigris River. Sentenced to six months in prison.

_1st Lt. Jack Saville pleaded guilty to assault and other crimes in same incident as Perkins. Sentenced to 45 days in military prison.

_Pfc. Edward Richmond convicted of voluntary manslaughter for shooting Iraqi in back of head. Received three years in prison.

_Sgt. Michael P. Williams convicted in court-martial of one count of premeditated murder and one count of unpremeditated murder in deaths of unarmed civilians during operations near Sadr City. Sentenced to life in prison and given a reduction in rank. Sentence later reduced to 25 years.

_Spc. Brent May convicted in court-martial of one count of unpremeditated murder in same incident as Michael Williams. Sentenced to five years in prison.

DOJ_NMG_0037754

_Welshofer, of 3rd Armored Cavalry Regiment, initially charged with murder, assault and willful dereliction of duty but found guilty of negligent homicide and negligent dereliction of duty in death of Mowhoush. Military jury ordered a reprimand and forfeiture of $6,000 of his salary and restricted him to his home, office and church for two months.

CLEARED/ACQUITTED:

_U.S. troops cleared of intentionally killing civilians in March 15 raid in village of Ishaqi. Military acknowledged "possibly up to nine collateral deaths" in addition to four announced at time of the raid. Iraqis said there were 11 dead.

_Marine 2nd Lt. Ilario Pantano cleared of murder charges in shooting deaths of two Iraqi civilians.

_Staff Sgt. Shane Werst acquitted by jury of premeditated murder for shooting death of unarmed Iraqi.

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Information compiled by The Associated Press News and Information Research Center.

Four U.S. Service Members Killed In Iraq (WP)

The Washington Post, July 1, 2006

The U.S. military has announced the deaths of a Marine and three soldiers from fighting in recent days in Iraq. The names of all four were withheld pending notification of their families.

The Marine was wounded Wednesday, during fighting in Anbar province. Military officials announced his death in a statement e-mailed to news outlets this morning. The statement said the Marine was assigned to Regimental Combat Team 5.

A separate statement said a soldier from the 172nd Stryker Brigade combat team died Thursday from small-arms fire in Mosul.

Another soldier was killed in a bomb explosion Thursday on a foot patrol south of Baghdad.

The fourth fatality was a soldier with the 1/34 Brigade Combat Team who died after his vehicle hit an improvised explosive device near Balad. Another soldier was injured in that attack.

More than 2,500 U.S. military personnel have been killed in Iraq since the March 2003 invasion.

-- From Staff Reports

Troops In Ramadi Learn To Live With Danger (AP-Y2)

By Antonio Castaneda, Associated Press Writer

AP2, July 1, 2006

The hole in the ceiling is just a way to let out steam for the soldiers showering inside a damaged trailer in Ramadi, one of Iraq's most dangerous cities.

But each knows how that hole was created. A mortar round came through the trailer roof a few weeks ago and could have killed everyone inside had it detonated. Most mortars are not so benign, and there are many here.

The Iraq war for most troops is fleeting; brief ambushes or sudden, powerful roadside bombings. But in this troubled city, the capital of deadly Anbar province, the conflict is nearly constant. Gunbattles in the streets are common and mortars rain down on the bases every week.

On the eastern edge of town at Camp Corregidor, a base named after a famous World War II battle in the Philippines, U.S. soldiers regularly hunker down during "indirect fire" attacks or what they generally call "incoming" — military vernacular for inbound rockets or mortars.

The attacks happen at least three times a week, soldiers say, and usually end with explosions that miss their target. Sometimes the mortars hit nearby neighborhoods, maiming and killing civilians.

But the insurgents also have taken a toll on U.S. troops. This week a soldier at an outpost a few blocks from Camp Corregidor was killed by a mortar. Several soldiers have been wounded by shrapnel.

Many soldiers say they have adjusted to this life under regular fire. They say the attacks rarely injure soldiers or hamper operations, although they have many tales of near-misses.

"My latrines took two 60 millimeter mortars, my shower trailer has been disabled by 80 millimeter mortars, and it's not uncommon for us to pick pieces of shrapnel from the side of building," said Capt. Joe Claburn, 29, of the 1st Battalion, 506th Regiment, 101st Airborne Division. "We get mortared so much that we don't even flinch anymore."

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But others privately acknowledge that the mortars, which thunder throughout the base at all hours, have caused nightmares and took awhile to get used to.

"When we first got here it bothered me. We thought every loud sound was a mortar until we got used to it," said Spc. Lemuel Ross, 24, of Richmond, Va., speaking outside a building that was hit by a rocket-propelled grenade earlier in the year.

The regular insurgent attacks have changed the face of this base, which once was an agricultural college. Troops have piled sandbags on the roofs as protection. Latrines and sidewalks are surrounded by thick concrete walls to deflect shrapnel.

In early June, the military launched an operation to establish new outposts and solidly install U.S. and Iraqi troops in the troubled city 70 miles west of Baghdad.

Some soldiers, desensitized to the attacks, speak of them with fatalistic phrases common in military ranks.

"Mortars are the least of my worries. We look at it this way: If it's going to happen, it's going to happen," said Spc. Milton O'Neal, 20, of Chicago, as he dribbled a basketball during a break between missions.

"Sometimes it's an annoyance if you're in the latrines with your pants down," said Staff Sgt. David Rogers, 26, of Cleveland.

Some attacks seem linked to outside events. For example, shortly after terror leader Abu Musab al-Zarqawi was killed on June 7, soldiers said more than 10 mortars fell on Camp Corregidor.

Other times, insurgents often fire during hours when they think soldiers are congregated for lunch or dinner.

Soldiers walking on the base are required to wear their protective vests and helmets, even for short distances to latrines and shower stalls.

After mortars strike, soldiers are required to account for all members of their units.

While soldiers say that they're so used to explosions that they hardly stir from their sleep anymore, some attacks can hardly be ignored.

"When you hear a 120 (millimeter mortar), you can feel it, not just hear it," said O'Neal. "You know you can't just lie in bed for that one."

Iraq's Plan For National Reconciliation 'Opens Door To Political Resolution' (FT)

By Roula Khalaf, Middle East Editor

Financial Times, July 1, 2006

Iraq's national reconciliation initiative has paved the way for government contacts with insurgents and should be seen as only a first step towards a political solution to the conflict, according to Iraq's vice-president.

Adel Abdel-Mehdi, senior Shia official and vice-president in the new government, told the Financial Times that other measures would follow the plan unveiled last Sunday and deemed by many analysts to be vague and incomplete.

In an interview during a visit to London, Mr Abdel-Mehdi said contacts with insurgents had been going on for some time but the reconciliation plan had now made dialogue an official policy.

He also left the door open to a broadening of an am-nesty offer after Nuri al-Maliki, the prime minister, this week insisted it would exclude anyone who had killed American troops or Iraqis.

"What's important is not what they [the insurgents] did but what commitment we'll have on peace," said Mr Abdel-Mehdi. "In exceptional periods we need exceptional measures. We're willing to be flexible. We might go to a general or partial amnesty but we need to know what we're facing."

The reconciliation plan was sharply criticised by Mr Maliki's own allies as well as influential clerics from both of Iraq's main sects. But it broke a taboo for the dominant Shia parties, which had until then resisted contacts with insurgents.

And it was hailed by the main Sunni alliance, the Iraqi Consensus Front, which despite being a partner in government has until now been wary of associating itself with government policies. It has therefore provided greater consensus, allowing former rivals to begin working together to try to reduce the violence.

In recent days several small insurgent groups have contacted the government through intermediaries, according to officials in Baghdad, and some have come forward with demands. But given the localised and diffuse nature of the insurgency, it is far from clear whether any of these groups have any significant influence on the ground.

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Mr Abdel-Mehdi acknow-ledged that the government lacked a clear picture of the insurgency. The reconciliation initiative was aimed at gaining a better understanding of the groups and identifying whether any, and how many, were ready for a politic al solution, he said.

"We don't know whois who and what theyreally represent, and how many are linked to al-Qaeda. So we have to see. Our assumption has been that they are remnants of the old regime. Maybe we're wrong," he said. "Now [with the reconciliation plan] there will be committees, con-tacts, meetings, mediators. It starts like that."

He suggested insurgent leaders, unrelated to al-Qaeda, who might be identified could take part in an Arab League-backed nation-al reconciliation conference expected later this year.

However, efforts to calm the insurgency dominated by Sunni Arabs also depend on the government's ability to rein in the Shia militias. Well entrenched within the interior ministry, members of Shia militias are accused of waging a sectarian war against Sunni Arabs in mixed areas such as Baghdad, where dozens of Iraqis from all communities are killed every day.

Mr Abdel-Mehdi, who is a senior official from the Supreme Council for Islamic Revolution in Iraq (Sciri) - the Shia party that controls the Badr Organisation, one of the group accused of sectarian killings - insisted that the government would not allow anyone to operate "above the law".

But he acknowledged that the government faced a dilemma. To dismantle the militias it must show it is capable of providing security, which requires reducing the violence waged by insurgents. But curbing the powers of the militias is also essential to persuade insurgents to lay down their arms.

*In an internet audiotape posted yesterday Osama bin Laden praised Abu Musab al-Zarqawi, the leader of Iraq's al-Qaeda wing, who was killed by US forces last month.

Addressing US President George W. Bush, the head of al-Qaeda said: "Don't be too happy, for the banner [of al-Qaeda in Iraq] hasn't dropped but has passed from one lion of Islam to another lion."

Additional reporting by Steve Negus in Dubai

Iraq PM To Tour Gulf States To Push Peace Plan (AFP-Y2)

By Mona Salem

AFP, July 1, 2006

Iraq Prime Minister Nuri al-Maliki will on Saturday embark on his first trip abroad to garner support for his much-touted peace plan that has been rejected by the Sunni leaders and rebels.

The US military, meanwhile, said Friday it had ordered a probe into the alleged killing of four Iraqi civilians by US soldiers south of Baghdad last week, the latest in a string of such investigations.

And at least 14 people were killed in a string of attacks across the country, as Al-Qaeda leader Osama bin Laden warned that the jihad or holy war could continue despite the killing of the network's local leader Abu Musab al-Zarqawi three weeks ago.

Maliki is due to leave Saturday for Saudi Arabia, then the United Arab Emirates and Kuwait "to meet their leaders to discuss the national reconciliation plan," said Minister of State for National Dialogue Akram al-Hakim.

Maliki announced a national reconciliation plan last Sunday in a bid to stem the Shiite-Sunni violence ravaging Iraq. The plan, however, has already been rejected by a number of Sunni Arab leaders and rebel groups.

It is felt that Maliki's tour may help influence the former elite community of Sunni Arabs as many of its leaders have close ties with the oil-rich Arab states of the Gulf.

Iraq's influential Sunni Muslim Scholars Association leader Muthana Hareth al-Dhari dismissed Maliki's plan as little more than "a campaign of public relations for the government", adding it was "meaningless because he has excluded everyone."

He said it also aimed to encourage die-hard Sunni Arab parties like his own which refuse to accept the rise to power of the long-oppressed Shiites, to abandon their sympathies for armed struggle and join the political process.

Maliki has said he would only pardon those detainees held in US and Iraqi prisons who have committed no violent crimes and stressed there would be no amnesty to those who killed foreign troops, journalists or innocent Iraqis.

More than 2,500 detainees have been freed this month from US and Iraqi prisons as part of the plan.

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Maliki said Wednesday he had been contacted by insurgent groups willing to lay down their weapons and that he would engage them in dialogue directly or through other officials.

The announcement was hailed by state-owned Iraqiya television and the government-owned Al-Sabah newspaper.

They even named the purported insurgent groups which approached Maliki and claimed that tribal leaders from the rebel stronghold of Ramadi in Al-Anbar province of western Iraq were acting as go-betweens.

But Dhari said: "Neither the principal armed groups of resistance nor political organisations like ours have accepted this plan which ignores a timetable for the withdrawal of (foreign) troops.

"Nobody knows the so-called organisations mentioned in the government mouthpiece Al-Sabah, and the armed groups mentioned are also unknown."

Dhari said the main Sunni groups which rejected the proposal were the Brigades of 1920 Revolution, the Rashedeen Army, Islamic Movement of Iraqi Mujahedeen, United Iraqi Jihadist People, and Jaish al-Mujahedeen.

"We are not concerned by this initiative as it does not address the main problem of occupation and also the militias," said the Brigades of 1920 Revolution in a statement.

A number of militias close to Shiite political parties have been blamed for the killings of Sunni Arabs.

Jaish al-Mujahedeen also discarded the proposal saying it will not "dirty its hands... by shaking the hands of those who are with the occupiers (US-led forces)".

On Friday, an Internet-posted voice message purported to be from bin Laden paid tribute to Zarqawi who was killed in a US air strike on June 7.

"We will keep up our fight to bleed your money dry, kill your men and so that (your forces) go home defeated, as we defeated you in Somalia," bin Laden told US President George W. Bush.

"The banner of jihad has not fallen. It will be picked up by another lion of Islam," he said in the message, which the CIA said was the voice of bin Laden.

Meanwhile the US military said it had ordered an investigation into the alleged killing by soldiers of a family of four Iraqi civilians in their home in the area of Mahmudiyah, south of Baghdad.

In violence on the ground 14 Iraqis were killed, including five Iraqi soldiers in an assault against a checkpoint near the northern oil city of Kirkuk, the army said.

Police also found 10 bodies, including that of a five-year-old boy brutally tortured and executed.

The US military also announced the death of three troops in Iraq.

The head of the Russian FSB intelligence service announced Friday a 10-million-dollar to help nab the killers of its five Baghdad embassy employees slain by their kidnappers after being seized earlier this month.

In a new blow to the coalition, Poland said it will pull its troops out of Iraq by the middle of next year.

Israel Strike Hits Palestinian PM's Office (NSDY/AP)

By Ravi Nessman, Associated Press Writer

Long Island Newsday, July 2, 2006

GAZA CITY, Gaza Strip -- Israeli aircraft fired missiles at the Palestinian prime minister's office early Sunday, just hours after a Palestinian official said the soldier whose abduction sent Israeli troops into Gaza is alive and in stable condition.

A Hamas militant was killed in another Israeli airstrike.

Palestinians witnesses said two missiles fired by attack helicopters hit the Gaza City office of Prime Minister Ismail Haniyeh of Hamas early Sunday, slightly injuring a bystander and setting the empty building on fire.

Inspecting his burning office, Haniyeh called the attack senseless.

"They have targeted a symbol for the Palestinian people," he said.

The Israeli military confirmed the attack and said it would "employ all means at its disposal ... to secure the safe return" of 19-year-old soldier Cpl. Gilad Shalit who was abducted by Palestinian militants on Sunday.

The strike, at about 1:45 a.m., came shortly after moderate Palestinian President Mahmoud Abbas warned Saturday that the coming hours would be "critical, sensitive and serious" for trying to calm the crisis.

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After the airstrike on his office, Haniyeh met Abbas for an hour, his office said, discussing the Israeli attacks and efforts to keep the government functioning despite the arrests. Haniyeh issued a statement calling for foreign intervention to stop the Israeli offensive.

"The international community must shoulder its responsibility," he said.

In other airstrikes after midnight, Israeli aircraft hit a school in Gaza city and Hamas facilities in northern Gaza, where a Hamas militant was killed and another wounded, Palestinian officials said. The military said they were "planning terror attacks against Israel." The 34-year-old Hamas gunman was the second militant killed in the five-day Israeli operation to force the release of Shalit.

Ziad Abu Aen, a Palestinian deputy minister and Hamas official said Saturday that Shalit was wounded but in stable condition.

Another Hamas official, however, cast doubt on the credibility of the statement. Osama Muzami said only the military wing of the Islamic militant group knows the soldier's condition.

There had been no sign of Shalit since he was abducted during a militant raid on an Israeli army post just outside the Gaza Strip that killed two soldiers and two of the attackers.

Abu Aen said "mediators" told him Shalit had received medical treatment for wounds he suffered in the raid and was in stable condition.

"He has three wounds," Abu Aen said in the West Bank city of Ramallah. "I guess shrapnel wounds."

Israeli soldiers and Palestinian militants exchanged fire for several hours Saturday when Israeli tanks and bulldozers crossed into the Gaza Strip and began razing farmland east of Khan Younis. No serious injuries were reported.

The fighting took place north of the position Israeli troops occupied when they entered Gaza on Wednesday. The army said it was carrying out a limited operation in the Khan Younis area and the soldiers were expected to leave soon.

The Hamas-affiliated militants holding Shalit initially said they would trade information about him for all Palestinian women and underage prisoners in Israeli jails. The militants raised the stakes Saturday, calling for an end to the Israeli offensive and the release of 1,000 other prisoners in Israel, including some who are not Palestinian.

The new demand appeared aimed at rallying support in the Arab world.

Israel has ruled out any compromise, saying it would only encourage more abductions.

Israel continued to hold 64 Hamas leaders rounded up in the West Bank Thursday night. They include eight Cabinet ministers.

Israel has also blamed Syria for the kidnapping, noting it gives haven to Hamas' top leaders.

Defense Minister Amir Peretz met with senior security officials Saturday night and then called Secretary of State Condoleezza Rice to urge the Bush administration to step up pressure on Syria to work for Shalit's release, officials said on condition of anonymity because they were not authorized to make a statement.

Egypt and other foreign mediators have been working to try to resolve the crisis, but Abbas said those efforts had yet to bear fruit mainly because it was unclear who in Hamas -- the militants or the group's leadership abroad -- was authorized to make decisions about Shalit.

"The next hours are critical, sensitive and serious. And though the efforts are still ongoing, we have not reached an acceptable solution until now," Abbas' office said in a statement Saturday.

He sounded more optimistic at a news conference Saturday night.

"Regarding the soldier, we will surely reach an agreement. It is not a dead end. People want an acceptable solution," said Abbas, who is from the moderate Fatah Party.

Hamas, which controls the Palestinian Cabinet after winning legislative elections in January, insisted Shalit should not be freed without a prisoner swap.

Israel "should understand that it is not easy for the Palestinian people to say, 'OK, we can release him,' ... without a price," said Ghazi Hamad, a spokesman for the Hamas-led Cabinet.

Prime Minister Recep Tayyip Erdogan of Turkey, a predominantly Muslim country that has close ties with Israel, called President Bush Saturday and talked for 30 minutes about the crisis.

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"The president said that the initial goal should be freeing the Israeli soldier -- that is the key to ending the crisis," said Frederick Jones, spokesman for the National Security Council at the White House.

Meanwhile, the fuel supply in Gaza dwindled after Israel cut off the flow through a pipeline. Gas stations across the territory ran dry, and human rights groups worried that if fuel shipments were not restored in the coming days, Gaza could face a humanitarian crisis as generators used to pump water and power hospitals stopped working.

Authorities have been relying on generators since an Israeli airstrike Tuesday destroyed Gaza's only power plant, knocking out 43 percent of the territory's electricity supply, the United Nations said. The remaining electricity comes from Israel.

The Israeli army said Israel had increased the supply of electricity to Gaza to make up for the power shortage and would work to allow food and fuel in over the coming days.

Munitions Found In Iraq Renew Debate (WP)

By Walter Pincus

The Washington Post, July 1, 2006

Panel Is Divided Over Whether Troops Uncovered Weapons of Mass Destruction

Do the 20-year-old Iraqi chemical munitions found by U.S. and coalition forces support the prewar contention that Saddam Hussein had weapons of mass destruction, and justify the invasion of Iraq?

That question divided Republicans and Democrats again this week, this time at a hearing of the House Armed Services Committee on the estimated 500 rockets and artillery shells containing degraded mustard gas or sarin nerve agent.

Committee Chairman Duncan Hunter (R-Calif.) contended that an April report by the U.S. Army's National Ground Intelligence Center (NGIC) is clear evidence of Hussein's weapons of mass destruction.

"Some may want to play down the significance of this report or even deny that WMD have been found in Iraq," Hunter said at Thursday's hearing, using the abbreviation for weapons of mass destruction.

Citing the United Nations resolutions that called for destruction of all of Hussein's banned weapons, Hunter added that "the verified existence of such chemical weapons" proves they were not destroyed and "in part because of such violations, we voted to authorize the use of force in Iraq."

But Rep. Ike Skelton (Mo.), the senior Democrat on the committee, countered that the NGIC report did not address Baghdad's prewar chemical weapons program. Rather, he said, it was "written to address the force protection concerns of our service members in Iraq."

"Yes, these certainly are munitions," Skelton added, "but they are not the evidence of prewar assertions made by the administration."

The classified overview of chemical munitions says that U.S. forces have found about 500 shells, canisters or other munitions containing the chemical weapons. Lt. Gen. Michael D. Maples, director of the Defense Intelligence Agency, told the committee the shells were produced in the 1980s for the Iran-Iraq war but were not used.

Last week, Rep. Peter Hoekstra (R-Mich.), chairman of the Permanent Select Committee on Intelligence, and Sen. Rick Santorum (R-Pa.), a strong supporter of the war, touted the findings, provoking protests from some Democrats.

In his Jan. 28, 2003, State of the Union address, President Bush said that U.S. intelligence indicated "Saddam Hussein had upwards of 30,000 munitions capable of delivering chemical agents. Inspectors recently turned up 16 of them -- despite Iraq's recent declaration denying their existence. Saddam Hussein has not accounted for the remaining 29,984 of these prohibited munitions. He's given no evidence that he has destroyed them."

The NGIC study was conducted, Maples said, to allow commanders in Iraq to prepare their troops for potential hazards when they came across the old shells or rockets. Hunter recalled an incident "several years ago," when soldiers disposing of an old artillery round became ill from exposure to chemicals while transporting it.

Maples was caught in the verbal crossfire between Republicans and Democrats but proved adept at avoiding answers that aided either side.

Rep. Susan Davis (D-Calif.) asked whether the munitions could be characterized as "the Golden Oldies of weapons of mass destruction." Maples said he was "not sure what Golden Oldies are" but added that the munitions were "dangerous. . . .

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even in a degraded mode, they will produce hazardous and potentially lethal effects and that we would categorize them as weapons of mass destruction."

But under questioning, Maples acknowledged that the shells were "a potential risk to our service members in Iraq" but not to 275 million Americans.

Rep. Curt Weldon (R-Pa.), who believes the shells represent weapons of mass destruction, asked: "If you took that material and got it out of the country and took it to a metropolitan area, what would be the impact?"

Maples replied, "I think conceivably it would have a very large impact."

That caused Rep. Terry Everett (R-Ala.) to ask, "If some bad guys got this stuff and sneaked it into New York City and put it [into] the subways there, would it kill people?" Taken aback slightly, Maples responded, "Potentially . . . yes, sir, it would."

Rep. Rick Larsen (D-Wash.) noted that the administration's prewar rhetoric, including a remark by then-national security adviser Condoleezza Rice that "we don't want the smoking gun to be a mushroom cloud," helped push Congress's October 2002 vote to authorize the use of force in Iraq.

That kind of language, Larsen said, "always has seemed to be much bigger than the facts that we end up reviewing in retrospect."

The smoking gun and mushroom cloud image, he said, "sounds a lot better than 500 artillery shells of various amounts of degraded material that fit the technical definition of chemical weapons . . . buried in various bunkers in various states of disrepair that we are not even sure Saddam Hussein knew about."

Bin Laden Planning Somalia, Iraq Message (AP)

By Lee Keath

AP2, July 1, 2006

A tired-sounding Osama bin Laden praised slain Iraq insurgent Abu Musab al-Zarqawi in an audiotape released Friday, and a Web site later said the terror leader would soon post a message about the fight by Islamic militants in Somalia and Iraq.

The 19-minute statement on the Web — during which bin Laden once again conspicuously avoided showing his face — was the latest in a string of audiotapes from the al-Qaida leader this year.

The Internet messages have been strong on propaganda, but have said little about how the terror network will continue its "jihad" against the United States — raising questions about bin Laden's level of control.

The pace of messages, however, has increased dramatically this year — with four audiotapes from bin Laden and seven audios and videos by his deputy, Ayman al-Zawahri.

Hours after Friday's message appeared, an advertisement on the same Islamic Web site said bin Laden would issue another tape directed to "the Islamic nation in general and the mujahedeen in Iraq and Somalia in particular." A similar announcement proceeded bin Laden's message Friday by about 24 hours.

The advertisement banner was signed by As-Sahab, the production branch that releases al-Qaida videos, and had an old picture of bin Laden. The teaser was first reported by the SITE Institute and the IntelCenter, two U.S.-based independent groups that provide counter-terrorism information to the U.S. government and media. The IntelCenter said the promised message was expected within 36 hours.

Islamic militiamen who have have recently seized control over key parts of Somalia are led by Sheikh Hassan Dahir Aweys, suspected by the United States of being an al-Qaida collaborator. Washington has concerns that Somalia will become a refuge for members of bin Laden's terror network.

Bin Laden has not appeared in a video since October 2004 and did not issue any messages in 2005. This year, he has made four audiotapes, part of a stepped-up media campaign by him and his top deputy, Ayman al-Zawahri, who has appeared in several videos.

Terror experts said bin Laden's reluctance to show his face probably does not indicate he is in poor health and instead is likely a security measure, to prevent hints of his location from slipping out.

Bruce Hoffman, a RAND counterterrorism expert based in Washington, said it may also be that bin Laden is trying to increase the drama of an eventual appearance.

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"You do videotape when there's something important," Hoffman said."When bin Laden appears it's something very special. He's as shrewd a showman as they come, and his sense of choreography is very high."

So far, the opportunity hasn't presented itself, a sign the al-Qaida leader — believed to be in hiding in the Afghan-Pakistan border region — is seeking for now just to show he survives and remains in control.

"What do you have to brag or crow about if you're sitting in a cave trying to avoid capture," Hoffman said. "So he's trying to leverage off of events to show his presence."

Al-Qaida advertised Friday's message prominently on Islamic Web forums more than 24 hours before it was posted — suggesting the importance of paying tribute to al-Zarqawi, the leader of al-Qaida in Iraq who often appeared more of a rival than a follower.

The Jordanian-born al-Zarqawi, who was killed in a June 7 airstrike by U.S. warplanes, became a hero among extremists by positioning himself as al-Qaida's fighter on the ground, battling the Americans on the hottest front of jihad, Iraq.

In the audiotape, bin Laden poured praise on al-Zarqawi in rhymed couplets traditional to Islamic poetry, calling him a "lion of Islam" who was "not just an honor to his tribe, his country and his Islamic nation, but to all mankind."

The audiotape narration was part of a 19-minute video showing old footage of al-Zarqawi, in a split screen with an old photo of bin Laden. U.S. intelligence officials believe it is bin Laden's voice, said a counterterrorism official who spoke on the condition of anonymity.

White House press secretary Tony Snow said: "It's another bin Laden audio tape. It is what it is."

The voice resembled bin Laden's from previous messages known to be from him, though the authenticity of Friday's tape was not immediately confirmed.

Bin Laden's voice — always quiet in his messages — sounded fatigued in the audio. He demanded U.S. President George W. Bush release al-Zarqawi's body to his family and that Jordan allow him to be buried in his homeland, something Amman has said will never happen.

Al-Qaida's central leadership is believed to have differed with al-Zarqawi, criticizing his strategy of targeting Shiite civilians with brutal suicide bombings in an attempt to spark a civil war in Iraq.

Bin Laden defended al-Zarqawi, saying he had "clear instructions" to focus on U.S.-led forces in Iraq but also "for those who ... stood to fight on the side of the crusaders against the Muslims, then he should kill them whoever they are, regardless of their sect or tribe."

But bin Laden did not mention Shiites in particular, underlining the divisions with al-Zarqawi, who frequently railed against Shiite Muslims in Iraq and elsewhere.

The al-Qaida leader — perhaps inadvertently — also showed his distance and lack of a direct hand in the fight in Iraq, said Diaa Rashwan, an Egyptian expert on militant groups.

In particular, bin Laden made no mention of al-Zarqawi's successor, or even mention the name of al-Zarqawi's organization, al-Qaida in Iraq, Rashwan noted.

Instead, bin Laden said, "The banner has not fallen, it has only been passed from one lion to another."

"He doesn't appear to even know al-Zarqawi's succcessor," Rashwan said. Al-Qaida in Iraq has named a little known militant as its new leader, with the pseudonym of Abu Hamza al-Muhajer.

Bin Laden also addressed Bush, saying, "We will continue to fight you and your allies everywhere, in Iraq, Afghanistan, Somalia and Sudan to run down your resources and kill your men until you return defeated to your nation."

But like other tapes this year, there was little sign of the direction of bin Laden's fight.

He issued a message in January warning that his followers were planning a new attack in the United States. But his other three since then have been more focused on commenting on current events, including U.N. plans for a peacekeeping force in Sudan. He issued a message saying Zacarias Moussawi, just convicted in the United States, had nothing to do with the Sept. 11 suicide hijackings.

The focus has been on showing that even in hiding — with few major al-Qaida attacks outside of Iraq — he is in control.

"I think he's conscious that while he's been doing all the talking, al-Zarqawi has been doing all the fighting," Hoffman said.

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Bin Laden Warns Bush, Demands Return Of Zarqawi Body (BLOOM)

Bloomberg, July 1, 2006

June 30 (Bloomberg) -- Osama Bin Laden warned U.S. President George W. Bush in an audiotape broadcast today not to rejoice over the killing of Abu Musab al-Zarqawi and demanded that the body of al-Qaeda's Iraq chief be returned to Jordan.

The leader of al-Qaeda said the terrorist group will continue its ``jihad," or holy war, in Iraq under the command of al-Zarqawi's successor. The tape also included a message for Jordan's King Abdullah II, directing him to allow al-Zarqawi to be buried in his homeland, and promising a funeral that would show depth of al-Qaeda's support. The Central Intelligence Agency released a statement saying a technical analysis of the recording determined the voice was that of bin Laden.

``I tell Bush, you have to hand over the body of the hero to his family," bin Laden said. ``And don't rejoice excessively, because the banner has not fallen, thank God. It only went from a lion to another lion among the lions of Islam, and we'll continue fighting you and your allies everywhere, in Iraq, in Afghanistan, Somalia and Sudan."

Al-Zarqawi, the most wanted man in Iraq before his death and responsible for suicide attacks on civilians and Iraqi and American forces, was killed June 7 in a U.S. air strike. The U.S. military identified his successor in heading al-Qaeda in Iraq as the group's former southern Iraq leader, Ayyub al-Masri, describing him as an explosives expert who is likely to use the same tactics as his predecessor.

Islamic Web Site

Al-Jazeera television aired the audiotape, which was posted on an Islamic Web site often used by al-Qaeda. Bin Laden, who issued three audiotapes earlier this year, hasn't appeared in a videotape since October 2004. He remains on the run almost five years after the Sept. 11, 2001, al-Qaeda attacks on New York and Washington that killed almost 3,000 people.

Ayman al-Zawahiri, al-Qaeda's second-in-command, said in a June 21 videotape that he grieved for al-Zarqawi.

Al-Qaeda will continue its attacks, ``wearing down your money, killing your men, so that you go back defeated to your country, just like we defeated you before in Somalia, God willing," according to the latest tape. ``We're sad that Abu Musab and his companions have left us, but we're delighted that they have sacrificed their souls in these great epics, while defending the law of Islam."

The tape included a demand that the Jordanian king stop his ``tyranny," with the person saying, ``You forbade Abu Musab from entering his homeland while alive, don't be an obstacle to that now."

U.S. Puts $5M Bounty On Al-Masri (CNN)

CNN, July 1, 2006

WASHINGTON (CNN) -- U.S. Secretary of State Condoleezza Rice authorized up to a $5 million reward Friday for information leading to the capture of Abu Ayyub al-Masri, believed to be the replacement for the late leader of al Qaeda in Iraq -- Abu Musab al-Zarqawi.

"Al-Masri, an Egyptian national, is a senior al Qaeda leader in Iraq and was a direct associate of Abu Musab al-Zarqawi," said Deputy State Department spokesman Adam Ereli in a statement.

"Trained in Afghanistan and Pakistan, al-Masri is an explosives expert specializing in" constructing car bombs.

The U.S. military believes al-Masri has taken over the terror network from al-Zarqawi, who was killed in a U.S. airstrike June 7 north of Baghdad. He had masterminded hundreds of bombings, kidnappings and beheadings.

The department's statement urges anyone with information on al-Masri's location to contact the U.S. Embassy in Baghdad or any other U.S. embassy or consulate, or any U.S. military commander.

In an audio message published Thursday, al Qaeda leader Osama bin Laden grieved for al-Zarqawi and called him one of al Qaeda's "greatest knights." However, bin Laden did not say that al-Masri would assume al-Zarqawi's position.

The reward for al-Masri is being offered under the State Department's Rewards for Justice program, which seeks to prevent acts of terrorism against the United States. The money is paid for information leading to the arrest and/or conviction of terrorists trying to commit or committing acts against U.S. interests.

There is a $25 million reward for information leading to the capture of bin Laden. Congress passed legislation in November that allows the department to double that amount, although that hasn't happened.

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In 2003, the Bush administration paid a $30 million reward -- $15 million each -- for the tip that led to the capture of Uday and Qusay Hussein, Saddam Hussein's sons.

An informant provided information that led U.S. troops to the home in the northern Iraqi city of Mosul where the two were hiding. They died in a firefight with American forces.

Before his death, the State Department had a $25 million bounty on Abu Musab al-Zarqawi.

Rice Puts $5 Million Bounty On Al-Masri (AP-Y2)

AP2, July 1, 2006

Secretary of State Condoleezza Rice on Friday approved up to $5 million in exchange for information on Abu Ayyub al-Masri, the new face of al-Qaida in Iraq.

Al-Masri is presumed to be the successor of terrorist leader Abu Musab al-Zarqawi, who was killed by an American bomb in early June.

Al-Masri is an Egyptian explosives expert who trained in Osama bin Laden's camps in Afghanistan and was an associate of al-Zarqawi. Al-Masri has been fighting in Iraq since at least 2003 and was engaged in the battle of Fallujah in 2004.

Rice's agency is offering the money to encourage people with information about al-Masri's location to come forward, said spokesman Adam Ereli.

The State Department has directed people with tips to contact its Rewards for Justice program, any U.S. embassy or consulate, or any U.S. military commander in Iraq.

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On The Net:

State Department: http://www.state.gov

US Offers Five Million Dlr Reward For Info On Al-Qaeda Leader (AFP-Y2)

AFP, July 1, 2006

US Secretary of State Condoleezza Rice has authorized a reward of up to five million dollars for information leading to wanted Al-Qaeda leader Abu Ayyub al-Masri, in Iraq.

Deputy State Department spokesman Adam Ereli said in a statement Friday that the reward was offered in the hope it would encourage persons to come forward with information on al-Masri.

The State Department said Abu Ayyub al-Masri is an Egyptian national and a senior Al-Qaeda leader in Iraq.

He is a direct associate of Abu Musab al-Zarqawi, the former leader of Al-Qaeda in Iraq, who was recently killed by US forces, according to the US government.

"Trained in Afghanistan and Pakistan, al-Masri is an explosives expert specializing in the construction of Vehicle-Borne Improvised Explosive Devices," the same bombs responsible for large numbers of US troop casualties, the statement said.

"We encourage anyone with information on al-Masri's location to contact the US Embassy in Baghdad, any US military commander in Iraq, any US embassy or consulate, or the Rewards for Justice staff via e-mail (RFJAstate.gov) or telephone (1-800-877-3927)," the statement said.

Zarqawi was the most-wanted man in Iraq until he was killed in a US air strike on his hideout three weeks ago.

Zarqawi, who orchestrated a bloody campaign of attacks and beheadings of hostages, had long remained elusive in Iraq, despite a 25-million-dollar US bounty, until his killing on June 7.

The true identity of Abu Ayyub al-Masri remains an enigma in his reported homeland of Egypt.

"His real name is Yussef al-Dardiri, he is around 38 years old and he comes from Upper Egypt," Montasser al-Zayat, a lawyer and former member of the Islamist group Gamaa Islamiya, told AFP earlier this month.

Egyptian security sources insist they have not heard of the name.

Diaa Rashwan, an expert on political Islam at Cairo's Al-Ahram Center for Strategic Studies, recently said he too had not come across the name. "There is no trace of such a name in the Egyptian radical Islamic files," he said.

Coalition forces spokesman Major General William Caldwell said Abu Ayyub al-Masri (meaning 'the Egyptian' in Arabic), also known as Sheikh Abu Hamza al-Muhajer (meaning 'the immigrant'), was believed to be operating out of Baghdad.

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Al-Qaeda, which has not disclosed the nationality of its chief in Iraq, "on its website has named him as Abu Hamza al-Muhajer, but we believe that he is one and the same," Caldwell told reporters earlier this month.

Zarqawi's successor is believed to have lived in the central Cairo area of Zawyia Hamra before going to Afghanistan in the late 1980s or early 1990s, and then on to Iraq via Iran.

Maliki Seeks Support From Sunni States In The Gulf (LAT)

By From A Times Staff Writer

The Los Angeles Times, July 1, 2006

BAGHDAD — Iraq's new prime minister, Nouri Maliki, was to leave today to visit Saudi Arabia and other Persian Gulf states to solicit support for a reconciliation initiative that has drawn mixed reviews since it was announced Sunday.

Maliki plans to discuss bridging the widening gap between Sunni and Shiite Muslims with leaders of the oil-rich Sunni-dominated countries.

The prime minister's visit to the Gulf countries comes after a spate of incidents that have raised tensions between Iraq's Shiites and Sunnis. Maliki's amnesty proposal is directed primarily at Sunni Arab hard-liners, and the Gulf states could use their money and influence to give his plan credence among the insurgents.

But even as the prime minister takes his plan abroad, it is facing attacks at home. The Muslim Scholars Assn., an influential group of Sunni Arab clerics, denounced the proposal because it does not extend amnesty to fighters who have taken Iraqi or American lives.

And members of Maliki's own Shiite bloc remain wary of any plan that might give the appearance of appeasing Sunni-led insurgents.

Radical cleric Muqtada Sadr recently became the most prominent Shiite leader to reject the amnesty initiative, refusing any reconciliation with the U.S. and supporters of the former Baathist regime of Saddam Hussein.

"We are demanding the exit of the occupiers or to put a timetable for the withdrawal and not to extend their stay," Sadr said in his Friday sermon at the Kufa Mosque, six miles east of Najaf.

Afghan Rocket Attack Wounds 2 Canadian GIs (AP-Y2)

By Noor Khan, Associated Press Writer

AP2, July 2, 2006

Two rockets fired by insurgents slammed into a coalition base in southern Afghanistan, wounding two Canadian soldiers and several others, a coalition spokesman said Saturday.

The attack happened at the coalition base in Kandahar on Friday night, and the wounded soldiers were listed in stable condition, coalition spokesman Maj. Quentin Innis said. He said others were wounded but would not provide further details.

Maj. Mark Therianult, spokesman for the Canadian forces in the troubled south, also confirmed the attack, and said the wounded Canadian soldiers were sent to Germany for further treatment.

The Canadian Press news agency reported earlier that 10 people were wounded in the attack, including soldiers from other countries and civilian employees. Their nationalities were not immediately released.

One of the rockets blew up inside a tent complex, showering soldiers and civilian employees with shrapnel that tore ragged holes in the tents and knocked over tables and chairs, said the agency, which has a reporter embedded with Canadian troops.

It said one of the Canadian soldiers was critically injured.

Officials said more than 20 rockets have been fired at the base since February, but Friday was the first time such an attack has caused casualties.

In some cases, Taliban militants have used old Soviet-era rockets, firing them using a crude timing-delay device that allows the insurgents to be far away before the rockets are launched.

Military spokesman Maj. Quentin Innis said the base will review its security and trace the rocket's trajectory to determine from where it was fired. Soldiers at the base routinely fire illumination flares over the razor-wired perimeter at night to scare off would-be attackers.

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Canada has about 2,300 soldiers in southern Afghanistan. Canadian lawmakers approved a two-year extension of Canada's military mission in Afghanistan in May.

Cabinet OKs Extension Of Afghan Mission (LAT)

By From Times Wire Reports

The Los Angeles Times, July 1, 2006

Prime Minister Romano Prodi's government agreed to keep Italian troops in Afghanistan, despite opposition from pacifists in his coalition.

The Cabinet unanimously adopted a decree that extends financing for the operation.

Defense Minister Arturo Parisi said Rome would not send additional troops or boost funding.

Iraq's Big Port Has Commerce, Crime — Even Camels (NYT)

By James Glanz

The New York Times, July 1, 2006

UMM QASR, Iraq — In this Persian Gulf port, by far Iraq's largest and most important, the misshapen realities of life and commerce in Iraq mix with the refreshingly ordinary ones that govern much of the rest of the world.

Commodore Thamir Nasser and the Iraqi naval forces he leads, for instance, carry out the routine law enforcement chores of intercepting smugglers who try to make away with boatloads of diesel fuel, crude oil, televisions, sheep and even troupes of Iraqi camels, which he believes are prized because they are not only especially patient but also remarkably cheap. He chases down small-time pirates and has killed them in shootouts.

But as Commodore Thamir, as he is known, bounced across the port in one of the little aluminum boats that make up most of this man's navy, he said one of his toughest tasks was dealing with the Iraqi Coast Guard. Like the Iraqi police, the coast guard is controlled by the Interior Ministry and is widely considered to be infiltrated by local militias with little interest in halting smuggling.

"They are a separate operation," Commodore Thamir said, gesturing helplessly toward the inland waters where his authority ends and the coast guard's begins.

So separate, said Lt. Cmdr. Bryan White, an American officer who advises the Iraqi Navy, that he has found it easier to arrange joint operations with maritime forces from Kuwait, just south of here, than with the Iraqi Coast Guard. "It baffles me," Commander White said.

So it goes in the port that was supposed to fall in the first hours of the 2003 invasion, but held its own through days of gun battles before it succumbed, becoming the country's most important entry point for humanitarian supplies like rice and wheat. The port, located roughly 30 miles up a sinuous inlet from the gulf, remains crucial for supplying both Iraqi markets and the American-led reconstruction effort.

Umm Qasr's ambiguous image was cemented early in the conflict when Britain's defense secretary, Geoff Hoon, likened the city to the relatively upscale British port town of Southampton. To which an unidentified British soldier replied, "There's no beer, no prostitutes and people are shooting at us. It's more like Portsmouth."

Now, after months of relative calm, sophisticated roadside bombs and assassinations of Iraqis who work with Westerners have increased across the entire south, while the port itself has become a place of danger, corruption, commercial bustle and intrigue.

In many ways Umm Qasr looks a lot like any deepwater port in the world. A long row of giant gantry cranes unloads cargo from freighters painted with unremarkable names like Tatyana, Marblue and Explorer I.

Uneven stretches of asphalt, tall grain elevators and long rows of warehouses flank the docks, which are dotted with piles of burlap sacks filled with imported cement, boxed refrigerators, microwave ovens, DVD players and television sets. Arab truck drivers doze or squat in the shade of flatbed trucks as they wait their turn to pick up the cargo and head north.

But in Umm Qasr, much of the cargo would not move an inch without bribes to crane operators and other dockworkers, said Najm Sager, a liaison between the Iraqi Port Authority and the United States Embassy who thinks that, for now, corruption is all but guaranteed at the port.

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Because of the low wages paid to a typical dockworker, Mr. Sager said, "You are telling him, 'Go steal.' "

"That is why they ask for 'tips,' " Mr. Sager said, a bit euphemistically. He added that typical salaries range from $150 to $250 a month, but that a crane operator can expect to collect a standard 'tip' of $50 per job.

Crime on the docks goes beyond graft. Iraqi police reports for 2006 show at least half a dozen murders of workers at Iraq's southern ports.

Like Commodore Thamir, Mr. Sager was on the boat trip that was arranged by the United States Army Corps of Engineers to showcase $45 million in rebuilding projects, including a new cargo berth and work on two of the big cranes.

The bustle along the waterfront is no match for the ports in New York or San Francisco in their heydays, and in spite of the commercial activity it seems a little sleepy for the lifeline of a nation at war. The Marblue, carrying cement, looks so rusted it could be derelict. Railroad tracks crisscrossing the asphalt are empty because saboteurs to the north constantly cut the rail link to Baghdad, making the trains useless for cargo.

Still, for anyone looking for signs of normalcy in Iraq, the numbers are likely to impress. Between 16 and 18 freighters enter the port each week, unloading around 45,000 metric tons of wheat, 11,000 tons of rice, 55,000 tons of cement and 30,000 tons of general cargo.

It takes 4,000 to 5,000 trucks to move all of those goods out of the port each week and spread them around Iraq. As a consequence of all that traffic, port fees collected at Umm Qasr have shot up from around $600,000 a month in late 2004 to more than $2.5 million now.

But those fees are mostly absorbed in salaries, meager as they are. In a custom that may sound familiar to Americans, the Iraqi Port Authority carries thousands of unnecessary workers, Mr. Sager said, so dredging and rebuilding the port still depends on American cash. An official at the dock who asked to remain anonymous denied there were extra workers on the payroll.

And then there are the pirates and smugglers. Commodore Thamir, 44, whose official title is Iraqi operations commander, does not have a lot to work with, considering that his entire functioning navy consists of 10 of the fast aluminum boats, each 15 feet long; five Chinese-made patrol boats, each 40 feet long; and 10 dinghy-style boats.

But Commodore Thamir, a native of the southern city of Basra who graduated from the Britannia Royal Naval College in Dartmouth, England, and served in Saddam Hussein's navy, says that with the fast boats, he has everything he needs when a tip or a distress call comes in.

"Fifty knots," he said of the speed of the fast boats, which were a present from the United Arab Emirates. "It is fast enough to catch anybody."

Catch them he has. Three times his sailors and marines have chased down and killed the pirates who board ships here and often beat crew members until they reveal where their cash and valuables are stashed. His marines have grabbed suspected terrorists off the local ferry.

He has surprised small boats at sea as they transferred smuggled diesel onto larger vessels bound for points south along the Persian Gulf coast. In a series of e-mail communications, Commander White, who is the executive officer for a British-American mentoring and rebuilding program called the Naval Transition Team, confirmed the commodore's recollections.

Commander White said that the naval security forces, which fall under the Ministry of Defense, face the same challenges of training and equipment as the Iraqi Army does. "But if we pulled out today, the Iraqi Navy could run itself," he said.

Whether or not that prediction will ever be tested, Commodore Thamir and his friend Mr. Sager appeared most interested in bantering about the load of smuggled camels the navy had intercepted.

"The Arabs like camels," the commodore said, trying to keep a straight face when asked why any smuggler would attempt such a thing.

"Iraqi camels and sheep are the most desirable," Mr. Sager said, as they both began to laugh. "And cheap."

Where Is The Weapons Story? (WT)

By L. Brent Bozell Iii

The Washington Times, July 1, 2006

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While the Bush administration focuses on the elimination of the terrorist threat in Iraq, the Saddam-was-no-threat left has remained obsessed with the pre-war months, not only harping on the failures of Western intelligence, but more importantly, advancing a hardened historical narrative. They would have the world believe the Bush administration was not only wrong about the existence of weapons of mass destruction in Iraq, but also lied intentionally and went to war for some unstated cynical reason -- oil, enriching war profiteers, avenging Daddy Bush.

To a large degree, they are succeeding with their revisionist history lesson, and the proof is in the pudding of the polls. Not only does a majority declare that the war wasn't worth the cost to our troops and our treasury, but a majority believes George W. Bush is not honest or trustworthy. When the USA Today-Gallup poll asked if the words "honest" and "trustworthy" applied to Mr. Bush in February of 2001, 64 percent said he was honest, while 29 percent said the words did not apply. By April of 2006, the numbers were 41 percent honest, 56 percent dishonest. It's an easy guess that a lot of that turnaround is our failure to find Saddam Hussein's weapons of mass destruction.

So it was surprising to Sen. Rick Santorum, Pennsylvania Republican, and Rep. Peter Hoekstra, Michigan Republican, who were investigating whispers that weapons of mass destruction have actually been found by American troops in Iraq, to learn the rumors were true. After badgering administration officials for several months, the government gave the legislators a declassified memo stating that some 500 weapons of mass destruction have been found by coalition forces in Iraq, mostly sarin and mustard-gas agents, some of which "remain hazardous and potentially lethal."

But when the legislators released this information, some Bush administration officials poor-mouthed the findings, noting that these old WMDs were hardly evidence of an ongoing post-Gulf War WMD program by Saddam, the fearful scenario that dominated the pre-war debate. Others, like Defense Secretary Donald Rumsfeld, emphatically declared that this was hard evidence. Regardless, this memo packs an important rhetorical punch. How many hundreds of times have our major media told us there were "no weapons of mass destruction" found? And how many thousands of times have leftists jumped off that springboard to an elaborate Bush-lied-people-died jeremiad?

This discovery should be a crucial, corrective turning point to the stuck-in-2003, pre-war obsessives. The hardened historical narrative needs to be amended. There were WMDs in Iraq that could have been used against our troops or acquired by terrorists.

An honest, nonpartisan news media that cared about the facts without political calculation would have taken care to correct the record, even if the findings were comparatively underwhelming to the pre-war scenarios. A fair and balanced story could be done. But the reception of this declassified memo shows we do not have an honest, nonpartisan news media, and political calculation is everything.

Here's how the news of the WMD finds in Iraq was filtered by the so-called "mainstream media." Fox News treated it as an important story. NBC reported on it with one "Nightly News" story, with pros and cons, noting that unnamed sources at the Pentagon "poured cold water" on the scoop's importance. ABC and CBS did nothing. CNN mentioned it in passing, heavy on the skepticism. On MSNBC, Keith Olbermann howled at the moon, mocking the find as "weapons of minor discomfort" and suggesting Mr. Santorum was like Sen. Joe McCarthy, holding up a "blank page" of supposed communists in the government.

Our major newspapers were also foot-draggers. The Washington Post ran five paragraphs of dismissive tone on page A-10. The New York Times skipped it for a day, then put it on A-20 with the headline "For Diehards, Search for Iraq's WMD Isn't Over." (The liberal diehards at the Times were saving Page One for their infamous scoop disclosing to the public, including terrorists, our government's financial tracking methods for terrorist groups.) The news magazines weren't interested in the WMD scoop, either. Time and U.S. News & World Report ran nothing, and Newsweek dismissed it with another headline about "trumped-up threats" in Iraq.

The largest remaining mystery is why Team Bush seems allergic to releasing more information on the missing weapons in Iraq, and more facts out of the archives of Saddam's heinous regime. If they are acting, or better put, not acting out of intimidation by the media, who don't want any new information to change their tilted first draft of history, the polls suggest that inaction has damaged them dramatically.

L. Brent Bozell III is the president of the Media Research Center and a nationally syndicated columnist.

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Guantanamo Grumblings (WT)

By Victor Davis Hanson

The Washington Times, July 1, 2006

When President Bush arrived in Vienna last week, protesters bore "World's No. 1 Terrorist" signs while chanting "We will, we will fight Bush." A Harris Poll conducted prior to the president's visit revealed that the European public thinks America is a greater global threat than either North Korea or Iran.

Apparently, our terrorist detention center at Guantanamo Bay is the most recent open sore. When, European ministers have been persisting, will the United States close down this Neanderthal embarrassment to liberal Western values?

[In a major setback for the president, the U.S. Supreme Court ruled Thursday he overstepped his powers in setting up military war crimes tribunals for detainees at Guantanamo Bay. The ruling did not address the status of Guantanamo.]

This European anger, however, doesn't seem to be based on evidence of systematic American abuse. Despite Democratic Illinois Sen. Dick Durbin's claim that Guantanamo was akin to Nazi camps, the few reported regrettable, isolated cases of sleep deprivation and harassment seem no worse than what we read about in most prisons. The roughly 450 prisoners still there -- many of them killers -- are probably treated as well as inmates in either Europe or the U.S.

Further, Guantanamo exists to fill a vacuum in an undeclared and unprecedented postmodern war of few good choices in which the enemy does not wear uniforms, adhere to the Geneva Convention or distinguish civilians from soldiers.

If the U.S. were to close down Guantanamo and send the detainees back to their home countries, some returnees would be freed and treated as heroes -- and then rejoin the global jihad. Other released terrorists, or so the Europeans no doubt would whine, might be executed by the autocratic Middle Eastern governments in their homelands that are as afraid of Islamic terrorists as we are.

So, should we instead try all of the Guantanamo detainees inside the U.S.?

No. By doing that, we would be inviting thousands of lawyers and public defenders to argue, on behalf of their clients, that we are not in a real war but simply prosecuting common criminals. Numerous trials and appeals as costly and circus-like as the drawn-out spectacle of Zacarias Moussaoui (the so-called 20th hijacker) would likely follow. And, in the end, Europeans would still object, since the U.S. would be exposing foreign nationals to possible death-penalty sentences.

The real problem is that Guantanamo Bay, like Mr. Bush himself, has become a symbol of sorts. It is an easy scapegoat through which Europeans can vent their much larger love-hate frustrations with their protector and rival, the hyper-power America.

The pacifism of the European Union was supposed to be a post-Cold War model of liberal reason for the rest of the world. Instead, Islamic fascists have either ignored Europe's human-rights advocacy or considered it a sign of weakness to be exploited. An impotent EU is embarrassed and needs cheap targets like Guantanamo to transfer attention away from its past naivete about the dangers of Islamic fascism.

By ankle-biting America on Guantanamo, the Europeans sound moral and tough while ignoring the real dangers for which they have absolutely no solutions -- unassimilated and angry Muslims, the Dutch and Danes under assault by radical Islamic censors and a defenseless Europe potentially soon in range of Iranian President Mahmoud Ahmadinejad's nuclear-tipped missiles.

Note also that the U.S. has been mostly quiet about Europe's own ethical lapses in this war. Americans are in a quandary with Iran in large part because the Europeans -- for whom profits trump idealism -- sold the theocracy technology needed for the bomb. Nothing new there: Saddam once got his nuclear reactor from the French and his bombproof bunkers from the Germans.

We also hear a lot about the three suicides at Guantanamo but almost nothing about the still-unexplained death of Slobodan Milosevic while being held in Europe. When was the last time Americans chided the Germans that Mohamed Atta conspired to murder thousands of Americans while in their country?

Have we forgotten that Ahmed Omar Sheikh, the killer of Wall Street Journal reporter Daniel Pearl, and Richard Reid, the would-be shoe bomber, at one time fit in well with the radical Islamic culture that thrives in London. And how about Abu Hamza al-Masri, who plotted against the U.S. -- he's wanted by American authorities on charges of trying to establish a terrorist training camp in Oregon -- from his sanctuary in a London mosque?

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Yet if the Eiffel Tower topples to a jihadist suicide bomber who assembled his team in Los Angeles or Miami, or if an Iranian missile soars over the Brandenburg Gate, expect the Europeans to drop their present high talk about the "gulag" at Guantanamo -- and start whispering about the need for more American terrorist detention centers, classical deterrence and their own missile defense.

But until the Europeans' dream world is shattered, we will hear nonstop screeching about American barbarity. Such outrage says far more about them than us.

Victor Davis Hanson is a nationally syndicated columnist, a classicist and historian at the Stanford University's Hoover Institution and author of "A War Like No Other: How the Athenians and Spartans Fought the Peloponnesian War."

Breaking Party Protocol (WSJ)

By Ellen Gamerman

The Wall Street Journal, July 1, 2006

In the Iraq war, a new approach to welcoming home the troops is emerging. From bonfires to black-tie galas, how some families are bucking tradition

For a lakefront party in Whispering Pines, N.C., next month, plans include a professional photographer, a live band, and 200 guests. It's not a wedding or an anniversary party -- it's a homecoming celebration for Lt. Kevin Martin, an Army reservist who has been serving in Iraq for the last year.

The $5,000 shindig sounds great to the guest of honor. "The bigger the better!" writes Lt. Martin in an email from Iraq. "It will be a great way for me to show them I am back and hopefully still injury free, share some stories and reunite with those I care about."

As the political debate over bringing the troops home intensifies, a related matter fraught with symbolism is playing out for service members and their families. The question: How to mark the soldiers' return and welcome them home. In the Iraq War, a new approach is starting to emerge. Military tradition and conventional wisdom dictate that families should keep homecomings low-key to avoid overwhelming the troops while they're readjusting to being back.

For a variety of reasons, from the military's shifting demographics to attitudes about the current war, some families are taking a different route, opting for outsize celebrations. These include black-tie galas, elaborate beach bonfires and, in the case of Sgt. Kurt Power of Abington, Mass., a 600-guest event his family has dubbed "Kurt-a-palooza III" (Kurt-a-paloozas I and II were send-off parties for the 23-year-old's two deployments).

Traditionally, family homecomings have been smaller affairs. Though the official welcome at a base might involve some ceremony, most families have opted for home-cooked dinners or a simple backyard barbecue. Finances are a factor: Basic pay, not including benefits, can range from $14,000 for a new recruit to $30,000 for a mid-level noncommissioned officer to $96,000 for a senior officer.

The military recommends a quiet approach to homecoming parties. A Web site for spouses funded by the Defense Department, for example, urges husbands and wives in the first week to "hold off on visits to relatives and limit time with friends until you've settled into a comfortable routine at home." The site also warns against lavish spending on homecomings, adding: "It can be tempting to celebrate your return with dinners out or special gifts. Be careful not to get into debt trouble."

GUESTS OF HONOR

• This year, many Fourth of July celebrations pay tribute to those serving in Iraq or those who have served.

• More soldiers and families are planning elaborate homecomings. Hear a podcast1 of reporter Ellen Gamerman discussing the new trend.

But some military families say they don't feel there's enough daily awareness of the sacrifices being made. For them, big parties are a way to express gratitude and pride -- even if it means dipping into the family savings to do so.

This war's unique aspects are also changing the homecoming equation. Iraq marks the first extended conflict for the U.S. since the draft was abandoned in 1973. About 29% of the 1.3 million troops deployed since the invasion of Afghanistan in October 2001 have done two or more tours of duty. This is a big change from Vietnam when the draft assured supplies of fresh

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troops, and from the 1991 Gulf War, which lasted eight months. In this conflict, homecoming is often temporary -- and when troops do come back for good, it follows an extended absence.

More troops are returning to spouses eager to celebrate the event. About 52% of the fighting force is married, according to the Defense Department. Military experts say the troops in Vietnam, with a draft that tilted heavily toward young men, were largely unmarried, though the Defense Department said it had not compiled marriage statistics for all the services in that war.

In another shift, many of the troops today are returning directly to civilian communities. National Guard and Reserve members have comprised as much as 40% of forces, compared with a high of 20% during the Gulf War.

"Homecoming is a more ceremonious event," says Brig. Gen. Terry Wiley, who commands the Delaware Army National Guard. "The reservists are coming back to their families, their churches, their fire departments, their civic organizations, their employers. It's more of a homecoming because they're established in a town."

Sgt. William Long's family was so excited about his return two weeks ago, they planned a six-day party beginning this weekend. The 24-year-old National Guard soldier served 12 months in Iraq, staying even during his two-week R&R so as not to leave his buddies. His family has invited 40 guests to join them on four houseboats on Norris Lake in Tennessee. They'll cook up chicken and barbecue ribs in between tubing, water-skiing and fishing.

Sgt. Long, who plans to resume his college course work, says he is looking forward to playing with his little sister and floating in the lake. "The only thing I care about is if my family's there," he says. "I'll be more than happy to see anybody who wants to see me."

After seven months away from home, Marine Capt. James Hoffmann arrived from Iraq last winter and walked into his in-laws' home in San Marcos, Calif., to find 60 people waiting there for a surprise bash. In Manhattan, returning Army Capt. Paul Mysliwiec was feted with 300 guests, a live band and a catered spread. In San Diego, event planner Thomas Bui says he's planned parties that vary widely in cost, but the most expensive was a $50,000 black-tie event that featured gold-embossed invitations, a lobster and steak dinner and a show by Hawaiian dancers. "They just wanted to be able to relax and not have to worry about hearing bombs blow up," he says.

But planning these oversized homecomings can be tricky. Families say they have to prepare guests to avoid questions about the battlefield or casualties so the returning soldier doesn't get uncomfortable. Event planners say they have to find disc jockeys, caterers and florists who can accommodate spur-of-the-moment plans since troops sometimes don't know their return date until a day or two before they leave the desert. At Plants Alive!, a special-events landscaper outside Washington, D.C., workers space the tables far apart so returning service members in wheelchairs can visit their guests.

Command Sgt. Maj. Gus Klein favors downplaying the festivities. The Army National Guard soldier says he was somewhat dazed when his family threw him a $2,000 DJ-led dance bash just a few days after his return from Afghanistan in 2003. Though he knows his family meant well, he says he wasn't really ready to socialize with so many people so soon.

"I really didn't need to have people there rehashing all the war stories, what happened to you, what'd you do, did you shoot anybody, did you kill anybody, those kinds of questions," says Sgt. Klein, speaking from Fort Bliss, Texas, where he is now stationed. "A soldier, man or woman, needs an opportunity to get rid of that stuff on their own." Now, he visits VA centers to help returning soldiers readjust to home life after war, and counsels against such parties.

In recent years, the military has launched a broader effort to guide troops and their families through the process of returning home -- a legacy from Vietnam and a result of new insight into posttraumatic stress disorder. A 90-page "reintegration guide" published by the Army and distributed to some troops before they depart Iraq advises on everything from small issues (which items make good souvenirs to bring home in your duffel bag; silverware from the Iraqi regime is barred) to larger ones (how to get reacquainted with a spouse and discipline the kids after a long separation).

Another resource for service members is a "family life consultant," which the Army began offering in 2004. The mental-health expert offers help with child rearing, relationships and other personal issues through workshops, group discussions and private consultations.

Indeed, the process of coming home can be a whirlwind. It starts when the commanding officer gives troops a rough idea of their redeployment date, but as for the actual departure, families often get only a day's notice (one reason: the military doesn't disclose details on troop movements for security purposes). One pattern that's unusual in this war is that sometimes scores of

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soldiers who were shipped out and fought together are on the same plane home 12 months later. In contrast, during the Vietnam War, troops were often sent home individually, military officials say. When the troops return together, they often pool their resources for a homecoming celebration or beef up the guest lists of each others' parties.

Sherri Hutton says she had been advised by officials at Camp Pendleton in Southern California not to go overboard, but she asked her husband if he would be up for a big welcome-home, and he agreed. Within a week of Marine Staff Sgt. Michael Hutton's return last April, Ms. Hutton organized a bonfire for 75 people -- including six Marines who returned with her husband's battalion -- on the same beach the family had camped on seven months earlier, the night before Sgt. Hutton was deployed. The party included karaoke, a keg and a "bring your own steak" barbecue.

"He was excited to go exactly back to the way things were when he left," she says. But there was a sad note to their reunion: Five people from the battalion died during the deployment.

Often, the welcome-home parties fall in between deployments, which families say can increase the pressure to go all out. A "pseudo-homecoming" is what retired Army psychologist L. Scott Fairchild calls it. With the Gulf War "there was a demarcation, a way point where they knew they had accomplished their mission," says Dr. Fairchild, who worked with military families on Gulf War homecoming issues at Fort Bragg, N.C. "One of the differences now is the ambivalence -- these soldiers are going to have the tension and stress and not know when it's going to be over."

Cindie Tinsman threw a homecoming party for her son Army Cpl. Kevin Tinsman when he returned home from a year at Camp Anaconda in Iraq, nicknamed "Mortaritaville" -- and before he shipped out for a second deployment. Ms. Tinsman, a Pennsylvania school bus driver, took the money she and her husband never spent on a wedding reception or anniversary party and put it toward the $2,000 bash. "Mama don't have lots of diamonds," she recalls telling her husband. "We're having a party." It took place at VFW Post 106 in West Chester, Pa., with a rented jukebox, a bartender and 80 pounds of roast beef and meatballs for 120 people.

Ms. Tinsman says while she might wait a bit before throwing a party next time, she has no doubt she'll plan one again when he's finally home for good. "We'll probably have it next July Fourth," she says. "It's going to be a heckuva celebration."

Write to Ellen Gamerman at ellen.gamerman@wsj.com2

Tribute Or Protest? (WSJ)

By Jeffrey Zaslow

The Wall Street Journal, July 1, 2006

Lowering flags for soldiers killed in Iraq emerges as another flashpoint on the home front.

Driving on a highway in Howell, Mich., John Ellsworth noticed that a giant flag at an outlet shopping mall was at half-staff. Mr. Ellsworth was heading to a funeral home, where visitation was being held for his son, a 20-year-old Marine killed in Iraq.

Just after Mr. Ellsworth spotted the flag, a realization hit him: It was at half-staff to honor his son, Lance Cpl. Justin Ellsworth. He recalled receiving a notice from Gov. Jennifer Granholm, who since late 2003 has decreed that flags be lowered for every Michigan soldier killed in the line of duty.

"It was comforting to see that people who didn't even know my son were remembering him," says Mr. Ellsworth. Later that day in November 2004, he went to see the lowered flag at the state capitol. "I thought to myself, 'This is for you, buddy.' Justin was always my little buddy.' "

In some 16 states, flags are routinely lowered for fallen home-state soldiers. But what some see as a gesture of tribute, others consider inappropriate, demoralizing and even devious. Half-staff efforts, which have spread to states Oregon, Minnesota, California, Illinois, Kentucky and Maine -- are generating controversy among politicians, veterans and citizens unsure about whether and when to lower the flag.

The U.S. Flag Code, adopted in 1942, says governors may honor state "officials" after they die by lowering the flag. Critics say it is inappropriate for governors to label soldiers as officials. Some wonder whether the flag tributes are really an attempt to undermine support for the war by reminding Americans of the fatalities. And though many veterans welcome the lowered flags, others say the day for honoring war dead is Memorial Day.

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During World War II, when Michigan soldiers were dying at the rate of 13 a day, there was no effort to lower flags for every one of them. "If there had been, the flag would never have been raised for the entire war," says Bruce Butgereit, of Kentwood, Mich., who serves as national patriotic instructor of the Sons of Union Veterans of the Civil War.

Mr. Butgereit says he opposes the Michigan governor's call for flying flags at half-staff because it disregards the Flag Code. He believes Gov. Granholm, a Democrat, feels "some sense of loss" when a Michigan soldier dies, but that "her motivation to order the flag lowered was purely political."

In an interview, Gov. Granholm denies this, saying she first thought to lower flags when a state employee lost his nephew in 2003, and asked for the tribute at his state work site. That led Gov. Granholm to decide to honor all soldiers from Michigan and to do it statewide. Since her proclamation in December 2003, Gov. Granholm has ordered the flag lowered for 72 soldiers who've died. She called all 72 families in advance to tell them about the flag tribute, she says.

Gov. Granholm says she is aware that some people think she lowers the flag to remind citizens that the war isn't going well. She says this is not the case. She hopes the half-staff flags "remind people about the costs and sacrifices of having a free nation," she says. She asks citizens who see a lowered flag to "say a prayer, because that soldier's family is here within our borders."

Last month, Gov. Granholm's opponent in the November election, Republican Dick DeVos, indicated through a spokesman that, if elected, he would lower the flag for "officials," as designated by the Flag Code, but not for soldiers. A public outcry followed, with military families calling radio talk shows and writing letters to newspapers to vent their anger.

Within days, Mr. DeVos issued a statement saying he would continue the governor's flag policy -- and that his position had been misinterpreted. Mr. DeVos, son of Amway founder Richard DeVos Sr., declined to be interviewed for this article.

The flag code is a guideline rather than a document enforceable by law. The National Flag Foundation, a nonprofit educational group in Pittsburgh, Pa., defines a state official as "someone in a state cabinet position or higher" -- not a soldier. The foundation recommends that governors lower their state flags, rather than the stars and stripes, to honor fallen soldiers. (That's the practice in Virginia.) In any case, flying the U.S. flag at full-staff "honors all those who have sacrificed in the hundreds of years of our country's history," says Joyce Doody, the foundation's executive director.

Some who have successfully lobbied for flag tributes have been open about their antiwar goals. Paul Vogel of Barrington, Ill., has a son who served in Iraq. Mr. Vogel is now a peace activist with Military Families Speak Out. In 2004, Illinois Gov. Rod Blagojevich, a Democrat, said it was Mr. Vogel who helped persuade him to lower flags at state buildings for fallen Illinois National Guardsman. Mr. Vogel says he sees the half-staff tribute as both "anti-war" and "pro-soldier" -- and a reminder that "for a country at war, we seem benignly unaware of the cost." He hopes the lowered flags convince Americans that "we've sacrificed enough of our 19- and 20-year-olds to this illegal war."

Mr. Vogel's personal politics had nothing to do with the governor's decision to lower flags, says Gerardo Cardenas, a spokesman for Gov. Blagojevich. The governor was concerned about the need to honor soldiers' sacrifices "especially when the federal government is leaving millions of veterans behind," says the spokesman.

Governors who've ordered flags lowered are evenly mixed between Democrats and Republicans. The extent of the flag lowering varies by state. For GOP governors who order flags to half-staff, the terrain is potentially tricky since a state filled with lowered flags could be seen as a slight to the president's policies. California Gov. Arnold Schwarzenegger's spokeswoman says, "The only thing that factors into his thinking is paying tribute to our military men and women. It's all about expressing gratitude. There's nothing political."

In South Dakota, a spokesman for Republican Gov. Mike Rounds said the governor doesn't believe lowering the flag offers fuel for the antiwar movement because people in South Dakota understand the risks of war and the reasons the fight in Iraq is necessary.

Republican Missouri Gov. Matt Blunt has refused to lower the flag for soldiers killed in Iraq because soldiers are in federal service, says a spokeswoman. Governors, therefore, don't have authority to lower flags in their honor. Other Republican governors cite the Flag Code and its definition of "officials," which they say excludes soldiers.

Rick Johnson, a Democratic state representative in Missouri, unsuccessfully tried this year to pass a bill requiring flags to be lowered when soldiers from the state are killed.

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Rep. Johnson, a veteran of the first Persian Gulf War, says that in the current conflict, "we went to war under false pretenses." Unable to get his bill passed, Rep. Johnson has kept a flagpole in his backyard at half-staff for two years, as a tribute to all soldiers who've died.

In Michigan's wealthy Oakland County, in suburban Detroit, County Executive L. Brooks Patterson, a Republican, had at first refused to comply with Gov. Granholm's flag orders. He feared the lowered flags "would be a constant reminder of the high cost of war, and would undermine the war on terror," says spokesman Robert Dustman. "He also felt that he didn't want the governor using this as a political thing, holding a tearjerker news conference every time a soldier was killed."

Veterans who support the half-staff order visited with Mr. Patterson and asked him to reconsider his decision. Mr. Patterson retains all his initial feelings about the potentially troubling messages sent by the lowered flags, "but out of respect for the veterans' groups, he decided to comply with their wishes," says Mr. Dustman.

Walter McVeigh, a World War II veteran in Grand Rapids, Mich., is a vocal opponent of Gov. Granholm's policy, calling it "misguided" and "a zig-zag tribute." He says people are confused. "You see some flags up, some flags down." After he wrote a letter to his local paper saying Memorial Day is the appropriate time for lowering flags, the backlash included a letter-writer who called him "callous" and labeled his views "reprehensible." Mr. McVeigh says he shakes off such criticism. He has even gone up to strangers' homes when they display the flag incorrectly, to tell them about proper flag etiquette. He says people seem willing to hear him out.

Mr. Butgereit, of the Civil War group, heard from one angry veteran who called him "petty" for speaking out against the half-staff flags. Mr. Butgereit responded with a long letter to the vet outlining his reasoning, explaining the Flag Code, and suggesting that Gov. Granholm could better pay tribute to the military through programs to educate citizens about the flag.

Many military families say they support the flag tributes -- even if antiwar activists are behind them.

Sue Nicholas, who owns an auto-glass company in Taylor, Mich., has a son who served in the Air Force in Iraq and is now stationed in Alaska. She has lowered the flag in front of her business dozens of times; she monitors announcements from Gov. Granholm online to know when soldiers have died.

She says customers almost never ask why the flag is at half-staff. "They're oblivious to it. Or they don't want to know because it's depressing," she says. The only people who "live, eat and breathe the war" are those with loved ones who've served in Iraq, she says. For her birthday this spring, she received a flagpole for her front yard from her friends in the "Michigan Military Moms" support group. Now she lowers the flag at home, too.

Paula Zasadny says she was comforted when the state of Michigan lowered flags "to honor my brave little soldier." Her 19-year-old daughter, Army Spc. Holly McGeogh, of Taylor, Mich., was killed in Iraq in 2004. Just before her body was brought home, Ms. Zasadny had a flagpole placed in her yard, and she follows Gov. Granholm's directions on flag protocol. "Even if we have to put our flags up and down every single day, that's something we as civilians of this great country need to do," she says. "Those soldiers are fighting for us."

Last November, at Bon Homme Yankton Electric Association in Tabor, S.D., employees were dealing with a terrible ice storm; 90% of customers were without power. At the time, Richard Schild, the company's office manager, was a National Guardsman serving in Iraq. When he got an email about the storm, he actually called in from overseas to offer input and advice.

The next day, while in a convoy driving through Baghdad, Sgt. 1st Class Schild was killed by a roadside bomb.

Back in South Dakota, the governor would soon order flags to half-staff. Sgt. Schild's grieving colleagues sought to lower the flag in front of the company's headquarters, but because of the ice storm, the flag was frozen to the pole. Eventually, general manager Merlin Goehring was able to hack off the ice and bring down the flag.

"It was very emotional," says Mr. Goehring, "but we felt we needed to show Rich the respect he deserved. We wanted to get that flag flying the way it was supposed to."

Texas: War Protesters Sue Over Roadside Camping Bans (NYT)

The New York Times, July 1, 2006

Cindy Sheehan and four other war protesters sued McLennan County over roadside camping and parking bans near President Bush's ranch in Crawford, saying they want to return to what became an "international symbol of protest against the Iraq

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war." Ms. Sheehan, who lives in Berkeley, Calif., was in Waco to file the suit, which also names the sheriff, county commissioners and county judge individually. The suit filed in state district court asks that the ordinances not be enforced during protests in August and ultimately be declared void. Ms. Sheehan's oldest son, Casey, was killed in Iraq in 2004. Last summer, she reinvigorated the antiwar movement with her peace vigil that started in ditches off the winding, two-lane road leading to Mr. Bush's ranch. (AP)

DOJ:

New Supreme Court Begins To Show Its Stripes (KRT)

By Stephen Henderson

Knight Ridder, July 1, 2006

WASHINGTON - At the Supreme Court, they say each group of nine justices is different, that a switch in just one seat fundamentally alters the dynamic among them all. As the court closes its 2005-06 term, when two new members, including the chief justice, took their seats after a 12-year stasis, that truism is evident in the court's rulings.

From decisions on the Clean Water Act, police procedure and abortion to others on political gerrymandering and the death penalty, the focus was on how Chief Justice John G. Roberts and Justice Samuel Alito were changing the court's outcomes.

In political terms, they established themselves as solid conservatives. But as their approaches to the law became clearer, they revealed nuances in their thinking that distinguished them from the bench's more doctrinaire members, Justices Antonin Scalia and Clarence Thomas.

The term's lone blockbuster opinion - rejecting the Bush administration's military tribunals at the Guantanamo Bay prison in Cuba - highlighted the term's only other significant theme: the emergence of Justice Anthony Kennedy at the court's center. He has taken over the compromising, coalition-building role that he once shared with former Justice Sandra Day O'Connor. In cases that split the justices narrowly, Kennedy was in the majority more than anyone else.

"It's now clear that two justices have replaced Sandra Day O'Connor," said Elliot Mincberg, legal director for People for the American Way. "Justice Alito took her seat on the court, while Justice Kennedy has taken her role as the key swing vote."

It will take at least a few more terms before the character of the new court becomes fully evident. Yet some court watchers say some things are becoming clear.

"This is, of course, more a Kennedy court than a Roberts court," said David Garrow, a law professor at Oxford University in England. "But already we've certainly gotten some clear indications, both stylistic and substantive, of how Roberts will develop."

The term began quietly, with Roberts installed as chief justice and O'Connor still in her seat, awaiting her successor's confirmation. The justices struck an early chord of unanimity in October in a long string of opinions that included some topics that usually bring discord. They did it by deciding many cases on narrow legal grounds, avoiding more controversial elements.

The term's lone abortion case provides an example.

The justices, in considering whether a New Hampshire abortion restriction was unconstitutional because it lacked a health exception for the woman, simply decided that a lower court should consider the question more carefully.

The justices also unanimously said that the government could withhold money from law schools that bar military recruiters and that the government couldn't bar a small Christian sect from using hallucinogenic tea for religious ceremonies.

Overall, the court closed the term with more unanimous opinions than it has in recent years and with fewer concurrences and dissents.

Alito's influence was less noticeable than Roberts', which is typical for a first-year justice who isn't chief. He also missed the term's first half while his confirmation process unfolded.

Once on the court, he established a restrained conservativism that mirrored his work as an appellate judge. His voting record resembled Scalia's and Thomas', but even more Roberts'.

The term offered more clues about Roberts' thinking; as chief justice, he had greater impact. His first dissent came in March, when the court said police could not enter a home on one occupant's say-so if another objects. He craftily took aim at the court majority's logic and turned their own concerns back on them.

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The decision, Roberts said, would harm victims of domestic violence whose abusers could simply turn police away at the door.

Roberts' opinion also mocked the majority's attempt to define the scope of cohabitation arrangements and the "social expectations" that accompany them.

"The Court creates constitutional law by surmising what is typical when a social guest encounters an entirely atypical situation," Roberts wrote. "The fact is that a wide variety of differing social situations can readily be imagined, giving rise to quite different social expectations. The possible scenarios are limitless."

The tone wasn't snarky, but the opinion showed how Roberts' razor-sharp intellect could needle his opponents.

Garrow also points to a Roberts line in the Texas political gerrymandering case, where he expressed frustration over efforts to draw congressional districts to assure just the right ethnic mix.

"It is a sordid business, this divvying us up by race," Roberts wrote. That sentiment could influence him next term on a case involving school district efforts to maintain certain levels of minority enrollment.

The next term is already shaping up as a big one, with major abortion, affirmative action and environmental cases on the docket.

Roberts' most sweeping opinion came in a case where the court didn't decide a substantive issue. When the justices dismissed a suit by Ohio taxpayers claiming that a state tax incentive plan violated their constitutional rights, Roberts took the opportunity to pen a virtual treatise on the judicial doctrine of "standing," or when someone has a right to bring a claim before a federal court.

It is the first question that courts must address when considering a case, and it's a subject of sharp debate in legal circles.

Roberts outlined an approach that tacks closely to the line taken by many judicial conservatives, who believe the ability to sue is limited. Remarkably, Roberts drew no objections from other justices or even a concurring opinion suggesting there was another side to consider. That could be a sign of deference to his leadership, or it could be diplomacy among colleagues who recognized that Roberts' opinion wasn't binding at that point.

Roberts and Alito distinguished themselves from the court's most rigidly conservative members, Scalia and Thomas, in several key cases. They backed away from the duo's assertion that no amount of political gerrymandering should compel court intervention and from their proposition that any limits on political contributions are unconstitutional.

Kennedy emerged as the justice that the court's liberal and conservative blocs must woo to reach a majority. That was evident not just in how frequently he provided a crucial fifth vote, but also in how often his opinion tempered a ruling.

In a decision that said police armed with warrants can enter a house unannounced without fear that any evidence they find will be excluded from trial, Kennedy's opinion kept the decision from obliterating the so-called "exclusionary rule" altogether.

In a case that questioned the scope of the Clean Water Act, Kennedy's opinion held the court majority back from nearly eliminating government regulation of wetlands.

Kennedy also modified the court's decision on political gerrymandering, leaving open the possibility for further court refinement of the issue in the future.

Early Supreme Court Consensus Fades (AP-Y2)

By Nancy Benac, Associated Press Writer

AP2, July 1, 2006

Last October, liberal standard-bearer John Paul Stevens welcomed conservative Chief Justice John Roberts to the court by wishing him "a long and happy career in our common calling." In February, it was Roberts' turn to welcome fellow conservative Samuel Alito with exactly the same collegial greeting.

Yet for all the talk of consensus and harmony on the new Supreme Court, plenty of trees had to die to provide enough paper for the justices' fractured rulings on some of the most contentious cases of the court's term.

And all sides are betting that this transitional year — in which Roberts slipped into his seat just days before the term began and Alito arrived halfway through — served as a fairly mild prelude to far bigger dustups to come next term and for many years hence.

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Roberts, the smooth and savvy chief justice from central casting, promised at his confirmation hearings last September to be a "modest" justice rather than an activist. In that spirit, he opted for a basic black robe rather than the flashy gold stripes worn on the sleeves of his predecessor, the late William Rehnquist.

Roberts has spoken publicly of his desire to achieve unanimity through narrow rulings that would offer "clarity and guidance." And he had some success, evidenced by a healthy share of unanimous opinions.

Even some cases that were expected to split the court — on abortion, campaign finance and disabled inmates, for example — were resolved unanimously and without creating upheaval.

But as more difficult cases trickled out before the justices began their summer break on Friday, it became clear that "the early buzz of peace, love, harmony and Kumbaya was probably overstated," said Ohio State University law professor Douglas Berman. "This is a closely divided court on a lot of issues that can't help but express genuine disagreements on the way critical legal issues ought to be looked at."

In a 5-4 case on Monday upholding Kansas' death penalty law, the four liberal dissenters labeled the statute "obtuse by any moral or social measure." Justice Antonin Scalia, known for his fire-breathing opinions, countered that the liberals were contributing to international "sanctimonious criticism of America's death penalty."

In a 5-3 ruling on Thursday, the court's last day, moderate Justice Anthony M. Kennedy joined the court's liberal members in finding that President Bush had overstepped his authority in ordering military war crimes trials for Guantanamo Bay detainees. Justice Clarence Thomas underscored his strong opposition by reading his dissent from the bench for the only the second time in his 15-year-career.

In a major wetlands case this month, the court produced five separate opinions covering 100 pages. Roberts lamented that, because of the muddled result, interested parties "will now have to feel their way on a case-by-case basis."

The divisions aren't just along liberal-conservative lines.

Within the reinforced conservative wing of the court, there are strong and sometimes conflicting opinions.

Scalia took fellow conservative Alito to task for making "illegitimate and ill-advised" use of legislative history in one opinion. In another case, Alito faulted Scalia for making "a subtle but important mistake" in his analysis of a defendant's right to counsel.

Both men seemed to be sending the message that they're not intellectual clones: "Don't call us Scalito," as paraphrased by lawyer Kathleen Sullivan, moderator of an American Constitution Society panel reviewing the court's term.

For all of the focus on the court's new fifty-something justices and the chemistry of the so-called Roberts court, it turns out that the jurist to watch is 69-year-old Anthony Kennedy, a moderate who's been on the bench nearly two decades. His role as a swing voter was overshadowed in years past by that of centrist Sandra Day O'Connor.

But now that O'Connor is gone, "the basic principle that you need to understand is that it's Justice Kennedy's world and you just live in it," said Washington lawyer Thomas Goldstein, who regularly argues cases at the high court and tracks voting trends.

As he fancifully put it, "Justice O'Connor, having been the most powerful woman in the universe, handed the keys to him on the way out the door and said, "Have fun,' and he took up that invitation."

This term, Kennedy has provided the fifth vote on some of the court's toughest cases, including the death penalty, Guantanamo and wetlands cases.

More often than not, he has sided with the conservatives. Court watchers expect that trend to be more pronounced next term, when the docket includes contentious issues such as affirmative action and a federal ban on what opponents call partial birth abortion.

"We're almost certain to see next term an emphasis on those areas, namely abortion and race, where Kennedy is measurably more conservative than O'Connor in ways that likely will be utterly decisive," said David Garrow, a Supreme Court historian at Cambridge University.

The replacement of Rehnquist with Roberts didn't shift the court's ideological balance much, but the substitution of Alito for O'Connor clearly pushed the court to the right.

An analysis of voting trends shows Alito's affinity with the Scalia-Kennedy-Thomas-Roberts bloc to be as much as 15 percent higher than was O'Connor's.

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"I think everybody really has to be aware that the court has become considerably more conservative," said Goldstein. "The real pitch in ideological cases has to be made to Justice Kennedy, and it's very much going to have to be made on a case-by-case basis."

The court's shift to the right could well sharpen in years to come, depending on the timing of future departures from the bench and the political party of the next president. The court's four conservatives — ages 51, 56, 58 and 70 — are actuarially destined to outlast the liberals — ages 66, 67, 73, and 86.

That age split has created an unusual dynamic for Roberts, at 51 the youngest chief justice in two centuries.

"The people sitting around the conference table are his parents' generation and they call him chief," said Thomas Baker, a Florida International University law professor who served as Rehnquist's first administrative assistant. "His self-deprecating style helps here. His humor helps here. And, one thing that cannot be overlooked, is how impressive his intellect is."

The court's new lineup is likely to change the dynamic in ways that extend well beyond the differences in how Roberts and Alito might vote compared with Rehnquist and O'Connor, says John McGinnis, a Northwestern law professor who worked with Alito in the Reagan Justice Department.

For example, there are some early signs that Justice Stephen Breyer may be inclined to vote more strategically to stay within the majority on certain cases, McGinnis said. And Roberts, for his part, may be assigning Breyer to write certain opinions in an effort to keep him from reflexively siding with the other liberals.

"I think that will be a story we should be following for the next five years," McGinnis said.

Getting To Yes (WSJ)

By James Taranto

The Wall Street Journal, July 1, 2006

In a Georgetown Law School commencement address in May, Chief Justice John Roberts said that he strives for "unanimity or near unanimity" on the Supreme Court in order to "promote clarity and guidance" to lawyers and lower courts. "The broader the agreement among the justices, the more likely it is that the decision is on the narrowest possible ground. . . . If it's not necessary to decide more to dispose of a case, in my view it is necessary not to decide more."

This Wednesday the court decided Lulac v. Perry, the Texas redistricting case. The decision ran 132 pages and comprised six separate opinions. Earlier in the week the court also produced six opinions, though only 70 pages, in a Vermont campaign finance case. Achieving unanimity is easier said than done, and the doctrine of deciding narrowly turns out to be of only limited usefulness.

The court's fragmentation is largely the legacy of a half-century's liberal activist jurisprudence. Justices have both discovered individual rights in areas where the Constitution is silent (most notably sexual privacy, including abortion) and curtailed rights (free speech, equal protection) to permit their favored social policies (campaign finance restrictions, affirmative action).

This has given rise to a crude political taxonomy of the court. "Conservative" justices -- Antonin Scalia, Clarence Thomas and possibly Samuel Alito -- disagree with many liberal precedents and wish to scale back or overturn some of them. "Liberals" -- John Paul Stevens, David Souter, Ruth Bader Ginsburg and to a lesser extent Stephen Breyer -- are comfortable with those precedents and eager to extend them where possible. "Swing" justices like Anthony Kennedy can be either liberal or conservative, depending on the situation. This gives them outsized clout, so long as neither side has a reliable majority. Justice Kennedy's fellow swinger, Sandra Day O'Connor, was often called "the most powerful woman in America."

On such a court, every associate justice is a centrifugal force. Conservatives and liberals hew to their convictions, while swingers have the added incentive of influence. This dynamic was most strikingly on display in Rapanos v. U.S., a case involving wetlands regulation under the Clean Water Act. By 5-4 the court overturned an appellate ruling that had endorsed the Army Corps of Engineers' expansive definition of "navigable waters." The four liberal justices wanted to defer to the corps' definition, while Chief Justice Roberts and Justices Scalia, Thomas and Alito would have rejected it. Justice Kennedy split the difference, leaving it to the lower court to determine whether the property in question had "a 'significant nexus' to waters that are or were navigable in fact or that could reasonably be so made."

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In a concurring opinion, the chief justice seemed to express frustration with Justice Kennedy: "It is unfortunate that no opinion commands a majority of the Court. . . . Lower courts and regulated entities will now have to feel their way on a case-by-case basis. . . . What is unusual in this instance, perhaps, is how readily the situation could have been avoided."

To some extent this belies Chief Justice Roberts's adage that "if it's not necessary to decide more . . . it is necessary not to decide more." It was Justice Kennedy's minimalist concurrence, after all, that left the law muddled; it would have been clearer had either the conservative or the liberal bloc prevailed.

Happily for those who favor an aggressive war against al Qaeda, a similar result obtained in the term's most important case, Hamdan v. Rumsfeld, in which Justice Kennedy declined to join several key elements of Justice Stevens's opinion striking down the Pentagon's system for trying Guantanamo detainees. (Chief Justice Roberts did not participate because he was on the appellate panel that decided the case last year.)

The chief justice did command a unanimous court in one major case, Rumsfeld v. FAIR. By 8-0, the justices upheld the Solomon Amendment, which would have denied federal funds to universities (including Georgetown) that refused to allow military recruiters on campus. But tellingly, the case was not decided on the narrowest possible ground. The court held not only that this was a permissible condition for federal subsidies, but that Congress could have mandated the admission of military recruiters even if no federal money were involved.

Two unanimous cases decided in January, before Justice Alito joined the court, illustrate the limits of narrowness. Ayotte v. Planned Parenthood concerned abortion regulation; Wisconsin Right to Life v. Federal Election Commission, a section of the McCain-Feingold campaign finance law. In each case the court -- without a dissent or even a separate concurrence -- vacated a lower court's rulings on narrow technical grounds and sent it back for further adjudication. This approach made tactical sense. The court had been fractured over both abortion and campaign finance, and Justice Alito's arrival could change the balance. It was wise not to make new law while the court's makeup was in flux.

But on Monday, when the court decided another campaign finance case, the justices reverted to their fractured form. Randall v. Sorrell overturned Vermont's draconian contribution limits. Justice Breyer, joined by Chief Justice Roberts and Justice Alito, decided the case on the "narrowest possible ground," throwing out the limits without reconsidering Buckley v. Valeo, the 1976 case that upheld limits on campaign donations. Justice Alito said he might revisit Buckley in a future case; Justice Kennedy proclaimed himself "skeptical" about it; and Justices Scalia and Thomas said they'd overturn it. Justice Stevens, in dissent, also wanted to overturn Buckley -- but to permit limits on campaign spending as well as donations. The Ayotte consensus is likely to prove fleeting too. The court almost certainly will not be unanimous when it decides Gonzales v. Carhart, a partial-birth abortion case, in its next term.

In his confirmation hearings last year, John Roberts showed himself to be a man of intelligence, charm and political acumen. If anyone can bring consensus to the Supreme Court, surely he can. But his first term in office showed that this goal will require patience and persistence, and maybe another new justice or two.

Mr. Taranto is editor of OpinionJournal.com1.

Boeing Closes Deal To Pay 615 Million Dollars To End Probes (AFP)

AFP, June 30, 2006

Boeing Co. finalized an agreement to pay 615 million dollars to end three years of US investigations into high-profile contracting scandals at the aerospace giant, officials said.

The agreement calls for a 565 million-dollar civil settlement and a 50 million-dollar monetary penalty under a separate criminal agreement, according to the US Justice Department.

The amount is a record for government procurement fraud, for the Department of Defense and for the National Aeronautics and Space Administration, officials said.

The criminal probe stems from allegations that Boeing used improperly acquired data from rival Lockheed Martin to help win rocket launching business from NASA.

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The deal also would end a civil probe into conflict of interest in Boeing's recruitment of a senior Air Force procurement official while she still had authority over billions of dollars in other Boeing contracts. The former official, Darleen Druyun, went to prison in the case.

The uproar led to the firing of Boeing chief financial officer Michael Sears in 2003 and the resignation of chairman Phil Condit.

"The American people rightly expect government officials and contractors to act with integrity," said Deputy Attorney General Paul McNulty in announcing the agreement.

"The outcome of these investigations sends a clear message to those doing business with the government: harsh consequences await anyone whose conduct falls short of the highest legal and ethical standards."

US authorities agreed not to bring criminal charges against the company "in part because the company is fully cooperating with the government's investigation," the Justice Department said in a statement.

Additionally, Boeing "has agreed to accept responsibility for the conduct of its employees in these matters, continue its cooperation with federal investigators, pay a monetary penalty of 50 million dollars, and maintain an effective ethics and compliance program," the statement added.

Officials said they may seek to prosecute Boeing or to assess a further penalty of up to 10 million dollars, if over the next two years an executive management employee of Boeing commits federal crimes as outlined in the agreement, and the company fails to report the misconduct to the Department of Justice.

CORPORATE SCANDALS:

Report: Abramoff Had FBI Data (LAT)

By Walter F. Roche Jr., Times Staff Writer

The Los Angeles Times, July 1, 2006

The lobbyist improperly got and acted on a secret file about the Marianas, an inspector general says.

WASHINGTON — Convicted lobbyist Jack Abramoff improperly obtained a top-secret FBI document and tried to use the information to aid his clients in the Pacific Island territories, according to a report released Friday by the Justice Department's inspector general.

The lobbyist feared information in the document could be damaging to his clients' interests, the inspector general said, and he used his knowledge of its contents to warn them and to devise a counterattack.

"Abramoff's e-mail records indicate that by late June 2002 he had obtained a copy of the report from an official of the Department of Interior," the report said.

The leak has been referred to the FBI and the Interior Department's inspector general for further investigation.

Abramoff earlier this year pleaded guilty to corruption charges, including conspiracy to bribe public officials and failure to pay taxes. He is cooperating in an investigation that has resulted in guilty pleas from top legislative aides and Abramoff's lobbying partners.

The revelation that Abramoff had obtained the secret document was just one finding in the 41-page report into allegations that he had improperly influenced President Bush's 2002 decision to oust the acting U.S. attorney for Guam and the Northern Mariana Islands, Frederick A. Black.

The inspector general's report concluded that Abramoff actively advocated the ouster of Black, who had launched an investigation of the lobbyist and requested the FBI report. But the inspector general said the decision to appoint a new U.S. attorney, Leonardo Rapadas, had been made before Abramoff became involved.

The allegations by Black that he was pushed out of office to end the Abramoff probe were unfounded, the report said.

"We found no evidence to support a conclusion that the selection of Rapadas was the result of any retaliation against Black for raising allegations against Abramoff," the report by Inspector General Glenn A. Fine said. Instead, Fine concluded, once Abramoff learned of the impending decision, he attempted to take credit for it.

Black declined to comment Friday.

The FBI report, which focused on security concerns in the Pacific, warned of possible terrorist threats against U.S. military assets on Guam and the Northern Marianas. It was completed in spring 2002 and recently made public.

Abramoff, according to e-mails cited by the inspector general, worried the FBI report would prompt Congress to restrict immigration in the Northern Marianas — cutting off a supply of low-wage labor for garment manufacturers who had hired Abramoff to protect their interests.

After seeing the FBI report, the lobbyist suggested an attack on Black. "We have to make sure that Black guy is smeared into the ground," Abramoff wrote in an e-mail to his clients.

The inspector general's investigation, which included an interview with Abramoff and a review of his e-mails, followed a Los Angles Times report on the circumstances surrounding Black's replacement.

According to Fine's report, Abramoff became actively involved in the efforts to oust Black at the behest of then-Guam Gov. Carl Gutierrez, a Democrat who was under investigation by Black's office. Abramoff told investigators that he met with Gutierrez in February 2002 in an effort to land a $1.3-million contract with the government of Guam.

Abramoff, the report said, told investigators that the two came up with a plan to smear Black by releasing copies of a letter Gutierrez had written in 1995 to President Clinton. The letter referred to Black as "a good Democrat" and recommended he be reappointed as U.S. attorney. Black was originally appointed as acting U.S. attorney by President George H.W. Bush in 1991.

In one e-mail to Abramoff, Gutierrez referred to Black as "a total commie…. We need to get this guy sniped out of there."

In another e-mail, Abramoff wrote: "We are opposed to Black. He has been screwing us for years…. So this is good payback. I don't care if they appoint Bozo the clown, we need to get rid of Fred Black."

Although the inspector general's report said Abramoff had nothing to do with Black's ouster, it did find that the lobbyist had a pipeline into the White House through which he learned of Rapadas' impending nomination and other matters involving Guam.

Leonard Rodriguez, a Bush aide, told the inspector general's office that then-White House political director Ken Mehlman "recommended or suggested that I reach out to make Jack aware" on Guam issues.

Once informed of Rapadas' selection, Abramoff instructed his colleagues in an e-mail to take credit for the decision even though his favored candidate had lost out.

Prosecutors Seek Assets Of Two Enron Chiefs (WP)

By Carrie Johnson

The Washington Post, July 1, 2006

Federal prosecutors asked a judge yesterday to order former Enron Corp. executives Jeffrey K. Skilling and Kenneth L. Lay to turn over $182.8 million, arguing that their homes and other assets were acquired by fraud.

A Houston jury last month convicted Skilling of 19 criminal charges including conspiracy and securities fraud and found Lay guilty of a half-dozen other counts. The government said both men had misled investors about Enron's financial health at the same time they sold stock at inflated prices before the energy company collapsed in bankruptcy. Lay and Skilling face extensive prison terms when they are sentenced this fall.

For the government to recover the funds, prosecutors must prove that money and property held by Skilling and Lay stem from the conspiracy. Prosecutor Patrick T. Murphy argued in court papers that the government established those links by virtue of the criminal convictions and evidence presented at trial about the bonuses, trading records and stock sales of both men.

Skilling collected $139.2 million in bonuses and stock proceeds during the course of the fraud, court papers said. In return, prosecutors are seeking $49 million in securities held in a Charles Schwab account; a $4.6 million mansion in Houston; $808,643 in cash; and a Dallas condominium now valued at $579,475. Government lawyers asked that a $5 million bond that Skilling posted after his indictment two years ago be used to satisfy part of the judgment.

Skilling previously argued that, because jurors acquitted him on nine insider trading charges, he should be entitled to keep his remaining wealth -- a position that prosecutors called "legally baseless." Daniel M. Petrocelli, a defense lawyer for Skilling, yesterday said the government move would leave Skilling "without any means to meet family obligations or satisfy substantial debts for his legal defense." He called the stance "wrong and unfair."

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The Washington Post reported earlier this month that Petrocelli's law firm, O'Melveny & Myers LLP, has spent some $25 million on the case, for which it has not yet been paid. Defense lawyers are likely to ask the judge to release some of the money to pay their bills.

Lay collected $43.5 million in bonuses and drawdowns on his Enron-sponsored line of credit, the government claimed. Prosecutors yesterday sought repayment of $1.5 million Lay used to pay off the mortgage on his luxury penthouse apartment in Houston. They also asked for access to Lay's interest in a limited partnership now valued at $6.3 million.

Lay has testified that he is $250,000 in debt. Michael W. Ramsey, a defense lawyer for Lay, did not return phone calls.

CRIMINAL LAW:

Holdout Ends, Letting A City Seize Property In Connecticut (NYT)

By Avi Salzman

The New York Times, July 1, 2006

NEW LONDON, Conn., June 30 — With eviction looming, the two remaining homeowners fighting the city's plans to replace their homes with offices, a hotel and new housing agreed to settle on Friday, ending a six-year battle that led to a historic Supreme Court ruling on governments' power of eminent domain.

"We're able to move on with our lives and look forward to remaining in the neighborhood," said Michael Cristofaro, whose family was one of the holdouts.

The settlements followed months of negotiations among the homeowners, the city and the New London Development Corporation that were overseen by state mediators.

The holdout homeowners were among seven in the Fort Trumbull neighborhood who sued the city, challenging its right to seize their property through eminent domain. The case eventually reached the United States Supreme Court, which issued a controversial 5-to-4 ruling last year that New London could take their homes for private development.

The five other homeowners have already settled. The dollar amounts of the settlements reached on Friday were not disclosed. Susette Kelo, a lead plaintiff in the case whose pink Victorian cottage became an icon in the battle to limit eminent domain, agreed to move her house to a new lot.

Ms. Kelo has not decided where she will move the house, but the state has agreed to pay the bill, said Scott Bullock, a lawyer from the nonprofit Institute for Justice who represented her. Mr. Bullock called the resolution "bittersweet," because Ms. Kelo had wanted to stay on her property.

No one answered the door at Ms. Kelo's house on Friday, and she did not return calls seeking comment.

Mr. Cristofaro said a few small concessions by the city made the difference.

His five-bedroom clapboard house on Goshen Street will be torn down, but the family has the option to buy property in the new development at a set price. The city also agreed to move the rhododendrons, yews and other plants his father, Pasquale, planted 30 years ago and to install a plaque in the development to honor Mr. Cristofaro's mother, Margherita, who fought the condemnation of her home until she died in 2003. "It restored a lot of respect and dignity to the family," Mr. Cristofaro said.

Ronald Angelo, a state official who helped negotiate the deals, said a key element to the settlements was getting the property owners more money.

After the Supreme Court ruling, several of the Fort Trumbull homeowners vowed to stay put, but they began to settle after the city increased legal and financial pressures. On June 5, the City Council voted to begin eviction proceedings.

William Von Winkle, who owned three rental properties in Fort Trumbull, held out until June 5. In an interview at his home on Friday, he said he settled because the state was willing to give him more money.

"When you look at my property, put these on," he said, adjusting a pair of sunglasses with dollar-sign holograms over the eyes.

CIVIL LAW:

DOJ_NMG_0037782

Eminent Domain Plaintiff Will Keep Her House (LAT)

By Elizabeth Mehren, Times Staff Writer

The Los Angeles Times, July 1, 2006

However, under a settlement between New London, Conn., and the suit's namesake, the structure will be moved.

BOSTON — Susette Kelo, who lent her name to a lawsuit that ignited a firestorm around the practice of eminent domain, will not lose her Connecticut home to a wrecking ball, as she had feared when the U.S. Supreme Court ruled that the city of New London could build homes, offices and hotels in her neighborhood.

Under an agreement announced Friday, Kelo's quaint, peach-colored house will be moved to another location. Kelo, 49, can remain in the 19th-century cottage at its present waterfront location for as long as a year, until a new site is selected.

No financial details were released on the transaction that was weeks in the making.

"I am not happy about giving up my property, but I am very glad that my home, which means so much to me, will not be demolished and I will remain living in it," Kelo said Friday.

In the waterfront district of Fort Trumbull, Kelo and fellow homeowner Pasquale Cristofaro were the last plaintiffs in the landmark case of Kelo vs. City of New London to reach an accord with the city. The Cristofaro home will be razed, but the family will be able to buy a new home in the area at an undisclosed fixed price.

The case pitted seven property owners in a working-class area close to where the Thames River flows into Long Island Sound against state and local officials who wanted to revitalize the area with a commercial project. The goals were to generate more tax revenue and expand employment opportunities in the tired old city.

In a 5-4 decision last June, the Supreme Court gave governments the right to seize private property and transfer it to another private owner in the interest of economic development.

Specifically, the court held that the use of eminent domain for economic development was not in conflict with the public-use clauses of the state and federal constitutions.

The expanded interpretation of the ancient practice known as eminent domain prompted legislators in nearly every state to draft measures to protect owners of private property. Eminent domain usually had been employed when governments wanted to build highways, bridges or public buildings — not office parks, restaurants, town houses, shops and hotels, as have been proposed for the site.

The court's action also produced a flood of new commercial proposals around the country, as developers sought to turn the decision to their benefit.

Last week, on the first anniversary of the Kelo ruling, President Bush issued an executive order barring federal agencies from seizing private property except for public projects such as hospitals or roads.

In New London, only Kelo and the Cristofaros refused to settle when the city put forth a May 31 eviction deadline. Finally Gov. M. Jodi Rell intervened.

"Now these families can have some closure, and the Fort Trumbull economic development project will go forward without delay," the Republican governor said Friday.

Attorney Scott Bullock of the nonprofit Institute for Justice, based in Washington, represented the plaintiffs. Bullock noted that the Kelo and Cristofaro properties were among a tiny handful of structures that remained in Fort Trumbull.

"It is a demolition zone now, not a residential area anymore," Bullock said Friday.

The small house that Kelo renovated by hand has become a symbol for the eminent domain debate, Bullock said, launching what he called "a grass-roots revolution" across the country.

"The fact that she can remain in it, and the fact that the home will remain standing, is a wonderful symbol of her struggle and the fight for homeowners' rights across the country," he said.

As part of the settlement, city officials also agreed to install a plaque in Fort Trumbull honoring family matriarch Margherita Cristofaro, who died at 73 while the case was pending.

"I am not happy. I am far from happy. What I wanted was to keep the house," said Michael Cristofaro, one of Pasquale's sons. "But we need to put a close to this, and the time was right."

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Winning Over The Freeloaders (LAT)

By Edit

The Los Angeles Times, July 1, 2006

A YEAR AGO, THE ENTERTAINMENT industry hailed the Supreme Court's decision in the Grokster case as a milestone in its battle against online piracy. Maybe so — but if it was, the industry has little to show for it. If only the major labels and studios cared as much about serving customers as protecting copyrights.

The court's ruling said that companies such as Grokster, which enabled users to share files over the Internet, could be held liable for promoting copyright infringement. Many of these firms no longer exist, but the software they distributed still works. In addition, there are still plenty of noncommercial file-sharing programs, maintained and updated by a decentralized cadre of volunteers.

The Recording Industry Assn. of America argues that this picture would have been much worse without the lawsuits against file sharing. In the last few years, the percentage of U.S. Internet users who share files has remained about the same, while the percentage buying music at legitimate online stores has grown substantially.

Nevertheless, free downloaders represent a lost opportunity for the entertainment industry. The number of legitimate outlets for music, TV shows and movies online may be growing, but file-sharing networks continue to attract a much larger audience. By one estimate, almost 10 million people around the world are using file-sharing networks at any given moment. Evidently, the industry-backed services haven't come up with an offer as compelling as free files that can easily be played on any device.

The Grokster ruling wasn't simply a nudge for companies like Grokster to get out of the file-sharing business. It was an invitation for the entertainment industry to get in. By clarifying the legal obligations of file-sharing companies, the Grokster ruling created a road map for partnerships between tech and entertainment companies.

So far, however, talks between leading file-sharing firms and entertainment conglomerates have yielded few tangible results. Labels and studios have warmed a bit to popular but bootleg-heavy sites such as YouTube.com, where users post most of the videos, yet they remain extremely cautious about letting users redistribute their works.

The industry needs much more experimentation with approaches that give users the control and freedom to consume that make file-sharing networks so attractive. Instead of hoping that millions of Internet users on file-sharing networks will go somewhere else and pay for their downloads, it's past time to try to do business with them where they are.

CIVIL RIGHTS:

Supreme Court Denies Texas, Arizona In Unconnected Death Penalty Cases (WP/AP)

By Associated Press

The Washington Post, July 1, 2006

Texas and Arizona lost Supreme Court appeals yesterday in separate death penalty cases.

Justices refused without comment to consider reinstating the death sentence of Gregory Russeau in the murder of an elderly auto mechanic during a robbery in Texas.

They also refused to overturn an appeals court decision that gave Robert Moormann a chance to pursue an appeal for his conviction in the death of his adoptive mother in Arizona.

The cases were among more than 50 the court acted on yesterday, a day after justices were on the bench for the last time this term. Justices return to the bench in October.

A Texas court had said Russeau's Sixth Amendment right to confront witnesses against him had been violated during the penalty phase of his trial. He was convicted in the 2001 death of James Syvertson, 75.

Moormann was on a prison furlough in 1984 when he was accused of killing his adoptive mother, 74. The U.S. Court of Appeals for the 9th Circuit had said a lower court should consider Moormann's claims of poor lawyering.

ANTITRUST:

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G.M. Is Pressed To Form Alliance With Two Rivals (NYT)

By Micheline Maynard

The New York Times, July 1, 2006

DETROIT, June 30 — General Motors' largest shareholder is pressing the troubled American auto giant to speed up its turnaround effort by forming an alliance with two foreign car companies, Nissan and Renault, which would pay $3 billion for a 20 percent stake in G.M.

The proposal by the billionaire Kirk Kerkorian, suggested in letters to the three companies, is his latest effort to put pressure on G.M.'s chief executive, Rick Wagoner, to quicken the pace of change.

The company has taken drastic measures in recent months to cut costs, partly in response to prodding from Mr. Kerkorian, who so far has lost money on his 56 million G.M. shares, which represent a 9.9 percent stake.

An alliance with Renault of France and Nissan of Japan offers Mr. Kerkorian an opportunity to enlist the help of Carlos Ghosn, the hard-charging executive who oversees both companies.

Mr. Ghosn, nicknamed "the cost killer," earned his reputation from the swift turnaround he executed earlier this decade Nissan, where he slashed debt, introduced flashy new vehicles and expanded sales in Japan and the United States.

If Nissan and Renault were to team with G.M., the companies could draw from one another's expertise in manufacturing, engineering and product development, Terry Christensen, Mr. Kerkorian's lawyer, said Friday.

"It would be an amazingly important alliance," said Mr. Christensen, who has been involved in the discussions.

G.M., in a statement, said the proposal would be taken under advisement by its board, which held a hastily arranged meeting by conference call on Friday, according to people with knowledge of the board's deliberations.

Investors cheered the prospect of the alliance, sending G.M. shares up $2.35, to $29.79.

Disclosure of Mr. Kerkorian's move came as a shock in Detroit, where auto executives were preparing to take next week off for the industry's annual summer holiday shutdown.

An agreement by the three companies would further reshape the industry, much like the 1998 merger of Daimler-Benz and the Chrysler Corporation, and the arrangement that linked Renault with Nissan in 1999.

It would also add new heft to General Motors. Together the three companies would hold about one-quarter of the global market, compared with 14 percent for Toyota, which some analysts say could pass G.M. as soon as this year to become the top seller.

And it would provide G.M., which lost more than $10 billion last year, with more cash for its turnaround plan.

But there is no certainty that the arrangement will come to pass, especially since it is the brainchild of Mr. Kerkorian, who decided to push the idea after meeting over dinner with Mr. Ghosn (his name rhymes with "phone"). G.M.'s management has also not played an active part in the talks.

Mr. Ghosn could represent possible competition for Mr. Wagoner, who has been under a cloud this year because of the company's dismal financial performance, loss of market share and the bankruptcy at its biggest parts supplier, Delphi.

G.M. directors, most of whom were chosen while Mr. Wagoner was either chief executive or president, issued a statement in support of him this past spring, when his future looked shaky, particularly in the wake of accounting errors that forced G.M. to increase its 2005 loss.

People involved in the discussions said the issue of Mr. Ghosn's role and Mr. Wagoner's future had not yet come up. Though Mr. Wagoner's position is considered solid, Mr. Ghosn's global reputation, and his ease in public, could threaten to overshadow him.

Renault and Nissan said in a statement that their partnership had never been restricted to two companies, and could be expanded further "under the right circumstances and with the appropriate partners."

But, the companies said, "it is necessary that the G.M. board and management fully support this project" before discussions begin. Support from the boards of Nissan and Renault would also be required, they added.

Officials at Mr. Kerkorian's company, Tracinda, said they would like to see a swift agreement to the deal, which could take another six months to win approvals from regulatory agencies.

People with knowledge of G.M.'s thinking, however, said Friday that the company was not likely to be in any rush to give Renault and Nissan an answer.

The company's caution is understandable. G.M. has been stung in the past by alliances, like a deal with Fiat of Italy, which G.M. had to pay Fiat $2 billion to escape, and ventures, now defunct, with Japanese companies like Suzuki and Fuji Heavy Industries, Subaru's parent.

Moreover, the strongest automotive players, like Toyota, Honda and BMW, are independent companies without the complications that such ventures can create.

People with direct knowledge of the matter say the proposal for a 20 percent stake was made by Mr. Ghosn to Mr. Kerkorian at a June 15 dinner in Nashville, where Nissan recently broke ground for a new headquarters building.

The meeting came after weeks of phone calls between Mr. Ghosn and Jerome B. York, an adviser to Mr. Kerkorian who joined the G.M. board in February.

Mr. York, long an admirer of Mr. Ghosn, had first approached him several weeks ago for a get-acquainted session, which was held in London.

In January, Mr. York laid out a plan for accelerating G.M.'s turnaround, including cutting its dividend in half, eliminating lesser-performing brands like Saab, Saturn and Hummer, and reducing salaries for G.M.'s board members, top managers and employees.

G.M. has defended its brands, but the company subsequently cut the dividend along with the pay of its five top executives and board members.

In announcing the plan, Mr. York suggested that G.M. embrace the speed and clarity displayed by Mr. Ghosn in his overhaul of Nissan, which was saddled with slow-selling vehicles and $20 billion in debt when he arrived in the fall of 1999.

Mr. Ghosn, for his part, has long wanted to push Renault and Nissan beyond a Eurasian alliance and into the global marketplace.

Although Mr. Ghosn has declined to offer opinions on how G.M. should address its problems, he has told associates that he could return the world's largest automaker to profitability, just as he did with Nissan.

Because the companies would be buying only a minority stake in G.M., they would not be saddled with all of G.M.'s problems, said John Casesa, managing partner of Casesa Strategic Advisers in New York.

Still, he said, "it'd be pretty messy on paper having these three companies in a loose alliance." Even if no deal is concluded, Mr. Casesa interpreted the proposal as a sign that Tracinda would keep the pressure on G.M. to accelerate its overhaul.

But Mr. Christensen says Mr. Kerkorian's goal is to do more to help G.M. than simply make money on his stock, for which he paid an average of $30.10 a share. At Friday's closing price, Mr. Kerkorian has lost $17.3 million on his 56 million shares.

"The value for the shareholders will be there," Mr. Christensen said. "But more importantly, the accomplishment and the strength it would give G.M., and the long-term health it would give G.M., would be a big part of this."

For his part, Mr. Ghosn relishes the opportunity to negotiate such arrangements. In 2003, he put together a Nissan deal in China himself, traveling three times from Tokyo to complete the details.

Mr. Ghosn has seemed destined for some time to emerge in Detroit. Over the years, he has been courted by Ford Motor, which is led by William Clay Ford Jr., the great-grandson of the company's founder.

Likewise, Mr. Kerkorian's advocacy at G.M. was also bound to emerge, given his past moves at Chrysler, where he was the biggest shareholder before it merged with Daimler-Benz.

He began buying Chrysler shares in 1990, becoming a close ally of its chief executive then, Lee A. Iacocca. Five years later, with Mr. Iacocca retired, and Chrysler's stock price lagging, he and Mr. Iacocca started a takeover effort.

It did not prove successful. However, Chrysler agreed to put a Kerkorian representative on the board and to double a stock buyback program.

As for the potential partners, things are particularly bumpy at Nissan, which has posted declines in sales and market share in the United States this year at a time when Asian auto companies have captured a record 40 percent of the market.

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More than half the company's staff at its headquarters in California has decided not to move to Nissan's new American headquarters outside Nashville. Meanwhile, Nissan is moving some production and engineering work back to Japan, because of the heavy workload faced by its plants in the United States.

Last year, Mr. Ghosn moved to Paris from Tokyo and is overseeing an overhaul at Renault, where he was an executive before taking charge at Nissan in the fall of 1999.

G.M., for its part, is in the midst of closing all or part of a dozen plants and cutting 30,000 jobs as part of its restructuring effort. On Monday, G.M. said 35,000 of its 113,000 hourly workers had agreed to accept buyouts and retirement incentives to leave the company, more than enough to account for its job cuts.

Auto Club Kerkorian Proposes GM Join Renault, Nissan In Alliance (WSJ)

By Monica Langley, Neal E. Boudette And Lee Hawkins Jr.

The Wall Street Journal, July 1, 2006

Plan From Biggest Shareholder Adds to Pressure on CEO; Volley Lifts Shares by 9% Aggressive Ghosn in the Wings

In a dramatic move that raised pressure on General Motors Corp. and embattled Chairman and Chief Executive Rick Wagoner, shareholder Kirk Kerkorian proposed that the auto maker give its restructuring a huge push forward by joining the partnership between Renault SA and Nissan Motor Co.

The proposal from GM's biggest shareholder, which the company's board said it would consider, was a stunning shot at Mr. Wagoner's effort at restructuring the nation's biggest auto maker. While GM has made progress in recent weeks, Mr. Kerkorian and his team have long seen Mr. Wagoner's approach as too incremental to bring about the revolutionary change they say GM needs.

WALL STREET JOURNAL VIDEO

Reporter Lee Hawkins discusses1 possible motives for Kirk Kerkorian's move. DESKTOP NEWS ALERTS

2

Get alerts for breaking news -- such as Fed moves, major world events and big mergers -- delivered straight to your desktop. Alerts will appear in a small window on your screen, much like an instant-messaging window. See a sample and get more information.3

It also represented a bold move by Carlos Ghosn, the auto executive who pulled off a turnaround at Nissan and is now chief executive of both it and Renault. In a letter delivered to GM's board Friday, Mr. Kerkorian's investment company, Tracinda Corp., indicated it already had discussed with Mr. Ghosn the idea of Nissan and Renault each taking a significant stake in GM and bringing it into their alliance.

A short time later, Renault and Nissan issued a joint statement saying they were open to the idea if it has the "full support" of GM's management and board.

The news sent GM shares up 8.6%, or $2.35, to $29.79 in 4 p.m. composite trading on the New York Stock Exchange. The rise increased the value of Mr. Kerkorian's 9.9% stake in GM by $140 million, to $1.67 billion from $1.53 billion at the close of trading on Thursday. Friday's closing price was not far off the $31 a share Mr. Kerkorian paid when he bought his largest chunk of GM stock a year ago.

Left unanswered were a host of questions, including how three companies from three continents, with different cultures and ownership structures, could work together, and whether such a partnership could really cut costs. An alliance would mark a big shift of power in the global auto industry, combining GM, the world's largest auto maker, with Renault and Nissan, whose partnership makes them the world's fourth-largest auto group. GM makes about nine million cars and trucks a year, but is expected to soon be surpassed by Japan's Toyota Motor Corp., the world's No. 2 auto maker. Renault and Nissan together make about six million vehicles a year.

But aligning the three could fulfill Mr. Kerkorian's hopes of seeing rapid progress at GM, perhaps under Mr. Ghosn, who in recent years has become one of the best-known executives in the global auto industry.

Born in Brazil to Lebanese parents, the 52-year-old Mr. Ghosn was dispatched to Japan to fix ailing Nissan when Renault bought a 44% stake in the company in 1999. At the time Nissan was mired in losses and carrying $20 billion in debt.

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Though he was the first non-Japanese to run Nissan, Mr. Ghosn was able to slash jobs and costs, revamp the product line and pay down debt quickly. In the last few years, Nissan sales have boomed, and in 2005 it was one of the most profitable auto makers in the world.

A GM alliance with Renault and Nissan could pave the way for Mr. Ghosn to take over there as well. Mr. Ghosn is know as a results-oriented leader who probably wouldn't agree to an alliance unless he was convinced significant changes could be made at GM -- with or without Mr. Wagoner.

Through a spokesman, Mr. Wagoner declined to comment Friday.

Recent Victories

Though it is still early in GM's restructuring effort, Mr. Wagoner has scored a number of recent victories in his drive to keep his job and revive GM, which is hurting from falling sales, high health-care and labor costs and a surge in foreign competition. Last spring, he secured a vote of confidence from his board after he threatened to resign. At GM's annual meeting, shareholders rejected a proposal to separate the chairman and CEO posts, while all of his board members were re-elected by large majorities.

Additionally, after an accounting change was ruled permissible, GM was able to restate first-quarter earnings showing a profit of $445 million. This past week, Mr. Wagoner announced that an ambitious buyout program to cut labor costs had met its target, allowing the company to shed 35,000 union workers, or 30% of its hourly work force, by the end of the year -- two years ahead of schedule.

But the proposal from Mr. Kerkorian -- who is GM's largest single shareholder -- was a clear signal that he remains unhappy with Mr. Wagoner's progress. People familiar with Mr. Kerkorian's thinking said he and his representative on the GM board, Jerome B. York, believe GM needs to completely rethink all aspects of its business. They see Mr. Wagoner's plan as too slow-moving to enable the auto maker regain its standing in today's brutally competitive auto industry, these people said.

"We believe that participating in a global partnership-alliance with Renault and Nissan could enable General Motors to realize substantial synergies and cost savings and thereby greatly benefit the Company and enhance shareholder value," Tracinda said in its letter to GM. "Accordingly, we urge the Board of Directors to form a committee to immediately and fully explore this opportunity together with management."

Mr. Kerkorian and his team believe the proposed alliance has the potential to save GM, Renault and Nissan billions of dollars by sharing engineering, purchasing and production costs for engines and the basic components and vehicle platforms of automobiles, one person familiar with the matter said.

Together, the three companies have about 25% of the global market for cars and light trucks. They spend about $190 billion a year on steel, plastics and other materials, and just a 1% decrease would bring substantial savings, this person said. In a bid to tap into cheaper overseas labor, the proposal contemplates GM using operations currently overseen by Mr. Ghosn.

To be sure, the auto industry is littered with failed mergers and alliances. Renault itself tried and failed to succeed with a similar cooperating deal with American Motors Corp. in the 1980s, while GM last year gave up on a four-year-old partnership with Fiat SpA, a breakup that cost the company $2 billion. DaimlerChrysler AG is still trying to prove that its 1998 trans-Atlantic merger is producing meaningful synergies.

A former executive at Chrysler and IBM Corp., Mr. York first expressed public admiration for Mr. Ghosn in a speech in Detroit in January. In that speech, he pointedly criticized GM's restructuring efforts, saying the company should consider killing some of its eight brands, cut management pay and cut its dividend. He urged the company to use Mr. Ghosn's Nissan turnaround as a model.

York Expresses Frustration

Since he joined GM's board in February, Mr. York has told associates he is frustrated by what he sees as incremental steps taken in GM's turnaround effort. He has told fellow directors that he's very worried about GM's negative cash flow and alarming slide in U.S. market share. The company's own internal forecasts project that GM's share in the U.S. market could drop to 20%, about half what it was two decades ago.

Mr. York first met Mr. Ghosn in May in London, and the two hit it off over dinner, people familiar with the matter said. Two weeks ago, Mr. Kerkorian flew to Nashville to meet Mr. Ghosn, who was in Tennessee for the move of Nissan's North American

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headquarters there. The billionaire, his adviser Mr. York and Mr. Ghosn had dinner and discussed the Renault-Nissan alliance and its possible application to GM.

Mr. York met with Mr. Wagoner on June 22 to discuss Mr. Kerkorian's interest in the alliance and possible benefits for GM, according to people familiar with the matter. The CEO was surprised but calm, according to a person familiar with the situation.

Once Tracinda filed its plan Friday morning, GM called an emergency board meeting via telephone to discuss the proposal. Directors generally agreed that GM should study the proposal. Mr. Wagoner told his board that some alliances work, but some don't, according to people familiar with the matter. He also said he and GM's management and advisers would review the proposal and convene another board conference call next week after July 4, these people said.

Some investors expressed doubt that Mr. Kerkorian truly seeks an alliance of GM, Renault and Nissan. "He bought his shares in the 30s, and today is the first time [in a while] that the shares have come anywhere close to that," said David Kudla, chief investment strategist of Mainstay Capital Management, a Michigan-based money-management firm that manages accounts for many GM employees and retirees. "I think Tracinda is looking at various ways that they can secure a return on the investment, and this is another opportunity. They are looking at whatever initiative would increase the share price."

A Tracinda spokesperson said the company typically invests for the long term, not the short term.

Dan Genter, president and CEO of RNC Genter, a Los Angeles-based investment firm that owns bonds issued by GM's financing arm, said the proposal puts Mr. Wagoner "in a real squeeze." If the CEO doesn't accelerate his restructuring efforts, Messrs. Kerkorian and York "are going to have him on the ropes," he said.

Meanwhile, some auto-manufacturing experts said GM, Renault and Nissan would face "a pretty arduous task" in setting up a basis for working together. "By no means would it be an easy process," said Mike Jackson, director, North American vehicle forecasts, of CSM Worldwide, in Northville, Mich., adding that it would be "a number of years" before they could begin using common parts and components.

"That said," he went on, "Renault and Nissan have been able to work pretty expediently to combine their global processes and platforms and they've made considerable progress."

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Global Partners Possible For GM (WP)

By Sholnn Freeman

The Washington Post, July 1, 2006

Kerkorian Urges Alliance With Nissan, Renault

Billionaire investor Kirk Kerkorian yesterday pushed General Motors Corp. to explore a partnership with Nissan Motor Co. and Renault SA, both of which are led by turnaround expert Carlos Ghosn.

In an extraordinary series of events set into motion by Kerkorian, whose investment company owns 9.9 percent of GM's shares, the Detroit automaker's board and management are being pressed to join a global alliance with Nissan and Renault. Under a partnership already in place, Renault holds a 44 percent stake in Nissan, while Nissan owns 15 percent of Renault's shares.

In a letter to GM chairman and chief executive Rick Wagoner, Tracinda Corp., Kerkorian's investment firm, said Nissan and Renault were open to buying significant stakes in GM. In a separate letter, Tracinda notified Ghosn and Renault Chairman Louis Schweitzer that Tracinda has asked GM to form a committee to explore a potential alliance.

Nissan also called on GM's board of directors to study the deal. "At this point, it is necessary that the GM board and top management fully support this project in order to start the study of this opportunity after agreement of Renault and Nissan boards," Nissan said in a statement.

Nissan said Ghosn was approached by Kerkorian and Jerome B. York, a GM board member and Kerkorian adviser, to assess the merits of GM joining the partnership.

GM said it had not received an offer or proposal from Renault or Nissan. But GM said its board will consider Tracinda's request to form a committee to study the proposal.

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GM shares rose $2.34, or 8.6 percent, to $29.79, a level they had not reached since October. Financial analysts said Nissan's interest was an affirmation that GM shares were undervalued.

Under the partnership between Renault and Nissan, the two automakers operate as stand-alone companies, but Ghosn is president and chief executive of both. Ghosn is credited with rescuing and rebuilding Nissan after it ran into trouble in the late 1990s. As it has returned to financial health, Nissan has been particularly aggressive in the United States, where its new products have added to pressure that Detroit automakers were already getting from other Asian automakers, particularly Honda Motor Co. and Toyota Motor Corp.

GM is restructuring after years of losing U.S. market share to rivals like Nissan. The loss of market share in its home turf has led to the loss of tens of thousands of high-paying U.S. auto jobs and the closing of assembly plants around the country. GM lost $10.6 billion last year, although results have improved this year.

Analysts said they doubted that either side is planning to rush into a major collaboration. Wagoner was severely criticized for focusing GM on a global alliance strategy of partial investments in auto companies around the world. Those stakes were sold when GM's financial situation collapsed last year. Wagoner has claimed successes in his turnaround plan at GM, but he has acknowledged that the company still has a lot of work to do.

Ghosn also has a full plate. Quality has slipped as Nissan steadily expands production and brings out new models.

Tracinda owns 56 million shares of GM stock, which accounts for 9.9 percent of the company. Kerkorian is GM's largest individual shareholder. He began amassing a stake in the company last year. Since then, his adviser, York, was added to the GM board and has criticized the company for the sluggish pace of its turnaround.

David Healy, auto analyst at Burnham Securities Inc., said Kerkorian might be trying to scare off short-sellers, who are betting that GM's stock will drop, by making moves to shore up GM's share price. He said he doubted that the back and forth between GM and Kerkorian could lead to Ghosn's installation in the top job at GM.

"I think it would have absolutely no management affect," Healy said. "GM and Nissan are bitter enemies. Nissan has been eating GM alive for years. Nissan is one of three reasons that GM's market share and profitability has collapsed in the last three years, the others being Toyota and Honda."

FBI/DEA/ATF/USMS:

Thieves' Indifference May Mean VA Laptop's Data Is Secure (WP)

By Rob Pegoraro

The Washington Post, July 1, 2006

If your Social Security Number was on that wayward, now-recovered Department of Veterans Affairs laptop -- or any of the other computers recently lost with sensitive data onboard -- it's probably still safe. But not certainly so.

And you're just going to have to live with whatever uncertainty that realization stirs in you.

That's not the message that the government wanted to convey Thursday, when the Federal Bureau of Investigation's Baltimore field office issued a press release saying, "A preliminary review of the equipment by computer forensic teams determined that the database remains intact and has not been accessed since it was stolen."

But can you take that statement to the bank? No (well, unless the feds have some new forensic technology we don't know about.)

"The FBI can't really make the claim it's making," said Tim Leehealey, executive vice president of business and corporate development at Guidance Software, a Pasadena, Calif., developer of data-forensics software. "Nobody can make that claim for sure."

(A press representative reached yesterday afternoon at the FBI's Baltimore office could not locate officials to comment on this story.)

Just turning on the computer and opening or copying files will leave numerous traces behind. But there are too many other ways to extract data without detection. You can run specialized tools to clone the computer's entire hard drive to a different

machine; you can use a CD of Linux to boot up the computer and copy files; you can physically remove the hard drive and plug it into another computer.

When the VA or other offices try to ensure that lost records haven't landed on identity thieves' hard drives, they run into the same problem that's undermined the entertainment industry's efforts to stop people from circulating music and movies on the Internet.

Namely, computer data, by its nature, wants to go places. You can duplicate it infinitely and perfectly, then distribute those copies at near-zero cost. That's neither bad nor good; it just is.

So in a worst-case scenario, every personal record on that VA laptop could now be online. And you'd never know until the symptoms of identity theft showed up in your bank account.

That said, Leehealey was careful to add that the odds of that scenario are exceedingly low -- for one thing, what kind of idiot would let a stolen laptop be found? "The people smart enough to do this are smart enough not to do it this way," he said.

This is likely true of most stolen corporate computers. They're only good for a quick profit through fraudulent resale -- in the same way most muggers won't bother creating a new ID from the Social Security card in a wallet when they can just spend the victim's cash and credit cards instead.

But that doesn't mean it's smart to carry around your Social Security card, or that a government or company should keep critical data on portable, easy-to-steal devices.

These offices need to keep that data out of circulation as much as possible to limit the damage from mistakes and accidents. Those things will inevitably happen, even to companies that deal with security for a living -- Guidance, for example, lost a few thousand of its customers' credit card numbers to an online break-in last year.

Living with technology, or trying to? E-mail Rob Pegoraro atrob@twp.com.

Veterans Still Want Credit Monitoring After Stolen Laptop Found (AP)

By Hope Yen

AP, June 30, 2006

WASHINGTON (AP) - Veterans groups say they will keep pressing for improved data security - and free credit monitoring - after the government found the stolen Veterans Affairs laptop computer containing sensitive data on 26.5 million people.

The government announced Thursday that a person officials would not identify had turned in the laptop and external drive, which were stolen from a VA data analyst on May 3. The FBI said an initial review determined that the contents had not been accessed or copied.

"We are pleased and relieved," said John Rowan, president of Vietnam Veterans of America, which has filed a lawsuit against the government for privacy violations. "The VA's handling of this unfortunate theft exposes the very real need for major reform in how records with personal information are handled and secured."

Joe Davis, spokesman for the Veterans of Foreign Wars, said veterans were entitled to credit monitoring until the FBI can determine for certain the information wasn't compromised.

"The worst-case scenario may have been averted this time, but an even greater tragedy would be if this type incident was allowed to happen again because of complacency," Davis said.

Burglars stole the computer equipment containing names, Social Security numbers and birth dates for veterans and active-duty troops from the data analyst's suburban Maryland home. Law enforcement officials recovered it after an informant on Wednesday notified the U.S. Park Police that he had heard about a $50,000 reward and knew where it could be found.

The equipment was then turned in to officials in Montgomery County, Md., where the data analyst lives. No suspects were in custody.

The FBI, in a statement from its Baltimore field office, said a preliminary review of the equipment by its computer forensic teams "has determined that the data base remains intact and has not been accessed since it was stolen." More tests were planned.The announcement came one day after President Bush asked

Congress for $160.5 million to pay for credit monitoring and other fraud protection for affected veterans. He proposed to tap dollars set aside but not used yet for food stamps, student loans and trade assistance for farmers.

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During a House hearing Thursday, VA Secretary Jim Nicholson urged veterans and active-duty troops to keep watch over their financial records until more tests were completed in the coming days. But he declined to say whether the VA would ultimately follow through on its plans to offer at least one year of free credit monitoring.

The department was actively working to hire a data analysis company to be on the watch for identity theft, Nicholson said, but it will await further tests from the FBI to decide on the monitoring, which on average costs $50 to $150 per person each year.

"I'm going to reserve judgment on that," he said.

Veterans groups and lawmakers from both parties have criticized the VA for the theft and noted years of warnings by auditors that information security was lax. The VA has also been criticized for waiting nearly three weeks - until May 22 - to publicize the theft.

Some veterans have filed class-action lawsuits in Covington, Ky., and Washington seeking $1,000 in damages for each person - or up to $26.5 billion total - for privacy violations. They are also seeking to force the VA to improve its security practices.

A hearing was scheduled Friday in U.S. District Court in Kentucky on the government's credit monitoring offer.

Nicholson has pledged to turn his agency into a "model for information security" but said it won't happen overnight.

"This has brought to the light of day some real deficiencies in the manner we handled personal data," Nicholson said Thursday during a House hearing investigating what has become one of the nation's worst data breaches.

"If there's a redeeming part of this, I think we can turn this around," he said.

VA Can Publicize Credit Monitoring Offer (WP)

By Dylan T. Lovan

The Washington Post, July 1, 2006

COVINGTON, Ky. -- The Veterans Affairs Department is free to publicize a no-cost credit monitoring offer to veterans whose personal information was stolen, a federal judge ruled Friday.

U.S. District Court Judge William Bertelsman denied a motion from attorneys who filed a class-action suit on behalf of 26.5 million veterans and active-duty troops after a VA employee's laptop containing the private data went missing.

Law enforcement officials recovered the laptop this week after it had been stolen from a data analyst's Maryland home on May 3. The FBI said Social Security numbers and other personal data had not been copied from the computer.

Attorneys in the class-action suit had argued that accepting the offer, which was advertised on the VA's Web site, could hamper the veterans' chances of winning more money in court.

"I don't see anything objectionable in it," Bertelsman said during a hearing. "The court can't tell a government agency how it can communicate with its constituents. If they make a statement that's a false representation ... then the court might get into it."

"We're encourage by the fact that we're allowed to help our veterans," Scott Hogenson, a VA spokesman, said after the ruling.

VA Secretary Jim Nicholson, during an appearance in Louisville, Ky., before he learned of the judge's ruling, said the matter "may now be academic" since the stolen laptop had been recovered.

Nicholson said there was a "strong indication" that the personal information was not accessed or compromised after the theft.

The secretary promised a major overhaul of cyber and information security at the VA to prevent such an occurrence again.

"I want to make the VA into the gold standard for information security," he said in an interview.

Bertelsman also indicated that the recovery of the stolen laptop could affect the class-action suit.

"Some of this may have been cured," he said.

The lawsuit seeks free monitoring and other credit protection for an indefinite period as well as $1,000 in damages for each person, up to a total of $26.5 billion.

Bertelsman ordered the Veterans Affairs Department to state on its Web site that accepting the credit-monitoring offer does not waive a veteran's right to participate in any future litigation against the department, a stipulation attorneys for the veterans had sought in their motion.

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Bertelsman also suggested the government mention on the site any pending litigation concerning the data theft case. Similar lawsuits are pending in the District of Columbia and New York.

Bertelsman also said that it is too early to rule on whether the suit can be certified as a class-action.

"Right now we don't have any facts. We don't know if anyone's been damaged," he said.

Marc Mezibov, one of the attorneys who brought the suit on behalf of Iraq war veteran Paul Hackett, said Bertelsman's ruling was "not terribly surprising." Hackett, who ran for Congress in Ohio in 2004, and Matthew W. Page, a Kentucky veteran, are the plaintiffs in the suit. Neither was at the hearing.

Mezibov said even if no personal data had been taken from the computer, veterans who have spent their own money to have their credit reviewed would have been affected by the theft.

"A lot of veterans have expended money with regard to credit services because they're concerned," said John Murdock, another attorney representing the veterans.

Nicholson has urged veterans to keep watch over their financial records until more tests are completed on the laptop.

Watching Out For Wandering Data (NYT)

The New York Times, July 1, 2006

After a tense six-week search, the government has recovered a stolen Veterans Affairs laptop computer containing vital information on more than 17 million people. The theft had officials holding their breath after an employee of the department took the information trove home from the office and found it missing after a burglary. A preliminary check found no sign that thieves had compromised the database, but more investigation will be needed to see whether names, birthdates and Social Security numbers might have been sold off to identity thieves.

The government's extraordinary attempt at damage control when it appeared the computer was gone for good — including a plan to offer a year's free credit monitoring to the veterans at a cost of more than $160 million — underlines a mushrooming problem. It is becoming obvious that government agencies, and businesses, need better policies and practices for handling sensitive data stored on computers.

To begin with, personal information on 17 million veterans is not the sort of data that should be moving around on a laptop. Data this valuable should also have been encrypted, to make it difficult for thieves to use it.

And a final, simple measure could be surprisingly effective: a policy requiring that laptops with confidential data must be chained to something that is difficult to walk off with.

Stricter policies like these will mean more work for employees who handle confidential data. But given the enormous price tag of damage control after just this single laptop was stolen — and the legitimate fears the theft has created for the veterans whose information was taken — rigorous protection of confidential data must take priority over the convenience of the data keepers.

Gun Activists Get Say At U.N. Summit (WT)

By Betsy Pisik, The Washington Times

The Washington Times, July 1, 2006

NEW YORK -- The gun industry and shooting enthusiasts fired back at the anti-gun lobby yesterday at an international conference on illicit weapons, saying any global restrictions will affect sport hunters.

"If you do something at this conference that impacts even a few hunters, sport shooters or legal firearms owners, you do it to all of us," said James Fulmer, a fan of antique muzzleloading rifles from Friendship, Ind., at the midpoint of the United Nations Small Arms Review Conference.

The two-week conference is meant to take stock of the global efforts to curb the trade on illegal arms and draft a plan of action for the future.

This year's conference, which coincides with the Fourth of July holiday, attracted the ire of tens of thousands of American gun owners, who were mobilized by the National Rifle Association to protest what they see as a global effort to disarm U.S. civilians.

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The conference is not looking at legal civilian ownership, but is examining ways to limit the flood of weapons into unstable regions.

In a wide-ranging but ill-attended morning session, speakers representing gun manufacturers, weapons brokers, antique-firearms enthusiasts and big-game hunters stressed that misuse is the problem, and not the gun itself.

"A firearm is a tool, a very simple tool that dates back to the 12th century," said Thomas Mason, a frequent gun lobbyist who represented the Sporting Arms and Ammunition Manufacturers' Institute at the conference. "Like any tool, it can be used for great good or great harm," he said.

The alliance of two dozen manufacturers has embraced marking and tracing of weapons but is opposed to similar tracking for ammunition, as is commonly proposed on the sidelines of the conference. As many as 14 billion rounds of ammunition are produced each year, and manufacturers note that it would be technically and logistically impossible to mark each bullet.

Many of the morning speakers protested what they see as an unfair focus on legal or civilian arms, and rejected international efforts to mark ammunition or expand national jurisdiction over global trade.

Mark Barnes, a registered firearms broker, warned governments against enacting broad jurisdiction that would impede a dealer's ability to make international sales.

He urged countries to establish effective import and export laws before they attempt to draft international guidelines.

International arms brokers are considered by nations and gun foes to be the weak link in the chain, the place where legally manufactured or owned firearms are sold or traded to groups without proper verification of end users.

"Our membership is concerned with the enactment of overly broad international regulatory programs that unnecessarily and adversely impact the legal trade in small arms and light weapons instead of focusing on reducing the illicit trade," Mr. Barnes said on behalf of Firearms Importers Roundtable Trade Group.

Rick Parsons, representing the Washington-based Safari Club International, made one of the most ambitious speeches of the morning session, in which he linked international game hunting with the U.N. Millennium Development Goals.

"I believe that every person in this room will acknowledge that some of the world's poorest countries are also the most biodiversity rich," Mr. Parsons said. "The trade and use of biodiversity generates revenues that fund basic needs like farming equipment, education, medical clinics, roads, food-storage facilities and electricity."

Carefully administered programs allow foreign sport shooters the opportunity to hunt game, while fees and licenses generate money for local communities, he noted, citing Zimbabwe, Namibia, Zambia and Botswana as examples.

Mr. Parsons also called on authorities to allow foreign hunters to more easily travel internationally with their legally registered weapons.

"I respectfully request that legitimate firearm owners, hunters and competition shooters [are acknowledged as] equal and recognized stakeholders in efforts against illicit trafficking in small arms," he said.

IMMIGRATION:

Suspect U.S. Border Patrol Agents Resign And Vanish (LAT)

By Richard Marosi, Times Staff Writer

The Los Angeles Times, July 1, 2006

The two brothers, who allegedly helped Mexican criminals smuggle drugs and immigrants, were apparently tipped off.

SAN DIEGO — Two U.S. Border Patrol agents under investigation for allegedly smuggling drugs and immigrants abruptly resigned and went into hiding this week after apparently being tipped off to the probe, according to federal law enforcement sources.

The agents — brothers Raul and Fidel Villarreal — were veteran officers who patrolled the border near San Diego and had been under suspicion since last year of smuggling illegal immigrants in their government vehicles, among other allegations, sources said.

They did not show up for work Monday and later notified supervisors that they had quit because of a family illness. But investigators suspect that someone tipped off the agents and that they may have left the country.

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The disappearance threatens to derail the investigation, the latest in a string of unrelated corruption probes that have led to the indictments and convictions of several federal officers along the border.

"Somehow, somebody leaked it, and both resigned," said a source close to the investigation, speaking on condition of anonymity because of the sensitivity of the case. "They left their badges and government credentials at their father's house.... Now they're in the ... wind."

Damon Foreman, a spokesman for the Border Patrol in San Diego, confirmed that the agents had been under investigation for suspected smuggling activity and had submitted their resignations.

Raul Villarreal, 36, was the face of the Border Patrol in San Diego a few years ago when he was a spokesman and was interviewed regularly by Spanish-language media. Fidel, 32, worked in the mountains east of San Diego.

At the modest home the men shared with their parents in National City, a woman identifying herself as their mother said her sons still lived with her. She said she didn't know when they would return. They did not respond to a request for comment made through the woman.

The investigation, which sources said grew out of information gleaned from captured illegal migrants, is being handled by Immigration and Customs Enforcement, one of several agencies that make up the Border Corruption Task Force. Officials at customs enforcement declined to comment.

The agents were suspected of working with Mexico-based criminal networks to smuggle Mexicans and Brazilians into the country, sources said. The illegal immigrants would cross the border on their own and then be picked up by one of the brothers while on patrol. The migrants then would be delivered to another driver for the organization, sources said.

The status of the investigation is unclear. Such probes often require extensive and delicate evidence gathering, including wiretaps and statements from immigrants, and it is unknown whether authorities were ready to file charges.

"The case isn't dead; it just comes to a screeching halt because the two targets have disappeared. The whole case isn't gone, but you can't move forward anymore," said one source.

Authorities also are investigating the apparent leak of the information, sources said. Officials at multiple federal agencies, including the Border Patrol, had been briefed on the probe. In the past, informants have been known to tip off targets.

The investigation comes amid a recent spate of corruption cases involving Border Patrol agents and customs officers. Authorities say smuggling rings, their traditional trafficking routes blocked by increased enforcement, are enlisting corrupt agents to help them get their loads through.

Last month, two customs officers at the Otay Mesa and San Ysidro ports of entry were charged with waving through cars loaded with illegal immigrants in exchange for cash.

In a case similar to the investigation of the Villarreal brothers, two supervisory Border Patrol agents were charged earlier this year with smuggling migrants in their government vehicles for a Mexican trafficking organization based in Mexicali.

In a case last year, former Border Patrol Agent Oscar Antonio Ortiz admitted as part of a plea agreement that he had conspired to smuggle 100 illegal immigrants into the country. Ortiz himself was an illegal immigrant, having used a false birth certificate to pass himself off as a U.S. citizen, authorities said.

Tip Leads To Closing Of O.C. Laborer Pickup Spot (LAT)

By Jennifer Delson, Times Staff Writer

The Los Angeles Times, July 1, 2006

Caltrans, which learned from a Laguna resident that it owned the land used being by a nonprofit, cites liability issues.

Caltrans ordered a longtime Laguna Beach day labor center to close Friday, saying it was illegally operating on state property, land that the state didn't even know it owned.

The state Department of Transportation issued the order after a Laguna Beach resident who is a member of the Minuteman Project border patrol group checked property records and brought the information forward as part of a protest against the center.

"What they were doing on that property is illegal, and it wasn't done to benefit Americans," said Eileen Garcia, the Minuteman member. "If the Girl Scouts of America had set up pup tents there, they would have been run off a long time ago."

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This is the second day labor center in Orange County to close recently. Costa Mesa closed its center last year as its City Council took several measures to limit services to its burgeoning immigrant population.

The centers and other areas where day laborers gather informally have been targeted for protests by anti-illegal immigrant groups throughout Southern California.

The Laguna Day Worker Center on Laguna Canyon Road opened nearly seven years ago and received about $25,000 annually from the city.

State officials said the order to close the center had nothing to do with immigration politics.

"There's a concern about public safety and liability," said James Pinheiro, Caltrans deputy director of traffic operations and maintenance. "We knew the center was there. We didn't know it was on our property."

Garcia, who has protested near the worker center with hundreds of others on several occasions in the last year, said she decided earlier this week to check maps at the Irvine Caltrans office.

Officials who helped her find the materials were surprised when they found a deed showing that the Irvine Co. had given the one-third-acre parcel to the state in 1951.

Pinheiro said state law does not allow use of the property for anything other than "to facilitate the state highway."

No permits were issued to put a mobile office or fences on the site, he said. The office is owned by the Cross Cultural Council, a nonprofit organization.

Irma Ronses, coordinator of the day laborer center, said her group received permission from the city to set up the office but at some point learned the property belonged to the state.

Laguna Beach City Manager Kenneth C. Frank did not return repeated phone calls. Assistant City Manager John Pietig declined to comment.

The Caltrans decision angered a majority of the City Council. Mayor Steve Dicterow said the state agency, as well as the Minuteman Project, took action "that will hurt the residents of Laguna Beach."

Before the workers center opened off the state highway, those looking for temporary jobs went into neighborhoods to search for them. "Now we have to deal with the fact that we don't have the resources to deal with a potentially dangerous situation that will exist whether we like it or not," Dicterow said.

The City Council will discuss the issue next week and determine if it can buy the property, said Pam Gorniak, Caltrans public information officer.

Dicterow said city officials hope to persuade Caltrans to allow the center to continue operating at its current location. If that doesn't work, the city will consider another site, he said.

Resident Dolores Kustin said day laborers who go into neighborhoods, "should be arrested. If these are people who cross the border illegally, they shouldn't be here at all."

Wayne Ybarra, a Laguna Beach resident, was disappointed with the Caltrans decision: "Things seemed to be working in the sense that there didn't seem to be any neighborhood complaints."

In the meantime, Minuteman Project supporters are enjoying their victory in the same city where another nonprofit organization denied them the chance to march in a recent parade because the group has a political message.

"The Minuteman Project stands to bring public awareness to blatant law breaking that is going on in our society, to our lawmakers and bureaucrats who should have been on this years ago," said Minuteman co-founder Jim Gilchrist. "It takes an average Jane Citizen, a Minuteman, to bring attention to this."

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(INFOBOX BELOW)

Transportation officials ordered the closing of a day laborer center that was operating on state land: a turnout of California 133.

(END TEXT OF INFOBOX)

Security Guards Eye Organizing (WP)

By Sonya Geis

DOJ_NMG_0037796

The Washington Post, July 1, 2006

Black Workers Worry About Being Displaced

LOS ANGELES -- Eric Lee delivered a rousing speech to union organizers gathered from around the country at a black church in South Central Los Angeles. They whooped and cheered and then hit the streets, launching a campaign by the nation's largest labor union to organize Los Angeles's security guards, most of whom are African American.

Despite the upbeat words, Lee, chief operating officer for the Southern Christian Leadership Conference of Greater Los Angeles, has real concerns about the union effort. Not that it would fail, but that it would succeed. Lee and other black leaders are worried that a strong union could backfire, pushing black workers out of an employment sector they dominate.

It would not be the first time. The ranks of this city's hotel workers and janitors were once mostly African American, but their standing was undercut by waves of immigration and lower-paid workers.

As more Latinos were hired in nonunion hotel and janitorial jobs, the union all but disappeared, leaving today's labor officials with bitter memories of the 1980s. In the 1990s, the Service Employees International Union (SEIU) reorganized the city's janitors, but by then, the workforce was mostly Latino.

Many African Americans in Los Angeles have watched resentfully as Latinos replaced them not only in low-wage jobs, but also in many traditionally black neighborhoods. Simmering tensions between the two groups occasionally boil over in school shootings, jail violence and hate crimes.

Among security guards today, Lee said, "the underlying feeling is, we need [a union], we want it, and when is it going to happen." Still, he said, "Some say, 'Why should we do this?' because of what happened to the hotel workers and janitors."

This week, the SEIU launched a campaign to collect pro-union signatures from 3,500 of 6,000 private security officers who guard Los Angeles buildings. The union estimates that nearly 70 percent of the officers are black. A related effort to organize security officers in nine other cities, including Washington, D.C., is underway.

The average pay for security guards in Los Angeles is $8.50 per hour with no benefits or paid leave, according to the SEIU. Once benefits are factored in, that's $6 an hour less than the average unionized janitor. Turnover is high. Many guards receive little training and often work more than one job to make ends meet.

Barbara Harris, president of the Building Owners and Managers Association of Greater Los Angeles, said the members of her organization "have not made a decision on their position" on the SEIU organizing drive. Half a dozen security contractors and building owners contacted declined to comment or did not return phone calls.

But union officials are encouraged by the support of the largest commercial building owner in downtown Los Angeles. At a news conference on the steps of City Hall in April, Robert F. Maguire III, flanked by Mayor Antonio Villaraigosa and union officials, invited the SEIU into his buildings. Maguire, chairman and CEO of Maguire Properties Inc., said it would professionalize security and enhance the offices he owns.

Union organizers said security officers they have approached so far are receptive to their message.

"I'm all in agreement," Gregory Sawyer told the SEIU's Ron Reese and Sharrion Marshall after they asked him to sign a union card at the West Los Angeles office building where he works.

Sawyer said he suspects race is a factor in the difference between security guards' wages and those of other building employees. "This industry being primarily black, it's not being addressed properly," he said. "I've seen every other service group is unionized -- car parkers, janitors. Why is it that every other industry is unionized and not security?"

Ruth Milkman, director of the Institute of Industrial Relations at UCLA, said the security guard campaign looks like a conscious effort by SEIU to alleviate racial tensions, bringing Latinos together with African Americans under one umbrella.

But Andrew L. Stern, president of SEIU, said racial politics played no role in the timing of the security guard campaign. Janitors were organized first because national labor laws make it easier for them to form unions, he said. The focus is on Los Angeles now because the recent agreement with Maguire, good relations with security-guard contractors and the support of local politicians make Los Angeles a good prospect for a new union chapter, he said.

"We're organizing the security officers for a very simple reason," he said. "They work for the same owners and contractors as the janitors. They do a job that has huge import for people's safety and security. And they make less than the people who clean the buildings."

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Stern said the union is well aware of black workers' fears that organizing a union could be an invitation to employers to hire immigrant workers they perceive to be more docile and willing to work for less.

"Los Angeles is a racially charged city, because it's a city in transition politically and economically. As jobs have been devalued, it's been at the expense of the African American community. They have every right to expect building owners to not use those same tactics they did in the '80s to break the [janitors] union," he said. "All of us are going to be watching to make sure that does not happen."

The Rev. Lewis E. Logan III, senior pastor of Bethel AME church in Los Angeles, where the organizers held their rally, said he will also be watching. "Our group is planning to come together once a quarter after there is a union to make sure the same percentage of African American security officers who were part of the union at the beginning are still there later," Logan said. "We're not selling out our community."

Taxpayers Foot The Bill For Undocumented Immigrants' Medical Care (KRT)

By Tony Pugh

Knight Ridder, July 1, 2006

WASHINGTON - As America counts the costs and consequences of illegal immigration, U.S. taxpayers are quietly footing a fast-growing multibillion-dollar tab for medical emergencies suffered by undocumented immigrants.

Whether they've entered the country illegally or overstayed their visas, illegal immigrants are ineligible for full coverage under Medicaid, the state/federal health plan for low-income Americans. Enforcement of the law tightens on July 1, when Medicaid recipients will begin having to show proof of citizenship and identity.

However, a little-known federal law requires state Medicaid programs to pay for emergency medical care for all undocumented immigrants who meet the program's financial and personal resource requirements.

The provision is intended to ensure that no one in the United States is denied lifesaving medical services. But those services are becoming more expensive as medical costs outpace inflation and uninsured illegal immigrants crowd the nation's emergency rooms.

Many are women giving birth. Others are people with chronic or mental illnesses, trauma victims or sick children.

The federal government generally pays about half the costs for such care under Medicaid, and states pick up the other half. But federal officials can't determine how much actually goes for the services, and many states don't closely track what they spend, either.

At the request of McClatchy Newspapers, some states took a closer look at the expenditures, which are a small but growing share of Medicaid's escalating costs. Even states with modest illegal immigrant populations have seen their costs soar. Minnesota's spending jumped 40 percent in two years, from $12.5 million in 2003 to $17.4 million in 2005.

In California, home to possibly 40 percent of the nation's estimated 12 million illegal immigrants, taxpayers have spent an average of $957 million a year since 2001 to pay for emergency care for illegals, the state reported.

Other states with large illegal immigrant populations, such as Texas and Arizona, don't know how much they spend because their computer data is inadequate. But in Houston, the Harris County Hospital District reported spending $97.3 million on uncompensated care for illegal immigrants, or about 14 percent of its annual operating costs.

In Georgia, the state reported that the cost of emergency care for undocumented immigrants nearly doubled in three years, to $112 million in 2005 from $58 million in 2002. In North Carolina, now home to an estimated 270,000 illegal immigrants, costs more than doubled, to $52.8 million in 2005 from $25.8 million in 2000. In Kentucky, the cost jumped to $9 million in 2005 from $2.2 million in 2003.

"Illegal immigration is becoming a very big-ticket health item for a lot of states. It's going to be a huge fiscal cost," said Steve Camarota, the research director of the Center for Immigration Studies, a non-partisan Washington public policy group.

Hospitals must examine all people who come to their emergency rooms and treat any with acute medical problems, regardless of the patient's immigration status or ability to pay.

When federal Medicaid officials deny reimbursement for illegal immigrant care that isn't considered an emergency, hospitals are stuck with the bill and typically pass the charges on to other patients in the form of higher costs.

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Medicaid defines an "emergency medical condition" as one with severe acute symptoms that, without immediate attention, could jeopardize a patient's health, cause impairment to bodily functions or cause a body part or organ to malfunction. Medicaid's emergency-only coverage forces taxpayers to purchase the most expensive form of health care with no way to hold down costs.

"If you have an (illegal immigrant) child with asthma, we can give that child treatment and inhalers, or we can see that child land in the emergency room every couple of months," said Cindy Mann, a research professor at Georgetown University's Health Policy Institute. "It's better both for the child and the family, and certainly for the costs, to say `Let's treat his asthma rather than wait until it becomes life-threatening and he ends up in the emergency room.'"

In 2003, Congress agreed to pay doctors and hospitals an additional $1 billion between 2005 and 2008 to help pay for uncompensated emergency care that Medicaid won't cover.

Some health care experts argue that the federal government should consider providing a modest coverage plan for low-income illegal immigrants in addition to the emergency coverage under Medicaid. They argue that if comprehensive health care coverage were available to them, undocumented aliens could get preventive care through Medicaid or community health centers, and U.S. taxpayers could avoid paying for more expensive emergency room care.

Even those who support better coverage for illegal immigrants, however, realize that it's a tough sell in an era of shrinking federal funds and rising medical costs, said Sonal Ambegaokar, a health policy attorney at the National Immigration Law Center in Los Angeles.

Immigrants' rights groups and health care advocates are pushing for incremental changes, such as providing public health coverage for all children - including undocumented aliens - as Illinois plans to do. A legislative proposal in California would do the same.

Silver Spring Hospital Struggles To Serve (WP)

By Susan Levine

The Washington Post, July 1, 2006

Immigrants Swell Uninsured Ranks At Holy Cross

Some weeks it seems as if the whole world, with its many troubles, has walked through the doors of Holy Cross Hospital.

Daily, the second-floor women's clinic fills to overflowing with patients from countries in Central America, Africa and Asia. Some have never had care during previous pregnancies -- and never had a child born alive. "We ask, 'Do you know why?' " says director Nancy Nagel. "And they say, 'I just lost the baby.' "

Elsewhere, from the emergency room to the primary medicine clinic, doctors and nurses confront conditions and diseases they did not see a decade ago -- malaria, infectious diarrhea, parasites such as tapeworm. Even many common ailments can be more challenging, because they often require translation from a panoply of foreign tongues and cultures.

Serving the underserved is integral to Holy Cross's mission, and the Silver Spring hospital has long shouldered much of the care for poor, uninsured residents of Montgomery County. But as that population has expanded rapidly with the continued arrival of immigrants, legal and illegal, it has become a much more difficult and expensive proposition.

And now a generous mission is reaching its limit. After yet another sharp increase in the prenatal program it runs for the county, Holy Cross has drawn a line. Starting today, for the first time since it opened in 1963, Maryland's biggest community hospital will restrict how many uninsured obstetrics patients it will accept.

"It has taxed the system enormously," said physician Imad Mufarrij, a native of Lebanon who can converse with patients in five languages.

Barely half an hour from the congressional chambers where the nation's immigration policies have been rancorously debated, there is little dissent over what is right to do. It is why Holy Cross opened its primary health clinic two years ago, agreeing to cover what in 2005 was a $460,000 operating deficit. And why it spends almost half a million dollars annually on interpretation services and ethnic-specific programs for patients and Spanish classes for employees.

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From 2000 to 2005, the cost of the institution's yearly charity care more than doubled to $9 million; the care is significantly but not entirely for immigrants. A third of the total now goes to the low-income women, a veritable United Nations, who are seen through Holy Cross's Maternity Partnership with the county.

President and chief executive Kevin Sexton has no qualms: "As much as I am interested in public policy and public issues, I basically suspend that at the door of a health care facility and believe that everyone needs care."

The pressures on Holy Cross mirror those at other facilities in the region, though they fall far short of the intense demands that providers face in towns and cities along the U.S.-Mexican border. Washington Hospital Center regularly translates documents and physician-patient communication into nearly a dozen languages, including Turkish and Tagolog. Inova Health Systems estimates that it spends at least $10 million on such services, outreach programs and charity care for uninsured immigrants in Northern Virginia. In Fairfax County, more than one in seven births are to immigrants, according to one estimate.

Critics cite the burden they say newly arrived immigrants place on health care as one rationale for restricting their numbers. Last year, the federal government set aside $1 billion to cover emergency room care for illegal immigrants through 2009. The full medical bill to U.S. hospitals, clinics and taxpayers probably exceeds $6 billion annually, calculates Steven Camarota of the Center for Immigration Studies, a research group that seeks "fewer immigrants but a warmer welcome for those admitted."

Still, Camarota thinks proposals to deny access to treatment misdirect the debate. "Either you select immigrants who are self-sufficient and don't need help from the government, or you shut up about the cost," he said. "There's no middle ground."

The head of Holy Cross's primary care clinic agrees with the latter point. At her clinic, the uninsured patients are not asked how long they have been in the United States or whether they came lawfully.

"The fact is," director Elise Riley said, "people are here. They're going to end up on our doorstep one way or another."

A morning spent in the busy maternity clinic is an experience in multiculturalism and multilingualism -- and their possible complications. Many mornings, 60 or more women are seen. The phone at the front desk rings nonstop for inquiries and appointments.

"Sir, I cannot understand you," Melina Martinez tells an Asian caller with limited English. "Did your wife have a C-section? If her C-section looks okay, she doesn't have to come back for two weeks."

There is a pause while Martinez tries to grasp the man's response. "Does she have staples in? Staples, like you use for paper." At this point, the health unit coordinator is earnestly making stapling motions in the air. "You have to check, sir. Check her incision. Check her belly."

At the front desk, a patient from Cameroon schedules her next gynecology visit. A Salvadoran woman waits. She needs to monitor her blood-sugar levels for gestational diabetes but seems confused on the instructions she has been given.

"Escribo?" a nurse asks, offering to write them down in Spanish.

Some patients have had so little education in their homelands that the staff may teach them reading along with prenatal nutrition, occasionally receiving handmade tortillas or tamales as thank-you gifts. In fact, illiteracy was a factor taken into consideration when Holy Cross redesigned the clinic as part of a facility-wide expansion and renovation. Women now have their blood drawn as they come in, rather than being sent to a lab elsewhere in the hospital. Before, bilingual signs directed them down corridors, but many Central American immigrants had gotten lost because they could read neither English nor Spanish.

The clinic's success with its patients is measurable. Despite their socioeconomics, Holy Cross's percentage of low-birth-weight infants is half the state average, contributing to healthier starts in life.

Early in the venture with the county, Holy Cross officials committed to caring annually for 1,200 uninsured obstetrical patients sent by the county health department. Within two years, that cap was reached and exceeded. By fiscal 2005, admissions were 1,802.

Then last fall, Gov. Robert L. Ehrlich Jr. (R) barred several thousand legal immigrants from receiving state Medicaid, and the clinic's numbers surged again -- to 2,131 women by this spring. Projections only indicated further increases.

Too much, hospital officials decided. They set a future limit of 1,500. The partnership had never been intended to include only one hospital, they reminded the county, yet theirs was the sole institution that had stepped up. As a consequence, Holy Cross's share of deliveries to low-income women had soared, to 65 percent of the county Medicaid total, from less than half five years earlier.

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"Holy Cross has been bearing the brunt of that," agreed Montgomery Health Officer Ulder Tillman. "They've really become overwhelmed."

The stress is felt on the hospital floors where handsome art decorates the hallways and newborns spend their first day or so. Despite the recently completed expansion, the most significant in the facility's history, the 21 new labor and delivery rooms and 68 private maternity suites are always occupied -- and intermittently overbooked, given the nearly 8,900 births a year, 24 a day.

No distinction is made when mothers are placed in those quiet, spacious suites. A young illegal immigrant, barely able to write her name, may be next door to a high-powered business executive. Neither would necessarily ever know.

"It is harder in every way, including financially, to choose this course, but it's the right way," stressed Sexton, the chief executive.

Even with the looming deadline, only late this spring did two other hospitals with major obstetrics services agree to join the partnership. Washington Adventist and Shady Grove Adventist will start accepting up to 700 uninsured women between them for care this summer.

How quickly they and Montgomery's other hospitals will act on a different pledge is uncertain. As a group, they agreed more than a year ago to open three additional primary care clinics to assist the Holy Cross primary clinic, which expects to double patient visits to 10,000 by 2010. "In terms of following through," Tillman conceded, "it is painfully slow." Little has moved forward to date.

"We need more people in the trenches," obstetrician Mufarrij said simply during a rare break in delivering babies one afternoon. He was a prime proponent of the maternity collaboration with the county and remains so despite the fiscal and physical demands it has meant for facility and staff alike. The previous night, his colleagues had done seven Caesarean sections in the midst of other arrivals. Mufarrij's own record is 14 deliveries in a 24-hour shift.

But as a doctor, he sees no other way. "Once these patients are here, you have only two options," he said. "Neglect them or give them quality care."

D.C. To Delay Enforcing Medicaid Rule (WP)

By Susan Levine

The Washington Post, July 1, 2006

Decision Puts Off Until at Least July 17 Need to Prove Citizenship

The District agreed yesterday to delay implementing a new federal Medicaid rule requiring documented proof of citizenship, said attorneys representing residents who could lose their coverage.

One day after a Washington firm filed suit in federal court to block the city from moving forward with enforcement, both sides yesterday afternoon agreed to wait until at least July 17.

The District, which has more than 140,000 Medicaid recipients, will not act "any sooner than 10 business days from July 1," according to the legal stipulation signed by attorneys for the plaintiffs and the D.C. attorney general's office.

The federal rule taking effect today makes documented citizenship a requirement for eligibility in the state-federal program for the poor and the disabled. Supporters in Congress pushed it as a measure to ensure that illegal immigrants were not getting coverage, but critics fear it will harm millions of poor, elderly and disabled Americans who are entitled to medical or nursing home benefits.

The delay "allows the District to thoughtfully consider what [its] next action will be with respect to the requirement," Clifton S. Elgarten of Crowell & Moring said.

Traci Hughes, a spokeswoman for D.C. Attorney General Robert J. Spagnoletti, said the hiatus would give local officials more opportunity to discuss the issues raised by the litigation. "We're looking forward to resolving it on behalf of those who need to use these types of services," she noted.

She said she did not know what conversations the city had held with federal officials, who have warned it and states that noncompliance would mean losing Medicaid matching funds. The District receives $900 million annually for its program.

"The city definitely is reviewing the implications of this hiatus," Hughes said.

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Under the new provision, a passport, birth certificate or other specified paperwork must be supplied when a person applies for Medicaid or during annual reenrollment in the program. In the past, Medicaid recipients were able to declare their citizenship, under penalty of perjury, without having to show evidence of it.

Politics (WSJ)

By John Harwood

The Wall Street Journal, July 1, 2006

Beating Up On Immigration

Directed by House Speaker Dennis Hastert, Republicans this coming week will undertake a remarkable exercise: the public thrashing of President Bush's principles on a major initiative.

House "field hearings" on immigration, scheduled for San Diego and Laredo, Texas, weren't designed with fact-finding in mind. Their intent is rather to batter the Senate-passed immigration bill, which embodies Mr. Bush's goal of combining border security with a guest-worker program for the 12 million illegal immigrants already here.

But will Mr. Hastert's maneuver bury chances for enacting legislation -- or provide the political cover that ultimately permits a House-Senate deal before the election? One thing already is clear: The speaker's first consideration will be protecting his members, not the White House.

Legislative leaders face a daunting equation when a president of their party occupies the Oval Office: reduced power -- since 1600 Pennsylvania Avenue sets the agenda -- plus increased expectations, since the governing party is supposed to deliver. Often that equals limited tenures, as one-time Senate Leader Bob Dole and House Speaker Tom Foley can explain after seeing their majorities crumble in the Reagan and Clinton years.

A conservative-dominated House has delivered much of what Mr. Bush has asked for throughout his presidency. That includes priorities that lawmakers shared, such as tax cuts, and those that they felt queasy about, such as Medicare prescription-drug benefits. But lately Mr. Hastert's charges have concluded that the White House asks too much, and sometimes cares as little about their views as about those of the Democratic minority.

In private, some display striking anger. That largely represents frustration with an Iraq war that has been vastly more difficult and deadly than the administration predicted. Republicans won the House in three consecutive elections before Mr. Bush came to Washington, and now fear the war could cost them their majority.

But the unhappiness also reflects the conviction that the speaker has been personally slighted by an arrogant administration -- in the firing of his friend Porter Goss from the Central Intelligence Agency, the quick veto threat after members bridled at the Dubai ports deal, and the decision to raid a lawmaker's office in a corruption probe without accommodating separation-of-powers concerns.

There are limits on the House's ability to hit back, and not only because Mr. Bush remains a potent fund-raiser. The Republicans' fate is partly tied to the president's popularity; they need to help raise his weak poll ratings.

That makes play-calling on immigration unusually tricky. The coming week's hearings, which today look like attempts to stoke the conservative base and sink the president's priority, might look different by October. White House strategists insist Mr. Hastert isn't killing immigration overhaul and may yet cut a deal.

What is clear is whom House Republicans will listen to in the huddle. "Our members would always choose the speaker over the president," explains one Republican lawmaker. "Paradoxically, that is what gives the speaker the ability to help the president. ... Too bad they don't recognize that at 1600 Pennsylvania Avenue."

Write to John Harwood at john.harwood@wsj.com5

Let's Get A Border Deal Done (WP)

By Tamar Jacoby

The Washington Post, July 1, 2006

The immigration bills passed by the House and Senate in recent months could hardly be more different. The House package is harsh, punitive and focused exclusively on tougher enforcement. The Senate bill balances toughness with

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pragmatism by including provisions to admit the workers we need to keep our economy growing and deal with the estimated 12 million illegal immigrants already in the country.

The prospect of reconciling the two bills has always looked difficult -- the legislative equivalent of marrying a giraffe and a hippopotamus. As part of their maneuvering for position, House Republicans declared that they wouldn't even negotiate until they had held a series of special hearings on immigration. And despite signs of softening in recent days, even hints of possible agreement on a phased solution, the House is still going ahead with its hearings. Yet this, I believe, may not be such a bad thing.

Why would I say that? After all, the details on the hearings leave little doubt about the House's intentions: to look tough and -- let's put it charitably -- skeptical about immigration, both legal and illegal. Many of the sessions are scheduled for border states, where frustration about illegal immigration runs highest. And they will address such subjects as retroactive Social Security benefits for illegal immigrants, whether state and local law enforcement should be empowered to arrest illegal immigrants without other cause, whether existing border enforcement is tough enough, and English as the official language -- all subjects guaranteed to rub raw the public's irritation.

Still, as every American TV viewer knows, no one, no matter how savvy, ultimately succeeds in controlling the message in our great, garrulous media. House immigration naysayers may believe that they can use the hearings to stir voters' bile. But television, national and local, is not just going to air the sessions. On the contrary, each night's news will bring a debate about immigration, and the more one-sided the hearings, the more stubbornly the media will air the other side.

By the end of the summer, the public will have had a long, thorough course on immigration. And as someone who spends a lot of time speaking to audiences on the subject, I'm convinced that this will only deepen viewers' pragmatism. They'll start to look more closely at who these foreigners are -- and see that most are hard-working, churchgoing people with families. Voters will also start to think harder about enforcement -- about what is practical and what isn't. And by the end of the summer, they will be, if anything, hungrier for a solution -- less patient with grandstanding efforts to block a bill.

The debate won't, of course, convince the angriest voters -- the ones who want to seal the border and deport or drive out illegal immigrants. That 20 to 25 percent of the public -- and poll after poll shows that's how strong they are, no more, no less -- is probably not open to persuasion. But what the discussion could do is energize some of the other 75 percent: voters who, most surveys show, are more pragmatic -- including being willing to legalize the 12 million -- though generally less intense in their beliefs and less likely to voice or vote on them.

And new energy among moderates could in turn shift the balance among House Republicans, strengthening practical, problem-solving members as against those who think their ticket to reelection is signaling that they dislike immigrants. Of course this strategy will work only if there are indeed some pragmatists among House Republicans. But I believe they are there, including in leadership: members who see the summer's hearings less as a means to stop the Senate bill than as a way to mollify and manage the immigration naysayers in their caucus.

In the end, it will depend on what the electorate seems to want most. Do Americans want Congress to take action on this year's No. 1 domestic issue, or would they rather see candidates standing pat on a party line? A recent Manhattan Institute poll of likely Republican voters left little doubt: 72 percent thought it was very or extremely important for Congress to come to grips with immigration this year, and though 39 percent believed the Senate package was amnesty, 75 percent still favored it. They want a solution that badly.

Neither party yet seems to recognize this deepening public desire for the government to try governing. But that's exactly the point about a summer of debate about immigration. Come September, the public's hunger for a solution may be impossible to ignore.

The writer is a senior fellow at the Manhattan Institute.

CONGRESS-ADMINISTRATION:

In Memphis, Two Heads Of Government Visit The Home Of Rock 'N' Roll Royalty (NYT)

By Sheryl Gay Stolberg And Shaila Dewan

The New York Times, July 1, 2006

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MEMPHIS, June 30 — Plenty of awestruck Elvis impersonators have passed through the wrought-iron gates of Graceland. Until Friday, none had the president of the United States in tow.

"It's like a dream," Prime Minister Junichiro Koizumi of Japan said to President Bush in the Jungle Room of the Presley home here. Amid the faux leopard print chairs and green shag carpet covering both floor and ceiling, the prime minister then serenaded the president.

"Loooovve mee tenderrrrr," Mr. Koizumi crooned, as Priscilla Presley, Elvis's former wife, and Lisa Marie, his daughter, looked on.

When Priscilla Presley pointed out the oversize gold-rimmed sunglasses once worn by the King of Rock 'n' Roll, the prime minister eagerly donned them, thrusting his hips and arms forward in imitation of a classic Elvis move.

"I knew he loved Elvis," Mr. Bush said afterward. "I didn't realize how much he loved Elvis."

If the visit, the first time a sitting president has toured Graceland, resembled an Elvis lovefest, it was a Bush-Koizumi lovefest as well, orchestrated by the White House to spotlight the close relationship between Japan and the United States. Mr. Koizumi, who will step down in September, is among Mr. Bush's closest friends on the world stage; the trip was both a farewell gift and a thank you for Japan's support on the war on terror.

In the annals of international diplomacy, it was not exactly Yalta. But it did bring a little bit of shake, rattle and roll to American foreign relations — perhaps too much for Mr. Bush, who resisted being caught in any poses even remotely Elvislike.

Not so Mr. Koizumi.

The prime minister's obsession with Elvis is well known; he shares a birthday, Jan. 8, and a hairstyle with Elvis, and worked in the 1980's to erect a bronze statue of the singer in Tokyo. At one point Friday, Mr. Koizumi happily remarked to Lisa Marie Presley that she looked like her father. He later threw his arm around her, belting out some Elvis lyrics, "Hold me close, hold me tight."

Mr. Bush, though, eventually cut off the performance, clapping the prime minister on the shoulder and firmly shaking his hand in a none-too-subtle message that the curtain was about to fall.

The sight of the ordinarily strait-laced Mr. Bush, with his vigorous exercise regimen and disdain for alcohol, wandering about the home where a bloated, drug-abusing Elvis died in the bathroom might have seemed incongruous to some. Indeed, the White House press secretary, Tony Snow, on Thursday refused to answer a delicate question: Did Mr. Bush prefer a fat Elvis or a skinny Elvis?

"Uuuuhh, yes," Mr. Snow replied diplomatically.

The prime minister was later treated to lunch at the Rendezvous, the downtown barbecue restaurant, which changed the labels on its spicy barbecue sauce to read, "One President, One Prime Minister, One King." The drummer for the Dempseys, a rockabilly band invited to perform over lunch, rescheduled the birth of his first child (the labor was induced).

With Memphis reeling from a recent spate of drive-by shootings that have killed several teenagers, the White House took pains to make sure Mr. Bush's trip was not all frivolity. The president made an unannounced stop at the National Civil Rights Museum, next door to the Lorraine Motel, where the Rev. Dr. Martin Luther King Jr. was killed.

There, the civil rights leader Benjamin L. Hooks showed the prime minister, Mr. Bush and Laura Bush to Room 306, where Dr. King died. The visit was so last-minute that Mr. Hooks was at a dental appointment Friday morning when he received a phone call from the White House, asking him to serve as guide.

The trip attracted onlookers far more diverse than the already polyglot hordes that normally come to Elvis Presley Boulevard. The street was lined with people, as were barricades set up at the visitor center, across the street from Graceland. They included the curious and those just waiting for their turn to take the tour; protesters of the Iraq war and supporters of the troops; a woman dressed as Lady Liberty; and a man who said he had a letter stating that if the Boston Red Sox went to the World Series again he would throw out the first pitch, and that he would be going by Graceland later to see his old friend Lisa Marie.

But there were also those who used the surroundings for inspiration, at risk of copyright infringement and personal dignity. And not all their messages were for Mr. Bush.

Along the barricades, two Japanese doctors from the St. Jude Children's Research Hospital in Memphis stood behind a large sign. "I want you, I need you, I love you," it read. "Darling, I wish to build a children's cancer hospital in Japan together."

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Gregory Wetstone, the tweed-suited director of United States operations for the International Fund for Animal Welfare, was accompanied by four Elvis impersonators in white jumpsuits. "We're delivering a message," Mr. Wetstone said. "Which is, don't be cruel — to whales."

At one end of the famous Graceland wall, inscribed by decades of tourists, stood a cluster of onlookers from the nearby predominantly black neighborhood, Whitehaven, that surrounds Graceland. One, a former state representative named Bret Thompson, said he had come because of a recent crime wave in Memphis that has caused consternation among the city's leaders.

"We had, I guess, the most violent week in Memphis history," Mr. Thompson said. "We had a killing every day." He gestured at the flashing lights and barricades closing off the street to protect the president. "This is the safest place in the world right now, isn't it?"

But mostly, Friday was a day to celebrate a peculiar slice of Americana, gold lamé suits and all.

The White House left no detail unattended for what Mr. Bush described as "this most unusual experience." The breakfast fare on Air Force One was peanut butter and banana sandwiches, a recipe straight from Elvis's kitchen. Elvis movies — "Love Me Tender" and "Viva Las Vegas"— were available for viewing.

And Elvis music played loudly over the speakers, until Mr. Bush asked that it be turned down.

The Graceland tour capped a two-day visit by Mr. Koizumi to the United States; on Thursday, the two leaders met at the White House, where the threat of a long-range-missile launching by North Korea was high on the agenda. The visit here was Mr. Bush's idea, said Michael Green, a former White House foreign policy aide.

"Frankly," Mr. Green said, "I think the bureaucrats on both sides were a little bit perplexed, if not aghast."

The house is virtually as Elvis left it, a homage to 1970's hotel décor. The white couch in the living room is 15 feet long. The kitchen is paneled in wood. The TV room has three television sets, a mirrored ceiling and a bar upholstered in yellow Naugahyde. Elvis's famed pink Cadillac was parked outside; it ordinarily sits in a car museum across the street but was moved to make way for the traveling press.

The tour was the same as ordinary tourists receive, with one big exception: there were no ropes to prevent the two leaders from sitting where Elvis sat, walking where Elvis walked or touching what Elvis touched. When Mr. Koizumi picked up the gold sunglasses, Graceland's curator, who had carefully carried the glasses into the room with gloved hands, looked as if she were about to faint.

One part of the house the Bushes and Mr. Koizumi missed was the upstairs, Elvis's living quarters. Elvis insisted they be kept private, said David Beckwith, a spokesman for Graceland.

"Nobody goes upstairs," Mr. Beckwith said.

Not even Japan's best-known Elvis impersonator and the president of the United States.

At Graceland, Japanese Prime Minister Breaks Into Song (KRT)

By Ron Hutcheson

Knight Ridder, July 1, 2006

MEMPHIS, Tenn. - Elvis left the building years ago, but Japanese Prime Minister Junichiro Koizumi channeled his spirit Friday during a visit to the performer's Graceland mansion.

Standing next to President Bush in the garish "jungle room," a Polynesian-inspired sanctuary filled with fake-fur chairs, ceramic monkeys and green shag carpet on the floor and ceiling, Koizumi broke into song. He crooned a few lines from "Love Me Tender" and "Fools Rush In," before slipping on a pair of Elvis Presley's signature sunglasses and attempting a few gyrations. At 64, he couldn't swivel his hips quite like the King in his prime.

Still, he ended with a classic late-Elvis flourish, crouching, waving his arm in a windmill and singing, "Glooory, glooory, haaalleluuujah!"

It was perhaps the most bizarre moment in one of the strangest road trips in diplomatic history - a U.S. president and a Japanese prime minister paying homage to The King of Rock `n' Roll.

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Bush's black presidential limo swept past Presley's pink Cadillac as he and Koizumi arrived for a tour led by Presley's former wife, Priscilla, and his daughter, Lisa Marie. The Presleys seemed to enjoy Koizumi's performance almost as much as he did.

"We need a karaoke machine," Priscilla Presley joked during Koizumi's jungle-room show.

Bush took his pal to the rock `n' roll shrine as payback for Koizumi's steadfast support and friendship. Koizumi, an avid Elvis fan who shares Presley's Jan. 8 birthday, plans to step down from his post in September.

He called his Graceland visit a dream come true.

"I knew he loved Elvis," Bush said. "I didn't realize how much he loved Elvis. He not only knows Elvis history, he can sing a pretty good Elvis song."

Bush's visit, the first by a sitting president, generated considerable interest in Memphis. Elvis fans gathered across the street from Graceland's musical-notes gate to welcome the president and his guest.

"I love the president and I love Elvis. This is the best thing that ever happened to Memphis," said Sinie Conley, 20, of nearby Lake Horn, Miss. Conley, who wore an "I Love Elvis" T-shirt, didn't know much about Koizumi but liked what she did know.

"He loves Elvis," she said. "You've got to love him for that."

The visit also attracted four protesting Elvis impersonators, who waved signs denouncing Japan's refusal to join a ban on whaling.

After leaving Graceland, Bush and Koizumi stopped at a more somber Memphis landmark - the motel where civil rights leader Martin Luther King Jr. was assassinated in 1968. The former Lorraine Motel now houses the National Civil Rights Museum. They stood on the balcony where King was shot.

But the day was devoted to Elvis from the moment Bush and Koizumi boarded Air Force One. Presley's songs played from the aircraft's speakers. The options for in-flight entertainment included two Elvis movies, "Love Me Tender" and "Viva Las Vegas."

Even the food had an Elvis theme, although Bush and Koizumi passed on Presley's favorite sandwich - peanut butter and bananas, grilled. White House chief of staff Josh Bolten wished he had done the same.

"I'm feeling a little heavy," he acknowledged. "I so rarely fry my peanut butter sandwiches."

At Graceland, the two leaders got the standard tour, but with more knowledgeable tour guides, better access to rooms and the chance to handle some of Presley's personal items.

Still, even the president didn't get to go upstairs, where Presley died in 1977 from heart problems and drug abuse. The mansion, set on 14 acres south of downtown Memphis, draws about 600,000 visitors annually.

"This is the White House of rock `n' roll," said Graceland spokesman Kevin Kern.

Bush and Koizumi, who both love baseball, hit it off from their first meeting in 2001 when they played an impromptu game of catch. White House advisers said Bush admires Koizumi's maverick style and his willingness to take unpopular stands, particularly his decision to send Japanese troops to Iraq in noncombat roles.

More than four dozen Japanese reporters came to Graceland to chronicle Koizumi's visit. Some were a little perplexed by his enthusiasm for the rock king.

"I've never heard Elvis Presley songs," said Hitoshi Inoue, a Washington correspondent for TV Asahi.

Koizumi couldn't stop singing them. He sang as he threw his arm around Lisa Marie Presley, 38, serenading her with one of her father's classic love songs, "Hold me close, hold me tight." She giggled.

Lisa Marie, who married musician Michael Lockwood last January in Kyoto, Japan, bantered with Koizumi in Japanese when he told her she looks like her father.

The Japanese prime minister sang a few more snippets as he and Bush prepared to leave.

"It's a like a dream," Koizumi said, cueing up his version of "To Dream the Impossible Dream." "Thank you very much for treating me nice," he added, setting up a snippet from "Treat Me Nice."

At that point, Bush dropped the curtain.

"We're going to have some barbecue," the president announced, closing Koizumi's performance.

Japanese Leader Sings King's Praises (WT)

DOJ_NMG_0037806

By Joseph Curl, The Washington Times

The Washington Times, July 1, 2006

MEMPHIS, Tenn. -- Japanese Prime Minister Junichiro Koizumi yesterday rocked the House That Elvis Built, crooning a few bars of some classic Presley hits and leaving his tour guide, President Bush, looking a bit like a whipped Hound Dog.

It didn't take much to get Asia's biggest Elvis fan to break into song as he made a long-sought pilgrimage to the Memphis mansion. "You're a pretty good Elvis singer," the president said to the long-haired leader, worshipped like a rock star in his home country.

"Let's hear some," yelled a reporter from the edge of the Jungle Room, a time capsule of 1974 with its avocado green shag carpet on the floor and ceiling, a feature that made for such pure acoustics that Elvis and his buddies recorded several hits there.

"Love me tender ... " Mr. Koizumi sang in a low register, breaking off as laughter from first lady Laura Bush, along with Priscilla Presley, Elvis' widow, and the couple's daughter, Lisa Marie Presley, drowned him out.

The Japanese leader took a breath and then launched into a medley. "Wise men say, only fools rush in ... " he crooned, before being interrupted by Mr. Bush, who said: "I thought you were going to sing 'Blue Suede Shoes.' "

But Mr. Koizumi, who was born on the same date as the King, followed in his idol's footsteps, making a quick costume change by donning a pair of gold-rimmed sunglasses that Elvis wore in the 1972 concert film, "Elvis on Tour."

Striking the emotive stage pose seen in the later days of Elvis' career -- stretched out in a near crouch, one arm windmilling, the prime minister let go with one last burst. "Glory, glory hallelujah," he sang, drawing a surprised smile from the president, who stepped back to take in the full performance.

Although a Graceland "archivist" wearing white cotton gloves had carefully laid out two pairs of glasses, Mr. Bush steered clear of the spectacles.

Mr. Koizumi called the day touring what many consider America's mecca of rock 'n' roll "a dream."

"I never expected president come with me to visit Graceland," he said in broken English.

Mr. Bush struck a more sober tone by stating: "The visit here is an indication of how well-known Elvis was around the world. A lot of people are still singing Elvis Presley songs here in the states, and there's a lot of people who love Elvis Presley in Japan, including the prime minister."

White House staffers leaned more toward the exuberant Koizumi: Press secretary Tony Snow briefed reporters aboard Air Force One en route to Graceland wearing a pair of the huge trademark Elvis tinted glasses; a dozen other staffers also donned them. Many became tourists themselves, taking pictures of the spangled and sparkly jumpsuits in glass cases and the 100 gold and platinum records lining the walls in what was once the King's racquetball court.

The crew of the presidential aircraft also got in on the action. They prepared a special Elvis treat, gleaned from the Graceland Web site: A fried peanut butter and banana sandwich, with a whopping 36 grams of fat. Both svelte leaders skipped the treat; Mr. Bush drank coffee, and Mr. Koizumi drank green tea.

Elvis songs, including "Don't Be Cruel," were playing over the public-address system aboard Air Force One, and Elvis movies, including "Viva Las Vegas," were available upon request.

While the president is known for his disdain of tourist stops -- he skipped India's Taj Mahal on a trip this year and last month raced through Vienna, Austria, and Budapest in 36 hours -- he offered to take the prime minister to Graceland a year ago.

The two leaders were no doubt paying homage to the young Elvis, the dirty-dancing heartthrob who changed the music world with a newfangled thing called rock 'n' roll, not the old Elvis, the drug-addled and bloated pill-popping junkie who paid young girls to wrestle for his entertainment.

While Mr. Bush and Mr. Koizumi were not allowed in private quarters upstairs where Elvis died, they toured the rest of the 14-acre estate, stopping off to see the black baby-grand piano by a 15-foot white sofa in the living room, Elvis' burial shrine -- even one of the King's prized possessions, a pink Cadillac.

As the first sitting president to visit Graceland, Mr. Bush was given an original Elvis belt buckle from the estate. Mr. Koizumi was given a vintage movie poster.

The leaders also made a stop at a different King memorial: The National Civil Rights Museum at the Lorraine Motel, where Martin Luther King was assassinated in 1968. The two leaders stood on the spot on the motel balcony where King was slain.

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Mr. Bush and Mr. Koizumi then stopped for lunch at Rendezvous, a 58-year-old barbecue restaurant. Seated at red-checked tablecloths, the leaders dug into a meal of Memphis-style ribs, cole slaw, sausage, beans and sweet tea.

Japan's Premier Follows Dream To Memphis (FT)

By Caroline Daniel And David Pilling In Memphis

Financial Times, July 1, 2006

Not many presidential road-trips cum summits begin at the porticos of Graceland, Elvis's home in Memphis, with a private tour of the house from Priscilla and Lisa Marie Presley, and end being handed a genuine Elvis buckle from one of his costumes.

But Friday's special trip to the birthplace of the King, designed to celebrate his special relationship Prime Minister Junichiro Koizumi, was a day of firsts. It was the first time a sitting President had visited Graceland. And before Mr Koizumi, the President of Costa Rica was the only foreign leader to have made the pilgrimage to the King

Mr Koizumi's arrival on Air Force One in the morning at Andrew Air Force Base was heralded with the sounds of Elvis tunes, piped over the PA. After getting in the mood watching Elvis movies, the two leaders, who have established a wsrm personal chemistry, arrived at Graceland. They were greeted by a sign from the local mayor: "Menfisu ni youkoso" or Welcome to Memphis.

Graceland is not exactly yen understatement, with its Jungle room, replete with glowering monkey statues, a homage to a hotel room Elvis stayed in Hawaii, its billiard room draped in yards and yards of pyschedelic material, his round fur bed with inset mirrors, and a racketball court festooned with gold records.

Even in the heart of Americana, there were reminders of Japan. Mr Koizumi could view a Karate kit that Elvis, used to wear. He was a black belt, and claimed he practiced every day. As he epigrammatically observed: "There's a lot to it. It's not just breaking bricks. I mean, how many times is a brick gonna come out and attack you?"

The Graceland directors had eschewed setting up a karaoke machine, perhaps out of deference to diplomatic etiquette, and not wanting Mr Bush to appear a party pooper for not joining in a duet of Jailhouse Rock. Yet, Mr Koizumi still broke into a few bars of Love Me Tender, and then pulling Lisa Marie Presley close to him, serenaded her with the words: "hold me close, hold me tight."

Taking up the chance to wear some authentic Elvis shades (two pairs were set aside, Bush decline his, at least publically), Mr Koizumi, seemingly imbued with the spirit of the singer, later did the Elvis swoon: arms outstretched, falling to his knees, he offered a full gusto impersonation of his hero, with whom he shares a birthday, to Mr Bush's delight.

Yet not all of Mr Koizumi's efforts have been as warmly applauded. His album, released in 2002, his top 25 Elvis songs, sold 200,000 copies but was actually in breach of Elvis copyright because it used and doctored a photo of Elvis without seeking copyright from the photographer. Elvis Presley Enterprises has quietly advised the prime minister that if he wants to re-release the album – as he does – that he should ditch the photo.

Even so, the Graceland directors gave him a vintage Elvis poster, while Laura Bush, received a TLC necklace, (Tender Loving Care), something Elvis gave members of his female entourage. Jack Soden, chief executive of Elvis Presley Enterprises, says more foreign dignitaries, should be brought to the heartland. "It's no good if they stay in a presidential suite of a Manhattan hotel. They need to see Memphis Tennessee, a simpler place, where we are sure our most honoured guests get barbecue not Maine lobster."

Barbecue is exactly what Mr Kozumi received. He managed to avoid swallowing another helping of US beef at lunch, having already had to chew down two portions in a politically driven photo-op to underline the recent lifting of the Japanese ban on the export of US beef. Instead, at Rendezvous Charcoal Ribs in downtown Memphis, the menu was charcoal broiled pork ribs, pork shoulder sandwich, beans and slaw.

Yet Mr Bush's jocular mood nearly turned into annoyance as he arrived at the head table and saw six empty chairs. Lisa Marie Presley and Priscilla Presley eventually idled in. But his guest of honour was lagging. Mr Bush looking awkwardly around, scanning the front door. He picked up a spoon and scooped beans on a plate, and looked like an anxious housewife presiding over their first dinner party. Still no Mr Koizumi. He picked up the plate of ribs and offered them to one of his Japanese guests. More minutes ticked by. As he fiddled with a slotted spoon, there was palpable relief when his guest arrived.

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They left after the meal, with no further serenades, “he’s all sung out,” said Dana Perino, a White House spokeswoman. Mr Bush’s parting shot was: “I’ll see you at the G8.”

The idea for the Graceland trip was Mr Bush’s, inspired by a Camp David meeting with Mr Koizumi in 2002, and cemented after Mr Koizumi burst into Elvis songs at the G8 summit last year. This visit sets a new symbol for Presidential intimacy. From now on, world leaders, anxious to show their clout, may demand a visit to Camp Elvis not Camp David.

Bush Takes Koizumi For Tour Of Graceland (WP)

By Peter Baker

The Washington Post, July 1, 2006

GRACELAND, America, June 30 -- If wise men say only fools rush in, then on this day, at least, President Bush heeded the wise men.

It was one thing to take his friend, Japanese Prime Minister Junichiro Koizumi, to Memphis to visit what evidently is now the nation's most important tourist site. But the president drew a line Friday when the wavy-haired Japanese leader began crooning Elvis songs.

" Love me tender, " Koizumi sang in a deep baritone that bore a fair approximation of the King, if the King had been from Tokyo. Standing in front of the stone waterfall in the Jungle Room here at Graceland, complete with avocado shag carpet on both floor and ceiling, Bush laughed but did not join in.

Just as well. The image of the politically struggling president lamenting his own heartbreak hotel might have left his advisers all shook up. This was a day for friendship, rock-and-roll and bad puns as Bush embarked on what even he called an "unusual experience," quite possibly the most memorable diplomatic pleasure trip of his presidency.

As a farewell gift to Koizumi, one of his best overseas friends and a longtime Elvis aficionado making his final U.S. visit before retiring in September, Bush organized a special trip to the mansion where the legendary singer lived and died. The mecca of fans everywhere closed itself to ordinary tourists for the first time since opening in 1982 as it played host to its first sitting president. Priscilla and Lisa Marie Presley flew in for the occasion.

If the president stuck to understated good humor, Koizumi plunged into the spirit of the occasion, mugging for cameras in Elvis's sunglasses, belting out some of his favorite lyrics, serenading Lisa Marie and even mimicking her father's famous stage moves. The prime minister, who once released a CD of his favorite Elvis songs, gleefully checked out the extravagant concert costumes and the pink Cadillac on the lawn and the wall after wall of gold records.

"My dream come true," Koizumi said, after singing a few words of "The Impossible Dream" to make the point.

While they were in town, the president and prime minister also visited another landmark, the National Civil Rights Museum next to the motel where Martin Luther King Jr. was assassinated. It was such a last-minute addition to the trip that the White House tracked civil rights leader Benjamin Hooks down at his dentist's office Friday morning to ask him to show the visitors around.

That Bush would take the time to come to Graceland testifies to the strength of his personal bond with Koizumi, first forged on the grass at Camp David in 2001 when they played catch, traded baseball stories and talked about favorite movies such as "High Noon."

Bush is at best an accidental tourist. He once raced through the Kremlin cathedrals in Moscow in seven minutes flat, did the sprawling Hermitage Museum in St. Petersburg in a half-hour and turned to go soon after arriving at the Great Wall of China. He declined an invitation to visit the Taj Mahal altogether while in India, pleading lack of time.

Yet he managed to carve out eight hours to fly here from Washington, trailed by a media throng the likes of which rarely accompanies him to, say, a Medicare speech in Missouri. About 300 journalists showed up, in fact, and a press center was set up in the Elvis Presley Automobile Museum featuring his 1956 purple Cadillac Eldorado convertible, the 1960 MG used in "Blue Hawaii" and the rest of his fleet. Tourists circled the journalists under the giant disco ball as if they were another exhibit.

Everyone tried to get into the act. The Air Force One crew played "Love Me Tender" and "Don't Be Cruel" over the intercom system as the president, Laura Bush and Koizumi boarded. Elvis movies were made available for viewing during the flight to Memphis. For breakfast, the King's favorite fried peanut butter-and-banana sandwiches, with 36 grams of fat apiece, were served

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on the plane. Bush and Koizumi politely passed, although White House Chief of Staff Joshua B. Bolten gave it a try, reportedly to his regret.

When Bush and Koizumi arrived at Graceland, a small clutch of activists from the International Fund for Animal Welfare gathered nearby to protest Japan's whaling policies, featuring four Elvis impersonators holding up signs such as "Don't Be Cruel."

But nothing would spoil Koizumi's day, which came complete with the gift of a vintage Elvis poster. He checked out the triple televisions embedded in the walls of the yellow-and-blue basement entertainment room with the mirrored ceiling. He was shown the pool table in the billiard room festooned with 350 yards of multicolored fabric covering the walls and ceiling. He and Bush shared what a Graceland spokesman called "private time" in the Meditation Garden where Elvis and his parents are buried next to an eternal flame.

By the time he got to the Jungle Room, decorated after Elvis's memory of Hawaii, Koizumi was ready to perform.

He smiled at Lisa Marie, her brown hair streaked with blond.

"You look like Elvis," he told her.

" Arigato ," she answered, expressing thanks.

"My birthday is the same as Elvis," he noted.

"Even now," he added, "I often listen to Elvis CDs."

"You're a pretty good Elvis singer," Bush offered.

Koizumi demurred. "I'm not impersonator," he said.

But Washington Times reporter Joseph Curl recognized the moment of opportunity. "Let's hear some," he called out.

And Koizumi obliged. He started with a few words from "Love Me Tender," then segued into "Can't Help Falling in Love."

"I thought you were going to do 'Blue Suede Shoes,' " Bush said.

The first lady of the country and the onetime first ladies of music came over to pose for pictures. Koizumi wrapped his arm around Lisa Marie. "Hold me close, I want to hold you tight," he crooned to her.

Priscilla showed the prime minister a few of her former husband's personal items, including a pair of sunglasses that a museum employee in white gloves had gingerly placed on a table minutes before.

Koizumi eagerly grabbed them and slapped them on. Then, in the moment that thrilled television producers around the world, he crouched, seemed to play a bit of air guitar and emulated the late singer's motions while belting out, "Glory, glory, hallelujah."

The president kept his singing voice and dance moves to himself but seemed to enjoy the show. He wanted Koizumi to have a good time. On this day, Mission Accomplished. "I knew he loved Elvis," Bush said. "I didn't realize how much he loved Elvis."

Bush Leads Koizumi On Tour Of Graceland (AP-Y2)

By Deb Riechmann, Associated Press Writer

AP2, July 1, 2006

It didn't take much coaxing from President Bush to get Japanese Prime Minister Junichiro Koizumi to croon some Elvis tunes Friday at the king of rock 'n' roll's Graceland mansion.

"You're a pretty good Elvis singer," Bush told Koizumi, an avid Elvis Presley fan.

That was all the prodding the freewheeling prime minister needed.

"Love me tender, love me sweet," Koizumi sang.

"Wise men say, only fools rush in ..."

"We need a karaoke machine," joked Priscilla Presley, mother of Presley's only child, Lisa Marie. Koizumi donned a pair of sunglasses that Elvis wore in the 1972 concert film, "Elvis on Tour," and hugged Lisa Marie. "Hold me close. Hold me tight," he sang to her.

Then Koizumi bent down, swung his arm as if strumming a guitar and sang, "Glory, glory, hallelujah," a refrain from the "Battle Hymn of the Republic," also part of the Presley repertoire.

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The visit to Graceland was the highlight of the outgoing Japanese leader's two-day visit with Bush, a kind of sayonara summit to illustrate how their personal friendship has helped bring U.S.-Japan relations closer than at any time since the end of World War II.

"This visit here shows that not only am I personally fond of the prime minister, but the ties between our peoples are very strong as well," Bush said.

It was Bush's first visit to Presley's white brick mansion.

"My first visit, too," Koizumi said, standing in a gaudy, wood-paneled den known as the Jungle Room, a place where Presley hung out with his buddies. "It's like a dream — with President Bush and Presley's daughter."

Bush, first lady Laura Bush and Koizumi drove through the gates of Graceland in a shiny, black limousine adorned with the flags of both nations. It was as if they were making a formal diplomatic visit.

After they got out, the scene turned surreal.

Here was Bush, who didn't stop off at the Taj Mahal while in India, touring the home of a music star who died in his bathroom of heart disease and drug abuse in 1977.

Instead of walking down red carpets to review troops, Bush and Koizumi strode over green shag that lined the floors and ceiling of the den. Instead of elegant furniture and chandeliers, they posed for photos in a room decorated with white ceramic monkeys and wooden chairs with armrests carved in the shape of animal heads.

Bush's top political adviser, Karl Rove, snapped photos of the Japanese delegation in front of Elvis' 1955 pink Cadillac with whitewall tires. "I loved the (lamp) shade they had covered with faux fur," Rove said.

Graceland was closed to tourists when Lisa Marie and her mother escorted the dignitaries around the 14-acre estate, showing them the glossy black baby-grand piano, a 15-foot white sofa in the living room, Presley's burial site and his gold records, guitars and costumes.

Bush and Koizumi weren't allowed to peek at the private quarters upstairs.

It was all Elvis all day.

Along with anti-war protesters along the motorcade route, four Elvis impersonators in white jumpsuits sang "Don't be Cruel" in the International Fund for Animal Welfare's protest to urge a halt to illegal Japanese whaling.

Elvis tunes were playing over the public address system aboard Air Force One as Bush and Koizumi flew here. Elvis movies were available upon request.

White House press secretary Tony Snow wore Elvis novelty shades to brief reporters on the plane and fueled conspiracy theories that the singer never died. The two leaders, he said, would visit the "alleged grave site."

An option on Air Force One, as printed on a menu, was one of the singer's favorites: Elvis Presley's fried peanut butter and banana sandwich, which had 36 grams of fat. Both leaders passed on it. Bush drank coffee and Koizumi drank green tea.

"I'm feeling a little heavy," said White House chief of staff Joshua Bolten, who gobbled down the breakfast treat. "I so rarely fry my peanut butter sandwiches."

The day did have a serious moment. The two made an unscheduled stop at the National Civil Rights Museum at The Lorraine Motel, where the Rev. Martin Luther King Jr. was assassinated in 1968. Bush and Koizumi emerged from a tour to stand on the spot on the motel balcony where King was slain.

The Elvis mania returned, however, when the leaders were greeted at Rendezvous, Memphis' famed, 58-year-old barbecue restaurant, by a rockabilly trio called The Dempseys, which has often played at Elvis' restaurant in the city. Seated at red-checked tablecloths, Bush and Koizumi dug into a meal of Memphis-style ribs, cole slaw, sausage, beans and sweet tea.

Bush and the Japanese prime minister parted company after lunch. On his way back to Washington, Bush stopped in Ohio to attend a fundraiser at a private home in suburban Columbus for Republican Sen. Mike DeWine (news, bio, voting record).

Afterward, Bush couldn't resist the lure of a neighborhood lemonade stand across the street where several dozen cheering supporters had gathered. Bush was in such a good mood that he bought a round of lemonade for some members of the traveling press.

Japan's Koizumi Shakes Up Graceland (LAT)

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By Peter Wallsten, Times Staff Writer

The Los Angeles Times, July 1, 2006

The prime minister, long a fan of the King, cuts loose as he tours with the Bushes and Presleys.

MEMPHIS, Tenn. — President Bush doesn't get a lot of tender love these days on the world stage. But Friday, taking his Japanese counterpart on a private tour of Graceland, Bush received a hunk of burning love.

Prime Minister Junichiro Koizumi — calling it a "dream" to see the home of his longtime idol, Elvis Presley — was reduced to almost uncontrollably giddy giggling as he broke into a serenade for Bush and First Lady Laura Bush and for Presley's ex-wife, Priscilla, and their daughter, Lisa Marie.

"Love me tender … " Koizumi crooned through a thick accent as he stood with the others in Graceland's famously tacky Jungle Room — replete with fake-fur-covered furniture, an indoor waterfall and avocado colored shag carpet covering floor and ceiling.

The Bushes, clearly unaccustomed to such a display (or perhaps still disoriented from the mirrored ceilings in the downstairs television room) looked on with strained smiles. Koizumi persisted, belting out another one of his favorite Elvis hits.

"Wise men say," he sang, "only fools rush in."

Lisa Marie Presley spoke up, wondering where the group could find a karaoke machine. But President Bush had heard enough. He tapped his friend on the shoulder and shook his hand, effectively cutting off the performance.

"I thought you were going to do 'Blue Suede Shoes,' " Bush cracked.

The exchange marked one of several offbeat but affectionate scenes during Koizumi's "sayonara summit" this week in the United States.

The prime minister is soon leaving office, and ever since he first met Bush exactly five years ago — and played a game of catch at Camp David — the two leaders have maintained a close friendship.

Like Bush, Koizumi is a baseball fan and a lover of country music. In perhaps the key element to his rapport with Bush, he also has been a staunch supporter of the war in Iraq.

Friday's tour was a bit of a reward for that rare loyalty. Koizumi, who shares Elvis' Jan. 8 birthday, is obsessed with Presley's music and has even produced a CD in Japan of his 25 favorite songs by "the King."

The trip followed a gala White House dinner Thursday night at which the two leaders exchanged compliments.

Bush drew parallels between Koizumi and Presley, noting their widely known shared taste in hairstyles. "Like you, he had great hair," the president said during his dinner toast. "Like you, he was known to sing in public."

Koizumi said that, as a child, his "exposure to America was Presley," which he said was "a vivid memory" of his youth.

"The first English song I ever learned by heart was Presley's 'I Want You, I Need You, I Love You,' " he said.

That had been the first song Koizumi selected earlier Thursday on a half-century-old jukebox that the Bushes gave him as a present. And, even during a joint news conference at the White House that focused on such serious matters as North Korean missiles and military tribunals for alleged terrorists, Koizumi was inspired to make a Presley reference.

"Thank you, very much, American people, for 'Love Me Tender,' " he said, drawing laughter as Bush all but dragged him from the East Room podium.

On Friday's pilgrimage to Graceland, the delegation strolled through each room of the 1920s-era mansion. They saw display cases containing some of Presley's sequin-encrusted outfits. His signature pink Cadillac was removed from the antique car museum and placed near the home's front entrance to make room for the media to work.

Bush and Koizumi enjoyed a bit of private time in the meditation garden where Elvis and his parents are buried. The leaders did not go upstairs, the site of Presley's death at age 42 in 1977.

Back in the Jungle Room, Koizumi threw his left arm around Lisa Marie's shoulders and sang again.

"Hold me close, hold me tight."

Awkward laughter filled the room.

Moments later, Koizumi poked through Elvis' wallet, which contained original cards and IDs, and, surprising museum curators, he picked up and donned a pair of the King's sunglasses. As others watched with puzzled looks, the prime minister appeared to play an air guitar, then swivel his arms as if to mimic a famous Elvis maneuver.

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When Bush called him a "pretty good Elvis singer," Koizumi replied: "I'm not impersonator."

There were, however, some impersonators attracted to the circus: four anti-whaling protesters dressed up as Elvis stood outside Graceland holding signs telling Koizumi, "Don't be cruel."

The half-day stop at Graceland was something of a departure for Bush, who has not been known to spend much time at cultural attractions. He zipped through the vaunted Hermitage Museum in St. Petersburg, Russia; rushed past the ancient Great Wall in China; and skipped the Taj Mahal in India — raising eyebrows among many of that country's citizens.

With Koizumi in tow, Bush also visited a more somber historical site in Memphis: the motel where civil rights leader Martin Luther King Jr. was assassinated in 1968.

The group stopped briefly at a museum on the property and, guided by longtime civil rights leader Benjamin Hooks, went to the spot on the motel's balcony where King was shot.

The Bushes and Koizumi lunched at one of the city's barbecue restaurants and then parted company, with the president heading to Ohio for a Republican fundraiser.

Bush Takes Japanese Prime Minister For Memphis Visit (MCA)

By Zack McMillin

Memphis Commercial Appeal, July 1, 2006

The Tourist in Chief made his inaugural trip to Graceland on Friday, but it was President Bush's guest from Japan who rocked Memphis with his fervent adulation for the King of Rock and Roll.

Strutting and singing and doing his best Elvis lunge across the shag carpet of the Jungle Room, Japanese Prime Minister Junichiro Koizumi delighted the president, first lady Laura Bush and tour guides Priscilla and Lisa Marie Presley.

Advertisement

"You're a pretty good Elvis singer," Bush said, and with the pack of media in the room entreating him, Koizumi delivered a teasing cabaret of tunes that make metaphors hard to resist.

"Love me tender," he crooned, giving the appropriate serenade to a love-fest of a visit from the retiring Japanese leader to his pal in Washington.

"Wise men say, only fools rush in," Koizumi sang, beginning another love song but summing up what many dozen protesters across the street said in a less polite way about their dissatisfaction over the war in Iraq.

Putting his arm around Elvis' daughter, Lisa Marie Presley, the popular prime minister with the Hollywood mane tried out his signature Elvis tune, singing, "Hold me close, hold me tight."

When a Graceland curator allowed Koizumi to don a pair of authentic gold sunglasses worn by the King in 1973, the prime minister dipped and thrust out his right hand while delivering a many-syllabled "Glory, glory hallelujah."

The first two heads of state to visit Graceland at the same time -- it was also a first visit for both Bush, 59, and Koizumi, 64 -- have long since moved beyond diplomatic flirtations, and the fun, lighthearted visit to Memphis (even a few local Democrats smiled and yukked with Bush, dressed sans tie with sleeves rolled up) came just a few weeks after a state visit to Europe that drew hordes of protesters.

At Thursday's White House press conference, Bush used the friendship between Japan and the U.S., 60 years after battling one another, as a reason to remain optimistic despite the difficulties in the Middle East. Koizumi and Japan were part of the coalition that supported the U.S. invasion of Iraq in 2003.

Bush lightened the comparison on Friday, dwelling instead on the bond Koizumi made with America because of the music of a Memphis original.

"His reputation was so strong that he attracted the attention of the now prime minister of Japan," Bush said after the tour, which lasted about 75 minutes.

"This visit here shows that not only am I personally fond of the prime minister, but the ties between our peoples are strong, as well."

Koizumi, whose English is heavily accented, gushed, "It is like a dream." Then he tried a few bars of Elvis' "Dream the Impossible Dream."

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Although the president never donned the plastic souvenir Elvis glasses nor gyrated even once, the visit had the feel of a class field trip.

The president's staff, including senior adviser Karl Rove, snapped pictures in front of the pink Cadillac parked in front of the mansion, and more than a few sported the sunglasses.

Peanut butter and banana sandwiches were eaten by staff on the Air Force One ride to Memphis.

The jet arrived in Memphis at 10 a.m. Among those greeting the arrival were new U.S. Atty. Gen. David Kustoff (Tennessee campaign manager for Bush in 2004) and Memphis Mayor Willie Herenton.

All along the 30-car motorcade's route to Graceland -- which began on Democrat Road -- gaggles of people stood and waved, took pictures and held signs. That scene repeated throughout the four-hour visit, with the largest crowds camped near Graceland and in the cordoned-off downtown blocks surrounding the Rendezvous, where Bush, Koizumi and a several dozen others ate lunch.

The motorcade surprised those in the South Main area -- and the hungry media -- by making an unexpected stop at the National Civil Rights Museum. Bush greeted several stunned children with handshakes and shoulder taps.

The president and prime minister took a quick tour and later stood on the Lorraine Motel's balcony with former NAACP president Dr. Benjamin Hooks and AutoZone founder Pitt Hyde.

Standing behind the wreath that marks the spot where Dr. Martin Luther King Jr. was killed in 1968, Hyde and Hooks pointed across the street to the former boarding house from where James Earl Ray fired the fatal shots. That building, now part of the museum, was not cleared, and people were crowded up to the windows to watch.

Secret Service personnel scrambled into position, but minutes later Bush and Koizumi headed to the Rendezvous.

A crowd that included Tennessee Sens. Lamar Alexander and Bill Frist and U.S. Rep. Harold Ford Jr. joined the party for a big lunch in the upstairs banquet room.

The Dempseys, a Memphis rockabilly trio, provided the swinging Elvis cover tunes, and even enticed Koizumi to perform with them, going back to his favorite, "I Want You, I Need You, I Love You."

"I watched him throughout most of the lunch, and he was cheering and applauding and pumping his fists," said Rollin Riggs, the band's manager.

After nearly an hour at the Rendezvous, the motorcade traveled back the the Tennessee National Air Guard hangar.

After the president honored Cordova resident Sandi Langley for her volunteer work, he boarded Air Force One and left Memphis airspace at about 2:10, bound for an event in Ohio.

Koizumi met with executives from Sharp and Brother, Japanese companies with a Memphis presence, then departed about 2:45 on his jumbo jet with the round red dot on the tail.

"It was a great visit," said Tom Schieffer, the American ambassador to Japan. "Just a terrific afternoon."

Pilgrimage Offered As Thanks; Tactical Move Lies Beneath Friday's Frivolity (MCAPPEAL)

By Halimah Abdullah

Memphis Commercial Appeal, July 1, 2006

The chemistry between President Bush and Japanese Prime Minister Junichiro Koizumi has been the stuff of a warm and fuzzy, 1950s-era beach blanket flick.

Koizumi strutted and gyrated as if he had channeled Elvis while a bemused Bush looked on from Graceland's shrine-like confines on Friday.

However, beyond the pomp and pompadours, the Memphis visit was a carefully orchestrated symbol of thanks to an outgoing leader of the world's second largest economy for supporting Bush on issues like the war in Iraq and terrorism.

It's also a tactical move for Bush who, while cultivating close relationships with now-departing heads of state, finds himself besieged with criticism on domestic and international fronts.

Likewise, Koizumi's theatrical warbling of Elvis tunes and flirting with Lisa Marie Presley were more about maintaining his affable public persona as he hammed it up for the press pool.

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"I don't think he's doing this because he likes ... music and he and Bush get along," said James Auer, director of Vanderbilt University's Center for U.S.-Japan Studies and Cooperation. "He's doing this because it's in Japan's best interests."

Ironically, both nations' mutual interests were strengthened just after the Sept. 11 attacks when Japan supported the United States by backing efforts in Afghanistan and sending 600 peacekeeping troops to Iraq.

Koizumi who, like Bush, had only been in office a few months, found a kindred spirit in the man he compares to Gary Cooper in "High Noon."

During their Memphis visit, the two goofed around in the mansion's famous Jungle Room and posed for pictures near Elvis' pink Cadillac.

"Their friendship has been buttressed by their common ground," said Yinan He, a professor of security studies at Seton Hall's Whitehead School of Diplomacy and International Relations in New Jersey. "They're both young, relatively speaking. They're both more unilateral in their approach, and they're both conservative."

To be sure, both nations have benefited from Bush and Koizumi's friendship.

The United States. supported Japan's bid to become a permanent member of the U.N. Security Council. Japan headed up efforts to finance reconstruction in Iraq and dispatched ships to the Indian Ocean to refuel U.S. and other ally craft.

"Bush likes to say (Japan and the U.S.) have a very current common interest in promoting stability, freedom and democracy," Auer said.

The flip side of such a close relationship has meant a more ambivalent stance on such issues as Japan's ban on U.S. beef, a recently resolved point of contention.

"The Bush administration has not pushed them as hard as they could have on that," He said.

Bush has been largely mum on Koizumi's controversial visits to the Yasukuni Shrine, which commemorates the Japanese killed during World War II, including war criminals.

Such gestures are being scrutinized more closely as Bush enters the autumn of of his presidency and Koizumi exits stage left.

Political experts on both sides of the ocean have speculated what this parting of ways will mean in term of future relations between the two nations.

In the meantime, both leaders' stance on North Korea's nuclear weapons efforts, rather than their Memphis-bound roadtrip, provides perhaps a long-lasting symbol of commonality.

"It is a signal to North Korea," He said.

"The two leaders will stand together against any sort of threat."

Heads Of State Pay Call On Palace Of The King (TENN)

By Leon Alligood

Tennessean, July 1, 2006

MEMPHIS — Japanese Prime Minister Junichiro Koizumi went to Graceland Friday and all he got was a tour of Elvis Presley's mansion with the King's ex-wife and daughter, Priscilla and Lisa Marie, serving as tour guides.

The No. 1 karaoke dude from the Land of the Rising Sun also got a look-see at some of the hip-twisting crooner's artifacts brought out from the Elvis warehouse/archives especially for him.

And he was given a movie poster, written in Japanese, from Elvis' Kissin' Cousins – from Elvis' personal collection.

Oh yeah, the president of the United States was there, too.

It was one magic day for Memphis, one grand day for Graceland.

For about an hour and a half, three world potentates — two among the living and one reputed, by some theorists, to still be in the building — were at the locus of, if not the world's attention, then the universe of all things Elvis.

The trip had been in the works for about six weeks. President George W. Bush's people, the Secret Service, came to town early to check out the Jungle Room and the rest of the mansion and gave their security blessings to the visit, which Koizumi requested.

It seems the prime minister with the poofy hairdo has been lip-synching hunka, hunka burnin' love for years.

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Graceland averages 600,000 visitors per year, but on this memorable day for all VIPs involved, the parade of families from Iowa and Arkansas and Glasgow (Scotland, not Kentucky) and Paris (France, not Tennessee) were politely kept at a distance while Bush and Koizumi toured the grounds held as a shrine by Elvis aficionados.

At 7 a.m., with the Bayer aspirin-white sun already above the tail of the Lisa Marie, Elvis' private jet parked across from the mansion's entrance, an eclectic crowd began gathering.

The "God bless the USA" crowd in one section held signs that showed their love for President Bush. He could not see them because a row of Memphis buses was parked nose-to-tail in front of the crowd for security purposes.

"I love my president and I love Elvis," said Sinie Conley, 20, of Horn Lake, Miss.

"He's going to love it. The kitchen colors are a little weird, but he'll love it," Conley said of the prime minister's mansion viewing.

About 10 feet away there was uproar as a self-appointed Elvis cheerleader held up a sign: "Make noise if you love Elvis."

Down the row, Kelly Jacobs, decked out in her best imitation of Lady Liberty, made her way into the crowd, much to the chagrin of others. Her sign read: "Japan left Iraq; U.S. leave now." It referred to Koizumi's recent decision to pull his country's 500 soldiers out.

On her right shoulder she wore a pendant that featured silver numbers. The number Friday was 2,532, the number of American soldiers killed in Iraq.

"I have to change it every day," she said. "How long? How long?"

Just when it appeared there would be no Elvis sightings, four of them appeared in white jump suits that sparkled with colored stones. They sported black hair perfectly coiffed and sideburns appropriately long, and sweated like pigs headed for a Fourth of July grill pit.

In only-at-Graceland fashion, they were on a mission to save the whales, in a landlocked state, no less. The "Elvi" were hired to bring attention to Japan's whale-hunting activities. To many groans and grimaces and smiles they sang a special version of "Don't Be Cruel."

"They kill over a thousand whales a year and are beginning to accelerate that. We want to bring it to Koizumi's attention. He can do something about it," said Gregory Wetstone, U.S. director for the International Fund for Animal Welfare.

"It's a job," said Chuck Baril, 45, one of the Elvi, who is from Gallatin. When he isn't Elvis he is the doorman at the Doubletree Hotel in downtown Nashville.

Perhaps the crowd on Elvis Presley Boulevard proved this: While Japan is a nation where the people elect their leaders but still show respect to a reigning monarch, America, it turns out, is very similar — we have a president and a King, and they both draw quite a crowd.

But yesterday was the first time they drew a crowd together. While Richard Nixon was the first president to visit China, and Rutherford B. Hayes was the first president to visit the West Coast, George W. Bush will go down in history as the first sitting president to visit Graceland.

While Bush didn't get a movie poster like his Japanese counterpart, he did get a similarly cool gift from the Presleys: The eagle-design belt buckle Elvis wore on his jumpsuit in Aloha from Hawaii.

After about 90 minutes of taking over the White House of the Elvis Nation, the VIPs left as they arrived, in a hurry, running the gauntlet of those who would praise and those who would condemn— if only the power pals could hear them in their sleek, black, bulletproof, soundproof limos.

Of course, their next stop was ribs at The Rendezvous, the town's iconic eatery. What world leader wouldn't drive fast for that? •

Japanese Prime Minister Junichiro Koizumi, wearing sunglasses belonging to Elvis Presley, pauses for some air guitar as Priscilla Presley, center, and Lisa Marie Presley lead him on a tour. (CHARLES DHARAPAK / ASSOCIATED PRESS)

President Bush and Japanese Prime Minister Junichiro Koizumi walk away from the media after touring Graceland on Friday. (ROB CARR / ASSOCIATED PRESS)

Shotaro Iwamoto, Hiroto Inaba and Robin Massie, from left, who all work at the St. Jude Hospital, stand behind a banner welcoming Japanese Prime Minister Junichiro Koizumi to Graceland in Memphis on Friday. (JAE S. LEE / THE TENNESSEAN)

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Kelly Jacobs, dressed as Lady Liberty, was part of the crowd at Graceland on Friday. (JAE S. LEE / THE TENNESSEAN)

Bush, Koizumi tour Graceland

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Young Nashville reporter was on the scene

IN LAND OF EMPEROR, THE KING RULES

So why do the Japanese adore Elvis Presley? An ABC News story last year said there were 500 Elvises for hire in Tokyo alone.

"He just has that appeal to a certain generation," said Dr. Shotaro Iwamoto of St. Jude Children's Research Hospital who, along with other Japanese friends who work at St. Jude, were outside Graceland early Friday."If you are at the age of 50 in Japan, more than likely you are an Elvis fan. But many young people like him, too."

Leslie Rubinkowski, author of the book "Impersonating Elvis," said,"The love people have for him begins in the space between the extremes that defined his life. He grew up poor and ended up living in a house with a Jungle Room. He filled another room with gold records, but he loved his mama."

Rubinkowski said the Japanese fascination could be simply that country's fixation with all things American. And Elvis is uniquely American.

— LEON ALLIGOOD

Food Smokin' Inside, Gawkers Roast Outside (MEMCOMMAPPEAL)

By Whitney Boyd

Memphis Commercial Appeal, July 1, 2006

It wasn't fine china for President Bush and Prime Minister Junichiro Koizumi on their visit Friday to the Rendezvous. They ate their lunch from paper plates and used plastic utensils just like regular customers.

Inside the homey, back-alley restaurant, Bush cleaned his plate of barbecue ribs and washed it down with a Diet Coke. Prime Minister Junichiro Koizumi, who had the barbecue nachos and water, sat alongside Bush and belted out his favorite Elvis tune, "I Want You, I Need You, I Love You" with The Dempseys.

Advertisement

As smoke steamed from the charcoal grill outside of the alley, patient onlookers stood in the summer heat and crowded along Union and Third. No one knew where or when the president would exit the restaurant, but they hoped for a quick glimpse.

Across the street, Memphis native Mark Logan and wife Darline peeked around a black Secret Service GMC for three hours, just to see the president.

"I've been playing detective all day trying to see this man," Darline Logan said as she wiped sweat from her forehead. "His protection is insane and really hard to get around."

Streets around the restaurant -- Third, Second, Monroe and Union -- were blocked off by more than 50 police officers while Bush and Koizumi enjoyed their meal. Laura Bush, Lisa Marie Presley and Priscilla Presley joined the president, along with 60 other guests.

Decorating the middle of each table were two small flags -- one for America and one for Japan.

Percy Norris, who has worked at the restaurant for 36 years, was the only server to assist Bush and Koizumi. Dressed in his best black bow-tie, white serving uniform, and biggest smile, Norris brought the president all of his dishes -- including the first dessert ever served in the Rendezvous: apple cobbler and ice cream.

"I took a picture with him and everything," Norris said.

After his 45-minute meal, Bush made a quick exit underneath the white tarp connected to the restaurant.

Over on Third Street, Carter Wynn eagerly waited for Bush's exit. He held up a cardboard sign reading, "Don't forget Iraq, an Inconvenient truth," hoping Bush would get his message.

"Let's talk about the real issues, like war," Wynn said. "There is more important things than Graceland and restaurants. The troops need to come home."

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Standing next to Wynn, the Logans cheered as the black motorcade drove by and Laura Bush waved from inside. "I don't care about the heat or anything," said Darline Carter. "That's the President of the United States.

Velvet Elvis Diplomacy (NYT)

By Maureen Dowd

The New York Times, July 1, 2006

Memphis

Among the newspaper headlines preserved in Elvis's trophy room in Graceland, hanging next to his size-12 white leather shoes and rhinestone-studded gold lamé suit, is this gem from Aug. 12, 1957: "Rock 'n' Roll Banned, 'Hate Elvis' Drive Launched By Iran To Save Its Youth."

Datelined Tehran, the story began: "Rock 'n' roll has been banned in Iran as a threat to civilization. 'This new canker can very easily destroy the roots of our 6,000 years' civilization,' police said, before launching a 'Hate Elvis' campaign."

Half a century ago, Elvis was considered a wiggly threat to Muslim civilization. But yesterday, the president brought the Japanese prime minister to Elvis's gloriously campy time capsule to thank the fanatical Elvis fan for helping push democracy in the Muslim world.

Junichiro Koizumi seemed to be in an ecstatic trance. Standing near the indoor waterfall in the Jungle Room with Priscilla, Lisa Marie, Laura and George looking on, basking in the avocado glow of a 70's shag rug that covered floor and ceiling, the 64-year-old Japanese leader did Thin Elvis air guitar and Fat Elvis karate chops.

He grabbed the King's outsized tinted gold-rimmed glasses and slipped them on, as the curator who had handled them with white gloves watched in alarm. And he gamely sang heavily accented bits of "Love Me Tender," "Can't Help Falling in Love With You," "Fools Rush In," "I Want You, I Need You, I Love You," and even let loose with "Glory, Glory, Hallelujah" until finally Priscilla Presley called out, "We need a karaoke machine!" He even cast Lisa Marie in the Ann-Margret role in his own fantasy "Viva Las Vegas," pulling her close to croon, "Hold me close, hold me tight."

"It's like a dream," bubbled Mr. Koizumi.

It was hard to remember anyone looking this happy in the gloomy cave of the Bush-Cheney administration, where more time is spent spanking allies than treating them.

Mr. Bush seemed out of his element. It's doubtful that W. had ever seen a round, mirrored, white fake-fur canopy bed before, much less an entire suit made of black faux fur. At one point, the president tried to cut off his overexcited guest from Tokyo, a city that loves its Elvis impersonator bars. But Mr. Koizumi would not be stopped.

Surrounded by monkey ceramics and ersatz cow skulls, W. tried to make a serious point about his road-trip summit, saying the visit was "a way of reminding us about the close friendship between our peoples."

In addition to being a respite from other bad news — getting disciplined by the Supreme Court on Gitmo and getting taunted again by Osama — the Graceland getaway was a triumph in personal diplomacy. That was the specialty of this president's father, who made a career of dragging befuddled world leaders off to baseball games, the Air and Space Museum, and sprints on his boat in Kennebunkport.

Poppy used such jaunts as a lubricant to diplomacy and an inducement to closer, chattier relationships. His less curious, less social son tends to think of personal diplomacy more in terms of rewards and punishments, just another way to give or withhold favors, depending on who is going along with his world view.

Yesterday's pilgrimage may have struck some as too kitschy, given that several youngsters in Memphis have been tragically shot by stray bullets recently. But at least goin' to Graceland was a rare display of expertise in the psychology of diplomacy, an area where this administration has been strangely tone-deaf. W. figured out what the Japanese leader was thinking, what he wanted and what mattered in his culture, and exploited it — unfortunately, waiting until Mr. Koizumi was almost out of office.

Bush officials went out of their way not to do this with Saddam when they failed to consider that he might be hyping his W.M.D. arsenal or toying with U.N. weapons inspectors as a chest-thumping exercise aimed at impressing other Arab leaders. The Bush team also repeatedly squandered chances to talk to the Iranians and the North Koreans, ignoring the ways in which

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the oddball leaders of those countries might be acting out of insecurity, envy, bluster, one-upsmanship and a desire to be respected — sort of how high school girls might behave if they had nukes.

With his small circle of pals and Iraq war defenders — Mr. Koizumi, Tony Blair and Silvio Berlusconi — drifting off the world stage, and with allies pulling back troops in Iraq, President Bush may soon be as isolated as Elvis was at the end. For the rest of his term and through history, W.'s Heartbreak Hotel is likely to be located in Baghdad.

Waiting For President, Prime Minister At Graceland Hot Work (COMMAPPEAL)

By Cindy Wolff

Memphis Commercial Appeal, July 1, 2006

They stood behind blue ribbon strung between metal barriers and watched their early morning vantage disappear behind six MATA buses and a firetruck.

"No, don't park there, move across the street," 62-year-old Douglas Hill said as a fire pumper rolled right in front of his sight line.

Hill and his wife, Gail, came from Cullman, Ala., about four hours away, to glimpse President Bush and his motorcade.

"We were closer to Jimmy Carter in Tuscumbia at that other thing," Hill told his wife.

The dark-suited, sunglass-wearing, never-grinning Secret Service didn't care if they were the spoilers of the early bird good spot.

They were there to protect the president, and that meant no one across the street from Graceland on Friday morning could get a clear view of the motorcade.

So the people picked up their string of dead-soldier pictures, their "We Support The President" signs, their "Bush Liar" signs, their whale costume and their Elvis outfits and shuffled down the street, actually closer than they were before.

About 250-300 people waited for the 30-second spectacle of the presidential motorcade as it roared down gritty Elvis Presley Boulevard into the gates of Graceland.

The spectators mostly wore shorts and flip-flops and poured bottled water on their heads because the Memphis morning was already hot. They fanned themselves and clustered under patches of shade.

About 10:15, motorcycles rumbled from the north down Elvis Presley like a swarm of hornets. Then came the big vehicles, the black ones zooming down the middle of the street. Even the hardcore protestors waved at the tinted windows.

Next were the dark sports utility vehicles, windows down, big guns poised.

"Whoa, did you see that?" one of the protestors said. "Was that an AK47?"

For the moment, commerce stopped at the souvenir stores. No one bought a pair of Elvis flip-flops for $14.99 or a throw blanket for $75. They ignored the oven mitt printed with the recipe for a peanut butter and banana sandwich.

Then they waited for nearly an hour for the tour of Graceland to finish.

Four protestors dressed in white, sequined, older-Elvis jumpsuits politely smiled for people who wanted to have their pictures taken with them.

They sang a version of "Don't Be Cruel" to protest Japan's whaling industry:

You know I won't be found,

Swimming in the deep blue sea,

The Japanese are coming 'round

They're going to harpoon me

Don't be cruel, to a whale that's true ...

Meanwhile, Andrea Barrach and her 11-year-old son, Daniel, slurped on cotton-candy flavored ice under a pavilion.

Carl Rising-Moore from Crawford, Texas, who carried a flag of slain soldier Casey Sheehan, son of Cindy Sheehan, became the unofficial protest leader because he had the megaphone.

Someone gave him a list of things to chant, but mostly he'd just wing it, leaving a few quiet seconds while he came up with something else to shout.

"Drop Bush, not bombs."

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"Iraq for Iraqis."

Even "Liar, liar, pants on fire."

He was especially proud of the "Hey, hey, ho, ho, shotgun Cheney's got to go" chant he created at an earlier protest.

"I don't think the city needs that type of thing, not today," said Jerry Robbins, 68, who wore a suit and tie to the event.

A few feet away, dressed in fatigues and a black beret, former Army specialist Allison DeVante of Memphis quietly held her sign, "Stop rape of military women in Iraq."

She said she was raped in 2002 by the officer in charge and it took two years for the military to investigate. She left the Army and they never told her what became of her rapist.

Nearby, three 18-year-old girls sang "God Bless America" quietly. They made signs supporting Bush because they didn't want him to see only protest signs. When he arrived, they chanted "USA! USA!"

The protesters stopped their "Hey, hey, ho, ho" and joined in.

For just a moment, their voices were united.

Koizumi Has Left The Building (WP)

The Washington Post, July 1, 2006

It's well known that the current Japanese prime minister is a fan of -- and shares a birthday (Jan. 8) with -- Elvis Presley. But Junichiro Koizumi, as it turns out, has even more in common with the King. From news accounts, we learn the following eerie similarities:

? Elvis was a reclusive guy with a very public life. Koizumi is a reclusive guy with a very public life.

? Elvis wore his hair long and over his ears. Koizumi wears his hair long and over his ears.

? When Koizumi was in his thirties, he married a 21-year-old. When Elvis was in his thirties he married a 21-year-old. Both marriages ended in divorce.

? Koizumi has been known to do away with the Japanese Diet. Elvis did away with all diets.

-- Linton Weeks

Poll: Good News Fails To Boost Bush's Job Approval (TIME)

By Lisa Takeuchi Cullen

Time, July 1, 2006

In a new TIME survey, Americans say the President is performing poorly and that the country is increasingly on the wrong track

A spate of good news at home and abroad has so far failed to boost how Americans feel about President Bush's job performance. Bush's approval rating slipped to 35% in a TIME poll taken this week, down from 37% in March (and 53% in early 2005). Only 33% of Americans in the survey said they approved of Bush's handling of the situation in Iraq, vs. 35% in March, and 47% in March 2005. His management of the U.S. economy lost supporters, too, as 36% approved, compared with 39% three months earlier. Bush's handling of the war on terror saw a slight gain in support, from 44% to 45%.

Bush's poll numbers remain stuck in a rut despite several high-profile victories scored recently by the Bush Administration. Earlier this month, U.S. forces killed al-Qaeda leader Abu Mousab al-Zarqawi in an air raid in Iraq. Also this month, Karl Rove escaped indictment in the CIA leak investigation. And the Commerce Department reported today that the U.S. economy grew 5.6% in the first quarter of 2006, the fastest growth in more than two years.

But continued pessimism about the situation in Iraq and a broad sense of unease about America's direction may be undermining Bush's popularity. In the TIME survey, 66% said the country is on the wrong track, vs. 28% who said it's going in the right direction. Those numbers have worsened since March, when the poll recorded a 60% to 34% split. When asked whether the new Iraqi government will be able to build a stable and reasonably democratic society, 48% of those surveyed said no, while 39% remain optimistic.

Congress isn't faring much better.

Americans have grown more critical of the job Congress is doing, compared with three months ago. Only 31% approved, down sharply from 39% in March. Asked whether they would be more likely to vote for the Republican or Democratic candidate in

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the district where they live if the election were held today, 47% said Democrat and 35% said Republican, a two-point improvement for Democrats.

The TIME survey was conducted among 1,003 adult Americans on June 27-29.

Will The Berkeley Impeachment Resolution Catch On? (TIME)

By Laura A. Locke, Berkeley

Time, July 1, 2006

The former hotbed of campus activism wants to oust the President and Vice President. Pointless political gesture, or the sign of a trend?

Many people may scoff at the decision earlier this week by the Berkeley City Council to put a resolution on the Nov. 7 ballot calling for President Bush and Vice President Cheney to be impeached. After all, 74,000 voters of what is often referred to as The People's Republic of Berkeley can't legally oust the President and Vice President. But Berkeley Mayor Tom Bates thinks his city is simply ahead of its time, as it has often proved to be in the past.

"Things happen in Berkeley that are seen as being quirky," Bates tells TIME. "But what we know is, those ideas that percolate in Berkeley today end up being conventional wisdom in the rest of the country tomorrow." Berkeley, after all, was the first city to start curbside recycling, ban Styrofoam and desegregate its public schools without a court order. Berkeley also took the lead in calling for municipalities to divest from South Africa during the Apartheid era.

Indeed, while Berkeley may be the first city to put an impeachment resolution to its people, numerous city and town councils have already passed such resolutions, including San Francisco, Santa Cruz, and Chapel Hill, N.C. State legislatures in Vermont, California and Illinois all have impeachment resolutions pending. To help raise awareness of the issue, there will be a series of teach-ins across the country this summer and fall, and a new film, "How to Impeach a President," will be screened — all part of the burgeoning impeachment effort called "Constitution Summer," led by a non-partisan coalition of students from the country's top law schools and universities.

"The President and Vice President are trampling on the Constitution," Bates says, summing up the city's collective view of the current Administration. "They're spying on people without warrants. They're arresting people and holding them without the opportunity to a trial. They're participating in a war where they basically lied to the Congress."

Some observers, however, question whether $10,000 of taxpayer money should be spent on a purely symbolic gesture that often is nothing more than a way for local elected officials to curry favor with voters. "City officials in California have a history of taking positions on national issues that have nothing to do with the day-to-day operations of the local government," says Mark Baldassare, director of research at the Public Policy Institute, a non-partisan think tank.

Eugene Volokh, a UCLA constitutional law professor and popular legal blogger, dismisses Berkeley's move as a "man bites dog story." Berkeley's new ballot measure and the grassroots movement to impeach Bush is just a way for the far left to express its "visceral anger," he says; unlike previous calls for presidential impeachment, which involved "clear criminal violations," the call by Berkeley and other cities to impeach Bush is about opposition to "judgment calls dealing about very, very serious national security problems." But as a veteran of the sharply divided blogosphere, Volokh should know better than most that criminality is in the eye of the beholder — and Berkeley's exercise in urban overreaching could well have nationwide resonance.

Bush Appoints Bernanke Ally To Opening On The Fed's Board (WSJ)

By Henry J. Pulizzi

The Wall Street Journal, July 1, 2006

WASHINGTON -- President Bush Friday nominated Columbia University Professor Frederic S. Mishkin to be a member of the Federal Reserve's Board of Governors, adding another expert on inflation targeting to the central bank's leadership.

If confirmed by the Senate, Mr. Mishkin will fill the seat vacated by Roger Ferguson, who resigned in April, and serve the remainder of a 14-year term expiring in January 2014.

Mr. Mishkin, currently the Alfred Lerner Professor of Banking and Financial Institutions at Columbia University's Graduate School of Business, has a well-established relationship with Fed Chairman Ben Bernanke. In 1999, the two men, along with two

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others, wrote a book on inflation targeting. That is likely to heighten speculation that the central bank may eventually embrace the strategy. Inflation targeting involves setting an explicit, numerical target for the inflation rate that the central bank tries to achieve.

"We like to joke that Ben Bernanke wrote the book on inflation targeting, but actually he co-wrote it with Frederic Mishkin," said Lehman Brothers Holdings Inc. economist John Shin. Mr. Bernanke has supported an explicit inflation objective, an idea that former Fed Chairman Alan Greenspan feared would limit the central bank's flexibility.

"It seems the White House favors the strategy, because the balance of power is shifting that way on the [Federal Open Market Committee], with perhaps a majority of Fed members favoring the strategy," Tony Crescenzi, chief bond-market strategist at Miller Tabak, said in a note to clients.

The White House has another vacancy to fill on the Fed board. Fed Governor Mark Olson resigned, effective Friday, to become chairman of the Public Company Accounting Oversight Board.

Write to Henry J. Pulizzi at henry.pulizzi@dowjones.com2

Bernanke Ally Named For Seat On Fed Board (WP)

By Neil Irwin

The Washington Post, July 1, 2006

Frederic Mishkin Supports 'Inflation Targeting'

President Bush yesterday nominated Frederic S. Mishkin, a leading proponent of the idea that central bankers should set explicit targets for controlling inflation, to the Federal Reserve Board of Governors.

Mishkin, an economist who headed the research department at the Federal Reserve Bank of New York in the 1990s, is a professor at Columbia University's business school. The appointment is subject to Senate confirmation.

Combined with the appointment of Ben S. Bernanke to chair the Fed this year, the nomination adds momentum to the cause of "inflation targeting," which would be a departure from the Fed's traditional, improvisational approach to setting monetary policy. Bernanke and Mishkin, with two co-authors, wrote the book on the practice ("Inflation Targeting," published in 1998 by Princeton University Press.)

"It's a good appointment," said Richard Yamarone, chief economist of Argus Research Corp. "He brings more knowledge of monetary policy and monetary economics to the table than anyone at the Fed. Bernanke is getting a big ally on inflation targeting."

By tradition, leaders of the nation's central bank analyze inflation and other risks to the economy and set interest rates at levels they think would best balance economic growth and low inflation. Members of the Federal Open Market Committee, the bank's policymaking body, have ideas of what inflation level is acceptable (some have spoken recently that price increases are getting worrisome), but every decision to change interest rates is based on the subjective view of Fed governors.

In the approach Mishkin and Bernanke have supported, the central bank would set a level of inflation it deems acceptable; deviations from that level would trigger predictable changes in interest rates.

Mishkin has argued that would make policy decisions plainer to the public and financial markets. Critics of the approach say policymakers need wide flexibility in setting monetary policy given the complicated set of risks the economy faces.

R. Glenn Hubbard, Bush's former economic adviser, is a longtime friend of Mishkin's and his boss as dean of the Columbia business school. He played down the likelihood that Mishkin's appointment will contribute to a change in how the Fed works.

"I don't think this necessarily means there's a greater bias toward talking about inflation targeting," Hubbard said in a telephone interview yesterday. "I think that there will be a general discussion. There's some disagreement on the board. That's an intellectual discussion, and Rick will contribute to that discussion."

Hubbard said Mishkin's style will be good for the Fed. "He delivers both praise and criticism with a great deal of wit and will contribute mightily to the discussion," Hubbard said. "I think he will add to a climate of consensus-building and persuasion."

Mishkin, if confirmed, would fill a seat vacated by Roger W. Ferguson Jr., a Fed governor who resigned in April. The term expires in 2014. Bush has another slot on the board to fill after Mark W. Olson left the Fed yesterday.

Wall Street Shook Often In Volatile 2nd Quarter (WP)

By Brooke A. Masters

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The Washington Post, July 1, 2006

No Consensus in Analyst Opinions for Coming Months

NEW YORK, June 30 -- Volatility ruled the stock markets in the quarter that ended Friday, and analysts agreed investors should be prepared for continued turbulence.

After streaking to five- and six-year highs in early May, all major U.S. stock market indexes and most foreign stocks plunged sharply in late May and June. The culprits: concern that inflation may be picking up, 60 central banks around the world raising interest rates, and worries that the U.S. and global economies may be slowing.

"It was like the tale of two markets. The beginning of the second quarter felt like the continuation of the best of times. Then suddenly the revolution broke out, and things haven't been so good since," said Jack Caffrey, equity strategist for J.P. Morgan Private Bank.

As a result, the markets experienced what analysts are terming "risk readjustment" on a global scale as many investors fled such speculative investments as commodities, emerging markets and small company stocks, and put increasing amounts of money into safer bets, including bank accounts, blue-chip stocks and U.S. Treasury bonds.

The markets "recognized that the world is a more uncertain place than they thought it was in the first quarter," said Jerry Webman, chief economist for OppenheimerFunds Inc. "That meant asset prices had to go down."

The major U.S. market indexes -- the Dow Jones industrial average, the Standard & Poor's 500-stock index and the Nasdaq composite -- each fell between 7 percent and 11 percent between May 8 and mid-June before recovering slightly at the end of the quarter. Two of three -- but not the Nasdaq -- are now up for the year. The Dow is up 4.04 percent, while the S&P 500 is up 1.51 percent.

The MSCI emerging markets index, which measures stock markets in the developing world, fell even further, dropping nearly 20 percent from its May 8 peak.

The second quarter also stood out for its frequent shifts. In some weeks, U.S. markets seemed to change direction almost daily based on the latest economic data or a fresh comment from the Federal Reserve's new chairman, Ben S. Bernanke. According to one commonly used measure, volatility almost doubled in the quarter and is now at a five-year high.

The change was all the more startling because it followed a three-year bull market that was distinguished by historically low volatility, but most analysts believe that investors should expect more ups and downs.

"The mood changes very quickly and often goes to extremes on Wall Street," said Alan Skrainka, chief market strategist for the brokerage firm Edward Jones. "The stock market is always a roller coaster."

U.S. analysts disagree sharply about what the next six months will bring, although most expect the Federal Reserve to raise interest rates at least one more time, to 5.5 percent. Some predict even further tightening if the Fed continues to detect signs of inflation.

Morgan Stanley's Global Wealth Management Group is predicting that the S&P 500 will end the year at 1400, which would require nearly a 10 percent rise in the second half. This could happen if there were strong corporate earnings and labor costs and inflation remain under control, said David Darst, chief investment strategist.

Charles Schwab & Co. sees storm clouds on the horizon, and is encouraging investors to go heavy on cash and reduce investment in equities. "We are not all that optimistic. I don't think this is over yet," said Liz Ann Sonders, Schwab's chief investment strategist. "The economy is in a bit of trouble."

Jeffrey Kleintop, chief investment strategist for PNC Advisors, split the difference and predicted a lackluster summer followed by a strong fall. "We need to get used to volatility again," he said. "Look at those pullbacks as an opportunity to get fully invested, but you don't have to do it right away."

No matter where they predict the overall market is headed, the analysts agreed that a seismic shift is underway. Small-company and emerging-market stocks have had a fantastic three-year run that is probably slowing down. Most analysts now expect large companies with strong balance sheets and stable earnings to have their day.

"In my view, we had come too far too fast" in the riskier asset classes, said Dennis Shea, chief investment officer for equities at Morgan Stanley Investment Management. "We're seeing a shift back to value, big caps and pretty steady dividend payers."

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According to Standard & Poor's, large companies classified as "value" stocks -- because they are relatively cheap and not expected to grow quickly -- lost about 3 percent of their value in the second quarter compared with a 4 percent loss for the S&P 500 overall and a 5.5 percent loss for growth stocks. Stocks in companies dependent on discretionary consumer spending, such as home builders and consumer electronics makers, were among the quarter's biggest losers.

Going forward, several market analysts recommended sectors that tend to do well even in times of slowing growth, such as consumer staples and health care, as well as a few sectors that look cheap because they have already taken heavy losses, such as technology.

Most agreed that small investors should stay out of commodities and emerging-markets stocks at least for a while because they will probably fall further before they recover. "We would not be shocked if there was a bit more profit-taking," Caffrey said.

Movers

Ford Motor rose 53 cents, to $6.93.

Apple Computer fell $1.70, to $57.27.

Cendant rose 52 cents, to $16.29.

Computer Sciences fell $7.32, to $48.56.

CA fell 22 cents, to $20.55.Indexes

New York Stock Exchange composite index rose 30.21, to 8169.07.

American Stock Exchange index rose 27.65, to 1928.59.

Russell 2000 index of smaller-company stocks rose 10.35, to 724.67.Volume

NYSE: 3.18 billion shares, up from 2.79 billion on Thursday. Advancers outnumbered decliners 9 to 4.

Nasdaq: 2.72 billion shares, up from 2.23 billion. Advancers outnumbered decliners 3 to 2.Commodities

Crude oil for August delivery: $73.93, up 41 cents.

Gold for current delivery: $613.50 a troy ounce, up from $586.50 on Thursday.

U.S. Stocks Fall, Trimming Biggest Weekly Gain Since January (BLOOM)

Bloomberg, July 1, 2006

June 30 (Bloomberg) -- U.S. stocks trimmed the biggest weekly advance since January as technology companies widened their examination of stock-option grants, hurting their shares.

Apple Computer Inc. and Computer Sciences Corp. led the retreat as they started investigations. General Motors Corp. rose, helping limit the market's loss, after Kirk Kerkorian's Tracinda Corp. urged the automaker to partner with Nissan Motor Co. and Renault SA.

The market rebounded this week from three weeks of losses as Federal Reserve policy makers, who raised interest rates for the 17th straight time, said in a statement that the economy is ``moderating from its quite strong pace" earlier in the year.

``The market likes certainty, and that's what you're getting right now with the Fed softening their position," said Dan Whitney, a senior trader at Fifth Third Asset Management in Cincinnati, which manages $21.5 billion.

The Standard & Poor's 500 Index climbed 2.1 percent this week, the largest weekly advance since the period ended Jan. 6. Today, the index slipped 2.67, or 0.2 percent, to 1270.20.

The Dow Jones Industrial Average today fell 40.58, or 0.4 percent, to 11,150.22. It rose 1.5 percent this week.

The Nasdaq Composite Index slipped 2.29, or 0.1 percent, to 2172.09, trimming its weekly gain to 2.4 percent.

Stocks were held back today by reports that showed conflicting signals on inflation. The Fed said that it would make future decisions on rates based on economic data.

The market drifted before a four-day weekend for many investors. U.S. markets will close three hours early on July 3 and shut down the next day in observance of Independence Day.

Russell Rebalancing

Trading surged as the Russell Investment Group conducted its annual rebalancing of its benchmark U.S. indexes. Funds with $3.8 trillion in assets use the indexes to measure performance, according to Russell, based in Tacoma, Washington.

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This week's rally trimmed the S&P 500 loss for the second quarter to 1.9 percent. The decline was the index's first since the period ended in March 2005. The Dow average added 0.4 percent since March 31 for its fourth straight quarterly advance. The Nasdaq Composite slid 7.2 percent, its biggest drop since the first quarter of 2005.

The S&P 500 posted its biggest rally since October 2003 yesterday after central bank policy makers said in a statement that the economy is ``moderating from its quite strong pace earlier this year."

Technology Slide

A group of computer-related stocks slid 1 percent for the worst performance among 10 groups in the S&P 500. At least 60 companies have disclosed investigations into options grants, including Apple, which slid $1.70 to $57.27 after starting an internal investigation into stock option grants made between 1997 and 2001.

One grant being reviewed was made to Chief Executive Officer Steve Jobs. The grant to Jobs was canceled and didn't result in a financial gain, Apple said. Backdating options to coincide with a low stock price creates a built-in profit for executives who receive them.

Computer Sciences, a defense contractor that specializes in information systems, plunged $7.32, or 13 percent, to $48.56 for the biggest decline in the S&P 500. The company said it received an informal inquiry from the U.S. Securities and Exchange Commission related to option grants, and also said it wouldn't put itself up for sale.

CA Inc. slipped 22 cents to $20.55. The world's No. 2 seller of mainframe computer software delayed its annual report to review stock-option grants and said it may restate results going back to 1997.

GM

GM surged $2.35, or 8.6 percent, to $29.79 for the biggest rise in the Dow average today. Kerkorian's Tracinda, which holds 56 million GM shares, said in a letter to GM Chief Executive Officer Rick Wagoner that a partnership with Nissan and Renault would ``strengthen the competitive positions of all three companies." Renault owns a 44 percent stake in Nissan.

GM said it would consider the proposal, and Nissan and Renault said they were open to expanding their alliance if GM's board approves.

Ford Motor Co., the second-largest U.S. automaker, climbed 53 cents to $6.93.

`Economic Numbers'

A report today showed that the Fed's preferred inflation measure, a price gauge tied to consumer spending, matched economists' average forecast for May. A private survey of manufacturers in the Chicago area showed prices paid for raw materials surged to the highest since 1988.

Today's consumer spending report showed prices excluding food and fuel rose 0.2 percent last month and consumer spending added 0.4 percent. Both figures matched the average estimate of economists in a Bloomberg News survey. The increase in spending was the smallest in three months.

The National Association of Purchasing Management-Chicago said its index of prices paid for raw materials rose to 89 in June from 76.9.

``We have to take the Fed at its word that it is indeed keeping its eye on new economic numbers as they come in," said Bryant Evans, who helps manage $450 million at Cozad Asset Management in Champaign, Illinois. ``We certainly don't know for sure" that the Fed is pausing.

The final reading for the University of Michigan's June index of consumer sentiment showed the first increase in three months, to 84.9 from 79.1 in May. Economists expected a reading of 82.5, according to a Bloomberg survey.

About 11 stocks advanced for every six that declined on the New York Stock Exchange. Some 2.38 billion shares changed hands on the Big Board, about 38 percent more than the three-month daily average.

EMC

EMC Corp. slid 28 cents to $10.97. The company will pay $28 a share for RSA Security Inc., a maker of identity tokens and software. That's 22 percent more than yesterday's closing price and 45 percent more than the close the day before. RSA is an ``overpriced acquisition," First Albany analyst Hugh Mai wrote in note to clients. Shares of RSA climbed $4.22 to $27.10.

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Research In Motion Ltd., a Palm competitor which makes the BlackBerry e-mail device, climbed $3.79 to $69.77 after forecasting second-quarter earnings, excluding stock-options costs, will be 69 cents to 75 cents a share. The projection compares with an estimate of 69 cents from Bear Stearns Cos. analyst Andrew Neff.

Commodities Gain

A gauge of raw-material producers climbed 0.5 percent today, extending its weekly advance to 3.5 percent, the second-biggest among 10 industry groups. The Fed's comments yesterday eased concern that higher interest rates would crimp demand for commodities.

Alcoa Inc., the world's biggest aluminum maker, added 46 cents to $32.36. Newmont Mining Corp., the world's second-largest gold producer, gained 74 cents to $52.93.

Copper prices jumped 6.5 percent this week in New York, ending a one-month slide, on indications demand won't slump in the U.S. gold futures for August delivery rose 4.6 percent, the most since Sept. 14, 2001.

Alcoa Inc. (AA US) Apple Computer Inc. (AAPL US) CA Inc. (CA US) Computer Sciences Corp. (CSC US) EMC Corp. (EMC US) Ford Motor Co. (F US) General Motors Corp. (GM US) Newmont Mining Corp. (NEM US) Palm Inc. (PALM US) Research In Motion Ltd. (RIMM US) To contact the reporters on this story: Daniel Hauck in New York at dhauck1@bloomberg.net; Hilary Johnson in New York at hjohnson10@bloomberg.net. Last Updated: June 30, 2006 17:39 EDT

Fed Raises Rates, But Scales Back Talk Of Inflation (NYT)

By Edmund L. Andrews

The New York Times, July 1, 2006

WASHINGTON, June 29 — The Federal Reserve raised interest rates for the 17th consecutive time on Thursday, but kicked off a powerful celebration in the stock market by lowering its alarms about inflation.

As expected, the central bank raised its crucial lending rate another quarter-point, to 5.25 percent, and left itself room to raise it again before stopping. But for the first time since it began lifting rates two years ago, the Fed stopped short of signaling that further interest rate increases were all but certain.

In what traders described as a huge "relief rally," the Dow Jones industrial average surged 217 points, or 2 percent, in its biggest one-day jump in three years. Other stock and bond market indicators also rose, as interest rates on long-term bonds edged down. The dollar fell against major currencies, with foreign investors reducing their calibrations for interest rates in the United States.

The turnaround on Wall Street was the latest example of heightened volatility in financial markets and heightened uncertainty about Fed policy under its rookie chairman, Ben S. Bernanke.

Investors are looking for signs that Mr. Bernanke, like the veteran Alan Greenspan who preceded him at the Fed, can manage a tricky transition, achieving a "soft landing" from a period of strong economic growth and rising inflation to an era when underlying inflation slows without throwing the economy into a tailspin.

"The central bank is caught in the middle," said Allen Sinai, chief economist at Decision Economics. The Fed is trying to maintain "a cautious tiptoeing between a moderating economy and elevated core inflation."

The Fed has stumbled along the way, said Robert J. Barbera, chief economist at Hoenig, the research unit of the investment bank ITG, but Mr. Bernanke now appears to have regained his balance.

"This gets him back to Square 1," Mr. Barbera said. "What it takes away is the notion that they're hellbent to squeeze the economy because of an obvious inflation problem. That's not a fair characterization of the economy, and it's not a sensible Fed response."

In late April, Mr. Bernanke rattled bond markets with statements that struck many as being too soft about a general rise in prices, excluding food and energy, known as "core" inflation. Over the last month, Mr. Bernanke and other Fed officials sent markets tumbling as they sought to signal tougher action.

Describing recent price trends as "unwelcome," "unacceptable" and "a warning flag," Fed officials prompted some investors to speculate that the overnight interest rates the Fed uses as its guidepost might climb as high as 6 percent.

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In its statement on Thursday, the Fed adopted a more nuanced view. It said that recent price trends had been "elevated" and that "inflation pressures remain." But it also acknowledged that growth appeared to be slowing, which in turn should ease inflation.

"Recent indicators suggest that economic growth is moderating from its quite strong pace," the Fed's policy-making committee said. It said the slowing growth stemmed from a "gradual cooling" of the housing market, the lagged effects of previous interest rate increases and higher energy prices.

What galvanized investors was a change in the Fed's language suggesting that additional rate increases may no longer be needed. Instead, it spoke hypothetically about what it would do if increases were still necessary.

"The extent and timing of any additional firming that may be needed to address risks will depend on the evolution of the outlook for inflation and economic growth," the central bank said. In May, by contrast, it flatly declared that "some additional firming may be necessary."

Mr. Bernanke and his colleagues left themselves ample wiggle room to raise rates at their next policy meeting in August. But their tone was less urgent. Instead of warning that inflation posed a powerful threat, they suggested that the job of preventing inflation from accelerating may not be quite finished.

"People were expecting something very consistent with the hawkish rhetoric we had heard earlier," said Richard Berner, a senior economist at Morgan Stanley. The markets "were pricing in a more hawkish statement."

Inflation has crept up in the last six months, in part because of the spike in energy prices but also because of increases in housing prices.

The Fed's preferred measure of underlying price trends is core inflation, excluding the volatile prices for food and energy, as calculated in the government's estimates of the gross domestic product. By that measure, prices have climbed about 2.4 percent over the last 12 months.

Mr. Bernanke, an advocate of setting explicit inflation targets, has said he would like to keep inflation at 1 to 2 percent a year.

At the same time, the economy seems to have slowed significantly from the torrid growth rate during the first three months of this year.

On Thursday, the government released its final estimate of growth in the first quarter, elevating growth from an annual pace of 5.3 percent to 5.6 percent, far above the pace that most economists consider sustainable without rising inflation.

But many forecasters contend that growth has slowed to something closer to 3 percent in the second quarter and will remain near that level for the rest of the year.

Job creation has slowed sharply in the last three months, to an average of about 125,000 jobs a month from an average of over 160,000 during 2005, and sank to only 75,000 additional jobs in May.

Though housing starts have bumped up and down in recent months, inventories of unsold homes have swelled and sales prices are climbing far more slowly. Construction employment fell sharply last month, and there are signs that consumer spending has slowed as a result of high gasoline prices and fewer cash-out home refinancings.

By some measures, short-term interest rates are back in line with historical norms after being cut to extraordinary lows from 2001 to 2004. At 5.25 percent, the federal funds rate on overnight loans between banks is almost 3 percentage points above the central bank's preferred measure of core inflation. Two years ago, it was only 1 percent and below the core inflation rate.

Richard Yamarone, chief economist at Argus Research, said the fed funds rate has on average been about 2.33 percentage points higher than core inflation since 1987.

But Fed officials face multiple quandaries. On the one hand, inflation is still slightly above Mr. Bernanke's "comfort zone" and many Fed officials are convinced that it would be far more difficult to combat higher inflation expectations than it would be to correct a slowdown if they push interest rates too high.

But some analysts predict that the combination of higher energy prices and higher interest rates has already set the stage for a slowdown that could be deeper than the soft landing that policy makers are seeking.

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David Rosenberg, chief economist at Merrill Lynch, recently estimated that the chances of a recession later this year were about 40 percent. Most analysts are far more sanguine, though many predict that the growth will slow and unemployment will edge up from its currently low level of 4.7 percent.

In a sign that Fed policy is beginning to pinch, the National Association of Manufacturers pleaded for the central bank to stop raising rates.

"Evidence of a slowing economy is widespread," said David Huether, the trade association's chief economist. "With manufacturing already facing higher costs at home compared to our major competitors abroad, today's news of higher interest rates will only further burden U.S. industry."

The uncertainties mean that the opportunities for a mistake on policy are higher than they have been for several years.

"Last year a monkey could have run monetary policy," said Ethan Harris, chief United States economist at Lehman Brothers. "What did you have to do? You just had to push the 25 basis points button. Now, just in time for Bernanke to take over, the serious decisions have to be made. How much do you put the brakes on?"

U.S. Economy: Spending Rises, Inflation Is Unchanged (BLOOM)

By Carlos Torres

Bloomberg, June 30, 2006

June 30 (Bloomberg) -- Consumer spending in the U.S. rose in May by the least in three months, and a measure of inflation watched by the Federal Reserve was unchanged, a day after policy makers hinted at a pause in their interest-rate increases.

Spending increased 0.4 percent after a gain of 0.7 percent in April, the Commerce Department said today in Washington. The personal consumption expenditure deflator, excluding food and energy, rose 2.1 percent from a year ago, the same pace as the previous month.

The absence of a pick-up in inflation pushed the dollar lower and spurred a rebound in Treasury notes. While the price gauge is still above Chairman Ben S. Bernanke's preferred range, the fact that it didn't accelerate reassured investors that inflation isn't spinning out of control.

``Given what the Fed said in their fairly dovish statement, they would have lost all credibility if they were wrong," said Gerald Lucas, chief Treasury strategist at Banc of America Securities LLC in New York. ``If the data was bad today, the market would have found it hard to forgive the Fed."

Banc of America still expects the Fed, which nudged its benchmark rate up a quarter-point yesterday to 5.25 percent, will lift its rate to 5.75 percent by year-end.

Today's report also showed incomes rose 0.4 percent, more than expected, after a 0.7 percent increase that was larger than the government reported last month. The May rise reflected a jump in proprietors' income, while wages were unchanged.

Americans were also more optimistic in June as gasoline prices declined, the University of Michigan reported today, the first increase in confidence in three months. The university's final index of consumer sentiment climbed to 84.9 from 79.1 in May. A separate index of inflation expectations retreated.

`Lot More Data'

The price gauge tied to spending patterns and excluding food and energy costs, the personal consumption expenditure core deflator, rose 0.2 percent in May for a second month.

``These numbers are in line with expectations, lending evidence to the argument that the Fed should pause now," said Gina Martin, an economist at Wachovia Corp. in Charlotte, North Carolina. ``That said, there are a lot more data between now and the Fed's August decision."

After today's report, traders saw a 59 percent chance of a quarter-point rate increase in August, based on the price of futures tied to the fed funds rate on the Chicago Board of Trade. That compares with 65 percent after yesterday's Fed statement and 83 percent two days ago.

Bernanke's Emphasis

Earlier this month, Bernanke highlighted the three- and six-month trends in core inflation and called them ``unwelcome developments."

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The core rate was up at an annual rate of 2.9 percent over the last three months, matching the year-over-year rise in April 2004 as the biggest in a decade, according to Bloomberg News calculations. Bernanke is among policy makers who have said a rate of 1 percent to 2 percent is acceptable.

Raw-material prices are still a concern among businesses in the Chicago region, a report today from the National Association of Purchasing Management-Chicago showed. A reading of prices paid by companies rose to 89, the highest since 1988.

The U.S. savings rate fell to minus 1.7 percent, from minus 1.6 percent in April. A negative rate suggests consumers are dipping into savings to maintain spending.

Economists forecast spending would rise 0.4 percent, after a previously reported 0.6 percent April increase, according to the median of 68 estimates in a Bloomberg News survey. Incomes were forecast to rise 0.2 percent.

Disposable Income

Disposable income, or the money left over after taxes, increased 0.3 percent following a 0.6 percent rise the previous month and were up 4.7 percent in the last 12 months.

Taking into account changes in prices, spending rose 0.1 percent last month after a 0.2 percent rise in April.

Inflation-adjusted spending on durable goods, such as autos, furniture, and other long-lasting items, fell 0.6 percent after rising 0.3 percent. Purchases of non-durable goods dropped 0.1 percent after rising 0.4 percent. Spending on services, which account for almost 60 percent of all outlays, increased 0.3 percent after rising 0.1 percent.

Near-record gasoline prices and higher interest rates have sapped Americans' buying power this quarter. A gallon of regular gasoline at the pump cost an average $2.84 this quarter, compared with $2.34 in the first three months of the year, according to figures from the American Automobile Association.

The average rate on a 30-year fixed-rate mortgage this week rose to 6.78 percent, the highest since May 2002, according to Freddie Mac, the second-biggest buyer of U.S. mortgages.

Process of Cooling

The Fed yesterday acknowledged the economy was in the process of moderating as housing cools and interest rates and energy prices rise. The slowing of growth ``should help to limit inflation pressures over time," the central bankers said in announcing the rate increase. That may give then an opportunity to stop increasing rates, said Joseph LaVorgna, chief U.S. fixed income economist at Deutsche Bank Securities in New York.

``Policy makers gave themselves some wiggle room by not committing to another move in August," when they next meet, LaVorgna said in a report to clients yesterday.

Consumer spending last quarter rose at an annual rate of 5.1 percent, the most in more than two years, according to revised Commerce Department figures issued yesterday.

The spending gain will be cut by about half this quarter, to 2.5 percent, as Americans respond to higher gasoline prices by buying fewer automobiles and by scrimping on non-essentials like vacations, meals at restaurants and the latest fashions, according to the median estimate of economists surveyed earlier this month. Spending rose at an average 3.8 percent pace a quarter in the last decade.

Energy Costs

``As fuel prices have ticked up this year, there is some sense that there is a little bit of softness in the retail category," David Brandon, chief executive officer of Domino's Pizza Inc., the second-largest U.S. pizza chain, said in a June 19 interview. ``The consumer is probably a little bit more conservative today than they were a year ago."

Part of the reason the economy will not buckle as spending slows is that consumer confidence is stabilizing as the price of gasoline plateaus, economists said. The Conference Board's confidence index rose to 105.7 in June from May's three-month low of 104.7, the New York research group said this week.

``If energy costs remain stable, the growth rate of consumer spending should pick up," said Stephen Stanley, chief economist at RBS Greenwich Capital in Greenwich, Connecticut, before the report.

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DOJ_NMG_0037829

Consumer Spending Slowed In May (NYT/AP)

By The Associated Press

The New York Times, July 1, 2006

Filed at 7:50 p.m. ET

WASHINGTON (AP) -- Consumer spending slowed sharply in May as rising gasoline prices left Americans with less cash for other items, the government reported Friday.

The Commerce Department said that spending rose by just 0.4 percent last month after a 0.7 percent gain in April. Income growth also slowed to an advance of just 0.4 percent last month, reflecting weaker job growth.

The report on personal incomes and consumer spending provided further evidence that the economy slowed sharply in the spring as Americans were battered by rising gasoline prices, higher interest rates and a cooling housing market.

In a second report, the University of Michigan said that its index of consumer sentiment rebounded a bit in June, rising to 84.9. While that was up from 79.1 in May, it still was well below the reading of 96.0 in June 2005.

The government reported Thursday that the overall economy raced ahead at an annual rate of 5.6 percent in the January-March quarter, the fastest pace in 2 1/2 years. Analysts believe growth has slowed to just half that amount in the current April-June quarter reflecting a sharp slowdown in consumer spending, which accounts for two-thirds of total economic activity.

Inflation, as measured by a price gauge tied to consumer spending, rose by 0.4 percent in May and was up 0.2 percent when energy and food prices are excluded. This measure of core inflation is up 2.1 percent when compared to May 2005, slightly above the Fed's upper bounds for core inflation of 2 percent.

Federal Reserve Chairman Ben Bernanke sent stocks plunging in early June when he cited an increase in core inflation as an "unwelcome" development, raising worries that the Fed was going to increase interest rates several more times to fight inflation.

The Fed did boost its federal funds rate on Thursday for a 17th time to 5.25 percent. Wall Street posted the biggest one-day gain in three years on the wording of the Fed statement, which indicated that future rate increases would be dependent on incoming data.

Stocks ended a turbulent quarter with a moderate decline on Friday with the Dow Jones industrial average falling 40.58 points to close at 11,150.22, one day after posting a 215-point gain.

Many analysts said the new inflation figure in Friday's spending report increased the odds that the Fed will increase rates at least one more time at the next meeting on Aug. 8.

"We are not going back to the bad old days with regard to inflation, but it has crept up and the Fed needs to keep a lid on inflation expectations," said Nariman Behravesh, chief economist at Global Insight, a private forecasting firm.

The 0.4 percent increase in consumer spending in May, which was in line with Wall Street expectations, was the slowest increase in three months. Excluding price increases, spending was up an even weaker 0.1 percent in May, down from a 0.2 percent rise in inflation-adjusted spending in April.

The difference in the actual spending and inflation-adjusted spending reflected the fact that consumers were having to pay more to fill up their gas tanks. Gasoline prices hit a high for this year of $2.95 per gallon in early May, according to the Lundberg Survey.

The 0.4 percent rise in incomes was down sharply from a 0.7 percent April gain, reflecting the fact that payroll growth slowed to just 75,000 new jobs in May, another sign that the economy is shifting to a lower gear.

After paying taxes, Americans saw their incomes go up by 0.3 percent, half of the 0.6 percent April gain. After adjusting for inflation, after-tax incomes did not rise at all in May, the third month of weakness in this area.

Americans' personal savings rate, the amount of saving left from disposable income, dipped to a negative 1.7 percent in May, down from a negative 1.6 percent in April. The savings rate has been negative for 12 consecutive months, meaning that Americans are dipping into savings or borrowing more to finance a spending level that is exceeding their after-tax incomes.

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On the Net:

Personal income and spending: www.bea.gov/bea/rels.htm

DOJ_NMG_0037830

OTHER NEWS:

Shuttle Launch Carries Calculated Risk, NASA Chief Says (WP)

By Mike Schneider

The Washington Post, July 1, 2006

CAPE CANAVERAL, Fla., June 30 -- NASA chief Michael D. Griffin is taking a calculated gamble by going ahead with the launch of Discovery, overruling two top managers who fear that foam flying off the fuel tank might harm the space shuttle.

The world will soon know if his gamble pays off.

Discovery was set to blast off from Kennedy Space Center at 3:49 p.m. Saturday, the first launch of a space shuttle in almost a year and only the second since the Columbia disaster in 2003. Storm clouds forecast for the afternoon remained the chief obstacle to launch. The shuttle faced no technical problems a day before launch.

"The vehicle is remarkably clean, certainly as clean as I've ever seen it," Griffin said Friday.

The seven astronauts said they are confident of his decision to go ahead, but hardly any astronaut ever publicly expresses fears before a launch.

"I believe we'll be as safe as we were on my other flights," said Steven W. Lindsey, Discovery's commander, who has flown on three previous shuttle missions. "I haven't really seen a decision made that I didn't agree with."

Faced with a 2010 deadline to finish building the international space station and end the shuttle program, Griffin wants to get the shuttles flying again and believes that a delay now would create schedule pressure toward the end of the decade.

He has acknowledged, though, that he would probably shut down the shuttle program if another vehicle is lost.

"We are playing the odds," Griffin said Friday. "What you pay us for as taxpayers is to understand those odds in great detail . . . . It's called risk management."

The board that investigated the Columbia accident faulted NASA three years ago for placing schedule concerns ahead of safety, squelching dissent and steamrolling over the concerns of engineers who had worried that foam from the huge external fuel tank had hit the shuttle during launch.

When Columbia was reentering Earth's atmosphere, fiery gases penetrated the wing where the foam had knocked a hole, causing the shuttle to disintegrate. All seven astronauts were killed.

Godspeed To Discovery (WT)

The Washington Times, July 1, 2006

Weather permitting, NASA plans to launch the space shuttle Discovery today from Cape Canaveral in what could be one of the shuttle program's final flights. Why? Because if anything goes wrong, which doesn't necessarily mean the loss of a third shuttle, NASA Administrator Michael Griffin will likely end the program.

Just recently, he said if "we lose another vehicle, I will tell you right now that I would be moving to figure out a way to shut the program down."

Even something as small as what occurred last summer, when the same foam debris that doomed Columbia in 2003 flaked off Discovery's outer hull requiring a mid-mission repair, anti-shuttle forces both within and from outside NASA will probably prevail in their long-running effort to move forward from the 1970s-era program.

In any case, it's doubtful that the shuttles will function well enough to complete the International Space Station, which could require as many as four flights a year, before the scheduled 2010 shutdown. Already two NASA chiefs have voiced their discomfort with today's scheduled launch, whereas NASA estimates it will take 17 more flights to finish the ISS. Should the shuttle fleet be grounded permanently, then so are the chances of ever completing the station, which might not be such a bad thing. Even Mr. Griffin has said "we don't know ... what the [station] will become." At a cost approaching $100 million -- in addition to the billions that will be spent sending further shuttle missions -- not knowing what the ISS will be used for is a pretty strong reason to just stop trying to build it.

Despite this, polls show that the public still approves of NASA's performance. A recent USA Today/Gallup poll found that 57 percent said the agency does a good or excellent job. That's a surprisingly high number, considering NASA hasn't done much to

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inspire the public's imagination in recent years, aside from unmanned missions to Mars and comets. What it seems to suggest, however, is that the public appreciates the risks involved with space flight and remains proud of NASA's legacy.

Unfortunately, the shuttle program has quickly become a blot on that legacy. We have always supported the continued presence of the United States in space, even if that presence was relegated to low-Earth orbit. But the years since the Apollo glory days has added a whole range of programs to NASA's limited resources; manned programs like pushing the human footprint further into space have been ignored, while those like the shuttle are underfunded. The hope is that once the shuttle is a museum piece, NASA can refocus its funding almost exclusively on fulfilling the president's Mars vision.

That said, Godspeed to the Discovery astronauts.

Deadline Change Called 'Unfair' (BRADV)

By Patrick Courreges, Acadiana Bureau

Baton Rouge Advocate, July 1, 2006

Parishes hit by Rita feel abandoned

President Bush's Thursday exclusion of Hurricane Rita-hit areas from a list of parishes receiving time extensions on full federal coverage of expenses for hurricane debris clearing may largely paralyze work on clearing debris in storm-shattered Cameron Parish, starting today.

U.S. Rep. Charles Boustany, R-Lafayette, who represents Cameron and other Rita-lashed parishes in Louisiana's 7th Congressional District, on Friday derided the decision as a "bean-counter approach" and a "slap in the face."

Beginning today, parishes not on the list as eligible for the deadline extension sent out by the Bush administration will have to pay 10 percent of the cost of debris removal — a list that includes none of the parishes directly hit by Rita.

Gov. Kathleen Blanco has written a letter to the Bush administration asking for a reconsideration of the deadline decision, noting that many parishes deeply affected by Katrina and Rita were excluded.

Boustany said the rationale he was given by federal officials was that offering the extension to the Hurricane Katrina-hit parishes of Orleans, Plaquemines, St. Bernard, St. Tammany and Washington covered 96 percent of the need in the state.

"That's a nice ivory tower economics point of view, but it's a very unjust way of looking at it, in my opinion," he said. "I just don't understand the bean-counter approach to this and it really gets me angry when I think about it. We got a major slap in the face. To put it mildly, this is unacceptable."

Boustany said the Bush administration is placing an unfair burden on the parishes of southwest Louisiana by not extending the deadline, despite repeated arguments for the need to do so.

"I'm sick and tired of being blindsided and I'm not happy with the administration on this," Boustany said. "At least they could offer some explanation, if not a solution."

Tina Horn, parish administrator for Cameron, said the parish's share of the remaining work would be about $3 million if it has to pay 10 percent.

"We don't have it," she said Friday. "If something doesn't change by the close of business today, we'll probably be stopping."

Horn said that, in a normal year, the parish's operational budget is about $8 million.

She said she believes that the Federal Emergency Management Agency's Cameron field office hurt the area's case for receiving deadline extension.

"I believe the president got the wrong information from our field office," Horn said. "I just can't believe the president would let us down like this."

She said that the FEMA area field office had recently reported that cleanup was progressing on schedule, despite parish officials saying that was not true.

"I just think the guy in charge of our AFO didn't get out of the office and see the big picture," Horn said. "I don't know if he just wanted to go home or what. He certainly did Cameron Parish an injustice."

Dave Phillips, with the FEMA field office, spoke briefly about those allegations, noting that no one thinks the Cameron cleanup is on schedule and that the field office does not generate that kind of report, then referred questions to FEMA's press office.

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A FEMA press office staffer on Friday took down questions about the matter during a telephone call and promised a response.

Horn said she had a list of public buildings in need of demolition in to FEMA three weeks after the storm hit on Sept. 24 but work has not yet begun and had only recently been contracted.

She said parish officials do not know yet what options they might have if the deadline decision is not reversed.

To the north of Cameron, Lake Charles Mayor Randy Roach said his city and Calcasieu Parish will feel the hit if the deadline is not extended.

He said Lake Charles' and Calcasieu's efforts at debris removal are far from complete, and have been bogged down by disputes with the U.S. Army Corps of Engineers and FEMA about what does and does not constitute storm damage.

"Debris is probably the biggest single item that affects our recovery," Roach said.

He too expressed the concern that FEMA may be underestimating the remaining problems in southwest Louisiana.

"I think that FEMA has looked at numbers that suggest we're a lot farther along than we are," Roach said.

He said the cutoff of full federal coverage, if upheld, will mean money needed to prepare for future storms will have to be used for cleaning up from Rita.

"We're disappointed because it's definitely going to be a significant cost to us," he said. "If it does this to us, from a financial standpoint, I can only imagine what it does for Cameron."

Clay Menard, secretary/treasurer of the Vermilion Parish Police Jury, said debris in Vermilion — which also took a heavy hit from Rita — has mostly been cleared, except for some debris blocking drainage canals.

He said he feels for Vermilion's neighbor to the west.

"I was completely amazed that Cameron Parish did not get an extension," Menard said. "It's no fault of their own."

Boustany said that federal government's response in helping the area has been inefficient and riddled with needless delays that have led parts of southwest Louisiana being unable to meet the deadlines.

"There's been an interminable delay. Who's fault is that? I have to say the federal government bears some of the responsibility," Boustany said. "It's a system that has failed the people of southwest Louisiana and it's unfair. There's a basic injustice to it."

He said that the federal government offered 100-percent coverage for debris cleanup with no such time limits after 1992's Hurricane Andrew — which hit Florida and Louisiana — and 2001's terrorist attacks on the World Trade Center in New York.

"My bottom line is it's unacceptable for the administration to expect the parishes of southwest Louisiana to pay that," Boustany said.

Boustany said that, even if the decision is made to extend the federal debris cleanup deadlines for Rita parishes soon, the initial decision has created a delay in the efforts.

"This is not the way to respond to a problem like this," Boustany said.

Kerr-McGee Agrees To Negotiate With U.S. On Oil Royalties In Gulf (NYT)

By Edmund L. Andrews

The New York Times, July 1, 2006

WASHINGTON, June 30 — The Kerr-McGee Corporation, under pressure from Congress, said on Friday that it would begin negotiations to settle a lawsuit that if it went to trial could deprive the government of as much as $60 billion in oil and gas royalties.

At issue are thousands of leases the government signed with companies seeking to drill in federal waters in the Gulf of Mexico. The leases include incentives that allow companies to avoid paying royalties to the government on much of what they initially produce.

Kerr-McGee sued the Interior Department in March to overturn a provision that requires companies to pay full royalties if oil prices climb above about $34 a barrel and natural gas prices rise above about $4 per thousand cubic feet.

Kerr-McGee is also one of several dozen companies that signed leases in which the government inadvertently failed to halt the incentives during times of high energy prices.

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If those leases remain unchanged, the Bush administration estimates the companies would produce about $65 billion worth of oil and gas over the next five years without paying any royalties — a loss to the government that would total more than $7 billion.

If Kerr-McGee were to win its lawsuit, it would set a precedent that would affect thousands of leases owned by companies like Exxon Mobil, BP and Shell. Congressional auditors have estimated that the government could lose an additional $60 billion over 25 years.

Kerr-McGee, which is based in Oklahoma City, did not say it would drop its claims. But in a statement issued on Friday, the company said that it had agreed to "undertake efforts to mediate the disagreement" and that it would ask a court to postpone the trial preparations.

The abrupt retreat came one week after Kerr-McGee reached an agreement to be acquired by Anadarko Petroleum for $16.4 billion — a 40 percent premium over its stock price at the time.

It also came as Congress has stepped up pressure on oil companies to renegotiate their deals. On Thursday, the Senate Appropriations Committee, over objections by Republican leaders and the Bush administration, approved a measure that would prohibit companies that refused to pay full royalties from acquiring any additional federal oil and gas leases. The House passed an almost identical measure in May as part of the Interior Department's spending bill.

At a hearing of the energy subcommittee of the House Committee on Government Reform, executives from Chevron, Shell and ConocoPhillips said they were ready to renegotiate the erroneous contracts signed in 1998 and 1999. Exxon Mobil insisted that its contracts should be respected, but Kerr-McGee took the most militant stance by arguing that it was entitled to royalty-free gas and oil on all leases signed from 1996 to 2000.

House Lifts Offshore Drilling Ban (AP-Y2)

By H. Josef Hebert, Associated Press Writer

AP2, July 1, 2006

Congress has taken a major step toward allowing oil and gas drilling in coastal waters that have been off limits for a quarter-century.

Still, a battle looms in the Senate over the issue. And the Bush administration's support for the legislation, which was approved Thursday by a 232-187 vote in the House, is lukewarm.

The House bill would end an Outer Continental Shelf drilling moratorium that Congress has renewed every year since 1981. It covers 85 percent of the country's coastal waters — everywhere except the central and western Gulf of Mexico and some areas off Alaska.

Rep. Richard Pombo (news, bio, voting record), R-Calif., a leading proponent for lifting the ban, said he believes a majority of the Senate wants to open the protected waters to energy companies.

Asked about White House opposition to some parts of the bill, especially a provision that would give tens of billions of dollars to states that have drilling rigs off their coasts, Pombo said, "I dare them to veto this bill."

"They don't like us giving money back to the states. I think it's right," Pombo told reporters after the vote. Forty Democrats joined most Republicans in favor of ending the drilling moratorium.

In the Senate, the measure is likely to face a filibuster from Florida senators and possibly others from coastal states that fear offshore energy development could threaten multibillion-dollar tourist and recreation businesses if there were a spill.

The Senate is considering a limited measure that would open an area in the eastern Gulf of Mexico, known as Lease Area 181, that comes within 100 miles of Florida. It is not under the moratorium. Even that is unlikely to pass unless its sponsors get 60 votes to overcome a filibuster from the Floridians.

Sen. Pete Domenici (news, bio, voting record), R-N.M., chairman of the Energy and Natural Resources Committee, said he would pursue efforts to open the Lease 181 Area. The committee's ranking Democrat, Sen. Jeff Bingaman (news, bio, voting record), also of New Mexico, criticized the House-passed bill, saying it would eventually create "a huge hole in our federal budget and undermine environmental protections on our lands and off our coasts."

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Sen. Mary Landrieu (news, bio, voting record), D-La., said Friday that Senate GOP leaders and Domenici have agreed on a new revenue-sharing plan that would funnel 37.5 percent of future royalties from Area 181 development to the four energy producing Gulf states, and also open an additional 6.3 million acres south of Area 181.

But that proposal does not address the Florida senators' concerns and may generate new opposition to Domenici's bill from senators opposed to changing the royalty distribution formulas.

Domenici later said in a statement, "I've had a number of productive meetings with Sen. Landrieu. ... We've made progress ... but we're not there yet."

Still, the House vote was a huge victory for Pombo, two Louisiana lawmakers — Republican Bobby Jindal and Democrat Charlie Melancon — and Rep. John Peterson (news, bio, voting record), R-Pa., who spearheaded the drive to lift the moratorium.

Only six weeks ago, a proposal by Peterson to open coastal waters to natural gas development fell 14 votes short.

This time, they included a provision that would allow states to keep the moratorium in place if they opposed drilling and changed the revenue sharing so that states' share of royalties would soar eventually as much as 75 percent.

The Gulf states where most U.S. offshore energy resources are being tapped, now get less than 5 percent of the royalties. For example, Louisiana's royalties would go from $32 million last year to a total of $8.6 billion over the next 10 years — and even higher after that.

The Interior Department estimated that the changes could cost the federal government as much as $69 billion in lost royalties over 15 years and "several hundred billion dollars" over 60 years.

The White House issued a statement saying it favors much of the bill but strongly opposes the changes in royalty revenue sharing, which it said "would have a long-term impact on the federal deficit."

The Interior Department estimates there are about 19 billion barrels of recoverable oil and 86 trillion cubic feet of natural gas beneath waters under drilling bans from New England to southern Alaska.

Supporters of the drilling moratorium argue there's four times that amount of oil and gas available in offshore waters open to energy companies, mainly in the central and western Gulf of Mexico and off parts of Alaska.

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On the Net:

Interior Department Minerals Management Service: http://www.mms.gov/revaldiv/RedNatAssessment.htm

House Votes To Let Allies Buy Top U.S. Fighter (WP)

By Renae Merle

The Washington Post, July 1, 2006

Sending Such Technology Abroad Raises Concerns

The House has recommended lifting a ban on international sales of the nation's most advanced fighter, the F-22 Raptor, a potential boon to Lockheed Martin Corp. if allies such as Japan begin buying the expensive plane to upgrade their air forces.

On a voice vote after an 11-minute debate, House members on June 20 tacked onto the defense appropriations bill an amendment repealing a nine-year-old prohibition on overseas sales of the plane.

The ban was put in place to keep the Raptor's high-tech systems out of the hands of foreign governments. But with U.S. military orders for the jet lagging, members of Congress and some top staffers in the Air Force have become concerned that Bethesda-based Lockheed may shut down the plane's production line in coming years.

The $70 billion fighter program is one of Lockheed's largest, employing more than 4,500 workers in Georgia and Texas and bringing in hundreds of millions of dollars in annual revenue. The Pentagon has steadily lowered the number of F-22s it planned to purchase from the 750 it thought it needed to face off against the Soviet Union nearly 20 years ago down to 183. As with the older F-16 -- a fighter Lockheed continues to sustain through overseas sales -- foreign purchases could keep the Raptor in business.

The amendment allowing overseas sales was offered by Rep. Kay Granger (R-Tex.), whose district in Fort Worth includes a plant that makes the midsection of the aircraft, with a total of 2,640 jobs associated with the Raptor.

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"I believe this provision of this bill is no longer necessary to safeguard our technology," Granger said on the floor of the House.

Lockheed executives and Air Force officials declined to comment.

Prospects of passage in the Senate, which will not take up its appropriations bill until next month, are unclear, though that chamber traditionally has been more tolerant of allowing international involvement in military programs.

Sen. John W. Warner, chairman of the Senate Armed Services Committee, appeared willing to support foreign sales of a modified version of the Raptor.

"My own advice is that we should consider manufacturing a model of that aircraft that would meet our requirements with regard to technology transfer, a model that would be foreign sales only," Warner said in an interview. "That aircraft, even if modified for foreign sales, would be a magnificent aircraft, believe me."

He noted that the military has had to make similar accommodations for foreign sales of other U.S. aircraft, including the F-16 and F-15.

Even if the ban is lifted, any overseas sales of the plane would have to be vetted by the Departments of Defense and State under the Arms Export Control Act.

Lockheed and some in the Air Force began making a case for overseas sales of the fighter early this year as the Pentagon lowered the number of planes it would buy to 183 to save $10 billion over the next few years. Until that point, Lockheed had expected to sell about 381 planes to the U.S. government. The reduction prompted Lockheed to say it would have to close the F-22 production line by 2011.

Any specific sale is likely to face concerns about the export of technology that is still considered sensitive. Congress has continued funding the plane, despite its increasing cost, in part because the Raptor's technology was considered worth sustaining. While Lockheed's other fighter jet, the F-35 Joint Strike Fighter, was developed to be exported, the Raptor wasn't.

The company has delivered 74 Raptors so far at a cost of $361 million each. The cost is about three times the original estimate, according to the Government Accountability Office. The planes are scheduled to be put into combat service early next year, following years of fine-tuning and training.

During the brief floor debate, the original author of the overseas sales ban, Rep. David R. Obey (D-Wis.), said he was "significantly uncomfortable" with lifting it.

"I am certainly not convinced that we have reached the point where we ought to remove these restrictions," he said.

Selling the aircraft overseas also undermines one of the original justifications for the aircraft, skeptics say.

"The original justification for creating the F-22 was that we had already sold our most advanced fighter technology to so many countries that we needed a more advanced fighting capability. Now we're in that trap again by selling the F-22 abroad," said Jennifer Porter-Gore, spokeswoman for the Project on Government Oversight, a watchdog group. "This is when our national security interests collide with those of the defense industry."

Given its expense, the fighter may have a limited audience.

"This is an extremely high-performance fighter. Few air forces around the world are going to need it. Fewer will be able to afford it," said Gordon M. Adams, professor of the practice of international affairs at George Washington University.

Lockheed and the Air Force see a potential market among the United States' closest allies, including Japan, Australia and Britain, according to industry insiders and analysts. For example, Japan is expected to begin replacing soon its fleet of about 100 F-4s. Excluding development costs that the Pentagon paid early in the program, the price of the plane drops to between $150 million and $183 million, or even less for a stripped-down model, they said.

Foreign sales could also help defray some of the cost of the plane to the U.S. military and keep the production line going while the Air Force and Lockheed make their argument for more purchases to the next administration, said Loren Thompson, a consultant for Lockheed who also has close ties to the Air Force.

Congress Still Grappling With Pension Bill (AP-Y2)

By Jim Abrams, Associated Press Writer

AP2, July 1, 2006

DOJ_NMG_0037836

Congress falls short once again of achieving one of its prime goals: coming up with a bill to assure 44 million workers who depend on employer-based pension plans that they will get their promised retirement benefits.

House and Senate negotiators originally set Tax Day, April 15, as their target for finding a compromise. When it eluded them, the new deadline became Memorial Day, and then Independence Day.

But they left Friday on a weeklong Fourth of July recess still apart on two big issues:

_How to make companies that have fallen behind on payments to their pension plans make them up without driving them to terminate the plans or declare bankruptcy.

_Whether to single out financially struggling airlines for special treatment. The Senate wants to give them up to 20 years to get back to full funding of their pension plans; House negotiators don't.

"There's not much left to be resolved," Senate Finance Committee Chairman Charles Grassley, R-Iowa, said Thursday after a House-Senate meeting. "The staff is going to work real hard over the Fourth of July break."

The two chambers passed their respective bills in late 2005, and talks on a compromise have dragged on since March.

At the prodding of House Speaker Dennis Hastert, R-Ill., and Senate Majority Leader Bill Frist, R-Tenn., negotiators have been meeting almost daily in recent weeks. But progress has been incremental.

"Days and days and days of the same ditto," House Majority Leader John Boehner, R-Ohio, a chief sponsor of the House bill, said as he emerged from one recent meeting.

Lynn Dudley, vice president of the American Benefits Council, which represents companies with pension plans, said her organization is not overly concerned by the missed deadlines.

"The truth of the matter is they've got to get this thing right. It's the bedrock of retirement security for millions of people," she said.

The toughest issue has been working out a definition of what is an "at risk" company that would be required by the bill to increase contributions to its pension plan.

Currently, company pension plans are underfunded by an estimated total of $450 billion. The Pension Benefit Guaranty Corp. — the federal agency that insures private pension plans much like the Federal Deposit Insurance Corp. insures bank accounts — estimates that $100 billion of that is with companies with serious funding problems.

The PBGC, which is self-funded from premiums, is itself burdened by a $22.8 billion deficit because it has had to take over the benefits obligations of companies that go bankrupt and terminate their plans.

Without a fix, many fear the whole defined benefit pension system could implode in a repeat of the late 1980s savings and loan crisis that ended up requiring a $130 billion taxpayer bailout.

The original Senate bill would have linked at risk status to a company's credit rating, an idea strongly opposed by General Motors and others in the auto industry with poor credit status.

Negotiators have since backed off this approach, but industry sources have expressed concern that other proposals also are overly harsh — such as defining plans that are less than 80 percent funded as at risk for default.

One sticking point is whether credit balances, extra contributions paid into a plan to cover future years, should be counted as an asset when determining a plan's financial viability.

Former Michigan Gov. John Engler, who is now president of the National Association of Manufacturers, said excessively tough rules could be counterproductive. "The cost goes up if somebody terminates a plan and then turns it back over to the pension board," he said.

With more companies phasing out defined benefit plans and switching to defined contribution programs such as 401(K) plans, the pension legislation also tries to establish rules for conflict-free investment advice and solidify multiemployer plans mutually sponsored by companies and labor unions.

It also seeks to give legal backing to cash balance plans, a variation of defined benefit plans that have been in legal limbo because of a judge's ruling that IBM Corp.'s plan discriminated against older workers.

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On the Net:

Congress: http://thomas.loc.gov/

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PBGC: http://www.pbgc.gov/

Reimbursement Cuts Said Threat To Doctors (WT)

By Kara Rowland, The Washington Times

The Washington Times, July 1, 2006

A slate of reimbursement cuts going into effect today for CareFirst BlueCross BlueShield providers has some Washington-area doctors threatening to limit new patients or drop out of the network.

The cuts also have prompted the Maryland State Medical Society (MedChi) to ask Attorney General J. Joseph Curran Jr. to investigate "monopolistic pricing practices" between the state's largest health insurer and its major rival, UnitedHealth Group, which together control 94 percent of the state health insurance market, according to R. Steven Orr, Maryland insurance commissioner.

In a letter dated May 1, CareFirst told providers it had lost several large accounts to competitors who reimbursed physicians at lower rates and therefore were able to offer lower premiums.

"We believe CareFirst or CareFirst BlueChoice members should not have to pay providers higher fees than those paid by members of other commercial health plans," wrote M. Bruce Edwards, a senior vice president for CareFirst.

The company is adjusting the fees it pays doctors for various "ancillary services" such as lab work and radiology, spokesman Jeff Valentine said. The changes range from a 12 percent increase in several areas to a 20 percent cut in others.

Dr. Stephen Rockower, a Rockville orthopedist and president of the Montgomery County Medical Society, decided on Thursday to drop out of the CareFirst network.

"I'm trying to run a business here. My rents go up, my employees demand salaries, my gas prices go up, my malpractice rates go up, but my reimbursement rates go down -- that's no way to run a business," he said. "If I'm losing money on each visit, seeing more patients doesn't help me."

Dr. Rockower, who has practiced medicine for 25 years and is in business with another doctor, said he lost two partners because of rising practice costs and flat or lower reimbursements. One relocated to another state while the other took early retirement.

"Ultimately, patients are going to be harmed when they can't find doctors or doctors leave the state or retire or go bankrupt," he said, adding that he has spoken with several colleagues who are considering leaving the network.

According to CareFirst spokesman Mike Sullivan, of 12,500 providers in the network, the number of doctors who have dropped out is in "the low single digits."

Kevin Enright, a spokesman for the attorney general's office, said the office has requested more information from both MedChi and CareFirst.

As a policy, the office does not confirm or deny whether an investigation is taking place, he said.

Both CareFirst and UnitedHealthcare have denied any collusion over physician payment rates. Mr. Valentine said CareFirst was not aware that UnitedHealthcare, which owns Rockville insurer Mid-Atlantic Medical Services Inc., had cut its rates until learning about it from MedChi.

"Any savings that are derived from these adjustments will go to benefit our members, either in the form of more moderate premiums or lower care costs and will not go to CareFirst's bottom line," he said.

But T. Michael Preston, executive director of MedChi, called the strategy of controlling health care costs by reducing physician payments a "dead end."

"There may be a certain business logic from [the insurance companies'] standpoint, but they're driving our delivery system into a ditch and the proof of that was announced last week," he said.

He referred to a National Academy of Sciences' Institute of Medicine report that said the nation's emergency departments do not have the necessary medical staff and equipment to meet demand.

Also in a report last week, the Center for Studying Health System Change, a Washington research group that studies health care trends, found that physician incomes fell an average of $13,000 -- after adjusting for inflation -- between 1995 and 2003 as a result of payment cuts by Medicare and private insurance providers. Meanwhile, overhead costs have climbed.

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"If you're not making some profit on the services, you can't stay in the business," Mr. Preston said.

Fighting For Public Housing (WSJ)

By Shearon Roberts

The Wall Street Journal, July 1, 2006

Maryland Senator Battles to Save Federal Program Set to Expire

WASHINGTON -- The Federal Government's program to revitalize public housing is set to expire, and Sen. Barbara Mikulski, the Maryland Democrat who championed the effort in the early 1990s, is fighting an uphill battle to preserve it.

After years of shrinking funding, the program, called Homeownership and Opportunity for People Everywhere, or Hope VI, will be phased out in September. Supporters fear it won't be extended. The Bush administration has said billions of dollars already are in the pipeline to complete dozens of development projects nationwide.

Sen. Mikulski sees it differently: "We need to support federal programs that help those who help themselves. The president talks about creating a better life for Americans, but his budget fails to deliver on his words."

Since 2003, the Bush administration has trimmed its budget request for Hope VI, but each year Congress has stepped in to continue funding, albeit at ever-lower levels. The $100 million allotted for the current fiscal year falls well below the $600 million annually envisioned by the program's founders when launching Hope VI.

Hope VI grew out of a congressional commission that advocated reducing poverty in inner cities by converting public-housing complexes into mixed-income communities. From 1992 to 2002, Congress allocated $5.7 billion to the program; $3 billion of that is designated to complete projects, but hasn't yet been spent.

"It's been a big shift for the administration to turn on" the Hope VI program, says Susan Popkin, leading researcher on the program at the Urban Institute, a Washington think tank. "Because it's generally regarded as a very successful program, it's really tweaks that are needed."

The Bush administration says Hope VI hasn't been very productive. From 1993-2005, 231 Hope VI grants were awarded, but only 54 development projects have been completed, says Donna White, spokeswoman for the Department of Housing and Urban Development. The administration says that record is due to local housing authorities' protracted struggles to relocate poor residents and leverage federal funds with local money.

"With the funding that's in the pipelines, the program is still going to assist families for years to come," Ms. White says. "The task at hand right now is to get the current projects completed."

Ms. Mikulski and a bipartisan group of senators -- Kit Bond (R., Mo.), Jack Reed (D., R.I.), Arlen Specter (R., Pa.) and New York Democrats Charles Schumer and Hillary Rodham Clinton -- are pushing for reauthorization. The bill, currently before the Committee on Banking, Housing, and Urban Affairs, goes beyond the original legislation, calling for improvements in local schools and other services to attract residents. In the House, Rep. Christopher Shays (R., Conn.) has introduced a bill to extend the program without making such changes. Given White House opposition and a packed legislative calendar, extending the program this year faces long odds.

In Sen. Mikulski's hometown of Baltimore, Housing Commissioner Paul Graziano has overseen redevelopment of five sites with Hope VI funds. Mr. Graziano would like to overhaul more sites. "There is no model that I have heard from the administration or anyone that can address the comprehensive overhaul of public housing and community remodeling as the Hope VI program does," he says.

Soon after the Hope VI program began, public-housing authorities shifted how they use the federal funds, contributing to the backlog in projects. Instead of relying solely on federal dollars to raze old buildings and construct new ones, the Atlanta Housing Authority worked with the private sector, leveraging Hope VI grant money from HUD to replace a crumbling public-housing site with a mixed-income community. The project -- one-third public-housing units, one-third market-rate units and one-third single-family homes -- became the template.

The new community, Centennial Place, opened in 1996, with an elementary school, a YMCA, a bank and a child-care facility. By 2007, it will include restaurants, a grocery store and a dry cleaner. Overall, the Atlanta Housing Authority figures its Hope VI projects have parlayed $220 million in federal funds into $3 billion in new investment.

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"Hope VI is the critical seed capital that allows public-housing authorities to leverage additional public- and private-sector investment," says Sunia Zaterman, director of the Council of Large Public Housing Authorities, based in Washington. "The result of this 'first money in' approach, combined with unprecedented regulatory flexibility, has allowed public-housing authorities to build partnerships with private developers and others."

The process, however, takes time. HUD officials point out that many local agencies take an average of four years to complete grants, are slow to hire developers and lack efficient relocation plans. Over the years, HUD has set schedules, essentially doling out money only after an agency meets certain development or construction milestones.

A particular challenge is looking out for the residents of housing to be renovated. HUD now requires housing agencies to assign case workers to track residents. They must also find housing for them during reconstruction or provide federal housing vouchers to help pay rent on apartments elsewhere.

"It takes forever for these things to get constructed," Ms. Popkin of the Urban Institute said. Former residents are "often very happy where they've relocated to or they encounter strict screening criteria to return." Still, she says, a 2004 study found that about 60,000 public-housing units across the country could benefit from Hope VI.

Write to Shearon Roberts at shearon.roberts@wsj.com1

Another Ohio Tour: Bush In Columbus (CLPD/AP)

By Julie Carr Smyth, Associated Press

The Cleveland Plain Dealer, July 1, 2006

Columbus -- The state's political hit parade continued Friday with President Bush jetting into the Columbus area for a fund-raiser for U.S. Sen. Mike DeWine.

Adults and children were making signs to greet the president hours before his arrival in a suburban Columbus neighborhood Friday afternoon, and others stood in their driveways holding small American flags.

"It's obviously very exciting," said Don Ziliak, 41. "I don't think many people have the opportunity to ever see the president, let alone right across from your house."

Ziliak's 8-year-old daughter stood nearby, hoisting a red, white and blue sign that said, "We love the president." He said he agrees in principle with most of what Bush does, but wishes the president could do it with more consensus.

Ohioans are regularly treated to drop-in visits by the nation's political heavyweights, especially in the months leading up to competitive elections such as DeWine's re-election battle against U.S. Rep. Sherrod Brown.

Also up for grabs this year are the governor's mansion and a pair of U.S. House seats, races that have both Republicans and Democrats dispatching some of their biggest names to Ohio between now and Nov. 7.

Friday's private fund-raiser for DeWine is Bush's fifth visit to the state this year.

Vice President Dick Cheney was in Columbus before the May 2 primary to raise money for Republican State Rep. Chuck Blasdel.

Blasdel is running in the November election against Democrat State Sen. Charlie Wilson for the House seat U.S. Rep. Ted Strickland vacated to run for governor.

Democrats, meanwhile, have played host to a stream of party stars, including U.S. Sens. John Kerry, Joe Biden, John Edwards and Barack Obama, retired Army Gen. Wesley Clark, Iowa Gov. Tom Vilsack and Democratic National Committee Chairman Howard Dean.

Schwarzenegger Campaign To Pay $202,200 Fine (LAT)

By Robert Salladay, Times Staff Writer

The Los Angeles Times, July 1, 2006

The FPPC penalty stems from late disclosure of $25 million in donations to the governor's team in last year's special election.

SACRAMENTO — Gov. Arnold Schwarzenegger's campaign has agreed to pay a $202,200 penalty for failing to properly report more than $25 million in campaign donations during the special election last year, the state Fair Political Practices Commission said Friday.

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The penalty probably is the final chapter of Schwarzenegger's special election, in which voters rejected all of the governor's initiatives and handed him the biggest defeat of his political career.

Under California law, campaigns must publicly disclose donations they receive and money they spend — in some cases within 24 hours of the transaction. Disclosure is the bedrock of California's finance law, allowing the public to see the money behind political campaigns.

In documents released Friday, the commission found that Schwarzenegger's California Recovery Team, created to advance the governor's causes, failed to report in a timely way millions of dollars in donations that were used to buy TV advertising pushing four initiatives on the November ballot. It found 143 delinquent reports on $25.6 million in expenditures.

The complaint was filed by the Alliance for a Better California, a union-backed group that worked against the governor last year. Robin Swanson, a spokeswoman for the group, said Friday they were "happy that the FPPC is holding the governor and the California Recovery Team accountable."

The largest fine ever levied by the commission was $263,000 — against Lt. Gov. Cruz Bustamante — for violations during the gubernatorial recall election in 2003. Bustamante improperly moved $3.8 million between campaign committees.

In the Schwarzenegger case, the issue was whether the California Recovery Team was really acting as an "independent expenditure committee," which is governed by rules different from those of a "general purpose committee," which has less stringent disclosure requirements.

The governor was sued during the special election to force him to disclose the donations within 24 hours, but election day came and went before the courts decided the matter. Nevertheless, Schwarzenegger filed the proper forms as an independent expenditure committee — disclosing the donations in the weeks before the election.

The fact that voters could see the contributions before the election was a mitigating factor in reducing the fine, the political practices commission said. The state agency could have fined the California Recovery Team $715,000. Investigators also said Schwarzenegger apparently didn't know that the reports weren't filed properly.

"This settlement resolves an honest dispute over compliance with a very complicated campaign finance law," said Tom Hiltachk, the governor's attorney. "I hope the commission will work toward simplification of these rules so the public benefits from better, faster and more frequent campaign disclosure."

Ned Wigglesworth, a campaign finance expert with TheRestOfUs.org, a Sacramento nonprofit, said voters "weren't walking into the ballot box blind," but for a time "they were deprived of some of the information they should have had" about the governor's donors.

The penalty is the latest legal entanglement for Schwarzenegger, who has broken all fundraising records for a California politician. Since 2002, he has raised more than $150 million for the recall election of 2003 and other causes. He is expected to collect $75 million more for his reelection effort this year.

In 2004, a Superior Court judge ordered Schwarzenegger to repay a $4.5 million loan he illegally used to finance his recall campaign. Last year, a committee supporting Proposition 77, the governor's redistricting overhaul, was forced to return $1.75 million to Schwarzenegger because it exceeded state limits.

Schwarzenegger Signs California Budget After Cutting $175 Million (LAT)

By Evan Halper, Times Staff Writer

The Los Angeles Times, July 1, 2006

The spending plan is the first completed on time in six years. Criticism of his trimming was muted as Democrats got most of what they had sought.

SACRAMENTO — Gov. Arnold Schwarzenegger signed the state's first on-time budget in six years Friday, after using his veto power to scale back the expansion of environmental enforcement and healthcare programs approved by the Legislature earlier this week.

The $131-billion spending plan signed by the governor will use a surge of unanticipated revenue that filled California's coffers this year to pay back billions the state borrowed from schools in recent years as well as to accelerate repayment of other state debt.

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The governor used his veto pencil to eliminate more than $175 million in spending that the Legislature had approved. He vetoed tens of millions of dollars from the budget that would have been used to reduce air pollution, expand hospital trauma care, provide interpreters to non-English speakers in civil court cases and make dental care available to more low-income children, among other services.

The vetoes drew a muted response, however. Most of the program expansions that Democrats had secured in the budget approved by the Legislature Tuesday night remained intact.

"This is a great budget," Schwarzenegger said just before signing the document at a ceremony under the Capitol dome. Schwarzenegger said he and legislative leaders were able to meet the deadline for passing a budget for the first time since 2000 because "we put politics aside."

"We were driven by one overwhelming desire: to do what is best for the people of California," he said.

The budget does not solve the state's financial problems. It relies on this year's $7.5-billion windfall — unanticipated tax revenue resulting from higher than expected capital gains, corporate profits and the hot housing market — to expand programs and close a shortfall that had been projected for the fiscal year that begins today.

But the state is still projected to spend more than it brings in over the coming years. Lawmakers expect a deficit of at least $3.3 billion for the fiscal year that begins in July of 2007.

On Friday, Democratic gubernatorial nominee Phil Angelides warned that Schwarzenegger would deal with that deficit as he has dealt with past deficits, "by cutting school funding, raising tuition and fees and cutting healthcare."

But Assembly Speaker Fabian Nuñez (D-Los Angeles) had a different take.

He said the budget agreement shows "you can be fiscally conservative but at the same time be compassionate."

By the time the budget was signed, the Legislature had adjourned for a monthlong break. Some lawmakers will stick around to draft legislation in line with the four-part plan the governor presented this week to address prison overcrowding. Schwarzenegger called a special session of the Legislature to deal with that issue, which will resume when lawmakers return Aug. 7.

The Assembly has already approved at least two prison reform proposals: a bill that would authorize the state to borrow for the construction of new prisons and another that would move nonviolent women offenders into local detention centers where they could get drug treatment, education and help finding jobs. Both are pending in the Senate.

Harsher penalties for repeat drug offenders, championed by the governor, became law when he signed the budget Friday. The new law changes voter-approved Proposition 36 by taking away the option of avoiding jail from thousands of drug offenders who seek addiction treatment more than once.

Now judges will be able to incarcerate offenders up to five days if they relapse. Treatment advocates call the new penalties illegal and say they will sue to block them.

The governor scaled back the expansion of efforts to fight air pollution by $35 million. The money would have been used to update heavily polluting construction, farming and transportation equipment and to bolster enforcement of the state's clean air laws.

Regardless, environmentalists saw victory overall in the budget. They noted that it includes $50 million to replace decades-old school buses with clean-burning models, develop alternative fuels and promote zero-emissions cars and trucks.

"This budget certainly isn't bad," said Pete Price, an environmental lobbyist in Sacramento. "A lot of the environmental budget items were retained. I think generally you will find environmentalists not unhappy."

There was also little criticism from healthcare advocates. The governor eliminated $10 million that would have gone to fund trauma centers in hospitals, scaled back a proposal to fight West Nile virus by $6 million — or two-thirds of the proposed funding — and eliminated $2 million that would have been used to provide preventive dental care to low-income children.

The governor also vetoed $10 million that civil courts could have used to hire interpreters for non-English speakers.

*

Times staff writer Nancy Vogel contributed to this report.

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EDITORIAL WRAP-UP:

Don't Know Much About History (NYT)

The New York Times, July 1, 2006

Somewhere between the firing in 2002 of President Bush's first Treasury secretary, Paul O'Neill, and the Senate confirmation this week of his third Treasury chief, Henry Paulson, the administration changed its tune on budget deficits. In the early days, the line was, essentially, that deficits don't matter. Mr. O'Neill's ouster was due in part to his gall in suggesting otherwise. Now, officials dutifully declaim that deficits matter, but that Bush-era shortfalls are "within historical norms."

Mr. Paulson apparently shares that view, having offered it repeatedly when asked about budget deficits during his confirmation hearing. That's a disappointment. It takes a narrow view of history to imply that the Bush-era deficits are "normal."

As a share of the economy, the Bush-era deficits have averaged 2.7 percent. That's the second worst record of any administration in the past 60 years, surpassed only by the deficits from the tenures of President Reagan and the first President Bush, which each averaged 4.3 percent. (Five years into the Clinton era, deficits averaged 1.2 percent of the economy, dropping to a mere 0.1 percent by the time Mr. Bush took over.) To imply that the current budget gap is comfortably within historical norms because it's not as bad as the worst deficits in modern memory is, to put it politely, a stretch.

Besides, size isn't everything when it comes to assessing the danger in budget deficits. Timing is also crucial.

The Reagan-era deficits occurred decades before the retirement of the baby boomers, when the post-World War II generation was in its peak earning — and taxpaying — years. The Bush deficits are uniquely alarming in that they're occurring on the eve of the baby boomers' retirement, leaving little time to recoup before the government has to meet large Medicare and Social Security obligations.

On top of that, and well outside the historical norm, is President Bush's insistence on continued tax cutting, despite the ongoing deficits and despite the fact that the economy has long since recovered from the last recession. From the end of World War II through the 1970's, various administrations hammered away at the nation's debt, reducing the burden from the wartime level of over 100 percent of the economy to about 25 percent. That effort was largely abandoned in the 1980's. But even Mr. Reagan backtracked on his budget-busting tax cuts of 1981 by raising taxes in 1982 and 1984. In 1990, a bipartisan deficit-reduction agreement raised taxes and cut spending, followed by another budget-tightening package passed by Democrats in 1993. In contrast, the Bush years have been marked by nonstop tax cutting, deepening debt, the abandonment of budget rules and increased spending, paid for by borrowing.

And not just any borrowing. The Bush-era deficits are also alarming in the extent to which they are foreign financed. Since 2001, 73 percent of new government borrowing has been from abroad. In total, 43 percent of the United States' publicly held debt of $4.8 trillion is in foreign hands, compared with only 14 percent at the peak of the Reagan deficits in 1983 and 30 percent in 2001. Debt owed to bankers in Beijing, Tokyo and elsewhere could destabilize the dollar and from there, drive up interest rates and prices.

If Mr. Paulson and other administration officials were to say that today's deficits were dangerous, it would logically follow to recommend scaling back the Bush tax cuts. By implying that the deficits are not so worrisome, they can continue to insist that spending cuts alone could fix the problem, even though that would mean deep cuts in Social Security and Medicare — something they are not willing to advocate explicitly. One can only hope that in discussions with his new boss, Mr. Paulson has more to say about the budget deficit than he let on during his confirmation hearing.

Passports For Health Care (WP)

The Washington Post, July 1, 2006

A harmful new requirement that Medicaid recipients provide proof of citizenship

UNDER A NEW federal law that takes effect today, poor Americans will be required to produce proof of citizenship to be eligible for Medicaid. This may sound like a sensible safeguard against providing government-paid health benefits to illegal immigrants who fraudulently claim eligibility. It isn't. The new law and the unduly stringent rules that the Bush administration has

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produced to implement it are unnecessary, expensive and mean-spirited. They pose the threat that millions of people entitled to receive Medicaid benefits will be denied coverage.

The political benefits of this latest form of immigrant-bashing are obvious. Rep. Charles Whitlow Norwood Jr. (R-Ga.), a chief sponsor, cited "the outright theft of Medicaid benefits by illegal aliens." But there's scant evidence of widespread fraud under the current system. In all but four states, Medicaid applicants attest, under penalty of perjury, that they are citizens, and officials can ask for documentation if there is reason for suspicion. As Mark B. McClellan, administrator of the Centers for Medicare and Medicaid Services, wrote in response to an inspector general's examination of the issue last year, "The report does not find particular problems regarding false allegations of citizenship, nor are we aware of any."

If the problem is unproven, the solution will be expensive -- both for the states that are required to enforce it (or risk losing millions in federal funding) and the recipients who have to obtain documents. In fact, this new requirement runs precisely contrary to recent efforts to streamline Medicaid enrollment procedures to make certain that all eligible recipients get coverage.

But the biggest risk is that, rather than preventing fraud, the provision will result in the denial of benefits to eligible Americans who can't come up with the required proof. After all, the typical Medicaid recipient doesn't have a passport, the preferred form of proof. Also, many elderly African Americans were born at home and were never issued birth certificates.

Under the administration's guidance for state Medicaid agencies, states can't extend coverage to new applicants while they scramble to obtain documentation. Impoverished senior citizens and people with disabilities who already receive Supplemental Security Income benefits -- and have therefore already had their citizenship verified by the Social Security Administration -- aren't automatically eligible. There aren't any exceptions for those who need immediate care; who are too incapacitated to produce documents (Alzheimer's patients, for example); or who are victims of natural disasters.

It's certainly fair to ask that states have procedures in place to guard against fraud. But this is an unnecessarily cruel law interpreted in an unnecessarily cruel way. Yesterday, the District government, facing a lawsuit, agreed to hold off on enforcing it until at least July 17. If the lawsuits that have been filed to overturn the requirement don't succeed, Congress should reconsider.

Hamas's War (WP)

The Washington Post, July 1, 2006

The movement defended armed attacks and hostage-taking; now it's complaining that Israel is fighting back.

PALESTINIAN Prime Minister Ismail Haniyeh charged yesterday that Israel's offensive in the Gaza Strip is aimed at overturning his government. It's not clear that's the case -- the incursion seems mainly intended to recover a soldier held hostage by Palestinian militants. But if it is, Israel would be entirely justified.

When Cpl. Gilad Shalit was abducted by the military wing of Mr. Haniyeh's Hamas movement last weekend, his administration faced a choice. It could behave like a civilized government -- and work to free the hostage -- or align itself with a terrorist operation. It chose the latter. Hamas government officials endorsed the militants' demand that Israel release Palestinian prisoners it has legally arrested in exchange for a soldier who was attacked while guarding Israeli territory. Hamas justified this position by citing the terrorist movement Hezbollah, which has extracted prisoners from Israel in exchange for hostages, as well as governments that exchange POWs in wartime.

Fair enough. But if Hamas wants to be equated with Hezbollah or define itself as at war with Israel, then Israel has every right to try to destroy the Islamic movement's military capacity, to capture its leaders (it has arrested more than 60 since Wednesday, including eight cabinet ministers) and to topple its government. Isn't that what happens in war?

As it is, Israel's Gaza incursion has been reluctant, slow, carefully calibrated -- and as of yesterday, casualty-free. In addition to the arrests, Israel has disrupted power supplies for slightly more than a tenth of Gaza's population, occupied an abandoned airport, rained shells down on empty fields and bombed the Hamas-controlled interior ministry while it was empty. Yesterday it again postponed a larger operation aimed at stopping the launching of rockets at Israel from northern Gaza in order to allow more time for mediation by Egypt. Meanwhile, the rocket firings continued -- another act of war that Hamas has encouraged, if not sponsored.

The restraint reflects recognition by Prime Minister Ehud Olmert that Israel stands only to lose if the Palestinian Authority is destroyed by force. Cpl. Shalit probably can be saved only by a Palestinian political decision, and Israeli forces will have trouble

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retiring from Gaza and stopping further rocket launchings and abductions, unless they can reach a truce with Hamas. Palestinian President Mahmoud Abbas, who has been trying to draw Hamas's political wing into an alliance with his secular Fatah movement, could still play a role in brokering such an accord. But he needs more help than he is getting from Egypt, other Arab states and the United Nations. Instead of fulminating about supposed Israeli war crimes, these actors ought to be

demanding that Hamas -- and its sponsors in Damascus and Tehran -- stop their own acts of terrorism and war.

Hedge Fund Hoopla (WSJ)

The Wall Street Journal, July 1, 2006

Politicians are drawn to piles of unregulated money like, well, politicians to TV cameras. So it was only a matter of time before Congress took aim at the $2.4 trillion hedge fund industry.

The Senate Judiciary Committee held a hedge fund hearing this week, with its star witness one Gary Aguirre, a former SEC investigator who said superiors quashed a probe into insider trading at Pequot Capital. Pequot has vigorously denied the claims, and insider trading is already illegal. But the ubiquitous Connecticut Attorney General Richard Blumenthal was nonetheless on hand, in range of TV cameras, to claim that hedge funds are a "regulatory black hole." The Senators were also very concerned, no doubt prepping for the day when a few of these pools of private investment capital go belly up.

HOT TOPIC

Volatile Markets Bring Hedge Funds Under Fire1

So maybe it's time to step back and recall that we've all been at this cab stand before. In 1999, a year after Long Term Capital Management blew up, the President's Working Group on Financial Markets released the results of its top-to-bottom probe of hedge funds. This was no lightweight body, containing as it did Alan Greenspan, Robert Rubin and former SEC Chairman Arthur Levitt. Its findings argued so strongly against meddling in this source of market liquidity and efficiency that even the Clinton Administration gave regulation a pass.

The working group focused on a concern that is often heard today, which is that too much hedge fund borrowing could lead to systemic market risk. Highly leveraged investors are always more vulnerable to market shocks. And if forced to liquidate their often-huge positions, their losses could cascade throughout the financial system.

But the working group found that Long Term Capital was unique. The best way to guard against hedge fund meltdowns is a system in which the counterparties (bankers, broker-dealers) that lend to or borrow from hedge funds impose due diligence. In Long Term Capital's case, many counterparties were so impressed by that giant fund's reputation that they "did not ask sufficiently tough questions," as Federal Reserve Chairman Ben Bernanke put it in a speech this May.

Such laxity is a problem, but the answer isn't necessarily more direct regulation. The working group recognized that, in the complicated and fast-moving world of financial derivatives, the best way to guard against future blowups is to ensure the market itself imposes more discipline. It recommended that hedge funds provide better disclosure to their counterparties, and that regulators ensure that counterparties have systems and policies that identify warning signs and restrain excessive leverage.

The regulators have since complied, issuing risk-management guidance so bank supervisors now consider it a primary duty to monitor hedge-fund dealings. The SEC also stepped up its inspection of broker-dealers. Many counterparties now require hedge funds to post more collateral to cover potential exposure. And institutions and regulators are all trying to improve weak areas -- say, understanding the risks in such new financial products as credit derivatives. For a "black hole," this sure has a lot of foot traffic.

Hedge funds offer high returns, but they also take big risks, and some failures are inevitable. That's especially true when the Fed is raising rates and credit is getting tighter. But while hedge funds have multiplied since 1999, the funds that have failed have done so with barely a market ripple. This suggests the Clinton working group's strategy is working.

The Clintonians also argued that direct hedge fund regulation would have significant costs, such as reducing the liquidity crucial to robust financial markets. And in his recent speech, Mr. Bernanke noted how difficult it would be for any regulator to monitor hedge fund trading strategies that change rapidly and are enormously complex.

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A more recent complaint about hedge funds is that they are becoming ever more available to Mom and Pop investors, not merely to the superrich. But a 2003 SEC report found that funds are still dominated by big institutional investors -- pension funds, endowments, and the like. Rich individuals and families supplied 42% of hedge fund assets, although that share is declining.

Pension funds do contain Mom and Pop retirement assets. But the focus of regulators should be on the pension fund managers for taking a flyer on hedge funds, not on the funds for taking the money. As for those who claim hedge funds are run by rogues, the SEC report noted that it could find "no evidence indicating that hedge funds or their advisers engage disproportionately in fraudulent activity."

Alas, none of this common sense stopped the SEC from plunging ahead in 2004 in an attempt to begin regulating hedge funds. But that attempt was overruled this month as an illegal power grab by the D.C. Circuit Court of Appeals, which throws the matter once more into the tender arms of Congress.

Hedge funds are easy political targets because they aren't sold to the general public and aren't well understood. But the regulators at the Fed and Treasury who are paid to watch the financial system understand that they provide far more benefits than risks. Congress should tread carefully, if it treads at all.

Jon Corzine Florio (WSJ)

The Wall Street Journal, July 1, 2006

Nearly every state in the nation is celebrating the new fiscal year that begins on Monday with record tax revenues. The big exception is New Jersey, which is headed instead for what could be a government shutdown.

The political showdown isn't between Republicans and Democrats, but is between Governor Jon Corzine and his fellow Democrats who control the state legislature. On Wednesday, Democrats cursed each other and, according to our eyewitness sources, came close to blows inside the capitol in Trenton. Mr. Corzine is now threatening a government shutdown if his own party doesn't bend to his proposal for a $1.5 billion tax increase.

Remarkably, all of this intra-party feuding isn't over whether to raise taxes, merely over how. Mr. Corzine wants to raise the state sales tax to 7% from an already high 6%. Many Democrats in the legislature believe this is political suicide, especially with the Governor low in the polls. But somehow they've convinced themselves that voters will happily swallow new levies on payroll, tobacco, computer services and car rentals instead. Meanwhile, the one promise that Democrats made to voters in last year's election campaign -- lowering what are some of the highest property taxes in the country -- remains conspicuously unfulfilled.

A new Quinnipiac poll finds that 47% of voters identify taxes as the biggest problem in the state -- the highest number for any issue the polling firm has ever found in New Jersey. The Garden State has raised taxes nearly every year since 2000 and nearly twice as much per resident as the next highest tax state. Yet, no surprise, Trenton still has the biggest budget crisis outside of the states ruined by Hurricane Katrina. This taxing binge hasn't balanced the budget because state expenditures have ballooned by $8 billion, or about 45%, in six years. Mr. Corzine is nonetheless sticking to his story that state schools and services are underfunded.

The real New Jersey story is that a rising cost of living and taxes have spurred an exodus of businesses, high net worth individuals and working families. U.S. Census Bureau data indicate that, in 2004 alone, 60,000 more people left New Jersey than moved in. This outmigration led to a loss of $1 billion per year in the state's personal income, according to IRS statistics analyzed by the Manhattan Institute. Thus New Jersey finds itself in a spiral down: Taxes are raised, more taxpayers flee so the tax base shrinks, the politicians raise taxes again, and the cycle repeats itself.

Political history is also repeating itself here. Sixteen years ago Jim Florio was elected Governor and pushed through the largest tax hike in Jersey history. The economy sputtered, and Mr. Florio was dumped by voters in favor of Republican Christine Todd Whitman and a veto-proof GOP legislature. Undeterred, Mr. Corzine is testing the same tax, spend and don't elect theory. Which is why things are getting ugly among Democrats in Trenton.

ONE YEAR LATER… Show Africa The Money (LAT)

The Los Angeles Times, July 1, 2006

After pledging to double aid by 2010, rich nations' promises are looking hollow.

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IS A PROMISE WORTH ANYTHING if there are no consequences to breaking it? That's a question worth pondering as we near the one-year anniversary of the Group of 8 summit in Gleneagles, Scotland.

Gleneagles was not an ordinary powwow for the club of industrialized nations. It came amid an unprecedented international campaign under the slogan "Make Poverty History," complete with Live Aid rock concerts and a drive by leaders such as British Prime Minister Tony Blair to persuade wealthy countries to boost their aid to Africa. It all paid off, or so it seemed. Rich nations signed a historic pact to forgive the debts of some of the world's most impoverished countries, and at the summit they vowed to double aid to Africa by 2010 and work toward ending the damaging subsidies and tariffs that strangle Third World economies.

A year later, the Gleneagles promises are already starting to look hollow. The debt-relief agreement has largely been a success, but G-8 countries are far off track on their aid commitments and even further from a comprehensive trade deal.

In 2005, the same year they made their pledge, G-8 countries increased their aid to sub-Saharan Africa by $1.6 billion, according to a report by DATA, the poverty-awareness organization founded by rock star Bono. But to get on track to meet their summit pledge, a boost of more than $3 billion would have been in order. Some countries are bigger laggards than others. Italy made a whopping promise at Gleneagles, committing to increase African aid from $1.2 billion in 2004 to $5.5 billion in 2010 — yet in 2005, it gave only an additional $26 million. That's at least better than Germany, which actually reduced aid to Africa last year.

Of course, most countries had already passed their 2005 budgets before the Gleneagles summit; the numbers from 2006 will be a better indicator of their seriousness. The United States, at least, is poised for a healthy increase in aid to Africa this year, mostly via the president's bilateral AIDS initiative.

On the trade front, the G-8 countries committed to eliminate all export subsidies, cut other domestic supports and improve access to their markets for poor countries. All this was supposed to be accomplished by the World Trade Organization during its Doha round of talks. Doha is desperately, perhaps fatally, stalled. Trade ministers started a new session Thursday in Geneva with the hope of reaching a deal by July 31, but the key players are miles apart.

DATA vows annual updates on progress toward the G-8 goals, but its reach is limited. What's needed is a high-level panel to monitor G-8 members and loudly embarrass nations that don't live up to their commitments. The world has had enough empty promises; the poor need genuine action.

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DEPARTMENT OF JUSTICE *NEWS CLIPS*

PREPARED FOR THE OFFICE OF PUBLIC AFFAIRS, US DEPARTMENT OF JUSTICE

TO: THE ATTORNEY GENERAL AND SENIOR STAFF

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TERRORISM NEWS:

GOP Seeks Advantage In Ruling On Trials (WP)

By Michael Abramowitz And Jonathan Weisman
The Washington Post, July 1, 2006
National Security Is Likely Rallying Cry, Leaders Indicate

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Republicans yesterday looked to wrest a political victory from a legal defeat in the Supreme Court, serving notice to Democrats that they must back President Bush on how to try suspects at Guantanamo Bay or risk being branded as weak on terrorism.

In striking down the military commissions Bush sought for trials of suspected members of al-Qaeda and other terrorist groups, the high court Thursday invited Congress to establish new rules and put the issue prominently before the public four months before the midterm elections. As the White House and lawmakers weighed next steps, House GOP leaders signaled they are ready to use this week's turn of events as a political weapon.

House Majority Leader John A. Boehner (R-Ohio) criticized House Minority Leader Nancy Pelosi's comment Thursday that the court decision "affirms the American ideal that all are entitled to the basic guarantees of our justice system." That statement, Boehner said, amounted to Pelosi's advocating "special privileges for terrorists."

Similar views ricocheted around conservative talk radio -- Rush Limbaugh called Pelosi's comments "deranged" on his show Thursday -- and Republican strategists said they believed that the decision presented Bush a chance to put Democrats on the spot while uniting a Republican coalition that lately has been splintered on immigration, spending and other issues.

"It would be good politics to have a debate about this if Democrats are going to argue for additional rights for terrorists," said Terry Nelson, a prominent GOP political strategist who was political director for Bush's reelection campaign in 2004.

Mindful of this thinking, Democrats were measured in their comments about how to respond to the ruling, which held that Bush's policy was not authorized by law and violated the Geneva Conventions.

Brendan Daly, Pelosi's spokesman, said Democrats "want to work with" the administration in fashioning new rules for terrorism suspects, and he dismissed Boehner's comments as a sign of desperation. "[Bush] is not a king -- he has to follow the law," Daly said. "That's all we're saying."

Democrats seemed to gain some support from a few Senate Republicans, who said politics should not dictate how Congress responds to the Supreme Court. "This should not be a party fight," said Sen. Lindsey O. Graham (R-S.C.). "I'm a proud Republican senator, but my nation needs both parties working in collaboration with the executive branch to solve the military commission problem, and both parties will be rewarded by the public if we're seen as working for the common good."

The issue is not without complexity for Republicans. A Washington Post-ABC poll this week suggested that while Americans continue to favor holding suspects at the U.S. military installation at Guantanamo Bay, Cuba, they are leery of an administration policy that has resulted in almost all of the 450 detainees being held without charges. Of those polled, 71 percent said the detainees should be either given POW status or charged with a crime.

In many respects, the Guantanamo Bay facility has become an albatross for the Bush administration since its creation in the months after the Sept. 11, 2001, attacks as a prison for terrorism suspects picked up in Afghanistan and elsewhere. Bush signed an executive order in November 2001 establishing military commissions to try the inmates, but the process has been in a legal limbo and no suspect has gone through a full trial.

Meanwhile, the United States has attracted intense international criticism for holding the detainees in limbo, and Bush has said repeatedly that he wants to close the prison.

Some lawmakers want Congress to endorse a plan to have the commissions operate by the rules of a regular court-martial, which would give the detainees more rights than they would have under the current commission structure. But administration lawyers have been concerned that it would be difficult to win convictions under that scenario, in large measure because the standard of proof would be higher.

White House spokeswoman Dana M. Perino said the administration is reviewing how to respond to the court.

A senior administration official, who spoke on the condition of anonymity because the issue is still being debated internally, seemed to hint at the potential political implications in Congress. "Members of both parties will have to decide whether terrorists who cherish the killing of innocents deserve the same protections as our men and women who wear the uniform," this official said.

The House and Senate Armed Services committees and the Senate Judiciary Committee have called for hearings as soon as Congress returns from the week-long Fourth of July break.

Senate Judiciary Committee Chairman Arlen Specter (R-Pa.) yesterday outlined his plan to conduct military tribunals in a manner consistent with the court's decision.

Under the Specter bill, a three-judge panel of military lawyers would preside. Defendants would be present in court with their lawyers, who would be granted the right to gather evidence, cross-examine witnesses and review classified information after it had been reviewed by a judge. Defendants would be granted the right to appeal verdicts to a court of military appeals and, ultimately, the Supreme Court.

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"I would suggest that the rhetoric be cooled at least long enough for people to read the opinion," Specter said of the Supreme Court decision. "We're going to have to dot all the i's and cross all the t's on this legislation to make sure it passes muster."

Sen. Carl M. Levin (D-Mich.), a key figure on detainee policy, noted that the court pointedly ruled that military tribunals had to comport with the Geneva Conventions, so any effort to simply grant Bush the power he wants would not pass the scrutiny of the court. If Republicans ignore the court's prescription, military lawyers would be quick to speak out, granting Democrats political cover, he predicted.

"That kind of excess, I think, backfires," Levin said of the House Republican broadsides. "The American public has too much common sense to put much stock in that kind of diatribe. Americans respect the Supreme Court."

But some GOP allies said they suspect that the decision will help energize a Republican base that has been angry at some Bush policies. Tom Liddy, a conservative talk show host in Phoenix, said that the decision has been a big topic on his show and that it could be another terrorism issue that works to the GOP's advantage.

Liddy noted that House Republicans pushed through a resolution Thursday, over Democratic objections, criticizing the news media for publishing classified information about a secret anti-terrorism program that monitors bank transactions.

"It will be worse for the Democrats to be seen as favoring the terrorists than favoring the New York Times," Liddy said.

Tribunals Ruling Could Reverberate In Fall Campaign (WSJ)

By John D. McKinnon And Jess Bravin

The Wall Street Journal, July 1, 2006

WASHINGTON -- Many Republicans predict that despite the White House's legal defeat over military tribunals, President Bush will emerge as the political winner among security-conscious voters.

A day after the Supreme Court's ruling that the Bush administration's special tribunals were unlawful, Republicans sought to score points for the president. Conservative legal activists charged Democrats with excessive celebration of the decision, and said they would alienate voters. House Majority Leader John Boehner accused Democrats of supporting "special privileges for terrorists."

For their part, a number of Democratic lawmakers suggested that voters are likely to be frustrated with how the administration has handled the Guantanamo Bay detention center, which has provoked resentment in Europe and elsewhere since its establishment in 2002.

The court ruling's political ripples could be significant in this fall's midterm congressional elections. In recent weeks, Mr. Bush appeared to gain political momentum, thanks to a series of positive developments in Iraq. But the ruling could remind voters of the mistakes and overreaching that have dogged the administration's war effort.

White House allies made the case that the decision would remind voters that Mr. Bush and Republicans have been tougher on terrorism than Democrats.

"Anytime the president is discussing keeping Americans safe and taking the fight to the terrorists, that's a good place for us to be politically," said Brian Jones, spokesman for the Republican National Committee. In the wake of the decision, "the judicial realities and the political realities are very different," he added.

Republicans even appeared to hold out hope that the decision would set the stage for a legislative victory for the president, as Congress moves to bless a new tribunal plan. If the effort ends in a stalemate, Democrats could be depicted as taking the side of those suspected of terrorism.

Mr. Bush and his party have reason to believe they can gain ground politically from the Guantanamo decision -- or at least not lose much. In November 2005, a Wall Street Journal/NBC News poll asked whether the Bush administration has "taken the right course" or "gone too far" in its handling of terror suspects at facilities outside the U.S. A 55% majority said the administration has taken "the right course," while 30% said the administration has "gone too far." Just three months ago, a Wall Street Journal/NBC News survey showed two-thirds of respondents support the administration's handling of the USA Patriot Act.

Critics scoff at the idea that Mr. Bush and congressional Republicans can gain mileage from a Supreme Court decision that repudiated their position.

Neal Katyal, a Georgetown University law professor who argued the case, said Friday the special tribunals appeared to be based first and foremost on political considerations -- namely, expanding presidential powers while appearing tough on terror. But the tribunal system's design so exceeded legal bounds that it undermined both aims, he said.

Lawmakers in both parties had previously submitted bills that would have authorized military commissions, but the White House repeatedly rejected calls to embrace legislation, fearing it would expose prisoner policies to congressional interference. After the high court's decision, lawmakers dusted off their bills. Both Senate Judiciary Committee Chairman Arlen Specter (R.,

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Pa.) and ranking Democrat, Patrick Leahy of Vermont, circulated copies of legislation to authorize military trials, using the regular court-martial code as a starting point.

Not all lawmakers saw it as a partisan issue. "I'm optimistic that Republicans and Democrats can come up with a solution to the military commission problem, in conjunction with the administration, that the nation will be proud of," said Sen. Lindsey Graham (R., S.C.). The current Uniform Code of Military Justice, which governs courts-martial, "will be your basic source document," he said, with "necessary changes" to protect sensitive evidence.

Rep. Adam Schiff, (D., Calif.). a member of the House Judiciary Committee, introduced Guantanamo-related legislation in 2001. On Friday, he recalled frustrating meetings with Defense, Justice and State department officials, who brushed off entreaties to develop legislation for military trials.

Like other Democrats, Mr. Schiff said Republicans faced hurdles in winning political points on the matter. The Supreme Court's opinion "continues to make the case that the administration is not competently handling the war on terror."

Mr. Specter has scheduled a July 11 hearing on the Hamdan decision.

Congress Tackles The Guantanamo Challenge (LAT)

By Maura Reynolds, Times Staff Writer

The Los Angeles Times, July 1, 2006

Lawmakers could OK Bush's setup or create a whole new system for handling detainees.

WASHINGTON — Key lawmakers moved Friday to begin creating a military justice process to determine the fate of Guantanamo detainees, a day after the Supreme Court wiped out the special tribunals established by the Bush administration.

Under the justices' ruling, Congress — which has largely stayed on the sidelines in shaping the war on terrorism — must take the lead role in implementing the most important legal decision affecting terrorism suspects since Sept. 11.

"I think we are under duty to move very, very promptly, because these people have been detained a long time," said Senate Judiciary Committee Chairman Arlen Specter (R-Pa.). "The court has told us what to do."

Members of Congress, and especially its GOP leadership, will have to figure out whether they must grant detainees more rights and protections than they currently have, or whether they can legislatively duplicate the restrictive approach the Bush administration prefers.

The debate is expected to dominate the congressional agenda for the coming months, and is likely to fuel a partisan confrontation over whether the United States has gone too far on some fronts in conducting its war on terrorism.

Specter has scheduled hearings on the detainee issue for July 11, the first day Congress is back in session after the Fourth of July recess. The House Armed Services Committee also announced hearings for this month; other relevant committees are expected to follow.

Thursday's decision in Hamdan vs. Rumsfeld said the tribunals established by the Bush administration for detainees at the military's Guantanamo Bay, Cuba, facility do not comply with existing law. The high court wrote that it is up to Congress to create a judicial review process for the detainees that comports with the Uniform Code of Military Justice and the Geneva Convention.

But the decision left several questions that now fall to Congress to answer.

One is whether the administration's system of military tribunals — or commissions, as the Pentagon calls them — would be legal if formally approved by Congress.

Simply asking Congress to OK the policy — which limits detainees' access to the evidence against them, permits testimony and evidence obtained by coercion, and provides limited opportunity for review or appeal — appeared Friday to be the approach favored by the White House.

"It looks like there's considerable interest in Congress in … making sure that we can proceed with military commissions and bring to justice the people who are held at Guantanamo," White House spokesman Tony Snow told reporters en route to Memphis, Tenn., with the president aboard Air Force One.

Another option open to Congress is to pass a law stating that the Uniform Code of Military Justice, which provides many more rights and legal safeguards for defendants, applies to the Guantanamo detainees.

"It's clear the court wants us to operate under the Uniform Code of Military Justice," Sen. John McCain (R-Ariz.) said on NBC News.

"I'm confident we will do that, and quickly."

A third option would be to create an entirely new system specifically for prisoners held as part of the administration's global war on terrorism.

That is closer to the approach favored by Specter, who has been working on legislation that would create two types of special tribunals. One would determine detainees' legal status, including whether they are properly being classified as enemy combatants. The second system would establish rules and procedures for trying detainees accused of war crimes.

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Specter's committee held a hearing on the issue of the Guantanamo detainees last year.

"The Department of Defense had been trying to do as little as possible. They had delayed action on detainees for a long period of time while this case has been percolating," Specter said. "We have addressed not only those who are going to be charged with criminal offenses, but also the detainees who are enemy combatants."

Another set of questions concerns whether the Supreme Court ruling has ramifications for other administration policies, such as the detention of prisoners by the U.S. elsewhere in the world, as well as the legality of the president's terrorism surveillance programs.

Specter said he thought the Hamdan decision could call into question the legality of a number of Bush administration policies.

The White House has argued that the president's inherent authority as commander in chief — along with Congress' 2001 authorization to use military force against terrorists — grant him extensive powers to decide how to conduct the war on terrorism, including how to treat detainees and what kinds of surveillance are necessary.

"The decision that the president lacked the authority to establish the military commissions makes it obvious that the conclusion of the Supreme Court is that there is no inherent authority — an inference and a proposition which may have some weight as we consider collateral matters, for example, on the electronic surveillance" conducted by the National Security Agency, Specter said Thursday.

Though the Supreme Court decision may be a blow to the president's policies, it may benefit his party politically — permitting candidates in November elections to talk tough about fighting terrorists and portray Democrats as weak.

For instance, a memo circulated Friday by the office of House Majority Leader John A. Boehner (R-Ohio) accused Democrats of welcoming a Supreme Court decision granting "special privileges to terrorists."

"There is a clear choice between Capitol Hill Democrats who celebrate offering special privileges to violent terrorists, and Republicans who want the president to have the necessary tools to prosecute and achieve victory in the global war on terror," the memo said.

In response, Democrats have begun to develop their own line of argument, asserting that the Hamdan case raises doubts about the administration's competence on terrorism and protection of the U.S.

"The American people increasingly question this administration's credibility when it comes to national security. They have promulgated reckless policies that endangered the country and destroyed America's reputation around the world," said Jim Manley, spokesman for Senate Minority Leader Harry Reid (D-Nev.) and director of the Senate Democrats' "war room" for responding to Republican charges.

"The chickens have finally come home to roost," he said.

Congress Implored To Resolve Tribunals (WT)

By Jerry Seper, The Washington Times

The Washington Times, July 1, 2006

The White House yesterday said the Guantanamo Bay prison will remain open until all the detainees are dealt with, and the administration will work with Congress to remedy problems the Supreme Court cited when it ruled special military tribunals were illegally created.

White House spokesman Tony Snow said Congress is interested in ensuring the more than 400 detainees at the naval facility in Cuba are brought to justice or sent home.

"You close it when you finish handling all the cases of people who are at Guantanamo," Mr. Snow said, responding to a question about Mr. Bush's stated goal of closing the jail that holds al Qaeda and Taliban prisoners picked up in the war on terror.

"And as we've said many times, you don't simply shut it down. There are some people who you do not want on American soil, who you want to go ahead and conclude the process of bringing them to justice, and repatriating those to whom it is appropriate to repatriate."

The Supreme Court ruled 5-3 on Thursday that a pending military tribunal for Yemeni national Salim Ahmed Hamdan, chauffeur to al Qaeda leader Osama bin Laden, could not proceed because its structure and procedures violated the Uniform Code of Military Justice and four Geneva Conventions signed in 1949.

The court said Mr. Bush lacked the authority to create the tribunals, which offer lesser legal protections than already established courts-martial rules, but that Congress could authorize the use of tribunals.

"There's considerable interest in Congress in going ahead and taking a good look at what the Supreme Court had to say and moving forward toward making sure we can proceed with military commissions ...," Mr. Snow said.

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Senate Judiciary Committee Chairman Arlen Specter, Pennsylvania Republican, introduced a bill Thursday that would authorize the tribunals, legislation that will generate heated debate between Republicans and Democrats heading into midterm elections.

Democrats and civil rights groups, who have questioned the president's power to detain and try prisoners, praised the ruling Thursday.

Sen. Edward M. Kennedy, Massachusetts Democrat, called the decision "a stunning repudiation of the Bush administration's lawless behavior at Guantanamo."

A senior administration official said nothing in the ruling affected the president's authority to detain enemy combatants, and that it didn't find any constitutional impediment to the president and the Congress creating military commissions.

Saying the country has a long history and tradition of using military tribunals, the official said the court recognized that military commissions would be appropriate as long as the procedures used are consistent with its decision.

Warner Is Uncertain On Legislation For Tribunals (NYT)

By Kate Zernike

The New York Times, July 1, 2006

WASHINGTON, June 30 — A leading Senate Republican said Friday that he was not sure that Congress should pass legislation to create new military tribunals for terror suspects, a stance that raised doubts about prospects for a White House plan to establish an alternative to the commissions struck down this week by the Supreme Court.

The senator, John W. Warner of Virginia, the chairman of the Armed Services Committee, said he had not yet decided what course Congress should take. But Mr. Warner, who will preside over hearings on the issue in July, said he was concerned that new tribunals, even if authorized by Congress, might not withstand judicial scrutiny.

"We're going to do this extremely carefully and accurately, or we're going to end up with a solution that once again ends up being the subject of litigation, and possibly being overturned," Mr. Warner said in an interview in his office.

The scope of the court's decision stunned the White House and Congress, forcing the House and Senate to rearrange their limited summer legislative calendar to address the issue. Lawmakers from both parties said Friday that they hoped to reach agreement by the end of summer on a new plan to bring terror suspects to trial.

But the caution voiced by Mr. Warner suggested signs of division, even among Republicans, about how to balance concerns about the threat posed by terrorism with the court's requirements that detainees must be granted some basic rights.

President Bush has said only that he intends to work with Congress, but he and his allies appear to be pressing for a law that would give the president the authority to set up something similar to the tribunals the court ruled he could not set up on his own.

Still, others within the president's own party have cautioned that the court's ruling made clear that any trials had to extend more rights than those tribunals offered. Some lawmakers suggested using the military courts or something similar, an approach the White House has rejected as granting too many rights to detainees.

"Everybody says, 'Pass legislation, pass legislation,' but we've got to make certain it's needed, and then do it with careful analysis, to get it right," Mr. Warner said. "We've got to get it right."

Until now, the White House and particularly Vice President Dick Cheney had been dead set against working with Congress on issues involving the detainees, against the advice of some Republicans and some administration lawyers. By waiting until the court forced the issue, the White House may have made its task more difficult, leaving Mr. Bush with less support in Congress than he had after the attacks of Sept. 11.

Democrats and some Republicans characterize the president's refusal to work with Congress on the tribunals as another example in a long line of presidential power grabs.

"Their whole unilateral approach made it more difficult for everybody here, and we're going to have to pick up these pieces," said Senator Carl Levin of Michigan, the senior Democrat on the Armed Services Committee. "It would have been a lot easier if they had not ignored the Congress and not behaved as if they are the law unto themselves."

Senator Charles E. Schumer, Democrat of New York, said: "This is the gang that couldn't shoot straight. Had they simply gone to Congress at the time, they could have gotten anything they wanted. Because they are so headstrong, they can only do it their way, they run into brick walls.'"

Even some Republicans expressed irritation that the White House had refused to work with Congress.

"They had been trying to do as little as possible," said Senator Arlen Specter, Republican of Pennsylvania and chairman of the Judiciary Committee, which will also hold hearings on the issue in July. Mr. Specter had offered legislation to set up a process of trials as early as 2002, but was rebuffed.

"They just delayed action on detainees for a long period of time while this case was percolating," Mr. Specter said.

Mr. Warner and Mr. Levin said they wanted to broaden the discussion of how to treat detainees beyond the tight circle the White House had relied on, in particular to include the military. The hearings, Mr. Warner said, will rely on sitting and retired judge advocates general from each military branch. In the past, he said, those military lawyers "didn't get a full voice."

A senior Senate Republican aide, granted anonymity to speak freely about the internal debates, said, "It's clear that the administration was eager to push the envelope as far as it could by setting up these tribunals without legislative authority. They got a brushback from the Supreme Court, and now the Senate is struggling with whether or not to side with the administration's original approach or something else."

Members of both parties said they wanted to work with the president, and hoped that the gravity of the issue would trump politics. But the hearings come at a difficult political moment, with Democrats hoping to take back the majority in both houses of Congress in November.

The Democrats could try to make the hearings a referendum on what Senator Edward M. Kennedy characterized as the administration's "lawless" treatment of detainees. But Republicans were already seizing the opportunity to paint Democrats as weak on terror.

A news release from the office of the House majority leader, Representative John A. Boehner, Republican of Ohio, seized on comments by the minority leader, Representative Nancy Pelosi, Democrat of California, saying that the Supreme Court decision "reaffirms the American ideal that all are entitled the basic guarantees of our justice system." The headline read, "Capitol Hill Democrats Advocate Special Privileges for Terrorists."

In the range of options that lawmakers discussed, tribunals or military commissions would grant detainees the fewest rights, and civilian courts, the most. Courts-martial fall somewhere in the middle, granting a streamlined bill of rights, but allowing looser rules of evidence than civilian courts. Conviction requires agreement of three-quarters of the jury, not the entire panel, and the jury is typically made up of officers, who tend to have college degrees.

Mr. Specter filed legislation immediately after the court's decision Thursday, proposing military commissions overseen by a three-member panel, with at least one judge advocate general. The proposal would grant counsel to the accused and allow cross-examination in some cases, but it would also relax the evidence standards to include hearsay, recognizing the difficulty of collecting evidence against accused terrorists. Mr. Specter's proposal would also provide standards to protect classified evidence.

Mr. Levin said the Senate was unlikely to sign off on tribunals if they looked like what the president initially wanted because the courts ruled that they violated provisions in the Geneva Conventions and the military code of justice.

"There are certain guideposts that put limits on this," he said. "Unless we amend prior statutes, which I don't think we're inclined to do, we're governed by the law of war."

A senior administration official said the White House was "likely to seek legislation on the tribunal issue."

That approach got support from Senator Lindsey Graham, the South Carolina Republican who with Mr. Levin and Mr. Warner called for hearings on the detainee issue.

Mr. Graham picked up on the court's statement that "nothing prevents the president from returning to Congress to seek the authority he believes necessary."

"The court is telling us that we can create a court," Mr. Graham said in an interview. "The court said the defect was that Congress never blessed it. We'll correct that defect."

"It's highly inappropriate to use civilian courts to try enemy combatants," he said. "This is a war. It's dangerous, it's a joke. The military tribunal has been the convention in the time of war."

The White House has considered military courts unpalatable because of the due process they afford. Officials there said Friday that they were generally against leaving the combatants to the military justice system, not only for its degree of due process but also for strict standards of evidence to which prosecutors are required to adhere.

Supreme Court Ruling May Ripple Through Other Bush Policies (KRT)

By Jonathan S. Landay, Marisa Taylor And Margaret Talev

Knight Ridder, July 1, 2006

WASHINGTON - The Supreme Court's ruling Thursday that the Bush administration can't use ad hoc military commissions to try suspected terrorists may have sweeping implications for other aspects of President Bush's war on terror.

The court's decision has ignited a fierce debate about its full impact among lawyers, legal scholars, administration officials and members of Congress.

Some believe that the opinion could challenge the administration's claim the National Security Agency is the right to eavesdrop without court approval on Americans who are suspected of having ties to al-Qaida or other terrorist groups.

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The high court's embrace of a central provision of the Geneva Conventions on war could also bolster challenges to U.S. interrogation techniques and the use of secret prisons to detain suspected terrorists. It also could help detainees who are being held without charges, lawyers or trials contest their situations, experts said.

"At this point, almost everything that could be affected by the decision is going to come to a screeching halt," said Neal Sonnett, the chair of the American Bar Association's task force on enemy combatants, referring to the treatment of detainees.

"There is clearly a shot across the bow of the administration," said Scott Silliman, a professor at Duke University Law School and a former senior Air Force lawyer. "The opinion here has clear implications for the court being willing to look at how we are treating folks."

At its heart, legal experts said, the ruling rebuffed Bush's contention that the president has special powers during wartime to disregard acts of Congress and international treaties.

"I think the court's ruling is a rejection of the administration's post 9/11 legal centerpiece claim, which is the president has inherent authority in all kinds of things in the name of crisis," said Neal Katyal, the lead attorney who argued the case on behalf of detainee and plaintiff Salim Ahmed Hamdan.

"One of the potential implications is that the `inherent authority' argument pushed by the executive branch may be in retreat," agreed Sen. Lindsey Graham, R-S.C., in an interview with McClatchy Newspapers on Friday.

The administration has contended since the Sept. 11, 2001 terrorist attacks that the Constitution gives the president as commander in chief "inherent authority" to do virtually anything he wants in the name of protecting national security in time of war. The court emphatically ruled that Congress and the judiciary share authority with the executive, even in time of war.

At the same time, the court held that Congress could write a law creating new tribunals to try detainees, so long as they operate within a civil or military legal code, and leading senators intend to do so soon.

In an interview Friday with McClatchy Newspapers, Senate Judiciary Committee Chairman Arlen Specter, R-Pa., said he doesn't take the court's ruling to mean that those already being held would be off the hook simply because their rights were found to have been violated.

"They can argue that," he said, "but I think there's a basis for detaining them if they're dangerous" so long as Congress passes legislation "very promptly". "They're not going to be released," Specter said. "We'll be given time to structure a procedure that is adequate."

Specter's offering a bill that would authorize military commissions to handle detainees with two divisions - one for those charged with specific offenses and another for enemy combatants who are being held indefinitely.

Those charged would face three-officer panels with presiding judges from the Judge Advocate General's Office. They'd be entitled to cross-examination witnesses and to require unanimous verdicts. If classified information was involved, the presiding judge would decide how much information to make available to the defense, and the defendant's attorney could get a security clearance to handle that classified information.

Graham agreed that the court's ruling "confirms that the military can hold these people until the hostilities are over . . . The case was about how you bring them to trial, not how you hold them. Anybody who says detainees are going to get off the hook because of this ruling are misunderstanding the opinion, in my opinion."

"The good news," Graham said, "is we now know how to write the statute to make it constitutional and to be able to move the cases forward."

Legal experts cautioned that analysis of the complex 5-3 decision was preliminary, because they'd only had a day to distill it. But overall, there was widespread agreement that the decision could spell more legal trouble for the administration's war on terror.

The majority decision, written by Justice John Paul Stevens, concluded that the administration's Guantanamo Bay tribunals violated both U.S. law and the Geneva Conventions of 1949 because they didn't provide defendants with legal safeguards that civilian and military courts require and they weren't authorized by Congress.

The justices cited Common Article 3 of the Geneva Conventions, which calls for "regularly constituted" courts to handle cases involving detainees. Article 3 prohibits torture and other "degrading treatment."

Some legal scholars said that could encourage current and former detainees to bring cases against the government for employing harsh interrogation techniques at Guantanamo Bay and other U.S.-run prisons.

Experts said that at the very least, the Pentagon would have to ensure that interrogation techniques set out in a new Army field manual now being drafted would have to conform with the Geneva Conventions.

"Anything basically that we wouldn't want done to our own troops - it's now prohibited," said John Hutson, the dean of the Franklin Pierce Law Center and a former Navy Judge Advocate General.

Some administration supporters predicted that the ruling would undermine public support for the president's claim of special wartime powers.

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"It's a major setback for the president. The advocates of diminishing his office now have a powerful public relations tool to say that the most powerful court in the land has said he is a law breaker," said Douglas Kmiec, a professor of constitutional law at Pepperdine University Law School and a legal counsel for former presidents George H.W. Bush and Ronald Reagan.

Tribunal Ruling's Wider Impact Still Unclear (LAT)

By Peter Spiegel, Times Staff Writer

The Los Angeles Times, July 1, 2006

Thursday's Supreme Court decision could affect the way the U.S. treats all its detainees, even senior operatives of Al Qaeda.

WASHINGTON — For Salim Ahmed Hamdan, the Yemeni who was at the center of Thursday's Supreme Court ruling on military tribunals at Guantanamo Bay, the future is a bit clearer: He must receive a trial with new, congressionally approved procedures.

But the landmark 5-3 decision may also have a significant impact on hundreds of other detainees at Guantanamo, as well as an unknown number picked up by U.S. forces and held in undisclosed locations around the world.

The high court's finding that the Geneva Convention covers terrorism detainees — from young men who claim to have been mere cooks for anti-U.S. forces to Sept. 11 plotter Khalid Shaikh Mohammed — could lead to sweeping changes in the way they are treated, according to legal experts and advocates for those held. The ruling could give Guantanamo prisoners a day in a U.S. court, and senior Al Qaeda operatives being held as U.S. captives visits from the Red Cross.

Administration lawyers argue this kind of interpretation is too broad, insisting the decision only applies to Hamdan and a limited group at Guantanamo: the nine other detainees who have been charged with war crimes and 40 to 80 more who are in the pipeline to face similar charges.

"Certainly, this court's decision is limited to the case before it," argued one senior administration official who spoke on condition of anonymity in keeping with the rules of his job.

Others within the administration, however, have been more circumspect, declining to speculate on whether the Geneva Convention now applies to all detainees being held at Guantanamo and at other prisons overseas.

"That's something we're studying, and will be studying," said another senior administration official.

President Bush decided in February 2002 that Al Qaeda was not covered by the Geneva Convention and that Taliban fighters did not qualify as prisoners of war. Bush also determined that a Geneva Convention provision known as Common Article 3 — which applies to conflicts such as civil wars where the adversaries are not recognized nations — was invalid when it came to the global war on terrorism.

In the court's majority opinion, Justice John Paul Stevens found that Bush's rationale was erroneous.

While Common Article 3 provides fewer safeguards than other portions of the Geneva Convention, it does prohibit the "passing of sentences" without a judgment from "a regularly constituted court affording all the judicial guarantees which are recognized as indispensable by civilized peoples."

The article also holds that a humanitarian agency, such as the Red Cross, may be called to ensure that the Geneva protections are being obeyed, although the provision is not mandatory.

Officially, the Justice Department said Friday that it had yet to make a determination on just how broadly the decision would be applied.

"The administration is still in the process of reviewing the opinion to determine what impact it may have outside the Hamdan case," said Brian Roehrkasse, a department spokesman.

The ramifications could be significant. The nearly 400 Guantanamo detainees who are not headed toward war crimes trials like Hamdan's are subject to annual status hearings that determine whether they are still a threat or whether they are useful for intelligence purposes.

Advocates for those detainees have argued that those hearings — which are conducted by a panel of three midlevel U.S. military officers without legal representation for the detainees — are illegal because they do not conform to the rules of evidence and procedure that exist in normal military courts.

"This opinion is a green light for those held at Guantanamo who are not held on a military commission basis," said Bill Goodman, legal director for the Center for Constitutional Rights, which has filed legal claims for nearly all Guantanamo detainees. "It allows them to go to court and see the evidence."

Lawyers for these Guantanamo detainees have filed dozens of cases in federal court to force the government to defend its reasons for holding them.

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These habeas corpus cases have been on hold as the Hamdan case made its way through the courts, awaiting both a determination on whether the Geneva Convention applies to them, as well as a ruling on whether habeas corpus requests from Guantanamo had been made illegal by a law passed last year.

As part of the Hamdan decision, Stevens wrote that cases filed before the 2005 law was passed were free to move forward. Goodman said he believed the ruling eventually would allow all Guantanamo detainees to have a hearing in federal courts.

Of potentially more consequence is the ruling's impact on Al Qaeda detainees who are not being held at Guantanamo, who are believed to include Mohammed and Ramzi Binalshibh, an Al Qaeda operative involved in planning the 2001 attacks.

Harold Koh, dean of Yale Law School and a former assistant secretary of State for human rights, said the Geneva Convention wording in the decision appeared to cover all Al Qaeda prisoners — including these "ghost detainees" widely believed held by the CIA. If so, they would come under Common Article 3's protections, including its suggestion of visits from the Red Cross.

"Nobody should be detained in the course of a conflict who is not vetted by the Red Cross," Koh said. "If the government is acting prudently under this ruling, they would be granting them Geneva rights."

The Red Cross is unique in that it is specifically mentioned in the Geneva Convention as the organization responsible for independent monitoring of international rules.

The International Committee of the Red Cross has been requesting access to "ghost detainees" for several years, most recently during a May trip to Washington by its president, Jakob Kellenberger, who personally made the case to Secretary of State Condoleezza Rice and Secretary of Defense Donald H. Rumsfeld.

Spokesman Simon Schorno said the Red Cross would not comment on how the Hamdan case would affect its petition to the Bush administration, but added, "We certainly welcome any development that leads to a clarification of the future of the detainees held at Guantanamo Bay."

Schorno said the Pentagon had allowed the Red Cross access to all detainees at Guantanamo since January 2002, and it also had visited those held at Bagram Air Base in Afghanistan. As of May, the organization said it was in contact with 560 detainees at Bagram.

Because the war in Iraq has always been covered by the Geneva Convention, the Red Cross has been given wide latitude to visit prisoners there. Between January and March of this year, the committee visited about 14,000 detainees in Iraq. Those believed held by the CIA, however, have remained off-limits.

"We still have not obtained access to an unknown number of persons captured and held by the U.S. in undisclosed locations," Schorno said.

Experts: Ruling Weakens Bush Spying Plan (AP)

By Pete Yost

AP2, July 1, 2006

A Supreme Court ruling striking down military commissions seriously weakens the foundation of the Bush administration's domestic surveillance program, critics said Friday.

A congressional resolution President Bush relied on in creating commissions is a key rationale for the National Security Agency to listen in on phone calls without first obtaining a judge's permission.

The court "reinforces our view that the NSA operation was unlawful," said George Washington University law professor Jonathan Turley. "The Supreme Court cut away the administration's principal legal argument for the NSA operation — the congressional resolution following Sept. 11."

Enacted a week after the Sept. 11 attacks, the congressional Authorization for Use of Military Force resolution cannot be seen as authorization for military commissions, the court ruled.

In January, the Justice Department invoked the resolution 92 times in a 42-page paper designed to quell the outcry that the White House had broken the law with its program of warrantless surveillance. A centerpiece in the administration's counter-attack against its critics, the DOJ entitled the white paper "Legal Authorities Supporting the Activities of the National Security Agency Described By the President."

Asked about the NSA program, a Justice Department official said after the ruling that "I don't think the court had before it any other broader issues concerning the scope of the Authorization for Use of Military Force, except it clearly did recognize that it activated the president's war powers."

The official said the implications of the decision beyond military commissions is "something that we are studying and will be studying." The official spoke on condition of anonymity because the matter is under review.

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In the aftermath of the high court's ruling, lawyers for the Bush administration asked a federal appeals court in Washington to order more briefing on the decision's effect on civil lawsuits filed on behalf of hundreds of detainees held at the military prison at Guantanamo Bay, Cuba.

The NSA program faces a court challenge and the Supreme Court ruling "gives new vigor to arguments that the administration does not have the power it says it has," said Anthony Romero, executive director of the American Civil Liberties Union.

Romero said the language in Justice Anthony Kennedy's concurring opinion against military commissions "almost could have been speaking about the NSA litigation," providing useful material for the ACLU's lawsuit against the warrantless surveillance.

In the military commission case, the Supreme Court said the congressional resolution was insufficient.

The Authorization for Use of Military Force resolution says that "the president is authorized to use all necessary and appropriate force" to prevent future acts of international terrorism against the United States.

In Thursday's ruling Justice Kennedy wrote that "trial by military commission raises separation-of-powers concerns of the highest order."

"Located within a single branch, these courts carry the risk that offenses will be defined, prosecuted, and adjudicated by executive officials without independent review," Kennedy added.

It was the absence of any review that fueled the outrage against the Bush administration's warrantless surveillance.

The White House decided not to obtain orders from the Foreign Intelligence Surveillance Court before eavesdropping on phone calls.

The Supreme Court setback for the White House comes amid a full frontal assault by the administration against The New York Times for revealing the existence of the NSA program as well as another secret government initiative accessing a huge databank of bank records.

The American Society of Newspaper Editors, responding to such criticism, said Friday that the Bush administration and some in Congress "are threatening America's bedrock values of free speech and free press with their attempts to demonize newspapers for fulfilling their constitutional role in our democratic society."

The ASNE said newspaper editors don't claim to be infallible. "However, the First Amendment makes it clear no person or branch of government has the prerogative to usurp any American's right to speak or print what he or she believes is important and relevant truth. We believe honorable debate would focus on the issues raised by the reporting, not on attacks on the truth-tellers," it said.

Justices Prove To Be No Lapdogs Of Bush (FT)

By Patti Waldmeir In Washington

Financial Times, July 1, 2006

The US Supreme Court that dealt a historic blow this week to the executive powers of the Bush administration was, ironically, a court dominated by Republicans, and headed by a brand new chief justice hand-picked by President George W. Bush.

Over the past nine months, Mr Bush has added two new conservatives to the nine-person court, Chief Justice John Roberts and Justice Samuel Alito. Both are viewed as friends of executive power. Ruling in a lower court on the same Guantánamo military tribunals case that was on Friday overturned in the Supreme Court, Justice Roberts voted to uphold the legality of military commissions. And Justice Alito was an outspoken proponent of executive power in wartime, before taking the bench.

So how could the government lose? The answer: Justice Anthony Kennedy, the moderate conservative who has emerged as the court's new swing justice. He holds the balance of power on the closely divided court, stepping into the shoes of Sandra Day O'Connor, who retired in January.

In the military tribunals case decided on Thursday, Justice Kennedy, appointed by President Ronald Reagan, voted with the court's liberal bloc to give Mr Bush a decisive rebuke. Chief Justice Roberts did not participate in the military tribunals case, because he ruled on it as a judge at the appeals court level. But even if he had done, it would not have made a difference thanks to Justice Kennedy.

This has not been the only case effectively decided by Justice Kennedy's vote during the current term, which ended on Thursday. In a critical case upholding the power of the federal government to regulate the environment, he joined the liberal bloc again, writing a separate opinion that denied his fellow conservatives the support they needed for a ruling that would have sharply circumscribed the scope of the federal Clean Water Act.

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And in a ruling involving the powers of the police, he wrote a middle-of-the-road opinion again restraining the conservative majority, which appeared bent on challenging the “exclusionary rule” that says law enforcement officers must forfeit evidence gained by illegal searches.

“If you can’t be chief justice, the next best thing to be is the swing vote,” says Randy Barnett, a constitutional law expert at Boston University law school.

Steven Shapiro, legal dir-ector of the American Civil Liberties Union, says: “Thus far, Roberts and Alito have pretty much performed as expected. But in the short run, at least, their votes may be less important on a range of critical issues than Justice Kennedy’s.”

Does that mean Justice Kennedy can be relied on to vote against the government in future cases inspired by this week’s Hamdan case? Perhaps in a challenge to the president’s warrantless wiretapping programme? Legal experts say it is too soon to tell. But one thing is clear: the new court is no lapdog of the Bush administration, and the new swing voter is no fan of unfettered executive power.

At Guantanamo, Dying Is Not Permitted (TIME)

By Adam Zagorin

Time, July 1, 2006

A TIME Investigation: The Supreme Court handed the prisoners at Gitmo a victory, but authorities there continue to use harsh methods to break one of their most common methods of protest — the hunger strike

The prisoners at Guantanamo Bay, Cuba, won a major victory this week when the Supreme Court struck down the Bush administration's planned military tribunals. But for many prisoners at the detention facility, the protests haven't stopped. Hunger strikes persist, in what Guantanamo commander Rear Adm. Harry Harris, Jr. has called "asymmetric warfare" — a means to attract attention to their increasingly controversial detention. As a result, the camp's administrators have sought to keep prisoners alive at all cost — because a prisoner's death (as the U.S. found out three weeks ago, when three Gitmo inmates committed suicide) can be a major embarrassment for the U.S. and add fuel to widespread demands for the facility to be shut down.

Civil-liberties advocates point out that Guantanamo's 460 inmates have few other means to make their voices heard, given that most have been detained for more than four years without even being charged with a crime. Indeed, though the U.S. has condemned the hunger strikers at Gitmo, just last year the White House hailed a hunger-striking Iranian dissident for showing "that he is willing to die for his right to express his opinion."

At Gitmo, however, dead prisoners are something the U.S. military wishes devoutly to avoid. So force-feeding has been standard policy at the camp ever since hunger strikes began in early 2002. The facility's top physicians have also told TIME that prisoners who resist are subjected to especially harsh methods. In one case, according to medical records obtained by TIME, a 20-year old named Yusuf al-Shehri, jailed since he was 16, was regularly strapped into a specially designed feeding chair that immobilizes the body at the legs, arms, shoulders and head. Then a plastic tube that is 50% larger, and more painful to insert, than the commonly used variety was inserted up through his nose and down his throat, carrying a nutritional formula into his stomach.

Thousands of people, of course, endure some form of voluntary intra-nasal feeding every day in hospital settings. But when force-feeding is involuntary and the recipient is in a state of high anxiety, the muscles tense up and the procedure can trigger nausea, bleeding, diarrhea and vomiting. "We are humane and compassionate,"; Guantanamo commander Harris told TIME, "but if we tell a detainee to do something, we expect the detainee to do it." As a note scrawled in al-Shehri's medical records put it: "[The prisoner] was informed that dying is not permitted."

Before this year, the feeding chair — marketed as a "padded cell on wheels" by its Iowa manfacturer — was evidently used sparingly. In comments several months ago, SOUTHCOM commander Gen. Bantz Craddock, who oversees Gitmo, joked that at least hunger strikers got to choose the color of their feeding tube (yellow was a favorite), and the flavor of the lozenges used to soothe thoats irritated by the feeding tubes. "Look, they get choices," Craddock said at the time. "And that's part of the problem." At the peak of a protest last fall, 131 protesters, or more than 25%, were on hunger strikes.

But in January, say lawyers for the prisoners and other critics of conditions there, camp overseers finally got fed up with protesters undermining camp discipline and overtaxing the medical staff, who often had to spend 15 hours a day feeding obstreperous inmates. Dr. Ronald Sollock, the camp's chief physician, told TIME bluntly that gentler force-feeding techniques of the past were a"failure." He says that without being strapped down, some inmates would try to pull out their nasal tubes, and even strike medical personnel. Worse, some continued to lose weight, by forcing themselves to vomit after being force-fed."We had to take steps to prevent that, but we only do what is medically necessary in a humane and compassionate manner," says Sollock.

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The tougher stance on feeding did have an effect on prisoners' willingness to go on hunger strikes."A lot of detainees said, 'I don't want to put up with this. This is too much of a hassle,'" says Craddock. Asked whether the new methods represented an"effective deterrent" to hunger striking, he answered,"Yeah."

Officially, force-feeding at Gitmo is done with a tube 3mm. (or about .1 in.) across, the same size used in American hospitals. In a sworn statement last year, Gitmo's top physician at the time, Dr. John Edmondson, noted that"smaller tubes which remained in the patient for longer periods were more comfortable [and] easier to manage for medical personnel."

Al-Shehri's medical records, however, document the use of the larger tubes, which experts say have no medical purpose in this context. Al-Shehri's lawyer has also filed court documents citing lesions and bleeding caused when guards held him by the chin and hair, strapped down, as a medical staffer"forcefully inserted the tube in his nose and down his throat" The lawyer also charges that al-Sherhri was subject to verbal and religious abuse during force-feeding, asserting that the tubes"were viewed by the detainees as objects of torture." The records also show that instead of leaving the tube in place to avoid the possible trauma of repeated insertions, al-Shehri had his introduced and withdrawn at each of his two daily feedings.

And this leads to another problem. According to al-Shehri's records and Gitmo doctors, a typical feeding lasts about two hours, with the inmate left in the restraint chair for roughly 45 minutes afterward. During the feeding period, the prisoner will receive as much as 1.5 liters of formula, which, in the case of hunger strikers, can be more than their stomachs can comfortably hold. This can produce what is euphemistically called "dumping syndrome," an uncomfortable, even painful bout of nausea, vomiting, bloating, diarrhea, and shortness of breath. And those are precisely the symptoms that al-Shehri and many other force-fed prisoners have reported to their lawyers.

In March, as a result of these allegations, more than 250 medical professionals signed an open letter to the British medical journal The Lancet, demanding an end to force-feeding. They cited the code of ethics of the American Medical Association and the World Medical Association, both of which condemn the force-feeding of prisoners as an assault on human dignity — so long as they're capable of making an informed decision not to eat. But that's the conundrum: How do you know what is an informed decision at Gitmo? Are detainees there, who are imprisoned in an isolated environment far from their families for an indefinite period, capable of making a rational and autonomous choice to starve themselves?

The code of ethics has been put to the test several times in the past, most notably during the 1980s, when several Irish Republican Army prisoners staged hunger strikes in British prisons. A handful died, and the episode was seen as evidence of Margaret Thatcher's toughness. At Gitmo, however, the death of a prisoner could ignite riots in the Muslim world. In that context, the Pentagon believes that keeping detainees alive at all costs is very much in the nation's security interest.

It's equally in the prisoners' interests to have someone die. According to Col Mike Bumgarner, who oversees the detention camps on a day-to-day basis, several prisoners have told him of a"vision, or a dream — implicitly a message from God — that if three detainees die it will attract enough attention so that they will all get out of Guantanamo." It needn't be by starvation: according to newly declassified docouments, two prisoners, one of whom was al-Shehri, tried to commit suicide on May 18 by swallowing hoarded anti-anxiety medication. Those attempts triggered a search, which in turn led to the most serious rioting in the history of Camp Delta. And on May 29, yet another round of hunger strikes began. It started with 75 prisoners, rose to 89 a few days later, and then suddenly began to fade away. Recent communications by Gitmo inmates with their lawyers, and obtained by TIME, indicate that harsh force-feeding methods were used to end the hunger strikes. The military has offered no explanation for the drop-off in hunger strikers.

Bumgarner has said the prisoners' objective is to push the number of strikers above 100, as they did last fall. But additional medical personnel are ready to be shipped in to force-feed them if they do. "We used to over-react, and the detainees saw that we got worried if they were not eating," he says."Now we have a system. I tell them, 'Have at it. If you want to have 460 hunger strikers, we'll get 460 doctors in here to take care of you.' They will not succeed."

Yet hunger strikers have already won a measure of success. In part because of their protests, and the attention focused on Guantanamo, the U.S. is facing growing criticism — from both allies and enemies — for the rules of detention at the camp. Now the Supreme Court's Hamdan decision effectively grants prisoners at least some of their longstanding demands, including more rights at trial. All the same, most of them are unlikely to be released soon. Indeed, authorities are currently constructing a new, state-of-the-art, $30 million prison at Guantanamo, where they plan to consolidate many of the camp's maximum-security inmates. Harris argues the camp will be needed for the forseeable future, and that refusing to eat is not a cry for help, but a ploy drawn from the al-Qaeda playbook calculated to attract media attention and force the U.S. government to back down."The will to resist of these detainees is high,' says Harris."They are waging their war, their jihad against America, and we just have to stop them."

A Blessing In Disguise For Bush (FT)

By Christopher Caldwell

DOJ_NMG_0037861

Financial Times, July 1, 2006

When the US Supreme Court ruled on Thursday that Salim Hamdan, Osama bin Laden's former driver and an alleged terrorist, could not be tried before a special commission set up at the US military prison in Guantánamo Bay, Cuba, American newspapers described the rebuke to George W. Bush as "sweeping" and "stunning". Observers abroad, particularly in Europe, giddily suggested that Guantánamo had been discredited. In the drama of the moment, it was easy to lose sight of the court's insistence that the case neither questioned nor even addressed the US government's power to detain Mr Hamdan "for the duration of active hostilities". Since Guantánamo does not agitate US public opinion in the way that overseas sceptics of the war on terror would assume, the five-to-three decision will wreak no sea change in politics, nor harm Mr Bush. As November elections heave into view, it could just as easily help him.

There were three rationales for the decision – and all were necessary in order to reach it. The first – that of John Paul Stevens, the court's most leftwing justice – is that the tribunals are unconstitutional because of the nature of Guantánamo. These passages excited human rights activists, but Mr Stevens's language was measured and left open the possibility of finding another way to prosecute those imprisoned. Then, Justice Anthony Kennedy sought more assurance that the Guantánamo commissions were militarily necessary. Finally, Justice Stephen Breyer held that the system of military commissions was indeed unconstitutional, but primarily because Mr Bush had not consulted Congress first. This is a separation-of-powers argument rather than a human rights one. Mr Breyer noted that: "Nothing prevents the president from returning to Congress to seek the authority he believes necessary."

In fact, if Congress were to pass legislation re-establishing the very same courts just struck down, it is possible they would pass constitutional muster. Not for nothing did Senator Lindsey Graham, a South Carolina Republican, call the decision a "road map" for making the tribunals legal. It is striking how small some of the necessary adjustments would be. For instance, the court held that the Bush administration violated article 36 of the Uniform Code of Military Justice, which has been interpreted to say the rules of a special military commission ought, as far as possible, to resemble those of an ordinary court martial. The president would have been in a stronger constitutional position if he had made an "official determination that it is impracticable to apply the rules for court martial" in Guantánamo. Well, then, he can make one.

Not much is at stake anyway in setting courtroom rules for cases such as Mr Hamdan's. He can still be tried under a court martial or he can be tried in US criminal courts. American juries can be fickle but they are less so when they are invited to try foreign enemies of the state. The former anti-American strongman of Panama, Manuel Antonio Noriega, has been serving a 40-year sentence for drug trafficking in Florida since shortly after the US invasion of Panama in 1989.

A more likely outcome is that Mr Hamdan will eventually be tried by a modified, congressionally approved military commission. If so, this week's decision is a blessing in disguise for Mr Bush. It gives him a face-saving way to release prisoners whom the US is holding in error, without appearing to bow to international pressure, and without requiring any lenience towards the prisoners the US does want to hold (decidedly including Mr Hamdan). As the court lives up to its populist caricature as meddlesome and over-punctilious, Mr Bush is strengthened politically. He said during a press conference on Thursday: "I'm not going to jeopardise the safety of the American people." Particularly in an election year, no politician is going to present himself to the public as the champion of Osama bin Laden's chauffeur.

Mr Bush, much like everyone else, is groping for an intellectual handhold on the problem of terrorism. The laws of war grow unsettled as "privatisation" spreads to warfare from other walks of life. Warren Buffett and the Gates Foundation are picking up some of the foreign aid and social service spending that used to be done by governments. In belt-tightening welfare states, credit cards make it possible to "privatise" some of the national debt. And at a time when both grievances and arms trading are globalised, outfits such as al-Qaeda have broken the nation state's monopoly on military aggression.

Terrorism has been a confusing crossroads of criminal and military law for decades – take the battle in 1981 over whether to treat IRA prisoners involved in the "H-Block" hunger strikes as delinquents or soldiers. But these questions were never big or urgent enough to upset the whole paradigm of military justice. Now, with the rise of al-Qaeda, they are. Since Mr Hamdan is a combatant, it may be a violation of common sense to try him simply as an unruly citizen. Since he is an irregular combatant, perhaps he cannot claim the same protections under the Geneva conventions that regular uniformed soldiers can. Mr Bush tried to address such issues with a hybrid civilian-military system of his own devising. The court held that that is not Mr Bush's job. But alternatives are still thin on the ground. At the heart of this week's case was the assertion of Mr Hamdan's lawyers that "conspiracy" was not a crime covered by the laws of war. Only four of the nine justices were receptive to that view.

If Mr Hamdan is not to be tried as a war criminal, it is because of a new ambiguity that surrounds the word "war", rather than a new ambiguity that surrounds the word "criminal". What do you charge a person like Mr Hamdan with? Even if Mr Bush has come up with the wrong answer, Americans are not about to punish him for thinking that it is the right question.

The writer is a senior editor at The Weekly Standard

DOJ_NMG_0037862

The Power Of The President, Curbed (NYT)

By Edwin S. Matthews Jr.

The New York Times, July 1, 2006

To the Editor:

Before any of us instinctively rise to criticize the Supreme Court for being soft on terrorists based upon its decision in Hamdan v. Rumsfeld, let us not overlook that the court stood up to protect us all.

The right to be present at our trial, the right to know what evidence the state presents against us, the right to be defended by counsel we choose and the right under the Geneva Conventions to benefit from "all the judicial guarantees which are recognized as indispensable by civilized peoples," which this decision preserves, belong to us all.

Our government has denied prisoners in Guantánamo Bay, Cuba, these rights and could under many other circumstances deny them to any of us.

No war against anything justifies the denial of such essential rights.

Edwin S. Matthews Jr.

New York, June 30, 2006

The writer is counsel of record for 175 members of the British Parliament who filed a brief in Rasul v. George W. Bush supporting judicial review of the holding of prisoners by the United States government in Guantánamo.

Spy Agency Sought U.S. Call Records Before 9/11, Lawyers Say (BLOOM)

Bloomberg, July 1, 2006

June 30 (Bloomberg) -- The U.S. National Security Agency asked AT&T Inc. to help it set up a domestic call monitoring site seven months before the Sept. 11, 2001 attacks, lawyers claimed June 23 in court papers filed in New York federal court.

The allegation is part of a court filing adding AT&T, the nation's largest telephone company, as a defendant in a breach of privacy case filed earlier this month on behalf of Verizon Communications Inc. and BellSouth Corp. customers. The suit alleges that the three carriers, the NSA and President George W. Bush violated the Telecommunications Act of 1934 and the U.S. Constitution, and seeks money damages.

``The Bush Administration asserted this became necessary after 9/11," plaintiff's lawyer Carl Mayer said in a telephone interview. ``This undermines that assertion."

The lawsuit is related to an alleged NSA program to record and store data on calls placed by subscribers. More than 30 suits have been filed over claims that the carriers, the three biggest U.S. telephone companies, violated the privacy rights of their customers by cooperating with the NSA in an effort to track alleged terrorists.

``The U.S. Department of Justice has stated that AT&T may neither confirm nor deny AT&T's participation in the alleged NSA program because doing so would cause `exceptionally grave harm to national security' and would violate both civil and criminal statutes," AT&T spokesman Dave Pacholczyk said in an e-mail.

U.S. Department of Justice spokesman Charles Miller and NSA spokesman Don Weber declined to comment.

Pioneer Groundbreaker

The NSA initiative, code-named ``Pioneer Groundbreaker," asked AT&T unit AT&T Solutions to build exclusively for NSA use a network operations center which duplicated AT&T's Bedminster, New Jersey facility, the court papers claimed. That plan was abandoned in favor of the NSA acquiring the monitoring technology itself, plaintiffs' lawyers Bruce Afran said.

The NSA says on its Web site that in June 2000, the agency was seeking bids for a project to ``modernize and improve its information technology infrastructure." The plan, which included the privatization of its ``non-mission related" systems support, was said to be part of Project Groundbreaker.

Mayer said the Pioneer project is ``a different component" of that initiative.

Mayer and Afran said an unnamed former employee of the AT&T unit provided them with evidence that the NSA approached the carrier with the proposed plan. Afran said he has seen the worker's log book and independently confirmed the source's participation in the project. He declined to identify the employee.

Stop Suit

On June 9, U.S. District Court Judge P. Kevin Castel in New York stopped the lawsuit from moving forward while the Federal Judicial Panel on Multidistrict Litigation in Washington rules on a U.S. request to assign all related telephone records lawsuits to a single judge.

Robert Varettoni, a spokesman for Verizon, said he was unaware of the allegations against AT&T and declined to comment.

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Earlier this week, he issued a statement on behalf of the company that Verizon had not been asked by the NSA to provide customer phone records from either its hard-wired or wireless networks. Verizon also said that it couldn't confirm or deny ``whether it has any relationship to the classified NSA program."

Mayer's lawsuit was filed following a May 11 USA Today report that the U.S. government was using the NSA to monitor domestic telephone calls. Earlier today, USA Today said it couldn't confirm its contention that BellSouth or Verizon had contracts with the NSA to provide a database of domestic customer phone call records.

Jeff Battcher, a spokesman for Atlanta-based BellSouth, said that vindicated the company.

``We never turned over any records to the NSA," he said in a telephone interview. ``We've been clear all along that they've never contacted us. Nobody in our company has ever had any contact with the NSA."

The case is McMurray v. Verizon Communications Inc., 06cv3650, in the Southern District of New York.

Lawmakers: NSA Database Incomplete (USAT)

USA Today, July 1, 2006

Some who were briefed about the database identify who participated and who didn't

WASHINGTON — Members of the House and Senate intelligence committees confirm that the National Security Agency has compiled a massive database of domestic phone call records. But some lawmakers also say that cooperation by the nation's telecommunication companies was not as extensive as first reported by USA TODAY on May 11.

Several lawmakers, briefed in secret by intelligence officials about the program after the story was published, described a call records database that is enormous but incomplete. Most asked that they not be identified by name, and many offered only limited responses to questions, citing national security concerns.

In the May 11 article that revealed the database, USA TODAY reported that its sources said AT&T, BellSouth and Verizon had agreed to provide the NSA with call records.

AT&T, which is the nation's largest telecommunications company, providing service to tens of millions of Americans, hasn't confirmed or denied its participation with the database. BellSouth and Verizon have denied that they contracted with the NSA to turn over phone records. On May 12, an attorney for former Qwest CEO Joseph Nacchio confirmed the USA TODAY report that Qwest had declined to participate in the NSA program.

Most members of the intelligence committees wouldn't discuss which companies cooperated with the NSA. However, several did offer more information about the program's breadth and scope, confirming some elements of USA TODAY's report and contradicting others:

·Nineteen lawmakers who had been briefed on the program verified that the NSA has built a database that includes records of Americans' domestic phone calls. The program collected records of the numbers dialed and the length of calls, sources have said, but did not involve listening to the calls or recording their content.

·Five members of the intelligence committees said they were told by senior intelligence officials that AT&T participated in the NSA domestic calls program.

AT&T, asked to comment, issued a written statement Thursday. “The U.S. Department of Justice has stated that AT&T may neither confirm nor deny AT&T's participation in the alleged NSA program because doing so would cause ‘exceptionally grave harm to national security' and would violate both civil and criminal statutes,” it said. “Under these circumstances, AT&T is not able to respond to such allegations.”

·Five members of the intelligence committees said they were told that BellSouth did not turn over domestic call records to the NSA.

Asked about BellSouth's denial, Sen. Saxby Chambliss, R-Ga., a member of the Senate Intelligence Committee, said, “What they said appears to be accurate.”

Still, BellSouth customers' call records could end up in the NSA database, he said. “Obviously, a BellSouth customer can contract with AT&T (for long-distance phone service). There is a possibility that numbers are available from other phone companies.”

·Three lawmakers said that they had been told that Verizon did not turn over call records to the NSA. However, those three and another lawmaker said MCI, the long-distance carrier that Verizon acquired in January, did provide call records to the government.

While Verizon has denied providing call records to the NSA, it has declined to comment on whether MCI participated in the calls database program.

“The President has referred to an NSA program, which he authorized, directed against al-Qaeda,” Verizon said in a written statement May 12. “Because that program is highly classified, Verizon cannot comment on that program, nor can we confirm or

deny whether we have had any relationship to it." The statement also said the company was now "ensuring that Verizon's policies are implemented at that entity (MCI) and that all its activities fully comply with law."

In the weeks since the database was revealed, congressional and intelligence sources have offered other new details about its scope and effectiveness.

"It was not cross-city calls. It was not mom-and-pop calls," said Sen. Ted Stevens, R-Alaska, who receives briefings as chairman of the Senate Appropriations Defense subcommittee. "It was long-distance. It was targeted on (geographic) areas of interest, places to which calls were believed to have come from al-Qaeda affiliates and from which calls were made to al-Qaeda affiliates."

Other lawmakers who were briefed about the program expressed concerns that gaps in the database could undercut its usefulness in identifying terrorist cells.

"It's difficult to say you're covering all terrorist activity in the United States if you don't have all the (phone) numbers," Chambliss said. "It probably would be better to have records of every telephone company."

"The database is not complete," said another lawmaker who was briefed on the program, speaking on condition of anonymity because the information is classified. "We don't know if this works yet."

Other publications have characterized the breadth of the database and how it is used.

The New York Times reported on May 12, for instance, that a senior government official had confirmed that the NSA had access to records of most telephone calls in the USA but said the records are used in a limited way to track "known bad guys."

The Washington Post reported on May 12 that "sources with knowledge of the program" said that the Bush administration had been collecting the domestic telephone records in "gargantuan databases" and that the "companies cooperating with the NSA dominate the U.S. telecommunications market and connect hundreds of billions of telephone calls each year."

President Bush and his top aides have defended the legality of the program, although they haven't directly confirmed its existence.

Three days after the USA TODAY story was published, national security adviser Stephen Hadley said on CBS' Face the Nation that he couldn't "confirm or deny the claims that are in the USA TODAY story."

He went on: "But it's very interesting what that story does not claim. It does not claim that the government was listening on domestic phone calls. It does not claim that names were passed, that addresses were passed, that content was passed. It's really about calling records, if you read the story. … There are a variety of ways in which those records lawfully can be provided to the government."

At a news conference two weeks later, Attorney General Alberto Gonzales made a similar point. "There has been no confirmation about any details relating to the USA TODAY story," he said. "I will say that what was in the USA TODAY story did relate to business records." Citing a 1979 Supreme Court decision, he said, "There is no reasonable expectation of privacy in those kinds of records."

Lawmakers who were briefed about the program disagree about whether it's legal.

"It was within the president's inherent powers," said Sen. Orrin Hatch, R-Utah, a member of the Senate Intelligence Committee.

Rep. Anna Eshoo, D-Calif., a member of the House Intelligence Committee, said there was a "schizophrenia in the presentation" by the administration. Officials say, " 'It's legal,' " she said. "But in the same breath they say, 'Perhaps we should take another look at FISA.' " FISA refers to the 1978 Foreign Intelligence Surveillance Act, which established a secret court that can grant warrants for eavesdropping.

Rep. Rush Holt, D-N.J., another member of the House Intelligence Committee, said, "I find it interesting that it seems the government is asking telephone companies to do things that their customers and shareholders would find totally unpalatable."

Debate over the database continues in several areas:

·In federal courts, at least 20 class-action lawsuits have been filed alleging that the government and phone companies have violated the rights of people whose calls have been reviewed by the NSA. The Justice Department signaled its intention in a court filing in Chicago this month to assert the "military and state secrets privilege" in all of them. That privilege allows the government to seek the dismissal of lawsuits if pursuing them would imperil national security.

·In New Jersey, the state attorney general is investigating whether telephone companies released confidential information without the consent of their customers. The federal government asked a court this month to quash subpoenas the state had issued to phone companies seeking information.

·At the Federal Communications Commission, the American Civil Liberties Union requested this month that approval of AT&T's acquisition of BellSouth be withheld until the commission reviews the companies' dealings with the NSA. However, FCC Chairman Kevin Martin said last month that the commission couldn't investigate complaints about the phone companies and the NSA because the reported activities were classified.

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·On Capitol Hill, Vice President Cheney held private talks this month with Republicans on the Senate Judiciary Committee. Cheney discouraged them from supporting Judiciary Chairman Arlen Specter's vow to call telecommunications executives before the panel to answer questions about the database. Specter, R-Pa., protested to Cheney in an angry public letter.

The White House then agreed to talks with Specter on legislation he has drafted that would give the administration the option of putting the NSA's warrantless-surveillance program — which includes domestic wiretapping without a court warrant when one participant in a conversation is overseas — under the scrutiny of the FISA court.

"I'm prepared to defer, on a temporary basis, calling in the telephone companies," Specter said. If the discussions on his legislation fall through, however, he said, he will move again to demand testimony from the telephone executives about the database.

A Note To Our Readers (USAT)

USA Today, July 1, 2006

On May 11, USA TODAY reported that the National Security Agency, with the cooperation of several of America's leading telecommunications companies, had compiled a database of domestic phone call records in an effort to monitor terrorist activity.

Several days later, BellSouth and Verizon specifically denied that they were among the companies that had contracted with the NSA to provide bulk calling records.

The denial was unexpected. USA TODAY had spoken with BellSouth and Verizon for several weeks about the substance of the report. The day before the article was published, the reporter read the sections of the article concerning BellSouth and Verizon to representatives of the companies and asked for a denial before publication.

At the time, BellSouth did not deny participation in the program, but it issued a statement saying the company "does not provide any confidential customer information to the NSA or any government agency without proper legal authority." Verizon said that it would not comment on national security matters and that it acts "in full compliance with the law" and with respect for customers' privacy.

On May 15, BellSouth said it could not categorically deny participation in the program until it had conducted a detailed investigation. BellSouth said that internal review concluded that the company did not contract with the NSA or turn over calling records.

USA TODAY continued to pursue details of the database, speaking with dozens of sources in the telecommunications, intelligence and legislative communities, including interviews with members of Congress who have been briefed by senior intelligence officials on the domestic calls program.

In the adjoining article, USA TODAY reports that five members of the congressional intelligence committees said they had been told in secret briefings that BellSouth did not turn over call records to the NSA, three lawmakers said they had been told that Verizon had not participated in the NSA database, and four said that Verizon's subsidiary MCI did turn over records to the NSA.

USA TODAY also spoke again with the sources who had originally provided information about the scope and contents of the domestic calls database. All said the published report accurately reflected their knowledge and understanding of the NSA program, but none could document a contractual relationship between BellSouth or Verizon and the NSA, or that the companies turned over bulk calling records to the NSA.

Based on its reporting after the May 11 article, USA TODAY has now concluded that while the NSA has built a massive domestic calls record database involving the domestic call records of telecommunications companies, the newspaper cannot confirm that BellSouth or Verizon contracted with the NSA to provide bulk calling records to that database.

USA TODAY will continue to report on the contents and scope of the database as part of its ongoing coverage of national security and domestic surveillance.

Newspaper Hedges On Report Of Phone Companies And Data (NYT)

By Matt Richtel

The New York Times, July 1, 2006

In a note to readers yesterday, USA Today backed off an assertion that BellSouth and Verizon had contracted to provide telephone calling records to the National Security Agency.

The note referred to an article published May 11 that said the two companies and AT&T had provided such records, without warrants, for a database the security agency was compiling to detect terrorist activity.

BellSouth and Verizon have since denied participation in such a program. AT&T has declined to comment on the matter.

In an article that accompanied its note to readers, USA Today said 19 members of Congress briefed on the program had affirmed that the security agency built a database of Americans' domestic calls, including length of calls and numbers dialed.

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Congressional officials said yesterday that they could not confirm details of that account, but a Democratic aide said Democrats would press for more details of the security agency's domestic wiretapping and call-logging at a hearing on July 19.

The USA Today report in May intensified debate over whether the battle against terrorism was compromising individual liberties and privacy and how. Telecommunications law requires a court order to obtain calling records, but there is disagreement about whether exceptions may be made when the government cites national security considerations.

"Based on its reporting after the May 11 article, USA Today has now concluded that while the N.S.A. has built a massive domestic calls record database involving the domestic call records of telecommunications companies, the newspaper cannot confirm that BellSouth or Verizon contracted with the N.S.A. to provide bulk calling records to that database," the newspaper wrote in its note to readers.

Records turned over by carriers might be only one of several sources for such a database. The New York Times reported in December that the security agency had gained backdoor access to streams of domestic and international phone and e-mail traffic with the cooperation of telecommunications companies.

The USA Today article on May 11, written by Leslie Cauley, a longtime telecommunications reporter, was based on interviews with unidentified sources said to have had knowledge of the arrangement.

Steven Anderson, a spokesman for USA Today, said yesterday that the newspaper had one of the strictest policies in the industry regarding the use of unidentified sources, and "we have no plans to change our existing policy." Nor, Mr. Anderson said, did the paper anticipate any action regarding any staff members involved in the article.

"At the heart of our report is the fact that the N.S.A. is collecting phone call records of Americans, reaching into homes and businesses, and there have been no denials that the database exists," he said.

A BellSouth spokesman, Jeff Battcher, said yesterday: "As we have stated numerous times, the N.S.A. never contacted BellSouth, and we never supplied customer calling records to the N.S.A. In addition, we do not and have never had a contract with the N.S.A."

BellSouth had previously demanded a retraction of the May 11 article.

In the aftermath of the USA Today article in May, The New York Times reported that the security agency's efforts to collect phone data appeared to be focusing not on the local service phone companies, like BellSouth, Verizon and Qwest, but on the long-distance companies, including the former MCI and AT&T.

In mid-May, Verizon issued a statement saying it had not turned over calling records to the security agency, but it left open the possibility that MCI, which it recently acquired, had done so. Verizon said yesterday that it had no further comment.

USA Today said yesterday that the denials in the aftermath of its May 11 article were "unexpected," noting that the reporter had read sections of the article to both BellSouth and Verizon before publication, seeking comment. At that point, neither company denied cooperation, the newspaper said, but both affirmed their policies of acting in compliance with the law and with respect for their customers' privacy.

For its part, AT&T said yesterday: "The news media have carried reports alleging that AT&T is participating in an N.S.A. terrorist surveillance program. Unfortunately, the law does not permit AT&T to respond to those allegations."

AT&T is the name taken by SBC Communications, the nation's largest provider of local phone service, after it acquired the AT&T long-distance business last year.

USA Today Takes Back Some Of NSA Phone-Record Report (WP)

By Frank Ahrens And Howard Kurtz

The Washington Post, July 1, 2006

USA Today has acknowledged that it cannot prove key elements of a blockbuster May 11 story in which it reported that several telecommunications companies were handing over customer phone records to the National Security Agency.

The May article named AT&T Inc., Verizon Communications Corp. and BellSouth Corp. as cooperating with the NSA in compiling an unprecedented database of domestic phone records. Though the NSA was not listening to calls, the spy agency was scouring the records to search for ties to terrorism, the paper said.

The report angered the White House, alarmed privacy advocates and sent other news media scurrying to match the story.

Yesterday, in a lengthy article and accompanying "note to our readers," the nation's largest-circulation newspaper said it could not confirm that BellSouth or Verizon contracted with the NSA, which is charged with intercepting and analyzing foreign communications to look for possible threats to U.S. national security.

The correction illustrates the difficulty of reporting sensitive and often classified government actions, as anonymous sources sometimes backtrack, pursue their own agendas by leaking selective information or say more than they know. News organizations attempt to assemble authoritative stories from multiple sources and agencies, creating plenty of room for potential error.

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"We take every error seriously," USA Today Editor Ken Paulson said in an interview. "This was obviously a big story. . . . All we can do is set the record straight."

Reporter Leslie Cauley revealed her unidentified sources to a top editor, Paulson said, and "the sources are credible," adding, "They have a track record with Leslie and she trusts them." But several members of the congressional intelligence committees later contradicted the sources on the question of whether Verizon and BellSouth had provided information to the NSA.

USA Today stood by much of its initial report, saying it had followed up with lawmakers and intelligence and telecom sources. Yesterday's article reported: "Members of the House and Senate intelligence committees confirm that the National Security Agency has compiled a massive database of phone call records."

In the next sentence, the paper wrote: "But some lawmakers also say that cooperation by the nation's telecommunication companies was not as extensive as first reported by USA Today on May 11."

Yesterday, Verizon said it had no further comment on the matter, referring instead to its May 16 rebuttal of the USA Today story.

USA Today said the BellSouth and Verizon denials that came after the May 11 article were "unexpected." The paper said its reporters read sections of the article to sources at the companies and gave them the opportunity to deny their involvement. BellSouth did not deny its participation, and Verizon said it would not comment on national security issues.

So USA Today ran the story. Later, BellSouth said it had conducted an internal investigation into the matter and concluded that the company did not contract with the NSA or turn over phone records, the paper reported yesterday.

"As we have stated numerous times, the NSA never contacted BellSouth, and we never supplied customer calling records to the NSA," BellSouth spokesman Jeff Battcher wrote in an e-mail. "In addition we do not and have never had a contract with the NSA."

Some conservative bloggers instantly reacted to the USA Today correction by citing it as another example of what some on the right see as liberal, anti-Bush sentiment in the "mainstream media."

Some liberal bloggers noted the USA Today story accompanying the correction as further proof of domestic spying by the government but did not mention the correction.

USA Today: Call Database Not So Broad (AP)

AP, July 1, 2006

USA Today acknowledged in a "note to our readers" Friday that it could not establish that BellSouth or Verizon contracted with the National Security Agency to provide it with customer calling records, as it previously reported.

But spokesman Steve Anderson said "this is an important story that holds up well. At the heart of our report is the fact that NSA is collecting phone call records of millions of Americans."

"What we address in the editors' note," he said, "deals with the fact that we originally reported that the telephone companies were working under contract with the NSA. We've concluded that we cannot establish that BellSouth or Verizon entered into a contract with the NSA to provide the bulk calling records."

In an accompanying story, the newspaper reported Friday that lawmakers on House and Senate intelligence committees have said that while the NSA has amassed a huge database calling records, cooperation with the NSA by telephone companies was not as extensive USA Today initially reported on May 11.

USA Today at that time reported that, according to its sources, AT&T Inc., BellSouth Corp. and Verizon Communications Inc. all agreed to provide the agency with domestic call records. The newspaper said Friday that Verizon and BellSouth deny they contracted to provide the NSA with records of their customers' phone calls. AT&T has neither confirmed nor denied the newspaper's report.

Some lawmakers briefed on the program said NSA has a database of domestic calls that includes numbers called and the length of conversations, but not what was said. Five members of the intelligence committees said they'd been told by intelligence officials that AT&T, the nation's largest telecommunications company, did cooperate in providing NSA with call records.

Five lawmakers on the intelligence committees said they'd been told that BellSouth did not turn over call records, and three lawmakers said they'd been informed that Verizon did not turn over call records to the NSA.

Lawmakers who support the Bush administration's domestic spying program see the apparent gaps in the database as a problem.

"It's difficult to say you're covering all terrorist activity in the United States if you don't have all the (phone) numbers," Sen. Saxby Chambliss, R-Ga., told USA Today. "It probably would be better to have records of every telephone company."

In its note to readers, USA Today vowed to "continue to report on the contents and scope of the database as part of its ongoing coverage of national security and domestic surveillance."

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Said Anderson: "There have been no denials that this database exists. Nineteen members of Congress who have been briefed following the May 11 article have confirmed the existence of the database."

USA Today Backs Off Of NSA Phone-Record Details (WSJ)

By Sarah Ellison

The Wall Street Journal, July 1, 2006

USA Today backed off key elements of its May 11 page-one article that said telephone companies were helping the National Security Agency amass a database of Americans' domestic phone records.

In a "note to our readers" that ran on page 2 of Friday's edition, USA Today acknowledged that subsequent reporting had been unable to confirm a key point in the article: that BellSouth Corp. and Verizon Communications Inc. had "contracted" with the NSA "to provide bulk calling records to that database."

An article accompanying the note cited interviews with several lawmakers briefed about the NSA's phone-surveillance programs to conclude that "cooperation by the nation's telecommunications companies was not as extensive as first reported by USA Today on May 11."

The newspaper said, however, that additional reporting confirmed the existence of the NSA database, a major point of the original article.

USA Today's May 11 article set off a firestorm on Capitol Hill and was cited by dozens of news outlets. The report fueled a debate about whether the Bush administration's fight against terrorism was impinging on privacy rights of Americans. At the same time, phone companies disputed elements of the story; BellSouth demanded a retraction.

USA Today's article said the NSA "has been secretly collecting the phone call records of tens of millions of Americans, using data provided by AT&T, Verizon and BellSouth," citing people with direct knowledge of the arrangement. The three companies "are working under contract with the NSA," the article said. In Friday's note, the paper said it now can't confirm that BellSouth and Verizon contracted with the NSA, but it didn't address AT&T Inc.'s role. The accompanying article, however, cited five lawmakers as saying AT&T "participated in the NSA domestic calls program."

"Reporting on a national-security story is particularly challenging," USA Today editor Ken Paulson said in an interview Friday.

"We know more today than we did before," he added, "and we'll keep reporting on it and we'll continue to learn more. We're trying to be as straightforward and transparent as possible with readers."

Jeff Battcher, a spokesman for BellSouth, said the editor's note and the article speak for themselves.

Verizon referred to a May 16 statement in which it denied that it was approached by the NSA and "entered into an arrangement to provide the NSA with data from its customers' domestic calls."

AT&T, similarly, referred reporters to a June 27 statement, which said AT&T will "vigorously protect our customers' privacy and only share information as specifically authorized by the law."

When Do We Publish A Secret? (NYT)

By Dean Baquet, Editor, The Los Angeles Times, And Bill Keller, Executive Editor, The New York Times

The New York Times, July 1, 2006

SINCE Sept. 11, 2001, newspaper editors have faced excruciating choices in covering the government's efforts to protect the country from terrorist agents. Each of us has, on a number of occasions, withheld information because we were convinced that publishing it could put lives at risk. On other occasions, each of us has decided to publish classified information over strong objections from our government.

Last week our newspapers disclosed a secret Bush administration program to monitor international banking transactions. We did so after appeals from senior administration officials to hold the story. Our reports — like earlier press disclosures of secret measures to combat terrorism — revived an emotional national debate, featuring angry calls of "treason" and proposals that journalists be jailed along with much genuine concern and confusion about the role of the press in times like these.

We are rivals. Our newspapers compete on a hundred fronts every day. We apply the principles of journalism individually as editors of independent newspapers. We agree, however, on some basics about the immense responsibility the press has been given by the inventors of the country.

Make no mistake, journalists have a large and personal stake in the country's security. We live and work in cities that have been tragically marked as terrorist targets. Reporters and photographers from both our papers braved the collapsing towers to convey the horror to the world.

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We have correspondents today alongside troops on the front lines in Iraq and Afghanistan. Others risk their lives in a quest to understand the terrorist threat; Daniel Pearl of The Wall Street Journal was murdered on such a mission. We, and the people who work for us, are not neutral in the struggle against terrorism.

But the virulent hatred espoused by terrorists, judging by their literature, is directed not just against our people and our buildings. It is also aimed at our values, at our freedoms and at our faith in the self-government of an informed electorate. If the freedom of the press makes some Americans uneasy, it is anathema to the ideologists of terror.

Thirty-five years ago yesterday, in the Supreme Court ruling that stopped the government from suppressing the secret Vietnam War history called the Pentagon Papers, Justice Hugo Black wrote: "The government's power to censor the press was abolished so that the press would remain forever free to censure the government. The press was protected so that it could bare the secrets of the government and inform the people."

As that sliver of judicial history reminds us, the conflict between the government's passion for secrecy and the press's drive to reveal is not of recent origin. This did not begin with the Bush administration, although the polarization of the electorate and the daunting challenge of terrorism have made the tension between press and government as clamorous as at any time since Justice Black wrote.

Our job, especially in times like these, is to bring our readers information that will enable them to judge how well their elected leaders are fighting on their behalf, and at what price.

In recent years our papers have brought you a great deal of information the White House never intended for you to know — classified secrets about the questionable intelligence that led the country to war in Iraq, about the abuse of prisoners in Iraq and Afghanistan, about the transfer of suspects to countries that are not squeamish about using torture, about eavesdropping without warrants.

As Robert G. Kaiser, associate editor of The Washington Post, asked recently in the pages of that newspaper: "You may have been shocked by these revelations, or not at all disturbed by them, but would you have preferred not to know them at all? If a war is being waged in America's name, shouldn't Americans understand how it is being waged?"

Government officials, understandably, want it both ways. They want us to protect their secrets, and they want us to trumpet their successes. A few days ago, Treasury Secretary John Snow said he was scandalized by our decision to report on the bank-monitoring program. But in September 2003 the same Secretary Snow invited a group of reporters from our papers, The Wall Street Journal and others to travel with him and his aides on a military aircraft for a six-day tour to show off the department's efforts to track terrorist financing. The secretary's team discussed many sensitive details of their monitoring efforts, hoping they would appear in print and demonstrate the administration's relentlessness against the terrorist threat.

How do we, as editors, reconcile the obligation to inform with the instinct to protect?

Sometimes the judgments are easy. Our reporters in Iraq and Afghanistan, for example, take great care not to divulge operational intelligence in their news reports, knowing that in this wired age it could be seen and used by insurgents.

Often the judgments are painfully hard. In those cases, we cool our competitive jets and begin an intensive deliberative process.

The process begins with reporting. Sensitive stories do not fall into our hands. They may begin with a tip from a source who has a grievance or a guilty conscience, but those tips are just the beginning of long, painstaking work. Reporters operate without security clearances, without subpoena powers, without spy technology. They work, rather, with sources who may be scared, who may know only part of the story, who may have their own agendas that need to be discovered and taken into account. We double-check and triple-check. We seek out sources with different points of view. We challenge our sources when contradictory information emerges.

Then we listen. No article on a classified program gets published until the responsible officials have been given a fair opportunity to comment. And if they want to argue that publication represents a danger to national security, we put things on hold and give them a respectful hearing. Often, we agree to participate in off-the-record conversations with officials, so they can make their case without fear of spilling more secrets onto our front pages.

Finally, we weigh the merits of publishing against the risks of publishing. There is no magic formula, no neat metric for either the public's interest or the dangers of publishing sensitive information. We make our best judgment.

When we come down in favor of publishing, of course, everyone hears about it. Few people are aware when we decide to hold an article. But each of us, in the past few years, has had the experience of withholding or delaying articles when the administration convinced us that the risk of publication outweighed the benefits. Probably the most discussed instance was The New York Times's decision to hold its article on telephone eavesdropping for more than a year, until editors felt that further reporting had whittled away the administration's case for secrecy.

But there are other examples. The New York Times has held articles that, if published, might have jeopardized efforts to protect vulnerable stockpiles of nuclear material, and articles about highly sensitive counterterrorism initiatives that are still in

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operation. In April, The Los Angeles Times withheld information about American espionage and surveillance activities in Afghanistan discovered on computer drives purchased by reporters in an Afghan bazaar.

It is not always a matter of publishing an article or killing it. Sometimes we deal with the security concerns by editing out gratuitous detail that lends little to public understanding but might be useful to the targets of surveillance. The Washington Post, at the administration's request, agreed not to name the specific countries that had secret Central Intelligence Agency prisons, deeming that information not essential for American readers. The New York Times, in its article on National Security Agency eavesdropping, left out some technical details.

Even the banking articles, which the president and vice president have condemned, did not dwell on the operational or technical aspects of the program, but on its sweep, the questions about its legal basis and the issues of oversight.

We understand that honorable people may disagree with any of these choices — to publish or not to publish. But making those decisions is the responsibility that falls to editors, a corollary to the great gift of our independence. It is not a responsibility we take lightly. And it is not one we can surrender to the government.

— DEAN BAQUET, editor, The Los Angeles Times, and BILL KELLER, executive editor, The New York Times

When Do We Publish A Secret? (LAT)

By Dean Baquet And Bill Keller, Dean Baquet Is Editor Of The Los Angeles Times. Bill Keller Is Executive Editor Of The New York Time

The Los Angeles Times, July 1, 2006

How the press balances national security with its mission to report the news.

SINCE SEPT. 11, 2001, newspaper editors have faced excruciating choices in covering the government's efforts to protect the country from terrorist agents. Each of us has, on a number of occasions, withheld information because we were convinced that publishing it could put lives at risk. On other occasions, each of us has decided to publish classified information over strong objections from our government.

Last week, our newspapers disclosed a secret Bush administration program to monitor international banking transactions. We did so after appeals from senior administration officials to hold the story. Our reports — like earlier press disclosures of secret measures to combat terrorism — revived an emotional national debate, featuring angry calls of "treason" and proposals that journalists be jailed, along with much genuine concern and confusion about the role of the press in times like these.

We are rivals. Our newspapers compete on a hundred fronts every day. We apply the principles of journalism individually as editors of independent newspapers. We agree, however, on some basics about the immense responsibility the press has been given by the inventors of the country.

Make no mistake, journalists have a large and personal stake in the country's security. We live and work in cities that have been tragically marked as terrorist targets. Reporters and photographers from both of our papers braved the collapsing towers of the World Trade Center to convey the horror to the world. We have correspondents today alongside troops on the front lines in Iraq and Afghanistan. Others risk their lives in a quest to understand the terrorist threat; Daniel Pearl of the Wall Street Journal was murdered on such a mission. We, and the people who work for us, are not neutral in the struggle against terrorism.

But the virulent hatred espoused by terrorists, judging by their literature, is directed not just against our people and our buildings. It is also aimed at our values, at our freedoms and at our faith in the self-government of an informed electorate. If freedom of the press makes some Americans uneasy, it is anathema to the ideologists of terror.

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As that sliver of judicial history reminds us, the conflict between the government's passion for secrecy and the press' drive to reveal is not of recent origin. This did not begin with the Bush administration, although the polarization of the electorate and the daunting challenge of terrorism have made the tension between press and government as clamorous as at any time since Justice Black wrote.

Our job, especially in times like these, is to bring our readers information that will enable them to judge how well their elected leaders are fighting on their behalf, and at what price.

In recent years our papers have brought you a great deal of information the White House never intended for you to know — classified secrets about the questionable intelligence that led the country to war in Iraq, about the abuse of prisoners in Iraq and Afghanistan, about the transfer of suspects to countries that are not squeamish about using torture, about eavesdropping without warrants.

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As Robert G. Kaiser, associate editor of the Washington Post, asked recently in that newspaper: "You may have been shocked by these revelations, or not at all disturbed by them, but would you have preferred not to know them at all? If a war is being waged in America's name, shouldn't Americans understand how it is being waged?"

Government officials, understandably, want it both ways. They want us to protect their secrets, and they want us to trumpet their successes. A few days ago, Treasury Secretary John Snow said he was scandalized by our decision to report on the bank-monitoring program. But in September 2003, the same Secretary Snow invited a group of reporters — from our papers, the Wall Street Journal and others — to travel with him and his aides on a military aircraft for a six-day tour to show off the department's efforts to track terrorist financing. The secretary's team discussed many sensitive details of their monitoring efforts, hoping they would appear in print and demonstrate the administration's relentlessness against the terrorist threat.

How do we, as editors, reconcile the obligation to inform with the instinct to protect?

Sometimes the judgments are easy. Our reporters in Iraq and Afghanistan, for example, take great care not to divulge operational intelligence in their news reports, knowing that in this wired age, it could be seen and used by insurgents.

Often the judgments are painfully hard. In those cases, we cool our competitive jets and begin an intensive deliberative process.

The process begins with reporting. Sensitive stories do not fall into our hands. They may begin with a tip from a source who has a grievance or a guilty conscience, but those tips are just the beginning of long, painstaking work. Reporters operate without security clearances, without subpoena powers, without spy technology. They work, rather, with sources who may be scared, who may know only part of the story, who may have their own agendas that need to be discovered and taken into account. We double-check and triple-check. We seek out sources from different points of view. We challenge our sources when contradictory information emerges.

Then, we listen. No article on a classified program gets published until the responsible officials have been given a fair opportunity to comment. And if they want to argue that publication represents a danger to national security, we put things on hold and give them a respectful hearing. Often, we agree to participate in off-the-record conversations with officials so they can make their case without fear of spilling more secrets onto our front pages.

Finally, we weigh the merits of publishing against the risks of publishing. There is no magic formula, no neat metric for either the public's interest or the dangers of publishing sensitive information. We make our best judgment.

WHEN WE come down in favor of publishing, of course everyone hears about it. Few people are aware when we decide to hold an article. But each of us, in the last few years, has had the experience of withholding or delaying stories when the administration convinced us that the risk of publication outweighed the benefits. Probably the most discussed instance was the New York Times' decision to hold its article on telephone eavesdropping for more than a year, until editors felt that further reporting had whittled away the administration's case for secrecy.

But there are others. The New York Times has held articles that, if published, might have jeopardized efforts to protect vulnerable stockpiles of nuclear material, and articles about highly sensitive counter-terrorism initiatives that are still in operation. In April, the Los Angeles Times withheld information about American espionage and surveillance activities in Afghanistan, discovered on computer drives purchased by reporters in an Afghan bazaar.

It is not always a matter of publishing an article or killing it.

Sometimes we deal with the security concerns by editing out gratuitous detail that lends little to public understanding but might be useful to the targets of surveillance. The Washington Post, at the administration's request, agreed not to name the specific countries hosting secret Central Intelligence Agency prisons, deeming that information not essential for American readers. The New York Times, in its article on National Security Agency eavesdropping, left out some technical details.

Even the banking articles, which the president and vice president have condemned, did not dwell on the operational or technical aspects of the program but on its sweep, the questions about its legal basis and the issues of oversight.

We understand that honorable people may disagree with any of these choices — to publish or not to publish. But making those decisions is the responsibility that falls to editors, a corollary to the great gift of our independence. It is not a responsibility we take lightly. And it is not one we can surrender to the government.

War Of Words On Bank Story (WP)

By Howard Kurtz

The Washington Post, July 1, 2006

Wall Street Journal Editorial Takes Times to Task

For the Wall Street Journal editorial page, there may be no more juicy target than the liberal press appearing to undermine the Bush administration's war on terror.

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The White House and congressional Republicans, after all, have spent the past week attacking the New York Times for disclosing a secret program targeting the banking records of suspected terrorists.

The problem: The Journal itself had published a front-page story about the classified program on June 23, the same day as the Times.

The Journal's conservative editorial page weighed in yesterday by arguing that what the two newspapers had done was very different:

"More than a few commentators have tried to link the Journal and Times at the hip. On the left, the motive is to help shield the Times from political criticism. On the right, the goal is to tar everyone in the 'mainstream media.' . . . We suspect that the Times has tried to use the Journal as its political heatshield precisely because it knows our editors have more credibility on these matters."

Later in the day, the Times' publisher, Arthur Sulzberger Jr., returned fire in what has now escalated into a full-fledged battle between the two New York papers.

The Journal editorial board, which operates independently from the newsroom, said a top Treasury Department official had contacted Journal reporter Glenn Simpson and handed him the story. The editorial said Treasury officials decided to "declassify a series of talking points" after failing to persuade the New York Times -- as well as the Los Angeles Times -- to kill the story on grounds that it would neutralize a key administration weapon in the war on terror. The same declassified information was provided to the other two papers, as well as to The Washington Post later on the evening of June 22.

"Our guess," the editorial said, is that Treasury believed Simpson "would write a straighter story than the Times" -- and, it added, "he did."

The editorial makes clear that the administration handed the Journal the same information that President Bush and Vice President Cheney, among others, have been denouncing the Times for publishing.

The Republican-controlled House, in a move clearly aimed at the Times, adopted a resolution Thursday that criticizes the press for publishing details of the classified banking program.

Defense Secretary Donald Rumsfeld continued the assault yesterday in an interview with ABC News Radio, saying, "The New York Times, when asked by the United States government, 'Please do not do that, it would cause the loss of American lives,' and they'd go right ahead and print it . . . it tells you a lot about the New York Times, and it certainly tells you a lot about the individual who did that."

In a Fox News poll released yesterday, 60 percent of those surveyed said the Times did more to help terrorist groups by publishing the information, while 27 percent said the story did more to help the public. Forty-three percent called what the newspapers did treason. Just over half said government employees were more to blame for leaking the classified information, 28 percent faulted the media for reporting it, and 17 percent said they were equally to blame.

Simpson, a veteran investigative reporter, had been asking questions about the secret banking program for some time as part of a broader story, but had not nailed it down, according to Journal staffers. That, they say, is how Treasury officials knew to call him.

"Would the Journal have published the story had we discovered it as the Times did, and had the administration asked us not to?" the editorial asks. "Speaking for the editorial columns, our answer is probably not."

So unusual was yesterday's editorial that the Journal's managing editor, Paul Steiger, felt compelled to release a statement about it. "Had Treasury made such a request," he said, "we would have listened to the government's specific concerns, and weighed them seriously before reaching any final decision on publishing. But, having never heard those concerns, I can't guess how we ultimately would have responded."

Editorial Page Editor Paul Gigot will not comment on grounds that the editorial should speak for itself, a spokesman said.

Sulzberger, whom the editorial accuses of deliberately seeking to obstruct the war on terror, offered his own response.

"I know many of the reporters and editors at the Wall Street Journal and have greater faith in their journalistic excellence than does the editorial page of their own paper," Sulzberger said in a statement. "I, for one, do not believe they were unaware of the importance of what they were publishing nor oblivious to the impact such a story would have."

Suspect Plotted To Form A Terrorist Army, U.S. Claims (FLSUNSEN)

By Vanessa Blum, South Florida Sun-sentinel

South Florida Sun-Sentinel, July 1, 2006

The alleged ringleader of a group of South Florida men accused of plotting to blow up Sears Tower in Chicago wanted the blast to divert law enforcement so he could free inmates from a prison to join his terrorist army, federal prosecutors said Friday.

The lead lawyer in the government's terrorism case against the seven men provided fresh details about the group's alleged plot to bomb buildings in Miami and Chicago -- and how the plan disintegrated as members fought among themselves.

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The picture that emerged during Friday's hearing in Miami federal court was of an ambitious, but inept, military-style organization whose members had illusions of grandeur and a taste for intrigue.

The men staged a top-secret meeting in the Florida Keys, swore loyalty oaths to al-Qaida, and even put their own leader on trial for treason and insubordination, said prosecutor Jacqueline Arango.

According to the original indictment that led to their arrests on June 22, the group's ultimate goal was to launch an all-out ground war against the U.S. government by blowing up the Sears Tower.

In fact, the plan was even more far-fetched.

The group's alleged ringleader Narseal Batiste thought that bringing down the 110-story Sears Tower would divert law enforcement, allowing him to break into a Chicago-area prison and release the inmates who would then join his army, Arango said.

However, before obtaining any explosives or weapons, the group disbanded over rising suspicions about a government witness who had infiltrated the organization by posing as an al-Qaida member.

Batiste had a final meeting with that informant on May 24 and told him that he still wanted to fulfill his plan, Arango said.

"I want to fight some jihad. That's all I live for," Arango quoted Batiste as saying during the meeting.

At that point, the government decided to end its investigation and arrest the men, Arango said.

The government's two-hour presentation, which included video recordings made during the investigation, came during a hearing on whether six of the seven men should remain in custody prior to their trial. Arango argued the men should not be released on bail because they pose a danger to the community and might flee.

U.S. Magistrate Judge Ted Bandstra said he would rule after defense lawyers finish presenting evidence next week.

The six men -- Batiste, 32; Patrick Abraham, 26; Stanley Grant Phanor, 31, Naudimar Herrera, 22; Burson Augustin, 21; and Rotschild Augustine, 22 -- each pleaded not guilty Friday to charges that they supported al-Qaida, plotted to destroy buildings using explosives, and conspired to levy war against the government. The seventh man, Lyglenson Lemorin, 31, is in custody in Atlanta.

During the proceeding, defense lawyers for the six sat at a table listening and taking notes. But only John Wylie, who represents Batiste, had a chance to question an FBI agent involved in the investigation.

"Do you have any evidence that Mr. Batiste has met with any terrorist organizations from the Middle East?" Wylie asked.

"No, I do not," Special Agent Tony Velasquez responded.

"Other than the person posing as al-Qaida, is there any evidence of contact with anyone from al-Qaida?" Wylie asked.

"No," Velasquez responded.

According to Arango, the undercover witness pretending to be an al-Qaida agent was introduced to Batiste by an acquaintance, who also cooperated with the FBI. Neither the witness nor the acquaintance were law enforcement agents, Velasquez said.

During several meetings, Batiste spoke to the witness about his desire to bomb the Sears Tower and gave the witness a list of the supplies he would need to carry out his plans, Arango said.

Among the items: $50,000, military uniforms, boots, guns, bulletproof vests, and sports utility vehicles.

But in January, the investigation hit a snag when Batiste went into hiding, telling a friend he was suspicious of the witness.

On Jan. 28, the witness was summoned to the warehouse with the acquaintance who had first introduced him to the group. They were examined for recording devices and driven to Islamorada in the Florida Keys. Batiste was waiting for the men under a bridge.

The incident, which Arango called a kidnapping, solidified Batiste's relationship with the undercover witness.

In March, the seven men pledged oaths of loyalty, or bayat, to al-Qaida and some group members conducted surveillance of potential targets in Miami, including the FBI building, the federal courthouse, and the federal prison, prosecutors say.

As their plans gained momentum, the undercover witness gave Batiste $3,500 to fly in a friend of Batiste from Chicago, Sultan Khanbey.

Khanbey, 51, quickly grew suspicious of the government witness and told Batiste he was being set up by the FBI, Arango said.

On April 17, Khanbey put Batiste on trial for treason and insubordination inside the group's Liberty City headquarters.

Some members of the group sided with Batiste and some sided with Khanbey, causing a rift in the organization, Arango said.

Khanbey was subsequently arrested on weapons charges and could be called as a witness against Batiste.

Two Views Of Terror Suspects: Die-Hards Or Dupes (NYT)

By Christopher Drew And Eric Lichtblau

DOJ_NMG_0037874

The New York Times, July 1, 2006

MIAMI, June 30 — The seven men who were arrested here last week on terror charges were shown Friday on undercover videotapes solemnly reciting oaths of loyalty to Al Qaeda, repeating the words that an F.B.I. informant had given them to say.

The tapes, played at a federal court hearing by prosecutors, did not provide any evidence that the men had the money or firepower to blow up the Sears Tower in Chicago and federal buildings in five cities, as they are accused of conspiring to do, or that they had any actual ties to Al Qaeda.

But during her presentation, the prosecutor, Jacqueline M. Arango, disclosed other new details of the case, among them that the group's leader, Narseal Batiste, had asked the undercover informant for rockets and semiautomatic rifles.

Lawyers for some of the men said in interviews this week that their clients knew little about Mr. Batiste's plans to attack the Sears Tower. Some of the lawyers criticized the new evidence presented Friday as a sign that the government had largely concocted other parts of the case and had lured the men into doing more than they would have on their own.

"It's clearly a case of entrapment," said Nathan Clark, the lawyer for one of the defendants, Rotschild Augustine. Mr. Clark said the taped oath was "induced by the government."

The tapes, in fact, made clear the large role that the government informant had played in the case. In one tape, the informant recited what F.B.I. agents said was an authentic Qaeda oath, while the seven men sat on a sofa and chairs in a warehouse that the F.B.I. had wired with eavesdropping equipment. As the informant repeated the words for a second time, each defendant stood and stated his name before they all said in unison that they were committing themselves to the "path of jihad."

But the parents of most of the defendants, including some who have been very critical of the case, appeared surprised by the evidence presented Friday, sitting quietly through the court hearing and refusing to comment afterward.

Over the last week, many critics of the Bush administration described the case as improbable and suggested that it was emblematic of other exaggerated threats that the F.B.I. had often focused on since the Sept. 11 terror attacks, especially inasmuch as federal officials said Mr. Batiste had no ability to carry out the proposed attacks.

But while the new information added to the portrait of Mr. Batiste as a bizarre and self-aggrandizing figure — he told an informant that he would like to smoke a cigarette with Osama bin Laden — it also suggested that he was determined and persistent. The new information indicated that his followers, mostly poor, young Haitian-Americans, were more involved in parts of the scheme than their families and community leaders had suspected.

The prosecutor said some of the men had strip-searched the undercover informant at a time when Mr. Batiste was worried about F.B.I. surveillance, and had also voted to take photographs of several government buildings in Miami that they thought Al Qaeda might want to attack.

Law enforcement officials said that after the men were arrested, at least two admitted some knowledge of the Sears Tower plot. The officials also said that there was ample evidence to bring all of the men into the conspiracy charges, and that after the Sept. 11 attacks, they had no choice but to be aggressive in disrupting any group that showed even the slightest interest in being involved in terrorism.

The Miami case is part of a broader strategy of pre-empting terrorist attacks in what Justice Department officials acknowledge is a significant shift in the way they go about investigating and prosecuting possible terrorism cases.

"We can't afford to wait," a senior Justice Department official said in an interview. The suspects in Miami "were of significant concern, and we're not going to allow them to run into somebody who has the means to carry out what they were talking about."

"You may never know what you prevented," the official added, "but those may be our greatest successes."

The pre-emptive strategy has led to increased use of what amount to sting operations by the F.B.I. to use informants and undercover operatives in gathering evidence against people suspected of terrorist ambitions. The strategy has led to prosecutions and convictions in terrorism cases from San Diego and Houston to Newark and Albany, often involving concocted plots to sell fictitious arms or provide other support to Al Qaeda.

Justice Department officials point to a number of high-profile successes in the campaign, including the convictions of Zacarias Moussaoui, John Walker Lindh, a Muslim-American student in Northern Virginia named Abu Ali and a Virginia cleric named Ali al-Timimi and his followers, who prosecutors said sought to wage war against Americans overseas.

But there have been a smaller number of losses as well, including the collapse of the case against an alleged terrorist cell in Detroit after accusations of prosecutorial misconduct, and the acquittal in Idaho of a graduate student in computer programming on charges of using Web sites to aid terrorists.

"While our record shows many victories in recent years, we haven't always been successful," Deputy Attorney General Paul J. McNulty told reporters last week in assessing the overall strategy of the campaign against terrorism.

The Justice Department says it has brought 441 prosecutions in what it considers to be terrorism-related cases, with 261 convictions and 150 cases remaining.

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Mr. Batiste, 32, who is married and has four children, grew up in Louisiana as the son of a Christian preacher and later worked as a FedEx driver in Chicago. He and his wife opened a stucco and masonry business here in 2004, and he rented a small salmon-colored warehouse last year in Liberty City, where he held Bible readings.

And while federal authorities described Mr. Batiste and the other defendants last week as "a radical Islamic group," neighbors say his religious teachings came from the Moorish Science Temple of America, a group founded in Illinois in the early 1900's that blends Christianity, Judaism and Islam with an emphasis on self-discipline through martial arts.

The group's headquarters was a 750-square-foot former convenience store with an old sofa in the back and no running water. People who live near the building, which had no windows or air-conditioning, say they would sometimes see Mr. Batiste and a dozen or so other men there in the evenings, either inside with the doors open or practicing martial arts in the backyard.

Others say that while the group — which called itself the Seas of David — read the Koran at times, Mr. Batiste's favorite text was Jesus' Sermon on the Mount.

At first, relatives and lawyers said, the defendants were intrigued by Mr. Batiste's religious teachings, which some of the men saw as an alternative to the drug-dealing streets in Liberty City, one of Miami's poorest neighborhoods. But by this past April, the lawyers said, some defendants had grown suspicious of Mr. Batiste and had left the group after he seemed to become more focused on raising money than on his religious teachings.

According to the indictment, the criminal investigation began last October, after Mr. Batiste began expressing ominous goals. He told someone who was traveling to Yemen that he wanted to raise an army to overthrow the United States government and needed help, one document says, "in locating foreign Islamic extremists to fund his mission."

After that person tipped the F.B.I., Ms. Arango, the prosecutor, said Friday, the bureau arranged for the undercover informant posing as a terrorist to begin a series of meetings with Mr. Batiste, which stretched from December through late May.

With the government's recording tapes whirring, the indictment says, Mr. Batiste told the informant — who at some point identified himself as being with Al Qaeda — that he wanted to kick off his war with an attack on the Sears Tower. He also asked the informant to supply him with $50,000 in cash and all the equipment, from military boots to weapons, that he and his soldiers would need to "kill all the devils we can."

And by mid-March, the informant had proposed — at a meeting with all seven defendants — bombing F.B.I. buildings in Miami and four other cities. Ms. Arango said that proposal was made just minutes after each of the men had taken the oath to Al Qaeda. Over the next three weeks, using camera equipment supplied by the government, Mr. Batiste and four of the others were involved in either taking photographs or videotapes of government buildings in Miami or delivering them to the informant.

Ms. Arango said the group split up last spring after a religious leader from Chicago had a dispute with Mr. Batiste and some of the other defendants sided with the Chicago man.

Federal officials say they also have other evidence, including statements given by some of the men shortly after they were arrested. At another hearing on Thursday, for instance, officials released a handwritten statement by one of Mr. Batiste's young followers, in which he acknowledged taking the oath to Al Qaeda and being present when Mr. Batiste received a video camera from the undercover informant "to film target locations (Federal Buildings & Tower building) in Miami, FL and Chicago, IL."

State Tracked Protesters In The Name Of Security (LAT)

By Peter Nicholas, Times Staff Writer

The Los Angeles Times, July 1, 2006

Officials say they have stopped monitoring antiwar and political rallies. The practice violates civil rights, Atty. Gen. Lockyer says.

SACRAMENTO — Gov. Arnold Schwarzenegger's office in charge of protecting California against terrorism has tracked demonstrations staged by political and antiwar groups, a practice that senior law enforcement officials say is an abuse of civil liberties.

The Times obtained reports prepared for the state Office of Homeland Security in recent months that contain details on the whereabouts and purpose of a number of political demonstrations throughout California.

The source of the information is listed in some cases as federal law enforcement agencies, including the Immigration and Customs Enforcement agency, an investigative arm of the U.S. Homeland Security department.

Political activities cited in the reports include:

· An animal rights rally outside a Canadian consulate office in San Francisco to protest the hunting of seals.

· A demonstration in Walnut Creek at which U.S. Rep. George Miller (D-Martinez) and other officials spoke against the war in Iraq.

· A Women's International League for Peace and Freedom gathering at a courthouse in Santa Barbara in support of an antiwar protester — a 56-year-old Salinas woman — facing federal trespassing charges.

California Atty. Gen. Bill Lockyer's office learned of the monitoring activity more than two months ago. On Friday, a spokesman condemned the actions, saying they violated the groups' constitutional right of free speech.

"When people exercise their 1st Amendment rights to rally, march and protest, they should not have to worry that intelligence officials are watching them or their activities are in any way being painted with the terrorism brush," Lockyer spokesman Tom Dresslar said in an interview.

"That kind of conduct by anti-terrorism intelligence agencies threatens civil liberties, runs counter to our values and violates this office's policy regarding criminal intelligence gathering," Dresslar said.

The Times obtained two of the reports, which were compiled daily. The state homeland security office declined to release others.

The office is a 53-person operation that grew out of the Sept. 11 attacks and is financed primarily by federal money. Officials there said the details about the rallies were reported by SRA International, a company hired to provide counter-terrorism analysis.

The officials said such information made it into only the two reports that The Times obtained, out of 60-some daily intelligence reports produced since March.

No reports were produced before March, said Chris Bertelli, spokesman for the state office. When officials in the agency learned of the practice, he said, they ordered it stopped.

Copies of the reports were shared with the California Highway Patrol and the attorney general's office. Nothing else was done with the information about the demonstrations, Bertelli said.

The reports are on the letterhead of a California anti-terrorism partnership that includes the homeland security office, the attorney general and the Highway Patrol.

Dresslar said staffers in Lockyer's office saw the reports and raised concerns with their superiors, who complained to the Office of Homeland Security.

"When we discovered their existence, we informed OHS officials that we had absolutely no use for that kind of information," Dresslar said. "Collecting information on protests has no legitimate anti-terrorism intelligence function. None. No intelligence agency has any need to maintain this kind of information."

The reports obtained by The Times contain summaries of news articles about the war in Iraq, animal rights activists and terrorism. One has a section titled "Upcoming California Protests," followed by summaries of the demonstrations. Each includes an entry for "officer safety issues." No issues are cited.

One group whose antiwar rally was in the reports criticized the state agency's practice.

"It seems like a waste of taxpayer dollars and a creeping invasion of our 1st Amendment rights to demonstrate and speak," said Devlin Donnelly, assistant coordinator for the Chico Peace and Justice Center, which held a rally in Chico in March calling for an end to the war in Iraq.

Schwarzenegger had "no information and no knowledge that this was happening," said Adam Mendelsohn, the governor's communications director. "The governor feels that this particular information gathering is totally inappropriate and unacceptable."

Anti-terrorism ideas from the state homeland security office have stirred qualms before.

Past and present members of the attorney general's office said they were troubled by a meeting at the security office last September in which federal and state officials discussed ways to prevent Islamic militants from recruiting prison inmates. In attendance were officials from the FBI, the state Department of Corrections and Rehabilitation and various local law enforcement agencies, according to documents obtained by The Times.

One account of the meeting is provided in a whistle-blower complaint filed by a former high-ranking official in the attorney general's office, Edward Manavian.

The complaint says homeland security information analyst William Hipsley proposed monitoring private conversations in state prisons between inmates and Islamic clergymen and, citing a potential national security threat from Iran, getting a list of Iranians living in California.

State law makes it a felony to eavesdrop on conversations between a person in custody and his attorney, doctor or religious advisor.

Brian Parriott, a spokesman for the state prison system, said it is not the corrections department's practice to listen in on private conversations between inmates and visitors from the clergy.

And Mark Schlosberg, a policy director for the ACLU's San Francisco office, said it is discriminatory to compile databases on broad groups of people based on national origin without any specific link to criminal activity.

"It's contrary to our constitutional protections and our systems, and it's also ineffective in terms of law enforcement," Schlosberg said.

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The state homeland security office denied Manavian's version of events and issued rebuttals from Hipsley and a staff member who also attended.

In a written statement, Hipsley said that he never suggested "Muslim clerics offices be 'bugged' " and that the subject of Iran never came up.

George Aradi, an assistant deputy director for information analysis, concurred in a separate statement.

Manavian was demoted in February. In his complaint, he said that happened in part because he refused to cooperate with "attempts to violate the civil rights of citizens in this state."

He resigned in April. His complaint is pending before the state Personnel Board, and a hearing is scheduled in late July.

Lockyer's office publicly criticized the monitoring actions after an inquiry from The Times.

But Allen Benitez, assistant chief of the attorney general's criminal intelligence bureau, had told one of his bosses in a memo April 18 that the security office was gathering information on "political groups" and protests. He voiced concerns that such tracking "may not be allowed under the law."

Lockyer's office handled the matter privately with the security office, Dresslar said.

Questions about the office come at a time when assessments by nonpartisan reviewers have concluded the state is unprepared for a terrorist attack or natural disaster.

Schwarzenegger casts himself as being immersed in efforts to prepare California for disaster, making repeated public visits to the state's emergency command center outside Sacramento, where he has watched over exercises simulating what would happen in a disaster, such as an earthquake or flood.

But a report by the legislative analyst's office last year said California lacks "a unified strategic approach to homeland security."

And more recently, the state's Little Hoover Commission watchdog agency issued a report saying it is unclear who would take charge in the event of an emergency or terrorist attack.

Mystery Surrounds FBI Raid On North Side Mosque (PPG)

By Moustafa Ayad, Pittsburgh Post-gazette

Pittsburgh Post-Gazette, July 1, 2006

Agency calls it part of 'criminal' probe

FBI agents yesterday raided a North Side residence known to many in the neighborhood and the Pittsburgh Islamic community as both an Islamic school and mosque.

The agency would say only that the search was in connection with a "criminal investigation" and wouldn't elaborate.

The raid began around noon when authorities shut down the intersection of Boyle and Hemlock streets, residents said. The activity centered around a three-story green house located in the 1300 block of Boyle Street. It is home to the Sankore Institute and Light of Age Mosque, which doubles as a school for people seeking to learn the Koran and Islamic religious teachings.

FBI spokesman Jeff Killeen confirmed that the FBI was at the home. Mr. Killeen referred questions to Margaret Philbin, the U.S. attorney's spokeswoman, who said that the FBI executed a search warrant at the home yesterday morning or afternoon.

Authorities did not say if anyone was taken into custody, but residents said several men in tunics and traditional Muslim garb were led out of the house, patted down and searched along Boyle Street. The agents may have executed the raid during Friday prayers known as the Jummah prayer, neighbors said.

The group moved into the neighborhood around February and posted fliers that said "we are here to help you make the North Side a better place to live, worship, work and play." The group urged people "to join us in clothing and feeding the poor, cleaning up our community and making the North Side a safer, more beautiful place for our children."

Neighbors who witnessed the raid said FBI agents surrounded the home for more than four hours yesterday. They said there was a tactical squad at the scene backing up agents.

"It's scary to see guys with guns slung over their shoulders right in front of you," said Harold King, of Avalon, who was visiting a relative.

Muslim community members familiar with the group said the institute is not a part of the seven mosques under the auspices of the Islamic Council of Greater Pittsburgh. Most members of the mosque are African-American, neighbors said.

The home has two entrances, one facing Boyle Street and a side door on Hemlock Street. The Hemlock Street entrance is used by women and the Boyle Street entrance by men, neighbors said. Some orthodox Muslims do not mix genders, unless women are related or married to the men in their company.

"They are some of the nicest people in the neighborhood," said Anthony Carboni, who lives nearby on Sandusky Street. Mr. Carboni said he would often see people at the home playing football outside or hosting cookouts in the neighborhood.

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A jitney driver, Andre Hammer, of the North Side, who was driving by the intersection, said he passed by the residence several weeks ago and saw police cars parked outside. Mr. Hammer said he would often see men outside of the home talking.

Gigi Lincoln of Boyle Street said she watched the men being lined up against several houses. Mrs. Lincoln said the agents searched each of the men extensively and then had police dogs walk past them. She said agents also used a robot to enter the home.

She said they loaded some of the men into the back of a white van, but said they did not appear to be handcuffed.

Witold Walczak, legal director for the American Civil Liberties Union of Pennsylvania, said "any time law enforcement officials raid a house of worship it raises concerns," but said it would be premature to comment further.

Unclassified Advice For The New CIA Chief (LAT)

By Garrett Jones, Garrett Jones Served As A Case Officer With The Cia In Africa, Europe And The Middle East For 17 Yea
The Los Angeles Times, July 1, 2006

A former case officer outlines the care and handling of spooks.

Because this is the season for gratuitous and unsolicited advice (see any graduation ceremony near you), I thought I would offer some thoughts for former Air Force Gen. Michael V. Hayden, who took over as CIA director a month ago. I am sure many people are sharing their wisdom on the "big picture," so I will confine myself to advice on the care and feeding of the denizens of the building where I once worked.

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THEY ARE AN odd bunch at the Central Intelligence Agency, and your predecessor, Porter Goss, did not adapt well. He seemed unable to make it out of the lobby each morning without starting a fistfight. You can do better.

For starters, resist any impulse to "demonstrate who is in charge." The people at the agency have never had any problem understanding who is in charge; they have on occasion had trouble believing that the person in charge knew what he was doing.

As CIA director, Goss said he did not "do" personnel, and inside the agency, it was easily the most resented remark he ever made. You have talented people working for you. Use them, and do not go to the retirees looking for the "perfect" person. They don't make them like they used to, and that's probably a good thing.

Do not try to undo all the personnel changes made by Goss. Some people needed to be pushed out. You're trying to hire back Stephen Kappes, the former field operations boss, as your deputy, and this is good and bad. Many officers respect his operational judgment, and many are angry about his alleged leaks to the media. On your team, he should keep his mouth shut.

Goss let his entourage alienate the entire building before he ever got there. Get your assistants under control. It's better to make your own enemies. You probably brought some military aides with you. Remind them that half the agency does not know the difference between a full colonel and a milkshake; those who do know don't care.

Don't ask anyone to dumb down their work for you. The CIA has a jargon that you need to learn. Before you change anything about agency culture, first you need to understand it.

The executive dining room is a bad idea. You and your staff should be down in the cafeteria meeting people, not huddled up in a bunker wondering what folks think. Listen to people. They are smart and sophisticated and will usually tell you what is wrong if you give them a chance.

The RUMINT (rumor intelligence) on you is that you like "corporate speak" and prefer large, impersonal gatherings to one-on-one encounters. Work on that. Blunt, plain speech will get you further with those in the agency than anything else. If something is going to happen to them, tell them before they see it in the Los Angeles Times. "I do not know" or "I cannot tell you" are statements that spooks accept as sometimes necessary, but they will always find out if you lie to them. You are working with a bunch of spies, so you should not be surprised that RUMINT travels quickly and is surprisingly accurate. Yes, you are busy, but your first job is to make people motivated and effective. Screw this up and you are doomed.

The directorate of operations is where all the spies live. Frankly, this is a tough room. Your best move is to pick someone whom they respect to lead them — lead them, not manage them. When they are in some sand-blown flyspeck in Iraq with their lives on the line, they want a leader who cares about them and their mission, not a nice guy who is good at managing his paperwork. Once you get them a leader, you need to expect the impossible from them. Right now, everyone is afraid to make mistakes. Make it clear that you have confidence in them and will back them even if they do not succeed. This directorate exists to run high-risk, high-payoff operations; otherwise, it could be replaced by Al Jazeera.

The directorate of intelligence is where the analysts live and where the National Intelligence Estimates are produced. This place is a mess. Since the fiasco over Iraqi weapons of mass destruction, it has been full of dead men walking, paralyzed with fear of making another mistake. Start over. Anyone associated with the WMD mess — and there are such people still there — needs to be retired, kicked upstairs or otherwise moved on. It may not be fair, just or efficient, but you must do it to blow the smell of failure out of the organization. Then appoint a pit bull as the quality-control officer for analysis.

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Your job is one of the most important in Washington, and one of the toughest. You are playing "Bet your country's future" every day. History has not been kind to your immediate predecessors. They got famous in the worst ways. Good luck. You're going to need it.

WAR NEWS:

Blast Kills 66 In Baghdad Shiite District (AP-Y2)

By Robert H. Reid, Associated Press Writer

AP2, July 2, 2006

A huge car bomb exploded Saturday at a bustling outdoor market in a Shiite district of Baghdad, killing at least 66 people and injuring about 100. It was the deadliest attack since the new national unity government took office six weeks ago and one of the biggest this year.

Shortly before the midmorning blast, gunmen seized a female Sunni legislator at a checkpoint in a Shiite area of the capital. Both attacks represented a major challenge to Prime Minister Nouri al-Maliki's vow to curb sectarian violence that threatens to plunge Iraq into civil war.

In an audio recording posted on the Internet, al-Qaida leader Osama bin Laden endorsed the successor to the slain leader of his network in Iraq and warned the country's Shiites against collaborating with the Americans in the fight against Sunni insurgents.

The comments threatened to sharpen the conflict between Shiites and Sunnis even as al-Maliki and his American allies struggled to heal the breach between the country's major religious communities.

The market bombing appeared timed to cause a maximum number of casualties among civilians doing their weekend shopping. It blew some victims onto the roofs of nearby two-story buildings and sent a plume of gray smoke billowing into the sky above Sadr City, stronghold of radical cleric Muqtada al-Sadr.

Rescuers sprinted through streets littered with debris of shattered market stalls. Emergency crews bundled the wounded into ambulances and private cars and rushed them to hospitals. Late Saturday, Iraqi state television reported that 66 people died and about 100 were wounded.

The bombing was the deadliest since an April 7 suicide attack that killed 87 people at a Shiite mosque in Baghdad.

A statement posted Saturday on the Internet claimed responsibility for the Sadr City blast in the name of the "Sunna Supporters Group" in retaliation for Shiite attacks on Sunnis. The statement, whose authenticity could not be verified, accused Shiites of killing Sunnis and raping Sunni women in detention.

"Your mujahedeen brothers decided to teach the Shiites a lesson that they will not forget as long as they live," the statement said.

Even before the statement appeared, bystanders in Sadr City blamed Sunni extremists, such as al-Qaida in Iraq, whose leader Abu Musab al-Zarqawi was killed in a U.S. airstrike June 7.

"Give us the green light to attack and finish them for once and for all," a group of young men shouted, referring to Sunni militants.

A few miles from the blast, gunmen seized lawmaker Tayseer al-Mashhadani and seven of her bodyguards at a checkpoint in a Shiite area of eastern Baghdad. Officials said she was traveling to Baghdad from her home in nearly Diyala province, a hotbed of sectarian violence, to attend a parliament session Sunday. One of her bodyguards escaped, officials said.

Al-Mashhadani's colleagues in the Iraqi Islamic Party, the largest Sunni political organization, blamed the ministers of interior and defense for failing to restore security in the capital. A party statement alleged that some of the kidnappers carried government-issue weapons.

A top party official, Ayad al-Sammaraie, said such kidnappings were aimed at undermining steps toward national reconciliation by fueling animosity among Iraqis so "they cannot sit together and talk."

The U.S. Embassy condemned the kidnapping as an attempt to stoke sectarian tension and demanded her immediate release.

"We note that Ms. al-Mashhadani is an elected representative of the people of Iraq and that this act is repugnant to all who believe in the right of Iraqis to participate in their country's democracy," the embassy said.

The latest violence occurred as al-Maliki, a Shiite, left for a tour of Persian Gulf countries to brief leaders on his plans for national reconciliation, including amnesty for Sunni Arab insurgents and efforts to heal the Shiite-Sunni rift.

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Al-Maliki's first stop was Saudi Arabia, whose government fears that sectarian violence in Iraq could spill over into neighboring countries that are dominated by Sunnis but with large Shiite communities. He is also to visit Kuwait and the United Arab Emirates.

As part of the reconciliation plan, Iraqi and U.S. authorities Saturday freed 495 prisoners from U.S. jails across Iraq, completing a mass release announced by al-Maliki last month. Most of the prisoners were believed to be Sunnis.

"We are prepared in consultation with the Iraqi leaders to make future prisoner releases and to take other concrete steps to facilitate reconciliation," U.S. Ambassador Zalmay Khalilzad said in a statement. "As the government moves forward with these steps, it can count on support from the U.S. government."

U.S. and Iraqi officials had hoped that installation of a new unity government of Shiites, Sunnis and Kurds would stem the violence and encourage armed groups to join the political process. Those hopes were buoyed by the death of al-Zarqawi in an airstrike June 7.

However, more than 700 Iraqi civilians and security forces have died violently since al-Zarqawi's death, according to Associated Press figures.

In his Internet statement, bin Laden endorsed Abu Hamza al-Muhajer, named by the terror network as al-Zarqawi's successor, and urged him to step up "the struggle" in Iraq. Bin Laden also warned Iraqi Shiites they "cannot just take part with America and its allies" in the war against Sunni militants "and expect that their areas will be safe from a reaction and harm."

Two American service members died of non-combat related injuries in two separate incidents, the U.S. military announced.

One was assigned to the Army's 43rd Military Police Brigade. The other was an Air Force member assigned to the 886th Expeditionary Security Forces Squadron at Camp Bucca in southern Iraq, the Air Force said in a separate statement.

No further details were released and names of the victims were withheld pending notification of kin.

Elsewhere, police found a grave in Baghdad containing bodies of at least six men who appeared to have been shot more than a month ago, Lt. Thaer Mahmoud said. The identities of the men were unknown, but their bodies were discovered in a Baghdad area notorious for sectarian killings.

New details emerged into allegations that U.S. soldiers raped an Iraqi woman south of Baghdad in March, then killed her and three family members.

A U.S. official familiar with the investigation told The Associated Press that the soldiers allegedly plotted the attack for about a week. The official, who spoke on condition of anonymity because the case is under investigation, said the soldiers doused the woman's body with flammable liquid and burned it to cover up the assault.

U.S. officials said they knew of the deaths but thought the victims died due to sectarian violence. Police Capt. Ihsan Abdul-Rahman said Iraqi officials received a report March 13 alleging that U.S. soldiers had killed the family, but did not pass that report to the U.S.

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Associated Press writers Bassem Mroue, Sameer N. Yacoub and Bushra Juhi in Baghdad and Ryan Lenz in Beiji contributed to this report.

G.I.'s Investigated In Slayings Of 4 And Rape In Iraq (NYT)

By Edward Wong

The New York Times, July 1, 2006

BAGHDAD, Iraq, June 30 — The American military is investigating accusations that soldiers raped an Iraqi woman in her home and killed her and three family members, including a child, American officials said Friday.

The investigation is the fourth into suspected killings of unarmed Iraqis by American soldiers announced by the military in June. In May, it was disclosed that the military was conducting an inquiry into the deaths of 24 civilians in Haditha last November.

The alleged rape and killings took place March 12 in the vicinity of the volatile market town of Mahmudiya, an insurgent stronghold about 20 miles south of Baghdad. The killing of the family was originally reported by the military as due to "insurgent activity," American officials said.

A senior police official in Mahmudiya said in a telephone interview that he received a report of the killings in March. The victims were a woman, her child, her husband and the husband's brother, he said. The official, who spoke on the condition of anonymity for fear of reprisals, said a sheik from the family's tribe immediately reported the episode to the police.

The American investigation began June 24, one day after two soldiers "reported alleged coalition force involvement" in the deaths of the Iraqi civilians, the military said in a written statement. A preliminary inquiry conducted after that report determined that there was sufficient evidence to merit a criminal investigation, the military said.

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"This is going to be a by-the-numbers, by-the-book investigation," Maj. Todd Breasseale, a military spokesman, said in a telephone interview. He said Maj. Gen. J. D. Thurman, commander of the Fourth Infantry Division, which oversees the capital and areas immediately to the south, ordered an inquiry "the minute he got the news."

The American officials, who spoke anonymously because they were not authorized to speak publicly about possible criminal proceedings, said the investigation involved five soldiers from the 502nd Infantry Regiment, attached to the Fourth Infantry Division.

A senior American official confirmed several details first reported by The Associated Press on Friday, including that the soldiers were accused of raping the woman, before killing her and three other family members and possibly burning her body. An Army official in Washington also confirmed that the inquiry was focused on soldiers of the 502nd Infantry Regiment, adding, "The allegation is one of rape and murder."

Earlier this month, two soldiers from the same unit were abducted while guarding a traffic control point in the town of Yusufiya and killed by insurgents, and their mutilated bodies were later found along a road booby-trapped with hidden explosives. A third soldier was killed in Yusufiya at the time of the ambush.

The alleged rape and killings came to light after a soldier felt compelled to talk about it in a "counseling-type session," after the discovery of the bodies of his kidnapped colleagues, The Associated Press reported. The soldier who originally disclosed the alleged killings had heard about them but had not taken part in them, The A.P. said.

One soldier has admitted his role and has been arrested; others have had their weapons taken away and are confined to their base in Mahmudiya, American officials said. The soldiers under investigation are apparently from the same platoon as the three killed in Yusufiya.

Both Mahmudiya and Yusufiya are in the so-called Triangle of Death, an extremely dangerous area along the Euphrates River valley that has become a melting pot of insurgents, criminal gangs and lawless tribes. The American military considers the region a crucial strategic approach to Baghdad, with important highways running south to the holy city of Najaf and the oil center of Basra, but has never been able to establish control in the region.

This latest investigation comes at a time of increasing scrutiny over the killings of civilians by American troops in Iraq. In Haditha, marines are accused of executing as many as 24 unarmed civilians after a fellow marine was killed by a roadside bomb. On June 1, as the political furor over Haditha was building, the Iraqi prime minister, Nuri Kamal al-Maliki, lashed out at the American military, saying that violence against Iraqi civilians by American troops was a "regular occurrence."

Major Breasseale said Friday that he did not know when results of the Haditha investigation would be made public.

In June, the Army charged four American soldiers suspected of killing three detainees in Iraq and then threatening another American soldier with death if he reported the shootings.

Two days later, the Marine Corps said it had charged seven marines and one Navy corpsman with murder and kidnapping in the April killing of an Iraqi man in a village on the western outskirts of Baghdad. In that episode, the assailants are accused of planting a Kalashnikov rifle and shovel by the body of the victim to frame him as an insurgent after shooting him in the face four times.

Last Sunday, the military said two members of the Pennsylvania National Guard had been charged with involuntary manslaughter in the fatal shooting of an unarmed Iraqi man on Feb. 15.

The announcement of the investigation in Mahmudiya came as the military said Friday that three soldiers had been killed in separate combat incidents. One died Thursday night in a bombing during a foot patrol south of Baghdad. Another was killed in an explosion while on patrol on Thursday night near Balad, north of the capital; that blast also wounded a soldier. The third death occurred Thursday in the northern city of Mosul, when a soldier was killed by small-arms fire.

At least 60 American soldiers died in Iraq in June, a slight decline from 69 in May and 76 in April. Yet, that was almost twice as many as in March, which, at 31, had the second-lowest monthly fatality count of the war. Until the sharp spike in April, American fatalities had been dropping for five straight months. American commanders at the time attributed the decline to a shift by insurgents to concentrating attacks on Iraqi civilians and local security forces, and to the fact that Americans were leaving their bases less often on operations and patrols.

Lt. Col. Barry Johnson, a spokesman for the American command, said he saw no clear reason for the rise in fatalities after March or the small drop in June. "We are not inclined to attribute the rise and fall in numbers to any particular factor," he said. "Coalition forces remain a priority target for terrorists and insurgents, even though we've also seen a steady increase in attacks on civilians and Iraqi security forces as their primary targets."

Deaths of Iraqi civilians dropped in June from previous months, according to a rough estimate by the Iraq Coalition Casualty Count, an independent Web site. At least 840 Iraqi civilians died in June, compared with an all-time high of 1,100 the previous month, according to the site, which counts deaths from news reports. The June toll was about the same as that in February, the month that hundreds of civilians were killed in sectarian bloodletting after the bombing of a sacred Shiite shrine.

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Three civilians were killed Friday when a bomb exploded in a minibus in Kirkuk, and an Iraqi soldier died in another bombing in the west of the city, police officials said. Gunmen killed five Iraqi soldiers at a checkpoint south of Kirkuk. At least 21 bodies were found across Iraq, many showing signs of torture. One of them was a boy in Baghdad between the ages of 4 and 6 who had been tortured and shot in the head, an Interior Ministry official said.

The Russian government offered $10 million for information leading to the killers of five Russian Embassy workers here. On Wednesday, President Vladimir V. Putin ordered Russian special services to hunt down and kill those responsible.

In an Internet audio message posted Thursday night, Osama bin Laden praised Abu Musab al-Zarqawi, the Jordanian militant killed in an American airstrike this month. Mr. bin Laden defended the copious bloodshed engineered by Mr. Zarqawi and his group, Al Qaeda in Mesopotamia, saying that Mr. Zarqawi "had clear instructions to concentrate his fighting on the occupying invaders" and "make neutral those who wished to be neutral," according to a translation by the SITE Institute, which tracks jihadist Internet postings. Mr. bin Laden vowed that the struggle would continue in Iraq and demanded that the ruler of Jordan, King Abdullah II, allow Mr. Zarqawi to be buried in his hometown of Zarqa, Jordan.

Troops Facing Murder Probe (WP)

By Jonathan Finer

The Washington Post, July 1, 2006

Atrocities Against Iraqi Family Alleged

BAGHDAD, June 30 -- The U.S. Army is investigating allegations that American soldiers raped and killed a woman and killed three of her family members in a town south of Baghdad, then reported the incident as an insurgent attack, a military official said Friday.

The alleged crimes occurred in March in the insurgent hotbed of Mahmudiyah. The four soldiers involved, from the 502nd Infantry Regiment, attempted to burn the family's home to the ground and blamed insurgents for the carnage, according to a military official familiar with the investigation, who spoke on condition of anonymity because he was providing details not released publicly.

No charges have yet been filed in the case, which the official said was "in the very early stages."

Maj. Gen James D. Thurman, commander of the Army's 4th Infantry Division, to which the 502nd is attached, ordered the investigation into the killings more than a week ago, according to a terse statement released by the military Friday. A preliminary inquiry "found sufficient information existed to recommend a criminal investigation into the incident," the statement said.

Also Friday, the military reported the deaths of three soldiers in insurgent attacks Thursday. One was killed by a roadside bomb while on foot patrol in Baghdad. Another died in a roadside bomb attack in Balad, north of Baghdad. The third was killed by small-arms fire in the northern city of Mosul. No further information was provided.

The case in Mahmudiyah, a rural town in a Sunni Arab region dubbed the Triangle of Death for the insurgent attacks and crimes that are common there, was the latest in a string of allegations of unlawful killings -- and subsequent coverups -- by U.S. forces in recent months, beginning with reports in March that Marines killed 24 unarmed civilians in the western town of Haditha. Investigations continue into that case.

In June, seven Marines and a Navy corpsman were charged with murder and other crimes related to the shooting death of a crippled man in Hamdaniya, west of Baghdad. Residents there said the soldiers planted a rifle and a shovel near the victim's body to make it look as if he had been burying roadside bombs.

Later in June, three soldiers were charged with murdering three Iraqi detainees in U.S. custody and threatening to kill another soldier who saw the incident. And last week, two Pennsylvania National Guardsmen were charged with murder in the shooting death of an unarmed man in the western city of Ramadi and with trying to cover up the crime.

At least 14 U.S. service members have been convicted of crimes related to the deaths of Iraqi civilians or detainees, according to the Associated Press. Investigations have intensified in recent months following the high-profile Haditha allegations, pressure from the Iraqi government on military commanders to curtail excessive force by soldiers, and an initiative by Lt. Gen. Peter Chiarelli, the top U.S. ground commander in Iraq, to cut down on civilian casualties.

But the prospect that soldiers may have committed rape could make the Mahmudiyah allegations particularly incendiary. Charges that U.S. forces have killed civilians come as little shock to many Iraqis, but sex crimes -- especially those perpetrated against Muslim women by someone outside the faith -- can generate greater outrage in the Islamic world. The 2004 Abu Ghraib prison abuse scandal inflamed passions in large part because of the sexual humiliations detainees suffered.

Ammar Jabouri, a spokesman for the Iraqi Islamic Party, Iraq's largest Sunni Arab political organization and a frequent critic of U.S. actions against Iraqi civilians, said he was unaware of previous charges of rape against American soldiers.

Jabouri said that when he and others have spoken to U.S. officials about abuses by troops, the officials "explain it as 'reckless behavior by soldiers under stress.' They promise to investigate, but nothing comes out of that."

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The unit in Mahmudiyah had attributed the deaths of the four civilians to "insurgent activity, which is common in the area," until two soldiers from the 502nd came forward June 23 to say U.S. troops were responsible, the military official said. An investigation began the next day. Three of the soldiers are still in Iraq, and one has been discharged for reasons unrelated to the case, he said. None is under confinement.

"They cannot be held until or unless there is enough evidence," the official said.

Mahmudiyah police Capt. Maaly Hassan Felayh said the alleged killings in March took place in a rural neighborhood called Stream Three, three miles south of the town center.

It was one of three cases since February in which U.S. forces killed Iraqi troops in the area, he said, including a shooting at a checkpoint in April that left 11 Iraqis dead.

Another local resident, Sadeq Muhammed al-Janabi, a farmer, said the woman who was raped and killed was an elementary school teacher.

In mid-June, two other members of the same brigade were abducted, their bodies later found mutilated in the town of Yusufiyah, near Mahmudiyah. The soldiers under investigation for the killings in Mahmudiyah were from the same platoon as those later abducted and killed, the AP reported, citing an account provided by an unnamed official with the unit who said the incidents were unrelated. Platoons usually number about 40 soldiers.

The AP, whose reporter was embedded with the 502nd in early June, also reported Friday that at least one soldier had confessed to involvement in the alleged crimes and was motivated to come forward when his fellow soldiers were kidnapped and murdered.

Elsewhere in Iraq on Friday, Shiite cleric Moqtada al-Sadr called on followers to prepare themselves to go to the predominantly Sunni Arab northern city of Samarra to help rebuild a Shiite shrine damaged in a February bombing that triggered months of sectarian violence. "Believers inside and outside Iraq should register their names as volunteers to build and protect the holy shrine," said Sadr, whose Mahdi Army militia terrorized Sunni neighborhoods following the bombing of Samarra's Askariya Shrine.

In Baghdad, the Association of Muslim Scholars, an influential Sunni religious organization with close ties to some Iraqi insurgent groups, rejected a plan for reconciliation between Iraq's rival sects proposed by Shiite Prime Minister Nouri al-Maliki. Maliki offered amnesty to insurgents who had not committed major crimes and said some insurgent groups had responded positively to the offer.

But in an interview with the Agence France-Presse news agency, Muthana Hareth Dhari, a Muslim Scholars official, said that "the main resistance factions have rejected" the plan and called it "nothing but a public relations campaign to brighten the image of the government."

Correspondent Ellen Knickmeyer, special correspondents Naseer Nouri and K.I. Ibrahim and other Washington Post staff in Iraq contributed to this report.

Army Probes Iraq Family Deaths (WT)

By Rowan Scarborough, The Washington Times

The Washington Times, July 1, 2006

The Army has opened a criminal investigation into charges that soldiers murdered an Iraqi family south of Baghdad last month, marking the fourth such ongoing probe of American personnel in the war.

At the Pentagon, a top U.S. commander in Baghdad said yesterday that attacks have gone up, not down, since new Prime Minister Nouri al-Maliki ordered a citywide crackdown.

Army Col. Jeffrey J. Snow, a brigade commander in the 10th Mountain Division, also openly worried that negative press coverage of the war will sap the American public's support for the troops.

"I think sometimes we just focus a little bit too much attention to, you know, [improvised explosive devices], and kidnappings and murders," Col. Snow said.

The command in Baghdad said Maj. Gen. James D. Thurman, who heads all forces in and around Baghdad, had asked the Army Criminal Investigative Division to probe whether five soldiers were involved in killing an Iraqi family of four in the town of Mahmoudiyah, in the so-called Triangle of Death.

The probe follows the brutal killings by insurgents in the area of two Army soldiers who belonged to the same platoon as those now being investigated in connection with murder. The time of the family's killing is not clear, but it occurred during a time when Lt. Gen. Peter Chiarelli, the overall battlefield commander, ordered retraining on core values for every soldier and Marine, especially on the issue of protecting noncombatants.

Ryan Lenza, an Associated Press reporter embedded with Army troops, reported that one soldier admitted to his role in the killings and was arrested. The Army says no soldier has been formally charged.

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The disclosure of yet another slaying probe promises to complicate the ongoing process of Mr. al-Maliki trying to coax Sunni Muslim opposition and tribal leaders to join his new government. Foreign terrorists use such purported incidents of U.S. abuse to inflame the Sunni community, which lost power to the Shi'ites in December elections, and to recruit terrorists to come to Iraq.

The Naval Criminal Investigative Service is now investigating the suspected killing of 24 Iraqis in Haditha by Marines, and criminal defense lawyers expect murder charges to be filed. The Marine Corps already has charged seven Marines and a sailor with murder in the death of an Iraqi man on April 26. And, the Army has filed murder charges against four soldiers in the death of male detainees.

At the Pentagon, Col. Snow said via a conference call from Iraq that he worries that a "political decision" in Washington may cut short the mission. Some Democrats have demanded a definite pullout date for U.S. troops, but the Senate and House voted down those proposals.

Col. Snow, who listed a number of achievements by his brigades in Sunni and Shi'ite neighborhoods of west Baghdad, said he also worries about bad press.

"This war is a battle of wills," he said. "The insurgents will never defeat our soldiers' will to fight -- ever. So they've taken aim at the willpower of the American people. Our soldiers may be in the cross hairs ever day, but it is the American voter who is the real target, and it is the media that carries the message back each day across the airwaves.

"So when the news is not balanced and it's always bad, that clearly leads to negative perceptions back home. Now, I'm not saying bad things don't happen. They do. But there are also good things going on, and we are making progress."

Pressed to document the progress in terms of enemy attacks, Col. Snow said, "Attacks here recently are up in our area. However, the effectiveness, the overall effectiveness of them, down." He said the increase stems from his brigade conducting more patrols and checkpoints to put pressure on insurgents.

4 Soldiers Accused Of Iraq Rape, Killings (LAT)

By Solomon Moore And Peter Spiegel, Times Staff Writers

The Los Angeles Times, July 1, 2006

BAGHDAD — The U.S. military is investigating U.S. soldiers accused of raping an Iraqi woman near their guard post, killing her and three family members and burning their home with the bodies inside.

The rape and murder case, announced Friday, was opened by the military a week ago after two U.S. soldiers came forward with information about the March 12 deaths in the town of Mahmoudiya, south of Baghdad.

A terse statement issued Friday by the Army said that on June 23, the two soldiers reported the alleged American involvement and that a preliminary investigation found sufficient evidence to continue.

Four soldiers are under investigation in the case.

"We found out when someone spilled their guts," said a U.S. military official with knowledge of the inquiry, which is being conducted by the Army Criminal Investigation Command under orders from Maj. Gen. James D. Thurman, commander of the 4th Infantry Division.

"There is a lot of heat on the leadership," the official said. "This is the last thing we need."

The rape allegations are potentially explosive in a Muslim nation where tribal customs often enforce female chastity under penalty of death.

Previous reports of American servicemen killing civilians have led Iraqis to call for Washington to withdraw its troops.

The deaths in March occurred in the same area as the kidnapping and killing last month of two Army privates, an Army official said, and involve the same unit — the 502nd Infantry Regiment, which is attached to the 4th Infantry Division — but it was unclear whether there was a connection between the deaths of the family members in Mahmoudiya and the June 16 attack on the U.S. soldiers at an observation post near Yousifiya.

One soldier was killed in the attack and two were kidnapped. Days later, their bodies were found mutilated and booby-trapped with explosives near a Yousifiya power plant complex.

Yousifiya and Mahmoudiya lie along the Euphrates River, in an area many Iraqis call the "Triangle of Death" because of the level of insurgent violence. Scores of Iraqis, especially Shiite Muslims traveling to southern Iraq, have been killed in the region, and U.S. military officials said Abu Musab Zarqawi, the recently slain leader of Al Qaeda in Iraq, might have hidden out in the palm-fringed villages.

The Army official, speaking on condition of anonymity because the investigation is continuing, said the soldiers in the unit were in a "combat stress debriefing" a week after the kidnapping incident to deal with any psychological issues stemming from it. At the session, the official said, a soldier told his superiors that he had heard of other members in the unit who were involved in the rape of a woman and the killing of three others.

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The investigation turned up another witness, who said he had heard the same account and added that the soldiers involved were seen with blood on their uniforms.

Military investigators now believe that two soldiers raped the woman and that one of them killed her and three other people — two adults and a child — in the house.

The incident was initially reported as "insurgent activity," the military source said.

The soldiers have been confined to their base and stripped of their weapons, said the source, who also spoke on condition of anonymity because of the investigation.

However, the Army official said one of the soldiers had been discharged and was back in the United States, where the military was working with civilian authorities to track him down.

Recent allegations of servicemen killing unarmed Iraqi civilians have led to several investigations by the U.S. military.

After a Time magazine article in March alleged that Marines had killed 24 Iraqi civilians, including 10 women and children, in the western town of Haditha on Nov. 19, the military launched an investigation of the incident and of the possibility that military officials had conspired to cover it up.

The military is also investigating seven Marines and a Navy corpsman in connection with the April 26 slaying of an Iraqi civilian in Hamandiya, west of Baghdad. That case also involves a possible cover-up.

Last week, military officials announced that two soldiers had been charged with voluntary manslaughter in the shooting death of an unarmed Ramadi resident Feb. 15. The soldiers are accused of trying to make it appear that the man was an insurgent by placing a rifle next to his body.

In the Mahmoudiya case, investigators are trying to determine whether the bodies were burned to destroy evidence of a crime.

Muayed Fadil, the mayor of Yousifiya, said that investigators called him Thursday to ask about the deaths and that he found it unusual that they were so interested in this particular family.

"They said, 'We want to know their names, where they were living, how they were killed,' " he said. "They asked me, 'Do you know their relatives or the chief of their tribe?' I told them I will work to find out who their relatives are."

He said the investigators did not divulge that U.S. soldiers had been accused in the deaths.

The military source acknowledged that it was unusual for such a small contingent of soldiers to be operating alone in Iraq. Generally, U.S. troops travel in convoys. The lack of manpower south of Baghdad is a chronic problem and may have led commanders to stretch their forces thin, the source said.

"I don't want to speculate on what the commander down there was thinking, but I don't know why he had his troops arrayed that way," the source said. "I do know there's a lack of manpower down there."

An investigation of the deaths of the three American soldiers last month seeks to determine why they were alone at their observation post outside the base. The source said lack of manpower might have been a factor in that case as well.

Violence continued to flare in the country Friday. The worst involved a battle between Shiites and Sunni Arabs in a village northeast of Baghdad stemming from a bombing this week that killed at least 25 people.

As Iraqi police officers attempted to break up the conflict, snipers killed the head of the police force and two of his bodyguards. American and Iraqi troops then entered the battle, killing three fighters and wounding three.

The Sunnis were attacked while they were moving out of the village of Daliqiya after being threatened by Shiite residents in the religiously mixed hamlet, officials said.

A U.S. Marine was killed Wednesday during combat operations in Al Anbar province, officials said. Two soldiers were killed and one was wounded while on patrol Thursday near Baghdad and Balad. The names of the casualties were not released, pending notification of relatives.

Also Friday, Russia said it would pay $10 million for information about the killers of five of its embassy workers in Iraq. The announcement came two days after President Vladimir V. Putin ordered special forces to hunt down and kill the assailants.

Four Russians seized in early June were killed and a fifth was slain during the abduction. Insurgents videotaped the execution of two of the men. The militants had demanded that Russia pull its troops out of Chechnya, a predominantly Muslim republic in southern Russia.

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Moore reported from Baghdad and Spiegel from Washington. Times staff writers J. Michael Kennedy and Saif Hameed in Baghdad, correspondent Saad Fakhrildeen in Najaf and Times correspondents in Baqubah contributed to this report.

Criminal Cases Against U.S. Soldiers (AP-Y2)

By The Associated Press

AP2, July 1, 2006

A look at criminal cases against U.S. soldiers stemming from the deaths of Iraqis since the war began in 2003:

PENDING CASES:

_Pfc. Corey R. Clagett, Spc. Juston R. Graber, Staff Sgt. Raymond L. Girouard and Spc. William B. Hunsaker charged with premeditated murder of three male detainees in Salahuddin province in May. Clagett, Girouard and Hunsaker also charged with obstructing justice for allegedly threatening to kill another soldier who was a witness in the case.

_Hospitalman Third Class Melson J. Bacos; Sgt. Lawrence G. Hutchins III; Lance Cpl. Tyler A. Jackson; Pfc. John J. Jodka; Cpl. Marshall L. Magincalda; Lance Cpl. Robert B. Pennington; Lance Cpl. Jerry E. Shumate Jr.; and Marine Cpl. Trent D. Thomas charged with premeditated murder in April shooting death of Iraqi man in Hamdania. All eight also charged with kidnapping, larceny, conspiracy, assault and housebreaking.

_Five U.S. Army soldiers from 502nd Infantry Regiment being investigated for allegedly raping a young woman in March, then killing her and three members of her family in Mahmoudiyah, south of Baghdad, a U.S. military official tells The Associated Press.

_National Guard Sgt. Milton Ortiz Jr. and Spc. Nathan B. Lynn charged in shooting death of unarmed Iraqi man near Ramadi in February. Both also charged with obstructing justice. Lynn charged with voluntary manslaughter. Ortiz also faces charges of assault and communicating a threat in separate incident involving another Iraqi man.

_Capt. James Kimber, Capt. Lucas M. McConnell, Staff Sgt. Frank D. Wuterich and an unidentified Marine under investigation for killings of two dozen unarmed Iraqi civilians in western town of Haditha on Nov. 19, 2005 in revenge attack after one of their own died in a roadside bombing. Probe focusing on allegations that the Marines stormed into nearby homes and shot occupants as well as others outside, according to U.S. lawmakers briefed by military officials. Separately, the military also investigating if there was a coverup. Iraqi government said it will also investigate.

_Chief Warrant Officer Jefferson L. Williams, Sgt. 1st Class William Sommer and Spc. Jerry Loper charged with murder and dereliction of duty, along with Chief Warrant Officer Lewis Welshofer, an incident in resulting in death of Iraqi Maj. Gen. Abed Hamed Mowhoush after an interrogation in 2003 at a detention camp in al Qaim. Army dropped murder charges against Williams and Loper in exchange for testimony against Welshofer. Murder charge against Sommer also dropped. Both Sommer and Williams face possible administrative discipline.

CONVICTIONS:

_Staff Sgt. Cardenas J. Alban convicted of killing severely wounded 16-year-old Iraqi during fighting in Baghdad's Sadr City neighborhood. Sentenced to one year's confinement, demoted to private and given bad-conduct discharge.

_Staff Sgt. Johnny Horne Jr. pleaded guilty to unpremeditated murder in same case as Alban. Sentenced to three years in prison, had rank reduced to private, forfeited wages and given dishonorable discharge. Horne's prison sentence later reduced to one year.

_Cpl. Dustin Berg of Indiana National Guard convicted and sentenced to 18 months in military prison for shooting death of Iraqi police officer.

_Spc. Rami Dajani convicted of making a false statement following fatal shooting of Iraqi translator. Sentenced to 18 months' confinement and given a reduction in rank and bad conduct discharge.

_Spc. Charley L. Hooser convicted of involuntary manslaughter in same case involving Dajani. Hooser sentenced to three years in prison and given a reduction in rank and bad conduct discharge. Also convicted of making a false statement to investigators.

_Capt. Rogelio "Roger" Maynulet convicted of assault with intent to commit voluntary manslaughter in shooting death of wounded Iraqi. Received no prison time but was dismissed from armed forces.

_Pvt. Federico Daniel Merida of North Carolina National Guard pleaded guilty to killing 17-year-old Iraqi soldier after the two had consensual sex. Sentenced to 25 years in prison, given a reduction in rank and was dishonorably discharged.

_Marine Maj. Clarke Paulus convicted of dereliction of duty and maltreatment in case stemming from death of Iraqi prisoner who was dragged out of holding cell by the neck, stripped naked and left outside for seven hours in June 2003. Paulus, who commanded the Marine detention facility Camp Whitehorse in southern Iraq, was dismissed from the service but received no prison time.

_Sgt. 1st Class Tracy Perkins acquitted of involuntary manslaughter in alleged drowning of Iraqi man but convicted of assault for forcing the man and his cousin into Tigris River. Sentenced to six months in prison.

_1st Lt. Jack Saville pleaded guilty to assault and other crimes in same incident as Perkins. Sentenced to 45 days in military prison.

_Pfc. Edward Richmond convicted of voluntary manslaughter for shooting Iraqi in back of head. Received three years in prison.

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_Sgt. Michael P. Williams convicted in court-martial of one count of premeditated murder and one count of unpremeditated murder in deaths of unarmed civilians during operations near Sadr City. Sentenced to life in prison and given a reduction in rank. Sentence later reduced to 25 years.

_Spc. Brent May convicted in court-martial of one count of unpremeditated murder in same incident as Michael Williams. Sentenced to five years in prison.

_Welshofer, of 3rd Armored Cavalry Regiment, initially charged with murder, assault and willful dereliction of duty but found guilty of negligent homicide and negligent dereliction of duty in death of Mowhoush. Military jury ordered a reprimand and forfeiture of $6,000 of his salary and restricted him to his home, office and church for two months.

CLEARED/ACQUITTED:

_U.S. troops cleared of intentionally killing civilians in March 15 raid in village of Ishaqi. Military acknowledged "possibly up to nine collateral deaths" in addition to four announced at time of the raid. Iraqis said there were 11 dead.

_Marine 2nd Lt. Ilario Pantano cleared of murder charges in shooting deaths of two Iraqi civilians.

_Staff Sgt. Shane Werst acquitted by jury of premeditated murder for shooting death of unarmed Iraqi.

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Information compiled by The Associated Press News and Information Research Center.

Four U.S. Service Members Killed In Iraq (WP)

The Washington Post, July 1, 2006

The U.S. military has announced the deaths of a Marine and three soldiers from fighting in recent days in Iraq. The names of all four were withheld pending notification of their families.

The Marine was wounded Wednesday, during fighting in Anbar province. Military officials announced his death in a statement e-mailed to news outlets this morning. The statement said the Marine was assigned to Regimental Combat Team 5.

A separate statement said a soldier from the 172nd Stryker Brigade combat team died Thursday from small-arms fire in Mosul.

Another soldier was killed in a bomb explosion Thursday on a foot patrol south of Baghdad.

The fourth fatality was a soldier with the 1/34 Brigade Combat Team who died after his vehicle hit an improvised explosive device near Balad. Another soldier was injured in that attack.

More than 2,500 U.S. military personnel have been killed in Iraq since the March 2003 invasion.

-- From Staff Reports

Troops In Ramadi Learn To Live With Danger (AP-Y2)

By Antonio Castaneda, Associated Press Writer

AP2, July 1, 2006

The hole in the ceiling is just a way to let out steam for the soldiers showering inside a damaged trailer in Ramadi, one of Iraq's most dangerous cities.

But each knows how that hole was created. A mortar round came through the trailer roof a few weeks ago and could have killed everyone inside had it detonated. Most mortars are not so benign, and there are many here.

The Iraq war for most troops is fleeting; brief ambushes or sudden, powerful roadside bombings. But in this troubled city, the capital of deadly Anbar province, the conflict is nearly constant. Gunbattles in the streets are common and mortars rain down on the bases every week.

On the eastern edge of town at Camp Corregidor, a base named after a famous World War II battle in the Philippines, U.S. soldiers regularly hunker down during "indirect fire" attacks or what they generally call "incoming" — military vernacular for inbound rockets or mortars.

The attacks happen at least three times a week, soldiers say, and usually end with explosions that miss their target. Sometimes the mortars hit nearby neighborhoods, maiming and killing civilians.

But the insurgents also have taken a toll on U.S. troops. This week a soldier at an outpost a few blocks from Camp Corregidor was killed by a mortar. Several soldiers have been wounded by shrapnel.

Many soldiers say they have adjusted to this life under regular fire. They say the attacks rarely injure soldiers or hamper operations, although they have many tales of near-misses.

"My latrines took two 60 millimeter mortars, my shower trailer has been disabled by 80 millimeter mortars, and it's not uncommon for us to pick pieces of shrapnel from the side of building," said Capt. Joe Claburn, 29, of the 1st Battalion, 506th Regiment, 101st Airborne Division. "We get mortared so much that we don't even flinch anymore."

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But others privately acknowledge that the mortars, which thunder throughout the base at all hours, have caused nightmares and took awhile to get used to.

"When we first got here it bothered me. We thought every loud sound was a mortar until we got used to it," said Spc. Lemuel Ross, 24, of Richmond, Va., speaking outside a building that was hit by a rocket-propelled grenade earlier in the year.

The regular insurgent attacks have changed the face of this base, which once was an agricultural college. Troops have piled sandbags on the roofs as protection. Latrines and sidewalks are surrounded by thick concrete walls to deflect shrapnel.

In early June, the military launched an operation to establish new outposts and solidly install U.S. and Iraqi troops in the troubled city 70 miles west of Baghdad.

Some soldiers, desensitized to the attacks, speak of them with fatalistic phrases common in military ranks.

"Mortars are the least of my worries. We look at it this way: If it's going to happen, it's going to happen," said Spc. Milton O'Neal, 20, of Chicago, as he dribbled a basketball during a break between missions.

"Sometimes it's an annoyance if you're in the latrines with your pants down," said Staff Sgt. David Rogers, 26, of Cleveland.

Some attacks seem linked to outside events. For example, shortly after terror leader Abu Musab al-Zarqawi was killed on June 7, soldiers said more than 10 mortars fell on Camp Corregidor.

Other times, insurgents often fire during hours when they think soldiers are congregated for lunch or dinner.

Soldiers walking on the base are required to wear their protective vests and helmets, even for short distances to latrines and shower stalls.

After mortars strike, soldiers are required to account for all members of their units.

While soldiers say that they're so used to explosions that they hardly stir from their sleep anymore, some attacks can hardly be ignored.

"When you hear a 120 (millimeter mortar), you can feel it, not just hear it," said O'Neal. "You know you can't just lie in bed for that one."

Iraq's Plan For National Reconciliation 'Opens Door To Political Resolution' (FT)

By Roula Khalaf, Middle East Editor

Financial Times, July 1, 2006

Iraq's national reconciliation initiative has paved the way for government contacts with insurgents and should be seen as only a first step towards a political solution to the conflict, according to Iraq's vice-president.

Adel Abdel-Mehdi, senior Shia official and vice-president in the new government, told the Financial Times that other measures would follow the plan unveiled last Sunday and deemed by many analysts to be vague and incomplete.

In an interview during a visit to London, Mr Abdel-Mehdi said contacts with insurgents had been going on for some time but the reconciliation plan had now made dialogue an official policy.

He also left the door open to a broadening of an am-nesty offer after Nuri al-Maliki, the prime minister, this week insisted it would exclude anyone who had killed American troops or Iraqis.

"What's important is not what they [the insurgents] did but what commitment we'll have on peace," said Mr Abdel-Mehdi. "In exceptional periods we need exceptional measures. We're willing to be flexible. We might go to a general or partial amnesty but we need to know what we're facing."

The reconciliation plan was sharply criticised by Mr Maliki's own allies as well as influential clerics from both of Iraq's main sects. But it broke a taboo for the dominant Shia parties, which had until then resisted contacts with insurgents.

And it was hailed by the main Sunni alliance, the Iraqi Consensus Front, which despite being a partner in government has until now been wary of associating itself with government policies. It has therefore provided greater consensus, allowing former rivals to begin working together to try to reduce the violence.

In recent days several small insurgent groups have contacted the government through intermediaries, according to officials in Baghdad, and some have come forward with demands. But given the localised and diffuse nature of the insurgency, it is far from clear whether any of these groups have any significant influence on the ground.

Mr Abdel-Mehdi acknow-ledged that the government lacked a clear picture of the insurgency. The reconciliation initiative was aimed at gaining a better understanding of the groups and identifying whether any, and how many, were ready for a political solution, he said.

"We don't know whois who and what theyreally represent, and how many are linked to al-Qaeda. So we have to see. Our assumption has been that they are remnants of the old regime. Maybe we're wrong," he said. "Now [with the reconciliation plan] there will be committees, con-tacts, meetings, mediators. It starts like that."

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He suggested insurgent leaders, unrelated to al-Qaeda, who might be identified could take part in an Arab League-backed nation-al reconciliation conference expected later this year.

However, efforts to calm the insurgency dominated by Sunni Arabs also depend on the government's ability to rein in the Shia militias. Well entrenched within the interior ministry, members of Shia militias are accused of waging a sectarian war against Sunni Arabs in mixed areas such as Baghdad, where dozens of Iraqis from all communities are killed every day.

Mr Abdel-Mehdi, who is a senior official from the Supreme Council for Islamic Revolution in Iraq (Sciri) - the Shia party that controls the Badr Organisation, one of the group accused of sectarian killings - insisted that the government would not allow anyone to operate "above the law".

But he acknowledged that the government faced a dilemma. To dismantle the militias it must show it is capable of providing security, which requires reducing the violence waged by insurgents. But curbing the powers of the militias is also essential to persuade insurgents to lay down their arms.

*In an internet audiotape posted yesterday Osama bin Laden praised Abu Musab al-Zarqawi, the leader of Iraq's al-Qaeda wing, who was killed by US forces last month.

Addressing US President George W. Bush, the head of al-Qaeda said: "Don't be too happy, for the banner [of al-Qaeda in Iraq] hasn't dropped but has passed from one lion of Islam to another lion."

Additional reporting by Steve Negus in Dubai

Iraq PM To Tour Gulf States To Push Peace Plan (AFP-Y2)

By Mona Salem

AFP, July 1, 2006

Iraq Prime Minister Nuri al-Maliki will on Saturday embark on his first trip abroad to garner support for his much-touted peace plan that has been rejected by the Sunni leaders and rebels.

The US military, meanwhile, said Friday it had ordered a probe into the alleged killing of four Iraqi civilians by US soldiers south of Baghdad last week, the latest in a string of such investigations.

And at least 14 people were killed in a string of attacks across the country, as Al-Qaeda leader Osama bin Laden warned that the jihad or holy war could continue despite the killing of the network's local leader Abu Musab al-Zarqawi three weeks ago.

Maliki is due to leave Saturday for Saudi Arabia, then the United Arab Emirates and Kuwait "to meet their leaders to discuss the national reconciliation plan," said Minister of State for National Dialogue Akram al-Hakim.

Maliki announced a national reconciliation plan last Sunday in a bid to stem the Shiite-Sunni violence ravaging Iraq. The plan, however, has already been rejected by a number of Sunni Arab leaders and rebel groups.

It is felt that Maliki's tour may help influence the former elite community of Sunni Arabs as many of its leaders have close ties with the oil-rich Arab states of the Gulf.

Iraq's influential Sunni Muslim Scholars Association leader Muthana Hareth al-Dhari dismissed Maliki's plan as little more than "a campaign of public relations for the government", adding it was "meaningless because he has excluded everyone."

He said it also aimed to encourage die-hard Sunni Arab parties like his own which refuse to accept the rise to power of the long-oppressed Shiites, to abandon their sympathies for armed struggle and join the political process.

Maliki has said he would only pardon those detainees held in US and Iraqi prisons who have committed no violent crimes and stressed there would be no amnesty to those who killed foreign troops, journalists or innocent Iraqis.

More than 2,500 detainees have been freed this month from US and Iraqi prisons as part of the plan.

Maliki said Wednesday he had been contacted by insurgent groups willing to lay down their weapons and that he would engage them in dialogue directly or through other officials.

The announcement was hailed by state-owned Iraqiya television and the government-owned Al-Sabah newspaper.

They even named the purported insurgent groups which approached Maliki and claimed that tribal leaders from the rebel stronghold of Ramadi in Al-Anbar province of western Iraq were acting as go-betweens.

But Dhari said: "Neither the principal armed groups of resistance nor political organisations like ours have accepted this plan which ignores a timetable for the withdrawal of (foreign) troops.

"Nobody knows the so-called organisations mentioned in the government mouthpiece Al-Sabah, and the armed groups mentioned are also unknown."

Dhari said the main Sunni groups which rejected the proposal were the Brigades of 1920 Revolution, the Rashedeen Army, Islamic Movement of Iraqi Mujahedeen, United Iraqi Jihadist People, and Jaish al-Mujahedeen.

"We are not concerned by this initiative as it does not address the main problem of occupation and also the militias," said the Brigades of 1920 Revolution in a statement.

A number of militias close to Shiite political parties have been blamed for the killings of Sunni Arabs.

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Jaish al-Mujahedeen also discarded the proposal saying it will not "dirty its hands... by shaking the hands of those who are with the occupiers (US-led forces)".

On Friday, an Internet-posted voice message purported to be from bin Laden paid tribute to Zarqawi who was killed in a US air strike on June 7.

"We will keep up our fight to bleed your money dry, kill your men and so that (your forces) go home defeated, as we defeated you in Somalia," bin Laden told US President George W. Bush.

"The banner of jihad has not fallen. It will be picked up by another lion of Islam," he said in the message, which the CIA said was the voice of bin Laden.

Meanwhile the US military said it had ordered an investigation into the alleged killing by soldiers of a family of four Iraqi civilians in their home in the area of Mahmudiyah, south of Baghdad.

In violence on the ground 14 Iraqis were killed, including five Iraqi soldiers in an assault against a checkpoint near the northern oil city of Kirkuk, the army said.

Police also found 10 bodies, including that of a five-year-old boy brutally tortured and executed.

The US military also announced the death of three troops in Iraq.

The head of the Russian FSB intelligence service announced Friday a 10-million-dollar to help nab the killers of its five Baghdad embassy employees slain by their kidnappers after being seized earlier this month.

In a new blow to the coalition, Poland said it will pull its troops out of Iraq by the middle of next year.

Israel Strike Hits Palestinian PM's Office (NSDY/AP)

By Ravi Nessman, Associated Press Writer

Long Island Newsday, July 2, 2006

GAZA CITY, Gaza Strip -- Israeli aircraft fired missiles at the Palestinian prime minister's office early Sunday, just hours after a Palestinian official said the soldier whose abduction sent Israeli troops into Gaza is alive and in stable condition.

A Hamas militant was killed in another Israeli airstrike.

Palestinians witnesses said two missiles fired by attack helicopters hit the Gaza City office of Prime Minister Ismail Haniyeh of Hamas early Sunday, slightly injuring a bystander and setting the empty building on fire.

Inspecting his burning office, Haniyeh called the attack senseless.

"They have targeted a symbol for the Palestinian people," he said.

The Israeli military confirmed the attack and said it would "employ all means at its disposal ... to secure the safe return" of 19-year-old soldier Cpl. Gilad Shalit who was abducted by Palestinian militants on Sunday.

The strike, at about 1:45 a.m., came shortly after moderate Palestinian President Mahmoud Abbas warned Saturday that the coming hours would be "critical, sensitive and serious" for trying to calm the crisis.

After the airstrike on his office, Haniyeh met Abbas for an hour, his office said, discussing the Israeli attacks and efforts to keep the government functioning despite the arrests. Haniyeh issued a statement calling for foreign intervention to stop the Israeli offensive.

"The international community must shoulder its responsibility," he said.

In other airstrikes after midnight, Israeli aircraft hit a school in Gaza city and Hamas facilities in northern Gaza, where a Hamas militant was killed and another wounded, Palestinian officials said. The military said they were "planning terror attacks against Israel." The 34-year-old Hamas gunman was the second militant killed in the five-day Israeli operation to force the release of Shalit.

Ziad Abu Aen, a Palestinian deputy minister and Hamas official said Saturday that Shalit was wounded but in stable condition.

Another Hamas official, however, cast doubt on the credibility of the statement. Osama Muzami said only the military wing of the Islamic militant group knows the soldier's condition.

There had been no sign of Shalit since he was abducted during a militant raid on an Israeli army post just outside the Gaza Strip that killed two soldiers and two of the attackers.

Abu Aen said "mediators" told him Shalit had received medical treatment for wounds he suffered in the raid and was in stable condition.

"He has three wounds," Abu Aen said in the West Bank city of Ramallah. "I guess shrapnel wounds."

Israeli soldiers and Palestinian militants exchanged fire for several hours Saturday when Israeli tanks and bulldozers crossed into the Gaza Strip and began razing farmland east of Khan Younis. No serious injuries were reported.

The fighting took place north of the position Israeli troops occupied when they entered Gaza on Wednesday. The army said it was carrying out a limited operation in the Khan Younis area and the soldiers were expected to leave soon.

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The Hamas-affiliated militants holding Shalit initially said they would trade information about him for all Palestinian women and underage prisoners in Israeli jails. The militants raised the stakes Saturday, calling for an end to the Israeli offensive and the release of 1,000 other prisoners in Israel, including some who are not Palestinian.

The new demand appeared aimed at rallying support in the Arab world.

Israel has ruled out any compromise, saying it would only encourage more abductions.

Israel continued to hold 64 Hamas leaders rounded up in the West Bank Thursday night. They include eight Cabinet ministers.

Israel has also blamed Syria for the kidnapping, noting it gives haven to Hamas' top leaders.

Defense Minister Amir Peretz met with senior security officials Saturday night and then called Secretary of State Condoleezza Rice to urge the Bush administration to step up pressure on Syria to work for Shalit's release, officials said on condition of anonymity because they were not authorized to make a statement.

Egypt and other foreign mediators have been working to try to resolve the crisis, but Abbas said those efforts had yet to bear fruit mainly because it was unclear who in Hamas -- the militants or the group's leadership abroad -- was authorized to make decisions about Shalit.

"The next hours are critical, sensitive and serious. And though the efforts are still ongoing, we have not reached an acceptable solution until now," Abbas' office said in a statement Saturday.

He sounded more optimistic at a news conference Saturday night.

"Regarding the soldier, we will surely reach an agreement. It is not a dead end. People want an acceptable solution," said Abbas, who is from the moderate Fatah Party.

Hamas, which controls the Palestinian Cabinet after winning legislative elections in January, insisted Shalit should not be freed without a prisoner swap.

Israel "should understand that it is not easy for the Palestinian people to say, 'OK, we can release him,' ... without a price," said Ghazi Hamad, a spokesman for the Hamas-led Cabinet.

Prime Minister Recep Tayyip Erdogan of Turkey, a predominantly Muslim country that has close ties with Israel, called President Bush Saturday and talked for 30 minutes about the crisis.

"The president said that the initial goal should be freeing the Israeli soldier -- that is the key to ending the crisis," said Frederick Jones, spokesman for the National Security Council at the White House.

Meanwhile, the fuel supply in Gaza dwindled after Israel cut off the flow through a pipeline. Gas stations across the territory ran dry, and human rights groups worried that if fuel shipments were not restored in the coming days, Gaza could face a humanitarian crisis as generators used to pump water and power hospitals stopped working.

Authorities have been relying on generators since an Israeli airstrike Tuesday destroyed Gaza's only power plant, knocking out 43 percent of the territory's electricity supply, the United Nations said. The remaining electricity comes from Israel.

The Israeli army said Israel had increased the supply of electricity to Gaza to make up for the power shortage and would work to allow food and fuel in over the coming days.

Munitions Found In Iraq Renew Debate (WP)

By Walter Pincus

The Washington Post, July 1, 2006

Panel Is Divided Over Whether Troops Uncovered Weapons of Mass Destruction

Do the 20-year-old Iraqi chemical munitions found by U.S. and coalition forces support the prewar contention that Saddam Hussein had weapons of mass destruction, and justify the invasion of Iraq?

That question divided Republicans and Democrats again this week, this time at a hearing of the House Armed Services Committee on the estimated 500 rockets and artillery shells containing degraded mustard gas or sarin nerve agent.

Committee Chairman Duncan Hunter (R-Calif.) contended that an April report by the U.S. Army's National Ground Intelligence Center (NGIC) is clear evidence of Hussein's weapons of mass destruction.

"Some may want to play down the significance of this report or even deny that WMD have been found in Iraq," Hunter said at Thursday's hearing, using the abbreviation for weapons of mass destruction.

Citing the United Nations resolutions that called for destruction of all of Hussein's banned weapons, Hunter added that "the verified existence of such chemical weapons" proves they were not destroyed and "in part because of such violations, we voted to authorize the use of force in Iraq."

But Rep. Ike Skelton (Mo.), the senior Democrat on the committee, countered that the NGIC report did not address Baghdad's prewar chemical weapons program. Rather, he said, it was "written to address the force protection concerns of our service members in Iraq."

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"Yes, these certainly are munitions," Skelton added, "but they are not the evidence of prewar assertions made by the administration."

The classified overview of chemical munitions says that U.S. forces have found about 500 shells, canisters or other munitions containing the chemical weapons. Lt. Gen. Michael D. Maples, director of the Defense Intelligence Agency, told the committee the shells were produced in the 1980s for the Iran-Iraq war but were not used.

Last week, Rep. Peter Hoekstra (R-Mich.), chairman of the Permanent Select Committee on Intelligence, and Sen. Rick Santorum (R-Pa.), a strong supporter of the war, touted the findings, provoking protests from some Democrats.

In his Jan. 28, 2003, State of the Union address, President Bush said that U.S. intelligence indicated "Saddam Hussein had upwards of 30,000 munitions capable of delivering chemical agents. Inspectors recently turned up 16 of them -- despite Iraq's recent declaration denying their existence. Saddam Hussein has not accounted for the remaining 29,984 of these prohibited munitions. He's given no evidence that he has destroyed them."

The NGIC study was conducted, Maples said, to allow commanders in Iraq to prepare their troops for potential hazards when they came across the old shells or rockets. Hunter recalled an incident "several years ago," when soldiers disposing of an old artillery round became ill from exposure to chemicals while transporting it.

Maples was caught in the verbal crossfire between Republicans and Democrats but proved adept at avoiding answers that aided either side.

Rep. Susan Davis (D-Calif.) asked whether the munitions could be characterized as "the Golden Oldies of weapons of mass destruction." Maples said he was "not sure what Golden Oldies are" but added that the munitions were "dangerous. . . . even in a degraded mode, they will produce hazardous and potentially lethal effects and that we would categorize them as weapons of mass destruction."

But under questioning, Maples acknowledged that the shells were "a potential risk to our service members in Iraq" but not to 275 million Americans.

Rep. Curt Weldon (R-Pa.), who believes the shells represent weapons of mass destruction, asked: "If you took that material and got it out of the country and took it to a metropolitan area, what would be the impact?"

Maples replied, "I think conceivably it would have a very large impact."

That caused Rep. Terry Everett (R-Ala.) to ask, "If some bad guys got this stuff and sneaked it into New York City and put it [into] the subways there, would it kill people?" Taken aback slightly, Maples responded, "Potentially . . . yes, sir, it would."

Rep. Rick Larsen (D-Wash.) noted that the administration's prewar rhetoric, including a remark by then-national security adviser Condoleezza Rice that "we don't want the smoking gun to be a mushroom cloud," helped push Congress's October 2002 vote to authorize the use of force in Iraq.

That kind of language, Larsen said, "always has seemed to be much bigger than the facts that we end up reviewing in retrospect."

The smoking gun and mushroom cloud image, he said, "sounds a lot better than 500 artillery shells of various amounts of degraded material that fit the technical definition of chemical weapons . . . buried in various bunkers in various states of disrepair that we are not even sure Saddam Hussein knew about."

Bin Laden Planning Somalia, Iraq Message (AP)

By Lee Keath

AP2, July 1, 2006

A tired-sounding Osama bin Laden praised slain Iraq insurgent Abu Musab al-Zarqawi in an audiotape released Friday, and a Web site later said the terror leader would soon post a message about the fight by Islamic militants in Somalia and Iraq.

The 19-minute statement on the Web — during which bin Laden once again conspicuously avoided showing his face — was the latest in a string of audiotapes from the al-Qaida leader this year.

The Internet messages have been strong on propaganda, but have said little about how the terror network will continue its "jihad" against the United States — raising questions about bin Laden's level of control.

The pace of messages, however, has increased dramatically this year — with four audiotapes from bin Laden and seven audios and videos by his deputy, Ayman al-Zawahri.

Hours after Friday's message appeared, an advertisement on the same Islamic Web site said bin Laden would issue another tape directed to "the Islamic nation in general and the mujahedeen in Iraq and Somalia in particular." A similar announcement proceeded bin Laden's message Friday by about 24 hours.

The advertisement banner was signed by As-Sahab, the production branch that releases al-Qaida videos, and had an old picture of bin Laden. The teaser was first reported by the SITE Institute and the IntelCenter, two U.S.-based independent groups

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that provide counter-terrorism information to the U.S. government and media. The IntelCenter said the promised message was expected within 36 hours.

Islamic militiamen who have have recently seized control over key parts of Somalia are led by Sheikh Hassan Dahir Aweys, suspected by the United States of being an al-Qaida collaborator. Washington has concerns that Somalia will become a refuge for members of bin Laden's terror network.

Bin Laden has not appeared in a video since October 2004 and did not issue any messages in 2005. This year, he has made four audiotapes, part of a stepped-up media campaign by him and his top deputy, Ayman al-Zawahri, who has appeared in several videos.

Terror experts said bin Laden's reluctance to show his face probably does not indicate he is in poor health and instead is likely a security measure, to prevent hints of his location from slipping out.

Bruce Hoffman, a RAND counterterrorism expert based in Washington, said it may also be that bin Laden is trying to increase the drama of an eventual appearance.

"You do videotape when there's something important," Hoffman said."When bin Laden appears it's something very special. He's as shrewd a showman as they come, and his sense of choreography is very high."

So far, the opportunity hasn't presented itself, a sign the al-Qaida leader — believed to be in hiding in the Afghan-Pakistan border region — is seeking for now just to show he survives and remains in control.

"What do you have to brag or crow about if you're sitting in a cave trying to avoid capture," Hoffman said. "So he's trying to leverage off of events to show his presence."

Al-Qaida advertised Friday's message prominently on Islamic Web forums more than 24 hours before it was posted — suggesting the importance of paying tribute to al-Zarqawi, the leader of al-Qaida in Iraq who often appeared more of a rival than a follower.

The Jordanian-born al-Zarqawi, who was killed in a June 7 airstrike by U.S. warplanes, became a hero among extremists by positioning himself as al-Qaida's fighter on the ground, battling the Americans on the hottest front of jihad, Iraq.

In the audiotape, bin Laden poured praise on al-Zarqawi in rhymed couplets traditional to Islamic poetry, calling him a "lion of Islam" who was "not just an honor to his tribe, his country and his Islamic nation, but to all mankind."

The audiotape narration was part of a 19-minute video showing old footage of al-Zarqawi, in a split screen with an old photo of bin Laden. U.S. intelligence officials believe it is bin Laden's voice, said a counterterrorism official who spoke on the condition of anonymity.

White House press secretary Tony Snow said: "It's another bin Laden audio tape. It is what it is."

The voice resembled bin Laden's from previous messages known to be from him, though the authenticity of Friday's tape was not immediately confirmed.

Bin Laden's voice — always quiet in his messages — sounded fatigued in the audio. He demanded U.S. President George W. Bush release al-Zarqawi's body to his family and that Jordan allow him to be buried in his homeland, something Amman has said will never happen.

Al-Qaida's central leadership is believed to have differed with al-Zarqawi, criticizing his strategy of targeting Shiite civilians with brutal suicide bombings in an attempt to spark a civil war in Iraq.

Bin Laden defended al-Zarqawi, saying he had "clear instructions" to focus on U.S.-led forces in Iraq but also "for those who ... stood to fight on the side of the crusaders against the Muslims, then he should kill them whoever they are, regardless of their sect or tribe."

But bin Laden did not mention Shiites in particular, underlining the divisions with al-Zarqawi, who frequently railed against Shiite Muslims in Iraq and elsewhere.

The al-Qaida leader — perhaps inadvertently — also showed his distance and lack of a direct hand in the fight in Iraq, said Diaa Rashwan, an Egyptian expert on militant groups.

In particular, bin Laden made no mention of al-Zarqawi's successor, or even mention the name of al-Zarqawi's organization, al-Qaida in Iraq, Rashwan noted.

Instead, bin Laden said, "The banner has not fallen, it has only been passed from one lion to another."

"He doesn't appear to even know al-Zarqawi's succcessor," Rashwan said. Al-Qaida in Iraq has named a little known militant as its new leader, with the pseudonym of Abu Hamza al-Muhajer.

Bin Laden also addressed Bush, saying, "We will continue to fight you and your allies everywhere, in Iraq, Afghanistan, Somalia and Sudan to run down your resources and kill your men until you return defeated to your nation."

But like other tapes this year, there was little sign of the direction of bin Laden's fight.

He issued a message in January warning that his followers were planning a new attack in the United States. But his other three since then have been more focused on commenting on current events, including U.N. plans for a peacekeeping force in

Sudan. He issued a message saying Zacarias Moussawi, just convicted in the United States, had nothing to do with the Sept. 11 suicide hijackings.

The focus has been on showing that even in hiding — with few major al-Qaida attacks outside of Iraq — he is in control.

"I think he's conscious that while he's been doing all the talking, al-Zarqawi has been doing all the fighting," Hoffman said.

Bin Laden Warns Bush, Demands Return Of Zarqawi Body (BLOOM)

Bloomberg, July 1, 2006

June 30 (Bloomberg) -- Osama Bin Laden warned U.S. President George W. Bush in an audiotape broadcast today not to rejoice over the killing of Abu Musab al-Zarqawi and demanded that the body of al-Qaeda's Iraq chief be returned to Jordan.

The leader of al-Qaeda said the terrorist group will continue its ``jihad," or holy war, in Iraq under the command of al-Zarqawi's successor. The tape also included a message for Jordan's King Abdullah II, directing him to allow al-Zarqawi to be buried in his homeland, and promising a funeral that would show depth of al-Qaeda's support. The Central Intelligence Agency released a statement saying a technical analysis of the recording determined the voice was that of bin Laden.

``I tell Bush, you have to hand over the body of the hero to his family," bin Laden said. ``And don't rejoice excessively, because the banner has not fallen, thank God. It only went from a lion to another lion among the lions of Islam, and we'll continue fighting you and your allies everywhere, in Iraq, in Afghanistan, Somalia and Sudan."

Al-Zarqawi, the most wanted man in Iraq before his death and responsible for suicide attacks on civilians and Iraqi and American forces, was killed June 7 in a U.S. air strike. The U.S. military identified his successor in heading al-Qaeda in Iraq as the group's former southern Iraq leader, Ayyub al-Masri, describing him as an explosives expert who is likely to use the same tactics as his predecessor.

Islamic Web Site

Al-Jazeera television aired the audiotape, which was posted on an Islamic Web site often used by al-Qaeda. Bin Laden, who issued three audiotapes earlier this year, hasn't appeared in a videotape since October 2004. He remains on the run almost five years after the Sept. 11, 2001, al-Qaeda attacks on New York and Washington that killed almost 3,000 people.

Ayman al-Zawahiri, al-Qaeda's second-in-command, said in a June 21 videotape that he grieved for al-Zarqawi.

Al-Qaeda will continue its attacks, ``wearing down your money, killing your men, so that you go back defeated to your country, just like we defeated you before in Somalia, God willing," according to the latest tape. ``We're sad that Abu Musab and his companions have left us, but we're delighted that they have sacrificed their souls in these great epics, while defending the law of Islam."

The tape included a demand that the Jordanian king stop his ``tyranny," with the person saying, ``You forbade Abu Musab from entering his homeland while alive, don't be an obstacle to that now."

U.S. Puts $5M Bounty On Al-Masri (CNN)

CNN, July 1, 2006

WASHINGTON (CNN) -- U.S. Secretary of State Condoleezza Rice authorized up to a $5 million reward Friday for information leading to the capture of Abu Ayyub al-Masri, believed to be the replacement for the late leader of al Qaeda in Iraq -- Abu Musab al-Zarqawi.

"Al-Masri, an Egyptian national, is a senior al Qaeda leader in Iraq and was a direct associate of Abu Musab al-Zarqawi," said Deputy State Department spokesman Adam Ereli in a statement.

"Trained in Afghanistan and Pakistan, al-Masri is an explosives expert specializing in" constructing car bombs.

The U.S. military believes al-Masri has taken over the terror network from al-Zarqawi, who was killed in a U.S. airstrike June 7 north of Baghdad. He had masterminded hundreds of bombings, kidnappings and beheadings.

The department's statement urges anyone with information on al-Masri's location to contact the U.S. Embassy in Baghdad or any other U.S. embassy or consulate, or any U.S. military commander.

In an audio message published Thursday, al Qaeda leader Osama bin Laden grieved for al-Zarqawi and called him one of al Qaeda's "greatest knights." However, bin Laden did not say that al-Masri would assume al-Zarqawi's position.

The reward for al-Masri is being offered under the State Department's Rewards for Justice program, which seeks to prevent acts of terrorism against the United States. The money is paid for information leading to the arrest and/or conviction of terrorists trying to commit or committing acts against U.S. interests.

There is a $25 million reward for information leading to the capture of bin Laden. Congress passed legislation in November that allows the department to double that amount, although that hasn't happened.

In 2003, the Bush administration paid a $30 million reward -- $15 million each -- for the tip that led to the capture of Uday and Qusay Hussein, Saddam Hussein's sons.

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An informant provided information that led U.S. troops to the home in the northern Iraqi city of Mosul where the two were hiding. They died in a firefight with American forces.

Before his death, the State Department had a $25 million bounty on Abu Musab al-Zarqawi.

Rice Puts $5 Million Bounty On Al-Masri (AP-Y2)

AP2, July 1, 2006

Secretary of State Condoleezza Rice on Friday approved up to $5 million in exchange for information on Abu Ayyub al-Masri, the new face of al-Qaida in Iraq.

Al-Masri is presumed to be the successor of terrorist leader Abu Musab al-Zarqawi, who was killed by an American bomb in early June.

Al-Masri is an Egyptian explosives expert who trained in Osama bin Laden's camps in Afghanistan and was an associate of al-Zarqawi. Al-Masri has been fighting in Iraq since at least 2003 and was engaged in the battle of Fallujah in 2004.

Rice's agency is offering the money to encourage people with information about al-Masri's location to come forward, said spokesman Adam Ereli.

The State Department has directed people with tips to contact its Rewards for Justice program, any U.S. embassy or consulate, or any U.S. military commander in Iraq.

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On The Net:

State Department: http://www.state.gov

US Offers Five Million Dlr Reward For Info On Al-Qaeda Leader (AFP-Y2)

AFP, July 1, 2006

US Secretary of State Condoleezza Rice has authorized a reward of up to five million dollars for information leading to wanted Al-Qaeda leader Abu Ayyub al-Masri, in Iraq.

Deputy State Department spokesman Adam Ereli said in a statement Friday that the reward was offered in the hope it would encourage persons to come forward with information on al-Masri.

The State Department said Abu Ayyub al-Masri is an Egyptian national and a senior Al-Qaeda leader in Iraq.

He is a direct associate of Abu Musab al-Zarqawi, the former leader of Al-Qaeda in Iraq, who was recently killed by US forces, according to the US government.

"Trained in Afghanistan and Pakistan, al-Masri is an explosives expert specializing in the construction of Vehicle-Borne Improvised Explosive Devices," the same bombs responsible for large numbers of US troop casualties, the statement said.

"We encourage anyone with information on al-Masri's location to contact the US Embassy in Baghdad, any US military commander in Iraq, any US embassy or consulate, or the Rewards for Justice staff via e-mail (RFJAstate.gov) or telephone (1-800-877-3927)," the statement said.

Zarqawi was the most-wanted man in Iraq until he was killed in a US air strike on his hideout three weeks ago.

Zarqawi, who orchestrated a bloody campaign of attacks and beheadings of hostages, had long remained elusive in Iraq, despite a 25-million-dollar US bounty, until his killing on June 7.

The true identity of Abu Ayyub al-Masri remains an enigma in his reported homeland of Egypt.

"His real name is Yussef al-Dardiri, he is around 38 years old and he comes from Upper Egypt," Montasser al-Zayat, a lawyer and former member of the Islamist group Gamaa Islamiya, told AFP earlier this month.

Egyptian security sources insist they have not heard of the name.

Diaa Rashwan, an expert on political Islam at Cairo's Al-Ahram Center for Strategic Studies, recently said he too had not come across the name. "There is no trace of such a name in the Egyptian radical Islamic files," he said.

Coalition forces spokesman Major General William Caldwell said Abu Ayyub al-Masri (meaning 'the Egyptian' in Arabic), also known as Sheikh Abu Hamza al-Muhajer (meaning 'the immigrant'), was believed to be operating out of Baghdad.

Al-Qaeda, which has not disclosed the nationality of its chief in Iraq, "on its website has named him as Abu Hamza al-Muhajer, but we believe that he is one and the same," Caldwell told reporters earlier this month.

Zarqawi's successor is believed to have lived in the central Cairo area of Zawyia Hamra before going to Afghanistan in the late 1980s or early 1990s, and then on to Iraq via Iran.

Maliki Seeks Support From Sunni States In The Gulf (LAT)

By From A Times Staff Writer

The Los Angeles Times, July 1, 2006

DOJ_NMG_0037896

BAGHDAD — Iraq's new prime minister, Nouri Maliki, was to leave today to visit Saudi Arabia and other Persian Gulf states to solicit support for a reconciliation initiative that has drawn mixed reviews since it was announced Sunday.

Maliki plans to discuss bridging the widening gap between Sunni and Shiite Muslims with leaders of the oil-rich Sunni-dominated countries.

The prime minister's visit to the Gulf countries comes after a spate of incidents that have raised tensions between Iraq's Shiites and Sunnis. Maliki's amnesty proposal is directed primarily at Sunni Arab hard-liners, and the Gulf states could use their money and influence to give his plan credence among the insurgents.

But even as the prime minister takes his plan abroad, it is facing attacks at home. The Muslim Scholars Assn., an influential group of Sunni Arab clerics, denounced the proposal because it does not extend amnesty to fighters who have taken Iraqi or American lives.

And members of Maliki's own Shiite bloc remain wary of any plan that might give the appearance of appeasing Sunni-led insurgents.

Radical cleric Muqtada Sadr recently became the most prominent Shiite leader to reject the amnesty initiative, refusing any reconciliation with the U.S. and supporters of the former Baathist regime of Saddam Hussein.

"We are demanding the exit of the occupiers or to put a timetable for the withdrawal and not to extend their stay," Sadr said in his Friday sermon at the Kufa Mosque, six miles east of Najaf.

Afghan Rocket Attack Wounds 2 Canadian GIs (AP-Y2)

By Noor Khan, Associated Press Writer

AP2, July 2, 2006

Two rockets fired by insurgents slammed into a coalition base in southern Afghanistan, wounding two Canadian soldiers and several others, a coalition spokesman said Saturday.

The attack happened at the coalition base in Kandahar on Friday night, and the wounded soldiers were listed in stable condition, coalition spokesman Maj. Quentin Innis said. He said others were wounded but would not provide further details.

Maj. Mark Therianult, spokesman for the Canadian forces in the troubled south, also confirmed the attack, and said the wounded Canadian soldiers were sent to Germany for further treatment.

The Canadian Press news agency reported earlier that 10 people were wounded in the attack, including soldiers from other countries and civilian employees. Their nationalities were not immediately released.

One of the rockets blew up inside a tent complex, showering soldiers and civilian employees with shrapnel that tore ragged holes in the tents and knocked over tables and chairs, said the agency, which has a reporter embedded with Canadian troops.

It said one of the Canadian soldiers was critically injured.

Officials said more than 20 rockets have been fired at the base since February, but Friday was the first time such an attack has caused casualties.

In some cases, Taliban militants have used old Soviet-era rockets, firing them using a crude timing-delay device that allows the insurgents to be far away before the rockets are launched.

Military spokesman Maj. Quentin Innis said the base will review its security and trace the rocket's trajectory to determine from where it was fired. Soldiers at the base routinely fire illumination flares over the razor-wired perimeter at night to scare off would-be attackers.

Canada has about 2,300 soldiers in southern Afghanistan. Canadian lawmakers approved a two-year extension of Canada's military mission in Afghanistan in May.

Cabinet OKs Extension Of Afghan Mission (LAT)

By From Times Wire Reports

The Los Angeles Times, July 1, 2006

Prime Minister Romano Prodi's government agreed to keep Italian troops in Afghanistan, despite opposition from pacifists in his coalition.

The Cabinet unanimously adopted a decree that extends financing for the operation.

Defense Minister Arturo Parisi said Rome would not send additional troops or boost funding.

Iraq's Big Port Has Commerce, Crime — Even Camels (NYT)

By James Glanz

The New York Times, July 1, 2006

DOJ_NMG_0037897

UMM QASR, Iraq — In this Persian Gulf port, by far Iraq's largest and most important, the misshapen realities of life and commerce in Iraq mix with the refreshingly ordinary ones that govern much of the rest of the world.

Commodore Thamir Nasser and the Iraqi naval forces he leads, for instance, carry out the routine law enforcement chores of intercepting smugglers who try to make away with boatloads of diesel fuel, crude oil, televisions, sheep and even troupes of Iraqi camels, which he believes are prized because they are not only especially patient but also remarkably cheap. He chases down small-time pirates and has killed them in shootouts.

But as Commodore Thamir, as he is known, bounced across the port in one of the little aluminum boats that make up most of this man's navy, he said one of his toughest tasks was dealing with the Iraqi Coast Guard. Like the Iraqi police, the coast guard is controlled by the Interior Ministry and is widely considered to be infiltrated by local militias with little interest in halting smuggling.

"They are a separate operation," Commodore Thamir said, gesturing helplessly toward the inland waters where his authority ends and the coast guard's begins.

So separate, said Lt. Cmdr. Bryan White, an American officer who advises the Iraqi Navy, that he has found it easier to arrange joint operations with maritime forces from Kuwait, just south of here, than with the Iraqi Coast Guard. "It baffles me," Commander White said.

So it goes in the port that was supposed to fall in the first hours of the 2003 invasion, but held its own through days of gun battles before it succumbed, becoming the country's most important entry point for humanitarian supplies like rice and wheat. The port, located roughly 30 miles up a sinuous inlet from the gulf, remains crucial for supplying both Iraqi markets and the American-led reconstruction effort.

Umm Qasr's ambiguous image was cemented early in the conflict when Britain's defense secretary, Geoff Hoon, likened the city to the relatively upscale British port town of Southampton. To which an unidentified British soldier replied, "There's no beer, no prostitutes and people are shooting at us. It's more like Portsmouth."

Now, after months of relative calm, sophisticated roadside bombs and assassinations of Iraqis who work with Westerners have increased across the entire south, while the port itself has become a place of danger, corruption, commercial bustle and intrigue.

In many ways Umm Qasr looks a lot like any deepwater port in the world. A long row of giant gantry cranes unloads cargo from freighters painted with unremarkable names like Tatyana, Marblue and Explorer I.

Uneven stretches of asphalt, tall grain elevators and long rows of warehouses flank the docks, which are dotted with piles of burlap sacks filled with imported cement, boxed refrigerators, microwave ovens, DVD players and television sets. Arab truck drivers doze or squat in the shade of flatbed trucks as they wait their turn to pick up the cargo and head north.

But in Umm Qasr, much of the cargo would not move an inch without bribes to crane operators and other dockworkers, said Najm Sager, a liaison between the Iraqi Port Authority and the United States Embassy who thinks that, for now, corruption is all but guaranteed at the port.

Because of the low wages paid to a typical dockworker, Mr. Sager said, "You are telling him, 'Go steal.' "

"That is why they ask for 'tips,' " Mr. Sager said, a bit euphemistically. He added that typical salaries range from $150 to $250 a month, but that a crane operator can expect to collect a standard 'tip' of $50 per job.

Crime on the docks goes beyond graft. Iraqi police reports for 2006 show at least half a dozen murders of workers at Iraq's southern ports.

Like Commodore Thamir, Mr. Sager was on the boat trip that was arranged by the United States Army Corps of Engineers to showcase $45 million in rebuilding projects, including a new cargo berth and work on two of the big cranes.

The bustle along the waterfront is no match for the ports in New York or San Francisco in their heydays, and in spite of the commercial activity it seems a little sleepy for the lifeline of a nation at war. The Marblue, carrying cement, looks so rusted it could be derelict. Railroad tracks crisscrossing the asphalt are empty because saboteurs to the north constantly cut the rail link to Baghdad, making the trains useless for cargo.

Still, for anyone looking for signs of normalcy in Iraq, the numbers are likely to impress. Between 16 and 18 freighters enter the port each week, unloading around 45,000 metric tons of wheat, 11,000 tons of rice, 55,000 tons of cement and 30,000 tons of general cargo.

It takes 4,000 to 5,000 trucks to move all of those goods out of the port each week and spread them around Iraq. As a consequence of all that traffic, port fees collected at Umm Qasr have shot up from around $600,000 a month in late 2004 to more than $2.5 million now.

But those fees are mostly absorbed in salaries, meager as they are. In a custom that may sound familiar to Americans, the Iraqi Port Authority carries thousands of unnecessary workers, Mr. Sager said, so dredging and rebuilding the port still depends on American cash. An official at the dock who asked to remain anonymous denied there were extra workers on the payroll.

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And then there are the pirates and smugglers. Commodore Thamir, 44, whose official title is Iraqi operations commander, does not have a lot to work with, considering that his entire functioning navy consists of 10 of the fast aluminum boats, each 15 feet long; five Chinese-made patrol boats, each 40 feet long; and 10 dinghy-style boats.

But Commodore Thamir, a native of the southern city of Basra who graduated from the Britannia Royal Naval College in Dartmouth, England, and served in Saddam Hussein's navy, says that with the fast boats, he has everything he needs when a tip or a distress call comes in.

"Fifty knots," he said of the speed of the fast boats, which were a present from the United Arab Emirates. "It is fast enough to catch anybody."

Catch them he has. Three times his sailors and marines have chased down and killed the pirates who board ships here and often beat crew members until they reveal where their cash and valuables are stashed. His marines have grabbed suspected terrorists off the local ferry.

He has surprised small boats at sea as they transferred smuggled diesel onto larger vessels bound for points south along the Persian Gulf coast. In a series of e-mail communications, Commander White, who is the executive officer for a British-American mentoring and rebuilding program called the Naval Transition Team, confirmed the commodore's recollections.

Commander White said that the naval security forces, which fall under the Ministry of Defense, face the same challenges of training and equipment as the Iraqi Army does. "But if we pulled out today, the Iraqi Navy could run itself," he said.

Whether or not that prediction will ever be tested, Commodore Thamir and his friend Mr. Sager appeared most interested in bantering about the load of smuggled camels the navy had intercepted.

"The Arabs like camels," the commodore said, trying to keep a straight face when asked why any smuggler would attempt such a thing.

"Iraqi camels and sheep are the most desirable," Mr. Sager said, as they both began to laugh. "And cheap."

Where Is The Weapons Story? (WT)

By L. Brent Bozell Iii

The Washington Times, July 1, 2006

While the Bush administration focuses on the elimination of the terrorist threat in Iraq, the Saddam-was-no-threat left has remained obsessed with the pre-war months, not only harping on the failures of Western intelligence, but more importantly, advancing a hardened historical narrative. They would have the world believe the Bush administration was not only wrong about the existence of weapons of mass destruction in Iraq, but also lied intentionally and went to war for some unstated cynical reason -- oil, enriching war profiteers, avenging Daddy Bush.

To a large degree, they are succeeding with their revisionist history lesson, and the proof is in the pudding of the polls. Not only does a majority declare that the war wasn't worth the cost to our troops and our treasury, but a majority believes George W. Bush is not honest or trustworthy. When the USA Today-Gallup poll asked if the words "honest" and "trustworthy" applied to Mr. Bush in February of 2001, 64 percent said he was honest, while 29 percent said the words did not apply. By April of 2006, the numbers were 41 percent honest, 56 percent dishonest. It's an easy guess that a lot of that turnaround is our failure to find Saddam Hussein's weapons of mass destruction.

So it was surprising to Sen. Rick Santorum, Pennsylvania Republican, and Rep. Peter Hoekstra, Michigan Republican, who were investigating whispers that weapons of mass destruction have actually been found by American troops in Iraq, to learn the rumors were true. After badgering administration officials for several months, the government gave the legislators a declassified memo stating that some 500 weapons of mass destruction have been found by coalition forces in Iraq, mostly sarin and mustard-gas agents, some of which "remain hazardous and potentially lethal."

But when the legislators released this information, some Bush administration officials poor-mouthed the findings, noting that these old WMDs were hardly evidence of an ongoing post-Gulf War WMD program by Saddam, the fearful scenario that dominated the pre-war debate. Others, like Defense Secretary Donald Rumsfeld, emphatically declared that this was hard evidence. Regardless, this memo packs an important rhetorical punch. How many hundreds of times have our major media told us there were "no weapons of mass destruction" found? And how many thousands of times have leftists jumped off that springboard to an elaborate Bush-lied-people-died jeremiad?

This discovery should be a crucial, corrective turning point to the stuck-in-2003, pre-war obsessives. The hardened historical narrative needs to be amended. There were WMDs in Iraq that could have been used against our troops or acquired by terrorists.

An honest, nonpartisan news media that cared about the facts without political calculation would have taken care to correct the record, even if the findings were comparatively underwhelming to the pre-war scenarios. A fair and balanced story could be

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done. But the reception of this declassified memo shows we do not have an honest, nonpartisan news media, and political calculation is everything.

Here's how the news of the WMD finds in Iraq was filtered by the so-called "mainstream media." Fox News treated it as an important story. NBC reported on it with one "Nightly News" story, with pros and cons, noting that unnamed sources at the Pentagon "poured cold water" on the scoop's importance. ABC and CBS did nothing. CNN mentioned it in passing, heavy on the skepticism. On MSNBC, Keith Olbermann howled at the moon, mocking the find as "weapons of minor discomfort" and suggesting Mr. Santorum was like Sen. Joe McCarthy, holding up a "blank page" of supposed communists in the government.

Our major newspapers were also foot-draggers. The Washington Post ran five paragraphs of dismissive tone on page A-10. The New York Times skipped it for a day, then put it on A-20 with the headline "For Diehards, Search for Iraq's WMD Isn't Over." (The liberal diehards at the Times were saving Page One for their infamous scoop disclosing to the public, including terrorists, our government's financial tracking methods for terrorist groups.) The news magazines weren't interested in the WMD scoop, either. Time and U.S. News & World Report ran nothing, and Newsweek dismissed it with another headline about "trumped-up threats" in Iraq.

The largest remaining mystery is why Team Bush seems allergic to releasing more information on the missing weapons in Iraq, and more facts out of the archives of Saddam's heinous regime. If they are acting, or better put, not acting out of intimidation by the media, who don't want any new information to change their tilted first draft of history, the polls suggest that inaction has damaged them dramatically.

L. Brent Bozell III is the president of the Media Research Center and a nationally syndicated columnist.

Guantanamo Grumblings (WT)

By Victor Davis Hanson

The Washington Times, July 1, 2006

When President Bush arrived in Vienna last week, protesters bore "World's No. 1 Terrorist" signs while chanting "We will, we will fight Bush." A Harris Poll conducted prior to the president's visit revealed that the European public thinks America is a greater global threat than either North Korea or Iran.

Apparently, our terrorist detention center at Guantanamo Bay is the most recent open sore. When, European ministers have been persisting, will the United States close down this Neanderthal embarrassment to liberal Western values?

[In a major setback for the president, the U.S. Supreme Court ruled Thursday he overstepped his powers in setting up military war crimes tribunals for detainees at Guantanamo Bay. The ruling did not address the status of Guantanamo.]

This European anger, however, doesn't seem to be based on evidence of systematic American abuse. Despite Democratic Illinois Sen. Dick Durbin's claim that Guantanamo was akin to Nazi camps, the few reported regrettable, isolated cases of sleep deprivation and harassment seem no worse than what we read about in most prisons. The roughly 450 prisoners still there -- many of them killers -- are probably treated as well as inmates in either Europe or the U.S.

Further, Guantanamo exists to fill a vacuum in an undeclared and unprecedented postmodern war of few good choices in which the enemy does not wear uniforms, adhere to the Geneva Convention or distinguish civilians from soldiers.

If the U.S. were to close down Guantanamo and send the detainees back to their home countries, some returnees would be freed and treated as heroes -- and then rejoin the global jihad. Other released terrorists, or so the Europeans no doubt would whine, might be executed by the autocratic Middle Eastern governments in their homelands that are as afraid of Islamic terrorists as we are.

So, should we instead try all of the Guantanamo detainees inside the U.S.?

No. By doing that, we would be inviting thousands of lawyers and public defenders to argue, on behalf of their clients, that we are not in a real war but simply prosecuting common criminals. Numerous trials and appeals as costly and circus-like as the drawn-out spectacle of Zacarias Moussaoui (the so-called 20th hijacker) would likely follow. And, in the end, Europeans would still object, since the U.S. would be exposing foreign nationals to possible death-penalty sentences.

The real problem is that Guantanamo Bay, like Mr. Bush himself, has become a symbol of sorts. It is an easy scapegoat through which Europeans can vent their much larger love-hate frustrations with their protector and rival, the hyper-power America.

The pacifism of the European Union was supposed to be a post-Cold War model of liberal reason for the rest of the world. Instead, Islamic fascists have either ignored Europe's human-rights advocacy or considered it a sign of weakness to be exploited. An impotent EU is embarrassed and needs cheap targets like Guantanamo to transfer attention away from its past naivete about the dangers of Islamic fascism.

By ankle-biting America on Guantanamo, the Europeans sound moral and tough while ignoring the real dangers for which they have absolutely no solutions -- unassimilated and angry Muslims, the Dutch and Danes under assault by radical Islamic

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censors and a defenseless Europe potentially soon in range of Iranian President Mahmoud Ahmadinejad's nuclear-tipped missiles.

Note also that the U.S. has been mostly quiet about Europe's own ethical lapses in this war. Americans are in a quandary with Iran in large part because the Europeans -- for whom profits trump idealism -- sold the theocracy technology needed for the bomb. Nothing new there: Saddam once got his nuclear reactor from the French and his bombproof bunkers from the Germans.

We also hear a lot about the three suicides at Guantanamo but almost nothing about the still-unexplained death of Slobodan Milosevic while being held in Europe. When was the last time Americans chided the Germans that Mohamed Atta conspired to murder thousands of Americans while in their country?

Have we forgotten that Ahmed Omar Sheikh, the killer of Wall Street Journal reporter Daniel Pearl, and Richard Reid, the would-be shoe bomber, at one time fit in well with the radical Islamic culture that thrives in London. And how about Abu Hamza al-Masri, who plotted against the U.S. -- he's wanted by American authorities on charges of trying to establish a terrorist training camp in Oregon -- from his sanctuary in a London mosque?

Yet if the Eiffel Tower topples to a jihadist suicide bomber who assembled his team in Los Angeles or Miami, or if an Iranian missile soars over the Brandenburg Gate, expect the Europeans to drop their present high talk about the "gulag" at Guantanamo -- and start whispering about the need for more American terrorist detention centers, classical deterrence and their own missile defense.

But until the Europeans' dream world is shattered, we will hear nonstop screeching about American barbarity. Such outrage says far more about them than us.

Victor Davis Hanson is a nationally syndicated columnist, a classicist and historian at the Stanford University's Hoover Institution and author of "A War Like No Other: How the Athenians and Spartans Fought the Peloponnesian War."

Breaking Party Protocol (WSJ)

By Ellen Gamerman

The Wall Street Journal, July 1, 2006

In the Iraq war, a new approach to welcoming home the troops is emerging. From bonfires to black-tie galas, how some families are bucking tradition

For a lakefront party in Whispering Pines, N.C., next month, plans include a professional photographer, a live band, and 200 guests. It's not a wedding or an anniversary party -- it's a homecoming celebration for Lt. Kevin Martin, an Army reservist who has been serving in Iraq for the last year.

The $5,000 shindig sounds great to the guest of honor. "The bigger the better!" writes Lt. Martin in an email from Iraq. "It will be a great way for me to show them I am back and hopefully still injury free, share some stories and reunite with those I care about."

As the political debate over bringing the troops home intensifies, a related matter fraught with symbolism is playing out for service members and their families. The question: How to mark the soldiers' return and welcome them home. In the Iraq War, a new approach is starting to emerge. Military tradition and conventional wisdom dictate that families should keep homecomings low-key to avoid overwhelming the troops while they're readjusting to being back.

For a variety of reasons, from the military's shifting demographics to attitudes about the current war, some families are taking a different route, opting for outsize celebrations. These include black-tie galas, elaborate beach bonfires and, in the case of Sgt. Kurt Power of Abington, Mass., a 600-guest event his family has dubbed "Kurt-a-palooza III" (Kurt-a-paloozas I and II were send-off parties for the 23-year-old's two deployments).

Traditionally, family homecomings have been smaller affairs. Though the official welcome at a base might involve some ceremony, most families have opted for home-cooked dinners or a simple backyard barbecue. Finances are a factor: Basic pay, not including benefits, can range from $14,000 for a new recruit to $30,000 for a mid-level noncommissioned officer to $96,000 for a senior officer.

The military recommends a quiet approach to homecoming parties. A Web site for spouses funded by the Defense Department, for example, urges husbands and wives in the first week to "hold off on visits to relatives and limit time with friends until you've settled into a comfortable routine at home." The site also warns against lavish spending on homecomings, adding: "It can be tempting to celebrate your return with dinners out or special gifts. Be careful not to get into debt trouble."

GUESTS OF HONOR

· This year, many Fourth of July celebrations pay tribute to those serving in Iraq or those who have served.

· More soldiers and families are planning elaborate homecomings. Hear a podcast1 of reporter Ellen Gamerman discussing the new trend.

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But some military families say they don't feel there's enough daily awareness of the sacrifices being made. For them, big parties are a way to express gratitude and pride -- even if it means dipping into the family savings to do so.

This war's unique aspects are also changing the homecoming equation. Iraq marks the first extended conflict for the U.S. since the draft was abandoned in 1973. About 29% of the 1.3 million troops deployed since the invasion of Afghanistan in October 2001 have done two or more tours of duty. This is a big change from Vietnam when the draft assured supplies of fresh troops, and from the 1991 Gulf War, which lasted eight months. In this conflict, homecoming is often temporary -- and when troops do come back for good, it follows an extended absence.

More troops are returning to spouses eager to celebrate the event. About 52% of the fighting force is married, according to the Defense Department. Military experts say the troops in Vietnam, with a draft that tilted heavily toward young men, were largely unmarried, though the Defense Department said it had not compiled marriage statistics for all the services in that war.

In another shift, many of the troops today are returning directly to civilian communities. National Guard and Reserve members have comprised as much as 40% of forces, compared with a high of 20% during the Gulf War.

"Homecoming is a more ceremonious event," says Brig. Gen. Terry Wiley, who commands the Delaware Army National Guard. "The reservists are coming back to their families, their churches, their fire departments, their civic organizations, their employers. It's more of a homecoming because they're established in a town."

Sgt. William Long's family was so excited about his return two weeks ago, they planned a six-day party beginning this weekend. The 24-year-old National Guard soldier served 12 months in Iraq, staying even during his two-week R&R so as not to leave his buddies. His family has invited 40 guests to join them on four houseboats on Norris Lake in Tennessee. They'll cook up chicken and barbecue ribs in between tubing, water-skiing and fishing.

Sgt. Long, who plans to resume his college course work, says he is looking forward to playing with his little sister and floating in the lake. "The only thing I care about is if my family's there," he says. "I'll be more than happy to see anybody who wants to see me."

After seven months away from home, Marine Capt. James Hoffmann arrived from Iraq last winter and walked into his in-laws' home in San Marcos, Calif., to find 60 people waiting there for a surprise bash. In Manhattan, returning Army Capt. Paul Mysliwiec was feted with 300 guests, a live band and a catered spread. In San Diego, event planner Thomas Bui says he's planned parties that vary widely in cost, but the most expensive was a $50,000 black-tie event that featured gold-embossed invitations, a lobster and steak dinner and a show by Hawaiian dancers. "They just wanted to be able to relax and not have to worry about hearing bombs blow up," he says.

But planning these oversized homecomings can be tricky. Families say they have to prepare guests to avoid questions about the battlefield or casualties so the returning soldier doesn't get uncomfortable. Event planners say they have to find disc jockeys, caterers and florists who can accommodate spur-of-the-moment plans since troops sometimes don't know their return date until a day or two before they leave the desert. At Plants Alive!, a special-events landscaper outside Washington, D.C., workers space the tables far apart so returning service members in wheelchairs can visit their guests.

Command Sgt. Maj. Gus Klein favors downplaying the festivities. The Army National Guard soldier says he was somewhat dazed when his family threw him a $2,000 DJ-led dance bash just a few days after his return from Afghanistan in 2003. Though he knows his family meant well, he says he wasn't really ready to socialize with so many people so soon.

"I really didn't need to have people there rehashing all the war stories, what happened to you, what'd you do, did you shoot anybody, did you kill anybody, those kinds of questions," says Sgt. Klein, speaking from Fort Bliss, Texas, where he is now stationed. "A soldier, man or woman, needs an opportunity to get rid of that stuff on their own." Now, he visits VA centers to help returning soldiers readjust to home life after war, and counsels against such parties.

In recent years, the military has launched a broader effort to guide troops and their families through the process of returning home -- a legacy from Vietnam and a result of new insight into posttraumatic stress disorder. A 90-page "reintegration guide" published by the Army and distributed to some troops before they depart Iraq advises on everything from small issues (which items make good souvenirs to bring home in your duffel bag; silverware from the Iraqi regime is barred) to larger ones (how to get reacquainted with a spouse and discipline the kids after a long separation).

Another resource for service members is a "family life consultant," which the Army began offering in 2004. The mental-health expert offers help with child rearing, relationships and other personal issues through workshops, group discussions and private consultations.

Indeed, the process of coming home can be a whirlwind. It starts when the commanding officer gives troops a rough idea of their redeployment date, but as for the actual departure, families often get only a day's notice (one reason: the military doesn't disclose details on troop movements for security purposes). One pattern that's unusual in this war is that sometimes scores of soldiers who were shipped out and fought together are on the same plane home 12 months later. In contrast, during the Vietnam

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War, troops were often sent home individually, military officials say. When the troops return together, they often pool their resources for a homecoming celebration or beef up the guest lists of each others' parties.

Sherri Hutton says she had been advised by officials at Camp Pendleton in Southern California not to go overboard, but she asked her husband if he would be up for a big welcome-home, and he agreed. Within a week of Marine Staff Sgt. Michael Hutton's return last April, Ms. Hutton organized a bonfire for 75 people -- including six Marines who returned with her husband's battalion -- on the same beach the family had camped on seven months earlier, the night before Sgt. Hutton was deployed. The party included karaoke, a keg and a "bring your own steak" barbecue.

"He was excited to go exactly back to the way things were when he left," she says. But there was a sad note to their reunion: Five people from the battalion died during the deployment.

Often, the welcome-home parties fall in between deployments, which families say can increase the pressure to go all out. A "pseudo-homecoming" is what retired Army psychologist L. Scott Fairchild calls it. With the Gulf War "there was a demarcation, a way point where they knew they had accomplished their mission," says Dr. Fairchild, who worked with military families on Gulf War homecoming issues at Fort Bragg, N.C. "One of the differences now is the ambivalence -- these soldiers are going to have the tension and stress and not know when it's going to be over."

Cindie Tinsman threw a homecoming party for her son Army Cpl. Kevin Tinsman when he returned home from a year at Camp Anaconda in Iraq, nicknamed "Mortaritaville" -- and before he shipped out for a second deployment. Ms. Tinsman, a Pennsylvania school bus driver, took the money she and her husband never spent on a wedding reception or anniversary party and put it toward the $2,000 bash. "Mama don't have lots of diamonds," she recalls telling her husband. "We're having a party." It took place at VFW Post 106 in West Chester, Pa., with a rented jukebox, a bartender and 80 pounds of roast beef and meatballs for 120 people.

Ms. Tinsman says while she might wait a bit before throwing a party next time, she has no doubt she'll plan one again when he's finally home for good. "We'll probably have it next July Fourth," she says. "It's going to be a heckuva celebration."

Write to Ellen Gamerman at ellen.gamerman@wsj.com2

Tribute Or Protest? (WSJ)

By Jeffrey Zaslow

The Wall Street Journal, July 1, 2006

Lowering flags for soldiers killed in Iraq emerges as another flashpoint on the home front.

Driving on a highway in Howell, Mich., John Ellsworth noticed that a giant flag at an outlet shopping mall was at half-staff. Mr. Ellsworth was heading to a funeral home, where visitation was being held for his son, a 20-year-old Marine killed in Iraq.

Just after Mr. Ellsworth spotted the flag, a realization hit him: It was at half-staff to honor his son, Lance Cpl. Justin Ellsworth. He recalled receiving a notice from Gov. Jennifer Granholm, who since late 2003 has decreed that flags be lowered for every Michigan soldier killed in the line of duty.

"It was comforting to see that people who didn't even know my son were remembering him," says Mr. Ellsworth. Later that day in November 2004, he went to see the lowered flag at the state capitol. "I thought to myself, 'This is for you, buddy.' Justin was always my little buddy.' "

In some 16 states, flags are routinely lowered for fallen home-state soldiers. But what some see as a gesture of tribute, others consider inappropriate, demoralizing and even devious. Half-staff efforts, which have spread to states Oregon, Minnesota, California, Illinois, Kentucky and Maine -- are generating controversy a mong politicians, veterans and citizens unsure about whether and when to lower the flag.

The U.S. Flag Code, adopted in 1942, says governors may honor state "officials" after they die by lowering the flag. Critics say it is inappropriate for governors to label soldiers as officials. Some wonder whether the flag tributes are really an attempt to undermine support for the war by reminding Americans of the fatalities. And though many veterans welcome the lowered flags, others say the day for honoring war dead is Memorial Day.

During World War II, when Michigan soldiers were dying at the rate of 13 a day, there was no effort to lower flags for every one of them. "If there had been, the flag would never have been raised for the entire war," says Bruce Butgereit, of Kentwood, Mich., who serves as national patriotic instructor of the Sons of Union Veterans of the Civil War.

Mr. Butgereit says he opposes the Michigan governor's call for flying flags at half-staff because it disregards the Flag Code. He believes Gov. Granholm, a Democrat, feels "some sense of loss" when a Michigan soldier dies, but that "her motivation to order the flag lowered was purely political."

In an interview, Gov. Granholm denies this, saying she first thought to lower flags when a state employee lost his nephew in 2003, and asked for the tribute at his state work site. That led Gov. Granholm to decide to honor all soldiers from Michigan and

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to do it statewide. Since her proclamation in December 2003, Gov. Granholm has ordered the flag lowered for 72 soldiers who've died. She called all 72 families in advance to tell them about the flag tribute, she says.

Gov. Granholm says she is aware that some people think she lowers the flag to remind citizens that the war isn't going well. She says this is not the case. She hopes the half-staff flags "remind people about the costs and sacrifices of having a free nation," she says. She asks citizens who see a lowered flag to "say a prayer, because that soldier's family is here within our borders."

Last month, Gov. Granholm's opponent in the November election, Republican Dick DeVos, indicated through a spokesman that, if elected, he would lower the flag for "officials," as designated by the Flag Code, but not for soldiers. A public outcry followed, with military families calling radio talk shows and writing letters to newspapers to vent their anger.

Within days, Mr. DeVos issued a statement saying he would continue the governor's flag policy -- and that his position had been misinterpreted. Mr. DeVos, son of Amway founder Richard DeVos Sr., declined to be interviewed for this article.

The flag code is a guideline rather than a document enforceable by law. The National Flag Foundation, a nonprofit educational group in Pittsburgh, Pa., defines a state official as "someone in a state cabinet position or higher" -- not a soldier. The foundation recommends that governors lower their state flags, rather than the stars and stripes, to honor fallen soldiers. (That's the practice in Virginia.) In any case, flying the U.S. flag at full-staff "honors all those who have sacrificed in the hundreds of years of our country's history," says Joyce Doody, the foundation's executive director.

Some who have successfully lobbied for flag tributes have been open about their antiwar goals. Paul Vogel of Barrington, Ill., has a son who served in Iraq. Mr. Vogel is now a peace activist with Military Families Speak Out. In 2004, Illinois Gov. Rod Blagojevich, a Democrat, said it was Mr. Vogel who helped persuade him to lower flags at state buildings for fallen Illinois National Guardsman. Mr. Vogel says he sees the half-staff tribute as both "anti-war" and "pro-soldier" -- and a reminder that "for a country at war, we seem benignly unaware of the cost." He hopes the lowered flags convince Americans that "we've sacrificed enough of our 19- and 20-year-olds to this illegal war."

Mr. Vogel's personal politics had nothing to do with the governor's decision to lower flags, says Gerardo Cardenas, a spokesman for Gov. Blagojevich. The governor was concerned about the need to honor soldiers' sacrifices "especially when the federal government is leaving millions of veterans behind," says the spokesman.

Governors who've ordered flags lowered are evenly mixed between Democrats and Republicans. The extent of the flag lowering varies by state. For GOP governors who order flags to half-staff, the terrain is potentially tricky since a state filled with lowered flags could be seen as a slight to the president's policies. California Gov. Arnold Schwarzenegger's spokeswoman says, "The only thing that factors into his thinking is paying tribute to our military men and women. It's all about expressing gratitude. There's nothing political."

In South Dakota, a spokesman for Republican Gov. Mike Rounds said the governor doesn't believe lowering the flag offers fuel for the antiwar movement because people in South Dakota understand the risks of war and the reasons the fight in Iraq is necessary.

Republican Missouri Gov. Matt Blunt has refused to lower the flag for soldiers killed in Iraq because soldiers are in federal service, says a spokeswoman. Governors, therefore, don't have authority to lower flags in their honor. Other Republican governors cite the Flag Code and its definition of "officials," which they say excludes soldiers.

Rick Johnson, a Democratic state representative in Missouri, unsuccessfully tried this year to pass a bill requiring flags to be lowered when soldiers from the state are killed.

Rep. Johnson, a veteran of the first Persian Gulf War, says that in the current conflict, "we went to war under false pretenses." Unable to get his bill passed, Rep. Johnson has kept a flagpole in his backyard at half-staff for two years, as a tribute to all soldiers who've died.

In Michigan's wealthy Oakland County, in suburban Detroit, County Executive L. Brooks Patterson, a Republican, had at first refused to comply with Gov. Granholm's flag orders. He feared the lowered flags "would be a constant reminder of the high cost of war, and would undermine the war on terror," says spokesman Robert Dustman. "He also felt that he didn't want the governor using this as a political thing, holding a tearjerker news conference every time a soldier was killed."

Veterans who support the half-staff order visited with Mr. Patterson and asked him to reconsider his decision. Mr. Patterson retains all his initial feelings about the potentially troubling messages sent by the lowered flags, "but out of respect for the veterans' groups, he decided to comply with their wishes," says Mr. Dustman.

Walter McVeigh, a World War II veteran in Grand Rapids, Mich., is a vocal opponent of Gov. Granholm's policy, calling it "misguided" and "a zig-zag tribute." He says people are confused. "You see some flags up, some flags down." After he wrote a letter to his local paper saying Memorial Day is the appropriate time for lowering flags, the backlash included a letter-writer who called him "callous" and labeled his views "reprehensible." Mr. McVeigh says he shakes off such criticism. He has even gone up

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to strangers' homes when they display the flag incorrectly, to tell them about proper flag etiquette. He says people seem willing to hear him out.

Mr. Butgereit, of the Civil War group, heard from one angry veteran who called him "petty" for speaking out against the half-staff flags. Mr. Butgereit responded with a long letter to the vet outlining his reasoning, explaining the Flag Code, and suggesting that Gov. Granholm could better pay tribute to the military through programs to educate citizens about the flag.

Many military families say they support the flag tributes -- even if antiwar activists are behind them.

Sue Nicholas, who owns an auto-glass company in Taylor, Mich., has a son who served in the Air Force in Iraq and is now stationed in Alaska. She has lowered the flag in front of her business dozens of times; she monitors announcements from Gov. Granholm online to know when soldiers have died.

She says customers almost never ask why the flag is at half-staff. "They're oblivious to it. Or they don't want to know because it's depressing," she says. The only people who "live, eat and breathe the war" are those with loved ones who've served in Iraq, she says. For her birthday this spring, she received a flagpole for her front yard from her friends in the "Michigan Military Moms" support group. Now she lowers the flag at home, too.

Paula Zasadny says she was comforted when the state of Michigan lowered flags "to honor my brave little soldier." Her 19-year-old daughter, Army Spc. Holly McGeogh, of Taylor, Mich., was killed in Iraq in 2004. Just before her body was brought home, Ms. Zasadny had a flagpole placed in her yard, and she follows Gov. Granholm's directions on flag protocol. "Even if we have to put our flags up and down every single day, that's something we as civilians of this great country need to do," she says. "Those soldiers are fighting for us."

Last November, at Bon Homme Yankton Electric Association in Tabor, S.D., employees were dealing with a terrible ice storm; 90% of customers were without power. At the time, Richard Schild, the company's office manager, was a National Guardsman serving in Iraq. When he got an email about the storm, he actually called in from overseas to offer input and advice.

The next day, while in a convoy driving through Baghdad, Sgt. 1st Class Schild was killed by a roadside bomb.

Back in South Dakota, the governor would soon order flags to half-staff. Sgt. Schild's grieving colleagues sought to lower the flag in front of the company's headquarters, but because of the ice storm, the flag was frozen to the pole. Eventually, general manager Merlin Goehring was able to hack off the ice and bring down the flag.

"It was very emotional," says Mr. Goehring, "but we felt we needed to show Rich the respect he deserved. We wanted to get that flag flying the way it was supposed to."

Texas: War Protesters Sue Over Roadside Camping Bans (NYT)

The New York Times, July 1, 2006

Cindy Sheehan and four other war protesters sued McLennan County over roadside camping and parking bans near President Bush's ranch in Crawford, saying they want to return to what became an "international symbol of protest against the Iraq war." Ms. Sheehan, who lives in Berkeley, Calif., was in Waco to file the suit, which also names the sheriff, county commissioners and county judge individually. The suit filed in state district court asks that the ordinances not be enforced during protests in August and ultimately be declared void. Ms. Sheehan's oldest son, Casey, was killed in Iraq in 2004. Last summer, she reinvigorated the antiwar movement with her peace vigil that started in ditches off the winding, two-lane road leading to Mr. Bush's ranch. (AP)

DOJ:

New Supreme Court Begins To Show Its Stripes (KRT)

By Stephen Henderson

Knight Ridder, July 1, 2006

WASHINGTON - At the Supreme Court, they say each group of nine justices is different, that a switch in just one seat fundamentally alters the dynamic among them all. As the court closes its 2005-06 term, when two new members, including the chief justice, took their seats after a 12-year stasis, that truism is evident in the court's rulings.

From decisions on the Clean Water Act, police procedure and abortion to others on political gerrymandering and the death penalty, the focus was on how Chief Justice John G. Roberts and Justice Samuel Alito were changing the court's outcomes.

In political terms, they established themselves as solid conservatives. But as their approaches to the law became clearer, they revealed nuances in their thinking that distinguished them from the bench's more doctrinaire members, Justices Antonin Scalia and Clarence Thomas.

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The term's lone blockbuster opinion - rejecting the Bush administration's military tribunals at the Guantanamo Bay prison in Cuba - highlighted the term's only other significant theme: the emergence of Justice Anthony Kennedy at the court's center. He has taken over the compromising, coalition-building role that he once shared with former Justice Sandra Day O'Connor. In cases that split the justices narrowly, Kennedy was in the majority more than anyone else.

"It's now clear that two justices have replaced Sandra Day O'Connor," said Elliot Mincberg, legal director for People for the American Way. "Justice Alito took her seat on the court, while Justice Kennedy has taken her role as the key swing vote."

It will take at least a few more terms before the character of the new court becomes fully evident. Yet some court watchers say some things are becoming clear.

"This is, of course, more a Kennedy court than a Roberts court," said David Garrow, a law professor at Oxford University in England. "But already we've certainly gotten some clear indications, both stylistic and substantive, of how Roberts will develop."

The term began quietly, with Roberts installed as chief justice and O'Connor still in her seat, awaiting her successor's confirmation. The justices struck an early chord of unanimity in October in a long string of opinions that included some topics that usually bring discord. They did it by deciding many cases on narrow legal grounds, avoiding more controversial elements.

The term's lone abortion case provides an example.

The justices, in considering whether a New Hampshire abortion restriction was unconstitutional because it lacked a health exception for the woman, simply decided that a lower court should consider the question more carefully.

The justices also unanimously said that the government could withhold money from law schools that bar military recruiters and that the government couldn't bar a small Christian sect from using hallucinogenic tea for religious ceremonies.

Overall, the court closed the term with more unanimous opinions than it has in recent years and with fewer concurrences and dissents.

Alito's influence was less noticeable than Roberts', which is typical for a first-year justice who isn't chief. He also missed the term's first half while his confirmation process unfolded.

Once on the court, he established a restrained conservativism that mirrored his work as an appellate judge. His voting record resembled Scalia's and Thomas', but even more Roberts'.

The term offered more clues about Roberts' thinking; as chief justice, he had greater impact. His first dissent came in March, when the court said police could not enter a home on one occupant's say-so if another objects. He craftily took aim at the court majority's logic and turned their own concerns back on them.

The decision, Roberts said, would harm victims of domestic violence whose abusers could simply turn police away at the door.

Roberts' opinion also mocked the majority's attempt to define the scope of cohabitation arrangements and the "social expectations" that accompany them.

"The Court creates constitutional law by surmising what is typical when a social guest encounters an entirely atypical situation," Roberts wrote. "The fact is that a wide variety of differing social situations can readily be imagined, giving rise to quite different social expectations. The possible scenarios are limitless."

The tone wasn't snarky, but the opinion showed how Roberts' razor-sharp intellect could needle his opponents.

Garrow also points to a Roberts line in the Texas political gerrymandering case, where he expressed frustration over efforts to draw congressional districts to assure just the right ethnic mix.

"It is a sordid business, this divvying us up by race," Roberts wrote. That sentiment could influence him next term on a case involving school district efforts to maintain certain levels of minority enrollment.

The next term is already shaping up as a big one, with major abortion, affirmative action and environmental cases on the docket.

Roberts' most sweeping opinion came in a case where the court didn't decide a substantive issue. When the justices dismissed a suit by Ohio taxpayers claiming that a state tax incentive plan violated their constitutional rights, Roberts took the opportunity to pen a virtual treatise on the judicial doctrine of "standing," or when someone has a right to bring a claim before a federal court.

It is the first question that courts must address when considering a case, and it's a subject of sharp debate in legal circles.

Roberts outlined an approach that tacks closely to the line taken by many judicial conservatives, who believe the ability to sue is limited. Remarkably, Roberts drew no objections from other justices or even a concurring opinion suggesting there was another side to consider. That could be a sign of deference to his leadership, or it could be diplomacy among colleagues who recognized that Roberts' opinion wasn't binding at that point.

Roberts and Alito distinguished themselves from the court's most rigidly conservative members, Scalia and Thomas, in several key cases. They backed away from the duo's assertion that no amount of political gerrymandering should compel court intervention and from their proposition that any limits on political contributions are unconstitutional.

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Kennedy emerged as the justice that the court's liberal and conservative blocs must woo to reach a majority. That was evident not just in how frequently he provided a crucial fifth vote, but also in how often his opinion tempered a ruling.

In a decision that said police armed with warrants can enter a house unannounced without fear that any evidence they find will be excluded from trial, Kennedy's opinion kept the decision from obliterating the so-called "exclusionary rule" altogether.

In a case that questioned the scope of the Clean Water Act, Kennedy's opinion held the court majority back from nearly eliminating government regulation of wetlands.

Kennedy also modified the court's decision on political gerrymandering, leaving open the possibility for further court refinement of the issue in the future.

Early Supreme Court Consensus Fades (AP-Y2)

By Nancy Benac, Associated Press Writer

AP2, July 1, 2006

Last October, liberal standard-bearer John Paul Stevens welcomed conservative Chief Justice John Roberts to the court by wishing him "a long and happy career in our common calling." In February, it was Roberts' turn to welcome fellow conservative Samuel Alito with exactly the same collegial greeting.

Yet for all the talk of consensus and harmony on the new Supreme Court, plenty of trees had to die to provide enough paper for the justices' fractured rulings on some of the most contentious cases of the court's term.

And all sides are betting that this transitional year — in which Roberts slipped into his seat just days before the term began and Alito arrived halfway through — served as a fairly mild prelude to far bigger dustups to come next term and for many years hence.

Roberts, the smooth and savvy chief justice from central casting, promised at his confirmation hearings last September to be a "modest" justice rather than an activist. In that spirit, he opted for a basic black robe rather than the flashy gold stripes worn on the sleeves of his predecessor, the late William Rehnquist.

Roberts has spoken publicly of his desire to achieve unanimity through narrow rulings that would offer "clarity and guidance." And he had some success, evidenced by a healthy share of unanimous opinions.

Even some cases that were expected to split the court — on abortion, campaign finance and disabled inmates, for example — were resolved unanimously and without creating upheaval.

But as more difficult cases trickled out before the justices began their summer break on Friday, it became clear that "the early buzz of peace, love, harmony and Kumbaya was probably overstated," said Ohio State University law professor Douglas Berman. "This is a closely divided court on a lot of issues that can't help but express genuine disagreements on the way critical legal issues ought to be looked at."

In a 5-4 case on Monday upholding Kansas' death penalty law, the four liberal dissenters labeled the statute "obtuse by any moral or social measure." Justice Antonin Scalia, known for his fire-breathing opinions, countered that the liberals were contributing to international "sanctimonious criticism of America's death penalty."

In a 5-3 ruling on Thursday, the court's last day, moderate Justice Anthony M. Kennedy joined the court's liberal members in finding that President Bush had overstepped his authority in ordering military war crimes trials for Guantanamo Bay detainees. Justice Clarence Thomas underscored his strong opposition by reading his dissent from the bench for the only the second time in his 15-year-career.

In a major wetlands case this month, the court produced five separate opinions covering 100 pages. Roberts lamented that, because of the muddled result, interested parties "will now have to feel their way on a case-by-case basis."

The divisions aren't just along liberal-conservative lines.

Within the reinforced conservative wing of the court, there are strong and sometimes conflicting opinions.

Scalia took fellow conservative Alito to task for making "illegitimate and ill-advised" use of legislative history in one opinion. In another case, Alito faulted Scalia for making "a subtle but important mistake" in his analysis of a defendant's right to counsel.

Both men seemed to be sending the message that they're not intellectual clones: "Don't call us Scalito," as paraphrased by lawyer Kathleen Sullivan, moderator of an American Constitution Society panel reviewing the court's term.

For all of the focus on the court's new fifty-something justices and the chemistry of the so-called Roberts court, it turns out that the jurist to watch is 69-year-old Anthony Kennedy, a moderate who's been on the bench nearly two decades. His role as a swing voter was overshadowed in years past by that of centrist Sandra Day O'Connor.

But now that O'Connor is gone, "the basic principle that you need to understand is that it's Justice Kennedy's world and you just live in it," said Washington lawyer Thomas Goldstein, who regularly argues cases at the high court and tracks voting trends.

As he fancifully put it, "Justice O'Connor, having been the most powerful woman in the universe, handed the keys to him on the way out the door and said, "Have fun,' and he took up that invitation."

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This term, Kennedy has provided the fifth vote on some of the court's toughest cases, including the death penalty, Guantanamo and wetlands cases.

More often than not, he has sided with the conservatives. Court watchers expect that trend to be more pronounced next term, when the docket includes contentious issues such as affirmative action and a federal ban on what opponents call partial birth abortion.

"We're almost certain to see next term an emphasis on those areas, namely abortion and race, where Kennedy is measurably more conservative than O'Connor in ways that likely will be utterly decisive," said David Garrow, a Supreme Court historian at Cambridge University.

The replacement of Rehnquist with Roberts didn't shift the court's ideological balance much, but the substitution of Alito for O'Connor clearly pushed the court to the right.

An analysis of voting trends shows Alito's affinity with the Scalia-Kennedy-Thomas-Roberts bloc to be as much as 15 percent higher than was O'Connor's.

"I think everybody really has to be aware that the court has become considerably more conservative," said Goldstein. "The real pitch in ideological cases has to be made to Justice Kennedy, and it's very much going to have to be made on a case-by-case basis."

The court's shift to the right could well sharpen in years to come, depending on the timing of future departures from the bench and the political party of the next president. The court's four conservatives — ages 51, 56, 58 and 70 — are actuarially destined to outlast the liberals — ages 66, 67, 73, and 86.

That age split has created an unusual dynamic for Roberts, at 51 the youngest chief justice in two centuries.

"The people sitting around the conference table are his parents' generation and they call him chief," said Thomas Baker, a Florida International University law professor who served as Rehnquist's first administrative assistant. "His self-deprecating style helps here. His humor helps here. And, one thing that cannot be overlooked, is how impressive his intellect is."

The court's new lineup is likely to change the dynamic in ways that extend well beyond the differences in how Roberts and Alito might vote compared with Rehnquist and O'Connor, says John McGinnis, a Northwestern law professor who worked with Alito in the Reagan Justice Department.

For example, there are some early signs that Justice Stephen Breyer may be inclined to vote more strategically to stay within the majority on certain cases, McGinnis said. And Roberts, for his part, may be assigning Breyer to write certain opinions in an effort to keep him from reflexively siding with the other liberals.

"I think that will be a story we should be following for the next five years," McGinnis said.

Getting To Yes (WSJ)

By James Taranto

The Wall Street Journal, July 1, 2006

In a Georgetown Law School commencement address in May, Chief Justice John Roberts said that he strives for "unanimity or near unanimity" on the Supreme Court in order to "promote clarity and guidance" to lawyers and lower courts. "The broader the agreement among the justices, the more likely it is that the decision is on the narrowest possible ground. . . . If it's not necessary to decide more to dispose of a case, in my view it is necessary not to decide more."

This Wednesday the court decided Lulac v. Perry, the Texas redistricting case. The decision ran 132 pages and comprised six separate opinions. Earlier in the week the court also produced six opinions, though only 70 pages, in a Vermont campaign finance case. Achieving unanimity is easier said than done, and the doctrine of deciding narrowly turns out to be of only limited usefulness.

The court's fragmentation is largely the legacy of a half-century's liberal activist jurisprudence. Justices have both discovered individual rights in areas where the Constitution is silent (most notably sexual privacy, including abortion) and curtailed rights (free speech, equal protection) to permit their favored social policies (campaign finance restrictions, affirmative action).

This has given rise to a crude political taxonomy of the court. "Conservative" justices -- Antonin Scalia, Clarence Thomas and possibly Samuel Alito -- disagree with many liberal precedents and wish to scale back or overturn some of them. "Liberals" -- John Paul Stevens, David Souter, Ruth Bader Ginsburg and to a lesser extent Stephen Breyer -- are comfortable with those precedents and eager to extend them where possible. "Swing" justices like Anthony Kennedy can be either liberal or conservative, depending on the situation. This gives them outsized clout, so long as neither side has a reliable majority. Justice Kennedy's fellow swinger, Sandra Day O'Connor, was often called "the most powerful woman in America."

On such a court, every associate justice is a centrifugal force. Conservatives and liberals hew to their convictions, while swingers have the added incentive of influence. This dynamic was most strikingly on display in Rapanos v. U.S., a case involving

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wetlands regulation under the Clean Water Act. By 5-4 the court overturned an appellate ruling that had endorsed the Army Corps of Engineers' expansive definition of "navigable waters." The four liberal justices wanted to defer to the corps' definition, while Chief Justice Roberts and Justices Scalia, Thomas and Alito would have rejected it. Justice Kennedy split the difference, leaving it to the lower court to determine whether the property in question had "a 'significant nexus' to waters that are or were navigable in fact or that could reasonably be so made."

In a concurring opinion, the chief justice seemed to express frustration with Justice Kennedy: "It is unfortunate that no opinion commands a majority of the Court. . . . Lower courts and regulated entities will now have to feel their way on a case-by-case basis. . . . What is unusual in this instance, perhaps, is how readily the situation could have been avoided."

To some extent this belies Chief Justice Roberts's adage that "if it's not necessary to decide more . . . it is necessary not to decide more." It was Justice Kennedy's minimalist concurrence, after all, that left the law muddled; it would have been clearer had either the conservative or the liberal bloc prevailed.

Happily for those who favor an aggressive war against al Qaeda, a similar result obtained in the term's most important case, Hamdan v. Rumsfeld, in which Justice Kennedy declined to join several key elements of Justice Stevens's opinion striking down the Pentagon's system for trying Guantanamo detainees. (Chief Justice Roberts did not participate because he was on the appellate panel that decided the case last year.)

The chief justice did command a unanimous court in one major case, Rumsfeld v. FAIR. By 8-0, the justices upheld the Solomon Amendment, which would have denied federal funds to universities (including Georgetown) that refused to allow military recruiters on campus. But tellingly, the case was not decided on the narrowest possible ground. The court held not only that this was a permissible condition for federal subsidies, but that Congress could have mandated the admission of military recruiters even if no federal money were involved.

Two unanimous cases decided in January, before Justice Alito joined the court, illustrate the limits of narrowness. Ayotte v. Planned Parenthood concerned abortion regulation; Wisconsin Right to Life v. Federal Election Commission, a section of the McCain-Feingold campaign finance law. In each case the court -- without a dissent or even a separate concurrence -- vacated a lower court's rulings on narrow technical grounds and sent it back for further adjudication. This approach made tactical sense. The court had been fractured over both abortion and campaign finance, and Justice Alito's arrival could change the balance. It was wise not to make new law while the court's makeup was in flux.

But on Monday, when the court decided another campaign finance case, the justices reverted to their fractured form. Randall v. Sorrell overturned Vermont's draconian contribution limits. Justice Breyer, joined by Chief Justice Roberts and Justice Alito, decided the case on the "narrowest possible ground," throwing out the limits without reconsidering Buckley v. Valeo, the 1976 case that upheld limits on campaign donations. Justice Alito said he might revisit Buckley in a future case; Justice Kennedy proclaimed himself "skeptical" about it; and Justices Scalia and Thomas said they'd overturn it. Justice Stevens, in dissent, also wanted to overturn Buckley -- but to permit limits on campaign spending as well as donations. The Ayotte consensus is likely to prove fleeting too. The court almost certainly will not be unanimous when it decides Gonzales v. Carhart, a partial-birth abortion case, in its next term.

In his confirmation hearings last year, John Roberts showed himself to be a man of intelligence, charm and political acumen. If anyone can bring consensus to the Supreme Court, surely he can. But his first term in office showed that this goal will require patience and persistence, and maybe another new justice or two.

Mr. Taranto is editor of OpinionJournal.com1.

Boeing Closes Deal To Pay 615 Million Dollars To End Probes (AFP)

AFP, June 30, 2006

Boeing Co. finalized an agreement to pay 615 million dollars to end three years of US investigations into high-profile contracting scandals at the aerospace giant, officials said.

The agreement calls for a 565 million-dollar civil settlement and a 50 million-dollar monetary penalty under a separate criminal agreement, according to the US Justice Department.

The amount is a record for government procurement fraud, for the Department of Defense and for the National Aeronautics and Space Administration, officials said.

The criminal probe stems from allegations that Boeing used improperly acquired data from rival Lockheed Martin to help win rocket launching business from NASA.

The deal also would end a civil probe into conflict of interest in Boeing's recruitment of a senior Air Force procurement official while she still had authority over billions of dollars in other Boeing contracts. The former official, Darleen Druyun, went to prison in the case.

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The uproar led to the firing of Boeing chief financial officer Michael Sears in 2003 and the resignation of chairman Phil Condit.

"The American people rightly expect government officials and contractors to act with integrity," said Deputy Attorney General Paul McNulty in announcing the agreement.

"The outcome of these investigations sends a clear message to those doing business with the government: harsh consequences await anyone whose conduct falls short of the highest legal and ethical standards."

US authorities agreed not to bring criminal charges against the company "in part because the company is fully cooperating with the government's investigation," the Justice Department said in a statement.

Additionally, Boeing "has agreed to accept responsibility for the conduct of its employees in these matters, continue its cooperation with federal investigators, pay a monetary penalty of 50 million dollars, and maintain an effective ethics and compliance program," the statement added.

Officials said they may seek to prosecute Boeing or to assess a further penalty of up to 10 million dollars, if over the next two years an executive management employee of Boeing commits federal crimes as outlined in the agreement, and the company fails to report the misconduct to the Department of Justice.

CORPORATE SCANDALS:

Report: Abramoff Had FBI Data (LAT)

By Walter F. Roche Jr., Times Staff Writer

The Los Angeles Times, July 1, 2006

The lobbyist improperly got and acted on a secret file about the Marianas, an inspector general says.

WASHINGTON — Convicted lobbyist Jack Abramoff improperly obtained a top-secret FBI document and tried to use the information to aid his clients in the Pacific Island territories, according to a report released Friday by the Justice Department's inspector general.

The lobbyist feared information in the document could be damaging to his clients' interests, the inspector general said, and he used his knowledge of its contents to warn them and to devise a counterattack.

"Abramoff's e-mail records indicate that by late June 2002 he had obtained a copy of the report from an official of the Department of Interior," the report said.

The leak has been referred to the FBI and the Interior Department's inspector general for further investigation.

Abramoff earlier this year pleaded guilty to corruption charges, including conspiracy to bribe public officials and failure to pay taxes. He is cooperating in an investigation that has resulted in guilty pleas from top legislative aides and Abramoff's lobbying partners.

The revelation that Abramoff had obtained the secret document was just one finding in the 41-page report into allegations that he had improperly influenced President Bush's 2002 decision to oust the acting U.S. attorney for Guam and the Northern Mariana Islands, Frederick A. Black.

The inspector general's report concluded that Abramoff actively advocated the ouster of Black, who had launched an investigation of the lobbyist and requested the FBI report. But the inspector general said the decision to appoint a new U.S. attorney, Leonardo Rapadas, had been made before Abramoff became involved.

The allegations by Black that he was pushed out of office to end the Abramoff probe were unfounded, the report said.

"We found no evidence to support a conclusion that the selection of Rapadas was the result of any retaliation against Black for raising allegations against Abramoff," the report by Inspector General Glenn A. Fine said. Instead, Fine concluded, once Abramoff learned of the impending decision, he attempted to take credit for it.

Black declined to comment Friday.

The FBI report, which focused on security concerns in the Pacific, warned of possible terrorist threats against U.S. military assets on Guam and the Northern Marianas. It was completed in spring 2002 and recently made public.

Abramoff, according to e-mails cited by the inspector general, worried the FBI report would prompt Congress to restrict immigration in the Northern Marianas — cutting off a supply of low-wage labor for garment manufacturers who had hired Abramoff to protect their interests.

After seeing the FBI report, the lobbyist suggested an attack on Black. "We have to make sure that Black guy is smeared into the ground," Abramoff wrote in an e-mail to his clients.

The inspector general's investigation, which included an interview with Abramoff and a review of his e-mails, followed a Los Angles Times report on the circumstances surrounding Black's replacement.

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According to Fine's report, Abramoff became actively involved in the efforts to oust Black at the behest of then-Guam Gov. Carl Gutierrez, a Democrat who was under investigation by Black's office. Abramoff told investigators that he met with Gutierrez in February 2002 in an effort to land a $1.3-million contract with the government of Guam.

Abramoff, the report said, told investigators that the two came up with a plan to smear Black by releasing copies of a letter Gutierrez had written in 1995 to President Clinton. The letter referred to Black as "a good Democrat" and recommended he be reappointed as U.S. attorney. Black was originally appointed as acting U.S. attorney by President George H.W. Bush in 1991.

In one e-mail to Abramoff, Gutierrez referred to Black as "a total commie…. We need to get this guy sniped out of there."

In another e-mail, Abramoff wrote: "We are opposed to Black. He has been screwing us for years…. So this is good payback. I don't care if they appoint Bozo the clown, we need to get rid of Fred Black."

Although the inspector general's report said Abramoff had nothing to do with Black's ouster, it did find that the lobbyist had a pipeline into the White House through which he learned of Rapadas' impending nomination and other matters involving Guam.

Leonard Rodriguez, a Bush aide, told the inspector general's office that then-White House political director Ken Mehlman "recommended or suggested that I reach out to make Jack aware" on Guam issues.

Once informed of Rapadas' selection, Abramoff instructed his colleagues in an e-mail to take credit for the decision even though his favored candidate had lost out.

Prosecutors Seek Assets Of Two Enron Chiefs (WP)

By Carrie Johnson

The Washington Post, July 1, 2006

Federal prosecutors asked a judge yesterday to order former Enron Corp. executives Jeffrey K. Skilling and Kenneth L. Lay to turn over $182.8 million, arguing that their homes and other assets were acquired by fraud.

A Houston jury last month convicted Skilling of 19 criminal charges including conspiracy and securities fraud and found Lay guilty of a half-dozen other counts. The government said both men had misled investors about Enron's financial health at the same time they sold stock at inflated prices before the energy company collapsed in bankruptcy. Lay and Skilling face extensive prison terms when they are sentenced this fall.

For the government to recover the funds, prosecutors must prove that money and property held by Skilling and Lay stem from the conspiracy. Prosecutor Patrick T. Murphy argued in court papers that the government established those links by virtue of the criminal convictions and evidence presented at trial about the bonuses, trading records and stock sales of both men.

Skilling collected $139.2 million in bonuses and stock proceeds during the course of the fraud, court papers said. In return, prosecutors are seeking $49 million in securities held in a Charles Schwab account; a $4.6 million mansion in Houston; $808,643 in cash; and a Dallas condominium now valued at $579,475. Government lawyers asked that a $5 million bond that Skilling posted after his indictment two years ago be used to satisfy part of the judgment.

Skilling previously argued that, because jurors acquitted him on nine insider trading charges, he should be entitled to keep his remaining wealth -- a position that prosecutors called "legally baseless." Daniel M. Petrocelli, a defense lawyer for Skilling, yesterday said the government move would leave Skilling "without any means to meet family obligations or satisfy substantial debts for his legal defense." He called the stance "wrong and unfair."

The Washington Post reported earlier this month that Petrocelli's law firm, O'Melveny & Myers LLP, has spent some $25 million on the case, for which it has not yet been paid. Defense lawyers are likely to ask the judge to release some of the money to pay their bills.

Lay collected $43.5 million in bonuses and drawdowns on his Enron-sponsored line of credit, the government claimed. Prosecutors yesterday sought repayment of $1.5 million Lay used to pay off the mortgage on his luxury penthouse apartment in Houston. They also asked for access to Lay's interest in a limited partnership now valued at $6.3 million.

Lay has testified that he is $250,000 in debt. Michael W. Ramsey, a defense lawyer for Lay, did not return phone calls.

CRIMINAL LAW:

Holdout Ends, Letting A City Seize Property In Connecticut (NYT)

By Avi Salzman

The New York Times, July 1, 2006

NEW LONDON, Conn., June 30 — With eviction looming, the two remaining homeowners fighting the city's plans to replace their homes with offices, a hotel and new housing agreed to settle on Friday, ending a six-year battle that led to a historic Supreme Court ruling on governments' power of eminent domain.

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"We're able to move on with our lives and look forward to remaining in the neighborhood," said Michael Cristofaro, whose family was one of the holdouts.

The settlements followed months of negotiations among the homeowners, the city and the New London Development Corporation that were overseen by state mediators.

The holdout homeowners were among seven in the Fort Trumbull neighborhood who sued the city, challenging its right to seize their property through eminent domain. The case eventually reached the United States Supreme Court, which issued a controversial 5-to-4 ruling last year that New London could take their homes for private development.

The five other homeowners have already settled. The dollar amounts of the settlements reached on Friday were not disclosed. Susette Kelo, a lead plaintiff in the case whose pink Victorian cottage became an icon in the battle to limit eminent domain, agreed to move her house to a new lot.

Ms. Kelo has not decided where she will move the house, but the state has agreed to pay the bill, said Scott Bullock, a lawyer from the nonprofit Institute for Justice who represented her. Mr. Bullock called the resolution "bittersweet," because Ms. Kelo had wanted to stay on her property.

No one answered the door at Ms. Kelo's house on Friday, and she did not return calls seeking comment.

Mr. Cristofaro said a few small concessions by the city made the difference.

His five-bedroom clapboard house on Goshen Street will be torn down, but the family has the option to buy property in the new development at a set price. The city also agreed to move the rhododendrons, yews and other plants his father, Pasquale, planted 30 years ago and to install a plaque in the development to honor Mr. Cristofaro's mother, Margherita, who fought the condemnation of her home until she died in 2003. "It restored a lot of respect and dignity to the family," Mr. Cristofaro said.

Ronald Angelo, a state official who helped negotiate the deals, said a key element to the settlements was getting the property owners more money.

After the Supreme Court ruling, several of the Fort Trumbull homeowners vowed to stay put, but they began to settle after the city increased legal and financial pressures. On June 5, the City Council voted to begin eviction proceedings.

William Von Winkle, who owned three rental properties in Fort Trumbull, held out until June 5. In an interview at his home on Friday, he said he settled because the state was willing to give him more money.

"When you look at my property, put these on," he said, adjusting a pair of sunglasses with dollar-sign holograms over the eyes.

CIVIL LAW:

Eminent Domain Plaintiff Will Keep Her House (LAT)

By Elizabeth Mehren, Times Staff Writer

The Los Angeles Times, July 1, 2006

However, under a settlement between New London, Conn., and the suit's namesake, the structure will be moved.

BOSTON — Susette Kelo, who lent her name to a lawsuit that ignited a firestorm around the practice of eminent domain, will not lose her Connecticut home to a wrecking ball, as she had feared when the U.S. Supreme Court ruled that the city of New London could build homes, offices and hotels in her neighborhood.

Under an agreement announced Friday, Kelo's quaint, peach-colored house will be moved to another location. Kelo, 49, can remain in the 19th-century cottage at its present waterfront location for as long as a year, until a new site is selected.

No financial details were released on the transaction that was weeks in the making.

"I am not happy about giving up my property, but I am very glad that my home, which means so much to me, will not be demolished and I will remain living in it," Kelo said Friday.

In the waterfront district of Fort Trumbull, Kelo and fellow homeowner Pasquale Cristofaro were the last plaintiffs in the landmark case of Kelo vs. City of New London to reach an accord with the city. The Cristofaro home will be razed, but the family will be able to buy a new home in the area at an undisclosed fixed price.

The case pitted seven property owners in a working-class area close to where the Thames River flows into Long Island Sound against state and local officials who wanted to revitalize the area with a commercial project. The goals were to generate more tax revenue and expand employment opportunities in the tired old city.

In a 5-4 decision last June, the Supreme Court gave governments the right to seize private property and transfer it to another private owner in the interest of economic development.

Specifically, the court held that the use of eminent domain for economic development was not in conflict with the public-use clauses of the state and federal constitutions.

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The expanded interpretation of the ancient practice known as eminent domain prompted legislators in nearly every state to draft measures to protect owners of private property. Eminent domain usually had been employed when governments wanted to build highways, bridges or public buildings — not office parks, restaurants, town houses, shops and hotels, as have been proposed for the site.

The court's action also produced a flood of new commercial proposals around the country, as developers sought to turn the decision to their benefit.

Last week, on the first anniversary of the Kelo ruling, President Bush issued an executive order barring federal agencies from seizing private property except for public projects such as hospitals or roads.

In New London, only Kelo and the Cristofaros refused to settle when the city put forth a May 31 eviction deadline. Finally Gov. M. Jodi Rell intervened.

"Now these families can have some closure, and the Fort Trumbull economic development project will go forward without delay," the Republican governor said Friday.

Attorney Scott Bullock of the nonprofit Institute for Justice, based in Washington, represented the plaintiffs. Bullock noted that the Kelo and Cristofaro properties were among a tiny handful of structures that remained in Fort Trumbull.

"It is a demolition zone now, not a residential area anymore," Bullock said Friday.

The small house that Kelo renovated by hand has become a symbol for the eminent domain debate, Bullock said, launching what he called "a grass-roots revolution" across the country.

"The fact that she can remain in it, and the fact that the home will remain standing, is a wonderful symbol of her struggle and the fight for homeowners' rights across the country," he said.

As part of the settlement, city officials also agreed to install a plaque in Fort Trumbull honoring family matriarch Margherita Cristofaro, who died at 73 while the case was pending.

"I am not happy. I am far from happy. What I wanted was to keep the house," said Michael Cristofaro, one of Pasquale's sons. "But we need to put a close to this, and the time was right."

Winning Over The Freeloaders (LAT)

By Edit

The Los Angeles Times, July 1, 2006

A YEAR AGO, THE ENTERTAINMENT industry hailed the Supreme Court's decision in the Grokster case as a milestone in its battle against online piracy. Maybe so — but if it was, the industry has little to show for it. If only the major labels and studios cared as much about serving customers as protecting copyrights.

The court's ruling said that companies such as Grokster, which enabled users to share files over the Internet, could be held liable for promoting copyright infringement. Many of these firms no longer exist, but the software they distributed still works. In addition, there are still plenty of noncommercial file-sharing programs, maintained and updated by a decentralized cadre of volunteers.

The Recording Industry Assn. of America argues that this picture would have been much worse without the lawsuits against file sharing. In the last few years, the percentage of U.S. Internet users who share files has remained about the same, while the percentage buying music at legitimate online stores has grown substantially.

Nevertheless, free downloaders represent a lost opportunity for the entertainment industry. The number of legitimate outlets for music, TV shows and movies online may be growing, but file-sharing networks continue to attract a much larger audience. By one estimate, almost 10 million people around the world are using file-sharing networks at any given moment. Evidently, the industry-backed services haven't come up with an offer as compelling as free files that can easily be played on any device.

The Grokster ruling wasn't simply a nudge for companies like Grokster to get out of the file-sharing business. It was an invitation for the entertainment industry to get in. By clarifying the legal obligations of file-sharing companies, the Grokster ruling created a road map for partnerships between tech and entertainment companies.

So far, however, talks between leading file-sharing firms and entertainment conglomerates have yielded few tangible results. Labels and studios have warmed a bit to popular but bootleg-heavy sites such as YouTube.com, where users post most of the videos, yet they remain extremely cautious about letting users redistribute their works.

The industry needs much more experimentation with approaches that give users the control and freedom to consume that make file-sharing networks so attractive. Instead of hoping that millions of Internet users on file-sharing networks will go somewhere else and pay for their downloads, it's past time to try to do business with them where they are.

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CIVIL RIGHTS:

Supreme Court Denies Texas, Arizona In Unconnected Death Penalty Cases (WP/AP)

By Associated Press

The Washington Post, July 1, 2006

Texas and Arizona lost Supreme Court appeals yesterday in separate death penalty cases.

Justices refused without comment to consider reinstating the death sentence of Gregory Russeau in the murder of an elderly auto mechanic during a robbery in Texas.

They also refused to overturn an appeals court decision that gave Robert Moormann a chance to pursue an appeal for his conviction in the death of his adoptive mother in Arizona.

The cases were among more than 50 the court acted on yesterday, a day after justices were on the bench for the last time this term. Justices return to the bench in October.

A Texas court had said Russeau's Sixth Amendment right to confront witnesses against him had been violated during the penalty phase of his trial. He was convicted in the 2001 death of James Syvertson, 75.

Moormann was on a prison furlough in 1984 when he was accused of killing his adoptive mother, 74. The U.S. Court of Appeals for the 9th Circuit had said a lower court should consider Moormann's claims of poor lawyering.

ANTITRUST:

G.M. Is Pressed To Form Alliance With Two Rivals (NYT)

By Micheline Maynard

The New York Times, July 1, 2006

DETROIT, June 30 — General Motors' largest shareholder is pressing the troubled American auto giant to speed up its turnaround effort by forming an alliance with two foreign car companies, Nissan and Renault, which would pay $3 billion for a 20 percent stake in G.M.

The proposal by the billionaire Kirk Kerkorian, suggested in letters to the three companies, is his latest effort to put pressure on G.M.'s chief executive, Rick Wagoner, to quicken the pace of change.

The company has taken drastic measures in recent months to cut costs, partly in response to prodding from Mr. Kerkorian, who so far has lost money on his 56 million G.M. shares, which represent a 9.9 percent stake.

An alliance with Renault of France and Nissan of Japan offers Mr. Kerkorian an opportunity to enlist the help of Carlos Ghosn, the hard-charging executive who oversees both companies.

Mr. Ghosn, nicknamed "the cost killer," earned his reputation from the swift turnaround he executed earlier this decade Nissan, where he slashed debt, introduced flashy new vehicles and expanded sales in Japan and the United States.

If Nissan and Renault were to team with G.M., the companies could draw from one another's expertise in manufacturing, engineering and product development, Terry Christensen, Mr. Kerkorian's lawyer, said Friday.

"It would be an amazingly important alliance," said Mr. Christensen, who has been involved in the discussions.

G.M., in a statement, said the proposal would be taken under advisement by its board, which held a hastily arranged meeting by conference call on Friday, according to people with knowledge of the board's deliberations.

Investors cheered the prospect of the alliance, sending G.M. shares up $2.35, to $29.79.

Disclosure of Mr. Kerkorian's move came as a shock in Detroit, where auto executives were preparing to take next week off for the industry's annual summer holiday shutdown.

An agreement by the three companies would further reshape the industry, much like the 1998 merger of Daimler-Benz and the Chrysler Corporation, and the arrangement that linked Renault with Nissan in 1999.

It would also add new heft to General Motors. Together the three companies would hold about one-quarter of the global market, compared with 14 percent for Toyota, which some analysts say could pass G.M. as soon as this year to become the top seller.

And it would provide G.M., which lost more than $10 billion last year, with more cash for its turnaround plan.

But there is no certainty that the arrangement will come to pass, especially since it is the brainchild of Mr. Kerkorian, who decided to push the idea after meeting over dinner with Mr. Ghosn (his name rhymes with "phone"). G.M.'s management has also not played an active part in the talks.

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Mr. Ghosn could represent possible competition for Mr. Wagoner, who has been under a cloud this year because of the company's dismal financial performance, loss of market share and the bankruptcy at its biggest parts supplier, Delphi.

G.M. directors, most of whom were chosen while Mr. Wagoner was either chief executive or president, issued a statement in support of him this past spring, when his future looked shaky, particularly in the wake of accounting errors that forced G.M. to increase its 2005 loss.

People involved in the discussions said the issue of Mr. Ghosn's role and Mr. Wagoner's future had not yet come up. Though Mr. Wagoner's position is considered solid, Mr. Ghosn's global reputation, and his ease in public, could threaten to overshadow him.

Renault and Nissan said in a statement that their partnership had never been restricted to two companies, and could be expanded further "under the right circumstances and with the appropriate partners."

But, the companies said, "it is necessary that the G.M. board and management fully support this project" before discussions begin. Support from the boards of Nissan and Renault would also be required, they added.

Officials at Mr. Kerkorian's company, Tracinda, said they would like to see a swift agreement to the deal, which could take another six months to win approvals from regulatory agencies.

People with knowledge of G.M.'s thinking, however, said Friday that the company was not likely to be in any rush to give Renault and Nissan an answer.

The company's caution is understandable. G.M. has been stung in the past by alliances, like a deal with Fiat of Italy, which G.M. had to pay Fiat $2 billion to escape, and ventures, now defunct, with Japanese companies like Suzuki and Fuji Heavy Industries, Subaru's parent.

Moreover, the strongest automotive players, like Toyota, Honda and BMW, are independent companies without the complications that such ventures can create.

People with direct knowledge of the matter say the proposal for a 20 percent stake was made by Mr. Ghosn to Mr. Kerkorian at a June 15 dinner in Nashville, where Nissan recently broke ground for a new headquarters building.

The meeting came after weeks of phone calls between Mr. Ghosn and Jerome B. York, an adviser to Mr. Kerkorian who joined the G.M. board in February.

Mr. York, long an admirer of Mr. Ghosn, had first approached him several weeks ago for a get-acquainted session, which was held in London.

In January, Mr. York laid out a plan for accelerating G.M.'s turnaround, including cutting its dividend in half, eliminating lesser-performing brands like Saab, Saturn and Hummer, and reducing salaries for G.M.'s board members, top managers and employees.

G.M. has defended its brands, but the company subsequently cut the dividend along with the pay of its five top executives and board members.

In announcing the plan, Mr. York suggested that G.M. embrace the speed and clarity displayed by Mr. Ghosn in his overhaul of Nissan, which was saddled with slow-selling vehicles and $20 billion in debt when he arrived in the fall of 1999.

Mr. Ghosn, for his part, has long wanted to push Renault and Nissan beyond a Eurasian alliance and into the global marketplace.

Although Mr. Ghosn has declined to offer opinions on how G.M. should address its problems, he has told associates that he could return the world's largest automaker to profitability, just as he did with Nissan.

Because the companies would be buying only a minority stake in G.M., they would not be saddled with all of G.M.'s problems, said John Casesa, managing partner of Casesa Strategic Advisers in New York.

Still, he said, "it'd be pretty messy on paper having these three companies in a loose alliance." Even if no deal is concluded, Mr. Casesa interpreted the proposal as a sign that Tracinda would keep the pressure on G.M. to accelerate its overhaul.

But Mr. Christensen says Mr. Kerkorian's goal is to do more to help G.M. than simply make money on his stock, for which he paid an average of $30.10 a share. At Friday's closing price, Mr. Kerkorian has lost $17.3 million on his 56 million shares.

"The value for the shareholders will be there," Mr. Christensen said. "But more importantly, the accomplishment and the strength it would give G.M., and the long-term health it would give G.M., would be a big part of this."

For his part, Mr. Ghosn relishes the opportunity to negotiate such arrangements. In 2003, he put together a Nissan deal in China himself, traveling three times from Tokyo to complete the details.

Mr. Ghosn has seemed destined for some time to emerge in Detroit. Over the years, he has been courted by Ford Motor, which is led by William Clay Ford Jr., the great-grandson of the company's founder.

Likewise, Mr. Kerkorian's advocacy at G.M. was also bound to emerge, given his past moves at Chrysler, where he was the biggest shareholder before it merged with Daimler-Benz.

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He began buying Chrysler shares in 1990, becoming a close ally of its chief executive then, Lee A. Iacocca. Five years later, with Mr. Iacocca retired, and Chrysler's stock price lagging, he and Mr. Iacocca started a takeover effort.

It did not prove successful. However, Chrysler agreed to put a Kerkorian representative on the board and to double a stock buyback program.

As for the potential partners, things are particularly bumpy at Nissan, which has posted declines in sales and market share in the United States this year at a time when Asian auto companies have captured a record 40 percent of the market.

More than half the company's staff at its headquarters in California has decided not to move to Nissan's new American headquarters outside Nashville. Meanwhile, Nissan is moving some production and engineering work back to Japan, because of the heavy workload faced by its plants in the United States.

Last year, Mr. Ghosn moved to Paris from Tokyo and is overseeing an overhaul at Renault, where he was an executive before taking charge at Nissan in the fall of 1999.

G.M., for its part, is in the midst of closing all or part of a dozen plants and cutting 30,000 jobs as part of its restructuring effort. On Monday, G.M. said 35,000 of its 113,000 hourly workers had agreed to accept buyouts and retirement incentives to leave the company, more than enough to account for its job cuts.

Auto Club Kerkorian Proposes GM Join Renault, Nissan In Alliance (WSJ)

By Monica Langley, Neal E. Boudette And Lee Hawkins Jr.

The Wall Street Journal, July 1, 2006

Plan From Biggest Shareholder Adds to Pressure on CEO; Volley Lifts Shares by 9% Aggressive Ghosn in the Wings

In a dramatic move that raised pressure on General Motors Corp. and embattled Chairman and Chief Executive Rick Wagoner, shareholder Kirk Kerkorian proposed that the auto maker give its restructuring a huge push forward by joining the partnership between Renault SA and Nissan Motor Co.

The proposal from GM's biggest shareholder, which the company's board said it would consider, was a stunning shot at Mr. Wagoner's effort at restructuring the nation's biggest auto maker. While GM has made progress in recent weeks, Mr. Kerkorian and his team have long seen Mr. Wagoner's approach as too incremental to bring about the revolutionary change they say GM needs.

WALL STREET JOURNAL VIDEO

Reporter Lee Hawkins discusses1 possible motives for Kirk Kerkorian's move. DESKTOP NEWS ALERTS

2

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It also represented a bold move by Carlos Ghosn, the auto executive who pulled off a turnaround at Nissan and is now chief executive of both it and Renault. In a letter delivered to GM's board Friday, Mr. Kerkorian's investment company, Tracinda Corp., indicated it already had discussed with Mr. Ghosn the idea of Nissan and Renault each taking a significant stake in GM and bringing it into their alliance.

A short time later, Renault and Nissan issued a joint statement saying they were open to the idea if it has the "full support" of GM's management and board.

The news sent GM shares up 8.6%, or $2.35, to $29.79 in 4 p.m. composite trading on the New York Stock Exchange. The rise increased the value of Mr. Kerkorian's 9.9% stake in GM by $140 million, to $1.67 billion from $1.53 billion at the close of trading on Thursday. Friday's closing price was not far off the $31 a share Mr. Kerkorian paid when he bought his largest chunk of GM stock a year ago.

Left unanswered were a host of questions, including how three companies from three continents, with different cultures and ownership structures, could work together, and whether such a partnership could really cut costs. An alliance would mark a big shift of power in the global auto industry, combining GM, the world's largest auto maker, with Renault and Nissan, whose partnership makes them the world's fourth-largest auto group. GM makes about nine million cars and trucks a year, but is expected to soon be surpassed by Japan's Toyota Motor Corp., the world's No. 2 auto maker. Renault and Nissan together make about six million vehicles a year.

But aligning the three could fulfill Mr. Kerkorian's hopes of seeing rapid progress at GM, perhaps under Mr. Ghosn, who in recent years has become one of the best-known executives in the global auto industry.

Born in Brazil to Lebanese parents, the 52-year-old Mr. Ghosn was dispatched to Japan to fix ailing Nissan when Renault bought a 44% stake in the company in 1999. At the time Nissan was mired in losses and carrying $20 billion in debt.

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Though he was the first non-Japanese to run Nissan, Mr. Ghosn was able to slash jobs and costs, revamp the product line and pay down debt quickly. In the last few years, Nissan sales have boomed, and in 2005 it was one of the most profitable auto makers in the world.

A GM alliance with Renault and Nissan could pave the way for Mr. Ghosn to take over there as well. Mr. Ghosn is know as a results-oriented leader who probably wouldn't agree to an alliance unless he was convinced significant changes could be made at GM -- with or without Mr. Wagoner.

Through a spokesman, Mr. Wagoner declined to comment Friday.

Recent Victories

Though it is still early in GM's restructuring effort, Mr. Wagoner has scored a number of recent victories in his drive to keep his job and revive GM, which is hurting from falling sales, high health-care and labor costs and a surge in foreign competition. Last spring, he secured a vote of confidence from his board after he threatened to resign. At GM's annual meeting, shareholders rejected a proposal to separate the chairman and CEO posts, while all of his board members were re-elected by large majorities.

Additionally, after an accounting change was ruled permissible, GM was able to restate first-quarter earnings showing a profit of $445 million. This past week, Mr. Wagoner announced that an ambitious buyout program to cut labor costs had met its target, allowing the company to shed 35,000 union workers, or 30% of its hourly work force, by the end of the year -- two years ahead of schedule.

But the proposal from Mr. Kerkorian -- who is GM's largest single shareholder -- was a clear signal that he remains unhappy with Mr. Wagoner's progress. People familiar with Mr. Kerkorian's thinking said he and his representative on the GM board, Jerome B. York, believe GM needs to completely rethink all aspects of its business. They see Mr. Wagoner's plan as too slow-moving to enable the auto maker regain its standing in today's brutally competitive auto industry, these people said.

"We believe that participating in a global partnership-alliance with Renault and Nissan could enable General Motors to realize substantial synergies and cost savings and thereby greatly benefit the Company and enhance shareholder value," Tracinda said in its letter to GM. "Accordingly, we urge the Board of Directors to form a committee to immediately and fully explore this opportunity together with management."

Mr. Kerkorian and his team believe the proposed alliance has the potential to save GM, Renault and Nissan billions of dollars by sharing engineering, purchasing and production costs for engines and the basic components and vehicle platforms of automobiles, one person familiar with the matter said.

Together, the three companies have about 25% of the global market for cars and light trucks. They spend about $190 billion a year on steel, plastics and other materials, and just a 1% decrease would bring substantial savings, this person said. In a bid to tap into cheaper overseas labor, the proposal contemplates GM using operations currently overseen by Mr. Ghosn.

To be sure, the auto industry is littered with failed mergers and alliances. Renault itself tried and failed to succeed with a similar cooperating deal with American Motors Corp. in the 1980s, while GM last year gave up on a four-year-old partnership with Fiat SpA, a breakup that cost the company $2 billion. DaimlerChrysler AG is still trying to prove that its 1998 trans-Atlantic merger is producing meaningful synergies.

A former executive at Chrysler and IBM Corp., Mr. York first expressed public admiration for Mr. Ghosn in a speech in Detroit in January. In that speech, he pointedly criticized GM's restructuring efforts, saying the company should consider killing some of its eight brands, cut management pay and cut its dividend. He urged the company to use Mr. Ghosn's Nissan turnaround as a model.

York Expresses Frustration

Since he joined GM's board in February, Mr. York has told associates he is frustrated by what he sees as incremental steps taken in GM's turnaround effort. He has told fellow directors that he's very worried about GM's negative cash flow and alarming slide in U.S. market share. The company's own internal forecasts project that GM's share in the U.S. market could drop to 20%, about half what it was two decades ago.

Mr. York first met Mr. Ghosn in May in London, and the two hit it off over dinner, people familiar with the matter said. Two weeks ago, Mr. Kerkorian flew to Nashville to meet Mr. Ghosn, who was in Tennessee for the move of Nissan's North American headquarters there. The billionaire, his adviser Mr. York and Mr. Ghosn had dinner and discussed the Renault-Nissan alliance and its possible application to GM.

Mr. York met with Mr. Wagoner on June 22 to discuss Mr. Kerkorian's interest in the alliance and possible benefits for GM, according to people familiar with the matter. The CEO was surprised but calm, according to a person familiar with the situation.

Once Tracinda filed its plan Friday morning, GM called an emergency board meeting via telephone to discuss the proposal. Directors generally agreed that GM should study the proposal. Mr. Wagoner told his board that some alliances work, but some don't, according to people familiar with the matter. He also said he and GM's management and advisers would review the proposal and convene another board conference call next week after July 4, these people said.

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Some investors expressed doubt that Mr. Kerkorian truly seeks an alliance of GM, Renault and Nissan. "He bought his shares in the 30s, and today is the first time [in a while] that the shares have come anywhere close to that," said David Kudla, chief investment strategist of Mainstay Capital Management, a Michigan-based money-management firm that manages accounts for many GM employees and retirees. "I think Tracinda is looking at various ways that they can secure a return on the investment, and this is another opportunity. They are looking at whatever initiative would increase the share price."

A Tracinda spokesperson said the company typically invests for the long term, not the short term.

Dan Genter, president and CEO of RNC Genter, a Los Angeles-based investment firm that owns bonds issued by GM's financing arm, said the proposal puts Mr. Wagoner "in a real squeeze." If the CEO doesn't accelerate his restructuring efforts, Messrs. Kerkorian and York "are going to have him on the ropes," he said.

Meanwhile, some auto-manufacturing experts said GM, Renault and Nissan would face "a pretty arduous task" in setting up a basis for working together. "By no means would it be an easy process," said Mike Jackson, director, North American vehicle forecasts, of CSM Worldwide, in Northville, Mich., adding that it would be "a number of years" before they could begin using common parts and components.

"That said," he went on, "Renault and Nissan have been able to work pretty expediently to combine their global processes and platforms and they've made considerable progress."

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Global Partners Possible For GM (WP)

By Sholnn Freeman

The Washington Post, July 1, 2006

Kerkorian Urges Alliance With Nissan, Renault

Billionaire investor Kirk Kerkorian yesterday pushed General Motors Corp. to explore a partnership with Nissan Motor Co. and Renault SA, both of which are led by turnaround expert Carlos Ghosn.

In an extraordinary series of events set into motion by Kerkorian, whose investment company owns 9.9 percent of GM's shares, the Detroit automaker's board and management are being pressed to join a global alliance with Nissan and Renault. Under a partnership already in place, Renault holds a 44 percent stake in Nissan, while Nissan owns 15 percent of Renault's shares.

In a letter to GM chairman and chief executive Rick Wagoner, Tracinda Corp., Kerkorian's investment firm, said Nissan and Renault were open to buying significant stakes in GM. In a separate letter, Tracinda notified Ghosn and Renault Chairman Louis Schweitzer that Tracinda has asked GM to form a committee to explore a potential alliance.

Nissan also called on GM's board of directors to study the deal. "At this point, it is necessary that the GM board and top management fully support this project in order to start the study of this opportunity after agreement of Renault and Nissan boards," Nissan said in a statement.

Nissan said Ghosn was approached by Kerkorian and Jerome B. York, a GM board member and Kerkorian adviser, to assess the merits of GM joining the partnership.

GM said it had not received an offer or proposal from Renault or Nissan. But GM said its board will consider Tracinda's request to form a committee to study the proposal.

GM shares rose $2.34, or 8.6 percent, to $29.79, a level they had not reached since October. Financial analysts said Nissan's interest was an affirmation that GM shares were undervalued.

Under the partnership between Renault and Nissan, the two automakers operate as stand-alone companies, but Ghosn is president and chief executive of both. Ghosn is credited with rescuing and rebuilding Nissan after it ran into trouble in the late 1990s. As it has returned to financial health, Nissan has been particularly aggressive in the United States, where its new products have added to pressure that Detroit automakers were already getting from other Asian automakers, particularly Honda Motor Co. and Toyota Motor Corp.

GM is restructuring after years of losing U.S. market share to rivals like Nissan. The loss of market share in its home turf has led to the loss of tens of thousands of high-paying U.S. auto jobs and the closing of assembly plants around the country. GM lost $10.6 billion last year, although results have improved this year.

Analysts said they doubted that either side is planning to rush into a major collaboration. Wagoner was severely criticized for focusing GM on a global alliance strategy of partial investments in auto companies around the world. Those stakes were sold when GM's financial situation collapsed last year. Wagoner has claimed successes in his turnaround plan at GM, but he has acknowledged that the company still has a lot of work to do.

Ghosn also has a full plate. Quality has slipped as Nissan steadily expands production and brings out new models.

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Tracinda owns 56 million shares of GM stock, which accounts for 9.9 percent of the company. Kerkorian is GM's largest individual shareholder. He began amassing a stake in the company last year. Since then, his adviser, York, was added to the GM board and has criticized the company for the sluggish pace of its turnaround.

David Healy, auto analyst at Burnham Securities Inc., said Kerkorian might be trying to scare off short-sellers, who are betting that GM's stock will drop, by making moves to shore up GM's share price. He said he doubted that the back and forth between GM and Kerkorian could lead to Ghosn's installation in the top job at GM.

"I think it would have absolutely no management affect," Healy said. "GM and Nissan are bitter enemies. Nissan has been eating GM alive for years. Nissan is one of three reasons that GM's market share and profitability has collapsed in the last three years, the others being Toyota and Honda."

FBI/DEA/ATF/USMS:

Thieves' Indifference May Mean VA Laptop's Data Is Secure (WP)

By Rob Pegoraro

The Washington Post, July 1, 2006

If your Social Security Number was on that wayward, now-recovered Department of Veterans Affairs laptop -- or any of the other computers recently lost with sensitive data onboard -- it's probably still safe. But not certainly so.

And you're just going to have to live with whatever uncertainty that realization stirs in you.

That's not the message that the government wanted to convey Thursday, when the Federal Bureau of Investigation's Baltimore field office issued a press release saying, "A preliminary review of the equipment by computer forensic teams determined that the database remains intact and has not been accessed since it was stolen."

But can you take that statement to the bank? No (well, unless the feds have some new forensic technology we don't know about.)

"The FBI can't really make the claim it's making," said Tim Leehealey, executive vice president of business and corporate development at Guidance Software, a Pasadena, Calif., developer of data-forensics software. "Nobody can make that claim for sure."

(A press representative reached yesterday afternoon at the FBI's Baltimore office could not locate officials to comment on this story.)

Just turning on the computer and opening or copying files will leave numerous traces behind. But there are too many other ways to extract data without detection. You can run specialized tools to clone the computer's entire hard drive to a different machine; you can use a CD of Linux to boot up the computer and copy files; you can physically remove the hard drive and plug it into another computer.

When the VA or other offices try to ensure that lost records haven't landed on identity thieves' hard drives, they run into the same problem that's undermined the entertainment industry's efforts to stop people from circulating music and movies on the Internet.

Namely, computer data, by its nature, wants to go places. You can duplicate it infinitely and perfectly, then distribute those copies at near-zero cost. That's neither bad nor good; it just is.

So in a worst-case scenario, every personal record on that VA laptop could now be online. And you'd never know until the symptoms of identity theft showed up in your bank account.

That said, Leehealey was careful to add that the odds of that scenario are exceedingly low -- for one thing, what kind of idiot would let a stolen laptop be found? "The people smart enough to do this are smart enough not to do it this way," he said.

This is likely true of most stolen corporate computers. They're only good for a quick profit through fraudulent resale -- in the same way most muggers won't bother creating a new ID from the Social Security card in a wallet when they can just spend the victim's cash and credit cards instead.

But that doesn't mean it's smart to carry around your Social Security card, or that a government or company should keep critical data on portable, easy-to-steal devices.

These offices need to keep that data out of circulation as much as possible to limit the damage from mistakes and accidents. Those things will inevitably happen, even to companies that deal with security for a living -- Guidance, for example, lost a few thousand of its customers' credit card numbers to an online break-in last year.

Living with technology, or trying to? E-mail Rob Pegoraro atrob@twp.com.

Veterans Still Want Credit Monitoring After Stolen Laptop Found (AP)

By Hope Yen
AP, June 30, 2006

WASHINGTON (AP) - Veterans groups say they will keep pressing for improved data security - and free credit monitoring - after the government found the stolen Veterans Affairs laptop computer containing sensitive data on 26.5 million people.

The government announced Thursday that a person officials would not identify had turned in the laptop and external drive, which were stolen from a VA data analyst on May 3. The FBI said an initial review determined that the contents had not been accessed or copied.

"We are pleased and relieved," said John Rowan, president of Vietnam Veterans of America, which has filed a lawsuit against the government for privacy violations. "The VA's handling of this unfortunate theft exposes the very real need for major reform in how records with personal information are handled and secured."

Joe Davis, spokesman for the Veterans of Foreign Wars, said veterans were entitled to credit monitoring until the FBI can determine for certain the information wasn't compromised.

"The worst-case scenario may have been averted this time, but an even greater tragedy would be if this type incident was allowed to happen again because of complacency," Davis said.

Burglars stole the computer equipment containing names, Social Security numbers and birth dates for veterans and active-duty troops from the data analyst's suburban Maryland home. Law enforcement officials recovered it after an informant on Wednesday notified the U.S. Park Police that he had heard about a $50,000 reward and knew where it could be found.

The equipment was then turned in to officials in Montgomery County, Md., where the data analyst lives. No suspects were in custody.

The FBI, in a statement from its Baltimore field office, said a preliminary review of the equipment by its computer forensic teams "has determined that the data base remains intact and has not been accessed since it was stolen." More tests were planned.The announcement came one day after President Bush asked

Congress for $160.5 million to pay for credit monitoring and other fraud protection for affected veterans. He proposed to tap dollars set aside but not used yet for food stamps, student loans and trade assistance for farmers.

During a House hearing Thursday, VA Secretary Jim Nicholson urged veterans and active-duty troops to keep watch over their financial records until more tests were completed in the coming days. But he declined to say whether the VA would ultimately follow through on its plans to offer at least one year of free credit monitoring.

The department was actively working to hire a data analysis company to be on the watch for identity theft, Nicholson said, but it will await further tests from the FBI to decide on the monitoring, which on average costs $50 to $150 per person each year.

"I'm going to reserve judgment on that," he said.

Veterans groups and lawmakers from both parties have criticized the VA for the theft and noted years of warnings by auditors that information security was lax. The VA has also been criticized for waiting nearly three weeks - until May 22 - to publicize the theft.

Some veterans have filed class-action lawsuits in Covington, Ky., and Washington seeking $1,000 in damages for each person - or up to $26.5 billion total - for privacy violations. They are also seeking to force the VA to improve its security practices.

A hearing was scheduled Friday in U.S. District Court in Kentucky on the government's credit monitoring offer.

Nicholson has pledged to turn his agency into a "model for information security" but said it won't happen overnight.

"This has brought to the light of day some real deficiencies in the manner we handled personal data," Nicholson said Thursday during a House hearing investigating what has become one of the nation's worst data breaches.

"If there's a redeeming part of this, I think we can turn this around," he said.

VA Can Publicize Credit Monitoring Offer (WP)

By Dylan T. Lovan
The Washington Post, July 1, 2006

COVINGTON, Ky. -- The Veterans Affairs Department is free to publicize a no-cost credit monitoring offer to veterans whose personal information was stolen, a federal judge ruled Friday.

U.S. District Court Judge William Bertelsman denied a motion from attorneys who filed a class-action suit on behalf of 26.5 million veterans and active-duty troops after a VA employee's laptop containing the private data went missing.

Law enforcement officials recovered the laptop this week after it had been stolen from a data analyst's Maryland home on May 3. The FBI said Social Security numbers and other personal data had not been copied from the computer.

Attorneys in the class-action suit had argued that accepting the offer, which was advertised on the VA's Web site, could hamper the veterans' chances of winning more money in court.

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"I don't see anything objectionable in it," Bertelsman said during a hearing. "The court can't tell a government agency how it can communicate with its constituents. If they make a statement that's a false representation ... then the court might get into it."

"We're encourage by the fact that we're allowed to help our veterans," Scott Hogenson, a VA spokesman, said after the ruling.

VA Secretary Jim Nicholson, during an appearance in Louisville, Ky., before he learned of the judge's ruling, said the matter "may now be academic" since the stolen laptop had been recovered.

Nicholson said there was a "strong indication" that the personal information was not accessed or compromised after the theft.

The secretary promised a major overhaul of cyber and information security at the VA to prevent such an occurrence again.

"I want to make the VA into the gold standard for information security," he said in an interview.

Bertelsman also indicated that the recovery of the stolen laptop could affect the class-action suit.

"Some of this may have been cured," he said.

The lawsuit seeks free monitoring and other credit protection for an indefinite period as well as $1,000 in damages for each person, up to a total of $26.5 billion.

Bertelsman ordered the Veterans Affairs Department to state on its Web site that accepting the credit-monitoring offer does not waive a veteran's right to participate in any future litigation against the department, a stipulation attorneys for the veterans had sought in their motion.

Bertelsman also suggested the government mention on the site any pending litigation concerning the data theft case. Similar lawsuits are pending in the District of Columbia and New York.

Bertelsman also said that it is too early to rule on whether the suit can be certified as a class-action.

"Right now we don't have any facts. We don't know if anyone's been damaged," he said.

Marc Mezibov, one of the attorneys who brought the suit on behalf of Iraq war veteran Paul Hackett, said Bertelsman's ruling was "not terribly surprising." Hackett, who ran for Congress in Ohio in 2004, and Matthew W. Page, a Kentucky veteran, are the plaintiffs in the suit. Neither was at the hearing.

Mezibov said even if no personal data had been taken from the computer, veterans who have spent their own money to have their credit reviewed would have been affected by the theft.

"A lot of veterans have expended money with regard to credit services because they're concerned," said John Murdock, another attorney representing the veterans.

Nicholson has urged veterans to keep watch over their financial records until more tests are completed on the laptop.

Watching Out For Wandering Data (NYT)

The New York Times, July 1, 2006

After a tense six-week search, the government has recovered a stolen Veterans Affairs laptop computer containing vital information on more than 17 million people. The theft had officials holding their breath after an employee of the department took the information trove home from the office and found it missing after a burglary. A preliminary check found no sign that thieves had compromised the database, but more investigation will be needed to see whether names, birthdates and Social Security numbers might have been sold off to identity thieves.

The government's extraordinary attempt at damage control when it appeared the computer was gone for good — including a plan to offer a year's free credit monitoring to the veterans at a cost of more than $160 million — underlines a mushrooming problem. It is becoming obvious that government agencies, and businesses, need better policies and practices for handling sensitive data stored on computers.

To begin with, personal information on 17 million veterans is not the sort of data that should be moving around on a laptop. Data this valuable should also have been encrypted, to make it difficult for thieves to use it.

And a final, simple measure could be surprisingly effective: a policy requiring that laptops with confidential data must be chained to something that is difficult to walk off with.

Stricter policies like these will mean more work for employees who handle confidential data. But given the enormous price tag of damage control after just this single laptop was stolen — and the legitimate fears the theft has created for the veterans whose information was taken — rigorous protection of confidential data must take priority over the convenience of the data keepers.

Gun Activists Get Say At U.N. Summit (WT)

By Betsy Pisik, The Washington Times

The Washington Times, July 1, 2006

NEW YORK -- The gun industry and shooting enthusiasts fired back at the anti-gun lobby yesterday at an international conference on illicit weapons, saying any global restrictions will affect sport hunters.

"If you do something at this conference that impacts even a few hunters, sport shooters or legal firearms owners, you do it to all of us," said James Fulmer, a fan of antique muzzleloading rifles from Friendship, Ind., at the midpoint of the United Nations Small Arms Review Conference.

The two-week conference is meant to take stock of the global efforts to curb the trade on illegal arms and draft a plan of action for the future.

This year's conference, which coincides with the Fourth of July holiday, attracted the ire of tens of thousands of American gun owners, who were mobilized by the National Rifle Association to protest what they see as a global effort to disarm U.S. civilians.

The conference is not looking at legal civilian ownership, but is examining ways to limit the flood of weapons into unstable regions.

In a wide-ranging but ill-attended morning session, speakers representing gun manufacturers, weapons brokers, antique-firearms enthusiasts and big-game hunters stressed that misuse is the problem, and not the gun itself.

"A firearm is a tool, a very simple tool that dates back to the 12th century," said Thomas Mason, a frequent gun lobbyist who represented the Sporting Arms and Ammunition Manufacturers' Institute at the conference. "Like any tool, it can be used for great good or great harm," he said.

The alliance of two dozen manufacturers has embraced marking and tracing of weapons but is opposed to similar tracking for ammunition, as is commonly proposed on the sidelines of the conference. As many as 14 billion rounds of ammunition are produced each year, and manufacturers note that it would be technically and logistically impossible to mark each bullet.

Many of the morning speakers protested what they see as an unfair focus on legal or civilian arms, and rejected international efforts to mark ammunition or expand national jurisdiction over global trade.

Mark Barnes, a registered firearms broker, warned governments against enacting broad jurisdiction that would impede a dealer's ability to make international sales.

He urged countries to establish effective import and export laws before they attempt to draft international guidelines.

International arms brokers are considered by nations and gun foes to be the weak link in the chain, the place where legally manufactured or owned firearms are sold or traded to groups without proper verification of end users.

"Our membership is concerned with the enactment of overly broad international regulatory programs that unnecessarily and adversely impact the legal trade in small arms and light weapons instead of focusing on reducing the illicit trade," Mr. Barnes said on behalf of Firearms Importers Roundtable Trade Group.

Rick Parsons, representing the Washington-based Safari Club International, made one of the most ambitious speeches of the morning session, in which he linked international game hunting with the U.N. Millennium Development Goals.

"I believe that every person in this room will acknowledge that some of the world's poorest countries are also the most biodiversity rich," Mr. Parsons said. "The trade and use of biodiversity generates revenues that fund basic needs like farming equipment, education, medical clinics, roads, food-storage facilities and electricity."

Carefully administered programs allow foreign sport shooters the opportunity to hunt game, while fees and licenses generate money for local communities, he noted, citing Zimbabwe, Namibia, Zambia and Botswana as examples.

Mr. Parsons also called on authorities to allow foreign hunters to more easily travel internationally with their legally registered weapons.

"I respectfully request that legitimate firearm owners, hunters and competition shooters [are acknowledged as] equal and recognized stakeholders in efforts against illicit trafficking in small arms," he said.

IMMIGRATION:

Suspect U.S. Border Patrol Agents Resign And Vanish (LAT)

By Richard Marosi, Times Staff Writer

The Los Angeles Times, July 1, 2006

The two brothers, who allegedly helped Mexican criminals smuggle drugs and immigrants, were apparently tipped off.

SAN DIEGO — Two U.S. Border Patrol agents under investigation for allegedly smuggling drugs and immigrants abruptly resigned and went into hiding this week after apparently being tipped off to the probe, according to federal law enforcement sources.

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The agents — brothers Raul and Fidel Villarreal — were veteran officers who patrolled the border near San Diego and had been under suspicion since last year of smuggling illegal immigrants in their government vehicles, among other allegations, sources said.

They did not show up for work Monday and later notified supervisors that they had quit because of a family illness. But investigators suspect that someone tipped off the agents and that they may have left the country.

The disappearance threatens to derail the investigation, the latest in a string of unrelated corruption probes that have led to the indictments and convictions of several federal officers along the border.

"Somehow, somebody leaked it, and both resigned," said a source close to the investigation, speaking on condition of anonymity because of the sensitivity of the case. "They left their badges and government credentials at their father's house…. Now they're in the … wind."

Damon Foreman, a spokesman for the Border Patrol in San Diego, confirmed that the agents had been under investigation for suspected smuggling activity and had submitted their resignations.

Raul Villarreal, 36, was the face of the Border Patrol in San Diego a few years ago when he was a spokesman and was interviewed regularly by Spanish-language media. Fidel, 32, worked in the mountains east of San Diego.

At the modest home the men shared with their parents in National City, a woman identifying herself as their mother said her sons still lived with her. She said she didn't know when they would return. They did not respond to a request for comment made through the woman.

The investigation, which sources said grew out of information gleaned from captured illegal migrants, is being handled by Immigration and Customs Enforcement, one of several agencies that make up the Border Corruption Task Force. Officials at customs enforcement declined to comment.

The agents were suspected of working with Mexico-based criminal networks to smuggle Mexicans and Brazilians into the country, sources said. The illegal immigrants would cross the border on their own and then be picked up by one of the brothers while on patrol. The migrants then would be delivered to another driver for the organization, sources said.

The status of the investigation is unclear. Such probes often require extensive and delicate evidence gathering, including wiretaps and statements from immigrants, and it is unknown whether authorities were ready to file charges.

"The case isn't dead; it just comes to a screeching halt because the two targets have disappeared. The whole case isn't gone, but you can't move forward anymore," said one source.

Authorities also are investigating the apparent leak of the information, sources said. Officials at multiple federal agencies, including the Border Patrol, had been briefed on the probe. In the past, informants have been known to tip off targets.

The investigation comes amid a recent spate of corruption cases involving Border Patrol agents and customs officers. Authorities say smuggling rings, their traditional trafficking routes blocked by increased enforcement, are enlisting corrupt agents to help them get their loads through.

Last month, two customs officers at the Otay Mesa and San Ysidro ports of entry were charged with waving through cars loaded with illegal immigrants in exchange for cash.

In a case similar to the investigation of the Villarreal brothers, two supervisory Border Patrol agents were charged earlier this year with smuggling migrants in their government vehicles for a Mexican trafficking organization based in Mexicali.

In a case last year, former Border Patrol Agent Oscar Antonio Ortiz admitted as part of a plea agreement that he had conspired to smuggle 100 illegal immigrants into the country. Ortiz himself was an illegal immigrant, having used a false birth certificate to pass himself off as a U.S. citizen, authorities said.

Tip Leads To Closing Of O.C. Laborer Pickup Spot (LAT)

By Jennifer Delson, Times Staff Writer

The Los Angeles Times, July 1, 2006

Caltrans, which learned from a Laguna resident that it owned the land used being by a nonprofit, cites liability issues.

Caltrans ordered a longtime Laguna Beach day labor center to close Friday, saying it was illegally operating on state property, land that the state didn't even know it owned.

The state Department of Transportation issued the order after a Laguna Beach resident who is a member of the Minuteman Project border patrol group checked property records and brought the information forward as part of a protest against the center.

"What they were doing on that property is illegal, and it wasn't done to benefit Americans," said Eileen Garcia, the Minuteman member. "If the Girl Scouts of America had set up pup tents there, they would have been run off a long time ago."

This is the second day labor center in Orange County to close recently. Costa Mesa closed its center last year as its City Council took several measures to limit services to its burgeoning immigrant population.

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The centers and other areas where day laborers gather informally have been targeted for protests by anti-illegal immigrant groups throughout Southern California.

The Laguna Day Worker Center on Laguna Canyon Road opened nearly seven years ago and received about $25,000 annually from the city.

State officials said the order to close the center had nothing to do with immigration politics.

"There's a concern about public safety and liability," said James Pinheiro, Caltrans deputy director of traffic operations and maintenance. "We knew the center was there. We didn't know it was on our property."

Garcia, who has protested near the worker center with hundreds of others on several occasions in the last year, said she decided earlier this week to check maps at the Irvine Caltrans office.

Officials who helped her find the materials were surprised when they found a deed showing that the Irvine Co. had given the one-third-acre parcel to the state in 1951.

Pinheiro said state law does not allow use of the property for anything other than "to facilitate the state highway."

No permits were issued to put a mobile office or fences on the site, he said. The office is owned by the Cross Cultural Council, a nonprofit organization.

Irma Ronses, coordinator of the day laborer center, said her group received permission from the city to set up the office but at some point learned the property belonged to the state.

Laguna Beach City Manager Kenneth C. Frank did not return repeated phone calls. Assistant City Manager John Pietig declined to comment.

The Caltrans decision angered a majority of the City Council. Mayor Steve Dicterow said the state agency, as well as the Minuteman Project, took action "that will hurt the residents of Laguna Beach."

Before the workers center opened off the state highway, those looking for temporary jobs went into neighborhoods to search for them. "Now we have to deal with the fact that we don't have the resources to deal with a potentially dangerous situation that will exist whether we like it or not," Dicterow said.

The City Council will discuss the issue next week and determine if it can buy the property, said Pam Gorniak, Caltrans public information officer.

Dicterow said city officials hope to persuade Caltrans to allow the center to continue operating at its current location. If that doesn't work, the city will consider another site, he said.

Resident Dolores Kustin said day laborers who go into neighborhoods, "should be arrested. If these are people who cross the border illegally, they shouldn't be here at all."

Wayne Ybarra, a Laguna Beach resident, was disappointed with the Caltrans decision: "Things seemed to be working in the sense that there didn't seem to be any neighborhood complaints."

In the meantime, Minuteman Project supporters are enjoying their victory in the same city where another nonprofit organization denied them the chance to march in a recent parade because the group has a political message.

"The Minuteman Project stands to bring public awareness to blatant law breaking that is going on in our society, to our lawmakers and bureaucrats who should have been on this years ago," said Minuteman co-founder Jim Gilchrist. "It takes an average Jane Citizen, a Minuteman, to bring attention to this."

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(INFOBOX BELOW)

Transportation officials ordered the closing of a day laborer center that was operating on state land: a turnout of California 133.

(END TEXT OF INFOBOX)

Security Guards Eye Organizing (WP)

By Sonya Geis

The Washington Post, July 1, 2006

Black Workers Worry About Being Displaced

LOS ANGELES -- Eric Lee delivered a rousing speech to union organizers gathered from around the country at a black church in South Central Los Angeles. They whooped and cheered and then hit the streets, launching a campaign by the nation's largest labor union to organize Los Angeles's security guards, most of whom are African American.

Despite the upbeat words, Lee, chief operating officer for the Southern Christian Leadership Conference of Greater Los Angeles, has real concerns about the union effort. Not that it would fail, but that it would succeed. Lee and other black leaders are worried that a strong union could backfire, pushing black workers out of an employment sector they dominate.

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It would not be the first time. The ranks of this city's hotel workers and janitors were once mostly African American, but their standing was undercut by waves of immigration and lower-paid workers.

As more Latinos were hired in nonunion hotel and janitorial jobs, the union all but disappeared, leaving today's labor officials with bitter memories of the 1980s. In the 1990s, the Service Employees International Union (SEIU) reorganized the city's janitors, but by then, the workforce was mostly Latino.

Many African Americans in Los Angeles have watched resentfully as Latinos replaced them not only in low-wage jobs, but also in many traditionally black neighborhoods. Simmering tensions between the two groups occasionally boil over in school shootings, jail violence and hate crimes.

Among security guards today, Lee said, "the underlying feeling is, we need [a union], we want it, and when is it going to happen." Still, he said, "Some say, 'Why should we do this?' because of what happened to the hotel workers and janitors."

This week, the SEIU launched a campaign to collect pro-union signatures from 3,500 of 6,000 private security officers who guard Los Angeles buildings. The union estimates that nearly 70 percent of the officers are black. A related effort to organize security officers in nine other cities, including Washington, D.C., is underway.

The average pay for security guards in Los Angeles is $8.50 per hour with no benefits or paid leave, according to the SEIU. Once benefits are factored in, that's $6 an hour less than the average unionized janitor. Turnover is high. Many guards receive little training and often work more than one job to make ends meet.

Barbara Harris, president of the Building Owners and Managers Association of Greater Los Angeles, said the members of her organization "have not made a decision on their position" on the SEIU organizing drive. Half a dozen security contractors and building owners contacted declined to comment or did not return phone calls.

But union officials are encouraged by the support of the largest commercial building owner in downtown Los Angeles. At a news conference on the steps of City Hall in April, Robert F. Maguire III, flanked by Mayor Antonio Villaraigosa and union officials, invited the SEIU into his buildings. Maguire, chairman and CEO of Maguire Properties Inc., said it would professionalize security and enhance the offices he owns.

Union organizers said security officers they have approached so far are receptive to their message.

"I'm all in agreement," Gregory Sawyer told the SEIU's Ron Reese and Sharrion Marshall after they asked him to sign a union card at the West Los Angeles office building where he works.

Sawyer said he suspects race is a factor in the difference between security guards' wages and those of other building employees. "This industry being primarily black, it's not being addressed properly," he said. "I've seen every other service group is unionized -- car parkers, janitors. Why is it that every other industry is unionized and not security?"

Ruth Milkman, director of the Institute of Industrial Relations at UCLA, said the security guard campaign looks like a conscious effort by SEIU to alleviate racial tensions, bringing Latinos together with African Americans under one umbrella.

But Andrew L. Stern, president of SEIU, said racial politics played no role in the timing of the security guard campaign. Janitors were organized first because national labor laws make it easier for them to form unions, he said. The focus is on Los Angeles now because the recent agreement with Maguire, good relations with security-guard contractors and the support of local politicians make Los Angeles a good prospect for a new union chapter, he said.

"We're organizing the security officers for a very simple reason," he said. "They work for the same owners and contractors as the janitors. They do a job that has huge import for people's safety and security. And they make less than the people who clean the buildings."

Stern said the union is well aware of black workers' fears that organizing a union could be an invitation to employers to hire immigrant workers they perceive to be more docile and willing to work for less.

"Los Angeles is a racially charged city, because it's a city in transition politically and economically. As jobs have been devalued, it's been at the expense of the African American community. They have every right to expect building owners to not use those same tactics they did in the '80s to break the [janitors] union," he said. "All of us are going to be watching to make sure that does not happen."

The Rev. Lewis E. Logan III, senior pastor of Bethel AME church in Los Angeles, where the organizers held their rally, said he will also be watching. "Our group is planning to come together once a quarter after there is a union to make sure the same percentage of African American security officers who were part of the union at the beginning are still there later," Logan said. "We're not selling out our community."

Taxpayers Foot The Bill For Undocumented Immigrants' Medical Care (KRT)

By Tony Pugh

Knight Ridder, July 1, 2006

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WASHINGTON - As America counts the costs and consequences of illegal immigration, U.S. taxpayers are quietly footing a fast-growing multibillion-dollar tab for medical emergencies suffered by undocumented immigrants.

Whether they've entered the country illegally or overstayed their visas, illegal immigrants are ineligible for full coverage under Medicaid, the state/federal health plan for low-income Americans. Enforcement of the law tightens on July 1, when Medicaid recipients will begin having to show proof of citizenship and identity.

However, a little-known federal law requires state Medicaid programs to pay for emergency medical care for all undocumented immigrants who meet the program's financial and personal resource requirements.

The provision is intended to ensure that no one in the United States is denied lifesaving medical services. But those services are becoming more expensive as medical costs outpace inflation and uninsured illegal immigrants crowd the nation's emergency rooms.

Many are women giving birth. Others are people with chronic or mental illnesses, trauma victims or sick children.

The federal government generally pays about half the costs for such care under Medicaid, and states pick up the other half. But federal officials can't determine how much actually goes for the services, and many states don't closely track what they spend, either.

At the request of McClatchy Newspapers, some states took a closer look at the expenditures, which are a small but growing share of Medicaid's escalating costs. Even states with modest illegal immigrant populations have seen their costs soar. Minnesota's spending jumped 40 percent in two years, from $12.5 million in 2003 to $17.4 million in 2005.

In California, home to possibly 40 percent of the nation's estimated 12 million illegal immigrants, taxpayers have spent an average of $957 million a year since 2001 to pay for emergency care for illegals, the state reported.

Other states with large illegal immigrant populations, such as Texas and Arizona, don't know how much they spend because their computer data is inadequate. But in Houston, the Harris County Hospital District reported spending $97.3 million on uncompensated care for illegal immigrants, or about 14 percent of its annual operating costs.

In Georgia, the state reported that the cost of emergency care for undocumented immigrants nearly doubled in three years, to $112 million in 2005 from $58 million in 2002. In North Carolina, now home to an estimated 270,000 illegal immigrants, costs more than doubled, to $52.8 million in 2005 from $25.8 million in 2000. In Kentucky, the cost jumped to $9 million in 2005 from $2.2 million in 2003.

"Illegal immigration is becoming a very big-ticket health item for a lot of states. It's going to be a huge fiscal cost," said Steve Camarota, the research director of the Center for Immigration Studies, a non-partisan Washington public policy group.

Hospitals must examine all people who come to their emergency rooms and treat any with acute medical problems, regardless of the patient's immigration status or ability to pay.

When federal Medicaid officials deny reimbursement for illegal immigrant care that isn't considered an emergency, hospitals are stuck with the bill and typically pass the charges on to other patients in the form of higher costs.

Medicaid defines an "emergency medical condition" as one with severe acute symptoms that, without immediate attention, could jeopardize a patient's health, cause impairment to bodily functions or cause a body part or organ to malfunction. Medicaid's emergency-only coverage forces taxpayers to purchase the most expensive form of health care with no way to hold down costs.

"If you have an (illegal immigrant) child with asthma, we can give that child treatment and inhalers, or we can see that child land in the emergency room every couple of months," said Cindy Mann, a research professor at Georgetown University's Health Policy Institute. "It's better both for the child and the family, and certainly for the costs, to say `Let's treat his asthma rather than wait until it becomes life-threatening and he ends up in the emergency room.'"

In 2003, Congress agreed to pay doctors and hospitals an additional $1 billion between 2005 and 2008 to help pay for uncompensated emergency care that Medicaid won't cover.

Some health care experts argue that the federal government should consider providing a modest coverage plan for low-income illegal immigrants in addition to the emergency coverage under Medicaid. They argue that if comprehensive health care coverage were available to them, undocumented aliens could get preventive care through Medicaid or community health centers, and U.S. taxpayers could avoid paying for more expensive emergency room care.

Even those who support better coverage for illegal immigrants, however, realize that it's a tough sell in an era of shrinking federal funds and rising medical costs, said Sonal Ambegaokar, a health policy attorney at the National Immigration Law Center in Los Angeles.

Immigrants' rights groups and health care advocates are pushing for incremental changes, such as providing public health coverage for all children - including undocumented aliens - as Illinois plans to do. A legislative proposal in California would do the same.

Silver Spring Hospital Struggles To Serve (WP)

DOJ_NMG_0037926

By Susan Levine

The Washington Post, July 1, 2006

Immigrants Swell Uninsured Ranks At Holy Cross

Some weeks it seems as if the whole world, with its many troubles, has walked through the doors of Holy Cross Hospital.

Daily, the second-floor women's clinic fills to overflowing with patients from countries in Central America, Africa and Asia. Some have never had care during previous pregnancies -- and never had a child born alive. "We ask, 'Do you know why?' " says director Nancy Nagel. "And they say, 'I just lost the baby.' "

Elsewhere, from the emergency room to the primary medicine clinic, doctors and nurses confront conditions and diseases they did not see a decade ago -- malaria, infectious diarrhea, parasites such as tapeworm. Even many common ailments can be more challenging, because they often require translation from a panoply of foreign tongues and cultures.

Serving the underserved is integral to Holy Cross's mission, and the Silver Spring hospital has long shouldered much of the care for poor, uninsured residents of Montgomery County. But as that population has expanded rapidly with the continued arrival of immigrants, legal and illegal, it has become a much more difficult and expensive proposition.

And now a generous mission is reaching its limit. After yet another sharp increase in the prenatal program it runs for the county, Holy Cross has drawn a line. Starting today, for the first time since it opened in 1963, Maryland's biggest community hospital will restrict how many uninsured obstetrics patients it will accept.

"It has taxed the system enormously," said physician Imad Mufarrij, a native of Lebanon who can converse with patients in five languages.

Barely half an hour from the congressional chambers where the nation's immigration policies have been rancorously debated, there is little dissent over what is right to do. It is why Holy Cross opened its primary health clinic two years ago, agreeing to cover what in 2005 was a $460,000 operating deficit. And why it spends almost half a million dollars annually on interpretation services and ethnic-specific programs for patients and Spanish classes for employees.

From 2000 to 2005, the cost of the institution's yearly charity care more than doubled to $9 million; the care is significantly but not entirely for immigrants. A third of the total now goes to the low-income women, a veritable United Nations, who are seen through Holy Cross's Maternity Partnership with the county.

President and chief executive Kevin Sexton has no qualms: "As much as I am interested in public policy and public issues, I basically suspend that at the door of a health care facility and believe that everyone needs care."

The pressures on Holy Cross mirror those at other facilities in the region, though they fall far short of the intense demands that providers face in towns and cities along the U.S.-Mexican border. Washington Hospital Center regularly translates documents and physician-patient communication into nearly a dozen languages, including Turkish and Tagolog. Inova Health Systems estimates that it spends at least $10 million on such services, outreach programs and charity care for uninsured immigrants in Northern Virginia. In Fairfax County, more than one in seven births are to immigrants, according to one estimate.

Critics cite the burden they say newly arrived immigrants place on health care as one rationale for restricting their numbers. Last year, the federal government set aside $1 billion to cover emergency room care for illegal immigrants through 2009. The full medical bill to U.S. hospitals, clinics and taxpayers probably exceeds $6 billion annually, calculates Steven Camarota of the Center for Immigration Studies, a research group that seeks "fewer immigrants but a warmer welcome for those admitted."

Still, Camarota thinks proposals to deny access to treatment misdirect the debate. "Either you select immigrants who are self-sufficient and don't need help from the government, or you shut up about the cost," he said. "There's no middle ground."

The head of Holy Cross's primary care clinic agrees with the latter point. At her clinic, the uninsured patients are not asked how long they have been in the United States or whether they came lawfully.

"The fact is," director Elise Riley said, "people are here. They're going to end up on our doorstep one way or another."

A morning spent in the busy maternity clinic is an experience in multiculturalism and multilingualism -- and their possible complications. Many mornings, 60 or more women are seen. The phone at the front desk rings nonstop for inquiries and appointments.

"Sir, I cannot understand you," Melina Martinez tells an Asian caller with limited English. "Did your wife have a C-section? If her C-section looks okay, she doesn't have to come back for two weeks."

There is a pause while Martinez tries to grasp the man's response. "Does she have staples in? Staples, like you use for paper." At this point, the health unit coordinator is earnestly making stapling motions in the air. "You have to check, sir. Check her incision. Check her belly."

At the front desk, a patient from Cameroon schedules her next gynecology visit. A Salvadoran woman waits. She needs to monitor her blood-sugar levels for gestational diabetes but seems confused on the instructions she has been given.

"Escribo?" a nurse asks, offering to write them down in Spanish.

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Some patients have had so little education in their homelands that the staff may teach them reading along with prenatal nutrition, occasionally receiving handmade tortillas or tamales as thank-you gifts. In fact, illiteracy was a factor taken into consideration when Holy Cross redesigned the clinic as part of a facility-wide expansion and renovation. Women now have their blood drawn as they come in, rather than being sent to a lab elsewhere in the hospital. Before, bilingual signs directed them down corridors, but many Central American immigrants had gotten lost because they could read neither English nor Spanish.

The clinic's success with its patients is measurable. Despite their socioeconomics, Holy Cross's percentage of low-birth-weight infants is half the state average, contributing to healthier starts in life.

Early in the venture with the county, Holy Cross officials committed to caring annually for 1,200 uninsured obstetrical patients sent by the county health department. Within two years, that cap was reached and exceeded. By fiscal 2005, admissions were 1,802.

Then last fall, Gov. Robert L. Ehrlich Jr. (R) barred several thousand legal immigrants from receiving state Medicaid, and the clinic's numbers surged again -- to 2,131 women by this spring. Projections only indicated further increases.

Too much, hospital officials decided. They set a future limit of 1,500. The partnership had never been intended to include only one hospital, they reminded the county, yet theirs was the sole institution that had stepped up. As a consequence, Holy Cross's share of deliveries to low-income women had soared, to 65 percent of the county Medicaid total, from less than half five years earlier.

"Holy Cross has been bearing the brunt of that," agreed Montgomery Health Officer Ulder Tillman. "They've really become overwhelmed."

The stress is felt on the hospital floors where handsome art decorates the hallways and newborns spend their first day or so. Despite the recently completed expansion, the most significant in the facility's history, the 21 new labor and delivery rooms and 68 private maternity suites are always occupied -- and intermittently overbooked, given the nearly 8,900 births a year, 24 a day.

No distinction is made when mothers are placed in those quiet, spacious suites. A young illegal immigrant, barely able to write her name, may be next door to a high-powered business executive. Neither would necessarily ever know.

"It is harder in every way, including financially, to choose this course, but it's the right way," stressed Sexton, the chief executive.

Even with the looming deadline, only late this spring did two other hospitals with major obstetrics services agree to join the partnership. Washington Adventist and Shady Grove Adventist will start accepting up to 700 uninsured women between them for care this summer.

How quickly they and Montgomery's other hospitals will act on a different pledge is uncertain. As a group, they agreed more than a year ago to open three additional primary care clinics to assist the Holy Cross primary clinic, which expects to double patient visits to 10,000 by 2010. "In terms of following through," Tillman conceded, "it is painfully slow." Little has moved forward to date.

"We need more people in the trenches," obstetrician Mufarrij said simply during a rare break in delivering babies one afternoon. He was a prime proponent of the maternity collaboration with the county and remains so despite the fiscal and physical demands it has meant for facility and staff alike. The previous night, his colleagues had done seven Caesarean sections in the midst of other arrivals. Mufarrij's own record is 14 deliveries in a 24-hour shift.

But as a doctor, he sees no other way. "Once these patients are here, you have only two options," he said. "Neglect them or give them quality care."

D.C. To Delay Enforcing Medicaid Rule (WP)

By Susan Levine

The Washington Post, July 1, 2006

Decision Puts Off Until at Least July 17 Need to Prove Citizenship

The District agreed yesterday to delay implementing a new federal Medicaid rule requiring documented proof of citizenship, said attorneys representing residents who could lose their coverage.

One day after a Washington firm filed suit in federal court to block the city from moving forward with enforcement, both sides yesterday afternoon agreed to wait until at least July 17.

The District, which has more than 140,000 Medicaid recipients, will not act "any sooner than 10 business days from July 1," according to the legal stipulation signed by attorneys for the plaintiffs and the D.C. attorney general's office.

The federal rule taking effect today makes documented citizenship a requirement for eligibility in the state-federal program for the poor and the disabled. Supporters in Congress pushed it as a measure to ensure that illegal immigrants were not getting

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coverage, but critics fear it will harm millions of poor, elderly and disabled Americans who are entitled to medical or nursing home benefits.

The delay "allows the District to thoughtfully consider what [its] next action will be with respect to the requirement," Clifton S. Elgarten of Crowell & Moring said.

Traci Hughes, a spokeswoman for D.C. Attorney General Robert J. Spagnoletti, said the hiatus would give local officials more opportunity to discuss the issues raised by the litigation. "We're looking forward to resolving it on behalf of those who need to use these types of services," she noted.

She said she did not know what conversations the city had held with federal officials, who have warned it and states that noncompliance would mean losing Medicaid matching funds. The District receives $900 million annually for its program.

"The city definitely is reviewing the implications of this hiatus," Hughes said.

Under the new provision, a passport, birth certificate or other specified paperwork must be supplied when a person applies for Medicaid or during annual reenrollment in the program. In the past, Medicaid recipients were able to declare their citizenship, under penalty of perjury, without having to show evidence of it.

Politics (WSJ)

By John Harwood

The Wall Street Journal, July 1, 2006

Beating Up On Immigration

Directed by House Speaker Dennis Hastert, Republicans this coming week will undertake a remarkable exercise: the public thrashing of President Bush's principles on a major initiative.

House "field hearings" on immigration, scheduled for San Diego and Laredo, Texas, weren't designed with fact-finding in mind. Their intent is rather to batter the Senate-passed immigration bill, which embodies Mr. Bush's goal of combining border security with a guest-worker program for the 12 million illegal immigrants already here.

But will Mr. Hastert's maneuver bury chances for enacting legislation -- or provide the political cover that ultimately permits a House-Senate deal before the election? One thing already is clear: The speaker's first consideration will be protecting his members, not the White House.

Legislative leaders face a daunting equation when a president of their party occupies the Oval Office: reduced power -- since 1600 Pennsylvania Avenue sets the agenda -- plus increased expectations, since the governing party is supposed to deliver. Often that equals limited tenures, as one-time Senate Leader Bob Dole and House Speaker Tom Foley can explain after seeing their majorities crumble in the Reagan and Clinton years.

A conservative-dominated House has delivered much of what Mr. Bush has asked for throughout his presidency. That includes priorities that lawmakers shared, such as tax cuts, and those that they felt queasy about, such as Medicare prescription-drug benefits. But lately Mr. Hastert's charges have concluded that the White House asks too much, and sometimes cares as little about their views as about those of the Democratic minority.

In private, some display striking anger. That largely represents frustration with an Iraq war that has been vastly more difficult and deadly than the administration predicted. Republicans won the House in three consecutive elections before Mr. Bush came to Washington, and now fear the war could cost them their majority.

But the unhappiness also reflects the conviction that the speaker has been personally slighted by an arrogant administration -- in the firing of his friend Porter Goss from the Central Intelligence Agency, the quick veto threat after members bridled at the Dubai ports deal, and the decision to raid a lawmaker's office in a corruption probe without accommodating separation-of-powers concerns.

There are limits on the House's ability to hit back, and not only because Mr. Bush remains a potent fund-raiser. The Republicans' fate is partly tied to the president's popularity; they need to help raise his weak poll ratings.

That makes play-calling on immigration unusually tricky. The coming week's hearings, which today look like attempts to stoke the conservative base and sink the president's priority, might look different by October. White House strategists insist Mr. Hastert isn't killing immigration overhaul and may yet cut a deal.

What is clear is whom House Republicans will listen to in the huddle. "Our members would always choose the speaker over the president," explains one Republican lawmaker. "Paradoxically, that is what gives the speaker the ability to help the president. ... Too bad they don't recognize that at 1600 Pennsylvania Avenue."

Write to John Harwood at john.harwood@wsj.com5

Let's Get A Border Deal Done (WP)

By Tamar Jacoby

DOJ_NMG_0037929

The Washington Post, July 1, 2006

The immigration bills passed by the House and Senate in recent months could hardly be more different. The House package is harsh, punitive and focused exclusively on tougher enforcement. The Senate bill balances toughness with pragmatism by including provisions to admit the workers we need to keep our economy growing and deal with the estimated 12 million illegal immigrants already in the country.

The prospect of reconciling the two bills has always looked difficult -- the legislative equivalent of marrying a giraffe and a hippopotamus. As part of their maneuvering for position, House Republicans declared that they wouldn't even negotiate until they had held a series of special hearings on immigration. And despite signs of softening in recent days, even hints of possible agreement on a phased solution, the House is still going ahead with its hearings. Yet this, I believe, may not be such a bad thing.

Why would I say that? After all, the details on the hearings leave little doubt about the House's intentions: to look tough and -- let's put it charitably -- skeptical about immigration, both legal and illegal. Many of the sessions are scheduled for border states, where frustration about illegal immigration runs highest. And they will address such subjects as retroactive Social Security benefits for illegal immigrants, whether state and local law enforcement should be empowered to arrest illegal immigrants without other cause, whether existing border enforcement is tough enough, and English as the official language -- all subjects guaranteed to rub raw the public's irritation.

Still, as every American TV viewer knows, no one, no matter how savvy, ultimately succeeds in controlling the message in our great, garrulous media. House immigration naysayers may believe that they can use the hearings to stir voters' bile. But television, national and local, is not just going to air the sessions. On the contrary, each night's news will bring a debate about immigration, and the more one-sided the hearings, the more stubbornly the media will air the other side.

By the end of the summer, the public will have had a long, thorough course on immigration. And as someone who spends a lot of time speaking to audiences on the subject, I'm convinced that this will only deepen viewers' pragmatism. They'll start to look more closely at who these foreigners are -- and see that most are hard-working, churchgoing people with families. Voters will also start to think harder about enforcement -- about what is practical and what isn't. And by the end of the summer, they will be, if anything, hungrier for a solution -- less patient with grandstanding efforts to block a bill.

The debate won't, of course, convince the angriest voters -- the ones who want to seal the border and deport or drive out illegal immigrants. That 20 to 25 percent of the public -- and poll after poll shows that's how strong they are, no more, no less -- is probably not open to persuasion. But what the discussion could do is energize some of the other 75 percent: voters who, most surveys show, are more pragmatic -- including being willing to legalize the 12 million -- though generally less intense in their beliefs and less likely to voice or vote on them.

And new energy among moderates could in turn shift the balance among House Republicans, strengthening practical, problem-solving members as against those who think their ticket to reelection is signaling that they dislike immigrants. Of course this strategy will work only if there are indeed some pragmatists among House Republicans. But I believe they are there, including in leadership: members who see the summer's hearings less as a means to stop the Senate bill than as a way to mollify and manage the immigration naysayers in their caucus.

In the end, it will depend on what the electorate seems to want most. Do Americans want Congress to take action on this year's No. 1 domestic issue, or would they rather see candidates standing pat on a party line? A recent Manhattan Institute poll of likely Republican voters left little doubt: 72 percent thought it was very or extremely important for Congress to come to grips with immigration this year, and though 39 percent believed the Senate package was amnesty, 75 percent still favored it. They want a solution that badly.

Neither party yet seems to recognize this deepening public desire for the government to try governing. But that's exactly the point about a summer of debate about immigration. Come September, the public's hunger for a solution may be impossible to ignore.

The writer is a senior fellow at the Manhattan Institute.

CONGRESS-ADMINISTRATION:

In Memphis, Two Heads Of Government Visit The Home Of Rock 'N' Roll Royalty (NYT)

By Sheryl Gay Stolberg And Shaila Dewan

The New York Times, July 1, 2006

MEMPHIS, June 30 — Plenty of awestruck Elvis impersonators have passed through the wrought-iron gates of Graceland. Until Friday, none had the president of the United States in tow.

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"It's like a dream," Prime Minister Junichiro Koizumi of Japan said to President Bush in the Jungle Room of the Presley home here. Amid the faux leopard print chairs and green shag carpet covering both floor and ceiling, the prime minister then serenaded the president.

"Loooovve mee tenderrrrr," Mr. Koizumi crooned, as Priscilla Presley, Elvis's former wife, and Lisa Marie, his daughter, looked on.

When Priscilla Presley pointed out the oversize gold-rimmed sunglasses once worn by the King of Rock 'n' Roll, the prime minister eagerly donned them, thrusting his hips and arms forward in imitation of a classic Elvis move.

"I knew he loved Elvis," Mr. Bush said afterward. "I didn't realize how much he loved Elvis."

If the visit, the first time a sitting president has toured Graceland, resembled an Elvis lovefest, it was a Bush-Koizumi lovefest as well, orchestrated by the White House to spotlight the close relationship between Japan and the United States. Mr. Koizumi, who will step down in September, is among Mr. Bush's closest friends on the world stage; the trip was both a farewell gift and a thank you for Japan's support on the war on terror.

In the annals of international diplomacy, it was not exactly Yalta. But it did bring a little bit of shake, rattle and roll to American foreign relations — perhaps too much for Mr. Bush, who resisted being caught in any poses even remotely Elvislike.

Not so Mr. Koizumi.

The prime minister's obsession with Elvis is well known; he shares a birthday, Jan. 8, and a hairstyle with Elvis, and worked in the 1980's to erect a bronze statue of the singer in Tokyo. At one point Friday, Mr. Koizumi happily remarked to Lisa Marie Presley that she looked like her father. He later threw his arm around her, belting out some Elvis lyrics, "Hold me close, hold me tight."

Mr. Bush, though, eventually cut off the performance, clapping the prime minister on the shoulder and firmly shaking his hand in a none-too-subtle message that the curtain was about to fall.

The sight of the ordinarily strait-laced Mr. Bush, with his vigorous exercise regimen and disdain for alcohol, wandering about the home where a bloated, drug-abusing Elvis died in the bathroom might have seemed incongruous to some. Indeed, the White House press secretary, Tony Snow, on Thursday refused to answer a delicate question: Did Mr. Bush prefer a fat Elvis or a skinny Elvis?

"Uuuuhh, yes," Mr. Snow replied diplomatically.

The prime minister was later treated to lunch at the Rendezvous, the downtown barbecue restaurant, which changed the labels on its spicy barbecue sauce to read, "One President, One Prime Minister, One King." The drummer for the Dempseys, a rockabilly band invited to perform over lunch, rescheduled the birth of his first child (the labor was induced).

With Memphis reeling from a recent spate of drive-by shootings that have killed several teenagers, the White House took pains to make sure Mr. Bush's trip was not all frivolity. The president made an unannounced stop at the National Civil Rights Museum, next door to the Lorraine Motel, where the Rev. Dr. Martin Luther King Jr. was killed.

There, the civil rights leader Benjamin L. Hooks showed the prime minister, Mr. Bush and Laura Bush to Room 306, where Dr. King died. The visit was so last-minute that Mr. Hooks was at a dental appointment Friday morning when he received a phone call from the White House, asking him to serve as guide.

The trip attracted onlookers far more diverse than the already polyglot hordes that normally come to Elvis Presley Boulevard. The street was lined with people, as were barricades set up at the visitor center, across the street from Graceland. They included the curious and those just waiting for their turn to take the tour; protesters of the Iraq war and supporters of the troops; a woman dressed as Lady Liberty; and a man who said he had a letter stating that if the Boston Red Sox went to the World Series again he would throw out the first pitch, and that he would be going by Graceland later to see his old friend Lisa Marie.

But there were also those who used the surroundings for inspiration, at risk of copyright infringement and personal dignity. And not all their messages were for Mr. Bush.

Along the barricades, two Japanese doctors from the St. Jude Children's Research Hospital in Memphis stood behind a large sign. "I want you, I need you, I love you," it read. "Darling, I wish to build a children's cancer hospital in Japan together."

Gregory Wetstone, the tweed-suited director of United States operations for the International Fund for Animal Welfare, was accompanied by four Elvis impersonators in white jumpsuits. "We're delivering a message," Mr. Wetstone said. "Which is, don't be cruel — to whales."

At one end of the famous Graceland wall, inscribed by decades of tourists, stood a cluster of onlookers from the nearby predominantly black neighborhood, Whitehaven, that surrounds Graceland. One, a former state representative named Bret Thompson, said he had come because of a recent crime wave in Memphis that has caused consternation among the city's leaders.

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"We had, I guess, the most violent week in Memphis history," Mr. Thompson said. "We had a killing every day." He gestured at the flashing lights and barricades closing off the street to protect the president. "This is the safest place in the world right now, isn't it?"

But mostly, Friday was a day to celebrate a peculiar slice of Americana, gold lamé suits and all.

The White House left no detail unattended for what Mr. Bush described as "this most unusual experience." The breakfast fare on Air Force One was peanut butter and banana sandwiches, a recipe straight from Elvis's kitchen. Elvis movies — "Love Me Tender" and "Viva Las Vegas"— were available for viewing.

And Elvis music played loudly over the speakers, until Mr. Bush asked that it be turned down.

The Graceland tour capped a two-day visit by Mr. Koizumi to the United States; on Thursday, the two leaders met at the White House, where the threat of a long-range-missile launching by North Korea was high on the agenda. The visit here was Mr. Bush's idea, said Michael Green, a former White House foreign policy aide.

"Frankly," Mr. Green said, "I think the bureaucrats on both sides were a little bit perplexed, if not aghast."

The house is virtually as Elvis left it, a homage to 1970's hotel décor. The white couch in the living room is 15 feet long. The kitchen is paneled in wood. The TV room has three television sets, a mirrored ceiling and a bar upholstered in yellow Naugahyde. Elvis's famed pink Cadillac was parked outside; it ordinarily sits in a car museum across the street but was moved to make way for the traveling press.

The tour was the same as ordinary tourists receive, with one big exception: there were no ropes to prevent the two leaders from sitting where Elvis sat, walking where Elvis walked or touching what Elvis touched. When Mr. Koizumi picked up the gold sunglasses, Graceland's curator, who had carefully carried the glasses into the room with gloved hands, looked as if she were about to faint.

One part of the house the Bushes and Mr. Koizumi missed was the upstairs, Elvis's living quarters. Elvis insisted they be kept private, said David Beckwith, a spokesman for Graceland.

"Nobody goes upstairs," Mr. Beckwith said.

Not even Japan's best-known Elvis impersonator and the president of the United States.

At Graceland, Japanese Prime Minister Breaks Into Song (KRT)

By Ron Hutcheson

Knight Ridder, July 1, 2006

MEMPHIS, Tenn. - Elvis left the building years ago, but Japanese Prime Minister Junichiro Koizumi channeled his spirit Friday during a visit to the performer's Graceland mansion.

Standing next to President Bush in the garish "jungle room," a Polynesian-inspired sanctuary filled with fake-fur chairs, ceramic monkeys and green shag carpet on the floor and ceiling, Koizumi broke into song. He crooned a few lines from "Love Me Tender" and "Fools Rush In," before slipping on a pair of Elvis Presley's signature sunglasses and attempting a few gyrations. At 64, he couldn't swivel his hips quite like the King in his prime.

Still, he ended with a classic late-Elvis flourish, crouching, waving his arm in a windmill and singing, "Glooory, glooory, haaalleluuujah!"

It was perhaps the most bizarre moment in one of the strangest road trips in diplomatic history - a U.S. president and a Japanese prime minister paying homage to The King of Rock `n' Roll.

Bush's black presidential limo swept past Presley's pink Cadillac as he and Koizumi arrived for a tour led by Presley's former wife, Priscilla, and his daughter, Lisa Marie. The Presleys seemed to enjoy Koizumi's performance almost as much as he did.

"We need a karaoke machine," Priscilla Presley joked during Koizumi's jungle-room show.

Bush took his pal to the rock `n' roll shrine as payback for Koizumi's steadfast support and friendship. Koizumi, an avid Elvis fan who shares Presley's Jan. 8 birthday, plans to step down from his post in September.

He called his Graceland visit a dream come true.

"I knew he loved Elvis," Bush said. "I didn't realize how much he loved Elvis. He not only knows Elvis history, he can sing a pretty good Elvis song."

Bush's visit, the first by a sitting president, generated considerable interest in Memphis. Elvis fans gathered across the street from Graceland's musical-notes gate to welcome the president and his guest.

"I love the president and I love Elvis. This is the best thing that ever happened to Memphis," said Sinie Conley, 20, of nearby Lake Horn, Miss. Conley, who wore an "I Love Elvis" T-shirt, didn't know much about Koizumi but liked what she did know.

"He loves Elvis," she said. "You've got to love him for that."

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The visit also attracted four protesting Elvis impersonators, who waved signs denouncing Japan's refusal to join a ban on whaling.

After leaving Graceland, Bush and Koizumi stopped at a more somber Memphis landmark - the motel where civil rights leader Martin Luther King Jr. was assassinated in 1968. The former Lorraine Motel now houses the National Civil Rights Museum. They stood on the balcony where King was shot.

But the day was devoted to Elvis from the moment Bush and Koizumi boarded Air Force One. Presley's songs played from the aircraft's speakers. The options for in-flight entertainment included two Elvis movies, "Love Me Tender" and "Viva Las Vegas."

Even the food had an Elvis theme, although Bush and Koizumi passed on Presley's favorite sandwich - peanut butter and bananas, grilled. White House chief of staff Josh Bolten wished he had done the same.

"I'm feeling a little heavy," he acknowledged. "I so rarely fry my peanut butter sandwiches."

At Graceland, the two leaders got the standard tour, but with more knowledgeable tour guides, better access to rooms and the chance to handle some of Presley's personal items.

Still, even the president didn't get to go upstairs, where Presley died in 1977 from heart problems and drug abuse. The mansion, set on 14 acres south of downtown Memphis, draws about 600,000 visitors annually.

"This is the White House of rock `n' roll," said Graceland spokesman Kevin Kern.

Bush and Koizumi, who both love baseball, hit it off from their first meeting in 2001 when they played an impromptu game of catch. White House advisers said Bush admires Koizumi's maverick style and his willingness to take unpopular stands, particularly his decision to send Japanese troops to Iraq in noncombat roles.

More than four dozen Japanese reporters came to Graceland to chronicle Koizumi's visit. Some were a little perplexed by his enthusiasm for the rock king.

"I've never heard Elvis Presley songs," said Hitoshi Inoue, a Washington correspondent for TV Asahi.

Koizumi couldn't stop singing them. He sang as he threw his arm around Lisa Marie Presley, 38, serenading her with one of her father's classic love songs, "Hold me close, hold me tight." She giggled.

Lisa Marie, who married musician Michael Lockwood last January in Kyoto, Japan, bantered with Koizumi in Japanese when he told her she looks like her father.

The Japanese prime minister sang a few more snippets as he and Bush prepared to leave.

"It's a like a dream," Koizumi said, cueing up his version of "To Dream the Impossible Dream." "Thank you very much for treating me nice," he added, setting up a snippet from "Treat Me Nice."

At that point, Bush dropped the curtain.

"We're going to have some barbecue," the president announced, closing Koizumi's performance.

Japanese Leader Sings King's Praises (WT)

By Joseph Curl, The Washington Times

The Washington Times, July 1, 2006

MEMPHIS, Tenn. -- Japanese Prime Minister Junichiro Koizumi yesterday rocked the House That Elvis Built, crooning a few bars of some classic Presley hits and leaving his tour guide, President Bush, looking a bit like a whipped Hound Dog.

It didn't take much to get Asia's biggest Elvis fan to break into song as he made a long-sought pilgrimage to the Memphis mansion. "You're a pretty good Elvis singer," the president said to the long-haired leader, worshipped like a rock star in his home country.

"Let's hear some," yelled a reporter from the edge of the Jungle Room, a time capsule of 1974 with its avocado green shag carpet on the floor and ceiling, a feature that made for such pure acoustics that Elvis and his buddies recorded several hits there.

"Love me tender ... " Mr. Koizumi sang in a low register, breaking off as laughter from first lady Laura Bush, along with Priscilla Presley, Elvis' widow, and the couple's daughter, Lisa Marie Presley, drowned him out.

The Japanese leader took a breath and then launched into a medley. "Wise men say, only fools rush in ... " he crooned, before being interrupted by Mr. Bush, who said: "I thought you were going to sing 'Blue Suede Shoes.' "

But Mr. Koizumi, who was born on the same date as the King, followed in his idol's footsteps, making a quick costume change by donning a pair of gold-rimmed sunglasses that Elvis wore in the 1972 concert film, "Elvis on Tour."

Striking the emotive stage pose seen in the later days of Elvis' career -- stretched out in a near crouch, one arm windmilling, the prime minister let go with one last burst. "Glory, glory hallelujah," he sang, drawing a surprised smile from the president, who stepped back to take in the full performance.

Although a Graceland "archivist" wearing white cotton gloves had carefully laid out two pairs of glasses, Mr. Bush steered clear of the spectacles.

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Mr. Koizumi called the day touring what many consider America's mecca of rock 'n' roll "a dream."

"I never expected president come with me to visit Graceland," he said in broken English.

Mr. Bush struck a more sober tone by stating: "The visit here is an indication of how well-known Elvis was around the world. A lot of people are still singing Elvis Presley songs here in the states, and there's a lot of people who love Elvis Presley in Japan, including the prime minister."

White House staffers leaned more toward the exuberant Koizumi: Press secretary Tony Snow briefed reporters aboard Air Force One en route to Graceland wearing a pair of the huge trademark Elvis tinted glasses; a dozen other staffers also donned them. Many became tourists themselves, taking pictures of the spangled and sparkly jumpsuits in glass cases and the 100 gold and platinum records lining the walls in what was once the King's racquetball court.

The crew of the presidential aircraft also got in on the action. They prepared a special Elvis treat, gleaned from the Graceland Web site: A fried peanut butter and banana sandwich, with a whopping 36 grams of fat. Both svelte leaders skipped the treat; Mr. Bush drank coffee, and Mr. Koizumi drank green tea.

Elvis songs, including "Don't Be Cruel," were playing over the public-address system aboard Air Force One, and Elvis movies, including "Viva Las Vegas," were available upon request.

While the president is known for his disdain of tourist stops -- he skipped India's Taj Mahal on a trip this year and last month raced through Vienna, Austria, and Budapest in 36 hours -- he offered to take the prime minister to Graceland a year ago.

The two leaders were no doubt paying homage to the young Elvis, the dirty-dancing heartthrob who changed the music world with a newfangled thing called rock 'n' roll, not the old Elvis, the drug-addled and bloated pill-popping junkie who paid young girls to wrestle for his entertainment.

While Mr. Bush and Mr. Koizumi were not allowed in private quarters upstairs where Elvis died, they toured the rest of the 14-acre estate, stopping off to see the black baby-grand piano by a 15-foot white sofa in the living room, Elvis' burial shrine -- even one of the King's prized possessions, a pink Cadillac.

As the first sitting president to visit Graceland, Mr. Bush was given an original Elvis belt buckle from the estate. Mr. Koizumi was given a vintage movie poster.

The leaders also made a stop at a different King memorial: The National Civil Rights Museum at the Lorraine Motel, where Martin Luther King was assassinated in 1968. The two leaders stood on the spot on the motel balcony where King was slain.

Mr. Bush and Mr. Koizumi then stopped for lunch at Rendezvous, a 58-year-old barbecue restaurant. Seated at red-checked tablecloths, the leaders dug into a meal of Memphis-style ribs, cole slaw, sausage, beans and sweet tea.

Japan's Premier Follows Dream To Memphis (FT)

By Caroline Daniel And David Pilling In Memphis

Financial Times, July 1, 2006

Not many presidential road-trips cum summits begin at the porticos of Graceland, Elvis's home in Memphis, with a private tour of the house from Priscilla and Lisa Marie Presley, and end being handed a genuine Elvis buckle from one of his costumes.

But Friday's special trip to the birthplace of the King, designed to celebrate his special relationship Prime Minister Junichiro Koizumi, was a day of firsts. It was the first time a sitting President had visited Graceland. And before Mr Koizumi, the President of Costa Rica was the only foreign leader to have made the pilgrimage to the King

Mr Koizumi's arrival on Air Force One in the morning at Andrew Air Force Base was heralded with the sounds of Elvis tunes, piped over the PA. After getting in the mood watching Elvis movies, the two leaders, who have established a wsrm personal chemistry, arrived at Graceland. They were greeted by a sign from the local mayor: "Menfisu ni youkoso" or Welcome to Memphis.

Graceland is not exactly yen understatement, with its Jungle room, replete with glowering monkey statues, a homage to a hotel room Elvis stayed in Hawaii, its billiard room draped in yards and yards of pyschedelic material, his round fur bed with inset mirrors, and a racketball court festooned with gold records.

Even in the heart of Americana, there were reminders of Japan. Mr Koizumi could view a Karate kit that Elvis, used to wear. He was a black belt, and claimed he practiced every day. As he epigrammatically observed: "There's a lot to it. It's not just breaking bricks. I mean, how many times is a brick gonna come out and attack you?"

The Graceland directors had eschewed setting up a karaoke machine, perhaps out of deference to diplomatic etiquette, and not wanting Mr Bush to appear a party pooper for not joining in a duet of Jailhouse Rock. Yet, Mr Koizumi still broke into a few bars of Love Me Tender, and then pulling Lisa Marie Presley close to him, serenaded her with the words: "hold me close, hold me tight."

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Taking up the chance to wear some authentic Elvis shades (two pairs were set aside, Bush decline his, at least publically), Mr Koizumi, seemingly imbued with the spirit of the singer, later did the Elvis swoon: arms outstretched, falling to his knees, he offered a full gusto impersonation of his hero, with whom he shares a birthday, to Mr Bush's delight.

Yet not all of Mr Koizumi's efforts have been as warmly applauded. His album, released in 2002, his top 25 Elvis songs, sold 200,000 copies but was actually in breach of Elvis copyright because it used and doctored a photo of Elvis without seeking copyright from the photographer. Elvis Presley Enterprises has quietly advised the prime minister that if he wants to re-release the album – as he does – that he should ditch the photo.

Even so, the Graceland directors gave him a vintage Elvis poster, while Laura Bush, received a TLC necklace, (Tender Loving Care), something Elvis gave members of his female entourage. Jack Soden, chief executive of Elvis Presley Enterprises, says more foreign dignitaries, should be brought to the heartland. "It's no good if they stay in a presidential suite of a Manhattan hotel. They need to see Memphis Tennessee, a simpler place, where we are sure our most honoured guests get barbecue not Maine lobster."

Barbecue is exactly what Mr Kozumi received. He managed to avoid swallowing another helping of US beef at lunch, having already had to chew down two portions in a politically driven photo-op to underline the recent lifting of the Japanese ban on the export of US beef. Instead, at Rendezvous Charcoal Ribs in downtown Memphis, the menu was charcoal broiled pork ribs, pork shoulder sandwich, beans and slaw.

Yet Mr Bush's jocular mood nearly turned into annoyance as he arrived at the head table and saw six empty chairs. Lisa Marie Presley and Priscilla Presley eventually idled in. But his guest of honour was lagging. Mr Bush looking awkwardly around, scanning the front door. He picked up a spoon and scooped beans on a plate, and looked like an anxious housewife presiding over their first dinner party. Still no Mr Koizumi. He picked up the plate of ribs and offered them to one of his Japanese guests. More minutes ticked by. As he fiddled with a slotted spoon, there was palpable relief when his guest arrived.

They left after the meal, with no further serenades, "he's all sung out," said Dana Perino, a White House spokeswoman. Mr Bush's parting shot was: "I'll see you at the G8."

The idea for the Graceland trip was Mr Bush's, inspired by a Camp David meeting with Mr Koizumi in 2002, and cemented after Mr Koizumi burst into Elvis songs at the G8 summit last year. This visit sets a new symbol for Presidential intimacy. From now on, world leaders, anxious to show their clout, may demand a visit to Camp Elvis not Camp David.

Bush Takes Koizumi For Tour Of Graceland (WP)

By Peter Baker

The Washington Post, July 1, 2006

GRACELAND, America, June 30 -- If wise men say only fools rush in, then on this day, at least, President Bush heeded the wise men.

It was one thing to take his friend, Japanese Prime Minister Junichiro Koizumi, to Memphis to visit what evidently is now the nation's most important tourist site. But the president drew a line Friday when the wavy-haired Japanese leader began crooning Elvis songs.

" Love me tender, " Koizumi sang in a deep baritone that bore a fair approximation of the King, if the King had been from Tokyo. Standing in front of the stone waterfall in the Jungle Room here at Graceland, complete with avocado shag carpet on both floor and ceiling, Bush laughed but did not join in.

Just as well. The image of the politically struggling president lamenting his own heartbreak hotel might have left his advisers all shook up. This was a day for friendship, rock-and-roll and bad puns as Bush embarked on what even he called an "unusual experience," quite possibly the most memorable diplomatic pleasure trip of his presidency.

As a farewell gift to Koizumi, one of his best overseas friends and a longtime Elvis aficionado making his final U.S. visit before retiring in September, Bush organized a special trip to the mansion where the legendary singer lived and died. The mecca of fans everywhere closed itself to ordinary tourists for the first time since opening in 1982 as it played host to its first sitting president. Priscilla and Lisa Marie Presley flew in for the occasion.

If the president stuck to understated good humor, Koizumi plunged into the spirit of the occasion, mugging for cameras in Elvis's sunglasses, belting out some of his favorite lyrics, serenading Lisa Marie and even mimicking her father's famous stage moves. The prime minister, who once released a CD of his favorite Elvis songs, gleefully checked out the extravagant concert costumes and the pink Cadillac on the lawn and the wall after wall of gold records.

"My dream come true," Koizumi said, after singing a few words of "The Impossible Dream" to make the point.

While they were in town, the president and prime minister also visited another landmark, the National Civil Rights Museum next to the motel where Martin Luther King Jr. was assassinated. It was such a last-minute addition to the trip that the White

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House tracked civil rights leader Benjamin Hooks down at his dentist's office Friday morning to ask him to show the visitors around.

That Bush would take the time to come to Graceland testifies to the strength of his personal bond with Koizumi, first forged on the grass at Camp David in 2001 when they played catch, traded baseball stories and talked about favorite movies such as "High Noon."

Bush is at best an accidental tourist. He once raced through the Kremlin cathedrals in Moscow in seven minutes flat, did the sprawling Hermitage Museum in St. Petersburg in a half-hour and turned to go soon after arriving at the Great Wall of China. He declined an invitation to visit the Taj Mahal altogether while in India, pleading lack of time.

Yet he managed to carve out eight hours to fly here from Washington, trailed by a media throng the likes of which rarely accompanies him to, say, a Medicare speech in Missouri. About 300 journalists showed up, in fact, and a press center was set up in the Elvis Presley Automobile Museum featuring his 1956 purple Cadillac Eldorado convertible, the 1960 MG used in "Blue Hawaii" and the rest of his fleet. Tourists circled the journalists under the giant disco ball as if they were another exhibit.

Everyone tried to get into the act. The Air Force One crew played "Love Me Tender" and "Don't Be Cruel" over the intercom system as the president, Laura Bush and Koizumi boarded. Elvis movies were made available for viewing during the flight to Memphis. For breakfast, the King's favorite fried peanut butter-and-banana sandwiches, with 36 grams of fat apiece, were served on the plane. Bush and Koizumi politely passed, although White House Chief of Staff Joshua B. Bolten gave it a try, reportedly to his regret.

When Bush and Koizumi arrived at Graceland, a small clutch of activists from the International Fund for Animal Welfare gathered nearby to protest Japan's whaling policies, featuring four Elvis impersonators holding up signs such as "Don't Be Cruel."

But nothing would spoil Koizumi's day, which came complete with the gift of a vintage Elvis poster. He checked out the triple televisions embedded in the walls of the yellow-and-blue basement entertainment room with the mirrored ceiling. He was shown the pool table in the billiard room festooned with 350 yards of multicolored fabric covering the walls and ceiling. He and Bush shared what a Graceland spokesman called "private time" in the Meditation Garden where Elvis and his parents are buried next to an eternal flame.

By the time he got to the Jungle Room, decorated after Elvis's memory of Hawaii, Koizumi was ready to perform.

He smiled at Lisa Marie, her brown hair streaked with blond.

"You look like Elvis," he told her.

" Arigato ," she answered, expressing thanks.

"My birthday is the same as Elvis," he noted.

"Even now," he added, "I often listen to Elvis CDs."

"You're a pretty good Elvis singer," Bush offered.

Koizumi demurred. "I'm not impersonator," he said.

But Washington Times reporter Joseph Curl recognized the moment of opportunity. "Let's hear some," he called out.

And Koizumi obliged. He started with a few words from "Love Me Tender," then segued into "Can't Help Falling in Love."

"I thought you were going to do 'Blue Suede Shoes,' " Bush said.

The first lady of the country and the onetime first ladies of music came over to pose for pictures. Koizumi wrapped his arm around Lisa Marie. "Hold me close, I want to hold you tight," he crooned to her.

Priscilla showed the prime minister a few of her former husband's personal items, including a pair of sunglasses that a museum employee in white gloves had gingerly placed on a table minutes before.

Koizumi eagerly grabbed them and slapped them on. Then, in the moment that thrilled television producers around the world, he crouched, seemed to play a bit of air guitar and emulated the late singer's motions while belting out, "Glory, glory, hallelujah."

The president kept his singing voice and dance moves to himself but seemed to enjoy the show. He wanted Koizumi to have a good time. On this day, Mission Accomplished. "I knew he loved Elvis," Bush said. "I didn't realize how much he loved Elvis."

Bush Leads Koizumi On Tour Of Graceland (AP-Y2)

By Deb Riechmann, Associated Press Writer

AP2, July 1, 2006

It didn't take much coaxing from President Bush to get Japanese Prime Minister Junichiro Koizumi to croon some Elvis tunes Friday at the king of rock 'n' roll's Graceland mansion.

"You're a pretty good Elvis singer," Bush told Koizumi, an avid Elvis Presley fan.

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That was all the prodding the freewheeling prime minister needed.

"Love me tender, love me sweet," Koizumi sang.

"Wise men say, only fools rush in ..."

"We need a karaoke machine," joked Priscilla Presley, mother of Presley's only child, Lisa Marie. Koizumi donned a pair of sunglasses that Elvis wore in the 1972 concert film, "Elvis on Tour," and hugged Lisa Marie. "Hold me close. Hold me tight," he sang to her.

Then Koizumi bent down, swung his arm as if strumming a guitar and sang, "Glory, glory, hallelujah," a refrain from the "Battle Hymn of the Republic," also part of the Presley repertoire.

The visit to Graceland was the highlight of the outgoing Japanese leader's two-day visit with Bush, a kind of sayonara summit to illustrate how their personal friendship has helped bring U.S.-Japan relations closer than at any time since the end of World War II.

"This visit here shows that not only am I personally fond of the prime minister, but the ties between our peoples are very strong as well," Bush said.

It was Bush's first visit to Presley's white brick mansion.

"My first visit, too," Koizumi said, standing in a gaudy, wood-paneled den known as the Jungle Room, a place where Presley hung out with his buddies. "It's like a dream — with President Bush and Presley's daughter."

Bush, first lady Laura Bush and Koizumi drove through the gates of Graceland in a shiny, black limousine adorned with the flags of both nations. It was as if they were making a formal diplomatic visit.

After they got out, the scene turned surreal.

Here was Bush, who didn't stop off at the Taj Mahal while in India, touring the home of a music star who died in his bathroom of heart disease and drug abuse in 1977.

Instead of walking down red carpets to review troops, Bush and Koizumi strode over green shag that lined the floors and ceiling of the den. Instead of elegant furniture and chandeliers, they posed for photos in a room decorated with white ceramic monkeys and wooden chairs with armrests carved in the shape of animal heads.

Bush's top political adviser, Karl Rove, snapped photos of the Japanese delegation in front of Elvis' 1955 pink Cadillac with whitewall tires. "I loved the (lamp) shade they had covered with faux fur," Rove said.

Graceland was closed to tourists when Lisa Marie and her mother escorted the dignitaries around the 14-acre estate, showing them the glossy black baby-grand piano, a 15-foot white sofa in the living room, Presley's burial site and his gold records, guitars and costumes.

Bush and Koizumi weren't allowed to peek at the private quarters upstairs.

It was all Elvis all day.

Along with anti-war protesters along the motorcade route, four Elvis impersonators in white jumpsuits sang "Don't be Cruel" in the International Fund for Animal Welfare's protest to urge a halt to illegal Japanese whaling.

Elvis tunes were playing over the public address system aboard Air Force One as Bush and Koizumi flew here. Elvis movies were available upon request.

White House press secretary Tony Snow wore Elvis novelty shades to brief reporters on the plane and fueled conspiracy theories that the singer never died. The two leaders, he said, would visit the "alleged grave site."

An option on Air Force One, as printed on a menu, was one of the singer's favorites: Elvis Presley's fried peanut butter and banana sandwich, which had 36 grams of fat. Both leaders passed on it. Bush drank coffee and Koizumi drank green tea.

"I'm feeling a little heavy," said White House chief of staff Joshua Bolten, who gobbled down the breakfast treat. "I so rarely fry my peanut butter sandwiches."

The day did have a serious moment. The two made an unscheduled stop at the National Civil Rights Museum at The Lorraine Motel, where the Rev. Martin Luther King Jr. was assassinated in 1968. Bush and Koizumi emerged from a tour to stand on the spot on the motel balcony where King was slain.

The Elvis mania returned, however, when the leaders were greeted at Rendezvous, Memphis' famed, 58-year-old barbecue restaurant, by a rockabilly trio called The Dempseys, which has often played at Elvis' restaurant in the city. Seated at red-checked tablecloths, Bush and Koizumi dug into a meal of Memphis-style ribs, cole slaw, sausage, beans and sweet tea.

Bush and the Japanese prime minister parted company after lunch. On his way back to Washington, Bush stopped in Ohio to attend a fundraiser at a private home in suburban Columbus for Republican Sen. Mike DeWine (news, bio, voting record).

Afterward, Bush couldn't resist the lure of a neighborhood lemonade stand across the street where several dozen cheering supporters had gathered. Bush was in such a good mood that he bought a round of lemonade for some members of the traveling press.

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Japan's Koizumi Shakes Up Graceland (LAT)

By Peter Wallsten, Times Staff Writer

The Los Angeles Times, July 1, 2006

The prime minister, long a fan of the King, cuts loose as he tours with the Bushes and Presleys.

MEMPHIS, Tenn. — President Bush doesn't get a lot of tender love these days on the world stage. But Friday, taking his Japanese counterpart on a private tour of Graceland, Bush received a hunk of burning love.

Prime Minister Junichiro Koizumi — calling it a "dream" to see the home of his longtime idol, Elvis Presley — was reduced to almost uncontrollably giddy giggling as he broke into a serenade for Bush and First Lady Laura Bush and for Presley's ex-wife, Priscilla, and their daughter, Lisa Marie.

"Love me tender … " Koizumi crooned through a thick accent as he stood with the others in Graceland's famously tacky Jungle Room — replete with fake-fur-covered furniture, an indoor waterfall and avocado colored shag carpet covering floor and ceiling.

The Bushes, clearly unaccustomed to such a display (or perhaps still disoriented from the mirrored ceilings in the downstairs television room) looked on with strained smiles. Koizumi persisted, belting out another one of his favorite Elvis hits.

"Wise men say," he sang, "only fools rush in."

Lisa Marie Presley spoke up, wondering where the group could find a karaoke machine. But President Bush had heard enough. He tapped his friend on the shoulder and shook his hand, effectively cutting off the performance.

"I thought you were going to do 'Blue Suede Shoes,' " Bush cracked.

The exchange marked one of several offbeat but affectionate scenes during Koizumi's "sayonara summit" this week in the United States.

The prime minister is soon leaving office, and ever since he first met Bush exactly five years ago — and played a game of catch at Camp David — the two leaders have maintained a close friendship.

Like Bush, Koizumi is a baseball fan and a lover of country music. In perhaps the key element to his rapport with Bush, he also has been a staunch supporter of the war in Iraq.

Friday's tour was a bit of a reward for that rare loyalty. Koizumi, who shares Elvis' Jan. 8 birthday, is obsessed with Presley's music and has even produced a CD in Japan of his 25 favorite songs by "the King."

The trip followed a gala White House dinner Thursday night at which the two leaders exchanged compliments.

Bush drew parallels between Koizumi and Presley, noting their widely known shared taste in hairstyles. "Like you, he had great hair," the president said during his dinner toast. "Like you, he was known to sing in public."

Koizumi said that, as a child, his "exposure to America was Presley," which he said was "a vivid memory" of his youth.

"The first English song I ever learned by heart was Presley's 'I Want You, I Need You, I Love You,' " he said.

That had been the first song Koizumi selected earlier Thursday on a half-century-old jukebox that the Bushes gave him as a present. And, even during a joint news conference at the White House that focused on such serious matters as North Korean missiles and military tribunals for alleged terrorists, Koizumi was inspired to make a Presley reference.

"Thank you, very much, American people, for 'Love Me Tender,' " he said, drawing laughter as Bush all but dragged him from the East Room podium.

On Friday's pilgrimage to Graceland, the delegation strolled through each room of the 1920s-era mansion. They saw display cases containing some of Presley's sequin-encrusted outfits. His signature pink Cadillac was removed from the antique car museum and placed near the home's front entrance to make room for the media to work.

Bush and Koizumi enjoyed a bit of private time in the meditation garden where Elvis and his parents are buried. The leaders did not go upstairs, the site of Presley's death at age 42 in 1977.

Back in the Jungle Room, Koizumi threw his left arm around Lisa Marie's shoulders and sang again.

"Hold me close, hold me tight."

Awkward laughter filled the room.

Moments later, Koizumi poked through Elvis' wallet, which contained original cards and IDs, and, surprising museum curators, he picked up and donned a pair of the King's sunglasses. As others watched with puzzled looks, the prime minister appeared to play an air guitar, then swivel his arms as if to mimic a famous Elvis maneuver.

When Bush called him a "pretty good Elvis singer," Koizumi replied: "I'm not impersonator."

There were, however, some impersonators attracted to the circus: four anti-whaling protesters dressed up as Elvis stood outside Graceland holding signs telling Koizumi, "Don't be cruel."

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The half-day stop at Graceland was something of a departure for Bush, who has not been known to spend much time at cultural attractions. He zipped through the vaunted Hermitage Museum in St. Petersburg, Russia; rushed past the ancient Great Wall in China; and skipped the Taj Mahal in India — raising eyebrows among many of that country's citizens.

With Koizumi in tow, Bush also visited a more somber historical site in Memphis: the motel where civil rights leader Martin Luther King Jr. was assassinated in 1968.

The group stopped briefly at a museum on the property and, guided by longtime civil rights leader Benjamin Hooks, went to the spot on the motel's balcony where King was shot.

The Bushes and Koizumi lunched at one of the city's barbecue restaurants and then parted company, with the president heading to Ohio for a Republican fundraiser.

Bush Takes Japanese Prime Minister For Memphis Visit (MCA)

By Zack McMillin

Memphis Commercial Appeal, July 1, 2006

The Tourist in Chief made his inaugural trip to Graceland on Friday, but it was President Bush's guest from Japan who rocked Memphis with his fervent adulation for the King of Rock and Roll.

Strutting and singing and doing his best Elvis lunge across the shag carpet of the Jungle Room, Japanese Prime Minister Junichiro Koizumi delighted the president, first lady Laura Bush and tour guides Priscilla and Lisa Marie Presley.

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"You're a pretty good Elvis singer," Bush said, and with the pack of media in the room entreating him, Koizumi delivered a teasing cabaret of tunes that make metaphors hard to resist.

"Love me tender," he crooned, giving the appropriate serenade to a love-fest of a visit from the retiring Japanese leader to his pal in Washington.

"Wise men say, only fools rush in," Koizumi sang, beginning another love song but summing up what many dozen protesters across the street said in a less polite way about their dissatisfaction over the war in Iraq.

Putting his arm around Elvis' daughter, Lisa Marie Presley, the popular prime minister with the Hollywood mane tried out his signature Elvis tune, singing, "Hold me close, hold me tight."

When a Graceland curator allowed Koizumi to don a pair of authentic gold sunglasses worn by the King in 1973, the prime minister dipped and thrust out his right hand while delivering a many-syllabled "Glory, glory hallelujah."

The first two heads of state to visit Graceland at the same time -- it was also a first visit for both Bush, 59, and Koizumi, 64 -- have long since moved beyond diplomatic flirtations, and the fun, lighthearted visit to Memphis (even a few local Democrats smiled and yukked with Bush, dressed sans tie with sleeves rolled up) came just a few weeks after a state visit to Europe that drew hordes of protesters.

At Thursday's White House press conference, Bush used the friendship between Japan and the U.S., 60 years after battling one another, as a reason to remain optimistic despite the difficulties in the Middle East. Koizumi and Japan were part of the coalition that supported the U.S. invasion of Iraq in 2003.

Bush lightened the comparison on Friday, dwelling instead on the bond Koizumi made with America because of the music of a Memphis original.

"His reputation was so strong that he attracted the attention of the now prime minister of Japan," Bush said after the tour, which lasted about 75 minutes.

"This visit here shows that not only am I personally fond of the prime minister, but the ties between our peoples are strong, as well."

Koizumi, whose English is heavily accented, gushed, "It is like a dream." Then he tried a few bars of Elvis' "Dream the Impossible Dream."

Although the president never donned the plastic souvenir Elvis glasses nor gyrated even once, the visit had the feel of a class field trip.

The president's staff, including senior adviser Karl Rove, snapped pictures in front of the pink Cadillac parked in front of the mansion, and more than a few sported the sunglasses.

Peanut butter and banana sandwiches were eaten by staff on the Air Force One ride to Memphis.

The jet arrived in Memphis at 10 a.m. Among those greeting the arrival were new U.S. Atty. Gen. David Kustoff (Tennessee campaign manager for Bush in 2004) and Memphis Mayor Willie Herenton.

All along the 30-car motorcade's route to Graceland -- which began on Democrat Road -- gaggles of people stood and waved, took pictures and held signs. That scene repeated throughout the four-hour visit, with the largest crowds camped near

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Graceland and in the cordoned-off downtown blocks surrounding the Rendezvous, where Bush, Koizumi and a several dozen others ate lunch.

The motorcade surprised those in the South Main area -- and the hungry media -- by making an unexpected stop at the National Civil Rights Museum. Bush greeted several stunned children with handshakes and shoulder taps.

The president and prime minister took a quick tour and later stood on the Lorraine Motel's balcony with former NAACP president Dr. Benjamin Hooks and AutoZone founder Pitt Hyde.

Standing behind the wreath that marks the spot where Dr. Martin Luther King Jr. was killed in 1968, Hyde and Hooks pointed across the street to the former boarding house from where James Earl Ray fired the fatal shots. That building, now part of the museum, was not cleared, and people were crowded up to the windows to watch.

Secret Service personnel scrambled into position, but minutes later Bush and Koizumi headed to the Rendezvous.

A crowd that included Tennessee Sens. Lamar Alexander and Bill Frist and U.S. Rep. Harold Ford Jr. joined the party for a big lunch in the upstairs banquet room.

The Dempseys, a Memphis rockabilly trio, provided the swinging Elvis cover tunes, and even enticed Koizumi to perform with them, going back to his favorite, "I Want You, I Need You, I Love You."

"I watched him throughout most of the lunch, and he was cheering and applauding and pumping his fists," said Rollin Riggs, the band's manager.

After nearly an hour at the Rendezvous, the motorcade traveled back the the Tennessee National Air Guard hangar.

After the president honored Cordova resident Sandi Langley for her volunteer work, he boarded Air Force One and left Memphis airspace at about 2:10, bound for an event in Ohio.

Koizumi met with executives from Sharp and Brother, Japanese companies with a Memphis presence, then departed about 2:45 on his jumbo jet with the round red dot on the tail.

"It was a great visit," said Tom Schieffer, the American ambassador to Japan. "Just a terrific afternoon."

Pilgrimage Offered As Thanks; Tactical Move Lies Beneath Friday's Frivolity (MCAPPEAL)

By Halimah Abdullah

Memphis Commercial Appeal, July 1, 2006

The chemistry between President Bush and Japanese Prime Minister Junichiro Koizumi has been the stuff of a warm and fuzzy, 1950s-era beach blanket flick.

Koizumi strutted and gyrated as if he had channeled Elvis while a bemused Bush looked on from Graceland's shrine-like confines on Friday.

However, beyond the pomp and pompadours, the Memphis visit was a carefully orchestrated symbol of thanks to an outgoing leader of the world's second largest economy for supporting Bush on issues like the war in Iraq and terrorism.

It's also a tactical move for Bush who, while cultivating close relationships with now-departing heads of state, finds himself besieged with criticism on domestic and international fronts.

Likewise, Koizumi's theatrical warbling of Elvis tunes and flirting with Lisa Marie Presley were more about maintaining his affable public persona as he hammed it up for the press pool.

"I don't think he's doing this because he likes ... music and he and Bush get along," said James Auer, director of Vanderbilt University's Center for U.S.-Japan Studies and Cooperation. "He's doing this because it's in Japan's best interests."

Ironically, both nations' mutual interests were strengthened just after the Sept. 11 attacks when Japan supported the United States by backing efforts in Afghanistan and sending 600 peacekeeping troops to Iraq.

Koizumi who, like Bush, had only been in office a few months, found a kindred spirit in the man he compares to Gary Cooper in "High Noon."

During their Memphis visit, the two goofed around in the mansion's famous Jungle Room and posed for pictures near Elvis' pink Cadillac.

"Their friendship has been buttressed by their common ground," said Yinan He, a professor of security studies at Seton Hall's Whitehead School of Diplomacy and International Relations in New Jersey. "They're both young, relatively speaking. They're both more unilateral in their approach, and they're both conservative."

To be sure, both nations have benefited from Bush and Koizumi's friendship.

The United States. supported Japan's bid to become a permanent member of the U.N. Security Council. Japan headed up efforts to finance reconstruction in Iraq and dispatched ships to the Indian Ocean to refuel U.S. and other ally craft.

"Bush likes to say (Japan and the U.S.) have a very current common interest in promoting stability, freedom and democracy," Auer said.

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The flip side of such a close relationship has meant a more ambivalent stance on such issues as Japan's ban on U.S. beef, a recently resolved point of contention.

"The Bush administration has not pushed them as hard as they could have on that," He said.

Bush has been largely mum on Koizumi's controversial visits to the Yasukuni Shrine, which commemorates the Japanese killed during World War II, including war criminals.

Such gestures are being scrutinized more closely as Bush enters the autumn of of his presidency and Koizumi exits stage left.

Political experts on both sides of the ocean have speculated what this parting of ways will mean in term of future relations between the two nations.

In the meantime, both leaders' stance on North Korea's nuclear weapons efforts, rather than their Memphis-bound roadtrip, provides perhaps a long-lasting symbol of commonality.

"It is a signal to North Korea," He said.

"The two leaders will stand together against any sort of threat."

Heads Of State Pay Call On Palace Of The King (TENN)

By Leon Alligood

Tennessean, July 1, 2006

MEMPHIS — Japanese Prime Minister Junichiro Koizumi went to Graceland Friday and all he got was a tour of Elvis Presley's mansion with the King's ex-wife and daughter, Priscilla and Lisa Marie, serving as tour guides.

The No. 1 karaoke dude from the Land of the Rising Sun also got a look-see at some of the hip-twisting crooner's artifacts brought out from the Elvis warehouse/archives especially for him.

And he was given a movie poster, written in Japanese, from Elvis' Kissin' Cousins – from Elvis' personal collection.

Oh yeah, the president of the United States was there, too.

It was one magic day for Memphis, one grand day for Graceland.

For about an hour and a half, three world potentates — two among the living and one reputed, by some theorists, to still be in the building — were at the locus of, if not the world's attention, then the universe of all things Elvis.

The trip had been in the works for about six weeks. President George W. Bush's people, the Secret Service, came to town early to check out the Jungle Room and the rest of the mansion and gave their security blessings to the visit, which Koizumi requested.

It seems the prime minister with the poofy hairdo has been lip-synching hunka, hunka burnin' love for years.

Graceland averages 600,000 visitors per year, but on this memorable day for all VIPs involved, the parade of families from Iowa and Arkansas and Glasgow (Scotland, not Kentucky) and Paris (France, not Tennessee) were politely kept at a distance while Bush and Koizumi toured the grounds held as a shrine by Elvis aficionados.

At 7 a.m., with the Bayer aspirin-white sun already above the tail of the Lisa Marie, Elvis' private jet parked across from the mansion's entrance, an eclectic crowd began gathering.

The "God bless the USA" crowd in one section held signs that showed their love for President Bush. He could not see them because a row of Memphis buses was parked nose-to-tail in front of the crowd for security purposes.

"I love my president and I love Elvis," said Sinie Conley, 20, of Horn Lake, Miss.

"He's going to love it. The kitchen colors are a little weird, but he'll love it," Conley said of the prime minister's mansion viewing.

About 10 feet away there was uproar as a self-appointed Elvis cheerleader held up a sign: "Make noise if you love Elvis."

Down the row, Kelly Jacobs, decked out in her best imitation of Lady Liberty, made her way into the crowd, much to the chagrin of others. Her sign read: "Japan left Iraq; U.S. leave now." It referred to Koizumi's recent decision to pull his country's 500 soldiers out.

On her right shoulder she wore a pendant that featured silver numbers. The number Friday was 2,532, the number of American soldiers killed in Iraq.

"I have to change it every day," she said. "How long? How long?"

Just when it appeared there would be no Elvis sightings, four of them appeared in white jump suits that sparkled with colored stones. They sported black hair perfectly coiffed and sideburns appropriately long, and sweated like pigs headed for a Fourth of July grill pit.

In only-at-Graceland fashion, they were on a mission to save the whales, in a landlocked state, no less. The "Elvi" were hired to bring attention to Japan's whale-hunting activities. To many groans and grimaces and smiles they sang a special version of "Don't Be Cruel."

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"They kill over a thousand whales a year and are beginning to accelerate that. We want to bring it to Koizumi's attention. He can do something about it," said Gregory Wetstone, U.S. director for the International Fund for Animal Welfare.

"It's a job," said Chuck Baril, 45, one of the Elvi, who is from Gallatin. When he isn't Elvis he is the doorman at the Doubletree Hotel in downtown Nashville.

Perhaps the crowd on Elvis Presley Boulevard proved this: While Japan is a nation where the people elect their leaders but still show respect to a reigning monarch, America, it turns out, is very similar — we have a president and a King, and they both draw quite a crowd.

But yesterday was the first time they drew a crowd together. While Richard Nixon was the first president to visit China, and Rutherford B. Hayes was the first president to visit the West Coast, George W. Bush will go down in history as the first sitting president to visit Graceland.

While Bush didn't get a movie poster like his Japanese counterpart, he did get a similarly cool gift from the Presleys: The eagle-design belt buckle Elvis wore on his jumpsuit in Aloha from Hawaii.

After about 90 minutes of taking over the White House of the Elvis Nation, the VIPs left as they arrived, in a hurry, running the gauntlet of those who would praise and those who would condemn— if only the power pals could hear them in their sleek, black, bulletproof, soundproof limos.

Of course, their next stop was ribs at The Rendezvous, the town's iconic eatery. What world leader wouldn't drive fast for that? ·

Japanese Prime Minister Junichiro Koizumi, wearing sunglasses belonging to Elvis Presley, pauses for some air guitar as Priscilla Presley, center, and Lisa Marie Presley lead him on a tour. (CHARLES DHARAPAK / ASSOCIATED PRESS)

President Bush and Japanese Prime Minister Junichiro Koizumi walk away from the media after touring Graceland on Friday. (ROB CARR / ASSOCIATED PRESS)

Shotaro Iwamoto, Hiroto Inaba and Robin Massie, from left, who all work at the St. Jude Hospital, stand behind a banner welcoming Japanese Prime Minister Junichiro Koizumi to Graceland in Memphis on Friday. (JAE S. LEE / THE TENNESSEAN)

Kelly Jacobs, dressed as Lady Liberty, was part of the crowd at Graceland on Friday. (JAE S. LEE / THE TENNESSEAN)

Bush, Koizumi tour Graceland

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IN LAND OF EMPEROR, THE KING RULES

So why do the Japanese adore Elvis Presley? An ABC News story last year said there were 500 Elvises for hire in Tokyo alone.

"He just has that appeal to a certain generation," said Dr. Shotaro Iwamoto of St. Jude Children's Research Hospital who, along with other Japanese friends who work at St. Jude, were outside Graceland early Friday."If you are at the age of 50 in Japan, more than likely you are an Elvis fan. But many young people like him, too."

Leslie Rubinkowski, author of the book "Impersonating Elvis," said,"The love people have for him begins in the space between the extremes that defined his life. He grew up poor and ended up living in a house with a Jungle Room. He filled another room with gold records, but he loved his mama."

Rubinkowski said the Japanese fascination could be simply that country's fixation with all things American. And Elvis is uniquely American.

— LEON ALLIGOOD

Food Smokin' Inside, Gawkers Roast Outside (MEMCOMMAPPEAL)

By Whitney Boyd

Memphis Commercial Appeal, July 1, 2006

It wasn't fine china for President Bush and Prime Minister Junichiro Koizumi on their visit Friday to the Rendezvous. They ate their lunch from paper plates and used plastic utensils just like regular customers.

Inside the homey, back-alley restaurant, Bush cleaned his plate of barbecue ribs and washed it down with a Diet Coke. Prime Minister Junichiro Koizumi, who had the barbecue nachos and water, sat alongside Bush and belted out his favorite Elvis tune, "I Want You, I Need You, I Love You" with The Dempseys.

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As smoke steamed from the charcoal grill outside of the alley, patient onlookers stood in the summer heat and crowded along Union and Third. No one knew where or when the president would exit the restaurant, but they hoped for a quick glimpse.

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Across the street, Memphis native Mark Logan and wife Darline peeked around a black Secret Service GMC for three hours, just to see the president.

"I've been playing detective all day trying to see this man," Darline Logan said as she wiped sweat from her forehead. "His protection is insane and really hard to get around."

Streets around the restaurant -- Third, Second, Monroe and Union -- were blocked off by more than 50 police officers while Bush and Koizumi enjoyed their meal. Laura Bush, Lisa Marie Presley and Priscilla Presley joined the president, along with 60 other guests.

Decorating the middle of each table were two small flags -- one for America and one for Japan.

Percy Norris, who has worked at the restaurant for 36 years, was the only server to assist Bush and Koizumi. Dressed in his best black bow-tie, white serving uniform, and biggest smile, Norris brought the president all of his dishes -- including the first dessert ever served in the Rendezvous: apple cobbler and ice cream.

"I took a picture with him and everything," Norris said.

After his 45-minute meal, Bush made a quick exit underneath the white tarp connected to the restaurant.

Over on Third Street, Carter Wynn eagerly waited for Bush's exit. He held up a cardboard sign reading, "Don't forget Iraq, an Inconvenient truth," hoping Bush would get his message.

"Let's talk about the real issues, like war," Wynn said. "There is more important things than Graceland and restaurants. The troops need to come home."

Standing next to Wynn, the Logans cheered as the black motorcade drove by and Laura Bush waved from inside. "I don't care about the heat or anything," said Darline Carter. "That's the President of the United States.

Velvet Elvis Diplomacy (NYT)

By Maureen Dowd

The New York Times, July 1, 2006

Memphis

Among the newspaper headlines preserved in Elvis's trophy room in Graceland, hanging next to his size-12 white leather shoes and rhinestone-studded gold lamé suit, is this gem from Aug. 12, 1957: "Rock 'n' Roll Banned, 'Hate Elvis' Drive Launched By Iran To Save Its Youth."

Datelined Tehran, the story began: "Rock 'n' roll has been banned in Iran as a threat to civilization. 'This new canker can very easily destroy the roots of our 6,000 years' civilization,' police said, before launching a 'Hate Elvis' campaign."

Half a century ago, Elvis was considered a wiggly threat to Muslim civilization. But yesterday, the president brought the Japanese prime minister to Elvis's gloriously campy time capsule to thank the fanatical Elvis fan for helping push democracy in the Muslim world.

Junichiro Koizumi seemed to be in an ecstatic trance. Standing near the indoor waterfall in the Jungle Room with Priscilla, Lisa Marie, Laura and George looking on, basking in the avocado glow of a 70's shag rug that covered floor and ceiling, the 64-year-old Japanese leader did Thin Elvis air guitar and Fat Elvis karate chops.

He grabbed the King's outsized tinted gold-rimmed glasses and slipped them on, as the curator who had handled them with white gloves watched in alarm. And he gamely sang heavily accented bits of "Love Me Tender," "Can't Help Falling in Love With You," "Fools Rush In," "I Want You, I Need You, I Love You," and even let loose with "Glory, Glory, Hallelujah" until finally Priscilla Presley called out, "We need a karaoke machine!" He even cast Lisa Marie in the Ann-Margret role in his own fantasy "Viva Las Vegas," pulling her close to croon, "Hold me close, hold me tight."

"It's like a dream," bubbled Mr. Koizumi.

It was hard to remember anyone looking this happy in the gloomy cave of the Bush-Cheney administration, where more time is spent spanking allies than treating them.

Mr. Bush seemed out of his element. It's doubtful that W. had ever seen a round, mirrored, white fake-fur canopy bed before, much less an entire suit made of black faux fur. At one point, the president tried to cut off his overexcited guest from Tokyo, a city that loves its Elvis impersonator bars. But Mr. Koizumi would not be stopped.

Surrounded by monkey ceramics and ersatz cow skulls, W. tried to make a serious point about his road-trip summit, saying the visit was "a way of reminding us about the close friendship between our peoples."

In addition to being a respite from other bad news — getting disciplined by the Supreme Court on Gitmo and getting taunted again by Osama — the Graceland getaway was a triumph in personal diplomacy. That was the specialty of this president's father, who made a career of dragging befuddled world leaders off to baseball games, the Air and Space Museum, and sprints on his boat in Kennebunkport.

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Poppy used such jaunts as a lubricant to diplomacy and an inducement to closer, chattier relationships. His less curious, less social son tends to think of personal diplomacy more in terms of rewards and punishments, just another way to give or withhold favors, depending on who is going along with his world view.

Yesterday's pilgrimage may have struck some as too kitschy, given that several youngsters in Memphis have been tragically shot by stray bullets recently. But at least goin' to Graceland was a rare display of expertise in the psychology of diplomacy, an area where this administration has been strangely tone-deaf. W. figured out what the Japanese leader was thinking, what he wanted and what mattered in his culture, and exploited it — unfortunately, waiting until Mr. Koizumi was almost out of office.

Bush officials went out of their way not to do this with Saddam when they failed to consider that he might be hyping his W.M.D. arsenal or toying with U.N. weapons inspectors as a chest-thumping exercise aimed at impressing other Arab leaders. The Bush team also repeatedly squandered chances to talk to the Iranians and the North Koreans, ignoring the ways in which the oddball leaders of those countries might be acting out of insecurity, envy, bluster, one-upsmanship and a desire to be respected — sort of how high school girls might behave if they had nukes.

With his small circle of pals and Iraq war defenders — Mr. Koizumi, Tony Blair and Silvio Berlusconi — drifting off the world stage, and with allies pulling back troops in Iraq, President Bush may soon be as isolated as Elvis was at the end. For the rest of his term and through history, W.'s Heartbreak Hotel is likely to be located in Baghdad.

Waiting For President, Prime Minister At Graceland Hot Work (COMMAPPEAL)

By Cindy Wolff

Memphis Commercial Appeal, July 1, 2006

They stood behind blue ribbon strung between metal barriers and watched their early morning vantage disappear behind six MATA buses and a firetruck.

"No, don't park there, move across the street," 62-year-old Douglas Hill said as a fire pumper rolled right in front of his sight line.

Hill and his wife, Gail, came from Cullman, Ala., about four hours away, to glimpse President Bush and his motorcade.

"We were closer to Jimmy Carter in Tuscumbia at that other thing," Hill told his wife.

The dark-suited, sunglass-wearing, never-grinning Secret Service didn't care if they were the spoilers of the early bird good spot.

They were there to protect the president, and that meant no one across the street from Graceland on Friday morning could get a clear view of the motorcade.

So the people picked up their string of dead-soldier pictures, their "We Support The President" signs, their "Bush Liar" signs, their whale costume and their Elvis outfits and shuffled down the street, actually closer than they were before.

About 250-300 people waited for the 30-second spectacle of the presidential motorcade as it roared down gritty Elvis Presley Boulevard into the gates of Graceland.

The spectators mostly wore shorts and flip-flops and poured bottled water on their heads because the Memphis morning was already hot. They fanned themselves and clustered under patches of shade.

About 10:15, motorcycles rumbled from the north down Elvis Presley like a swarm of hornets. Then came the big vehicles, the black ones zooming down the middle of the street. Even the hardcore protestors waved at the tinted windows.

Next were the dark sports utility vehicles, windows down, big guns poised.

"Whoa, did you see that?" one of the protestors said. "Was that an AK47?"

For the moment, commerce stopped at the souvenir stores. No one bought a pair of Elvis flip-flops for $14.99 or a throw blanket for $75. They ignored the oven mitt printed with the recipe for a peanut butter and banana sandwich.

Then they waited for nearly an hour for the tour of Graceland to finish.

Four protestors dressed in white, sequined, older-Elvis jumpsuits politely smiled for people who wanted to have their pictures taken with them.

They sang a version of "Don't Be Cruel" to protest Japan's whaling industry:

You know I won't be found,
Swimming in the deep blue sea,
The Japanese are coming 'round
They're going to harpoon me
Don't be cruel, to a whale that's true ...

Meanwhile, Andrea Barrach and her 11-year-old son, Daniel, slurped on cotton-candy flavored ice under a pavilion.

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Carl Rising-Moore from Crawford, Texas, who carried a flag of slain soldier Casey Sheehan, son of Cindy Sheehan, became the unofficial protest leader because he had the megaphone.

Someone gave him a list of things to chant, but mostly he'd just wing it, leaving a few quiet seconds while he came up with something else to shout.

"Drop Bush, not bombs."

"Iraq for Iraqis."

Even "Liar, liar, pants on fire."

He was especially proud of the "Hey, hey, ho, ho, shotgun Cheney's got to go" chant he created at an earlier protest.

"I don't think the city needs that type of thing, not today," said Jerry Robbins, 68, who wore a suit and tie to the event.

A few feet away, dressed in fatigues and a black beret, former Army specialist Allison DeVante of Memphis quietly held her sign, "Stop rape of military women in Iraq."

She said she was raped in 2002 by the officer in charge and it took two years for the military to investigate. She left the Army and they never told her what became of her rapist.

Nearby, three 18-year-old girls sang "God Bless America" quietly. They made signs supporting Bush because they didn't want him to see only protest signs. When he arrived, they chanted "USA! USA!"

The protesters stopped their "Hey, hey, ho, ho" and joined in.

For just a moment, their voices were united.

Koizumi Has Left The Building (WP)

The Washington Post, July 1, 2006

It's well known that the current Japanese prime minister is a fan of -- and shares a birthday (Jan. 8) with -- Elvis Presley. But Junichiro Koizumi, as it turns out, has even more in common with the King. From news accounts, we learn the following eerie similarities:

? Elvis was a reclusive guy with a very public life. Koizumi is a reclusive guy with a very public life.

? Elvis wore his hair long and over his ears. Koizumi wears his hair long and over his ears.

? When Koizumi was in his thirties, he married a 21-year-old. When Elvis was in his thirties he married a 21-year-old. Both marriages ended in divorce.

? Koizumi has been known to do away with the Japanese Diet. Elvis did away with all diets.

-- Linton Weeks

Poll: Good News Fails To Boost Bush's Job Approval (TIME)

By Lisa Takeuchi Cullen

Time, July 1, 2006

In a new TIME survey, Americans say the President is performing poorly and that the country is increasingly on the wrong track

A spate of good news at home and abroad has so far failed to boost how Americans feel about President Bush's job performance. Bush's approval rating slipped to 35% in a TIME poll taken this week, down from 37% in March (and 53% in early 2005). Only 33% of Americans in the survey said they approved of Bush's handling of the situation in Iraq, vs. 35% in March, and 47% in March 2005. His management of the U.S. economy lost supporters, too, as 36% approved, compared with 39% three months earlier. Bush's handling of the war on terror saw a slight gain in support, from 44% to 45%.

Bush's poll numbers remain stuck in a rut despite several high-profile victories scored recently by the Bush Administration. Earlier this month, U.S. forces killed al-Qaeda leader Abu Mousab al-Zarqawi in an air raid in Iraq. Also this month, Karl Rove escaped indictment in the CIA leak investigation. And the Commerce Department reported today that the U.S. economy grew 5.6% in the first quarter of 2006, the fastest growth in more than two years.

But continued pessimism about the situation in Iraq and a broad sense of unease about America's direction may be undermining Bush's popularity. In the TIME survey, 66% said the country is on the wrong track, vs. 28% who said it's going in the right direction. Those numbers have worsened since March, when the poll recorded a 60% to 34% split. When asked whether the new Iraqi government will be able to build a stable and reasonably democratic society, 48% of those surveyed said no, while 39% remain optimistic.

Congress isn't faring much better.

Americans have grown more critical of the job Congress is doing, compared with three months ago. Only 31% approved, down sharply from 39% in March. Asked whether they would be more likely to vote for the Republican or Democratic candidate

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in the district where they live if the election were held today, 47% said Democrat and 35% said Republican, a two-point improvement for Democrats.

The TIME survey was conducted among 1,003 adult Americans on June 27-29.

Will The Berkeley Impeachment Resolution Catch On? (TIME)

By Laura A. Locke, Berkeley

Time, July 1, 2006

The former hotbed of campus activism wants to oust the President and Vice President. Pointless political gesture, or the sign of a trend?

Many people may scoff at the decision earlier this week by the Berkeley City Council to put a resolution on the Nov. 7 ballot calling for President Bush and Vice President Cheney to be impeached. After all, 74,000 voters of what is often referred to as The People's Republic of Berkeley can't legally oust the President and Vice President. But Berkeley Mayor Tom Bates thinks his city is simply ahead of its time, as it has often proved to be in the past.

"Things happen in Berkeley that are seen as being quirky," Bates tells TIME. "But what we know is, those ideas that percolate in Berkeley today end up being conventional wisdom in the rest of the country tomorrow." Berkeley, after all, was the first city to start curbside recycling, ban Styrofoam and desegregate its public schools without a court order. Berkeley also took the lead in calling for municipalities to divest from South Africa during the Apartheid era.

Indeed, while Berkeley may be the first city to put an impeachment resolution to its people, numerous city and town councils have already passed such resolutions, including San Francisco, Santa Cruz, and Chapel Hill, N.C. State legislatures in Vermont, California and Illinois all have impeachment resolutions pending. To help raise awareness of the issue, there will be a series of teach-ins across the country this summer and fall, and a new film, "How to Impeach a President," will be screened — all part of the burgeoning impeachment effort called "Constitution Summer," led by a non-partisan coalition of students from the country's top law schools and universities.

"The President and Vice President are trampling on the Constitution," Bates says, summing up the city's collective view of the current Administration. "They're spying on people without warrants. They're arresting people and holding them without the opportunity to a trial. They're participating in a war where they basically lied to the Congress."

Some observers, however, question whether $10,000 of taxpayer money should be spent on a purely symbolic gesture that often is nothing more than a way for local elected officials to curry favor with voters. "City officials in California have a history of taking positions on national issues that have nothing to do with the day-to-day operations of the local government," says Mark Baldassare, director of research at the Public Policy Institute, a non-partisan think tank.

Eugene Volokh, a UCLA constitutional law professor and popular legal blogger, dismisses Berkeley's move as a "man bites dog story." Berkeley's new ballot measure and the grassroots movement to impeach Bush is just a way for the far left to express its "visceral anger," he says; unlike previous calls for presidential impeachment, which involved "clear criminal violations," the call by Berkeley and other cities to impeach Bush is about opposition to "judgment calls dealing about very, very serious national security problems." But as a veteran of the sharply divided blogosphere, Volokh should know better than most that criminality is in the eye of the beholder — and Berkeley's exercise in urban overreaching could well have nationwide resonance.

Bush Appoints Bernanke Ally To Opening On The Fed's Board (WSJ)

By Henry J. Pulizzi

The Wall Street Journal, July 1, 2006

WASHINGTON -- President Bush Friday nominated Columbia University Professor Frederic S. Mishkin to be a member of the Federal Reserve's Board of Governors, adding another expert on inflation targeting to the central bank's leadership.

If confirmed by the Senate, Mr. Mishkin will fill the seat vacated by Roger Ferguson, who resigned in April, and serve the remainder of a 14-year term expiring in January 2014.

Mr. Mishkin, currently the Alfred Lerner Professor of Banking and Financial Institutions at Columbia University's Graduate School of Business, has a well-established relationship with Fed Chairman Ben Bernanke. In 1999, the two men, along with two others, wrote a book on inflation targeting. That is likely to heighten speculation that the central bank may eventually embrace the strategy. Inflation targeting involves setting an explicit, numerical target for the inflation rate that the central bank tries to achieve.

"We like to joke that Ben Bernanke wrote the book on inflation targeting, but actually he co-wrote it with Frederic Mishkin," said Lehman Brothers Holdings Inc. economist John Shin. Mr. Bernanke has supported an explicit inflation objective, an idea that former Fed Chairman Alan Greenspan feared would limit the central bank's flexibility.

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"It seems the White House favors the strategy, because the balance of power is shifting that way on the [Federal Open Market Committee], with perhaps a majority of Fed members favoring the strategy," Tony Crescenzi, chief bond-market strategist at Miller Tabak, said in a note to clients.

The White House has another vacancy to fill on the Fed board. Fed Governor Mark Olson resigned, effective Friday, to become chairman of the Public Company Accounting Oversight Board.

Write to Henry J. Pulizzi at henry.pulizzi@dowjones.com2

Bernanke Ally Named For Seat On Fed Board (WP)

By Neil Irwin

The Washington Post, July 1, 2006

Frederic Mishkin Supports 'Inflation Targeting'

President Bush yesterday nominated Frederic S. Mishkin, a leading proponent of the idea that central bankers should set explicit targets for controlling inflation, to the Federal Reserve Board of Governors.

Mishkin, an economist who headed the research department at the Federal Reserve Bank of New York in the 1990s, is a professor at Columbia University's business school. The appointment is subject to Senate confirmation.

Combined with the appointment of Ben S. Bernanke to chair the Fed this year, the nomination adds momentum to the cause of "inflation targeting," which would be a departure from the Fed's traditional, improvisational approach to setting monetary policy. Bernanke and Mishkin, with two co-authors, wrote the book on the practice ("Inflation Targeting," published in 1998 by Princeton University Press.)

"It's a good appointment," said Richard Yamarone, chief economist of Argus Research Corp. "He brings more knowledge of monetary policy and monetary economics to the table than anyone at the Fed. Bernanke is getting a big ally on inflation targeting."

By tradition, leaders of the nation's central bank analyze inflation and other risks to the economy and set interest rates at levels they think would best balance economic growth and low inflation. Members of the Federal Open Market Committee, the bank's policymaking body, have ideas of what inflation level is acceptable (some have spoken recently that price increases are getting worrisome), but every decision to change interest rates is based on the subjective view of Fed governors.

In the approach Mishkin and Bernanke have supported, the central bank would set a level of inflation it deems acceptable; deviations from that level would trigger predictable changes in interest rates.

Mishkin has argued that would make policy decisions plainer to the public and financial markets. Critics of the approach say policymakers need wide flexibility in setting monetary policy given the complicated set of risks the economy faces.

R. Glenn Hubbard, Bush's former economic adviser, is a longtime friend of Mishkin's and his boss as dean of the Columbia business school. He played down the likelihood that Mishkin's appointment will contribute to a change in how the Fed works.

"I don't think this necessarily means there's a greater bias toward talking about inflation targeting," Hubbard said in a telephone interview yesterday. "I think that there will be a general discussion. There's some disagreement on the board. That's an intellectual discussion, and Rick will contribute to that discussion."

Hubbard said Mishkin's style will be good for the Fed. "He delivers both praise and criticism with a great deal of wit and will contribute mightily to the discussion," Hubbard said. "I think he will add to a climate of consensus-building and persuasion."

Mishkin, if confirmed, would fill a seat vacated by Roger W. Ferguson Jr., a Fed governor who resigned in April. The term expires in 2014. Bush has another slot on the board to fill after Mark W. Olson left the Fed yesterday.

Wall Street Shook Often In Volatile 2nd Quarter (WP)

By Brooke A. Masters

The Washington Post, July 1, 2006

No Consensus in Analyst Opinions for Coming Months

NEW YORK, June 30 -- Volatility ruled the stock markets in the quarter that ended Friday, and analysts agreed investors should be prepared for continued turbulence.

After streaking to five- and six-year highs in early May, all major U.S. stock market indexes and most foreign stocks plunged sharply in late May and June. The culprits: concern that inflation may be picking up, 60 central banks around the world raising interest rates, and worries that the U.S. and global economies may be slowing.

"It was like the tale of two markets. The beginning of the second quarter felt like the continuation of the best of times. Then suddenly the revolution broke out, and things haven't been so good since," said Jack Caffrey, equity strategist for J.P. Morgan Private Bank.

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As a result, the markets experienced what analysts are terming "risk readjustment" on a global scale as many investors fled such speculative investments as commodities, emerging markets and small company stocks, and put increasing amounts of money into safer bets, including bank accounts, blue-chip stocks and U.S. Treasury bonds.

The markets "recognized that the world is a more uncertain place than they thought it was in the first quarter," said Jerry Webman, chief economist for OppenheimerFunds Inc. "That meant asset prices had to go down."

The major U.S. market indexes -- the Dow Jones industrial average, the Standard & Poor's 500-stock index and the Nasdaq composite -- each fell between 7 percent and 11 percent between May 8 and mid-June before recovering slightly at the end of the quarter. Two of three -- but not the Nasdaq -- are now up for the year. The Dow is up 4.04 percent, while the S&P 500 is up 1.51 percent.

The MSCI emerging markets index, which measures stock markets in the developing world, fell even further, dropping nearly 20 percent from its May 8 peak.

The second quarter also stood out for its frequent shifts. In some weeks, U.S. markets seemed to change direction almost daily based on the latest economic data or a fresh comment from the Federal Reserve's new chairman, Ben S. Bernanke. According to one commonly used measure, volatility almost doubled in the quarter and is now at a five-year high.

The change was all the more startling because it followed a three-year bull market that was distinguished by historically low volatility, but most analysts believe that investors should expect more ups and downs.

"The mood changes very quickly and often goes to extremes on Wall Street," said Alan Skrainka, chief market strategist for the brokerage firm Edward Jones. "The stock market is always a roller coaster."

U.S. analysts disagree sharply about what the next six months will bring, although most expect the Federal Reserve to raise interest rates at least one more time, to 5.5 percent. Some predict even further tightening if the Fed continues to detect signs of inflation.

Morgan Stanley's Global Wealth Management Group is predicting that the S&P 500 will end the year at 1400, which would require nearly a 10 percent rise in the second half. This could happen if there were strong corporate earnings and labor costs and inflation remain under control, said David Darst, chief investment strategist.

Charles Schwab & Co. sees storm clouds on the horizon, and is encouraging investors to go heavy on cash and reduce investment in equities. "We are not all that optimistic. I don't think this is over yet," said Liz Ann Sonders, Schwab's chief investment strategist. "The economy is in a bit of trouble."

Jeffrey Kleintop, chief investment strategist for PNC Advisors, split the difference and predicted a lackluster summer followed by a strong fall. "We need to get used to volatility again," he said. "Look at those pullbacks as an opportunity to get fully invested, but you don't have to do it right away."

No matter where they predict the overall market is headed, the analysts agreed that a seismic shift is underway. Small-company and emerging-market stocks have had a fantastic three-year run that is probably slowing down. Most analysts now expect large companies with strong balance sheets and stable earnings to have their day.

"In my view, we had come too far too fast" in the riskier asset classes, said Dennis Shea, chief investment officer for equities at Morgan Stanley Investment Management. "We're seeing a shift back to value, big caps and pretty steady dividend payers."

According to Standard & Poor's, large companies classified as "value" stocks -- because they are relatively cheap and not expected to grow quickly -- lost about 3 percent of their value in the second quarter compared with a 4 percent loss for the S&P 500 overall and a 5.5 percent loss for growth stocks. Stocks in companies dependent on discretionary consumer spending, such as home builders and consumer electronics makers, were among the quarter's biggest losers.

Going forward, several market analysts recommended sectors that tend to do well even in times of slowing growth, such as consumer staples and health care, as well as a few sectors that look cheap because they have already taken heavy losses, such as technology.

Most agreed that small investors should stay out of commodities and emerging-markets stocks at least for a while because they will probably fall further before they recover. "We would not be shocked if there was a bit more profit-taking," Caffrey said.

Movers

Ford Motor rose 53 cents, to $6.93.

Apple Computer fell $1.70, to $57.27.

Cendant rose 52 cents, to $16.29.

Computer Sciences fell $7.32, to $48.56.

CA fell 22 cents, to $20.55.Indexes

New York Stock Exchange composite index rose 30.21, to 8169.07.

American Stock Exchange index rose 27.65, to 1928.59.

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Russell 2000 index of smaller-company stocks rose 10.35, to 724.67.Volume
NYSE: 3.18 billion shares, up from 2.79 billion on Thursday. Advancers outnumbered decliners 9 to 4.
Nasdaq: 2.72 billion shares, up from 2.23 billion. Advancers outnumbered decliners 3 to 2.Commodities
Crude oil for August delivery: $73.93, up 41 cents.
Gold for current delivery: $613.50 a troy ounce, up from $586.50 on Thursday.

U.S. Stocks Fall, Trimming Biggest Weekly Gain Since January (BLOOM)

Bloomberg, July 1, 2006

June 30 (Bloomberg) -- U.S. stocks trimmed the biggest weekly advance since January as technology companies widened their examination of stock-option grants, hurting their shares.

Apple Computer Inc. and Computer Sciences Corp. led the retreat as they started investigations. General Motors Corp. rose, helping limit the market's loss, after Kirk Kerkorian's Tracinda Corp. urged the automaker to partner with Nissan Motor Co. and Renault SA.

The market rebounded this week from three weeks of losses as Federal Reserve policy makers, who raised interest rates for the 17th straight time, said in a statement that the economy is ``moderating from its quite strong pace'' earlier in the year.

``The market likes certainty, and that's what you're getting right now with the Fed softening their position,'' said Dan Whitney, a senior trader at Fifth Third Asset Management in Cincinnati, which manages $21.5 billion.

The Standard & Poor's 500 Index climbed 2.1 percent this week, the largest weekly advance since the period ended Jan. 6. Today, the index slipped 2.67, or 0.2 percent, to 1270.20.

The Dow Jones Industrial Average today fell 40.58, or 0.4 percent, to 11,150.22. It rose 1.5 percent this week.

The Nasdaq Composite Index slipped 2.29, or 0.1 percent, to 2172.09, trimming its weekly gain to 2.4 percent.

Stocks were held back today by reports that showed conflicting signals on inflation. The Fed said that it would make future decisions on rates based on economic data.

The market drifted before a four-day weekend for many investors. U.S. markets will close three hours early on July 3 and shut down the next day in observance of Independence Day.

Russell Rebalancing

Trading surged as the Russell Investment Group conducted its annual rebalancing of its benchmark U.S. indexes. Funds with $3.8 trillion in assets use the indexes to measure performance, according to Russell, based in Tacoma, Washington.

This week's rally trimmed the S&P 500 loss for the second quarter to 1.9 percent. The decline was the index's first since the period ended in March 2005. The Dow average added 0.4 percent since March 31 for its fourth straight quarterly advance. The Nasdaq Composite slid 7.2 percent, its biggest drop since the first quarter of 2005.

The S&P 500 posted its biggest rally since October 2003 yesterday after central bank policy makers said in a statement that the economy is ``moderating from its quite strong pace earlier this year.''

Technology Slide

A group of computer-related stocks slid 1 percent for the worst performance among 10 groups in the S&P 500. At least 60 companies have disclosed investigations into options grants, including Apple, which slid $1.70 to $57.27 after starting an internal investigation into stock option grants made between 1997 and 2001.

One grant being reviewed was made to Chief Executive Officer Steve Jobs. The grant to Jobs was canceled and didn't result in a financial gain, Apple said. Backdating options to coincide with a low stock price creates a built-in profit for executives who receive them.

Computer Sciences, a defense contractor that specializes in information systems, plunged $7.32, or 13 percent, to $48.56 for the biggest decline in the S&P 500. The company said it received an informal inquiry from the U.S. Securities and Exchange Commission related to option grants, and also said it wouldn't put itself up for sale.

CA Inc. slipped 22 cents to $20.55. The world's No. 2 seller of mainframe computer software delayed its annual report to review stock-option grants and said it may restate results going back to 1997.

GM

GM surged $2.35, or 8.6 percent, to $29.79 for the biggest rise in the Dow average today. Kerkorian's Tracinda, which holds 56 million GM shares, said in a letter to GM Chief Executive Officer Rick Wagoner that a partnership with Nissan and Renault would ``strengthen the competitive positions of all three companies.'' Renault owns a 44 percent stake in Nissan.

GM said it would consider the proposal, and Nissan and Renault said they were open to expanding their alliance if GM's board approves.

Ford Motor Co., the second-largest U.S. automaker, climbed 53 cents to $6.93.

`Economic Numbers'

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A report today showed that the Fed's preferred inflation measure, a price gauge tied to consumer spending, matched economists' average forecast for May. A private survey of manufacturers in the Chicago area showed prices paid for raw materials surged to the highest since 1988.

Today's consumer spending report showed prices excluding food and fuel rose 0.2 percent last month and consumer spending added 0.4 percent. Both figures matched the average estimate of economists in a Bloomberg News survey. The increase in spending was the smallest in three months.

The National Association of Purchasing Management-Chicago said its index of prices paid for raw materials rose to 89 in June from 76.9.

``We have to take the Fed at its word that it is indeed keeping its eye on new economic numbers as they come in," said Bryant Evans, who helps manage $450 million at Cozad Asset Management in Champaign, Illinois. ``We certainly don't know for sure" that the Fed is pausing.

The final reading for the University of Michigan's June index of consumer sentiment showed the first increase in three months, to 84.9 from 79.1 in May. Economists expected a reading of 82.5, according to a Bloomberg survey.

About 11 stocks advanced for every six that declined on the New York Stock Exchange. Some 2.38 billion shares changed hands on the Big Board, about 38 percent more than the three-month daily average.

EMC

EMC Corp. slid 28 cents to $10.97. The company will pay $28 a share for RSA Security Inc., a maker of identity tokens and software. That's 22 percent more than yesterday's closing price and 45 percent more than the close the day before. RSA is an ``overpriced acquisition," First Albany analyst Hugh Mai wrote in note to clients. Shares of RSA climbed $4.22 to $27.10.

Research In Motion Ltd., a Palm competitor which makes the BlackBerry e-mail device, climbed $3.79 to $69.77 after forecasting second-quarter earnings, excluding stock-options costs, will be 69 cents to 75 cents a share. The projection compares with an estimate of 69 cents from Bear Stearns Cos. analyst Andrew Neff.

Commodities Gain

A gauge of raw-material producers climbed 0.5 percent today, extending its weekly advance to 3.5 percent, the second-biggest among 10 industry groups. The Fed's comments yesterday eased concern that higher interest rates would crimp demand for commodities.

Alcoa Inc., the world's biggest aluminum maker, added 46 cents to $32.36. Newmont Mining Corp., the world's second-largest gold producer, gained 74 cents to $52.93.

Copper prices jumped 6.5 percent this week in New York, ending a one-month slide, on indications demand won't slump in the U.S. gold futures for August delivery rose 4.6 percent, the most since Sept. 14, 2001.

Alcoa Inc. (AA US) Apple Computer Inc. (AAPL US) CA Inc. (CA US) Computer Sciences Corp. (CSC US) EMC Corp. (EMC US) Ford Motor Co. (F US) General Motors Corp. (GM US) Newmont Mining Corp. (NEM US) Palm Inc. (PALM US) Research In Motion Ltd. (RIMM US) To contact the reporters on this story: Daniel Hauck in New York at dhauck1@bloomberg.net; Hilary Johnson in New York at hjohnson10@bloomberg.net. Last Updated: June 30, 2006 17:39 EDT

Fed Raises Rates, But Scales Back Talk Of Inflation (NYT)

By Edmund L. Andrews

The New York Times, July 1, 2006

WASHINGTON, June 29 — The Federal Reserve raised interest rates for the 17th consecutive time on Thursday, but kicked off a powerful celebration in the stock market by lowering its alarms about inflation.

As expected, the central bank raised its crucial lending rate another quarter-point, to 5.25 percent, and left itself room to raise it again before stopping. But for the first time since it began lifting rates two years ago, the Fed stopped short of signaling that further interest rate increases were all but certain.

In what traders described as a huge "relief rally," the Dow Jones industrial average surged 217 points, or 2 percent, in its biggest one-day jump in three years. Other stock and bond market indicators also rose, as interest rates on long-term bonds edged down. The dollar fell against major currencies, with foreign investors reducing their calibrations for interest rates in the United States.

The turnaround on Wall Street was the latest example of heightened volatility in financial markets and heightened uncertainty about Fed policy under its rookie chairman, Ben S. Bernanke.

Investors are looking for signs that Mr. Bernanke, like the veteran Alan Greenspan who preceded him at the Fed, can manage a tricky transition, achieving a "soft landing" from a period of strong economic growth and rising inflation to an era when underlying inflation slows without throwing the economy into a tailspin.

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"The central bank is caught in the middle," said Allen Sinai, chief economist at Decision Economics. The Fed is trying to maintain "a cautious tiptoeing between a moderating economy and elevated core inflation."

The Fed has stumbled along the way, said Robert J. Barbera, chief economist at Hoenig, the research unit of the investment bank ITG, but Mr. Bernanke now appears to have regained his balance.

"This gets him back to Square 1," Mr. Barbera said. "What it takes away is the notion that they're hellbent to squeeze the economy because of an obvious inflation problem. That's not a fair characterization of the economy, and it's not a sensible Fed response."

In late April, Mr. Bernanke rattled bond markets with statements that struck many as being too soft about a general rise in prices, excluding food and energy, known as "core" inflation. Over the last month, Mr. Bernanke and other Fed officials sent markets tumbling as they sought to signal tougher action.

Describing recent price trends as "unwelcome," "unacceptable" and "a warning flag," Fed officials prompted some investors to speculate that the overnight interest rates the Fed uses as its guidepost might climb as high as 6 percent.

In its statement on Thursday, the Fed adopted a more nuanced view. It said that recent price trends had been "elevated" and that "inflation pressures remain." But it also acknowledged that growth appeared to be slowing, which in turn should ease inflation.

"Recent indicators suggest that economic growth is moderating from its quite strong pace," the Fed's policy-making committee said. It said the slowing growth stemmed from a "gradual cooling" of the housing market, the lagged effects of previous interest rate increases and higher energy prices.

What galvanized investors was a change in the Fed's language suggesting that additional rate increases may no longer be needed. Instead, it spoke hypothetically about what it would do if increases were still necessary.

"The extent and timing of any additional firming that may be needed to address risks will depend on the evolution of the outlook for inflation and economic growth," the central bank said. In May, by contrast, it flatly declared that "some additional firming may be necessary."

Mr. Bernanke and his colleagues left themselves ample wiggle room to raise rates at their next policy meeting in August. But their tone was less urgent. Instead of warning that inflation posed a powerful threat, they suggested that the job of preventing inflation from accelerating may not be quite finished.

"People were expecting something very consistent with the hawkish rhetoric we had heard earlier," said Richard Berner, a senior economist at Morgan Stanley. The markets "were pricing in a more hawkish statement."

Inflation has crept up in the last six months, in part because of the spike in energy prices but also because of increases in housing prices.

The Fed's preferred measure of underlying price trends is core inflation, excluding the volatile prices for food and energy, as calculated in the government's estimates of the gross domestic product. By that measure, prices have climbed about 2.4 percent over the last 12 months.

Mr. Bernanke, an advocate of setting explicit inflation targets, has said he would like to keep inflation at 1 to 2 percent a year.

At the same time, the economy seems to have slowed significantly from the torrid growth rate during the first three months of this year.

On Thursday, the government released its final estimate of growth in the first quarter, elevating growth from an annual pace of 5.3 percent to 5.6 percent, far above the pace that most economists consider sustainable without rising inflation.

But many forecasters contend that growth has slowed to something closer to 3 percent in the second quarter and will remain near that level for the rest of the year.

Job creation has slowed sharply in the last three months, to an average of about 125,000 jobs a month from an average of over 160,000 during 2005, and sank to only 75,000 additional jobs in May.

Though housing starts have bumped up and down in recent months, inventories of unsold homes have swelled and sales prices are climbing far more slowly. Construction employment fell sharply last month, and there are signs that consumer spending has slowed as a result of high gasoline prices and fewer cash-out home refinancings.

By some measures, short-term interest rates are back in line with historical norms after being cut to extraordinary lows from 2001 to 2004. At 5.25 percent, the federal funds rate on overnight loans between banks is almost 3 percentage points above the central bank's preferred measure of core inflation. Two years ago, it was only 1 percent and below the core inflation rate.

Richard Yamarone, chief economist at Argus Research, said the fed funds rate has on average been about 2.33 percentage points higher than core inflation since 1987.

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But Fed officials face multiple quandaries. On the one hand, inflation is still slightly above Mr. Bernanke's "comfort zone" and many Fed officials are convinced that it would be far more difficult to combat higher inflation expectations than it would be to correct a slowdown if they push interest rates too high.

But some analysts predict that the combination of higher energy prices and higher interest rates has already set the stage for a slowdown that could be deeper than the soft landing that policy makers are seeking.

David Rosenberg, chief economist at Merrill Lynch, recently estimated that the chances of a recession later this year were about 40 percent. Most analysts are far more sanguine, though many predict that the growth will slow and unemployment will edge up from its currently low level of 4.7 percent.

In a sign that Fed policy is beginning to pinch, the National Association of Manufacturers pleaded for the central bank to stop raising rates.

"Evidence of a slowing economy is widespread," said David Huether, the trade association's chief economist. "With manufacturing already facing higher costs at home compared to our major competitors abroad, today's news of higher interest rates will only further burden U.S. industry."

The uncertainties mean that the opportunities for a mistake on policy are higher than they have been for several years.

"Last year a monkey could have run monetary policy," said Ethan Harris, chief United States economist at Lehman Brothers. "What did you have to do? You just had to push the 25 basis points button. Now, just in time for Bernanke to take over, the serious decisions have to be made. How much do you put the brakes on?"

U.S. Economy: Spending Rises, Inflation Is Unchanged (BLOOM)

By Carlos Torres

Bloomberg, June 30, 2006

June 30 (Bloomberg) -- Consumer spending in the U.S. rose in May by the least in three months, and a measure of inflation watched by the Federal Reserve was unchanged, a day after policy makers hinted at a pause in their interest-rate increases.

Spending increased 0.4 percent after a gain of 0.7 percent in April, the Commerce Department said today in Washington. The personal consumption expenditure deflator, excluding food and energy, rose 2.1 percent from a year ago, the same pace as the previous month.

The absence of a pick-up in inflation pushed the dollar lower and spurred a rebound in Treasury notes. While the price gauge is still above Chairman Ben S. Bernanke's preferred range, the fact that it didn't accelerate reassured investors that inflation isn't spinning out of control.

``Given what the Fed said in their fairly dovish statement, they would have lost all credibility if they were wrong," said Gerald Lucas, chief Treasury strategist at Banc of America Securities LLC in New York. ``If the data was bad today, the market would have found it hard to forgive the Fed."

Banc of America still expects the Fed, which nudged its benchmark rate up a quarter-point yesterday to 5.25 percent, will lift its rate to 5.75 percent by year-end.

Today's report also showed incomes rose 0.4 percent, more than expected, after a 0.7 percent increase that was larger than the government reported last month. The May rise reflected a jump in proprietors' income, while wages were unchanged.

Americans were also more optimistic in June as gasoline prices declined, the University of Michigan reported today, the first increase in confidence in three months. The university's final index of consumer sentiment climbed to 84.9 from 79.1 in May. A separate index of inflation expectations retreated.

`Lot More Data'

The price gauge tied to spending patterns and excluding food and energy costs, the personal consumption expenditure core deflator, rose 0.2 percent in May for a second month.

``These numbers are in line with expectations, lending evidence to the argument that the Fed should pause now," said Gina Martin, an economist at Wachovia Corp. in Charlotte, North Carolina. ``That said, there are a lot more data between now and the Fed's August decision."

After today's report, traders saw a 59 percent chance of a quarter-point rate increase in August, based on the price of futures tied to the fed funds rate on the Chicago Board of Trade. That compares with 65 percent after yesterday's Fed statement and 83 percent two days ago.

Bernanke's Emphasis

Earlier this month, Bernanke highlighted the three- and six-month trends in core inflation and called them ``unwelcome developments."

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The core rate was up at an annual rate of 2.9 percent over the last three months, matching the year-over-year rise in April 2004 as the biggest in a decade, according to Bloomberg News calculations. Bernanke is among policy makers who have said a rate of 1 percent to 2 percent is acceptable.

Raw-material prices are still a concern among businesses in the Chicago region, a report today from the National Association of Purchasing Management-Chicago showed. A reading of prices paid by companies rose to 89, the highest since 1988.

The U.S. savings rate fell to minus 1.7 percent, from minus 1.6 percent in April. A negative rate suggests consumers are dipping into savings to maintain spending.

Economists forecast spending would rise 0.4 percent, after a previously reported 0.6 percent April increase, according to the median of 68 estimates in a Bloomberg News survey. Incomes were forecast to rise 0.2 percent.

Disposable Income

Disposable income, or the money left over after taxes, increased 0.3 percent following a 0.6 percent rise the previous month and were up 4.7 percent in the last 12 months.

Taking into account changes in prices, spending rose 0.1 percent last month after a 0.2 percent rise in April.

Inflation-adjusted spending on durable goods, such as autos, furniture, and other long-lasting items, fell 0.6 percent after rising 0.3 percent. Purchases of non-durable goods dropped 0.1 percent after rising 0.4 percent. Spending on services, which account for almost 60 percent of all outlays, increased 0.3 percent after rising 0.1 percent.

Near-record gasoline prices and higher interest rates have sapped Americans' buying power this quarter. A gallon of regular gasoline at the pump cost an average $2.84 this quarter, compared with $2.34 in the first three months of the year, according to figures from the American Automobile Association.

The average rate on a 30-year fixed-rate mortgage this week rose to 6.78 percent, the highest since May 2002, according to Freddie Mac, the second-biggest buyer of U.S. mortgages.

Process of Cooling

The Fed yesterday acknowledged the economy was in the process of moderating as housing cools and interest rates and energy prices rise. The slowing of growth ``should help to limit inflation pressures over time," the central bankers said in announcing the rate increase. That may give then an opportunity to stop increasing rates, said Joseph LaVorgna, chief U.S. fixed income economist at Deutsche Bank Securities in New York.

``Policy makers gave themselves some wiggle room by not committing to another move in August," when they next meet, LaVorgna said in a report to clients yesterday.

Consumer spending last quarter rose at an annual rate of 5.1 percent, the most in more than two years, according to revised Commerce Department figures issued yesterday.

The spending gain will be cut by about half this quarter, to 2.5 percent, as Americans respond to higher gasoline prices by buying fewer automobiles and by scrimping on non-essentials like vacations, meals at restaurants and the latest fashions, according to the median estimate of economists surveyed earlier this month. Spending rose at an average 3.8 percent pace a quarter in the last decade.

Energy Costs

``As fuel prices have ticked up this year, there is some sense that there is a little bit of softness in the retail category," David Brandon, chief executive officer of Domino's Pizza Inc., the second-largest U.S. pizza chain, said in a June 19 interview. ``The consumer is probably a little bit more conservative today than they were a year ago."

Part of the reason the economy will not buckle as spending slows is that consumer confidence is stabilizing as the price of gasoline plateaus, economists said. The Conference Board's confidence index rose to 105.7 in June from May's three-month low of 104.7, the New York research group said this week.

``If energy costs remain stable, the growth rate of consumer spending should pick up," said Stephen Stanley, chief economist at RBS Greenwich Capital in Greenwich, Connecticut, before the report.

To contact the reporter on this story: Carlos Torres in Washington ctorres2@bloomberg.net Last Updated: June 30, 2006 11:15 EDT

Consumer Spending Slowed In May (NYT/AP)

By The Associated Press

The New York Times, July 1, 2006

Filed at 7:50 p.m. ET

WASHINGTON (AP) -- Consumer spending slowed sharply in May as rising gasoline prices left Americans with less cash for other items, the government reported Friday.

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The Commerce Department said that spending rose by just 0.4 percent last month after a 0.7 percent gain in April. Income growth also slowed to an advance of just 0.4 percent last month, reflecting weaker job growth.

The report on personal incomes and consumer spending provided further evidence that the economy slowed sharply in the spring as Americans were battered by rising gasoline prices, higher interest rates and a cooling housing market.

In a second report, the University of Michigan said that its index of consumer sentiment rebounded a bit in June, rising to 84.9. While that was up from 79.1 in May, it still was well below the reading of 96.0 in June 2005.

The government reported Thursday that the overall economy raced ahead at an annual rate of 5.6 percent in the January-March quarter, the fastest pace in 2 1/2 years. Analysts believe growth has slowed to just half that amount in the current April-June quarter reflecting a sharp slowdown in consumer spending, which accounts for two-thirds of total economic activity.

Inflation, as measured by a price gauge tied to consumer spending, rose by 0.4 percent in May and was up 0.2 percent when energy and food prices are excluded. This measure of core inflation is up 2.1 percent when compared to May 2005, slightly above the Fed's upper bounds for core inflation of 2 percent.

Federal Reserve Chairman Ben Bernanke sent stocks plunging in early June when he cited an increase in core inflation as an "unwelcome" development, raising worries that the Fed was going to increase interest rates several more times to fight inflation.

The Fed did boost its federal funds rate on Thursday for a 17th time to 5.25 percent. Wall Street posted the biggest one-day gain in three years on the wording of the Fed statement, which indicated that future rate increases would be dependent on incoming data.

Stocks ended a turbulent quarter with a moderate decline on Friday with the Dow Jones industrial average falling 40.58 points to close at 11,150.22, one day after posting a 215-point gain.

Many analysts said the new inflation figure in Friday's spending report increased the odds that the Fed will increase rates at least one more time at the next meeting on Aug. 8.

"We are not going back to the bad old days with regard to inflation, but it has crept up and the Fed needs to keep a lid on inflation expectations," said Nariman Behravesh, chief economist at Global Insight, a private forecasting firm.

The 0.4 percent increase in consumer spending in May, which was in line with Wall Street expectations, was the slowest increase in three months. Excluding price increases, spending was up an even weaker 0.1 percent in May, down from a 0.2 percent rise in inflation-adjusted spending in April.

The difference in the actual spending and inflation-adjusted spending reflected the fact that consumers were having to pay more to fill up their gas tanks. Gasoline prices hit a high for this year of $2.95 per gallon in early May, according to the Lundberg Survey.

The 0.4 percent rise in incomes was down sharply from a 0.7 percent April gain, reflecting the fact that payroll growth slowed to just 75,000 new jobs in May, another sign that the economy is shifting to a lower gear.

After paying taxes, Americans saw their incomes go up by 0.3 percent, half of the 0.6 percent April gain. After adjusting for inflation, after-tax incomes did not rise at all in May, the third month of weakness in this area.

Americans' personal savings rate, the amount of saving left from disposable income, dipped to a negative 1.7 percent in May, down from a negative 1.6 percent in April. The savings rate has been negative for 12 consecutive months, meaning that Americans are dipping into savings or borrowing more to finance a spending level that is exceeding their after-tax incomes.

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On the Net:

Personal income and spending: www.bea.gov/bea/rels.htm

OTHER NEWS:

Shuttle Launch Carries Calculated Risk, NASA Chief Says (WP)

By Mike Schneider

The Washington Post, July 1, 2006

CAPE CANAVERAL, Fla., June 30 -- NASA chief Michael D. Griffin is taking a calculated gamble by going ahead with the launch of Discovery, overruling two top managers who fear that foam flying off the fuel tank might harm the space shuttle.

The world will soon know if his gamble pays off.

Discovery was set to blast off from Kennedy Space Center at 3:49 p.m. Saturday, the first launch of a space shuttle in almost a year and only the second since the Columbia disaster in 2003. Storm clouds forecast for the afternoon remained the chief obstacle to launch. The shuttle faced no technical problems a day before launch.

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"The vehicle is remarkably clean, certainly as clean as I've ever seen it," Griffin said Friday.

The seven astronauts said they are confident of his decision to go ahead, but hardly any astronaut ever publicly expresses fears before a launch.

"I believe we'll be as safe as we were on my other flights," said Steven W. Lindsey, Discovery's commander, who has flown on three previous shuttle missions. "I haven't really seen a decision made that I didn't agree with."

Faced with a 2010 deadline to finish building the international space station and end the shuttle program, Griffin wants to get the shuttles flying again and believes that a delay now would create schedule pressure toward the end of the decade.

He has acknowledged, though, that he would probably shut down the shuttle program if another vehicle is lost.

"We are playing the odds," Griffin said Friday. "What you pay us for as taxpayers is to understand those odds in great detail. . . . It's called risk management."

The board that investigated the Columbia accident faulted NASA three years ago for placing schedule concerns ahead of safety, squelching dissent and steamrolling over the concerns of engineers who had worried that foam from the huge external fuel tank had hit the shuttle during launch.

When Columbia was reentering Earth's atmosphere, fiery gases penetrated the wing where the foam had knocked a hole, causing the shuttle to disintegrate. All seven astronauts were killed.

Godspeed To Discovery (WT)

The Washington Times, July 1, 2006

Weather permitting, NASA plans to launch the space shuttle Discovery today from Cape Canaveral in what could be one of the shuttle program's final flights. Why? Because if anything goes wrong, which doesn't necessarily mean the loss of a third shuttle, NASA Administrator Michael Griffin will likely end the program.

Just recently, he said if "we lose another vehicle, I will tell you right now that I would be moving to figure out a way to shut the program down."

Even something as small as what occurred last summer, when the same foam debris that doomed Columbia in 2003 flaked off Discovery's outer hull requiring a mid-mission repair, anti-shuttle forces both within and from outside NASA will probably prevail in their long-running effort to move forward from the 1970s-era program.

In any case, it's doubtful that the shuttles will function well enough to complete the International Space Station, which could require as many as four flights a year, before the scheduled 2010 shutdown. Already two NASA chiefs have voiced their discomfort with today's scheduled launch, whereas NASA estimates it will take 17 more flights to finish the ISS. Should the shuttle fleet be grounded permanently, then so are the chances of ever completing the station, which might not be such a bad thing. Even Mr. Griffin has said "we don't know ... what the [station] will become." At a cost approaching $100 million -- in addition to the billions that will be spent sending further shuttle missions -- not knowing what the ISS will be used for is a pretty strong reason to just stop trying to build it.

Despite this, polls show that the public still approves of NASA's performance. A recent USA Today/Gallup poll found that 57 percent said the agency does a good or excellent job. That's a surprisingly high number, considering NASA hasn't done much to inspire the public's imagination in recent years, aside from unmanned missions to Mars and comets. What it seems to suggest, however, is that the public appreciates the risks involved with space flight and remains proud of NASA's legacy.

Unfortunately, the shuttle program has quickly become a blot on that legacy. We have always supported the continued presence of the United States in space, even if that presence was relegated to low-Earth orbit. But the years since the Apollo glory days has added a whole range of programs to NASA's limited resources; manned programs like pushing the human footprint further into space have been ignored, while those like the shuttle are underfunded. The hope is that once the shuttle is a museum piece, NASA can refocus its funding almost exclusively on fulfilling the president's Mars vision.

That said, Godspeed to the Discovery astronauts.

Deadline Change Called 'Unfair' (BRADV)

By Patrick Courreges, Acadiana Bureau

Baton Rouge Advocate, July 1, 2006

Parishes hit by Rita feel abandoned

President Bush's Thursday exclusion of Hurricane Rita-hit areas from a list of parishes receiving time extensions on full federal coverage of expenses for hurricane debris clearing may largely paralyze work on clearing debris in storm-shattered Cameron Parish, starting today.

U.S. Rep. Charles Boustany, R-Lafayette, who represents Cameron and other Rita-lashed parishes in Louisiana's 7th Congressional District, on Friday derided the decision as a "bean-counter approach" and a "slap in the face."

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Beginning today, parishes not on the list as eligible for the deadline extension sent out by the Bush administration will have to pay 10 percent of the cost of debris removal — a list that includes none of the parishes directly hit by Rita.

Gov. Kathleen Blanco has written a letter to the Bush administration asking for a reconsideration of the deadline decision, noting that many parishes deeply affected by Katrina and Rita were excluded.

Boustany said the rationale he was given by federal officials was that offering the extension to the Hurricane Katrina-hit parishes of Orleans, Plaquemines, St. Bernard, St. Tammany and Washington covered 96 percent of the need in the state.

"That's a nice ivory tower economics point of view, but it's a very unjust way of looking at it, in my opinion," he said. "I just don't understand the bean-counter approach to this and it really gets me angry when I think about it. We got a major slap in the face. To put it mildly, this is unacceptable."

Boustany said the Bush administration is placing an unfair burden on the parishes of southwest Louisiana by not extending the deadline, despite repeated arguments for the need to do so.

"I'm sick and tired of being blindsided and I'm not happy with the administration on this," Boustany said. "At least they could offer some explanation, if not a solution."

Tina Horn, parish administrator for Cameron, said the parish's share of the remaining work would be about $3 million if it has to pay 10 percent.

"We don't have it," she said Friday. "If something doesn't change by the close of business today, we'll probably be stopping."

Horn said that, in a normal year, the parish's operational budget is about $8 million.

She said she believes that the Federal Emergency Management Agency's Cameron field office hurt the area's case for receiving deadline extension.

"I believe the president got the wrong information from our field office," Horn said. "I just can't believe the president would let us down like this."

She said that the FEMA area field office had recently reported that cleanup was progressing on schedule, despite parish officials saying that was not true.

"I just think the guy in charge of our AFO didn't get out of the office and see the big picture," Horn said. "I don't know if he just wanted to go home or what. He certainly did Cameron Parish an injustice."

Dave Phillips, with the FEMA field office, spoke briefly about those allegations, noting that no one thinks the Cameron cleanup is on schedule and that the field office does not generate that kind of report, then referred questions to FEMA's press office.

A FEMA press office staffer on Friday took down questions about the matter during a telephone call and promised a response.

Horn said she had a list of public buildings in need of demolition in to FEMA three weeks after the storm hit on Sept. 24 but work has not yet begun and had only recently been contracted.

She said parish officials do not know yet what options they might have if the deadline decision is not reversed.

To the north of Cameron, Lake Charles Mayor Randy Roach said his city and Calcasieu Parish will feel the hit if the deadline is not extended.

He said Lake Charles' and Calcasieu's efforts at debris removal are far from complete, and have been bogged down by disputes with the U.S. Army Corps of Engineers and FEMA about what does and does not constitute storm damage.

"Debris is probably the biggest single item that affects our recovery," Roach said.

He too expressed the concern that FEMA may be underestimating the remaining problems in southwest Louisiana.

"I think that FEMA has looked at numbers that suggest we're a lot farther along than we are," Roach said.

He said the cutoff of full federal coverage, if upheld, will mean money needed to prepare for future storms will have to be used for cleaning up from Rita.

"We're disappointed because it's definitely going to be a significant cost to us," he said. "If it does this to us, from a financial standpoint, I can only imagine what it does for Cameron."

Clay Menard, secretary/treasurer of the Vermilion Parish Police Jury, said debris in Vermilion — which also took a heavy hit from Rita — has mostly been cleared, except for some debris blocking drainage canals.

He said he feels for Vermilion's neighbor to the west.

"I was completely amazed that Cameron Parish did not get an extension," Menard said. "It's no fault of their own."

Boustany said that federal government's response in helping the area has been inefficient and riddled with needless delays that have led parts of southwest Louisiana being unable to meet the deadlines.

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"There's been an interminable delay. Who's fault is that? I have to say the federal government bears some of the responsibility," Boustany said. "It's a system that has failed the people of southwest Louisiana and it's unfair. There's a basic injustice to it."

He said that the federal government offered 100-percent coverage for debris cleanup with no such time limits after 1992's Hurricane Andrew — which hit Florida and Louisiana — and 2001's terrorist attacks on the World Trade Center in New York.

"My bottom line is it's unacceptable for the administration to expect the parishes of southwest Louisiana to pay that," Boustany said.

Boustany said that, even if the decision is made to extend the federal debris cleanup deadlines for Rita parishes soon, the initial decision has created a delay in the efforts.

"This is not the way to respond to a problem like this," Boustany said.

Kerr-McGee Agrees To Negotiate With U.S. On Oil Royalties In Gulf (NYT)

By Edmund L. Andrews

The New York Times, July 1, 2006

WASHINGTON, June 30 — The Kerr-McGee Corporation, under pressure from Congress, said on Friday that it would begin negotiations to settle a lawsuit that if it went to trial could deprive the government of as much as $60 billion in oil and gas royalties.

At issue are thousands of leases the government signed with companies seeking to drill in federal waters in the Gulf of Mexico. The leases include incentives that allow companies to avoid paying royalties to the government on much of what they initially produce.

Kerr-McGee sued the Interior Department in March to overturn a provision that requires companies to pay full royalties if oil prices climb above about $34 a barrel and natural gas prices rise above about $4 per thousand cubic feet.

Kerr-McGee is also one of several dozen companies that signed leases in which the government inadvertently failed to halt the incentives during times of high energy prices.

If those leases remain unchanged, the Bush administration estimates the companies would produce about $65 billion worth of oil and gas over the next five years without paying any royalties — a loss to the government that would total more than $7 billion.

If Kerr-McGee were to win its lawsuit, it would set a precedent that would affect thousands of leases owned by companies like Exxon Mobil, BP and Shell. Congressional auditors have estimated that the government could lose an additional $60 billion over 25 years.

Kerr-McGee, which is based in Oklahoma City, did not say it would drop its claims. But in a statement issued on Friday, the company said that it had agreed to "undertake efforts to mediate the disagreement" and that it would ask a court to postpone the trial preparations.

The abrupt retreat came one week after Kerr-McGee reached an agreement to be acquired by Anadarko Petroleum for $16.4 billion — a 40 percent premium over its stock price at the time.

It also came as Congress has stepped up pressure on oil companies to renegotiate their deals. On Thursday, the Senate Appropriations Committee, over objections by Republican leaders and the Bush administration, approved a measure that would prohibit companies that refused to pay full royalties from acquiring any additional federal oil and gas leases. The House passed an almost identical measure in May as part of the Interior Department's spending bill.

At a hearing of the energy subcommittee of the House Committee on Government Reform, executives from Chevron, Shell and ConocoPhillips said they were ready to renegotiate the erroneous contracts signed in 1998 and 1999. Exxon Mobil insisted that its contracts should be respected, but Kerr-McGee took the most militant stance by arguing that it was entitled to royalty-free gas and oil on all leases signed from 1996 to 2000.

House Lifts Offshore Drilling Ban (AP-Y2)

By H. Josef Hebert, Associated Press Writer

AP2, July 1, 2006

Congress has taken a major step toward allowing oil and gas drilling in coastal waters that have been off limits for a quarter-century.

Still, a battle looms in the Senate over the issue. And the Bush administration's support for the legislation, which was approved Thursday by a 232-187 vote in the House, is lukewarm.

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The House bill would end an Outer Continental Shelf drilling moratorium that Congress has renewed every year since 1981. It covers 85 percent of the country's coastal waters — everywhere except the central and western Gulf of Mexico and some areas off Alaska.

Rep. Richard Pombo (news, bio, voting record), R-Calif., a leading proponent for lifting the ban, said he believes a majority of the Senate wants to open the protected waters to energy companies.

Asked about White House opposition to some parts of the bill, especially a provision that would give tens of billions of dollars to states that have drilling rigs off their coasts, Pombo said, "I dare them to veto this bill."

"They don't like us giving money back to the states. I think it's right," Pombo told reporters after the vote. Forty Democrats joined most Republicans in favor of ending the drilling moratorium.

In the Senate, the measure is likely to face a filibuster from Florida senators and possibly others from coastal states that fear offshore energy development could threaten multibillion-dollar tourist and recreation businesses if there were a spill.

The Senate is considering a limited measure that would open an area in the eastern Gulf of Mexico, known as Lease Area 181, that comes within 100 miles of Florida. It is not under the moratorium. Even that is unlikely to pass unless its sponsors get 60 votes to overcome a filibuster from the Floridians.

Sen. Pete Domenici (news, bio, voting record), R-N.M., chairman of the Energy and Natural Resources Committee, said he would pursue efforts to open the Lease 181 Area. The committee's ranking Democrat, Sen. Jeff Bingaman (news, bio, voting record), also of New Mexico, criticized the House-passed bill, saying it would eventually create "a huge hole in our federal budget and undermine environmental protections on our lands and off our coasts."

Sen. Mary Landrieu (news, bio, voting record), D-La., said Friday that Senate GOP leaders and Domenici have agreed on a new revenue-sharing plan that would funnel 37.5 percent of future royalties from Area 181 development to the four energy producing Gulf states, and also open an additional 6.3 million acres south of Area 181.

But that proposal does not address the Florida senators' concerns and may generate new opposition to Domenici's bill from senators opposed to changing the royalty distribution formulas.

Domenici later said in a statement, "I've had a number of productive meetings with Sen. Landrieu. ... We've made progress ... but we're not there yet."

Still, the House vote was a huge victory for Pombo, two Louisiana lawmakers — Republican Bobby Jindal and Democrat Charlie Melancon — and Rep. John Peterson (news, bio, voting record), R-Pa., who spearheaded the drive to lift the moratorium.

Only six weeks ago, a proposal by Peterson to open coastal waters to natural gas development fell 14 votes short.

This time, they included a provision that would allow states to keep the moratorium in place if they opposed drilling and changed the revenue sharing so that states' share of royalties would soar eventually as much as 75 percent.

The Gulf states where most U.S. offshore energy resources are being tapped, now get less than 5 percent of the royalties. For example, Louisiana's royalties would go from $32 million last year to a total of $8.6 billion over the next 10 years — and even higher after that.

The Interior Department estimated that the changes could cost the federal government as much as $69 billion in lost royalties over 15 years and "several hundred billion dollars" over 60 years.

The White House issued a statement saying it favors much of the bill but strongly opposes the changes in royalty revenue sharing, which it said "would have a long-term impact on the federal deficit."

The Interior Department estimates there are about 19 billion barrels of recoverable oil and 86 trillion cubic feet of natural gas beneath waters under drilling bans from New England to southern Alaska.

Supporters of the drilling moratorium argue there's four times that amount of oil and gas available in offshore waters open to energy companies, mainly in the central and western Gulf of Mexico and off parts of Alaska.

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On the Net:

Interior Department Minerals Management Service: http://www.mms.gov/revaldiv/RedNatAssessment.htm

House Votes To Let Allies Buy Top U.S. Fighter (WP)

By Renae Merle

The Washington Post, July 1, 2006

Sending Such Technology Abroad Raises Concerns

The House has recommended lifting a ban on international sales of the nation's most advanced fighter, the F-22 Raptor, a potential boon to Lockheed Martin Corp. if allies such as Japan begin buying the expensive plane to upgrade their air forces.

On a voice vote after an 11-minute debate, House members on June 20 tacked onto the defense appropriations bill an amendment repealing a nine-year-old prohibition on overseas sales of the plane.

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The ban was put in place to keep the Raptor's high-tech systems out of the hands of foreign governments. But with U.S. military orders for the jet lagging, members of Congress and some top staffers in the Air Force have become concerned that Bethesda-based Lockheed may shut down the plane's production line in coming years.

The $70 billion fighter program is one of Lockheed's largest, employing more than 4,500 workers in Georgia and Texas and bringing in hundreds of millions of dollars in annual revenue. The Pentagon has steadily lowered the number of F-22s it planned to purchase from the 750 it thought it needed to face off against the Soviet Union nearly 20 years ago down to 183. As with the older F-16 -- a fighter Lockheed continues to sustain through overseas sales -- foreign purchases could keep the Raptor in business.

The amendment allowing overseas sales was offered by Rep. Kay Granger (R-Tex.), whose district in Fort Worth includes a plant that makes the midsection of the aircraft, with a total of 2,640 jobs associated with the Raptor.

"I believe this provision of this bill is no longer necessary to safeguard our technology," Granger said on the floor of the House.

Lockheed executives and Air Force officials declined to comment.

Prospects of passage in the Senate, which will not take up its appropriations bill until next month, are unclear, though that chamber traditionally has been more tolerant of allowing international involvement in military programs.

Sen. John W. Warner, chairman of the Senate Armed Services Committee, appeared willing to support foreign sales of a modified version of the Raptor.

"My own advice is that we should consider manufacturing a model of that aircraft that would meet our requirements with regard to technology transfer, a model that would be foreign sales only," Warner said in an interview. "That aircraft, even if modified for foreign sales, would be a magnificent aircraft, believe me."

He noted that the military has had to make similar accommodations for foreign sales of other U.S. aircraft, including the F-16 and F-15.

Even if the ban is lifted, any overseas sales of the plane would have to be vetted by the Departments of Defense and State under the Arms Export Control Act.

Lockheed and some in the Air Force began making a case for overseas sales of the fighter early this year as the Pentagon lowered the number of planes it would buy to 183 to save $10 billion over the next few years. Until that point, Lockheed had expected to sell about 381 planes to the U.S. government. The reduction prompted Lockheed to say it would have to close the F-22 production line by 2011.

Any specific sale is likely to face concerns about the export of technology that is still considered sensitive. Congress has continued funding the plane, despite its increasing cost, in part because the Raptor's technology was considered worth sustaining. While Lockheed's other fighter jet, the F-35 Joint Strike Fighter, was developed to be exported, the Raptor wasn't.

The company has delivered 74 Raptors so far at a cost of $361 million each. The cost is about three times the original estimate, according to the Government Accountability Office. The planes are scheduled to be put into combat service early next year, following years of fine-tuning and training.

During the brief floor debate, the original author of the overseas sales ban, Rep. David R. Obey (D-Wis.), said he was "significantly uncomfortable" with lifting it.

"I am certainly not convinced that we have reached the point where we ought to remove these restrictions," he said.

Selling the aircraft overseas also undermines one of the original justifications for the aircraft, skeptics say.

"The original justification for creating the F-22 was that we had already sold our most advanced fighter technology to so many countries that we needed a more advanced fighting capability. Now we're in that trap again by selling the F-22 abroad," said Jennifer Porter-Gore, spokeswoman for the Project on Government Oversight, a watchdog group. "This is when our national security interests collide with those of the defense industry."

Given its expense, the fighter may have a limited audience.

"This is an extremely high-performance fighter. Few air forces around the world are going to need it. Fewer will be able to afford it," said Gordon M. Adams, professor of the practice of international affairs at George Washington University.

Lockheed and the Air Force see a potential market among the United States' closest allies, including Japan, Australia and Britain, according to industry insiders and analysts. For example, Japan is expected to begin replacing soon its fleet of about 100 F-4s. Excluding development costs that the Pentagon paid early in the program, the price of the plane drops to between $150 million and $183 million, or even less for a stripped-down model, they said.

Foreign sales could also help defray some of the cost of the plane to the U.S. military and keep the production line going while the Air Force and Lockheed make their argument for more purchases to the next administration, said Loren Thompson, a consultant for Lockheed who also has close ties to the Air Force.

DOJ_NMG_0037959

Congress Still Grappling With Pension Bill (AP-Y2)

By Jim Abrams, Associated Press Writer

AP2, July 1, 2006

Congress falls short once again of achieving one of its prime goals: coming up with a bill to assure 44 million workers who depend on employer-based pension plans that they will get their promised retirement benefits.

House and Senate negotiators originally set Tax Day, April 15, as their target for finding a compromise. When it eluded them, the new deadline became Memorial Day, and then Independence Day.

But they left Friday on a weeklong Fourth of July recess still apart on two big issues:

_How to make companies that have fallen behind on payments to their pension plans make them up without driving them to terminate the plans or declare bankruptcy.

_Whether to single out financially struggling airlines for special treatment. The Senate wants to give them up to 20 years to get back to full funding of their pension plans; House negotiators don't.

"There's not much left to be resolved," Senate Finance Committee Chairman Charles Grassley, R-Iowa, said Thursday after a House-Senate meeting. "The staff is going to work real hard over the Fourth of July break."

The two chambers passed their respective bills in late 2005, and talks on a compromise have dragged on since March.

At the prodding of House Speaker Dennis Hastert, R-Ill., and Senate Majority Leader Bill Frist, R-Tenn., negotiators have been meeting almost daily in recent weeks. But progress has been incremental.

"Days and days and days of the same ditto," House Majority Leader John Boehner, R-Ohio, a chief sponsor of the House bill, said as he emerged from one recent meeting.

Lynn Dudley, vice president of the American Benefits Council, which represents companies with pension plans, said her organization is not overly concerned by the missed deadlines.

"The truth of the matter is they've got to get this thing right. It's the bedrock of retirement security for millions of people," she said.

The toughest issue has been working out a definition of what is an "at risk" company that would be required by the bill to increase contributions to its pension plan.

Currently, company pension plans are underfunded by an estimated total of $450 billion. The Pension Benefit Guaranty Corp. — the federal agency that insures private pension plans much like the Federal Deposit Insurance Corp. insures bank accounts — estimates that $100 billion of that is with companies with serious funding problems.

The PBGC, which is self-funded from premiums, is itself burdened by a $22.8 billion deficit because it has had to take over the benefits obligations of companies that go bankrupt and terminate their plans.

Without a fix, many fear the whole defined benefit pension system could implode in a repeat of the late 1980s savings and loan crisis that ended up requiring a $130 billion taxpayer bailout.

The original Senate bill would have linked at risk status to a company's credit rating, an idea strongly opposed by General Motors and others in the auto industry with poor credit status.

Negotiators have since backed off this approach, but industry sources have expressed concern that other proposals also are overly harsh — such as defining plans that are less than 80 percent funded as at risk for default.

One sticking point is whether credit balances, extra contributions paid into a plan to cover future years, should be counted as an asset when determining a plan's financial viability.

Former Michigan Gov. John Engler, who is now president of the National Association of Manufacturers, said excessively tough rules could be counterproductive. "The cost goes up if somebody terminates a plan and then turns it back over to the pension board," he said.

With more companies phasing out defined benefit plans and switching to defined contribution programs such as 401(K) plans, the pension legislation also tries to establish rules for conflict-free investment advice and solidify multiemployer plans mutually sponsored by companies and labor unions.

It also seeks to give legal backing to cash balance plans, a variation of defined benefit plans that have been in legal limbo because of a judge's ruling that IBM Corp.'s plan discriminated against older workers.

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On the Net:

Congress: http://thomas.loc.gov/

PBGC: http://www.pbgc.gov/

Reimbursement Cuts Said Threat To Doctors (WT)

DOJ_NMG_0037960

By Kara Rowland, The Washington Times

The Washington Times, July 1, 2006

A slate of reimbursement cuts going into effect today for CareFirst BlueCross BlueShield providers has some Washington-area doctors threatening to limit new patients or drop out of the network.

The cuts also have prompted the Maryland State Medical Society (MedChi) to ask Attorney General J. Joseph Curran Jr. to investigate "monopolistic pricing practices" between the state's largest health insurer and its major rival, UnitedHealth Group, which together control 94 percent of the state health insurance market, according to R. Steven Orr, Maryland insurance commissioner.

In a letter dated May 1, CareFirst told providers it had lost several large accounts to competitors who reimbursed physicians at lower rates and therefore were able to offer lower premiums.

"We believe CareFirst or CareFirst BlueChoice members should not have to pay providers higher fees than those paid by members of other commercial health plans," wrote M. Bruce Edwards, a senior vice president for CareFirst.

The company is adjusting the fees it pays doctors for various "ancillary services" such as lab work and radiology, spokesman Jeff Valentine said. The changes range from a 12 percent increase in several areas to a 20 percent cut in others.

Dr. Stephen Rockower, a Rockville orthopedist and president of the Montgomery County Medical Society, decided on Thursday to drop out of the CareFirst network.

"I'm trying to run a business here. My rents go up, my employees demand salaries, my gas prices go up, my malpractice rates go up, but my reimbursement rates go down -- that's no way to run a business," he said. "If I'm losing money on each visit, seeing more patients doesn't help me."

Dr. Rockower, who has practiced medicine for 25 years and is in business with another doctor, said he lost two partners because of rising practice costs and flat or lower reimbursements. One relocated to another state while the other took early retirement.

"Ultimately, patients are going to be harmed when they can't find doctors or doctors leave the state or retire or go bankrupt," he said, adding that he has spoken with several colleagues who are considering leaving the network.

According to CareFirst spokesman Mike Sullivan, of 12,500 providers in the network, the number of doctors who have dropped out is in "the low single digits."

Kevin Enright, a spokesman for the attorney general's office, said the office has requested more information from both MedChi and CareFirst.

As a policy, the office does not confirm or deny whether an investigation is taking place, he said.

Both CareFirst and UnitedHealthcare have denied any collusion over physician payment rates. Mr. Valentine said CareFirst was not aware that UnitedHealthcare, which owns Rockville insurer Mid-Atlantic Medical Services Inc., had cut its rates until learning about it from MedChi.

"Any savings that are derived from these adjustments will go to benefit our members, either in the form of more moderate premiums or lower care costs and will not go to CareFirst's bottom line," he said.

But T. Michael Preston, executive director of MedChi, called the strategy of controlling health care costs by reducing physician payments a "dead end."

"There may be a certain business logic from [the insurance companies'] standpoint, but they're driving our delivery system into a ditch and the proof of that was announced last week," he said.

He referred to a National Academy of Sciences' Institute of Medicine report that said the nation's emergency departments do not have the necessary medical staff and equipment to meet demand.

Also in a report last week, the Center for Studying Health System Change, a Washington research group that studies health care trends, found that physician incomes fell an average of $13,000 -- after adjusting for inflation -- between 1995 and 2003 as a result of payment cuts by Medicare and private insurance providers. Meanwhile, overhead costs have climbed.

"If you're not making some profit on the services, you can't stay in the business," Mr. Preston said.

Fighting For Public Housing (WSJ)

By Shearon Roberts

The Wall Street Journal, July 1, 2006

Maryland Senator Battles to Save Federal Program Set to Expire

WASHINGTON -- The Federal Government's program to revitalize public housing is set to expire, and Sen. Barbara Mikulski, the Maryland Democrat who championed the effort in the early 1990s, is fighting an uphill battle to preserve it.

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After years of shrinking funding, the program, called Homeownership and Opportunity for People Everywhere, or Hope VI, will be phased out in September. Supporters fear it won't be extended. The Bush administration has said billions of dollars already are in the pipeline to complete dozens of development projects nationwide.

Sen. Mikulski sees it differently: "We need to support federal programs that help those who help themselves. The president talks about creating a better life for Americans, but his budget fails to deliver on his words."

Since 2003, the Bush administration has trimmed its budget request for Hope VI, but each year Congress has stepped in to continue funding, albeit at ever-lower levels. The $100 million allotted for the current fiscal year falls well below the $600 million annually envisioned by the program's founders when launching Hope VI.

Hope VI grew out of a congressional commission that advocated reducing poverty in inner cities by converting public-housing complexes into mixed-income communities. From 1992 to 2002, Congress allocated $5.7 billion to the program; $3 billion of that is designated to complete projects, but hasn't yet been spent.

"It's been a big shift for the administration to turn on" the Hope VI program, says Susan Popkin, leading researcher on the program at the Urban Institute, a Washington think tank. "Because it's generally regarded as a very successful program, it's really tweaks that are needed."

The Bush administration says Hope VI hasn't been very productive. From 1993-2005, 231 Hope VI grants were awarded, but only 54 development projects have been completed, says Donna White, spokeswoman for the Department of Housing and Urban Development. The administration says that record is due to local housing authorities' protracted struggles to relocate poor residents and leverage federal funds with local money.

"With the funding that's in the pipelines, the program is still going to assist families for years to come," Ms. White says. "The task at hand right now is to get the current projects completed."

Ms. Mikulski and a bipartisan group of senators -- Kit Bond (R., Mo.), Jack Reed (D., R.I.), Arlen Specter (R., Pa.) and New York Democrats Charles Schumer and Hillary Rodham Clinton -- are pushing for reauthorization. The bill, currently before the Committee on Banking, Housing, and Urban Affairs, goes beyond the original legislation, calling for improvements in local schools and other services to attract residents. In the House, Rep. Christopher Shays (R., Conn.) has introduced a bill to extend the program without making such changes. Given White House opposition and a packed legislative calendar, extending the program this year faces long odds.

In Sen. Mikulski's hometown of Baltimore, Housing Commissioner Paul Graziano has overseen redevelopment of five sites with Hope VI funds. Mr. Graziano would like to overhaul more sites. "There is no model that I have heard from the administration or anyone that can address the comprehensive overhaul of public housing and community remodeling as the Hope VI program does," he says.

Soon after the Hope VI program began, public-housing authorities shifted how they use the federal funds, contributing to the backlog in projects. Instead of relying solely on federal dollars to raze old buildings and construct new ones, the Atlanta Housing Authority worked with the private sector, leveraging Hope VI grant money from HUD to replace a crumbling public-housing site with a mixed-income community. The project -- one-third public-housing units, one-third market-rate units and one-third single-family homes -- became the template.

The new community, Centennial Place, opened in 1996, with an elementary school, a YMCA, a bank and a child-care facility. By 2007, it will include restaurants, a grocery store and a dry cleaner. Overall, the Atlanta Housing Authority figures its Hope VI projects have parlayed $220 million in federal funds into $3 billion in new investment.

"Hope VI is the critical seed capital that allows public-housing authorities to leverage additional public- and private-sector investment," says Sunia Zaterman, director of the Council of Large Public Housing Authorities, based in Washington. "The result of this 'first money in' approach, combined with unprecedented regulatory flexibility, has allowed public-housing authorities to build partnerships with private developers and others."

The process, however, takes time. HUD officials point out that many local agencies take an average of four years to complete grants, are slow to hire developers and lack efficient relocation plans. Over the years, HUD has set schedules, essentially doling out money only after an agency meets certain development or construction milestones.

A particular challenge is looking out for the residents of housing to be renovated. HUD now requires housing agencies to assign case workers to track residents. They must also find housing for them during reconstruction or provide federal housing vouchers to help pay rent on apartments elsewhere.

"It takes forever for these things to get constructed," Ms. Popkin of the Urban Institute said. Former residents are "often very happy where they've relocated to or they encounter strict screening criteria to return." Still, she says, a 2004 study found that about 60,000 public-housing units across the country could benefit from Hope VI.

Write to Shearon Roberts at shearon.roberts@wsj.com1

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Another Ohio Tour: Bush In Columbus (CLPD/AP)

By Julie Carr Smyth, Associated Press

The Cleveland Plain Dealer, July 1, 2006

Columbus -- The state's political hit parade continued Friday with President Bush jetting into the Columbus area for a fund-raiser for U.S. Sen. Mike DeWine.

Adults and children were making signs to greet the president hours before his arrival in a suburban Columbus neighborhood Friday afternoon, and others stood in their driveways holding small American flags.

"It's obviously very exciting," said Don Ziliak, 41. "I don't think many people have the opportunity to ever see the president, let alone right across from your house."

Ziliak's 8-year-old daughter stood nearby, hoisting a red, white and blue sign that said, "We love the president." He said he agrees in principle with most of what Bush does, but wishes the president could do it with more consensus.

Ohioans are regularly treated to drop-in visits by the nation's political heavyweights, especially in the months leading up to competitive elections such as DeWine's re-election battle against U.S. Rep. Sherrod Brown.

Also up for grabs this year are the governor's mansion and a pair of U.S. House seats, races that have both Republicans and Democrats dispatching some of their biggest names to Ohio between now and Nov. 7.

Friday's private fund-raiser for DeWine is Bush's fifth visit to the state this year.

Vice President Dick Cheney was in Columbus before the May 2 primary to raise money for Republican State Rep. Chuck Blasdel.

Blasdel is running in the November election against Democrat State Sen. Charlie Wilson for the House seat U.S. Rep. Ted Strickland vacated to run for governor.

Democrats, meanwhile, have played host to a stream of party stars, including U.S. Sens. John Kerry, Joe Biden, John Edwards and Barack Obama, retired Army Gen. Wesley Clark, Iowa Gov. Tom Vilsack and Democratic National Committee Chairman Howard Dean.

Schwarzenegger Campaign To Pay $202,200 Fine (LAT)

By Robert Salladay, Times Staff Writer

The Los Angeles Times, July 1, 2006

The FPPC penalty stems from late disclosure of $25 million in donations to the governor's team in last year's special election.

SACRAMENTO — Gov. Arnold Schwarzenegger's campaign has agreed to pay a $202,200 penalty for failing to properly report more than $25 million in campaign donations during the special election last year, the state Fair Political Practices Commission said Friday.

The penalty probably is the final chapter of Schwarzenegger's special election, in which voters rejected all of the governor's initiatives and handed him the biggest defeat of his political career.

Under California law, campaigns must publicly disclose donations they receive and money they spend — in some cases within 24 hours of the transaction. Disclosure is the bedrock of California's finance law, allowing the public to see the money behind political campaigns.

In documents released Friday, the commission found that Schwarzenegger's California Recovery Team, created to advance the governor's causes, failed to report in a timely way millions of dollars in donations that were used to buy TV advertising pushing four initiatives on the November ballot. It found 143 delinquent reports on $25.6 million in expenditures.

The complaint was filed by the Alliance for a Better California, a union-backed group that worked against the governor last year. Robin Swanson, a spokeswoman for the group, said Friday they were "happy that the FPPC is holding the governor and the California Recovery Team accountable."

The largest fine ever levied by the commission was $263,000 — against Lt. Gov. Cruz Bustamante — for violations during the gubernatorial recall election in 2003. Bustamante improperly moved $3.8 million between campaign committees.

In the Schwarzenegger case, the issue was whether the California Recovery Team was really acting as an "independent expenditure committee," which is governed by rules different from those of a "general purpose committee," which has less stringent disclosure requirements.

The governor was sued during the special election to force him to disclose the donations within 24 hours, but election day came and went before the courts decided the matter. Nevertheless, Schwarzenegger filed the proper forms as an independent expenditure committee — disclosing the donations in the weeks before the election.

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The fact that voters could see the contributions before the election was a mitigating factor in reducing the fine, the political practices commission said. The state agency could have fined the California Recovery Team $715,000. Investigators also said Schwarzenegger apparently didn't know that the reports weren't filed properly.

"This settlement resolves an honest dispute over compliance with a very complicated campaign finance law," said Tom Hiltachk, the governor's attorney. "I hope the commission will work toward simplification of these rules so the public benefits from better, faster and more frequent campaign disclosure."

Ned Wigglesworth, a campaign finance expert with TheRestOfUs.org, a Sacramento nonprofit, said voters "weren't walking into the ballot box blind," but for a time "they were deprived of some of the information they should have had" about the governor's donors.

The penalty is the latest legal entanglement for Schwarzenegger, who has broken all fundraising records for a California politician. Since 2002, he has raised more than $150 million for the recall election of 2003 and other causes. He is expected to collect $75 million more for his reelection effort this year.

In 2004, a Superior Court judge ordered Schwarzenegger to repay a $4.5 million loan he illegally used to finance his recall campaign. Last year, a committee supporting Proposition 77, the governor's redistricting overhaul, was forced to return $1.75 million to Schwarzenegger because it exceeded state limits.

Schwarzenegger Signs California Budget After Cutting $175 Million (LAT)

By Evan Halper, Times Staff Writer

The Los Angeles Times, July 1, 2006

The spending plan is the first completed on time in six years. Criticism of his trimming was muted as Democrats got most of what they had sought.

SACRAMENTO — Gov. Arnold Schwarzenegger signed the state's first on-time budget in six years Friday, after using his veto power to scale back the expansion of environmental enforcement and healthcare programs approved by the Legislature earlier this week.

The $131-billion spending plan signed by the governor will use a surge of unanticipated revenue that filled California's coffers this year to pay back billions the state borrowed from schools in recent years as well as to accelerate repayment of other state debt.

The governor used his veto pencil to eliminate more than $175 million in spending that the Legislature had approved. He vetoed tens of millions of dollars from the budget that would have been used to reduce air pollution, expand hospital trauma care, provide interpreters to non-English speakers in civil court cases and make dental care available to more low-income children, among other services.

The vetoes drew a muted response, however. Most of the program expansions that Democrats had secured in the budget approved by the Legislature Tuesday night remained intact.

"This is a great budget," Schwarzenegger said just before signing the document at a ceremony under the Capitol dome. Schwarzenegger said he and legislative leaders were able to meet the deadline for passing a budget for the first time since 2000 because "we put politics aside."

"We were driven by one overwhelming desire: to do what is best for the people of California," he said.

The budget does not solve the state's financial problems. It relies on this year's $7.5-billion windfall — unanticipated tax revenue resulting from higher than expected capital gains, corporate profits and the hot housing market — to expand programs and close a shortfall that had been projected for the fiscal year that begins today.

But the state is still projected to spend more than it brings in over the coming years. Lawmakers expect a deficit of at least $3.3 billion for the fiscal year that begins in July of 2007.

On Friday, Democratic gubernatorial nominee Phil Angelides warned that Schwarzenegger would deal with that deficit as he has dealt with past deficits, "by cutting school funding, raising tuition and fees and cutting healthcare."

But Assembly Speaker Fabian Nuñez (D-Los Angeles) had a different take.

He said the budget agreement shows "you can be fiscally conservative but at the same time be compassionate."

By the time the budget was signed, the Legislature had adjourned for a monthlong break. Some lawmakers will stick around to draft legislation in line with the four-part plan the governor presented this week to address prison overcrowding. Schwarzenegger called a special session of the Legislature to deal with that issue, which will resume when lawmakers return Aug. 7.

The Assembly has already approved at least two prison reform proposals: a bill that would authorize the state to borrow for the construction of new prisons and another that would move nonviolent women offenders into local detention centers where they could get drug treatment, education and help finding jobs. Both are pending in the Senate.

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Harsher penalties for repeat drug offenders, championed by the governor, became law when he signed the budget Friday. The new law changes voter-approved Proposition 36 by taking away the option of avoiding jail from thousands of drug offenders who seek addiction treatment more than once.

Now judges will be able to incarcerate offenders up to five days if they relapse. Treatment advocates call the new penalties illegal and say they will sue to block them.

The governor scaled back the expansion of efforts to fight air pollution by $35 million. The money would have been used to update heavily polluting construction, farming and transportation equipment and to bolster enforcement of the state's clean air laws.

Regardless, environmentalists saw victory overall in the budget. They noted that it includes $50 million to replace decades-old school buses with clean-burning models, develop alternative fuels and promote zero-emissions cars and trucks.

"This budget certainly isn't bad," said Pete Price, an environmental lobbyist in Sacramento. "A lot of the environmental budget items were retained. I think generally you will find environmentalists not unhappy."

There was also little criticism from healthcare advocates. The governor eliminated $10 million that would have gone to fund trauma centers in hospitals, scaled back a proposal to fight West Nile virus by $6 million — or two-thirds of the proposed funding — and eliminated $2 million that would have been used to provide preventive dental care to low-income children.

The governor also vetoed $10 million that civil courts could have used to hire interpreters for non-English speakers.

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Times staff writer Nancy Vogel contributed to this report.

EDITORIAL WRAP-UP:

Don't Know Much About History (NYT)

The New York Times, July 1, 2006

Somewhere between the firing in 2002 of President Bush's first Treasury secretary, Paul O'Neill, and the Senate confirmation this week of his third Treasury chief, Henry Paulson, the administration changed its tune on budget deficits. In the early days, the line was, essentially, that deficits don't matter. Mr. O'Neill's ouster was due in part to his gall in suggesting otherwise. Now, officials dutifully declaim that deficits matter, but that Bush-era shortfalls are "within historical norms."

Mr. Paulson apparently shares that view, having offered it repeatedly when asked about budget deficits during his confirmation hearing. That's a disappointment. It takes a narrow view of history to imply that the Bush-era deficits are "normal."

As a share of the economy, the Bush-era deficits have averaged 2.7 percent. That's the second worst record of any administration in the past 60 years, surpassed only by the deficits from the tenures of President Reagan and the first President Bush, which each averaged 4.3 percent. (Five years into the Clinton era, deficits averaged 1.2 percent of the economy, dropping to a mere 0.1 percent by the time Mr. Bush took over.) To imply that the current budget gap is comfortably within historical norms because it's not as bad as the worst deficits in modern memory is, to put it politely, a stretch.

Besides, size isn't everything when it comes to assessing the danger in budget deficits. Timing is also crucial.

The Reagan-era deficits occurred decades before the retirement of the baby boomers, when the post-World War II generation was in its peak earning — and taxpaying — years. The Bush deficits are uniquely alarming in that they're occurring on the eve of the baby boomers' retirement, leaving little time to recoup before the government has to meet large Medicare and Social Security obligations.

On top of that, and well outside the historical norm, is President Bush's insistence on continued tax cutting, despite the ongoing deficits and despite the fact that the economy has long since recovered from the last recession. From the end of World War II through the 1970's, various administrations hammered away at the nation's debt, reducing the burden from the wartime level of over 100 percent of the economy to about 25 percent. That effort was largely abandoned in the 1980's. But even Mr. Reagan backtracked on his budget-busting tax cuts of 1981 by raising taxes in 1982 and 1984. In 1990, a bipartisan deficit-reduction agreement raised taxes and cut spending, followed by another budget-tightening package passed by Democrats in 1993. In contrast, the Bush years have been marked by nonstop tax cutting, deepening debt, the abandonment of budget rules and increased spending, paid for by borrowing.

And not just any borrowing. The Bush-era deficits are also alarming in the extent to which they are foreign financed. Since 2001, 73 percent of new government borrowing has been from abroad. In total, 43 percent of the United States' publicly held debt of $4.8 trillion is in foreign hands, compared with only 14 percent at the peak of the Reagan deficits in 1983 and 30 percent in 2001. Debt owed to bankers in Beijing, Tokyo and elsewhere could destabilize the dollar and from there, drive up interest rates and prices.

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If Mr. Paulson and other administration officials were to say that today's deficits were dangerous, it would logically follow to recommend scaling back the Bush tax cuts. By implying that the deficits are not so worrisome, they can continue to insist that spending cuts alone could fix the problem, even though that would mean deep cuts in Social Security and Medicare — something they are not willing to advocate explicitly. One can only hope that in discussions with his new boss, Mr. Paulson has more to say about the budget deficit than he let on during his confirmation hearing.

Passports For Health Care (WP)

The Washington Post, July 1, 2006

A harmful new requirement that Medicaid recipients provide proof of citizenship

UNDER A NEW federal law that takes effect today, poor Americans will be required to produce proof of citizenship to be eligible for Medicaid. This may sound like a sensible safeguard against providing government-paid health benefits to illegal immigrants who fraudulently claim eligibility. It isn't. The new law and the unduly stringent rules that the Bush administration has produced to implement it are unnecessary, expensive and mean-spirited. They pose the threat that millions of people entitled to receive Medicaid benefits will be denied coverage.

The political benefits of this latest form of immigrant-bashing are obvious. Rep. Charles Whitlow Norwood Jr. (R-Ga.), a chief sponsor, cited "the outright theft of Medicaid benefits by illegal aliens." But there's scant evidence of widespread fraud under the current system. In all but four states, Medicaid applicants attest, under penalty of perjury, that they are citizens, and officials can ask for documentation if there is reason for suspicion. As Mark B. McClellan, administrator of the Centers for Medicare and Medicaid Services, wrote in response to an inspector general's examination of the issue last year, "The report does not find particular problems regarding false allegations of citizenship, nor are we aware of any."

If the problem is unproven, the solution will be expensive -- both for the states that are required to enforce it (or risk losing millions in federal funding) and the recipients who have to obtain documents. In fact, this new requirement runs precisely contrary to recent efforts to streamline Medicaid enrollment procedures to make certain that all eligible recipients get coverage.

But the biggest risk is that, rather than preventing fraud, the provision will result in the denial of benefits to eligible Americans who can't come up with the required proof. After all, the typical Medicaid recipient doesn't have a passport, the preferred form of proof. Also, many elderly African Americans were born at home and were never issued birth certificates.

Under the administration's guidance for state Medicaid agencies, states can't extend coverage to new applicants while they scramble to obtain documentation. Impoverished senior citizens and people with disabilities who already receive Supplemental Security Income benefits -- and have therefore already had their citizenship verified by the Social Security Administration -- aren't automatically eligible. There aren't any exceptions for those who need immediate care; who are too incapacitated to produce documents (Alzheimer's patients, for example); or who are victims of natural disasters.

It's certainly fair to ask that states have procedures in place to guard against fraud. But this is an unnecessarily cruel law interpreted in an unnecessarily cruel way. Yesterday, the District government, facing a lawsuit, agreed to hold off on enforcing it until at least July 17. If the lawsuits that have been filed to overturn the requirement don't succeed, Congress should reconsider.

Hamas's War (WP)

The Washington Post, July 1, 2006

The movement defended armed attacks and hostage-taking; now it's complaining that Israel is fighting back.

PALESTINIAN Prime Minister Ismail Haniyeh charged yesterday that Israel's offensive in the Gaza Strip is aimed at overturning his government. It's not clear that's the case -- the incursion seems mainly intended to recover a soldier held hostage by Palestinian militants. But if it is, Israel would be entirely justified.

When Cpl. Gilad Shalit was abducted by the military wing of Mr. Haniyeh's Hamas movement last weekend, his administration faced a choice. It could behave like a civilized government -- and work to free the hostage -- or align itself with a terrorist operation. It chose the latter. Hamas government officials endorsed the militants' demand that Israel release Palestinian prisoners it has legally arrested in exchange for a soldier who was attacked while guarding Israeli territory. Hamas justified this position by citing the terrorist movement Hezbollah, which has extracted prisoners from Israel in exchange for hostages, as well as governments that exchange POWs in wartime.

Fair enough. But if Hamas wants to be equated with Hezbollah or define itself as at war with Israel, then Israel has every right to try to destroy the Islamic movement's military capacity, to capture its leaders (it has arrested more than 60 since Wednesday, including eight cabinet ministers) and to topple its government. Isn't that what happens in war?

As it is, Israel's Gaza incursion has been reluctant, slow, carefully calibrated -- and as of yesterday, casualty-free. In addition to the arrests, Israel has disrupted power supplies for slightly more than a tenth of Gaza's population, occupied an abandoned airport, rained shells down on empty fields and bombed the Hamas-controlled interior ministry while it was empty.

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Yesterday it again postponed a larger operation aimed at stopping the launching of rockets at Israel from northern Gaza in order to allow more time for mediation by Egypt. Meanwhile, the rocket firings continued -- another act of war that Hamas has encouraged, if not sponsored.

The restraint reflects recognition by Prime Minister Ehud Olmert that Israel stands only to lose if the Palestinian Authority is destroyed by force. Cpl. Shalit probably can be saved only by a Palestinian political decision, and Israeli forces will have trouble retiring from Gaza and stopping further rocket launchings and abductions, unless they can reach a truce with Hamas. Palestinian President Mahmoud Abbas, who has been trying to draw Hamas's political wing into an alliance with his secular Fatah movement, could still play a role in brokering such an accord. But he needs more help than he is getting from Egypt, other Arab states and the United Nations. Instead of fulminating about supposed Israeli war crimes, these actors ought to be

demanding that Hamas -- and its sponsors in Damascus and Tehran -- stop their own acts of terrorism and war.

Hedge Fund Hoopla (WSJ)

The Wall Street Journal, July 1, 2006

Politicians are drawn to piles of unregulated money like, well, politicians to TV cameras. So it was only a matter of time before Congress took aim at the $2.4 trillion hedge fund industry.

The Senate Judiciary Committee held a hedge fund hearing this week, with its star witness one Gary Aguirre, a former SEC investigator who said superiors quashed a probe into insider trading at Pequot Capital. Pequot has vigorously denied the claims, and insider trading is already illegal. But the ubiquitous Connecticut Attorney General Richard Blumenthal was nonetheless on hand, in range of TV cameras, to claim that hedge funds are a "regulatory black hole." The Senators were also very concerned, no doubt prepping for the day when a few of these pools of private investment capital go belly up.

HOT TOPIC

Volatile Markets Bring Hedge Funds Under Fire1

So maybe it's time to step back and recall that we've all been at this cab stand before. In 1999, a year after Long Term Capital Management blew up, the President's Working Group on Financial Markets released the results of its top-to-bottom probe of hedge funds. This was no lightweight body, containing as it did Alan Greenspan, Robert Rubin and former SEC Chairman Arthur Levitt. Its findings argued so strongly against meddling in this source of market liquidity and efficiency that even the Clinton Administration gave regulation a pass.

The working group focused on a concern that is often heard today, which is that too much hedge fund borrowing could lead to systemic market risk. Highly leveraged investors are always more vulnerable to market shocks. And if forced to liquidate their often-huge positions, their losses could cascade throughout the financial system.

But the working group found that Long Term Capital was unique. The best way to guard against hedge fund meltdowns is a system in which the counterparties (bankers, broker-dealers) that lend to or borrow from hedge funds impose due diligence. In Long Term Capital's case, many counterparties were so impressed by that giant fund's reputation that they "did not ask sufficiently tough questions," as Federal Reserve Chairman Ben Bernanke put it in a speech this May.

Such laxity is a problem, but the answer isn't necessarily more direct regulation. The working group recognized that, in the complicated and fast-moving world of financial derivatives, the best way to guard against future blowups is to ensure the market itself imposes more discipline. It recommended that hedge funds provide better disclosure to their counterparties, and that regulators ensure that counterparties have systems and policies that identify warning signs and restrain excessive leverage.

The regulators have since complied, issuing risk-management guidance so bank supervisors now consider it a primary duty to monitor hedge-fund dealings. The SEC also stepped up its inspection of broker-dealers. Many counterparties now require hedge funds to post more collateral to cover potential exposure. And institutions and regulators are all trying to improve weak areas -- say, understanding the risks in such new financial products as credit derivatives. For a "black hole," this sure has a lot of foot traffic.

Hedge funds offer high returns, but they also take big risks, and some failures are inevitable. That's especially true when the Fed is raising rates and credit is getting tighter. But while hedge funds have multiplied since 1999, the funds that have failed have done so with barely a market ripple. This suggests the Clinton working group's strategy is working.

The Clintonians also argued that direct hedge fund regulation would have significant costs, such as reducing the liquidity crucial to robust financial markets. And in his recent speech, Mr. Bernanke noted how difficult it would be for any regulator to monitor hedge fund trading strategies that change rapidly and are enormously complex.

A more recent complaint about hedge funds is that they are becoming ever more available to Mom and Pop investors, not merely to the superrich. But a 2003 SEC report found that funds are still dominated by big institutional investors -- pension funds, endowments, and the like. Rich individuals and families supplied 42% of hedge fund assets, although that share is declining.

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Pension funds do contain Mom and Pop retirement assets. But the focus of regulators should be on the pension fund managers for taking a flyer on hedge funds, not on the funds for taking the money. As for those who claim hedge funds are run by rogues, the SEC report noted that it could find "no evidence indicating that hedge funds or their advisers engage disproportionately in fraudulent activity."

Alas, none of this common sense stopped the SEC from plunging ahead in 2004 in an attempt to begin regulating hedge funds. But that attempt was overruled this month as an illegal power grab by the D.C. Circuit Court of Appeals, which throws the matter once more into the tender arms of Congress.

Hedge funds are easy political targets because they aren't sold to the general public and aren't well understood. But the regulators at the Fed and Treasury who are paid to watch the financial system understand that they provide far more benefits than risks. Congress should tread carefully, if it treads at all.

Jon Corzine Florio (WSJ)

The Wall Street Journal, July 1, 2006

Nearly every state in the nation is celebrating the new fiscal year that begins on Monday with record tax revenues. The big exception is New Jersey, which is headed instead for what could be a government shutdown.

The political showdown isn't between Republicans and Democrats, but is between Governor Jon Corzine and his fellow Democrats who control the state legislature. On Wednesday, Democrats cursed each other and, according to our eyewitness sources, came close to blows inside the capitol in Trenton. Mr. Corzine is now threatening a government shutdown if his own party doesn't bend to his proposal for a $1.5 billion tax increase.

Remarkably, all of this intra-party feuding isn't over whether to raise taxes, merely over how. Mr. Corzine wants to raise the state sales tax to 7% from an already high 6%. Many Democrats in the legislature believe this is political suicide, especially with the Governor low in the polls. But somehow they've convinced themselves that voters will happily swallow new levies on payroll, tobacco, computer services and car rentals instead. Meanwhile, the one promise that Democrats made to voters in last year's election campaign -- lowering what are some of the highest property taxes in the country -- remains conspicuously unfulfilled.

A new Quinnipiac poll finds that 47% of voters identify taxes as the biggest problem in the state -- the highest number for any issue the polling firm has ever found in New Jersey. The Garden State has raised taxes nearly every year since 2000 and nearly twice as much per resident as the next highest tax state. Yet, no surprise, Trenton still has the biggest budget crisis outside of the states ruined by Hurricane Katrina. This taxing binge hasn't balanced the budget because state expenditures have ballooned by $8 billion, or about 45%, in six years. Mr. Corzine is nonetheless sticking to his story that state schools and services are underfunded.

The real New Jersey story is that a rising cost of living and taxes have spurred an exodus of businesses, high net worth individuals and working families. U.S. Census Bureau data indicate that, in 2004 alone, 60,000 more people left New Jersey than moved in. This outmigration led to a loss of $1 billion per year in the state's personal income, according to IRS statistics analyzed by the Manhattan Institute. Thus New Jersey finds itself in a spiral down: Taxes are raised, more taxpayers flee so the tax base shrinks, the politicians raise taxes again, and the cycle repeats itself.

Political history is also repeating itself here. Sixteen years ago Jim Florio was elected Governor and pushed through the largest tax hike in Jersey history. The economy sputtered, and Mr. Florio was dumped by voters in favor of Republican Christine Todd Whitman and a veto-proof GOP legislature. Undeterred, Mr. Corzine is testing the same tax, spend and don't elect theory. Which is why things are getting ugly among Democrats in Trenton.

ONE YEAR LATER… Show Africa The Money (LAT)

The Los Angeles Times, July 1, 2006

After pledging to double aid by 2010, rich nations' promises are looking hollow.

IS A PROMISE WORTH ANYTHING if there are no consequences to breaking it? That's a question worth pondering as we near the one-year anniversary of the Group of 8 summit in Gleneagles, Scotland.

Gleneagles was not an ordinary powwow for the club of industrialized nations. It came amid an unprecedented international campaign under the slogan "Make Poverty History," complete with Live Aid rock concerts and a drive by leaders such as British Prime Minister Tony Blair to persuade wealthy countries to boost their aid to Africa. It all paid off, or so it seemed. Rich nations signed a historic pact to forgive the debts of some of the world's most impoverished countries, and at the summit they vowed to double aid to Africa by 2010 and work toward ending the damaging subsidies and tariffs that strangle Third World economies.

A year later, the Gleneagles promises are already starting to look hollow. The debt-relief agreement has largely been a success, but G-8 countries are far off track on their aid commitments and even further from a comprehensive trade deal.

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In 2005, the same year they made their pledge, G-8 countries increased their aid to sub-Saharan Africa by $1.6 billion, according to a report by DATA, the poverty-awareness organization founded by rock star Bono. But to get on track to meet their summit pledge, a boost of more than $3 billion would have been in order. Some countries are bigger laggards than others. Italy made a whopping promise at Gleneagles, committing to increase African aid from $1.2 billion in 2004 to $5.5 billion in 2010 — yet in 2005, it gave only an additional $26 million. That's at least better than Germany, which actually reduced aid to Africa last year.

Of course, most countries had already passed their 2005 budgets before the Gleneagles summit; the numbers from 2006 will be a better indicator of their seriousness. The United States, at least, is poised for a healthy increase in aid to Africa this year, mostly via the president's bilateral AIDS initiative.

On the trade front, the G-8 countries committed to eliminate all export subsidies, cut other domestic supports and improve access to their markets for poor countries. All this was supposed to be accomplished by the World Trade Organization during its Doha round of talks. Doha is desperately, perhaps fatally, stalled. Trade ministers started a new session Thursday in Geneva with the hope of reaching a deal by July 31, but the key players are miles apart.

DATA vows annual updates on progress toward the G-8 goals, but its reach is limited. What's needed is a high-level panel to monitor G-8 members and loudly embarrass nations that don't live up to their commitments. The world has had enough empty promises; the poor need genuine action.

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USDOJ- Office of Public Affairs

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THE ATTORNEY GENERAL'S *NEWS BRIEFING*

PREPARED FOR THE OFFICE OF PUBLIC AFFAIRS, U.S. DEPARTMENT OF JUSTICE

TO: THE ATTORNEY GENERAL AND SENIOR STAFF

DATE: SUNDAY, JULY 2, 2006 7:45 AM EDT

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TERRORISM NEWS:

Administration Faces Lack Of Options In Closing Guantanamo. The Washington Post (7/2, A8, White, 744K) reports that while the Administration would prefer to close the Guantanamo Bay detention facility, "there is no timetable and no specific plan for how to do it" because according to senior Administration officials "there are only two options for the men the United States deems too dangerous to release: transfer them to federal or military prisons in the United States -- such as the supermax facilities or Fort Leavenworth -- or arrange for another country to assume responsibility for their detention." Currently, "no third country has said it would be willing to take the men, and the Bush administration has been reluctant to consider allowing them to be transferred onto U.S. soil. Senior officials said in interviews it is possible that any suspects who are convicted of crimes could land in U.S. prisons." The Los Angeles Times (7/2, Williams, 958K) publishes a Q&A on the subject of the Guantanamo detainees.

Court Intervention Could Have Wide Impact On Administration Counter-Terrorism Policies. Continuing a theme popular in the media after the Supreme Court's ruling on US detainee policy, Adam Liptak in a "Week in Review" article in the New York Times (7/2, 1.19M) says that in an interview, professor John Yoo, "a principal architect of the Bush administration's legal response to the terrorist threat," said the court's decision "may signal the collapse of the entire" set of Administration policies. Yoo said, "t could affect detention conditions, interrogation methods, the use of force. … It could affect every aspect of the war on terror." In addition, "constitutional lawyers across the political spectrum agreed" it "could devastate the administration's main legal justifications for its campaign against the terrorist threat."

Justices Seen As Providing Hope For Those Concerned About Civil Rights. Author Jonathan Mahler, who is working on a book about Salim Hamdan and his defense lawyers, in the New York Times Magazine (7/1) writes, "Throughout our history, war has led to the abrogation of rights. … More often than not, when asked to rule on the legality of these extraordinary measures, the Supreme Court has given the commander in chief a wide berth. This is understandable: 'Judges, like other citizens, do not wish to hinder a nation's "war effort,"' Justice William Rehnquist once wrote. And yet, when the court sets aside civil liberties and defers to the president, it acts out of fear; when the court checks the president and reaffirms those liberties, it acts out of strength -- and, equally, hope."

Past Experience May Have Shaped Justice Steven's Ruling. Accentuating the difference between the court's past deference to the executive and legislative

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branches in times of war Mahler in his New York Times Magazine (7/1) article notes that Justice John Paul Stevens clerked for then-Justice Wiley Rutledge in 1947 when Rutledge wrote a minority opinion in defense of Japanese Gen. Tomoyuki Yamashita. Rutledge wrote that the rights in the due process clause of the Fifth Amendment "belong to every person in the world, victor or vanquished, whatever may be his race, color or beliefs." Mahler notes, "Stevens, it would seem, had absorbed his mentor's distaste for unbridled power. 'He was finally able to vindicate those values that Rutledge championed,' says Allison Danner, who clerked for Justice Stevens in the late 1990's."

WPost Challenges Congress To Craft Solution To Detainee Policy. The Washington Post (7/2, B6, 744K) in an editorial faults Congress for failing to address the issue of detainee policy and writes, "There is an opportunity to provide legislative authorization -- along with limits, safeguards and accountability -- for all of the powers and practices the U.S. government may need in a long-term confrontation with violent Islamist extremism." But there is a "danger" that "Congress will become reckless and hasty and abdicate the responsibility the court has given it. With midterm elections looming, the administration may push for quick legislative fixes." The Post concludes, "This is a moment in which this country can correct the mistake of five years ago, when the executive branch sought to fight a novel war based on a combination of outdated laws and new rules it made up on its own. The Supreme Court has created the chance to bring real law to the war on terror -- if Congress is willing to do its job."

Journalists Facing Increased Pressure Over Leaks From Governments. The AP (7/2, Hanley) reports, "Headline by headline, a trickle of news leaks on Iraq and the antiterror campaign has grown into a steady stream of revelations, and from Pennsylvania Avenue to Downing Street, Copenhagen to Canberra, governments are responding with pressure and prosecutions." The AP adds, "Media advocates are alarmed at what they see as a mounting assault on press freedom in country after country, arguing it is potentially chilling the pursuit of truth as U.S. and European leaders pursue wars on terror and in Iraq."

Administration Seen As Shifting Standards Over Leaks. Julie Mason in her "White House Watch" column in the Houston Chronicle (7/2, 581K) writes, "President Bush's sustained outrage last week about newspaper reports on a program tracking terrorists' financial records may have seemed odd considering how urgently the administration once publicized the program's broad concepts." Mason notes, "Thirteen days after Sept. 11, Bush signed an executive order expanding the Treasury Department's authority to track the bank activities of those with suspected ties to terrorism. The White House sent reporters a detailed fact sheet on the new powers." And "Bush summoned the news media to the Rose Garden to trumpet the program alongside the secretaries of state and treasury." Mason adds, "The difference between disclosures in the Rose Garden and in the newspaper is that the Times and others are reporting operational details, according to the White House."

NYT, LAT Decisions To Publish Details About National Security Programs Defended. Scott Shane in a "Week in Review" article in the New York Times (7/2, 1.19M) defends the recent disclosures by the media of US national security programs writing that "for decades, American newspapers and broadcasters have regularly censored themselves on security grounds, plucking compromising details from a story, delaying its publication or killing it entirely. The New York Times has withheld articles that might have jeopardized counterterrorism programs or efforts to protect vulnerable stockpiles of nuclear material."

In response to Administration criticism the New York Times, public editor Byron Calame writes, "Roughly 1,000 e-mails have come to me, about 85 percent of them critical of the decision to publish the story and a large fraction venomous. It was time to take a close look at the handling of the article in search of answers." In contrast to the public reaction, Calame's "close look convinced me that Bill Keller…was correct in deciding that Times readers deserved to read about the banking-data surveillance program."

And Frank Rich in his column in the New York Times (7/2, 1.19M) accuses Republicans of using the media's recent disclosures about US national security programs as a "ruse to distract Americans from the wreckage in Iraq."

Schwarzenegger Will Release Intelligence Reports. The Los Angeles Times (7/2, Nicholas, 958K) reports, "Gov. Arnold Schwarzenegger's office said Saturday he was ordering the release of dozens of intelligence reports prepared for the state Office of Homeland Security--a step that comes as lawmakers from both parties are denouncing a practice in which state intelligence agents compiled information about political and antiwar protests and rallies."

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Officials say that only two of over sixty contractor-prepared reports for the state homeland security agency included material on political protests, but allowing the media to review all of them will reassure the public that the practice was not more widespread. The Times had reported Saturday on the suspect reports. The state agency said it would allow media to review, but not copy, the reports, from which "law-enforcement-sensitive information" dealing with such matters as "ongoing investigations" and related "safety threats" would first be removed. The article also notes that some legislators say the incidence shows the need for greater oversight of the state security organization. Spokesmen for the governor and the state security agency both declared that they disapproved of and did not request information on political protests.

US And Canadian Law Enforcement Demonstrate Increased Cooperation. The Washington Post (7/2, A3, Pomfret, 744K) reports last week U.S. and Canadian law enforcement officials "highlighted the increasingly close and institutionalized cooperation between the two nations' police agencies." Cooperative Operations, "called 'parallel investigations' because of sensitivity about sovereignty issues…reflect the fundamentally different strategies used to secure the United States' two very different borders. … Along the Canadian border, there are no plans for fences, and efforts focus on smuggling and terrorism. U.S. and Canadian authorities are patrolling together on the Great Lakes and have plans to operate a joint radio network." The Post adds, "Americans and Canadians also share law enforcement intelligence. U.S. agents aided the Canadians in their investigation into an alleged terrorist plot stymied on June 3 with the arrest of 17 men and teenagers in Ontario, law enforcement officials said. Five years ago, only Canadians worked at the Mounted Police headquarters in Ottawa, said Joe Oliver, a Canadian police superintendent. Now, Americans representing four agencies are based there, he said, adding that cooperation is 'pervasive.'"

Warning Raised About Possible Al Qaeda Resurgence. Peter Bergen, a Schwartz senior fellow at the New America Foundation, in an op-ed in the Washington Post (7/2, 744K) warns that "key members of the Bush administration have claimed that al-Qaeda is 'on the run' (Donald Rumsfeld and Condoleezza Rice), 'disrupted' (George Tenet) or 'decimated' (President Bush). At the same time, however, significant terrorist attacks around the world have dramatically increased since Sept. 11, 2001, most of them conducted by militant Islamists. How does one reconcile this apparent contradiction?" Although "the rapid spread of al-Qaeda's ideology in the past two years -- partly fueled by the Iraq war -- should be of considerable concern, it would be quite wrong to conclude that al-Qaeda the organization is down for the count. Indeed, if the bombings in London are any indication, it may be staging a comeback." Five years after the 9/11 attacks "al-Qaeda not only remains in business in its traditional stronghold on the Afghan-Pakistan border, but continues to project its ideology and terrorism abroad. So now we face a world of ideologically driven homegrown terrorists…in addition to formal networks such as al-Qaeda that have managed to survive despite the tremendous pressure brought to bear against them since 9/11. And even more grim, they now feed off and strengthen one another."

Papers Show BBC Allowed Intelligence Officials To Examine Employees. The Washington Times (7/2, Hastings, 90K) reports, "Confidential papers obtained by the Sunday Telegraph reveal that the British Broadcasting Corp. allowed intelligence agents to investigate the backgrounds and political affiliations of thousands of its employees, including newsreaders, reporters and continuity announcers. The files, which shed light on the BBC's hitherto secret links with the counter-espionage service known as MI5, show that at one stage it was responsible for vetting 6,300 BBC posts -- almost a third of the total work force. The procedure was phased out in the late 1980s. The files also show that the corporation maintained a list of 'subversive organizations' and that evidence of certain kinds of political activity could be a bar to appointment or promotion."

WAR NEWS:

Blast Kills 66 In Baghdad. The leading story on the network news and making front page headlines in the Washington Post and New York Times was the car bombing in Baghdad, with attention devoted to evolving details of the rape and murder allegations against US troops. The bombing in the Shiite stronghold Sadr City in Baghdad that killed over 60 Iraqis and injured over 100 more was seen as a threat to Iraqi political stability. The CBS Evening News (7/1, lead story, 2:40, Mitchell, 7.66M) noted that public outrage over the

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attack in Iraq came as the Iraqi prime minister "began his first tour of neighboring countries, hoping to build support for his government but just as he left came the news that one of his parliament's new female members had been abducted, along with her security detail." Iraqi lawmaker Mahmoud Othman: "If you can't establish security and stability, then you can't have a progress in the political process." Cowan: "It's not that the new government hasn't had its successes," yet "if today is any indication, it would seem that that wedge is being driven even deeper. Sectarian violence was already on the rise ever since this new government took over, and today's developments between the kidnapping and the bombing, most expect that will start another increased circle of violence."

NBC Nightly News (7/1, lead story, 3:00, Boettcher, 9.87M) reported, "Despite a two-week-old security clamp down in Baghdad -- Operation Together Forward -- sectarian violence continues according to the U.S. military and a prospect of all out civil conflict increases. A U.S. general says coalition forces will continue to pressure insurgents." Major General William Caldwell: "We continue to disrupt the network and we will not cease." Boettcher: "Only one week ago Iraqi Prime Minister Maliki launched his plan for national reconciliation. ... But today in Iraq, one bomb, one kidnapping and a message from Osama bin Laden moved warring factions further apart. Reconciliation remains a distant dream."

Describing the attack as part of an environment of continuing violence, ABC World News Tonight (7/1, story 3, 2:05, Brown, 8.78M) reported, "This was no routine bombing. This was the biggest since the new Iraqi government was sworn in this spring. And the most lethal so far this year." The attack "comes just three weeks after the government introduced the new security clampdown in Baghdad. Since then, the number of attacks has actually gone up. Today's explosion may well be one of the deadliest since the war. It becomes part of a catalog of carnage."

The Washington Post (7/2, Knickmeyer, 744K) reports, "Saturday's massive bomb, powerful enough to hurl bodies of shoppers onto the roofs of high-rise buildings surrounding the market in Baghdad's Sadr City district, drew angry denunciations from survivors, suggesting Iraqis could quickly sour on Maliki's initiatives if insurgent attacks once again begin claiming dozens of lives at a time. It adds, "U.S. military officers and academics alike had predicted at least a brief surge in attacks immediately after Zarqawi's killing, saying militant Sunni groups would want to show they had survived his loss."

The Washington Times/AP (7/1, Reid) reports that the Baghdad bombing "was the deadliest attack since the new national unity government took office six weeks ago and one of the biggest this year. Shortly before the midmorning blast, gunmen seized a female Sunni legislator at a checkpoint in a Shiite area of the capital. Both attacks represented a major challenge to Prime Minister Nouri al-Maliki's vow to curb sectarian violence." An unverifiable group called the "Sunna Supporters Group" claimed responsibility on the Internet for the bombing. The AP pessimistically notes that, since the death of Zarqawi, "more than 700 Iraqi civilians and security forces have died violently." The Los Angeles Times (7/2, Roug and Salman, 958K) devotes a long article to the same bloodshed, which quotes angry witnesses to the market bombings and gives graphic details. The New York Times (7/2, Wong, 1.19M) notes, like the other sources, the attack's status as deadliest since Prime Minister Maliki's accession. It gives graphic details of the bombing scene and calls the bombing and female legislator's abduction "the most direct challenge yet to the fledgling Iraqi government."

Maliki Gains Saudi Support For Peace Plan. The AFP (7/2) reports, "Iraqi Prime Minister Nuri al-Maliki won Saudi Arabia's backing for his efforts to halt the bloodshed in Iraq at the start of a Gulf tour to rally support for his peace plan." Crown Prince Sultan bin Abdul Aziz told Maliki, "On behalf of ... King Abdullah, I assure you of ... (Saudi Arabia's) full support for you and your constitutional government." He added that "Saudi Arabia hoped his government would usher in 'stability and security' in Iraq and put an end to the hardships of the Iraqi people." Maliki "T apparently wants to enlist help during his tour to influence the former elite community of Sunni Arabs in Iraq as many of its leaders have close ties with the oil-rich Gulf Arab states." Iraqi Minister of State for National Dialogue Akram al-Hakim earlier said the tour will also include the United Arab Emirates and Kuwait."

The AP (7/2) adds that US ambassador Zalmay Khalilzad "noted that al-Maliki was traveling to Saudi Arabia, the United Arab Emirates and Kuwait this weekend to drum up support for his reconciliation efforts," saying "The new government is reaching out not only to all Iraqis but also to its neighbors." He added, "We expect these visits to be successful, as the countries that Mr. Maliki is visiting understand what happens in Iraq will affect the stability of the area and shape the future of the region."

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Baghdad Death Toll Over 260 In Last Four Days. As part of its coverage of the most recent attack, The CBS Evening News (7/1, lead story, 2:40, Cowan, 7.66M) highlighted the impact of recent violence on Iraqis, noting the Baghdad morgue "announced [it] received in four days more than 260 bodies."

Shiite Lawmaker Survives Bombing Attack. The AP (7/2) reports, "A Shiite legislator escaped an assassination attempt Sunday when a roadside bomb missed his convoy in downtown Baghdad — a day after a female Sunni legislator was kidnapped by gunmen from her car." The intended victim was "Iyad Jamal al-Din, a cleric from the secular Allawi List bloc in parliament."

Khalilzad Says US Willing To Free More As 495 Iraqi Detainees Released. The AFP (7/2) report that "US ambassador Zalmay Khalilzad promised that more detainees would be freed from US and government-run prisons in Iraq as a seventh batch of nearly 500 was released." A justice ministry spokesman said those "security detainees held without charge were freed Saturday as part of Prime Minister Nuri al-Maliki's national reconciliation plan." Khalilzad also said, "we are prepared in consultation with the Iraqi leaders to make future prisoner releases and to take other concrete steps to facilitate reconciliation." Khalilzad once again called "on Sunni Arab insurgents to lay down their arms" and "on the government to bring 'all militias and other illegal armed groups under control and to strengthen Iraq's security institutions," saying that "disagreements over the reconciliation plan must be 'expressed through dialogue rather than through violence.'"

New Details Released About Rape And Murder Allegations Against US Soldiers. ABC World News Tonight (7/1, story 4, 1:30, Avila, 8.78M) reported, "There are new and deeply disturbing, if true, details reported about the charge that American soldiers stalked, brutally raped an Iraqi woman and killed her and her family in an attempt to cover it all up." ABC (Yang): "The new details are chilling and suggest that this incident could be even more explosive than first thought. ABC News has been told that the soldiers spotted the woman they're suspected of raping while on patrol sometime before the incident in March. In fact, the New York Times and Associated Press quote military sources saying the soldiers may have targeted the family and planned the attack for nearly a week." ABC News consultant Gen. Jack Keane (Ret.): "I don't believe it's functioning as a military organization, more like a gang. And we don't want any part of it on the battlefield, in America's military." Yang: "This is at least the fifth ongoing investigation of alleged atrocities against Iraqi civilians ... Allegations of rape are especially serious in a conservative Islamic nation like Iraq and with widespread media coverage in Iraq, animosity toward the United States is likely to grow."

The Washington Post (7/2, Knickmeyer, 744K) reports, "The U.S. military ... disclosed new details about allegations that soldiers raped a woman and killed her, along with her mother, father and a sibling, in March in a village south of Baghdad. A U.S. military official revealed Saturday that the target of the alleged attack was a 20-year-old Iraqi woman who lived with her family near an American military checkpoint. One resident of the village of Mahmudiyah al-Kasr al-Awsat said Saturday that the young woman had complained of harassment by U.S. soldiers each time she passed through the American checkpoint." However, details from different sources in the Post story differ, such as the age of the victim. The New York Times (7/2, Wong, 1.19M) discusses the recent rape and murder allegations, saying, "Investigators are looking into whether the soldiers monitored the family for a week before carrying out the assault."

Iraqi Sunni Group Criticizes Alleged Rape. The AP (7/2) reports that the Association of Muslim Scholars "strongly condemned reports that U.S. troops raped an Iraqi women then killed her and her family, saying it shows 'the truth of the ugly American face.'" The Sunni group, called a "strong critic" of the US presence in Iraq, said that "raping this girl then mutilating her is shameful and will remain as a sign of shame to American invaders."

Camp Pendleton Trains Marines To Steer Clear Of War Crimes. NBC Nightly News (7/1, story 5, 2:30, Holt, 9.87M) reported that while a number of US service men are alleged to have engaged in misconduct, at Camp Pendleton "commanders reinforced the values that would ensure the best behavior out of the worst circumstances." Gen. Barry McCaffrey (Ret.): "Each of these deploying battalions go through a extensive work-up. I would argue we have never had a more rigorous training program in our military history." NBC (Mullen): "Instructors are quick to point out they also teach classes on cultural sensitivity and the rules of engagement so Marines know how to act appropriately under extreme pressure. Somehow with even more incidents being reported of troops crossing the line, commanders will have to find the disconnect between the practice field and battlefield."

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Bin Laden Tape Endorses Sectarian Warfare, A First For Al Qaeda. The CBS Evening News (7/1, story 2, 2:30, Mitchell, 7.66M) reported, "U.S. intelligence agencies are scrambling to decipher the latest message from Osama bin Laden and to understand why it came so quickly on the heels of an earlier message posted on the internet just hours before." CBS (Chen): "Two messages in just 39 hours. Osama bin Laden quickly delivered on a promise to put out a second audio tape, this time urging Iraqi militants to keep up their fight against U.S.-led forces. 'Stay steadfast and don't leave Baghdad.' U.S. intelligence analysts will look closely at bin Laden's words, but may be more interested in his ability to put out the messages at all." Former CIA analyst Michael Scheuer: "It's meant to show that I'm still here, I'm still in charge of this organization, and in fact, our organization, our movement is winning."

CNN (7/1, Nasr) reports, "Osama bin Laden in a tape posted on the Web encourages Sunnis in Iraq to retaliate against Shiites, deviating from al Qaeda's stand of not promoting sectarian violence." He said "that Sunnis in Iraq are experiencing annihilation" and urged them to expel the "occupying power." The appeal came in his second message released this week. On the tape he "also names Abu Hamza al-Muhajer as the new leader of al Qaeda in Iraq."

The New York Times/AP (7/1) reports he "also warned nations not to send troops to Somalia, where Islamic militants have taken control of the capital and much of the south." The Washington Post (7/2, DeYoung, 744K) reports that he "warned Iraqi insurgents yesterday not to participate in negotiations with the elected government in Baghdad and urged Muslims in Somalia to violently oppose any challenge to Islamists who have seized power in that country." It calls the relatively brief 48-hour gap between Bin Laden recordings this week an indication of "an ever-faster turnaround time" and says he demonstrates "a close and current knowledge" of the Horn of Africa in his Somalia discussion. The AP (7/2, Riechmann) reports that he said to Al Qaeda members in Iraq, "Stay steadfast and don't leave Baghdad, otherwise all the capitals in the region will fall to the crusaders."

Hazardous Combat Duty In Ramadi Is Described. The New York Times (7/2, Filkins, 1.19M) quotes the statements of Marine Lance Cpl. Joseph Hamlin as he guards Post 1 in Ramadi, Iraq. The article implicitly contrasts his youth and the danger of his posting.

US Investigates Possible "Friendly Fire" Death In Afghanistan. The CBS Evening News (7/1, story 3, 0:10, Mitchell, 7.66M) reported, "The U.S. military said today an American soldier who died in eastern Afghanistan's Kunar province this week may have been killed by friendly fire. Five US and two Canadian soldiers were wounded as were three civilian workers." The Washington Times/AP (7/2, Tran) reports, "The U.S. military on Saturday said it was investigating the death of a soldier in eastern Afghanistan as a possible 'friendly fire incident.' The Defense Department said Pfc. Justin R. Davis, 19, of Gaithersburg, Md., died on June 25 in eastern Kunar province when he came in contact with indirect fire — a term used for mortar shelling — while on patrol during combat operations." Other deaths from friendly fire are noted: "According to U.S. Army data earlier this year, 17 soldiers have died from friendly fire in the past four years — 10 in Iraq and seven in Afghanistan. They occurred in 11 separate incidents. The most famous case was the 2004 death of former NFL player Pat Tillman."

Two British Soldiers Are Killed In Afghanistan. The AP (7/2) reports, "Two British soldiers were killed after their base came under attack from suspected Taliban fighters in southern Afghanistan, a military official said Sunday. The incident occurred Saturday night in Sangin district in southern Helmand province."

Bush, Cheney Salute US Armed Forces. President Bush's radio address saluting US troops' sacrifices received little media attention, but Vice President Dick Cheney's appearance at the Pepsi 400 NASCAR race was highlighted by some prominent media outlets. The AP (7/2) reports, "President Bush paid tribute to America's armed forces Saturday, calling Independence Day a time to thank the men and women who defend freedom." In his radio address Bush said, "For more than two centuries, from the camps of Valley Forge to the mountains of Afghanistan, Americans have served and sacrificed for the principles of our founding. … Today, a new generation of American patriots is defending our freedom against determined and ruthless enemies." Bush "urged people to help America Supports You, a nationwide program set up by the Defense Department to communicate citizen support to military men and women at home and abroad."

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Political Leaders Court Members Of Military At Patriotic Events. The Washington Times/AP (7/2, Pickler) in an article covering Vice President Cheney's appearance at the Pepsi 400 NASCAR race in Daytona notes it "has become a popular event for national leaders. President Reagan was the first commander in chief to attend a race when he went in 1984. Both President Bush and his father have attended the race, and Defense Secretary Donald H. Rumsfeld attended last year." It "is a particularly patriotic event because it is scheduled for the Independence Day weekend and draws a large military crowd."

The Los Angeles Times/Orlando Sentinel (7/2, Lelis) in an article titled "Cheney Revs Up Schedule In Florida" reports, "Playing off the patriotic themes that dominated the Daytona International Speedway this weekend, Vice President Dick Cheney spent his time at the Pepsi 400 praising the military and hailing its ties to NASCAR." Some "race fans judged Cheney's appearance as a shrewd public relations move."

The Washington Times/AP (7/2) reports, "The stock cars weren't the only things buzzing the track at Daytona yesterday -- Vice President Dick Cheney made his grand entrance when Air Force II flew in low over the crowd gathering for the Pepsi 400 NASCAR race." Cheney "got a standing ovation from the drivers and their crews and his excited staff took pictures with Dale Earnhardt Jr."

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In Egypt, Gonzales Defends Renditions, Says He Will Station Lawyer In Egypt. The AP (7/2, El-Magd) reports that Attorney General Alberto R. Gonzales, "in his first visit to Egypt…defended the transfer of terror suspects for incarceration and interrogation in other countries." While he "acknowledged the U.S. practice of sending terror suspects to prisons in their home countries," Gonzales "refused to confirm reports that Egypt, whose human rights record has been criticized by Washington, had received any of the suspects," saying, "it's intelligence activity and we just don't do that." After meeting with Egyptian President Hosni Mubarak, Gonzales also "said the U.S. would send a Justice Department lawyer to be stationed in Cairo 'so we can further cement our relationship and we have someone on the ground representing me.'"

The AFP (7/2, Bassoul) adds, "Gonzales insisted that the US seeks assurances before returning the suspects," saying, "We do have a legal obligation not to render someone back to a country where we know they might be mistreated or tortured." However, it lead with his defense of special military tribunals for terrorist suspects. While in Egypt Gonzales also "met with justice minister Mahmud Abou Leil and interior minister Habib al-Adli."

Kennedy Emerges As Powerful SCOTUS Swing Vote. The Los Angeles Times (7/2, Savage, 958K) reports John Roberts "may be the new chief justice, but the Supreme Court is not truly the Roberts court, at least not yet. In the most divisive cases before the court in the term that just ended, it was Justice Anthony M. Kennedy who determined the outcome every time. In unpredictable fashion, he sided some of the time with the court's conservative bloc and some of the time with its liberals." The Times notes, "For the last decade, Justices Kennedy and Sandra Day O'Connor…had supplied the votes that decided the court's major cases. They usually joined with the conservatives on issues of crime, the death penalty, civil rights and states' rights, but with the liberals on abortion, gay rights and school prayer. Now, with O'Connor in retirement, Kennedy stands alone at the center."

The Washington Post (7/2, A6, Lane, 744K) reports, "by the end of the term, it was clear that the main impact of the turnover was to enhance the influence of…Kennedy. … An eclectic and sometimes inscrutable moderate conservative, Kennedy repeatedly cast the decisive vote on the most polarizing issues the court faced, from President Bush's military commissions, to the Clean Water Act, to the death penalty. He is poised to do so again next term when the court takes up the issues of abortion and school integration."

The New York Times (7/2, A1, Greenhouse, 1.19M) in a front page story adds, "Perhaps" this is "the Kennedy court, based on the frequency with which…Kennedy cast the deciding vote in important cases. Or perhaps it was more accurately seen as the Stevens court, reflecting the ability of John Paul Stevens…to deliver a majority in the case for which the term will go down in history" – the Hamdan case.

In an op-ed for the Washington Post (7/2, 744K) Slate's Dahlia Lithwick writes, "The new John G. Roberts Supreme Court is only one term old, and already we're all wrong about it. Liberals had feared, and conservatives had feted, the end of judicial review as we know it, at least until last week's blockbuster ruling in Hamdan v. Rumsfeld proved that bit of conventional wisdom wrong practically before it had become conventional. Predictions of a new era of hands-off judicial

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minimalism may have been premature. … More significant, the role of swing justice has itself swung from O'Connor to..Kennedy. On all the most divisive issues, today's court is now a Supreme Court of One."

The Los Angeles Times (7/2, 958K) in an editorial writes, "Less than a year ago, some liberal activists were warning that the confirmation of Roberts…would jerk the court unacceptably to the right. That critique was recycled a little more respectably when President Bush named Judge Samuel A. Alito Jr. to replace perennial swing vote Sandra Day O'Connor. … Yet the seismic shift dreaded by liberals and dreamed about by conservatives hasn't occurred. … Even when Roberts and Alito would have shifted the law dramatically, as they did in supporting a much narrower definition of wetlands subject to federal regulation, their colleagues balked. In that case, as in last week's decision on the commissions…Kennedy…distanced himself from the conservative bloc . In other cases he voted with the conservatives, vindicating the observation that, just as the Rehnquist court was really the O'Connor court, the Roberts court is actually the Kennedy court."

Roberts Has Failed To Assemble Majorities In Key Cases. The New York Times (7/2, A1, Greenhouse, 1.19M) in its front page story reports, "As the dust settled on a consequential Supreme Court term, the first in 11 years with a change in membership and the first in two decades with a new chief justice, one question that lingered was whether it was now the Roberts court, in fact as well as in name. The answer: not yet. Chief Justice John G. Roberts Jr. was clearly in charge, presiding over the court with grace, wit and meticulous preparation. But he was not in control." According to the Times, "In the court's most significant nonunanimous cases…Roberts was in dissent almost as often as he was in the majority. His goal of inspiring the court to speak softly and unanimously seemed a distant aspiration as important cases failed to produce majority opinions and members of the court, including occasionally the chief justice himself, gave voice to their frustration and pique with colleagues who did not see things their way."

The Washington Post (7/2, A6, Lane, 744K) reports, "Roberts voted in 10 five-justice majorities, the second-most on the court, but he joined the four liberals only once, in a minor procedural case."

Will Analyzes Kennedy's Opinion In Texas Redistricting Case. In his column for the Washington Post (7/2, 744K) George Will writes that Kennedy cast the swing vote in "cases concerning Texas redistricting. The cases involved several questions, the most interesting -- because it has come to the court before and we now know it will again and because it revealed a recurring and worrisome kind of judging -- was this: Was the redistricting by the Republican-controlled legislature such a partisan gerrymander as to be somehow unconstitutional? The court's dusty answer to this question is symptomatic of the difference-splitting that characterized the last years of the Rehnquist Court. In a plurality opinion, Kennedy said there may be a 'manageable, reliable measure of fairness' in redistricting, but no set of facts has sufficed for the court to discover it. … By leaving open the possibility that there is a constitutional answer to the question of what constitutes a 'too political' gerrymander -- the position seems to be: We don't know what the standard is, but we don't know that it doesn't exist -- the court has again practiced 'split-the-difference jurisprudence.' That phrase is from Judge J. Harvie Wilkinson of the U.S. Court of Appeals for the 4th Circuit, writing in the Stanford Law Review."

CORPORATE SCANDALS:

Scrushy Says He Will Fight Conviction With "Everything We've Got." The Wall Street Journal (7/1, Bauerlein) reports HealthSouth founder Richard M. Scrushy "vowed to fight his conviction on political-corruption charges with 'everything we've got' and he said it was a mistake to limit his defense during the two-month trial to less than two days. In an interview, Mr. Scrushy said his lawyers probably should have called 10 to 15 witnesses over about a two-week period to help undercut the federal government's allegations that he bribed former Alabama Gov. Don Siegelman to get a spot on a state panel that regulates hospitals. 'We didn't put them up' because the prosecution's case seemed unconvincing, Mr. Scrushy said. 'We didn't feel we needed to.'" Scrushy "said he will appeal his conviction Thursday by a jury in Montgomery, Ala., on five or six different legal grounds. Before the trial, his lawyers contended that the jury pool included too few African-Americans and that Mr. Scrushy should be tried separately from three other defendants in the case. Mr. Scrushy said Friday that those issues could be part of his appeal."

Ralphs To Settle For $70 Million. The Los Angeles Times (7/1, Zimmerman, White) reports the Ralphs grocery chain "said Friday that it had agreed to pay $70

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million in fines and restitution to settle criminal charges that it illegally rehired locked-out workers during the supermarket labor dispute in Southern California more than two years ago. Under a proposed agreement filed Friday in U.S. District Court in Los Angeles, Ralphs would plead guilty to five felony charges included in the 53-count grand jury indictment returned against the company in December. Ralphs was charged with violating federal laws by secretly rehiring about 1,000 locked-out workers during the 4 1/2 -month strike and lockout from October 2003 to February 2004. The case had been scheduled to go to trial Aug. 15 before U.S. District Judge Percy Anderson, who must approve the plea agreement."

KLA-Tencor Says Some Stock Options Wrongly Dated. The Wall Street Journal (7/1, Forelle) reports, "KLA-Tencor Corp. said Friday that an internal investigation found that some stock options to executives and employees were wrongly dated, and said that the problems could lead to an accounting charge and possibly a restatement. The semiconductor-equipment maker provided little detail about the probe's findings in a press release, but the possibility of an accounting charge strongly implies that the misdating benefited executives and raises the question of whether grants were deliberately backdated or otherwise manipulated to confer that benefit. The firm said it anticipates needing to take a charge to correct its accounting, but it said that the investigation, conducted by a board committee, has not determined if the charge will be significant enough to warrant restatement of prior figures."

MZM Manager Accused Of Violating FEC Rules. The Washington Post (7/1, A10, Smith) reports, "The director of a defense contractor's office in Martinsville, Va., was accused yesterday of illegally funneling campaign donations to Rep. Virgil H. Goode Jr. (R-Va.), an act that the contractor has said was meant to obtain Goode's help in arranging defense funding for his company. A federal court filing by the U.S. attorney for the District of Columbia, Kenneth L. Wainstein, said that Richard A. Berglund, a facility manager for MZM Inc., had violated the Federal Election Campaign Act by 'aiding and abetting' a scheme by MZM's owner to donate the funds in the name of others. According to the filing, Berglund and his wife wrote $4,000 in checks to 'Representative A' in March 2005 after MZM's owner, Mitchell J. Wade, handed Berglund an equivalent amount of cash. It says that Berglund gave another $4,000 he received from Wade to two MZM colleagues, who in turn donated it to the congressman." FEC records show that Berglund and his wife "gave that amount to Goode that month. He made no other donations to lawmakers that year."

CRIMINAL LAW:

Judge Overturns "Mafia Cops" Racketeering Convictions. US District Judge Jack B. Weinstein on Friday overturned the racketeering convictions of "mafia cops" Louis Eppolito and Stephen Caracappa, ruling that the five-year statute of limitations for the string of mob murders had expired. Although Weinstein had expressed skepticism about the statute of limitations issue from the trial's outset, the Friday decision stunned the prosecutors and defendants alike.

In a front-page story, the New York Times (7/1, Feuer) reported Weinstein vacated the convictions "despite citing overwhelming evidence that the men had committed 'heinous and violent crimes.'" He "left open the possibility that the prosecution could seek to retry the defendants on a drug charge, and Mr. Eppolito, alone, on a money-laundering count." The decision "shocked the United States attorney's office in Brooklyn, which said it would appeal." The Times noted, "Virtually from the outset of the case, Judge Weinstein said he was queasy about the decision to accuse the men of an overarching conspiracy that included the eight gangland murders, all in Brooklyn in the 1980's and 1990's, and a much more recent — and less serious — charge of selling an ounce of methamphetamine in Las Vegas last year." The New York Daily News (7/1, Front Page, Marzulli) added that the "conviction was stunningly overturned…all because they apparently steered clear of the mob for the last five years. … For now, they will remain behind bars at the Metropolitan Detention Center in Brooklyn until Weinstein hears a likely bail application, sometime after he returns from vacation July 21." The Daily News noted, "The decision was vindication of sorts for the original defense attorneys, Bruce Cutler and Edward Hayes, who were blamed by their clients for the conviction."

Newsday (7/1, DeStefano) called the decision "a stunning development," and reports that "the retrial would involve charges that Eppolito and Caracappa were involved in a small methamphetamine transaction in Nevada, where they both lived after retiring from the Police Department. … Should the Second U.S. Circuit Court of Appeals reverse

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Weinstein's decision, the provisional sentences of life imprisonment that he had given Eppolito and Caracappa would be reinstated." Newsday noted Weinstein "stressed that prosecutors had proved the defendants were involved in eight slayings, two kidnappings and other wrongdoing." The New York Post (7/1, Front Page, Haberman) called it "a bombshell decision" and reports that the ruling "brought Eppolito's daughter, Andrea, to tears." She told the Post, "We've always maintained his innocence. We've always believed in him."

In a widely-distributed story, the AP (7/1, McShane) reported that the ruling was "a stunning blow to federal prosecutors." The AP noted, "Defense attorneys had argued that the statute of limitations had expired on the most serious allegations against the pair," but "prosecutors had countered that the murders were part of an ongoing conspiracy that lasted through a 2005 drug deal with FBI informant Steven Corso." Echoing the other stories, the Los Angeles Times (7/1, Barry) called the decision "a stinging rebuke to federal prosecutors," although "Weinstein did not mince words…in addressing the defendants," saying that "the trial 'overwhelmingly established' that the two men had 'kidnapped, murdered and assisted kidnappers and murderers, all the while sworn to protect the public against such crimes.'"

Victims' Families Express Shock, Dismay At Ruling. Under the headline "New Heartbreak For Victims' Kin," the New York Post (7/1, Haberman, Fermino) reported, "Less then three months ago, Betty Hydell was rejoicing that the dirty cops who helped kill her son got what they deserved," but on Friday, "when an FBI agent called her…and told her their conviction had been overturned, she wondered if the evil pair would have the last laugh." Hydell's "reaction -- a mixture of sadness, anger and confusion -- mirrored the other families who lost loved ones at the bloodstained hands of the Mafia cops who took orders from the wrong side of the law. 'I think this whole thing makes a mockery of our judicial system,' said Danielle Lino, whose father, Ed Lino, a Gambino soldier, was shot in the head by Caracappa." The New York Times (7/1, McFadden) noted, "While reaction was swift and predictable — an abyss between victims' families and their lawyers on one side, and defendants and their representatives on the other — there was general agreement that Judge Weinstein had made a hard decision on principle, according to law, and some called it courageous."

The other NYC newspapers also reported on the families' reactions, with Newsday (7/1, MacGowan) headlining its story, "Victims' Families Shocked At Reversal," and the New York Daily News (7/1, Smith) saying, "Victims' Kin Call Ruling 'So Absurd'." Additionally, the Daily News (7/1, Caruso) reported on the reaction by Eppolito's family under the headline "Glorious New Day For Family Of Ex-Cop," noting his daughter, Andrea, said that "she is optimistic about the retrial ahead, even though it will mean more stress, legal fees and time. But she says she thinks the ex-cop's new lawyer, Joseph Bondy, will give the case 100%."

Hacker Attacks Strike Pentagon. The Baltimore Sun (7/2, Gorman, 296K) reports, "The number of reported attempts to penetrate Pentagon computer networks rose sharply in the past decade, from fewer than 800 in 1996 to more than 160,000 last year -- thousands of them successful. At the same time, the nation's ability to safeguard sensitive data in those and other government computer systems is becoming obsolete as efforts to make improvements have faltered and stalled." The NSA's program to protect military and intelligence computers is "seven years behind schedule." Critics fault "poor management" and a "quest for security nirvana" that has kept the NSA from installing workable safeguards while waiting for something ideal. They note the ongoing threat of "monster attack" from "China, Russia, Israel, France and so on," in the words of one unnamed "former government official," as well as a general threat from "as many as 100 countries" to government computers.

Missouri Supreme Court Rules On Sex Offender Registration. The Kansas City Star (7/1, Lambe, Bauer) reports, "The Missouri Supreme Court ruled Friday that thousands of sex offenders no longer have to register, because the law requiring it does not apply retroactively. As a result, although the court unanimously upheld the state's sex offender registry law, only those convicted after the law took effect Jan. 1. 1995, now will have to register. The law previously required people to register if they were convicted after July 1, 1979. This involved more than 11,000 offenders to register, but Friday's ruling lopped off about 16 of 27 years of registration. The ruling written by Judge Laura Denvir Stith also said nothing prevented publishing the information about those who have registered. Offenders before 1995, however, can now move to new addresses that will not have to be listed."

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CIVIL LAW:

Flag Burnings Said To Be Extremely Rare. The New York Times (7/2, Fountain, 1.19M) reports, "The Senate nearly approved a constitutional amendment last week that would allow Congress to outlaw flag-burning, falling one vote short of the two-thirds majority needed to send it to the states for approval. Opponents, mostly Democrats, warned that if it passed the amendment, the Senate would be tinkering with the Bill of Rights to ban a form of protest that is rare. Just how uncommon is it?" Robert Justin Goldstein, retired political science professor at Oakland University, and "an expert on the issue," is quoted as saying, "My impression is that probably in all of American history there's been something like a few hundred flag burnings."

CIVIL RIGHTS:

DOJ Says Sarasota County, Florida, Broke Law On Housing. The Bradenton Herald (7/1) reports Sarasota County, Florida, officials "broke federal law when they denied permission for housing for disabled people, according to a lawsuit filed Friday by the U.S. Justice Department. The complaint, filed in U.S. District Court in Tampa, alleges the county refused to allow Renaissance Manor Inc. to operate six homes for individuals with mental illness and a history of substance abuse. The homes are similar to other houses in the county occupied by residents who share living space and common facilities, according to a Justice Department news release. According to the government's complaint, the homes are allowed under Sarasota County's zoning code, but the county determined that the homes broke the code because of the residents' disabilities. The complaint also alleges that the county retaliated against Renaissance Manor by refusing to release grant funds it had been previously awarded."

Maryland Group Opposing Early Voting Moves Case To Court Of Appeals. The Washington Times (7/1, Ward, 90K) reports Marylanders for Fair Elections "will now take its lawsuit to Maryland's Court of Appeals, after" Anne Arundel County Circuit Judge Paul Hackner "yesterday denied its request to keep alive a petition drive that would stop early voting and let voters decide whether they want it in the future." Gov. Robert L. Ehrlich Jr.'s (R) re-election campaign favors the group's suit. Ehrlich called the early voting bills "power grabs by the leadership of the Maryland General Assembly." He has also said that early voting "will make voter-fraud easier to commit." The group opposing early voting "yesterday submitted to Secretary of State Mary D. Kane about 200,000 signatures, roughly twice the number needed" to "halt early voting this fall and place it on the ballot for voters to decide whether it is implemented in the future."

"New Challenges" To Death Penalty Arise. The St. Louis Post-Dispatch (7/1, Kohler) writes, "For those opposed to the death penalty, a humane execution might be a contradiction of terms. For those who don't care if a condemned man suffers in his last moments, it might be a pointless concern. The nation has walked a fine line between those views for more than a century in seeking ways the founding fathers intended to permit to snuff capital criminals. States used hangmen's nooses, gases, electricity and, finally, injections. But new challenges have raised questions about the legality of lethal injections, and about the future of capital punishment in the 38 states where it's legal."

NYTimes Questions Coast Guard Academy Handling Of Sex Harassment Cases. The New York Times (7/2, 1.19M) editorializes on a recent scandal at the Coast Guard Academy. After noting that the academy has a highest proportion of women of all the military service academies, it writes, "For the first time in its 130-year history, the academy court-martialed a cadet, convicting him on sodomy, indecent assault and extortion charges after four female cadets accused him of assaulting them. The stories that emerged from the trial are enough to make any reasonable person question how such allegations are handled at the academy." Of the academy's announcement that it will start involving women in sexual harassment investigations, the Times says, "It is frankly surprising, and somewhat appalling, that such a basic step was not taken years ago."

ANTITRUST:

Microsoft Races To Meet EU Demands Before Vote. The New York Times (7/1, O'Brien) reports, "For nearly three months, Microsoft says, 300 of its engineers have been working nearly nonstop to come up with the

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documentation for its server software that the European Commission has sought since an antitrust ruling in 2004. After two years of dragging its heels — at least in the view of the commission's antitrust staff — Microsoft is now presenting itself as productive and cooperative. The commission's threat of another fine on the company is driving the last-minute frenzy. But the commission's vote on the fine, which if assessed in full would total about 420 million euros ($527 million), may come just before Microsoft crosses the finish line. A European Union advisory committee is scheduled to discuss the commission's draft decision to impose the fine on Monday, but no action is expected."

Michaels Stores Accepts Bain/Blackstone Bid. The Wall Street Journal (7/1, Spector, Berman) reports, "Michaels Stores Inc. Friday said it accepted a more than $6 billion takeover bid from a private-equity group comprising Bain Capital and Blackstone Group, completing a nearly three-month process of fielding offers for the arts-and-crafts retailer. The winning takeover group paid $44 a share for the Irving, Texas, retailer. Michaels shares rose 8.5%, or $3.24, to $41.24 at 4 p.m. Friday in New York Stock Exchange composite trading. Michaels has 137 million shares outstanding. Michaels, the largest arts-and-crafts retailer in the U.S. and Canada by sales, has been attractive to private-equity groups because of its heavy cash flow, which could help to pay down debt incurred in the deal. The retailer generated operating cash flow of $364 million in its fiscal year ended Jan. 28."

ENVIRONMENT/INDIAN AFFAIRS:

Voting Rights Act Changes Could Impact American Indians. The AP (7/1) reports, "Landmark provisions in the federal Voting Rights Act of 1965 soon could expire, taking away powerful deterrents to discrimination against Indian voters in South Dakota and threatening to halt an upward trend in voter turnout on reservations. In the past 30 years, the provisions have forced South Dakota to submit 3,048 voting law changes in Todd and Shannon counties for approval by the Department of Justice and have required Lakota speaking interpreters at polling places in 11 counties. Provisions of the Voting Rights Act are the underpinning of a renaissance in Indian voting, resulting in a 122 percent increase in turnout in Shannon County on the Pine Ridge Reservation, and a 139 percent increase in Todd County on the Rosebud Reservation, between 2000 and 2004."

FBI/DEA/ATF/USMS:

Probe Implicates Aristide In Narco-Trafficking, Money Laundering. In an article that is the first of two, the Miami Herald (7/2, Weaver, Charles, 323K) reports, "Jean-Bertrand Aristide was a modern-day Moses to Haiti's poor masses, a former Catholic priest who rose to the presidency by promising to wash away the country's bloody and corrupt past. But since his ouster as president in 2004, U.S. authorities have been investigating detailed accounts alleging that Aristide and several top aides sought and took millions of dollars in bribes from drug traffickers in Haiti, The Miami Herald has learned." The Herald adds, "The allegations against the ex-president come from numerous sources, but the evidence has not risen to a level to press a case against Aristide, say U.S. law enforcement officials, who have been hampered by a lack of financial records. Still, The Miami Herald has learned from interviews with about 20 law enforcement officials, defense lawyers and others involved in the case that Aristide has been accused of being at the center of his country's narco-trafficking and money-laundering activities from 2001 to 2004."

EU Opens Up Arms Market. The Washington Times (7/2, Harding, 90K) reports a story carried on the previous day by the Wall Street Journal, noting, "The European Union took a major step toward opening its notoriously closed armaments market yesterday with a new code of conduct aimed at boosting competition ... Under the code of conduct, which will apply in all EU states except for Spain, Denmark and Hungary, defense ministries are obliged to post new tenders on an Internet notice board and all European arms companies are free to compete for the contracts." The CEO of the European Defense Agency commented that European states "were spending too much on soldiers' wages and pensions -- personnel costs consume half of the union's $225-billion-a-year defense budget compared with one-quarter in the United States -- and too little on high-tech hardware."

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IMMIGRATION:

Huntsman Claims Cannon Win Shows The Popularity Of Comprehensive Immigration Reform. The Deseret News (7/2, Roche) reports Utah Gov. Jon Huntsman Jr. said Rep. Chris Cannon's victory in his Republican primary "shows that Utahns agree with his more comprehensive approach to immigration reform." The News notes, "The immigration issue dominated the race between Cannon and his challenger in the primary, John Jacob. Jacob accused Cannon of supporting amnesty for illegal immigrants, because the five-term congressman backs President Bush's proposed guest-worker program." Huntsman "said…that the primary results reflect what most Utahns — and most Americans — support in terms of immigration reform: increased border security and a way of dealing with the 'human component,' those workers who are already here."

NAFTA Seen As Contributing To Illegal Immigration. The CBS Evening News (7/1, story 8, 3:20, Mitchell, 7.66M) reported the US and Canada "have been selling tons of corn in Mexico for over a decade, thanks to NAFTA." NAFTA "eliminated tariffs on most agricultural trade and was supposed to be a win-win for the US and Mexico. For Tirso Alvares Correa, NAFTA has been a disaster. While the trade agreement opened US markets to Mexican-born farmers, they haven't been able to sell any corn in America. Meanwhile, American farmers have flooded Mexico with cheap corn, thanks to generous US government subsidies, subsidies left unchecked by NAFTA. A US corn grower receives an average annual subsidy of $20,000 a year. The government of Mexico gives their corn farmers just $100. These farmers told us entire towns are emptying because thousand of small farms having out of business. As many as two million farm workers have lost their jobs. The vast majority head north across the US border, looking for better pay. No one questions that Mexico's small corn farmers are hurting, due in large part to the impact of NAFTA. But supporters of the free trade agreement say what's happening here is just part of the story."

Military Serves As Springboard To Citizenship. The Los Angeles Times (7/2, Perry, 958K) reports, "53 active-duty U.S. military personnel were sworn in as new citizens Saturday night before the Padres-Giants game. ... Since Sept. 11, a number of measures sponsored by the Bush administration have led to an expedited process for active-duty military personnel to become U.S. citizens. ... Since the changes, more than 20,000 military personnel have become citizens, 75 of them posthumously. Officials estimate that more than 40,000 military personnel remain eligible for citizenship." The article quotes some of the new citizens.

CONGRESS-ADMINISTRATION:

Cheney Expresses Support For Shuttle Program. Florida Today (7/2, Waymer, 84K) reports, "Vice President Dick Cheney had seen a shuttle launch once before, but hoped Saturday that his three granddaughters would get their chance. ... 'I was especially looking forward to having my grandchildren here,' Cheney told reporters from atop the Operation Support Building, shortly after the launch controllers ordered a scrub. 'But we just got a tour of the Atlantis,' he said. 'At least we got to see that.' Earlier, Cheney had walked through the Orbiter Processing Facility at Kennedy Space Center, where he, his wife, Lynne, and their three granddaughters…scoped the underbelly of shuttle Atlantis." FT adds, "Moments after the Discovery launch was called off, Cheney said he was 'very impressed' by the tour of Kennedy Space Center and said of the space program: 'It's a great program. It's important that we keep it going.' Other politicians on hand for the launch Saturday echoed similar support for the shuttle program, tempered with concerns about the consequences of another mishap."

Clouds Cause NASA To Postpone Discovery Launch. ABC World News Tonight (7/1, lead story, 1:30, Avila, 8.78M) reported, "We begin tonight with no go for 'Discovery.' NASA says it will try tomorrow after thunder clouds kept the space shuttle from launching today. Stormy weather did what safety questions could not. … The larger question -- whether dangerous pieces of foam will come off of the external fuel tank on launch -- NASA won't know the answer to that until they blast off."

The CBS Evening News (7/1, story 5, 2:20, Mitchell, 7.66M) reported, "There's a clear sense of disappointment here at the Kennedy Space Center because the flight of 'Discovery' is deemed critical to getting the whole shuttle program back on track. Now the launch will have to wait at least another day. … NASA is anxious to get 'Discovery' off the pad. With the shuttle program set to be mothballed in 2010, there are schedule pressures to complete the 17 final flights and finish construction of the international space

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station." NASA Administrator Michael Griffin: "We're now at a point where there are no optional flights. They're all critical. This one is critical because it's the one we're doing today."

NBC Nightly News (7/1, story 3, 2:00, Holt, 9.87M) reported NASA "thought they had a problem with the heater on a thruster rocket for much of the day. They resolved that issue and they thought the weather was cooperating. But as they got down to the wire the clouds continued to build and the launch director decided he had to scrub it. After all of the controversy and dissenting opinions about whether it is safe to fly this mission, NASA started this day determined to launch."

The Washington Post (7/2, A6, Gugliotta, 744K) reports, "The weather provided a disappointing anticlimax to a near-flawless three-day countdown, marred only by the failure of a heater used to keep fuel for one of the shuttle's thruster jets from freezing. … Mission control decided early Saturday afternoon that the glitch did not hamper shuttle operations, and decided to put the thruster on standby and use other thrusters during the mission. NASA officials said the broken heater could not be swapped out in time for Saturday's launch attempt.

KSC Weather Not Expected To Improve Before Tuesday. The New York Times (7/2, Schwartz, Leary, 1.19M) reports, "Liftoff is now scheduled for a 10-minute window starting at 3:26 p.m. on Sunday, but current weather forecasts put the likelihood of adverse conditions at 60 percent. Conditions for Monday, according to forecasters working with the National Aeronautics and Space Administration, are likely to be even worse."

Griffin Once Again Defends Decision To Override NASA Engineers' Safety Concerns. The AP (7/2, Dunn), in an article on the decision to scrub yesterday's launch, reports NASA Administrator Michael Griffin "decided to proceed with the 12-day mission despite the concerns of two top agency managers who wanted additional foam repairs. 'We now have a NASA in which senior officials feel free to discuss and debate openly complex, difficult and subtle technical topics that affect the flight,' Griffin told The Associated Press on Saturday. 'No matter what decision I made, I would have been disappointing somebody.'" The AP notes, "Bryan O'Connor, the top safety officer, and chief engineer Christopher Scolese recommended at a meeting two weeks ago that the shuttle remain grounded until design changes are made to 34 areas on the fuel tank known as ice-frost ramps."

Cheney Receives Clean Bill Of Health After Check Up. Vice President Cheney passed his physical before traveling to Florida to watch the NASA shuttle launch and the NASCAR Pepsi 400 race. Cheney's health and trip were briefly noted in prominent media outlets. ABC World News Tonight (7/1, story 2, 0:15, Avila, 8.78M) reported, "Among those disappointed at Cape Canaveral, the Vice President. Dick Cheney got the okay to travel from doctors this morning during his checkup. He received a clean bill of health. His pacemaker working just fine. The 65-year-old Vice President has had four heart attacks."

And NBC Nightly News (7/1, story 6, :10, Holt, 9.87M) reported, "Vice president Dick Cheney under went his annual physical and doctors said he checked out perfectly. His pacemaker is functioning properly and there were no signs of an irregular heart beat."

The New York Times (7/2, Stolberg, 1.19M) notes, "The physical on Saturday consisted of several tests, including an electrocardiogram, follow-up imaging of the repaired aneurysms and a check of Mr. Cheney's implantable cardioverter defibrillator, also known as a pacemaker, that he has had since 2001. A stress test on a treadmill is scheduled for the fall, Ms. McBride said." The AP (7/2, Riechmann) adds, "Vice President Dick Cheney's high-tech pacemaker is working properly and has not been activated by any irregular heartbeats, according to his annual physical on Saturday that showed his overall heart condition was stable."

Bush Seen As Pensive About Approaching Birthday. The AP (7/2, Loven) reports, "The most powerful man in the world turns 60 on Thursday and he just can't seem to stop talking about it. Barely a week has gone by this year that President Bush has not brought up his advancing age at least once." He "is nearly always cracking wise when the topic of his age comes up. The humor, however, contains unmistakably wistful notes, revealing a president who is least somewhat pensive both about aging and his relevance after he leaves the White House in 31 months."

Medicare Drug Program Said To Have Driven Up The Cost Of Prescriptions. ABC World News Tonight (7/1, story 6, 3:00, Avila, 8.78M) reported, "In our 'money watch' tonight, a question being asked by seniors – 'why are prescription drug prices soaring?' Two new reports say they increased almost 4%, three times the rate of inflation in the first three months of the year. That's disappointing

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news to millions that hoped to get a price break from the Medicare drug plan. ABC continues, "One thing the Medicare drug plan has not done is make drugs less expensive. And one of the most controversial elements of the plan, banned Medicare from using its massive purchasing power to negotiate lower prices. Instead, letting individual plans negotiate on their own. Now, critics say there is evidence that that decision is costing seniors and taxpayers." ABC notes, ""The pharmaceutical industry says rising drug prices are in line with other medical costs -- even lower if you include generics."

Democrats Use Medicare Drug Coverage Gap As Campaign Issue. The Los Angeles Times (7/2, Alonso-Zaldivar, Lin, 958K) reports, "When Congress created the Medicare prescription drug program, it adopted an unusual idea to hold down costs: the so-called doughnut hole. The program pays most of a participant's drug bills until expenses reach $2,250 in a year. Then it stops paying until costs exceed $5,100. That leaves a hole of $2,850 that seniors with serious prescription needs are expected to manage on their own. Now, six months into the drug program…3.4 million seniors are approaching the doughnut hole. Most of them are middle-class seniors with multiple chronic illnesses. (The poor are exempt from the gap.) Some have already experienced an abrupt surge in prescription costs. … Sensing a political opportunity, some Democrats are campaigning on a promise to shrink or close the doughnut hole. As November's congressional elections draw nearer, more seniors will confront the gap."

Boehner Credited With Saving Line-Item Veto Bill. In his syndicated column Robert Novak (7/2) writes that House Majority Leader John Boehner "is credited with cooling off opposition by Appropriations Committee Chairman Jerry Lewis sufficiently to save the administration-backed line-item veto in the House June 22. Lewis had been giving a run-around to Republican Rep. Paul Ryan, sponsor of the bill. … Boehner reminded Lewis that President Bush and the congressional Republican leadership supported the Ryan bill. Consequently, the majority leader urged the chairman not to mobilize the 36 Republican Appropriations Committee members against the line-item veto. As a result, Lewis e-mailed his committee members that he would vote against Ryan's bill but was not calling on his fellow appropriators to follow him."

More Than $1.3 Billion In Federal Crop Subsidies Paid To Non-Farmers. The Washington Post (7/2, A1, Morgan, Gaul, Cohen, 744K) reports the federal government "has paid at least $1.3 billion in subsidies for rice and other crops since 2000 to individuals who do no farming at all, according to an analysis of government records by The Washington Post. Some of them collect hundreds of thousands of dollars without planting a seed. … The checks…were intended 10 years ago as a first step toward eventually eliminating costly, decades-old farm subsidies. Instead, the payments have grown into an even larger subsidy that benefits millionaire landowners, foreign speculators and absentee landlords, as well as farmers. Most of the money goes to real farmers who grow crops on their land, but they are under no obligation to grow the crop being subsidized. They can switch to a different crop or raise cattle or even grow a stand of timber -- and still get the government payments. The cash comes with so few restrictions that subdivision developers who buy farmland advertise that homeowners can collect farm subsidies on their new back yards."

Local Governments Employ Lobbyists To Secure Federal Funds. The New York Times (7/2, A1, Rudoren, Pilhofer, 1.19M) reports, "Cities and towns — and school districts and transit authorities and utility agencies — across the country are increasingly…putting lobbyists on retainer to leverage their local tax dollars into federal tax dollars. Since 1998, the number of public entities hiring private firms to represent them in Washington has nearly doubled to 1,421 from 763. … Most of these new clients had never sought earmarks — some had never even heard of them — before someone knocked on their door, essentially offering big pots for a pittance. Others had read in the newspaper about neighbors with lobbyists building bridges or beach walks and felt pressure to keep up with the municipal Joneses." The Times goes on to report, "Of the 250 top-grossing firms in Washington, 48 have state, local and tribal governments as their leading source of revenue, far more than any other sector, according to the Center for Public Integrity, which monitors lobbying."

Approaching NCLB Deadlines Pose Dilemma For States. The Miami Herald (7/2, Pinzur, 323K) reports, "More than 500 high-poverty Florida schools could be forced under the federal No Child Left Behind law to privatize,

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become charters, replace most of their staffs or make other major changes--even though some have repeatedly received A or B grades from the state." Florida has already acted under its own education accountability laws on some low-performing schools, but "it could become far more widespread next year unless those schools make unprecedented gains on the state's high-stakes standardized test."

NYTimes Claims Many State Tests Dodge Federal Standards. A New York Times editorial (7/2) notes a "startling new study shows that many states have a longstanding tradition of setting basement-level educational standards and misleading the public about student performance. The patterns were set long before No Child Left Behind, and it will require more than just passing a law to change them." The new study by Policy Analysis for California Education (PACE), a research institute run jointly by Stanford and the University of California, finds that many states students "who performed brilliantly on state tests scored dismally on the federal National Assessment of Educational Progress," the strongest, most well-respected test. Looking at state-level testing practices from 1992 to 2005, the study found many states dumbing down their tests or shifting proficiency targets in math and reading, "creating a fraudulent appearance of progress and making it impossible to tell how well students were actually performing." Although states have always resisted national tests and clung to local autonomy, the Times says "if the United States wants to equal its competitors abroad, it must move away from a patchwork system based on weak standards and a frankly fraudulent system of student assessment." It cites with approval a proposal that the federal government provide the states with a free, rigorous, high-quality test, on the condition that they use federal scoring standards.

OTHER NEWS:

Net-Neutrality Issue Could Stall Entire Telecom Bill. The Washington Post (7/2, F4, Hart, Goo, 744K) reports, "From Capitol Hill to Silicon Valley, it's become one of the most controversial and confusing topics to hit the tech industry this year: network neutrality. The term is confusing, the ad campaigns have further clouded the issue, and it's no longer easy to tell who's for it and who's not." The Post concludes, "The net-neutrality issue has been included in a larger telecommunications bill being considered by Congress. The House has already approved its version, but it's unclear whether the bill has enough support in the Senate to move ahead. As of now, the bill favors telecommunications companies that want the FCC to monitor the issue of access to the Internet. Many Democrats oppose the current bill unless it includes tougher language that would make it illegal for telecom firms to impose a priority pricing structure. It's unlikely that they'll reach a compromise before September, but many lobbyists and lawmakers say the net-neutrality issue could prevent the entire telecom bill -- which includes other provisions such as new rules for cable franchises -- from moving forward until next year."

Potential 2008 Presidential Candidates Make High Profile Visits To Gulf Coast. The Washington Times (7/2, Bellantoni, 90K) reports, "Visiting Louisiana and Mississippi has become increasingly important for politicians considering a White House bid." Sen. George Allen "recently walked amid the rubble of what were once homes in New Orleans neighborhoods. Others interested in the presidency also have taken a tour." Sen. Mary Landrieu "has hosted dozens of other lawmakers here, but…is reaching out especially to potential presidential candidates, telling them: 'You've got to see what's not working, so hopefully, if you get to be president, you can help fix it.'" Former Virginia Gov. Mark Warner "was in New Orleans last week on a fact-finding mission to see how he could help with children's health care challenges. He took with him Virginia specialists." Sen. Hillary Rodham Clinton, "who also took the Gulf Coast tour with Mrs. Landrieu, has called for an independent investigation of the failed government response to the hurricane."

Kerry's 2004 Loss Hinders His Nascent 2008 Presidential Campaign. The AP (7/2, Glover) reports Sen. John Kerry "has left little doubt about his intentions to try again after his narrow loss to President Bush in 2004. He isn't the only also-ran considering another marathon. … Kerry faces a challenge of major proportions, convincing Democratic activists that a candidate who just lost an election can still carry his party's White House hopes." According to the AP, "Kerry's allies acknowledge the struggle but are unwilling to give up the cause. 'Historically, the Democratic Party has tended to shoot its wounded,' said former New Hampshire Democratic Chairman Joe Keefe. 'John Kerry has done everything within his power to rewrite that chapter.'

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The Massachusetts senator has raised nearly $9 million for candidates and the party and has campaigned actively across the country.

Kerry Has Raised $10 Million For Democratic Candidates Since Losing To Bush. The Washington Post (7/2, A4, Goldfarb, 744K) reports Kerry "insiders" said "reports for the quarter that ended Friday show he has given or raised nearly $10 million for Democratic candidates and committees since November 2004. That's $1.5 million in the past three months. Kerry has raised a total of $13.5 million this cycle. Just last week, Kerry sent out an e-mail to raise money for the Senate candidacies of incumbent Maria Cantwell (Wash.), Claire McCaskill (Mo.), Rep. Sherrod Brown (Ohio) and incumbent Bob Menendez (N.J.). Kerry has given or raised $2.3 million for 18 Senate candidates and $6 million for 36 committees."

Carville And Penn Describe Clinton's Strengths As A Potential Presidential Candidate. In an op-ed for the Washington Post (7/2, 744K) Democratic consultants James Carville and Mark J. Penn, write, "We don't know if [Sen.] Hillary [Clinton] is going to run for president, but as advisers who have worked on the only two successful Democratic presidential campaigns in the past couple of decades, we know that if she does run, she can win. … Why? First, because strength matters. Our problems as a party are less ideological than anatomical: Our candidates have been made to look like they have no backbone. But the latest Post-ABC News poll shows that 68 percent of Americans describe Hillary Clinton as a strong leader." According to Carville and Penn, "For those who think that the politics of personal destruction might be rekindled against Hillary or her husband, we can only remind people how consistently that approach has backfired in the past. Bill Clinton would certainly be a huge asset if Hillary decided to run. … Certainly she could win the states John Kerry did. But with the pathbreaking possibility of this country's first female president, we could see an explosion of women voting -- and voting Democratic. States that were close in the past, from Arkansas to Colorado to Florida to Ohio, could well move to the Democratic column. It takes only one more state to win."

Warner Among Powerful GOP Figures Attending McCain Fundraiser. In his syndicated column Robert Novak (7/2) writes, "The Rasika restaurant in downtown Washington was jammed at 6 p.m. last Wednesday for a fund-raising reception benefiting Sen. John McCain's political action committee. Republicans were willing to pay $5,000 each to hear McCain speak. They wanted to be on record as present to help the prospective front-runner for the 2008 Republican Presidential nomination. Included among those attending were some of Washington's top GOP lobbyists: Charlie Black, Wayne Berman, Scott Reid and Rick Hohlt. Also present was Sen. John Warner, whose fellow Virginia senator -- George Allen -- is McCain's potential opponent for the Presidential nomination."

Biden Campaigning In New Hampshire As A "Muscular Democrat." The Manchester Union Leader (7/2, DiStaso, 59K) reports Sen. Joseph Biden "has no doubts about making another run for the White House. 'I'm in,' the Delaware Democrat said Friday as he began a five-day visit to the first-in-the-nation primary state." Biden "realizes that among the hard left activists in his party, his stance on the Iraq war — to stay and fight until the job is done — is unpopular. But he is asking for their trust that a 'neo-isolationist' foreign policy is the worst possible alternative for the country at this point in history. Regarding the Iraq war, terrorism, and overall foreign policy, Biden considers himself a 'muscular Democrat.'" Biden "said the Bush administration's policy has made the United States more vulnerable to terrorism, not less."

Graham Cultivates "Independent" Image, Disparages "Party-Line Politics." The State (7/2, Rosen) reports, "When Lindsey Graham first came to Congress almost a dozen years ago, he quickly became known as a Republican attack dog who helped lead the House impeachment of President Clinton. These days, conservative activists are less enchanted with" him. The State notes Graham's cooperative efforts with Sens. Hillary Rodham Clinton and Charles Schumer, and adds that he "was an early critic of the U.S. military's excessive interrogation practices at Abu Ghraib prison in Iraq and elsewhere." According to The State, "Much like his friend and mentor" Sen. John McCain, Graham "disdains party-line politics and revels in his independence. … Graham's articulateness and high profile have led some political analysts to cast him as a possible 2008 presidential candidate — a job for which he adamantly denies having even the slightest interest."

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GOP Seek To Benefit From Projecting Tough Image For Elections. The Los Angeles Times (7/2, McManus, Wallsten, 958K) reports that after experiencing past success in campaigning on national security and counter-terrorism issues, "in the face of increasing violence in Iraq and eroding public support for the war at home, Republicans are turning again to the theme of toughness — with gloves off." GOP "strategists hailed last week's Supreme Court ruling on detainees." GOP pollster Whit Ayres said, "The Supreme Court ruling on Guantanamo was a real blessing in disguise." Ayres said the ruling "allows us to have a debate on whether terrorists should receive the same legal protections as American military personnel. … It's hard to see Republicans losing when that's the debate." In response, "Democratic leaders say, at least in public, that they are confident they can win that debate." Yet "the Democrats' response so far has been less unified, less pointed and less memorable than the Republicans' attacks."

Democrats Hope To Make Gains Among Rural Voters. The Washington Post (7/2, A5, Cillizza, 744K) reports, "The wooing of rural voters is essential to Democrats' hopes for taking back the Senate this November, party strategists say. Rural voters wield real electoral power in Missouri, Pennsylvania, Ohio, Montana, Tennessee, Virginia and Arizona -- all of which are being targeted this fall by Democrats." Sen. Charles Schumer, chairman of the Democratic Senatorial Campaign Committee, "said the Bush administration's economic policies have created an opening for his party to argue that rural voters have a self-interest in backing Democrats." However, "The raw numbers are daunting. Exit polling in the 2004 presidential race showed Bush carrying rural areas 57 percent to 42 percent over Sen. John F. Kerry (D-Mass.). Similar margins have fueled Republican victories on the state and local levels, where candidates have repeatedly used social issues such as abortion and same-sex marriage to advantage over Democrats."

Democrats Remain Unable To Blunt Effectiveness Of GOP's "Values Agenda." The St. Louis Post-Dispatch (7/2, Shesgreen, 310K) reports, "Last week, House Republican leaders unveiled an election-year 'values agenda' that included a gay marriage ban, abortion restrictions and legislation preserving the words 'under God' in the Pledge of Allegiance, among other items. And the Senate spent two days debating a constitutional amendment to ban flag desecration before defeating it, just a few weeks after an amendment banning gay marriage met the same fate. These hot-button cultural issues are designed to rev up the Republican base and cut into Democratic support among rural blue-collar voters; they are so-called 'wedge' issues that in the last election helped propel George W. Bush to a second term and boosted Republican majorities in Congress. That 2004 vote sent Democrats reeling, with many calling for a re-examination of the way they talked about faith and politics and a new push to win back 'values voters' who over the last few election cycles have come to see the Democratic Party as reflexively anti-religion. … It's unclear whether Democrats, despite their soul-searching, will be able to reframe the debate with their own moral tilt and cut into the established GOP advantage on these issues. Sen. Barack Obama, D-Ill., suggested in a speech last week that Democrats had fallen into a trap of their own making on religious issues and had made little progress despite evidence of the serious electoral ramifications."

EDITORIAL WRAP-UP

New York Times: ***"The School Testing Dodge."*** A New York Times editorial (7/2) notes a "startling new study shows that many states have a longstanding tradition of setting basement-level educational standards and misleading the public about student performance. The patterns were set long before No Child Left Behind, and it will require more than just passing a law to change them." The new study by Policy Analysis for California Education (PACE), a research institute run jointly by Stanford and the University of California, finds that many states students "who performed brilliantly on state tests scored dismally on the federal National Assessment of Educational Progress," the strongest, most well-respected test. Looking at state-level testing practices from 1992 to 2005, the study found many states dumbing down their tests or shifting proficiency targets in math and reading, "creating a fraudulent appearance of progress and making it impossible to tell how well students were actually performing." Although states have always resisted national tests and clung to local autonomy, the Times says "if the United States wants to equal its competitors abroad, it must move away from a patchwork system based on weak standards and a frankly fraudulent system of student assessment." It cites with approval a proposal that the federal government provide the states with a

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free, rigorous, high-quality test, on the condition that they use federal scoring standards.

"About Breast-Feeding ..."

"Scandal at the Coast Guard Academy." The New York Times (7/2, 1.19M) editorializes on a recent scandal at the Coast Guard Academy. After noting that the academy has a highest proportion of women of all the military service academies, it writes, "For the first time in its 130-year history, the academy court-martialed a cadet, convicting him on sodomy, indecent assault and extortion charges after four female cadets accused him of assaulting them. The stories that emerged from the trial are enough to make any reasonable person question how such allegations are handled at the academy." Of the academy's announcement that it will start involving women in sexual harassment investigations, the Times says, "It is frankly surprising, and somewhat appalling, that such a basic step was not taken years ago."

Washington Post: ***"Let There Be Law."*** The Washington Post (7/2, B6, 744K) in an editorial faults Congress for failing to address the issue of detainee policy and writes, "There is an opportunity to provide legislative authorization -- along with limits, safeguards and accountability -- for all of the powers and practices the U.S. government may need in a long-term confrontation with violent Islamist extremism." But there is a "danger" that "Congress will become reckless and hasty and abdicate the responsibility the court has given it. With midterm elections looming, the administration may push for quick legislative fixes." The Post concludes, "This is a moment in which this country can correct the mistake of five years ago, when the executive branch sought to fight a novel war based on a combination of outdated laws and new rules it made up on its own. The Supreme Court has created the chance to bring real law to the war on terror -- if Congress is willing to do its job."

"Backtracking in Darfur." The Washington Post (7/2, Editorial, 744K) editorializes that Sudan's government reversed itself on allowing United Nations peacekeepers into the western region of Darfur. President Omar Hassan al-Bashir is "attributing U.S. pressure for intervention to 'Jewish organizations'" even as "Ayman al-Zawahiri, the deputy leader of al-Qaeda, recently accused the United Nations of preparing to occupy Sudan and divide it." The problem is that "Bashir has calculated that he can snub the international community with impunity." While "History has demonstrated that Mr. Bashir's regime is susceptible to foreign pressure," that "pressure has to be consistent to work, and recently the international community has appeared divided." Now, "Worrisomely, President Bush's point man on Sudan, Deputy Secretary of State Robert B. Zoellick, is leaving for Wall Street, and his ambassador to the United Nations, John R. Bolton, recently refused to accompany his Security Council colleagues on a trip to Sudan. But if Mr. Bashir's shameless outpourings are not enough to solidify diplomatic efforts to isolate his regime, it's hard to know what would be."

Los Angeles Times: ***"Supreme Court freshmen."*** The Los Angeles Times (7/2, 958K) in an editorial writes, "Less than a year ago, some liberal activists were warning that the confirmation of Roberts...would jerk the court unacceptably to the right. That critique was recycled a little more respectably when President Bush named Judge Samuel A. Alito Jr. to replace perennial swing vote Sandra Day O'Connor. ... Yet the seismic shift dreaded by liberals and dreamed about by conservatives hasn't occurred. ... Even when Roberts and Alito would have shifted the law dramatically, as they did in supporting a much narrower definition of wetlands subject to federal regulation, their colleagues balked. In that case, as in last week's decision on the commissions...Kennedy...distanced himself from the conservative bloc . In other cases he voted with the conservatives, vindicating the observation that, just as the Rehnquist court was really the O'Connor court, the Roberts court is actually the Kennedy court."

"A noncommittal Fed." The Los Angeles Times (7/2, 958K) in an editorial titled "A Noncommittal Fed" writes, "Talk about irrational exuberance. Stock markets surged Thursday because of what the Federal Reserve didn't say." While delivering as expected its 17th consecutive interest rate hike since mid-2004, the Federal Open Market Committee said that while economic growth slowed, other factors "have the potential to sustain inflation pressures," and said that future moves would depend on the outlooks for economic growth and inflation. Viewing that as the equivalent a noncommittal answer of "That depends," the Times argued, "All the recent volatility and confusion about discerning the Fed's real intentions should lead Chairman Ben S. Bernanke to forge ahead with one of his long-standing pet ideas: having the Fed publicly set a target for inflation." The editorial notes about two dozen central banks around the world take that approach,

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which by making expectations clear, could dampen inflationary pressures. "Having a clear target would further enhance the Fed's predictability," the Times concluded.

"So what if they're born gay?"

THE BIG PICTURE

Headlines From Today's Front Pages.

Los Angeles Times:

"GOP Aims to Use a War to Win an Election Battle."
"A Stand in the Forest."
"Justice Kennedy Makes the Calls on Roberts Supreme Court."
"If You Think LAX Is Busy Now, Just Wait a Month."
"Close Magic Mountain? Residents Aren't Thrilled."
"Massacre at Market in Iraq."

New York Times:

"Roberts Is at Court's Helm, but He Isn't Yet in Control."
"Car Bomb Kills More Than 60 in Iraq Market."
"On a Rooftop in Ramadi."
"Hiring Federal Lobbyists, Towns Learn Money Talks."
"Buffett Children Emerge as a Force in Charity."
"Mexican Vote Hinges on Conflicted Middle Class."
"Corzine Orders New Jersey Government Shutdown."
"Israeli Airstrike Over Gaza Hits Premier's Office."

Washington Post:

"Baghdad Market Bombing Kills 66."
"City Has a New Bounce in Its Step."
"MS-13 Blamed in 3 Pr. George's Slayings."
"Mfume Leads Cardin In Sharply Divided Primary, Poll Shows."
"Landowners Hit Pay Dirt."

Washington Times:

"Israeli warplanes hit Hamas offices."
"Car bomb kills 66 at Iraqi bazaar."
"Mexico takes uncertain turn."
"White House suitors deluge New Orleans."
"Kidney for a good fast ball."

Atlanta Journal-Constitution:

"Mexicans face stark decision."
"Condos crushing an era in Atlanta."
"'Outsider' Cox has an inside track."
"Storms delay Discovery's launch till today --- maybe."
"Iraqi official kidnapped, 62 killed."
"Former farms still get big bucks in crop subsidies."
"Lawmakers protest Christian film's PG rating."
"It's Mister, not Sister; Lynn's a guy."
"Notoriety new for Austin, facing trial in Dubai today."

Dallas Morning News:

"DISD credit card oversight lax."
"Penry death penalty case festers."
"Brokerage firm was actually FBI front."
"Toddler didn't meet Amber Alert criteria."
"Millions in public aid for renewal draw fire."
"Contracts for water not so fluid."
"Children injured as storms ruin festival."
"New citizens drawn by America's lasting allure."
"NASA to try again with shuttle launch on Sunday."
"2 ways to go in Mexico election."

Houston Chronicle:

"Mexican vote unlikely to alter U.S. ties."
"Essence fest reworked for Houston debut."
"Fireworks citations may fizzle July Fourth for some."
"Israeli airstrike destroys Hamas premier's offices."
"French beat Brazil to reach World Cup semis."
"Evacuee's return to Big Easy a washout (w/ interactive)."
"Guard presence credited in Del Rio border influx drop."
"Texas A&M using new methods to add faculty."

Story Lineup From Last Night's Network News:

ABC: Shuttle Launch Postponed; Cheney Health OK; Lethal Baghdad Attack; Marine Misconduct Allegations; Palestinian Crisis Worsens; Medicare Rx Program Criticized; Wyoming Wolf Release Controversy; US Highways Crumbling.
CBS: Lethal Baghdad Attack; New Bin Laden Tape; Afghanistan Casualties; Bush Israeli Soldier Release; Shuttle Launch Postponed; Auto Sales Slumping; Tennis Results; NAFTA Increases Illegal Immigration; New Newark Mayor.
NBC: Iraq Bombing/Bin Laden Tape; Gaza Invasion; Shuttle Launch Postponed; East Coast Floods; Alleged US War Crimes; Cheney Health; Texas Oil Boom; Andre Agassi.

WASHINGTON'S SCHEDULE

Today's Events In Washington.

White House:

PRESIDENT BUSH — The President and Mrs. Bush arrive The White House via Marine One. South Lawn, The White House. Unavailable

VICE PRESIDENT CHENEY — No Schedule Available.

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US Senate: No Scheduled Events.

US House: No Scheduled Events.

Other: June 28 - July 2. DAR CONTINENTAL CONGRESS _ Daughters of the American Revolution (DAR) convene their 115th annual Continental Congress. Meetings and events for DAR members. Location: DAR Constitution Hall, 1776 D St. NW. Contacts: Bren Landon, 202-572-0563

June 30 - July 3. ASIAN AND PACIFIC CATHOLIC CONVOCATION _ First convocation of U.S. Catholic pastors, bishops, lay leaders, social workers, and educators of Asian and Pacific heritage. Four days of workshops, liturgical celebrations, policy discussions and cultural events. Highlights: 8:15 a.m. Eucharistic liturgy with Bishop Oscar Azarcon Solis of Los Angeles. Location: Hyatt Regency-Crystal City, 2799 Jefferson Davis Hwy., Arlington, Va. Contacts: William Ryan, 202-541-3200

June 30 - July 4. FOLKLIFE FESTIVAL _ First session of the Smithsonian Folklife Festival, focusing on life in the Canadian province of Alberta, evening concerts celebrating African American music from New Orleans, and basketweavers from a wide variety of geographical regions, others. Location: Mall between 7th and 14th Sts. Contacts: Becky Haberacker, 202-633-5183

July 1 - 2. COMPUTER DESIGN CONTEST _ The ten IEEE Computer Society Design Contest university team finalists present their projects in computer design and engineering on the theme of 'preserving, protecting and enhancing the environment.' Teams represent universities in the U.S., China, India, Romania, Poland and Jordan. Topics include tsunami tracking, trash disposal, coal mining, solar energy and others. Highlights: 7 p.m. - 9 p.m. Awards dinner. Location: Latham Hotel, 3000 M St. NW. Contacts: Randi Hicks Rowe, 703-836-0900 Joel Ranck, 202-832-0478

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THE ATTORNEY GENERAL'S NEWS BRIEFING

PREPARED FOR THE OFFICE OF PUBLIC AFFAIRS, U.S. DEPARTMENT OF JUSTICE

TO: THE ATTORNEY GENERAL AND SENIOR STAFF

DATE: SUNDAY, JULY 2, 2006 7:45 AM EDT

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TERRORISM NEWS:

Administration Faces Lack Of Options In Closing Guantanamo. The Washington Post (7/2, A8, White, 744K) reports that while the Administration would prefer to close the Guantanamo Bay detention facility, "there is no timetable and no specific plan for how to do it" because according to senior Administration officials "there are only two options for the men the United States deems too dangerous to release: transfer them to federal or military prisons in the United States -- such as the supermax facilities or Fort Leavenworth -- or arrange for another country to assume responsibility for their detention." Currently, "no third country has said it would be willing to take the men, and the Bush administration has been reluctant to consider allowing them to be transferred onto U.S. soil. Senior officials said in interviews it is possible that any suspects who are convicted of crimes could land in U.S. prisons." The Los Angeles Times (7/2, Williams, 958K) publishes a Q&A on the subject of the Guantanamo detainees.

Court Intervention Could Have Wide Impact On Administration Counter-Terrorism Policies. Continuing a theme popular in the media after the Supreme Court's ruling on US detainee policy, Adam Liptak in a "Week in Review" article in the New York Times (7/2, 1.19M) says that in an interview, professor John Yoo, "a principal architect of the Bush administration's legal response to the terrorist threat," said the court's decision "may signal the collapse of the entire" set of Administration policies. Yoo said, "t could affect detention conditions, interrogation methods, the use of force. … It could affect every aspect of the war on terror." In addition, "constitutional lawyers across the political spectrum agreed" it "could devastate the administration's main legal justifications for its campaign against the terrorist threat."

Justices Seen As Providing Hope For Those Concerned About Civil Rights. Author Jonathan Mahler, who is working on a book about Salim Hamdan and his defense lawyers, in the New York Times Magazine (7/1) writes, "Throughout our history, war has led to the abrogation of rights. … More often than not, when asked to rule on the legality of these extraordinary measures, the Supreme Court has given the commander in chief a wide berth. This is understandable: 'Judges, like other citizens, do not wish to hinder a nation's "war effort,"' Justice William Rehnquist once wrote. And yet, when the court sets aside civil liberties and defers to the president, it acts out of fear; when the court checks the president and reaffirms those liberties, it acts out of strength -- and, equally, hope."

Past Experience May Have Shaped Justice Steven's Ruling. Accentuating the difference between the court's past deference to the executive and legislative branches in times of war Mahler in his New York Times Magazine (7/1) article notes that Justice John Paul Stevens clerked for then-Justice Wiley Rutledge in 1947 when Rutledge wrote a minority opinion in defense of Japanese Gen. Tomoyuki Yamashita. Rutledge wrote that the rights in the due process clause of the Fifth Amendment "belong to every person in the world, victor or vanquished, whatever may be his race, color or beliefs." Mahler notes, "Stevens, it would seem, had absorbed his mentor's distaste for unbridled power. 'He was finally able to vindicate those values that Rutledge championed,' says Allison Danner, who clerked for Justice Stevens in the late 1990's."

WPost Challenges Congress To Craft Solution To Detainee Policy. The Washington Post (7/2, B6, 744K) in an editorial faults Congress for failing to address the issue of detainee policy and writes, "There is an opportunity to provide legislative authorization -- along with limits, safeguards and accountability -- for all of the powers and practices the U.S. government may need in a long-term confrontation with violent Islamist extremism." But there is a "danger" that "Congress will become reckless and hasty and abdicate the responsibility the court has given it. With midterm elections looming, the administration may push for quick legislative fixes." The Post concludes, "This is a moment in which this country can correct the mistake of five years ago, when the executive branch sought to fight a novel war based on a combination of outdated laws and new rules it made up on its own. The Supreme Court has created the chance to bring real law to the war on terror -- if Congress is willing to do its job."

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Journalists Facing Increased Pressure Over Leaks From Governments. The AP (7/2, Hanley) reports, "Headline by headline, a trickle of news leaks on Iraq and the antiterror campaign has grown into a steady stream of revelations, and from Pennsylvania Avenue to Downing Street, Copenhagen to Canberra, governments are responding with pressure and prosecutions." The AP adds, "Media advocates are alarmed at what they see as a mounting assault on press freedom in country after country, arguing it is potentially chilling the pursuit of truth as U.S. and European leaders pursue wars on terror and in Iraq."

Administration Seen As Shifting Standards Over Leaks. Julie Mason in her "White House Watch" column in the Houston Chronicle (7/2, 581K) writes, "President Bush's sustained outrage last week about newspaper reports on a program tracking terrorists' financial records may have seemed odd considering how urgently the administration once publicized the program's broad concepts." Mason notes, "Thirteen days after Sept. 11, Bush signed an executive order expanding the Treasury Department's authority to track the bank activities of those with suspected ties to terrorism. The White House sent reporters a detailed fact sheet on the new powers." And "Bush summoned the news media to the Rose Garden to trumpet the program alongside the secretaries of state and treasury." Mason adds, "The difference between disclosures in the Rose Garden and in the newspaper is that the Times and others are reporting operational details, according to the White House."

NYT, LAT Decisions To Publish Details About National Security Programs Defended. Scott Shane in a "Week in Review" article in the New York Times (7/2, 1.19M) defends the recent disclosures by the media of US national security programs writing that "for decades, American newspapers and broadcasters have regularly censored themselves on security grounds, plucking compromising details from a story, delaying its publication or killing it entirely. The New York Times has withheld articles that might have jeopardized counterterrorism programs or efforts to protect vulnerable stockpiles of nuclear material."

In response to Administration criticism the New York Times, public editor Byron Calame writes, "Roughly 1,000 e-mails have come to me, about 85 percent of them critical of the decision to publish the story and a large fraction venomous. It was time to take a close look at the handling of the article in search of answers." In contrast to the public reaction, Calame's "close look convinced me that Bill Keller…was correct in deciding that Times readers deserved to read about the banking-data surveillance program."

And Frank Rich in his column in the New York Times (7/2, 1.19M) accuses Republicans of using the media's recent disclosures about US national security programs as a "ruse to distract Americans from the wreckage in Iraq."

Schwarzenegger Will Release Intelligence Reports. The Los Angeles Times (7/2, Nicholas, 958K) reports, "Gov. Arnold Schwarzenegger's office said Saturday he was ordering the release of dozens of intelligence reports prepared for the state Office of Homeland Security--a step that comes as lawmakers from both parties are denouncing a practice in which state intelligence agents compiled information about political and antiwar protests and rallies." Officials say that only two of over sixty contractor-prepared reports for the state homeland security agency included material on political protests, but allowing the media to review all of them will reassure the public that the practice was not more widespread. The Times had reported Saturday on the suspect reports. The state agency said it would allow media to review, but not copy, the reports, from which "law-enforcement-sensitive information" dealing with such matters as "ongoing investigations" and related "safety threats" would first be removed. The article also notes that some legislators say the incidence shows the need for greater oversight of the state security organization. Spokesmen for the governor and the state security agency both declared that they disapproved of and did not request information on political protests.

US And Canadian Law Enforcement Demonstrate Increased Cooperation. The Washington Post (7/2, A3, Pomfret, 744K) reports last week U.S. and Canadian law enforcement officials "highlighted the increasingly close and institutionalized cooperation between the two nations' police agencies." Cooperative Operations, "called 'parallel investigations' because of sensitivity about sovereignty issues…reflect the fundamentally different strategies used to secure the United States' two very different borders. … Along the Canadian border, there are no plans for fences, and efforts focus on smuggling and terrorism. U.S. and Canadian authorities are patrolling together on the Great Lakes and have plans to operate a joint radio network." The Post adds, "Americans and Canadians also share law enforcement intelligence. U.S. agents aided the Canadians in their investigation into an alleged terrorist plot stymied on June 3 with the arrest of 17 men and teenagers in Ontario, law enforcement officials said. Five years ago, only Canadians worked at the Mounted Police headquarters in Ottawa, said Joe Oliver, a Canadian police superintendent. Now, Americans representing four agencies are based there, he said, adding that cooperation is 'pervasive.'"

Warning Raised About Possible Al Qaeda Resurgence. Peter Bergen, a Schwartz senior fellow at the New America Foundation, in an op-ed in the Washington

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Post (7/2, 744K) warns that "key members of the Bush administration have claimed that al-Qaeda is 'on the run' (Donald Rumsfeld and Condoleezza Rice), 'disrupted' (George Tenet) or 'decimated' (President Bush). At the same time, however, significant terrorist attacks around the world have dramatically increased since Sept. 11, 2001, most of them conducted by militant Islamists. How does one reconcile this apparent contradiction?" Although "the rapid spread of al-Qaeda's ideology in the past two years -- partly fueled by the Iraq war -- should be of considerable concern, it would be quite wrong to conclude that al-Qaeda the organization is down for the count. Indeed, if the bombings in London are any indication, it may be staging a comeback." Five years after the 9/11 attacks "al-Qaeda not only remains in business in its traditional stronghold on the Afghan-Pakistan border, but continues to project its ideology and terrorism abroad. So now we face a world of ideologically driven homegrown terrorists…in addition to formal networks such as al-Qaeda that have managed to survive despite the tremendous pressure brought to bear against them since 9/11. And even more grim, they now feed off and strengthen one another."

Papers Show BBC Allowed Intelligence Officials To Examine Employees. The Washington Times (7/2, Hastings, 90K) reports, "Confidential papers obtained by the Sunday Telegraph reveal that the British Broadcasting Corp. allowed intelligence agents to investigate the backgrounds and political affiliations of thousands of its employees, including newsreaders, reporters and continuity announcers. The files, which shed light on the BBC's hitherto secret links with the counter-espionage service known as MI5, show that at one stage it was responsible for vetting 6,300 BBC posts -- almost a third of the total work force. The procedure was phased out in the late 1980s. The files also show that the corporation maintained a list of 'subversive organizations' and that evidence of certain kinds of political activity could be a bar to appointment or promotion."

WAR NEWS:

Blast Kills 66 In Baghdad. The leading story on the network news and making front page headlines in the Washington Post and New York Times was the car bombing in Baghdad, with attention devoted to evolving details of the rape and murder allegations against US troops. The bombing in the Shiite stronghold Sadr City in Baghdad that killed over 60 Iraqis and injured over 100 more was seen as a threat to Iraqi political stability. The CBS Evening News (7/1, lead story, 2:40, Mitchell, 7.66M) noted that public outrage over the attack in Iraq came as the Iraqi prime minister "began his first tour of neighboring countries, hoping to build support for his government but just as he left came the news that one of his parliament's new female members had been abducted, along with her security detail." Iraqi lawmaker Mahmoud Othman: "If you can't establish security and stability, then you can't have a progress in the political process." Cowan: "It's not that the new government hasn't had its successes," yet "if today is any indication, it would seem that that wedge is being driven even deeper. Sectarian violence was already on the rise ever since this new government took over, and today's developments between the kidnapping and the bombing, most expect that will start another increased circle of violence."

NBC Nightly News (7/1, lead story, 3:00, Boettcher, 9.87M) reported, "Despite a two-week-old security clamp down in Baghdad -- Operation Together Forward -- sectarian violence continues according to the U.S. military and a prospect of all out civil conflict increases. A U.S. general says coalition forces will continue to pressure insurgents." Major General William Caldwell: "We continue to disrupt the network and we will not cease." Boettcher: "Only one week ago Iraqi Prime Minister Maliki launched his plan for national reconciliation. ... But today in Iraq, one bomb, one kidnapping and a message from Osama bin Laden moved warring factions further apart. Reconciliation remains a distant dream."

Describing the attack as part of an environment of continuing violence, ABC World News Tonight (7/1, story 3, 2:05, Brown, 8.78M) reported, "This was no routine bombing. This was the biggest since the new Iraqi government was sworn in this spring. And the most lethal so far this year." The attack "comes just three weeks after the government introduced the new security clampdown in Baghdad. Since then, the number of attacks has actually gone up. Today's explosion may well be one of the deadliest since the war. It becomes part of a catalog of carnage."

The Washington Post (7/2, Knickmeyer, 744K) reports, "Saturday's massive bomb, powerful enough to hurl bodies of shoppers onto the roofs of high-rise buildings surrounding the market in Baghdad's Sadr City district, drew angry denunciations from survivors, suggesting Iraqis could quickly sour on Maliki's initiatives if insurgent attacks once again begin claiming dozens of lives at a time. It adds, "U.S. military officers and academics alike had predicted at least a brief surge in attacks immediately after Zarqawi's killing, saying militant Sunni groups would want to show they had survived his loss."

The Washington Times/AP (7/1, Reid) reports that the Baghdad bombing "was the deadliest attack since the new national unity government took office six weeks ago and one of the biggest this year. Shortly before the midmorning blast, gunmen seized a female Sunni legislator at a checkpoint in a Shiite area of the capital. Both attacks represented a major challenge to Prime Minister Nouri al-Maliki's vow to curb

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sectarian violence." An unverifiable group called the "Sunna Supporters Group" claimed responsibility on the Internet for the bombing. The AP pessimistically notes that, since the death of Zarqawi, "more than 700 Iraqi civilians and security forces have died violently." The Los Angeles Times (7/2, Roug and Salman, 958K) devotes a long article to the same bloodshed, which quotes angry witnesses to the market bombings and gives graphic details. The New York Times (7/2, Wong, 1.19M) notes, like the other sources, the attack's status as deadliest since Prime Minister Maliki's accession. It gives graphic details of the bombing scene and calls the bombing and female legislator's abduction "the most direct challenge yet to the fledgling Iraqi government."

Maliki Gains Saudi Support For Peace Plan. The AFP (7/2) reports, "Iraqi Prime Minister Nuri al-Maliki won Saudi Arabia's backing for his efforts to halt the bloodshed in Iraq at the start of a Gulf tour to rally support for his peace plan." Crown Prince Sultan bin Abdul Aziz told Maliki, "On behalf of ... King Abdullah, I assure you of ... (Saudi Arabia's) full support for you and your constitutional government." He added that "Saudi Arabia hoped his government would usher in 'stability and security' in Iraq and put an end to the hardships of the Iraqi people." Maliki "T apparently wants to enlist help during his tour to influence the former elite community of Sunni Arabs in Iraq as many of its leaders have close ties with the oil-rich Gulf Arab states." Iraqi Minister of State for National Dialogue Akram al-Hakim earlier said the tour will also include the United Arab Emirates and Kuwait."

The AP (7/2) adds that US ambassador Zalmay Khalilzad "noted that al-Maliki was traveling to Saudi Arabia, the United Arab Emirates and Kuwait this weekend to drum up support for his reconciliation efforts," saying "The new government is reaching out not only to all Iraqis but also to its neighbors." He added, "We expect these visits to be successful, as the countries that Mr. Maliki is visiting understand what happens in Iraq will affect the stability of the area and shape the future of the region."

Baghdad Death Toll Over 260 In Last Four Days. As part of its coverage of the most recent attack, The CBS Evening News (7/1, lead story, 2:40, Cowan, 7.66M) highlighted the impact of recent violence on Iraqis, noting the Baghdad morgue "announced [it] received in four days more than 260 bodies."

Shiite Lawmaker Survives Bombing Attack. The AP (7/2) reports, "A Shiite legislator escaped an assassination attempt Sunday when a roadside bomb missed his convoy in downtown Baghdad — a day after a female Sunni legislator was kidnapped by gunmen from her car." The intended victim was "Iyad Jamal al-Din, a cleric from the secular Allawi List bloc in parliament."

Khalilzad Says US Willing To Free More As 495 Iraqi Detainees Released. The AFP (7/2) report that "US ambassador Zalmay Khalilzad promised that more detainees would be freed from US and government-run prisons in Iraq as a seventh batch of nearly 500 was released." A justice ministry spokesman said those "security detainees held without charge were freed Saturday as part of Prime Minister Nuri al-Maliki's national reconciliation plan." Khalilzad also said, "we are prepared in consultation with the Iraqi leaders to make future prisoner releases and to take other concrete steps to facilitate reconciliation." Khalilzad once again called "on Sunni Arab insurgents to lay down their arms" and "on the government to bring 'all militias and other illegal armed groups under control and to strengthen Iraq's security institutions," saying that "disagreements over the reconciliation plan must be 'expressed through dialogue rather than through violence.'"

New Details Released About Rape And Murder Allegations Against US Soldiers. ABC World News Tonight (7/1, story 4, 1:30, Avila, 8.78M) reported, "There are new and deeply disturbing, if true, details reported about the charge that American soldiers stalked, brutally raped an Iraqi woman and killed her and her family in an attempt to cover it all up." ABC (Yang): "The new details are chilling and suggest that this incident could be even more explosive than first thought. ABC News has been told that the soldiers spotted the woman they're suspected of raping while on patrol sometime before the incident in March. In fact, the New York Times and Associated Press quote military sources saying the soldiers may have targeted the family and planned the attack for nearly a week." ABC News consultant Gen. Jack Keane (Ret.): "I don't believe it's functioning as a military organization, more like a gang. And we don't want any part of it on the battlefield, in America's military." Yang: "This is at least the fifth ongoing investigation of alleged atrocities against Iraqi civilians ... Allegations of rape are especially serious in a conservative Islamic nation like Iraq and with widespread media coverage in Iraq, animosity toward the United States is likely to grow."

The Washington Post (7/2, Knickmeyer, 744K) reports, "The U.S. military ... disclosed new details about allegations that soldiers raped a woman and killed her, along with her mother, father and a sibling, in March in a village south of Baghdad. A U.S. military official revealed Saturday that the target of the alleged attack was a 20-year-old Iraqi woman who lived with her family near an American military checkpoint. One resident of the village of Mahmudiyah al-Kasr al-Awsat said Saturday that the young woman had complained of harassment by U.S. soldiers each time she passed through the American checkpoint." However, details from different sources in the Post story differ, such as the age of the victim. The New York Times (7/2, Wong, 1.19M) discusses the recent rape and murder allegations, saying,

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"Investigators are looking into whether the soldiers monitored the family for a week before carrying out the assault."

Iraqi Sunni Group Criticizes Alleged Rape. The AP (7/2) reports that the Association of Muslim Scholars "strongly condemned reports that U.S. troops raped an Iraqi women then killed her and her family, saying it shows 'the truth of the ugly American face.'" The Sunni group, called a "strong critic" of the US presence in Iraq, said that "raping this girl then mutilating her is shameful and will remain as a sign of shame to American invaders."

Camp Pendleton Trains Marines To Steer Clear Of War Crimes. NBC Nightly News (7/1, story 5, 2:30, Holt, 9.87M) reported that while a number of US service men are alleged to have engaged in misconduct, at Camp Pendleton "commanders reinforced the values that would ensure the best behavior out of the worst circumstances." Gen. Barry McCaffrey (Ret.): "Each of these deploying battalions go through a extensive work-up. I would argue we have never had a more rigorous training program in our military history." NBC (Mullen): "Instructors are quick to point out they also teach classes on cultural sensitivity and the rules of engagement so Marines know how to act appropriately under extreme pressure. Somehow with even more incidents being reported of troops crossing the line, commanders will have to find the disconnect between the practice field and battlefield."

Bin Laden Tape Endorses Sectarian Warfare, A First For Al Qaeda. The CBS Evening News (7/1, story 2, 2:30, Mitchell, 7.66M) reported, "U.S. intelligence agencies are scrambling to decipher the latest message from Osama bin Laden and to understand why it came so quickly on the heels of an earlier message posted on the internet just hours before." CBS (Chen): "Two messages in just 39 hours. Osama bin Laden quickly delivered on a promise to put out a second audio tape, this time urging Iraqi militants to keep up their fight against U.S.-led forces. 'Stay steadfast and don't leave Baghdad.' U.S. intelligence analysts will look closely at bin Laden's words, but may be more interested in his ability to put out the messages at all." Former CIA analyst Michael Scheuer: "It's meant to show that I'm still here, I'm still in charge of this organization, and in fact, our organization, our movement is winning."

CNN (7/1, Nasr) reports, "Osama bin Laden in a tape posted on the Web encourages Sunnis in Iraq to retaliate against Shiites, deviating from al Qaeda's stand of not promoting sectarian violence." He said "that Sunnis in Iraq are experiencing annihilation" and urged them to expel the "occupying power." The appeal came in his second message released this week. On the tape he "also names Abu Hamza al-Muhajer as the new leader of al Qaeda in Iraq."

The New York Times/AP (7/1) reports he "also warned nations not to send troops to Somalia, where Islamic militants have taken control of the capital and much of the south." The Washington Post (7/2, DeYoung, 744K) reports that he "warned Iraqi insurgents yesterday not to participate in negotiations with the elected government in Baghdad and urged Muslims in Somalia to violently oppose any challenge to Islamists who have seized power in that country." It calls the relatively brief 48-hour gap between Bin Laden recordings this week an indication of "an ever-faster turnaround time" and says he demonstrates "a close and current knowledge" of the Horn of Africa in his Somalia discussion. The AP (7/2, Riechmann) reports that he said to Al Qaeda members in Iraq, "Stay steadfast and don't leave Baghdad, otherwise all the capitals in the region will fall to the crusaders."

Hazardous Combat Duty In Ramadi Is Described. The New York Times (7/2, Filkins, 1.19M) quotes the statements of Marine Lance Cpl. Joseph Hamlin as he guards Post 1 in Ramadi, Iraq. The article implicitly contrasts his youth and the danger of his posting.

US Investigates Possible "Friendly Fire" Death In Afghanistan. The CBS Evening News (7/1, story 3, 0:10, Mitchell, 7.66M) reported, "The U.S. military said today an American soldier who died in eastern Afghanistan's Kunar province this week may have been killed by friendly fire. Five US and two Canadian soldiers were wounded as were three civilian workers." The Washington Times/AP (7/2, Tran) reports, "The U.S. military on Saturday said it was investigating the death of a soldier in eastern Afghanistan as a possible 'friendly fire incident.' The Defense Department said Pfc. Justin R. Davis, 19, of Gaithersburg, Md., died on June 25 in eastern Kunar province when he came in contact with indirect fire — a term used for mortar shelling — while on patrol during combat operations." Other deaths from friendly fire are noted: "According to U.S. Army data earlier this year, 17 soldiers have died from friendly fire in the past four years — 10 in Iraq and seven in Afghanistan. They occurred in 11 separate incidents. The most famous case was the 2004 death of former NFL player Pat Tillman."

Two British Soldiers Are Killed In Afghanistan. The AP (7/2) reports, "Two British soldiers were killed after their base came under attack from suspected Taliban fighters in southern Afghanistan, a military official said Sunday. The incident occurred Saturday night in Sangin district in southern Helmand province."

Bush, Cheney Salute US Armed Forces. President Bush's radio address saluting US troops' sacrifices received little media attention, but Vice President Dick Cheney's appearance at the Pepsi 400 NASCAR race was highlighted by some prominent media outlets. The AP (7/2) reports, "President Bush paid tribute to America's armed

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forces Saturday, calling Independence Day a time to thank the men and women who defend freedom." In his radio address Bush said, "For more than two centuries, from the camps of Valley Forge to the mountains of Afghanistan, Americans have served and sacrificed for the principles of our founding. … Today, a new generation of American patriots is defending our freedom against determined and ruthless enemies." Bush "urged people to help America Supports You, a nationwide program set up by the Defense Department to communicate citizen support to military men and women at home and abroad."

Political Leaders Court Members Of Military At Patriotic Events. The Washington Times/AP (7/2, Pickler) in an article covering Vice President Cheney's appearance at the Pepsi 400 NASCAR race in Daytona notes it "has become a popular event for national leaders. President Reagan was the first commander in chief to attend a race when he went in 1984. Both President Bush and his father have attended the race, and Defense Secretary Donald H. Rumsfeld attended last year." It "is a particularly patriotic event because it is scheduled for the Independence Day weekend and draws a large military crowd."

The Los Angeles Times/Orlando Sentinel (7/2, Lelis) in an article titled "Cheney Revs Up Schedule In Florida" reports, "Playing off the patriotic themes that dominated the Daytona International Speedway this weekend, Vice President Dick Cheney spent his time at the Pepsi 400 praising the military and hailing its ties to NASCAR." Some "race fans judged Cheney's appearance as a shrewd public relations move."

The Washington Times/AP (7/2) reports, "The stock cars weren't the only things buzzing the track at Daytona yesterday -- Vice President Dick Cheney made his grand entrance when Air Force II flew in low over the crowd gathering for the Pepsi 400 NASCAR race." Cheney "got a standing ovation from the drivers and their crews and his excited staff took pictures with Dale Earnhardt Jr."

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In Egypt, Gonzales Defends Renditions, Says He Will Station Lawyer In Egypt. The AP (7/2, El-Magd) reports that Attorney General Alberto R. Gonzales, "in his first visit to Egypt…defended the transfer of terror suspects for incarceration and interrogation in other countries." While he "acknowledged the U.S. practice of sending terror suspects to prisons in their home countries," Gonzales "refused to confirm reports that Egypt, whose human rights record has been criticized by Washington, had received any of the suspects," saying, "it's intelligence activity and we just don't do that." After meeting with Egyptian President Hosni Mubarak, Gonzales also "said the U.S. would send a Justice Department lawyer to be stationed in Cairo 'so we can further cement our relationship and we have someone on the ground representing me.'"

The AFP (7/2, Bassoul) adds, "Gonzales insisted that the US seeks assurances before returning the suspects," saying, "We do have a legal obligation not to render someone back to a country where we know they might be mistreated or tortured." However, it lead with his defense of special military tribunals for terrorist suspects. While in Egypt Gonzales also "met with justice minister Mahmud Abou Leil and interior minister Habib al-Adli."

Kennedy Emerges As Powerful SCOTUS Swing Vote. The Los Angeles Times (7/2, Savage, 958K) reports John Roberts "may be the new chief justice, but the Supreme Court is not truly the Roberts court, at least not yet. In the most divisive cases before the court in the term that just ended, it was Justice Anthony M. Kennedy who determined the outcome every time. In unpredictable fashion, he sided some of the time with the court's conservative bloc and some of the time with its liberals." The Times notes, "For the last decade, Justices Kennedy and Sandra Day O'Connor…had supplied the votes that decided the court's major cases. They usually joined with the conservatives on issues of crime, the death penalty, civil rights and states' rights, but with the liberals on abortion, gay rights and school prayer. Now, with O'Connor in retirement, Kennedy stands alone at the center."

The Washington Post (7/2, A6, Lane, 744K) reports, "by the end of the term, it was clear that the main impact of the turnover was to enhance the influence of…Kennedy. … An eclectic and sometimes inscrutable moderate conservative, Kennedy repeatedly cast the decisive vote on the most polarizing issues the court faced, from President Bush's military commissions, to the Clean Water Act, to the death penalty. He is poised to do so again next term when the court takes up the issues of abortion and school integration."

The New York Times (7/2, A1, Greenhouse, 1.19M) in a front page story adds, "Perhaps" this is "the Kennedy court, based on the frequency with which…Kennedy cast the deciding vote in important cases. Or perhaps it was more accurately seen as the Stevens court, reflecting the ability of John Paul Stevens…to deliver a majority in the case for which the term will go down in history" – the Hamdan case.

In an op-ed for the Washington Post (7/2, 744K) Slate's Dahlia Lithwick writes, "The new John G. Roberts Supreme Court is only one term old, and already we're all wrong about it. Liberals had feared, and conservatives had feted, the end of judicial review as we know it, at least until last week's blockbuster ruling in Hamdan v. Rumsfeld proved that bit of conventional wisdom wrong practically before it had become conventional. Predictions of a new era of hands-off judicial minimalism may have been premature. … More significant,

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the role of swing justice has itself swung from O'Connor to..Kennedy. On all the most divisive issues, today's court is now a Supreme Court of One."

The Los Angeles Times (7/2, 958K) in an editorial writes, "Less than a year ago, some liberal activists were warning that the confirmation of Roberts…would jerk the court unacceptably to the right. That critique was recycled a little more respectably when President Bush named Judge Samuel A. Alito Jr. to replace perennial swing vote Sandra Day O'Connor. … Yet the seismic shift dreaded by liberals and dreamed about by conservatives hasn't occurred. … Even when Roberts and Alito would have shifted the law dramatically, as they did in supporting a much narrower definition of wetlands subject to federal regulation, their colleagues balked. In that case, as in last week's decision on the commissions…Kennedy…distanced himself from the conservative bloc . In other cases he voted with the conservatives, vindicating the observation that, just as the Rehnquist court was really the O'Connor court, the Roberts court is actually the Kennedy court."

Roberts Has Failed To Assemble Majorities In Key Cases. The New York Times (7/2, A1, Greenhouse, 1.19M) in its front page story reports, "As the dust settled on a consequential Supreme Court term, the first in 11 years with a change in membership and the first in two decades with a new chief justice, one question that lingered was whether it was now the Roberts court, in fact as well as in name. The answer: not yet. Chief Justice John G. Roberts Jr. was clearly in charge, presiding over the court with grace, wit and meticulous preparation. But he was not in control." According to the Times, "In the court's most significant nonunanimous cases…Roberts was in dissent almost as often as he was in the majority. His goal of inspiring the court to speak softly and unanimously seemed a distant aspiration as important cases failed to produce majority opinions and members of the court, including occasionally the chief justice himself, gave voice to their frustration and pique with colleagues who did not see things their way."

The Washington Post (7/2, A6, Lane, 744K) reports, "Roberts voted in 10 five-justice majorities, the second-most on the court, but he joined the four liberals only once, in a minor procedural case."

Will Analyzes Kennedy's Opinion In Texas Redistricting Case. In his column for the Washington Post (7/2, 744K) George Will writes that Kennedy cast the swing vote in "cases concerning Texas redistricting. The cases involved several questions, the most interesting -- because it has come to the court before and we now know it will again and because it revealed a recurring and worrisome kind of judging -- was this: Was the redistricting by the Republican-controlled legislature such a partisan gerrymander as to be somehow unconstitutional? The court's dusty answer to this question is symptomatic of the difference-splitting that characterized the last years of the Rehnquist Court. In a plurality opinion, Kennedy said there may be a 'manageable, reliable measure of fairness' in redistricting, but no set of facts has sufficed for the court to discover it. … By leaving open the possibility that there is a constitutional answer to the question of what constitutes a 'too political' gerrymander -- the position seems to be: We don't know what the standard is, but we don't know that it doesn't exist -- the court has again practiced 'split-the-difference jurisprudence.' That phrase is from Judge J. Harvie Wilkinson of the U.S. Court of Appeals for the 4th Circuit, writing in the Stanford Law Review."

CORPORATE SCANDALS:

Scrushy Says He Will Fight Conviction With "Everything We've Got." The Wall Street Journal (7/1, Bauerlein) reports HealthSouth founder Richard M. Scrushy "vowed to fight his conviction on political-corruption charges with 'everything we've got' and he said it was a mistake to limit his defense during the two-month trial to less than two days. In an interview, Mr. Scrushy said his lawyers probably should have called 10 to 15 witnesses over about a two-week period to help undercut the federal government's allegations that he bribed former Alabama Gov. Don Siegelman to get a spot on a state panel that regulates hospitals. 'We didn't put them up' because the prosecution's case seemed unconvincing, Mr. Scrushy said. 'We didn't feel we needed to.'" Scrushy "said he will appeal his conviction Thursday by a jury in Montgomery, Ala., on five or six different legal grounds. Before the trial, his lawyers contended that the jury pool included too few African-Americans and that Mr. Scrushy should be tried separately from three other defendants in the case. Mr. Scrushy said Friday that those issues could be part of his appeal."

Ralphs To Settle For $70 Million. The Los Angeles Times (7/1, Zimmerman, White) reports the Ralphs grocery chain "said Friday that it had agreed to pay $70 million in fines and restitution to settle criminal charges that it illegally rehired locked-out workers during the supermarket labor dispute in Southern California more than two years ago. Under a proposed agreement filed Friday in U.S. District Court in Los Angeles, Ralphs would plead guilty to five felony charges included in the 53-count grand jury indictment returned against the company in December. Ralphs was charged with violating federal laws by secretly rehiring about 1,000 locked-out workers during the 4 1/2 -month strike and lockout from October 2003 to February 2004. The case had been scheduled to go to trial Aug. 15 before U.S. District Judge Percy Anderson, who must approve the plea agreement."

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KLA-Tencor Says Some Stock Options Wrongly Dated. The Wall Street Journal (7/1, Forelle) reports, "KLA-Tencor Corp. said Friday that an internal investigation found that some stock options to executives and employees were wrongly dated, and said that the problems could lead to an accounting charge and possibly a restatement. The semiconductor-equipment maker provided little detail about the probe's findings in a press release, but the possibility of an accounting charge strongly implies that the misdating benefited executives and raises the question of whether grants were deliberately backdated or otherwise manipulated to confer that benefit. The firm said it anticipates needing to take a charge to correct its accounting, but it said that the investigation, conducted by a board committee, has not determined if the charge will be significant enough to warrant restatement of prior figures."

MZM Manager Accused Of Violating FEC Rules. The Washington Post (7/1, A10, Smith) reports, "The director of a defense contractor's office in Martinsville, Va., was accused yesterday of illegally funneling campaign donations to Rep. Virgil H. Goode Jr. (R-Va.), an act that the contractor has said was meant to obtain Goode's help in arranging defense funding for his company. A federal court filing by the U.S. attorney for the District of Columbia, Kenneth L. Wainstein, said that Richard A. Berglund, a facility manager for MZM Inc., had violated the Federal Election Campaign Act by 'aiding and abetting' a scheme by MZM's owner to donate the funds in the name of others. According to the filing, Berglund and his wife wrote $4,000 in checks to 'Representative A' in March 2005 after MZM's owner, Mitchell J. Wade, handed Berglund an equivalent amount of cash. It says that Berglund gave another $4,000 he received from Wade to two MZM colleagues, who in turn donated it to the congressman." FEC records show that Berglund and his wife "gave that amount to Goode that month. He made no other donations to lawmakers that year."

CRIMINAL LAW:

Judge Overturns "Mafia Cops" Racketeering Convictions. US District Judge Jack B. Weinstein on Friday overturned the racketeering convictions of "mafia cops" Louis Eppolito and Stephen Caracappa, ruling that the five-year statute of limitations for the string of mob murders had expired. Although Weinstein had expressed skepticism about the statute of limitations issue from the trial's outset, the Friday decision stunned the prosecutors and defendants alike.

In a front-page story, the New York Times (7/1, Feuer) reported Weinstein vacated the convictions "despite citing overwhelming evidence that the men had committed 'heinous and violent crimes.'" He "left open the possibility that the prosecution could seek to retry the defendants on a drug charge, and Mr. Eppolito, alone, on a money-laundering count." The decision "shocked the United States attorney's office in Brooklyn, which said it would appeal." The Times noted, "Virtually from the outset of the case, Judge Weinstein said he was queasy about the decision to accuse the men of an overarching conspiracy that included the eight gangland murders, all in Brooklyn in the 1980's and 1990's, and a much more recent — and less serious — charge of selling an ounce of methamphetamine in Las Vegas last year." The New York Daily News (7/1, Front Page, Marzulli) added that the "conviction was stunningly overturned…all because they apparently steered clear of the mob for the last five years. … For now, they will remain behind bars at the Metropolitan Detention Center in Brooklyn until Weinstein hears a likely bail application, sometime after he returns from vacation July 21." The Daily News noted, "The decision was vindication of sorts for the original defense attorneys, Bruce Cutler and Edward Hayes, who were blamed by their clients for the conviction."

Newsday (7/1, DeStefano) called the decision "a stunning development," and reports that "the retrial would involve charges that Eppolito and Caracappa were involved in a small methamphetamine transaction in Nevada, where they both lived after retiring from the Police Department. … Should the Second U.S. Circuit Court of Appeals reverse Weinstein's decision, the provisional sentences of life imprisonment that he had given Eppolito and Caracappa would be reinstated." Newsday noted Weinstein "stressed that prosecutors had proved the defendants were involved in eight slayings, two kidnappings and other wrongdoing." The New York Post (7/1, Front Page, Haberman) called it "a bombshell decision" and reports that the ruling "brought Eppolito's daughter, Andrea, to tears." She told the Post, "We've always maintained his innocence. We've always believed in him."

In a widely-distributed story, the AP (7/1, McShane) reported that the ruling was "a stunning blow to federal prosecutors." The AP noted, "Defense attorneys had argued that the statute of limitations had expired on the most serious allegations against the pair," but "prosecutors had countered that the murders were part of an ongoing conspiracy that lasted through a 2005 drug deal with FBI informant Steven Corso." Echoing the other stories, the Los Angeles Times (7/1, Barry) called the decision "a stinging rebuke to federal prosecutors," although "Weinstein did not mince words…in addressing the defendants," saying that "the trial 'overwhelmingly established' that the two men had 'kidnapped, murdered and assisted kidnappers and murderers, all the while sworn to protect the public against such crimes.'"

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Victims' Families Express Shock, Dismay At Ruling. Under the headline "New Heartbreak For Victims' Kin," the New York Post (7/1, Haberman, Fermino) reported, "Less then three months ago, Betty Hydell was rejoicing that the dirty cops who helped kill her son got what they deserved," but on Friday, "when an FBI agent called her…and told her their conviction had been overturned, she wondered if the evil pair would have the last laugh." Hydell's "reaction -- a mixture of sadness, anger and confusion -- mirrored the other families who lost loved ones at the bloodstained hands of the Mafia cops who took orders from the wrong side of the law. 'I think this whole thing makes a mockery of our judicial system,' said Danielle Lino, whose father, Ed Lino, a Gambino soldier, was shot in the head by Caracappa." The New York Times (7/1, McFadden) noted, "While reaction was swift and predictable — an abyss between victims' families and their lawyers on one side, and defendants and their representatives on the other — there was general agreement that Judge Weinstein had made a hard decision on principle, according to law, and some called it courageous."

The other NYC newspapers also reported on the families' reactions, with Newsday (7/1, MacGowan) headlining its story, "Victims' Families Shocked At Reversal," and the New York Daily News (7/1, Smith) saying, "Victims' Kin Call Ruling 'So Absurd'." Additionally, the Daily News (7/1, Caruso) reported on the reaction by Eppolito's family under the headline "Glorious New Day For Family Of Ex-Cop," noting his daughter, Andrea, said that "she is optimistic about the retrial ahead, even though it will mean more stress, legal fees and time. But she says she thinks the ex-cop's new lawyer, Joseph Bondy, will give the case 100%."

Hacker Attacks Strike Pentagon. The Baltimore Sun (7/2, Gorman, 296K) reports, "The number of reported attempts to penetrate Pentagon computer networks rose sharply in the past decade, from fewer than 800 in 1996 to more than 160,000 last year -- thousands of them successful. At the same time, the nation's ability to safeguard sensitive data in those and other government computer systems is becoming obsolete as efforts to make improvements have faltered and stalled." The NSA's program to protect military and intelligence computers is "seven years behind schedule." Critics fault "poor management" and a "quest for security nirvana" that has kept the NSA from installing workable safeguards while waiting for something ideal. They note the ongoing threat of "monster attack" from "China, Russia, Israel, France and so on," in the words of one unnamed "former government official," as well as a general threat from "as many as 100 countries" to government computers.

Missouri Supreme Court Rules On Sex Offender Registration. The Kansas City Star (7/1, Lambe, Bauer) reports, "The Missouri Supreme Court ruled Friday that thousands of sex offenders no longer have to register, because the law requiring it does not apply retroactively. As a result, although the court unanimously upheld the state's sex offender registry law, only those convicted after the law took effect Jan. 1. 1995, now will have to register. The law previously required people to register if they were convicted after July 1, 1979. This involved more than 11,000 offenders to register, but Friday's ruling lopped off about 16 of 27 years of registration. The ruling written by Judge Laura Denvir Stith also said nothing prevented publishing the information about those who have registered. Offenders before 1995, however, can now move to new addresses that will not have to be listed."

CIVIL LAW:

Flag Burnings Said To Be Extremely Rare. The New York Times (7/2, Fountain, 1.19M) reports, "The Senate nearly approved a constitutional amendment last week that would allow Congress to outlaw flag-burning, falling one vote short of the two-thirds majority needed to send it to the states for approval. Opponents, mostly Democrats, warned that if it passed the amendment, the Senate would be tinkering with the Bill of Rights to ban a form of protest that is rare. Just how uncommon is it?" Robert Justin Goldstein, retired political science professor at Oakland University, and "an expert on the issue," is quoted as saying, "My impression is that probably in all of American history there's been something like a few hundred flag burnings."

CIVIL RIGHTS:

DOJ Says Sarasota County, Florida, Broke Law On Housing. The Bradenton Herald (7/1) reports Sarasota County, Florida, officials "broke federal law when they denied permission for housing for disabled people, according to a lawsuit filed Friday by the U.S. Justice Department. The complaint, filed in U.S. District Court in Tampa, alleges the county refused to allow Renaissance Manor Inc. to operate six homes for individuals with mental illness and a history of substance abuse. The homes are similar to other houses in the county occupied by residents who share living space and common facilities, according to a Justice Department news release. According to the government's complaint, the homes are allowed under Sarasota County's zoning code, but the county determined that the homes broke the code because of the residents' disabilities. The complaint also alleges that the county retaliated against Renaissance Manor by refusing to release grant funds it had been previously awarded."

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Maryland Group Opposing Early Voting Moves Case To Court Of Appeals. The Washington Times (7/1, Ward, 90K) reports Marylanders for Fair Elections "will now take its lawsuit to Maryland's Court of Appeals, after" Anne Arundel County Circuit Judge Paul Hackner "yesterday denied its request to keep alive a petition drive that would stop early voting and let voters decide whether they want it in the future." Gov. Robert L. Ehrlich Jr.'s (R) re-election campaign favors the group's suit. Ehrlich called the early voting bills "power grabs by the leadership of the Maryland General Assembly." He has also said that early voting "will make voter-fraud easier to commit." The group opposing early voting "yesterday submitted to Secretary of State Mary D. Kane about 200,000 signatures, roughly twice the number needed" to "halt early voting this fall and place it on the ballot for voters to decide whether it is implemented in the future."

"New Challenges" To Death Penalty Arise. The St. Louis Post-Dispatch (7/1, Kohler) writes, "For those opposed to the death penalty, a humane execution might be a contradiction of terms. For those who don't care if a condemned man suffers in his last moments, it might be a pointless concern. The nation has walked a fine line between those views for more than a century in seeking ways the founding fathers intended to permit to snuff capital criminals. States used hangmen's nooses, gases, electricity and, finally, injections. But new challenges have raised questions about the legality of lethal injections, and about the future of capital punishment in the 38 states where it's legal."

NYTimes Questions Coast Guard Academy Handling Of Sex Harassment Cases. The New York Times (7/2, 1.19M) editorializes on a recent scandal at the Coast Guard Academy. After noting that the academy has a highest proportion of women of all the military service academies, it writes, "For the first time in its 130-year history, the academy court-martialed a cadet, convicting him on sodomy, indecent assault and extortion charges after four female cadets accused him of assaulting them. The stories that emerged from the trial are enough to make any reasonable person question how such allegations are handled at the academy." Of the academy's announcement that it will start involving women in sexual harassment investigations, the Times says, "It is frankly surprising, and somewhat appalling, that such a basic step was not taken years ago."

ANTITRUST:

Microsoft Races To Meet EU Demands Before Vote. The New York Times (7/1, O'Brien) reports, "For nearly three months, Microsoft says, 300 of its engineers have been working nearly nonstop to come up with the documentation for its server software that the European Commission has sought since an antitrust ruling in 2004. After two years of dragging its heels — at least in the view of the commission's antitrust staff — Microsoft is now presenting itself as productive and cooperative. The commission's threat of another fine on the company is driving the last-minute frenzy. But the commission's vote on the fine, which if assessed in full would total about 420 million euros ($527 million), may come just before Microsoft crosses the finish line. A European Union advisory committee is scheduled to discuss the commission's draft decision to impose the fine on Monday, but no action is expected."

Michaels Stores Accepts Bain/Blackstone Bid. The Wall Street Journal (7/1, Spector, Berman) reports, "Michaels Stores Inc. Friday said it accepted a more than $6 billion takeover bid from a private-equity group comprising Bain Capital and Blackstone Group, completing a nearly three-month process of fielding offers for the arts-and-crafts retailer. The winning takeover group paid $44 a share for the Irving, Texas, retailer. Michaels shares rose 8.5%, or $3.24, to $41.24 at 4 p.m. Friday in New York Stock Exchange composite trading. Michaels has 137 million shares outstanding. Michaels, the largest arts-and-crafts retailer in the U.S. and Canada by sales, has been attractive to private-equity groups because of its heavy cash flow, which could help to pay down debt incurred in the deal. The retailer generated operating cash flow of $364 million in its fiscal year ended Jan. 28."

ENVIRONMENT/INDIAN AFFAIRS:

Voting Rights Act Changes Could Impact American Indians. The AP (7/1) reports, "Landmark provisions in the federal Voting Rights Act of 1965 soon could expire, taking away powerful deterrents to discrimination against Indian voters in South Dakota and threatening to halt an upward trend in voter turnout on reservations. In the past 30 years, the provisions have forced South Dakota to submit 3,048 voting law changes in Todd and Shannon counties for approval by the Department of Justice and have required Lakota speaking interpreters at polling places in 11 counties. Provisions of the Voting Rights Act are the underpinning of a renaissance in Indian voting, resulting in a 122 percent increase in turnout in Shannon County on the Pine Ridge Reservation, and a 139 percent increase in Todd County on the Rosebud Reservation, between 2000 and 2004."

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FBI/DEA/ATF/USMS:

Probe Implicates Aristide In Narco-Trafficking, Money Laundering. In an article that is the first of two, the Miami Herald (7/2, Weaver, Charles, 323K) reports, "Jean-Bertrand Aristide was a modern-day Moses to Haiti's poor masses, a former Catholic priest who rose to the presidency by promising to wash away the country's bloody and corrupt past. But since his ouster as president in 2004, U.S. authorities have been investigating detailed accounts alleging that Aristide and several top aides sought and took millions of dollars in bribes from drug traffickers in Haiti, The Miami Herald has learned." The Herald adds, "The allegations against the ex-president come from numerous sources, but the evidence has not risen to a level to press a case against Aristide, say U.S. law enforcement officials, who have been hampered by a lack of financial records. Still, The Miami Herald has learned from interviews with about 20 law enforcement officials, defense lawyers and others involved in the case that Aristide has been accused of being at the center of his country's narco-trafficking and money-laundering activities from 2001 to 2004."

EU Opens Up Arms Market. The Washington Times (7/2, Harding, 90K) reports a story carried on the previous day by the Wall Street Journal, noting, "The European Union took a major step toward opening its notoriously closed armaments market yesterday with a new code of conduct aimed at boosting competition ... Under the code of conduct, which will apply in all EU states except for Spain, Denmark and Hungary, defense ministries are obliged to post new tenders on an Internet notice board and all European arms companies are free to compete for the contracts." The CEO of the European Defense Agency commented that European states "were spending too much on soldiers' wages and pensions -- personnel costs consume half of the union's $225-billion-a-year defense budget compared with one-quarter in the United States -- and too little on high-tech hardware."

IMMIGRATION:

Huntsman Claims Cannon Win Shows The Popularity Of Comprehensive Immigration Reform. The Deseret News (7/2, Roche) reports Utah Gov. Jon Huntsman Jr. said Rep. Chris Cannon's victory in his Republican primary "shows that Utahns agree with his more comprehensive approach to immigration reform." The News notes, "The immigration issue dominated the race between Cannon and his challenger in the primary, John Jacob. Jacob accused Cannon of supporting amnesty for illegal immigrants, because the five-term congressman backs President Bush's proposed guest-worker program." Huntsman "said…that the primary results reflect what most Utahns — and most Americans — support in terms of immigration reform: increased border security and a way of dealing with the 'human component,' those workers who are already here."

NAFTA Seen As Contributing To Illegal Immigration. The CBS Evening News (7/1, story 8, 3:20, Mitchell, 7.66M) reported the US and Canada "have been selling tons of corn in Mexico for over a decade, thanks to NAFTA." NAFTA "eliminated tariffs on most agricultural trade and was supposed to be a win-win for the US and Mexico. For Tirso Alvares Correa, NAFTA has been a disaster. While the trade agreement opened US markets to Mexican-born farmers, they haven't been able to sell any corn in America. Meanwhile, American farmers have flooded Mexico with cheap corn, thanks to generous US government subsidies, subsidies left unchecked by NAFTA. A US corn grower receives an average annual subsidy of $20,000 a year. The government of Mexico gives their corn farmers just $100. These farmers told us entire towns are emptying because thousand of small farms having out of business. As many as two million farm workers have lost their jobs. The vast majority head north across the US border, looking for better pay. No one questions that Mexico's small corn farmers are hurting, due in large part to the impact of NAFTA. But supporters of the free trade agreement say what's happening here is just part of the story."

Military Serves As Springboard To Citizenship. The Los Angeles Times (7/2, Perry, 958K) reports, "53 active-duty U.S. military personnel were sworn in as new citizens Saturday night before the Padres-Giants game. ... Since Sept. 11, a number of measures sponsored by the Bush administration have led to an expedited process for active-duty military personnel to become U.S. citizens. ... Since the changes, more than 20,000 military personnel have become citizens, 75 of them posthumously. Officials estimate that more than 40,000 military personnel remain eligible for citizenship." The article quotes some of the new citizens.

CONGRESS-ADMINISTRATION:

Cheney Expresses Support For Shuttle Program. Florida Today (7/2, Waymer, 84K) reports, "Vice President Dick Cheney had seen a shuttle launch once before, but hoped Saturday that his three granddaughters would get their chance. ... 'I was especially looking forward to having my grandchildren here,' Cheney told reporters from atop the Operation Support Building, shortly after the launch controllers ordered a scrub. 'But we just got a tour of the

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Atlantis,' he said. 'At least we got to see that.' Earlier, Cheney had walked through the Orbiter Processing Facility at Kennedy Space Center, where he, his wife, Lynne, and their three granddaughters…scoped the underbelly of shuttle Atlantis." FT adds, "Moments after the Discovery launch was called off, Cheney said he was 'very impressed' by the tour of Kennedy Space Center and said of the space program: 'It's a great program. It's important that we keep it going.' Other politicians on hand for the launch Saturday echoed similar support for the shuttle program, tempered with concerns about the consequences of another mishap."

Clouds Cause NASA To Postpone Discovery Launch. ABC World News Tonight (7/1, lead story, 1:30, Avila, 8.78M) reported, "We begin tonight with no go for 'Discovery.' NASA says it will try tomorrow after thunder clouds kept the space shuttle from launching today. Stormy weather did what safety questions could not. … The larger question -- whether dangerous pieces of foam will come off of the external fuel tank on launch -- NASA won't know the answer to that until they blast off."

The CBS Evening News (7/1, story 5, 2:20, Mitchell, 7.66M) reported, "There's a clear sense of disappointment here at the Kennedy Space Center because the flight of 'Discovery' is deemed critical to getting the whole shuttle program back on track. Now the launch will have to wait at least another day. … NASA is anxious to get 'Discovery' off the pad. With the shuttle program set to be mothballed in 2010, there are schedule pressures to complete the 17 final flights and finish construction of the international space station." NASA Administrator Michael Griffin: "We're now at a point where there are no optional flights. They're all critical. This one is critical because it's the one we're doing today."

NBC Nightly News (7/1, story 3, 2:00, Holt, 9.87M) reported NASA "thought they had a problem with the heater on a thruster rocket for much of the day. They resolved that issue and they thought the weather was cooperating. But as they got down to the wire the clouds continued to build and the launch director decided he had to scrub it. After all of the controversy and dissenting opinions about whether it is safe to fly this mission, NASA started this day determined to launch."

The Washington Post (7/2, A6, Gugliotta, 744K) reports, "The weather provided a disappointing anticlimax to a near-flawless three-day countdown, marred only by the failure of a heater used to keep fuel for one of the shuttle's thruster jets from freezing. … Mission control decided early Saturday afternoon that the glitch did not hamper shuttle operations, and decided to put the thruster on standby and use other thrusters during the mission. NASA officials said the broken heater could not be swapped out in time for Saturday's launch attempt.

KSC Weather Not Expected To Improve Before Tuesday. The New York Times (7/2, Schwartz, Leary, 1.19M) reports, "Liftoff is now scheduled for a 10-minute window starting at 3:26 p.m. on Sunday, but current weather forecasts put the likelihood of adverse conditions at 60 percent. Conditions for Monday, according to forecasters working with the National Aeronautics and Space Administration, are likely to be even worse."

Griffin Once Again Defends Decision To Override NASA Engineers' Safety Concerns. The AP (7/2, Dunn), in an article on the decision to scrub yesterday's launch, reports NASA Administrator Michael Griffin "decided to proceed with the 12-day mission despite the concerns of two top agency managers who wanted additional foam repairs. 'We now have a NASA in which senior officials feel free to discuss and debate openly complex, difficult and subtle technical topics that affect the flight,' Griffin told The Associated Press on Saturday. 'No matter what decision I made, I would have been disappointing somebody.'" The AP notes, "Bryan O'Connor, the top safety officer, and chief engineer Christopher Scolese recommended at a meeting two weeks ago that the shuttle remain grounded until design changes are made to 34 areas on the fuel tank known as ice-frost ramps."

Cheney Receives Clean Bill Of Health After Check Up. Vice President Cheney passed his physical before traveling to Florida to watch the NASA shuttle launch and the NASCAR Pepsi 400 race. Cheney's health and trip were briefly noted in prominent media outlets. ABC World News Tonight (7/1, story 2, 0:15, Avila, 8.78M) reported, "Among those disappointed at Cape Canaveral, the Vice President. Dick Cheney got the okay to travel from doctors this morning during his checkup. He received a clean bill of health. His pacemaker working just fine. The 65-year-old Vice President has had four heart attacks."

And NBC Nightly News (7/1, story 6, :10, Holt, 9.87M) reported, "Vice president Dick Cheney under went his annual physical and doctors said he checked out perfectly. His pacemaker is functioning properly and there were no signs of an irregular heart beat."

The New York Times (7/2, Stolberg, 1.19M) notes, "The physical on Saturday consisted of several tests, including an electrocardiogram, follow-up imaging of the repaired aneurysms and a check of Mr. Cheney's implantable cardioverter defibrillator, also known as a pacemaker, that he has had since 2001. A stress test on a treadmill is scheduled for the fall, Ms. McBride said." The AP (7/2, Riechmann) adds, "Vice President Dick Cheney's high-tech pacemaker is working properly and has not been activated by any irregular heartbeats, according to his annual physical on Saturday that showed his overall heart condition was stable."

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Bush Seen As Pensive About Approaching Birthday. The AP (7/2, Loven) reports, "The most powerful man in the world turns 60 on Thursday and he just can't seem to stop talking about it. Barely a week has gone by this year that President Bush has not brought up his advancing age at least once." He "is nearly always cracking wise when the topic of his age comes up. The humor, however, contains unmistakably wistful notes, revealing a president who is least somewhat pensive both about aging and his relevance after he leaves the White House in 31 months."

Medicare Drug Program Said To Have Driven Up The Cost Of Prescriptions. ABC World News Tonight (7/1, story 6, 3:00, Avila, 8.78M) reported, "In our 'money watch' tonight, a question being asked by seniors – 'why are prescription drug prices soaring?' Two new reports say they increased almost 4%, three times the rate of inflation in the first three months of the year. That's disappointing news to millions that hoped to get a price break from the Medicare drug plan. ABC continues, "One thing the Medicare drug plan has not done is make drugs less expensive. And one of the most controversial elements of the plan, banned Medicare from using its massive purchasing power to negotiate lower prices. Instead, letting individual plans negotiate on their own. Now, critics say there is evidence that that decision is costing seniors and taxpayers." ABC notes, ""The pharmaceutical industry says rising drug prices are in line with other medical costs -- even lower if you include generics."

Democrats Use Medicare Drug Coverage Gap As Campaign Issue. The Los Angeles Times (7/2, Alonso-Zaldivar, Lin, 958K) reports, "When Congress created the Medicare prescription drug program, it adopted an unusual idea to hold down costs: the so-called doughnut hole. The program pays most of a participant's drug bills until expenses reach $2,250 in a year. Then it stops paying until costs exceed $5,100. That leaves a hole of $2,850 that seniors with serious prescription needs are expected to manage on their own. Now, six months into the drug program…3.4 million seniors are approaching the doughnut hole. Most of them are middle-class seniors with multiple chronic illnesses. (The poor are exempt from the gap.) Some have already experienced an abrupt surge in prescription costs. … Sensing a political opportunity, some Democrats are campaigning on a promise to shrink or close the doughnut hole. As November's congressional elections draw nearer, more seniors will confront the gap."

Boehner Credited With Saving Line-Item Veto Bill. In his syndicated column Robert Novak (7/2) writes that House Majority Leader John Boehner "is credited with cooling off opposition by Appropriations Committee Chairman Jerry Lewis sufficiently to save the administration-backed line-item veto in the House June 22. Lewis had been giving a run-around to Republican Rep. Paul Ryan, sponsor of the bill. … Boehner reminded Lewis that President Bush and the congressional Republican leadership supported the Ryan bill. Consequently, the majority leader urged the chairman not to mobilize the 36 Republican Appropriations Committee members against the line-item veto. As a result, Lewis e-mailed his committee members that he would vote against Ryan's bill but was not calling on his fellow appropriators to follow him."

More Than $1.3 Billion In Federal Crop Subsidies Paid To Non-Farmers. The Washington Post (7/2, A1, Morgan, Gaul, Cohen, 744K) reports the federal government "has paid at least $1.3 billion in subsidies for rice and other crops since 2000 to individuals who do no farming at all, according to an analysis of government records by The Washington Post. Some of them collect hundreds of thousands of dollars without planting a seed. … The checks…were intended 10 years ago as a first step toward eventually eliminating costly, decades-old farm subsidies. Instead, the payments have grown into an even larger subsidy that benefits millionaire landowners, foreign speculators and absentee landlords, as well as farmers. Most of the money goes to real farmers who grow crops on their land, but they are under no obligation to grow the crop being subsidized. They can switch to a different crop or raise cattle or even grow a stand of timber -- and still get the government payments. The cash comes with so few restrictions that subdivision developers who buy farmland advertise that homeowners can collect farm subsidies on their new back yards."

Local Governments Employ Lobbyists To Secure Federal Funds. The New York Times (7/2, A1, Rudoren, Pilhofer, 1.19M) reports, "Cities and towns — and school districts and transit authorities and utility agencies — across the country are increasingly…putting lobbyists on retainer to leverage their local tax dollars into federal tax dollars. Since 1998, the number of public entities hiring private firms to represent them in Washington has nearly doubled to 1,421 from 763. … Most of these new clients had never sought earmarks — some had never even heard of them — before someone knocked on their door, essentially offering big pots for a pittance. Others had read in the newspaper about neighbors with lobbyists building bridges or beach walks and felt pressure to keep up with the municipal Joneses." The Times goes on to report, "Of the 250 top-grossing firms in Washington, 48 have state, local and tribal governments as their leading source of revenue, far more

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than any other sector, according to the Center for Public Integrity, which monitors lobbying."

Approaching NCLB Deadlines Pose Dilemma For States. The Miami Herald (7/2, Pinzur, 323K) reports, "More than 500 high-poverty Florida schools could be forced under the federal No Child Left Behind law to privatize, become charters, replace most of their staffs or make other major changes--even though some have repeatedly received A or B grades from the state." Florida has already acted under its own education accountability laws on some low-performing schools, but "it could become far more widespread next year unless those schools make unprecedented gains on the state's high-stakes standardized test."

NYTimes Claims Many State Tests Dodge Federal Standards. A New York Times editorial (7/2) notes a "startling new study shows that many states have a longstanding tradition of setting basement-level educational standards and misleading the public about student performance. The patterns were set long before No Child Left Behind, and it will require more than just passing a law to change them." The new study by Policy Analysis for California Education (PACE), a research institute run jointly by Stanford and the University of California, finds that many states students "who performed brilliantly on state tests scored dismally on the federal National Assessment of Educational Progress," the strongest, most well-respected test. Looking at state-level testing practices from 1992 to 2005, the study found many states dumbing down their tests or shifting proficiency targets in math and reading, "creating a fraudulent appearance of progress and making it impossible to tell how well students were actually performing." Although states have always resisted national tests and clung to local autonomy, the Times says "if the United States wants to equal its competitors abroad, it must move away from a patchwork system based on weak standards and a frankly fraudulent system of student assessment." It cites with approval a proposal that the federal government provide the states with a free, rigorous, high-quality test, on the condition that they use federal scoring standards.

OTHER NEWS:

Net-Neutrality Issue Could Stall Entire Telecom Bill. The Washington Post (7/2, F4, Hart, Goo, 744K) reports, "From Capitol Hill to Silicon Valley, it's become one of the most controversial and confusing topics to hit the tech industry this year: network neutrality. The term is confusing, the ad campaigns have further clouded the issue, and it's no longer easy to tell who's for it and who's not." The Post concludes, "The net-neutrality issue has been included in a larger telecommunications bill being considered by Congress. The House has already approved its version, but it's unclear whether the bill has enough support in the Senate to move ahead. As of now, the bill favors telecommunications companies that want the FCC to monitor the issue of access to the Internet. Many Democrats oppose the current bill unless it includes tougher language that would make it illegal for telecom firms to impose a priority pricing structure. It's unlikely that they'll reach a compromise before September, but many lobbyists and lawmakers say the net-neutrality issue could prevent the entire telecom bill -- which includes other provisions such as new rules for cable franchises -- from moving forward until next year."

Potential 2008 Presidential Candidates Make High Profile Visits To Gulf Coast. The Washington Times (7/2, Bellantoni, 90K) reports, "Visiting Louisiana and Mississippi has become increasingly important for politicians considering a White House bid." Sen. George Allen "recently walked amid the rubble of what were once homes in New Orleans neighborhoods. Others interested in the presidency also have taken a tour." Sen. Mary Landrieu "has hosted dozens of other lawmakers here, but…is reaching out especially to potential presidential candidates, telling them: 'You've got to see what's not working, so hopefully, if you get to be president, you can help fix it.'" Former Virginia Gov. Mark Warner "was in New Orleans last week on a fact-finding mission to see how he could help with children's health care challenges. He took with him Virginia specialists." Sen. Hillary Rodham Clinton, "who also took the Gulf Coast tour with Mrs. Landrieu, has called for an independent investigation of the failed government response to the hurricane."

Kerry's 2004 Loss Hinders His Nascent 2008 Presidential Campaign. The AP (7/2, Glover) reports Sen. John Kerry "has left little doubt about his intentions to try again after his narrow loss to President Bush in 2004. He isn't the only also-ran considering another marathon. … Kerry faces a challenge of major proportions, convincing Democratic activists that a candidate who just lost an election can still carry his party's White House hopes." According to the AP, "Kerry's allies acknowledge the struggle but are unwilling to give up the cause. 'Historically, the Democratic Party has tended to shoot its wounded,' said former New Hampshire Democratic Chairman Joe Keefe. 'John Kerry has done everything within his power to rewrite that chapter.' The Massachusetts senator has raised nearly $9 million for candidates and the party and has campaigned actively across the country.

Kerry Has Raised $10 Million For Democratic Candidates Since Losing To Bush. The Washington Post

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(7/2, A4, Goldfarb, 744K) reports Kerry "insiders" said "reports for the quarter that ended Friday show he has given or raised nearly $10 million for Democratic candidates and committees since November 2004. That's $1.5 million in the past three months. Kerry has raised a total of $13.5 million this cycle. Just last week, Kerry sent out an e-mail to raise money for the Senate candidacies of incumbent Maria Cantwell (Wash.), Claire McCaskill (Mo.), Rep. Sherrod Brown (Ohio) and incumbent Bob Menendez (N.J.). Kerry has given or raised $2.3 million for 18 Senate candidates and $6 million for 36 committees."

Carville And Penn Describe Clinton's Strengths As A Potential Presidential Candidate. In an op-ed for the Washington Post (7/2, 744K) Democratic consultants James Carville and Mark J. Penn, write, "We don't know if [Sen.] Hillary [Clinton] is going to run for president, but as advisers who have worked on the only two successful Democratic presidential campaigns in the past couple of decades, we know that if she does run, she can win. … Why? First, because strength matters. Our problems as a party are less ideological than anatomical: Our candidates have been made to look like they have no backbone. But the latest Post-ABC News poll shows that 68 percent of Americans describe Hillary Clinton as a strong leader." According to Carville and Penn, "For those who think that the politics of personal destruction might be rekindled against Hillary or her husband, we can only remind people how consistently that approach has backfired in the past. Bill Clinton would certainly be a huge asset if Hillary decided to run. … Certainly she could win the states John Kerry did. But with the pathbreaking possibility of this country's first female president, we could see an explosion of women voting -- and voting Democratic. States that were close in the past, from Arkansas to Colorado to Florida to Ohio, could well move to the Democratic column. It takes only one more state to win."

Warner Among Powerful GOP Figures Attending McCain Fundraiser. In his syndicated column Robert Novak (7/2) writes, "The Rasika restaurant in downtown Washington was jammed at 6 p.m. last Wednesday for a fund-raising reception benefiting Sen. John McCain's political action committee. Republicans were willing to pay $5,000 each to hear McCain speak. They wanted to be on record as present to help the prospective front-runner for the 2008 Republican Presidential nomination. Included among those attending were some of Washington's top GOP lobbyists: Charlie Black, Wayne Berman, Scott Reid and Rick Hohlt. Also present was Sen. John Warner, whose fellow Virginia senator -- George Allen -- is McCain's potential opponent for the Presidential nomination."

Biden Campaigning In New Hampshire As A "Muscular Democrat." The Manchester Union Leader (7/2, DiStaso, 59K) reports Sen. Joseph Biden "has no doubts about making another run for the White House. 'I'm in,' the Delaware Democrat said Friday as he began a five-day visit to the first-in-the-nation primary state." Biden "realizes that among the hard left activists in his party, his stance on the Iraq war — to stay and fight until the job is done — is unpopular. But he is asking for their trust that a 'neo-isolationist' foreign policy is the worst possible alternative for the country at this point in history. Regarding the Iraq war, terrorism, and overall foreign policy, Biden considers himself a 'muscular Democrat.'" Biden "said the Bush administration's policy has made the United States more vulnerable to terrorism, not less."

Graham Cultivates "Independent" Image, Disparages "Party-Line Politics." The State (7/2, Rosen) reports, "When Lindsey Graham first came to Congress almost a dozen years ago, he quickly became known as a Republican attack dog who helped lead the House impeachment of President Clinton. These days, conservative activists are less enchanted with" him. The State notes Graham's cooperative efforts with Sens. Hillary Rodham Clinton and Charles Schumer, and adds that he "was an early critic of the U.S. military's excessive interrogation practices at Abu Ghraib prison in Iraq and elsewhere." According to The State, "Much like his friend and mentor" Sen. John McCain, Graham "disdains party-line politics and revels in his independence. … Graham's articulateness and high profile have led some political analysts to cast him as a possible 2008 presidential candidate — a job for which he adamantly denies having even the slightest interest."

GOP Seek To Benefit From Projecting Tough Image For Elections. The Los Angeles Times (7/2, McManus, Wallsten, 958K) reports that after experiencing past success in campaigning on national security and counter-terrorism issues, "in the face of increasing violence in Iraq and eroding public support for the war at home, Republicans are turning again to the theme of toughness — with gloves off." GOP "strategists hailed last week's Supreme Court ruling on detainees." GOP pollster Whit Ayres said, "The Supreme Court ruling on Guantanamo was a real blessing in disguise." Ayres said the ruling "allows us to have a debate on whether terrorists should receive the same legal protections as American military personnel. … It's hard to see Republicans losing when that's the debate." In response, "Democratic leaders say, at least in public, that they are confident they can win that debate." Yet "the Democrats'

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response so far has been less unified, less pointed and less memorable than the Republicans' attacks."

Democrats Hope To Make Gains Among Rural Voters. The Washington Post (7/2, A5, Cillizza, 744K) reports, "The wooing of rural voters is essential to Democrats' hopes for taking back the Senate this November, party strategists say. Rural voters wield real electoral power in Missouri, Pennsylvania, Ohio, Montana, Tennessee, Virginia and Arizona -- all of which are being targeted this fall by Democrats." Sen. Charles Schumer, chairman of the Democratic Senatorial Campaign Committee, "said the Bush administration's economic policies have created an opening for his party to argue that rural voters have a self-interest in backing Democrats." However, "The raw numbers are daunting. Exit polling in the 2004 presidential race showed Bush carrying rural areas 57 percent to 42 percent over Sen. John F. Kerry (D-Mass.). Similar margins have fueled Republican victories on the state and local levels, where candidates have repeatedly used social issues such as abortion and same-sex marriage to advantage over Democrats."

Democrats Remain Unable To Blunt Effectiveness Of GOP's "Values Agenda." The St. Louis Post-Dispatch (7/2, Shesgreen, 310K) reports, "Last week, House Republican leaders unveiled an election-year 'values agenda' that included a gay marriage ban, abortion restrictions and legislation preserving the words 'under God' in the Pledge of Allegiance, among other items. And the Senate spent two days debating a constitutional amendment to ban flag desecration before defeating it, just a few weeks after an amendment banning gay marriage met the same fate. These hot-button cultural issues are designed to rev up the Republican base and cut into Democratic support among rural blue-collar voters; they are so-called 'wedge' issues that in the last election helped propel George W. Bush to a second term and boosted Republican majorities in Congress. That 2004 vote sent Democrats reeling, with many calling for a re-examination of the way they talked about faith and politics and a new push to win back 'values voters' who over the last few election cycles have come to see the Democratic Party as reflexively anti-religion. … It's unclear whether Democrats, despite their soul-searching, will be able to reframe the debate with their own moral tilt and cut into the established GOP advantage on these issues. Sen. Barack Obama, D-Ill., suggested in a speech last week that Democrats had fallen into a trap of their own making on religious issues and had made little progress despite evidence of the serious electoral ramifications."

EDITORIAL WRAP-UP

New York Times: ***"The School Testing Dodge."*** A New York Times editorial (7/2) notes a "startling new study shows that many states have a longstanding tradition of setting basement-level educational standards and misleading the public about student performance. The patterns were set long before No Child Left Behind, and it will require more than just passing a law to change them." The new study by Policy Analysis for California Education (PACE), a research institute run jointly by Stanford and the University of California, finds that many states students "who performed brilliantly on state tests scored dismally on the federal National Assessment of Educational Progress," the strongest, most well-respected test. Looking at state-level testing practices from 1992 to 2005, the study found many states dumbing down their tests or shifting proficiency targets in math and reading, "creating a fraudulent appearance of progress and making it impossible to tell how well students were actually performing." Although states have always resisted national tests and clung to local autonomy, the Times says "if the United States wants to equal its competitors abroad, it must move away from a patchwork system based on weak standards and a frankly fraudulent system of student assessment." It cites with approval a proposal that the federal government provide the states with a free, rigorous, high-quality test, on the condition that they use federal scoring standards.

"About Breast-Feeding ..."

"Scandal at the Coast Guard Academy." The New York Times (7/2, 1.19M) editorializes on a recent scandal at the Coast Guard Academy. After noting that the academy has a highest proportion of women of all the military service academies, it writes, "For the first time in its 130-year history, the academy court-martialed a cadet, convicting him on sodomy, indecent assault and extortion charges after four female cadets accused him of assaulting them. The stories that emerged from the trial are enough to make any reasonable person question how such allegations are handled at the academy." Of the academy's announcement that it will start involving women in sexual harassment investigations, the Times says, "It is frankly surprising, and somewhat appalling, that such a basic step was not taken years ago."

Washington Post: ***"Let There Be Law."*** The Washington Post (7/2, B6, 744K) in an editorial faults Congress for failing to address the issue of detainee policy and writes, "There is an opportunity to provide legislative authorization -- along with limits, safeguards and accountability -- for all of the powers and practices the U.S. government may need in a long-term confrontation with violent Islamist extremism." But there is a "danger" that

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"Congress will become reckless and hasty and abdicate the responsibility the court has given it. With midterm elections looming, the administration may push for quick legislative fixes." The Post concludes, "This is a moment in which this country can correct the mistake of five years ago, when the executive branch sought to fight a novel war based on a combination of outdated laws and new rules it made up on its own. The Supreme Court has created the chance to bring real law to the war on terror -- if Congress is willing to do its job."

"Backtracking in Darfur." The Washington Post (7/2, Editorial, 744K) editorializes that Sudan's government reversed itself on allowing United Nations peacekeepers into the western region of Darfur. President Omar Hassan al-Bashir is "attributing U.S. pressure for intervention to 'Jewish organizations'" even as "Ayman al-Zawahiri, the deputy leader of al-Qaeda, recently accused the United Nations of preparing to occupy Sudan and divide it." The problem is that "Bashir has calculated that he can snub the international community with impunity." While "History has demonstrated that Mr. Bashir's regime is susceptible to foreign pressure," that "pressure has to be consistent to work, and recently the international community has appeared divided." Now, "Worrisomely, President Bush's point man on Sudan, Deputy Secretary of State Robert B. Zoellick, is leaving for Wall Street, and his ambassador to the United Nations, John R. Bolton, recently refused to accompany his Security Council colleagues on a trip to Sudan. But if Mr. Bashir's shameless outpourings are not enough to solidify diplomatic efforts to isolate his regime, it's hard to know what would be."

Los Angeles Times: ***"Supreme Court freshmen."*** The Los Angeles Times (7/2, 958K) in an editorial writes, "Less than a year ago, some liberal activists were warning that the confirmation of Roberts…would jerk the court unacceptably to the right. That critique was recycled a little more respectably when President Bush named Judge Samuel A. Alito Jr. to replace perennial swing vote Sandra Day O'Connor. … Yet the seismic shift dreaded by liberals and dreamed about by conservatives hasn't occurred. … Even when Roberts and Alito would have shifted the law dramatically, as they did in supporting a much narrower definition of wetlands subject to federal regulation, their colleagues balked. In that case, as in last week's decision on the commissions…Kennedy…distanced himself from the conservative bloc . In other cases he voted with the conservatives, vindicating the observation that, just as the Rehnquist court was really the O'Connor court, the Roberts court is actually the Kennedy court."

"A noncommittal Fed." The Los Angeles Times (7/2, 958K) in an editorial titled "A Noncommittal Fed" writes, "Talk about irrational exuberance. Stock markets surged Thursday because of what the Federal Reserve didn't say." While delivering as expected its 17th consecutive interest rate hike since mid-2004, the Federal Open Market Committee said that while economic growth slowed, other factors "have the potential to sustain inflation pressures," and said that future moves would depend on the outlooks for economic growth and inflation. Viewing that as the equivalent a noncommittal answer of "That depends," the Times argued, "All the recent volatility and confusion about discerning the Fed's real intentions should lead Chairman Ben S. Bernanke to forge ahead with one of his long-standing pet ideas: having the Fed publicly set a target for inflation." The editorial notes about two dozen central banks around the world take that approach, which by making expectations clear, could dampen inflationary pressures. "Having a clear target would further enhance the Fed's predictability," the Times concluded.

"So what if they're born gay?"

THE BIG PICTURE

Headlines From Today's Front Pages.

Los Angeles Times:
"GOP Aims to Use a War to Win an Election Battle."
"A Stand in the Forest."
"Justice Kennedy Makes the Calls on Roberts Supreme Court."
"If You Think LAX Is Busy Now, Just Wait a Month."
"Close Magic Mountain? Residents Aren't Thrilled."
"Massacre at Market in Iraq."

New York Times:
"Roberts Is at Court's Helm, but He Isn't Yet in Control."
"Car Bomb Kills More Than 60 in Iraq Market."
"On a Rooftop in Ramadi."
"Hiring Federal Lobbyists, Towns Learn Money Talks."
"Buffett Children Emerge as a Force in Charity."
"Mexican Vote Hinges on Conflicted Middle Class."
"Corzine Orders New Jersey Government Shutdown."
"Israeli Airstrike Over Gaza Hits Premier's Office."

Washington Post:
"Baghdad Market Bombing Kills 66."
"City Has a New Bounce in Its Step."
"MS-13 Blamed in 3 Pr. George's Slayings."
"Mfume Leads Cardin In Sharply Divided Primary, Poll Shows."
"Landowners Hit Pay Dirt."

Washington Times:
"Israeli warplanes hit Hamas offices."
"Car bomb kills 66 at Iraqi bazaar."
"Mexico takes uncertain turn."
"White House suitors deluge New Orleans."
"Kidney for a good fast ball."

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Atlanta Journal-Constitution:
"Mexicans face stark decision."
"Condos crushing an era in Atlanta."
"'Outsider' Cox has an inside track."
"Storms delay Discovery's launch till today --- maybe."
"Iraqi official kidnapped, 62 killed."
"Former farms still get big bucks in crop subsidies."
"Lawmakers protest Christian film's PG rating."
"It's Mister, not Sister; Lynn's a guy."
"Notoriety new for Austin, facing trial in Dubai today."

Dallas Morning News:
"DISD credit card oversight lax."
"Penry death penalty case festers."
"Brokerage firm was actually FBI front."
"Toddler didn't meet Amber Alert criteria."
"Millions in public aid for renewal draw fire."
"Contracts for water not so fluid."
"Children injured as storms ruin festival."
"New citizens drawn by America's lasting allure."
"NASA to try again with shuttle launch on Sunday."
"2 ways to go in Mexico election."

Houston Chronicle:
"Mexican vote unlikely to alter U.S. ties."
"Essence fest reworked for Houston debut."
"Fireworks citations may fizzle July Fourth for some."
"Israeli airstrike destroys Hamas premier's offices."
"French beat Brazil to reach World Cup semis."
"Evacuee's return to Big Easy a washout (w/ interactive)."
"Guard presence credited in Del Rio border influx drop."
"Texas A&M using new methods to add faculty."

Story Lineup From Last Night's Network News:
ABC: Shuttle Launch Postponed; Cheney Health OK; Lethal Baghdad Attack; Marine Misconduct Allegations; Palestinian Crisis Worsens; Medicare Rx Program Criticized; Wyoming Wolf Release Controversy; US Highways Crumbling.
CBS: Lethal Baghdad Attack; New Bin Laden Tape; Afghanistan Casualties; Bush Israeli Soldier Release; Shuttle Launch Postponed; Auto Sales Slumping; Tennis Results; NAFTA Increases Illegal Immigration; New Newark Mayor.
NBC: Iraq Bombing/Bin Laden Tape; Gaza Invasion; Shuttle Launch Postponed; East Coast Floods; Alleged US War Crimes; Cheney Health; Texas Oil Boom; Andre Agassi.

WASHINGTON'S SCHEDULE

Today's Events In Washington.

White House:

PRESIDENT BUSH — The President and Mrs. Bush arrive The White House via Marine One. South Lawn, The White House. Unavailable

VICE PRESIDENT CHENEY — No Schedule Available.

US Senate: No Scheduled Events.

US House: No Scheduled Events.

Other: June 28 - July 2. DAR CONTINENTAL CONGRESS _ Daughters of the American Revolution (DAR) convene their 115th annual Continental Congress. Meetings and events for DAR members. Location: DAR Constitution Hall, 1776 D St. NW. Contacts: Bren Landon, 202-572-0563

June 30 - July 3. ASIAN AND PACIFIC CATHOLIC CONVOCATION _ First convocation of U.S. Catholic pastors, bishops, lay leaders, social workers, and educators of Asian and Pacific heritage. Four days of workshops, liturgical celebrations, policy discussions and cultural events. Highlights: 8:15 a.m. Eucharistic liturgy with Bishop Oscar Azarcon Solis of Los Angeles. Location: Hyatt Regency-Crystal City, 2799 Jefferson Davis Hwy., Arlington, Va. Contacts: William Ryan, 202-541-3200

June 30 - July 4. FOLKLIFE FESTIVAL _ First session of the Smithsonian Folklife Festival, focusing on life in the Canadian province of Alberta, evening concerts celebrating African American music from New Orleans, and basketweavers from a wide variety of geographical regions, others. Location: Mall between 7th and 14th Sts. Contacts: Becky Haberacker, 202-633-5183

July 1 - 2. COMPUTER DESIGN CONTEST _ The ten IEEE Computer Society Design Contest university team finalists present their projects in computer design and engineering on the theme of 'preserving, protecting and enhancing the environment.' Teams represent universities in the U.S., China, India, Romania, Poland and Jordan. Topics include tsunami tracking, trash disposal, coal mining, solar energy and others. Highlights: 7 p.m. - 9 p.m. Awards dinner. Location: Latham Hotel, 3000 M St. NW. Contacts: Randi Hicks Rowe, 703-836-0900 Joel Ranck, 202-832-0478

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USDOJ- Office of Public Affairs

From:	USDOJ- Office of Public Affairs
Sent:	Monday, July 03, 2006 8:29 AM
To:	USDOJ- Office of Public Affairs
Subject:	Department of Justice News Clips for Sunday, July 02, 2006
Attachments:	dojclips060702.pdf; dojclips060702.doc

DEPARTMENT OF JUSTICE *NEWS CLIPS*

PREPARED FOR THE OFFICE OF PUBLIC AFFAIRS, US DEPARTMENT OF JUSTICE

TO: THE ATTORNEY GENERAL AND SENIOR STAFF

DATE: SUNDAY, JULY 2, 2006 7:45 AM EDT

TODAY'S EDITION

Terrorism News:

Hurdle To Closing Guantanamo: Where To Put Inmates (WP) 2
Guantanamo Detainees: Why They're Still There (LAT) 3
The Court Enters The War, Loudly (NYT) 5
A Check Against Fear (NYT) 6
Let There Be Law (WP) 7
Bush Originally Trumpeted Anti-terror Plan's Details (HC) 8
A History Of Publishing, And Not Publishing, Secrets (NYT) 9
Secrecy, Security, The President And The Press (NYT) 11
Can't Win The War? Bomb The Press! (NYT) 13
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TERRORISM NEWS:

Hurdle To Closing Guantanamo: Where To Put Inmates (WP)

By Josh White

The Washington Post, July 2, 2006

The Supreme Court decision striking down military commissions for detainees at Guantanamo Bay, Cuba, has renewed calls for the government to close the facility that has held terrorism suspects for four years. The problem facing U.S. officials is how to shut down Guantanamo and what to do with the 450 men who are still there -- in particular, about 100 they consider too dangerous to ever release.

U.S. officials acknowledge that closing Guantanamo Bay is likely, though there is no timetable and no specific plan for how to do it. While the State Department works to repatriate nearly two-thirds of the prison's population via complex negotiations with other nations, the Bush administration will have to decide what to do with the core group who officials claim would kill Americans if they were freed.

Senior administration officials, requesting anonymity because they were not authorized to discuss the matter, said there are only two options for the men the United States deems too dangerous to release: transfer them to federal or military prisons in the United States -- such as the supermax facilities or Fort Leavenworth -- or arrange for another country to assume responsibility for their detention.

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So far, no third country has said it would be willing to take the men, and the Bush administration has been reluctant to consider allowing them to be transferred onto U.S. soil. Senior officials said in interviews it is possible that any suspects who are convicted of crimes could land in U.S. prisons.

The United States has taken that step previously with international criminals, such as Panamanian Gen. Manuel Noriega, who was convicted in 1992 on drug trafficking and racketeering charges and is incarcerated in a federal prison near Miami. Admitted al-Qaeda operative Zacarias Moussaoui is serving a life sentence in a Colorado supermax prison along with Ramzi Yousef, convicted in the 1993 bombing of the World Trade Center in New York.

White House spokesman Tony Snow told reporters aboard Air Force One on Friday that closing the facility will not be easy, adding that the administration does not want some of the people there to cross the U.S. border.

"You close it when you finish handling all the cases of people who are at Guantanamo," Snow said. "And, as we've said many times, you don't simply shut it down. There are some people who you do not want on American soil, who you want to go ahead and conclude the process of bringing them to justice, and repatriating those to whom it is appropriate to repatriate."

President Bush and senior administration officials have said they want Guantanamo Bay to close, in large part because the detention center has become an enormously negative symbol.

John B. Bellinger III, legal adviser to Secretary of State Condoleezza Rice, said last week that there are about 300 detainees from Afghanistan, Saudi Arabia and Yemen who are likely to be returned to the custody of their home countries when agreements can be worked out.

Retired Army Gen. Barry R. McCaffrey wrote in a recent academic paper for the U.S. Military Academy that the United States should "rapidly weed out as many detainees as possible and return them to their host nation with an evidence package as complete as we can produce," urging countries to try their nationals for war crimes and terrorist actions. If detainees are released in their own countries and appear back on the battlefield fighting the United States -- as the administration has contended will happen -- "it may be cheaper and cleaner to kill them in combat than sit on them for the next 15 years," McCaffrey wrote.

McCaffrey also advocates putting the 25 most dangerous terrorism suspects on trial in U.S. courts or by courts-martial, followed by civil indefinite detention in a U.S. territory.

Human rights groups do not necessarily disagree with putting detainees who are convicted by a sound legal system in jail, and they believe the Supreme Court decision could provide an avenue toward that legal framework.

"There are probably people at Guantanamo who should be held, and they should be brought to the United States," said Elisa Massimino, Washington director of Human Rights First. "If there's anybody in there that they have evidence of a crime against, they can try them."

Rep. Adam Schiff (D-Calif.) introduced legislation last year calling for a solid legal framework at Guantanamo Bay that would require U.S. officials to either charge, release or repatriate detainees within two years, except in extraordinary circumstances.

"The problem with closing down Guantanamo is you're still going to need a place to hold the worst of the worst . . . and closing down Guantanamo means opening up something else somewhere else," Schiff said Friday, saying that he favors a location inside the United States, either in an existing facility or a new special prison. "I'm more concerned about making sure that they're tried in a way where they can be detained if necessary than what we call the facility or where we put it."

Guantanamo Detainees: Why They're Still There (LAT)

By Carol J. Williams, Times Staff Writer

The Los Angeles Times, July 2, 2006

There are 450 men from more than three dozen countries detained as "enemy combatants" in a seaside network of seven — soon to be eight — camps and prisons at the U.S. Naval Base in Guantanamo Bay, Cuba. Following are some frequently asked questions.

Question: Why does the United States have a base in Cuba?

Answer: The oldest U.S. base overseas and the only one in a communist country, the naval station is positioned at a strategic point between the Atlantic Ocean and the Panama Canal. It has been expanded and modified since the U.S.

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government leased 45 square miles of land and water from the newly liberated island nation in December 1903. A 1934 treaty set the annual rent at $2,000 in gold, or $4,085 today, and deemed the lease permanent unless both parties agreed to any changes. Communist revolutionary President Fidel Castro has wanted to break the lease since he took power in 1959 and has refused to cash any of the checks.

Q: What crimes are the prisoners at Guantanamo accused of?

A: Only 10 of the men have been charged with war crimes, for their alleged roles in aiding Taliban and Al Qaeda operatives responsible for the Sept. 11, 2001, terror attacks, and assaults on U.S. forces who invaded Afghanistan a month later. The other 440 were captured by Afghan, Pakistani, U.S. and other authorities and accused of engaging in combat or plotting to do harm to Americans and their allies.

Q: Why does the government continue to hold men who haven't been charged with a crime?

A: The Bush administration claims the right, under the laws of war, to indefinitely detain "enemy combatants" while the nation is at war — in this case, the global war on terrorism. Detention prevents prisoners from returning to the battlefield and endangering U.S. forces or U.S. national security, the administration argues. Under the Geneva Convention, captured enemy forces may be held as prisoners of war but must be provided specific rights and protections. For instance, POWs are housed in quarters equivalent to those for U.S. forces, are allowed to keep their personal effects, can work and receive compensation, and are not subject to interrogation. The Guantanamo detainees are not accorded these rights.

Q: Why was Guantanamo chosen as the site for the United States' captured enemies in the war on terrorism?

A: Initially, officials at the White House and the Pentagon believed they were under no obligation to accord U.S. constitutional rights and protections to noncitizen detainees held outside U.S. soil. However, two years ago, the Supreme Court ruled on a prisoner's challenge, Rasul et al. vs. Bush, that anyone in U.S. custody anywhere has the right to challenge his captivity in federal court. That ruling was just on the right to challenge detention, but opened the door to Hamdan vs. Rumsfeld.

Q: Why was the Supreme Court looking at the military tribunals?

A: After the Rasul ruling, attorneys for Yemeni Salim Ahmed Hamdan appealed to U.S. district court with a challenge to the legality of the military commissions set up to try those accused of war crimes. Hamdan's challenge resulted in Thursday's Supreme Court ruling that President Bush exceeded his war powers when he created the tribunal.

Q: How are the Guantanamo detainees affected by the Supreme Court ruling?

A: Only the 10 charged detainees are directly affected by the decision, and the consequences won't be immediate even for them. The president may seek congressional authorization for another kind of offshore military court, or the administration may try those charged with war crimes in U.S. federal courts.

Q: What about the other 440 men — will they also receive trials?

A: Military prosecutors have said for months that charges were pending for at least two dozen more prisoners, and the number prosecuted could reach 75. But with international pressure mounting against the Guantanamo operations and the government likely to have a tougher time securing convictions in U.S. courts, the State Department is negotiating with detainees' home countries in an effort to transfer custody and responsibility for the men.

Q: If the Bush administration is trying to downsize Guantanamo, why is it building new detention facilities?

A: The $30 million in funding for the medium-security, 100-cell Camp 6 due to open in August was budgeted more than two years ago. Military officers running the detention operations also note that the first three camps constructed at Guantanamo in early 2002 — the metal mesh cells arrayed in open-air rows in Camps 1, 2 and 3 — are rusting and nearing the end of their five-year intended life span. Camp 4, a barracks-like communal-living facility for as many as 200 detainees with the best behavior records, is mostly empty now because of repairs underway after a May 18 uprising.

Q: How can a prisoner get released from Guantanamo?

A: Of the 759 men known to have been brought to the detention network since January 2002, about 300 have left the island after being judged by panels of military officers as "no longer an enemy combatant" or when their home governments agreed to take responsibility for them. Three committed suicide. About 100 still at the prison have been judged eligible for transfer or release by annual Administrative Review Board hearings. Another round of the assessments is underway to reconsider the need

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to hold the 330 or so deemed last year to require continued detention because they posed a threat to U.S. security if released or because they could provide intelligence under interrogation.

The Court Enters The War, Loudly (NYT)

By Adam Liptak

The New York Times, July 2, 2006

JOHN C. YOO, a principal architect of the Bush administration's legal response to the terrorist threat, sounded perplexed and a little bitter on Thursday afternoon. A few hours earlier, the Supreme Court had methodically dismantled the legal framework that he and a few other administration lawyers had built after the Sept. 11, 2001, attacks.

"What the court is doing is attempting to suppress creative thinking," said Professor Yoo, who now teaches law at the University of California, Berkeley. "The court has just declared that it's going to be very intrusive in the war on terror. They're saying, 'We're going to treat this more like the way we supervise the criminal justice system.' "

While in the Justice Department's Office of Legal Counsel from 2001 to 2003, Mr. Yoo helped write a series of memorandums setting out a bold and novel legal strategy to find, hold, question and punish the nation's enemies. The memorandums said the Geneva Conventions do not apply to people the administration designates as enemy combatants. They contemplated the use of highly coercive interrogation techniques. They justified secret surveillance.

The court's decision in Hamdan v. Rumsfeld, Professor Yoo said, may signal the collapse of the entire enterprise. "It could affect detention conditions, interrogation methods, the use of force," he said. "It could affect every aspect of the war on terror."

He was not overstating his case. True, the decision itself — holding that the government could not try detainees held at Guantánamo Bay, Cuba, for war crimes in a particular way — was narrow, given that it directly affected only 10 men and did not address the administration's broader contention that it can hold those men and hundreds of others without charges forever. And Congress may yet put some or all of the president's programs on firmer legal footing.

But the effect of the decision, constitutional lawyers across the political spectrum agreed, could devastate the administration's main legal justifications for its campaign against the terrorist threat.

"The mood music of this opinion so lacks the traditional deference to the president," said John O. McGinnis, who served in the Justice Department from 1987 to 1991 and now teaches law at Northwestern, "that it would seem to have implications for his other programs."

The administration had built its case in part on a vote by Congress, taken a week after Sept. 11, that authorized the president to "use all necessary and appropriate force" against those who participated in and supported the attacks. The administration has relied on that authorization as legal support for several of its programs.

In 2004, the Supreme Court endorsed a part of this argument, but Justice John Paul Stevens, writing for the majority in Hamdan, was having none of it. There is, he said "nothing in the text or legislative history" of the authorization "even hinting that Congress intended to expand or alter" existing laws concerning military trials.

The opinion, Professor Yoo said, seemed to require Congress to specify a laundry list of powers before the president can act.

"I worked on the authorization," he added. "We wrote it as broadly as possible. In past wars, the court used to let the president and Congress figure out how to wage the war. That's very different from what's happening today. The court said, 'If you want to do anything, you have to be very specific and precise about it.' "

The logic of the ruling and its requirement that Congress directly authorize presidential actions even in wartime has broad implications. For one thing, said Laurence H. Tribe, a law professor at Harvard, it seems to destroy the administration's argument that Congress blessed the National Security Agency's domestic surveillance program when it voted for the authorization.

"That argument is blown out of the water and is obliterated," Professor Tribe said.

Justice Stevens also took aim at the administration's chief constitutional argument, the one that critics call "Article II on steroids."

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Because Article II of the Constitution, among other things, anoints the president as commander in chief, Professor Yoo and other administration lawyers have argued the president can ignore or override laws that seem to limit his authority to conduct war. In the current struggle against terrorism, they argue, the entire world is the battlefield.

Perhaps not any more. Steven G. Calabresi, a law professor at Northwestern and a founder of the Federalist Society, the conservative legal group, said this second argument is also in trouble.

"The court is certainly not embracing the broader Article II power," he said.

Indeed, a footnote in the majority opinion, one sure to be read closely, seems tailored to address these other controversies by rejecting the argument that the president is free to ignore Congressional limitations on his power.

"Conceivably the court had in mind controversies like the N.S.A. terrorist surveillance program" in crafting the footnote, said Curtis A. Bradley, a former Bush administration lawyer who now teaches law at Duke.

There are supporters of the N.S.A. program who say that the Hamdan decision does not affect it. They note that a 2002 appeals court decision said that Congress "could not encroach on the president's constitutional power" to conduct warrantless surveillance to obtain foreign intelligence.

The wholesale rejection of the administration's positions in Hamdan may have its roots in part in judicial hostility toward the memorandums Professor Yoo helped prepare several years ago. The justices in the majority, said Professor McGinnis, "have been so skeptical of a variety of legal interpretations coming out of the executive branch, like the so-called torture memos, that they are not giving the president any deference."

But some justices seemed to leave a door open, suggesting that the decision is not so much a judicial attack on executive power as it is an insistence that Congress, rather than a small group of administration lawyers, must play a leading role in formulating the response to terror.

"Where, as here, no emergency prevents consultation with Congress," Justice Stephen G. Breyer wrote in a brief concurrence that three other justices joined, "judicial insistence upon that consultation does not weaken our nation's ability to deal with danger. To the contrary, that insistence strengthens the nation's ability to determine — through democratic means — how best to do so."

But Professor Yoo was not inclined to accept the decision as a triumph of the democratic process. Instead, he saw it as a judicial usurpation of the president's power to protect the nation. "The court is saying we're going to be a player now," he observed ruefully.

A Check Against Fear (NYT)

By Jonathan Mahler

The New York Times, July 1, 2006

(Note: This article will appear in the July 9 issue of The Times Magazine.)

The afternoon before the Supreme Court handed down its instantly historic ruling in Hamdan v. Rumsfeld, Lt. Cmdr. Charles Swift, the Navy defense lawyer appointed to represent the man who has admitted to being Osama bin Laden's driver, Salim Hamdan, told me he was reading a minority opinion written 60 years earlier, in the wake of World War II, by one of the court's lesser-known justices, Wiley B. Rutledge. The case involved Tomoyuki Yamashita, a Japanese general who'd been convicted of war crimes and sentenced to death by a U.S. military tribunal, a verdict upheld by the court, 6-2, despite some glaring procedural deficiencies: among other things, the admission of hearsay evidence including propaganda films and unnamed witnesses. When Swift and I spoke, Supreme Court watchers had already deduced that Justice John Paul Stevens would be writing for the majority in Hamdan. Back in 1947, the 27-year-old Stevens was Rutledge's clerk, so Swift was consulting Rutledge's dissent in Yamashita for clues.

Swift read me stirring words from Rutledge's opinion: "The immutable rights of the individual, including those secured by the due process clause of the Fifth Amendment, belong not alone to the members of those nations that excel on the battlefield or that subscribe to the democratic ideology. They belong to every person in the world, victor or vanquished, whatever may be his race, color or beliefs. They rise above any status of belligerency or outlawry." Swift paused and then added, "I think tomorrow's going to be a good day."

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And of course it was. With the assent of four of his colleagues, Stevens ruled that the military tribunals created by presidential order in November 2001 to try enemies captured in the war on terror violated the Geneva Conventions and the Uniform Code of Military Justice and were therefore illegal. Stevens, it would seem, had absorbed his mentor's distaste for unbridled power. "He was finally able to vindicate those values that Rutledge championed," says Allison Danner, who clerked for Justice Stevens in the late 1990's.

So much of the conversation concerning the war on terror has focused on fear - for some, the fear of losing our freedoms, for all, the fear of another attack. It's easy to overlook the counternarrative of hope, whether it's Iraqi citizens braving violence to vote in free democratic elections, the declining confidence in bin Laden in a number of Muslim countries (according to a recent Pew Research Center poll) or our Supreme Court reminding us of the resilience of the principles upon which this country was built. "There are not many countries where a noncitizen with a fourth-grade education can sue the president," says Neal Katyal, the Georgetown Law professor who argued Hamdan's case before the Supreme Court. "That is our great gift to the world. We're strong enough to say our system can handle it."

Throughout our history, war has led to the abrogation of rights, from the Alien and Sedition Acts through the detention and internment of Japanese-Americans in World War II to the F.B.I.'s undercover infiltration of antiwar groups during Vietnam. More often than not, when asked to rule on the legality of these extraordinary measures, the Supreme Court has given the commander in chief a wide berth. This is understandable: "Judges, like other citizens, do not wish to hinder a nation's 'war effort,' " Justice William Rehnquist once wrote. And yet, when the court sets aside civil liberties and defers to the president, it acts out of fear; when the court checks the president and reaffirms those liberties, it acts out of strength - and, equally, hope.

President Bush has said that the war on terror presents unprecedented challenges and therefore demands a novel approach, the so-called new paradigm. It is true that we are fighting a new kind of enemy, one who is transnational, can wreak havoc on an epic scale and, in the case of suicide bombers, cannot be deterred by the threat of conviction in a court of law. But if the danger posed by this enemy is of a different character than we have encountered in the past, so, too, is the danger posed by our response to him. This is, after all, a war with no foreseeable end and a limitless battlefield. Left unchecked, the president could extend the reach of his wartime powers anywhere, ad infinitum. Do we need to narrow the scope of certain liberties to defeat radical Islam? The majority opinion in Hamdan does not preclude this possibility, but it does prevent the president from acting unilaterally, while inviting - compelling, really - Congress to assume its own share of constitutional responsibility for the war on terror. Will Congress prove a more vigilant steward of our civil liberties? We cannot say. In the future, the balance of hope and fear will depend on many things, most notably whether we are attacked again. But we are at least assured of an admittedly overdue debate about the conduct of the war. Before Hamdan, that debate, such as it was, consisted of the executive branch telling us - or not telling us - how it was prosecuting the war and of the denunciations issued by the executive branch's critics. We were told that after 9/11, everything had changed - or that nothing had changed. Now that our fear will be tempered by hope, the real conversation can begin.

Let There Be Law (WP)

The Washington Post, July 2, 2006

The Supreme Court has offered a chance to put the war on terror on solid legal ground. Will Congress rise to the occasion?

THE SUPREME Court's rejection of the Bush administration's plan for terrorist trials has rightly been seen as a rebuff of the president's unilateral legal approach to fighting al-Qaeda. But in a subtler way, it is also a profound rebuke to Congress. The nation's legislature has mostly sat on the sidelines for the duration of the war on terror, letting the administration make its own rules -- and ride roughshod over the law as well as fundamental American values. The court's action forces the administration to invite Congress into the process of designing trials for enemy combatants. This presents a major opportunity to bring the legal framework of this conflict -- and the country's political system -- back into balance.

This chance is far broader than the relatively narrow question of how accused terrorists should face justice. There is an opportunity to provide legislative authorization -- along with limits, safeguards and accountability -- for all of the powers and practices the U.S. government may need in a long-term confrontation with violent Islamist extremism. Congress should audit the

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administration's treatment of prisoners, whether in Guantanamo Bay, Cuba, or in secret locations abroad. It should scrutinize its interrogation methods, including those that skirt prohibitions against torture. It should review the government's domestic surveillance and debate the proper balance between ensuring Americans' privacy and gathering intelligence effectively.

The immediate danger is that Congress will become reckless and hasty and abdicate the responsibility the court has given it. With midterm elections looming, the administration may push for quick legislative fixes. It may ask for a simple statutory authorization for the military commissions it wants to use for terrorist trials. It may also seek to counter the court's ruling that Common Article 3 of the Geneva Conventions, which requires humane treatment for all detainees, includes al-Qaeda members. Having granted the administration a blank check for so long, Congress should not offer a rubber stamp.

Instead, and as a start, Congress needs to examine comprehensively what changes, if any, the administration truly needs in the ordinary rules of military justice to bring al-Qaeda suspects to trial. Many military lawyers believe terrorist trials could proceed smoothly using the normal system of courts-martial, which the military utilizes to try its own personnel. The administration has several concerns, chiefly the need to protect classified intelligence information and its desire to use evidence collected in the rough and tumble of war that might not be admissible in a conventional court-martial. Its own rules offered maximal flexibility at considerable risk to fairness. Congress must satisfy itself both that any deviations are truly needed and that they are no broader than absolutely necessary.

Legislators also have an important role to play concerning the court's holding on Geneva's Common Article 3, which could have a major impact on treatment standards for prisoners. The import of the decision is to make it a potential crime under U.S. law to treat prisoners inhumanely, yet the Geneva article is vague in its language. As a consequence, it is essential that Americans fighting the war get clear guidance as to what conduct is prohibited. Given the administration's ugly history of construing vague language requiring humane treatment as allowing inhumane treatment, it cannot be permitted a free hand in that interpretation.

At a minimum, Congress should force the administration to publish the guidance it gives to personnel in the field concerning the article's meaning. More broadly, it should consider legislation putting meat on the treaty's rather bare bones. It should consider every exceptional practice the administration has tried to justify: from "waterboarding" and other practices of torture and near-torture to "renditions" of suspects to foreign governments to the holding of prisoners incommunicado. One obvious place to start would be to stipulate that the CIA's network of secret prisons is not consistent with Geneva's requirements: Its detainees must be transferred to U.S. facilities, registered with the International Red Cross and guaranteed humane treatment.

Other issues not directly addressed by the court warrant close examination, too. As we have argued before, Congress should put on firmer legal ground the basis on which captives in this war are detained in the first place. It needs to gets a handle on the National Security Agency's program of domestic surveillance -- authorizing whatever part of it is necessary, subject to meaningful judicial and legislative oversight.

This is a moment in which this country can correct the mistake of five years ago, when the executive branch sought to fight a novel war based on a combination of outdated laws and new rules it made up on its own. The Supreme Court has created the chance to bring real law to the war on terror -- if Congress is willing to do its job.

This is the sixth editorial in an occasional series about the Bush administration's detention and treatment of foreign prisoners. We will revisit the topic from time to time during coming months. The full series is available athttp://www.washingtonpost.com/opinions.

Bush Originally Trumpeted Anti-terror Plan's Details (HC)

By Julie Mason

Houston Chronicle, July 2, 2006

WASHINGTON - President Bush's sustained outrage last week about newspaper reports on a program tracking terrorists' financial records may have seemed odd considering how urgently the administration once publicized the program's broad concepts.

Thirteen days after Sept. 11, Bush signed an executive order expanding the Treasury Department's authority to track the bank activities of those with suspected ties to terrorism. The White House sent reporters a detailed fact sheet on the new powers.

For good measure, Bush summoned the news media to the Rose Garden to trumpet the program alongside the secretaries of state and treasury.

"We're putting banks and financial institutions around the world on notice, we will work with their governments, ask them to freeze or block terrorists' ability to access funds in foreign accounts," Bush said. "If they fail to help us by sharing information or freezing accounts, the Department of the Treasury now has the authority to freeze their bank's assets and transactions in the United States."

The information was still on the White House Web site as of Saturday.

One of the first organizations shut down with the new powers was in Texas. With great fanfare, the Justice Department's Terrorist Financing Task Force busted the Holy Land Foundation for Relief and Development, an organization operating from a Richardson storefront.

Last week, the New York Times and others reported some of the details of how the Bush administration has been monitoring financial transactions since Sept. 11.

The program uses far-reaching government subpoenas to obtain financial records from a cooperative in Belgium called Society for Worldwide Interbank Financial Communication, according to the articles. (The Times story was quickly matched by the Los Angeles Times and the Wall Street Journal).

Bush reacted swiftly, calling the reports disgraceful and a compromising of national security. Vice President Dick Cheney followed suit.

"The New York Times has now made it more difficult for us to prevent attacks in the future," Cheney told supporters at a fundraiser in Nebraska.

The difference between disclosures in the Rose Garden and in the newspaper is that the Times and others are reporting operational details, according to the White House.

At a fundraiser in Missouri, Bush intensified his rhetoric, earning a sustained, standing ovation when he said, "There can be no excuse for anyone entrusted with vital intelligence to leak it and no excuse for any newspaper to print it."

Last week the Times added an article saying that some officials thought disclosures about the intelligence program actually could stem terrorism financing by forcing suspects to use a more informal, less reliable way to move bank funds.

U.S. Sen. Jim Bunning, a Kentucky Republican, accused the Times of treason for reporting on the program, while other Republicans on Capitol Hill called for an investigation and urged the Justice Department to pursue charges in the matter.

The House passed a resolution Thursday supporting the financial tracking program and condemning news organizations that report on secret surveillance programs. The action came three months after Congress reauthorized the Patriot Act.

Short takes•At a campaign fundraiser in St. Louis last week, a supporter in the crowd shouted to Bush, "Four more years."

Responded the president: "No more wife."

•On Thursday, Bush turns 60. Also turning 60 this year are Donald Trump, former President Clinton and Cher.

A History Of Publishing, And Not Publishing, Secrets (NYT)

By Scott Shane

The New York Times, July 2, 2006

WASHINGTON

WHEN government officials ask journalists to withhold information on national security grounds, they face a natural skepticism.

Many reporters believe that the government routinely exaggerates the need for secrecy. They suspect that security officials try to snuff reporting that is merely embarrassing or at most politically troublesome. And most journalists are deeply reluctant to pass up a scoop.

Yet for decades, American newspapers and broadcasters have regularly censored themselves on security grounds, plucking compromising details from a story, delaying its publication or killing it entirely. The New York Times has withheld articles that might have jeopardized counterterrorism programs or efforts to protect vulnerable stockpiles of nuclear material. Reporters have removed details about invasion plans, military equipment, allies' assistance and much else.

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None of those precautions, intended to protect American lives and intelligence sources, is visible to the public. But on vivid display are articles published over the government's vociferous objections, some of which have deeply angered the Bush administration and its allies.

The latest tempest was set off on June 22 by the disclosure in The New York Times, closely followed by The Los Angeles Times and The Wall Street Journal, of a secret program that scrutinizes global money transfers by a Brussels banking consortium.

The article followed other exposés of counterterrorist tactics, including The Washington Post's on the Central Intelligence Agency's overseas detention centers and The New York Times's on the National Security Agency's warrantless eavesdropping.

Critics of the Bush administration say that extraordinary secrecy has generated the rash of disclosures. "People in the government who believe something wrong or illegal is going on feel they have no recourse but to go to the press," said Jeffrey H. Smith, a former C.I.A. general counsel.

But some current and former intelligence officers express exasperation at what they see as journalists' arrogance in publishing in the face of government pleas for caution.

"I'd say views are hardening," said Bobby R. Inman, former director of the National Security Agency and deputy director of the C.I.A., who is generally viewed as friendly to the press. "If we're going to avoid an official secrets act" — a British-style law far more draconian than anything in this country — "we're going to have to have more discipline from the media."

John S. Carroll, former editor of The Los Angeles Times, recounted an exchange last year with the C.I.A. that illustrated the opposite instincts of the two sides.

Over C.I.A. objections, the newspaper published an article about the agency's cultivation of sources in the Iranian community of Los Angeles. "If we felt it would seriously compromise national security, we would not have run it," said Mr. Carroll, adding that he never heard of problems resulting from the decision to publish.

But a former C.I.A. official said intelligence officers had been "furious" about the article, fearing it would make it harder to recruit Iranian-Americans and put expatriates under potentially dangerous scrutiny if they traveled to Iran.

In what Mr. Carroll calls the "eternal argument" over the publication of secrets, history offers evidence for both sides.

KATHARINE GRAHAM, the publisher of The Washington Post who died in 2001, backed her editors through tense battles during the Watergate era. But in a 1986 speech, she warned that the media sometimes made "tragic" mistakes.

Her example was the disclosure, after the bombing of the American embassy in Beirut in 1983, that American intelligence was reading coded radio traffic between terrorist plotters in Syria and their overseers in Iran. The communications stopped, and five months later they struck again, destroying the Marine barracks in Beirut and killing 241 Americans.

"This kind of result, albeit unintentional, points up the necessity for full cooperation wherever possible between the media and the authorities," Ms. Graham said.

But such cooperation can prove problematic, as her newspaper's former editor, Benjamin C. Bradlee, has recounted.

In 1986, after holding for weeks at government request a scoop about an N.S.A. tap on a Soviet undersea communications cable, The Post learned that the Russians knew all about it already from an N.S.A. turncoat named Ronald Pelton. NBC beat The Post on its own report.

"Officials often — more often than not, in my experience — use the claim of national security as a smoke screen to cover up their own embarrassment," Mr. Bradlee wrote in his 1995 memoir, "A Good Life."

In 1985, The Times reported that aMarine colonel in the White House was overseeing the secret war against the Nicaraguan contras. The newspaper withheld the name of the colonel because the White House said printing it might endanger his life, recalled a former Times reporter, Joel Brinkley.

The Post named Oliver North the next day. "There was absolutely no reason not to print his name," he said.

In 1961, The Times's learned of the planned Bay of Pigs invasion but removed references to the C.I.A. and other details from its article at the government's request.

But after the attempted attack on Cuba proved a catastrophe, President John F. Kennedy told a Times editor that he wished the paper had ignored the government's plea — because a more pointed article might have led the C.I.A. to abort the operation.

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Some countries try to regulate such exchanges. In Britain, skirmishing over secrets is mediated by the Defense Press and Broadcasting Advisory Committee, with both press and government members. The group has no power to stop publication but advises journalists on what damage a report might cause.

No such system exists in the United States, but some years ago, a group of about 20 journalists and officials met quarterly for dinner to discuss how a free press should cover secret agencies.

Some officials refused repeated invitations, said Mr. Smith, one of the organizers.

But he said the meetings were useful while they lasted. "The idea was that each side didn't really understand the other very well," Mr. Smith said. "I'd say that's certainly still the case."

Secrecy, Security, The President And The Press (NYT)

By Byron Calame

The New York Times, July 2, 2006

THE Bush administration's unusually harsh attacks on The New York Times for exposing a secret banking-data surveillance program have turned a glaring spotlight on the paper's decision to publish the article.

President Bush, Vice President Cheney and Republican legislators have singled out The Times in recent days for disclosing the counterterrorism program, even though The Los Angeles Times and The Wall Street Journal published articles the same day. Senator Jim Bunning of Kentucky called on the attorney general to investigate The New York Times for treason.

The flood of reader e-mails reacting to the June 23 article has left hundreds of messages in various newsroom in-boxes at The Times. Roughly 1,000 e-mails have come to me, about 85 percent of them critical of the decision to publish the story and a large fraction venomous. It was time to take a close look at the handling of the article in search of answers.

My close look convinced me that Bill Keller, the executive editor, was correct in deciding that Times readers deserved to read about the banking-data surveillance program. And the growing indications that this and other financial monitoring operations were hardly a secret to the terrorist world minimizes the possibility that the article made America less safe.

The banking-data surveillance program, set up in 2001, is run out of the Central Intelligence Agency and overseen by the Treasury Department. It provided access to records of transactions routed through a Belgian consortium by banks and financial institutions around the world. More than 11 million transactions involving about $6 trillion are routed daily through the Society for Worldwide Interbank Financial Telecommunication, or Swift.

So what were the most solid reasons to publish the story?

There was a significant question as to how secret the program was after five years. "Hundreds, if not thousands, of people know about this," Mr. Keller said he was told by an official who talked to him on condition of anonymity. The 25 bankers from numerous nations on the Swift board of directors, and their predecessors going back to 2001, knew about the arrangement. So did some consortium executives and staff members — a group that probably expanded during this period. Starting in 2003, Swift representatives had to be stationed alongside any government intelligence official searching the data.

Further support for the conclusion that the Swift program hasn't remained totally hidden from terrorists, or anyone else, emerged last week. A former State Department official who has served on a United Nations counterterrorism group pointed to a 2002 United Nations report noting that the United States was monitoring international financial transactions. Swift and similar organizations were mentioned in the publicly available report, although there were no details. "The United States has begun to apply new monitoring techniques to spot and verify suspicious transactions," the report noted.

The Times's June 23 article "awoke the general public" to the Swift program and "in that sense, it was truly new news," Victor Comras, the former State Department official, wrote on The Counterterrorism Blog last week. "But," he added, "the information was fairly well known by terrorism financing experts back in 2002."

The administration has sometimes invited press attention to its effort to track terrorist financing. In September 2003, Treasury Secretary John W. Snow and a team of his aides took reporters from The Times and other papers on a six-day tour on a military aircraft "to show off the department's efforts," Mr. Keller and Dean Baquet, the editor of The Los Angeles Times, noted in a joint Op-Ed commentary that appeared yesterday. The aides "discussed many sensitive details of their monitoring efforts,

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hoping they would appear in print and demonstrate the administration's relentlessness against the terrorist threat," according to the two editors.

Another reason Times editors were right to proceed with the 3,550-word Swift story was the skimpy Congressional oversight of the program. Secrecy is vital for intelligence and national security programs, but so is oversight by the courts or elected legislators. The Swift program, however, doesn't seem to have any specific Congressional approval or formal authorization. The Treasury Department has not provided a list of who in Congress was informed, or when, The Times has reported.

Eric Lichtblau, one of the two reporters who wrote the Swift story, told me the administration briefed a limited number of Congressional leaders — apparently from both parties, but not the full intelligence or banking committees — toward the beginning of the program. It wasn't until the Treasury Department learned that The Times was working on the story, Mr. Lichtblau said, that the administration apparently briefed all members of the intelligence committees. Whether there are official standards established for the Swift program or not, the weak Congressional oversight over the past five years deserved public scrutiny.

Temporary emergency measures cloaked in government secrecy can too easily become permanent shortcuts. That's why oversight is important. It is also a reason to publish the article. The reservations expressed by some of the 20 current and former government officials and industry executives who were disturbed enough to talk to The Times were based on this concern: "What they viewed as an urgent, temporary measure had become permanent nearly five years later without specific Congressional approval or formal authorization," in the words of the article.

The most fundamental reason for publishing the article, of course, was the obligation of a free press to monitor government and other powerful institutions in our society. "Our default position — our job — is to publish information if we are convinced it is fair and accurate," Mr. Keller wrote in a letter to readers posted online last weekend, "and our biggest failures have generally been when we failed to dig deep enough or to report fully enough." He added:

"The question we start with as journalists is not 'why publish?' but 'why would we withhold information of significance?' We have sometimes done so, holding stories or editing out details that could serve those hostile to the U.S. But we need a compelling reason to do so."

What about the administration's reasons for demanding that The Times not publish?

Mr. Keller said the "central argument" senior officials gave against publishing the Swift article was that international bankers would stop cooperating. In his weekend letter, he cited two reasons that argument didn't stop him from publishing the story: First, the consortium provides data to comply with administrative subpoenas issued by the Treasury Department — a legal obligation. "Second, if, as the administration says, the program is legal, highly effective, and well protected against invasion of privacy, the bankers should have little trouble defending it." So far, Swift hasn't publicly indicated any intention to stop cooperating.

For me, the most substantial argument against running the story was the acknowledgment that the Swift program was letter-of-the-law legal, had helped catch some terrorists and had a clean record on privacy abuse. But full-bore oversight would have had to be part of that picture to make a convincing case that the program deserved to continue in secrecy, with its access to Swift's mother lode of financial data.

Often obscured in the past week's hot rhetoric over The Times's decision to publish the Swift article were the occasions when the paper's editors have chosen to hold or modify a story when warned by government officials that lives or national security might be endangered. "Few people are aware when we decide to hold an article," noted Mr. Keller and Mr. Baquet in their joint commentary. Apart from The Times's decision to hold the December story about the National Security Agency's warrantless eavesdropping for more than a year, it turns out the paper has decided not to publish stories that "might have jeopardized efforts to protect vulnerable stockpiles of nuclear material," according to the joint commentary. The Times has also held stories about "highly sensitive counterterrorism initiatives that are still in operation," the Op-Ed piece noted.

"There is no magic formula, no neat metric for either the public's interest or the dangers of publishing sensitive information," the two editors concluded. "We make our best judgment."

The best judgment of these two editors served their readers well in the case of the Swift story. In the face of intense administration pressure in a country that's unusually polarized politically, they correctly decided to make sure their readers were informed about the banking-data surveillance.

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Can't Win The War? Bomb The Press! (NYT)

By Frank Rich

The New York Times, July 2, 2006

OLD GLORY lost today," Bill Frist declaimed last week when his second attempt to rewrite the Constitution in a single month went the way of his happy prognosis for Terri Schiavo. Of course it isn't Old Glory that lost when the flag-burning amendment flamed out. The flag always survives the politicians who wrap themselves in it. What really provoked Mr. Frist's crocodile tears was the foiling of yet another ruse to distract Americans from the wreckage in Iraq. He and his party, eager to change the subject in an election year, just can't let go of their scapegoat strategy. It's illegal Hispanic immigrants, gay couples seeking marital rights, cut-and-run Democrats and rampaging flag burners who have betrayed America's values, not those who bungled a war.

No sooner were the flag burners hustled offstage than a new traitor was unveiled for the Fourth: the press. Public enemy No. 1 is The New York Times, which was accused of a "disgraceful" compromise of national security (by President Bush) and treason (by Representative Peter King of New York and the Coulter amen chorus). The Times's offense was to publish a front-page article about a comprehensive American effort to track terrorists with the aid of a Belgian consortium, Swift, which serves as a clearinghouse for some 7,800 financial institutions in 200 countries.

It was a solid piece of journalism. But if you want to learn the truly dirty secrets of how our government prosecutes this war, the story of how it vilified The Times is more damning than anything in the article that caused the uproar.

The history of that scapegoating begins on the Friday morning, June 23, that The Times, The Los Angeles Times and The Wall Street Journal all published accounts of the Swift program first posted on the Web the night before. In his press briefing that morning, Tony Snow fielded many questions about the program's legality. But revealingly, for all his opportunities, he never attacked the news media.

Far from Swift-boating the Swift reportage, he offered tentative praise. "It's interesting," he said, "because I think there's a fair amount of balance in the story in that you do have concrete benefits and you do have the kind of abstract harms that were mentioned in there." He noted that there had been "no allegation of illegality" in the Times article.

This was accurate. The story was balanced, just as Mr. Snow said. And it was no cause for a national-security alarm for the simple reason that since 9/11, our government has repeatedly advertised that it is following the terrorists' money trail, a tactic enhanced by the broad new powers over financial institutions that Mr. Bush sought and received. In November 2002, he and the Treasury secretary at the time, Paul O'Neill, even held a televised event promoting their Foreign Terrorist Asset Tracking Center, established expressly, in the president's words, to "investigate the financial infrastructure of the international terrorist networks." As for Swift, Dan Froomkin of washingtonpost.com points out that it can't resist bragging on its own Web site that it "has a history of cooperating in good faith with authorities," including treasury departments and law enforcement agencies, in trying "to combat abuse of the financial system for illegal activities."

Only a terrorist who couldn't shoot straight would assume that Swift was not part of the American effort to stalk terrorist transactions; that's tantamount to assuming that cops would track down license plate numbers without enlisting the Department of Motor Vehicles. But, unfortunately for us, terrorists are not so stupid: it's been reported as far back as 2003 (in The Washington Post) and as recently as this month (in Ron Suskind's must-read best seller, "The One Percent Doctrine") that our enemies long ago took Mr. Bush at his word and abandoned banks for couriers, money brokers, front companies and suitcases stuffed with cash and gold. Tom Brokaw summarized the consensus of terrorism experts last week when he told Chris Matthews of MSNBC: "I don't know anyone who believes that the terrorist network said, 'Oh my God, they're tracing our financial transactions? What a surprise.' Of course, they knew that they were doing that."

The real news conveyed by The Times and its competitors was not the huge program to track terrorist finances, but that per usual from the administration that gave us Gitmo, the program was conducted with little oversight from the other two branches of government. Even so, the reporting on the pros and cons of that approach was, as Mr. Snow said, balanced.

Or so he said Friday morning, June 23. By Monday, the president had entered the fray and Mr. Snow was accusing The Times of putting the "public's right to know" over "somebody's right to live." What had happened over the weekend to prompt this

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escalation of hysteria? The same stuff that always happens when the White House scapegoats the press (or anyone else): bad and embarrassing news that the White House wants to drown out.

One such looming embarrassment was that breathless arrest in Miami of what federal authorities billed as a "homegrown terrorist cell." This amazing feat of derring-do had all the melodramatic trappings of a carefully staged administration P.R. extravaganza. On June 22, the F.B.I. director, Robert Mueller, just happened to be on "Larry King Live" speaking about his concerns about "homegrown terrorists" when, by a remarkable coincidence, Larry King announced a "report just in" from a Miami station on a federal terrorism investigation. The next day — the same day the Swift story was published — brought the full-dress dog-and-pony show by the intrepid attorney general, Alberto Gonzales.

But rain soon started to fall on this parade. The seven men accused of plotting to take down the Sears Tower in Chicago and collaborate with Al Qaeda on a "full ground war" turned out to have neither weapons nor explosives nor links to Al Qaeda; both the F.B.I. and the Chicago police said there was no operational threat. By Saturday the administration's overhyped victory against terrorists was already deflating into a national punch line, a nostalgic remembrance of John Ashcroft orange terror alerts past.

Sunday brought another unwanted revelation (from Michael R. Gordon of The Times): Gen. George Casey Jr., the commander in Iraq, was drafting a plan for sharp troop reductions there, some of them to precede this year's election. Inconveniently enough, the Casey approach was a virtual double for the phased withdrawals advocated by Senate Democrats days earlier and incessantly slurred as "cut-and-run" defeatism by Republicans.

By the time of the Bush-Snow eruption on Monday, the Democrats were holding hearings on the Hill about prewar intelligence. It was better that Americans hear tirades about traitors in the press than be tempted to listen to the testimony of Lawrence Wilkerson, Colin Powell's former chief of staff, who described Mr. Powell's February 2003 United Nations presentation on Iraq's W.M.D. as "the perpetuation of a hoax."

It's not only the White House that has a vested political interest in concocting a smoke screen by demonizing the fourth estate as a fifth column. The Democrats were holding their hearing because Pat Roberts, the chairman of the Senate intelligence committee, has for two years been stalling his panel's promised investigation into how the administration used intelligence before the war. Hoping that we'd forget about that continuing cover-up, Mr. Roberts last week made a big show of calling for an investigation into the Swift story's supposed damage to national security.

Representative King, so eager to label others treasonous, has humiliating headlines of his own to counteract: he's the chairman of the House Homeland Security Committee who has so little clout and bureaucratic aptitude that he couldn't stop the government led by his own party from stripping New York City, in his home state, of 40 percent of its counterterrorism funding. If there's another terrorist attack, he may be the last person in New York who should accuse others, as he did The Times on the House floor on Thursday, of having blood "on their hands."

Such ravings make it hard not to think of the official assault on The Times and The Washington Post over the Pentagon Papers. In 1972, on the first anniversary of the publication of that classified Pentagon history of the Vietnam War, The Times's managing editor then, A. M. Rosenthal, reminisced in print about the hyperbolic predictions that had been made by the Nixon White House and its supporters: "Codes would be broken. Military security endangered. Foreign governments would be afraid to deal with us. There would be nothing secret left." None of that happened. What did happen was that Americans learned "how secrecy had become a way of life" for a government whose clandestine policy decisions had fomented a disaster.

The assault on a free press during our own wartime should be recognized for what it is: another desperate ploy by officials trying to hide their own lethal mistakes in the shadows. It's the antithesis of everything we celebrate with the blazing lights of Independence Day.

Governor To Release Intelligence Reports (LAT)

By Peter Nicholas, Times Staff Writer

The Los Angeles Times, July 2, 2006

Schwarzenegger acts to ease concerns about inappropriate compilation of information on antiwar and political rallies.

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SACRAMENTO — Gov. Arnold Schwarzenegger's office said Saturday he was ordering the release of dozens of intelligence reports prepared for the state Office of Homeland Security — a step that comes as lawmakers from both parties are denouncing a practice in which state intelligence agents compiled information about political and antiwar protests and rallies.

Schwarzenegger administration officials say there were only two cases in which state homeland security agents collected material on political protests in recent months. Releasing the full trove of intelligence reports will prove that point, assuring the public that the practice was not more widespread, according to those officials.

State lawmakers from both parties said it was inexcusable that two such intelligence reports from March and April carried details about the location and purpose of political rallies throughout California.

The two reports, obtained by The Times, were described in a news article published Saturday.

"The governor believes that any inappropriate information gathering like this is totally unacceptable," Adam Mendelsohn, Schwarzenegger's communications director, said in an interview.

The governor's homeland security director, Matthew Bettenhausen, said Saturday that the material was mistakenly included in the reports by a private contractor working for his office.

Schwarzenegger will allow the media to review the approximately 60 intelligence reports that have been prepared for the homeland security director since March, but no copies will be allowed, Mendelsohn said.

Before the reports can be reviewed in coming days, officials will remove all "law-enforcement-sensitive information" — anything covering "ongoing investigations" and related "safety threats," said Chris Bertelli, spokesman for the homeland security office.

Rep. George Miller (D-Martinez) said in an interview that there should be a "very, very high threshold" for removing anything and that the reports should not be sanitized. The congressman attended an antiwar rally in Walnut Creek in March that was listed in one of the intelligence reports, in a section called "Upcoming California Protests."

State legislators said they were pleased that the governor was releasing the material.

Yet some said they were troubled by what they viewed as a continuing pattern of aggressive intelligence gathering by his administration.

Last year, the state Senate held hearings into news accounts that a California National Guard intelligence unit had tracked a Mother's Day antiwar rally.

State Sen. Joe Dunn (D-Santa Ana), who led the hearings on the National Guard, said the homeland security episode is fresh proof of the need for greater oversight.

Dunn said he wants to create a special legislative intelligence committee that would monitor California's fast-growing homeland security apparatus. Lawmakers serving on the committee would receive a special security clearance. He said he has broached the idea with the Senate leadership.

"I am very pleased that they're willing to share all the reports," Dunn said. "However, I was assured after the one spying incident in May 2005 by the California National Guard that the practice was not more widespread at the state level.

"We now discover that those assurances were patently false. I hope the current assurances are a little more truthful than the ones of a year ago."

The homeland security office quickly arranged a news conference Saturday morning to offer some reassurances of its own.

Bettenhausen, a Schwarzenegger appointee, said there was no surveillance of any of the political demonstrations listed in the intelligence reports.

One of the rallies was staged by animal rights activists protesting the slaughter of Canadian seals. Another was a women's peace protest aimed at showing support for a Salinas woman facing charges of trespassing at Vandenberg Air Force Base. Several other protests concerned the war in Iraq.

The two reports from March and April that mentioned the political demonstrations were shared with the California Highway Patrol and the attorney general's office, but not with any other law enforcement entity, Bettenhausen said.

These two agencies are part of a state partnership set up to combat terrorism and gather intelligence.

Bettenhausen described how the material made its way into the reports.

A state contractor retained by homeland security issued a report March 7. That document included summaries of 10 rallies set for later in the month. Listed were the date of the event, the purpose, the location, the expected number of people, the source of the information, and "officer safety issues."

When they saw that, homeland security officials told the contractor not to include such information again, Bettenhausen said.

Yet similar material was part of a report dated April 10. Again, homeland security officials saw it and told the contractor to leave out such information in the future, Bettenhausen said.

Since then, none of the reports prepared for Bettenhausen have included information on political protests, homeland security officials said.

Bettenhausen said his office "does not tolerate the gathering of inappropriate information and we never will. We will not stand for it."

The contractor used by the state homeland security agency is SRA International Inc., which is being paid up to $16 million to provide counterterrorism analysis.

At The Northern Border, No Talk Of Fences (WP)

By John Pomfret

The Washington Post, July 2, 2006

U.S. and Canada Collaborate to Enforce Law

BLAINE, Wash. -- Royal Canadian Mounted Police agents watched from a clifftop as a helicopter swooped down in a Canadian field, picked up more than 300 pounds of marijuana from a waiting truck and skimmed across the border into the United States.

Federal agents in Washington state's Okanogan County, in constant radio contact with the Mounties, were waiting when the helicopter dropped its illicit load in a wildlife area. The U.S. agents arrested two men who had scooped up the dope, and the Canadians were waiting when the chopper landed back in British Columbia, arresting the pilot and another man.

The closely coordinated investigation, announced by authorities last week, was about more than busting a drug-smuggling ring, however. U.S. and Canadian law enforcement officials said it highlighted the increasingly close and institutionalized cooperation between the two nations' police agencies. Such joint operations, called "parallel investigations" because of sensitivity about sovereignty issues, also reflect the fundamentally different strategies used to secure the United States' two very different borders since the Sept. 11, 2001, terrorist attacks.

Along the border in Texas, local police departments have claimed to see Mexican army troops protecting drug smugglers, a claim the Mexicans deny. Corruption has been common among some Mexican police. The United States has constructed walls and fences and stationed National Guard troops along the border to keep out illegal immigrants.

Along the Canadian border, there are no plans for fences, and efforts focus on smuggling and terrorism. U.S. and Canadian authorities are patrolling together on the Great Lakes and have plans to operate a joint radio network. In a real-life repeat of the 1990s TV show "Due South" that featured a well-mannered Mountie and a hard-bitten Chicago cop, American agents and their Canadian counterparts have begun to investigate cases on each other's soil.

Americans and Canadians also share law enforcement intelligence. U.S. agents aided the Canadians in their investigation into an alleged terrorist plot stymied on June 3 with the arrest of 17 men and teenagers in Ontario, law enforcement officials said.

Five years ago, only Canadians worked at the Mounted Police headquarters in Ottawa, said Joe Oliver, a Canadian police superintendent. Now, Americans representing four agencies are based there, he said, adding that cooperation is "pervasive."

Just a few years ago, cross-border law enforcement cooperation was difficult and ad hoc. "You could get punished for improper disclosure to a foreign country," said Roy Hoffman, who runs the Immigration and Customs Enforcement operation in Blaine. "You used to need a friend on the other side to work a case together with you. Now it's ingrained behavior."

The Washington drug-smuggling investigation, known as Operation Frozen Timber, began two years ago when law enforcement agencies learned that smuggling rings were using helicopters and small aircraft to move high-quality marijuana known as B.C. Bud from Canada and cocaine, firearms and bulk cash from the United States, said Leigh Winchell, special agent

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in charge of the Immigrations and Customs Enforcement office in Seattle. In July 2005, Playboy magazine interviewed pilots who bragged of making $125,000 a week running marijuana to the United States.

Winchell said U.S. and Canadian authorities identified suspects and infiltrated the organizations. They arranged wiretaps and pooled intelligence. Over time, agents arrested more than 40 people in the United States and six in Canada. Authorities also seized 8,000 pounds of marijuana, 800 pounds of cocaine, three aircraft and $1.5 million in U.S. currency. Three alleged smugglers were killed in two helicopter crashes in Canada.

"The ability of organizations to move contraband back and forth across the border is a national security issue, because these are people who figured out a mechanism to penetrate the U.S. and Canadian border," Winchell said. "Those small helicopters can move 250 pounds of marijuana at a time. But what does a suitcase carrying a dirty bomb weigh? Maybe 80."

Culture, the nature of the threat and geography have brought U.S. and Canadian law enforcement together. While there are many cities that sprawl across the Mexican border, they are usually divided by walls. But in most places, the U.S.-Canadian border is delineated by nothing more than a ditch or a clear-cut through a forest.

As of the end of April, only 950 Border Patrol agents were stationed along the 4,000-mile-long northern border while 10,200 patrolled the 1,920-mile-long boundary with Mexico. At scores of checkpoints across the northern border, when it's quitting time, an orange cone is the only thing stopping incursions -- although since the Sept. 11 attacks, the United States has invested billions to establish five air and marine stations, and to install sensors, cameras and other technology to firm up the northern frontier.

Border Patrol senior agent Bob Riffle, who worked on the Mexican border for a decade before transferring to Washington state, said the two borders have different cultures and had high praise for his Canadian counterparts. "I trust those guys implicitly," he said. "In Mexico, how can you have serious cooperation on a day-to-day level with guys who might have just robbed a group of illegals? It's a different world down there."

Law enforcement officials also say the nature of the threat demands that the two sides cooperate. As of the end of May, 829,109 illegal immigrants had been apprehended crossing from Mexico this year. Canada's numbers are a tiny fraction of that amount -- 4,066.

But a significant number concern American law enforcement. The only terrorist caught entering the United States, millennium bomber Ahmed Ressam, came from Canada. Criminal gangs also traffic in Asian sex workers from Canada to the United States.

Some law enforcement officials, such as John McKay, the U.S. attorney in Seattle who prosecuted Ressam, are not satisfied with the level of cooperation. "The good news is it's improved," he said. "The bad news is it's not nearly as good as it should be."

When an FBI analysis raised the possibility in 2004 that the massive ferry system that plies Puget Sound had been scouted by potential terrorists, McKay remembers sitting in a meeting when someone asked, "Hey, has anyone called the Canadians about this?" "And everybody in the room stopped what they were doing, and blood ran cold," McKay said. "We're equally vulnerable. Why isn't there an RCMP constable sitting in the Joint Terrorism Task Force in Seattle?"

Canadian officials said a Mountie participates in the task force by invitation only.

McKay has lobbied to open up an experimental law enforcement database, called Linx, to Canadian law enforcement. "We have people who think if we shared sensitive law enforcement records with Canada, we would be giving up sovereignty, but we can't be secure unless we share information with Canada," he said.

Some in Canada have been wary of the long arm of American justice. In 2002, a Canadian citizen, Maher Arar, was changing planes in New York when U.S. authorities detained him and spirited him to Syria, where he said he was imprisoned and tortured for nearly a year. Arar's charges that Canadian authorities assisted the United States in his detention caused an uproar in Canada.

On the American side, there are worries that Canada is not being vigilant enough. A recent State Department report called Canada's recently tightened immigration policy "liberal" and claimed Canada is a safe haven for militants.

One unintended consequence of the increase in cross-border cases is a crush of suspects being handed off to local prosecutors and warehoused in local jails. More than 85 percent of the cases made by federal agents in Whatcom County, in the northwest corner of Washington state, for example, are declined by the U.S. attorney and end up as state cases. As a result,

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Whatcom's jail, built to house 148 inmates, now has 280. People convicted of drunken driving are given tickets and are not incarcerated because the jail is packed, and people arrested for misdemeanors who do not show up for court dates "know there are no consequences," Sheriff Bill Elfo said.

Currently, 700 people in the county have been sentenced to jail but cannot serve their sentences because, he said, "there's no room at the inn."

Al-Qaeda, Still In Business (WP)

By Peter Bergen

The Washington Post, July 2, 2006

Over the past four years, key members of the Bush administration have claimed that al-Qaeda is "on the run" (Donald Rumsfeld and Condoleezza Rice), "disrupted" (George Tenet) or "decimated" (President Bush). At the same time, however, significant terrorist attacks around the world have dramatically increased since Sept. 11, 2001, most of them conducted by militant Islamists. How does one reconcile this apparent contradiction?

A new narrative that purports to answer that question has emerged: Yes, al-Qaeda as an organization is severely impaired, but it has been replaced by a broader ideological movement made up of self-starting, homegrown terrorists who have few formal links to al-Qaeda but are motivated by a doctrine that can be called "Binladenism." Recent examples would include the militants in Madrid who bombed commuter trains in March 2004 and killed 191 people, or the seven terrorist wannabes recently arrested in Miami in connection with an alleged plot to blow up federal buildings. They had embraced al-Qaeda's doctrine of destruction, yet had no ties to the terrorist group.

However, according to five veteran U.S. counterterrorism officials I've spoken with recently, al-Qaeda the organization remains a real threat. One longtime government terrorism analyst points to the four suicide attacks in London last July 7 that killed 52 people as evidence of the organization's resilience. "At a minimum, this was an al-Qaeda-supported operation," the analyst told me. And al-Qaeda's leaders don't seem to be feeling the heat of the "war on terror." On Thursday, Osama bin Laden released his third audiotape in three months, while his deputy, Ayman al-Zawahiri, has appeared on an unprecedented number of videotapes since the second week of June -- averaging one a week.

So while the rapid spread of al-Qaeda's ideology in the past two years -- partly fueled by the Iraq war -- should be of considerable concern, it would be quite wrong to conclude that al-Qaeda the organization is down for the count. Indeed, if the bombings in London are any indication, it may be staging a comeback.

The London attacks of one year ago have generally been portrayed as the work of four young British men of Pakistani and Jamaican descent from the north of England -- distinguished only by their utter ordinariness -- who embraced radical Islamist ideology and managed to carry out the deadliest terrorist attack on British soil in history without outside help. The Sunday Times of London even opined that "the new breed of unaffiliated terrorist is potentially far more dangerous than the IRA or even al Qaeda because he is almost impossible to identify."

But the more you delve into the London bombings, the more they look like a classic al-Qaeda plot. The British government's official account of the attacks -- issued by the Home Office two months ago -- provides a revealing picture. It explains that the presumed ringleader, Mohammed Sidique Khan, visited Pakistan in 2003 and 2004, spending several months there. On one of those trips, he aimed "to cross the border and fight in Afghanistan," the report stated. (Presumably, Khan did not plan to fight alongside U.S. troops in Afghanistan, but rather to join the Taliban or al-Qaeda to kill Americans.)

The report goes on to note that Khan "had some contact with al Qaida figures" in Pakistan, and is "believed to have had some relevant training in a remote part of Pakistan, close to the Afghan border" during his two-week visit in 2003. The British government did not specify what sort of training he received, but given that the London bombs were made of highly efficient explosives that can't be readily made from recipes on the Internet, it is probable that the training was in the manufacturing of bombs. According to the report, Khan was also in "suspicious" contact with individuals in Pakistan in the four months immediately before the London attacks. Taken together, Khan's travels and contacts in Pakistan strongly suggest an al-Qaeda role in the operation.

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Khan also appeared on a videotape that aired on al-Jazeera two months after the suicide attacks -- an important fact to which the British report did not give sufficient weight. "I'm going to talk to you in a language that you understand," Khan said on the tape, speaking in the broad brogue of his native Yorkshire. "Our words are dead until we give them life with our blood." He goes on to describe bin Laden and Zawahiri as "today's heroes." Appearing on the same videotape, Zawahiri trumpeted al-Qaeda's responsibility for the London bombings. As a veteran U.S. counterterrorism official told me, "Zawahiri does not take credit for things that he hasn't done."

On the videotape, Zawahiri referenced a prior al-Qaeda threat to explain the targeting of London, saying "Didn't . . . Sheik Osama bin Laden offer you a truce?" -- a reference to the al-Qaeda leader's April 2004 proposal of a peace agreement with those European countries willing to pull out of Iraq. Britain is the most prominent member of that coalition. Bin Laden offered a three-month grace period before the truce expired in July 2004. A year later, the four bombers blew themselves up in London.

But the key piece of evidence overlooked in the British government report is that both Khan and Zawahiri's statements were made on a videotape bearing the distinctive logo of al-Sahab ("the clouds"), which is al-Qaeda's television production arm. Al-Sahab's first tape, a two-hour al-Qaeda infomercial, debuted on the Internet in the summer of 2001, signaling that a major anti-American attack was in the works. Since then, al-Sahab has continued to release key statements from al-Qaeda leaders. Khan's appearance on the videotape strongly suggests that he met up with members of al-Qaeda's media team based on the Afghan-Pakistan border, probably in the tribal area of Waziristan. There is much we still don't know about Khan's activities in Pakistan, but additional information is likely to point toward further contact with members of al-Qaeda in Pakistan.

The rapidly deteriorating security situation in Afghanistan over the past year is also, in part, the responsibility of al-Qaeda. The use of suicide attacks and makeshift bombs and the beheadings of hostages -- all techniques that al-Qaeda perfected in Iraq -- are methods that the Taliban has increasingly adopted in Afghanistan, making much of the south of the country a no-go area.

Hekmat Karzai, an Afghan terrorism researcher at the Institute of Defense and Strategic Studies in Singapore, points out that suicide bombings were rare in Afghanistan until 2005, when 21 such attacks took place. This year has already seen at least 16. In addition, Karzai reports that two of al-Qaeda's "most able" commanders -- Khalid Habib, a Moroccan, and Abd al Hadi, an Iraqi -- have been appointed to run its operations in southeastern and southwestern Afghanistan. These developments suggest that al-Qaeda is regrouping and strengthening along the Afghan-Pakistan border.

And, of course, bin Laden and Zawahiri remain at large in that border region, issuing a stream of tapes aimed at inflaming their supporters around the world. Zawahiri, for example, released a video last week urging further attacks on U.S. and other coalition forces in Afghanistan. Meanwhile, bin Laden's ongoing influence over al-Qaeda's affiliates was confirmed after the death last month of Abu Musab al-Zarqawi, al-Qaeda's leader in Iraq. Abu Hamza al-Muhajer, al-Qaeda's new leader in Iraq, quickly released a statement on a jihadist Web site pledging allegiance to bin Laden: "We are at your disposal, ready for your command." Muhajer has longstanding ties to Zawahiri; they have both been members of Egypt's ultra-violent Jihad Group for more than two decades. A U.S. intelligence official told me that the intelligence community's recognition of bin Laden and Zawahiri's continued importance to Islamist terrorists worldwide has led to a renewed push in the past two months to locate them.

Almost five years after the attacks on Washington and New York, al-Qaeda not only remains in business in its traditional stronghold on the Afghan-Pakistan border, but continues to project its ideology and terrorism abroad. So now we face a world of ideologically driven homegrown terrorists -- free radicals unattached to any formal organization -- in addition to formal networks such as al-Qaeda that have managed to survive despite the tremendous pressure brought to bear against them since 9/11. And even more grim, they now feed off and strengthen one another.

Peter Bergen is a Schwartz senior fellow at the New America Foundation and author of "The Osama bin Laden I Know: An Oral History of al Qaeda's Leader" (Free Press).

BBC Let Intelligence Agents Vet Staff (WT)

By Chris Hastings, London Sunday Telegraph
The Washington Times, July 2, 2006

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LONDON -- Confidential papers obtained by the Sunday Telegraph reveal that the British Broadcasting Corp. allowed intelligence agents to investigate the backgrounds and political affiliations of thousands of its employees, including newsreaders, reporters and continuity announcers.

The files, which shed light on the BBC's hitherto secret links with the counter-espionage service known as MI5, show that at one stage it was responsible for vetting 6,300 BBC posts -- almost a third of the total work force. The procedure was phased out in the late 1980s.

The files also show that the corporation maintained a list of "subversive organizations" and that evidence of certain kinds of political activity could be a bar to appointment or promotion.

The BBC's reliance on MI5 reached a peak in the late 1970s and early 1980s, at exactly the same time as millions of viewers were tuning into the fictional adventures of George Smiley in the popular spy dramas, "Tinker, Tailor, Soldier, Spy" and "Smiley's People."

The papers show that senior BBC figures covered up the links in the face of awkward questions from trade unions and the press. The documents refer to a "defensive strategy" based on "categorical denial." One file note, dated March 1, 1985, states: "Keep head down and stonewall all questions."

The BBC has always refused to be drawn out on the extent of its collaboration with the secret services. It was only after a request by the Sunday Telegraph under the Freedom of Information Act that it has released details of the vetting operation.

The documents do not name any of the individuals subjected to vetting, but it is possible that some of the BBC's biggest names were scrutinized.

Different posts were vetted for different reasons. Senior officials, including the director-general, and their support staff were checked because they had access to confidential government information in relation to their jobs. But thousands of employees were vetted because they were involved in live broadcasts and the BBC was worried about the possibility of on-air bias or disruption.

In 1983, 5,728 BBC jobs were subjected to this second kind of scrutiny known as "counter-subversion vetting." The system applied to dozens of job categories, including television producers, directors, sound engineers, secretaries and researchers.

The details of freelance television and radio staff were also routinely passed on to the security services and even the posts of editor and deputy editor of Radio 4's Woman's Hour were subject to background checks by MI5. In many cases, the spouses of applicants were subjected to scrutiny.

The BBC tried on several occasions to be more open about the system, but was blocked by security services. A memo, dated March 7, 1985, states: "Secrecy of the complete vetting operation is imposed upon us by the Security Service -- it is not of our making."

WAR NEWS:

Baghdad Market Bombing Kills 66 (WP)

By Ellen Knickmeyer

The Washington Post, July 2, 2006

Attack Is Largest Under New Regime

BAGHDAD, July 1 -- A truck bomb killed at least 66 people and injured more than 100 on a market street in the Shiite Muslim heart of Baghdad on Saturday, the deadliest such attack since Iraq's national-unity government took office in May.

Prime Minister Nouri al-Maliki's government, which is attempting to end sectarian bloodshed through force and conciliation, had escaped the high-fatality bombings that were a fixture under the previous government. But Saturday's massive bomb, powerful enough to hurl bodies of shoppers onto the roofs of high-rise buildings surrounding the market in Baghdad's Sadr City district, drew angry denunciations from survivors, suggesting Iraqis could quickly sour on Maliki's initiatives if insurgent attacks once again begin claiming dozens of lives at a time.

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The U.S. military, meanwhile, disclosed new details about allegations that soldiers raped a woman and killed her, along with her mother, father and a sibling, in March in a village south of Baghdad. A U.S. military official revealed Saturday that the target of the alleged attack was a 20-year-old Iraqi woman who lived with her family near an American military checkpoint.

One resident of the village of Mahmudiyah al-Kasr al-Awsat said Saturday that the young woman had complained of harassment by U.S. soldiers each time she passed through the American checkpoint. The resident, Omar Janabi, said in an interview that the woman's family had taken the precaution of sending her to spend nights with a neighboring family. But the soldiers attacked the family's house during the daytime, when everyone was at home, said Janabi and another man from the village who was interviewed separately.

The military announced Friday that authorities were investigating allegations of a rape and subsequent killings by soldiers of the 502nd Infantry Regiment, part of the 4th Infantry Division, near the city of Mahmudiyah. Maj. Gen. James D. Thurman, commander of the 4th Infantry, had ordered an investigation into the killings more than a week ago, the military said in a statement.

The U.S. military official, who spoke on condition of anonymity, said Saturday that an initial investigation indicated that the rape and killings had occurred March 12. Officials had said Friday that they learned of the allegations only late last month, after insurgents captured, tortured and killed two soldiers in that regiment.

The military has provided few details about the case, the latest in a series of probes that began with the U.S. disclosure in March that it was investigating alleged killings of 24 civilians by Marines in the far western town of Haditha.

On Saturday, Janabi, one of the neighbors asserting knowledge of the Mahmudiyah killings, said the victims were Kassim Hamza Rasheed Janabi, 36, a guard at a government-owned food warehouse; Fakhriya Taha Muhasen, 44, his wife; and their two daughters, 7-year-old Hadeel and 15-year-old Abeer.

Omar Janabi said that on March 11, with American and Iraqi forces in the area, U.S. troops raided Kassim Janabi's home. Although members of the same, large tribe, the two men are not directly related.

Entering the home after the raid, Omar Janabi said, he found the husband, wife and 7-year-old girl in one room. All had been shot dead, he said.

The 15-year-old girl lay in another room, with her dress pushed up around her neck, Omar Janabi said. A fire had been set in the room, burning a pillow and the girl's hair, he said.

Janabi and another neighbor, interviewed separately, said that the family lived a few hundred yards from an American checkpoint and that Kassim Janabi's two young sons had been out of the house and escaped the attack.

It was impossible to independently confirm the accounts given by the two men. Although some of the details, such as the home's location, coincided with those given by the U.S. military official, it was also impossible to immediately reconcile differences, such as whether the alleged rape victim was 15 or 20.

Omar Janabi said relatives have given permission for U.S. investigators to exhume the young woman's body.

Janabi spoke to a Washington Post special correspondent at the home of tribal leaders in Mahmudiyah. The other neighbor had left Mahmudiyah, fearing retaliation, and talked separately to another Washington Post special correspondent but refused to be identified.

U.S. soldiers initially told residents that the four dead Iraqis were victims of Sunni Arab insurgents -- which puzzled neighbors, who knew the family was Sunni, Janabi said. The other neighbor said he was first told the family had been killed by a Shiite militia.

In Sadr City, home to more than 2 million Shiites and scene of Saturday's bombing, angry survivors made clear how quickly a resurgence of bomb attacks -- typically blamed on Sunni insurgent groups -- could undermine government efforts to overcome sectarian divisions.

"They called for unity?" demanded a man who identified himself as Abu Hassan al-Thahabi, his hands and feet blackened with soot and grease from pulling the dead and injured out of the wreckage of the bombing. "This proves to the Shiites that there is no unity."

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Saturday's bombing was also the deadliest since a U.S. airstrike killed the most prominent leader of the Sunni insurgency, Abu Musab al-Zarqawi, on June 7. U.S. military officers and academics alike had predicted at least a brief surge in attacks immediately after Zarqawi's killing, saying militant Sunni groups would want to show they had survived his loss.

Even before Zarqawi's killing, however, massive bombings like Saturday's had become less and less frequent. The gradual decrease was attributed to several factors, including better defenses against bombings and the intense, often deadly pressure that Shiite-led governments have placed on the Sunni minority, leaving some insurgent groups more willing to at least try political solutions.

At the same time, however, the frequency of smaller multiple-fatality bombings reached its highest point of the war, according to the Brookings Institute. And sectarian killings -- blamed largely on Shiite militias with ties to the government -- have left an average of more than 1,000 victims at Baghdad's main morgue each month since February.

The surge in sectarian killings brought greater U.S. military pressure on Shiite religious militias, notably the Mahdi Army loyal to Shiite cleric Moqtada al-Sadr. In Sadr City, fear of questioning or detention by U.S. troops has led the Mahdi Army's gunmen to switch from their trademark black uniforms to civilian clothes and to handle their AK-47 assault rifles, pistols and rocket-propelled grenades more discreetly.

Thahabi, an official in Sadr's movement, complained that the militia's usual checkpoints would have stopped Saturday's truck bomb but that militia members had abandoned them that morning when they saw U.S. troops in the area.

Sadr officials said the bomb -- a mix of explosives and artillery shells, with ball bearings nearly the size of marbles and scrap metal added for shrapnel -- was hidden in a truck under a load of fruit. The truck, with a suicide driver at the wheel, blew up on a street crowded on both sides with shops and market stalls, leaving a crater the size of a wading pool in the pavement.

Car Bomb Kills 66 At Iraqi Bazaar (WT/AP)

By Robert H. Reid, Associated Press

The Washington Times, July 2, 2006

BAGHDAD -- A huge car bomb exploded yesterday at a bustling outdoor market in a Shi'ite district of Baghdad, killing at least 66 persons and injuring about 100 in the deadliest attack since the national unity government took office six weeks ago.

Shortly before the midmorning blast, gunmen seized a female Sunni legislator at a checkpoint in a Shi'ite area of the capital. The attacks represented a major challenge to Prime Minister Nouri al-Maliki's vow to curb sectarian violence.

In an audio recording posted on the Internet, al Qaeda leader Osama bin Laden endorsed the successor to Abu Musab Zarqawi, the slain leader of his network in Iraq and warned the country's Shi'ites against collaborating with the Americans in the fight against Sunni insurgents.

The comments appeared designed to sharpen the conflict between Shi'ites and Sunnis. Bin Laden also warned other countries against intervening in Somalia, where an extreme Islamist has been named head of the most powerful political group.

The market bombing seemed timed to cause a maximum number of casualties among civilians doing their weekend shopping. It blew some victims onto the roofs of nearby two-story buildings and sent gray smoke billowing over Sadr City, stronghold of radical cleric Muqtada al-Sadr.

Emergency crews bundled the wounded into ambulances and private cars and rushed them to hospitals. Iraqi state television reported last night that 66 persons had died and about 100 were wounded, making it the deadliest bombing since an April 7 suicide attack that killed 87 persons at a Shi'ite mosque in Baghdad.

A statement posted on the Internet claimed responsibility in the name of the "Sunna Supporters Group." The statement, whose authenticity could not be verified, accused Shi'ites of killing Sunnis and raping Sunni women in detention.

"Your mujahedeen brothers decided to teach the Shi'ites a lesson that they will not forget as long as they live," the statement said.

A few miles from the blast, gunmen seized lawmaker Tayseer al-Mashhadani and seven of her bodyguards at a checkpoint in a Shi'ite area of eastern Baghdad. Officials said she was traveling to Baghdad from her home in nearby Diyala province, a hotbed of sectarian violence, to attend a parliament session today. One of her bodyguards escaped, officials said.

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Mrs. al-Mashhadani's colleagues in the Iraqi Islamic Party, the largest Sunni political organization, blamed the ministers of interior and defense for failing to restore security in the capital. A party statement said some of the kidnappers carried government-issue weapons.

The U.S. Embassy condemned the kidnapping as an attempt to stoke sectarian tension and demanded her immediate release.

The violence occurred as Mr. al-Maliki, a Shi'ite, left for a tour of Persian Gulf countries to brief leaders on his plans for national reconciliation, including amnesty for Sunni Arab insurgents and efforts to heal the Shi'ite-Sunni rift.

In his Internet statement, bin Laden endorsed Abu Hamza Muhajer, identified by the terrorist network as Zarqawi's successor, and urged him to step up "the struggle" in Iraq. The U.S. military thinks Muhajer is Abu Ayyub Masri, a wanted terrorist.

Bin Laden also warned Iraqi Shi'ites that they "cannot just take part with America and its allies" in the war against Sunni militants "and expect that their areas will be safe from a reaction and harm."

Addressing Somalia, which was largely seized in June by a militia affiliated with the country's Islamic courts, he urged its people to support the militants and said they were building an Islamic state in the Horn of Africa.

Bin Laden lashed out at the president of Somalia's secular interim government, calling Abdullahi Yusuf a "traitor" and a "renegade." He also warned other Islamic countries against sending troops there, saying, "We pledge that we will fight your soldiers on the land of Somalia, and we will fight you on your own land if you dispatch troops to Somalia."

Car Bomb Kills More Than 60 In Iraq Market (NYT)

By Edward Wong

The New York Times, July 2, 2006

BAGHDAD, Iraq, July 1 — A powerful suicide car bomb ripped through a bustling street market in a Shiite slum here on Saturday, killing at least 62 people and wounding nearly 120 in the deadliest insurgent assault since the new Shiite-led government was installed in May, police officials and witnesses said.

The blast took place as a Sunni Arab member of the new Parliament and eight of her bodyguards were abducted by militiamen while driving into Baghdad, the police said. Together, the bomb attack and kidnapping posed the most direct challenge yet to the fledgling Iraqi government, which has deployed tens of thousands of police officers and troops into the streets in recent weeks to try to secure the capital.

New details emerged Saturday about an American military investigation into soldiers from the Fourth Infantry Division who are accused of raping an Iraqi woman in her home and killing her and three family members, including a child.

Investigators are looking into whether the soldiers monitored the family for a week before carrying out the assault, a military official in Iraq said. The soldiers are also accused of dousing the woman's body with a flammable liquid and setting it on fire to cover up evidence of their crime. A villager said the soldiers then burned down the family's home.

The explosion on Saturday morning, in the sprawling Sadr City district, ignited dozens of cars around the marketplace and sent a thick column of smoke above the skyline of eastern Baghdad, framing minarets in the foreground.

Ambulances raced through streets littered with smashed apple crates and wrecked stalls to carry wailing victims to nearby hospitals. As firefighters struggled to hose down the flames, Shiite militiamen tried to coax angry mobs of onlookers to leave, fearing that another bomb would go off. A tarpaulin covered the body of a donkey in a pool of blood. Children threw rocks at American and Iraqi soldiers who drove up in Humvees. One American soldier pointed an assault rifle with a grenade launcher at the children to scare them off. Men and boys screamed slurs about the Americans and the new Iraqi government.

"Look at this chaos, look at this mess," said a militia leader who gave his name as Yahir Abu Ali, black prayer beads in one hand and a cigarette in the other. "You see these poor people? They've lost their means of living because of this."

Karim Nasser, a fruit merchant sweating in a beige robe, waved wildly at the twisted metal debris of his stall. "A truck filled with apples was trying to cross over the median when it exploded," he said. "I lost my stall; it was the only source of income for my family."

Some police reports suggested that the bomber had been driving a minivan. The bombing was the deadliest in Iraq since early April, when three bombers blew themselves up in a prominent Shiite mosque here, killing scores of worshipers. The attack

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was likely to provoke more sectarian bloodshed, because Sadr City is the home base of the Mahdi Army militia, whose thousands of members rose up against the Americans twice in 2004 at the urging of the cleric Moktada al-Sadr, and often clash with Sunni Arab fighters.

Mahdi militiamen rampaged through eastern Baghdad and other areas of Iraq after the February bombing of a Shiite shrine, leaving hundreds dead.

A Sadr official, Abdul Zahira al-Suweidi, said in a telephone interview that the American occupiers were ultimately to blame for the explosion rather than militant Sunnis. "Yesterday, we asked the government for a timetable for the withdrawal of the occupation forces," he said. "As long as they stay, terrorist activities will increase."

The bombing occurred shortly after Tayseer Najah al-Mashhadani, a new member of Parliament, and eight of her guards were kidnapped while driving into Baghdad from her home north of the capital.

An official from Ms. Mashhadani's party, Hamdi Hassoun, citing a bodyguard who escaped, said militiamen operating a checkpoint in eastern Baghdad had pulled everyone from the cars at gunpoint and dragged them away. "They aimed their guns at the heads of the bodyguards and confiscated their guns and cellphones," Mr. Hassoun said.

Ms. Mashhadani belongs to the Iraqi Islamic Party, a conservative Sunni Arab group that has often criticized the Shiite-led security forces and the American presence. The party's leader, Tarik al-Hashemi, is one of Iraq's two vice presidents.

The abduction and marketplace attack occurred as the new prime minister, Nuri Kamal al-Maliki, arrived in Jidda, Saudi Arabia, the first stop on a tour of three Arab countries where he planned to promote his limited "reconciliation plan."

Since taking charge in May, Mr. Maliki's government has had to grapple with rising sectarian violence, as well as electricity and water shortages during 120-degree days.

Military investigators continued to sift through evidence linked to the rape and murder accusations surrounding soldiers from the 502nd Infantry Regiment, attached to the Fourth Infantry Division.

The investigation into the possible rape of a woman and the killings of her and her family are centered on events of March 12 near the insurgent stronghold of Mahmudiya, about 20 miles south of Baghdad. A military official in Iraq said four soldiers were implicated, not five as some reports had suggested. But he acknowledged that early details were often muddled.

All four of those under scrutiny are enlisted men. A Defense Department official said one of the soldiers had been dismissed and was back in the United States.

Initial reports show the soldiers had noticed the woman on earlier patrols, the official said. Of the four victims, one was a girl, the military official added.

An Iraqi man who lived near the family said the assault took place at night in a village called Sayidat Abdullah, part of a farming region outside of Mahmudiya.

Before the soldiers came, there was a rumor in the village that the family, particularly the father, who was a farmer, was wanted by the Americans, said the villager, Muhammad Khamis, in a telephone interview. The soldiers burned down the house before leaving, he said.

"They were a very good family, a very nice family," Mr. Khamis said. "I don't know where the Americans got this idea."

In the Muslim world, sexual assault of women, especially by foreigners, is considered one of the most heinous of crimes. Sunni Arabs infuriated by the American presence have often speculated that American troops are raping Iraqi women in prisons like Abu Ghraib.

In other violence on Saturday, at least five Iraqi Army soldiers were killed in an ambush on a checkpoint south of Kirkuk, police officials said. Three soldiers were captured in the attack. Their bodies turned up later, along with a fourth body; all showed signs of torture.

A bomb exploded near a police patrol transporting prisoners in Kirkuk, killing one prisoner. In southern Baghdad, the police found six bodies dumped in a construction site.

The American military said a soldier assigned to the 43rd Military Police Brigade died Saturday of noncombat injuries.

Iraq PM Wins Saudi Backing For Peace Efforts (AFP-Y2)

AFP, July 2, 2006

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Iraqi Prime Minister Nuri al-Maliki won Saudi Arabia's backing for his efforts to halt the bloodshed in Iraq at the start of a Gulf tour to rally support for his peace plan.

"On behalf of ... King Abdullah, I assure you of ... (Saudi Arabia's) full support for you and your constitutional government," Crown Prince Sultan bin Abdul Aziz told Maliki, according to the official SPA news agency.

Prince Sultan, who chaired a formal session of talks with Maliki late Saturday, said Saudi Arabia hoped his government would usher in "stability and security" in Iraq and put an end to the hardships of the Iraqi people.

At least 66 Iraqis were killed in a devastating car bombing against a market in a Shiite district of Baghdad on Saturday, the latest sectarian violence to rock the war-weary country.

Maliki, who arrived in the Red Sea city of Jeddah Saturday, had earlier met with King Abdullah, who stressed Saudi Arabia's "keenness on (the preservation of) Iraq's unity and territorial integrity," SPA said.

The news agency said the discussions during the session of talks with the Saudi crown prince focused on "efforts to restore security and stability in Iraq, chiefly the national reconciliation plan" unveiled by Maliki last Sunday. "We will revert to being sons of one country in the full sense of the word," Maliki said, referring to efforts to end violence between Sunnis and Shiites.

"We have come carrying the pains and hopes of Iraq, and to thank you for the kingdom's stands in support of the unity of Iraq's people and lands," he was quoted by SPA as saying.

Iraqi Minister of State for National Dialogue Akram al-Hakim earlier said that Maliki's tour, his first trip abroad since taking over as premier in May, would also take him to the United Arab Emirates and Kuwait to discuss with Arab leaders his national reconciliation plan.

Maliki announced the plan in a bid to stem the violence that has ravaged Iraq. But the blueprint has already been rejected by a number of Sunni Arab leaders and rebel groups.

The Shiite prime minister apparently wants to enlist help during his tour to influence the former elite community of Sunni Arabs in Iraq as many of its leaders have close ties with the oil-rich Gulf Arab states.

Maliki has said the amnesty offered in the plan would only cover detainees held in US and Iraqi prisons who have committed no violent crimes and stressed there would be no pardon for those who killed foreign troops, journalists or innocent Iraqis.

More than 2,500 detainees have been freed this month from US and Iraqi prisons as part of the plan.

Top Saudi officials were on hand for the talks with Maliki, who was accompanied by a high-level delegation. Among those attending were the oil ministers of Saudi Arabia and Iraq, which sit on the world's largest and second largest oil reserves, respectively.

US ambassador to Iraq Zalmay Khalilzad visited Jeddah on Tuesday and met with King Abdullah and other Saudi leaders.

Saudi Arabia, which shares a long border with Iraq, has expressed increasing concern in recent months about the bloodshed in its northern neighbor.

The kingdom is also concerned about the threat to its security that would be posed by the return home of Saudis who had crossed the border to join the anti-US insurgency in Iraq.

Iraqi, U.S. Authorities Free 495 Prisoners (AP-Y2)

AP2, July 2, 2006

Iraqi and U.S. authorities freed 495 prisoners from U.S. facilities on Saturday, completing a mass release announced by the prime minister last month as part of his national reconciliation efforts.

U.S. Ambassador Zalmay Khalilzad welcomed the move and said more prisoners could be freed.

"We are prepared in consultation with the Iraqi leaders to make future prisoner releases and to take other concrete steps to facilitate reconciliation," he said in a statement. "As the government moves forward with these steps, it can count on support from the U.S. government."

Al-Maliki had promised to release 2,500 inmates by the end of June.

The Justice Ministry said Saturday's releases fulfilled that promise but stressed officials would continue to study the cases of individual inmates and release them as merited.

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The U.S. military has not provided a sectarian breakdown of those being released, but most were believed to be Sunnis, the minority that was dominant under ousted leader Saddam Hussein but lost power when he was ousted. Sunnis frequently complain of random detentions and maltreatment at the hands of the Shiite-led government and the prisoner releases are seen as a key step toward soothing that anger and dampening the Sunni-led insurgency.

Khalilzad also noted that al-Maliki was traveling to Saudi Arabia, the United Arab Emirates and Kuwait this weekend to drum up support for his reconciliation efforts.

"The new government is reaching out not only to all Iraqis but also to its neighbors," the ambassador said. "We expect these visits to be successful, as the countries that Mr. Maliki is visiting understand what happens in Iraq will affect the stability of the area and shape the future of the region."

Khalilzad urged insurgents to respond to al-Maliki's overture by laying down their arms and joining in the reconstruction of Iraq.

US Envoy Promises More Iraq Releases As 495 Detainees Freed (AFP-Y2)

AFP, July 2, 2006

US ambassador Zalmay Khalilzad promised that more detainees would be freed from US and government-run prisons in Iraq as a seventh batch of nearly 500 was released.

A justice ministry spokesman told AFP that 495 security detainees held without charge were freed Saturday as part of Prime Minister Nuri al-Maliki's national reconciliation plan.

Khalilzad said the latest batch completed the "release of nearly 3,000 detainees from coalition custody over the past several weeks."

"As the reconciliation project proposed by Prime Minister Maliki moves forward, we are prepared in consultation with the Iraqi leaders to make future prisoner releases and to take other concrete steps to facilitate reconciliation."

Again calling on Sunni Arab insurgents to lay down their arms, Khalilzad also called on the government to bring "all militias and other illegal armed groups under control and to strengthen Iraq's security institutions."

Militias close to Shiite parties in the government have been accused of carrying out reprisal attacks against Sunni Arab civilians amid escalating communal unrest.

"We call on the leaders of Iraq's various communities to begin to take responsibility for bringing sectarian violence to an end. As the government moves forward with these steps, it can count on support from the US government," Khalilzad said.

He said disagreements over the reconciliation plan must be "expressed through dialogue rather than through violence."

The security detainees released over the past month had been held on suspicion of involvement in the insurgency but were not suspected of carrying out bombings, killings or abductions.

An amnesty for detainees not suspected of serious crimes was a key element of a 24-point national reconciliation programme which Maliki unveiled to parliament last week.

About 14,000 detainees continue to be held in US or Iraqi government-run prisons.

Muslim Group Condemns Reports Of U.S. Rape (AP)

Associated Press, July 2, 2006

BAGHDAD, Iraq (AP) -- An influential Sunni Muslim organization Sunday strongly condemned reports that U.S. troops raped an Iraqi women then killed her and her family, saying it shows "the truth of the ugly American face."

The Association of Muslim Scholars said that what U.S. troops have done by "raping this girl then mutilating her is shameful and will remain as a sign of shame to American invaders."

U.S. investigators believe that American soldiers spent nearly a week plotting an attack in which they raped the Sunni Muslim woman, then killed her and her family in a religiously mixed area about 20 miles south of Baghdad.

The Americans entered the home, separated three family members from the woman, then raped her and set fire to her body, a U.S. military official said Saturday on condition of anonymity because the investigation is ongoing.

The three others, apparently including a child, were also slain, another official said.

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The association said in its statement that it "condemns this ugly crime and declares to the whole world that this mean behavior and terrible violations committed by the invaders show the truth of the ugly American face and also shows that their claims of calling for humanity and liberation are not true."

"We put the world and all humanitarian organizations as witnesses to this ugly crime and call them to face the American recklessness that went way too far," said the association, a strong critic of American presence in Iraq.

Bin Laden Tape Urges Insurgents To Forgo Talks (WP)

By Karen Deyoung

The Washington Post, July 2, 2006

Osama bin Laden, in his second recorded message in 48 hours, warned Iraqi insurgents yesterday not to participate in negotiations with the elected government in Baghdad and urged Muslims in Somalia to violently oppose any challenge to Islamists who have seized power in that country.

"There will be no bargaining with the crusaders and the apostates" in Iraq, bin Laden said in a clear reference to efforts by Prime Minister Nouri al-Maliki to draw insurgent groups into negotiations and amnesty agreements with his government. "There will be no half-solutions." Maliki and his appointed predecessors since the 2003 U.S. invasion of Iraq would be punished as soon as American military forces are defeated, he said.

Bin Laden's message, like one released Thursday night, was contained in an audio recording posted on a jihadist Web site. The fifth such message this year, its mention of events occurring over the past week in Iraq and Somalia indicated an ever-faster turnaround time.

The al-Qaeda leader has not appeared in publicly released photographs or videos since 2004. A U.S. counterterrorism official, who said there was "no reason to doubt" the authenticity of yesterday's recording, speculated that security concerns had prevented bin Laden from participating in the more time-consuming and labor-intensive production of a video. Bin Laden is believed to be in the mountainous, ungoverned border area between Pakistan and Afghanistan.

Al-Qaeda's media products have grown in sophistication since the poorly lighted, grainy videos that characterized its propaganda efforts several years ago. Deputy Ayman al-Zawahiri's eulogy to al-Qaeda's Iraq leader Abu Musab al-Zarqawi released a week ago was a slickly produced video. Zawahiri was seated in front of a full-size, framed picture of Zarqawi taken from Zarqawi's own video released before his death in a U.S. air raid in Iraq last month.

Yesterday's bin Laden message was addressed to the "nation of Islam in general, and our people and brothers the mujaheddin in Iraq and Somalia in particular." According to a translation of the 17-minute tape provided by the Washington-based SITE Institute, which monitors jihadist Internet sites, it had three parts.

Bin Laden hailed the selection of Abu Hamza al-Muhajer as Zarqawi's successor. He advised Muhajer, which the U.S. military has said is a pseudonym for Egyptian Abu Ayyub al-Masri, to continue unifying Sunni insurgent groups and to "concentrate his fighting on the Americans, as well as their allies and supporters."

The tape opened with a warning to residents of the predominantly Shiite south, saying they could not join the Iraqi armed forces fighting insurgents in Sunni cities such as Fallujah and Ramadi in central and western Iraq, "while at the same time hoping that their areas will be safe from reaction and harm."

He called on all Muslims to help the insurgency "with money and men," and labeled efforts to stabilize Iraq through talks with the government "nothing more than deceit."

U.S. counterterrorism officials interpreted a lengthy passage on Somalia as reflecting bin Laden's concern that the dispersion of the al-Qaeda network by the U.S. terrorism fight has diminished his claimed leadership of a worldwide movement. But at the very least, bin Laden demonstrated a close and current knowledge of events in the Horn of Africa.

He called Abdullahi Yusuf, who heads the largely powerless, U.S.-backed Somali transition government in Baidoa, an "agent" of foreign apostates, and he condemned Yusuf's recent call for support from neighboring Ethiopia. About 100 Ethiopian troops in military vehicles were seen yesterday crossing the border into Somalia, the Associated Press reported.

Among several international efforts to stabilize Somalia, the African Union and the Arab League said last week that they would send a team of experts to assess the situation. Yemeni President Ali Abdullah Saleh has also called for talks among

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regional governments. Bin Laden yesterday warned "every Muslim in Somalia" to reject such efforts, calling Saleh in particular "an obedient American agent."

The Bush administration funded secular warlords who were defeated in early June trying to get control of the Somali capital, Mogadishu, by militias allied to the Council of Islamic Courts. Warning the council not to shelter al-Qaeda fugitives it believes are in Somalia, the administration has called on the Islamists to negotiate with the Yusuf government. Last week, Jendayi E. Frazer, U.S. assistant secretary of state for African affairs, said the administration had warned Saudi Arabia and Yemen to end financial and weapons support for council forces.

Bin Laden called on Islamic forces to attack the Yusuf government "quickly and make sure he doesn't flee." Regarding intervention by "international forces," he instructed, "prepare what is needed, especially the mines for the tanks and the [rocket-propelled grenades] for the armored vehicles."

He recalled the 1994 withdrawal of U.S. military forces from Somalia after a warlord attack killed 18 Special Forces troops. "This time," he said, "victory will be far easier."

Suddenly, Sand Bags And Potshots At Post 1 (NYT)

By Dexter Filkins

The New York Times, July 2, 2006

RAMADI, Iraq, July 1 — It is a lonely night on the rooftop of the government center in this rubble-strewn town, and Lance Cpl. Joseph Hamlin is talking about his life.

"I'm 19; I'll be 20 in September," he says, his face shrouded in the darkness. "I'm from western Georgia, on the Alabama line. LaGrange. They say it's the biggest little city in Georgia. It means 'the farm' in French. Lafayette was there."

Corporal Hamlin is at Post 1, overlooking downtown Ramadi from the northwest corner of the government center. His post is a concrete-block hut covered in sand bags. It has just enough room for two people.

"This is my first time ever," he says. "I joined in May '05. Right after I graduated high school. Graduated high school on Friday, showed up for boot camp on Monday. Didn't take any time off."

He laughs. The streets below are mostly invisible in the darkness. Even at 11 p.m., the temperature here hovers at well over 100 degrees. Every few minutes or so, Corporal Hamlin picks up his night-vision scope and peers down the alley that juts out directly north from his post.

A volley of shots ring out, but they are too far away to cause worry.

"Over yonder there," he says, pointing with a slow roll of his hand.

"Jeff Foxworthy, he bought some land in LaGrange," Corporal Hamlin says. "You know him, they call him a country comedian. 'You must be a redneck,' stuff like that. He bought some land down there to hunt on. It's good hunting."

He peers into the scope of his rifle.

"I'm a decent shot. Pretty good," he says. "Not like the snipers."

Another shot echoes in the distance. "What do I hunt? Whatever is in season: deer, squirrel, turkey, dove. I love to hunt. If could have a job where money didn't matter, I'd be a hunter."

Corporal Hamlin has laid out four weapons: an M-240 belt-fed machine gun, an M-16 rifle, an M-79 grenade launcher and a rifle called a Sam-R that he especially likes.

"It's like my .308 Remington — it's got a free-floating barrel, too," he says. "That's my favorite."

"I joined the Marines. I'm hoping to go to college. When I'm in, I'll do what I can for my country. Do something to help this country."

Cradling the Sam-R, he looks into the blackness. "Here it's more difficult," he says. "It's not like all you have to do is be quiet and still and just shoot whatever comes by. Like a duck blind. These guys will play. A turkey don't play. A turkey don't shoot back. He just turns around and runs. They shoot back."

The night wears on. Because of the lack of electricity here, most of Ramadi is dark. What light there is comes from the stars, which are arrayed in their particular way from horizon to horizon.

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"I wish they had some police out here," he says. "You know, the gangs. We have gangs in places like New York City. They wouldn't stand a chance here. They would have their heads cut off. These are the real gangs here."

"People say this is the worst place in the world. But it isn't bad. They need to fight for themselves," he says of the Iraqis. "Everybody has a civil war. We had ours. We got stronger. Maybe they need to have theirs and get it over with."

Midnight nears. Corporal Hamlin turns back to his favorite subject. "Oh yeah, they got pigs down there. They like to play. You shoot one of them with a .357 right in the head and they keep running. My dad got gored by one of them once. That's some cool hunting.

"I want to kill some bear. I want to go with a bow. A long bow. Not even a compound bow," he says. "You know the difference? A compound bow has the pulleys. Long bow is just the bow. I want to go with a long bow. Kill a big-ass bear."

"My dad lived in China," Corporal Hamlin says. "He ran the Duracell plant there. I lived there. I learned martial arts. Aikido, which is Japanese. Tae kwon do, which is Korean. I'm a second-degree black belt."

"If I had a choice between this, martial arts and hunting, I'd take hunting easy. No alcohol, womens or anything like that, I like some guys."

Three nights before, the government center came under attack by about 20 guerrillas. The firefight lasted two hours. The marines fired hundreds of rounds of ammunition, dropped bombs and artillery. Corporal Hamlin was asleep in his bunk, but he has seen his share of fighting.

"I shot a couple of guys," he says. "When you're young, seeing movies and everything, you're brought up to think killing is wrong. That's what people do in gangs. Weird. You just shoot. They attack you. Either you are going to shoot and go back to your family or they are going to kill you and keep on killing everyone else. I don't really know what to think of it."

"If I shoot, I get to go back to my family, my girl," he says.

He scans the streets through his rifle scope. "I'm a Christian. East Vernon Baptist Church."

Corporal Hamlin is silent for a time. "I asked other people before what it was like to kill somebody. I wasn't sure I could kill somebody. I didn't know what it would be like. Now, I don't know if I feel that much."

The talk turns to love.

"I did have a girlfriend until two days ago. We were together for five years." It happened in a telephone conversation, he says.

"She doesn't handle my being gone. She says it's hard. I think whatever I'm going through here is harder. Whatever problems she's having at the house, she doesn't have R.P.G.'s being shot at her."

The telephone conversation with his girlfriend, Corporal Hamlin says, has left him feeling a little down. The couple had planned to marry, he says. "Yes, I was wanting to. We were going to get an apartment."

He considers the possibility that she has another boyfriend back in LaGrange. "Absolutely. She probably does. She might be lying. She told me she did."

"She is a full-blooded Indian. Mohawk. I'm just a pale-skinned white boy."

"I'll get with her when I get back, talk to her," he says. "See if I can work things out. It'll be O.K."

Another young voice enters from outside Post 1. It is Corporal Hamlin's relief. He's been six hours on post. It's midnight, time for bed.

"Good talking to you," he says.

The corporal picks up his rifle and walks downstairs.

Army Probing Soldier's Death (WT/AP)

By Tini Tran, Associated Press

The Washington Times, July 2, 2006

The U.S. military said yesterday it was investigating whether the Gaithersburg soldier who was recently killed in eastern Afghanistan died because of "friendly fire."

The Defense Department said Army Pfc. Justin R. Davis, 19, died June 25 in eastern Kunar province when he came in contact with indirect fire -- a term used for mortar shelling -- while on patrol during combat operations.

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"The circumstances of the soldier's death are under investigation as a possible friendly-fire incident," according to a statement from the department.

In Afghanistan, the U.S.-led coalition released a statement saying an investigation into the incident is under way.

"We are looking into Pfc. Davis' death to determine what happened. No final determination has been made and we will not release any information relating to the investigation until it is complete," the statement said.

Pfc. Davis had been assigned to the 1st Battalion, 32nd Infantry Regiment, 3rd Brigade Combat Team, 10th Mountain Division based in Fort Drum, N.Y.

His mother, Paula Davis, told the Frederick News-Post that her son was "passionate about joining the service.

"He would always say, 'This is my dream. I am going to follow it,' " Mrs. Davis said. "He died doing what he loved."

Pfc. Davis had been in Afghanistan since March and had plans to come home for several weeks in August.

"It was a calling," his mother said. "It was a life that fit him."

Pfc. Davis' body arrived Tuesday at Dover Air Force Base in Delaware, Mrs. Davis said. He will be buried July 10 in Arlington National Cemetery with full military honors.

Coalition troops have been operating in eastern Afghanistan to battle insurgents active along the Pakistan border.

According to U.S. Army data earlier this year, 17 soldiers in the past four years have died from friendly fire, which means from non-enemy weapons. Ten died in Iraq and seven in Afghanistan. The deaths occurred in 11 separate incidents.

The most well-known case was the 2004 death of former NFL player Pat Tillman, an Army Ranger and corporal, who died during a gunbattle near the Pakistan-Afghanistan border. That case triggered a criminal investigation that is still pending.

2 British Soldiers Killed In Afghan Attack (NSDY/AP)

By Tini Tran, Associated Press Writer

Long Island Newsday, July 2, 2006

KABUL, Afghanistan -- A coalition base came under attack by suspected Taliban fighters in southern Afghanistan, leaving two British soldiers and an interpreter dead, officials said Sunday.

The incident occurred Saturday night in Sangin district in southern Helmand province, said military spokesman Capt. Drew Gibson.

Four coalition soldiers were wounded in the attack, but their nationalities were not immediately known. They were listed in stable condition at a hospital, a coalition statement said.

The deaths come amid a massive anti-Taliban campaign in southern Afghanistan involving more than 10,000 Afghan and coalition soldiers. It is the largest military offensive since the former regime's ouster in late 2001.

Last week, two other British soldiers were killed in an attack in Sangin district. On Saturday night, 11 militants were killed by Afghan forces in the district after they came under attack, said Helmand provincial police chief Ghulan Nabi Malakhail. No Afghan soldiers or police were injured.

Britain currently has some 3,300 troops involved in the military operation.

Bush Address Pays Tribute To Armed Forces (AP)

AP2, July 2, 2006

President Bush paid tribute to America's armed forces Saturday, calling Independence Day a time to thank the men and women who defend freedom.

"For more than two centuries, from the camps of Valley Forge to the mountains of Afghanistan, Americans have served and sacrificed for the principles of our founding," Bush said in his weekly radio address. "Today, a new generation of American patriots is defending our freedom against determined and ruthless enemies."

Bush plans to celebrate July Fourth at Fort Bragg, N.C., where he will have lunch with military personnel. The president will return to the White House Tuesday night to watch fireworks in the nation's capital.

On the holiday, Americans should recall the ideals that the nation's founders outlined in the Declaration of Independence, Bush said. He also encouraged every American to find a way to thank those who defend freedom.

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He urged people to help America Supports You, a nationwide program set up by the Defense Department to communicate citizen support to military men and women at home and abroad.

"At this hour, the men and women of our armed forces are facing danger in distant places, carrying out their missions with all the skill and honor we expect of them," Bush said. "And their families are enduring long separations from their loved ones with great courage and dignity."

Cheney Applauds NASCAR At Florida Raceway (WT/AP)

The Washington Times, July 2, 2006

DAYTONA BEACH, Fla. (AP) -- The stock cars weren't the only things buzzing the track at Daytona yesterday -- Vice President Dick Cheney made his grand entrance when Air Force II flew in low over the crowd gathering for the Pepsi 400 NASCAR race.

Upon arrival at Daytona International Speedway, Mr. Cheney's motorcade went around the track at a relative crawl of 60 mph, passing fans on the infield who waved flags for their favorite drivers. The vice president spoke at a pre-race meeting, where he got a standing ovation from the drivers and their crews and his excited staff took pictures with Dale Earnhardt Jr.

Mr. Cheney wished the drivers a safe race and thanked them for all their visits with troops.

"NASCAR has developed a hell of a reputation, not only, obviously, for the stock-car racing, but also for being tremendous members of the community," he said.

Yesterday offered Mr. Cheney a double-dip in the all-important political state of Florida: visiting the Kennedy Space Center and then catching the race.

The vice president had hoped to see Space Shuttle Discovery blast off on the first shuttle mission in nearly a year, but thunderstorm clouds forced a postponement. Mr. Cheney said he was disappointed, especially because he brought his three granddaughters along for the occasion.

"We'll have to bring them back another day," he said. "It's a great program, and it's important that we keep going and keep our space program going."

Joining Mr. Cheney and his wife, Lynne, were granddaughters: Kate, 12; Elizabeth, 8; and Grace, 6.

The vice president's aides tried to extend exposure of Mr. Cheney's trip beyond the traditional audience, inviting a team from Sports Illustrated to join the traveling White House press. He also had interviews scheduled with Fox Sports and Motor Racing Network, which handles NASCAR's radio coverage.

More than 20 years ago, when Mr. Cheney was a congressman from Wyoming, he attended a shuttle launch. But the NASCAR race was a first for him.

The Pepsi 400 has become a popular event for national leaders. President Reagan was the first commander in chief to attend a race when he went in 1984. Both President Bush and his father have attended the race, and Defense Secretary Donald H. Rumsfeld attended last year.

The race is a particularly patriotic event because it is scheduled for the Independence Day weekend and draws a large military crowd.

Earlier yesterday, Mr. Cheney underwent his annual physical, which showed his overall heart condition was stable and that his high-tech pacemaker is working properly and has not been activated by any irregular heartbeats.

Mr. Cheney, 65, who has a long history of heart ailments, had an electrocardiogram and imaging to check on repaired aneurysms on the back of his knees, his spokeswoman said.

Doctors also checked the condition of an implantable cardioverter defibrillator (ICD), which was placed in his chest in June 2001.

"The vice president's cardiac status remains stable, his ICD is functioning properly and has not treated any arrhythmia," or irregular heartbeat, according to a statement from his spokeswoman, Lea Anne McBride.

Mr. Cheney is scheduled to have a stress test on a treadmill in the fall as part of a comprehensive cardiac evaluation.

Cheney Revs Up Schedule In Florida (LAT/ORL)

By Ludmilla Lelis

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The Los Angeles Times, July 2, 2006

The vice president caps an unusually public day by hailing U.S. armed forces at the Pepsi 400.

DAYTONA BEACH, Fla. — Playing off the patriotic themes that dominated the Daytona International Speedway this weekend, Vice President Dick Cheney spent his time at the Pepsi 400 praising the military and hailing its ties to NASCAR.

"On Independence Day weekend, we're reminded how fortunate we are to live in freedom and to call this place home," Cheney told the 150,000-plus fans before Saturday's race.

"We're grateful above all to the men and women who defend us," he said.

The vice president's visit to the track is the latest in a series of high-profile public appearances by Cheney, who usually stays out of the limelight.

Earlier Saturday, he was 75 miles south at Cape Canaveral, where he had hoped to see the space shuttle launch. It was postponed because of weather.

Cheney arrived in Daytona with a roar when Air Force II flew in low over the track as the crowd was gathering. When he got to the speedway, his motorcade took a turn on the track at a modest 65 mph.

A few race fans judged Cheney's appearance as a shrewd public relations move.

"I don't think they should mix politics and racing, but he just wants to be associated with the sport," said Russ Schlenker, 49, of Hernando. "Just trying to get the 'NASCAR dad' vote."

In his public statements, Cheney emphasized the heroism of the armed forces but didn't discuss the military mission in Iraq.

At the drivers' pre-race meeting, the vice president lauded ties between the auto-racing circuit and the military.

"I know you guys spend a lot of time supporting the troops and the men and women in the armed forces," he said, looking at the NASCAR drivers and their racing teams.

Cheney posed with drivers whose sponsors are branches of the military, including Greg Biffle (National Guard), Ken Schrader (Air Force) and Joe Nemechek (Army).

He declined in a TV interview later to reveal which driver was his favorite.

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Gonzales Backs Handling Of Terror Suspects (AP-Y2)

By Nadia Abou El-magd, Associated Press Writer

AP2, July 1, 2006

In his first visit to Egypt, the U.S. attorney general on Saturday defended the transfer of terror suspects for incarceration and interrogation in other countries.

Human rights groups have raised concerns about the so-called extraordinary rendition of terror suspects, some of whom have charged they were tortured in the countries where they were sent. The U.S. has said it does not send anyone to countries that torture.

Attorney General Alberto R. Gonzales acknowledged the U.S. practice of sending terror suspects to prisons in their home countries. But he refused to confirm reports that Egypt, whose human rights record has been criticized by Washington, had received any of the suspects.

"I'm not going to confirm that there have been any (suspects sent to Egypt), and I'm certainly not going to talk about the numbers — it's intelligence activity and we just don't do that," Gonzales told reporters after meeting with Egyptian President Hosni Mubarak.

"All I can say is that we do have an obligation to seek assurances from any country in which we are returning someone, that the individual is not going to be tortured," he said.

Gonzales said the U.S. would send a Justice Department lawyer to be stationed in Cairo "so we can further cement our relationship and we have someone on the ground representing me."

Egyptian Interior Minister Habib el-Adly has denied that Egypt was torturing terror suspects from abroad.

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Detainees have said they were transferred from the U.S. to alleged secret facilities in countries including Poland, Romania, Jordan, Syria and Egypt.

Italy is investigating allegations that 22 CIA agents kidnapped an Egyptian Muslim preacher, Osama Moustafa Hassan Nasr, from a Milan street in February 2003 and returned him to Egypt.

An Italian newspaper quoted his lawyer as saying that Nasr was tortured after his return.

Gonzales said he saw no contradiction between the U.S. promoting democracy around the world and running a facility like the detention center at Guantanamo Bay, Cuba, where activists and former detainees have alleged abuse has taken place.

The Supreme Court, in a major rebuke to President Bush, said Thursday that his plan to put some Guantanamo detainees on trial before military commissions was unconstitutional because the commissions were not authorized by Congress and violated international law.

"We have procedures in place to ensure that those at Guantanamo in fact deserve to be at Guantanamo," Gonzales said. "We're looking for ways to deal with terrorists other than at Guantanamo if we can — the U.S. has no intention and no desire to be the world's jailers," he added.

Gonzales arrived in Egypt Wednesday and has met the country's ministers of justice and interior, as well as with the prosecutor-general.

He said the political situation in Egypt had improved despite criticism that government practices were oppressive.

"The promotion of the rule of law is very, very important, and the growth of democracy," he said. "Challenges exist, and we consider President Mubarak a valuable ally to the U.S."

US Attorney General Defends Special Military Tribunals (AFP-Y2)

By Joelle Bassoul

AFP, July 2, 2006

US Attorney General Alberto R. Gonzales has defended special military tribunals for terrorist suspects, saying they serve "a viable role in the war on terror."

"We are carefully reviewing the decision by the US Supreme Court," Gonzales told reporters during a trip to Cairo after meeting with Egyptian President Hosni Mubarak Saturday morning.

"We intend to work with Congress to develop procedures and practices that will meet the requirements set forth by the Supreme Court, but we continue to believe that military commissions would serve a viable role in the war on terror," he said.

The US Supreme Court on Thursday ruled that US President George W. Bush had overstepped his powers by creating military war crimes tribunals for Guantanamo Bay inmates.

In a 5-3 vote, the high court ruled that a military commission established to try Salim Ahmed Hamdan, a 36 year old Yemeni -- Osama bin Laden's former driver -- charged with conspiracy to commit war crimes and terrorism, violated US military law and the Geneva Conventions.

Following the ruling, the White House and other administration officials signalled they would try to consult with Congress to refine rules for such commissions, in line with the landmark Supreme Court judgement.

Gonzales said he hoped to try the suspects "in military commissions once we establish the procedures that will meet the requirements set forth by the Supreme Court."

Refering to the detention center in Guantanamo Bay, Gonzales said the US continued to believe it was "necessary".

"When the US captures someone on the battlefield, we have to have some way of holding them so that they do not come back and fight against us or fight against our friends and allies," he said.

Asked about the practice of renditions, the secret transfer of detainees by the CIA to their home countries, where in some cases they risk being tortured, Gonzales insisted that the US seeks assurances before returning the suspects.

"When we have in our custody an individual and their home country wants them returned, we are not going to return them without adequate assurances that they are not being mistreated," said Gonzales who refused to comment on renditions cases to Egypt specifically.

"We look at past records of the country in the treatment of people in their custody," he said.

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"In respect to Egypt, let me say that we welcome the progress that is occuring here in Egypt," he said refering to constitutional amendments recently passed.

Italy has accused CIA operatives of involvement in what it says was a clandestine operation to kidnap Egyptian national Abu Omar in 2003, handing him over to Egyptian authorities for interrogation.

The cleric -- who was under investigation in Italy as part of an inquiry into international terrorism -- was the imam of a Milan mosque which had been under close surveillance since the September 11, 2001 attacks in the United States.

He was snatched from the street in February 2003 and flown from a US military base in northern Italy to Egypt, where his supporters say he was tortured.

"We do have a legal obligation not to render someone back to a country where we know they might be mistreated or tortured,' Gonzales reiterated.

Gonzales, who is the first US attorney general to visit Egypt, said that his department will send a permanent envoy to Cairo to "further cement the relationship" between the two countries.

Earlier in the day, Gonzales discussed with Mubarak the situation in the Gaza strip, calling Mubarak's mediation efforts between the Israelis and the Palestinians "important in resolving this matter in a peaceful manner," in reference to the abduction Sunday of an Israeli soldier by Palestinian militants.

The Israeli army on Wednesday launched a large-scale offensive in the Gaza strip to rescue the soldier.

During his three-day visit, Gonzales met with justice minister Mahmud Abou Leil and interior minister Habib al-Adli.

Justice Kennedy Makes The Calls On Roberts Supreme Court (LAT)

By David G. Savage, Times Staff Writer

The Los Angeles Times, July 2, 2006

WASHINGTON — John G. Roberts Jr. may be the new chief justice, but the Supreme Court is not truly the Roberts court, at least not yet.

In the most divisive cases before the court in the term that just ended, it was Justice Anthony M. Kennedy who determined the outcome every time. In unpredictable fashion, he sided some of the time with the court's conservative bloc and some of the time with its liberals.

His influence was dramatically displayed Thursday, when the court announced that it had struck down President Bush's specially created military tribunals for suspected terrorists.

As Justices Antonin Scalia and Clarence Thomas read their dissenting opinions in court that day, Roberts and Samuel A. Alito Jr., Bush's other new appointee, could do no more than listen in agreement.

It was 86-year-old John Paul Stevens, the court's last World War II veteran, who read the 5-3 majority opinion. He solemnly declared that the president was "bound to comply with the rule of law" and that he could not ignore congressional mandates and long-standing U.S military rules.

He paused to note that Kennedy, seated next to him, had joined most of his opinion, creating a majority. Liberals hailed the result, and conservatives lamented it.

While the issue before the court was the balance of power in government, the drama showed how little the balance of power within the high court itself had changed. Even when Roberts and Alito side with fellow conservatives Scalia and Thomas, they need a fifth vote to prevail.

For the last decade, Justices Kennedy and Sandra Day O'Connor, both Ronald Reagan appointees, had supplied the votes that decided the court's major cases. They usually joined with the conservatives on issues of crime, the death penalty, civil rights and states' rights, but with the liberals on abortion, gay rights and school prayer.

Now, with O'Connor in retirement, Kennedy stands alone at the center.

He voted with the conservatives more often than not, but joined the liberals in several major rulings. In one closely watched environmental case, Kennedy wrote a separate, solo opinion that was decisive.

On the issue of military tribunals, Kennedy made it clear that he shared the liberals' concern about unchecked presidential power.

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The Constitution created "a system where the single power of the executive is checked," he wrote. Even in a national emergency, he said, "the Constitution is best preserved by a reliance on standards tested over time and insulated from the pressure of the moment."

This does not mean that suspected terrorists cannot be tried in military tribunals, Kennedy said — but that Congress should first debate the issue and pass a law.

Kennedy is hardly in the camp of the liberals. Just the day before, he spoke for a five-member majority that upheld the mid-decade redistricting plan engineered by former House Majority Leader Tom DeLay for Texas' seats in the U.S. House of Representatives.

The four liberals, led by Stevens, say "partisan gerrymandering" is unconstitutional. The conservatives, led by Scalia, counter that politics inevitably plays a role in the drawing of electoral districts and that there is no fair way to decide how much politics is too much.

Kennedy came down in between. He says that he finds partisan gerrymandering troubling, but that the Texas plan was not so extreme as to be unconstitutional.

Before 2003, he pointed out, the Democrats had drawn electoral districts that gave them a slim majority of seats in Congress at a time when nearly 60% of Texans were voting Republican. Measured against that map, DeLay's plan "can be seen as fairer," Kennedy said.

Developers and property-rights activists hoped a more conservative court, bolstered by Roberts and Alito, would sharply limit the Army Corps of Engineers' control over hundreds of millions of acres of wetlands. Environmentalists feared the same.

Scalia wrote an opinion to do just that, and he was joined by Roberts, Thomas and Alito. He said federal environmental protection extended only to wetlands that were part of a continuously flowing stream. This would exclude many wetlands in the middle part of the nation and nearly all of those in West, where streams are dry for much of the year.

But in this case, Kennedy refused to go along. Instead, he wrote in a separate opinion that wetlands could be protected as long as environmentalists could show that filling them or draining them would affect downstream waters.

Earlier this year, Kennedy and O'Connor thwarted the Bush administration's move to void the nation's only "right to die" law. Oregon's voters had twice approved a measure that allowed dying people to obtain a dose of lethal medication from their doctors.

Bush's first attorney general, John Ashcroft, reinterpreted the federal drug control law and said it empowered him to strip Oregon's doctors of their right to prescribe medication.

In January, Kennedy, speaking for the court, overturned Ashcroft's order. The administration's position, he said, would "delegate to a single executive officer the power to effect a radical shift of authority from the states to the federal government to define general standards of medical practice in every locality."

Had Kennedy agreed with Roberts, Scalia and Thomas to support Ashcroft's view, the court would have split 4-4 and could have held the case until the next month, when Alito took O'Connor's seat. Then a 5-4 majority could have ruled in the administration's favor.

Kennedy, who turns 70 this month, joined the court after a tumultuous confirmation battle. In 1987, Reagan's first nominee, Robert H. Bork, was defeated in the Senate. His second, Douglas H. Ginsburg, withdrew after reports that he had smoked marijuana regularly as a law professor.

Kennedy, a Sacramento native with a reputation as a straight arrow, was nominated next and won unanimous confirmation in the Senate.

At first, he looked to be a reliable conservative, voting regularly with then-Chief Justice William H. Rehnquist. But in 1992, he split with the conservatives and voted with O'Connor to uphold the right to abortion and to maintain the strict ban on school-sponsored prayers.

Since then, many on the right have portrayed him as a traitor. Their ire grew in recent years when Kennedy voted to strike down the death penalty for defendants who are mentally retarded or younger than 18 at the time of the crime.

He also wrote the court's two major rulings in favor of gay rights. In one, he said gay and lesbian couples deserved respect and dignity, not condemnation by law. Scalia denounced his opinion as the first step toward same-sex marriage.

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Despite the fiery exchanges over social issues, Kennedy has some conservative views that could loom large in the years ahead. For example, he has voted regularly against affirmative action, arguing that the government should not rely on race in making decisions. In the fall, the court will consider a challenge to voluntary school integration programs, and Kennedy could create a majority for the conservative bloc.

Last year, he voted to uphold the display of the Ten Commandments on public property. O'Connor joined a 5-4 majority to strike down such displays. Now, with Alito having replaced her, the court, with Kennedy, appears to have a majority to uphold religious displays.

The abortion issue also appears to turn on Kennedy's vote. Though he agreed in 1992 to maintain the legal right of women to choose abortion, he also said states had considerable authority to regulate it.

Six years ago, he disagreed with O'Connor when the court struck down a Nebraska law that banned intact dilation and extraction, which opponents call "partial-birth abortion." Kennedy called the practice "abhorrent" and similar to infanticide.

Congress then passed a federal ban on this form of abortion. It was struck down by federal courts relying on the Nebraska ruling.

This fall, the Supreme Court will take up an appeal. Kennedy, as usual, will probably hold the deciding vote.

*

(INFOBOX BELOW)

Major decisions this session

Key Supreme Court decisions in the just-concluded 2005-2006 session, and how the justices voted:

War on terrorism

President Bush overstepped his authority when he set up special military courts to try Al Qaeda suspects without the approval of Congress, the court said in Hamdan vs. Rumsfeld. These tribunals at Guantanamo Bay lack basic standards of fairness, the 5-3 majority said.

Justice John Paul Stevens wrote the opinion and was joined by Anthony M. Kennedy, David H. Souter, Ruth Bader Ginsburg and Stephen G. Breyer. Justices Antonin Scalia, Clarence Thomas and Samuel A. Alito Jr. dissented. Chief Justice John G. Roberts Jr. did not participate because he had ruled on the case when it was before the U.S. appeals court.

End of life

Doctors in Oregon may prescribe lethal medication for people who are terminally ill and near death, the court said in Gonzales vs. Oregon. The 6-3 ruling upheld the nation's only "right to die" law and rejected a Bush administration order that would have stripped doctors of their license to prescribe drugs.

Kennedy wrote the opinion, joined by Stevens, Souter, Ginsburg, O'Connor and Breyer. Scalia, Thomas and Roberts dissented.

Wetlands

Federal environmental regulators may protect most wetlands from development if they can show that these swampy areas have some impact on the nation's rivers and lakes. The split ruling in Rapanos vs. U.S. rejected a move by property rights advocates to sharply cut back on environmental protection.

Kennedy wrote the key concurring opinion, and Stevens, Souter, Ginsburg and Breyer sided with the government. Scalia, Roberts, Thomas and Alito would have limited the protection for wetlands.

Redistricting

State lawmakers have broad power to redraw the lines of electoral districts to benefit the party in power, the court said. The five-member majority rejected a charge of "partisan gerrymandering" lodged against the Texas Republicans and former House Majority Leader Tom DeLay for a mid-decade change that gave the GOP six additional seats in Congress.

Kennedy wrote the opinion in League of United Latin American Citizens vs. Perry, and Roberts, Scalia, Thomas and Alito agreed with him.

Campaign funding

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The government may not cap how much candidates spend for their campaigns, and contribution limits are illegal if they are too low, the court said in striking down a novel Vermont law. The 6-3 ruling was a defeat for liberal reformers who wanted to lessen the impact of money in politics.

Breyer wrote the opinion in Randall vs. Sorrell, and Roberts, Alito, Scalia, Kennedy and Thomas agreed with him.

Whistle-blowers

Public employees do not have a free-speech right to complain about serious wrongdoing in the workplace, the court said in Garcetti vs. Ceballos. The 1st Amendment protects employees when they speak out in public as citizens, but not for internal matters, the court said in its 5-4 ruling.

Kennedy wrote for the majority, which included Roberts, Scalia, Thomas and Alito. Stevens, Souter, Ginsburg and Breyer dissented.

Graphics reporting by David Savage

Kennedy Reigns Supreme On Court (WP)

By Charles Lane

The Washington Post, July 2, 2006

With O'Connor's Departure, Sole Swing Voter Wields His Moderating Force

It was the O'Connor court. Now it may be the Kennedy court.

The Supreme Court's just-concluded 2005-2006 term was a historic one, in which two new justices, Chief Justice John G. Roberts Jr. and Samuel A. Alito Jr., changed the court's style and ideological balance.

But by the end of the term, it was clear that the main impact of the turnover was to enhance the influence of a justice who has been at the court since 1988, 69-year-old Anthony M. Kennedy.

With the departure of centrist Justice Sandra Day O'Connor, the court is now frequently split between two four-justice liberal and conservative blocs, with Kennedy as the sole remaining swing voter.

An eclectic and sometimes inscrutable moderate conservative, Kennedy repeatedly cast the decisive vote on the most polarizing issues the court faced, from President Bush's military commissions, to the Clean Water Act, to the death penalty. He is poised to do so again next term when the court takes up the issues of abortion and school integration.

"Justice Kennedy seems to be asserting himself more and seems to be relishing the role," said Richard Lazarus, a law professor at Georgetown University who heads the school's Supreme Court Institute. "All the justices enjoy being more significant rather than less significant, and he has certainly asserted his role as a moderating force on both sides."

In the 17 cases during the 2005-2006 term that were decided by five-vote majorities, Kennedy was on the winning side 12 times, more than any other justice, according to figures compiled by the Supreme Court Institute.

In six of those cases, Kennedy voted with the conservative bloc, made up of Roberts, Alito, Antonin Scalia and Clarence Thomas. As a result, the court upheld most of Texas's Republican-drafted redistricting plan, restored the death penalty in Kansas, and ruled that police do not have to throw out evidence they gather in illegal no-knock searches.

But four times, Kennedy, a 1988 appointee of President Ronald Reagan, defected to the liberal justices, John Paul Stevens, David H. Souter, Ruth Bader Ginsburg and Stephen G. Breyer.

As a result, the court not only struck down Bush's military commissions, but also ruled that the police need permission from both occupants to search a home without a warrant, gave a Tennessee death row inmate a chance to win a new trial, and said that Texas violated the Voting Rights Act by diluting the voting power of Latino Democrats in one district. (Twice Kennedy was part of mixed left-right coalitions.)

Roberts voted in 10 five-justice majorities, the second-most on the court, but he joined the four liberals only once, in a minor procedural case.

The "swing voter" role is not entirely new to Kennedy, who has been in that position before, along with O'Connor.

Indeed, Kennedy is disliked by many conservatives because he has voted with liberals to uphold gay rights and abortion rights, and to strike down the juvenile death penalty.

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But since O'Connor retired from the court Jan. 31, and Alito, who replaced her, has lived up to his conservative billing, Kennedy has been all alone as the swing voter -- with the added clout, and added pressure, that implies.

O'Connor used to tell audiences that, at the court, "we decide what cases to hear, and then we decide 'em." Though she often ruled only narrowly, she did not agonize.

Kennedy, by contrast, has been known to brood or to switch his vote in the middle of a case -- though he is more inclined than O'Connor was to rule broadly once he comes to a conclusion. He is a passionate free-speech advocate, and has a consistent record of opposing affirmative action.

While O'Connor saw herself as a fact-oriented problem-solver, Lazarus says, Kennedy "views himself as a major intellectual force."

More than some other justices, "Kennedy sees real values in conflict in the court's cases, and it's a question how you negotiate it," said Neil Siegel, who served as a Supreme Court law clerk in the 2003-2004 term and now teaches at Duke University's law school. "Sometimes he does it well and skillfully, and sometimes he just can't make up his mind and the legal system gets stuck in a kind of vertigo."

In the military commission case, Kennedy ruled unequivocally, joining almost all of Stevens's broad opinion. His few reservations came in a concurring opinion that also contained Kennedy's admonition that "concentration of power puts personal liberty in peril of arbitrary action by officials."

But at other times this term, Kennedy cut difficult issues very fine, drawing criticism from his colleagues.

In a key case on the scope of the Clean Water Act, Kennedy refused to join either the conservatives, who voted as a bloc to scale back federal power to regulate wetlands, or the liberals, who wanted to leave it intact.

Kennedy instead wrote a long opinion of his own. He agreed with the conservatives that a lower court had mistakenly allowed the federal government to block development on two Michigan properties, but disagreed with them about why. He said the lower court should reconsider the issue under a new legal test -- one that most analysts thought would end up producing the same result the liberals wanted anyway.

Kennedy's opinion would not change wetlands protection in the long run, Stevens wrote in a dissenting opinion joined by the three other liberals, but "will have the effect of creating additional work for all concerned parties."

Scalia, joined by the three conservatives, called Kennedy's proposal "perfectly opaque."

"He is a man in the middle, and the man in the middle is fully capable of causing muddle," said Douglas A. Kmiec, a Pepperdine University law professor.

The pressure on Kennedy could mount next term, when the court will rule on the constitutionality of a federal law banning the procedure opponents call "partial birth" abortion, and will decide whether local governments may consider students' race when assigning them to public schools.

Though Kennedy is on record in favor of Roe v. Wade , the 1973 decision that recognized a right to abortion, he dissented angrily from a 5 to 4 ruling in 2000 that struck down a state law banning partial-birth abortion.

That would seem to commit him to upholding the federal ban, legal analysts said, except that the 2000 case is binding precedent and Kennedy may "be acutely aware of a mere personnel change on the court causing a radical shift," Siegel said.

Kennedy has always voted against affirmative action, most recently in 2003 when he voted against race-conscious admissions policies at the University of Michigan's law school and undergraduate program.

But the cases the court has agreed to hear next term involve compulsory public education for students as young as kindergarten age. They also present the problem of how public schools can avoid resegregation, at a time when residential segregation persists and court-ordered school desegregation is largely a thing of the past.

Under the circumstances, legal analysts do not all agree that Kennedy necessarily relishes his situation.

"I'm not certain it's an enviable position to be in," Siegel said. "It's quite a burden to bear."

Roberts Is At Court's Helm, But He Isn't Yet In Control (NYT)

By Linda Greenhouse

The New York Times, July 2, 2006

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WASHINGTON, July 1 — As the dust settled on a consequential Supreme Court term, the first in 11 years with a change in membership and the first in two decades with a new chief justice, one question that lingered was whether it was now the Roberts court, in fact as well as in name.

The answer: not yet.

Chief Justice John G. Roberts Jr. was clearly in charge, presiding over the court with grace, wit and meticulous preparation. But he was not in control.

In the court's most significant nonunanimous cases, Chief Justice Roberts was in dissent almost as often as he was in the majority. His goal of inspiring the court to speak softly and unanimously seemed a distant aspiration as important cases failed to produce majority opinions and members of the court, including occasionally the chief justice himself, gave voice to their frustration and pique with colleagues who did not see things their way.

The term's closing weeks were particularly ragged. The court issued no decision in a major patent case that had drawn intense interest from the business community, announcing two months after the argument, over the dissents of three justices, that the case had been "improvidently granted" — they should not have agreed to decide it — in the first place.

So if it wasn't yet the Roberts court, what exactly was it?

Perhaps it was the Kennedy court, based on the frequency with which Justice Anthony M. Kennedy cast the deciding vote in important cases.

Or perhaps it was more accurately seen as the Stevens court, reflecting the ability of John Paul Stevens, the senior associate justice in tenure as well as in age, to deliver a majority in the case for which the term will go down in history, the decision on military commissions that rejected the Bush administration's view of open-ended presidential authority.

Chief Justice Roberts did not participate in that case because he had ruled on it a year earlier as an appeals court judge. Based on his vote to uphold the administration's position then, he almost certainly would have joined Justices Antonin Scalia, Clarence Thomas and Samuel A. Alito Jr., the newest member of the court, in dissent.

If none of these labels — Roberts court, Kennedy court, Stevens court — seem to fit precisely, it is probably because what the Supreme Court really was in its 2005-6 term was a court in transition.

For the justices, it was a time of testing, of battles joined and battles, for the moment, postponed.

The term's early period of unanimity, during which cases on such contentious subjects as abortion and federalism were dispatched quickly, with narrowly phrased opinions, reflected agreement not on the underlying legal principles but rather on the desirability of moving on without getting bogged down in a fruitless search for common ground. This was especially so in the term's early months, when Justice Sandra Day O'Connor was still sitting but was counting the days until a new justice could take her place.

Once Justice O'Connor retired in late January, after Justice Alito's confirmation, and as the court moved into the heart of the term, some of the court's early inhibitions seemed to fall away. Yet when its most conservative members reached out aggressively to test the boundaries of consensus in the term's major environmental case, Justice Kennedy unexpectedly pushed back and left them well short of their goal.

In that case, Chief Justice Roberts along with Justices Alito, Scalia and Thomas tried to cut back on federal regulators' expansive view of their authority under the Clean Water Act to define wetlands.

Justice Kennedy also deserted the conservatives in a redistricting case from Texas when he found a violation of the Voting Rights Act in the dismantling of a Congressional district that had previously had a Mexican-American majority. The action of the Republican-led Texas Legislature had deprived the Latinos of the ability to elect the candidate of their choice, Justice Kennedy said, leaving Chief Justice Roberts to complain in dissent, "It is a sordid business, this divvying us up by race."

Nonetheless, there was little doubt that in its transition, the court was becoming more conservative. A statistical analysis by Jason Harrow on the Scotusblog Web site showed that Justice Alito voted with the conservative justices 15 percent more often than Justice O'Connor had.

A separate analysis, by the Supreme Court Institute at Georgetown University Law Center, showed that Justice Alito and Chief Justice Roberts had the highest agreement rate of any two justices in the court's nonunanimous cases, 88 percent, slightly higher than the agreement rate between Justice O'Connor and Justice David H. Souter in the first half of the term, 87.5 percent.

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Chief Justice Roberts agreed with Justice Scalia in 77.5 percent of the nonunanimous cases and with Justice Stevens, arguably the court's most liberal member, only 35 percent of the time. The least agreement between any pair of justices was between Justices Alito and Stevens, 23.1 percent.

The court decided 69 cases with signed opinions in the term that began on Oct. 3 and ended on June 29. Nearly half were decided without dissent, a greater number than usual, although not dramatically so. Sixteen cases were decided by five-justice majorities, either 5 to 4 or 5 to 3, a proportion very close to the 10-year average.

One measure of the court's shift to the right is in dissenting votes. In the previous term, the justice who dissented least often was Stephen G. Breyer, who dissented in 10 of the term's 74 decisions. But this term, he had the second-highest number of dissents, 16; Justice Stevens had the most, 19. Justice Thomas and Justices Ruth Bader Ginsburg and Souter were also frequent dissenters. Of those who served the full term, Chief Justice Roberts had the fewest dissents, seven. Justice Kennedy had the second fewest, with nine.

Chief Justice Roberts's dissents, while few, came in some important cases. In addition to dissenting from the Voting Rights Act portion of the Texas redistricting decision, he also dissented from a decision reopening a 20-year-old death penalty case on the basis of new evidence; a federalism case, in which the majority found the states not immune from private bankruptcy suits; and a ruling that invalidated the personal assertion of authority by John Ashcroft, the former attorney general, to penalize doctors in Oregon who follow that state's Death With Dignity Act and prescribe lethal doses of medication for terminally ill patients who request it.

The court's next term, which begins Oct. 2, looms as a major test of the justices' fortitude and ability to work together, with cases challenging precedents on abortion and affirmative action already on the docket.

With the court having indicated in Hamdan v. Rumsfeld, the military commission case, that lawsuits now pending in the lower courts on behalf of dozens of detainees at Guantánamo Bay, Cuba, are still alive, the justices are likely to have further opportunities to address the profound issues of presidential power and judicial authority that these cases raise. This time, the chief justice will not need to stay silent, and the country that is just getting to know him will hear his voice.

Following are summaries of the term's major rulings.

Presidential Power

The court repudiated the Bush administration's plan to use military commissions to try Guantánamo detainees, ruling 5 to 3 that the commissions were unauthorized by statute and violated a provision of the Geneva Conventions.

The majority opinion in Hamdan v. Rumsfeld, No. 05-184, by Justice Stevens, set minimum procedural protections that any future commissions, even those authorized by Congress, would have to provide. Justices Kennedy, Souter, Ginsburg and Breyer joined the opinion. Justices Scalia, Thomas and Alito dissented. Chief Justice Roberts, who had voted as an appeals court judge to uphold the commissions, did not participate.

Elections

A splintered decision rejected a challenge to the Republican-driven mid-decade redistricting of Texas's Congressional map, finding that it was not an impermissible partisan gerrymander. Justice Kennedy wrote the opinion in League of United Latin American Citizens v. Perry, No. 05-204. Agreeing with the judgment on the gerrymander challenge were Chief Justice Roberts and Justices Alito, Scalia and Thomas. Justices Stevens and Breyer dissented. Justices Souter and Ginsburg expressed no view on the issue, making the vote 5 to 2 to 2.

In the same case, the court ruled that the dismantling of a district in southwestern Texas with a Latino majority, an action the State Legislature had taken to shore up the faltering prospects of the Republican incumbent, violated the Voting Rights Act. On this question, Justice Kennedy spoke for a 5-to-4 majority that included Justices Stevens, Souter, Ginsburg and Breyer.

The court voted 6 to 3 to strike down Vermont's campaign finance law, which both limited the amount that candidates could spend on their own campaigns and placed the country's lowest ceilings on contributions to candidates from individuals and political parties.

The fragmented majority did not offer a unified approach to contribution limits, leaving the court's path in this area uncertain. Justice Breyer wrote the controlling opinion in the case, Randall v. Sorrell, No. 04-1528, joined by Chief Justice Roberts and Justice Alito. Justices Kennedy, Thomas and Scalia joined the judgment.

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Criminal Law

In Georgia v. Randolph, No. 04-1067, the court held that when the police lack a search warrant, they cannot enter a home if one occupant objects, even if another occupant gives permission. The vote was 5 to 3, with Justice Alito not participating. In his majority opinion, Justice Souter said the decision comported with "widely shared social expectations" about privacy in the home. Chief Justice Roberts filed his first dissenting opinion in this case. Justices Scalia and Thomas also voted in dissent.

The court ruled that evidence the police find when they search a home to execute a search warrant can be admitted in court despite an officer's failure to observe the constitutional requirement to "knock and announce" before entering. Justice Scalia, writing for the 5-to-4 majority, said the ordinary rule against admitting unconstitutionally obtained evidence should not apply in this circumstance — nor, he implied, in many other circumstances currently governed by the "exclusionary rule."

This case, Hudson v. Michigan, No. 04-1360, was argued for a second time after Justice Alito joined the court; his vote with the majority determined the outcome. The others in the majority were Chief Justice Roberts and Justices Thomas and Kennedy.

The court was unanimous in ruling that inmates facing execution by lethal injection can invoke a federal civil rights law to challenge the state's choice of drugs and the manner in which they are administered. The decision, Hill v. McDonough, No. 05-8794, opened the door to lawsuits that would be prohibited by tight restrictions on petitions for habeas corpus. Justice Kennedy wrote the opinion.

The court ruled 5 to 3 that new evidence in a Tennessee murder case, including DNA evidence, sufficiently undermined the prosecution's theory of the case to require a new federal court hearing for the man who was convicted and sentenced to death for the crime 21 years ago.

The case, House v. Bell, No. 04-8990, was the first in which the court factored the results of modern DNA testing into consideration of whether a prisoner might qualify for a chance at habeas corpus that would otherwise be prohibited by procedural obstacles. Justice Kennedy wrote for the majority. Chief Justice Roberts dissented, along with Justices Scalia and Thomas. Justice Alito did not participate.

The court ruled 6 to 3 that foreign criminal defendants who have not been notified of their right under an international treaty to contact one of their country's diplomats are not entitled to special accommodation from courts in the United States. The decision, Sanchez-Llamas v. Oregon, No. 04-10566, rejected claims brought under the Vienna Convention on Consular Relations by foreign citizens convicted in Oregon and Virginia. Chief Justice Roberts wrote for the majority. Justices Breyer, Stevens and Souter dissented.

In a unanimous opinion, the court ordered a new trial for an inmate on South Carolina's death row on the ground that an evidentiary rule used in that state's courts had prevented the inmate from putting on a complete defense. Justice Alito, writing his first opinion for the court, said the rule was irrational and arbitrary. The case was Holmes v. South Carolina, No. 04-1327.

The court was deeply split on a basic question of death penalty law: the validity of the death penalty statute in Kansas under which a death sentence is automatic if the jury finds that the mitigating evidence and aggravating evidence are of equal weight. Voting 5 to 4 in an opinion by Justice Thomas, the court upheld the law, which the State Supreme Court had declared unconstitutional. Justice Alito's vote, following a reargument after he joined the court, made the difference. Justices Souter, Stevens, Ginsburg and Breyer dissented in the case, Kansas v. Marsh, No. 04-1170.

The court considered defendants' rights to cross-examine the state's witnesses, a right protected by the Confrontation Clause of the Sixth Amendment, in a pair of cases that were decided in a single opinion by Justice Scalia.

In the first part of the opinion in Davis v. Washington, No. 05-5224, the court was unanimous in ruling that a crime victim's emergency telephone call to 911 can be introduced as evidence at trial, even if the victim is not present for cross-examination, because a call to 911 does not produce the kind of "testimonial statement" to which the Confrontation Clause is addressed.

The court then went on to hold, by a vote of 8 to 1, with Justice Thomas dissenting, that a crime victim's statement to police officers who arrive at a scene should be considered "testimonial" if the police are investigating the crime rather than providing emergency assistance. Such a statement should therefore be banned from the trial if the person who gave it is not available for cross-examination, Justice Scalia said.

In another Sixth Amendment case, on the right to the assistance of counsel, the court ruled 5 to 4 that defendants who are wrongly deprived of the right to hire a lawyer of their choice are entitled to have a conviction overturned without the need to show

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that the first-choice lawyer would have achieved a better result. Justice Scalia wrote the opinion in the case, United States v. Gonzalez-Lopez, No. 05-352, joined by Justices Stevens, Souter, Ginsburg and Breyer.

Government Authority

The court ruled 6 to 3 that John Ashcroft, the former attorney general, acted without legal authority when he declared that doctors in Oregon who followed the procedures of that state's Death With Dignity Act to help patients commit suicide would lose their federal prescription rights and thus forfeit, as a practical matter, their ability to practice medicine.

No statute authorized the attorney general to take such action unilaterally contrary to "the background principles of our federal system," Justice Kennedy said in the majority opinion. The decision, Gonzales v. Oregon, No. 04-623, was a rebuff of the Bush administration, which had embraced Mr. Ashcroft's personal fight against assisted suicide and carried on the case after he left the government.

Chief Justice Roberts joined a dissenting opinion written by Justice Scalia. Justice Thomas also dissented. Justice Alito was not yet on the court when the case was decided, with Justice O'Connor in the majority, on January 17.

A pair of decisions on the question of state immunity from suit, also issued in January, before Justice Alito joined the court, gave strong indications that the Rehnquist court's federalism battles were far from over.

The court was unanimous in permitting a disabled Georgia prison inmate's lawsuit against the state to go forward under the Americans With Disabilities Act. But the unanimity was achieved only because the court limited the decision, Goodman v. Georgia, No. 04-1203, to little more than the statement of a truism: that Congress has the power to make the states liable to lawsuit when they violate the Constitution.

In this case, the inmate claimed that his mistreatment had been so egregious as to violate not only the disabilities law, but also the Constitution. Justice Scalia's opinion said that to this extent, the lawsuit could proceed.

In the second decision, the court split 5 to 4 in ruling that states are not immune from private lawsuits brought under federal bankruptcy law. Justice O'Connor joined the majority opinion by Justice Stevens in this case, Central Virginia Community College v. Katz, No. 04-885. The dissenters were Chief Justice Roberts and Justices Scalia, Kennedy and Thomas, who wrote the dissenting opinion supporting state immunity.

The court ruled that as a matter of constitutional due process, the government must take reasonable steps to make sure that homeowners have been notified before it sells a house for nonpayment of taxes. Chief Justice Roberts wrote for the 5-to-3 majority in this case, Jones v. Flowers, No. 04-1477. Justices Thomas, Scalia and Kennedy dissented, and Justice Alito did not participate.

The justices ruled 7 to 1 that the Postal Service may be sued by people who trip over packages that letter carriers have carelessly left in their path. The majority opinion by Justice Kennedy in this case, Dolan v. United States Postal Service, No. 04-848, was based on an interpretation of the Federal Tort Claims Act, not on the Constitution. Justice Thomas dissented, and Justice Alito did not participate.

Environment

A fractured decision in the term's major environmental case, defining federal jurisdiction over wetlands in the Clean Water Act, did not produce a majority opinion but did retain the ability of the government to continue enforcing the 1972 statute vigorously.

The court split 4 to 1 to 4 in the case, Rapanos v. United States, No. 04-1034, with Justice Kennedy in the middle. One group of four — Justices Scalia, Thomas and Alito, and Chief Justice Roberts — denounced federal regulators' open-ended approach to wetlands as "beyond parody" and would have redefined the term to land adjacent to open water and actually wet most of the time.

The other foursome, Justices Stevens, Souter, Ginsburg and Breyer, would have deferred to the longstanding judgment of the Army Corps of Engineers that a "wetland" can often appear dry and can be miles from a body of water, as long as it sometimes performs a filtering or runoff-control function. Justice Kennedy voted with the first group to send the case back to a lower court, but he proposed a standard much closer to that of the Stevens group.

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In a second case under the Clean Water Act, the court ruled unanimously that operators of hydroelectric dams must meet a state's water quality requirements to qualify for a federal license. Justice Souter wrote the opinion in this case, S. D. Warren Company v. Maine Board of Environmental Protection, No. 04-1527.

Religion

In a significant application of the Religious Freedom Restoration Act, the court ruled 8 to 0 that a small religious sect based in Brazil has the right to import a hallucinogenic tea that the federal government had wanted to seize as a banned narcotic.

The tea, known as hoasca, is central to the sect's rituals, Chief Justice Roberts noted in his opinion for the court. He said the government had not met the religious freedom act's demanding standard for applying a generally applicable law — federal narcotics law, in this instance — in a way that impinges on religious observance. Justice Alito did not participate in the case, Gonzales v. O Centro Espírita Beneficente União do Vegetal, No. 04-1084.

Education

Voting 8 to 0, the court upheld a federal law that requires universities to forfeit all federal financing if any part of the university does not provide military recruiters with the same access to students as it provides other potential employers.

The law, known as the Solomon Amendment, was challenged by a coalition of law schools that objected to the military's exclusion of openly gay men and women. The law schools argued that their First Amendment rights to free speech and association had been violated by the requirement that they open their doors to military recruiters.

Writing for the court in this case, Rumsfeld v. Forum for Academic and Institutional Rights, No. 04-1152, Chief Justice Roberts said the speech in question was that of the government, not of the law schools, which he noted remained free to criticize the military and to express their views on its policies. Justice Alito did not participate.

The court ruled 6 to 2 that parents who disagree with a public school system's special-education plan for their children have the legal burden of proving that the plan will fail to provide the "appropriate" education that a federal law guarantees to children with disabilities. Justice O'Connor wrote the decision in the case, Schaffer v. Weast, No. 04-698. Chief Justice Roberts did not participate, and Justice Alito was not yet on the court.

Separately, the court ruled 6 to 3 that parents who prevail at a special-education hearing are not entitled to reimbursement for the cost of hiring expert witnesses. Justice Alito wrote this opinion, Arlington Central School District v. Murphy, No. 05-18. Justices Souter, Breyer and Stevens dissented.

Employees' Rights

The court gave employees substantially enhanced protection against retaliation for complaining about discrimination on the job. Justice Breyer wrote the opinion in the case, Burlington Northern & Santa Fe Railway Company v. White, No. 05-259, which interpreted the anti-retaliation provision of the Civil Rights Act of 1964.

The court defined retaliation broadly as any "materially adverse" employment action that "might have dissuaded a reasonable worker" from making the complaint. Eight justices joined the majority opinion, and Justice Alito filed a separate concurring opinion.

Addressing the free-speech rights of government workers, the court ruled 5 to 4 that the Constitution does not protect public employees against retaliation for what they say in the course of performing their assigned duties.

Justice Kennedy's majority opinion in this case, Garcetti v. Ceballos, No. 04-473, drew a distinction between public employees' official speech, which he said supervisors were entitled to control, and their speech as citizens contributing to "civic discourse," for which they retained constitutional protection. The dissenters were Justices Stevens, Souter, Breyer and Ginsburg.

Abortion

The justices papered over, at least for this term, their fundamental differences on abortion, ruling narrowly and unanimously in a case from New Hampshire on access to abortion for teenagers facing medical emergencies. In an opinion by Justice O'Connor, her last before leaving the bench, the court reaffirmed that a medical-emergency exception was constitutionally required in a law that placed obstacles, like a parental-notice requirement and a waiting period, in the path of teenagers seeking abortions.

The more difficult question in the case, Ayotte v. Planned Parenthood of Northern New England, No. 04-1144, was that of what to do about New Hampshire's failure to include such an exception in its parental notice law. The justices sent the case

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back to the federal appeals court in Boston, which had banned enforcement of the law in its entirety, even for teenagers not facing a medical emergency.

That "most blunt remedy" would be justified, Justice O'Connor said, only if it was clear that New Hampshire's legislature, which enacted the law in 2003, would have preferred no law at all to one with the necessary health exception. Otherwise, she said, the appeals court should come up with a more limited remedy for the constitutional problem.

Patents

Indicating new interest in intellectual property law, the justices considered several patent cases but failed to offer much guidance in this burgeoning legal area.

The court handed a limited victory to eBay in its patent dispute with MercExchange, which successfully sued eBay for patent infringement on the method behind the online auction company's "Buy It Now" feature. The United States Court of Appeals for the Federal Circuit, which has sole jurisdiction over patent appeals, then granted an injunction against eBay's use of the technology, under the view that an injunction should automatically follow a finding of infringement.

In a unanimous opinion by Justice Thomas, the justices instructed the appeals court to make a case-by-case determination rather than apply an automatic injunction rule. But the opinion, eBay v. MercExchange, No. 05-130, left it unclear what presumptions and factors should go into that determination, and it was evident that the justices themselves had not agreed on a standard.

A Supreme Court Of One (WP)

By Dahlia Lithwick

The Washington Post, July 2, 2006

The new John G. Roberts Supreme Court is only one term old, and already we're all wrong about it.

Liberals had feared, and conservatives had feted, the end of judicial review as we know it, at least until last week's blockbuster ruling in Hamdan v. Rumsfeld proved that bit of conventional wisdom wrong practically before it had become conventional. Predictions of a new era of hands-off judicial minimalism may have been premature.

Yes, we are seeing the expected shift to the political right with the replacement of moderate Justice Sandra Day O'Connor by conservative Justice Samuel A. Alito Jr. But, more significant, the role of swing justice has itself swung from O'Connor to Justice Anthony M. Kennedy. On all the most divisive issues, today's court is now a Supreme Court of One.

Yes, Kennedy, 69 and on the court for 18 years, has inherited the power to decide crucial cases, and this term he showed us what that might mean. In Hamdan, he joined with the court's left wing to invalidate the military tribunals President Bush had concocted for the detainees at Guantanamo Bay, Cuba. And the majority opinion he joined, written by Justice John Paul Stevens, was neither minimalist nor mild: "In undertaking to try Hamdan and subject him to criminal punishment, the Executive is bound to comply with the Rule of Law that prevails in this jurisdiction."

But more crucial, Kennedy has appropriated O'Connor's trick of writing an opinion or a concurrence that goes on to become the law of the land. O'Connor was famous (and not always in a good way) for signing onto an opinion, but on narrower grounds than the four other justices in the majority. The trick is that the justice who decides the case most narrowly speaks for the whole court. And that's how O'Connor imprinted her views on an awful lot of jurisprudence.

But unlike O'Connor, who invariably pooh-poohed her pivotal role on the court by saying she simply had one vote like every other justice, Kennedy is said to relish it. In his controversial book "Closed Chambers," Edward Lazarus, a former clerk for the late Justice Harry A. Blackmun, claimed that Kennedy deliberately stakes out positions that would make him a "necessary but distinctive fifth vote for a majority."

The fact that Kennedy is not moored to any one ideology or interpretive theory has led him to some spectacular defections from the court's conservatives -- to the lasting fury of the right. It was Kennedy, after all, who allied with O'Connor and Justice David H. Souter to preserve the core holding of Roe v. Wade in 1992, and it was Kennedy who wrote the court's broadest defense for decriminalizing gay sodomy. Kennedy also voted with the court's liberals to strike down the death penalty for juveniles and the mentally disabled, and he wrote a crucial opinion prohibiting sectarian prayer at a public-school graduation.

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Kennedy is rumored to be easily influenced by his colleagues, the media and his affection for all things foreign, making his critics even more nervous. It sometimes makes his fans even more so. Adam Cohen of the New York Times recently wrote of Kennedy that, at the very least, "there is something refreshing about a justice who genuinely seems to have an open mind."

For years, the law clerks' "tug of war for Kennedy's mind" that Lazarus described has been the stuff of insider speculation. Now that Kennedy is the court's lone swing vote, that spectacle has become increasingly public.

From Focus on the Family founder James C. Dobson, who famously called Kennedy "the most dangerous man in America," to advocates at the court, who more and more frequently respond to the justice during oral arguments as though they were addressing themselves to the burning bush, trying to influence Kennedy has become something of an Olympic event. The hottest game in Supreme Court brief-writing is to quote Kennedy gratuitously and often. In other words, flattering Kennedy has become something of an art.

The other justices are playing the quote-Kennedy game, too, presumably in hopes of wooing him to their side. Read, for example, the opinion and dissent in Rapanos et al. v. United States , the term's main environmental case. Each side made sure to send a love note to Kennedy.

The justices may also be cozying up to Kennedy in other ways: He won himself some sweet writing assignments this term. Some court-watchers have suggested that the bizarre trio of Kennedy, Roberts and Stevens, who jointly issued a strange concurring opinion in the Jose Padilla case last April, was yet another effort by the court's right- and left-wing leaders to show Kennedy a little more love. Roberts is a savvy insider who knows that, over the years, the abuse heaped on the court's moderates from the right has pushed them into the arms of the court's liberals. So Kennedy is now being love-bombed.

And what is the crucial swing voter doing with his newfound superpowers? While it's still too early to predict, the invaluable annual end-of-term tally done by SCOTUSblog shows that Kennedy voted with the majority 84 percent of the time. In the 11 cases decided 5 to 4 this term, Kennedy was in the majority 75 percent of the time. He wrote the second-highest number of opinions, the most concurrences and only two dissents. But again, that's also only half the story. The other half is how Kennedy used that vote to shape the law.

It was Kennedy who provided the fifth vote in Hudson v. Michigan , an amazing criminal law case, in which he voted with the court's four reliably conservative jurists -- Alito, Roberts, Antonin Scalia and Clarence Thomas -- to hold that the remedy for police violations of the centuries-old "knock and announce" rule, required whenever the cops serve a warrant, was, in effect, nothing. But while Scalia's majority opinion showed a readiness to end the practice of throwing out evidence obtained illegally, Kennedy's moderating fifth vote put on the brakes, by insisting that the general rule of excluding evidence gained illegally was not in jeopardy. Future challenges to the exclusionary rule may hereafter be posed to the Kennedy Court of One.

Kennedy also provided the key fifth vote in Rapanos . The case tested the authority of the Army Corps of Engineers to enforce the Clean Water Act, and the four conservative justices would have dramatically curtailed the powers of the Corps. It was Kennedy -- again writing separately -- who refused to go as far as Scalia urged. And it was Kennedy whose opinion in Rapanos will thus become the standard for the Corps as it fashions future policy. Looking forward to next year's big greenhouse gases case, which explores whether the Environmental Protection Agency has an obligation to regulate carbon dioxide, a lawyer for the Sierra Club has already suggested that " Rapanos means . . . we will write our brief for Anthony Kennedy and maybe a little bit for Roberts."

Kennedy's was the moderating fifth voice again in the cacophony of the Texas redistricting case, where he sided with the court's conservatives to defeat the claim that then-Rep. Tom DeLay's mid-decade redistricting was unconstitutional. Nevertheless, he joined with the liberals to find that a new congressional district violated the rights of Hispanic voters. Once again, a Court of One.

And Hamdan , probably the most consequential separation-of-powers case in recent memory, also pivoted on Kennedy's vote. He sided with the liberals, while refusing to go as far as they would have led him.

What does all this nipping and tucking, shucking and jiving mean for Kennedy and the court? He clearly plans to fill the shoes recently vacated by O'Connor; shoes she, in turn, inherited from Justice Lewis Powell. They each played the role of moderating a polarized court; building bridges, navigating toward the center -- a center where most of the nation was most comfortable. Each took abuse for that when they sat on the court. Each was largely celebrated for it when they retired. Kennedy,

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too, appears poised to hold that center together. Indeed more often than not, he seems to be leaving his options open, laying the groundwork for revisiting these issue more fully in the future, as he becomes more comfortable in this role.

Much of the soaring rhetoric for which Kennedy was famed in previous years -- opinions that brimmed with "the ineffable glory of unflinching human dignity" and such -- seems to have been toned down of late. But then, perhaps Kennedy doesn't need to write about the ineffable glory of anything anymore. He can just sit back and bask in it instead.

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Supreme Court Freshmen (LAT)

The Los Angeles Times, July 2, 2006

THURSDAY WAS THE END OF the first term of the Supreme Court presided over by Chief Justice John G. Roberts Jr., but it was just the beginning of the debate about how the law of the land has been changed by the Roberts court. Our answer: So far, not very much.

As it does in every term, the court staked out new ground in some areas, including patent and business law, but continuity was more evident than change. The justices reaffirmed, or at least did not disturb, controversial precedents on abortion rights and the regulation of election spending.

Continuity was evident even in last week's dramatic decision invalidating the military commissions set up by the Bush administration to try suspected terrorists at Guantanamo Bay, Cuba. The 5-3 ruling echoed decisions two years ago holding that the president had overreached in the war on terror.

Less than a year ago, some liberal activists were warning that the confirmation of Roberts to succeed the late Chief Justice William H. Rehnquist would jerk the court unacceptably to the right. That critique was recycled a little more respectably when President Bush named Judge Samuel A. Alito Jr. to replace perennial swing vote Sandra Day O'Connor.

Both Bush appointees have lived up to their advance billing as conservatives. Moreover, in two cases that had to be reargued because the justices split 4 to 4, the substitution of Alito for O'Connor may have altered the outcome in a conservative direction.

Yet the seismic shift dreaded by liberals and dreamed about by conservatives hasn't occurred. Partly, that is because this was a transition year. Alito didn't join the court until halfway through the term, and O'Connor's colleagues sent her off into retirement as the author of that judicial rarity, a unanimous abortion opinion. (The nine justices agreed that the absence of a health exception in a New Hampshire parental-consent law didn't render the entire statute unconstitutional.)

But even when Roberts and Alito would have shifted the law dramatically, as they did in supporting a much narrower definition of wetlands subject to federal regulation, their colleagues balked. In that case, as in last week's decision on the commissions, Justice Anthony M. Kennedy, a moderate Ronald Reagan appointee, distanced himself from the conservative bloc. In other cases he voted with the conservatives, vindicating the observation that, just as the Rehnquist court was really the O'Connor court, the Roberts court is actually the Kennedy court.

Kennedy's influence is one explanation of why a Roberts-Alito counterrevolution failed to materialize. Another is the fact that neither of the new justices lived up (or down) to the popular characterization of them as clones of liberal boogeymen Antonin Scalia and Clarence Thomas.

For example, the new justices joined Kennedy last week in a Texas reapportionment case in leaving the door open to future constitutional challenges to "partisan gerrymandering" — although, like Kennedy, they concluded that the Republican-friendly congressional map midwifed by former Rep. Tom DeLay didn't violate the Constitution. Scalia, joined by Thomas, said such challenges could never be the judiciary's business.

Alito went some way toward refuting his nickname of "Scalito" by rejecting Scalia's pet theory: that in interpreting acts of Congress, the courts should not take account of legislative history.

Even allowing for these differences, it would be foolish to deny that, especially with the Alito appointment, Bush has succeeded in moving the court somewhat to the right. But Supreme Court nominations — consequences of presidential elections — often lead to realignment. President Clinton's appointment of Ruth Bader Ginsburg to replace Byron White moved

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the court somewhat to the left. Such adjustments are no reason for senators to balk at highly qualified nominees such as Roberts, Alito or Ginsburg.

The Court's Electoral Thicket (WP)

By George F. Will

The Washington Post, July 2, 2006

Last July 1 Sandra Day O'Connor announced her decision to vacate the seat from which she frequently operated as the swing vote on a Supreme Court divided 5 to 4 on important cases. Anthony Kennedy's past pronouncements suggested he would relish that role. Last Wednesday he played it in cases concerning Texas redistricting.

The cases involved several questions, the most interesting -- because it has come to the court before and we now know it will again and because it revealed a recurring and worrisome kind of judging -- was this: Was the redistricting by the Republican-controlled legislature such a partisan gerrymander as to be somehow unconstitutional?

The court's dusty answer to this question is symptomatic of the difference-splitting that characterized the last years of the Rehnquist Court. In a plurality opinion, Kennedy said there may be a "manageable, reliable measure of fairness" in redistricting, but no set of facts has sufficed for the court to discover it.

Antonin Scalia believes it is delusional to think that such a standard can be anything other than judges' cumulative hunches -- not a neutral principle found in the Constitution. Joined by Clarence Thomas, Scalia said Wednesday that no one "has put forth a judicially discernible standard" for deciding when a gerrymander is too partisan. The Kennedy position allows people to continue trying to concoct a constitutional violation (of the guarantee of equal protection of the laws), even though the court provides no guidance to lower-court judges. Scalia and Thomas believe redistricting is a "political thicket" (Justice Felix Frankfurter's phrase) courts should not enter.

By leaving open the possibility that there is a constitutional answer to the question of what constitutes a "too political" gerrymander -- the position seems to be: We don't know what the standard is, but we don't know that it doesn't exist -- the court has again practiced "split-the-difference jurisprudence." That phrase is from Judge J. Harvie Wilkinson of the U.S. Court of Appeals for the 4th Circuit, writing in the Stanford Law Review.

Wilkinson identifies difference-splitting in some late Rehnquist Court decisions that resulted in "a series of finely spun opinions that increasingly constitutionalized" some volatile political debates. One decision, in 2004, concerned political gerrymandering in Pennsylvania. Four justices said all claims of unconstitutionally partisan gerrymandering are nonjusticiable because there are no truly judicial criteria for adjudicating them. Four other justices suggested various legal theories for adjudicating. Kennedy split the difference: He voted to reject the claim of unconstitutional gerrymandering, but refused to "foreclose all possibility of judicial relief" if some "limited and precise" constitutional violation were "found."

Where can it be "found"? Inevitably, not in the Constitution's text, history and structure but in judges' intuitions about "fairness." Thus does constitutional doctrine become little more than the judiciary's temperament or the temper of the times. But elections, not courts, are supposed to take the nation's temperature.

In some "finely spun" Rehnquist Court decisions, a monument featuring the Ten Commandments on the Texas Capitol grounds was not unconstitutional, but Ten Commandments displays, with other historical documents, in the hallways of two Kentucky courthouses were unconstitutional. The University of Michigan's policy of giving favored minorities 20 extra points on a 150-point admissions index to achieve undergraduate "diversity" was unconstitutional, but its law school's use of race as a " 'plus' factor" to achieve "a 'critical mass' of underrepresented minorities" was constitutional -- assuming, as O'Connor thought it realistic and pertinent to do, that in 25 years race-conscious admissions policies will not be "necessary."

Wilkinson acknowledges that "splitting differences has real benefits": "The outcomes of cases are often sensible, the court itself is often statesmanlike, and the spacious language of the Constitution is often seductive. Splitting differences allows the court to appear simultaneously cautious and progressive."

And yet: "Americans deserve not a liberal court, not a conservative court, not even a wise or Solomonic court, but a court that respects the limits of its power and the place of others within the constitutional structure."

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Wilkinson warns that "methodology matters supremely in the law, if it is not to become the kissing cousin of politics." Granted, "split-the-difference" jurisprudence can be institutional prudence, preserving the court's standing with a public more interested in judicial results than judicial reasoning. But when political reasoning supplants judicial reasoning, courts preserve their popularity by sacrificing their proper function.

"There is," Wilkinson says, "a thin line between the unabashedly pragmatic exercise of splitting differences and the practice of politics itself," so "splitting the difference ought not to be confused with judicial restraint." Eventually, the public will notice, and recoil against, courts supplanting democratic institutions as arbitrators of our differences.

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CORPORATE SCANDALS:

Scrushy Will Appeal Corruption Conviction (WSJ)

By Valerie Bauerlein

The Wall Street Journal, July 1, 2006

HealthSouth Corp. founder Richard M. Scrushy vowed to fight his conviction on political-corruption charges with "everything we've got" and he said it was a mistake to limit his defense during the two-month trial to less than two days.

In an interview, Mr. Scrushy said his lawyers probably should have called 10 to 15 witnesses over about a two-week period to help undercut the federal government's allegations that he bribed former Alabama Gov. Don Siegelman to get a spot on a state panel that regulates hospitals. "We didn't put them up" because the prosecution's case seemed unconvincing, Mr. Scrushy said. "We didn't feel we needed to."

Mr. Scrushy said he will appeal his conviction Thursday by a jury in Montgomery, Ala., on five or six different legal grounds. Before the trial, his lawyers contended that the jury pool included too few African-Americans and that Mr. Scrushy should be tried separately from three other defendants in the case. Mr. Scrushy said Friday that those issues could be part of his appeal.

The 53-year-old Mr. Scrushy plans to take a one-week vacation and then return to his home outside Birmingham, Ala., to work on his appeal. He had hoped to travel to Africa this fall with a religious ministry he recently launched, but the guilty verdict has forced those plans to be put on hold.

Ralphs To Pay $70 Million For Illegal Hiring Scheme (LAT)

By Martin Zimmerman And Ronald D. White, Times Staff Writers

The Los Angeles Times, July 1, 2006

Under the plea deal, the grocery chain would admit it deceptively used hundreds of its locked-out employees during a labor dispute.

The Ralphs grocery chain said Friday that it had agreed to pay $70 million in fines and restitution to settle criminal charges that it illegally rehired locked-out workers during the supermarket labor dispute in Southern California more than two years ago.

Under a proposed agreement filed Friday in U.S. District Court in Los Angeles, Ralphs would plead guilty to five felony charges included in the 53-count grand jury indictment returned against the company in December.

Ralphs was charged with violating federal laws by secretly rehiring about 1,000 locked-out workers during the 4 1/2 -month strike and lockout from October 2003 to February 2004. The case had been scheduled to go to trial Aug. 15 before U.S. District Judge Percy Anderson, who must approve the plea agreement.

In the agreement, Ralphs admitted that it used fake names and Social Security numbers to pull off the deception. Authorities said the scheme was designed to help keep stores running during the labor dispute, the longest and largest in U.S. history involving the supermarket industry.

The labor strife affected 852 stores and nearly 60,000 grocery workers at supermarkets across Southern and Central California. The dispute cost the grocery companies more than $1.5 billion in sales before it ended on Feb. 29, 2004, when workers ratified a new contract whose terms were widely seen as a defeat for the union.

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"This labor dispute affected nearly everyone in Southern California," U.S. Atty. Debra Wong Yang said in a statement. "I hope that the resolution of this case will provide some relief to the thousands of workers who were injured by the criminal conduct that unfairly prolonged" the dispute.

Ralphs said it would plead guilty to violating federal laws regarding identity fraud, pension reporting and Social Security and Internal Revenue Service record-keeping, as well as one count of conspiracy.

The grocery chain said it would pay a $20-million fine to the federal government and create a $50-million restitution fund. Most of the money would be paid to the 19,000 Ralphs grocery clerks and meat cutters who were locked out during the dispute.

Officials of the United Food and Commercial Workers union, which represented the grocery employees, estimated that some workers could receive as much as $3,000 from the settlement.

The amount each union member receives from the fund would depend on factors such as the worker's pay rate, the amount of regular strike pay received and how much money, if any, the worker made at other jobs during the labor dispute.

The fund also would be used to reimburse the union for benefits paid to Ralphs employees during the standoff and to reimburse the grocery workers' health and retirement funds.

The company also would be placed on three years' probation and would establish court-supervised training programs.

Ralphs and its parent, Cincinnati-based Kroger Co., also agreed to cooperate with the government's continuing investigation into the illegal hiring.

The agreement doesn't prevent the government from prosecuting current or former employees of Ralphs or related companies that were involved in the illegal conduct. So far, no individuals have been charged in the case.

The U.S. attorney's office said Ralphs admitted that two of its executives who helped oversee the employee health and retirement funds concealed the illegal hiring from other fund trustees. The unnamed executives were serving as top negotiators in contract talks with the union at the time, the government said.

If convicted on all counts in the indictment, Ralphs and Kroger could have faced fines of more than $100 million, plus restitution for workers and the union.

The amount of money the grocery chain agreed to pay was less important than the signal a plea agreement sent to the business community, said Nelson Lichtenstein, a history professor and director of the Center for the Study of Work, Labor and Democracy at UC Santa Barbara.

"The fact that Ralphs had to plead guilty and admitted to the tactics they used during the long dispute is clearly a victory for the union," Lichtenstein said. "But it's also a shot across the bow to businesses who think the days of the Wild West have returned in labor relations."

At a news conference in the parking lot of a Ralphs store in Studio City, Rick Icaza, president of UFCW Local 770 in Los Angeles, said the company "made a big mistake. They should never have done what they did. If not for this illegal activity, this dispute would not have gone on for so long."

Workers said money from the settlement wouldn't come close to repairing the financial damage they suffered during the strike and lockout. But they said they felt vindicated by Ralphs' guilty plea.

"We know they were guilty, and they didn't get away with it. We feel validated," said Jackie Gitmed, 46, a cashier from Burbank who said she started working at Ralphs 30 years ago.

Gitmed said she accumulated $15,000 in debt during the labor battle and was still paying back relatives who had helped her.

Of the workers who crossed the picket line and were rehired under the cover of false identities, she said, "I'm not bitter, but we were supposed to all be in this together."

None of the workers who were illegally hired have been charged. "The investigation is focusing on the people most culpable for the criminal conduct," said Thom Mrozek, spokesman for the U.S. attorney's office.

Kroger had admitted earlier that managers at some Ralphs stores had falsified records to rehire workers, but said the practice was limited to only a few hundred workers and wasn't condoned by upper management.

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"Most of our managers followed the law and adhered to company policies," Ralphs President Dave Hirz said in a statement Friday. "Nonetheless, the illegal hiring of some locked-out employees that occurred at Ralphs during the strike was wrong and we regret that it took place."

Kroger initially placed the number of illegally hired workers at about 200 but has since concluded that the number might have approached 300, company spokeswoman Lynn Marmer said.

Kroger said it already had set aside enough money to cover the costs of the settlement.

The labor dispute began when union workers went on strike Oct. 11, 2003, against Safeway Inc. supermarkets Vons and Pavilions rather than accept cuts in their health benefits and pay. Ralphs and Albertsons Inc., adhering to a secret pact among the chains, locked out their workers the next day.

In addition to the criminal charges, the agreement announced Friday would also settle a complaint the union had filed against Ralphs with the National Labor Relations Board.

The labor board's Los Angeles office had dismissed the complaint, but the union was appealing.

Ralphs and the other chains still face a state antitrust lawsuit over an agreement to support one another financially during the dispute.

And the companies have struggled to regain the customers they had lost to rivals.

"The hard line that the grocery chains took turned out to be a good deal more costly than they thought," UC Santa Barbara's Lichtenstein said.

KLA Finds Options-Dating Problem (WSJ)

By Charles Forelle

The Wall Street Journal, July 1, 2006

Internal Probe May Lead To an Accounting Charge, Restatement of Earnings

KLA-Tencor Corp. said Friday that an internal investigation found that some stock options to executives and employees were wrongly dated, and said that the problems could lead to an accounting charge and possibly a restatement.

The semiconductor-equipment maker provided little detail about the probe's findings in a press release, but the possibility of an accounting charge strongly implies that the misdating benefited executives and raises the question of whether grants were deliberately backdated or otherwise manipulated to confer that benefit.

The firm said it anticipates needing to take a charge to correct its accounting, but it said that the investigation, conducted by a board committee, has not determined if the charge will be significant enough to warrant restatement of prior figures.

KLA-Tencor, San Jose, Calif., is the subject of separate probes into its option grants by federal regulators and prosecutors. Over the years, KLA has demonstrated a highly unusual pattern of option grants to top executives dated ahead of big run-ups in share price, often at low points.

Backdating an option grant without disclosing the maneuver or accounting for it runs afoul of securities and accounting regulations. Particularly when done without the permission of the company's board, backdating could expose individuals to criminal fraud charges.

Options entitle the recipient to profit when shares rise above the "strike price," normally set to equal the market value on the grant date. In such a case, an option is said to be granted "at the money" and only has value if the fortunes of shareholders improve.

Wrongly dated option grants cause accounting trouble because, under accounting rules in place until very recently, "at the money" grants qualified for preferential treatment and weren't recorded as an expense.

Conversely, "discount options" -- those whose strike price is below market value when granted -- had to be recorded as an expense under those rules. In effect, a backdated option is really a discount option for which the company has taken the preferential accounting treatment that only at-the-money options deserved.

Some 50 companies are facing federal investigations into their option-granting practices. The probes are focusing on backdating. Just Thursday, Apple Computer Inc. said it had found "irregularities" in option grants from 1997 to 2001, including one grant to Chief Executive Steve Jobs.

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Many of KLA-Tencor's unusually dated grants went to Kenneth Levy, who is the founder of one of its predecessor companies, a former chief executive, and the current chairman.

Among the most remarkable of KLA's grants to Mr. Levy were his two in 2001. The first was dated in April, at the bottom of a steep dip in share price and the lowest closing price of the first half. The second was dated in October, at the lowest closing price of the year. Several other top executives received grants with the same fortunate dates, securities filings show.

Mr. Levy and other executives also received grants dated at the lowest prices of 1998 and 2000. All of his grants between 1994 and 2001 preceded quick run-ups in share price. A May article in The Wall Street Journal that examined Mr. Levy's grant pattern found that the chance of the grants being dated as they were purely by chance was tiny -- around one in 20 million.

Mr. Levy could not be reached for comment. A KLA spokeswoman declined to elaborate significantly on the company's press release. She declined to provide the names of the independent directors conducting the board's probe, saying that such information was confidential.

Write to Charles Forelle at charles.forelle@wsj.com3

MZM Manager Accused Of Violating FEC Rules (WP)

By R. Jeffrey Smith

The Washington Post, July 1, 2006

The director of a defense contractor's office in Martinsville, Va., was accused yesterday of illegally funneling campaign donations to Rep. Virgil H. Goode Jr. (R-Va.), an act that the contractor has said was meant to obtain Goode's help in arranging defense funding for his company.

A federal court filing by the U.S. attorney for the District of Columbia, Kenneth L. Wainstein, said that Richard A. Berglund , a facility manager for MZM Inc., had violated the Federal Election Campaign Act by "aiding and abetting" a scheme by MZM's owner to donate the funds in the name of others.

According to the filing, Berglund and his wife wrote $4,000 in checks to "Representative A" in March 2005 after MZM's owner, Mitchell J. Wade, handed Berglund an equivalent amount of cash. It says that Berglund gave another $4,000 he received from Wade to two MZM colleagues, who in turn donated it to the congressman.

Federal Election Commission records -- which describe Berglund as a retired lieutenant colonel -- show that he and his wife gave that amount to Goode that month. He made no other donations to lawmakers that year.

Goode's office said in a statement that he is Representative A, but the lawmaker was unaware that the Berglund donations were illegal "straw" contributions. Wade, who sold MZM last summer, pleaded guilty in February to making a total of $38,000 in illegal "straw" contributions to the lawmaker in 2003 and 2005 through his employees and their spouses.

Wade targeted Goode, according to Wade's plea agreement, because Wade wanted to open an office in Goode's district and believed that Goode "had the ability to request appropriations funding for this facility and would be an advocate for funding for MZM." The plea stated that Wade did not inform Goode or his staff that the donations were illegal.

Wade handed the checks directly to "Representative A" at a March 2005 fundraising event, according to the court document filed yesterday. That was around the time that Wade requested Goode's help in earmarking funds for the facility, according to Wade's plea agreement.

In June 2005, Goode's staff "confirmed to Wade that an appropriations bill would contain $9 million for the facility and a related program. Wade thanked Representative A and his staff for their assistance," according to the plea agreement.

The document naming Berglund is typically used to state facts alleging wrongdoing by someone cooperating in an investigation. Berglund's listed phone is disconnected, and his attorney could not be reached for comment yesterday.

CRIMINAL LAW:

Judge Acquits 2 Ex-Detectives In Mob Killings (NYT)

By Alan Feuer

The New York Times, July 1, 2006

DOJ_NMG_0038063

A federal judge tossed out the racketeering convictions of two retired New York City detectives yesterday — including eight murders for the mob — because the statute of limitations had run out, despite citing overwhelming evidence that the men had committed "heinous and violent crimes."

The ruling by Judge Jack B. Weinstein entirely reversed the conviction of the two detectives, Louis J. Eppolito and Stephen Caracappa, who were found guilty in April of some of the most stunning corruption charges in the city's history.

Although a jury found that Mr. Eppolito and Mr. Caracappa had participated, as paid assassins, in killings for the mob, the judge acquitted the two men on the murder counts of the racketeering conspiracy, though not on evidentiary grounds. But the judge left open the possibility that the prosecution could seek to retry the defendants on a drug charge, and Mr. Eppolito, alone, on a money-laundering count.

The ruling, in a 102-page order that touched upon Thomas More and the sanctity of the Constitution, was the latest and most severe turn in the 15-month case.

It shocked the United States attorney's office in Brooklyn, which said it would appeal. And it bitterly disappointed the families of the victims in the case, some of whom had given heart-rending testimony at the two men's sentencing last month, where they were given life terms.

The decision sent a surge of joy through the offices of the defendants' new lawyers, one of whom, Joseph Bondy, called it "the most substantial legal victory" in recent history.

It also threatened to disrupt the careers — and the book deals — of some investigators in the case. And it led to the bizarre prospect that the two detectives — whom Judge Weinstein outright accused in his order of being stone-cold killers — could walk free from federal detention in Brooklyn as early as next week.

The judge waxed eloquent in acknowledging that his decision might seem strange to some.

"It will undoubtedly appear peculiar to many people that heinous criminals such as the defendants, having been found guilty on overwhelming evidence of the most despicable crimes of violence, should go unwhipped of justice," he wrote.

"Yet our Constitution, statutes and morality require that we be ruled by the law, not vindictiveness or the advantages of the moment."

The judge also wrote that even though there was little doubt that Mr. Eppolito and Mr. Caracappa had "kidnapped, murdered, and assisted kidnappers and murderers," he had no choice but to let them go because the five-year statute of limitations in conspiracy cases had run out.

His ruling was hardly the first mention of the statute of limitations. Virtually from the outset of the case, Judge Weinstein said he was queasy about the decision to accuse the men of an overarching conspiracy that included the eight gangland murders, all in Brooklyn in the 1980's and 1990's, and a much more recent — and less serious — charge of selling an ounce of methamphetamine in Las Vegas last year.

In October, the defense team seized upon the judge's qualms and moved to quash the case before the trial, saying, in essence, that the government had strapped the drug charge onto the murder charges "to freshen up" the case and to avoid the statute of limitations.

Judge Weinstein denied the motion, deciding instead to go to trial and see if the government could prove that an "ongoing criminal enterprise" indeed stretched from the streets of Brooklyn to the casinos and subdivisions of Las Vegas.

Judge Weinstein's ruling spiked that argument, and no matter how pained he seemed to be in vacating the convictions, he took the government to task. "The government's case against these defendants," he wrote, "stretches federal racketeering and conspiracy law to the breaking point."

There was a certain incongruity lurking in the fact that the statute of limitations was practically the first issue raised in pretrial hearings by the defendants' former lawyers, Bruce Cutler and Edward Hayes, who just this week were forced to appear in court to defend themselves against charges of incompetence that had been filed against them by the two detectives. Judge Weinstein threw those charges out.

Still, it was in keeping with the topsy-turvy nature of the case that the very argument that the fired legal team had offered in their former clients' defense was the one that eventually prevailed.

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The judge's ruling provided a much more sweeping victory than the defendants would have gotten with a finding that their lawyers were incompetent.

In that case, they would have been retried. Now there can be no new trial on the racketeering charges, although a higher court could reinstate the convictions.

Reached at his office, Mr. Hayes was at first speechless — a rarity for a man who once sang "Danny Boy" in open court.

He said the prosecution had made a grave tactical error by not allowing the case to be tried in state court, which has no statute of limitations on murder, instead of using the federal racketeering charges, which have the five-year limitation.

"But this is a Justice Department that more than any in my lifetime has shown a mad-dog desire to control everything and to ignore the law," he said. "And they paid the price in this case."

Mr. Cutler said it would have been difficult for a jury to acquit on what some might see as a technicality, but he praised Judge Weinstein for his independence.

"I take comfort in the fact that there are judges who do what they think is right," he said.

Robert Nardoza, a spokesman for the United States attorney's office in Brooklyn, released a terse statement yesterday supporting the jury's verdict.

"The jury in this case unanimously found Eppolito and Caracappa guilty of racketeering and murder based on overwhelming evidence," the statement read.

"And based on the law that was given to them by the court, each of the 12 jurors specifically found that the defendants' heinous crimes were committed within the statute of limitations. We intend to pursue an appeal."

Judge Rubs Out Mob Cops Verdict (NYDN)

By John Marzulli, Daily News Staff Writer

New York Daily News, July 3, 2006

Despite having murdered, maimed and sold out informants to blood-thirsty mobsters, the Mafia cops' racketeering conviction was stunningly overturned yesterday - all because they apparently steered clear of the mob for the last five years.

The ruling left prosecutors and victims' relatives speechless, and even seemed to surprise allies of ex-NYPD Detectives Louis Eppolito. and Stephen Caracappa.

Brooklyn Federal Judge Jack Weinstein acknowledged there was no doubt the disgraced duo were hit men for the mob - guilty of being the most corrupt cops in NYPD history.

Yet he still threw out the convictions, which carried life sentences, on a technicality.

"The evidence at trial overwhelmingly established the defendants' participation in a large number of heinous and violent crimes," Weinstein, 84, wrote.

"Nevertheless . . . the five-year statute of limitations mandates granting the defendants a judgment of acquittal on the key charge against them: racketeering conspiracy," a decision that the judge admitted would appear "peculiar to many people."

Federal prosecutors vowed to appeal the ruling; Weinstein indicated that if he is reversed, the Mafia cops will begin their life sentences immediately.

For now, they will remain behind bars at the Metropolitan Detention Center in Brooklyn until Weinstein hears a likely bail application, sometime after he returns from vacation July 21.

Eppolito's new lawyer, Joseph Bondy, broke the staggering news to his client at the jail last night.

Bondy said a weeping Eppolito embraced him and said, "I feel as though my prayers were answered and that God is my true judge. I was afraid that I was going to spend the rest of my life in jail."

Eppolito told Bondy he would tell Caracappa what happened when he got back to the cell they share. Caracappa's lawyer isn't scheduled to see him until today.

A federal jury in April convicted Eppolito, 57, and Caracappa, 64, of participating in eight gangland murders.

The racketeering indictment charged that Eppolito and Caracappa. went on the payroll of the Luchese crime family in the 1980s in Brooklyn. It specified that the duo committed or helped commit the slayings between 1986 and 1990.

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Despite a lull in their criminal activity in the late 1990s, their criminal enterprise resumed last year in Las Vegas, where they had settled after their retirement, the indictment charged.

The ex-cops' new legal team sought to overturn the verdict on two fronts: poor legal representation and the five-year statute of limitations.

Prosecutors seemed unprepared for Weinstein's ruling - and perhaps with good reason.

Earlier this month, Weinstein left no doubt at a sentencing hearing that he was convinced of both defendants' guilt. Then, last week, after Eppolito testified at a hearing for a new trial, the judge called him an immoral liar.

But Weinstein warned prosecutors on multiple occasions that he had serious misgivings about their theory connecting the Mafia cops' criminal activities in Brooklyn to their money laundering and drug crimes in Las Vegas.

Prosecutors noted yesterday that the jurors "specifically found that the defendants' heinous crimes were committed within the statute of limitations," according to a statement from Robert Nardoza, a spokesman for Brooklyn U.S. Attorney Roslynn Mauskopf.

But Weinstein concluded that the conspiracy ended when both detectives retired from the force.

The decision was vindication of sorts for the original defense attorneys, Bruce Cutler and Edward Hayes, who were blamed by their clients for the conviction.

"I'm happy that we have a courageous Judge Weinstein to do the right thing," Cutler said last night.

And in their exclusive gated community in Las Vegas, neighbors and friends crowded Caracappa's home to watch news reports of the legal victory on CNN.

"I know my husband will be unhappy that he's exonerated on a technicality," said Caracappa's wife, Monica. "But I will take my husband home any way I can."

Across the street, Fran Eppolito said she was "overjoyed" by the decision, though mindful the case is far from over. "I am very hopeful now, the most hopeful I've been in a long time. I just hope this works out in Lou's favor."

Eppolito and Caracappa had been suspected of being mob hit men since former Luchese underboss Anthony (Gaspipe) Casso ratted them out in 1994, revealing they had been leaking secret information to him for years.

Casso self-destructed as a witness, and it took authorities 10 years to flip jailed Luchese associate and Mafia cops go-between Burton Kaplan. The feds, rather than the Brooklyn district attorney, prosecuted the case because the rules of evidence would permit uncorroborated testimony by Kaplan. and other cooperating witnesses.

Brooklyn prosecutors now will await the U.S. Court of Appeals' decision before deciding whether to pursue state murder charges against the Mafia cops, said spokesman Jerry Schmetterer.

If Weinstein had dismissed the racketeering conspiracy charge before the verdict, the government would not be able to appeal, sources said.

Ex-cops' Convictions Tossed (NSDY)

By Anthony M. Destefano, Newsday Staff Writer

Long Island Newsday, July 3, 2006

Judge rules that statute of limitations requires reversal of guilty verdicts for racketeering

They did the crimes but might not do the time.

In a stunning development Friday, a federal judge threw out key racketeering conspiracy convictions against "Mafia Cops" Louis Eppolito and Stephen Caracappa - convictions that included involvement in eight gangland killings from 1986 to 1991 - because of a conflict with the federal five-year statute of limitations.

U.S. District Court Judge Jack B. Weinstein, in a 77-page ruling, said the trial "overwhelmingly established" the guilt of Eppolito, 57, and Caracappa, 64, in the slayings and other crimes, but wrote that the legal issue compelled him to acquit them.

"As a result of spillover prejudice resulting from the trial of that charge [racketeering conspiracy] with other crimes charged in the indictment, defendants are entitled to a new trial on the remaining charges," Weinstein said.

Weinstein ordered a new trial for both men on charges of drug dealing and, in Eppolito's case, money laundering. The retrial would involve charges that Eppolito and Caracappa were involved in a small methamphetamine transaction in Nevada, where they both lived after retiring from the Police Department.

"We intend to pursue an appeal," said Robert Nardoza, a spokesman for U.S. Attorney Roslynn Mauskopf.

Should the Second U.S. Circuit Court of Appeals reverse Weinstein's decision, the provisional sentences of life imprisonment that he had given Eppolito and Caracappa would be reinstated.

Bail applications for the jailed defendants, who were convicted April 6, are expected to be filed shortly.

Lawyers reacted with astonishment as news of the ruling ricocheted around the city's legal community.

"We won the case! We won the case!" an ecstatic Edward Hayes, who represented Caracappa at trial, said when told by a Newsday reporter of the decision.

Hayes and Bruce Cutler, who represented Eppolito at trial, split with their clients after the convictions. Eppolito and Caracappa said the lawyers' representation of them was poor, an assessment with which Weinstein disagreed. The defendants hired new lawyers, who brought the motions that resulted in Friday's acquittals.

"I guess Rae [Koshetz] and I didn't do such a bad job after all," Hayes said of work that he and his co-counsel did in researching the statute-of-limitations issue for the trial.

"Judge Weinstein has a reputation as a brilliant and independent jurist, and this opinion confirms that," said Dan Nobel, Caracappa's new lawyer.

Eppolito's new lawyer, Joseph Bondy, could not be reached.

Legal experts and officials said the statute-of-limitations issue always was a troublesome part of the case.

Eppolito and Caracappa were indicted on March 9, 2005. The most recent killing in the case took place in May 1991. Generally, under federal criminal law, crimes alleged in a racketeering conspiracy have to have occurred within five years of the indictment.

Before the trial, Weinstein frequently expressed reservations about whether crimes so far in the past could be prosecuted within the five-year statute of limitations.

To address the conflict, federal prosecutors charged Eppolito and Caracappa with involvement in a Nevada drug sale in late 2004 and early 2005. Prosecutors maintained that the Nevada crime was part of the original racketeering enterprise conspiracy, thus extending the alleged conspiracy beyond the crucial cutoff date of March 9, 2000.

Weinstein denied a defense pretrial motion to dismiss the indictment, saying the nature of the alleged crimes required a full trial. When the jury convicted Eppolito and Caracappa in April, the panel specifically found that the conspiracy continued beyond March 9, 2000.

In his decision Friday, Weinstein stressed that prosecutors had proved the defendants were involved in eight slayings, two kidnappings and other wrongdoing. But as a matter of law, he said that after Eppolito's and Caracappa's retirement from the Police Department, by early 1990, "the conspiracy that began in New York in the 1980s had come to a definitive close."

By the time the defendants moved to Las Vegas, Weinstein said, any concealment done there was not part of the conspiracy.

JUDGE: KILLER MOB COP DUO GUILTY AS SIN - & I HAVE TO LET THEM WALK (NYPOST)

By Zach Haberman

The New York Post, July 3, 2006

A judge says he has no choice but to let the mob cops get away with murder.

In a bombshell decision, Brooklyn federal court Judge Jack Weinstein yesterday tossed out on a legal technicality the racketeering conspiracy conviction against ex-NYPD Detectives Louis Eppolito and Stephen Caracappa for acting as mob moles and hit men while wearing their gold shields.

The judge said that evidence presented at trial pointed heavily toward the disgraced duo kidnapping and murdering for Luchese crime family underboss Anthony "Gaspipe" Casso between 1986 and 1990. But the five-year statute of limitations has expired on those charges, he said.

"The evidence presented at trial overwhelmingly established the defendants' participation in a large number of heinous and violent crimes, including eight murders," Weinstein said in the 77-page decision.

"They kidnapped, murdered and assisted kidnappers and murderers, all while sworn to protect the public against such crimes," the judge said, apparently agreeing with the jury's findings.

"Nevertheless, an extended trial, evidentiary hearings, briefings and argument establishes that the five-year statute of limitations mandates granting the defendants a judgment of acquittal on the key charge against them - racketeering conspiracy."

Prosecutors vowed to appeal - and sources said the Brooklyn DA's office is mulling whether to charge them with murder in state court.

Highly decorated detectives Eppolito, 57, and Caracappa, 64, were convicted in April of helping Casso commit eight gangland slayings - including the kidnapping of diamond dealer Israel Greenwald in 1986.

The two also were found guilty of handing Gambino family associate James Hydell over to Casso, who tortured and killed him for an attempted hit on the Mafia big's life.

When the mob cops were sentenced to life in prison on June 5, Weinstein said: "This is probably the most heinous series of crimes ever tried in this courthouse."

The surprise ruling yesterday brought Eppolito's daughter, Andrea, to tears when she heard the news from Eppolito's new lawyer, Joseph Bondy.

"I'm ecstatic and elated," she told The Post. "We've always maintained his innocence. We've always believed in him."

"This is the first step in getting my father back in my life," Andrea, 29, said in a telephone interview from Las Vegas.

"This is such a victory for my father."

Bruce Cutler and Ed Hayes, who represented the pair at trial, argued that the statute of limitations negated the crimes - whether they committed them or not.

Weinstein apparently agreed with them, saying , "The conspiracy that began in New York in the 1980s had come to a definite close" when the pair moved to Las Vegas in the mid-1990s. While there, Eppolito allegedly laundered drug money from mob associate Burton Kaplan.

"The defendants no longer had access to confidential law enforcement information and were no longer in contact with their old associates in the Luchese crime family" in Vegas, Weinstein wrote.

"Their enterprise had effectively been put out of business by their own retirements and their compatriots' arrest," he said, referring to Casso and Kaplan, who testified at trial that he was the go-between for the cops and Casso.

Caracappa's new lawyer, Daniel Nobel, said his client had not yet been told the good news, but said it should not be considered a shock.

"Judge Weinstein repeatedly cautioned [the prosecutors] that they risk exactly this result," said Nobel, noting that the judge warned them numerous times throughout the trial that he was irked by the statute-of-limitations issue.

When Weinstein released them on bail the first time, he called the connection between the murder charges and the Las Vegas money-laundering and drug charges "very thin."

Yesterday, the judge said the jury's verdict on the money-laundering and drug-dealing charges resulted from a "spillover prejudice" of the murder charges and ordered a retrial for those counts. He did not provide a definitive date for the new trial.

The retrial would only address the charges stemming from their years in Las Vegas. But sources said Brooklyn DA Charles Hynes is mulling the possibility of trying the mob cops for murder in state court, where no statute of limitations exists on murder.

Eppolito's lawyer said his client still doesn't know about the decision.

"I would imagine he would think it's April Fool's Day or that I'm joking with him," said Bondy, adding that he plans to make a motion to get Eppolito sprung on bail.

Weinstein had released the pair on $5 million bail last July, when they were facing murder charges, so both lawyers believe they have a good shot of getting them out of Brooklyn's Metropolitan Detention Center. They have been stuck in the same cell on 23-hours-a-day lockdown.

The feds are sticking to their guns.

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"The jury in this case unanimously found Eppolito and Caracappa guilty of racketeering and murder based on overwhelming evidence," said Brooklyn U.S. Attorney's Office spokesman Robert Nardoza. "Based on the law that was given to them by the court, each of the 12 jurors specifically found that the defendants' heinous crimes were committed within the statute of limitations."

"We intend to pursue an appeal," Nardoza said.

"It's a very good day," said Hayes. "It does reaffirm our trial strategy, of course."

Louis Eppolito Jr. said he's thrilled by his father's legal victory, but was quick to note: "There's going to be a lot of angry families out there."

'Mafia' Cops' Convictions Upset (PHDN)

By Larry Mcshane

Philadelphia Daily News, July 3, 2006

NEW YORK - In a stunning blow to federal prosecutors, a Brooklyn judge yesterday tossed out the racketeering convictions of two former police detectives who were found guilty two months ago of participating in eight murders while on the payroll of a brutal mob underboss.

Louis Eppolito and Steven Caracappa, who have been described as the most corrupt officers in New York police history, were also granted new trials on lesser charges by U.S. District Judge Jack Weinstein. Less than a month ago, Weinstein had told the "Mafia Cops" that they were responsible for "the most heinous series of crimes ever tried in this courthouse."

But the judge, in yesterday's 77-page ruling, said he was compelled to set aside the verdict - in spite of what he called their obvious guilt - because the racketeering statute of limitations for the worst of the pair's crimes had passed.

"The evidence at trial overwhelmingly established the defendants' participation in a large number of heinous and violent crimes," he wrote. "Nevertheless... the five-year statute of limitations mandates granting the defendants a judgment of acquittal on the key charge against them - racketeering conspiracy."

Federal prosecutors immediately promised to appeal the decision.

The detectives either committed or facilitated the murders while working with the NYPD between 1986-90, prosecutors said. But once the pair retired to Las Vegas in the '90s, "the conspiracy that began in New York in the 1980s had come to a definite close," the judge ruled. "The defendants were no longer in contact with their old associates in the Luchese crime family."

Weinstein granted the pair a new trial on drug charges and Eppolito a new trial on money-laundering charges, saying their convictions on those charges had been tainted because they were linked to the most serious counts.

He added, however, that if an appeals court reverses his ruling, Eppolito and Caracappa should be denied a new trial and required to serve life in prison.

Defense attorneys had argued that the statute of limitations had expired on the most serious allegations against the pair, who allegedly spent four years on the payroll of both the New York Police Department and Luchese crime family underboss Anthony "Gaspipe" Casso. Testimony showed the two earned $65,000 for one of the slayings.

Prosecutors had countered that the murders were part of an ongoing conspiracy that lasted through a 2005 drug deal with FBI informant Steven Corso.

"I am very happy," said Edward Hayes, Caracappa's trial lawyer. "It's exactly what we argued during the trial. I am very happy for my client, and I do feel it is a vindication of our trial strategy."

In one of the trial's many strange twists, Hayes was called to court earlier this week to testify after Caracappa sought a new trial based on poor representation at the trial.

Weinstein threw out the racketeering charges just 25 days after he told the pair they would receive life in prison on their convictions. There's now a chance that the pair, jailed immediately after their April 6 convictions, could be out on bail next week.

Judge Tosses `Mafia Cops' Convictions (LAT)

By Ellen Barry, Times Staff Writer

The Los Angeles Times, July 3, 2006

He rules the statute of limitations has expired, and orders a new trial on lesser charges.

NEW YORK — In a stinging rebuke to federal prosecutors, U.S. District Judge Jack Weinstein on Friday threw out the convictions of the so-called Mafia Cops, saying that the government's case stretched the law "to the breaking point" by charging them with racketeering after the five-year statute of limitations had expired.

Weinstein did not mince words, however, in addressing the defendants — retired New York police detectives Louis Eppolito and Stephen Caracappa. He said the trial "overwhelmingly established" that the two men had "kidnapped, murdered and assisted kidnappers and murderers, all the while sworn to protect the public against such crimes."

"It will undoubtedly appear peculiar to many people that heinous criminals like the defendants ... should go unwhipped of justice. Yet our Constitution, statutes and morality require that we be ruled by the law, not by the vindictiveness or the advantages of the moment," Weinstein wrote in his 77-page memorandum. He ordered that the two receive a new trial on lesser charges of money laundering and dealing drugs.

Robert Nardoza, a spokesman for U.S. Atty. Roslynn Mauskopf, said prosecutors planned to appeal Weinstein's decision.

The ruling marks a sudden reversal of fortune for Eppolito and Caracappa.

On April 6, a jury found them guilty of 70 counts of racketeering in one of the most sensational cases of police corruption in New York's history. In a monthlong trial, witnesses testified that the two friends had formed a partnership with Anthony "Gaspipe" Casso, an underboss with the Lucchese family. In exchange for a shared $4,000 monthly retainer, they would pass along police information about mob figures and occasionally act as hit men themselves.

"They didn't deliver us from evil, they themselves were evil personified," Mauskopf said the day their convictions were announced. "They used that shield, they used that power to murder, to kidnap — all for the mob, all for their own greed."

After the verdict, Eppolito and Caracappa fired their high-powered attorneys and last week asked for a mistrial on the grounds that their defense was not competent.

Eddie Hayes, who represented Caracappa at trial, said Weinstein's decision vindicates his defense strategy, which he said leaned heavily on the statute of limitations issue — knowing it would not be compelling to the jury.

"I thought the government overreaching here was clear from the beginning, and I always said that," said Bruce Cutler, who represented Eppolito. "If you ask me if I expected it, I didn't expect it." Still, Cutler said, he was "gratified."

The statute of limitations question first arose last summer, when the former detectives were indicted. Weinstein called it a "weak link in [the government's] allegations."

Prosecutors had strong evidence linking Eppolito and Caracappa to eight murders between 1986 and 1990, including one in which they turned on police lights, pulled a man's car over and shot him in the head. Those crimes clearly fell outside the five-year statute of limitations for racketeering, and Weinstein urged prosecutors to charge them under federal murder-for-hire laws.

Prosecutors reframed their indictment several times but, for reasons they have not explained, opted to stick with racketeering. They argued that Eppolito and Caracappa had continued their conspiracy in Las Vegas with a cluster of lesser crimes committed between 1994 and 2005.

In Friday's decision, Weinstein said the government had failed to prove there was a continuing conspiracy.

"A retired contractor who opens a delicatessen in his retirement may encourage his old employees and clients to buy their lunches at his new store, and time on job sites may have taught him what brand of pastrami those customers will prefer; that does not mean he remains in the construction business," the judge wrote.

Weinstein added that although he had concerns about the statute of limitations before the trial began, he chose to allow the trial to proceed "in order to preserve the government's right to appeal" if he should reverse the jury's verdict.

Weinstein, 85, has made headlines with some regularity during his 40 years on the bench. In 1997, he ordered Vincent "The Chin" Gigante — who had worn a bathrobe and slippers as street clothes for years — to appear "properly attired, shaved and barbered." Gigante complied.

More often, he has drawn notice for using his power in the name of reform, as in a 1965 case of 23 draft-dodgers who fled to Canada. Weinstein decided the fugitives deserved representation and appointed counsel for them, said Stephen Gillars, a professor at the NYU School of Law.

"The word 'maverick' fits nicely in the best of senses," Gillars said. Weinstein's decisions have been overturned by the U.S. 2nd Circuit Court of Appeals for "going too far out on a limb," he said.

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The decision in the Mafia cops case, though, focuses on a narrow legal issue. In explaining his decision, Weinstein quoted the play "A Man for All Seasons," in which Sir Thomas More argues that even the devil deserves the full benefit of law: "This country's planted thick with laws from coast to coast — men's laws, not God's — and if you cut them down, do you really think you could stand upright in the winds that would blow then?"

NEW HEARTBREAK FOR VICTIMS' KIN (NYPOST)

By Zach Haberman And Jennifer Fermino

The New York Post, July 3, 2006

Less then three months ago, Betty Hydell was rejoicing that the dirty cops who helped kill her son got what they deserved - a guilty verdict.

But yesterday, when an FBI agent called her Staten Island home and told her their conviction had been overturned, she wondered if the evil pair would have the last laugh.

"We thought it was over," she said.

"I couldn't believe it. I couldn't see why the judge would do this. He called it a 'hideous' crime."

Louis Eppolito and Stephen Caracappa kidnapped James Hydell in 1986 and delivered him to a mobster. His body was never found.

His sister, Elizabeth Hydell, said, "This is insane. They're getting away with these murders."

Authorities told the families they would appeal.

The relatives' reaction - a mixture of sadness, anger and confusion - mirrored the other families who lost loved ones at the bloodstained hands of the Mafia cops who took orders from the wrong side of the law.

"I think this whole thing makes a mockery of our judicial system," said Danielle Lino, whose father, Ed Lino, a Gambino soldier, was shot in the head by Caracappa.

It is unclear how the ruling by U.S. District Judge Jack Weinstein will affect the six pending civil suits against Eppolito and Caracappa.

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Shock, But Some Praise, After Legal Ruling (NYT)

By Robert D. McFadden

The New York Times, July 1, 2006

The wife and daughter of one murder victim called it a shock. Lawyers for the men who had been convicted called it sound legal reasoning, a vindication of their trial strategy, and said that freedom on bail — not life in prison — might be next. Prosecutors, carefully avoiding hints of disappointment, promised to appeal.

After months of twists and turns in a federal case that ended in guilty verdicts for two former city police detectives, including convictions in eight murders for the mob a generation ago, Judge Jack B. Weinstein's decision yesterday to toss out the convictions on a statute-of-limitations ruling stunned practically everyone involved, although the defendants' lawyers were calmly making "I-told-you-so" statements.

While reaction was swift and predictable — an abyss between victims' families and their lawyers on one side, and defendants and their representatives on the other — there was general agreement that Judge Weinstein had made a hard decision on principle, according to law, and some called it courageous.

The judge acknowledged that the evidence at trial had overwhelmingly established that Louis J. Eppolito and Stephen Caracappa had committed killings for the mob, kidnappings and other "heinous and violent crimes." He noted, though, that a five-year federal statute of limitations had lapsed, compelling him to set aside the jury's verdict in his courtroom on April 6.

"It was really a very courageous decision," said Joseph A. Bondy, Mr. Eppolito's latest lawyer. "We're relieved, obviously. Mr. Eppolito and his family are relieved beyond words." Mr. Bondy — who succeeded Bruce Cutler, the trial lawyer, after Mr. Eppolito accused him of incompetent representation (a charge not upheld in a post-trial hearing) — said he would seek bail for his client next week.

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Mr. Cutler, sounding a bit bruised by his former client's accusation, calling it a "distasteful calumny," said he had mixed feelings about the new turn. But instead of talking about Mr. Eppolito, he focused on his trial defense, which cited the statute of limitations as a flaw in the prosecution's case. He said he was gratified that the judge — a jurist of "courage and independence" — had agreed.

As for losing the trial, Mr. Cutler said the gravity of the accusations — cold-blooded murders for hire, kidnapping and other crimes — had made it "hard for the jury to say not guilty" on a fine point of law.

Edward Hayes, who represented Mr. Caracappa during the trial, also praised Judge Weinstein and called his ruling "the second major rejection for the Justice Department in two days," apparently referring to the United States Supreme Court's repudiation on Thursday of the Bush administration's plan to place Guantánamo Bay detainees on trial before military commissions.

Mr. Hayes, who was also accused of incompetent defense by his client in a failed bid for a new trial, said he had not talked to Mr. Caracappa about the latest ruling. Asked if he would ever represent Mr. Caracappa again, he said: "No. I defended him once. I showed him what kind of man I was, and he showed what kind of man he is. I'm not bitter. It's a business."

Judge Weinstein's ruling was a stunning blow to prosecutors, who had presented evidence on violent crimes as part of a larger racketeering conspiracy. The judge held that the conspiracy begun in New York in the 1980's had ended when the defendants retired to Las Vegas and were no longer in contact with the Luchese crime family, which had hired them.

Prosecutors with the United States attorney's office in Brooklyn had argued that the murders were part of a continuing conspiracy that lasted through a 2005 drug deal with a federal informant and that the statute of limitations thus did not apply. Speaking for the office, Robert Nardoza issued a short statement.

"The jury in this case unanimously found Eppolito and Caracappa guilty of racketeering and murder based on overwhelming evidence," it said. "And based on the law that was given to them by the court, each of the 12 jurors specifically found that the defendants' heinous crimes were committed within the statute of limitations. We intend to pursue an appeal."

The ruling was wrenching news to the slain men's families, some of whose members had made impassioned statements at the trial. Michal Weinstein, 30, the daughter of Israel Greenwald, a diamond dealer killed in 1986 and whose remains were discovered under the floor of a Brooklyn garage in 2005, said her mother had called her with news of the decision.

"We want to see that whoever is responsible — well, we know who's responsible — for our father's murder is punished, in accordance with the law," Ms. Weinstein said in a phone interview. "It's taken the breath out of everybody. It's just shocking. I'm still in shock, honestly."

Her mother, Leah Greenwald, 52, said that while shocked by the ruling, she respected it. "We, my daughters and I, do not feel betrayed, but we are shocked and we still believe that ultimately the law will work," she said, her voice calm but with a hint of a quaver. She became more emotional as she spoke of 19 years of not knowing her husband's fate.

At one point in the early 1990's, she said, the family rented an apartment a block away from the Nostrand Avenue garage, near Avenue I, where her husband's remains were found. "I lived there for two years, I parked my car right across the street," she said bitterly. "We were looking for him, and now that we know, it is simply unbelievable that he was so close."

The Greenwalds' lawyer, Benjamin Brafman, called Judge Weinstein "wise and careful" and noted that, while disappointed in his decision, "I respect his ruling." The family, he said, would "continue to pursue justice for the murder of their father/husband in a civil forum and in any future criminal proceedings at either the state or federal level."

Gerald L. Shargel, a lawyer who has defended mobsters, including John J. Gotti, the late don of the Gambino crime family, said the prosecution "had to have known that it was a reach" to use the racketeering conspiracy charge "because the statute of limitations really was pushing the envelope." Mr. Shargel had no role in the trial of the turncoat detectives.

If the prosecution's appeal is denied, new trials on lesser drug and money-laundering charges could follow. Mr. Shargel said that New York State had no statute of limitations on murder, and that the case might have been — or still could be — prosecuted by state authorities. "Jurisdiction had everything to do with this case," he said.

Victims' Families Shocked At Reversal (NSDY)

By Carl Macgowan, Newsday Staff Writer

Long Island Newsday, July 3, 2006

Leah Greenwald said she was shocked Friday when she heard that the disgraced cops accused of killing her husband may go free.

"This is horrible," said Greenwald, of Fresh Meadows. "It's very upsetting because according to the evidence, they definitely are guilty."

Former detectives Louis Eppolito and Stephen Caracappa had been convicted of taking part in eight murders for the Lucchese crime family. Brooklyn federal judge Jack Weinstein threw out the racketeering convictions Friday.

A murder tied to the cops was that of Israel Greenwald, a Brooklyn gem merchant, who was believed to have been killed in 1986.

The Greenwald family is suing Eppolito, Caracappa and the city for $500 million. The former detectives and the city have been sued by the families of at least five other victims.

"Judge Weinstein is a wise and careful judge, and although disappointed by his decision, I respect his ruling," Greenwald's Manhattan attorney, Benjamin Brafman, said in a statement. "On behalf of the Greenwald family, we will continue to pursue justice for the murder of their father/husband in a civil forum and in any future criminal proceedings at either a state or federal level."

Michaelangelo Matera, attorney for the family of Edward Lino, who the detectives were accused of killing in 1992, said he didn't expect Weinstein's decision.

"We were extremely shocked by the judge's decision," Matera said. "We are looking forward to the appellate process and feel hopeful that the guilty verdicts will be reinstated."

Victims' Kin Call Ruling 'So Absurd' (NYDN)

By Greg B. Smith, Daily News Staff Writer

New York Daily News, July 3, 2006

Anger and disbelief.

That's how families of the murder victims reacted after a judge tossed the Mafia cops' convictions despite concluding they had committed some of the most heinous crimes he'd ever seen.

"I never heard of anything so stupid," said Betty Hydell, whose son Jimmy was kidnapped and turned over to a mob hit man in 1986. "I thought this was all over."

"We were surprised to hear this. I'm sure the family is going to be upset," said Mark Longo, an attorney representing the family of Nicholas Guido, a telephone installer who was killed by mistake on Christmas Day 1986.

In April, a jury convicted Louis Eppolito and Stephen Caracappa on all counts in a wide-ranging criminal conspiracy that prosecutors say dated to their days as a decorated NYPD detectives.

They were found guilty of participating in eight murders, one kidnapping and an attempted murder - as well leaking the names of informers to the mob, and warning Luchese crime family gangsters when they were about to be busted.

Brooklyn Federal Judge Jack Weinstein threw out the racketeering conviction because he found prosecutors failed to show the cops participated in a continuing conspiracy into 2000 - the statute of limitations cutoff.

But the legal distinctions in Weinstein's ruling carried little weight with the victims' kin.

Hydell's daughter, Linda, was the last person to talk to her brother the day he was kidnapped and killed in September 1986.

She called yesterday's ruling "so absurd it's not even funny."

"It's gotta end somewhere. They were convicted on 72 counts. What are people going to say?" she said. "There's no closure on this for my family. It just keeps getting worse and worse and worse."

There was similar reaction from the family of Israel Greenwald, a jeweler who was murdered because a mob associate feared he would become an FBI informer.

Greenwald's wife, Leah, said she respected the judge's decision but said she was upset because next week the two cops are expected to ask the judge to be released on bail.

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"Of course we are upset because we do not want them to be free after knowing that they are guilty," she said. "In our minds they are guilty, and we want them to be in jail."

Glorious New Day For Family Of Ex-cop (NYDN)

By Michelle Caruso, Daily News Staff Writer

New York Daily News, July 3, 2006

When Louis Eppolito's wife and daughters got word that his convictions were overturned, "it was like the world stopped," his eldest daughter told the Daily News yesterday.

"We were stunned. We had not been given much reason to hope," Andrea Eppolito said of the judge's ruling.

Then there were free-flowing tears of joy during an emotional three-way conference call among Andrea, 29, her mother, Fran, and sister Deanna, 28.

"We were all crying, my mother, my sister and me. It was like everything was in slow motion. We are so elated. This is such a blessing," Andrea said.

"My mother just kept saying, 'He's gonna come home. He's coming home! He's coming home!' over and over. The world is good, more than good," she added.

Andrea knows her father still has a big fight on his hands. He will first have to apply for release on bail while awaiting retrial on federal money-laundering and drug charges, and there's no guarantee he'll get it.

"We're going to try and hope for bail. When my father was out on bail before, he obeyed all the terms and conditions, so that should count in his favor," she said.

And if he comes home, "We will shut the doors and sit together as a family for some quiet personal time to reflect, as a family. Then afterwards, there will be a party," she said.

Eppolito said she is optimistic about the retrial ahead, even though it will mean more stress, legal fees and time. But she says she thinks the ex-cop's new lawyer, Joseph Bondy, will give the case 100%.

"I believe in my father. I believe in Joe Bondy and I believe in the law. We are so grateful to have a second chance."

"We will fight as a family, the way we always have. We'll fight until it's done," she said.

Eppolito says she is not daunted by the judge's contention that, even though he was legally bound to toss the convictions, he still thinks her father and his co-defendant, Stephen Caracappa, are guilty of murders and disgracing their police shields.

"If that is the judge's personal opinion, I am grateful that he upheld the law and his integrity," she said.

"I realize my father will never again be considered an innocent man. Some people will always believe the story told by the government's witnesses," she said.

"But he is innocent, and I want him to be vindicated. I want him sitting on the couch with his wife and kids and his dog, enjoying his old age. He spent two decades on the police force. He's earned it," she said.

Hacker Attacks Hitting Pentagon (BSUN)

By Siobhan Gorman, Sun Reporter

The Baltimore Sun, July 2, 2006

But NSA's methods for safeguarding data are growing obsolete

WASHINGTON -- The number of reported attempts to penetrate Pentagon computer networks rose sharply in the past decade, from fewer than 800 in 1996 to more than 160,000 last year - thousands of them successful. At the same time, the nation's ability to safeguard sensitive data in those and other government computer systems is becoming obsolete as efforts to make improvements have faltered and stalled.

A National Security Agency program to protect secrets at the Defense Department and intelligence and other agencies is seven years behind schedule, triggering concerns that the data will be increasingly vulnerable to theft, according to intelligence officials and unclassified internal NSA documents obtained by The Sun.

When fully implemented, the program would build a new encryption system to strengthen protections on computer networks and would more effectively control the access of millions of people to government computer systems and buildings.

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Launched in 1999, the program was to have been completed last year, but it fell behind in part because of differences between the NSA and the Pentagon. The NSA is trying to revamp the program, although the deadline has slid to 2012, with the most substantive security improvements planned for 2018.

An internal NSA report in April 2005 described the problem as "critical," noting that 30 percent of the agency's security equipment does not provide "adequate" protection; another 46 percent is approaching that status.

"Much of the existing cryptographic equipment is based on ... technologies that are 20-30+ years old," said the report from the agency's information security directorate. At the same time, it noted, technology for breaking into computer systems has improved, which "gives our adversaries enhanced capabilities."

Pentagon computers, in particular, are under constant attack. Recently, Chinese hackers were able to penetrate and steal data from a classified computer system serving the Joint Chiefs of Staff, according to two sources familiar with the incident. A security team spent weeks eliminating the breach and installing additional safeguards.

The Pentagon declined interview requests for two information security officials, but a spokesman said in a written statement that the NSA is continually assisting the Pentagon to "maintain best security practices" and raise the level of information security.

NSA spokesman Don Weber said in a statement that because information security is a core mission of the agency, "any speculation that we, along with our partners would leave national security systems vulnerable, is unfounded."

Among 18 current and former officials and security experts interviewed for this article, several would speak only on condition of anonymity because many details of the program are sensitive and reveal vulnerabilities in the nation's defenses.

Encryption, which is an electronic lock, is among the most important of security tools, scrambling sensitive information so that it can ride securely in communications over the Internet or phone lines, and requiring a key to decipher.

Powerful encryption is necessary for protecting information that is beamed from soldiers on the battlefield or that guards data in computers at the NSA's Fort Meade headquarters. Without updated encryption, sensitive information could be stolen by China or other countries that have regularly tried to break into U.S. government systems to steal military and intelligence secrets. There are emerging concerns about Iran's desire to do so, as well.

"This stuff is enormously important," said John P. Stenbit, the Pentagon's chief information officer until 2004. "If the keys get into the wrong hands, all kinds of bad things happen. You don't want to just let a hacker grab the key as it's going through the Internet."

The NSA report warned that "serious risks" in the Pentagon's security system jeopardize its ability to execute its missions effectively. A December 2005 NSA planning document described the program as crucial for ensuring adequate protection for all national security programs.

"It's a pretty critical thing to do right ... because the government relies on confidential communications so heavily," said Martin Roesch, founder of Sourcefire, a computer security company in Columbia, Md. "It's kind of a fundamental capability."

A growing threat As the program, known as Key Management Infrastructure, has faltered, the potential for penetrating government computers has grown. Intelligence officials have said that as many as 100 countries pose legitimate threats to U.S. government computers and those of companies doing government work.

In the past decade, reported attempts to hack into Pentagon computers have grown 200-fold, according to the Pentagon.

"Numerous states, terrorist and hackers groups, criminal syndicates, and individuals continue to pose a threat to our computer systems," Maj. Gen. Michael D. Maples, director of the Defense Intelligence Agency, warned Congress this year. "Over the last few years, hackers have exploited thousands of [Department of Defense] systems."

In addition to the NSA's aging security technology, some of the tools required for encrypting data lack security protections and are vulnerable, so an infiltrator could uncover and possibly replicate the tools to access government data, according to the NSA's December 2005 planning document.

Intelligence specialists say potential attacks could include foreign governments snooping for U.S. intelligence and military secrets and using identity information to create false IDs, which could enable them to gain access to military or intelligence facilities, computers and even weapons systems, they said.

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"What's at stake here is the security of the nation, because we are under monster attack from China, Russia, Israel, France and so on," a former government official said.

News reports last year revealed a major Chinese campaign called Titan Rain that targeted unclassified Pentagon computer networks and others at the Energy and Homeland Security departments. In a Miami case, the Justice Department charged two men this year with channeling military technology secrets to China that were obtained through hacking. It brought similar charges against three others last fall in a case in Los Angeles.

"The threat is much larger than we ever thought it was," said David Szady, a former top counterintelligence official at the FBI and the CIA. The Chinese "have been able to develop their military and their systems on the backbone of United States technology."

Another country emerging as a concern is Iran. "They certainly are able to, and would have an interest in doing it," said one former senior intelligence official.

Cracking the government's aging encryption system would require a high level of training of the type most likely occurring in countries such as China or Russia.

But as commercial code-breaking technology improves, intelligence experts said, it is possible that a technically astute terrorist or even an unusually focused teenage hacker could infiltrate government computers.

If hackers can break through weak encryption systems on government and contractors' computers, they can hunt through different networks for bits and pieces of information to thread together and assemble a fairly good idea of U. S. defense capabilities - with the intent of either copying them or devising a system to defeat them, said one former NSA employee.

The new system would address a number of the security challenges that exist with the explosion of wireless, networked communication devices, according to internal NSA documents. The most sensitive data is generally held in internal systems that are not exposed to the Internet. But the Pentagon and other government agencies are increasingly using Internet-based communications.

And as the demand grows for "smart" identification cards with computer chips that verify the card holder's identity, so does the need for sophisticated ways to manage who is being assigned cards, so that the cards do not end up in the wrong hands, said Stephen Kent, a chief scientist at BBN Technologies who has chaired government panels on information security.

False starts Sprawled across several government agencies, but centered at the NSA, the Key Management Infrastructure program is actually a compilation of about 25 programs; its costs, which are classified, are difficult to gauge. One estimate pegs spending so far at $2 billion or more, said a former government official familiar with the program. Other estimates are in the hundreds of millions.

A critical problem with the project, according to several current and former intelligence officials, is one that has afflicted other large programs at the agency: poor management.

Like other major NSA efforts - such as the failed Trailblazer program to rapidly sift out threat information, and the troubled Groundbreaker program aimed at upgrading the agency's computer networks - an ever-changing game plan has caused many of the project's problems, current and former senior intelligence officials said.

One former senior intelligence official said that the NSA had unrealistic expectations from the start and repeatedly opted for delays to try to perfect the program. That left the government with aging security protections in the quest for security nirvana, the official said.

"NSA often will say, 'Well, this is not totally secure, so you can't use it,' when the only alternative is nothing," the former official said. "My worry is this push for perfect security is the enemy of good security.

NSA officials have also had a difficult time forging consensus among the agencies involved with the project, especially the Pentagon, according to former officials familiar with the conflict.

"Anybody who doesn't like the way you're doing it can essentially withdraw," the former senior intelligence official said. "It's a program that is actually planned for failure."

After several false starts, the first phase of the program was canceled in 2003, and its replacement has been in the planning stages since then.

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The NSA is re-evaluating the program, intelligence officials said. That reassessment - owed at least in part to pressure from Maj. Gen. Dale W. Meyerrose, the chief technology officer under spy chief John D. Negroponte and the Pentagon - is expected to produce a new blueprint, Meyerrose said in an interview. It also coincided with incoming NSA Director Lt. Gen. Keith B. Alexander's agency-wide review.

Under the current plan, the initial phase will be completed in 2012. Even then, it would at best provide only a level of security equivalent to the existing system, current and former government officials said. The agency would, however, be able to upgrade the revised system, which is not possible now, they said.

Meyerrose acknowledged that the project has taken "a little longer than we thought." He chalked it up to a lack of leadership in the intelligence community to get behind the program, which he said would change under the new spymaster. The program's planners, he said, underestimated how difficult it would be to "synchronize" all the moving parts of the program.

After the first false start, the NSA asked the consulting firm Booz Allen Hamilton, which was involved in aspects of the project, to take on a broader role to get the program's many segments working together. But the NSA is unhappy with the firm's performance, which it deemed slow and rigid, one former government official said. A spokesman for Booz Allen declined to comment, citing confidentiality agreements.

Booz Allen's contract is slated to end in October, and the NSA plans to do the work on its own, probably with assistance from a new contractor, the former official said.

Although Richard C. Schaeffer, in charge of the NSA's information security division, characterized the current timetable for the program as "aggressive" in a statement to The Sun, some officials are concerned that the schedule is sliding again, according to a former government official familiar with the program. The NSA was supposed to award a contract for the revamped program last December, but that shifted to June and then to October.

"It's pretty scandalous. It certainly has been a start, restart, start, restart," said one former intelligence official. "It seems stunning to me."

Meanwhile, given the pace of technology, every year that the project slips, it becomes less relevant, said a former government official familiar with the project.

"You're going to introduce something that is completely obsolete," he said.

While 2012 is the target date for wrapping up the current phase of the program, Meyerrose said, some portions will be implemented in the interim.

But some intelligence officials said they are concerned that components of the program could be delayed until 2018, when the next phase of more substantive security changes is to be completed, and the April 2005 NSA report highlights this possibility.

The program's delay also is likely to hold up some major Pentagon efforts that rely on secure information, such as the Global Information Grid, a network under development that aims to manage all national security information around the world, former intelligence officials said. Both the NSA report and planning documents emphasize the dependency of this network and other defense programs on the key management program.

"If you can't communicate securely, the enemy has the potential to know what you're doing," one former official said. "Information security is Job One."

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Sex Offender Law Limited (KCS)

By Joe Lambe, Laura Bauer

The Kansas City Star, July 1, 2006

The Missouri Supreme Court ruled Friday that thousands of sex offenders no longer have to register, because the law requiring it does not apply retroactively.

As a result, although the court unanimously upheld the state's sex offender registry law, only those convicted after the law took effect Jan. 1. 1995, now will have to register.

The law previously required people to register if they were convicted after July 1, 1979. This involved more than 11,000 offenders to register, but Friday's ruling lopped off about 16 of 27 years of registration.

The ruling written by Judge Laura Denvir Stith also said nothing prevented publishing the information about those who have registered. Offenders before 1995, however, can now move to new addresses that will not have to be listed.

"The fact that the Missouri Supreme Court upheld the state's sex offender registration law was an important victory," attorney general spokesman John Fougere said. "We will work with the General Assembly to ensure that the maximum amount of information possible about all sex offenders will continue to be made available to Missouri's citizens."

Jackson County Prosecutor Mike Sanders said the ruling would affect about half of the 1,400 offenders registered in the county.

Capt. Randy Gibson of the Greene County Sheriff's Department in southwest Missouri worries about public safety. His county has roughly 650 on its registry, and up to half would be affected.

"I think the public has a right to be concerned," Gibson said. "I don't look upon this as a victory for victims or the safety and security of the public."

The ruling came in a lawsuit filed by Kansas City lawyer Arthur A. Benson II on behalf of 11 offenders in Jackson County.

Benson praised the ruling, even with the continued publishing possibility.

"The information is going to get stale very fast, and nobody will be interested in it," Benson said.

The court found that the law violated the state constitution by applying a civil law retroactively. But the court ruled against plaintiffs on many other constitutional issues.

Benson said the ruling reflected "a general sense of fair play in the Missouri Constitution."

Many of his 11 Jane or John Doe clients pleaded guilty to minor crimes long before 1995 in exchange for nothing on their records, he said, but then were slammed years later with registration.

His clients also contended the law was overly broad. Missouri, unlike most states, required registration for things like nonsexual child abuse and parental kidnapping. Some of the Does had to register for life for such crimes or for teen romances when one party was underage.

The Supreme Court said the broadness issue was moot because of changes passed this year by the General Assembly. Nonsexual abuse no longer requires registration, and some low-level offenders as of Aug. 28 can petition to get off the lists after two or 10 years.

Only one of the 11 plaintiffs was convicted after the 1995 law went into effect, and that one was registered for nonsexual child abuse, Benson said. All of them should no longer have to register.

The registry law in Kansas is not retroactive, and offenders have to register only if their sex crimes occurred after April 14, 1994.

Advocates have said the growing lists have become too hard to administer but question whether ignoring many past offenders is the way to narrow them.

Marc Klaas, who has pushed for sex offender reforms since a convicted rapist kidnapped and killed his daughter Polly in 1993, said Friday's ruling in Missouri was a mistake.

Lists nationwide have become too unwieldy for sheriff's departments to enforce, he said, but the best way to deal with that is not cutoff dates but to exclude low-level crimes and those with little risk of re-offending.

"If you're not retroactive," Klaas said, "you're creating a false sense of security. … Is the guy who commits the same crime the day before the law goes into effect any less dangerous than the guy who commits it the day after? Of course not."

Gibson and Missouri Highway Patrol officials said they would wait until the state attorney general's office interpreted the ruling to know how to proceed.

"We'll clean the list the way the Supreme Court wants us to, but we don't want to inadvertantly take someone off that should still be there," said Capt. Chris Ricks, a patrol spokesman.

He said his department would contact the governor's office and attorney general as early as next week.

•A Friday ruling by the Missouri Supreme Court upheld the state's sex offender law.

•But it ruled the law could not be applied retroactively, meaning thousands of sex offenders no longer have to register if they were convicted before the law took effect in 1995.

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CIVIL LAW:

High-Drama, Low-Frequency Protest (NYT)

By Henry Fountain

The New York Times, July 2, 2006

The Senate nearly approved a constitutional amendment last week that would allow Congress to outlaw flag-burning, falling one vote short of the two-thirds majority needed to send it to the states for approval.

Opponents, mostly Democrats, warned that if it passed the amendment, the Senate would be tinkering with the Bill of Rights to ban a form of protest that is rare.

Just how uncommon is it?

"My impression is that probably in all of American history there's been something like a few hundred flag burnings," said Robert Justin Goldstein, a retired political science professor at Oakland University in Michigan and an expert on the issue. There has probably been a similar number of other types of desecration, including ripping and defacing the flag, Mr. Goldstein said.

"Flag desecration really became famous in this country during the Vietnam War period," he said. "But the general sense is that the news media has not been paying a whole lot of attention to the subject in recent years."

While many incidents are serious protests, others appear to be the work of people with too much time or alcohol on their hands. In a Senate speech, Senator Orrin G. Hatch, the Utah Republican who was the chief sponsor of the amendment, listed 17 cases since 2003. The latest include one early last month in West Haven, Conn., in which an apparently drunken man ripped up two small flags, threatened a bystander while using a racial slur and then chugged a beer in front of police officers before his arrest on breach-of-peace and other charges.

CIVIL RIGHTS:

Feds File Lawsuit Against Sarasota (BRAH)

The Bradenton Herald, July 1, 2006

Sarasota County officials broke federal law when they denied permission for housing for disabled people, according to a lawsuit filed Friday by the U.S. Justice Department.

The complaint, filed in U.S. District Court in Tampa, alleges the county refused to allow Renaissance Manor Inc. to operate six homes for individuals with mental illness and a history of substance abuse. The homes are similar to other houses in the county occupied by residents who share living space and common facilities, according to a Justice Department news release.

According to the government's complaint, the homes are allowed under Sarasota County's zoning code, but the county determined that the homes broke the code because of the residents' disabilities. The complaint also alleges that the county retaliated against Renaissance Manor by refusing to release grant funds it had been previously awarded.

"The residents of these homes should not be refused an equal opportunity for housing in their community," said Wan J. Kim, assistant attorney general for the Civil Rights Division.

Sarasota County officials said late Friday they had not seen the complaint, but they defended the county's housing practices.

"We have always supported housing for disabled persons. as well as programs for people recovering from addiction," said Deputy County Administrator Susan Scott, in a statement. "Our attorneys will be responding to the issues raised."

The suit seeks monetary damages to compensate the victims, civil penalties, and a court order barring future discrimination.

The federal Fair Housing Act prohibits discrimination in housing on the basis of race, color, religion, sex, familial status, national origin and disability.

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Early Voting Critics Eye Appeals Court (WT)

By Jon Ward, The Washington Times

The Washington Times, July 1, 2006

ANNAPOLIS -- A group opposing early voting in this fall's election will now take its lawsuit to Maryland's Court of Appeals, after a county judge yesterday denied its request to keep alive a petition drive that would stop early voting and let voters decide whether they want it in the future.

"I'm disappointed that they ruled so narrowly, but we expected that this would go to the Court of Appeals," said Tom Roskelly, chairman of Marylanders for Fair Elections, a group backed by Gov. Robert L. Ehrlich Jr.'s re-election campaign.

"It's one more bump in this legal road we have to navigate," Mr. Roskelly said.

Mr. Ehrlich, a Republican, officially registered yesterday as a candidate, along with running mate Kristen Cox. He called the two bills that established early voting "power grabs by the leadership of the Maryland General Assembly."

Mr. Ehrlich has also said that early voting will make voter-fraud easier to commit.

Mr. Roskelly's group is pressing forward with the petition drive and yesterday submitted to Secretary of State Mary D. Kane about 200,000 signatures, roughly twice the number needed.

The two petitions against the bills require about 51,000 signatures each to halt early voting this fall and place it on the ballot for voters to decide whether it is implemented in the future.

The group had already submitted 40,000 signatures May 31, but State Board of Elections Administrator Linda H. Lamone said the signatures were insufficient.

Miss Lamone said the group had fallen 138 signatures short on May 31 on its petition against the initial early-voting bill, which was passed in 2005, vetoed by Mr. Ehrlich, then passed by a veto override in the Democrat-controlled legislature this year.

Mr. Roskelly accused Miss Lamone of trying to stifle the petition drive by declaring the signatures insufficient, and he has cast doubt on the honesty of her count.

"They can make all the baseless, groundless charges they want," said David Paulson of the Maryland Democratic Party. "It doesn't hide the fact that they failed."

The group also said it was denied a request to observe the signature verification and requested a recount.

In the group's lawsuit, members argued that the validity of the signatures should not have been determined until yesterday's deadline had passed and all signatures had been submitted.

Anne Arundel County Circuit Judge Paul Hackner yesterday dismissed the suit.

Judge Hackner said he thought the group's argument was "nonsensical," according to the Associated Press.

The petition drive against the second bill, which passed this year and set up early voting locations in what Republicans said were overwhelmingly Democratic precincts, is going forward.

The State Board of Elections will now verify those signatures and hold on to the signatures on the petition against the first bill until the Court of Appeals rules on the lawsuit.

Cruel And Unusual (SLPD)

By Jeremy Kohler

St. Louis Post-Dispatch, July 1, 2006

For those opposed to the death penalty, a humane execution might be a contradiction of terms.

For those who don't care if a condemned man suffers in his last moments, it might be a pointless concern.

The nation has walked a fine line between those views for more than a century in seeking ways the founding fathers intended to permit to snuff capital criminals.

States used hangmen's nooses, gases, electricity and, finally, injections. But new challenges have raised questions about the legality of lethal injections, and about the future of capital punishment in the 38 states where it's legal.

In May, the U.S. Supreme Court ruled that inmates could challenge lethal injections as being unconstitutional. Now a wave of suits has halted the death penalty in some states, including Missouri.

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At the crux of the issue, critics say some inmates have been insufficiently numbed and may have suffered excruciating pain that was not evident to witnesses.

In Missouri, those claims were helped by the disclosure last week that the state's executions for the past decade have been largely in the hands of a dyslexic surgeon who confessed he sometimes makes mistakes with figures.

U.S. District Judge Fernando Gaitan Jr. halted Missouri executions, saying he had grave concerns that the inmates were being subjected to "unacceptable risk" of unconstitutional suffering.

Gaitan amended his earlier ruling in the case of inmate Michael Taylor, of Kansas City. He gave corrections officials until July 15 to come up with a new protocol.

Also last week, a federal judge in Little Rock, Ark., postponed an execution, saying if the inmate became conscious during the execution he would suffer pain "that will never be rectified."

The two rulings had Missouri's corrections director, Larry Crawford, wondering whether the state could ever perform another execution in compliance with Gaitan's order.

In Illinois, a moratorium on executions remains in place. Former Gov. George Ryan halted all executions in 2000 after 13 people condemned to death were found to have been wrongfully convicted. Illinois uses lethal injections for its executions.

Moreover, days before leaving office in January 2003, Ryan granted clemency to all of the 167 death row inmates in Illinois because of the flawed process that led to these sentences.

Most of the states that have capital punishment rely on lethal injection, using a series of three injections that has lately come under intense scrutiny.

First a general anesthetic is administered to knock out the inmate. Then comes a drug that paralyzes. Finally the inmate is injected with a drug that triggers a heart attack.

The final drug would be excruciatingly painful if the inmate was not given enough anesthetic, but the inmate could be unable to show that he or she was in pain, because of the other drugs' effects, according to testimony in Taylor's case.

Other options

Experts note that states could use injections that are less likely to cause pain.

Dr. Mark Heath, an anesthesiologist from Columbia University in New York, testified in Taylor's case - and in several other similar cases nationwide - that it would be more humane to execute humans the same way animals are euthanized: with an overdose of a barbiturate.

The condemned inmate would simply go to sleep and not wake up.

Heath testified that Missouri was the only state using lethal injection that did not have written protocols that could prevent "ad hoc changes or vagaries or misunderstandings or absent-mindedness or other problems that can occur when a complex endeavor is undertaken by a group of people."

Crawford pointed out that simply giving an overdose of barbiturate could prolong executions and make deaths linger over an hour.

That might cause less pain, he said, but might not pass any more constitutional muster. Crawford said he believed Missouri's system of three injections was better.

A painless death "would be a wonderful goal but we come into this world in pain and we all suffer some discomfort, and in this case it's as painless as we can make it," he said.

"Not gruesome"

States have tried to make executions quick, painless and "not gruesome," said Deborah Denno, a Fordham University law professor and expert in executions.

"But those goals don't mesh very well," she said.

Chief among Gaitan's concerns was that Missouri's lethal-injection program was largely controlled by a dyslexic doctor, called John Doe I in court records.

Missouri had no apparent protocol for executing prisoners other than Doe's whim, he wrote in a 16-page decision. Among Gaitan's requirements was that a certified anesthesiologist prepare the lethal-injection drugs. John Doe I is not an anesthesiologist.

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The American Medical Association has urged its members to steer clear of involvement in executions. Crawford said he did not know if state officials would be able to find an anesthesiologist, although he said he was trying.

Crawford declined to provide Doe's real name, saying he was concerned that identifying the doctor would pose a threat to Doe's safety.

Crawford said he never had any reason to question Doe. "This is being portrayed as being a performance issue," he said. "There is no indication there has been any performance deficiency."

Other states have executed prisoners without a doctor, he noted. He said he did not know about Doe's dyslexia until the surgeon's recent testimony.

Crawford said he was aware at all times that Doe was risking his reputation and his medical career by working on executions and that he felt "very, very fortunate to have a medical professional willing to assist in what he believes is an ethical level of involvement."

He said it was possible that the state would not be able to find an anesthesiologist who would be willing to participate in an execution.

"That would effectively stop executions," he said.

Denno said she thought it was more likely that states would find ways to change their procedures to skirt constitutional questions.

Corrections officials "know people who would be willing to conduct these executions," she said. "It might be a little difficult but they'll get one."

The question, she said, is "What are the quality of these people?"

Scandal At The Coast Guard Academy (NYT)

The New York Times, July 2, 2006

The Coast Guard Academy in New London, Conn., which first accepted women in 1976, has a higher proportion of women in its student body — about 30 percent — than do any of the nation's other military service academies. The Coast Guard is also the only military service to open every available job to women.

But recently the Coast Guard Academy has drawn attention for a very different reason. For the first time in its 130-year history, the academy court-martialed a cadet, convicting him on sodomy, indecent assault and extortion charges after four female cadets accused him of assaulting them. The stories that emerged from the trial are enough to make any reasonable person question how such allegations are handled at the academy.

Last week two Connecticut members of Congress took up the issue. Christopher Shays, a Republican, led hearings on how officials are responding to reports of sexual assaults in the service academies. Rosa DeLauro, a Democrat, inserted a request in a Homeland Security spending bill for the Government Accountability Office to monitor the Coast Guard Academy's progress in responding to sexual harassment claims.

That scrutiny is necessary, as shown by an announcement earlier this year by the academy that it would start involving women in sexual harassment investigations to improve handling of such cases. It is frankly surprising, and somewhat appalling, that such a basic step was not taken years ago.

The academy's defenders say that the case is the rare exception and that the Coast Guard, with its strong record of welcoming women into the service, is unfairly getting a black eye. But the women who are performing so many functions in the service deserve assurance that their concerns will be taken seriously. The American people expect no less.

ANTITRUST:

Microsoft Races To Meet Deadline Before Europe Imposes A Fine (NYT)

By Kevin J. O'Brien

The New York Times, July 1, 2006

DOJ_NMG_0038082

BRUSSELS, June 30 — For nearly three months, Microsoft says, 300 of its engineers have been working nearly nonstop to come up with the documentation for its server software that the European Commission has sought since an antitrust ruling in 2004.

After two years of dragging its heels — at least in the view of the commission's antitrust staff — Microsoft is now presenting itself as productive and cooperative. The commission's threat of another fine on the company is driving the last-minute frenzy.

But the commission's vote on the fine, which if assessed in full would total about 420 million euros ($527 million), may come just before Microsoft crosses the finish line.

A European Union advisory committee is scheduled to discuss the commission's draft decision to impose the fine on Monday, but no action is expected.

Neelie Kroes, the European competition commissioner, has threatened a maximum fine of 2 million euros a day, starting from Dec. 15, 2005, the commission's original deadline for submission of the data.

Jonathan Todd, a spokesman for Ms. Kroes, said the commission intended to decide on the fines before the end of July. But he would not say whether this burst of activity would forestall any penalties.

Even if Microsoft met its deadline and delivered the documentation, the commission could impose the fines anyway for not having delivered the protocols in the form the commission wanted by Dec. 15.

Ms. Kroes accused Microsoft on Dec. 15 of having provided "incomplete and inaccurate" material. The independent trustee in the case called the material "totally unfit" for use by rival software makers, and a consulting firm for the commission agreed.

After what Brad Smith, Microsoft's general counsel and lead lawyer on the European case, called a "breakthrough" hearing in Brussels in March, Microsoft says it finally knew what the commission wanted and it has been rushing to provide it. But Mr. Smith said he knew the commission might impose the daily fines anyway.

Microsoft plans to hand over the last batch of computer codes sought by the commission on July 18. Mr. Smith said the deadline for delivering the communications protocols had been set with the commission's monitoring trustee, Neil Barrett, a British computer expert.

"We pulled together people from across the company and took them off jobs to work on this project," Mr. Smith said by telephone from Redmond, Wash., this week. "It is really something that has strained our resources to the limit.

"Some people are literally spending 24 hours a day at the office," Mr. Smith added.

The European Commission ruled in March 2004 that Microsoft had used its Windows operating system to dominate the market in software for servers, the computers that form the backbone of most office computer systems and the Internet.

But Microsoft appealed the decision and the commission's record fine of 497.2 million euros. The European Court of First Instance is not expected to rule on the appeal until next year. But in December 2004, the same court ruled that Microsoft had to disclose the protocols before the appeal was decided.

For the last 18 months, the commission and Microsoft have been at odds over the protocols. To break the impasse, the commission appointed Mr. Barrett, a London author and occasional Microsoft critic, as trustee in the dispute last October.

Even then, Microsoft and the commission battled, until a closed hearing of Microsoft and commission staff lawyers on March 29-30 in Brussels, when the company changed tack, according to those involved. Thomas Pfenning, a German engineer who had worked on Microsoft protocols in Redmond, where Microsoft is based, since 1995, approached Mr. Barrett after the hearing. Mr. Barrett agreed to meet again with Microsoft in London.

A week later, on April 6, three Microsoft engineers — Henry Sanders, a general manager for Windows networking; Bill Laing, general manager of the server division; and Iain McDonald, director of program management for Windows server products — flew to London and met with Mr. Barrett, two of his assistants and three representatives of the European Commission for two days.

Both sides agreed on a format for the protocols and the timetable for delivering them, Mr. Sanders said. On his way to Heathrow Airport, Mr. McDonald gazed at the London Underground map and suggested naming stages of the project after stops on London's Circle Line.

Microsoft has delivered the first five batches of protocols, code-named Tower, Liverpool, Moorgate, King's Cross and Baker.

On Friday, it delivered Edgware Road. On July 18, the journey is to end at Paddington station.

The protocols cover server software and elements of Microsoft's new desktop operating system, Vista, which will not be sold until 2007.

Michaels Takes $6 Billion Buyout (WSJ)

By Mike Spector, Dennis Berman

The Wall Street Journal, July 1, 2006

Bain, Blackstone to Acquire Arts-and-Crafts Retailer; Options Probes Continue

Michaels Stores Inc. Friday said it accepted a more than $6 billion takeover bid from a private-equity group comprising Bain Capital and Blackstone Group, completing a nearly three-month process of fielding offers for the arts-and-crafts retailer.

The winning takeover group paid $44 a share for the Irving, Texas, retailer. Michaels shares rose 8.5%, or $3.24, to $41.24 at 4 p.m. Friday in New York Stock Exchange composite trading. Michaels has 137 million shares outstanding.

Michaels, the largest arts-and-crafts retailer in the U.S. and Canada by sales, has been attractive to private-equity groups because of its heavy cash flow, which could help to pay down debt incurred in the deal. The retailer generated operating cash flow of $364 million in its fiscal year ended Jan. 28.

"This transaction delivers outstanding value for all Michaels Stores' shareholders and represents a powerful endorsement of our company's strategy, performance and business prospects," said Charles J. Wyly Jr., Michaels chairman. The company "is well-positioned for future growth," he added.

Michaels put itself up for auction in March at the same time that its chief executive, R. Michael Rouleau, retired.

The sale comes amid a Securities and Exchange Commission investigation of Michaels. The SEC is looking into possible irregularities in stock-options grants at the company, which may have boosted the pay of some executives. The company in June said the SEC had asked it to preserve documents related to stock-options grants since 1990. Michaels has set up its own internal committee to investigate its potential tax liability in the case.

In addition, a federal grand jury in New York subpoenaed documents from the company related to its stocks-options practices. The Internal Revenue Service and the Manhattan District Attorney are scrutinizing the company. Michaels also faces two lawsuits related to the matter.

J.P. Morgan Chase & Co. advised Michaels on the takeover. Michaels, which reported $3.68 billion in revenue last year, owns more than 1,000 stores in the U.S. It also owns Aaron Brothers stores.

The Michaels buyout is the latest example of private equity's appetite for retailers with strong cash flows. In 2004, Target Corp. sold its Mervyn's division to a private-equity group including Sun Capital Partners Inc. and Cerberus Capital Management for $1.65 billion. Last year, Warburg Pincus and Texas Pacific Group teamed up to purchase luxury retailer Neiman Marcus Group Inc. for $5.1 billion.

Others could follow. Pier 1 Imports Inc., retailer of imported furniture and home decor, hired J.P. Morgan Chase in May to help it study strategic alternatives.

"We are delighted to partner with the Michaels management team to help build on its already strong position in an attractive industry and capitalize on the significant growth opportunities that lie ahead," said Matt Levin, a managing director at Bain Capital. "Our deep experience in the retail sector reinforces our conviction that Michaels has the best store locations, a broad and attractive assortment of products for crafters of all ages, and a sustainable competitive advantage thanks to smart investments in systems and infrastructure. We look forward to helping Michaels achieve its full long-term potential."

ENVIRONMENT/INDIAN AFFAIRS:

Indian Vote Affected If Act Expires (AP)

AP, July 1, 2006

DOJ_NMG_0038084

SIOUX FALLS, S.D. (AP) -- Landmark provisions in the federal Voting Rights Act of 1965 soon could expire, taking away powerful deterrents to discrimination against Indian voters in South Dakota and threatening to halt an upward trend in voter turnout on reservations.

In the past 30 years, the provisions have forced South Dakota to submit 3,048 voting law changes in Todd and Shannon counties for approval by the Department of Justice and have required Lakota speaking interpreters at polling places in 11 counties.

Provisions of the Voting Rights Act are the underpinning of a renaissance in Indian voting, resulting in a 122 percent increase in turnout in Shannon County on the Pine Ridge Reservation, and a 139 percent increase in Todd County on the Rosebud Reservation, between 2000 and 2004.

They have helped Indian candidates get elected to local, county and state offices, said a representative of the American Civil Liberties Union and a founder of the LaCreek Civil Rights Committee.

But they've had little practical effect on South Dakota elections, Secretary of State Chris Nelson said.

Whatever their impact, they hang in the balance as Congress attempts to reauthorize the Voting Rights Act this summer. The effort is being held hostage by a handful of House members from Georgia and other Southern states who want those states exempted from Justice Department scrutiny of election procedures. Republican House leaders will not let the reauthorization bill come to the floor until that issue is resolved.

The Voting Rights Act requires the Justice Department to approve or "preclear" election law changes in jurisdictions that have a past history of voter discrimination. The ACLU used that provision of the act in three key federal lawsuits affecting South Dakota. It successfully sued to force Buffalo County to redraw county commission lines so the majority of Native Americ an voters were not packed into a single district.

Preclearance cases

In the Alfred Boneshirt and Elaine Quick Bear Quiver v. (then Secretary of State) Joyce Hazeltine lawsuits in 2002, the ACLU was able to extend preclearance to Todd and Shannon counties.

The verdicts in those suits triggered Nelson to submit to the Justice Department the thousands of changes in election rules in Shannon and Todd counties, going back to 1972, with a rationale explaining why those changes were not discriminatory. The Justice Department has upheld every one, Nelson said.

"It's clear those counties needed to be doing the preclearance work. It's unfortunate we had to go through the legal process to get to that. If the ACLU had come to us and asked, we could have done it without litigation," Nelson said.

But Jennifer Ring, executive director of the ACLU of the Dakotas, said "we consider preclearance a critical check in the Voting Rights Act because of something you can't see - jurisdictions complying with the law."

Because of the successful litigation, election officials have refrained from making changes that would have harmed Native American voters, she said, because they knew those changes would not be precleared.

Ring cited as an example the South Dakota Legislature discussing eliminating legislative District 28B in Harding, Butte, Meade, Perkins and Corson counties, and 28A in Ziebach, Dewey and Corson counties, and going to an at-large system.

Those districts, comprising the Standing Rock and Cheyenne River reservations and nearby counties, have a high probability of electing Native American legislators. Eliminating them would reduce the chances of Native Americans being elected, Ring said.

"Frankly, because they knew it would not preclear, they ended up not doing it," she said. "If we lose preclearance, that would be a significant step backward."

Lakota interpreters

Having the Justice Department scrutinize election changes "at least levels the playing field," Craig Dillon said. He's a founder of the LaCreek Civil Rights Committee that has registered thousands of Native American voters in Shannon, Todd and Bennett counties since 2002.

"We need to continue with preclearance and with interpreters. Basically leave the Voting Rights Act intact, the way it is. If it ain't broke, don't fix it," Dillon said.

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Because of the Voting Rights Act, the state this year took on the task of providing instructions in Lakota for using computerized voting machines in 11 counties near reservations.

"It was much more difficult than we anticipated," because there are not Lakota words that directly describe computers and computer functions, Nelson said. "But we got it done for the primary."

"The reports we've got back are, 'Yeah, you got it right.' "

Because of the Voting Rights Act, auditors in those counties also are responsible for ensuring that Lakota speakers are on hand at the polls to explain voting procedures to voters who want such instruction in that language.

While Nelson said auditors tell him the interpreters are not widely used, Dillon insisted that "in Indian Country, where I'm from, the interpreter, I think, is essential. We still have a large number of Native American people who go to the polls who speak only Lakota."

Ring said: "It's not that they don't understand any English. They do. It's that they understand better in their own language."

Gerald Betelyoun, an Oglala Sioux Tribe member and Bennett County Commissioner, said: "The Lakota people are kind of shy, the elderly especially. If they see another Native sitting there that can speak Lakota, they usually go up and ask questions about where to vote."

What would change?

Nelson does agree that interpreters play a valuable role in welcoming Indian voters into the state electoral process by honoring the Lakota culture and language. If the Voting Rights Act is not reauthorized before next year, he does not know if auditors will look to shed a complicating factor in putting on an election by doing away with interpreters.

"I would hope you would have a debate on a local basis," Nelson said, and Native American constituents would let auditors know they value interpreters.

But Nelson thinks Congress will reauthorize the Voting Rights Act this summer.

If the provisions affecting Indian Country are allowed to expire, "it not does not mean everything that has been done over the last 40 or 50 years is not there anymore," Ring said. "It means a level of protection disappears. It probably means more litigation."

Betelyoun, who was elected in 2002 and is running again this year, credited the Voting Rights Act with helping him get elected. His experience on the county commission is an illustration of the value of bringing Native American voters into the state political process.

Betelyoun said he decided to run to address huge Native American dissatisfaction with a former Bennett County sheriff. Once he became a commissioner, Betelyoun became a member of the committee that oversees law enforcement.

"It's been pretty good since I've been on there," he said. "The sheriff's deputies treat everybody equal. They do not just pick on the Natives."

FBI/DEA/ATF/USMS:

Drug Probe Targets Aristide (MH)

By Jay Weaver And Jacqueline Charles

The Miami Herald, July 2, 2006

• This is the first of two parts.

Jean-Bertrand Aristide was a modern-day Moses to Haiti's poor masses, a former Catholic priest who rose to the presidency by promising to wash away the country's bloody and corrupt past.

But since his ouster as president in 2004, U.S. authorities have been investigating detailed accounts alleging that Aristide and several top aides sought and took millions of dollars in bribes from drug traffickers in Haiti, The Miami Herald has learned.

So far, a federal grand jury probe in Miami has led to 22 convictions of mostly Haitian drug traffickers, ex-police officers and a high-ranking politician close to Aristide. Although the exiled former president is a main target of the ongoing investigation, he has not been charged.

The allegations against the ex-president come from numerous sources, but the evidence has not risen to a level to press a case against Aristide, say U.S. law enforcement officials, who have been hampered by a lack of financial records.

Still, The Miami Herald has learned from interviews with about 20 law enforcement officials, defense lawyers and others involved in the case that Aristide has been accused of being at the center of his country's narco-trafficking and money-laundering activities from 2001 to 2004.

Authorities have gathered evidence, including testimony by cooperating defendants convicted in the case, alleging that:

• Soon after he took office in early 2001, Aristide held a meeting at his Port-au-Prince home with his presidential security chief, two government security advisors, the national police chief and a district commander to organize a scheme to shake down Colombian and Haitian drug smugglers for kickbacks for both his personal and political activities.

• Drug traffickers bribed Aristide to turn a blind eye to shipments of Colombian cocaine through Haiti, directly paying him hundreds of thousands of dollars in cash during regular visits to his home.

• Convicted drug kingpin Beaudouin "Jacques" Ketant personally delivered $500,000 a month in a suitcase to Aristide's home, he told authorities. He said the suitcase had a combination lock set to 7-7-7 at Aristide's request because that was his favorite number.

• Traffickers gave Aristide $200,000 to buy a helicopter in 2002, but the president pocketed the money and instead used government funds to rent a helicopter from Miami-based Biscayne Helicopters. Those same traffickers also bought a $75,000 ambulance in Miami that was shipped to Haiti for the president's private charitable Aristide Foundation.

• Traffickers spent hundreds of thousands of dollars on carnival festivities in February 2002 that were arranged by the Aristide government. They also paid for some of Aristide's July birthday celebrations, his Lavalas Family Party and his foundation.

• At Aristide's direction, some of the traffickers' bribes helped buy weapons smuggled into Haiti to equip national police officers as well as pro-Aristide street gangs that harassed his opponents during his second term as president, between 2001 and 2004, according to former Haitian law enforcement officials and drug traffickers who are cooperating with U.S. investigators.

ACCUSERS CALLED `LIARS'

Lawyer for Aristide calls accusations `inconceivable'

Aristide's longtime lawyer, Ira Kurzban, said he does not believe the allegations against the former president.

Speaking generally, Kurzban said that the federal prosecution is politically motivated and that the U.S. government's witnesses are "liars" seeking to reduce their prison sentences by fingering the former president in their money-laundering and cocaine enterprise.

"It is inconceivable to me that Aristide would do anything for personal gain," Kurzban said, commenting on the ex-president's character. ``He was not a person interested in money."

So far the U.S. investigation has been built on testimony from many of the 22 mostly Haitian cocaine smugglers, police officers and others convicted in Miami in the past 2 ½ years. The probe, spearheaded by the Drug Enforcement Administration (DEA) with help from the Internal Revenue Service, has focused on cocaine smuggling during Aristide's second presidential term.

The investigation continues as the Haitian government carries out its own separate inquiry into the Aristide administration and foundation records, so far concluding that the president had looted government coffers, Haitian government records show. The interim government that replaced Aristide two years ago filed suit in Miami last year to recover "tens of millions of dollars" allegedly stolen by the former president and others from Haiti's treasury and its phone company. Neither the Haitian investigation nor the civil suit alleges drug trafficking.

To this day, the 52-year-old Aristide remains intensely popular in Haiti and has expressed a desire to return home from exile in South Africa after the recent election of President René Préval, once an Aristide ally. That would upset Haiti's domestic politics and Préval's relations with the U.S. and French governments, which regard Aristide as a destabilizing factor in Haiti.

CLAIMS UNSUPPORTED

Probers report absence of incriminating records

While several witnesses have testified against the former president in the U.S. drug-trafficking probe, investigators have told The Miami Herald that they have yet to uncover bank records and other financial statements that support the claims. The absence of such documents to solidify their case against Aristide has prevented authorities from seeking a federal indictment in Miami, U.S. law enforcement officials said.

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Efforts to reach Aristide for comment on this story failed. Kurzban, who represented the Haitian government as its lawyer from 1991 to 2004, said he did not believe that the ex-president would agree to an interview.

Kurzban, who still speaks on Aristide's behalf, said that while people in Haiti were well aware of the country's drug-trafficking problem, it came as a "shock" to him when he learned that Aristide and others in his government became targets of a U.S. criminal investigation.

He said that, if anything, Aristide cooperated with the federal government in the crackdown on cocaine smuggling in 2003, including allowing Ketant to be turned over to U.S. authorities. He said that money donated to the Aristide Foundation went to the poor for relief programs such as rice subsidies.

Haiti, an impoverished country where cash and corruption go hand in hand, has long been a significant transit point for Colombian cocaine headed for U.S. streets. From there, it sometimes is smuggled directly to the United States. Another route: from Haiti to the Dominican Republic, west to Puerto Rico and then to the U.S. mainland.

During Aristide's second term as president, an estimated 10 percent of all cocaine smuggled into the United States flowed through the Caribbean corridor, especially Haiti, according to a 2006 federal report by the National Drug Intelligence Center.

Shortly after the Aristide government turned over Ketant to U.S. officials, the U.S. government broadened its drug investigation by looking into the Aristide leadership.

It was during a 2004 sentencing in federal court in Miami that Ketant accused Aristide of turning Haiti into a "narco-country" and being a "drug lord." Not under oath at the time, Ketant was sentenced to 27 years in prison and ordered to pay $30 million in fines and forfeitures.

Behind the scenes, he began to cooperate as a key witness for prosecutors, providing details on his alleged payoffs to Aristide and others in exchange for a free hand to ship cocaine through Haiti to the United States. His testimony triggered some of the indictments against the 21 others on money-laundering or cocaine-smuggling charges, U.S. law enforcement officials said.

Another major witness was Aristide's former security chief, Oriel Jean, who was convicted last year in a separate federal case of money-laundering and sentenced to three years. He fingered the same drug traffickers, police officials and politicians -- including Aristide.

And during his testimony at two Miami trials last year, he linked Aristide to at least two people implicated in Haiti's drug trade and the U.S. investigation.

In sworn testimony at those trials, Jean said he was introduced in late 2001 or early 2002 to one drug lord, Serge Edouard, by Hermione Leonard, then the director of the national police's Port-au-Prince district and a woman who was close to Aristide.

"She told me that the president is aware that she has contacts" with major drug traffickers, he testified at Edouard's trial, without elaborating. Leonard, wanted by the DEA, is believed to be hiding in the Dominican Republic.

Jean also testified at trial that he and Aristide approved a national security ID card for Edouard in 2002. He testified that the security badge allowed Edouard to travel throughout Haiti without being stopped by police. Edouard was convicted in that trial on drug charges and is serving a life sentence.

Defense attorneys for Ketant and Jean declined Miami Herald requests to interview their clients.

Ketant also has told authorities that among other drug traffickers who paid off Aristide and members of his inner circle were Ketant's brother, Hector, and Gilbert Horacious, according to sources familiar with the case. Ketant said Horacious was a longtime friend of Aristide's who introduced him and other traffickers to the Haitian president, according to sources familiar with the case.

Ketant's brother was fatally shot in Haiti in 2003, and Horacious was gunned down last year in the Dominican Republic. Shortly after Aristide fled the country on Feb. 29, 2004, hundreds of thousands of dollars in rotted $100 bills were found hidden in his home, according to U.S. news reports. U.S. federal investigators analyzed some of the bills but could not figure out where the money had come from.

ASSOCIATES ACCUSED

Several are alleged to have laundered money

While investigators have struggled to piece together a paper trail leading directly to the former president, they have identified several people in his government who allegedly helped launder drug money for him.

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The Miami Herald has learned that the Ketant brothers and other major traffickers made cash contributions to the Aristide Foundation through one of its high-ranking members.

According to traffickers and U.S. law enforcement officials, Aristide allegedly ordered Port-au-Prince district police chief Leonard to pass any seized drugs on to Edouard and other Haitian traffickers for resale. The smugglers, in turn, donated some of the tainted proceeds to the Lavalas party or the foundation, they said.

Aristide also instructed Haitian Sen. Fourel Célestin, who represented the Jacmel area southwest of the capital, to solicit donations from drug traffickers for Lavalas, according to convicted drug smugglers, ex-police officers and U.S. law enforcement officials.

Convicted last year after a plea deal with Miami prosecutors, Célestin admitted taking a $200,000 bribe to help secure the release of two detained Colombian traffickers. Célestin is now cooperating with prosecutors.

Under federal law, prosecutors would not have to prove that Aristide was personally involved in moving loads of cocaine to the United States -- only that he allowed traffickers to use his country and received kickbacks in return. If Aristide comes under a U.S. indictment, the threat of extradition to the United States might keep him from pushing to return to Haiti, according to legal observers. It may also keep Préval from worrying too much about the prospect of his former mentor's return.

After February's presidential election, Préval said that Aristide, like all Haitians, could legally come home. But he added a cautionary note, saying Aristide "must decide whether he wants to return, if there are legal and other actions" pending against him.

EU Arms Market Widens Bidding (WT)

By Gareth Harding, The Washington Times

The Washington Times, July 2, 2006

BRUSSELS -- The European Union took a major step toward opening its notoriously closed armaments market yesterday with a new code of conduct aimed at boosting competition.

The union's 25 members currently spend $62 billion to $75 billion a year buying new defense goods, but there is little cross-border competition or tendering for contracts because the arms industry is exempt from normal EU rules.

Until now, defense ministries have jealously guarded their right to hand lucrative contracts to national industries without having to justify their decisions or open the tender to normal procurement practices. But dwindling defense budgets and the pressures of the single market, which allows for the free flow of goods across national borders, have prodded governments to tentatively open their markets.

Under the code of conduct, which will apply in all EU states except for Spain, Denmark and Hungary, defense ministries are obliged to post new tenders on an Internet notice board and all European arms companies are free to compete for the contracts. Although the code is not legally binding, EU officials hope peer pressure will force defense ministries to comply.

"This regime will create new opportunities for companies across Europe, strengthen our defense, technological and industrial base and offer better value for money to the armed forces and to taxpayers," said Nick Whitney, head of the European Defense Agency.

In an interview with The Washington Times, Mr. Whitney said European governments were spending too much on soldiers' wages and pensions -- personnel costs consume half of the union's $225-billion-a-year defense budget compared with one-quarter in the United States -- and too little on high-tech hardware.

"We have more men and women in uniform than in America, yet if you compare the collective European deployable military capability, then it really bears no comparison," he said.

The Briton, who manages the newly created agency, also said European governments should spend more on defense research and technology, noting that on average only 1.25 percent of their defense budgets goes for developing cutting-edge weapons, compared with more than 6 percent in the United States.

"If we carry on like that, we will not be able to sustain a competitive defense industry in Europe," Mr. Whitney said.

EU defense ministers gave the green light to set up a common defense research fund in March but remain split over how to finance it.

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Mr. Whitney said the United States had nothing to fear from a more robust and competitive European defense industry, but urged Washington to follow Brussels' example in opening up its defense equipment market.

Decrying what he called "fairly strong protectionist currents" in the United States, the EU official said it was "a lot more difficult for European companies to access the American defense market than vice versa."

IMMIGRATION:

Guv Ties Cannon's Win To Immigration (DESMN)

By Lisa Riley Roche

Deseret News, July 2, 2006

Rep. Chris Cannon's victory in the Republican primary shows that Utahns agree with his more comprehensive approach to immigration reform, Gov. Jon Huntsman Jr. said Thursday.

The immigration issue dominated the race between Cannon and his challenger in the primary, John Jacob. Jacob accused Cannon of supporting amnesty for illegal immigrants, because the five-term congressman backs President Bush's proposed guest-worker program.

The primary race was widely seen as a referendum on immigration reform, which has stalled in Congress because lawmakers can't agree on what to do about the estimated 12 million undocumented workers currently in the United States.

Cannon beat Jacob, a real-estate developer, with 56 percent of the vote. The race attracted national attention, with a political-action committee opposed to illegal immigration spending $40,000 on radio ads supporting Jacob.

Huntsman said during the taping of his monthly news conference that airs on KUED Channel 7 that the primary results reflect what most Utahns — and most Americans — support in terms of immigration reform: increased border security and a way of dealing with the "human component," those workers who are already here.

The governor said Cannon addressed those issues. But there was never "a fully articulated view from the Jacob campaign other than (to) deal with the border," Huntsman said.

"I do believe that if we can take anything from the results of the election, it would be that comprehensive reform is what Americans and Utahns are looking for," the governor said, adding he hoped the election would serve as a call to Congress to take quick action.

Huntsman and Arizona Gov. Janet Napolitano, a Democrat, put together a resolution on immigration reform that was adopted earlier this year by the Western Governors' Association. The resolution included calls for both increased security and a guest-worker program.

The Utah governor's involvement in the issue stemmed from his visit a year ago to Mexico City, where he met with Mexican President Vicente Fox. Huntsman was there to pitch an alliance between Utah and Mexico, but Fox wanted to talk about immigration.

So the governor, who also used the trip to extend a formal invitation to Fox to come to Utah, agreed to raise the issue with his Western counterparts. In May, Fox spent about a day in the state, speaking out against building a wall along the U.S.-Mexico border.

Huntsman traveled to the border earlier this month to visit Utah National Guard troops working on the wall. They were among the first deployed under President Bush's latest effort to curb illegal immigration, Operation Jump Start.

Both Cannon and Jacob agreed on the need to strengthen the border. But they differed greatly on what should be done with illegal immigrants who have already crossed into this country.

Jacob said illegal immigrants should be sent back to their home countries, while Cannon backs a guest-worker program that would allow them to stay in the United States for employment.

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In Armed Forces, And Now Citizens (LAT)

By Tony Perry, Times Staff Writer

DOJ_NMG_0038090

The Los Angeles Times, July 2, 2006

SAN DIEGO — In what the keynote speaker called a marriage of two great American traditions — "service to country and the game of baseball" — 53 active-duty U.S. military personnel were sworn in as new citizens Saturday night before the Padres-Giants game.

The crowd at Petco Park cheered as if the home team had just rallied for a victory.

It was an emotional moment for some of the new citizens.

"When I go back to Iraq and if something bad happens to me, they'll send my body home with an American flag," said Navy Petty Officer 2nd Class Xiomara Suttles, 33, who was born in El Salvador. "Now I know that that flag will be from my country."

Most of the Marines and sailors have served either in Iraq or the Persian Gulf, with more deployments to come.

"It's like I'm finally a true part of the country I'm serving," said Petty Officer 2nd Class Hector Estrella, 26, who was born in Mexico. He has done three six-month overseas deployments in seven years.

"I feel I owe this to my Marines," said Cpl. Selia Seiffert, 30, of Germany. "This way, if we're fighting in Iraq, they'll know I am just as much an American as they are and they can trust me."

Since Sept. 11, a number of measures sponsored by the Bush administration have led to an expedited process for active-duty military personnel to become U.S. citizens.

Before the changes, military personnel often were stymied by the military and civilian bureaucracy and the constant shifting of duty stations.

Since the changes, more than 20,000 military personnel have become citizens, 75 of them posthumously. Officials estimate that more than 40,000 military personnel remain eligible for citizenship.

To enlist, noncitizens must be legal residents (green-card holders). Noncitizens are not eligible to become commissioned or warrant officers, and are restricted from certain high-security jobs.

Federal Magistrate Barbara Major administered the oath of citizenship to the 53, who represented 20 countries.

Debra Rogers, San Diego district director of U.S. Citizenship and Immigration Services, called them "true-blue American heroes who have put their lives on the line to protect our way of life."

Sandy Alderson, Padres chief executive officer and a former Marine infantry officer, in his keynote remarks, quoted the song "America" by Neil Diamond:

"Everywhere around the world
They're coming to America
Every time that flag's unfurled
They're coming to America."

With citizenship comes opportunities as well as obligations, and the new citizens pondered both. Many waved small American flags as the fans, settling in for the second part of an Independence Day weekend doubleheader, waved and whistled.

Cpl. Victor Ortiz, 21, of Mexico, who served in Ramadi, Iraq, during some of the heaviest fighting, said that being a citizen will "open doors for me." He wants to join law enforcement when his tour is complete.

Sgt. Nate Greenough, 25, of England, who served two tours in Iraq, will leave the service soon to become a sheriff's deputy in Orange County. Citizenship is a requirement before he can pin on the badge.

Besides, Greenough said, he's felt American for a long time and already has acquired the requisite love of hot dogs and baseball. "I've been there, done that, and now I get the T-shirt," he said, laughing.

For some, explanations of what the future will bring as a U.S. citizen came with difficulty.

"It's uplifting, that's all I can say, it's uplifting," said Petty Officer Willie Nuas, 29, who was born in the Philippines.

CONGRESS-ADMINISTRATION:

Cheneys Take Tour Of Hangar (FLTODAY)

By Jim Waymer, Florida Today

Florida Today, July 2, 2006

Vice President Dick Cheney had seen a shuttle launch once before, but hoped Saturday that his three granddaughters would get their chance.

Storm clouds thwarted their hopes, however, for a roaring light show at liftoff. The booms would have to come at their next destination, NASCAR's Pepsi 400 in Daytona Beach.

"I was especially looking forward to having my grandchildren here," Cheney told reporters from atop the Operation Support Building, shortly after the launch controllers ordered a scrub.

"But we just got a tour of the Atlantis," he said. "At least we got to see that."

Earlier, Cheney had walked through the Orbiter Processing Facility at Kennedy Space Center, where he, his wife, Lynne, and their three granddaughters, Kate, 12, Elizabeth, 8, and Grace, 6, scoped the underbelly of shuttle Atlantis.

"There's actually 25,000 of these," Scott Thurston, a Kennedy Space Center manager, told them as they gazed up at the tiles underneath the shuttle.

Thurston then led Cheney and his family to the nose of the shuttle, where they peered up into the front wheel well of the extended landing gear.

Moments after the Discovery launch was called off, Cheney said he was "very impressed" by the tour of Kennedy Space Center and said of the space program: "It's a great program. It's important that we keep it going."

Other politicians on hand for the launch Saturday echoed similar support for the shuttle program, tempered with concerns about the consequences of another mishap.

"This is a critical launch," U.S. Rep. Dave Weldon, R-Indialantic, said. "We need this mission to go successfully for the future of our manned space flight program. . . . The support for NASA is very strong."

But that support could erode for the shuttle program, he said, should the space agency have another significant accident prompting further safety concerns.

Sen. Bill Nelson, D-Orlando, emphasized the importance of a smooth shuttle mission to ensure enough flights to finish the International Space Station by 2010 and to maintain and repair the Hubble Space Telescope.

"There's a lot riding on this launch because of the necessity of doing at least 16 flights to complete the space station," Nelson said. A 17th flight would include needed repairs to Hubble.

Shuttle Launch Postponed; NASA To Try Again Today (WP)

By Guy Gugliotta

The Washington Post, July 2, 2006

CAPE CANAVERAL, Fla., July 1 -- Under a murky sky studded with lightning-bearing thunderheads, flight controllers on Saturday scrubbed the launch of space shuttle Discovery 11 minutes before liftoff and scheduled a second try for Sunday.

"It is not a good day to launch," Shuttle Launch Director Mike Leinbach told mission control after polling his team during a scheduled "hold" 16 minutes from liftoff. "We're not going to make it today." Five minutes later, Leinbach called Commander Steven Lindsey aboard Discovery and told the crew that the launch had been scrubbed.

The team will try again at 3:26 p.m. Sunday, but Leinbach warned that conditions are likely to be about the same as they were Saturday, or perhaps even a little worse, with low clouds rolling in to the Kennedy Space Center off the Atlantic Ocean to the east, and high thunderheads, known as "anvils," drifting in from the west.

NASA guidelines prohibit liftoff if anvils lurk within 20 miles of the Kennedy launch facility, where the shuttle has to land if there is an aborted launch, and within a 10-mile radius of Launch Pad 39B, where Discovery sits waiting for blastoff.

Tech. Sgt. Matt Timmermann of the Air Force weather squadron said the weather was "observed" in violation of the 20-mile restriction when the scrub was ordered, and had a "growing probability" of violating the 10-mile rule.

The weather provided a disappointing anticlimax to a near-flawless three-day countdown, marred only by the failure of a heater used to keep fuel for one of the shuttle's thruster jets from freezing. The shuttle uses the thrusters to steer the orbiter in space.

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Mission control decided early Saturday afternoon that the glitch did not hamper shuttle operations, and decided to put the thruster on standby and use other thrusters during the mission. NASA officials said the broken heater could not be swapped out in time for Saturday's launch attempt.

Lindsey and a crew of six are flying to the international space station for a 12-day mission to resupply the station, repair station equipment and test shuttle machinery. The mission could be extended for an extra day to test repair techniques for the shuttle's heat-shielding.

Wearing bright-orange launch suits, the crew members were strapped into their seats in Discovery beginning about 12:30 p.m. At that time, weather conditions for launch were toggling between "green" for "go" and "red" for "no-go," with frequent changes.

The trend, however, was downhill. A dazzling central Florida dawn had prompted the Air Force weather squadron to raise the probability of launch from 40 percent, where it had hovered most of the week, to 60 percent.

But by 11 a.m., chances had returned to 40 percent, and around 2 p.m. conditions turned "red" as angry-looking clouds rolled in from east and west, covering more than half the sky. The shuttle, simply by passing through an anvil cloud, can trigger a lightning storm.

Clouds Force Delay Of Shuttle Launching For At Least A Day (NYT)

By John Schwartz And Warren E. Leary

The New York Times, July 2, 2006

CAPE CANAVERAL, Fla., July 1 — NASA scrubbed the launching of the shuttle Discovery minutes before its scheduled liftoff Saturday as threatening clouds encroached on the 20-mile boundary around the Kennedy Space Center.

The postponement came on the first day of a 19-day launching window, just before the start of a 10-minute span in which the launching pad enters the same orbital plane as the International Space Station.

Liftoff is now scheduled for a 10-minute window starting at 3:26 p.m. on Sunday, but current weather forecasts put the likelihood of adverse conditions at 60 percent.

Conditions for Monday, according to forecasters working with the National Aeronautics and Space Administration, are likely to be even worse.

The 12-day flight to the space station is to be the second mission for the Discovery since the loss of the shuttle Columbia and its crew of seven when it broke apart while re-entering the atmosphere on Feb. 1, 2003.

Delays have always been part of the space program because of the complexity of spaceflight technology and the vagaries of weather.

Hopes at NASA for good weather were high throughout the morning, which dawned bright and relatively clear. Dozens of government officials, including Vice President Dick Cheney, came to the space center for the launching.

All morning, the issue causing more concern than the weather was a heater for one of the shuttle's six small thrusters that was not operating properly. But mission officials decided to work around that problem and launch anyway, since shuttle pilots are trained to work without all six thrusters.

Storms are another matter, however, and NASA does not launch when anvil-shaped clouds are near because of the potential for lightning.

A single anvil cloud began to dissipate before 3 p.m., but others began massing behind it. At 3:15, half an hour before the scheduled liftoff at 3:49, Bruce Buckingham, a NASA spokesman, announced, "We are still no go for weather."

The clouds near the launching site began to dissipate, but clouds massed over the landing strip — another condition that prohibits liftoff because good visibility there is needed in case the flight is aborted soon after liftoff and the shuttle has to be brought back to the Kennedy landing site. Two minutes before the countdown was to resume, Michael Leinbach, the launching director, decided to delay resuming it to see if the weather would clear before the day's window closed. Though the seven astronauts had been strapped into their seats in the shuttle, with the hatch shut at 2 p.m., the mission managers gave the order to cancel liftoff at 3:42.

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Mr. Leinbach apologized to the commander, Col. Steven W. Lindsey of the Air Force. "Sorry to break your string," he said, "but we're not going to launch today." Mr. Leinbach added, "We're going to try again tomorrow."

Colonel Lindsey agreed. "We'll launch when we're ready," he said. "Hopefully, tomorrow will look better."

In a brief interview on NASA television, Mr. Leinbach said, "We played it till the end," but ran out of time.

"We can't control the weather, and we have very strict rules," he said. "It was very disappointing for the entire launch team ."

But he added, "We're not going to launch the vehicle unless it's safe."

The weather for Sunday, he said, is also at "60 percent no-go," with a high probability of clouds.

Normally, NASA waits a day after two unsuccessful launching attempts to give the astronauts, ground crew and mission controllers the rest that allows them to remain sharp; two more consecutive days of launch attempts would follow. If the shuttle cannot be launched before July 19, the next window opens in August.

Mr. Cheney, who was at Cape Canaveral with his wife and three granddaughters, said he was disappointed, according to [a wire service].

"I was really looking forward to today, especially looking forward to having my grandkids here," he said. "But it was not to be today. Maybe it will work tomorrow."

Weather Nixes Shuttle Launch - Again (AP-Y2)

By Marcia Dunn

AP2, July 2, 2006

Stormy weather prevented NASA from launching Discovery for the second day in a row Sunday, extending a yearlong grounding of the space shuttle prompted by persistent trouble with fuel-tank foam.

Launch officials said they would try again Tuesday, on the Fourth of July, after giving the work force some rest and a chance to replenish the shuttle's on-board fuel. The weather was expected to improve by Tuesday, although rain was still in the forecast.

Launch director Mike Leinbach said it will be tight getting Discovery ready for a Tuesday afternoon launch — only the second liftoff of a shuttle since the 2003 Columbia disaster — and that any thunderstorms on Monday could put his team behind.

He halted the countdown just an hour after the seven astronauts boarded the fueled spaceship.

"Looking out the window it doesn't look good today," shuttle commander Steven Lindsey radioed from the cockpit. He noted that July Fourth would be "a good day to launch." It would be the first time NASA has ever launched a crew on the holiday.

The afternoon sky was considerably darker than on Saturday and left NASA with little choice but to call off the flight to the international space station. Thunderstorms were moving in quickly from the west, and lightning was detected within a few miles of the launch pad. The astronauts rode back to crew quarters in the rain.

The back-to-back delays cost NASA an estimated $2 million in overtime pay and fuel costs.

"After a year of preparation and after a very careful countdown, you don't want to get into a rush and do something that is not smart from a weather standpoint," said deputy shuttle program manager John Shannon, chairman of NASA's mission management team. "Nobody is going to remember that we scrubbed a day or two days a year from now. But if we go launch and get struck by lightning or have some other problem, that will be very memorable."

Shannon said he told his team, "What a great gift NASA could give to the nation to return the shuttle to operation on Independence Day."

"If the weather is good, that's exactly what we'll do," he said.

Among the invited guests who returned for the second launch attempt were family members of the perished Columbia astronauts. Vice President Dick Cheney was back in Washington after a brief visit to the space center Saturday.

Last month, NASA Administrator Michael Griffin approved launching the shuttle despite the concerns of two top agency managers who wanted additional repairs to the foam insulation on the external fuel tank. Columbia was brought down by a chunk of flyaway foam, and a piece broke off Discovery's redesigned tank last July, barely missing the shuttle.

"I've kind of steeped myself in this problem over the last month, and I am quite confident that we've got a very good chance of flying and flying safely," Griffin said Sunday in an interview on CNN's "Late Edition with Wolf Blitzer."

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Griffin has repeatedly pointed out that if Discovery were damaged during launch, the astronauts always could take refuge on the space station until a rescue vehicle is sent up.

Sen. Bill Nelson (news, bio, voting record), D-Fla., who flew on a space shuttle in 1986 right before the Challenger disaster, defended Griffin's decision on Sunday and said it was an acceptable risk.

NASA's top safety officer and chief engineer recommended at a flight readiness review meeting two weeks ago that the shuttle remain grounded until design changes are made to the foam that insulates 34 brackets on the fuel tank. Without this foam, dangerous ice could form on the metal brackets once the tank is filled with super-cold fuel.

As it is, more than 35 pounds of foam were removed elsewhere in what NASA described as the biggest aerodynamic change ever made to the shuttle's launch system. Shuttle managers said they wanted to fly with only one major change at a time.

Once in orbit, Discovery's crew will test shuttle-inspection techniques, deliver supplies to the space station and drop off German astronaut Thomas Reiter for a six-month stay.

NASA hopes to add an extra day to Discovery's 12-day flight to test spacewalking methods for repairing possible damage to the ship's thermal skin. By replenishing the shuttle's on-board fuel now, the astronauts will have a better chance of getting that additional day in orbit.

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On the Net:

NASA: http://spaceflight.nasa.gov

Cheney's Heart Condition Is Called Stable (NYT)

By Sheryl Gay Stolberg

The New York Times, July 2, 2006

WASHINGTON, July 1 — Vice President Dick Cheney, who has a long history of heart disease and underwent surgery last year to repair aneurysms in arteries behind his knees, was pronounced in stable cardiac health after a routine annual physical examination on Saturday.

Tests at George Washington University Hospital found that Mr. Cheney's cardiac pacemaker was working properly and had not been activated due to arrhythmia, or irregular heartbeat, said Mr. Cheney's spokeswoman, Lea Anne McBride.

Stent-grafts implanted in the popliteal arteries behind Mr. Cheney's knees last September are "wide open," Ms. McBride said, allowing oxygen-rich blood flow to his legs.

When Mr. Cheney went into the hospital for the knee operation, his spokesman said at the time that doctors had planned to implant a stent-graft behind his right knee only, and to repair the aneurysm behind the other knee later.

But in the operating room, his doctors decided to repair both aneurysms on the same day. It is rare that the procedure is performed on both knees at the same time, medical experts said.

Mr. Cheney, 65, has had four heart attacks, the first when he was 37 and the fourth on Nov. 22, 2000, in the thick of the dispute between former Vice President Al Gore and President Bush over the outcome of the 2000 presidential election. Mr. Cheney has also had quadruple heart bypass surgery and two angioplasties, procedures to clear blockages in the arteries.

The physical on Saturday consisted of several tests, including an electrocardiogram, follow-up imaging of the repaired aneurysms and a check of Mr. Cheney's implantable cardioverter defibrillator, also known as a pacemaker, that he has had since 2001. A stress test on a treadmill is scheduled for the fall, Ms. McBride said.

"The vice president's cardiac status remains stable, his I.C.D. is functioning properly and has not treated any arrhythmia," Ms. McBride said in a statement, adding, "The vice president feels great."

After the checkup, Mr. Cheney and his wife, Lynne Cheney, and three of their grandchildren flew to Florida. They stopped first in Cape Canaveral, with hopes of seeing the launching of the space shuttle Discovery. But the mission was postponed.

The Cheneys then headed to Daytona to see a NASCAR race.

Physical: Cheney's Heart Condition Stable (AP-Y2)

By Deb Riechmann, Associated Press Writer

AP2, July 2, 2006

DOJ_NMG_0038095

Vice President Dick Cheney's high-tech pacemaker is working properly and has not been activated by any irregular heartbeats, according to his annual physical on Saturday that showed his overall heart condition was stable.

The 65-year-old Cheney, who has a long history of heart ailments, had an electrocardiogram and imaging to check on repaired aneurysms on the back of his knees, his spokeswoman said.

Doctors also checked the condition of an implantable cardioverter defibrillator, which was placed in his chest in June 2001.

Cheney has had four attacks; the first in 1978, when he was 37, and the fourth on Nov. 22, 2000, after the election that made George W. Bush president.

"The vice president's cardiac status remains stable, his ICD is functioning properly and has not treated any arrhythmia," or irregular heartbeat, according to a statement from his spokeswoman, Lea Anne McBride.

Cheney is scheduled to have a stress test on a treadmill in the fall as part of a comprehensive cardiac evaluation.

Dr. Bernadette Aulivola, a vascular surgeon at Loyola University Health System in suburban Chicago, said it was a good sign that Cheney's defibrillator had not been activated since it was last checked.

"If he had had an irregular heartbeat, the ICD would have kicked in," Aulivola said.

The physical did not slow Cheney's pace.

The vice president's schedule for the rest of Saturday: flying to Florida to watch the shuttle Discovery blast off from the Kennedy Space Center and then heading for the Pepsi 400 at the Daytona International Speedway.

In addition to the four heart attacks, the vice president has had quadruple bypass surgery and two artery-clearing angioplasties.

In September, he underwent six hours of surgery on his legs to repair a kind of aneurysm, a ballooning weak spot in an artery that can burst if left untreated. Cheney had flexible stent grafts put in his knee arteries. The stents, when fully opened, keep the rushing blood from touching the weakened artery walls.

"The stent grafts used to treat the popliteal artery aneurysms are wide open," McBride said.

That they are open means the blood flow to the grafts is normal and haven't clogged, Aulivola said. Patients who have had this kind of surgery typically are given intermittent checkups, often once a year, Aulivola said.

She said the upcoming stress test, which will determine if the blood flow to Cheney's heart is adequate, is unrelated to the vice president's aneurysms.

Cheney was carrying a newspaper and was accompanied by his security detail when he enter the George Washington University Medical Center at about 7 a.m. He left less than three hours later, walking to his motorcade and waving at cameras but saying nothing.

Bush Faces 60th Birthday With Wisecracks (AP-Y2)

By Jennifer Loven, Associated Press Writer

AP2, July 2, 2006

The most powerful man in the world turns 60 on Thursday and he just can't seem to stop talking about it. Barely a week has gone by this year that President Bush has not brought up his advancing age at least once.

"How you doing, sir?" a reporter asked Bush at a news conference a few hours after a middle-of-the-night return from a grueling sprint to Baghdad. "I'm doing all right, thank you," the president replied. "A little jet lagged, as I'm sure you can imagine. Nearly 60."

In his State of the Union address, the president referred to his upcoming birthday as "a personal crisis." It was a laugh line — used to segue to a call for overhauling programs, such as Social Security and Medicare, soon strained by Bush's baby boomer generation.

In fact, Bush is nearly always cracking wise when the topic of his age comes up. The humor, however, contains unmistakably wistful notes, revealing a president who is least somewhat pensive both about aging and his relevance after he leaves the White House in 31 months.

Bush's "I'm getting old" preoccupation puts him in good company.

Cher, Bill Clinton, Dolly Parton, Donald Trump, Sylvester Stallone, Diane Keaton, Suzanne Somers, Reggie Jackson and Jimmy Buffet also are turning 60 in 2006. They are part of the first wave of the 78-million strong baby boomers to enter their senior years.

Karl Pillemer, a professor of human development at Cornell University, said the president's musings are reflective of the group.

Boomers brought advances in the civil rights and women's rights movements. But the generation also introduced America to what Pillemer called "the new narcissism." And now, members of this group are presented with a slew of sometimes bewildering roles: seeing their children enter adulthood; contemplating grandparenthood; watching their parents age and die; retiring from work; and dealing with physical and intellectual limitations.

"For many boomers, turning 60 is a fairly significant shock," Pillemer said. "The generation that believed it would be young forever, clearly will not. ... The boomers are having a hard time with the existential reality of life not being one open-ended opportunity after another."

Dr. J. Edward Hill, the immediate past president of the American Medical Association and a family physician from Tupelo, Miss., has seen many patients display Bush's chatty angst. But he said the president's joshing around is one of the healthiest approaches.

"When you worry about something, you talk about it," he said. "The stints of humor are critically important."

In speech after speech, Bush has referred to himself as the "old president — getting older by the minute, by the way"; as one of "the gray-haired folks"; as "getting older"; and as just flat-out "old."

He often reflects on how he considered 60 practically ancient as a younger man, but has been inspired by changing circumstances to adjust his perspective. "It's all in your mind," he said recently in Omaha, Neb. "It's not that old, it really isn't."

"When are you turning 60?" he quizzed Pete Navarro, a somewhat wrinkled Florida man participating with the president on a panel in May on Medicare's new prescription drug benefit. Bush deflated a bit when Navarro reported that his 60th birthday was not until next January. "Oh, January. You're a lot younger than I am," the president said.

Most often, the famously competitive and fitness-crazed president brings up the physical ravages of time. He jokes about losing his hearing (a frequent source of ribbing by his staff as well), about how knee problems turned him to riding his bike after years of jogging, or about how he is too old for the basketball court.

Bush even broods aloud about his life expectancy, estimated to be an additional 19 years for the average American male his age. "I don't know about you all, I plan on just kind of stretching it out a little bit," he told GOP donors in Indiana in March.

Like most presidents, Bush has grayer hair, more lines and a few extra pounds than when he took office. Yet he still has the health statistics and energy of a much younger man.

Those close to him say Bush is entirely comfortable with the milestone, in part because of the discipline that allowed him to turn 20 years ago from a life of excessive partying and career meandering and never look back.

He also revels in remaining in shape, even markedly improving his fitness, thanks to intense, six-days-a week workouts. The president may have traded running shoes for a mountain bike, but he pushes himself hard, so much so that he has made news several times when hairpin rides sent him tumbling to the ground.

"I'm sure it makes it easier, especially when you're whipping people half your age — some of them trained to kill people, like Secret Service agents," White House counselor Dan Bartlett said.

The president's most recent physical, conducted last July, found he had a resting heart rate in the range of a well-trained athlete and nothing worse than mild hearing loss, skin lesions from sun damage, occasional acid reflux and joint stiffness. His physicians placed him in a "superior" fitness category for men his age.

Age milestones are common for commanders in chief.

Ten other presidents have turned 60 in office. Dwight Eisenhower had his 70th birthday in the White House, as did Ronald Reagan. Seven others turned 50, including Clinton.

The president's 60th celebration looks barely different from other recent birthdays, just a bit bigger.

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About 150 close friends and family are dining with Bush and his wife, Laura, who turns 60 herself in November, on July 4 in the White House residential quarters. Afterward, they will gather on the Truman Balcony for Washington's dramatic fireworks show — and no doubt keep Bush from his usual 9 p.m. bedtime in the process.

Minding Medicare's Drug Gap (LAT)

By Ricardo Alonso-zaldivar And Rong-gong Lin li, Times Staff Writers

The Los Angeles Times, July 2, 2006

The program leaves a $2,850 hole in coverage. Now half a year into the plan, 3.4 million seniors may have to decide how to pay or avoid the costs.

WASHINGTON — When Congress created the Medicare prescription drug program, it adopted an unusual idea to hold down costs: the so-called doughnut hole.

The program pays most of a participant's drug bills until expenses reach $2,250 in a year. Then it stops paying until costs exceed $5,100. That leaves a hole of $2,850 that seniors with serious prescription needs are expected to manage on their own.

Now, six months into the drug program — the first new major healthcare benefit for the elderly in decades — 3.4 million seniors are approaching the doughnut hole.

Most of them are middle-class seniors with multiple chronic illnesses. (The poor are exempt from the gap.) Some have already experienced an abrupt surge in prescription costs.

Melvin Kinnison, 65, of Huntington Beach was shocked to discover that the out-of-pocket cost to refill his prescription for antiseizure medication was jumping to $178 from $10. He left the pharmacy empty-handed.

"It hit me like a slap in the face," said Kinnison, a former Los Angeles County sheriff's deputy.

Kinnison is trying to figure out how to handle a monthly tab for heart, diabetes and acid reflux medications that has climbed to $1,000 from $80. "I thought Medicare is supposed to be helpful," he said. "It sure isn't."

Sensing a political opportunity, some Democrats are campaigning on a promise to shrink or close the doughnut hole. As November's congressional elections draw nearer, more seniors will confront the gap.

But the significance of the issue extends beyond the immediate problem. At stake is a basic approach of the Bush administration and many conservatives and business leaders for dealing with the cost crisis in healthcare. They say consumers must be made to take more responsibility for their medical affairs. Costs are growing so fast, they say, the government and private employers cannot shoulder the burden alone.

They say seniors can avoid problems like Kinnison's if they purchase a plan that covers the doughnut hole. The Medicare drug benefit is delivered through private insurance plans, which individuals choose. The plans that cover the doughnut hole — most plans don't — charge higher premiums. Of the estimated 23 million seniors enrolled in the Medicare benefit, about 2.4 million paid extra for some level of gap coverage.

Medicare Administrator Mark B. McClellan also points out: "Even among the people in plans with a doughnut hole, there are steps consumers can take" to make sure they never reach the hole, such as using lower-cost generic drugs and monitoring costs.

"What millions of these beneficiaries had before was no coverage at all for their prescription expenses," McClellan said.

He urged concerned seniors to call (800) MEDICARE to find out about generics. Medicare officials also advise seniors to carefully read their drug plans' monthly statements, which contain information on how close they are to the gap.

In the long run, some experts suggest, some seniors may wish to switch from traditional Medicare to managed care plans, which are more likely to provide coverage in the doughnut hole. Seniors can also anticipate the gap and save ahead for it.

Those strategies may help many seniors, but not everyone, critics of the doughnut hole say.

The higher premiums for blanket coverage may be beyond the reach of some. Generics are not available for all drugs. And a senior's health needs can change, making it difficult or impossible to plan ahead.

Moreover, such careful management is itself an obstacle for some seniors, whose medical and other problems complicate the situation.

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Some doctors worry that vulnerable patients may fall victim to the gap, unable to pay the suddenly higher costs of their medicines.

"There is a huge amount of evidence from research and clinical experience that seniors skip medicines when the price is too high," said Dr. Joshua Sharfstein, Baltimore's public health commissioner.

"If we find that people are skipping their medications, that is a subject of concern."

Some seniors say their solution to the gap will be to import medications from Canada, which is illegal. But if they saved money, they'd take longer to reach the other side of the gap, when "catastrophic" drug coverage kicks in at the $5,100 mark.

Industry experts say a hole in the middle of an insurance benefit is highly unusual. Most medical insurance plans have a yearly deductible. And some prescription drug plans limit how much they will pay each year.

Under the Medicare drug benefit designed by Congress, beneficiaries pay the first $250 in drug costs for the year. The plan then pays 75% of the next $2,000. After that comes the $2,850 doughnut hole, for which seniors are solely responsible. Then, when a beneficiary's drug bills for the year exceed $5,100 ($250 plus $2,000 plus $2,850), Medicare pays 95%.

"I think this is unique," said Dan Mendelson, president of Avalere Health, a healthcare research and consulting firm.

The company's research shows that 15% of stand-alone drug plans for seniors with traditional Medicare offer coverage in the gap. Among managed care plans, 24% offer coverage in the gap.

Economist Jack Rodgers of PricewaterhouseCoopers likened the Medicare benefit to two plans rolled into one: The first offers limited coverage of medication, with a cap at $2,250; the second provides a more generous benefit for higher bills. In between is the doughnut hole.

"A lot depends on whether you look at the doughnut or you look at the hole," said Rodgers, adding that he believed the availability of enhanced plans, albeit for higher premiums, would soften the impact of the gap.

Recent estimates by PricewaterhouseCoopers indicate that 3.4 million beneficiaries will have to pay full freight in the gap.

An additional 2.4 million have signed up for enhanced plans that provide doughnut hole coverage, mostly for generic drugs.

And 10 million are low-income beneficiaries, whose coverage in the gap is subsidized by the government.

The remaining seniors will not spend enough to reach the gap.

Those who have no coverage in the doughnut hole will have to ride what some experts call a benefits roller coaster.

"For the first five, six, seven months of the year, everything is hunky-dory," said Ronald Ozminkowski, a senior researcher with the information firm Thomson Medstat. "Then come July and August, they're on their own and they will have to start paying everything out of their own pockets. That will last most of the rest of the year, until the federal government says, 'OK, enough is enough.' "

And the cycle starts again the following year.

By analyzing national data on prescription spending, analysts are trying to calculate when patients with different kinds of ailments will hit the gap.

"Patients with illnesses like rheumatoid arthritis and multiple sclerosis, who use very expensive drugs, will accelerate through the gap in two to three months," said Mendelson, of Avalere Health. "Those with more common disorders such as high cholesterol and diabetes will take longer to hit the doughnut hole, generally in the fall."

Democrats say the coverage gap can be closed if Congress grants Medicare authority to directly negotiate lower prices with drug manufacturers. Eliminating the gap with tax dollars would be expensive, perhaps costing more than $10 billion a year now, and bigger sums in the future.

But Leonard Cleveland, 68, a retired machinist who lives in El Monte, said a $2,850 gap was too much for people with fixed incomes. "If they just shortened the gap, people could make it through, [with a] credit card or whatever," Cleveland said.

His wife, Helen, who is partially blind and on medication for depression, back pain, allergies and migraines, has fallen into the gap.

"I didn't think it would total up that fast," said Cleveland, who cares for his wife and a 42-year-old daughter who is disabled.

Dr. John Hsu, a research physician with Kaiser Permanente in Oakland, said drugs shown to be highly effective for common problems such as high blood pressure and diabetes should be provided to beneficiaries at no cost, even in the coverage gap.

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"A lot of forms of cost-sharing are like blunt instruments," Hsu said. "With any medication that we have good, reliable data on, we need to think hard about encouraging its use and not putting any barriers in front of patients."

And, because failure to take prescribed medicines could mean that untreated illnesses become more serious, it might even save Medicare money.

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(INFOBOX BELOW)

"Doughnut hole"

Some seniors enrolled in Medicare's drug benefit plan fall into a gap after their costs reach $2,250, which leaves them responsible for paying the next $2,850.

Who is covered

Low income (no gap): 44%

Costs are less than $2,250 (no gap): 31%

Face coverage gap: 15%

Paid for extra coverage: 11%

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Numbers do not add up to 100% due to rounding.

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Source: PricewaterhouseCoopers analysis for Healthcare Leadership Council

Saving The Majority (MUL)

By Robert Novak Column

Robert Novak, July 2, 2006

WASHINGTON, D.C. – Facing the real prospect of losing control of the Senate in this year's elections, Majority Leader Bill Frist called together 10 other Republican senators for a Tuesday night strategy session on "saving the majority."

Frist, who is not seeking re-election in 2006, took copious notes about the ideas put forth. But no consensus was reached on how to deal with possible loss of GOP Senate seats in Pennsylvania, Ohio, Missouri, Montana and Rhode Island, with mediocre compensating prospects for defeat of Democratic incumbents.

The need for Republicans to cure their addiction to costly earmarks was raised at the meeting, but hardly any of the senators present showed interest in the subject.

SAVING THE VETO

House Majority Leader John Boehner is credited with cooling off opposition by Appropriations Committee Chairman Jerry Lewis sufficiently to save the administration-backed line-item veto in the House June 22.

Lewis had been giving a run-around to Republican Rep. Paul Ryan, sponsor of the bill providing Presidential authority to veto parts of a spending bill (subject to approval by both houses of Congress). Boehner reminded Lewis that President Bush and the congressional Republican leadership supported the Ryan bill. Consequently, the majority leader urged the chairman not to mobilize the 36 Republican Appropriations Committee members against the line-item veto.

As a result, Lewis e-mailed his committee members that he would vote against Ryan's bill but was not calling on his fellow appropriators to follow him. That ended the danger that monolithic opposition by the Appropriations Committee would turn enough other Republicans to kill the measure. The bill passed, 247 to 172, with Republican appropriators supporting it, 27 to nine.

FUNDING MCCAIN

The Rasika restaurant in downtown Washington was jammed at 6 p.m. last Wednesday for a fund-raising reception benefiting Sen. John McCain's political action committee.

Republicans were willing to pay $5,000 each to hear McCain speak. They wanted to be on record as present to help the prospective front-runner for the 2008 Republican Presidential nomination.

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Included among those attending were some of Washington's top GOP lobbyists: Charlie Black, Wayne Berman, Scott Reid and Rick Hohlt. Also present was Sen. John Warner, whose fellow Virginia senator -- George Allen -- is McCain's potential opponent for the Presidential nomination.

FUNDING 'LITTLE ITALY'

Rep. Jeff Flake, continuing his persistent but unsuccessful crusade against congressional markups, last Wednesday ran into implied accusations of anti-Italian bias when he opposed another $150,000 federal subsidy for the Arthur Avenue Retail Market in the Bronx's "Little Italy."

Noting that this unauthorized appropriation brings to $700,000 the taxpayers' money spent on the market servicing Italian food merchants, Flake declared, "There is a lot of federal prosciutto ... for a private Italian grocery market." He added, "I would argue that this is one cannoli the taxpayer doesn't want to take a bite out of."

Those words apparently offended Democratic Rep. Jose Serrano, whose Bronx district includes the Arthur Avenue Market. "The gentleman from Arizona's use of certain ethnic words like 'cannoli' and 'prosciutto' indicate that he takes this more lightly than he should," Serrano told the House.

Serrano's subsidy was one of nine earmarks, totaling nearly $3 million, that Flake tried to eliminate last Wednesday. All his efforts were rejected.

GOP'S MICHIGAN CHOICE

Although Oakland County Sheriff Mike Bouchard faces opposition in the Michigan Republican primary Aug. 8, he took part in a strategy session in Washington last Wednesday attended by incumbent GOP senators.

Bouchard is heavily favored to be nominated over the Rev. Keith Butler, a former Detroit city councilman. Bouchard was invited to the midday meeting at the last minute by Sen. Elizabeth Dole, the Senate Republican campaign chairman.

The Republican challenge in Michigan against first-term Democratic Sen. Debbie Stabenow has attracted little national attention so far. However, national Republican strategists consider Stabenow one of the few vulnerable Democratic Senate incumbents in 2006.

Farm Program Pays $1.3 Billion To People Who Don't Farm (WP)

By Dan Morgan, Gilbert M. Gaul And Sarah Cohen

The Washington Post, July 2, 2006

EL CAMPO, Tex. -- Even though Donald R. Matthews put his sprawling new residence in the heart of rice country, he is no farmer. He is a 67-year-old asphalt contractor who wanted to build a dream house for his wife of 40 years.

Yet under a federal agriculture program approved by Congress, his 18-acre suburban lot receives about $1,300 in annual "direct payments," because years ago the land was used to grow rice.

Matthews is not alone. Nationwide, the federal government has paid at least $1.3 billion in subsidies for rice and other crops since 2000 to individuals who do no farming at all, according to an analysis of government records by The Washington Post.

Some of them collect hundreds of thousands of dollars without planting a seed. Mary Anna Hudson, 87, from the River Oaks neighborhood in Houston, has received $191,000 over the past decade. For Houston surgeon Jimmy Frank Howell, the total was $490,709.

"I don't agree with the government's policy," said Matthews, who wanted to give the money back but was told it would just go to other landowners. "They give all of this money to landowners who don't even farm, while real farmers can't afford to get started. It's wrong."

The checks to Matthews and other landowners were intended 10 years ago as a first step toward eventually eliminating costly, decades-old farm subsidies. Instead, the payments have grown into an even larger subsidy that benefits millionaire landowners, foreign speculators and absentee landlords, as well as farmers.

Most of the money goes to real farmers who grow crops on their land, but they are under no obligation to grow the crop being subsidized. They can switch to a different crop or raise cattle or even grow a stand of timber -- and still get the government

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payments. The cash comes with so few restrictions that subdivision developers who buy farmland advertise that homeowners can collect farm subsidies on their new back yards.

The payments now account for nearly half of the nation's expanding agricultural subsidy system, a complex web that has little basis in fairness or efficiency. What began in the 1930s as a limited safety net for working farmers has swollen into a far-flung infrastructure of entitlements that has cost $172 billion over the past decade. In 2005 alone, when pretax farm profits were at a near-record $72 billion, the federal government handed out more than $25 billion in aid, almost 50 percent more than the amount it pays to families receiving welfare.

The Post's nine-month investigation found farm subsidy programs that have become so all-encompassing and generous that they have taken much of the risk out of farming for the increasingly wealthy individuals who dominate it.

The farm payments have also altered the landscape and culture of the Farm Belt, pushing up land prices and favoring large, wealthy operators.

The system pays farmers a subsidy to protect against low prices even when they sell their crops at higher prices. It makes "emergency disaster payments" for crops that fail even as it provides subsidized insurance to protect against those failures.

And it pays people such as Matthews for merely owning land that was once farmed.

"We're simply administering it the way Congress established," said John A. Johnson, a top official at the U.S. Agriculture Department.

Today, even key farm-state figures believe the direct-payment program needs a major overhaul.

"This was an unintended consequence of the farm bill," said former representative Charles W. Stenholm, the west Texas Democrat who was once the ranking member on the House Agriculture Committee. "Instead of maintaining a rice industry in Texas, we basically contributed to its demise."Freedom to Farm

The program that pays Matthews was the central feature of a landmark 1996 farm law that was meant to be a break with the farm handouts of the past. Subsidies began when the Roosevelt administration stepped forward to support millions of Depression-era farmers suffering from low prices. By the early 1990s, U.S. agriculture was a productive marvel, yet was still mired in government controls and awash in complex subsidies.

When the Republicans took control of Congress in 1995, they brought a new free-market philosophy toward farm policy. In a break with 60 years of farm protections, they promoted the idea that farmers should be allowed to grow crops without restrictions, standing or falling on their own. The result was the 1996 bill, which the Republicans called Freedom to Farm.

The idea was to finally remove government limits on planting and phase out subsidies. But GOP leaders had to make a trade-off to get the votes: They offered farmers annual fixed cash payments as a way of weaning them off subsidies.

That sweetener was needed to win over wheat-state Democrats -- led by Senate Minority Leader Tom Daschle (S.D.) -- and GOP House members from rice and cotton districts. Wheat growers alone stood to receive $1.4 billion in the first year. The payments for rice growers were increased by $52 million at the last minute in an effort to win support from Sen. David Pryor (D-Ark.).

The new payments were calculated on a farm's "base acres," or production dating to 1981. For example, if a farmer had planted 400 acres of rice, he was entitled to a check of about $100 an acre, or $40,000, every year. The amount per acre varied depending on past production.

The payments were unrestricted -- farmers got them whether or not they grew any crops, or whether prices were high or low.

Owners could do almost anything they wanted with their land, as long as they did not develop it. They could leave it fallow or rent it for pasture. They could set up a hunting retreat. Or, as happened in some Louisiana parishes, landowners could collect payments while planting stands of commercial timber.

Supporters said these annual payments gave farmers the flexibility to switch from one crop to another as market conditions changed, or even to sit it out in a year of low prices. In addition, the payments fit with international trade rules that frown on traditional price supports.

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The annual payments were dubbed "transitional" and were supposed to decline over seven years. Many lawmakers assumed they would eventually end. But two years later, farm prices fell sharply, and the Republican-led Congress gave in to the farm lobby.

Sen. Thad Cochran (R-Miss.) used his power as chairman of the Appropriations subcommittee on agriculture to push through $3 billion in "emergency" assistance to grain, cotton and dairy farmers. That was only the beginning of a retreat by Republicans fearing retribution at the polls in key "red" states with broad farm constituencies.

"The original intent was to make a step in the direction of eliminating farm programs," said then-House Majority Leader Richard K. Armey (R-Tex.), who led an unsuccessful fight in the 1990s to trim the subsidies. "By 1998, there was no zeal left."

Instead of cutting, Congress ended up expanding the program, now known as direct and countercyclical payments. A program intended to cost $36 billion over seven years instead topped $54 billion.

"The farm policy we're pursuing now has no rhyme or reason, and we're just sending big checks to big farmers," said Gary Mitchell, now a family farmer in Kansas who was once a top aide to then-Rep. Pat Roberts (R-Kan.), the 1996 bill's House sponsor. "They're living off their welfare checks."

Efforts to overhaul the farm subsidy network have been repeatedly thwarted by powerful farm-state lawmakers in Congress allied with agricultural interests.

"The strength of the farm lobby in this town is really unbelievable," Armey said. "I don't think there's a smaller group of constituents that has a bigger influence."'Cowboy Starter Kits'

Farmers and landowners benefited from the 1996 law whether their land once grew wheat, corn, cotton or any of the other subsidized crops. But nowhere is the impact more evident than in the sunbaked Texas rice country that spreads southwest from Houston to the Colorado River and east to the Gulf of Mexico.

In 1981, the Texas rice belt extended over about 600,000 acres. By last year, USDA records show, the amount of planted rice had shrunk to 202,000 acres, partly because landowners were able to get farm payments even if no rice was grown on their land.

In fact, so many landowners and farmers are collecting money on their former ricelands -- $37 million last year alone -- that the acres no longer used for rice outnumber the planted ones.

"So many wealthy people are getting so much money off this, it's going to be hard to cut," said Michael Wollam, a rice farmer from Brazoria County.

At a housing development rising from old rice fields on the outskirts of El Campo, 70 miles southwest of Houston, local real estate broker John K. Petty purchased a 75-acre tract from investors in July 2002. He held on to it for a few months, then carved it up and resold it for housing.

"At one time, the area was all farmed in rice," Petty said. Now, the dusty tract is perfect for what he calls "cowboy starter kits," residential tracts owned by nonfarmers but still large enough to keep a horse in the back yard.

Petty informed potential buyers that because their land had once been an active rice field, they could collect an annual payment from the USDA on the portion that was not developed. They did not have to grow rice or anything else.

"If you have 10 acres and build a house on one, you can continue to get farm payments on those other nine acres without farming," the USDA's Johnson said.

Petty used it as a selling point.

"Does it increase the marketability?" Petty asked. "Sure it does."

Duane Korenek bought 17 acres at the site and is building a house. Korenek said it was "common knowledge around here" that the new owners could collect farm payments. He has received about $2,550, USDA records show.

A few hundred yards up a gravel and dirt road, oilman Rene Hamman purchased 20 acres in May 2003. His two-story house and garage sit on part of the land and are appraised at $338,140, records show. His payments have been about $4,500, according to USDA records. "The money is free," Hamman, 48, said, adding that he thought the money should go to real farmers. "You don't have to do anything but keep the ground."

When Donald Matthews bought his 18-acre tract from Petty in 2002, he never expected to receive farm subsidies on his property, appraised at $381,000.

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"I was informed by Mr. Petty that there was a 'rice base' and I was entitled. I said, 'What do you mean I'm entitled? I'm not going to farm rice.' "

But nine of Matthews's acres are classified as agricultural land, for which he has received more than $5,000, records show.

Matthews said he originally was not going to take the money. But he said Petty told him that it would just go to other landowners. "I thought, heck, why should I do that? I wasn't going to give it to somebody else to put in their pocket." Instead, he uses the money to fund scholarships at the county fair and two local high schools, he said.

"Still, I get money I don't think I'm entitled to," he said.

In some Texas counties, the federal payments open the door to another benefit: property tax reductions.

"When a property owner receives a federal payment, the land is considered agricultural use and is assessed at that lower rate," explained Tylene Gamble, the chief appraiser for Wharton County, where El Campo is located. The discount can be dramatic. For example, she said, a parcel might be assessed at $55 an acre for agricultural use but $3,000 for regular use. " It's big," Gamble said.

Gamble is trying to enforce local rules that require landowners to actually farm to qualify for the lower tax rate. But she is hampered by the federal government's definition of farming, "which does not require you to actually farm. There is a conflict there between the federal definition and our definition," she said.

Gary Underwood, director of agricultural appraisals for sprawling Harris County, which includes Houston, said owners are building $500,000 houses on old rice fields and qualifying for tax breaks.

He singled out one tract where the owner built a 4,000-square-foot single-story house on five acres in Katy, a booming suburb. The house sits on one acre. The other four acres get a tax break and a farm payment. "I can't touch him," Underwood said.The Big Landowners

The large landowners who control vast sections of the once-sprawling rice fields outside Houston have been some of the biggest beneficiaries of the 1996 law, USDA records show.

Diana Morton Hudson is a corporate securities lawyer whose 87-year-old mother, Mary Anna Hudson, owns an interest in two tracts of land in nearby Matagorda County. USDA records show that Mary Anna Hudson has received $191,000 since 1997 on land she doesn't farm. "We just pay someone to mow it, and it just sits there," Diana Hudson said.

Later, she added: "I'm a corporate securities lawyer. I couldn't even locate these two parcels in Matagorda."

Houston heart surgeon Jimmy Frank Howell has received $490,709 since 1996 in payments tied to old rice tracts on a vast ranch near Raywood in Liberty County where he now raises cattle, USDA records show. The last rice produced on the 10,000-acre property was "probably over 10 years ago," according to Susan Cotton, Howell's business manager. "We're not rice producers anymore."

For Guy F. Stovall III, an El Campo banker who helps oversee thousands of acres of family lands in Wharton, Matagorda and Jackson counties, the 1996 farm law was a chance to get out of rice farming and convert properties inherited from his grandparents to other uses.

But 10 years later, taxpayers are still paying for the transition. Records show the land owned by Stovall and two trusts set up by his grandparents have generated $1.8 million in rice subsidies since 1996.

Stovall stopped growing rice and began renting the land for grazing cattle. The family continues to grow some crops, such as sorghum and soybeans.

Stovall said that is exactly the kind of transition Congress intended with Freedom to Farm. He estimates that 50 to 60 percent of his government payments go to soil, water and other improvements, such as filling in irrigation ditches and putting up fences.

"There are bullfrogs where there were none, and we're starting to see quail," he said. "There are less chemicals flowing into our bays, and it reminds me of the environment when I was a kid."'Hell of a Deal'

Among the most fervent critics of the annual payments are hundreds of Texas farmers who rent land on which they grow rice. Under the rules, tenants receive the money if they operate the farms. But landlords can simply increase rents to capture those payments.

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Other landlords have evicted the tenants from land they had farmed for years. Then the landowners can collect the checks themselves, even if they do not farm.

Congress "made slaves out of every farmer who was a tenant," said Stephen J. Zapalac, a former Matagorda County rice farmer who now runs a farm credit office in Bay City.

In 1998, Zapalac was leasing 2,500 acres, most of it for rice farming. One landlord canceled a lease for 1,400 acres in 1998, he said, and a second cancellation followed for the rest in 2004.

"As soon as they figured they could take the payments, they said, 'I don't need you anymore,' " he said. "They were renting me land for $40 an acre, but they could get $125 an acre from the government."

Some of the rice land he lost has been turned into pasture for cattle, while the landlord continues to receive the rice money.

"You can sell the calves and still stick the rice payment in your pocket," Zapalac said. "It's a hell of a deal."

For years, Rex Bailey III, a rugged 6-foot-5 rice farmer, sharecropped near Angleton, Tex., an arrangement in which he and his landlord divided the costs and shared in profits and government payments.

"It was all based on what was produced," he said. "We shared the risk."

That changed in 2002, when the owners of one tract changed their arrangement with Bailey, 55, from sharecropping to a fixed annual rent, pegged to capture the $90 an acre that the government was paying him on 214 acres.

"A lot of landlords increased their rental rates to equal or exceed the direct payments," Bailey said. "They know what the payment is, so that's what the rent is. Even though the payment is in my name, I turn around and give it to" the owner.

In 2004, the property was sold to Shin Shan Chu, an elderly investor who lives in Vancouver, Canada. Once a year, Bailey, who still grows rice on part of the 4,000 acres, cuts a $25,000 check and sends it to Chu, whom he has never met.

Reached by telephone, Chu said he hoped to eventually "develop some residential buildings there. It's very nice land, very flat, very close to the city."

Chu, who also owns and leases 17,000 acres of farmland in west Texas, grew up in mainland China and Taiwan, worked in electronics and moved to Vancouver 36 years ago. He described himself as nearly 80.

"It's just an investment," he said of his farm holdings. "I'm waiting for the money."

Researchers Alice Crites and Don Pohlman contributed to this report.

Hiring Federal Lobbyists, Towns Learn Money Talks (NYT)

By Jodi Rudoren And Aron Pilhofer

The New York Times, July 2, 2006

TREASURE ISLAND, Fla. — Rebuffed on several requests for state and federal financing to help rebuild its crumbling bridge, this small resort town was all but resigned to raising the money by doubling the 50-cent bridge toll, increasing property taxes and issuing bonds.

But in a last-ditch gambit, city officials hired a federal lobbyist who had known the local congressman for four decades. Within weeks, the congressman, Representative C. W. Bill Young, called the mayor to say he had slipped a special $50 million appropriation, known as an earmark, into an omnibus bill.

The city had originally sought $15 million. But Mr. Young — a Republican who was then the all-powerful chairman of the Appropriations Committee and, as his lobbyist friend knew, believes public roads should be free — raised it to eliminate the toll.

Since that windfall three years ago, Treasure Island has continued to pay $5,000 a month to the lobbying firm, Alcalde & Fay, and has continued to reap earmarks: $500,000 to fix a sewer plant, $625,000 to repair wooden walkways over the dunes, $450,000 for pedestrian crosswalks.

"They're worth every penny they get," said Mayor Mary Maloof, who led a parade of antique cars to open the new bridge on June 10. "When we started talking about it, there were plenty of eyebrows raised that we would be doing such a thing. But it's turned out to be a valuable tool for helping us cover costs."

Cities and towns — and school districts and transit authorities and utility agencies — across the country are increasingly reaching for that same toolbox, putting lobbyists on retainer to leverage their local tax dollars into federal tax dollars.

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Since 1998, the number of public entities hiring private firms to represent them in Washington has nearly doubled to 1,421 from 763, as places like Treasure Island, population 7,514, have jumped onboard with behemoths like Miami that have long had lobbyists.

Most of these new clients had never sought earmarks — some had never even heard of them — before someone knocked on their door, essentially offering big pots for a pittance. Others had read in the newspaper about neighbors with lobbyists building bridges or beach walks and felt pressure to keep up with the municipal Joneses.

"We're all in competition for the same dollars, and you want all the advantages you can have," said John Litton, city manager in Lake Mary, Fla., about 20 miles north of Orlando.

The collective bill over eight years has topped $640 million.

Enlisted almost exclusively to land earmarks, lobbyists for local governments have boomed alongside a broader explosion in such appropriations, to 12,852 items worth $64 billion last year from 4,219 pet projects totaling $27.7 billion in 1998. The prolific earmarking does not change the overall budget's bottom line, but how the pie is cut: dollars are doled out, often in secret, at the whim of a lone legislator — often under the influence of a lobbyist — rather than through a competitive process.

It is against the law to use federal money to hire lobbyists. Yet local officials' near-unanimous justification is that the lobbyists pay for themselves many times over through the infusion of federal funds.

Ronald D. Utt, a senior fellow at the Heritage Foundation and a frequent critic of earmarks, said he was most troubled at seeing firms solicit public clients with virtual guarantees that they could deliver "dollars for pennies" (or billions for millions).

"The mystery to me is the way they are able to promise returns," Mr. Utt said, pointing to the revolving door between Congressional appropriators' payrolls and lobby shops, as well as to lobbyists' generous campaign contributions. "It goes beyond mere influence peddling to just outright, classic third-world corruption."

The most vivid case of earmark-related corruption came with the conviction this year of Jack Abramoff for trading huge fees from Indian tribes for influence with lawmakers. Public entities have also played a prominent role in the current federal investigation of the links between Representative Jerry Lewis, the current Appropriations Committee chairman, and the lobbying firm Copeland Lowery Jacquez Denton & White, leading to subpoenas of several of the firm's government clients in Mr. Lewis's Southern California district.

Lobbyists say there is nothing improper in their political activity. In fact, they use it as a selling point. In a 2002 proposal to the City of Pembroke Pines, an Alcalde lobbyist pointed to monthly fund-raisers the firm held at its offices in Arlington, Va., and said attending events "very frequently" for Republicans and Democrats alike "does allow us to better our local government clients."

Although local officials are rarely active in the campaign-contribution race that accompanies the earmarks derby, the firm's employees have given upward of $200,000 to more than 100 politicians since 1997, nearly half in Florida and in other states where it has clusters of public clients.

"Because we enjoy a considerable clientele from the private sector," the Alcalde proposal read, "we are able to significantly participate in the political and fund-raising process that might at times better enable us to access public policy makers on behalf of all the firm's clients."

Beyond any question of quid pro quo, however, some critics say the new ubiquity of private lobbyists paid with public money perverts basic democratic tenets. Of the 250 top-grossing firms in Washington, 48 have state, local and tribal governments as their leading source of revenue, far more than any other sector, according to the Center for Public Integrity, which monitors lobbying.

Tim Phillips, president of Americans for Prosperity, one of several Washington watchdog groups critical of earmarks, said it was local politicians' mandate to make their needs known — and the job of members of Congress to look out for them.

"If you're a mayor or a city councilman and you have to hire a lobbyist, what a gross admission of failure on your part," Mr. Phillips said. "I would think they have a fiduciary responsibility to not put taxpayer dollars into lobbyists when they're elected to be, really, the lobbyist for the people."

The mayors and city council members, though, point to the special appropriations as proof of their fiscal prudence.

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Alcalde & Fay is one of three firms — along with Patton Boggs and the Ferguson Group — that collected $25 million from public clients in the past eight years, much more than any other lobbyists. A close look at Alcalde & Fay's 44 public clients in Florida alone shows that, since 2001, $9.8 million in lobbying fees translated into $173 million in earmarks, or a return of $18.41 on every dollar spent.

In Treasure Island, each dollar to Alcalde & Fay yielded $285.83 in federal money.

A Game Changed

To understand how the game has changed, consider the visit of West Virginia University leaders to Senator Robert C. Byrd's office one day in 1989.

They went to see Mr. Byrd — a Democrat long known as the "prince of pork" for pumping money into hometown projects, and then the chairman of the Appropriations Committee — about a research center. When the senator learned the delegation included several lobbyists, he directed them to wait in the lobby.

Mr. Byrd asked for an $18 million earmark, then withdrew the request after an article in The Washington Post revealed that the lobbying firm, Cassidy & Associates, was the origin of the university's idea for where to seek the money.

"I'm on the Appropriations Committee — if I can't do it, nobody can," The Post quoted Mr. Byrd as saying. "Why do you waste your money on a lobbyist when I'm being paid to be your senator?"

These days, such comments seem quaint.

Some lawmakers still insist that lobbyists are unnecessary for local governments, but far from being kicked out of meetings on Capitol Hill, the lobbyists typically arrange them.

When Ms. Maloof, the Treasure Island mayor, makes her annual pilgrimage to Washington to press her case, her lobbyist, L. A. Bafalis — a former Republican Congressman from Florida — picks her up at the airport and escorts her through the day's meetings, paying for lunch in the Capitol's members-only dining room.

A typical monthly retainer is $5,000, with raises over time — and success. For that, according to interviews with more than a dozen Alcalde & Fay clients, the firm sends weekly e-mail messages detailing available federal grants and arranges once-a-year visits to Washington. In between, some clients speak to their lobbyists weekly, while others go a month or more without a phone call.

The Municipalities Practice Group at Alcalde, which accounts for about half the firm's client roster and a third of its $12 million annual revenue, was born with the firm, in 1973. Hector Alcalde had been chief of staff to a congressman from Tampa for a dozen years, and his first client was the Tampa Port Authority, which still pays the firm about $80,000 a year, according to Senate reports.

The City of Tampa eventually signed on, too. And the surrounding county, Hillsborough. Then the neighboring county, Pinellas. The City of Clearwater, 23 miles west of Tampa, became a client in the 1990's, and it was Alcalde & Fay's success in getting Clearwater $22 million in 2000 to replace its own bridge that got Treasure Island's attention.

And so on.

In the 2002 pitch to Pembroke Pines, Alcalde & Fay boasted of having 35 public clients on its roster, including many of the town's neighbors. Now it has 85.

"All of them say, 'We're paying taxes, this is a way for us to get back our fair share of what we're paying into,' " said Andy Wahlquist, a partner who handles several of the firm's public clients in Florida.

Noting the proliferation of earmarks, Kevin Fay, the firm's president, said, "They're compelled to try to get some of that money if the programs are out there."

A snapshot analysis shows that hiring a lobbyist seems to help.

Looking at the 10 Florida cities with populations closest to Treasure Island's, none have lobbyists registered with the Senate; the only earmark among them was $25,000 last year for a veterans' memorial at Alachua City Hall.

North Miami Beach and Homestead, Alcalde & Fay clients with about 40,000 residents each, got a combined $13 million in earmarks in the past five years, while six cities of similar size got none. (Dunedin, population 35,691, lacked a lobbyist but got three earmarks totaling $2.7 million while its congressman, Mr. Young, ran the Appropriations Committee.)

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Local leaders say they lack both the knowledge of bureaucratic procedures and the political contacts to navigate the complex world of federal appropriations. Besides, they are thousands of miles from Washington, picking up garbage and running recreation programs and putting police officers on beats.

Cyndie Goudeau, the Clearwater city clerk, said she could comfortably approach her own congressman, Mr. Young, "but if I walk into a representative or a senator's office that's not from this area, they don't know me from a man on the moon."

"But they know Danielle, they know Hector Alcalde, they know that firm," Ms. Goudeau said, referring to Danielle McBeth, the Alcalde partner who handles Clearwater's account. "If we didn't have one, we wouldn't be getting the funding we're getting."

In the past five years, Clearwater has collected 37 earmarks totaling some $30 million, or $26.25 for each dollar paid to Alcalde & Fay. Besides the sleek, curvaceous bridge leading from downtown to the city's island beaches, the city collected $4 million to transform the streetscape along the water, $1.5 million for a homeless shelter, $1 million for police technology and more.

"In a perfect world, you wouldn't need them," Ms. Goudeau said as she showed off the bridge one recent morning. "But the world's not perfect."

Flying to Washington in February, Joe A. Martinez, chairman of the Miami-Dade County Commission, studied biographies of members of the transportation committee he hoped to persuade to finance a new commuter rail line. He noticed one, Representative Corinne Brown, from Florida, but she is a Democrat — he is not — and from Jacksonville, the other end of the state.

So he called Mr. Alcalde. It turns out that Ms. Brown's daughter, Shantrel Brown Fields, is an associate at the firm.

"I had a meeting with her the next day," Mr. Martinez said of Representative Brown. "I got results."

Last year, Miami-Dade spent more than any other government entity on lobbying, $1.36 million. Totaling fees for the past eight years, it ranks sixth, with $6.7 million; topping the charts are the Metropolitan Water District of Southern California and the Gila River Indian Community, which each spent more than $10 million.

Spreading the Wealth

In general, the largest states had the most public entities with lobbyists — and the biggest fees — but there are notable exceptions: Louisiana ranks fifth, for example, with its government agencies spending nearly $24 million from 1998 to 2005, and Puerto Rico ranks ninth, with $19 million, about the same as Michigan, Illinois and Pennsylvania, which have two or three times Puerto Rico's 3.8 million people.

Mr. Martinez said that after taking over as Miami-Dade chairman last year, he decided to slash the lobbying budget in half, fire 8 of the 11 firms on contract and send his own employee to open a Washington office. But that employee does not have the contacts, Mr. Martinez said: "He doesn't have access to all these people."

Large governments like Miami-Dade — along with ports, airports and public utilities — have long had people in Washington looking out for their interests. What has changed in the past few years is the number of smaller entities looking to get in on the action.

The number of cities with lobbyists, for example, has grown to 511 from 234 in 1998, and the number of counties has also doubled, to 186 from 85. Fifty-nine public school districts had lobbyists last year, up from 19 in 1998, while the number of police and fire departments with their own paid representatives jumped to 16, from just 2.

In Florida, Lake Mary, population 13,922, signed up for $5,000 a month in 2002, joining the two nearby county governments, the local airport, the wastewater authority and the nearby towns of Sanford (population 49,252) and Oviedo (population 30,800) on Alcalde & Fay's client list. But after three years, $220,000 and half a dozen requests for money, all Lake Mary got was a $100,000 clock tower that plays Christmas and wedding music. So the City Council terminated the contract last year, then promptly hired another lobbyist, based in Orlando.

"We felt that if we were going to invest that kind of money, we wanted to attempt to try to get more return on our investment," Mr. Litton said. "Sometimes in the bigger firms you kind of envision yourself as just a number."

Of Alcalde's 44 Florida government clients, half a dozen got no earmarks in the past five years; five more got less than a dollar back in earmarks for every dollar spent on lobbying. The City of Tampa and Orange County also recently fired Alcalde & Fay upon changes in their elected leadership.

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"If there's a long list of clients that have something in common with Orange County, i.e., being a local government in central Florida or the state of Florida, then it would occur to me that there's the potential, at least, to dilute your effectiveness," said the county's new mayor, Richard T. Crotty. "There's only so much money to go around, and if you cut the pie 40 ways instead of two ways, that's not as good a deal."

If Alcalde & Fay has cornered the Florida market, Bradley Arant Rose & White dominates Alabama, its home state. Robertson, Monagle & Eastaugh, an Anchorage firm, represents nearly half the public entities in Alaska with lobbyists. Then there are firms like Marlowe & Company, in Washington, which sells itself as an expert in getting money to prevent beach erosion.

Rather than creating a conflict of interest, partners of Alcalde & Fay said that having a geographic cluster of clients allowed them to concentrate on a certain Congressional delegation. They said they were careful to present each client's priorities and, as Mr. Wahlquist put it, never "go to the Hill with more than one client in mind."

A Need for Professionals

The four-lane, 1.4-mile bridge connecting this spit of land with St. Petersburg was built in 1939, when Treasure Island was unincorporated and had just a handful of homes. By 2003, it rated 3.3 out of 100 on a standard bridge rating. "At zero, you're in the water," said Don Hambidge, the public works director.

Chuck Coward, the former city manager, said the city planned to issue $25 million in bonds backed by toll revenue, and to seek $15 million from the federal government and $10 million from the state. But, he said: "Treasure Island's a very small city. It's not savvy in federal politics."

"We thought we had a worthy project, we thought there were a lot of attributes to it, but we were not skilled in presenting those," Mr. Coward said, recalling several years of requests without results. "After talking with Clearwater, we thought very certainly some professional assistance would be appropriate."

Mr. Bafalis, the lobbyist assigned to Treasure Island, had served in the State Legislature and in Congress with Mr. Young before a failed bid for the governor's nomination in 1982. He mentioned Mr. Young's aversion to tolls when he first met with Mr. Coward on Sept. 23, the day before Mr. Coward met with Mr. Young about the bridge.

Like Mr. Bafalis, Mr. Young declined to be interviewed for this article. But his chief of staff, Harry Glenn, said the removal of the toll had been key to obtaining the earmark, not hiring the congressman's old friend.

"When asked the question whether a city or county needs to hire a lobbyist, he has always told them they don't need to hire a lobbyist to work with their own congressman," Mr. Glenn said. "That's his job. Those are the people he was elected to represent. He doesn't need to work through somebody else to schedule a meeting with a mayor or a city council member."

At the bridge ceremony, where residents nibbled "no toll house cookies," it was Mr. Young who got thanked, not Mr. Bafalis. A 1927 fire engine was the first vehicle to roll across, followed by a forest green Ford Tudor Deluxe as old as the original bridge and two dozen more classics, like a 1959 turquoise Impala and a 1967 cherry Camaro convertible, both complete with fuzzy dice.

Though only one lane flowed in each direction — the two other lanes should be done by next summer — residents were relieved to have their evacuation route reopened in time for hurricane season, and to be able to cut as much as 40 minutes from their commute into town.

The City Council, meanwhile, may yet consider raising property taxes this summer. Without the toll, they would otherwise have no money for maintenance of the new bridge. Unless Alcalde & Fay helps find another earmark.

Federal Standards Put Schools In Quandary (MH)

By Matthew I. Pinzur

The Miami Herald, July 2, 2006

More than 500 high-poverty Florida schools could be forced under the federal No Child Left Behind law to privatize, become charters, replace most of their staffs or make other major changes -- even though some have repeatedly received A or B grades from the state.

A handful of low-performing schools have already faced that choice under Florida's own education accountability laws. But it could become far more widespread next year unless those schools make unprecedented gains on the state's high-stakes standardized test.

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"This calls for a drastic change of culture, an entirely new environment," said Rod Paige, the former U.S. secretary of education who oversaw the creation of No Child Left Behind in 2001.

But Florida's education commissioner suggested in an interview Friday that he may defy the federal law -- and risk losing millions in funding -- if he cannot convince Congress or federal education officials to take a more moderate stance.

"My first duty is to the state of Florida's accountability system; I will act accordingly," Education Commissioner John Winn told The Miami Herald. ``I'd be hard pressed to demand an A school make wholesale restructuring."

No Child Left Behind created a ladder of penalties for schools that fail to meet federal standards. The strongest sanction forces a school to plan for dramatic restructuring if it falls short for five consecutive years. If it fails a sixth time, that plan must be immediately implemented.

In Florida, 535 public schools have missed the goal -- known as Adequate Yearly Progress -- for four years. And because AYP standards become more difficult every year, the percentage of schools making it dropped this year from 36 to 28 percent.

It will likely drop further as the targets soar toward 100 percent proficiency. Within a few years, Paige said, huge numbers of urban schools will confront restructuring.

"It would seem the day of reckoning is coming," said Jack Jennings, president of the Center on Education Policy, an independent public-school advocacy group in Washington.

The federal government's jurisdiction over schools is limited. The No Child penalties apply only to the high-poverty schools that receive federal money under Title I. But that list includes hundreds of South Florida schools. Seventy-nine schools in Miami-Dade County and 32 in Broward have already missed AYP for four consecutive years.

HIALEAH SCHOOL EYED

Among those is Palm Springs Elementary, a Hialeah school of more than 900 students that has received A grades from the state since 2003.

"A staff that's been successful and helped maintain an A school -- why would you restructure it?" asked Roxana Herrera, who recently became Palm Springs' principal.

The apparent disconnect between Florida's school grades and federal AYP is rooted in the two systems' completely different way of interpreting student performance on the Florida Comprehensive Assessment Test.

The school grades are determined almost entirely on two factors: what percentage of students scored a 3 or higher that year on the FCAT's five-level scale and what percentage improved their score since the prior year.

No Child Left Behind measures what percentage of students in various demographic groups are scoring at least a 3 on the exam, which is considered proficient. The target percentage increases every year until 2014, when 100 percent of students must be proficient.

If any one of the nine demographic groups misses the target, the entire school fails to make AYP. At Palm Springs, for example, the school failed to make AYP in 2004 because only 28 percent of special-education students had proficient reading scores -- the goal that year was 31 percent.

"You've got A or B schools that out of 39 criteria has missed one," Winn said. ``To restructure that school based on that, I'm going to be hard pressed to get on the bandwagon regarding that."

There are a handful of loopholes in the rule, but the basic message never changes: Within the next decade, all public-school students in the country must be proficient at reading and math.

"There's a lot of states that aren't yet focused on it, and that's because the numbers have [not] been overwhelming, but they're building," Assistant U.S. Secretary of Education Tom Luce said, speaking June 2 at an education reporters' conference in New Orleans.

HOPING FOR A CHANGE

Indeed, Winn has pinned his hopes on changes to the law. No Child Left Behind needs congressional reauthorization in 2007, and Winn said he hopes the rules will be changed to account for differing levels of achievement instead of the yes-or-no system that now exists.

But the law will not be changed in time for next year's exams. Without a quick change, he said, the 2007 results will be ``a train wreck."

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To avoid it, Winn wants federal officials to approve a "growth model," which would allow schools to make AYP even if they fall short of the goals, as long as their students are on pace to catch up. Such a model was rejected this year, but Florida was encouraged to tweak its plan and reapply.

Without it, Winn said, many schools will fall further and further from the federal goals.

"It's like me playing golf -- I throw up my hands and say I'm never going to make it," Winn said. ``We've never raised [Florida's system] to the level of hopelessness, but I think we're on the tipping point of that for No Child Left Behind."

Gov. Jeb Bush has long insisted there is no contradiction between the two systems, but this spring he said Florida's system was more effective.

"That's no disrespect to anybody in Washington, D.C," Bush said June 14. ``I believe our system [school grades] is the most comprehensive system of measuring how schools are doing based on student learning."

Local districts, meanwhile, are left with little guidance about what to do if federal law tells them to restructure dozens or hundreds of schools.

"This has always been a problem, the idea of putting public school systems in a vise between their own state requirements and No Child Left Behind," Miami-Dade Superintendent Rudy Crew said. ``If the state and federal government will get on the same page, it will avoid districts being at risk of being in this conflicting environment altogether."

A few states began measuring AYP earlier than Florida and have already breached restructuring. California recently dealt with 271 schools, and Michigan had 133.

But according to Jennings' group, the vast majority elected for the vaguest of the law's requirements: ``Undertaking any other major restructuring of the school's governance that produces fundamental reform."

In Michigan, for example, those plans included reorganizing the school's governance and changing the curriculum -- strategies often used in Florida for schools that repeatedly earn F grades.

While those plans seem less drastic than the law's other options, the Center on Education Policy's study of Michigan suggests they work: Eighty-five percent of the state's restructured schools made AYP the following year.

TOUGH TALK

"What happens with politicians is that they talk tough when they sign laws and pass laws, but that doesn't necessarily mean that's how the law is going to be implemented," Jennings said.

But as AYP becomes more difficult to achieve, internal reforms may not be enough. Moreover, the law says little about what happens to schools that continue to miss AYP after the sixth year.

Paige said policy-makers and public pressure will likely force those schools to confront the more draconian options.

"I'm not surprised they're looking first to these kinds of steps," said Paige, now chairman of Chartwell Education Group, a consulting firm. ``But eventually, I think it is going to go to the kinds of things conceptualized in the legislation."

The School Testing Dodge (NYT)

The New York Times, July 2, 2006

Many of the nations that have left the United States behind in math and science have ministries of education with clear mandates when it comes to educational quality control. The American system, by contrast, celebrates local autonomy for its schools. When Congress passed the No Child Left Behind Act, it tried to address the quality control problem through annual tests, which the states were supposed to administer in exchange for federal dollars. But things have not quite worked out as planned.

A startling new study shows that many states have a longstanding tradition of setting basement-level educational standards and misleading the public about student performance. The patterns were set long before No Child Left Behind, and it will require more than just passing a law to change them.

Policy Analysis for California Education (PACE), a research institute run jointly by Stanford and the University of California, showed that in many states students who performed brilliantly on state tests scored dismally on the federal National Assessment of Educational Progress, which is currently the strongest, most well-respected test in the country.

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The study analyzed state-level testing practices from 1992 to 2005. It found that many states were dumbing down their tests or shifting the proficiency targets in math and reading, creating a fraudulent appearance of progress and making it impossible to tell how well students were actually performing.

Not all states have tried to evade the truth. The tests in Massachusetts, for example, yield performance results that are reasonably close to the federal standard. Not so for states like Oklahoma, where the score gap between state and federal tests has averaged 48 points in reading and 60 points in math, according to the PACE report. The states that want to mislead the government — and their own residents — use a variety of dodges, including setting passing scores low, using weak tests and switching tests from year to year to prevent unflattering comparisons over time. These strategies become transparent when the same students who perform so well on state tests do poorly on the more rigorous federal exam. Most alarming of all, the PACE study finds that the gap between student reading performance on the state and federal tests has actually grown wider over time — which suggests that claims of reading progress in many states are in fact phony.

States have always resisted the idea of one national set of tests, citing local autonomy. But if the United States wants to equal its competitors abroad, it must move away from a patchwork system based on weak standards and a frankly fraudulent system of student assessment. Under one promising proposal, the government would finance creation of a rigorous, high-quality test that would be provided free to the states — as long as they agreed to use federal scoring standards. That would finally give the country an accurate and all-encompassing view of student performance.

OTHER NEWS:

Tech Faceoff: Net Neutrality, In The Eye Of The Beholder (WP)

By Kim Hart And Sara Kehaulani Goo

The Washington Post, July 2, 2006

Stark Contrasts in the Debate Over the Future of the Internet

From Capitol Hill to Silicon Valley, it's become one of the most controversial and confusing topics to hit the tech industry this year: network neutrality. The term is confusing, the ad campaigns have further clouded the issue, and it's no longer easy to tell who's for it and who's not.

Whatever becomes of the concept could affect what you pay for connectivity, the sites you'll have access to and the types of services (think video, music and Internet phone offerings) you'll be able to use.

Net neutrality is the push to prohibit a pay-for-speed Internet pricing structure that the cable and phone companies -- those that provide high-speed Internet connections -- have proposed.

To better understand it all, go back to the old "information superhighway" analogy, where the phone and cable lines that connect your computer to the Web are the on-ramps to that highway. Should the companies who built those on-ramps -- Verizon Communications Inc. and Comcast Corp. in the Washington region -- be allowed to impose a toll system that charges Web companies such as Google Inc. a higher fee to reach your computer faster than its competitors, such as Yahoo Inc.?

Is that the essence of a free-market system? Or is it one that creates inequality on a road that should have no tolls at all? The jury -- in this case, Congress -- is still out.

* * *

Q Why should I care about net neutrality?

AThe absence of a net-neutrality provision in a revision of the Telecommunications Act could result in fewer choices, according to proponents. Currently, similar Web sites take about the same amount of time to load in a Web browser. If Congress takes no action, the "load time" for some sites -- those that don't pay a premium, for example -- could be longer than others. Likewise, Internet service providers could favor partners that offer music or video downloads, Internet calling or online shopping, slowing access to competing sites. Big companies, such as Google and Microsoft Corp., will be able to pay higher fees to have their sites come up more quickly. But this could stifle innovation and start-up Internet companies, especially those that have little revenue but require a lot of bandwidth, such as online video site YouTube.

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Net-neutrality opponents, however, argue that these scenarios aren't happening now and that net neutrality attempts to solve a problem that doesn't exist. From a business perspective, opponents say, Internet providers understand that customers won't tolerate that sort of treatment of the Internet. It's in their best interests to keep all Internet traffic flowing at an equal speed.

Could the number of Web sites I can access be limited?

On this point, both sides say yes -- but for different reasons. Proponents say that without net neutrality, inexpensive free-speech vehicles such as blogs and social-networking sites could be stifled. Likewise, Internet start-up companies would have a tougher time competing for a presence on the Web against the big players. Opponents believe, however, that a government-regulated Internet would deter deep-pocketed technology companies such as Google, Microsoft and Yahoo from investing in a more robust Internet infrastructure. Video and voice features, which take up more room in the Internet pipeline, clog the networks and decrease the speed for everyone. If the tech companies don't pitch in for upgraded networks, the congestion will slow things down for everyone, opponents say.

Would net neutrality affect my ability to download music, watch videos or make phone calls over the Internet?

It could. Proponents cite a scenario in which your Internet provider launches its own music- or movie-download service and puts it on "the fast-download lane" in front of competing services such as iTunes, Yahoo Music and others. More importantly, they say, we've already seen this sort of abuse with Internet phone services. Last year, the Federal Communications Commission sided with Vonage when it complained that a small Internet service provider based in North Carolina was blocking its service to customers. The decision made clear that the FCC won't stand for phone companies blocking their competitors, but current rules don't prevent them from giving their own service priority or charging higher fees to their competitors.

Net-neutrality opponents make the same "congested Internet" argument on this point. But they enhance their position by noting that today's non-neutral market keeps the Internet competitive, forcing iTunes, YouTube and others to invest in an upgrade of the network. Regardless of how you get your Internet service, Web sites could differentiate themselves from other sites by finding new ways to offer speedy delivery. That, in turn, could lead to further innovation and more choices for consumers, they say.

Would net neutrality affect my choices for an Internet provider or how much I pay?

Both sides say no. But those who favor net neutrality worry that if phone and cable companies start charging tech companies for enhanced speeds, the costs could be passed on to the consumers -- in the form of increased prices for music downloads or service fees on online retail sites. Those against net neutrality argue that if the tech companies help pay for the future upgrades needed to deal with increased traffic, then the cable and phone companies won't have to raise rates to offset those upgrade costs. Likewise, they also could create pricing structures that give consumers a choice for the levels of Internet service they want. Heavy users could pay more, while light users could opt for a lower-priced plan.

What happens next?

The net-neutrality issue has been included in a larger telecommunications bill being considered by Congress. The House has already approved its version, but it's unclear whether the bill has enough support in the Senate to move ahead.

As of now, the bill favors telecommunications companies that want the FCC to monitor the issue of access to the Internet. Many Democrats oppose the current bill unless it includes tougher language that would make it illegal for telecom firms to impose a priority pricing structure. It's unlikely that they'll reach a compromise before September, but many lobbyists and lawmakers say the net-neutrality issue could prevent the entire telecom bill -- which includes other provisions such as new rules for cable franchises -- from moving forward until next year.

White House Suitors Deluge New Orleans (WT)

By Christina Bellantoni, The Washington Times

The Washington Times, July 2, 2006

NEW ORLEANS -- Visiting Louisiana and Mississippi has become increasingly important for politicians considering a White House bid.

Although New Hampshire and Iowa hold the first-in-the-nation presidential primary and caucuses, the Gulf Coast region ravaged by Hurricane Katrina has emerged as a crucial stop for 2008 contenders.

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Sen. George Allen, Virginia Republican, recently walked amid the rubble of what were once homes in New Orleans neighborhoods. Others interested in the presidency also have taken a tour.

"If you are going to be a serious, credible politician, you are going to have to be able to talk intelligently about what Katrina did to this region, and the first step in that is going to be to come and visit now," said Brian Brox, assistant professor of political science at Tulane University.

Mr. Allen pledged to help New Orleans because he views it as a unique American city.

"I don't think that by 2008 this is all going to be built back," he told The Washington Times on June 22 before taking a damage survey by helicopter.

Wearing his signature cowboy boots, Mr. Allen stood atop piles of debris in homes that had been destroyed by Lake Pontchartrain's floodwaters.

"It's just so heartbreaking," he said. "If this were a carpet-bombing in a war, you couldn't have more devastation."

Sen. Mary L. Landrieu has hosted dozens of other lawmakers here, but the Louisiana Democrat is reaching out especially to potential presidential candidates, telling them: "You've got to see what's not working, so hopefully, if you get to be president, you can help fix it."

Other Louisianans agree that seeing is believing.

"There's nothing more effective than showing people like this. You just can't tell from TV," said Sen. David Vitter, Louisiana Republican.

Mr. Allen said smelling the mud and listening to survivors helped him realize the magnitude of the situation and that he was particularly moved by the vast number of family-owned shops and small businesses left in ruins.

After touring the flood-ravaged lower 9th Ward and St. Bernard Parish, he wondered aloud how the neighborhoods could be rebuilt in a place that is "tempting nature."

"It is literally decimated. People cannot live in places that are dangerous," Mr. Allen said.

Mr. Allen, facing a tougher-than-expected re-election battle in the fall, has been criticized for traveling outside Virginia as he simultaneously explores a White House bid. The senator insisted that the New Orleans trip was necessary as he votes on recovery funding and serves on the Energy and Natural Resources Committee, which is tackling coastal issues after Hurricanes Katrina and Rita.

Mr. Allen was briefed on the challenges of the coastal wetlands. He said New Orleans should be able to share in the royalties from deep-sea energy exploration.

Both Mr. Allen and Sen. Evan Bayh, Indiana Democrat, evoked presidential themes at a press conference with Mrs. Landrieu and Mr. Vitter.

"We're all neighbors, and Americans need to stick together," Mr. Allen said.

Mr. Bayh called the rebuilding efforts a "test of America," adding: "We need to learn the lessons of this disaster."

The lawmakers were mentioned briefly in the papers the next day, but some television stations provided no coverage. Observers note that the photos will remain.

"Just like kissing pigs here in Iowa, it's a great photo opportunity," said Steffen Schmidt, a political science professor at Iowa State University.

Former Virginia Gov. Mark Warner, who has been mentioned as a Democratic presidential candidate, was in New Orleans last week on a fact-finding mission to see how he could help with children's health care challenges. He took with him Virginia specialists.

After Katrina hit, Mr. Warner sent his chief of staff to help New Orleans officials.

Sen. Hillary Rodham Clinton, New York Democrat who also took the Gulf Coast tour with Mrs. Landrieu, has called for an independent investigation of the failed government response to the hurricane.

Political observers said that theme will work for 2008 presidential candidates from both parties. Republicans can say Democratic state and local officials failed to demonstrate proper leadership, while Democrats can criticize blunders made by the Bush administration and the Federal Emergency Management Agency, Mr. Schmidt said.

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Sen. Joseph R. Biden Jr., Delaware Democrat, visited New Orleans in March but expressed reservations beforehand that it would seem like "we're all down there grandstanding."

"The risks are real in terms of looking like they are being exploitive," said Linda Fowler, a government professor at Dartmouth College.

Other potential presidential hopefuls who have toured the damage in New Orleans include: Senate Majority Leader Bill Frist, Tennessee Republican, Republican Sens. Sam Brownback of Kansas and John McCain of Arizona, and Democratic Sens. Christopher J. Dodd of Connecticut and John Kerry of Massachusetts.

Sen. Russ Feingold, Wisconsin Democratic, plans a visit this month.

Kerry Faces Hard Road In Presidential Bid (AP-Y2)

By Mike Glover, Associated Press Writer

AP2, July 2, 2006

Seeking the presidency is harder the second time around. As the race for 2008 builds, Democratic Sen. John Kerry has left little doubt about his intentions to try again after his narrow loss to President Bush in 2004. He isn't the only also-ran considering another marathon.

Sen. John McCain (news, bio, voting record), R-Ariz., has the look of a White House hopeful. Three Democrats — 2004 vice presidential nominee John Edwards, retired Army Gen. Wesley Clark and Sen. Joe Biden of Delaware — sound a lot like presidential candidates; Al Gore, the Democrats' nominee in 2000, says he has all but ruled out running for president in 2008.

Kerry faces a challenge of major proportions, convincing Democratic activists that a candidate who just lost an election can still carry his party's White House hopes.

"I think the Democratic Party, unlike the Republican Party, has had a historic reluctance to give people a second chance," said Democratic activist Jerry Crawford, a Des Moines lawyer who was chairman of Kerry's 2004 campaign in Iowa.

It's rare when Democrats give the nomination to a candidate who just failed.

Adlai Stevenson got a second chance against President Eisenhower in 1956, but many suspect that Democrats were pessimistic about the odds of unseating a popular president. Their doubts were realized when Stevenson lost again.

Republicans, on the other hand, are more willing to give their nominees another try. Richard M. Nixon lost the presidency in 1960 and won the White House in 1968. Bob Dole sought his party's nomination in 1980 and 1988. He secured the GOP nod in 1996 but lost the general election to President Clinton.

Dole said the climb gets steeper on the next try.

"I think the advantage is the first time you are fresh and new to a lot of people and they haven't formed a judgment about you," the former Kansas senator said. "The second time around, some people might say he's had his chance, we need a new face."

Kerry's allies acknowledge the struggle but are unwilling to give up the cause.

"Historically, the Democratic Party has tended to shoot its wounded," said former New Hampshire Democratic Chairman Joe Keefe. "John Kerry has done everything within his power to rewrite that chapter."

The Massachusetts senator has raised nearly $9 million for candidates and the party and has campaigned actively across the country.

In statements the party's liberal base has welcomed, Kerry has said he was wrong to vote for the Iraq war resolution in 2002 and has called for an end to the conflict.

The Vietnam War veteran also has come out in favor of a timetable for withdrawing U.S. troops from Iraq. But he got precious little support, even among fellow Democrats, in recent Senate debate.

The amendment failed 86-13 and Kerry's push for the measure frustrated some in the party leadership.

Kerry has made three trips to Iowa. The state's caucuses launch the nominating season and Kerry's surprising victory in January 2004 propelled him to the nomination.

Attitudes have changed among state Democrats, with a recent Des Moines Register poll putting Kerry a distant third behind 2004 running mate Edwards, the former North Carolina senator, and New York Sen. Hillary Rodham Clinton.

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Democratic consultant and Kerry ally Jenny Backus said Kerry must overcome "the Democratic curse" of dismissing losing candidates, no matter how well they perform.

"He has grown from the devastation of the last election," said former Sen. Max Cleland of Georgia. "A lot of people who are reacting to Kerry are reacting to the Kerry of '04."

Kerry, who raised $233 million as a presidential candidate, had about $15 million left after the November 2004 election. That was a sore point with many Democrats who questioned why he did not spend it all to unseat Bush.

Kerry gave about $3 million of that money to various Democratic committees and spent about $2 million to buy the e-mail donor list from his campaign. After covering various campaign debts, he had millions left and has been adding to his accounts since then.

As Kerry moves to involve himself in the next campaign, some point to the flaws in his last run as evidence he shouldn't be the standard bearer again.

"I think he has to make an argument that he could do better than he did in 2004," said Democratic strategist Jeff Link, who is consulting with the political action committee of Iowa Gov. Tom Vilsack, a potential Kerry rival.

"We had an unpopular president who had launched an unpopular war and Democrats were as motivated as I've ever seen them, but he couldn't close the sale. I think that's going to give a lot of Democrats pause," Link said.

John Norris, who managed Kerry's campaign in Iowa and ran his field operations in the general election, said candidates learn valuable lessons in a national campaign that could be put to use in a second bid. Sadly, he said, voters do not see it that way.

"That sentiment you talked about is really strong out there," Norris said. "You know, 'He's had his chance.' I think that's shortsighted."

Link said there is an inherent reluctance to give a candidate a second chance, regardless of how well they performed. He worked for Gore during the disputed 2000 election.

"I was a very strong supporter of Al Gore and when he sort of put his toes in the water in 2004 he didn't find the support I think he had hoped for," Link said. "And he had arguably won the 2000 election."

Veteran Democratic strategist Ron Parker said it isn't a very complicated set of dynamics.

"For most folks, Kerry's selling point was less about ideology, about experience, it was the fact that he was the most electable candidate," Parker said. "It turns out that wasn't true and that opens the door for somebody new in 2008."

Crawford, a close ally of Bill Clinton, said electability is critical to the Democrats.

"We, as a party, are going to get to January of 2008 and take a look at the national landscape. And if it looks like Hillary Clinton can win a general election, the great possibility is she will be our nominee," Crawford said. "If we get to January of 2008 and it looks like she can't win a general election, then it's open season and we'll go from there."

Between Polar Opposites Is This Equator: Text Me (WP)

By Zachary A. Goldfarb

The Washington Post, July 2, 2006

Ring, buzz, vibrate: You've got a political message on your cellphone.

Sending text messages to cellphones is catching on this year as a method for reaching supporters.

On Thursday, the political action committee of former senator John Edwards (D-N.C.) went live with a messaging service. People who sign up for the One America Committee's text-messaging database receive on their phone: "Thanks 4 joining my mobile team. Please text me your name & email. Visit us @ http://oneamericacommittee.com. I'll be in touch. John."

"Senator Edwards and Mrs. Edwards are very interested in utilizing all the latest technologies to communicate with people," said Kim Rubey, Edwards's spokeswoman. "Communicating with text messages is a great way to stay in touch with people who are incredibly busy."

The technology comes from a firm called the Rights Group, which has worked on mobile phone advocacy with organizations such as the American Civil Liberties Union.

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"It's a very good way to increase the number of people you're in ongoing contact with," said Jed Alpert, the company's chief executive. "You can enroll at different points of contact, at live events, in print media or on the Web.

"We get response rates that are 10, 20 even 30 times what response rates are to e-mail because open rates are so high with text messaging," Alpert said.

Embattled Sen. Rick Santorum (R-Pa.) recently started using text messaging.

At a women's outreach breakfast in the Harrisburg area last month with Mary Matalin, a former adviser to Vice President Cheney, attendees were invited to join Santorum's text-message database. In response, they received: "From Keeping Women's Docs in PA to Allowing Parents the Freedom to Work from Home, Rick Santorum is Leading 4 Women. Look 4 Msgs with More Information."

"We wanted to find a way to reach some of the busiest voters. Almost everyone has a cellphone at their fingertips," said Virginia Davis, Santorum's spokeswoman. She said people who sign up will get "periodic updates on what the senator is up to."

Right now, the text-messaging feature is limited to Santorum's women's outreach efforts, but it could be expanded to other groups, such as veterans or students.Kerry's Treasury Department

John F. Kerry, the Democratic presidential nominee in 2004, has a big electronic address book -- it contains 3 million e-mail addresses -- and he hasn't been shy about using it to promote Democratic causes and to position himself for a presidential run in 2008. Now, insiders say, it's also bringing in quite a bit of money for Democrats nationwide.

Kerry insiders said reports for the quarter that ended Friday show he has given or raised nearly $10 million for Democratic candidates and committees since November 2004. That's $1.5 million in the past three months. Kerry has raised a total of $13.5 million this cycle.

Just last week, Kerry sent out an e-mail to raise money for the Senate candidacies of incumbent Maria Cantwell (Wash.), Claire McCaskill (Mo.), Rep. Sherrod Brown (Ohio) and incumbent Bob Menendez (N.J.). Kerry has given or raised $2.3 million for 18 Senate candidates and $6 million for 36 committees.

Other potential 2008 presidential candidates have also been active in giving and raising money.

Kerry's 2004 running mate, former senator John Edwards, has raised $6.5 million this cycle for fellow Democrats. He does not give funds to other committees.

Sen. Hillary Rodham Clinton (N.Y.) has raised and given $8 million to Democratic candidates and committees this cycle.

Former Virginia governor Mark R. Warner's Forward Together has raised $8.2 million and donated $810,000 to candidates and party committees since the political action committee was formed last year. Warner aides could not specify how much he has raised for other candidates, but he has done more than 25 events for candidates since last November.Bush, Yea or Nay?

President Bush isn't running for office this year, but candidates are doing their best to make 2006 a referendum on him.

Two new television ads have popped up in the Senate contests in Connecticut and Nebraska that feature the chief executive.

In Connecticut, businessman Ned Lamont, who is challenging Sen. Joseph I. Lieberman in an Aug. 8 Democratic primary, has launched an ad that morphs the incumbent into the president. The commercial features images of Bush paired with audio from Lieberman, creating the effect that Bush is speaking with the Connecticut Democrat's voice.

"Joe Lieberman may say he represents us, but if it talks like George Bush and acts like George Bush, it's certainly not a Connecticut Democrat," the narrator says. Lamont is hoping to capitalize on anti-Bush sentiments in the state to defeat Lieberman, one of the Democrats most closely aligned with the president.

In Nebraska, Sen. Ben Nelson (D), who is seeking reelection in Nebraska, is playing the opposite game.

In an ad that slams his GOP challenger, former Ameritrade Holding Corp. executive Pete Ricketts, the narrator says: "We know no one's more independent than Ben." Bush appears in a clip from his visit to the state in February 2005 in which he praises Nelson as "a man with whom I can work, a person who's willing to put partisanship aside to focus on what's right for America."

Since Bush uttered those words, Nelson's political team has viewed them as political gold -- essentially an endorsement of the senator's centrist politics by a president who carried the Cornhusker State with 66 percent in 2004.

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The Power Of Hillary (WP)

By James Carville And Mark J. Penn

The Washington Post, July 2, 2006

"Hillary Clinton really is one of the weakest . . . nominees with whom the Democrats could be saddled."

"Democrats are worried sick about her chances."

"Just give someone else a chance, so we in the Democratic Party can elect a Democrat."

"She cannot possibly, possibly win."

Yada, yada, yada.

We've heard all this "Hillary can't win stuff" before. In fact, the quotes above aren't from recent weeks but from six years ago, when many pundits -- and Democrats -- said there was no way that Hillary could get elected to the Senate. She won by 12 percentage points.

We don't know if Hillary is going to run for president, but as advisers who have worked on the only two successful Democratic presidential campaigns in the past couple of decades, we know that if she does run, she can win that race, too.

Why? First, because strength matters. Our problems as a party are less ideological than anatomical: Our candidates have been made to look like they have no backbone. But the latest Post-ABC News poll shows that 68 percent of Americans describe Hillary Clinton as a strong leader. That comes after years of her being in the national crossfire. People know that Hillary has strong convictions, even if they don't always agree with her. They also know that she's tough enough to handle the viciousness of a national campaign and the challenges of the presidency itself.

One thing we know about Clinton campaigns: Nobody gets Swift Boated.

The woman who gave the War Room its name knows how tough politics at the presidential level can be. Adversaries spent $60 million against her in 2000, and she endured press scrutiny that would have wilted most candidates. She gave as good as she got, and she triumphed.

For those who think that the politics of personal destruction might be rekindled against Hillary or her husband, we can only remind people how consistently that approach has backfired in the past. Bill Clinton would certainly be a huge asset if Hillary decided to run.

In fact, Hillary is the only nationally known Democrat (other than her husband) who has weathered the Republican assaults and emerged with a favorable rating above 50 percent (54 percent positive in the latest Post-ABC poll).

Yes, she has a 42 percent negative rating, as do other nationally known Democrats. All the nationally unknown Democrats would likely wind up with high negative ratings, too, once they'd been through the Republican attack machine.

The difference with Hillary is the intensity of her support.

Pundits and fundraisers and activists may be unsure of whether Hillary can get elected president, but Democratic voters, particularly Democratic women and even independent women, are thrilled with the idea.

The X factor for 2008 -- and we do mean X -- is the power of women in the electorate. Fifty-four percent of voters are female. George Bush increased his vote with only two groups between 2000 and 2004: women and Hispanics. Bush got 49 percent of white female voters in 2000 and 55 percent in 2004. Of his 3.5-percentage-point margin over John Kerry, Bush's increase with women accounted for 2.5 percentage points. The rest came from a nine-point increase among Hispanic voters: from 35 percent in 2000 to 44 percent in 2004. We believe that Hillary is uniquely capable of getting those swing voters back to the Democratic column.

Hillary's candidacy has the potential to reshape the electoral map for Democrats. Others argue they can add to John Kerry's 20 states and 252 electoral votes by adding Southern states, or Western or Midwestern, depending on their background. Hillary has the potential to mobilize people in every region of the country.

Certainly she could win the states John Kerry did. But with the pathbreaking possibility of this country's first female president, we could see an explosion of women voting -- and voting Democratic. States that were close in the past, from Arkansas to Colorado to Florida to Ohio, could well move to the Democratic column. It takes only one more state to win.

Finally, for those who believe that Hillary's electoral chances are tied to ideology, not leadership qualities, we believe that she is squarely in the mainstream of America. Some people say she is too liberal, some that she is too conservative. We think her

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35 years of advocacy for children and families and her tenacious work in the Senate to help ensure our security after Sept. 11 and to help middle-class families will serve her well. We think she represents the kind of change the country is yearning for: a smart, strong leader. She would take the country in a fundamentally different direction: closing deficits, not widening them; expanding health care coverage, not shrinking it. Fighting terrorism without isolating us from the rest of the world.

We don't know whether Hillary will run. But we do know that if she runs, she can win.

James Carville, a Democratic political consultant and commentator, was chief strategist in Bill Clinton's 1992 presidential campaign. Mark J. Penn was a key strategist in Clinton's 1996 bid for re-election and in Hillary Clinton's 2000 Senate campaign.

Slamming Bush, Biden Declares Candidacy (NHUL)

By John Distaso

Union Leader, July 2, 2006

Bedford – After more than 30 years in the United States Senate and nearly 20 years after his first try for his party's Presidential nomination, Joseph Biden has no doubts about making another run for the White House.

"I'm in," the Delaware Democrat said Friday as he began a five-day visit to the first-in-the-nation primary state.

"I know I'm supposed to hedge, but I'm in."

Biden dropped out of the 1988 nomination race amid allegations of plagiarism. He then suffered a cerebral aneurysm virtually on the eve of the New Hampshire primary.

He recalls being given a 30 percent chance of surviving.

"I'm lucky," he said. "I'm a respecter of fate. But barring something like that happening to me or my family, I am in."

Biden said he won't be surprised if, as the fourth longest-serving member of the Senate, he's labeled the "consummate insider."

But, he said, the label doesn't really apply.

Biden, 63, realizes that among the hard left activists in his party, his stance on the Iraq war — to stay and fight until the job is done — is unpopular. But he is asking for their trust that a "neo-isolationist" foreign policy is the worst possible alternative for the country at this point in history.

Regarding the Iraq war, terrorism, and overall foreign policy, Biden considers himself a "muscular Democrat."

In an interview at the Bedford Village Inn, Biden said the Bush administration's policy has made the United States more vulnerable to terrorism, not less.

The ranking Democrat on the Senate Foreign Relations Committee and former chairman of the Senate Judiciary Committee, Biden said his "bluntness" and the fact that he shuns the Washington "political rounds" and "embassy rounds" will show voters he is not typical of the Capitol Hill genre.

"But the very thing that may prevent me from being viewed as the consummate insider is the very thing that may get me in trouble — and that is a tendency to say what I think," he said.

While he is employing consultants, such as long-time friend former Democratic national chairman David Wilhelm, who managed Bill Clinton's 1992 campaign, Biden said, "I'll have my counsel be my own counsel."

While admitting to being "agnostic" on what he considers less important issues, Biden said, "There are certain core things I'm not prepared to back off on," including, he said, a belief that Sens. John Kerry and Russell Feingold's calls to withdraw troops from Iraq by a specified date in mid-2007 is a mistake.

Biden said 2008 may also be "the one year maybe in the better part of a century when it's much better to be a senator than a governor. I don't think the country is looking for on-the-job training."

He said four of the seven Presidents he has served with were former governors, and each "took at least two years to figure out what their foreign policy was. And I think the public is looking for someone who seems to have strength and the substance, the intelligence, to implement what he or she says."

Biden said his Senate experience "is the thing that's given me the confidence to believe I'm the best qualified person to be President. I'm wrong about a lot of things, but I haven't been very wrong about the foreign policy side of the equation."

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A key missing component of George W. Bush's foreign policy, Biden said, is the ability to "project to the world what your values are, and what you value."

"We need a much, much, much more robust doctrine of public diplomacy," said Biden, including programs not unlike the cold war's Radio Free Europe.

He said Donald Rumsfeld should resign as defense secretary in the wake of the Haditha killings to show the world "we take responsibility for mistakes and we're ready to change."

The United States must remain the world's most powerful force by expanding the military and moving from reliance on high-tech weapons "to having a force large enough to be able to deal with the exigencies of the world."

But even as a "muscular Democrat," he said, "the rules of engagement are very different for me.

"It's a matter of having to rebuild alliances by rebuilding faith in our country. Other countries don't doubt our physical might. They doubt our judgment. That's where we've been so badly damaged."

Biden said a U.S. Supreme Court decision last week outlawing military tribunals for detainees suspected of terrorism was valuable.

"When we depart from the rule of law, does it help us or hurt us in our overall fight and objective, to take on terror?" said Biden. "It hurts us, and the court's decision is positive and will help us in the international community."

Biden said he proposed opening discussions with Iran immediately after 9/11, when thousands marched in the streets to show empathy for the United States. "There was an opportunity because the Iranians were worried about terror turning on themselves."

He said Bush refused to negotiate.

Biden said Bush correctly handled Afghanistan, "but then the hubris began. We defeated the Taliban almost too quickly, and (the administration) immediately turned their attention away from solidifying Afghanistan, nailing the Taliban and bin Laden, and turning to this new adventure (in Iraq).

"In retrospect, it's clear to me they had no intention of doing anything other than going to war in Iraq," Biden said. "This is going to (go) down as the single most tragic foreign policy mistake of this century."

Biden said that if the United States had not gone to Iraq, Saddam Hussein, "left unfettered," would have gained access to a nuclear weapon in five to seven years.

But if "we had kept the no-fly zone going, inspections, and if the Kurds had continued building a serious state that was growing, you would have continued to put pressure on Saddam, and I think we would have eventually brought Saddam down in a process where his own military would have decided he was too much of an impediment for them."

Biden said that with Saddam at least contained, "we could have been able to keep the rest of the world with us and focused on really doing what the President promised us. By now, we would have crushed the Taliban and would have had a much better chance of having eradicated the bulk of al-Qaida and bin Laden."

Now, Iranian leaders "like things just the way they are," said Biden. "We're tied down and there is no full-blown civil war.

"The irony of all ironies is that Tehran is much more secure today because Saddam's gone and the Taliban is gone," he said. "They ought to be sending us a 'thank you' note.

"It did not have to be this bad."

Graham Defies Easy Labels (TSSC)

By James Rosen

The State (SC), July 2, 2006

WASHINGTON — When Lindsey Graham first came to Congress almost a dozen years ago, he quickly became known as a Republican attack dog who helped lead the House impeachment of President Clinton.

These days, conservative activists are less enchanted with the first-term senator from South Carolina.

Graham worked with U.S. Sen. Hillary Rodham Clinton, D-N.Y., to boost military health-care benefits for Guardsmen and Reservists. He's joined with U.S. Sen. Charles Schumer of New York, another Democratic scourge for many Republicans, to clamp down on China's currency manipulation.

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A former military lawyer who is still a colonel in the Air Force Reserves, Graham sometimes sits on the service's Court of Criminal Appeals. He was an early critic of the U.S. military's excessive interrogation practices at Abu Ghraib prison in Iraq and elsewhere.

In the "Gang of 14" last year, Graham and 13 other senators from both parties prevented Republicans from trying to force rule changes in order to end Democrats' use of the filibuster to block President Bush's most controversial judicial nominees.

Much like his friend and mentor, U.S. Sen. John McCain, R-Ariz., Graham disdains party-line politics and revels in his independence.

"People are always telling me what I think and why I'm doing something," Graham said last week in an interview. "Usually, they're just full of it."

Graham, 50, has no time for special interest groups and politicians of any political persuasion who "want you to hate the people they hate" and cannot tolerate compromise.

"I readily look for opportunities to work with Democrats to solve problems important to my state and the nation," he said. "If Senator Clinton is willing to come to the middle to provide better benefits for the military, I will get a car and drive her."

HIGH PROFILE

Scarcely 41 months into his Senate term, Graham has become one of the most visible and sought-after members of Congress. A regular on the Sunday morning news shows, he is often trailed around Capitol Hill by TV camera crews and recorder-toting reporters. His office fields dozens of requests each week for interviews, speeches and other appearances.

"Lindsey Graham is a very, very smart guy, and he's also a creative guy," said Charlie Black, a prominent GOP consultant in Washington. "Lindsey thinks of himself as a problem solver. That's why he's out front and involved in a lot of things."

Graham's articulateness and high profile have led some political analysts to cast him as a possible 2008 presidential candidate — a job for which he adamantly denies having even the slightest interest.

Why all the attention?

"I take stands on complicated issues, and I get involved in fights that are sometimes emotional," he said. "Hard political fights are something that I feel like I was sent here to engage in. So, if you get involved in the hard political fights every time, dealing with the tough issues, you're going to stand out. That is part of our modern politics. And if I'm standing out in a way that people believe I could serve at the highest level of government, I think it helps my state."

IN LINE WITH BUSH

Radio talk show hosts, conservative activists in South Carolina and outside the state, and prominent evangelical Christians, including James Dobson and the Rev. Pat Robertson, lacerated Graham last year for his willingness to compromise on judicial nominees.

Under the deal he and the rest of the Gang of 14 hammered out, Democrats agreed to allow up-or-down votes on Bush's more conservative nominees while reserving the right to filibuster — a stalling tactic that requires 60 votes to be stopped — only in limited, extreme cases.

Despite the heat he took for his role in the compromise, Graham believes time has proved him right.

"From a Republican point of view, we have gotten judges confirmed on very close votes that had been filibustered for years," he said. "Alito and Roberts are sitting on the Supreme Court without a filibuster. I think it was a good deal for the Senate, a good deal for President Bush and a good deal for the country."

Even as he touts his independence, Graham says his "conservative voting record is second to none."

Graham regularly acts on his core conservative beliefs, as he did Tuesday in voting for a constitutional amendment prohibiting desecration of the flag, which came within a vote of passing the Senate.

Graham also has stood fast with Bush on Iraq, criticizing the treatment of some detainees but supporting the broader war effort.

The senator is also more open to the reality of global warming as a serious environmental threat, an increasingly important issue for many evangelical Christians but one still resisted by Bush.

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At the same time, Graham backs Bush's more moderate approach to immigration reform, which couples stronger border protections with provisions to grant illegal workers temporary visas and even a pathway to eventual citizenship. House Republicans, backed by conservatives back home, want the border strengthened before considering other reforms.

STILL A CONSERVATIVE

The American Conservative Union, which grades lawmakers on a scale of 1 to 100 each year based on key votes, gives Graham a lifetime ranking of 91. While he points to that figure as proof of his conservative credentials, 19 Republican senators — including Jim DeMint of South Carolina at 98 — have higher numbers.

Other rating groups give Graham high conservative marks, too, though some not as high. To the extent that such comparisons are valid, Graham is less conservative than more than one-third of his Senate Republican colleagues.

"I genuinely and earnestly believe in conservative solutions to the problems facing our country, but I also genuinely and earnestly believe that the big problems of my time can never be solved without some bipartisanship," Graham said.

Whit Ayres, a Republican pollster in Alexandria, Va., said Graham has a rare ability to balance ideology and practical politics.

"He has an unerring sense for what will work politically while remaining true to his principles," Ayres said. "He is a maverick who figures out unusual ways to promote conservative policies and goals."

Graham said he long ago gave up trying to please everyone.

"Some people are not going to like me because I won't stand up in front of the country and spew out a bunch of hate toward my political opponents," Graham said. "I'm just not going to build a career around that. It would hurt my state if I spent my time up here trying to cater to the meanest and nastiest people in politics."

James Rosen covers Washington for The State and other McClatchy newspapers in South Carolina.

GOP Aims To Use A War To Win An Election Battle (LAT)

By Doyle Mcmanus And Peter Wallsten, Times Staff Writers

The Los Angeles Times, July 2, 2006

Republicans are once again making the fight against terrorism a campaign cornerstone. So far, Democrats have not been as engaging.

WASHINGTON — President Bush says Democrats want to "wave the white flag of surrender" in Iraq. Vice President Dick Cheney accuses the opposition party's leaders of "defeatism" in the global war on terrorism. And House Republican leader John A. Boehner of Ohio charges Democrats who applauded last week's Supreme Court ruling on detainees with advocating "special privileges for terrorists."

Ever since the Sept. 11 attacks, Republicans have made an uncompromising stance against terrorism a cornerstone of their campaigns. It helped the GOP to take control of the Senate in 2002 and Bush to win reelection in 2004.

Now, in the face of increasing violence in Iraq and eroding public support for the war at home, Republicans are turning again to the theme of toughness — with gloves off.

The environment is not entirely hospitable. A car bomb killed scores of people in a busy Baghdad market Saturday, a day after the Army announced that American soldiers were accused of raping an Iraqi woman and then killing her and three family members. Polls find most voters say they want to see Democrats take control of Congress this fall.

But Republicans believe toughness still sells.

"Foreign policy looked like a minus for Republicans this year," GOP pollster Frank Luntz said, "but it's turning into a plus…. The public doesn't endorse the Republican policy, but they actually reject the Democratic alternative…. By comparison, the Republicans do well."

Republican strategists hailed last week's Supreme Court ruling on detainees at the Guantanamo Bay naval base in Cuba, which held that Bush had overstepped his powers by refusing some legal protections for alleged terrorists.

"The Supreme Court ruling on Guantanamo was a real blessing in disguise," said Whit Ayres, another GOP pollster. It "allows us to have a debate on whether terrorists should receive the same legal protections as American military personnel…. It's hard to see Republicans losing when that's the debate."

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Democratic leaders say, at least in public, that they are confident they can win that debate.

But the Democrats' response so far has been less unified, less pointed and less memorable than the Republicans' attacks.

"The Democratic leadership has not been very good at this," said George P. Lakoff, a linguistics professor at UC Berkeley who has advised some Democrats on ways to sharpen their message. "They're still debating whether you should say as little as possible and hope the Republicans fail, or stand up for what you believe."

Last week's Los Angeles Times/Bloomberg poll found that 54% of voters said they wanted to see Democrats capture control of Congress this fall, whereas 34% favored Republican control. Voters said they thought Democrats would do a better job than Republicans on issues including the economy, immigration and Iraq. The one exception was national security and terrorism: 39% of registered voters said Republicans would do a better job; 30% favored Democrats.

The poll also found that Bush's approval rating on his handling of the war on terrorism had improved markedly since April — a swing at least partly attributable to signs of progress in Iraq, including the death of Abu Musab Zarqawi, the leader of Al Qaeda in Iraq.

The Republicans' new offensive on national security was launched last month by the White House, which encouraged Republican leaders in Congress to press for a debate on Iraq.

As the debate approached, Bush embarked on a surprise, made-for-TV mission to Baghdad. On the same day, the president's top strategist, Karl Rove, accused Democrats of wanting to "cut and run" from Iraq.

In a June speech to New Hampshire Republicans, Rove charged that Sen. John F. Kerry (D-Mass.) and Rep. John P. Murtha (D-Pa.), who have proposed a timetable for U.S. withdrawal from Iraq, were "ready to give the green light to go to war, but when it gets tough, and when it gets difficult, they fall back on that party's old pattern of cutting and running," according to the Union Leader newspaper.

The next day, Bush signaled that Republicans would paint the Democrats as pushing a plan that would "embolden" terrorists.

"What's going to matter [in the 2006 elections] is who has got the plan that will enable us to succeed in Iraq," he said.

At a fundraising event last week for Sen. Jim Talent (R-Mo.), Bush said: "There's a group in the opposition party who are willing to retreat before the mission is done. They're willing to wave the white flag of surrender. And if they succeed, the United States will be worse off, and the world will be worse off."

And after Thursday's Supreme Court decision on Guantanamo, House Majority Leader Boehner went a step further, accusing his Democratic counterparts of giving Al Qaeda "a show of support" by praising the court ruling.

A statement released by Boehner's office was headlined, "Capitol Hill Democrats Advocate Special Privileges for Terrorists." It noted that House Minority Leader Nancy Pelosi (D-San Francisco) had applauded the court's ruling that alleged terrorists were entitled to "the basic guarantees of our justice system." The statement also said that Al Qaeda was "surely pleased at the show of support from Capitol Hill Democrats."

Some Republican strategists think Boehner may have gone too far.

"That's too extreme," Luntz said. "What you don't want to do in this debate [is] go over the top."

A spokesman for Boehner, Kevin Smith, said that the majority leader stood by his statement and that it fit into the GOP's campaign plan.

"Nancy Pelosi's statement was weak and sympathetic to the rights of terrorists," Smith said.

Pelosi spokesman Brendan Daly replied: "Republicans are resorting to their tired tactics of distort, distract and divide. Instead of actually doing something to protect our nation, such as implementing the 9/11 commission recommendations or hiring more border control agents, they are doing what that always do: trying to incite fear and attack Democrats. It won't work."

Pelosi said in her statement that the Supreme Court ruling provided "a reminder of our responsibility to protect both the American people and our constitutional rights. We cannot allow the values on which our country was founded to become a casualty in the war on terrorism."

So far, issues of national security and terrorism haven't turned up much in races for the House, where Democrats are hoping to erase the Republicans' 15-seat majority.

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"House races aren't about national security," said Carl Forti, a spokesman for the National Republican Congressional Committee, which is coordinating GOP House campaigns.

"House races are about pocketbook issues."

But national security is already a theme in several close Senate races, including the contest in Missouri, where Bush campaigned last week.

Talent, the Republican incumbent, faces a tough challenge from Democratic State Auditor Claire McCaskill. Talent has been a strong supporter of Bush's policy in Iraq. McCaskill, a moderate, did not endorse either of two Democratic proposals on a withdrawal from Iraq that came before the Senate last month, leading Talent's campaign to accuse her of being "wishy-washy."

In Virginia, Republican Sen. George Allen — who is exploring the possibility of running for president — is facing furious attacks on his national security credentials from Democratic nominee James H. Webb Jr., a Vietnam veteran who served as secretary of the Navy in the Reagan administration before leaving the Republican Party.

Allen has accused Kerry and other Democrats of being "weak in the knees."

Webb said he did not endorse Kerry's position.

Democrats Look Beyond City Limits (WP)

By Chris Cillizza

The Washington Post, July 2, 2006

Candidates Turn New Attention To Rural Voters

When Claire McCaskill ran for governor in 2004, she followed a tried-and-true blueprint for Missouri Democrats: She focused heavily on turning out voters in the urban strongholds of St. Louis and Kansas City while working to cut her losses in the vast rural reaches of the state.

She lost.

This year, McCaskill, the state auditor, is back for another statewide race -- against Republican U.S. Sen. James M. Talent -- but with a new commitment to rural areas.

McCaskill formally announced her campaign for the Senate in Houston, Mo., in the state's southern reaches, and since then has made four rural tours through towns such as Hannibal, Springfield, Branson and Mexico. On those trips she travels in a 31-foot RV with her mother, Betty Anne.

"What 2004 demonstrated is that we have ignored rural Missouri at our own peril," McCaskill said.

The wooing of rural voters is essential to Democrats' hopes for taking back the Senate this November, party strategists say. Rural voters wield real electoral power in Missouri, Pennsylvania, Ohio, Montana, Tennessee, Virginia and Arizona -- all of which are being targeted this fall by Democrats.

Sen. Charles E. Schumer (N.Y.), chairman of the Democratic Senatorial Campaign Committee, said the Bush administration's economic policies have created an opening for his party to argue that rural voters have a self-interest in backing Democrats. "The way to get in is not to try to avoid being who we are, but put far greater emphasis on the issues of common ground and talk to people in a language that they speak," he said.

The raw numbers are daunting. Exit polling in the 2004 presidential race showed Bush carrying rural areas 57 percent to 42 percent over Sen. John F. Kerry (D-Mass.). Similar margins have fueled Republican victories on the state and local levels, where candidates have repeatedly used social issues such as abortion and same-sex marriage to advantage over Democrats.

Republican Rep. Robert Aderholt, who represents a largely rural district in Alabama, expressed skepticism about Democratic attempts to make inroads among his constituents.

"Most rural Americans tend to be more conservative," he said. "They see the Democratic Party nationally, and certainly no one has ever labeled [Democratic National Committee Chairman] Howard Dean or [House Minority Leader] Nancy Pelosi a conservative."

Focus groups conducted in 2005 by Democracy Corps, a consortium of Democratic consultants, reinforced that sentiment. "Democrats had lost all credibility as champions of the middle class; as a result, voters saw no real difference between the parties on the economic and quality-of-life issues that mattered most to them," wrote pollster Karl Agne.

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But developments over the past year, such as higher gas prices and increased health-care costs, have created a sense of pessimism among rural Americans, according to more recent focus groups conducted by Agne in places such as Little Rock and Golden, Colo. While Iraq remains the dominant issue for this voting bloc, it is the "growing economic pressures facing these voters that really caused fireworks," Agne said.

Hoping to capitalize on this discontent, the Democratic Senatorial Campaign Committee is reviewing the voting patterns of rural and exurban voters in the targeted states and has sought advice from Sen. Ken Salazar (D-Colo.) and Gov. Timothy M. Kaine (D-Va.).

"The successful campaigns of Ken Salazar in 2004 and Tim Kaine in 2005 prove that Democrats are capable of making inroads with these communities and can, at the very least, reduce the large deficits in exurbs that have fatally damaged other candidates in recent history," Schumer wrote in a memo to his colleagues.

How successful Democrats are in this effort will be one of the determining factors in which party controls the Senate in 2007.

This fall's contest in Virginia between Sen. George Allen (R) and James Webb (D), a secretary of the Navy in the Reagan administration, is an example.

Once viewed as a long-shot race, Virginia now counts among Democrats' top eight potential takeovers. Their optimism springs from a belief that Webb's r?sum? as a decorated Vietnam War veteran and longtime Republican will allow him to blunt the traditional GOP edge in largely rural central and southwestern Virginia.

Steve Jarding, a strategist for Webb, said the key for Democrats to be competitive in rural America is simple: Just show up. "You can't write it off," he said. "We need to quit conceding turf to Republicans."

It was not by accident then that Webb announced his candidacy in Gate City, in the far southwestern part of the state. Scott County, of which Gate City is part, voted 65 percent for President Bush in 2004 and 63 percent for Allen when he defeated the n-Sen. Charles S. Robb (D) in 2000. Webb must improve on those numbers to have any realistic chance of winning, analysts say.

While Webb's r?sum? may be appealing to rural voters, his positions on issues are out of whack with their beliefs, said Allen campaign manager Dick Wadhams. He said that while Democrats make "cosmetic" arguments on why they can appeal to rural voters, there is no substance beneath that style.

"Showing up at a NASCAR race wearing a flannel shirt does not do anything to change the reality that Democrats are by and large out of touch with rural voters on fiscal and cultural issues," Wadhams said.

James G. Gimpel, a professor of government at the University of Maryland, said that while recent Republican struggles have narrowed the partisan gap among rural voters, the perceived liberalism of national Democrats makes any wholesale shift among this group unlikely.

"If you don't prime rural voters on the issues that they care about, a lot of them will go your way because they are Democrats," Gimpel said. "If you remind them of how conservative they are and how liberal the national Democratic party is, those Democrats would say they will vote for the man, not the party."

GOP Woos Values Voters, Pushes Hot-button Issues (SLPD)

By Deirdre Shesgreen

St. Louis Post-Dispatch, July 1, 2006

Forget about immigration overhaul, lobbying and ethics reform, and even the Iraq war.

Last week, House Republican leaders unveiled an election-year "values agenda" that included a gay marriage ban, abortion restrictions and legislation preserving the words "under God" in the Pledge of Allegiance, among other items. And the Senate spent two days debating a constitutional amendment to ban flag desecration before defeating it, just a few weeks after an amendment banning gay marriage met the same fate.

These hot-button cultural issues are designed to rev up the Republican base and cut into Democratic support among rural blue-collar voters; they are so-called "wedge" issues that in the last election helped propel George W. Bush to a second term and boosted Republican majorities in Congress.

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That 2004 vote sent Democrats reeling, with many calling for a re-examination of the way they talked about faith and politics and a new push to win back "values voters" who over the last few election cycles have come to see the Democratic Party as reflexively anti-religion.

Last week's action by Republicans shows the GOP is ready for a replay of the culture wars.

"Radical courts have attempted to gut our religious freedom and redefine the value system on which America was built," House Speaker Dennis Hastert, R-Ill., said in a statement unveiling the House agenda. "We hope to restore some of those basic values" with these legislative proposals.

It's unclear whether Democrats, despite their soul-searching, will be able to reframe the debate with their own moral tilt and cut into the established GOP advantage on these issues.

Sen. Barack Obama, D-Ill., suggested in a speech last week that Democrats had fallen into a trap of their own making on religious issues and had made little progress despite evidence of the serious electoral ramifications.

"At best we may try to avoid the conversation about religious values altogether, fearful of offending anyone or claiming that ... constitutional principles tie our hands," Obama said in a speech to Call to Renewal, a liberal Christian group focused on eliminating poverty.

"At worst," Obama said, "there are some liberals who dismiss religion in the public square as inherently irrational or intolerant ... (with some) thinking that the word 'Christian' describes one's opponents, not people of faith."

That may have been a subtle jab at Howard Dean, now head of the Democratic National Committee, who last year sparked an uproar when he said of the GOP: "They all behave the same. They all look the same. It's pretty much a white, Christian party."

"Red meat" in Missouri

Del Ali, an independent pollster whose firm conducts polls for the Post-Dispatch, said there's no evidence that Democrats have gained ground on these sensitive social issues. But he said the public may not get as riled up about gay marriage or other "values" subjects this election as they did in 2004.

In this sour political climate, Ali said, voters are not going to wake up "every morning saying 'I don't care what the price of gas is ... I hope no one's burning the flag."

Still, he said, the GOP's move last week is a strategic one that could make a small but significant difference in a few House and Senate key races, particularly in an election where turnout of each party's base will be crucial.

In Missouri, for example, Sen. Jim Talent, R-Mo., needs some "red meat" issues to make sure conservative voters in the southern part of the state are motivated to get to the polls, Ali said. Talent supported both constitutional amendments barring flag desecration and gay marriage.

Talent's Democratic challenger, Claire McCaskill, has been playing up her rural roots in an effort to blunt Talent's advantage among those voters. So it was no surprise that McCaskill moved quickly last week to neutralize the flag issue, saying that she, like Talent, would have voted for the measure.

In Washington, Democrats have been trying out all sorts of new strategies to woo evangelical voters. Last month, Dean went on Pat Robertson's "700 Club" show and declared that Democrats have "an enormous amount in common with the Christian community."

Senate Democrats have called in a half-dozen or so liberal religious activists, authors and others to help them reframe key issues in values-laden language.

Democrats stress that their retooling has not been about shifting positions but about finding new ways to talk about Democratic priorities - from protecting the environment to increasing health care coverage. For example, they have tried to reframe economic issues, such as tax cuts geared toward the wealthy or budget cuts aimed at the poor, in moral terms.

"When you've got an estate tax debate that proposes a trillion dollars being taken out of social programs to go to a handful of folks who don't need and weren't even asking for it, you know that we need an injection of morality in our political debate," Obama said in his speech.

Courting evangelicals

Republicans and conservative activists shrug off the Democratic efforts, saying they can't repackage their positions on issues that matter most to conservative Christian voters.

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"When your party is pro-abortion, pro-gay rights, and pro-flag burning ... how do you say that in a nicer way?" said Connie Mackey, of the Family Research Council, a prominent Christian advocacy group. "I don't know how you can sell that."

Mackey said the GOP's recent focus on such issues will help re-invigorate evangelical voters who have otherwise become somewhat disenchanted with Republicans over immigration and other issues.

But Mackey also noted that congressional Republicans have not been able to deliver on most of those issues, causing further consternation.

Another bill on the House Republicans "values agenda" is a proposal, sponsored by Rep. Todd Akin, R-Mo., to prevent federal courts from declaring as unconstitutional the words "under God" in the Pledge of Allegiance. But that measure could not even muster a majority in a committee vote last week.

"There's room for a lot of improvement," Mackey said. She acknowledged "a dip in enthusiasm" among conservative Christians, but added, "when the time comes around, there's still a base that can be counted on."

Jim Wallis is a liberal Christian activist and author of "God's Politics: Why the Right Gets It Wrong and the Left Doesn't Get It." He said he has seen some progress among Democrats, although they've been "slower" to adapt than grass-roots activists.

"I think a lot of Democrats are learning that they can't cede the entire territory of moral values and religion to a religious and political right without them defining the entire conversation, which they did in 2004," said Wallis, among those called in by Senate Democrats for advice.

Religious conservatives had "insisted there were only two moral values questions: abortion and gay marriage," he said. But now issues from poverty in the United States to violence in Sudan are on the agenda, with Democrats talking about those issues in the context of their "moral compass."

EDITORIAL WRAP-UP

Backtracking In Darfur (WP)

The Washington Post, July 2, 2006

Sudan's dictator gets nastier.

THIS YEAR, Sudan's government declared that it would allow United Nations peacekeepers into the western region of Darfur once a peace deal had been concluded. Then a peace deal was signed in May, and the government reversed itself. President Omar Hassan al-Bashir recently swore that "there will not be any international military intervention in Darfur as long as I am in power."

"We will not accept colonial forces coming into the country," he continued, attributing U.S. pressure for intervention to "Jewish organizations." Meanwhile, Mr. Bashir has some interesting organizations on his side. Ayman al-Zawahiri, the deputy leader of al-Qaeda, recently accused the United Nations of preparing to occupy Sudan and divide it.

U.N. Secretary General Kofi Annan was due to meet Mr. Bashir this weekend. But his chances of persuading the president to change his mind seem negligible. It's not that Mr. Bashir has any principled objection to "colonialist" peacekeepers; he has already accepted a 10,000-strong U.N. deployment in Sudan's south as part of a previous peace agreement. It's simply that Mr. Bashir has calculated that he can snub the international community with impunity. As well as ruling out peacekeepers for Darfur, Mr. Bashir has recently imposed a two-day suspension on most Western aid efforts in Darfur and is blockading humanitarian access to the victims of another crisis in Sudan's east. His fighters are exporting instability to neighboring Chad. And he has missed a deadline in the Darfur peace deal for submitting a timetable for disarming the genocidal janjaweed militia.

History has demonstrated that Mr. Bashir's regime is susceptible to foreign pressure. Sustained diplomacy pushed him into a peace deal with the south and forced him to allow a small contingent of African Union peacekeepers into Darfur. But the external pressure has to be consistent to work, and recently the international community has appeared divided. Sudan's Arab neighbors have been passive in the face of the extermination of Muslim civilians in Darfur; the African Union has blown hot and cold on Sudan's behavior. China, which has a stake in Sudan's oil industry, has sometimes used its U.N. Security Council seat to resist ultimatums to Sudan's government.

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Some of the ingredients of progress in Darfur are already in place. The U.N. is busy planning for a peacekeeping deployment, and a peace deal exists, at least on paper. The priority is to reconstitute the diplomatic coalition that has successfully put pressure on Sudan's government in the past and that can clear the way for a U.N. deployment and hold the government to its commitments under the peace deal. Worrisomely, President Bush's point man on Sudan, Deputy Secretary of State Robert B. Zoellick, is leaving for Wall Street, and his ambassador to the United Nations, John R. Bolton, recently refused to accompany his Security Council colleagues on a trip to Sudan. But if Mr. Bashir's shameless outpourings are not enough to solidify diplomatic efforts to isolate his regime, it's hard to know what would be.

A Noncommittal Fed (LAT)

The Los Angeles Times, July 2, 2006

TALK ABOUT IRRATIONAL EXUBERANCE. Stock markets surged Thursday because of what the Federal Reserve didn't say.

As expected, the central bank raised its short-term interest rate a quarter-point, the 17th consecutive hike since mid-2004. The Federal Open Market Committee explained that although economic growth was slowing, other factors "have the potential to sustain inflation pressures." With customary ambiguity, the committee said its next moves would depend on how the outlook for economic growth and inflation evolved.

The Fed's statement was simply a variation of "That depends," a time-honored, noncommittal answer to practically any question about the future. Still, it was notably different from the news release that followed the committee's previous meeting on May 10. Then, the Fed explicitly warned that more interest-rate hikes might be needed.

The contrasting levels of noncommitment sparked the largest daily run-up in the Dow Jones Industrial Average since March 2003. Then, on Friday, the Commerce Department reported slower growth in consumer spending and a steadying rate of inflation, which could relieve pressure for more rate hikes.

All the recent volatility and confusion about discerning the Fed's real intentions should lead Chairman Ben S. Bernanke to forge ahead with one of his long-standing pet ideas: having the Fed publicly set a target for inflation. The Fed's governors have an informal comfort range of 1% to 2% for "core" inflation, the index that excludes volatile energy and food prices. Before joining the board, Bernanke argued that the Fed should publicly declare a target for inflation and focus on keeping inflation within that range. Doing so would set people's expectation of inflation, which would in turn reduce the pressure to raise wages and prices, according to Bernanke and other proponents of public targets. It's an approach taken by about two dozen central banks around the world.

Public inflation targets would be a natural extension of the Fed's slow, steady drive toward transparency. Alan Greenspan started the process by ending the Fed's Wizard-of-Oz habit of hiding its deliberations behind a curtain of confidentiality. Bernanke has continued the trend, in part by making notably less oblique pronouncements than Greenspan. Having a clear target would further enhance the Fed's predictability.

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DEPARTMENT OF JUSTICE *NEWS CLIPS*

PREPARED FOR THE OFFICE OF PUBLIC AFFAIRS, US DEPARTMENT OF JUSTICE

TO: THE ATTORNEY GENERAL AND SENIOR STAFF

DATE: SUNDAY, JULY 2, 2006 7:45 AM EDT

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TERRORISM NEWS:

Hurdle To Closing Guantanamo: Where To Put Inmates (WP)

By Josh White

The Washington Post, July 2, 2006

The Supreme Court decision striking down military commissions for detainees at Guantanamo Bay, Cuba, has renewed calls for the government to close the facility that has held terrorism suspects for four years. The problem facing U.S. officials is how to shut down Guantanamo and what to do with the 450 men who are still there -- in particular, about 100 they consider too dangerous to ever release.

U.S. officials acknowledge that closing Guantanamo Bay is likely, though there is no timetable and no specific plan for how to do it. While the State Department works to repatriate nearly two-thirds of the prison's population via complex negotiations with other nations, the Bush administration will have to decide what to do with the core group who officials claim would kill Americans if they were freed.

Senior administration officials, requesting anonymity because they were not authorized to discuss the matter, said there are only two options for the men the United States deems too dangerous to release: transfer them to federal or military prisons in the United States -- such as the supermax facilities or Fort Leavenworth -- or arrange for another country to assume responsibility for their detention.

So far, no third country has said it would be willing to take the men, and the Bush administration has been reluctant to consider allowing them to be transferred onto U.S. soil. Senior officials said in interviews it is possible that any suspects who are convicted of crimes could land in U.S. prisons.

The United States has taken that step previously with international criminals, such as Panamanian Gen. Manuel Noriega, who was convicted in 1992 on drug trafficking and racketeering charges and is incarcerated in a federal prison near Miami. Admitted al-Qaeda operative Zacarias Moussaoui is serving a life sentence in a Colorado supermax prison along with Ramzi Yousef, convicted in the 1993 bombing of the World Trade Center in New York.

White House spokesman Tony Snow told reporters aboard Air Force One on Friday that closing the facility will not be easy, adding that the administration does not want some of the people there to cross the U.S. border.

"You close it when you finish handling all the cases of people who are at Guantanamo," Snow said. "And, as we've said many times, you don't simply shut it down. There are some people who you do not want on American soil, who you want to go ahead and conclude the process of bringing them to justice, and repatriating those to whom it is appropriate to repatriate."

President Bush and senior administration officials have said they want Guantanamo Bay to close, in large part because the detention center has become an enormously negative symbol.

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John B. Bellinger III, legal adviser to Secretary of State Condoleezza Rice, said last week that there are about 300 detainees from Afghanistan, Saudi Arabia and Yemen who are likely to be returned to the custody of their home countries when agreements can be worked out.

Retired Army Gen. Barry R. McCaffrey wrote in a recent academic paper for the U.S. Military Academy that the United States should "rapidly weed out as many detainees as possible and return them to their host nation with an evidence package as complete as we can produce," urging countries to try their nationals for war crimes and terrorist actions. If detainees are released in their own countries and appear back on the battlefield fighting the United States -- as the administration has contended will happen -- "it may be cheaper and cleaner to kill them in combat than sit on them for the next 15 years," McCaffrey wrote.

McCaffrey also advocates putting the 25 most dangerous terrorism suspects on trial in U.S. courts or by courts-martial, followed by civil indefinite detention in a U.S. territory.

Human rights groups do not necessarily disagree with putting detainees who are convicted by a sound legal system in jail, and they believe the Supreme Court decision could provide an avenue toward that legal framework.

"There are probably people at Guantanamo who should be held, and they should be brought to the United States," said Elisa Massimino, Washington director of Human Rights First. "If there's anybody in there that they have evidence of a crime against, they can try them."

Rep. Adam Schiff (D-Calif.) introduced legislation last year calling for a solid legal framework at Guantanamo Bay that would require U.S. officials to either charge, release or repatriate detainees within two years, except in extraordinary circumstances.

"The problem with closing down Guantanamo is you're still going to need a place to hold the worst of the worst . . . and closing down Guantanamo means opening up something else somewhere else," Schiff said Friday, saying that he favors a location inside the United States, either in an existing facility or a new special prison. "I'm more concerned about making sure that they're tried in a way where they can be detained if necessary than what we call the facility or where we put it."

Guantanamo Detainees: Why They're Still There (LAT)

By Carol J. Williams, Times Staff Writer

The Los Angeles Times, July 2, 2006

There are 450 men from more than three dozen countries detained as "enemy combatants" in a seaside network of seven — soon to be eight — camps and prisons at the U.S. Naval Base in Guantanamo Bay, Cuba. Following are some frequently asked questions.

Question: Why does the United States have a base in Cuba?

Answer: The oldest U.S. base overseas and the only one in a communist country, the naval station is positioned at a strategic point between the Atlantic Ocean and the Panama Canal. It has been expanded and modified since the U.S. government leased 45 square miles of land and water from the newly liberated island nation in December 1903. A 1934 treaty set the annual rent at $2,000 in gold, or $4,085 today, and deemed the lease permanent unless both parties agreed to any changes. Communist revolutionary President Fidel Castro has wanted to break the lease since he took power in 1959 and has refused to cash any of the checks.

Q: What crimes are the prisoners at Guantanamo accused of?

A: Only 10 of the men have been charged with war crimes, for their alleged roles in aiding Taliban and Al Qaeda operatives responsible for the Sept. 11, 2001, terror attacks, and assaults on U.S. forces who invaded Afghanistan a month later. The other 440 were captured by Afghan, Pakistani, U.S. and other authorities and accused of engaging in combat or plotting to do harm to Americans and their allies.

Q: Why does the government continue to hold men who haven't been charged with a crime?

A: The Bush administration claims the right, under the laws of war, to indefinitely detain "enemy combatants" while the nation is at war — in this case, the global war on terrorism. Detention prevents prisoners from returning to the battlefield and endangering U.S. forces or U.S. national security, the administration argues. Under the Geneva Convention, captured enemy forces may be held as prisoners of war but must be provided specific rights and protections. For instance, POWs are housed in quarters equivalent to those for U.S. forces, are allowed to keep their personal effects, can work and receive compensation, and are not subject to interrogation. The Guantanamo detainees are not accorded these rights.

Q: Why was Guantanamo chosen as the site for the United States' captured enemies in the war on terrorism?

A: Initially, officials at the White House and the Pentagon believed they were under no obligation to accord U.S. constitutional rights and protections to noncitizen detainees held outside U.S. soil. However, two years ago, the Supreme Court ruled on a prisoner's challenge, Rasul et al. vs. Bush, that anyone in U.S. custody anywhere has the right to challenge his captivity in federal court. That ruling was just on the right to challenge detention, but opened the door to Hamdan vs. Rumsfeld.

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Q: Why was the Supreme Court looking at the military tribunals?

A: After the Rasul ruling, attorneys for Yemeni Salim Ahmed Hamdan appealed to U.S. district court with a challenge to the legality of the military commissions set up to try those accused of war crimes. Hamdan's challenge resulted in Thursday's Supreme Court ruling that President Bush exceeded his war powers when he created the tribunal.

Q: How are the Guantanamo detainees affected by the Supreme Court ruling?

A: Only the 10 charged detainees are directly affected by the decision, and the consequences won't be immediate even for them. The president may seek congressional authorization for another kind of offshore military court, or the administration may try those charged with war crimes in U.S. federal courts.

Q: What about the other 440 men — will they also receive trials?

A: Military prosecutors have said for months that charges were pending for at least two dozen more prisoners, and the number prosecuted could reach 75. But with international pressure mounting against the Guantanamo operations and the government likely to have a tougher time securing convictions in U.S. courts, the State Department is negotiating with detainees' home countries in an effort to transfer custody and responsibility for the men.

Q: If the Bush administration is trying to downsize Guantanamo, why is it building new detention facilities?

A: The $30 million in funding for the medium-security, 100-cell Camp 6 due to open in August was budgeted more than two years ago. Military officers running the detention operations also note that the first three camps constructed at Guantanamo in early 2002 — the metal mesh cells arrayed in open-air rows in Camps 1, 2 and 3 — are rusting and nearing the end of their five-year intended life span. Camp 4, a barracks-like communal-living facility for as many as 200 detainees with the best behavior records, is mostly empty now because of repairs underway after a May 18 uprising.

Q: How can a prisoner get released from Guantanamo?

A: Of the 759 men known to have been brought to the detention network since January 2002, about 300 have left the island after being judged by panels of military officers as "no longer an enemy combatant" or when their home governments agreed to take responsibility for them. Three committed suicide. About 100 still at the prison have been judged eligible for transfer or release by annual Administrative Review Board hearings. Another round of the assessments is underway to reconsider the need to hold the 330 or so deemed last year to require continued detention because they posed a threat to U.S. security if released or because they could provide intelligence under interrogation.

The Court Enters The War, Loudly (NYT)

By Adam Liptak

The New York Times, July 2, 2006

JOHN C. YOO, a principal architect of the Bush administration's legal response to the terrorist threat, sounded perplexed and a little bitter on Thursday afternoon. A few hours earlier, the Supreme Court had methodically dismantled the legal framework that he and a few other administration lawyers had built after the Sept. 11, 2001, attacks.

"What the court is doing is attempting to suppress creative thinking," said Professor Yoo, who now teaches law at the University of California, Berkeley. "The court has just declared that it's going to be very intrusive in the war on terror. They're saying, 'We're going to treat this more like the way we supervise the criminal justice system.' "

While in the Justice Department's Office of Legal Counsel from 2001 to 2003, Mr. Yoo helped write a series of memorandums setting out a bold and novel legal strategy to find, hold, question and punish the nation's enemies. The memorandums said the Geneva Conventions do not apply to people the administration designates as enemy combatants. They contemplated the use of highly coercive interrogation techniques. They justified secret surveillance.

The court's decision in Hamdan v. Rumsfeld, Professor Yoo said, may signal the collapse of the entire enterprise. "It could affect detention conditions, interrogation methods, the use of force," he said. "It could affect every aspect of the war on terror."

He was not overstating his case. True, the decision itself — holding that the government could not try detainees held at Guantánamo Bay, Cuba, for war crimes in a particular way — was narrow, given that it directly affected only 10 men and did not address the administration's broader contention that it can hold those men and hundreds of others without charges forever. And Congress may yet put some or all of the president's programs on firmer legal footing.

But the effect of the decision, constitutional lawyers across the political spectrum agreed, could devastate the administration's main legal justifications for its campaign against the terrorist threat.

"The mood music of this opinion so lacks the traditional deference to the president," said John O. McGinnis, who served in the Justice Department from 1987 to 1991 and now teaches law at Northwestern, "that it would seem to have implications for his other programs."

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The administration had built its case in part on a vote by Congress, taken a week after Sept. 11, that authorized the president to "use all necessary and appropriate force" against those who participated in and supported the attacks. The administration has relied on that authorization as legal support for several of its programs.

In 2004, the Supreme Court endorsed a part of this argument, but Justice John Paul Stevens, writing for the majority in Hamdan, was having none of it. There is, he said "nothing in the text or legislative history" of the authorization "even hinting that Congress intended to expand or alter" existing laws concerning military trials.

The opinion, Professor Yoo said, seemed to require Congress to specify a laundry list of powers before the president can act.

"I worked on the authorization," he added. "We wrote it as broadly as possible. In past wars, the court used to let the president and Congress figure out how to wage the war. That's very different from what's happening today. The court said, 'If you want to do anything, you have to be very specific and precise about it.' "

The logic of the ruling and its requirement that Congress directly authorize presidential actions even in wartime has broad implications. For one thing, said Laurence H. Tribe, a law professor at Harvard, it seems to destroy the administration's argument that Congress blessed the National Security Agency's domestic surveillance program when it voted for the authorization.

"That argument is blown out of the water and is obliterated," Professor Tribe said.

Justice Stevens also took aim at the administration's chief constitutional argument, the one that critics call "Article II on steroids."

Because Article II of the Constitution, among other things, anoints the president as commander in chief, Professor Yoo and other administration lawyers have argued the president can ignore or override laws that seem to limit his authority to conduct war. In the current struggle against terrorism, they argue, the entire world is the battlefield.

Perhaps not any more. Steven G. Calabresi, a law professor at Northwestern and a founder of the Federalist Society, the conservative legal group, said this second argument is also in trouble.

"The court is certainly not embracing the broader Article II power," he said.

Indeed, a footnote in the majority opinion, one sure to be read closely, seems tailored to address these other controversies by rejecting the argument that the president is free to ignore Congressional limitations on his power.

"Conceivably the court had in mind controversies like the N.S.A. terrorist surveillance program" in crafting the footnote, said Curtis A. Bradley, a former Bush administration lawyer who now teaches law at Duke.

There are supporters of the N.S.A. program who say that the Hamdan decision does not affect it. They note that a 2002 appeals court decision said that Congress "could not encroach on the president's constitutional power" to conduct warrantless surveillance to obtain foreign intelligence.

The wholesale rejection of the administration's positions in Hamdan may have its roots in part in judicial hostility toward the memorandums Professor Yoo helped prepare several years ago. The justices in the majority, said Professor McGinnis, "have been so skeptical of a variety of legal interpretations coming out of the executive branch, like the so-called torture memos, that they are not giving the president any deference."

But some justices seemed to leave a door open, suggesting that the decision is not so much a judicial attack on executive power as it is an insistence that Congress, rather than a small group of administration lawyers, must play a leading role in formulating the response to terror.

"Where, as here, no emergency prevents consultation with Congress," Justice Stephen G. Breyer wrote in a brief concurrence that three other justices joined, "judicial insistence upon that consultation does not weaken our nation's ability to deal with danger. To the contrary, that insistence strengthens the nation's ability to determine — through democratic means — how best to do so."

But Professor Yoo was not inclined to accept the decision as a triumph of the democratic process. Instead, he saw it as a judicial usurpation of the president's power to protect the nation. "The court is saying we're going to be a player now," he observed ruefully.

A Check Against Fear (NYT)

By Jonathan Mahler

The New York Times, July 1, 2006

(Note: This article will appear in the July 9 issue of The Times Magazine.)

The afternoon before the Supreme Court handed down its instantly historic ruling in Hamdan v. Rumsfeld, Lt. Cmdr. Charles Swift, the Navy defense lawyer appointed to represent the man who has admitted to being Osama bin Laden's driver, Salim Hamdan, told me he was reading a minority opinion written 60 years earlier, in the wake of World War II, by one of the court's lesser-known justices, Wiley B. Rutledge. The case involved Tomoyuki Yamashita, a Japanese general who'd been

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convicted of war crimes and sentenced to death by a U.S. military tribunal, a verdict upheld by the court, 6-2, despite some glaring procedural deficiencies: among other things, the admission of hearsay evidence including propaganda films and unnamed witnesses. When Swift and I spoke, Supreme Court watchers had already deduced that Justice John Paul Stevens would be writing for the majority in Hamdan. Back in 1947, the 27-year-old Stevens was Rutledge's clerk, so Swift was consulting Rutledge's dissent in Yamashita for clues.

Swift read me stirring words from Rutledge's opinion: "The immutable rights of the individual, including those secured by the due process clause of the Fifth Amendment, belong not alone to the members of those nations that excel on the battlefield or that subscribe to the democratic ideology. They belong to every person in the world, victor or vanquished, whatever may be his race, color or beliefs. They rise above any status of belligerency or outlawry." Swift paused and then added, "I think tomorrow's going to be a good day."

And of course it was. With the assent of four of his colleagues, Stevens ruled that the military tribunals created by presidential order in November 2001 to try enemies captured in the war on terror violated the Geneva Conventions and the Uniform Code of Military Justice and were therefore illegal. Stevens, it would seem, had absorbed his mentor's distaste for unbridled power. "He was finally able to vindicate those values that Rutledge championed," says Allison Danner, who clerked for Justice Stevens in the late 1990's.

So much of the conversation concerning the war on terror has focused on fear - for some, the fear of losing our freedoms, for all, the fear of another attack. It's easy to overlook the counternarrative of hope, whether it's Iraqi citizens braving violence to vote in free democratic elections, the declining confidence in bin Laden in a number of Muslim countries (according to a recent Pew Research Center poll) or our Supreme Court reminding us of the resilience of the principles upon which this country was built. "There are not many countries where a noncitizen with a fourth-grade education can sue the president," says Neal Katyal, the Georgetown Law professor who argued Hamdan's case before the Supreme Court. "That is our great gift to the world. We're strong enough to say our system can handle it."

Throughout our history, war has led to the abrogation of rights, from the Alien and Sedition Acts through the detention and internment of Japanese-Americans in World War II to the F.B.I.'s undercover infiltration of antiwar groups during Vietnam. More often than not, when asked to rule on the legality of these extraordinary measures, the Supreme Court has given the commander in chief a wide berth. This is understandable: "Judges, like other citizens, do not wish to hinder a nation's 'war effort,' " Justice William Rehnquist once wrote. And yet, when the court sets aside civil liberties and defers to the president, it acts out of fear; when the court checks the president and reaffirms those liberties, it acts out of strength - and, equally, hope.

President Bush has said that the war on terror presents unprecedented challenges and therefore demands a novel approach, the so-called new paradigm. It is true that we are fighting a new kind of enemy, one who is transnational, can wreak havoc on an epic scale and, in the case of suicide bombers, cannot be deterred by the threat of conviction in a court of law. But if the danger posed by this enemy is of a different character than we have encountered in the past, so, too, is the danger posed by our response to him. This is, after all, a war with no foreseeable end and a limitless battlefield. Left unchecked, the president could extend the reach of his wartime powers anywhere, ad infinitum. Do we need to narrow the scope of certain liberties to defeat radical Islam? The majority opinion in Hamdan does not preclude this possibility, but it does prevent the president from acting unilaterally, while inviting - compelling, really - Congress to assume its own share of constitutional responsibility for the war on terror. Will Congress prove a more vigilant steward of our civil liberties? We cannot say. In the future, the balance of hope and fear will depend on many things, most notably whether we are attacked again. But we are at least assured of an admittedly overdue debate about the conduct of the war. Before Hamdan, that debate, such as it was, consisted of the executive branch telling us - or not telling us - how it was prosecuting the war and of the denunciations issued by the executive branch's critics. We were told that after 9/11, everything had changed - or that nothing had changed. Now that our fear will be tempered by hope, the real conversation can begin.

Let There Be Law (WP)

The Washington Post, July 2, 2006

The Supreme Court has offered a chance to put the war on terror on solid legal ground. Will Congress rise to the occasion?

THE SUPREME Court's rejection of the Bush administration's plan for terrorist trials has rightly been seen as a rebuff of the president's unilateral legal approach to fighting al-Qaeda. But in a subtler way, it is also a profound rebuke to Congress. The nation's legislature has mostly sat on the sidelines for the duration of the war on terror, letting the administration make its own rules -- and ride roughshod over the law as well as fundamental American values. The court's action forces the administration to invite Congress into the process of designing trials for enemy combatants. This presents a major opportunity to bring the legal framework of this conflict -- and the country's political system -- back into balance.

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This chance is far broader than the relatively narrow question of how accused terrorists should face justice. There is an opportunity to provide legislative authorization -- along with limits, safeguards and accountability -- for all of the powers and practices the U.S. government may need in a long-term confrontation with violent Islamist extremism. Congress should audit the administration's treatment of prisoners, whether in Guantanamo Bay, Cuba, or in secret locations abroad. It should scrutinize its interrogation methods, including those that skirt prohibitions against torture. It should review the government's domestic surveillance and debate the proper balance between ensuring Americans' privacy and gathering intelligence effectively.

The immediate danger is that Congress will become reckless and hasty and abdicate the responsibility the court has given it. With midterm elections looming, the administration may push for quick legislative fixes. It may ask for a simple statutory authorization for the military commissions it wants to use for terrorist trials. It may also seek to counter the court's ruling that Common Article 3 of the Geneva Conventions, which requires humane treatment for all detainees, includes al-Qaeda members. Having granted the administration a blank check for so long, Congress should not offer a rubber stamp.

Instead, and as a start, Congress needs to examine comprehensively what changes, if any, the administration truly needs in the ordinary rules of military justice to bring al-Qaeda suspects to trial. Many military lawyers believe terrorist trials could proceed smoothly using the normal system of courts-martial, which the military utilizes to try its own personnel. The administration has several concerns, chiefly the need to protect classified intelligence information and its desire to use evidence collected in the rough and tumble of war that might not be admissible in a conventional court-martial. Its own rules offered maximal flexibility at considerable risk to fairness. Congress must satisfy itself both that any deviations are truly needed and that they are no broader than absolutely necessary.

Legislators also have an important role to play concerning the court's holding on Geneva's Common Article 3, which could have a major impact on treatment standards for prisoners. The import of the decision is to make it a potential crime under U.S. law to treat prisoners inhumanely, yet the Geneva article is vague in its language. As a consequence, it is essential that Americans fighting the war get clear guidance as to what conduct is prohibited. Given the administration's ugly history of construing vague language requiring humane treatment as allowing inhumane treatment, it cannot be permitted a free hand in that interpretation.

At a minimum, Congress should force the administration to publish the guidance it gives to personnel in the field concerning the article's meaning. More broadly, it should consider legislation putting meat on the treaty's rather bare bones. It should consider every exceptional practice the administration has tried to justify: from "waterboarding" and other practices of torture and near-torture to "renditions" of suspects to foreign governments to the holding of prisoners incommunicado. One obvious place to start would be to stipulate that the CIA's network of secret prisons is not consistent with Geneva's requirements: Its detainees must be transferred to U.S. facilities, registered with the International Red Cross and guaranteed humane treatment.

Other issues not directly addressed by the court warrant close examination, too. As we have argued before, Congress should put on firmer legal ground the basis on which captives in this war are detained in the first place. It needs to gets a handle on the National Security Agency's program of domestic surveillance -- authorizing whatever part of it is necessary, subject to meaningful judicial and legislative oversight.

This is a moment in which this country can correct the mistake of five years ago, when the executive branch sought to fight a novel war based on a combination of outdated laws and new rules it made up on its own. The Supreme Court has created the chance to bring real law to the war on terror -- if Congress is willing to do its job.

This is the sixth editorial in an occasional series about the Bush administration's detention and treatment of foreign prisoners. We will revisit the topic from time to time during coming months. The full series is available athttp://www.washingtonpost.com/opinions.

Bush Originally Trumpeted Anti-terror Plan's Details (HC)

By Julie Mason

Houston Chronicle, July 2, 2006

WASHINGTON - President Bush's sustained outrage last week about newspaper reports on a program tracking terrorists' financial records may have seemed odd considering how urgently the administration once publicized the program's broad concepts.

Thirteen days after Sept. 11, Bush signed an executive order expanding the Treasury Department's authority to track the bank activities of those with suspected ties to terrorism. The White House sent reporters a detailed fact sheet on the new powers.

For good measure, Bush summoned the news media to the Rose Garden to trumpet the program alongside the secretaries of state and treasury.

"We're putting banks and financial institutions around the world on notice, we will work with their governments, ask them to freeze or block terrorists' ability to access funds in foreign accounts," Bush said. "If they fail to help us by sharing information or freezing accounts, the Department of the Treasury now has the authority to freeze their bank's assets and transactions in the United States."

The information was still on the White House Web site as of Saturday.

One of the first organizations shut down with the new powers was in Texas. With great fanfare, the Justice Department's Terrorist Financing Task Force busted the Holy Land Foundation for Relief and Development, an organization operating from a Richardson storefront.

Last week, the New York Times and others reported some of the details of how the Bush administration has been monitoring financial transactions since Sept. 11.

The program uses far-reaching government subpoenas to obtain financial records from a cooperative in Belgium called Society for Worldwide Interbank Financial Communication, according to the articles. (The Times story was quickly matched by the Los Angeles Times and the Wall Street Journal).

Bush reacted swiftly, calling the reports disgraceful and a compromising of national security. Vice President Dick Cheney followed suit.

"The New York Times has now made it more difficult for us to prevent attacks in the future," Cheney told supporters at a fundraiser in Nebraska.

The difference between disclosures in the Rose Garden and in the newspaper is that the Times and others are reporting operational details, according to the White House.

At a fundraiser in Missouri, Bush intensified his rhetoric, earning a sustained, standing ovation when he said, "There can be no excuse for anyone entrusted with vital intelligence to leak it and no excuse for any newspaper to print it."

Last week the Times added an article saying that some officials thought disclosures about the intelligence program actually could stem terrorism financing by forcing suspects to use a more informal, less reliable way to move bank funds.

U.S. Sen. Jim Bunning, a Kentucky Republican, accused the Times of treason for reporting on the program, while other Republicans on Capitol Hill called for an investigation and urged the Justice Department to pursue charges in the matter.

The House passed a resolution Thursday supporting the financial tracking program and condemning news organizations that report on secret surveillance programs. The action came three months after Congress reauthorized the Patriot Act.

Short takes·At a campaign fundraiser in St. Louis last week, a supporter in the crowd shouted to Bush, "Four more years."

Responded the president: "No more wife."

·On Thursday, Bush turns 60. Also turning 60 this year are Donald Trump, former President Clinton and Cher.

A History Of Publishing, And Not Publishing, Secrets (NYT)

By Scott Shane

The New York Times, July 2, 2006

WASHINGTON

WHEN government officials ask journalists to withhold information on national security grounds, they face a natural skepticism.

Many reporters believe that the government routinely exaggerates the need for secrecy. They suspect that security officials try to snuff reporting that is merely embarrassing or at most politically troublesome. And most journalists are deeply reluctant to pass up a scoop.

Yet for decades, American newspapers and broadcasters have regularly censored themselves on security grounds, plucking compromising details from a story, delaying its publication or killing it entirely. The New York Times has withheld articles that might have jeopardized counterterrorism programs or efforts to protect vulnerable stockpiles of nuclear material. Reporters have removed details about invasion plans, military equipment, allies' assistance and much else.

None of those precautions, intended to protect American lives and intelligence sources, is visible to the public. But on vivid display are articles published over the government's vociferous objections, some of which have deeply angered the Bush administration and its allies.

The latest tempest was set off on June 22 by the disclosure in The New York Times, closely followed by The Los Angeles Times and The Wall Street Journal, of a secret program that scrutinizes global money transfers by a Brussels banking consortium.

The article followed other exposés of counterterrorist tactics, including The Washington Post's on the Central Intelligence Agency's overseas detention centers and The New York Times's on the National Security Agency's warrantless eavesdropping.

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Critics of the Bush administration say that extraordinary secrecy has generated the rash of disclosures. "People in the government who believe something wrong or illegal is going on feel they have no recourse but to go to the press," said Jeffrey H. Smith, a former C.I.A. general counsel.

But some current and former intelligence officers express exasperation at what they see as journalists' arrogance in publishing in the face of government pleas for caution.

"I'd say views are hardening," said Bobby R. Inman, former director of the National Security Agency and deputy director of the C.I.A., who is generally viewed as friendly to the press. "If we're going to avoid an official secrets act" — a British-style law far more draconian than anything in this country — "we're going to have to have more discipline from the media."

John S. Carroll, former editor of The Los Angeles Times, recounted an exchange last year with the C.I.A. that illustrated the opposite instincts of the two sides.

Over C.I.A. objections, the newspaper published an article about the agency's cultivation of sources in the Iranian community of Los Angeles. "If we felt it would seriously compromise national security, we would not have run it," said Mr. Carroll, adding that he never heard of problems resulting from the decision to publish.

But a former C.I.A. official said intelligence officers had been "furious" about the article, fearing it would make it harder to recruit Iranian-Americans and put expatriates under potentially dangerous scrutiny if they traveled to Iran.

In what Mr. Carroll calls the "eternal argument" over the publication of secrets, history offers evidence for both sides.

KATHARINE GRAHAM, the publisher of The Washington Post who died in 2001, backed her editors through tense battles during the Watergate era. But in a 1986 speech, she warned that the media sometimes made "tragic" mistakes.

Her example was the disclosure, after the bombing of the American embassy in Beirut in 1983, that American intelligence was reading coded radio traffic between terrorist plotters in Syria and their overseers in Iran. The communications stopped, and five months later they struck again, destroying the Marine barracks in Beirut and killing 241 Americans.

"This kind of result, albeit unintentional, points up the necessity for full cooperation wherever possible between the media and the authorities," Ms. Graham said.

But such cooperation can prove problematic, as her newspaper's former editor, Benjamin C. Bradlee, has recounted.

In 1986, after holding for weeks at government request a scoop about an N.S.A. tap on a Soviet undersea communications cable, The Post learned that the Russians knew all about it already from an N.S.A. turncoat named Ronald Pelton. NBC beat The Post on its own report.

"Officials often — more often than not, in my experience — use the claim of national security as a smoke screen to cover up their own embarrassment," Mr. Bradlee wrote in his 1995 memoir, "A Good Life."

In 1985, The Times reported that aMarine colonel in the White House was overseeing the secret war against the Nicaraguan contras. The newspaper withheld the name of the colonel because the White House said printing it might endanger his life, recalled a former Times reporter, Joel Brinkley.

The Post named Oliver North the next day. "There was absolutely no reason not to print his name," he said.

In 1961, The Times's learned of the planned Bay of Pigs invasion but removed references to the C.I.A. and other details from its article at the government's request.

But after the attempted attack on Cuba proved a catastrophe, President John F. Kennedy told a Times editor that he wished the paper had ignored the government's plea — because a more pointed article might have led the C.I.A. to abort the operation.

Some countries try to regulate such exchanges. In Britain, skirmishing over secrets is mediated by the Defense Press and Broadcasting Advisory Committee, with both press and government members. The group has no power to stop publication but advises journalists on what damage a report might cause.

No such system exists in the United States, but some years ago, a group of about 20 journalists and officials met quarterly for dinner to discuss how a free press should cover secret agencies.

Some officials refused repeated invitations, said Mr. Smith, one of the organizers.

But he said the meetings were useful while they lasted. "The idea was that each side didn't really understand the other very well," Mr. Smith said. "I'd say that's certainly still the case."

Secrecy, Security, The President And The Press (NYT)

By Byron Calame

The New York Times, July 2, 2006

THE Bush administration's unusually harsh attacks on The New York Times for exposing a secret banking-data surveillance program have turned a glaring spotlight on the paper's decision to publish the article.

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President Bush, Vice President Cheney and Republican legislators have singled out The Times in recent days for disclosing the counterterrorism program, even though The Los Angeles Times and The Wall Street Journal published articles the same day. Senator Jim Bunning of Kentucky called on the attorney general to investigate The New York Times for treason.

The flood of reader e-mails reacting to the June 23 article has left hundreds of messages in various newsroom in-boxes at The Times. Roughly 1,000 e-mails have come to me, about 85 percent of them critical of the decision to publish the story and a large fraction venomous. It was time to take a close look at the handling of the article in search of answers.

My close look convinced me that Bill Keller, the executive editor, was correct in deciding that Times readers deserved to read about the banking-data surveillance program. And the growing indications that this and other financial monitoring operations were hardly a secret to the terrorist world minimizes the possibility that the article made America less safe.

The banking-data surveillance program, set up in 2001, is run out of the Central Intelligence Agency and overseen by the Treasury Department. It provided access to records of transactions routed through a Belgian consortium by banks and financial institutions around the world. More than 11 million transactions involving about $6 trillion are routed daily through the Society for Worldwide Interbank Financial Telecommunication, or Swift.

So what were the most solid reasons to publish the story?

There was a significant question as to how secret the program was after five years. "Hundreds, if not thousands, of people know about this," Mr. Keller said he was told by an official who talked to him on condition of anonymity. The 25 bankers from numerous nations on the Swift board of directors, and their predecessors going back to 2001, knew about the arrangement. So did some consortium executives and staff members — a group that probably expanded during this period. Starting in 2003, Swift representatives had to be stationed alongside any government intelligence official searching the data.

Further support for the conclusion that the Swift program hasn't remained totally hidden from terrorists, or anyone else, emerged last week. A former State Department official who has served on a United Nations counterterrorism group pointed to a 2002 United Nations report noting that the United States was monitoring international financial transactions. Swift and similar organizations were mentioned in the publicly available report, although there were no details. "The United States has begun to apply new monitoring techniques to spot and verify suspicious transactions," the report noted.

The Times's June 23 article "awoke the general public" to the Swift program and "in that sense, it was truly new news," Victor Comras, the former State Department official, wrote on The Counterterrorism Blog last week. "But," he added, "the information was fairly well known by terrorism financing experts back in 2002."

The administration has sometimes invited press attention to its effort to track terrorist financing. In September 2003, Treasury Secretary John W. Snow and a team of his aides took reporters from The Times and other papers on a six-day tour on a military aircraft "to show off the department's efforts," Mr. Keller and Dean Baquet, the editor of The Los Angeles Times, noted in a joint Op-Ed commentary that appeared yesterday. The aides "discussed many sensitive details of their monitoring efforts, hoping they would appear in print and demonstrate the administration's relentlessness against the terrorist threat," according to the two editors.

Another reason Times editors were right to proceed with the 3,550-word Swift story was the skimpy Congressional oversight of the program. Secrecy is vital for intelligence and national security programs, but so is oversight by the courts or elected legislators. The Swift program, however, doesn't seem to have any specific Congressional approval or formal authorization. The Treasury Department has not provided a list of who in Congress was informed, or when, The Times has reported.

Eric Lichtblau, one of the two reporters who wrote the Swift story, told me the administration briefed a limited number of Congressional leaders — apparently from both parties, but not the full intelligence or banking committees — toward the beginning of the program. It wasn't until the Treasury Department learned that The Times was working on the story, Mr. Lichtblau said, that the administration apparently briefed all members of the intelligence committees. Whether there are official standards established for the Swift program or not, the weak Congressional oversight over the past five years deserved public scrutiny.

Temporary emergency measures cloaked in government secrecy can too easily become permanent shortcuts. That's why oversight is important. It is also a reason to publish the article. The reservations expressed by some of the 20 current and former government officials and industry executives who were disturbed enough to talk to The Times were based on this concern: "What they viewed as an urgent, temporary measure had become permanent nearly five years later without specific Congressional approval or formal authorization," in the words of the article.

The most fundamental reason for publishing the article, of course, was the obligation of a free press to monitor government and other powerful institutions in our society. "Our default position — our job — is to publish information if we are convinced it is fair and accurate," Mr. Keller wrote in a letter to readers posted online last weekend, "and our biggest failures have generally been when we failed to dig deep enough or to report fully enough." He added:

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"The question we start with as journalists is not 'why publish?' but 'why would we withhold information of significance?' We have sometimes done so, holding stories or editing out details that could serve those hostile to the U.S. But we need a compelling reason to do so."

What about the administration's reasons for demanding that The Times not publish?

Mr. Keller said the "central argument" senior officials gave against publishing the Swift article was that international bankers would stop cooperating. In his weekend letter, he cited two reasons that argument didn't stop him from publishing the story: First, the consortium provides data to comply with administrative subpoenas issued by the Treasury Department — a legal obligation. "Second, if, as the administration says, the program is legal, highly effective, and well protected against invasion of privacy, the bankers should have little trouble defending it." So far, Swift hasn't publicly indicated any intention to stop cooperating.

For me, the most substantial argument against running the story was the acknowledgment that the Swift program was letter-of-the-law legal, had helped catch some terrorists and had a clean record on privacy abuse. But full-bore oversight would have had to be part of that picture to make a convincing case that the program deserved to continue in secrecy, with its access to Swift's mother lode of financial data.

Often obscured in the past week's hot rhetoric over The Times's decision to publish the Swift article were the occasions when the paper's editors have chosen to hold or modify a story when warned by government officials that lives or national security might be endangered. "Few people are aware when we decide to hold an article," noted Mr. Keller and Mr. Baquet in their joint commentary. Apart from The Times's decision to hold the December story about the National Security Agency's warrantless eavesdropping for more than a year, it turns out the paper has decided not to publish stories that "might have jeopardized efforts to protect vulnerable stockpiles of nuclear material," according to the joint commentary. The Times has also held stories about "highly sensitive counterterrorism initiatives that are still in operation," the Op-Ed piece noted.

"There is no magic formula, no neat metric for either the public's interest or the dangers of publishing sensitive information," the two editors concluded. "We make our best judgment."

The best judgment of these two editors served their readers well in the case of the Swift story. In the face of intense administration pressure in a country that's unusually polarized politically, they correctly decided to make sure their readers were informed about the banking-data surveillance.

Can't Win The War? Bomb The Press! (NYT)

By Frank Rich

The New York Times, July 2, 2006

OLD GLORY lost today," Bill Frist declaimed last week when his second attempt to rewrite the Constitution in a single month went the way of his happy prognosis for Terri Schiavo. Of course it isn't Old Glory that lost when the flag-burning amendment flamed out. The flag always survives the politicians who wrap themselves in it. What really provoked Mr. Frist's crocodile tears was the foiling of yet another ruse to distract Americans from the wreckage in Iraq. He and his party, eager to change the subject in an election year, just can't let go of their scapegoat strategy. It's illegal Hispanic immigrants, gay couples seeking marital rights, cut-and-run Democrats and rampaging flag burners who have betrayed America's values, not those who bungled a war.

No sooner were the flag burners hustled offstage than a new traitor was unveiled for the Fourth: the press. Public enemy No. 1 is The New York Times, which was accused of a "disgraceful" compromise of national security (by President Bush) and treason (by Representative Peter King of New York and the Coulter amen chorus). The Times's offense was to publish a front-page article about a comprehensive American effort to track terrorists with the aid of a Belgian consortium, Swift, which serves as a clearinghouse for some 7,800 financial institutions in 200 countries.

It was a solid piece of journalism. But if you want to learn the truly dirty secrets of how our government prosecutes this war, the story of how it vilified The Times is more damning than anything in the article that caused the uproar.

The history of that scapegoating begins on the Friday morning, June 23, that The Times, The Los Angeles Times and The Wall Street Journal all published accounts of the Swift program first posted on the Web the night before. In his press briefing that morning, Tony Snow fielded many questions about the program's legality. But revealingly, for all his opportunities, he never attacked the news media.

Far from Swift-boating the Swift reportage, he offered tentative praise. "It's interesting," he said, "because I think there's a fair amount of balance in the story in that you do have concrete benefits and you do have the kind of abstract harms that were mentioned in there." He noted that there had been "no allegation of illegality" in the Times article.

This was accurate. The story was balanced, just as Mr. Snow said. And it was no cause for a national-security alarm for the simple reason that since 9/11, our government has repeatedly advertised that it is following the terrorists' money trail, a tactic enhanced by the broad new powers over financial institutions that Mr. Bush sought and received. In November 2002, he and the

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Treasury secretary at the time, Paul O'Neill, even held a televised event promoting their Foreign Terrorist Asset Tracking Center, established expressly, in the president's words, to "investigate the financial infrastructure of the international terrorist networks." As for Swift, Dan Froomkin of washingtonpost.com points out that it can't resist bragging on its own Web site that it "has a history of cooperating in good faith with authorities," including treasury departments and law enforcement agencies, in trying "to combat abuse of the financial system for illegal activities."

Only a terrorist who couldn't shoot straight would assume that Swift was not part of the American effort to stalk terrorist transactions; that's tantamount to assuming that cops would track down license plate numbers without enlisting the Department of Motor Vehicles. But, unfortunately for us, terrorists are not so stupid: it's been reported as far back as 2003 (in The Washington Post) and as recently as this month (in Ron Suskind's must-read best seller, "The One Percent Doctrine") that our enemies long ago took Mr. Bush at his word and abandoned banks for couriers, money brokers, front companies and suitcases stuffed with cash and gold. Tom Brokaw summarized the consensus of terrorism experts last week when he told Chris Matthews of MSNBC: "I don't know anyone who believes that the terrorist network said, 'Oh my God, they're tracing our financial transactions? What a surprise.' Of course, they knew that they were doing that."

The real news conveyed by The Times and its competitors was not the huge program to track terrorist finances, but that per usual from the administration that gave us Gitmo, the program was conducted with little oversight from the other two branches of government. Even so, the reporting on the pros and cons of that approach was, as Mr. Snow said, balanced.

Or so he said Friday morning, June 23. By Monday, the president had entered the fray and Mr. Snow was accusing The Times of putting the "public's right to know" over "somebody's right to live." What had happened over the weekend to prompt this escalation of hysteria? The same stuff that always happens when the White House scapegoats the press (or anyone else): bad and embarrassing news that the White House wants to drown out.

One such looming embarrassment was that breathless arrest in Miami of what federal authorities billed as a "homegrown terrorist cell." This amazing feat of derring-do had all the melodramatic trappings of a carefully staged administration P.R. extravaganza. On June 22, the F.B.I. director, Robert Mueller, just happened to be on "Larry King Live" speaking about his concerns about "homegrown terrorists" when, by a remarkable coincidence, Larry King announced a "report just in" from a Miami station on a federal terrorism investigation. The next day — the same day the Swift story was published — brought the full-dress dog-and-pony show by the intrepid attorney general, Alberto Gonzales.

But rain soon started to fall on this parade. The seven men accused of plotting to take down the Sears Tower in Chicago and collaborate with Al Qaeda on a "full ground war" turned out to have neither weapons nor explosives nor links to Al Qaeda; both the F.B.I. and the Chicago police said there was no operational threat. By Saturday the administration's overhyped victory against terrorists was already deflating into a national punch line, a nostalgic remembrance of John Ashcroft orange terror alerts past.

Sunday brought another unwanted revelation (from Michael R. Gordon of The Times): Gen. George Casey Jr., the commander in Iraq, was drafting a plan for sharp troop reductions there, some of them to precede this year's election. Inconveniently enough, the Casey approach was a virtual double for the phased withdrawals advocated by Senate Democrats days earlier and incessantly slurred as "cut-and-run" defeatism by Republicans.

By the time of the Bush-Snow eruption on Monday, the Democrats were holding hearings on the Hill about prewar intelligence. It was better that Americans hear tirades about traitors in the press than be tempted to listen to the testimony of Lawrence Wilkerson, Colin Powell's former chief of staff, who described Mr. Powell's February 2003 United Nations presentation on Iraq's W.M.D. as "the perpetuation of a hoax."

It's not only the White House that has a vested political interest in concocting a smoke screen by demonizing the fourth estate as a fifth column. The Democrats were holding their hearing because Pat Roberts, the chairman of the Senate intelligence committee, has for two years been stalling his panel's promised investigation into how the administration used intelligence before the war. Hoping that we'd forget about that continuing cover-up, Mr. Roberts last week made a big show of calling for an investigation into the Swift story's supposed damage to national security.

Representative King, so eager to label others treasonous, has humiliating headlines of his own to counteract: he's the chairman of the House Homeland Security Committee who has so little clout and bureaucratic aptitude that he couldn't stop the government led by his own party from stripping New York City, in his home state, of 40 percent of its counterterrorism funding. If there's another terrorist attack, he may be the last person in New York who should accuse others, as he did The Times on the House floor on Thursday, of having blood "on their hands."

Such ravings make it hard not to think of the official assault on The Times and The Washington Post over the Pentagon Papers. In 1972, on the first anniversary of the publication of that classified Pentagon history of the Vietnam War, The Times's managing editor then, A. M. Rosenthal, reminisced in print about the hyperbolic predictions that had been made by the Nixon White House and its supporters: "Codes would be broken. Military security endangered. Foreign governments would be afraid to

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deal with us. There would be nothing secret left." None of that happened. What did happen was that Americans learned "how secrecy had become a way of life" for a government whose clandestine policy decisions had fomented a disaster.

The assault on a free press during our own wartime should be recognized for what it is: another desperate ploy by officials trying to hide their own lethal mistakes in the shadows. It's the antithesis of everything we celebrate with the blazing lights of Independence Day.

Governor To Release Intelligence Reports (LAT)

By Peter Nicholas, Times Staff Writer

The Los Angeles Times, July 2, 2006

Schwarzenegger acts to ease concerns about inappropriate compilation of information on antiwar and political rallies.

SACRAMENTO — Gov. Arnold Schwarzenegger's office said Saturday he was ordering the release of dozens of intelligence reports prepared for the state Office of Homeland Security — a step that comes as lawmakers from both parties are denouncing a practice in which state intelligence agents compiled information about political and antiwar protests and rallies.

Schwarzenegger administration officials say there were only two cases in which state homeland security agents collected material on political protests in recent months. Releasing the full trove of intelligence reports will prove that point, assuring the public that the practice was not more widespread, according to those officials.

State lawmakers from both parties said it was inexcusable that two such intelligence reports from March and April carried details about the location and purpose of political rallies throughout California.

The two reports, obtained by The Times, were described in a news article published Saturday.

"The governor believes that any inappropriate information gathering like this is totally unacceptable," Adam Mendelsohn, Schwarzenegger's communications director, said in an interview.

The governor's homeland security director, Matthew Bettenhausen, said Saturday that the material was mistakenly included in the reports by a private contractor working for his office.

Schwarzenegger will allow the media to review the approximately 60 intelligence reports that have been prepared for the homeland security director since March, but no copies will be allowed, Mendelsohn said.

Before the reports can be reviewed in coming days, officials will remove all "law-enforcement-sensitive information" — anything covering "ongoing investigations" and related "safety threats," said Chris Bertelli, spokesman for the homeland security office.

Rep. George Miller (D-Martinez) said in an interview that there should be a "very, very high threshold" for removing anything and that the reports should not be sanitized. The congressman attended an antiwar rally in Walnut Creek in March that was listed in one of the intelligence reports, in a section called "Upcoming California Protests."

State legislators said they were pleased that the governor was releasing the material.

Yet some said they were troubled by what they viewed as a continuing pattern of aggressive intelligence gathering by his administration.

Last year, the state Senate held hearings into news accounts that a California National Guard intelligence unit had tracked a Mother's Day antiwar rally.

State Sen. Joe Dunn (D-Santa Ana), who led the hearings on the National Guard, said the homeland security episode is fresh proof of the need for greater oversight.

Dunn said he wants to create a special legislative intelligence committee that would monitor California's fast-growing homeland security apparatus. Lawmakers serving on the committee would receive a special security clearance. He said he has broached the idea with the Senate leadership.

"I am very pleased that they're willing to share all the reports," Dunn said. "However, I was assured after the one spying incident in May 2005 by the California National Guard that the practice was not more widespread at the state level.

"We now discover that those assurances were patently false. I hope the current assurances are a little more truthful than the ones of a year ago."

The homeland security office quickly arranged a news conference Saturday morning to offer some reassurances of its own.

Bettenhausen, a Schwarzenegger appointee, said there was no surveillance of any of the political demonstrations listed in the intelligence reports.

One of the rallies was staged by animal rights activists protesting the slaughter of Canadian seals. Another was a women's peace protest aimed at showing support for a Salinas woman facing charges of trespassing at Vandenberg Air Force Base. Several other protests concerned the war in Iraq.

The two reports from March and April that mentioned the political demonstrations were shared with the California Highway Patrol and the attorney general's office, but not with any other law enforcement entity, Bettenhausen said.

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These two agencies are part of a state partnership set up to combat terrorism and gather intelligence.

Bettenhausen described how the material made its way into the reports.

A state contractor retained by homeland security issued a report March 7. That document included summaries of 10 rallies set for later in the month. Listed were the date of the event, the purpose, the location, the expected number of people, the source of the information, and "officer safety issues."

When they saw that, homeland security officials told the contractor not to include such information again, Bettenhausen said.

Yet similar material was part of a report dated April 10. Again, homeland security officials saw it and told the contractor to leave out such information in the future, Bettenhausen said.

Since then, none of the reports prepared for Bettenhausen have included information on political protests, homeland security officials said.

Bettenhausen said his office "does not tolerate the gathering of inappropriate information and we never will. We will not stand for it."

The contractor used by the state homeland security agency is SRA International Inc., which is being paid up to $16 million to provide counterterrorism analysis.

At The Northern Border, No Talk Of Fences (WP)

By John Pomfret

The Washington Post, July 2, 2006

U.S. and Canada Collaborate to Enforce Law

BLAINE, Wash. -- Royal Canadian Mounted Police agents watched from a clifftop as a helicopter swooped down in a Canadian field, picked up more than 300 pounds of marijuana from a waiting truck and skimmed across the border into the United States.

Federal agents in Washington state's Okanogan County, in constant radio contact with the Mounties, were waiting when the helicopter dropped its illicit load in a wildlife area. The U.S. agents arrested two men who had scooped up the dope, and the Canadians were waiting when the chopper landed back in British Columbia, arresting the pilot and another man.

The closely coordinated investigation, announced by authorities last week, was about more than busting a drug-smuggling ring, however. U.S. and Canadian law enforcement officials said it highlighted the increasingly close and institutionalized cooperation between the two nations' police agencies. Such joint operations, called "parallel investigations" because of sensitivity about sovereignty issues, also reflect the fundamentally different strategies used to secure the United States' two very different borders since the Sept. 11, 2001, terrorist attacks.

Along the border in Texas, local police departments have claimed to see Mexican army troops protecting drug smugglers, a claim the Mexicans deny. Corruption has been common among some Mexican police. The United States has constructed walls and fences and stationed National Guard troops along the border to keep out illegal immigrants.

Along the Canadian border, there are no plans for fences, and efforts focus on smuggling and terrorism. U.S. and Canadian authorities are patrolling together on the Great Lakes and have plans to operate a joint radio network. In a real-life repeat of the 1990s TV show "Due South" that featured a well-mannered Mountie and a hard-bitten Chicago cop, American agents and their Canadian counterparts have begun to investigate cases on each other's soil.

Americans and Canadians also share law enforcement intelligence. U.S. agents aided the Canadians in their investigation into an alleged terrorist plot stymied on June 3 with the arrest of 17 men and teenagers in Ontario, law enforcement officials said.

Five years ago, only Canadians worked at the Mounted Police headquarters in Ottawa, said Joe Oliver, a Canadian police superintendent. Now, Americans representing four agencies are based there, he said, adding that cooperation is "pervasive."

Just a few years ago, cross-border law enforcement cooperation was difficult and ad hoc. "You could get punished for improper disclosure to a foreign country," said Roy Hoffman, who runs the Immigration and Customs Enforcement operation in Blaine. "You used to need a friend on the other side to work a case together with you. Now it's ingrained behavior."

The Washington drug-smuggling investigation, known as Operation Frozen Timber, began two years ago when law enforcement agencies learned that smuggling rings were using helicopters and small aircraft to move high-quality marijuana known as B.C. Bud from Canada and cocaine, firearms and bulk cash from the United States, said Leigh Winchell, special agent in charge of the Immigrations and Customs Enforcement office in Seattle. In July 2005, Playboy magazine interviewed pilots who bragged of making $125,000 a week running marijuana to the United States.

Winchell said U.S. and Canadian authorities identified suspects and infiltrated the organizations. They arranged wiretaps and pooled intelligence. Over time, agents arrested more than 40 people in the United States and six in Canada. Authorities also

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seized 8,000 pounds of marijuana, 800 pounds of cocaine, three aircraft and $1.5 million in U.S. currency. Three alleged smugglers were killed in two helicopter crashes in Canada.

"The ability of organizations to move contraband back and forth across the border is a national security issue, because these are people who figured out a mechanism to penetrate the U.S. and Canadian border," Winchell said. "Those small helicopters can move 250 pounds of marijuana at a time. But what does a suitcase carrying a dirty bomb weigh? Maybe 80."

Culture, the nature of the threat and geography have brought U.S. and Canadian law enforcement together. While there are many cities that sprawl across the Mexican border, they are usually divided by walls. But in most places, the U.S.-Canadian border is delineated by nothing more than a ditch or a clear-cut through a forest.

As of the end of April, only 950 Border Patrol agents were stationed along the 4,000-mile-long northern border while 10,200 patrolled the 1,920-mile-long boundary with Mexico. At scores of checkpoints across the northern border, when it's quitting time, an orange cone is the only thing stopping incursions -- although since the Sept. 11 attacks, the United States has invested billions to establish five air and marine stations, and to install sensors, cameras and other technology to firm up the northern frontier.

Border Patrol senior agent Bob Riffle, who worked on the Mexican border for a decade before transferring to Washington state, said the two borders have different cultures and had high praise for his Canadian counterparts. "I trust those guys implicitly," he said. "In Mexico, how can you have serious cooperation on a day-to-day level with guys who might have just robbed a group of illegals? It's a different world down there."

Law enforcement officials also say the nature of the threat demands that the two sides cooperate. As of the end of May, 829,109 illegal immigrants had been apprehended crossing from Mexico this year. Canada's numbers are a tiny fraction of that amount -- 4,066.

But a significant number concern American law enforcement. The only terrorist caught entering the United States, millennium bomber Ahmed Ressam, came from Canada. Criminal gangs also traffic in Asian sex workers from Canada to the United States.

Some law enforcement officials, such as John McKay, the U.S. attorney in Seattle who prosecuted Ressam, are not satisfied with the level of cooperation. "The good news is it's improved," he said. "The bad news is it's not nearly as good as it should be."

When an FBI analysis raised the possibility in 2004 that the massive ferry system that plies Puget Sound had been scouted by potential terrorists, McKay remembers sitting in a meeting when someone asked, "Hey, has anyone called the Canadians about this?" "And everybody in the room stopped what they were doing, and blood ran cold," McKay said. "We're equally vulnerable. Why isn't there an RCMP constable sitting in the Joint Terrorism Task Force in Seattle?"

Canadian officials said a Mountie participates in the task force by invitation only.

McKay has lobbied to open up an experimental law enforcement database, called Linx, to Canadian law enforcement. "We have people who think if we shared sensitive law enforcement records with Canada, we would be giving up sovereignty, but we can't be secure unless we share information with Canada," he said.

Some in Canada have been wary of the long arm of American justice. In 2002, a Canadian citizen, Maher Arar, was changing planes in New York when U.S. authorities detained him and spirited him to Syria, where he said he was imprisoned and tortured for nearly a year. Arar's charges that Canadian authorities assisted the United States in his detention caused an uproar in Canada.

On the American side, there are worries that Canada is not being vigilant enough. A recent State Department report called Canada's recently tightened immigration policy "liberal" and claimed Canada is a safe haven for militants.

One unintended consequence of the increase in cross-border cases is a crush of suspects being handed off to local prosecutors and warehoused in local jails. More than 85 percent of the cases made by federal agents in Whatcom County, in the northwest corner of Washington state, for example, are declined by the U.S. attorney and end up as state cases. As a result, Whatcom's jail, built to house 148 inmates, now has 280. People convicted of drunken driving are given tickets and are not incarcerated because the jail is packed, and people arrested for misdemeanors who do not show up for court dates "know there are no consequences," Sheriff Bill Elfo said.

Currently, 700 people in the county have been sentenced to jail but cannot serve their sentences because, he said, "there's no room at the inn."

Al-Qaeda, Still In Business (WP)

By Peter Bergen

The Washington Post, July 2, 2006

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Over the past four years, key members of the Bush administration have claimed that al-Qaeda is "on the run" (Donald Rumsfeld and Condoleezza Rice), "disrupted" (George Tenet) or "decimated" (President Bush). At the same time, however, significant terrorist attacks around the world have dramatically increased since Sept. 11, 2001, most of them conducted by militant Islamists. How does one reconcile this apparent contradiction?

A new narrative that purports to answer that question has emerged: Yes, al-Qaeda as an organization is severely impaired, but it has been replaced by a broader ideological movement made up of self-starting, homegrown terrorists who have few formal links to al-Qaeda but are motivated by a doctrine that can be called "Binladenism." Recent examples would include the militants in Madrid who bombed commuter trains in March 2004 and killed 191 people, or the seven terrorist wannabes recently arrested in Miami in connection with an alleged plot to blow up federal buildings. They had embraced al-Qaeda's doctrine of destruction, yet had no ties to the terrorist group.

However, according to five veteran U.S. counterterrorism officials I've spoken with recently, al-Qaeda the organization remains a real threat. One longtime government terrorism analyst points to the four suicide attacks in London last July 7 that killed 52 people as evidence of the organization's resilience. "At a minimum, this was an al-Qaeda-supported operation," the analyst told me. And al-Qaeda's leaders don't seem to be feeling the heat of the "war on terror." On Thursday, Osama bin Laden released his third audiotape in three months, while his deputy, Ayman al-Zawahiri, has appeared on an unprecedented number of videotapes since the second week of June -- averaging one a week.

So while the rapid spread of al-Qaeda's ideology in the past two years -- partly fueled by the Iraq war -- should be of considerable concern, it would be quite wrong to conclude that al-Qaeda the organization is down for the count. Indeed, if the bombings in London are any indication, it may be staging a comeback.

The London attacks of one year ago have generally been portrayed as the work of four young British men of Pakistani and Jamaican descent from the north of England -- distinguished only by their utter ordinariness -- who embraced radical Islamist ideology and managed to carry out the deadliest terrorist attack on British soil in history without outside help. The Sunday Times of London even opined that "the new breed of unaffiliated terrorist is potentially far more dangerous than the IRA or even al Qaeda because he is almost impossible to identify."

But the more you delve into the London bombings, the more they look like a classic al-Qaeda plot. The British government's official account of the attacks -- issued by the Home Office two months ago -- provides a revealing picture. It explains that the presumed ringleader, Mohammed Sidique Khan, visited Pakistan in 2003 and 2004, spending several months there. On one of those trips, he aimed "to cross the border and fight in Afghanistan," the report stated. (Presumably, Khan did not plan to fight alongside U.S. troops in Afghanistan, but rather to join the Taliban or al-Qaeda to kill Americans.)

The report goes on to note that Khan "had some contact with al Qaida figures" in Pakistan, and is "believed to have had some relevant training in a remote part of Pakistan, close to the Afghan border" during his two-week visit in 2003. The British government did not specify what sort of training he received, but given that the London bombs were made of highly efficient explosives that can't be readily made from recipes on the Internet, it is probable that the training was in the manufacturing of bombs. According to the report, Khan was also in "suspicious" contact with individuals in Pakistan in the four months immediately before the London attacks. Taken together, Khan's travels and contacts in Pakistan strongly suggest an al-Qaeda role in the operation.

Khan also appeared on a videotape that aired on al-Jazeera two months after the suicide attacks -- an important fact to which the British report did not give sufficient weight. "I'm going to talk to you in a language that you understand," Khan said on the tape, speaking in the broad brogue of his native Yorkshire. "Our words are dead until we give them life with our blood." He goes on to describe bin Laden and Zawahiri as "today's heroes." Appearing on the same videotape, Zawahiri trumpeted al-Qaeda's responsibility for the London bombings. As a veteran U.S. counterterrorism official told me, "Zawahiri does not take credit for things that he hasn't done."

On the videotape, Zawahiri referenced a prior al-Qaeda threat to explain the targeting of London, saying "Didn't . . . Sheik Osama bin Laden offer you a truce?" -- a reference to the al-Qaeda leader's April 2004 proposal of a peace agreement with those European countries willing to pull out of Iraq. Britain is the most prominent member of that coalition. Bin Laden offered a three-month grace period before the truce expired in July 2004. A year later, the four bombers blew themselves up in London.

But the key piece of evidence overlooked in the British government report is that both Khan and Zawahiri's statements were made on a videotape bearing the distinctive logo of al-Sahab ("the clouds"), which is al-Qaeda's television production arm. Al-Sahab's first tape, a two-hour al-Qaeda infomercial, debuted on the Internet in the summer of 2001, signaling that a major anti-American attack was in the works. Since then, al-Sahab has continued to release key statements from al-Qaeda leaders. Khan's appearance on the videotape strongly suggests that he met up with members of al-Qaeda's media team based on the Afghan-Pakistan border, probably in the tribal area of Waziristan. There is much we still don't know about Khan's activities in Pakistan, but additional information is likely to point toward further contact with members of al-Qaeda in Pakistan.

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The rapidly deteriorating security situation in Afghanistan over the past year is also, in part, the responsibility of al-Qaeda. The use of suicide attacks and makeshift bombs and the beheadings of hostages -- all techniques that al-Qaeda perfected in Iraq -- are methods that the Taliban has increasingly adopted in Afghanistan, making much of the south of the country a no-go area.

Hekmat Karzai, an Afghan terrorism researcher at the Institute of Defense and Strategic Studies in Singapore, points out that suicide bombings were rare in Afghanistan until 2005, when 21 such attacks took place. This year has already seen at least 16. In addition, Karzai reports that two of al-Qaeda's "most able" commanders -- Khalid Habib, a Moroccan, and Abd al Hadi, an Iraqi -- have been appointed to run its operations in southeastern and southwestern Afghanistan. These developments suggest that al-Qaeda is regrouping and strengthening along the Afghan-Pakistan border.

And, of course, bin Laden and Zawahiri remain at large in that border region, issuing a stream of tapes aimed at inflaming their supporters around the world. Zawahiri, for example, released a video last week urging further attacks on U.S. and other coalition forces in Afghanistan. Meanwhile, bin Laden's ongoing influence over al-Qaeda's affiliates was confirmed after the death last month of Abu Musab al-Zarqawi, al-Qaeda's leader in Iraq. Abu Hamza al-Muhajer, al-Qaeda's new leader in Iraq, quickly released a statement on a jihadist Web site pledging allegiance to bin Laden: "We are at your disposal, ready for your command." Muhajer has longstanding ties to Zawahiri; they have both been members of Egypt's ultra-violent Jihad Group for more than two decades. A U.S. intelligence official told me that the intelligence community's recognition of bin Laden and Zawahiri's continued importance to Islamist terrorists worldwide has led to a renewed push in the past two months to locate them.

Almost five years after the attacks on Washington and New York, al-Qaeda not only remains in business in its traditional stronghold on the Afghan-Pakistan border, but continues to project its ideology and terrorism abroad. So now we face a world of ideologically driven homegrown terrorists -- free radicals unattached to any formal organization -- in addition to formal networks such as al-Qaeda that have managed to survive despite the tremendous pressure brought to bear against them since 9/11. And even more grim, they now feed off and strengthen one another.

Peter Bergen is a Schwartz senior fellow at the New America Foundation and author of "The Osama bin Laden I Know: An Oral History of al Qaeda's Leader" (Free Press).

BBC Let Intelligence Agents Vet Staff (WT)

By Chris Hastings, London Sunday Telegraph

The Washington Times, July 2, 2006

LONDON -- Confidential papers obtained by the Sunday Telegraph reveal that the British Broadcasting Corp. allowed intelligence agents to investigate the backgrounds and political affiliations of thousands of its employees, including newsreaders, reporters and continuity announcers.

The files, which shed light on the BBC's hitherto secret links with the counter-espionage service known as MI5, show that at one stage it was responsible for vetting 6,300 BBC posts -- almost a third of the total work force. The procedure was phased out in the late 1980s.

The files also show that the corporation maintained a list of "subversive organizations" and that evidence of certain kinds of political activity could be a bar to appointment or promotion.

The BBC's reliance on MI5 reached a peak in the late 1970s and early 1980s, at exactly the same time as millions of viewers were tuning into the fictional adventures of George Smiley in the popular spy dramas, "Tinker, Tailor, Soldier, Spy" and "Smiley's People."

The papers show that senior BBC figures covered up the links in the face of awkward questions from trade unions and the press. The documents refer to a "defensive strategy" based on "categorical denial." One file note, dated March 1, 1985, states: "Keep head down and stonewall all questions."

The BBC has always refused to be drawn out on the extent of its collaboration with the secret services. It was only after a request by the Sunday Telegraph under the Freedom of Information Act that it has released details of the vetting operation.

The documents do not name any of the individuals subjected to vetting, but it is possible that some of the BBC's biggest names were scrutinized.

Different posts were vetted for different reasons. Senior officials, including the director-general, and their support staff were checked because they had access to confidential government information in relation to their jobs. But thousands of employees were vetted because they were involved in live broadcasts and the BBC was worried about the possibility of on-air bias or disruption.

In 1983, 5,728 BBC jobs were subjected to this second kind of scrutiny known as "counter-subversion vetting." The system applied to dozens of job categories, including television producers, directors, sound engineers, secretaries and researchers.

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The details of freelance television and radio staff were also routinely passed on to the security services and even the posts of editor and deputy editor of Radio 4's Woman's Hour were subject to background checks by MI5. In many cases, the spouses of applicants were subjected to scrutiny.

The BBC tried on several occasions to be more open about the system, but was blocked by security services. A memo, dated March 7, 1985, states: "Secrecy of the complete vetting operation is imposed upon us by the Security Service -- it is not of our making."

WAR NEWS:

Baghdad Market Bombing Kills 66 (WP)

By Ellen Knickmeyer

The Washington Post, July 2, 2006

Attack Is Largest Under New Regime

BAGHDAD, July 1 -- A truck bomb killed at least 66 people and injured more than 100 on a market street in the Shiite Muslim heart of Baghdad on Saturday, the deadliest such attack since Iraq's national-unity government took office in May.

Prime Minister Nouri al-Maliki's government, which is attempting to end sectarian bloodshed through force and conciliation, had escaped the high-fatality bombings that were a fixture under the previous government. But Saturday's massive bomb, powerful enough to hurl bodies of shoppers onto the roofs of high-rise buildings surrounding the market in Baghdad's Sadr City district, drew angry denunciations from survivors, suggesting Iraqis could quickly sour on Maliki's initiatives if insurgent attacks once again begin claiming dozens of lives at a time.

The U.S. military, meanwhile, disclosed new details about allegations that soldiers raped a woman and killed her, along with her mother, father and a sibling, in March in a village south of Baghdad. A U.S. military official revealed Saturday that the target of the alleged attack was a 20-year-old Iraqi woman who lived with her family near an American military checkpoint.

One resident of the village of Mahmudiyah al-Kasr al-Awsat said Saturday that the young woman had complained of harassment by U.S. soldiers each time she passed through the American checkpoint. The resident, Omar Janabi, said in an interview that the woman's family had taken the precaution of sending her to spend nights with a neighboring family. But the soldiers attacked the family's house during the daytime, when everyone was at home, said Janabi and another man from the village who was interviewed separately.

The military announced Friday that authorities were investigating allegations of a rape and subsequent killings by soldiers of the 502nd Infantry Regiment, part of the 4th Infantry Division, near the city of Mahmudiyah. Maj. Gen. James D. Thurman, commander of the 4th Infantry, had ordered an investigation into the killings more than a week ago, the military said in a statement.

The U.S. military official, who spoke on condition of anonymity, said Saturday that an initial investigation indicated that the rape and killings had occurred March 12. Officials had said Friday that they learned of the allegations only late last month, after insurgents captured, tortured and killed two soldiers in that regiment.

The military has provided few details about the case, the latest in a series of probes that began with the U.S. disclosure in March that it was investigating alleged killings of 24 civilians by Marines in the far western town of Haditha.

On Saturday, Janabi, one of the neighbors asserting knowledge of the Mahmudiyah killings, said the victims were Kassim Hamza Rasheed Janabi, 36, a guard at a government-owned food warehouse; Fakhriya Taha Muhasen, 44, his wife; and their two daughters, 7-year-old Hadeel and 15-year-old Abeer.

Omar Janabi said that on March 11, with American and Iraqi forces in the area, U.S. troops raided Kassim Janabi's home. Although members of the same, large tribe, the two men are not directly related.

Entering the home after the raid, Omar Janabi said, he found the husband, wife and 7-year-old girl in one room. All had been shot dead, he said.

The 15-year-old girl lay in another room, with her dress pushed up around her neck, Omar Janabi said. A fire had been set in the room, burning a pillow and the girl's hair, he said.

Janabi and another neighbor, interviewed separately, said that the family lived a few hundred yards from an American checkpoint and that Kassim Janabi's two young sons had been out of the house and escaped the attack.

It was impossible to independently confirm the accounts given by the two men. Although some of the details, such as the home's location, coincided with those given by the U.S. military official, it was also impossible to immediately reconcile differences, such as whether the alleged rape victim was 15 or 20.

Omar Janabi said relatives have given permission for U.S. investigators to exhume the young woman's body.

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Janabi spoke to a Washington Post special correspondent at the home of tribal leaders in Mahmudiyah. The other neighbor had left Mahmudiyah, fearing retaliation, and talked separately to another Washington Post special correspondent but refused to be identified.

U.S. soldiers initially told residents that the four dead Iraqis were victims of Sunni Arab insurgents -- which puzzled neighbors, who knew the family was Sunni, Janabi said. The other neighbor said he was first told the family had been killed by a Shiite militia.

In Sadr City, home to more than 2 million Shiites and scene of Saturday's bombing, angry survivors made clear how quickly a resurgence of bomb attacks -- typically blamed on Sunni insurgent groups -- could undermine government efforts to overcome sectarian divisions.

"They called for unity?" demanded a man who identified himself as Abu Hassan al-Thahabi, his hands and feet blackened with soot and grease from pulling the dead and injured out of the wreckage of the bombing. "This proves to the Shiites that there is no unity."

Saturday's bombing was also the deadliest since a U.S. airstrike killed the most prominent leader of the Sunni insurgency, Abu Musab al-Zarqawi, on June 7. U.S. military officers and academics alike had predicted at least a brief surge in attacks immediately after Zarqawi's killing, saying militant Sunni groups would want to show they had survived his loss.

Even before Zarqawi's killing, however, massive bombings like Saturday's had become less and less frequent. The gradual decrease was attributed to several factors, including better defenses against bombings and the intense, often deadly pressure that Shiite-led governments have placed on the Sunni minority, leaving some insurgent groups more willing to at least try political solutions.

At the same time, however, the frequency of smaller multiple-fatality bombings reached its highest point of the war, according to the Brookings Institute. And sectarian killings -- blamed largely on Shiite militias with ties to the government -- have left an average of more than 1,000 victims at Baghdad's main morgue each month since February.

The surge in sectarian killings brought greater U.S. military pressure on Shiite religious militias, notably the Mahdi Army loyal to Shiite cleric Moqtada al-Sadr. In Sadr City, fear of questioning or detention by U.S. troops has led the Mahdi Army's gunmen to switch from their trademark black uniforms to civilian clothes and to handle their AK-47 assault rifles, pistols and rocket-propelled grenades more discreetly.

Thahabi, an official in Sadr's movement, complained that the militia's usual checkpoints would have stopped Saturday's truck bomb but that militia members had abandoned them that morning when they saw U.S. troops in the area.

Sadr officials said the bomb -- a mix of explosives and artillery shells, with ball bearings nearly the size of marbles and scrap metal added for shrapnel -- was hidden in a truck under a load of fruit. The truck, with a suicide driver at the wheel, blew up on a street crowded on both sides with shops and market stalls, leaving a crater the size of a wading pool in the pavement.

Car Bomb Kills 66 At Iraqi Bazaar (WT/AP)

By Robert H. Reid, Associated Press

The Washington Times, July 2, 2006

BAGHDAD -- A huge car bomb exploded yesterday at a bustling outdoor market in a Shi'ite district of Baghdad, killing at least 66 persons and injuring about 100 in the deadliest attack since the national unity government took office six weeks ago.

Shortly before the midmorning blast, gunmen seized a female Sunni legislator at a checkpoint in a Shi'ite area of the capital. The attacks represented a major challenge to Prime Minister Nouri al-Maliki's vow to curb sectarian violence.

In an audio recording posted on the Internet, al Qaeda leader Osama bin Laden endorsed the successor to Abu Musab Zarqawi, the slain leader of his network in Iraq and warned the country's Shi'ites against collaborating with the Americans in the fight against Sunni insurgents.

The comments appeared designed to sharpen the conflict between Shi'ites and Sunnis. Bin Laden also warned other countries against intervening in Somalia, where an extreme Islamist has been named head of the most powerful political group.

The market bombing seemed timed to cause a maximum number of casualties among civilians doing their weekend shopping. It blew some victims onto the roofs of nearby two-story buildings and sent gray smoke billowing over Sadr City, stronghold of radical cleric Muqtada al-Sadr.

Emergency crews bundled the wounded into ambulances and private cars and rushed them to hospitals. Iraqi state television reported last night that 66 persons had died and about 100 were wounded, making it the deadliest bombing since an April 7 suicide attack that killed 87 persons at a Shi'ite mosque in Baghdad.

A statement posted on the Internet claimed responsibility in the name of the "Sunna Supporters Group." The statement, whose authenticity could not be verified, accused Shi'ites of killing Sunnis and raping Sunni women in detention.

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"Your mujahedeen brothers decided to teach the Shi'ites a lesson that they will not forget as long as they live," the statement said.

A few miles from the blast, gunmen seized lawmaker Tayseer al-Mashhadani and seven of her bodyguards at a checkpoint in a Shi'ite area of eastern Baghdad. Officials said she was traveling to Baghdad from her home in nearby Diyala province, a hotbed of sectarian violence, to attend a parliament session today. One of her bodyguards escaped, officials said.

Mrs. al-Mashhadani's colleagues in the Iraqi Islamic Party, the largest Sunni political organization, blamed the ministers of interior and defense for failing to restore security in the capital. A party statement said some of the kidnappers carried government-issue weapons.

The U.S. Embassy condemned the kidnapping as an attempt to stoke sectarian tension and demanded her immediate release.

The violence occurred as Mr. al-Maliki, a Shi'ite, left for a tour of Persian Gulf countries to brief leaders on his plans for national reconciliation, including amnesty for Sunni Arab insurgents and efforts to heal the Shi'ite-Sunni rift.

In his Internet statement, bin Laden endorsed Abu Hamza Muhajer, identified by the terrorist network as Zarqawi's successor, and urged him to step up "the struggle" in Iraq. The U.S. military thinks Muhajer is Abu Ayyub Masri, a wanted terrorist.

Bin Laden also warned Iraqi Shi'ites that they "cannot just take part with America and its allies" in the war against Sunni militants "and expect that their areas will be safe from a reaction and harm."

Addressing Somalia, which was largely seized in June by a militia affiliated with the country's Islamic courts, he urged its people to support the militants and said they were building an Islamic state in the Horn of Africa.

Bin Laden lashed out at the president of Somalia's secular interim government, calling Abdullahi Yusuf a "traitor" and a "renegade." He also warned other Islamic countries against sending troops there, saying, "We pledge that we will fight your soldiers on the land of Somalia, and we will fight you on your own land if you dispatch troops to Somalia."

Car Bomb Kills More Than 60 In Iraq Market (NYT)

By Edward Wong

The New York Times, July 2, 2006

BAGHDAD, Iraq, July 1 — A powerful suicide car bomb ripped through a bustling street market in a Shiite slum here on Saturday, killing at least 62 people and wounding nearly 120 in the deadliest insurgent assault since the new Shiite-led government was installed in May, police officials and witnesses said.

The blast took place as a Sunni Arab member of the new Parliament and eight of her bodyguards were abducted by militiamen while driving into Baghdad, the police said. Together, the bomb attack and kidnapping posed the most direct challenge yet to the fledgling Iraqi government, which has deployed tens of thousands of police officers and troops into the streets in recent weeks to try to secure the capital.

New details emerged Saturday about an American military investigation into soldiers from the Fourth Infantry Division who are accused of raping an Iraqi woman in her home and killing her and three family members, including a child.

Investigators are looking into whether the soldiers monitored the family for a week before carrying out the assault, a military official in Iraq said. The soldiers are also accused of dousing the woman's body with a flammable liquid and setting it on fire to cover up evidence of their crime. A villager said the soldiers then burned down the family's home.

The explosion on Saturday morning, in the sprawling Sadr City district, ignited dozens of cars around the marketplace and sent a thick column of smoke above the skyline of eastern Baghdad, framing minarets in the foreground.

Ambulances raced through streets littered with smashed apple crates and wrecked stalls to carry wailing victims to nearby hospitals. As firefighters struggled to hose down the flames, Shiite militiamen tried to coax angry mobs of onlookers to leave, fearing that another bomb would go off. A tarpaulin covered the body of a donkey in a pool of blood. Children threw rocks at American and Iraqi soldiers who drove up in Humvees. One American soldier pointed an assault rifle with a grenade launcher at the children to scare them off. Men and boys screamed slurs about the Americans and the new Iraqi government.

"Look at this chaos, look at this mess," said a militia leader who gave his name as Yahir Abu Ali, black prayer beads in one hand and a cigarette in the other. "You see these poor people? They've lost their means of living because of this."

Karim Nasser, a fruit merchant sweating in a beige robe, waved wildly at the twisted metal debris of his stall. "A truck filled with apples was trying to cross over the median when it exploded," he said. "I lost my stall; it was the only source of income for my family."

Some police reports suggested that the bomber had been driving a minivan. The bombing was the deadliest in Iraq since early April, when three bombers blew themselves up in a prominent Shiite mosque here, killing scores of worshipers. The attack was likely to provoke more sectarian bloodshed, because Sadr City is the home base of the Mahdi Army militia, whose

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thousands of members rose up against the Americans twice in 2004 at the urging of the cleric Moktada al-Sadr, and often clash with Sunni Arab fighters.

Mahdi militiamen rampaged through eastern Baghdad and other areas of Iraq after the February bombing of a Shiite shrine, leaving hundreds dead.

A Sadr official, Abdul Zahira al-Suweidi, said in a telephone interview that the American occupiers were ultimately to blame for the explosion rather than militant Sunnis. "Yesterday, we asked the government for a timetable for the withdrawal of the occupation forces," he said. "As long as they stay, terrorist activities will increase."

The bombing occurred shortly after Tayseer Najah al-Mashhadani, a new member of Parliament, and eight of her guards were kidnapped while driving into Baghdad from her home north of the capital.

An official from Ms. Mashhadani's party, Hamdi Hassoun, citing a bodyguard who escaped, said militiamen operating a checkpoint in eastern Baghdad had pulled everyone from the cars at gunpoint and dragged them away. "They aimed their guns at the heads of the bodyguards and confiscated their guns and cellphones," Mr. Hassoun said.

Ms. Mashhadani belongs to the Iraqi Islamic Party, a conservative Sunni Arab group that has often criticized the Shiite-led security forces and the American presence. The party's leader, Tarik al-Hashemi, is one of Iraq's two vice presidents.

The abduction and marketplace attack occurred as the new prime minister, Nuri Kamal al-Maliki, arrived in Jidda, Saudi Arabia, the first stop on a tour of three Arab countries where he planned to promote his limited "reconciliation plan."

Since taking charge in May, Mr. Maliki's government has had to grapple with rising sectarian violence, as well as electricity and water shortages during 120-degree days.

Military investigators continued to sift through evidence linked to the rape and murder accusations surrounding soldiers from the 502nd Infantry Regiment, attached to the Fourth Infantry Division.

The investigation into the possible rape of a woman and the killings of her and her family are centered on events of March 12 near the insurgent stronghold of Mahmudiya, about 20 miles south of Baghdad. A military official in Iraq said four soldiers were implicated, not five as some reports had suggested. But he acknowledged that early details were often muddled.

All four of those under scrutiny are enlisted men. A Defense Department official said one of the soldiers had been dismissed and was back in the United States.

Initial reports show the soldiers had noticed the woman on earlier patrols, the official said. Of the four victims, one was a girl, the military official added.

An Iraqi man who lived near the family said the assault took place at night in a village called Sayidat Abdullah, part of a farming region outside of Mahmudiya.

Before the soldiers came, there was a rumor in the village that the family, particularly the father, who was a farmer, was wanted by the Americans, said the villager, Muhammad Khamis, in a telephone interview. The soldiers burned down the house before leaving, he said.

"They were a very good family, a very nice family," Mr. Khamis said. "I don't know where the Americans got this idea."

In the Muslim world, sexual assault of women, especially by foreigners, is considered one of the most heinous of crimes. Sunni Arabs infuriated by the American presence have often speculated that American troops are raping Iraqi women in prisons like Abu Ghraib.

In other violence on Saturday, at least five Iraqi Army soldiers were killed in an ambush on a checkpoint south of Kirkuk, police officials said. Three soldiers were captured in the attack. Their bodies turned up later, along with a fourth body; all showed signs of torture.

A bomb exploded near a police patrol transporting prisoners in Kirkuk, killing one prisoner. In southern Baghdad, the police found six bodies dumped in a construction site.

The American military said a soldier assigned to the 43rd Military Police Brigade died Saturday of noncombat injuries.

Iraq PM Wins Saudi Backing For Peace Efforts (AFP-Y2)

AFP, July 2, 2006

Iraqi Prime Minister Nuri al-Maliki won Saudi Arabia's backing for his efforts to halt the bloodshed in Iraq at the start of a Gulf tour to rally support for his peace plan.

"On behalf of ... King Abdullah, I assure you of ... (Saudi Arabia's) full support for you and your constitutional government," Crown Prince Sultan bin Abdul Aziz told Maliki, according to the official SPA news agency.

Prince Sultan, who chaired a formal session of talks with Maliki late Saturday, said Saudi Arabia hoped his government would usher in "stability and security" in Iraq and put an end to the hardships of the Iraqi people.

At least 66 Iraqis were killed in a devastating car bombing against a market in a Shiite district of Baghdad on Saturday, the latest sectarian violence to rock the war-weary country.

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Maliki, who arrived in the Red Sea city of Jeddah Saturday, had earlier met with King Abdullah, who stressed Saudi Arabia's "keenness on (the preservation of) Iraq's unity and territorial integrity," SPA said.

The news agency said the discussions during the session of talks with the Saudi crown prince focused on "efforts to restore security and stability in Iraq, chiefly the national reconciliation plan" unveiled by Maliki last Sunday. "We will revert to being sons of one country in the full sense of the word," Maliki said, referring to efforts to end violence between Sunnis and Shiites.

"We have come carrying the pains and hopes of Iraq, and to thank you for the kingdom's stands in support of the unity of Iraq's people and lands," he was quoted by SPA as saying.

Iraqi Minister of State for National Dialogue Akram al-Hakim earlier said that Maliki's tour, his first trip abroad since taking over as premier in May, would also take him to the United Arab Emirates and Kuwait to discuss with Arab leaders his national reconciliation plan.

Maliki announced the plan in a bid to stem the violence that has ravaged Iraq. But the blueprint has already been rejected by a number of Sunni Arab leaders and rebel groups.

The Shiite prime minister apparently wants to enlist help during his tour to influence the former elite community of Sunni Arabs in Iraq as many of its leaders have close ties with the oil-rich Gulf Arab states.

Maliki has said the amnesty offered in the plan would only cover detainees held in US and Iraqi prisons who have committed no violent crimes and stressed there would be no pardon for those who killed foreign troops, journalists or innocent Iraqis.

More than 2,500 detainees have been freed this month from US and Iraqi prisons as part of the plan.

Top Saudi officials were on hand for the talks with Maliki, who was accompanied by a high-level delegation. Among those attending were the oil ministers of Saudi Arabia and Iraq, which sit on the world's largest and second largest oil reserves, respectively.

US ambassador to Iraq Zalmay Khalilzad visited Jeddah on Tuesday and met with King Abdullah and other Saudi leaders.

Saudi Arabia, which shares a long border with Iraq, has expressed increasing concern in recent months about the bloodshed in its northern neighbor.

The kingdom is also concerned about the threat to its security that would be posed by the return home of Saudis who had crossed the border to join the anti-US insurgency in Iraq.

Iraqi, U.S. Authorities Free 495 Prisoners (AP-Y2)

AP2, July 2, 2006

Iraqi and U.S. authorities freed 495 prisoners from U.S. facilities on Saturday, completing a mass release announced by the prime minister last month as part of his national reconciliation efforts.

U.S. Ambassador Zalmay Khalilzad welcomed the move and said more prisoners could be freed.

"We are prepared in consultation with the Iraqi leaders to make future prisoner releases and to take other concrete steps to facilitate reconciliation," he said in a statement. "As the government moves forward with these steps, it can count on support from the U.S. government."

Al-Maliki had promised to release 2,500 inmates by the end of June.

The Justice Ministry said Saturday's releases fulfilled that promise but stressed officials would continue to study the cases of individual inmates and release them as merited.

The U.S. military has not provided a sectarian breakdown of those being released, but most were believed to be Sunnis, the minority that was dominant under ousted leader Saddam Hussein but lost power when he was ousted. Sunnis frequently complain of random detentions and maltreatment at the hands of the Shiite-led government and the prisoner releases are seen as a key step toward soothing that anger and dampening the Sunni-led insurgency.

Khalilzad also noted that al-Maliki was traveling to Saudi Arabia, the United Arab Emirates and Kuwait this weekend to drum up support for his reconciliation efforts.

"The new government is reaching out not only to all Iraqis but also to its neighbors," the ambassador said. "We expect these visits to be successful, as the countries that Mr. Maliki is visiting understand what happens in Iraq will affect the stability of the area and shape the future of the region."

Khalilzad urged insurgents to respond to al-Maliki's overture by laying down their arms and joining in the reconstruction of Iraq.

US Envoy Promises More Iraq Releases As 495 Detainees Freed (AFP-Y2)

AFP, July 2, 2006

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US ambassador Zalmay Khalilzad promised that more detainees would be freed from US and government-run prisons in Iraq as a seventh batch of nearly 500 was released.

A justice ministry spokesman told AFP that 495 security detainees held without charge were freed Saturday as part of Prime Minister Nuri al-Maliki's national reconciliation plan.

Khalilzad said the latest batch completed the "release of nearly 3,000 detainees from coalition custody over the past several weeks."

"As the reconciliation project proposed by Prime Minister Maliki moves forward, we are prepared in consultation with the Iraqi leaders to make future prisoner releases and to take other concrete steps to facilitate reconciliation."

Again calling on Sunni Arab insurgents to lay down their arms, Khalilzad also called on the government to bring "all militias and other illegal armed groups under control and to strengthen Iraq's security institutions."

Militias close to Shiite parties in the government have been accused of carrying out reprisal attacks against Sunni Arab civilians amid escalating communal unrest.

"We call on the leaders of Iraq's various communities to begin to take responsibility for bringing sectarian violence to an end. As the government moves forward with these steps, it can count on support from the US government," Khalilzad said.

He said disagreements over the reconciliation plan must be "expressed through dialogue rather than through violence."

The security detainees released over the past month had been held on suspicion of involvement in the insurgency but were not suspected of carrying out bombings, killings or abductions.

An amnesty for detainees not suspected of serious crimes was a key element of a 24-point national reconciliation programme which Maliki unveiled to parliament last week.

About 14,000 detainees continue to be held in US or Iraqi government-run prisons.

Muslim Group Condemns Reports Of U.S. Rape (AP)

Associated Press, July 2, 2006

BAGHDAD, Iraq (AP) -- An influential Sunni Muslim organization Sunday strongly condemned reports that U.S. troops raped an Iraqi women then killed her and her family, saying it shows "the truth of the ugly American face."

The Association of Muslim Scholars said that what U.S. troops have done by "raping this girl then mutilating her is shameful and will remain as a sign of shame to American invaders."

U.S. investigators believe that American soldiers spent nearly a week plotting an attack in which they raped the Sunni Muslim woman, then killed her and her family in a religiously mixed area about 20 miles south of Baghdad.

The Americans entered the home, separated three family members from the woman, then raped her and set fire to her body, a U.S. military official said Saturday on condition of anonymity because the investigation is ongoing.

The three others, apparently including a child, were also slain, another official said.

The association said in its statement that it "condemns this ugly crime and declares to the whole world that this mean behavior and terrible violations committed by the invaders show the truth of the ugly American face and also shows that their claims of calling for humanity and liberation are not true."

"We put the world and all humanitarian organizations as witnesses to this ugly crime and call them to face the American recklessness that went way too far," said the association, a strong critic of American presence in Iraq.

Bin Laden Tape Urges Insurgents To Forgo Talks (WP)

By Karen Deyoung

The Washington Post, July 2, 2006

Osama bin Laden, in his second recorded message in 48 hours, warned Iraqi insurgents yesterday not to participate in negotiations with the elected government in Baghdad and urged Muslims in Somalia to violently oppose any challenge to Islamists who have seized power in that country.

"There will be no bargaining with the crusaders and the apostates" in Iraq, bin Laden said in a clear reference to efforts by Prime Minister Nouri al-Maliki to draw insurgent groups into negotiations and amnesty agreements with his government. "There will be no half-solutions." Maliki and his appointed predecessors since the 2003 U.S. invasion of Iraq would be punished as soon as American military forces are defeated, he said.

Bin Laden's message, like one released Thursday night, was contained in an audio recording posted on a jihadist Web site. The fifth such message this year, its mention of events occurring over the past week in Iraq and Somalia indicated an ever-faster turnaround time.

The al-Qaeda leader has not appeared in publicly released photographs or videos since 2004. A U.S. counterterrorism official, who said there was "no reason to doubt" the authenticity of yesterday's recording, speculated that security concerns had

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prevented bin Laden from participating in the more time-consuming and labor-intensive production of a video. Bin Laden is believed to be in the mountainous, ungoverned border area between Pakistan and Afghanistan.

Al-Qaeda's media products have grown in sophistication since the poorly lighted, grainy videos that characterized its propaganda efforts several years ago. Deputy Ayman al-Zawahiri's eulogy to al-Qaeda's Iraq leader Abu Musab al-Zarqawi released a week ago was a slickly produced video. Zawahiri was seated in front of a full-size, framed picture of Zarqawi taken from Zarqawi's own video released before his death in a U.S. air raid in Iraq last month.

Yesterday's bin Laden message was addressed to the "nation of Islam in general, and our people and brothers the mujaheddin in Iraq and Somalia in particular." According to a translation of the 17-minute tape provided by the Washington-based SITE Institute, which monitors jihadist Internet sites, it had three parts.

Bin Laden hailed the selection of Abu Hamza al-Muhajer as Zarqawi's successor. He advised Muhajer, which the U.S. military has said is a pseudonym for Egyptian Abu Ayyub al-Masri, to continue unifying Sunni insurgent groups and to "concentrate his fighting on the Americans, as well as their allies and supporters."

The tape opened with a warning to residents of the predominantly Shiite south, saying they could not join the Iraqi armed forces fighting insurgents in Sunni cities such as Fallujah and Ramadi in central and western Iraq, "while at the same time hoping that their areas will be safe from reaction and harm."

He called on all Muslims to help the insurgency "with money and men," and labeled efforts to stabilize Iraq through talks with the government "nothing more than deceit."

U.S. counterterrorism officials interpreted a lengthy passage on Somalia as reflecting bin Laden's concern that the dispersion of the al-Qaeda network by the U.S. terrorism fight has diminished his claimed leadership of a worldwide movement. But at the very least, bin Laden demonstrated a close and current knowledge of events in the Horn of Africa.

He called Abdullahi Yusuf, who heads the largely powerless, U.S.-backed Somali transition government in Baidoa, an "agent" of foreign apostates, and he condemned Yusuf's recent call for support from neighboring Ethiopia. About 100 Ethiopian troops in military vehicles were seen yesterday crossing the border into Somalia, the Associated Press reported.

Among several international efforts to stabilize Somalia, the African Union and the Arab League said last week that they would send a team of experts to assess the situation. Yemeni President Ali Abdullah Saleh has also called for talks among regional governments. Bin Laden yesterday warned "every Muslim in Somalia" to reject such efforts, calling Saleh in particular "an obedient American agent."

The Bush administration funded secular warlords who were defeated in early June trying to get control of the Somali capital, Mogadishu, by militias allied to the Council of Islamic Courts. Warning the council not to shelter al-Qaeda fugitives it believes are in Somalia, the administration has called on the Islamists to negotiate with the Yusuf government. Last week, Jendayi E. Frazer, U.S. assistant secretary of state for African affairs, said the administration had warned Saudi Arabia and Yemen to end financial and weapons support for council forces.

Bin Laden called on Islamic forces to attack the Yusuf government "quickly and make sure he doesn't flee." Regarding intervention by "international forces," he instructed, "prepare what is needed, especially the mines for the tanks and the [rocket-propelled grenades] for the armored vehicles."

He recalled the 1994 withdrawal of U.S. military forces from Somalia after a warlord attack killed 18 Special Forces troops. "This time," he said, "victory will be far easier."

Suddenly, Sand Bags And Potshots At Post 1 (NYT)

By Dexter Filkins

The New York Times, July 2, 2006

RAMADI, Iraq, July 1 — It is a lonely night on the rooftop of the government center in this rubble-strewn town, and Lance Cpl. Joseph Hamlin is talking about his life.

"I'm 19; I'll be 20 in September," he says, his face shrouded in the darkness. "I'm from western Georgia, on the Alabama line. LaGrange. They say it's the biggest little city in Georgia. It means 'the farm' in French. Lafayette was there."

Corporal Hamlin is at Post 1, overlooking downtown Ramadi from the northwest corner of the government center. His post is a concrete-block hut covered in sand bags. It has just enough room for two people.

"This is my first time ever," he says. "I joined in May '05. Right after I graduated high school. Graduated high school on Friday, showed up for boot camp on Monday. Didn't take any time off."

He laughs. The streets below are mostly invisible in the darkness. Even at 11 p.m., the temperature here hovers at well over 100 degrees. Every few minutes or so, Corporal Hamlin picks up his night-vision scope and peers down the alley that juts out directly north from his post.

A volley of shots ring out, but they are too far away to cause worry.

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"Over yonder there," he says, pointing with a slow roll of his hand.

"Jeff Foxworthy, he bought some land in LaGrange," Corporal Hamlin says. "You know him, they call him a country comedian. 'You must be a redneck,' stuff like that. He bought some land down there to hunt on. It's good hunting."

He peers into the scope of his rifle.

"I'm a decent shot. Pretty good," he says. "Not like the snipers."

Another shot echoes in the distance. "What do I hunt? Whatever is in season: deer, squirrel, turkey, dove. I love to hunt. If could have a job where money didn't matter, I'd be a hunter."

Corporal Hamlin has laid out four weapons: an M-240 belt-fed machine gun, an M-16 rifle, an M-79 grenade launcher and a rifle called a Sam-R that he especially likes.

"It's like my .308 Remington — it's got a free-floating barrel, too," he says. "That's my favorite."

"I joined the Marines. I'm hoping to go to college. When I'm in, I'll do what I can for my country. Do something to help this country."

Cradling the Sam-R, he looks into the blackness. "Here it's more difficult," he says. "It's not like all you have to do is be quiet and still and just shoot whatever comes by. Like a duck blind. These guys will play. A turkey don't play. A turkey don't shoot back. He just turns around and runs. They shoot back."

The night wears on. Because of the lack of electricity here, most of Ramadi is dark. What light there is comes from the stars, which are arrayed in their particular way from horizon to horizon.

"I wish they had some police out here," he says. "You know, the gangs. We have gangs in places like New York City. They wouldn't stand a chance here. They would have their heads cut off. These are the real gangs here."

"People say this is the worst place in the world. But it isn't bad. They need to fight for themselves," he says of the Iraqis. "Everybody has a civil war. We had ours. We got stronger. Maybe they need to have theirs and get it over with."

Midnight nears. Corporal Hamlin turns back to his favorite subject. "Oh yeah, they got pigs down there. They like to play. You shoot one of them with a .357 right in the head and they keep running. My dad got gored by one of them once. That's some cool hunting.

"I want to kill some bear. I want to go with a bow. A long bow. Not even a compound bow," he says. "You know the difference? A compound bow has the pulleys. Long bow is just the bow. I want to go with a long bow. Kill a big-ass bear."

"My dad lived in China," Corporal Hamlin says. "He ran the Duracell plant there. I lived there. I learned martial arts. Aikido, which is Japanese. Tae kwon do, which is Korean. I'm a second-degree black belt."

"If I had a choice between this, martial arts and hunting, I'd take hunting easy. No alcohol, womens or anything like that, like some guys."

Three nights before, the government center came under attack by about 20 guerrillas. The firefight lasted two hours. The marines fired hundreds of rounds of ammunition, dropped bombs and artillery. Corporal Hamlin was asleep in his bunk, but he has seen his share of fighting.

"I shot a couple of guys," he says. "When you're young, seeing movies and everything, you're brought up to think killing is wrong. That's what people do in gangs. Weird. You just shoot. They attack you. Either you are going to shoot and go back to your family or they are going to kill you and keep on killing everyone else. I don't really know what to think of it."

"If I shoot, I get to go back to my family, my girl," he says.

He scans the streets through his rifle scope. "I'm a Christian. East Vernon Baptist Church."

Corporal Hamlin is silent for a time. "I asked other people before what it was like to kill somebody. I wasn't sure I could kill somebody. I didn't know what it would be like. Now, I don't know if I feel that much."

The talk turns to love.

"I did have a girlfriend until two days ago. We were together for five years." It happened in a telephone conversation, he says.

"She doesn't handle my being gone. She says it's hard. I think whatever I'm going through here is harder. Whatever problems she's having at the house, she doesn't have R.P.G.'s being shot at her."

The telephone conversation with his girlfriend, Corporal Hamlin says, has left him feeling a little down. The couple had planned to marry, he says. "Yes, I was wanting to. We were going to get an apartment."

He considers the possibility that she has another boyfriend back in LaGrange. "Absolutely. She probably does. She might be lying. She told me she did."

"She is a full-blooded Indian. Mohawk. I'm just a pale-skinned white boy."

"I'll get with her when I get back, talk to her," he says. "See if I can work things out. It'll be O.K."

Another young voice enters from outside Post 1. It is Corporal Hamlin's relief. He's been six hours on post. It's midnight, time for bed.

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"Good talking to you," he says.

The corporal picks up his rifle and walks downstairs.

Army Probing Soldier's Death (WT/AP)

By Tini Tran, Associated Press

The Washington Times, July 2, 2006

The U.S. military said yesterday it was investigating whether the Gaithersburg soldier who was recently killed in eastern Afghanistan died because of "friendly fire."

The Defense Department said Army Pfc. Justin R. Davis, 19, died June 25 in eastern Kunar province when he came in contact with indirect fire -- a term used for mortar shelling -- while on patrol during combat operations.

"The circumstances of the soldier's death are under investigation as a possible friendly-fire incident," according to a statement from the department.

In Afghanistan, the U.S.-led coalition released a statement saying an investigation into the incident is under way.

"We are looking into Pfc. Davis' death to determine what happened. No final determination has been made and we will not release any information relating to the investigation until it is complete," the statement said.

Pfc. Davis had been assigned to the 1st Battalion, 32nd Infantry Regiment, 3rd Brigade Combat Team, 10th Mountain Division based in Fort Drum, N.Y.

His mother, Paula Davis, told the Frederick News-Post that her son was "passionate about joining the service.

"He would always say, 'This is my dream. I am going to follow it,' " Mrs. Davis said. "He died doing what he loved."

Pfc. Davis had been in Afghanistan since March and had plans to come home for several weeks in August.

"It was a calling," his mother said. "It was a life that fit him."

Pfc. Davis' body arrived Tuesday at Dover Air Force Base in Delaware, Mrs. Davis said. He will be buried July 10 in Arlington National Cemetery with full military honors.

Coalition troops have been operating in eastern Afghanistan to battle insurgents active along the Pakistan border.

According to U.S. Army data earlier this year, 17 soldiers in the past four years have died from friendly fire, which means from non-enemy weapons. Ten died in Iraq and seven in Afghanistan. The deaths occurred in 11 separate incidents.

The most well-known case was the 2004 death of former NFL player Pat Tillman, an Army Ranger and corporal, who died during a gunbattle near the Pakistan-Afghanistan border. That case triggered a criminal investigation that is still pending.

2 British Soldiers Killed In Afghan Attack (NSDY/AP)

By Tini Tran, Associated Press Writer

Long Island Newsday, July 2, 2006

KABUL, Afghanistan -- A coalition base came under attack by suspected Taliban fighters in southern Afghanistan, leaving two British soldiers and an interpreter dead, officials said Sunday.

The incident occurred Saturday night in Sangin district in southern Helmand province, said military spokesman Capt. Drew Gibson.

Four coalition soldiers were wounded in the attack, but their nationalities were not immediately known. They were listed in stable condition at a hospital, a coalition statement said.

The deaths come amid a massive anti-Taliban campaign in southern Afghanistan involving more than 10,000 Afghan and coalition soldiers. It is the largest military offensive since the former regime's ouster in late 2001.

Last week, two other British soldiers were killed in an attack in Sangin district. On Saturday night, 11 militants were killed by Afghan forces in the district after they came under attack, said Helmand provincial police chief Ghulan Nabi Malakhail. No Afghan soldiers or police were injured.

Britain currently has some 3,300 troops involved in the military operation.

Bush Address Pays Tribute To Armed Forces (AP)

AP2, July 2, 2006

President Bush paid tribute to America's armed forces Saturday, calling Independence Day a time to thank the men and women who defend freedom.

"For more than two centuries, from the camps of Valley Forge to the mountains of Afghanistan, Americans have served and sacrificed for the principles of our founding," Bush said in his weekly radio address. "Today, a new generation of American patriots is defending our freedom against determined and ruthless enemies."

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Bush plans to celebrate July Fourth at Fort Bragg, N.C., where he will have lunch with military personnel. The president will return to the White House Tuesday night to watch fireworks in the nation's capital.

On the holiday, Americans should recall the ideals that the nation's founders outlined in the Declaration of Independence, Bush said. He also encouraged every American to find a way to thank those who defend freedom.

He urged people to help America Supports You, a nationwide program set up by the Defense Department to communicate citizen support to military men and women at home and abroad.

"At this hour, the men and women of our armed forces are facing danger in distant places, carrying out their missions with all the skill and honor we expect of them," Bush said. "And their families are enduring long separations from their loved ones with great courage and dignity."

Cheney Applauds NASCAR At Florida Raceway (WT/AP)

The Washington Times, July 2, 2006

DAYTONA BEACH, Fla. (AP) -- The stock cars weren't the only things buzzing the track at Daytona yesterday -- Vice President Dick Cheney made his grand entrance when Air Force II flew in low over the crowd gathering for the Pepsi 400 NASCAR race.

Upon arrival at Daytona International Speedway, Mr. Cheney's motorcade went around the track at a relative crawl of 60 mph, passing fans on the infield who waved flags for their favorite drivers. The vice president spoke at a pre-race meeting, where he got a standing ovation from the drivers and their crews and his excited staff took pictures with Dale Earnhardt Jr.

Mr. Cheney wished the drivers a safe race and thanked them for all their visits with troops.

"NASCAR has developed a hell of a reputation, not only, obviously, for the stock-car racing, but also for being tremendous members of the community," he said.

Yesterday offered Mr. Cheney a double-dip in the all-important political state of Florida: visiting the Kennedy Space Center and then catching the race.

The vice president had hoped to see Space Shuttle Discovery blast off on the first shuttle mission in nearly a year, but thunderstorm clouds forced a postponement. Mr. Cheney said he was disappointed, especially because he brought his three granddaughters along for the occasion.

"We'll have to bring them back another day," he said. "It's a great program, and it's important that we keep going and keep our space program going."

Joining Mr. Cheney and his wife, Lynne, were granddaughters: Kate, 12; Elizabeth, 8; and Grace, 6.

The vice president's aides tried to extend exposure of Mr. Cheney's trip beyond the traditional audience, inviting a team from Sports Illustrated to join the traveling White House press. He also had interviews scheduled with Fox Sports and Motor Racing Network, which handles NASCAR's radio coverage.

More than 20 years ago, when Mr. Cheney was a congressman from Wyoming, he attended a shuttle launch. But the NASCAR race was a first for him.

The Pepsi 400 has become a popular event for national leaders. President Reagan was the first commander in chief to attend a race when he went in 1984. Both President Bush and his father have attended the race, and Defense Secretary Donald H. Rumsfeld attended last year.

The race is a particularly patriotic event because it is scheduled for the Independence Day weekend and draws a large military crowd.

Earlier yesterday, Mr. Cheney underwent his annual physical, which showed his overall heart condition was stable and that his high-tech pacemaker is working properly and has not been activated by any irregular heartbeats.

Mr. Cheney, 65, who has a long history of heart ailments, had an electrocardiogram and imaging to check on repaired aneurysms on the back of his knees, his spokeswoman said.

Doctors also checked the condition of an implantable cardioverter defibrillator (ICD), which was placed in his chest in June 2001.

"The vice president's cardiac status remains stable, his ICD is functioning properly and has not treated any arrhythmia," or irregular heartbeat, according to a statement from his spokeswoman, Lea Anne McBride.

Mr. Cheney is scheduled to have a stress test on a treadmill in the fall as part of a comprehensive cardiac evaluation.

Cheney Revs Up Schedule In Florida (LAT/ORL)

By Ludmilla Lelis

The Los Angeles Times, July 2, 2006

The vice president caps an unusually public day by hailing U.S. armed forces at the Pepsi 400.

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DAYTONA BEACH, Fla. — Playing off the patriotic themes that dominated the Daytona International Speedway this weekend, Vice President Dick Cheney spent his time at the Pepsi 400 praising the military and hailing its ties to NASCAR.

"On Independence Day weekend, we're reminded how fortunate we are to live in freedom and to call this place home," Cheney told the 150,000-plus fans before Saturday's race.

"We're grateful above all to the men and women who defend us," he said.

The vice president's visit to the track is the latest in a series of high-profile public appearances by Cheney, who usually stays out of the limelight.

Earlier Saturday, he was 75 miles south at Cape Canaveral, where he had hoped to see the space shuttle launch. It was postponed because of weather.

Cheney arrived in Daytona with a roar when Air Force II flew in low over the track as the crowd was gathering. When he got to the speedway, his motorcade took a turn on the track at a modest 65 mph.

A few race fans judged Cheney's appearance as a shrewd public relations move.

"I don't think they should mix politics and racing, but he just wants to be associated with the sport," said Russ Schlenker, 49, of Hernando. "Just trying to get the 'NASCAR dad' vote."

In his public statements, Cheney emphasized the heroism of the armed forces but didn't discuss the military mission in Iraq.

At the drivers' pre-race meeting, the vice president lauded ties between the auto-racing circuit and the military.

"I know you guys spend a lot of time supporting the troops and the men and women in the armed forces," he said, looking at the NASCAR drivers and their racing teams.

Cheney posed with drivers whose sponsors are branches of the military, including Greg Biffle (National Guard), Ken Schrader (Air Force) and Joe Nemechek (Army).

He declined in a TV interview later to reveal which driver was his favorite.

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Gonzales Backs Handling Of Terror Suspects (AP-Y2)

By Nadia Abou El-magd, Associated Press Writer

AP2, July 1, 2006

In his first visit to Egypt, the U.S. attorney general on Saturday defended the transfer of terror suspects for incarceration and interrogation in other countries.

Human rights groups have raised concerns about the so-called extraordinary rendition of terror suspects, some of whom have charged they were tortured in the countries where they were sent. The U.S. has said it does not send anyone to countries that torture.

Attorney General Alberto R. Gonzales acknowledged the U.S. practice of sending terror suspects to prisons in their home countries. But he refused to confirm reports that Egypt, whose human rights record has been criticized by Washington, had received any of the suspects.

"I'm not going to confirm that there have been any (suspects sent to Egypt), and I'm certainly not going to talk about the numbers — it's intelligence activity and we just don't do that," Gonzales told reporters after meeting with Egyptian President Hosni Mubarak.

"All I can say is that we do have an obligation to seek assurances from any country in which we are returning someone, that the individual is not going to be tortured," he said.

Gonzales said the U.S. would send a Justice Department lawyer to be stationed in Cairo "so we can further cement our relationship and we have someone on the ground representing me."

Egyptian Interior Minister Habib el-Adly has denied that Egypt was torturing terror suspects from abroad.

Detainees have said they were transferred from the U.S. to alleged secret facilities in countries including Poland, Romania, Jordan, Syria and Egypt.

Italy is investigating allegations that 22 CIA agents kidnapped an Egyptian Muslim preacher, Osama Moustafa Hassan Nasr, from a Milan street in February 2003 and returned him to Egypt.

An Italian newspaper quoted his lawyer as saying that Nasr was tortured after his return.

Gonzales said he saw no contradiction between the U.S. promoting democracy around the world and running a facility like the detention center at Guantanamo Bay, Cuba, where activists and former detainees have alleged abuse has taken place.

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The Supreme Court, in a major rebuke to President Bush, said Thursday that his plan to put some Guantanamo detainees on trial before military commissions was unconstitutional because the commissions were not authorized by Congress and violated international law.

"We have procedures in place to ensure that those at Guantanamo in fact deserve to be at Guantanamo," Gonzales said. "We're looking for ways to deal with terrorists other than at Guantanamo if we can — the U.S. has no intention and no desire to be the world's jailers," he added.

Gonzales arrived in Egypt Wednesday and has met the country's ministers of justice and interior, as well as with the prosecutor-general.

He said the political situation in Egypt had improved despite criticism that government practices were oppressive.

"The promotion of the rule of law is very, very important, and the growth of democracy," he said. "Challenges exist, and we consider President Mubarak a valuable ally to the U.S."

US Attorney General Defends Special Military Tribunals (AFP-Y2)

By Joelle Bassoul

AFP, July 2, 2006

US Attorney General Alberto R. Gonzales has defended special military tribunals for terrorist suspects, saying they serve "a viable role in the war on terror."

"We are carefully reviewing the decision by the US Supreme Court," Gonzales told reporters during a trip to Cairo after meeting with Egyptian President Hosni Mubarak Saturday morning.

"We intend to work with Congress to develop procedures and practices that will meet the requirements set forth by the Supreme Court, but we continue to believe that military commissions would serve a viable role in the war on terror," he said.

The US Supreme Court on Thursday ruled that US President George W. Bush had overstepped his powers by creating military war crimes tribunals for Guantanamo Bay inmates.

In a 5-3 vote, the high court ruled that a military commission established to try Salim Ahmed Hamdan, a 36 year old Yemeni -- Osama bin Laden's former driver -- charged with conspiracy to commit war crimes and terrorism, violated US military law and the Geneva Conventions.

Following the ruling, the White House and other administration officials signalled they would try to consult with Congress to refine rules for such commissions, in line with the landmark Supreme Court judgement.

Gonzales said he hoped to try the suspects "in military commissions once we establish the procedures that will meet the requirements set forth by the Supreme Court."

Refering to the detention center in Guantanamo Bay, Gonzales said the US continued to believe it was "necessary".

"When the US captures someone on the battlefield, we have to have some way of holding them so that they do not come back and fight against us or fight against our friends and allies," he said.

Asked about the practice of renditions, the secret transfer of detainees by the CIA to their home countries, where in some cases they risk being tortured, Gonzales insisted that the US seeks assurances before returning the suspects.

"When we have in our custody an individual and their home country wants them returned, we are not going to return them without adequate assurances that they are not being mistreated," said Gonzales who refused to comment on renditions cases to Egypt specifically.

"We look at past records of the country in the treatment of people in their custody," he said.

"In respect to Egypt, let me say that we welcome the progress that is occuring here in Egypt," he said refering to constitutional amendments recently passed.

Italy has accused CIA operatives of involvement in what it says was a clandestine operation to kidnap Egyptian national Abu Omar in 2003, handing him over to Egyptian authorities for interrogation.

The cleric -- who was under investigation in Italy as part of an inquiry into international terrorism -- was the imam of a Milan mosque which had been under close surveillance since the September 11, 2001 attacks in the United States.

He was snatched from the street in February 2003 and flown from a US military base in northern Italy to Egypt, where his supporters say he was tortured.

"We do have a legal obligation not to render someone back to a country where we know they might be mistreated or tortured,' Gonzales reiterated.

Gonzales, who is the first US attorney general to visit Egypt, said that his department will send a permanent envoy to Cairo to "further cement the relationship" between the two countries.

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Earlier in the day, Gonzales discussed with Mubarak the situation in the Gaza strip, calling Mubarak's mediation efforts between the Israelis and the Palestinians "important in resolving this matter in a peaceful manner," in reference to the abduction Sunday of an Israeli soldier by Palestinian militants.

The Israeli army on Wednesday launched a large-scale offensive in the Gaza strip to rescue the soldier.

During his three-day visit, Gonzales met with justice minister Mahmud Abou Leil and interior minister Habib al-Adli.

Justice Kennedy Makes The Calls On Roberts Supreme Court (LAT)

By David G. Savage, Times Staff Writer

The Los Angeles Times, July 2, 2006

WASHINGTON — John G. Roberts Jr. may be the new chief justice, but the Supreme Court is not truly the Roberts court, at least not yet.

In the most divisive cases before the court in the term that just ended, it was Justice Anthony M. Kennedy who determined the outcome every time. In unpredictable fashion, he sided some of the time with the court's conservative bloc and some of the time with its liberals.

His influence was dramatically displayed Thursday, when the court announced that it had struck down President Bush's specially created military tribunals for suspected terrorists.

As Justices Antonin Scalia and Clarence Thomas read their dissenting opinions in court that day, Roberts and Samuel A. Alito Jr., Bush's other new appointee, could do no more than listen in agreement.

It was 86-year-old John Paul Stevens, the court's last World War II veteran, who read the 5-3 majority opinion. He solemnly declared that the president was "bound to comply with the rule of law" and that he could not ignore congressional mandates and long-standing U.S military rules.

He paused to note that Kennedy, seated next to him, had joined most of his opinion, creating a majority. Liberals hailed the result, and conservatives lamented it.

While the issue before the court was the balance of power in government, the drama showed how little the balance of power within the high court itself had changed. Even when Roberts and Alito side with fellow conservatives Scalia and Thomas, they need a fifth vote to prevail.

For the last decade, Justices Kennedy and Sandra Day O'Connor, both Ronald Reagan appointees, had supplied the votes that decided the court's major cases. They usually joined with the conservatives on issues of crime, the death penalty, civil rights and states' rights, but with the liberals on abortion, gay rights and school prayer.

Now, with O'Connor in retirement, Kennedy stands alone at the center.

He voted with the conservatives more often than not, but joined the liberals in several major rulings. In one closely watched environmental case, Kennedy wrote a separate, solo opinion that was decisive.

On the issue of military tribunals, Kennedy made it clear that he shared the liberals' concern about unchecked presidential power.

The Constitution created "a system where the single power of the executive is checked," he wrote. Even in a national emergency, he said, "the Constitution is best preserved by a reliance on standards tested over time and insulated from the pressure of the moment."

This does not mean that suspected terrorists cannot be tried in military tribunals, Kennedy said — but that Congress should first debate the issue and pass a law.

Kennedy is hardly in the camp of the liberals. Just the day before, he spoke for a five-member majority that upheld the mid-decade redistricting plan engineered by former House Majority Leader Tom DeLay for Texas' seats in the U.S. House of Representatives.

The four liberals, led by Stevens, say "partisan gerrymandering" is unconstitutional. The conservatives, led by Scalia, counter that politics inevitably plays a role in the drawing of electoral districts and that there is no fair way to decide how much politics is too much.

Kennedy came down in between. He says that he finds partisan gerrymandering troubling, but that the Texas plan was not so extreme as to be unconstitutional.

Before 2003, he pointed out, the Democrats had drawn electoral districts that gave them a slim majority of seats in Congress at a time when nearly 60% of Texans were voting Republican. Measured against that map, DeLay's plan "can be seen as fairer," Kennedy said.

Developers and property-rights activists hoped a more conservative court, bolstered by Roberts and Alito, would sharply limit the Army Corps of Engineers' control over hundreds of millions of acres of wetlands. Environmentalists feared the same.

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Scalia wrote an opinion to do just that, and he was joined by Roberts, Thomas and Alito. He said federal environmental protection extended only to wetlands that were part of a continuously flowing stream. This would exclude many wetlands in the middle part of the nation and nearly all of those in West, where streams are dry for much of the year.

But in this case, Kennedy refused to go along. Instead, he wrote in a separate opinion that wetlands could be protected as long as environmentalists could show that filling them or draining them would affect downstream waters.

Earlier this year, Kennedy and O'Connor thwarted the Bush administration's move to void the nation's only "right to die" law. Oregon's voters had twice approved a measure that allowed dying people to obtain a dose of lethal medication from their doctors.

Bush's first attorney general, John Ashcroft, reinterpreted the federal drug control law and said it empowered him to strip Oregon's doctors of their right to prescribe medication.

In January, Kennedy, speaking for the court, overturned Ashcroft's order. The administration's position, he said, would "delegate to a single executive officer the power to effect a radical shift of authority from the states to the federal government to define general standards of medical practice in every locality."

Had Kennedy agreed with Roberts, Scalia and Thomas to support Ashcroft's view, the court would have split 4-4 and could have held the case until the next month, when Alito took O'Connor's seat. Then a 5-4 majority could have ruled in the administration's favor.

Kennedy, who turns 70 this month, joined the court after a tumultuous confirmation battle. In 1987, Reagan's first nominee, Robert H. Bork, was defeated in the Senate. His second, Douglas H. Ginsburg, withdrew after reports that he had smoked marijuana regularly as a law professor.

Kennedy, a Sacramento native with a reputation as a straight arrow, was nominated next and won unanimous confirmation in the Senate.

At first, he looked to be a reliable conservative, voting regularly with then-Chief Justice William H. Rehnquist. But in 1992, he split with the conservatives and voted with O'Connor to uphold the right to abortion and to maintain the strict ban on school-sponsored prayers.

Since then, many on the right have portrayed him as a traitor. Their ire grew in recent years when Kennedy voted to strike down the death penalty for defendants who are mentally retarded or younger than 18 at the time of the crime.

He also wrote the court's two major rulings in favor of gay rights. In one, he said gay and lesbian couples deserved respect and dignity, not condemnation by law. Scalia denounced his opinion as the first step toward same-sex marriage.

Despite the fiery exchanges over social issues, Kennedy has some conservative views that could loom large in the years ahead. For example, he has voted regularly against affirmative action, arguing that the government should not rely on race in making decisions. In the fall, the court will consider a challenge to voluntary school integration programs, and Kennedy could create a majority for the conservative bloc.

Last year, he voted to uphold the display of the Ten Commandments on public property. O'Connor joined a 5-4 majority to strike down such displays. Now, with Alito having replaced her, the court, with Kennedy, appears to have a majority to uphold religious displays.

The abortion issue also appears to turn on Kennedy's vote. Though he agreed in 1992 to maintain the legal right of women to choose abortion, he also said states had considerable authority to regulate it.

Six years ago, he disagreed with O'Connor when the court struck down a Nebraska law that banned intact dilation and extraction, which opponents call "partial-birth abortion." Kennedy called the practice "abhorrent" and similar to infanticide.

Congress then passed a federal ban on this form of abortion. It was struck down by federal courts relying on the Nebraska ruling.

This fall, the Supreme Court will take up an appeal. Kennedy, as usual, will probably hold the deciding vote.

*

(INFOBOX BELOW)

Major decisions this session

Key Supreme Court decisions in the just-concluded 2005-2006 session, and how the justices voted:

War on terrorism

President Bush overstepped his authority when he set up special military courts to try Al Qaeda suspects without the approval of Congress, the court said in Hamdan vs. Rumsfeld. These tribunals at Guantanamo Bay lack basic standards of fairness, the 5-3 majority said.

Justice John Paul Stevens wrote the opinion and was joined by Anthony M. Kennedy, David H. Souter, Ruth Bader Ginsburg and Stephen G. Breyer. Justices Antonin Scalia, Clarence Thomas and Samuel A. Alito Jr. dissented. Chief Justice John G. Roberts Jr. did not participate because he had ruled on the case when it was before the U.S. appeals court.

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End of life

Doctors in Oregon may prescribe lethal medication for people who are terminally ill and near death, the court said in Gonzales vs. Oregon. The 6-3 ruling upheld the nation's only "right to die" law and rejected a Bush administration order that would have stripped doctors of their license to prescribe drugs.

Kennedy wrote the opinion, joined by Stevens, Souter, Ginsburg, O'Connor and Breyer. Scalia, Thomas and Roberts dissented.

Wetlands

Federal environmental regulators may protect most wetlands from development if they can show that these swampy areas have some impact on the nation's rivers and lakes. The split ruling in Rapanos vs. U.S. rejected a move by property rights advocates to sharply cut back on environmental protection.

Kennedy wrote the key concurring opinion, and Stevens, Souter, Ginsburg and Breyer sided with the government. Scalia, Roberts, Thomas and Alito would have limited the protection for wetlands.

Redistricting

State lawmakers have broad power to redraw the lines of electoral districts to benefit the party in power, the court said. The five-member majority rejected a charge of "partisan gerrymandering" lodged against the Texas Republicans and former House Majority Leader Tom DeLay for a mid-decade change that gave the GOP six additional seats in Congress.

Kennedy wrote the opinion in League of United Latin American Citizens vs. Perry, and Roberts, Scalia, Thomas and Alito agreed with him.

Campaign funding

The government may not cap how much candidates spend for their campaigns, and contribution limits are illegal if they are too low, the court said in striking down a novel Vermont law. The 6-3 ruling was a defeat for liberal reformers who wanted to lessen the impact of money in politics.

Breyer wrote the opinion in Randall vs. Sorrell, and Roberts, Alito, Scalia, Kennedy and Thomas agreed with him.

Whistle-blowers

Public employees do not have a free-speech right to complain about serious wrongdoing in the workplace, the court said in Garcetti vs. Ceballos. The 1st Amendment protects employees when they speak out in public as citizens, but not for internal matters, the court said in its 5-4 ruling.

Kennedy wrote for the majority, which included Roberts, Scalia, Thomas and Alito. Stevens, Souter, Ginsburg and Breyer dissented.

Graphics reporting by David Savage

Kennedy Reigns Supreme On Court (WP)

By Charles Lane

The Washington Post, July 2, 2006

With O'Connor's Departure, Sole Swing Voter Wields His Moderating Force

It was the O'Connor court. Now it may be the Kennedy court.

The Supreme Court's just-concluded 2005-2006 term was a historic one, in which two new justices, Chief Justice John G. Roberts Jr. and Samuel A. Alito Jr., changed the court's style and ideological balance.

But by the end of the term, it was clear that the main impact of the turnover was to enhance the influence of a justice who has been at the court since 1988, 69-year-old Anthony M. Kennedy.

With the departure of centrist Justice Sandra Day O'Connor, the court is now frequently split between two four-justice liberal and conservative blocs, with Kennedy as the sole remaining swing voter.

An eclectic and sometimes inscrutable moderate conservative, Kennedy repeatedly cast the decisive vote on the most polarizing issues the court faced, from President Bush's military commissions, to the Clean Water Act, to the death penalty. He is poised to do so again next term when the court takes up the issues of abortion and school integration.

"Justice Kennedy seems to be asserting himself more and seems to be relishing the role," said Richard Lazarus, a law professor at Georgetown University who heads the school's Supreme Court Institute. "All the justices enjoy being more significant rather than less significant, and he has certainly asserted his role as a moderating force on both sides."

In the 17 cases during the 2005-2006 term that were decided by five-vote majorities, Kennedy was on the winning side 12 times, more than any other justice, according to figures compiled by the Supreme Court Institute.

In six of those cases, Kennedy voted with the conservative bloc, made up of Roberts, Alito, Antonin Scalia and Clarence Thomas. As a result, the court upheld most of Texas's Republican-drafted redistricting plan, restored the death penalty in Kansas, and ruled that police do not have to throw out evidence they gather in illegal no-knock searches.

But four times, Kennedy, a 1988 appointee of President Ronald Reagan, defected to the liberal justices, John Paul Stevens, David H. Souter, Ruth Bader Ginsburg and Stephen G. Breyer.

As a result, the court not only struck down Bush's military commissions, but also ruled that the police need permission from both occupants to search a home without a warrant, gave a Tennessee death row inmate a chance to win a new trial, and said that Texas violated the Voting Rights Act by diluting the voting power of Latino Democrats in one district. (Twice Kennedy was part of mixed left-right coalitions.)

Roberts voted in 10 five-justice majorities, the second-most on the court, but he joined the four liberals only once, in a minor procedural case.

The "swing voter" role is not entirely new to Kennedy, who has been in that position before, along with O'Connor.

Indeed, Kennedy is disliked by many conservatives because he has voted with liberals to uphold gay rights and abortion rights, and to strike down the juvenile death penalty.

But since O'Connor retired from the court Jan. 31, and Alito, who replaced her, has lived up to his conservative billing, Kennedy has been all alone as the swing voter -- with the added clout, and added pressure, that implies.

O'Connor used to tell audiences that, at the court, "we decide what cases to hear, and then we decide 'em." Though she often ruled only narrowly, she did not agonize.

Kennedy, by contrast, has been known to brood or to switch his vote in the middle of a case -- though he is more inclined than O'Connor was to rule broadly once he comes to a conclusion. He is a passionate free-speech advocate, and has a consistent record of opposing affirmative action.

While O'Connor saw herself as a fact-oriented problem-solver, Lazarus says, Kennedy "views himself as a major intellectual force."

More than some other justices, "Kennedy sees real values in conflict in the court's cases, and it's a question how you negotiate it," said Neil Siegel, who served as a Supreme Court law clerk in the 2003-2004 term and now teaches at Duke University's law school. "Sometimes he does it well and skillfully, and sometimes he just can't make up his mind and the legal system gets stuck in a kind of vertigo."

In the military commission case, Kennedy ruled unequivocally, joining almost all of Stevens's broad opinion. His few reservations came in a concurring opinion that also contained Kennedy's admonition that "concentration of power puts personal liberty in peril of arbitrary action by officials."

But at other times this term, Kennedy cut difficult issues very fine, drawing criticism from his colleagues.

In a key case on the scope of the Clean Water Act, Kennedy refused to join either the conservatives, who voted as a bloc to scale back federal power to regulate wetlands, or the liberals, who wanted to leave it intact.

Kennedy instead wrote a long opinion of his own. He agreed with the conservatives that a lower court had mistakenly allowed the federal government to block development on two Michigan properties, but disagreed with them about why. He said the lower court should reconsider the issue under a new legal test -- one that most analysts thought would end up producing the same result the liberals wanted anyway.

Kennedy's opinion would not change wetlands protection in the long run, Stevens wrote in a dissenting opinion joined by the three other liberals, but "will have the effect of creating additional work for all concerned parties."

Scalia, joined by the three conservatives, called Kennedy's proposal "perfectly opaque."

"He is a man in the middle, and the man in the middle is fully capable of causing muddle," said Douglas A. Kmiec, a Pepperdine University law professor.

The pressure on Kennedy could mount next term, when the court will rule on the constitutionality of a federal law banning the procedure opponents call "partial birth" abortion, and will decide whether local governments may consider students' race when assigning them to public schools.

Though Kennedy is on record in favor of Roe v. Wade , the 1973 decision that recognized a right to abortion, he dissented angrily from a 5 to 4 ruling in 2000 that struck down a state law banning partial-birth abortion.

That would seem to commit him to upholding the federal ban, legal analysts said, except that the 2000 case is binding precedent and Kennedy may "be acutely aware of a mere personnel change on the court causing a radical shift," Siegel said.

Kennedy has always voted against affirmative action, most recently in 2003 when he voted against race-conscious admissions policies at the University of Michigan's law school and undergraduate program.

But the cases the court has agreed to hear next term involve compulsory public education for students as young as kindergarten age. They also present the problem of how public schools can avoid resegregation, at a time when residential segregation persists and court-ordered school desegregation is largely a thing of the past.

Under the circumstances, legal analysts do not all agree that Kennedy necessarily relishes his situation.

"I'm not certain it's an enviable position to be in," Siegel said. "It's quite a burden to bear."

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Roberts Is At Court's Helm, But He Isn't Yet In Control (NYT)

By Linda Greenhouse

The New York Times, July 2, 2006

WASHINGTON, July 1 — As the dust settled on a consequential Supreme Court term, the first in 11 years with a change in membership and the first in two decades with a new chief justice, one question that lingered was whether it was now the Roberts court, in fact as well as in name.

The answer: not yet.

Chief Justice John G. Roberts Jr. was clearly in charge, presiding over the court with grace, wit and meticulous preparation. But he was not in control.

In the court's most significant nonunanimous cases, Chief Justice Roberts was in dissent almost as often as he was in the majority. His goal of inspiring the court to speak softly and unanimously seemed a distant aspiration as important cases failed to produce majority opinions and members of the court, including occasionally the chief justice himself, gave voice to their frustration and pique with colleagues who did not see things their way.

The term's closing weeks were particularly ragged. The court issued no decision in a major patent case that had drawn intense interest from the business community, announcing two months after the argument, over the dissents of three justices, that the case had been "improvidently granted" — they should not have agreed to decide it — in the first place.

So if it wasn't yet the Roberts court, what exactly was it?

Perhaps it was the Kennedy court, based on the frequency with which Justice Anthony M. Kennedy cast the deciding vote in important cases.

Or perhaps it was more accurately seen as the Stevens court, reflecting the ability of John Paul Stevens, the senior associate justice in tenure as well as in age, to deliver a majority in the case for which the term will go down in history, the decision on military commissions that rejected the Bush administration's view of open-ended presidential authority.

Chief Justice Roberts did not participate in that case because he had ruled on it a year earlier as an appeals court judge. Based on his vote to uphold the administration's position then, he almost certainly would have joined Justices Antonin Scalia, Clarence Thomas and Samuel A. Alito Jr., the newest member of the court, in dissent.

If none of these labels — Roberts court, Kennedy court, Stevens court — seem to fit precisely, it is probably because what the Supreme Court really was in its 2005-6 term was a court in transition.

For the justices, it was a time of testing, of battles joined and battles, for the moment, postponed.

The term's early period of unanimity, during which cases on such contentious subjects as abortion and federalism were dispatched quickly, with narrowly phrased opinions, reflected agreement not on the underlying legal principles but rather on the desirability of moving on without getting bogged down in a fruitless search for common ground. This was especially so in the term's early months, when Justice Sandra Day O'Connor was still sitting but was counting the days until a new justice could take her place.

Once Justice O'Connor retired in late January, after Justice Alito's confirmation, and as the court moved into the heart of the term, some of the court's early inhibitions seemed to fall away. Yet when its most conservative members reached out aggressively to test the boundaries of consensus in the term's major environmental case, Justice Kennedy unexpectedly pushed back and left them well short of their goal.

In that case, Chief Justice Roberts along with Justices Alito, Scalia and Thomas tried to cut back on federal regulators' expansive view of their authority under the Clean Water Act to define wetlands.

Justice Kennedy also deserted the conservatives in a redistricting case from Texas when he found a violation of the Voting Rights Act in the dismantling of a Congressional district that had previously had a Mexican-American majority. The action of the Republican-led Texas Legislature had deprived the Latinos of the ability to elect the candidate of their choice, Justice Kennedy said, leaving Chief Justice Roberts to complain in dissent, "It is a sordid business, this divvying us up by race."

Nonetheless, there was little doubt that in its transition, the court was becoming more conservative. A statistical analysis by Jason Harrow on the Scotusblog Web site showed that Justice Alito voted with the conservative justices 15 percent more often than Justice O'Connor had.

A separate analysis, by the Supreme Court Institute at Georgetown University Law Center, showed that Justice Alito and Chief Justice Roberts had the highest agreement rate of any two justices in the court's nonunanimous cases, 88 percent, slightly higher than the agreement rate between Justice O'Connor and Justice David H. Souter in the first half of the term, 87.5 percent.

Chief Justice Roberts agreed with Justice Scalia in 77.5 percent of the nonunanimous cases and with Justice Stevens, arguably the court's most liberal member, only 35 percent of the time. The least agreement between any pair of justices was between Justices Alito and Stevens, 23.1 percent.

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The court decided 69 cases with signed opinions in the term that began on Oct. 3 and ended on June 29. Nearly half were decided without dissent, a greater number than usual, although not dramatically so. Sixteen cases were decided by five-justice majorities, either 5 to 4 or 5 to 3, a proportion very close to the 10-year average.

One measure of the court's shift to the right is in dissenting votes. In the previous term, the justice who dissented least often was Stephen G. Breyer, who dissented in 10 of the term's 74 decisions. But this term, he had the second-highest number of dissents, 16; Justice Stevens had the most, 19. Justice Thomas and Justices Ruth Bader Ginsburg and Souter were also frequent dissenters. Of those who served the full term, Chief Justice Roberts had the fewest dissents, seven. Justice Kennedy had the second fewest, with nine.

Chief Justice Roberts's dissents, while few, came in some important cases. In addition to dissenting from the Voting Rights Act portion of the Texas redistricting decision, he also dissented from a decision reopening a 20-year-old death penalty case on the basis of new evidence; a federalism case, in which the majority found the states not immune from private bankruptcy suits; and a ruling that invalidated the personal assertion of authority by John Ashcroft, the former attorney general, to penalize doctors in Oregon who follow that state's Death With Dignity Act and prescribe lethal doses of medication for terminally ill patients who request it.

The court's next term, which begins Oct. 2, looms as a major test of the justices' fortitude and ability to work together, with cases challenging precedents on abortion and affirmative action already on the docket.

With the court having indicated in Hamdan v. Rumsfeld, the military commission case, that lawsuits now pending in the lower courts on behalf of dozens of detainees at Guantánamo Bay, Cuba, are still alive, the justices are likely to have further opportunities to address the profound issues of presidential power and judicial authority that these cases raise. This time, the chief justice will not need to stay silent, and the country that is just getting to know him will hear his voice.

Following are summaries of the term's major rulings.

Presidential Power

The court repudiated the Bush administration's plan to use military commissions to try Guantánamo detainees, ruling 5 to 3 that the commissions were unauthorized by statute and violated a provision of the Geneva Conventions.

The majority opinion in Hamdan v. Rumsfeld, No. 05-184, by Justice Stevens, set minimum procedural protections that any future commissions, even those authorized by Congress, would have to provide. Justices Kennedy, Souter, Ginsburg and Breyer joined the opinion. Justices Scalia, Thomas and Alito dissented. Chief Justice Roberts, who had voted as an appeals court judge to uphold the commissions, did not participate.

Elections

A splintered decision rejected a challenge to the Republican-driven mid-decade redistricting of Texas's Congressional map, finding that it was not an impermissible partisan gerrymander. Justice Kennedy wrote the opinion in League of United Latin American Citizens v. Perry, No. 05-204. Agreeing with the judgment on the gerrymander challenge were Chief Justice Roberts and Justices Alito, Scalia and Thomas. Justices Stevens and Breyer dissented. Justices Souter and Ginsburg expressed no view on the issue, making the vote 5 to 2 to 2.

In the same case, the court ruled that the dismantling of a district in southwestern Texas with a Latino majority, an action the State Legislature had taken to shore up the faltering prospects of the Republican incumbent, violated the Voting Rights Act. On this question, Justice Kennedy spoke for a 5-to-4 majority that included Justices Stevens, Souter, Ginsburg and Breyer.

The court voted 6 to 3 to strike down Vermont's campaign finance law, which both limited the amount that candidates could spend on their own campaigns and placed the country's lowest ceilings on contributions to candidates from individuals and political parties.

The fragmented majority did not offer a unified approach to contribution limits, leaving the court's path in this area uncertain. Justice Breyer wrote the controlling opinion in the case, Randall v. Sorrell, No. 04-1528, joined by Chief Justice Roberts and Justice Alito. Justices Kennedy, Thomas and Scalia joined the judgment.

Criminal Law

In Georgia v. Randolph, No. 04-1067, the court held that when the police lack a search warrant, they cannot enter a home if one occupant objects, even if another occupant gives permission. The vote was 5 to 3, with Justice Alito not participating. In his majority opinion, Justice Souter said the decision comported with "widely shared social expectations" about privacy in the home. Chief Justice Roberts filed his first dissenting opinion in this case. Justices Scalia and Thomas also voted in dissent.

The court ruled that evidence the police find when they search a home to execute a search warrant can be admitted in court despite an officer's failure to observe the constitutional requirement to "knock and announce" before entering. Justice Scalia, writing for the 5-to-4 majority, said the ordinary rule against admitting unconstitutionally obtained evidence should not apply in this circumstance — nor, he implied, in many other circumstances currently governed by the "exclusionary rule."

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This case, Hudson v. Michigan, No. 04-1360, was argued for a second time after Justice Alito joined the court; his vote with the majority determined the outcome. The others in the majority were Chief Justice Roberts and Justices Thomas and Kennedy.

The court was unanimous in ruling that inmates facing execution by lethal injection can invoke a federal civil rights law to challenge the state's choice of drugs and the manner in which they are administered. The decision, Hill v. McDonough, No. 05-8794, opened the door to lawsuits that would be prohibited by tight restrictions on petitions for habeas corpus. Justice Kennedy wrote the opinion.

The court ruled 5 to 3 that new evidence in a Tennessee murder case, including DNA evidence, sufficiently undermined the prosecution's theory of the case to require a new federal court hearing for the man who was convicted and sentenced to death for the crime 21 years ago.

The case, House v. Bell, No. 04-8990, was the first in which the court factored the results of modern DNA testing into consideration of whether a prisoner might qualify for a chance at habeas corpus that would otherwise be prohibited by procedural obstacles. Justice Kennedy wrote for the majority. Chief Justice Roberts dissented, along with Justices Scalia and Thomas. Justice Alito did not participate.

The court ruled 6 to 3 that foreign criminal defendants who have not been notified of their right under an international treaty to contact one of their country's diplomats are not entitled to special accommodation from courts in the United States. The decision, Sanchez-Llamas v. Oregon, No. 04-10566, rejected claims brought under the Vienna Convention on Consular Relations by foreign citizens convicted in Oregon and Virginia. Chief Justice Roberts wrote for the majority. Justices Breyer, Stevens and Souter dissented.

In a unanimous opinion, the court ordered a new trial for an inmate on South Carolina's death row on the ground that an evidentiary rule used in that state's courts had prevented the inmate from putting on a complete defense. Justice Alito, writing his first opinion for the court, said the rule was irrational and arbitrary. The case was Holmes v. South Carolina, No. 04-1327.

The court was deeply split on a basic question of death penalty law: the validity of the death penalty statute in Kansas under which a death sentence is automatic if the jury finds that the mitigating evidence and aggravating evidence are of equal weight. Voting 5 to 4 in an opinion by Justice Thomas, the court upheld the law, which the State Supreme Court had declared unconstitutional. Justice Alito's vote, following a reargument after he joined the court, made the difference. Justices Souter, Stevens, Ginsburg and Breyer dissented in the case, Kansas v. Marsh, No. 04-1170.

The court considered defendants' rights to cross-examine the state's witnesses, a right protected by the Confrontation Clause of the Sixth Amendment, in a pair of cases that were decided in a single opinion by Justice Scalia.

In the first part of the opinion in Davis v. Washington, No. 05-5224, the court was unanimous in ruling that a crime victim's emergency telephone call to 911 can be introduced as evidence at trial, even if the victim is not present for cross-examination, because a call to 911 does not produce the kind of "testimonial statement" to which the Confrontation Clause is addressed.

The court then went on to hold, by a vote of 8 to 1, with Justice Thomas dissenting, that a crime victim's statement to police officers who arrive at a scene should be considered "testimonial" if the police are investigating the crime rather than providing emergency assistance. Such a statement should therefore be banned from the trial if the person who gave it is not available for cross-examination, Justice Scalia said.

In another Sixth Amendment case, on the right to the assistance of counsel, the court ruled 5 to 4 that defendants who are wrongly deprived of the right to hire a lawyer of their choice are entitled to have a conviction overturned without the need to show that the first-choice lawyer would have achieved a better result. Justice Scalia wrote the opinion in the case, United States v. Gonzalez-Lopez, No. 05-352, joined by Justices Stevens, Souter, Ginsburg and Breyer.

Government Authority

The court ruled 6 to 3 that John Ashcroft, the former attorney general, acted without legal authority when he declared that doctors in Oregon who followed the procedures of that state's Death With Dignity Act to help patients commit suicide would lose their federal prescription rights and thus forfeit, as a practical matter, their ability to practice medicine.

No statute authorized the attorney general to take such action unilaterally contrary to "the background principles of our federal system," Justice Kennedy said in the majority opinion. The decision, Gonzales v. Oregon, No. 04-623, was a rebuff of the Bush administration, which had embraced Mr. Ashcroft's personal fight against assisted suicide and carried on the case after he left the government.

Chief Justice Roberts joined a dissenting opinion written by Justice Scalia. Justice Thomas also dissented. Justice Alito was not yet on the court when the case was decided, with Justice O'Connor in the majority, on January 17.

A pair of decisions on the question of state immunity from suit, also issued in January, before Justice Alito joined the court, gave strong indications that the Rehnquist court's federalism battles were far from over.

The court was unanimous in permitting a disabled Georgia prison inmate's lawsuit against the state to go forward under the Americans With Disabilities Act. But the unanimity was achieved only because the court limited the decision, Goodman v.

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Georgia, No. 04-1203, to little more than the statement of a truism: that Congress has the power to make the states liable to lawsuit when they violate the Constitution.

In this case, the inmate claimed that his mistreatment had been so egregious as to violate not only the disabilities law, but also the Constitution. Justice Scalia's opinion said that to this extent, the lawsuit could proceed.

In the second decision, the court split 5 to 4 in ruling that states are not immune from private lawsuits brought under federal bankruptcy law. Justice O'Connor joined the majority opinion by Justice Stevens in this case, Central Virginia Community College v. Katz, No. 04-885. The dissenters were Chief Justice Roberts and Justices Scalia, Kennedy and Thomas, who wrote the dissenting opinion supporting state immunity.

The court ruled that as a matter of constitutional due process, the government must take reasonable steps to make sure that homeowners have been notified before it sells a house for nonpayment of taxes. Chief Justice Roberts wrote for the 5-to-3 majority in this case, Jones v. Flowers, No. 04-1477. Justices Thomas, Scalia and Kennedy dissented, and Justice Alito did not participate.

The justices ruled 7 to 1 that the Postal Service may be sued by people who trip over packages that letter carriers have carelessly left in their path. The majority opinion by Justice Kennedy in this case, Dolan v. United States Postal Service, No. 04-848, was based on an interpretation of the Federal Tort Claims Act, not on the Constitution. Justice Thomas dissented, and Justice Alito did not participate.

Environment

A fractured decision in the term's major environmental case, defining federal jurisdiction over wetlands in the Clean Water Act, did not produce a majority opinion but did retain the ability of the government to continue enforcing the 1972 statute vigorously.

The court split 4 to 1 to 4 in the case, Rapanos v. United States, No. 04-1034, with Justice Kennedy in the middle. One group of four — Justices Scalia, Thomas and Alito, and Chief Justice Roberts — denounced federal regulators' open-ended approach to wetlands as "beyond parody" and would have redefined the term to land adjacent to open water and actually wet most of the time.

The other foursome, Justices Stevens, Souter, Ginsburg and Breyer, would have deferred to the longstanding judgment of the Army Corps of Engineers that a "wetland" can often appear dry and can be miles from a body of water, as long as it sometimes performs a filtering or runoff-control function. Justice Kennedy voted with the first group to send the case back to a lower court, but he proposed a standard much closer to that of the Stevens group.

In a second case under the Clean Water Act, the court ruled unanimously that operators of hydroelectric dams must meet a state's water quality requirements to qualify for a federal license. Justice Souter wrote the opinion in this case, S. D. Warren Company v. Maine Board of Environmental Protection, No. 04-1527.

Religion

In a significant application of the Religious Freedom Restoration Act, the court ruled 8 to 0 that a small religious sect based in Brazil has the right to import a hallucinogenic tea that the federal government had wanted to seize as a banned narcotic.

The tea, known as hoasca, is central to the sect's rituals, Chief Justice Roberts noted in his opinion for the court. He said the government had not met the religious freedom act's demanding standard for applying a generally applicable law — federal narcotics law, in this instance — in a way that impinges on religious observance. Justice Alito did not participate in the case, Gonzales v. O Centro Espírita Beneficente União do Vegetal, No. 04-1084.

Education

Voting 8 to 0, the court upheld a federal law that requires universities to forfeit all federal financing if any part of the university does not provide military recruiters with the same access to students as it provides other potential employers.

The law, known as the Solomon Amendment, was challenged by a coalition of law schools that objected to the military's exclusion of openly gay men and women. The law schools argued that their First Amendment rights to free speech and association had been violated by the requirement that they open their doors to military recruiters.

Writing for the court in this case, Rumsfeld v. Forum for Academic and Institutional Rights, No. 04-1152, Chief Justice Roberts said the speech in question was that of the government, not of the law schools, which he noted remained free to criticize the military and to express their views on its policies. Justice Alito did not participate.

The court ruled 6 to 2 that parents who disagree with a public school system's special-education plan for their children have the legal burden of proving that the plan will fail to provide the "appropriate" education that a federal law guarantees to children with disabilities. Justice O'Connor wrote the decision in the case, Schaffer v. Weast, No. 04-698. Chief Justice Roberts did not participate, and Justice Alito was not yet on the court.

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Separately, the court ruled 6 to 3 that parents who prevail at a special-education hearing are not entitled to reimbursement for the cost of hiring expert witnesses. Justice Alito wrote this opinion, Arlington Central School District v. Murphy, No. 05-18. Justices Souter, Breyer and Stevens dissented.

Employees' Rights

The court gave employees substantially enhanced protection against retaliation for complaining about discrimination on the job. Justice Breyer wrote the opinion in the case, Burlington Northern & Santa Fe Railway Company v. White, No. 05-259, which interpreted the anti-retaliation provision of the Civil Rights Act of 1964.

The court defined retaliation broadly as any "materially adverse" employment action that "might have dissuaded a reasonable worker" from making the complaint. Eight justices joined the majority opinion, and Justice Alito filed a separate concurring opinion.

Addressing the free-speech rights of government workers, the court ruled 5 to 4 that the Constitution does not protect public employees against retaliation for what they say in the course of performing their assigned duties.

Justice Kennedy's majority opinion in this case, Garcetti v. Ceballos, No. 04-473, drew a distinction between public employees' official speech, which he said supervisors were entitled to control, and their speech as citizens contributing to "civic discourse," for which they retained constitutional protection. The dissenters were Justices Stevens, Souter, Breyer and Ginsburg.

Abortion

The justices papered over, at least for this term, their fundamental differences on abortion, ruling narrowly and unanimously in a case from New Hampshire on access to abortion for teenagers facing medical emergencies. In an opinion by Justice O'Connor, her last before leaving the bench, the court reaffirmed that a medical-emergency exception was constitutionally required in a law that placed obstacles, like a parental-notice requirement and a waiting period, in the path of teenagers seeking abortions.

The more difficult question in the case, Ayotte v. Planned Parenthood of Northern New England, No. 04-1144, was that of what to do about New Hampshire's failure to include such an exception in its parental notice law. The justices sent the case back to the federal appeals court in Boston, which had banned enforcement of the law in its entirety, even for teenagers not facing a medical emergency.

That "most blunt remedy" would be justified, Justice O'Connor said, only if it was clear that New Hampshire's legislature, which enacted the law in 2003, would have preferred no law at all to one with the necessary health exception. Otherwise, she said, the appeals court should come up with a more limited remedy for the constitutional problem.

Patents

Indicating new interest in intellectual property law, the justices considered several patent cases but failed to offer much guidance in this burgeoning legal area.

The court handed a limited victory to eBay in its patent dispute with MercExchange, which successfully sued eBay for patent infringement on the method behind the online auction company's "Buy It Now" feature. The United States Court of Appeals for the Federal Circuit, which has sole jurisdiction over patent appeals, then granted an injunction against eBay's use of the technology, under the view that an injunction should automatically follow a finding of infringement.

In a unanimous opinion by Justice Thomas, the justices instructed the appeals court to make a case-by-case determination rather than apply an automatic injunction rule. But the opinion, eBay v. MercExchange, No. 05-130, left it unclear what presumptions and factors should go into that determination, and it was evident that the justices themselves had not agreed on a standard.

A Supreme Court Of One (WP)

By Dahlia Lithwick

The Washington Post, July 2, 2006

The new John G. Roberts Supreme Court is only one term old, and already we're all wrong about it.

Liberals had feared, and conservatives had feted, the end of judicial review as we know it, at least until last week's blockbuster ruling in Hamdan v. Rumsfeld proved that bit of conventional wisdom wrong practically before it had become conventional. Predictions of a new era of hands-off judicial minimalism may have been premature.

Yes, we are seeing the expected shift to the political right with the replacement of moderate Justice Sandra Day O'Connor by conservative Justice Samuel A. Alito Jr. But, more significant, the role of swing justice has itself swung from O'Connor to Justice Anthony M. Kennedy. On all the most divisive issues, today's court is now a Supreme Court of One.

Yes, Kennedy, 69 and on the court for 18 years, has inherited the power to decide crucial cases, and this term he showed us what that might mean. In Hamdan, he joined with the court's left wing to invalidate the military tribunals President Bush had concocted for the detainees at Guantanamo Bay, Cuba. And the majority opinion he joined, written by Justice John Paul

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Stevens, was neither minimalist nor mild: "In undertaking to try Hamdan and subject him to criminal punishment, the Executive is bound to comply with the Rule of Law that prevails in this jurisdiction."

But more crucial, Kennedy has appropriated O'Connor's trick of writing an opinion or a concurrence that goes on to become the law of the land. O'Connor was famous (and not always in a good way) for signing onto an opinion, but on narrower grounds than the four other justices in the majority. The trick is that the justice who decides the case most narrowly speaks for the whole court. And that's how O'Connor imprinted her views on an awful lot of jurisprudence.

But unlike O'Connor, who invariably pooh-poohed her pivotal role on the court by saying she simply had one vote like every other justice, Kennedy is said to relish it. In his controversial book "Closed Chambers," Edward Lazarus, a former clerk for the late Justice Harry A. Blackmun, claimed that Kennedy deliberately stakes out positions that would make him a "necessary but distinctive fifth vote for a majority."

The fact that Kennedy is not moored to any one ideology or interpretive theory has led him to some spectacular defections from the court's conservatives -- to the lasting fury of the right. It was Kennedy, after all, who allied with O'Connor and Justice David H. Souter to preserve the core holding of Roe v. Wade in 1992, and it was Kennedy who wrote the court's broadest defense for decriminalizing gay sodomy. Kennedy also voted with the court's liberals to strike down the death penalty for juveniles and the mentally disabled , and he wrote a crucial opinion prohibiting sectarian prayer at a public-school graduation.

Kennedy is rumored to be easily influenced by his colleagues, the media and his affection for all things foreign, making his critics even more nervous. It sometimes makes his fans even more so. Adam Cohen of the New York Times recently wrote of Kennedy that, at the very least, "there is something refreshing about a justice who genuinely seems to have an open mind."

For years, the law clerks' "tug of war for Kennedy's mind" that Lazarus described has been the stuff of insider speculation. Now that Kennedy is the court's lone swing vote, that spectacle has become increasingly public.

From Focus on the Family founder James C. Dobson, who famously called Kennedy "the most dangerous man in America," to advocates at the court, who more and more frequently respond to the justice during oral arguments as though they were addressing themselves to the burning bush, trying to influence Kennedy has become something of an Olympic event. The hottest game in Supreme Court brief-writing is to quote Kennedy gratuitously and often. In other words, flattering Kennedy has become something of an art.

The other justices are playing the quote-Kennedy game, too, presumably in hopes of wooing him to their side. Read, for example, the opinion and dissent in Rapanos et al. v. United States , the term's main environmental case. Each side made sure to send a love note to Kennedy.

The justices may also be cozying up to Kennedy in other ways: He won himself some sweet writing assignments this term. Some court-watchers have suggested that the bizarre trio of Kennedy, Roberts and Stevens, who jointly issued a strange concurring opinion in the Jose Padilla case last April, was yet another effort by the court's right- and left-wing leaders to show Kennedy a little more love. Roberts is a savvy insider who knows that, over the years, the abuse heaped on the court's moderates from the right has pushed them into the arms of the court's liberals. So Kennedy is now being love-bombed.

And what is the crucial swing voter doing with his newfound superpowers? While it's still too early to predict, the invaluable annual end-of-term tally done by SCOTUSblog shows that Kennedy voted with the majority 84 percent of the time. In the 11 cases decided 5 to 4 this term, Kennedy was in the majority 75 percent of the time. He wrote the second-highest number of opinions, the most concurrences and only two dissents. But again, that's also only half the story. The other half is how Kennedy used that vote to shape the law.

It was Kennedy who provided the fifth vote in Hudson v. Michigan , an amazing criminal law case, in which he voted with the court's four reliably conservative jurists -- Alito, Roberts, Antonin Scalia and Clarence Thomas -- to hold that the remedy for police violations of the centuries-old "knock and announce" rule, required whenever the cops serve a warrant, was, in effect, nothing. But while Scalia's majority opinion showed a readiness to end the practice of throwing out evidence obtained illegally, Kennedy's moderating fifth vote put on the brakes, by insisting that the general rule of excluding evidence gained illegally was not in jeopardy. Future challenges to the exclusionary rule may hereafter be posed to the Kennedy Court of One.

Kennedy also provided the key fifth vote in Rapanos . The case tested the authority of the Army Corps of Engineers to enforce the Clean Water Act, and the four conservative justices would have dramatically curtailed the powers of the Corps. It was Kennedy -- again writing separately -- who refused to go as far as Scalia urged. And it was Kennedy whose opinion in Rapanos will thus become the standard for the Corps as it fashions future policy. Looking forward to next year's big greenhouse gases case, which explores whether the Environmental Protection Agency has an obligation to regulate carbon dioxide, a lawyer for the Sierra Club has already suggested that " Rapanos means . . . we will write our brief for Anthony Kennedy and maybe a little bit for Roberts."

Kennedy's was the moderating fifth voice again in the cacophony of the Texas redistricting case, where he sided with the court's conservatives to defeat the claim that then-Rep. Tom DeLay's mid-decade redistricting was unconstitutional.

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Nevertheless, he joined with the liberals to find that a new congressional district violated the rights of Hispanic voters. Once again, a Court of One.

And Hamdan , probably the most consequential separation-of-powers case in recent memory, also pivoted on Kennedy's vote. He sided with the liberals, while refusing to go as far as they would have led him.

What does all this nipping and tucking, shucking and jiving mean for Kennedy and the court? He clearly plans to fill the shoes recently vacated by O'Connor; shoes she, in turn, inherited from Justice Lewis Powell. They each played the role of moderating a polarized court; building bridges, navigating toward the center -- a center where most of the nation was most comfortable. Each took abuse for that when they sat on the court. Each was largely celebrated for it when they retired. Kennedy, too, appears poised to hold that center together. Indeed more often than not, he seems to be leaving his options open, laying the groundwork for revisiting these issue more fully in the future, as he becomes more comfortable in this role.

Much of the soaring rhetoric for which Kennedy was famed in previous years -- opinions that brimmed with "the ineffable glory of unflinching human dignity" and such -- seems to have been toned down of late. But then, perhaps Kennedy doesn't need to write about the ineffable glory of anything anymore. He can just sit back and bask in it instead.

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Supreme Court Freshmen (LAT)

The Los Angeles Times, July 2, 2006

THURSDAY WAS THE END OF the first term of the Supreme Court presided over by Chief Justice John G. Roberts Jr., but it was just the beginning of the debate about how the law of the land has been changed by the Roberts court. Our answer: So far, not very much.

As it does in every term, the court staked out new ground in some areas, including patent and business law, but continuity was more evident than change. The justices reaffirmed, or at least did not disturb, controversial precedents on abortion rights and the regulation of election spending.

Continuity was evident even in last week's dramatic decision invalidating the military commissions set up by the Bush administration to try suspected terrorists at Guantanamo Bay, Cuba. The 5-3 ruling echoed decisions two years ago holding that the president had overreached in the war on terror.

Less than a year ago, some liberal activists were warning that the confirmation of Roberts to succeed the late Chief Justice William H. Rehnquist would jerk the court unacceptably to the right. That critique was recycled a little more respectably when President Bush named Judge Samuel A. Alito Jr. to replace perennial swing vote Sandra Day O'Connor.

Both Bush appointees have lived up to their advance billing as conservatives. Moreover, in two cases that had to be reargued because the justices split 4 to 4, the substitution of Alito for O'Connor may have altered the outcome in a conservative direction.

Yet the seismic shift dreaded by liberals and dreamed about by conservatives hasn't occurred. Partly, that is because this was a transition year. Alito didn't join the court until halfway through the term, and O'Connor's colleagues sent her off into retirement as the author of that judicial rarity, a unanimous abortion opinion. (The nine justices agreed that the absence of a health exception in a New Hampshire parental-consent law didn't render the entire statute unconstitutional.)

But even when Roberts and Alito would have shifted the law dramatically, as they did in supporting a much narrower definition of wetlands subject to federal regulation, their colleagues balked. In that case, as in last week's decision on the commissions, Justice Anthony M. Kennedy, a moderate Ronald Reagan appointee, distanced himself from the conservative bloc. In other cases he voted with the conservatives, vindicating the observation that, just as the Rehnquist court was really the O'Connor court, the Roberts court is actually the Kennedy court.

Kennedy's influence is one explanation of why a Roberts-Alito counterrevolution failed to materialize. Another is the fact that neither of the new justices lived up (or down) to the popular characterization of them as clones of liberal boogeymen Antonin Scalia and Clarence Thomas.

For example, the new justices joined Kennedy last week in a Texas reapportionment case in leaving the door open to future constitutional challenges to "partisan gerrymandering" — although, like Kennedy, they concluded that the Republican-friendly congressional map midwifed by former Rep. Tom DeLay didn't violate the Constitution. Scalia, joined by Thomas, said such challenges could never be the judiciary's business.

Alito went some way toward refuting his nickname of "Scalito" by rejecting Scalia's pet theory: that in interpreting acts of Congress, the courts should not take account of legislative history.

Even allowing for these differences, it would be foolish to deny that, especially with the Alito appointment, Bush has succeeded in moving the court somewhat to the right. But Supreme Court nominations — consequences of presidential elections

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— often lead to realignment. President Clinton's appointment of Ruth Bader Ginsburg to replace Byron White moved the court somewhat to the left. Such adjustments are no reason for senators to balk at highly qualified nominees such as Roberts, Alito or Ginsburg.

The Court's Electoral Thicket (WP)

By George F. Will

The Washington Post, July 2, 2006

Last July 1 Sandra Day O'Connor announced her decision to vacate the seat from which she frequently operated as the swing vote on a Supreme Court divided 5 to 4 on important cases. Anthony Kennedy's past pronouncements suggested he would relish that role. Last Wednesday he played it in cases concerning Texas redistricting.

The cases involved several questions, the most interesting -- because it has come to the court before and we now know it will again and because it revealed a recurring and worrisome kind of judging -- was this: Was the redistricting by the Republican-controlled legislature such a partisan gerrymander as to be somehow unconstitutional?

The court's dusty answer to this question is symptomatic of the difference-splitting that characterized the last years of the Rehnquist Court. In a plurality opinion, Kennedy said there may be a "manageable, reliable measure of fairness" in redistricting, but no set of facts has sufficed for the court to discover it.

Antonin Scalia believes it is delusional to think that such a standard can be anything other than judges' cumulative hunches -- not a neutral principle found in the Constitution. Joined by Clarence Thomas, Scalia said Wednesday that no one "has put forth a judicially discernible standard" for deciding when a gerrymander is too partisan. The Kennedy position allows people to continue trying to concoct a constitutional violation (of the guarantee of equal protection of the laws), even though the court provides no guidance to lower-court judges. Scalia and Thomas believe redistricting is a "political thicket" (Justice Felix Frankfurter's phrase) courts should not enter.

By leaving open the possibility that there is a constitutional answer to the question of what constitutes a "too political" gerrymander -- the position seems to be: We don't know what the standard is, but we don't know that it doesn't exist -- the court has again practiced "split-the-difference jurisprudence." That phrase is from Judge J. Harvie Wilkinson of the U.S. Court of Appeals for the 4th Circuit, writing in the Stanford Law Review.

Wilkinson identifies difference-splitting in some late Rehnquist Court decisions that resulted in "a series of finely spun opinions that increasingly constitutionalized" some volatile political debates. One decision, in 2004, concerned political gerrymandering in Pennsylvania. Four justices said all claims of unconstitutionally partisan gerrymandering are nonjusticiable because there are no truly judicial criteria for adjudicating them. Four other justices suggested various legal theories for adjudicating. Kennedy split the difference: He voted to reject the claim of unconstitutional gerrymandering, but refused to "foreclose all possibility of judicial relief" if some "limited and precise" constitutional violation were "found."

Where can it be "found"? Inevitably, not in the Constitution's text, history and structure but in judges' intuitions about "fairness." Thus does constitutional doctrine become little more than the judiciary's temperament or the temper of the times. But elections, not courts, are supposed to take the nation's temperature.

In some "finely spun" Rehnquist Court decisions, a monument featuring the Ten Commandments on the Texas Capitol grounds was not unconstitutional, but Ten Commandments displays, with other historical documents, in the hallways of two Kentucky courthouses were unconstitutional. The University of Michigan's policy of giving favored minorities 20 extra points on a 150-point admissions index to achieve undergraduate "diversity" was unconstitutional, but its law school's use of race as a " 'plus' factor" to achieve "a 'critical mass' of underrepresented minorities" was constitutional -- assuming, as O'Connor thought it realistic and pertinent to do, that in 25 years race-conscious admissions policies will not be "necessary."

Wilkinson acknowledges that "splitting differences has real benefits": "The outcomes of cases are often sensible, the court itself is often statesmanlike, and the spacious language of the Constitution is often seductive. Splitting differences allows the court to appear simultaneously cautious and progressive."

And yet: "Americans deserve not a liberal court, not a conservative court, not even a wise or Solomonic court, but a court that respects the limits of its power and the place of others within the constitutional structure."

Wilkinson warns that "methodology matters supremely in the law, if it is not to become the kissing cousin of politics." Granted, "split-the-difference" jurisprudence can be institutional prudence, preserving the court's standing with a public more interested in judicial results than judicial reasoning. But when political reasoning supplants judicial reasoning, courts preserve their popularity by sacrificing their proper function.

"There is," Wilkinson says, "a thin line between the unabashedly pragmatic exercise of splitting differences and the practice of politics itself," so "splitting the difference ought not to be confused with judicial restraint." Eventually, the public will notice, and recoil against, courts supplanting democratic institutions as arbitrators of our differences.

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CORPORATE SCANDALS:

Scrushy Will Appeal Corruption Conviction (WSJ)

By Valerie Bauerlein

The Wall Street Journal, July 1, 2006

HealthSouth Corp. founder Richard M. Scrushy vowed to fight his conviction on political-corruption charges with "everything we've got" and he said it was a mistake to limit his defense during the two-month trial to less than two days.

In an interview, Mr. Scrushy said his lawyers probably should have called 10 to 15 witnesses over about a two-week period to help undercut the federal government's allegations that he bribed former Alabama Gov. Don Siegelman to get a spot on a state panel that regulates hospitals. "We didn't put them up" because the prosecution's case seemed unconvincing, Mr. Scrushy said. "We didn't feel we needed to."

Mr. Scrushy said he will appeal his conviction Thursday by a jury in Montgomery, Ala., on five or six different legal grounds. Before the trial, his lawyers contended that the jury pool included too few African-Americans and that Mr. Scrushy should be tried separately from three other defendants in the case. Mr. Scrushy said Friday that those issues could be part of his appeal.

The 53-year-old Mr. Scrushy plans to take a one-week vacation and then return to his home outside Birmingham, Ala., to work on his appeal. He had hoped to travel to Africa this fall with a religious ministry he recently launched, but the guilty verdict has forced those plans to be put on hold.

Ralphs To Pay $70 Million For Illegal Hiring Scheme (LAT)

By Martin Zimmerman And Ronald D. White, Times Staff Writers

The Los Angeles Times, July 1, 2006

Under the plea deal, the grocery chain would admit it deceptively used hundreds of its locked-out employees during a labor dispute.

The Ralphs grocery chain said Friday that it had agreed to pay $70 million in fines and restitution to settle criminal charges that it illegally rehired locked-out workers during the supermarket labor dispute in Southern California more than two years ago.

Under a proposed agreement filed Friday in U.S. District Court in Los Angeles, Ralphs would plead guilty to five felony charges included in the 53-count grand jury indictment returned against the company in December.

Ralphs was charged with violating federal laws by secretly rehiring about 1,000 locked-out workers during the 4 1/2 -month strike and lockout from October 2003 to February 2004. The case had been scheduled to go to trial Aug. 15 before U.S. District Judge Percy Anderson, who must approve the plea agreement.

In the agreement, Ralphs admitted that it used fake names and Social Security numbers to pull off the deception. Authorities said the scheme was designed to help keep stores running during the labor dispute, the longest and largest in U.S. history involving the supermarket industry.

The labor strife affected 852 stores and nearly 60,000 grocery workers at supermarkets across Southern and Central California. The dispute cost the grocery companies more than $1.5 billion in sales before it ended on Feb. 29, 2004, when workers ratified a new contract whose terms were widely seen as a defeat for the union.

"This labor dispute affected nearly everyone in Southern California," U.S. Atty. Debra Wong Yang said in a statement. "I hope that the resolution of this case will provide some relief to the thousands of workers who were injured by the criminal conduct that unfairly prolonged" the dispute.

Ralphs said it would plead guilty to violating federal laws regarding identity fraud, pension reporting and Social Security and Internal Revenue Service record-keeping, as well as one count of conspiracy.

The grocery chain said it would pay a $20-million fine to the federal government and create a $50-million restitution fund. Most of the money would be paid to the 19,000 Ralphs grocery clerks and meat cutters who were locked out during the dispute.

Officials of the United Food and Commercial Workers union, which represented the grocery employees, estimated that some workers could receive as much as $3,000 from the settlement.

The amount each union member receives from the fund would depend on factors such as the worker's pay rate, the amount of regular strike pay received and how much money, if any, the worker made at other jobs during the labor dispute.

The fund also would be used to reimburse the union for benefits paid to Ralphs employees during the standoff and to reimburse the grocery workers' health and retirement funds.

The company also would be placed on three years' probation and would establish court-supervised training programs.

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Ralphs and its parent, Cincinnati-based Kroger Co., also agreed to cooperate with the government's continuing investigation into the illegal hiring.

The agreement doesn't prevent the government from prosecuting current or former employees of Ralphs or related companies that were involved in the illegal conduct. So far, no individuals have been charged in the case.

The U.S. attorney's office said Ralphs admitted that two of its executives who helped oversee the employee health and retirement funds concealed the illegal hiring from other fund trustees. The unnamed executives were serving as top negotiators in contract talks with the union at the time, the government said.

If convicted on all counts in the indictment, Ralphs and Kroger could have faced fines of more than $100 million, plus restitution for workers and the union.

The amount of money the grocery chain agreed to pay was less important than the signal a plea agreement sent to the business community, said Nelson Lichtenstein, a history professor and director of the Center for the Study of Work, Labor and Democracy at UC Santa Barbara.

"The fact that Ralphs had to plead guilty and admitted to the tactics they used during the long dispute is clearly a victory for the union," Lichtenstein said. "But it's also a shot across the bow to businesses who think the days of the Wild West have returned in labor relations."

At a news conference in the parking lot of a Ralphs store in Studio City, Rick Icaza, president of UFCW Local 770 in Los Angeles, said the company "made a big mistake. They should never have done what they did. If not for this illegal activity, this dispute would not have gone on for so long."

Workers said money from the settlement wouldn't come close to repairing the financial damage they suffered during the strike and lockout. But they said they felt vindicated by Ralphs' guilty plea.

"We know they were guilty, and they didn't get away with it. We feel validated," said Jackie Gitmed, 46, a cashier from Burbank who said she started working at Ralphs 30 years ago.

Gitmed said she accumulated $15,000 in debt during the labor battle and was still paying back relatives who had helped her.

Of the workers who crossed the picket line and were rehired under the cover of false identities, she said, "I'm not bitter, but we were supposed to all be in this together."

None of the workers who were illegally hired have been charged. "The investigation is focusing on the people most culpable for the criminal conduct," said Thom Mrozek, spokesman for the U.S. attorney's office.

Kroger had admitted earlier that managers at some Ralphs stores had falsified records to rehire workers, but said the practice was limited to only a few hundred workers and wasn't condoned by upper management.

"Most of our managers followed the law and adhered to company policies," Ralphs President Dave Hirz said in a statement Friday. "Nonetheless, the illegal hiring of some locked-out employees that occurred at Ralphs during the strike was wrong and we regret that it took place."

Kroger initially placed the number of illegally hired workers at about 200 but has since concluded that the number might have approached 300, company spokeswoman Lynn Marmer said.

Kroger said it already had set aside enough money to cover the costs of the settlement.

The labor dispute began when union workers went on strike Oct. 11, 2003, against Safeway Inc. supermarkets Vons and Pavilions rather than accept cuts in their health benefits and pay. Ralphs and Albertsons Inc., adhering to a secret pact among the chains, locked out their workers the next day.

In addition to the criminal charges, the agreement announced Friday would also settle a complaint the union had filed against Ralphs with the National Labor Relations Board.

The labor board's Los Angeles office had dismissed the complaint, but the union was appealing.

Ralphs and the other chains still face a state antitrust lawsuit over an agreement to support one another financially during the dispute.

And the companies have struggled to regain the customers they had lost to rivals.

"The hard line that the grocery chains took turned out to be a good deal more costly than they thought," UC Santa Barbara's Lichtenstein said.

KLA Finds Options-Dating Problem (WSJ)

By Charles Forelle

The Wall Street Journal, July 1, 2006

Internal Probe May Lead To an Accounting Charge, Restatement of Earnings

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KLA-Tencor Corp. said Friday that an internal investigation found that some stock options to executives and employees were wrongly dated, and said that the problems could lead to an accounting charge and possibly a restatement.

The semiconductor-equipment maker provided little detail about the probe's findings in a press release, but the possibility of an accounting charge strongly implies that the misdating benefited executives and raises the question of whether grants were deliberately backdated or otherwise manipulated to confer that benefit.

The firm said it anticipates needing to take a charge to correct its accounting, but it said that the investigation, conducted by a board committee, has not determined if the charge will be significant enough to warrant restatement of prior figures.

KLA-Tencor, San Jose, Calif., is the subject of separate probes into its option grants by federal regulators and prosecutors. Over the years, KLA has demonstrated a highly unusual pattern of option grants to top executives dated ahead of big run-ups in share price, often at low points.

Backdating an option grant without disclosing the maneuver or accounting for it runs afoul of securities and accounting regulations. Particularly when done without the permission of the company's board, backdating could expose individuals to criminal fraud charges.

Options entitle the recipient to profit when shares rise above the "strike price," normally set to equal the market value on the grant date. In such a case, an option is said to be granted "at the money" and only has value if the fortunes of shareholders improve.

Wrongly dated option grants cause accounting trouble because, under accounting rules in place until very recently, "at the money" grants qualified for preferential treatment and weren't recorded as an expense.

Conversely, "discount options" -- those whose strike price is below market value when granted -- had to be recorded as an expense under those rules. In effect, a backdated option is really a discount option for which the company has taken the preferential accounting treatment that only at-the-money options deserved.

Some 50 companies are facing federal investigations into their option-granting practices. The probes are focusing on backdating. Just Thursday, Apple Computer Inc. said it had found "irregularities" in option grants from 1997 to 2001, including one grant to Chief Executive Steve Jobs.

Many of KLA-Tencor's unusually dated grants went to Kenneth Levy, who is the founder of one of its predecessor companies, a former chief executive, and the current chairman.

Among the most remarkable of KLA's grants to Mr. Levy were his two in 2001. The first was dated in April, at the bottom of a steep dip in share price and the lowest closing price of the first half. The second was dated in October, at the lowest closing price of the year. Several other top executives received grants with the same fortunate dates, securities filings show.

Mr. Levy and other executives also received grants dated at the lowest prices of 1998 and 2000. All of his grants between 1994 and 2001 preceded quick run-ups in share price. A May article in The Wall Street Journal that examined Mr. Levy's grant pattern found that the chance of the grants being dated as they were purely by chance was tiny -- around one in 20 million.

Mr. Levy could not be reached for comment. A KLA spokeswoman declined to elaborate significantly on the company's press release. She declined to provide the names of the independent directors conducting the board's probe, saying that such information was confidential.

Write to Charles Forelle at charles.forelle@wsj.com3

MZM Manager Accused Of Violating FEC Rules (WP)

By R. Jeffrey Smith

The Washington Post, July 1, 2006

The director of a defense contractor's office in Martinsville, Va., was accused yesterday of illegally funneling campaign donations to Rep. Virgil H. Goode Jr. (R-Va.), an act that the contractor has said was meant to obtain Goode's help in arranging defense funding for his company.

A federal court filing by the U.S. attorney for the District of Columbia, Kenneth L. Wainstein, said that Richard A. Berglund, a facility manager for MZM Inc., had violated the Federal Election Campaign Act by "aiding and abetting" a scheme by MZM's owner to donate the funds in the name of others.

According to the filing, Berglund and his wife wrote $4,000 in checks to "Representative A" in March 2005 after MZM's owner, Mitchell J. Wade, handed Berglund an equivalent amount of cash. It says that Berglund gave another $4,000 he received from Wade to two MZM colleagues, who in turn donated it to the congressman.

Federal Election Commission records -- which describe Berglund as a retired lieutenant colonel -- show that he and his wife gave that amount to Goode that month. He made no other donations to lawmakers that year.

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Goode's office said in a statement that he is Representative A, but the lawmaker was unaware that the Berglund donations were illegal "straw" contributions. Wade, who sold MZM last summer, pleaded guilty in February to making a total of $38,000 in illegal "straw" contributions to the lawmaker in 2003 and 2005 through his employees and their spouses.

Wade targeted Goode, according to Wade's plea agreement, because Wade wanted to open an office in Goode's district and believed that Goode "had the ability to request appropriations funding for this facility and would be an advocate for funding for MZM." The plea stated that Wade did not inform Goode or his staff that the donations were illegal.

Wade handed the checks directly to "Representative A" at a March 2005 fundraising event, according to the court document filed yesterday. That was around the time that Wade requested Goode's help in earmarking funds for the facility, according to Wade's plea agreement.

In June 2005, Goode's staff "confirmed to Wade that an appropriations bill would contain $9 million for the facility and a related program. Wade thanked Representative A and his staff for their assistance," according to the plea agreement.

The document naming Berglund is typically used to state facts alleging wrongdoing by someone cooperating in an investigation. Berglund's listed phone is disconnected, and his attorney could not be reached for comment yesterday.

CRIMINAL LAW:

Judge Acquits 2 Ex-Detectives In Mob Killings (NYT)

By Alan Feuer

The New York Times, July 1, 2006

A federal judge tossed out the racketeering convictions of two retired New York City detectives yesterday — including eight murders for the mob — because the statute of limitations had run out, despite citing overwhelming evidence that the men had committed "heinous and violent crimes."

The ruling by Judge Jack B. Weinstein entirely reversed the conviction of the two detectives, Louis J. Eppolito and Stephen Caracappa, who were found guilty in April of some of the most stunning corruption charges in the city's history.

Although a jury found that Mr. Eppolito and Mr. Caracappa had participated, as paid assassins, in killings for the mob, the judge acquitted the two men on the murder counts of the racketeering conspiracy, though not on evidentiary grounds. But the judge left open the possibility that the prosecution could seek to retry the defendants on a drug charge, and Mr. Eppolito, alone, on a money-laundering count.

The ruling, in a 102-page order that touched upon Thomas More and the sanctity of the Constitution, was the latest and most severe turn in the 15-month case.

It shocked the United States attorney's office in Brooklyn, which said it would appeal. And it bitterly disappointed the families of the victims in the case, some of whom had given heart-rending testimony at the two men's sentencing last month, where they were given life terms.

The decision sent a surge of joy through the offices of the defendants' new lawyers, one of whom, Joseph Bondy, called it "the most substantial legal victory" in recent history.

It also threatened to disrupt the careers — and the book deals — of some investigators in the case. And it led to the bizarre prospect that the two detectives — whom Judge Weinstein outright accused in his order of being stone-cold killers — could walk free from federal detention in Brooklyn as early as next week.

The judge waxed eloquent in acknowledging that his decision might seem strange to some.

"It will undoubtedly appear peculiar to many people that heinous criminals such as the defendants, having been found guilty on overwhelming evidence of the most despicable crimes of violence, should go unwhipped of justice," he wrote.

"Yet our Constitution, statutes and morality require that we be ruled by the law, not vindictiveness or the advantages of the moment."

The judge also wrote that even though there was little doubt that Mr. Eppolito and Mr. Caracappa had "kidnapped, murdered, and assisted kidnappers and murderers," he had no choice but to let them go because the five-year statute of limitations in conspiracy cases had run out.

His ruling was hardly the first mention of the statute of limitations. Virtually from the outset of the case, Judge Weinstein said he was queasy about the decision to accuse the men of an overarching conspiracy that included the eight gangland murders, all in Brooklyn in the 1980's and 1990's, and a much more recent — and less serious — charge of selling an ounce of methamphetamine in Las Vegas last year.

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In October, the defense team seized upon the judge's qualms and moved to quash the case before the trial, saying, in essence, that the government had strapped the drug charge onto the murder charges "to freshen up" the case and to avoid the statute of limitations.

Judge Weinstein denied the motion, deciding instead to go to trial and see if the government could prove that an "ongoing criminal enterprise" indeed stretched from the streets of Brooklyn to the casinos and subdivisions of Las Vegas.

Judge Weinstein's ruling spiked that argument, and no matter how pained he seemed to be in vacating the convictions, he took the government to task. "The government's case against these defendants," he wrote, "stretches federal racketeering and conspiracy law to the breaking point."

There was a certain incongruity lurking in the fact that the statute of limitations was practically the first issue raised in pretrial hearings by the defendants' former lawyers, Bruce Cutler and Edward Hayes, who just this week were forced to appear in court to defend themselves against charges of incompetence that had been filed against them by the two detectives. Judge Weinstein threw those charges out.

Still, it was in keeping with the topsy-turvy nature of the case that the very argument that the fired legal team had offered in their former clients' defense was the one that eventually prevailed.

The judge's ruling provided a much more sweeping victory than the defendants would have gotten with a finding that their lawyers were incompetent.

In that case, they would have been retried. Now there can be no new trial on the racketeering charges, although a higher court could reinstate the convictions.

Reached at his office, Mr. Hayes was at first speechless — a rarity for a man who once sang "Danny Boy" in open court.

He said the prosecution had made a grave tactical error by not allowing the case to be tried in state court, which has no statute of limitations on murder, instead of using the federal racketeering charges, which have the five-year limitation.

"But this is a Justice Department that more than any in my lifetime has shown a mad-dog desire to control everything and to ignore the law," he said. "And they paid the price in this case."

Mr. Cutler said it would have been difficult for a jury to acquit on what some might see as a technicality, but he praised Judge Weinstein for his independence.

"I take comfort in the fact that there are judges who do what they think is right," he said.

Robert Nardoza, a spokesman for the United States attorney's office in Brooklyn, released a terse statement yesterday supporting the jury's verdict.

"The jury in this case unanimously found Eppolito and Caracappa guilty of racketeering and murder based on overwhelming evidence," the statement read.

"And based on the law that was given to them by the court, each of the 12 jurors specifically found that the defendants' heinous crimes were committed within the statute of limitations. We intend to pursue an appeal."

Judge Rubs Out Mob Cops Verdict (NYDN)

By John Marzulli, Daily News Staff Writer

New York Daily News, July 3, 2006

Despite having murdered, maimed and sold out informants to blood-thirsty mobsters, the Mafia cops' racketeering conviction was stunningly overturned yesterday - all because they apparently steered clear of the mob for the last five years.

The ruling left prosecutors and victims' relatives speechless, and even seemed to surprise allies of ex-NYPD Detectives Louis Eppolito. and Stephen Caracappa.

Brooklyn Federal Judge Jack Weinstein acknowledged there was no doubt the disgraced duo were hit men for the mob - guilty of being the most corrupt cops in NYPD history.

Yet he still threw out the convictions, which carried life sentences, on a technicality.

"The evidence at trial overwhelmingly established the defendants' participation in a large number of heinous and violent crimes," Weinstein, 84, wrote.

"Nevertheless . . . the five-year statute of limitations mandates granting the defendants a judgment of acquittal on the key charge against them: racketeering conspiracy," a decision that the judge admitted would appear "peculiar to many people."

Federal prosecutors vowed to appeal the ruling; Weinstein indicated that if he is reversed, the Mafia cops will begin their life sentences immediately.

For now, they will remain behind bars at the Metropolitan Detention Center in Brooklyn until Weinstein hears a likely bail application, sometime after he returns from vacation July 21.

Eppolito's new lawyer, Joseph Bondy, broke the staggering news to his client at the jail last night.

Bondy said a weeping Eppolito embraced him and said, "I feel as though my prayers were answered and that God is my true judge. I was afraid that I was going to spend the rest of my life in jail."

Eppolito told Bondy he would tell Caracappa what happened when he got back to the cell they share. Caracappa's lawyer isn't scheduled to see him until today.

A federal jury in April convicted Eppolito, 57, and Caracappa, 64, of participating in eight gangland murders.

The racketeering indictment charged that Eppolito and Caracappa. went on the payroll of the Luchese crime family in the 1980s in Brooklyn. It specified that the duo committed or helped commit the slayings between 1986 and 1990.

Despite a lull in their criminal activity in the late 1990s, their criminal enterprise resumed last year in Las Vegas, where they had settled after their retirement, the indictment charged.

The ex-cops' new legal team sought to overturn the verdict on two fronts: poor legal representation and the five-year statute of limitations.

Prosecutors seemed unprepared for Weinstein's ruling - and perhaps with good reason.

Earlier this month, Weinstein left no doubt at a sentencing hearing that he was convinced of both defendants' guilt. Then, last week, after Eppolito testified at a hearing for a new trial, the judge called him an immoral liar.

But Weinstein warned prosecutors on multiple occasions that he had serious misgivings about their theory connecting the Mafia cops' criminal activities in Brooklyn to their money laundering and drug crimes in Las Vegas.

Prosecutors noted yesterday that the jurors "specifically found that the defendants' heinous crimes were committed within the statute of limitations," according to a statement from Robert Nardoza, a spokesman for Brooklyn U.S. Attorney Roslynn Mauskopf.

But Weinstein concluded that the conspiracy ended when both detectives retired from the force.

The decision was vindication of sorts for the original defense attorneys, Bruce Cutler and Edward Hayes, who were blamed by their clients for the conviction.

"I'm happy that we have a courageous Judge Weinstein to do the right thing," Cutler said last night.

And in their exclusive gated community in Las Vegas, neighbors and friends crowded Caracappa's home to watch news reports of the legal victory on CNN.

"I know my husband will be unhappy that he's exonerated on a technicality," said Caracappa's wife, Monica. "But I will take my husband home any way I can."

Across the street, Fran Eppolito said she was "overjoyed" by the decision, though mindful the case is far from over. "I am very hopeful now, the most hopeful I've been in a long time. I just hope this works out in Lou's favor."

Eppolito and Caracappa had been suspected of being mob hit men since former Luchese underboss Anthony (Gaspipe) Casso ratted them out in 1994, revealing they had been leaking secret information to him for years.

Casso self-destructed as a witness, and it took authorities 10 years to flip jailed Luchese associate and Mafia cops go-between Burton Kaplan. The feds, rather than the Brooklyn district attorney, prosecuted the case because the rules of evidence would permit uncorroborated testimony by Kaplan. and other cooperating witnesses.

Brooklyn prosecutors now will await the U.S. Court of Appeals' decision before deciding whether to pursue state murder charges against the Mafia cops, said spokesman Jerry Schmetterer.

If Weinstein had dismissed the racketeering conspiracy charge before the verdict, the government would not be able to appeal, sources said.

Ex-cops' Convictions Tossed (NSDY)

By Anthony M. Destefano, Newsday Staff Writer

Long Island Newsday, July 3, 2006

Judge rules that statute of limitations requires reversal of guilty verdicts for racketeering

They did the crimes but might not do the time.

In a stunning development Friday, a federal judge threw out key racketeering conspiracy convictions against "Mafia Cops" Louis Eppolito and Stephen Caracappa - convictions that included involvement in eight gangland killings from 1986 to 1991 - because of a conflict with the federal five-year statute of limitations.

U.S. District Court Judge Jack B. Weinstein, in a 77-page ruling, said the trial "overwhelmingly established" the guilt of Eppolito, 57, and Caracappa, 64, in the slayings and other crimes, but wrote that the legal issue compelled him to acquit them.

"As a result of spillover prejudice resulting from the trial of that charge [racketeering conspiracy] with other crimes charged in the indictment, defendants are entitled to a new trial on the remaining charges," Weinstein said.

Weinstein ordered a new trial for both men on charges of drug dealing and, in Eppolito's case, money laundering. The retrial would involve charges that Eppolito and Caracappa were involved in a small methamphetamine transaction in Nevada, where they both lived after retiring from the Police Department.

"We intend to pursue an appeal," said Robert Nardoza, a spokesman for U.S. Attorney Roslynn Mauskopf.

Should the Second U.S. Circuit Court of Appeals reverse Weinstein's decision, the provisional sentences of life imprisonment that he had given Eppolito and Caracappa would be reinstated.

Bail applications for the jailed defendants, who were convicted April 6, are expected to be filed shortly.

Lawyers reacted with astonishment as news of the ruling ricocheted around the city's legal community.

"We won the case! We won the case!" an ecstatic Edward Hayes, who represented Caracappa at trial, said when told by a Newsday reporter of the decision.

Hayes and Bruce Cutler, who represented Eppolito at trial, split with their clients after the convictions. Eppolito and Caracappa said the lawyers' representation of them was poor, an assessment with which Weinstein disagreed. The defendants hired new lawyers, who brought the motions that resulted in Friday's acquittals.

"I guess Rae [Koshetz] and I didn't do such a bad job after all," Hayes said of work that he and his co-counsel did in researching the statute-of-limitations issue for the trial.

"Judge Weinstein has a reputation as a brilliant and independent jurist, and this opinion confirms that," said Dan Nobel, Caracappa's new lawyer.

Eppolito's new lawyer, Joseph Bondy, could not be reached.

Legal experts and officials said the statute-of-limitations issue always was a troublesome part of the case.

Eppolito and Caracappa were indicted on March 9, 2005. The most recent killing in the case took place in May 1991. Generally, under federal criminal law, crimes alleged in a racketeering conspiracy have to have occurred within five years of the indictment.

Before the trial, Weinstein frequently expressed reservations about whether crimes so far in the past could be prosecuted within the five-year statute of limitations.

To address the conflict, federal prosecutors charged Eppolito and Caracappa with involvement in a Nevada drug sale in late 2004 and early 2005. Prosecutors maintained that the Nevada crime was part of the original racketeering enterprise conspiracy, thus extending the alleged conspiracy beyond the crucial cutoff date of March 9, 2000.

Weinstein denied a defense pretrial motion to dismiss the indictment, saying the nature of the alleged crimes required a full trial. When the jury convicted Eppolito and Caracappa in April, the panel specifically found that the conspiracy continued beyond March 9, 2000.

In his decision Friday, Weinstein stressed that prosecutors had proved the defendants were involved in eight slayings, two kidnappings and other wrongdoing. But as a matter of law, he said that after Eppolito's and Caracappa's retirement from the Police Department, by early 1990, "the conspiracy that began in New York in the 1980s had come to a definitive close."

By the time the defendants moved to Las Vegas, Weinstein said, any concealment done there was not part of the conspiracy.

JUDGE: KILLER MOB COP DUO GUILTY AS SIN - & I HAVE TO LET THEM WALK (NYPOST)

By Zach Haberman

The New York Post, July 3, 2006

A judge says he has no choice but to let the mob cops get away with murder.

In a bombshell decision, Brooklyn federal court Judge Jack Weinstein yesterday tossed out on a legal technicality the racketeering conspiracy conviction against ex-NYPD Detectives Louis Eppolito and Stephen Caracappa for acting as mob moles and hit men while wearing their gold shields.

The judge said that evidence presented at trial pointed heavily toward the disgraced duo kidnapping and murdering for Luchese crime family underboss Anthony "Gaspipe" Casso between 1986 and 1990. But the five-year statute of limitations has expired on those charges, he said.

"The evidence presented at trial overwhelmingly established the defendants' participation in a large number of heinous and violent crimes, including eight murders," Weinstein said in the 77-page decision.

"They kidnapped, murdered and assisted kidnappers and murderers, all while sworn to protect the public against such crimes," the judge said, apparently agreeing with the jury's findings.

"Nevertheless, an extended trial, evidentiary hearings, briefings and argument establishes that the five-year statute of limitations mandates granting the defendants a judgment of acquittal on the key charge against them - racketeering conspiracy."

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Prosecutors vowed to appeal - and sources said the Brooklyn DA's office is mulling whether to charge them with murder in state court.

Highly decorated detectives Eppolito, 57, and Caracappa, 64, were convicted in April of helping Casso commit eight gangland slayings - including the kidnapping of diamond dealer Israel Greenwald in 1986.

The two also were found guilty of handing Gambino family associate James Hydell over to Casso, who tortured and killed him for an attempted hit on the Mafia big's life.

When the mob cops were sentenced to life in prison on June 5, Weinstein said: "This is probably the most heinous series of crimes ever tried in this courthouse."

The surprise ruling yesterday brought Eppolito's daughter, Andrea, to tears when she heard the news from Eppolito's new lawyer, Joseph Bondy.

"I'm ecstatic and elated," she told The Post. "We've always maintained his innocence. We've always believed in him."

"This is the first step in getting my father back in my life," Andrea, 29, said in a telephone interview from Las Vegas.

"This is such a victory for my father."

Bruce Cutler and Ed Hayes, who represented the pair at trial, argued that the statute of limitations negated the crimes - whether they committed them or not.

Weinstein apparently agreed with them, saying , "The conspiracy that began in New York in the 1980s had come to a definite close" when the pair moved to Las Vegas in the mid-1990s. While there, Eppolito allegedly laundered drug money from mob associate Burton Kaplan.

"The defendants no longer had access to confidential law enforcement information and were no longer in contact with their old associates in the Luchese crime family" in Vegas, Weinstein wrote.

"Their enterprise had effectively been put out of business by their own retirements and their compatriots' arrest," he said, referring to Casso and Kaplan, who testified at trial that he was the go-between for the cops and Casso.

Caracappa's new lawyer, Daniel Nobel, said his client had not yet been told the good news, but said it should not be considered a shock.

"Judge Weinstein repeatedly cautioned [the prosecutors] that they risk exactly this result," said Nobel, noting that the judge warned them numerous times throughout the trial that he was irked by the statute-of-limitations issue.

When Weinstein released them on bail the first time, he called the connection between the murder charges and the Las Vegas money-laundering and drug charges "very thin."

Yesterday, the judge said the jury's verdict on the money-laundering and drug-dealing charges resulted from a "spillover prejudice" of the murder charges and ordered a retrial for those counts. He did not provide a definitive date for the new trial.

The retrial would only address the charges stemming from their years in Las Vegas. But sources said Brooklyn DA Charles Hynes is mulling the possibility of trying the mob cops for murder in state court, where no statute of limitations exists on murder.

Eppolito's lawyer said his client still doesn't know about the decision.

"I would imagine he would think it's April Fool's Day or that I'm joking with him," said Bondy, adding that he plans to make a motion to get Eppolito sprung on bail.

Weinstein had released the pair on $5 million bail last July, when they were facing murder charges, so both lawyers believe they have a good shot of getting them out of Brooklyn's Metropolitan Detention Center. They have been stuck in the same cell on 23-hours-a-day lockdown.

The feds are sticking to their guns.

"The jury in this case unanimously found Eppolito and Caracappa guilty of racketeering and murder based on overwhelming evidence," said Brooklyn U.S. Attorney's Office spokesman Robert Nardoza. "Based on the law that was given to them by the court, each of the 12 jurors specifically found that the defendants' heinous crimes were committed within the statute of limitations."

"We intend to pursue an appeal," Nardoza said.

"It's a very good day," said Hayes. "It does reaffirm our trial strategy, of course."

Louis Eppolito Jr. said he's thrilled by his father's legal victory, but was quick to note: "There's going to be a lot of angry families out there."

'Mafia' Cops' Convictions Upset (PHDN)

By Larry Mcshane

Philadelphia Daily News, July 3, 2006

NEW YORK - In a stunning blow to federal prosecutors, a Brooklyn judge yesterday tossed out the racketeering convictions of two former police detectives who were found guilty two months ago of participating in eight murders while on the payroll of a brutal mob underboss.

Louis Eppolito and Steven Caracappa, who have been described as the most corrupt officers in New York police history, were also granted new trials on lesser charges by U.S. District Judge Jack Weinstein. Less than a month ago, Weinstein had told the "Mafia Cops" that they were responsible for "the most heinous series of crimes ever tried in this courthouse."

But the judge, in yesterday's 77-page ruling, said he was compelled to set aside the verdict - in spite of what he called their obvious guilt - because the racketeering statute of limitations for the worst of the pair's crimes had passed.

"The evidence at trial overwhelmingly established the defendants' participation in a large number of heinous and violent crimes," he wrote. "Nevertheless... the five-year statute of limitations mandates granting the defendants a judgment of acquittal on the key charge against them - racketeering conspiracy."

Federal prosecutors immediately promised to appeal the decision.

The detectives either committed or facilitated the murders while working with the NYPD between 1986-90, prosecutors said. But once the pair retired to Las Vegas in the '90s, "the conspiracy that began in New York in the 1980s had come to a definite close," the judge ruled. "The defendants were no longer in contact with their old associates in the Luchese crime family."

Weinstein granted the pair a new trial on drug charges and Eppolito a new trial on money-laundering charges, saying their convictions on those charges had been tainted because they were linked to the most serious counts.

He added, however, that if an appeals court reverses his ruling, Eppolito and Caracappa should be denied a new trial and required to serve life in prison.

Defense attorneys had argued that the statute of limitations had expired on the most serious allegations against the pair, who allegedly spent four years on the payroll of both the New York Police Department and Luchese crime family underboss Anthony "Gaspipe" Casso. Testimony showed the two earned $65,000 for one of the slayings.

Prosecutors had countered that the murders were part of an ongoing conspiracy that lasted through a 2005 drug deal with FBI informant Steven Corso.

"I am very happy," said Edward Hayes, Caracappa's trial lawyer. "It's exactly what we argued during the trial. I am very happy for my client, and I do feel it is a vindication of our trial strategy."

In one of the trial's many strange twists, Hayes was called to court earlier this week to testify after Caracappa sought a new trial based on poor representation at the trial.

Weinstein threw out the racketeering charges just 25 days after he told the pair they would receive life in prison on their convictions. There's now a chance that the pair, jailed immediately after their April 6 convictions, could be out on bail next week.

Judge Tosses `Mafia Cops' Convictions (LAT)

By Ellen Barry, Times Staff Writer

The Los Angeles Times, July 3, 2006

He rules the statute of limitations has expired, and orders a new trial on lesser charges.

NEW YORK — In a stinging rebuke to federal prosecutors, U.S. District Judge Jack Weinstein on Friday threw out the convictions of the so-called Mafia Cops, saying that the government's case stretched the law "to the breaking point" by charging them with racketeering after the five-year statute of limitations had expired.

Weinstein did not mince words, however, in addressing the defendants — retired New York police detectives Louis Eppolito and Stephen Caracappa. He said the trial "overwhelmingly established" that the two men had "kidnapped, murdered and assisted kidnappers and murderers, all the while sworn to protect the public against such crimes."

"It will undoubtedly appear peculiar to many people that heinous criminals like the defendants … should go unwhipped of justice. Yet our Constitution, statutes and morality require that we be ruled by the law, not by the vindictiveness or the advantages of the moment," Weinstein wrote in his 77-page memorandum. He ordered that the two receive a new trial on lesser charges of money laundering and dealing drugs.

Robert Nardoza, a spokesman for U.S. Atty. Roslynn Mauskopf, said prosecutors planned to appeal Weinstein's decision.

The ruling marks a sudden reversal of fortune for Eppolito and Caracappa.

On April 6, a jury found them guilty of 70 counts of racketeering in one of the most sensational cases of police corruption in New York's history. In a monthlong trial, witnesses testified that the two friends had formed a partnership with Anthony "Gaspipe" Casso, an underboss with the Lucchese family. In exchange for a shared $4,000 monthly retainer, they would pass along police information about mob figures and occasionally act as hit men themselves.

"They didn't deliver us from evil, they themselves were evil personified," Mauskopf said the day their convictions were announced. "They used that shield, they used that power to murder, to kidnap — all for the mob, all for their own greed."

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After the verdict, Eppolito and Caracappa fired their high-powered attorneys and last week asked for a mistrial on the grounds that their defense was not competent.

Eddie Hayes, who represented Caracappa at trial, said Weinstein's decision vindicates his defense strategy, which he said leaned heavily on the statute of limitations issue — knowing it would not be compelling to the jury.

"I thought the government overreaching here was clear from the beginning, and I always said that," said Bruce Cutler, who represented Eppolito. "If you ask me if I expected it, I didn't expect it." Still, Cutler said, he was "gratified."

The statute of limitations question first arose last summer, when the former detectives were indicted. Weinstein called it a "weak link in [the government's] allegations."

Prosecutors had strong evidence linking Eppolito and Caracappa to eight murders between 1986 and 1990, including one in which they turned on police lights, pulled a man's car over and shot him in the head. Those crimes clearly fell outside the five-year statute of limitations for racketeering, and Weinstein urged prosecutors to charge them under federal murder-for-hire laws.

Prosecutors reframed their indictment several times but, for reasons they have not explained, opted to stick with racketeering. They argued that Eppolito and Caracappa had continued their conspiracy in Las Vegas with a cluster of lesser crimes committed between 1994 and 2005.

In Friday's decision, Weinstein said the government had failed to prove there was a continuing conspiracy.

"A retired contractor who opens a delicatessen in his retirement may encourage his old employees and clients to buy their lunches at his new store, and time on job sites may have taught him what brand of pastrami those customers will prefer; that does not mean he remains in the construction business," the judge wrote.

Weinstein added that although he had concerns about the statute of limitations before the trial began, he chose to allow the trial to proceed "in order to preserve the government's right to appeal" if he should reverse the jury's verdict.

Weinstein, 85, has made headlines with some regularity during his 40 years on the bench. In 1997, he ordered Vincent "The Chin" Gigante — who had worn a bathrobe and slippers as street clothes for years — to appear "properly attired, shaved and barbered." Gigante complied.

More often, he has drawn notice for using his power in the name of reform, as in a 1965 case of 23 draft-dodgers who fled to Canada. Weinstein decided the fugitives deserved representation and appointed counsel for them, said Stephen Gillars, a professor at the NYU School of Law.

"The word 'maverick' fits nicely in the best of senses," Gillars said. Weinstein's decisions have been overturned by the U.S. 2nd Circuit Court of Appeals for "going too far out on a limb," he said.

The decision in the Mafia cops case, though, focuses on a narrow legal issue. In explaining his decision, Weinstein quoted the play "A Man for All Seasons," in which Sir Thomas More argues that even the devil deserves the full benefit of law: "This country's planted thick with laws from coast to coast — men's laws, not God's — and if you cut them down, do you really think you could stand upright in the winds that would blow then?"

NEW HEARTBREAK FOR VICTIMS' KIN (NYPOST)

By Zach Haberman And Jennifer Fermino

The New York Post, July 3, 2006

Less then three months ago, Betty Hydell was rejoicing that the dirty cops who helped kill her son got what they deserved - a guilty verdict.

But yesterday, when an FBI agent called her Staten Island home and told her their conviction had been overturned, she wondered if the evil pair would have the last laugh.

"We thought it was over," she said.

"I couldn't believe it. I couldn't see why the judge would do this. He called it a 'hideous' crime."

Louis Eppolito and Stephen Caracappa kidnapped James Hydell in 1986 and delivered him to a mobster. His body was never found.

His sister, Elizabeth Hydell, said, "This is insane. They're getting away with these murders."

Authorities told the families they would appeal.

The relatives' reaction - a mixture of sadness, anger and confusion - mirrored the other families who lost loved ones at the bloodstained hands of the Mafia cops who took orders from the wrong side of the law.

"I think this whole thing makes a mockery of our judicial system," said Danielle Lino, whose father, Ed Lino, a Gambino soldier, was shot in the head by Caracappa.

It is unclear how the ruling by U.S. District Judge Jack Weinstein will affect the six pending civil suits against Eppolito and Caracappa.

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Shock, But Some Praise, After Legal Ruling (NYT)

By Robert D. McFadden

The New York Times, July 1, 2006

The wife and daughter of one murder victim called it a shock. Lawyers for the men who had been convicted called it sound legal reasoning, a vindication of their trial strategy, and said that freedom on bail — not life in prison — might be next. Prosecutors, carefully avoiding hints of disappointment, promised to appeal.

After months of twists and turns in a federal case that ended in guilty verdicts for two former city police detectives, including convictions in eight murders for the mob a generation ago, Judge Jack B. Weinstein's decision yesterday to toss out the convictions on a statute-of-limitations ruling stunned practically everyone involved, although the defendants' lawyers were calmly making "I-told-you-so" statements.

While reaction was swift and predictable — an abyss between victims' families and their lawyers on one side, and defendants and their representatives on the other — there was general agreement that Judge Weinstein had made a hard decision on principle, according to law, and some called it courageous.

The judge acknowledged that the evidence at trial had overwhelmingly established that Louis J. Eppolito and Stephen Caracappa had committed killings for the mob, kidnappings and other "heinous and violent crimes." He noted, though, that a five-year federal statute of limitations had lapsed, compelling him to set aside the jury's verdict in his courtroom on April 6.

"It was really a very courageous decision," said Joseph A. Bondy, Mr. Eppolito's latest lawyer. "We're relieved, obviously. Mr. Eppolito and his family are relieved beyond words." Mr. Bondy — who succeeded Bruce Cutler, the trial lawyer, after Mr. Eppolito accused him of incompetent representation (a charge not upheld in a post-trial hearing) — said he would seek bail for his client next week.

Mr. Cutler, sounding a bit bruised by his former client's accusation, calling it a "distasteful calumny," said he had mixed feelings about the new turn. But instead of talking about Mr. Eppolito, he focused on his trial defense, which cited the statute of limitations as a flaw in the prosecution's case. He said he was gratified that the judge — a jurist of "courage and independence" — had agreed.

As for losing the trial, Mr. Cutler said the gravity of the accusations — cold-blooded murders for hire, kidnapping and other crimes — had made it "hard for the jury to say not guilty" on a fine point of law.

Edward Hayes, who represented Mr. Caracappa during the trial, also praised Judge Weinstein and called his ruling "the second major rejection for the Justice Department in two days," apparently referring to the United States Supreme Court's repudiation on Thursday of the Bush administration's plan to place Guantánamo Bay detainees on trial before military commissions.

Mr. Hayes, who was also accused of incompetent defense by his client in a failed bid for a new trial, said he had not talked to Mr. Caracappa about the latest ruling. Asked if he would ever represent Mr. Caracappa again, he said: "No. I defended him once. I showed him what kind of man I was, and he showed what kind of man he is. I'm not bitter. It's a business."

Judge Weinstein's ruling was a stunning blow to prosecutors, who had presented evidence on violent crimes as part of a larger racketeering conspiracy. The judge held that the conspiracy begun in New York in the 1980's had ended when the defendants retired to Las Vegas and were no longer in contact with the Luchese crime family, which had hired them.

Prosecutors with the United States attorney's office in Brooklyn had argued that the murders were part of a continuing conspiracy that lasted through a 2005 drug deal with a federal informant and that the statute of limitations thus did not apply. Speaking for the office, Robert Nardoza issued a short statement.

"The jury in this case unanimously found Eppolito and Caracappa guilty of racketeering and murder based on overwhelming evidence," it said. "And based on the law that was given to them by the court, each of the 12 jurors specifically found that the defendants' heinous crimes were committed within the statute of limitations. We intend to pursue an appeal."

The ruling was wrenching news to the slain men's families, some of whose members had made impassioned statements at the trial. Michal Weinstein, 30, the daughter of Israel Greenwald, a diamond dealer killed in 1986 and whose remains were discovered under the floor of a Brooklyn garage in 2005, said her mother had called her with news of the decision.

"We want to see that whoever is responsible — well, we know who's responsible — for our father's murder is punished, in accordance with the law," Ms. Weinstein said in a phone interview. "It's taken the breath out of everybody. It's just shocking. I'm still in shock, honestly."

Her mother, Leah Greenwald, 52, said that while shocked by the ruling, she respected it. "We, my daughters and I, do not feel betrayed, but we are shocked and we still believe that ultimately the law will work," she said, her voice calm but with a hint of a quaver. She became more emotional as she spoke of 19 years of not knowing her husband's fate.

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At one point in the early 1990's, she said, the family rented an apartment a block away from the Nostrand Avenue garage, near Avenue I, where her husband's remains were found. "I lived there for two years, I parked my car right across the street," she said bitterly. "We were looking for him, and now that we know, it is simply unbelievable that he was so close."

The Greenwalds' lawyer, Benjamin Brafman, called Judge Weinstein "wise and careful" and noted that, while disappointed in his decision, "I respect his ruling." The family, he said, would "continue to pursue justice for the murder of their father/husband in a civil forum and in any future criminal proceedings at either the state or federal level."

Gerald L. Shargel, a lawyer who has defended mobsters, including John J. Gotti, the late don of the Gambino crime family, said the prosecution "had to have known that it was a reach" to use the racketeering conspiracy charge "because the statute of limitations really was pushing the envelope." Mr. Shargel had no role in the trial of the turncoat detectives.

If the prosecution's appeal is denied, new trials on lesser drug and money-laundering charges could follow. Mr. Shargel said that New York State had no statute of limitations on murder, and that the case might have been — or still could be — prosecuted by state authorities. "Jurisdiction had everything to do with this case," he said.

Victims' Families Shocked At Reversal (NSDY)

By Carl Macgowan, Newsday Staff Writer

Long Island Newsday, July 3, 2006

Leah Greenwald said she was shocked Friday when she heard that the disgraced cops accused of killing her husband may go free.

"This is horrible," said Greenwald, of Fresh Meadows. "It's very upsetting because according to the evidence, they definitely are guilty."

Former detectives Louis Eppolito and Stephen Caracappa had been convicted of taking part in eight murders for the Lucchese crime family. Brooklyn federal judge Jack Weinstein threw out the racketeering convictions Friday.

A murder tied to the cops was that of Israel Greenwald, a Brooklyn gem merchant, who was believed to have been killed in 1986.

The Greenwald family is suing Eppolito, Caracappa and the city for $500 million. The former detectives and the city have been sued by the families of at least five other victims.

"Judge Weinstein is a wise and careful judge, and although disappointed by his decision, I respect his ruling," Greenwald's Manhattan attorney, Benjamin Brafman, said in a statement. "On behalf of the Greenwald family, we will continue to pursue justice for the murder of their father/husband in a civil forum and in any future criminal proceedings at either a state or federal level."

Michaelangelo Matera, attorney for the family of Edward Lino, who the detectives were accused of killing in 1992, said he didn't expect Weinstein's decision.

"We were extremely shocked by the judge's decision," Matera said. "We are looking forward to the appellate process and feel hopeful that the guilty verdicts will be reinstated."

Victims' Kin Call Ruling 'So Absurd' (NYDN)

By Greg B. Smith, Daily News Staff Writer

New York Daily News, July 3, 2006

Anger and disbelief.

That's how families of the murder victims reacted after a judge tossed the Mafia cops' convictions despite concluding they had committed some of the most heinous crimes he'd ever seen.

"I never heard of anything so stupid," said Betty Hydell, whose son Jimmy was kidnapped and turned over to a mob hit man in 1986. "I thought this was all over."

"We were surprised to hear this. I'm sure the family is going to be upset," said Mark Longo, an attorney representing the family of Nicholas Guido, a telephone installer who was killed by mistake on Christmas Day 1986.

In April, a jury convicted Louis Eppolito and Stephen Caracappa on all counts in a wide-ranging criminal conspiracy that prosecutors say dated to their days as a decorated NYPD detectives.

They were found guilty of participating in eight murders, one kidnapping and an attempted murder - as well leaking the names of informers to the mob, and warning Luchese crime family gangsters when they were about to be busted.

Brooklyn Federal Judge Jack Weinstein threw out the racketeering conviction because he found prosecutors failed to show the cops participated in a continuing conspiracy into 2000 - the statute of limitations cutoff.

But the legal distinctions in Weinstein's ruling carried little weight with the victims' kin.

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Hydell's daughter, Linda, was the last person to talk to her brother the day he was kidnapped and killed in September 1986.

She called yesterday's ruling "so absurd it's not even funny."

"It's gotta end somewhere. They were convicted on 72 counts. What are people going to say?" she said. "There's no closure on this for my family. It just keeps getting worse and worse and worse."

There was similar reaction from the family of Israel Greenwald, a jeweler who was murdered because a mob associate feared he would become an FBI informer.

Greenwald's wife, Leah, said she respected the judge's decision but said she was upset because next week the two cops are expected to ask the judge to be released on bail.

"Of course we are upset because we do not want them to be free after knowing that they are guilty," she said. "In our minds they are guilty, and we want them to be in jail."

Glorious New Day For Family Of Ex-cop (NYDN)

By Michelle Caruso, Daily News Staff Writer

New York Daily News, July 3, 2006

When Louis Eppolito's wife and daughters got word that his convictions were overturned, "it was like the world stopped," his eldest daughter told the Daily News yesterday.

"We were stunned. We had not been given much reason to hope," Andrea Eppolito said of the judge's ruling.

Then there were free-flowing tears of joy during an emotional three-way conference call among Andrea, 29, her mother, Fran, and sister Deanna, 28.

"We were all crying, my mother, my sister and me. It was like everything was in slow motion. We are so elated. This is such a blessing," Andrea said.

"My mother just kept saying, 'He's gonna come home. He's coming home! He's coming home!' over and over. The world is good, more than good," she added.

Andrea knows her father still has a big fight on his hands. He will first have to apply for release on bail while awaiting retrial on federal money-laundering and drug charges, and there's no guarantee he'll get it.

"We're going to try and hope for bail. When my father was out on bail before, he obeyed all the terms and conditions, so that should count in his favor," she said.

And if he comes home, "We will shut the doors and sit together as a family for some quiet personal time to reflect, as a family. Then afterwards, there will be a party," she said.

Eppolito said she is optimistic about the retrial ahead, even though it will mean more stress, legal fees and time. But she says she thinks the ex-cop's new lawyer, Joseph Bondy, will give the case 100%.

"I believe in my father. I believe in Joe Bondy and I believe in the law. We are so grateful to have a second chance."

"We will fight as a family, the way we always have. We'll fight until it's done," she said.

Eppolito says she is not daunted by the judge's contention that, even though he was legally bound to toss the convictions, he still thinks her father and his co-defendant, Stephen Caracappa, are guilty of murders and disgracing their police shields.

"If that is the judge's personal opinion, I am grateful that he upheld the law and his integrity," she said.

"I realize my father will never again be considered an innocent man. Some people will always believe the story told by the government's witnesses," she said.

"But he is innocent, and I want him to be vindicated. I want him sitting on the couch with his wife and kids and his dog, enjoying his old age. He spent two decades on the police force. He's earned it," she said.

Hacker Attacks Hitting Pentagon (BSUN)

By Siobhan Gorman, Sun Reporter

The Baltimore Sun, July 2, 2006

But NSA's methods for safeguarding data are growing obsolete

WASHINGTON -- The number of reported attempts to penetrate Pentagon computer networks rose sharply in the past decade, from fewer than 800 in 1996 to more than 160,000 last year - thousands of them successful. At the same time, the nation's ability to safeguard sensitive data in those and other government computer systems is becoming obsolete as efforts to make improvements have faltered and stalled.

A National Security Agency program to protect secrets at the Defense Department and intelligence and other agencies is seven years behind schedule, triggering concerns that the data will be increasingly vulnerable to theft, according to intelligence officials and unclassified internal NSA documents obtained by The Sun.

When fully implemented, the program would build a new encryption system to strengthen protections on computer networks and would more effectively control the access of millions of people to government computer systems and buildings.

Launched in 1999, the program was to have been completed last year, but it fell behind in part because of differences between the NSA and the Pentagon. The NSA is trying to revamp the program, although the deadline has slid to 2012, with the most substantive security improvements planned for 2018.

An internal NSA report in April 2005 described the problem as "critical," noting that 30 percent of the agency's security equipment does not provide "adequate" protection; another 46 percent is approaching that status.

"Much of the existing cryptographic equipment is based on ... technologies that are 20-30+ years old," said the report from the agency's information security directorate. At the same time, it noted, technology for breaking into computer systems has improved, which "gives our adversaries enhanced capabilities."

Pentagon computers, in particular, are under constant attack. Recently, Chinese hackers were able to penetrate and steal data from a classified computer system serving the Joint Chiefs of Staff, according to two sources familiar with the incident. A security team spent weeks eliminating the breach and installing additional safeguards.

The Pentagon declined interview requests for two information security officials, but a spokesman said in a written statement that the NSA is continually assisting the Pentagon to "maintain best security practices" and raise the level of information security.

NSA spokesman Don Weber said in a statement that because information security is a core mission of the agency, "any speculation that we, along with our partners would leave national security systems vulnerable, is unfounded."

Among 18 current and former officials and security experts interviewed for this article, several would speak only on condition of anonymity because many details of the program are sensitive and reveal vulnerabilities in the nation's defenses.

Encryption, which is an electronic lock, is among the most important of security tools, scrambling sensitive information so that it can ride securely in communications over the Internet or phone lines, and requiring a key to decipher.

Powerful encryption is necessary for protecting information that is beamed from soldiers on the battlefield or that guards data in computers at the NSA's Fort Meade headquarters. Without updated encryption, sensitive information could be stolen by China or other countries that have regularly tried to break into U.S. government systems to steal military and intelligence secrets. There are emerging concerns about Iran's desire to do so, as well.

"This stuff is enormously important," said John P. Stenbit, the Pentagon's chief information officer until 2004. "If the keys get into the wrong hands, all kinds of bad things happen. You don't want to just let a hacker grab the key as it's going through the Internet."

The NSA report warned that "serious risks" in the Pentagon's security system jeopardize its ability to execute its missions effectively. A December 2005 NSA planning document described the program as crucial for ensuring adequate protection for all national security programs.

"It's a pretty critical thing to do right ... because the government relies on confidential communications so heavily," said Martin Roesch, founder of Sourcefire, a computer security company in Columbia, Md. "It's kind of a fundamental capability."

A growing threat As the program, known as Key Management Infrastructure, has faltered, the potential for penetrating government computers has grown. Intelligence officials have said that as many as 100 countries pose legitimate threats to U.S. government computers and those of companies doing government work.

In the past decade, reported attempts to hack into Pentagon computers have grown 200-fold, according to the Pentagon.

"Numerous states, terrorist and hackers groups, criminal syndicates, and individuals continue to pose a threat to our computer systems," Maj. Gen. Michael D. Maples, director of the Defense Intelligence Agency, warned Congress this year. "Over the last few years, hackers have exploited thousands of [Department of Defense] systems."

In addition to the NSA's aging security technology, some of the tools required for encrypting data lack security protections and are vulnerable, so an infiltrator could uncover and possibly replicate the tools to access government data, according to the NSA's December 2005 planning document.

Intelligence specialists say potential attacks could include foreign governments snooping for U.S. intelligence and military secrets and using identity information to create false IDs, which could enable them to gain access to military or intelligence facilities, computers and even weapons systems, they said.

"What's at stake here is the security of the nation, because we are under monster attack from China, Russia, Israel, France and so on," a former government official said.

News reports last year revealed a major Chinese campaign called Titan Rain that targeted unclassified Pentagon computer networks and others at the Energy and Homeland Security departments. In a Miami case, the Justice Department charged two men this year with channeling military technology secrets to China that were obtained through hacking. It brought similar charges against three others last fall in a case in Los Angeles.

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"The threat is much larger than we ever thought it was," said David Szady, a former top counterintelligence official at the FBI and the CIA. The Chinese "have been able to develop their military and their systems on the backbone of United States technology."

Another country emerging as a concern is Iran. "They certainly are able to, and would have an interest in doing it," said one former senior intelligence official.

Cracking the government's aging encryption system would require a high level of training of the type most likely occurring in countries such as China or Russia.

But as commercial code-breaking technology improves, intelligence experts said, it is possible that a technically astute terrorist or even an unusually focused teenage hacker could infiltrate government computers.

If hackers can break through weak encryption systems on government and contractors' computers, they can hunt through different networks for bits and pieces of information to thread together and assemble a fairly good idea of U. S. defense capabilities - with the intent of either copying them or devising a system to defeat them, said one former NSA employee.

The new system would address a number of the security challenges that exist with the explosion of wireless, networked communication devices, according to internal NSA documents. The most sensitive data is generally held in internal systems that are not exposed to the Internet. But the Pentagon and other government agencies are increasingly using Internet-based communications.

And as the demand grows for "smart" identification cards with computer chips that verify the card holder's identity, so does the need for sophisticated ways to manage who is being assigned cards, so that the cards do not end up in the wrong hands, said Stephen Kent, a chief scientist at BBN Technologies who has chaired government panels on information security.

False starts Sprawled across several government agencies, but centered at the NSA, the Key Management Infrastructure program is actually a compilation of about 25 programs; its costs, which are classified, are difficult to gauge. One estimate pegs spending so far at $2 billion or more, said a former government official familiar with the program. Other estimates are in the hundreds of millions.

A critical problem with the project, according to several current and former intelligence officials, is one that has afflicted other large programs at the agency: poor management.

Like other major NSA efforts - such as the failed Trailblazer program to rapidly sift out threat information, and the troubled Groundbreaker program aimed at upgrading the agency's computer networks - an ever-changing game plan has caused many of the project's problems, current and former senior intelligence officials said.

One former senior intelligence official said that the NSA had unrealistic expectations from the start and repeatedly opted for delays to try to perfect the program. That left the government with aging security protections in the quest for security nirvana, the official said.

"NSA often will say, 'Well, this is not totally secure, so you can't use it,' when the only alternative is nothing," the former official said. "My worry is this push for perfect security is the enemy of good security.

NSA officials have also had a difficult time forging consensus among the agencies involved with the project, especially the Pentagon, according to former officials familiar with the conflict.

"Anybody who doesn't like the way you're doing it can essentially withdraw," the former senior intelligence official said. "It's a program that is actually planned for failure."

After several false starts, the first phase of the program was canceled in 2003, and its replacement has been in the planning stages since then.

The NSA is re-evaluating the program, intelligence officials said. That reassessment - owed at least in part to pressure from Maj. Gen. Dale W. Meyerrose, the chief technology officer under spy chief John D. Negroponte and the Pentagon - is expected to produce a new blueprint, Meyerrose said in an interview. It also coincided with incoming NSA Director Lt. Gen. Keith B. Alexander's agency-wide review.

Under the current plan, the initial phase will be completed in 2012. Even then, it would at best provide only a level of security equivalent to the existing system, current and former government officials said. The agency would, however, be able to upgrade the revised system, which is not possible now, they said.

Meyerrose acknowledged that the project has taken "a little longer than we thought." He chalked it up to a lack of leadership in the intelligence community to get behind the program, which he said would change under the new spymaster. The program's planners, he said, underestimated how difficult it would be to "synchronize" all the moving parts of the program.

After the first false start, the NSA asked the consulting firm Booz Allen Hamilton, which was involved in aspects of the project, to take on a broader role to get the program's many segments working together. But the NSA is unhappy with the firm's performance, which it deemed slow and rigid, one former government official said. A spokesman for Booz Allen declined to comment, citing confidentiality agreements.

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Booz Allen's contract is slated to end in October, and the NSA plans to do the work on its own, probably with assistance from a new contractor, the former official said.

Although Richard C. Schaeffer, in charge of the NSA's information security division, characterized the current timetable for the program as "aggressive" in a statement to The Sun, some officials are concerned that the schedule is sliding again, according to a former government official familiar with the program. The NSA was supposed to award a contract for the revamped program last December, but that shifted to June and then to October.

"It's pretty scandalous. It certainly has been a start, restart, start, restart," said one former intelligence official. "It seems stunning to me."

Meanwhile, given the pace of technology, every year that the project slips, it becomes less relevant, said a former government official familiar with the project.

"You're going to introduce something that is completely obsolete," he said.

While 2012 is the target date for wrapping up the current phase of the program, Meyerrose said, some portions will be implemented in the interim.

But some intelligence officials said they are concerned that components of the program could be delayed until 2018, when the next phase of more substantive security changes is to be completed, and the April 2005 NSA report highlights this possibility.

The program's delay also is likely to hold up some major Pentagon efforts that rely on secure information, such as the Global Information Grid, a network under development that aims to manage all national security information around the world, former intelligence officials said. Both the NSA report and planning documents emphasize the dependency of this network and other defense programs on the key management program.

"If you can't communicate securely, the enemy has the potential to know what you're doing," one former official said. "Information security is Job One."

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Sex Offender Law Limited (KCS)

By Joe Lambe, Laura Bauer

The Kansas City Star, July 1, 2006

The Missouri Supreme Court ruled Friday that thousands of sex offenders no longer have to register, because the law requiring it does not apply retroactively.

As a result, although the court unanimously upheld the state's sex offender registry law, only those convicted after the law took effect Jan. 1. 1995, now will have to register.

The law previously required people to register if they were convicted after July 1, 1979. This involved more than 11,000 offenders to register, but Friday's ruling lopped off about 16 of 27 years of registration.

The ruling written by Judge Laura Denvir Stith also said nothing prevented publishing the information about those who have registered. Offenders before 1995, however, can now move to new addresses that will not have to be listed.

"The fact that the Missouri Supreme Court upheld the state's sex offender registration law was an important victory," attorney general spokesman John Fougere said. "We will work with the General Assembly to ensure that the maximum amount of information possible about all sex offenders will continue to be made available to Missouri's citizens."

Jackson County Prosecutor Mike Sanders said the ruling would affect about half of the 1,400 offenders registered in the county.

Capt. Randy Gibson of the Greene County Sheriff's Department in southwest Missouri worries about public safety. His county has roughly 650 on its registry, and up to half would be affected.

"I think the public has a right to be concerned," Gibson said. "I don't look upon this as a victory for victims or the safety and security of the public."

The ruling came in a lawsuit filed by Kansas City lawyer Arthur A. Benson II on behalf of 11 offenders in Jackson County.

Benson praised the ruling, even with the continued publishing possibility.

"The information is going to get stale very fast, and nobody will be interested in it," Benson said.

The court found that the law violated the state constitution by applying a civil law retroactively. But the court ruled against plaintiffs on many other constitutional issues.

Benson said the ruling reflected "a general sense of fair play in the Missouri Constitution."

Many of his 11 Jane or John Doe clients pleaded guilty to minor crimes long before 1995 in exchange for nothing on their records, he said, but then were slammed years later with registration.

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His clients also contended the law was overly broad. Missouri, unlike most states, required registration for things like nonsexual child abuse and parental kidnapping. Some of the Does had to register for life for such crimes or for teen romances when one party was underage.

The Supreme Court said the broadness issue was moot because of changes passed this year by the General Assembly. Nonsexual abuse no longer requires registration, and some low-level offenders as of Aug. 28 can petition to get off the lists after two or 10 years.

Only one of the 11 plaintiffs was convicted after the 1995 law went into effect, and that one was registered for nonsexual child abuse, Benson said. All of them should no longer have to register.

The registry law in Kansas is not retroactive, and offenders have to register only if their sex crimes occurred after April 14, 1994.

Advocates have said the growing lists have become too hard to administer but question whether ignoring many past offenders is the way to narrow them.

Marc Klaas, who has pushed for sex offender reforms since a convicted rapist kidnapped and killed his daughter Polly in 1993, said Friday's ruling in Missouri was a mistake.

Lists nationwide have become too unwieldy for sheriff's departments to enforce, he said, but the best way to deal with that is not cutoff dates but to exclude low-level crimes and those with little risk of re-offending.

"If you're not retroactive," Klaas said, "you're creating a false sense of security. … Is the guy who commits the same crime the day before the law goes into effect any less dangerous than the guy who commits it the day after? Of course not."

Gibson and Missouri Highway Patrol officials said they would wait until the state attorney general's office interpreted the ruling to know how to proceed.

"We'll clean the list the way the Supreme Court wants us to, but we don't want to inadvertantly take someone off that should still be there," said Capt. Chris Ricks, a patrol spokesman.

He said his department would contact the governor's office and attorney general as early as next week.

·A Friday ruling by the Missouri Supreme Court upheld the state's sex offender law.

·But it ruled the law could not be applied retroactively, meaning thousands of sex offenders no longer have to register if they were convicted before the law took effect in 1995.

CIVIL LAW:

High-Drama, Low-Frequency Protest (NYT)

By Henry Fountain

The New York Times, July 2, 2006

The Senate nearly approved a constitutional amendment last week that would allow Congress to outlaw flag-burning, falling one vote short of the two-thirds majority needed to send it to the states for approval.

Opponents, mostly Democrats, warned that if it passed the amendment, the Senate would be tinkering with the Bill of Rights to ban a form of protest that is rare.

Just how uncommon is it?

"My impression is that probably in all of American history there's been something like a few hundred flag burnings," said Robert Justin Goldstein, a retired political science professor at Oakland University in Michigan and an expert on the issue. There has probably been a similar number of other types of desecration, including ripping and defacing the flag, Mr. Goldstein said.

"Flag desecration really became famous in this country during the Vietnam War period," he said. "But the general sense is that the news media has not been paying a whole lot of attention to the subject in recent years."

While many incidents are serious protests, others appear to be the work of people with too much time or alcohol on their hands. In a Senate speech, Senator Orrin G. Hatch, the Utah Republican who was the chief sponsor of the amendment, listed 17 cases since 2003. The latest include one early last month in West Haven, Conn., in which an apparently drunken man ripped up two small flags, threatened a bystander while using a racial slur and then chugged a beer in front of police officers before his arrest on breach-of-peace and other charges.

CIVIL RIGHTS:

Feds File Lawsuit Against Sarasota (BRAH)

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The Bradenton Herald, July 1, 2006

Sarasota County officials broke federal law when they denied permission for housing for disabled people, according to a lawsuit filed Friday by the U.S. Justice Department.

The complaint, filed in U.S. District Court in Tampa, alleges the county refused to allow Renaissance Manor Inc. to operate six homes for individuals with mental illness and a history of substance abuse. The homes are similar to other houses in the county occupied by residents who share living space and common facilities, according to a Justice Department news release.

According to the government's complaint, the homes are allowed under Sarasota County's zoning code, but the county determined that the homes broke the code because of the residents' disabilities. The complaint also alleges that the county retaliated against Renaissance Manor by refusing to release grant funds it had been previously awarded.

"The residents of these homes should not be refused an equal opportunity for housing in their community," said Wan J. Kim, assistant attorney general for the Civil Rights Division.

Sarasota County officials said late Friday they had not seen the complaint, but they defended the county's housing practices.

"We have always supported housing for disabled persons. as well as programs for people recovering from addiction," said Deputy County Administrator Susan Scott, in a statement. "Our attorneys will be responding to the issues raised."

The suit seeks monetary damages to compensate the victims, civil penalties, and a court order barring future discrimination.

The federal Fair Housing Act prohibits discrimination in housing on the basis of race, color, religion, sex, familial status, national origin and disability.

Early Voting Critics Eye Appeals Court (WT)

By Jon Ward, The Washington Times

The Washington Times, July 1, 2006

ANNAPOLIS -- A group opposing early voting in this fall's election will now take its lawsuit to Maryland's Court of Appeals, after a county judge yesterday denied its request to keep alive a petition drive that would stop early voting and let voters decide whether they want it in the future.

"I'm disappointed that they ruled so narrowly, but we expected that this would go to the Court of Appeals," said Tom Roskelly, chairman of Marylanders for Fair Elections, a group backed by Gov. Robert L. Ehrlich Jr.'s re-election campaign.

"It's one more bump in this legal road we have to navigate," Mr. Roskelly said.

Mr. Ehrlich, a Republican, officially registered yesterday as a candidate, along with running mate Kristen Cox. He called the two bills that established early voting "power grabs by the leadership of the Maryland General Assembly."

Mr. Ehrlich has also said that early voting will make voter-fraud easier to commit.

Mr. Roskelly's group is pressing forward with the petition drive and yesterday submitted to Secretary of State Mary D. Kane about 200,000 signatures, roughly twice the number needed.

The two petitions against the bills require about 51,000 signatures each to halt early voting this fall and place it on the ballot for voters to decide whether it is implemented in the future.

The group had already submitted 40,000 signatures May 31, but State Board of Elections Administrator Linda H. Lamone said the signatures were insufficient.

Miss Lamone said the group had fallen 138 signatures short on May 31 on its petition against the initial early-voting bill, which was passed in 2005, vetoed by Mr. Ehrlich, then passed by a veto override in the Democrat-controlled legislature this year.

Mr. Roskelly accused Miss Lamone of trying to stifle the petition drive by declaring the signatures insufficient, and he has cast doubt on the honesty of her count.

"They can make all the baseless, groundless charges they want," said David Paulson of the Maryland Democratic Party. "It doesn't hide the fact that they failed."

The group also said it was denied a request to observe the signature verification and requested a recount.

In the group's lawsuit, members argued that the validity of the signatures should not have been determined until yesterday's deadline had passed and all signatures had been submitted.

Anne Arundel County Circuit Judge Paul Hackner yesterday dismissed the suit.

Judge Hackner said he thought the group's argument was "nonsensical," according to the Associated Press.

The petition drive against the second bill, which passed this year and set up early voting locations in what Republicans said were overwhelmingly Democratic precincts, is going forward.

The State Board of Elections will now verify those signatures and hold on to the signatures on the petition against the first bill until the Court of Appeals rules on the lawsuit.

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Cruel And Unusual (SLPD)

By Jeremy Kohler

St. Louis Post-Dispatch, July 1, 2006

For those opposed to the death penalty, a humane execution might be a contradiction of terms.

For those who don't care if a condemned man suffers in his last moments, it might be a pointless concern.

The nation has walked a fine line between those views for more than a century in seeking ways the founding fathers intended to permit to snuff capital criminals.

States used hangmen's nooses, gases, electricity and, finally, injections. But new challenges have raised questions about the legality of lethal injections, and about the future of capital punishment in the 38 states where it's legal.

In May, the U.S. Supreme Court ruled that inmates could challenge lethal injections as being unconstitutional. Now a wave of suits has halted the death penalty in some states, including Missouri.

At the crux of the issue, critics say some inmates have been insufficiently numbed and may have suffered excruciating pain that was not evident to witnesses.

In Missouri, those claims were helped by the disclosure last week that the state's executions for the past decade have been largely in the hands of a dyslexic surgeon who confessed he sometimes makes mistakes with figures.

U.S. District Judge Fernando Gaitan Jr. halted Missouri executions, saying he had grave concerns that the inmates were being subjected to "unacceptable risk" of unconstitutional suffering.

Gaitan amended his earlier ruling in the case of inmate Michael Taylor, of Kansas City. He gave corrections officials until July 15 to come up with a new protocol.

Also last week, a federal judge in Little Rock, Ark., postponed an execution, saying if the inmate became conscious during the execution he would suffer pain "that will never be rectified."

The two rulings had Missouri's corrections director, Larry Crawford, wondering whether the state could ever perform another execution in compliance with Gaitan's order.

In Illinois, a moratorium on executions remains in place. Former Gov. George Ryan halted all executions in 2000 after 13 people condemned to death were found to have been wrongfully convicted. Illinois uses lethal injections for its executions.

Moreover, days before leaving office in January 2003, Ryan granted clemency to all of the 167 death row inmates in Illinois because of the flawed process that led to these sentences.

Most of the states that have capital punishment rely on lethal injection, using a series of three injections that has lately come under intense scrutiny.

First a general anesthetic is administered to knock out the inmate. Then comes a drug that paralyzes. Finally the inmate is injected with a drug that triggers a heart attack.

The final drug would be excruciatingly painful if the inmate was not given enough anesthetic, but the inmate could be unable to show that he or she was in pain, because of the other drugs' effects, according to testimony in Taylor's case.

Other options

Experts note that states could use injections that are less likely to cause pain.

Dr. Mark Heath, an anesthesiologist from Columbia University in New York, testified in Taylor's case - and in several other similar cases nationwide - that it would be more humane to execute humans the same way animals are euthanized: with an overdose of a barbiturate.

The condemned inmate would simply go to sleep and not wake up.

Heath testified that Missouri was the only state using lethal injection that did not have written protocols that could prevent "ad hoc changes or vagaries or misunderstandings or absent-mindedness or other problems that can occur when a complex endeavor is undertaken by a group of people."

Crawford pointed out that simply giving an overdose of barbiturate could prolong executions and make deaths linger over an hour.

That might cause less pain, he said, but might not pass any more constitutional muster. Crawford said he believed Missouri's system of three injections was better.

A painless death "would be a wonderful goal but we come into this world in pain and we all suffer some discomfort, and in this case it's as painless as we can make it," he said.

"Not gruesome"

States have tried to make executions quick, painless and "not gruesome," said Deborah Denno, a Fordham University law professor and expert in executions.

"But those goals don't mesh very well," she said.

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Chief among Gaitan's concerns was that Missouri's lethal-injection program was largely controlled by a dyslexic doctor, called John Doe I in court records.

Missouri had no apparent protocol for executing prisoners other than Doe's whim, he wrote in a 16-page decision. Among Gaitan's requirements was that a certified anesthesiologist prepare the lethal-injection drugs. John Doe I is not an anesthesiologist.

The American Medical Association has urged its members to steer clear of involvement in executions. Crawford said he did not know if state officials would be able to find an anesthesiologist, although he said he was trying.

Crawford declined to provide Doe's real name, saying he was concerned that identifying the doctor would pose a threat to Doe's safety.

Crawford said he never had any reason to question Doe. "This is being portrayed as being a performance issue," he said. "There is no indication there has been any performance deficiency."

Other states have executed prisoners without a doctor, he noted. He said he did not know about Doe's dyslexia until the surgeon's recent testimony.

Crawford said he was aware at all times that Doe was risking his reputation and his medical career by working on executions and that he felt "very, very fortunate to have a medical professional willing to assist in what he believes is an ethical level of involvement."

He said it was possible that the state would not be able to find an anesthesiologist who would be willing to participate in an execution.

"That would effectively stop executions," he said.

Denno said she thought it was more likely that states would find ways to change their procedures to skirt constitutional questions.

Corrections officials "know people who would be willing to conduct these executions," she said. "It might be a little difficult but they'll get one."

The question, she said, is "What are the quality of these people?"

Scandal At The Coast Guard Academy (NYT)

The New York Times, July 2, 2006

The Coast Guard Academy in New London, Conn., which first accepted women in 1976, has a higher proportion of women in its student body — about 30 percent — than do any of the nation's other military service academies. The Coast Guard is also the only military service to open every available job to women.

But recently the Coast Guard Academy has drawn attention for a very different reason. For the first time in its 130-year history, the academy court-martialed a cadet, convicting him on sodomy, indecent assault and extortion charges after four female cadets accused him of assaulting them. The stories that emerged from the trial are enough to make any reasonable person question how such allegations are handled at the academy.

Last week two Connecticut members of Congress took up the issue. Christopher Shays, a Republican, led hearings on how officials are responding to reports of sexual assaults in the service academies. Rosa DeLauro, a Democrat, inserted a request in a Homeland Security spending bill for the Government Accountability Office to monitor the Coast Guard Academy's progress in responding to sexual harassment claims.

That scrutiny is necessary, as shown by an announcement earlier this year by the academy that it would start involving women in sexual harassment investigations to improve handling of such cases. It is frankly surprising, and somewhat appalling, that such a basic step was not taken years ago.

The academy's defenders say that the case is the rare exception and that the Coast Guard, with its strong record of welcoming women into the service, is unfairly getting a black eye. But the women who are performing so many functions in the service deserve assurance that their concerns will be taken seriously. The American people expect no less.

ANTITRUST:

Microsoft Races To Meet Deadline Before Europe Imposes A Fine (NYT)

By Kevin J. O'Brien

The New York Times, July 1, 2006

DOJ_NMG_0038189

BRUSSELS, June 30 — For nearly three months, Microsoft says, 300 of its engineers have been working nearly nonstop to come up with the documentation for its server software that the European Commission has sought since an antitrust ruling in 2004.

After two years of dragging its heels — at least in the view of the commission's antitrust staff — Microsoft is now presenting itself as productive and cooperative. The commission's threat of another fine on the company is driving the last-minute frenzy.

But the commission's vote on the fine, which if assessed in full would total about 420 million euros ($527 million), may come just before Microsoft crosses the finish line.

A European Union advisory committee is scheduled to discuss the commission's draft decision to impose the fine on Monday, but no action is expected.

Neelie Kroes, the European competition commissioner, has threatened a maximum fine of 2 million euros a day, starting from Dec. 15, 2005, the commission's original deadline for submission of the data.

Jonathan Todd, a spokesman for Ms. Kroes, said the commission intended to decide on the fines before the end of July. But he would not say whether this burst of activity would forestall any penalties.

Even if Microsoft met its deadline and delivered the documentation, the commission could impose the fines anyway for not having delivered the protocols in the form the commission wanted by Dec. 15.

Ms. Kroes accused Microsoft on Dec. 15 of having provided "incomplete and inaccurate" material. The independent trustee in the case called the material "totally unfit" for use by rival software makers, and a consulting firm for the commission agreed.

After what Brad Smith, Microsoft's general counsel and lead lawyer on the European case, called a "breakthrough" hearing in Brussels in March, Microsoft says it finally knew what the commission wanted and it has been rushing to provide it. But Mr. Smith said he knew the commission might impose the daily fines anyway.

Microsoft plans to hand over the last batch of computer codes sought by the commission on July 18. Mr. Smith said the deadline for delivering the communications protocols had been set with the commission's monitoring trustee, Neil Barrett, a British computer expert.

"We pulled together people from across the company and took them off jobs to work on this project," Mr. Smith said by telephone from Redmond, Wash., this week. "It is really something that has strained our resources to the limit.

"Some people are literally spending 24 hours a day at the office," Mr. Smith added.

The European Commission ruled in March 2004 that Microsoft had used its Windows operating system to dominate the market in software for servers, the computers that form the backbone of most office computer systems and the Internet.

But Microsoft appealed the decision and the commission's record fine of 497.2 million euros. The European Court of First Instance is not expected to rule on the appeal until next year. But in December 2004, the same court ruled that Microsoft had to disclose the protocols before the appeal was decided.

For the last 18 months, the commission and Microsoft have been at odds over the protocols. To break the impasse, the commission appointed Mr. Barrett, a London author and occasional Microsoft critic, as trustee in the dispute last October.

Even then, Microsoft and the commission battled, until a closed hearing of Microsoft and commission staff lawyers on March 29-30 in Brussels, when the company changed tack, according to those involved. Thomas Pfenning, a German engineer who had worked on Microsoft protocols in Redmond, where Microsoft is based, since 1995, approached Mr. Barrett after the hearing. Mr. Barrett agreed to meet again with Microsoft in London.

A week later, on April 6, three Microsoft engineers — Henry Sanders, a general manager for Windows networking; Bill Laing, general manager of the server division; and Iain McDonald, director of program management for Windows server products — flew to London and met with Mr. Barrett, two of his assistants and three representatives of the European Commission for two days.

Both sides agreed on a format for the protocols and the timetable for delivering them, Mr. Sanders said. On his way to Heathrow Airport, Mr. McDonald gazed at the London Underground map and suggested naming stages of the project after stops on London's Circle Line.

Microsoft has delivered the first five batches of protocols, code-named Tower, Liverpool, Moorgate, King's Cross and Baker.

On Friday, it delivered Edgware Road. On July 18, the journey is to end at Paddington station.

The protocols cover server software and elements of Microsoft's new desktop operating system, Vista, which will not be sold until 2007.

Michaels Takes $6 Billion Buyout (WSJ)

By Mike Spector, Dennis Berman

The Wall Street Journal, July 1, 2006

Bain, Blackstone to Acquire Arts-and-Crafts Retailer; Options Probes Continue

Michaels Stores Inc. Friday said it accepted a more than $6 billion takeover bid from a private-equity group comprising Bain Capital and Blackstone Group, completing a nearly three-month process of fielding offers for the arts-and-crafts retailer.

The winning takeover group paid $44 a share for the Irving, Texas, retailer. Michaels shares rose 8.5%, or $3.24, to $41.24 at 4 p.m. Friday in New York Stock Exchange composite trading. Michaels has 137 million shares outstanding.

Michaels, the largest arts-and-crafts retailer in the U.S. and Canada by sales, has been attractive to private-equity groups because of its heavy cash flow, which could help to pay down debt incurred in the deal. The retailer generated operating cash flow of $364 million in its fiscal year ended Jan. 28.

"This transaction delivers outstanding value for all Michaels Stores' shareholders and represents a powerful endorsement of our company's strategy, performance and business prospects," said Charles J. Wyly Jr., Michaels chairman. The company "is well-positioned for future growth," he added.

Michaels put itself up for auction in March at the same time that its chief executive, R. Michael Rouleau, retired.

The sale comes amid a Securities and Exchange Commission investigation of Michaels. The SEC is looking into possible irregularities in stock-options grants at the company, which may have boosted the pay of some executives. The company in June said the SEC had asked it to preserve documents related to stock-options grants since 1990. Michaels has set up its own internal committee to investigate its potential tax liability in the case.

In addition, a federal grand jury in New York subpoenaed documents from the company related to its stocks-options practices. The Internal Revenue Service and the Manhattan District Attorney are scrutinizing the company. Michaels also faces two lawsuits related to the matter.

J.P. Morgan Chase & Co. advised Michaels on the takeover. Michaels, which reported $3.68 billion in revenue last year, owns more than 1,000 stores in the U.S. It also owns Aaron Brothers stores.

The Michaels buyout is the latest example of private equity's appetite for retailers with strong cash flows. In 2004, Target Corp. sold its Mervyn's division to a private-equity group including Sun Capital Partners Inc. and Cerberus Capital Management for $1.65 billion. Last year, Warburg Pincus and Texas Pacific Group teamed up to purchase luxury retailer Neiman Marcus Group Inc. for $5.1 billion.

Others could follow. Pier 1 Imports Inc., retailer of imported furniture and home decor, hired J.P. Morgan Chase in May to help it study strategic alternatives.

"We are delighted to partner with the Michaels management team to help build on its already strong position in an attractive industry and capitalize on the significant growth opportunities that lie ahead," said Matt Levin, a managing director at Bain Capital. "Our deep experience in the retail sector reinforces our conviction that Michaels has the best store locations, a broad and attractive assortment of products for crafters of all ages, and a sustainable competitive advantage thanks to smart investments in systems and infrastructure. We look forward to helping Michaels achieve its full long-term potential."

ENVIRONMENT/INDIAN AFFAIRS:

Indian Vote Affected If Act Expires (AP)

AP, July 1, 2006

SIOUX FALLS, S.D. (AP) -- Landmark provisions in the federal Voting Rights Act of 1965 soon could expire, taking away powerful deterrents to discrimination against Indian voters in South Dakota and threatening to halt an upward trend in voter turnout on reservations.

In the past 30 years, the provisions have forced South Dakota to submit 3,048 voting law changes in Todd and Shannon counties for approval by the Department of Justice and have required Lakota speaking interpreters at polling places in 11 counties.

Provisions of the Voting Rights Act are the underpinning of a renaissance in Indian voting, resulting in a 122 percent increase in turnout in Shannon County on the Pine Ridge Reservation, and a 139 percent increase in Todd County on the Rosebud Reservation, between 2000 and 2004.

They have helped Indian candidates get elected to local, county and state offices, said a representative of the American Civil Liberties Union and a founder of the LaCreek Civil Rights Committee.

But they've had little practical effect on South Dakota elections, Secretary of State Chris Nelson said.

Whatever their impact, they hang in the balance as Congress attempts to reauthorize the Voting Rights Act this summer. The effort is being held hostage by a handful of House members from Georgia and other Southern states who want those states

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exempted from Justice Department scrutiny of election procedures. Republican House leaders will not let the reauthorization bill come to the floor until that issue is resolved.

The Voting Rights Act requires the Justice Department to approve or "preclear" election law changes in jurisdictions that have a past history of voter discrimination. The ACLU used that provision of the act in three key federal lawsuits affecting South Dakota. It successfully sued to force Buffalo County to redraw county commission lines so the majority of Native American voters were not packed into a single district.

Preclearance cases

In the Alfred Boneshirt and Elaine Quick Bear Quiver v. (then Secretary of State) Joyce Hazeltine lawsuits in 2002, the ACLU was able to extend preclearance to Todd and Shannon counties.

The verdicts in those suits triggered Nelson to submit to the Justice Department the thousands of changes in election rules in Shannon and Todd counties, going back to 1972, with a rationale explaining why those changes were not discriminatory. The Justice Department has upheld every one, Nelson said.

"It's clear those counties needed to be doing the preclearance work. It's unfortunate we had to go through the legal process to get to that. If the ACLU had come to us and asked, we could have done it without litigation," Nelson said.

But Jennifer Ring, executive director of the ACLU of the Dakotas, said "we consider preclearance a critical check in the Voting Rights Act because of something you can't see - jurisdictions complying with the law."

Because of the successful litigation, election officials have refrained from making changes that would have harmed Native American voters, she said, because they knew those changes would not be precleared.

Ring cited as an example the South Dakota Legislature discussing eliminating legislative District 28B in Harding, Butte, Meade, Perkins and Corson counties, and 28A in Ziebach, Dewey and Corson counties, and going to an at-large system.

Those districts, comprising the Standing Rock and Cheyenne River reservations and nearby counties, have a high probability of electing Native American legislators. Eliminating them would reduce the chances of Native Americans being elected, Ring said.

"Frankly, because they knew it would not preclear, they ended up not doing it," she said. "If we lose preclearance, that would be a significant step backward."

Lakota interpreters

Having the Justice Department scrutinize election changes "at least levels the playing field," Craig Dillon said. He's a founder of the LaCreek Civil Rights Committee that has registered thousands of Native American voters in Shannon, Todd and Bennett counties since 2002.

"We need to continue with preclearance and with interpreters. Basically leave the Voting Rights Act intact, the way it is. If it ain't broke, don't fix it," Dillon said.

Because of the Voting Rights Act, the state this year took on the task of providing instructions in Lakota for using computerized voting machines in 11 counties near reservations.

"It was much more difficult than we anticipated," because there are not Lakota words that directly describe computers and computer functions, Nelson said. "But we got it done for the primary."

"The reports we've got back are, 'Yeah, you got it right.' "

Because of the Voting Rights Act, auditors in those counties also are responsible for ensuring that Lakota speakers are on hand at the polls to explain voting procedures to voters who want such instruction in that language.

While Nelson said auditors tell him the interpreters are not widely used, Dillon insisted that "in Indian Country, where I'm from, the interpreter, I think, is essential. We still have a large number of Native American people who go to the polls who speak only Lakota."

Ring said: "It's not that they don't understand any English. They do. It's that they understand better in their own language."

Gerald Betelyoun, an Oglala Sioux Tribe member and Bennett County Commissioner, said: "The Lakota people are kind of shy, the elderly especially. If they see another Native sitting there that can speak Lakota, they usually go up and ask questions about where to vote."

What would change?

Nelson does agree that interpreters play a valuable role in welcoming Indian voters into the state electoral process by honoring the Lakota culture and language. If the Voting Rights Act is not reauthorized before next year, he does not know if auditors will look to shed a complicating factor in putting on an election by doing away with interpreters.

"I would hope you would have a debate on a local basis," Nelson said, and Native American constituents would let auditors know they value interpreters.

But Nelson thinks Congress will reauthorize the Voting Rights Act this summer.

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If the provisions affecting Indian Country are allowed to expire, "it not does not mean everything that has been done over the last 40 or 50 years is not there anymore," Ring said. "It means a level of protection disappears. It probably means more litigation."

Betelyoun, who was elected in 2002 and is running again this year, credited the Voting Rights Act with helping him get elected. His experience on the county commission is an illustration of the value of bringing Native American voters into the state political process.

Betelyoun said he decided to run to address huge Native American dissatisfaction with a former Bennett County sheriff. Once he became a commissioner, Betelyoun became a member of the committee that oversees law enforcement.

"It's been pretty good since I've been on there," he said. "The sheriff's deputies treat everybody equal. They do not just pick on the Natives."

FBI/DEA/ATF/USMS:

Drug Probe Targets Aristide (MH)

By Jay Weaver And Jacqueline Charles

The Miami Herald, July 2, 2006

· This is the first of two parts.

Jean-Bertrand Aristide was a modern-day Moses to Haiti's poor masses, a former Catholic priest who rose to the presidency by promising to wash away the country's bloody and corrupt past.

But since his ouster as president in 2004, U.S. authorities have been investigating detailed accounts alleging that Aristide and several top aides sought and took millions of dollars in bribes from drug traffickers in Haiti, The Miami Herald has learned.

So far, a federal grand jury probe in Miami has led to 22 convictions of mostly Haitian drug traffickers, ex-police officers and a high-ranking politician close to Aristide. Although the exiled former president is a main target of the ongoing investigation, he has not been charged.

The allegations against the ex-president come from numerous sources, but the evidence has not risen to a level to press a case against Aristide, say U.S. law enforcement officials, who have been hampered by a lack of financial records.

Still, The Miami Herald has learned from interviews with about 20 law enforcement officials, defense lawyers and others involved in the case that Aristide has been accused of being at the center of his country's narco-trafficking and money-laundering activities from 2001 to 2004.

Authorities have gathered evidence, including testimony by cooperating defendants convicted in the case, alleging that:

· Soon after he took office in early 2001, Aristide held a meeting at his Port-au-Prince home with his presidential security chief, two government security advisors, the national police chief and a district commander to organize a scheme to shake down Colombian and Haitian drug smugglers for kickbacks for both his personal and political activities.

· Drug traffickers bribed Aristide to turn a blind eye to shipments of Colombian cocaine through Haiti, directly paying him hundreds of thousands of dollars in cash during regular visits to his home.

· Convicted drug kingpin Beaudouin "Jacques" Ketant personally delivered $500,000 a month in a suitcase to Aristide's home, he told authorities. He said the suitcase had a combination lock set to 7-7-7 at Aristide's request because that was his favorite number.

· Traffickers gave Aristide $200,000 to buy a helicopter in 2002, but the president pocketed the money and instead used government funds to rent a helicopter from Miami-based Biscayne Helicopters. Those same traffickers also bought a $75,000 ambulance in Miami that was shipped to Haiti for the president's private charitable Aristide Foundation.

· Traffickers spent hundreds of thousands of dollars on carnival festivities in February 2002 that were arranged by the Aristide government. They also paid for some of Aristide's July birthday celebrations, his Lavalas Family Party and his foundation.

· At Aristide's direction, some of the traffickers' bribes helped buy weapons smuggled into Haiti to equip national police officers as well as pro-Aristide street gangs that harassed his opponents during his second term as president, between 2001 and 2004, according to former Haitian law enforcement officials and drug traffickers who are cooperating with U.S. investigators.

ACCUSERS CALLED `LIARS'

Lawyer for Aristide calls accusations `inconceivable'

Aristide's longtime lawyer, Ira Kurzban, said he does not believe the allegations against the former president.

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Speaking generally, Kurzban said that the federal prosecution is politically motivated and that the U.S. government's witnesses are "liars" seeking to reduce their prison sentences by fingering the former president in their money-laundering and cocaine enterprise.

"It is inconceivable to me that Aristide would do anything for personal gain," Kurzban said, commenting on the ex-president's character. ``He was not a person interested in money."

So far the U.S. investigation has been built on testimony from many of the 22 mostly Haitian cocaine smugglers, police officers and others convicted in Miami in the past 2 ½ years. The probe, spearheaded by the Drug Enforcement Administration (DEA) with help from the Internal Revenue Service, has focused on cocaine smuggling during Aristide's second presidential term.

The investigation continues as the Haitian government carries out its own separate inquiry into the Aristide administration and foundation records, so far concluding that the president had looted government coffers, Haitian government records show. The interim government that replaced Aristide two years ago filed suit in Miami last year to recover "tens of millions of dollars" allegedly stolen by the former president and others from Haiti's treasury and its phone company. Neither the Haitian investigation nor the civil suit alleges drug trafficking.

To this day, the 52-year-old Aristide remains intensely popular in Haiti and has expressed a desire to return home from exile in South Africa after the recent election of President René Préval, once an Aristide ally. That would upset Haiti's domestic politics and Préval's relations with the U.S. and French governments, which regard Aristide as a destabilizing factor in Haiti.

CLAIMS UNSUPPORTED

Probers report absence of incriminating records

While several witnesses have testified against the former president in the U.S. drug-trafficking probe, investigators have told The Miami Herald that they have yet to uncover bank records and other financial statements that support the claims. The absence of such documents to solidify their case against Aristide has prevented authorities from seeking a federal indictment in Miami, U.S. law enforcement officials said.

Efforts to reach Aristide for comment on this story failed. Kurzban, who represented the Haitian government as its lawyer from 1991 to 2004, said he did not believe that the ex-president would agree to an interview.

Kurzban, who still speaks on Aristide's behalf, said that while people in Haiti were well aware of the country's drug-trafficking problem, it came as a "shock" to him when he learned that Aristide and others in his government became targets of a U.S. criminal investigation.

He said that, if anything, Aristide cooperated with the federal government in the crackdown on cocaine smuggling in 2003, including allowing Ketant to be turned over to U.S. authorities. He said that money donated to the Aristide Foundation went to the poor for relief programs such as rice subsidies.

Haiti, an impoverished country where cash and corruption go hand in hand, has long been a significant transit point for Colombian cocaine headed for U.S. streets. From there, it sometimes is smuggled directly to the United States. Another route: from Haiti to the Dominican Republic, west to Puerto Rico and then to the U.S. mainland.

During Aristide's second term as president, an estimated 10 percent of all cocaine smuggled into the United States flowed through the Caribbean corridor, especially Haiti, according to a 2006 federal report by the National Drug Intelligence Center.

Shortly after the Aristide government turned over Ketant to U.S. officials, the U.S. government broadened its drug investigation by looking into the Aristide leadership.

It was during a 2004 sentencing in federal court in Miami that Ketant accused Aristide of turning Haiti into a "narco-country" and being a "drug lord." Not under oath at the time, Ketant was sentenced to 27 years in prison and ordered to pay $30 million in fines and forfeitures.

Behind the scenes, he began to cooperate as a key witness for prosecutors, providing details on his alleged payoffs to Aristide and others in exchange for a free hand to ship cocaine through Haiti to the United States. His testimony triggered some of the indictments against the 21 others on money-laundering or cocaine-smuggling charges, U.S. law enforcement officials said.

Another major witness was Aristide's former security chief, Oriel Jean, who was convicted last year in a separate federal case of money-laundering and sentenced to three years. He fingered the same drug traffickers, police officials and politicians -- including Aristide.

And during his testimony at two Miami trials last year, he linked Aristide to at least two people implicated in Haiti's drug trade and the U.S. investigation.

In sworn testimony at those trials, Jean said he was introduced in late 2001 or early 2002 to one drug lord, Serge Edouard, by Hermione Leonard, then the director of the national police's Port-au-Prince district and a woman who was close to Aristide.

"She told me that the president is aware that she has contacts" with major drug traffickers, he testified at Edouard's trial, without elaborating. Leonard, wanted by the DEA, is believed to be hiding in the Dominican Republic.

Jean also testified at trial that he and Aristide approved a national security ID card for Edouard in 2002. He testified that the security badge allowed Edouard to travel throughout Haiti without being stopped by police. Edouard was convicted in that trial on drug charges and is serving a life sentence.

Defense attorneys for Ketant and Jean declined Miami Herald requests to interview their clients.

Ketant also has told authorities that among other drug traffickers who paid off Aristide and members of his inner circle were Ketant's brother, Hector, and Gilbert Horacious, according to sources familiar with the case. Ketant said Horacious was a longtime friend of Aristide's who introduced him and other traffickers to the Haitian president, according to sources familiar with the case.

Ketant's brother was fatally shot in Haiti in 2003, and Horacious was gunned down last year in the Dominican Republic. Shortly after Aristide fled the country on Feb. 29, 2004, hundreds of thousands of dollars in rotted $100 bills were found hidden in his home, according to U.S. news reports. U.S. federal investigators analyzed some of the bills but could not figure out where the money had come from.

ASSOCIATES ACCUSED

Several are alleged to have laundered money

While investigators have struggled to piece together a paper trail leading directly to the former president, they have identified several people in his government who allegedly helped launder drug money for him.

The Miami Herald has learned that the Ketant brothers and other major traffickers made cash contributions to the Aristide Foundation through one of its high-ranking members.

According to traffickers and U.S. law enforcement officials, Aristide allegedly ordered Port-au-Prince district police chief Leonard to pass any seized drugs on to Edouard and other Haitian traffickers for resale. The smugglers, in turn, donated some of the tainted proceeds to the Lavalas party or the foundation, they said.

Aristide also instructed Haitian Sen. Fourel Célestin, who represented the Jacmel area southwest of the capital, to solicit donations from drug traffickers for Lavalas, according to convicted drug smugglers, ex-police officers and U.S. law enforcement officials.

Convicted last year after a plea deal with Miami prosecutors, Célestin admitted taking a $200,000 bribe to help secure the release of two detained Colombian traffickers. Célestin is now cooperating with prosecutors.

Under federal law, prosecutors would not have to prove that Aristide was personally involved in moving loads of cocaine to the United States -- only that he allowed traffickers to use his country and received kickbacks in return. If Aristide comes under a U.S. indictment, the threat of extradition to the United States might keep him from pushing to return to Haiti, according to legal observers. It may also keep Préval from worrying too much about the prospect of his former mentor's return.

After February's presidential election, Préval said that Aristide, like all Haitians, could legally come home. But he added a cautionary note, saying Aristide "must decide whether he wants to return, if there are legal and other actions" pending against him.

EU Arms Market Widens Bidding (WT)

By Gareth Harding, The Washington Times

The Washington Times, July 2, 2006

BRUSSELS -- The European Union took a major step toward opening its notoriously closed armaments market yesterday with a new code of conduct aimed at boosting competition.

The union's 25 members currently spend $62 billion to $75 billion a year buying new defense goods, but there is little cross-border competition or tendering for contracts because the arms industry is exempt from normal EU rules.

Until now, defense ministries have jealously guarded their right to hand lucrative contracts to national industries without having to justify their decisions or open the tender to normal procurement practices. But dwindling defense budgets and the pressures of the single market, which allows for the free flow of goods across national borders, have prodded governments to tentatively open their markets.

Under the code of conduct, which will apply in all EU states except for Spain, Denmark and Hungary, defense ministries are obliged to post new tenders on an Internet notice board and all European arms companies are free to compete for the contracts. Although the code is not legally binding, EU officials hope peer pressure will force defense ministries to comply.

"This regime will create new opportunities for companies across Europe, strengthen our defense, technological and industrial base and offer better value for money to the armed forces and to taxpayers," said Nick Whitney, head of the European Defense Agency.

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In an interview with The Washington Times, Mr. Whitney said European governments were spending too much on soldiers' wages and pensions -- personnel costs consume half of the union's $225-billion-a-year defense budget compared with one-quarter in the United States -- and too little on high-tech hardware.

"We have more men and women in uniform than in America, yet if you compare the collective European deployable military capability, then it really bears no comparison," he said.

The Briton, who manages the newly created agency, also said European governments should spend more on defense research and technology, noting that on average only 1.25 percent of their defense budgets goes for developing cutting-edge weapons, compared with more than 6 percent in the United States.

"If we carry on like that, we will not be able to sustain a competitive defense industry in Europe," Mr. Whitney said.

EU defense ministers gave the green light to set up a common defense research fund in March but remain split over how to finance it.

Mr. Whitney said the United States had nothing to fear from a more robust and competitive European defense industry, but urged Washington to follow Brussels' example in opening up its defense equipment market.

Decrying what he called "fairly strong protectionist currents" in the United States, the EU official said it was "a lot more difficult for European companies to access the American defense market than vice versa."

IMMIGRATION:

Guv Ties Cannon's Win To Immigration (DESMN)

By Lisa Riley Roche

Deseret News, July 2, 2006

Rep. Chris Cannon's victory in the Republican primary shows that Utahns agree with his more comprehensive approach to immigration reform, Gov. Jon Huntsman Jr. said Thursday.

The immigration issue dominated the race between Cannon and his challenger in the primary, John Jacob. Jacob accused Cannon of supporting amnesty for illegal immigrants, because the five-term congressman backs President Bush's proposed guest-worker program.

The primary race was widely seen as a referendum on immigration reform, which has stalled in Congress because lawmakers can't agree on what to do about the estimated 12 million undocumented workers currently in the United States.

Cannon beat Jacob, a real-estate developer, with 56 percent of the vote. The race attracted national attention, with a political-action committee opposed to illegal immigration spending $40,000 on radio ads supporting Jacob.

Huntsman said during the taping of his monthly news conference that airs on KUED Channel 7 that the primary results reflect what most Utahns — and most Americans — support in terms of immigration reform: increased border security and a way of dealing with the "human component," those workers who are already here.

The governor said Cannon addressed those issues. But there was never "a fully articulated view from the Jacob campaign other than (to) deal with the border," Huntsman said.

"I do believe that if we can take anything from the results of the election, it would be that comprehensive reform is what Americans and Utahns are looking for," the governor said, adding he hoped the election would serve as a call to Congress to take quick action.

Huntsman and Arizona Gov. Janet Napolitano, a Democrat, put together a resolution on immigration reform that was adopted earlier this year by the Western Governors' Association. The resolution included calls for both increased security and a guest-worker program.

The Utah governor's involvement in the issue stemmed from his visit a year ago to Mexico City, where he met with Mexican President Vicente Fox. Huntsman was there to pitch an alliance between Utah and Mexico, but Fox wanted to talk about immigration.

So the governor, who also used the trip to extend a formal invitation to Fox to come to Utah, agreed to raise the issue with his Western counterparts. In May, Fox spent about a day in the state, speaking out against building a wall along the U.S.-Mexico border.

Huntsman traveled to the border earlier this month to visit Utah National Guard troops working on the wall. They were among the first deployed under President Bush's latest effort to curb illegal immigration, Operation Jump Start.

Both Cannon and Jacob agreed on the need to strengthen the border. But they differed greatly on what should be done with illegal immigrants who have already crossed into this country.

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Jacob said illegal immigrants should be sent back to their home countries, while Cannon backs a guest-worker program that would allow them to stay in the United States for employment.

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In Armed Forces, And Now Citizens (LAT)

By Tony Perry, Times Staff Writer

The Los Angeles Times, July 2, 2006

SAN DIEGO — In what the keynote speaker called a marriage of two great American traditions — "service to country and the game of baseball" — 53 active-duty U.S. military personnel were sworn in as new citizens Saturday night before the Padres-Giants game.

The crowd at Petco Park cheered as if the home team had just rallied for a victory.

It was an emotional moment for some of the new citizens.

"When I go back to Iraq and if something bad happens to me, they'll send my body home with an American flag," said Navy Petty Officer 2nd Class Xiomara Suttles, 33, who was born in El Salvador. "Now I know that that flag will be from my country."

Most of the Marines and sailors have served either in Iraq or the Persian Gulf, with more deployments to come.

"It's like I'm finally a true part of the country I'm serving," said Petty Officer 2nd Class Hector Estrella, 26, who was born in Mexico. He has done three six-month overseas deployments in seven years.

"I feel I owe this to my Marines," said Cpl. Selia Seiffert, 30, of Germany. "This way, if we're fighting in Iraq, they'll know I am just as much an American as they are and they can trust me."

Since Sept. 11, a number of measures sponsored by the Bush administration have led to an expedited process for active-duty military personnel to become U.S. citizens.

Before the changes, military personnel often were stymied by the military and civilian bureaucracy and the constant shifting of duty stations.

Since the changes, more than 20,000 military personnel have become citizens, 75 of them posthumously. Officials estimate that more than 40,000 military personnel remain eligible for citizenship.

To enlist, noncitizens must be legal residents (green-card holders). Noncitizens are not eligible to become commissioned or warrant officers, and are restricted from certain high-security jobs.

Federal Magistrate Barbara Major administered the oath of citizenship to the 53, who represented 20 countries.

Debra Rogers, San Diego district director of U.S. Citizenship and Immigration Services, called them "true-blue American heroes who have put their lives on the line to protect our way of life."

Sandy Alderson, Padres chief executive officer and a former Marine infantry officer, in his keynote remarks, quoted the song "America" by Neil Diamond:

"Everywhere around the world
They're coming to America
Every time that flag's unfurled
They're coming to America."

With citizenship comes opportunities as well as obligations, and the new citizens pondered both. Many waved small American flags as the fans, settling in for the second part of an Independence Day weekend doubleheader, waved and whistled.

Cpl. Victor Ortiz, 21, of Mexico, who served in Ramadi, Iraq, during some of the heaviest fighting, said that being a citizen will "open doors for me." He wants to join law enforcement when his tour is complete.

Sgt. Nate Greenough, 25, of England, who served two tours in Iraq, will leave the service soon to become a sheriff's deputy in Orange County. Citizenship is a requirement before he can pin on the badge.

Besides, Greenough said, he's felt American for a long time and already has acquired the requisite love of hot dogs and baseball. "I've been there, done that, and now I get the T-shirt," he said, laughing.

For some, explanations of what the future will bring as a U.S. citizen came with difficulty.

"It's uplifting, that's all I can say, it's uplifting," said Petty Officer Willie Nuas, 29, who was born in the Philippines.

CONGRESS-ADMINISTRATION:

Cheneys Take Tour Of Hangar (FLTODAY)

By Jim Waymer, Florida Today

Florida Today, July 2, 2006

DOJ_NMG_0038197

Vice President Dick Cheney had seen a shuttle launch once before, but hoped Saturday that his three granddaughters would get their chance.

Storm clouds thwarted their hopes, however, for a roaring light show at liftoff. The booms would have to come at their next destination, NASCAR's Pepsi 400 in Daytona Beach.

"I was especially looking forward to having my grandchildren here," Cheney told reporters from atop the Operation Support Building, shortly after the launch controllers ordered a scrub.

"But we just got a tour of the Atlantis," he said. "At least we got to see that."

Earlier, Cheney had walked through the Orbiter Processing Facility at Kennedy Space Center, where he, his wife, Lynne, and their three granddaughters, Kate, 12, Elizabeth, 8, and Grace, 6, scoped the underbelly of shuttle Atlantis.

"There's actually 25,000 of these," Scott Thurston, a Kennedy Space Center manager, told them as they gazed up at the tiles underneath the shuttle.

Thurston then led Cheney and his family to the nose of the shuttle, where they peered up into the front wheel well of the extended landing gear.

Moments after the Discovery launch was called off, Cheney said he was "very impressed" by the tour of Kennedy Space Center and said of the space program: "It's a great program. It's important that we keep it going."

Other politicians on hand for the launch Saturday echoed similar support for the shuttle program, tempered with concerns about the consequences of another mishap.

"This is a critical launch," U.S. Rep. Dave Weldon, R-Indialantic, said. "We need this mission to go successfully for the future of our manned space flight program. . . . The support for NASA is very strong."

But that support could erode for the shuttle program, he said, should the space agency have another significant accident prompting further safety concerns.

Sen. Bill Nelson, D-Orlando, emphasized the importance of a smooth shuttle mission to ensure enough flights to finish the International Space Station by 2010 and to maintain and repair the Hubble Space Telescope.

"There's a lot riding on this launch because of the necessity of doing at least 16 flights to complete the space station," Nelson said. A 17th flight would include needed repairs to Hubble.

Shuttle Launch Postponed; NASA To Try Again Today (WP)

By Guy Gugliotta

The Washington Post, July 2, 2006

CAPE CANAVERAL, Fla., July 1 -- Under a murky sky studded with lightning-bearing thunderheads, flight controllers on Saturday scrubbed the launch of space shuttle Discovery 11 minutes before liftoff and scheduled a second try for Sunday.

"It is not a good day to launch," Shuttle Launch Director Mike Leinbach told mission control after polling his team during a scheduled "hold" 16 minutes from liftoff. "We're not going to make it today." Five minutes later, Leinbach called Commander Steven Lindsey aboard Discovery and told the crew that the launch had been scrubbed.

The team will try again at 3:26 p.m. Sunday, but Leinbach warned that conditions are likely to be about the same as they were Saturday, or perhaps even a little worse, with low clouds rolling in to the Kennedy Space Center off the Atlantic Ocean to the east, and high thunderheads, known as "anvils," drifting in from the west.

NASA guidelines prohibit liftoff if anvils lurk within 20 miles of the Kennedy launch facility, where the shuttle has to land if there is an aborted launch, and within a 10-mile radius of Launch Pad 39B, where Discovery sits waiting for blastoff.

Tech. Sgt. Matt Timmermann of the Air Force weather squadron said the weather was "observed" in violation of the 20-mile restriction when the scrub was ordered, and had a "growing probability" of violating the 10-mile rule.

The weather provided a disappointing anticlimax to a near-flawless three-day countdown, marred only by the failure of a heater used to keep fuel for one of the shuttle's thruster jets from freezing. The shuttle uses the thrusters to steer the orbiter in space.

Mission control decided early Saturday afternoon that the glitch did not hamper shuttle operations, and decided to put the thruster on standby and use other thrusters during the mission. NASA officials said the broken heater could not be swapped out in time for Saturday's launch attempt.

Lindsey and a crew of six are flying to the international space station for a 12-day mission to resupply the station, repair station equipment and test shuttle machinery. The mission could be extended for an extra day to test repair techniques for the shuttle's heat-shielding.

Wearing bright-orange launch suits, the crew members were strapped into their seats in Discovery beginning about 12:30 p.m. At that time, weather conditions for launch were toggling between "green" for "go" and "red" for "no-go," with frequent changes.

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The trend, however, was downhill. A dazzling central Florida dawn had prompted the Air Force weather squadron to raise the probability of launch from 40 percent, where it had hovered most of the week, to 60 percent.

But by 11 a.m., chances had returned to 40 percent, and around 2 p.m. conditions turned "red" as angry-looking clouds rolled in from east and west, covering more than half the sky. The shuttle, simply by passing through an anvil cloud, can trigger a lightning storm.

Clouds Force Delay Of Shuttle Launching For At Least A Day (NYT)

By John Schwartz And Warren E. Leary

The New York Times, July 2, 2006

CAPE CANAVERAL, Fla., July 1 — NASA scrubbed the launching of the shuttle Discovery minutes before its scheduled liftoff Saturday as threatening clouds encroached on the 20-mile boundary around the Kennedy Space Center.

The postponement came on the first day of a 19-day launching window, just before the start of a 10-minute span in which the launching pad enters the same orbital plane as the International Space Station.

Liftoff is now scheduled for a 10-minute window starting at 3:26 p.m. on Sunday, but current weather forecasts put the likelihood of adverse conditions at 60 percent.

Conditions for Monday, according to forecasters working with the National Aeronautics and Space Administration, are likely to be even worse.

The 12-day flight to the space station is to be the second mission for the Discovery since the loss of the shuttle Columbia and its crew of seven when it broke apart while re-entering the atmosphere on Feb. 1, 2003.

Delays have always been part of the space program because of the complexity of spaceflight technology and the vagaries of weather.

Hopes at NASA for good weather were high throughout the morning, which dawned bright and relatively clear. Dozens of government officials, including Vice President Dick Cheney, came to the space center for the launching.

All morning, the issue causing more concern than the weather was a heater for one of the shuttle's six small thrusters that was not operating properly. But mission officials decided to work around that problem and launch anyway, since shuttle pilots are trained to work without all six thrusters.

Storms are another matter, however, and NASA does not launch when anvil-shaped clouds are near because of the potential for lightning.

A single anvil cloud began to dissipate before 3 p.m., but others began massing behind it. At 3:15, half an hour before the scheduled liftoff at 3:49, Bruce Buckingham, a NASA spokesman, announced, "We are still no go for weather."

The clouds near the launching site began to dissipate, but clouds massed over the landing strip — another condition that prohibits liftoff because good visibility there is needed in case the flight is aborted soon after liftoff and the shuttle has to be brought back to the Kennedy landing site. Two minutes before the countdown was to resume, Michael Leinbach, the launching director, decided to delay resuming it to see if the weather would clear before the day's window closed. Though the seven astronauts had been strapped into their seats in the shuttle, with the hatch shut at 2 p.m., the mission managers gave the order to cancel liftoff at 3:42.

Mr. Leinbach apologized to the commander, Col. Steven W. Lindsey of the Air Force. "Sorry to break your string," he said, "but we're not going to launch today." Mr. Leinbach added, "We're going to try again tomorrow."

Colonel Lindsey agreed. "We'll launch when we're ready," he said. "Hopefully, tomorrow will look better."

In a brief interview on NASA television, Mr. Leinbach said, "We played it till the end," but ran out of time.

"We can't control the weather, and we have very strict rules," he said. "It was very disappointing for the entire launch team."

But he added, "We're not going to launch the vehicle unless it's safe."

The weather for Sunday, he said, is also at "60 percent no-go," with a high probability of clouds.

Normally, NASA waits a day after two unsuccessful launching attempts to give the astronauts, ground crew and mission controllers the rest that allows them to remain sharp; two more consecutive days of launch attempts would follow. If the shuttle cannot be launched before July 19, the next window opens in August.

Mr. Cheney, who was at Cape Canaveral with his wife and three granddaughters, said he was disappointed, according to [a wire service].

"I was really looking forward to today, especially looking forward to having my grandkids here," he said. "But it was not to be today. Maybe it will work tomorrow."

Weather Nixes Shuttle Launch - Again (AP-Y2)

By Marcia Dunn

DOJ_NMG_0038199

AP2, July 2, 2006

Stormy weather prevented NASA from launching Discovery for the second day in a row Sunday, extending a yearlong grounding of the space shuttle prompted by persistent trouble with fuel-tank foam.

Launch officials said they would try again Tuesday, on the Fourth of July, after giving the work force some rest and a chance to replenish the shuttle's on-board fuel. The weather was expected to improve by Tuesday, although rain was still in the forecast.

Launch director Mike Leinbach said it will be tight getting Discovery ready for a Tuesday afternoon launch — only the second liftoff of a shuttle since the 2003 Columbia disaster — and that any thunderstorms on Monday could put his team behind.

He halted the countdown just an hour after the seven astronauts boarded the fueled spaceship.

"Looking out the window it doesn't look good today," shuttle commander Steven Lindsey radioed from the cockpit. He noted that July Fourth would be "a good day to launch." It would be the first time NASA has ever launched a crew on the holiday.

The afternoon sky was considerably darker than on Saturday and left NASA with little choice but to call off the flight to the international space station. Thunderstorms were moving in quickly from the west, and lightning was detected within a few miles of the launch pad. The astronauts rode back to crew quarters in the rain.

The back-to-back delays cost NASA an estimated $2 million in overtime pay and fuel costs.

"After a year of preparation and after a very careful countdown, you don't want to get into a rush and do something that is not smart from a weather standpoint," said deputy shuttle program manager John Shannon, chairman of NASA's mission management team. "Nobody is going to remember that we scrubbed a day or two days a year from now. But if we go launch and get struck by lightning or have some other problem, that will be very memorable."

Shannon said he told his team, "What a great gift NASA could give to the nation to return the shuttle to operation on Independence Day."

"If the weather is good, that's exactly what we'll do," he said.

Among the invited guests who returned for the second launch attempt were family members of the perished Columbia astronauts. Vice President Dick Cheney was back in Washington after a brief visit to the space center Saturday.

Last month, NASA Administrator Michael Griffin approved launching the shuttle despite the concerns of two top agency managers who wanted additional repairs to the foam insulation on the external fuel tank. Columbia was brought down by a chunk of flyaway foam, and a piece broke off Discovery's redesigned tank last July, barely missing the shuttle.

"I've kind of steeped myself in this problem over the last month, and I am quite confident that we've got a very good chance of flying and flying safely," Griffin said Sunday in an interview on CNN's "Late Edition with Wolf Blitzer."

Griffin has repeatedly pointed out that if Discovery were damaged during launch, the astronauts always could take refuge on the space station until a rescue vehicle is sent up.

Sen. Bill Nelson (news, bio, voting record), D-Fla., who flew on a space shuttle in 1986 right before the Challenger disaster, defended Griffin's decision on Sunday and said it was an acceptable risk.

NASA's top safety officer and chief engineer recommended at a flight readiness review meeting two weeks ago that the shuttle remain grounded until design changes are made to the foam that insulates 34 brackets on the fuel tank. Without this foam, dangerous ice could form on the metal brackets once the tank is filled with super-cold fuel.

As it is, more than 35 pounds of foam were removed elsewhere in what NASA described as the biggest aerodynamic change ever made to the shuttle's launch system. Shuttle managers said they wanted to fly with only one major change at a time.

Once in orbit, Discovery's crew will test shuttle-inspection techniques, deliver supplies to the space station and drop off German astronaut Thomas Reiter for a six-month stay.

NASA hopes to add an extra day to Discovery's 12-day flight to test spacewalking methods for repairing possible damage to the ship's thermal skin. By replenishing the shuttle's on-board fuel now, the astronauts will have a better chance of getting that additional day in orbit.

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On the Net:

NASA: http://spaceflight.nasa.gov

Cheney's Heart Condition Is Called Stable (NYT)

By Sheryl Gay Stolberg

The New York Times, July 2, 2006

DOJ_NMG_0038200

WASHINGTON, July 1 — Vice President Dick Cheney, who has a long history of heart disease and underwent surgery last year to repair aneurysms in arteries behind his knees, was pronounced in stable cardiac health after a routine annual physical examination on Saturday.

Tests at George Washington University Hospital found that Mr. Cheney's cardiac pacemaker was working properly and had not been activated due to arrhythmia, or irregular heartbeat, said Mr. Cheney's spokeswoman, Lea Anne McBride.

Stent-grafts implanted in the popliteal arteries behind Mr. Cheney's knees last September are "wide open," Ms. McBride said, allowing oxygen-rich blood flow to his legs.

When Mr. Cheney went into the hospital for the knee operation, his spokesman said at the time that doctors had planned to implant a stent-graft behind his right knee only, and to repair the aneurysm behind the other knee later.

But in the operating room, his doctors decided to repair both aneurysms on the same day. It is rare that the procedure is performed on both knees at the same time, medical experts said.

Mr. Cheney, 65, has had four heart attacks, the first when he was 37 and the fourth on Nov. 22, 2000, in the thick of the dispute between former Vice President Al Gore and President Bush over the outcome of the 2000 presidential election. Mr. Cheney has also had quadruple heart bypass surgery and two angioplasties, procedures to clear blockages in the arteries.

The physical on Saturday consisted of several tests, including an electrocardiogram, follow-up imaging of the repaired aneurysms and a check of Mr. Cheney's implantable cardioverter defibrillator, also known as a pacemaker, that he has had since 2001. A stress test on a treadmill is scheduled for the fall, Ms. McBride said.

"The vice president's cardiac status remains stable, his I.C.D. is functioning properly and has not treated any arrhythmia," Ms. McBride said in a statement, adding, "The vice president feels great."

After the checkup, Mr. Cheney and his wife, Lynne Cheney, and three of their grandchildren flew to Florida. They stopped first in Cape Canaveral, with hopes of seeing the launching of the space shuttle Discovery. But the mission was postponed.

The Cheneys then headed to Daytona to see a NASCAR race.

Physical: Cheney's Heart Condition Stable (AP-Y2)

By Deb Riechmann, Associated Press Writer

AP2, July 2, 2006

Vice President Dick Cheney's high-tech pacemaker is working properly and has not been activated by any irregular heartbeats, according to his annual physical on Saturday that showed his overall heart condition was stable.

The 65-year-old Cheney, who has a long history of heart ailments, had an electrocardiogram and imaging to check on repaired aneurysms on the back of his knees, his spokeswoman said.

Doctors also checked the condition of an implantable cardioverter defibrillator, which was placed in his chest in June 2001.

Cheney has had four attacks; the first in 1978, when he was 37, and the fourth on Nov. 22, 2000, after the election that made George W. Bush president.

"The vice president's cardiac status remains stable, his ICD is functioning properly and has not treated any arrhythmia," or irregular heartbeat, according to a statement from his spokeswoman, Lea Anne McBride.

Cheney is scheduled to have a stress test on a treadmill in the fall as part of a comprehensive cardiac evaluation.

Dr. Bernadette Aulivola, a vascular surgeon at Loyola University Health System in suburban Chicago, said it was a good sign that Cheney's defibrillator had not been activated since it was last checked.

"If he had had an irregular heartbeat, the ICD would have kicked in," Aulivola said.

The physical did not slow Cheney's pace.

The vice president's schedule for the rest of Saturday: flying to Florida to watch the shuttle Discovery blast off from the Kennedy Space Center and then heading for the Pepsi 400 at the Daytona International Speedway.

In addition to the four heart attacks, the vice president has had quadruple bypass surgery and two artery-clearing angioplasties.

In September, he underwent six hours of surgery on his legs to repair a kind of aneurysm, a ballooning weak spot in an artery that can burst if left untreated. Cheney had flexible stent grafts put in his knee arteries. The stents, when fully opened, keep the rushing blood from touching the weakened artery walls.

"The stent grafts used to treat the popliteal artery aneurysms are wide open," McBride said.

That they are open means the blood flow to the grafts is normal and haven't clogged, Aulivola said. Patients who have had this kind of surgery typically are given intermittent checkups, often once a year, Aulivola said.

She said the upcoming stress test, which will determine if the blood flow to Cheney's heart is adequate, is unrelated to the vice president's aneurysms.

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Cheney was carrying a newspaper and was accompanied by his security detail when he enter the George Washington University Medical Center at about 7 a.m. He left less than three hours later, walking to his motorcade and waving at cameras but saying nothing.

Bush Faces 60th Birthday With Wisecracks (AP-Y2)

By Jennifer Loven, Associated Press Writer

AP2, July 2, 2006

The most powerful man in the world turns 60 on Thursday and he just can't seem to stop talking about it. Barely a week has gone by this year that President Bush has not brought up his advancing age at least once.

"How you doing, sir?" a reporter asked Bush at a news conference a few hours after a middle-of-the-night return from a grueling sprint to Baghdad. "I'm doing all right, thank you," the president replied. "A little jet lagged, as I'm sure you can imagine. Nearly 60."

In his State of the Union address, the president referred to his upcoming birthday as "a personal crisis." It was a laugh line — used to segue to a call for overhauling programs, such as Social Security and Medicare, soon strained by Bush's baby boomer generation.

In fact, Bush is nearly always cracking wise when the topic of his age comes up. The humor, however, contains unmistakably wistful notes, revealing a president who is least somewhat pensive both about aging and his relevance after he leaves the White House in 31 months.

Bush's "I'm getting old" preoccupation puts him in good company.

Cher, Bill Clinton, Dolly Parton, Donald Trump, Sylvester Stallone, Diane Keaton, Suzanne Somers, Reggie Jackson and Jimmy Buffet also are turning 60 in 2006. They are part of the first wave of the 78-million strong baby boomers to enter their senior years.

Karl Pillemer, a professor of human development at Cornell University, said the president's musings are reflective of the group.

Boomers brought advances in the civil rights and women's rights movements. But the generation also introduced America to what Pillemer called "the new narcissism." And now, members of this group are presented with a slew of sometimes bewildering roles: seeing their children enter adulthood; contemplating grandparenthood; watching their parents age and die; retiring from work; and dealing with physical and intellectual limitations.

"For many boomers, turning 60 is a fairly significant shock," Pillemer said. "The generation that believed it would be young forever, clearly will not. ... The boomers are having a hard time with the existential reality of life not being one open-ended opportunity after another."

Dr. J. Edward Hill, the immediate past president of the American Medical Association and a family physician from Tupelo, Miss., has seen many patients display Bush's chatty angst. But he said the president's joshing around is one of the healthiest approaches.

"When you worry about something, you talk about it," he said. "The stints of humor are critically important."

In speech after speech, Bush has referred to himself as the "old president — getting older by the minute, by the way"; as one of "the gray-haired folks"; as "getting older"; and as just flat-out "old."

He often reflects on how he considered 60 practically ancient as a younger man, but has been inspired by changing circumstances to adjust his perspective. "It's all in your mind," he said recently in Omaha, Neb. "It's not that old, it really isn't."

"When are you turning 60?" he quizzed Pete Navarro, a somewhat wrinkled Florida man participating with the president on a panel in May on Medicare's new prescription drug benefit. Bush deflated a bit when Navarro reported that his 60th birthday was not until next January. "Oh, January. You're a lot younger than I am," the president said.

Most often, the famously competitive and fitness-crazed president brings up the physical ravages of time. He jokes about losing his hearing (a frequent source of ribbing by his staff as well), about how knee problems turned him to riding his bike after years of jogging, or about how he is too old for the basketball court.

Bush even broods aloud about his life expectancy, estimated to be an additional 19 years for the average American male his age. "I don't know about you all, I plan on just kind of stretching it out a little bit," he told GOP donors in Indiana in March.

Like most presidents, Bush has grayer hair, more lines and a few extra pounds than when he took office. Yet he still has the health statistics and energy of a much younger man.

Those close to him say Bush is entirely comfortable with the milestone, in part because of the discipline that allowed him to turn 20 years ago from a life of excessive partying and career meandering and never look back.

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He also revels in remaining in shape, even markedly improving his fitness, thanks to intense, six-days-a week workouts. The president may have traded running shoes for a mountain bike, but he pushes himself hard, so much so that he has made news several times when hairpin rides sent him tumbling to the ground.

"I'm sure it makes it easier, especially when you're whipping people half your age — some of them trained to kill people, like Secret Service agents," White House counselor Dan Bartlett said.

The president's most recent physical, conducted last July, found he had a resting heart rate in the range of a well-trained athlete and nothing worse than mild hearing loss, skin lesions from sun damage, occasional acid reflux and joint stiffness. His physicians placed him in a "superior" fitness category for men his age.

Age milestones are common for commanders in chief.

Ten other presidents have turned 60 in office. Dwight Eisenhower had his 70th birthday in the White House, as did Ronald Reagan. Seven others turned 50, including Clinton.

The president's 60th celebration looks barely different from other recent birthdays, just a bit bigger.

About 150 close friends and family are dining with Bush and his wife, Laura, who turns 60 herself in November, on July 4 in the White House residential quarters. Afterward, they will gather on the Truman Balcony for Washington's dramatic fireworks show — and no doubt keep Bush from his usual 9 p.m. bedtime in the process.

Minding Medicare's Drug Gap (LAT)

By Ricardo Alonso-zaldivar And Rong-gong Lin Ii, Times Staff Writers

The Los Angeles Times, July 2, 2006

The program leaves a $2,850 hole in coverage. Now half a year into the plan, 3.4 million seniors may have to decide how to pay or avoid the costs.

WASHINGTON — When Congress created the Medicare prescription drug program, it adopted an unusual idea to hold down costs: the so-called doughnut hole.

The program pays most of a participant's drug bills until expenses reach $2,250 in a year. Then it stops paying until costs exceed $5,100. That leaves a hole of $2,850 that seniors with serious prescription needs are expected to manage on their own.

Now, six months into the drug program — the first new major healthcare benefit for the elderly in decades — 3.4 million seniors are approaching the doughnut hole.

Most of them are middle-class seniors with multiple chronic illnesses. (The poor are exempt from the gap.) Some have already experienced an abrupt surge in prescription costs.

Melvin Kinnison, 65, of Huntington Beach was shocked to discover that the out-of-pocket cost to refill his prescription for antiseizure medication was jumping to $178 from $10. He left the pharmacy empty-handed.

"It hit me like a slap in the face," said Kinnison, a former Los Angeles County sheriff's deputy.

Kinnison is trying to figure out how to handle a monthly tab for heart, diabetes and acid reflux medications that has climbed to $1,000 from $80. "I thought Medicare is supposed to be helpful," he said. "It sure isn't."

Sensing a political opportunity, some Democrats are campaigning on a promise to shrink or close the doughnut hole. As November's congressional elections draw nearer, more seniors will confront the gap.

But the significance of the issue extends beyond the immediate problem. At stake is a basic approach of the Bush administration and many conservatives and business leaders for dealing with the cost crisis in healthcare. They say consumers must be made to take more responsibility for their medical affairs. Costs are growing so fast, they say, the government and private employers cannot shoulder the burden alone.

They say seniors can avoid problems like Kinnison's if they purchase a plan that covers the doughnut hole. The Medicare drug benefit is delivered through private insurance plans, which individuals choose. The plans that cover the doughnut hole — most plans don't — charge higher premiums. Of the estimated 23 million seniors enrolled in the Medicare benefit, about 2.4 million paid extra for some level of gap coverage.

Medicare Administrator Mark B. McClellan also points out: "Even among the people in plans with a doughnut hole, there are steps consumers can take" to make sure they never reach the hole, such as using lower-cost generic drugs and monitoring costs.

"What millions of these beneficiaries had before was no coverage at all for their prescription expenses," McClellan said.

He urged concerned seniors to call (800) MEDICARE to find out about generics. Medicare officials also advise seniors to carefully read their drug plans' monthly statements, which contain information on how close they are to the gap.

In the long run, some experts suggest, some seniors may wish to switch from traditional Medicare to managed care plans, which are more likely to provide coverage in the doughnut hole. Seniors can also anticipate the gap and save ahead for it.

Those strategies may help many seniors, but not everyone, critics of the doughnut hole say.

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The higher premiums for blanket coverage may be beyond the reach of some. Generics are not available for all drugs. And a senior's health needs can change, making it difficult or impossible to plan ahead.

Moreover, such careful management is itself an obstacle for some seniors, whose medical and other problems complicate the situation.

Some doctors worry that vulnerable patients may fall victim to the gap, unable to pay the suddenly higher costs of their medicines.

"There is a huge amount of evidence from research and clinical experience that seniors skip medicines when the price is too high," said Dr. Joshua Sharfstein, Baltimore's public health commissioner.

"If we find that people are skipping their medications, that is a subject of concern."

Some seniors say their solution to the gap will be to import medications from Canada, which is illegal. But if they saved money, they'd take longer to reach the other side of the gap, when "catastrophic" drug coverage kicks in at the $5,100 mark.

Industry experts say a hole in the middle of an insurance benefit is highly unusual. Most medical insurance plans have a yearly deductible. And some prescription drug plans limit how much they will pay each year.

Under the Medicare drug benefit designed by Congress, beneficiaries pay the first $250 in drug costs for the year. The plan then pays 75% of the next $2,000. After that comes the $2,850 doughnut hole, for which seniors are solely responsible. Then, when a beneficiary's drug bills for the year exceed $5,100 ($250 plus $2,000 plus $2,850), Medicare pays 95%.

"I think this is unique," said Dan Mendelson, president of Avalere Health, a healthcare research and consulting firm.

The company's research shows that 15% of stand-alone drug plans for seniors with traditional Medicare offer coverage in the gap. Among managed care plans, 24% offer coverage in the gap.

Economist Jack Rodgers of PricewaterhouseCoopers likened the Medicare benefit to two plans rolled into one: The first offers limited coverage of medication, with a cap at $2,250; the second provides a more generous benefit for higher bills. In between is the doughnut hole.

"A lot depends on whether you look at the doughnut or you look at the hole," said Rodgers, adding that he believed the availability of enhanced plans, albeit for higher premiums, would soften the impact of the gap.

Recent estimates by PricewaterhouseCoopers indicate that 3.4 million beneficiaries will have to pay full freight in the gap.

An additional 2.4 million have signed up for enhanced plans that provide doughnut hole coverage, mostly for generic drugs.

And 10 million are low-income beneficiaries, whose coverage in the gap is subsidized by the government.

The remaining seniors will not spend enough to reach the gap.

Those who have no coverage in the doughnut hole will have to ride what some experts call a benefits roller coaster.

"For the first five, six, seven months of the year, everything is hunky-dory," said Ronald Ozminkowski, a senior researcher with the information firm Thomson Medstat. "Then come July and August, they're on their own and they will have to start paying everything out of their own pockets. That will last most of the rest of the year, until the federal government says, 'OK, enough is enough.' "

And the cycle starts again the following year.

By analyzing national data on prescription spending, analysts are trying to calculate when patients with different kinds of ailments will hit the gap.

"Patients with illnesses like rheumatoid arthritis and multiple sclerosis, who use very expensive drugs, will accelerate through the gap in two to three months," said Mendelson, of Avalere Health. "Those with more common disorders such as high cholesterol and diabetes will take longer to hit the doughnut hole, generally in the fall."

Democrats say the coverage gap can be closed if Congress grants Medicare authority to directly negotiate lower prices with drug manufacturers. Eliminating the gap with tax dollars would be expensive, perhaps costing more than $10 billion a year now, and bigger sums in the future.

But Leonard Cleveland, 68, a retired machinist who lives in El Monte, said a $2,850 gap was too much for people with fixed incomes. "If they just shortened the gap, people could make it through, [with a] credit card or whatever," Cleveland said.

His wife, Helen, who is partially blind and on medication for depression, back pain, allergies and migraines, has fallen into the gap.

"I didn't think it would total up that fast," said Cleveland, who cares for his wife and a 42-year-old daughter who is disabled.

Dr. John Hsu, a research physician with Kaiser Permanente in Oakland, said drugs shown to be highly effective for common problems such as high blood pressure and diabetes should be provided to beneficiaries at no cost, even in the coverage gap.

"A lot of forms of cost-sharing are like blunt instruments," Hsu said. "With any medication that we have good, reliable data on, we need to think hard about encouraging its use and not putting any barriers in front of patients."

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And, because failure to take prescribed medicines could mean that untreated illnesses become more serious, it might even save Medicare money.

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(INFOBOX BELOW)

"Doughnut hole"

Some seniors enrolled in Medicare's drug benefit plan fall into a gap after their costs reach $2,250, which leaves them responsible for paying the next $2,850.

Who is covered

Low income (no gap): 44%

Costs are less than $2,250 (no gap): 31%

Face coverage gap: 15%

Paid for extra coverage: 11%

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Numbers do not add up to 100% due to rounding.

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Source: PricewaterhouseCoopers analysis for Healthcare Leadership Council

Saving The Majority (MUL)

By Robert Novak Column

Robert Novak, July 2, 2006

WASHINGTON, D.C. – Facing the real prospect of losing control of the Senate in this year's elections, Majority Leader Bill Frist called together 10 other Republican senators for a Tuesday night strategy session on "saving the majority."

Frist, who is not seeking re-election in 2006, took copious notes about the ideas put forth. But no consensus was reached on how to deal with possible loss of GOP Senate seats in Pennsylvania, Ohio, Missouri, Montana and Rhode Island, with mediocre compensating prospects for defeat of Democratic incumbents.

The need for Republicans to cure their addiction to costly earmarks was raised at the meeting, but hardly any of the senators present showed interest in the subject.

SAVING THE VETO

House Majority Leader John Boehner is credited with cooling off opposition by Appropriations Committee Chairman Jerry Lewis sufficiently to save the administration-backed line-item veto in the House June 22.

Lewis had been giving a run-around to Republican Rep. Paul Ryan, sponsor of the bill providing Presidential authority to veto parts of a spending bill (subject to approval by both houses of Congress). Boehner reminded Lewis that President Bush and the congressional Republican leadership supported the Ryan bill. Consequently, the majority leader urged the chairman not to mobilize the 36 Republican Appropriations Committee members against the line-item veto.

As a result, Lewis e-mailed his committee members that he would vote against Ryan's bill but was not calling on his fellow appropriators to follow him. That ended the danger that monolithic opposition by the Appropriations Committee would turn enough other Republicans to kill the measure. The bill passed, 247 to 172, with Republican appropriators supporting it, 27 to nine.

FUNDING MCCAIN

The Rasika restaurant in downtown Washington was jammed at 6 p.m. last Wednesday for a fund-raising reception benefiting Sen. John McCain's political action committee.

Republicans were willing to pay $5,000 each to hear McCain speak. They wanted to be on record as present to help the prospective front-runner for the 2008 Republican Presidential nomination.

Included among those attending were some of Washington's top GOP lobbyists: Charlie Black, Wayne Berman, Scott Reid and Rick Hohlt. Also present was Sen. John Warner, whose fellow Virginia senator -- George Allen -- is McCain's potential opponent for the Presidential nomination.

FUNDING 'LITTLE ITALY'

Rep. Jeff Flake, continuing his persistent but unsuccessful crusade against congressional markups, last Wednesday ran into implied accusations of anti-Italian bias when he opposed another $150,000 federal subsidy for the Arthur Avenue Retail Market in the Bronx's "Little Italy."

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Noting that this unauthorized appropriation brings to $700,000 the taxpayers' money spent on the market servicing Italian food merchants, Flake declared, "There is a lot of federal prosciutto ... for a private Italian grocery market." He added, "I would argue that this is one cannoli the taxpayer doesn't want to take a bite out of."

Those words apparently offended Democratic Rep. Jose Serrano, whose Bronx district includes the Arthur Avenue Market. "The gentleman from Arizona's use of certain ethnic words like 'cannoli' and 'prosciutto' indicate that he takes this more lightly than he should," Serrano told the House.

Serrano's subsidy was one of nine earmarks, totaling nearly $3 million, that Flake tried to eliminate last Wednesday. All his efforts were rejected.

GOP'S MICHIGAN CHOICE

Although Oakland County Sheriff Mike Bouchard faces opposition in the Michigan Republican primary Aug. 8, he took part in a strategy session in Washington last Wednesday attended by incumbent GOP senators.

Bouchard is heavily favored to be nominated over the Rev. Keith Butler, a former Detroit city councilman. Bouchard was invited to the midday meeting at the last minute by Sen. Elizabeth Dole, the Senate Republican campaign chairman.

The Republican challenge in Michigan against first-term Democratic Sen. Debbie Stabenow has attracted little national attention so far. However, national Republican strategists consider Stabenow one of the few vulnerable Democratic Senate incumbents in 2006.

Farm Program Pays $1.3 Billion To People Who Don't Farm (WP)

By Dan Morgan, Gilbert M. Gaul And Sarah Cohen

The Washington Post, July 2, 2006

EL CAMPO, Tex. -- Even though Donald R. Matthews put his sprawling new residence in the heart of rice country, he is no farmer. He is a 67-year-old asphalt contractor who wanted to build a dream house for his wife of 40 years.

Yet under a federal agriculture program approved by Congress, his 18-acre suburban lot receives about $1,300 in annual "direct payments," because years ago the land was used to grow rice.

Matthews is not alone. Nationwide, the federal government has paid at least $1.3 billion in subsidies for rice and other crops since 2000 to individuals who do no farming at all, according to an analysis of government records by The Washington Post.

Some of them collect hundreds of thousands of dollars without planting a seed. Mary Anna Hudson, 87, from the River Oaks neighborhood in Houston, has received $191,000 over the past decade. For Houston surgeon Jimmy Frank Howell, the total was $490,709.

"I don't agree with the government's policy," said Matthews, who wanted to give the money back but was told it would just go to other landowners. "They give all of this money to landowners who don't even farm, while real farmers can't afford to get started. It's wrong."

The checks to Matthews and other landowners were intended 10 years ago as a first step toward eventually eliminating costly, decades-old farm subsidies. Instead, the payments have grown into an even larger subsidy that benefits millionaire landowners, foreign speculators and absentee landlords, as well as farmers.

Most of the money goes to real farmers who grow crops on their land, but they are under no obligation to grow the crop being subsidized. They can switch to a different crop or raise cattle or even grow a stand of timber -- and still get the government payments. The cash comes with so few restrictions that subdivision developers who buy farmland advertise that homeowners can collect farm subsidies on their new back yards.

The payments now account for nearly half of the nation's expanding agricultural subsidy system, a complex web that has little basis in fairness or efficiency. What began in the 1930s as a limited safety net for working farmers has swollen into a far-flung infrastructure of entitlements that has cost $172 billion over the past decade. In 2005 alone, when pretax farm profits were at a near-record $72 billion, the federal government handed out more than $25 billion in aid, almost 50 percent more than the amount it pays to families receiving welfare.

The Post's nine-month investigation found farm subsidy programs that have become so all-encompassing and generous that they have taken much of the risk out of farming for the increasingly wealthy individuals who dominate it.

The farm payments have also altered the landscape and culture of the Farm Belt, pushing up land prices and favoring large, wealthy operators.

The system pays farmers a subsidy to protect against low prices even when they sell their crops at higher prices. It makes "emergency disaster payments" for crops that fail even as it provides subsidized insurance to protect against those failures.

And it pays people such as Matthews for merely owning land that was once farmed.

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"We're simply administering it the way Congress established," said John A. Johnson, a top official at the U.S. Agriculture Department.

Today, even key farm-state figures believe the direct-payment program needs a major overhaul.

"This was an unintended consequence of the farm bill," said former representative Charles W. Stenholm, the west Texas Democrat who was once the ranking member on the House Agriculture Committee. "Instead of maintaining a rice industry in Texas, we basically contributed to its demise."Freedom to Farm

The program that pays Matthews was the central feature of a landmark 1996 farm law that was meant to be a break with the farm handouts of the past. Subsidies began when the Roosevelt administration stepped forward to support millions of Depression-era farmers suffering from low prices. By the early 1990s, U.S. agriculture was a productive marvel, yet was still mired in government controls and awash in complex subsidies.

When the Republicans took control of Congress in 1995, they brought a new free-market philosophy toward farm policy. In a break with 60 years of farm protections, they promoted the idea that farmers should be allowed to grow crops without restrictions, standing or falling on their own. The result was the 1996 bill, which the Republicans called Freedom to Farm.

The idea was to finally remove government limits on planting and phase out subsidies. But GOP leaders had to make a trade-off to get the votes: They offered farmers annual fixed cash payments as a way of weaning them off subsidies.

That sweetener was needed to win over wheat-state Democrats -- led by Senate Minority Leader Tom Daschle (S.D.) -- and GOP House members from rice and cotton districts. Wheat growers alone stood to receive $1.4 billion in the first year. The payments for rice growers were increased by $52 million at the last minute in an effort to win support from Sen. David Pryor (D-Ark.).

The new payments were calculated on a farm's "base acres," or production dating to 1981. For example, if a farmer had planted 400 acres of rice, he was entitled to a check of about $100 an acre, or $40,000, every year. The amount per acre varied depending on past production.

The payments were unrestricted -- farmers got them whether or not they grew any crops, or whether prices were high or low.

Owners could do almost anything they wanted with their land, as long as they did not develop it. They could leave it fallow or rent it for pasture. They could set up a hunting retreat. Or, as happened in some Louisiana parishes, landowners could collect payments while planting stands of commercial timber.

Supporters said these annual payments gave farmers the flexibility to switch from one crop to another as market conditions changed, or even to sit it out in a year of low prices. In addition, the payments fit with international trade rules that frown on traditional price supports.

The annual payments were dubbed "transitional" and were supposed to decline over seven years. Many lawmakers assumed they would eventually end. But two years later, farm prices fell sharply, and the Republican-led Congress gave in to the farm lobby.

Sen. Thad Cochran (R-Miss.) used his power as chairman of the Appropriations subcommittee on agriculture to push through $3 billion in "emergency" assistance to grain, cotton and dairy farmers. That was only the beginning of a retreat by Republicans fearing retribution at the polls in key "red" states with broad farm constituencies.

"The original intent was to make a step in the direction of eliminating farm programs," said then-House Majority Leader Richard K. Armey (R-Tex.), who led an unsuccessful fight in the 1990s to trim the subsidies. "By 1998, there was no zeal left."

Instead of cutting, Congress ended up expanding the program, now known as direct and countercyclical payments. A program intended to cost $36 billion over seven years instead topped $54 billion.

"The farm policy we're pursuing now has no rhyme or reason, and we're just sending big checks to big farmers," said Gary Mitchell, now a family farmer in Kansas who was once a top aide to then-Rep. Pat Roberts (R-Kan.), the 1996 bill's House sponsor. "They're living off their welfare checks."

Efforts to overhaul the farm subsidy network have been repeatedly thwarted by powerful farm-state lawmakers in Congress allied with agricultural interests.

"The strength of the farm lobby in this town is really unbelievable," Armey said. "I don't think there's a smaller group of constituents that has a bigger influence."'Cowboy Starter Kits'

Farmers and landowners benefited from the 1996 law whether their land once grew wheat, corn, cotton or any of the other subsidized crops. But nowhere is the impact more evident than in the sunbaked Texas rice country that spreads southwest from Houston to the Colorado River and east to the Gulf of Mexico.

In 1981, the Texas rice belt extended over about 600,000 acres. By last year, USDA records show, the amount of planted rice had shrunk to 202,000 acres, partly because landowners were able to get farm payments even if no rice was grown on their land.

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In fact, so many landowners and farmers are collecting money on their former ricelands -- $37 million last year alone -- that the acres no longer used for rice outnumber the planted ones.

"So many wealthy people are getting so much money off this, it's going to be hard to cut," said Michael Wollam, a rice farmer from Brazoria County.

At a housing development rising from old rice fields on the outskirts of El Campo, 70 miles southwest of Houston, local real estate broker John K. Petty purchased a 75-acre tract from investors in July 2002. He held on to it for a few months, then carved it up and resold it for housing.

"At one time, the area was all farmed in rice," Petty said. Now, the dusty tract is perfect for what he calls "cowboy starter kits," residential tracts owned by nonfarmers but still large enough to keep a horse in the back yard.

Petty informed potential buyers that because their land had once been an active rice field, they could collect an annual payment from the USDA on the portion that was not developed. They did not have to grow rice or anything else.

"If you have 10 acres and build a house on one, you can continue to get farm payments on those other nine acres without farming," the USDA's Johnson said.

Petty used it as a selling point.

"Does it increase the marketability?" Petty asked. "Sure it does."

Duane Korenek bought 17 acres at the site and is building a house. Korenek said it was "common knowledge around here" that the new owners could collect farm payments. He has received about $2,550, USDA records show.

A few hundred yards up a gravel and dirt road, oilman Rene Hamman purchased 20 acres in May 2003. His two-story house and garage sit on part of the land and are appraised at $338,140, records show. His payments have been about $4,500, according to USDA records. "The money is free," Hamman, 48, said, adding that he thought the money should go to real farmers. "You don't have to do anything but keep the ground."

When Donald Matthews bought his 18-acre tract from Petty in 2002, he never expected to receive farm subsidies on his property, appraised at $381,000.

"I was informed by Mr. Petty that there was a 'rice base' and I was entitled. I said, 'What do you mean I'm entitled? I'm not going to farm rice.' "

But nine of Matthews's acres are classified as agricultural land, for which he has received more than $5,000, records show.

Matthews said he originally was not going to take the money. But he said Petty told him that it would just go to other landowners. "I thought, heck, why should I do that? I wasn't going to give it to somebody else to put in their pocket." Instead, he uses the money to fund scholarships at the county fair and two local high schools, he said.

"Still, I get money I don't think I'm entitled to," he said.

In some Texas counties, the federal payments open the door to another benefit: property tax reductions.

"When a property owner receives a federal payment, the land is considered agricultural use and is assessed at that lower rate," explained Tylene Gamble, the chief appraiser for Wharton County, where El Campo is located. The discount can be dramatic. For example, she said, a parcel might be assessed at $55 an acre for agricultural use but $3,000 for regular use. "It's big," Gamble said.

Gamble is trying to enforce local rules that require landowners to actually farm to qualify for the lower tax rate. But she is hampered by the federal government's definition of farming, "which does not require you to actually farm. There is a conflict there between the federal definition and our definition," she said.

Gary Underwood, director of agricultural appraisals for sprawling Harris County, which includes Houston, said owners are building $500,000 houses on old rice fields and qualifying for tax breaks.

He singled out one tract where the owner built a 4,000-square-foot single-story house on five acres in Katy, a booming suburb. The house sits on one acre. The other four acres get a tax break and a farm payment. "I can't touch him," Underwood said.The Big Landowners

The large landowners who control vast sections of the once-sprawling rice fields outside Houston have been some of the biggest beneficiaries of the 1996 law, USDA records show.

Diana Morton Hudson is a corporate securities lawyer whose 87-year-old mother, Mary Anna Hudson, owns an interest in two tracts of land in nearby Matagorda County. USDA records show that Mary Anna Hudson has received $191,000 since 1997 on land she doesn't farm. "We just pay someone to mow it, and it just sits there," Diana Hudson said.

Later, she added: "I'm a corporate securities lawyer. I couldn't even locate these two parcels in Matagorda."

Houston heart surgeon Jimmy Frank Howell has received $490,709 since 1996 in payments tied to old rice tracts on a vast ranch near Raywood in Liberty County where he now raises cattle, USDA records show. The last rice produced on the 10,000-acre property was "probably over 10 years ago," according to Susan Cotton, Howell's business manager. "We're not rice producers anymore."

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For Guy F. Stovall III, an El Campo banker who helps oversee thousands of acres of family lands in Wharton, Matagorda and Jackson counties, the 1996 farm law was a chance to get out of rice farming and convert properties inherited from his grandparents to other uses.

But 10 years later, taxpayers are still paying for the transition. Records show the land owned by Stovall and two trusts set up by his grandparents have generated $1.8 million in rice subsidies since 1996.

Stovall stopped growing rice and began renting the land for grazing cattle. The family continues to grow some crops, such as sorghum and soybeans.

Stovall said that is exactly the kind of transition Congress intended with Freedom to Farm. He estimates that 50 to 60 percent of his government payments go to soil, water and other improvements, such as filling in irrigation ditches and putting up fences.

"There are bullfrogs where there were none, and we're starting to see quail," he said. "There are less chemicals flowing into our bays, and it reminds me of the environment when I was a kid.'"'Hell of a Deal'

Among the most fervent critics of the annual payments are hundreds of Texas farmers who rent land on which they grow rice. Under the rules, tenants receive the money if they operate the farms. But landlords can simply increase rents to capture those payments.

Other landlords have evicted the tenants from land they had farmed for years. Then the landowners can collect the checks themselves, even if they do not farm.

Congress "made slaves out of every farmer who was a tenant," said Stephen J. Zapalac, a former Matagorda County rice farmer who now runs a farm credit office in Bay City.

In 1998, Zapalac was leasing 2,500 acres, most of it for rice farming. One landlord canceled a lease for 1,400 acres in 1998, he said, and a second cancellation followed for the rest in 2004.

"As soon as they figured they could take the payments, they said, 'I don't need you anymore,' " he said. "They were renting me land for $40 an acre, but they could get $125 an acre from the government."

Some of the rice land he lost has been turned into pasture for cattle, while the landlord continues to receive the rice money.

"You can sell the calves and still stick the rice payment in your pocket," Zapalac said. "It's a hell of a deal."

For years, Rex Bailey III, a rugged 6-foot-5 rice farmer, sharecropped near Angleton, Tex., an arrangement in which he and his landlord divided the costs and shared in profits and government payments.

"It was all based on what was produced," he said. "We shared the risk."

That changed in 2002, when the owners of one tract changed their arrangement with Bailey, 55, from sharecropping to a fixed annual rent, pegged to capture the $90 an acre that the government was paying him on 214 acres.

"A lot of landlords increased their rental rates to equal or exceed the direct payments," Bailey said. "They know what the payment is, so that's what the rent is. Even though the payment is in my name, I turn around and give it to" the owner.

In 2004, the property was sold to Shin Shan Chu, an elderly investor who lives in Vancouver, Canada. Once a year, Bailey, who still grows rice on part of the 4,000 acres, cuts a $25,000 check and sends it to Chu, whom he has never met.

Reached by telephone, Chu said he hoped to eventually "develop some residential buildings there. It's very nice land, very flat, very close to the city."

Chu, who also owns and leases 17,000 acres of farmland in west Texas, grew up in mainland China and Taiwan, worked in electronics and moved to Vancouver 36 years ago. He described himself as nearly 80.

"It's just an investment," he said of his farm holdings. "I'm waiting for the money."

Researchers Alice Crites and Don Pohlman contributed to this report.

Hiring Federal Lobbyists, Towns Learn Money Talks (NYT)

By Jodi Rudoren And Aron Pilhofer

The New York Times, July 2, 2006

TREASURE ISLAND, Fla. — Rebuffed on several requests for state and federal financing to help rebuild its crumbling bridge, this small resort town was all but resigned to raising the money by doubling the 50-cent bridge toll, increasing property taxes and issuing bonds.

But in a last-ditch gambit, city officials hired a federal lobbyist who had known the local congressman for four decades. Within weeks, the congressman, Representative C. W. Bill Young, called the mayor to say he had slipped a special $50 million appropriation, known as an earmark, into an omnibus bill.

The city had originally sought $15 million. But Mr. Young — a Republican who was then the all-powerful chairman of the Appropriations Committee and, as his lobbyist friend knew, believes public roads should be free — raised it to eliminate the toll.

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Since that windfall three years ago, Treasure Island has continued to pay $5,000 a month to the lobbying firm, Alcalde & Fay, and has continued to reap earmarks: $500,000 to fix a sewer plant, $625,000 to repair wooden walkways over the dunes, $450,000 for pedestrian crosswalks.

"They're worth every penny they get," said Mayor Mary Maloof, who led a parade of antique cars to open the new bridge on June 10. "When we started talking about it, there were plenty of eyebrows raised that we would be doing such a thing. But it's turned out to be a valuable tool for helping us cover costs."

Cities and towns — and school districts and transit authorities and utility agencies — across the country are increasingly reaching for that same toolbox, putting lobbyists on retainer to leverage their local tax dollars into federal tax dollars.

Since 1998, the number of public entities hiring private firms to represent them in Washington has nearly doubled to 1,421 from 763, as places like Treasure Island, population 7,514, have jumped onboard with behemoths like Miami that have long had lobbyists.

Most of these new clients had never sought earmarks — some had never even heard of them — before someone knocked on their door, essentially offering big pots for a pittance. Others had read in the newspaper about neighbors with lobbyists building bridges or beach walks and felt pressure to keep up with the municipal Joneses.

"We're all in competition for the same dollars, and you want all the advantages you can have," said John Litton, city manager in Lake Mary, Fla., about 20 miles north of Orlando.

The collective bill over eight years has topped $640 million.

Enlisted almost exclusively to land earmarks, lobbyists for local governments have boomed alongside a broader explosion in such appropriations, to 12,852 items worth $64 billion last year from 4,219 pet projects totaling $27.7 billion in 1998. The prolific earmarking does not change the overall budget's bottom line, but how the pie is cut: dollars are doled out, often in secret, at the whim of a lone legislator — often under the influence of a lobbyist — rather than through a competitive process.

It is against the law to use federal money to hire lobbyists. Yet local officials' near-unanimous justification is that the lobbyists pay for themselves many times over through the infusion of federal funds.

Ronald D. Utt, a senior fellow at the Heritage Foundation and a frequent critic of earmarks, said he was most troubled at seeing firms solicit public clients with virtual guarantees that they could deliver "dollars for pennies" (or billions for millions).

"The mystery to me is the way they are able to promise returns," Mr. Utt said, pointing to the revolving door between Congressional appropriators' payrolls and lobby shops, as well as to lobbyists' generous campaign contributions. "It goes beyond mere influence peddling to just outright, classic third-world corruption."

The most vivid case of earmark-related corruption came with the conviction this year of Jack Abramoff for trading huge fees from Indian tribes for influence with lawmakers. Public entities have also played a prominent role in the current federal investigation of the links between Representative Jerry Lewis, the current Appropriations Committee chairman, and the lobbying firm Copeland Lowery Jacquez Denton & White, leading to subpoenas of several of the firm's government clients in Mr. Lewis's Southern California district.

Lobbyists say there is nothing improper in their political activity. In fact, they use it as a selling point. In a 2002 proposal to the City of Pembroke Pines, an Alcalde lobbyist pointed to monthly fund-raisers the firm held at its offices in Arlington, Va., and said attending events "very frequently" for Republicans and Democrats alike "does allow us to better our local government clients."

Although local officials are rarely active in the campaign-contribution race that accompanies the earmarks derby, the firm's employees have given upward of $200,000 to more than 100 politicians since 1997, nearly half in Florida and in other states where it has clusters of public clients.

"Because we enjoy a considerable clientele from the private sector," the Alcalde proposal read, "we are able to significantly participate in the political and fund-raising process that might at times better enable us to access public policy makers on behalf of all the firm's clients."

Beyond any question of quid pro quo, however, some critics say the new ubiquity of private lobbyists paid with public money perverts basic democratic tenets. Of the 250 top-grossing firms in Washington, 48 have state, local and tribal governments as their leading source of revenue, far more than any other sector, according to the Center for Public Integrity, which monitors lobbying.

Tim Phillips, president of Americans for Prosperity, one of several Washington watchdog groups critical of earmarks, said it was local politicians' mandate to make their needs known — and the job of members of Congress to look out for them.

"If you're a mayor or a city councilman and you have to hire a lobbyist, what a gross admission of failure on your part," Mr. Phillips said. "I would think they have a fiduciary responsibility to not put taxpayer dollars into lobbyists when they're elected to be, really, the lobbyist for the people."

The mayors and city council members, though, point to the special appropriations as proof of their fiscal prudence.

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Alcalde & Fay is one of three firms — along with Patton Boggs and the Ferguson Group — that collected $25 million from public clients in the past eight years, much more than any other lobbyists. A close look at Alcalde & Fay's 44 public clients in Florida alone shows that, since 2001, $9.8 million in lobbying fees translated into $173 million in earmarks, or a return of $18.41 on every dollar spent.

In Treasure Island, each dollar to Alcalde & Fay yielded $285.83 in federal money.

A Game Changed

To understand how the game has changed, consider the visit of West Virginia University leaders to Senator Robert C. Byrd's office one day in 1989.

They went to see Mr. Byrd — a Democrat long known as the "prince of pork" for pumping money into hometown projects, and then the chairman of the Appropriations Committee — about a research center. When the senator learned the delegation included several lobbyists, he directed them to wait in the lobby.

Mr. Byrd asked for an $18 million earmark, then withdrew the request after an article in The Washington Post revealed that the lobbying firm, Cassidy & Associates, was the origin of the university's idea for where to seek the money.

"I'm on the Appropriations Committee — if I can't do it, nobody can," The Post quoted Mr. Byrd as saying. "Why do you waste your money on a lobbyist when I'm being paid to be your senator?"

These days, such comments seem quaint.

Some lawmakers still insist that lobbyists are unnecessary for local governments, but far from being kicked out of meetings on Capitol Hill, the lobbyists typically arrange them.

When Ms. Maloof, the Treasure Island mayor, makes her annual pilgrimage to Washington to press her case, her lobbyist, L. A. Bafalis — a former Republican Congressman from Florida — picks her up at the airport and escorts her through the day's meetings, paying for lunch in the Capitol's members-only dining room.

A typical monthly retainer is $5,000, with raises over time — and success. For that, according to interviews with more than a dozen Alcalde & Fay clients, the firm sends weekly e-mail messages detailing available federal grants and arranges once-a-year visits to Washington. In between, some clients speak to their lobbyists weekly, while others go a month or more without a phone call.

The Municipalities Practice Group at Alcalde, which accounts for about half the firm's client roster and a third of its $12 million annual revenue, was born with the firm, in 1973. Hector Alcalde had been chief of staff to a congressman from Tampa for a dozen years, and his first client was the Tampa Port Authority, which still pays the firm about $80,000 a year, according to Senate reports.

The City of Tampa eventually signed on, too. And the surrounding county, Hillsborough. Then the neighboring county, Pinellas. The City of Clearwater, 23 miles west of Tampa, became a client in the 1990's, and it was Alcalde & Fay's success in getting Clearwater $22 million in 2000 to replace its own bridge that got Treasure Island's attention.

And so on.

In the 2002 pitch to Pembroke Pines, Alcalde & Fay boasted of having 35 public clients on its roster, including many of the town's neighbors. Now it has 85.

"All of them say, 'We're paying taxes, this is a way for us to get back our fair share of what we're paying into,' " said Andy Wahlquist, a partner who handles several of the firm's public clients in Florida.

Noting the proliferation of earmarks, Kevin Fay, the firm's president, said, "They're compelled to try to get some of that money if the programs are out there."

A snapshot analysis shows that hiring a lobbyist seems to help.

Looking at the 10 Florida cities with populations closest to Treasure Island's, none have lobbyists registered with the Senate; the only earmark among them was $25,000 last year for a veterans' memorial at Alachua City Hall.

North Miami Beach and Homestead, Alcalde & Fay clients with about 40,000 residents each, got a combined $13 million in earmarks in the past five years, while six cities of similar size got none. (Dunedin, population 35,691, lacked a lobbyist but got three earmarks totaling $2.7 million while its congressman, Mr. Young, ran the Appropriations Committee.)

Local leaders say they lack both the knowledge of bureaucratic procedures and the political contacts to navigate the complex world of federal appropriations. Besides, they are thousands of miles from Washington, picking up garbage and running recreation programs and putting police officers on beats.

Cyndie Goudeau, the Clearwater city clerk, said she could comfortably approach her own congressman, Mr. Young, "but if I walk into a representative or a senator's office that's not from this area, they don't know me from a man on the moon."

"But they know Danielle, they know Hector Alcalde, they know that firm," Ms. Goudeau said, referring to Danielle McBeth, the Alcalde partner who handles Clearwater's account. "If we didn't have one, we wouldn't be getting the funding we're getting."

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In the past five years, Clearwater has collected 37 earmarks totaling some $30 million, or $26.25 for each dollar paid to Alcalde & Fay. Besides the sleek, curvaceous bridge leading from downtown to the city's island beaches, the city collected $4 million to transform the streetscape along the water, $1.5 million for a homeless shelter, $1 million for police technology and more.

"In a perfect world, you wouldn't need them," Ms. Goudeau said as she showed off the bridge one recent morning. "But the world's not perfect."

Flying to Washington in February, Joe A. Martinez, chairman of the Miami-Dade County Commission, studied biographies of members of the transportation committee he hoped to persuade to finance a new commuter rail line. He noticed one, Representative Corinne Brown, from Florida, but she is a Democrat — he is not — and from Jacksonville, the other end of the state.

So he called Mr. Alcalde. It turns out that Ms. Brown's daughter, Shantrel Brown Fields, is an associate at the firm.

"I had a meeting with her the next day," Mr. Martinez said of Representative Brown. "I got results."

Last year, Miami-Dade spent more than any other government entity on lobbying, $1.36 million. Totaling fees for the past eight years, it ranks sixth, with $6.7 million; topping the charts are the Metropolitan Water District of Southern California and the Gila River Indian Community, which each spent more than $10 million.

Spreading the Wealth

In general, the largest states had the most public entities with lobbyists — and the biggest fees — but there are notable exceptions: Louisiana ranks fifth, for example, with its government agencies spending nearly $24 million from 1998 to 2005, and Puerto Rico ranks ninth, with $19 million, about the same as Michigan, Illinois and Pennsylvania, which have two or three times Puerto Rico's 3.8 million people.

Mr. Martinez said that after taking over as Miami-Dade chairman last year, he decided to slash the lobbying budget in half, fire 8 of the 11 firms on contract and send his own employee to open a Washington office. But that employee does not have the contacts, Mr. Martinez said: "He doesn't have access to all these people."

Large governments like Miami-Dade — along with ports, airports and public utilities — have long had people in Washington looking out for their interests. What has changed in the past few years is the number of smaller entities looking to get in on the action.

The number of cities with lobbyists, for example, has grown to 511 from 234 in 1998, and the number of counties has also doubled, to 186 from 85. Fifty-nine public school districts had lobbyists last year, up from 19 in 1998, while the number of police and fire departments with their own paid representatives jumped to 16, from just 2.

In Florida, Lake Mary, population 13,922, signed up for $5,000 a month in 2002, joining the two nearby county governments, the local airport, the wastewater authority and the nearby towns of Sanford (population 49,252) and Oviedo (population 30,800) on Alcalde & Fay's client list. But after three years, $220,000 and half a dozen requests for money, all Lake Mary got was a $100,000 clock tower that plays Christmas and wedding music. So the City Council terminated the contract last year, then promptly hired another lobbyist, based in Orlando.

"We felt that if we were going to invest that kind of money, we wanted to attempt to try to get more return on our investment," Mr. Litton said. "Sometimes in the bigger firms you kind of envision yourself as just a number."

Of Alcalde's 44 Florida government clients, half a dozen got no earmarks in the past five years; five more got less than a dollar back in earmarks for every dollar spent on lobbying. The City of Tampa and Orange County also recently fired Alcalde & Fay upon changes in their elected leadership.

"If there's a long list of clients that have something in common with Orange County, i.e., being a local government in central Florida or the state of Florida, then it would occur to me that there's the potential, at least, to dilute your effectiveness," said the county's new mayor, Richard T. Crotty. "There's only so much money to go around, and if you cut the pie 40 ways instead of two ways, that's not as good a deal."

If Alcalde & Fay has cornered the Florida market, Bradley Arant Rose & White dominates Alabama, its home state. Robertson, Monagle & Eastaugh, an Anchorage firm, represents nearly half the public entities in Alaska with lobbyists. Then there are firms like Marlowe & Company, in Washington, which sells itself as an expert in getting money to prevent beach erosion.

Rather than creating a conflict of interest, partners of Alcalde & Fay said that having a geographic cluster of clients allowed them to concentrate on a certain Congressional delegation. They said they were careful to present each client's priorities and, as Mr. Wahlquist put it, never "go to the Hill with more than one client in mind."

A Need for Professionals

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The four-lane, 1.4-mile bridge connecting this spit of land with St. Petersburg was built in 1939, when Treasure Island was unincorporated and had just a handful of homes. By 2003, it rated 3.3 out of 100 on a standard bridge rating. "At zero, you're in the water," said Don Hambidge, the public works director.

Chuck Coward, the former city manager, said the city planned to issue $25 million in bonds backed by toll revenue, and to seek $15 million from the federal government and $10 million from the state. But, he said: "Treasure Island's a very small city. It's not savvy in federal politics."

"We thought we had a worthy project, we thought there were a lot of attributes to it, but we were not skilled in presenting those," Mr. Coward said, recalling several years of requests without results. "After talking with Clearwater, we thought very certainly some professional assistance would be appropriate."

Mr. Bafalis, the lobbyist assigned to Treasure Island, had served in the State Legislature and in Congress with Mr. Young before a failed bid for the governor's nomination in 1982. He mentioned Mr. Young's aversion to tolls when he first met with Mr. Coward on Sept. 23, the day before Mr. Coward met with Mr. Young about the bridge.

Like Mr. Bafalis, Mr. Young declined to be interviewed for this article. But his chief of staff, Harry Glenn, said the removal of the toll had been key to obtaining the earmark, not hiring the congressman's old friend.

"When asked the question whether a city or county needs to hire a lobbyist, he has always told them they don't need to hire a lobbyist to work with their own congressman," Mr. Glenn said. "That's his job. Those are the people he was elected to represent. He doesn't need to work through somebody else to schedule a meeting with a mayor or a city council member."

At the bridge ceremony, where residents nibbled "no toll house cookies," it was Mr. Young who got thanked, not Mr. Bafalis. A 1927 fire engine was the first vehicle to roll across, followed by a forest green Ford Tudor Deluxe as old as the original bridge and two dozen more classics, like a 1959 turquoise Impala and a 1967 cherry Camaro convertible, both complete with fuzzy dice.

Though only one lane flowed in each direction — the two other lanes should be done by next summer — residents were relieved to have their evacuation route reopened in time for hurricane season, and to be able to cut as much as 40 minutes from their commute into town.

The City Council, meanwhile, may yet consider raising property taxes this summer. Without the toll, they would otherwise have no money for maintenance of the new bridge. Unless Alcalde & Fay helps find another earmark.

Federal Standards Put Schools In Quandary (MH)

By Matthew I. Pinzur

The Miami Herald, July 2, 2006

More than 500 high-poverty Florida schools could be forced under the federal No Child Left Behind law to privatize, become charters, replace most of their staffs or make other major changes -- even though some have repeatedly received A or B grades from the state.

A handful of low-performing schools have already faced that choice under Florida's own education accountability laws. But it could become far more widespread next year unless those schools make unprecedented gains on the state's high-stakes standardized test.

"This calls for a drastic change of culture, an entirely new environment," said Rod Paige, the former U.S. secretary of education who oversaw the creation of No Child Left Behind in 2001.

But Florida's education commissioner suggested in an interview Friday that he may defy the federal law -- and risk losing millions in funding -- if he cannot convince Congress or federal education officials to take a more moderate stance.

"My first duty is to the state of Florida's accountability system; I will act accordingly," Education Commissioner John Winn told The Miami Herald. ``I'd be hard pressed to demand an A school make wholesale restructuring."

No Child Left Behind created a ladder of penalties for schools that fail to meet federal standards. The strongest sanction forces a school to plan for dramatic restructuring if it falls short for five consecutive years. If it fails a sixth time, that plan must be immediately implemented.

In Florida, 535 public schools have missed the goal -- known as Adequate Yearly Progress -- for four years. And because AYP standards become more difficult every year, the percentage of schools making it dropped this year from 36 to 28 percent.

It will likely drop further as the targets soar toward 100 percent proficiency. Within a few years, Paige said, huge numbers of urban schools will confront restructuring.

"It would seem the day of reckoning is coming," said Jack Jennings, president of the Center on Education Policy, an independent public-school advocacy group in Washington.

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The federal government's jurisdiction over schools is limited. The No Child penalties apply only to the high-poverty schools that receive federal money under Title I. But that list includes hundreds of South Florida schools. Seventy-nine schools in Miami-Dade County and 32 in Broward have already missed AYP for four consecutive years.

HIALEAH SCHOOL EYED

Among those is Palm Springs Elementary, a Hialeah school of more than 900 students that has received A grades from the state since 2003.

"A staff that's been successful and helped maintain an A school -- why would you restructure it?" asked Roxana Herrera, who recently became Palm Springs' principal.

The apparent disconnect between Florida's school grades and federal AYP is rooted in the two systems' completely different way of interpreting student performance on the Florida Comprehensive Assessment Test.

The school grades are determined almost entirely on two factors: what percentage of students scored a 3 or higher that year on the FCAT's five-level scale and what percentage improved their score since the prior year.

No Child Left Behind measures what percentage of students in various demographic groups are scoring at least a 3 on the exam, which is considered proficient. The target percentage increases every year until 2014, when 100 percent of students must be proficient.

If any one of the nine demographic groups misses the target, the entire school fails to make AYP. At Palm Springs, for example, the school failed to make AYP in 2004 because only 28 percent of special-education students had proficient reading scores -- the goal that year was 31 percent.

"You've got A or B schools that out of 39 criteria has missed one," Winn said. ``To restructure that school based on that, I'm going to be hard pressed to get on the bandwagon regarding that."

There are a handful of loopholes in the rule, but the basic message never changes: Within the next decade, all public-school students in the country must be proficient at reading and math.

"There's a lot of states that aren't yet focused on it, and that's because the numbers have [not] been overwhelming, but they're building," Assistant U.S. Secretary of Education Tom Luce said, speaking June 2 at an education reporters' conference in New Orleans.

HOPING FOR A CHANGE

Indeed, Winn has pinned his hopes on changes to the law. No Child Left Behind needs congressional reauthorization in 2007, and Winn said he hopes the rules will be changed to account for differing levels of achievement instead of the yes-or-no system that now exists.

But the law will not be changed in time for next year's exams. Without a quick change, he said, the 2007 results will be ``a train wreck."

To avoid it, Winn wants federal officials to approve a "growth model," which would allow schools to make AYP even if they fall short of the goals, as long as their students are on pace to catch up. Such a model was rejected this year, but Florida was encouraged to tweak its plan and reapply.

Without it, Winn said, many schools will fall further and further from the federal goals.

"It's like me playing golf -- I throw up my hands and say I'm never going to make it," Winn said. ``We've never raised [Florida's system] to the level of hopelessness, but I think we're on the tipping point of that for No Child Left Behind."

Gov. Jeb Bush has long insisted there is no contradiction between the two systems, but this spring he said Florida's system was more effective.

"That's no disrespect to anybody in Washington, D.C," Bush said June 14. ``I believe our system [school grades] is the most comprehensive system of measuring how schools are doing based on student learning."

Local districts, meanwhile, are left with little guidance about what to do if federal law tells them to restructure dozens or hundreds of schools.

"This has always been a problem, the idea of putting public school systems in a vise between their own state requirements and No Child Left Behind," Miami-Dade Superintendent Rudy Crew said. ``If the state and federal government will get on the same page, it will avoid districts being at risk of being in this conflicting environment altogether."

A few states began measuring AYP earlier than Florida and have already breached restructuring. California recently dealt with 271 schools, and Michigan had 133.

But according to Jennings' group, the vast majority elected for the vaguest of the law's requirements: ``Undertaking any other major restructuring of the school's governance that produces fundamental reform."

In Michigan, for example, those plans included reorganizing the school's governance and changing the curriculum -- strategies often used in Florida for schools that repeatedly earn F grades.

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While those plans seem less drastic than the law's other options, the Center on Education Policy's study of Michigan suggests they work: Eighty-five percent of the state's restructured schools made AYP the following year.

TOUGH TALK

"What happens with politicians is that they talk tough when they sign laws and pass laws, but that doesn't necessarily mean that's how the law is going to be implemented," Jennings said.

But as AYP becomes more difficult to achieve, internal reforms may not be enough. Moreover, the law says little about what happens to schools that continue to miss AYP after the sixth year.

Paige said policy-makers and public pressure will likely force those schools to confront the more draconian options.

"I'm not surprised they're looking first to these kinds of steps," said Paige, now chairman of Chartwell Education Group, a consulting firm. ``But eventually, I think it is going to go to the kinds of things conceptualized in the legislation."

The School Testing Dodge (NYT)

The New York Times, July 2, 2006

Many of the nations that have left the United States behind in math and science have ministries of education with clear mandates when it comes to educational quality control. The American system, by contrast, celebrates local autonomy for its schools. When Congress passed the No Child Left Behind Act, it tried to address the quality control problem through annual tests, which the states were supposed to administer in exchange for federal dollars. But things have not quite worked out as planned.

A startling new study shows that many states have a longstanding tradition of setting basement-level educational standards and misleading the public about student performance. The patterns were set long before No Child Left Behind, and it will require more than just passing a law to change them.

Policy Analysis for California Education (PACE), a research institute run jointly by Stanford and the University of California, showed that in many states students who performed brilliantly on state tests scored dismally on the federal National Assessment of Educational Progress, which is currently the strongest, most well-respected test in the country.

The study analyzed state-level testing practices from 1992 to 2005. It found that many states were dumbing down their tests or shifting the proficiency targets in math and reading, creating a fraudulent appearance of progress and making it impossible to tell how well students were actually performing.

Not all states have tried to evade the truth. The tests in Massachusetts, for example, yield performance results that are reasonably close to the federal standard. Not so for states like Oklahoma, where the score gap between state and federal tests has averaged 48 points in reading and 60 points in math, according to the PACE report. The states that want to mislead the government — and their own residents — use a variety of dodges, including setting passing scores low, using weak tests and switching tests from year to year to prevent unflattering comparisons over time. These strategies become transparent when the same students who perform so well on state tests do poorly on the more rigorous federal exam. Most alarming of all, the PACE study finds that the gap between student reading performance on the state and federal tests has actually grown wider over time — which suggests that claims of reading progress in many states are in fact phony.

States have always resisted the idea of one national set of tests, citing local autonomy. But if the United States wants to equal its competitors abroad, it must move away from a patchwork system based on weak standards and a frankly fraudulent system of student assessment. Under one promising proposal, the government would finance creation of a rigorous, high-quality test that would be provided free to the states — as long as they agreed to use federal scoring standards. That would finally give the country an accurate and all-encompassing view of student performance.

OTHER NEWS:

Tech Faceoff: Net Neutrality, In The Eye Of The Beholder (WP)

By Kim Hart And Sara Kehaulani Goo

The Washington Post, July 2, 2006

Stark Contrasts in the Debate Over the Future of the Internet

From Capitol Hill to Silicon Valley, it's become one of the most controversial and confusing topics to hit the tech industry this year: network neutrality. The term is confusing, the ad campaigns have further clouded the issue, and it's no longer easy to tell who's for it and who's not.

Whatever becomes of the concept could affect what you pay for connectivity, the sites you'll have access to and the types of services (think video, music and Internet phone offerings) you'll be able to use.

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Net neutrality is the push to prohibit a pay-for-speed Internet pricing structure that the cable and phone companies -- those that provide high-speed Internet connections -- have proposed.

To better understand it all, go back to the old "information superhighway" analogy, where the phone and cable lines that connect your computer to the Web are the on-ramps to that highway. Should the companies who built those on-ramps -- Verizon Communications Inc. and Comcast Corp. in the Washington region -- be allowed to impose a toll system that charges Web companies such as Google Inc. a higher fee to reach your computer faster than its competitors, such as Yahoo Inc.?

Is that the essence of a free-market system? Or is it one that creates inequality on a road that should have no tolls at all? The jury -- in this case, Congress -- is still out.

* * *

Q Why should I care about net neutrality?

AThe absence of a net-neutrality provision in a revision of the Telecommunications Act could result in fewer choices, according to proponents. Currently, similar Web sites take about the same amount of time to load in a Web browser. If Congress takes no action, the "load time" for some sites -- those that don't pay a premium, for example -- could be longer than others. Likewise, Internet service providers could favor partners that offer music or video downloads, Internet calling or online shopping, slowing access to competing sites. Big companies, such as Google and Microsoft Corp., will be able to pay higher fees to have their sites come up more quickly. But this could stifle innovation and start-up Internet companies, especially those that have little revenue but require a lot of bandwidth, such as online video site YouTube.

Net-neutrality opponents, however, argue that these scenarios aren't happening now and that net neutrality attempts to solve a problem that doesn't exist. From a business perspective, opponents say, Internet providers understand that customers won't tolerate that sort of treatment of the Internet. It's in their best interests to keep all Internet traffic flowing at an equal speed.

Could the number of Web sites I can access be limited?

On this point, both sides say yes -- but for different reasons. Proponents say that without net neutrality, inexpensive free-speech vehicles such as blogs and social-networking sites could be stifled. Likewise, Internet start-up companies would have a tougher time competing for a presence on the Web against the big players. Opponents believe, however, that a government-regulated Internet would deter deep-pocketed technology companies such as Google, Microsoft and Yahoo from investing in a more robust Internet infrastructure. Video and voice features, which take up more room in the Internet pipeline, clog the networks and decrease the speed for everyone. If the tech companies don't pitch in for upgraded networks, the congestion will slow things down for everyone, opponents say.

Would net neutrality affect my ability to download music, watch videos or make phone calls over the Internet?

It could. Proponents cite a scenario in which your Internet provider launches its own music- or movie-download service and puts it on "the fast-download lane" in front of competing services such as iTunes, Yahoo Music and others. More importantly, they say, we've already seen this sort of abuse with Internet phone services. Last year, the Federal Communications Commission sided with Vonage when it complained that a small Internet service provider based in North Carolina was blocking its service to customers. The decision made clear that the FCC won't stand for phone companies blocking their competitors, but current rules don't prevent them from giving their own service priority or charging higher fees to their competitors.

Net-neutrality opponents make the same "congested Internet" argument on this point. But they enhance their position by noting that today's non-neutral market keeps the Internet competitive, forcing iTunes, YouTube and others to invest in an upgrade of the network. Regardless of how you get your Internet service, Web sites could differentiate themselves from other sites by finding new ways to offer speedy delivery. That, in turn, could lead to further innovation and more choices for consumers, they say.

Would net neutrality affect my choices for an Internet provider or how much I pay?

Both sides say no. But those who favor net neutrality worry that if phone and cable companies start charging tech companies for enhanced speeds, the costs could be passed on to the consumers -- in the form of increased prices for music downloads or service fees on online retail sites. Those against net neutrality argue that if the tech companies help pay for the future upgrades needed to deal with increased traffic, then the cable and phone companies won't have to raise rates to offset those upgrade costs. Likewise, they also could create pricing structures that give consumers a choice for the levels of Internet service they want. Heavy users could pay more, while light users could opt for a lower-priced plan.

What happens next?

The net-neutrality issue has been included in a larger telecommunications bill being considered by Congress. The House has already approved its version, but it's unclear whether the bill has enough support in the Senate to move ahead.

As of now, the bill favors telecommunications companies that want the FCC to monitor the issue of access to the Internet. Many Democrats oppose the current bill unless it includes tougher language that would make it illegal for telecom firms to impose a priority pricing structure. It's unlikely that they'll reach a compromise before September, but many lobbyists and

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lawmakers say the net-neutrality issue could prevent the entire telecom bill -- which includes other provisions such as new rules for cable franchises -- from moving forward until next year.

White House Suitors Deluge New Orleans (WT)

By Christina Bellantoni, The Washington Times

The Washington Times, July 2, 2006

NEW ORLEANS -- Visiting Louisiana and Mississippi has become increasingly important for politicians considering a White House bid.

Although New Hampshire and Iowa hold the first-in-the-nation presidential primary and caucuses, the Gulf Coast region ravaged by Hurricane Katrina has emerged as a crucial stop for 2008 contenders.

Sen. George Allen, Virginia Republican, recently walked amid the rubble of what were once homes in New Orleans neighborhoods. Others interested in the presidency also have taken a tour.

"If you are going to be a serious, credible politician, you are going to have to be able to talk intelligently about what Katrina did to this region, and the first step in that is going to be to come and visit now," said Brian Brox, assistant professor of political science at Tulane University.

Mr. Allen pledged to help New Orleans because he views it as a unique American city.

"I don't think that by 2008 this is all going to be built back," he told The Washington Times on June 22 before taking a damage survey by helicopter.

Wearing his signature cowboy boots, Mr. Allen stood atop piles of debris in homes that had been destroyed by Lake Pontchartrain's floodwaters.

"It's just so heartbreaking," he said. "If this were a carpet-bombing in a war, you couldn't have more devastation."

Sen. Mary L. Landrieu has hosted dozens of other lawmakers here, but the Louisiana Democrat is reaching out especially to potential presidential candidates, telling them: "You've got to see what's not working, so hopefully, if you get to be president, you can help fix it."

Other Louisianans agree that seeing is believing.

"There's nothing more effective than showing people like this. You just can't tell from TV," said Sen. David Vitter, Louisiana Republican.

Mr. Allen said smelling the mud and listening to survivors helped him realize the magnitude of the situation and that he was particularly moved by the vast number of family-owned shops and small businesses left in ruins.

After touring the flood-ravaged lower 9th Ward and St. Bernard Parish, he wondered aloud how the neighborhoods could be rebuilt in a place that is "tempting nature."

"It is literally decimated. People cannot live in places that are dangerous," Mr. Allen said.

Mr. Allen, facing a tougher-than-expected re-election battle in the fall, has been criticized for traveling outside Virginia as he simultaneously explores a White House bid. The senator insisted that the New Orleans trip was necessary as he votes on recovery funding and serves on the Energy and Natural Resources Committee, which is tackling coastal issues after Hurricanes Katrina and Rita.

Mr. Allen was briefed on the challenges of the coastal wetlands. He said New Orleans should be able to share in the royalties from deep-sea energy exploration.

Both Mr. Allen and Sen. Evan Bayh, Indiana Democrat, evoked presidential themes at a press conference with Mrs. Landrieu and Mr. Vitter.

"We're all neighbors, and Americans need to stick together," Mr. Allen said.

Mr. Bayh called the rebuilding efforts a "test of America," adding: "We need to learn the lessons of this disaster."

The lawmakers were mentioned briefly in the papers the next day, but some television stations provided no coverage. Observers note that the photos will remain.

"Just like kissing pigs here in Iowa, it's a great photo opportunity," said Steffen Schmidt, a political science professor at Iowa State University.

Former Virginia Gov. Mark Warner, who has been mentioned as a Democratic presidential candidate, was in New Orleans last week on a fact-finding mission to see how he could help with children's health care challenges. He took with him Virginia specialists.

After Katrina hit, Mr. Warner sent his chief of staff to help New Orleans officials.

Sen. Hillary Rodham Clinton, New York Democrat who also took the Gulf Coast tour with Mrs. Landrieu, has called for an independent investigation of the failed government response to the hurricane.

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Political observers said that theme will work for 2008 presidential candidates from both parties. Republicans can say Democratic state and local officials failed to demonstrate proper leadership, while Democrats can criticize blunders made by the Bush administration and the Federal Emergency Management Agency, Mr. Schmidt said.

Sen. Joseph R. Biden Jr., Delaware Democrat, visited New Orleans in March but expressed reservations beforehand that it would seem like "we're all down there grandstanding."

"The risks are real in terms of looking like they are being exploitive," said Linda Fowler, a government professor at Dartmouth College.

Other potential presidential hopefuls who have toured the damage in New Orleans include: Senate Majority Leader Bill Frist, Tennessee Republican, Republican Sens. Sam Brownback of Kansas and John McCain of Arizona, and Democratic Sens. Christopher J. Dodd of Connecticut and John Kerry of Massachusetts.

Sen. Russ Feingold, Wisconsin Democratic, plans a visit this month.

Kerry Faces Hard Road In Presidential Bid (AP-Y2)

By Mike Glover, Associated Press Writer

AP2, July 2, 2006

Seeking the presidency is harder the second time around. As the race for 2008 builds, Democratic Sen. John Kerry has left little doubt about his intentions to try again after his narrow loss to President Bush in 2004. He isn't the only also-ran considering another marathon.

Sen. John McCain (news, bio, voting record), R-Ariz., has the look of a White House hopeful. Three Democrats — 2004 vice presidential nominee John Edwards, retired Army Gen. Wesley Clark and Sen. Joe Biden of Delaware — sound a lot like presidential candidates; Al Gore, the Democrats' nominee in 2000, says he has all but ruled out running for president in 2008.

Kerry faces a challenge of major proportions, convincing Democratic activists that a candidate who just lost an election can still carry his party's White House hopes.

"I think the Democratic Party, unlike the Republican Party, has had a historic reluctance to give people a second chance," said Democratic activist Jerry Crawford, a Des Moines lawyer who was chairman of Kerry's 2004 campaign in Iowa.

It's rare when Democrats give the nomination to a candidate who just failed.

Adlai Stevenson got a second chance against President Eisenhower in 1956, but many suspect that Democrats were pessimistic about the odds of unseating a popular president. Their doubts were realized when Stevenson lost again.

Republicans, on the other hand, are more willing to give their nominees another try. Richard M. Nixon lost the presidency in 1960 and won the White House in 1968. Bob Dole sought his party's nomination in 1980 and 1988. He secured the GOP nod in 1996 but lost the general election to President Clinton.

Dole said the climb gets steeper on the next try.

"I think the advantage is the first time you are fresh and new to a lot of people and they haven't formed a judgment about you," the former Kansas senator said. "The second time around, some people might say he's had his chance, we need a new face."

Kerry's allies acknowledge the struggle but are unwilling to give up the cause.

"Historically, the Democratic Party has tended to shoot its wounded," said former New Hampshire Democratic Chairman Joe Keefe. "John Kerry has done everything within his power to rewrite that chapter."

The Massachusetts senator has raised nearly $9 million for candidates and the party and has campaigned actively across the country.

In statements the party's liberal base has welcomed, Kerry has said he was wrong to vote for the Iraq war resolution in 2002 and has called for an end to the conflict.

The Vietnam War veteran also has come out in favor of a timetable for withdrawing U.S. troops from Iraq. But he got precious little support, even among fellow Democrats, in recent Senate debate.

The amendment failed 86-13 and Kerry's push for the measure frustrated some in the party leadership.

Kerry has made three trips to Iowa. The state's caucuses launch the nominating season and Kerry's surprising victory in January 2004 propelled him to the nomination.

Attitudes have changed among state Democrats, with a recent Des Moines Register poll putting Kerry a distant third behind 2004 running mate Edwards, the former North Carolina senator, and New York Sen. Hillary Rodham Clinton.

Democratic consultant and Kerry ally Jenny Backus said Kerry must overcome "the Democratic curse" of dismissing losing candidates, no matter how well they perform.

"He has grown from the devastation of the last election," said former Sen. Max Cleland of Georgia. "A lot of people who are reacting to Kerry are reacting to the Kerry of '04."

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Kerry, who raised $233 million as a presidential candidate, had about $15 million left after the November 2004 election. That was a sore point with many Democrats who questioned why he did not spend it all to unseat Bush.

Kerry gave about $3 million of that money to various Democratic committees and spent about $2 million to buy the e-mail donor list from his campaign. After covering various campaign debts, he had millions left and has been adding to his accounts since then.

As Kerry moves to involve himself in the next campaign, some point to the flaws in his last run as evidence he shouldn't be the standard bearer again.

"I think he has to make an argument that he could do better than he did in 2004," said Democratic strategist Jeff Link, who is consulting with the political action committee of Iowa Gov. Tom Vilsack, a potential Kerry rival.

"We had an unpopular president who had launched an unpopular war and Democrats were as motivated as I've ever seen them, but he couldn't close the sale. I think that's going to give a lot of Democrats pause," Link said.

John Norris, who managed Kerry's campaign in Iowa and ran his field operations in the general election, said candidates learn valuable lessons in a national campaign that could be put to use in a second bid. Sadly, he said, voters do not see it that way.

"That sentiment you talked about is really strong out there," Norris said. "You know, 'He's had his chance.' I think that's shortsighted."

Link said there is an inherent reluctance to give a candidate a second chance, regardless of how well they performed. He worked for Gore during the disputed 2000 election.

"I was a very strong supporter of Al Gore and when he sort of put his toes in the water in 2004 he didn't find the support I think he had hoped for," Link said. "And he had arguably won the 2000 election."

Veteran Democratic strategist Ron Parker said it isn't a very complicated set of dynamics.

"For most folks, Kerry's selling point was less about ideology, about experience, it was the fact that he was the most electable candidate," Parker said. "It turns out that wasn't true and that opens the door for somebody new in 2008."

Crawford, a close ally of Bill Clinton, said electability is critical to the Democrats.

"We, as a party, are going to get to January of 2008 and take a look at the national landscape. And if it looks like Hillary Clinton can win a general election, the great possibility is she will be our nominee," Crawford said. "If we get to January of 2008 and it looks like she can't win a general election, then it's open season and we'll go from there."

Between Polar Opposites Is This Equator: Text Me (WP)

By Zachary A. Goldfarb

The Washington Post, July 2, 2006

Ring, buzz, vibrate: You've got a political message on your cellphone.

Sending text messages to cellphones is catching on this year as a method for reaching supporters.

On Thursday, the political action committee of former senator John Edwards (D-N.C.) went live with a messaging service. People who sign up for the One America Committee's text-messaging database receive on their phone: "Thanks 4 joining my mobile team. Please text me your name & email. Visit us @ http://oneamericacommittee.com. I'll be in touch. John."

"Senator Edwards and Mrs. Edwards are very interested in utilizing all the latest technologies to communicate with people," said Kim Rubey, Edwards's spokeswoman. "Communicating with text messages is a great way to stay in touch with people who are incredibly busy."

The technology comes from a firm called the Rights Group, which has worked on mobile phone advocacy with organizations such as the American Civil Liberties Union.

"It's a very good way to increase the number of people you're in ongoing contact with," said Jed Alpert, the company's chief executive. "You can enroll at different points of contact, at live events, in print media or on the Web.

"We get response rates that are 10, 20 even 30 times what response rates are to e-mail because open rates are so high with text messaging," Alpert said.

Embattled Sen. Rick Santorum (R-Pa.) recently started using text messaging.

At a women's outreach breakfast in the Harrisburg area last month with Mary Matalin, a former adviser to Vice President Cheney, attendees were invited to join Santorum's text-message database. In response, they received: "From Keeping Women's Docs in PA to Allowing Parents the Freedom to Work from Home, Rick Santorum is Leading 4 Women. Look 4 Msgs with More Information."

"We wanted to find a way to reach some of the busiest voters. Almost everyone has a cellphone at their fingertips," said Virginia Davis, Santorum's spokeswoman. She said people who sign up will get "periodic updates on what the senator is up to."

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Right now, the text-messaging feature is limited to Santorum's women's outreach efforts, but it could be expanded to other groups, such as veterans or students.Kerry's Treasury Department

John F. Kerry, the Democratic presidential nominee in 2004, has a big electronic address book -- it contains 3 million e-mail addresses -- and he hasn't been shy about using it to promote Democratic causes and to position himself for a presidential run in 2008. Now, insiders say, it's also bringing in quite a bit of money for Democrats nationwide.

Kerry insiders said reports for the quarter that ended Friday show he has given or raised nearly $10 million for Democratic candidates and committees since November 2004. That's $1.5 million in the past three months. Kerry has raised a total of $13.5 million this cycle.

Just last week, Kerry sent out an e-mail to raise money for the Senate candidacies of incumbent Maria Cantwell (Wash.), Claire McCaskill (Mo.), Rep. Sherrod Brown (Ohio) and incumbent Bob Menendez (N.J.). Kerry has given or raised $2.3 million for 18 Senate candidates and $6 million for 36 committees.

Other potential 2008 presidential candidates have also been active in giving and raising money.

Kerry's 2004 running mate, former senator John Edwards, has raised $6.5 million this cycle for fellow Democrats. He does not give funds to other committees.

Sen. Hillary Rodham Clinton (N.Y.) has raised and given $8 million to Democratic candidates and committees this cycle.

Former Virginia governor Mark R. Warner's Forward Together has raised $8.2 million and donated $810,000 to candidates and party committees since the political action committee was formed last year. Warner aides could not specify how much he has raised for other candidates, but he has done more than 25 events for candidates since last November.Bush, Yea or Nay?

President Bush isn't running for office this year, but candidates are doing their best to make 2006 a referendum on him.

Two new television ads have popped up in the Senate contests in Connecticut and Nebraska that feature the chief executive.

In Connecticut, businessman Ned Lamont, who is challenging Sen. Joseph I. Lieberman in an Aug. 8 Democratic primary, has launched an ad that morphs the incumbent into the president. The commercial features images of Bush paired with audio from Lieberman, creating the effect that Bush is speaking with the Connecticut Democrat's voice.

"Joe Lieberman may say he represents us, but if it talks like George Bush and acts like George Bush, it's certainly not a Connecticut Democrat," the narrator says. Lamont is hoping to capitalize on anti-Bush sentiments in the state to defeat Lieberman, one of the Democrats most closely aligned with the president.

In Nebraska, Sen. Ben Nelson (D), who is seeking reelection in Nebraska, is playing the opposite game.

In an ad that slams his GOP challenger, former Ameritrade Holding Corp. executive Pete Ricketts, the narrator says: "We know no one's more independent than Ben." Bush appears in a clip from his visit to the state in February 2005 in which he praises Nelson as "a man with whom I can work, a person who's willing to put partisanship aside to focus on what's right for America."

Since Bush uttered those words, Nelson's political team has viewed them as political gold -- essentially an endorsement of the senator's centrist politics by a president who carried the Cornhusker State with 66 percent in 2004.

The Power Of Hillary (WP)

By James Carville And Mark J. Penn

The Washington Post, July 2, 2006

"Hillary Clinton really is one of the weakest . . . nominees with whom the Democrats could be saddled."

"Democrats are worried sick about her chances."

"Just give someone else a chance, so we in the Democratic Party can elect a Democrat."

"She cannot possibly, possibly win."

Yada, yada, yada.

We've heard all this "Hillary can't win stuff" before. In fact, the quotes above aren't from recent weeks but from six years ago, when many pundits -- and Democrats -- said there was no way that Hillary could get elected to the Senate. She won by 12 percentage points.

We don't know if Hillary is going to run for president, but as advisers who have worked on the only two successful Democratic presidential campaigns in the past couple of decades, we know that if she does run, she can win that race, too.

Why? First, because strength matters. Our problems as a party are less ideological than anatomical: Our candidates have been made to look like they have no backbone. But the latest Post-ABC News poll shows that 68 percent of Americans describe Hillary Clinton as a strong leader. That comes after years of her being in the national crossfire. People know that Hillary has strong convictions, even if they don't always agree with her. They also know that she's tough enough to handle the viciousness of a national campaign and the challenges of the presidency itself.

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One thing we know about Clinton campaigns: Nobody gets Swift Boated.

The woman who gave the War Room its name knows how tough politics at the presidential level can be. Adversaries spent $60 million against her in 2000, and she endured press scrutiny that would have wilted most candidates. She gave as good as she got, and she triumphed.

For those who think that the politics of personal destruction might be rekindled against Hillary or her husband, we can only remind people how consistently that approach has backfired in the past. Bill Clinton would certainly be a huge asset if Hillary decided to run.

In fact, Hillary is the only nationally known Democrat (other than her husband) who has weathered the Republican assaults and emerged with a favorable rating above 50 percent (54 percent positive in the latest Post-ABC poll).

Yes, she has a 42 percent negative rating, as do other nationally known Democrats. All the nationally un known Democrats would likely wind up with high negative ratings, too, once they'd been through the Republican attack machine.

The difference with Hillary is the intensity of her support.

Pundits and fundraisers and activists may be unsure of whether Hillary can get elected president, but Democratic voters, particularly Democratic women and even independent women, are thrilled with the idea.

The X factor for 2008 -- and we do mean X -- is the power of women in the electorate. Fifty-four percent of voters are female. George Bush increased his vote with only two groups between 2000 and 2004: women and Hispanics. Bush got 49 percent of white female voters in 2000 and 55 percent in 2004. Of his 3.5-percentage-point margin over John Kerry, Bush's increase with women accounted for 2.5 percentage points. The rest came from a nine-point increase among Hispanic voters: from 35 percent in 2000 to 44 percent in 2004. We believe that Hillary is uniquely capable of getting those swing voters back to the Democratic column.

Hillary's candidacy has the potential to reshape the electoral map for Democrats. Others argue they can add to John Kerry's 20 states and 252 electoral votes by adding Southern states, or Western or Midwestern, depending on their background. Hillary has the potential to mobilize people in every region of the country.

Certainly she could win the states John Kerry did. But with the pathbreaking possibility of this country's first female president, we could see an explosion of women voting -- and voting Democratic. States that were close in the past, from Arkansas to Colorado to Florida to Ohio, could well move to the Democratic column. It takes only one more state to win.

Finally, for those who believe that Hillary's electoral chances are tied to ideology, not leadership qualities, we believe that she is squarely in the mainstream of America. Some people say she is too liberal, some that she is too conservative. We think her 35 years of advocacy for children and families and her tenacious work in the Senate to help ensure our security after Sept. 11 and to help middle-class families will serve her well. We think she represents the kind of change the country is yearning for: a smart, strong leader. She would take the country in a fundamentally different direction: closing deficits, not widening them; expanding health care coverage, not shrinking it. Fighting terrorism without isolating us from the rest of the world.

We don't know whether Hillary will run. But we do know that if she runs, she can win.

James Carville, a Democratic political consultant and commentator, was chief strategist in Bill Clinton's 1992 presidential campaign. Mark J. Penn was a key strategist in Clinton's 1996 bid for re-election and in Hillary Clinton's 2000 Senate campaign.

Slamming Bush, Biden Declares Candidacy (NHUL)

By John Distaso

Union Leader, July 2, 2006

Bedford – After more than 30 years in the United States Senate and nearly 20 years after his first try for his party's Presidential nomination, Joseph Biden has no doubts about making another run for the White House.

"I'm in," the Delaware Democrat said Friday as he began a five-day visit to the first-in-the-nation primary state.

"I know I'm supposed to hedge, but I'm in."

Biden dropped out of the 1988 nomination race amid allegations of plagiarism. He then suffered a cerebral aneurysm virtually on the eve of the New Hampshire primary.

He recalls being given a 30 percent chance of surviving.

"I'm lucky," he said. "I'm a respecter of fate. But barring something like that happening to me or my family, I am in."

Biden said he won't be surprised if, as the fourth longest-serving member of the Senate, he's labeled the "consummate insider."

But, he said, the label doesn't really apply.

Biden, 63, realizes that among the hard left activists in his party, his stance on the Iraq war — to stay and fight until the job is done — is unpopular. But he is asking for their trust that a "neo-isolationist" foreign policy is the worst possible alternative for the country at this point in history.

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Regarding the Iraq war, terrorism, and overall foreign policy, Biden considers himself a “muscular Democrat.”

In an interview at the Bedford Village Inn, Biden said the Bush administration’s policy has made the United States more vulnerable to terrorism, not less.

The ranking Democrat on the Senate Foreign Relations Committee and former chairman of the Senate Judiciary Committee, Biden said his “bluntness” and the fact that he shuns the Washington “political rounds” and “embassy rounds” will show voters he is not typical of the Capitol Hill genre.

“But the very thing that may prevent me from being viewed as the consummate insider is the very thing that may get me in trouble — and that is a tendency to say what I think,” he said.

While he is employing consultants, such as long-time friend former Democratic national chairman David Wilhelm, who managed Bill Clinton’s 1992 campaign, Biden said, “I’ll have my counsel be my own counsel.”

While admitting to being “agnostic” on what he considers less important issues, Biden said, “There are certain core things I’m not prepared to back off on,” including, he said, a belief that Sens. John Kerry and Russell Feingold’s calls to withdraw troops from Iraq by a specified date in mid-2007 is a mistake.

Biden said 2008 may also be “the one year maybe in the better part of a century when it’s much better to be a senator than a governor. I don’t think the country is looking for on-the-job training.”

He said four of the seven Presidents he has served with were former governors, and each “took at least two years to figure out what their foreign policy was. And I think the public is looking for someone who seems to have strength and the substance, the intelligence, to implement what he or she says."

Biden said his Senate experience “is the thing that’s given me the confidence to believe I’m the best qualified person to be President. I’m wrong about a lot of things, but I haven’t been very wrong about the foreign policy side of the equation.”

A key missing component of George W. Bush’s foreign policy, Biden said, is the ability to “project to the world what your values are, and what you value.”

“We need a much, much, much more robust doctrine of public diplomacy,” said Biden, including programs not unlike the cold war’s Radio Free Europe.

He said Donald Rumsfeld should resign as defense secretary in the wake of the Haditha killings to show the world “we take responsibility for mistakes and we’re ready to change.”

The United States must remain the world’s most powerful force by expanding the military and moving from reliance on high-tech weapons “to having a force large enough to be able to deal with the exigencies of the world.”

But even as a “muscular Democrat,” he said, “the rules of engagement are very different for me.

“It’s a matter of having to rebuild alliances by rebuilding faith in our country. Other countries don’t doubt our physical might. They doubt our judgment. That’s where we’ve been so badly damaged.”

Biden said a U.S. Supreme Court decision last week outlawing military tribunals for detainees suspected of terrorism was valuable.

“When we depart from the rule of law, does it help us or hurt us in our overall fight and objective, to take on terror?” said Biden. “It hurts us, and the court’s decision is positive and will help us in the international community.”

Biden said he proposed opening discussions with Iran immediately after 9/11, when thousands marched in the streets to show empathy for the United States. “There was an opportunity because the Iranians were worried about terror turning on themselves.”

He said Bush refused to negotiate.

Biden said Bush correctly handled Afghanistan, “but then the hubris began. We defeated the Taliban almost too quickly, and (the administration) immediately turned their attention away from solidifying Afghanistan, nailing the Taliban and bin Laden, and turning to this new adventure (in Iraq).

“In retrospect, it’s clear to me they had no intention of doing anything other than going to war in Iraq,” Biden said. “This is going to (go) down as the single most tragic foreign policy mistake of this century.”

Biden said that if the United States had not gone to Iraq, Saddam Hussein, “left unfettered,” would have gained access to a nuclear weapon in five to seven years.

But if “we had kept the no-fly zone going, inspections, and if the Kurds had continued building a serious state that was growing, you would have continued to put pressure on Saddam, and I think we would have eventually brought Saddam down in a process where his own military would have decided he was too much of an impediment for them.”

Biden said that with Saddam at least contained, “we could have been able to keep the rest of the world with us and focused on really doing what the President promised us. By now, we would have crushed the Taliban and would have had a much better chance of having eradicated the bulk of al-Qaida and bin Laden.”

Now, Iranian leaders "like things just the way they are," said Biden. "We’re tied down and there is no full-blown civil war.

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"The irony of all ironies is that Tehran is much more secure today because Saddam's gone and the Taliban is gone," he said. "They ought to be sending us a 'thank you' note.

"It did not have to be this bad."

Graham Defies Easy Labels (TSSC)

By James Rosen

The State (SC), July 2, 2006

WASHINGTON — When Lindsey Graham first came to Congress almost a dozen years ago, he quickly became known as a Republican attack dog who helped lead the House impeachment of President Clinton.

These days, conservative activists are less enchanted with the first-term senator from South Carolina.

Graham worked with U.S. Sen. Hillary Rodham Clinton, D-N.Y., to boost military health-care benefits for Guardsmen and Reservists. He's joined with U.S. Sen. Charles Schumer of New York, another Democratic scourge for many Republicans, to clamp down on China's currency manipulation.

A former military lawyer who is still a colonel in the Air Force Reserves, Graham sometimes sits on the service's Court of Criminal Appeals. He was an early critic of the U.S. military's excessive interrogation practices at Abu Ghraib prison in Iraq and elsewhere.

In the "Gang of 14" last year, Graham and 13 other senators from both parties prevented Republicans from trying to force rule changes in order to end Democrats' use of the filibuster to block President Bush's most controversial judicial nominees.

Much like his friend and mentor, U.S. Sen. John McCain, R-Ariz., Graham disdains party-line politics and revels in his independence.

"People are always telling me what I think and why I'm doing something," Graham said last week in an interview. "Usually, they're just full of it."

Graham, 50, has no time for special interest groups and politicians of any political persuasion who "want you to hate the people they hate" and cannot tolerate compromise.

"I readily look for opportunities to work with Democrats to solve problems important to my state and the nation," he said. "If Senator Clinton is willing to come to the middle to provide better benefits for the military, I will get a car and drive her."

HIGH PROFILE

Scarcely 41 months into his Senate term, Graham has become one of the most visible and sought-after members of Congress. A regular on the Sunday morning news shows, he is often trailed around Capitol Hill by TV camera crews and recorder-toting reporters. His office fields dozens of requests each week for interviews, speeches and other appearances.

"Lindsey Graham is a very, very smart guy, and he's also a creative guy," said Charlie Black, a prominent GOP consultant in Washington. "Lindsey thinks of himself as a problem solver. That's why he's out front and involved in a lot of things."

Graham's articulateness and high profile have led some political analysts to cast him as a possible 2008 presidential candidate — a job for which he adamantly denies having even the slightest interest.

Why all the attention?

"I take stands on complicated issues, and I get involved in fights that are sometimes emotional," he said. "Hard political fights are something that I feel like I was sent here to engage in. So, if you get involved in the hard political fights every time, dealing with the tough issues, you're going to stand out. That is part of our modern politics. And if I'm standing out in a way that people believe I could serve at the highest level of government, I think it helps my state."

IN LINE WITH BUSH

Radio talk show hosts, conservative activists in South Carolina and outside the state, and prominent evangelical Christians, including James Dobson and the Rev. Pat Robertson, lacerated Graham last year for his willingness to compromise on judicial nominees.

Under the deal he and the rest of the Gang of 14 hammered out, Democrats agreed to allow up-or-down votes on Bush's more conservative nominees while reserving the right to filibuster — a stalling tactic that requires 60 votes to be stopped — only in limited, extreme cases.

Despite the heat he took for his role in the compromise, Graham believes time has proved him right.

"From a Republican point of view, we have gotten judges confirmed on very close votes that had been filibustered for years," he said. "Alito and Roberts are sitting on the Supreme Court without a filibuster. I think it was a good deal for the Senate, a good deal for President Bush and a good deal for the country."

Even as he touts his independence, Graham says his "conservative voting record is second to none."

Graham regularly acts on his core conservative beliefs, as he did Tuesday in voting for a constitutional amendment prohibiting desecration of the flag, which came within a vote of passing the Senate.

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Graham also has stood fast with Bush on Iraq, criticizing the treatment of some detainees but supporting the broader war effort.

The senator is also more open to the reality of global warming as a serious environmental threat, an increasingly important issue for many evangelical Christians but one still resisted by Bush.

At the same time, Graham backs Bush's more moderate approach to immigration reform, which couples stronger border protections with provisions to grant illegal workers temporary visas and even a pathway to eventual citizenship. House Republicans, backed by conservatives back home, want the border strengthened before considering other reforms.

STILL A CONSERVATIVE

The American Conservative Union, which grades lawmakers on a scale of 1 to 100 each year based on key votes, gives Graham a lifetime ranking of 91. While he points to that figure as proof of his conservative credentials, 19 Republican senators — including Jim DeMint of South Carolina at 98 — have higher numbers.

Other rating groups give Graham high conservative marks, too, though some not as high. To the extent that such comparisons are valid, Graham is less conservative than more than one-third of his Senate Republican colleagues.

"I genuinely and earnestly believe in conservative solutions to the problems facing our country, but I also genuinely and earnestly believe that the big problems of my time can never be solved without some bipartisanship," Graham said.

Whit Ayres, a Republican pollster in Alexandria, Va., said Graham has a rare ability to balance ideology and practical politics.

"He has an unerring sense for what will work politically while remaining true to his principles," Ayres said. "He is a maverick who figures out unusual ways to promote conservative policies and goals."

Graham said he long ago gave up trying to please everyone.

"Some people are not going to like me because I won't stand up in front of the country and spew out a bunch of hate toward my political opponents," Graham said. "I'm just not going to build a career around that. It would hurt my state if I spent my time up here trying to cater to the meanest and nastiest people in politics."

James Rosen covers Washington for The State and other McClatchy newspapers in South Carolina.

GOP Aims To Use A War To Win An Election Battle (LAT)

By Doyle Mcmanus And Peter Wallsten, Times Staff Writers

The Los Angeles Times, July 2, 2006

Republicans are once again making the fight against terrorism a campaign cornerstone. So far, Democrats have not been as engaging.

WASHINGTON — President Bush says Democrats want to "wave the white flag of surrender" in Iraq. Vice President Dick Cheney accuses the opposition party's leaders of "defeatism" in the global war on terrorism. And House Republican leader John A. Boehner of Ohio charges Democrats who applauded last week's Supreme Court ruling on detainees with advocating "special privileges for terrorists."

Ever since the Sept. 11 attacks, Republicans have made an uncompromising stance against terrorism a cornerstone of their campaigns. It helped the GOP to take control of the Senate in 2002 and Bush to win reelection in 2004.

Now, in the face of increasing violence in Iraq and eroding public support for the war at home, Republicans are turning again to the theme of toughness — with gloves off.

The environment is not entirely hospitable. A car bomb killed scores of people in a busy Baghdad market Saturday, a day after the Army announced that American soldiers were accused of raping an Iraqi woman and then killing her and three family members. Polls find most voters say they want to see Democrats take control of Congress this fall.

But Republicans believe toughness still sells.

"Foreign policy looked like a minus for Republicans this year," GOP pollster Frank Luntz said, "but it's turning into a plus…. The public doesn't endorse the Republican policy, but they actually reject the Democratic alternative…. By comparison, the Republicans do well."

Republican strategists hailed last week's Supreme Court ruling on detainees at the Guantanamo Bay naval base in Cuba, which held that Bush had overstepped his powers by refusing some legal protections for alleged terrorists.

"The Supreme Court ruling on Guantanamo was a real blessing in disguise," said Whit Ayres, another GOP pollster. It "allows us to have a debate on whether terrorists should receive the same legal protections as American military personnel…. It's hard to see Republicans losing when that's the debate."

Democratic leaders say, at least in public, that they are confident they can win that debate.

But the Democrats' response so far has been less unified, less pointed and less memorable than the Republicans' attacks.

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"The Democratic leadership has not been very good at this," said George P. Lakoff, a linguistics professor at UC Berkeley who has advised some Democrats on ways to sharpen their message. "They're still debating whether you should say as little as possible and hope the Republicans fail, or stand up for what you believe."

Last week's Los Angeles Times/Bloomberg poll found that 54% of voters said they wanted to see Democrats capture control of Congress this fall, whereas 34% favored Republican control. Voters said they thought Democrats would do a better job than Republicans on issues including the economy, immigration and Iraq. The one exception was national security and terrorism: 39% of registered voters said Republicans would do a better job; 30% favored Democrats.

The poll also found that Bush's approval rating on his handling of the war on terrorism had improved markedly since April — a swing at least partly attributable to signs of progress in Iraq, including the death of Abu Musab Zarqawi, the leader of Al Qaeda in Iraq.

The Republicans' new offensive on national security was launched last month by the White House, which encouraged Republican leaders in Congress to press for a debate on Iraq.

As the debate approached, Bush embarked on a surprise, made-for-TV mission to Baghdad. On the same day, the president's top strategist, Karl Rove, accused Democrats of wanting to "cut and run" from Iraq.

In a June speech to New Hampshire Republicans, Rove charged that Sen. John F. Kerry (D-Mass.) and Rep. John P. Murtha (D-Pa.), who have proposed a timetable for U.S. withdrawal from Iraq, were "ready to give the green light to go to war, but when it gets tough, and when it gets difficult, they fall back on that party's old pattern of cutting and running," according to the Union Leader newspaper.

The next day, Bush signaled that Republicans would paint the Democrats as pushing a plan that would "embolden" terrorists.

"What's going to matter [in the 2006 elections] is who has got the plan that will enable us to succeed in Iraq," he said.

At a fundraising event last week for Sen. Jim Talent (R-Mo.), Bush said: "There's a group in the opposition party who are willing to retreat before the mission is done. They're willing to wave the white flag of surrender. And if they succeed, the United States will be worse off, and the world will be worse off."

And after Thursday's Supreme Court decision on Guantanamo, House Majority Leader Boehner went a step further, accusing his Democratic counterparts of giving Al Qaeda "a show of support" by praising the court ruling.

A statement released by Boehner's office was headlined, "Capitol Hill Democrats Advocate Special Privileges for Terrorists." It noted that House Minority Leader Nancy Pelosi (D-San Francisco) had applauded the court's ruling that alleged terrorists were entitled to "the basic guarantees of our justice system." The statement also said that Al Qaeda was "surely pleased at the show of support from Capitol Hill Democrats."

Some Republican strategists think Boehner may have gone too far.

"That's too extreme," Luntz said. "What you don't want to do in this debate [is] go over the top."

A spokesman for Boehner, Kevin Smith, said that the majority leader stood by his statement and that it fit into the GOP's campaign plan.

"Nancy Pelosi's statement was weak and sympathetic to the rights of terrorists," Smith said.

Pelosi spokesman Brendan Daly replied: "Republicans are resorting to their tired tactics of distort, distract and divide. Instead of actually doing something to protect our nation, such as implementing the 9/11 commission recommendations or hiring more border control agents, they are doing what that always do: trying to incite fear and attack Democrats. It won't work."

Pelosi said in her statement that the Supreme Court ruling provided "a reminder of our responsibility to protect both the American people and our constitutional rights. We cannot allow the values on which our country was founded to become a casualty in the war on terrorism."

So far, issues of national security and terrorism haven't turned up much in races for the House, where Democrats are hoping to erase the Republicans' 15-seat majority.

"House races aren't about national security," said Carl Forti, a spokesman for the National Republican Congressional Committee, which is coordinating GOP House campaigns.

"House races are about pocketbook issues."

But national security is already a theme in several close Senate races, including the contest in Missouri, where Bush campaigned last week.

Talent, the Republican incumbent, faces a tough challenge from Democratic State Auditor Claire McCaskill. Talent has been a strong supporter of Bush's policy in Iraq. McCaskill, a moderate, did not endorse either of two Democratic proposals on a withdrawal from Iraq that came before the Senate last month, leading Talent's campaign to accuse her of being "wishy-washy."

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In Virginia, Republican Sen. George Allen — who is exploring the possibility of running for president — is facing furious attacks on his national security credentials from Democratic nominee James H. Webb Jr., a Vietnam veteran who served as secretary of the Navy in the Reagan administration before leaving the Republican Party.

Allen has accused Kerry and other Democrats of being "weak in the knees."

Webb said he did not endorse Kerry's position.

Democrats Look Beyond City Limits (WP)

By Chris Cillizza

The Washington Post, July 2, 2006

Candidates Turn New Attention To Rural Voters

When Claire McCaskill ran for governor in 2004, she followed a tried-and-true blueprint for Missouri Democrats: She focused heavily on turning out voters in the urban strongholds of St. Louis and Kansas City while working to cut her losses in the vast rural reaches of the state.

She lost.

This year, McCaskill, the state auditor, is back for another statewide race -- against Republican U.S. Sen. James M. Talent -- but with a new commitment to rural areas.

McCaskill formally announced her campaign for the Senate in Houston, Mo., in the state's southern reaches, and since then has made four rural tours through towns such as Hannibal, Springfield, Branson and Mexico. On those trips she travels in a 31-foot RV with her mother, Betty Anne.

"What 2004 demonstrated is that we have ignored rural Missouri at our own peril," McCaskill said.

The wooing of rural voters is essential to Democrats' hopes for taking back the Senate this November, party strategists say. Rural voters wield real electoral power in Missouri, Pennsylvania, Ohio, Montana, Tennessee, Virginia and Arizona -- all of which are being targeted this fall by Democrats.

Sen. Charles E. Schumer (N.Y.), chairman of the Democratic Senatorial Campaign Committee, said the Bush administration's economic policies have created an opening for his party to argue that rural voters have a self-interest in backing Democrats. "The way to get in is not to try to avoid being who we are, but put far greater emphasis on the issues of common ground and talk to people in a language that they speak," he said.

The raw numbers are daunting. Exit polling in the 2004 presidential race showed Bush carrying rural areas 57 percent to 42 percent over Sen. John F. Kerry (D-Mass.). Similar margins have fueled Republican victories on the state and local levels, where candidates have repeatedly used social issues such as abortion and same-sex marriage to advantage over Democrats.

Republican Rep. Robert Aderholt, who represents a largely rural district in Alabama, expressed skepticism about Democratic attempts to make inroads among his constituents.

"Most rural Americans tend to be more conservative," he said. "They see the Democratic Party nationally, and certainly no one has ever labeled [Democratic National Committee Chairman] Howard Dean or [House Minority Leader] Nancy Pelosi a conservative."

Focus groups conducted in 2005 by Democracy Corps, a consortium of Democratic consultants, reinforced that sentiment. "Democrats had lost all credibility as champions of the middle class; as a result, voters saw no real difference between the parties on the economic and quality-of-life issues that mattered most to them," wrote pollster Karl Agne.

But developments over the past year, such as higher gas prices and increased health-care costs, have created a sense of pessimism among rural Americans, according to more recent focus groups conducted by Agne in places such as Little Rock and Golden, Colo. While Iraq remains the dominant issue for this voting bloc, it is the "growing economic pressures facing these voters that really caused fireworks," Agne said.

Hoping to capitalize on this discontent, the Democratic Senatorial Campaign Committee is reviewing the voting patterns of rural and exurban voters in the targeted states and has sought advice from Sen. Ken Salazar (D-Colo.) and Gov. Timothy M. Kaine (D-Va.).

"The successful campaigns of Ken Salazar in 2004 and Tim Kaine in 2005 prove that Democrats are capable of making inroads with these communities and can, at the very least, reduce the large deficits in exurbs that have fatally damaged other candidates in recent history," Schumer wrote in a memo to his colleagues.

How successful Democrats are in this effort will be one of the determining factors in which party controls the Senate in 2007.

This fall's contest in Virginia between Sen. George Allen (R) and James Webb (D), a secretary of the Navy in the Reagan administration, is an example.

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Once viewed as a long-shot race, Virginia now counts among Democrats' top eight potential takeovers. Their optimism springs from a belief that Webb's r?sum? as a decorated Vietnam War veteran and longtime Republican will allow him to blunt the traditional GOP edge in largely rural central and southwestern Virginia.

Steve Jarding, a strategist for Webb, said the key for Democrats to be competitive in rural America is simple: Just show up. "You can't write it off," he said. "We need to quit conceding turf to Republicans."

It was not by accident then that Webb announced his candidacy in Gate City, in the far southwestern part of the state. Scott County, of which Gate City is part, voted 65 percent for President Bush in 2004 and 63 percent for Allen when he defeated then-Sen. Charles S. Robb (D) in 2000. Webb must improve on those numbers to have any realistic chance of winning, analysts say.

While Webb's r?sum? may be appealing to rural voters, his positions on issues are out of whack with their beliefs, said Allen campaign manager Dick Wadhams. He said that while Democrats make "cosmetic" arguments on why they can appeal to rural voters, there is no substance beneath that style.

"Showing up at a NASCAR race wearing a flannel shirt does not do anything to change the reality that Democrats are by and large out of touch with rural voters on fiscal and cultural issues," Wadhams said.

James G. Gimpel, a professor of government at the University of Maryland, said that while recent Republican struggles have narrowed the partisan gap among rural voters, the perceived liberalism of national Democrats makes any wholesale shift among this group unlikely.

"If you don't prime rural voters on the issues that they care about, a lot of them will go your way because they are Democrats," Gimpel said. "If you remind them of how conservative they are and how liberal the national Democratic party is, those Democrats would say they will vote for the man, not the party."

GOP Woos Values Voters, Pushes Hot-button Issues (SLPD)

By Deirdre Shesgreen

St. Louis Post-Dispatch, July 1, 2006

Forget about immigration overhaul, lobbying and ethics reform, and even the Iraq war.

Last week, House Republican leaders unveiled an election-year "values agenda" that included a gay marriage ban, abortion restrictions and legislation preserving the words "under God" in the Pledge of Allegiance, among other items. And the Senate spent two days debating a constitutional amendment to ban flag desecration before defeating it, just a few weeks after an amendment banning gay marriage met the same fate.

These hot-button cultural issues are designed to rev up the Republican base and cut into Democratic support among rural blue-collar voters; they are so-called "wedge" issues that in the last election helped propel George W. Bush to a second term and boosted Republican majorities in Congress.

That 2004 vote sent Democrats reeling, with many calling for a re-examination of the way they talked about faith and politics and a new push to win back "values voters" who over the last few election cycles have come to see the Democratic Party as reflexively anti-religion.

Last week's action by Republicans shows the GOP is ready for a replay of the culture wars.

"Radical courts have attempted to gut our religious freedom and redefine the value system on which America was built," House Speaker Dennis Hastert, R-Ill., said in a statement unveiling the House agenda. "We hope to restore some of those basic values" with these legislative proposals.

It's unclear whether Democrats, despite their soul-searching, will be able to reframe the debate with their own moral tilt and cut into the established GOP advantage on these issues.

Sen. Barack Obama, D-Ill., suggested in a speech last week that Democrats had fallen into a trap of their own making on religious issues and had made little progress despite evidence of the serious electoral ramifications.

"At best we may try to avoid the conversation about religious values altogether, fearful of offending anyone or claiming that ... constitutional principles tie our hands," Obama said in a speech to Call to Renewal, a liberal Christian group focused on eliminating poverty.

"At worst," Obama said, "there are some liberals who dismiss religion in the public square as inherently irrational or intolerant ... (with some) thinking that the word 'Christian' describes one's opponents, not people of faith."

That may have been a subtle jab at Howard Dean, now head of the Democratic National Committee, who last year sparked an uproar when he said of the GOP: "They all behave the same. They all look the same. It's pretty much a white, Christian party."

"Red meat" in Missouri

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Del Ali, an independent pollster whose firm conducts polls for the Post-Dispatch, said there's no evidence that Democrats have gained ground on these sensitive social issues. But he said the public may not get as riled up about gay marriage or other "values" subjects this election as they did in 2004.

In this sour political climate, Ali said, voters are not going to wake up "every morning saying 'I don't care what the price of gas is ... I hope no one's burning the flag."

Still, he said, the GOP's move last week is a strategic one that could make a small but significant difference in a few House and Senate key races, particularly in an election where turnout of each party's base will be crucial.

In Missouri, for example, Sen. Jim Talent, R-Mo., needs some "red meat" issues to make sure conservative voters in the southern part of the state are motivated to get to the polls, Ali said. Talent supported both constitutional amendments barring flag desecration and gay marriage.

Talent's Democratic challenger, Claire McCaskill, has been playing up her rural roots in an effort to blunt Talent's advantage among those voters. So it was no surprise that McCaskill moved quickly last week to neutralize the flag issue, saying that she, like Talent, would have voted for the measure.

In Washington, Democrats have been trying out all sorts of new strategies to woo evangelical voters. Last month, Dean went on Pat Robertson's "700 Club" show and declared that Democrats have "an enormous amount in common with the Christian community."

Senate Democrats have called in a half-dozen or so liberal religious activists, authors and others to help them reframe key issues in values-laden language.

Democrats stress that their retooling has not been about shifting positions but about finding new ways to talk about Democratic priorities - from protecting the environment to increasing health care coverage. For example, they have tried to reframe economic issues, such as tax cuts geared toward the wealthy or budget cuts aimed at the poor, in moral terms.

"When you've got an estate tax debate that proposes a trillion dollars being taken out of social programs to go to a handful of folks who don't need and weren't even asking for it, you know that we need an injection of morality in our political debate," Obama said in his speech.

Courting evangelicals

Republicans and conservative activists shrug off the Democratic efforts, saying they can't repackage their positions on issues that matter most to conservative Christian voters.

"When your party is pro-abortion, pro-gay rights, and pro-flag burning ... how do you say that in a nicer way?" said Connie Mackey, of the Family Research Council, a prominent Christian advocacy group. "I don't know how you can sell that."

Mackey said the GOP's recent focus on such issues will help re-invigorate evangelical voters who have otherwise become somewhat disenchanted with Republicans over immigration and other issues.

But Mackey also noted that congressional Republicans have not been able to deliver on most of those issues, causing further consternation.

Another bill on the House Republicans "values agenda" is a proposal, sponsored by Rep. Todd Akin, R-Mo., to prevent federal courts from declaring as unconstitutional the words "under God" in the Pledge of Allegiance. But that measure could not even muster a majority in a committee vote last week.

"There's room for a lot of improvement," Mackey said. She acknowledged "a dip in enthusiasm" among conservative Christians, but added, "when the time comes around, there's still a base that can be counted on."

Jim Wallis is a liberal Christian activist and author of "God's Politics: Why the Right Gets It Wrong and the Left Doesn't Get It." He said he has seen some progress among Democrats, although they've been "slower" to adapt than grass-roots activists.

"I think a lot of Democrats are learning that they can't cede the entire territory of moral values and religion to a religious and political right without them defining the entire conversation, which they did in 2004," said Wallis, among those called in by Senate Democrats for advice.

Religious conservatives had "insisted there were only two moral values questions: abortion and gay marriage," he said. But now issues from poverty in the United States to violence in Sudan are on the agenda, with Democrats talking about those issues in the context of their "moral compass."

EDITORIAL WRAP-UP

Backtracking In Darfur (WP)

The Washington Post, July 2, 2006

Sudan's dictator gets nastier.

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THIS YEAR, Sudan's government declared that it would allow United Nations peacekeepers into the western region of Darfur once a peace deal had been concluded. Then a peace deal was signed in May, and the government reversed itself. President Omar Hassan al-Bashir recently swore that "there will not be any international military intervention in Darfur as long as I am in power."

"We will not accept colonial forces coming into the country," he continued, attributing U.S. pressure for intervention to "Jewish organizations." Meanwhile, Mr. Bashir has some interesting organizations on his side. Ayman al-Zawahiri, the deputy leader of al-Qaeda, recently accused the United Nations of preparing to occupy Sudan and divide it.

U.N. Secretary General Kofi Annan was due to meet Mr. Bashir this weekend. But his chances of persuading the president to change his mind seem negligible. It's not that Mr. Bashir has any principled objection to "colonialist" peacekeepers; he has already accepted a 10,000-strong U.N. deployment in Sudan's south as part of a previous peace agreement. It's simply that Mr. Bashir has calculated that he can snub the international community with impunity. As well as ruling out peacekeepers for Darfur, Mr. Bashir has recently imposed a two-day suspension on most Western aid efforts in Darfur and is blockading humanitarian access to the victims of another crisis in Sudan's east. His fighters are exporting instability to neighboring Chad. And he has missed a deadline in the Darfur peace deal for submitting a timetable for disarming the genocidal janjaweed militia.

History has demonstrated that Mr. Bashir's regime is susceptible to foreign pressure. Sustained diplomacy pushed him into a peace deal with the south and forced him to allow a small contingent of African Union peacekeepers into Darfur. But the external pressure has to be consistent to work, and recently the international community has appeared divided. Sudan's Arab neighbors have been passive in the face of the extermination of Muslim civilians in Darfur; the African Union has blown hot and cold on Sudan's behavior. China, which has a stake in Sudan's oil industry, has sometimes used its U.N. Security Council seat to resist ultimatums to Sudan's government.

Some of the ingredients of progress in Darfur are already in place. The U.N. is busy planning for a peacekeeping deployment, and a peace deal exists, at least on paper. The priority is to reconstitute the diplomatic coalition that has successfully put pressure on Sudan's government in the past and that can clear the way for a U.N. deployment and hold the government to its commitments under the peace deal. Worrisomely, President Bush's point man on Sudan, Deputy Secretary of State Robert B. Zoellick, is leaving for Wall Street, and his ambassador to the United Nations, John R. Bolton, recently refused to accompany his Security Council colleagues on a trip to Sudan. But if Mr. Bashir's shameless outpourings are not enough to solidify diplomatic efforts to isolate his regime, it's hard to know what would be.

A Noncommittal Fed (LAT)

The Los Angeles Times, July 2, 2006

TALK ABOUT IRRATIONAL EXUBERANCE. Stock markets surged Thursday because of what the Federal Reserve didn't say.

As expected, the central bank raised its short-term interest rate a quarter-point, the 17th consecutive hike since mid-2004. The Federal Open Market Committee explained that although economic growth was slowing, other factors "have the potential to sustain inflation pressures." With customary ambiguity, the committee said its next moves would depend on how the outlook for economic growth and inflation evolved.

The Fed's statement was simply a variation of "That depends," a time-honored, noncommittal answer to practically any question about the future. Still, it was notably different from the news release that followed the committee's previous meeting on May 10. Then, the Fed explicitly warned that more interest-rate hikes might be needed.

The contrasting levels of noncommitment sparked the largest daily run-up in the Dow Jones Industrial Average since March 2003. Then, on Friday, the Commerce Department reported slower growth in consumer spending and a steadying rate of inflation, which could relieve pressure for more rate hikes.

All the recent volatility and confusion about discerning the Fed's real intentions should lead Chairman Ben S. Bernanke to forge ahead with one of his long-standing pet ideas: having the Fed publicly set a target for inflation. The Fed's governors have an informal comfort range of 1% to 2% for "core" inflation, the index that excludes volatile energy and food prices. Before joining the board, Bernanke argued that the Fed should publicly declare a target for inflation and focus on keeping inflation within that range. Doing so would set people's expectation of inflation, which would in turn reduce the pressure to raise wages and prices, according to Bernanke and other proponents of public targets. It's an approach taken by about two dozen central banks around the world.

Public inflation targets would be a natural extension of the Fed's slow, steady drive toward transparency. Alan Greenspan started the process by ending the Fed's Wizard-of-Oz habit of hiding its deliberations behind a curtain of confidentiality. Bernanke has continued the trend, in part by making notably less oblique pronouncements than Greenspan. Having a clear target would further enhance the Fed's predictability.

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THE ATTORNEY GENERAL'S *NEWS BRIEFING*

PREPARED FOR THE OFFICE OF PUBLIC AFFAIRS, U.S. DEPARTMENT OF JUSTICE

TO: THE ATTORNEY GENERAL AND SENIOR STAFF

DATE: MONDAY, JULY 3, 2006 7:45 AM EDT

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TERRORISM NEWS:

Senators Predict Congress Will Establish Military Commissions For Detainees Soon.

The Financial Times (7/3, Alden) reports, "The US Congress looks set to co-operate with President George W. Bush in devising rules for military commissions to try alleged terrorist detainees. This follows last week's historic Supreme Court decision that struck down the president's claim that he could

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set the rules on his own authority." US lawmakers' reaction to the ruling dominated the Sunday political shows. GOP Sen. Arlen Specter, appearing on CBS's Face the Nation (7/2, Schieffer), said, "The Judiciary Committee had hearings on Guantanamo last June. And I made a trip there, and it's been apparent to us for some time that the Supreme Court was going to impose some restrictions. And we had legislation ready to go. And I think that we should now have hearings in the Judiciary Committee, which we've scheduled for July 11th." M The Washington Times (7/3, Pfeiffer) notes Sen. Carl Levin, Michigan Democrat, "told CBS that his panel will 'have hearings in a couple of weeks.'"

Sen. Lindsey Graham, also a Republican, on Fox News Sunday (7/2, Wallace) said, "I think what we will do this month, I hope, is to get some input from the great legal minds of our time, particularly military lawyers, retired and active duty military judge advocates. … And I would hope Congress would have hearings about what to do in light of this decision and that we will sit down together…in August, write legislation and hopefully vote by September."

The New York Times (7/3, Toner) "both parties were treading carefully in a political and legislative terrain suddenly reconfigured by the Supreme Court. Most leaders on Sunday pledged bipartisan cooperation, but some fault lines were clear." Democratic Sen. Charles E. Schumer "said on 'Meet the Press' on NBC that 'this White House has felt it could just change things unilaterally.' Mr. Schumer added, 'Had they come to Congress a few years ago on this issue, my guess is they would have gotten most of what they wanted.'" But "in light of the court ruling, Mr. Schumer called on Attorney General Alberto R. Gonzales to create an independent commission to conduct 'a top-to-bottom legal review of all of the administration's ongoing antiterror measures.'" USA Today (7/3) reports "senior Democrats called for a broader review of whether Bush overstepped his war powers," and notes Schumer's comments.

On ABC's This Week (7/2, Stephanopoulos), Democratic Sen. Dianne Feinstein said, "This is the time for the Congress to come together, both political parties, and we can do this, and the President, and work out the parameters of whether it is a special authorized commission, whether it is a military tribunal. But that gives the detainees the rights that the Constitution provides, and this is our strength. It is not our weakness." And Democratic Sen. Jack Reed, on Fox News Sunday (7/2, Wallace), said, "The President declared that he essentially was operating in his own capacity as commander in chief, and I think the court reined him back, and I think it's appropriate. … What it insists is that the President come to the Congress and in a deliberate fashion and a democratic fashion we give him the authority that he needs."

In an analysis piece, the Los Angeles Times (6/3, Schmitt) says the ruling "has apparently presented the Bush administration and its allies in Congress with two choices -- both fraught with risk. They can use the GOP majorities in the House and Senate to put a quick congressional seal of approval on something close to the existing system, but run the risk that it too will be struck down by the high court." Or "they can follow the path suggested by the court and devise a system embracing the procedural and other principles of the U.S. Uniform Code of Military Justice and the Geneva Convention, but risk the possibility that few, if any, of the alleged terrorists will be convicted." And "both choices, as well as attempts to chart a middle course, could set off the kind of protracted, internally divisive debate that the White House and GOP political strategists would not relish with the November elections approaching."

McCain Contends "All Of Us" Would Like To See Guantanamo Shut Down. Sen. John McCain, on ABC's This Week (7/2, Stephanopoulos), said, "All of us and the president has said he'd like to see Guantanamo shut down, but it's not Guantanamo itself, it's the status of these detainees. And I believe that if we use the Supreme Court decision correctly, we will move forward and adjudicate these cases."

Experts Offer Tips On Complying With Court Ruling On Guantanamo Tribunals. Time (7/10, Thornburgh) reports that the Supreme Court's ruling in Hamdan v. Rumsfeld says that if the Bush Administration wants to hold special military tribunals to try terrorism suspects at Guantnamo Bay, "it can't just declare them legal -- it needs to work with the other branches of government to make them so." Time notes that while the ruling was a "rebuke to the Administration's claim that it alone can decide how to defend Americans from terrorism," the High Court did not say "Guantnamo has to be closed. In fact, there are plenty of people who believe it's possible to comply with the court's ruling while protecting American citizens and extracting useful intelligence from detainees." Time lists several ways the Administration can fix Guantanamo, including working with Congress, repatriating the "small fish," who have been determined not to have committed any hostile act against Americans or their allies, processing the habeas corpus

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cases, living by the Geneva rules and lifting the "veil of secrecy" over the prison.

Bush, GOP Seen As Likely To Utilize Hamdan Decision As Campaign Issue. The Washington Post's Dana Milbank, on The Chris Matthews Show (7/2, Matthews) said, "Bush will be celebrating Hamdan the way the Muslims celebrate Ramadan. … Now he can campaign against the Supreme Court, they can put legislation before the congress that gives him exactly what he wants, force the democrats to vote against them and say 'those guys want to release all the terrorists.' It's going to be the 2002 and 2004 campaign all over again." Later in the program Milbank added, "It's Max Cleland all over again. You need one issue, one sort of wedge, and…this is exactly what the president wants."

The Weekly Standard's Bill Kristol, on Fox News Sunday (7/2, Wallace), said, "This is going to be a great debate for Republicans in Congress for the next few months. … Democrats are either going to have to basically acknowledge that the president has been right all along by authorizing what he wanted, and they're going to have to rebuke the Supreme Court's interpretation of the Geneva Conventions, or the Democrats are going to be in the position of saying that Al Qaida deserves protections like normal prisoners of war or like normal people in the American justice system."

WSJournal Says Case Should Be Election Issue. The Wall Street Journal (7/3) editorializes, "The Court's opinion masks its own power grab by asserting that the executive must defer more to Congress in designing military commissions." But "the Court's own deference to Congress is selective in the extreme, as it simply chose to ignore the clear intent of the Detainee Treatment Act that Congress passed only last December." The Journal adds, "We…certainly hope the Administration presses its case for military commissions to the Congress, including just how much due process protection the Members think al Qaeda detainees really deserve. An election is coming in which the prosecution of the war on terror will again be a major issue. By all means let's debate the proper care and handling of Osama's bodyguard."

GOP Lawmakers Blast Court's Interpretation Of Geneva Convention. The AP (7/3, Yost) reports, "Two Republican senators said Sunday that Congress must rein in the Supreme Court ruling that international law applies to the Bush administration's conduct in the war on terror." On Fox News Sunday (7/2, Wallace) Sen. Lindsey Graham criticized the "Geneva Convention aspects" of the Hamdan decision, calling them "breathtaking." Graham argued that the "question for this country is should Al Qaida members who do not sign up to the Geneva Convention, who show disdain for it, who butcher our troops, be given the protections of a treaty they're not part of. My opinion -- no. They should be humanely treated, but the Geneva Convention cannot be used in the war on terrorists to give the terrorists an opportunity to basically come at us hard without any restrictions on how we interrogate and prosecute."

Sen. Mitch McConnell, on NBC's Meet The Press (7/2, Mitchell) said, "a very disturbing aspect of the decision was that the court held common Article 3 of the Geneva Conventions applicable to American servicemen. Now this means that American servicemen potentially could be accused of war crimes. I think Congress is going to want to deal with that as well when it enacts these military commissions, and I think we need to do it soon. And so we'll be dealing with that in the coming weeks. … I think we will have to act on this very soon, either in July or in September. Certainly in the next couple of months."

Rep. Peter King, on CNN's Late Edition (7/2, Roberts) noted that "the Geneva Conventions apply to soldiers of established armies, of established governments, not to terrorists who are on the run, who are basically rag-tag operations and do not swear allegiance to a particular country. … Because if we apply the Geneva Convention to them, that means all you ask them is their name, rank and serial number."

Kristol Says Court Committed "Act Of Judicial Imperialism." The Weekly Standard's Bill Kristol, on Fox News Sunday (7/2, Wallace), added, "What the court did find -- let's just be literal about this -- is that Common Article III of the Geneva Conventions applies to Al Qaida. That is a breathtaking finding. It is contrary to every understanding of what that article has meant for the last 50 years. It is a pure act of judicial imperialism. … And I think the Congress is going to have to repudiate the court."

Stevens Opinion Said To Reflect 1946 Ruling Penned By Rutledge. The Washington Post (7/3, A19, Lane) reports in its "Full Court Press" column, "Justice John Paul Stevens wrote last week's Supreme Court opinion striking down President Bush's plan to put suspected terrorists on trial before military commissions. But in a real sense, the opinion's author was Wiley B. Rutledge, the justice for whom Stevens clerked during the court's 1947-1948 term,

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and for whom he has expressed great admiration in the years since." Rutledge's "most famous dissenting opinion came in 1946, when he wrote that the majority of the court was wrong to deny a petition for habeas corpus by Tomoyuki Yamashita, the Japanese general sentenced to death by a U.S. military commission in the Philippines for atrocities committed by his troops. … It is hard to imagine anyone less popular in the United States than Yamashita. But the man whose case was before the court last week, Osama bin Laden's former aide, Salim Ahmed Hamdan, might qualify. Nevertheless, Stevens defended not Hamdan, but Hamdan's rights."

GOP Intensifies Criticism Of Media Over Anti-Terrorism Program Leaks. The CBS Evening News (7/2, story 4, 2:20, Mitchell) reported, "A battle between the press and the White House is heating up tonight." CBS (Calvi) added Rep. Peter King has "cosponsored a congressional resolution condemning press reports that revealed a secret government program. The program was designed to monitor millions of bank transactions to try to catch terrorists." President Bush (Wednesday): "There can be no excuse for anyone entrusted with vital intelligence to leak it and no excuse for any newspaper to print it." Calvi: "'The Wall Street Journal,' 'The New York Times' and the 'Los Angeles Times' all reported on the surveillance program on the same day, but it's been 'The New York Times' that's been the focus of criticism, including by the editorial page of the 'Wall Street Journal.'" Bill Keller, Executive Editor, "The New York Times": "The 'Times' is an easy target for conservatives partly because our opinion pages tend to be pretty tough on the Bush Administration." Calvi: "Now, the Administration is considering its options." Rep. King "tells CBS News he'll be asking the Attorney General to investigate how the information was obtained by the 'Times' and file criminal charges against any leakers and reporters who refuse to reveal those sources."

McCain Calls For Prosecution Of Terror Money Tracking Program Leakers. The New York Post (7/3, Orin) reports that Sen. John McCain has ""joined the chorus of critics who say The New York Times was wrong to out a top-secret terror money-tracking program, and he called for prosecuting the leakers." Speaking on ABC's This Week, McCain said, "Tracking the money is always a vital tool, and members of Congress were kept informed and agreed to this program," adding, "So, no, I don't think [the Times] should have published it." The Post adds, "McCain also challenged the Times' claim that it didn't reveal any real secrets, saying, 'If The New York Times thinks the story was inconsequential, the legitimate question is: Why was it on the front page?' Asked if the Times should be prosecuted, McCain replied, 'I think we should go after the leakers first.'"

Document Outlines Bali Bombers' Final Hours. The New York Times (7/3, Bonner) reports from Indonesia on "the playbook for a suicide bombing, including even a minute-by-minute choreography of the bombers' final hours. The Indonesian police uncovered the document from the computer of one of the planners of an attack last October in Bali, which killed 20 people when three men walked into separate restaurants and blew themselves up." The document "offers a rare glimpse into the minds of the most cunning terrorist plotters and of the kind of meticulous planning that lies behind their operations. It also shows what even a small, local group with few resources can do, and the difficulty of thwarting their plans." The 34-page document, titled "The Bali Project," was "found on the computer of Azhari Husin, a Malaysian-born engineer educated in Australia and Britain who became a master bomb maker and was one of the most dangerous terrorists in Southeast Asia until he was killed in a shootout with the police last November." The document "was given to The New York Times by a person who requested anonymity because it had not been officially released. It was first reported on by Tempo, an English-language weekly newsmagazine here."

WSJournal Says Islamists Should Not Turn Somalia Into Refuge For Terrorists. An editorial in the Wall Street Journal (7/3) says, "There's no appetite in the US for a large military intervention in Somalia, but that doesn't mean the new regime should think it is immune from outside attention. So here's a suggestion: Send an emissary to the new Islamist government and propose a deal: Hand over the 1998 embassy bombers, refuse safe harbor to al Qaeda operatives, do not invade Somaliland and Puntland. Agree to that, and we will be able to get along. Don't agree, and the US will do what it must to disrupt any terrorist camps or terrorist activity within its borders. … The Somali Islamists need to understand that if they attempt to turn their country into another refuge for terrorists, it will end as badly for them as it did for the Taliban."

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HOMELAND RESPONSE:

L.A. Police Chief, Others, To Press Homeland Security For Greater Sharing Of Intelligence. The Los Angeles Times (7/1, Winton, McGreevy) reported, "Los Angeles Police Chief William J. Bratton said Friday that he and other big-city police chiefs will meet this month with top Homeland Security officials amid complaints that the federal agency isn't doing enough to share information with local law enforcement nationwide." Bratton said it is not so much that DHS doesn't "share intelligence," but that "they don't have intelligence." DHS spokesman Russ Knocke described the upcoming meeting as "an opportunity for the secretary to sit down with the chiefs of police for major cities and talk about information sharing." Homeland Security Secretary Michael Chertoff "wants to 'listen to the concerns of the police chiefs and personally work to address the concerns,'" said Knocke.

The AP (7/1) reported that Bratton said, "The good news is: We've seen some significant improvements in intelligence provided over the last year." The AP continued that Knocke "said that last year the federal agency provided more than 1,200 bulletins, notices and other dispatches to local law enforcement agencies." However, he added that DHS is "the first to say there is more work to be done."

WRC-TV Washington, DC (6/30) reported on its website that DC Police Chief Charles Ramsey is among those "complaining about a lack of information sharing during terror threats." Ramsey told NBC4 that he had sent a letter to Secretary Chertoff "and he has agreed to meet sometime in July along with out key staff people, and I'll have some of the police chiefs who are also concerned. Then we'll sit down and talk about it."

WAR NEWS:

Sunni Lawmakers Boycott Iraqi Parliament. The New York Times (7/3, Semple) reports, "The main Sunni Arab political bloc began a boycott of Parliament on Sunday to protest the kidnapping of a Sunni legislator and threatened to withdraw its members from the prime minister's cabinet unless the lawmaker was freed within the next 48 hours." The "walkout" was "the first serious disruption in Iraq's new government and reflected the fragility of the power-sharing arrangement in the face of the relentless sectarian violence overwhelming the nation." The legislator, Tayseer Najah al-Mashhadani, and eight of her guards "were kidnapped by people suspected of being Shiite militiamen on Saturday while driving into Baghdad from her home north of the capital."

The Washington Post (7/3, A15, Partlow) reports, "The decision by the Sunni Accord Front, which holds 44 seats in the 275-member parliament, threatens to pull the legislature apart." Sunni legislators "blamed the abduction on Shiite-led militias aligned with the majority political parties in Iraq. Some accused the Iraqi security forces, who were near the kidnapping site in the Shaab neighborhood, of standing by and allowing Mashhadani's convoy to be captured." The Los Angeles Times (7/3, Roug) also reports the story.

Iraqi Government Publishes "Most Wanted List." The Financial Times (7/3, Negus) reports, "The Iraqi government on Sunday published a "most wanted" list topped by family and former associates of deposed president Saddam Hussein who reportedly finance and direct the insurgency." The list, "planned in parallel with the government's national reconciliation plan – suggests that the government considers a reconstructed Ba'ath party to be its most dangerous foe."

The AP (7/3, Juhi) notes Saddam's "wife and eldest daughter are among 41 people on the Iraqi government's most wanted list, along with the new leader of al-Qaida in Iraq, a top official announced Sunday." Saddam's wife, Sajida Khairallah Tulfah, "was No. 17, just behind the ousted leader's eldest daughter, Raghad. Sajida is believed to be in Qatar, and Raghad lives in Jordan, where she was given refuge by King Abdullah II."

ABC World News Tonight (7/2, lead story, 2:50, Brown) reported, "Remember the deck of cards the US military put out just after the war? Most of those have since been killed or captured, and the violence continued. The list of 41 names was released by the national security adviser here, who said they're all killers. And will be hunted down, one by one. He said the international police agency, Interpol, has been informed." Mouwafak Al-Rubaie, Iraqi National Security Adviser: "This list shows those who are trying to destroy our country." The CBS Evening News (7/2, story 3, 1:55, Cowan) said it was "the latest step in the government's security crackdown that has failed so far to stem the violence in Iraq."

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Violence Continues In Iraq. The CBS Evening News (7/2, story 2, 0:10, Mitchell) reported, "Another bloody day in Iraq. South of Baghdad, four were killed and 22 wounded after a bomb went off. This one day after a car bomb in a Baghdad market killed more than 60."

Further Details Of Alleged Iraq Rape Surface. The Washington Post (7/3, Knickmeyer) reports the version of the alleged rape and murders by US GIs told by a neighbor, Omar Janabi. It gives the victim's age as 15 and contains his account of finding the family's bodies, as well as graphic descriptions of the bodies from death certificates. The Post writes, "The case is at least the fourth American military investigation announced since March of alleged atrocities by U.S. forces in Iraq. The rape allegation makes the Mahmudiyah case potentially incendiary in Iraq. Rape is seen as a crime smearing the honor of the family as well as the victim in conservative communities here."

Senate Intelligence Committee "Statements" Investigation Stalled. In the National Review (7/17), Byron York says the Senate Intelligence Committee "is engaged in a protracted investigation of the public statements of President Bush, Vice President Cheney, top administration officials, lawmakers in the House and Senate, and even officials of previous administrations to determine whether they exaggerated, cherry-picked, misrepresented, or otherwise manipulated intelligence in the run-up to the war." But it is "not going well. In fact, the 'statements investigation' is the main roadblock to completion of what is called 'Phase Two' of the committee's probe of pre-war intelligence." After Democrats "first proposed to investigate only Bush administration officials," Chairman Pat Roberts "pointed out that many members of Congress, as well as many members of the Clinton administration, had also made statements about Iraq's supposed WMD capabilities." But Roberts added when "senators evaluate each statement in light of the intelligence that was available at the time, he proposed, they should do so blindly — that is, not knowing the identity of the speaker, so they would not allow any biases to influence their judgment on the appropriateness or inappropriateness of the statement." It would "not be an exaggeration to say that Democrats — behind the scenes, of course — went bonkers over that suggestion." What had "started as a way to criticize the Bush administration threatened to backfire on Democrats."

Bush Seen As Uninterested In Seeking Democratic Support For Iraq Policy. In the New Republic's TRB column (7/10), Peter Beinart says, "Why doesn't George W. Bush want to win in Iraq? Seriously. The past several weeks have forced him to choose between two big goals: Demonizing Democrats to help the GOP retain control of Congress and fostering a domestic climate that gives the new Iraqi government the best chance to survive. And, again and again, he has chosen door number one." Swallowing the concessions needed from the US to secure the Iraqi government "will require a bipartisan bargain -- the kind of ceasefire required for difficult domestic changes like reforming Social Security or the tax code." But "over the past several weeks, President Bush has done exactly the opposite. Rove and company immediately wielded Zarqawi's death as a partisan club, saying that, if Democrats had their way, he'd still be loose."

Raid Reveals Tensions Between US Forces, Afghan Government. The New York Times (7/3, Gall) reports from Kabul, "A joint military raid by American and Afghan forces on an unobtrusive house here in the capital on March 20 has pointed up the tensions between the American military and the Afghan Defense Ministry over the conduct of counterinsurgency raids, particularly in Kabul, the Afghan defense minister says." The raid "was led by masked American special forces, and included eight members of a unit of the Afghan National Army. The involvement of Afghan soldiers prompted the defense minister, Gen. Abdur Rahim Wardak, who had no advance notice of the raid, to bar Afghan Army personnel from taking part in any raids on houses or compounds."

Two British Soldiers Killed. The Washington Post (7/3, A16, Tran) reports, "An insurgent attack on a British base killed two soldiers and an Afghan interpreter, military officials said Sunday, while at least 20 insurgents were killed in clashes and coalition airstrikes." An AH-64 Apache attack helicopter "crashed Saturday in an accident in southern Afghanistan, killing one crew member, the US military said."

Pakistani Journalist Sees Dire Situation In Afghanistan. Ahmed Rashid, a Pakistani journalist, writes in the Washington Post (7/3, A21), "The current political and military meltdown in Afghanistan was entirely predictable and avoidable. For the past three years Afghans, their president, Hamid Karzai, and foreign experts have been warning that the failure of the United States and the international community to

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provide sufficient economic, military and reconstruction resources to the fledgling Afghan government would lead to a Taliban resurgence and disillusionment among the Afghan people. That is exactly what has happened." But "there is still a way out of the mess if the international community and the Afghans pull together, rather than being at odds with one another. Karzai set the ball rolling late last month by calling for a joint strategy in a critical meeting with the most important foreign players in Kabul." Rashid adds the UN Security Council "needs to give the UN officials in Kabul the responsibility for coordinating the international response to the crisis and economic and political strategies with the Afghan government."

US Military Faces Shortfall In Special Forces Troops. USA Today (7/3, Brook) reports, "The Army, Navy and Air Force face shortages of elite special operations forces that are playing a leading role in the war against terrorism, military records show." The shortfall of Army special operations, Navy SEALs and Air Force "combat controllers persists as the Pentagon seeks to expand the forces by 15% over the next four years to bolster the anti-terrorism campaign. One reason for the shortage is the intense training. The Navy says only 35 of 166 candidates will qualify as SEALs." USA Today adds, "Retention also is a problem. Some veterans can make $780 a day as civilian security contractors in Iraq, says Rep. Jim Saxton, R-N.J., chairman of a House Armed Services subcommittee that oversees special operations troops. Bonuses as high as $150,000 have helped stanch that loss, he says."

Pentagon Officers Said To Be Resisting Rumsfeld, Cheney On Iran Bombing Plans. In the New Yorker (7/10-17), Seymour Hersh writes that included with the Bush White House's offer to Iran to negotiate over its nuclear program if it suspended its uranium enrichment program included "an unspoken threat: The US Strategic Command, supported by the Air Force, has been drawing up plans, at the President's direction, for a major bombing campaign in Iraq. Inside the Pentagon, senior commanders have increasingly challenged the President's plans, according to active duty and retired officers and officials." Senior officers "have told the Administration that the bombing campaign will probably not succeed in destroying Iran's nuclear program. They have also warned that an attack could lead to serious economic, political, and military consequences for the US." A retired four star general, "who ran a major command, said, 'The system is starting to sense the end of the road, and they don't want to be condemned by history. They want to be able to say, 'We stood up.'" The New Yorker adds the "discord over Iran can, in part, be ascribed to Rumsfeld's testy relationship with the generals. They see him as high-handed and unwilling to accept responsibility for what has gone wrong in Iraq." But Rumsfeld is "not alone in the Administration where Iran is concerned; he is closely allied with Dick Cheney, and," a Pentagon consultant said, "'the President generally defers to the Vice President on all these issues,' such as dealing with the specifics of a bombing campaign if diplomacy fails."

Iran Rejects Western Deadline On Nuclear Proposal. The New York Times (7/3, Fathi) reports, "Iran on Sunday again rejected a deadline to respond to an international proposal to end the standoff over its nuclear program, saying it would respond a month. 'We do not consider such statements as constructive and invite them to wait for our answer until next month,' said Hamidreza Assefi, the Foreign Ministry spokesman, the ISNA news agency reported. The next month in the Iranian calendar begins July 23." Assefi "was responding to a statement made at a meeting of the Group of 8's foreign ministers on Thursday in Russia, during which they demanded Iran make a 'clear and substantive' response to the proposal in a week. P resident Mahmoud Ahmadinejad had previously said Iran would give its answer around Aug. 23."

Iran To Cut Refined Oil Imports, Ration Gasoline. The Washington Times (7/3, Mihailescu) reports, "Iran, which relies on imports for almost half its refined petroleum products, plans to halt those imports and introduce gasoline rationing later this year, the government announced." The decision "appears related to a plan to allow the nation's heavily subsidized gasoline to spike in price in order to reduce the smuggling of fuel to neighboring countries, a practice that aggravates shortages and costs the country billions of dollars every year."

DOJ:

Kennedy Emerges As Swing Vote On High Court. The Christian Science Monitor (7/3, Richey) notes that with the addition of President Bush's two nominees, Chief Justice John Roberts and Justice Samuel Alito, the supreme Court "has grown more conservative." The Monitor also

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notes that Justice Anthony Kennedy "will likely decide how far to the right the law moves under the new lineup of justices at the nation's highest court." According to the Monitor, "In years past, Kennedy shared the swing-vote designation with O'Connor. But with her departure he occupies the court's decisive center alone. That puts Kennedy in an even more powerful position than O'Connor, legal analysts say. … Kennedy's power was on full display last week when he joined the court's liberal wing to forcefully strike down President Bush's plan to put terror suspects on trial before military commissions at Guantánamo Bay, Cuba."

Roberts Court Seen As Less Contentious Than Rehnquist's. Time (7/10, Rosen) reports that that Supreme Court's first year under Chief Justice John Roberts "has not been ordinary. As evidenced last week when the court struck down the Bush Administration's use of military tribunals, the Justices are suddenly unafraid to talk to one another in personal terms." By the time the Court adjourned for the summer, "the usual decorous costume drama that is a Supreme Court term had morphed into something much closer -- in vitriol, tension and drama -- to a soap opera." Time notes, however, that despite "the impression left by its rush of final decisions, the Roberts court is, at least so far, less fractured than the court led for 19 years by William Rehnquist. Almost half its decisions this year had no dissents, compared with 38% in Rehnquist's final term, and the tally of 16 cases decided by a 5-to-4 vote is seven fewer than under Rehnquist."

GOP To Focus On Judicial Confirmations. The Washington Times (7/3, Hurt) reports, "In coming weeks, Republicans on Capitol Hill plan for the first major push on judges since Chief Justice John G. Roberts Jr. and Justice Samuel A. Alito Jr. were confirmed to the Supreme Court." In "the nearly six months since Justice Alito was confirmed, only 14 federal judges have been seated." That's "the slowest six-month period since early 2004, according to documents kept by the Department of Justice's Office of Legal Policy." The Times adds, "The plans for renewed emphasis on judges comes after a consortium of conservative leaders expressed deep displeasure with both the White House and Republican leaders on Capitol Hill in recent months over the slowed pace of confirmations." The conservatives wrote "a letter to Senate Majority Leader Bill Frist, Senate Majority Whip Mitch McConnell and other Republican leaders in the body." The "83 signers of the letter…include such conservative icons as Paul Weyrich, Alan Keyes, Richard Viguerie, Abigail Thernstrom, David A. Keene, L. Brent Bozell III and Bill Donohue."

CORPORATE SCANDALS:

Impact Of US Abramoff Probe Into Ex-Guam Governor Remains Unclear. The Guam Pacific Daily News (7/3, Kang) reports, "The fallout over the federal investigation of a possible link between disgraced lobbyist Jack Abramoff and former Democratic Gov. Carl Gutierrez remains unclear. The U.S. Department of Justice on Friday issued a report on the replacement of Frederick Black as the island's U.S. Attorney, in which lobbyist Jack Abramoff told investigators he was helping Gutierrez get rid of Black. Gutierrez on Saturday denied those allegations. Former Guam delegate and Democratic gubernatorial candidate Robert Underwood, in a phone interview from Seattle, said the case warrants further investigation. In particular, he said, inquiries should be made into whether Abramoff received monetary compensation of any kind and where that money might have come from. Gutierrez on Saturday said he nor his administration never paid Abramoff for any lobbying efforts." Underwood "went on to say that if any additional information of a conspiratorial nature is revealed in subsequent investigations, those responsible should be prosecuted. Accountable 'First of all, the voters should hold them accountable and secondly the law should hold them accountable,' he said."

The Guam Pacific Daily News (7/3, Daleno) reports Gutierrez "praised a recently released federal investigation into the removal of former acting U.S. Attorney Fred Black, saying Black's smear of his replacement, Leonardo Rapadas, is a 'prime example of his operations.' Gutierrez yesterday released a written statement responding to the report, accusing Black of blocking local attempts at self-government. During a Saturday interview with the Pacific Daily News, Gutierrez denied statements in the Department of Justice report that lobbyist Jack Abramoff was working on his behalf to get Black removed." Gutierrez "acknowledged meeting with Abramoff during a dinner in the nation's capital, where the topic of Black's nomination came up, but he did not elaborate on what happened after that, saying only that he found it 'interesting' that Abramoff wanted to meet him. A Justice Department Office of Inspector General report, released Friday in Washington, D.C., states that Abramoff told

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federal investigators he began working on behalf of Gutierrez, who was governor at the time, to lobby for the removal of Black when certain Gutierrez administration officials were under federal investigation."

The Guam Pacific Daily News (7/2, Limtiaco) reports, "Former Democratic Sen. Mark Charfauros yesterday acknowledged that he probably was lobbyist Jack Abramoff's closest friend on Guam, but he disputed a U.S. Department of Justice report released yesterday." Charfauros said he "did ask his friend Abramoff for help in securing a confirmed U.S. Attorney for Guam, but said he was not working with Gutierrez on the matter and did not send the e-mail stated in the report. 'No way. I'd like to see that e-mail. That didn't happen. I never filed any kind of e-mail, saying that nominations are gonna come out of Carl Gutierrez. Carl Gutierrez had nothing to do with this whole issue,' Charfauros said." The Guam Pacific Daily News (7/2, Daleno, Tamondong) reports Abramoff "has told federal investigators and said in e-mails that he worked on behalf" of Gutierrez to remove Black.

Tenet CEO Faces Challenge Of Moving On After Settlement With DOJ. The Wall Street Journal (7/3, Rundle) reports Trevor Fetter "inherited a financial and legal morass in 2003, when he took the top job at Tenet Healthcare Corp., the big hospital operator. Now, with most of the company's legal woes behind him, Mr. Fetter is turning to his next task: moving on." Tenet last week "agreed to pay the Justice Department $725 million to settle a host of investigations, including allegations that it gamed the Medicare system to generate lucrative payments it didn't deserve." Fetter's "biggest challenge will be to persuade doctors to send more patients to Tenet hospitals, many of which languished as Tenet conserved cash in anticipation of the Justice Department settlement. Today, those hospitals lack the latest CT scanners and other high-tech equipment that doctors crave."

Austin Banker Nearing Victory In S&L Case. The Austin American-Statesman (7/3, Elder) reports, "Austin real estate developer Alfred Hughes was close to giddy when he acquired an El Paso savings and loan in 1988. 'We're sitting on top of the world,' he said after federal regulators approved the purchase. 'We're very comfortable working in a regulated environment.' Less than two years later, regulators shuttered El Paso Federal Savings and Loan. For the past 16 years, Hughes has been trying to collect the $46.5 million he says the government cost him by improperly closing and then liquidating the institution. Among the assets Hughes lost when the thrift closed was his ownership of 4,500 acres of Steiner Ranch in western Travis County, now a development of high-end homes." While the "legal battle may roll on, in a continuing echo of the massive savings and loan crisis of the 1980s and early 1990s, Hughes won a big victory last month. Senior Judge James Merow of the U.S. Court of Federal Claims awarded Hughes the full amount, ruling that a 1989 federal law had unfairly imposed new financial requirements on thrifts."

BP Traders Lost $10 Million, Court Documents Show. Bloomberg (7/3) reports, "The three BP Plc traders accused by regulators of attempting to corner the U.S. propane market lost $10 million when they failed to sell their inventory, court documents show. The traders in February 2004 sought to make more than $20 million by holding most of the propane on a pipeline that ships the heating fuel from a hub in Texas to the U.S. Midwest and Northeast, according to transcripts filed June 28 with the U.S. District Court in Illinois by the Commodity Futures Trading Commission. Instead, they were stuck with much of the fuel as the market plunged on March 1." BP, "which made $2.8 billion trading oil and gas in 2005, and other oil companies are facing increased scrutiny from U.S. regulators and lawmakers as near-record oil prices have boosted gasoline, heating oil and natural gas prices to records in the past year."

Levin, Coleman Want More Oversight Of Energy Markets. The Financial Times (7/3, Grant) reports United Kingdom energy firm BP, "has suspended three Houston-based traders at the centre of an alleged propane price manipulation scheme, as alarm rose in Washington over the need to police energy markets. Senior US senators have warned congress that 'too many trades' are occurring without regulatory oversight." Sen. Carl Levin said, "It's time to put the cop back on the beat in these markets to make sure ordinary Americans aren't ripped off." The Times adds Levin's "call, in a bipartisan report to congress last week by the Senate's Permanent Subcommittee on Investigations, is the clearest sign yet that lawmakers believe the US energy markets are still open to manipulation years after the collapse of Enron exposed the weakness of lightly regulated energy markets." Sens. Levin and Norm Coleman "urged congress to 'eliminate the Enron loophole' by extending the power of the

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Commodity Futures Trading Commission, the US futures industry regulator, to oversee over-the-counter (OTC) energy markets."

Bermuda Unit Said To Be At Center Of Refco Collapse. The Wall Street Journal (7/3, Mollenkamp, Mcdonald, Mckay) reports on the failure and bankruptcy filing of hedge fund manager Refco, "one of the largest and swiftest failures in recent Wall Street history. Refco, one of the world's largest commodities brokerages, was a global trading hub for corporations, government agencies, individual clients and hedge funds. And yet its spectacular collapse came out of nowhere." There are "thousands of big and small investors trying to recover about $1.8 billion of assets missing from client accounts." The "inside story of Refco's collapse" is now "emerging in federal bankruptcy-court proceedings in lower Manhattan and in related civil and criminal actions. At its center is Refco Capital Markets Ltd. of Hamilton, Bermuda. Court proceedings have uncovered a host of unusual practices by the Bermuda unit that appear to have contributed both to Refco's rapid growth and to its catastrophic fall."

SEC Sues To End German Bond Investment Scheme. USA Today (7/3, Smith) reports Las Vegas investor Jeffrey Weston "has been snapping up Germany Weimar Republic bonds from the 1920s on the premise that $1,000 in IOUs payable in gold then are today worth about $1 billion apiece," persuading "dozens of investors to give him $7.7 million to purchase the antique certificates, which lost much of their value after Adolf Hitler came to power in 1933." Last week, the Securities and Exchange Commission "said Weston had spun a fantastic tale while spending $2 million of investors' money on a house and cars and tucking away $454,000 more in Swiss bank accounts." The SEC "sued to halt Weston's promotions, freeze his funds and recover what authorities say might be only pennies on the dollar. The FBI and Texas authorities also are investigating, court records show."

CRIMINAL LAW:

DOJ Issues New Subpoena For Jefferson Emails. Roll Call (7/3, Bresnahan) reports, "The Justice Department has issued a new subpoena for e-mails from Rep. William Jefferson (D-La.), who is at the center of an ongoing bribery and corruption investigation." The subpoena, "approved by a federal grand jury in Alexandria, Va., was sent last week to James Eagan, Chief Administrative Officer of the House." The Jefferson probe "is being overseen by the US attorney's office in Alexandria." The subpoena "was read into the Congressional Record on Thursday evening, as required under House rules, but did not specify that Jefferson was the target of the request."

Indictment Seen As Wild Card In Ney's Electoral Chances. USA Today (7/3, Lawrence) reports, "There's often a caveat these days when Ohio Republicans talk about re-election prospects for their embattled congressman, Bob Ney. As state Rep. Clyde Evans put it at a recent GOP barbecue, 'Unless he's indicted, I think he'll do very well.'" Ney "hasn't been charged and says he has done nothing wrong. He also says he'll run even if he's indicted. … Some of Ney's past backers, however, say an indictment would change their votes. Some already are considering a switch to Democrat Zack Space, 45, an attorney and hotel developer from Dover."

Government Corruption Cases Persist In Connecticut. The Washington Post (7/3, A3, Fahrenthold) reports the "past few years have revealed so many tales of graft, malfeasance and all-purpose criminality by public servants in Connecticut that it's hard to choose the most brazen." A "tradition of bad behavior by officeholders persists here, despite numerous prosecutions and attempts at reform. If more proof were needed, it has come in the past few weeks, with three new scandals involving current or former big-city mayors." When Gov. John Rowland "resigned, pleaded guilty and was sentenced in March 2005 to a year and a day in jail, 'everybody thought that was going to be the end of it,' said John M. Orman, a professor of politics at Fairfield University in Fairfield, Conn. Instead, he said, the continuing parade of misdeeds has helped the state live up to a new nickname, 'Corrupticut.'" The Post adds the "recent scandals here include the tearful, nationally televised admission on June 20 by Bridgeport Mayor John M. Fabrizi (D) that he had used cocaine while in office." Other cases "include a former mayor and city council member from Middletown -- who pleaded guilty late last month to fraud for embezzling money from his law clients -- and a new charge against Joseph Santopietro, the former mayor of Waterbury."

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Missouri Supreme Court Ruling Alters Rules For Sex Offenders. The St. Louis Post-Dispatch (7/2, Franck) reports, "Thousands of offenders would no longer be required to provide information for Missouri's sex offender registry after a ruling Friday by the Missouri Supreme Court, according to the lawyer behind the litigation. While the high court upheld the constitutionality of the state's sex offender registry law, it ruled that the statute should not apply to nearly all of those convicted of crimes prior to 1995, when the law took effect. One key exception is sexually violent predators, who will stay on the list regardless of when their crimes occurred. Just how many of Missouri's more than 11,000 registered sex offenders would be affected by the ruling was unclear Friday. Tim Hull, a spokesman for the Missouri Highway Patrol, which maintains the list, said officials must review the ruling in detail. But Arthur Benson II, the lawyer who brought the case, estimates that thousands would no longer have to be registered as sex offenders. Currently, the registry includes offenses from 1979 to the present. Crimes committed during more than half of those years would not be included in the registry." Benson said the ruling "addresses 'the height of unfairness' in the current law, which requires people to register even for crimes they committed years before the registry law was conceived."

Denver Post Urges Online Safety Precautions For Minors. The Denver Post (7/3) editorializes, "There has been a great deal of concern recently - among lawmakers, in the courts and in the media - about the dangers faced by children on the Internet. Indeed, the statistics about online predators are frightening. Just in the last three years, 7,600 offenders have been caught and arrested for sexual solicitations. According to a U.S. Department of Justice survey, 1 in 5 girls and 1 in 10 boys admitted to being sexually solicited on the Internet. The Internet has proven to be a riveting tool for children - it provides an incredible opportunity for students to gain a broader view of the world, collect research for school projects, and keep in contact with family and friends. … It doesn't make sense to deal with Internet risks by locking up your children's computer, but it's vital for parents and guardians to monitor their online use. Through awareness, parent-child communication and a few safety precautions, kids and teens can appreciate the benefits of the Internet while dodging most of the dangers."

Irving, Texas, Police May Be Chastised Over Amber Alert. The Dallas Morning News (7/2, Mosier) reports, "The Irving Police Department could face an informal reprimand for issuing an Amber Alert for 2-year-old Elian Majano, who disappeared from a park more than a week ago and is still missing. Evidence of abduction is a requirement for activating the regional alert system, but Police Chief Larry Boyd said there was no such evidence in this case. The task force that runs the local system reviews each alert to determine whether it was warranted. There were 'no signs of abduction, but we couldn't rule it out,' Chief Boyd said."

ABC News Poll Finds 65% Favor Death Penalty For Murder. ABC World News Tonight (7/2, story 6, 0:30, Harris) reported, "Today marks 30 years since the United States Supreme Court ruling that reinstated the death penalty. A new ABC News poll finds that support for capital punishment has fallen over the past decade, but when it comes to the worst crimes, most Americans remain in favor of it: 65% approve of executing people convicted of murder. Since July 2nd, 1976, 1,029 people have been put to death in this country, more than a third of them in Texas."

CIVIL RIGHTS:

Hollywood, Florida, May Seek More Time In Religious Discrimination Lawsuit. The Miami Herald (7/3, Wright) reports Hollywood, Florida, "is expected to ask a federal judge today for more time to settle a religious discrimination lawsuit brought against the city by an Orthodox synagogue. Jury selection is scheduled to start at 9 a.m. before Judge Joan Lenard in U.S. District Court in Miami. The city last week offered a last-minute deal to end the five-year dispute with the Hollywood Community Synagogue Chabad Lubavitch. Now, the congregation wants time to consider the offer. Even if the settlement is accepted, Hollywood leaders may face a fresh round of lawsuits -- this time from neighbors concerned that the deal would allow the synagogue to expand without their input or city approval."

La Tuna Federal Prison Inmates Claim Rights Violations. The El Paso Times (7/3, Roberts) reports, "Inmates held at the various La Tuna federal prison facilities are convinced they have been denied visits, thrown in 'the hole' for minor infractions and denied access to the prison law library because they went public with a lawsuit claiming the federal Bureau of Prisons isn't following its own procedures. Requests for interviews with two of the inmates

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have been denied twice by La Tuna officials who said it was for the safety of the prisoners. By mail, those inmates have said they want to be interviewed. In that correspondence, they have claimed they are experiencing retaliation for their lawful actions." But La Tuna spokesman Israel Jacquez said, "That's just simply not true. These guys went to the press. That's their right. ... If we believe a staff member is retaliating against an inmate, no matter how frivolous the allegation may be, it is referred to the office of internal affairs."

Texas Redistricting Verdict Could Result In "Ripple Effect." The Washington Times (7/3, Aynesworth) reports last week's Supreme Court ruling "on the constitutionality of the 2003 Tom DeLay-led Texas redistricting coup was a distinct victory for the Republican Party, but it could spawn some interesting fallout." In order to make the 23rd CD compliant "with the Voting Rights Act, some predict that several additional districts will have to be retooled." Rep. Henry Bonilla said, "Anyone who thinks there isn't going to be a ripple effect when countless counties are traded with other congressional districts is not seeing the big picture." The Times ads the "worst that could happen from the Republican viewpoint, several political analysts say, is that Mr. Bonilla might lose the reconstituted 23rd District."

Hitchens Says Congress Should Not "Waste" More Time On Flag Amendment. Christopher Hitchens writes in Wall Street Journal (7/3) that the "so-called 'flag-burning' amendment should never be allowed to waste any more congressional time. … It's easy enough to boast that 'these colors do not run.' However, those who mistake the symbol for the essence are manifesting not a show of spirit for the former but a pathetic lack of confidence in the latter."

WPost Praises McConnell Stance On Flag Burning Amendment. An editorial in the Washington Post (7/3, A20) says the recent Senate debate over a flag burning amendment "managed to bring out some of the worst in politicians of both parties. … If there is a hero in this episode, it is the man who would succeed Mr. Frist as leader, Majority Whip Mitch McConnell (R-Ky.). Mr. McConnell could have put the amendment over the top by abandoning his opposition. To his credit, he didn't, and he was joined by two other Republicans, Sens. Lincoln D. Chafee (R.I.) and Robert F. Bennett (Utah). As Mr. McConnell explained in a column posted on his Senate Web site, 'No act of speech is so obnoxious that it merits tampering with our First Amendment. Our Constitution, and our country, is stronger than that.'"

ANTITRUST:

US Investigating Kosher Slaughterhouses For Possible Antitrust Violations. The Asbury Park Press/AP (7/3) reports, "The federal government is investigating kosher slaughterhouses and suppliers for possible antitrust practices, according to a lawyer for one of the firms. AgriProcessors Inc., the world's largest kosher slaughterhouse, received a grand jury subpoena requesting documents and was cooperating with the investigation, attorney Nathan Lewin said Friday." It was "not immediately clear exactly how many slaughterhouses and suppliers were involved in the probe. The U.S. Department of Justice did not immediately return a phone call for comment from The Associated Press late Friday."

Second Quarter Merger Activity Was Prolific. The Wall Street Journal (7/3, Berman) reports a "strong first quarter for mergers continued in the second quarter, as deals rolled in from seemingly every sector: Banks, stock exchanges, oil companies, real-estate firms and consumer-products companies. It was one of history's largest and most diverse corporate-buying sprees, with nearly $1 trillion in deals around the world." The "frenetic deal-making produced the third most-active quarter since Thomson Financial began keeping track in 1985. It amounted to more than $916 billion of announced transactions, according to Thomson, up about 35% from about $676 billion a year earlier."

Despite Consolidation, Growth Opportunities Elusive For Commercial Satellite Industry. The Wall Street Journal (7/3, Pasztor) reports that while "consolidation and cost cutting have swept across the commercial-satellite industry," the "surviving operators are finding growth opportunities as elusive as ever." Intelsat Ltd. and PanAmSat Holding Corp. "are set to complete a $3.2 billion merger today, creating a closely held company whose fleet of more than 50 orbiting spacecraft will make it the largest and most diversified global satellite-services operator." But in "an industry with huge capital-investment needs and average annual growth rates hovering around 3% or less, the combined company faces

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major integration, personnel and marketing challenges to break out of that historical slow-growth pattern."

The Washington Post (7/3, D1, Witte) reports Intelsat Ltd. of Washington will "become the world's largest commercial satellite operator today when it completes its purchase of the firm that had been its toughest domestic competitor." The combined company "will lose money. PanAmSat earned $72.7 million last year, but Intelsat lost far more, about $325 million. Already deep in debt, Intelsat is borrowing heavily to finance the purchase."

FBI/DEA/ATF/USMS:

FBI Agent Came Close To Linking Cole, 9/11 Plots. The New Yorker (7/10-17, Wright) reports on the story Ali Soufan, who, at the time of the attack on the USS Cole in 2000, was "the only FBI agent in the city [New York] who spoke Arabic, and one of only eight in the country." Soufan's language skills, "his relentlessness, and his roots in the Middle East made him invaluable in helping the FBI understand al Qaeda, an organization that few Americans were even aware of before the embassy bombings." During the Cole investigation, an al Qaeda suspect told Soufan "that several months before the Cole attack he and one of the bombers had delivered thirty-six thousand dollars to Khallad, the one-legged al Qaeda lieutenant, in Bangkok. The money," the suspect added, "was meant only to buy Khallad a new prosthesis." But Soufan "was suspicious of this explanation," because "money always flowed toward an operation, not away from it. He wondered if al Qaeda had a bigger plot underway." In November, 2000, "a month after the Cole bombing, Soufan sent the agency the first of several official queries. On Soufan's behalf, the director of the FBI sent a letter to the director of the CIA, formally asking for information about Khallad, and whether there might have been an al Qaeda meeting somewhere in Southeast Asia before the bombing. The agency said that it had nothing." But if the agency "had responded candidly to Soufan's requests, it would have revealed its knowledge of an al Qaeda cell that was already forming inside the US," which eventually became the 9/11 conspiracy.

Post-9/11 Criticism, Private Sector Pay Driving Senior Officials From FBI. Under the headline "An Exodus of Agents," Time (7/10, Bennett, Zagorin) reports in its "Notebook" section, "Office birthday parties must make FBI Director Robert Mueller a little nervous these days." The rumors that Deputy Director John Pistole "was going to bolt for a lucrative job in the private sector" when he turns 50 this month "got so loud that Pistole took it upon himself to assure Mueller that he wasn't leaving," citing, in part, the departure of "so many other senior officials." Time adds, "Years of pummeling by the press and Congress, plus wrenching changes produced by the bureau's shift in focus to antiterrorism, have depressed morale, even in the highest ranks. That has coincided with lucrative employment offers to agents from firms desperate for experienced security chiefs in the wake of 9/11." Time notes, "Members of the Senate Judiciary Committee have been debating whether the brain drain at the FBI poses a threat to national security," and "Mueller seems to agree. When promoting agents to senior-executive levels, he 'is trying to extract some promise as to how long they are willing to stay,' says Michael Mason, who runs the administrative side of the FBI." Sen. Charles Grassley "suggested to TIME that 'the FBI needs to appeal to the patriotic spirit of its senior managers.' But beyond that, the bureau is offering few tangible perks to make working there more attractive. … Mason, however, is optimistic that the new generation of agents will make the sacrifices necessary for the job."

Blagojevich Says He Acted To Identify, Punish Hiring Misconduct. The AP (7/2, D'Alessio) reported, "Gov. Rod Blagojevich insisted Saturday that misconduct in his administration is limited to isolated events by people who are soon punished, even though his own inspector general found a top Blagojevich aide took part in a 'concerted effort' to subvert the law. 'As you police the system, every so often you're going find some people who violate the rules. The test of leadership is what do you do about it? Do you act and do you pursue it? Do you work with other law enforcement agencies to ferret more of it out?' he said. 'Those are the things we've been doing.'" The AP noted, "Blagojevich acknowledges he has been interviewed by the FBI. Prosecutors have issued subpoenas for hiring records and other information from state agencies, but Blagojevich won't say which agencies."

Former Illinois IG Alleged Hiring Fraud Connected To Blagojevich's Office. The Chicago Tribune (7/2, Long, Chase) reported, "Far-reaching allegations of state hiring abuses detailed by the governor's executive inspector general can be summarized in the report's account of one employee

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who still works at the Illinois Department of Employment Security. George Rada got his job when the agency violated state hiring practices, then he became a key conduit for Gov. Rod Blagojevich's patronage office to improperly influence hiring at the agency, according to the report obtained by the Tribune." The Tribune noted, "The September 2004 report by then-Inspector General Zaldwaynaka 'Z.' Scott said Rada and an associate, Surami 'Sudi' Garcia, effectively ran the human resources division in the agency instead of the personnel directors they served."

Chicago Tribune Hopes Fitzgerald Will Complete Probe Before Election. The Chicago Tribune (7/2) editorialized, "The FBI and the office of Illinois Atty. Gen. Lisa Madigan have been digging into reports of state hiring abuses since last year. But Friday's disclosure that the feds have 'implicated multiple state agencies and departments' in politically motivated hiring comes as Blagojevich must stand uneasily for re-election." The "voters deserve what they didn't get in 1998 before Ryan was elected governor: a sense of the nature and sweep of a federal investigation. … Our hope…is that to the extent possible, the federal investigation of the Blagojevich administration either culminates or collapses before voters must make their quadrennial choice." Playing on Blagojevich's prior election pledge, the Tribune added, "What Illinois does need is an end to business as usual."

Longtime Scarpa Girlfriend Emerges As Key Witness Against DeVecchio. In a widely-distributed story, the AP (7/3, Hays, McShane) reports Linda Schiro, longtime girlfriend of Colombo family associate Gregory Scarpa Sr., "has emerged as a key witness against an FBI agent accused in what a prosecutor has labeled one of the worst cases of law enforcement corruption in the nation's history." R. Lindley DeVecchio "allegedly fed Schiro's late boyfriend inside information that led to four mob slayings," but DeVecchio lawyers question her credibility, saying that "her story has changed drastically over time." However, "authorities insist that Schiro's initial reluctance to detail the relationship between the agent and the mob capo was motivated by fears for her life. Only recently was she persuaded to tell the truth, they say."

Judge Waiving DeVeccio House Arrest To Watch Holiday Fireworks. The Washington Post (7/2, A2, Whoriskey) reported Lindley DeVecchio "wants to see fireworks this Fourth of July. Trouble is, he has been charged with four counts of second-degree murder related to some mob slayings" and is "under nightly house arrest in Sarasota, Fla. But to the astonishment of prosecutors, a judge last week granted DeVecchio's request that he be allowed to see the Sarasota fireworks 'in light of the defendant's service to the U.S. government.' DeVecchio is a former FBI agent. 'We've been opposed to the whole bail thing from the beginning,' said Jerry Schmetterer, a spokesman for the district attorney's office in Brooklyn, N.Y."

FBI Investigating West Virginia's "Prince Of Pork." ABC World News Tonight (7/2, story 5, 2:45, Harris) reported in its "Your Money" segment that Rep. Alan Mollohan, dubbed the "Prince of Pork," is "very good at bringing home the bacon for his district. So good, in fact, that the FBI is now taking a hard look at whether this Democrat from West Virginia is breaking the law." ABC (Cochran) noted that Mollohan has earmarked "half a billion dollars over the past ten years" for organizations in his district, and "those dollars provided lucrative contracts and high salaries for his supporters. Investigators want to know whether in return those supporters helped Mollohan become a multimillionaire. … Mollohan says he inadvertently misstated some transactions but insists he did nothing illegal." Mollohan: "I'm proud of the efforts we've undertaken…and if being the 'Prince of Pork'…merits that designation, then I'm proud of that."

Illinois Man Pleads Guilty To Hoax Terror Threat. The Chicago Tribune (7/2) reported, "A man accused in a terrorism hoax pleaded guilty in the case Friday and faces up to 41 months in prison." Gilbert Romero "in June 2005 told the FBI that a terrorist attack was to be carried out against the Chicago headquarters of a U.S. company. The claim came after Romero was detained in Lake County on state charges, according to his plea agreement."

IMMIGRATION:

Sensenbrenner Suggests Voters Would Punish GOP If Senate Bill Enacted. GOP Rep. F. James Sensenbrenner, in a letter to the editor of the Wall Street Journal (7/3), responds to the Journal editorial "The Tancredo Republicans." Writes the congressman, "House Republicans are committed to enacting border security and immigration legislation, but not if it makes the current situation worse. … In November, voters will judge members

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of Congress based upon whether they lead with an understanding of voters' concerns, as House Republicans are committed to doing, or whether they ignore voters by enacting legislation, such as the Senate amnesty bill, that the public doesn't support."

House GOP Believes Enforcement-Only Immigration Bill Is Political Winner. In the National Review (7/17), Kate O'Beirne says, "Rather than merely blocking action on a Senate bill they refuse to support, a unified House GOP caucus has decided to go on offense in order to wring the maximum political credit from being on the right side of their reading of public opinion." Because House Republicans "fear the appearance of compromising with a Senate bill they are convinced is wildly unpopular, they have -- according to a leadership aide -- no intention of taking part in a conference to hammer out differences between the House and Senate unless 'there is a sea change in either public or Senate opinion.'" Congressional Republicans "who will be facing the voters are firmly convinced that backing border security now will mean job security in November."

LATimes Criticizes Senate Negotiators. The Los Angeles Times (7/3) editorializes, "Last week saw the first narrowing of the chasm between the Senate's recent comprehensive immigration bill and the House of Representatives' punitive enforcement-only package from December. Trouble is, the overtures are all going in the House's direction. … Pro-reform senators are making two classic negotiating mistakes: confusing their opponents' line-in-the-sand intransigence with a negotiating ploy, and elevating the importance of making a deal above its actual content."

Border Arrests Rose In 2006. The Washington Times (7/3, Seper) reports, "US Border Patrol agents have detained 901,428 foreign nationals seeking to sneak into the United States in the past nine months -- more than 3,300 a day -- up from the 890,358 apprehended in the same period last year." Border Patrol spokesman Michael Friel "said the number of apprehensions, monitored since the Oct. 1 start of fiscal 2006, was a 1 percent increase over detention totals in the first nine months of fiscal 2005. H e also said that although arrests had edged up, the number of apprehended non-Mexicans, known as "other than Mexicans" or 'OTMs,' had declined by about 16 percent."

Mexican Program Uses Remittances To Assist College Students. The CBS Evening News (7/2, story 6, 3:35, Mitchell) reported, "Most Mexican immigrants do maintain strong ties with their homeland, sending nearly $20 billion home last year." CBS (Pinkston) added that in Indaparapeo, "many families here depend on money sent by relatives living abroad, but Indaparapeo does something no other community does. In addition to helping individual relatives, the residents of this town and those who have migrated to the US are transforming their entire community, one student at a time." 47 low-income students "are sponsored by an innovative scholarship program funded by Indaparapeans in the United States and operated by residents still living in Mexico." Thanks to "matching funds from the Mexican government, each student receives a monthly stipend of up to 1,500 pesos, about $150, enough to pay for tuition even at some private universities. In exchange, scholarship recipients are required to participate in community service projects such as lending a hand to children with special needs or tutoring high school students in nearby villages. The goal is to connect scholarship recipients more closely to their communities with the hope that they will use their skills in Mexico after graduation."

CONGRESS-ADMINISTRATION:

Bush To Name Connaughton To Lead Maritime Administration. The Washington Times (7/3) reports, "Last week, President Bush announced that he would nominate Sean T. Connaughton to lead the Maritime Administration at the Department of Transportation." Connaughton, a lawyer, "unsuccessfully sought the Republican nomination for lieutenant governor last year, losing in the primary to William T. Bolling. Mr. Bolling went on to win the seat." Connaughton "has served as a senior transportation associate for the American Petroleum Institute."

Coburn Plan Seeks To Inform Public On Government Spending. The New York Times (7/3, Deparle) reports, "Exasperated by his party's failure to cut government spending, Senator Tom Coburn, Republican of Oklahoma, is seeking cyberhelp." Coburn "wants to create a public database, searchable over the Internet, that would list most government contracts and grants -- exposing hundreds of billions in annual spending to instant desktop view. … While advocating for openness, Mr. Coburn is also placing a philosophical bet that the more the public learns about federal spending, the less it will want." Coburn's plan, "hailed by conservatives, is also sponsored by a Democrat, Senator

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Barack Obama of Illinois, and applauded by liberal groups that support activist government. The result is a showcase of clashing assumptions and the oddest of coalitions, uniting Phyllis Schlafly, a prominent critic of gay rights, with the National Gay and Lesbian Task Force." The House "unanimously passed a version of the proposal in late June, though in a form that had drawn outside criticism. The House bill creates a database that would omit contracts, which typically go to businesses, but would include about $300 billion in grants, which usually go to nonprofit groups." Liberal "critics see a revival of what they call old partisan efforts to 'de-fund the left,' by reducing grants to liberal groups or adding conditions that limit their activities."

USDA Program Benefits Farmers Even In Good Years. A front page story in the Washington Post (7/3, Morgan, Cohen, Gaul) reports on the loan deficiency payment, a little-known USDA program that was "intended to boost farmers' incomes when prices are low. The farmers do not have to sell at distressed prices to collect the money. They can bank the government payments and sell when prices are higher. Since September, the program has cost taxpayers $4.8 billion. Most of that money -- $3.8 billion -- went to farmers…who sold at higher prices, according to a Washington Post analysis of USDA payment data." According to the Post, "The LDP has become so ingrained in farmland finances that farmers sometimes wish for market prices to drop so they can capture a larger subsidy."

Feingold, Obama Pushing Senate To Adopt Ethics Reforms As Rules Change. Roll Call (7/3, Newmyer) reports, "In a bid to salvage some progress from the fizzling drive to overhaul lobbying and ethics laws, Democratic Sens. Russ Feingold (Wis.) and Barack Obama (Ill.) are pushing their colleagues to adopt as a rules change a slate of reforms from a package the Senate passed months ago." A resolution the pair introduced late last week "would immediately ban gifts, meals and tickets from lobbyists, require pre-approval for privately funded trips and expand revolving-door prohibitions, among other items." While the Senate approved the changes, 90-8, "as part of a broader reform package in March, that bill has stalled awaiting House action." The House "approved its version of the measure in May but has yet to name conferees, and negotiations over the bills have run aground on disagreements about campaign finance and earmark provisions." Roll Call adds, "Obama and Feingold wrote to Senate leaders last week, asking their resolution be adopted as soon as Senators return from the July Fourth recess." Senate Majority Leader Bill Frist's office "did not respond to a request for comment." Senate Minority Leader Harry Reid, "who has sought to portray a GOP 'culture of corruption' as a central theme in his party's midterm messaging, stopped short of a full-throated endorsement of the approach."

Bush's Fitness Seen As Remarkable As He Turns 60. The CBS Evening News (7/2, story 10, 2:40, Mitchell) reported, "The first wave of baby boomers turns 60 this year, and the big day for President Bush comes on Thursday." Ten predecessors "have turned 60 in office, but it's a good bet none was as healthy as number 43." CBS (Axelrod) added, "As the Baby Boomer-in-Chief approaches his birthday this week, he's in top shape, even if he does seem to be dreading the big six-oh just a bit." President Bush (June 7): "I know I'm not supposed to talk about myself, but in a month I'm turning 60. For you youngsters, I want to tell you something, when I was your age, I thought 60 was really old. [laughter] It's all in your mind. It's not that old. Really isn't." Axelrod: Bush's fitness is "a remarkable feat considering that during his five years in office, this President has dealt with 9/11, wars in Afghanistan and Iraq, and a constant threat of terrorism." Bush "doesn't just look healthy. He's got the resting heart rate of an athlete, at 47 to 52 beats per minute. His blood pressure is 110/64. His total cholesterol is 178. His doctors proclaimed him in excellent health and fit for duty, and he actually lost eight pounds last year."

Professor Questions Whether MBA Has Made Bush Better President. Charles R. Kesler, a professor of government at Claremont McKenna College, writes in the Los Angeles Times (7/3), "George W. Bush is the first president with an MBA (from Harvard Business School, no less), but it's not clear that being a master of business administration has made him a better chief executive. The disarray in Iraq, the debacle after Hurricane Katrina -- these aren't exactly the kinds of triumphs that the alumni office likes to boast about." Kesler adds, "It's hard to say what President Bush absorbed from his management studies. We can only draw inferences, though eventually historians may know more. … Bush's management style is long on decisions and short on explanations. … On ordinary rhetorical occasions, Bush and his text seem hardly acquainted. On great

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occasions, he tends to overshoot the mark, calling for impossibilities such as an "end to evil." He lacks a rhetorical mean, much less the rhetorical mien that served Ronald Reagan so well."

Bush, McCain Rapprochement Seen As Based On Pragmatic Considerations. The New York Times (7/3, Rutenberg, Nagourney) reports that after "years of competitive and often contentious dealings, President Bush and Senator John McCain of Arizona are building a deepening if impersonal relationship that is serving the political needs of both men." Given their "history of intense rivalry and sometimes personally bitter combat, their newfound partnership is seen by some Republicans as born more of political calculation than personal evolution. Either way, it could prove valuable to Mr. McCain in his efforts to win the Republican presidential nomination in 2008 by sending a signal to Mr. Bush's conservative base and fund-raising network that, at a minimum, the White House will not stand in the Arizonan's way." Aides said "a thaw that began when Mr. McCain campaigned alongside Mr. Bush in the 2004 election has continued through the tougher days of Mr. Bush's second term." But for "all the talk of reconciliation, both sides describe the relationship between arguably the two highest-profile leaders of the Republican Party as almost entirely professional, a little stiff and the product of the pragmatic calculation by two politicians who see potential gain in striking a peace with a powerful rival." Bush "appears to have stronger ties to Mr. McCain than to the other likely presidential candidates." There has been "a steady stream of Bush advisers who have ended up in Mr. McCain's orbit. Most recently, Republicans close to both candidates said that Nicolle Wallace — who just stepped down as Mr. Bush's communications director and has long been close to the president — was likely to serve in some formal or informal role in a McCain campaign. Her husband, Mark D. Wallace, Mr. Bush's deputy campaign manager in 2004 and now an ambassador-level representative to the United Nations, is already lending advice." Wayne L. Berman, a "longtime supporter and fund-raiser for Mr. Bush, has signed on to help Mr. McCain." Karl Rove was "said by associates to have put aside his suspicion and dislike of Mr. McCain." White House press secretary Tony Snow said, "On a series of very tough issues, McCain's been there."

OTHER NEWS:

Emanuel, Dean At Odds Over Party Strategy. Roll Call (7/3, Kornacki) reports, "A letter to Democratic National Committee Chairman Howard Dean from Rep. Rahm Emanuel (Ill.), the head of the Democratic Congressional Campaign Committee, has set off a new round of sniping over party strategy and resources between allies of the two party leaders." Emanuel, who "reportedly stormed out of a May meeting with Dean, penned a letter, dated June 22, to the party chairman demanding $100,000 per targeted district from the DNC to defray the cost of the DCCC's proposed field operation, several individuals who have read the letter said." Attached to the letter was "a sample field plan for a district, itemizing various projected expenses, down to details such as $1,500 for T-shirts. The expense plan was dated June 26, although it was unclear when Dean actually received the missive." Dean "loyalists took the letter as hostile in nature, coming as it did after months of coy suggestions by Emanuel that Dean and the DNC were shirking their financial obligations to the DCCC's election year effort. … On top of that, Dean's backers contend he is not low-balling the DCCC on field operations as Emanuel suggests, and that the $20,000-per-district figure was simply a number being bandied about during negotiations, which were still proceeding when Emanuel wrote the letter."

GOP Sees Chance To Increase House Majority. The Washington Times (7/3, Pfeiffer) reports, "Congressional Republicans say they have a strategic advantage in their effort to increase their House majority, even as national polls show Democrats with a significant lead heading into this year's elections." The National Republican Congressional Committee says that "despite the polling edge for the Democrats, Republicans are targeting conservative districts that went for President Bush in 2004. 'We're competing for red turf held by Democrats,' NRCC spokesman Jonathan Collegio said."

Democrats May Need Only A Few States For "Wave." In his Roll Call column (7/3), Stuart Rothenberg says, "The last major national political wave, in 1994, didn't sweep over all areas of the country with equal force. In some states, Congressional Democrats suffered minimal losses, while in others Democratic House seats fell in bunches." For Democrats "to take the House this year, they may need one or

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two states to deliver a significant number of wins, not just an isolated victory. Which states give Democrats the best chance to score victories in bunches?" Democratic operatives "have been suggesting that at least a handful of states are ripe for a Democratic wave: New York, Ohio, Pennsylvania, Connecticut and Indiana."

Voters Seen As Needing Solid Reason To Dump Incumbents. Roll Call (7/3, Duran) reports the "surprisingly easy victory that Rep. Chris Cannon (R-Utah) scored over his primary opponent last week has been heralded as a win for President Bush's immigration policy." But wealthy developer John Jacob's "defeat in the Beehive State's 3rd district holds other lessons for both Republicans trying to dislodge incumbents in primaries and Democrats hoping to flip Republican-held seats in November." Just as the "victories of newly elected Rep. Brian Bilbray (R-Calif.) and Reps. Bob Ney (R-Ohio), Bennie Thompson (D-Miss.) and now-ex Rep. Tom DeLay (R-Texas) demonstrated in recent primaries, voters still need a reason to dump incumbents or switch party control of a House seat."

GOP Pressing "Suburban Agenda." In his Roll Call column (7/3), executive editor Morton Kondracke notes Rep. Dave Reichert's effort to persuade GOP colleagues "to back a bill enabling school districts to tap into national criminal databases before they hire employees." The School Safely Acquiring Faculty Excellence Act "passed the House almost unanimously in June — the first legislative success for the GOP's 'Suburban Agenda,' a set of bills designed to appeal to the majority of American voters who live in the suburbs." The agenda "is the brainchild of Rep. Mark Kirk (R-Ill.), one of Congress' most effective moderates, who has sold it to a growing group of conservatives and the House GOP leadership." Kirk said, "Washington may think this is small-bore. It's not the war on terror. But this is an agenda that people care about in their everyday lives — their kids' safety, health care, their ability to send their kids to college." Kondracke adds that besides the "school safety measure, the agenda includes a national '401Kids' savings account for college, a screen to block predators from contacting children at online chat rooms and a bill setting standards for computerizing health records."

Conservative Republicans Now Opposing 527 Reform. The Wall Street Journal (7/3, Cummings) reports that in 2004, "Republicans were organizing against new, loosely regulated political groups that were raising money to attack President Bush." Now, "illustrating how roles often reverse in politics, some of the party's conservative activists are trying to stop legislation that would choke off those groups." The dispute "centers on a House bill that would curtail funding for organizations nicknamed 527s, for the section of the tax code that governs them." But the "rich liberals who spent heavily to oust Mr. Bush" in 2004 "aren't investing in 527s this election cycle, even though the stakes are high, with control of Congress in play." In the 2006 campaign so far, "it is right-leaning 527s that are most active. The Club for Growth, a conservative economic-issue group, is leading the charge to kill the Republican bill that would shut down 527s. The Club for Growth received $8 million in donations during the 2004 cycle; for this cycle, its donations as of May tally $5.1 million." The Club's "allies include social conservatives, gun-rights groups and college Republicans. Their campaign could stall congressional efforts to enact anticorruption legislation -- a response to a spate of ethics scandals -- because the House attached 527 language to its rewrite of lobbying laws."

Mormon, Muslim Presidential Candidates Face Voter Uneasiness. The Los Angeles Times (7/3, Mehren) reports that even as "anti-Semitism and anti-Catholicism are fading as voter taboos," a Los Angeles Times/Bloomberg poll found "uneasiness about some religions persists. Thirty-seven percent of those questioned said they would not vote for a Mormon presidential candidate -- and 54 percent said no to the prospect of a Muslim in the White House." In addition, "21 percent said they could not vote for an evangelical Christian. Only 15 percent replied that they would not vote for a Jewish presidential candidate. Just 10 percent of those polled were unwilling to cast ballots for a Catholic chief executive." The nationwide survey "of 1,321 adults was conducted June 24-27. The poll has a margin of sampling error of plus or minus 3 percentage points, poll director Susan Pinkus said." With "no likely Muslim candidate on the presidential horizon, the poll numbers present the greatest threat to a potential contender from the Church of Jesus Christ of Latter-day Saints (as the Mormon Church is formally known)," Gov. Mitt Romney of Massachusetts. Emory University analyst Merle Black said, "It is something he will have to address. It will be a challenge. It doesn't necessarily kill him as a candidate, but he may have to talk in more detail than he ever has before about his faith."

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New Jersey Budget Impasse Could Shutter Casinos, Close Beaches. The CBS Evening News (7/2, story 8, 1:45, Mitchell) reported, "A budget impasse has forced the Garden State to start shutting down its government. The impact may soon be felt by out-of-state visitors like beachgoers and gamblers." CBS (Chen) added that as New Jersey's legislature failed to meet its budget deadline over the weekend, Gov. Jon Corzine shut down nonessential state function and "right away, no more lottery tickets sold, no more drivers license issued either, 45,000 state workers immediately furloughed, road crews suspended, a nice bonus on a holiday weekend, but right after the Fourth of July, state beaches and parks could close and the casinos will as well." Gov. Corzine "wants to increase the sales tax to bring in more revenue. Fellow Democratic lawmakers say that's unnecessary -- the upshot, no deal, and now, no budget."

The AP (7/3, Santi) reports Atlantic City's casinos "were ordered to close Wednesday, the latest casualty of a state government shutdown that entered its second day Sunday after the Legislature failed to adopt a budget by its July 1 deadline." The 12 casinos, "which require state monitoring, have waged a court battle to remain open, and an appeals court was weighing the matter Sunday." Gov. Corzine "said Sunday there was 'no immediate prospect of a budget.' State parks, beaches and historic sites also were expected to shut down Wednesday." If the casinos "shut down, the state would lose an estimated $2 million in tax revenue each day they stayed closed." The budget talks "became heated this year as Corzine, a Democrat, proposed increasing the state sales tax from 6 percent to 7 percent to help overcome a $4.5 billion budget deficit."

Virginia Gay Marriage Ban Spurs Fundraising Boom. The Washington Post (7/3, B2, Jenkins) reports the proposed state constitutional amendment "that would ban same-sex marriage in Virginia has sparked an aggressive fundraising effort, with each side of the debate hoping to secure hundreds of thousands of dollars for their cause." Virginia voters "will decide Nov. 7 whether the state constitution should be amended to define marriage solely as a union between a man and a woman. The amendment also would place a ban in the constitution on civil unions, which already are illegal in Virginia." To "help rally amendment opponents, the Commonwealth Coalition, a Richmond-based group, has set an ambitious goal of raising $3 million, organizers said. They want to fund a barrage of radio and television ads in the fall." Meanwhile, the Family Foundation Action, "which is organizing amendment supporters, has set a best-case-scenario fundraising goal of $900,000, although activists and volunteers said they expected to raise less than that." Both sides "have created Internet fundraising mechanisms and appealed to potential voters through churches and community events across the state. Activists said they plan a direct mailing campaign throughout the summer and fall."

Critics Say Petitions To FDA Delay Approval Of Generic Drugs. Lawmakers are taking a close look at an FDA procedure designed to alert the agency to scientific and safety issues, amid concerns that it may getting subverted by the brand-name drug industry. A front page story in the Washington Post (7/3, A1, Kaufman) reports that leaders in the generic drug industry and some at the FDA "complain that 'citizen petitions' -- requests for agency action that any individual, group or company can file -- are being misused by brand-name drugmakers to stave off generic competition." They say the filing of a petition "triggers another round of time-consuming and often redundant reviews of the generics by the FDA, which can take months or years. In the process, consumers continue to pay millions of dollars more for the brand-name drugs." The Post adds, "Statistics collected by the staff of Sen. Debbie Stabenow (D-Mich.), who has introduced legislation with Sen. Trent Lott (R-Miss.) that would rein in industry-filed citizen petitions, show that 20 of the 21 brand-name petitions settled by the FDA since 2003 were ultimately rejected."

Weather Delays Space Shuttle Launch For Second Day In A Row. For the second day in a row Sunday, the launch of the space shuttle Discovery was postponed due to stormy weather. The AP (7/3, Dunn) reports, "Launch officials said they would try again Tuesday, on the Fourth of July, after giving the work force some rest and a chance to replenish the shuttle's on-board fuel. The weather was expected to improve by Tuesday, although rain was still in the forecast."

ABC World News Tonight (7/2, story 2, 2:15, Stark) reported, "NASA will use the next 48 hours to replenish fuel cells on Discovery in the hopes of having enough energy on board for a third spacewalk. And they'll also need to replenish some of the experiments planned for orbit, including thousands of fruit flies which have a short lifespan. A scrub

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also means NASA once again has to drain 500,000 gallons of fuel out of the tank. But Tuesday's forecast is better -- a 60% chance of favorable weather."

Astronauts May Have To Perform In-Flight Repairs To Shuttle Tiles. The CBS Evening News (7/2, story 5, 2:25, Cobiella) added, "Since the Columbia disaster when a piece of foam broke away and dealt a fatal blow to the shuttle's wing, astronauts have had to take on the job of in-space repairman. NASA has removed 35 pounds of foam from Discovery's external fuel tank, but it's still far from perfect. … NASA has said that minor damage is unavoidable and putting an astronaut so close to the delicate tiles on the shuttle's wings and underbelly carries its own risk, and all of NASA's in-flight fixes for these fragile tiles are still experimental. So if this Discovery crew were to perform another choreographed repair 230 miles above the Earth, it wouldn't know whether it was a success until they were safely back down."

Academic Bill Of Rights Taking Hold In Many States. The Washington Times (7/3, Richardson) reports that three years after conservative activist David Horowitz began promoting his Academic Bill of Rights in Colorado, the manifesto, which says students should be graded and faculty should be hired without regard to political or religious beliefs, has been introduced in 18 states. Meanwhile, "Students for Academic Freedom, the campus watchdog group founded by Mr. Horowitz, has established chapters on more than 150 campuses. Student governments at a dozen universities have approved resolutions supporting the Academic Bill of Rights. In April, Princeton University became the first institution of higher learning to pass a version of the Student Bill of Rights by a vote of the entire student body, surprising even Mr. Horowitz, who had no hand in the election." However the Times notes that for all Horowitz's success in raising the issue, "no state has actually approved an academic freedom bill, despite the flurry of hearings and committee votes."

Lawmakers Say Spot On Colbert Show Raised Profiles With Constituents. The Washington Times (7/3, Bellantoni) reports that members of Congress who appear on segment of Comedy Central's "The Colbert Report" known as "Better Know a District" usually "end up looking silly. But several lawmakers said doing the spoof spot…actually has raised their profiles back home, particularly among young folks." GOP Rep. Phil Gingrey "said there was an unexpected byproduct of doing the show -- attention from young constituents and House staffers. Rep. Earl Blumenauer of Oregon had a similar experience when his 3rd District was profiled in May. … But Rep. Barney Frank, Massachusetts Democrat, regrets his appearance and called Mr. Colbert a 'third-rate' comedian." Colbert "so far has targeted 25 members in the 435-member House, splicing and dicing sometimes two-hour-long camera sessions into five-minute clips."

Pelosi Recommends Lawmakers Not Participate In Colbert Spoof. Roll Call (7/3, Akers) reports in its "Heard on the Hill" column that House Minority Leader Nancy Pelosi was asked about the segment during her press conference last Thursday. Pelosi said, "Well, it is humorous; I wouldn't recommend that anyone go on the show. I would think it would be okay to go on if you were live to tape, but don't subject yourself to a comic's edit unless you want to be made a fool of."

House, Senate Clash Over Proposal For Walkway On Capitol's East Front. The Washington Post (7/3, A19, Kamen) reports in its "In the Loop" column that the biggest fight between the House and Senate "may have occurred last week over a House proposal to build a fenced walkway that would run across the now-closed east front of the Capitol -- the area where the long-delayed Capitol Visitor Center is being built. … Senate detractors say this proposal is exceptionally stupid, even for Congress. … The Upper Chamber folks rather uncharitably say the mysterious fence dips to only four feet high so Hastert and House members can walk down the steps and have their pictures taken with constituents." A House aide "said these things are being overblown."

Former DHS Official Says FEMA Director Should Be Allowed To Focus On Disaster Response. Adm. James Loy, former commandant of the US Coast Guard and former deputy secretary of Homeland Security, in an op-ed in the Washington Times (7/3) writes that following "a time-honored pattern," Congress' "impulsive first response" following Hurricane Katrina may be "followed by years of 'perfecting' the original legislation." Loy continues that none of the pending bills that address FEMA's position within DHS "address the central problem: The Homeland Security Act of 2002 diluted the FEMA director's focus on the agency's core mission -- response and recovery -- by requiring him to wear an additional hat as the DHS under-

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secretary for emergency preparedness and response (later changed to the under-secretary for federal emergency management)." As adjustments are made to the original legislation to fix FEMA, Loy says "we should ensure that the FEMA director can focus all of his time, energy and talent on guiding the agency in responding effectively and efficiently to the American people in the event of a disaster. That is best accomplished by restoring FEMA's independent agency status, offloading the director's responsibilities of being double-hatted as an under secretary and keeping the agency and the director inside DHS with direct access to the secretary during a crisis."

Carter Says FOIA Should Be Amended To Keep Pace With International Standards. Former President Jimmy Carter writes in the Washington Post (7/3, A21), "Our government leaders have become increasingly obsessed with secrecy. Obstructionist policies and deficient practices have ensured that many important public documents and official actions remain hidden from our view." Carter adds, "In the United States, we must seek amendments to FOIA to be more in line with emerging international standards, such as covering all branches of government; providing an oversight body to monitor compliance; including sanctions for failure to adhere to the law; and establishing an appeal mechanism that is easy to access, speedy and affordable. We cannot take freedom of information for granted. Our democracy depends on it."

Thornburgh Says Media Shield Law Must Be Carefully Crafted. Former Attorney General Richard Thornburgh writes in the Wall Street Journal (7/3), "Ever since then-New York Times reporter Judith Miller went to jail for 85 days last year rather than comply with a subpoena for her sources in the Valerie Plame case, the media has been pushing for a federal shield that would grant reporters unprecedented special protection from revealing sources during litigation. The Senate is now taking steps toward providing such a reporter-source privilege with the Free Flow of Information Act, which is likely to be sent to the floor for a vote over the next few weeks." Thornburgh notes that for the long term, "the bill has troubling implications. In its current form it contains a shield so broad -- and a definition of journalism so vague -- that it upends what up to now has been a reasonable balance between protecting reporters from disclosing sources and preserving the right to the fullest possible access to truth in the courtroom for plaintiffs and defendants." Thornburgh concludes by noting that "given the potential for abuse of that critical role, any media shield must, in the interests of justice, be carefully crafted."

Schwarzenegger's Conservative Former Aide Reverses Support For Term Limits. Rob Stutzman, former deputy chief of staff for communications for Gov. Arnold Schwarzenegger, writes in the Los Angeles Times (7/3), "About 20 years ago, the notion of term limits for officeholders became dogma for the center-right. … Fourteen years have passed since California voters approved legislative term limits, restricting Assembly members to a trio of two-year terms and state senators to two four-year stints. I have always been a loyal conservative supporter of term limits…as a suitably blunt instrument to correct the arrogance of elected officials not mindful enough of those who elected them. … But after 16 years of working in California politics, I've changed my mind. We were wrong. Term limits haven't delivered what we hoped for. They have, in fact, harmed the public interest." It is "high time to admit that term limits haven't worked."

New Republic Says Baucus Should Be Dropped From Finance Panel. The New Republic (7/10) says in its lead editorial that Democratic Rep. Max Baucus uses "his influence as the top Democrat on the Finance Committee to systematically undercut his party and enable George W. Bush's most egregious domestic legislation. So why does his party entrust him with so much responsibility?" Indeed, the Democrats' "only real victory of the last five years -- stuffing the administration on Social Security -- came after Harry Reid cautioned Baucus against freelancing with the White House. Well, we'll do Reid one better and suggest he boot Baucus from the Finance Committee altogether."

Author Says US Is Better At Educating Girls. Author Christina Hoff Somers writes in the Wall Street Journal (7/3) that in a report from Education Sector, a new Washington think tank, policy analyst Sara Mead, "denies that American boys are in trouble academically." Mead "hopes that the nation can have a reasonable 'conversation' about gender issues 'without unfairly undermining the gains girls have made in recent decades.'" Somers adds, "One looks in vain in Ms. Mead's report for any indication that anyone is undermining girls. She seems to think that concern for boys

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means shortchanging girls. But it does not -- because education is not a zero sum game." Somers adds, "We are strikingly better at educating young women than young men. Boys need our attention. It is difficult to understand why an organization devoted to improving education should regard the current concern for boys as a threat to girls' progress."

Author Says "Boy Crisis" Is "Little More Than A Myth." Author Judith Warner writes in the New York Times (7/3) that the Education Sector study confirms that the "near-ubiquitous belief that our nation's boys are being academically neglected and emotionally persecuted by teachers whose training, style and temperament favor girls" is "little more than a myth." Warner adds, "Talk of the boy crisis is a diversion. It draws attention from the real reasons so many white suburban parents sense that their sons are in trouble. Those reasons aren't academic; they're behavioral and emotional."

Mallaby Calls Concept Of Energy Independence "Pipe Dream." Sebastian Mallaby writes in the Washington Post (7/3, A21), "This month's Group of Eight summit in Russia takes statecraft to a whole new level. Global leaders have 'energy security' on the agenda. But judging by what they say and do, they don't always understand the subject. … As Daniel Yergin has written recently in Foreign Affairs, real energy security requires setting aside the pipe dream of energy independence and embracing interdependence." Mallaby adds, "If the G-8 summit can spread the word about this interdependence, it will do some good. But the nationalistic conception of energy security is worse than useless. By encouraging a competitive scramble for resources that could spiral into conflict, this sort of security talk only creates insecurity."

Herbert Makes Case For Minimum Wage Increase. Bob Herbert writes in the New York Times (7/3), "The federal minimum wage, currently $5.15 an hour, was last raised in 1997. Since then, its purchasing power has deteriorated by 20 percent. Analysts at the Economic Policy Institute and the Center on Budget and Policy Priorities jointly crunched the numbers and determined that, after adjusting for inflation, the value of the minimum wage is at its lowest level since 1955." Herbert adds, "Polls have shown that Americans overwhelmingly favor an increase in the minimum wage. But the low-income workers who would benefit from such an increase are not part of the natural G.O.P. constituency. Thus, the stonewall. … There is no justification — none — for condemning the nation's lowest-paid workers to this continuing slide into ever deeper economic distress."

Pastor Says Americans Need Formal Day Of Rest. Henry G. Brinton, pastor of Fairfax Presbyterian Church in Virginia, writes in USA Today (7/3) reports, "For all the attention paid this past year to public displays of the Ten Commandments, you'd think people would spend as much energy trying to follow them. When it comes to the Fourth Commandment -- 'Remember the Sabbath Day' -- that's not the case. … The problem with ignoring the Sabbath is that it hurts us as individuals, families and communities." Brinton adds, "We need a formal day of rest. A true Sabbath gives us time to refresh and renew ourselves, regain proper perspective and redirect our lives to what is good and true and worthwhile. … We can learn from men and women in the European Union, who work hard but still enjoy an average of five weeks of paid vacation per year. They often remark that they don't 'live to work,' as we do — instead, they 'work to live.'"

NYTimes Says Congress Should Intervene To Clarify Clean Water Act. The New York Times (7/3) editorializes, "Senator James Inhofe, a conservative Republican from Oklahoma, and Senator Lincoln Chaffee, a liberal Republican from Rhode Island, are at opposite ends of the earth on environmental issues. But both found themselves equally mystified by the recent Supreme Court decision on the Clean Water Act. The decision did nothing to clarify which waters were protected under the act and which were not. Both agreed that only Congress can end the confusion. Both are right. Without Congressional intervention, the certain outcome is endless litigation and a steady decline of the nation's streams and wetlands."

WPost Sees Promise In Ruling On Vermont Campaign Finance Laws. An editorial in the Washington Post (7/3, A20) says the Supreme Court's decision last week striking down Vermont's campaign finance laws "may prove more silver lining than cloud. The Vermont rules never stood much of a chance; they are so strict as to present genuine problems. The important feature of the case is not its specific result but the way the court -- and its two newest justices -- reached that result. On this point, the decision is promising." Despite "an opportunity to declare

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themselves hostile to campaign finance regulation in general, both signed on -- Justice Alito somewhat equivocally -- to the court's long-standing doctrine that appropriately crafted contribution limits can survive constitutional scrutiny. This is a far more significant development than the fate of Vermont's statute. It suggests that, notwithstanding the turnover in the court's personnel, a revolution in campaign finance law may not be in the offing."

NYTimes Says US Must Improve Science Education. The New York Times (7/3) editorializes that the US must do something about the "horrendous state of science education at both the public school and university levels." The Howard Hughes Medical Institute has "awarded grants to 50 universities aimed at providing richer undergraduate science education as well as mentoring and early research experiences with working scientists. Many of the grants will be used partly to advertise the virtues of scientific study not just at universities but also in high schools and middle schools. These programs send a powerful message at a time when the country needs to be paying attention to remaking science education. Congress, which has been casting for ways to address this problem, would do well to emulate them."

WPost Says Maryland Governor's Race Should Be "Hard-Hitting, Substantive Campaign." An editorial in the Washington Post (7/3, A20) says Maryland Gov. Robert Ehrlich "has spent four years compiling a so-so record. He has diminished a handful of modest victories and sensible policies by displaying a tin ear for political ethics and a pointlessly petulant style of governance that has compounded the partisan venom in Annapolis." Those qualities "may help explain why Mr. Ehrlich… begins his campaign for reelection so far behind his Democratic rival, Baltimore Mayor Martin O'Malley." The Post adds, "Wouldn't it be nice if the campaign looked and sounded like a contest of ideas between two grown-ups, and not a locker-room smack-down. That will be the real test of both candidates -- whether they have the capacity to wage a hard-hitting, substantive, mature campaign that is about Maryland and Marylanders, not just about Bob Ehrlich and Martin O'Malley."

Personnel News. Roll Call (7/3, Ackley) reports in its "K Street Files" column, "**Carolyn Doyl**e, a former aide to Sen. Arlen Specter (R-Pa.), has left her position as senior federal affairs representative at the MWW Group. … **Karen Reidy**, most recently with the former MCI, has joined the telecom trade association COMPTEL as its vice president for regulatory affairs. … Cable giant Comcast Corp. has picked up a new lobbyist. **Peter Filon** comes to the company as senior director, federal government affairs, from the House Energy and Commerce Committee, where he has served as minority counsel. PR power-shop Qorvis Communications has signed **Jim McGann** as managing director. … The US Tuna Foundation has a new president. **Anne Forristall** comes to the fishy lobby from MGN Inc., where she advised a range of clients on legislative strategy. **Lisa McGreevey** is joining the hedge fund industry's primary trade group, the Managed Funds Association, as executive vice president and chief operating officer. … The public policy and law group at Dickstein Shapiro has added **Brian Finch** as counsel. … **Benjamin McKay** has been promoted to senior vice president of federal government relations at the Property Casualty Insurers Association of America. Trading one heavy-hitting Wall Street CEO for another, the Financial Services Roundtable has named Citigroup chief **Charles O. Prince** to replace newly confirmed Treasury Secretary Henry Paulson as chairman of the group."

The Washington Post (7/3, C1, Kurtz) reports that **Jonathan Wald**, who was fired as executive producer of the Today show, and **Josh Howard**, who was forced to resign as executive producer of 60 Minutes II, have "landed at CNBC, where they are helping to retool programming on a business channel that has struggled in the ratings since the dot-com bust six years ago."

EDITORIAL WRAP-UP:

New York Times: ***"Crisis Postponed At The U.N."*** An editorial in the New York Times (7/3) says the UN "steered clear of a financial shipwreck last week, but it also steered clear of approving urgently needed management reforms. That is a standoff, not a solution. If the less-developed countries blocking those reforms continue to dig in, the United Nations will suffer in diminished public credibility and greater resistance to dues-paying by some of the largest contributor nations, including the United States." The UN "cannot function effectively in the 21st century under budget and management rules that were originally devised for a much smaller organization. Successive embarrassments like

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the oil-for-food scandal should have made that painfully clear."

"Protecting All Waters." The New York Times (7/3) editorializes, "Senator James Inhofe, a conservative Republican from Oklahoma, and Senator Lincoln Chaffee, a liberal Republican from Rhode Island, are at opposite ends of the earth on environmental issues. But both found themselves equally mystified by the recent Supreme Court decision on the Clean Water Act. The decision did nothing to clarify which waters were protected under the act and which were not. Both agreed that only Congress can end the confusion. Both are right. Without Congressional intervention, the certain outcome is endless litigation and a steady decline of the nation's streams and wetlands."

"How To Educate Young Scientists." The New York Times (7/3) editorializes that the US must do something about the "horrendous state of science education at both the public school and university levels." The Howard Hughes Medical Institute has "awarded grants to 50 universities aimed at providing richer undergraduate science education as well as mentoring and early research experiences with working scientists. Many of the grants will be used partly to advertise the virtues of scientific study not just at universities but also in high schools and middle schools. These programs send a powerful message at a time when the country needs to be paying attention to remaking science education. Congress, which has been casting for ways to address this problem, would do well to emulate them."

Washington Post: ***"Campaign Finance Bellwether."*** An editorial in the Washington Post (7/3, A20) says the Supreme Court's decision last week striking down Vermont's campaign finance laws "may prove more silver lining than cloud. The Vermont rules never stood much of a chance; they are so strict as to present genuine problems. The important feature of the case is not its specific result but the way the court -- and its two newest justices -- reached that result. On this point, the decision is promising." Despite "an opportunity to declare themselves hostile to campaign finance regulation in general, both signed on -- Justice Alito somewhat equivocally -- to the court's long-standing doctrine that appropriately crafted contribution limits can survive constitutional scrutiny. This is a far more significant development than the fate of Vermont's statute. It suggests that, notwithstanding the turnover in the court's personnel, a revolution in campaign finance law may not be in the offing."

"Flagging Rhetoric." An editorial in the Washington Post (7/3, A20) says the recent Senate debate over a flag burning amendment "managed to bring out some of the worst in politicians of both parties. … If there is a hero in this episode, it is the man who would succeed Mr. Frist as leader, Majority Whip Mitch McConnell (R-Ky.). Mr. McConnell could have put the amendment over the top by abandoning his opposition. To his credit, he didn't, and he was joined by two other Republicans, Sens. Lincoln D. Chafee (R.I.) and Robert F. Bennett (Utah). As Mr. McConnell explained in a column posted on his Senate Web site, 'No act of speech is so obnoxious that it merits tampering with our First Amendment. Our Constitution, and our country, is stronger than that.'"

"Mr. Ehrlich In The Ring." An editorial in the Washington Post (7/3, A20) says Maryland Gov. Robert Ehrlich "has spent four years compiling a so-so record. He has diminished a handful of modest victories and sensible policies by displaying a tin ear for political ethics and a pointlessly petulant style of governance that has compounded the partisan venom in Annapolis." Those qualities "may help explain why Mr. Ehrlich… begins his campaign for reelection so far behind his Democratic rival, Baltimore Mayor Martin O'Malley." The Post adds, "Wouldn't it be nice if the campaign looked and sounded like a contest of ideas between two grown-ups, and not a locker-room smack-down. That will be the real test of both candidates -- whether they have the capacity to wage a hard-hitting, substantive, mature campaign that is about Maryland and Marylanders, not just about Bob Ehrlich and Martin O'Malley."

Wall Street Journal: ***"After Hamdan."*** The Wall Street Journal (7/3) editorializes, "The Court's opinion masks its own power grab by asserting that the executive must defer more to Congress in designing military commissions." But "the Court's own deference to Congress is selective in the extreme, as it simply chose to ignore the clear intent of the Detainee Treatment Act that Congress passed only last December." The Journal adds, "We…certainly hope the Administration presses its case for military commissions to the Congress, including just how much due process protection the Members think al Qaeda detainees really deserve. An election is coming in which the prosecution of the war on terror will again be a major issue. By all means let's debate the proper care and handling of Osama's bodyguard."

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"A Somali Taliban?" An editorial in the Wall Street Journal (7/3) says, "There's no appetite in the US for a large military intervention in Somalia, but that doesn't mean the new regime should think it is immune from outside attention. So here's a suggestion: Send an emissary to the new Islamist government and propose a deal: Hand over the 1998 embassy bombers, refuse safe harbor to al Qaeda operatives, do not invade Somaliland and Puntland. Agree to that, and we will be able to get along. Don't agree, and the US will do what it must to disrupt any terrorist camps or terrorist activity within its borders. … The Somali Islamists need to understand that if they attempt to turn their country into another refuge for terrorists, it will end as badly for them as it did for the Taliban."

Los Angeles Times: ***"House Of (Immigration) Blues."*** The Los Angeles Times (7/3) editorializes, "Last week saw the first narrowing of the chasm between the Senate's recent comprehensive immigration bill and the House of Representatives' punitive enforcement-only package from December. Trouble is, the overtures are all going in the House's direction. … Pro-reform senators are making two classic negotiating mistakes: confusing their opponents' line-in-the-sand intransigence with a negotiating ploy, and elevating the importance of making a deal above its actual content."

"United On Clean L.A. Ports."

"Taming The Tamil Tigers." The Los Angeles Times (7/3) editorializes, "Since April, Sri Lanka has experienced rising violence between the government and the Tamil Tigers rebel group, effectively gutting a 4-year-old cease-fire. But amid the carnage, leaders of both sides have been making unexpected conciliatory gestures, spurring hope that with the help of international monitors, full-scale war can be avoided. … A peaceful Sri Lanka is very much in India's interest; war could bring a stream of refugees and instability to India, particularly in the state of Tamil Nadu. India should start to take a more active role, while the EU must work for a return to the bargaining table. It isn't too late to head off a full-scale war."

THE BIG PICTURE:

Headlines From Today's Front Pages.

Los Angeles Times:

"Confusion Grips Mexico Election."
"Happy? Let's Sum It Up."
"Congress Faces Dilemma On Terror Trials."
"In First Year, L.A.'s Mayor Finds His Inner Pragmatist."
"With The Right Spin, Any Film Can Be No. 1."
"Iraqis Go To Great Lengths To Get Away."

USA Today:

"How Americans See Americans."
"U.S. Elite Forces Face Shortfall."
"Some Spots Too Dry For Fireworks."

New York Times:

"Israel Steps Up Gaza Raids In Bid To Free Soldier."
"Internet Calling Pressures Bells To Lower Prices."
"A Terror Strike, Choreographed On A Computer."
"A New Partnership Binds Old Republican Rivals."
"Once Again, The Boss Is In At The New York Office."
"Marijuana Fight Envelops Wharf In San Francisco."

Washington Post:

"Record Crowds Flock To Vote Across Mexico."
"Growers Reap Benefits Even In Good Years."
"Episcopal Protest Of Top Bishop Increases."
"Petitions To FDA Delay Generic Drugs, Critics Say."
"Mongolians Meld Old, New In Making Arlington Home."

Washington Times:

"Mexico Election Too Close To Call."
"Senators Promise Gitmo Statute."
"Academic Manifesto Takes Root."
"Iran Plans To Cut Gas Imports, Subsidies."
"A Penny Saved Is A Penny Spurned."
"Illegal Students Face Expulsion From France."
"Representatives Relish Being Made A Mockery."

Detroit Free Press:

"Zetsche Steps Out Front At DCX."
"Schools Ties Bonuses To Test Scores."
"Kalamazoo Is Drug-Testing Hub For Pfizer."

Atlanta Journal-Constitution:

"Fulton Jail Is Slow To Let Go."
"'Always Remember.'"
"Austin Pleads Guilty To 'Mistake.'"
"Turner Studios In Midtown Undo Shoestring Image."

Houston Chronicle:

"Too Close To Call In Mexico."
"Troubling Figures Put Focus On Sunnyside."

Story Lineup From Last Night's Network News:

ABC: Iraq's Most Wanted; Shuttle Launch Scrubbed; Israel-Gaza Offensive; Mexico-Presidential Election; FBI-West

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Virginia Congressman; Death Penalty Anniversary; Alzheimer's-Art Therapy; National Anthem-Singing Project.
CBS: Israel-Gaza Offensive; Iraq Violence; Iraq's Most Wanted; Conservatives-Press Concerns; Discovery-Repair Concerns; Mexican Scholarship Program; World Cup; New Jersey-Government Shutdown; Weekend Box Office; Bush's 60th Birthday.
NBC: Preempted By Golf.

Story Lineup From This Morning's Radio News Broadcasts:
ABC: Space Shuttle Launch Delayed; Mexico-Election; Israel-Kidnapped Soldier; IN-Car Accident.
NPR: Mexico-Election; Israel-Kidnapped Soldier; UN-Human Rights Reforms; Space Shuttle Launch Delayed; IN-Car Accident; Iraq-Most Wanted List; World Cup; Foreign Stock Markets.

WASHINGTON'S SCHEDULE:

Today's Events In Washington.

White House:

PRESIDENT BUSH — Signs H.R. 5403, the Safe and Timely Interstate Placement of Foster Children Act of 2006. Roosevelt Room, The White House. Photo Release.

VICE PRESIDENT CHENEY — No public schedule.

US Senate: No scheduled events.

US House: No scheduled events.

Other: ELECTIONS-LATINOS _ 9:30 a.m. The Latino Policy Coalition and Lake Research Partners hold a teleconference to release the results of a national survey of Latino voters and discuss the midterm elections. With Jim Gonzalez, chair, Latino Policy Coalition; Celinda Lake, president, Lake Research Partners; and Dr. Fernando Guerra, director, Leavey Center for the Study of Los Angeles. Contacts: Michael Bustamante, 916-425-0839. Notes: Dial-in: 1-866-216-6835. Passcode: 116692.

NY TIMES-PROTEST _ 12 p.m. The D.C. Chapter of FreeRepublic.com and Accuracy in Media hold a demonstration to call for the prosecution of New York Times publisher Arthur Sulzberger, Jr., Executive Editor Bill Keller and reporters James Risen and Eric Lichtblau for "giving aid and comfort to al Qaeda by publishing stories exposing national security intelligence programs." Location: In front of 1627 "Eye" St. NW.

GRANNY PEACE BRIGADE _ 2 p.m. The Granny Peace Brigade, 18 grandmothers protesting the war in Iraq, hold a rally and march to mark the end of their journey from New York City. Highlights: 2 p.m. Marchers will be joined by war protester Cindy Sheehan, at Dupont Circle. Sheehan will escort the marchers down Massachusetts Avenue to the Gandhi statue at Massachusetts Ave. and Q Sts, NW, in front of the Indian Embassy. Location: Gandhi Statue, corner of Q St NW and Massachusetts.

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THE ATTORNEY GENERAL'S *NEWS BRIEFING*

PREPARED FOR THE OFFICE OF PUBLIC AFFAIRS, U.S. DEPARTMENT OF JUSTICE

TO: THE ATTORNEY GENERAL AND SENIOR STAFF

DATE: MONDAY, JULY 3, 2006 7:45 AM EDT

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TERRORISM NEWS:

Senators Predict Congress Will Establish Military Commissions For Detainees Soon. The Financial Times (7/3, Alden) reports, "The US Congress looks set to co-operate with President George W. Bush in devising rules for military commissions to try alleged terrorist detainees. This follows last week's historic Supreme Court decision that struck down the president's claim that he could set the rules on his own authority." US lawmakers' reaction to the ruling dominated the Sunday political shows. GOP Sen. Arlen Specter, appearing on CBS's Face the Nation (7/2, Schieffer), said, "The Judiciary Committee had hearings on Guantanamo last June. And I made a trip there, and it's been apparent to us for some time that the Supreme Court was going to impose some restrictions. And we had legislation ready to go. And I think that we should now have hearings in the Judiciary Committee, which we've scheduled for July 11th." M The Washington Times (7/3, Pfeiffer) notes Sen. Carl Levin, Michigan Democrat, "told CBS that his panel will 'have hearings in a couple of weeks.'"

Sen. Lindsey Graham, also a Republican, on Fox News Sunday (7/2, Wallace) said, "I think what we will do this month, I hope, is to get some input from the great legal minds of our time, particularly military lawyers, retired and active duty military judge advocates. … And I would hope Congress would have hearings about what to do in light of this decision and that we will sit down together…in August, write legislation and hopefully vote by September."

The New York Times (7/3, Toner) "both parties were treading carefully in a political and legislative terrain suddenly reconfigured by the Supreme Court. Most leaders on Sunday pledged bipartisan cooperation, but some fault lines were clear." Democratic Sen. Charles E. Schumer "said on 'Meet the Press' on NBC that 'this White House has felt it could just change things unilaterally.' Mr. Schumer added, 'Had they come to Congress a few years ago on this issue, my guess is they would have gotten most of what they wanted.'" But "in light of the court ruling, Mr. Schumer called on Attorney General Alberto R. Gonzales to create an independent

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commission to conduct 'a top-to-bottom legal review of all of the administration's ongoing antiterror measures.'" USA Today (7/3) reports "senior Democrats called for a broader review of whether Bush overstepped his war powers," and notes Schumer's comments.

On ABC's This Week (7/2, Stephanopoulos), Democratic Sen. Dianne Feinstein said, "This is the time for the Congress to come together, both political parties, and we can do this, and the President, and work out the parameters of whether it is a special authorized commission, whether it is a military tribunal. But that gives the detainees the rights that the Constitution provides, and this is our strength. It is not our weakness." And Democratic Sen. Jack Reed, on Fox News Sunday (7/2, Wallace), said, "The President declared that he essentially was operating in his own capacity as commander in chief, and I think the court reined him back, and I think it's appropriate. … What it insists is that the President come to the Congress and in a deliberate fashion and a democratic fashion we give him the authority that he needs."

In an analysis piece, the Los Angeles Times (6/3, Schmitt) says the ruling "has apparently presented the Bush administration and its allies in Congress with two choices -- both fraught with risk. They can use the GOP majorities in the House and Senate to put a quick congressional seal of approval on something close to the existing system, but run the risk that it too will be struck down by the high court." Or "they can follow the path suggested by the court and devise a system embracing the procedural and other principles of the U.S. Uniform Code of Military Justice and the Geneva Convention, but risk the possibility that few, if any, of the alleged terrorists will be convicted." And "both choices, as well as attempts to chart a middle course, could set off the kind of protracted, internally divisive debate that the White House and GOP political strategists would not relish with the November elections approaching."

McCain Contends "All Of Us" Would Like To See Guantanamo Shut Down. Sen. John McCain, on ABC's This Week (7/2, Stephanopoulos), said, "All of us and the president has said he'd like to see Guantanamo shut down, but it's not Guantanamo itself, it's the status of these detainees. And I believe that if we use the Supreme Court decision correctly, we will move forward and adjudicate these cases."

Experts Offer Tips On Complying With Court Ruling On Guantanamo Tribunals. Time (7/10, Thornburgh) reports that the Supreme Court's ruling in Hamdan v. Rumsfeld says that if the Bush Administration wants to hold special military tribunals to try terrorism suspects at Guantnamo Bay, "it can't just declare them legal -- it needs to work with the other branches of government to make them so." Time notes that while the ruling was a "rebuke to the Administration's claim that it alone can decide how to defend Americans from terrorism," the High Court did not say "Guantnamo has to be closed. In fact, there are plenty of people who believe it's possible to comply with the court's ruling while protecting American citizens and extracting useful intelligence from detainees." Time lists several ways the Administration can fix Guantanamo, including working with Congress, repatriating the "small fish," who have been determined not to have committed any hostile act against Americans or their allies, processing the habeas corpus cases, living by the Geneva rules and lifting the "veil of secrecy" over the prison.

Bush, GOP Seen As Likely To Utilize Hamdan Decision As Campaign Issue. The Washington Post's Dana Milbank, on The Chris Matthews Show (7/2, Matthews) said, "Bush will be celebrating Hamdan the way the Muslims celebrate Ramadan. … Now he can campaign against the Supreme Court, they can put legislation before the congress that gives him exactly what he wants, force the democrats to vote against them and say 'those guys want to release all the terrorists.' It's going to be the 2002 and 2004 campaign all over again." Later in the program Milbank added, "It's Max Cleland all over again. You need one issue, one sort of wedge, and…this is exactly what the president wants."

The Weekly Standard's Bill Kristol, on Fox News Sunday (7/2, Wallace), said, "This is going to be a great debate for Republicans in Congress for the next few months. … Democrats are either going to have to basically acknowledge that the president has been right all along by authorizing what he wanted, and they're going to have to rebuke the Supreme Court's interpretation of the Geneva Conventions, or the Democrats are going to be in the position of saying that Al Qaida deserves protections like normal prisoners of war or like normal people in the American justice system."

WSJournal Says Case Should Be Election Issue. The Wall Street Journal (7/3) editorializes, "The Court's opinion masks its own power grab by asserting that the executive must defer more to Congress in designing military commissions." But "the Court's own deference to Congress is selective in the extreme, as it simply chose to ignore the clear intent of the Detainee Treatment Act that Congress passed only last December." The Journal adds, "We…certainly hope the Administration presses its case for military commissions to the Congress, including just how much due process protection the Members think al Qaeda detainees really deserve. An election is coming in which the prosecution of the war on terror will again be a major issue. By all means let's debate the proper care and handling of Osama's bodyguard."

GOP Lawmakers Blast Court's Interpretation Of Geneva Convention. The AP (7/3, Yost) reports, "Two Republican senators said Sunday that Congress must rein in the Supreme Court ruling that international law applies to the

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Bush administration's conduct in the war on terror." On Fox News Sunday (7/2, Wallace) Sen. Lindsey Graham criticized the "Geneva Convention aspects" of the Hamdan decision, calling them "breathtaking." Graham argued that the "question for this country is should Al Qaida members who do not sign up to the Geneva Convention, who show disdain for it, who butcher our troops, be given the protections of a treaty they're not part of. My opinion -- no. They should be humanely treated, but the Geneva Convention cannot be used in the war on terrorists to give the terrorists an opportunity to basically come at us hard without any restrictions on how we interrogate and prosecute."

Sen. Mitch McConnell, on NBC's Meet The Press (7/2, Mitchell) said, "a very disturbing aspect of the decision was that the court held common Article 3 of the Geneva Conventions applicable to American servicemen. Now this means that American servicemen potentially could be accused of war crimes. I think Congress is going to want to deal with that as well when it enacts these military commissions, and I think we need to do it soon. And so we'll be dealing with that in the coming weeks. … I think we will have to act on this very soon, either in July or in September. Certainly in the next couple of months."

Rep. Peter King, on CNN's Late Edition (7/2, Roberts) noted that "the Geneva Conventions apply to soldiers of established armies, of established governments, not to terrorists who are on the run, who are basically rag-tag operations and do not swear allegiance to a particular country. … Because if we apply the Geneva Convention to them, that means all you ask them is their name, rank and serial number."

Kristol Says Court Committed "Act Of Judicial Imperialism." The Weekly Standard's Bill Kristol, on Fox News Sunday (7/2, Wallace), added, "What the court did find -- let's just be literal about this -- is that Common Article III of the Geneva Conventions applies to Al Qaida. That is a breathtaking finding. It is contrary to every understanding of what that article has meant for the last 50 years. It is a pure act of judicial imperialism. … And I think the Congress is going to have to repudiate the court."

Stevens Opinion Said To Reflect 1946 Ruling Penned By Rutledge. The Washington Post (7/3, A19, Lane) reports in its "Full Court Press" column, "Justice John Paul Stevens wrote last week's Supreme Court opinion striking down President Bush's plan to put suspected terrorists on trial before military commissions. But in a real sense, the opinion's author was Wiley B. Rutledge, the justice for whom Stevens clerked during the court's 1947-1948 term, and for whom he has expressed great admiration in the years since." Rutledge's "most famous dissenting opinion came in 1946, when he wrote that the majority of the court was wrong to deny a petition for habeas corpus by Tomoyuki Yamashita, the Japanese general sentenced to death by a U.S. military commission in the Philippines for atrocities committed by his troops. … It is hard to imagine anyone less popular in the United States than Yamashita. But the man whose case was before the court last week, Osama bin Laden's former aide, Salim Ahmed Hamdan, might qualify. Nevertheless, Stevens defended not Hamdan, but Hamdan's rights."

GOP Intensifies Criticism Of Media Over Anti-Terrorism Program Leaks. The CBS Evening News (7/2, story 4, 2:20, Mitchell) reported, "A battle between the press and the White House is heating up tonight." CBS (Calvi) added Rep. Peter King has "cosponsored a congressional resolution condemning press reports that revealed a secret government program. The program was designed to monitor millions of bank transactions to try to catch terrorists." President Bush (Wednesday): "There can be no excuse for anyone entrusted with vital intelligence to leak it and no excuse for any newspaper to print it." Calvi: "'The Wall Street Journal,' 'The New York Times' and the 'Los Angeles Times' all reported on the surveillance program on the same day, but it's been 'The New York Times' that's been the focus of criticism, including by the editorial page of the 'Wall Street Journal.'" Bill Keller, Executive Editor, "The New York Times": "The 'Times' is an easy target for conservatives partly because our opinion pages tend to be pretty tough on the Bush Administration." Calvi: "Now, the Administration is considering its options." Rep. King "tells CBS News he'll be asking the Attorney General to investigate how the information was obtained by the 'Times' and file criminal charges against any leakers and reporters who refuse to reveal those sources."

McCain Calls For Prosecution Of Terror Money Tracking Program Leakers. The New York Post (7/3, Orin) reports that Sen. John McCain has ""joined the chorus of critics who say The New York Times was wrong to out a top-secret terror money-tracking program, and he called for prosecuting the leakers." Speaking on ABC's This Week, McCain said, "Tracking the money is always a vital tool, and members of Congress were kept informed and agreed to this program," adding, "So, no, I don't think [the Times] should have published it." The Post adds, "McCain also challenged the Times' claim that it didn't reveal any real secrets, saying, 'If The New York Times thinks the story was inconsequential, the legitimate question is: Why was it on the front page?' Asked if the Times should be prosecuted, McCain replied, 'I think we should go after the leakers first.'"

Document Outlines Bali Bombers' Final Hours. The New York Times (7/3, Bonner) reports from Indonesia on "the playbook for a suicide bombing, including even a minute-by-minute choreography of the bombers' final hours. The Indonesian police uncovered the document from the computer of one of the planners of an attack last October in

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Bali, which killed 20 people when three men walked into separate restaurants and blew themselves up." The document "offers a rare glimpse into the minds of the most cunning terrorist plotters and of the kind of meticulous planning that lies behind their operations. It also shows what even a small, local group with few resources can do, and the difficulty of thwarting their plans." The 34-page document, titled "The Bali Project," was "found on the computer of Azhari Husin, a Malaysian-born engineer educated in Australia and Britain who became a master bomb maker and was one of the most dangerous terrorists in Southeast Asia until he was killed in a shootout with the police last November." The document "was given to The New York Times by a person who requested anonymity because it had not been officially released. It was first reported on by Tempo, an English-language weekly newsmagazine here."

WSJournal Says Islamists Should Not Turn Somalia Into Refuge For Terrorists. An editorial in the Wall Street Journal (7/3) says, "There's no appetite in the US for a large military intervention in Somalia, but that doesn't mean the new regime should think it is immune from outside attention. So here's a suggestion: Send an emissary to the new Islamist government and propose a deal: Hand over the 1998 embassy bombers, refuse safe harbor to al Qaeda operatives, do not invade Somaliland and Puntland. Agree to that, and we will be able to get along. Don't agree, and the US will do what it must to disrupt any terrorist camps or terrorist activity within its borders. … The Somali Islamists need to understand that if they attempt to turn their country into another refuge for terrorists, it will end as badly for them as it did for the Taliban."

HOMELAND RESPONSE:

L.A. Police Chief, Others, To Press Homeland Security For Greater Sharing Of Intelligence. The Los Angeles Times (7/1, Winton, McGreevy) reported, "Los Angeles Police Chief William J. Bratton said Friday that he and other big-city police chiefs will meet this month with top Homeland Security officials amid complaints that the federal agency isn't doing enough to share information with local law enforcement nationwide." Bratton said it is not so much that DHS doesn't "share intelligence," but that "they don't have intelligence." DHS spokesman Russ Knocke described the upcoming meeting as "an opportunity for the secretary to sit down with the chiefs of police for major cities and talk about information sharing." Homeland Security Secretary Michael Chertoff "wants to 'listen to the concerns of the police chiefs and personally work to address the concerns,'" said Knocke.

The AP (7/1) reported that Bratton said, "The good news is: We've seen some significant improvements in intelligence provided over the last year." The AP continued that Knocke "said that last year the federal agency provided more than 1,200 bulletins, notices and other dispatches to local law enforcement agencies." However, he added that DHS is "the first to say there is more work to be done."

WRC-TV Washington, DC (6/30) reported on its website that DC Police Chief Charles Ramsey is among those "complaining about a lack of information sharing during terror threats." Ramsey told NBC4 that he had sent a letter to Secretary Chertoff "and he has agreed to meet sometime in July along with out key staff people, and I'll have some of the police chiefs who are also concerned. Then we'll sit down and talk about it."

WAR NEWS:

Sunni Lawmakers Boycott Iraqi Parliament. The New York Times (7/3, Semple) reports, "The main Sunni Arab political bloc began a boycott of Parliament on Sunday to protest the kidnapping of a Sunni legislator and threatened to withdraw its members from the prime minister's cabinet unless the lawmaker was freed within the next 48 hours." The "walkout" was "the first serious disruption in Iraq's new government and reflected the fragility of the power-sharing arrangement in the face of the relentless sectarian violence overwhelming the nation." The legislator, Tayseer Najah al-Mashhadani, and eight of her guards "were kidnapped by people suspected of being Shiite militiamen on Saturday while driving into Baghdad from her home north of the capital."

The Washington Post (7/3, A15, Partlow) reports, "The decision by the Sunni Accord Front, which holds 44 seats in the 275-member parliament, threatens to pull the legislature apart." Sunni legislators "blamed the abduction on Shiite-led militias aligned with the majority political parties in Iraq. Some accused the Iraqi security forces, who were near the kidnapping site in the Shaab neighborhood, of standing by and allowing Mashhadani's convoy to be captured." The Los Angeles Times (7/3, Roug) also reports the story.

Iraqi Government Publishes "Most Wanted List." The Financial Times (7/3, Negus) reports, "The Iraqi government on Sunday published a "most wanted" list topped by family and former associates of deposed president Saddam Hussein who reportedly finance and direct the insurgency." The list, "planned in parallel with the government's national reconciliation plan – suggests that the government considers a reconstructed Ba'ath party to be its most dangerous foe."

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The AP (7/3, Juhi) notes Saddam's "wife and eldest daughter are among 41 people on the Iraqi government's most wanted list, along with the new leader of al-Qaida in Iraq, a top official announced Sunday." Saddam's wife, Sajida Khairallah Tulfah, "was No. 17, just behind the ousted leader's eldest daughter, Raghad. Sajida is believed to be in Qatar, and Raghad lives in Jordan, where she was given refuge by King Abdullah II."

ABC World News Tonight (7/2, lead story, 2:50, Brown) reported, "Remember the deck of cards the US military put out just after the war? Most of those have since been killed or captured, and the violence continued. The list of 41 names was released by the national security adviser here, who said they're all killers. And will be hunted down, one by one. He said the international police agency, Interpol, has been informed." Mouwafak Al-Rubaie, Iraqi National Security Adviser: "This list shows those who are trying to destroy our country." The CBS Evening News (7/2, story 3, 1:55, Cowan) said it was "the latest step in the government's security crackdown that has failed so far to stem the violence in Iraq."

Violence Continues In Iraq. The CBS Evening News (7/2, story 2, 0:10, Mitchell) reported, "Another bloody day in Iraq. South of Baghdad, four were killed and 22 wounded after a bomb went off. This one day after a car bomb in a Baghdad market killed more than 60."

Further Details Of Alleged Iraq Rape Surface. The Washington Post (7/3, Knickmeyer) reports the version of the alleged rape and murders by US GIs told by a neighbor, Omar Janabi. It gives the victim's age as 15 and contains his account of finding the family's bodies, as well as graphic descriptions of the bodies from death certificates. The Post writes, "The case is at least the fourth American military investigation announced since March of alleged atrocities by U.S. forces in Iraq. The rape allegation makes the Mahmudiyah case potentially incendiary in Iraq. Rape is seen as a crime smearing the honor of the family as well as the victim in conservative communities here."

Senate Intelligence Committee "Statements" Investigation Stalled. In the National Review (7/17), Byron York says the Senate Intelligence Committee "is engaged in a protracted investigation of the public statements of President Bush, Vice President Cheney, top administration officials, lawmakers in the House and Senate, and even officials of previous administrations to determine whether they exaggerated, cherry-picked, misrepresented, or otherwise manipulated intelligence in the run-up to the war." But it is "not going well. In fact, the 'statements investigation' is the main roadblock to completion of what is called 'Phase Two' of the committee's probe of pre-war intelligence." After Democrats "first proposed to investigate only Bush administration officials," Chairman Pat Roberts "pointed out that many members of Congress, as well as many members of the Clinton administration, had also made statements about Iraq's supposed WMD capabilities." But Roberts added when "senators evaluate each statement in light of the intelligence that was available at the time, he proposed, they should do so blindly — that is, not knowing the identity of the speaker, so they would not allow any biases to influence their judgment on the appropriateness or inappropriateness of the statement." It would "not be an exaggeration to say that Democrats — behind the scenes, of course — went bonkers over that suggestion." What had "started as a way to criticize the Bush administration threatened to backfire on Democrats."

Bush Seen As Uninterested In Seeking Democratic Support For Iraq Policy. In the New Republic's TRB column (7/10), Peter Beinart says, "Why doesn't George W. Bush want to win in Iraq? Seriously. The past several weeks have forced him to choose between two big goals: Demonizing Democrats to help the GOP retain control of Congress and fostering a domestic climate that gives the new Iraqi government the best chance to survive. And, again and again, he has chosen door number one." Swallowing the concessions needed from the US to secure the Iraqi government "will require a bipartisan bargain -- the kind of ceasefire required for difficult domestic changes like reforming Social Security or the tax code." But "over the past several weeks, President Bush has done exactly the opposite. Rove and company immediately wielded Zarqawi's death as a partisan club, saying that, if Democrats had their way, he'd still be loose."

Raid Reveals Tensions Between US Forces, Afghan Government. The New York Times (7/3, Gall) reports from Kabul, "A joint military raid by American and Afghan forces on an unobtrusive house here in the capital on March 20 has pointed up the tensions between the American military and the Afghan Defense Ministry over the conduct of counterinsurgency raids, particularly in Kabul, the Afghan defense minister says." The raid "was led by masked American special forces, and included eight members of a unit of the Afghan National Army. The involvement of Afghan soldiers prompted the defense minister, Gen. Abdur Rahim Wardak, who had no advance notice of the raid, to bar Afghan Army personnel from taking part in any raids on houses or compounds."

Two British Soldiers Killed. The Washington Post (7/3, A16, Tran) reports, "An insurgent attack on a British base killed two soldiers and an Afghan interpreter, military officials said Sunday, while at least 20 insurgents were killed in clashes and coalition airstrikes." An AH-64 Apache attack

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helicopter "crashed Saturday in an accident in southern Afghanistan, killing one crew member, the US military said."

Pakistani Journalist Sees Dire Situation In Afghanistan. Ahmed Rashid, a Pakistani journalist, writes in the Washington Post (7/3, A21), "The current political and military meltdown in Afghanistan was entirely predictable and avoidable. For the past three years Afghans, their president, Hamid Karzai, and foreign experts have been warning that the failure of the United States and the international community to provide sufficient economic, military and reconstruction resources to the fledgling Afghan government would lead to a Taliban resurgence and disillusionment among the Afghan people. That is exactly what has happened." But "there is still a way out of the mess if the international community and the Afghans pull together, rather than being at odds with one another. Karzai set the ball rolling late last month by calling for a joint strategy in a critical meeting with the most important foreign players in Kabul." Rashid adds the UN Security Council "needs to give the UN officials in Kabul the responsibility for coordinating the international response to the crisis and economic and political strategies with the Afghan government."

US Military Faces Shortfall In Special Forces Troops. USA Today (7/3, Brook) reports, "The Army, Navy and Air Force face shortages of elite special operations forces that are playing a leading role in the war against terrorism, military records show." The shortfall of Army special operations, Navy SEALs and Air Force "combat controllers persists as the Pentagon seeks to expand the forces by 15% over the next four years to bolster the anti-terrorism campaign. One reason for the shortage is the intense training. The Navy says only 35 of 166 candidates will qualify as SEALs." USA Today adds, "Retention also is a problem. Some veterans can make $780 a day as civilian security contractors in Iraq, says Rep. Jim Saxton, R-N.J., chairman of a House Armed Services subcommittee that oversees special operations troops. Bonuses as high as $150,000 have helped stanch that loss, he says."

Pentagon Officers Said To Be Resisting Rumsfeld, Cheney On Iran Bombing Plans. In the New Yorker (7/10-17), Seymour Hersh writes that included with the Bush White House's offer to Iran to negotiate over its nuclear program if it suspended its uranium enrichment program included "an unspoken threat: The US Strategic Command, supported by the Air Force, has been drawing up plans, at the President's direction, for a major bombing campaign in Iraq. Inside the Pentagon, senior commanders have increasingly challenged the President's plans, according to active duty and retired officers and officials." Senior officers "have told the Administration that the bombing campaign will probably not succeed in destroying Iran's nuclear program. They have also warned that an attack could lead to serious economic, political, and military consequences for the US." A retired four star general, "who ran a major command, said, 'The system is starting to sense the end of the road, and they don't want to be condemned by history. They want to be able to say, 'We stood up.'" The New Yorker adds the "discord over Iran can, in part, be ascribed to Rumsfeld's testy relationship with the generals. They see him as high-handed and unwilling to accept responsibility for what has gone wrong in Iraq." But Rumsfeld is "not alone in the Administration where Iran is concerned; he is closely allied with Dick Cheney, and," a Pentagon consultant said, "'the President generally defers to the Vice President on all these issues,' such as dealing with the specifics of a bombing campaign if diplomacy fails."

Iran Rejects Western Deadline On Nuclear Proposal. The New York Times (7/3, Fathi) reports, "Iran on Sunday again rejected a deadline to respond to an international proposal to end the standoff over its nuclear program, saying it would respond a month. 'We do not consider such statements as constructive and invite them to wait for our answer until next month,' said Hamidreza Assefi, the Foreign Ministry spokesman, the ISNA news agency reported. The next month in the Iranian calendar begins July 23." Assefi "was responding to a statement made at a meeting of the Group of 8's foreign ministers on Thursday in Russia, during which they demanded Iran make a 'clear and substantive' response to the proposal in a week. P resident Mahmoud Ahmadinejad had previously said Iran would give its answer around Aug. 23."

Iran To Cut Refined Oil Imports, Ration Gasoline. The Washington Times (7/3, Mihailescu) reports, "Iran, which relies on imports for almost half its refined petroleum products, plans to halt those imports and introduce gasoline rationing later this year, the government announced." The decision "appears related to a plan to allow the nation's heavily subsidized gasoline to spike in price in order to reduce the smuggling of fuel to neighboring countries, a practice that aggravates shortages and costs the country billions of dollars every year."

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Kennedy Emerges As Swing Vote On High Court. The Christian Science Monitor (7/3, Richey) notes that with the addition of President Bush's two nominees, Chief Justice John Roberts and Justice Samuel Alito, the supreme Court "has grown more conservative." The Monitor also notes that Justice Anthony Kennedy "will likely decide how far to the right the law moves under the new lineup of justices at the nation's highest court." According to the

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Monitor, "In years past, Kennedy shared the swing-vote designation with O'Connor. But with her departure he occupies the court's decisive center alone. That puts Kennedy in an even more powerful position than O'Connor, legal analysts say. … Kennedy's power was on full display last week when he joined the court's liberal wing to forcefully strike down President Bush's plan to put terror suspects on trial before military commissions at Guantánamo Bay, Cuba."

Roberts Court Seen As Less Contentious Than Rehnquist's. Time (7/10, Rosen) reports that that Supreme Court's first year under Chief Justice John Roberts "has not been ordinary. As evidenced last week when the court struck down the Bush Administration's use of military tribunals, the Justices are suddenly unafraid to talk to one another in personal terms." By the time the Court adjourned for the summer, "the usual decorous costume drama that is a Supreme Court term had morphed into something much closer -- in vitriol, tension and drama -- to a soap opera." Time notes, however, that despite "the impression left by its rush of final decisions, the Roberts court is, at least so far, less fractured than the court led for 19 years by William Rehnquist. Almost half its decisions this year had no dissents, compared with 38% in Rehnquist's final term, and the tally of 16 cases decided by a 5-to-4 vote is seven fewer than under Rehnquist."

GOP To Focus On Judicial Confirmations. The Washington Times (7/3, Hurt) reports, "In coming weeks, Republicans on Capitol Hill plan for the first major push on judges since Chief Justice John G. Roberts Jr. and Justice Samuel A. Alito Jr. were confirmed to the Supreme Court." In "the nearly six months since Justice Alito was confirmed, only 14 federal judges have been seated." That's "the slowest six-month period since early 2004, according to documents kept by the Department of Justice's Office of Legal Policy." The Times adds, "The plans for renewed emphasis on judges comes after a consortium of conservative leaders expressed deep displeasure with both the White House and Republican leaders on Capitol Hill in recent months over the slowed pace of confirmations." The conservatives wrote "a letter to Senate Majority Leader Bill Frist, Senate Majority Whip Mitch McConnell and other Republican leaders in the body." The "83 signers of the letter…include such conservative icons as Paul Weyrich, Alan Keyes, Richard Viguerie, Abigail Thernstrom, David A. Keene, L. Brent Bozell III and Bill Donohue."

CORPORATE SCANDALS:

Impact Of US Abramoff Probe Into Ex-Guam Governor Remains Unclear. The Guam Pacific Daily News (7/3, Kang) reports, "The fallout over the federal investigation of a possible link between disgraced lobbyist Jack Abramoff and former Democratic Gov. Carl Gutierrez remains unclear. The U.S. Department of Justice on Friday issued a report on the replacement of Frederick Black as the island's U.S. Attorney, in which lobbyist Jack Abramoff told investigators he was helping Gutierrez get rid of Black. Gutierrez on Saturday denied those allegations. Former Guam delegate and Democratic gubernatorial candidate Robert Underwood, in a phone interview from Seattle, said the case warrants further investigation. In particular, he said, inquiries should be made into whether Abramoff received monetary compensation of any kind and where that money might have come from. Gutierrez on Saturday said he nor his administration never paid Abramoff for any lobbying efforts." Underwood "went on to say that if any additional information of a conspiratorial nature is revealed in subsequent investigations, those responsible should be prosecuted. Accountable 'First of all, the voters should hold them accountable and secondly the law should hold them accountable,' he said."

The Guam Pacific Daily News (7/3, Daleno) reports Gutierrez "praised a recently released federal investigation into the removal of former acting U.S. Attorney Fred Black, saying Black's smear of his replacement, Leonardo Rapadas, is a 'prime example of his operations.' Gutierrez yesterday released a written statement responding to the report, accusing Black of blocking local attempts at self-government. During a Saturday interview with the Pacific Daily News, Gutierrez denied statements in the Department of Justice report that lobbyist Jack Abramoff was working on his behalf to get Black removed." Gutierrez "acknowledged meeting with Abramoff during a dinner in the nation's capital, where the topic of Black's nomination came up, but he did not elaborate on what happened after that, saying only that he found it 'interesting' that Abramoff wanted to meet him. A Justice Department Office of Inspector General report, released Friday in Washington, D.C., states that Abramoff told federal investigators he began working on behalf of Gutierrez, who was governor at the time, to lobby for the removal of Black when certain Gutierrez administration officials were under federal investigation."

The Guam Pacific Daily News (7/2, Limtiaco) reports, "Former Democratic Sen. Mark Charfauros yesterday acknowledged that he probably was lobbyist Jack Abramoff's closest friend on Guam, but he disputed a U.S. Department of Justice report released yesterday." Charfauros said he "did ask his friend Abramoff for help in securing a confirmed U.S. Attorney for Guam, but said he was not working with Gutierrez on the matter and did not send the e-mail stated in the report. 'No way. I'd like to see that e-mail. That didn't happen. I never filed any kind of e-mail, saying that nominations are gonna come out of Carl Gutierrez. Carl Gutierrez had nothing to do with this whole issue,' Charfauros

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said." The Guam Pacific Daily News (7/2, Daleno, Tamondong) reports Abramoff "has told federal investigators and said in e-mails that he worked on behalf" of Gutierrez to remove Black.

Tenet CEO Faces Challenge Of Moving On After Settlement With DOJ. The Wall Street Journal (7/3, Rundle) reports Trevor Fetter "inherited a financial and legal morass in 2003, when he took the top job at Tenet Healthcare Corp., the big hospital operator. Now, with most of the company's legal woes behind him, Mr. Fetter is turning to his next task: moving on." Tenet last week "agreed to pay the Justice Department $725 million to settle a host of investigations, including allegations that it gamed the Medicare system to generate lucrative payments it didn't deserve." Fetter's "biggest challenge will be to persuade doctors to send more patients to Tenet hospitals, many of which languished as Tenet conserved cash in anticipation of the Justice Department settlement. Today, those hospitals lack the latest CT scanners and other high-tech equipment that doctors crave."

Austin Banker Nearing Victory In S&L Case. The Austin American-Statesman (7/3, Elder) reports, "Austin real estate developer Alfred Hughes was close to giddy when he acquired an El Paso savings and loan in 1988. 'We're sitting on top of the world,' he said after federal regulators approved the purchase. 'We're very comfortable working in a regulated environment.' Less than two years later, regulators shuttered El Paso Federal Savings and Loan. For the past 16 years, Hughes has been trying to collect the $46.5 million he says the government cost him by improperly closing and then liquidating the institution. Among the assets Hughes lost when the thrift closed was his ownership of 4,500 acres of Steiner Ranch in western Travis County, now a development of high-end homes." While the "legal battle may roll on, in a continuing echo of the massive savings and loan crisis of the 1980s and early 1990s, Hughes won a big victory last month. Senior Judge James Merow of the U.S. Court of Federal Claims awarded Hughes the full amount, ruling that a 1989 federal law had unfairly imposed new financial requirements on thrifts."

BP Traders Lost $10 Million, Court Documents Show. Bloomberg (7/3) reports, "The three BP Plc traders accused by regulators of attempting to corner the U.S. propane market lost $10 million when they failed to sell their inventory, court documents show. The traders in February 2004 sought to make more than $20 million by holding most of the propane on a pipeline that ships the heating fuel from a hub in Texas to the U.S. Midwest and Northeast, according to transcripts filed June 28 with the U.S. District Court in Illinois by the Commodity Futures Trading Commission. Instead, they were stuck with much of the fuel as the market plunged on March 1." BP, "which made $2.8 billion trading oil and gas in 2005, and other oil companies are facing increased scrutiny from U.S. regulators and lawmakers as near-record oil prices have boosted gasoline, heating oil and natural gas prices to records in the past year."

Levin, Coleman Want More Oversight Of Energy Markets. The Financial Times (7/3, Grant) reports United Kingdom energy firm BP, "has suspended three Houston-based traders at the centre of an alleged propane price manipulation scheme, as alarm rose in Washington over the need to police energy markets. Senior US senators have warned congress that 'too many trades' are occurring without regulatory oversight." Sen. Carl Levin said, "It's time to put the cop back on the beat in these markets to make sure ordinary Americans aren't ripped off." The Times adds Levin's "call, in a bipartisan report to congress last week by the Senate's Permanent Subcommittee on Investigations, is the clearest sign yet that lawmakers believe the US energy markets are still open to manipulation years after the collapse of Enron exposed the weakness of lightly regulated energy markets." Sens. Levin and Norm Coleman "urged congress to 'eliminate the Enron loophole' by extending the power of the Commodity Futures Trading Commission, the US futures industry regulator, to oversee over-the-counter (OTC) energy markets."

Bermuda Unit Said To Be At Center Of Refco Collapse. The Wall Street Journal (7/3, Mollenkamp, Mcdonald, Mckay) reports on the failure and bankruptcy filing of hedge fund manager Refco, "one of the largest and swiftest failures in recent Wall Street history. Refco, one of the world's largest commodities brokerages, was a global trading hub for corporations, government agencies, individual clients and hedge funds. And yet its spectacular collapse came out of nowhere." There are "thousands of big and small investors trying to recover about $1.8 billion of assets missing from client accounts." The "inside story of Refco's collapse" is now "emerging in federal bankruptcy-court proceedings in lower Manhattan and in related civil and criminal actions. At its center is Refco Capital Markets Ltd. of Hamilton, Bermuda. Court proceedings have uncovered a host of unusual practices by the Bermuda unit that appear to have contributed both to Refco's rapid growth and to its catastrophic fall."

SEC Sues To End German Bond Investment Scheme. USA Today (7/3, Smith) reports Las Vegas investor Jeffrey Weston "has been snapping up Germany Weimar Republic bonds from the 1920s on the premise that $1,000 in IOUs payable in gold then are today worth about $1 billion apiece," persuading "dozens of investors to give him

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$7.7 million to purchase the antique certificates, which lost much of their value after Adolf Hitler came to power in 1933." Last week, the Securities and Exchange Commission "said Weston had spun a fantastic tale while spending $2 million of investors' money on a house and cars and tucking away $454,000 more in Swiss bank accounts." The SEC "sued to halt Weston's promotions, freeze his funds and recover what authorities say might be only pennies on the dollar. The FBI and Texas authorities also are investigating, court records show."

CRIMINAL LAW:

DOJ Issues New Subpoena For Jefferson Emails. Roll Call (7/3, Bresnahan) reports, "The Justice Department has issued a new subpoena for e-mails from Rep. William Jefferson (D-La.), who is at the center of an ongoing bribery and corruption investigation." The subpoena, "approved by a federal grand jury in Alexandria, Va., was sent last week to James Eagan, Chief Administrative Officer of the House." The Jefferson probe "is being overseen by the US attorney's office in Alexandria." The subpoena "was read into the Congressional Record on Thursday evening, as required under House rules, but did not specify that Jefferson was the target of the request."

Indictment Seen As Wild Card In Ney's Electoral Chances. USA Today (7/3, Lawrence) reports, "There's often a caveat these days when Ohio Republicans talk about re-election prospects for their embattled congressman, Bob Ney. As state Rep. Clyde Evans put it at a recent GOP barbecue, 'Unless he's indicted, I think he'll do very well.'" Ney "hasn't been charged and says he has done nothing wrong. He also says he'll run even if he's indicted. … Some of Ney's past backers, however, say an indictment would change their votes. Some already are considering a switch to Democrat Zack Space, 45, an attorney and hotel developer from Dover."

Government Corruption Cases Persist In Connecticut. The Washington Post (7/3, A3, Fahrenthold) reports the "past few years have revealed so many tales of graft, malfeasance and all-purpose criminality by public servants in Connecticut that it's hard to choose the most brazen." A "tradition of bad behavior by officeholders persists here, despite numerous prosecutions and attempts at reform. If more proof were needed, it has come in the past few weeks, with three new scandals involving current or former big-city mayors." When Gov. John Rowland "resigned, pleaded guilty and was sentenced in March 2005 to a year and a day in jail, 'everybody thought that was going to be the end of it,' said John M. Orman, a professor of politics at Fairfield University in Fairfield, Conn. Instead, he said, the continuing parade of misdeeds has helped the state live up to a new nickname, 'Corrupticut.'" The Post adds the "recent scandals here include the tearful, nationally televised admission on June 20 by Bridgeport Mayor John M. Fabrizi (D) that he had used cocaine while in office." Other cases "include a former mayor and city council member from Middletown -- who pleaded guilty late last month to fraud for embezzling money from his law clients -- and a new charge against Joseph Santopietro, the former mayor of Waterbury."

Missouri Supreme Court Ruling Alters Rules For Sex Offenders. The St. Louis Post-Dispatch (7/2, Franck) reports, "Thousands of offenders would no longer be required to provide information for Missouri's sex offender registry after a ruling Friday by the Missouri Supreme Court, according to the lawyer behind the litigation. While the high court upheld the constitutionality of the state's sex offender registry law, it ruled that the statute should not apply to nearly all of those convicted of crimes prior to 1995, when the law took effect. One key exception is sexually violent predators, who will stay on the list regardless of when their crimes occurred. Just how many of Missouri's more than 11,000 registered sex offenders would be affected by the ruling was unclear Friday. Tim Hull, a spokesman for the Missouri Highway Patrol, which maintains the list, said officials must review the ruling in detail. But Arthur Benson II, the lawyer who brought the case, estimates that thousands would no longer have to be registered as sex offenders. Currently, the registry includes offenses from 1979 to the present. Crimes committed during more than half of those years would not be included in the registry." Benson said the ruling "addresses 'the height of unfairness' in the current law, which requires people to register even for crimes they committed years before the registry law was conceived."

Denver Post Urges Online Safety Precautions For Minors. The Denver Post (7/3) editorializes, "There has been a great deal of concern recently - among lawmakers, in the courts and in the media - about the dangers faced by children on the Internet. Indeed, the statistics about online predators are frightening. Just in the last three years, 7,600 offenders have been caught and arrested for sexual solicitations. According to a U.S. Department of Justice survey, 1 in 5 girls and 1 in 10 boys admitted to being sexually solicited on the Internet. The Internet has proven to be a riveting tool for children - it provides an incredible opportunity for students to gain a broader view of the world, collect research for school projects, and keep in contact with family and friends. … It doesn't make sense to deal with Internet risks by locking up your children's computer, but it's vital for parents and guardians to monitor their online use.

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Through awareness, parent-child communication and a few safety precautions, kids and teens can appreciate the benefits of the Internet while dodging most of the dangers."

Irving, Texas, Police May Be Chastised Over Amber Alert. The Dallas Morning News (7/2, Mosier) reports, "The Irving Police Department could face an informal reprimand for issuing an Amber Alert for 2-year-old Elian Majano, who disappeared from a park more than a week ago and is still missing. Evidence of abduction is a requirement for activating the regional alert system, but Police Chief Larry Boyd said there was no such evidence in this case. The task force that runs the local system reviews each alert to determine whether it was warranted. There were 'no signs of abduction, but we couldn't rule it out,' Chief Boyd said."

ABC News Poll Finds 65% Favor Death Penalty For Murder. ABC World News Tonight (7/2, story 6, 0:30, Harris) reported, "Today marks 30 years since the United States Supreme Court ruling that reinstated the death penalty. A new ABC News poll finds that support for capital punishment has fallen over the past decade, but when it comes to the worst crimes, most Americans remain in favor of it: 65% approve of executing people convicted of murder. Since July 2nd, 1976, 1,029 people have been put to death in this country, more than a third of them in Texas."

CIVIL RIGHTS:

Hollywood, Florida, May Seek More Time In Religious Discrimination Lawsuit. The Miami Herald (7/3, Wright) reports Hollywood, Florida, "is expected to ask a federal judge today for more time to settle a religious discrimination lawsuit brought against the city by an Orthodox synagogue. Jury selection is scheduled to start at 9 a.m. before Judge Joan Lenard in U.S. District Court in Miami. The city last week offered a last-minute deal to end the five-year dispute with the Hollywood Community Synagogue Chabad Lubavitch. Now, the congregation wants time to consider the offer. Even if the settlement is accepted, Hollywood leaders may face a fresh round of lawsuits -- this time from neighbors concerned that the deal would allow the synagogue to expand without their input or city approval."

La Tuna Federal Prison Inmates Claim Rights Violations. The El Paso Times (7/3, Roberts) reports, "Inmates held at the various La Tuna federal prison facilities are convinced they have been denied visits, thrown in 'the hole' for minor infractions and denied access to the prison law library because they went public with a lawsuit claiming the federal Bureau of Prisons isn't following its own procedures. Requests for interviews with two of the inmates have been denied twice by La Tuna officials who said it was for the safety of the prisoners. By mail, those inmates have said they want to be interviewed. In that correspondence, they have claimed they are experiencing retaliation for their lawful actions." But La Tuna spokesman Israel Jacquez said, "That's just simply not true. These guys went to the press. That's their right. ... If we believe a staff member is retaliating against an inmate, no matter how frivolous the allegation may be, it is referred to the office of internal affairs."

Texas Redistricting Verdict Could Result In "Ripple Effect." The Washington Times (7/3, Aynesworth) reports last week's Supreme Court ruling "on the constitutionality of the 2003 Tom DeLay-led Texas redistricting coup was a distinct victory for the Republican Party, but it could spawn some interesting fallout." In order to make the 23rd CD compliant "with the Voting Rights Act, some predict that several additional districts will have to be retooled." Rep. Henry Bonilla said, "Anyone who thinks there isn't going to be a ripple effect when countless counties are traded with other congressional districts is not seeing the big picture." The Times ads the "worst that could happen from the Republican viewpoint, several political analysts say, is that Mr. Bonilla might lose the reconstituted 23rd District."

Hitchens Says Congress Should Not "Waste" More Time On Flag Amendment. Christopher Hitchens writes in Wall Street Journal (7/3) that the "so-called 'flag-burning' amendment should never be allowed to waste any more congressional time. … It's easy enough to boast that 'these colors do not run.' However, those who mistake the symbol for the essence are manifesting not a show of spirit for the former but a pathetic lack of confidence in the latter."

WPost Praises McConnell Stance On Flag Burning Amendment. An editorial in the Washington Post (7/3, A20) says the recent Senate debate over a flag burning amendment "managed to bring out some of the worst in politicians of both parties. … If there is a hero in this episode, it is the man who would succeed Mr. Frist as leader, Majority Whip Mitch McConnell (R-Ky.). Mr. McConnell could have put the amendment over the top by abandoning his opposition. To his credit, he didn't, and he was joined by two other Republicans, Sens. Lincoln D. Chafee (R.I.) and Robert F. Bennett (Utah). As Mr. McConnell explained in a column posted on his Senate Web site, 'No act of speech is so obnoxious that it merits tampering with our First Amendment. Our Constitution, and our country, is stronger than that.'"

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ANTITRUST:

US Investigating Kosher Slaughterhouses For Possible Antitrust Violations. The Asbury Park Press/AP (7/3) reports, "The federal government is investigating kosher slaughterhouses and suppliers for possible antitrust practices, according to a lawyer for one of the firms. AgriProcessors Inc., the world's largest kosher slaughterhouse, received a grand jury subpoena requesting documents and was cooperating with the investigation, attorney Nathan Lewin said Friday." It was "not immediately clear exactly how many slaughterhouses and suppliers were involved in the probe. The U.S. Department of Justice did not immediately return a phone call for comment from The Associated Press late Friday."

Second Quarter Merger Activity Was Prolific. The Wall Street Journal (7/3, Berman) reports a "strong first quarter for mergers continued in the second quarter, as deals rolled in from seemingly every sector: Banks, stock exchanges, oil companies, real-estate firms and consumer-products companies. It was one of history's largest and most diverse corporate-buying sprees, with nearly $1 trillion in deals around the world." The "frenetic deal-making produced the third most-active quarter since Thomson Financial began keeping track in 1985. It amounted to more than $916 billion of announced transactions, according to Thomson, up about 35% from about $676 billion a year earlier."

Despite Consolidation, Growth Opportunities Elusive For Commercial Satellite Industry. The Wall Street Journal (7/3, Pasztor) reports that while "consolidation and cost cutting have swept across the commercial-satellite industry," the "surviving operators are finding growth opportunities as elusive as ever." Intelsat Ltd. and PanAmSat Holding Corp. "are set to complete a $3.2 billion merger today, creating a closely held company whose fleet of more than 50 orbiting spacecraft will make it the largest and most diversified global satellite-services operator." But in "an industry with huge capital-investment needs and average annual growth rates hovering around 3% or less, the combined company faces major integration, personnel and marketing challenges to break out of that historical slow-growth pattern."

The Washington Post (7/3, D1, Witte) reports Intelsat Ltd. of Washington will "become the world's largest commercial satellite operator today when it completes its purchase of the firm that had been its toughest domestic competitor." The combined company "will lose money. PanAmSat earned $72.7 million last year, but Intelsat lost far more, about $325 million. Already deep in debt, Intelsat is borrowing heavily to finance the purchase."

FBI/DEA/ATF/USMS:

FBI Agent Came Close To Linking Cole, 9/11 Plots. The New Yorker (7/10-17, Wright) reports on the story Ali Soufan, who, at the time of the attack on the USS Cole in 2000, was "the only FBI agent in the city [New York] who spoke Arabic, and one of only eight in the country." Soufan's language skills, "his relentlessness, and his roots in the Middle East made him invaluable in helping the FBI understand al Qaeda, an organization that few Americans were even aware of before the embassy bombings." During the Cole investigation, an al Qaeda suspect told Soufan "that several months before the Cole attack he and one of the bombers had delivered thirty-six thousand dollars to Khallad, the one-legged al Qaeda lieutenant, in Bangkok. The money," the suspect added, "was meant only to buy Khallad a new prosthesis." But Soufan "was suspicious of this explanation," because "money always flowed toward an operation, not away from it. He wondered if al Qaeda had a bigger plot underway." In November, 2000, "a month after the Cole bombing, Soufan sent the agency the first of several official queries. On Soufan's behalf, the director of the FBI sent a letter to the director of the CIA, formally asking for information about Khallad, and whether there might have been an al Qaeda meeting somewhere in Southeast Asia before the bombing. The agency said that it had nothing." But if the agency "had responded candidly to Soufan's requests, it would have revealed its knowledge of an al Qaeda cell that was already forming inside the US," which eventually became the 9/11 conspiracy.

Post-9/11 Criticism, Private Sector Pay Driving Senior Officials From FBI. Under the headline "An Exodus of Agents," Time (7/10, Bennett, Zagorin) reports in its "Notebook" section, "Office birthday parties must make FBI Director Robert Mueller a little nervous these days." The rumors that Deputy Director John Pistole "was going to bolt for a lucrative job in the private sector" when he turns 50 this month "got so loud that Pistole took it upon himself to assure Mueller that he wasn't leaving," citing, in part, the departure of "so many other senior officials." Time adds, "Years of pummeling by the press and Congress, plus wrenching changes produced by the bureau's shift in focus to antiterrorism, have depressed morale, even in the highest ranks. That has coincided with lucrative employment offers to agents from firms desperate for experienced security chiefs in the wake of 9/11." Time notes, "Members of the Senate Judiciary Committee have been debating whether the brain drain at the FBI poses a threat to national security," and

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"Mueller seems to agree. When promoting agents to senior-executive levels, he 'is trying to extract some promise as to how long they are willing to stay,' says Michael Mason, who runs the administrative side of the FBI." Sen. Charles Grassley "suggested to TIME that 'the FBI needs to appeal to the patriotic spirit of its senior managers.' But beyond that, the bureau is offering few tangible perks to make working there more attractive. … Mason, however, is optimistic that the new generation of agents will make the sacrifices necessary for the job."

Blagojevich Says He Acted To Identify, Punish Hiring Misconduct. The AP (7/2, D'Alessio) reported, "Gov. Rod Blagojevich insisted Saturday that misconduct in his administration is limited to isolated events by people who are soon punished, even though his own inspector general found a top Blagojevich aide took part in a 'concerted effort' to subvert the law. 'As you police the system, every so often you're going find some people who violate the rules. The test of leadership is what do you do about it? Do you act and do you pursue it? Do you work with other law enforcement agencies to ferret more of it out?' he said. 'Those are the things we've been doing.'" The AP noted, "Blagojevich acknowledges he has been interviewed by the FBI. Prosecutors have issued subpoenas for hiring records and other information from state agencies, but Blagojevich won't say which agencies."

Former Illinois IG Alleged Hiring Fraud Connected To Blagojevich's Office. The Chicago Tribune (7/2, Long, Chase) reported, "Far-reaching allegations of state hiring abuses detailed by the governor's executive inspector general can be summarized in the report's account of one employee who still works at the Illinois Department of Employment Security. George Rada got his job when the agency violated state hiring practices, then he became a key conduit for Gov. Rod Blagojevich's patronage office to improperly influence hiring at the agency, according to the report obtained by the Tribune." The Tribune noted, "The September 2004 report by then-Inspector General Zaldwaynaka 'Z.' Scott said Rada and an associate, Surami 'Sudi' Garcia, effectively ran the human resources division in the agency instead of the personnel directors they served."

Chicago Tribune Hopes Fitzgerald Will Complete Probe Before Election. The Chicago Tribune (7/2) editorialized, "The FBI and the office of Illinois Atty. Gen. Lisa Madigan have been digging into reports of state hiring abuses since last year. But Friday's disclosure that the feds have 'implicated multiple state agencies and departments' in politically motivated hiring comes as Blagojevich must stand uneasily for re-election." The "voters deserve what they didn't get in 1998 before Ryan was elected governor: a sense of the nature and sweep of a federal investigation. … Our hope…is that to the extent possible, the federal investigation of the Blagojevich administration either culminates or collapses before voters must make their quadrennial choice." Playing on Blagojevich's prior election pledge, the Tribune added, "What Illinois does need is an end to business as usual."

Longtime Scarpa Girlfriend Emerges As Key Witness Against DeVecchio. In a widely-distributed story, the AP (7/3, Hays, McShane) reports Linda Schiro, longtime girlfriend of Colombo family associate Gregory Scarpa Sr., "has emerged as a key witness against an FBI agent accused in what a prosecutor has labeled one of the worst cases of law enforcement corruption in the nation's history." R. Lindley DeVecchio "allegedly fed Schiro's late boyfriend inside information that led to four mob slayings," but DeVecchio lawyers question her credibility, saying that "her story has changed drastically over time." However, "authorities insist that Schiro's initial reluctance to detail the relationship between the agent and the mob capo was motivated by fears for her life. Only recently was she persuaded to tell the truth, they say."

Judge Waiving DeVeccio House Arrest To Watch Holiday Fireworks. The Washington Post (7/2, A2, Whoriskey) reported Lindley DeVecchio "wants to see fireworks this Fourth of July. Trouble is, he has been charged with four counts of second-degree murder related to some mob slayings" and is "under nightly house arrest in Sarasota, Fla. But to the astonishment of prosecutors, a judge last week granted DeVecchio's request that he be allowed to see the Sarasota fireworks 'in light of the defendant's service to the U.S. government.' DeVecchio is a former FBI agent. 'We've been opposed to the whole bail thing from the beginning,' said Jerry Schmetterer, a spokesman for the district attorney's office in Brooklyn, N.Y."

FBI Investigating West Virginia's "Prince Of Pork." ABC World News Tonight (7/2, story 5, 2:45, Harris) reported in its "Your Money" segment that Rep. Alan Mollohan, dubbed the "Prince of Pork," is "very good at bringing home the bacon for his district. So good, in fact, that the FBI is now taking a hard look at whether this Democrat from West Virginia is breaking the law." ABC (Cochran) noted that Mollohan has earmarked "half a billion dollars over the past ten years" for organizations in his district, and "those dollars provided lucrative contracts and high salaries for his supporters. Investigators want to know whether in return those supporters helped Mollohan become a multimillionaire. … Mollohan says he inadvertently misstated some transactions but insists he did nothing illegal." Mollohan: "I'm proud of the efforts we've undertaken…and if being the 'Prince of Pork'…merits that designation, then I'm proud of that."

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Illinois Man Pleads Guilty To Hoax Terror Threat. The Chicago Tribune (7/2) reported, "A man accused in a terrorism hoax pleaded guilty in the case Friday and faces up to 41 months in prison." Gilbert Romero "in June 2005 told the FBI that a terrorist attack was to be carried out against the Chicago headquarters of a U.S. company. The claim came after Romero was detained in Lake County on state charges, according to his plea agreement."

IMMIGRATION:

Sensenbrenner Suggests Voters Would Punish GOP If Senate Bill Enacted. GOP Rep. F. James Sensenbrenner, in a letter to the editor of the Wall Street Journal (7/3), responds to the Journal editorial "The Tancredo Republicans." Writes the congressman, "House Republicans are committed to enacting border security and immigration legislation, but not if it makes the current situation worse. … In November, voters will judge members of Congress based upon whether they lead with an understanding of voters' concerns, as House Republicans are committed to doing, or whether they ignore voters by enacting legislation, such as the Senate amnesty bill, that the public doesn't support."

House GOP Believes Enforcement-Only Immigration Bill Is Political Winner. In the National Review (7/17), Kate O'Beirne says, "Rather than merely blocking action on a Senate bill they refuse to support, a unified House GOP caucus has decided to go on offense in order to wring the maximum political credit from being on the right side of their reading of public opinion." Because House Republicans "fear the appearance of compromising with a Senate bill they are convinced is wildly unpopular, they have -- according to a leadership aide -- no intention of taking part in a conference to hammer out differences between the House and Senate unless 'there is a sea change in either public or Senate opinion.'" Congressional Republicans "who will be facing the voters are firmly convinced that backing border security now will mean job security in November."

LATimes Criticizes Senate Negotiators. The Los Angeles Times (7/3) editorializes, "Last week saw the first narrowing of the chasm between the Senate's recent comprehensive immigration bill and the House of Representatives' punitive enforcement-only package from December. Trouble is, the overtures are all going in the House's direction. … Pro-reform senators are making two classic negotiating mistakes: confusing their opponents' line-in-the-sand intransigence with a negotiating ploy, and elevating the importance of making a deal above its actual content."

Border Arrests Rose In 2006. The Washington Times (7/3, Seper) reports, "US Border Patrol agents have detained 901,428 foreign nationals seeking to sneak into the United States in the past nine months -- more than 3,300 a day -- up from the 890,358 apprehended in the same period last year." Border Patrol spokesman Michael Friel "said the number of apprehensions, monitored since the Oct. 1 start of fiscal 2006, was a 1 percent increase over detention totals in the first nine months of fiscal 2005. H e also said that although arrests had edged up, the number of apprehended non-Mexicans, known as "other than Mexicans" or 'OTMs,' had declined by about 16 percent."

Mexican Program Uses Remittances To Assist College Students. The CBS Evening News (7/2, story 6, 3:35, Mitchell) reported, "Most Mexican immigrants do maintain strong ties with their homeland, sending nearly $20 billion home last year." CBS (Pinkston) added that in Indaparapeo, "many families here depend on money sent by relatives living abroad, but Indaparapeo does something no other community does. In addition to helping individual relatives, the residents of this town and those who have migrated to the US are transforming their entire community, one student at a time." 47 low-income students "are sponsored by an innovative scholarship program funded by Indaparapeans in the United States and operated by residents still living in Mexico." Thanks to "matching funds from the Mexican government, each student receives a monthly stipend of up to 1,500 pesos, about $150, enough to pay for tuition even at some private universities. In exchange, scholarship recipients are required to participate in community service projects such as lending a hand to children with special needs or tutoring high school students in nearby villages. The goal is to connect scholarship recipients more closely to their communities with the hope that they will use their skills in Mexico after graduation."

CONGRESS-ADMINISTRATION:

Bush To Name Connaughton To Lead Maritime Administration. The Washington Times (7/3) reports, "Last week, President Bush announced that he would nominate Sean T. Connaughton to lead the Maritime Administration at the Department of Transportation." Connaughton, a lawyer, "unsuccessfully sought the Republican nomination for lieutenant governor last year, losing in the primary to William T. Bolling. Mr. Bolling went on to win the seat." Connaughton "has served as a senior transportation associate for the American Petroleum Institute."

Coburn Plan Seeks To Inform Public On Government Spending. The New York Times (7/3, Deparle) reports, "Exasperated by his party's failure to cut government spending, Senator Tom Coburn, Republican of

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Oklahoma, is seeking cyberhelp." Coburn "wants to create a public database, searchable over the Internet, that would list most government contracts and grants -- exposing hundreds of billions in annual spending to instant desktop view. … While advocating for openness, Mr. Coburn is also placing a philosophical bet that the more the public learns about federal spending, the less it will want." Coburn's plan, "hailed by conservatives, is also sponsored by a Democrat, Senator Barack Obama of Illinois, and applauded by liberal groups that support activist government. The result is a showcase of clashing assumptions and the oddest of coalitions, uniting Phyllis Schlafly, a prominent critic of gay rights, with the National Gay and Lesbian Task Force." The House "unanimously passed a version of the proposal in late June, though in a form that had drawn outside criticism. The House bill creates a database that would omit contracts, which typically go to businesses, but would include about $300 billion in grants, which usually go to nonprofit groups." Liberal "critics see a revival of what they call old partisan efforts to 'de-fund the left,' by reducing grants to liberal groups or adding conditions that limit their activities."

USDA Program Benefits Farmers Even In Good Years. A front page story in the Washington Post (7/3, Morgan, Cohen, Gaul) reports on the loan deficiency payment, a little-known USDA program that was "intended to boost farmers' incomes when prices are low. The farmers do not have to sell at distressed prices to collect the money. They can bank the government payments and sell when prices are higher. Since September, the program has cost taxpayers $4.8 billion. Most of that money -- $3.8 billion -- went to farmers…who sold at higher prices, according to a Washington Post analysis of USDA payment data." According to the Post, "The LDP has become so ingrained in farmland finances that farmers sometimes wish for market prices to drop so they can capture a larger subsidy."

Feingold, Obama Pushing Senate To Adopt Ethics Reforms As Rules Change. Roll Call (7/3, Newmyer) reports, "In a bid to salvage some progress from the fizzling drive to overhaul lobbying and ethics laws, Democratic Sens. Russ Feingold (Wis.) and Barack Obama (Ill.) are pushing their colleagues to adopt as a rules change a slate of reforms from a package the Senate passed months ago." A resolution the pair introduced late last week "would immediately ban gifts, meals and tickets from lobbyists, require pre-approval for privately funded trips and expand revolving-door prohibitions, among other items." While the Senate approved the changes, 90-8, "as part of a broader reform package in March, that bill has stalled awaiting House action." The House "approved its version of the measure in May but has yet to name conferees, and negotiations over the bills have run aground on disagreements about campaign finance and earmark provisions." Roll Call adds, "Obama and Feingold wrote to Senate leaders last week, asking their resolution be adopted as soon as Senators return from the July Fourth recess." Senate Majority Leader Bill Frist's office "did not respond to a request for comment." Senate Minority Leader Harry Reid, "who has sought to portray a GOP 'culture of corruption' as a central theme in his party's midterm messaging, stopped short of a full-throated endorsement of the approach."

Bush's Fitness Seen As Remarkable As He Turns 60. The CBS Evening News (7/2, story 10, 2:40, Mitchell) reported, "The first wave of baby boomers turns 60 this year, and the big day for President Bush comes on Thursday." Ten predecessors "have turned 60 in office, but it's a good bet none was as healthy as number 43." CBS (Axelrod) added, "As the Baby Boomer-in-Chief approaches his birthday this week, he's in top shape, even if he does seem to be dreading the big six-oh just a bit." President Bush (June 7): "I know I'm not supposed to talk about myself, but in a month I'm turning 60. For you youngsters, I want to tell you something, when I was your age, I thought 60 was really old. [laughter] It's all in your mind. It's not that old. Really isn't." Axelrod: Bush's fitness is "a remarkable feat considering that during his five years in office, this President has dealt with 9/11, wars in Afghanistan and Iraq, and a constant threat of terrorism." Bush "doesn't just look healthy. He's got the resting heart rate of an athlete, at 47 to 52 beats per minute. His blood pressure is 110/64. His total cholesterol is 178. His doctors proclaimed him in excellent health and fit for duty, and he actually lost eight pounds last year."

Professor Questions Whether MBA Has Made Bush Better President. Charles R. Kesler, a professor of government at Claremont McKenna College, writes in the Los Angeles Times (7/3), "George W. Bush is the first president with an MBA (from Harvard Business School, no less), but it's not clear that being a master of business administration has made him a better chief executive. The disarray in Iraq, the debacle after Hurricane Katrina -- these aren't exactly the kinds of triumphs that the alumni office likes to boast about." Kesler adds, "It's hard to say what President Bush absorbed from his management studies. We can only draw inferences, though eventually historians may know more. … Bush's management style is long on decisions and short on explanations. … On ordinary rhetorical occasions, Bush and his text seem hardly acquainted. On great occasions, he tends to overshoot the mark, calling for impossibilities such as an "end to evil." He lacks a rhetorical

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mean, much less the rhetorical mien that served Ronald Reagan so well."

Bush, McCain Rapprochement Seen As Based On Pragmatic Considerations. The New York Times (7/3, Rutenberg, Nagourney) reports that after "years of competitive and often contentious dealings, President Bush and Senator John McCain of Arizona are building a deepening if impersonal relationship that is serving the political needs of both men." Given their "history of intense rivalry and sometimes personally bitter combat, their newfound partnership is seen by some Republicans as born more of political calculation than personal evolution. Either way, it could prove valuable to Mr. McCain in his efforts to win the Republican presidential nomination in 2008 by sending a signal to Mr. Bush's conservative base and fund-raising network that, at a minimum, the White House will not stand in the Arizonan's way." Aides said "a thaw that began when Mr. McCain campaigned alongside Mr. Bush in the 2004 election has continued through the tougher days of Mr. Bush's second term." But for "all the talk of reconciliation, both sides describe the relationship between arguably the two highest-profile leaders of the Republican Party as almost entirely professional, a little stiff and the product of the pragmatic calculation by two politicians who see potential gain in striking a peace with a powerful rival." Bush "appears to have stronger ties to Mr. McCain than to the other likely presidential candidates." There has been "a steady stream of Bush advisers who have ended up in Mr. McCain's orbit. Most recently, Republicans close to both candidates said that Nicolle Wallace — who just stepped down as Mr. Bush's communications director and has long been close to the president — was likely to serve in some formal or informal role in a McCain campaign. Her husband, Mark D. Wallace, Mr. Bush's deputy campaign manager in 2004 and now an ambassador-level representative to the United Nations, is already lending advice." Wayne L. Berman, a "longtime supporter and fund-raiser for Mr. Bush, has signed on to help Mr. McCain." Karl Rove was "said by associates to have put aside his suspicion and dislike of Mr. McCain." White House press secretary Tony Snow said, "On a series of very tough issues, McCain's been there."

OTHER NEWS:

Emanuel, Dean At Odds Over Party Strategy. Roll Call (7/3, Kornacki) reports, "A letter to Democratic National Committee Chairman Howard Dean from Rep. Rahm Emanuel (Ill.), the head of the Democratic Congressional Campaign Committee, has set off a new round of sniping over party strategy and resources between allies of the two party leaders." Emanuel, who "reportedly stormed out of a May meeting with Dean, penned a letter, dated June 22, to the party chairman demanding $100,000 per targeted district from the DNC to defray the cost of the DCCC's proposed field operation, several individuals who have read the letter said." Attached to the letter was "a sample field plan for a district, itemizing various projected expenses, down to details such as $1,500 for T-shirts. The expense plan was dated June 26, although it was unclear when Dean actually received the missive." Dean "loyalists took the letter as hostile in nature, coming as it did after months of coy suggestions by Emanuel that Dean and the DNC were shirking their financial obligations to the DCCC's election year effort. … On top of that, Dean's backers contend he is not low-balling the DCCC on field operations as Emanuel suggests, and that the $20,000-per-district figure was simply a number being bandied about during negotiations, which were still proceeding when Emanuel wrote the letter."

GOP Sees Chance To Increase House Majority. The Washington Times (7/3, Pfeiffer) reports, "Congressional Republicans say they have a strategic advantage in their effort to increase their House majority, even as national polls show Democrats with a significant lead heading into this year's elections." The National Republican Congressional Committee says that "despite the polling edge for the Democrats, Republicans are targeting conservative districts that went for President Bush in 2004. 'We're competing for red turf held by Democrats,' NRCC spokesman Jonathan Collegio said."

Democrats May Need Only A Few States For "Wave." In his Roll Call column (7/3), Stuart Rothenberg says, "The last major national political wave, in 1994, didn't sweep over all areas of the country with equal force. In some states, Congressional Democrats suffered minimal losses, while in others Democratic House seats fell in bunches." For Democrats "to take the House this year, they may need one or two states to deliver a significant number of wins, not just an isolated victory. Which states give Democrats the best chance to score victories in bunches?" Democratic operatives "have been suggesting that at least a handful of states are ripe for a Democratic wave: New York, Ohio, Pennsylvania, Connecticut and Indiana."

Voters Seen As Needing Solid Reason To Dump Incumbents. Roll Call (7/3, Duran) reports the "surprisingly easy victory that Rep. Chris Cannon (R-Utah) scored over his primary opponent last week has been heralded as a win for President Bush's immigration policy." But wealthy developer John Jacob's "defeat in the Beehive State's 3rd district holds other lessons for both Republicans trying to dislodge incumbents in primaries and Democrats hoping to flip Republican-held seats in November." Just as the "victories of newly elected Rep. Brian Bilbray (R-Calif.) and Reps. Bob Ney (R-Ohio), Bennie Thompson (D-Miss.) and now-ex Rep.

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Tom DeLay (R-Texas) demonstrated in recent primaries, voters still need a reason to dump incumbents or switch party control of a House seat."

GOP Pressing "Suburban Agenda." In his Roll Call column (7/3), executive editor Morton Kondracke notes Rep. Dave Reichert's effort to persuade GOP colleagues "to back a bill enabling school districts to tap into national criminal databases before they hire employees." The School Safely Acquiring Faculty Excellence Act "passed the House almost unanimously in June — the first legislative success for the GOP's 'Suburban Agenda,' a set of bills designed to appeal to the majority of American voters who live in the suburbs." The agenda "is the brainchild of Rep. Mark Kirk (R-Ill.), one of Congress' most effective moderates, who has sold it to a growing group of conservatives and the House GOP leadership." Kirk said, "Washington may think this is small-bore. It's not the war on terror. But this is an agenda that people care about in their everyday lives — their kids' safety, health care, their ability to send their kids to college." Kondracke adds that besides the "school safety measure, the agenda includes a national '401Kids' savings account for college, a screen to block predators from contacting children at online chat rooms and a bill setting standards for computerizing health records."

Conservative Republicans Now Opposing 527 Reform. The Wall Street Journal (7/3, Cummings) reports that in 2004, "Republicans were organizing against new, loosely regulated political groups that were raising money to attack President Bush." Now, "illustrating how roles often reverse in politics, some of the party's conservative activists are trying to stop legislation that would choke off those groups." The dispute "centers on a House bill that would curtail funding for organizations nicknamed 527s, for the section of the tax code that governs them." But the "rich liberals who spent heavily to oust Mr. Bush" in 2004 "aren't investing in 527s this election cycle, even though the stakes are high, with control of Congress in play." In the 2006 campaign so far, "it is right-leaning 527s that are most active. The Club for Growth, a conservative economic-issue group, is leading the charge to kill the Republican bill that would shut down 527s. The Club for Growth received $8 million in donations during the 2004 cycle; for this cycle, its donations as of May tally $5.1 million." The Club's "allies include social conservatives, gun-rights groups and college Republicans. Their campaign could stall congressional efforts to enact anticorruption legislation -- a response to a spate of ethics scandals -- because the House attached 527 language to its rewrite of lobbying laws."

Mormon, Muslim Presidential Candidates Face Voter Uneasiness. The Los Angeles Times (7/3, Mehren) reports that even as "anti-Semitism and anti-Catholicism are fading as voter taboos," a Los Angeles Times/Bloomberg poll found "uneasiness about some religions persists. Thirty-seven percent of those questioned said they would not vote for a Mormon presidential candidate -- and 54 percent said no to the prospect of a Muslim in the White House." In addition, "21 percent said they could not vote for an evangelical Christian. Only 15 percent replied that they would not vote for a Jewish presidential candidate. Just 10 percent of those polled were unwilling to cast ballots for a Catholic chief executive." The nationwide survey "of 1,321 adults was conducted June 24-27. The poll has a margin of sampling error of plus or minus 3 percentage points, poll director Susan Pinkus said." With "no likely Muslim candidate on the presidential horizon, the poll numbers present the greatest threat to a potential contender from the Church of Jesus Christ of Latter-day Saints (as the Mormon Church is formally known)," Gov. Mitt Romney of Massachusetts. Emory University analyst Merle Black said, "It is something he will have to address. It will be a challenge. It doesn't necessarily kill him as a candidate, but he may have to talk in more detail than he ever has before about his faith."

New Jersey Budget Impasse Could Shutter Casinos, Close Beaches. The CBS Evening News (7/2, story 8, 1:45, Mitchell) reported, "A budget impasse has forced the Garden State to start shutting down its government. The impact may soon be felt by out-of-state visitors like beachgoers and gamblers." CBS (Chen) added that as New Jersey's legislature failed to meet its budget deadline over the weekend, Gov. Jon Corzine shut down nonessential state function and "right away, no more lottery tickets sold, no more drivers license issued either, 45,000 state workers immediately furloughed, road crews suspended, a nice bonus on a holiday weekend, but right after the Fourth of July, state beaches and parks could close and the casinos will as well." Gov. Corzine "wants to increase the sales tax to bring in more revenue. Fellow Democratic lawmakers say that's unnecessary -- the upshot, no deal, and now, no budget."

The AP (7/3, Santi) reports Atlantic City's casinos "were ordered to close Wednesday, the latest casualty of a state government shutdown that entered its second day Sunday after the Legislature failed to adopt a budget by its July 1 deadline." The 12 casinos, "which require state monitoring, have waged a court battle to remain open, and an appeals court was weighing the matter Sunday." Gov. Corzine "said Sunday there was 'no immediate prospect of a budget.' State parks, beaches and historic sites also were expected to shut down Wednesday." If the casinos "shut down, the state would lose an estimated $2 million in tax revenue each day they stayed closed." The budget talks "became heated this

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year as Corzine, a Democrat, proposed increasing the state sales tax from 6 percent to 7 percent to help overcome a $4.5 billion budget deficit."

Virginia Gay Marriage Ban Spurs Fundraising Boom. The Washington Post (7/3, B2, Jenkins) reports the proposed state constitutional amendment "that would ban same-sex marriage in Virginia has sparked an aggressive fundraising effort, with each side of the debate hoping to secure hundreds of thousands of dollars for their cause." Virginia voters "will decide Nov. 7 whether the state constitution should be amended to define marriage solely as a union between a man and a woman. The amendment also would place a ban in the constitution on civil unions, which already are illegal in Virginia." To "help rally amendment opponents, the Commonwealth Coalition, a Richmond-based group, has set an ambitious goal of raising $3 million, organizers said. They want to fund a barrage of radio and television ads in the fall." Meanwhile, the Family Foundation Action, "which is organizing amendment supporters, has set a best-case-scenario fundraising goal of $900,000, although activists and volunteers said they expected to raise less than that." Both sides "have created Internet fundraising mechanisms and appealed to potential voters through churches and community events across the state. Activists said they plan a direct mailing campaign throughout the summer and fall."

Critics Say Petitions To FDA Delay Approval Of Generic Drugs. Lawmakers are taking a close look at an FDA procedure designed to alert the agency to scientific and safety issues, amid concerns that it may getting subverted by the brand-name drug industry. A front page story in the Washington Post (7/3, A1, Kaufman) reports that leaders in the generic drug industry and some at the FDA "complain that 'citizen petitions' -- requests for agency action that any individual, group or company can file -- are being misused by brand-name drugmakers to stave off generic competition." They say the filing of a petition "triggers another round of time-consuming and often redundant reviews of the generics by the FDA, which can take months or years. In the process, consumers continue to pay millions of dollars more for the brand-name drugs." The Post adds, "Statistics collected by the staff of Sen. Debbie Stabenow (D-Mich.), who has introduced legislation with Sen. Trent Lott (R-Miss.) that would rein in industry-filed citizen petitions, show that 20 of the 21 brand-name petitions settled by the FDA since 2003 were ultimately rejected."

Weather Delays Space Shuttle Launch For Second Day In A Row. For the second day in a row Sunday, the launch of the space shuttle Discovery was postponed due to stormy weather. The AP (7/3, Dunn) reports, "Launch officials said they would try again Tuesday, on the Fourth of July, after giving the work force some rest and a chance to replenish the shuttle's on-board fuel. The weather was expected to improve by Tuesday, although rain was still in the forecast."

ABC World News Tonight (7/2, story 2, 2:15, Stark) reported, "NASA will use the next 48 hours to replenish fuel cells on Discovery in the hopes of having enough energy on board for a third spacewalk. And they'll also need to replenish some of the experiments planned for orbit, including thousands of fruit flies which have a short lifespan. A scrub also means NASA once again has to drain 500,000 gallons of fuel out of the tank. But Tuesday's forecast is better -- a 60% chance of favorable weather."

Astronauts May Have To Perform In-Flight Repairs To Shuttle Tiles. The CBS Evening News (7/2, story 5, 2:25, Cobiella) added, "Since the Columbia disaster when a piece of foam broke away and dealt a fatal blow to the shuttle's wing, astronauts have had to take on the job of in-space repairman. NASA has removed 35 pounds of foam from Discovery's external fuel tank, but it's still far from perfect. … NASA has said that minor damage is unavoidable and putting an astronaut so close to the delicate tiles on the shuttle's wings and underbelly carries its own risk, and all of NASA's in-flight fixes for these fragile tiles are still experimental. So if this Discovery crew were to perform another choreographed repair 230 miles above the Earth, it wouldn't know whether it was a success until they were safely back down."

Academic Bill Of Rights Taking Hold In Many States. The Washington Times (7/3, Richardson) reports that three years after conservative activist David Horowitz began promoting his Academic Bill of Rights in Colorado, the manifesto, which says students should be graded and faculty should be hired without regard to political or religious beliefs, has been introduced in 18 states. Meanwhile, "Students for Academic Freedom, the campus watchdog group founded by Mr. Horowitz, has established chapters on more than 150 campuses. Student governments at a dozen universities have approved resolutions supporting the Academic Bill of Rights. In April, Princeton University became the first institution of higher learning to pass a version of the Student Bill of Rights by a vote of the entire student body, surprising even Mr. Horowitz, who had no hand in the election." However the Times notes that for all Horowitz's success in raising the issue, "no state has actually approved an academic freedom bill, despite the flurry of hearings and committee votes."

Lawmakers Say Spot On Colbert Show Raised Profiles With Constituents. The Washington Times (7/3, Bellantoni) reports that members of Congress who

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appear on segment of Comedy Central's "The Colbert Report" known as "Better Know a District" usually "end up looking silly. But several lawmakers said doing the spoof spot…actually has raised their profiles back home, particularly among young folks." GOP Rep. Phil Gingrey "said there was an unexpected byproduct of doing the show -- attention from young constituents and House staffers. Rep. Earl Blumenauer of Oregon had a similar experience when his 3rd District was profiled in May. … But Rep. Barney Frank, Massachusetts Democrat, regrets his appearance and called Mr. Colbert a 'third-rate' comedian." Colbert "so far has targeted 25 members in the 435-member House, splicing and dicing sometimes two-hour-long camera sessions into five-minute clips."

Pelosi Recommends Lawmakers Not Participate In Colbert Spoof. Roll Call (7/3, Akers) reports in its "Heard on the Hill" column that House Minority Leader Nancy Pelosi was asked about the segment during her press conference last Thursday. Pelosi said, "Well, it is humorous; I wouldn't recommend that anyone go on the show. I would think it would be okay to go on if you were live to tape, but don't subject yourself to a comic's edit unless you want to be made a fool of."

House, Senate Clash Over Proposal For Walkway On Capitol's East Front. The Washington Post (7/3, A19, Kamen) reports in its "In the Loop" column that the biggest fight between the House and Senate "may have occurred last week over a House proposal to build a fenced walkway that would run across the now-closed east front of the Capitol -- the area where the long-delayed Capitol Visitor Center is being built. … Senate detractors say this proposal is exceptionally stupid, even for Congress. … The Upper Chamber folks rather uncharitably say the mysterious fence dips to only four feet high so Hastert and House members can walk down the steps and have their pictures taken with constituents." A House aide "said these things are being overblown."

Former DHS Official Says FEMA Director Should Be Allowed To Focus On Disaster Response. Adm. James Loy, former commandant of the US Coast Guard and former deputy secretary of Homeland Security, in an op-ed in the Washington Times (7/3) writes that following "a time-honored pattern," Congress' "impulsive first response" following Hurricane Katrina may be "followed by years of 'perfecting' the original legislation." Loy continues that none of the pending bills that address FEMA's position within DHS "address the central problem: The Homeland Security Act of 2002 diluted the FEMA director's focus on the agency's core mission -- response and recovery -- by requiring him to wear an additional hat as the DHS under-secretary for emergency preparedness and response (later changed to the under-secretary for federal emergency management)." As adjustments are made to the original legislation to fix FEMA, Loy says "we should ensure that the FEMA director can focus all of his time, energy and talent on guiding the agency in responding effectively and efficiently to the American people in the event of a disaster. That is best accomplished by restoring FEMA's independent agency status, offloading the director's responsibilities of being double-hatted as an under secretary and keeping the agency and the director inside DHS with direct access to the secretary during a crisis."

Carter Says FOIA Should Be Amended To Keep Pace With International Standards. Former President Jimmy Carter writes in the Washington Post (7/3, A21), "Our government leaders have become increasingly obsessed with secrecy. Obstructionist policies and deficient practices have ensured that many important public documents and official actions remain hidden from our view." Carter adds, "In the United States, we must seek amendments to FOIA to be more in line with emerging international standards, such as covering all branches of government; providing an oversight body to monitor compliance; including sanctions for failure to adhere to the law; and establishing an appeal mechanism that is easy to access, speedy and affordable. We cannot take freedom of information for granted. Our democracy depends on it."

Thornburgh Says Media Shield Law Must Be Carefully Crafted. Former Attorney General Richard Thornburgh writes in the Wall Street Journal (7/3), "Ever since then-New York Times reporter Judith Miller went to jail for 85 days last year rather than comply with a subpoena for her sources in the Valerie Plame case, the media has been pushing for a federal shield that would grant reporters unprecedented special protection from revealing sources during litigation. The Senate is now taking steps toward providing such a reporter-source privilege with the Free Flow of Information Act, which is likely to be sent to the floor for a vote over the next few weeks." Thornburgh notes that for the long term, "the bill has troubling implications. In its current form it contains a shield so broad -- and a definition of journalism so vague -- that it upends what up to now has been a reasonable balance between protecting reporters from disclosing sources and preserving the right to the fullest possible access to truth in the courtroom for plaintiffs and defendants." Thornburgh concludes by noting that "given the potential for abuse of that critical role, any media shield must, in the interests of justice, be carefully crafted."

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Schwarzenegger's Conservative Former Aide Reverses Support For Term Limits. Rob Stutzman, former deputy chief of staff for communications for Gov. Arnold Schwarzenegger, writes in the Los Angeles Times (7/3), "About 20 years ago, the notion of term limits for officeholders became dogma for the center-right. … Fourteen years have passed since California voters approved legislative term limits, restricting Assembly members to a trio of two-year terms and state senators to two four-year stints. I have always been a loyal conservative supporter of term limits…as a suitably blunt instrument to correct the arrogance of elected officials not mindful enough of those who elected them. … But after 16 years of working in California politics, I've changed my mind. We were wrong. Term limits haven't delivered what we hoped for. They have, in fact, harmed the public interest." It is "high time to admit that term limits haven't worked."

New Republic Says Baucus Should Be Dropped From Finance Panel. The New Republic (7/10) says in its lead editorial that Democratic Rep. Max Baucus uses "his influence as the top Democrat on the Finance Committee to systematically undercut his party and enable George W. Bush's most egregious domestic legislation. So why does his party entrust him with so much responsibility?" Indeed, the Democrats' "only real victory of the last five years -- stuffing the administration on Social Security -- came after Harry Reid cautioned Baucus against freelancing with the White House. Well, we'll do Reid one better and suggest he boot Baucus from the Finance Committee altogether."

Author Says US Is Better At Educating Girls. Author Christina Hoff Somers writes in the Wall Street Journal (7/3) that in a report from Education Sector, a new Washington think tank, policy analyst Sara Mead, "denies that American boys are in trouble academically." Mead "hopes that the nation can have a reasonable 'conversation' about gender issues 'without unfairly undermining the gains girls have made in recent decades.'" Somers adds, "One looks in vain in Ms. Mead's report for any indication that anyone is undermining girls. She seems to think that concern for boys means shortchanging girls. But it does not -- because education is not a zero sum game." Somers adds, "We are strikingly better at educating young women than young men. Boys need our attention. It is difficult to understand why an organization devoted to improving education should regard the current concern for boys as a threat to girls' progress."

Author Says "Boy Crisis" Is "Little More Than A Myth." Author Judith Warner writes in the New York Times (7/3) that the Education Sector study confirms that the "near-ubiquitous belief that our nation's boys are being academically neglected and emotionally persecuted by teachers whose training, style and temperament favor girls" is "little more than a myth." Warner adds, "Talk of the boy crisis is a diversion. It draws attention from the real reasons so many white suburban parents sense that their sons are in trouble. Those reasons aren't academic; they're behavioral and emotional."

Mallaby Calls Concept Of Energy Independence "Pipe Dream." Sebastian Mallaby writes in the Washington Post (7/3, A21), "This month's Group of Eight summit in Russia takes statecraft to a whole new level. Global leaders have 'energy security' on the agenda. But judging by what they say and do, they don't always understand the subject. … As Daniel Yergin has written recently in Foreign Affairs, real energy security requires setting aside the pipe dream of energy independence and embracing interdependence." Mallaby adds, "If the G-8 summit can spread the word about this interdependence, it will do some good. But the nationalistic conception of energy security is worse than useless. By encouraging a competitive scramble for resources that could spiral into conflict, this sort of security talk only creates insecurity."

Herbert Makes Case For Minimum Wage Increase. Bob Herbert writes in the New York Times (7/3), "The federal minimum wage, currently $5.15 an hour, was last raised in 1997. Since then, its purchasing power has deteriorated by 20 percent. Analysts at the Economic Policy Institute and the Center on Budget and Policy Priorities jointly crunched the numbers and determined that, after adjusting for inflation, the value of the minimum wage is at its lowest level since 1955." Herbert adds, "Polls have shown that Americans overwhelmingly favor an increase in the minimum wage. But the low-income workers who would benefit from such an increase are not part of the natural G.O.P. constituency. Thus, the stonewall. … There is no justification — none — for condemning the nation's lowest-paid workers to this continuing slide into ever deeper economic distress."

Pastor Says Americans Need Formal Day Of Rest. Henry G. Brinton, pastor of Fairfax Presbyterian Church in Virginia, writes in USA Today (7/3) reports, "For all the attention paid this past year to public displays of the Ten Commandments, you'd think people would spend as much energy trying to follow them. When it comes to the Fourth Commandment -- 'Remember the Sabbath Day' -- that's not the case. … The problem with ignoring the Sabbath is that it hurts us as individuals, families and communities." Brinton adds, "We need a formal day of rest. A true Sabbath gives us time to refresh and renew ourselves, regain proper

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perspective and redirect our lives to what is good and true and worthwhile. … We can learn from men and women in the European Union, who work hard but still enjoy an average of five weeks of paid vacation per year. They often remark that they don't 'live to work,' as we do — instead, they 'work to live.'"

NYTimes Says Congress Should Intervene To Clarify Clean Water Act. The New York Times (7/3) editorializes, "Senator James Inhofe, a conservative Republican from Oklahoma, and Senator Lincoln Chaffee, a liberal Republican from Rhode Island, are at opposite ends of the earth on environmental issues. But both found themselves equally mystified by the recent Supreme Court decision on the Clean Water Act. The decision did nothing to clarify which waters were protected under the act and which were not. Both agreed that only Congress can end the confusion. Both are right. Without Congressional intervention, the certain outcome is endless litigation and a steady decline of the nation's streams and wetlands."

WPost Sees Promise In Ruling On Vermont Campaign Finance Laws. An editorial in the Washington Post (7/3, A20) says the Supreme Court's decision last week striking down Vermont's campaign finance laws "may prove more silver lining than cloud. The Vermont rules never stood much of a chance; they are so strict as to present genuine problems. The important feature of the case is not its specific result but the way the court -- and its two newest justices -- reached that result. On this point, the decision is promising." Despite "an opportunity to declare themselves hostile to campaign finance regulation in general, both signed on -- Justice Alito somewhat equivocally -- to the court's long-standing doctrine that appropriately crafted contribution limits can survive constitutional scrutiny. This is a far more significant development than the fate of Vermont's statute. It suggests that, notwithstanding the turnover in the court's personnel, a revolution in campaign finance law may not be in the offing."

NYTimes Says US Must Improve Science Education. The New York Times (7/3) editorializes that the US must do something about the "horrendous state of science education at both the public school and university levels." The Howard Hughes Medical Institute has "awarded grants to 50 universities aimed at providing richer undergraduate science education as well as mentoring and early research experiences with working scientists. Many of the grants will be used partly to advertise the virtues of scientific study not just at universities but also in high schools and middle schools. These programs send a powerful message at a time when the country needs to be paying attention to remaking science education. Congress, which has been casting for ways to address this problem, would do well to emulate them."

WPost Says Maryland Governor's Race Should Be "Hard-Hitting, Substantive Campaign." An editorial in the Washington Post (7/3, A20) says Maryland Gov. Robert Ehrlich "has spent four years compiling a so-so record. He has diminished a handful of modest victories and sensible policies by displaying a tin ear for political ethics and a pointlessly petulant style of governance that has compounded the partisan venom in Annapolis." Those qualities "may help explain why Mr. Ehrlich… begins his campaign for reelection so far behind his Democratic rival, Baltimore Mayor Martin O'Malley." The Post adds, "Wouldn't it be nice if the campaign looked and sounded like a contest of ideas between two grown-ups, and not a locker-room smack-down. That will be the real test of both candidates -- whether they have the capacity to wage a hard-hitting, substantive, mature campaign that is about Maryland and Marylanders, not just about Bob Ehrlich and Martin O'Malley."

Personnel News. Roll Call (7/3, Ackley) reports in its "K Street Files" column, "**Carolyn Doyl**e, a former aide to Sen. Arlen Specter (R-Pa.), has left her position as senior federal affairs representative at the MWW Group. … **Karen Reidy**, most recently with the former MCI, has joined the telecom trade association COMPTEL as its vice president for regulatory affairs. … Cable giant Comcast Corp. has picked up a new lobbyist. **Peter Filon** comes to the company as senior director, federal government affairs, from the House Energy and Commerce Committee, where he has served as minority counsel. PR power-shop Qorvis Communications has signed **Jim McGann** as managing director. … The US Tuna Foundation has a new president. **Anne Forristall** comes to the fishy lobby from MGN Inc., where she advised a range of clients on legislative strategy. **Lisa McGreevey** is joining the hedge fund industry's primary trade group, the Managed Funds Association, as executive vice president and chief operating officer. … The public policy and law group at Dickstein Shapiro has added **Brian Finch** as counsel. … **Benjamin McKay** has been promoted to senior vice president of federal government relations at the Property Casualty Insurers Association of America. Trading one heavy-hitting Wall Street CEO for another, the Financial Services Roundtable has named Citigroup chief **Charles O. Prince** to replace newly confirmed Treasury Secretary Henry Paulson as chairman of the group."

The Washington Post (7/3, C1, Kurtz) reports that **Jonathan Wald**, who was fired as executive producer of the Today show, and **Josh Howard**, who was forced to resign as executive producer of 60 Minutes II, have "landed at CNBC, where they are helping to retool programming on a business

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channel that has struggled in the ratings since the dot-com bust six years ago."

EDITORIAL WRAP-UP:

New York Times: ***"Crisis Postponed At The U.N."*** An editorial in the New York Times (7/3) says the UN "steered clear of a financial shipwreck last week, but it also steered clear of approving urgently needed management reforms. That is a standoff, not a solution. If the less-developed countries blocking those reforms continue to dig in, the United Nations will suffer in diminished public credibility and greater resistance to dues-paying by some of the largest contributor nations, including the United States." The UN "cannot function effectively in the 21st century under budget and management rules that were originally devised for a much smaller organization. Successive embarrassments like the oil-for-food scandal should have made that painfully clear."

"Protecting All Waters." The New York Times (7/3) editorializes, "Senator James Inhofe, a conservative Republican from Oklahoma, and Senator Lincoln Chaffee, a liberal Republican from Rhode Island, are at opposite ends of the earth on environmental issues. But both found themselves equally mystified by the recent Supreme Court decision on the Clean Water Act. The decision did nothing to clarify which waters were protected under the act and which were not. Both agreed that only Congress can end the confusion. Both are right. Without Congressional intervention, the certain outcome is endless litigation and a steady decline of the nation's streams and wetlands."

"How To Educate Young Scientists." The New York Times (7/3) editorializes that the US must do something about the "horrendous state of science education at both the public school and university levels." The Howard Hughes Medical Institute has "awarded grants to 50 universities aimed at providing richer undergraduate science education as well as mentoring and early research experiences with working scientists. Many of the grants will be used partly to advertise the virtues of scientific study not just at universities but also in high schools and middle schools. These programs send a powerful message at a time when the country needs to be paying attention to remaking science education. Congress, which has been casting for ways to address this problem, would do well to emulate them."

Washington Post: ***"Campaign Finance Bellwether."*** An editorial in the Washington Post (7/3, A20) says the Supreme Court's decision last week striking down Vermont's campaign finance laws "may prove more silver lining than cloud. The Vermont rules never stood much of a chance; they are so strict as to present genuine problems. The important feature of the case is not its specific result but the way the court -- and its two newest justices -- reached that result. On this point, the decision is promising." Despite "an opportunity to declare themselves hostile to campaign finance regulation in general, both signed on -- Justice Alito somewhat equivocally -- to the court's long-standing doctrine that appropriately crafted contribution limits can survive constitutional scrutiny. This is a far more significant development than the fate of Vermont's statute. It suggests that, notwithstanding the turnover in the court's personnel, a revolution in campaign finance law may not be in the offing."

"Flagging Rhetoric." An editorial in the Washington Post (7/3, A20) says the recent Senate debate over a flag burning amendment "managed to bring out some of the worst in politicians of both parties. … If there is a hero in this episode, it is the man who would succeed Mr. Frist as leader, Majority Whip Mitch McConnell (R-Ky.). Mr. McConnell could have put the amendment over the top by abandoning his opposition. To his credit, he didn't, and he was joined by two other Republicans, Sens. Lincoln D. Chafee (R.I.) and Robert F. Bennett (Utah). As Mr. McConnell explained in a column posted on his Senate Web site, 'No act of speech is so obnoxious that it merits tampering with our First Amendment. Our Constitution, and our country, is stronger than that.'"

"Mr. Ehrlich In The Ring." An editorial in the Washington Post (7/3, A20) says Maryland Gov. Robert Ehrlich "has spent four years compiling a so-so record. He has diminished a handful of modest victories and sensible policies by displaying a tin ear for political ethics and a pointlessly petulant style of governance that has compounded the partisan venom in Annapolis." Those qualities "may help explain why Mr. Ehrlich… begins his campaign for reelection so far behind his Democratic rival, Baltimore Mayor Martin O'Malley." The Post adds, "Wouldn't it be nice if the campaign looked and sounded like a contest of ideas between two grown-ups, and not a locker-room smack-down. That will be the real test of both candidates -- whether they have the capacity to wage a hard-hitting, substantive, mature campaign that is about Maryland and Marylanders, not just about Bob Ehrlich and Martin O'Malley."

Wall Street Journal: ***"After Hamdan."*** The Wall Street Journal (7/3) editorializes, "The Court's opinion masks its own power grab by asserting that the executive must defer more to Congress in designing military commissions." But "the Court's own deference to Congress is selective in the extreme, as it simply chose to ignore the clear intent of the Detainee Treatment Act that Congress passed only last December." The Journal adds, "We…certainly hope the Administration presses its case for military commissions to the Congress, including just how much due process protection the Members think al Qaeda detainees really deserve. An election is coming in which the prosecution of the

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war on terror will again be a major issue. By all means let's debate the proper care and handling of Osama's bodyguard."

"A Somali Taliban?" An editorial in the Wall Street Journal (7/3) says, "There's no appetite in the US for a large military intervention in Somalia, but that doesn't mean the new regime should think it is immune from outside attention. So here's a suggestion: Send an emissary to the new Islamist government and propose a deal: Hand over the 1998 embassy bombers, refuse safe harbor to al Qaeda operatives, do not invade Somaliland and Puntland. Agree to that, and we will be able to get along. Don't agree, and the US will do what it must to disrupt any terrorist camps or terrorist activity within its borders. … The Somali Islamists need to understand that if they attempt to turn their country into another refuge for terrorists, it will end as badly for them as it did for the Taliban."

Los Angeles Times: ***"House Of (Immigration) Blues."*** The Los Angeles Times (7/3) editorializes, "Last week saw the first narrowing of the chasm between the Senate's recent comprehensive immigration bill and the House of Representatives' punitive enforcement-only package from December. Trouble is, the overtures are all going in the House's direction. … Pro-reform senators are making two classic negotiating mistakes: confusing their opponents' line-in-the-sand intransigence with a negotiating ploy, and elevating the importance of making a deal above its actual content."

"United On Clean L.A. Ports."

"Taming The Tamil Tigers." The Los Angeles Times (7/3) editorializes, "Since April, Sri Lanka has experienced rising violence between the government and the Tamil Tigers rebel group, effectively gutting a 4-year-old cease-fire. But amid the carnage, leaders of both sides have been making unexpected conciliatory gestures, spurring hope that with the help of international monitors, full-scale war can be avoided. … A peaceful Sri Lanka is very much in India's interest; war could bring a stream of refugees and instability to India, particularly in the state of Tamil Nadu. India should start to take a more active role, while the EU must work for a return to the bargaining table. It isn't too late to head off a full-scale war."

THE BIG PICTURE:

Headlines From Today's Front Pages.

Los Angeles Times:
"Confusion Grips Mexico Election."
"Happy? Let's Sum It Up."
"Congress Faces Dilemma On Terror Trials."
"In First Year, L.A.'s Mayor Finds His Inner Pragmatist."
"With The Right Spin, Any Film Can Be No. 1."
"Iraqis Go To Great Lengths To Get Away."

USA Today:
"How Americans See Americans."
"U.S. Elite Forces Face Shortfall."
"Some Spots Too Dry For Fireworks."

New York Times:
"Israel Steps Up Gaza Raids In Bid To Free Soldier."
"Internet Calling Pressures Bells To Lower Prices."
"A Terror Strike, Choreographed On A Computer."
"A New Partnership Binds Old Republican Rivals."
"Once Again, The Boss Is In At The New York Office."
"Marijuana Fight Envelops Wharf In San Francisco."

Washington Post:
"Record Crowds Flock To Vote Across Mexico."
"Growers Reap Benefits Even In Good Years."
"Episcopal Protest Of Top Bishop Increases."
"Petitions To FDA Delay Generic Drugs, Critics Say."
"Mongolians Meld Old, New In Making Arlington Home."

Washington Times:
"Mexico Election Too Close To Call."
"Senators Promise Gitmo Statute."
"Academic Manifesto Takes Root."
"Iran Plans To Cut Gas Imports, Subsidies."
"A Penny Saved Is A Penny Spurned."
"Illegal Students Face Expulsion From France."
"Representatives Relish Being Made A Mockery."

Detroit Free Press:
"Zetsche Steps Out Front At DCX."
"Schools Ties Bonuses To Test Scores."
"Kalamazoo Is Drug-Testing Hub For Pfizer."

Atlanta Journal-Constitution:
"Fulton Jail Is Slow To Let Go."
"'Always Remember.'"
"Austin Pleads Guilty To 'Mistake.'"
"Turner Studios In Midtown Undo Shoestring Image."

Houston Chronicle:
"Too Close To Call In Mexico."
"Troubling Figures Put Focus On Sunnyside."

Story Lineup From Last Night's Network News:
ABC: Iraq's Most Wanted; Shuttle Launch Scrubbed; Israel-Gaza Offensive; Mexico-Presidential Election; FBI-West Virginia Congressman; Death Penalty Anniversary; Alzheimer's-Art Therapy; National Anthem-Singing Project.
CBS: Israel-Gaza Offensive; Iraq Violence; Iraq's Most Wanted; Conservatives-Press Concerns; Discovery-Repair Concerns; Mexican Scholarship Program; World Cup; New Jersey-Government Shutdown; Weekend Box Office; Bush's 60th Birthday.
NBC: Preempted By Golf.

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Story Lineup From This Morning's Radio News Broadcasts:

ABC: Space Shuttle Launch Delayed; Mexico-Election; Israel-Kidnapped Soldier; IN-Car Accident.

NPR: Mexico-Election; Israel-Kidnapped Soldier; UN-Human Rights Reforms; Space Shuttle Launch Delayed; IN-Car Accident; Iraq-Most Wanted List; World Cup; Foreign Stock Markets.

WASHINGTON'S SCHEDULE:

Today's Events In Washington.

White House:

PRESIDENT BUSH — Signs H.R. 5403, the Safe and Timely Interstate Placement of Foster Children Act of 2006. Roosevelt Room, The White House. Photo Release.

VICE PRESIDENT CHENEY — No public schedule.

US Senate: No scheduled events.

US House: No scheduled events.

Other: ELECTIONS-LATINOS _ 9:30 a.m. The Latino Policy Coalition and Lake Research Partners hold a teleconference to release the results of a national survey of Latino voters and discuss the midterm elections. With Jim Gonzalez, chair, Latino Policy Coalition; Celinda Lake, president, Lake Research Partners; and Dr. Fernando Guerra, director, Leavey Center for the Study of Los Angeles. Contacts: Michael Bustamante, 916-425-0839. Notes: Dial-in: 1-866-216-6835. Passcode: 116692.

NY TIMES-PROTEST _ 12 p.m. The D.C. Chapter of FreeRepublic.com and Accuracy in Media hold a demonstration to call for the prosecution of New York Times publisher Arthur Sulzberger, Jr., Executive Editor Bill Keller and reporters James Risen and Eric Lichtblau for "giving aid and comfort to al Qaeda by publishing stories exposing national security intelligence programs." Location: In front of 1627 "Eye" St. NW.

GRANNY PEACE BRIGADE _ 2 p.m. The Granny Peace Brigade, 18 grandmothers protesting the war in Iraq, hold a rally and march to mark the end of their journey from New York City. Highlights: 2 p.m. Marchers will be joined by war protester Cindy Sheehan, at Dupont Circle. Sheehan will escort the marchers down Massachusetts Avenue to the Gandhi statue at Massachusetts Ave. and Q Sts, NW, in front of the Indian Embassy. Location: Gandhi Statue, corner of Q St NW and Massachusetts.

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THE ATTORNEY GENERAL'S NEWS BRIEFING

PREPARED FOR THE OFFICE OF PUBLIC AFFAIRS, U.S. DEPARTMENT OF JUSTICE

TO: THE ATTORNEY GENERAL AND SENIOR STAFF

DATE: MONDAY, JULY 3, 2006 7:45 AM EDT

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TERRORISM NEWS:

Senators Predict Congress Will Establish Military Commissions For Detainees Soon.

The Financial Times (7/3, Alden) reports, "The US Congress looks set to co-operate with President George W. Bush in devising rules for military commissions to try alleged terrorist detainees. This follows last week's historic Supreme Court decision that struck down the president's claim that he could

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set the rules on his own authority." US lawmakers' reaction to the ruling dominated the Sunday political shows. GOP Sen. Arlen Specter, appearing on CBS's Face the Nation (7/2, Schieffer), said, "The Judiciary Committee had hearings on Guantanamo last June. And I made a trip there, and it's been apparent to us for some time that the Supreme Court was going to impose some restrictions. And we had legislation ready to go. And I think that we should now have hearings in the Judiciary Committee, which we've scheduled for July 11th." M The Washington Times (7/3, Pfeiffer) notes Sen. Carl Levin, Michigan Democrat, "told CBS that his panel will 'have hearings in a couple of weeks.'"

Sen. Lindsey Graham, also a Republican, on Fox News Sunday (7/2, Wallace) said, "I think what we will do this month, I hope, is to get some input from the great legal minds of our time, particularly military lawyers, retired and active duty military judge advocates. … And I would hope Congress would have hearings about what to do in light of this decision and that we will sit down together…in August, write legislation and hopefully vote by September."

The New York Times (7/3, Toner) "both parties were treading carefully in a political and legislative terrain suddenly reconfigured by the Supreme Court. Most leaders on Sunday pledged bipartisan cooperation, but some fault lines were clear." Democratic Sen. Charles E. Schumer "said on 'Meet the Press' on NBC that 'this White House has felt it could just change things unilaterally.' Mr. Schumer added, 'Had they come to Congress a few years ago on this issue, my guess is they would have gotten most of what they wanted.'" But "in light of the court ruling, Mr. Schumer called on Attorney General Alberto R. Gonzales to create an independent commission to conduct 'a top-to-bottom legal review of all of the administration's ongoing antiterror measures.'" USA Today (7/3) reports "senior Democrats called for a broader review of whether Bush overstepped his war powers," and notes Schumer's comments.

On ABC's This Week (7/2, Stephanopoulos), Democratic Sen. Dianne Feinstein said, "This is the time for the Congress to come together, both political parties, and we can do this, and the President, and work out the parameters of whether it is a special authorized commission, whether it is a military tribunal. But that gives the detainees the rights that the Constitution provides, and this is our strength. It is not our weakness." And Democratic Sen. Jack Reed, on Fox News Sunday (7/2, Wallace), said, "The President declared that he essentially was operating in his own capacity as commander in chief, and I think the court reined him back, and I think it's appropriate. … What it insists is that the President come to the Congress and in a deliberate fashion and a democratic fashion we give him the authority that he needs."

In an analysis piece, the Los Angeles Times (6/3, Schmitt) says the ruling "has apparently presented the Bush administration and its allies in Congress with two choices -- both fraught with risk. They can use the GOP majorities in the House and Senate to put a quick congressional seal of approval on something close to the existing system, but run the risk that it too will be struck down by the high court." Or "they can follow the path suggested by the court and devise a system embracing the procedural and other principles of the U.S. Uniform Code of Military Justice and the Geneva Convention, but risk the possibility that few, if any, of the alleged terrorists will be convicted." And "both choices, as well as attempts to chart a middle course, could set off the kind of protracted, internally divisive debate that the White House and GOP political strategists would not relish with the November elections approaching."

McCain Contends "All Of Us" Would Like To See Guantanamo Shut Down. Sen. John McCain, on ABC's This Week (7/2, Stephanopoulos), said, "All of us and the president has said he'd like to see Guantanamo shut down, but it's not Guantanamo itself, it's the status of these detainees. And I believe that if we use the Supreme Court decision correctly, we will move forward and adjudicate these cases."

Experts Offer Tips On Complying With Court Ruling On Guantanamo Tribunals. Time (7/10, Thornburgh) reports that the Supreme Court's ruling in Hamdan v. Rumsfeld says that if the Bush Administration wants to hold special military tribunals to try terrorism suspects at Guantnamo Bay, "it can't just declare them legal -- it needs to work with the other branches of government to make them so." Time notes that while the ruling was a "rebuke to the Administration's claim that it alone can decide how to defend Americans from terrorism," the High Court did not say "Guantnamo has to be closed. In fact, there are plenty of people who believe it's possible to comply with the court's ruling while protecting American citizens and extracting useful intelligence from detainees." Time lists several ways the Administration can fix Guantanamo, including working with Congress, repatriating the "small fish," who have been determined not to have committed any hostile act against Americans or their allies, processing the habeas corpus

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cases, living by the Geneva rules and lifting the "veil of secrecy" over the prison.

Bush, GOP Seen As Likely To Utilize Hamdan Decision As Campaign Issue. The Washington Post's Dana Milbank, on The Chris Matthews Show (7/2, Matthews) said, "Bush will be celebrating Hamdan the way the Muslims celebrate Ramadan. … Now he can campaign against the Supreme Court, they can put legislation before the congress that gives him exactly what he wants, force the democrats to vote against them and say 'those guys want to release all the terrorists.' It's going to be the 2002 and 2004 campaign all over again." Later in the program Milbank added, "It's Max Cleland all over again. You need one issue, one sort of wedge, and…this is exactly what the president wants."

The Weekly Standard's Bill Kristol, on Fox News Sunday (7/2, Wallace), said, "This is going to be a great debate for Republicans in Congress for the next few months. … Democrats are either going to have to basically acknowledge that the president has been right all along by authorizing what he wanted, and they're going to have to rebuke the Supreme Court's interpretation of the Geneva Conventions, or the Democrats are going to be in the position of saying that Al Qaida deserves protections like normal prisoners of war or like normal people in the American justice system."

WSJournal Says Case Should Be Election Issue. The Wall Street Journal (7/3) editorializes, "The Court's opinion masks its own power grab by asserting that the executive must defer more to Congress in designing military commissions." But "the Court's own deference to Congress is selective in the extreme, as it simply chose to ignore the clear intent of the Detainee Treatment Act that Congress passed only last December." The Journal adds, "We…certainly hope the Administration presses its case for military commissions to the Congress, including just how much due process protection the Members think al Qaeda detainees really deserve. An election is coming in which the prosecution of the war on terror will again be a major issue. By all means let's debate the proper care and handling of Osama's bodyguard."

GOP Lawmakers Blast Court's Interpretation Of Geneva Convention. The AP (7/3, Yost) reports, "Two Republican senators said Sunday that Congress must rein in the Supreme Court ruling that international law applies to the Bush administration's conduct in the war on terror." On Fox News Sunday (7/2, Wallace) Sen. Lindsey Graham criticized the "Geneva Convention aspects" of the Hamdan decision, calling them "breathtaking." Graham argued that the "question for this country is should Al Qaida members who do not sign up to the Geneva Convention, who show disdain for it, who butcher our troops, be given the protections of a treaty they're not part of. My opinion -- no. They should be humanely treated, but the Geneva Convention cannot be used in the war on terrorists to give the terrorists an opportunity to basically come at us hard without any restrictions on how we interrogate and prosecute."

Sen. Mitch McConnell, on NBC's Meet The Press (7/2, Mitchell) said, "a very disturbing aspect of the decision was that the court held common Article 3 of the Geneva Conventions applicable to American servicemen. Now this means that American servicemen potentially could be accused of war crimes. I think Congress is going to want to deal with that as well when it enacts these military commissions, and I think we need to do it soon. And so we'll be dealing with that in the coming weeks. … I think we will have to act on this very soon, either in July or in September. Certainly in the next couple of months."

Rep. Peter King, on CNN's Late Edition (7/2, Roberts) noted that "the Geneva Conventions apply to soldiers of established armies, of established governments, not to terrorists who are on the run, who are basically rag-tag operations and do not swear allegiance to a particular country. … Because if we apply the Geneva Convention to them, that means all you ask them is their name, rank and serial number."

Kristol Says Court Committed "Act Of Judicial Imperialism." The Weekly Standard's Bill Kristol, on Fox News Sunday (7/2, Wallace), added, "What the court did find -- let's just be literal about this -- is that Common Article III of the Geneva Conventions applies to Al Qaida. That is a breathtaking finding. It is contrary to every understanding of what that article has meant for the last 50 years. It is a pure act of judicial imperialism. … And I think the Congress is going to have to repudiate the court."

Stevens Opinion Said To Reflect 1946 Ruling Penned By Rutledge. The Washington Post (7/3, A19, Lane) reports in its "Full Court Press" column, "Justice John Paul Stevens wrote last week's Supreme Court opinion striking down President Bush's plan to put suspected terrorists on trial before military commissions. But in a real sense, the opinion's author was Wiley B. Rutledge, the justice for whom Stevens clerked during the court's 1947-1948 term,

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and for whom he has expressed great admiration in the years since." Rutledge's "most famous dissenting opinion came in 1946, when he wrote that the majority of the court was wrong to deny a petition for habeas corpus by Tomoyuki Yamashita, the Japanese general sentenced to death by a U.S. military commission in the Philippines for atrocities committed by his troops. … It is hard to imagine anyone less popular in the United States than Yamashita. But the man whose case was before the court last week, Osama bin Laden's former aide, Salim Ahmed Hamdan, might qualify. Nevertheless, Stevens defended not Hamdan, but Hamdan's rights."

GOP Intensifies Criticism Of Media Over Anti-Terrorism Program Leaks. The CBS Evening News (7/2, story 4, 2:20, Mitchell) reported, "A battle between the press and the White House is heating up tonight." CBS (Calvi) added Rep. Peter King has "cosponsored a congressional resolution condemning press reports that revealed a secret government program. The program was designed to monitor millions of bank transactions to try to catch terrorists." President Bush (Wednesday): "There can be no excuse for anyone entrusted with vital intelligence to leak it and no excuse for any newspaper to print it." Calvi: "'The Wall Street Journal,' 'The New York Times' and the 'Los Angeles Times' all reported on the surveillance program on the same day, but it's been 'The New York Times' that's been the focus of criticism, including by the editorial page of the 'Wall Street Journal.'" Bill Keller, Executive Editor, "The New York Times": "The 'Times' is an easy target for conservatives partly because our opinion pages tend to be pretty tough on the Bush Administration." Calvi: "Now, the Administration is considering its options." Rep. King "tells CBS News he'll be asking the Attorney General to investigate how the information was obtained by the 'Times' and file criminal charges against any leakers and reporters who refuse to reveal those sources."

McCain Calls For Prosecution Of Terror Money Tracking Program Leakers. The New York Post (7/3, Orin) reports that Sen. John McCain has ""joined the chorus of critics who say The New York Times was wrong to out a top-secret terror money-tracking program, and he called for prosecuting the leakers." Speaking on ABC's This Week, McCain said, "Tracking the money is always a vital tool, and members of Congress were kept informed and agreed to this program," adding, "So, no, I don't think [the Times] should have published it." The Post adds, "McCain also challenged the Times' claim that it didn't reveal any real secrets, saying, 'If The New York Times thinks the story was inconsequential, the legitimate question is: Why was it on the front page?' Asked if the Times should be prosecuted, McCain replied, 'I think we should go after the leakers first.'"

Document Outlines Bali Bombers' Final Hours. The New York Times (7/3, Bonner) reports from Indonesia on "the playbook for a suicide bombing, including even a minute-by-minute choreography of the bombers' final hours. The Indonesian police uncovered the document from the computer of one of the planners of an attack last October in Bali, which killed 20 people when three men walked into separate restaurants and blew themselves up." The document "offers a rare glimpse into the minds of the most cunning terrorist plotters and of the kind of meticulous planning that lies behind their operations. It also shows what even a small, local group with few resources can do, and the difficulty of thwarting their plans." The 34-page document, titled "The Bali Project," was "found on the computer of Azhari Husin, a Malaysian-born engineer educated in Australia and Britain who became a master bomb maker and was one of the most dangerous terrorists in Southeast Asia until he was killed in a shootout with the police last November." The document "was given to The New York Times by a person who requested anonymity because it had not been officially released. It was first reported on by Tempo, an English-language weekly newsmagazine here."

WSJournal Says Islamists Should Not Turn Somalia Into Refuge For Terrorists. An editorial in the Wall Street Journal (7/3) says, "There's no appetite in the US for a large military intervention in Somalia, but that doesn't mean the new regime should think it is immune from outside attention. So here's a suggestion: Send an emissary to the new Islamist government and propose a deal: Hand over the 1998 embassy bombers, refuse safe harbor to al Qaeda operatives, do not invade Somaliland and Puntland. Agree to that, and we will be able to get along. Don't agree, and the US will do what it must to disrupt any terrorist camps or terrorist activity within its borders. … The Somali Islamists need to understand that if they attempt to turn their country into another refuge for terrorists, it will end as badly for them as it did for the Taliban."

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HOMELAND RESPONSE:

L.A. Police Chief, Others, To Press Homeland Security For Greater Sharing Of Intelligence. The Los Angeles Times (7/1, Winton, McGreevy) reported, "Los Angeles Police Chief William J. Bratton said Friday that he and other big-city police chiefs will meet this month with top Homeland Security officials amid complaints that the federal agency isn't doing enough to share information with local law enforcement nationwide." Bratton said it is not so much that DHS doesn't "share intelligence," but that "they don't have intelligence." DHS spokesman Russ Knocke described the upcoming meeting as "an opportunity for the secretary to sit down with the chiefs of police for major cities and talk about information sharing." Homeland Security Secretary Michael Chertoff "wants to 'listen to the concerns of the police chiefs and personally work to address the concerns,'" said Knocke.

The AP (7/1) reported that Bratton said, "The good news is: We've seen some significant improvements in intelligence provided over the last year." The AP continued that Knocke "said that last year the federal agency provided more than 1,200 bulletins, notices and other dispatches to local law enforcement agencies." However, he added that DHS is "the first to say there is more work to be done."

WRC-TV Washington, DC (6/30) reported on its website that DC Police Chief Charles Ramsey is among those "complaining about a lack of information sharing during terror threats." Ramsey told NBC4 that he had sent a letter to Secretary Chertoff "and he has agreed to meet sometime in July along with out key staff people, and I'll have some of the police chiefs who are also concerned. Then we'll sit down and talk about it."

WAR NEWS:

Sunni Lawmakers Boycott Iraqi Parliament. The New York Times (7/3, Semple) reports, "The main Sunni Arab political bloc began a boycott of Parliament on Sunday to protest the kidnapping of a Sunni legislator and threatened to withdraw its members from the prime minister's cabinet unless the lawmaker was freed within the next 48 hours." The "walkout" was "the first serious disruption in Iraq's new government and reflected the fragility of the power-sharing arrangement in the face of the relentless sectarian violence overwhelming the nation." The legislator, Tayseer Najah al-Mashhadani, and eight of her guards "were kidnapped by people suspected of being Shiite militiamen on Saturday while driving into Baghdad from her home north of the capital."

The Washington Post (7/3, A15, Partlow) reports, "The decision by the Sunni Accord Front, which holds 44 seats in the 275-member parliament, threatens to pull the legislature apart." Sunni legislators "blamed the abduction on Shiite-led militias aligned with the majority political parties in Iraq. Some accused the Iraqi security forces, who were near the kidnapping site in the Shaab neighborhood, of standing by and allowing Mashhadani's convoy to be captured." The Los Angeles Times (7/3, Roug) also reports the story.

Iraqi Government Publishes "Most Wanted List." The Financial Times (7/3, Negus) reports, "The Iraqi government on Sunday published a "most wanted" list topped by family and former associates of deposed president Saddam Hussein who reportedly finance and direct the insurgency." The list, "planned in parallel with the government's national reconciliation plan – suggests that the government considers a reconstructed Ba'ath party to be its most dangerous foe."

The AP (7/3, Juhi) notes Saddam's "wife and eldest daughter are among 41 people on the Iraqi government's most wanted list, along with the new leader of al-Qaida in Iraq, a top official announced Sunday." Saddam's wife, Sajida Khairallah Tulfah, "was No. 17, just behind the ousted leader's eldest daughter, Raghad. Sajida is believed to be in Qatar, and Raghad lives in Jordan, where she was given refuge by King Abdullah II."

ABC World News Tonight (7/2, lead story, 2:50, Brown) reported, "Remember the deck of cards the US military put out just after the war? Most of those have since been killed or captured, and the violence continued. The list of 41 names was released by the national security adviser here, who said they're all killers. And will be hunted down, one by one. He said the international police agency, Interpol, has been informed." Mouwafak Al-Rubaie, Iraqi National Security Adviser: "This list shows those who are trying to destroy our country." The CBS Evening News (7/2, story 3, 1:55, Cowan) said it was "the latest step in the government's security crackdown that has failed so far to stem the violence in Iraq."

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Violence Continues In Iraq. The CBS Evening News (7/2, story 2, 0:10, Mitchell) reported, "Another bloody day in Iraq. South of Baghdad, four were killed and 22 wounded after a bomb went off. This one day after a car bomb in a Baghdad market killed more than 60."

Further Details Of Alleged Iraq Rape Surface. The Washington Post (7/3, Knickmeyer) reports the version of the alleged rape and murders by US GIs told by a neighbor, Omar Janabi. It gives the victim's age as 15 and contains his account of finding the family's bodies, as well as graphic descriptions of the bodies from death certificates. The Post writes, "The case is at least the fourth American military investigation announced since March of alleged atrocities by U.S. forces in Iraq. The rape allegation makes the Mahmudiyah case potentially incendiary in Iraq. Rape is seen as a crime smearing the honor of the family as well as the victim in conservative communities here."

Senate Intelligence Committee "Statements" Investigation Stalled. In the National Review (7/17), Byron York says the Senate Intelligence Committee "is engaged in a protracted investigation of the public statements of President Bush, Vice President Cheney, top administration officials, lawmakers in the House and Senate, and even officials of previous administrations to determine whether they exaggerated, cherry-picked, misrepresented, or otherwise manipulated intelligence in the run-up to the war." But it is "not going well. In fact, the 'statements investigation' is the main roadblock to completion of what is called 'Phase Two' of the committee's probe of pre-war intelligence." After Democrats "first proposed to investigate only Bush administration officials," Chairman Pat Roberts "pointed out that many members of Congress, as well as many members of the Clinton administration, had also made statements about Iraq's supposed WMD capabilities." But Roberts added when "senators evaluate each statement in light of the intelligence that was available at the time, he proposed, they should do so blindly — that is, not knowing the identity of the speaker, so they would not allow any biases to influence their judgment on the appropriateness or inappropriateness of the statement." It would "not be an exaggeration to say that Democrats — behind the scenes, of course — went bonkers over that suggestion." What had "started as a way to criticize the Bush administration threatened to backfire on Democrats."

Bush Seen As Uninterested In Seeking Democratic Support For Iraq Policy. In the New Republic's TRB column (7/10), Peter Beinart says, "Why doesn't George W. Bush want to win in Iraq? Seriously. The past several weeks have forced him to choose between two big goals: Demonizing Democrats to help the GOP retain control of Congress and fostering a domestic climate that gives the new Iraqi government the best chance to survive. And, again and again, he has chosen door number one." Swallowing the concessions needed from the US to secure the Iraqi government "will require a bipartisan bargain -- the kind of ceasefire required for difficult domestic changes like reforming Social Security or the tax code." But "over the past several weeks, President Bush has done exactly the opposite. Rove and company immediately wielded Zarqawi's death as a partisan club, saying that, if Democrats had their way, he'd still be loose."

Raid Reveals Tensions Between US Forces, Afghan Government. The New York Times (7/3, Gall) reports from Kabul, "A joint military raid by American and Afghan forces on an unobtrusive house here in the capital on March 20 has pointed up the tensions between the American military and the Afghan Defense Ministry over the conduct of counterinsurgency raids, particularly in Kabul, the Afghan defense minister says." The raid "was led by masked American special forces, and included eight members of a unit of the Afghan National Army. The involvement of Afghan soldiers prompted the defense minister, Gen. Abdur Rahim Wardak, who had no advance notice of the raid, to bar Afghan Army personnel from taking part in any raids on houses or compounds."

Two British Soldiers Killed. The Washington Post (7/3, A16, Tran) reports, "An insurgent attack on a British base killed two soldiers and an Afghan interpreter, military officials said Sunday, while at least 20 insurgents were killed in clashes and coalition airstrikes." An AH-64 Apache attack helicopter "crashed Saturday in an accident in southern Afghanistan, killing one crew member, the US military said."

Pakistani Journalist Sees Dire Situation In Afghanistan. Ahmed Rashid, a Pakistani journalist, writes in the Washington Post (7/3, A21), "The current political and military meltdown in Afghanistan was entirely predictable and avoidable. For the past three years Afghans, their president, Hamid Karzai, and foreign experts have been warning that the failure of the United States and the international community to

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provide sufficient economic, military and reconstruction resources to the fledgling Afghan government would lead to a Taliban resurgence and disillusionment among the Afghan people. That is exactly what has happened." But "there is still a way out of the mess if the international community and the Afghans pull together, rather than being at odds with one another. Karzai set the ball rolling late last month by calling for a joint strategy in a critical meeting with the most important foreign players in Kabul." Rashid adds the UN Security Council "needs to give the UN officials in Kabul the responsibility for coordinating the international response to the crisis and economic and political strategies with the Afghan government."

US Military Faces Shortfall In Special Forces Troops. USA Today (7/3, Brook) reports, "The Army, Navy and Air Force face shortages of elite special operations forces that are playing a leading role in the war against terrorism, military records show." The shortfall of Army special operations, Navy SEALs and Air Force "combat controllers persists as the Pentagon seeks to expand the forces by 15% over the next four years to bolster the anti-terrorism campaign. One reason for the shortage is the intense training. The Navy says only 35 of 166 candidates will qualify as SEALs." USA Today adds, "Retention also is a problem. Some veterans can make $780 a day as civilian security contractors in Iraq, says Rep. Jim Saxton, R-N.J., chairman of a House Armed Services subcommittee that oversees special operations troops. Bonuses as high as $150,000 have helped stanch that loss, he says."

Pentagon Officers Said To Be Resisting Rumsfeld, Cheney On Iran Bombing Plans. In the New Yorker (7/10-17), Seymour Hersh writes that included with the Bush White House's offer to Iran to negotiate over its nuclear program if it suspended its uranium enrichment program included "an unspoken threat: The US Strategic Command, supported by the Air Force, has been drawing up plans, at the President's direction, for a major bombing campaign in Iraq. Inside the Pentagon, senior commanders have increasingly challenged the President's plans, according to active duty and retired officers and officials." Senior officers "have told the Administration that the bombing campaign will probably not succeed in destroying Iran's nuclear program. They have also warned that an attack could lead to serious economic, political, and military consequences for the US." A retired four star general, "who ran a major command, said, 'The system is starting to sense the end of the road, and they don't want to be condemned by history. They want to be able to say, 'We stood up.'" The New Yorker adds the "discord over Iran can, in part, be ascribed to Rumsfeld's testy relationship with the generals. They see him as high-handed and unwilling to accept responsibility for what has gone wrong in Iraq." But Rumsfeld is "not alone in the Administration where Iran is concerned; he is closely allied with Dick Cheney, and," a Pentagon consultant said, "'the President generally defers to the Vice President on all these issues,' such as dealing with the specifics of a bombing campaign if diplomacy fails."

Iran Rejects Western Deadline On Nuclear Proposal. The New York Times (7/3, Fathi) reports, "Iran on Sunday again rejected a deadline to respond to an international proposal to end the standoff over its nuclear program, saying it would respond a month. 'We do not consider such statements as constructive and invite them to wait for our answer until next month,' said Hamidreza Assefi, the Foreign Ministry spokesman, the ISNA news agency reported. The next month in the Iranian calendar begins July 23." Assefi "was responding to a statement made at a meeting of the Group of 8's foreign ministers on Thursday in Russia, during which they demanded Iran make a 'clear and substantive' response to the proposal in a week. P resident Mahmoud Ahmadinejad had previously said Iran would give its answer around Aug. 23."

Iran To Cut Refined Oil Imports, Ration Gasoline. The Washington Times (7/3, Mihailescu) reports, "Iran, which relies on imports for almost half its refined petroleum products, plans to halt those imports and introduce gasoline rationing later this year, the government announced." The decision "appears related to a plan to allow the nation's heavily subsidized gasoline to spike in price in order to reduce the smuggling of fuel to neighboring countries, a practice that aggravates shortages and costs the country billions of dollars every year."

DOJ:

Kennedy Emerges As Swing Vote On High Court. The Christian Science Monitor (7/3, Richey) notes that with the addition of President Bush's two nominees, Chief Justice John Roberts and Justice Samuel Alito, the supreme Court "has grown more conservative." The Monitor also

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notes that Justice Anthony Kennedy "will likely decide how far to the right the law moves under the new lineup of justices at the nation's highest court." According to the Monitor, "In years past, Kennedy shared the swing-vote designation with O'Connor. But with her departure he occupies the court's decisive center alone. That puts Kennedy in an even more powerful position than O'Connor, legal analysts say. … Kennedy's power was on full display last week when he joined the court's liberal wing to forcefully strike down President Bush's plan to put terror suspects on trial before military commissions at Guantánamo Bay, Cuba."

Roberts Court Seen As Less Contentious Than Rehnquist's. Time (7/10, Rosen) reports that that Supreme Court's first year under Chief Justice John Roberts "has not been ordinary. As evidenced last week when the court struck down the Bush Administration's use of military tribunals, the Justices are suddenly unafraid to talk to one another in personal terms." By the time the Court adjourned for the summer, "the usual decorous costume drama that is a Supreme Court term had morphed into something much closer -- in vitriol, tension and drama -- to a soap opera." Time notes, however, that despite "the impression left by its rush of final decisions, the Roberts court is, at least so far, less fractured than the court led for 19 years by William Rehnquist. Almost half its decisions this year had no dissents, compared with 38% in Rehnquist's final term, and the tally of 16 cases decided by a 5-to-4 vote is seven fewer than under Rehnquist."

GOP To Focus On Judicial Confirmations. The Washington Times (7/3, Hurt) reports, "In coming weeks, Republicans on Capitol Hill plan for the first major push on judges since Chief Justice John G. Roberts Jr. and Justice Samuel A. Alito Jr. were confirmed to the Supreme Court." In "the nearly six months since Justice Alito was confirmed, only 14 federal judges have been seated." That's "the slowest six-month period since early 2004, according to documents kept by the Department of Justice's Office of Legal Policy." The Times adds, "The plans for renewed emphasis on judges comes after a consortium of conservative leaders expressed deep displeasure with both the White House and Republican leaders on Capitol Hill in recent months over the slowed pace of confirmations." The conservatives wrote "a letter to Senate Majority Leader Bill Frist, Senate Majority Whip Mitch McConnell and other Republican leaders in the body." The "83 signers of the letter…include such conservative icons as Paul Weyrich, Alan Keyes, Richard Viguerie, Abigail Thernstrom, David A. Keene, L. Brent Bozell III and Bill Donohue."

CORPORATE SCANDALS:

Impact Of US Abramoff Probe Into Ex-Guam Governor Remains Unclear. The Guam Pacific Daily News (7/3, Kang) reports, "The fallout over the federal investigation of a possible link between disgraced lobbyist Jack Abramoff and former Democratic Gov. Carl Gutierrez remains unclear. The U.S. Department of Justice on Friday issued a report on the replacement of Frederick Black as the island's U.S. Attorney, in which lobbyist Jack Abramoff told investigators he was helping Gutierrez get rid of Black. Gutierrez on Saturday denied those allegations. Former Guam delegate and Democratic gubernatorial candidate Robert Underwood, in a phone interview from Seattle, said the case warrants further investigation. In particular, he said, inquiries should be made into whether Abramoff received monetary compensation of any kind and where that money might have come from. Gutierrez on Saturday said he nor his administration never paid Abramoff for any lobbying efforts." Underwood "went on to say that if any additional information of a conspiratorial nature is revealed in subsequent investigations, those responsible should be prosecuted. Accountable 'First of all, the voters should hold them accountable and secondly the law should hold them accountable,' he said."

The Guam Pacific Daily News (7/3, Daleno) reports Gutierrez "praised a recently released federal investigation into the removal of former acting U.S. Attorney Fred Black, saying Black's smear of his replacement, Leonardo Rapadas, is a 'prime example of his operations.' Gutierrez yesterday released a written statement responding to the report, accusing Black of blocking local attempts at self-government. During a Saturday interview with the Pacific Daily News, Gutierrez denied statements in the Department of Justice report that lobbyist Jack Abramoff was working on his behalf to get Black removed." Gutierrez "acknowledged meeting with Abramoff during a dinner in the nation's capital, where the topic of Black's nomination came up, but he did not elaborate on what happened after that, saying only that he found it 'interesting' that Abramoff wanted to meet him. A Justice Department Office of Inspector General report, released Friday in Washington, D.C., states that Abramoff told

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federal investigators he began working on behalf of Gutierrez, who was governor at the time, to lobby for the removal of Black when certain Gutierrez administration officials were under federal investigation."

The Guam Pacific Daily News (7/2, Limtiaco) reports, "Former Democratic Sen. Mark Charfauros yesterday acknowledged that he probably was lobbyist Jack Abramoff's closest friend on Guam, but he disputed a U.S. Department of Justice report released yesterday." Charfauros said he "did ask his friend Abramoff for help in securing a confirmed U.S. Attorney for Guam, but said he was not working with Gutierrez on the matter and did not send the e-mail stated in the report. 'No way. I'd like to see that e-mail. That didn't happen. I never filed any kind of e-mail, saying that nominations are gonna come out of Carl Gutierrez. Carl Gutierrez had nothing to do with this whole issue,' Charfauros said." The Guam Pacific Daily News (7/2, Daleno, Tamondong) reports Abramoff "has told federal investigators and said in e-mails that he worked on behalf" of Gutierrez to remove Black.

Tenet CEO Faces Challenge Of Moving On After Settlement With DOJ. The Wall Street Journal (7/3, Rundle) reports Trevor Fetter "inherited a financial and legal morass in 2003, when he took the top job at Tenet Healthcare Corp., the big hospital operator. Now, with most of the company's legal woes behind him, Mr. Fetter is turning to his next task: moving on." Tenet last week "agreed to pay the Justice Department $725 million to settle a host of investigations, including allegations that it gamed the Medicare system to generate lucrative payments it didn't deserve." Fetter's "biggest challenge will be to persuade doctors to send more patients to Tenet hospitals, many of which languished as Tenet conserved cash in anticipation of the Justice Department settlement. Today, those hospitals lack the latest CT scanners and other high-tech equipment that doctors crave."

Austin Banker Nearing Victory In S&L Case. The Austin American-Statesman (7/3, Elder) reports, "Austin real estate developer Alfred Hughes was close to giddy when he acquired an El Paso savings and loan in 1988. 'We're sitting on top of the world,' he said after federal regulators approved the purchase. 'We're very comfortable working in a regulated environment.' Less than two years later, regulators shuttered El Paso Federal Savings and Loan. For the past 16 years, Hughes has been trying to collect the $46.5 million he says the government cost him by improperly closing and then liquidating the institution. Among the assets Hughes lost when the thrift closed was his ownership of 4,500 acres of Steiner Ranch in western Travis County, now a development of high-end homes." While the "legal battle may roll on, in a continuing echo of the massive savings and loan crisis of the 1980s and early 1990s, Hughes won a big victory last month. Senior Judge James Merow of the U.S. Court of Federal Claims awarded Hughes the full amount, ruling that a 1989 federal law had unfairly imposed new financial requirements on thrifts."

BP Traders Lost $10 Million, Court Documents Show. Bloomberg (7/3) reports, "The three BP Plc traders accused by regulators of attempting to corner the U.S. propane market lost $10 million when they failed to sell their inventory, court documents show. The traders in February 2004 sought to make more than $20 million by holding most of the propane on a pipeline that ships the heating fuel from a hub in Texas to the U.S. Midwest and Northeast, according to transcripts filed June 28 with the U.S. District Court in Illinois by the Commodity Futures Trading Commission. Instead, they were stuck with much of the fuel as the market plunged on March 1." BP, "which made $2.8 billion trading oil and gas in 2005, and other oil companies are facing increased scrutiny from U.S. regulators and lawmakers as near-record oil prices have boosted gasoline, heating oil and natural gas prices to records in the past year."

Levin, Coleman Want More Oversight Of Energy Markets. The Financial Times (7/3, Grant) reports United Kingdom energy firm BP, "has suspended three Houston-based traders at the centre of an alleged propane price manipulation scheme, as alarm rose in Washington over the need to police energy markets. Senior US senators have warned congress that 'too many trades' are occurring without regulatory oversight." Sen. Carl Levin said, "It's time to put the cop back on the beat in these markets to make sure ordinary Americans aren't ripped off." The Times adds Levin's "call, in a bipartisan report to congress last week by the Senate's Permanent Subcommittee on Investigations, is the clearest sign yet that lawmakers believe the US energy markets are still open to manipulation years after the collapse of Enron exposed the weakness of lightly regulated energy markets." Sens. Levin and Norm Coleman "urged congress to 'eliminate the Enron loophole' by extending the power of the

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Commodity Futures Trading Commission, the US futures industry regulator, to oversee over-the-counter (OTC) energy markets."

Bermuda Unit Said To Be At Center Of Refco Collapse. The Wall Street Journal (7/3, Mollenkamp, Mcdonald, Mckay) reports on the failure and bankruptcy filing of hedge fund manager Refco, "one of the largest and swiftest failures in recent Wall Street history. Refco, one of the world's largest commodities brokerages, was a global trading hub for corporations, government agencies, individual clients and hedge funds. And yet its spectacular collapse came out of nowhere." There are "thousands of big and small investors trying to recover about $1.8 billion of assets missing from client accounts." The "inside story of Refco's collapse" is now "emerging in federal bankruptcy-court proceedings in lower Manhattan and in related civil and criminal actions. At its center is Refco Capital Markets Ltd. of Hamilton, Bermuda. Court proceedings have uncovered a host of unusual practices by the Bermuda unit that appear to have contributed both to Refco's rapid growth and to its catastrophic fall."

SEC Sues To End German Bond Investment Scheme. USA Today (7/3, Smith) reports Las Vegas investor Jeffrey Weston "has been snapping up Germany Weimar Republic bonds from the 1920s on the premise that $1,000 in IOUs payable in gold then are today worth about $1 billion apiece," persuading "dozens of investors to give him $7.7 million to purchase the antique certificates, which lost much of their value after Adolf Hitler came to power in 1933." Last week, the Securities and Exchange Commission "said Weston had spun a fantastic tale while spending $2 million of investors' money on a house and cars and tucking away $454,000 more in Swiss bank accounts." The SEC "sued to halt Weston's promotions, freeze his funds and recover what authorities say might be only pennies on the dollar. The FBI and Texas authorities also are investigating, court records show."

CRIMINAL LAW:

DOJ Issues New Subpoena For Jefferson Emails. Roll Call (7/3, Bresnahan) reports, "The Justice Department has issued a new subpoena for e-mails from Rep. William Jefferson (D-La.), who is at the center of an ongoing bribery and corruption investigation." The subpoena, "approved by a federal grand jury in Alexandria, Va., was sent last week to James Eagan, Chief Administrative Officer of the House." The Jefferson probe "is being overseen by the US attorney's office in Alexandria." The subpoena "was read into the Congressional Record on Thursday evening, as required under House rules, but did not specify that Jefferson was the target of the request."

Indictment Seen As Wild Card In Ney's Electoral Chances. USA Today (7/3, Lawrence) reports, "There's often a caveat these days when Ohio Republicans talk about re-election prospects for their embattled congressman, Bob Ney. As state Rep. Clyde Evans put it at a recent GOP barbecue, 'Unless he's indicted, I think he'll do very well.'" Ney "hasn't been charged and says he has done nothing wrong. He also says he'll run even if he's indicted. … Some of Ney's past backers, however, say an indictment would change their votes. Some already are considering a switch to Democrat Zack Space, 45, an attorney and hotel developer from Dover."

Government Corruption Cases Persist In Connecticut. The Washington Post (7/3, A3, Fahrenthold) reports the "past few years have revealed so many tales of graft, malfeasance and all-purpose criminality by public servants in Connecticut that it's hard to choose the most brazen." A "tradition of bad behavior by officeholders persists here, despite numerous prosecutions and attempts at reform. If more proof were needed, it has come in the past few weeks, with three new scandals involving current or former big-city mayors." When Gov. John Rowland "resigned, pleaded guilty and was sentenced in March 2005 to a year and a day in jail, 'everybody thought that was going to be the end of it,' said John M. Orman, a professor of politics at Fairfield University in Fairfield, Conn. Instead, he said, the continuing parade of misdeeds has helped the state live up to a new nickname, 'Corrupticut.'" The Post adds the "recent scandals here include the tearful, nationally televised admission on June 20 by Bridgeport Mayor John M. Fabrizi (D) that he had used cocaine while in office." Other cases "include a former mayor and city council member from Middletown -- who pleaded guilty late last month to fraud for embezzling money from his law clients -- and a new charge against Joseph Santopietro, the former mayor of Waterbury."

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Missouri Supreme Court Ruling Alters Rules For Sex Offenders. The St. Louis Post-Dispatch (7/2, Franck) reports, "Thousands of offenders would no longer be required to provide information for Missouri's sex offender registry after a ruling Friday by the Missouri Supreme Court, according to the lawyer behind the litigation. While the high court upheld the constitutionality of the state's sex offender registry law, it ruled that the statute should not apply to nearly all of those convicted of crimes prior to 1995, when the law took effect. One key exception is sexually violent predators, who will stay on the list regardless of when their crimes occurred. Just how many of Missouri's more than 11,000 registered sex offenders would be affected by the ruling was unclear Friday. Tim Hull, a spokesman for the Missouri Highway Patrol, which maintains the list, said officials must review the ruling in detail. But Arthur Benson II, the lawyer who brought the case, estimates that thousands would no longer have to be registered as sex offenders. Currently, the registry includes offenses from 1979 to the present. Crimes committed during more than half of those years would not be included in the registry." Benson said the ruling "addresses 'the height of unfairness' in the current law, which requires people to register even for crimes they committed years before the registry law was conceived."

Denver Post Urges Online Safety Precautions For Minors. The Denver Post (7/3) editorializes, "There has been a great deal of concern recently - among lawmakers, in the courts and in the media - about the dangers faced by children on the Internet. Indeed, the statistics about online predators are frightening. Just in the last three years, 7,600 offenders have been caught and arrested for sexual solicitations. According to a U.S. Department of Justice survey, 1 in 5 girls and 1 in 10 boys admitted to being sexually solicited on the Internet. The Internet has proven to be a riveting tool for children - it provides an incredible opportunity for students to gain a broader view of the world, collect research for school projects, and keep in contact with family and friends. … It doesn't make sense to deal with Internet risks by locking up your children's computer, but it's vital for parents and guardians to monitor their online use. Through awareness, parent-child communication and a few safety precautions, kids and teens can appreciate the benefits of the Internet while dodging most of the dangers."

Irving, Texas, Police May Be Chastised Over Amber Alert. The Dallas Morning News (7/2, Mosier) reports, "The Irving Police Department could face an informal reprimand for issuing an Amber Alert for 2-year-old Elian Majano, who disappeared from a park more than a week ago and is still missing. Evidence of abduction is a requirement for activating the regional alert system, but Police Chief Larry Boyd said there was no such evidence in this case. The task force that runs the local system reviews each alert to determine whether it was warranted. There were 'no signs of abduction, but we couldn't rule it out,' Chief Boyd said."

ABC News Poll Finds 65% Favor Death Penalty For Murder. ABC World News Tonight (7/2, story 6, 0:30, Harris) reported, "Today marks 30 years since the United States Supreme Court ruling that reinstated the death penalty. A new ABC News poll finds that support for capital punishment has fallen over the past decade, but when it comes to the worst crimes, most Americans remain in favor of it: 65% approve of executing people convicted of murder. Since July 2nd, 1976, 1,029 people have been put to death in this country, more than a third of them in Texas."

CIVIL RIGHTS:

Hollywood, Florida, May Seek More Time In Religious Discrimination Lawsuit. The Miami Herald (7/3, Wright) reports Hollywood, Florida, "is expected to ask a federal judge today for more time to settle a religious discrimination lawsuit brought against the city by an Orthodox synagogue. Jury selection is scheduled to start at 9 a.m. before Judge Joan Lenard in U.S. District Court in Miami. The city last week offered a last-minute deal to end the five-year dispute with the Hollywood Community Synagogue Chabad Lubavitch. Now, the congregation wants time to consider the offer. Even if the settlement is accepted, Hollywood leaders may face a fresh round of lawsuits -- this time from neighbors concerned that the deal would allow the synagogue to expand without their input or city approval."

La Tuna Federal Prison Inmates Claim Rights Violations. The El Paso Times (7/3, Roberts) reports, "Inmates held at the various La Tuna federal prison facilities are convinced they have been denied visits, thrown in 'the hole' for minor infractions and denied access to the prison law library because they went public with a lawsuit claiming the federal Bureau of Prisons isn't following its own procedures. Requests for interviews with two of the inmates

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have been denied twice by La Tuna officials who said it was for the safety of the prisoners. By mail, those inmates have said they want to be interviewed. In that correspondence, they have claimed they are experiencing retaliation for their lawful actions." But La Tuna spokesman Israel Jacquez said, "That's just simply not true. These guys went to the press. That's their right. ... If we believe a staff member is retaliating against an inmate, no matter how frivolous the allegation may be, it is referred to the office of internal affairs."

Texas Redistricting Verdict Could Result In "Ripple Effect." The Washington Times (7/3, Aynesworth) reports last week's Supreme Court ruling "on the constitutionality of the 2003 Tom DeLay-led Texas redistricting coup was a distinct victory for the Republican Party, but it could spawn some interesting fallout." In order to make the 23rd CD compliant "with the Voting Rights Act, some predict that several additional districts will have to be retooled." Rep. Henry Bonilla said, "Anyone who thinks there isn't going to be a ripple effect when countless counties are traded with other congressional districts is not seeing the big picture." The Times ads the "worst that could happen from the Republican viewpoint, several political analysts say, is that Mr. Bonilla might lose the reconstituted 23rd District."

Hitchens Says Congress Should Not "Waste" More Time On Flag Amendment. Christopher Hitchens writes in Wall Street Journal (7/3) that the "so-called 'flag-burning' amendment should never be allowed to waste any more congressional time. … It's easy enough to boast that 'these colors do not run.' However, those who mistake the symbol for the essence are manifesting not a show of spirit for the former but a pathetic lack of confidence in the latter."

WPost Praises McConnell Stance On Flag Burning Amendment. An editorial in the Washington Post (7/3, A20) says the recent Senate debate over a flag burning amendment "managed to bring out some of the worst in politicians of both parties. … If there is a hero in this episode, it is the man who would succeed Mr. Frist as leader, Majority Whip Mitch McConnell (R-Ky.). Mr. McConnell could have put the amendment over the top by abandoning his opposition. To his credit, he didn't, and he was joined by two other Republicans, Sens. Lincoln D. Chafee (R.I.) and Robert F. Bennett (Utah). As Mr. McConnell explained in a column posted on his Senate Web site, 'No act of speech is so obnoxious that it merits tampering with our First Amendment. Our Constitution, and our country, is stronger than that.'"

ANTITRUST:

US Investigating Kosher Slaughterhouses For Possible Antitrust Violations. The Asbury Park Press/AP (7/3) reports, "The federal government is investigating kosher slaughterhouses and suppliers for possible antitrust practices, according to a lawyer for one of the firms. AgriProcessors Inc., the world's largest kosher slaughterhouse, received a grand jury subpoena requesting documents and was cooperating with the investigation, attorney Nathan Lewin said Friday." It was "not immediately clear exactly how many slaughterhouses and suppliers were involved in the probe. The U.S. Department of Justice did not immediately return a phone call for comment from The Associated Press late Friday."

Second Quarter Merger Activity Was Prolific. The Wall Street Journal (7/3, Berman) reports a "strong first quarter for mergers continued in the second quarter, as deals rolled in from seemingly every sector: Banks, stock exchanges, oil companies, real-estate firms and consumer-products companies. It was one of history's largest and most diverse corporate-buying sprees, with nearly $1 trillion in deals around the world." The "frenetic deal-making produced the third most-active quarter since Thomson Financial began keeping track in 1985. It amounted to more than $916 billion of announced transactions, according to Thomson, up about 35% from about $676 billion a year earlier."

Despite Consolidation, Growth Opportunities Elusive For Commercial Satellite Industry. The Wall Street Journal (7/3, Pasztor) reports that while "consolidation and cost cutting have swept across the commercial-satellite industry," the "surviving operators are finding growth opportunities as elusive as ever." Intelsat Ltd. and PanAmSat Holding Corp. "are set to complete a $3.2 billion merger today, creating a closely held company whose fleet of more than 50 orbiting spacecraft will make it the largest and most diversified global satellite-services operator." But in "an industry with huge capital-investment needs and average annual growth rates hovering around 3% or less, the combined company faces

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major integration, personnel and marketing challenges to break out of that historical slow-growth pattern."

The Washington Post (7/3, D1, Witte) reports Intelsat Ltd. of Washington will "become the world's largest commercial satellite operator today when it completes its purchase of the firm that had been its toughest domestic competitor." The combined company "will lose money. PanAmSat earned $72.7 million last year, but Intelsat lost far more, about $325 million. Already deep in debt, Intelsat is borrowing heavily to finance the purchase."

FBI/DEA/ATF/USMS:

FBI Agent Came Close To Linking Cole, 9/11 Plots. The New Yorker (7/10-17, Wright) reports on the story Ali Soufan, who, at the time of the attack on the USS Cole in 2000, was "the only FBI agent in the city [New York] who spoke Arabic, and one of only eight in the country." Soufan's language skills, "his relentlessness, and his roots in the Middle East made him invaluable in helping the FBI understand al Qaeda, an organization that few Americans were even aware of before the embassy bombings." During the Cole investigation, an al Qaeda suspect told Soufan "that several months before the Cole attack he and one of the bombers had delivered thirty-six thousand dollars to Khallad, the one-legged al Qaeda lieutenant, in Bangkok. The money," the suspect added, "was meant only to buy Khallad a new prosthesis." But Soufan "was suspicious of this explanation," because "money always flowed toward an operation, not away from it. He wondered if al Qaeda had a bigger plot underway." In November, 2000, "a month after the Cole bombing, Soufan sent the agency the first of several official queries. On Soufan's behalf, the director of the FBI sent a letter to the director of the CIA, formally asking for information about Khallad, and whether there might have been an al Qaeda meeting somewhere in Southeast Asia before the bombing. The agency said that it had nothing." But if the agency "had responded candidly to Soufan's requests, it would have revealed its knowledge of an al Qaeda cell that was already forming inside the US," which eventually became the 9/11 conspiracy.

Post-9/11 Criticism, Private Sector Pay Driving Senior Officials From FBI. Under the headline "An Exodus of Agents," Time (7/10, Bennett, Zagorin) reports in its "Notebook" section, "Office birthday parties must make FBI Director Robert Mueller a little nervous these days." The rumors that Deputy Director John Pistole "was going to bolt for a lucrative job in the private sector" when he turns 50 this month "got so loud that Pistole took it upon himself to assure Mueller that he wasn't leaving," citing, in part, the departure of "so many other senior officials." Time adds, "Years of pummeling by the press and Congress, plus wrenching changes produced by the bureau's shift in focus to antiterrorism, have depressed morale, even in the highest ranks. That has coincided with lucrative employment offers to agents from firms desperate for experienced security chiefs in the wake of 9/11." Time notes, "Members of the Senate Judiciary Committee have been debating whether the brain drain at the FBI poses a threat to national security," and "Mueller seems to agree. When promoting agents to senior-executive levels, he 'is trying to extract some promise as to how long they are willing to stay,' says Michael Mason, who runs the administrative side of the FBI." Sen. Charles Grassley "suggested to TIME that 'the FBI needs to appeal to the patriotic spirit of its senior managers.' But beyond that, the bureau is offering few tangible perks to make working there more attractive. … Mason, however, is optimistic that the new generation of agents will make the sacrifices necessary for the job."

Blagojevich Says He Acted To Identify, Punish Hiring Misconduct. The AP (7/2, D'Alessio) reported, "Gov. Rod Blagojevich insisted Saturday that misconduct in his administration is limited to isolated events by people who are soon punished, even though his own inspector general found a top Blagojevich aide took part in a 'concerted effort' to subvert the law. 'As you police the system, every so often you're going find some people who violate the rules. The test of leadership is what do you do about it? Do you act and do you pursue it? Do you work with other law enforcement agencies to ferret more of it out?' he said. 'Those are the things we've been doing.'" The AP noted, "Blagojevich acknowledges he has been interviewed by the FBI. Prosecutors have issued subpoenas for hiring records and other information from state agencies, but Blagojevich won't say which agencies."

Former Illinois IG Alleged Hiring Fraud Connected To Blagojevich's Office. The Chicago Tribune (7/2, Long, Chase) reported, "Far-reaching allegations of state hiring abuses detailed by the governor's executive inspector general can be summarized in the report's account of one employee

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who still works at the Illinois Department of Employment Security. George Rada got his job when the agency violated state hiring practices, then he became a key conduit for Gov. Rod Blagojevich's patronage office to improperly influence hiring at the agency, according to the report obtained by the Tribune." The Tribune noted, "The September 2004 report by then-Inspector General Zaldwaynaka 'Z.' Scott said Rada and an associate, Surami 'Sudi' Garcia, effectively ran the human resources division in the agency instead of the personnel directors they served."

Chicago Tribune Hopes Fitzgerald Will Complete Probe Before Election. The Chicago Tribune (7/2) editorialized, "The FBI and the office of Illinois Atty. Gen. Lisa Madigan have been digging into reports of state hiring abuses since last year. But Friday's disclosure that the feds have 'implicated multiple state agencies and departments' in politically motivated hiring comes as Blagojevich must stand uneasily for re-election." The "voters deserve what they didn't get in 1998 before Ryan was elected governor: a sense of the nature and sweep of a federal investigation. … Our hope…is that to the extent possible, the federal investigation of the Blagojevich administration either culminates or collapses before voters must make their quadrennial choice." Playing on Blagojevich's prior election pledge, the Tribune added, "What Illinois does need is an end to business as usual."

Longtime Scarpa Girlfriend Emerges As Key Witness Against DeVecchio. In a widely-distributed story, the AP (7/3, Hays, McShane) reports Linda Schiro, longtime girlfriend of Colombo family associate Gregory Scarpa Sr., "has emerged as a key witness against an FBI agent accused in what a prosecutor has labeled one of the worst cases of law enforcement corruption in the nation's history." R. Lindley DeVecchio "allegedly fed Schiro's late boyfriend inside information that led to four mob slayings," but DeVecchio lawyers question her credibility, saying that "her story has changed drastically over time." However, "authorities insist that Schiro's initial reluctance to detail the relationship between the agent and the mob capo was motivated by fears for her life. Only recently was she persuaded to tell the truth, they say."

Judge Waiving DeVeccio House Arrest To Watch Holiday Fireworks. The Washington Post (7/2, A2, Whoriskey) reported Lindley DeVecchio "wants to see fireworks this Fourth of July. Trouble is, he has been charged with four counts of second-degree murder related to some mob slayings" and is "under nightly house arrest in Sarasota, Fla. But to the astonishment of prosecutors, a judge last week granted DeVecchio's request that he be allowed to see the Sarasota fireworks 'in light of the defendant's service to the U.S. government.' DeVecchio is a former FBI agent. 'We've been opposed to the whole bail thing from the beginning,' said Jerry Schmetterer, a spokesman for the district attorney's office in Brooklyn, N.Y."

FBI Investigating West Virginia's "Prince Of Pork." ABC World News Tonight (7/2, story 5, 2:45, Harris) reported in its "Your Money" segment that Rep. Alan Mollohan, dubbed the "Prince of Pork," is "very good at bringing home the bacon for his district. So good, in fact, that the FBI is now taking a hard look at whether this Democrat from West Virginia is breaking the law." ABC (Cochran) noted that Mollohan has earmarked "half a billion dollars over the past ten years" for organizations in his district, and "those dollars provided lucrative contracts and high salaries for his supporters. Investigators want to know whether in return those supporters helped Mollohan become a multimillionaire. … Mollohan says he inadvertently misstated some transactions but insists he did nothing illegal." Mollohan: "I'm proud of the efforts we've undertaken…and if being the 'Prince of Pork'…merits that designation, then I'm proud of that."

Illinois Man Pleads Guilty To Hoax Terror Threat. The Chicago Tribune (7/2) reported, "A man accused in a terrorism hoax pleaded guilty in the case Friday and faces up to 41 months in prison." Gilbert Romero "in June 2005 told the FBI that a terrorist attack was to be carried out against the Chicago headquarters of a U.S. company. The claim came after Romero was detained in Lake County on state charges, according to his plea agreement."

IMMIGRATION:

Sensenbrenner Suggests Voters Would Punish GOP If Senate Bill Enacted. GOP Rep. F. James Sensenbrenner, in a letter to the editor of the Wall Street Journal (7/3), responds to the Journal editorial "The Tancredo Republicans." Writes the congressman, "House Republicans are committed to enacting border security and immigration legislation, but not if it makes the current situation worse. … In November, voters will judge members

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of Congress based upon whether they lead with an understanding of voters' concerns, as House Republicans are committed to doing, or whether they ignore voters by enacting legislation, such as the Senate amnesty bill, that the public doesn't support."

House GOP Believes Enforcement-Only Immigration Bill Is Political Winner. In the National Review (7/17), Kate O'Beirne says, "Rather than merely blocking action on a Senate bill they refuse to support, a unified House GOP caucus has decided to go on offense in order to wring the maximum political credit from being on the right side of their reading of public opinion." Because House Republicans "fear the appearance of compromising with a Senate bill they are convinced is wildly unpopular, they have -- according to a leadership aide -- no intention of taking part in a conference to hammer out differences between the House and Senate unless 'there is a sea change in either public or Senate opinion.'" Congressional Republicans "who will be facing the voters are firmly convinced that backing border security now will mean job security in November."

LATimes Criticizes Senate Negotiators. The Los Angeles Times (7/3) editorializes, "Last week saw the first narrowing of the chasm between the Senate's recent comprehensive immigration bill and the House of Representatives' punitive enforcement-only package from December. Trouble is, the overtures are all going in the House's direction. … Pro-reform senators are making two classic negotiating mistakes: confusing their opponents' line-in-the-sand intransigence with a negotiating ploy, and elevating the importance of making a deal above its actual content."

Border Arrests Rose In 2006. The Washington Times (7/3, Seper) reports, "US Border Patrol agents have detained 901,428 foreign nationals seeking to sneak into the United States in the past nine months -- more than 3,300 a day -- up from the 890,358 apprehended in the same period last year." Border Patrol spokesman Michael Friel "said the number of apprehensions, monitored since the Oct. 1 start of fiscal 2006, was a 1 percent increase over detention totals in the first nine months of fiscal 2005. H e also said that although arrests had edged up, the number of apprehended non-Mexicans, known as "other than Mexicans" or 'OTMs,' had declined by about 16 percent."

Mexican Program Uses Remittances To Assist College Students. The CBS Evening News (7/2, story 6, 3:35, Mitchell) reported, "Most Mexican immigrants do maintain strong ties with their homeland, sending nearly $20 billion home last year." CBS (Pinkston) added that in Indaparapeo, "many families here depend on money sent by relatives living abroad, but Indaparapeo does something no other community does. In addition to helping individual relatives, the residents of this town and those who have migrated to the US are transforming their entire community, one student at a time." 47 low-income students "are sponsored by an innovative scholarship program funded by Indaparapeans in the United States and operated by residents still living in Mexico." Thanks to "matching funds from the Mexican government, each student receives a monthly stipend of up to 1,500 pesos, about $150, enough to pay for tuition even at some private universities. In exchange, scholarship recipients are required to participate in community service projects such as lending a hand to children with special needs or tutoring high school students in nearby villages. The goal is to connect scholarship recipients more closely to their communities with the hope that they will use their skills in Mexico after graduation."

CONGRESS-ADMINISTRATION:

Bush To Name Connaughton To Lead Maritime Administration. The Washington Times (7/3) reports, "Last week, President Bush announced that he would nominate Sean T. Connaughton to lead the Maritime Administration at the Department of Transportation." Connaughton, a lawyer, "unsuccessfully sought the Republican nomination for lieutenant governor last year, losing in the primary to William T. Bolling. Mr. Bolling went on to win the seat." Connaughton "has served as a senior transportation associate for the American Petroleum Institute."

Coburn Plan Seeks To Inform Public On Government Spending. The New York Times (7/3, Deparle) reports, "Exasperated by his party's failure to cut government spending, Senator Tom Coburn, Republican of Oklahoma, is seeking cyberhelp." Coburn "wants to create a public database, searchable over the Internet, that would list most government contracts and grants -- exposing hundreds of billions in annual spending to instant desktop view. … While advocating for openness, Mr. Coburn is also placing a philosophical bet that the more the public learns about federal spending, the less it will want." Coburn's plan, "hailed by conservatives, is also sponsored by a Democrat, Senator

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Barack Obama of Illinois, and applauded by liberal groups that support activist government. The result is a showcase of clashing assumptions and the oddest of coalitions, uniting Phyllis Schlafly, a prominent critic of gay rights, with the National Gay and Lesbian Task Force." The House "unanimously passed a version of the proposal in late June, though in a form that had drawn outside criticism. The House bill creates a database that would omit contracts, which typically go to businesses, but would include about $300 billion in grants, which usually go to nonprofit groups." Liberal "critics see a revival of what they call old partisan efforts to 'de-fund the left,' by reducing grants to liberal groups or adding conditions that limit their activities."

USDA Program Benefits Farmers Even In Good Years. A front page story in the Washington Post (7/3, Morgan, Cohen, Gaul) reports on the loan deficiency payment, a little-known USDA program that was "intended to boost farmers' incomes when prices are low. The farmers do not have to sell at distressed prices to collect the money. They can bank the government payments and sell when prices are higher. Since September, the program has cost taxpayers $4.8 billion. Most of that money -- $3.8 billion -- went to farmers…who sold at higher prices, according to a Washington Post analysis of USDA payment data." According to the Post, "The LDP has become so ingrained in farmland finances that farmers sometimes wish for market prices to drop so they can capture a larger subsidy."

Feingold, Obama Pushing Senate To Adopt Ethics Reforms As Rules Change. Roll Call (7/3, Newmyer) reports, "In a bid to salvage some progress from the fizzling drive to overhaul lobbying and ethics laws, Democratic Sens. Russ Feingold (Wis.) and Barack Obama (Ill.) are pushing their colleagues to adopt as a rules change a slate of reforms from a package the Senate passed months ago." A resolution the pair introduced late last week "would immediately ban gifts, meals and tickets from lobbyists, require pre-approval for privately funded trips and expand revolving-door prohibitions, among other items." While the Senate approved the changes, 90-8, "as part of a broader reform package in March, that bill has stalled awaiting House action." The House "approved its version of the measure in May but has yet to name conferees, and negotiations over the bills have run aground on disagreements about campaign finance and earmark provisions." Roll Call adds, "Obama and Feingold wrote to Senate leaders last week, asking their resolution be adopted as soon as Senators return from the July Fourth recess." Senate Majority Leader Bill Frist's office "did not respond to a request for comment." Senate Minority Leader Harry Reid, "who has sought to portray a GOP 'culture of corruption' as a central theme in his party's midterm messaging, stopped short of a full-throated endorsement of the approach."

Bush's Fitness Seen As Remarkable As He Turns 60. The CBS Evening News (7/2, story 10, 2:40, Mitchell) reported, "The first wave of baby boomers turns 60 this year, and the big day for President Bush comes on Thursday." Ten predecessors "have turned 60 in office, but it's a good bet none was as healthy as number 43." CBS (Axelrod) added, "As the Baby Boomer-in-Chief approaches his birthday this week, he's in top shape, even if he does seem to be dreading the big six-oh just a bit." President Bush (June 7): "I know I'm not supposed to talk about myself, but in a month I'm turning 60. For you youngsters, I want to tell you something, when I was your age, I thought 60 was really old. [laughter] It's all in your mind. It's not that old. Really isn't." Axelrod: Bush's fitness is "a remarkable feat considering that during his five years in office, this President has dealt with 9/11, wars in Afghanistan and Iraq, and a constant threat of terrorism." Bush "doesn't just look healthy. He's got the resting heart rate of an athlete, at 47 to 52 beats per minute. His blood pressure is 110/64. His total cholesterol is 178. His doctors proclaimed him in excellent health and fit for duty, and he actually lost eight pounds last year."

Professor Questions Whether MBA Has Made Bush Better President. Charles R. Kesler, a professor of government at Claremont McKenna College, writes in the Los Angeles Times (7/3), "George W. Bush is the first president with an MBA (from Harvard Business School, no less), but it's not clear that being a master of business administration has made him a better chief executive. The disarray in Iraq, the debacle after Hurricane Katrina -- these aren't exactly the kinds of triumphs that the alumni office likes to boast about." Kesler adds, "It's hard to say what President Bush absorbed from his management studies. We can only draw inferences, though eventually historians may know more. … Bush's management style is long on decisions and short on explanations. … On ordinary rhetorical occasions, Bush and his text seem hardly acquainted. On great

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occasions, he tends to overshoot the mark, calling for impossibilities such as an "end to evil." He lacks a rhetorical mean, much less the rhetorical mien that served Ronald Reagan so well."

Bush, McCain Rapprochement Seen As Based On Pragmatic Considerations. The New York Times (7/3, Rutenberg, Nagourney) reports that after "years of competitive and often contentious dealings, President Bush and Senator John McCain of Arizona are building a deepening if impersonal relationship that is serving the political needs of both men." Given their "history of intense rivalry and sometimes personally bitter combat, their newfound partnership is seen by some Republicans as born more of political calculation than personal evolution. Either way, it could prove valuable to Mr. McCain in his efforts to win the Republican presidential nomination in 2008 by sending a signal to Mr. Bush's conservative base and fund-raising network that, at a minimum, the White House will not stand in the Arizonan's way." Aides said "a thaw that began when Mr. McCain campaigned alongside Mr. Bush in the 2004 election has continued through the tougher days of Mr. Bush's second term." But for "all the talk of reconciliation, both sides describe the relationship between arguably the two highest-profile leaders of the Republican Party as almost entirely professional, a little stiff and the product of the pragmatic calculation by two politicians who see potential gain in striking a peace with a powerful rival." Bush "appears to have stronger ties to Mr. McCain than to the other likely presidential candidates." There has been "a steady stream of Bush advisers who have ended up in Mr. McCain's orbit. Most recently, Republicans close to both candidates said that Nicolle Wallace — who just stepped down as Mr. Bush's communications director and has long been close to the president — was likely to serve in some formal or informal role in a McCain campaign. Her husband, Mark D. Wallace, Mr. Bush's deputy campaign manager in 2004 and now an ambassador-level representative to the United Nations, is already lending advice." Wayne L. Berman, a "longtime supporter and fund-raiser for Mr. Bush, has signed on to help Mr. McCain." Karl Rove was "said by associates to have put aside his suspicion and dislike of Mr. McCain." White House press secretary Tony Snow said, "On a series of very tough issues, McCain's been there."

OTHER NEWS:

Emanuel, Dean At Odds Over Party Strategy. Roll Call (7/3, Kornacki) reports, "A letter to Democratic National Committee Chairman Howard Dean from Rep. Rahm Emanuel (Ill.), the head of the Democratic Congressional Campaign Committee, has set off a new round of sniping over party strategy and resources between allies of the two party leaders." Emanuel, who "reportedly stormed out of a May meeting with Dean, penned a letter, dated June 22, to the party chairman demanding $100,000 per targeted district from the DNC to defray the cost of the DCCC's proposed field operation, several individuals who have read the letter said." Attached to the letter was "a sample field plan for a district, itemizing various projected expenses, down to details such as $1,500 for T-shirts. The expense plan was dated June 26, although it was unclear when Dean actually received the missive." Dean "loyalists took the letter as hostile in nature, coming as it did after months of coy suggestions by Emanuel that Dean and the DNC were shirking their financial obligations to the DCCC's election year effort. … On top of that, Dean's backers contend he is not low-balling the DCCC on field operations as Emanuel suggests, and that the $20,000-per-district figure was simply a number being bandied about during negotiations, which were still proceeding when Emanuel wrote the letter."

GOP Sees Chance To Increase House Majority. The Washington Times (7/3, Pfeiffer) reports, "Congressional Republicans say they have a strategic advantage in their effort to increase their House majority, even as national polls show Democrats with a significant lead heading into this year's elections." The National Republican Congressional Committee says that "despite the polling edge for the Democrats, Republicans are targeting conservative districts that went for President Bush in 2004. 'We're competing for red turf held by Democrats,' NRCC spokesman Jonathan Collegio said."

Democrats May Need Only A Few States For "Wave." In his Roll Call column (7/3), Stuart Rothenberg says, "The last major national political wave, in 1994, didn't sweep over all areas of the country with equal force. In some states, Congressional Democrats suffered minimal losses, while in others Democratic House seats fell in bunches." For Democrats "to take the House this year, they may need one or

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two states to deliver a significant number of wins, not just an isolated victory. Which states give Democrats the best chance to score victories in bunches?" Democratic operatives "have been suggesting that at least a handful of states are ripe for a Democratic wave: New York, Ohio, Pennsylvania, Connecticut and Indiana."

Voters Seen As Needing Solid Reason To Dump Incumbents. Roll Call (7/3, Duran) reports the "surprisingly easy victory that Rep. Chris Cannon (R-Utah) scored over his primary opponent last week has been heralded as a win for President Bush's immigration policy." But wealthy developer John Jacob's "defeat in the Beehive State's 3rd district holds other lessons for both Republicans trying to dislodge incumbents in primaries and Democrats hoping to flip Republican-held seats in November." Just as the "victories of newly elected Rep. Brian Bilbray (R-Calif.) and Reps. Bob Ney (R-Ohio), Bennie Thompson (D-Miss.) and now-ex Rep. Tom DeLay (R-Texas) demonstrated in recent primaries, voters still need a reason to dump incumbents or switch party control of a House seat."

GOP Pressing "Suburban Agenda." In his Roll Call column (7/3), executive editor Morton Kondracke notes Rep. Dave Reichert's effort to persuade GOP colleagues "to back a bill enabling school districts to tap into national criminal databases before they hire employees." The School Safely Acquiring Faculty Excellence Act "passed the House almost unanimously in June — the first legislative success for the GOP's 'Suburban Agenda,' a set of bills designed to appeal to the majority of American voters who live in the suburbs." The agenda "is the brainchild of Rep. Mark Kirk (R-Ill.), one of Congress' most effective moderates, who has sold it to a growing group of conservatives and the House GOP leadership." Kirk said, "Washington may think this is small-bore. It's not the war on terror. But this is an agenda that people care about in their everyday lives — their kids' safety, health care, their ability to send their kids to college." Kondracke adds that besides the "school safety measure, the agenda includes a national '401Kids' savings account for college, a screen to block predators from contacting children at online chat rooms and a bill setting standards for computerizing health records."

Conservative Republicans Now Opposing 527 Reform. The Wall Street Journal (7/3, Cummings) reports that in 2004, "Republicans were organizing against new, loosely regulated political groups that were raising money to attack President Bush." Now, "illustrating how roles often reverse in politics, some of the party's conservative activists are trying to stop legislation that would choke off those groups." The dispute "centers on a House bill that would curtail funding for organizations nicknamed 527s, for the section of the tax code that governs them." But the "rich liberals who spent heavily to oust Mr. Bush" in 2004 "aren't investing in 527s this election cycle, even though the stakes are high, with control of Congress in play." In the 2006 campaign so far, "it is right-leaning 527s that are most active. The Club for Growth, a conservative economic-issue group, is leading the charge to kill the Republican bill that would shut down 527s. The Club for Growth received $8 million in donations during the 2004 cycle; for this cycle, its donations as of May tally $5.1 million." The Club's "allies include social conservatives, gun-rights groups and college Republicans. Their campaign could stall congressional efforts to enact anticorruption legislation -- a response to a spate of ethics scandals -- because the House attached 527 language to its rewrite of lobbying laws."

Mormon, Muslim Presidential Candidates Face Voter Uneasiness. The Los Angeles Times (7/3, Mehren) reports that even as "anti-Semitism and anti-Catholicism are fading as voter taboos," a Los Angeles Times/Bloomberg poll found "uneasiness about some religions persists. Thirty-seven percent of those questioned said they would not vote for a Mormon presidential candidate -- and 54 percent said no to the prospect of a Muslim in the White House." In addition, "21 percent said they could not vote for an evangelical Christian. Only 15 percent replied that they would not vote for a Jewish presidential candidate. Just 10 percent of those polled were unwilling to cast ballots for a Catholic chief executive." The nationwide survey "of 1,321 adults was conducted June 24-27. The poll has a margin of sampling error of plus or minus 3 percentage points, poll director Susan Pinkus said." With "no likely Muslim candidate on the presidential horizon, the poll numbers present the greatest threat to a potential contender from the Church of Jesus Christ of Latter-day Saints (as the Mormon Church is formally known)," Gov. Mitt Romney of Massachusetts. Emory University analyst Merle Black said, "It is something he will have to address. It will be a challenge. It doesn't necessarily kill him as a candidate, but he may have to talk in more detail than he ever has before about his faith."

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New Jersey Budget Impasse Could Shutter Casinos, Close Beaches. The CBS Evening News (7/2, story 8, 1:45, Mitchell) reported, "A budget impasse has forced the Garden State to start shutting down its government. The impact may soon be felt by out-of-state visitors like beachgoers and gamblers." CBS (Chen) added that as New Jersey's legislature failed to meet its budget deadline over the weekend, Gov. Jon Corzine shut down nonessential state function and "right away, no more lottery tickets sold, no more drivers license issued either, 45,000 state workers immediately furloughed, road crews suspended, a nice bonus on a holiday weekend, but right after the Fourth of July, state beaches and parks could close and the casinos will as well." Gov. Corzine "wants to increase the sales tax to bring in more revenue. Fellow Democratic lawmakers say that's unnecessary -- the upshot, no deal, and now, no budget."

The AP (7/3, Santi) reports Atlantic City's casinos "were ordered to close Wednesday, the latest casualty of a state government shutdown that entered its second day Sunday after the Legislature failed to adopt a budget by its July 1 deadline." The 12 casinos, "which require state monitoring, have waged a court battle to remain open, and an appeals court was weighing the matter Sunday." Gov. Corzine "said Sunday there was 'no immediate prospect of a budget.' State parks, beaches and historic sites also were expected to shut down Wednesday." If the casinos "shut down, the state would lose an estimated $2 million in tax revenue each day they stayed closed." The budget talks "became heated this year as Corzine, a Democrat, proposed increasing the state sales tax from 6 percent to 7 percent to help overcome a $4.5 billion budget deficit."

Virginia Gay Marriage Ban Spurs Fundraising Boom. The Washington Post (7/3, B2, Jenkins) reports the proposed state constitutional amendment "that would ban same-sex marriage in Virginia has sparked an aggressive fundraising effort, with each side of the debate hoping to secure hundreds of thousands of dollars for their cause." Virginia voters "will decide Nov. 7 whether the state constitution should be amended to define marriage solely as a union between a man and a woman. The amendment also would place a ban in the constitution on civil unions, which already are illegal in Virginia." To "help rally amendment opponents, the Commonwealth Coalition, a Richmond-based group, has set an ambitious goal of raising $3 million, organizers said. They want to fund a barrage of radio and television ads in the fall." Meanwhile, the Family Foundation Action, "which is organizing amendment supporters, has set a best-case-scenario fundraising goal of $900,000, although activists and volunteers said they expected to raise less than that." Both sides "have created Internet fundraising mechanisms and appealed to potential voters through churches and community events across the state. Activists said they plan a direct mailing campaign throughout the summer and fall."

Critics Say Petitions To FDA Delay Approval Of Generic Drugs. Lawmakers are taking a close look at an FDA procedure designed to alert the agency to scientific and safety issues, amid concerns that it may getting subverted by the brand-name drug industry. A front page story in the Washington Post (7/3, A1, Kaufman) reports that leaders in the generic drug industry and some at the FDA "complain that 'citizen petitions' -- requests for agency action that any individual, group or company can file -- are being misused by brand-name drugmakers to stave off generic competition." They say the filing of a petition "triggers another round of time-consuming and often redundant reviews of the generics by the FDA, which can take months or years. In the process, consumers continue to pay millions of dollars more for the brand-name drugs." The Post adds, "Statistics collected by the staff of Sen. Debbie Stabenow (D-Mich.), who has introduced legislation with Sen. Trent Lott (R-Miss.) that would rein in industry-filed citizen petitions, show that 20 of the 21 brand-name petitions settled by the FDA since 2003 were ultimately rejected."

Weather Delays Space Shuttle Launch For Second Day In A Row. For the second day in a row Sunday, the launch of the space shuttle Discovery was postponed due to stormy weather. The AP (7/3, Dunn) reports, "Launch officials said they would try again Tuesday, on the Fourth of July, after giving the work force some rest and a chance to replenish the shuttle's on-board fuel. The weather was expected to improve by Tuesday, although rain was still in the forecast."

ABC World News Tonight (7/2, story 2, 2:15, Stark) reported, "NASA will use the next 48 hours to replenish fuel cells on Discovery in the hopes of having enough energy on board for a third spacewalk. And they'll also need to replenish some of the experiments planned for orbit, including thousands of fruit flies which have a short lifespan. A scrub

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also means NASA once again has to drain 500,000 gallons of fuel out of the tank. But Tuesday's forecast is better -- a 60% chance of favorable weather."

Astronauts May Have To Perform In-Flight Repairs To Shuttle Tiles. The CBS Evening News (7/2, story 5, 2:25, Cobiella) added, "Since the Columbia disaster when a piece of foam broke away and dealt a fatal blow to the shuttle's wing, astronauts have had to take on the job of in-space repairman. NASA has removed 35 pounds of foam from Discovery's external fuel tank, but it's still far from perfect. … NASA has said that minor damage is unavoidable and putting an astronaut so close to the delicate tiles on the shuttle's wings and underbelly carries its own risk, and all of NASA's in-flight fixes for these fragile tiles are still experimental. So if this Discovery crew were to perform another choreographed repair 230 miles above the Earth, it wouldn't know whether it was a success until they were safely back down."

Academic Bill Of Rights Taking Hold In Many States. The Washington Times (7/3, Richardson) reports that three years after conservative activist David Horowitz began promoting his Academic Bill of Rights in Colorado, the manifesto, which says students should be graded and faculty should be hired without regard to political or religious beliefs, has been introduced in 18 states. Meanwhile, "Students for Academic Freedom, the campus watchdog group founded by Mr. Horowitz, has established chapters on more than 150 campuses. Student governments at a dozen universities have approved resolutions supporting the Academic Bill of Rights. In April, Princeton University became the first institution of higher learning to pass a version of the Student Bill of Rights by a vote of the entire student body, surprising even Mr. Horowitz, who had no hand in the election." However the Times notes that for all Horowitz's success in raising the issue, "no state has actually approved an academic freedom bill, despite the flurry of hearings and committee votes."

Lawmakers Say Spot On Colbert Show Raised Profiles With Constituents. The Washington Times (7/3, Bellantoni) reports that members of Congress who appear on segment of Comedy Central's "The Colbert Report" known as "Better Know a District" usually "end up looking silly. But several lawmakers said doing the spoof spot…actually has raised their profiles back home, particularly among young folks." GOP Rep. Phil Gingrey "said there was an unexpected byproduct of doing the show -- attention from young constituents and House staffers. Rep. Earl Blumenauer of Oregon had a similar experience when his 3rd District was profiled in May. … But Rep. Barney Frank, Massachusetts Democrat, regrets his appearance and called Mr. Colbert a 'third-rate' comedian." Colbert "so far has targeted 25 members in the 435-member House, splicing and dicing sometimes two-hour-long camera sessions into five-minute clips."

Pelosi Recommends Lawmakers Not Participate In Colbert Spoof. Roll Call (7/3, Akers) reports in its "Heard on the Hill" column that House Minority Leader Nancy Pelosi was asked about the segment during her press conference last Thursday. Pelosi said, "Well, it is humorous; I wouldn't recommend that anyone go on the show. I would think it would be okay to go on if you were live to tape, but don't subject yourself to a comic's edit unless you want to be made a fool of."

House, Senate Clash Over Proposal For Walkway On Capitol's East Front. The Washington Post (7/3, A19, Kamen) reports in its "In the Loop" column that the biggest fight between the House and Senate "may have occurred last week over a House proposal to build a fenced walkway that would run across the now-closed east front of the Capitol -- the area where the long-delayed Capitol Visitor Center is being built. … Senate detractors say this proposal is exceptionally stupid, even for Congress. … The Upper Chamber folks rather uncharitably say the mysterious fence dips to only four feet high so Hastert and House members can walk down the steps and have their pictures taken with constituents." A House aide "said these things are being overblown."

Former DHS Official Says FEMA Director Should Be Allowed To Focus On Disaster Response. Adm. James Loy, former commandant of the US Coast Guard and former deputy secretary of Homeland Security, in an op-ed in the Washington Times (7/3) writes that following "a time-honored pattern," Congress' "impulsive first response" following Hurricane Katrina may be "followed by years of 'perfecting' the original legislation." Loy continues that none of the pending bills that address FEMA's position within DHS "address the central problem: The Homeland Security Act of 2002 diluted the FEMA director's focus on the agency's core mission -- response and recovery -- by requiring him to wear an additional hat as the DHS under-

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secretary for emergency preparedness and response (later changed to the under-secretary for federal emergency management)." As adjustments are made to the original legislation to fix FEMA, Loy says "we should ensure that the FEMA director can focus all of his time, energy and talent on guiding the agency in responding effectively and efficiently to the American people in the event of a disaster. That is best accomplished by restoring FEMA's independent agency status, offloading the director's responsibilities of being double-hatted as an under secretary and keeping the agency and the director inside DHS with direct access to the secretary during a crisis."

Carter Says FOIA Should Be Amended To Keep Pace With International Standards. Former President Jimmy Carter writes in the Washington Post (7/3, A21), "Our government leaders have become increasingly obsessed with secrecy. Obstructionist policies and deficient practices have ensured that many important public documents and official actions remain hidden from our view." Carter adds, "In the United States, we must seek amendments to FOIA to be more in line with emerging international standards, such as covering all branches of government; providing an oversight body to monitor compliance; including sanctions for failure to adhere to the law; and establishing an appeal mechanism that is easy to access, speedy and affordable. We cannot take freedom of information for granted. Our democracy depends on it."

Thornburgh Says Media Shield Law Must Be Carefully Crafted. Former Attorney General Richard Thornburgh writes in the Wall Street Journal (7/3), "Ever since then-New York Times reporter Judith Miller went to jail for 85 days last year rather than comply with a subpoena for her sources in the Valerie Plame case, the media has been pushing for a federal shield that would grant reporters unprecedented special protection from revealing sources during litigation. The Senate is now taking steps toward providing such a reporter-source privilege with the Free Flow of Information Act, which is likely to be sent to the floor for a vote over the next few weeks." Thornburgh notes that for the long term, "the bill has troubling implications. In its current form it contains a shield so broad -- and a definition of journalism so vague -- that it upends what up to now has been a reasonable balance between protecting reporters from disclosing sources and preserving the right to the fullest possible access to truth in the courtroom for plaintiffs and defendants." Thornburgh concludes by noting that "given the potential for abuse of that critical role, any media shield must, in the interests of justice, be carefully crafted."

Schwarzenegger's Conservative Former Aide Reverses Support For Term Limits. Rob Stutzman, former deputy chief of staff for communications for Gov. Arnold Schwarzenegger, writes in the Los Angeles Times (7/3), "About 20 years ago, the notion of term limits for officeholders became dogma for the center-right. … Fourteen years have passed since California voters approved legislative term limits, restricting Assembly members to a trio of two-year terms and state senators to two four-year stints. I have always been a loyal conservative supporter of term limits…as a suitably blunt instrument to correct the arrogance of elected officials not mindful enough of those who elected them. … But after 16 years of working in California politics, I've changed my mind. We were wrong. Term limits haven't delivered what we hoped for. They have, in fact, harmed the public interest." It is "high time to admit that term limits haven't worked."

New Republic Says Baucus Should Be Dropped From Finance Panel. The New Republic (7/10) says in its lead editorial that Democratic Rep. Max Baucus uses "his influence as the top Democrat on the Finance Committee to systematically undercut his party and enable George W. Bush's most egregious domestic legislation. So why does his party entrust him with so much responsibility?" Indeed, the Democrats' "only real victory of the last five years -- stuffing the administration on Social Security -- came after Harry Reid cautioned Baucus against freelancing with the White House. Well, we'll do Reid one better and suggest he boot Baucus from the Finance Committee altogether."

Author Says US Is Better At Educating Girls. Author Christina Hoff Somers writes in the Wall Street Journal (7/3) that in a report from Education Sector, a new Washington think tank, policy analyst Sara Mead, "denies that American boys are in trouble academically." Mead "hopes that the nation can have a reasonable 'conversation' about gender issues 'without unfairly undermining the gains girls have made in recent decades.'" Somers adds, "One looks in vain in Ms. Mead's report for any indication that anyone is undermining girls. She seems to think that concern for boys

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means shortchanging girls. But it does not -- because education is not a zero sum game." Somers adds, "We are strikingly better at educating young women than young men. Boys need our attention. It is difficult to understand why an organization devoted to improving education should regard the current concern for boys as a threat to girls' progress."

Author Says "Boy Crisis" Is "Little More Than A Myth." Author Judith Warner writes in the New York Times (7/3) that the Education Sector study confirms that the "near-ubiquitous belief that our nation's boys are being academically neglected and emotionally persecuted by teachers whose training, style and temperament favor girls" is "little more than a myth." Warner adds, "Talk of the boy crisis is a diversion. It draws attention from the real reasons so many white suburban parents sense that their sons are in trouble. Those reasons aren't academic; they're behavioral and emotional."

Mallaby Calls Concept Of Energy Independence "Pipe Dream." Sebastian Mallaby writes in the Washington Post (7/3, A21), "This month's Group of Eight summit in Russia takes statecraft to a whole new level. Global leaders have 'energy security' on the agenda. But judging by what they say and do, they don't always understand the subject. … As Daniel Yergin has written recently in Foreign Affairs, real energy security requires setting aside the pipe dream of energy independence and embracing interdependence." Mallaby adds, "If the G-8 summit can spread the word about this interdependence, it will do some good. But the nationalistic conception of energy security is worse than useless. By encouraging a competitive scramble for resources that could spiral into conflict, this sort of security talk only creates insecurity."

Herbert Makes Case For Minimum Wage Increase. Bob Herbert writes in the New York Times (7/3), "The federal minimum wage, currently $5.15 an hour, was last raised in 1997. Since then, its purchasing power has deteriorated by 20 percent. Analysts at the Economic Policy Institute and the Center on Budget and Policy Priorities jointly crunched the numbers and determined that, after adjusting for inflation, the value of the minimum wage is at its lowest level since 1955." Herbert adds, "Polls have shown that Americans overwhelmingly favor an increase in the minimum wage. But the low-income workers who would benefit from such an increase are not part of the natural G.O.P. constituency. Thus, the stonewall. … There is no justification — none — for condemning the nation's lowest-paid workers to this continuing slide into ever deeper economic distress."

Pastor Says Americans Need Formal Day Of Rest. Henry G. Brinton, pastor of Fairfax Presbyterian Church in Virginia, writes in USA Today (7/3) reports, "For all the attention paid this past year to public displays of the Ten Commandments, you'd think people would spend as much energy trying to follow them. When it comes to the Fourth Commandment -- 'Remember the Sabbath Day' -- that's not the case. … The problem with ignoring the Sabbath is that it hurts us as individuals, families and communities." Brinton adds, "We need a formal day of rest. A true Sabbath gives us time to refresh and renew ourselves, regain proper perspective and redirect our lives to what is good and true and worthwhile. … We can learn from men and women in the European Union, who work hard but still enjoy an average of five weeks of paid vacation per year. They often remark that they don't 'live to work,' as we do — instead, they 'work to live.'"

NYTimes Says Congress Should Intervene To Clarify Clean Water Act. The New York Times (7/3) editorializes, "Senator James Inhofe, a conservative Republican from Oklahoma, and Senator Lincoln Chaffee, a liberal Republican from Rhode Island, are at opposite ends of the earth on environmental issues. But both found themselves equally mystified by the recent Supreme Court decision on the Clean Water Act. The decision did nothing to clarify which waters were protected under the act and which were not. Both agreed that only Congress can end the confusion. Both are right. Without Congressional intervention, the certain outcome is endless litigation and a steady decline of the nation's streams and wetlands."

WPost Sees Promise In Ruling On Vermont Campaign Finance Laws. An editorial in the Washington Post (7/3, A20) says the Supreme Court's decision last week striking down Vermont's campaign finance laws "may prove more silver lining than cloud. The Vermont rules never stood much of a chance; they are so strict as to present genuine problems. The important feature of the case is not its specific result but the way the court -- and its two newest justices -- reached that result. On this point, the decision is promising." Despite "an opportunity to declare

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themselves hostile to campaign finance regulation in general, both signed on -- Justice Alito somewhat equivocally -- to the court's long-standing doctrine that appropriately crafted contribution limits can survive constitutional scrutiny. This is a far more significant development than the fate of Vermont's statute. It suggests that, notwithstanding the turnover in the court's personnel, a revolution in campaign finance law may not be in the offing."

NYTimes Says US Must Improve Science Education. The New York Times (7/3) editorializes that the US must do something about the "horrendous state of science education at both the public school and university levels." The Howard Hughes Medical Institute has "awarded grants to 50 universities aimed at providing richer undergraduate science education as well as mentoring and early research experiences with working scientists. Many of the grants will be used partly to advertise the virtues of scientific study not just at universities but also in high schools and middle schools. These programs send a powerful message at a time when the country needs to be paying attention to remaking science education. Congress, which has been casting for ways to address this problem, would do well to emulate them."

WPost Says Maryland Governor's Race Should Be "Hard-Hitting, Substantive Campaign." An editorial in the Washington Post (7/3, A20) says Maryland Gov. Robert Ehrlich "has spent four years compiling a so-so record. He has diminished a handful of modest victories and sensible policies by displaying a tin ear for political ethics and a pointlessly petulant style of governance that has compounded the partisan venom in Annapolis." Those qualities "may help explain why Mr. Ehrlich… begins his campaign for reelection so far behind his Democratic rival, Baltimore Mayor Martin O'Malley." The Post adds, "Wouldn't it be nice if the campaign looked and sounded like a contest of ideas between two grown-ups, and not a locker-room smack-down. That will be the real test of both candidates -- whether they have the capacity to wage a hard-hitting, substantive, mature campaign that is about Maryland and Marylanders, not just about Bob Ehrlich and Martin O'Malley."

Personnel News. Roll Call (7/3, Ackley) reports in its "K Street Files" column, "**Carolyn Doyl**e, a former aide to Sen. Arlen Specter (R-Pa.), has left her position as senior federal affairs representative at the MWW Group. … **Karen Reidy**, most recently with the former MCI, has joined the telecom trade association COMPTEL as its vice president for regulatory affairs. … Cable giant Comcast Corp. has picked up a new lobbyist. **Peter Filon** comes to the company as senior director, federal government affairs, from the House Energy and Commerce Committee, where he has served as minority counsel. PR power-shop Qorvis Communications has signed **Jim McGann** as managing director. … The US Tuna Foundation has a new president. **Anne Forristall** comes to the fishy lobby from MGN Inc., where she advised a range of clients on legislative strategy. **Lisa McGreevey** is joining the hedge fund industry's primary trade group, the Managed Funds Association, as executive vice president and chief operating officer. … The public policy and law group at Dickstein Shapiro has added **Brian Finch** as counsel. … **Benjamin McKay** has been promoted to senior vice president of federal government relations at the Property Casualty Insurers Association of America. Trading one heavy-hitting Wall Street CEO for another, the Financial Services Roundtable has named Citigroup chief **Charles O. Prince** to replace newly confirmed Treasury Secretary Henry Paulson as chairman of the group."

The Washington Post (7/3, C1, Kurtz) reports that **Jonathan Wald**, who was fired as executive producer of the Today show, and **Josh Howard**, who was forced to resign as executive producer of 60 Minutes II, have "landed at CNBC, where they are helping to retool programming on a business channel that has struggled in the ratings since the dot-com bust six years ago."

EDITORIAL WRAP-UP:

New York Times: ***"Crisis Postponed At The U.N."*** An editorial in the New York Times (7/3) says the UN "steered clear of a financial shipwreck last week, but it also steered clear of approving urgently needed management reforms. That is a standoff, not a solution. If the less-developed countries blocking those reforms continue to dig in, the United Nations will suffer in diminished public credibility and greater resistance to dues-paying by some of the largest contributor nations, including the United States." The UN "cannot function effectively in the 21st century under budget and management rules that were originally devised for a much smaller organization. Successive embarrassments like

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the oil-for-food scandal should have made that painfully clear."

"Protecting All Waters." The New York Times (7/3) editorializes, "Senator James Inhofe, a conservative Republican from Oklahoma, and Senator Lincoln Chaffee, a liberal Republican from Rhode Island, are at opposite ends of the earth on environmental issues. But both found themselves equally mystified by the recent Supreme Court decision on the Clean Water Act. The decision did nothing to clarify which waters were protected under the act and which were not. Both agreed that only Congress can end the confusion. Both are right. Without Congressional intervention, the certain outcome is endless litigation and a steady decline of the nation's streams and wetlands."

"How To Educate Young Scientists." The New York Times (7/3) editorializes that the US must do something about the "horrendous state of science education at both the public school and university levels." The Howard Hughes Medical Institute has "awarded grants to 50 universities aimed at providing richer undergraduate science education as well as mentoring and early research experiences with working scientists. Many of the grants will be used partly to advertise the virtues of scientific study not just at universities but also in high schools and middle schools. These programs send a powerful message at a time when the country needs to be paying attention to remaking science education. Congress, which has been casting for ways to address this problem, would do well to emulate them."

Washington Post: ***"Campaign Finance Bellwether."*** An editorial in the Washington Post (7/3, A20) says the Supreme Court's decision last week striking down Vermont's campaign finance laws "may prove more silver lining than cloud. The Vermont rules never stood much of a chance; they are so strict as to present genuine problems. The important feature of the case is not its specific result but the way the court -- and its two newest justices -- reached that result. On this point, the decision is promising." Despite "an opportunity to declare themselves hostile to campaign finance regulation in general, both signed on -- Justice Alito somewhat equivocally -- to the court's long-standing doctrine that appropriately crafted contribution limits can survive constitutional scrutiny. This is a far more significant development than the fate of Vermont's statute. It suggests that, notwithstanding the turnover in the court's personnel, a revolution in campaign finance law may not be in the offing."

"Flagging Rhetoric." An editorial in the Washington Post (7/3, A20) says the recent Senate debate over a flag burning amendment "managed to bring out some of the worst in politicians of both parties. … If there is a hero in this episode, it is the man who would succeed Mr. Frist as leader, Majority Whip Mitch McConnell (R-Ky.). Mr. McConnell could have put the amendment over the top by abandoning his opposition. To his credit, he didn't, and he was joined by two other Republicans, Sens. Lincoln D. Chafee (R.I.) and Robert F. Bennett (Utah). As Mr. McConnell explained in a column posted on his Senate Web site, 'No act of speech is so obnoxious that it merits tampering with our First Amendment. Our Constitution, and our country, is stronger than that.'"

"Mr. Ehrlich In The Ring." An editorial in the Washington Post (7/3, A20) says Maryland Gov. Robert Ehrlich "has spent four years compiling a so-so record. He has diminished a handful of modest victories and sensible policies by displaying a tin ear for political ethics and a pointlessly petulant style of governance that has compounded the partisan venom in Annapolis." Those qualities "may help explain why Mr. Ehrlich… begins his campaign for reelection so far behind his Democratic rival, Baltimore Mayor Martin O'Malley." The Post adds, "Wouldn't it be nice if the campaign looked and sounded like a contest of ideas between two grown-ups, and not a locker-room smack-down. That will be the real test of both candidates -- whether they have the capacity to wage a hard-hitting, substantive, mature campaign that is about Maryland and Marylanders, not just about Bob Ehrlich and Martin O'Malley."

Wall Street Journal: ***"After Hamdan."*** The Wall Street Journal (7/3) editorializes, "The Court's opinion masks its own power grab by asserting that the executive must defer more to Congress in designing military commissions." But "the Court's own deference to Congress is selective in the extreme, as it simply chose to ignore the clear intent of the Detainee Treatment Act that Congress passed only last December." The Journal adds, "We…certainly hope the Administration presses its case for military commissions to the Congress, including just how much due process protection the Members think al Qaeda detainees really deserve. An election is coming in which the prosecution of the war on terror will again be a major issue. By all means let's debate the proper care and handling of Osama's bodyguard."

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"A Somali Taliban?" An editorial in the Wall Street Journal (7/3) says, "There's no appetite in the US for a large military intervention in Somalia, but that doesn't mean the new regime should think it is immune from outside attention. So here's a suggestion: Send an emissary to the new Islamist government and propose a deal: Hand over the 1998 embassy bombers, refuse safe harbor to al Qaeda operatives, do not invade Somaliland and Puntland. Agree to that, and we will be able to get along. Don't agree, and the US will do what it must to disrupt any terrorist camps or terrorist activity within its borders. … The Somali Islamists need to understand that if they attempt to turn their country into another refuge for terrorists, it will end as badly for them as it did for the Taliban."

Los Angeles Times: ***"House Of (Immigration) Blues."*** The Los Angeles Times (7/3) editorializes, "Last week saw the first narrowing of the chasm between the Senate's recent comprehensive immigration bill and the House of Representatives' punitive enforcement-only package from December. Trouble is, the overtures are all going in the House's direction. … Pro-reform senators are making two classic negotiating mistakes: confusing their opponents' line-in-the-sand intransigence with a negotiating ploy, and elevating the importance of making a deal above its actual content."

"United On Clean L.A. Ports."

"Taming The Tamil Tigers." The Los Angeles Times (7/3) editorializes, "Since April, Sri Lanka has experienced rising violence between the government and the Tamil Tigers rebel group, effectively gutting a 4-year-old cease-fire. But amid the carnage, leaders of both sides have been making unexpected conciliatory gestures, spurring hope that with the help of international monitors, full-scale war can be avoided. … A peaceful Sri Lanka is very much in India's interest; war could bring a stream of refugees and instability to India, particularly in the state of Tamil Nadu. India should start to take a more active role, while the EU must work for a return to the bargaining table. It isn't too late to head off a full-scale war."

THE BIG PICTURE:

Headlines From Today's Front Pages.

Los Angeles Times:

"Confusion Grips Mexico Election."
"Happy? Let's Sum It Up."
"Congress Faces Dilemma On Terror Trials."
"In First Year, L.A.'s Mayor Finds His Inner Pragmatist."
"With The Right Spin, Any Film Can Be No. 1."
"Iraqis Go To Great Lengths To Get Away."

USA Today:

"How Americans See Americans."
"U.S. Elite Forces Face Shortfall."
"Some Spots Too Dry For Fireworks."

New York Times:

"Israel Steps Up Gaza Raids In Bid To Free Soldier."
"Internet Calling Pressures Bells To Lower Prices."
"A Terror Strike, Choreographed On A Computer."
"A New Partnership Binds Old Republican Rivals."
"Once Again, The Boss Is In At The New York Office."
"Marijuana Fight Envelops Wharf In San Francisco."

Washington Post:

"Record Crowds Flock To Vote Across Mexico."
"Growers Reap Benefits Even In Good Years."
"Episcopal Protest Of Top Bishop Increases."
"Petitions To FDA Delay Generic Drugs, Critics Say."
"Mongolians Meld Old, New In Making Arlington Home."

Washington Times:

"Mexico Election Too Close To Call."
"Senators Promise Gitmo Statute."
"Academic Manifesto Takes Root."
"Iran Plans To Cut Gas Imports, Subsidies."
"A Penny Saved Is A Penny Spurned."
"Illegal Students Face Expulsion From France."
"Representatives Relish Being Made A Mockery."

Detroit Free Press:

"Zetsche Steps Out Front At DCX."
"Schools Ties Bonuses To Test Scores."
"Kalamazoo Is Drug-Testing Hub For Pfizer."

Atlanta Journal-Constitution:

"Fulton Jail Is Slow To Let Go."
"'Always Remember.'"
"Austin Pleads Guilty To 'Mistake.'"
"Turner Studios In Midtown Undo Shoestring Image."

Houston Chronicle:

"Too Close To Call In Mexico."
"Troubling Figures Put Focus On Sunnyside."

Story Lineup From Last Night's Network News:

ABC: Iraq's Most Wanted; Shuttle Launch Scrubbed; Israel-Gaza Offensive; Mexico-Presidential Election; FBI-West

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Virginia Congressman; Death Penalty Anniversary; Alzheimer's-Art Therapy; National Anthem-Singing Project.
CBS: Israel-Gaza Offensive; Iraq Violence; Iraq's Most Wanted; Conservatives-Press Concerns; Discovery-Repair Concerns; Mexican Scholarship Program; World Cup; New Jersey-Government Shutdown; Weekend Box Office; Bush's 60th Birthday.
NBC: Preempted By Golf.

Story Lineup From This Morning's Radio News Broadcasts:
ABC: Space Shuttle Launch Delayed; Mexico-Election; Israel-Kidnapped Soldier; IN-Car Accident.
NPR: Mexico-Election; Israel-Kidnapped Soldier; UN-Human Rights Reforms; Space Shuttle Launch Delayed; IN-Car Accident; Iraq-Most Wanted List; World Cup; Foreign Stock Markets.

WASHINGTON'S SCHEDULE:

Today's Events In Washington.

White House:

PRESIDENT BUSH — Signs H.R. 5403, the Safe and Timely Interstate Placement of Foster Children Act of 2006. Roosevelt Room, The White House. Photo Release.

VICE PRESIDENT CHENEY — No public schedule.

US Senate: No scheduled events.

US House: No scheduled events.

Other: ELECTIONS-LATINOS _ 9:30 a.m. The Latino Policy Coalition and Lake Research Partners hold a teleconference to release the results of a national survey of Latino voters and discuss the midterm elections. With Jim Gonzalez, chair, Latino Policy Coalition; Celinda Lake, president, Lake Research Partners; and Dr. Fernando Guerra, director, Leavey Center for the Study of Los Angeles. Contacts: Michael Bustamante, 916-425-0839. Notes: Dial-in: 1-866-216-6835. Passcode: 116692.

NY TIMES-PROTEST _ 12 p.m. The D.C. Chapter of FreeRepublic.com and Accuracy in Media hold a demonstration to call for the prosecution of New York Times publisher Arthur Sulzberger, Jr., Executive Editor Bill Keller and reporters James Risen and Eric Lichtblau for "giving aid and comfort to al Qaeda by publishing stories exposing national security intelligence programs." Location: In front of 1627 "Eye" St. NW.

GRANNY PEACE BRIGADE _ 2 p.m. The Granny Peace Brigade, 18 grandmothers protesting the war in Iraq, hold a rally and march to mark the end of their journey from New York City. Highlights: 2 p.m. Marchers will be joined by war protester Cindy Sheehan, at Dupont Circle. Sheehan will escort the marchers down Massachusetts Avenue to the Gandhi statue at Massachusetts Ave. and Q Sts, NW, in front of the Indian Embassy. Location: Gandhi Statue, corner of Q St NW and Massachusetts.

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Subject:	Department of Justice News Clips for Monday, July 03, 2006
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DEPARTMENT OF JUSTICE *NEWS CLIPS*

PREPARED FOR THE OFFICE OF PUBLIC AFFAIRS, US DEPARTMENT OF JUSTICE

TO: THE ATTORNEY GENERAL AND SENIOR STAFF

DATE: MONDAY, JULY 3, 2006 7:45 AM EDT

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TERRORISM NEWS:

Congress To Work With Bush On Tribunals (FT)

By Edward Alden
Financial Times, July 3, 2006

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The US Congress looks set to co-operate with President George W. Bush in devising rules for military commissions to try alleged terrorist detainees. This follows last week's historic Supreme Court decision that struck down the president's claim that he could set the rules on his own authority.

"He's created a real mess that now has to be cleaned up," said Senator Carl Levin, a Michigan Democrat who has been a harsh administration critic, but pledged on Sunday to work with Republicans to establish new procedures.

Senator Arlen Specter, Republican chairman of the Senate judiciary committee, said on CBS News on Sunday that he had scheduled a hearing for next week to begin the effort.

"We ought to work with the administration to try to structure rules that will comport with the Supreme Court decision but still protect national security interests," he said.

The court, in a 5-3 decision, ruled that the commissions established by the administration to try detainees currently held at Guantánamo Bay were illegal, violating both congressional rules for military trials and provisions of the Geneva conventions.

Mr Bush has insisted for more than four years that special rules were needed for terrorist detainees, rejecting the use of established military or civilian courts.

That put him into conflict with military lawyers, human rights groups and allies such as the UK and Australia.

Nine UK detainees at Guantánamo were released after the UK government led by Tony Blair, the prime minister, refused to agree to have them tried before the military commissions, insisting the procedures were illegal.

The definitive decision by the Supreme Court means that the administration could be forced to release more detainees if it cannot find a legal way to bring them to trial. While the court invited Congress to devise rules for the commissions, the task will not be simple.

The court said that the rules of evidence should be similar to those for military trials, and should meet minimum standards set out under the Geneva conventions. But Mr Specter acknowledged that the US continued to hold many detainees against whom "there is not much evidence".

Lindsey Graham, a Republican senator and former military lawyer who is an acknowledged expert on detainee issues, said on Fox News Sunday that the court's ruling on the applicability of the Geneva conventions to al-Qaeda suspects was "breathtaking".

He insisted that Congress had the power – even though the court ruled the president on his own does not – to limit the applicability of the Geneva conventions to terrorist detainees held by the US, and to devise special rules of evidence for the military commissions.

Senator Dianne Feinstein, a California Democrat, said, however, that the rules for trial must meet "the parameters" of existing military law, which offers detainees far more rights to challenge the evidence against them than the US has so far offered.

Senators Promise Gitmo Statute (WT)

By Eric Pfeiffer

The Washington Times, July 3, 2006

Senators of both parties yesterday said Congress would provide President Bush with legislation to deal with the terror suspects detained at the U.S. Naval Base Guantanamo Bay, Cuba, following a Supreme Court decision that limited the White House's authority in dealing with the detainees.

Some Republicans said they hoped to have legislation in place by September, with influential liberal Democrats saying they expected to give Mr. Bush the necessary tools for handling the issue and not obstruct the bills.

"I would hope Congress would have hearings about what to do in light of this decision," said Sen. Lindsey Graham, South Carolina Republican, during an appearance on "Fox News Sunday." "And that we will sit down together ... in August, write legislation and hopefully vote by September."

"There's nothing more important than the war on terror," Sen. Mitch McConnell, Kentucky Republican, told NBC's "Meet the Press." "I think we will have to act on this very soon, either in July or in September. Certainly, in the next couple of months."

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Sen. Jack Reed, Rhode Island Democrat, promised that his party would work with Republicans and the White House on a compromise.

"I believe we will cooperate, and I think cooperation will be required by all parties, including the president," Mr. Reed told Fox. "I think that's something that will come together in a bipartisan basis, I hope, in a deliberate and quick fashion."

Rep. Barney Frank of Massachusetts, one of the most liberal Democrats in Congress, was asked on CNN's "Late Edition" by host John Roberts whether "you believe that Congress needs to give the president the power, the latitude ... to prosecute these prisoners who were being held at Guantanamo Bay?"

"Of course. And, in fact, again, I want to stress, many in Congress have wanted to do that," Mr. Frank said.

Sen. Charles E. Schumer, New York Democrat, expressed many strong differences with Republicans and the White House, but also promised to compromise in finding a solution.

"On giving the president what he needs and giving our country what we need to fight the war on terror, there's going to be agreement," Mr. Schumer said during his appearance on "Meet the Press."

Sen. Arlen Specter, Pennsylvania Republican, told CBS' "Face the Nation" that the Judiciary Committee has already scheduled hearings on the issue, to begin next week.

"I think that we should now have hearings in the Judiciary Committee, which we've scheduled for July 11," Mr. Specter said.

Sen. Carl Levin, Michigan Democrat and Armed Services Committee member, told CBS that his panel will "have hearings in a couple of weeks."

Despite the talk of compromise, there are sharp differences between Democrats and Republicans regarding how far the Supreme Court's decision goes.

"[Thursday's] Supreme Court decision reaffirms the American ideal that all are entitled to the basic guarantees of our justice system," House Minority Leader Nancy Pelosi said in a press release issued after the court's decision.

Fellow California Democrat Sen. Dianne Feinstein agreed with Mrs. Pelosi, telling ABC's "This Week," that any decision by Congress should give "detainees the rights that the Constitution provides." Mrs. Feinstein disagreed that offering enemy combatants the same legal protections as Americans would make Democrats appear weak on national security. "This is our strength. It is not our weakness."

Mrs. Feinstein also said she believes the court's decision applies to the administration's terrorist-surveillance program.

Mr. Schumer seemed to agree, telling NBC that the court's decision may have deeper implications. "We're going to have to not only look at this issue, we're going to have to go back to the other issues, as well," he said, "because this ruling undercuts some of the other things the president has done."

Lawmakers Seek Action After Ruling On Detainees (NYT)

By Robin Toner

The New York Times, July 3, 2006

WASHINGTON, July 2 — Democratic leaders argued on Sunday that the Supreme Court's rebuke of the Bush administration last week underscored the costs of President Bush's "unilateral" approach to the fight against terrorism.

They called for closer consultation with Congress and a broad review of the administration's use of executive power to combat terrorism.

Republican leaders, also making the rounds of the Sunday talk shows, called for a more limited response. They said Congress should pass legislation in a matter of months to comply with the court and give the president explicit authority to put detainees at the military prison in Guantánamo Bay, Cuba, on trial before military commissions.

The Supreme Court ruled Thursday that the military commissions the administration had planned were unauthorized by federal statute and violated international law.

Republican leaders also expressed alarm on Sunday over the court's application of a provision of the Geneva Conventions to the detainees, which they said they would seek to counter legislatively.

Both parties were treading carefully in a political and legislative terrain suddenly reconfigured by the Supreme Court. Most leaders on Sunday pledged bipartisan cooperation, but some fault lines were clear.

Senator Charles E. Schumer, Democrat of New York, said on "Meet the Press" on NBC that "this White House has felt it could just change things unilaterally." Mr. Schumer added, "Had they come to Congress a few years ago on this issue, my guess is they would have gotten most of what they wanted."

But in light of the court ruling, Mr. Schumer called on Attorney General Alberto R. Gonzales to create an independent commission to conduct "a top-to-bottom legal review of all of the administration's ongoing antiterror measures."

Mr. Schumer added, "The administration has not only largely ignored the Congress, but has also badly miscalculated how its efforts would be evaluated by the Supreme Court." Efforts to "marginalize the other two branches of government threaten to undermine, rather than promote, counterterrorism efforts," he said.

Republicans focused much of their fire on the court's ruling that a provision of the Geneva Conventions dealing with the treatment and trials of captured combatants applied to the Guantánamo detainees. Senator Mitch McConnell, the No. 2 Republican in the Senate, called it a "very disturbing aspect" of the decision that meant "that American servicemen potentially could be accused of war crimes."

Mr. McConnell, appearing on "Meet the Press," said Congress must quickly address that issue, along with creating military commissions. "There's nothing more important than the war on terror," he said, "and I think we will have to act on this very soon."

Senator Lindsey Graham, Republican of South Carolina, said on "Fox News Sunday" that he was also deeply troubled by the court's application of the Geneva Conventions.

Mr. Graham said that terrorists should be "humanely treated" but that the question was whether "Al Qaeda members who do not sign up to the Geneva Convention, who show disdain for it, who butcher our troops, be given the protections of a treaty they're not part of." He added, "My opinion — no." Mr. Graham said Congress had the ability to restrict the conventions' application to terrorism, "and I think we should."

Senator Jack Reed of Rhode Island, one of the Democratic Party's point men on national security, suggested that the court ruling was a broad rebuke to the Bush administration's expansive use of executive power in the fight against terrorism. The "most significant aspect of the case," Mr. Reed said, was "the declaration by the court that the president has to seek Congressional authority."

He added, "The president declared that he was operating in his own capacity as commander in chief, and I think the court reined him back, and I think it's appropriate."

Senator John McCain, the Arizona Republican and former prisoner of war, said on "This Week" on ABC that he was confident that "using the guidelines laid down by the Supreme Court, we can make sure that bad guys — and there are bad guys — are not released, and that those who deserve to be released will be."

Senator Arlen Specter, Republican of Pennsylvania, also called for a measured response. "It can't be handled on a sound bite on Sunday morning," Mr. Specter, the chairman of the Judiciary Committee, said on "Face the Nation" on CBS. "We have to get the details as to what the administration thinks they can do. We've got to look at the Supreme Court decision. And we have to reconcile it. But it has to be Congress because it's our constitutional responsibility."

He added, "It's not up to the president alone."

Lawmakers Discuss Ruling On Tribunals (USAT)

USA Today, July 3, 2006

Republican senators said Sunday that Congress will have to address the Supreme Court finding last week that international law applies to the Bush administration's conduct of the war on terrorism.

Sen. Mitch McConnell of Kentucky, the No. 2 GOP leader in the Senate, said the ruling that embraced part of the Geneva Conventions on the rules of war is “very disturbing” and “Congress is going to want to deal with that.” Sen. John McCain, R-Ariz., said it was “somewhat of a departure” for the court to say the international treaty applies to “stateless terrorists.”

McConnell wants Congress to deal with the Geneva Conventions issue while it addresses another aspect of the court's ruling overturning President Bush's military commissions, which were created to try a limited number of detainees from Guantanamo Bay. The justices said the commissions violate the Uniform Code of Military Justice and the Geneva Conventions, which deal with prisoners of war.

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Senior Democrats called for a broader review of whether Bush overstepped his war powers. “We're going to have to go back to other issues as well because this ruling undercuts some of the other things the president has done,” Sen. Charles Schumer of New York said.

McConnell and Schumer spoke on NBC's Meet the Press. McCain was on ABC's This Week.

Vice President Cheney's heart condition remains stable, and there have been no irregular heartbeats to activate an implanted pacemaker, according to doctors after his annual physical Saturday.

Cheney, 65, is scheduled to have a stress test on a treadmill in the fall to determine whether the blood flow to his heart is adequate, said his spokeswoman, Lea Anne McBride.

Cheney has had four heart attacks since 1978. He has had quadruple bypass surgery, two artery-clearing angioplasties and received an implanted cardioverter defibrillator in June 2001.

Congress Faces Dilemma On Terror Trials (LAT)

By Richard B. Schmitt

The Los Angeles Times, July 3, 2006

WASHINGTON — The Supreme Court decision striking down the military tribunal system for trying accused enemy combatants at Guantanamo Bay has apparently presented the Bush administration and its allies in Congress with two choices — both fraught with risk.

They can use the GOP majorities in the House and Senate to put a quick congressional seal of approval on something close to the existing system, but run the risk that it too will be struck down by the high court.

Or they can follow the path suggested by the court and devise a system embracing the procedural and other principles of the U.S. Uniform Code of Military Justice and the Geneva Convention, but risk the possibility that few, if any, of the alleged terrorists will be convicted.

And both choices, as well as attempts to chart a middle course, could set off the kind of protracted, internally divisive debate that the White House and GOP political strategists would not relish with the November elections approaching.

Indeed, Sen. Dianne Feinstein (D-Calif.) issued a warning Sunday: "Republicans will rue the day if they politicize this," she told ABC's "This Week."

Two Republican senators — prospective GOP presidential candidate John McCain of Arizona and Judiciary Committee Chairman Arlen Specter of Pennsylvania — have made clear their desire to dig into the problem.

"We're going to have to dot all the i's and cross all the t's on this legislation to make sure it passes muster," Specter said Friday.

The high court's decision has set up what may be the biggest test so far of the government's ability to reconcile maximum anti-terrorism effort with traditional American standards of legal fairness and decency. And the test has been almost five years in the making.

Since the Sept. 11 terrorist attacks, the Bush administration and its supporters have argued that extreme measures are necessary and justified against a foe that employs extreme tactics and rejects accepted moral standards. Civil libertarians, many Democrats and now the Supreme Court have argued that the war on terrorism must be waged in a manner compatible with established legal and ethical principles.

In the case of the alleged terrorists in the U.S. prison at Guantanamo Bay in Cuba, the challenge is to devise a system that will survive later judicial review yet permit successful prosecution.

Many legal experts say that will be hard to do.

"Can you set up a tribunal that will pass what we now know to be the judicial standards the Supreme Court is going to impose? The answer is unequivocally 'yes,' " said retired Rear Adm. John Hutson, a former Navy judge advocate general and the dean of Franklin Pierce Law Center.

"Is the prosecution going to be able to get convictions? I think there is a chance you won't see any," he said.

That's because a trial system capable of withstanding judicial review would probably exclude much of the evidence the government has gathered on battlefields and in prison interrogation rooms.

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The military code to which the court pointed as a roadmap is "a good framework for setting up tribunals," McCain said Sunday on "This Week" — and these legal experts agree. The Uniform Code of Military Justice mirrors many of the procedural rules of U.S. civilian courts and the bedrock principles that the court mandated last week, including the right of the defendant to be present during trial and to hear the evidence against him.

Yet experts acknowledge that one result of embracing such a system could be that few, if any, of the Guantanamo detainees whom the government has identified for trial could end up being convicted — or even tried.

The rules created for the Pentagon's military commissions, or tribunals, permit the introduction of secret evidence that defendants are not allowed to see, testimony obtained by coercion, and other material that would not be accepted in traditional legal systems.

Such evidence would probably be excluded under more traditional legal rules.

Moreover, such rules could compel the government to reveal now-secret information or give up prosecutions.

That prospect rankled Rep. Peter T. King (R-N.Y.), chairman of the House Homeland Security Committee.

"We can't be turning over evidence and discovery and giving the benefit of the doubt to terrorists in these cases," he said Sunday on CNN's "Late Edition." "This is different from other wars. This is not like capturing uniformed soldiers in World War II or the Korean War or even Vietnam."

The Bush administration contends that it is important to have trials for detainees accused of war crimes and atrocities.

With the legislative wars over the tribunals just heating up again, however, it is far from clear what path Congress will choose. Some members are believed to be pushing for a narrow fix that some experts said would skirt the intent of the high court and avoid extending broader legal protections to the detainees.

But legal experts said lawmakers and the White House were also under pressure to come up with a legally and morally defensible system to show the world that the U.S. was serious about dispensing justice to people who had been imprisoned for nearly five years at the U.S. base in Cuba.

"It is a watershed event for Congress and the president alike. They really need to decide if they want to bite the bullet and set up a system that is fundamentally fair or if they want to play the game of setting up something that is substandard and waiting another five years for the court to decide its validity," said Diane M. Amann, an international law expert at the UC Davis law school.

"I don't think they are going to have a lot of leeway to depart" from the military code, she said.

The court ruled that the tribunals failed to meet the most basic of standards for fairness under U.S. and international law. Among the flaws: denying prisoners the right to attend their own trials and thus to hear the evidence against them. Under the tribunal rules, attorneys could be present, but they would not always be allowed to convey what they learned to their clients.

Another contentious point was that detainees had no right to appeal convictions to civilian courts. Some justices also said they were concerned that the crime involved in the case before the high court — conspiracy — was not recognized under international law.

Legal experts said some of those problems would be more easily solved than others.

Congress could amend the military code to include the crime of conspiracy. Prosecutors could also use alternative, better-established theories roughly analogous to conspiracy, such as crimes associated with "aiding and abetting" offenses.

However, extending other benchmark rights — such as defendants' right to be present at their trials and to hear the evidence against them — could undercut the prosecution of detainees.

Much evidence accumulated against many detainees is based on intelligence from secret sources around the world. Officials may not want to risk a trial in which a judge might order that information be made available to the defense.

"The government's biggest problem is that the thing they want most — to protect the sources of their evidence and to avoid disclosing information to the defendants — is the thing that is most important to the Supreme Court," said Ronald W. Meister, a New York lawyer and former Navy judge advocate.

Some lawyers said there was wiggle room for defenders of the status quo.

A central part of the justices' ruling was that the administration, in designing new procedures, was bound by a section in the military code requiring that President Bush use rules for tribunals that were close to those used in criminal courts and courts-martial.

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One solution might be to eliminate that section of the law and free up Bush to impose less-demanding procedures. Such a step would probably resonate with some Republicans in Congress who have said the court has given terrorists more due process than they deserve.

But most experts said the move would defy the spirit, if not the letter, of the ruling.

"The signal that the court was giving was that the requirement of a court-martial-type proceeding is embedded both in American law and international law," Amann said. "If Congress wants to depart from that, it is going to have to make a showing of a necessity for doing so."

The court-martial model affords some strong rights for defendants. The rules of evidence are comparable to those in civilian courts. There is also a strong presumption of a public trial. Even the pretrial investigative stage of a court-martial is generally open.

The main point of departure with normal criminal courts is that the military gets to choose the jury.

Although there are procedures for closing trials when national security is involved, "there is a strong right that the accused be present and confront the person who is testifying against him," said Beth Hillman, a former Air Force officer who is a professor at Rutgers University law school in Camden, N.J.

She added that the law was clear that "the only exception for denying the defendant's presence is if he is disruptive."

With military lawyers expressing serious national security concerns about letting defendants hear certain evidence, "I can foresee the government saying, 'We just cannot go there. The court has signaled these people have to be present. We simply cannot allow them to be present,' " Hillman said.

An even bigger problem could be the handling of confessions and statements by defendants and the handling of statements that other detainees have made about defendants — crucial evidence from the government's viewpoint.

The military code forbids the use of statements that are obtained through "coercion" or "unlawful influence."

Lawyers for many detainees have said that the statements their clients gave authorities were the product of abusive techniques and torture, which would make them inadmissible.

"In order to be lawful, they would have to create a process that excluded the only evidence they have against these guys," said Joseph Margulies, a Chicago attorney who is co-counsel for one of the few Guantanamo detainees who have been formally charged. "You might be able to create a process, but there would be no evidence you could present."

Margulies' client is an Ethiopian picked up in Pakistan who, before being sent to Cuba, was interrogated in Morocco and allegedly confessed under torture to being a member of Al Qaeda. Razor blades were allegedly used against the man's genitals. Margulies said such a confession could not be used as part of a legal trial.

Some experts said that if the adoption of such standards meant some detainees were not brought to justice at a formal trial, it would be a small price to pay.

"I think we gain more than we lose by adopting courtsmartial," said Scott L. Silliman, a military law expert at Duke University law school. "If we were to adopt them, we would send a clear statement to the international community that we are still a nation under the rule of law."

Gitmo. How To Fix It (TIME)

By Nathan Thornburgh

Time, July 3, 2006

The Supreme Court's ruling in Hamdan v. Rumsfeld totals 185 pages and can be summarized in two words: Start over. If the Bush Administration wants to try terrorism suspects at Guantánamo Bay in special military tribunals, it can't just declare them legal--it needs to work with the other branches of government to make them so. That in itself was a rebuke to the Administration's claim that it alone can decide how to defend Americans from terrorism. What the court did not say--despite the exultation of civil libertarians and the outrage of advocates of executive power--is that Guantánamo has to be closed. In fact, there are plenty of people who believe it's possible to comply with the court's ruling while protecting American citizens and extracting useful intelligence from detainees. In other words, there are ways to fix Guantánamo.

1. The White House must work with Congress

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The White House finds itself in its current Guantánamo predicament because it didn't play well with the other branches of government--or even play with them at all. Republican Senator Lindsey Graham of South Carolina, a military lawyer (JAG), says he tried as recently as 18 months ago to interest the Administration in an amendment that would give tribunals congressional authorization. "I could not get agreement with the White House," Graham says. "They believed it wasn't necessary."

Now that it's beyond necessary, but legally mandated, the White House will find it has a far less compliant Congress than it would have had immediately after 9/11. Complicating matters further is that Congress is exhibiting its usual election-year pathologies. Democrats, wary of being lumped in with al-Qaeda should they introduce a bill that protects the rights of terrorism suspects, are calling on the White House to make the first move. Republican lawmakers are already divided between those eager to impress security-minded voters back home with a tough new tribunal and others, like Virginia's John Warner, who warn that moving too quickly or too carelessly might lead to another embarrassing showdown with the Supreme Court. It may take months to achieve the harmonic balance between good policy and good campaign agitprop, but any Guantánamo policy that eventually emerges could have greater certainty and legitimacy for having been forged through the chaos of democracy. "The message is that Congress has a role in the war on terror and the courts have a role in the war on terror," says Graham. "When we collaborate, all three branches, we're stronger as a nation."

2. Repatriate the small fish

"The worst of the worst" was the Bush Administration's description of the type of combatant who ends up at Gitmo. But a Seton Hall University study culled from the government's own data found that only 8% of the camp's prisoners were actually fighters for al-Qaeda. More than half were not determined to have committed any hostile act against Americans or their allies. Even Salim Ahmed Hamdan, the detainee at the center of the Supreme Court case, was Osama bin Laden's chauffeur and bodyguard--hardly the criminal mastermind that requires a country to create a maximum security prison. To its credit, the government has been trying to repatriate the less dangerous detainees as well as those who probably should never have been there. "We want to get out of the Guantánamo business if we can," State Department legal adviser John Bellinger III said in a conference call last week, "while continuing to protect ourselves and protect others."

But repatriation is tricky. Many of the detainees' home countries either refuse to take them or haven't guaranteed that they won't be tortured upon their return. Take the case of the Uighurs--five ethnic Muslims from western China--who recently left Gitmo. The State Department didn't want to send the men back to China, where they are wanted by the authorities, but after contacting scores of countries the only willing host was Albania, where no one speaks Uighur.

Regardless of the challenges, the Administration needs to continue to support the State Department's aggressive efforts to make sure that the small fish at Guantánamo move on. The logic that gave rise to the Administration's broad powers of detention, interrogation and surveillance is the logic of the worst-case scenario, of terrorist masterminds and ticking time bombs. It's consistent with that logic that a place like Guantánamo be reserved for only the most dangerous terrorists.

3. Process the habeas cases

More than 400 habeas corpus cases, in which Guantánamo petitioners are challenging the legality of their detention, are percolating around the country. Lawyers who filed some of those petitions tell TIME that they anticipate that the Supreme Court ruling will open a path for those cases to head up the chain of appeals. The Administration argues that the courts have no jurisdiction, and Congress barred judges from ruling on almost all future habeas appeals from Gitmo by passing the Detainee Treatment Act last December.

Terrorism trials in civilian courts have been a mixed bag--the prosecution of the Lackawanna and Portland cells ran smoothly, while al-Qaeda operative Zacarias Moussaoui took a federal court on a wild grandstanding ride worthy of Slobodan Milosevic or Saddam Hussein. The judges who hear the appeals may affirm that civilian courts are the wrong venue for Gitmo detainees, but the debate is too important--and too complex--to cut the judiciary out.

4. Live by the Geneva rules

The Supreme Court made it clear that the Geneva conventions afford Gitmo detainees certain trial rights. Less certain is whether Geneva rights should now extend to cover interrogations at the camp. The White House has held that unlawful combatants are to be treated humanely but are not covered by Geneva, which prohibits "humiliating and degrading treatment." Some techniques, like shackling prisoners for 24 hours and leaving them in their own excrement, are known to have been used

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at Gitmo and would certainly fall under that definition. Regardless of what the prevailing interpretations of the Hamdan decision are, the government would do well to read the tea leaves and begin envisioning a world in which officials will be forced by a future ruling similar to Hamdan to gather crucial intelligence while conforming to Geneva. Gitmo has always been a laboratory for the Bush Administration's edgiest ideas about how to fight the war on terrorism. Why not make it a testing ground for an interrogation policy that is both humane and clearly legal under the Geneva conventions?

The era of Guantánamo as a fount of intelligence may already be ending, however. There is only so much intel you can glean from a man who has been interrogated for four years. The base commander, Navy Rear Admiral Harry Harris Jr., told TIME shortly before the Hamdan decision that 75% of detainees held at Gitmo no longer face regular questioning, and some haven't faced it in six months or longer. So, as with many of the other issues raised by the Hamdan case, perhaps the interrogation debate should move away from Gitmo and focus on other places around the world where the U.S. is holding enemy combatants.

5. Lift the veil of secrecy

Guantánamo has long since ceased being just a detention center for terrorism suspects. It's a symbol, and it shapes how the world views America and how Americans view themselves. While all three branches of government need to work in concert to balance the strategic and legal imperatives involved in fighting terrorism, the White House can take a huge step toward removing the discomfort about Gitmo by opening the operation to the outside world. A few journalists have been granted access to the facility following the coordinated suicides of three inmates last month, but camera crews and reporters are often hemmed in by minders and shepherded past buildings that have been the site of Guantánamo's harsher realities--the force-fed hunger strikers, the suicide attempts. If Guantánamo is legal and effective, now is the time for the government to prove it.

After Hamdan (WSJ)

The Wall Street Journal, July 3, 2006

America's political elites certainly have come a long way since September 11. In the wake of that bloody attack on U.S. soil, everyone clamored for the executive branch to act with energy and dispatch against our enemies. Yet last week, not five years later, many of those same voices celebrated a Supreme Court ruling that rebuked the executive in order to guarantee more rights to Osama bin Laden's former driver and bodyguard.

That is the larger context in which to read the Supreme Court's verdict in Hamdan v. Rumsfeld, which has liberal journalists waxing lyrical even in their news accounts. Only a country that feels safe once again would dare to rejoice in a ruling that could give enemy combatants the same due process rights that U.S. servicemen get in a court martial. We'll now see if Congress feels as complacent as it seeks to rewrite the rules on military commissions. * * *

As David Rivkin and Lee Casey argued on these pages Friday, the Court's ruling is not as sweeping as many commentators claim. But it is nonetheless a major Court intrusion into executive war powers and thus a setback not just for this Presidency, but, more important, for future ones.

The Court's opinion masks its own power grab by asserting that the executive must defer more to Congress in designing military commissions. But the Court's own deference to Congress is selective in the extreme, as it simply chose to ignore the clear intent of the Detainee Treatment Act that Congress passed only last December. That Act expressly denied judicial review of any habeas corpus petition "by or on behalf of an alien detained by" the Pentagon at Guantanamo.

But this would have meant the Court should not have heard Mr. Hamdan's case. So the Court's narrow five-Justice majority simply declared that the Detainee Act applied only to habeas corpus petitions filed after December 2005. Justice Antonin Scalia's dissent is withering in showing that the Act provides for no such distinction and was written by Congress partly with the Hamdan case in mind. The Court's interpretation also violates its own precedents in reading Congressional intent. The only way to read the Court's logic is that five Justices were simply determined to find a way to slap the Bush Administration, by whatever means necessary.

And we mean only five Justices. Hamdan was decided by a vote of 5-3, with Chief Justice John Roberts recusing himself because he'd previously ruled for the Administration when he was on the D.C. Circuit Court of Appeals. So in effect this was a 5-4 decision, with Justice Anthony Kennedy providing the swing vote, albeit also parting company with his liberal brethren on their most sweeping legal claims. A single liberal retirement from the Court would thus put Hamdan's reasoning in jeopardy.

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Amid all of the antiwar cheering, we should also point out what Hamdan does not do. It does not shut down the detention center at Guantanamo Bay, or question the President's right to hold unlawful combatants for the duration of hostilities. It also does not apply to most of the prisoners there -- only 10 of the roughly 450 Guantanamo detainees are immediately affected by the ruling. And it does not reclassify enemy combatants as ordinary prisoners of war, as many in the European left and ACLU would prefer.

Moreover, Hamdan affirms that military commissions are Constitutional and an appropriate part of American law. This would have been hard even for the liberal Justices to deny, given that commissions have been used in some form by strong Presidents in the past, including Washington, Lincoln and FDR.

So instead the Court declared that the Pentagon's current version of military commissions violates Article 36 of the Uniform Code of Military Justice, which provides guidelines for the rules to be followed by both military commissions and courts martial. The language of Article 36 happens to be broad and deferential to Presidential prerogatives. (Its very title is, "President May Prescribe Rules.") Yet the Justices found that the Pentagon's current rules allowed too much hearsay evidence and denied a combatant-defendant's appearance at some moments at trial.

Justice Kennedy in particular claimed to see no "practical need" for these deviations from the UCMJ. But in fact the very practical reason is to limit the access that accused al Qaeda operatives have to classified sources and methods. This is the core of the Administration's case for military commissions, which is that they are a military necessity.

As for the rules of evidence, the Court's decision could make it much harder to convict these defendants because the Pentagon often won't want to risk exposing military secrets. Thus one irony of Hamdan is that many of these combatants may end up being returned to their home countries where they may get far worse legal treatment. In any case, the Court's intrusion here is a breathtaking assertion that it knows better than an elected President how to treat enemies captured on the battlefield. Legal scholars tell us they can't recall this happening in any previous American conflict. * * *

As a practical political matter, Hamdan tosses the debate over military commissions back to Congress. Our liberal friends keep assuring us that this is the key to restoring the "rule of law." But there's a reason the Founders gave Presidents the bulk of the Constitutional power to wage war, leaving to Congress mainly the power to declare war and then finance it. The executive branch can act with speed and decisiveness that a committee of 535 simply cannot. Presidents can also be held directly accountable by voters in a way that a diffuse Congress (and especially the Supreme Court) cannot.

That's why the clamor after 9/11 was for the White House to act, and that is the period in which it established military commissions and set up Guantanamo. Now that we haven't been hit again in nearly five years, liberals want us to believe that such executive authority is more dangerous than our enemies.

We thus certainly hope the Administration presses its case for military commissions to the Congress, including just how much due process protection the Members think al Qaeda detainees really deserve. An election is coming in which the prosecution of the war on terror will again be a major issue. By all means let's debate the proper care and handling of Osama's bodyguard.

War On Terror Ruling Worries GOP Lawmakers (AP-Y2)

By Pete Yost

AP2, July 2, 2006

Two Republican senators said Sunday that Congress must rein in the Supreme Court ruling that international law applies to the Bush administration's conduct in the war on terror.

Thursday's Supreme Court decision embracing Article 3 of the Geneva Accords in the military commission case of Osama bin Laden's former driver strikes at the heart of the White House's legal position in the war on al-Qaida.

Sen. Mitch McConnell (news, bio, voting record), R-Ky., the second-ranking GOP leader in the Senate, said the 5-3 court decision "means that American servicemen potentially could be accused of war crimes.

"I think Congress is going to want to deal with that," McConnell said on NBC's "Meet the Press." He called the ruling "very disturbing."

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The Geneva Convention's Article 3 is "far beyond our domestic law when it comes to terrorism, and Congress can rein it in, and I think we should," said Sen. Lindsay Graham, R-S.C., assigned as a Reserve Judge to the Air Force Court of Criminal Appeals. Graham spoke on "Fox News Sunday."

Sen. John McCain (news, bio, voting record), R-Ariz., also expressed concern about the decision, saying it "is somewhat of a departure, in my view, of people who are stateless terrorists."

Article 3 mandates standards of treatment in cases of armed conflicts not of an international character in the territory of a contracting party, which Afghanistan is.

Article 3 prohibits outrages upon personal dignity, "in particular humiliating and degrading treatment," and bars violence, including murder, mutilation and torture.

McConnell wants Congress to deal with the Geneva Accords issue at the same time it addresses another aspect of the court's ruling overturning President Bush's military commissions created to try a limited number of detainees from Guantanamo Bay.

"I don't think we're going to pass something that's going to have our military servicemen subject to some kind of international rules," said McConnell.

Addressing the commission issue, McCain and Senate Judiciary Committee chairman Arlen Specter, R-Pa., said Congress might pose broader changes than the White House wants in trials of detainees at Guantanamo Bay.

As a starting point for debate, McCain said Congress should embrace the Uniform Code of Military Justice, the bedrock of military law protecting the rights of accused soldiers. The Bush administration has sidestepped the code for nearly five years in dealing with Guantanamo Bay prisoners it has classified as enemy combatants.

Specter said that "we have to reconcile" what the Bush administration thinks it can do and what the Supreme Court decision says.

Specter spoke on CBS's "Face the Nation" and McCain appeared on ABC's "This Week."

Many Republicans in Congress say detainees in the war on terror should not have the same legal protections as those in the military and that Congress should give its imprimatur with little or no change to the Pentagon's military commissions.

McCain agreed that justice afforded to enemy combatants "shouldn't be exactly the same as applied to a member of the military." He added, however, that the Uniform Code of Military Justice is "a good framework.

"Using the guidelines laid down by the Supreme Court, we can make sure that bad guys — and there are bad guys — are not released and those who deserve to be released will be," said McCain, a prisoner of war during the Vietnam conflict.

McCain and Specter added their voices to that of Senate Armed Services Committee chairman John Warner, R-Va., who says he is uncertain Congress should pass legislation to create new military tribunals.

"Everybody says, 'Pass legislation, pass legislation,' but we've got to make certain it's needed, and then do it with careful analysis, to get it right," Warner told The New York Times on Friday.

The Supreme Court said Bush's military commissions violate the Uniform Code of Military Justice and the four Geneva Conventions signed in 1949. Under military commission rules, the court noted, such panels may block an accused and his civilian lawyer from ever learning of evidence the prosecution presents that is classified. In addition, commissions can permit the admission of any evidence it deems to have probative value to a reasonable person.

Former Justice's Influence Felt In 2006 (WP)

By Charles Lane

The Washington Post, July 3, 2006

Justice John Paul Stevens wrote last week's Supreme Court opinion striking down President Bush's plan to put suspected terrorists on trial before military commissions.

But in a real sense, the opinion's author was Wiley B. Rutledge, the justice for whom Stevens clerked during the court's 1947-1948 term, and for whom he has expressed great admiration in the years since.

Appointed by President Franklin D. Roosevelt in 1943, Rutledge served only six years before his death in 1949. But in that time, he made a mark by arguing that the United States must respect the rights of its foreign enemies.

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His most famous dissenting opinion came in 1946, when he wrote that the majority of the court was wrong to deny a petition for habeas corpus by Tomoyuki Yamashita, the Japanese general sentenced to death by a U.S. military commission in the Philippines for atrocities committed by his troops. "I cannot believe in the face of this record that the petitioner has had the fair trial our Constitution and laws command," Rutledge wrote.

So soon after the bitter war that had begun at Pearl Harbor, it took courage for Rutledge to stand up for the rights of a Japanese commander, and he received an avalanche of hate mail, as Diane Marie Amann, a law professor and former Stevens clerk, points out in a recent Fordham Law Review article on the Stevens-Rutledge relationship.

It is hard to imagine anyone less popular in the United States than Yamashita. But the man whose case was before the court last week, Osama bin Laden's former aide, Salim Ahmed Hamdan, might qualify. Nevertheless, Stevens defended not Hamdan, but Hamdan's rights.

His opinion last week cited Rutledge's opinion and quoted from a passage in which Rutledge summarized the unfairness of Yamashita's trial, calling it "outside our basic scheme." Some of the procedures Rutledge criticized were similar to those in Hamdan's military commission trial at Guantanamo Bay, Stevens implied, especially limitations on the defendant's access to all the evidence against him.

Stevens went on to argue that the concerns of Rutledge's dissent were reflected in later changes to U.S. military law, and in the 1949 Geneva Conventions. As a result, Stevens argued, the Supreme Court's decision upholding Yamashita's conviction, "the most notorious exception" to the rule that military trials of U.S. enemies should usually give them the same rights as their American counterparts, "has been stripped of its precedential value." The origins of Stevens's opinion in the post-World War II debate underscore how thoroughly it rejected the Bush administration's military commissions and the political and military concepts upon which they were based.

Administration officials have characterized the conflict with al-Qaeda as a new kind of war in which the United States cannot afford to be constrained by the existing domestic and international legal framework.

But Stevens, 86, who served in World War II as a Naval signals intelligence officer, took the view that nothing about the current situation is so novel as to justify departing from laws that bear traces of Rutledge's Yamashita dissent. The danger posed by international terrorism, Stevens wrote, is not by itself enough to warrant "any variance from the rules that govern courts martial." Therefore, he continued, Bush's denial of Hamdan's "basic" right to see all the evidence against him and to be present at his trial "cannot be lightly excused."

In this regard, too, Stevens echoed Rutledge, whose dissent in Yamashita's case acknowledged that "we are on strange ground," but added: "If, as may be hoped, we are now to enter upon a new era of law in the world, it becomes more important than ever before for the nations creating that system to observe their greatest traditions of administering justice, including this one, both in their own judging and in their new creation. The proceedings in this case veer so far from some of our time-tested road signs that I cannot take the large strides validating them would demand."Cert Denied

The court granted review in fewer cases this term than in either of the two previous terms, according to official Supreme Court statistics released June 30. The court granted certiorari in 78 cases in the 2005-2006 term, not significantly fewer than the 80 cases it agreed to hear in the 2004-2005 term, but down about 10 percent from 2003-2004, when it agreed to hear 87 cases.

However, since the court often consolidates two or more similar cases in a single argument hour, the best measure of the court's activity is argument hours. By that standard, the drop is greater. The court agreed to hear 70.33 hours of argument in the 2005-2006 term, down 3.17 hours from 2004-2005, and down 5.17 hours from 2003-2004.

Even this term's low number was inflated, because the court extended argument by 2.33 hours in major cases on Texas's redistricting plan, the Clean Water Act, military commissions and the Vienna Convention. If it had stuck to the one-hour schedule for each, the hours would have been 68 -- a drop of 10 percent from 2003. As a result of the court's slowdown in accepting cases, the justices have scheduled 29 hours of argument for the coming term, three fewer than it needed to complete its schedule through December. Last year at this time, the court had 37 hours of argument for the coming term.

McCain Is Latest To Rip Times (NYPOST)

By Deborah Orin

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The New York Post, July 3, 2006

Sen. John McCain yesterday joined the chorus of critics who say The New York Times was wrong to out a top-secret terror money-tracking program, and he called for prosecuting the leakers.

"Tracking the money is always a vital tool, and members of Congress were kept informed and agreed to this program," McCain (R-Ariz.) told ABC's "This Week."

"So, no, I don't think [the Times] should have published it."

McCain also challenged the Times' claim that it didn't reveal any real secrets, saying, "If The New York Times thinks the story was inconsequential, the legitimate question is: Why was it on the front page?"

Asked if the Times should be prosecuted, McCain replied, "I think we should go after the leakers first."

Times executive editor Bill Keller acknowledged on CBS that "there didn't seem to be any obvious illegality" about the program.

"I don't think the threshold test is whether they've done something that's blatantly illegal or outrageous. I think you probably would like to know what they're doing that's successful as well," Keller told "Face the Nation."

A Terror Strike, Choreographed On A Computer (NYT)

By Raymond Bonner

The New York Times, July 3, 2006

JAKARTA, Indonesia, July 2 — The bombs should be small and placed in day packs, making them harder to detect. The bombers should dress like tourists. They should not bother targeting hotels because security is too tight. Instead they should consider restaurants, discos and theaters.

A thorough survey should be done in advance by the bombers themselves. That way, they are more familiar with the sites, and no one is left behind to be hunted later by the police.

"There is no escape plan because the perpetrators will become martyrs," the planning document states. "They will go to the targets and not return."

That is part of the playbook for a suicide bombing, including even a minute-by-minute choreography of the bombers' final hours. The Indonesian police uncovered the document from the computer of one of the planners of an attack last October in Bali, which killed 20 people when three men walked into separate restaurants and blew themselves up.

The document offers a rare glimpse into the minds of the most cunning terrorist plotters and of the kind of meticulous planning that lies behind their operations. It also shows what even a small, local group with few resources can do, and the difficulty of thwarting their plans.

"It tells us that these guys tried to think of every contingency," said Sidney Jones, project director of the International Crisis Group's office in Jakarta, and one of the foremost authorities on terrorism in Southeast Asia. "Even when they're being hunted, they had the capacity to think through what had to be done right down to the second."

The 34-page document, titled "The Bali Project," was found on the computer of Azhari Husin, a Malaysian-born engineer educated in Australia and Britain who became a master bomb maker and was one of the most dangerous terrorists in Southeast Asia until he was killed in a shootout with the police last November.

The document was given to The New York Times by a person who requested anonymity because it had not been officially released. It was first reported on by Tempo, an English-language weekly newsmagazine here.

Mr. Azhari's co-planner was Mohammad Noordin Top, who has narrowly escaped capture several times and remains on the run, one of the most wanted men in Southeast Asia.

The Indonesian police have said they found no evidence of any link to Al Qaeda in the Bali bombings. Members of Jemaah Islamiyah, the fundamentalist Islamic movement here, were involved, but the operation was not directed from the top of that organization, the police have said.

The document, written in six sections, sheds little new light on those links but corrects some initial speculation about the attack — that the bombs were assembled in the Philippines, for instance, and that the attack was aimed at the Indonesian government, or the Balinese economy.

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The author, who the police say they believe was Mr. Azhari himself, begins by asking, "Why Bali?" Because it will have a "global impact," he answers. "Bali is known around the world, better than Indonesia itself," the author writes. "An attack in Bali will be covered by the international media."

In Section 2, "Method of Attack," he notes that the plan must differ from the first attack in Bali, in October 2002, when a minivan loaded with explosives was detonated in front of two nightclubs, killing 202 people.

Now, "security is tighter," the author writes, noting that the police chief in Bali had increased the number of intelligence officers to 256 from 70.

The author concludes that it is too risky to bring in a truck or a similarly large amount of explosives and that it would be more difficult to rent a house with a garage to assemble a bomb. "The bomb must be smaller, and brought in ready to use," the document says.

The targets, the author writes, are "foreign tourists from America and its allies," which included all NATO countries, as well as Australia, New Zealand, South Korea, Japan, Thailand and the Philippines.

The author knew that the bombers would have trouble determining the native country of many tourists. "So, we will consider all white people the enemy," the document says.

A few weeks before the attacks, the three men who would carry out the operation were sent to Bali to do a "survey" of possible targets for themselves.

Beforehand, they were told to learn what they could about Bali, a popular tourist island, on the Internet, and to get tourist brochures from travel agents and a tourist map.

The possible targets surveyed included McDonald's, Pizza Hut, Burger King and KFC restaurants, theaters, a golf course, tattoo parlors, art galleries and souvenir stalls.

As part of their surveillance, the men were told to "pay attention to clothes worn by local tourists" and what kind of day packs or shoulder bags they carried and whether they carried more than one.

The men did their reconnaissance, then reported back.

The next section includes a question-and-answer exchange between the men and their "field commander," presumably Mr. Azhari.

The men had concluded that the bombers should not use taxis to reach their targets because a taxi driver might help with the backpacks and be suspicious of their weight.

Rather, they should take a motorcycle taxi, which offers no opportunity for the driver to talk to the passenger. As for how to dress, they decided on black shirts, below the knee shorts or jeans and exercise shoes or sandals.

They decided that discos and nightclubs offered potential targets because most of the patrons were foreigners, and there was "no security to speak of, easy to enter."

But those sites were ultimately rejected, because backpacks would be suspicious at the time of night when the clubs got crowded, after 9 p.m.

That led the men to consider restaurants in Kuta, one of the most popular tourist districts, as well as the seafood restaurants on the beach at Jimbaran. "Of all the places," the document says, "this may be the easiest, God willing."

The team explained how the tables at Jimbaran were arranged in the sand, about a yard apart with three to seven diners at each. "Almost 80 percent of the patrons are white," they said. Others were Chinese or Japanese, they noted, using a derogatory term.

The best time would be around 7:30 p.m., when the restaurants were the most crowded and a backpack would not be suspicious.

The survey team came up with four options. Mr. Azhari and Mr. Noordin, it is presumed, chose the fourth: one restaurant at Kuta Square and two restaurants at Jimbaran.

Simultaneous attacks in two locations "will have greater effect than simultaneous attacks in one location," the document states.

There was a further reason for choosing the restaurants at Jimbaran: many of the patrons were businessmen. "The death of foreign businessmen will have a greater impact than of young people," the document says.

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The backpack bombs were to be assembled by Mr. Azhari at his base in Java, and there was a serious concern about whether they could be taken on a bus to Bali without being detected. At the Bali port of Gilimanuk, where the vehicle ferry lands, passengers are required to get off and their identification cards are checked.

The backpacks with the bombs could be left on the bus — the police did not inspect baggage left on the bus, the team reported.

The team determined that the backpacks should not be mountaineering backpacks, but student day packs, to avoid suspicion. For that reason, Mr. Azhari constructed relatively light bombs weighing 10 to 12 kilograms, or 22 to 26 pounds.

He devised two elaborate detonating systems, which Section 4 of the report explains in detail, including schematic diagrams of the wiring system and drawings of a man with the wired backpack.

The first was "direct" and connected to the explosives in the backpack. The other was on "delay," for explosives in a fanny pack worn by the bombers.

The delay time was 30 seconds; the bomber would flip the switches for that one as he approached the restaurant. That way, if he were stopped by a guard and could not set off the main bomb, the fanny pack would still explode.

Mr. Azhari worried that the bombs might explode during the bus ride from the base to Bali, if the bus hit a bump or the backpack was jostled, or on the motorcycle from the boardinghouse to the targets. For that reason, he decided to use four switches as a precaution.

"It's important to make the bomb systems as simple as possible so the perpetrators don't get confused," the author wrote.

There was a green light, placed on the chest side of the left backpack strap so that it was visible only to the bomber, which would go on when the delay system had been an activated. A red light, similarly hidden on the right strap, would indicate that the main bomb was ready, and the bomber only had to flip the last switches. The order in which the switches were flipped did not matter.

In Section 5, "The Attack," the final movements of the suicide bombers are planned, in some cases to the second.

5:25 p.m. — Pack, check out of the boardinghouse and synchronize watches.

5:30 — Look for a motorcycle taxi to Legian Beach, in Kuta.

6:15 — Arrive near the Hard Rock Cafe and look for a place to pray.

6:35 — End evening prayers. Then the two groups split up.

7:21 — The man who is going to detonate his explosives in Kuta begins moving toward the restaurant, making sure the red and green lights are on.

7:33:04 — Arrive at the restaurant.

7:33:25 — Make sure the delay switches are all ready, and enter restaurant.

Meanwhile, the other two suicide bombers reach Jimbaran Beach at 6:50, loiter at a food stall until 7:30, then synchronize their watches again, and begin walking to the outdoor tables on the beach, one 45 yards behind the other. The first man walked into the table area, and the second did the same. Then, the document concludes its choreography.

7:34 — "ALLAH-U AKBAR!!!"

"We tried to minimize the impact on Muslims," the author explains in the final section, which was written after the attack. "Nevertheless, there were still Muslim victims killed and wounded."

The death toll was a relatively low number compared with the first Bali attack. Five of the 20 killed were foreigners: 4 Australians and a Japanese. Fifteen were Indonesians.

A Somali Taliban? (WSJ)

The Wall Street Journal, July 3, 2006

Events are going from bad to worse in the Somali capital of Mogadishu. The Islamists now running the country have also seized control in much of southern Somalia, made public their intention to declare Shariah law, and named as their leader a cleric on the U.S. watchlist for suspected links to al Qaeda.

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So it goes in the failed state in northern Africa that is beginning to look like Afghanistan under the Taliban. The world can't afford another radical Islamic state that shelters terrorists. And while it would be nice to think that Somalia's neighbors or the United Nations or NATO might do something about all this, the reality is the task will be left to the U.S.

Somalia has been without a functioning government since dictator Mohammed Siad Barre was overthrown in 1991. Warlords have since fought for political power -- most notably, to Americans, in 1993, the year of "Black Hawk Down." Eighteen American special forces were killed in a failed attempt to capture the warlord Mohammad Farrah Aidid and restore order after failed efforts by U.N. peacekeepers. Since 2004, the U.S. and U.N. have backed a transitional government whose members have bickered and accomplished nothing.

Enter the Somali Supreme Islamic Courts Council, the alliance of 12 Muslim militias that seized Mogadishu on June 5. They range from moderate to extremist, and until recently neither wing had the upper hand. So long as that was the case, U.S. officials say, it was difficult for al Qaeda to operate from Somalia without being caught in the internecine crossfire.

The U.S. says a dozen or so terrorists are hiding in Somalia, including one or two the U.S. believes were responsible for the 1998 bombings of our embassies in Kenya and Tanzania. Half of the terrorists in Somalia have been linked directly to al Qaeda. The ink had scarcely dried on last month's cease-fire agreement between the Islamists and the transitional government when the Council demoted its relatively moderate leader, Sharif Sheikh Ahmed, in favor of a former associate of Osama bin Laden, Sheikh Hassan Dahir Aweys.

One danger is that Islamist militias may next move on the northern half of Somalia. This relatively calm area is divided into semi-autonomous regions called Somaliland and Puntland and home to strategic ports. Ensuring that Somaliland and Puntland remain safe zones -- like Kurdistan in prewar Iraq -- would be a useful goal of U.S. policy, enforced if necessary with U.S. special forces. The U.S. has a joint task force in nearby Djibouti that trains African troops and helps African countries to track down terrorists.

Neighboring Ethiopia is also watching the Islamists' rise, warning against any movement into the border town of Beledweyne or into Baidoa, where the transitional government is based. Ethiopian officials say they've moved troops near the border to guard against an incursion. They also want to discourage cooperation between the Somali Islamists and Ethiopia's own hostile domestic groups.

There's no appetite in the U.S. for a large military intervention in Somalia, but that doesn't mean the new regime should think it is immune from outside attention. So here's a suggestion: Send an emissary to the new Islamist government and propose a deal: Hand over the 1998 embassy bombers, refuse safe harbor to al Qaeda operatives, do not invade Somaliland and Puntland. Agree to that, and we will be able to get along. Don't agree, and the U.S. will do what it must to disrupt any terrorist camps or terrorist activity within its borders.

Al Qaeda interpreted the U.S. retreat from Somalia in 1993 as a sign of weakness that only encouraged further attacks. The Somali Islamists need to understand that if they attempt to turn their country into another refuge for terrorists, it will end as badly for them as it did for the Taliban.

HOMELAND RESPONSE:

Bratton To Join Police Chiefs In Pressing Homeland Security For Intelligence (LAT)

By Richard Winton And Patrick Mcgreevy, Times Staff Writers

The Los Angeles Times, July 1, 2006

Chief will take part in Homeland Security meeting focusing on sharing information.

Los Angeles Police Chief William J. Bratton said Friday that he and other big-city police chiefs will meet this month with top Homeland Security officials amid complaints that the federal agency isn't doing enough to share information with local law enforcement nationwide.

The meeting was planned after big-city police chiefs expressed frustration with what they considered a lack of communication by the federal security agency about possible terror-related intelligence.

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Bratton said some chiefs raised concerns about a year ago because there have been "issues from time to time." He did not cite specifics.

This year, Mayor Antonio Villaraigosa publicly complained that federal officials didn't give him an in-depth briefing before President Bush detailed a terrorist threat on the U.S. Bank Tower in downtown Los Angeles.

"This is a critical issue for us," the chief said. "The good news is: We've seen some significant improvements in intelligence provided over the last year."

Federal officials have long hailed what they have described as the seamless relationship between the Department of Homeland Security and local police.

But, in addition to a lack of sharing, some chiefs have said they were concerned about the quality of the federal intelligence.

Bratton said is it is not so much "they don't share intelligence as they don't have intelligence."

Washington, D.C., Police Chief Charles Ramsey requested the meeting with Homeland Security Secretary Michael Chertoff to address issues of sharing information, said Officer Kenneth Bryson, a Metropolitan Police Department spokesman.

"The chief just wants to make sure information flows accurately," Bryson said.

The meeting was first reported in the Wall Street Journal.

"It's going to be an opportunity for the secretary to sit down with the chiefs of police for major cities and talk about information sharing," said Russ Knocke, Homeland Security Department spokesman.

Chertoff, he said, wants to "listen to the concerns of the police chiefs and personally work to address the concerns."

Knocke said that last year, the federal agency provided more than 1,200 bulletins, notices and other dispatches to local law enforcement agencies.

He said the department was reviewing ways to improve the sharing of information and the quality of analysis in the shared information.

"We are the first to say there is more work to be done," Knocke said. "Information sharing is one of the most important priorities."

Bratton said changes have already been made to bolster communication between federal and local agencies.

Bratton said the 14 chiefs of the nation's largest cities have cellular phones that allow conference calls with one another and federal anti-terrorism experts at a moment's notice.

In addition, he said, more of the money to protect the nation's vital assets is being directed to Los Angeles.

The Los Angeles-Long Beach area recently received $80.6 million for antiterrorism efforts — a 14% increase over last year.

Some of that money will go toward what Bratton sees as part of the longer-term solution to disseminating counterterrorism information.

Bratton said a Joint Regional Intelligence Center is scheduled to open in Norwalk in the next month. It will be staffed by intelligence analysts from the FBI, the Department of Homeland Security, the Los Angeles Police Department, the Sheriff's Department and other agencies.

"The fusion center will become a national model. The best intelligence will be analyzed and shared from across Southern California," he said.

Bratton said he hoped that with better communication, local and federal officials could develop better information about possible terrorist risks.

The chief said any differences between local and federal officials can be ironed out.

"In Los Angeles and California, the LAPD has some of the best relationships in the country with the FBI and Homeland Security," he said.

Police Chiefs And Homeland Security Officials To Meet (AP)

The AP, June 30, 2006

LOS ANGELES - Los Angeles Police Chief William Bratton and other big-city police chiefs will meet later this month with top Homeland Security officials amid complaints that the federal agency doesn't share enough information with local authorities.

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The meeting was planned after various police chiefs expressed frustration with a lack of communication by the federal security agency about possible terror-related intelligence.

"This is a critical issue for us," Bratton said. "The good news is: We've seen some significant improvements in intelligence provided over the last year."

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Beyond a lack of sharing, some chiefs have said they were concerned about the quality of the federal intelligence.

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He said the department was reviewing ways to improve the sharing of information and the quality of analysis in the shared information.

"We are the first to say there is more work to be done," Knocke said.

Bratton said changes have been made to improve communication between federal and local agencies. He said the 14 chiefs of the nation's largest cities have cellular phones that allow conference calls with one another and federal anti-terrorism experts.

Ramsey Wants More Information Sharing During Terror Threats (WRC-TV)

WRC-TV Washington, DC, June 30, 2006

Ramsey: Information Flow Not Uniform

WASHINGTON -- D.C. Police Chief Charles Ramsey and other big city chiefs said Friday that they are not getting what they need from the Department of Homeland Security. The chiefs were complaining about a lack of information sharing during terror threats.

"We get a lot of information in. Nothing has changed in, I mean nothing has changed as far as threats and all that sort of thing. Fortunately nothing has happened -- but all it takes is one time, and then you've got yourself a big problem," Ramsey said.

Ramsey, in an interview with News4, confirmed a Wall Street Journal report Friday that Ramsey and other big city chiefs feel left out of the homeland security intelligence effort.

Ramsey confirmed the journal's report that he had written Homeland Secretary Michael Chertoff.

"I did send a letter to the secretary and he has agreed to meet sometime in July along with out key staff people, and I'll have some of the police chiefs who are also concerned. Then we'll sit down and talk about it," Ramsey said.

Ramsey said the information flow from federal officials is not uniform.

"It's kind of uneven. Sometimes it comes very quickly, sometimes it doesn't. Again, nothing major has happened, but these are kinds of issues that have to be worked out. If we sit down and work through them, it could lead to something far more serious," Ramsey said.

Ramsey's criticism comes within weeks of the city's complaint before congress that D.C. and New York were downgraded as potential terrorism targets. He said big city police need to be in step with federal security.

"I think it's time that we sit down and really explain clearly what our needs our, and then Homeland Security can sit down and really decide what it is they can provide. And if there's a gap -- how we can fix those gaps," Ramsey said.

Homeland Security told News4 Friday that it takes the concerns of the chiefs seriously and is trying to improve information sharing.

WAR NEWS:

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Sunnis Boycott Parliament After Colleague's Kidnapping (NYT)

By Kirk Semple

The New York Times, July 3, 2006

BAGHDAD, Iraq, July 2 — The main Sunni Arab political bloc began a boycott of Parliament on Sunday to protest the kidnapping of a Sunni legislator and threatened to withdraw its members from the prime minister's cabinet unless the lawmaker was freed within the next 48 hours.

The walkout was the first serious disruption in Iraq's new government and reflected the fragility of the power-sharing arrangement in the face of the relentless sectarian violence overwhelming the nation.

The legislator, Tayseer Najah al-Mashhadani, and eight of her guards were kidnapped by people suspected of being Shiite militiamen on Saturday while driving into Baghdad from her home north of the capital. Ms. Mashhadani's party, the Iraqi Islamic Party, belongs to the Iraqi Consensus Front, the umbrella Sunni bloc that holds 44 of the Parliament's 275 seats and has often criticized the Shiite-led government security forces.

In a similar attack on Sunday, officials said, gunmen ambushed a convoy carrying a Shiite legislator as it drove through a region south of Baghdad where the Sunni-led insurgency has fought regularly with government forces. The legislator, Laqa al-Yaseen, escaped unharmed, though eight of her guards were abducted and two were wounded in a shootout, said Shatha al-Musawi, another Shiite member of Parliament.

No one has claimed responsibility for either attack.

The Sunni bloc said it would continue the boycott until Ms. Mashhadani was released. Sunni politicians have occasionally used walkouts as a form of political protest, most notably during negotiations over the constitution last year, and during a wave of attacks on Sunni mosques after the bombing of a prominent Shiite shrine in February.

Representatives of Shiite and Kurdish political factions, perhaps in an effort to avert a crisis, expressed guarded support on Sunday for the Sunni bloc's concerns over security and its demand that Ms. Mashhadani be released.

Mahdi al-Hafidh, a Shiite legislator, said in a speech to Parliament that he "heartily" backed the Sunni bloc's condemnation of the kidnapping, but he suggested that a walkout was not the best solution to the problem. "When I talk to the brothers in the Iraqi Consensus Front and they want to pull out, against whom are you doing that?" Mr. Hafidh asked. "We have to work together."

Also on Sunday, the national security adviser issued the country's first most wanted list, which included 41 criminal suspects and was topped by Izzat Ibrahim al-Douri, a deputy of Saddam Hussein and one of the Iraqis whose faces were printed on a deck of cards issued by the American military three years ago. Mr. Douri is the highest ranking former Iraqi official still believed to be on the run.

The list included Mr. Hussein's eldest daughter, Raghad, who lives in Jordan, where she was granted asylum; Mr. Hussein's first wife, Sajida Khairalla Tulfa; other senior members of Mr. Hussein's now-outlawed Baath Party; and militants linked to Al Qaeda.

"These are the culprits of most of the explosions and random killings intended to cause harm to the Iraqi people and spark sectarian war between Sunnis and Shiites," Mowaffak al-Rubaie, the national security adviser, said at a news conference. "You will see that they belong to all sects in Iraq, all ethnic minorities."

Mr. Douri became the country's most-wanted man after the death of Abu Musab al-Zarqawi, the former leader of the insurgent group Al Qaeda in Mesopotamia who was killed in an American airstrike last month. Mr. Zarqawi's replacement, Abu Ayyub al-Masri, known sometimes as Sheik Abu Hamza al-Muhajer, also appeared on the list.

Iraqi and American authorities announced on Sunday that Mr. Zarqawi's body had been buried in a secret grave after the American military handed it over to the Iraqi government. An American military spokesman said via an e-mail message that the remains had been buried "in accordance with Muslim customs and traditions."

Among the acts of violence that rattled the country on Sunday, a bomb exploded just before sundown at the main market in Mahmudiya, a violent, predominantly Sunni town south of Baghdad, killing at least 5 people and wounding at least 22, the police there reported.

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The blast occurred came a day after a suicide car bomb tore through a bustling street market in a Shiite slum in Baghdad, killing at least 62 people and wounding nearly 120, in the deadliest insurgent assault since the new Shiite-led government was installed in May.

In the northern oil town of Kirkuk, a bomb planted in a road exploded near an American military patrol on Sunday, wounding three American soldiers, said Capt. Mahmoud Abdullah of the Iraqi Police.

Sunnis Boycott Iraqi Parliament Over Kidnapping Of Legislator (WP)

By Joshua Partlow

The Washington Post, July 3, 2006

BAGHDAD, July 2 -- The largest Sunni Arab bloc in the Iraqi parliament said on Sunday it would boycott the fledgling legislature to protest the kidnapping of a colleague, at a time when the prime minister is pushing a reconciliation plan aimed at bringing religious sects together and lessening the daily violence.

The decision by the Sunni Accord Front, which holds 44 seats in the 275-member parliament, threatens to pull the legislature apart. The announcement came a day after legislator Tayseer Mashhadani and seven of her bodyguards were abducted in broad daylight on a busy street in a predominantly Shiite Muslim neighborhood of Baghdad. One of the leaders of the Accord Front, Adnan Dulaimi, said the Sunni parliament members would not participate in the legislature until Mashhadani was released.

"This is outrageous and should be remedied by the government with the participation of American forces," said Dulaimi. "That she and her bodyguards would be kidnapped by criminal gangs is something that should shake Iraq."

Sunni legislators blamed the abduction on Shiite-led militias aligned with the majority political parties in Iraq. Some accused the Iraqi security forces, who were near the kidnapping site in the Shaab neighborhood, of standing by and allowing Mashhadani's convoy to be captured.

"The militias kidnapped Mashhadani, definitely," said Alaa Makky, a senior leader of the Iraqi Islamic Party. "Also, there were certain official checkpoints near this place. It raises many questions."

The decision to boycott parliament came on a day when Iraq's national security adviser issued a "most wanted" list of 41 insurgents including the wife and daughter of former president Saddam Hussein, along with many members of his Baath Party government. Mowaffak al-Rubaie said it took the Iraqi security forces nine months to compile the list, and he said they had "serious evidence on every single one of the people."

"They have killed our innocent people in their attempt to bring back Iraq to the era of dictatorship and sectarianism," he said.

Rubaie offered rewards of up to $10 million for information leading to the capture of those listed. The largest bounty was for Hussein's former deputy, Izzat Ibrahim al-Douri.

At numbers 16 and 17 on the list were Hussein's eldest daughter, Raghad Saddam Hussein, and his first wife, Sajida Khairallah Telfah, who are accused of funding insurgents. Hussein's daughter lives in Jordan, and Rubaie demanded that all neighboring countries harboring those on the list to turn them over to Iraqi authorities. But Jordanian Prime Minister Marouf al-Bakhit told the country's official news agency on Sunday that Hussein's daughter was under the protection of the royal family as an asylum seeker.

Rubaie also announced that insurgent leader Abu Musab al-Zarqawi, killed in a U.S. airstrike last month, had been buried in a secret location in Baghdad, the Associated Press reported. U.S. military officials said they had turned over the remains of Zarqawi and Sheikh Abd al-Rahman, also killed in the attack, to the Iraqi government and declined to comment further.

The Bush administration said on Sunday that it had verified that the online audio message urging insurgents to keep fighting indeed came from al-Qaeda leader Osama bin Laden. In the message, bin Laden expresses support for Abu Ayyub al-Masri, the successor to Zarqawi as leader of the group al-Qaeda in Iraq, and tells insurgents not to participate in negotiations with the government.

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Prime Minister Nouri al-Maliki last month called for Sunni Arab insurgent groups to lay down their arms and asked them to return to the political fold. On Saturday, a truck bomb killed at least 66 people in a busy market in the heart of a Shiite neighborhood in Baghdad, the deadliest attack since the government took power in May.

"The major factions have refused this initiative and are not interested in it," said Hussein Falluji, a Sunni lawmaker. "This reconciliation plan is only in the prime minister's mind. It was born dead."

The violence continued on Sunday. A mortar attack hit the Muhammad Bakir al-Hakeem Hospital in the Shula neighborhood of northern Baghdad, killing eight people and wounding 16 others, said Col. Sami Hassan of the Interior Ministry.

Also, Iraqi patrols discovered 11 unidentified corpses floating in the Euphrates River between Hilla and Ramadi in western Iraq. The bodies, of men believed to be in their 20s and 30s, showed signs of torture and had gunshot wounds to the heads, Hassan said.

A car bomb targeting police exploded in the central Baghdad district of Karrada, killing two policemen and one civilian and wounding eight other people. Another car bomb near a Baghdad bus station killed three more people, police said.

A Shiite lawmaker survived an assassination attempt in the Mahmudiyah area south of Baghdad. The motorcade of parliament member Liqa al-Yaseen was attacked by gunmen, who abducted eight of her bodyguards, but she managed to escape, said Maj. Gen. Salim Khaiyon of the Interior Ministry.

Kidnapping In Iraq Leads To Sunni Political Boycott (LAT)

By Louise Roug

The Los Angeles Times, July 3, 2006

BAGHDAD — Following the abduction a day earlier of a female legislator, the largest Sunni Arab coalition announced a political boycott Sunday, as another lawmaker dodged a kidnapping attempt and a third politician survived an assassination try.

Shiite Muslim lawmaker Liqa Yaseen and her driver managed to escape kidnappers who tried to abduct her south of Baghdad, though eight of her bodyguards were taken captive, authorities said.

In the capital, Iyad Jamaluddin, a legislator from the secular Iraqiya slate, was driving to parliament when a car bomb hit his convoy. Jamaluddin escaped unharmed, but some of his bodyguards were injured in the blast, he told Al Arabiya satellite channel.

The boycott and the apparent targeting of both Sunni and Shiite politicians come at a sensitive time for Iraqi Prime Minister Nouri Maliki, whose government has sought to end sectarian bloodshed through increased security measures in Baghdad and diplomacy around the region.

However, ubiquitous checkpoints and additional security forces on the streets of the capital have failed to prevent assassinations and kidnappings that are nearly everyday occurrences in and around Baghdad. Maliki, a Shiite, was criticized for beginning a tour of the Mideast to shore up support among Sunni Arabs on Saturday — the same day a car bombing killed at least 77 people in a poor Shiite neighborhood in Baghdad.

On Saturday, kidnappers abducted Sunni lawmaker Taiseer Mashhadani and several bodyguards at a checkpoint in a Shiite neighborhood of Baghdad.

"We have decided, after careful consideration, to suspend participation" in parliamentary sessions "until her release," said Adnan Dulaimi, head of the Iraqi Accordance Front, the largest Sunni Arab bloc. Dulaimi charged that the Iraqi government and U.S. troops were allowing criminal gangs to freely roam the streets of Baghdad "as if they are the government itself," adding that Mashhadani and her bodyguards were abducted in an area rife with police.

"We demand that the government and the American forces spare no efforts to find her," he said. "She is a woman. We have the responsibility to protect her."

The Muslim Scholars Assn., another influential Sunni group, meanwhile, condemned a group of American soldiers accused of raping an Iraqi woman and then killing her, along with her mother, father and younger sister. "The rape, mutilation and killing committed by the occupation forces are crimes that shame humanity and disgrace the … American forces," the group said in a statement.

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The U.S. military recently began an investigation after two American soldiers came forward with information about the deaths March 12 in Mahmoudiya, a village about 20 miles south of Baghdad. A U.S. military official said investigators believed that the assault was premeditated and that soldiers watched the family for a week before committing the crimes, which are punishable by death.

Muayed Fadil, mayor of the area around Mahmoudiya, on Sunday said a medical examination of the victims showed that bullets had crushed the head of the father, Kasim Hamza Rasheed. His wife, Fakhriya Taha Muhsen, had been shot several times, as had Hadel Kasim, the younger daughter. Abeer Kasim Hamza, the older daughter, had been shot in the head and had burn marks on her body, according to medical records, Fadil said. Military investigators are trying to determine whether the attackers tried to burn the body to conceal the crime.

Iraqi doctors had examined the bodies in March so they could issue death certificates in accordance with Iraqi law.

Mahmoudiya is in an insurgent stronghold known as the "Triangle of Death." Last month, two U.S. Army soldiers were abducted, tortured and killed nearby. The four soldiers under investigation were from the same unit: the 502nd Infantry Regiment, which is attached to the 4th Infantry Division.

On Sunday night, eight Iraqis were killed and 22 others injured in the village when a car bomb exploded in a market. Shortly after, the market was shelled with mortar rounds, authorities said.

Three other bombs killed four people and injured 18 in separate attacks in Baghdad. In several neighborhoods, rebels clashed with soldiers and police, authorities said.

In the mixed Jihad neighborhood in western Baghdad, gunmen fought into the night in the streets near a Sunni mosque. In the last few weeks, problems have brewed in the area, which is also home to a Shiite mosque. One resident said the violence began with sectarian killings and abductions.

Police entered the Noor Sunni mosque at 1:30 a.m. Sunday, and people inside fought back, destroying several police vehicles with rocket-propelled grenades, according to authorities. A suicide bomber, apparently sent to blow himself up among the officers, failed to detonate explosives strapped to his waist. However, he managed to detonate a hand grenade, injuring himself and eight officers, police said. The bomber and his victims were brought to the same hospital, Iraqi officials said.

Near the northern city of Kirkuk, a suicide car bomber attacked police on the highway to Tikrit, killing one officer and injuring two, authorities said.

In a news conference in Baghdad, meanwhile, Iraqi national security advisor Mowaffak Rubaie released a list of the 40 most-wanted people in Iraq, including Saddam Hussein's wife Sajida Khairallah Telfah, believed to be living in Qatar, and his eldest daughter, Raghad, believed to be living in Jordan. Izzat Ibrahim, a high-ranking officer during Hussein's reign, was at the top of the list.

Rubaie also told the Associated Press that Al Qaeda in Iraq leader Abu Musab Zarqawi had been buried in a secret grave in Baghdad. He was killed last month by an American airstrike.

Former Saddam Associates Top 'most Wanted' List (FT)

By Steve Negus

Financial Times, July 3, 2006

The Iraqi government on Sunday published a "most wanted" list topped by family and former associates of deposed president Saddam Hussein who reportedly finance and direct the insurgency.

The list – planned in parallel with the government's national reconciliation plan – suggests that the government considers a reconstructed Ba'ath party to be its most dangerous foe.

"We are releasing this list so that our people can know their enemies," national security adviser Muwaffak al-Rubaie said, announcing a list that included Mr Hussein's wife Sajida Tulfah Khairallah, believed to be in Qatar, and daughter Raghad, believed to be in Jordan.

The list declared Raghad "a significant financial supporter of insurgents in Iraq, while Mrs Khairallah had "access to substantial financial assets stolen by Saddam" and was "a major source of guidance, logistical support, and funding for the insurgent leadership".

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However, at the head of the list was former vice-president Izzat Ibrahim al-Duri, the highest-ranking former regime member still thought to be at large, for whom the Iraqis offered a $10m reward. Number two and three on the list are Muhammad Yunis al-Ahmad al-Moali – said to be organising the New Ba'ath party – and Tahir Jalal Habbush al-Tikriti, former director of the intelligence services, who was said to be financing the party. A $1m reward has been offered for them and four other former regime officials.

Islamist radicals were listed substantially further down: Abu Abdullah al-Shafi and Mullah Halgurd Ahmadi of the al-Qaeda-linked Ansar al-Sunna, number 14 and 15, while the alleged new leader of al-Qaeda in Iraq, Abu Ayub al-Masri, is at number 30.

Each attracts a $50,000 bounty.

"Those people are responsible for most of the bombings and indiscriminate killings aimed at hurting the Iraqi people and starting a sectarian war between Sunnis and Shia," Mr Rubaie said, calling on neighbouring countries to co-operate in tracking them down.

Mr Rubaie announced the list on the second day of a regional trip by prime minister Nuri al-Maliki which took him to Saudi Arabia over the weekend and is also scheduled to see him visit the United Arab Emirates and Kuwait, but there is no indication that obtaining co-operation in tracking the fugitives has been on the Iraqi leader's agenda. Rather, Mr Maliki is reported to be seeking Gulf support in winning over the confidence of Sunni leaders to his reconciliation plan aimed at isolating the more radical insurgent groups from the Sunni population.

Reconciliation efforts, however, were overshadowed by violence at the weekend.

Mortar and gunfire were reported in a Sunni district in Baghdad on Sunday night, a day after a car bomb in the Shia area of Sadr city killed more than 60 people in the bloodiest attack in three months. Police said 10-15 mortar rounds hit Adhamiya, a Sunni neighbourhood in western Baghdad that has seen considerable insurgency activity.

Meanwhile, the largest Sunni political coalition – the Iraqi Accordance Front – on Sunday declared a boycott of parliament to protest at the abduction of one of their colleagues, female lawmaker Taysir al-Mashhadani.

Saddam's Wife, Daughter On Wanted List (AP)

By Bushra Juhi

AP, July 2, 2006

Saddam Hussein's wife and eldest daughter are among 41 people on the Iraqi government's most wanted list, along with the new leader of al-Qaida in Iraq, a top official announced Sunday.

National security adviser Mouwafak al-Rubaie also said the former al-Qaida boss, Abu Musab al-Zarqawi, had been buried secretly in Baghdad despite his family's demand that the body be returned to Jordan. Al-Zarqawi died June 7 from a U.S. airstrike northeast of Baghdad.

Al-Rubaie told reporters the government was releasing the most wanted list "so that our people can know their enemies."

Saddam's wife, Sajida Khairallah Tulfah, was No. 17, just behind the ousted leader's eldest daughter, Raghad. Sajida is believed to be in Qatar, and Raghad lives in Jordan, where she was given refuge by King Abdullah II.

"We have contacted all the neighboring countries and they know what we want. Some of these countries are cooperating with us," al-Rubaie said. "We will chase them inside and outside Iraq. We will chase them one after the other."

Iraqi officials have long alleged that Saddam's relatives who fled the country have been financing insurgent groups linked to the former ruling Baath party. Raghad has played a leading role in organizing her father's legal defense against charges stemming from his 23-year rule.

Jordanian Prime Minister Marouf Al-Bakhit said Sunday Raghad was not engaging in any political or media activities in Jordan.

"Raghad Saddam Hussein and her children are in Jordan for purely humanitarian reasons, hosted and protected by the Hashemite (Jordanian Royal Family) as foreigners," al-Bakhit said in remarks carried by Jordan's official Petra news agency.

Al-Bakhit said Jordan had not received any official request from Iraq with regard to Raghad's wanted status.

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The No. 1 spot on the list went to Izzat Ibrahim al-Douri, formerly Saddam's top lieutenant and the highest-ranking regime figure to elude capture. The U.S. has offered $10 million for al-Douri, who is alleged to be among the key organizers of the insurgency.

Although U.S. and Iraqi officials often draw attention to religious extremists in the insurgency, such as the members of al-Qaida in Iraq, most of those on the list had close links to Saddam's regime. They include Baath party leaders, intelligence officials and Republican Guard officers.

No. 30 on the list is Abu Ayyub al-Masri, also known as Abu Hamza al-Muhajer, who was endorsed by Osama bin Laden as leader of al-Qaida's operations in Iraq in an audiotape posted Saturday on the Internet.

The government offered a $50,000 reward for al-Masri. Last week, the U.S. administration approved a reward up to $5 million for al-Masri, who is believed to be Egyptian.

"Those people are carrying out bombings and random killings as they aim to inflict damage on the Iraqi people and ignite a sectarian war between Shiites and Sunnis," al-Rubaie said.

Al-Zarqawi was blamed for many of Iraq's worst terror bombings before he was killed.

Confirming his burial, the U.S. military said only that he had been interred "in accordance with Muslim customs and traditions." It gave no more details, saying the issue was in the hands of the Iraqi government.

Al-Rubaie told The Associated Press that al-Zarqawi's body was in a secret grave in the capital but would give no other information.

In neighboring Jordan, al-Zarqawi's older brother demanded the body be sent to his homeland and accused President Bush's administration of lying about the burial.

"Bush took his body to the United States," Sayel al-Khalayleh told AP from his home in Zarqa. "Even if he is buried in Iraq, we will continue to ask for the body to be transferred and buried in Jordan. He should be buried in his own country."

Iraqi Prime Minister Nouri al-Maliki, a member of Iraq's Shiite majority, was touring neighboring countries to bolster support for his new government and assure Sunni Arab leaders of his commitment to reconciliation among Shiites, Sunnis and Kurds. He met Saturday night with Saudi King Abdullah and Crown Prince Sultan, who expressed their support for his government, according to the official Saudi news agency.

Iraq's Arab neighbors fear sectarian tensions could spill over into their countries, which are dominated by Sunnis but have Shiite communities.

The Iraqi leader told the independent Kuwaiti newspaper Al-Qabas that if his government falters in the battle against terrorism, "there will be no Iraq left."

Al-Maliki's reconciliation initiative includes an offer of amnesty to many of the fighters the insurgency, which is dominated by the disgruntled Sunni Arab minority.

Spokesmen for two insurgent groups — the Islamic Army in Iraq and the 1920 Revolution Brigade — told Al-Jazeera television on Sunday that they would reject the initiative unless it included a timetable for the withdrawal of U.S.-led forces.

The spokesman for the Islamic Army, Ibrahim al-Shammari, also called for direct talks between insurgents and the United States.

Al-Maliki's government, which took office in May, has so far made little progress in healing the rift between Shiites and Sunnis, which widened dramatically after the Feb. 22 bombing of a Shiite shrine in Samarra.

The largest Sunni Arab bloc in parliament announced Sunday it was suspending participation in the legislature until a Sunni female lawmaker was freed by kidnappers who seized her and seven bodyguards in a Shiite part of Baghdad on Saturday.

Sunni politician Adnan al-Dulaimi called on other lawmakers to join the boycott, saying security officials bore responsibility for the abduction of Tayseer al-Mashhadani.

She was seized when her convoy was stopped by gunmen in a Shiite area of eastern Baghdad, just a few miles from where a car bomb blew up at an outdoor market another Shiite district, killing at least 66 people and wounding about 100.

That was the deadliest attack since al-Maliki's national unity government took office.

On Sunday, moderate Shiite legislator Iyad Jamal al-Din survived an assassination attempt when a roadside bomb missed his convoy in Baghdad.

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Details Emerge In Alleged Army Rape, Killings (WP)

By Ellen Knickmeyer

The Washington Post, July 3, 2006

BAGHDAD, July 2 -- Fifteen-year-old Abeer Qasim Hamza was afraid, her mother confided in a neighbor.

As pretty as she was young, the girl had attracted the unwelcome attention of U.S. soldiers manning a checkpoint that the girl had to pass through almost daily in their village in the south-central city of Mahmudiyah, her mother told the neighbor.

Abeer told her mother again and again in her last days that the soldiers had made advances toward her, a neighbor, Omar Janabi, said this weekend, recounting a conversation he said he had with the girl's mother, Fakhriyah, on March 10.

Fakhriyah feared that the Americans might come for her daughter at night, at their home. She asked her neighbor if Abeer might sleep at his house, with the women there.

Janabi said he agreed.

Then, "I tried to reassure her, remove some of her fear," Janabi said. "I told her, the Americans would not do such a thing."

Abeer did not live to take up the offer of shelter.

Instead, attackers came to the girl's house the next day, apparently separating Abeer from her mother, father and young sister.

Janabi and others knowledgeable about the incident said they believed that the attackers raped Abeer in another room. Medical officials who handled the bodies also said the girl had been raped, but they did not elaborate.

Before leaving, the attackers fatally shot the four family members -- two of Abeer's brothers had been away at school -- and attempted to set Abeer's body on fire, according to Janabi, another neighbor who spoke on condition of anonymity, the mayor of Mahmudiyah and a hospital administrator with knowledge of the case.

The U.S. military said last week that authorities were investigating allegations of a rape and killings in Mahmudiyah by soldiers of the 502nd Infantry Regiment, part of the 4th Infantry Division.

The mayor of Mahmudiyah, Mouyad Fadhil Saif, said Sunday that the case was being investigated by the U.S. military as an alleged atrocity.

Janabi was one of the first people to arrive at the house after the attack, he said Saturday, speaking to a Washington Post special correspondent at the home of local tribal leaders. He said he found Abeer sprawled dead in a corner, her hair and a pillow next to her consumed by fire, and her dress pushed up to her neck.

"I was sure from the first glance that she had been raped," he said.

Despite the reassurances he had given the girl's mother earlier, Janabi said, "I wasn't surprised what had happened, when I found that the suspicion of the mother was correct."

The U.S. military has not identified the victims. U.S. military officials contacted this weekend said they did not know the names of the people involved or most other details of the case, although one military official confirmed that according to preliminary information gathered by investigators, the family lived near a U.S. checkpoint and the killings happened about March 12.

The military official pointed to one discrepancy in the accounts, however. Preliminary information in the military investigation put the age of the alleged rape victim at 20, rather than 15, as reported by her neighbors, officials and hospital records and officials in Mahmudiyah.

U.S. soldiers at the scene initially ascribed the killings to Sunni Arab insurgents active in the area, the U.S. military and local residents said. That puzzled villagers, who knew that the family was Sunni, Janabi said. Other residents assumed the killings were sectarian, with Shiite Muslim militiamen as the likely culprit.

But on June 23, three months after the incident, two soldiers of the 502nd came forward to say that soldiers of the unit were responsible, a U.S. military official said last week. The U.S. military began an investigation the next day, the official said.

Officials said last week that none of the four soldiers under investigation had been detained, although one had been discharged for unrelated reasons.

Family members have given permission for exhumation of Abeer's body, Janabi and the mayor said.

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The case is at least the fourth American military investigation announced since March of alleged atrocities by U.S. forces in Iraq.

The rape allegation makes the Mahmudiyah case potentially incendiary in Iraq. Rape is seen as a crime smearing the honor of the family as well as the victim in conservative communities here.

Death certificates viewed Sunday at the Mahmudiyah hospital identified the victims as Fakhriyah Taha Muhsin, 34, killed by gunshots to her head; Qasim Hamza Raheem, 45, whose head was "smashed" by bullets; Hadeel Qasim Hamza, 7, Abeer's sister, shot; and Abeer, shot in the head. Abeer's body also showed burns, the death certificate noted.

Janabi said U.S. soldiers controlled the scene of the killings for several hours on March 11, telling neighbors that insurgents were responsible. The bodies of the victims were taken to Mahmudiyah hospital by March 12, according to Janabi and an official at the hospital, who spoke on condition of anonymity.

On March 13, a man identifying himself as a relative claimed the bodies for burial, the hospital official said. An hour after the man left with the bodies, U.S. soldiers came to the hospital and asked about the bodies, the hospital official said.

The next day, the hospital official said, soldiers scoured the area, trying to find the funeral for the family.

"But they did not find it, simply because the relatives did not do it, because the death includes the rape of one of the family members, which is something shameful in our tradition," the hospital official said.

"The family kept the news a secret, fearing the disgrace," he said. "They thought it was done by militias, not U.S. forces."

Reached by telephone Saturday at his home in Iskandariyah, south of Mahmudiyah, a member of the extended family would not discuss the incident.

"What is the benefit of publishing this story?" said Abeer's uncle, Bassem. "People will read about this crime. And they will forget about it the next day."

Investigations To Nowhere (NATLREVIEW)

By Byron York

National Review, July 3, 2006

It's probably safe to say that in October 2002, when she declared on the Senate floor that "intelligence reports show that Saddam Hussein has worked to rebuild his chemical- and biological-weapons stock, his missile-delivery capability, and his nuclear program," Sen. Hillary Rodham Clinton had no idea that statements like hers would one day be the subject of a full-scale Senate investigation. Nor could she have known that when she added a statement on terrorist connections — "[Saddam] has also given aid, comfort, and sanctuary to terrorists, including al-Qaeda members" — she made it even more likely that someday her fellow senators would be poring over intelligence documents, trying to determine whether her declaration was justified on the basis of the intelligence available at the time of the Iraq War Senate debate.

And yet that is precisely what has happened. At this moment, the Senate Intelligence Committee is engaged in a protracted investigation of the public statements of President Bush, Vice President Cheney, top administration officials, lawmakers in the House and Senate, and even officials of previous administrations to determine whether they exaggerated, cherry-picked, misrepresented, or otherwise manipulated intelligence in the run-up to the war.

It's not going well. In fact, the "statements investigation" is the main roadblock to completion of what is called "Phase Two" of the committee's probe of pre-war intelligence. A look at its history is a case study in how the rationale for the war in Iraq has retroactively become hopelessly politicized — and why that is unlikely to change anytime soon.

As originally conceived in 2003, the committee's investigation was to focus on what went wrong with intelligence about Iraq's purported weapons of mass destruction. But from the beginning Democrats also wanted to investigate the Bush administration's use of the intelligence as it made the case for war. Most Republicans had no desire to go in that direction — they could see the whole thing turning into a political argument without end. Ultimately, a deal was struck. The committee would go ahead immediately with the basic intelligence investigation — dubbed Phase One — before examining the use of that intelligence in Phase Two.

Phase One was finished and the committee's report released in July 2004. To no one's surprise, it concluded that key intelligence judgments in the pre-war National Intelligence Estimate about Iraq "either overstated, or were not supported by, the

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underlying intelligence reporting." But it found "no evidence" that any of those mistakes were the result of political pressure from President Bush or members of his administration.

That left Democrats with a problem: The report did nothing to further the "Bush lied" theme that they hoped might help the party in the 2004 election. So Democrats pressed on for Phase Two. "I think people want their leaders to give them straight, unvarnished statements without exaggeration," Sen. Carl Levin, the number-two Democrat on the committee, told Roll Call in July 2004. "So if people believe that the administration or the president exaggerated or embellished intelligence, I think that there will be some people [who] would say that is a factor in their vote."

But, owing to the volume of the material involved, Phase Two couldn't be done quickly, and Republicans weren't keen to make it a priority. After the election, it progressed so slowly that Democrats shut down the Senate in November 2005 to protest the lack of progress. After that, things got moving.

As agreed to by Intelligence Committee chairman Pat Roberts and ranking Democrat Jay Rockefeller, Phase Two is actually five separate investigations. The first is a reexamination of pre-war intelligence; the second is an investigation of how the intelligence community used information provided by the Iraqi National Congress; the third is a look at the administration's pre-war assessments of post-war Iraq; the fourth considers Levin's allegations that former Pentagon official Douglas Feith distorted intelligence about the connections between Iraq and al-Qaeda; and the fifth is the public-statements probe.

Today, most of those investigations are nearing completion, with the notable exception of the public-statements matter. When it comes to that, the two parties have found it hard to agree on anything. After Democrats first proposed to investigate only Bush administration officials, Roberts pointed out that many members of Congress, as well as many members of the Clinton administration, had also made statements about Iraq's supposed WMD capabilities. Just look at what Senator Clinton said. And look at Ted Kennedy, who said, "We have known for many years that Saddam Hussein is seeking and developing weapons of mass destruction." And look at Levin himself, who said, "[Saddam Hussein] has ignored the mandates of the United Nations [and] is building weapons of mass destruction and the means of delivering them." Those statements should be investigated, too, Roberts suggested.

Then the chairman really surprised the opposition. When senators evaluate each statement in light of the intelligence that was available at the time, he proposed, they should do so blindly — that is, not knowing the identity of the speaker, so they would not allow any biases to influence their judgment on the appropriateness or inappropriateness of the statement. Only after making a ruling on a particular statement would a senator learn who had uttered it.

It would not be an exaggeration to say that Democrats — behind the scenes, of course — went bonkers over that suggestion. What if they condemned a statement made by one of their own? That's not what the investigation was supposed to be about — remember "Bush lied, people died"? What had started as a way to criticize the Bush administration threatened to backfire on Democrats.

So far, the problem hasn't been resolved, and no senator has examined any statement by anybody. The Republican committee staff originally prepared a chart of 300–400 statements, consisting of the statement alongside the intelligence purportedly justifying it. At the request of Democrats, that chart has now been turned into a narrative running more than 800 pages. But it's not clear whether any senator will actually read it. Critics point out that many lawmakers never read the 90-page National Intelligence Estimate that underlay the administration's case for war. Will they plow through 800 pages now?

And what, precisely, is in the narrative? Sources won't say which specific statements are at issue. (One amusing thing about all this is that the committee is conducting a secret investigation of public statements.) But it seems clear from conversations with several sources that investigators are focusing on a predictable set of high-profile administration statements made in the months before the war.

One object of Democratic interest is President Bush's October 7, 2002, speech in Cincinnati, in which he made several specific references to Iraqi weapons programs. Democrats are also said to be focused on a speech by Vice President Cheney in Nashville in August 2002 in which he declared that "many of us are convinced that Saddam Hussein will acquire nuclear weapons fairly soon." And then there is the famous presentation by then–secretary of state Colin Powell before the United Nations, as well as then–national security adviser Condoleezza Rice's statement that "we don't want the smoking gun to be a mushroom cloud."

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So far no senator, Republican or Democrat, has made any final judgment about anything. And it seems unlikely they will agree on much. How could they? They are approaching the war from strikingly different points of view, and it seems guaranteed that they will reach different conclusions from the same set of facts — something Pat Roberts seems to have known from the very beginning. "Early on in the debate," says one source familiar with the situation, "Roberts's position [toward Democrats] was, 'We are going to end up in this room at some point in the future arguing over highly subjective judgments over whether something is substantiated, and your politics are going to drive your judgment, and our politics are going to drive ours. And we're never going to finish.'"

Political Strategy (NEWREP)

By Peter Beinart

New Republic, July 3, 2006

Why doesn't George W. Bush want to win in Iraq? Seriously. The past several weeks have forced him to choose between two big goals: demonizing Democrats to help the GOP retain control of Congress and fostering a domestic climate that gives the new Iraqi government the best chance to survive. And, again and again, he has chosen door number one. This is what ex-Bush officials like Paul O'Neill and John Dilulio warned us about--and what Hurricane Katrina reaffirmed: that what matters in this administration is not policy, but politics. For all his talk about America's historical mission to defeat tyranny and spread freedom, there is only one mission to which George W. Bush has shown consistent devotion: winning elections. He acts less like the president than like the head of the Republican National Committee.

The situation in Iraq today is desperate but not hopeless. And, in the months to come, avoiding the abyss will require brutal compromises, not only in Baghdad, but in Washington--the kind that require support on both sides of the aisle. The good news is that the basic outlines of a deal to undermine the insurgency, break up the militias, and facilitate U.S. withdrawal are becoming clear. Sunni nationalist (as opposed to jihadist) insurgents seem increasingly willing to lay down their arms--if they are granted amnesty, the constitution is rewritten to accommodate their concerns, and U.S. troops leave. And, if Sunni insurgents stop massacring the Shia, then Shia militias may begin to disband.

That's the good news. The bad news is that envisioning the outlines of a final deal is a lot easier than achieving one. Ending the Iraq war will require agonizing concessions, not only from Shia, Sunnis, and Kurds--but from Americans as well. For starters, the United States will have to resist imposing a timetable for withdrawal, even though many Americans want one and many Democratic activists are demanding one. Such a plan must come from the Iraqi government, as part of a broader agreement with the Sunni insurgents and Shia militias. If the Iraqi government tells us to leave, it strengthens them--especially among the Sunnis who want us gone the most. But if we tell them we are leaving, it looks like a vote of no confidence in their ability to survive--which might embolden the Sunni insurgents to think they can win on the battlefield and, in turn, make the Shia militias dig in their heels.

For Americans, however, resisting a public withdrawal date is only the beginning. The truly gut-wrenching part will be looking the other way if Iraq's government allows insurgents who murdered heroic young Americans to go free. In blood-soaked societies, some kind of amnesty is crucial. Amnesties helped overcome the Islamist insurgency that ravaged Algeria in the 1990s, and they helped peacefully transfer power in South Africa, through the Truth and Reconciliation Commission. Like black South Africans who saw their families slaughtered under apartheid, some Iraqi Shia and Kurds who saw their families slaughtered by Saddam Hussein will have to accept a public acknowledgement of the truth but no full justice. And some grieving American families will have to as well. The United States can get Iraqi leaders to fudge this on paper. But, on the ground, an amnesty for some violent anti-U.S. insurgents may prove crucial to persuading Sunni nationalists to break with the foreign jihadists, lay down their arms, and give Iraq's new government a chance at life.

Swallowing these concessions will require a bipartisan bargain--the kind of ceasefire required for difficult domestic changes like reforming Social Security or the tax code. Were he interested in such a deal, Bush would have invited top Democrats into his office after the formation of Iraq's new government and the death of Abu Musab Al Zarqawi and said something like this. "If you resist a withdrawal plan so the Iraqis can announce their own, I'll bring you in on the negotiations. In fact, I'll replace Donald Rumsfeld with a secretary of defense that you trust--why don't you suggest a few names. And, if you don't

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demagogue this amnesty stuff, I'll tell Karl Rove and his henchmen to stop calling you cowardly defeatists. That might hurt me this November, since slandering Democrats is my best chance of luring Republicans to the polls. But I'm more interested in winning Iraq than winning Ohio. And, to do that, I need your help."

Of course, over the past several weeks, President Bush has done exactly the opposite. Rove and company immediately wielded Zarqawi's death as a partisan club, saying that, if Democrats had their way, he'd still be loose. Then the White House and congressional Republicans rigged a phony, vicious Iraq debate in Congress, which saw Republicans call the main Democratic Senate plan (which didn't include a strict withdrawal timetable) "cut and jog"--only to announce days later that the Bush administration was considering something similar itself. All of which made Democrats trying to decide what was best for the country--as opposed to merely their party--look like chumps. Partisan acrimony, already stratospheric before the Iraq debate, is now even worse. And, among Democrats, the likely result will be greater demands for a public timetable for withdrawal and louder denunciations of amnesty for insurgents. (In Tennessee, Democratic Senate hopeful Harold Ford is already running ads on the subject.) It's hard to serve the national interest when the president of the United States does not.

This has been the Democrats' dilemma all along. From the beginning, Bush has preferred the war on terrorism as a wedge issue to the war on terrorism as a unifying national cause. In 2002, he staged a fight on the Department of Homeland Security, when a bipartisan compromise could easily have been had. That fall, he told Congress he needed its support to disarm Iraq peacefully--when he was already intent on war. He has refused to seek congressional authorization for government surveillance, even though Congress would have given him most of what he wanted. In short, he has done everything in his power to alienate Democrats from an anti-jihadist struggle that, without their support, he cannot win. If Michael Moore did not exist, Bush would invent him.

Politics, of course, does not--and should not--end in times of war. But mendacious, blood-sport politics should. Instead, it has emanated from the highest office in the land. And, if we lose in Iraq, it will be a major reason why.

Peter Beinart is editor-at-large at The New Republic and the author of The Good Fight: Why Liberals--and Only Liberals--Can Win the War on Terror and Make America Great Again (HarperCollins).

U.S.-Afghan Foray Reveals Friction On Antirebel Raids (NYT)

By Carlotta Gall

The New York Times, July 3, 2006

KABUL, Afghanistan, July 2 — A joint military raid by American and Afghan forces on an unobtrusive house here in the capital on March 20 has pointed up the tensions between the American military and the Afghan Defense Ministry over the conduct of counterinsurgency raids, particularly in Kabul, the Afghan defense minister says.

The raid, in which six men were detained, was led by masked American special forces, and included eight members of a unit of the Afghan National Army. The involvement of Afghan soldiers prompted the defense minister, Gen. Abdur Rahim Wardak, who had no advance notice of the raid, to bar Afghan Army personnel from taking part in any raids on houses or compounds.

"We really are trying not to get involved in these policing jobs at all, because that would ruin" the army, General Wardak said last week. "We want to just be in support of police, but not doing a policing job."

The American military, which has in the past resisted Afghan pressure for greater control of counterinsurgency operations, defended the use of Afghan soldiers in the raid. "Depending on the intelligence received and how time-sensitive an operation is, combined forces must often act quickly, using available resources and expertise for the particular mission required," Lt. Col. John Paradis, an American military spokesman in Kabul, wrote via e-mail.

"The team was operating on very credible, detailed information, a tip, that certain individuals were linked to several anti-Afghan activities, including the use of I.E.D.'s," Colonel Paradis wrote, referring to improvised explosive devices, or roadside bombs.

Five of the men detained are sons of the head of the household, Hajji Aminullah. The brothers are well-known athletes — one a boxing champion and trainer, another a member of the national volleyball team — and never took part in fighting or politics, let alone insurgent activities, their father said. "My sons are not those type of people, to be involved in drugs or terrorism," he said. A neighbor who is a friend of the youngest son was detained but released two days later.

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The Afghan Independent Human Rights Commission has taken up the brothers' case with the American military. "The issue we are bothered with is to get a response for the father and family, who are desperately waiting for news," said Ahmed Nader Nadery, the deputy commissioner.

The men are being held in the American detention center at Bagram Air Base, near here. Like most of the 500 men held there, they have no right to know the charges against them and no access to court proceedings, a lawyer or their families, except through short notes passed by the Red Cross, which told the family the men were there.

Getting rid of the black hole that detention at Bagram represents and ending raids and other American military activities that cause resentment among Afghan civilians are aims of the government, General Wardak said.

Afghanistan is fighting the most serious insurgent activity in four years, and, with the American-led coalition, has mounted a broad offensive across five provinces.

On Sunday, two British soldiers and their Afghan interpreter were killed in fighting with insurgents in Helmand Province in the south, military officials said, and a military helicopter crashed near Kandahar Air Base. No information on casualties was available.

Despite the continuing violence, the Afghan government says that raids, detentions and attacks on civilians are causing it to lose the public trust. "We have now an understanding that we should be very careful first to rely on very correct intelligence, because there have been cases where the wrong intelligence has resulted into wrong arrests," General Wardak said, speaking in English. "We think first it is a police job to search a place, and still we would not like the foreign forces to do the searching." The Afghan authorities have to be told of any raid and before any arrest is made, he added.

"We have been talking about this for quite a while," he said. "It has been gradually improving."

Next year the Defense Ministry is to take charge of a secure wing of Pul-i-Charkhi prison, on the eastern edge of Kabul, to guard nearly 100 Afghan detainees set to return from Guantánamo Bay, he said. They will be afforded full judicial rights, he said.

Afghan Army personnel are permitted to search houses only when pursuing militants on the battlefield and when no police unit is with them to do the search, General Wardak said.

The commander of the Afghan soldiers who took part in the raid, Lt. Col. Sher Ahmed, 51, confirmed that Afghan soldiers had been ordered not to take part in future raids. "We got an order that this should be the first and last operation raiding a house," said Colonel Ahmed, commander of the Third Company, First Brigade of the Afghan Army's Central Corps.

Captain Muhammad Nabi, 46, of the Third Company, which is based here, took part in the raid. His unit had gone out that day with American forces on a patrol to Logar Province, south of here, and on their return to Kabul went to Khair Khana, a district of Kabul, and surrounded a house, he said.

The raid was uneventful. He said that as far as he knew nothing incriminating was found. Mr. Aminullah, the owner of the house, said that he went to the neighborhood mosque for evening prayers around 7:30 p.m. and that soldiers prevented worshipers from leaving the mosque until 11 p.m.

He was allowed back into his house as his five sons, Muhammad Yousuf, 35, Muhammad Mohsin, 33, Muhammad Rahim, 31, Muhammad Nassar, 28, and Muhammad Saber, 20 — were being led away. "One did not have any shoes on, so I gave him mine," he said. The soldiers had discovered a large amount of cash in the house, and Mr. Aminullah said he snatched it back, explaining that it was his own money.

Hamidullah, 21, a neighbor and close friend of Mr. Saber, who had been sitting with the brothers, was also detained. "They started kicking the gate, and we thought it was thieves," he said. "They ordered us to lie face down." Then he was stood up and questioned, he said. "They started saying: 'You have narcotics. Where is the heroin?' I said, 'If you find any heroin in my house, you can shoot me,' " he said.

"We have been neighbors for 15 years, and I told them there were never any political problems going on here or in any house around," he said.

The American soldiers confiscated the brothers' cellphones and $4,900 that a business partner had given Mr. Rahim, more than 30 videotapes, mostly Western movies and sports events, and a big bag of sports equipment, Mr. Hamidullah said. The six were taken to the army base at Darulaman, where they were held in a wood hut, furnished with Army cots and guarded by

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three American soldiers, Mr. Hamidullah said. They were blindfolded when taken out individually for questioning by Americans or to visit a plastic portable toilet, he said. They did not see any Afghan soldiers while there, he said.

The next day Mr. Hamidullah was questioned about the brothers. The American interrogator told him that nothing had been found and that they would be released. he said. But after two nights at the base, he was driven out blindfolded by an Afghan translator and dropped on the main road, while the five brothers were transferred to Bagram, he said. The Defense Ministry has confirmed that the five men are there.

Mr. Aminullah said he suspected that his sons' former partner in the business deal, Abdullah Shekib Satari, had planted false information to avoid paying money he still owed them after they withdrew from a joint investment in a sports shop.

Mr. Satari, who is general secretary of Afghanistan's boxing federation and ran unsuccessfully for Parliament last year, denied in an interview in his sports shop that he had anything to do with the arrests. "They are my best friends, and I want to help them," he said. "They did not have enemies."

Two British Soldiers Die In Attack In Afghanistan (WP)

By Tini Tran

The Washington Post, July 3, 2006

KABUL, Afghanistan, July 2 -- An insurgent attack on a British base killed two soldiers and an Afghan interpreter, military officials said Sunday, while at least 20 insurgents were killed in clashes and coalition airstrikes.

An AH-64 Apache attack helicopter crashed Saturday in an accident in southern Afghanistan, killing one crew member, the U.S. military said.

The deaths came during a massive anti-Taliban campaign in southern Afghanistan involving more than 10,000 Afghan and international soldiers. It is the largest military offensive since the Taliban government was ousted in a U.S.-led invasion in late 2001.

The two British soldiers died after their base was hit by small-arms fire and rocket-propelled grenades Saturday night in southern Helmand province, said Capt. Drew Gibson, a British military spokesman.

An Afghan interpreter was also killed, according to Canadian Maj. Quentin Innis. Four other British soldiers were wounded but are in stable condition, Innis said.

Two British soldiers were killed last week in an attack in the same district of Helmand province. A total of five British soldiers have been killed since the anti-Taliban offensive, dubbed Operation Mountain Thrust, began on June 15.

Violence has spiked in recent weeks as the NATO-led International Security Assistance Force prepares to take over responsibility for security in southern Afghanistan from U.S.-led troops.

Coalition aircraft bombed a suspected Taliban hideout in southern Helmand province Sunday, killing at least nine fighters, including a Taliban area commander, Tur Jan, said Ghulam Nabi Malakhail, the provincial police chief.

Innis confirmed the attacks and estimated that 12 to 15 insurgents were killed.

In a separate incident in the same district, 11 insurgents were killed by Afghan forces Saturday night during search operations, Malakhail said. Afghan forces came under fire from suspected militants and fired back, killing the 11 fighters, he said.

The U.S. helicopter plunged to the ground shortly after taking off from the Kandahar airfield while responding to a reported rocket attack against the air base, the military said in a statement.

One crew member was killed, and the other was injured and evacuated for treatment.

"The cause of the crash will be investigated, but we have ruled out enemy fire as a cause for the loss of the aircraft," the statement said.

There were no injuries reported from the rocket attack, the military said.

The continued violence has stirred fears among British lawmakers that security is rapidly deteriorating in Afghanistan. Britain has 3,300 troops involved in the current military offensive.

The insurgents are following the lead of fighters in Iraq and carrying out suicide attacks and roadside bombings that once were rare in Afghanistan.

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"There are signs that the tactics that have brought such devastation to Iraq are being replicated in Afghanistan," the Foreign Affairs Committee of Britain's House of Commons said in a report Sunday on the foreign policy aspects of the fight against terrorism.

How To Help Afghanistan (WP)

By Ahmed Rashid

The Washington Post, July 3, 2006

KABUL, Afghanistan -- The current political and military meltdown in Afghanistan was entirely predictable and avoidable. For the past three years Afghans, their president, Hamid Karzai, and foreign experts have been warning that the failure of the United States and the international community to provide sufficient economic, military and reconstruction resources to the fledgling Afghan government would lead to a Taliban resurgence and disillusionment among the Afghan people. That is exactly what has happened.

But there is still a way out of the mess if the international community and the Afghans pull together, rather than being at odds with one another. Karzai set the ball rolling late last month by calling for a joint strategy in a critical meeting with the most important foreign players in Kabul.

The situation is dire. The Taliban offensive in the south and the counteroffensive by British, Canadian and U.S. troops under NATO has escalated into a full-scale war, with a dozen attacks every day and 700 lives lost since mid-May. Most Afghans are angry with the United States and the West for ignoring the alleged sanctuary provided to the Taliban by Pakistan, and with Pakistani President Pervez Musharraf for apparently supporting Karzai and the Taliban at the same time.

Papering over the cracks between Pakistan and Afghanistan, as Secretary of State Condoleezza Rice tried to do in her recent visit to the region, is clearly not enough. The charges and suspicions on both sides have to be addressed. Ordinary Afghans say the Taliban virus is spreading. The Taliban have been reported just 25 miles from Kabul, and they have attacked in the north and the west -- hundreds of miles from their main bases in the south. According to the United Nations, every single day somewhere in Afghanistan a girls' school is burned down or a female teacher killed by the Taliban.

The riots in Kabul in late May that left 20 people dead were also indicative of how angry Afghans are at their own government. While Karzai has lashed out at the West for not providing adequate resources, Afghans and foreigners have been scathing in their criticism of his inability to govern effectively or to punish those in his administration who are corrupt or dealing in drugs.

Karzai has failed to put together an effective administrative team. The cabinet is dysfunctional, and his growing dependence on former warlords, whose militias have only recently been disarmed, is seen by many as a betrayal of the reform agenda set out in the Bonn agreement of 2001.

Karzai is right when he says that Afghanistan has received less aid than has been dispensed in any recent conflict including nation building, whether in the former Yugoslavia or East Timor. Building a new security apparatus run by Afghans is going too slowly. According to American officials, the U.S.-sponsored police training program is three years behind schedule, although Washington will provide $1.2 billion this year to equip 60,000 police officers nationwide.

A U.S. commitment to build a new Afghan army has been stymied by the irresponsible decision of Defense Secretary Donald Rumsfeld mandating an Afghan army that will be smaller than originally planned, with fewer weapons and with the cash-strapped Afghan government, rather than the Americans, having to pay the troops' salaries. (What a great morale booster for Afghan army recruits facing a full-blown insurgency!)

But saving Afghanistan from itself is the world's responsibility, not just that of the United States. The Europeans and the Americans differ on military and economic priorities and on the advice being given to Karzai. As NATO, with its large European troop contingents, replaces U.S. troops in the south and the east, the United States has to learn to share decision-making responsibilities in Afghanistan with NATO, the European Union and the United Nations, rather than cut its own secret deals in Kabul.

The United Nations has had the unenviable task of fulfilling the political mandate chalked out at Bonn, but today Afghanistan does have an elected president, parliament and provincial councils, and a constitution. Now the Security Council

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needs to give the U.N. officials in Kabul the responsibility for coordinating the international response to the crisis and economic and political strategies with the Afghan government.

Karzai addressed some of these issues in a recent meeting with the major players -- the United States, United Nations, European Union, NATO, Britain and Canada. He is determined that his government and the international community will coordinate better to devise a joint strategy looking at both the insurgency and at how reconstruction can be speeded up. He also needs to think long and hard about what constitutes good governance and set an example that his countrymen can admire rather than protest.

Despite all the dire predictions made in 2001, the Afghans have given the international community, its aid workers and soldiers a large window of opportunity to repair the damage done by 25 years of war. That window, which has stayed open for nearly five years, with amazing good will from the Afghans, is threatening to close unless the world wakes up and deals with the crisis.

Ahmed Rashid, a Pakistani journalist, is the author of "Taliban" and "Jihad: The Rise of Militant Islam in Central Asia."

U.S. Elite Forces Face Shortfall (USAT)

By Tom Vanden Brook

USA Today, July 3, 2006

WASHINGTON — The Army, Navy and Air Force face shortages of elite special operations forces that are playing a leading role in the war against terrorism, military records show.

The shortfall of Army special operations, Navy SEALs and Air Force combat controllers persists as the Pentagon seeks to expand the forces by 15% over the next four years to bolster the anti-terrorism campaign.

One reason for the shortage is the intense training. The Navy says only 35 of 166 candidates will qualify as SEALs.

Retention also is a problem. Some veterans can make $780 a day as civilian security contractors in Iraq, says Rep. Jim Saxton, R-N.J., chairman of a House Armed Services subcommittee that oversees special operations troops. Bonuses as high as $150,000 have helped stanch that loss, he says.

The shortfalls affect:

•The Navy. It has 2,352 SEALs but is authorized for 2,684, says the Naval Special Warfare Command. Another unit of special warfare combatants has 563 people; it is authorized to have 653.

•The Air Force. It has filled 504 of 616 jobs for combat controllers who direct airstrikes; rescuers of wounded troops behind enemy lines; and combat weather forecasters.

•The Army. It has acknowledged a shortage of troops but won't give a precise number. The Army Special Operations Command said this year that it would take a few years to return “Army special forces units to full strength.” The Government Accountability Office, the investigative arm of Congress, reported in 2005 that the Army had filled only 2,922 of 3,834 spots for sergeants in four Special Forces categories: intelligence, communications, engineering and medical.

The U.S. Special Operations Command says it has about 17,000 troops.

Pentagon officials say they can overcome the current shortfall and achieve the planned additions, the largest expansion of elite forces since the Vietnam War, with more trainers and more recruits.

“These are specialized skills and units that will be grown over time and in such a fashion that ensures they retain the highest quality and capability,” said Bryan Whitman, a Defense Department spokesman.

Michael Vickers, a former Army special operations officer, agreed. “There's always a risk of diluting quality,” but elaborate selection and training processes help prevent that, Vickers said.

Lt. Taylor Clark, a spokesman for the Naval Special Warfare Command, said it won't be easy to find more SEALs. The lures include a $40,000 bonus for graduates — and adventure.

“Instead of an office job where they might have a cubicle and do the same job day in and day out, you … will be a part of an elite team that travels the world looking for the bad guys,” Clark said.

There have been some early signs of success. The Army's Green Berets had hoped to have 750 graduates per year by 2006. It exceeded that goal by 40 soldiers in 2005.

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In 2005, the military began offering bonuses up to $150,000 to 19-year veterans with special operations experience who sign up for six more years. The Army gave the bonus to 118 soldiers last year and 99 this year, the Pentagon said.

Iran Again Rejects Deadline On Nuclear Plan (NYT)

By Nazila Fathi

The New York Times, July 3, 2006

TEHRAN, July 2 — Iran on Sunday again rejected a deadline to respond to an international proposal to end the standoff over its nuclear program, saying it would respond a month.

"We do not consider such statements as constructive and invite them to wait for our answer until next month," said Hamidreza Assefi, the Foreign Ministry spokesman, the ISNA news agency reported.

The next month in the Iranian calendar begins July 23. Mr. Assefi was responding to a statement made at a meeting of the Group of 8's foreign ministers on Thursday in Russia, during which they demanded Iran make a "clear and substantive" response to the proposal in a week. President Mahmoud Ahmadinejad had previously said Iran would give its answer around Aug. 23.

"We will take into account our country's rights and interests and will also try to alleviate the other side's concerns," Mr. Assefi said.

In June, Javier Solana, the European Union's foreign policy chief, offered Iran a package of proposals from Germany and the five permanent members of the United Nations Security Council: China, Russia, Britain, France and the United States. Diplomats have said it includes political and economic incentives and a promise to help develop Iran's nuclear program in return for its suspending nuclear enrichment.

Mr. Assefi said Sunday that Iran's chief nuclear negotiator would meet with Mr. Solana on Wednesday to discuss the package.

In their statement, foreign ministers from the Group of 8 nations — United States, Russia, France, Germany, Italy, Canada, Britain and Japan — demanded a response from Iran to the proposals by Wednesday. The ministers said they expected that response to come when the Iranian negotiator, Ali Larijani, and Mr. Solana meet. Mr. Assefi said the offer had ambiguities that needed to be discussed. He said Europe should be thankful that Iran was "examining the proposal with such a positive attitude and precision."

In a separate news conference on Sunday, the minister of intelligence, Gholamhossein Mohseni-Ejei, linked the arrest of an Iranian-Canadian philosopher, Ramin Jahanbegloo, to what he said were efforts by the United States to start a "soft revolution" in Iran. Mr. Jahanbegloo has been jailed since late April, when he was arrested at the Tehran airport.

"The United States is pursuing efforts to start soft revolution in Iran and in many other countries and Mr. Jahanbegloo's arrest can be defined as part of that," ISNA quoted Mr. Mohseni-Ejei as saying.

"Mr. Jahanbegloo had an assignment and the intelligence apparatus became suspicious at the scale of his activities and resources" at his disposal, he said.

Mr. Jahanbegloo has not been allowed to see a lawyer. Independent human rights groups have said his arrest was politically motivated.

Iran Plans To Cut Gas Imports, Subsidies (WT)

By Andrea R. Mihailescu

The Washington Times, July 3, 2006

Iran, which relies on imports for almost half its refined petroleum products, plans to halt those imports and introduce gasoline rationing later this year, the government announced.

The decision appears related to a plan to allow the nation's heavily subsidized gasoline to spike in price in order to reduce the smuggling of fuel to neighboring countries, a practice that aggravates shortages and costs the country billions of dollars every year.

Analysts think Tehran may be acting to reduce its vulnerability to any international sanctions on its gasoline imports over its nuclear program. But similar attempts to lift subsidies on key commodities in other countries have sparked widespread unrest, and one Iranian member of parliament has said the government will not dare to go ahead with its plan.

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Iran is the world's second-largest producer and exporter of crude oil, but its antiquated refineries are able to meet barely 60 percent of the domestic demand, according to government figures. Production stands at 10.5 million gallons a day, compared with daily demand standing at 18.5 million gallons.

Heavy subsidies -- which keep gasoline prices as low as 9 cents to 45 cents a gallon, depending on the quality and location -- meanwhile allow for huge profits on gasoline smuggled into neighboring countries, such as Afghanistan, Iraq, Pakistan and Turkey.

Iranian Oil Minister Kazem Vaziri Hamaneh announced June 23 on state television that the government planned to stop importing gasoline as of Sept. 23.

"As there is nothing provided for petrol imports in the second half of this [fiscal] year's budget ... the imports will naturally stop and petrol will be rationed," Mr. Hamaneh said.

Iran had been expected to spend $5 billion importing refined oil products in 2006. But the parliament budgeted only $4 billion for the purpose and, then in February, slashed that to $2.5 billion.

At the same time, the parliament backed a government initiative to limit the number of people permitted to purchase gasoline at subsidized prices, an initiative that has not been implemented.

In any event, prices generally will be permitted to rise in hopes of reducing the pressure on existing supplies by slowing the smuggling of Iranian gas into neighboring countries.

Iranian press last month quoted Gen. Ali Soltani, director of the campaign against economic crimes in Iran, complaining about the problem. "Every year, [310 million gallons] of refined oil products worth $1.18 billion are smuggled abroad," he was quoted as saying.

"Last year, we seized more than [13 million gallons] of oil products, which is equal to only 10 days of the trafficked amount," Gen. Soltani said.

Iraq, Iran's western neighbor, acted earlier this year to end a heavily subsidized gasoline program that was established during the rule of Saddam Hussein. Iraq also has become a recipient of Iran's cheap fuel.

The fuel smuggled from Iran is colored pink, while that from the refineries in Iraq has a clear color. Because substitution of inferior Iranian fuel is frequent, motorists typically smell and rub a sample of gasoline between their hands to see whether it has been watered down and color added before sale.

Afghanistan is another recipient of smuggled Iranian fuel. The Iranian newspaper Mardom-Salari cited the Baztab news agency on June 6 as reporting that nomadic tribes on both sides of the border are actively transporting oil products to Afghanistan. Fuel thieves typically carry barrels full of oil products across the border at night.

The newspaper said many passenger buses also have concealed fuel tanks. Fuel thieves also use animals as a means of transport.

The long Pakistan-Iran border also is wide open to smugglers, despite denials from Pakistani officials. Smugglers pass through the checkpoints unchallenged and untaxed.

DOJ:

Supreme Court's New Man In The Middle (CSM)

By Warren Richey

The Christian Science Monitor, July 3, 2006

WASHINGTON

The US Supreme Court has grownmore conservative with the addition of President Bush's two nominees, Chief Justice John Roberts and Justice Samuel Alito. But it will be a third justice, Anthony Kennedy, who will likely decide how far to the right the law moves under the new lineup of justices at the nation's highest court.

"Kennedy now holds the center of gravity on the court," says Jonathan Turley, a constitutional law professor at George Washington University. Prior to her retirement in January, Justice Sandra Day O'Connor was frequently called the most powerful

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woman in the country. As a centrist on the nine-member Supreme Court, she often cast the fifth and deciding vote in some of the nation's most contentious and important cases.

In years past, Kennedy shared the swing-vote designation with O'Connor. But with her departure he occupies the court's decisive center alone. That puts Kennedy in an even more powerful position than O'Connor, legal analysts say.

"He who casts the decisive vote is going to be the person with all the power," says Michael Dorf, a constitutional law professor at Columbia University Law School in New York.

Tom Goldstein, a Washington lawyer who has argued 16 cases at the Supreme Court, described Kennedy's emergence at a recent gathering of the American Constitution Society. "The basic principle you should understand is it is Justice Kennedy's world and you just live in it."

Kennedy's power was on full display last week when he joined the court's liberal wing to forcefully strike down President Bush's plan to put terror suspects on trial before military commissions at Guantánamo Bay, Cuba.

In other actions during the term, he cast the decisive vote in a case that makes it easier for convicted criminals to get another chance to present claims of innocence to a judge. He sided with the court's liberals in rebuking former Attorney General John Ashcroft for attempting to use his rule-making power to invalidate Oregon's physician-assisted suicide law. And he provided the decisive fifth vote to invalidate a congressional district in Texas drawn to protect an incumbent Republican.

On the conservative side, Kennedy provided the key fifth vote to uphold a Kansas death penalty statute that allowed the imposition of a death sentence even when jurors found that aggravating and mitigating factors concerning the crime and the defendant were evenly balanced. He voted with the conservatives to limit the scope of federal authority to protect the nation's water resources under the Clean Water Act. And he provided the decisive vote to eliminate application of the exclusionary rule to evidence obtained by police who fail to knock and announce their presence before bursting into a private home with a search warrant.Kennedy more reliable for the right

While such results demonstrate Kennedy's power to break deadlocks, they understate his role at the high court, legal analysts say.

Compared with O'Connor, Kennedy is a much more reliable vote for the conservative wing, analysts say. But they add that when he swings to the liberal side, he really swings.

One example was Kennedy's landmark opinion in a 2003 gay rights case called Lawrence v. Texas. The same characteristic came to the fore last Thursday in the Guantánamo military-commission case.

"He is not by nature a balancer, so when he comes out on the liberal side he is going to come out forcefully that way," says Professor Dorf, who clerked for Justice Kennedy in the 1991-92 term. "It is also because he has more of a libertarian streak than O'Connor," Dorf says.

Although Kennedy is clearly the swing justice now, he would hate being described as such, Dorf says. Kennedy does not position himself to wield a tie-breaker. "It is more that his substantive views end up placing him precisely in the middle of this court," Dorf says.

Professor Turley agrees. Kennedy, he says, is more likely than was O'Connor to try to maintain a consistent and coherent line in the law while breaking 4-to-4 ties.

But such consistency also comes at a price. When the high court deadlocked 4-to-4 this term over how to interpret the Clean Water Act, Kennedy sided with the conservatives enough to send the case back to the lower courts. But in a concurring opinion, he also expressed agreement with aspects of the liberal view of the case, staking out and defining a middle ground occupied by Kennedy alone.

The result is that very little was decided, and lower courts will be left to struggle through that indecision. In addition, environmentalists are worried about the scope of federal protection of remote wetlands, and developers are facing increasingly expensive delays and uncertainty.A check on the conservative wing

Others see in Kennedy's middle way a useful check on the conservative proclivities of the newly reconstituted high court. In his majority opinion in the police knock-and-announce case, Justice Antonin Scalia appears to be laying the foundation for a broader assault on the exclusionary rule, which prevents illegally gathered evidence from being presented in court.

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In response, Kennedy, who provided the key fifth vote in that case, wrote in a concurring opinion that "the continued operation of the exclusionary rule, as settled and defined by our precedents, is not in doubt."

The sentence sent a clear signal to conservatives hoping to do away with the exclusionary rule, and to liberals hoping to protect it.

While the 2005 term was a time of transition at the high court, the stage is now set for what could become a blockbuster term next fall. The docket already includes cases dealing with global warming, punitive damage limits, affirmative action in public schools, and a federal ban on so-called partial-birth abortions.

In the affirmative action and abortion cases, analysts expect the court to split 4-to-4. The result: all eyes will be on Kennedy.

"Those briefs could just be mailed directly to his chambers," Turley says.

Disorder In The Court (TIME)

By Jeffrey Rosen

Time, July 3, 2006

Ordinarily the Supreme CourtÂ is not very much like The View. You won't hear much of the Justices' inner thoughts, let alone their outer ones. And with the exception of perhaps the Dalai Lama or, in his day, Alan Greenspan, they are the only people in power who can deliver their opinions and then steadfastly refuse to elaborate on them. Everything about the court's rituals is meant to keep the Justices behind the red velvet curtains and their emotions in check.

The first year of the Supreme Court under John Roberts, though, has not been ordinary. As evidenced last week when the court struck down the Bush Administration's use of military tribunals, the Justices are suddenly unafraid to talk to one another in personal terms. "We are not engaged in a traditional battle with a nation-state, but with a worldwide, hydra-headed enemy," wrote Clarence Thomas in an impassioned dissent. Thomas felt so strongly--he called the majority decision "unprecedented and dangerous" -- that for the first time in his 15 years on the court, he read his dissent aloud. The ordinarily genial Stephen Breyer responded indignantly that the court did not "weaken our Nation's ability to deal with danger." Congress, he added, "has not issued the Executive a 'blank check.'"

The pointed back and forth was characteristic of the sometimes barbed, often unpredictable and really quite fun Roberts court. It began with a surprising number of unanimous decisions, but by the time it adjourned for the summer last week, in what Justice John Paul Stevens called a "cacophony" of discordant voices, the usual decorous costume drama that is a Supreme Court term had morphed into something much closer--in vitriol, tension and drama--to a soap opera (O.K., a PBS soap opera). Having spent 11 years without a change in personnel, the Justices were clearly rejuvenated by two new colleagues, Roberts and Samuel Alito, and the energy fueled their opinions. Although the alliances on the Roberts court are still fluid, even the longest-serving Justices are debating issues that matter to the American people--the limits of death penalty, the war on terrorism--with unusual passion.

Despite the impression left by its rush of final decisions, the Roberts court is, at least so far, less fractured than the court led for 19 years by William Rehnquist. Almost half its decisions this year had no dissents, compared with 38% in Rehnquist's final term, and the tally of 16 cases decided by a 5-to-4 vote is seven fewer than under Rehnquist. That is a tribute to the personality and leadership skills of Roberts, who has made issuing strong decisions and encouraging collegial debate top priorities. In a commencement speech at Georgetown University Law Center in May, Roberts opened with some high-quality lawyer jokes, then set out his goals as Chief Justice: unanimity or near unanimity, which he thought would promote "clarity and guidance for lawyers and lower courts trying to figure out what Justices meant."

Roberts emphasized that a good court should decide cases narrowly so Justices on both sides can reach a meaningful consensus. But he added an important qualifier: "There will of course be disagreements on the court, and these could and should not be artificially suppressed." Roberts practiced what he preached in his three dissents, using often forceful prose. "It is a sordid business, this divvying us up by race," he declared last week in the partisan-gerrymandering case, which left all but one of Texas' redrawn congressional districts in place. Earlier in the term, he attacked an opinion by Justice David Souter that held that a wife couldn't give the police permission to search a house over her husband's objection. "The majority reminds us, in high

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tones, that a man's home is his castle," Roberts wrote, "but even under the majority's rule, it is not his castle if he happens to be absent, asleep in the keep, or otherwise engaged when the constable arrives at the gate."

Souter responded in kind. "In the dissent's view, the centuries of special protection for the privacy of the home are over," he announced with an uncharacteristic note of melodrama. Having abandoned his famous Yankee reserve, he started to make a habit of it. During oral arguments in the Gitmo case, the government's lawyer seemed to suggest that Congress could suspend the writ of habeas corpus--which allows prisoners to challenge the legality of their detentions--inadvertently. Souter, incredulous, asked, "Isn't there a pretty good argument that a suspension of the writ [by] Congress is just about the most stupendously significant act that the Congress of the United States can take? The writ is the writ!" Antonin Scalia, one of the most reliable defenders of Executive power, insisted that Congress could suspend habeas corpus even if it didn't say so explicitly.

That mini courtroom brawl between Souter and Scalia, which had the overtones of an 18th century boxing match, was picked up again in the final days of the term. By a 5-to-4 vote, the court upheld a death-penalty verdict in Kansas, and Souter filed an agonized dissent listing recent cases in which DNA testing had led to innocent people's exoneration. Dripping with sarcasm, Scalia chided Souter for encouraging the "sanctimonious criticism of America's death penalty" that he said was common in "some parts of the world." "I say sanctimonious," Scalia added, "because most of the countries to which these finger waggers belong had the death penalty themselves until recently."

Scalia is famous for picking intellectual street fights on and off the court, and this year he has been even more pugnacious than usual. In March, Scalia ridiculed the challenge to military tribunals during a speech in Switzerland. "Give me a break," he declared. "I had a son on that battlefield, and they were shooting at my son, and I'm not about to give this man who was captured in a war a full jury trial. I mean, it's crazy."

A few weeks later, when a Boston reporter asked whether his participation at a Mass for Catholic lawyers might raise questions about his impartiality, Scalia fanned the fingers of his right hand under his chin. "That's Sicilian," he said, explaining that the gesture meant he "could not care less."

Scalia can always be counted on to pick a fight, but what has changed this year is that other Justices, once relative wallflowers, are increasingly emboldened to fire back in kind. In February, Ruth Bader Ginsburg, ordinarily a model of judicial composure, gave a speech in South Africa attacking critics in Congress who have assailed her citations of international law as an offense against U.S. sovereignty. Those criticisms, she said, "fuel the irrational fringe" and have encouraged threats on her life. She singled out Scalia, who had called the consultation of "alien law" a form of "sophistry."

Is the recent round of attacks and counterattacks a sign of internal animosity? Not necessarily. Ginsburg and Scalia, after all, are old friends, united by their love of opera and good cooking. For years they have spent New Year's Eve together, along with their spouses. (Ginsburg's husband Marty often cooks.) Certainly, there's nothing on the Roberts court resembling the antagonism among the Justices that raged after World War II. Consider the blood feud between Hugo Black and Robert Jackson, both appointed by Franklin Roosevelt. Jackson thought F.D.R. had promised to promote him to Chief Justice, but after a vacancy arose in 1946, Black threatened to resign if Jackson became Chief. That led Jackson to fire off an unhinged letter to President Harry Truman and Congress, accusing Black of unethical behavior. The '40s produced another nasty rivalry: Felix Frankfurter was so intellectually condescending to Chief Justice Fred Vinson that during one of the Justices' private conferences, Vinson rose from his seat and nearly punched Frankfurter in the nose. After Vinson died unexpectedly of a heart attack while the court was deciding Brown v. Board of Education in 1953, Frankfurter declared on the train back from the funeral, "This is the first indication I have ever had that there is a God."

By contrast, the Justices of the Roberts court are able to attack one another vigorously in public while maintaining cordial relations in private. Thomas, for example, has told students groups that he has never heard an uncivil word uttered at the Justices' conferences during his time on the court. And despite the disagreement in the military-tribunals case, Thomas is on good terms with his ideological opponent Breyer, who has praised Thomas' skills as a lawyer and photographic memory in technically complicated cases.

It's a good thing for the court and the country that the Justices of the Roberts court seem to be finding a way to disagree vigorously without taking it too personally. During his confirmation hearings, Roberts said, "It's my job to call balls and strikes and not to pitch or bat." Nevertheless, the court under his leadership will continue to decide some of the most momentous questions

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of American life. It has already agreed to hear important cases next term on the boundaries of affirmative action and abortion. Those are questions about which all the Justices have extremely strong views, and the fact that they are not shy about expressing them helps citizens on both sides of the issues feel as though their own views have been strongly represented and thoroughly aired.

Still, the Roberts court is walking a delicate line. History suggests that the moment the Justices begin to take their legal disagreements too much to heart, the court may fracture in ways that even the most capable Chief Justices are unable to repair. For that reason, all the Justices might do well to remember Ginsburg's advice for keeping your cool in the face of attacks. "I sometimes find myself alone in chambers momentarily distressed or annoyed," Ginsburg told actress Marlo Thomas in 2002, "thinking, I'd like to strangle Justice So-and-So." At times like that, Ginsburg said, she remembers the advice of her mother-in-law on her wedding day: "Of course, it is important to be a good listener--but it also pays, sometimes, to be a little deaf."

> Rosen's latest book is The Most Democratic Branch: How the Courts Serve America (Oxford University Press)

Hill GOP To Put Heat On Bush For More Judges (WT)

By Charles Hurt

The Washington Times, July 3, 2006

In coming weeks, Republicans on Capitol Hill plan for the first major push on judges since Chief Justice John G. Roberts Jr. and Justice Samuel A. Alito Jr. were confirmed to the Supreme Court.

In the nearly six months since Justice Alito was confirmed, only 14 federal judges have been seated. That's the slowest six-month period since early 2004, according to documents kept by the Department of Justice's Office of Legal Policy.

The plans for renewed emphasis on judges comes after a consortium of conservative leaders expressed deep displeasure with both the White House and Republican leaders on Capitol Hill in recent months over the slowed pace of confirmations.

"We write to remind you of your duty, but also because we are concerned that if the Majority that assured the confirmation votes of Chief Justice Roberts and Justice Alito lose just one seat in the next election, the future of the Supreme Court and the federal appellate bench will again be imperiled by the use of filibusters," the conservatives wrote in a letter to Senate Majority Leader Bill Frist, Senate Majority Whip Mitch McConnell and other Republican leaders in the body.

In particular, said the conservatives led by former Frist aide Manuel Miranda, Republicans' best hopes for keeping their majority in the Senate could rest on the issue of judges.

"We write because we fear that the Majority is ignoring the impact of the nominations debate on its ability to gain the support of those small margins of voters that the Majority needs to secure unobstructed confirmations," they wrote.

The 83 signers of the letter also include such conservative icons as Paul Weyrich, Alan Keyes, Richard Viguerie, Abigail Thernstrom, David A. Keene, L. Brent Bozell III and Bill Donohue.

Efforts to draw attention to the federal bench got a boost last week with the Supreme Court decision that the administration had overstepped its constitutional boundaries by using military tribunals -- rather than civilian courts -- to try enemy combatants held at the U.S. Naval Base Guantanamo Bay, Cuba.

Conservatives think that most American voters support Mr. Bush's efforts to fight the war on terror and that the high court's ruling will underscore yet again how out of touch the court is. Also, the decision caused something of a conundrum among liberal advocacy groups, who hailed the ruling after years of dire warnings about the consequences of allowing Mr. Bush to put people on the Supreme Court like Justices Roberts and Alito.

On the day of the ruling, People for the American Way issued a statement calling it a "major defeat for the Bush administration" and a "victory for the rule of law."

Later that same day, the group issued a second press release about the court's term in general. Instead of listing all of what it sees as disastrous rulings by the Bush court that it had been predicting for so long, the group instead warned that "next year's cases could signal acceleration of the ultraconservative trend."

Just last week, Mr. Bush sent 10 judicial nominations to the Senate, including names for four seats on U.S. courts of appeals.

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The nominations were announced shortly after Senate Judiciary Committee Chairman Arlen Specter, Pennsylvania Republican, told The Washington Times that he couldn't understand what was taking Mr. Bush so long to offer new nominations.

"Not only am I expecting it, I've been expecting it for about six weeks," he said.

"There is an issue here as to how long we're going to be able to confirm judges," Mr. Specter said. "You know the Democrats are salivating to take over the Senate, and if they think they can take over the Senate, it would be a very different confirmation process if [Vermont Sen. Patrick J.] Leahy is the chairman."

CORPORATE SCANDALS:

Unclear What Impact DOJ Report May Have (GUAMPDN)

By Sunmi Kang

Guam Pacific Daily News, July 3, 2006

The fallout over the federal investigation of a possible link between disgraced lobbyist Jack Abramoff and former Democratic Gov. Carl Gutierrez remains unclear.

The U.S. Department of Justice on Friday issued a report on the replacement of Frederick Black as the island's U.S. Attorney, in which lobbyist Jack Abramoff told investigators he was helping Gutierrez get rid of Black. Gutierrez on Saturday denied those allegations.

Former Guam delegate and Democratic gubernatorial candidate Robert Underwood, in a phone interview from Seattle, said the case warrants further investigation. In particular, he said, inquiries should be made into whether Abramoff received monetary compensation of any kind and where that money might have come from. Gutierrez on Saturday said he nor his administration never paid Abramoff for any lobbying efforts.

Underwood went on to say that if any additional information of a conspiratorial nature is revealed in subsequent investigations, those responsible should be prosecuted. Accountable "First of all, the voters should hold them accountable and secondly the law should hold them accountable," he said.

While Underwood had no comment on how the report might affect voters in the upcoming elections, he said now is a critical time for voters on island.

"People have to decide at some point how (the administration) is going to be," he said. "Is it going to be open and transparent or is it going to be closed and manipulated?"

Republican Gov. Felix Camacho, who is running for reelection, yesterday in a written statement declined to comment on the report, saying it is inappropriate to comment on an ongoing federal investigation.

On the issue of the report and this year's gubernatorial elections, Camacho's office said: "The governor believes that people will make an informed decision based on the character of candidates, their records and the issues."

Delegate Madeleine Bordallo could not be reached for comment yesterday, her office said. The Pacific Daily News also tried to reach Lt. Gov. Kaleo Moylan, who's running for governor, but was unsuccessful in its attempts.

While some are calling for more comprehensive investigations, others contend reaction to the Justice Department report is still premature.

Antonio Charfauros, chairman of the Democratic Party of Guam, said it is still too early to tell whether the federal report will be negative or positive for the party itself. However, he said the report will most likely not bode well for the Gutierrez campaign down the line.

"Once people start digesting this information, the impact will be probably be very negative," he said.

Negative light Charfauros, who has already started fielding calls about the report, said whether this puts one candidate at an advantage over the other is anyone's guess.

Charfauros said any investigation, let alone one on a federal level, does not reflect well on the party in the public's eye.

"People don't want to see anymore negative issues like this to come out," he said.

He said the gubernatorial election will be determined by votes from independents — some 10 to 15 percent of the voting population, Charfauros estimated.

Though the recently released report has stirred more than a few political pots, most residents seem ambivalent. For them, they say, it's politics as usual.

"I don't think (the report) is going to impact voters too much," said 39-year-old Sinajana resident Jeanette Concepcion. "I think people already have decided who they want to vote for and they are going to stick with that."

Concepcion said she is disdainful of the mud-slinging political tactics.

Concepcion said though she will vote in the gubernatorial election, she is weary of the divisiveness and chronic problems.

"I just wish everyone had a common goal," she said, to work together for a better community. She said politicians should pay more attention to issues like the state of the economy and the quality of life here.

Tamuning resident 44-year-old Richard Waters, who considers himself an independent voter, said island politics have been too marred by nepotism and corruption.

"It's follow(ing) the family tree," he said.

While public reaction to the report remains lukewarm, more questions are bound to be raised over time, Underwood said.

"It is not the future of individual parties that's at stake," he said. "It's our confidence in our own ability to govern that's at stake."

Gutierrez Praises Report (GUAMPDN)

By Gaynor Dumat-ol Daleno

Guam Pacific Daily News, July 3, 2006

Former Gov. Carl Gutierrez yesterday praised a recently released federal investigation into the removal of former acting U.S. Attorney Fred Black, saying Black's smear of his replacement, Leonardo Rapadas, is a "prime example of his operations."

Gutierrez yesterday released a written statement responding to the report, accusing Black of blocking local attempts at self-government. During a Saturday interview with the Pacific Daily News, Gutierrez denied statements in the Department of Justice report that lobbyist Jack Abramoff was working on his behalf to get Black removed.

Gutierrez in yesterday's statement acknowledged meeting with Abramoff during a dinner in the nation's capital, where the topic of Black's nomination came up, but he did not elaborate on what happened after that, saying only that he found it "interesting" that Abramoff wanted to meet him. A Justice Department Office of Inspector General report, released Friday in Washington, D.C., states that Abramoff told federal investigators he began working on behalf of Gutierrez, who was governor at the time, to lobby for the removal of Black when certain Gutierrez administration officials were under federal investigation.

According to e-mails from Abramoff cited in the report, Gutierrez and former Sen. Mark Charfauros wanted a business associate of Gutierrez's son-in-law to replace Black. But when Abramoff's lobbying group found out the selection of Lenny Rapadas as U.S. Attorney for Guam and the Northern Marianas was well under way before its lobbying, Abramoff still took credit for the removal of Black and the selection of Rapadas, according to the report.

In one e-mail, he told a lobby shop colleague to "spin, spin, spin" that their lobbying had led to the replacement of Black and selection of Rapadas.

"Abramoff's e-mails confirm that in later February 2002, he became involved on Gutierrez's behalf to oust Black from the interim U.S. Attorney position," according to the federal report, issued after an investigation based on allegations from Black. Black had also sought to become nominated to the U.S. Attorney position in a permanent capacity, according to the report.

Abramoff strategy Because the Bush administration, which ultimately makes the nomination for U.S. attorney, would prefer a political appointee who is supported by Republicans at the local level, the report says part of the Abramoff strategy against Black was to paint him as a local Democratic supporter.

Abramoff said he was provided a copy of a letter Gutierrez had written years earlier, when the White House was under the Democratic leadership of President Clinton. In the letter, Gutierrez had described Black as a "good Democrat," according to the report.

Upon receiving the old Gutierrez letter, Abramoff sent it in an e-mail to members of his lobbying team who handled Guam and Northern Marianas issues, according to the federal report. Abramoff e-mailed the letter to Michael Williams, Todd

Boulanger, Tony Rudy and Kevin Ring, Abramoff associates at lobby shop Greenberg Traurig. Abramoff and Rudy have pleaded guilty in a broadening influence-peddling case in the nation's capital.

The report states Abramoff, in the Feb. 25 e-mail, described Black as "a total commie," who "has been bashing the CNMI nonstop in the past ... we need to get this guy sniped out of there."

The U.S. Attorney's Office under Black had pursued corruption-related prosecutions involving members of the Gutierrez administration. Several members of the Gutierrez administration had been charged in federal court, and some of them, including former Gutierrez Chief of Staff Gil Shinohara, have been convicted.

Dinner meeting Gutierrez, in his statement yesterday, said he first met Abramoff at a February 2002 dinner in Washington, arranged by Charfauros, a self-proclaimed friend of Abramoff.

In the Justice Department's Inspector General report, Charfauros was identified as Abramoff's main contact on Guam to link to Gutierrez.

Gutierrez's press release yesterday states he met Abramoff while attending a National Governors' Association meeting.

The federal report said, based in part on information from Abramoff, that before the Gutierrez-Abramoff dinner, Abramoff had been working alongside Guam Republicans.

In his press release yesterday, Gutierrez said: "Mark Charfauros told me that Jack Abramoff wanted to meet his most formidable foe in Guam."

"Back then, I didn't know the extent of Abramoff's involvement in the 1998 election fiasco, and I thought it was interesting that he wanted to meet me. I never refuse to meet with anyone, including adversaries," Gutierrez added.

In 1998, when it appeared Gutierrez and his Republican opponent, Joseph Ada, would face off in a runoff election, Abramoff had offered a campaign strategy, according to Pacific Daily News files. The runoff didn't materialize because of a court ruling that paved the way for Gutierrez to serve his second term. Gutierrez is running for governor in the November election, with running mate Democrat Sen. Benjamin J. Cruz.

Gutierrez said the other attendees of the February 2002 dinner with Abramoff were:

Former first lady Geri Gutierrez;

Gutierrez son-in-law Chris Stahl, Carla Gutierrez Stahl and their daughter Lilly;

Former Sen. Charfauros and his wife;

Former Guam Army National Guard Adjutant Gen. Benny M. Paulino and wife Bernie;

Former Gutierrez administration Deputy Chief of Staff Joshua Tenorio;

Former Commission on Decolonization Executive Director Leland Bettis and wife Melissa; and

Former Gutierrez Washington staff members John Whitt and Mary Eva Candon.

"At the dinner, Gutierrez recalled that Abramoff raised the subject of Black recommending himself for the U.S. Attorney position in Guam, saying that Black was claiming to be a member of the Republican Party," according to Gutierrez's press release yesterday.

Gutierrez in the press release said he told Abramoff that he had signed a letter in January 1995 to former President Clinton recommending Black to be U.S. Attorney. "Contrary to what Fred Black reported to investigators, he was the one that approached me about signing a letter of recommendation he had drafted," Gutierrez stated.

Black was off island over the weekend when the Pacific Daily News contacted him for comment, but his continuing employment as a part of the U.S. Attorney's Office on Guam, albeit with a diminished role, bars him from giving media interviews, he has said.

Charfauros on Saturday told the Pacific Daily News he disputed the federal report linking Abramoff and Gutierrez to a plan to remove Black. Charfauros said while he did ask his friend Abramoff for help in securing a confirmed U.S. Attorney for Guam, he did not work with Gutierrez on the matter.

'Blatantly racist' The federal report, which is based on an investigation stemming from allegations by Black, also states that Black has given unfavorable comments about other previous candidates for U.S. attorney for Guam and the Northern Marianas.

In that context, Gutierrez yesterday saw the report in a positive light.

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"I am very pleased that the Department of Justice has issued this report, which exposes the inappropriate attempts by former acting U.S. Attorney Fred Black to block the appointment of any local attorney to be U.S. Attorney. It is scathing by all counts and further supports my contention that Fred Black abused his authority as the acting U.S. Attorney. Fred Black successfully eliminated any local candidates for U.S. Attorney for 11 years by alleging that all potential candidates had connections to family members who were suspected of corruption. This is blatantly racist," Gutierrez said.

"The bottom line is this -- for 11 years Fred Black smeared Guam's political leaders and the people of Guam as being corrupt," Gutierrez said yesterday.

On Saturday, Gutierrez denied ever pushing for a business associate of his son-in-law as Black's replacement, as stated in the report.

The report states Abramoff's March 2002 e-mails reflect Gutierrez and Charfauros favored an attorney from the Washington, D.C., law firm Patton Boggs for Guam U.S. attorney.

"Abramoff told the (Office of Inspector General) that the attorney had worked with Gutierrez's son-in-law on a business matter," according to the report.

The report did not mention the Patton Boggs attorney's name.

Stahl, Gutierrez's son-in-law, was president of a company, GIPR, that was on contract as a marketing consultant for the local government's attempt under the Gutierrez administration to sell the Guam Telephone Authority. Stahl worked with Patton Boggs in the GTA privatization, but their joint efforts were unsuccessful in selling the government phone company. GTA was privatized in January 2005, two years after the Gutierrez administration left office.

According to a local government audit, GIPR was paid about $1.7 million in fiscal years 2001 and 2002, while Patton Boggs was paid about $903,000 in fiscal 2002 for its involvement in GTA privatization attempts, according to Pacific Daily News files.

"Carl Gutierrez Had Nothing To Do With This" (GUAMPDN)

By Steve Limtiaco

Guam Pacific Daily News, July 2, 2006

Charfauros disputes DOJ report on Black

Former Democratic Sen. Mark Charfauros yesterday acknowledged that he probably was lobbyist Jack Abramoff's closest friend on Guam, but he disputed a U.S. Department of Justice report released yesterday, linking Charfauros and former Gov. Carl Gutierrez to a plan to remove interim U.S. Attorney Frederick Black.

According to the report, investigators found a January 2001 e-mail from Charfauros to Abramoff, stating that Gutierrez would be unofficially "funnelling" his candidates for U.S. Attorney and judiciary appointments through Abramoff's office.

Charfauros yesterday evening said he did ask his friend Abramoff for help in securing a confirmed U.S. Attorney for Guam, but said he was not working with Gutierrez on the matter and did not send the e-mail stated in the report. "No way. I'd like to see that e-mail. That didn't happen. I never filed any kind of e-mail, saying that nominations are gonna come out of Carl Gutierrez. Carl Gutierrez had nothing to do with this whole issue," Charfauros said.

According to the report, Abramoff spoke to Gutierrez at a dinner in the nation's capital, and said he was aware that Gutierrez wanted Black removed from his position, "in part because of an ongoing corruption investigation Black's office was pursuing into the activities of certain members of the Gutierrez administration."

According to the report, Abramoff's e-mails confirm that in February 2002 he became involved on Gutierrez's behalf in a plan to remove Black.

Charfauros, who once was chairman of the legislative judiciary and criminal justice committee, said he always was interested in getting someone confirmed to the U.S. Attorney job on Guam, and said it did not matter who that person was.

"We have never had the ability to have the clout in Congress to confirm a U.S. Attorney for Guam," he said.

He said he went to his friend Abramoff for help. "Me and Jack's relationship was purely friendship... And this is an issue which is really unfair for Jack because he did this for no pay."

Charfauros also disputed the statement in the report that he hates Black.

"I don't think I hate Fred Black. The only thing I can say about Fred Black was there was a choice between Fred Black and Lenny Rapadas, and the only one I felt was gonna make it was gonna be Lenny Rapadas. He was the only guy I felt would get a confirmed nomination."

Charfauros, who in 1997 was sued by the Gutierrez family for slander, and who countersued them, yesterday described his relationship with the former governor, saying he wanted Gutierrez investigated because of allegations of wrong-doing. He said he started to "think twice" after federal investigations yielded no convictions against Gutierrez.

"I asked that Carl Gutierrez be investigated, and this investigation was done extensively and nothing came out of it. If I was gonna take this any further, then it would basically be personal, and it was never really personal," Charfauros said.

Abramoff: Gutierrez Wanted Black Out (GUAMPDN)

By Gaynor Dumat-ol Daleno, Dionesis Tamondong

Guam Pacific Daily News, July 2, 2006

Disgraced lobbyist Jack Abramoff has told federal investigators and said in e-mails that he worked on behalf of then-Gov. Carl Gutierrez to remove Frederick Black from being the top federal prosecutor on Guam, a new federal report states.

In a Feb. 25, 2002, e-mail, Abramoff wrote Black is "a total commie ... and has been bashing the CNMI nonstop in the past ... we need to get this guy sniped out of there." The e-mail is quoted in the newly released U.S. Department of Justice Office of Inspector General report from Washington, D.C.

Gutierrez late yesterday said he never asked Abramoff to help oust Black from his position. "I've never tried to get Fred Black removed," said Gutierrez, a gubernatorial candidate in this year's election. "As a matter of fact, I nominated him when I first became governor."

The Justice Department report stems from Office of the Inspector General's investigation into Black's allegations that Abramoff worked to get him demoted because he was leading corruption investigations involving people in the Gutierrez administration.

The investigation also was prompted by Black's allegation that Abramoff wants him out of the federal prosecuting loop because he supports applying U.S. immigration laws in the Commonwealth of the Northern Mariana Islands for national-security reasons.

Black could not be reached for comment yesterday. He previously has declined to comment on the Abramoff issue because he works under Rapadas.

"We are opposed to Black. He has been screwing us for years in the CNMI, so this is good payback. I don't care if they appoint Bozo the clown, we need to get rid of Black," Abramoff wrote in a March 6, 2002, e-mail to members of his lobbying firm at the time, Greenberg Traurig.

Abramoff pleaded guilty in January to mail fraud, conspiracy and tax evasion in connection with his lobbying work. He is cooperating with a broadening investigation that has so far produced five convictions.

The federal report states "Abramoff's e-mails confirm that in late February 2002, he became involved on Gutierrez's behalf in a plan to oust Black from the interim U.S. Attorney position."

A few months ago, the Gutierrez camp had portrayed itself as a victim, rather than a partner, of Abramoff lobbying. Gutierrez has served two gubernatorial terms and is running in the November gubernatorial election.

But while the report provides a direct link between Gutierrez and Abramoff on certain attempts to have Black removed, the report also concludes that Abramoff's efforts to influence the White House appointment for U.S. Attorney for Guam and the Northern Marianas did not matter because by the time Abramoff got involved, Leonardo Rapadas already had been chosen by a Justice Department selection panel for the job, and "it was too late to affect the selection," according to the report.

"Abramoff told the (Office of Inspector General) that he recalled being involved in attempts to influence the Guam U.S. attorney nomination beginning in February 2002," according to the report.

"At that time, Abramoff was pursuing a $1.3 million contract with the government of Guam to pursue its interests, including attempting to increase airplane flights to and from Guam," according to the report.

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As part of his efforts to obtain the contract, Abramoff met Gutierrez, who was then governor, at a dinner in Washington, D.C., states the report.

'We may have talked' "Abramoff, who had previously worked on behalf of Gutierrez's Republican opponents, said he was aware at the time that Gutierrez wanted Black removed in part because of an ongoing corruption investigation Black's office was pursuing into the activities of certain members of the Gutierrez administration," states the report.

Gutierrez yesterday said he, along with his family and other government of Guam officials, did meet Abramoff at the Washington, D.C., dinner.

"We may have talked about how Fred Black is hurting the island of Guam. Maybe he came to the conclusion that Fred Black was persona non grata as far as I'm concerned out here, not necessarily for myself but for the people of Guam."

Gutierrez, who was hosting a party at his home yesterday evening, called about five minutes after an initial interview with the PDN to say that former Sen. Mark Charfauros was the one who spoke with Abramoff and asked him to see what he could do to oust Black from his position and to move Rapadas' nomination forward. The report states that Abramoff's main contact on Guam in getting to Gutierrez was Charfauros.

Former Sen. Randy Cunliffe, who was at Gutierrez's party last night, also said Charfauros was the one who spoke with Abramoff. Cunliffe said he was speaking as Gutierrez's attorney.

Gutierrez also said that neither he nor his administration paid Abramoff for any lobbying efforts.

Charfauros in a phone interview yesterday said he did ask Abramoff for help in getting a permanent U.S. Attorney for Guam, but he did not work with Gutierrez on the issue.

On Feb. 26, 2002, after Gutierrez and Abramoff's dinner meeting, Michael Williams, a lobbying associate of Abramoff, sent an e-mail to Abramoff stating that Tony Rudy, who also was in the Abramoff lobbying group, was ready to speak to the White House about "killing" the U.S. attorney candidate (Black's role as acting U.S. attorney)." Williams also suggested that the lobby group suggest "a good Republican alternative," according to the report.

By March 4, 2002, Abramoff's e-mails reflect that Williams had learned that Gutierrez and Charfauros favored an attorney from the Washington, D.C., law firm Patton Boggs for the Guam U.S. attorney position, according to the report.

"Abramoff told the (Office of Inspector General) that the attorney had worked with Gutierrez's son-in-law on a business matter," according to the report. The report did not mention the Patton Boggs attorney's name.

Gutierrez yesterday denied those allegations.

Gutierrez son-in-law Chris Stahl was president of a company, GIPR, that was on contract as marketing consultant in the local government's attempt under Gutierrez's administration to sell the Guam Telephone Authority. Stahl worked with Patton Boggs in the GTA privatization, but their joint efforts failed.

Rapadas subsequently was confirmed by the Senate to replace Black, who had held the position in an interim capacity for years.

The federal report states even after Abramoff knew his lobbying efforts against Black were not what ultimately led to the selection of Rapadas, he took credit for the removal of Black and Rapadas' nomination.

In March 2002, after Abramoff found out that Rapadas had been selected as the replacement for Black, Abramoff e-mailed Michael Williams, an associate of his at the Greenberg lobby shop, to "play it" to their Guam contacts as though their lobbying efforts where what "killed Black," according to the Office of Inspector General report.

On March 8, 2002, Williams e-mailed Abramoff that although the "good news" was that Black would soon be out, the "bad news" was that the Patton Boggs attorney did not make the final cut, according to the report.

Abramoff added in an "e-mail that the Patton Boggs attorney was 'out of the process already. Spin spin spin,'" states the report, quoting from the Abramoff e-mail.

Abramoff and Williams proceeded to track the process in the Senate for confirming Rapadas, according to the report.

Another e-mail reflects that Williams was told by his congressional contacts on May 7, 2002, that Rapadas was on the Judiciary Committee docket the next day and was expected to be "reported favorably" by the committee.

Two days later, on May 9, 2002, after the full Senate voted to confirm Rapadas, Williams e-mailed the news to the governor's son-in-law and asked that the governor be notified.

Fewer prosecutions The report also states that Black alleged that under Rapadas and First Assistant U.S. Attorney Ross Stoddard, Guam saw fewer prosecutions of federal corruption cases, and corruption matters have not been pursued to the degree they should have.

The FBI special agent who has led the public corruption cases on Guam since 1999 said that while the number of cases has gone down, that is due to "the normal cycle of cases," according to the report.

"The special agent stated that the (task force on public corruption) focused its energy on Gutierrez administration cases, and now reached the end of that road so it was necessary to build up some new cases," according to the report.

The report also states that according to the FBI special agent, since the change in the gubernatorial administration on Guam, "the number of public corruption referrals went down."

Tenet CEO Tries To Erase Effects Of Scandals (WSJ)

By Rhonda L. Rundle

The Wall Street Journal, July 3, 2006

Trevor Fetter inherited a financial and legal morass in 2003, when he took the top job at Tenet Healthcare Corp., the big hospital operator. Now, with most of the company's legal woes behind him, Mr. Fetter is turning to his next task: moving on.

Tenet last week agreed to pay the Justice Department $725 million to settle a host of investigations, including allegations that it gamed the Medicare system to generate lucrative payments it didn't deserve. The long-running saga, which hammered the company's stock price and led to the ouster of previous management, also cast a pall on Tenet's future. In recent years, Tenet's hospital roster shrank 40% to 68, as the company sold off many of the facilities where revenues were pumped up by questionable Medicare payments.

Now, Mr. Fetter's job is to restore Tenet's reputation and upgrade cash-starved facilities. The biggest challenge will be to persuade doctors to send more patients to Tenet hospitals, many of which languished as Tenet conserved cash in anticipation of the Justice Department settlement. Today, those hospitals lack the latest CT scanners and other high-tech equipment that doctors crave.

Mr. Fetter is prescribing both culture change and nuts-and-bolts operating improvements. His predecessor built Tenet over eight years through acquisitions, resulting in a deal-driven hospital company that rewarded executives for financial performance. Mr. Fetter himself was part of that management team for several years before leaving in 2000 to run a Tenet spinoff company. He was recruited back after Tenet's problems hit and eventually rose to chief executive. In that role, he has shifted incentives, including executive compensation, to spur quality improvements for patients. And he consolidated headquarters in Dallas last year, moving out of Santa Barbara, Calif., the location former management favored.

Even Tenet's critics give it credit for improving. But rivals aren't standing still, and a physician shortage in many communities is making it that much more difficult to recruit. Mr. Fetter shakes off the pessimism. "The table is set if we can get patients to come in," he says.

In their investigations, the Justice Department and U.S. attorneys in half a dozen cities didn't prove that Tenet had committed crimes. But Tenet acknowledges that a flawed culture led to an aggressive pricing strategy, which blew up when Medicare officials and private insurance companies discovered they were paying too much. "I hope we have changed the culture," Mr. Fetter says, "because ultimately your culture is your only protection."

One root of the trouble, Mr. Fetter says, was insufficient interaction among senior managers. He has imposed a three-day "no fly zone" during the third week of every month, when the company now holds a regular management meeting. In Dallas, he moved senior executives from their 16th-floor offices to rub shoulders with direct reports on other floors. He brought back suits and ties.

Behind the scenes, Tenet has been mending fences with doctors. Mr. Fetter, Chief Operating Officer Reynold Jennings and individual hospital CEOs have been making personal visits to ask doctors what Tenet can do to make their jobs easier. Some of the complaints can be addressed at little expense: Surgeons, for example, want operating rooms to operate efficiently and on-time to maximize the number of procedures they perform in a day.

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Physicians at Houston's Cypress Fairbanks Medical Center complained that bottlenecks resulted in a shortage of critical-care beds, forcing the hospital to turn ambulances away from the emergency room. After an extensive evaluation, the hospital assigned more housekeepers to arrive after lunch, when rooms typically are vacated. Surgeons who tended to miss early start times in the operating room were assigned to later slots. "Patient flow isn't very fancy, but it's the kind of thing that makes Southwest Airlines" so successful, says Terry Wheeler, the hospital's chief executive.

Such changes have boosted volumes, but Tenet hospitals have been hurt by rivals who have taken advantage of favorable interest rates to finance swank new buildings and expensive equipment. "Tenet really hasn't been able to do that, which puts them at a significant disadvantage," says Sheryl Skolnick, an analyst at CRT Capital Group. "The doctors tell us that Houston Northwest, once their crown jewel, is falling apart."

Tenet acknowledges that Houston Northwest Medical Center, built in the 1970s, needs updating. The company is expected this week to provide details of how it will allocate some $800 million available for capital investment this year. The cash will go to buy multislice CT scanners, MRI machines, nuclear-medicine cameras and expansions and renovations of emergency rooms and heart catheterization and other labs.

Under previous management, capital investments tended to be glossy, high-visibility programs rather than physician-friendly upgrades. Tenet often lured cardiologists, orthopedic surgeons and other star specialists with lucrative financial arrangements that appealed more to their pocketbooks than to other professional instincts. Some of those deals drew government scrutiny and contributed to Tenet's reputation for being profit-hungry.

Tenet now has halted those deals, making high-quality care the attraction for both doctors and patients. The strategy turns necessity into a virtue as government programs and private insurers increasingly steer patients to doctors and hospitals based on quality measurements. "People will eventually start paying for quality," predicts Jennifer Daley, Tenet's chief medical officer and a former associate professor of medicine at Harvard Medical School. Other medical experts share her view.

Dr. Daley took her current job after Mr. Fetter pledged that Tenet's quality efforts would be real and transparent. "I'm not going to be part of window dressing," Dr. Daley says. "My goal is [for Tenet hospitals] to be in the top 10% to 20%."

In the past, Tenet had refused to participate in quality assessments that invited potentially negative comparisons with rival hospitals. Dr. Daley has insisted that the company begin submitting data to the Leapfrog Group, an industry consortium, and the California Healthcare Foundation, an independent philanthropy dedicated to helping consumers make informed health-care decisions.

Her efforts got the attention of Tenet hospital CEOs when they learned that some 30% of their compensation would be tied to quality metrics, such as progress in reducing hospital-acquired infections. Executives can check their scores on an internal Web site as part of an incentive system that took effect in January 2004. "My phone started ringing off the hook," Dr. Daley says, as hospital executives asked for help improving their numbers.

Tenet's efforts are paying off: United Health Group Inc.'s UnitedHealthcare, the big health insurer, gave its "premium" designation to 18 Tenet cardiac care centers. And in December, the American Heart Association awarded 12 of 50 performance achievement awards to Tenet hospitals. The awards go to hospitals that adhere to guidelines aimed at ensuring that patients get the right medicines and instructions to prevent a second heart attack or stroke.

The achievement is striking in comparison with another dark chapter from Tenet's past, in which two renegade doctors at a Redding, Calif., facility were accused of performing hundreds of unnecessary heart surgeries over a 10-year period. In 2004, Tenet agreed to pay $395 million to settle most of the resulting civil litigation and sold the hospital.

"Having 12 of [the heart-association awards] is significant," says Gray Ellrodt, chief of medicine at Berkshire Medical Center, a Pittsfield, Mass., hospital that isn't part of Tenet. "That is a good-faith effort to do this right."

Austin Banker Near Victory In S&L Suit (AAS)

By Robert Elder

Austin American-Statesman, July 3, 2006

Austin real estate developer Alfred Hughes was close to giddy when he acquired an El Paso savings and loan in 1988.

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"We're sitting on top of the world," he said after federal regulators approved the purchase. "We're very comfortable working in a regulated environment."

Less than two years later, regulators shuttered El Paso Federal Savings and Loan. For the past 16 years, Hughes has been trying to collect the $46.5 million he says the government cost him by improperly closing and then liquidating the institution.

Among the assets Hughes lost when the thrift closed was his ownership of 4,500 acres of Steiner Ranch in western Travis County, now a development of high-end homes.

Although the legal battle may roll on, in a continuing echo of the massive savings and loan crisis of the 1980s and early 1990s, Hughes won a big victory last month. Senior Judge James Merow of the U.S. Court of Federal Claims awarded Hughes the full amount, ruling that a 1989 federal law had unfairly imposed new financial requirements on thrifts.

The U.S. Department of Justice has two more avenues of appeal: the Court of Appeals for the D.C. Circuit and the U.S. Supreme Court. Arlene Groner, a Justice Department attorney, did not return calls for comment.

Hughes' case shows that the savings and loan crisis, which started mushrooming 25 years ago, isn't yet played out. Hughes' lawsuit was one of at least 150 filed against the government over the 1989 Financial Institutions, Reform, Recovery and Enforcement Act, a far-reaching law that helped push many thrifts into insolvency.

The government has paid more than $1.7 billion in damages so far. About 30 cases were pending as of 2005.

Hughes, 65, seemed blasé about his victory.

"It's just a lengthy process that you have to go through to sue the government for monetary damages," he said last week from his part-time home in Arrowhead, in Colorado's Vail Valley. "We just stayed the course. It doesn't do any good to get yourself worked up.

"We always felt like it would eventually get resolved," said Hughes, who said he has been retired for about five years. "We knew what we had done was right."

The savings and loan crisis sparked the greatest collapse of financial institutions since the Great Depression.

In the decade that ended in 1995, 1,043 thrifts with more than $500 billion in assets closed, according to the Federal Deposit Insurance Corp.

The causes were many: an unsound deposit insurance program that didn't distinguish between conservative thrifts and reckless ones; skyrocketing interest rates that forced thrifts to pay their customers more than they were taking in from long-term mortgages; regulations that permitted excessive borrowing; and plain old fraud by savings and loan owners, with Texas contributing some of the most spectacular examples.

The failures swamped the government's savings and loan insurance program, and taxpayers had to kick in $124 billion to bail out the failed institutions. Thrifts paid another $29 billion.

Hughes already was a banking, business and government veteran by the time he acquired the foundering El Paso Federal, which he bought shortly after a deal to buy an Austin thrift collapsed. He had been a bank director, an executive at an Austin thrift and founder of the Round Rock Savings Association. He was CEO of a chain of day surgery and diagnostic centers.

In 1986, he was chairman of the Texas Department of Corrections board. At that time, the American-Statesman estimated Hughes' net worth at $30 million to $50 million, based on comments from a close associate. Hughes today says that estimate was low. To entice investors such as Hughes to buy troubled thrifts and rehabilitate them, the now-defunct Federal Home Loan Bank Board authorized an unusual accounting maneuver.

Savings and loans need a certain level of capital to meet regulatory requirements. But El Paso had more liabilities than assets and would not have met the requirements.

In these cases, regulators stretched the definition of capital to include the amount by which liabilities exceeded assets and allowed the difference to be counted as goodwill, the business term for an intangible asset.

The goodwill could then be counted toward the capital requirements. It was a crucial step that allowed the thrifts some breathing room while the new owners restored them to financial health.

"It was the only way to make an institution viable," Hughes said.

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Buyers of thrifts also were allowed to use real estate instead of cash as financial backing for their operations. In this case, Hughes used his stake in Steiner Ranch, commercial real estate in North Austin and a number of federally subsidized housing units. He also paid $11.5 million in cash.

In his ruling, Merow noted that though regulators "preferred troubled thrifts to be acquired with cash rather than real estate, which lacks liquidity and has fluctuating values, contribution of real estate was not uncommon during this time of thrift failures as regulators sought to avoid industry collapse."

In 1989, Congress passed a law that was seen as the government's first serious attempt to stem the financial bleeding from savings and loans. One part of the law called for the elimination or rapid phase-out of the accounting allowance, which almost overnight left hundreds of institutions without enough capital to keep operating.

El Paso Federal, which had been in compliance with capital requirements, suddenly had a problem.

The new law took effect in December 1989. By September 1990, El Paso Federal was in regulatory receivership. It later was liquidated.

"It was pretty easy to see what was going to happen," Hughes said.

The U.S. Supreme Court later ruled that the law breached the contracts the government had made with investors who had purchased troubled savings and loans.

The rules for troubled thrifts shifted dramatically with the passage of the 1989 law, said Stephen Skaggs, president of the Bank Advisory Group LLC in Austin, a consulting firm.

Skaggs, who reviewed the court's ruling in the Hughes case, said the law was well-intentioned in its attempt to recapitalize thrifts and eliminate the goodwill accounting change, which he called a menace.

But, he said, the goodwill allowance "probably should have been eliminated far more gradually than it was."

Skaggs said the ruling makes it clear that the rule changes left investors such as Hughes "high and dry . . . simply because the rules under which Hughes capitalized the thrift were then changed after the fact."

Hughes lost the assets he had injected into El Paso Federal, including his ownership in most of Steiner Ranch.

Although he is not prone to looking back, Hughes said, "It sure would be nice to have Steiner Ranch back."

He said he had planned to develop the property in much the same way it stands today.

Hughes owned 4,500 acres. After El Paso's failure, the land ended up back in the hands of Tommy Steiner of the Steiner family, the same person from whom Hughes had bought the property.

BP Traders, Attempting To `Corner' Propane Market, Lost $10 Mln (BLOOM)

Bloomberg, July 3, 2006

3 (Bloomberg) -- The three BP Plc traders accused by regulators of attempting to corner the U.S. propane market lost $10 million when they failed to sell their inventory, court documents show.

The traders in February 2004 sought to make more than $20 million by holding most of the propane on a pipeline that ships the heating fuel from a hub in Texas to the U.S. Midwest and Northeast, according to transcripts filed June 28 with the U.S. District Court in Illinois by the Commodity Futures Trading Commission. Instead, they were stuck with much of the fuel as the market plunged on March 1.

``Not only do they have a public relations problem, they have a financial problem," said Charles Mankin, director of the Oklahoma Geologic Survey at the University of Oklahoma. ``It backfired on them." The losses may be more of a deterrent against future attempts to manipulate markets than any action by regulators, Mankin said. BP on June 28 denied the allegations of market manipulation and said it had fired several employees.

BP, which made $2.8 billion trading oil and gas in 2005, and other oil companies are facing increased scrutiny from U.S. regulators and lawmakers as near-record oil prices have boosted gasoline, heating oil and natural gas prices to records in the past year.

Mark Radley, a former BP trading manager who the Commodity Futures Trading Commission alleges developed the strategy, told his second-in-command that success or failure would show whether ``we can control the market at will," according to transcripts filed with the U.S. District Court in Illinois.

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Grand Jury

BP is the subject of a grand jury investigation after a crude oil pipeline leak in Alaska, which was discovered in March. In September, BP agreed to pay a $21.4 million fine, the largest ever imposed by U.S. safety regulators, for more than 300 safety violations that led to a March 2005 blast at the company's Texas City, Texas, refinery, killing 15 people and injuring more than 170.

Radley's second-in-command, Dennis Abbott, pleaded guilty to conspiracy last week. Radley, Abbott and another trader, Cody Claborn, were all fired for violating BP trading policies, according to the CFTC filing.

Radley's boss, James Summers, the vice president of natural gas liquids for BP Products North America Inc., Martin Marz, compliance manager for the unit's North America Gas & Power business, and Donald Byers, then chief operating officer for the unit, have been suspended since the CFTC named all three in its complaint, the Financial Times reported today, citing people familiar with the matter.

BP can't comment on the FT report or say anything beyond the statement on June 28, Jamie Jardine, a Singapore-based spokesman for the company, said today.

Hunt Brothers

Summers, Marz and Byers were aware of the manipulation scheme, according to the Commodity Futures Regulatory Commission's complaint.

The propane trades caught the attention of other market participants, according to transcripts of telephone calls in which they accused BP traders of trying to corner the market.

One caller referred to BP trader Cody Claborn, who worked for Abbott, as Cody Hunt, a reference to the brothers Nelson and Will Hunt, who were convicted in 1988 of conspiring to manipulate silver prices.

Claborn responded: ``What are you talking about man?"

The caller, identified only as a market participant in the court documents, then said, ``Someone told me you guys were trying to corner the TET market so I figured you were one of the Hunt brothers."

`Badly Mistaken'

``I think you're badly mistaken," Claborn answered. ``Who told you that?"

Charles Mills, the attorney representing Radley, declined to comment. Attorneys representing Claborn and Abbott couldn't be reached for comment.

BP last week denied the trades were illegal. The Commodity Futures Trading Commission alleges the BP employees violated state antitrust and consumer protection laws.

``We are reviewing what has been filed, but based on our investigation of the trades we have examined to date we believe that no manipulation of the market occurred," BP said in the June 28 statement. ``That is not how we operate."

Marz, the compliance manager who approved the trades, told the traders at a February 2004 meeting to refrain from using the word ``squeeze" when discussing the strategy, the CFTC said.

`Feeding an Elephant'

Abbott, who pleaded guilty to conspiracy in a separate court filing by the Justice Department on June 29, was called by another gas trader on Feb. 19, 2004.

``Jeez, what is y'all's appetite for propane? I mean, it's just like feeding an elephant," the market participant said to Abbott.

``Um, yeah, we just like it," Abbott replied.

``You dig it, huh?"

``I'd call it insatiable right now," Abbott told the counterparty.

BP's propane inventory peaked at 5.1 million barrels, 27 percent more than planned, according to its internal presentation, called ``Lessons Learned" and designed to determine how the experience might be useful in the future. The company had hoped to sell as much as 60 percent of that gas in February. It sold 17 percent, forcing it to sell the rest in March when prices fell by 34 cents a gallon, the document said.

`Dominant Position'

``BP employees purchased enormous quantities of propane to establish a dominant and controlling long position," the CFTC said in its complaint. That caused propane prices to rise to more than 90 cents a gallon on Feb. 27, 2004, the complaint said.

``A price that would not otherwise have been reached under the normal pressures of supply and demand," the CFTC said. Propane gas is used to heat homes in the U.S., largely in rural areas without access to natural gas pipelines.

The ``Lessons Learned" document said the trades carried no regulatory risks, ``but could increase the risk of regulatory intervention," the document said. There were no specific legal concerns. The ``primary risk" was to BP's reputation, the document said.

The case is U.S. Commodity Trading Commission v. BP Products North America Inc., 06Cv3503.

BP Suspends Three Traders Amid Calls To Police Markets (FT)

By Jeremy Grant

Financial Times, July 3, 2006

BP, the UK energy group, has suspended three Houston-based traders at the centre of an alleged propane price manipulation scheme, as alarm rose in Washington over the need to police energy markets.

Senior US senators have warned congress that "too many trades" are occurring without regulatory oversight.

Senator Carl Levin, a Michigan Democrat, said: "More and more trading is being conducted by large oil and gas traders on electronic markets where there is no oversight. It's time to put the cop back on the beat in these markets to make sure ordinary Americans aren't ripped off."

Mr Levin's call, in a bipartisan report to congress last week by the Senate's Permanent Subcommittee on Investigations, is the clearest sign yet that lawmakers believe the US energy markets are still open to manipulation years after the collapse of Enron exposed the weakness of lightly regulated energy markets.

Mr Levin and Norm Coleman, his Republican counterpart, urged congress to "eliminate the Enron loophole" by extending the power of the Commodity Futures Trading Commission, the US futures industry regulator, to oversee over-the-counter (OTC) energy markets.

It was in such markets that the alleged BP propane scheme took place. But the CFTC, which regulates exchange-traded energy futures, only spotted the alleged trouble after receiving tip-offs from market participants in the OTC markets, people familiar with the investigation said.

A sweeping CFTC civil lawsuit last week alleged that a five-man team at BP's natural gas trading desk in Houston cornered the market for TET propane, which millions of low-income Americans use to heat homes and fuel cookers and barbecues.

By building up a dominant position, BP drove up the price of the fuel, the suit claimed.

BP denies any manipulation took place. It says it fired two from the team some time ago. The other three were escorted out of BP's Houston offices on Friday after being put on "administrative leave", people familiar with the matter said.

One is Cameron Byers, a British graduate of Insead business school and chief executive of North American Gas and Power (NAGP). The unit is BP's trading arm in North America, where the group is the biggest player in propane.

The others are Martin Marz, former NAGP compliance manager, and James Summers, former vice president of natural gas liquids trading within NAGP.

A fourth, Dennis Abbott is co-operating with the US Department of Justice after pleading guilty to conspiring to manipulate and corner the propane market in the winter of 2004.

BP declined to comment.

BP and other traders of propane typically buy and sell propane and other fuels either using the telephone, or on internet-based markets such as Chalkboard, where the alleged price manipulation took place.

Any attempt to give the CFTC added powers to oversee the OTC markets would present a huge challenge given the opaque nature of record-keeping in such markets and the need to substantially boost the CFTC's budget.

Offshore Disturbance Behind Big Wall Street Failure: An Unregulated Bermuda Unit (WSJ)

By Carrick Mollenkamp, Ian McDonald And Peter A. McKay

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The Wall Street Journal, July 3, 2006

At 7:32 in the morning on Oct. 13, Paul Van Dillen tapped out an urgent email to Refco Inc. "Please return $9.9 mm," he instructed the New York-based brokerage firm.

Refco had a reputation for stellar service, but Mr. Van Dillen, an analyst for AQR Capital Management, got the runaround that morning. He traded six more phone calls and emails with Refco over the next four hours in an effort to recoup the millions held in Refco brokerage accounts by the $25 billion hedge-fund manager. Eventually, in a late-morning phone conversation with Refco employees, he got alarming news: Refco had just frozen $4 billion worth of accounts at the Bermuda unit that held his firm's money. (Read the email string1).

Refco filed for bankruptcy protection four days later, one of the largest and swiftest failures in recent Wall Street history. Refco, one of the world's largest commodities brokerages, was a global trading hub for corporations, government agencies, individual clients and hedge funds. And yet its spectacular collapse came out of nowhere. AQR, based in Greenwich, Conn., is now one of thousands of big and small investors trying to recover about $1.8 billion of assets missing from client accounts.

In recent months, the inside story of Refco's collapse is emerging in federal bankruptcy-court proceedings in lower Manhattan and in related civil and criminal actions. At its center is Refco Capital Markets Ltd. of Hamilton, Bermuda. Court proceedings have uncovered a host of unusual practices by the Bermuda unit that appear to have contributed both to Refco's rapid growth and to its catastrophic fall.

In the U.S., brokerage firms must maintain separate accounts for clients. But at Refco's unregulated Bermuda unit, client and company money was all tossed into a single unsegregated pool, the court proceedings have revealed. Refco routinely used this money for corporate purposes, and the commingled funds flowed freely between the Bermuda entity and New York units and throughout Refco, according to court testimony by employees and clients. Refco Capital Markets also made big loans to customers to finance high-risk investments. When these clients were unable to cover trading losses, the unit helped hide the bad loans, the civil and criminal actions allege.

Refco Capital Markets was incorporated in Bermuda as an "exempt" company, which meant it could do business anywhere except Bermuda. In fact, it employed no one at all at its headquarters address in Bermuda. New York-based employees ran the unit. In effect, it was unregulated: Neither Bermudan nor American regulators had any duty to watch over it.

A spokeswoman for the Bermuda Monetary Authority, the nation's financial regulator, says its main role is to protect "retail and unsophisticated" investors. Firms such as Refco Capital Markets, which cater to sophisticated investors, are entitled to exemptions from Bermuda regulation, she says.

On Oct. 10, Refco disclosed that it had made a series of transactions that could have been used to hide bad debts. That sparked a run on the bank led by its clients. Six weeks after a $583 million initial public offering of stock, Refco sought Chapter 11 bankruptcy protection. Refco Capital Markets had only $1.9 billion in client-account assets, although they were supposed to total at least $3.7 billion. Phillip R. Bennett, then chief executive officer, was arrested on Oct. 11 at his home in Gladstone, N.J., on federal fraud charges.

Refco was founded in 1969 as Ray E. Friedman & Co. Mr. Friedman was a Chicago commodities trader who served a 23-month prison stint in the 1950s for selling substandard chickens to the Army during the Korean War. He was later pardoned by President Lyndon B. Johnson and died in 2004.

Initially, Refco was mainly a middleman between farmers and food buyers. Much of its commodities operation involved futures contracts -- agreements to buy or sell a specified amount of goods at a set price on a specific date, which allow buyers and sellers to hedge against price swings and speculators to bet on price moves.

In the 1970s, futures became a huge business. They were used to bet on prices of everything from currencies to U.S. Treasury bonds to precious metals. Under the leadership of Mr. Friedman's stepson, Thomas H. Dittmer, Refco became a big futures broker with a reputation as a tough competitor.

The firm frequently ran afoul of regulators. The Commodity Futures Trading Commission filed nine regulatory actions against Refco, while the Chicago Mercantile Exchange, the Chicago Board of Trade and other futures markets filed 131, according to the National Futures Association, an industry regulatory group.

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Leo Melamed, former chairman of the Chicago Mercantile Exchange, says he once encountered Mr. Dittmer at an exchange event shortly after his organization fined Refco. "He told me: 'I made a few million, and you took a few thousand back -- so what?' " Mr. Melamed recalls. "Refco came into the industry as a renegade, and it stayed that way until the day it folded." Mr. Dittmer couldn't be reached for comment.

Mr. Bennett joined the company in 1981 from what was then Chase Manhattan Bank. He became chief financial officer in 1983 and chief executive in 1998. Under his leadership, Refco's operations grew significantly, eventually encompassing about two dozen subsidiaries. Mr. Bennett's lawyer, David Frankel, declined on behalf of his client to comment on Refco or the charges against Mr. Bennett.

In Bermuda, Refco set up a foreign-currency brokerage called Refco FX Associates. That later became part of another new Bermuda entity, Refco Capital Markets, which offered trading in exotic securities such as bonds issued by developing countries in Latin America and Asia as well as Russian stocks and silver futures.

Employees of Refco Securities LLC, a regulated subsidiary based in New York, ran the unregulated Bermuda unit. Customers of Refco Capital Markets ranged from overseas hedge funds run by highly regarded money managers to a baked-goods company in Georgia to a college professor in Iowa. It offered attentive service to all comers.

"You could call one person, and whether you had to buy an equity in the United States or in Korea or in Brazil, that one person could handle the transaction," said Richard Deitz, founder of a Moscow-based hedge-fund firm, VR Capital, during a bankruptcy-court hearing. Mr. Deitz said he and the Refco trader dedicated to his account communicated about trades and markets at least five times a day.

The service "was beautiful," says Peter Catranis of Aliso Viejo, Calif., who oversaw accounts for small investors.

The interest paid to clients on cash in their accounts was often 1.75 percentage points higher than Wall Street brokerages offered, one Refco executive testified in bankruptcy court.

Refco Capital Markets eventually counted more than 3,000 customers world-wide. By 2005, it produced more than half of Refco's pretax profit, according to bankruptcy-court testimony.

Big investors often borrow money from brokerages to invest, pledging securities in their portfolios as collateral. Most brokerages set limits on the emerging-market bonds and stocks they accept as collateral because of the risks associated with them. Refco Capital Markets often didn't set such limits. Thomas Yorke, who ran the Refco Capital Markets financing desk, said in bankruptcy-court testimony that Refco Capital Markets "didn't have any of the U.S. regulatory requirements to adhere to."

Vera Kraker, who ran the desk with him, said in a sworn statement: "We would look at pretty much any security a client would bring into Refco for financing."

Bahamas-based Capital Management Select Fund was able to borrow 50% of the value of its shares of Russian oil giant OAO Lukoil, its manager said in a court statement. Another brokerage, Bear Stearns Cos., wouldn't let it borrow more than 15% of the shares' value, the manager said.

As an "exempt" Bermuda company, Refco Capital Markets wasn't required to keep customers' money distinct from Refco's. Client and company money circulated among various Refco entities. Every day, the Bermuda unit sent money to an affiliated Refco entity, which used the cash to run Refco's varied businesses -- to pay bills, make loans and finance acquisitions, according to bankruptcy-court documents and testimony. And other Refco units ultimately sent funds to Bermuda for Refco Capital Markets to invest. Investigators have traced thousands of money transfers since 2000, with about $20 billion going from Bermuda to other Refco entities and about $18 billion going back.

Refco Capital Markets "had full use of all of the cash invested" with it, "and I am not aware of any restrictions that apply to the use of that cash," said former Refco treasurer Matthew Hreben in a sworn statement filed in bankruptcy court.

Many customers testified they had no idea the firm was using their assets this way. "That is not a business model of which I am familiar with," Mr. Deitz, the Moscow-based hedge-fund manager, said at a bankruptcy-court hearing. "It's something that I think is more in common with three-card monte."

In testimony, Refco executives said documents sent to customers to confirm trades disclosed that Refco had a free hand with client assets. They also said clients should have known that dealing with an unregulated Bermuda firm involved risk. "These are all big boys," Mr. Yorke said in court of the clients. "These aren't widows and orphans."

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Much client money was transferred to other Refco entities, testified Todd Brents of AlixPartners LLC, a firm helping unravel Refco's books. Sometimes "there will be a notation in the accounting records that will say transfer $10 million for X," he said. "Other times," he added, "there will be no explanation." He testified he suspected a large transfer last August was used to acquire the brokerage operations of Cargill Investor Services, because it was made on the same day Refco paid $208 million for the rival trading firm. Days earlier, a similar amount had flowed into Refco Capital Markets.

Clients "didn't know that what they thought was a broker was actually acting as a bank for Refco," says New York lawyer Howard Seife, who represents two dozen Refco Capital Markets customers.

The practices that brought Refco down appear to have arisen because some brokerage customers suffered investment losses and were unable to repay loans made by Refco. Some of these bad debts dated to the late 1990s.

In February 2000, Mr. Bennett made an unusual proposal to Bawag P.S.K. Group, an Austrian bank that bought 10% of Refco in 1999. In emails between Mr. Bennett and Bawag executives, the project was referred to as "Cleanup," say people familiar with the matter.

The project was a complex effort to hide hundreds of millions of dollars of bad debts, including loans customers couldn't repay due to trading losses. A private company controlled by Mr. Bennett assumed those bad debts to make Refco's books look better, according to federal prosecutors and Refco creditors.

In order for Refco to mask the transaction from auditors, Mr. Bennett's company engaged in a circular series of money transfers, which took place just before Refco closed its books each financial period. His company borrowed money from Bawag and Bawag borrowed money from Refco Capital Markets, prosecutors and creditors allege. Then, Mr. Bennett paid the money to Refco.

Thus, the bad debt on Refco's books was converted into a standard, collectable loan to Bawag. None of the transactions were visible to investors. Days after the financial period ended, the transactions would be reversed, creditors say, saddling Refco once again with the bad debt. (Read letters discussing the Bawag transactions: one3 | two4)

Eventually, these transactions were conducted quarterly and involved both the Austrian bank and a New Jersey hedge fund, Liberty Corner Capital Strategies LLC, Refco creditors allege. Investors in Refco stock and bonds make similar allegations in lawsuits against Refco executives and the company's auditor and underwriters. (Bawag agreed last month to settle criminal and civil claims that it helped carry out the alleged fraud. Liberty Corner has denied knowingly participating in the alleged wrongdoing.)

In early 2004, Thomas H. Lee Partners, a buyout firm, was preparing to acquire a stake in Refco with an eye toward transforming it into a publicly traded company. As part of the deal, Refco was planning a large bond offering, which meant that investors would be scouring its books. Creditors allege that at that time, Refco hid $970 million in debts, including bad debts. Although the Lee buyout firm spent $10 million investigating Refco, it didn't uncover the problem, and the deal went through.

On Aug. 11, 2005, Refco went public. To celebrate, Mr. Bennett rang the opening bell at the New York Stock Exchange. Two weeks after the IPO came another series of debt-hiding transactions with Liberty Corner valued at $420 million, according to the civil complaint by investors.

As Refco closed its books for the period ending August 2005, company bookkeepers noticed an irregularity, a move that forced Mr. Bennett to disclose his role at an Oct. 6 meeting with Refco's audit committee, according to bankruptcy-court testimony and court filings. Four days later, Refco disclosed the transactions relating to the bad debt. Over the next few days, "we had literally hundreds and hundreds of millions go out the door," Mr. Yorke testified.

Among those demanding money was Christopher Sugrue, a former Refco executive who ran a money-management firm called PlusFunds Group Inc. On Oct. 11, he burst into the office of Mr. Hreben, Refco's treasurer, in the company's lower Manhattan headquarters, according to sworn testimony from Mr. Hreben. Mr. Sugrue demanded that $300 million of PlusFunds money be transferred from unregulated Bermuda accounts to regulated U.S. ones in order to protect the funds, according to the sworn statement. "He appeared to be very upset and was shouting," Mr. Hreben said in his statement. Mr. Hreben ordered him out. (Read Mr. Hreben's account.5)

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The next day, Mr. Sugrue returned to see Ms. Kraker, who helped run the Refco Capital Markets financing desk. "He stood behind me at my station on the trading floor asking repeatedly if the money had been transferred as he had demanded," she said in a sworn statement.

Refco transferred the money, and Mr. Sugrue withdrew it. Others also withdrew their funds, depleting the coffers of Refco Capital Markets. Refco froze the unit's customer accounts and declared bankruptcy. A bankruptcy court later froze the money withdrawn by PlusFunds because under bankruptcy law, all Refco Capital Markets clients have to be treated equally. In an interview earlier this year, Mr. Sugrue said he had every right to recover the money.

Customers of Refco Capital Markets continue to try to recoup their money through bankruptcy court. Refco has sold its regulated futures-brokerage business to a unit of London-based Man Group PLC. Its remaining assets, including some expensive art work, are being sold off piece by piece. Mr. Bennett remains under house arrest. No date has been set for his trial.

SEC Dubious Of German Bond Deal (USAT)

By Elliot Blair Smith

USA Today, July 3, 2006

Las Vegas investor Jeffrey Weston has been snapping up Germany Weimar Republic bonds from the 1920s on the premise that $1,000 in IOUs payable in gold then are today worth about $1 billion apiece.

Along the way, Weston, 46, persuaded dozens of investors to give him $7.7 million to purchase the antique certificates, which lost much of their value after Adolf Hitler came to power in 1933.

Last week, the Securities and Exchange Commission said Weston had spun a fantastic tale while spending $2 million of investors' money on a house and cars and tucking away $454,000 more in Swiss bank accounts. The SEC said Weston bought some German bonds of dubious value, paying as little as $190 apiece for them, but laid little of the legal groundwork he promised investors toward establishing an investment trust he called INGOTs for Insured Notes of German Obligations Trusts.

In an emergency filing in Las Vegas, the SEC sued to halt Weston's promotions, freeze his funds and recover what authorities say might be only pennies on the dollar. The FBI and Texas authorities also are investigating, court records show.

SEC attorney Jeffrey Norris called Weston's investment sales pitch “far-fetched and impossible.”

Weston, author of The German Financial Time Bomb: A Betrayal of the American Public, a Fantastic Deception, 50 years of Cover-up and Now a Solution, which investigators say he published with investors' funds, declined to comment. In a brief phone conversation, Weston said he was unfamiliar with the SEC lawsuit but promised to “be in touch” with his investors about the government case.

Since 1953, Germany has offered to honor bonds belonging to their legitimate owners — at face value, and without interest — while contending that most paper certificates now in circulation have no redemption value because they were pillaged by Russian troops from its banks at the end of World War II.

Weston's far greater expectations are based on his assertion that “Germany was lying about the looting by Russian soldiers” and appraisals that value the certificates much higher, his sales materials state. One marketing document identifies the Iowa high school graduate as “one of the world's foremost experts” in finance.

In June, Weston gave SEC investigators a lengthy deposition in which he cited previous jobs as a “penny stock” broker, a multilevel cosmetic salesman and manager of a Cayman Islands mutual fund that authorities liquidated in 2002. Weston acknowledged he'd had no income since the fund folded.

Weston told investigators he had “used a significant portion” of investors' funds for “personal expenses,” which he'd recorded as a loan with “a sticky (note) that I put in my calendar book … indicating that it was a loan that I had taken that needed to be repaid.”

Far from shy, Weston recounted previous clashes with the FBI and disgruntled investors and boasted he was able to buy the prewar German bonds far cheaper than anybody else “because most people won't sell them to anybody but me, because they're afraid that the person they're dealing with is an agent of the German government and going to confiscate the bonds.”

Several investors expressed confidence Weston will prevail and force German authorities to honor the securities.

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"I don't find anything untoward in anything Mr. Weston's told me," said George Vaile of Las Vegas, who invested $830,000 with Weston. "I believe the bonds have value."

James Long of Austin, who invested $300,000, said: "He's got, frankly, the German government in a very terrible position and I feel like this is a good investment even for somebody who's a moderate risk taker like I am."

CRIMINAL LAW:

Justice Dept. Subpoenas Jefferson's E-mails (RC)

By John Bresnahan

Roll Call, July 3, 2006

The Justice Department has issued a new subpoena for e-mails from Rep. William Jefferson (D-La.), who is at the center of an ongoing bribery and corruption investigation.

The subpoena, approved by a federal grand jury in Alexandria, Va., was sent last week to James Eagan, Chief Administrative Officer of the House. The Jefferson probe is being overseen by the U.S. attorney's office in Alexandria.

The subpoena was read into the Congressional Record on Thursday evening, as required under House rules, but did not specify that Jefferson was the target of the request.

The Justice Department is seeking e-mail traffic from Jefferson's office prior to Aug. 3, 2005, when FBI agents raided his home and car, according to sources close to the case. The Justice Department and House officials have been negotiating over the scope of the subpoena for months, said the sources.

Any e-mails relevant to the Justice Department search will now be assembled, and Jefferson will be allowed to review them and decide whether he wants to try to assert his privilege under the Speech or Debate Clause and withhold them from the federal prosecutors. Jefferson would then have to file a legal motion in federal court in Alexandria outlining the reasons for why they should not be turned over to federal investigators.

Jefferson's attorney declined to comment for this article.

The House Administration Committee, which oversees Eagan's office, also had no comment.

Jefferson's office in the Rayburn House Office Building was raided by FBI agents on May 20, a move that infuriated both Democratic and GOP leaders. Jefferson's legal team, backed by the House leadership, has challenged the propriety of the raid in court. An initial ruling in that case is expected soon. House officials are negotiating with the Justice Department over ground rules for any future search of a Congressional office. Those talks remain ongoing.

Jefferson has been waging a legal fight with the Justice Department in federal court in Alexandria, but the proceedings in that case are under seal and not publicly available.

Jefferson is suspected of taking hundreds of thousands of dollars in bribes in return for his assistance in aiding a Kentucky businessman win several telecom deals in Africa. That businessman, Vernon Jackson, has already pleaded guilty in federal court to paying bribes to Jefferson beginning in 2001 through a company owned by his wife and five daughters.

A former Jefferson aide, Brett Pfeffer, pleaded guilty in January to conspiracy to commit bribery and aiding and abetting the solicitation of bribes by a Member of Congress. Pfeffer has been sentenced to eight years in federal prison for his role in the bribery scheme.

Ohio's Rep. Ney Stuck In Wait-and-see Game (USAT)

By Jill Lawrence

USA Today, July 3, 2006

CHILLICOTHE, Ohio — There's often a caveat these days when Ohio Republicans talk about re-election prospects for their embattled congressman, Bob Ney. As state Rep. Clyde Evans put it at a recent GOP barbecue, "Unless he's indicted, I think he'll do very well."

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In a district that stretches more than 200 miles through hills, farms and small-town Main Streets, Ney has been the go-to guy for a dozen years. He won 66% of the vote in 2004. Now he's a central figure in the federal corruption investigation of convicted lobbyist Jack Abramoff and, according to the political newsletter Hotline, the most vulnerable House incumbent.

The six-term Republican from Heath is accused in court papers and testimony by a former aide of accepting gifts, trips and campaign donations from Abramoff and his clients in exchange for official actions. The House ethics committee is investigating him. Ney's top Capitol Hill aides are leaving, and federal investigators last week subpoenaed his district director.

Ney, who turns 52 on Wednesday, hasn't been charged and says he has done nothing wrong. He also says he'll run even if he's indicted. "I'll be serving … until the day the voters decide whether they want me to continue," Ney said in an interview. "They make the decision. No one else."

Diane Carnes, head of the Ross County GOP, says an indictment won't shake her support. "I trust him," she says. "I'm going to be there for him because he's always been there for us."

Some of Ney's past backers, however, say an indictment would change their votes. Some already are considering a switch to Democrat Zack Space, 45, an attorney and hotel developer from Dover.

Retired paper mill supervisor Arlan Cox said he is "up in the air" about whether he'll stick with Ney. As he prepared for a Lion's Club fish fry at a downtown park, Cox said he knew little about Space, but "we need to clean house in Washington and start over."

Ohio is awash in scandal, making it prime territory for the "culture of corruption" argument Democrats are using against Republicans in their quest to take control of the House and Senate. The largest corruption probe in Ohio history has produced charges against 14 people. The two most prominent:

•Republican Gov. Bob Taft was convicted of four misdemeanors involving golf outings, dinners and other unreported gifts; his approval rating in May was 26%.

•Tom Noe, a rare coin dealer and party fundraiser, pleaded guilty to illegally funneling contributions to President Bush. Noe also is charged with embezzlement arising from his management of a $50 million coin investment for the state worker's compensation fund.

The drag on GOP candidates here is palpable. Two-term Sen. Mike DeWine, seven-term Rep. Deborah Pryce and six-term Rep. Steve Chabot are in contests that Hotline editor Chuck Todd and other independent analysts rate as tossups or potential upsets, although all three won their last races with 60%.

Ken Blackwell, the Republican candidate for governor, doesn't talk about Taft. "Bob Taft is not in the matrix," he declared, smiling, when asked why. Lieutenant governor candidate Tom Raga, rallying the troops at the backyard barbecue here in Ney's district, stuck to indirect allusions. "Republicans in Ohio love being Republicans," he said. "They may have someone they're disappointed in or unhappy with, but they're Republicans."

Space, who declined interview requests, won the Democratic primary with a campaign centered on ethics. His website features a pledge to accept no gifts, trips or meals from lobbyists.

Ney stepped down as head of the House Administration Committee in January after Abramoff, in his plea agreement, described official acts performed by "Representative #1," later identified in court papers as Ney, in exchange for "a stream of things of value." Abramoff partner Neil Volz, once Ney's chief of staff, pleaded guilty to trying to corrupt Ney. He testified that Ney was a "champion" for Abramoff's clients.

Ney, Abramoff and former House majority leader Tom DeLay took an expensive golf trip to Scotland, subsidized by the Tigua tribe of Texas, an Abramoff client. Ney later tried to help the Tiguas reopen a casino.

Ney calls Abramoff "a con man" who deceived him and wants to stay out of jail. Accounts of his own activities are distorted, Ney says: "Did I spend hours and hours and hours and hours on his issues? No."

If Ney survives the election, it could be because of the Social Security glitches he has unraveled, the federal money he has secured, the sympathetic ear he offers his constituents. "People know him personally," says Republican Connie Meyer, a registered nurse here. "Word of mouth is going to help."

Controversy has only intensified Ney's attentions to the home folk. "I don't cancel events" in tough times, he says. "I just continue on a pretty rigorous schedule."

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One staple is leading students on tours of the Capitol. “Welcome to the floor of the U.S. House. My name is Bob Ney, and I'm your member of Congress,” Ney began recently, standing before 63 sixth-graders and 14 chaperones from Jackson (Ohio) Middle School.

Ney recently did the tour for 84 students from a neighboring district after they got stuck in traffic and missed their scheduled tour. The desperate request came from Democrat Violet Cummings, a Ney constituent on the trip. When he came through, driving all night from Ohio to Washington because of a canceled flight, Cummings took down her Zack Space lawn sign.

“How could I work against somebody who cares that much? … He can't be all bad if he cares that much about the kids,” she said.

Political Scandals Refuse To Go Away In 'Corrupticut' (WP)

By David A. Fahrenthold

The Washington Post, July 3, 2006

NEW HAVEN, Conn. -- There was the mayor who liked to be plied with $100-plus bottles of Bordeaux. The governor who took a free hot tub. The state senator who was given a job that paid $30,000 for doing nothing -- and then demanded a raise.

The past few years have revealed so many tales of graft, malfeasance and all-purpose criminality by public servants in Connecticut that it's hard to choose the most brazen. But for Kevin J. O'Connor, the U.S. attorney here, one moment stands out.

It came in June 2004, while then-Gov. John G. Rowland (R) -- he of the hot tub -- was facing impeachment in the legislature for improperly taking gifts. Even in that fraught time, O'Connor said, federal agents recorded state Sen. Ernest E. Newton II (D) -- he of the no-show job -- asking someone for a bribe.

"I thought to myself, you know, 'What are these people thinking?' " O'Connor said.

When Connecticut forefathers nicknamed their state "The Land of Steady Habits," this was probably not what they had in mind. But a tradition of bad behavior by officeholders persists here, despite numerous prosecutions and attempts at reform.

If more proof were needed, it has come in the past few weeks, with three new scandals involving current or former big-city mayors.

When Rowland resigned, pleaded guilty and was sentenced in March 2005 to a year and a day in jail, "everybody thought that was going to be the end of it," said John M. Orman, a professor of politics at Fairfield University in Fairfield, Conn. Instead, he said, the continuing parade of misdeeds has helped the state live up to a new nickname, "Corrupticut." "We just keep having 'em in Connecticut," Orman said.

The recent scandals here include the tearful, nationally televised admission on June 20 by Bridgeport Mayor John M. Fabrizi (D) that he had used cocaine while in office. "I am pleased to tell you that I have not used drugs in the last 18 months," said Fabrizi, who has been mayor for more than three years. For now, the U.S. attorney's office says it has no plans to prosecute him for the drug use.

Other cases include a former mayor and city council member from Middletown -- who pleaded guilty late last month to fraud for embezzling money from his law clients -- and a new charge against Joseph Santopietro, the former mayor of Waterbury. Santopietro previously was convicted on bribery charges stemming from his conduct as mayor in the 1990s. Now out of jail, he has been charged with racketeering conspiracy for allegedly serving as a consultant to a mob-affiliated garbage-hauling business.

These cases are just the latest in a long string of charges against officeholders this year. There was Rowland's former chief of staff, who was sentenced to jail in April for bribery and tax offenses. There was a postmaster who stole from a customer, a public-works official who lied to federal investigators, and a state transportation worker who helped rig a bidding process and got a free TV from the winning contractor.

It all adds up to a big problem, officials here say. Statistically, the state's corruption prosecutions still don't equal those of places such as New Jersey, Illinois or Mississippi. But many fear that businesses will be driven away, or that voters and potential candidates might be disillusioned by a perception that Connecticut is -- as one pol has put it -- "Louisiana with foliage."

"We thought we were a state of Yankee integrity," said Howard L. Reiter, a professor of political science at the University of Connecticut. "Clearly, that's not the case anymore."

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Observers of Connecticut politics say that part of the problem was that ethics rules went unenforced here for so long, allowing corrupt practices to become ingrained before large-scale prosecutions began in the 1980s and 1990s. Another problem is the state's network of political machines, which incubate Republican and Democratic hopefuls in systems in which friendship and favors rule.

In recent years, the two most prolific incubators have been a pair of old manufacturing cities in Connecticut's western half. Waterbury, in addition to being Rowland's home town, had three mayors charged with crimes, and two of them imprisoned. In Bridgeport, Fabrizi's predecessor, Joseph P. Ganim, also a Democrat, was convicted of taking bribes and kickbacks.

In the Ganim case, one of those doing the bribing was Lennie Grimaldi, a public relations consultant. Grimaldi said that the city's political culture dictated that he lavish gifts on the mayor or else worry that his clients would be frozen out of city business.

"It started off with, you know, buying dinners, and then expensive dinners, and then a little bit of wine, and then the gifts. . . . It became this monster," recalled Grimaldi, who served 10 months in prison and has become a successful freelance writer after his release. "I didn't have the guts to say no to a mayor that had a tremendous amount of economic power over me."

Last year, the Rowland scandal galvanized legislators to try to change the atmosphere. They created a system that bars political contributions from state contractors and lobbyists, and aims to reduce the influence of donors overall by providing public financing for candidates in future elections.

Locally, some officials have made their own efforts at doing politics strictly by the book. These days, Waterbury Mayor Michael J. Jarjura (D) said, even fruit baskets sent by constituents won't be accepted.

"I know they're just trying to be kind," Jarjura said, "but we immediately send it back, and we document that we sent it back."

These efforts at reforming the system are now widespread enough that Rowland's defense attorney, William F. Dow III, said he fears the good in the state's old system might be lost.

"Government will operate less efficiently" if politicians obsess over avoiding appearances of impropriety, Dow said. "I think this dotting the i's and crossing the t's is going to have a chilling effect."

The chill isn't here yet, though. Instead, last week saw another of the kind of embarrassing spectacle Connecticut is seeking to avoid, as defendants in the garbage-hauling case were arraigned in New Haven's federal court.

In that case, prosecutors allege that a slew of Connecticut businesses used mob muscle to keep competitors away from the routes where they picked up trash. Those charged include an 86-year-old man alleged to be mob boss "Matty the Horse," plus a number of lower-level players who appeared in court wearing pompadour haircuts or tailored suits.

Then there was Santopietro, the former Republican mayor of Waterbury, who stood out because he wore just slacks and a sensible-looking short-sleeved dress shirt. Out of the whole bunch, he was the only one who looked like a civil servant.

Missouri Court Ruling Limits Names On Sex Offender Registry (SLPD)

By Matt Franck

St. Louis Post-Dispatch, July 2, 2006

Thousands of offenders would no longer be required to provide information for Missouri's sex offender registry after a ruling Friday by the Missouri Supreme Court, according to the lawyer behind the litigation.

While the high court upheld the constitutionality of the state's sex offender registry law, it ruled that the statute should not apply to nearly all of those convicted of crimes prior to 1995, when the law took effect. One key exception is sexually violent predators, who will stay on the list regardless of when their crimes occurred.

Just how many of Missouri's more than 11,000 registered sex offenders would be affected by the ruling was unclear Friday. Tim Hull, a spokesman for the Missouri Highway Patrol, which maintains the list, said officials must review the ruling in detail.

But Arthur Benson II, the lawyer who brought the case, estimates that thousands would no longer have to be registered as sex offenders. Currently, the registry includes offenses from 1979 to the present. Crimes committed during more than half of those years would not be included in the registry.

Benson said the ruling addresses "the height of unfairness" in the current law, which requires people to register even for crimes they committed years before the registry law was conceived.

Eleven of Benson's clients claimed their inclusion on the sex offender registry was unconstitutional on numerous grounds.

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The high court rejected nearly all their claims, affirming the constitutionality of requiring offenders to register even after they had completed prison sentences. The court ruled - as it and others have in the past - that the registration requirement does not represent an additional criminal punishment.

But the unanimous opinion, written by Judge Laura Denvir Stith, said applying the law retrospectively conflicts with constitutional interpretation dating back to 1820.

The ruling continues to allow publication of information about prior sex offenders, whose crimes are a matter of public record. But those who committed crimes before 1995 would not face criminal charges for failing to register or update their address.

Benson said the ruling in no way places the public at risk. He said the true sexual predators are known by law enforcement and will continue to be tracked.

One Missouri legislator who has recently worked to toughen sex offender laws disagrees.

"There will be people who will drop off the registry who the public would feel would be a threat," said Sen. Matt Bartle, R-Lee's Summit.

Bartle co-sponsored a sex offender bill signed by the governor this year that addresses many of the issues raised in the Supreme Court case.

The new provisions allow people who committed certain nonsexual crimes, such as kidnapping by a parent or other forms of child abuse, to be removed from the registry.

The law also allows those who were found guilty of consensual sex between teenagers to petition to have their names removed. Several of the plaintiffs involved in the Supreme Court case are now eligible to make use of the new law.

According to the ruling, the new law made it unnecessary for the high court to rule on whether certain offenders don't belong on the registry.

Bartle said he believes lawmakers this year worked to make sure the registry was both fair and useful to those wanting to track serious offenders. Friday's ruling, he said, goes too far by striking scores of names from the list.

Guiding Kids From Net Danger (DENP)

Denver Post, July 3, 2006

There has been a great deal of concern recently - among lawmakers, in the courts and in the media - about the dangers faced by children on the Internet.

Indeed, the statistics about online predators are frightening. Just in the last three years, 7,600 offenders have been caught and arrested for sexual solicitations.

According to a U.S. Department of Justice survey, 1 in 5 girls and 1 in 10 boys admitted to being sexually solicited on the Internet.

The Internet has proven to be a riveting tool for children - it provides an incredible opportunity for students to gain a broader view of the world, collect research for school projects, and keep in contact with family and friends.

Kids are a lot less likely to become victims of sexual solicitation with proper supervision and education about online dangers. That is why we were so encouraged by the program established by Qwest and the National Center for Missing & Exploited Children in an effort to educate parents about monitoring their kids on the Net.

To raise Internet safety awareness in Colorado, Qwest is calling for 10,000 Coloradans to become educated about online safety. The Denver-based telecommunications company is offering grants of up to $250 to the first 100 schools that provide instructions to at least 20 percent of parents by the end of the year, using the website incredibleinternet.com.

The site, among several

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services, provides tips on safe surfing and teaches parents about social networking sites such as MySpace and Friendster. It also offers information on the top anti-spyware scanners and an online safety video featuring former Olympic speedskater Bonnie Blair.

The National Center for Missing & Exploited Children provides a site, www.cybertipline.com, that reaches out to both parents and children. It describes the dangers of the Web and discusses situations to avoid. There is even a game where children can use simulated chat rooms, instant messaging and e-mail, and are asked to identify possible predators - a creative way to practice identifying red flags on the Web.

It doesn't make sense to deal with Internet risks by locking up your children's computer, but it's vital for parents and guardians to monitor their online use.

Through awareness, parent-child communication and a few safety precautions, kids and teens can appreciate the benefits of the Internet while dodging most of the dangers.

Toddler Didn't Meet Amber Alert Criteria (DMN)

By Jeff Mosier, The Dallas Morning News

The Dallas Morning News, July 2, 2006

Irving: Case lacked proof of kidnap, but chief says he 'couldn't rule it out'

The Irving Police Department could face an informal reprimand for issuing an Amber Alert for 2-year-old Elian Majano, who disappeared from a park more than a week ago and is still missing.

Evidence of abduction is a requirement for activating the regional alert system, but Police Chief Larry Boyd said there was no such evidence in this case. The task force that runs the local system reviews each alert to determine whether it was warranted.

There were "no signs of abduction, but we couldn't rule it out," Chief Boyd said.

Elian disappeared in Lively Park on June 21 while his mother was sitting in a truck with a man described by authorities as her boyfriend. The toddler and his 4-year-old brother were playing outside at the time.

Police are unsure whether Elian was abducted or fell into a sinkhole that leads to the sewer system. Authorities said that there's no evidence to support either theory but that no other option makes sense.

Chief Boyd said it was important "to err on the side of caution and make sure the maximum amount of people heard about the child."

Tarrant County Sheriff Dee Anderson, a member of the local and state Amber Alert committees, said the system wasn't created only to drum up extra media coverage or to determine what happened.

He said the system should be used when police know that an abduction has occurred and there is sufficient information to help the public spot the kidnapper and child.

"I do not like to Monday morning quarterback this without full knowledge of the case, but my overall obvious concern is that there was never any evidence of an abduction," Sheriff Anderson said. "To my knowledge, there still isn't."

In Elian's case, police had a description of the boy and his flower-print shorts and Spider-Man flip-flops. But there were no other details about what might have happened to him.

Sheriff Anderson said that improper use of the system often happens when there is pressure from the family or media to issue an alert or when an investigation has stalled. He said the task force has written many letters during the past two decades reprimanding departments for using those criteria.

Capt. Richard Holland of the Houston Police Department said he could sympathize with Irving's decision.

"It's one of the most challenging calls that a law enforcement agency is asked to make," he said.

Capt. Holland, a member of the Houston regional Amber Alert committee, said that when other possibilities are eliminated, a department has to assume that a child has been abducted.

"If you have a very young child, sometimes you have to make that presumption," he said.

Strict rules

Most Amber Alert systems use standardized criteria for when it should be activated, such as evidence of abduction and risk of harm to the child. But there are some differences.

The Texas Department of Public Safety operates its own statewide Amber Alert system with even stricter rules. Elian's case would not have been eligible for that alert because a description of the suspect is required.

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Lisa Block, a DPS spokeswoman, said that such stringent standards ensure that the system isn't overused and remains effective. Since the system was created in August 2002, DPS has issued Amber Alerts for 27 children. Twenty-five were returned safely, one child was killed and one is still missing.

"The suspect information is vital to what we do," Ms. Block said.

Statistics for the North Texas regional Amber Alert system were not immediately available.

The Amber Alert for Elian has been active for about a week and half, far longer than the usual one to three days.

Alerts stay active

In the Houston area, the regional committee does not rescind its Amber Alerts until the child is found. Since the regional system was created in 2000, there are three subjects of Amber Alerts who are still missing.

Each of those is still listed as active even after several years, although those alerts are no longer broadcast by local media or placed on digital highway signs.

DPS re-evaluates Amber Alerts every 24 hours to determine whether they are still helping with the investigation. In a Houston case from 2004, the state Amber Alert was canceled on the third day while the local alert remains in effect today.

Chief Boyd said he understands that the Amber Alert system could lose its potency if it's used too often, but he also noted that it's a critical tool that can't be overlooked during an investigation.

"I hope it was for nothing," he said about the Amber Alert for Elian. "But we still need information, and that's what the system is for."

Sheriff Anderson said it appears that Irving issued the alert because officials ran out of other options.

"The Irving people will certainly have a chance to explain their thought process," he said. "We'll see where it leads us."

Staff writer Eric Aasen contributed to this report.

CIVIL RIGHTS:

Chabad Fight Goes To Court (MH)

By Todd Wright

The Miami Herald, July 3, 2006

Hollywood is expected to ask a federal judge today for more time to settle a religious discrimination lawsuit brought against the city by an Orthodox synagogue.

Jury selection is scheduled to start at 9 a.m. before Judge Joan Lenard in U.S. District Court in Miami.

The city last week offered a last-minute deal to end the five-year dispute with the Hollywood Community Synagogue Chabad Lubavitch. Now, the congregation wants time to consider the offer.

Even if the settlement is accepted, Hollywood leaders may face a fresh round of lawsuits -- this time from neighbors concerned that the deal would allow the synagogue to expand without their input or city approval.

"The point is to end this litigation, not start 10 more lawsuits," said Commissioner Peter Bober, who supports the latest deal. ``How are we not liable to all these other property owners?"

The proposal now on the table would give the Chabad $2 million and allow it to remain in the homes at 2215 and 2221 N. 46th Ave. -- with some restrictions on expansion.

Under the agreement, the synagogue would be allowed to buy only three more lots in a two-block area to expand and build whatever it wants. Initially, the Chabad had wanted to be able to buy as many lots as it needed, without any restriction.

Some 40 homes are located in that two-block area.

Rabbi Joseph Korf said the congregation may consider a day care, school or parking lot.

Chabad leaders agreed to consider the deal and ask Lenard for a delay this morning.

NEIGHBORS UNHAPPY

But neighboring homeowners say the city's deal -- allowing the Chabad to expand without regard to existing zoning rules -- subjects them to noise and traffic without giving them a chance to object.

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Even City Attorney Dan Abbott said residents could claim the city never gave them the opportunity to voice their opinion on how a neighboring property impacts theirs.

Already, several homeowners have threatened legal action.

"The whole thing about neighborhoods is the protection you have around your house," said Christie DeMinico, president of the Hollywood Hills Civic Association. ``We trusted the city to make the right judgment call on special exception and how it will impact the neighborhood. They have taken the protection away."

Homeowners are concerned that a settlement with the Chabad could give religious groups the right to locate and expand in neighborhoods, with little worry about restrictions, said Charles Vollman, president of the Hollywood Council of Civic Associations.

"What affects one neighborhood," he said, ``affects all of our neighborhoods."

Several homeowners associations want the city to take Chabad to trial, which could cost taxpayers millions if Hollywood should lose.

Currently, about 70 religious groups hold the special permit needed to operate a house of worship in a single-family district.

The most recent settlement proposal is the latest twist in a dispute that started in 2001, when neighbors complained about noise, trash and illegally parked cars at the synagogue.

SUITS, COUNTERSUITS

The disagreement led to a series of lawsuits, with the synagogue charging discrimination. The U.S. Justice Department joined in on the side of the congregation.

On June 23, in a last-minute effort to settle the matter before going to court, city leaders offered the synagogue the right to stay in the houses temporarily, until they could come up with new rules allowing houses of worship in residential areas.

The Chabad rejected the city's deal, calling instead for the right to stay in the houses permanently, then asking for a $2 million settlement.

The congregation also wanted the right to expand without restrictions.

On June 26, when the lawsuit hearing opened in U.S. District Court, attorneys for both sides said everyone -- city leaders and the Chabad -- had signed off on the Chabad's version of the proposed settlement.

Lenard postponed the trial, with the understanding that an agreement had been worked out.

Later that day, in a separate portion of the case, Lenard ruled that the city's requirements for granting permits for houses of worship in residential neighborhoods are unconstitutional.

She also ruled that the Chabad has a right to stay permanently in the two homes, and that the congregation was entitled to monetary damages.

What followed was massive confusion at City Hall.

Mayor Mara Giulianti said she never agreed to Chabad's version of the settlement.

The Chabad's lawyers went back to federal court, accusing the city of reneging.

At their meeting Wednesday, commissioners agreed to meet with Chabad leaders the next day to give negotiations another chance.

Lenard told both sides to be prepared for trial this morning.

La Tuna Inmates Say Prison Doesn't Follow Procedures (EPTIMES)

By Chris Roberts

El Paso Times, July 3, 2006

Inmates held at the various La Tuna federal prison facilities are convinced they have been denied visits, thrown in "the hole" for minor infractions and denied access to the prison law library because they went public with a lawsuit claiming the federal Bureau of Prisons isn't following its own procedures.

Requests for interviews with two of the inmates have been denied twice by La Tuna officials who said it was for the safety of the prisoners. By mail, those inmates have said they want to be interviewed. In that correspondence, they have claimed they are experiencing retaliation for their lawful actions.

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"That's just simply not true," said La Tuna spokesman Israel Jacquez. "These guys went to the press. That's their right. ... If we believe a staff member is retaliating against an inmate, no matter how frivolous the allegation may be, it is referred to the office of internal affairs."

Wayne D. Beaman, special agent in charge of the Dallas Office of the Department of Justice's Office of the Inspector General,wouldn't comment on the specific allegations, but said, "La Tuna is a well-managed facility." The Dallas office oversees federal prisons in Texas, Oklahoma, Louisiana and Arkansas, Beaman said.

The inmates' lawsuit claims that the Bureau of Prisons, or BoP, is ignoring its own policies when it houses prisoners in facilities with more severe security measures than are required by the inmates' classifications and when it houses inmates outside a 500-mile radius from the areas where they expect to be released.

However, a convict needs "rock-solid proof" to make a case against the BoP, said Jay Hurst, an attorney and chief of legislative affairs for FedCURE, an inmates' rights group. Hurst had a client in La Tuna -- he recently was transferred to another facility -- who also says he suffered retaliation.

"The Constitution doesn't apply in the federal system any more than it does in the state systems," Hurst said. "It's hard to make a case because you can't get records and you are relying on the testimony of a bunch of 'cons.' ... It's a system-wide culture. As long as the good order and security is preserved, that's what they care about."

Harassment

Lawrence J. Levine, convicted of possessing counterfeit securities and conspiracy to distribute methamphetamine, filed the lawsuit for himself and others in the system. He and others, including Robert Carter, convicted of mail and tax fraud, have said they are being targeted by guards and administrators because of their actions.

Levine's lawsuit recently was dismissed by U.S. District Judge David Briones after it appeared Levine had failed to respond to a Bureau of Prisons motion to dismiss. However, Levine said he mailed the response and it was lost in the mail or intercepted. He has asked the judge to reopen the case.

Jacquez said the U.S. Attorneys Office is reviewing Levine's claim. Levine said prison officials also have been gradually limiting his access to the law library. Jacquez said everyone has to work their hours unless they can prove they have an impending court date.

"There is no preferential treatment," he said.

Levine said his work assignment originally was in food service because of medical issues, including bulging disks and a heart problem, which require limitations on the amount of walking, standing and lifting. That job allowed time to use the law library, he said.

He says he was switched to ground maintenance, which requires prolonged standing and walking on shifts that coincide with the law library's daytime hours. A week after stories about the lawsuit appeared in the media, Levine says, his education schedule was changed from daytime to evening hours, which limits his evening access.

Levine asked the judge to issue an order directing La Tuna staff to allow him unrestricted law library access, which he argues is required by BoP policies.

Carter says he was subjected to entrapment when he picked up a bag on the floor of the chapel -- which also serves as a visiting room -- containing two white T-shirts and a watch. Those items were labeled as "contraband" by BoP officials who apparently believed someone left it for him.

Carter said the bag wasn't his and said he was taken into custody by guards at the scene before he even had a chance to look inside.

Carter said he was put in the special housing unit, or the SHU, which some inmates call "the hole" because of the limited human contact they are allowed there. Documents Carter provided show he lost visits from the outside for eight months, and commissary privileges for 90 days. He said he was only allowed one 10-minute phone call each week. All this, he said, even though he had a

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clean record before the incident.

He is now at the La Tuna Federal Correctional Institute, which houses medium- and low-security inmates, requiring an even higher level of security than his previous La Tuna placement.

"He was sanctioned for a violation and subjected to disciplinary action," Jacquez said. "It was the introduction of contraband. ... There's no way he could be trusted out at the (low- and minimum-security) Biggs facility."

Treated like a criminal

The original inmate complaint involved placements with appropriate security levels.

Some prisoners, including Levine and Carter, were housed at a federal prison camp -- which is the least restrictive type of facility -- near Nellis Air Force Base, Nev. That facility was closed for budget reasons and they were transferred to the La Tuna Federal Satellite Low, or FSL, prison on Biggs Army Airfield. The FSL houses both minimum- and low-security inmates, which require a higher level of security.

The inmates say the bureau is ignoring its own stated mission of confining offenders in safe, humane and appropriately secure facilities that provide work and other self-improvement opportunities "to assist offenders in becoming law-abiding citizens."

They claim that transferring inmates to a higher security facility requires "a specific and compelling reason," which the BoP did not provide. They say these transfer policies are contained in the bureau's own Program Statements.

"We try to place inmates in facilities where they're all equal in classification," Jacquez said. "It has to do with length of sentence, type of crime, history of violence."

Jacquez said part of the reason Carter originally could have been transferred from the minimum-security camp in Nevada to the low-security facility at Biggs is that his sentence is "pretty heavy duty. He was fairly fortunate to be classified as minimum security."

Carter was sentenced to five years and 11 months and has a release date of June 19, 2010.

Budgets and beds

Hurst said he believes there is a case that the BoP didn't follow its stated policies, but, in his experience, it won't be easy to get a judge to agree.

With federal budget cuts and efforts to make the system more efficient, particularly in the Western region, prison officials have said bed space is at a premium and the policies can't always be followed. Jacquez said another satellite camp opening in Tucson will help relieve some of those problems.

"We might be able to refer a little closer" to the inmates' homes, he said.

The Biggs facility "used to be just a prison camp, but the BoP needed more space for low-security," Jacquez said. "It's rare that you're going to have a stand-alone prison for one group of inmates."

Every Biggs facility prisoner is subject to the security measures designed for low-security inmates, which are more strict than the minimum measures used at prison camps. The only way an inmate is rewarded is with time off for good behavior, Jacquez said. Otherwise it would be seen as preferential treatment, he said, which could single an inmate out for retribution from other inmates.

"You've got to treat all the inmates the same," Jacquez said. And to be placed at the Biggs facility, he said, they must have "very little history of disciplinary actions in prison."

Ostensibly, the purpose of those policies is to keep inmates connected with the more positive elements in society -- including family and friends -- and in the prison system so they don't leave prison more isolated, angry and educated in crime than when they entered.

Relatives, who often are traveling thousands of miles, have been turned away for triggering a drug screening device. Carter's wife, Ginny, who lives in Illinois, said she was turned away once and when she asked for documentation of the incident, the BoP responded that it had no records.

"It is disheartening and appalling to see how the prison staff use the ion spectrometer machine to deny visits to people who simply want to spend time with their loved ones," said Ginny Carter. "It appears that the machine is used both randomly and specifically when certain persons are targeted as I was."

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Fallout Felt From Texas Redistricting Ruling (WT)

By Hugh Aynesworth

The Washington Times, July 3, 2006

DALLAS -- Last week's Supreme Court ruling on the constitutionality of the 2003 Tom DeLay-led Texas redistricting coup was a distinct victory for the Republican Party, but it could spawn some interesting fallout.

There was only one instance in which the court said the Republican gerrymandering could not be upheld -- District 23, which sprawls from San Antonio to far West Texas. The court criticized the redrawing of a second district, District 25, which meanders from Austin to the Mexican border, and said it expected that district would be somewhat redrawn.

Despite the fact that the redrawing of district lines took months to accomplish -- resulting in the defeat of a half-dozen Democratic congressional incumbents throughout the state -- a panel of judges overseeing the changes is making sure they are determined well before this November's elections.

Within hours of the ruling, a federal judge from Texas' Eastern District ordered that all participants in the lawsuit claiming that the Voting Rights Act had been violated must have new maps and arguments submitted to the court within two weeks. Oral arguments are scheduled for Aug. 3 in Austin.

In making District 23 voter alignment comply with the Voting Rights Act, some predict that several additional districts will have to be retooled.

"Anyone who thinks there isn't going to be a ripple effect when countless counties are traded with other congressional districts is not seeing the big picture," said Rep. Henry Bonilla, the current District 23 congressman.

Despite slight realignment in several other districts to make the Bonilla district acceptable, the new map is not expected to alter the course of growing Republicanism throughout Texas. The worst that could happen from the Republican viewpoint, several political analysts say, is that Mr. Bonilla might lose the reconstituted 23rd District.

Most Hispanics in Texas still vote Democratic, and Mr. Bonilla has not been overly effective at courting them. However, he has repeatedly predicted he will win his seat again, if by a smaller margin.

The Republican redistricting effort in 2003, strongly guided by Mr. DeLay, reconfigured District 23 to protect Mr. Bonilla, who had barely eked out a victory against Laredo Democrat Henry Cuellar in 2002.

It shifted about 100,000 Hispanic voters in Webb County -- Mr. Cuellar's stronghold -- out of Mr. Bonilla's 23rd District to a newly configured district to the east of Laredo, the 28th.

Though the court said the dilution of Hispanic voters from Mr. Bonilla's district was unlawful, it did not suggest how the situation should be rectified.

Both Mr. Bonilla and Mr. Cuellar prefer that they not be thrown in the same district.

"Laredo is not the only magical place where you can get Hispanic voters," Mr. Cuellar said last week.

Meanwhile, Democrat Lloyd Doggett, of the 25th District, expects there will be major changes in his district also.

"I don't think this is a matter of mere tweaking," he said.

The Flag Fetish (WSJ)

By Christopher Hitchens

The Wall Street Journal, July 3, 2006

The night before my interview for American citizenship, I suddenly decided that it was too long since I had read the Constitution. Taking it down from the shelf (I am not one of those who makes a fetish of carrying it around on my person) I found myself staying up much later than the vestigial civics exam would have required of me. To turn these pages is to revisit the record of American history. It's also a bit like viewing a cross-section of mammalian evolution, as a clumsy creature gradually acquires the needful adaptations.

The original three-fifths rule was never really designed for flight, but some wings and feathers (and talons) are then added by those amendments that abolish slavery. There are backslidings -- the attempt to impose Prohibition -- and there are the fossilized records of political vendetta, such as the limitation of presidencies to two terms. I have some personal favorite details, such as the provision that forbids office-holders from accepting any titles or decorations from foreign potentates. And I've never

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quite understood why increases in congressional pay should require an amendment of their own. But to speak generally, it can be said that the Constitution is written with admirable force and clarity, with remarkably few weasel-words and with a great respect for citizens who desire a document that is both intelligible, flexible and authoritative. With fascination and emotion, as if reading by candlelight, one watches the fledgling gradually become an eagle. The King James Bible to one side, the Constitution is probably the greatest document ever composed by a committee.

It is of course designed to be amended and made more spacious, and many brave people fought and died to make this point. But it should never be burdened with anything trivial or transient, such as the zeal of certain Calvinists to ban alcohol, or the horror of certain other people at the idea of homosexual weddings. And this, it seems to me, is part of the reason why the so-called "flag-burning" amendment should never be allowed to waste any more congressional time.

I would perhaps be suspected of excess Fourth-of-July zeal if I said that the First Amendment is my life as well as the source of my living, but I swear that it would not be that far from the truth. No other country has such a terse and comprehensive statement of the case for free expression: considered important enough to rank first, and also to rank with the freedom of religious conscience. The jewel in the crown of the Bill of Rights does not say that Congress shall make no hasty or crowd-pleasing law abridging the right of assembly and protest. It stoutly insists that Congress shall make no such law.

Thus, it does not matter at all which opinion, or which "sensitivity," is being outraged. The uttermost limit of contempt for America, or American foreign policy, is evidently the vandalizing (and, mindful of the careful neutrality of the Constitution regarding religion, let us not say "desecration") of the stars and stripes. Shall we then say that expression is protected only until it reaches its symbolic limit? What could be more absurd? It is precisely because the flag is so important to some people that we must permit its trashing by others. To legislate otherwise would be to instate a taboo, and that is exactly what the First Amendment exists to forestall.

Of course there are various more pragmatic ways of ridiculing the flag-fetishists. This ponderous "cure" is in response to exactly what "disease"? Like a good number of today's "left," the supporters of the amendment are still living in the '60s. (And even in that incendiary time, the great American socialist Norman Thomas proposed that the flag be publicly washed, not publicly ignited.) Foreign crowds may still torch the flag with impunity, but domestic ones now prefer to represent the president of the United States in full Nazi regalia. I dare say Mr. Bush can stand it; in any event the Constitution says that he has to. As to the myriad other forms in which flags are misused, from album covers to headbands and tattoos, we may as well face the fact that, as the patron of globalization, our country has had to see its emblem become to some extent a logo. No law could even attempt to contain this without becoming richly farcical. And the future possibilities of satire are themselves protected from any prior restraint.

When it was proposed that my apartment building in Washington, D.C., display Old Glory after Sept. 11, 2001, I was not at all opposed but did express a misgiving. What about the day when the flag becomes tattered and drooping, and it's nobody's particular job to take care of it? (You can all think of a comparable example, from a ragged flag on a truck to a half-vanished flag decal on a taxi.) There is nothing more dispiriting than the ebb of such a tide. If I find that I have stuck a flag-stamp on an envelope and accidentally put it on upside-down, I admit with slight embarrassment that I now start over with a new envelope. Nobody would ever notice my tiny disrespect, but I still won't commit it. However, the whole case would be altered if I was told that I had to get it right. The flag would no longer stand for the constitutional spirit that gives it meaning in the first place. It may once have waved over hellish plantations but it was also defended to the end by the Maine regiment at Little Round Top. Without ambiguities and ironies, it would not be what it is. And ambiguity and irony are just what the flag-fetishists do not understand.

If they did have any concept of historical and political irony, they would surely be repelled by at least some of the senators who affected to take their side. You may believe if you choose that Hillary Clinton has abruptly decided to stand between her country's star-spangled banner and its unsleeping enemies. I cannot quite shake the feeling that she is instead putting the flag between herself and her potential critics. Is it this kind of degraded election-year parody that the sponsors of the proposal seriously wanted to encourage? In Iraq, our most desperate field of battle, our troops do not display the flag on patrol because they are in someone else's country. No thinking soldier needs to have this explained to him, or her. But in Washington, the alleged "defense" of the flag depends, for its swing-votes, on people whose very stock-in-trade is cowardice. That ought never to have happened, and is an insult to those who serve, and ought not be permitted to happen again.

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It's easy enough to boast that "these colors do not run." However, those who mistake the symbol for the essence are manifesting not a show of spirit for the former but a pathetic lack of confidence in the latter.

Mr. Hitchens is a columnist for Vanity Fair. His most recent book is "Thomas Jefferson: Author of America" (HarperCollins, 2006).

Flagging Rhetoric (WP)

The Washington Post, July 3, 2006

THERE ARE TWO things to be thankful for in the recent flag waving over flag burning. The first and most important is that this politically timed effort to amend the First Amendment failed in the Senate, albeit by a single vote. The second is that the threatened four days of more-patriotic-than-thou chest-thumping were truncated to two -- which was two more than the Senate ought to have spent on this phony issue.

As these kinds of amendments tend to do, the flag-burning debate managed to bring out some of the worst in politicians of both parties. Take, for example, the smarmy statement put out by Senate Majority Leader Bill Frist (R-Tenn.) after the amendment's defeat.

"Old Glory lost today," Mr. Frist said, starting on a low note and heading lower. "At a time when our armed services are defending America's freedom in the war on terror, it's unfortunate that a minority of my colleagues blocked this amendment." We don't know which is more repugnant: Mr. Frist's cynical invocation of troops "defending America's freedom" as an excuse for limiting freedom of speech or his insinuation that it was dirty filibuster-like tactics that killed the amendment when, in fact, the Constitution requires a two-thirds vote.

The majority leader went on to inveigh against the "activist Supreme Court decision" that invalidated flag-burning laws. Perhaps Mr. Frist should read the ruling -- or at least take a look at the lineup. Among the "activists" in the five-justice majority was archconservative Justice Antonin Scalia.

Not that Mr. Frist's Democratic counterpart, Sen. Harry M. Reid (D-Nev.), was exactly a profile in courage on this issue. "I don't think it's the right time to bring up the issue," Mr. Reid said. So why break with the majority of his party to support it? "I'm confident it won't pass," Mr. Reid explained. There's a principled stand.

If there is a hero in this episode, it is the man who would succeed Mr. Frist as leader, Majority Whip Mitch McConnell (R-Ky.). Mr. McConnell could have put the amendment over the top by abandoning his opposition. To his credit, he didn't, and he was joined by two other Republicans, Sens. Lincoln D. Chafee (R.I.) and Robert F. Bennett (Utah). As Mr. McConnell explained in a column posted on his Senate Web site, "No act of speech is so obnoxious that it merits tampering with our First Amendment. Our Constitution, and our country, is stronger than that."

Too bad 66 fellow senators (52 Republicans and 14 Democrats) don't think so.

ANTITRUST:

Kosher Slaughterhouses Investigated By Feds (APP/AP)

Asbury Park Press, July 3, 2006

MELVILLE, N.Y. — The federal government is investigating kosher slaughterhouses and suppliers for possible antitrust practices, according to a lawyer for one of the firms.

AgriProcessors Inc., the world's largest kosher slaughterhouse, received a grand jury subpoena requesting documents and was cooperating with the investigation, attorney Nathan Lewin said Friday.

"It has been told that neither the corporation, nor any corporate officer or employee is presently a target of the investigation," Lewin said in a statement.

It was not immediately clear exactly how many slaughterhouses and suppliers were involved in the probe.

The U.S. Department of Justice did not immediately return a phone call for comment from The Associated Press late Friday. A telephone number listed for AgriProcessors Inc. was out of service Saturday.

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Based in Postville, Iowa, AgriProcessors employs about 700 people. Trained rabbis at the plant slaughter cows at a rate of about one every three minutes. The meat is sold under the brands Iowa's Best Beef, Rubashkin's and Aaron's Best.

The slaughterhouse became the focus of controversy two years ago when People for the Ethical Treatment of Animals, or PETA, made public an undercover videotape showing steers walking or bellowing up to three minutes after their throats were slit.

The group claimed the video proved the animals were conscious and victims of cruel and inhumane treatment.

Company officials have said that the video depicted only the involuntary movements animals make after death.

Merger Machine Keeps Churning Out Deals (WSJ)

By Dennis K. Berman

The Wall Street Journal, July 3, 2006

A strong first quarter for mergers continued in the second quarter, as deals rolled in from seemingly every sector: banks, stock exchanges, oil companies, real-estate firms and consumer-products companies. It was one of history's largest and most diverse corporate-buying sprees, with nearly $1 trillion in deals around the world.

The frenetic deal-making produced the third most-active quarter since Thomson Financial began keeping track in 1985. It amounted to more than $916 billion of announced transactions, according to Thomson, up about 35% from about $676 billion a year earlier.

World-wide deal volume in the latest three months trailed only the inflated totals of late 1999 and 2000, during the stock-market bubble. It beat the record set in this year's first quarter of $914 billion. The numbers in the U.S. also were impressive, with total volume of $369 billion, up 25% from the year-earlier total of $294 billion.

In the first half of the year, global deal-making moved at a clip of $1.83 trillion, up 43% from last year and on pace to make 2006 the most active year ever, based on noninflation-adjusted dollars. When controlling for inflation, 2006 is on pace to be the third most-active year after 1999 and 2000.

"Even factoring in the tech bubble, our [mergers and acquisitions] backlog is the strongest in history," said Boon Sim, U.S. merger head for Credit Suisse Group. "With the Fed's recent remarks on interest rates," he said, referring to indications from the Federal Reserve that interest rates won't go much higher, "we can expect things to remain pretty healthy for the near future."

For deal makers and deal junkies, the quarter brought a bounty of notable milestones: Thirteen transactions valued at more than $10 billion; headline-grabbing cross-border transactions such as the NYSE Group Inc.'s $10.2 billion bid for Euronext NV, of Amsterdam, and a high-stakes battle over Toronto mining companies Inco Ltd. and Falconbridge Ltd. that started when Inco announced plans to acquire Falconbridge last October. A competing bid for Falconbridge and two bids for Inco were announced in the latest quarter.

Deal-making continued through the last day of the three-month period, with Blackstone Group's $4.3 billion offer for the Travelport travel-services unit of Cendant Corp. And late Friday, Michaels Stores Inc. announced that it accepted a more than $6 billion takeover bid from a private-equity group including Bain Capital and Blackstone Group. That deal came too late to be included in Thomson Financial's calculations for the quarter.

Like the first quarter, the center of the deal making in the latest period wasn't the U.S., but Europe. A series of cross-border combinations continued the first quarter's pattern. Abertis Infraestructuras SA, of Barcelona, Spain, agreed in April to purchase Italian toll-road operator Autostrade SpA, of Rome, for about $16 billion. In May, AXA SA, of Paris, agreed to buy the Winterthur insurance unit of Credit Suisse Group, of Zurich, for nearly $10 billion. They joined a series of massive deals that stand to unite some of the biggest companies on the Continent, such as French state-owned gas company Gaz de France's $40 billion bid for French-Belgian utility Suez SA in the first quarter.

Cross-border mergers and acquisitions surged to about 40% of total deal volume, or $685 billion-plus of transactions year-to-date, according to data from Citigroup. In just the first five months of this year, the volume of international deals already was greater than full-year totals for 2001 through 2004.

The weakening and volatile stock market failed to deter the deal making. Steven Baronoff, Merrill Lynch's global-mergers chief points to a few fundamental changes supporting the wave of acquisitions. Hedge funds are forcing companies to put

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themselves on the block by agitating for corporate changes that would increase stock prices. From there, private-equity funds -- flush with billions of dollars to invest -- are scooping up the prey.

Private-equity funds are proving to be the ballast of the overall market, willing to inject capital into all kinds of deals, including the pending $13.55 billion acquisition of Houston oil-pipeline operator Kinder Morgan Inc., announced in late May. There, a group of private-equity investors including Goldman Sachs Capital Partners, the Carlyle Group and its Riverstone Holdings affiliate and American International Group Inc., along with Kinder Morgan Chief Executive and Founder Richard Kinder assembled cash and debt to propose the second-largest private-equity transaction ever.

Acquisitions involving private-equity firms surged 51% in the first half to about $335 billion, according to data provider Dealogic, from $222 billion in the first six months 2005. Private-equity transactions represent about 18% of all merger-and-acquisition activity world-wide, roughly in line with a trend that has been building since the end of 2003.

"This market is fundamentally different than in prior expansion periods," said Louis Friedman, global chairman of mergers and acquisitions at Bear Stearns Cos. "These huge pools of private capital are consistently able to compete with strategic, corporate buyers."

That was clear when Cerberus Capital Management announced in April a $7.85 billion transaction to purchase a controlling stake in General Motors Corp.'s financing arm, General Motors Acceptance Corp. In this complex deal, large banks largely steered clear, letting private investors take on the risk of the transaction.

There are plenty of reasons to be cautious. Rising interest rates, greater competition for deals and some more adventurous combinations -- such as Phoenix mining company Phelps Dodge Corp.'s audacious $35 billion, three-way deal involving both Inco and Falconbridge -- show that the market is getting frothier.

"There is one thing you can say for sure," said George Bilicic, a managing director at Lazard Ltd. "There will be deals that destroy value. There always are. And people have to be careful."

When corporations and private equity are competing for deals, "something has to give," said Paul J. Taubman, global head of mergers and acquisitions at Morgan Stanley. "You will probably see premiums [over current stock prices] start to trend upward."

For now, though, it appears that general conditions will support a sustained merger boom, which is good news for the investment banks and lawyers who assemble the transactions. Based on calculations by Thomson Financial, nearly all the investments banks are raking in higher revenue than last year.

On Wall Street, Goldman Sachs Group Inc. continued its dominance over the merger business in the first half, advising on more than $660 billion of transactions globally. The second slot went to Citigroup Inc., which has picked up momentum since being ranked sixth at the same time last year. Citigroup worked on a third of the deals valued at $5 billion or more during the quarter, and 40% of these large transactions year-to-date.

J.P. Morgan Chase & Co. came in third. Morgan Stanley was fourth, after a slow start to the year. It appears to be on pace to regain its usual place among the top two or three by the year end. Merrill Lynch & Co. took fifth place, after working on some of the largest transactions, especially in Europe.

Perhaps the most surprising finish was Evercore Partners Inc., a New York boutique firm that ranks sixth this year among advisers on U.S. deals, a notable accomplishment for an operation that is considerably smaller than its big-bank competitors.

Among legal advisers, the top five firms as measured by dollar volume for the year to date are: Sullivan & Cromwell LLP; Skadden, Arps, Slate, Meagher & Flom LLP; Simpson Thacher & Bartlett LLP, all of New York; London's Linklaters; and New York's Wachtell Lipton Rosen & Katz.

Street Sleuth Countdown Starts For Satellite Giant (WSJ)

By Andy Pasztor

The Wall Street Journal, July 3, 2006

Consolidation and cost cutting have swept across the commercial-satellite industry, but surviving operators are finding growth opportunities as elusive as ever.

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Intelsat Ltd. and PanAmSat Holding Corp. are set to complete a $3.2 billion merger today, creating a closely held company whose fleet of more than 50 orbiting spacecraft will make it the largest and most diversified global satellite-services operator. The transaction is the end game of three years of intense deal making by prominent private-equity firms on both sides of the Atlantic. The combined company's performance will show how effective the private owners will be in balancing cost cutting with creative investments and strategies for boosting revenue and profit over the long haul.

With offerings that include direct-to-home television broadcasting and support for classified U.S.-government operations, the enlarged Intelsat has promised to shrug off the industry's staid image by exploiting burgeoning technologies. Investors who just purchased some $3 billion in high-yield bonds from the two firms will demand significant synergies, little geographic overlap and streamlined management bent on revving up growth in unconventional ways, if necessary.

But a close look at the business shows how tough it will be to meet those demands. In an industry with huge capital-investment needs and average annual growth rates hovering around 3% or less, the combined company faces major integration, personnel and marketing challenges to break out of that historical slow-growth pattern.

Indeed, before Apax Partners & Co. and the other private-equity owners of Intelsat bid for PanAmSat last August, they agonized over whether the satellite industry could produce the growth rates such investors typically expect. There is reason for concern: In the past, PanAmSat has had to rely on small bits of revenue from specialty consulting contracts -- a minor part of its business -- to meet closely watched revenue guidance for a particular quarter.

The combining companies insist they can make a go of it: "This is not going to be satellite operations as usual," incoming Chairman Joseph Wright vowed during an industry conference earlier this year. Mr. Wright has advocated investments that blur the line between space and ground-based systems to better serve consumers. PanAmSat is even experimenting with distributing ethnic programming it owns to various cable-TV systems.

Wall Street, while recognizing the benefits of fresh investment dollars, has doubts about satellite-industry strategy.

The emergence of private-equity groups as owners has created "a much larger field of banks willing to participate" in satellite debt and equity offerings, according to Carol Goldstein, head of telecommunications and media at ABN Amro Inc. But Heidi Wood, an analyst at Morgan Stanley, said many remain skeptical about space projects.

PanAmSat of Wilton, Conn., posted revenue of $213.2 million, up 2.1%, for the first quarter. Intelsat, which is based in Bermuda but has its headquarters in Washington, reported a 4% drop in overall revenue to $280.4 million.

The new company is betting big on expanding its business in India and Latin America. At the same time, it hopes to participate in the drive to turn cellular phones and other mobile devices into Internet connections and entertainment centers. With phone and cable rivals maneuvering to tap many of the same markets, satellite firms are searching for novels ways to expand their reach.

The biggest immediate financial boost is likely to come from a nearly 40% cut in the combined company's work force, a process that is under way but will take as long as 18 months to play out. Total head count eventually will dive to about 1,000 from 1,400 or so, with PanAmSat executives largely overseeing marketing efforts and Intelsat officials primarily in charge of technical and operating issues.

Mr. Wright, who served as PanAmSat's chief executive, said last week that early personnel decisions will make it easier for the combination for proceed. "The major cuts have been made on the front end," he said, with the aim of easing employee uncertainty and boosting the morale of those who are staying.

David McGlade, Intelsat's chief executive, who will keep the same title at the merged company, stressed in a separate interview that sustainable growth is the company's ultimate goal rather than cost cutting. That means smarter, smaller bets on new markets, combined with "a lot more discipline than either company has had before," he added.

For the next quarter or two, however, some veteran insiders anticipate lackluster results. Combined year-over-year revenue may be flat or even take a dip, they predict, as integration efforts sap momentum from marketing campaigns and other sales initiatives.

The satellite companies that succeed will have to avoid the mistakes of the 1990s, when "indiscriminate cash was thrown" at economically flawed projects, said Andrew Sukawaty, chief executive of Inmarsat Ltd., which provides satellite services to ships and other mobile users.

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Intelsat To Get Much Bigger, But Not Yet Profitable (WP)

By Griff Witte

The Washington Post, July 3, 2006

Intelsat Ltd. of Washington is to become the world's largest commercial satellite operator today when it completes its purchase of the firm that had been its toughest domestic competitor.

The deal to buy longtime rival PanAmSat Holding Corp. creates a company that will carry about a quarter of the world's commercial satellite-delivered television programming on a fleet of 51 satellites and can reach 99 percent of the world's populated areas with communications services.

Intelsat and PanAmSat had flirted with a merger before, but each time the rivalry between the two proved to be too deep to make a deal.

Last August, the companies worked out their differences and settled on a $6.4 billion acquisition, which included the assumption by Intelsat of about $3.2 billion worth of PanAmSat's debt. If the deal closes as scheduled today, PanAmSat will become a wholly owned subsidiary of Intelsat, and its stock-ticker symbol will disappear from the New York Stock Exchange.

The combined company will lose money. PanAmSat earned $72.7 million last year, but Intelsat lost far more, about $325 million. Already deep in debt, Intelsat is borrowing heavily to finance the purchase.

Intelsat chief executive David McGlade said that given the level of debt and interest payments, the company does not expect to become profitable in the foreseeable future. He said the company's investors have been pleased with Intelsat's positive cash flow and its heavy backlog of orders.

Intelsat executives said the merger, approved by government officials from several agencies, consolidates companies with different strengths at a time they expect demand for satellite services to grow rapidly.

The traditional core of Intelsat's business has been telecommunications, a rough arena in recent years. The combined company will be more diverse with the addition of PanAmSat media and entertainment customers such as the British Broadcasting Corp., News Corp., Time Warner Inc. and the Walt Disney Co. PanAmSat also gives Intelsat expanded reach worldwide.

"Scale is important in this industry. Customers increasingly want global coverage," McGlade said.

Intelsat has its operating headquarters in a distinctive building on Connecticut Avenue, from which it controls its satellites. Its corporate headquarters are in Bermuda.

The company was born in 1964 as an intergovernmental organization that provided satellite communications services worldwide. It has been a privately owned corporation since 2001.

Together, Intelsat and PanAmSat would have had $2 billion in revenue for the 12 months ended in March, with about $8.3 billion in pending contracts for the next 15 years.

Even though Intelsat has now acquired its main domestic rival, the competition is far from over. The company still has many competitors overseas, some of which are deeply entrenched in their parts of the world.

"Intelsat and PanAmSat are a good match. But I don't believe it's going to create a huge, dominant player in the industry," said Patrick M. French, a senior analyst with NSR LLC, a satellite industry research company. "At the end of the day, it's still a very regional market."

Intelsat is the largest supplier of commercial satellite services to the U.S. government, doing business with the Defense Department, the State Department and other agencies that the company won't disclose. Its government business, about 15 percent of its total, is run separately from the rest of the company and has its own board of directors, whose names are kept secret.

After the deal closes, the company's management team will include several former PanAmSat executives, including James B. Frownfelter, PanAmSat's president, who will become Intelsat's chief operating officer. Joseph R. Wright Jr., PanAmSat's former chief executive, will become chairman of Intelsat's board.

McGlade said the two companies will fully integrate over the next 18 months. About 400 of the combined company's 1,400 employees will lose their jobs, including some now based in Washington.

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FBI/DEA/ATF/USMS:

An Exodus Of Agents (TIME)

By Brian Bennett And Adam Zagorin

Time, July 3, 2006

Office birthday parties must make FBI Director Robert Mueller a little nervous these days. Consider his No. 2, John Pistole, who hits retirement age when he turns 50 this month. For weeks rumors bubbled up to the seventh floor of the FBI's headquarters at the J. Edgar Hoover Building in Washington: Pistole was going to bolt for a lucrative job in the private sector. The whispers got so loud that Pistole took it upon himself to assure Mueller that he wasn't leaving. One reason he gave: it wouldn't be right to split when so many other senior officials have headed for the exits.

Years of pummeling by the press and Congress, plus wrenching changes produced by the bureau's shift in focus to antiterrorism, have depressed morale, even in the highest ranks. That has coincided with lucrative employment offers to agents from firms desperate for experienced security chiefs in the wake of 9/11. On July 15, just weeks after his 50th birthday, acting executive assistant director for law-enforcement services Chris Swecker is to leave for a new job as head of global security for Bank of America, where he will earn a reported $600,000, more than triple what he makes as the FBI's No. 3. Better pay isn't the only motivation--one former senior FBI manager says he quit after tiring of the "constant berating" he got from lawmakers when briefing Congress. "All these factors play into a decision to leave: family, finances, burnout, pressure, criticism," he says. "You've worked your a__ off. Eventually you say, Hey, the heck with this."

The turnover has hit some of the most vital positions in the bureau hierarchy. In five years, six different people have moved through the post of counterterrorism chief, overseeing what has been the FBI's core mission since 9/11. And June 2 was the last day for 29-year veteran Gary Bald, 52, who retired just 10 months after being tapped to start up the FBI's new National Security Branch. He's taking a security job with Royal Caribbean Cruises.

Members of the Senate Judiciary Committee have been debating whether the brain drain at the FBI poses a threat to national security. "The FBI cannot be a revolving door for senior managers," says Senator Chuck Grassley. "It needs stability in these important positions to fight in the war on terror."

Mueller seems to agree. When promoting agents to senior-executive levels, he "is trying to extract some promise as to how long they are willing to stay," says Michael Mason, who runs the administrative side of the FBI. Grassley suggested to TIME that "the FBI needs to appeal to the patriotic spirit of its senior managers." But beyond that, the bureau is offering few tangible perks to make working there more attractive. Nor will the jobs be getting easier--Mason says new recruits should expect to be rotated around the country and the world, even if it means uprooting their families, a practice that, for budgetary reasons, had waned in recent years.

Mason, however, is optimistic that the new generation of agents will make the sacrifices necessary for the job. At the Washington field office, he notes, 65% of the new recruits last year had taken pay cuts from previous jobs to work at the FBI.

Despite New Allegations, Blagojevich Says Misconduct Is Limited (CHIT/AP)

By F.n. D'alessio, Associated Press Writer

Chicago Tribune, July 3, 2006

CHICAGO -- Gov. Rod Blagojevich insisted Saturday that misconduct in his administration is limited to isolated events by people who are soon punished, even though his own inspector general found a top Blagojevich aide took part in a "concerted effort" to subvert the law.

"As you police the system, every so often you're going find some people who violate the rules. The test of leadership is what do you do about it? Do you act and do you pursue it? Do you work with other law enforcement agencies to ferret more of it out?" he said. "Those are the things we've been doing."

His comments came one day after the release of a letter saying that a yearlong federal investigation had produced credible witnesses related to hiring fraud at multiple state agencies.

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And the Chicago Tribune reported that Blagojevich's former inspector general, Zaldwaynaka "Z" Scott, found that the governor's patronage chief had worked with the Illinois Department of Employment Security to manipulate state hiring.

Joe Cini, head of the Governor's Office of Intergovernmental Affairs, worked with personnel officials at the Department of Employment Security to manipulate job titles, candidate credentials and job descriptions to aid jobseekers sponsored by the governor's office, Scott concluded.

"This effort reflects not merely an ignorance of the law, but complete and utter contempt for the law," Scott wrote in a Sept. 9, 2004, report obtained by the Tribune.

Scott, who resigned a year ago to join a private law firm, found "a concerted effort to subvert the laws including veterans' preference and the hiring process" for jobs that are supposed to be insulated from politics.

Blagojevich said he was not concerned about her blistering criticism of Cini.

"In fact, that's a good sign," he said at a news conference. "Again, that shows we're not even afraid to police people, you know, who are working for us who have responsibilities."

Cini and his aides received additional training on hiring law, as Scott had recommended. Some personnel at the Department of Employment Security were fired, said a Blagojevich spokeswoman.

Blagojevich said his administration has referred some misconduct allegations to the U.S. attorney for possible prosecution. He did not say whether the report on Cini was sent to federal authorities.

The Democratic governor has been hit with a series of revelations about possible misconduct in the way he hands out state jobs and contract. The disclosures create a huge political obstacle for someone who was elected on a promise to clean up state government and now is asking voters for a second term.

Blagojevich acknowledges he has been interviewed by the FBI. Prosecutors have issued subpoenas for hiring records and other information from state agencies, but Blagojevich won't say which agencies.

The administration -- after a list surfaced to prove the practice -- admitted it keeps track of jobseekers and their politically influential sponsors. Another list obtained by The Associated Press showed the administration tracked, by name, hundreds of jobs and promotions that are supposed to be shielded from political considerations.

Then Illinois Attorney General Lisa Madigan released the letter confirming the federal investigation and providing details. In it, U.S. Attorney Patrick Fitzgerald says he is looking into "very serious allegations of endemic hiring fraud."

Jay Stewart, head of the watchdog Better Government Association, said the letter shows Fitzgerald is well beyond a preliminary review of the facts. He concludes Fitzgerald is conducting a broad, aggressive investigation like the ones into former Gov. George Ryan and Chicago Mayor Richard Daley's administration.

"Given what (Fitzgerald) has done, I would be surprised if there are not indictments," Stewart said.

As he has before, Blagojevich portrayed the hiring scandals as fallout from his efforts to change the way things are done in Springfield after 26 years of Republican governors.

Blagojevich noted that one of the changes is that every state employee must now understand the state's ethical standards and answer a series of questions about them.

"I just completed mine," he said, "and I'm happy to say I got every one right."

Associated Press reporter Christopher Wills contributed to this story from Springfield.

Watchdog Rips State Hiring (CHIT)

By Ray Long, Rick Pearson And John Chase, Tribune Staff Reporters

Chicago Tribune, July 3, 2006

`This effort reflects not merely ignorance of the law, but complete and utter contempt for the law.' --Excerpt from report by governor's own inspector general

Nearly two years ago, Gov. Rod Blagojevich's inspector general issued a searing confidential rebuke that called the governor's patronage office "the real machine driving hiring" in one state agency for jobs that were supposed to be free of political influence.

The investigation concluded "the governor's office improperly exercised a great deal, if not all, control over the hiring" at the Illinois Department of Employment Security since shortly after the Democratic governor took office in January 2003.

The report said Blagojevich's patronage office--known formally as the governor's Office of Intergovernmental Affairs--played a key role with compliant agency officials in subverting state laws that give veterans a preference in getting state employment and ban political considerations in hiring for most state jobs.

"This effort reflects not merely an ignorance of the law, but complete and utter contempt for the law," wrote Zaldwaynaka "Z." Scott, who served as Blagojevich's first executive inspector general under an ethics law he signed. Scott, who left the post to join a private law firm last year, said she could not comment on her report.

Details of the Sept. 9, 2004, report, obtained by the Tribune, have never before been made public. The inspector general's findings take on added significance after Friday's disclosure that U.S. Atty. Patrick Fitzgerald is looking into allegations of "endemic hiring fraud" within Blagojevich's administration.

Blagojevich said Saturday his office complied with disciplinary recommendations for employees made in the confidential inspector general's report. Publicly, Blagojevich has defended his top patronage aides and said he maintained that "qualifications, all the time," guided his system for hiring state workers.

"We're more than happy to have all of that referred to other agencies if there's wrongdoing," Blagojevich said. "Because as far as I'm concerned, I'm as determined as anybody else to make sure there is no wrongdoing in state government."

But the inspector general's report contended the governor's patronage office, whose head, Joe Cini, is under federal scrutiny, worked with Department of Employment Security personnel officials to manipulate job titles, candidate credentials and job descriptions to place applicants sponsored by the governor's office "without following state law or normal state hiring protocol."

"Evidence shows non-compliance with state hiring laws," the inspector general wrote. "In fact, it reveals a concerted effort to subvert the laws including veterans' preference and the hiring process" for jobs protected under a 1990 U.S. Supreme Court ruling known as the Rutan decision.

The report cites repeated violations of Rutan, which prohibits political influence in hiring, promotions and transfers for most state jobs.

The report's critique of the heavy involvement of Blagojevich's patronage office into hiring decisions occurred months before Fitzgerald launched his investigation into the administration and some of the governor's top patronage aides. Prosecutors detailed the criminal grand jury investigation in a March 2005 letter that was disclosed by the Tribune last fall.

Letter to attorney general

Fitzgerald provided the clearest context to date on the status of the yearlong federal probe in a letter to state Atty. Gen. Lisa Madigan that was released Friday. Fitzgerald said his investigation involves "the alleged rigging of state employment practices to enable political hiring in violation of Rutan" and includes, "among other things, the preparation of fraudulent hiring documentation."

"Our investigation has now implicated multiple state agencies and departments and we have developed a number of credible witnesses," Fitzgerald said in thanking Madigan for turning over her own state investigation to the FBI and federal prosecutors.

The federal investigation into state hiring is taking place against the larger backdrop of the high-profile federal prosecution of alleged political hiring in Chicago's City Hall. Federal prosecutors have charged top city patronage aides with rewarding Mayor Richard Daley's loyal political workers with jobs in violation of another federal decree prohibiting political considerations in most city hiring.

`We do things right'

The inspector general's report also was written four months before Blagojevich's estranged father-in-law, Ald. Richard Mell (33rd), alleged that the administration traded appointments on state boards and commissions for campaign cash. Mell later recanted the allegations under threat of a lawsuit, but Blagojevich has blamed Mell for the federal and state hiring investigations.

Blagojevich was questioned by federal authorities early in 2005, but he has said the issue involved Mell's allegations, which he called spurious.

On Saturday, Blagojevich said his legal counsel more than a year ago shared information with federal prosecutors and he has told them again to hand over everything to Fitzgerald's office. Blagojevich has said such investigations provide a chance to show "that we do things right."

Such comments contrast with a recommendation from the inspector general's findings on the Department of Employment Security, the federally funded agency in charge of jobless benefits.

"This administration has made many public statements critical of the way in which those seeking political gains have compromised systems," the inspector general wrote. "We urge a similar response to the issues raised in this report."

But it wasn't until May that the Blagojevich administration publicly conceded it had a problem in its hiring system, when it disclosed it had fired two personnel supervisors at the state's office-management agency, the Department of Central Management Services. The fired workers contend they were being made scapegoats for standing up to political intimidation from the governor's office.

`Some bad apples'

On Friday, in response to the release of Fitzgerald's letter, a Blagojevich spokeswoman acknowledged in a statement that among the administration's hires after taking office in January 2003 were "some bad apples who violated the rules."

Yet the inspector general said after investigating hiring at the Department of Employment Security, "The evidence supports the conclusion that the real machine driving hiring decisions in the IDES HR department was the Governor's Office of Intergovernmental Affairs rather than any professional management team in place in the agency."

The inspector general recommended that six employees at Employment Security be disciplined, "up to and including discharge for unethical and fraudulent activity." Three of those employees are still working for the department, including one who has been promoted since the report to become deputy director of administration.

Blagojevich and his administration have touted the work of his inspector general, under an ethics law he sought, as evidence of his reform credentials.

"Whether it's an employee that preceded my being there who came from one of my predecessors or whether it's somebody we hired, if they're doing something wrong and they're violating the rules, we act on what the inspector general suggests and recommends," Blagojevich said.

Though the inspector general's report portrayed the extensive and improper influence of Cini's office on hiring at the department, it only recommended "additional training" for him and his aides on state hiring laws. Scott, the inspector general at the time, would not comment on the rationale of her recommendation for Cini.

While saying "every so often some people make some mistakes and you correct those and you move forward," Blagojevich said he wasn't worried about the allegations against Cini because he received the recommended training.

"Again, that shows we're not even afraid to police people who are working for us who have responsibilities," he said.

Hiring procedures outlined

In describing the pervasive influence of Cini's office at the Department of Employment Security, inspector general investigators found a memo titled "Procedures for Hiring" at the agency. "Step one in the process is, `We receive resume from Governor's Office'" the inspector general's report said in quoting the memo. "Step nine is, `Information should be logged on one status report for the Governor's Office.'

"The process starts and ends with GOIA," the inspector general wrote, using the acronym for the governor's Office of Intergovernmental Affairs.

Investigators for the inspector general's office reported that when a new human resources director for the Department of Employment Security questioned some of the agency's own hiring practices, "Cini also said that the governor's office determines the hiring process, not the agency."

The inspector general noted that it did not investigate every hiring that occurred at the Department of Employment Security since Blagojevich took office. "Thus," the report said, "this sampling may not represent the entirety of the illegalities in hiring at IDES."

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Governor, It's Mr. Fitzgerald (CHIT)

Chicago Tribune, July 3, 2006

U.S. Atty. Patrick Fitzgerald guards news of what he's investigating as fiercely as mama grizzlies protect their cubs. So his disclosure that federal prosecutors are aggressively probing "very serious allegations of endemic hiring fraud" in Gov. Rod Blagojevich's administration is unexpected on one level, not completely shocking on another. The FBI and the office of Illinois Atty. Gen. Lisa Madigan have been digging into reports of state hiring abuses since last year.

But Friday's disclosure that the feds have "implicated multiple state agencies and departments" in politically motivated hiring comes as Blagojevich must stand uneasily for re-election. Awarding state jobs to folks with political connections might strike most of us as business as usual, to borrow a phrase. But it would violate a 1990 U.S. Supreme Court decision that said most state hiring in Illinois has to be free of political influence. That's serious business to a prosecutor who's clearly determined to purge criminals from the Illinois culture of political sleaze.

Fitzgerald's revelations, contained in a letter to Madigan, cite the possibility of federal indictments of state officials. We're content to let the feds figure out what to do and when to do it. Fitzgerald routinely says his office brings prosecutions when the cases are ready, regardless of what's coming up on the calendar. Fitzgerald proved that by announcing the indictment of former Gov. George Ryan for public corruption on Dec. 17, 2003, eight days before Christmas.

We note this because, in barely five months, Illinois voters will elect their next governor. Those voters deserve what they didn't get in 1998 before Ryan was elected governor: a sense of the nature and sweep of a federal investigation. The issue then was the fetid swamp of corruption over which Ryan had presided as secretary of state.

What happens now, happens. Our hope, though, is that to the extent possible, the federal investigation of the Blagojevich administration either culminates or collapses before voters must make their quadrennial choice.

On Friday, the governor's office asserted that there were "some bad apples who violated the rules" among the officials who were hired to run state government after Blagojevich took office in 2003. "The systems we put in place in our first year helped ferret out this wrongdoing." That's hard to square with the disclosure in Sunday's Tribune that in 2004, Blagojevich's own inspector general said the involvement of the governor's patronage office in state hiring reflected "not merely an ignorance of the law, but complete and utter contempt for the law."

Here's the lovely thing about a full-bore FBI investigation with federal prosecutors evaluating evidence the agents unearth. The feds can assess Blagojevich's reassurance that "We do things right" in hiring state employees. Just as they'll no doubt assess the explosive 2004 report from his inspector general.

The bottom line here is ... well, the bottom line is yet to be written. Fitzgerald is keeping to his pattern of probing what he finds to be credible allegations of public corruption, whether they originate in state government, in Cook County or in Chicago's City Hall. And Madigan has correctly ceded her own probe to the feds, who have greater resources. Illinois doesn't need investigators tripping over one another.

What Illinois does need is an end to business as usual. To borrow a phrase.

Late Mobster's Ex-girlfriend A Key Witness (KCS)

By Tom Hays And Larry Mcshane

The Kansas City Star, July 3, 2006

NEW YORK - When Linda Schiro was just 16 years old, she was already a mistress to the mob. The Brooklyn teen hooked up with an older man, a veteran of the Colombo crime family, and they lived together for nearly three decades.

Gregory Scarpa Sr. was convicted of murder and racketeering and died in a Minnesota prison.

A dozen years later, Schiro has emerged as a key witness against an FBI agent accused in what a prosecutor has labeled one of the worst cases of law enforcement corruption in the nation's history.

The agent, R. Lindley DeVecchio, allegedly fed Schiro's late boyfriend inside information that led to four mob slayings - including hits against another mobster's girlfriend and a gangster turned born-again Christian.

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But attorneys for DeVecchio say the longtime mob mistress lacks the credibility to implicate the former FBI agent. Her story has changed drastically over time, the defense says.

Authorities insist that Schiro's initial reluctance to detail the relationship between the agent and the mob capo was motivated by fears for her life. Only recently was she persuaded to tell the truth, they say.

Schiro met Scarpa in 1966 when she was 16. They quickly moved in together and shared the same home for 28 years - except when Scarpa was behind bars. The couple had two children.

DeVecchio was the head of the FBI's Colombo crime family squad and became Scarpa's handler when the mobster turned informer. During Scarpa's time as a mole, DeVecchio put together a 700-page informant file detailing their relationship, court papers showed.

Allegations about possible leaks from DeVecchio to Scarpa first surfaced after the mobster's June 1994 death from AIDS, contracted when he received a tainted blood transfusion. But the Department of Justice declined to prosecute DeVecchio following an internal investigation.

DeVecchio, now 65, retired to Florida in 1996. The former agent has pleaded not guilty to murder charges and is free on $1 million bond.

A law enforcement official, speaking on condition of anonymity because the investigation remains open, said authorities approached Schiro two years ago after a private investigator turned up fresh evidence against DeVecchio.

Prosecutors persuaded Schiro to come clean about the relationship between the agent and Scarpa by promising relocation and police protection. "It was a matter of making her feel safe, telling her, 'You're not going to get whacked,'" the official said.

Court papers filed by the prosecution present a sinister relationship between Scarpa and DeVecchio.

The pair met once a week at Scarpa's home, where the agent accepted a roll of bills bound with a rubber band - the payoff for DeVecchio's tips from inside the FBI, according to an affidavit from Assistant District Attorney Ann Bordley.

The prosecutor maintains that Schiro has direct knowledge about the 1990 slaying of Patrick Porco, who with Scarpa's son Joey and two other suspects murdered a man outside a church in Brooklyn on Halloween 1989.

In May 1990, Schiro answered a phone call from DeVecchio, asking for Scarpa. The mobster had Schiro drive him to a pay phone, where he spoke with DeVecchio for about 10 minutes before returning to the car.

"I can't believe this (expletive) kid," Scarpa allegedly told Schiro. "Patrick is going to rat on Joey. We got to do something about this."

Porco, 18, was found the next morning on a Brooklyn street corner with a bullet in his head.

Suspect Pleads Guilty To Terrorism Hoax (CHIT)

Chicago Tribune, July 3, 2006

A man accused in a terrorism hoax pleaded guilty in the case Friday and faces up to 41 months in prison.

Gilbert Romero, 31, pleaded guilty to "conveying false information about the use of a weapon of mass destruction against property in the United States" and making false statements to federal agents. Romero is to be sentenced by U.S. District Judge Elaine Bucklo Oct. 13.

Romero in June 2005 told the FBI that a terrorist attack was to be carried out against the Chicago headquarters of a U.S. company.

The claim came after Romero was detained in Lake County on state charges, according to his plea agreement.

IMMIGRATION:

Immigration Bill: GOP Firmly Against Amnesty (WSJ)

The Wall Street Journal, July 3, 2006

In response to your June 23 editorial "The Tancredo Republicans": You're correct that the Republican-led Congress should learn from the mistakes of the Democrats handling the crime bill in 1994 as it deals with the difficult issue of immigration.

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The then-Democrat-led Congress did pass a crime bill in 1994 -- and the voters rightfully responded by sending a Republican majority to Congress for the first time in 40 years. Speaker Tom Foley, House Judiciary Committee Chairman Jack Brooks, and numerous other senior Democrats were ousted by voters precisely because they passed a crime bill that the public didn't support.

House Republicans are committed to enacting border security and immigration legislation, but not if it makes the current situation worse. The upcoming hearings should help Congress understand the public's views on issues such as holding employers accountable who hire illegal workers and, as the Senate bill requires, whether the U.S. must consult with Mexico before the U.S. can secure the border by erecting more walls and fences.

House Republicans will diligently work with Democrats, the Bush administration, and the Senate to solve the enormous immigration problems, but will not support any bill that includes amnesty, weak border enforcement, weak interior enforcement, weak work site enforcement, or other provisions that the public doesn't support. In November, voters will judge members of Congress based upon whether they lead with an understanding of voters' concerns, as House Republicans are committed to doing, or whether they ignore voters by enacting legislation, such as the Senate amnesty bill, that the public doesn't support.

F. James Sensenbrenner Jr. (R., Wis.)
Chairman
House Committee on the Judiciary
Washington

Winning On Immigration (NATLREVIEW)

By Kate O'Bierne
National Review, July 3, 2006

While talking to reporters about immigration reform recently, Sen. John Cornyn, Republican of Texas, floated a tantalizing option available to the House that would bedevil the Senate. “What if the House passed just the enforcement provisions of the Senate bill and sent it back to us?” Cornyn wondered aloud. When he was asked whether he’d vote for just those sections of the Senate’s “comprehensive” bill, he replied with a chuckle, “I’d sure take a look at it.” Later that week, House Republican leaders announced plans to hold hearings across the country on border security and on the most controversial provisions of a bill they have dubbed the “Reid-Kennedy” bill; and the “Border Security First Act” was introduced in the Senate by Pennsylvania Republican Rick Santorum.

In Washington’s immigration-reform script, congressional Republicans have been cast as villains intent on blocking enlightened policies — but they are refusing to play the part of spoilers. They are instead spoiling for a fight they are confident they can win.

Rather than merely blocking action on a Senate bill they refuse to support, a unified House GOP caucus has decided to go on offense in order to wring the maximum political credit from being on the right side of their reading of public opinion. Because House Republicans fear the appearance of compromising with a Senate bill they are convinced is wildly unpopular, they have — according to a leadership aide — no intention of taking part in a conference to hammer out differences between the House and Senate unless “there is a sea change in either public or Senate opinion.” The “Tancredo Republicans” the Wall Street Journal rails against as being out of touch with public sentiment include the majority of Republicans in the House and Senate. (Rep. Tom Tancredo, a Colorado Republican, is contemplating running for president on a border-security platform, hence the Journal’s phrase.)

The White House is touting a recent poll commissioned by the Manhattan Institute claiming that likely Republican voters are clamoring for “comprehensive” reform, including “earned citizenship” for illegal aliens; Wall Street Journal editors profess to be unaware of any contradictory polling evidence of public sentiment. But congressional Republicans who will be facing the voters are firmly convinced that backing border security now will mean job security in November.

Senators Reid and Kennedy
Roman Genn

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The mid-June Tarrance Group survey of likely Republican voters found that 75 percent favored tougher border security, a crackdown on employers who hire illegal workers, and earned legalization for illegal aliens. The survey asked respondents about a proposal under which current illegal aliens would have to pay a fine, pay taxes, learn English, and go to the back of the line before being granted citizenship. A House GOP leadership aide scoffed at the poll as providing what Republican members consider a misleading summary of the Senate plan. (For example, under the Senate's bill illegal aliens will form a wholly new line — one that permits them to remain legally in the U.S.)

The leadership aide explains that, in any case, the GOP members' position on this issue doesn't rest on poll results. He allows that politicians can sometimes misread the public mood, but says that "this time the mood is so overwhelming, they can't miss it." Voters aren't waiting for a pollster to call to express their views on illegal immigration. In phone calls, in writing, and in person they are letting their congressmen know where they stand. Even the more liberal members of the House GOP caucus grant that in the short term it's good politics to strongly oppose the Senate bill, even as they fret over the possible political effects a decade or so from now.

A Senate Republican aide flatly adds, "If it were true that 75 percent of Republican voters want an amnesty bill, Rick Santorum wouldn't be introducing a border-security-only bill." He noted that the embattled Santorum faces reelection in a "purple" state — a mixture of blue and red — where he hopes to appeal well beyond the conservative base.

The polls promoted by supporters of the Senate's version of immigration reform typically don't mention the issues House Republicans will be raising during their hearings this summer. Provisions of the White House–backed bill that the House GOP will be highlighting include in-state tuition for illegal aliens and the allowance of Social Security benefits for illegal workers based on their use of fraudulent documents. Some hearings will focus on the national-security risk posed by chaos at the border, the problem of voter fraud, and the importance of English fluency and assimilation. One influential conservative who advises House Republicans expects "the drumbeat of bad publicity against the Senate bill" to put the Bush administration on the defensive for the next couple of months.

Republicans anticipate that their hearings will prompt demonstrations calling for amnesty — which, according to the Tarrance poll, 57 percent of Republican voters define as allowing illegal aliens to apply for citizenship. The poll also found that 47 percent of those who were aware of previous "pro-immigration demonstrations" were "strongly less likely" to support amnesty.

In a battle of the dueling polls, House Republicans find support in an April survey of likely voters by McLaughlin & Associates. The poll tested alternative messages on border security and found 93 percent agreeing that "we have to regain control of our borders so that we are the ones deciding who enters our country," and 84 percent agreeing that "we have to stop the flow of illegals before we address what to do about those who are already here." Even the survey promoted by the White House found that when presented with a range of choices on how to handle the problem of 12 million illegal aliens living in the U.S., the largest percentage of likely GOP voters (65 percent) "strongly" favored a proposal that included only border security and workplace enforcement.

While support for legalization of illegal aliens and guest-worker programs depends on how questions are phrased and what details are omitted, the overwhelming support for controlling the border is indisputable. So rather than being intimidated with the need to back "comprehensive" reform, congressional Republicans confidently favor a "consensus" reform that would dramatically reduce illegal border crossings. Republicans argue that "border security first" would avoid the costly mistake made in the 1986 immigration reform that promised border enforcement but only delivered an amnesty that encouraged more illegal immigration.

If Senate majority leader Bill Frist permits a vote on Senator Santorum's new bill — or if the House approves the border-security provisions of the Senate bill and returns them to the Senate — senators will have to decide whether they are willing to hold the border-security measures they claim to favor hostage to an amnesty program.

House Of (immigration) Blues (LAT)

The Los Angeles Times, July 3, 2006

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LAST WEEK SAW THE FIRST narrowing of the chasm between the Senate's recent comprehensive immigration bill and the House of Representatives' punitive enforcement-only package from December. Trouble is, the overtures are all going in the House's direction.

Sen. Arlen Specter (R-Pa.) announced that he'd be willing to stagger reform measures so that all enforcement issues were enacted first. Sen. John McCain (R-Ariz.) seconded that motion and emphasized that the border was being strengthened. And President Bush invited Rep. Mike Pence (R-Ind.) to the White House to discuss Pence's proposal to delay all other action until the border was somehow "certified" as secure, after which the estimated 11 million illegal immigrants in the United States would be asked to leave and apply for a visa, perhaps in fancy new e-kiosks operated by an Internet job-search company. No word on who would pick our crops, work construction sites and clean our bathrooms in the meantime.

Worrying solely about "securing" the border without securing and legalizing a flow of needed workers would have three sure-fire side effects. First, the current stream of illegal immigration would turn into a panicky flood, as people risk even more life and limb to sneak in before the southern border is militarized. Second, as has happened during nearly every proposed U.S. immigration crackdown, a rush of legal immigrants would jump into line, backing up an already interminably clogged process. And worst of all, the millions of workers who live in the shadow economy would be even less likely to come out of the cold and into the reach of U.S. law.

Pro-reform senators are making two classic negotiating mistakes: confusing their opponents' line-in-the-sand intransigence with a negotiating ploy, and elevating the importance of making a deal above its actual content. House Speaker J. Dennis Hastert (R-Ill.) has already indicated that he will abide by his "majority of the majority" rule, preventing even consideration of a bill that's not supported by most House Republicans.

Considering that the infamous HR 4437 was co-sponsored by Republicans such as Texan Ted Poe, who believes (among other things) that "Mexico is at war with the United States" to "occupy this entire land," and given that Congress has chosen to spend the run-up to the November elections holding unusual public "field hearings" instead of conference committee sessions, it's clear that the House GOP is most interested in inflaming xenophobic passions.

What's odd is that Senate Republicans seem to know this. At a pro-reform news conference last week, McCain expressed "regret" at the "level of dialogue" in the House. Sen. Lindsey Graham (R-S.C.) advised Americans not to be led astray "by a few loud people" and stated his belief that "the good people can prevail." Conservative flamethrower Grover Norquist called Republican anti-immigration rhetoric "hateful" and "damaging" and even choked back sobs.

Such bluntness is startling and overdue within the ranks of the GOP. Senators should not be overly desperate to reach any deal they can call "comprehensive" with their intemperate colleagues on Capitol Hill. If the House dictates terms of an immigration compromise, it is certain that the "reform" will only aggravate the problem it aims to fix.

Border Apprehensions Increase In 2006 (WT)

By Jerry Seper

The Washington Times, July 3, 2006

U.S. Border Patrol agents have detained 901,428 foreign nationals seeking to sneak into the United States in the past nine months -- more than 3,300 a day -- up from the 890,358 apprehended in the same period last year.

Border Patrol spokesman Michael Friel said the number of apprehensions, monitored since the Oct. 1 start of fiscal 2006, was a 1 percent increase over detention totals in the first nine months of fiscal 2005. He also said that although arrests had edged up, the number of apprehended non-Mexicans, known as "other than Mexicans" or "OTMs," had declined by about 16 percent.

Mr. Friel said non-Mexican apprehensions totaled 89,059, compared with nearly 106,000 detained in the first nine months of fiscal 2005.

The Border Patrol, an agency within U.S. Customs and Border Protection, is responsible for protecting U.S. borders between the land ports of entry.

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"CBP continues to enhance border security by innovative programs such as the Secure Border Initiative, which will increase border-security effectiveness through the right mix of personnel, infrastructure, technology and rapid-response capability," Mr. Friel said.

The initiative is a comprehensive, multiyear plan aimed at securing the borders and reducing illegal entry.

It involves the deployment of additional agents to patrol the borders, secure ports of entry and enforce immigration laws; expanded detention-and-removal capabilities; upgraded technology, including airplanes, helicopters and unmanned aerial vehicles; additional resources for infrastructure improvements; and expanded interior enforcement, including work-site inspections.

The initiative's goal is to gain "operational control" of both the northern and southern borders.

Congress has authorized the hiring of 6,000 additional Border Patrol agents to augment the agency's 12,000-member force. President Bush has ordered the deployment of 6,000 National Guard troops to the southern border to assist while the Border Patrol hires and trains the additional agents.

Mr. Friel said that since Oct. 1, Border Patrol agents have seized more than 1.15 million pounds of narcotics, including marijuana, cocaine and heroin, with an estimated street value of $1.2 billion. The nine-month total represents about 4,300 pounds of drugs being seized every day.

He also said that in the past nine months, agents rescued 2,281 aliens attempting to cross into the United States, a 39 percent increase from fiscal 2005. Last fiscal year, he said, the agency recorded 473 migrant deaths, compared with 240 this fiscal year.

CONGRESS-ADMINISTRATION:

Bush To Name Virginian To Lead Maritime Agency (WT)

The Washington Times, July 3, 2006

The chairman of the Prince William Board of County Supervisors is going national.

Last week, President Bush announced that he would nominate Sean T. Connaughton to lead the Maritime Administration at the Department of Transportation.

Mr. Connaughton, a lawyer, unsuccessfully sought the Republican nomination for lieutenant governor last year, losing in the primary to William T. Bolling. Mr. Bolling went on to win the seat.

Mr. Connaughton has served as a senior transportation associate for the American Petroleum Institute.

He served in the Coast Guard from 1983 to 1986 after receiving a bachelor's degree from the Merchant Marine Academy, He is a commander in the Naval Reserve.

He also holds a master's degree from Georgetown University and a law degree from George Mason University.

•Hispanic history

The D.C. Office of Latino Affairs (OLA) is teaming with Maya, a Hispanic marketing firm, to produce a documentary about the history of Hispanics in the District.

"Through Our Eyes" -- a documentary funded by OLA in celebration of its 30th anniversary -- will feature donated pictures, stories, videos and recorded music that showcase Hispanic life in the District since the 1970s.

The fast-paced, English- and Spanish-subtitled film will feature residents, community leaders, activists and journalists discussing issues such as Hispanics' settlement 30 years ago near the newly established embassies in Adams Morgan, increased Salvadoran emigration in the 1980s and the immigration rallies this spring.

OLA Director Gustavo Velasquez said the film will "look retrospectively at the contributions of Latinos in the nation's capital."

A film screening will be held in mid-September.

•Singalong campaign

With 10 candidates running for one seat on the D.C. Council, bold and daring campaigning isn't out of the question, or so the minds behind Bill Rice's council run seem to think.

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Mr. Rice, a former journalist and a one-time spokesman for the D.C. Department of Transportation, plans to spice up his campaign for the Ward 3 council seat with a catchy jingle and some July Fourth fun.

The candidate plans to distribute Rice Krispies treats as he bikes along MacArthur Boulevard in the July Fourth Palisades parade tomorrow.

But it won't stop there.

Bridget Davis, a spokeswoman for Mr. Rice, said he will be accompanied by singers from Middle C Music who will "belt out" the official campaign song, "Rice is Running," which is sung to the tune of the advertising jingle for "Rice-a-roni, the San Francisco treat."

Rice is running
for Ward 3 council seat.
Rice is running;
his platform can't be beat.
For services that you've paid for,
his policy is open door.
Rice is running.
Your vote is all he needs.

"Everybody can join and march in perhaps the most American hometown experience we have in our nation's capital," Mr. Rice said. "Rain or shine, we will be handing out the Rice Krispies treats. It's always fun."

•Settlement

Frederick County, Md., has agreed to pay $55,000 to settle a lawsuit that says State's Attorney Scott L. Rolle wrongly fired a worker, saying she abused sick leave.

The county agreed to give $40,000 in back pay and benefits to plaintiff Amy Hill-Boyer and to pay her $15,000 in legal fees, but it won't reinstate her, the Frederick News-Post reported Thursday.

The county denies any wrongdoing in the settlement reached earlier this month after a mediation session in U.S. District Court in Baltimore.

Miss Hill-Boyer was fired in September after 10 years with the state's attorney's office.

Mr. Rolle is a Republican candidate for state attorney general.

•Call to resign

A Chesterfield County, Va., supervisor pleaded guilty Wednesday to sexually abusing a teenager, prompting board members to ask for his resignation.

Edward B. Barber, the former board chairman, pleaded guilty to two misdemeanor counts of sexual battery against a 16-year-old girl as part of a plea agreement. He originally was charged with one felony count each of aggravated sexual battery and object sexual penetration.

Mr. Barber, 50, was sentenced to two years in prison, suspended, and must submit to a sex offender evaluation. He was placed on three years of probation and must serve 100 hours of community service.

If Mr. Barber had been convicted of a felony, he would have been forced to give up his seat on the board. But at the Board of Supervisors meeting on Wednesday, members requested that he step down.

"In view of the serious nature of the convictions today, we feel he has violated the public trust and it would be inappropriate for Mr. Barber to continue to serve on this board," board Chairman Dickie King said, a stand endorsed by the three other supervisors.

Mr. Barber told the Richmond Times-Dispatch that he had no plans to give up his seat.

"I've represented that district well for 14 years, and I plan to continue to do that," he said.

Mr. Barber would not say whether he would run for re-election in 2007.

Mr. Barber already had been suspended from his job as a physical education teacher at Crenshaw Elementary School. School officials said last week that his contract would not be renewed.

The charges did not involve a student at the school.

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Push For Government Openness On Right And Left (NYT)

By Jason DeParle

The New York Times, July 3, 2006

WASHINGTON, July 2 — Exasperated by his party's failure to cut government spending, Senator Tom Coburn, Republican of Oklahoma, is seeking cyberhelp.

Mr. Coburn wants to create a public database, searchable over the Internet, that would list most government contracts and grants — exposing hundreds of billions in annual spending to instant desktop view.

Type in "Halliburton," the military contractor, or "Sierra Club," the environmental group, for example, and a search engine would show all the federal money they receive. A search for the terms "Alaska" and "bridges" would expose a certain $315 million span to Gravina Island (population 50) that critics call the "Bridge to Nowhere."

While advocating for openness, Mr. Coburn is also placing a philosophical bet that the more the public learns about federal spending, the less it will want.

"Sunshine's the best thing we've got to control waste, fraud and abuse," he said. "It's also the best thing we've got to control stupidity. It'll be a force for the government we need."

But Mr. Coburn's plan, hailed by conservatives, is also sponsored by a Democrat, Senator Barack Obama of Illinois, and applauded by liberal groups that support activist government. The result is a showcase of clashing assumptions and the oddest of coalitions, uniting Phyllis Schlafly, a prominent critic of gay rights, with the National Gay and Lesbian Task Force.

Liberal groups, while also praising openness, are hoping for a new appreciation of what government does, like provide clean water and feed the hungry. "We need to remind people where Uncle Sam helps us each day," said Gary Bass, director of OMB Watch, a liberal group that got its start monitoring the Office of Management and Budget.

The House unanimously passed a version of the proposal in late June, though in a form that had drawn outside criticism. The House bill creates a database that would omit contracts, which typically go to businesses, but would include about $300 billion in grants, which usually go to nonprofit groups.

"Contracts are awarded in a much more competitive environment," said Representative Thomas M. Davis III, a Virginia Republican who was a sponsor of the bill. That makes them more self-policing, he said. Mr. Davis, whose district includes many government contractors, said grants "are more susceptible to abuse."

But liberal critics see a revival of what they call old partisan efforts to "de-fund the left," by reducing grants to liberal groups or adding conditions that limit their activities.

Mr. Coburn joined them in criticizing the House omission of contracts. Including them in the database, he said, is "the only way you're going to bust these indecent relationships of former Pentagon employees working for defense contractors and getting sweetheart deals from buddies inside."

When told of Mr. Coburn's statement, Mr. Davis said, "As usual, I think he's headline grabbing." While Mr. Davis supports more openness in contracting, he said including contracts would "gum up the works" legislatively since more Congressional committees would be involved.

Spending hawks have sought a spending database for years. The Heritage Foundation, a conservative Washington group, tried to build one itself, but search-engine technology now makes the task easier.

On the right, support for the plan reflects an old concern about spending and a new faith in the power of blogs. Supporters picture a citizen army of e-watchdogs, greatly increasing the influence of antispending groups in Washington.

"Now that you've got the Internet, you'll have tens of thousands of watchdogs," said Bridgett G. Wagner of the Heritage Foundation, who is leading a coalition of conservative groups that support the Coburn bill. "That's what people see in it."

Among the bill's leading supporters is Mark Tapscott, the editorial page editor of The Washington Examiner, who has promoted it there and on his blog, Tapscott's Copy Desk. While most spending is already a matter of public record, Mr. Tapscott argues that it is often buried in obscure documents.

"The spending cannot be sufficiently scrubbed," Mr. Tapscott said. Whether the database causes spending to rise or fall (he guesses it will fall), "what's important to me is the principle of the public's right to know," Mr. Tapscott said.

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A number of blogs popular among conservatives have praised Mr. Coburn's bill. Instapundit, among the most popular, has pushed it. Seeker Blog called it "the best news I've heard out of D.C. this year." Captain's Quarters demanded "Give us the Pork Database," and Porkopolis hailed the measure with the slogan, "Show Me the Money."

While the bill has few overt critics, it may encounter resistance from Congressional insiders who have used their influence to secure projects back home. When Mr. Coburn tried to attach the measure to a lobbying reform bill this spring, Senator Trent Lott, a Mississippi Republican known for his zeal in aiding his state, killed it on procedural grounds.

Not everyone is convinced more sunshine will matter. "All this information is out there right now" and being mined by watchdog groups, said Douglas Holtz-Eakin, a former director of the Congressional Budget Office. While it was "certainly appropriate" to build a database, he said: "I don't think it would dramatically change public perception of the appropriate size and scope of government. That's a much deeper issue."

One important challenge involves tracking subcontractors. Money awarded, for example, to Lockheed, to build a military plane, might get divided among hundreds of parts suppliers. The database, Mr. Coburn said, would seek to list them all.

The push for openness runs counter to the trend of increased secrecy among government officials who cite the need to protect national security. Criticizing that trend, Mr. Tapscott said, "people in the Pentagon, like bureaucrats everywhere, overclassify too much because of the basic instinct to protect yourself."

But Mr. Coburn said he was comfortable with the overall level of secrecy. His database would adhere to current disclosure rules, he said.

What if sunlight so cleanses the government that the public wants more of it? Grover Norquist, an antitax advocate who supports the House bill, just laughed. "They might say, 'Oh my goodness, look at all the good work that's being done,' " he said. "But I'm willing to take that chance."

Growers Reap Benefits Even In Good Years (WP)

By Dan Morgan, Sarah Cohen And Gilbert M. Gaul

The Washington Post, July 3, 2006

EDEN, Md. -- Roger L. Richardson, a vigorous 72-year-old who grows corn on 1,500 acres of prime Eastern Shore farmland, had a good year in 2005. Thanks to smart planning, shrewd investing and a little luck, he grossed a healthy $500,000 for his crop.

But the federal government treated him as if he needed help and paid him $75,000.

The money came from a little-known, 20-year-old U.S. Agriculture Department program that was intended to boost farmers' incomes when prices are low.

The farmers do not have to sell at distressed prices to collect the money. They can bank the government payments and sell when prices are higher.

Since September, the program has cost taxpayers $4.8 billion. Most of that money -- $3.8 billion -- went to farmers such as Richardson who sold at higher prices, according to a Washington Post analysis of USDA payment data.

The subsidy is called the loan deficiency payment. Although it has cost taxpayers $29 billion since 1998, it is virtually unknown outside farm country. But in rural America, the LDP is a topic at backyard barbecues and local diners along with the high school football team and the weather. Despite its name, it is neither a loan nor, in many cases, payment for a deficiency. It is just cash paid to farmers when market prices dip below the government-set minimum, or floor, if only for a single day.

The LDP has become so ingrained in farmland finances that farmers sometimes wish for market prices to drop so they can capture a larger subsidy.

"In the fall of the year, we find the farmer wanting the price to go down," John Fletcher, a Missouri grain dealer, told Congress last year. "It's almost unnatural."

Corn farmers collected the LDP on 90 percent of their crop last year, but most did not suffer the losses that traditional subsidies are meant to offset. Some collected hundreds of thousands of dollars.

"Most smart farmers are cashing in on it," said Bruce A. Babcock, director of the Center for Agricultural and Rural Development at Iowa State University. "It shows me that farmers are being overcompensated."

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The LDP bears little resemblance to the original price-support system, created in 1938 to help millions of desperate farmers during the Depression. The government then propped up prices by buying grain and cotton whenever the market dipped below a government-set floor.

But by the 1980s, the government had accumulated huge stockpiles of commodities that it could not sell abroad. With the backing of Southern rice- and cotton-state lawmakers, Congress in 1985 came up with a way to protect farmers from low prices: the LDP. The government encouraged farmers to sell their crops on the market and paid them cash when prices fell below the floor.

This reduced the stockpiles and made U.S. farm products a better buy abroad. But few foresaw where the program would end up, according to Arkansas Secretary of Agriculture Richard E. Bell, who lobbied for the change as president of the state's largest rice cooperative.

When corn prices fell in the late 1990s, the cash payments to farmers soared.'Location, Location . . .'

Roger Richardson's experience with his corn farm in Maryland's Worcester County illustrates one way farmers take advantage of the LDP.

After harvesting his corn last summer, Richardson stored 190,000 bushels in silos that he owns with other farmers. He then waited for prices to rise. He had reason to be hopeful because the corn-dependent Delmarva poultry industry pays a premium to lock up local supplies for chicken feed.

Meanwhile, in the Midwest, prices briefly dropped to their lowest level in five years after Hurricane Katrina. The storm stalled grain barges up and down the Mississippi. Huge yellow piles lay in fields outside stuffed grain elevators, and a sign outside one elevator said, "Blame it on Katrina."

The drop in prices brought the government's safety net -- the LDP -- into play.

In DeKalb County, Ill., the subsidy had reached 46 cents a bushel one day in September. (The LDP for each county is calculated by subtracting the USDA's daily estimate of the local market price from the government's floor, which is set each year and was $1.98 a bushel in DeKalb.)

Yet in one of the oddities of the system, across the country on the Eastern Shore, where corn market prices were much higher, the subsidy was about the same: 48 cents. It hovered around that level for the next two months.

To book the subsidy being paid on a particular date, Richardson simply had to walk into the local USDA office in Snow Hill, Md., with the ability to prove that he owned a harvested corn crop. He applied for the subsidy for different portions of his crop on several days throughout the fall.

By December, feed mills on the Eastern Shore had begun running short, and prices were rising. Richardson began selling for an average $2.60 a bushel. That was about 50 cents more than the price quoted in Chicago, the national benchmark. Richardson cashed in because of his ability to store grain until it was needed and his proximity to the mills.

"It's like real estate," he said. "It's location, location, location."

The LDP subsidy that he had already booked would bring his total take to more than $3 a bushel -- he made $75,000 from the LDP alone.

The paradox of paying roughly equal subsidies regardless of local conditions was a deliberate policy devised by Congress. In 2002, it directed the USDA to "minimize" the difference in LDP subsidies across states and between counties -- and, in effect, across the country.

"We were trying to make certain that you wouldn't have a farmer receiving 5, 10, 15 cents less than another farmer across the river or the county line," said former representative Charles W. Stenholm (D-Tex.).

Lawmakers are frequently deluged by complaints from farm constituents who are outraged by a higher LDP across state or county borders. The lawmakers, in turn, lean on the USDA.

In June 2002, for example, South Dakota's senators demanded that an injustice be corrected: Corn farmers in Iowa were getting 9 cents a bushel while those just across the border in South Dakota were getting 7 cents.

"These inequities are more than just numbers because for farmers they could make the difference between profit and loss," wrote Sens. Tim Johnson (D) and Thomas A. Daschle (D) in a two-page, single-spaced letter to then-Agriculture Secretary Ann M. Veneman obtained under the Freedom of Information Act.

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Efforts to equalize the subsidies fall to a staff of 10 officials housed in the USDA's Commodity Office in suburban Kansas City. Every workday, they check with online services, call grain elevators across the Midwest and poll 19 major grain markets, where large merchants and food processors go to buy.

Then, in a 4 p.m. ritual, the USDA officials gather around a conference table with an open phone line to headquarters in Washington. Poring over maps and prices, the group sets the next day's LDP for corn, wheat and 15 other commodities in more than 3,000 counties.

Officials add a few cents in one county and take away in another, when the research shows that subsidies in different areas would be too far apart.

"Congress gave us conflicting requirements," said Bert Farrish, director of the USDA's Commodity Office in Washington. "We have to minimize the difference in benefits across state and county lines, but administer it in a way that reflects local markets as closely as we can."

Stenholm acknowledges the problems but believes it all evens out.

"There's no way you're going to get a national program that works perfectly," he said. "Some get an advantage, some get a disadvantage. And you hope over 10 years it balances out."Financial Hedging

Increasingly, farmers have learned to lock in their subsidies when prices are low and sell when prices are higher.

For last year's crop, farmers sold their corn for an average of $1.90 per bushel, only 5 cents below the national floor price. But they received an LDP averaging 44 cents, government payment records show. The difference amounted to $3.8 billion.

The same thing happened in 2004, when the LDP was 27 cents even though the price farmers received when they sold their crops was above the floor. The windfall for farmers was $2.7 billion.

One reason for the discrepancy is that farmers have adopted modern methods to limit their financial risk.

"A farmer who plays it right can make a bundle at times," said Daniel A. Sumner, an agricultural economist at the University of California at Davis.

One who played it right last year was Michael T. Sullivan, who produces a million bushels of corn annually with his three sons in Franklin, Minn. He thrived even during the depressed post-Katrina market.

Well before the storm, Sullivan said, the family had arranged to sell three-quarters of its crop to a local grain elevator for about $2 a bushel. The practice, called "forward contracting," is increasingly common and helps insulate farmers from the market's routine ups and downs.

On top of their contracted price, the Sullivans got the subsidy: $292,054 for that same corn, according to payment records.

Sullivan considers the LDP a godsend, given the uncertainties of farming. "Without it, Main Street Minnesota would have no money to keep the economy rolling," he said.

Richardson also makes no apologies for taking the government money. He contends that the LDP helps keep him and other farmers afloat by offsetting rising energy costs. Maryland farmers, he adds, deserve higher subsidies because they have higher costs and lower yields than Midwestern farmers.

"Without the LDP last year, farmers would have been in deep water," he said recently. As a large farmer, he said, "You handle a lot of dollars, but that's no panacea."

The bigger the farm, the bigger the payouts.

Walker Place, an operation based in Danville, Ill., that farms in 23 counties in six states, has received $3.4 million in LDP checks over the past decade, including $491,726 on the 2005 corn crop, government records show.

Stephanie Walker Spiros, who helps run the sprawling family farm empire, acknowledged that the system has flaws. But she defends it as necessary to cushion other farmers who do not have access to sophisticated financial hedges, and to buttress the farm economy in bad years.

"It's a protection in years of depressed prices," she said.

But the payments for corn alone have grown, from $1 billion for the 1998 crop to $4.3 billion for last year's, even though the average price farmers received for a bushel has remained near or above the government floor for the past five years.

U.S. farmers can also make up for declining prices with higher yields. They now harvest 20 percent more corn from each acre than just a decade ago, and yields in the past three years were the highest ever, according to USDA statistics.

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'Paper Corn'

Riding his combine through the heart of Illinois corn and soybean country early last October, Mackinaw farmer John Kuhfuss personified the business-savvy farmer who profits from the LDP.

Kuhfuss is a modest-size farmer by Illinois standards. He sharecrops 1,000 acres of corn and soybeans, splitting the revenue and the government payments with several landowners.

Still, he uses a financial adviser and a commodity broker to help hedge his farming risks with options and futures contracts at the Chicago Board of Trade and Chicago Mercantile Exchange. Farmers call that "paper corn."

It is a different world from that of the 1970s, when his father, the late William J. Kuhfuss, was president of the American Farm Bureau, the nation's largest farm group.

"When he started farming, he hitched a couple of horses to a wagon, hauled his corn to the nearest railroad siding and sold it for whatever the cash offer was -- and in the Depression it was cheaper to burn corn than sell it," Kuhfuss said.

He talked his father into his first contract on the corn futures market -- and he came out a winner.

Now the son uses the lingo of the trader as much as that of the farmer, throwing around terms such as "strike price," "puts" and "calls." He looks for opportunities to sell his crop more than a year before it is harvested.

"I'm perfectly willing to plan a year out," he said. "Sometimes there are opportunities there."

In spring 2005 he had seized such an opportunity and sold 30,000 bushels of corn to a local elevator for $2.25 a bushel. By October, with buyers offering only $1.70 a bushel, that decision looked smart.

With his price assured, Kuhfuss made another smart decision: "I LPDed all my corn at over 40 cents a bushel," he said.

He said he and his partners netted nearly $40,000 in LDP on their 500 acres of corn. They were not alone. On the days he received his checks, other Illinois corn farmers netted $36.5 million.

In Lincoln, Ill., not far from Kuhfuss's place, the farmer-owned Kruger grain elevator was at full-harvest tilt.

General manager Hugh Whelan was keeping a close eye on the LDP.

"The best thing for farmers now is for the market to go lower," he said. But then Whelan put on his taxpayer's hat:

"It's going to take a lot of dollars to pay that LDP."Global Impact

Today, farm price supports, especially the LDP, are under serious attack.

Last year at the economic summit of the Group of Eight leading industrial nations in Gleneagles, Scotland, President Bush shocked U.S. farm organizations by proposing that certain farm subsidies by rich industrial nations be eliminated. That would mean the end, or drastic scaling back, of the LDP.

The main objection to the LDP is that it hurts world commodity prices by encouraging overproduction.

Farmers abroad lose because "the LDP causes us to grow more corn than we otherwise would," said Sumner, the University of California economist. He advised Brazil when it successfully argued to the World Trade Organization last year that the LDP and other U.S. subsidies depress world cotton prices.

Negotiations over a new world trade deal broke up in disarray Saturday after the United States and other countries deadlocked on the issue of reducing farm subsidies.

Lawmakers from Midwestern farm states -- most of which backed Bush in the past two presidential elections -- have vowed to defend the LDP.

Supporters say it has helped the U.S. trade balance and has encouraged the efficient marketing of grain. Moreover, they say, European and Asian nations subsidize their agriculture at even higher levels.

Senate Finance Committee Chairman Charles E. Grassley (R-Iowa) has warned U.S. trade negotiators not to bow to foreign pressure unless they win major concessions for U.S. agriculture.

"We're not going to buy a pig in a poke," he said.

Democrats Seek To Enact Lobby Reforms By Rule (RC)

By Tory Newmyer

Roll Call, July 3, 2006

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In a bid to salvage some progress from the fizzling drive to overhaul lobbying and ethics laws, Democratic Sens. Russ Feingold (Wis.) and Barack Obama (Ill.) are pushing their colleagues to adopt as a rules change a slate of reforms from a package the Senate passed months ago.

A resolution the pair introduced late last week would immediately ban gifts, meals and tickets from lobbyists, require pre-approval for privately funded trips and expand revolving-door prohibitions, among other items.

While the Senate approved the changes, 90-8, as part of a broader reform package in March, that bill has stalled awaiting House action. The House approved its version of the measure in May but has yet to name conferees, and negotiations over the bills have run aground on disagreements about campaign finance and earmark provisions.

"The Senate congratulated itself for passing new travel and gift rules back in March, but those rules aren't yet in effect because the lobbying reform bill has stalled," Feingold said in a statement. "Lobbyists can still buy meals for Members, despite what the public has been led to believe. It is time for the Senate to start living by the rule changes it adopted with such fanfare three months ago."

Senate rules changes require a simple majority to pass, but two-thirds of those voting to invoke cloture, setting the bar for the resolution as high as 67 votes. Obama and Feingold wrote to Senate leaders last week, asking their resolution be adopted as soon as Senators return from the July Fourth recess.

Senate Majority Leader Bill Frist's (R-Tenn.) office did not respond to a request for comment.

Senate Minority Leader Harry Reid (D-Nev.), who has sought to portray a GOP "culture of corruption" as a central theme in his party's midterm messaging, stopped short of a full-throated endorsement of the approach. "Our first priority is to get a bill out of conference," Reid spokesman Jon Steinberg said. "There shouldn't be an either-or choice here. It's time for the Republicans to step up. They had a lot of rhetoric in January and February about changing the way things are done in Washington, but they don't seem to be following it up with action."

Sen. Chris Dodd (D-Conn.), a conferee on the lobbying bill, called the plan by Obama and Feingold "an interesting proposal that should be given consideration." Other conferees were unavailable for comment Friday.

In addition to the gift, travel and revolving-door provisions, the new resolution would end floor privileges for former staffers and lawmakers-turned lobbyists. It would force Senators to quickly disclose any outside job negotiations; ban close relatives from lobbying that Senator or the lawmaker's staff; and prohibit Senators from trying to influence hiring decisions by outside groups on the basis of partisan affiliation.

The resolution leaves unaddressed several key changes the broader bill would accomplish. That package requires more frequent and fuller disclosures by lobbyists, including new requirements for grass-roots lobbying campaigns. It also adds transparency to the earmarking process.

Nevertheless, Congressional watchdogs praised the effort as one that could inch a mired reform process forward.

"This is a great move because half of these reforms could be implemented by each body on its own as a rules change," said Craig Holman, ethics lobbyist for Public Citizen.

Fred Wertheimer, president of Democracy 21, said while the broader package is inadequate, "this is just laying down a marker that says, 'We can adopt our rules changes immediately, and we ought to do it.'"

"This is a statement to the Senate, and the Senate leadership," Wertheimer said.

Feingold and Obama were at the forefront of their party's drive to strengthen ethics rules in the wake of high-profile corruption cases early this year, but both ended up dissatisfied with the package that emerged months later. They joined a slim minority of Senators opposing the reform bill on final passage, calling it too weak. Obama last week reiterated his criticism of the bill but added that enacting some of its measures would be "better than no reform at all."

"Even if this bill doesn't become law, the Senate should adopt these modest rules to put an end to lobbyist-paid lunches and gifts and start to change the culture in Washington that led to the rise of Jack Abramoff and Duke Cunningham," he said in a statement.

Several Senate Democratic offices have been voluntarily complying with their own versions of new ethics rules. Reid's staff, for example, is abiding by the terms of the Democratic-sponsored package, the Honest Leadership and Open Government Act,

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which goes further than the Senate-passed measure on several fronts. Both Feingold and Obama have both imposed strict ethics guidelines on their own staffs.

Meanwhile, on the other side of the Capitol, Rep. Jeff Flake (R-Ariz.) is attempting to enforce the provisions of the House-passed measure requiring new disclosures on earmarks. Last week, Flake pledged to challenge any special project that does not identify its sponsor.

"The House passed a lobbying reform bill in May that required that the sponsors of earmarks be identified," he said in a statement. "There's no good reason why that policy hasn't been implemented."

President Wanted, MBA Not Required (LAT)

By Charles R. Kesler

The Los Angeles Times, July 3, 2006

GEORGE W. BUSH is the first president with an MBA (from Harvard Business School, no less), but it's not clear that being a master of business administration has made him a better chief executive. The disarray in Iraq, the debacle after Hurricane Katrina — these aren't exactly the kinds of triumphs that the alumni office likes to boast about.

Business schools are a relatively new institution. The MBA was invented in the Progressive era as a way to abort future generations of robber barons. The idea was to train a class of business administrators (the ethos was anti-entrepreneurial) who would expiate capitalism's sins by managing their corporations in keeping with higher morality. The higher morality was whatever the spirit of the age revealed to professors and high-toned Protestant ministers. Over decades, the pursuit of ethical uplift waned, and the pursuit of efficiency and new methods of reading a balance sheet waxed, paving the way for the increasingly empty trendiness of modern management books.

It's hard to say what President Bush absorbed from his management studies. We can only draw inferences, though eventually historians may know more. Defending Donald H. Rumsfeld a few weeks ago, Bush said: "I hear the voices, and I read the front page, and I know the speculation. But I'm the decider, and I decide what is best. And what's best is for Don Rumsfeld to remain as the secretary of Defense."

Being the decider-in-chief suggests one paradigm of modern management: the executive who makes the final decisions, the tough calls. He "hears" and even listens to others before deciding, but the point of a decision (from decidere, "to cut off") is to be decisive, not to reason your way to a judgment that can be explained to others.

Bush's management style is long on decisions and short on explanations. He's apparently better at listening to others than questioning their views. He prefers to have around him people whose judgment he trusts implicitly, even as he insists that they trust and abide by his decisions implicitly.

This isn't simple cronyism or "hackocracy," as the left charges. But neither is it a model of political wisdom. It leads to a disinclination to deliberate, a reliance on peremptory assertions of subordinates' good character to quiet doubt about their judgments, and a certain habitual speechlessness. On ordinary rhetorical occasions, Bush and his text seem hardly acquainted. On great occasions, he tends to overshoot the mark, calling for impossibilities such as an "end to evil." He lacks a rhetorical mean, much less the rhetorical mien that served Ronald Reagan so well.

Democrats usually turn for inspiration to universities and law schools (not exactly fonts of conservatism or even of moderation), Republicans to business and business schools. The GOP loves to call for applying the businessman's common sense to government problems. Rumsfeld, a former Fortune 500 executive, is applying business methods (just-in-time inventories, information networks, strict control of labor costs) to try and transform the Pentagon and, while he's at it, win the war in Iraq.

The precedents aren't entirely encouraging. In the 1960s, Secretary of Defense Robert McNamara tried to revolutionize the Pentagon using the systems analysis techniques he'd championed in his former job as president of Ford Motor Co. He succeeded in discrediting himself, the techniques and the war he was trying to win.

Pray things work out better this time. In general, however, the analogy between business and politics so beloved by Republicans is a flawed one. At the simplest level, politicians report to a large electorate and have fixed terms of office;

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businessmen do not. And although the latter can hire and fire at will, the former cannot, and thus face vast, recalcitrant bureaucracies.

Second, government deals not merely with property, vital as that is, but also with life and liberty. Government thus involves issues of national defense, criminal justice and other "involuntary transactions" backed by a monopoly on the legitimate use of force.

Third, though both pursuits involve self-interest, economic self-interest is less complicated. By contrast, there are many forms of political self-interest, frequently in conflict: Should you desire security or glory? Low taxes or a balanced budget? Much political skill must be devoted to persuading people where, exactly, their interest lies. (This is the rhetorical part, at which Bush doesn't excel.)

Finally, and most significantly, politics has to reconcile multiple goals — consent, security, liberty, prosperity, justice, virtue — in the presence of continuing disagreements about both means and ends. These inherent differences frustrate, eventually, all businesslike schemes of government. Too bad they don't teach that in business school.

Charles R. Kesler is a professor of government at Claremont McKenna College and editor of the Claremont Review of Books. A version of this article will appear in the summer 2006 issue.

A New Partnership Binds Old Republican Rivals (NYT)

By Jim Rutenberg And Adam Nagourney

The New York Times, July 3, 2006

After years of competitive and often contentious dealings, President Bush and Senator John McCain of Arizona are building a deepening if impersonal relationship that is serving the political needs of both men.

Given their history of intense rivalry and sometimes personally bitter combat, their newfound partnership is seen by some Republicans as born more of political calculation than personal evolution. Either way, it could prove valuable to Mr. McCain in his efforts to win the Republican presidential nomination in 2008 by sending a signal to Mr. Bush's conservative base and fund-raising network that, at a minimum, the White House will not stand in the Arizonan's way.

The president had Mr. McCain to the White House three times in one week recently to talk about how Mr. Bush should make the case for the war in Iraq and how to break the wall of conservative opposition to the immigration measures proposed by both men. Mr. McCain was back in the Oval Office again on Tuesday to talk about ways to win approval of the line-item veto.

Behind the scenes, during a month in which he repeatedly came to Mr. Bush's public defense, Mr. McCain called the president to offer words of support, he recounted in an interview.

"I said, 'Look, hang on, things are bad,' " Mr. McCain said. "I said, 'I'm proud of the job you are doing, and I wanted you to know that I will continue to do what I can to help.'

"I've tried, when his numbers went down, to be more supportive and outspoken, because I'd love to pick him up," Mr. McCain said.

The senator showed that again on Sunday in an interview on the ABC program "This Week," saying he was "proud" of the president's leadership on immigration and emphasizing cooperation with the administration on a former issue of serious contention, the treatment of American-held prisoners of war.

Aides said a thaw that began when Mr. McCain campaigned alongside Mr. Bush in the 2004 election has continued through the tougher days of Mr. Bush's second term. The appearances began after top aides for the two men met to hash out some of their differences. During private moments in joint appearances — at the White House, at campaignlike events pressing for immigration reform and on Air Force One — the two even chat about baseball and golf.

"He calls me Johnny Mac," Mr. McCain said.

Still, for all the talk of reconciliation, both sides describe the relationship between arguably the two highest-profile leaders of the Republican Party as almost entirely professional, a little stiff and the product of the pragmatic calculation by two politicians who see potential gain in striking a peace with a powerful rival.

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"This is a very odd partnership that is almost founded at the moment on mutual need," said Tom Rath, a Republican leader in New Hampshire and a longtime ally of the Bush family, who hastened to add that Mr. Bush and Mr. McCain share more convictions than people realize and would not be working so closely if that were not the case.

But Mr. Bush has not had Mr. McCain to Camp David or the White House for dinner or a movie, and Mr. Bush has not visited Mr. McCain's cabin in Sedona, Ariz., since 2001. Mr. McCain, who served 22 years in the Navy, rises to his feet whenever he takes a call from Mr. Bush, even in the privacy of his office. But Mr. McCain's friends say he is fonder of Mr. Bush's father.

Even as he called Mr. Bush a friend, Mr. McCain described their relationship as a function of their positions and their shared views on such big issues as Iraq and immigration. "I believe if I were not in the Senate and not working on these issues, we might communicate once in a while, but not the way we do," he said. "We have a very good personal relationship, but it's primarily based on the agenda."

Mr. Bush is in need of a loyal Republican at a time when there is so much wariness within the party of a president whose popularity has declined. Mr. McCain would like the support of Mr. Bush's supporters and contributors in 2008 and could not afford to have a hostile White House that could trip up his own presidential bid.

Whatever the motivation, the relationship has potentially big political implications for the 2008 race, although Mr. Bush's aides have said that he would almost certainly stay out of the Republican primary contest. And some aides declined to comment publicly for this article out of concern, they said, that they would appear to be giving the White House stamp of approval for a McCain campaign. But the president appears to have stronger ties to Mr. McCain than to the other likely presidential candidates.

There has been a steady stream of Bush advisers who have ended up in Mr. McCain's orbit. Most recently, Republicans close to both candidates said that Nicolle Wallace — who just stepped down as Mr. Bush's communications director and has long been close to the president — was likely to serve in some formal or informal role in a McCain campaign. Her husband, Mark D. Wallace, Mr. Bush's deputy campaign manager in 2004 and now an ambassador-level representative to the United Nations, is already lending advice. In another high-profile move, Wayne L. Berman, a longtime supporter and fund-raiser for Mr. Bush, has signed on to help Mr. McCain.

On the other side of the divide, some of Mr. McCain's supporters made it clear in interviews that the McCain camp viewed Mr. Bush's brother Jeb, the governor of Florida, as an ideal running mate for Mr. McCain. This news would presumably be pleasing to President Bush, who has made it clear in recent weeks that he would like his brother to move onto the national stage; Governor Bush has made it just as clear that he has no interest in running for national office in 2008.

And Mr. Bush's senior political adviser, Karl Rove, was said by associates to have put aside his suspicion and dislike of Mr. McCain. The two spent time together during the 2004 campaign when, Mr. Rove told associates, they drew close. Mr. Rove gave Mr. McCain a pair of antique Theodore Roosevelt presidential cufflinks at the end of that race.

John Weaver, a senior adviser to Mr. McCain, said that accounts of animosity between Mr. McCain and Mr. Bush had been at least slightly exaggerated.

"There's heat in a campaign, and it can get pretty raw," said Mr. Weaver, who had a particularly famous feud with Mr. Rove. "I can speak for ourselves: after we lost the nominating process in 2000, it was time to move on. It took longer for some of us on the staff level to get to that point, but we did."

Still, it was just last year when Mr. McCain, a prisoner of war during the Vietnam War, led something of a revolt in the Senate to push a ban on cruel or inhumane treatment of prisoners in American custody, over Mr. Bush's threat of a veto. And for much of Mr. Bush's first term, the senator had a reputation as one of the few Republicans who would publicly criticize the administration, on issues like Mr. Bush's tax cut proposals, the Abu Ghraib prison torture scandal and the administration's postwar planning in Iraq.

But Mr. McCain has become one of the biggest defenders of Mr. Bush, even on some of the president's most unpopular moves, including the administration's decision this year to approve a deal giving control of several American ports to a company owned by the Dubai government.

"On a series of very tough issues, McCain's been there," said Tony Snow, the White House press secretary.

The jelling of the McCain-Bush relationship has included a series of gestures, some odd, on both sides. When Mr. McCain visited Mr. Bush at his ranch in Texas during the 2004 presidential campaign, he suggested to the president that he try cooking

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turkey with a turkey fryer, promising to rustle one up for him. Mr. McCain apparently forgot the promise until White House aides started calling Mr. McCain's office, saying the president was still waiting for his turkey fryer.

And aides said there were long memories in both camps stemming from the bitterly fought presidential primary season of 2000, in which Mr. McCain embarrassed Mr. Bush with a defeat in New Hampshire, and Mr. Bush responded with a searing campaign — which provoked charges of dirty tricks — that knocked Mr. McCain out in South Carolina.

A Republican with ties to the administration said there was lingering resentment among some Bush aides at Mr. McCain for so regularly going on television, especially during Mr. Bush's first term, to criticize the president. And Mr. McCain, a politician who is given to speaking his mind, could certainly still say something critical of the White House that would set back this rapprochement, his aides said.

But Mr. Bush and Mr. McCain have both instructed their aides to cease their hostilities. "We both made it very clear to all of our supporters that that's over," Mr. McCain said. "What people find difficulty understanding," he said, "is that we're capable of putting that behind us."

OTHER NEWS:

Emanuel, Dean Still Sparring (RC)

By Steve Kornacki

Roll Call, July 3, 2006

A letter to Democratic National Committee Chairman Howard Dean from Rep. Rahm Emanuel (Ill.), the head of the Democratic Congressional Campaign Committee, has set off a new round of sniping over party strategy and resources between allies of the two party leaders.

Emanuel, who reportedly stormed out of a May meeting with Dean, penned a letter, dated June 22, to the party chairman demanding $100,000 per targeted district from the DNC to defray the cost of the DCCC's proposed field operation, several individuals who have read the letter said.

Attached to the letter was a sample field plan for a district, itemizing various projected expenses, down to details such as $1,500 for T-shirts. The expense plan was dated June 26, although it was unclear when Dean actually received the missive.

In making his monetary request, Emanuel cited the example of 1994, when, he said, the Republican National Committee earmarked $20 million for then-Speaker Newt Gingrich's successful drive for a House takeover. By contrast, Emanuel suggested that Dean had offered a woefully inadequate $20,000 per district.

But while his allies argue that Emanuel, through his record-setting fundraising for the DCCC, deserves wide latitude in shaping '06 strategy, Dean loyalists took the letter as hostile in nature, coming as it did after months of coy suggestions by Emanuel that Dean and the DNC were shirking their financial obligations to the DCCC's election year effort.

"This is all about C.Y.A," a Democrat familiar with DCCC operations, and sympathetic to the DNC, said. "He's trying to lay the groundwork to blame someone else in case things go bad in November."

On top of that, Dean's backers contend he is not low-balling the DCCC on field operations as Emanuel suggests, and that the $20,000-per-district figure was simply a number being bandied about during negotiations, which were still proceeding when Emanuel wrote the letter.

More to the point, Dean's allies contend, Emanuel is not taking into account what they call the unprecedented support the DNC is providing this year at the state level.

For instance, in Ohio — a quintessential battleground state where Democrats are locked in competitive contests for the governorship, a Senate seat and several House seats, a slew of statewide offices, and control of the state Legislature — the DNC has earmarked significant resources for coordinated statewide campaign efforts and has also implemented early voting and voter outreach programs designed to drive up turnout among the party's core supporters.

"Anybody's who's an operative and who has been around can tell you that the DNC has never stepped up like this before," the same Democrat said.

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Emanuel refused to comment on the letter. His press secretary said, "The DCCC does not confirm or comment on the private correspondence that takes place between the chairman of the committee and anyone else."

Stacie Paxton, press secretary for the DNC, said, "The DNC will continue to focus on working with the other Democratic committees and state parties, helping to unify the party, activate and engage voters, and ensure Democrats are successful up and down the ballot this November."

Dean and Emanuel have been squabbling over campaign strategy for months, with Emanuel pushing Dean to fork over large sums directly to the DCCC for this year's efforts. Dean has been reticent, and Emanuel's frustrations have often spilled into the press. Despite strong suspicions that Emanuel was the source of many of those stories, Dean and the DNC have largely held their fire for the sake of party unity.

Since taking over the DNC, Dean's relations with other Democratic leaders on Capitol Hill have been similarly strained, a result of his unapologetic investing of DNC money in all 50 state party organizations — at a time when a handful of states and districts could give the party control of Congress.

Emanuel's backers point out that the RNC is poised to spend heavily down the stretch in key House and Senate races and argue that a lack of similar support from the DNC could cost the party winnable seats. As of the end of May, the RNC had $43.1 million on hand compared to the DNC's $10.3 million.

Emanuel himself suggested as much in May, when he told Roll Call, "There is no cavalry financially for us."

Originally, Emanuel asked Dean to help bankroll a fall strategy that relied heavily on television ads, but Dean balked, arguing that such a plan had failed in the past and that beefing up field operations would be a shrewder course.

One Democrat sympathetic to Emanuel argued that the DNC's efforts in statewide campaigns shouldn't preclude a significant investment in the DCCC's own plan.

"If you were to look at each state, you'd see that they're a minor player," this Democrat said of the DNC. "If they covered half the costs in some of those states, that would be one thing. But they don't."

As DCCC chairman, Emanuel, who amassed a small fortune as an investment banker after serving as a top aide to then-President Bill Clinton, has won rave reviews for his fundraising prowess, although his aggressive and impatient manner has rubbed some the wrong way. If his party were to reclaim the House this fall, Emanuel would be hailed by his fellow Democrats as a hero — and the guessing game is already under way about how he might seek to capitalize on that status.

GOP Claims Edge In House Races (WT)

By Eric Pfeiffer

The Washington Times, July 3, 2006

Congressional Republicans say they have a strategic advantage in their effort to increase their House majority, even as national polls show Democrats with a significant lead heading into this year's elections.

The National Republican Congressional Committee says that despite the polling edge for the Democrats, Republicans are targeting conservative districts that went for President Bush in 2004. "We're competing for red turf held by Democrats," NRCC spokesman Jonathan Collegio said.

Four districts stand out as leading prospects for Republican gains, but none is considered a guaranteed win.

The House Race Hotline, a nonpartisan publication, lists Iowa's 3rd District as the top contender for a Republican pickup. Rep. Leonard L. "Boswell's facing a well-funded, politically experienced opponent this cycle in state Senate President Jeff Lamberti," House Race Hotline Editor Josh Kraushaar said.

"And the district narrowly voted for Bush in the last presidential election. If there's one incumbent that Democrats are worried about, it's probably Leonard Boswell, especially given recent concerns about his health."

Mr. Boswell, 72, recently had a noncancerous tumor removed from his abdomen and has been restricted in his ability to make campaign appearances.

The top three other prospects for Republicans are two seats in conservative Georgia districts and the home of embattled West Virginia Democrat Alan B. Mollohan, who faces accusations of corruption from critics who say he delivered lucrative private contracts to his campaign's financial supporters. Mr. Bush carried the district by 15 percentage points in 2004.

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Republicans say they are also targeting Reps. John M. Spratt Jr. of South Carolina and Melissa Bean of Illinois. Both districts voted for Mr. Bush by more than 10 points in 2004, but both incumbent Democrats are considered likely winners.

The Democratic Congressional Campaign Committee (DCCC) described the Republican strategy as "desperate," and one not likely to yield results.

"Republicans are behind on money, recruiting and support from the American people," said DCCC spokesman Bill Burton. "Not one of those things can be made up for with spin."

Mr. Burton said that even if the districts targeted by Republicans are competitive, Democrats are targeting more than 40 Republican districts they consider up for grabs. Democrats need to win 15 Republican seats to gain control of the House.

After relying heavily on Mr. Bush in 2002 and 2004, some Republicans are keeping their distance from the president as he battles the lowest approval ratings of his presidency. Yet even with Mr. Bush's poll numbers showing a small upward trajectory in recent weeks, House Republicans remain far behind in all generic national polls.

Even if Republicans are unable to win those competitive Democratic seats, there is evidence some of their own districts may be less vulnerable than national polls indicate.

Earlier this month, many observers considered the special election in California's 50th District a bellwether for Democrats' hopes of winning control of Congress. However, the race's Republican candidate, Brian P. Bilbray, defeated his Democrat opponent, Francine Busby, by four points, despite two right-of-center minor candidates drawing away 5 percent of the vote. What's more, Mr. Kraushaar said that nearly half of the Democrats' top prospects in 2006 are in districts that supported Mr. Bush in 2004 by a higher margin than in Mr. Bilbray's district.

In Political Waves, Tide Doesn't Rise To Same Level In Every State (RC)

By Stuart Rothenberg

Roll Call, July 3, 2006

The last major national political wave, in 1994, didn't sweep over all areas of the country with equal force. In some states, Congressional Democrats suffered minimal losses, while in others Democratic House seats fell in bunches.

For Democrats to take the House this year, they may need one or two states to deliver a significant number of wins, not just an isolated victory. Which states give Democrats the best chance to score victories in bunches?

The best examples of how the impact of the '94 Republican wave differed from state to state are four states on three coasts: Washington, Virginia, North Carolina and Alabama.

In Washington, Democrats went into Election Day holding eight of the state's nine House seats. Jennifer Dunn was the only Republican member of the House delegation (though Republican Slade Gorton held one of the state's Senate seats).

On Nov. 9, Republican candidates emerged with seven of the nine districts, leaving only Democrats Norm Dicks and Jim McDermott standing. Five incumbent Democrats were defeated, and one open Democratic seat went to the GOP, a net gain of six seats.

In North Carolina, Republicans also made major gains, turning an 8-4 Democratic-majority delegation before the election into an 8-4 Republican majority after the votes were counted, for a net GOP gain of four seats.

Together, Washington and North Carolina combined to produce a 10-seat gain for the Republicans, almost one-fifth of the party's 52-seat gain nationwide.

But just to the Tar Heel State's north, in Virginia, the wave was little more than a ripple.

In the Old Dominion, Democrats headed into Election Day with a 7-4 majority in the commonwealth's delegation. But unlike their neighbors in North Carolina, Virginia Republicans picked up only a single additional district. Democrats came out of the election still holding six of 11 Congressional districts.

And further into the Deep South, in conservative (and increasingly Republican) Alabama, Republicans failed to pick up even a single new House seat. Democrats went into the election holding four of the state's seven districts, and they retained that margin and all of their seats after the election. Three white and one African-American Democrats were re-elected.

What states deserve special attention as possible candidates for a wave within a wave?

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Democratic operatives have been suggesting that at least a handful of states are ripe for a Democratic wave: New York, Ohio, Pennsylvania, Connecticut and Indiana.

In Connecticut, where Republicans represent three of the state's five Congressional districts, a wave conceivably could sweep Reps. Rob Simmons, Christopher Shays and Nancy Johnson out. But a true partisan wave would inundate Republican lawmakers at all levels, and Republican Gov. Jodi Rell appears headed for a thundering victory.

In New York, Democrats are aggressively competing in at least four Upstate districts (against incumbent Reps. John Sweeney, Randy Kuhl and Jim Walsh, and in retiring Rep. Sherwood Boehlert's open seat) and, possibly, in Rep. Sue Kelly's Westchester to Poughkeepsie district just north of New York City.

Democratic strategists reason that party strength in the gubernatorial and U.S. Senate races should produce a big Democratic turnout that could also deliver a number of Congressional seats. That's possible, but all of the districts being targeted by Democrats have a Republican bent, and easy victories by Sen. Hillary Rodham Clinton and all-but-certain gubernatorial nominee Eliot Spitzer could easily make voters bored rather than energized. The Democrats, in other words, are more likely to get shut out than sweep the seats.

Ohio, Pennsylvania and, to a lesser extent, Indiana appear to be better candidates for state-specific waves.

Republicans hold seven of Indiana's nine Congressional districts, and Democrats have an excellent chance of seizing districts, specifically Rep. John Hostettler's 8th district and Rep. Mike Sodrel's 9th district. But they also have a longer-shot opportunity against Rep. Chris Chocola in the 2nd district, and a sweep of all three would give Democrats a majority of the House delegation.

Indiana holds some promise for Democrats because Gov. Mitch Daniels (R) is having a tough time, and that increases the possibility that voters will send a collective message to the GOP.

Pennsylvania and Ohio seem to have the requisite voter anger and slate of competitive races that provide the ingredients for a wave election that could deliver a considerable number of seats to Democrats.

Incumbents struggled during Pennsylvania's April primary, confirming voter dissatisfaction with a legislative pay raise, something that at the very least ought to raise Republican concerns. GOP House incumbents in the eastern third of the state, including Reps. Don Sherwood, Curt Weldon, Jim Gerlach and Michael Fitzpatrick, are all at some risk, and Republican nominees for the Senate (incumbent Rick Santorum) and governor (neophyte Lynn Swann) are not currently doing well enough to help downballot Republican nominees.

Ohio, of course, is made-to-order for a local wave, given Republican Gov. Bob Taft's horrendous poll numbers, state government scandals and credible Democratic challengers to Reps. Deborah Pryce, Bob Ney and Steve Chabot.

The point is that even national waves can be fickle. Not all states have a tsunami even if one appears nationally. Of course, Democrats don't really care where they get their 15-seat gain as long as they get it. But it certainly would be easier for them to get to 218 seats with big gains in at least a couple of states.

Stuart Rothenberg is editor of the Rothenberg Political Report.

On July 4, Where's The Voter Outrage? (RC)

By Nicole Duran

Roll Call, July 3, 2006

The surprisingly easy victory that Rep. Chris Cannon (R-Utah) scored over his primary opponent last week has been heralded as a win for President Bush's immigration policy.

But wealthy developer John Jacob's defeat in the Beehive State's 3rd district holds other lessons for both Republicans trying to dislodge incumbents in primaries and Democrats hoping to flip Republican-held seats in November.

Just as the victories of newly elected Rep. Brian Bilbray (R-Calif.) and Reps. Bob Ney (R-Ohio), Bennie Thompson (D-Miss.) and now-ex Rep. Tom DeLay (R-Texas) demonstrated in recent primaries, voters still need a reason to dump incumbents or switch party control of a House seat.

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"I think the lesson is if you are going to beat an incumbent, you have to have a strong candidate," said Brad Coker of Mason-Dixon Polling & Research Inc., an independent firm. "The opportunity was there for Jacob, and he kind of came unglued the last weekend."

Coker was referring to statements Jacob made to the Salt Lake Tribune in the campaign's waning days about how the devil was sabotaging his business dealings, thereby preventing him from pumping more personal money into his race with Cannon.

"That was bizarre," Coker said. "If you're going to replace an incumbent, voters are looking to make sure that the person they are replacing the incumbent with is competent."

Jacob also faltered because he ran his entire campaign on just one issue — immigration — observers and party insiders agreed. Cannon sides with Bush's overhaul proposal, while Jacob tried to tap into anger over the current situation that has allowed some 12 million illegal immigrants into the country by saying Cannon is for "amnesty."

"You need more than one issue, but you also need to be a competent alternative," Coker said. "You just can't put up any angry person with a name to take out an incumbent."

Republicans, and some independent observers, have argued that Democrats were unable to capitalize on the scandal that sent Rep. Duke Cunningham (R-Calif.) to jail, thereby necessitating a special election for his 50th district seat, because their candidate, Francine Busby (D), was not up to snuff.

Democrats were hoping that a surge in turnout, fueled by voter anger over the ethics issue, would propel Busby to victory. But it never materialized, and voter turnout has not notably increased in any primary to date, even in races where an incumbent was considered vulnerable.

"Democrats lost California 50 because they ran with a second-tier, flawed candidate, and we expect what happened in California to be duplicated across the country this cycle," said Ed Patru, a National Republican Congressional Committee spokesman.

Busby faltered late in the campaign when she told Hispanic voters that they didn't need "papers" to vote.

She was trying to explain that voters are not required to show identification, but Bilbray's campaign claimed she was prodding illegal immigrants to vote.

Democratic leaders warned Republicans last week that they would not allow the GOP to use immigration as a wedge issue.

"They thought this almost jingoistic approach would work," Democratic Senatorial Campaign Committee Chairman Charles Schumer (D-N.Y.) said at a news conference unveiling a poll commissioned by Third Way, a Democratic think tank. "They thought it would be the gay marriage or Willie Horton of 2006."

Horton was the convicted murderer whose violent crime committed while on furlough from prison severely damaged the presidential hopes of then-Massachusetts Gov. Michael Dukakis (D).

The poll, conducted by the Benenson Strategy Group, found that 68 percent of voters in 19 battleground states believe Bush is doing a poor job of enforcing immigration laws.

"If Congressional Republicans want to make immigration the centerpiece of their 2006 campaign, I've got three words for them: Make our day," Schumer continued. "The GOP Congress has had 12 years to tackle this problem but has instead taken a 'see no evil, hear no evil' approach to the Bush White House's failure to enforce immigration law."

Patru said the wins by Cannon and Bilbray underscore that Democrats still face an uphill battle in trying to take back the House.

"The polls are right," Patru said. "Most voters approve of their own Member's job performance; it's very difficult to beat an incumbent; and quality of candidates makes all the difference in the world, which is a problem the Democrats will have to contend with this cycle."

Though not technically an incumbent, Bilbray previously served in Congress and was working as a lobbyist at the time of his June 6 win. He bested an "outsider" in a crowded open primary to secure the Republican nomination before defeating Busby.

Democratic Congressional Campaign Committee Chairman Rahm Emanuel (Ill.) said Republicans are reading too much into those victories.

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All Cannon's win proved was that he could survive a Republican primary, Emanuel said at the Thursday news conference. It also revealed the divisions within the GOP on a number of issues, including immigration, he said.

Bilbray took a hard line on immigration, similar to the position of House Republicans — and a sharp contrast to the position of Cannon and Bush.

"Why are they holding field hearings when they should be in a conference room getting things done?" Emanuel asked about the announcement that Republicans will hold hearings across the country on the immigration issue despite both chambers having passed two radically different bills.

"They want to run a single-issue campaign" but lack a unified immigration plan, he said.

GOP 'Suburban Agenda' Gains Traction On Hill (RC)

By Morton M. Kondracke

Roll Call, July 3, 2006

In the 1970s, as a young deputy sheriff in King County, Wash., Rep. Dave Reichert (R) had his throat slashed while trying to break up a domestic dispute.

Reichert's attacker spent time in a mental institution, then was released. Later, Sheriff Reichert made an effort to find out what happened to the man. He found he was teaching school in Colorado.

Reichert recounted the tale to fellow Republicans last month as part of an effort to get them to back a bill enabling school districts to tap into national criminal databases before they hire employees.

It turned out that the school district that hired Reichert's attacker had checked Colorado databases but had no idea about his criminal record in the Evergreen State.

The bill Reichert was boosting, the School Safely Acquiring Faculty Excellence Act, passed the House almost unanimously in June — the first legislative success for the GOP's "Suburban Agenda," a set of bills designed to appeal to the majority of American voters who live in the suburbs.

The agenda is the brainchild of Rep. Mark Kirk (R-Ill.), one of Congress' most effective moderates, who has sold it to a growing group of conservatives and the House GOP leadership.

Kirk, who represents North-suburban Chicago, told me, "I noticed that the Republican Party was led by mostly Southern and rural Members, starting with [Speaker] Denny Hastert (R-Ill.) from the cornfields of Illinois. And the Democratic Party is led by Members representing the central urban cores. [House Minority Leader] Nancy Pelosi (D-Calif.) is from central San Francisco. The American people live in between.

"Washington may think this is small-bore. It's not the war on terror. But this is an agenda that people care about in their everyday lives — their kids' safety, health care, their ability to send their kids to college."

Besides the school safety measure, the agenda includes a national "401Kids" savings account for college, a screen to block predators from contacting children at online chat rooms and a bill setting standards for computerizing health records.

Kirk got the idea for a suburban agenda in early 2004, made a presentation on it at the party's national convention in New York, formed a House GOP caucus around it and commissioned pollster John McLaughlin to test potential policy items.

From an original core of 22 Members, the suburban caucus has grown to 67. McLaughlin's polling indicates that 70 percent to 80 percent of voters say they'd be more likely to support a Republican candidate knowing that he or she favors items in the agenda.

"I suspect that in the 36 districts where this election will be decided, the suburban agenda is going to be talked about a lot," House Majority Whip Roy Blunt (R-Mo.) told me.

Even some Democrats have signed on to specific bills, not entirely to their leadership's liking. All the bills are lead-sponsored by Republicans on the Democrats' 2006 target list, and top Democrats have tried to get their Members to avoid co-sponsoring them.

The school safety bill, for example, was lead-sponsored by Rep. Jon Porter (R-Nev.), who represents suburban Las Vegas. In the Senate, Kirk told me, the bill is being bottled up by Minority Leader Harry Reid (D-Nev.), who's hoping to see Porter defeated.

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Another measure that originally attracted bipartisan support is the Health IT Promotion Act, sponsored by Rep. Nancy Johnson (R-Conn.), which would set standards for computerizing health records, widely deemed necessary for improving health quality and cost-saving.

However, the two Democrats on the bill, Reps. Sheila Jackson Lee (Texas) and Anna Eshoo (Calif.), abruptly dropped off last week as Johnson's bill was slated for House floor action later this month.

Porter's bill retains the support of Rep. Mark Udall (D-Colo.). And Rep. Melissa Bean (D-Ill.) is co-sponsoring the Deleting Online Predators Act sponsored by Rep. Michael Fitzpatrick (R-Pa.). He also is co-sponsoring her online predator bill.

Reichert, who gained fame for capturing Washington's "Green River killer," is sponsor of the anti-gang bill. Targeted Rep. Clay Shaw (R-Fla.) is sponsoring the "401Kids" bill, and Rep. Jim Gerlach (R-Pa.) is promoting a measure to help farmers preserve open spaces.

Kirk is already working on a "second wave" of suburban bills, including one sponsored by Rep. Deborah Pryce (R-Ohio) that would allow workers who lose their jobs to keep their health insurance for life, not just 18 months, as provided under current COBRA law.

Another bill would give teachers permission to search students for dangerous weapons without fear of litigation.

At one time, I thought that Kirk's suburban agenda was small-bore and symbolic, something like former President Bill Clinton's advocacy of school uniforms. It won't cure global warming or capture Osama bin Laden, but he's convinced me it's bigger than that. And so has Democratic hostility.

An About-Face On '527' Groups (WSJ)

By Jeanne Cummings

The Wall Street Journal, July 3, 2006

WASHINGTON -- Two years ago, Republicans were organizing against new, loosely regulated political groups that were raising money to attack President Bush.

Now, illustrating how roles often reverse in politics, some of the party's conservative activists are trying to stop legislation that would choke off those groups.

The dispute centers on a House bill that would curtail funding for organizations nicknamed 527s, for the section of the tax code that governs them. The groups drew attention during the 2004 presidential campaign, particularly when financier George Soros donated millions of dollars to launch the Media Fund and America Coming Together, or ACT. Those groups ran television commercials against President Bush and registered voters opposed to his re-election.

Republicans want to prevent Mr. Soros and other wealthy Democrats from doing that again. But legislation may not be necessary to achieve their goal: The rich liberals who spent heavily to oust Mr. Bush aren't investing in 527s this election cycle, even though the stakes are high, with control of Congress in play. ACT closed last year and the Media Fund is dormant.

In the 2006 campaign so far, it is right-leaning 527s that are most active. The Club for Growth, a conservative economic-issue group, is leading the charge to kill the Republican bill that would shut down 527s. The Club for Growth received $8 million in donations during the 2004 cycle; for this cycle, its donations as of May tally $5.1 million. "I don't know how they would expect organizations to sit on the sideline and cheer when they are talking about taking a wrecking ball to the First Amendment," says David Keating, the club's executive director.

Mr. Keating's allies include social conservatives, gun-rights groups and college Republicans. Their campaign could stall congressional efforts to enact anticorruption legislation -- a response to a spate of ethics scandals -- because the House attached 527 language to its rewrite of lobbying laws.

The fracas stems from the 2002 McCain-Feingold campaign-finance law, which banned unlimited "soft-money" donations to political parties from companies, labor unions and wealthy individuals. But many of those donors didn't rein in their spending in the campaign cycle that followed. Instead, they found a new outlet in 527 advocacy groups, which could take unlimited funds from donors, though they ostensibly couldn't explicitly say who to vote for and couldn't coordinate their efforts with the parties.

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The House measure would subject 527s to limits like those for political action committees. Individuals could give a maximum of $5,000 per election cycle to groups advocating or opposing federal candidates and $25,000 to groups engaged in partisan voter registration.

The proposal is backed by the Republican National Committee and other party leaders. "There is certainly an opinion in the House that the 527s represent a loophole in campaign-finance laws that they want to see reformed," says New York Republican Rep. Tom Reynolds, who heads the National Republican Congressional Committee.

The House passed the bill in April and attached it to legislation overhauling lobbying rules. The Senate version doesn't have 527 limits. The two chambers are trying to reconcile their bills but failed to do so before Congress's July 4 recess -- in part because of the 527 tussle.

Seven Republican senators have sent a letter to Majority Leader Bill Frist warning they might filibuster the lobbying legislation if it emerges with 527 limits attached to it. "Republicans do not need, and should not attempt, to muzzle their opponents," the letter said. It was signed by Virginia Sen. George Allen and Kansas Sen. Sam Brownback, two potential 2008 presidential candidates who are wooing the Republican's conservative base.

The debate is causing some philosophical gymnastics. Many Republicans opposed the McCain-Feingold law's limits on party donations, saying that the curbs infringed on free speech. Now, some Republicans argue that extending the donation limits to 527 groups aren't a further infringement.

Democrats who supported the 2002 bill as vital to ending the corrosive influence of money on politics now say such limits on independent groups would infringe on the political discussion.

The dispute comes amid scant evidence that 527 groups will figure significantly in November's midterm elections.

Fred Wertheimer, president of Democracy 21, a money-and-politics watchdog, says 527s "are certainly not going to play the kind of role they played in the 2004 election in this election."

But, he adds, "That doesn't mean the problem has gone away or that it won't come back in a very big form in the next presidential election."

A recent Campaign Finance Institute study found that in the 2004 election cycle, 527s raised a total of $426 million. By this point in the cycle, they had collected $109 million. As of March of this year, the 527s registered in the 2006 cycle had raised just $57 million -- and most groups are focused on labor or particular issues that aren't as tethered to wealthy donors as the groups in 2004.

Mr. Soros, for instance, has given about $1 million to one 527 group, America Votes, a voter-turnout operation. Most of his other donations this cycle are to traditional party committees and candidates. "George fundamentally believes the effort to elect Democrats has to be united under the banner of the Democratic Party," said Michael Vachon, Mr. Soros's spokesman. "There wasn't sufficient time in 2004 to do that."

House leaders say they will enter negotiations with the Senate determined to see their 527 language included in a final bill overhauling lobbying rules. But as ethics scandals make headlines, lawmakers are under pressure to back down and clear the way for an anticorruption measure. Most Republicans say passage of such a law is vital to restore voter confidence before November's elections. When asked if the House would stick to that position if it meant blocking passage of an ethics and lobbying-overhaul law, Rep. Reynolds, of New York, said: "I don't think you could necessarily say that."

If the House cedes its position, Federal Election Commission Chairman Michael Toner says the rules governing 527s "will be pretty well settled for the 2006 election and the 2008 elections" under a loose system similar to the one in 2004. "The $64,000 question will be what these outside groups do with that. How active will they be? And will they play as big a role in 2008 as they did in the 2004 election?"

Are Americans Ready For A Mormon President? (LAT)

By Elizabeth Mehren

The Los Angeles Times, July 3, 2006

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BOSTON -- Most traditional barriers to religion in presidential elections have toppled, a new Los Angeles Times/Bloomberg poll has found. In particular, the survey to be released Monday showed that anti-Semitism and anti-Catholicism are fading as voter taboos.

But uneasiness about some religions persists. Thirty-seven percent of those questioned said they would not vote for a Mormon presidential candidate -- and 54 percent said no to the prospect of a Muslim in the White House.

In addition, 21 percent said they could not vote for an evangelical Christian. Only 15 percent replied that they would not vote for a Jewish presidential candidate. Just 10 percent of those polled were unwilling to cast ballots for a Catholic chief executive.

"This clearly shows that the old Protestant/Catholic/Jewish distinction has largely eroded in American politics," said David Campbell, a professor of political science at the University of Notre Dame. "That doesn't mean that candidates from religious groups that might be considered to be exotic, in the way that Catholics once were thought to be exotic, wouldn't necessarily be confronted with challenges."

The nationwide survey of 1,321 adults was conducted June 24-27. The poll has a margin of sampling error of plus or minus 3 percentage points, poll director Susan Pinkus said.

With no likely Muslim candidate on the presidential horizon, the poll numbers present the greatest threat to a potential contender from the Church of Jesus Christ of Latter-day Saints (as the Mormon Church is formally known). Massachusetts Gov. Mitt Romney is a Mormon who is exploring a run for the 2008 Republican presidential nomination.

"It is something he will have to address," said MerleBlack, a professor of politics at Emory University. "It will be a challenge. It doesn't necessarily kill him as a candidate, but he may have to talk in more detail than he ever has before about his faith."

His religion apparently was no detriment in Massachusetts in 2002, when he easily won election as governor. Massachusetts is one of the most heavily Catholic states in the country, and also one of the most Democratic.

The governor hails from a family that is almost as political as it is Mormon. His late father, George Romney, was a three-term governor of Michigan who also made a brief, unsuccessful run for the Republican presidential nomination. Lenore Romney, the Massachusetts governor's late mother, lost a Republican bid for the U.S. Senate.

Romney, who made a fortune as a venture capitalist, suffered defeat in his maiden political outing in 1994 when he ran against Democrat Edward M. Kennedy for a U.S. Senate seat from Massachusetts.

As a young man, Mitt Romney was a Mormon missionary in France. He graduated from Brigham Young University, an LDS-sponsored institution. Romney has been a Mormon bishop, and was president of the LDS stake -- or congregation -- in Belmont, Mass., where he settled with his family more than 30 years ago.

His great-grandfather had five wives, but Romney has disavowed polygamy -- a practice that no longer is condoned by the LDS hierarchy. The Mormon Church claims about 12.5 million members worldwide, according to the church Web site; almost half are in the United States.

Romney is reluctant to discuss his religion, citing privacy and contending that candidates should not be judged on their "brand of faith." But he regularly describes himself as a Christian who believes that "Jesus Christ is my savior."

But some branches of Christianity are less than eager to embrace the Mormon Church. On its Web site, the Southern Baptist Convention includes Mormonism in a section called "cults, sects and new religious movements." Kenyn Cureton, a vice president of the Baptist convention, said his church does not regard Mormons as Christians.

"They are not orthodox in their beliefs," Cureton said. "They have additional books that they add to the Bible, which evangelical Christians believe is God's word. They believe that there are many, many gods and that you, too, can become a god in your own world. It sounds good, but unfortunately it is not based on sound teaching."

Cureton praised Mormons as "very moral, very family-oriented people." Southern Baptists, he said, "would appreciate that angle. But as far as our beliefs, we would have disagreements."

Republican political consultant Mike Murphy, who advised Romney in his gubernatorial bid, said any discussion about Romney's religion as a potential political obstacle was premature -- and probably misplaced. Murphy also has counseled the Massachusetts governor as he tests the waters for the 2008 presidential race.

"I think the poll is wrong," Murphy said. "I think this is a classic example of how with polling data, you can find something that is not predictive at all."

If his religion was the only thing voters knew about Romney in a "hypothetical candidacy," that could be an impediment, Murphy said.

"If he runs, I think he won't be judged only through that prism," he said. "When you break it down to one aspect for a guy, that is a mistake. Polls, I am sure, said the exact same thing about John F. Kennedy a year before he ran."

In a Roper poll from June 1960, 35 percent of respondents said either that it might be better not to have a Catholic president, or that they would be against it. Then-Sen. John F. Kennedy addressed the Southern Leadership Conference on the subject of his religion that September, and was elected president two months later.

But Emory University political scientist Black rejected the comparison to earlier political biases against Catholic or Jewish candidates.

"I don't think it is of the same status, because Mormonism has never been seen as a mainstream religion," Black said.

According to Campbell, "The question facing Mitt Romney is, will he be the Mormons' Al Smith -- who was the first Catholic ever to run for president in 1928, and went down in flames. Or will he be the Mormons' John F. Kennedy?"

Atlantic City Casinos Ordered To Close (AP-Y2)

By Angela Delli Santi

AP2, July 2, 2006

Atlantic City's casinos were ordered to close Wednesday, the latest casualty of a state government shutdown that entered its second day Sunday after the Legislature failed to adopt a budget by its July 1 deadline.

The head of the Casino Control Commission ordered gaming in Atlantic City to cease at 8 a.m. Wednesday — the day after the July Fourth holiday — if New Jersey fails to enact a budget by then.

Atlantic City's 12 casinos, which require state monitoring, have waged a court battle to remain open, and an appeals court was weighing the matter Sunday. There was no word on when a ruling would be made, courts spokeswoman Winnie Comfort said.

Gov. Jon S. Corzine said Sunday there was "no immediate prospect of a budget." State parks, beaches and historic sites also were expected to shut down Wednesday.

If the casinos shut down, the state would lose an estimated $2 million in tax revenue each day they stayed closed. Republican Assemblyman Francis Blee, whose district includes the casinos, said it was important for them to remain open.

"We will have tens of thousands of individuals, real people, that are going to be hurt by this," he said. "There will be bread-winners who are not bringing home a paycheck."

Corzine shut down nonessential government services Saturday after the Legislature failed to adopt a budget by its July 1 deadline, leaving the state without the means to spend money. Budget talks became heated this year as Corzine, a Democrat, proposed increasing the state sales tax from 6 percent to 7 percent to help overcome a $4.5 billion budget deficit.

Most Democrats in the Assembly and several Senate Democrats oppose the sales tax increase, fearing voter backlash and reserving any tax increase for property tax reform. Assembly Democrats proposed a series of alternatives, some of which Corzine accepted, but both sides remained $1 billion apart as the budget deadline passed.

About 45,000 state employees were furloughed Saturday. Corzine's order allows him to keep 36,000 state employees working without pay. Services such as state police, prisons, mental hospitals and child welfare were to keep operating.

The lottery and road construction projects were among the first to close. A state appellate panel on Sunday ordered horse tracks closed at the end of business Tuesday. It was not immediately known Sunday whether the horse racing industry would file further appeals to keep harness and thoroughbred tracks open past July 4.

Corzine was expected to meet in private Sunday with top Assembly and Senate leaders. Assembly Budget Committee members were called to the Statehouse and were discussing alternatives to a sales tax increase, panel chairman Lou Greenwald said.

The Senate is scheduled to meet on Monday, and Senate President Richard J. Codey has told senators to be ready to stay in session until a budget is adopted.

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"Let's get on with getting this problem solved," Corzine said while touring a state police dispatch center in Hamilton on Sunday, emphasizing he couldn't "sign a bill that doesn't exist."

Republicans, the minority party in both the Assembly and Senate, have expressed frustration.

"I'm appalled that this reached this stage," said Senate Minority Leader Leonard Lance, R-Hunterdon. "It is very unfortunate that the Democratic governor and Democratic majorities in the Legislature could not achieve a budget in place by June 30, and now all the people of New Jersey suffer as a result."

Some lottery sellers — and many customers — were surprised to learn that the games were being put on hold until the budget impasse is resolved.

"People will be angry, but we can't do anything about it," said Umesh Patel, 40, owner of Deli Delight in Ewing. "I don't know how long it's going to be, so let's just see what happens next."

Same-Sex Marriage Debate Drives Intense Fundraising Efforts (WP)

By Chris L. Jenkins

The Washington Post, July 3, 2006

The proposed state constitutional amendment that would ban same-sex marriage in Virginia has sparked an aggressive fundraising effort, with each side of the debate hoping to secure hundreds of thousands of dollars for their cause.

Virginia voters will decide Nov. 7 whether the state constitution should be amended to define marriage solely as a union between a man and a woman. The amendment also would place a ban in the constitution on civil unions, which already are illegal in Virginia.

To help rally amendment opponents, the Commonwealth Coalition, a Richmond-based group, has set an ambitious goal of raising $3 million, organizers said. They want to fund a barrage of radio and television ads in the fall. Meanwhile, the Family Foundation Action, which is organizing amendment supporters, has set a best-case-scenario fundraising goal of $900,000, although activists and volunteers said they expected to raise less than that.

Already, both sides have created Internet fundraising mechanisms and appealed to potential voters through churches and community events across the state. Activists said they plan a direct mailing campaign throughout the summer and fall.

Activists on both sides said money raised for the marriage amendment will go toward outreach, mailers and electronic advertising.

"I don't think there's any question that Virginians are engaged in this fight and that they're stepping up to the plate both as volunteers and contributors," said Claire Guthrie Gastanaga, campaign director for the coalition.

Each organization has to submit its first campaign finance report Sept. 15.

Amendment supporters said they do not feel pressure to raise millions of dollars because they were confident door-to-door activism and church networks would be effective.

"The reality is that we knew from the beginning we might get out-raised and outspent," said Chris Freund, communications director for the Family Foundation. "But an important part about all of this is the grass-roots mechanics. Campaigns tend to get analyzed by their bank account, and sometimes that's not the best reflection of what's really there."

The fundraising drive in Virginia probably will mirror what was seen in other states that have voted on such amendments. In 2004, for instance, supporters and opponents of amendments in 13 states spent more than $13 million, according to the Institute on Money in State Politics. In 2004, supporters of marriage amendments out-raised their opponents. The costliest race was in Oregon, which also was the closest. The two sides spent a total of $5.4 million.

The amendments have passed in each of the 20 states where they have been on the ballot, often by more than 3 to 1.

The struggle over money mirrors the sharp campaigning that has begun. Opponents, who include Gov. Timothy M. Kaine (D), have argued that the language of the amendment -- that the state will "not create or recognize a legal status for relationships of unmarried individuals" -- is so broad that it also would affect contracts between unwed heterosexual couples. Kaine spoke on that point in a radio interview Thursday.

The amendment "in my view disenfranchises . . . unmarried people, both same-sex or heterosexual couples," Kaine said. But he took his criticism one step further, saying that the proposed amendment was discriminatory:

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"There's nothing else in the [Virginia] Bill of Rights that takes away rights of people. We're equal citizens in the state; we ought to be treated equally."

Supporters of the amendment believe that the amendment is necessary to preserve traditional marriage. They also say that current law -- Virginia's Marriage Affirmation Act of 2004 -- mirrors the language in the proposed constitutional amendment and has not invalidated contracts between unwed couples.

"There is a law on the books right now that does the same thing as the amendment and that has never been challenged in court," said Del. Robert G. Marshall (R-Prince William), sponsor of the legislative resolution creating the proposed amendment. "The argument is nothing but a red herring."

Petitions To FDA Sometimes Delay Generic Drugs (WP)

By Marc Kaufman

The Washington Post, July 3, 2006

A procedure designed to alert the Food and Drug Administration to scientific and safety issues is getting a hard look from members of Congress, who say they are concerned that it may be getting subverted by the brand-name drug industry.

Some at the FDA, as well as leaders in the generic drug industry, complain that "citizen petitions" -- requests for agency action that any individual, group or company can file -- are being misused by brand-name drugmakers to stave off generic competition.

The simple act of filing a petition, they say, triggers another round of time-consuming and often redundant reviews of the generics by the FDA, which can take months or years. In the process, consumers continue to pay millions of dollars more for the brand-name drugs.

Statistics collected by the staff of Sen. Debbie Stabenow (D-Mich.), who has introduced legislation with Sen. Trent Lott (R-Miss.) that would rein in industry-filed citizen petitions, show that 20 of the 21 brand-name petitions settled by the FDA since 2003 were ultimately rejected.

"The brand-name drug industry has found a major new loophole," Stabenow said in an interview. "The way things stand now, even if the FDA finds that a petition was frivolous and rejects it, [the drug companies] can get hundreds of millions of dollars of profits from the delay."

She and others point to the example of Wellbutrin XL, a hot-selling antidepressant that was facing the prospect of competition from cheaper generics late last year.

By the time Biovail Corp., the drug's maker, filed a citizen petition with the FDA, raising concerns about the safety of its potential rivals, Impax Laboratories Inc. and several other companies had already gone through much of the FDA application and review process for their generic versions of the drug. Impax was looking forward to getting a tentative approval that would bring it considerably closer to making and selling its competing drug.

But because of the citizen petition, the FDA has yet to act, and Biovail still has the market for Wellbutrin XL to itself. Impax is fuming, as are many others in the generic drug industry.

In a letter sent last week to FDA Acting Commissioner Andrew von Eschenbach, Stabenow and Lott estimated that the delay in approving a generic version of the antidepressant Wellbutrin XL is costing consumers $37 million a month.

Impax already sells a twice-a-day version of Wellbutrin; the once-a-day XL version was approved by the FDA in 2003 as the patent on the shorter-lasting formulations was running out.

"Biovail's petition is a sham, designed solely to delay the onset of generic competition for its Wellbutrin XL product," Impax told the FDA in a letter. "Biovail has wasted FDA's and Impax's time and resources and has likely cost the American public millions of dollars in taxes and health care expenditures in selfish pursuit of further undeserved windfall profits."

Biovail rejects the view that it is trying to block generic competition, and in its petition made the case that generic versions of its product may not be biologically equivalent and could be dangerous. As a result, the company -- which has also filed patent infringement suits against its prospective rivals -- asked the FDA to require substantial additional testing before any generic version of Wellbutrin XL is approved.

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Pharmaceutical Research and Manufacturers of America (PhRMA), which represents brand-name drugmakers, supports the citizen petition process and says the dozens of similar petitions pending with the FDA raise legitimate concerns.

"Most citizen petitions raise important regulatory, legal or scientific issues," said Caroline Loew, the group's senior vice president. "The fact is, the petitions have played a vital role at the FDA since their adoption almost 30 years ago. They have been responsible for important discussions about health and safety, and have been a catalyst for key agency decisions, such as speeding approval of AIDS medicines and implementing rules to protect children from accidental iron poisoning."

Although citizen petitions have raised many important drug policy issues, the Wellbutrin filing is one of several dozen pending that some call "blocking petitions" because they have the effect of delaying approval of a generic alternative. FDA officials said that about 170 citizen petitions are before the agency -- compared with 90 in 1999 -- and that about 30 percent involve industry challenges to generic applications.

FDA Chief Counsel Sheldon Bradshaw told generic drugmakers at a September conference that the agency has been troubled by the number of such petitions. He said they "appear designed not to raise timely concerns with respect to the legality or scientific soundness of approving a drug application, but rather to delay approval by compelling the agency" to review arguments that could have been made months before.

That response caused PhRMA to write to Bradshaw asking for more information. Scott Lassman, PhRMA's assistant general counsel, said the organization found the comments to be "troubling," especially if they could lead to restrictions on how and when citizen petitions could be filed.

More recently, Scott Gottlieb, FDA deputy commissioner for medical and scientific affairs, said in an interview that the agency has instituted internal changes that will allow for quicker rulings on citizen petitions, especially if they are filed close to the time when a decision on a new generic is expected. But he said that he did not believe there had been an increase in "what a reasonable person would call a blocking petition."

"It's very hard to decide what's a blocking petition and what has value without taking a serious look," Gottlieb said. "I think citizen petitions are very important and have to be preserved. The last thing we want to do is close off an avenue of discourse with the agency."

By regulation, all generic drugs must be "bioequivalent" to the brand-name drugs they copy and must have the same effects and dependability. Industry-sponsored citizen petitions often challenge the process by which bioequivalence was tested.

Because generics generally cost 25 percent to 75 percent less than brand-name products, the sums of money at stake can be enormous -- for the brand-name company, the generic maker, patients, insurance companies and government programs. Wellbutrin XL (a once-a-day formula of bupropion hydrochloride with fewer side effects than the original) costs $1 to $5 a pill and earns about $800 million a year for Biovail and GlaxoSmithKline PLC, which developed the drug. An Impax spokesman said his company planned to sell its generic version, if approved by the FDA, for "a considerable discount."

Making changes to the citizen petition process is a high priority for the Generic Pharmaceutical Association. Its president, Kathleen Jaeger, said her group considers blocking petitions to be among the greatest obstacles facing the industry.

"Because of the way the system works now, branded companies have every reason to file citizen petitions," she said. "There's a potentially great benefit, and there's no risk. I can't imagine that this is how the originators of the petitions thought they should work."

This is not the first time that the generic industry has complained about citizen petitions that it believed were unfairly blocking generic applications. The Clinton administration responded to those complaints in 1999 with a proposal that would have changed the way the FDA received and handled citizen petitions. PhRMA strongly opposed the rule, and the Bush administration withdrew it in 2003.

Jaeger said the generic industry was working hard with Congress at that time to close other loopholes in the patent system that allowed makers of brand-name drugs to extend their time for exclusive sales. "We were working so hard to get that legislation passed that we didn't really focus on what was happening with the citizen petition rule," she said, "so some of what we won in Congress, we lost to the citizen petitions."

Stabenow and Lott, who are trying, in their bill, to reduce the petitions, said in their letter to von Eschenbach that "the Senate Appropriations Committee recognized the unintended effect citizen petitions were having on the approval of [generic drug

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applications] and directed the FDA to provide a written report explaining the process and suggesting improvements. . . . It is our understanding the FDA has not moved forward with this request."

Weather Nixes Shuttle Launch - Again (AP)

By Marcia Dunn

The Associarted Press, July 2, 2006

Stormy weather prevented NASA from launching Discovery for the second day in a row Sunday, extending a yearlong grounding of the space shuttle prompted by persistent trouble with fuel-tank foam.

Launch officials said they would try again Tuesday, on the Fourth of July, after giving the work force some rest and a chance to replenish the shuttle's on-board fuel. The weather was expected to improve by Tuesday, although rain was still in the forecast.

Launch director Mike Leinbach said it will be tight getting Discovery ready for a Tuesday afternoon launch — only the second liftoff of a shuttle since the 2003 Columbia disaster — and that any thunderstorms on Monday could put his team behind.

He halted the countdown just an hour after the seven astronauts boarded the fueled spaceship.

"Looking out the window it doesn't look good today," shuttle commander Steven Lindsey radioed from the cockpit. He noted that July Fourth would be "a good day to launch." It would be the first time NASA has ever launched a crew on the holiday.

The afternoon sky was considerably darker than on Saturday and left NASA with little choice but to call off the flight to the international space station. Thunderstorms were moving in quickly from the west, and lightning was detected within a few miles of the launch pad. The astronauts rode back to crew quarters in the rain.

The back-to-back delays cost NASA an estimated $2 million in overtime pay and fuel costs.

"After a year of preparation and after a very careful countdown, you don't want to get into a rush and do something that is not smart from a weather standpoint," said deputy shuttle program manager John Shannon, chairman of NASA's mission management team. "Nobody is going to remember that we scrubbed a day or two days a year from now. But if we go launch and get struck by lightning or have some other problem, that will be very memorable."

Shannon said he told his team, "What a great gift NASA could give to the nation to return the shuttle to operation on Independence Day."

"If the weather is good, that's exactly what we'll do," he said.

Among the invited guests who returned for the second launch attempt were family members of the perished Columbia astronauts. Vice President Dick Cheney was back in Washington after a brief visit to the space center Saturday.

Last month, NASA Administrator Michael Griffin approved launching the shuttle despite the concerns of two top agency managers who wanted additional repairs to the foam insulation on the external fuel tank. Columbia was brought down by a chunk of flyaway foam, and a piece broke off Discovery's redesigned tank last July, barely missing the shuttle.

"I've kind of steeped myself in this problem over the last month, and I am quite confident that we've got a very good chance of flying and flying safely," Griffin said Sunday in an interview on CNN's "Late Edition with Wolf Blitzer."

Griffin has repeatedly pointed out that if Discovery were damaged during launch, the astronauts always could take refuge on the space station until a rescue vehicle is sent up.

Sen. Bill Nelson (news, bio, voting record), D-Fla., who flew on a space shuttle in 1986 right before the Challenger disaster, defended Griffin's decision on Sunday and said it was an acceptable risk.

NASA's top safety officer and chief engineer recommended at a flight readiness review meeting two weeks ago that the shuttle remain grounded until design changes are made to the foam that insulates 34 brackets on the fuel tank. Without this foam, dangerous ice could form on the metal brackets once the tank is filled with super-cold fuel.

As it is, more than 35 pounds of foam were removed elsewhere in what NASA described as the biggest aerodynamic change ever made to the shuttle's launch system. Shuttle managers said they wanted to fly with only one major change at a time.

Once in orbit, Discovery's crew will test shuttle-inspection techniques, deliver supplies to the space station and drop off German astronaut Thomas Reiter for a six-month stay.

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NASA hopes to add an extra day to Discovery's 12-day flight to test spacewalking methods for repairing possible damage to the ship's thermal skin. By replenishing the shuttle's on-board fuel now, the astronauts will have a better chance of getting that additional day in orbit.

Academic Manifesto Takes Root (WT)

By Valerie Richardson

The Washington Times, July 3, 2006

DENVER -- Three years ago, David Horowitz came to Colorado to promote his newly inked Academic Bill of Rights, a plan the radical-turned-conservative activist said was needed to liberate students from an oppressive atmosphere of liberal groupthink at the nation's universities.

Critics had scoffed at the assertion by Mr. Horowitz -- who in the 1960s had been a prominent left-wing student activist -- that freedom on 21st-century campuses was being crushed by a tyrannical regime of political correctness.

But as then-state Senate Majority Leader John Andrews listened to Mr. Horowitz over breakfast at the Brown Palace Hotel, he agreed the time was ripe for an intellectual revolution.

"We were finishing each other's sentences, because this has been a concern for conservatives for such a long time," Mr. Andrews recalled. "I started working on and researching legislation right away."

A few months later, the Colorado legislature became the first to broker a deal with state universities on policies to protect students from political discrimination.

Since then, the Academic Bill of Rights, which says students should be graded and faculty should be hired and promoted without regard to their political or religious beliefs, has inspired the introduction of legislation in 18 states. Ohio and Tennessee struck deals with their universities on protecting academic freedom in lieu of legislation.

Meanwhile, Students for Academic Freedom, the campus watchdog group founded by Mr. Horowitz, has established chapters on more than 150 campuses. Student governments at a dozen universities have approved resolutions supporting the Academic Bill of Rights.

In April, Princeton University became the first institution of higher learning to pass a version of the Student Bill of Rights by a vote of the entire student body, surprising even Mr. Horowitz, who had no hand in the election.

"I didn't engineer that. They took the Academic Bill of Rights I designed, made their own Student Bill of Rights and got it passed," said Mr. Horowitz, who visited Princeton shortly after the plebiscite. "That shows it's taken on a life of its own."

Of course, it hasn't all been good news. A well-known conservative writer and activist, Mr. Horowitz was never the most popular guy on campus, and the academic freedom movement has cemented his status as a persona non grata.

Demonstrators greet Mr. Horowitz's every college appearance. At Duke University, associate professor Diane Nelson urged students to pull off their T-shirts to protest his March 7 speech. During a talk last year at Butler University in Indiana, he was hit in the face with a pie.

For all his success in raising the issue before state legislatures, no state has actually approved an academic freedom bill, despite the flurry of hearings and committee votes.

That is fine with Mr. Horowitz. The strategy of taking the issue to the legislatures was aimed at focusing attention on the issue, with the hope that universities would take up the gauntlet themselves and not on force-feeding diversity by statute.

"The agenda was always to force university administrators to pay attention, because there's nobody to hold them accountable," Mr. Horowitz said.

Still, the tactic has backfired with some small-government Republicans.

"The left knows there's a battle on, and they're in it," Mr. Horowitz said. "Conservatives are still hung up on this legislation thing -- they don't want to do anything that requires legislation. It's going to take a little time."

The left fights back

Mr. Horowitz's success with state legislatures has caught the attention of the left. The Center for American Progress, funded by Democratic billionaire George Soros, last year started Campus Progress, which follows the conservative movement at universities.

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In February, a coalition of teachers unions and civil-liberties groups, including the center, founded Free Exchange on Campus, an organization designed to counter Mr. Horowitz and his quest.

Jamie Horwitz, who acts as a spokesman both for Free Exchange on Campus and the American Federation of Teachers, said the opposition was slow to react because "we dismissed it at first as the rantings of an ideologue."

"But when the states starting proposing legislation, starting with Colorado, we decided to get involved," Mr. Horwitz said. "We've tried to raise awareness about what's really going on here."

On its face, few would disagree with the Academic Bill of Rights, a two-page document that outlines principles protecting the free-inquiry and free-speech rights of professors and students while stressing the importance of intellectual diversity.

It says that professors should use their class time for education -- not indoctrination -- and that neither the political nor religious beliefs of students and faculty should be a factor in grades or promotion.

Despite the document's political neutrality, critics fear that if it becomes state law, it will be used as a hammer to promote conservative thought and squelch liberal dissent.

"I think what they're doing is curtailing academic freedom," said Adam Jentleson, policy and advocacy manager of Campus Progress. "I don't think they're really making that much progress because every state that's considered it has either voted it down or referred it to committee."

In 2003, the American Association of University Professors condemned the Academic Bill of Rights as "a grave threat to academic freedom." Last year, however, the organization was one of 27 higher-education groups to sign a statement endorsing "intellectual pluralism," grievance procedures for students and other tenets of the document.

"That was pretty huge for us," said Sara Dogan, president of Students for Academic Freedom. "They never would have done that if we hadn't pointed out the problems and asked them to do something about it. Unfortunately, their member organizations [universities] haven't picked up on it."

Indeed, university professors have been the document's biggest critics, arguing that the cure is worse than the purported disease. Already, they say, the debate has created a climate of self-censorship on campus as professors increasingly steer clear of politically charged topics, such as global warming.

"Wouldn't it be worse to have laws that restrict free speech in the classroom?" Mr. Horwitz said.

Professors stay silent

Most professors aren't the all-powerful gods that they're made out to be, he said, noting that only one-third of university faculty are tenured.

"What I hear more and more is that the majority of faculty are afraid to speak their views because they have no protection," Mr. Horwitz said.

Critics also insist that the problem isn't as bad as the academic freedom movement claims, despite hundreds of examples ranging from professors who routinely bash Republicans in class to those who penalize students for expressing conservative views.

At the Students for Academic Freedom conference in April, however, Mr. Horwitz said many of the horror stories boiled down to students disgruntled over bad grades.

"I went to the conference and listened to a handful of students. Most of the time it was, 'I'm active in conservative politics, and I got a professor I didn't like and got a bad grade, and it's because he was biased,' " said Mr. Horwitz.

"Where's the evidence? This raises questions in higher education when it starts to look like a witch hunt."

Not so, says Pennsylvania state Sen. Gibson Armstrong. After legislators held five hearings at state universities to gauge academic freedom, wrapping up May 31, Mr. Armstrong said he's convinced there's "a serious problem."

"They [critics] point to one case that turned out to be not true," said Mr. Armstrong.

"But I've got a lot of these stories and some of them have to be true. It's hypocritical -- if there were one case of a problem with gender or racial diversity, the university would be apoplectic."

In fact, he said, that did happen. At Penn State University, there was a campuswide uproar after several black students received racist e-mails in 2001. It was later discovered the e-mails were sent from a computer lab at Temple University in Philadelphia.

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"They spent $10 million to stop a problem that wasn't even theirs. Here we report numerous problems with diversity of thought, and they turn a blind eye. It's a double standard," he said.

In March, the Pennsylvania House passed academic freedom language in an amendment to the reauthorization of the Higher Education Act, now pending in the Senate.

Churchill ignites a firestorm

To those who ask for evidence of liberal bias in academia, Mr. Horowitz has two words: Ward Churchill. The University of Colorado ethnic-studies professor transformed the debate in February 2005, when it was publicized that he wrote an essay comparing victims of the September 11 terrorist attack to Nazi war criminal Adolf Eichmann.

"Churchill is huge," Mr. Horowitz said. "I don't think this movement would have happened without Ward Churchill. I know I wouldn't have written 'The Professors' if it hadn't been for Ward Churchill."

The specter of the long-haired, chain-smoking, research-faking, America-bashing Mr. Churchill molding impressionable young minds turned Mr. Horowitz's pet project into a national sensation almost overnight. Suddenly, it became difficult to argue that liberal bias on campus was the product of an overheated right-wing imagination.

Nowhere was his influence greater than in Colorado, where Mr. Churchill literally rescued the movement. After the Democrats took back the legislature in November 2004, state Sen. Bob Hagedorn introduced a bill that would have erased the state's groundbreaking Memorandum of Understanding with the state universities on academic freedom.

A few weeks later, the Churchill story broke, and Mr. Hagedorn, a Democrat, withdrew the bill.

"Everything changed," recalled Mr. Andrews, now a fellow with the Claremont Institute. "Churchill became the poster boy for abuse in the classroom and destroyed whatever chance Hagedorn thought he had to pass this protective layer on university professors."

The publicity gave Republicans an unexpected bonus issue on the education front. Whether academic freedom has the political mojo to sway voters will be tested this year in Maine.

As vice chairman of the Maine Republican Party, Dan Schuberth is on a mission to elect Republicans to the state House, where they trail Democrats by just one seat, and academic freedom may be the issue that gets him there.

"This is something people are talking about, on talk radio, on the street, in the papers," Mr. Schuberth said. "I think it's a winning issue for us, to be honest. It's playing well, and any candidate who talks about academic freedom is going to win support."

Last month, the Maine Republican Party became the first in the nation to add academic freedom language to its platform. The decision came after an academic freedom bill failed by one vote in the state House by a straight party-line vote.

Calls for the legislation came after a stir over liberal bias at Bates College. In February 2004, a Bates staffer accidentally copied an e-mail back to the College Republicans calling them a "bunch of thugs" for sponsoring a seminar on conservative politics.

In the ensuring outcry, the Bates student government passed a resolution calling for an Academic Bill of Rights. The staff member apologized and was reprimanded.

In May 2005, during legislative hearings on academic freedom, a Bowdoin College student testified that his early Christian literature professor had thrown a Bible to the floor on the first day of class.

The events created a political climate ripe for the Academic Bill of Rights.

"It's phenomenal. It's the archetypal grass-roots campaign," said Mr. Schuberth.

"It's just common sense, and Maine people are all about common sense," Mr. Schuberth said. "When you talk to Maine people about what they want for their kids, one thing they want is to be able to send them to college without having them indoctrinated."

Maine Republicans have vowed to introduce another academic freedom bill if they win the House in November. Mr. Schuberth is confident that the state will ultimately approve such legislation, as long as the unthinkable doesn't happen.

"Heaven forbid we get a Republican professor in there who insists Ronald Reagan was the greatest president ever and [Franklin Roosevelt] was a communist," said Mr. Schuberth.

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Representatives Relish Being Made A Mockery (WT)

By Christina Bellantoni

The Washington Times, July 3, 2006

No matter how hard members of Congress who appear on the "Better Know a District" comedy segment try to beat the system, Stephen Colbert makes them end up looking silly. But several lawmakers said doing the spoof spot on "The Colbert Report" on TV's Comedy Central actually has raised their profiles back home, particularly among young folks.

"You have to have the right attitude," said Rep. Phil Gingrey, Georgia Republican, whose 11th District was featured on the cable show in April.

"It's a comedy show; he's a comedian, and you're not," he said. "Even though I tried to be funny, all my funny stuff ended up on the cutting-room floor. I just had to leave hoping that when they slice and dice and put it all back together again, I wouldn't look too stupid."

Indeed, any publicity is good publicity.

Mr. Gingrey, whose thick mustache was admired by Mr. Colbert, who asked to stroke it, said there was an unexpected byproduct of doing the show -- attention from young constituents and House staffers.

Rep. Earl Blumenauer of Oregon had a similar experience when his 3rd District was profiled in May. "I had never watched it, but I was stunned at the number of e-mails I got almost instantly," the Democrat said.

But Rep. Barney Frank, Massachusetts Democrat, regrets his appearance and called Mr. Colbert a "third-rate" comedian.

"It was a stupid waste of time, and he is two stooges short of a good routine," Mr. Frank said.

Still, the segment is among the more popular on "The Colbert Report," a spin-off of "The Daily Show with Jon Stewart," with more than 1 million viewers.

Mr. Colbert so far has targeted 25 members in the 435-member House, splicing and dicing sometimes two-hour-long camera sessions into five-minute clips.

Mr. Blumenauer said his appearance was fun, even though the two argued about global warming and Mr. Colbert called him "an America-hating terrorist-lover hiding behind a stupid bow tie."

"We tend to take ourselves too seriously in this business," Mr. Blumenauer said.

Several lawmakers said that although their staffers prepped them with clips of past segments, they were not prepared for Mr. Colbert's creative editing.

Mr. Colbert recently hazed Rep. Lynn Westmoreland, a Republican from Georgia's 8th District, for not writing a single piece of legislation during his nearly two years in Congress.

However, Mr. Westmoreland co-sponsored a bill that would require the Ten Commandments be displayed in the Capitol.

When asked, the lawmaker was able to name just three of the Commandments. "I can't name them all," he said.

Democratic Rep. Brad Sherman did the show with gusto, even filming a spoof pornographic movie with Mr. Colbert because his 27th District in California is home to many pornographers.

House Minority Leader Nancy Pelosi, who has been a guest on "The Daily Show," said the Colbert segment is "humorous," but wouldn't recommend members make an appearance.

"I would think it would be OK to go on if you were live to tape, but don't subject yourself to a comic's edit unless you want to be made a fool of," the California Democrat said. "I think: Why would anybody go on there? Not that I don't think they have all done very well."

Mrs. Pelosi added that she watches the show "all the time."

House Majority Leader John A. Boehner of Ohio, by contrast, said he had never heard of the show.

"I'm culturally illiterate," he told The Washington Times.

The segment has an educational element, with Mr. Colbert outlining the district's demographics, history and oddball trivia. He also gives each district the adjective "fightin'," as in the "Fightin' Fifth" in Oregon.

He talked to that district's Rep. Darlene Hooley about the state's medicinal-marijuana laws. The Democrat laughed heartily when she was asked: "Are you high right now?"

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Mr. Colbert, widely panned for his performance bashing President Bush at the White House Correspondents Dinner, commonly asks guests: "George W. Bush: great president or the greatest president?"

Mr. Colbert has featured five Republicans and 18 Democrats, and also did a mock "retiring" of Texas' 22nd District when Republican Rep. Tom DeLay announced his retirement, putting together press clips for a fake interview with the former majority leader.

He moved California's 50th District to the "never existed to me" category when former Rep. Randy "Duke" Cunningham resigned amid a bribery scandal. The Republican is now serving prison time, and Mr. Colbert's segment was renamed as a 434-part series.

Glass Houses (RC)

By Mary Ann Akers

Roll Call, July 3, 2006

The typically rowdy fans who attended the 45th Annual Roll Call Congressional Baseball Game on Thursday night were pretty tame this year. Until the seventh inning, when embattled Rep. William Jefferson (D-La.), who's teetering dangerously close to the edge of indictment, got up to bat as a pinch hitter.

That's when a small group of Republicans in the stands starting chanting, "Cold hard cash, cold hard cash."

Their taunting — a reference to that $90,000 in alleged bribe money that FBI

agents found in Jefferson's freezer — didn't last long. Jefferson popped out meekly and headed off the field almost as soon as he got up to bat.

One GOP source told HOH that "some of the higher-ups" in Republican ranks thought the hecklers, who were sitting down close to home plate, had "crossed the line." But Jefferson's communications director, Melanie Roussell, said the Congressman wasn't bothered by the chanting, because he didn't hear it.

She said she didn't hear any chants either. "Ney, not a one," she joked in an e-mail, cleverly referencing the Republican who seems to be in dire danger of indictment — Rep. Bob Ney (R-Ohio).

Softball Gets Downright Scary. No, that wasn't Jaws from the James Bond flicks who you saw Thursday at the Congressional baseball game. That was Spicer, Sean Spicer, the recently departed spokesman for the House Republican Conference, whose mouth has been wired shut for a week and a half.

Spicer, who was scheduled to start his new job last Monday flacking for the U.S. trade representative's office, got whacked in the face during a Congressional softball game on June 22 and wound up in intensive care for four days. Now he's on a diet of applesauce and Frappacinos.

Spicer got up to pitch for his team, the Ugly Mugs, during their game against the House Energy and Commerce Committee. The first pitch was so-so, he recalled Friday.

"The second one was a dream," he mumbled through the wires keeping his jaw shut for the next five weeks. "That dream pitch got jammed in my face."

Three teammates grabbed some ice from a cooler, packed it on Spicer's face and drove him to George Washington University Hospital. His entire jaw had been shattered.

"One side of my jaw was going one way, the other side was going another way, my teeth were smashed out, and I was spitting up blood," he said.

Four days of intensive care, two hours of surgery and many stitches later, Spicer had a plate in his face, wires in his mouth, and, luckily, painkillers in his bloodstream.

He was supposed to start his new job at USTR on June 26 and travel to Geneva for World Trade Organization meetings. Obviously, that didn't happen. "I got to go on a different trip," Spicer said. "Four days in ICU, wasn't exactly the idea of 'travel.'"

Still, tough nut that he is, Spicer, after being released from the hospital on Monday, started his agency job on Thursday, wires and all. So, that guy at USTR you can't understand on the phone — that's him.

Though many a friend and colleague have threatened to wire Sean Spicer's mouth shut over the years, nobody wanted to see it happen this way! HOH wishes him a speedy recovery and the dinner of his dreams when he gets those wires off.

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Pity the Fool. Attention House Democrats: Don't go on "The Colbert Report" if you care what House Minority Leader Nancy Pelosi (Calif.) thinks.

At her press conference Thursday, when asked what she thinks of Stephen Colbert's "Better Know a District" series, Pelosi said: "Well, it is humorous; I wouldn't recommend that anyone go on the show. I would think it would be okay to go on if you were live to tape, but don't subject yourself to a comic's edit unless you want to be made a fool of."

That said, Pelosi said she watches Colbert's show "all the time" and she thinks, "why would anybody go on there? Not that I don't think they have all done very well."

To the Moon, Alice. While Gabrielle Giffords, the apparent Democratic frontrunner in Arizona's 8th district to replace retiring Rep. Jim Kolbe (R-Ariz.), stumps for votes this July Fourth holiday, her boyfriend will be out of this world. Sure, he's in love and all that, but we mean literally out of this world.

Giffords has been dating U.S. Navy Commander Mark Kelly for over a year. At press time, Kelly, a combat veteran of the first Persian Gulf War, was slated to pilot the Space Shuttle Discovery, scheduled to launch from the Kennedy Space Center.

"This is such an exciting weekend for Mark; we're all so proud of him as he pilots the shuttle for the first time," his gal/House candidate said. "It's so fitting that it's happening over the Fourth of July weekend — so many of us are still inspired by President Kennedy's dream of exploring the new frontier."

If They Build It, Will Jesus Come? (WP)

By Al Kamen

The Washington Post, July 3, 2006

The Republican-controlled House and Senate don't seem to be able to agree on much these days. There have been bloody, public battles over immigration, estate taxes, voting rights and, of course, the important constitutional amendment to ban flag-burning.

But the biggest fight may have occurred last week over a House proposal to build a fenced walkway that would run across the now-closed east front of the Capitol -- the area where the long-delayed Capitol Visitor Center is being built.

House folks, led by Speaker J. Dennis Hastert (Ill.) himself -- he's said to be "passionate" about the idea -- want the walkway. "It's so the American people get a view of all sides of the Capitol," a House Republican aide said. "They deserve to have a walkway to see it."

House backers say the walkway will cost only $60,000, the aide said, adding "that's not all that much. They [Senate aides] claim the cost is $95,000, but we don't know what that is for, some $35,000 in incidental costs, like a slush fund."

The walkway would be about 10 feet wide -- 30 feet in some spots -- and the fence would be six feet tall on the sides, though at one point, in front of the Capitol steps, it would drop to 3 1/2 feet.

Senate detractors say this proposal is exceptionally stupid, even for Congress. One Senate aide opined that House members wanted it because they're "cranky over there about the delays with the visitors center -- now a year behind schedule, so they want to take people there and show progress."

The Upper Chamber folks rather uncharitably say the mysterious fence dips to only four feet high so Hastert and House members can walk down the steps and have their pictures taken with constituents.

"We are an active construction zone" on the Senate side, with "trucks coming in and out daily, dropping off building materials," a Senate aide said, so safety is an issue. Also, "someone could hop the fence, then you have an intruder and security issue, requiring additional police. And what if there's an evacuation?" People leaving the Capitol would be impeded by the fence.

But the aide for the People's House said these things are being overblown. "We're saying it is safe, so why not let citizens see that side of the Capitol? The House is prepared to move on this," he said, and if the Senate won't go along, "it'll show the Senate doesn't want people to have access to the view."

That means, however, that the walkway will end halfway across the Capitol, making it more a dead-end chute than a walkway.

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"The Jesus Lady could come back," another congressional aide said, referring to Rita Warren , a 77-year-old, white-haired woman who, until the construction began, appeared daily at the east entrance steps with a life-size mannequin in white robes and a beard. The well-known duo might camp in the walkway, that aide said.

Warren, who calls herself "a lobbyist for God," had protested the closing of the Capitol steps to build the visitor center, telling The Hill newspaper it was "a waste of a billion dollars."

"The good Lord is waiting until it's finished."

No reason to wait much longer. The fence, at least on the House side, is scheduled to go up this week.Abramoff Can't Get a Break

Justice Department Inspector General Glenn A. Fine , after a lengthy investigation, reported last week that although disgraced lobbyist and Loop favorite Jack Abramoff had boasted of ridding immigrant smugglers and sweatshop owners in Guam and the Northern Mariana Islands of an annoying interim U.S. attorney, he actually had nothing to do with it.

The interim official, Frederick Black , said President Bush replaced him in 2001 because Black had called for an investigation of Abramoff and had supported applying federal immigration law to the Marianas, which Abramoff's clients opposed.

The inspector general concluded that the new nominee had already been chosen under normal selection procedures, "well before Abramoff tried to become involved in the process," a Justice Department official said.

"We concluded that Abramoff played no role in the selection of Black's replacement. However, when informed of the White House's decision to select a new prosecutor, Abramoff attempted to take credit with his Guam contacts for the selection, even though Abramoff had played no role in it."

Well, it was a good try.Speaking of Legitimate Elections . . .

More from the now-famous taped luncheon chat between Secretary of State Condoleezza Rice and Russian Foreign Minister Sergei Lavrov last week in Moscow. All very cordial, we were assured -- until the tape proved completely otherwise.

During the talk, Rice, speaking of Iraq, said: "This is the only legitimately elected government in the Middle East with a possible exception of Lebanon, which was a peculiar election."

Not sure what she means by Lebanon, but what about the Palestinian territories? Because Hamas won, it's not legitimately elected? What about Israel?

Lessons Learned (WT)

By By James Loy

The Washington Times, July 3, 2006

History shows us that Congress follows a time-honored pattern of reacting to the aftermath of a major tragedy with an impulsive first response followed by years of "perfecting" the original legislation.

After the 1989 Exxon-Valdez oil spill in the pristine Prince William Sound, Alaska, Congress and the executive branch reacted with the Oil Pollution Act of 1990. One of my last acts as commandant of the U.S. Coast Guard in 2002 was to sign the 110th clarification on how to implement that law. Though we thought the act was the right response at the time, experience later showed that we needed to make adjustments. America finds itself in such a pattern yet again in the debate over the future of the Federal Emergency Management Agency and its place within the Department of Homeland Security.

Most would agree that the deficiencies of FEMA stood out in sharp relief in the aftermath of Hurricane Katrina. There is much less consensus on how best to correct these deficiencies. There are currently 11 bills pending in Congress that address the future of FEMA. Some would re-establish FEMA as an independent agency, while others acknowledge the value of leaving FEMA within DHS and would simply restructure the agency. Some would give the FEMA director additional powers.

None of these proposals, however, address the central problem: The Homeland Security Act of 2002 diluted the FEMA director's focus on the agency's core mission -- response and recovery -- by requiring him to wear an additional hat as the DHS under-secretary for emergency preparedness and response (later changed to the under-secretary for federal emergency management).

This dual role within the DHS bureaucracy necessarily prevents him from concentrating 100 percent of his time on improving FEMA's performance. In the current iteration, the FEMA director is required to devote significant attention to the

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administrative, budget and policy issues that are part and parcel of managing a directorate within the overall DHS bureaucracy. To once and for all set FEMA up for success, Congress must restore the FEMA director's singular responsibility -- making FEMA run well.

At the same time, it is important to keep FEMA within DHS, preserving its access to the agencies and assets it needs to perform well during an emergency. Those who advocate reverting FEMA to the independent, cabinet-level agency that it was during the Clinton Administration fail to recognize the dramatically different post-September 11 security environment we live in today. The creation of the Department of Homeland Security was a response to new threats facing our country. It pulled together 22 disparate agencies under one roof responsible for preventing and responding to disasters. It made the secretary of homeland security the president's designated coordinator for disaster preparedness and response, regardless of the threat source. It does not seem wise to pull the rug out from under him by reverting FEMA to a stand-alone agency, thus removing the major response and recovery agency from his oversight.

FEMA is charged with protecting the nation from all hazards -- natural or man-made. To effectively fulfill this mission, FEMA needs ready access to and association with the communication and law enforcement assets that exist within DHS. To remove FEMA from that synergy would require building bureaucratic bridges back to the other DHS response and recovery agencies in order to do its job. This would be a redundant effort, costing time and money that we simply don't have.

Ample precedent already exists for the creation of FEMA as an independent agency within DHS. Both the Coast Guard and the Secret Service exist within DHS, but their leaders are focused solely on running their agencies and report directly to the secretary. They can be a model for FEMA.

It is reasonable to expect that we will need to make adjustments to the initial solutions we quickly devise after major disasters. In the debate over FEMA's future, we should ensure that the FEMA director can focus all of his time, energy and talent on guiding the agency in responding effectively and efficiently to the American people in the event of a disaster. That is best accomplished by restoring FEMA's independent agency status, offloading the director's responsibilities of being double-hatted as an under secretary and keeping the agency and the director inside DHS with direct access to the secretary during a crisis.

Adm. James Loy is the national co-chairman of ProtectingAmerica.org. He is the former commandant of the U.S. Coast Guard and former deputy secretary of Homeland Security.

We Need Fewer Secrets (WP)

By Jimmy Carter

The Washington Post, July 3, 2006

The U.S. Freedom of Information Act (FOIA) turns 40 tomorrow, the day we celebrate our independence. But this anniversary will not be a day of celebration for the right to information in our country. Our government leaders have become increasingly obsessed with secrecy. Obstructionist policies and deficient practices have ensured that many important public documents and official actions remain hidden from our view.

The events in our nation today -- war, civil rights violations, spiraling energy costs, campaign finance and lobbyist scandals -- dictate the growing need and citizens' desire for access to public documents. A poll conducted last year found that 70 percent of Americans are either somewhat or very concerned about government secrecy. This is understandable when the U.S. government uses at least 50 designations to restrict unclassified information and created 81 percent more "secrets" in 2005 than in 2000, according to the watchdog coalition OpenTheGovernment.org.

Moreover, the response to FOIA requests often does not satisfy the transparency objectives or provisions of the law, which, for example, mandates an answer to information requests within 20 working days. According to the National Security Archives 2003 report, median response times may be as long as 905 working days at the Department of Agriculture and 1,113 working days at the Environmental Protection Agency. The only recourse for unsatisfied requesters is to appeal to the U.S. District Court, which is costly, timely and unavailable to most people. Policies that favor secrecy, implementation that does not satisfy the law, lack of a mandated oversight body and inaccessible enforcement mechanisms have put the United States behind much of the world in the right to information.

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Increasingly, developed and developing nations are recognizing that a free flow of information is fundamental for democracy. Whether it's government or private companies that provide public services, access to their records increases accountability and allows citizens to participate more fully in public life. It is a critical tool in fighting corruption, and people can use it to improve their own lives in the areas of health care, education, housing and other public services. Perhaps most important, access to information advances citizens' trust in their government, allowing people to understand policy decisions and monitor their implementation.

Nearly 70 countries have passed legislation to ensure the right to request and receive public documents, the vast majority in the past decade and many in middle- and low-income nations. While the United States retreats, the international trend toward transparency grows, with laws often more comprehensive and effective than our own. Unlike FOIA, which covers only the executive branch, modern legislation includes all branches of power and some private companies. Moreover, new access laws establish ways to monitor implementation and enforce the right, holding agencies accountable for providing information quickly and fully.

What difference do these laws make?

In South Africa, a country emerging from authoritarian rule under the apartheid system, the act covering access to information gives individuals an opportunity to demand public documents and hold government accountable for its actions, an inconceivable notion just a decade ago. Requests have exposed inappropriate land-use practices, outdated HIV-AIDS policies and a scandalous billion-dollar arms deal. In the United Kingdom, the new law forced the government to reveal the factual basis for its decision to go to war in Iraq.

In Jamaica, one of the countries where the Carter Center has worked for the past four years to help establish an access-to-information regime, citizens have used their right to request documents concerning the protection of more than 2,500 children in public orphanages. Two years ago there were credible allegations of sexual and physical abuse. In the past year, a coalition of interested groups has made more than 40 information requests to determine whether new government recommendations were implemented to ensure the future safety and well-being of these vulnerable children.

Even in such unlikely places as Mali, India and Shanghai, efforts that allow access to information are ensuring greater transparency in decision making and a freer flow of information.

In the United States, we must seek amendments to FOIA to be more in line with emerging international standards, such as covering all branches of government; providing an oversight body to monitor compliance; including sanctions for failure to adhere to the law; and establishing an appeal mechanism that is easy to access, speedy and affordable. We cannot take freedom of information for granted. Our democracy depends on it.

The writer was the 39th president and is founder of the Carter Center.

Doctors, Lawyers, Priests -- And Journalists? (WSJ)

By Dick Thornburgh

The Wall Street Journal, July 3, 2006

National debate over media disclosure of the government's bank-records investigation has so far focused on newspapers' editorial decisions to publicize this information. But it's only a matter of time until the spotlight turns. Questions will soon be raised about who leaked that information to the press, and whether or not Washington has a right to force a reporter to reveal the leaker's name.

Ever since then-New York Times reporter Judith Miller went to jail for 85 days last year rather than comply with a subpoena for her sources in the Valerie Plame case, the media has been pushing for a federal shield that would grant reporters unprecedented special protection from revealing sources during litigation. The Senate is now taking steps toward providing such a reporter-source privilege with the Free Flow of Information Act, which is likely to be sent to the floor for a vote over the next few weeks. The act contains an exception for national security that might well apply to the bank-records investigation, which was conducted as a means to track terrorist activity.

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But for the longer term, the bill has troubling implications. In its current form it contains a shield so broad -- and a definition of journalism so vague -- that it upends what up to now has been a reasonable balance between protecting reporters from disclosing sources and preserving the right to the fullest possible access to truth in the courtroom for plaintiffs and defendants.

Important as it may be to safeguard the source confidentiality that is one element of a free press, we have an equal or greater interest in ensuring that truthful evidence is presented in the courtroom. Over the years, on a case-by-case basis, our courts have done a pretty good job of balancing these occasionally conflicting principles -- as they have with attorney-client, doctor-patient and priest-penitent privileges. Congress has recognized this and resisted the temptation to enact laws that would override such judicial balancing acts.

In 1975, for example, the Judicial Federal Rules Advisory Committee recommended that Congress codify the doctor-patient, priest-penitent and attorney-client privilege, among others -- though not the reporter-source privilege. Congress declined to do this, determining that the development and application of privileges that might keep crucial information from the courtroom are best left to "principles of common law" and the "reason and experience" of the judicial system.

Unfortunately, the Senate has responded to recent controversy over media sources by turning its back on that wisdom and restraint. The result is a piece of legislation that could do more harm than good.

Under the proposed law, for example, a person could illegally reveal someone else's private health-care or employment records and be completely protected from any consequences, as long as he or she used a reporter to reveal the information, the reporter declined to reveal the source and there were no other ways to learn the identity of that person. A disgruntled employee could illegally share a company's trade secrets and intellectual property with the world -- again with no concerns about being unmasked, as long as the only way to identify the wrong-doer was by questioning a reporter. People on either side of a lawsuit might well be emboldened to leak to the press documents that the court has placed under seal. In all of these cases, if any party sought to identify the source of a leak known only to a reporter, judges would no longer have the discretion to weigh all the facts to determine what would be fair and in the interest of justice.

Another serious failing in the proposed legislation is its overly broad definition of who is a "journalist," and what constitutes "journalism." The bill does not require that a journalist be someone professionally engaged in the legitimate reporting of news, or that the information at issue be obtained in the course of legitimate newsgathering. Nor does it require that reporters be accountable to any objective standard of journalism ethics. The only requirement is that the "reporter" be paid for the work and be part of an organization that regularly processes and researches information. This is so broad that it could be used to give immunity to nonreporters engaged in nonjournalistic activities -- including those with ties to terrorist or criminal organizations.

It is important to note that most leaking is not whistle-blowing, and that people who reveal trade secrets, private medical or tax information are rarely whistle-blowers. Employees, including government employees, who report legal or regulatory infractions or fraud to the proper authorities are protected from retaliation by a variety of whistle-blower provisions, none of which are or can be affected by media-shield laws.

If Congress insists on breaking with longstanding tradition and precedent to categorically keep certain types of truthful information from the courtroom, it needs to make sure that the privilege is as clearly defined as possible, and has a reasonable balancing test that allows the protection to be superseded when necessary.

Perhaps the most efficient way to ensure such a balance would be to base media-shield legislation on the long practical experience our federal courts have with this issue. All 13 federal circuits strike a balance between unfettered protection of journalistic sources, the right to truth in the courtroom, and the need to prevent media protection from encouraging or protecting law-breakers. Indeed, six circuits have explicitly adopted a balancing test that looks at whether the information is relevant to the case; whether the information can be reasonably obtained by other means; and whether there is a legitimate interest in disclosure of the information.

At its best, the media supports democracy by providing the public with the information that citizens need to exercise their rights. But given the potential for abuse of that critical role, any media shield must, in the interests of justice, be carefully crafted.

Mr. Thornburgh is a former attorney general of the U.S. and is counsel to Kirkpatrick & Lockhart Nicholson Graham LLP.

We Were Wrong About Term Limits (LAT)

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By Rob Stutzman

The Los Angeles Times, July 3, 2006

THE POLITICAL landscape is always evolving. Sometimes violently (as with 9/11 or Watergate), other times gradually, through shifting demographics or economic change. Dogmas come, dogmas go, political winds shift back and forth, tossing us about.

About 20 years ago, the notion of term limits for officeholders became dogma for the center-right. Voters wanted to punish self-dealing politicians by eliminating their permanency. Career politicians out, citizen politicians in! Or so the idea went.

Fourteen years have passed since California voters approved legislative term limits, restricting Assembly members to a trio of two-year terms and state senators to two four-year stints.

I have always been a loyal conservative supporter of term limits — not as any kind of fundamental prerequisite for a healthy democracy, but more as a suitably blunt instrument to correct the arrogance of elected officials not mindful enough of those who elected them. Public service, I reasoned, should be an avocation, not a permanent vocation. And the public interest would be protected by preventing the development of entrenched, powerful political dynasties, such as Willie Brown's marathon 14-year rule of the Assembly.

But after 16 years of working in California politics, I've changed my mind. We were wrong. Term limits haven't delivered what we hoped for. They have, in fact, harmed the public interest.

For starters, they have done little to eliminate the permanent political class. Today's legislators, from whichever party, are all too often ex-staffers or relatives of the politicians the limits uprooted from office. (Six direct relatives of term-limited Assembly members ran last month for the vacated seats, though this time only two of them won.) The goal of creating a true "citizen" Legislature has gone unrealized.

Term limits also have led to a revolving door of Assembly speakers who are so temporary and beholden to the special interests that helped put them in power that at times they function without complete authority. While eliminating its evils, we didn't fully account for the virtues of an imperial speakership.

For example, just look at last year, when Gov. Arnold Schwarzenegger attempted to negotiate his reform agenda with the Legislature and avoid a contentious special election. The Assembly has a dynamic and charismatic leader in Fabian Nuñez, who I believe genuinely wants to accomplish great things for California, and who knows that we have a broken budget system that needs to be fixed. Yet, for those of us close to those negotiations, it was clear that Speaker Nuñez did not have the ultimate authority to sign off on a deal. The ultimate power resided with the California Teachers Assn.

This is not a criticism of the speaker but an indictment of our system. It's difficult to imagine Brown having to bow to an interest group. A strong speakership is good for the state, but it can't exist under term limits. Outside interest groups — business, labor, trial lawyers, doctors — are more powerful now than before.

This situation is exacerbated by noncompetitive legislative districts. When 90% of legislators are immune from voters in a general election, it should come as no surprise that the citizens are easily forgotten under the Capitol dome.

To launch a political career, one must simply win a primary election. Primary campaigns in each party have become the new battleground between interest groups, which can get more for their dollars because the electorate is smaller. Freshly minted legislators often feel they owe their careers to whichever interest group funded their first successful race.

We know from the fairly drawn state legislative districts of the 1990s that requiring roughly 25% of the seats to be competitive will give us a Legislature that more accurately reflects California.

The proof is in how Brown was finally displaced as speaker after the 1994 elections. Although one motivation for term limits was to get rid of Brown, it was competitive seats and a new GOP majority that took Brown's name off the speaker's door before term limits could get him.

The real reform that we need is redistricting. Politicians from both parties raised millions of dollars to defeat Schwarzenegger's ballot initiative last year, but Democratic leaders promised to work with the governor to pass new legislation this year.

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If that means also abolishing or at a minimum extending term limits, then Schwarzenegger and the Republicans should take that deal. It would be a win-win. We need competitive legislative races, and it is high time to admit that term limits haven't worked.

Rob Stutzman is former deputy chief of staff for communications for Gov. Arnold Schwarzenegger, and now works as a communications and political consultant.

Rank Disloyalty (NEWREP)

By The Editors

New Republic, July 3, 2006

There is something a bit troubling about the Democrats' current obsession with discipline, as though there were no higher aspiration than matching the ruthless efficiency of the House Republicans. A political party is not the same as a Third World liberation movement. It ought to accommodate moments of dissent and occasional deviations from the party line without the forms of retribution that have recently taken hold in the liberal blogosphere.

But apostasy comes in gradations: There is heterodoxy, and then there is Montana Senator Max Baucus. Baucus isn't in the mold of Daniel Patrick Moynihan, who flirted with reasonable ideas taboo among Democratic constituencies. He doesn't take quirky procedural stands, à la Russ Feingold. He's not even a Zell Miller-like figure who rhetorically strafes his party but does little substantive damage. What Baucus does is use his influence as the top Democrat on the Finance Committee to systematically undercut his party and enable George W. Bush's most egregious domestic legislation. So why does his party entrust him with so much responsibility?

We were reminded of this question during this month's estate-tax debate. On one side was the vast majority of Republicans, who kvetch about the cosmic unfairness of taxing the top 1 percent of family fortunes. On the other side was the vast majority of Democrats, who see the estate tax as a reasonable, if modest, curb on the excesses of dynastic wealth. And in the middle was Baucus, an opponent of the tax, pushing a last-minute compromise that would dramatically scale it back. Baucus says he was trying to make the best of a difficult situation, since the tax will be reined in one way or another. But his compromise doesn't merely split differences; its price tag is nearly 70 percent of the cost of outright repeal, according to the nonpartisan Tax Policy Center. And it reveals precisely why Baucus shouldn't be in such a sensitive position: He understands statesmanship strictly in terms of the size of the concession he makes; the more he concedes, the more Churchillian he thinks he is.

If you look closely enough at recent domestic policy debacles, you'll invariably see his fingerprints. Facing George W. Bush's massive tax-cut proposal in 2001, Baucus undermined the Senate Democrats' strategy of forcing concessions by maintaining a united front. In private negotiations with his GOP counterpart, Chuck Grassley, Baucus produced a bill that handed the White House virtually all of its top priorities. Afterward, he boasted that he'd done Democrats a favor, since they "would have been in trouble in 2002 just saying no to every one of the president's proposals." We shudder to think what might have happened had the Democrats been labeled "obstructionist."

Then there was the 2003 Medicare debate. Baucus, true to his method, agreed to a set of procedural conditions that undermined Democratic unity and preordained a disastrous outcome. Then he used the little authority he retained to--how to put it?--give away the store. In addition to agreeing to Health Savings Accounts--a gambit that he had once condemned as irresponsible--Baucus assented to a provision preventing Medicare from negotiating discounts with pharmaceutical manufacturers.

Baucus and his defenders--alternately known as his press office--make two arguments on his behalf. The first is that Baucus is simply doing what he needs to do to get reelected. (This argument usually masquerades behind the mantra of doing what's best for the "people of Montana.") But, unless the way to get ahead in Montana is to insist on overcharging Medicare patients by billions of dollars, the senator has been going far above and beyond the call of duty.

Baucus's second argument is that Democrats get substantively better legislation when he engages Republicans on their behalf. But this argument assumes the Bush administration has the votes to pass legislation without Democratic support. Often, it's Baucus who provides the margin of victory--either with his own vote or by crafting pseudo-compromises that provide cover for

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a small number of Democratic defectors. Indeed, the Democrats' only real victory of the last five years--stuffing the administration on Social Security--came after Harry Reid cautioned Baucus against freelancing with the White House.

Well, we'll do Reid one better and suggest he boot Baucus from the Finance Committee altogether. If we miss out on a few deals by not having Max Baucus at the table, that's a risk we're prepared to live with.

Correction: This article originally stated that Senate Minority Leader Harry Reid had "explicitly ordered" Senator Max Baucus not to negotiate with the White House on Social Security. In fact, Reid only cautioned Baucus about cutting his own deal with the White House. We regret the error.

the Editors

Where The Boys Aren't (WSJ)

By Christina Hoff Sommers

The Wall Street Journal, July 3, 2006

Education Sector, a new Washington think tank established this year by the Bill & Melinda Gates and other leading foundations, describes itself as an "honest broker of evidence in key education debates." But its first big study, "The Evidence Suggests Otherwise: Truth About Boys and Girls," is deficient in this virtue.

The report, written by policy analyst Sara Mead, denies that American boys are in trouble academically. "The real story," says Ms. Mead, "is not bad news about boys doing worse; it's good news about girls doing better." So why do so many fret about boys doing poorly? Ms. Mead explains: "The idea that women might actually surpass men in some areas seems hard for many people to swallow." She also hopes that the nation can have a reasonable "conversation" about gender issues "without unfairly undermining the gains girls have made in recent decades."

One looks in vain in Ms. Mead's report for any indication that anyone is undermining girls. She seems to think that concern for boys means shortchanging girls. But it does not -- because education is not a zero sum game.

From the study's title, one might think that it contains evidence that boys are not languishing academically. It doesn't. In fact Ms. Mead concedes that vast numbers of boys are doing poorly. She acknowledges that more boys than girls drop out; that girls have higher aspirations and take more rigorous academic programs. The number of boys diagnosed with disabilities, she says, "has exploded in the past 30 years." She admits that "high school boys' achievement is declining in most subjects." And, yes, she says, it is true that our colleges are now 57% female.

So how does she back up her claim that "in fact, overall academic achievement for boys is higher than it has ever been"? She argues that in "absolute" terms boys are doing better today than they were 20 or 30 years ago. She adds that, in any case, the problem of male underachievement is largely confined to black, Hispanic and low-income white males. Neither claim withstands scrutiny.

The reading scores of 17-year-old boys overall have gone down in the past decade, hitting an all-time low in 2004. Judith Kleinfeld, a professor of psychology at the University of Alaska, has done a thorough analysis of the reading skills of white males from college-educated families. Using Department of Education data, she shows that at the end of high school, 23% of the white sons of college educated parents scored "below basic." For girls from the same background, the figure is 7%. "This means," Ms. Kleinfeld writes, "that one in four boys who have college educated parents cannot read a newspaper with understanding."

Education Sector's study concedes that African-American, Hispanic and low-income white males "are in real trouble." But it attributes their plight to larger social problems that have little to do with gender. Ms. Mead does not seem to have noticed that among these demographics, males are far behind their female counterparts. For example, Ms. Kleinfeld found that 34% of Hispanic males with college-educated parents scored "below basic" -- compared to 19% of Hispanic females.

Today, for every 100 women who earn a bachelor's degree, just 73 men get one. Not to worry, says Ms. Mead. It is actually good news for young men, because more of them are going to college today than did in the '70s and '80s. By this reasoning, we need not worry about the relatively low wages of women compared to men, since in "absolute terms" women are doing better than in the past.

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We are strikingly better at educating young women than young men. Boys need our attention. It is difficult to understand why an organization devoted to improving education should regard the current concern for boys as a threat to girls' progress. Education Sector would be more constructively occupied if it looked for ways to help our boys keep pace with the girls.

Ms. Sommers is the author of "The War Against Boys" (Simon & Schuster, 2000).

What Boy Crisis? (NYT)

By Judith Warner

The New York Times, July 3, 2006

It's been muttered for some time now in feminist academic circles that the "boy crisis" — the near-ubiquitous belief that our nation's boys are being academically neglected and emotionally persecuted by teachers whose training, style and temperament favor girls — is little more than a myth.

Now a major study has confirmed it. According to "The Truth About Boys and Girls," a report from the nonpartisan group Education Sector, most boys aren't just not failing; they're doing better than ever on most measures of academic performance. The only boys who aren't — the boys who skew the scores because they're doing really, really badly — are Hispanic and black boys and those from low-income homes.

"But the predominant issues for them," wrote Sara Mead, who based her conclusions in the study on decades of government statistics, "are race and class, not gender." Mead's conclusions echo those of Prof. Caryl Rivers of Boston University and Prof. Rosalind Chait Barnett of Brandeis.

"White suburban boys," they wrote in The Washington Post earlier this year, "are not dropping out of school, avoiding college or lacking in verbal skills ... among whites, the gender composition of colleges is pretty balanced. ... In Ivy League colleges, men still outnumber women."

Given these facts — which, when you think of it, were always pretty obvious — why is it that the notion that their sons are "in crisis" has persisted among affluent, educated (mostly) white parents and the similarly privileged journalists, experts and politicians who shape their opinions?

Blame anti-girl "backlash." Blame media navel gazing. I think, though, that there's more to it than that.

The notion that boys are in crisis rings true to many middle- and upper- middle-class parents because it feels true to them. And that's because these parents are sick of being told that their preschool sons need occupational therapy because they can't apply stickers with the right fine-motor finesse. These parents are sick of seeing their kindergarten boys referred to reading specialists. They're sick of suggestions that their 9-year-olds have A.D.H.D. if they can't sit still through school days from which recess has been cut, gym has been eliminated and even lunch, sometimes, has been all but eradicated to cram in more hours of test prep.

Many dads recall that when they were in school, they were restless, sometimes turbulent, sometimes aggressive, sometimes disruptive in class. When they channeled their energy into the workplace, they thrived — and they don't want their sons pathologized, or girlified, for the sake of big-size classroom control.

I sympathize with much of this. But what I don't see happening among parents who complain that their boys are being disserved by educators is a calling into question of their own complicity with high-pressure schools that demand way too much of their sons.

Talk of the boy crisis is a diversion. It draws attention from the real reasons so many white suburban parents sense that their sons are in trouble. Those reasons aren't academic; they're behavioral and emotional. Researchers have found in recent years that anxiety, depression and self-medicating through drugs and alcohol are disproportionately on the rise in rich communities, as kids seek escape from excessive pressures to succeed.

This isn't unique to boys. Girls in these communities are showing an increased incidence of eating disorders (female athletes are in particular trouble on that score), and also a disturbing rise in escapist behaviors like binge drinking and cutting. Experts say girls are showing crisis signs for the same reasons as boys: because they're stressed out, overextended and pushed beyond the limits of normal human endurance. But since girls' forms of acting out tend to be self-destructive rather than disruptive and often coexist with excellent academic performance, they often pass under the radar.

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The notion that there's a universal boy crisis is expedient for well-off parents in other ways as well. Talk — about anti-boy discrimination, about boy-only learning styles — is cheap. Doing the things necessary to address the real crisis among black, Latino and rural and poor city boys isn't: it requires money for smaller classes, better-trained teachers and more support. I'm not sure that white suburban taxpayers are eager to pay the price. But I do know that if we can get past gender turf battles, we might be able to address what's really going wrong with our nation's kids.

Judith Warner, the author of "Perfect Madness: Motherhood in the Age of Anxiety" and a contributing columnist for TimesSelect, will be a guest columnist through the end of July.

What 'Energy Security' Really Means (WP)

By Sebastian Mallaby

The Washington Post, July 3, 2006

At their annual gathering each summer, the leaders of the rich world promise to fix some pressing global problem -- and usually fail to deliver. This month's Group of Eight summit in Russia takes statecraft to a whole new level. Global leaders have "energy security" on the agenda. But judging by what they say and do, they don't always understand the subject.

For many American leaders, energy security means producing energy at home and relying less on foreigners. But the United States imports three-fifths of its oil, and the share is heading up. For the foreseeable future, alternative fuel is unlikely to change that.

For China, which isn't part of the G-8 but participates in some of its meetings, energy security means buying stakes in foreign oil fields -- in Sudan, Nigeria, Angola and so on. But this doesn't make China any more secure. If a geopolitical crisis broke out, China's tankers might be blocked on the high seas; owning chunks of Africa's oil wouldn't make much difference. In the absence of a crisis, African investments make little more sense: China can buy oil on the world market.

For Russia, which pushed energy onto the G-8 agenda, energy security has yet a third meaning: restrictions on foreign investment in domestic oil and gas fields. But this is the mirror image of the Chinese mistake. Just as China's security isn't boosted by owning African resources, Russia's security isn't reduced by allowing foreigners to own Russian ones. In a crisis, Russia would control its oil fields by military force. Short of a crisis it can extract taxes and royalties from foreign energy firms just as it can from Russian ones.

So there's no sense in these nationalistic conceptions of energy security. As Daniel Yergin has written recently in Foreign Affairs, real energy security requires setting aside the pipe dream of energy independence and embracing interdependence.

Energy interdependence can actually be good for energy security: Just look at natural gas markets. Right now nearly all the natural gas that Americans consume comes from U.S. and Canadian fields; only 3 percent comes into the country by tanker in the form of liquefied natural gas. This renders the United States highly vulnerable to disruptions on its home continent. If terrorists or a hurricane took out a key pipeline, it would be hard to bring in alternative supplies from outside North America, and prices would spike upward. By buying more liquefied natural gas from a diverse range of foreigners, the United States would reduce its energy independence but enhance its energy security.

For different reasons, the oil market also shows why leaders should embrace interdependence. Because oil is traded globally, a supply disruption anywhere will affect gas prices in the United States; there's no use thinking nationalistically. If there's an explosion in a Chinese oil field that serves Chinese consumers, it will force the Chinese to buy more oil on the world market and so drive up the global price: American motorists will suffer. So China's energy security is not in competition with U.S. energy security, as the resource-scramble model would suggest. China's energy security is part of U.S. energy security.

Equally, there's a lot of breast-beating about the U.S. strategic oil reserve. The idea of vast bunkers full of crude conjures pleasing feelings of national self-sufficiency: The heck with those foreigners, we can take care of ourselves! But this is mostly a delusion. If the United States releases oil from its reserve, the benefit is dissipated around the world since the global oil price is affected. To have a serious impact on that price, the United States needs Europe and the advanced Asian countries to release oil from their stockpiles in a concerted way: Far from being a tool of national self-sufficiency, strategic oil reserves are a classic multilateral instrument. There's an urgent need to bring the big emerging economies into the International Energy Agency, which coordinates the reserves held by the rich countries.

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What about U.S. relations with energy suppliers ; surely here the model of nationalistic competition is relevant? The Arab oil embargo of 1973 demonstrated the danger of a conflict between suppliers and consumers, and Russia's withholding of natural gas from Ukraine last winter shows that embargoes remain possible. But suppliers know that strong-arm tactics are the surest way to accelerate the search for alternative fuels, which is why Russia plays politics with energy more by giving out subsidized supplies than by refusing to sell any. The threat of an embargo by oil states is therefore smaller than the threat of violence by non-states -- rebel attacks in Nigeria's oil delta, an al-Qaeda strike in Saudi Arabia. In this sense the energy security of producers is not in competition with that of consumers. They are interdependent.

If the G-8 summit can spread the word about this interdependence, it will do some good. But the nationalistic conception of energy security is worse than useless. By encouraging a competitive scramble for resources that could spiral into conflict, this sort of security talk only creates insecurity.

Working For A Pittance (NYT)

By Bob Herbert

The New York Times, July 3, 2006

"We can no longer stand by and regularly give ourselves a pay increase while denying a minimum wage increase to the hardworking men and women across this nation."

— Hillary Rodham Clinton, to her fellow senators.

The federal minimum wage, currently $5.15 an hour, was last raised in 1997. Since then, its purchasing power has deteriorated by 20 percent. Analysts at the Economic Policy Institute and the Center on Budget and Policy Priorities jointly crunched the numbers and determined that, after adjusting for inflation, the value of the minimum wage is at its lowest level since 1955.

For those who don't remember, Eisenhower was president in 1955, the Dodgers were still in Brooklyn, and Barack Obama hadn't even been born.

If you're making the minimum wage, you're hurting. If Congress and the president don't raise the minimum wage by Dec. 2, it will have remained unchanged for the longest stretch since it was established in 1938. (The longest period previously was from January 1981 to April 1990 — a span that saw the entire Reagan administration come and go.)

Senate Republicans recently blocked a Democratic bill, sponsored by Senator Edward Kennedy, that would have raised the minimum wage to $7.25 an hour over the next two years. Jared Bernstein, a senior economist at the Economic Policy Institute, noted that while Republicans in Congress are standing like a stone wall against this modest increase in the poverty-level wage, "they are working as hard as they can to repeal the estate tax."

"That," he said, "is just vicious class warfare."

The most important pay increases for most members of Congress are their own, and they are diligent in that regard. Senator Clinton, in a floor speech supporting the minimum-wage hike, said, "During the past nine years, we've raised our own pay by $31,600."

Mrs. Clinton has introduced a bill that, in addition to raising the minimum wage to $7.25, would link Congressional pay raises to hikes in the minimum wage. Under the bill, the minimum wage would be increased automatically by the same percentage as any increase in Congressional pay.

Polls have shown that Americans overwhelmingly favor an increase in the minimum wage. But the low-income workers who would benefit from such an increase are not part of the natural G.O.P. constituency. Thus, the stonewall.

A separate study by the Economic Policy Institute found that in 2005, with the pay of top corporate executives up sharply, and with the minimum wage falling further and further behind inflation, "an average chief executive officer was paid 821 times as much as a minimum wage earner."

That C.E.O., according to the study, "earns more before lunchtime on the very first day of work in the year than a minimum wage worker earns all year."

"The reality," said Senator Clinton, "is that a full time job that pays the minimum wage just doesn't provide enough money to support a family today. We have to acknowledge that fact and do something about it. As a country, we cannot accept that a single

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mother with two children who works 40 hours a week, 52 weeks a year earns $10,700 a year — let me say this again: $10,700 a year. That is almost $6,000 below the federal poverty line for a family of three."

During the 1950's and 60's, the minimum wage was roughly 50 percent of the average wage of nonsupervisory workers. It has now fallen to 31 percent — less than a third — of that average.

As the Economic Policy Institute and the Center on Budget pointed out in their study: "Each year that Congress fails to raise the wage floor, its purchasing power erodes. The fact that the minimum wage has remained the same for nearly nine years means that its real value has declined considerably over that period. As inflation has accelerated recently due to higher energy costs, the real value of the minimum wage has fallen faster."

There is no justification — none — for condemning the nation's lowest-paid workers to this continuing slide into ever deeper economic distress. "No one who works for a living should have to live in poverty," said Senator Kennedy.

It's very telling that in the most prosperous nation in the world, that kind of comment actually sounds radical. We have a very long way to go.

A Call To Honor The Sabbath (USAT)

By Henry G. Brinton

USA Today, July 3, 2006

For all the attention paid this past year to public displays of the Ten Commandments, you'd think people would spend as much energy trying to follow them.

When it comes to the Fourth Commandment — "Remember the Sabbath Day" — that's not the case. And pastors like me, far from being role models, are among the worst offenders. After all, we work every Sunday.

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The problem with ignoring the Sabbath is that it hurts us as individuals, families and communities. Wayne Muller, a therapist, minister and best-selling author, is convinced that modern life has become a violent enterprise.

We make war on our bodies by pushing them beyond their limits, war on our children by failing to give them our time, and war on our communities by failing to be kind and generous and connected to our neighbors. To bring an end to this destruction, we have to establish a healthier balance between work and rest.

Whether religious or not, people know that they need to take a day off in order to maintain their sanity and remain efficient and productive at work. But I'm convinced that downtime is not enough.

We need a formal day of rest. A true Sabbath gives us time to refresh and renew ourselves, regain proper perspective and redirect our lives to what is good and true and worthwhile.

There is something positive and even creative about allowing ourselves to take a break, as is noted in the Bible when it says God finishes the work of creation on the seventh day ... by resting (Genesis 2:2). Resting is an act of creativity.

Unfortunately, our society rewards hard-driving people who are focused on their work seven days a week, and our technology allows us to be constantly connected to the workplace through computers, cellphones and BlackBerrys.

"Modern culture's time values often seem enslaving and oppressive," says Dennis Olson, professor of Old Testament Theology at Princeton Theological Seminary. "Work time seems increasingly to expand and rob us of time with family and friends. Computers and the Internet bombard us with a constant flow of data, messages and information."

And as many Americans are pulling more time at the office, they're spending less time in bed. Average amount of sleep has dropped from nine hours a night in 1910 to seven hours today. The result is that we feel harried and hurried, out of balance, out of sync.

For much of this country's history, blue laws kept businesses closed on Sundays, forcing Americans to focus on church-going, rest and relaxation. Although many people resented these limitations, these laws did have the beneficial effect of creating a day of rest. But in the past century, and particularly since the 1960s, states have relaxed these rules regulating business on Sunday as our consumer-driven culture has gone into overdrive.

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What began as a trickle soon became a raging river: Today, almost every mall, theater and restaurant is operating seven days a week. Even in Europe, where church-going has been in decline for years, Sunday has been — until recently — a day in which most businesses were closed, allowing people to spend time with family members and friends.

Given this history, Sabbath-keeping is going to be a countercultural activity, one requiring commitment and creativity. A day of rest does not have to be a Saturday or a Sunday — impossible for pastors and many others — but it should be at least one day out of seven, and qualitatively different from the other six.

The key is to break away from work patterns, whether that means hobbies, sports or artistic activities. (Sabbath is related to the Hebrew verb meaning "to cease, stop, interrupt.")

"Spend more time with people in a friendly way, with meals (and) extended conversations, but no talk related to work," advises theologian Marva Dawn, author of Keeping the Sabbath Wholly: Ceasing, Resting, Embracing, Feasting.

New York Mets pitcher Pedro Martinez rests by engaging in gardening; for a professional gardener, though, Sabbath-keeping might involve playing baseball.

My own practice on Wednesday, my substitute for Sunday, always includes a long run. My thinking becomes unstructured as I jog along a beautiful wooded trail, the stress melting away and solutions to knotty problems popping into my mind. In this activity, I feel close to God. This is my way of remembering the Sabbath day, and keeping it holy.

There is a communal dimension to rest as well, one that is important for maintaining healthy relationships in our families and communities.

My son, who is trying out for his high school cross-country team, often joins me on my runs. This gives us a chance to talk without time pressures or interruptions, far from the demands of work and school.

At the end of life, we'll remember and cherish these times — these mini-sabbaticals, if you will — far more than those hours toiling away in the office. As the saying goes, no one ever says from his deathbed, "I wish I had spent more time at the office."

Ironically, we can actually be more productive if we take a break from time to time. Dawn is convinced that what we gain is "a greater eagerness to do our work and a better sense of what that work actually is."

We can learn from men and women in the European Union, who work hard but still enjoy an average of five weeks of paid vacation per year. They often remark that they don't "live to work," as we do — instead, they "work to live."

So take a vacation this summer and a Sabbath day throughout the year — whether to honor God, your family or yourself.

Henry G. Brinton is pastor of Fairfax Presbyterian Church in Virginia and author of Balancing Acts.

Protecting All Waters (NYT)

The New York Times, July 3, 2006

Senator James Inhofe, a conservative Republican from Oklahoma, and Senator Lincoln Chaffee, a liberal Republican from Rhode Island, are at opposite ends of the earth on environmental issues. But both found themselves equally mystified by the recent Supreme Court decision on the Clean Water Act. The decision did nothing to clarify which waters were protected under the act and which were not.

Both agreed that only Congress can end the confusion. Both are right. Without Congressional intervention, the certain outcome is endless litigation and a steady decline of the nation's streams and wetlands.

The court issued what amounted to three opinions. Four conservatives led by Justice Antonin Scalia said the law protected only "permanent, standing or continuously flowing" water bodies, a judgment that would have exposed most wetlands and all seasonal streams — nearly 60 percent of the country's waters, by the government's own estimates — to dredging, dumping and development.

A liberal four-justice bloc argued the opposite, that the act protected all the nation's waters — a view that has been endorsed by every regulatory authority except President Bush's Environmental Protection Agency since the act's inception in 1972. The crucial ninth vote was cast by Justice Anthony Kennedy, who said in effect that each case should be judged on whether the water body in question had a "significant nexus" with a navigable waterway.

That saved the country from the blanket destruction of Justice Scalia's reasoning. But it, too, had no solid basis in the act itself and, worse, threatened to open matters up to continuous dispute.

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There is a bill in Congress that would quickly resolve the issue. It is called the Clean Water Authority Restoration Act, and its purpose is to remove any ambiguities in the original law and to reassert, in clear terms, the act's intention to protect all the waters of the United States, large and small, permanent or seasonal, navigable or isolated.

This would also clarify things for the E.P.A. and the Army Corps of Engineers, the regulatory agencies charged with carrying out the law. With the law's scope in doubt, neither agency has known quite how to proceed — some developers received permits to dredge and fill wetlands and small streams, some did not. Congress can make sure that from now on the law is squarely on the side of clean water.

Campaign Finance Bellwether (WP)

The Washington Post, July 3, 2006

AT FIRST GLANCE, the Supreme Court's decision last week striking down Vermont's campaign finance laws may seem like a defeat for proponents of reasonable regulation of election money. The court voided the toughest contribution limits in the country and refused Vermont's invitation to reconsider its long-standing hostility toward legal limits on campaign expenditures. In the long run, however, the decision may prove more silver lining than cloud. The Vermont rules never stood much of a chance; they are so strict as to present genuine problems. The important feature of the case is not its specific result but the way the court -- and its two newest justices -- reached that result. On this point, the decision is promising.

Ever since the Supreme Court handed down its landmark 1976 decision in Buckley v. Valeo , it has treated legal limits on campaign expenditures with the gravest of suspicion and treated limits on contributions to campaigns as presumptively valid as long as they are not too low. Both of these holdings have had detractors ever since. One flank, mostly conservatives, believes that contribution limits, too, are unconstitutional. The other, mostly liberals, wants to give legislatures control of spending limits. The Vermont law tested both prongs of Buckley . It not only contained a spending limit for state offices but also set contribution limits lower than does any other state in the country. The limits of $200 to $400 per election cycle, in constant dollars, amount to about one-twentieth of the $1,000 federal limit the court upheld in Buckley .

It is thus no surprise that the court balked. While the three most liberal justices, in dissent, would have used the case to give legislatures more authority on spending limits, this was never a plausible outcome. Rather, the case posed the danger that the court's new members, Chief Justice John G. Roberts Jr. and Justice Samuel A. Alito Jr., would join with the three justices who take a far more restrictive view of campaign finance under the First Amendment and would radically scale back legislative power to restrict money in politics. Not only did that not happen, but both joined an opinion by Justice Stephen G. Breyer that analyzes the Vermont law in the context of Buckley . In other words, despite an opportunity to declare themselves hostile to campaign finance regulation in general, both signed on -- Justice Alito somewhat equivocally -- to the court's long-standing doctrine that appropriately crafted contribution limits can survive constitutional scrutiny.

This is a far more significant development than the fate of Vermont's statute. It suggests that, notwithstanding the turnover in the court's personnel, a revolution in campaign finance law may not be in the offing.

How To Educate Young Scientists (NYT)

The New York Times, July 3, 2006

The United States could easily fall from its privileged perch in the global economy unless it does something about the horrendous state of science education at both the public school and university levels. That means finding ways to enliven a dry and dispiriting style of science instruction that leads as many as half of the country's aspiring scientists to quit the field before they leave college.

The emerging consensus among educators is that students need early, engaging experiences in the lab — and much more mentoring than most of them receive now — to maintain their interest and inspire them to take up careers in the sciences.

Some universities have already realized the need for better ways of teaching. But this means revising an incentive system that has historically rewarded scientists for making discoveries and publishing academic papers, not for nurturing the next generation of great minds.

The Howard Hughes Medical Institute, the country's largest private supporter of science education, is well ahead of the curve, and has been pushing universities in this direction for several years under the leadership of Thomas Cech, a Nobel

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laureate. The institute recently announced its latest batch of 20 "million dollar professors," who will use their grant money to explore and expand innovative approaches to teaching science.

The institute has also awarded grants to 50 universities aimed at providing richer undergraduate science education as well as mentoring and early research experiences with working scientists. Many of the grants will be used partly to advertise the virtues of scientific study not just at universities but also in high schools and middle schools.

These programs send a powerful message at a time when the country needs to be paying attention to remaking science education. Congress, which has been casting for ways to address this problem, would do well to emulate them.

Mr. Ehrlich In The Ring (WP)

The Washington Post, July 3, 2006

THE GOVERNOR of Maryland, Robert L. Ehrlich Jr., has spent four years compiling a so-so record. He has diminished a handful of modest victories and sensible policies by displaying a tin ear for political ethics and a pointlessly petulant style of governance that has compounded the partisan venom in Annapolis. Despite the obvious difficulties of being a Republican facing a legislature dominated by Democrats, he has often managed to be his own worst enemy.

Those qualities, as well as the advantage that Democrats enjoy in the state, may help explain why Mr. Ehrlich, despite generally high approval ratings and a public persona that many voters find likable, paradoxically begins his campaign for reelection so far behind his Democratic rival, Baltimore Mayor Martin O'Malley. Naturally, the governor, who scored a come-from-behind victory four years ago, insists that he relishes the role of underdog -- although with an anticipated campaign war chest of $20 million, he's a very well-financed underdog indeed.

Expect a no-holds-barred campaign. Both candidates know how to hold a grudge. Both seem to think politics is intensely personal, a battle of egos and pride and personal honor. The governor claims not to read the newspaper because the coverage of his administration makes him so mad. For his part, the mayor, hypersensitive to perceived slights and slow to forget them, seems often to struggle with his own temper. What's more, the two don't care for each other and make no effort to disguise it.

So wouldn't it be a pleasant surprise if despite all the bad blood, chin-jutting and macho bluster, Mr. Ehrlich and Mr. O'Malley could focus on the issues that confront the state -- education and crime; good government and sound finances; containing the cost of health care and cleaning up the Chesapeake Bay? Wouldn't it be nice if the campaign looked and sounded like a contest of ideas between two grown-ups, and not a locker-room smack-down. That will be the real test of both candidates -- whether they have the capacity to wage a hard-hitting, substantive, mature campaign that is about Maryland and Marylanders, not just about Bob Ehrlich and Martin O'Malley.

LaRocco Engaging In Hand-to-Hand Combat (RC)

By Kate Ackley

Roll Call, July 3, 2006

Former lobbyist and one-time Rep. Larry LaRocco (D-Idaho), who disembarked from K Street earlier this year to run for lieutenant governor of the Gem State, recently kicked off a “handshake pledge” to show that he’s in touch, literally, with voters.

LaRocco, who during a failed 1982 Congressional race took a job in every county of the district, launched a 25,000 handshakes/25,000 stories campaign in June.

“I’m shaking hands individually with Idahoans throughout the state and listening to what they have to say, their stories, their positions on various issues. I’m trying to get back to old-fashioned campaigning,” LaRocco said. “Part of my theme is, I’m a good listener. I’m not going to do all the talking.”

In order to keep track of just how many hands he actually shakes, LaRocco’s camp has printed out palm cards numbered one through 25,000 to give to would-be voters during the handshake. Repeat customers, he said, don’t get a second card.

As of late last week, LaRocco’s count was up to 2,430 hands after a stop at a barber shop in Boise. “I’m in the car now, so that’s the reason I’m not shaking hands,” he said.

Last week, though, LaRocco shook some familiar hands in Washington, D.C. The candidate’s son, Matthew LaRocco, who recently joined the firm Arnold & Porter, hosted a fundraiser at the shop on June 28.

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"Some of my old buddies are co-hosting," the elder LaRocco said. Those buddies included fellow Reps.-turned-lobbyists Cal Dooley (D-Calif.) and Max Sandlin (D-Texas).

Foreign Agent Files. Clients from afar have been helping K Street firms expand their new-client rosters.

The all-Republican Barbour Griffith & Rogers recently sealed a deal with the National Dialogue Party of Lebanon for a monthly fee of at least $50,000. The work includes "developing, refining and expanding relationships between officials of the National Dialogue Party and US foreign policy-making apparatus in the Executive and Legislative Branches of the US Government," according to a contract filed with the Justice Department's foreign agent registration unit.

Meanwhile, Barbour Griffith's other international clients have helped the upstart firm Herald Group. Herald, whose partners include former White House spokesman Taylor Gross, is working with Barbour Griffith on Taiwan, and the Kurdish Regional Government in Iraq as well as India, which is lobbying for Congressional approval for a civil nuclear program.

"As a number of foreign-policy issues continue to take center stage before Congress and the executive branch, the Herald Group remains increasingly involved in providing strategic communications to foreign governments and organizations," Gross said. "With respect to these specific engagements, we are working with the leadership of Barbour Griffith & Rogers to help provide international clients with coordinated and effective public and government affairs services in Washington."

K Street Moves. Carolyn Doyle, a former aide to Sen. Arlen Specter (R-Pa.), has left her position as senior federal affairs representative at the MWW Group. On July 5, Doyle will start a new gig lobbying for the March of Dimes, a nonprofit group that focuses on health care to prevent birth defects. Doyle's title will be associate director of federal affairs.

• Karen Reidy, most recently with the former MCI, has joined the telecom trade association COMPTEL as its vice president for regulatory affairs. COMPTEL also promoted Jonathan Lee to general counsel and Mary Albert to assistant general counsel.

• Cable giant Comcast Corp. has picked up a new lobbyist. Peter Filon comes to the company as senior director, federal government affairs, from the House Energy and Commerce Committee, where he has served as minority counsel.

• PR power-shop Qorvis Communications has signed Jim McGann as managing director. McGann is a 22-year veteran of AT&T, where he led media efforts in Washington, D.C.

• The U.S. Tuna Foundation has a new president. Anne Forristall comes to the fishy lobby from MGN Inc., where she advised a range of clients on legislative strategy.

• Lisa McGreevey is joining the hedge fund industry's primary trade group, the Managed Funds Association, as executive vice president and chief operating officer. McGreevey formerly worked at the Financial Services Roundtable as executive vice president of external affairs and president of the government affairs council.

• The public policy and law group at Dickstein Shapiro has added Brian Finch as counsel. He previously worked at McKenna Long & Aldridge, where he focused on homeland security matters.

• Benjamin McKay has been promoted to senior vice president of federal government relations at the Property Casualty Insurers Association of America.

• Trading one heavy-hitting Wall Street CEO for another, the Financial Services Roundtable has named Citigroup chief Charles O. Prince to replace newly confirmed Treasury Secretary Henry Paulson as chairman of the group.

Broad Experience For A Tall Job: A Hipper CNBC (WP)

By Howard Kurtz

The Washington Post, July 3, 2006

When Jonathan Wald was fired as executive producer of the "Today" show, he says, "I wanted to stay in the game and get back into the daily battle."

When Josh Howard was forced to resign as executive producer of "60 Minutes II" after the botched story on President Bush and the National Guard, "I frankly wasn't sure, after my last experience, whether I wanted to work in television again."

Both men landed at CNBC, where they are helping to retool programming on a business channel that has struggled in the ratings since the dot-com bust six years ago.

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Wald helped launch the 7 p.m. weeknight show "On the Money," which takes a freewheeling approach to the financial side of pop culture. Howard is preparing the fall launch of a monthly magazine show that sounds suspiciously like "60 Minutes" and producing four documentaries, some of which may run as long as two hours.

The two executives are helping to move CNBC, which fixates on stocks and bonds during the day, toward a broader definition of business coverage. And they're finding it liberating to be freed from having to deliver mass audiences for the broadcast networks.

"We don't have to do a piece on Britney Spears because we need to drag in the 18-to-49-year-olds," Howard says. "It's a huge advantage."

Since its core mission is to cover Wall Street and corporate America, CNBC's fate is tied to public interest in the markets. So executives are trying to dream up new programming that will get more people into the cable tent. "We'd like everybody who has even a passing interest in business and markets and investment," says Mark Hoffman, who took over as CNBC president last year and would face stiff competition if Fox News follows through on plans for a business channel.

Hoffman wanted the evening lineup to reflect the network's core identity. CNBC's prime time has had more than its share of failures, including shows hosted by Dennis Miller and John McEnroe, leaving the channel turning to reruns of Conan O'Brien and "The Apprentice" and looking very much out of gas.

The O'Brien repeats gave way to "On the Money," which boosted viewership by 32 percent but still reached only 141,000 viewers over the past three months. The show, hosted by Dylan Ratigan, has been covering issues involving Hollywood (why is America obsessed with weekend box office grosses?), cyberspace (NBC's alliance with the post-it-yourself video site YouTube), and global business (a piece from Russia on the seizing of a factory that makes tubes for the kind of amplifiers once used by Jimi Hendrix).

"Business news and what people are talking about need not be mutually exclusive," says Wald, now a senior vice president. With segments such as "Ka-Ching" (on who's making big bucks) and running jokes (such as calling Fed Chairman Ben Bernanke "The Bearded One"), "On the Money" brings a fast-paced sensibility to potentially dull subjects.

Unlike "Today," where he was dropped in 2002 after 16 months on the job, "it's great to start something new and not just be the latest one to be handed the keys," Wald says. But even with cable's smaller audiences, he says, "the pressure and the stakes are just as high" as at NBC.

Howard, whose first documentary involves a behind-the-scenes look at a major airline, says the model is CNBC reporter David Faber's examination of Wal-Mart, which won Peabody and DuPont awards and has aired 35 times. "One of the nice things about cable is you get to run the stuff over and over again," Howard says.

The magazine show, a blend of features, profiles and investigative work, will use some NBC reporters and "Dateline" staffers. "The pieces could look very much like '60 Minutes' pieces," says Howard, who is also developing two pilots with lighter themes. "The format works, so why reinvent it?"

Howard, a 14-year veteran of "60 Minutes," took a year off after the debacle over the National Guard story, which led to the departure of two other senior executives and the firing of Dan Rather's producer on the story, Mary Mapes. "It would have been depressing if I really felt my reputation had been ruined by this thing," Howard says.

CNBC's ratings are quite modest -- although understated, because many investors watch from their offices -- but the network remains a gold mine, generating an estimated $250 million a year in profit. That's because advertisers are willing to pony up for viewers whose median household net worth is more than $1.5 million.

After a long ratings slump, daytime business programming was up 41 percent in the last three months, to 217,000 viewers, over the same period last year. But Hoffman sounds nonchalant about the numbers, saying he's less concerned than most television executives.

"We're not a populist network," Hoffman says. "This is a niche network that is focused on a fairly narrow content area that appeals to a high-end audience."Live From Gitmo

When the Supreme Court ruled Thursday that the Bush administration exceeded its authority in arranging military tribunals for terror suspects, ABC's Terry Moran was at the perfect spot: Guantanamo Bay.

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The timing was coincidental -- ABC had been pressing for access to the prison for months -- but the "Nightline" co-anchor did win Pentagon approval to extend his stay by one day after learning that the closely watched case filed by a Gitmo detainee was about to be decided.

Despite the great proximity, Moran had a frustrating week and couldn't get anyone there to comment on the ruling. "It's hard to do anything here because the security situation is so intense -- getting around, getting into the camps, what you can shoot when you're in the camps," he says from the U.S. base in Cuba. In fact, military censors must clear all videotape after ensuring that no detainees can be identified.

While Moran interviewed top officials of the camp, he says the Pentagon refused access to several detainees who had agreed in writing to talk to him. "As I've told our viewers, we can only get one side of the story," he says.Vanity Fair: Is It a Crime?

Henry Porter, Vanity Fair's London editor, had already gotten under Tony Blair's skin with a piece accusing the prime minister of using the fear of terrorism to wage an assault on civil liberties. Blair responded by conducting an e-mail debate with Porter that was published in London's Observer, where the writer has a column.

Two weeks ago a man carrying a placard with a George Orwell quote was arrested and charged with violating a law banning demonstrations within one kilometer of Parliament.

Steven Jago, who faces up to a year in jail, has said that police confiscated a copy of Porter's Vanity Fair piece, which he was carrying, and told him the article was "politically motivated material."

Says Porter, who has written a letter of complaint to the police: "The idea that a piece of journalism could be used as evidence of someone's criminal intent, when it's a mainstream journalism attack on the prime minister, it's a little step toward tyranny. That's astounding. It's frightening, really."Falling Star

"They had done a great deal of research, and her negatives were rising." -- Barbara Walters to the New York Times, explaining the decision to drop Star Jones Reynolds from ABC's "The View." So politicians aren't the only ones who live and die by opinion polls?

EDITORIAL WRAP-UP:

Crisis Postponed At The U.N. (NYT)

The New York Times, July 3, 2006

The United Nations steered clear of a financial shipwreck last week, but it also steered clear of approving urgently needed management reforms. That is a standoff, not a solution. If the less-developed countries blocking those reforms continue to dig in, the United Nations will suffer in diminished public credibility and greater resistance to dues-paying by some of the largest contributor nations, including the United States.

The less-developed countries — led by Cuba, Egypt, Pakistan and South Africa — are reluctant to yield the influence over management and personnel issues that comes with detailed control over U.N. spending. These poorer nations make up a decisive majority of the General Assembly. But most of the U.N.'s budget comes from the developed world, chiefly the United States, Japan and the European Union.

The United Nations cannot move forward unless both groups are satisfied. And if it doesn't move forward, the less-developed countries will suffer the most.

One crucial reform would have given Secretary General Kofi Annan management flexibility on making job assignments. The less-developed majority flatly turned him down. Another reform would sharply pare down the roughly 9,000 directives of various kinds accumulated over the decades — many of them now outdated or redundant. The majority agreed only to a trivial reduction.

Less-developed countries complain that the demanding tone of donors has poisoned the atmosphere for compromise. That is partly true. America's U.N. ambassador, John Bolton, has particularly tried to bludgeon the resisters into submission with dire financial threats.

But these criticisms miss the point. The reforms are not a concession to Washington and other big donors. They are a necessity for all U.N. members. The U.N. cannot function effectively in the 21st century under budget and management rules that

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were originally devised for a much smaller organization. Successive embarrassments like the oil-for-food scandal should have made that painfully clear.

Taming The Tamil Tigers (LAT)

The Los Angeles Times, July 3, 2006

SINCE APRIL, SRI LANKA has experienced rising violence between the government and the Tamil Tigers rebel group, effectively gutting a 4-year-old cease-fire. But amid the carnage, leaders of both sides have been making unexpected conciliatory gestures, spurring hope that with the help of international monitors, full-scale war can be avoided.

The decades-old conflict between the Tamil rebels, who control portions of the country and want separate rule, and the Sri Lankan government has claimed more than 60,000 lives. More than 800 people have been killed since the November election of President Mahinda Rajapakse, a hard-liner who rode to victory on the heels of a Tamil boycott and with the support of ardent Sri Lankan nationalist groups.

Cease-fire monitoring by Norway and other countries broke down in early June when the European Union declared the Tigers a terrorist group, causing the Tigers to reject them as biased. Soon afterward, more than 60 people were killed in an explosion on a bus, and on June 26, a suicide bomber killed Sri Lanka's third-highest-ranking general. The Tigers have denied responsibility, and the government has wisely avoided retaliation.

Also in June, the so-called Sea Tigers attempted a large-scale raid on a ship carrying Sri Lankan soldiers. The navy thwarted the attack, but it demonstrated that the rebels' sea capabilities remain fairly strong, making an all-out war a real possibility.

Aiming to avoid that, Rajapakse recently offered to negotiate directly with the Tigers and rein in a paramilitary group run by a former Tiger who now attacks his one-time associates. The Tigers are considering the offer. Both sides also have made overtures to India, a significant move for the Tigers because they are believed responsible for the assassination of Indian Prime Minister Rajiv Gandhi in 1991. A senior Tiger officer expressed "regret" over Gandhi's death, the closest the group has come to admitting guilt.

The Sri Lankan government has requested Indian assistance in monitoring the Palk Strait between India and Sri Lanka to head off further attacks by the Tamil navy, but India hasn't indicated that it will change its largely hands-off policy.

A peaceful Sri Lanka is very much in India's interest; war could bring a stream of refugees and instability to India, particularly in the state of Tamil Nadu. India should start to take a more active role, while the EU must work for a return to the bargaining table. It isn't too late to head off a full-scale war.

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DEPARTMENT OF JUSTICE *NEWS CLIPS*

PREPARED FOR THE OFFICE OF PUBLIC AFFAIRS, US DEPARTMENT OF JUSTICE

TO: THE ATTORNEY GENERAL AND SENIOR STAFF

DATE: MONDAY, JULY 3, 2006 7:45 AM EDT

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TERRORISM NEWS:

Congress To Work With Bush On Tribunals (FT)

By Edward Alden

Financial Times, July 3, 2006

The US Congress looks set to co-operate with President George W. Bush in devising rules for military commissions to try alleged terrorist detainees. This follows last week's historic Supreme Court decision that struck down the president's claim that he could set the rules on his own authority.

"He's created a real mess that now has to be cleaned up," said Senator Carl Levin, a Michigan Democrat who has been a harsh administration critic, but pledged on Sunday to work with Republicans to establish new procedures.

Senator Arlen Specter, Republican chairman of the Senate judiciary committee, said on CBS News on Sunday that he had scheduled a hearing for next week to begin the effort.

"We ought to work with the administration to try to structure rules that will comport with the Supreme Court decision but still protect national security interests," he said.

The court, in a 5-3 decision, ruled that the commissions established by the administration to try detainees currently held at Guantánamo Bay were illegal, violating both congressional rules for military trials and provisions of the Geneva conventions.

Mr Bush has insisted for more than four years that special rules were needed for terrorist detainees, rejecting the use of established military or civilian courts.

That put him into conflict with military lawyers, human rights groups and allies such as the UK and Australia.

Nine UK detainees at Guantánamo were released after the UK government led by Tony Blair, the prime minister, refused to agree to have them tried before the military commissions, insisting the procedures were illegal.

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The definitive decision by the Supreme Court means that the administration could be forced to release more detainees if it cannot find a legal way to bring them to trial. While the court invited Congress to devise rules for the commissions, the task will not be simple.

The court said that the rules of evidence should be similar to those for military trials, and should meet minimum standards set out under the Geneva conventions. But Mr Specter acknowledged that the US continued to hold many detainees against whom “there is not much evidence”.

Lindsey Graham, a Republican senator and former military lawyer who is an acknowledged expert on detainee issues, said on Fox News Sunday that the court’s ruling on the applicability of the Geneva conventions to al-Qaeda suspects was “breathtaking”.

He insisted that Congress had the power – even though the court ruled the president on his own does not – to limit the applicability of the Geneva conventions to terrorist detainees held by the US, and to devise special rules of evidence for the military commissions.

Senator Dianne Feinstein, a California Democrat, said, however, that the rules for trial must meet “the parameters” of existing military law, which offers detainees far more rights to challenge the evidence against them than the US has so far offered.

Senators Promise Gitmo Statute (WT)

By Eric Pfeiffer

The Washington Times, July 3, 2006

Senators of both parties yesterday said Congress would provide President Bush with legislation to deal with the terror suspects detained at the U.S. Naval Base Guantanamo Bay, Cuba, following a Supreme Court decision that limited the White House's authority in dealing with the detainees.

Some Republicans said they hoped to have legislation in place by September, with influential liberal Democrats saying they expected to give Mr. Bush the necessary tools for handling the issue and not obstruct the bills.

"I would hope Congress would have hearings about what to do in light of this decision," said Sen. Lindsey Graham, South Carolina Republican, during an appearance on "Fox News Sunday." "And that we will sit down together ... in August, write legislation and hopefully vote by September."

"There's nothing more important than the war on terror," Sen. Mitch McConnell, Kentucky Republican, told NBC's "Meet the Press." "I think we will have to act on this very soon, either in July or in September. Certainly, in the next couple of months."

Sen. Jack Reed, Rhode Island Democrat, promised that his party would work with Republicans and the White House on a compromise.

"I believe we will cooperate, and I think cooperation will be required by all parties, including the president," Mr. Reed told Fox. "I think that's something that will come together in a bipartisan basis, I hope, in a deliberate and quick fashion."

Rep. Barney Frank of Massachusetts, one of the most liberal Democrats in Congress, was asked on CNN's "Late Edition" by host John Roberts whether "you believe that Congress needs to give the president the power, the latitude ... to prosecute these prisoners who were being held at Guantanamo Bay?"

"Of course. And, in fact, again, I want to stress, many in Congress have wanted to do that," Mr. Frank said.

Sen. Charles E. Schumer, New York Democrat, expressed many strong differences with Republicans and the White House, but also promised to compromise in finding a solution.

"On giving the president what he needs and giving our country what we need to fight the war on terror, there's going to be agreement," Mr. Schumer said during his appearance on "Meet the Press."

Sen. Arlen Specter, Pennsylvania Republican, told CBS' "Face the Nation" that the Judiciary Committee has already scheduled hearings on the issue, to begin next week.

"I think that we should now have hearings in the Judiciary Committee, which we've scheduled for July 11," Mr. Specter said.

Sen. Carl Levin, Michigan Democrat and Armed Services Committee member, told CBS that his panel will "have hearings in a couple of weeks."

Despite the talk of compromise, there are sharp differences between Democrats and Republicans regarding how far the Supreme Court's decision goes.

"[Thursday's] Supreme Court decision reaffirms the American ideal that all are entitled to the basic guarantees of our justice system," House Minority Leader Nancy Pelosi said in a press release issued after the court's decision.

Fellow California Democrat Sen. Dianne Feinstein agreed with Mrs. Pelosi, telling ABC's "This Week," that any decision by Congress should give "detainees the rights that the Constitution provides." Mrs. Feinstein disagreed that offering enemy

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combatants the same legal protections as Americans would make Democrats appear weak on national security. "This is our strength. It is not our weakness."

Mrs. Feinstein also said she believes the court's decision applies to the administration's terrorist-surveillance program.

Mr. Schumer seemed to agree, telling NBC that the court's decision may have deeper implications. "We're going to have to not only look at this issue, we're going to have to go back to the other issues, as well," he said, "because this ruling undercuts some of the other things the president has done."

Lawmakers Seek Action After Ruling On Detainees (NYT)

By Robin Toner

The New York Times, July 3, 2006

WASHINGTON, July 2 — Democratic leaders argued on Sunday that the Supreme Court's rebuke of the Bush administration last week underscored the costs of President Bush's "unilateral" approach to the fight against terrorism.

They called for closer consultation with Congress and a broad review of the administration's use of executive power to combat terrorism.

Republican leaders, also making the rounds of the Sunday talk shows, called for a more limited response. They said Congress should pass legislation in a matter of months to comply with the court and give the president explicit authority to put detainees at the military prison in Guantánamo Bay, Cuba, on trial before military commissions.

The Supreme Court ruled Thursday that the military commissions the administration had planned were unauthorized by federal statute and violated international law.

Republican leaders also expressed alarm on Sunday over the court's application of a provision of the Geneva Conventions to the detainees, which they said they would seek to counter legislatively.

Both parties were treading carefully in a political and legislative terrain suddenly reconfigured by the Supreme Court. Most leaders on Sunday pledged bipartisan cooperation, but some fault lines were clear.

Senator Charles E. Schumer, Democrat of New York, said on "Meet the Press" on NBC that "this White House has felt it could just change things unilaterally." Mr. Schumer added, "Had they come to Congress a few years ago on this issue, my guess is they would have gotten most of what they wanted."

But in light of the court ruling, Mr. Schumer called on Attorney General Alberto R. Gonzales to create an independent commission to conduct "a top-to-bottom legal review of all of the administration's ongoing antiterror measures."

Mr. Schumer added, "The administration has not only largely ignored the Congress, but has also badly miscalculated how its efforts would be evaluated by the Supreme Court." Efforts to "marginalize the other two branches of government threaten to undermine, rather than promote, counterterrorism efforts," he said.

Republicans focused much of their fire on the court's ruling that a provision of the Geneva Conventions dealing with the treatment and trials of captured combatants applied to the Guantánamo detainees. Senator Mitch McConnell, the No. 2 Republican in the Senate, called it a "very disturbing aspect" of the decision that meant "that American servicemen potentially could be accused of war crimes."

Mr. McConnell, appearing on "Meet the Press," said Congress must quickly address that issue, along with creating military commissions. "There's nothing more important than the war on terror," he said, "and I think we will have to act on this very soon."

Senator Lindsey Graham, Republican of South Carolina, said on "Fox News Sunday" that he was also deeply troubled by the court's application of the Geneva Conventions.

Mr. Graham said that terrorists should be "humanely treated" but that the question was whether "Al Qaeda members who do not sign up to the Geneva Convention, who show disdain for it, who butcher our troops, be given the protections of a treaty they're not part of." He added, "My opinion — no." Mr. Graham said Congress had the ability to restrict the conventions' application to terrorism, "and I think we should."

Senator Jack Reed of Rhode Island, one of the Democratic Party's point men on national security, suggested that the court ruling was a broad rebuke to the Bush administration's expansive use of executive power in the fight against terrorism. The "most significant aspect of the case," Mr. Reed said, was "the declaration by the court that the president has to seek Congressional authority."

He added, "The president declared that he was operating in his own capacity as commander in chief, and I think the court reined him back, and I think it's appropriate."

Senator John McCain, the Arizona Republican and former prisoner of war, said on "This Week" on ABC that he was confident that "using the guidelines laid down by the Supreme Court, we can make sure that bad guys — and there are bad guys — are not released, and that those who deserve to be released will be."

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Senator Arlen Specter, Republican of Pennsylvania, also called for a measured response. "It can't be handled on a sound bite on Sunday morning," Mr. Specter, the chairman of the Judiciary Committee, said on "Face the Nation" on CBS. "We have to get the details as to what the administration thinks they can do. We've got to look at the Supreme Court decision. And we have to reconcile it. But it has to be Congress because it's our constitutional responsibility."

He added, "It's not up to the president alone."

Lawmakers Discuss Ruling On Tribunals (USAT)

USA Today, July 3, 2006

Republican senators said Sunday that Congress will have to address the Supreme Court finding last week that international law applies to the Bush administration's conduct of the war on terrorism.

Sen. Mitch McConnell of Kentucky, the No. 2 GOP leader in the Senate, said the ruling that embraced part of the Geneva Conventions on the rules of war is “very disturbing” and “Congress is going to want to deal with that.” Sen. John McCain, R-Ariz., said it was “somewhat of a departure” for the court to say the international treaty applies to “stateless terrorists.”

McConnell wants Congress to deal with the Geneva Conventions issue while it addresses another aspect of the court's ruling overturning President Bush's military commissions, which were created to try a limited number of detainees from Guantanamo Bay. The justices said the commissions violate the Uniform Code of Military Justice and the Geneva Conventions, which deal with prisoners of war.

Senior Democrats called for a broader review of whether Bush overstepped his war powers. “We're going to have to go back to other issues as well because this ruling undercuts some of the other things the president has done,” Sen. Charles Schumer of New York said.

McConnell and Schumer spoke on NBC's Meet the Press. McCain was on ABC's This Week.

Vice President Cheney's heart condition remains stable, and there have been no irregular heartbeats to activate an implanted pacemaker, according to doctors after his annual physical Saturday.

Cheney, 65, is scheduled to have a stress test on a treadmill in the fall to determine whether the blood flow to his heart is adequate, said his spokeswoman, Lea Anne McBride.

Cheney has had four heart attacks since 1978. He has had quadruple bypass surgery, two artery-clearing angioplasties and received an implanted cardioverter defibrillator in June 2001.

Congress Faces Dilemma On Terror Trials (LAT)

By Richard B. Schmitt

The Los Angeles Times, July 3, 2006

WASHINGTON — The Supreme Court decision striking down the military tribunal system for trying accused enemy combatants at Guantanamo Bay has apparently presented the Bush administration and its allies in Congress with two choices — both fraught with risk.

They can use the GOP majorities in the House and Senate to put a quick congressional seal of approval on something close to the existing system, but run the risk that it too will be struck down by the high court.

Or they can follow the path suggested by the court and devise a system embracing the procedural and other principles of the U.S. Uniform Code of Military Justice and the Geneva Convention, but risk the possibility that few, if any, of the alleged terrorists will be convicted.

And both choices, as well as attempts to chart a middle course, could set off the kind of protracted, internally divisive debate that the White House and GOP political strategists would not relish with the November elections approaching.

Indeed, Sen. Dianne Feinstein (D-Calif.) issued a warning Sunday: "Republicans will rue the day if they politicize this," she told ABC's "This Week."

Two Republican senators — prospective GOP presidential candidate John McCain of Arizona and Judiciary Committee Chairman Arlen Specter of Pennsylvania — have made clear their desire to dig into the problem.

"We're going to have to dot all the i's and cross all the t's on this legislation to make sure it passes muster," Specter said Friday.

The high court's decision has set up what may be the biggest test so far of the government's ability to reconcile maximum anti-terrorism effort with traditional American standards of legal fairness and decency. And the test has been almost five years in the making.

Since the Sept. 11 terrorist attacks, the Bush administration and its supporters have argued that extreme measures are necessary and justified against a foe that employs extreme tactics and rejects accepted moral standards. Civil libertarians, many

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Democrats and now the Supreme Court have argued that the war on terrorism must be waged in a manner compatible with established legal and ethical principles.

In the case of the alleged terrorists in the U.S. prison at Guantanamo Bay in Cuba, the challenge is to devise a system that will survive later judicial review yet permit successful prosecution.

Many legal experts say that will be hard to do.

"Can you set up a tribunal that will pass what we now know to be the judicial standards the Supreme Court is going to impose? The answer is unequivocally 'yes,' " said retired Rear Adm. John Hutson, a former Navy judge advocate general and the dean of Franklin Pierce Law Center.

"Is the prosecution going to be able to get convictions? I think there is a chance you won't see any," he said.

That's because a trial system capable of withstanding judicial review would probably exclude much of the evidence the government has gathered on battlefields and in prison interrogation rooms.

The military code to which the court pointed as a roadmap is "a good framework for setting up tribunals," McCain said Sunday on "This Week" — and these legal experts agree. The Uniform Code of Military Justice mirrors many of the procedural rules of U.S. civilian courts and the bedrock principles that the court mandated last week, including the right of the defendant to be present during trial and to hear the evidence against him.

Yet experts acknowledge that one result of embracing such a system could be that few, if any, of the Guantanamo detainees whom the government has identified for trial could end up being convicted — or even tried.

The rules created for the Pentagon's military commissions, or tribunals, permit the introduction of secret evidence that defendants are not allowed to see, testimony obtained by coercion, and other material that would not be accepted in traditional legal systems.

Such evidence would probably be excluded under more traditional legal rules.

Moreover, such rules could compel the government to reveal now-secret information or give up prosecutions.

That prospect rankled Rep. Peter T. King (R-N.Y.), chairman of the House Homeland Security Committee.

"We can't be turning over evidence and discovery and giving the benefit of the doubt to terrorists in these cases," he said Sunday on CNN's "Late Edition." "This is different from other wars. This is not like capturing uniformed soldiers in World War II or the Korean War or even Vietnam."

The Bush administration contends that it is important to have trials for detainees accused of war crimes and atrocities.

With the legislative wars over the tribunals just heating up again, however, it is far from clear what path Congress will choose. Some members are believed to be pushing for a narrow fix that some experts said would skirt the intent of the high court and avoid extending broader legal protections to the detainees.

But legal experts said lawmakers and the White House were also under pressure to come up with a legally and morally defensible system to show the world that the U.S. was serious about dispensing justice to people who had been imprisoned for nearly five years at the U.S. base in Cuba.

"It is a watershed event for Congress and the president alike. They really need to decide if they want to bite the bullet and set up a system that is fundamentally fair or if they want to play the game of setting up something that is substandard and waiting another five years for the court to decide its validity," said Diane M. Amann, an international law expert at the UC Davis law school.

"I don't think they are going to have a lot of leeway to depart" from the military code, she said.

The court ruled that the tribunals failed to meet the most basic of standards for fairness under U.S. and international law. Among the flaws: denying prisoners the right to attend their own trials and thus to hear the evidence against them. Under the tribunal rules, attorneys could be present, but they would not always be allowed to convey what they learned to their clients.

Another contentious point was that detainees had no right to appeal convictions to civilian courts. Some justices also said they were concerned that the crime involved in the case before the high court — conspiracy — was not recognized under international law.

Legal experts said some of those problems would be more easily solved than others.

Congress could amend the military code to include the crime of conspiracy. Prosecutors could also use alternative, better-established theories roughly analogous to conspiracy, such as crimes associated with "aiding and abetting" offenses.

However, extending other benchmark rights — such as defendants' right to be present at their trials and to hear the evidence against them — could undercut the prosecution of detainees.

Much evidence accumulated against many detainees is based on intelligence from secret sources around the world. Officials may not want to risk a trial in which a judge might order that information be made available to the defense.

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"The government's biggest problem is that the thing they want most — to protect the sources of their evidence and to avoid disclosing information to the defendants — is the thing that is most important to the Supreme Court," said Ronald W. Meister, a New York lawyer and former Navy judge advocate.

Some lawyers said there was wiggle room for defenders of the status quo.

A central part of the justices' ruling was that the administration, in designing new procedures, was bound by a section in the military code requiring that President Bush use rules for tribunals that were close to those used in criminal courts and courts-martial.

One solution might be to eliminate that section of the law and free up Bush to impose less-demanding procedures. Such a step would probably resonate with some Republicans in Congress who have said the court has given terrorists more due process than they deserve.

But most experts said the move would defy the spirit, if not the letter, of the ruling.

"The signal that the court was giving was that the requirement of a court-martial-type proceeding is embedded both in American law and international law," Amann said. "If Congress wants to depart from that, it is going to have to make a showing of a necessity for doing so."

The court-martial model affords some strong rights for defendants. The rules of evidence are comparable to those in civilian courts. There is also a strong presumption of a public trial. Even the pretrial investigative stage of a court-martial is generally open.

The main point of departure with normal criminal courts is that the military gets to choose the jury.

Although there are procedures for closing trials when national security is involved, "there is a strong right that the accused be present and confront the person who is testifying against him," said Beth Hillman, a former Air Force officer who is a professor at Rutgers University law school in Camden, N.J.

She added that the law was clear that "the only exception for denying the defendant's presence is if he is disruptive."

With military lawyers expressing serious national security concerns about letting defendants hear certain evidence, "I can foresee the government saying, 'We just cannot go there. The court has signaled these people have to be present. We simply cannot allow them to be present,' " Hillman said.

An even bigger problem could be the handling of confessions and statements by defendants and the handling of statements that other detainees have made about defendants — crucial evidence from the government's viewpoint.

The military code forbids the use of statements that are obtained through "coercion" or "unlawful influence."

Lawyers for many detainees have said that the statements their clients gave authorities were the product of abusive techniques and torture, which would make them inadmissible.

"In order to be lawful, they would have to create a process that excluded the only evidence they have against these guys," said Joseph Margulies, a Chicago attorney who is co-counsel for one of the few Guantanamo detainees who have been formally charged. "You might be able to create a process, but there would be no evidence you could present."

Margulies' client is an Ethiopian picked up in Pakistan who, before being sent to Cuba, was interrogated in Morocco and allegedly confessed under torture to being a member of Al Qaeda. Razor blades were allegedly used against the man's genitals. Margulies said such a confession could not be used as part of a legal trial.

Some experts said that if the adoption of such standards meant some detainees were not brought to justice at a formal trial, it would be a small price to pay.

"I think we gain more than we lose by adopting courtsmartial," said Scott L. Silliman, a military law expert at Duke University law school. "If we were to adopt them, we would send a clear statement to the international community that we are still a nation under the rule of law."

Gitmo. How To Fix It (TIME)

By Nathan Thornburgh

Time, July 3, 2006

The Supreme Court's ruling in Hamdan v. Rumsfeld totals 185 pages and can be summarized in two words: Start over. If the Bush Administration wants to try terrorism suspects at Guantánamo Bay in special military tribunals, it can't just declare them legal--it needs to work with the other branches of government to make them so. That in itself was a rebuke to the Administration's claim that it alone can decide how to defend Americans from terrorism. What the court did not say--despite the exultation of civil libertarians and the outrage of advocates of executive power--is that Guantánamo has to be closed. In fact, there are plenty of people who believe it's possible to comply with the court's ruling while protecting American citizens and extracting useful intelligence from detainees. In other words, there are ways to fix Guantánamo.

1. The White House must work with Congress

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The White House finds itself in its current Guantánamo predicament because it didn't play well with the other branches of government--or even play with them at all. Republican Senator Lindsey Graham of South Carolina, a military lawyer (JAG), says he tried as recently as 18 months ago to interest the Administration in an amendment that would give tribunals congressional authorization. "I could not get agreement with the White House," Graham says. "They believed it wasn't necessary."

Now that it's beyond necessary, but legally mandated, the White House will find it has a far less compliant Congress than it would have had immediately after 9/11. Complicating matters further is that Congress is exhibiting its usual election-year pathologies. Democrats, wary of being lumped in with al-Qaeda should they introduce a bill that protects the rights of terrorism suspects, are calling on the White House to make the first move. Republican lawmakers are already divided between those eager to impress security-minded voters back home with a tough new tribunal and others, like Virginia's John Warner, who warn that moving too quickly or too carelessly might lead to another embarrassing showdown with the Supreme Court. It may take months to achieve the harmonic balance between good policy and good campaign agitprop, but any Guantánamo policy that eventually emerges could have greater certainty and legitimacy for having been forged through the chaos of democracy. "The message is that Congress has a role in the war on terror and the courts have a role in the war on terror," says Graham. "When we collaborate, all three branches, we're stronger as a nation."

2. Repatriate the small fish

"The worst of the worst" was the Bush Administration's description of the type of combatant who ends up at Gitmo. But a Seton Hall University study culled from the government's own data found that only 8% of the camp's prisoners were actually fighters for al-Qaeda. More than half were not determined to have committed any hostile act against Americans or their allies. Even Salim Ahmed Hamdan, the detainee at the center of the Supreme Court case, was Osama bin Laden's chauffeur and bodyguard--hardly the criminal mastermind that requires a country to create a maximum security prison. To its credit, the government has been trying to repatriate the less dangerous detainees as well as those who probably should never have been there. "We want to get out of the Guantánamo business if we can," State Department legal adviser John Bellinger III said in a conference call last week, "while continuing to protect ourselves and protect others."

But repatriation is tricky. Many of the detainees' home countries either refuse to take them or haven't guaranteed that they won't be tortured upon their return. Take the case of the Uighurs--five ethnic Muslims from western China--who recently left Gitmo. The State Department didn't want to send the men back to China, where they are wanted by the authorities, but after contacting scores of countries the only willing host was Albania, where no one speaks Uighur.

Regardless of the challenges, the Administration needs to continue to support the State Department's aggressive efforts to make sure that the small fish at Guantánamo move on. The logic that gave rise to the Administration's broad powers of detention, interrogation and surveillance is the logic of the worst-case scenario, of terrorist masterminds and ticking time bombs. It's consistent with that logic that a place like Guantánamo be reserved for only the most dangerous terrorists.

3. Process the habeas cases

More than 400 habeas corpus cases, in which Guantánamo petitioners are challenging the legality of their detention, are percolating around the country. Lawyers who filed some of those petitions tell TIME that they anticipate that the Supreme Court ruling will open a path for those cases to head up the chain of appeals. The Administration argues that the courts have no jurisdiction, and Congress barred judges from ruling on almost all future habeas appeals from Gitmo by passing the Detainee Treatment Act last December.

Terrorism trials in civilian courts have been a mixed bag--the prosecution of the Lackawanna and Portland cells ran smoothly, while al-Qaeda operative Zacarias Moussaoui took a federal court on a wild grandstanding ride worthy of Slobodan Milosevic or Saddam Hussein. The judges who hear the appeals may affirm that civilian courts are the wrong venue for Gitmo detainees, but the debate is too important--and too complex--to cut the judiciary out.

4. Live by the Geneva rules

The Supreme Court made it clear that the Geneva conventions afford Gitmo detainees certain trial rights. Less certain is whether Geneva rights should now extend to cover interrogations at the camp. The White House has held that unlawful combatants are to be treated humanely but are not covered by Geneva, which prohibits "humiliating and degrading treatment." Some techniques, like shackling prisoners for 24 hours and leaving them in their own excrement, are known to have been used at Gitmo and would certainly fall under that definition. Regardless of what the prevailing interpretations of the Hamdan decision are, the government would do well to read the tea leaves and begin envisioning a world in which officials will be forced by a future ruling similar to Hamdan to gather crucial intelligence while conforming to Geneva. Gitmo has always been a laboratory for the Bush Administration's edgiest ideas about how to fight the war on terrorism. Why not make it a testing ground for an interrogation policy that is both humane and clearly legal under the Geneva conventions?

The era of Guantánamo as a fount of intelligence may already be ending, however. There is only so much intel you can glean from a man who has been interrogated for four years. The base commander, Navy Rear Admiral Harry Harris Jr., told

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TIME shortly before the Hamdan decision that 75% of detainees held at Gitmo no longer face regular questioning, and some haven't faced it in six months or longer. So, as with many of the other issues raised by the Hamdan case, perhaps the interrogation debate should move away from Gitmo and focus on other places around the world where the U.S. is holding enemy combatants.

5. Lift the veil of secrecy

Guantánamo has long since ceased being just a detention center for terrorism suspects. It's a symbol, and it shapes how the world views America and how Americans view themselves. While all three branches of government need to work in concert to balance the strategic and legal imperatives involved in fighting terrorism, the White House can take a huge step toward removing the discomfort about Gitmo by opening the operation to the outside world. A few journalists have been granted access to the facility following the coordinated suicides of three inmates last month, but camera crews and reporters are often hemmed in by minders and shepherded past buildings that have been the site of Guantánamo's harsher realities--the force-fed hunger strikers, the suicide attempts. If Guantánamo is legal and effective, now is the time for the government to prove it.

After Hamdan (WSJ)

The Wall Street Journal, July 3, 2006

America's political elites certainly have come a long way since September 11. In the wake of that bloody attack on U.S. soil, everyone clamored for the executive branch to act with energy and dispatch against our enemies. Yet last week, not five years later, many of those same voices celebrated a Supreme Court ruling that rebuked the executive in order to guarantee more rights to Osama bin Laden's former driver and bodyguard.

That is the larger context in which to read the Supreme Court's verdict in Hamdan v. Rumsfeld, which has liberal journalists waxing lyrical even in their news accounts. Only a country that feels safe once again would dare to rejoice in a ruling that could give enemy combatants the same due process rights that U.S. servicemen get in a court martial. We'll now see if Congress feels as complacent as it seeks to rewrite the rules on military commissions. * * *

As David Rivkin and Lee Casey argued on these pages Friday, the Court's ruling is not as sweeping as many commentators claim. But it is nonetheless a major Court intrusion into executive war powers and thus a setback not just for this Presidency, but, more important, for future ones.

The Court's opinion masks its own power grab by asserting that the executive must defer more to Congress in designing military commissions. But the Court's own deference to Congress is selective in the extreme, as it simply chose to ignore the clear intent of the Detainee Treatment Act that Congress passed only last December. That Act expressly denied judicial review of any habeas corpus petition "by or on behalf of an alien detained by" the Pentagon at Guantanamo.

But this would have meant the Court should not have heard Mr. Hamdan's case. So the Court's narrow five-Justice majority simply declared that the Detainee Act applied only to habeas corpus petitions filed after December 2005. Justice Antonin Scalia's dissent is withering in showing that the Act provides for no such distinction and was written by Congress partly with the Hamdan case in mind. The Court's interpretation also violates its own precedents in reading Congressional intent. The only way to read the Court's logic is that five Justices were simply determined to find a way to slap the Bush Administration, by whatever means necessary.

And we mean only five Justices. Hamdan was decided by a vote of 5-3, with Chief Justice John Roberts recusing himself because he'd previously ruled for the Administration when he was on the D.C. Circuit Court of Appeals. So in effect this was a 5-4 decision, with Justice Anthony Kennedy providing the swing vote, albeit also parting company with his liberal brethren on their most sweeping legal claims. A single liberal retirement from the Court would thus put Hamdan's reasoning in jeopardy.

Amid all of the antiwar cheering, we should also point out what Hamdan does not do. It does not shut down the detention center at Guantanamo Bay, or question the President's right to hold unlawful combatants for the duration of hostilities. It also does not apply to most of the prisoners there -- only 10 of the roughly 450 Guantanamo detainees are immediately affected by the ruling. And it does not reclassify enemy combatants as ordinary prisoners of war, as many in the European left and ACLU would prefer.

Moreover, Hamdan affirms that military commissions are Constitutional and an appropriate part of American law. This would have been hard even for the liberal Justices to deny, given that commissions have been used in some form by strong Presidents in the past, including Washington, Lincoln and FDR.

So instead the Court declared that the Pentagon's current version of military commissions violates Article 36 of the Uniform Code of Military Justice, which provides guidelines for the rules to be followed by both military commissions and courts martial. The language of Article 36 happens to be broad and deferential to Presidential prerogatives. (Its very title is, "President May Prescribe Rules.") Yet the Justices found that the Pentagon's current rules allowed too much hearsay evidence and denied a combatant-defendant's appearance at some moments at trial.

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Justice Kennedy in particular claimed to see no "practical need" for these deviations from the UCMJ. But in fact the very practical reason is to limit the access that accused al Qaeda operatives have to classified sources and methods. This is the core of the Administration's case for military commissions, which is that they are a military necessity.

As for the rules of evidence, the Court's decision could make it much harder to convict these defendants because the Pentagon often won't want to risk exposing military secrets. Thus one irony of Hamdan is that many of these combatants may end up being returned to their home countries where they may get far worse legal treatment. In any case, the Court's intrusion here is a breathtaking assertion that it knows better than an elected President how to treat enemies captured on the battlefield. Legal scholars tell us they can't recall this happening in any previous American conflict. * * *

As a practical political matter, Hamdan tosses the debate over military commissions back to Congress. Our liberal friends keep assuring us that this is the key to restoring the "rule of law." But there's a reason the Founders gave Presidents the bulk of the Constitutional power to wage war, leaving to Congress mainly the power to declare war and then finance it. The executive branch can act with speed and decisiveness that a committee of 535 simply cannot. Presidents can also be held directly accountable by voters in a way that a diffuse Congress (and especially the Supreme Court) cannot.

That's why the clamor after 9/11 was for the White House to act, and that is the period in which it established military commissions and set up Guantanamo. Now that we haven't been hit again in nearly five years, liberals want us to believe that such executive authority is more dangerous than our enemies.

We thus certainly hope the Administration presses its case for military commissions to the Congress, including just how much due process protection the Members think al Qaeda detainees really deserve. An election is coming in which the prosecution of the war on terror will again be a major issue. By all means let's debate the proper care and handling of Osama's bodyguard.

War On Terror Ruling Worries GOP Lawmakers (AP-Y2)

By Pete Yost

AP2, July 2, 2006

Two Republican senators said Sunday that Congress must rein in the Supreme Court ruling that international law applies to the Bush administration's conduct in the war on terror.

Thursday's Supreme Court decision embracing Article 3 of the Geneva Accords in the military commission case of Osama bin Laden's former driver strikes at the heart of the White House's legal position in the war on al-Qaida.

Sen. Mitch McConnell (news, bio, voting record), R-Ky., the second-ranking GOP leader in the Senate, said the 5-3 court decision "means that American servicemen potentially could be accused of war crimes.

"I think Congress is going to want to deal with that," McConnell said on NBC's "Meet the Press." He called the ruling "very disturbing."

The Geneva Convention's Article 3 is "far beyond our domestic law when it comes to terrorism, and Congress can rein it in, and I think we should," said Sen. Lindsay Graham, R-S.C., assigned as a Reserve Judge to the Air Force Court of Criminal Appeals. Graham spoke on "Fox News Sunday."

Sen. John McCain (news, bio, voting record), R-Ariz., also expressed concern about the decision, saying it "is somewhat of a departure, in my view, of people who are stateless terrorists."

Article 3 mandates standards of treatment in cases of armed conflicts not of an international character in the territory of a contracting party, which Afghanistan is.

Article 3 prohibits outrages upon personal dignity, "in particular humiliating and degrading treatment," and bars violence, including murder, mutilation and torture.

McConnell wants Congress to deal with the Geneva Accords issue at the same time it addresses another aspect of the court's ruling overturning President Bush's military commissions created to try a limited number of detainees from Guantanamo Bay.

"I don't think we're going to pass something that's going to have our military servicemen subject to some kind of international rules," said McConnell.

Addressing the commission issue, McCain and Senate Judiciary Committee chairman Arlen Specter, R-Pa., said Congress might pose broader changes than the White House wants in trials of detainees at Guantanamo Bay.

As a starting point for debate, McCain said Congress should embrace the Uniform Code of Military Justice, the bedrock of military law protecting the rights of accused soldiers. The Bush administration has sidestepped the code for nearly five years in dealing with Guantanamo Bay prisoners it has classified as enemy combatants.

Specter said that "we have to reconcile" what the Bush administration thinks it can do and what the Supreme Court decision says.

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Specter spoke on CBS's "Face the Nation" and McCain appeared on ABC's "This Week."

Many Republicans in Congress say detainees in the war on terror should not have the same legal protections as those in the military and that Congress should give its imprimatur with little or no change to the Pentagon's military commissions.

McCain agreed that justice afforded to enemy combatants "shouldn't be exactly the same as applied to a member of the military." He added, however, that the Uniform Code of Military Justice is "a good framework.

"Using the guidelines laid down by the Supreme Court, we can make sure that bad guys — and there are bad guys — are not released and those who deserve to be released will be," said McCain, a prisoner of war during the Vietnam conflict.

McCain and Specter added their voices to that of Senate Armed Services Committee chairman John Warner, R-Va., who says he is uncertain Congress should pass legislation to create new military tribunals.

"Everybody says, 'Pass legislation, pass legislation,' but we've got to make certain it's needed, and then do it with careful analysis, to get it right," Warner told The New York Times on Friday.

The Supreme Court said Bush's military commissions violate the Uniform Code of Military Justice and the four Geneva Conventions signed in 1949. Under military commission rules, the court noted, such panels may block an accused and his civilian lawyer from ever learning of evidence the prosecution presents that is classified. In addition, commissions can permit the admission of any evidence it deems to have probative value to a reasonable person.

Former Justice's Influence Felt In 2006 (WP)

By Charles Lane

The Washington Post, July 3, 2006

Justice John Paul Stevens wrote last week's Supreme Court opinion striking down President Bush's plan to put suspected terrorists on trial before military commissions.

But in a real sense, the opinion's author was Wiley B. Rutledge, the justice for whom Stevens clerked during the court's 1947-1948 term, and for whom he has expressed great admiration in the years since.

Appointed by President Franklin D. Roosevelt in 1943, Rutledge served only six years before his death in 1949. But in that time, he made a mark by arguing that the United States must respect the rights of its foreign enemies.

His most famous dissenting opinion came in 1946, when he wrote that the majority of the court was wrong to deny a petition for habeas corpus by Tomoyuki Yamashita, the Japanese general sentenced to death by a U.S. military commission in the Philippines for atrocities committed by his troops. "I cannot believe in the face of this record that the petitioner has had the fair trial our Constitution and laws command," Rutledge wrote.

So soon after the bitter war that had begun at Pearl Harbor, it took courage for Rutledge to stand up for the rights of a Japanese commander, and he received an avalanche of hate mail, as Diane Marie Amann, a law professor and former Stevens clerk, points out in a recent Fordham Law Review article on the Stevens-Rutledge relationship.

It is hard to imagine anyone less popular in the United States than Yamashita. But the man whose case was before the court last week, Osama bin Laden's former aide, Salim Ahmed Hamdan, might qualify. Nevertheless, Stevens defended not Hamdan, but Hamdan's rights.

His opinion last week cited Rutledge's opinion and quoted from a passage in which Rutledge summarized the unfairness of Yamashita's trial, calling it "outside our basic scheme." Some of the procedures Rutledge criticized were similar to those in Hamdan's military commission trial at Guantanamo Bay, Stevens implied, especially limitations on the defendant's access to all the evidence against him.

Stevens went on to argue that the concerns of Rutledge's dissent were reflected in later changes to U.S. military law, and in the 1949 Geneva Conventions. As a result, Stevens argued, the Supreme Court's decision upholding Yamashita's conviction, "the most notorious exception" to the rule that military trials of U.S. enemies should usually give them the same rights as their American counterparts, "has been stripped of its precedential value." The origins of Stevens's opinion in the post-World War II debate underscore how thoroughly it rejected the Bush administration's military commissions and the political and military concepts upon which they were based.

Administration officials have characterized the conflict with al-Qaeda as a new kind of war in which the United States cannot afford to be constrained by the existing domestic and international legal framework.

But Stevens, 86, who served in World War II as a Naval signals intelligence officer, took the view that nothing about the current situation is so novel as to justify departing from laws that bear traces of Rutledge's Yamashita dissent. The danger posed by international terrorism, Stevens wrote, is not by itself enough to warrant "any variance from the rules that govern courts martial." Therefore, he continued, Bush's denial of Hamdan's "basic" right to see all the evidence against him and to be present at his trial "cannot be lightly excused."

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In this regard, too, Stevens echoed Rutledge, whose dissent in Yamashita's case acknowledged that "we are on strange ground," but added: "If, as may be hoped, we are now to enter upon a new era of law in the world, it becomes more important than ever before for the nations creating that system to observe their greatest traditions of administering justice, including this one, both in their own judging and in their new creation. The proceedings in this case veer so far from some of our time-tested road signs that I cannot take the large strides validating them would demand."Cert Denied

The court granted review in fewer cases this term than in either of the two previous terms, according to official Supreme Court statistics released June 30. The court granted certiorari in 78 cases in the 2005-2006 term, not significantly fewer than the 80 cases it agreed to hear in the 2004-2005 term, but down about 10 percent from 2003-2004, when it agreed to hear 87 cases.

However, since the court often consolidates two or more similar cases in a single argument hour, the best measure of the court's activity is argument hours. By that standard, the drop is greater. The court agreed to hear 70.33 hours of argument in the 2005-2006 term, down 3.17 hours from 2004-2005, and down 5.17 hours from 2003-2004.

Even this term's low number was inflated, because the court extended argument by 2.33 hours in major cases on Texas's redistricting plan, the Clean Water Act, military commissions and the Vienna Convention. If it had stuck to the one-hour schedule for each, the hours would have been 68 -- a drop of 10 percent from 2003. As a result of the court's slowdown in accepting cases, the justices have scheduled 29 hours of argument for the coming term, three fewer than it needed to complete its schedule through December. Last year at this time, the court had 37 hours of argument for the coming term.

McCain Is Latest To Rip Times (NYPOST)

By Deborah Orin

The New York Post, July 3, 2006

Sen. John McCain yesterday joined the chorus of critics who say The New York Times was wrong to out a top-secret terror money-tracking program, and he called for prosecuting the leakers.

"Tracking the money is always a vital tool, and members of Congress were kept informed and agreed to this program," McCain (R-Ariz.) told ABC's "This Week."

"So, no, I don't think [the Times] should have published it."

McCain also challenged the Times' claim that it didn't reveal any real secrets, saying, "If The New York Times thinks the story was inconsequential, the legitimate question is: Why was it on the front page?"

Asked if the Times should be prosecuted, McCain replied, "I think we should go after the leakers first."

Times executive editor Bill Keller acknowledged on CBS that "there didn't seem to be any obvious illegality" about the program.

"I don't think the threshold test is whether they've done something that's blatantly illegal or outrageous. I think you probably would like to know what they're doing that's successful as well," Keller told "Face the Nation."

A Terror Strike, Choreographed On A Computer (NYT)

By Raymond Bonner

The New York Times, July 3, 2006

JAKARTA, Indonesia, July 2 — The bombs should be small and placed in day packs, making them harder to detect. The bombers should dress like tourists. They should not bother targeting hotels because security is too tight. Instead they should consider restaurants, discos and theaters.

A thorough survey should be done in advance by the bombers themselves. That way, they are more familiar with the sites, and no one is left behind to be hunted later by the police.

"There is no escape plan because the perpetrators will become martyrs," the planning document states. "They will go to the targets and not return."

That is part of the playbook for a suicide bombing, including even a minute-by-minute choreography of the bombers' final hours. The Indonesian police uncovered the document from the computer of one of the planners of an attack last October in Bali, which killed 20 people when three men walked into separate restaurants and blew themselves up.

The document offers a rare glimpse into the minds of the most cunning terrorist plotters and of the kind of meticulous planning that lies behind their operations. It also shows what even a small, local group with few resources can do, and the difficulty of thwarting their plans.

"It tells us that these guys tried to think of every contingency," said Sidney Jones, project director of the International Crisis Group's office in Jakarta, and one of the foremost authorities on terrorism in Southeast Asia. "Even when they're being hunted, they had the capacity to think through what had to be done right down to the second."

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The 34-page document, titled "The Bali Project," was found on the computer of Azhari Husin, a Malaysian-born engineer educated in Australia and Britain who became a master bomb maker and was one of the most dangerous terrorists in Southeast Asia until he was killed in a shootout with the police last November.

The document was given to The New York Times by a person who requested anonymity because it had not been officially released. It was first reported on by Tempo, an English-language weekly newsmagazine here.

Mr. Azhari's co-planner was Mohammad Noordin Top, who has narrowly escaped capture several times and remains on the run, one of the most wanted men in Southeast Asia.

The Indonesian police have said they found no evidence of any link to Al Qaeda in the Bali bombings. Members of Jemaah Islamiyah, the fundamentalist Islamic movement here, were involved, but the operation was not directed from the top of that organization, the police have said.

The document, written in six sections, sheds little new light on those links but corrects some initial speculation about the attack — that the bombs were assembled in the Philippines, for instance, and that the attack was aimed at the Indonesian government, or the Balinese economy.

The author, who the police say they believe was Mr. Azhari himself, begins by asking, "Why Bali?" Because it will have a "global impact," he answers. "Bali is known around the world, better than Indonesia itself," the author writes. "An attack in Bali will be covered by the international media."

In Section 2, "Method of Attack," he notes that the plan must differ from the first attack in Bali, in October 2002, when a minivan loaded with explosives was detonated in front of two nightclubs, killing 202 people.

Now, "security is tighter," the author writes, noting that the police chief in Bali had increased the number of intelligence officers to 256 from 70.

The author concludes that it is too risky to bring in a truck or a similarly large amount of explosives and that it would be more difficult to rent a house with a garage to assemble a bomb. "The bomb must be smaller, and brought in ready to use," the document says.

The targets, the author writes, are "foreign tourists from America and its allies," which included all NATO countries, as well as Australia, New Zealand, South Korea, Japan, Thailand and the Philippines.

The author knew that the bombers would have trouble determining the native country of many tourists. "So, we will consider all white people the enemy," the document says.

A few weeks before the attacks, the three men who would carry out the operation were sent to Bali to do a "survey" of possible targets for themselves.

Beforehand, they were told to learn what they could about Bali, a popular tourist island, on the Internet, and to get tourist brochures from travel agents and a tourist map.

The possible targets surveyed included McDonald's, Pizza Hut, Burger King and KFC restaurants, theaters, a golf course, tattoo parlors, art galleries and souvenir stalls.

As part of their surveillance, the men were told to "pay attention to clothes worn by local tourists" and what kind of day packs or shoulder bags they carried and whether they carried more than one.

The men did their reconnaissance, then reported back.

The next section includes a question-and-answer exchange between the men and their "field commander," presumably Mr. Azhari.

The men had concluded that the bombers should not use taxis to reach their targets because a taxi driver might help with the backpacks and be suspicious of their weight.

Rather, they should take a motorcycle taxi, which offers no opportunity for the driver to talk to the passenger. As for how to dress, they decided on black shirts, below the knee shorts or jeans and exercise shoes or sandals.

They decided that discos and nightclubs offered potential targets because most of the patrons were foreigners, and there was "no security to speak of, easy to enter."

But those sites were ultimately rejected, because backpacks would be suspicious at the time of night when the clubs got crowded, after 9 p.m.

That led the men to consider restaurants in Kuta, one of the most popular tourist districts, as well as the seafood restaurants on the beach at Jimbaran. "Of all the places," the document says, "this may be the easiest, God willing."

The team explained how the tables at Jimbaran were arranged in the sand, about a yard apart with three to seven diners at each. "Almost 80 percent of the patrons are white," they said. Others were Chinese or Japanese, they noted, using a derogatory term.

The best time would be around 7:30 p.m., when the restaurants were the most crowded and a backpack would not be suspicious.

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The survey team came up with four options. Mr. Azhari and Mr. Noordin, it is presumed, chose the fourth: one restaurant at Kuta Square and two restaurants at Jimbaran.

Simultaneous attacks in two locations "will have greater effect than simultaneous attacks in one location," the document states.

There was a further reason for choosing the restaurants at Jimbaran: many of the patrons were businessmen. "The death of foreign businessmen will have a greater impact than of young people," the document says.

The backpack bombs were to be assembled by Mr. Azhari at his base in Java, and there was a serious concern about whether they could be taken on a bus to Bali without being detected. At the Bali port of Gilimanuk, where the vehicle ferry lands, passengers are required to get off and their identification cards are checked.

The backpacks with the bombs could be left on the bus — the police did not inspect baggage left on the bus, the team reported.

The team determined that the backpacks should not be mountaineering backpacks, but student day packs, to avoid suspicion. For that reason, Mr. Azhari constructed relatively light bombs weighing 10 to 12 kilograms, or 22 to 26 pounds.

He devised two elaborate detonating systems, which Section 4 of the report explains in detail, including schematic diagrams of the wiring system and drawings of a man with the wired backpack.

The first was "direct" and connected to the explosives in the backpack. The other was on "delay," for explosives in a fanny pack worn by the bombers.

The delay time was 30 seconds; the bomber would flip the switches for that one as he approached the restaurant. That way, if he were stopped by a guard and could not set off the main bomb, the fanny pack would still explode.

Mr. Azhari worried that the bombs might explode during the bus ride from the base to Bali, if the bus hit a bump or the backpack was jostled, or on the motorcycle from the boardinghouse to the targets. For that reason, he decided to use four switches as a precaution.

"It's important to make the bomb systems as simple as possible so the perpetrators don't get confused," the author wrote.

There was a green light, placed on the chest side of the left backpack strap so that it was visible only to the bomber, which would go on when the delay system had been an activated. A red light, similarly hidden on the right strap, would indicate that the main bomb was ready, and the bomber only had to flip the last switches. The order in which the switches were flipped did not matter.

In Section 5, "The Attack," the final movements of the suicide bombers are planned, in some cases to the second.

5:25 p.m. — Pack, check out of the boardinghouse and synchronize watches.

5:30 — Look for a motorcycle taxi to Legian Beach, in Kuta.

6:15 — Arrive near the Hard Rock Cafe and look for a place to pray.

6:35 — End evening prayers. Then the two groups split up.

7:21 — The man who is going to detonate his explosives in Kuta begins moving toward the restaurant, making sure the red and green lights are on.

7:33:04 — Arrive at the restaurant.

7:33:25 — Make sure the delay switches are all ready, and enter restaurant.

Meanwhile, the other two suicide bombers reach Jimbaran Beach at 6:50, loiter at a food stall until 7:30, then synchronize their watches again, and begin walking to the outdoor tables on the beach, one 45 yards behind the other. The first man walked into the table area, and the second did the same. Then, the document concludes its choreography.

7:34 — "ALLAH-U AKBAR!!!"

"We tried to minimize the impact on Muslims," the author explains in the final section, which was written after the attack. "Nevertheless, there were still Muslim victims killed and wounded."

The death toll was a relatively low number compared with the first Bali attack. Five of the 20 killed were foreigners: 4 Australians and a Japanese. Fifteen were Indonesians.

A Somali Taliban? (WSJ)

The Wall Street Journal, July 3, 2006

Events are going from bad to worse in the Somali capital of Mogadishu. The Islamists now running the country have also seized control in much of southern Somalia, made public their intention to declare Shariah law, and named as their leader a cleric on the U.S. watchlist for suspected links to al Qaeda.

So it goes in the failed state in northern Africa that is beginning to look like Afghanistan under the Taliban. The world can't afford another radical Islamic state that shelters terrorists. And while it would be nice to think that Somalia's neighbors or the United Nations or NATO might do something about all this, the reality is the task will be left to the U.S.

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Somalia has been without a functioning government since dictator Mohammed Siad Barre was overthrown in 1991. Warlords have since fought for political power -- most notably, to Americans, in 1993, the year of "Black Hawk Down." Eighteen American special forces were killed in a failed attempt to capture the warlord Mohammad Farrah Aidid and restore order after failed efforts by U.N. peacekeepers. Since 2004, the U.S. and U.N. have backed a transitional government whose members have bickered and accomplished nothing.

Enter the Somali Supreme Islamic Courts Council, the alliance of 12 Muslim militias that seized Mogadishu on June 5. They range from moderate to extremist, and until recently neither wing had the upper hand. So long as that was the case, U.S. officials say, it was difficult for al Qaeda to operate from Somalia without being caught in the internecine crossfire.

The U.S. says a dozen or so terrorists are hiding in Somalia, including one or two the U.S. believes were responsible for the 1998 bombings of our embassies in Kenya and Tanzania. Half of the terrorists in Somalia have been linked directly to al Qaeda. The ink had scarcely dried on last month's cease-fire agreement between the Islamists and the transitional government when the Council demoted its relatively moderate leader, Sharif Sheikh Ahmed, in favor of a former associate of Osama bin Laden, Sheikh Hassan Dahir Aweys.

One danger is that Islamist militias may next move on the northern half of Somalia. This relatively calm area is divided into semi-autonomous regions called Somaliland and Puntland and home to strategic ports. Ensuring that Somaliland and Puntland remain safe zones -- like Kurdistan in prewar Iraq -- would be a useful goal of U.S. policy, enforced if necessary with U.S. special forces. The U.S. has a joint task force in nearby Djibouti that trains African troops and helps African countries to track down terrorists.

Neighboring Ethiopia is also watching the Islamists' rise, warning against any movement into the border town of Beledweyne or into Baidoa, where the transitional government is based. Ethiopian officials say they've moved troops near the border to guard against an incursion. They also want to discourage cooperation between the Somali Islamists and Ethiopia's own hostile domestic groups.

There's no appetite in the U.S. for a large military intervention in Somalia, but that doesn't mean the new regime should think it is immune from outside attention. So here's a suggestion: Send an emissary to the new Islamist government and propose a deal: Hand over the 1998 embassy bombers, refuse safe harbor to al Qaeda operatives, do not invade Somaliland and Puntland. Agree to that, and we will be able to get along. Don't agree, and the U.S. will do what it must to disrupt any terrorist camps or terrorist activity within its borders.

Al Qaeda interpreted the U.S. retreat from Somalia in 1993 as a sign of weakness that only encouraged further attacks. The Somali Islamists need to understand that if they attempt to turn their country into another refuge for terrorists, it will end as badly for them as it did for the Taliban.

HOMELAND RESPONSE:

Bratton To Join Police Chiefs In Pressing Homeland Security For Intelligence (LAT)

By Richard Winton And Patrick Mcgreevy, Times Staff Writers

The Los Angeles Times, July 1, 2006

Chief will take part in Homeland Security meeting focusing on sharing information.

Los Angeles Police Chief William J. Bratton said Friday that he and other big-city police chiefs will meet this month with top Homeland Security officials amid complaints that the federal agency isn't doing enough to share information with local law enforcement nationwide.

The meeting was planned after big-city police chiefs expressed frustration with what they considered a lack of communication by the federal security agency about possible terror-related intelligence.

Bratton said some chiefs raised concerns about a year ago because there have been "issues from time to time." He did not cite specifics.

This year, Mayor Antonio Villaraigosa publicly complained that federal officials didn't give him an in-depth briefing before President Bush detailed a terrorist threat on the U.S. Bank Tower in downtown Los Angeles.

"This is a critical issue for us," the chief said. "The good news is: We've seen some significant improvements in intelligence provided over the last year."

Federal officials have long hailed what they have described as the seamless relationship between the Department of Homeland Security and local police.

But, in addition to a lack of sharing, some chiefs have said they were concerned about the quality of the federal intelligence.

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Bratton said is it is not so much "they don't share intelligence as they don't have intelligence."

Washington, D.C., Police Chief Charles Ramsey requested the meeting with Homeland Security Secretary Michael Chertoff to address issues of sharing information, said Officer Kenneth Bryson, a Metropolitan Police Department spokesman.

"The chief just wants to make sure information flows accurately," Bryson said.

The meeting was first reported in the Wall Street Journal.

"It's going to be an opportunity for the secretary to sit down with the chiefs of police for major cities and talk about information sharing," said Russ Knocke, Homeland Security Department spokesman.

Chertoff, he said, wants to "listen to the concerns of the police chiefs and personally work to address the concerns."

Knocke said that last year, the federal agency provided more than 1,200 bulletins, notices and other dispatches to local law enforcement agencies.

He said the department was reviewing ways to improve the sharing of information and the quality of analysis in the shared information.

"We are the first to say there is more work to be done," Knocke said. "Information sharing is one of the most important priorities."

Bratton said changes have already been made to bolster communication between federal and local agencies.

Bratton said the 14 chiefs of the nation's largest cities have cellular phones that allow conference calls with one another and federal anti-terrorism experts at a moment's notice.

In addition, he said, more of the money to protect the nation's vital assets is being directed to Los Angeles.

The Los Angeles-Long Beach area recently received $80.6 million for antiterrorism efforts — a 14% increase over last year.

Some of that money will go toward what Bratton sees as part of the longer-term solution to disseminating counterterrorism information.

Bratton said a Joint Regional Intelligence Center is scheduled to open in Norwalk in the next month. It will be staffed by intelligence analysts from the FBI, the Department of Homeland Security, the Los Angeles Police Department, the Sheriff's Department and other agencies.

"The fusion center will become a national model. The best intelligence will be analyzed and shared from across Southern California," he said.

Bratton said he hoped that with better communication, local and federal officials could develop better information about possible terrorist risks.

The chief said any differences between local and federal officials can be ironed out.

"In Los Angeles and California, the LAPD has some of the best relationships in the country with the FBI and Homeland Security," he said.

Police Chiefs And Homeland Security Officials To Meet (AP)

The AP, June 30, 2006

LOS ANGELES - Los Angeles Police Chief William Bratton and other big-city police chiefs will meet later this month with top Homeland Security officials amid complaints that the federal agency doesn't share enough information with local authorities.

The meeting was planned after various police chiefs expressed frustration with a lack of communication by the federal security agency about possible terror-related intelligence.

"This is a critical issue for us," Bratton said. "The good news is: We've seen some significant improvements in intelligence provided over the last year."

Earlier this year, Mayor Antonio Villaraigosa publicly complained that federal officials didn't give him an in-depth briefing before President Bush detailed a terrorist threat on the U.S. Bank Tower in downtown Los Angeles.

Beyond a lack of sharing, some chiefs have said they were concerned about the quality of the federal intelligence.

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Ramsey Wants More Information Sharing During Terror Threats (WRC-TV)

WRC-TV Washington, DC, June 30, 2006

Ramsey: Information Flow Not Uniform

WASHINGTON -- D.C. Police Chief Charles Ramsey and other big city chiefs said Friday that they are not getting what they need from the Department of Homeland Security. The chiefs were complaining about a lack of information sharing during terror threats.

"We get a lot of information in. Nothing has changed in, I mean nothing has changed as far as threats and all that sort of thing. Fortunately nothing has happened -- but all it takes is one time, and then you've got yourself a big problem," Ramsey said.

Ramsey, in an interview with News4, confirmed a Wall Street Journal report Friday that Ramsey and other big city chiefs feel left out of the homeland security intelligence effort.

Ramsey confirmed the journal's report that he had written Homeland Secretary Michael Chertoff.

"I did send a letter to the secretary and he has agreed to meet sometime in July along with out key staff people, and I'll have some of the police chiefs who are also concerned. Then we'll sit down and talk about it," Ramsey said.

Ramsey said the information flow from federal officials is not uniform.

"It's kind of uneven. Sometimes it comes very quickly, sometimes it doesn't. Again, nothing major has happened, but these are kinds of issues that have to be worked out. If we sit down and work through them, it could lead to something far more serious," Ramsey said.

Ramsey's criticism comes within weeks of the city's complaint before congress that D.C. and New York were downgraded as potential terrorism targets. He said big city police need to be in step with federal security.

"I think it's time that we sit down and really explain clearly what our needs our, and then Homeland Security can sit down and really decide what it is they can provide. And if there's a gap -- how we can fix those gaps," Ramsey said.

Homeland Security told News4 Friday that it takes the concerns of the chiefs seriously and is trying to improve information sharing.

WAR NEWS:

Sunnis Boycott Parliament After Colleague's Kidnapping (NYT)

By Kirk Semple

The New York Times, July 3, 2006

BAGHDAD, Iraq, July 2 — The main Sunni Arab political bloc began a boycott of Parliament on Sunday to protest the kidnapping of a Sunni legislator and threatened to withdraw its members from the prime minister's cabinet unless the lawmaker was freed within the next 48 hours.

The walkout was the first serious disruption in Iraq's new government and reflected the fragility of the power-sharing arrangement in the face of the relentless sectarian violence overwhelming the nation.

The legislator, Tayseer Najah al-Mashhadani, and eight of her guards were kidnapped by people suspected of being Shiite militiamen on Saturday while driving into Baghdad from her home north of the capital. Ms. Mashhadani's party, the Iraqi Islamic Party, belongs to the Iraqi Consensus Front, the umbrella Sunni bloc that holds 44 of the Parliament's 275 seats and has often criticized the Shiite-led government security forces.

In a similar attack on Sunday, officials said, gunmen ambushed a convoy carrying a Shiite legislator as it drove through a region south of Baghdad where the Sunni-led insurgency has fought regularly with government forces. The legislator, Laqa al-Yaseen, escaped unharmed, though eight of her guards were abducted and two were wounded in a shootout, said Shatha al-Musawi, another Shiite member of Parliament.

No one has claimed responsibility for either attack.

The Sunni bloc said it would continue the boycott until Ms. Mashhadani was released. Sunni politicians have occasionally used walkouts as a form of political protest, most notably during negotiations over the constitution last year, and during a wave of attacks on Sunni mosques after the bombing of a prominent Shiite shrine in February.

Representatives of Shiite and Kurdish political factions, perhaps in an effort to avert a crisis, expressed guarded support on Sunday for the Sunni bloc's concerns over security and its demand that Ms. Mashhadani be released.

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Mahdi al-Hafidh, a Shiite legislator, said in a speech to Parliament that he "heartily" backed the Sunni bloc's condemnation of the kidnapping, but he suggested that a walkout was not the best solution to the problem. "When I talk to the brothers in the Iraqi Consensus Front and they want to pull out, against whom are you doing that?" Mr. Hafidh asked. "We have to work together."

Also on Sunday, the national security adviser issued the country's first most wanted list, which included 41 criminal suspects and was topped by Izzat Ibrahim al-Douri, a deputy of Saddam Hussein and one of the Iraqis whose faces were printed on a deck of cards issued by the American military three years ago. Mr. Douri is the highest ranking former Iraqi official still believed to be on the run.

The list included Mr. Hussein's eldest daughter, Raghad, who lives in Jordan, where she was granted asylum; Mr. Hussein's first wife, Sajida Khairalla Tulfa; other senior members of Mr. Hussein's now-outlawed Baath Party; and militants linked to Al Qaeda.

"These are the culprits of most of the explosions and random killings intended to cause harm to the Iraqi people and spark sectarian war between Sunnis and Shiites," Mowaffak al-Rubaie, the national security adviser, said at a news conference. "You will see that they belong to all sects in Iraq, all ethnic minorities."

Mr. Douri became the country's most-wanted man after the death of Abu Musab al-Zarqawi, the former leader of the insurgent group Al Qaeda in Mesopotamia who was killed in an American airstrike last month. Mr. Zarqawi's replacement, Abu Ayyub al-Masri, known sometimes as Sheik Abu Hamza al-Muhajer, also appeared on the list.

Iraqi and American authorities announced on Sunday that Mr. Zarqawi's body had been buried in a secret grave after the American military handed it over to the Iraqi government. An American military spokesman said via an e-mail message that the remains had been buried "in accordance with Muslim customs and traditions."

Among the acts of violence that rattled the country on Sunday, a bomb exploded just before sundown at the main market in Mahmudiya, a violent, predominantly Sunni town south of Baghdad, killing at least 5 people and wounding at least 22, the police there reported.

The blast occurred came a day after a suicide car bomb tore through a bustling street market in a Shiite slum in Baghdad, killing at least 62 people and wounding nearly 120, in the deadliest insurgent assault since the new Shiite-led government was installed in May.

In the northern oil town of Kirkuk, a bomb planted in a road exploded near an American military patrol on Sunday, wounding three American soldiers, said Capt. Mahmoud Abdullah of the Iraqi Police.

Sunnis Boycott Iraqi Parliament Over Kidnapping Of Legislator (WP)

By Joshua Partlow

The Washington Post, July 3, 2006

BAGHDAD, July 2 -- The largest Sunni Arab bloc in the Iraqi parliament said on Sunday it would boycott the fledgling legislature to protest the kidnapping of a colleague, at a time when the prime minister is pushing a reconciliation plan aimed at bringing religious sects together and lessening the daily violence.

The decision by the Sunni Accord Front, which holds 44 seats in the 275-member parliament, threatens to pull the legislature apart. The announcement came a day after legislator Tayseer Mashhadani and seven of her bodyguards were abducted in broad daylight on a busy street in a predominantly Shiite Muslim neighborhood of Baghdad. One of the leaders of the Accord Front, Adnan Dulaimi, said the Sunni parliament members would not participate in the legislature until Mashhadani was released.

"This is outrageous and should be remedied by the government with the participation of American forces," said Dulaimi. "That she and her bodyguards would be kidnapped by criminal gangs is something that should shake Iraq."

Sunni legislators blamed the abduction on Shiite-led militias aligned with the majority political parties in Iraq. Some accused the Iraqi security forces, who were near the kidnapping site in the Shaab neighborhood, of standing by and allowing Mashhadani's convoy to be captured.

"The militias kidnapped Mashhadani, definitely," said Alaa Makky, a senior leader of the Iraqi Islamic Party. "Also, there were certain official checkpoints near this place. It raises many questions."

The decision to boycott parliament came on a day when Iraq's national security adviser issued a "most wanted" list of 41 insurgents including the wife and daughter of former president Saddam Hussein, along with many members of his Baath Party government. Mowaffak al-Rubaie said it took the Iraqi security forces nine months to compile the list, and he said they had "serious evidence on every single one of the people."

"They have killed our innocent people in their attempt to bring back Iraq to the era of dictatorship and sectarianism," he said.

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Rubaie offered rewards of up to $10 million for information leading to the capture of those listed. The largest bounty was for Hussein's former deputy, Izzat Ibrahim al-Douri.

At numbers 16 and 17 on the list were Hussein's eldest daughter, Raghad Saddam Hussein, and his first wife, Sajida Khairallah Telfah, who are accused of funding insurgents. Hussein's daughter lives in Jordan, and Rubaie demanded that all neighboring countries harboring those on the list to turn them over to Iraqi authorities. But Jordanian Prime Minister Marouf al-Bakhit told the country's official news agency on Sunday that Hussein's daughter was under the protection of the royal family as an asylum seeker.

Rubaie also announced that insurgent leader Abu Musab al-Zarqawi, killed in a U.S. airstrike last month, had been buried in a secret location in Baghdad, the Associated Press reported. U.S. military officials said they had turned over the remains of Zarqawi and Sheikh Abd al-Rahman, also killed in the attack, to the Iraqi government and declined to comment further.

The Bush administration said on Sunday that it had verified that the online audio message urging insurgents to keep fighting indeed came from al-Qaeda leader Osama bin Laden. In the message, bin Laden expresses support for Abu Ayyub al-Masri, the successor to Zarqawi as leader of the group al-Qaeda in Iraq, and tells insurgents not to participate in negotiations with the government.

Prime Minister Nouri al-Maliki last month called for Sunni Arab insurgent groups to lay down their arms and asked them to return to the political fold. On Saturday, a truck bomb killed at least 66 people in a busy market in the heart of a Shiite neighborhood in Baghdad, the deadliest attack since the government took power in May.

"The major factions have refused this initiative and are not interested in it," said Hussein Falluji, a Sunni lawmaker. "This reconciliation plan is only in the prime minister's mind. It was born dead."

The violence continued on Sunday. A mortar attack hit the Muhammad Bakir al-Hakeem Hospital in the Shula neighborhood of northern Baghdad, killing eight people and wounding 16 others, said Col. Sami Hassan of the Interior Ministry.

Also, Iraqi patrols discovered 11 unidentified corpses floating in the Euphrates River between Hilla and Ramadi in western Iraq. The bodies, of men believed to be in their 20s and 30s, showed signs of torture and had gunshot wounds to the heads, Hassan said.

A car bomb targeting police exploded in the central Baghdad district of Karrada, killing two policemen and one civilian and wounding eight other people. Another car bomb near a Baghdad bus station killed three more people, police said.

A Shiite lawmaker survived an assassination attempt in the Mahmudiyah area south of Baghdad. The motorcade of parliament member Liqa al-Yaseen was attacked by gunmen, who abducted eight of her bodyguards, but she managed to escape, said Maj. Gen. Salim Khaiyon of the Interior Ministry.

Kidnapping In Iraq Leads To Sunni Political Boycott (LAT)

By Louise Roug

The Los Angeles Times, July 3, 2006

BAGHDAD — Following the abduction a day earlier of a female legislator, the largest Sunni Arab coalition announced a political boycott Sunday, as another lawmaker dodged a kidnapping attempt and a third politician survived an assassination try.

Shiite Muslim lawmaker Liqa Yaseen and her driver managed to escape kidnappers who tried to abduct her south of Baghdad, though eight of her bodyguards were taken captive, authorities said.

In the capital, Iyad Jamaluddin, a legislator from the secular Iraqiya slate, was driving to parliament when a car bomb hit his convoy. Jamaluddin escaped unharmed, but some of his bodyguards were injured in the blast, he told Al Arabiya satellite channel.

The boycott and the apparent targeting of both Sunni and Shiite politicians come at a sensitive time for Iraqi Prime Minister Nouri Maliki, whose government has sought to end sectarian bloodshed through increased security measures in Baghdad and diplomacy around the region.

However, ubiquitous checkpoints and additional security forces on the streets of the capital have failed to prevent assassinations and kidnappings that are nearly everyday occurrences in and around Baghdad. Maliki, a Shiite, was criticized for beginning a tour of the Mideast to shore up support among Sunni Arabs on Saturday — the same day a car bombing killed at least 77 people in a poor Shiite neighborhood in Baghdad.

On Saturday, kidnappers abducted Sunni lawmaker Taiseer Mashhadani and several bodyguards at a checkpoint in a Shiite neighborhood of Baghdad.

"We have decided, after careful consideration, to suspend participation" in parliamentary sessions "until her release," said Adnan Dulaimi, head of the Iraqi Accordance Front, the largest Sunni Arab bloc. Dulaimi charged that the Iraqi government and U.S. troops were allowing criminal gangs to freely roam the streets of Baghdad "as if they are the government itself," adding that Mashhadani and her bodyguards were abducted in an area rife with police.

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"We demand that the government and the American forces spare no efforts to find her," he said. "She is a woman. We have the responsibility to protect her."

The Muslim Scholars Assn., another influential Sunni group, meanwhile, condemned a group of American soldiers accused of raping an Iraqi woman and then killing her, along with her mother, father and younger sister. "The rape, mutilation and killing committed by the occupation forces are crimes that shame humanity and disgrace the … American forces," the group said in a statement.

The U.S. military recently began an investigation after two American soldiers came forward with information about the deaths March 12 in Mahmoudiya, a village about 20 miles south of Baghdad. A U.S. military official said investigators believed that the assault was premeditated and that soldiers watched the family for a week before committing the crimes, which are punishable by death.

Muayed Fadil, mayor of the area around Mahmoudiya, on Sunday said a medical examination of the victims showed that bullets had crushed the head of the father, Kasim Hamza Rasheed. His wife, Fakhriya Taha Muhsen, had been shot several times, as had Hadel Kasim, the younger daughter. Abeer Kasim Hamza, the older daughter, had been shot in the head and had burn marks on her body, according to medical records, Fadil said. Military investigators are trying to determine whether the attackers tried to burn the body to conceal the crime.

Iraqi doctors had examined the bodies in March so they could issue death certificates in accordance with Iraqi law.

Mahmoudiya is in an insurgent stronghold known as the "Triangle of Death." Last month, two U.S. Army soldiers were abducted, tortured and killed nearby. The four soldiers under investigation were from the same unit: the 502nd Infantry Regiment, which is attached to the 4th Infantry Division.

On Sunday night, eight Iraqis were killed and 22 others injured in the village when a car bomb exploded in a market. Shortly after, the market was shelled with mortar rounds, authorities said.

Three other bombs killed four people and injured 18 in separate attacks in Baghdad. In several neighborhoods, rebels clashed with soldiers and police, authorities said.

In the mixed Jihad neighborhood in western Baghdad, gunmen fought into the night in the streets near a Sunni mosque. In the last few weeks, problems have brewed in the area, which is also home to a Shiite mosque. One resident said the violence began with sectarian killings and abductions.

Police entered the Noor Sunni mosque at 1:30 a.m. Sunday, and people inside fought back, destroying several police vehicles with rocket-propelled grenades, according to authorities. A suicide bomber, apparently sent to blow himself up among the officers, failed to detonate explosives strapped to his waist. However, he managed to detonate a hand grenade, injuring himself and eight officers, police said. The bomber and his victims were brought to the same hospital, Iraqi officials said.

Near the northern city of Kirkuk, a suicide car bomber attacked police on the highway to Tikrit, killing one officer and injuring two, authorities said.

In a news conference in Baghdad, meanwhile, Iraqi national security advisor Mowaffak Rubaie released a list of the 40 most-wanted people in Iraq, including Saddam Hussein's wife Sajida Khairallah Telfah, believed to be living in Qatar, and his eldest daughter, Raghad, believed to be living in Jordan. Izzat Ibrahim, a high-ranking officer during Hussein's reign, was at the top of the list.

Rubaie also told the Associated Press that Al Qaeda in Iraq leader Abu Musab Zarqawi had been buried in a secret grave in Baghdad. He was killed last month by an American airstrike.

Former Saddam Associates Top 'most Wanted' List (FT)

By Steve Negus

Financial Times, July 3, 2006

The Iraqi government on Sunday published a "most wanted" list topped by family and former associates of deposed president Saddam Hussein who reportedly finance and direct the insurgency.

The list – planned in parallel with the government's national reconciliation plan – suggests that the government considers a reconstructed Ba'ath party to be its most dangerous foe.

"We are releasing this list so that our people can know their enemies," national security adviser Muwaffak al-Rubaie said, announcing a list that included Mr Hussein's wife Sajida Tulfah Khairallah, believed to be in Qatar, and daughter Raghad, believed to be in Jordan.

The list declared Raghad "a significant financial supporter of insurgents in Iraq, while Mrs Khairallah had "access to substantial financial assets stolen by Saddam" and was "a major source of guidance, logistical support, and funding for the insurgent leadership".

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However, at the head of the list was former vice-president Izzat Ibrahim al-Duri, the highest-ranking former regime member still thought to be at large, for whom the Iraqis offered a $10m reward. Number two and three on the list are Muhammad Yunis al-Ahmad al-Moali – said to be organising the New Ba'ath party – and Tahir Jalal Habbush al-Tikriti, former director of the intelligence services, who was said to be financing the party. A $1m reward has been offered for them and four other former regime officials.

Islamist radicals were listed substantially further down: Abu Abdullah al-Shafi and Mullah Halgurd Ahmadi of the al-Qaeda-linked Ansar al-Sunna, number 14 and 15, while the alleged new leader of al-Qaeda in Iraq, Abu Ayub al-Masri, is at number 30.

Each attracts a $50,000 bounty.

"Those people are responsible for most of the bombings and indiscriminate killings aimed at hurting the Iraqi people and starting a sectarian war between Sunnis and Shia," Mr Rubaie said, calling on neighbouring countries to co-operate in tracking them down.

Mr Rubaie announced the list on the second day of a regional trip by prime minister Nuri al-Maliki which took him to Saudi Arabia over the weekend and is also scheduled to see him visit the United Arab Emirates and Kuwait, but there is no indication that obtaining co-operation in tracking the fugitives has been on the Iraqi leader's agenda. Rather, Mr Maliki is reported to be seeking Gulf support in winning over the confidence of Sunni leaders to his reconciliation plan aimed at isolating the more radical insurgent groups from the Sunni population.

Reconciliation efforts, however, were overshadowed by violence at the weekend.

Mortar and gunfire were reported in a Sunni district in Baghdad on Sunday night, a day after a car bomb in the Shia area of Sadr city killed more than 60 people in the bloodiest attack in three months. Police said 10-15 mortar rounds hit Adhamiya, a Sunni neighbourhood in western Baghdad that has seen considerable insurgency activity.

Meanwhile, the largest Sunni political coalition – the Iraqi Accordance Front – on Sunday declared a boycott of parliament to protest at the abduction of one of their colleagues, female lawmaker Taysir al-Mashhadani.

Saddam's Wife, Daughter On Wanted List (AP)

By Bushra Juhi

AP, July 2, 2006

Saddam Hussein's wife and eldest daughter are among 41 people on the Iraqi government's most wanted list, along with the new leader of al-Qaida in Iraq, a top official announced Sunday.

National security adviser Mouwafak al-Rubaie also said the former al-Qaida boss, Abu Musab al-Zarqawi, had been buried secretly in Baghdad despite his family's demand that the body be returned to Jordan. Al-Zarqawi died June 7 from a U.S. airstrike northeast of Baghdad.

Al-Rubaie told reporters the government was releasing the most wanted list "so that our people can know their enemies."

Saddam's wife, Sajida Khairallah Tulfah, was No. 17, just behind the ousted leader's eldest daughter, Raghad. Sajida is believed to be in Qatar, and Raghad lives in Jordan, where she was given refuge by King Abdullah II.

"We have contacted all the neighboring countries and they know what we want. Some of these countries are cooperating with us," al-Rubaie said. "We will chase them inside and outside Iraq. We will chase them one after the other."

Iraqi officials have long alleged that Saddam's relatives who fled the country have been financing insurgent groups linked to the former ruling Baath party. Raghad has played a leading role in organizing her father's legal defense against charges stemming from his 23-year rule.

Jordanian Prime Minister Marouf Al-Bakhit said Sunday Raghad was not engaging in any political or media activities in Jordan.

"Raghad Saddam Hussein and her children are in Jordan for purely humanitarian reasons, hosted and protected by the Hashemite (Jordanian Royal Family) as foreigners," al-Bakhit said in remarks carried by Jordan's official Petra news agency.

Al-Bakhit said Jordan had not received any official request from Iraq with regard to Raghad's wanted status.

The No. 1 spot on the list went to Izzat Ibrahim al-Douri, formerly Saddam's top lieutenant and the highest-ranking regime figure to elude capture. The U.S. has offered $10 million for al-Douri, who is alleged to be among the key organizers of the insurgency.

Although U.S. and Iraqi officials often draw attention to religious extremists in the insurgency, such as the members of al-Qaida in Iraq, most of those on the list had close links to Saddam's regime. They include Baath party leaders, intelligence officials and Republican Guard officers.

No. 30 on the list is Abu Ayyub al-Masri, also known as Abu Hamza al-Muhajer, who was endorsed by Osama bin Laden as leader of al-Qaida's operations in Iraq in an audiotape posted Saturday on the Internet.

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The government offered a $50,000 reward for al-Masri. Last week, the U.S. administration approved a reward up to $5 million for al-Masri, who is believed to be Egyptian.

"Those people are carrying out bombings and random killings as they aim to inflict damage on the Iraqi people and ignite a sectarian war between Shiites and Sunnis," al-Rubaie said.

Al-Zarqawi was blamed for many of Iraq's worst terror bombings before he was killed.

Confirming his burial, the U.S. military said only that he had been interred "in accordance with Muslim customs and traditions." It gave no more details, saying the issue was in the hands of the Iraqi government.

Al-Rubaie told The Associated Press that al-Zarqawi's body was in a secret grave in the capital but would give no other information.

In neighboring Jordan, al-Zarqawi's older brother demanded the body be sent to his homeland and accused President Bush's administration of lying about the burial.

"Bush took his body to the United States," Sayel al-Khalayleh told AP from his home in Zarqa. "Even if he is buried in Iraq, we will continue to ask for the body to be transferred and buried in Jordan. He should be buried in his own country."

Iraqi Prime Minister Nouri al-Maliki, a member of Iraq's Shiite majority, was touring neighboring countries to bolster support for his new government and assure Sunni Arab leaders of his commitment to reconciliation among Shiites, Sunnis and Kurds. He met Saturday night with Saudi King Abdullah and Crown Prince Sultan, who expressed their support for his government, according to the official Saudi news agency.

Iraq's Arab neighbors fear sectarian tensions could spill over into their countries, which are dominated by Sunnis but have Shiite communities.

The Iraqi leader told the independent Kuwaiti newspaper Al-Qabas that if his government falters in the battle against terrorism, "there will be no Iraq left."

Al-Maliki's reconciliation initiative includes an offer of amnesty to many of the fighters the insurgency, which is dominated by the disgruntled Sunni Arab minority.

Spokesmen for two insurgent groups — the Islamic Army in Iraq and the 1920 Revolution Brigade — told Al-Jazeera television on Sunday that they would reject the initiative unless it included a timetable for the withdrawal of U.S.-led forces.

The spokesman for the Islamic Army, Ibrahim al-Shammari, also called for direct talks between insurgents and the United States.

Al-Maliki's government, which took office in May, has so far made little progress in healing the rift between Shiites and Sunnis, which widened dramatically after the Feb. 22 bombing of a Shiite shrine in Samarra.

The largest Sunni Arab bloc in parliament announced Sunday it was suspending participation in the legislature until a Sunni female lawmaker was freed by kidnappers who seized her and seven bodyguards in a Shiite part of Baghdad on Saturday.

Sunni politician Adnan al-Dulaimi called on other lawmakers to join the boycott, saying security officials bore responsibility for the abduction of Tayseer al-Mashhadani.

She was seized when her convoy was stopped by gunmen in a Shiite area of eastern Baghdad, just a few miles from where a car bomb blew up at an outdoor market another Shiite district, killing at least 66 people and wounding about 100.

That was the deadliest attack since al-Maliki's national unity government took office.

On Sunday, moderate Shiite legislator Iyad Jamal al-Din survived an assassination attempt when a roadside bomb missed his convoy in Baghdad.

Details Emerge In Alleged Army Rape, Killings (WP)

By Ellen Knickmeyer

The Washington Post, July 3, 2006

BAGHDAD, July 2 -- Fifteen-year-old Abeer Qasim Hamza was afraid, her mother confided in a neighbor.

As pretty as she was young, the girl had attracted the unwelcome attention of U.S. soldiers manning a checkpoint that the girl had to pass through almost daily in their village in the south-central city of Mahmudiyah, her mother told the neighbor.

Abeer told her mother again and again in her last days that the soldiers had made advances toward her, a neighbor, Omar Janabi, said this weekend, recounting a conversation he said he had with the girl's mother, Fakhriyah, on March 10.

Fakhriyah feared that the Americans might come for her daughter at night, at their home. She asked her neighbor if Abeer might sleep at his house, with the women there.

Janabi said he agreed.

Then, "I tried to reassure her, remove some of her fear," Janabi said. "I told her, the Americans would not do such a thing."

Abeer did not live to take up the offer of shelter.

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Instead, attackers came to the girl's house the next day, apparently separating Abeer from her mother, father and young sister.

Janabi and others knowledgeable about the incident said they believed that the attackers raped Abeer in another room. Medical officials who handled the bodies also said the girl had been raped, but they did not elaborate.

Before leaving, the attackers fatally shot the four family members -- two of Abeer's brothers had been away at school -- and attempted to set Abeer's body on fire, according to Janabi, another neighbor who spoke on condition of anonymity, the mayor of Mahmudiyah and a hospital administrator with knowledge of the case.

The U.S. military said last week that authorities were investigating allegations of a rape and killings in Mahmudiyah by soldiers of the 502nd Infantry Regiment, part of the 4th Infantry Division.

The mayor of Mahmudiyah, Mouyad Fadhil Saif, said Sunday that the case was being investigated by the U.S. military as an alleged atrocity.

Janabi was one of the first people to arrive at the house after the attack, he said Saturday, speaking to a Washington Post special correspondent at the home of local tribal leaders. He said he found Abeer sprawled dead in a corner, her hair and a pillow next to her consumed by fire, and her dress pushed up to her neck.

"I was sure from the first glance that she had been raped," he said.

Despite the reassurances he had given the girl's mother earlier, Janabi said, "I wasn't surprised what had happened, when I found that the suspicion of the mother was correct."

The U.S. military has not identified the victims. U.S. military officials contacted this weekend said they did not know the names of the people involved or most other details of the case, although one military official confirmed that according to preliminary information gathered by investigators, the family lived near a U.S. checkpoint and the killings happened about March 12.

The military official pointed to one discrepancy in the accounts, however. Preliminary information in the military investigation put the age of the alleged rape victim at 20, rather than 15, as reported by her neighbors, officials and hospital records and officials in Mahmudiyah.

U.S. soldiers at the scene initially ascribed the killings to Sunni Arab insurgents active in the area, the U.S. military and local residents said. That puzzled villagers, who knew that the family was Sunni, Janabi said. Other residents assumed the killings were sectarian, with Shiite Muslim militiamen as the likely culprit.

But on June 23, three months after the incident, two soldiers of the 502nd came forward to say that soldiers of the unit were responsible, a U.S. military official said last week. The U.S. military began an investigation the next day, the official said.

Officials said last week that none of the four soldiers under investigation had been detained, although one had been discharged for unrelated reasons.

Family members have given permission for exhumation of Abeer's body, Janabi and the mayor said.

The case is at least the fourth American military investigation announced since March of alleged atrocities by U.S. forces in Iraq.

The rape allegation makes the Mahmudiyah case potentially incendiary in Iraq. Rape is seen as a crime smearing the honor of the family as well as the victim in conservative communities here.

Death certificates viewed Sunday at the Mahmudiyah hospital identified the victims as Fakhriyah Taha Muhsin, 34, killed by gunshots to her head; Qasim Hamza Raheem, 45, whose head was "smashed" by bullets; Hadeel Qasim Hamza, 7, Abeer's sister, shot; and Abeer, shot in the head. Abeer's body also showed burns, the death certificate noted.

Janabi said U.S. soldiers controlled the scene of the killings for several hours on March 11, telling neighbors that insurgents were responsible. The bodies of the victims were taken to Mahmudiyah hospital by March 12, according to Janabi and an official at the hospital, who spoke on condition of anonymity.

On March 13, a man identifying himself as a relative claimed the bodies for burial, the hospital official said. An hour after the man left with the bodies, U.S. soldiers came to the hospital and asked about the bodies, the hospital official said.

The next day, the hospital official said, soldiers scoured the area, trying to find the funeral for the family.

"But they did not find it, simply because the relatives did not do it, because the death includes the rape of one of the family members, which is something shameful in our tradition," the hospital official said.

"The family kept the news a secret, fearing the disgrace," he said. "They thought it was done by militias, not U.S. forces."

Reached by telephone Saturday at his home in Iskandariyah, south of Mahmudiyah, a member of the extended family would not discuss the incident.

"What is the benefit of publishing this story?" said Abeer's uncle, Bassem. "People will read about this crime. And they will forget about it the next day."

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Investigations To Nowhere (NATLREVIEW)

By Byron York

National Review, July 3, 2006

It's probably safe to say that in October 2002, when she declared on the Senate floor that "intelligence reports show that Saddam Hussein has worked to rebuild his chemical- and biological-weapons stock, his missile-delivery capability, and his nuclear program," Sen. Hillary Rodham Clinton had no idea that statements like hers would one day be the subject of a full-scale Senate investigation. Nor could she have known that when she added a statement on terrorist connections — "[Saddam] has also given aid, comfort, and sanctuary to terrorists, including al-Qaeda members" — she made it even more likely that someday her fellow senators would be poring over intelligence documents, trying to determine whether her declaration was justified on the basis of the intelligence available at the time of the Iraq War Senate debate.

And yet that is precisely what has happened. At this moment, the Senate Intelligence Committee is engaged in a protracted investigation of the public statements of President Bush, Vice President Cheney, top administration officials, lawmakers in the House and Senate, and even officials of previous administrations to determine whether they exaggerated, cherry-picked, misrepresented, or otherwise manipulated intelligence in the run-up to the war.

It's not going well. In fact, the "statements investigation" is the main roadblock to completion of what is called "Phase Two" of the committee's probe of pre-war intelligence. A look at its history is a case study in how the rationale for the war in Iraq has retroactively become hopelessly politicized — and why that is unlikely to change anytime soon.

As originally conceived in 2003, the committee's investigation was to focus on what went wrong with intelligence about Iraq's purported weapons of mass destruction. But from the beginning Democrats also wanted to investigate the Bush administration's use of the intelligence as it made the case for war. Most Republicans had no desire to go in that direction — they could see the whole thing turning into a political argument without end. Ultimately, a deal was struck. The committee would go ahead immediately with the basic intelligence investigation — dubbed Phase One — before examining the use of that intelligence in Phase Two.

Phase One was finished and the committee's report released in July 2004. To no one's surprise, it concluded that key intelligence judgments in the pre-war National Intelligence Estimate about Iraq "either overstated, or were not supported by, the underlying intelligence reporting." But it found "no evidence" that any of those mistakes were the result of political pressure from President Bush or members of his administration.

That left Democrats with a problem: The report did nothing to further the "Bush lied" theme that they hoped might help the party in the 2004 election. So Democrats pressed on for Phase Two. "I think people want their leaders to give them straight, unvarnished statements without exaggeration," Sen. Carl Levin, the number-two Democrat on the committee, told Roll Call in July 2004. "So if people believe that the administration or the president exaggerated or embellished intelligence, I think that there will be some people [who] would say that is a factor in their vote."

But, owing to the volume of the material involved, Phase Two couldn't be done quickly, and Republicans weren't keen to make it a priority. After the election, it progressed so slowly that Democrats shut down the Senate in November 2005 to protest the lack of progress. After that, things got moving.

As agreed to by Intelligence Committee chairman Pat Roberts and ranking Democrat Jay Rockefeller, Phase Two is actually five separate investigations. The first is a reexamination of pre-war intelligence; the second is an investigation of how the intelligence community used information provided by the Iraqi National Congress; the third is a look at the administration's pre-war assessments of post-war Iraq; the fourth considers Levin's allegations that former Pentagon official Douglas Feith distorted intelligence about the connections between Iraq and al-Qaeda; and the fifth is the public-statements probe.

Today, most of those investigations are nearing completion, with the notable exception of the public-statements matter. When it comes to that, the two parties have found it hard to agree on anything. After Democrats first proposed to investigate only Bush administration officials, Roberts pointed out that many members of Congress, as well as many members of the Clinton administration, had also made statements about Iraq's supposed WMD capabilities. Just look at what Senator Clinton said. And look at Ted Kennedy, who said, "We have known for many years that Saddam Hussein is seeking and developing weapons of mass destruction." And look at Levin himself, who said, "[Saddam Hussein] has ignored the mandates of the United Nations [and] is building weapons of mass destruction and the means of delivering them." Those statements should be investigated, too, Roberts suggested.

Then the chairman really surprised the opposition. When senators evaluate each statement in light of the intelligence that was available at the time, he proposed, they should do so blindly — that is, not knowing the identity of the speaker, so they would not allow any biases to influence their judgment on the appropriateness or inappropriateness of the statement. Only after making a ruling on a particular statement would a senator learn who had uttered it.

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It would not be an exaggeration to say that Democrats — behind the scenes, of course — went bonkers over that suggestion. What if they condemned a statement made by one of their own? That's not what the investigation was supposed to be about — remember "Bush lied, people died"? What had started as a way to criticize the Bush administration threatened to backfire on Democrats.

So far, the problem hasn't been resolved, and no senator has examined any statement by anybody. The Republican committee staff originally prepared a chart of 300–400 statements, consisting of the statement alongside the intelligence purportedly justifying it. At the request of Democrats, that chart has now been turned into a narrative running more than 800 pages. But it's not clear whether any senator will actually read it. Critics point out that many lawmakers never read the 90-page National Intelligence Estimate that underlay the administration's case for war. Will they plow through 800 pages now?

And what, precisely, is in the narrative? Sources won't say which specific statements are at issue. (One amusing thing about all this is that the committee is conducting a secret investigation of public statements.) But it seems clear from conversations with several sources that investigators are focusing on a predictable set of high-profile administration statements made in the months before the war.

One object of Democratic interest is President Bush's October 7, 2002, speech in Cincinnati, in which he made several specific references to Iraqi weapons programs. Democrats are also said to be focused on a speech by Vice President Cheney in Nashville in August 2002 in which he declared that "many of us are convinced that Saddam Hussein will acquire nuclear weapons fairly soon." And then there is the famous presentation by then–secretary of state Colin Powell before the United Nations, as well as then–national security adviser Condoleezza Rice's statement that "we don't want the smoking gun to be a mushroom cloud."

So far no senator, Republican or Democrat, has made any final judgment about anything. And it seems unlikely they will agree on much. How could they? They are approaching the war from strikingly different points of view, and it seems guaranteed that they will reach different conclusions from the same set of facts — something Pat Roberts seems to have known from the very beginning. "Early on in the debate," says one source familiar with the situation, "Roberts's position [toward Democrats] was, 'We are going to end up in this room at some point in the future arguing over highly subjective judgments over whether something is substantiated, and your politics are going to drive your judgment, and our politics are going to drive ours. And we're never going to finish.'"

Political Strategy (NEWREP)

By Peter Beinart

New Republic, July 3, 2006

Why doesn't George W. Bush want to win in Iraq? Seriously. The past several weeks have forced him to choose between two big goals: demonizing Democrats to help the GOP retain control of Congress and fostering a domestic climate that gives the new Iraqi government the best chance to survive. And, again and again, he has chosen door number one. This is what ex-Bush officials like Paul O'Neill and John DiIulio warned us about--and what Hurricane Katrina reaffirmed: that what matters in this administration is not policy, but politics. For all his talk about America's historical mission to defeat tyranny and spread freedom, there is only one mission to which George W. Bush has shown consistent devotion: winning elections. He acts less like the president than like the head of the Republican National Committee.

The situation in Iraq today is desperate but not hopeless. And, in the months to come, avoiding the abyss will require brutal compromises, not only in Baghdad, but in Washington--the kind that require support on both sides of the aisle. The good news is that the basic outlines of a deal to undermine the insurgency, break up the militias, and facilitate U.S. withdrawal are becoming clear. Sunni nationalist (as opposed to jihadist) insurgents seem increasingly willing to lay down their arms--if they are granted amnesty, the constitution is rewritten to accommodate their concerns, and U.S. troops leave. And, if Sunni insurgents stop massacring the Shia, then Shia militias may begin to disband.

That's the good news. The bad news is that envisioning the outlines of a final deal is a lot easier than achieving one. Ending the Iraq war will require agonizing concessions, not only from Shia, Sunnis, and Kurds--but from Americans as well. For starters, the United States will have to resist imposing a timetable for withdrawal, even though many Americans want one and many Democratic activists are demanding one. Such a plan must come from the Iraqi government, as part of a broader agreement with the Sunni insurgents and Shia militias. If the Iraqi government tells us to leave, it strengthens them--especially among the Sunnis who want us gone the most. But if we tell them we are leaving, it looks like a vote of no confidence in their ability to survive--which might embolden the Sunni insurgents to think they can win on the battlefield and, in turn, make the Shia militias dig in their heels.

For Americans, however, resisting a public withdrawal date is only the beginning. The truly gut-wrenching part will be looking the other way if Iraq's government allows insurgents who murdered heroic young Americans to go free. In blood-soaked

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societies, some kind of amnesty is crucial. Amnesties helped overcome the Islamist insurgency that ravaged Algeria in the 1990s, and they helped peacefully transfer power in South Africa, through the Truth and Reconciliation Commission. Like black South Africans who saw their families slaughtered under apartheid, some Iraqi Shia and Kurds who saw their families slaughtered by Saddam Hussein will have to accept a public acknowledgement of the truth but no full justice. And some grieving American families will have to as well. The United States can get Iraqi leaders to fudge this on paper. But, on the ground, an amnesty for some violent anti-U.S. insurgents may prove crucial to persuading Sunni nationalists to break with the foreign jihadists, lay down their arms, and give Iraq's new government a chance at life.

Swallowing these concessions will require a bipartisan bargain--the kind of ceasefire required for difficult domestic changes like reforming Social Security or the tax code. Were he interested in such a deal, Bush would have invited top Democrats into his office after the formation of Iraq's new government and the death of Abu Musab Al Zarqawi and said something like this. "If you resist a withdrawal plan so the Iraqis can announce their own, I'll bring you in on the negotiations. In fact, I'll replace Donald Rumsfeld with a secretary of defense that you trust--why don't you suggest a few names. And, if you don't demagogue this amnesty stuff, I'll tell Karl Rove and his henchmen to stop calling you cowardly defeatists. That might hurt me this November, since slandering Democrats is my best chance of luring Republicans to the polls. But I'm more interested in winning Iraq than winning Ohio. And, to do that, I need your help."

Of course, over the past several weeks, President Bush has done exactly the opposite. Rove and company immediately wielded Zarqawi's death as a partisan club, saying that, if Democrats had their way, he'd still be loose. Then the White House and congressional Republicans rigged a phony, vicious Iraq debate in Congress, which saw Republicans call the main Democratic Senate plan (which didn't include a strict withdrawal timetable) "cut and jog"--only to announce days later that the Bush administration was considering something similar itself. All of which made Democrats trying to decide what was best for the country--as opposed to merely their party--look like chumps. Partisan acrimony, already stratospheric before the Iraq debate, is now even worse. And, among Democrats, the likely result will be greater demands for a public timetable for withdrawal and louder denunciations of amnesty for insurgents. (In Tennessee, Democratic Senate hopeful Harold Ford is already running ads on the subject.) It's hard to serve the national interest when the president of the United States does not.

This has been the Democrats' dilemma all along. From the beginning, Bush has preferred the war on terrorism as a wedge issue to the war on terrorism as a unifying national cause. In 2002, he staged a fight on the Department of Homeland Security, when a bipartisan compromise could easily have been had. That fall, he told Congress he needed its support to disarm Iraq peacefully--when he was already intent on war. He has refused to seek congressional authorization for government surveillance, even though Congress would have given him most of what he wanted. In short, he has done everything in his power to alienate Democrats from an anti-jihadist struggle that, without their support, he cannot win. If Michael Moore did not exist, Bush would invent him.

Politics, of course, does not--and should not--end in times of war. But mendacious, blood-sport politics should. Instead, it has emanated from the highest office in the land. And, if we lose in Iraq, it will be a major reason why.

Peter Beinart is editor-at-large at The New Republic and the author of The Good Fight: Why Liberals--and Only Liberals--Can Win the War on Terror and Make America Great Again (HarperCollins).

U.S.-Afghan Foray Reveals Friction On Antirebel Raids (NYT)

By Carlotta Gall

The New York Times, July 3, 2006

KABUL, Afghanistan, July 2 — A joint military raid by American and Afghan forces on an unobtrusive house here in the capital on March 20 has pointed up the tensions between the American military and the Afghan Defense Ministry over the conduct of counterinsurgency raids, particularly in Kabul, the Afghan defense minister says.

The raid, in which six men were detained, was led by masked American special forces, and included eight members of a unit of the Afghan National Army. The involvement of Afghan soldiers prompted the defense minister, Gen. Abdur Rahim Wardak, who had no advance notice of the raid, to bar Afghan Army personnel from taking part in any raids on houses or compounds.

"We really are trying not to get involved in these policing jobs at all, because that would ruin" the army, General Wardak said last week. "We want to just be in support of police, but not doing a policing job."

The American military, which has in the past resisted Afghan pressure for greater control of counterinsurgency operations, defended the use of Afghan soldiers in the raid. "Depending on the intelligence received and how time-sensitive an operation is, combined forces must often act quickly, using available resources and expertise for the particular mission required," Lt. Col. John Paradis, an American military spokesman in Kabul, wrote via e-mail.

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"The team was operating on very credible, detailed information, a tip, that certain individuals were linked to several anti-Afghan activities, including the use of I.E.D.'s," Colonel Paradis wrote, referring to improvised explosive devices, or roadside bombs.

Five of the men detained are sons of the head of the household, Hajji Aminullah. The brothers are well-known athletes — one a boxing champion and trainer, another a member of the national volleyball team — and never took part in fighting or politics, let alone insurgent activities, their father said. "My sons are not those type of people, to be involved in drugs or terrorism," he said. A neighbor who is a friend of the youngest son was detained but released two days later.

The Afghan Independent Human Rights Commission has taken up the brothers' case with the American military. "The issue we are bothered with is to get a response for the father and family, who are desperately waiting for news," said Ahmed Nader Nadery, the deputy commissioner.

The men are being held in the American detention center at Bagram Air Base, near here. Like most of the 500 men held there, they have no right to know the charges against them and no access to court proceedings, a lawyer or their families, except through short notes passed by the Red Cross, which told the family the men were there.

Getting rid of the black hole that detention at Bagram represents and ending raids and other American military activities that cause resentment among Afghan civilians are aims of the government, General Wardak said.

Afghanistan is fighting the most serious insurgent activity in four years, and, with the American-led coalition, has mounted a broad offensive across five provinces.

On Sunday, two British soldiers and their Afghan interpreter were killed in fighting with insurgents in Helmand Province in the south, military officials said, and a military helicopter crashed near Kandahar Air Base. No information on casualties was available.

Despite the continuing violence, the Afghan government says that raids, detentions and attacks on civilians are causing it to lose the public trust. "We have now an understanding that we should be very careful first to rely on very correct intelligence, because there have been cases where the wrong intelligence has resulted into wrong arrests," General Wardak said, speaking in English. "We think first it is a police job to search a place, and still we would not like the foreign forces to do the searching." The Afghan authorities have to be told of any raid and before any arrest is made, he added.

"We have been talking about this for quite a while," he said. "It has been gradually improving."

Next year the Defense Ministry is to take charge of a secure wing of Pul-i-Charkhi prison, on the eastern edge of Kabul, to guard nearly 100 Afghan detainees set to return from Guantánamo Bay, he said. They will be afforded full judicial rights, he said.

Afghan Army personnel are permitted to search houses only when pursuing militants on the battlefield and when no police unit is with them to do the search, General Wardak said.

The commander of the Afghan soldiers who took part in the raid, Lt. Col. Sher Ahmed, 51, confirmed that Afghan soldiers had been ordered not to take part in future raids. "We got an order that this should be the first and last operation raiding a house," said Colonel Ahmed, commander of the Third Company, First Brigade of the Afghan Army's Central Corps.

Captain Muhammad Nabi, 46, of the Third Company, which is based here, took part in the raid. His unit had gone out that day with American forces on a patrol to Logar Province, south of here, and on their return to Kabul went to Khair Khana, a district of Kabul, and surrounded a house, he said.

The raid was uneventful. He said that as far as he knew nothing incriminating was found. Mr. Aminullah, the owner of the house, said that he went to the neighborhood mosque for evening prayers around 7:30 p.m. and that soldiers prevented worshipers from leaving the mosque until 11 p.m.

He was allowed back into his house as his five sons, Muhammad Yousuf, 35, Muhammad Mohsin, 33, Muhammad Rahim, 31, Muhammad Nassar, 28, and Muhammad Saber, 20 — were being led away. "One did not have any shoes on, so I gave him mine," he said. The soldiers had discovered a large amount of cash in the house, and Mr. Aminullah said he snatched it back, explaining that it was his own money.

Hamidullah, 21, a neighbor and close friend of Mr. Saber, who had been sitting with the brothers, was also detained. "They started kicking the gate, and we thought it was thieves," he said. "They ordered us to lie face down." Then he was stood up and questioned, he said. "They started saying: 'You have narcotics. Where is the heroin?' I said, 'If you find any heroin in my house, you can shoot me,' " he said.

"We have been neighbors for 15 years, and I told them there were never any political problems going on here or in any house around," he said.

The American soldiers confiscated the brothers' cellphones and $4,900 that a business partner had given Mr. Rahim, more than 30 videotapes, mostly Western movies and sports events, and a big bag of sports equipment, Mr. Hamidullah said. The six were taken to the army base at Darulaman, where they were held in a wood hut, furnished with Army cots and guarded by three

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American soldiers, Mr. Hamidullah said. They were blindfolded when taken out individually for questioning by Americans or to visit a plastic portable toilet, he said. They did not see any Afghan soldiers while there, he said.

The next day Mr. Hamidullah was questioned about the brothers. The American interrogator told him that nothing had been found and that they would be released. he said. But after two nights at the base, he was driven out blindfolded by an Afghan translator and dropped on the main road, while the five brothers were transferred to Bagram, he said. The Defense Ministry has confirmed that the five men are there.

Mr. Aminullah said he suspected that his sons' former partner in the business deal, Abdullah Shekib Satari, had planted false information to avoid paying money he still owed them after they withdrew from a joint investment in a sports shop.

Mr. Satari, who is general secretary of Afghanistan's boxing federation and ran unsuccessfully for Parliament last year, denied in an interview in his sports shop that he had anything to do with the arrests. "They are my best friends, and I want to help them," he said. "They did not have enemies."

Two British Soldiers Die In Attack In Afghanistan (WP)

By Tini Tran

The Washington Post, July 3, 2006

KABUL, Afghanistan, July 2 -- An insurgent attack on a British base killed two soldiers and an Afghan interpreter, military officials said Sunday, while at least 20 insurgents were killed in clashes and coalition airstrikes.

An AH-64 Apache attack helicopter crashed Saturday in an accident in southern Afghanistan, killing one crew member, the U.S. military said.

The deaths came during a massive anti-Taliban campaign in southern Afghanistan involving more than 10,000 Afghan and international soldiers. It is the largest military offensive since the Taliban government was ousted in a U.S.-led invasion in late 2001.

The two British soldiers died after their base was hit by small-arms fire and rocket-propelled grenades Saturday night in southern Helmand province, said Capt. Drew Gibson, a British military spokesman.

An Afghan interpreter was also killed, according to Canadian Maj. Quentin Innis. Four other British soldiers were wounded but are in stable condition, Innis said.

Two British soldiers were killed last week in an attack in the same district of Helmand province. A total of five British soldiers have been killed since the anti-Taliban offensive, dubbed Operation Mountain Thrust, began on June 15.

Violence has spiked in recent weeks as the NATO-led International Security Assistance Force prepares to take over responsibility for security in southern Afghanistan from U.S.-led troops.

Coalition aircraft bombed a suspected Taliban hideout in southern Helmand province Sunday, killing at least nine fighters, including a Taliban area commander, Tur Jan, said Ghulam Nabi Malakhail, the provincial police chief.

Innis confirmed the attacks and estimated that 12 to 15 insurgents were killed.

In a separate incident in the same district, 11 insurgents were killed by Afghan forces Saturday night during search operations, Malakhail said. Afghan forces came under fire from suspected militants and fired back, killing the 11 fighters, he said.

The U.S. helicopter plunged to the ground shortly after taking off from the Kandahar airfield while responding to a reported rocket attack against the air base, the military said in a statement.

One crew member was killed, and the other was injured and evacuated for treatment.

"The cause of the crash will be investigated, but we have ruled out enemy fire as a cause for the loss of the aircraft," the statement said.

There were no injuries reported from the rocket attack, the military said.

The continued violence has stirred fears among British lawmakers that security is rapidly deteriorating in Afghanistan. Britain has 3,300 troops involved in the current military offensive.

The insurgents are following the lead of fighters in Iraq and carrying out suicide attacks and roadside bombings that once were rare in Afghanistan.

"There are signs that the tactics that have brought such devastation to Iraq are being replicated in Afghanistan," the Foreign Affairs Committee of Britain's House of Commons said in a report Sunday on the foreign policy aspects of the fight against terrorism.

How To Help Afghanistan (WP)

By Ahmed Rashid

The Washington Post, July 3, 2006

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KABUL, Afghanistan -- The current political and military meltdown in Afghanistan was entirely predictable and avoidable. For the past three years Afghans, their president, Hamid Karzai, and foreign experts have been warning that the failure of the United States and the international community to provide sufficient economic, military and reconstruction resources to the fledgling Afghan government would lead to a Taliban resurgence and disillusionment among the Afghan people. That is exactly what has happened.

But there is still a way out of the mess if the international community and the Afghans pull together, rather than being at odds with one another. Karzai set the ball rolling late last month by calling for a joint strategy in a critical meeting with the most important foreign players in Kabul.

The situation is dire. The Taliban offensive in the south and the counteroffensive by British, Canadian and U.S. troops under NATO has escalated into a full-scale war, with a dozen attacks every day and 700 lives lost since mid-May. Most Afghans are angry with the United States and the West for ignoring the alleged sanctuary provided to the Taliban by Pakistan, and with Pakistani President Pervez Musharraf for apparently supporting Karzai and the Taliban at the same time.

Papering over the cracks between Pakistan and Afghanistan, as Secretary of State Condoleezza Rice tried to do in her recent visit to the region, is clearly not enough. The charges and suspicions on both sides have to be addressed. Ordinary Afghans say the Taliban virus is spreading. The Taliban have been reported just 25 miles from Kabul, and they have attacked in the north and the west -- hundreds of miles from their main bases in the south. According to the United Nations, every single day somewhere in Afghanistan a girls' school is burned down or a female teacher killed by the Taliban.

The riots in Kabul in late May that left 20 people dead were also indicative of how angry Afghans are at their own government. While Karzai has lashed out at the West for not providing adequate resources, Afghans and foreigners have been scathing in their criticism of his inability to govern effectively or to punish those in his administration who are corrupt or dealing in drugs.

Karzai has failed to put together an effective administrative team. The cabinet is dysfunctional, and his growing dependence on former warlords, whose militias have only recently been disarmed, is seen by many as a betrayal of the reform agenda set out in the Bonn agreement of 2001.

Karzai is right when he says that Afghanistan has received less aid than has been dispensed in any recent conflict including nation building, whether in the former Yugoslavia or East Timor. Building a new security apparatus run by Afghans is going too slowly. According to American officials, the U.S.-sponsored police training program is three years behind schedule, although Washington will provide $1.2 billion this year to equip 60,000 police officers nationwide.

A U.S. commitment to build a new Afghan army has been stymied by the irresponsible decision of Defense Secretary Donald Rumsfeld mandating an Afghan army that will be smaller than originally planned, with fewer weapons and with the cash-strapped Afghan government, rather than the Americans, having to pay the troops' salaries. (What a great morale booster for Afghan army recruits facing a full-blown insurgency!)

But saving Afghanistan from itself is the world's responsibility, not just that of the United States. The Europeans and the Americans differ on military and economic priorities and on the advice being given to Karzai. As NATO, with its large European troop contingents, replaces U.S. troops in the south and the east, the United States has to learn to share decision-making responsibilities in Afghanistan with NATO, the European Union and the United Nations, rather than cut its own secret deals in Kabul.

The United Nations has had the unenviable task of fulfilling the political mandate chalked out at Bonn, but today Afghanistan does have an elected president, parliament and provincial councils, and a constitution. Now the Security Council needs to give the U.N. officials in Kabul the responsibility for coordinating the international response to the crisis and economic and political strategies with the Afghan government.

Karzai addressed some of these issues in a recent meeting with the major players -- the United States, United Nations, European Union, NATO, Britain and Canada. He is determined that his government and the international community will coordinate better to devise a joint strategy looking at both the insurgency and at how reconstruction can be speeded up. He also needs to think long and hard about what constitutes good governance and set an example that his countrymen can admire rather than protest.

Despite all the dire predictions made in 2001, the Afghans have given the international community, its aid workers and soldiers a large window of opportunity to repair the damage done by 25 years of war. That window, which has stayed open for nearly five years, with amazing good will from the Afghans, is threatening to close unless the world wakes up and deals with the crisis.

Ahmed Rashid, a Pakistani journalist, is the author of "Taliban" and "Jihad: The Rise of Militant Islam in Central Asia."

U.S. Elite Forces Face Shortfall (USAT)

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By Tom Vanden Brook
USA Today, July 3, 2006

WASHINGTON — The Army, Navy and Air Force face shortages of elite special operations forces that are playing a leading role in the war against terrorism, military records show.

The shortfall of Army special operations, Navy SEALs and Air Force combat controllers persists as the Pentagon seeks to expand the forces by 15% over the next four years to bolster the anti-terrorism campaign.

One reason for the shortage is the intense training. The Navy says only 35 of 166 candidates will qualify as SEALs.

Retention also is a problem. Some veterans can make $780 a day as civilian security contractors in Iraq, says Rep. Jim Saxton, R-N.J., chairman of a House Armed Services subcommittee that oversees special operations troops. Bonuses as high as $150,000 have helped stanch that loss, he says.

The shortfalls affect:

·The Navy. It has 2,352 SEALs but is authorized for 2,684, says the Naval Special Warfare Command. Another unit of special warfare combatants has 563 people; it is authorized to have 653.

·The Air Force. It has filled 504 of 616 jobs for combat controllers who direct airstrikes; rescuers of wounded troops behind enemy lines; and combat weather forecasters.

·The Army. It has acknowledged a shortage of troops but won't give a precise number. The Army Special Operations Command said this year that it would take a few years to return "Army special forces units to full strength." The Government Accountability Office, the investigative arm of Congress, reported in 2005 that the Army had filled only 2,922 of 3,834 spots for sergeants in four Special Forces categories: intelligence, communications, engineering and medical.

The U.S. Special Operations Command says it has about 17,000 troops.

Pentagon officials say they can overcome the current shortfall and achieve the planned additions, the largest expansion of elite forces since the Vietnam War, with more trainers and more recruits.

"These are specialized skills and units that will be grown over time and in such a fashion that ensures they retain the highest quality and capability," said Bryan Whitman, a Defense Department spokesman.

Michael Vickers, a former Army special operations officer, agreed. "There's always a risk of diluting quality," but elaborate selection and training processes help prevent that, Vickers said.

Lt. Taylor Clark, a spokesman for the Naval Special Warfare Command, said it won't be easy to find more SEALs. The lures include a $40,000 bonus for graduates — and adventure.

"Instead of an office job where they might have a cubicle and do the same job day in and day out, you … will be a part of an elite team that travels the world looking for the bad guys," Clark said.

There have been some early signs of success. The Army's Green Berets had hoped to have 750 graduates per year by 2006. It exceeded that goal by 40 soldiers in 2005.

In 2005, the military began offering bonuses up to $150,000 to 19-year veterans with special operations experience who sign up for six more years. The Army gave the bonus to 118 soldiers last year and 99 this year, the Pentagon said.

Iran Again Rejects Deadline On Nuclear Plan (NYT)

By Nazila Fathi
The New York Times, July 3, 2006

TEHRAN, July 2 — Iran on Sunday again rejected a deadline to respond to an international proposal to end the standoff over its nuclear program, saying it would respond a month.

"We do not consider such statements as constructive and invite them to wait for our answer until next month," said Hamidreza Assefi, the Foreign Ministry spokesman, the ISNA news agency reported.

The next month in the Iranian calendar begins July 23. Mr. Assefi was responding to a statement made at a meeting of the Group of 8's foreign ministers on Thursday in Russia, during which they demanded Iran make a "clear and substantive" response to the proposal in a week. President Mahmoud Ahmadinejad had previously said Iran would give its answer around Aug. 23.

"We will take into account our country's rights and interests and will also try to alleviate the other side's concerns," Mr. Assefi said.

In June, Javier Solana, the European Union's foreign policy chief, offered Iran a package of proposals from Germany and the five permanent members of the United Nations Security Council: China, Russia, Britain, France and the United States. Diplomats have said it includes political and economic incentives and a promise to help develop Iran's nuclear program in return for its suspending nuclear enrichment.

Mr. Assefi said Sunday that Iran's chief nuclear negotiator would meet with Mr. Solana on Wednesday to discuss the package.

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In their statement, foreign ministers from the Group of 8 nations — United States, Russia, France, Germany, Italy, Canada, Britain and Japan — demanded a response from Iran to the proposals by Wednesday. The ministers said they expected that response to come when the Iranian negotiator, Ali Larijani, and Mr. Solana meet. Mr. Assefi said the offer had ambiguities that needed to be discussed. He said Europe should be thankful that Iran was "examining the proposal with such a positive attitude and precision."

In a separate news conference on Sunday, the minister of intelligence, Gholamhossein Mohseni-Ejei, linked the arrest of an Iranian-Canadian philosopher, Ramin Jahanbegloo, to what he said were efforts by the United States to start a "soft revolution" in Iran. Mr. Jahanbegloo has been jailed since late April, when he was arrested at the Tehran airport.

"The United States is pursuing efforts to start soft revolution in Iran and in many other countries and Mr. Jahanbegloo's arrest can be defined as part of that," ISNA quoted Mr. Mohseni-Ejei as saying.

"Mr. Jahanbegloo had an assignment and the intelligence apparatus became suspicious at the scale of his activities and resources" at his disposal, he said.

Mr. Jahanbegloo has not been allowed to see a lawyer. Independent human rights groups have said his arrest was politically motivated.

Iran Plans To Cut Gas Imports, Subsidies (WT)

By Andrea R. Mihailescu

The Washington Times, July 3, 2006

Iran, which relies on imports for almost half its refined petroleum products, plans to halt those imports and introduce gasoline rationing later this year, the government announced.

The decision appears related to a plan to allow the nation's heavily subsidized gasoline to spike in price in order to reduce the smuggling of fuel to neighboring countries, a practice that aggravates shortages and costs the country billions of dollars every year.

Analysts think Tehran may be acting to reduce its vulnerability to any international sanctions on its gasoline imports over its nuclear program. But similar attempts to lift subsidies on key commodities in other countries have sparked widespread unrest, and one Iranian member of parliament has said the government will not dare to go ahead with its plan.

Iran is the world's second-largest producer and exporter of crude oil, but its antiquated refineries are able to meet barely 60 percent of the domestic demand, according to government figures. Production stands at 10.5 million gallons a day, compared with daily demand standing at 18.5 million gallons.

Heavy subsidies -- which keep gasoline prices as low as 9 cents to 45 cents a gallon, depending on the quality and location -- meanwhile allow for huge profits on gasoline smuggled into neighboring countries, such as Afghanistan, Iraq, Pakistan and Turkey.

Iranian Oil Minister Kazem Vaziri Hamaneh announced June 23 on state television that the government planned to stop importing gasoline as of Sept. 23.

"As there is nothing provided for petrol imports in the second half of this [fiscal] year's budget ... the imports will naturally stop and petrol will be rationed," Mr. Hamaneh said.

Iran had been expected to spend $5 billion importing refined oil products in 2006. But the parliament budgeted only $4 billion for the purpose and, then in February, slashed that to $2.5 billion.

At the same time, the parliament backed a government initiative to limit the number of people permitted to purchase gasoline at subsidized prices, an initiative that has not been implemented.

In any event, prices generally will be permitted to rise in hopes of reducing the pressure on existing supplies by slowing the smuggling of Iranian gas into neighboring countries.

Iranian press last month quoted Gen. Ali Soltani, director of the campaign against economic crimes in Iran, complaining about the problem. "Every year, [310 million gallons] of refined oil products worth $1.18 billion are smuggled abroad," he was quoted as saying.

"Last year, we seized more than [13 million gallons] of oil products, which is equal to only 10 days of the trafficked amount," Gen. Soltani said.

Iraq, Iran's western neighbor, acted earlier this year to end a heavily subsidized gasoline program that was established during the rule of Saddam Hussein. Iraq also has become a recipient of Iran's cheap fuel.

The fuel smuggled from Iran is colored pink, while that from the refineries in Iraq has a clear color. Because substitution of inferior Iranian fuel is frequent, motorists typically smell and rub a sample of gasoline between their hands to see whether it has been watered down and color added before sale.

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Afghanistan is another recipient of smuggled Iranian fuel. The Iranian newspaper Mardom-Salari cited the Baztab news agency on June 6 as reporting that nomadic tribes on both sides of the border are actively transporting oil products to Afghanistan. Fuel thieves typically carry barrels full of oil products across the border at night.

The newspaper said many passenger buses also have concealed fuel tanks. Fuel thieves also use animals as a means of transport.

The long Pakistan-Iran border also is wide open to smugglers, despite denials from Pakistani officials. Smugglers pass through the checkpoints unchallenged and untaxed.

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Supreme Court's New Man In The Middle (CSM)

By Warren Richey

The Christian Science Monitor, July 3, 2006

WASHINGTON

The US Supreme Court has grow nmore conservative with the addition of President Bush's two nominees, Chief Justice John Roberts and Justice Samuel Alito. But it will be a third justice, Anthony Kennedy, who will likely decide how far to the right the law moves under the new lineup of justices at the nation's highest court.

"Kennedy now holds the center of gravity on the court," says Jonathan Turley, a constitutional law professor at George Washington University. Prior to her retirement in January, Justice Sandra Day O'Connor was frequently called the most powerful woman in the country. As a centrist on the nine-member Supreme Court, she often cast the fifth and deciding vote in some of the nation's most contentious and important cases.

In years past, Kennedy shared the swing-vote designation with O'Connor. But with her departure he occupies the court's decisive center alone. That puts Kennedy in an even more powerful position than O'Connor, legal analysts say.

"He who casts the decisive vote is going to be the person with all the power," says Michael Dorf, a constitutional law professor at Columbia University Law School in New York.

Tom Goldstein, a Washington lawyer who has argued 16 cases at the Supreme Court, described Kennedy's emergence at a recent gathering of the American Constitution Society. "The basic principle you should understand is it is Justice Kennedy's world and you just live in it."

Kennedy's power was on full display last week when he joined the court's liberal wing to forcefully strike down President Bush's plan to put terror suspects on trial before military commissions at Guantánamo Bay, Cuba.

In other actions during the term, he cast the decisive vote in a case that makes it easier for convicted criminals to get another chance to present claims of innocence to a judge. He sided with the court's liberals in rebuking former Attorney General John Ashcroft for attempting to use his rule-making power to invalidate Oregon's physician-assisted suicide law. And he provided the decisive fifth vote to invalidate a congressional district in Texas drawn to protect an incumbent Republican.

On the conservative side, Kennedy provided the key fifth vote to uphold a Kansas death penalty statute that allowed the imposition of a death sentence even when jurors found that aggravating and mitigating factors concerning the crime and the defendant were evenly balanced. He voted with the conservatives to limit the scope of federal authority to protect the nation's water resources under the Clean Water Act. And he provided the decisive vote to eliminate application of the exclusionary rule to evidence obtained by police who fail to knock and announce their presence before bursting into a private home with a search warrant.Kennedy more reliable for the right

While such results demonstrate Kennedy's power to break deadlocks, they understate his role at the high court, legal analysts say.

Compared with O'Connor, Kennedy is a much more reliable vote for the conservative wing, analysts say. But they add that when he swings to the liberal side, he really swings.

One example was Kennedy's landmark opinion in a 2003 gay rights case called Lawrence v. Texas. The same characteristic came to the fore last Thursday in the Guantánamo military-commission case.

"He is not by nature a balancer, so when he comes out on the liberal side he is going to come out forcefully that way," says Professor Dorf, who clerked for Justice Kennedy in the 1991-92 term. "It is also because he has more of a libertarian streak than O'Connor," Dorf says.

Although Kennedy is clearly the swing justice now, he would hate being described as such, Dorf says. Kennedy does not position himself to wield a tie-breaker. "It is more that his substantive views end up placing him precisely in the middle of this court," Dorf says.

Professor Turley agrees. Kennedy, he says, is more likely than was O'Connor to try to maintain a consistent and coherent line in the law while breaking 4-to-4 ties.

But such consistency also comes at a price. When the high court deadlocked 4-to-4 this term over how to interpret the Clean Water Act, Kennedy sided with the conservatives enough to send the case back to the lower courts. But in a concurring opinion, he also expressed agreement with aspects of the liberal view of the case, staking out and defining a middle ground occupied by Kennedy alone.

The result is that very little was decided, and lower courts will be left to struggle through that indecision. In addition, environmentalists are worried about the scope of federal protection of remote wetlands, and developers are facing increasingly expensive delays and uncertainty.A check on the conservative wing

Others see in Kennedy's middle way a useful check on the conservative proclivities of the newly reconstituted high court. In his majority opinion in the police knock-and-announce case, Justice Antonin Scalia appears to be laying the foundation for a broader assault on the exclusionary rule, which prevents illegally gathered evidence from being presented in court.

In response, Kennedy, who provided the key fifth vote in that case, wrote in a concurring opinion that "the continued operation of the exclusionary rule, as settled and defined by our precedents, is not in doubt."

The sentence sent a clear signal to conservatives hoping to do away with the exclusionary rule, and to liberals hoping to protect it.

While the 2005 term was a time of transition at the high court, the stage is now set for what could become a blockbuster term next fall. The docket already includes cases dealing with global warming, punitive damage limits, affirmative action in public schools, and a federal ban on so-called partial-birth abortions.

In the affirmative action and abortion cases, analysts expect the court to split 4-to-4. The result: all eyes will be on Kennedy.

"Those briefs could just be mailed directly to his chambers," Turley says.

Disorder In The Court (TIME)

By Jeffrey Rosen

Time, July 3, 2006

Ordinarily the Supreme CourtÂ is not very much like The View. You won't hear much of the Justices' inner thoughts, let alone their outer ones. And with the exception of perhaps the Dalai Lama or, in his day, Alan Greenspan, they are the only people in power who can deliver their opinions and then steadfastly refuse to elaborate on them. Everything about the court's rituals is meant to keep the Justices behind the red velvet curtains and their emotions in check.

The first year of the Supreme Court under John Roberts, though, has not been ordinary. As evidenced last week when the court struck down the Bush Administration's use of military tribunals, the Justices are suddenly unafraid to talk to one another in personal terms. "We are not engaged in a traditional battle with a nation-state, but with a worldwide, hydra-headed enemy," wrote Clarence Thomas in an impassioned dissent. Thomas felt so strongly--he called the majority decision "unprecedented and dangerous" -- that for the first time in his 15 years on the court, he read his dissent aloud. The ordinarily genial Stephen Breyer responded indignantly that the court did not "weaken our Nation's ability to deal with danger." Congress, he added, "has not issued the Executive a 'blank check.'"

The pointed back and forth was characteristic of the sometimes barbed, often unpredictable and really quite fun Roberts court. It began with a surprising number of unanimous decisions, but by the time it adjourned for the summer last week, in what Justice John Paul Stevens called a "cacophony" of discordant voices, the usual decorous costume drama that is a Supreme Court term had morphed into something much closer--in vitriol, tension and drama--to a soap opera (O.K., a PBS soap opera). Having spent 11 years without a change in personnel, the Justices were clearly rejuvenated by two new colleagues, Roberts and Samuel Alito, and the energy fueled their opinions. Although the alliances on the Roberts court are still fluid, even the longest-serving Justices are debating issues that matter to the American people--the limits of death penalty, the war on terrorism--with unusual passion.

Despite the impression left by its rush of final decisions, the Roberts court is, at least so far, less fractured than the court led for 19 years by William Rehnquist. Almost half its decisions this year had no dissents, compared with 38% in Rehnquist's final term, and the tally of 16 cases decided by a 5-to-4 vote is seven fewer than under Rehnquist. That is a tribute to the personality and leadership skills of Roberts, who has made issuing strong decisions and encouraging collegial debate top priorities. In a commencement speech at Georgetown University Law Center in May, Roberts opened with some high-quality lawyer jokes, then set out his goals as Chief Justice: unanimity or near unanimity, which he thought would promote "clarity and guidance for lawyers and lower courts trying to figure out what Justices meant."

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Roberts emphasized that a good court should decide cases narrowly so Justices on both sides can reach a meaningful consensus. But he added an important qualifier: "There will of course be disagreements on the court, and these could and should not be artificially suppressed." Roberts practiced what he preached in his three dissents, using often forceful prose. "It is a sordid business, this divvying us up by race," he declared last week in the partisan-gerrymandering case, which left all but one of Texas' redrawn congressional districts in place. Earlier in the term, he attacked an opinion by Justice David Souter that held that a wife couldn't give the police permission to search a house over her husband's objection. "The majority reminds us, in high tones, that a man's home is his castle," Roberts wrote, "but even under the majority's rule, it is not his castle if he happens to be absent, asleep in the keep, or otherwise engaged when the constable arrives at the gate."

Souter responded in kind. "In the dissent's view, the centuries of special protection for the privacy of the home are over," he announced with an uncharacteristic note of melodrama. Having abandoned his famous Yankee reserve, he started to make a habit of it. During oral arguments in the Gitmo case, the government's lawyer seemed to suggest that Congress could suspend the writ of habeas corpus--which allows prisoners to challenge the legality of their detentions--inadvertently. Souter, incredulous, asked, "Isn't there a pretty good argument that a suspension of the writ [by] Congress is just about the most stupendously significant act that the Congress of the United States can take? The writ is the writ!" Antonin Scalia, one of the most reliable defenders of Executive power, insisted that Congress could suspend habeas corpus even if it didn't say so explicitly.

That mini courtroom brawl between Souter and Scalia, which had the overtones of an 18th century boxing match, was picked up again in the final days of the term. By a 5-to-4 vote, the court upheld a death-penalty verdict in Kansas, and Souter filed an agonized dissent listing recent cases in which DNA testing had led to innocent people's exoneration. Dripping with sarcasm, Scalia chided Souter for encouraging the "sanctimonious criticism of America's death penalty" that he said was common in "some parts of the world." "I say sanctimonious," Scalia added, "because most of the countries to which these finger waggers belong had the death penalty themselves until recently."

Scalia is famous for picking intellectual street fights on and off the court, and this year he has been even more pugnacious than usual. In March, Scalia ridiculed the challenge to military tribunals during a speech in Switzerland. "Give me a break," he declared. "I had a son on that battlefield, and they were shooting at my son, and I'm not about to give this man who was captured in a war a full jury trial. I mean, it's crazy."

A few weeks later, when a Boston reporter asked whether his participation at a Mass for Catholic lawyers might raise questions about his impartiality, Scalia fanned the fingers of his right hand under his chin. "That's Sicilian," he said, explaining that the gesture meant he "could not care less."

Scalia can always be counted on to pick a fight, but what has changed this year is that other Justices, once relative wallflowers, are increasingly emboldened to fire back in kind. In February, Ruth Bader Ginsburg, ordinarily a model of judicial composure, gave a speech in South Africa attacking critics in Congress who have assailed her citations of international law as an offense against U.S. sovereignty. Those criticisms, she said, "fuel the irrational fringe" and have encouraged threats on her life. She singled out Scalia, who had called the consultation of "alien law" a form of "sophistry."

Is the recent round of attacks and counterattacks a sign of internal animosity? Not necessarily. Ginsburg and Scalia, after all, are old friends, united by their love of opera and good cooking. For years they have spent New Year's Eve together, along with their spouses. (Ginsburg's husband Marty often cooks.) Certainly, there's nothing on the Roberts court resembling the antagonism among the Justices that raged after World War II. Consider the blood feud between Hugo Black and Robert Jackson, both appointed by Franklin Roosevelt. Jackson thought F.D.R. had promised to promote him to Chief Justice, but after a vacancy arose in 1946, Black threatened to resign if Jackson became Chief. That led Jackson to fire off an unhinged letter to President Harry Truman and Congress, accusing Black of unethical behavior. The '40s produced another nasty rivalry: Felix Frankfurter was so intellectually condescending to Chief Justice Fred Vinson that during one of the Justices' private conferences, Vinson rose from his seat and nearly punched Frankfurter in the nose. After Vinson died unexpectedly of a heart attack while the court was deciding Brown v. Board of Education in 1953, Frankfurter declared on the train back from the funeral, "This is the first indication I have ever had that there is a God."

By contrast, the Justices of the Roberts court are able to attack one another vigorously in public while maintaining cordial relations in private. Thomas, for example, has told students groups that he has never heard an uncivil word uttered at the Justices' conferences during his time on the court. And despite the disagreement in the military-tribunals case, Thomas is on good terms with his ideological opponent Breyer, who has praised Thomas' skills as a lawyer and photographic memory in technically complicated cases.

It's a good thing for the court and the country that the Justices of the Roberts court seem to be finding a way to disagree vigorously without taking it too personally. During his confirmation hearings, Roberts said, "It's my job to call balls and strikes and not to pitch or bat." Nevertheless, the court under his leadership will continue to decide some of the most momentous questions of American life. It has already agreed to hear important cases next term on the boundaries of affirmative action and abortion.

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Those are questions about which all the Justices have extremely strong views, and the fact that they are not shy about expressing them helps citizens on both sides of the issues feel as though their own views have been strongly represented and thoroughly aired.

Still, the Roberts court is walking a delicate line. History suggests that the moment the Justices begin to take their legal disagreements too much to heart, the court may fracture in ways that even the most capable Chief Justices are unable to repair. For that reason, all the Justices might do well to remember Ginsburg's advice for keeping your cool in the face of attacks. "I sometimes find myself alone in chambers momentarily distressed or annoyed," Ginsburg told actress Marlo Thomas in 2002, "thinking, I'd like to strangle Justice So-and-So." At times like that, Ginsburg said, she remembers the advice of her mother-in-law on her wedding day: "Of course, it is important to be a good listener--but it also pays, sometimes, to be a little deaf."

> Rosen's latest book is The Most Democratic Branch: How the Courts Serve America (Oxford University Press)

Hill GOP To Put Heat On Bush For More Judges (WT)

By Charles Hurt

The Washington Times, July 3, 2006

In coming weeks, Republicans on Capitol Hill plan for the first major push on judges since Chief Justice John G. Roberts Jr. and Justice Samuel A. Alito Jr. were confirmed to the Supreme Court.

In the nearly six months since Justice Alito was confirmed, only 14 federal judges have been seated. That's the slowest six-month period since early 2004, according to documents kept by the Department of Justice's Office of Legal Policy.

The plans for renewed emphasis on judges comes after a consortium of conservative leaders expressed deep displeasure with both the White House and Republican leaders on Capitol Hill in recent months over the slowed pace of confirmations.

"We write to remind you of your duty, but also because we are concerned that if the Majority that assured the confirmation votes of Chief Justice Roberts and Justice Alito lose just one seat in the next election, the future of the Supreme Court and the federal appellate bench will again be imperiled by the use of filibusters," the conservatives wrote in a letter to Senate Majority Leader Bill Frist, Senate Majority Whip Mitch McConnell and other Republican leaders in the body.

In particular, said the conservatives led by former Frist aide Manuel Miranda, Republicans' best hopes for keeping their majority in the Senate could rest on the issue of judges.

"We write because we fear that the Majority is ignoring the impact of the nominations debate on its ability to gain the support of those small margins of voters that the Majority needs to secure unobstructed confirmations," they wrote.

The 83 signers of the letter also include such conservative icons as Paul Weyrich, Alan Keyes, Richard Viguerie, Abigail Thernstrom, David A. Keene, L. Brent Bozell III and Bill Donohue.

Efforts to draw attention to the federal bench got a boost last week with the Supreme Court decision that the administration had overstepped its constitutional boundaries by using military tribunals -- rather than civilian courts -- to try enemy combatants held at the U.S. Naval Base Guantanamo Bay, Cuba.

Conservatives think that most American voters support Mr. Bush's efforts to fight the war on terror and that the high court's ruling will underscore yet again how out of touch the court is. Also, the decision caused something of a conundrum among liberal advocacy groups, who hailed the ruling after years of dire warnings about the consequences of allowing Mr. Bush to put people on the Supreme Court like Justices Roberts and Alito.

On the day of the ruling, People for the American Way issued a statement calling it a "major defeat for the Bush administration" and a "victory for the rule of law."

Later that same day, the group issued a second press release about the court's term in general. Instead of listing all of what it sees as disastrous rulings by the Bush court that it had been predicting for so long, the group instead warned that "next year's cases could signal acceleration of the ultraconservative trend."

Just last week, Mr. Bush sent 10 judicial nominations to the Senate, including names for four seats on U.S. courts of appeals.

The nominations were announced shortly after Senate Judiciary Committee Chairman Arlen Specter, Pennsylvania Republican, told The Washington Times that he couldn't understand what was taking Mr. Bush so long to offer new nominations.

"Not only am I expecting it, I've been expecting it for about six weeks," he said.

"There is an issue here as to how long we're going to be able to confirm judges," Mr. Specter said. "You know the Democrats are salivating to take over the Senate, and if they think they can take over the Senate, it would be a very different confirmation process if [Vermont Sen. Patrick J.] Leahy is the chairman."

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CORPORATE SCANDALS:

Unclear What Impact DOJ Report May Have (GUAMPDN)

By Sunmi Kang

Guam Pacific Daily News, July 3, 2006

The fallout over the federal investigation of a possible link between disgraced lobbyist Jack Abramoff and former Democratic Gov. Carl Gutierrez remains unclear.

The U.S. Department of Justice on Friday issued a report on the replacement of Frederick Black as the island's U.S. Attorney, in which lobbyist Jack Abramoff told investigators he was helping Gutierrez get rid of Black. Gutierrez on Saturday denied those allegations.

Former Guam delegate and Democratic gubernatorial candidate Robert Underwood, in a phone interview from Seattle, said the case warrants further investigation. In particular, he said, inquiries should be made into whether Abramoff received monetary compensation of any kind and where that money might have come from. Gutierrez on Saturday said he nor his administration never paid Abramoff for any lobbying efforts.

Underwood went on to say that if any additional information of a conspiratorial nature is revealed in subsequent investigations, those responsible should be prosecuted. Accountable "First of all, the voters should hold them accountable and secondly the law should hold them accountable," he said.

While Underwood had no comment on how the report might affect voters in the upcoming elections, he said now is a critical time for voters on island.

"People have to decide at some point how (the administration) is going to be," he said. "Is it going to be open and transparent or is it going to be closed and manipulated?"

Republican Gov. Felix Camacho, who is running for reelection, yesterday in a written statement declined to comment on the report, saying it is inappropriate to comment on an ongoing federal investigation.

On the issue of the report and this year's gubernatorial elections, Camacho's office said: "The governor believes that people will make an informed decision based on the character of candidates, their records and the issues."

Delegate Madeleine Bordallo could not be reached for comment yesterday, her office said. The Pacific Daily News also tried to reach Lt. Gov. Kaleo Moylan, who's running for governor, but was unsuccessful in its attempts.

While some are calling for more comprehensive investigations, others contend reaction to the Justice Department report is still premature.

Antonio Charfauros, chairman of the Democratic Party of Guam, said it is still too early to tell whether the federal report will be negative or positive for the party itself. However, he said the report will most likely not bode well for the Gutierrez campaign down the line.

"Once people start digesting this information, the impact will be probably be very negative," he said.

Negative light Charfauros, who has already started fielding calls about the report, said whether this puts one candidate at an advantage over the other is anyone's guess.

Charfauros said any investigation, let alone one on a federal level, does not reflect well on the party in the public's eye.

"People don't want to see anymore negative issues like this to come out," he said.

He said the gubernatorial election will be determined by votes from independents — some 10 to 15 percent of the voting population, Charfauros estimated.

Though the recently released report has stirred more than a few political pots, most residents seem ambivalent. For them, they say, it's politics as usual.

"I don't think (the report) is going to impact voters too much," said 39-year-old Sinajana resident Jeanette Concepcion. "I think people already have decided who they want to vote for and they are going to stick with that."

Concepcion said she is disdainful of the mud-slinging political tactics.

Concepcion said though she will vote in the gubernatorial election, she is weary of the divisiveness and chronic problems.

"I just wish everyone had a common goal," she said, to work together for a better community. She said politicians should pay more attention to issues like the state of the economy and the quality of life here.

Tamuning resident 44-year-old Richard Waters, who considers himself an independent voter, said island politics have been too marred by nepotism and corruption.

"It's follow(ing) the family tree," he said.

While public reaction to the report remains lukewarm, more questions are bound to be raised over time, Underwood said.

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"It is not the future of individual parties that's at stake," he said. "It's our confidence in our own ability to govern that's at stake."

Gutierrez Praises Report (GUAMPDN)

By Gaynor Dumat-ol Daleno

Guam Pacific Daily News, July 3, 2006

Former Gov. Carl Gutierrez yesterday praised a recently released federal investigation into the removal of former acting U.S. Attorney Fred Black, saying Black's smear of his replacement, Leonardo Rapadas, is a "prime example of his operations."

Gutierrez yesterday released a written statement responding to the report, accusing Black of blocking local attempts at self-government. During a Saturday interview with the Pacific Daily News, Gutierrez denied statements in the Department of Justice report that lobbyist Jack Abramoff was working on his behalf to get Black removed.

Gutierrez in yesterday's statement acknowledged meeting with Abramoff during a dinner in the nation's capital, where the topic of Black's nomination came up, but he did not elaborate on what happened after that, saying only that he found it "interesting" that Abramoff wanted to meet him. A Justice Department Office of Inspector General report, released Friday in Washington, D.C., states that Abramoff told federal investigators he began working on behalf of Gutierrez, who was governor at the time, to lobby for the removal of Black when certain Gutierrez administration officials were under federal investigation.

According to e-mails from Abramoff cited in the report, Gutierrez and former Sen. Mark Charfauros wanted a business associate of Gutierrez's son-in-law to replace Black. But when Abramoff's lobbying group found out the selection of Lenny Rapadas as U.S. Attorney for Guam and the Northern Marianas was well under way before its lobbying, Abramoff still took credit for the removal of Black and the selection of Rapadas, according to the report.

In one e-mail, he told a lobby shop colleague to "spin, spin, spin" that their lobbying had led to the replacement of Black and selection of Rapadas.

"Abramoff's e-mails confirm that in later February 2002, he became involved on Gutierrez's behalf to oust Black from the interim U.S. Attorney position," according to the federal report, issued after an investigation based on allegations from Black. Black had also sought to become nominated to the U.S. Attorney position in a permanent capacity, according to the report.

Abramoff strategy Because the Bush administration, which ultimately makes the nomination for U.S. attorney, would prefer a political appointee who is supported by Republicans at the local level, the report says part of the Abramoff strategy against Black was to paint him as a local Democratic supporter.

Abramoff said he was provided a copy of a letter Gutierrez had written years earlier, when the White House was under the Democratic leadership of President Clinton. In the letter, Gutierrez had described Black as a "good Democrat," according to the report.

Upon receiving the old Gutierrez letter, Abramoff sent it in an e-mail to members of his lobbying team who handled Guam and Northern Marianas issues, according to the federal report. Abramoff e-mailed the letter to Michael Williams, Todd Boulanger, Tony Rudy and Kevin Ring, Abramoff associates at lobby shop Greenberg Traurig. Abramoff and Rudy have pleaded guilty in a broadening influence-peddling case in the nation's capital.

The report states Abramoff, in the Feb. 25 e-mail, described Black as "a total commie," who "has been bashing the CNMI nonstop in the past ... we need to get this guy sniped out of there."

The U.S. Attorney's Office under Black had pursued corruption-related prosecutions involving members of the Gutierrez administration. Several members of the Gutierrez administration had been charged in federal court, and some of them, including former Gutierrez Chief of Staff Gil Shinohara, have been convicted.

Dinner meeting Gutierrez, in his statement yesterday, said he first met Abramoff at a February 2002 dinner in Washington, arranged by Charfauros, a self-proclaimed friend of Abramoff.

In the Justice Department's Inspector General report, Charfauros was identified as Abramoff's main contact on Guam to link to Gutierrez.

Gutierrez's press release yesterday states he met Abramoff while attending a National Governors' Association meeting.

The federal report said, based in part on information from Abramoff, that before the Gutierrez-Abramoff dinner, Abramoff had been working alongside Guam Republicans.

In his press release yesterday, Gutierrez said: "Mark Charfauros told me that Jack Abramoff wanted to meet his most formidable foe in Guam."

"Back then, I didn't know the extent of Abramoff's involvement in the 1998 election fiasco, and I thought it was interesting that he wanted to meet me. I never refuse to meet with anyone, including adversaries," Gutierrez added.

In 1998, when it appeared Gutierrez and his Republican opponent, Joseph Ada, would face off in a runoff election, Abramoff had offered a campaign strategy, according to Pacific Daily News files. The runoff didn't materialize because of a court

ruling that paved the way for Gutierrez to serve his second term. Gutierrez is running for governor in the November election, with running mate Democrat Sen. Benjamin J. Cruz.

Gutierrez said the other attendees of the February 2002 dinner with Abramoff were:

Former first lady Geri Gutierrez;

Gutierrez son-in-law Chris Stahl, Carla Gutierrez Stahl and their daughter Lilly;

Former Sen. Charfauros and his wife;

Former Guam Army National Guard Adjutant Gen. Benny M. Paulino and wife Bernie;

Former Gutierrez administration Deputy Chief of Staff Joshua Tenorio;

Former Commission on Decolonization Executive Director Leland Bettis and wife Melissa; and

Former Gutierrez Washington staff members John Whitt and Mary Eva Candon.

"At the dinner, Gutierrez recalled that Abramoff raised the subject of Black recommending himself for the U.S. Attorney position in Guam, saying that Black was claiming to be a member of the Republican Party," according to Gutierrez's press release yesterday.

Gutierrez in the press release said he told Abramoff that he had signed a letter in January 1995 to former President Clinton recommending Black to be U.S. Attorney. "Contrary to what Fred Black reported to investigators, he was the one that approached me about signing a letter of recommendation he had drafted," Gutierrez stated.

Black was off island over the weekend when the Pacific Daily News contacted him for comment, but his continuing employment as a part of the U.S. Attorney's Office on Guam, albeit with a diminished role, bars him from giving media interviews, he has said.

Charfauros on Saturday told the Pacific Daily News he disputed the federal report linking Abramoff and Gutierrez to a plan to remove Black. Charfauros said while he did ask his friend Abramoff for help in securing a confirmed U.S. Attorney for Guam, he did not work with Gutierrez on the matter.

'Blatantly racist' The federal report, which is based on an investigation stemming from allegations by Black, also states that Black has given unfavorable comments about other previous candidates for U.S. attorney for Guam and the Northern Marianas.

In that context, Gutierrez yesterday saw the report in a positive light.

"I am very pleased that the Department of Justice has issued this report, which exposes the inappropriate attempts by former acting U.S. Attorney Fred Black to block the appointment of any local attorney to be U.S. Attorney. It is scathing by all counts and further supports my contention that Fred Black abused his authority as the acting U.S. Attorney. Fred Black successfully eliminated any local candidates for U.S. Attorney for 11 years by alleging that all potential candidates had connections to family members who were suspected of corruption. This is blatantly racist," Gutierrez said.

"The bottom line is this -- for 11 years Fred Black smeared Guam's political leaders and the people of Guam as being corrupt," Gutierrez said yesterday.

On Saturday, Gutierrez denied ever pushing for a business associate of his son-in-law as Black's replacement, as stated in the report.

The report states Abramoff's March 2002 e-mails reflect Gutierrez and Charfauros favored an attorney from the Washington, D.C., law firm Patton Boggs for Guam U.S. attorney.

"Abramoff told the (Office of Inspector General) that the attorney had worked with Gutierrez's son-in-law on a business matter," according to the report.

The report did not mention the Patton Boggs attorney's name.

Stahl, Gutierrez's son-in-law, was president of a company, GIPR, that was on contract as a marketing consultant for the local government's attempt under the Gutierrez administration to sell the Guam Telephone Authority. Stahl worked with Patton Boggs in the GTA privatization, but their joint efforts were unsuccessful in selling the government phone company. GTA was privatized in January 2005, two years after the Gutierrez administration left office.

According to a local government audit, GIPR was paid about $1.7 million in fiscal years 2001 and 2002, while Patton Boggs was paid about $903,000 in fiscal 2002 for its involvement in GTA privatization attempts, according to Pacific Daily News files.

"Carl Gutierrez Had Nothing To Do With This" (GUAMPDN)

By Steve Limtiaco

Guam Pacific Daily News, July 2, 2006

Charfauros disputes DOJ report on Black

Former Democratic Sen. Mark Charfauros yesterday acknowledged that he probably was lobbyist Jack Abramoff's closest friend on Guam, but he disputed a U.S. Department of Justice report released yesterday, linking Charfauros and former Gov. Carl Gutierrez to a plan to remove interim U.S. Attorney Frederick Black.

According to the report, investigators found a January 2001 e-mail from Charfauros to Abramoff, stating that Gutierrez would be unofficially "funnelling" his candidates for U.S. Attorney and judiciary appointments through Abramoff's office.

Charfauros yesterday evening said he did ask his friend Abramoff for help in securing a confirmed U.S. Attorney for Guam, but said he was not working with Gutierrez on the matter and did not send the e-mail stated in the report. "No way. I'd like to see that e-mail. That didn't happen. I never filed any kind of e-mail, saying that nominations are gonna come out of Carl Gutierrez. Carl Gutierrez had nothing to do with this whole issue," Charfauros said.

According to the report, Abramoff spoke to Gutierrez at a dinner in the nation's capital, and said he was aware that Gutierrez wanted Black removed from his position, "in part because of an ongoing corruption investigation Black's office was pursuing into the activities of certain members of the Gutierrez administration."

According to the report, Abramoff's e-mails confirm that in February 2002 he became involved on Gutierrez's behalf in a plan to remove Black.

Charfauros, who once was chairman of the legislative judiciary and criminal justice committee, said he always was interested in getting someone confirmed to the U.S. Attorney job on Guam, and said it did not matter who that person was.

"We have never had the ability to have the clout in Congress to confirm a U.S. Attorney for Guam," he said.

He said he went to his friend Abramoff for help. "Me and Jack's relationship was purely friendship... And this is an issue which is really unfair for Jack because he did this for no pay."

Charfauros also disputed the statement in the report that he hates Black.

"I don't think I hate Fred Black. The only thing I can say about Fred Black was there was a choice between Fred Black and Lenny Rapadas, and the only one I felt was gonna make it was gonna be Lenny Rapadas. He was the only guy I felt would get a confirmed nomination."

Charfauros, who in 1997 was sued by the Gutierrez family for slander, and who countersued them, yesterday described his relationship with the former governor, saying he wanted Gutierrez investigated because of allegations of wrong-doing. He said he started to "think twice" after federal investigations yielded no convictions against Gutierrez.

"I asked that Carl Gutierrez be investigated, and this investigation was done extensively and nothing came out of it. If I was gonna take this any further, then it would basically be personal, and it was never really personal," Charfauros said.

Abramoff: Gutierrez Wanted Black Out (GUAMPDN)

By Gaynor Dumat-ol Daleno, Dionesis Tamondong

Guam Pacific Daily News, July 2, 2006

Disgraced lobbyist Jack Abramoff has told federal investigators and said in e-mails that he worked on behalf of then-Gov. Carl Gutierrez to remove Frederick Black from being the top federal prosecutor on Guam, a new federal report states.

In a Feb. 25, 2002, e-mail, Abramoff wrote Black is "a total commie ... and has been bashing the CNMI nonstop in the past ... we need to get this guy sniped out of there." The e-mail is quoted in the newly released U.S. Department of Justice Office of Inspector General report from Washington, D.C.

Gutierrez late yesterday said he never asked Abramoff to help oust Black from his position. "I've never tried to get Fred Black removed," said Gutierrez, a gubernatorial candidate in this year's election. "As a matter of fact, I nominated him when I first became governor."

The Justice Department report stems from Office of the Inspector General's investigation into Black's allegations that Abramoff worked to get him demoted because he was leading corruption investigations involving people in the Gutierrez administration.

The investigation also was prompted by Black's allegation that Abramoff wants him out of the federal prosecuting loop because he supports applying U.S. immigration laws in the Commonwealth of the Northern Mariana Islands for national-security reasons.

Black could not be reached for comment yesterday. He previously has declined to comment on the Abramoff issue because he works under Rapadas.

"We are opposed to Black. He has been screwing us for years in the CNMI, so this is good payback. I don't care if they appoint Bozo the clown, we need to get rid of Black," Abramoff wrote in a March 6, 2002, e-mail to members of his lobbying firm at the time, Greenberg Traurig.

Abramoff pleaded guilty in January to mail fraud, conspiracy and tax evasion in connection with his lobbying work. He is cooperating with a broadening investigation that has so far produced five convictions.

The federal report states "Abramoff's e-mails confirm that in late February 2002, he became involved on Gutierrez's behalf in a plan to oust Black from the interim U.S. Attorney position."

A few months ago, the Gutierrez camp had portrayed itself as a victim, rather than a partner, of Abramoff lobbying. Gutierrez has served two gubernatorial terms and is running in the November gubernatorial election.

But while the report provides a direct link between Gutierrez and Abramoff on certain attempts to have Black removed, the report also concludes that Abramoff's efforts to influence the White House appointment for U.S. Attorney for Guam and the Northern Marianas did not matter because by the time Abramoff got involved, Leonardo Rapadas already had been chosen by a Justice Department selection panel for the job, and "it was too late to affect the selection," according to the report.

"Abramoff told the (Office of Inspector General) that he recalled being involved in attempts to influence the Guam U.S. attorney nomination beginning in February 2002," according to the report.

"At that time, Abramoff was pursuing a $1.3 million contract with the government of Guam to pursue its interests, including attempting to increase airplane flights to and from Guam," according to the report.

As part of his efforts to obtain the contract, Abramoff met Gutierrez, who was then governor, at a dinner in Washington, D.C., states the report.

'We may have talked' "Abramoff, who had previously worked on behalf of Gutierrez's Republican opponents, said he was aware at the time that Gutierrez wanted Black removed in part because of an ongoing corruption investigation Black's office was pursuing into the activities of certain members of the Gutierrez administration," states the report.

Gutierrez yesterday said he, along with his family and other government of Guam officials, did meet Abramoff at the Washington, D.C., dinner.

"We may have talked about how Fred Black is hurting the island of Guam. Maybe he came to the conclusion that Fred Black was persona non grata as far as I'm concerned out here, not necessarily for myself but for the people of Guam."

Gutierrez, who was hosting a party at his home yesterday evening, called about five minutes after an initial interview with the PDN to say that former Sen. Mark Charfauros was the one who spoke with Abramoff and asked him to see what he could do to oust Black from his position and to move Rapadas' nomination forward. The report states that Abramoff's main contact on Guam in getting to Gutierrez was Charfauros.

Former Sen. Randy Cunliffe, who was at Gutierrez's party last night, also said Charfauros was the one who spoke with Abramoff. Cunliffe said he was speaking as Gutierrez's attorney.

Gutierrez also said that neither he nor his administration paid Abramoff for any lobbying efforts.

Charfauros in a phone interview yesterday said he did ask Abramoff for help in getting a permanent U.S. Attorney for Guam, but he did not work with Gutierrez on the issue.

On Feb. 26, 2002, after Gutierrez and Abramoff's dinner meeting, Michael Williams, a lobbying associate of Abramoff, sent an e-mail to Abramoff stating that Tony Rudy, who also was in the Abramoff lobbying group, was ready to speak to the White House about "killing" the U.S. attorney candidate (Black's role as acting U.S. attorney)." Williams also suggested that the lobby group suggest "a good Republican alternative," according to the report.

By March 4, 2002, Abramoff's e-mails reflect that Williams had learned that Gutierrez and Charfauros favored an attorney from the Washington, D.C., law firm Patton Boggs for the Guam U.S. attorney position, according to the report.

"Abramoff told the (Office of Inspector General) that the attorney had worked with Gutierrez's son-in-law on a business matter," according to the report. The report did not mention the Patton Boggs attorney's name.

Gutierrez yesterday denied those allegations.

Gutierrez son-in-law Chris Stahl was president of a company, GIPR, that was on contract as marketing consultant in the local government's attempt under Gutierrez's administration to sell the Guam Telephone Authority. Stahl worked with Patton Boggs in the GTA privatization, but their joint efforts failed.

Rapadas subsequently was confirmed by the Senate to replace Black, who had held the position in an interim capacity for years.

The federal report states even after Abramoff knew his lobbying efforts against Black were not what ultimately led to the selection of Rapadas, he took credit for the removal of Black and Rapadas' nomination.

In March 2002, after Abramoff found out that Rapadas had been selected as the replacement for Black, Abramoff e-mailed Michael Williams, an associate of his at the Greenberg lobby shop, to "play it" to their Guam contacts as though their lobbying efforts where what "killed Black," according to the Office of Inspector General report.

On March 8, 2002, Williams e-mailed Abramoff that although the "good news" was that Black would soon be out, the "bad news" was that the Patton Boggs attorney did not make the final cut, according to the report.

Abramoff added in an "e-mail that the Patton Boggs attorney was 'out of the process already. Spin spin spin,'" states the report, quoting from the Abramoff e-mail.

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Abramoff and Williams proceeded to track the process in the Senate for confirming Rapadas, according to the report.

Another e-mail reflects that Williams was told by his congressional contacts on May 7, 2002, that Rapadas was on the Judiciary Committee docket the next day and was expected to be "reported favorably" by the committee.

Two days later, on May 9, 2002, after the full Senate voted to confirm Rapadas, Williams e-mailed the news to the governor's son-in-law and asked that the governor be notified.

Fewer prosecutions The report also states that Black alleged that under Rapadas and First Assistant U.S. Attorney Ross Stoddard, Guam saw fewer prosecutions of federal corruption cases, and corruption matters have not been pursued to the degree they should have.

The FBI special agent who has led the public corruption cases on Guam since 1999 said that while the number of cases has gone down, that is due to "the normal cycle of cases," according to the report.

"The special agent stated that the (task force on public corruption) focused its energy on Gutierrez administration cases, and now reached the end of that road so it was necessary to build up some new cases," according to the report.

The report also states that according to the FBI special agent, since the change in the gubernatorial administration on Guam, "the number of public corruption referrals went down."

Tenet CEO Tries To Erase Effects Of Scandals (WSJ)

By Rhonda L. Rundle

The Wall Street Journal, July 3, 2006

Trevor Fetter inherited a financial and legal morass in 2003, when he took the top job at Tenet Healthcare Corp., the big hospital operator. Now, with most of the company's legal woes behind him, Mr. Fetter is turning to his next task: moving on.

Tenet last week agreed to pay the Justice Department $725 million to settle a host of investigations, including allegations that it gamed the Medicare system to generate lucrative payments it didn't deserve. The long-running saga, which hammered the company's stock price and led to the ouster of previous management, also cast a pall on Tenet's future. In recent years, Tenet's hospital roster shrank 40% to 68, as the company sold off many of the facilities where revenues were pumped up by questionable Medicare payments.

Now, Mr. Fetter's job is to restore Tenet's reputation and upgrade cash-starved facilities. The biggest challenge will be to persuade doctors to send more patients to Tenet hospitals, many of which languished as Tenet conserved cash in anticipation of the Justice Department settlement. Today, those hospitals lack the latest CT scanners and other high-tech equipment that doctors crave.

Mr. Fetter is prescribing both culture change and nuts-and-bolts operating improvements. His predecessor built Tenet over eight years through acquisitions, resulting in a deal-driven hospital company that rewarded executives for financial performance. Mr. Fetter himself was part of that management team for several years before leaving in 2000 to run a Tenet spinoff company. He was recruited back after Tenet's problems hit and eventually rose to chief executive. In that role, he has shifted incentives, including executive compensation, to spur quality improvements for patients. And he consolidated headquarters in Dallas last year, moving out of Santa Barbara, Calif., the location former management favored.

Even Tenet's critics give it credit for improving. But rivals aren't standing still, and a physician shortage in many communities is making it that much more difficult to recruit. Mr. Fetter shakes off the pessimism. "The table is set if we can get patients to come in," he says.

In their investigations, the Justice Department and U.S. attorneys in half a dozen cities didn't prove that Tenet had committed crimes. But Tenet acknowledges that a flawed culture led to an aggressive pricing strategy, which blew up when Medicare officials and private insurance companies discovered they were paying too much. "I hope we have changed the culture," Mr. Fetter says, "because ultimately your culture is your only protection."

One root of the trouble, Mr. Fetter says, was insufficient interaction among senior managers. He has imposed a three-day "no fly zone" during the third week of every month, when the company now holds a regular management meeting. In Dallas, he moved senior executives from their 16th-floor offices to rub shoulders with direct reports on other floors. He brought back suits and ties.

Behind the scenes, Tenet has been mending fences with doctors. Mr. Fetter, Chief Operating Officer Reynold Jennings and individual hospital CEOs have been making personal visits to ask doctors what Tenet can do to make their jobs easier. Some of the complaints can be addressed at little expense: Surgeons, for example, want operating rooms to operate efficiently and on-time to maximize the number of procedures they perform in a day.

Physicians at Houston's Cypress Fairbanks Medical Center complained that bottlenecks resulted in a shortage of critical-care beds, forcing the hospital to turn ambulances away from the emergency room. After an extensive evaluation, the hospital assigned more housekeepers to arrive after lunch, when rooms typically are vacated. Surgeons who tended to miss early start

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times in the operating room were assigned to later slots. "Patient flow isn't very fancy, but it's the kind of thing that makes Southwest Airlines" so successful, says Terry Wheeler, the hospital's chief executive.

Such changes have boosted volumes, but Tenet hospitals have been hurt by rivals who have taken advantage of favorable interest rates to finance swank new buildings and expensive equipment. "Tenet really hasn't been able to do that, which puts them at a significant disadvantage," says Sheryl Skolnick, an analyst at CRT Capital Group. "The doctors tell us that Houston Northwest, once their crown jewel, is falling apart."

Tenet acknowledges that Houston Northwest Medical Center, built in the 1970s, needs updating. The company is expected this week to provide details of how it will allocate some $800 million available for capital investment this year. The cash will go to buy multislice CT scanners, MRI machines, nuclear-medicine cameras and expansions and renovations of emergency rooms and heart catheterization and other labs.

Under previous management, capital investments tended to be glossy, high-visibility programs rather than physician-friendly upgrades. Tenet often lured cardiologists, orthopedic surgeons and other star specialists with lucrative financial arrangements that appealed more to their pocketbooks than to other professional instincts. Some of those deals drew government scrutiny and contributed to Tenet's reputation for being profit-hungry.

Tenet now has halted those deals, making high-quality care the attraction for both doctors and patients. The strategy turns necessity into a virtue as government programs and private insurers increasingly steer patients to doctors and hospitals based on quality measurements. "People will eventually start paying for quality," predicts Jennifer Daley, Tenet's chief medical officer and a former associate professor of medicine at Harvard Medical School. Other medical experts share her view.

Dr. Daley took her current job after Mr. Fetter pledged that Tenet's quality efforts would be real and transparent. "I'm not going to be part of window dressing," Dr. Daley says. "My goal is [for Tenet hospitals] to be in the top 10% to 20%."

In the past, Tenet had refused to participate in quality assessments that invited potentially negative comparisons with rival hospitals. Dr. Daley has insisted that the company begin submitting data to the Leapfrog Group, an industry consortium, and the California Healthcare Foundation, an independent philanthropy dedicated to helping consumers make informed health-care decisions.

Her efforts got the attention of Tenet hospital CEOs when they learned that some 30% of their compensation would be tied to quality metrics, such as progress in reducing hospital-acquired infections. Executives can check their scores on an internal Web site as part of an incentive system that took effect in January 2004. "My phone started ringing off the hook," Dr. Daley says, as hospital executives asked for help improving their numbers.

Tenet's efforts are paying off: United Health Group Inc.'s UnitedHealthcare, the big health insurer, gave its "premium" designation to 18 Tenet cardiac care centers. And in December, the American Heart Association awarded 12 of 50 performance achievement awards to Tenet hospitals. The awards go to hospitals that adhere to guidelines aimed at ensuring that patients get the right medicines and instructions to prevent a second heart attack or stroke.

The achievement is striking in comparison with another dark chapter from Tenet's past, in which two renegade doctors at a Redding, Calif., facility were accused of performing hundreds of unnecessary heart surgeries over a 10-year period. In 2004, Tenet agreed to pay $395 million to settle most of the resulting civil litigation and sold the hospital.

"Having 12 of [the heart-association awards] is significant," says Gray Ellrodt, chief of medicine at Berkshire Medical Center, a Pittsfield, Mass., hospital that isn't part of Tenet. "That is a good-faith effort to do this right."

Austin Banker Near Victory In S&L Suit (AAS)

By Robert Elder

Austin American-Statesman, July 3, 2006

Austin real estate developer Alfred Hughes was close to giddy when he acquired an El Paso savings and loan in 1988.

"We're sitting on top of the world," he said after federal regulators approved the purchase. "We're very comfortable working in a regulated environment."

Less than two years later, regulators shuttered El Paso Federal Savings and Loan. For the past 16 years, Hughes has been trying to collect the $46.5 million he says the government cost him by improperly closing and then liquidating the institution.

Among the assets Hughes lost when the thrift closed was his ownership of 4,500 acres of Steiner Ranch in western Travis County, now a development of high-end homes.

Although the legal battle may roll on, in a continuing echo of the massive savings and loan crisis of the 1980s and early 1990s, Hughes won a big victory last month. Senior Judge James Merow of the U.S. Court of Federal Claims awarded Hughes the full amount, ruling that a 1989 federal law had unfairly imposed new financial requirements on thrifts.

The U.S. Department of Justice has two more avenues of appeal: the Court of Appeals for the D.C. Circuit and the U.S. Supreme Court. Arlene Groner, a Justice Department attorney, did not return calls for comment.

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Hughes' case shows that the savings and loan crisis, which started mushrooming 25 years ago, isn't yet played out. Hughes' lawsuit was one of at least 150 filed against the government over the 1989 Financial Institutions, Reform, Recovery and Enforcement Act, a far-reaching law that helped push many thrifts into insolvency.

The government has paid more than $1.7 billion in damages so far. About 30 cases were pending as of 2005.

Hughes, 65, seemed blasé about his victory.

"It's just a lengthy process that you have to go through to sue the government for monetary damages," he said last week from his part-time home in Arrowhead, in Colorado's Vail Valley. "We just stayed the course. It doesn't do any good to get yourself worked up.

"We always felt like it would eventually get resolved," said Hughes, who said he has been retired for about five years. "We knew what we had done was right."

The savings and loan crisis sparked the greatest collapse of financial institutions since the Great Depression.

In the decade that ended in 1995, 1,043 thrifts with more than $500 billion in assets closed, according to the Federal Deposit Insurance Corp.

The causes were many: an unsound deposit insurance program that didn't distinguish between conservative thrifts and reckless ones; skyrocketing interest rates that forced thrifts to pay their customers more than they were taking in from long-term mortgages; regulations that permitted excessive borrowing; and plain old fraud by savings and loan owners, with Texas contributing some of the most spectacular examples.

The failures swamped the government's savings and loan insurance program, and taxpayers had to kick in $124 billion to bail out the failed institutions. Thrifts paid another $29 billion.

Hughes already was a banking, business and government veteran by the time he acquired the foundering El Paso Federal, which he bought shortly after a deal to buy an Austin thrift collapsed. He had been a bank director, an executive at an Austin thrift and founder of the Round Rock Savings Association. He was CEO of a chain of day surgery and diagnostic centers.

In 1986, he was chairman of the Texas Department of Corrections board. At that time, the American-Statesman estimated Hughes' net worth at $30 million to $50 million, based on comments from a close associate. Hughes today says that estimate was low. To entice investors such as Hughes to buy troubled thrifts and rehabilitate them, the now-defunct Federal Home Loan Bank Board authorized an unusual accounting maneuver.

Savings and loans need a certain level of capital to meet regulatory requirements. But El Paso had more liabilities than assets and would not have met the requirements.

In these cases, regulators stretched the definition of capital to include the amount by which liabilities exceeded assets and allowed the difference to be counted as goodwill, the business term for an intangible asset.

The goodwill could then be counted toward the capital requirements. It was a crucial step that allowed the thrifts some breathing room while the new owners restored them to financial health.

"It was the only way to make an institution viable," Hughes said.

Buyers of thrifts also were allowed to use real estate instead of cash as financial backing for their operations. In this case, Hughes used his stake in Steiner Ranch, commercial real estate in North Austin and a number of federally subsidized housing units. He also paid $11.5 million in cash.

In his ruling, Merow noted that though regulators "preferred troubled thrifts to be acquired with cash rather than real estate, which lacks liquidity and has fluctuating values, contribution of real estate was not uncommon during this time of thrift failures as regulators sought to avoid industry collapse."

In 1989, Congress passed a law that was seen as the government's first serious attempt to stem the financial bleeding from savings and loans. One part of the law called for the elimination or rapid phase-out of the accounting allowance, which almost overnight left hundreds of institutions without enough capital to keep operating.

El Paso Federal, which had been in compliance with capital requirements, suddenly had a problem.

The new law took effect in December 1989. By September 1990, El Paso Federal was in regulatory receivership. It later was liquidated.

"It was pretty easy to see what was going to happen," Hughes said.

The U.S. Supreme Court later ruled that the law breached the contracts the government had made with investors who had purchased troubled savings and loans.

The rules for troubled thrifts shifted dramatically with the passage of the 1989 law, said Stephen Skaggs, president of the Bank Advisory Group LLC in Austin, a consulting firm.

Skaggs, who reviewed the court's ruling in the Hughes case, said the law was well-intentioned in its attempt to recapitalize thrifts and eliminate the goodwill accounting change, which he called a menace.

But, he said, the goodwill allowance "probably should have been eliminated far more gradually than it was."

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Skaggs said the ruling makes it clear that the rule changes left investors such as Hughes "high and dry . . . simply because the rules under which Hughes capitalized the thrift were then changed after the fact."

Hughes lost the assets he had injected into El Paso Federal, including his ownership in most of Steiner Ranch.

Although he is not prone to looking back, Hughes said, "It sure would be nice to have Steiner Ranch back."

He said he had planned to develop the property in much the same way it stands today.

Hughes owned 4,500 acres. After El Paso's failure, the land ended up back in the hands of Tommy Steiner of the Steiner family, the same person from whom Hughes had bought the property.

BP Traders, Attempting To `Corner' Propane Market, Lost $10 Mln (BLOOM)

Bloomberg, July 3, 2006

3 (Bloomberg) -- The three BP Plc traders accused by regulators of attempting to corner the U.S. propane market lost $10 million when they failed to sell their inventory, court documents show.

The traders in February 2004 sought to make more than $20 million by holding most of the propane on a pipeline that ships the heating fuel from a hub in Texas to the U.S. Midwest and Northeast, according to transcripts filed June 28 with the U.S. District Court in Illinois by the Commodity Futures Trading Commission. Instead, they were stuck with much of the fuel as the market plunged on March 1.

``Not only do they have a public relations problem, they have a financial problem," said Charles Mankin, director of the Oklahoma Geologic Survey at the University of Oklahoma. ``It backfired on them." The losses may be more of a deterrent against future attempts to manipulate markets than any action by regulators, Mankin said. BP on June 28 denied the allegations of market manipulation and said it had fired several employees.

BP, which made $2.8 billion trading oil and gas in 2005, and other oil companies are facing increased scrutiny from U.S. regulators and lawmakers as near-record oil prices have boosted gasoline, heating oil and natural gas prices to records in the past year.

Mark Radley, a former BP trading manager who the Commodity Futures Trading Commission alleges developed the strategy, told his second-in-command that success or failure would show whether ``we can control the market at will," according to transcripts filed with the U.S. District Court in Illinois.

Grand Jury

BP is the subject of a grand jury investigation after a crude oil pipeline leak in Alaska, which was discovered in March. In September, BP agreed to pay a $21.4 million fine, the largest ever imposed by U.S. safety regulators, for more than 300 safety violations that led to a March 2005 blast at the company's Texas City, Texas, refinery, killing 15 people and injuring more than 170.

Radley's second-in-command, Dennis Abbott, pleaded guilty to conspiracy last week. Radley, Abbott and another trader, Cody Claborn, were all fired for violating BP trading policies, according to the CFTC filing.

Radley's boss, James Summers, the vice president of natural gas liquids for BP Products North America Inc., Martin Marz, compliance manager for the unit's North America Gas & Power business, and Donald Byers, then chief operating officer for the unit, have been suspended since the CFTC named all three in its complaint, the Financial Times reported today, citing people familiar with the matter.

BP can't comment on the FT report or say anything beyond the statement on June 28, Jamie Jardine, a Singapore-based spokesman for the company, said today.

Hunt Brothers

Summers, Marz and Byers were aware of the manipulation scheme, according to the Commodity Futures Regulatory Commission's complaint.

The propane trades caught the attention of other market participants, according to transcripts of telephone calls in which they accused BP traders of trying to corner the market.

One caller referred to BP trader Cody Claborn, who worked for Abbott, as Cody Hunt, a reference to the brothers Nelson and Will Hunt, who were convicted in 1988 of conspiring to manipulate silver prices.

Claborn responded: ``What are you talking about man?"

The caller, identified only as a market participant in the court documents, then said, ``Someone told me you guys were trying to corner the TET market so I figured you were one of the Hunt brothers."

`Badly Mistaken'

``I think you're badly mistaken," Claborn answered. ``Who told you that?"

Charles Mills, the attorney representing Radley, declined to comment. Attorneys representing Claborn and Abbott couldn't be reached for comment.

BP last week denied the trades were illegal. The Commodity Futures Trading Commission alleges the BP employees violated state antitrust and consumer protection laws.

``We are reviewing what has been filed, but based on our investigation of the trades we have examined to date we believe that no manipulation of the market occurred," BP said in the June 28 statement. ``That is not how we operate."

Marz, the compliance manager who approved the trades, told the traders at a February 2004 meeting to refrain from using the word ``squeeze" when discussing the strategy, the CFTC said.

`Feeding an Elephant'

Abbott, who pleaded guilty to conspiracy in a separate court filing by the Justice Department on June 29, was called by another gas trader on Feb. 19, 2004.

``Jeez, what is y'all's appetite for propane? I mean, it's just like feeding an elephant," the market participant said to Abbott.

``Um, yeah, we just like it," Abbott replied.

``You dig it, huh?"

``I'd call it insatiable right now," Abbott told the counterparty.

BP's propane inventory peaked at 5.l million barrels, 27 percent more than planned, according to its internal presentation, called ``Lessons Learned" and designed to determine how the experience might be useful in the future. The company had hoped to sell as much as 60 percent of that gas in February. It sold 17 percent, forcing it to sell the rest in March when prices fell by 34 cents a gallon, the document said.

`Dominant Position'

``BP employees purchased enormous quantities of propane to establish a dominant and controlling long position," the CFTC said in its complaint. That caused propane prices to rise to more than 90 cents a gallon on Feb. 27, 2004, the complaint said.

``A price that would not otherwise have been reached under the normal pressures of supply and demand," the CFTC said. Propane gas is used to heat homes in the U.S., largely in rural areas without access to natural gas pipelines.

The ``Lessons Learned" document said the trades carried no regulatory risks, ``but could increase the risk of regulatory intervention," the document said. There were no specific legal concerns. The ``primary risk" was to BP's reputation, the document said.

The case is U.S. Commodity Trading Commission v. BP Products North America Inc., 06Cv3503.

BP Suspends Three Traders Amid Calls To Police Markets (FT)

By Jeremy Grant

Financial Times, July 3, 2006

BP, the UK energy group, has suspended three Houston-based traders at the centre of an alleged propane price manipulation scheme, as alarm rose in Washington over the need to police energy markets.

Senior US senators have warned congress that “too many trades” are occurring without regulatory oversight.

Senator Carl Levin, a Michigan Democrat, said: “More and more trading is being conducted by large oil and gas traders on electronic markets where there is no oversight. It’s time to put the cop back on the beat in these markets to make sure ordinary Americans aren’t ripped off.”

Mr Levin’s call, in a bipartisan report to congress last week by the Senate’s Permanent Subcommittee on Investigations, is the clearest sign yet that lawmakers believe the US energy markets are still open to manipulation years after the collapse of Enron exposed the weakness of lightly regulated energy markets.

Mr Levin and Norm Coleman, his Republican counterpart, urged congress to “eliminate the Enron loophole” by extending the power of the Commodity Futures Trading Commission, the US futures industry regulator, to oversee over-the-counter (OTC) energy markets.

It was in such markets that the alleged BP propane scheme took place. But the CFTC, which regulates exchange-traded energy futures, only spotted the alleged trouble after receiving tip-offs from market participants in the OTC markets, people familiar with the investigation said.

A sweeping CFTC civil lawsuit last week alleged that a five-man team at BP’s natural gas trading desk in Houston cornered the market for TET propane, which millions of low-income Americans use to heat homes and fuel cookers and barbecues.

By building up a dominant position, BP drove up the price of the fuel, the suit claimed.

BP denies any manipulation took place. It says it fired two from the team some time ago. The other three were escorted out of BP’s Houston offices on Friday after being put on “administrative leave”, people familiar with the matter said.

One is Cameron Byers, a British graduate of Insead business school and chief executive of North American Gas and Power (NAGP). The unit is BP’s trading arm in North America, where the group is the biggest player in propane.

The others are Martin Marz, former NAGP compliance manager, and James Summers, former vice president of natural gas liquids trading within NAGP.

A fourth, Dennis Abbott is co-operating with the US Department of Justice after pleading guilty to conspiring to manipulate and corner the propane market in the winter of 2004.

BP declined to comment.

BP and other traders of propane typically buy and sell propane and other fuels either using the telephone, or on internet-based markets such as Chalkboard, where the alleged price manipulation took place.

Any attempt to give the CFTC added powers to oversee the OTC markets would present a huge challenge given the opaque nature of record-keeping in such markets and the need to substantially boost the CFTC's budget.

Offshore Disturbance Behind Big Wall Street Failure: An Unregulated Bermuda Unit (WSJ)

By Carrick Mollenkamp, Ian McDonald And Peter A. McKay

The Wall Street Journal, July 3, 2006

At 7:32 in the morning on Oct. 13, Paul Van Dillen tapped out an urgent email to Refco Inc. "Please return $9.9 mm," he instructed the New York-based brokerage firm.

Refco had a reputation for stellar service, but Mr. Van Dillen, an analyst for AQR Capital Management, got the runaround that morning. He traded six more phone calls and emails with Refco over the next four hours in an effort to recoup the millions held in Refco brokerage accounts by the $25 billion hedge-fund manager. Eventually, in a late-morning phone conversation with Refco employees, he got alarming news: Refco had just frozen $4 billion worth of accounts at the Bermuda unit that held his firm's money. (Read the email string1).

Refco filed for bankruptcy protection four days later, one of the largest and swiftest failures in recent Wall Street history. Refco, one of the world's largest commodities brokerages, was a global trading hub for corporations, government agencies, individual clients and hedge funds. And yet its spectacular collapse came out of nowhere. AQR, based in Greenwich, Conn., is now one of thousands of big and small investors trying to recover about $1.8 billion of assets missing from client accounts.

In recent months, the inside story of Refco's collapse is emerging in federal bankruptcy-court proceedings in lower Manhattan and in related civil and criminal actions. At its center is Refco Capital Markets Ltd. of Hamilton, Bermuda. Court proceedings have uncovered a host of unusual practices by the Bermuda unit that appear to have contributed both to Refco's rapid growth and to its catastrophic fall.

In the U.S., brokerage firms must maintain separate accounts for clients. But at Refco's unregulated Bermuda unit, client and company money was all tossed into a single unsegregated pool, the court proceedings have revealed. Refco routinely used this money for corporate purposes, and the commingled funds flowed freely between the Bermuda entity and New York units and throughout Refco, according to court testimony by employees and clients. Refco Capital Markets also made big loans to customers to finance high-risk investments. When these clients were unable to cover trading losses, the unit helped hide the bad loans, the civil and criminal actions allege.

Refco Capital Markets was incorporated in Bermuda as an "exempt" company, which meant it could do business anywhere except Bermuda. In fact, it employed no one at all at its headquarters address in Bermuda. New York-based employees ran the unit. In effect, it was unregulated: Neither Bermudan nor American regulators had any duty to watch over it.

A spokeswoman for the Bermuda Monetary Authority, the nation's financial regulator, says its main role is to protect "retail and unsophisticated" investors. Firms such as Refco Capital Markets, which cater to sophisticated investors, are entitled to exemptions from Bermuda regulation, she says.

On Oct. 10, Refco disclosed that it had made a series of transactions that could have been used to hide bad debts. That sparked a run on the bank led by its clients. Six weeks after a $583 million initial public offering of stock, Refco sought Chapter 11 bankruptcy protection. Refco Capital Markets had only $1.9 billion in client-account assets, although they were supposed to total at least $3.7 billion. Phillip R. Bennett, then chief executive officer, was arrested on Oct. 11 at his home in Gladstone, N.J., on federal fraud charges.

Refco was founded in 1969 as Ray E. Friedman & Co. Mr. Friedman was a Chicago commodities trader who served a 23-month prison stint in the 1950s for selling substandard chickens to the Army during the Korean War. He was later pardoned by President Lyndon B. Johnson and died in 2004.

Initially, Refco was mainly a middleman between farmers and food buyers. Much of its commodities operation involved futures contracts -- agreements to buy or sell a specified amount of goods at a set price on a specific date, which allow buyers and sellers to hedge against price swings and speculators to bet on price moves.

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In the 1970s, futures became a huge business. They were used to bet on prices of everything from currencies to U.S. Treasury bonds to precious metals. Under the leadership of Mr. Friedman's stepson, Thomas H. Dittmer, Refco became a big futures broker with a reputation as a tough competitor.

The firm frequently ran afoul of regulators. The Commodity Futures Trading Commission filed nine regulatory actions against Refco, while the Chicago Mercantile Exchange, the Chicago Board of Trade and other futures markets filed 131, according to the National Futures Association, an industry regulatory group.

Leo Melamed, former chairman of the Chicago Mercantile Exchange, says he once encountered Mr. Dittmer at an exchange event shortly after his organization fined Refco. "He told me: 'I made a few million, and you took a few thousand back -- so what?' " Mr. Melamed recalls. "Refco came into the industry as a renegade, and it stayed that way until the day it folded." Mr. Dittmer couldn't be reached for comment.

Mr. Bennett joined the company in 1981 from what was then Chase Manhattan Bank. He became chief financial officer in 1983 and chief executive in 1998. Under his leadership, Refco's operations grew significantly, eventually encompassing about two dozen subsidiaries. Mr. Bennett's lawyer, David Frankel, declined on behalf of his client to comment on Refco or the charges against Mr. Bennett.

In Bermuda, Refco set up a foreign-currency brokerage called Refco FX Associates. That later became part of another new Bermuda entity, Refco Capital Markets, which offered trading in exotic securities such as bonds issued by developing countries in Latin America and Asia as well as Russian stocks and silver futures.

Employees of Refco Securities LLC, a regulated subsidiary based in New York, ran the unregulated Bermuda unit. Customers of Refco Capital Markets ranged from overseas hedge funds run by highly regarded money managers to a baked-goods company in Georgia to a college professor in Iowa. It offered attentive service to all comers.

"You could call one person, and whether you had to buy an equity in the United States or in Korea or in Brazil, that one person could handle the transaction," said Richard Deitz, founder of a Moscow-based hedge-fund firm, VR Capital, during a bankruptcy-court hearing. Mr. Deitz said he and the Refco trader dedicated to his account communicated about trades and markets at least five times a day.

The service "was beautiful," says Peter Catranis of Aliso Viejo, Calif., who oversaw accounts for small investors.

The interest paid to clients on cash in their accounts was often 1.75 percentage points higher than Wall Street brokerages offered, one Refco executive testified in bankruptcy court.

Refco Capital Markets eventually counted more than 3,000 customers world-wide. By 2005, it produced more than half of Refco's pretax profit, according to bankruptcy-court testimony.

Big investors often borrow money from brokerages to invest, pledging securities in their portfolios as collateral. Most brokerages set limits on the emerging-market bonds and stocks they accept as collateral because of the risks associated with them. Refco Capital Markets often didn't set such limits. Thomas Yorke, who ran the Refco Capital Markets financing desk, said in bankruptcy-court testimony that Refco Capital Markets "didn't have any of the U.S. regulatory requirements to adhere to."

Vera Kraker, who ran the desk with him, said in a sworn statement: "We would look at pretty much any security a client would bring into Refco for financing."

Bahamas-based Capital Management Select Fund was able to borrow 50% of the value of its shares of Russian oil giant OAO Lukoil, its manager said in a court statement. Another brokerage, Bear Stearns Cos., wouldn't let it borrow more than 15% of the shares' value, the manager said.

As an "exempt" Bermuda company, Refco Capital Markets wasn't required to keep customers' money distinct from Refco's. Client and company money circulated among various Refco entities. Every day, the Bermuda unit sent money to an affiliated Refco entity, which used the cash to run Refco's varied businesses -- to pay bills, make loans and finance acquisitions, according to bankruptcy-court documents and testimony. And other Refco units ultimately sent funds to Bermuda for Refco Capital Markets to invest. Investigators have traced thousands of money transfers since 2000, with about $20 billion going from Bermuda to other Refco entities and about $18 billion going back.

Refco Capital Markets "had full use of all of the cash invested" with it, "and I am not aware of any restrictions that apply to the use of that cash," said former Refco treasurer Matthew Hreben in a sworn statement filed in bankruptcy court.

Many customers testified they had no idea the firm was using their assets this way. "That is not a business model of which I am familiar with," Mr. Deitz, the Moscow-based hedge-fund manager, said at a bankruptcy-court hearing. "It's something that I think is more in common with three-card monte."

In testimony, Refco executives said documents sent to customers to confirm trades disclosed that Refco had a free hand with client assets. They also said clients should have known that dealing with an unregulated Bermuda firm involved risk. "These are all big boys," Mr. Yorke said in court of the clients. "These aren't widows and orphans."

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Much client money was transferred to other Refco entities, testified Todd Brents of AlixPartners LLC, a firm helping unravel Refco's books. Sometimes "there will be a notation in the accounting records that will say transfer $10 million for X," he said. "Other times," he added, "there will be no explanation." He testified he suspected a large transfer last August was used to acquire the brokerage operations of Cargill Investor Services, because it was made on the same day Refco paid $208 million for the rival trading firm. Days earlier, a similar amount had flowed into Refco Capital Markets.

Clients "didn't know that what they thought was a broker was actually acting as a bank for Refco," says New York lawyer Howard Seife, who represents two dozen Refco Capital Markets customers.

The practices that brought Refco down appear to have arisen because some brokerage customers suffered investment losses and were unable to repay loans made by Refco. Some of these bad debts dated to the late 1990s.

In February 2000, Mr. Bennett made an unusual proposal to Bawag P.S.K. Group, an Austrian bank that bought 10% of Refco in 1999. In emails between Mr. Bennett and Bawag executives, the project was referred to as "Cleanup," say people familiar with the matter.

The project was a complex effort to hide hundreds of millions of dollars of bad debts, including loans customers couldn't repay due to trading losses. A private company controlled by Mr. Bennett assumed those bad debts to make Refco's books look better, according to federal prosecutors and Refco creditors.

In order for Refco to mask the transaction from auditors, Mr. Bennett's company engaged in a circular series of money transfers, which took place just before Refco closed its books each financial period. His company borrowed money from Bawag and Bawag borrowed money from Refco Capital Markets, prosecutors and creditors allege. Then, Mr. Bennett paid the money to Refco.

Thus, the bad debt on Refco's books was converted into a standard, collectable loan to Bawag. None of the transactions were visible to investors. Days after the financial period ended, the transactions would be reversed, creditors say, saddling Refco once again with the bad debt. (Read letters discussing the Bawag transactions: one3 | two4)

Eventually, these transactions were conducted quarterly and involved both the Austrian bank and a New Jersey hedge fund, Liberty Corner Capital Strategies LLC, Refco creditors allege. Investors in Refco stock and bonds make similar allegations in lawsuits against Refco executives and the company's auditor and underwriters. (Bawag agreed last month to settle criminal and civil claims that it helped carry out the alleged fraud. Liberty Corner has denied knowingly participating in the alleged wrongdoing.)

In early 2004, Thomas H. Lee Partners, a buyout firm, was preparing to acquire a stake in Refco with an eye toward transforming it into a publicly traded company. As part of the deal, Refco was planning a large bond offering, which meant that investors would be scouring its books. Creditors allege that at that time, Refco hid $970 million in debts, including bad debts. Although the Lee buyout firm spent $10 million investigating Refco, it didn't uncover the problem, and the deal went through.

On Aug. 11, 2005, Refco went public. To celebrate, Mr. Bennett rang the opening bell at the New York Stock Exchange. Two weeks after the IPO came another series of debt-hiding transactions with Liberty Corner valued at $420 million, according to the civil complaint by investors.

As Refco closed its books for the period ending August 2005, company bookkeepers noticed an irregularity, a move that forced Mr. Bennett to disclose his role at an Oct. 6 meeting with Refco's audit committee, according to bankruptcy-court testimony and court filings. Four days later, Refco disclosed the transactions relating to the bad debt. Over the next few days, "we had literally hundreds and hundreds of millions go out the door," Mr. Yorke testified.

Among those demanding money was Christopher Sugrue, a former Refco executive who ran a money-management firm called PlusFunds Group Inc. On Oct. 11, he burst into the office of Mr. Hreben, Refco's treasurer, in the company's lower Manhattan headquarters, according to sworn testimony from Mr. Hreben. Mr. Sugrue demanded that $300 million of PlusFunds money be transferred from unregulated Bermuda accounts to regulated U.S. ones in order to protect the funds, according to the sworn statement. "He appeared to be very upset and was shouting," Mr. Hreben said in his statement. Mr. Hreben ordered him out. (Read Mr. Hreben's account.5)

The next day, Mr. Sugrue returned to see Ms. Kraker, who helped run the Refco Capital Markets financing desk. "He stood behind me at my station on the trading floor asking repeatedly if the money had been transferred as he had demanded," she said in a sworn statement.

Refco transferred the money, and Mr. Sugrue withdrew it. Others also withdrew their funds, depleting the coffers of Refco Capital Markets. Refco froze the unit's customer accounts and declared bankruptcy. A bankruptcy court later froze the money withdrawn by PlusFunds because under bankruptcy law, all Refco Capital Markets clients have to be treated equally. In an interview earlier this year, Mr. Sugrue said he had every right to recover the money.

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Customers of Refco Capital Markets continue to try to recoup their money through bankruptcy court. Refco has sold its regulated futures-brokerage business to a unit of London-based Man Group PLC. Its remaining assets, including some expensive art work, are being sold off piece by piece. Mr. Bennett remains under house arrest. No date has been set for his trial.

SEC Dubious Of German Bond Deal (USAT)

By Elliot Blair Smith

USA Today, July 3, 2006

Las Vegas investor Jeffrey Weston has been snapping up Germany Weimar Republic bonds from the 1920s on the premise that $1,000 in IOUs payable in gold then are today worth about $1 billion apiece.

Along the way, Weston, 46, persuaded dozens of investors to give him $7.7 million to purchase the antique certificates, which lost much of their value after Adolf Hitler came to power in 1933.

Last week, the Securities and Exchange Commission said Weston had spun a fantastic tale while spending $2 million of investors' money on a house and cars and tucking away $454,000 more in Swiss bank accounts. The SEC said Weston bought some German bonds of dubious value, paying as little as $190 apiece for them, but laid little of the legal groundwork he promised investors toward establishing an investment trust he called INGOTs for Insured Notes of German Obligations Trusts.

In an emergency filing in Las Vegas, the SEC sued to halt Weston's promotions, freeze his funds and recover what authorities say might be only pennies on the dollar. The FBI and Texas authorities also are investigating, court records show.

SEC attorney Jeffrey Norris called Weston's investment sales pitch "far-fetched and impossible."

Weston, author of The German Financial Time Bomb: A Betrayal of the American Public, a Fantastic Deception, 50 years of Cover-up and Now a Solution, which investigators say he published with investors' funds, declined to comment. In a brief phone conversation, Weston said he was unfamiliar with the SEC lawsuit but promised to "be in touch" with his investors about the government case.

Since 1953, Germany has offered to honor bonds belonging to their legitimate owners — at face value, and without interest — while contending that most paper certificates now in circulation have no redemption value because they were pillaged by Russian troops from its banks at the end of World War II.

Weston's far greater expectations are based on his assertion that "Germany was lying about the looting by Russian soldiers" and appraisals that value the certificates much higher, his sales materials state. One marketing document identifies the Iowa high school graduate as "one of the world's foremost experts" in finance.

In June, Weston gave SEC investigators a lengthy deposition in which he cited previous jobs as a "penny stock" broker, a multilevel cosmetic salesman and manager of a Cayman Islands mutual fund that authorities liquidated in 2002. Weston acknowledged he'd had no income since the fund folded.

Weston told investigators he had "used a significant portion" of investors' funds for "personal expenses," which he'd recorded as a loan with "a sticky (note) that I put in my calendar book … indicating that it was a loan that I had taken that needed to be repaid."

Far from shy, Weston recounted previous clashes with the FBI and disgruntled investors and boasted he was able to buy the prewar German bonds far cheaper than anybody else "because most people won't sell them to anybody but me, because they're afraid that the person they're dealing with is an agent of the German government and going to confiscate the bonds."

Several investors expressed confidence Weston will prevail and force German authorities to honor the securities.

"I don't find anything untoward in anything Mr. Weston's told me," said George Vaile of Las Vegas, who invested $830,000 with Weston. "I believe the bonds have value."

James Long of Austin, who invested $300,000, said: "He's got, frankly, the German government in a very terrible position and I feel like this is a good investment even for somebody who's a moderate risk taker like I am."

CRIMINAL LAW:

Justice Dept. Subpoenas Jefferson's E-mails (RC)

By John Bresnahan

Roll Call, July 3, 2006

The Justice Department has issued a new subpoena for e-mails from Rep. William Jefferson (D-La.), who is at the center of an ongoing bribery and corruption investigation.

The subpoena, approved by a federal grand jury in Alexandria, Va., was sent last week to James Eagan, Chief Administrative Officer of the House. The Jefferson probe is being overseen by the U.S. attorney's office in Alexandria.

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The subpoena was read into the Congressional Record on Thursday evening, as required under House rules, but did not specify that Jefferson was the target of the request.

The Justice Department is seeking e-mail traffic from Jefferson's office prior to Aug. 3, 2005, when FBI agents raided his home and car, according to sources close to the case. The Justice Department and House officials have been negotiating over the scope of the subpoena for months, said the sources.

Any e-mails relevant to the Justice Department search will now be assembled, and Jefferson will be allowed to review them and decide whether he wants to try to assert his privilege under the Speech or Debate Clause and withhold them from the federal prosecutors. Jefferson would then have to file a legal motion in federal court in Alexandria outlining the reasons for why they should not be turned over to federal investigators.

Jefferson's attorney declined to comment for this article.

The House Administration Committee, which oversees Eagan's office, also had no comment.

Jefferson's office in the Rayburn House Office Building was raided by FBI agents on May 20, a move that infuriated both Democratic and GOP leaders. Jefferson's legal team, backed by the House leadership, has challenged the propriety of the raid in court. An initial ruling in that case is expected soon. House officials are negotiating with the Justice Department over ground rules for any future search of a Congressional office. Those talks remain ongoing.

Jefferson has been waging a legal fight with the Justice Department in federal court in Alexandria, but the proceedings in that case are under seal and not publicly available.

Jefferson is suspected of taking hundreds of thousands of dollars in bribes in return for his assistance in aiding a Kentucky businessman win several telecom deals in Africa. That businessman, Vernon Jackson, has already pleaded guilty in federal court to paying bribes to Jefferson beginning in 2001 through a company owned by his wife and five daughters.

A former Jefferson aide, Brett Pfeffer, pleaded guilty in January to conspiracy to commit bribery and aiding and abetting the solicitation of bribes by a Member of Congress. Pfeffer has been sentenced to eight years in federal prison for his role in the bribery scheme.

Ohio's Rep. Ney Stuck In Wait-and-see Game (USAT)

By Jill Lawrence

USA Today, July 3, 2006

CHILLICOTHE, Ohio — There's often a caveat these days when Ohio Republicans talk about re-election prospects for their embattled congressman, Bob Ney. As state Rep. Clyde Evans put it at a recent GOP barbecue, "Unless he's indicted, I think he'll do very well."

In a district that stretches more than 200 miles through hills, farms and small-town Main Streets, Ney has been the go-to guy for a dozen years. He won 66% of the vote in 2004. Now he's a central figure in the federal corruption investigation of convicted lobbyist Jack Abramoff and, according to the political newsletter Hotline, the most vulnerable House incumbent.

The six-term Republican from Heath is accused in court papers and testimony by a former aide of accepting gifts, trips and campaign donations from Abramoff and his clients in exchange for official actions. The House ethics committee is investigating him. Ney's top Capitol Hill aides are leaving, and federal investigators last week subpoenaed his district director.

Ney, who turns 52 on Wednesday, hasn't been charged and says he has done nothing wrong. He also says he'll run even if he's indicted. "I'll be serving … until the day the voters decide whether they want me to continue," Ney said in an interview. "They make the decision. No one else."

Diane Carnes, head of the Ross County GOP, says an indictment won't shake her support. "I trust him," she says. "I'm going to be there for him because he's always been there for us."

Some of Ney's past backers, however, say an indictment would change their votes. Some already are considering a switch to Democrat Zack Space, 45, an attorney and hotel developer from Dover.

Retired paper mill supervisor Arlan Cox said he is "up in the air" about whether he'll stick with Ney. As he prepared for a Lion's Club fish fry at a downtown park, Cox said he knew little about Space, but "we need to clean house in Washington and start over."

Ohio is awash in scandal, making it prime territory for the "culture of corruption" argument Democrats are using against Republicans in their quest to take control of the House and Senate. The largest corruption probe in Ohio history has produced charges against 14 people. The two most prominent:

·Republican Gov. Bob Taft was convicted of four misdemeanors involving golf outings, dinners and other unreported gifts; his approval rating in May was 26%.

·Tom Noe, a rare coin dealer and party fundraiser, pleaded guilty to illegally funneling contributions to President Bush. Noe also is charged with embezzlement arising from his management of a $50 million coin investment for the state worker's compensation fund.

The drag on GOP candidates here is palpable. Two-term Sen. Mike DeWine, seven-term Rep. Deborah Pryce and six-term Rep. Steve Chabot are in contests that Hotline editor Chuck Todd and other independent analysts rate as tossups or potential upsets, although all three won their last races with 60%.

Ken Blackwell, the Republican candidate for governor, doesn't talk about Taft. “Bob Taft is not in the matrix,” he declared, smiling, when asked why. Lieutenant governor candidate Tom Raga, rallying the troops at the backyard barbecue here in Ney's district, stuck to indirect allusions. “Republicans in Ohio love being Republicans,” he said. “They may have someone they're disappointed in or unhappy with, but they're Republicans.”

Space, who declined interview requests, won the Democratic primary with a campaign centered on ethics. His website features a pledge to accept no gifts, trips or meals from lobbyists.

Ney stepped down as head of the House Administration Committee in January after Abramoff, in his plea agreement, described official acts performed by “Representative #1,” later identified in court papers as Ney, in exchange for “a stream of things of value.” Abramoff partner Neil Volz, once Ney's chief of staff, pleaded guilty to trying to corrupt Ney. He testified that Ney was a “champion” for Abramoff's clients.

Ney, Abramoff and former House majority leader Tom DeLay took an expensive golf trip to Scotland, subsidized by the Tigua tribe of Texas, an Abramoff client. Ney later tried to help the Tiguas reopen a casino.

Ney calls Abramoff “a con man” who deceived him and wants to stay out of jail. Accounts of his own activities are distorted, Ney says: “Did I spend hours and hours and hours and hours on his issues? No.”

If Ney survives the election, it could be because of the Social Security glitches he has unraveled, the federal money he has secured, the sympathetic ear he offers his constituents. “People know him personally,” says Republican Connie Meyer, a registered nurse here. “Word of mouth is going to help.”

Controversy has only intensified Ney's attentions to the home folk. “I don't cancel events” in tough times, he says. “I just continue on a pretty rigorous schedule.”

One staple is leading students on tours of the Capitol. “Welcome to the floor of the U.S. House. My name is Bob Ney, and I'm your member of Congress,” Ney began recently, standing before 63 sixth-graders and 14 chaperones from Jackson (Ohio) Middle School.

Ney recently did the tour for 84 students from a neighboring district after they got stuck in traffic and missed their scheduled tour. The desperate request came from Democrat Violet Cummings, a Ney constituent on the trip. When he came through, driving all night from Ohio to Washington because of a canceled flight, Cummings took down her Zack Space lawn sign.

“How could I work against somebody who cares that much? … He can't be all bad if he cares that much about the kids,” she said.

Political Scandals Refuse To Go Away In 'Corrupticut' (WP)

By David A. Fahrenthold

The Washington Post, July 3, 2006

NEW HAVEN, Conn. -- There was the mayor who liked to be plied with $100-plus bottles of Bordeaux. The governor who took a free hot tub. The state senator who was given a job that paid $30,000 for doing nothing -- and then demanded a raise.

The past few years have revealed so many tales of graft, malfeasance and all-purpose criminality by public servants in Connecticut that it's hard to choose the most brazen. But for Kevin J. O'Connor, the U.S. attorney here, one moment stands out.

It came in June 2004, while then-Gov. John G. Rowland (R) -- he of the hot tub -- was facing impeachment in the legislature for improperly taking gifts. Even in that fraught time, O'Connor said, federal agents recorded state Sen. Ernest E. Newton II (D) -- he of the no-show job -- asking someone for a bribe.

"I thought to myself, you know, 'What are these people thinking?' " O'Connor said.

When Connecticut forefathers nicknamed their state "The Land of Steady Habits," this was probably not what they had in mind. But a tradition of bad behavior by officeholders persists here, despite numerous prosecutions and attempts at reform.

If more proof were needed, it has come in the past few weeks, with three new scandals involving current or former big-city mayors.

When Rowland resigned, pleaded guilty and was sentenced in March 2005 to a year and a day in jail, "everybody thought that was going to be the end of it," said John M. Orman, a professor of politics at Fairfield University in Fairfield, Conn. Instead, he said, the continuing parade of misdeeds has helped the state live up to a new nickname, "Corrupticut." "We just keep having 'em in Connecticut," Orman said.

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The recent scandals here include the tearful, nationally televised admission on June 20 by Bridgeport Mayor John M. Fabrizi (D) that he had used cocaine while in office. "I am pleased to tell you that I have not used drugs in the last 18 months," said Fabrizi, who has been mayor for more than three years. For now, the U.S. attorney's office says it has no plans to prosecute him for the drug use.

Other cases include a former mayor and city council member from Middletown -- who pleaded guilty late last month to fraud for embezzling money from his law clients -- and a new charge against Joseph Santopietro, the former mayor of Waterbury. Santopietro previously was convicted on bribery charges stemming from his conduct as mayor in the 1990s. Now out of jail, he has been charged with racketeering conspiracy for allegedly serving as a consultant to a mob-affiliated garbage-hauling business.

These cases are just the latest in a long string of charges against officeholders this year. There was Rowland's former chief of staff, who was sentenced to jail in April for bribery and tax offenses. There was a postmaster who stole from a customer, a public-works official who lied to federal investigators, and a state transportation worker who helped rig a bidding process and got a free TV from the winning contractor.

It all adds up to a big problem, officials here say. Statistically, the state's corruption prosecutions still don't equal those of places such as New Jersey, Illinois or Mississippi. But many fear that businesses will be driven away, or that voters and potential candidates might be disillusioned by a perception that Connecticut is -- as one pol has put it -- "Louisiana with foliage."

"We thought we were a state of Yankee integrity," said Howard L. Reiter, a professor of political science at the University of Connecticut. "Clearly, that's not the case anymore."

Observers of Connecticut politics say that part of the problem was that ethics rules went unenforced here for so long, allowing corrupt practices to become ingrained before large-scale prosecutions began in the 1980s and 1990s. Another problem is the state's network of political machines, which incubate Republican and Democratic hopefuls in systems in which friendship and favors rule.

In recent years, the two most prolific incubators have been a pair of old manufacturing cities in Connecticut's western half. Waterbury, in addition to being Rowland's home town, had three mayors charged with crimes, and two of them imprisoned. In Bridgeport, Fabrizi's predecessor, Joseph P. Ganim, also a Democrat, was convicted of taking bribes and kickbacks.

In the Ganim case, one of those doing the bribing was Lennie Grimaldi, a public relations consultant. Grimaldi said that the city's political culture dictated that he lavish gifts on the mayor or else worry that his clients would be frozen out of city business.

"It started off with, you know, buying dinners, and then expensive dinners, and then a little bit of wine, and then the gifts. . . . It became this monster," recalled Grimaldi, who served 10 months in prison and has become a successful freelance writer after his release. "I didn't have the guts to say no to a mayor that had a tremendous amount of economic power over me."

Last year, the Rowland scandal galvanized legislators to try to change the atmosphere. They created a system that bars political contributions from state contractors and lobbyists, and aims to reduce the influence of donors overall by providing public financing for candidates in future elections.

Locally, some officials have made their own efforts at doing politics strictly by the book. These days, Waterbury Mayor Michael J. Jarjura (D) said, even fruit baskets sent by constituents won't be accepted.

"I know they're just trying to be kind," Jarjura said, "but we immediately send it back, and we document that we sent it back."

These efforts at reforming the system are now widespread enough that Rowland's defense attorney, William F. Dow III, said he fears the good in the state's old system might be lost.

"Government will operate less efficiently" if politicians obsess over avoiding appearances of impropriety, Dow said. "I think this dotting the i's and crossing the t's is going to have a chilling effect."

The chill isn't here yet, though. Instead, last week saw another of the kind of embarrassing spectacle Connecticut is seeking to avoid, as defendants in the garbage-hauling case were arraigned in New Haven's federal court.

In that case, prosecutors allege that a slew of Connecticut businesses used mob muscle to keep competitors away from the routes where they picked up trash. Those charged include an 86-year-old man alleged to be mob boss "Matty the Horse," plus a number of lower-level players who appeared in court wearing pompadour haircuts or tailored suits.

Then there was Santopietro, the former Republican mayor of Waterbury, who stood out because he wore just slacks and a sensible-looking short-sleeved dress shirt. Out of the whole bunch, he was the only one who looked like a civil servant.

Missouri Court Ruling Limits Names On Sex Offender Registry (SLPD)

By Matt Franck

St. Louis Post-Dispatch, July 2, 2006

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Thousands of offenders would no longer be required to provide information for Missouri's sex offender registry after a ruling Friday by the Missouri Supreme Court, according to the lawyer behind the litigation.

While the high court upheld the constitutionality of the state's sex offender registry law, it ruled that the statute should not apply to nearly all of those convicted of crimes prior to 1995, when the law took effect. One key exception is sexually violent predators, who will stay on the list regardless of when their crimes occurred.

Just how many of Missouri's more than 11,000 registered sex offenders would be affected by the ruling was unclear Friday. Tim Hull, a spokesman for the Missouri Highway Patrol, which maintains the list, said officials must review the ruling in detail.

But Arthur Benson II, the lawyer who brought the case, estimates that thousands would no longer have to be registered as sex offenders. Currently, the registry includes offenses from 1979 to the present. Crimes committed during more than half of those years would not be included in the registry.

Benson said the ruling addresses "the height of unfairness" in the current law, which requires people to register even for crimes they committed years before the registry law was conceived.

Eleven of Benson's clients claimed their inclusion on the sex offender registry was unconstitutional on numerous grounds.

The high court rejected nearly all their claims, affirming the constitutionality of requiring offenders to register even after they had completed prison sentences. The court ruled - as it and others have in the past - that the registration requirement does not represent an additional criminal punishment.

But the unanimous opinion, written by Judge Laura Denvir Stith, said applying the law retrospectively conflicts with constitutional interpretation dating back to 1820.

The ruling continues to allow publication of information about prior sex offenders, whose crimes are a matter of public record. But those who committed crimes before 1995 would not face criminal charges for failing to register or update their address.

Benson said the ruling in no way places the public at risk. He said the true sexual predators are known by law enforcement and will continue to be tracked.

One Missouri legislator who has recently worked to toughen sex offender laws disagrees.

"There will be people who will drop off the registry who the public would feel would be a threat," said Sen. Matt Bartle, R-Lee's Summit.

Bartle co-sponsored a sex offender bill signed by the governor this year that addresses many of the issues raised in the Supreme Court case.

The new provisions allow people who committed certain nonsexual crimes, such as kidnapping by a parent or other forms of child abuse, to be removed from the registry.

The law also allows those who were found guilty of consensual sex between teenagers to petition to have their names removed. Several of the plaintiffs involved in the Supreme Court case are now eligible to make use of the new law.

According to the ruling, the new law made it unnecessary for the high court to rule on whether certain offenders don't belong on the registry.

Bartle said he believes lawmakers this year worked to make sure the registry was both fair and useful to those wanting to track serious offenders. Friday's ruling, he said, goes too far by striking scores of names from the list.

Guiding Kids From Net Danger (DENP)

Denver Post, July 3, 2006

There has been a great deal of concern recently - among lawmakers, in the courts and in the media - about the dangers faced by children on the Internet.

Indeed, the statistics about online predators are frightening. Just in the last three years, 7,600 offenders have been caught and arrested for sexual solicitations.

According to a U.S. Department of Justice survey, 1 in 5 girls and 1 in 10 boys admitted to being sexually solicited on the Internet.

The Internet has proven to be a riveting tool for children - it provides an incredible opportunity for students to gain a broader view of the world, collect research for school projects, and keep in contact with family and friends.

Kids are a lot less likely to become victims of sexual solicitation with proper supervision and education about online dangers. That is why we were so encouraged by the program established by Qwest and the National Center for Missing & Exploited Children in an effort to educate parents about monitoring their kids on the Net.

To raise Internet safety awareness in Colorado, Qwest is calling for 10,000 Coloradans to become educated about online safety. The Denver-based telecommunications company is offering grants of up to $250 to the first 100 schools that provide instructions to at least 20 percent of parents by the end of the year, using the website incredibleinternet.com.

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The site, among several

Advertisement

services, provides tips on safe surfing and teaches parents about social networking sites such as MySpace and Friendster. It also offers information on the top anti-spyware scanners and an online safety video featuring former Olympic speedskater Bonnie Blair.

The National Center for Missing & Exploited Children provides a site, www.cybertipline.com, that reaches out to both parents and children. It describes the dangers of the Web and discusses situations to avoid. There is even a game where children can use simulated chat rooms, instant messaging and e-mail, and are asked to identify possible predators - a creative way to practice identifying red flags on the Web.

It doesn't make sense to deal with Internet risks by locking up your children's computer, but it's vital for parents and guardians to monitor their online use.

Through awareness, parent-child communication and a few safety precautions, kids and teens can appreciate the benefits of the Internet while dodging most of the dangers.

Toddler Didn't Meet Amber Alert Criteria (DMN)

By Jeff Mosier, The Dallas Morning News

The Dallas Morning News, July 2, 2006

Irving: Case lacked proof of kidnap, but chief says he 'couldn't rule it out'

The Irving Police Department could face an informal reprimand for issuing an Amber Alert for 2-year-old Elian Majano, who disappeared from a park more than a week ago and is still missing.

Evidence of abduction is a requirement for activating the regional alert system, but Police Chief Larry Boyd said there was no such evidence in this case. The task force that runs the local system reviews each alert to determine whether it was warranted.

There were "no signs of abduction, but we couldn't rule it out," Chief Boyd said.

Elian disappeared in Lively Park on June 21 while his mother was sitting in a truck with a man described by authorities as her boyfriend. The toddler and his 4-year-old brother were playing outside at the time.

Police are unsure whether Elian was abducted or fell into a sinkhole that leads to the sewer system. Authorities said that there's no evidence to support either theory but that no other option makes sense.

Chief Boyd said it was important "to err on the side of caution and make sure the maximum amount of people heard about the child."

Tarrant County Sheriff Dee Anderson, a member of the local and state Amber Alert committees, said the system wasn't created only to drum up extra media coverage or to determine what happened.

He said the system should be used when police know that an abduction has occurred and there is sufficient information to help the public spot the kidnapper and child.

"I do not like to Monday morning quarterback this without full knowledge of the case, but my overall obvious concern is that there was never any evidence of an abduction," Sheriff Anderson said. "To my knowledge, there still isn't."

In Elian's case, police had a description of the boy and his flower-print shorts and Spider-Man flip-flops. But there were no other details about what might have happened to him.

Sheriff Anderson said that improper use of the system often happens when there is pressure from the family or media to issue an alert or when an investigation has stalled. He said the task force has written many letters during the past two decades reprimanding departments for using those criteria.

Capt. Richard Holland of the Houston Police Department said he could sympathize with Irving's decision.

"It's one of the most challenging calls that a law enforcement agency is asked to make," he said.

Capt. Holland, a member of the Houston regional Amber Alert committee, said that when other possibilities are eliminated, a department has to assume that a child has been abducted.

"If you have a very young child, sometimes you have to make that presumption," he said.

Strict rules

Most Amber Alert systems use standardized criteria for when it should be activated, such as evidence of abduction and risk of harm to the child. But there are some differences.

The Texas Department of Public Safety operates its own statewide Amber Alert system with even stricter rules. Elian's case would not have been eligible for that alert because a description of the suspect is required.

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Lisa Block, a DPS spokeswoman, said that such stringent standards ensure that the system isn't overused and remains effective. Since the system was created in August 2002, DPS has issued Amber Alerts for 27 children. Twenty-five were returned safely, one child was killed and one is still missing.

"The suspect information is vital to what we do," Ms. Block said.

Statistics for the North Texas regional Amber Alert system were not immediately available.

The Amber Alert for Elian has been active for about a week and half, far longer than the usual one to three days.

Alerts stay active

In the Houston area, the regional committee does not rescind its Amber Alerts until the child is found. Since the regional system was created in 2000, there are three subjects of Amber Alerts who are still missing.

Each of those is still listed as active even after several years, although those alerts are no longer broadcast by local media or placed on digital highway signs.

DPS re-evaluates Amber Alerts every 24 hours to determine whether they are still helping with the investigation. In a Houston case from 2004, the state Amber Alert was canceled on the third day while the local alert remains in effect today.

Chief Boyd said he understands that the Amber Alert system could lose its potency if it's used too often, but he also noted that it's a critical tool that can't be overlooked during an investigation.

"I hope it was for nothing," he said about the Amber Alert for Elian. "But we still need information, and that's what the system is for."

Sheriff Anderson said it appears that Irving issued the alert because officials ran out of other options.

"The Irving people will certainly have a chance to explain their thought process," he said. "We'll see where it leads us."

Staff writer Eric Aasen contributed to this report.

CIVIL RIGHTS:

Chabad Fight Goes To Court (MH)

By Todd Wright

The Miami Herald, July 3, 2006

Hollywood is expected to ask a federal judge today for more time to settle a religious discrimination lawsuit brought against the city by an Orthodox synagogue.

Jury selection is scheduled to start at 9 a.m. before Judge Joan Lenard in U.S. District Court in Miami.

The city last week offered a last-minute deal to end the five-year dispute with the Hollywood Community Synagogue Chabad Lubavitch. Now, the congregation wants time to consider the offer.

Even if the settlement is accepted, Hollywood leaders may face a fresh round of lawsuits -- this time from neighbors concerned that the deal would allow the synagogue to expand without their input or city approval.

"The point is to end this litigation, not start 10 more lawsuits," said Commissioner Peter Bober, who supports the latest deal. ``How are we not liable to all these other property owners?"

The proposal now on the table would give the Chabad $2 million and allow it to remain in the homes at 2215 and 2221 N. 46th Ave. -- with some restrictions on expansion.

Under the agreement, the synagogue would be allowed to buy only three more lots in a two-block area to expand and build whatever it wants. Initially, the Chabad had wanted to be able to buy as many lots as it needed, without any restriction.

Some 40 homes are located in that two-block area.

Rabbi Joseph Korf said the congregation may consider a day care, school or parking lot.

Chabad leaders agreed to consider the deal and ask Lenard for a delay this morning.

NEIGHBORS UNHAPPY

But neighboring homeowners say the city's deal -- allowing the Chabad to expand without regard to existing zoning rules -- subjects them to noise and traffic without giving them a chance to object.

Even City Attorney Dan Abbott said residents could claim the city never gave them the opportunity to voice their opinion on how a neighboring property impacts theirs.

Already, several homeowners have threatened legal action.

"The whole thing about neighborhoods is the protection you have around your house," said Christie DeMinico, president of the Hollywood Hills Civic Association. ``We trusted the city to make the right judgment call on special exception and how it will impact the neighborhood. They have taken the protection away."

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Homeowners are concerned that a settlement with the Chabad could give religious groups the right to locate and expand in neighborhoods, with little worry about restrictions, said Charles Vollman, president of the Hollywood Council of Civic Associations.

"What affects one neighborhood," he said, ``affects all of our neighborhoods."

Several homeowners associations want the city to take Chabad to trial, which could cost taxpayers millions if Hollywood should lose.

Currently, about 70 religious groups hold the special permit needed to operate a house of worship in a single-family district.

The most recent settlement proposal is the latest twist in a dispute that started in 2001, when neighbors complained about noise, trash and illegally parked cars at the synagogue.

SUITS, COUNTERSUITS

The disagreement led to a series of lawsuits, with the synagogue charging discrimination. The U.S. Justice Department joined in on the side of the congregation.

On June 23, in a last-minute effort to settle the matter before going to court, city leaders offered the synagogue the right to stay in the houses temporarily, until they could come up with new rules allowing houses of worship in residential areas.

The Chabad rejected the city's deal, calling instead for the right to stay in the houses permanently, then asking for a $2 million settlement.

The congregation also wanted the right to expand without restrictions.

On June 26, when the lawsuit hearing opened in U.S. District Court, attorneys for both sides said everyone -- city leaders and the Chabad -- had signed off on the Chabad's version of the proposed settlement.

Lenard postponed the trial, with the understanding that an agreement had been worked out.

Later that day, in a separate portion of the case, Lenard ruled that the city's requirements for granting permits for houses of worship in residential neighborhoods are unconstitutional.

She also ruled that the Chabad has a right to stay permanently in the two homes, and that the congregation was entitled to monetary damages.

What followed was massive confusion at City Hall.

Mayor Mara Giulianti said she never agreed to Chabad's version of the settlement.

The Chabad's lawyers went back to federal court, accusing the city of reneging.

At their meeting Wednesday, commissioners agreed to meet with Chabad leaders the next day to give negotiations another chance.

Lenard told both sides to be prepared for trial this morning.

La Tuna Inmates Say Prison Doesn't Follow Procedures (EPTIMES)

By Chris Roberts

El Paso Times, July 3, 2006

Inmates held at the various La Tuna federal prison facilities are convinced they have been denied visits, thrown in "the hole" for minor infractions and denied access to the prison law library because they went public with a lawsuit claiming the federal Bureau of Prisons isn't following its own procedures.

Requests for interviews with two of the inmates have been denied twice by La Tuna officials who said it was for the safety of the prisoners. By mail, those inmates have said they want to be interviewed. In that correspondence, they have claimed they are experiencing retaliation for their lawful actions.

"That's just simply not true," said La Tuna spokesman Israel Jacquez. "These guys went to the press. That's their right. ... If we believe a staff member is retaliating against an inmate, no matter how frivolous the allegation may be, it is referred to the office of internal affairs."

Wayne D. Beaman, special agent in charge of the Dallas Office of the Department of Justice's Office of the Inspector General,wouldn't comment on the specific allegations, but said, "La Tuna is a well-managed facility." The Dallas office oversees federal prisons in Texas, Oklahoma, Louisiana and Arkansas, Beaman said.

The inmates' lawsuit claims that the Bureau of Prisons, or BoP, is ignoring its own policies when it houses prisoners in facilities with more severe security measures than are required by the inmates' classifications and when it houses inmates outside a 500-mile radius from the areas where they expect to be released.

However, a convict needs "rock-solid proof" to make a case against the BoP, said Jay Hurst, an attorney and chief of legislative affairs for FedCURE, an inmates' rights group. Hurst had a client in La Tuna -- he recently was transferred to another facility -- who also says he suffered retaliation.

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"The Constitution doesn't apply in the federal system any more than it does in the state systems," Hurst said. "It's hard to make a case because you can't get records and you are relying on the testimony of a bunch of 'cons.' ... It's a system-wide culture. As long as the good order and security is preserved, that's what they care about."

Harassment

Lawrence J. Levine, convicted of possessing counterfeit securities and conspiracy to distribute methamphetamine, filed the lawsuit for himself and others in the system. He and others, including Robert Carter, convicted of mail and tax fraud, have said they are being targeted by guards and administrators because of their actions.

Levine's lawsuit recently was dismissed by U.S. District Judge David Briones after it appeared Levine had failed to respond to a Bureau of Prisons motion to dismiss. However, Levine said he mailed the response and it was lost in the mail or intercepted. He has asked the judge to reopen the case.

Jacquez said the U.S. Attorneys Office is reviewing Levine's claim. Levine said prison officials also have been gradually limiting his access to the law library. Jacquez said everyone has to work their hours unless they can prove they have an impending court date.

"There is no preferential treatment," he said.

Levine said his work assignment originally was in food service because of medical issues, including bulging disks and a heart problem, which require limitations on the amount of walking, standing and lifting. That job allowed time to use the law library, he said.

He says he was switched to ground maintenance, which requires prolonged standing and walking on shifts that coincide with the law library's daytime hours. A week after stories about the lawsuit appeared in the media, Levine says, his education schedule was changed from daytime to evening hours, which limits his evening access.

Levine asked the judge to issue an order directing La Tuna staff to allow him unrestricted law library access, which he argues is required by BoP policies.

Carter says he was subjected to entrapment when he picked up a bag on the floor of the chapel -- which also serves as a visiting room -- containing two white T-shirts and a watch. Those items were labeled as "contraband" by BoP officials who apparently believed someone left it for him.

Carter said the bag wasn't his and said he was taken into custody by guards at the scene before he even had a chance to look inside.

Carter said he was put in the special housing unit, or the SHU, which some inmates call "the hole" because of the limited human contact they are allowed there. Documents Carter provided show he lost visits from the outside for eight months, and commissary privileges for 90 days. He said he was only allowed one 10-minute phone call each week. All this, he said, even though he had a

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clean record before the incident.

He is now at the La Tuna Federal Correctional Institute, which houses medium- and low-security inmates, requiring an even higher level of security than his previous La Tuna placement.

"He was sanctioned for a violation and subjected to disciplinary action," Jacquez said. "It was the introduction of contraband. ... There's no way he could be trusted out at the (low- and minimum-security) Biggs facility."

Treated like a criminal

The original inmate complaint involved placements with appropriate security levels.

Some prisoners, including Levine and Carter, were housed at a federal prison camp -- which is the least restrictive type of facility -- near Nellis Air Force Base, Nev. That facility was closed for budget reasons and they were transferred to the La Tuna Federal Satellite Low, or FSL, prison on Biggs Army Airfield. The FSL houses both minimum- and low-security inmates, which require a higher level of security.

The inmates say the bureau is ignoring its own stated mission of confining offenders in safe, humane and appropriately secure facilities that provide work and other self-improvement opportunities "to assist offenders in becoming law-abiding citizens."

They claim that transferring inmates to a higher security facility requires "a specific and compelling reason," which the BoP did not provide. They say these transfer policies are contained in the bureau's own Program Statements.

"We try to place inmates in facilities where they're all equal in classification," Jacquez said. "It has to do with length of sentence, type of crime, history of violence."

Jacquez said part of the reason Carter originally could have been transferred from the minimum-security camp in Nevada to the low-security facility at Biggs is that his sentence is "pretty heavy duty. He was fairly fortunate to be classified as minimum security."

Carter was sentenced to five years and 11 months and has a release date of June 19, 2010.

Budgets and beds

Hurst said he believes there is a case that the BoP didn't follow its stated policies, but, in his experience, it won't be easy to get a judge to agree.

With federal budget cuts and efforts to make the system more efficient, particularly in the Western region, prison officials have said bed space is at a premium and the policies can't always be followed. Jacquez said another satellite camp opening in Tucson will help relieve some of those problems.

"We might be able to refer a little closer" to the inmates' homes, he said.

The Biggs facility "used to be just a prison camp, but the BoP needed more space for low-security," Jacquez said. "It's rare that you're going to have a stand-alone prison for one group of inmates."

Every Biggs facility prisoner is subject to the security measures designed for low-security inmates, which are more strict than the minimum measures used at prison camps. The only way an inmate is rewarded is with time off for good behavior, Jacquez said. Otherwise it would be seen as preferential treatment, he said, which could single an inmate out for retribution from other inmates.

"You've got to treat all the inmates the same," Jacquez said. And to be placed at the Biggs facility, he said, they must have "very little history of disciplinary actions in prison."

Ostensibly, the purpose of those policies is to keep inmates connected with the more positive elements in society -- including family and friends -- and in the prison system so they don't leave prison more isolated, angry and educated in crime than when they entered.

Relatives, who often are traveling thousands of miles, have been turned away for triggering a drug screening device. Carter's wife, Ginny, who lives in Illinois, said she was turned away once and when she asked for documentation of the incident, the BoP responded that it had no records.

"It is disheartening and appalling to see how the prison staff use the ion spectrometer machine to deny visits to people who simply want to spend time with their loved ones," said Ginny Carter. "It appears that the machine is used both randomly and specifically when certain persons are targeted as I was."

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Fallout Felt From Texas Redistricting Ruling (WT)

By Hugh Aynesworth

The Washington Times, July 3, 2006

DALLAS -- Last week's Supreme Court ruling on the constitutionality of the 2003 Tom DeLay-led Texas redistricting coup was a distinct victory for the Republican Party, but it could spawn some interesting fallout.

There was only one instance in which the court said the Republican gerrymandering could not be upheld -- District 23, which sprawls from San Antonio to far West Texas. The court criticized the redrawing of a second district, District 25, which meanders from Austin to the Mexican border, and said it expected that district would be somewhat redrawn.

Despite the fact that the redrawing of district lines took months to accomplish -- resulting in the defeat of a half-dozen Democratic congressional incumbents throughout the state -- a panel of judges overseeing the changes is making sure they are determined well before this November's elections.

Within hours of the ruling, a federal judge from Texas' Eastern District ordered that all participants in the lawsuit claiming that the Voting Rights Act had been violated must have new maps and arguments submitted to the court within two weeks. Oral arguments are scheduled for Aug. 3 in Austin.

In making District 23 voter alignment comply with the Voting Rights Act, some predict that several additional districts will have to be retooled.

"Anyone who thinks there isn't going to be a ripple effect when countless counties are traded with other congressional districts is not seeing the big picture," said Rep. Henry Bonilla, the current District 23 congressman.

Despite slight realignment in several other districts to make the Bonilla district acceptable, the new map is not expected to alter the course of growing Republicanism throughout Texas. The worst that could happen from the Republican viewpoint, several political analysts say, is that Mr. Bonilla might lose the reconstituted 23rd District.

Most Hispanics in Texas still vote Democratic, and Mr. Bonilla has not been overly effective at courting them. However, he has repeatedly predicted he will win his seat again, if by a smaller margin.

The Republican redistricting effort in 2003, strongly guided by Mr. DeLay, reconfigured District 23 to protect Mr. Bonilla, who had barely eked out a victory against Laredo Democrat Henry Cuellar in 2002.

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It shifted about 100,000 Hispanic voters in Webb County -- Mr. Cuellar's stronghold -- out of Mr. Bonilla's 23rd District to a newly configured district to the east of Laredo, the 28th.

Though the court said the dilution of Hispanic voters from Mr. Bonilla's district was unlawful, it did not suggest how the situation should be rectified.

Both Mr. Bonilla and Mr. Cuellar prefer that they not be thrown in the same district.

"Laredo is not the only magical place where you can get Hispanic voters," Mr. Cuellar said last week.

Meanwhile, Democrat Lloyd Doggett, of the 25th District, expects there will be major changes in his district also.

"I don't think this is a matter of mere tweaking," he said.

The Flag Fetish (WSJ)

By Christopher Hitchens

The Wall Street Journal, July 3, 2006

The night before my interview for American citizenship, I suddenly decided that it was too long since I had read the Constitution. Taking it down from the shelf (I am not one of those who makes a fetish of carrying it around on my person) I found myself staying up much later than the vestigial civics exam would have required of me. To turn these pages is to revisit the record of American history. It's also a bit like viewing a cross-section of mammalian evolution, as a clumsy creature gradually acquires the needful adaptations.

The original three-fifths rule was never really designed for flight, but some wings and feathers (and talons) are then added by those amendments that abolish slavery. There are backslidings -- the attempt to impose Prohibition -- and there are the fossilized records of political vendetta, such as the limitation of presidencies to two terms. I have some personal favorite details, such as the provision that forbids office-holders from accepting any titles or decorations from foreign potentates. And I've never quite understood why increases in congressional pay should require an amendment of their own. But to speak generally, it can be said that the Constitution is written with admirable force and clarity, with remarkably few weasel-words and with a great respect for citizens who desire a document that is both intelligible, flexible and authoritative. With fascination and emotion, as if reading by candlelight, one watches the fledgling gradually become an eagle. The King James Bible to one side, the Constitution is probably the greatest document ever composed by a committee.

It is of course designed to be amended and made more spacious, and many brave people fought and died to make this point. But it should never be burdened with anything trivial or transient, such as the zeal of certain Calvinists to ban alcohol, or the horror of certain other people at the idea of homosexual weddings. And this, it seems to me, is part of the reason why the so-called "flag-burning" amendment should never be allowed to waste any more congressional time.

I would perhaps be suspected of excess Fourth-of-July zeal if I said that the First Amendment is my life as well as the source of my living, but I swear that it would not be that far from the truth. No other country has such a terse and comprehensive statement of the case for free expression: considered important enough to rank first, and also to rank with the freedom of religious conscience. The jewel in the crown of the Bill of Rights does not say that Congress shall make no hasty or crowd-pleasing law abridging the right of assembly and protest. It stoutly insists that Congress shall make no such law.

Thus, it does not matter at all which opinion, or which "sensitivity," is being outraged. The uttermost limit of contempt for America, or American foreign policy, is evidently the vandalizing (and, mindful of the careful neutrality of the Constitution regarding religion, let us not say "desecration") of the stars and stripes. Shall we then say that expression is protected only until it reaches its symbolic limit? What could be more absurd? It is precisely because the flag is so important to some people that we must permit its trashing by others. To legislate otherwise would be to instate a taboo, and that is exactly what the First Amendment exists to forestall.

Of course there are various more pragmatic ways of ridiculing the flag-fetishists. This ponderous "cure" is in response to exactly what "disease"? Like a good number of today's "left," the supporters of the amendment are still living in the '60s. (And even in that incendiary time, the great American socialist Norman Thomas proposed that the flag be publicly washed, not publicly ignited.) Foreign crowds may still torch the flag with impunity, but domestic ones now prefer to represent the president of the United States in full Nazi regalia. I dare say Mr. Bush can stand it; in any event the Constitution says that he has to. As to the myriad other forms in which flags are misused, from album covers to headbands and tattoos, we may as well face the fact that, as the patron of globalization, our country has had to see its emblem become to some extent a logo. No law could even attempt to contain this without becoming richly farcical. And the future possibilities of satire are themselves protected from any prior restraint.

When it was proposed that my apartment building in Washington, D.C., display Old Glory after Sept. 11, 2001, I was not at all opposed but did express a misgiving. What about the day when the flag becomes tattered and drooping, and it's nobody's particular job to take care of it? (You can all think of a comparable example, from a ragged flag on a truck to a half-vanished flag

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decal on a taxi.) There is nothing more dispiriting than the ebb of such a tide. If I find that I have stuck a flag-stamp on an envelope and accidentally put it on upside-down, I admit with slight embarrassment that I now start over with a new envelope. Nobody would ever notice my tiny disrespect, but I still won't commit it. However, the whole case would be altered if I was told that I had to get it right. The flag would no longer stand for the constitutional spirit that gives it meaning in the first place. It may once have waved over hellish plantations but it was also defended to the end by the Maine regiment at Little Round Top. Without ambiguities and ironies, it would not be what it is. And ambiguity and irony are just what the flag-fetishists do not understand.

If they did have any concept of historical and political irony, they would surely be repelled by at least some of the senators who affected to take their side. You may believe if you choose that Hillary Clinton has abruptly decided to stand between her country's star-spangled banner and its unsleeping enemies. I cannot quite shake the feeling that she is instead putting the flag between herself and her potential critics. Is it this kind of degraded election-year parody that the sponsors of the proposal seriously wanted to encourage? In Iraq, our most desperate field of battle, our troops do not display the flag on patrol because they are in someone else's country. No thinking soldier needs to have this explained to him, or her. But in Washington, the alleged "defense" of the flag depends, for its swing-votes, on people whose very stock-in-trade is cowardice. That ought never to have happened, and is an insult to those who serve, and ought not be permitted to happen again.

It's easy enough to boast that "these colors do not run." However, those who mistake the symbol for the essence are manifesting not a show of spirit for the former but a pathetic lack of confidence in the latter.

Mr. Hitchens is a columnist for Vanity Fair. His most recent book is "Thomas Jefferson: Author of America" (HarperCollins, 2006).

Flagging Rhetoric (WP)

The Washington Post, July 3, 2006

THERE ARE TWO things to be thankful for in the recent flag waving over flag burning. The first and most important is that this politically timed effort to amend the First Amendment failed in the Senate, albeit by a single vote. The second is that the threatened four days of more-patriotic-than-thou chest-thumping were truncated to two -- which was two more than the Senate ought to have spent on this phony issue.

As these kinds of amendments tend to do, the flag-burning debate managed to bring out some of the worst in politicians of both parties. Take, for example, the smarmy statement put out by Senate Majority Leader Bill Frist (R-Tenn.) after the amendment's defeat.

"Old Glory lost today," Mr. Frist said, starting on a low note and heading lower. "At a time when our armed services are defending America's freedom in the war on terror, it's unfortunate that a minority of my colleagues blocked this amendment." We don't know which is more repugnant: Mr. Frist's cynical invocation of troops "defending America's freedom" as an excuse for limiting freedom of speech or his insinuation that it was dirty filibuster-like tactics that killed the amendment when, in fact, the Constitution requires a two-thirds vote.

The majority leader went on to inveigh against the "activist Supreme Court decision" that invalidated flag-burning laws. Perhaps Mr. Frist should read the ruling -- or at least take a look at the lineup. Among the "activists" in the five-justice majority was archconservative Justice Antonin Scalia.

Not that Mr. Frist's Democratic counterpart, Sen. Harry M. Reid (D-Nev.), was exactly a profile in courage on this issue. "I don't think it's the right time to bring up the issue," Mr. Reid said. So why break with the majority of his party to support it? "I'm confident it won't pass," Mr. Reid explained. There's a principled stand.

If there is a hero in this episode, it is the man who would succeed Mr. Frist as leader, Majority Whip Mitch McConnell (R-Ky.). Mr. McConnell could have put the amendment over the top by abandoning his opposition. To his credit, he didn't, and he was joined by two other Republicans, Sens. Lincoln D. Chafee (R.I.) and Robert F. Bennett (Utah). As Mr. McConnell explained in a column posted on his Senate Web site, "No act of speech is so obnoxious that it merits tampering with our First Amendment. Our Constitution, and our country, is stronger than that."

Too bad 66 fellow senators (52 Republicans and 14 Democrats) don't think so.

ANTITRUST:

Kosher Slaughterhouses Investigated By Feds (APP/AP)

Asbury Park Press, July 3, 2006

MELVILLE, N.Y. — The federal government is investigating kosher slaughterhouses and suppliers for possible antitrust practices, according to a lawyer for one of the firms.

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AgriProcessors Inc., the world's largest kosher slaughterhouse, received a grand jury subpoena requesting documents and was cooperating with the investigation, attorney Nathan Lewin said Friday.

"It has been told that neither the corporation, nor any corporate officer or employee is presently a target of the investigation," Lewin said in a statement.

It was not immediately clear exactly how many slaughterhouses and suppliers were involved in the probe.

The U.S. Department of Justice did not immediately return a phone call for comment from The Associated Press late Friday. A telephone number listed for AgriProcessors Inc. was out of service Saturday.

Based in Postville, Iowa, AgriProcessors employs about 700 people. Trained rabbis at the plant slaughter cows at a rate of about one every three minutes. The meat is sold under the brands Iowa's Best Beef, Rubashkin's and Aaron's Best.

The slaughterhouse became the focus of controversy two years ago when People for the Ethical Treatment of Animals, or PETA, made public an undercover videotape showing steers walking or bellowing up to three minutes after their throats were slit.

The group claimed the video proved the animals were conscious and victims of cruel and inhumane treatment.

Company officials have said that the video depicted only the involuntary movements animals make after death.

Merger Machine Keeps Churning Out Deals (WSJ)

By Dennis K. Berman

The Wall Street Journal, July 3, 2006

A strong first quarter for mergers continued in the second quarter, as deals rolled in from seemingly every sector: banks, stock exchanges, oil companies, real-estate firms and consumer-products companies. It was one of history's largest and most diverse corporate-buying sprees, with nearly $1 trillion in deals around the world.

The frenetic deal-making produced the third most-active quarter since Thomson Financial began keeping track in 1985. It amounted to more than $916 billion of announced transactions, according to Thomson, up about 35% from about $676 billion a year earlier.

World-wide deal volume in the latest three months trailed only the inflated totals of late 1999 and 2000, during the stock-market bubble. It beat the record set in this year's first quarter of $914 billion. The numbers in the U.S. also were impressive, with total volume of $369 billion, up 25% from the year-earlier total of $294 billion.

In the first half of the year, global deal-making moved at a clip of $1.83 trillion, up 43% from last year and on pace to make 2006 the most active year ever, based on noninflation-adjusted dollars. When controlling for inflation, 2006 is on pace to be the third most-active year after 1999 and 2000.

"Even factoring in the tech bubble, our [mergers and acquisitions] backlog is the strongest in history," said Boon Sim, U.S. merger head for Credit Suisse Group. "With the Fed's recent remarks on interest rates," he said, referring to indications from the Federal Reserve that interest rates won't go much higher, "we can expect things to remain pretty healthy for the near future."

For deal makers and deal junkies, the quarter brought a bounty of notable milestones: Thirteen transactions valued at more than $10 billion; headline-grabbing cross-border transactions such as the NYSE Group Inc.'s $10.2 billion bid for Euronext NV, of Amsterdam, and a high-stakes battle over Toronto mining companies Inco Ltd. and Falconbridge Ltd. that started when Inco announced plans to acquire Falconbridge last October. A competing bid for Falconbridge and two bids for Inco were announced in the latest quarter.

Deal-making continued through the last day of the three-month period, with Blackstone Group's $4.3 billion offer for the Travelport travel-services unit of Cendant Corp. And late Friday, Michaels Stores Inc. announced that it accepted a more than $6 billion takeover bid from a private-equity group including Bain Capital and Blackstone Group. That deal came too late to be included in Thomson Financial's calculations for the quarter.

Like the first quarter, the center of the deal making in the latest period wasn't the U.S., but Europe. A series of cross-border combinations continued the first quarter's pattern. Abertis Infraestructuras SA, of Barcelona, Spain, agreed in April to purchase Italian toll-road operator Autostrade SpA, of Rome, for about $16 billion. In May, AXA SA, of Paris, agreed to buy the Winterthur insurance unit of Credit Suisse Group, of Zurich, for nearly $10 billion. They joined a series of massive deals that stand to unite some of the biggest companies on the Continent, such as French state-owned gas company Gaz de France's $40 billion bid for French-Belgian utility Suez SA in the first quarter.

Cross-border mergers and acquisitions surged to about 40% of total deal volume, or $685 billion-plus of transactions year-to-date, according to data from Citigroup. In just the first five months of this year, the volume of international deals already was greater than full-year totals for 2001 through 2004.

The weakening and volatile stock market failed to deter the deal making. Steven Baronoff, Merrill Lynch's global-mergers chief points to a few fundamental changes supporting the wave of acquisitions. Hedge funds are forcing companies to put

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themselves on the block by agitating for corporate changes that would increase stock prices. From there, private-equity funds -- flush with billions of dollars to invest -- are scooping up the prey.

Private-equity funds are proving to be the ballast of the overall market, willing to inject capital into all kinds of deals, including the pending $13.55 billion acquisition of Houston oil-pipeline operator Kinder Morgan Inc., announced in late May. There, a group of private-equity investors including Goldman Sachs Capital Partners, the Carlyle Group and its Riverstone Holdings affiliate and American International Group Inc., along with Kinder Morgan Chief Executive and Founder Richard Kinder assembled cash and debt to propose the second-largest private-equity transaction ever.

Acquisitions involving private-equity firms surged 51% in the first half to about $335 billion, according to data provider Dealogic, from $222 billion in the first six months 2005. Private-equity transactions represent about 18% of all merger-and-acquisition activity world-wide, roughly in line with a trend that has been building since the end of 2003.

"This market is fundamentally different than in prior expansion periods," said Louis Friedman, global chairman of mergers and acquisitions at Bear Stearns Cos. "These huge pools of private capital are consistently able to compete with strategic, corporate buyers."

That was clear when Cerberus Capital Management announced in April a $7.85 billion transaction to purchase a controlling stake in General Motors Corp.'s financing arm, General Motors Acceptance Corp. In this complex deal, large banks largely steered clear, letting private investors take on the risk of the transaction.

There are plenty of reasons to be cautious. Rising interest rates, greater competition for deals and some more adventurous combinations -- such as Phoenix mining company Phelps Dodge Corp.'s audacious $35 billion, three-way deal involving both Inco and Falconbridge -- show that the market is getting frothier.

"There is one thing you can say for sure," said George Bilicic, a managing director at Lazard Ltd. "There will be deals that destroy value. There always are. And people have to be careful."

When corporations and private equity are competing for deals, "something has to give," said Paul J. Taubman, global head of mergers and acquisitions at Morgan Stanley. "You will probably see premiums [over current stock prices] start to trend upward."

For now, though, it appears that general conditions will support a sustained merger boom, which is good news for the investment banks and lawyers who assemble the transactions. Based on calculations by Thomson Financial, nearly all the investments banks are raking in higher revenue than last year.

On Wall Street, Goldman Sachs Group Inc. continued its dominance over the merger business in the first half, advising on more than $660 billion of transactions globally. The second slot went to Citigroup Inc., which has picked up momentum since being ranked sixth at the same time last year. Citigroup worked on a third of the deals valued at $5 billion or more during the quarter, and 40% of these large transactions year-to-date.

J.P. Morgan Chase & Co. came in third. Morgan Stanley was fourth, after a slow start to the year. It appears to be on pace to regain its usual place among the top two or three by the year end. Merrill Lynch & Co. took fifth place, after working on some of the largest transactions, especially in Europe.

Perhaps the most surprising finish was Evercore Partners Inc., a New York boutique firm that ranks sixth this year among advisers on U.S. deals, a notable accomplishment for an operation that is considerably smaller than its big-bank competitors.

Among legal advisers, the top five firms as measured by dollar volume for the year to date are: Sullivan & Cromwell LLP; Skadden, Arps, Slate, Meagher & Flom LLP; Simpson Thacher & Bartlett LLP, all of New York; London's Linklaters; and New York's Wachtell Lipton Rosen & Katz.

Street Sleuth Countdown Starts For Satellite Giant (WSJ)

By Andy Pasztor

The Wall Street Journal, July 3, 2006

Consolidation and cost cutting have swept across the commercial-satellite industry, but surviving operators are finding growth opportunities as elusive as ever.

Intelsat Ltd. and PanAmSat Holding Corp. are set to complete a $3.2 billion merger today, creating a closely held company whose fleet of more than 50 orbiting spacecraft will make it the largest and most diversified global satellite-services operator. The transaction is the end game of three years of intense deal making by prominent private-equity firms on both sides of the Atlantic. The combined company's performance will show how effective the private owners will be in balancing cost cutting with creative investments and strategies for boosting revenue and profit over the long haul.

With offerings that include direct-to-home television broadcasting and support for classified U.S.-government operations, the enlarged Intelsat has promised to shrug off the industry's staid image by exploiting burgeoning technologies. Investors who

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just purchased some $3 billion in high-yield bonds from the two firms will demand significant synergies, little geographic overlap and streamlined management bent on revving up growth in unconventional ways, if necessary.

But a close look at the business shows how tough it will be to meet those demands. In an industry with huge capital-investment needs and average annual growth rates hovering around 3% or less, the combined company faces major integration, personnel and marketing challenges to break out of that historical slow-growth pattern.

Indeed, before Apax Partners & Co. and the other private-equity owners of Intelsat bid for PanAmSat last August, they agonized over whether the satellite industry could produce the growth rates such investors typically expect. There is reason for concern: In the past, PanAmSat has had to rely on small bits of revenue from specialty consulting contracts -- a minor part of its business -- to meet closely watched revenue guidance for a particular quarter.

The combining companies insist they can make a go of it: "This is not going to be satellite operations as usual," incoming Chairman Joseph Wright vowed during an industry conference earlier this year. Mr. Wright has advocated investments that blur the line between space and ground-based systems to better serve consumers. PanAmSat is even experimenting with distributing ethnic programming it owns to various cable-TV systems.

Wall Street, while recognizing the benefits of fresh investment dollars, has doubts about satellite-industry strategy.

The emergence of private-equity groups as owners has created "a much larger field of banks willing to participate" in satellite debt and equity offerings, according to Carol Goldstein, head of telecommunications and media at ABN Amro Inc. But Heidi Wood, an analyst at Morgan Stanley, said many remain skeptical about space projects.

PanAmSat of Wilton, Conn., posted revenue of $213.2 million, up 2.1%, for the first quarter. Intelsat, which is based in Bermuda but has its headquarters in Washington, reported a 4% drop in overall revenue to $280.4 million.

The new company is betting big on expanding its business in India and Latin America. At the same time, it hopes to participate in the drive to turn cellular phones and other mobile devices into Internet connections and entertainment centers. With phone and cable rivals maneuvering to tap many of the same markets, satellite firms are searching for novels ways to expand their reach.

The biggest immediate financial boost is likely to come from a nearly 40% cut in the combined company's work force, a process that is under way but will take as long as 18 months to play out. Total head count eventually will dive to about 1,000 from 1,400 or so, with PanAmSat executives largely overseeing marketing efforts and Intelsat officials primarily in charge of technical and operating issues.

Mr. Wright, who served as PanAmSat's chief executive, said last week that early personnel decisions will make it easier for the combination for proceed. "The major cuts have been made on the front end," he said, with the aim of easing employee uncertainty and boosting the morale of those who are staying.

David McGlade, Intelsat's chief executive, who will keep the same title at the merged company, stressed in a separate interview that sustainable growth is the company's ultimate goal rather than cost cutting. That means smarter, smaller bets on new markets, combined with "a lot more discipline than either company has had before," he added.

For the next quarter or two, however, some veteran insiders anticipate lackluster results. Combined year-over-year revenue may be flat or even take a dip, they predict, as integration efforts sap momentum from marketing campaigns and other sales initiatives.

The satellite companies that succeed will have to avoid the mistakes of the 1990s, when "indiscriminate cash was thrown" at economically flawed projects, said Andrew Sukawaty, chief executive of Inmarsat Ltd., which provides satellite services to ships and other mobile users.

Intelsat To Get Much Bigger, But Not Yet Profitable (WP)

By Griff Witte

The Washington Post, July 3, 2006

Intelsat Ltd. of Washington is to become the world's largest commercial satellite operator today when it completes its purchase of the firm that had been its toughest domestic competitor.

The deal to buy longtime rival PanAmSat Holding Corp. creates a company that will carry about a quarter of the world's commercial satellite-delivered television programming on a fleet of 51 satellites and can reach 99 percent of the world's populated areas with communications services.

Intelsat and PanAmSat had flirted with a merger before, but each time the rivalry between the two proved to be too deep to make a deal.

Last August, the companies worked out their differences and settled on a $6.4 billion acquisition, which included the assumption by Intelsat of about $3.2 billion worth of PanAmSat's debt. If the deal closes as scheduled today, PanAmSat will become a wholly owned subsidiary of Intelsat, and its stock-ticker symbol will disappear from the New York Stock Exchange.

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The combined company will lose money. PanAmSat earned $72.7 million last year, but Intelsat lost far more, about $325 million. Already deep in debt, Intelsat is borrowing heavily to finance the purchase.

Intelsat chief executive David McGlade said that given the level of debt and interest payments, the company does not expect to become profitable in the foreseeable future. He said the company's investors have been pleased with Intelsat's positive cash flow and its heavy backlog of orders.

Intelsat executives said the merger, approved by government officials from several agencies, consolidates companies with different strengths at a time they expect demand for satellite services to grow rapidly.

The traditional core of Intelsat's business has been telecommunications, a rough arena in recent years. The combined company will be more diverse with the addition of PanAmSat media and entertainment customers such as the British Broadcasting Corp., News Corp., Time Warner Inc. and the Walt Disney Co. PanAmSat also gives Intelsat expanded reach worldwide.

"Scale is important in this industry. Customers increasingly want global coverage," McGlade said.

Intelsat has its operating headquarters in a distinctive building on Connecticut Avenue, from which it controls its satellites. Its corporate headquarters are in Bermuda.

The company was born in 1964 as an intergovernmental organization that provided satellite communications services worldwide. It has been a privately owned corporation since 2001.

Together, Intelsat and PanAmSat would have had $2 billion in revenue for the 12 months ended in March, with about $8.3 billion in pending contracts for the next 15 years.

Even though Intelsat has now acquired its main domestic rival, the competition is far from over. The company still has many competitors overseas, some of which are deeply entrenched in their parts of the world.

"Intelsat and PanAmSat are a good match. But I don't believe it's going to create a huge, dominant player in the industry," said Patrick M. French, a senior analyst with NSR LLC, a satellite industry research company. "At the end of the day, it's still a very regional market."

Intelsat is the largest supplier of commercial satellite services to the U.S. government, doing business with the Defense Department, the State Department and other agencies that the company won't disclose. Its government business, about 15 percent of its total, is run separately from the rest of the company and has its own board of directors, whose names are kept secret.

After the deal closes, the company's management team will include several former PanAmSat executives, including James B. Frownfelter, PanAmSat's president, who will become Intelsat's chief operating officer. Joseph R. Wright Jr., PanAmSat's former chief executive, will become chairman of Intelsat's board.

McGlade said the two companies will fully integrate over the next 18 months. About 400 of the combined company's 1,400 employees will lose their jobs, including some now based in Washington.

FBI/DEA/ATF/USMS:

An Exodus Of Agents (TIME)

By Brian Bennett And Adam Zagorin

Time, July 3, 2006

Office birthday parties must make FBI Director Robert Mueller a little nervous these days. Consider his No. 2, John Pistole, who hits retirement age when he turns 50 this month. For weeks rumors bubbled up to the seventh floor of the FBI's headquarters at the J. Edgar Hoover Building in Washington: Pistole was going to bolt for a lucrative job in the private sector. The whispers got so loud that Pistole took it upon himself to assure Mueller that he wasn't leaving. One reason he gave: it wouldn't be right to split when so many other senior officials have headed for the exits.

Years of pummeling by the press and Congress, plus wrenching changes produced by the bureau's shift in focus to antiterrorism, have depressed morale, even in the highest ranks. That has coincided with lucrative employment offers to agents from firms desperate for experienced security chiefs in the wake of 9/11. On July 15, just weeks after his 50th birthday, acting executive assistant director for law-enforcement services Chris Swecker is to leave for a new job as head of global security for Bank of America, where he will earn a reported $600,000, more than triple what he makes as the FBI's No. 3. Better pay isn't the only motivation--one former senior FBI manager says he quit after tiring of the "constant berating" he got from lawmakers when briefing Congress. "All these factors play into a decision to leave: family, finances, burnout, pressure, criticism," he says. "You've worked your a__ off. Eventually you say, Hey, the heck with this."

The turnover has hit some of the most vital positions in the bureau hierarchy. In five years, six different people have moved through the post of counterterrorism chief, overseeing what has been the FBI's core mission since 9/11. And June 2 was the last day for 29-year veteran Gary Bald, 52, who retired just 10 months after being tapped to start up the FBI's new National Security Branch. He's taking a security job with Royal Caribbean Cruises.

Members of the Senate Judiciary Committee have been debating whether the brain drain at the FBI poses a threat to national security. "The FBI cannot be a revolving door for senior managers," says Senator Chuck Grassley. "It needs stability in these important positions to fight in the war on terror."

Mueller seems to agree. When promoting agents to senior-executive levels, he "is trying to extract some promise as to how long they are willing to stay," says Michael Mason, who runs the administrative side of the FBI. Grassley suggested to TIME that "the FBI needs to appeal to the patriotic spirit of its senior managers." But beyond that, the bureau is offering few tangible perks to make working there more attractive. Nor will the jobs be getting easier--Mason says new recruits should expect to be rotated around the country and the world, even if it means uprooting their families, a practice that, for budgetary reasons, had waned in recent years.

Mason, however, is optimistic that the new generation of agents will make the sacrifices necessary for the job. At the Washington field office, he notes, 65% of the new recruits last year had taken pay cuts from previous jobs to work at the FBI.

Despite New Allegations, Blagojevich Says Misconduct Is Limited (CHIT/AP)

By F.n. D'alessio, Associated Press Writer

Chicago Tribune, July 3, 2006

CHICAGO -- Gov. Rod Blagojevich insisted Saturday that misconduct in his administration is limited to isolated events by people who are soon punished, even though his own inspector general found a top Blagojevich aide took part in a "concerted effort" to subvert the law.

"As you police the system, every so often you're going find some people who violate the rules. The test of leadership is what do you do about it? Do you act and do you pursue it? Do you work with other law enforcement agencies to ferret more of it out?" he said. "Those are the things we've been doing."

His comments came one day after the release of a letter saying that a yearlong federal investigation had produced credible witnesses related to hiring fraud at multiple state agencies.

And the Chicago Tribune reported that Blagojevich's former inspector general, Zaldwaynaka "Z" Scott, found that the governor's patronage chief had worked with the Illinois Department of Employment Security to manipulate state hiring.

Joe Cini, head of the Governor's Office of Intergovernmental Affairs, worked with personnel officials at the Department of Employment Security to manipulate job titles, candidate credentials and job descriptions to aid jobseekers sponsored by the governor's office, Scott concluded.

"This effort reflects not merely an ignorance of the law, but complete and utter contempt for the law," Scott wrote in a Sept. 9, 2004, report obtained by the Tribune.

Scott, who resigned a year ago to join a private law firm, found "a concerted effort to subvert the laws including veterans' preference and the hiring process" for jobs that are supposed to be insulated from politics.

Blagojevich said he was not concerned about her blistering criticism of Cini.

"In fact, that's a good sign," he said at a news conference. "Again, that shows we're not even afraid to police people, you know, who are working for us who have responsibilities."

Cini and his aides received additional training on hiring law, as Scott had recommended. Some personnel at the Department of Employment Security were fired, said a Blagojevich spokeswoman.

Blagojevich said his administration has referred some misconduct allegations to the U.S. attorney for possible prosecution. He did not say whether the report on Cini was sent to federal authorities.

The Democratic governor has been hit with a series of revelations about possible misconduct in the way he hands out state jobs and contract. The disclosures create a huge political obstacle for someone who was elected on a promise to clean up state government and now is asking voters for a second term.

Blagojevich acknowledges he has been interviewed by the FBI. Prosecutors have issued subpoenas for hiring records and other information from state agencies, but Blagojevich won't say which agencies.

The administration -- after a list surfaced to prove the practice -- admitted it keeps track of jobseekers and their politically influential sponsors. Another list obtained by The Associated Press showed the administration tracked, by name, hundreds of jobs and promotions that are supposed to be shielded from political considerations.

Then Illinois Attorney General Lisa Madigan released the letter confirming the federal investigation and providing details. In it, U.S. Attorney Patrick Fitzgerald says he is looking into "very serious allegations of endemic hiring fraud."

Jay Stewart, head of the watchdog Better Government Association, said the letter shows Fitzgerald is well beyond a preliminary review of the facts. He concludes Fitzgerald is conducting a broad, aggressive investigation like the ones into former Gov. George Ryan and Chicago Mayor Richard Daley's administration.

"Given what (Fitzgerald) has done, I would be surprised if there are not indictments," Stewart said.

As he has before, Blagojevich portrayed the hiring scandals as fallout from his efforts to change the way things are done in Springfield after 26 years of Republican governors.

Blagojevich noted that one of the changes is that every state employee must now understand the state's ethical standards and answer a series of questions about them.

"I just completed mine," he said, "and I'm happy to say I got every one right."

Associated Press reporter Christopher Wills contributed to this story from Springfield.

Watchdog Rips State Hiring (CHIT)

By Ray Long, Rick Pearson And John Chase, Tribune Staff Reporters

Chicago Tribune, July 3, 2006

`This effort reflects not merely ignorance of the law, but complete and utter contempt for the law.' --Excerpt from report by governor's own inspector general

Nearly two years ago, Gov. Rod Blagojevich's inspector general issued a searing confidential rebuke that called the governor's patronage office "the real machine driving hiring" in one state agency for jobs that were supposed to be free of political influence.

The investigation concluded "the governor's office improperly exercised a great deal, if not all, control over the hiring" at the Illinois Department of Employment Security since shortly after the Democratic governor took office in January 2003.

The report said Blagojevich's patronage office--known formally as the governor's Office of Intergovernmental Affairs--played a key role with compliant agency officials in subverting state laws that give veterans a preference in getting state employment and ban political considerations in hiring for most state jobs.

"This effort reflects not merely an ignorance of the law, but complete and utter contempt for the law," wrote Zaldwaynaka "Z." Scott, who served as Blagojevich's first executive inspector general under an ethics law he signed. Scott, who left the post to join a private law firm last year, said she could not comment on her report.

Details of the Sept. 9, 2004, report, obtained by the Tribune, have never before been made public. The inspector general's findings take on added significance after Friday's disclosure that U.S. Atty. Patrick Fitzgerald is looking into allegations of "endemic hiring fraud" within Blagojevich's administration.

Blagojevich said Saturday his office complied with disciplinary recommendations for employees made in the confidential inspector general's report. Publicly, Blagojevich has defended his top patronage aides and said he maintained that "qualifications, all the time," guided his system for hiring state workers.

"We're more than happy to have all of that referred to other agencies if there's wrongdoing," Blagojevich said. "Because as far as I'm concerned, I'm as determined as anybody else to make sure there is no wrongdoing in state government."

But the inspector general's report contended the governor's patronage office, whose head, Joe Cini, is under federal scrutiny, worked with Department of Employment Security personnel officials to manipulate job titles, candidate credentials and job descriptions to place applicants sponsored by the governor's office "without following state law or normal state hiring protocol."

"Evidence shows non-compliance with state hiring laws," the inspector general wrote. "In fact, it reveals a concerted effort to subvert the laws including veterans' preference and the hiring process" for jobs protected under a 1990 U.S. Supreme Court ruling known as the Rutan decision.

The report cites repeated violations of Rutan, which prohibits political influence in hiring, promotions and transfers for most state jobs.

The report's critique of the heavy involvement of Blagojevich's patronage office into hiring decisions occurred months before Fitzgerald launched his investigation into the administration and some of the governor's top patronage aides. Prosecutors detailed the criminal grand jury investigation in a March 2005 letter that was disclosed by the Tribune last fall.

Letter to attorney general

Fitzgerald provided the clearest context to date on the status of the yearlong federal probe in a letter to state Atty. Gen. Lisa Madigan that was released Friday. Fitzgerald said his investigation involves "the alleged rigging of state employment practices to enable political hiring in violation of Rutan" and includes, "among other things, the preparation of fraudulent hiring documentation."

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"Our investigation has now implicated multiple state agencies and departments and we have developed a number of credible witnesses," Fitzgerald said in thanking Madigan for turning over her own state investigation to the FBI and federal prosecutors.

The federal investigation into state hiring is taking place against the larger backdrop of the high-profile federal prosecution of alleged political hiring in Chicago's City Hall. Federal prosecutors have charged top city patronage aides with rewarding Mayor Richard Daley's loyal political workers with jobs in violation of another federal decree prohibiting political considerations in most city hiring.

`We do things right'

The inspector general's report also was written four months before Blagojevich's estranged father-in-law, Ald. Richard Mell (33rd), alleged that the administration traded appointments on state boards and commissions for campaign cash. Mell later recanted the allegations under threat of a lawsuit, but Blagojevich has blamed Mell for the federal and state hiring investigations.

Blagojevich was questioned by federal authorities early in 2005, but he has said the issue involved Mell's allegations, which he called spurious.

On Saturday, Blagojevich said his legal counsel more than a year ago shared information with federal prosecutors and he has told them again to hand over everything to Fitzgerald's office. Blagojevich has said such investigations provide a chance to show "that we do things right."

Such comments contrast with a recommendation from the inspector general's findings on the Department of Employment Security, the federally funded agency in charge of jobless benefits.

"This administration has made many public statements critical of the way in which those seeking political gains have compromised systems," the inspector general wrote. "We urge a similar response to the issues raised in this report."

But it wasn't until May that the Blagojevich administration publicly conceded it had a problem in its hiring system, when it disclosed it had fired two personnel supervisors at the state's office-management agency, the Department of Central Management Services. The fired workers contend they were being made scapegoats for standing up to political intimidation from the governor's office.

`Some bad apples'

On Friday, in response to the release of Fitzgerald's letter, a Blagojevich spokeswoman acknowledged in a statement that among the administration's hires after taking office in January 2003 were "some bad apples who violated the rules."

Yet the inspector general said after investigating hiring at the Department of Employment Security, "The evidence supports the conclusion that the real machine driving hiring decisions in the IDES HR department was the Governor's Office of Intergovernmental Affairs rather than any professional management team in place in the agency."

The inspector general recommended that six employees at Employment Security be disciplined, "up to and including discharge for unethical and fraudulent activity." Three of those employees are still working for the department, including one who has been promoted since the report to become deputy director of administration.

Blagojevich and his administration have touted the work of his inspector general, under an ethics law he sought, as evidence of his reform credentials.

"Whether it's an employee that preceded my being there who came from one of my predecessors or whether it's somebody we hired, if they're doing something wrong and they're violating the rules, we act on what the inspector general suggests and recommends," Blagojevich said.

Though the inspector general's report portrayed the extensive and improper influence of Cini's office on hiring at the department, it only recommended "additional training" for him and his aides on state hiring laws. Scott, the inspector general at the time, would not comment on the rationale of her recommendation for Cini.

While saying "every so often some people make some mistakes and you correct those and you move forward," Blagojevich said he wasn't worried about the allegations against Cini because he received the recommended training.

"Again, that shows we're not even afraid to police people who are working for us who have responsibilities," he said.

Hiring procedures outlined

In describing the pervasive influence of Cini's office at the Department of Employment Security, inspector general investigators found a memo titled "Procedures for Hiring" at the agency. "Step one in the process is, `We receive resume from Governor's Office'" the inspector general's report said in quoting the memo. "Step nine is, `Information should be logged on one status report for the Governor's Office.'

"The process starts and ends with GOIA," the inspector general wrote, using the acronym for the governor's Office of Intergovernmental Affairs.

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Investigators for the inspector general's office reported that when a new human resources director for the Department of Employment Security questioned some of the agency's own hiring practices, "Cini also said that the governor's office determines the hiring process, not the agency."

The inspector general noted that it did not investigate every hiring that occurred at the Department of Employment Security since Blagojevich took office. "Thus," the report said, "this sampling may not represent the entirety of the illegalities in hiring at IDES."

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Governor, It's Mr. Fitzgerald (CHIT)

Chicago Tribune, July 3, 2006

U.S. Atty. Patrick Fitzgerald guards news of what he's investigating as fiercely as mama grizzlies protect their cubs. So his disclosure that federal prosecutors are aggressively probing "very serious allegations of endemic hiring fraud" in Gov. Rod Blagojevich's administration is unexpected on one level, not completely shocking on another. The FBI and the office of Illinois Atty. Gen. Lisa Madigan have been digging into reports of state hiring abuses since last year.

But Friday's disclosure that the feds have "implicated multiple state agencies and departments" in politically motivated hiring comes as Blagojevich must stand uneasily for re-election. Awarding state jobs to folks with political connections might strike most of us as business as usual, to borrow a phrase. But it would violate a 1990 U.S. Supreme Court decision that said most state hiring in Illinois has to be free of political influence. That's serious business to a prosecutor who's clearly determined to purge criminals from the Illinois culture of political sleaze.

Fitzgerald's revelations, contained in a letter to Madigan, cite the possibility of federal indictments of state officials. We're content to let the feds figure out what to do and when to do it. Fitzgerald routinely says his office brings prosecutions when the cases are ready, regardless of what's coming up on the calendar. Fitzgerald proved that by announcing the indictment of former Gov. George Ryan for public corruption on Dec. 17, 2003, eight days before Christmas.

We note this because, in barely five months, Illinois voters will elect their next governor. Those voters deserve what they didn't get in 1998 before Ryan was elected governor: a sense of the nature and sweep of a federal investigation. The issue then was the fetid swamp of corruption over which Ryan had presided as secretary of state.

What happens now, happens. Our hope, though, is that to the extent possible, the federal investigation of the Blagojevich administration either culminates or collapses before voters must make their quadrennial choice.

On Friday, the governor's office asserted that there were "some bad apples who violated the rules" among the officials who were hired to run state government after Blagojevich took office in 2003. "The systems we put in place in our first year helped ferret out this wrongdoing." That's hard to square with the disclosure in Sunday's Tribune that in 2004, Blagojevich's own inspector general said the involvement of the governor's patronage office in state hiring reflected "not merely an ignorance of the law, but complete and utter contempt for the law."

Here's the lovely thing about a full-bore FBI investigation with federal prosecutors evaluating evidence the agents unearth. The feds can assess Blagojevich's reassurance that "We do things right" in hiring state employees. Just as they'll no doubt assess the explosive 2004 report from his inspector general.

The bottom line here is ... well, the bottom line is yet to be written. Fitzgerald is keeping to his pattern of probing what he finds to be credible allegations of public corruption, whether they originate in state government, in Cook County or in Chicago's City Hall. And Madigan has correctly ceded her own probe to the feds, who have greater resources. Illinois doesn't need investigators tripping over one another.

What Illinois does need is an end to business as usual. To borrow a phrase.

Late Mobster's Ex-girlfriend A Key Witness (KCS)

By Tom Hays And Larry Mcshane

The Kansas City Star, July 3, 2006

NEW YORK - When Linda Schiro was just 16 years old, she was already a mistress to the mob. The Brooklyn teen hooked up with an older man, a veteran of the Colombo crime family, and they lived together for nearly three decades.

Gregory Scarpa Sr. was convicted of murder and racketeering and died in a Minnesota prison.

A dozen years later, Schiro has emerged as a key witness against an FBI agent accused in what a prosecutor has labeled one of the worst cases of law enforcement corruption in the nation's history.

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The agent, R. Lindley DeVecchio, allegedly fed Schiro's late boyfriend inside information that led to four mob slayings - including hits against another mobster's girlfriend and a gangster turned born-again Christian.

But attorneys for DeVecchio say the longtime mob mistress lacks the credibility to implicate the former FBI agent. Her story has changed drastically over time, the defense says.

Authorities insist that Schiro's initial reluctance to detail the relationship between the agent and the mob capo was motivated by fears for her life. Only recently was she persuaded to tell the truth, they say.

Schiro met Scarpa in 1966 when she was 16. They quickly moved in together and shared the same home for 28 years - except when Scarpa was behind bars. The couple had two children.

DeVecchio was the head of the FBI's Colombo crime family squad and became Scarpa's handler when the mobster turned informer. During Scarpa's time as a mole, DeVecchio put together a 700-page informant file detailing their relationship, court papers showed.

Allegations about possible leaks from DeVecchio to Scarpa first surfaced after the mobster's June 1994 death from AIDS, contracted when he received a tainted blood transfusion. But the Department of Justice declined to prosecute DeVecchio following an internal investigation.

DeVecchio, now 65, retired to Florida in 1996. The former agent has pleaded not guilty to murder charges and is free on $1 million bond.

A law enforcement official, speaking on condition of anonymity because the investigation remains open, said authorities approached Schiro two years ago after a private investigator turned up fresh evidence against DeVecchio.

Prosecutors persuaded Schiro to come clean about the relationship between the agent and Scarpa by promising relocation and police protection. "It was a matter of making her feel safe, telling her, 'You're not going to get whacked,'" the official said.

Court papers filed by the prosecution present a sinister relationship between Scarpa and DeVecchio.

The pair met once a week at Scarpa's home, where the agent accepted a roll of bills bound with a rubber band - the payoff for DeVecchio's tips from inside the FBI, according to an affidavit from Assistant District Attorney Ann Bordley.

The prosecutor maintains that Schiro has direct knowledge about the 1990 slaying of Patrick Porco, who with Scarpa's son Joey and two other suspects murdered a man outside a church in Brooklyn on Halloween 1989.

In May 1990, Schiro answered a phone call from DeVecchio, asking for Scarpa. The mobster had Schiro drive him to a pay phone, where he spoke with DeVecchio for about 10 minutes before returning to the car.

"I can't believe this (expletive) kid," Scarpa allegedly told Schiro. "Patrick is going to rat on Joey. We got to do something about this."

Porco, 18, was found the next morning on a Brooklyn street corner with a bullet in his head.

Suspect Pleads Guilty To Terrorism Hoax (CHIT)

Chicago Tribune, July 3, 2006

A man accused in a terrorism hoax pleaded guilty in the case Friday and faces up to 41 months in prison.

Gilbert Romero, 31, pleaded guilty to "conveying false information about the use of a weapon of mass destruction against property in the United States" and making false statements to federal agents. Romero is to be sentenced by U.S. District Judge Elaine Bucklo Oct. 13.

Romero in June 2005 told the FBI that a terrorist attack was to be carried out against the Chicago headquarters of a U.S. company.

The claim came after Romero was detained in Lake County on state charges, according to his plea agreement.

IMMIGRATION:

Immigration Bill: GOP Firmly Against Amnesty (WSJ)

The Wall Street Journal, July 3, 2006

In response to your June 23 editorial "The Tancredo Republicans": You're correct that the Republican-led Congress should learn from the mistakes of the Democrats handling the crime bill in 1994 as it deals with the difficult issue of immigration. The then-Democrat-led Congress did pass a crime bill in 1994 -- and the voters rightfully responded by sending a Republican majority to Congress for the first time in 40 years. Speaker Tom Foley, House Judiciary Committee Chairman Jack Brooks, and numerous other senior Democrats were ousted by voters precisely because they passed a crime bill that the public didn't support.

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House Republicans are committed to enacting border security and immigration legislation, but not if it makes the current situation worse. The upcoming hearings should help Congress understand the public's views on issues such as holding employers accountable who hire illegal workers and, as the Senate bill requires, whether the U.S. must consult with Mexico before the U.S. can secure the border by erecting more walls and fences.

House Republicans will diligently work with Democrats, the Bush administration, and the Senate to solve the enormous immigration problems, but will not support any bill that includes amnesty, weak border enforcement, weak interior enforcement, weak work site enforcement, or other provisions that the public doesn't support. In November, voters will judge members of Congress based upon whether they lead with an understanding of voters' concerns, as House Republicans are committed to doing, or whether they ignore voters by enacting legislation, such as the Senate amnesty bill, that the public doesn't support.

F. James Sensenbrenner Jr. (R., Wis.)
Chairman
House Committee on the Judiciary
Washington

Winning On Immigration (NATLREVIEW)

By Kate O'Bierne
National Review, July 3, 2006

While talking to reporters about immigration reform recently, Sen. John Cornyn, Republican of Texas, floated a tantalizing option available to the House that would bedevil the Senate. "What if the House passed just the enforcement provisions of the Senate bill and sent it back to us?" Cornyn wondered aloud. When he was asked whether he'd vote for just those sections of the Senate's "comprehensive" bill, he replied with a chuckle, "I'd sure take a look at it." Later that week, House Republican leaders announced plans to hold hearings across the country on border security and on the most controversial provisions of a bill they have dubbed the "Reid-Kennedy" bill; and the "Border Security First Act" was introduced in the Senate by Pennsylvania Republican Rick Santorum.

In Washington's immigration-reform script, congressional Republicans have been cast as villains intent on blocking enlightened policies — but they are refusing to play the part of spoilers. They are instead spoiling for a fight they are confident they can win.

Rather than merely blocking action on a Senate bill they refuse to support, a unified House GOP caucus has decided to go on offense in order to wring the maximum political credit from being on the right side of their reading of public opinion. Because House Republicans fear the appearance of compromising with a Senate bill they are convinced is wildly unpopular, they have — according to a leadership aide — no intention of taking part in a conference to hammer out differences between the House and Senate unless "there is a sea change in either public or Senate opinion." The "Tancredo Republicans" the Wall Street Journal rails against as being out of touch with public sentiment include the majority of Republicans in the House and Senate. (Rep. Tom Tancredo, a Colorado Republican, is contemplating running for president on a border-security platform, hence the Journal's phrase.)

The White House is touting a recent poll commissioned by the Manhattan Institute claiming that likely Republican voters are clamoring for "comprehensive" reform, including "earned citizenship" for illegal aliens; Wall Street Journal editors profess to be unaware of any contradictory polling evidence of public sentiment. But congressional Republicans who will be facing the voters are firmly convinced that backing border security now will mean job security in November.

Senators Reid and Kennedy
Roman Genn

The mid-June Tarrance Group survey of likely Republican voters found that 75 percent favored tougher border security, a crackdown on employers who hire illegal workers, and earned legalization for illegal aliens. The survey asked respondents about a proposal under which current illegal aliens would have to pay a fine, pay taxes, learn English, and go to the back of the line before being granted citizenship. A House GOP leadership aide scoffed at the poll as providing what Republican members consider a misleading summary of the Senate plan. (For example, under the Senate's bill illegal aliens will form a wholly new line — one that permits them to remain legally in the U.S.)

The leadership aide explains that, in any case, the GOP members' position on this issue doesn't rest on poll results. He allows that politicians can sometimes misread the public mood, but says that "this time the mood is so overwhelming, they can't miss it." Voters aren't waiting for a pollster to call to express their views on illegal immigration. In phone calls, in writing, and in person they are letting their congressmen know where they stand. Even the more liberal members of the House GOP caucus grant that in the short term it's good politics to strongly oppose the Senate bill, even as they fret over the possible political effects a decade or so from now.

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A Senate Republican aide flatly adds, “If it were true that 75 percent of Republican voters want an amnesty bill, Rick Santorum wouldn’t be introducing a border-security-only bill.” He noted that the embattled Santorum faces reelection in a “purple” state — a mixture of blue and red — where he hopes to appeal well beyond the conservative base.

The polls promoted by supporters of the Senate’s version of immigration reform typically don’t mention the issues House Republicans will be raising during their hearings this summer. Provisions of the White House–backed bill that the House GOP will be highlighting include in-state tuition for illegal aliens and the allowance of Social Security benefits for illegal workers based on their use of fraudulent documents. Some hearings will focus on the national-security risk posed by chaos at the border, the problem of voter fraud, and the importance of English fluency and assimilation. One influential conservative who advises House Republicans expects “the drumbeat of bad publicity against the Senate bill” to put the Bush administration on the defensive for the next couple of months.

Republicans anticipate that their hearings will prompt demonstrations calling for amnesty — which, according to the Tarrance poll, 57 percent of Republican voters define as allowing illegal aliens to apply for citizenship. The poll also found that 47 percent of those who were aware of previous “pro-immigration demonstrations” were “strongly less likely” to support amnesty.

In a battle of the dueling polls, House Republicans find support in an April survey of likely voters by McLaughlin & Associates. The poll tested alternative messages on border security and found 93 percent agreeing that “we have to regain control of our borders so that we are the ones deciding who enters our country,” and 84 percent agreeing that “we have to stop the flow of illegals before we address what to do about those who are already here.” Even the survey promoted by the White House found that when presented with a range of choices on how to handle the problem of 12 million illegal aliens living in the U.S., the largest percentage of likely GOP voters (65 percent) “strongly” favored a proposal that included only border security and workplace enforcement.

While support for legalization of illegal aliens and guest-worker programs depends on how questions are phrased and what details are omitted, the overwhelming support for controlling the border is indisputable. So rather than being intimidated with the need to back “comprehensive” reform, congressional Republicans confidently favor a “consensus” reform that would dramatically reduce illegal border crossings. Republicans argue that “border security first” would avoid the costly mistake made in the 1986 immigration reform that promised border enforcement but only delivered an amnesty that encouraged more illegal immigration.

If Senate majority leader Bill Frist permits a vote on Senator Santorum’s new bill — or if the House approves the border-security provisions of the Senate bill and returns them to the Senate — senators will have to decide whether they are willing to hold the border-security measures they claim to favor hostage to an amnesty program.

House Of (immigration) Blues (LAT)

The Los Angeles Times, July 3, 2006

LAST WEEK SAW THE FIRST narrowing of the chasm between the Senate's recent comprehensive immigration bill and the House of Representatives' punitive enforcement-only package from December. Trouble is, the overtures are all going in the House's direction.

Sen. Arlen Specter (R-Pa.) announced that he'd be willing to stagger reform measures so that all enforcement issues were enacted first. Sen. John McCain (R-Ariz.) seconded that motion and emphasized that the border was being strengthened. And President Bush invited Rep. Mike Pence (R-Ind.) to the White House to discuss Pence's proposal to delay all other action until the border was somehow "certified" as secure, after which the estimated 11 million illegal immigrants in the United States would be asked to leave and apply for a visa, perhaps in fancy new e-kiosks operated by an Internet job-search company. No word on who would pick our crops, work construction sites and clean our bathrooms in the meantime.

Worrying solely about "securing" the border without securing and legalizing a flow of needed workers would have three sure-fire side effects. First, the current stream of illegal immigration would turn into a panicky flood, as people risk even more life and limb to sneak in before the southern border is militarized. Second, as has happened during nearly every proposed U.S. immigration crackdown, a rush of legal immigrants would jump into line, backing up an already interminably clogged process. And worst of all, the millions of workers who live in the shadow economy would be even less likely to come out of the cold and into the reach of U.S. law.

Pro-reform senators are making two classic negotiating mistakes: confusing their opponents' line-in-the-sand intransigence with a negotiating ploy, and elevating the importance of making a deal above its actual content. House Speaker J. Dennis Hastert (R-Ill.) has already indicated that he will abide by his "majority of the majority" rule, preventing even consideration of a bill that's not supported by most House Republicans.

Considering that the infamous HR 4437 was co-sponsored by Republicans such as Texan Ted Poe, who believes (among other things) that "Mexico is at war with the United States" to "occupy this entire land," and given that Congress has chosen to

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spend the run-up to the November elections holding unusual public "field hearings" instead of conference committee sessions, it's clear that the House GOP is most interested in inflaming xenophobic passions.

What's odd is that Senate Republicans seem to know this. At a pro-reform news conference last week, McCain expressed "regret" at the "level of dialogue" in the House. Sen. Lindsey Graham (R-S.C.) advised Americans not to be led astray "by a few loud people" and stated his belief that "the good people can prevail." Conservative flamethrower Grover Norquist called Republican anti-immigration rhetoric "hateful" and "damaging" and even choked back sobs.

Such bluntness is startling and overdue within the ranks of the GOP. Senators should not be overly desperate to reach any deal they can call "comprehensive" with their intemperate colleagues on Capitol Hill. If the House dictates terms of an immigration compromise, it is certain that the "reform" will only aggravate the problem it aims to fix.

Border Apprehensions Increase In 2006 (WT)

By Jerry Seper

The Washington Times, July 3, 2006

U.S. Border Patrol agents have detained 901,428 foreign nationals seeking to sneak into the United States in the past nine months -- more than 3,300 a day -- up from the 890,358 apprehended in the same period last year.

Border Patrol spokesman Michael Friel said the number of apprehensions, monitored since the Oct. 1 start of fiscal 2006, was a 1 percent increase over detention totals in the first nine months of fiscal 2005. He also said that although arrests had edged up, the number of apprehended non-Mexicans, known as "other than Mexicans" or "OTMs," had declined by about 16 percent.

Mr. Friel said non-Mexican apprehensions totaled 89,059, compared with nearly 106,000 detained in the first nine months of fiscal 2005.

The Border Patrol, an agency within U.S. Customs and Border Protection, is responsible for protecting U.S. borders between the land ports of entry.

"CBP continues to enhance border security by innovative programs such as the Secure Border Initiative, which will increase border-security effectiveness through the right mix of personnel, infrastructure, technology and rapid-response capability," Mr. Friel said.

The initiative is a comprehensive, multiyear plan aimed at securing the borders and reducing illegal entry.

It involves the deployment of additional agents to patrol the borders, secure ports of entry and enforce immigration laws; expanded detention-and-removal capabilities; upgraded technology, including airplanes, helicopters and unmanned aerial vehicles; additional resources for infrastructure improvements; and expanded interior enforcement, including work-site inspections.

The initiative's goal is to gain "operational control" of both the northern and southern borders.

Congress has authorized the hiring of 6,000 additional Border Patrol agents to augment the agency's 12,000-member force. President Bush has ordered the deployment of 6,000 National Guard troops to the southern border to assist while the Border Patrol hires and trains the additional agents.

Mr. Friel said that since Oct. 1, Border Patrol agents have seized more than 1.15 million pounds of narcotics, including marijuana, cocaine and heroin, with an estimated street value of $1.2 billion. The nine-month total represents about 4,300 pounds of drugs being seized every day.

He also said that in the past nine months, agents rescued 2,281 aliens attempting to cross into the United States, a 39 percent increase from fiscal 2005. Last fiscal year, he said, the agency recorded 473 migrant deaths, compared with 240 this fiscal year.

CONGRESS-ADMINISTRATION:

Bush To Name Virginian To Lead Maritime Agency (WT)

The Washington Times, July 3, 2006

The chairman of the Prince William Board of County Supervisors is going national.

Last week, President Bush announced that he would nominate Sean T. Connaughton to lead the Maritime Administration at the Department of Transportation.

Mr. Connaughton, a lawyer, unsuccessfully sought the Republican nomination for lieutenant governor last year, losing in the primary to William T. Bolling. Mr. Bolling went on to win the seat.

Mr. Connaughton has served as a senior transportation associate for the American Petroleum Institute.

He served in the Coast Guard from 1983 to 1986 after receiving a bachelor's degree from the Merchant Marine Academy, He is a commander in the Naval Reserve.

He also holds a master's degree from Georgetown University and a law degree from George Mason University.

·Hispanic history

The D.C. Office of Latino Affairs (OLA) is teaming with Maya, a Hispanic marketing firm, to produce a documentary about the history of Hispanics in the District.

"Through Our Eyes" -- a documentary funded by OLA in celebration of its 30th anniversary -- will feature donated pictures, stories, videos and recorded music that showcase Hispanic life in the District since the 1970s.

The fast-paced, English- and Spanish-subtitled film will feature residents, community leaders, activists and journalists discussing issues such as Hispanics' settlement 30 years ago near the newly established embassies in Adams Morgan, increased Salvadoran emigration in the 1980s and the immigration rallies this spring.

OLA Director Gustavo Velasquez said the film will "look retrospectively at the contributions of Latinos in the nation's capital."

A film screening will be held in mid-September.

·Singalong campaign

With 10 candidates running for one seat on the D.C. Council, bold and daring campaigning isn't out of the question, or so the minds behind Bill Rice's council run seem to think.

Mr. Rice, a former journalist and a one-time spokesman for the D.C. Department of Transportation, plans to spice up his campaign for the Ward 3 council seat with a catchy jingle and some July Fourth fun.

The candidate plans to distribute Rice Krispies treats as he bikes along MacArthur Boulevard in the July Fourth Palisades parade tomorrow.

But it won't stop there.

Bridget Davis, a spokeswoman for Mr. Rice, said he will be accompanied by singers from Middle C Music who will "belt out" the official campaign song, "Rice is Running," which is sung to the tune of the advertising jingle for "Rice-a-roni, the San Francisco treat."

Rice is running
for Ward 3 council seat.
Rice is running;
his platform can't be beat.
For services that you've paid for,
his policy is open door.
Rice is running.
Your vote is all he needs.

"Everybody can join and march in perhaps the most American hometown experience we have in our nation's capital," Mr. Rice said. "Rain or shine, we will be handing out the Rice Krispies treats. It's always fun."

·Settlement

Frederick County, Md., has agreed to pay $55,000 to settle a lawsuit that says State's Attorney Scott L. Rolle wrongly fired a worker, saying she abused sick leave.

The county agreed to give $40,000 in back pay and benefits to plaintiff Amy Hill-Boyer and to pay her $15,000 in legal fees, but it won't reinstate her, the Frederick News-Post reported Thursday.

The county denies any wrongdoing in the settlement reached earlier this month after a mediation session in U.S. District Court in Baltimore.

Miss Hill-Boyer was fired in September after 10 years with the state's attorney's office.

Mr. Rolle is a Republican candidate for state attorney general.

·Call to resign

A Chesterfield County, Va., supervisor pleaded guilty Wednesday to sexually abusing a teenager, prompting board members to ask for his resignation.

Edward B. Barber, the former board chairman, pleaded guilty to two misdemeanor counts of sexual battery against a 16-year-old girl as part of a plea agreement. He originally was charged with one felony count each of aggravated sexual battery and object sexual penetration.

Mr. Barber, 50, was sentenced to two years in prison, suspended, and must submit to a sex offender evaluation. He was placed on three years of probation and must serve 100 hours of community service.

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If Mr. Barber had been convicted of a felony, he would have been forced to give up his seat on the board. But at the Board of Supervisors meeting on Wednesday, members requested that he step down.

"In view of the serious nature of the convictions today, we feel he has violated the public trust and it would be inappropriate for Mr. Barber to continue to serve on this board," board Chairman Dickie King said, a stand endorsed by the three other supervisors.

Mr. Barber told the Richmond Times-Dispatch that he had no plans to give up his seat.

"I've represented that district well for 14 years, and I plan to continue to do that," he said.

Mr. Barber would not say whether he would run for re-election in 2007.

Mr. Barber already had been suspended from his job as a physical education teacher at Crenshaw Elementary School. School officials said last week that his contract would not be renewed.

The charges did not involve a student at the school.

Push For Government Openness On Right And Left (NYT)

By Jason DeParle

The New York Times, July 3, 2006

WASHINGTON, July 2 — Exasperated by his party's failure to cut government spending, Senator Tom Coburn, Republican of Oklahoma, is seeking cyberhelp.

Mr. Coburn wants to create a public database, searchable over the Internet, that would list most government contracts and grants — exposing hundreds of billions in annual spending to instant desktop view.

Type in "Halliburton," the military contractor, or "Sierra Club," the environmental group, for example, and a search engine would show all the federal money they receive. A search for the terms "Alaska" and "bridges" would expose a certain $315 million span to Gravina Island (population 50) that critics call the "Bridge to Nowhere."

While advocating for openness, Mr. Coburn is also placing a philosophical bet that the more the public learns about federal spending, the less it will want.

"Sunshine's the best thing we've got to control waste, fraud and abuse," he said. "It's also the best thing we've got to control stupidity. It'll be a force for the government we need."

But Mr. Coburn's plan, hailed by conservatives, is also sponsored by a Democrat, Senator Barack Obama of Illinois, and applauded by liberal groups that support activist government. The result is a showcase of clashing assumptions and the oddest of coalitions, uniting Phyllis Schlafly, a prominent critic of gay rights, with the National Gay and Lesbian Task Force.

Liberal groups, while also praising openness, are hoping for a new appreciation of what government does, like provide clean water and feed the hungry. "We need to remind people where Uncle Sam helps us each day," said Gary Bass, director of OMB Watch, a liberal group that got its start monitoring the Office of Management and Budget.

The House unanimously passed a version of the proposal in late June, though in a form that had drawn outside criticism. The House bill creates a database that would omit contracts, which typically go to businesses, but would include about $300 billion in grants, which usually go to nonprofit groups.

"Contracts are awarded in a much more competitive environment," said Representative Thomas M. Davis III, a Virginia Republican who was a sponsor of the bill. That makes them more self-policing, he said. Mr. Davis, whose district includes many government contractors, said grants "are more susceptible to abuse."

But liberal critics see a revival of what they call old partisan efforts to "de-fund the left," by reducing grants to liberal groups or adding conditions that limit their activities.

Mr. Coburn joined them in criticizing the House omission of contracts. Including them in the database, he said, is "the only way you're going to bust these indecent relationships of former Pentagon employees working for defense contractors and getting sweetheart deals from buddies inside."

When told of Mr. Coburn's statement, Mr. Davis said, "As usual, I think he's headline grabbing." While Mr. Davis supports more openness in contracting, he said including contracts would "gum up the works" legislatively since more Congressional committees would be involved.

Spending hawks have sought a spending database for years. The Heritage Foundation, a conservative Washington group, tried to build one itself, but search-engine technology now makes the task easier.

On the right, support for the plan reflects an old concern about spending and a new faith in the power of blogs. Supporters picture a citizen army of e-watchdogs, greatly increasing the influence of antispending groups in Washington.

"Now that you've got the Internet, you'll have tens of thousands of watchdogs," said Bridgett G. Wagner of the Heritage Foundation, who is leading a coalition of conservative groups that support the Coburn bill. "That's what people see in it."

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Among the bill's leading supporters is Mark Tapscott, the editorial page editor of The Washington Examiner, who has promoted it there and on his blog, Tapscott's Copy Desk. While most spending is already a matter of public record, Mr. Tapscott argues that it is often buried in obscure documents.

"The spending cannot be sufficiently scrubbed," Mr. Tapscott said. Whether the database causes spending to rise or fall (he guesses it will fall), "what's important to me is the principle of the public's right to know," Mr. Tapscott said.

A number of blogs popular among conservatives have praised Mr. Coburn's bill. Instapundit, among the most popular, has pushed it. Seeker Blog called it "the best news I've heard out of D.C. this year." Captain's Quarters demanded "Give us the Pork Database," and Porkopolis hailed the measure with the slogan, "Show Me the Money."

While the bill has few overt critics, it may encounter resistance from Congressional insiders who have used their influence to secure projects back home. When Mr. Coburn tried to attach the measure to a lobbying reform bill this spring, Senator Trent Lott, a Mississippi Republican known for his zeal in aiding his state, killed it on procedural grounds.

Not everyone is convinced more sunshine will matter. "All this information is out there right now" and being mined by watchdog groups, said Douglas Holtz-Eakin, a former director of the Congressional Budget Office. While it was "certainly appropriate" to build a database, he said: "I don't think it would dramatically change public perception of the appropriate size and scope of government. That's a much deeper issue."

One important challenge involves tracking subcontractors. Money awarded, for example, to Lockheed, to build a military plane, might get divided among hundreds of parts suppliers. The database, Mr. Coburn said, would seek to list them all.

The push for openness runs counter to the trend of increased secrecy among government officials who cite the need to protect national security. Criticizing that trend, Mr. Tapscott said, "people in the Pentagon, like bureaucrats everywhere, overclassify too much because of the basic instinct to protect yourself."

But Mr. Coburn said he was comfortable with the overall level of secrecy. His database would adhere to current disclosure rules, he said.

What if sunlight so cleanses the government that the public wants more of it? Grover Norquist, an antitax advocate who supports the House bill, just laughed. "They might say, 'Oh my goodness, look at all the good work that's being done,' " he said. "But I'm willing to take that chance."

Growers Reap Benefits Even In Good Years (WP)

By Dan Morgan, Sarah Cohen And Gilbert M. Gaul

The Washington Post, July 3, 2006

EDEN, Md. -- Roger L. Richardson, a vigorous 72-year-old who grows corn on 1,500 acres of prime Eastern Shore farmland, had a good year in 2005. Thanks to smart planning, shrewd investing and a little luck, he grossed a healthy $500,000 for his crop.

But the federal government treated him as if he needed help and paid him $75,000.

The money came from a little-known, 20-year-old U.S. Agriculture Department program that was intended to boost farmers' incomes when prices are low.

The farmers do not have to sell at distressed prices to collect the money. They can bank the government payments and sell when prices are higher.

Since September, the program has cost taxpayers $4.8 billion. Most of that money -- $3.8 billion -- went to farmers such as Richardson who sold at higher prices, according to a Washington Post analysis of USDA payment data.

The subsidy is called the loan deficiency payment. Although it has cost taxpayers $29 billion since 1998, it is virtually unknown outside farm country. But in rural America, the LDP is a topic at backyard barbecues and local diners along with the high school football team and the weather. Despite its name, it is neither a loan nor, in many cases, payment for a deficiency. It is just cash paid to farmers when market prices dip below the government-set minimum, or floor, if only for a single day.

The LDP has become so ingrained in farmland finances that farmers sometimes wish for market prices to drop so they can capture a larger subsidy.

"In the fall of the year, we find the farmer wanting the price to go down," John Fletcher, a Missouri grain dealer, told Congress last year. "It's almost unnatural."

Corn farmers collected the LDP on 90 percent of their crop last year, but most did not suffer the losses that traditional subsidies are meant to offset. Some collected hundreds of thousands of dollars.

"Most smart farmers are cashing in on it," said Bruce A. Babcock, director of the Center for Agricultural and Rural Development at Iowa State University. "It shows me that farmers are being overcompensated."

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The LDP bears little resemblance to the original price-support system, created in 1938 to help millions of desperate farmers during the Depression. The government then propped up prices by buying grain and cotton whenever the market dipped below a government-set floor.

But by the 1980s, the government had accumulated huge stockpiles of commodities that it could not sell abroad. With the backing of Southern rice- and cotton-state lawmakers, Congress in 1985 came up with a way to protect farmers from low prices: the LDP. The government encouraged farmers to sell their crops on the market and paid them cash when prices fell below the floor.

This reduced the stockpiles and made U.S. farm products a better buy abroad. But few foresaw where the program would end up, according to Arkansas Secretary of Agriculture Richard E. Bell, who lobbied for the change as president of the state's largest rice cooperative.

When corn prices fell in the late 1990s, the cash payments to farmers soared.'Location, Location . . .'

Roger Richardson's experience with his corn farm in Maryland's Worcester County illustrates one way farmers take advantage of the LDP.

After harvesting his corn last summer, Richardson stored 190,000 bushels in silos that he owns with other farmers. He then waited for prices to rise. He had reason to be hopeful because the corn-dependent Delmarva poultry industry pays a premium to lock up local supplies for chicken feed.

Meanwhile, in the Midwest, prices briefly dropped to their lowest level in five years after Hurricane Katrina. The storm stalled grain barges up and down the Mississippi. Huge yellow piles lay in fields outside stuffed grain elevators, and a sign outside one elevator said, "Blame it on Katrina."

The drop in prices brought the government's safety net -- the LDP -- into play.

In DeKalb County, Ill., the subsidy had reached 46 cents a bushel one day in September. (The LDP for each county is calculated by subtracting the USDA's daily estimate of the local market price from the government's floor, which is set each year and was $1.98 a bushel in DeKalb.)

Yet in one of the oddities of the system, across the country on the Eastern Shore, where corn market prices were much higher, the subsidy was about the same: 48 cents. It hovered around that level for the next two months.

To book the subsidy being paid on a particular date, Richardson simply had to walk into the local USDA office in Snow Hill, Md., with the ability to prove that he owned a harvested corn crop. He applied for the subsidy for different portions of his crop on several days throughout the fall.

By December, feed mills on the Eastern Shore had begun running short, and prices were rising. Richardson began selling for an average $2.60 a bushel. That was about 50 cents more than the price quoted in Chicago, the national benchmark. Richardson cashed in because of his ability to store grain until it was needed and his proximity to the mills.

"It's like real estate," he said. "It's location, location, location."

The LDP subsidy that he had already booked would bring his total take to more than $3 a bushel -- he made $75,000 from the LDP alone.

The paradox of paying roughly equal subsidies regardless of local conditions was a deliberate policy devised by Congress. In 2002, it directed the USDA to "minimize" the difference in LDP subsidies across states and between counties -- and, in effect, across the country.

"We were trying to make certain that you wouldn't have a farmer receiving 5, 10, 15 cents less than another farmer across the river or the county line," said former representative Charles W. Stenholm (D-Tex.).

Lawmakers are frequently deluged by complaints from farm constituents who are outraged by a higher LDP across state or county borders. The lawmakers, in turn, lean on the USDA.

In June 2002, for example, South Dakota's senators demanded that an injustice be corrected: Corn farmers in Iowa were getting 9 cents a bushel while those just across the border in South Dakota were getting 7 cents.

"These inequities are more than just numbers because for farmers they could make the difference between profit and loss," wrote Sens. Tim Johnson (D) and Thomas A. Daschle (D) in a two-page, single-spaced letter to then-Agriculture Secretary Ann M. Veneman obtained under the Freedom of Information Act.

Efforts to equalize the subsidies fall to a staff of 10 officials housed in the USDA's Commodity Office in suburban Kansas City. Every workday, they check with online services, call grain elevators across the Midwest and poll 19 major grain markets, where large merchants and food processors go to buy.

Then, in a 4 p.m. ritual, the USDA officials gather around a conference table with an open phone line to headquarters in Washington. Poring over maps and prices, the group sets the next day's LDP for corn, wheat and 15 other commodities in more than 3,000 counties.

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Officials add a few cents in one county and take away in another, when the research shows that subsidies in different areas would be too far apart.

"Congress gave us conflicting requirements," said Bert Farrish, director of the USDA's Commodity Office in Washington. "We have to minimize the difference in benefits across state and county lines, but administer it in a way that reflects local markets as closely as we can."

Stenholm acknowledges the problems but believes it all evens out.

"There's no way you're going to get a national program that works perfectly," he said. "Some get an advantage, some get a disadvantage. And you hope over 10 years it balances out."Financial Hedging

Increasingly, farmers have learned to lock in their subsidies when prices are low and sell when prices are higher.

For last year's crop, farmers sold their corn for an average of $1.90 per bushel, only 5 cents below the national floor price. But they received an LDP averaging 44 cents, government payment records show. The difference amounted to $3.8 billion.

The same thing happened in 2004, when the LDP was 27 cents even though the price farmers received when they sold their crops was above the floor. The windfall for farmers was $2.7 billion.

One reason for the discrepancy is that farmers have adopted modern methods to limit their financial risk.

"A farmer who plays it right can make a bundle at times," said Daniel A. Sumner, an agricultural economist at the University of California at Davis.

One who played it right last year was Michael T. Sullivan, who produces a million bushels of corn annually with his three sons in Franklin, Minn. He thrived even during the depressed post-Katrina market.

Well before the storm, Sullivan said, the family had arranged to sell three-quarters of its crop to a local grain elevator for about $2 a bushel. The practice, called "forward contracting," is increasingly common and helps insulate farmers from the market's routine ups and downs.

On top of their contracted price, the Sullivans got the subsidy: $292,054 for that same corn, according to payment records.

Sullivan considers the LDP a godsend, given the uncertainties of farming. "Without it, Main Street Minnesota would have no money to keep the economy rolling," he said.

Richardson also makes no apologies for taking the government money. He contends that the LDP helps keep him and other farmers afloat by offsetting rising energy costs. Maryland farmers, he adds, deserve higher subsidies because they have higher costs and lower yields than Midwestern farmers.

"Without the LDP last year, farmers would have been in deep water," he said recently. As a large farmer, he said, "You handle a lot of dollars, but that's no panacea."

The bigger the farm, the bigger the payouts.

Walker Place, an operation based in Danville, Ill., that farms in 23 counties in six states, has received $3.4 million in LDP checks over the past decade, including $491,726 on the 2005 corn crop, government records show.

Stephanie Walker Spiros, who helps run the sprawling family farm empire, acknowledged that the system has flaws. But she defends it as necessary to cushion other farmers who do not have access to sophisticated financial hedges, and to buttress the farm economy in bad years.

"It's a protection in years of depressed prices," she said.

But the payments for corn alone have grown, from $1 billion for the 1998 crop to $4.3 billion for last year's, even though the average price farmers received for a bushel has remained near or above the government floor for the past five years.

U.S. farmers can also make up for declining prices with higher yields. They now harvest 20 percent more corn from each acre than just a decade ago, and yields in the past three years were the highest ever, according to USDA statistics.

'Paper Corn'

Riding his combine through the heart of Illinois corn and soybean country early last October, Mackinaw farmer John Kuhfuss personified the business-savvy farmer who profits from the LDP.

Kuhfuss is a modest-size farmer by Illinois standards. He sharecrops 1,000 acres of corn and soybeans, splitting the revenue and the government payments with several landowners.

Still, he uses a financial adviser and a commodity broker to help hedge his farming risks with options and futures contracts at the Chicago Board of Trade and Chicago Mercantile Exchange. Farmers call that "paper corn."

It is a different world from that of the 1970s, when his father, the late William J. Kuhfuss, was president of the American Farm Bureau, the nation's largest farm group.

"When he started farming, he hitched a couple of horses to a wagon, hauled his corn to the nearest railroad siding and sold it for whatever the cash offer was -- and in the Depression it was cheaper to burn corn than sell it," Kuhfuss said.

He talked his father into his first contract on the corn futures market -- and he came out a winner.

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Now the son uses the lingo of the trader as much as that of the farmer, throwing around terms such as "strike price," "puts" and "calls." He looks for opportunities to sell his crop more than a year before it is harvested.

"I'm perfectly willing to plan a year out," he said. "Sometimes there are opportunities there."

In spring 2005 he had seized such an opportunity and sold 30,000 bushels of corn to a local elevator for $2.25 a bushel. By October, with buyers offering only $1.70 a bushel, that decision looked smart.

With his price assured, Kuhfuss made another smart decision: "I LPDed all my corn at over 40 cents a bushel," he said.

He said he and his partners netted nearly $40,000 in LDP on their 500 acres of corn. They were not alone. On the days he received his checks, other Illinois corn farmers netted $36.5 million.

In Lincoln, Ill., not far from Kuhfuss's place, the farmer-owned Kruger grain elevator was at full-harvest tilt.

General manager Hugh Whelan was keeping a close eye on the LDP.

"The best thing for farmers now is for the market to go lower," he said. But then Whelan put on his taxpayer's hat:

"It's going to take a lot of dollars to pay that LDP."Global Impact

Today, farm price supports, especially the LDP, are under serious attack.

Last year at the economic summit of the Group of Eight leading industrial nations in Gleneagles, Scotland, President Bush shocked U.S. farm organizations by proposing that certain farm subsidies by rich industrial nations be eliminated. That would mean the end, or drastic scaling back, of the LDP.

The main objection to the LDP is that it hurts world commodity prices by encouraging overproduction.

Farmers abroad lose because "the LDP causes us to grow more corn than we otherwise would," said Sumner, the University of California economist. He advised Brazil when it successfully argued to the World Trade Organization last year that the LDP and other U.S. subsidies depress world cotton prices.

Negotiations over a new world trade deal broke up in disarray Saturday after the United States and other countries deadlocked on the issue of reducing farm subsidies.

Lawmakers from Midwestern farm states -- most of which backed Bush in the past two presidential elections -- have vowed to defend the LDP.

Supporters say it has helped the U.S. trade balance and has encouraged the efficient marketing of grain. Moreover, they say, European and Asian nations subsidize their agriculture at even higher levels.

Senate Finance Committee Chairman Charles E. Grassley (R-Iowa) has warned U.S. trade negotiators not to bow to foreign pressure unless they win major concessions for U.S. agriculture.

"We're not going to buy a pig in a poke," he said.

Democrats Seek To Enact Lobby Reforms By Rule (RC)

By Tory Newmyer

Roll Call, July 3, 2006

In a bid to salvage some progress from the fizzling drive to overhaul lobbying and ethics laws, Democratic Sens. Russ Feingold (Wis.) and Barack Obama (Ill.) are pushing their colleagues to adopt as a rules change a slate of reforms from a package the Senate passed months ago.

A resolution the pair introduced late last week would immediately ban gifts, meals and tickets from lobbyists, require pre-approval for privately funded trips and expand revolving-door prohibitions, among other items.

While the Senate approved the changes, 90-8, as part of a broader reform package in March, that bill has stalled awaiting House action. The House approved its version of the measure in May but has yet to name conferees, and negotiations over the bills have run aground on disagreements about campaign finance and earmark provisions.

“The Senate congratulated itself for passing new travel and gift rules back in March, but those rules aren’t yet in effect because the lobbying reform bill has stalled,” Feingold said in a statement. “Lobbyists can still buy meals for Members, despite what the public has been led to believe. It is time for the Senate to start living by the rule changes it adopted with such fanfare three months ago.”

Senate rules changes require a simple majority to pass, but two-thirds of those voting to invoke cloture, setting the bar for the resolution as high as 67 votes. Obama and Feingold wrote to Senate leaders last week, asking their resolution be adopted as soon as Senators return from the July Fourth recess.

Senate Majority Leader Bill Frist’s (R-Tenn.) office did not respond to a request for comment.

Senate Minority Leader Harry Reid (D-Nev.), who has sought to portray a GOP “culture of corruption” as a central theme in his party’s midterm messaging, stopped short of a full-throated endorsement of the approach. “Our first priority is to get a bill out of conference,” Reid spokesman Jon Steinberg said. “There shouldn’t be an either-or choice here. It’s time for the Republicans to

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step up. They had a lot of rhetoric in January and February about changing the way things are done in Washington, but they don't seem to be following it up with action."

Sen. Chris Dodd (D-Conn.), a conferee on the lobbying bill, called the plan by Obama and Feingold "an interesting proposal that should be given consideration." Other conferees were unavailable for comment Friday.

In addition to the gift, travel and revolving-door provisions, the new resolution would end floor privileges for former staffers and lawmakers-turned lobbyists. It would force Senators to quickly disclose any outside job negotiations; ban close relatives from lobbying that Senator or the lawmaker's staff; and prohibit Senators from trying to influence hiring decisions by outside groups on the basis of partisan affiliation.

The resolution leaves unaddressed several key changes the broader bill would accomplish. That package requires more frequent and fuller disclosures by lobbyists, including new requirements for grass-roots lobbying campaigns. It also adds transparency to the earmarking process.

Nevertheless, Congressional watchdogs praised the effort as one that could inch a mired reform process forward.

"This is a great move because half of these reforms could be implemented by each body on its own as a rules change," said Craig Holman, ethics lobbyist for Public Citizen.

Fred Wertheimer, president of Democracy 21, said while the broader package is inadequate, "this is just laying down a marker that says, 'We can adopt our rules changes immediately, and we ought to do it.'"

"This is a statement to the Senate, and the Senate leadership," Wertheimer said.

Feingold and Obama were at the forefront of their party's drive to strengthen ethics rules in the wake of high-profile corruption cases early this year, but both ended up dissatisfied with the package that emerged months later. They joined a slim minority of Senators opposing the reform bill on final passage, calling it too weak. Obama last week reiterated his criticism of the bill but added that enacting some of its measures would be "better than no reform at all."

"Even if this bill doesn't become law, the Senate should adopt these modest rules to put an end to lobbyist-paid lunches and gifts and start to change the culture in Washington that led to the rise of Jack Abramoff and Duke Cunningham," he said in a statement.

Several Senate Democratic offices have been voluntarily complying with their own versions of new ethics rules. Reid's staff, for example, is abiding by the terms of the Democratic-sponsored package, the Honest Leadership and Open Government Act, which goes further than the Senate-passed measure on several fronts. Both Feingold and Obama have both imposed strict ethics guidelines on their own staffs.

Meanwhile, on the other side of the Capitol, Rep. Jeff Flake (R-Ariz.) is attempting to enforce the provisions of the House-passed measure requiring new disclosures on earmarks. Last week, Flake pledged to challenge any special project that does not identify its sponsor.

"The House passed a lobbying reform bill in May that required that the sponsors of earmarks be identified," he said in a statement. "There's no good reason why that policy hasn't been implemented."

President Wanted, MBA Not Required (LAT)

By Charles R. Kesler

The Los Angeles Times, July 3, 2006

GEORGE W. BUSH is the first president with an MBA (from Harvard Business School, no less), but it's not clear that being a master of business administration has made him a better chief executive. The disarray in Iraq, the debacle after Hurricane Katrina — these aren't exactly the kinds of triumphs that the alumni office likes to boast about.

Business schools are a relatively new institution. The MBA was invented in the Progressive era as a way to abort future generations of robber barons. The idea was to train a class of business administrators (the ethos was anti-entrepreneurial) who would expiate capitalism's sins by managing their corporations in keeping with higher morality. The higher morality was whatever the spirit of the age revealed to professors and high-toned Protestant ministers. Over decades, the pursuit of ethical uplift waned, and the pursuit of efficiency and new methods of reading a balance sheet waxed, paving the way for the increasingly empty trendiness of modern management books.

It's hard to say what President Bush absorbed from his management studies. We can only draw inferences, though eventually historians may know more. Defending Donald H. Rumsfeld a few weeks ago, Bush said: "I hear the voices, and I read the front page, and I know the speculation. But I'm the decider, and I decide what is best. And what's best is for Don Rumsfeld to remain as the secretary of Defense."

Being the decider-in-chief suggests one paradigm of modern management: the executive who makes the final decisions, the tough calls. He "hears" and even listens to others before deciding, but the point of a decision (from decidere, "to cut off") is to be decisive, not to reason your way to a judgment that can be explained to others.

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Bush's management style is long on decisions and short on explanations. He's apparently better at listening to others than questioning their views. He prefers to have around him people whose judgment he trusts implicitly, even as he insists that they trust and abide by his decisions implicitly.

This isn't simple cronyism or "hackocracy," as the left charges. But neither is it a model of political wisdom. It leads to a disinclination to deliberate, a reliance on peremptory assertions of subordinates' good character to quiet doubt about their judgments, and a certain habitual speechlessness. On ordinary rhetorical occasions, Bush and his text seem hardly acquainted. On great occasions, he tends to overshoot the mark, calling for impossibilities such as an "end to evil." He lacks a rhetorical mean, much less the rhetorical mien that served Ronald Reagan so well.

Democrats usually turn for inspiration to universities and law schools (not exactly fonts of conservatism or even of moderation), Republicans to business and business schools. The GOP loves to call for applying the businessman's common sense to government problems. Rumsfeld, a former Fortune 500 executive, is applying business methods (just-in-time inventories, information networks, strict control of labor costs) to try and transform the Pentagon and, while he's at it, win the war in Iraq.

The precedents aren't entirely encouraging. In the 1960s, Secretary of Defense Robert McNamara tried to revolutionize the Pentagon using the systems analysis techniques he'd championed in his former job as president of Ford Motor Co. He succeeded in discrediting himself, the techniques and the war he was trying to win.

Pray things work out better this time. In general, however, the analogy between business and politics so beloved by Republicans is a flawed one. At the simplest level, politicians report to a large electorate and have fixed terms of office; businessmen do not. And although the latter can hire and fire at will, the former cannot, and thus face vast, recalcitrant bureaucracies.

Second, government deals not merely with property, vital as that is, but also with life and liberty. Government thus involves issues of national defense, criminal justice and other "involuntary transactions" backed by a monopoly on the legitimate use of force.

Third, though both pursuits involve self-interest, economic self-interest is less complicated. By contrast, there are many forms of political self-interest, frequently in conflict: Should you desire security or glory? Low taxes or a balanced budget? Much political skill must be devoted to persuading people where, exactly, their interest lies. (This is the rhetorical part, at which Bush doesn't excel.)

Finally, and most significantly, politics has to reconcile multiple goals — consent, security, liberty, prosperity, justice, virtue — in the presence of continuing disagreements about both means and ends. These inherent differences frustrate, eventually, all businesslike schemes of government. Too bad they don't teach that in business school.

Charles R. Kesler is a professor of government at Claremont McKenna College and editor of the Claremont Review of Books. A version of this article will appear in the summer 2006 issue.

A New Partnership Binds Old Republican Rivals (NYT)

By Jim Rutenberg And Adam Nagourney

The New York Times, July 3, 2006

After years of competitive and often contentious dealings, President Bush and Senator John McCain of Arizona are building a deepening if impersonal relationship that is serving the political needs of both men.

Given their history of intense rivalry and sometimes personally bitter combat, their newfound partnership is seen by some Republicans as born more of political calculation than personal evolution. Either way, it could prove valuable to Mr. McCain in his efforts to win the Republican presidential nomination in 2008 by sending a signal to Mr. Bush's conservative base and fund-raising network that, at a minimum, the White House will not stand in the Arizonan's way.

The president had Mr. McCain to the White House three times in one week recently to talk about how Mr. Bush should make the case for the war in Iraq and how to break the wall of conservative opposition to the immigration measures proposed by both men. Mr. McCain was back in the Oval Office again on Tuesday to talk about ways to win approval of the line-item veto.

Behind the scenes, during a month in which he repeatedly came to Mr. Bush's public defense, Mr. McCain called the president to offer words of support, he recounted in an interview.

"I said, 'Look, hang on, things are bad,' " Mr. McCain said. "I said, 'I'm proud of the job you are doing, and I wanted you to know that I will continue to do what I can to help.'

"I've tried, when his numbers went down, to be more supportive and outspoken, because I'd love to pick him up," Mr. McCain said.

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The senator showed that again on Sunday in an interview on the ABC program "This Week," saying he was "proud" of the president's leadership on immigration and emphasizing cooperation with the administration on a former issue of serious contention, the treatment of American-held prisoners of war.

Aides said a thaw that began when Mr. McCain campaigned alongside Mr. Bush in the 2004 election has continued through the tougher days of Mr. Bush's second term. The appearances began after top aides for the two men met to hash out some of their differences. During private moments in joint appearances — at the White House, at campaignlike events pressing for immigration reform and on Air Force One — the two even chat about baseball and golf.

"He calls me Johnny Mac," Mr. McCain said.

Still, for all the talk of reconciliation, both sides describe the relationship between arguably the two highest-profile leaders of the Republican Party as almost entirely professional, a little stiff and the product of the pragmatic calculation by two politicians who see potential gain in striking a peace with a powerful rival.

"This is a very odd partnership that is almost founded at the moment on mutual need," said Tom Rath, a Republican leader in New Hampshire and a longtime ally of the Bush family, who hastened to add that Mr. Bush and Mr. McCain share more convictions than people realize and would not be working so closely if that were not the case.

But Mr. Bush has not had Mr. McCain to Camp David or the White House for dinner or a movie, and Mr. Bush has not visited Mr. McCain's cabin in Sedona, Ariz., since 2001. Mr. McCain, who served 22 years in the Navy, rises to his feet whenever he takes a call from Mr. Bush, even in the privacy of his office. But Mr. McCain's friends say he is fonder of Mr. Bush's father.

Even as he called Mr. Bush a friend, Mr. McCain described their relationship as a function of their positions and their shared views on such big issues as Iraq and immigration. "I believe if I were not in the Senate and not working on these issues, we might communicate once in a while, but not the way we do," he said. "We have a very good personal relationship, but it's primarily based on the agenda."

Mr. Bush is in need of a loyal Republican at a time when there is so much wariness within the party of a president whose popularity has declined. Mr. McCain would like the support of Mr. Bush's supporters and contributors in 2008 and could not afford to have a hostile White House that could trip up his own presidential bid.

Whatever the motivation, the relationship has potentially big political implications for the 2008 race, although Mr. Bush's aides have said that he would almost certainly stay out of the Republican primary contest. And some aides declined to comment publicly for this article out of concern, they said, that they would appear to be giving the White House stamp of approval for a McCain campaign. But the president appears to have stronger ties to Mr. McCain than to the other likely presidential candidates.

There has been a steady stream of Bush advisers who have ended up in Mr. McCain's orbit. Most recently, Republicans close to both candidates said that Nicolle Wallace — who just stepped down as Mr. Bush's communications director and has long been close to the president — was likely to serve in some formal or informal role in a McCain campaign. Her husband, Mark D. Wallace, Mr. Bush's deputy campaign manager in 2004 and now an ambassador-level representative to the United Nations, is already lending advice. In another high-profile move, Wayne L. Berman, a longtime supporter and fund-raiser for Mr. Bush, has signed on to help Mr. McCain.

On the other side of the divide, some of Mr. McCain's supporters made it clear in interviews that the McCain camp viewed Mr. Bush's brother Jeb, the governor of Florida, as an ideal running mate for Mr. McCain. This news would presumably be pleasing to President Bush, who has made it clear in recent weeks that he would like his brother to move onto the national stage; Governor Bush has made it just as clear that he has no interest in running for national office in 2008.

And Mr. Bush's senior political adviser, Karl Rove, was said by associates to have put aside his suspicion and dislike of Mr. McCain. The two spent time together during the 2004 campaign when, Mr. Rove told associates, they drew close. Mr. Rove gave Mr. McCain a pair of antique Theodore Roosevelt presidential cufflinks at the end of that race.

John Weaver, a senior adviser to Mr. McCain, said that accounts of animosity between Mr. McCain and Mr. Bush had been at least slightly exaggerated.

"There's heat in a campaign, and it can get pretty raw," said Mr. Weaver, who had a particularly famous feud with Mr. Rove. "I can speak for ourselves: after we lost the nominating process in 2000, it was time to move on. It took longer for some of us on the staff level to get to that point, but we did."

Still, it was just last year when Mr. McCain, a prisoner of war during the Vietnam War, led something of a revolt in the Senate to push a ban on cruel or inhumane treatment of prisoners in American custody, over Mr. Bush's threat of a veto. And for much of Mr. Bush's first term, the senator had a reputation as one of the few Republicans who would publicly criticize the administration, on issues like Mr. Bush's tax cut proposals, the Abu Ghraib prison torture scandal and the administration's postwar planning in Iraq.

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But Mr. McCain has become one of the biggest defenders of Mr. Bush, even on some of the president's most unpopular moves, including the administration's decision this year to approve a deal giving control of several American ports to a company owned by the Dubai government.

"On a series of very tough issues, McCain's been there," said Tony Snow, the White House press secretary.

The jelling of the McCain-Bush relationship has included a series of gestures, some odd, on both sides. When Mr. McCain visited Mr. Bush at his ranch in Texas during the 2004 presidential campaign, he suggested to the president that he try cooking turkey with a turkey fryer, promising to rustle one up for him. Mr. McCain apparently forgot the promise until White House aides started calling Mr. McCain's office, saying the president was still waiting for his turkey fryer.

And aides said there were long memories in both camps stemming from the bitterly fought presidential primary season of 2000, in which Mr. McCain embarrassed Mr. Bush with a defeat in New Hampshire, and Mr. Bush responded with a searing campaign — which provoked charges of dirty tricks — that knocked Mr. McCain out in South Carolina.

A Republican with ties to the administration said there was lingering resentment among some Bush aides at Mr. McCain for so regularly going on television, especially during Mr. Bush's first term, to criticize the president. And Mr. McCain, a politician who is given to speaking his mind, could certainly still say something critical of the White House that would set back this rapprochement, his aides said.

But Mr. Bush and Mr. McCain have both instructed their aides to cease their hostilities. "We both made it very clear to all of our supporters that that's over," Mr. McCain said. "What people find difficulty understanding," he said, "is that we're capable of putting that behind us."

OTHER NEWS:

Emanuel, Dean Still Sparring (RC)

By Steve Kornacki

Roll Call, July 3, 2006

A letter to Democratic National Committee Chairman Howard Dean from Rep. Rahm Emanuel (Ill.), the head of the Democratic Congressional Campaign Committee, has set off a new round of sniping over party strategy and resources between allies of the two party leaders.

Emanuel, who reportedly stormed out of a May meeting with Dean, penned a letter, dated June 22, to the party chairman demanding $100,000 per targeted district from the DNC to defray the cost of the DCCC's proposed field operation, several individuals who have read the letter said.

Attached to the letter was a sample field plan for a district, itemizing various projected expenses, down to details such as $1,500 for T-shirts. The expense plan was dated June 26, although it was unclear when Dean actually received the missive.

In making his monetary request, Emanuel cited the example of 1994, when, he said, the Republican National Committee earmarked $20 million for then-Speaker Newt Gingrich's successful drive for a House takeover. By contrast, Emanuel suggested that Dean had offered a woefully inadequate $20,000 per district.

But while his allies argue that Emanuel, through his record-setting fundraising for the DCCC, deserves wide latitude in shaping '06 strategy, Dean loyalists took the letter as hostile in nature, coming as it did after months of coy suggestions by Emanuel that Dean and the DNC were shirking their financial obligations to the DCCC's election year effort.

"This is all about C.Y.A.," a Democrat familiar with DCCC operations, and sympathetic to the DNC, said. "He's trying to lay the groundwork to blame someone else in case things go bad in November."

On top of that, Dean's backers contend he is not low-balling the DCCC on field operations as Emanuel suggests, and that the $20,000-per-district figure was simply a number being bandied about during negotiations, which were still proceeding when Emanuel wrote the letter.

More to the point, Dean's allies contend, Emanuel is not taking into account what they call the unprecedented support the DNC is providing this year at the state level.

For instance, in Ohio — a quintessential battleground state where Democrats are locked in competitive contests for the governorship, a Senate seat and several House seats, a slew of statewide offices, and control of the state Legislature — the DNC has earmarked significant resources for coordinated statewide campaign efforts and has also implemented early voting and voter outreach programs designed to drive up turnout among the party's core supporters.

"Anybody's who's an operative and who has been around can tell you that the DNC has never stepped up like this before," the same Democrat said.

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Emanuel refused to comment on the letter. His press secretary said, “The DCCC does not confirm or comment on the private correspondence that takes place between the chairman of the committee and anyone else.”

Stacie Paxton, press secretary for the DNC, said, “The DNC will continue to focus on working with the other Democratic committees and state parties, helping to unify the party, activate and engage voters, and ensure Democrats are successful up and down the ballot this November.”

Dean and Emanuel have been squabbling over campaign strategy for months, with Emanuel pushing Dean to fork over large sums directly to the DCCC for this year’s efforts. Dean has been reticent, and Emanuel’s frustrations have often spilled into the press. Despite strong suspicions that Emanuel was the source of many of those stories, Dean and the DNC have largely held their fire for the sake of party unity.

Since taking over the DNC, Dean’s relations with other Democratic leaders on Capitol Hill have been similarly strained, a result of his unapologetic investing of DNC money in all 50 state party organizations — at a time when a handful of states and districts could give the party control of Congress.

Emanuel’s backers point out that the RNC is poised to spend heavily down the stretch in key House and Senate races and argue that a lack of similar support from the DNC could cost the party winnable seats. As of the end of May, the RNC had $43.1 million on hand compared to the DNC’s $10.3 million.

Emanuel himself suggested as much in May, when he told Roll Call, “There is no cavalry financially for us.”

Originally, Emanuel asked Dean to help bankroll a fall strategy that relied heavily on television ads, but Dean balked, arguing that such a plan had failed in the past and that beefing up field operations would be a shrewder course.

One Democrat sympathetic to Emanuel argued that the DNC’s efforts in statewide campaigns shouldn’t preclude a significant investment in the DCCC’s own plan.

“If you were to look at each state, you’d see that they’re a minor player,” this Democrat said of the DNC. “If they covered half the costs in some of those states, that would be one thing. But they don’t.”

As DCCC chairman, Emanuel, who amassed a small fortune as an investment banker after serving as a top aide to then-President Bill Clinton, has won rave reviews for his fundraising prowess, although his aggressive and impatient manner has rubbed some the wrong way. If his party were to reclaim the House this fall, Emanuel would be hailed by his fellow Democrats as a hero — and the guessing game is already under way about how he might seek to capitalize on that status.

GOP Claims Edge In House Races (WT)

By Eric Pfeiffer

The Washington Times, July 3, 2006

Congressional Republicans say they have a strategic advantage in their effort to increase their House majority, even as national polls show Democrats with a significant lead heading into this year's elections.

The National Republican Congressional Committee says that despite the polling edge for the Democrats, Republicans are targeting conservative districts that went for President Bush in 2004. "We're competing for red turf held by Democrats," NRCC spokesman Jonathan Collegio said.

Four districts stand out as leading prospects for Republican gains, but none is considered a guaranteed win.

The House Race Hotline, a nonpartisan publication, lists Iowa's 3rd District as the top contender for a Republican pickup. Rep. Leonard L. "Boswell's facing a well-funded, politically experienced opponent this cycle in state Senate President Jeff Lamberti," House Race Hotline Editor Josh Kraushaar said.

"And the district narrowly voted for Bush in the last presidential election. If there's one incumbent that Democrats are worried about, it's probably Leonard Boswell, especially given recent concerns about his health."

Mr. Boswell, 72, recently had a noncancerous tumor removed from his abdomen and has been restricted in his ability to make campaign appearances.

The top three other prospects for Republicans are two seats in conservative Georgia districts and the home of embattled West Virginia Democrat Alan B. Mollohan, who faces accusations of corruption from critics who say he delivered lucrative private contracts to his campaign's financial supporters. Mr. Bush carried the district by 15 percentage points in 2004.

Republicans say they are also targeting Reps. John M. Spratt Jr. of South Carolina and Melissa Bean of Illinois. Both districts voted for Mr. Bush by more than 10 points in 2004, but both incumbent Democrats are considered likely winners.

The Democratic Congressional Campaign Committee (DCCC) described the Republican strategy as "desperate," and one not likely to yield results.

"Republicans are behind on money, recruiting and support from the American people," said DCCC spokesman Bill Burton. "Not one of those things can be made up for with spin."

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Mr. Burton said that even if the districts targeted by Republicans are competitive, Democrats are targeting more than 40 Republican districts they consider up for grabs. Democrats need to win 15 Republican seats to gain control of the House.

After relying heavily on Mr. Bush in 2002 and 2004, some Republicans are keeping their distance from the president as he battles the lowest approval ratings of his presidency. Yet even with Mr. Bush's poll numbers showing a small upward trajectory in recent weeks, House Republicans remain far behind in all generic national polls.

Even if Republicans are unable to win those competitive Democratic seats, there is evidence some of their own districts may be less vulnerable than national polls indicate.

Earlier this month, many observers considered the special election in California's 50th District a bellwether for Democrats' hopes of winning control of Congress. However, the race's Republican candidate, Brian P. Bilbray, defeated his Democrat opponent, Francine Busby, by four points, despite two right-of-center minor candidates drawing away 5 percent of the vote. What's more, Mr. Kraushaar said that nearly half of the Democrats' top prospects in 2006 are in districts that supported Mr. Bush in 2004 by a higher margin than in Mr. Bilbray's district.

In Political Waves, Tide Doesn't Rise To Same Level In Every State (RC)

By Stuart Rothenberg

Roll Call, July 3, 2006

The last major national political wave, in 1994, didn't sweep over all areas of the country with equal force. In some states, Congressional Democrats suffered minimal losses, while in others Democratic House seats fell in bunches.

For Democrats to take the House this year, they may need one or two states to deliver a significant number of wins, not just an isolated victory. Which states give Democrats the best chance to score victories in bunches?

The best examples of how the impact of the '94 Republican wave differed from state to state are four states on three coasts: Washington, Virginia, North Carolina and Alabama.

In Washington, Democrats went into Election Day holding eight of the state's nine House seats. Jennifer Dunn was the only Republican member of the House delegation (though Republican Slade Gorton held one of the state's Senate seats).

On Nov. 9, Republican candidates emerged with seven of the nine districts, leaving only Democrats Norm Dicks and Jim McDermott standing. Five incumbent Democrats were defeated, and one open Democratic seat went to the GOP, a net gain of six seats.

In North Carolina, Republicans also made major gains, turning an 8-4 Democratic-majority delegation before the election into an 8-4 Republican majority after the votes were counted, for a net GOP gain of four seats.

Together, Washington and North Carolina combined to produce a 10-seat gain for the Republicans, almost one-fifth of the party's 52-seat gain nationwide.

But just to the Tar Heel State's north, in Virginia, the wave was little more than a ripple.

In the Old Dominion, Democrats headed into Election Day with a 7-4 majority in the commonwealth's delegation. But unlike their neighbors in North Carolina, Virginia Republicans picked up only a single additional district. Democrats came out of the election still holding six of 11 Congressional districts.

And further into the Deep South, in conservative (and increasingly Republican) Alabama, Republicans failed to pick up even a single new House seat. Democrats went into the election holding four of the state's seven districts, and they retained that margin and all of their seats after the election. Three white and one African-American Democrats were re-elected.

What states deserve special attention as possible candidates for a wave within a wave?

Democratic operatives have been suggesting that at least a handful of states are ripe for a Democratic wave: New York, Ohio, Pennsylvania, Connecticut and Indiana.

In Connecticut, where Republicans represent three of the state's five Congressional districts, a wave conceivably could sweep Reps. Rob Simmons, Christopher Shays and Nancy Johnson out. But a true partisan wave would inundate Republican lawmakers at all levels, and Republican Gov. Jodi Rell appears headed for a thundering victory.

In New York, Democrats are aggressively competing in at least four Upstate districts (against incumbent Reps. John Sweeney, Randy Kuhl and Jim Walsh, and in retiring Rep. Sherwood Boehlert's open seat) and, possibly, in Rep. Sue Kelly's Westchester to Poughkeepsie district just north of New York City.

Democratic strategists reason that party strength in the gubernatorial and U.S. Senate races should produce a big Democratic turnout that could also deliver a number of Congressional seats. That's possible, but all of the districts being targeted by Democrats have a Republican bent, and easy victories by Sen. Hillary Rodham Clinton and all-but-certain gubernatorial nominee Eliot Spitzer could easily make voters bored rather than energized. The Democrats, in other words, are more likely to get shut out than sweep the seats.

Ohio, Pennsylvania and, to a lesser extent, Indiana appear to be better candidates for state-specific waves.

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Republicans hold seven of Indiana's nine Congressional districts, and Democrats have an excellent chance of seizing districts, specifically Rep. John Hostettler's 8th district and Rep. Mike Sodrel's 9th district. But they also have a longer-shot opportunity against Rep. Chris Chocola in the 2nd district, and a sweep of all three would give Democrats a majority of the House delegation.

Indiana holds some promise for Democrats because Gov. Mitch Daniels (R) is having a tough time, and that increases the possibility that voters will send a collective message to the GOP.

Pennsylvania and Ohio seem to have the requisite voter anger and slate of competitive races that provide the ingredients for a wave election that could deliver a considerable number of seats to Democrats.

Incumbents struggled during Pennsylvania's April primary, confirming voter dissatisfaction with a legislative pay raise, something that at the very least ought to raise Republican concerns. GOP House incumbents in the eastern third of the state, including Reps. Don Sherwood, Curt Weldon, Jim Gerlach and Michael Fitzpatrick, are all at some risk, and Republican nominees for the Senate (incumbent Rick Santorum) and governor (neophyte Lynn Swann) are not currently doing well enough to help downballot Republican nominees.

Ohio, of course, is made-to-order for a local wave, given Republican Gov. Bob Taft's horrendous poll numbers, state government scandals and credible Democratic challengers to Reps. Deborah Pryce, Bob Ney and Steve Chabot.

The point is that even national waves can be fickle. Not all states have a tsunami even if one appears nationally. Of course, Democrats don't really care where they get their 15-seat gain as long as they get it. But it certainly would be easier for them to get to 218 seats with big gains in at least a couple of states.

Stuart Rothenberg is editor of the Rothenberg Political Report.

On July 4, Where's The Voter Outrage? (RC)

By Nicole Duran

Roll Call, July 3, 2006

The surprisingly easy victory that Rep. Chris Cannon (R-Utah) scored over his primary opponent last week has been heralded as a win for President Bush's immigration policy.

But wealthy developer John Jacob's defeat in the Beehive State's 3rd district holds other lessons for both Republicans trying to dislodge incumbents in primaries and Democrats hoping to flip Republican-held seats in November.

Just as the victories of newly elected Rep. Brian Bilbray (R-Calif.) and Reps. Bob Ney (R-Ohio), Bennie Thompson (D-Miss.) and now-ex Rep. Tom DeLay (R-Texas) demonstrated in recent primaries, voters still need a reason to dump incumbents or switch party control of a House seat.

"I think the lesson is if you are going to beat an incumbent, you have to have a strong candidate," said Brad Coker of Mason-Dixon Polling & Research Inc., an independent firm. "The opportunity was there for Jacob, and he kind of came unglued the last weekend."

Coker was referring to statements Jacob made to the Salt Lake Tribune in the campaign's waning days about how the devil was sabotaging his business dealings, thereby preventing him from pumping more personal money into his race with Cannon.

"That was bizarre," Coker said. "If you're going to replace an incumbent, voters are looking to make sure that the person they are replacing the incumbent with is competent."

Jacob also faltered because he ran his entire campaign on just one issue — immigration — observers and party insiders agreed. Cannon sides with Bush's overhaul proposal, while Jacob tried to tap into anger over the current situation that has allowed some 12 million illegal immigrants into the country by saying Cannon is for "amnesty."

"You need more than one issue, but you also need to be a competent alternative," Coker said. "You just can't put up any angry person with a name to take out an incumbent."

Republicans, and some independent observers, have argued that Democrats were unable to capitalize on the scandal that sent Rep. Duke Cunningham (R-Calif.) to jail, thereby necessitating a special election for his 50th district seat, because their candidate, Francine Busby (D), was not up to snuff.

Democrats were hoping that a surge in turnout, fueled by voter anger over the ethics issue, would propel Busby to victory. But it never materialized, and voter turnout has not notably increased in any primary to date, even in races where an incumbent was considered vulnerable.

"Democrats lost California 50 because they ran with a second-tier, flawed candidate, and we expect what happened in California to be duplicated across the country this cycle," said Ed Patru, a National Republican Congressional Committee spokesman.

Busby faltered late in the campaign when she told Hispanic voters that they didn't need "papers" to vote.

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She was trying to explain that voters are not required to show identification, but Bilbray's campaign claimed she was prodding illegal immigrants to vote.

Democratic leaders warned Republicans last week that they would not allow the GOP to use immigration as a wedge issue.

"They thought this almost jingoistic approach would work," Democratic Senatorial Campaign Committee Chairman Charles Schumer (D-N.Y.) said at a news conference unveiling a poll commissioned by Third Way, a Democratic think tank. "They thought it would be the gay marriage or Willie Horton of 2006."

Horton was the convicted murderer whose violent crime committed while on furlough from prison severely damaged the presidential hopes of then-Massachusetts Gov. Michael Dukakis (D).

The poll, conducted by the Benenson Strategy Group, found that 68 percent of voters in 19 battleground states believe Bush is doing a poor job of enforcing immigration laws.

"If Congressional Republicans want to make immigration the centerpiece of their 2006 campaign, I've got three words for them: Make our day," Schumer continued. "The GOP Congress has had 12 years to tackle this problem but has instead taken a 'see no evil, hear no evil' approach to the Bush White House's failure to enforce immigration law."

Patru said the wins by Cannon and Bilbray underscore that Democrats still face an uphill battle in trying to take back the House.

"The polls are right," Patru said. "Most voters approve of their own Member's job performance; it's very difficult to beat an incumbent; and quality of candidates makes all the difference in the world, which is a problem the Democrats will have to contend with this cycle."

Though not technically an incumbent, Bilbray previously served in Congress and was working as a lobbyist at the time of his June 6 win. He bested an "outsider" in a crowded open primary to secure the Republican nomination before defeating Busby.

Democratic Congressional Campaign Committee Chairman Rahm Emanuel (Ill.) said Republicans are reading too much into those victories.

All Cannon's win proved was that he could survive a Republican primary, Emanuel said at the Thursday news conference. It also revealed the divisions within the GOP on a number of issues, including immigration, he said.

Bilbray took a hard line on immigration, similar to the position of House Republicans — and a sharp contrast to the position of Cannon and Bush.

"Why are they holding field hearings when they should be in a conference room getting things done?" Emanuel asked about the announcement that Republicans will hold hearings across the country on the immigration issue despite both chambers having passed two radically different bills.

"They want to run a single-issue campaign" but lack a unified immigration plan, he said.

GOP 'Suburban Agenda' Gains Traction On Hill (RC)

By Morton M. Kondracke

Roll Call, July 3, 2006

In the 1970s, as a young deputy sheriff in King County, Wash., Rep. Dave Reichert (R) had his throat slashed while trying to break up a domestic dispute.

Reichert's attacker spent time in a mental institution, then was released. Later, Sheriff Reichert made an effort to find out what happened to the man. He found he was teaching school in Colorado.

Reichert recounted the tale to fellow Republicans last month as part of an effort to get them to back a bill enabling school districts to tap into national criminal databases before they hire employees.

It turned out that the school district that hired Reichert's attacker had checked Colorado databases but had no idea about his criminal record in the Evergreen State.

The bill Reichert was boosting, the School Safely Acquiring Faculty Excellence Act, passed the House almost unanimously in June — the first legislative success for the GOP's "Suburban Agenda," a set of bills designed to appeal to the majority of American voters who live in the suburbs.

The agenda is the brainchild of Rep. Mark Kirk (R-Ill.), one of Congress' most effective moderates, who has sold it to a growing group of conservatives and the House GOP leadership.

Kirk, who represents North-suburban Chicago, told me, "I noticed that the Republican Party was led by mostly Southern and rural Members, starting with [Speaker] Denny Hastert (R-Ill.) from the cornfields of Illinois. And the Democratic Party is led by Members representing the central urban cores. [House Minority Leader] Nancy Pelosi (D-Calif.) is from central San Francisco. The American people live in between.

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"Washington may think this is small-bore. It's not the war on terror. But this is an agenda that people care about in their everyday lives — their kids' safety, health care, their ability to send their kids to college."

Besides the school safety measure, the agenda includes a national "401Kids" savings account for college, a screen to block predators from contacting children at online chat rooms and a bill setting standards for computerizing health records.

Kirk got the idea for a suburban agenda in early 2004, made a presentation on it at the party's national convention in New York, formed a House GOP caucus around it and commissioned pollster John McLaughlin to test potential policy items.

From an original core of 22 Members, the suburban caucus has grown to 67. McLaughlin's polling indicates that 70 percent to 80 percent of voters say they'd be more likely to support a Republican candidate knowing that he or she favors items in the agenda.

"I suspect that in the 36 districts where this election will be decided, the suburban agenda is going to be talked about a lot," House Majority Whip Roy Blunt (R-Mo.) told me.

Even some Democrats have signed on to specific bills, not entirely to their leadership's liking. All the bills are lead-sponsored by Republicans on the Democrats' 2006 target list, and top Democrats have tried to get their Members to avoid co-sponsoring them.

The school safety bill, for example, was lead-sponsored by Rep. Jon Porter (R-Nev.), who represents suburban Las Vegas. In the Senate, Kirk told me, the bill is being bottled up by Minority Leader Harry Reid (D-Nev.), who's hoping to see Porter defeated.

Another measure that originally attracted bipartisan support is the Health IT Promotion Act, sponsored by Rep. Nancy Johnson (R-Conn.), which would set standards for computerizing health records, widely deemed necessary for improving health quality and cost-saving.

However, the two Democrats on the bill, Reps. Sheila Jackson Lee (Texas) and Anna Eshoo (Calif.), abruptly dropped off last week as Johnson's bill was slated for House floor action later this month.

Porter's bill retains the support of Rep. Mark Udall (D-Colo.). And Rep. Melissa Bean (D-Ill.) is co-sponsoring the Deleting Online Predators Act sponsored by Rep. Michael Fitzpatrick (R-Pa.). He also is co-sponsoring her online predator bill.

Reichert, who gained fame for capturing Washington's "Green River killer," is sponsor of the anti-gang bill. Targeted Rep. Clay Shaw (R-Fla.) is sponsoring the "401Kids" bill, and Rep. Jim Gerlach (R-Pa.) is promoting a measure to help farmers preserve open spaces.

Kirk is already working on a "second wave" of suburban bills, including one sponsored by Rep. Deborah Pryce (R-Ohio) that would allow workers who lose their jobs to keep their health insurance for life, not just 18 months, as provided under current COBRA law.

Another bill would give teachers permission to search students for dangerous weapons without fear of litigation.

At one time, I thought that Kirk's suburban agenda was small-bore and symbolic, something like former President Bill Clinton's advocacy of school uniforms. It won't cure global warming or capture Osama bin Laden, but he's convinced me it's bigger than that. And so has Democratic hostility.

An About-Face On '527' Groups (WSJ)

By Jeanne Cummings

The Wall Street Journal, July 3, 2006

WASHINGTON -- Two years ago, Republicans were organizing against new, loosely regulated political groups that were raising money to attack President Bush.

Now, illustrating how roles often reverse in politics, some of the party's conservative activists are trying to stop legislation that would choke off those groups.

The dispute centers on a House bill that would curtail funding for organizations nicknamed 527s, for the section of the tax code that governs them. The groups drew attention during the 2004 presidential campaign, particularly when financier George Soros donated millions of dollars to launch the Media Fund and America Coming Together, or ACT. Those groups ran television commercials against President Bush and registered voters opposed to his re-election.

Republicans want to prevent Mr. Soros and other wealthy Democrats from doing that again. But legislation may not be necessary to achieve their goal: The rich liberals who spent heavily to oust Mr. Bush aren't investing in 527s this election cycle, even though the stakes are high, with control of Congress in play. ACT closed last year and the Media Fund is dormant.

In the 2006 campaign so far, it is right-leaning 527s that are most active. The Club for Growth, a conservative economic-issue group, is leading the charge to kill the Republican bill that would shut down 527s. The Club for Growth received $8 million in donations during the 2004 cycle; for this cycle, its donations as of May tally $5.1 million. "I don't know how they would expect

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organizations to sit on the sideline and cheer when they are talking about taking a wrecking ball to the First Amendment," says David Keating, the club's executive director.

Mr. Keating's allies include social conservatives, gun-rights groups and college Republicans. Their campaign could stall congressional efforts to enact anticorruption legislation -- a response to a spate of ethics scandals -- because the House attached 527 language to its rewrite of lobbying laws.

The fracas stems from the 2002 McCain-Feingold campaign-finance law, which banned unlimited "soft-money" donations to political parties from companies, labor unions and wealthy individuals. But many of those donors didn't rein in their spending in the campaign cycle that followed. Instead, they found a new outlet in 527 advocacy groups, which could take unlimited funds from donors, though they ostensibly couldn't explicitly say who to vote for and couldn't coordinate their efforts with the parties.

The House measure would subject 527s to limits like those for political action committees. Individuals could give a maximum of $5,000 per election cycle to groups advocating or opposing federal candidates and $25,000 to groups engaged in partisan voter registration.

The proposal is backed by the Republican National Committee and other party leaders. "There is certainly an opinion in the House that the 527s represent a loophole in campaign-finance laws that they want to see reformed," says New York Republican Rep. Tom Reynolds, who heads the National Republican Congressional Committee.

The House passed the bill in April and attached it to legislation overhauling lobbying rules. The Senate version doesn't have 527 limits. The two chambers are trying to reconcile their bills but failed to do so before Congress's July 4 recess -- in part because of the 527 tussle.

Seven Republican senators have sent a letter to Majority Leader Bill Frist warning they might filibuster the lobbying legislation if it emerges with 527 limits attached to it. "Republicans do not need, and should not attempt, to muzzle their opponents," the letter said. It was signed by Virginia Sen. George Allen and Kansas Sen. Sam Brownback, two potential 2008 presidential candidates who are wooing the Republican's conservative base.

The debate is causing some philosophical gymnastics. Many Republicans opposed the McCain-Feingold law's limits on party donations, saying that the curbs infringed on free speech. Now, some Republicans argue that extending the donation limits to 527 groups aren't a further infringement.

Democrats who supported the 2002 bill as vital to ending the corrosive influence of money on politics now say such limits on independent groups would infringe on the political discussion.

The dispute comes amid scant evidence that 527 groups will figure significantly in November's midterm elections.

Fred Wertheimer, president of Democracy 21, a money-and-politics watchdog, says 527s "are certainly not going to play the kind of role they played in the 2004 election in this election."

But, he adds, "That doesn't mean the problem has gone away or that it won't come back in a very big form in the next presidential election."

A recent Campaign Finance Institute study found that in the 2004 election cycle, 527s raised a total of $426 million. By this point in the cycle, they had collected $109 million. As of March of this year, the 527s registered in the 2006 cycle had raised just $57 million -- and most groups are focused on labor or particular issues that aren't as tethered to wealthy donors as the groups in 2004.

Mr. Soros, for instance, has given about $1 million to one 527 group, America Votes, a voter-turnout operation. Most of his other donations this cycle are to traditional party committees and candidates. "George fundamentally believes the effort to elect Democrats has to be united under the banner of the Democratic Party," said Michael Vachon, Mr. Soros's spokesman. "There wasn't sufficient time in 2004 to do that."

House leaders say they will enter negotiations with the Senate determined to see their 527 language included in a final bill overhauling lobbying rules. But as ethics scandals make headlines, lawmakers are under pressure to back down and clear the way for an anticorruption measure. Most Republicans say passage of such a law is vital to restore voter confidence before November's elections. When asked if the House would stick to that position if it meant blocking passage of an ethics and lobbying-overhaul law, Rep. Reynolds, of New York, said: "I don't think you could necessarily say that."

If the House cedes its position, Federal Election Commission Chairman Michael Toner says the rules governing 527s "will be pretty well settled for the 2006 election and the 2008 elections" under a loose system similar to the one in 2004. "The $64,000 question will be what these outside groups do with that. How active will they be? And will they play as big a role in 2008 as they did in the 2004 election?"

Are Americans Ready For A Mormon President? (LAT)

By Elizabeth Mehren

The Los Angeles Times, July 3, 2006

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BOSTON -- Most traditional barriers to religion in presidential elections have toppled, a new Los Angeles Times/Bloomberg poll has found. In particular, the survey to be released Monday showed that anti-Semitism and anti-Catholicism are fading as voter taboos.

But uneasiness about some religions persists. Thirty-seven percent of those questioned said they would not vote for a Mormon presidential candidate -- and 54 percent said no to the prospect of a Muslim in the White House.

In addition, 21 percent said they could not vote for an evangelical Christian. Only 15 percent replied that they would not vote for a Jewish presidential candidate. Just 10 percent of those polled were unwilling to cast ballots for a Catholic chief executive.

"This clearly shows that the old Protestant/Catholic/Jewish distinction has largely eroded in American politics," said David Campbell, a professor of political science at the University of Notre Dame. "That doesn't mean that candidates from religious groups that might be considered to be exotic, in the way that Catholics once were thought to be exotic, wouldn't necessarily be confronted with challenges."

The nationwide survey of 1,321 adults was conducted June 24-27. The poll has a margin of sampling error of plus or minus 3 percentage points, poll director Susan Pinkus said.

With no likely Muslim candidate on the presidential horizon, the poll numbers present the greatest threat to a potential contender from the Church of Jesus Christ of Latter-day Saints (as the Mormon Church is formally known). Massachusetts Gov. Mitt Romney is a Mormon who is exploring a run for the 2008 Republican presidential nomination.

"It is something he will have to address," said MerleBlack, a professor of politics at Emory University. "It will be a challenge. It doesn't necessarily kill him as a candidate, but he may have to talk in more detail than he ever has before about his faith."

His religion apparently was no detriment in Massachusetts in 2002, when he easily won election as governor. Massachusetts is one of the most heavily Catholic states in the country, and also one of the most Democratic.

The governor hails from a family that is almost as political as it is Mormon. His late father, George Romney, was a three-term governor of Michigan who also made a brief, unsuccessful run for the Republican presidential nomination. Lenore Romney, the Massachusetts governor's late mother, lost a Republican bid for the U.S. Senate.

Romney, who made a fortune as a venture capitalist, suffered defeat in his maiden political outing in 1994 when he ran against Democrat Edward M. Kennedy for a U.S. Senate seat from Massachusetts.

As a young man, Mitt Romney was a Mormon missionary in France. He graduated from Brigham Young University, an LDS-sponsored institution. Romney has been a Mormon bishop, and was president of the LDS stake -- or congregation -- in Belmont, Mass., where he settled with his family more than 30 years ago.

His great-grandfather had five wives, but Romney has disavowed polygamy -- a practice that no longer is condoned by the LDS hierarchy. The Mormon Church claims about 12.5 million members worldwide, according to the church Web site; almost half are in the United States.

Romney is reluctant to discuss his religion, citing privacy and contending that candidates should not be judged on their "brand of faith." But he regularly describes himself as a Christian who believes that "Jesus Christ is my savior."

But some branches of Christianity are less than eager to embrace the Mormon Church. On its Web site, the Southern Baptist Convention includes Mormonism in a section called "cults, sects and new religious movements." Kenyn Cureton, a vice president of the Baptist convention, said his church does not regard Mormons as Christians.

"They are not orthodox in their beliefs," Cureton said. "They have additional books that they add to the Bible, which evangelical Christians believe is God's word. They believe that there are many, many gods and that you, too, can become a god in your own world. It sounds good, but unfortunately it is not based on sound teaching."

Cureton praised Mormons as "very moral, very family-oriented people." Southern Baptists, he said, "would appreciate that angle. But as far as our beliefs, we would have disagreements."

Republican political consultant Mike Murphy, who advised Romney in his gubernatorial bid, said any discussion about Romney's religion as a potential political obstacle was premature -- and probably misplaced. Murphy also has counseled the Massachusetts governor as he tests the waters for the 2008 presidential race.

"I think the poll is wrong," Murphy said. "I think this is a classic example of how with polling data, you can find something that is not predictive at all."

If his religion was the only thing voters knew about Romney in a "hypothetical candidacy," that could be an impediment, Murphy said.

"If he runs, I think he won't be judged only through that prism," he said. "When you break it down to one aspect for a guy, that is a mistake. Polls, I am sure, said the exact same thing about John F. Kennedy a year before he ran."

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In a Roper poll from June 1960, 35 percent of respondents said either that it might be better not to have a Catholic president, or that they would be against it. Then-Sen. John F. Kennedy addressed the Southern Leadership Conference on the subject of his religion that September, and was elected president two months later.

But Emory University political scientist Black rejected the comparison to earlier political biases against Catholic or Jewish candidates.

"I don't think it is of the same status, because Mormonism has never been seen as a mainstream religion," Black said.

According to Campbell, "The question facing Mitt Romney is, will he be the Mormons' Al Smith -- who was the first Catholic ever to run for president in 1928, and went down in flames. Or will he be the Mormons' John F. Kennedy?"

Atlantic City Casinos Ordered To Close (AP-Y2)

By Angela Delli Santi

AP2, July 2, 2006

Atlantic City's casinos were ordered to close Wednesday, the latest casualty of a state government shutdown that entered its second day Sunday after the Legislature failed to adopt a budget by its July 1 deadline.

The head of the Casino Control Commission ordered gaming in Atlantic City to cease at 8 a.m. Wednesday — the day after the July Fourth holiday — if New Jersey fails to enact a budget by then.

Atlantic City's 12 casinos, which require state monitoring, have waged a court battle to remain open, and an appeals court was weighing the matter Sunday. There was no word on when a ruling would be made, courts spokeswoman Winnie Comfort said.

Gov. Jon S. Corzine said Sunday there was "no immediate prospect of a budget." State parks, beaches and historic sites also were expected to shut down Wednesday.

If the casinos shut down, the state would lose an estimated $2 million in tax revenue each day they stayed closed. Republican Assemblyman Francis Blee, whose district includes the casinos, said it was important for them to remain open.

"We will have tens of thousands of individuals, real people, that are going to be hurt by this," he said. "There will be bread-winners who are not bringing home a paycheck."

Corzine shut down nonessential government services Saturday after the Legislature failed to adopt a budget by its July 1 deadline, leaving the state without the means to spend money. Budget talks became heated this year as Corzine, a Democrat, proposed increasing the state sales tax from 6 percent to 7 percent to help overcome a $4.5 billion budget deficit.

Most Democrats in the Assembly and several Senate Democrats oppose the sales tax increase, fearing voter backlash and reserving any tax increase for property tax reform. Assembly Democrats proposed a series of alternatives, some of which Corzine accepted, but both sides remained $1 billion apart as the budget deadline passed.

About 45,000 state employees were furloughed Saturday. Corzine's order allows him to keep 36,000 state employees working without pay. Services such as state police, prisons, mental hospitals and child welfare were to keep operating.

The lottery and road construction projects were among the first to close. A state appellate panel on Sunday ordered horse tracks closed at the end of business Tuesday. It was not immediately known Sunday whether the horse racing industry would file further appeals to keep harness and thoroughbred tracks open past July 4.

Corzine was expected to meet in private Sunday with top Assembly and Senate leaders. Assembly Budget Committee members were called to the Statehouse and were discussing alternatives to a sales tax increase, panel chairman Lou Greenwald said.

The Senate is scheduled to meet on Monday, and Senate President Richard J. Codey has told senators to be ready to stay in session until a budget is adopted.

"Let's get on with getting this problem solved," Corzine said while touring a state police dispatch center in Hamilton on Sunday, emphasizing he couldn't "sign a bill that doesn't exist."

Republicans, the minority party in both the Assembly and Senate, have expressed frustration.

"I'm appalled that this reached this stage," said Senate Minority Leader Leonard Lance, R-Hunterdon. "It is very unfortunate that the Democratic governor and Democratic majorities in the Legislature could not achieve a budget in place by June 30, and now all the people of New Jersey suffer as a result."

Some lottery sellers — and many customers — were surprised to learn that the games were being put on hold until the budget impasse is resolved.

"People will be angry, but we can't do anything about it," said Umesh Patel, 40, owner of Deli Delight in Ewing. "I don't know how long it's going to be, so let's just see what happens next."

Same-Sex Marriage Debate Drives Intense Fundraising Efforts (WP)

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By Chris L. Jenkins

The Washington Post, July 3, 2006

The proposed state constitutional amendment that would ban same-sex marriage in Virginia has sparked an aggressive fundraising effort, with each side of the debate hoping to secure hundreds of thousands of dollars for their cause.

Virginia voters will decide Nov. 7 whether the state constitution should be amended to define marriage solely as a union between a man and a woman. The amendment also would place a ban in the constitution on civil unions, which already are illegal in Virginia.

To help rally amendment opponents, the Commonwealth Coalition, a Richmond-based group, has set an ambitious goal of raising $3 million, organizers said. They want to fund a barrage of radio and television ads in the fall. Meanwhile, the Family Foundation Action, which is organizing amendment supporters, has set a best-case-scenario fundraising goal of $900,000, although activists and volunteers said they expected to raise less than that.

Already, both sides have created Internet fundraising mechanisms and appealed to potential voters through churches and community events across the state. Activists said they plan a direct mailing campaign throughout the summer and fall.

Activists on both sides said money raised for the marriage amendment will go toward outreach, mailers and electronic advertising.

"I don't think there's any question that Virginians are engaged in this fight and that they're stepping up to the plate both as volunteers and contributors," said Claire Guthrie Gastanaga, campaign director for the coalition.

Each organization has to submit its first campaign finance report Sept. 15.

Amendment supporters said they do not feel pressure to raise millions of dollars because they were confident door-to-door activism and church networks would be effective.

"The reality is that we knew from the beginning we might get out-raised and outspent," said Chris Freund, communications director for the Family Foundation. "But an important part about all of this is the grass-roots mechanics. Campaigns tend to get analyzed by their bank account, and sometimes that's not the best reflection of what's really there."

The fundraising drive in Virginia probably will mirror what was seen in other states that have voted on such amendments. In 2004, for instance, supporters and opponents of amendments in 13 states spent more than $13 million, according to the Institute on Money in State Politics. In 2004, supporters of marriage amendments out-raised their opponents. The costliest race was in Oregon, which also was the closest. The two sides spent a total of $5.4 million.

The amendments have passed in each of the 20 states where they have been on the ballot, often by more than 3 to 1.

The struggle over money mirrors the sharp campaigning that has begun. Opponents, who include Gov. Timothy M. Kaine (D), have argued that the language of the amendment -- that the state will "not create or recognize a legal status for relationships of unmarried individuals" -- is so broad that it also would affect contracts between unwed heterosexual couples. Kaine spoke on that point in a radio interview Thursday.

The amendment "in my view disenfranchises . . . unmarried people, both same-sex or heterosexual couples," Kaine said. But he took his criticism one step further, saying that the proposed amendment was discriminatory:

"There's nothing else in the [Virginia] Bill of Rights that takes away rights of people. We're equal citizens in the state; we ought to be treated equally."

Supporters of the amendment believe that the amendment is necessary to preserve traditional marriage. They also say that current law -- Virginia's Marriage Affirmation Act of 2004 -- mirrors the language in the proposed constitutional amendment and has not invalidated contracts between unwed couples.

"There is a law on the books right now that does the same thing as the amendment and that has never been challenged in court," said Del. Robert G. Marshall (R-Prince William), sponsor of the legislative resolution creating the proposed amendment. "The argument is nothing but a red herring."

Petitions To FDA Sometimes Delay Generic Drugs (WP)

By Marc Kaufman

The Washington Post, July 3, 2006

A procedure designed to alert the Food and Drug Administration to scientific and safety issues is getting a hard look from members of Congress, who say they are concerned that it may be getting subverted by the brand-name drug industry.

Some at the FDA, as well as leaders in the generic drug industry, complain that "citizen petitions" -- requests for agency action that any individual, group or company can file -- are being misused by brand-name drugmakers to stave off generic competition.

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The simple act of filing a petition, they say, triggers another round of time-consuming and often redundant reviews of the generics by the FDA, which can take months or years. In the process, consumers continue to pay millions of dollars more for the brand-name drugs.

Statistics collected by the staff of Sen. Debbie Stabenow (D-Mich.), who has introduced legislation with Sen. Trent Lott (R-Miss.) that would rein in industry-filed citizen petitions, show that 20 of the 21 brand-name petitions settled by the FDA since 2003 were ultimately rejected.

"The brand-name drug industry has found a major new loophole," Stabenow said in an interview. "The way things stand now, even if the FDA finds that a petition was frivolous and rejects it, [the drug companies] can get hundreds of millions of dollars of profits from the delay."

She and others point to the example of Wellbutrin XL, a hot-selling antidepressant that was facing the prospect of competition from cheaper generics late last year.

By the time Biovail Corp., the drug's maker, filed a citizen petition with the FDA, raising concerns about the safety of its potential rivals, Impax Laboratories Inc. and several other companies had already gone through much of the FDA application and review process for their generic versions of the drug. Impax was looking forward to getting a tentative approval that would bring it considerably closer to making and selling its competing drug.

But because of the citizen petition, the FDA has yet to act, and Biovail still has the market for Wellbutrin XL to itself. Impax is fuming, as are many others in the generic drug industry.

In a letter sent last week to FDA Acting Commissioner Andrew von Eschenbach, Stabenow and Lott estimated that the delay in approving a generic version of the antidepressant Wellbutrin XL is costing consumers $37 million a month.

Impax already sells a twice-a-day version of Wellbutrin; the once-a-day XL version was approved by the FDA in 2003 as the patent on the shorter-lasting formulations was running out.

"Biovail's petition is a sham, designed solely to delay the onset of generic competition for its Wellbutrin XL product," Impax told the FDA in a letter. "Biovail has wasted FDA's and Impax's time and resources and has likely cost the American public millions of dollars in taxes and health care expenditures in selfish pursuit of further undeserved windfall profits."

Biovail rejects the view that it is trying to block generic competition, and in its petition made the case that generic versions of its product may not be biologically equivalent and could be dangerous. As a result, the company -- which has also filed patent infringement suits against its prospective rivals -- asked the FDA to require substantial additional testing before any generic version of Wellbutrin XL is approved.

Pharmaceutical Research and Manufacturers of America (PhRMA), which represents brand-name drugmakers, supports the citizen petition process and says the dozens of similar petitions pending with the FDA raise legitimate concerns.

"Most citizen petitions raise important regulatory, legal or scientific issues," said Caroline Loew, the group's senior vice president. "The fact is, the petitions have played a vital role at the FDA since their adoption almost 30 years ago. They have been responsible for important discussions about health and safety, and have been a catalyst for key agency decisions, such as speeding approval of AIDS medicines and implementing rules to protect children from accidental iron poisoning."

Although citizen petitions have raised many important drug policy issues, the Wellbutrin filing is one of several dozen pending that some call "blocking petitions" because they have the effect of delaying approval of a generic alternative. FDA officials said that about 170 citizen petitions are before the agency -- compared with 90 in 1999 -- and that about 30 percent involve industry challenges to generic applications.

FDA Chief Counsel Sheldon Bradshaw told generic drugmakers at a September conference that the agency has been troubled by the number of such petitions. He said they "appear designed not to raise timely concerns with respect to the legality or scientific soundness of approving a drug application, but rather to delay approval by compelling the agency" to review arguments that could have been made months before.

That response caused PhRMA to write to Bradshaw asking for more information. Scott Lassman, PhRMA's assistant general counsel, said the organization found the comments to be "troubling," especially if they could lead to restrictions on how and when citizen petitions could be filed.

More recently, Scott Gottlieb, FDA deputy commissioner for medical and scientific affairs, said in an interview that the agency has instituted internal changes that will allow for quicker rulings on citizen petitions, especially if they are filed close to the time when a decision on a new generic is expected. But he said that he did not believe there had been an increase in "what a reasonable person would call a blocking petition."

"It's very hard to decide what's a blocking petition and what has value without taking a serious look," Gottlieb said. "I think citizen petitions are very important and have to be preserved. The last thing we want to do is close off an avenue of discourse with the agency."

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By regulation, all generic drugs must be "bioequivalent" to the brand-name drugs they copy and must have the same effects and dependability. Industry-sponsored citizen petitions often challenge the process by which bioequivalence was tested.

Because generics generally cost 25 percent to 75 percent less than brand-name products, the sums of money at stake can be enormous -- for the brand-name company, the generic maker, patients, insurance companies and government programs. Wellbutrin XL (a once-a-day formula of bupropion hydrochloride with fewer side effects than the original) costs $1 to $5 a pill and earns about $800 million a year for Biovail and GlaxoSmithKline PLC, which developed the drug. An Impax spokesman said his company planned to sell its generic version, if approved by the FDA, for "a considerable discount."

Making changes to the citizen petition process is a high priority for the Generic Pharmaceutical Association. Its president, Kathleen Jaeger, said her group considers blocking petitions to be among the greatest obstacles facing the industry.

"Because of the way the system works now, branded companies have every reason to file citizen petitions," she said. "There's a potentially great benefit, and there's no risk. I can't imagine that this is how the originators of the petitions thought they should work."

This is not the first time that the generic industry has complained about citizen petitions that it believed were unfairly blocking generic applications. The Clinton administration responded to those complaints in 1999 with a proposal that would have changed the way the FDA received and handled citizen petitions. PhRMA strongly opposed the rule, and the Bush administration withdrew it in 2003.

Jaeger said the generic industry was working hard with Congress at that time to close other loopholes in the patent system that allowed makers of brand-name drugs to extend their time for exclusive sales. "We were working so hard to get that legislation passed that we didn't really focus on what was happening with the citizen petition rule," she said, "so some of what we won in Congress, we lost to the citizen petitions."

Stabenow and Lott, who are trying, in their bill, to reduce the petitions, said in their letter to von Eschenbach that "the Senate Appropriations Committee recognized the unintended effect citizen petitions were having on the approval of [generic drug applications] and directed the FDA to provide a written report explaining the process and suggesting improvements. . . . It is our understanding the FDA has not moved forward with this request."

Weather Nixes Shuttle Launch - Again (AP)

By Marcia Dunn

The Associarted Press, July 2, 2006

Stormy weather prevented NASA from launching Discovery for the second day in a row Sunday, extending a yearlong grounding of the space shuttle prompted by persistent trouble with fuel-tank foam.

Launch officials said they would try again Tuesday, on the Fourth of July, after giving the work force some rest and a chance to replenish the shuttle's on-board fuel. The weather was expected to improve by Tuesday, although rain was still in the forecast.

Launch director Mike Leinbach said it will be tight getting Discovery ready for a Tuesday afternoon launch — only the second liftoff of a shuttle since the 2003 Columbia disaster — and that any thunderstorms on Monday could put his team behind.

He halted the countdown just an hour after the seven astronauts boarded the fueled spaceship.

"Looking out the window it doesn't look good today," shuttle commander Steven Lindsey radioed from the cockpit. He noted that July Fourth would be "a good day to launch." It would be the first time NASA has ever launched a crew on the holiday.

The afternoon sky was considerably darker than on Saturday and left NASA with little choice but to call off the flight to the international space station. Thunderstorms were moving in quickly from the west, and lightning was detected within a few miles of the launch pad. The astronauts rode back to crew quarters in the rain.

The back-to-back delays cost NASA an estimated $2 million in overtime pay and fuel costs.

"After a year of preparation and after a very careful countdown, you don't want to get into a rush and do something that is not smart from a weather standpoint," said deputy shuttle program manager John Shannon, chairman of NASA's mission management team. "Nobody is going to remember that we scrubbed a day or two days a year from now. But if we go launch and get struck by lightning or have some other problem, that will be very memorable."

Shannon said he told his team, "What a great gift NASA could give to the nation to return the shuttle to operation on Independence Day."

"If the weather is good, that's exactly what we'll do," he said.

Among the invited guests who returned for the second launch attempt were family members of the perished Columbia astronauts. Vice President Dick Cheney was back in Washington after a brief visit to the space center Saturday.

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Last month, NASA Administrator Michael Griffin approved launching the shuttle despite the concerns of two top agency managers who wanted additional repairs to the foam insulation on the external fuel tank. Columbia was brought down by a chunk of flyaway foam, and a piece broke off Discovery's redesigned tank last July, barely missing the shuttle.

"I've kind of steeped myself in this problem over the last month, and I am quite confident that we've got a very good chance of flying and flying safely," Griffin said Sunday in an interview on CNN's "Late Edition with Wolf Blitzer."

Griffin has repeatedly pointed out that if Discovery were damaged during launch, the astronauts always could take refuge on the space station until a rescue vehicle is sent up.

Sen. Bill Nelson (news, bio, voting record), D-Fla., who flew on a space shuttle in 1986 right before the Challenger disaster, defended Griffin's decision on Sunday and said it was an acceptable risk.

NASA's top safety officer and chief engineer recommended at a flight readiness review meeting two weeks ago that the shuttle remain grounded until design changes are made to the foam that insulates 34 brackets on the fuel tank. Without this foam, dangerous ice could form on the metal brackets once the tank is filled with super-cold fuel.

As it is, more than 35 pounds of foam were removed elsewhere in what NASA described as the biggest aerodynamic change ever made to the shuttle's launch system. Shuttle managers said they wanted to fly with only one major change at a time.

Once in orbit, Discovery's crew will test shuttle-inspection techniques, deliver supplies to the space station and drop off German astronaut Thomas Reiter for a six-month stay.

NASA hopes to add an extra day to Discovery's 12-day flight to test spacewalking methods for repairing possible damage to the ship's thermal skin. By replenishing the shuttle's on-board fuel now, the astronauts will have a better chance of getting that additional day in orbit.

Academic Manifesto Takes Root (WT)

By Valerie Richardson

The Washington Times, July 3, 2006

DENVER -- Three years ago, David Horowitz came to Colorado to promote his newly inked Academic Bill of Rights, a plan the radical-turned-conservative activist said was needed to liberate students from an oppressive atmosphere of liberal groupthink at the nation's universities.

Critics had scoffed at the assertion by Mr. Horowitz -- who in the 1960s had been a prominent left-wing student activist -- that freedom on 21st-century campuses was being crushed by a tyrannical regime of political correctness.

But as then-state Senate Majority Leader John Andrews listened to Mr. Horowitz over breakfast at the Brown Palace Hotel, he agreed the time was ripe for an intellectual revolution.

"We were finishing each other's sentences, because this has been a concern for conservatives for such a long time," Mr. Andrews recalled. "I started working on and researching legislation right away."

A few months later, the Colorado legislature became the first to broker a deal with state universities on policies to protect students from political discrimination.

Since then, the Academic Bill of Rights, which says students should be graded and faculty should be hired and promoted without regard to their political or religious beliefs, has inspired the introduction of legislation in 18 states. Ohio and Tennessee struck deals with their universities on protecting academic freedom in lieu of legislation.

Meanwhile, Students for Academic Freedom, the campus watchdog group founded by Mr. Horowitz, has established chapters on more than 150 campuses. Student governments at a dozen universities have approved resolutions supporting the Academic Bill of Rights.

In April, Princeton University became the first institution of higher learning to pass a version of the Student Bill of Rights by a vote of the entire student body, surprising even Mr. Horowitz, who had no hand in the election.

"I didn't engineer that. They took the Academic Bill of Rights I designed, made their own Student Bill of Rights and got it passed," said Mr. Horowitz, who visited Princeton shortly after the plebiscite. "That shows it's taken on a life of its own."

Of course, it hasn't all been good news. A well-known conservative writer and activist, Mr. Horowitz was never the most popular guy on campus, and the academic freedom movement has cemented his status as a persona non grata.

Demonstrators greet Mr. Horowitz's every college appearance. At Duke University, associate professor Diane Nelson urged students to pull off their T-shirts to protest his March 7 speech. During a talk last year at Butler University in Indiana, he was hit in the face with a pie.

For all his success in raising the issue before state legislatures, no state has actually approved an academic freedom bill, despite the flurry of hearings and committee votes.

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That is fine with Mr. Horowitz. The strategy of taking the issue to the legislatures was aimed at focusing attention on the issue, with the hope that universities would take up the gauntlet themselves and not on force-feeding diversity by statute.

"The agenda was always to force university administrators to pay attention, because there's nobody to hold them accountable," Mr. Horowitz said.

Still, the tactic has backfired with some small-government Republicans.

"The left knows there's a battle on, and they're in it," Mr. Horowitz said. "Conservatives are still hung up on this legislation thing -- they don't want to do anything that requires legislation. It's going to take a little time."

The left fights back

Mr. Horowitz's success with state legislatures has caught the attention of the left. The Center for American Progress, funded by Democratic billionaire George Soros, last year started Campus Progress, which follows the conservative movement at universities.

In February, a coalition of teachers unions and civil-liberties groups, including the center, founded Free Exchange on Campus, an organization designed to counter Mr. Horowitz and his quest.

Jamie Horwitz, who acts as a spokesman both for Free Exchange on Campus and the American Federation of Teachers, said the opposition was slow to react because "we dismissed it at first as the rantings of an ideologue."

"But when the states starting proposing legislation, starting with Colorado, we decided to get involved," Mr. Horwitz said. "We've tried to raise awareness about what's really going on here."

On its face, few would disagree with the Academic Bill of Rights, a two-page document that outlines principles protecting the free-inquiry and free-speech rights of professors and students while stressing the importance of intellectual diversity.

It says that professors should use their class time for education -- not indoctrination -- and that neither the political nor religious beliefs of students and faculty should be a factor in grades or promotion.

Despite the document's political neutrality, critics fear that if it becomes state law, it will be used as a hammer to promote conservative thought and squelch liberal dissent.

"I think what they're doing is curtailing academic freedom," said Adam Jentleson, policy and advocacy manager of Campus Progress. "I don't think they're really making that much progress because every state that's considered it has either voted it down or referred it to committee."

In 2003, the American Association of University Professors condemned the Academic Bill of Rights as "a grave threat to academic freedom." Last year, however, the organization was one of 27 higher-education groups to sign a statement endorsing "intellectual pluralism," grievance procedures for students and other tenets of the document.

"That was pretty huge for us," said Sara Dogan, president of Students for Academic Freedom. "They never would have done that if we hadn't pointed out the problems and asked them to do something about it. Unfortunately, their member organizations [universities] haven't picked up on it."

Indeed, university professors have been the document's biggest critics, arguing that the cure is worse than the purported disease. Already, they say, the debate has created a climate of self-censorship on campus as professors increasingly steer clear of politically charged topics, such as global warming.

"Wouldn't it be worse to have laws that restrict free speech in the classroom?" Mr. Horwitz said.

Professors stay silent

Most professors aren't the all-powerful gods that they're made out to be, he said, noting that only one-third of university faculty are tenured.

"What I hear more and more is that the majority of faculty are afraid to speak their views because they have no protection," Mr. Horwitz said.

Critics also insist that the problem isn't as bad as the academic freedom movement claims, despite hundreds of examples ranging from professors who routinely bash Republicans in class to those who penalize students for expressing conservative views.

At the Students for Academic Freedom conference in April, however, Mr. Horwitz said many of the horror stories boiled down to students disgruntled over bad grades.

"I went to the conference and listened to a handful of students. Most of the time it was, 'I'm active in conservative politics, and I got a professor I didn't like and got a bad grade, and it's because he was biased,' " said Mr. Horwitz.

"Where's the evidence? This raises questions in higher education when it starts to look like a witch hunt."

Not so, says Pennsylvania state Sen. Gibson Armstrong. After legislators held five hearings at state universities to gauge academic freedom, wrapping up May 31, Mr. Armstrong said he's convinced there's "a serious problem."

"They [critics] point to one case that turned out to be not true," said Mr. Armstrong.

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"But I've got a lot of these stories and some of them have to be true. It's hypocritical -- if there were one case of a problem with gender or racial diversity, the university would be apoplectic."

In fact, he said, that did happen. At Penn State University, there was a campuswide uproar after several black students received racist e-mails in 2001. It was later discovered the e-mails were sent from a computer lab at Temple University in Philadelphia.

"They spent $10 million to stop a problem that wasn't even theirs. Here we report numerous problems with diversity of thought, and they turn a blind eye. It's a double standard," he said.

In March, the Pennsylvania House passed academic freedom language in an amendment to the reauthorization of the Higher Education Act, now pending in the Senate.

Churchill ignites a firestorm

To those who ask for evidence of liberal bias in academia, Mr. Horowitz has two words: Ward Churchill. The University of Colorado ethnic-studies professor transformed the debate in February 2005, when it was publicized that he wrote an essay comparing victims of the September 11 terrorist attack to Nazi war criminal Adolf Eichmann.

"Churchill is huge," Mr. Horowitz said. "I don't think this movement would have happened without Ward Churchill. I know I wouldn't have written 'The Professors' if it hadn't been for Ward Churchill."

The specter of the long-haired, chain-smoking, research-faking, America-bashing Mr. Churchill molding impressionable young minds turned Mr. Horowitz's pet project into a national sensation almost overnight. Suddenly, it became difficult to argue that liberal bias on campus was the product of an overheated right-wing imagination.

Nowhere was his influence greater than in Colorado, where Mr. Churchill literally rescued the movement. After the Democrats took back the legislature in November 2004, state Sen. Bob Hagedorn introduced a bill that would have erased the state's groundbreaking Memorandum of Understanding with the state universities on academic freedom.

A few weeks later, the Churchill story broke, and Mr. Hagedorn, a Democrat, withdrew the bill.

"Everything changed," recalled Mr. Andrews, now a fellow with the Claremont Institute. "Churchill became the poster boy for abuse in the classroom and destroyed whatever chance Hagedorn thought he had to pass this protective layer on university professors."

The publicity gave Republicans an unexpected bonus issue on the education front. Whether academic freedom has the political mojo to sway voters will be tested this year in Maine.

As vice chairman of the Maine Republican Party, Dan Schuberth is on a mission to elect Republicans to the state House, where they trail Democrats by just one seat, and academic freedom may be the issue that gets him there.

"This is something people are talking about, on talk radio, on the street, in the papers," Mr. Schuberth said. "I think it's a winning issue for us, to be honest. It's playing well, and any candidate who talks about academic freedom is going to win support."

Last month, the Maine Republican Party became the first in the nation to add academic freedom language to its platform. The decision came after an academic freedom bill failed by one vote in the state House by a straight party-line vote.

Calls for the legislation came after a stir over liberal bias at Bates College. In February 2004, a Bates staffer accidentally copied an e-mail back to the College Republicans calling them a "bunch of thugs" for sponsoring a seminar on conservative politics.

In the ensuring outcry, the Bates student government passed a resolution calling for an Academic Bill of Rights. The staff member apologized and was reprimanded.

In May 2005, during legislative hearings on academic freedom, a Bowdoin College student testified that his early Christian literature professor had thrown a Bible to the floor on the first day of class.

The events created a political climate ripe for the Academic Bill of Rights.

"It's phenomenal. It's the archetypal grass-roots campaign," said Mr. Schuberth.

"It's just common sense, and Maine people are all about common sense," Mr. Schuberth said. "When you talk to Maine people about what they want for their kids, one thing they want is to be able to send them to college without having them indoctrinated."

Maine Republicans have vowed to introduce another academic freedom bill if they win the House in November. Mr. Schuberth is confident that the state will ultimately approve such legislation, as long as the unthinkable doesn't happen.

"Heaven forbid we get a Republican professor in there who insists Ronald Reagan was the greatest president ever and [Franklin Roosevelt] was a communist," said Mr. Schuberth.

Representatives Relish Being Made A Mockery (WT)

By Christina Bellantoni

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The Washington Times, July 3, 2006

No matter how hard members of Congress who appear on the "Better Know a District" comedy segment try to beat the system, Stephen Colbert makes them end up looking silly. But several lawmakers said doing the spoof spot on "The Colbert Report" on TV's Comedy Central actually has raised their profiles back home, particularly among young folks.

"You have to have the right attitude," said Rep. Phil Gingrey, Georgia Republican, whose 11th District was featured on the cable show in April.

"It's a comedy show; he's a comedian, and you're not," he said. "Even though I tried to be funny, all my funny stuff ended up on the cutting-room floor. I just had to leave hoping that when they slice and dice and put it all back together again, I wouldn't look too stupid."

Indeed, any publicity is good publicity.

Mr. Gingrey, whose thick mustache was admired by Mr. Colbert, who asked to stroke it, said there was an unexpected byproduct of doing the show -- attention from young constituents and House staffers.

Rep. Earl Blumenauer of Oregon had a similar experience when his 3rd District was profiled in May. "I had never watched it, but I was stunned at the number of e-mails I got almost instantly," the Democrat said.

But Rep. Barney Frank, Massachusetts Democrat, regrets his appearance and called Mr. Colbert a "third-rate" comedian.

"It was a stupid waste of time, and he is two stooges short of a good routine," Mr. Frank said.

Still, the segment is among the more popular on "The Colbert Report," a spin-off of "The Daily Show with Jon Stewart," with more than 1 million viewers.

Mr. Colbert so far has targeted 25 members in the 435-member House, splicing and dicing sometimes two-hour-long camera sessions into five-minute clips.

Mr. Blumenauer said his appearance was fun, even though the two argued about global warming and Mr. Colbert called him "an America-hating terrorist-lover hiding behind a stupid bow tie."

"We tend to take ourselves too seriously in this business," Mr. Blumenauer said.

Several lawmakers said that although their staffers prepped them with clips of past segments, they were not prepared for Mr. Colbert's creative editing.

Mr. Colbert recently hazed Rep. Lynn Westmoreland, a Republican from Georgia's 8th District, for not writing a single piece of legislation during his nearly two years in Congress.

However, Mr. Westmoreland co-sponsored a bill that would require the Ten Commandments be displayed in the Capitol.

When asked, the lawmaker was able to name just three of the Commandments. "I can't name them all," he said.

Democratic Rep. Brad Sherman did the show with gusto, even filming a spoof pornographic movie with Mr. Colbert because his 27th District in California is home to many pornographers.

House Minority Leader Nancy Pelosi, who has been a guest on "The Daily Show," said the Colbert segment is "humorous," but wouldn't recommend members make an appearance.

"I would think it would be OK to go on if you were live to tape, but don't subject yourself to a comic's edit unless you want to be made a fool of," the California Democrat said. "I think: Why would anybody go on there? Not that I don't think they have all done very well."

Mrs. Pelosi added that she watches the show "all the time."

House Majority Leader John A. Boehner of Ohio, by contrast, said he had never heard of the show.

"I'm culturally illiterate," he told The Washington Times.

The segment has an educational element, with Mr. Colbert outlining the district's demographics, history and oddball trivia. He also gives each district the adjective "fightin'," as in the "Fightin' Fifth" in Oregon.

He talked to that district's Rep. Darlene Hooley about the state's medicinal-marijuana laws. The Democrat laughed heartily when she was asked: "Are you high right now?"

Mr. Colbert, widely panned for his performance bashing President Bush at the White House Correspondents Dinner, commonly asks guests: "George W. Bush: great president or the greatest president?"

Mr. Colbert has featured five Republicans and 18 Democrats, and also did a mock "retiring" of Texas' 22nd District when Republican Rep. Tom DeLay announced his retirement, putting together press clips for a fake interview with the former majority leader.

He moved California's 50th District to the "never existed to me" category when former Rep. Randy "Duke" Cunningham resigned amid a bribery scandal. The Republican is now serving prison time, and Mr. Colbert's segment was renamed as a 434-part series.

Glass Houses (RC)

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By Mary Ann Akers
Roll Call, July 3, 2006

The typically rowdy fans who attended the 45th Annual Roll Call Congressional Baseball Game on Thursday night were pretty tame this year. Until the seventh inning, when embattled Rep. William Jefferson (D-La.), who's teetering dangerously close to the edge of indictment, got up to bat as a pinch hitter.

That's when a small group of Republicans in the stands starting chanting, "Cold hard cash, cold hard cash."

Their taunting — a reference to that $90,000 in alleged bribe money that FBI

agents found in Jefferson's freezer — didn't last long. Jefferson popped out meekly and headed off the field almost as soon as he got up to bat.

One GOP source told HOH that "some of the higher-ups" in Republican ranks thought the hecklers, who were sitting down close to home plate, had "crossed the line." But Jefferson's communications director, Melanie Roussell, said the Congressman wasn't bothered by the chanting, because he didn't hear it.

She said she didn't hear any chants either. "Ney, not a one," she joked in an e-mail, cleverly referencing the Republican who seems to be in dire danger of indictment — Rep. Bob Ney (R-Ohio).

Softball Gets Downright Scary. No, that wasn't Jaws from the James Bond flicks who you saw Thursday at the Congressional baseball game. That was Spicer, Sean Spicer, the recently departed spokesman for the House Republican Conference, whose mouth has been wired shut for a week and a half.

Spicer, who was scheduled to start his new job last Monday flacking for the U.S. trade representative's office, got whacked in the face during a Congressional softball game on June 22 and wound up in intensive care for four days. Now he's on a diet of applesauce and Frappacinos.

Spicer got up to pitch for his team, the Ugly Mugs, during their game against the House Energy and Commerce Committee. The first pitch was so-so, he recalled Friday.

"The second one was a dream," he mumbled through the wires keeping his jaw shut for the next five weeks. "That dream pitch got jammed in my face."

Three teammates grabbed some ice from a cooler, packed it on Spicer's face and drove him to George Washington University Hospital. His entire jaw had been shattered.

"One side of my jaw was going one way, the other side was going another way, my teeth were smashed out, and I was spitting up blood," he said.

Four days of intensive care, two hours of surgery and many stitches later, Spicer had a plate in his face, wires in his mouth, and, luckily, painkillers in his bloodstream.

He was supposed to start his new job at USTR on June 26 and travel to Geneva for World Trade Organization meetings. Obviously, that didn't happen. "I got to go on a different trip," Spicer said. "Four days in ICU, wasn't exactly the idea of 'travel.'"

Still, tough nut that he is, Spicer, after being released from the hospital on Monday, started his agency job on Thursday, wires and all. So, that guy at USTR you can't understand on the phone — that's him.

Though many a friend and colleague have threatened to wire Sean Spicer's mouth shut over the years, nobody wanted to see it happen this way! HOH wishes him a speedy recovery and the dinner of his dreams when he gets those wires off.

Pity the Fool. Attention House Democrats: Don't go on "The Colbert Report" if you care what House Minority Leader Nancy Pelosi (Calif.) thinks.

At her press conference Thursday, when asked what she thinks of Stephen Colbert's "Better Know a District" series, Pelosi said: "Well, it is humorous; I wouldn't recommend that anyone go on the show. I would think it would be okay to go on if you were live to tape, but don't subject yourself to a comic's edit unless you want to be made a fool of."

That said, Pelosi said she watches Colbert's show "all the time" and she thinks, "why would anybody go on there? Not that I don't think they have all done very well."

To the Moon, Alice. While Gabrielle Giffords, the apparent Democratic frontrunner in Arizona's 8th district to replace retiring Rep. Jim Kolbe (R-Ariz.), stumps for votes this July Fourth holiday, her boyfriend will be out of this world. Sure, he's in love and all that, but we mean literally out of this world.

Giffords has been dating U.S. Navy Commander Mark Kelly for over a year. At press time, Kelly, a combat veteran of the first Persian Gulf War, was slated to pilot the Space Shuttle Discovery, scheduled to launch from the Kennedy Space Center.

"This is such an exciting weekend for Mark; we're all so proud of him as he pilots the shuttle for the first time," his gal/House candidate said. "It's so fitting that it's happening over the Fourth of July weekend — so many of us are still inspired by President Kennedy's dream of exploring the new frontier."

If They Build It, Will Jesus Come? (WP)

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By Al Kamen

The Washington Post, July 3, 2006

The Republican-controlled House and Senate don't seem to be able to agree on much these days. There have been bloody, public battles over immigration, estate taxes, voting rights and, of course, the important constitutional amendment to ban flag-burning.

But the biggest fight may have occurred last week over a House proposal to build a fenced walkway that would run across the now-closed east front of the Capitol -- the area where the long-delayed Capitol Visitor Center is being built.

House folks, led by Speaker J. Dennis Hastert (Ill.) himself -- he's said to be "passionate" about the idea -- want the walkway. "It's so the American people get a view of all sides of the Capitol," a House Republican aide said. "They deserve to have a walkway to see it."

House backers say the walkway will cost only $60,000, the aide said, adding "that's not all that much. They [Senate aides] claim the cost is $95,000, but we don't know what that is for, some $35,000 in incidental costs, like a slush fund."

The walkway would be about 10 feet wide -- 30 feet in some spots -- and the fence would be six feet tall on the sides, though at one point, in front of the Capitol steps, it would drop to 3 1/2 feet.

Senate detractors say this proposal is exceptionally stupid, even for Congress. One Senate aide opined that House members wanted it because they're "cranky over there about the delays with the visitors center -- now a year behind schedule, so they want to take people there and show progress."

The Upper Chamber folks rather uncharitably say the mysterious fence dips to only four feet high so Hastert and House members can walk down the steps and have their pictures taken with constituents.

"We are an active construction zone" on the Senate side, with "trucks coming in and out daily, dropping off building materials," a Senate aide said, so safety is an issue. Also, "someone could hop the fence, then you have an intruder and security issue, requiring additional police. And what if there's an evacuation?" People leaving the Capitol would be impeded by the fence.

But the aide for the People's House said these things are being overblown. "We're saying it is safe, so why not let citizens see that side of the Capitol? The House is prepared to move on this," he said, and if the Senate won't go along, "it'll show the Senate doesn't want people to have access to the view."

That means, however, that the walkway will end halfway across the Capitol, making it more a dead-end chute than a walkway.

"The Jesus Lady could come back," another congressional aide said, referring to Rita Warren , a 77-year-old, white-haired woman who, until the construction began, appeared daily at the east entrance steps with a life-size mannequin in white robes and a beard. The well-known duo might camp in the walkway, that aide said.

Warren, who calls herself "a lobbyist for God," had protested the closing of the Capitol steps to build the visitor center, telling The Hill newspaper it was "a waste of a billion dollars."

"The good Lord is waiting until it's finished."

No reason to wait much longer. The fence, at least on the House side, is scheduled to go up this week.Abramoff Can't Get a Break

Justice Department Inspector General Glenn A. Fine , after a lengthy investigation, reported last week that although disgraced lobbyist and Loop favorite Jack Abramoff had boasted of ridding immigrant smugglers and sweatshop owners in Guam and the Northern Mariana Islands of an annoying interim U.S. attorney, he actually had nothing to do with it.

The interim official, Frederick Black , said President Bush replaced him in 2001 because Black had called for an investigation of Abramoff and had supported applying federal immigration law to the Marianas, which Abramoff's clients opposed.

The inspector general concluded that the new nominee had already been chosen under normal selection procedures, "well before Abramoff tried to become involved in the process," a Justice Department official said.

"We concluded that Abramoff played no role in the selection of Black's replacement. However, when informed of the White House's decision to select a new prosecutor, Abramoff attempted to take credit with his Guam contacts for the selection, even though Abramoff had played no role in it."

Well, it was a good try.Speaking of Legitimate Elections . . .

More from the now-famous taped luncheon chat between Secretary of State Condoleezza Rice and Russian Foreign Minister Sergei Lavrov last week in Moscow. All very cordial, we were assured -- until the tape proved completely otherwise.

During the talk, Rice, speaking of Iraq, said: "This is the only legitimately elected government in the Middle East with a possible exception of Lebanon, which was a peculiar election."

Not sure what she means by Lebanon, but what about the Palestinian territories? Because Hamas won, it's not legitimately elected? What about Israel?

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Lessons Learned (WT)

By By James Loy

The Washington Times, July 3, 2006

History shows us that Congress follows a time-honored pattern of reacting to the aftermath of a major tragedy with an impulsive first response followed by years of "perfecting" the original legislation.

After the 1989 Exxon-Valdez oil spill in the pristine Prince William Sound, Alaska, Congress and the executive branch reacted with the Oil Pollution Act of 1990. One of my last acts as commandant of the U.S. Coast Guard in 2002 was to sign the 110th clarification on how to implement that law. Though we thought the act was the right response at the time, experience later showed that we needed to make adjustments. America finds itself in such a pattern yet again in the debate over the future of the Federal Emergency Management Agency and its place within the Department of Homeland Security.

Most would agree that the deficiencies of FEMA stood out in sharp relief in the aftermath of Hurricane Katrina. There is much less consensus on how best to correct these deficiencies. There are currently 11 bills pending in Congress that address the future of FEMA. Some would re-establish FEMA as an independent agency, while others acknowledge the value of leaving FEMA within DHS and would simply restructure the agency. Some would give the FEMA director additional powers.

None of these proposals, however, address the central problem: The Homeland Security Act of 2002 diluted the FEMA director's focus on the agency's core mission -- response and recovery -- by requiring him to wear an additional hat as the DHS under-secretary for emergency preparedness and response (later changed to the under-secretary for federal emergency management).

This dual role within the DHS bureaucracy necessarily prevents him from concentrating 100 percent of his time on improving FEMA's performance. In the current iteration, the FEMA director is required to devote significant attention to the administrative, budget and policy issues that are part and parcel of managing a directorate within the overall DHS bureaucracy. To once and for all set FEMA up for success, Congress must restore the FEMA director's singular responsibility -- making FEMA run well.

At the same time, it is important to keep FEMA within DHS, preserving its access to the agencies and assets it needs to perform well during an emergency. Those who advocate reverting FEMA to the independent, cabinet-level agency that it was during the Clinton Administration fail to recognize the dramatically different post-September 11 security environment we live in today. The creation of the Department of Homeland Security was a response to new threats facing our country. It pulled together 22 disparate agencies under one roof responsible for preventing and responding to disasters. It made the secretary of homeland security the president's designated coordinator for disaster preparedness and response, regardless of the threat source. It does not seem wise to pull the rug out from under him by reverting FEMA to a stand-alone agency, thus removing the major response and recovery agency from his oversight.

FEMA is charged with protecting the nation from all hazards -- natural or man-made. To effectively fulfill this mission, FEMA needs ready access to and association with the communication and law enforcement assets that exist within DHS. To remove FEMA from that synergy would require building bureaucratic bridges back to the other DHS response and recovery agencies in order to do its job. This would be a redundant effort, costing time and money that we simply don't have.

Ample precedent already exists for the creation of FEMA as an independent agency within DHS. Both the Coast Guard and the Secret Service exist within DHS, but their leaders are focused solely on running their agencies and report directly to the secretary. They can be a model for FEMA.

It is reasonable to expect that we will need to make adjustments to the initial solutions we quickly devise after major disasters. In the debate over FEMA's future, we should ensure that the FEMA director can focus all of his time, energy and talent on guiding the agency in responding effectively and efficiently to the American people in the event of a disaster. That is best accomplished by restoring FEMA's independent agency status, offloading the director's responsibilities of being double-hatted as an under secretary and keeping the agency and the director inside DHS with direct access to the secretary during a crisis.

Adm. James Loy is the national co-chairman of ProtectingAmerica.org. He is the former commandant of the U.S. Coast Guard and former deputy secretary of Homeland Security.

We Need Fewer Secrets (WP)

By Jimmy Carter

The Washington Post, July 3, 2006

The U.S. Freedom of Information Act (FOIA) turns 40 tomorrow, the day we celebrate our independence. But this anniversary will not be a day of celebration for the right to information in our country. Our government leaders have become

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increasingly obsessed with secrecy. Obstructionist policies and deficient practices have ensured that many important public documents and official actions remain hidden from our view.

The events in our nation today -- war, civil rights violations, spiraling energy costs, campaign finance and lobbyist scandals -- dictate the growing need and citizens' desire for access to public documents. A poll conducted last year found that 70 percent of Americans are either somewhat or very concerned about government secrecy. This is understandable when the U.S. government uses at least 50 designations to restrict unclassified information and created 81 percent more "secrets" in 2005 than in 2000, according to the watchdog coalition OpenTheGovernment.org.

Moreover, the response to FOIA requests often does not satisfy the transparency objectives or provisions of the law, which, for example, mandates an answer to information requests within 20 working days. According to the National Security Archives 2003 report, median response times may be as long as 905 working days at the Department of Agriculture and 1,113 working days at the Environmental Protection Agency. The only recourse for unsatisfied requesters is to appeal to the U.S. District Court, which is costly, timely and unavailable to most people. Policies that favor secrecy, implementation that does not satisfy the law, lack of a mandated oversight body and inaccessible enforcement mechanisms have put the United States behind much of the world in the right to information.

Increasingly, developed and developing nations are recognizing that a free flow of information is fundamental for democracy. Whether it's government or private companies that provide public services, access to their records increases accountability and allows citizens to participate more fully in public life. It is a critical tool in fighting corruption, and people can use it to improve their own lives in the areas of health care, education, housing and other public services. Perhaps most important, access to information advances citizens' trust in their government, allowing people to understand policy decisions and monitor their implementation.

Nearly 70 countries have passed legislation to ensure the right to request and receive public documents, the vast majority in the past decade and many in middle- and low-income nations. While the United States retreats, the international trend toward transparency grows, with laws often more comprehensive and effective than our own. Unlike FOIA, which covers only the executive branch, modern legislation includes all branches of power and some private companies. Moreover, new access laws establish ways to monitor implementation and enforce the right, holding agencies accountable for providing information quickly and fully.

What difference do these laws make?

In South Africa, a country emerging from authoritarian rule under the apartheid system, the act covering access to information gives individuals an opportunity to demand public documents and hold government accountable for its actions, an inconceivable notion just a decade ago. Requests have exposed inappropriate land-use practices, outdated HIV-AIDS policies and a scandalous billion-dollar arms deal. In the United Kingdom, the new law forced the government to reveal the factual basis for its decision to go to war in Iraq.

In Jamaica, one of the countries where the Carter Center has worked for the past four years to help establish an access-to-information regime, citizens have used their right to request documents concerning the protection of more than 2,500 children in public orphanages. Two years ago there were credible allegations of sexual and physical abuse. In the past year, a coalition of interested groups has made more than 40 information requests to determine whether new government recommendations were implemented to ensure the future safety and well-being of these vulnerable children.

Even in such unlikely places as Mali, India and Shanghai, efforts that allow access to information are ensuring greater transparency in decision making and a freer flow of information.

In the United States, we must seek amendments to FOIA to be more in line with emerging international standards, such as covering all branches of government; providing an oversight body to monitor compliance; including sanctions for failure to adhere to the law; and establishing an appeal mechanism that is easy to access, speedy and affordable. We cannot take freedom of information for granted. Our democracy depends on it.

The writer was the 39th president and is founder of the Carter Center.

Doctors, Lawyers, Priests -- And Journalists? (WSJ)

By Dick Thornburgh

The Wall Street Journal, July 3, 2006

National debate over media disclosure of the government's bank-records investigation has so far focused on newspapers' editorial decisions to publicize this information. But it's only a matter of time until the spotlight turns. Questions will soon be raised about who leaked that information to the press, and whether or not Washington has a right to force a reporter to reveal the leaker's name.

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Ever since then-New York Times reporter Judith Miller went to jail for 85 days last year rather than comply with a subpoena for her sources in the Valerie Plame case, the media has been pushing for a federal shield that would grant reporters unprecedented special protection from revealing sources during litigation. The Senate is now taking steps toward providing such a reporter-source privilege with the Free Flow of Information Act, which is likely to be sent to the floor for a vote over the next few weeks. The act contains an exception for national security that might well apply to the bank-records investigation, which was conducted as a means to track terrorist activity.

But for the longer term, the bill has troubling implications. In its current form it contains a shield so broad -- and a definition of journalism so vague -- that it upends what up to now has been a reasonable balance between protecting reporters from disclosing sources and preserving the right to the fullest possible access to truth in the courtroom for plaintiffs and defendants.

Important as it may be to safeguard the source confidentiality that is one element of a free press, we have an equal or greater interest in ensuring that truthful evidence is presented in the courtroom. Over the years, on a case-by-case basis, our courts have done a pretty good job of balancing these occasionally conflicting principles -- as they have with attorney-client, doctor-patient and priest-penitent privileges. Congress has recognized this and resisted the temptation to enact laws that would override such judicial balancing acts.

In 1975, for example, the Judicial Federal Rules Advisory Committee recommended that Congress codify the doctor-patient, priest-penitent and attorney-client privilege, among others -- though not the reporter-source privilege. Congress declined to do this, determining that the development and application of privileges that might keep crucial information from the courtroom are best left to "principles of common law" and the "reason and experience" of the judicial system.

Unfortunately, the Senate has responded to recent controversy over media sources by turning its back on that wisdom and restraint. The result is a piece of legislation that could do more harm than good.

Under the proposed law, for example, a person could illegally reveal someone else's private health-care or employment records and be completely protected from any consequences, as long as he or she used a reporter to reveal the information, the reporter declined to reveal the source and there were no other ways to learn the identity of that person. A disgruntled employee could illegally share a company's trade secrets and intellectual property with the world -- again with no concerns about being unmasked, as long as the only way to identify the wrong-doer was by questioning a reporter. People on either side of a lawsuit might well be emboldened to leak to the press documents that the court has placed under seal. In all of these cases, if any party sought to identify the source of a leak known only to a reporter, judges would no longer have the discretion to weigh all the facts to determine what would be fair and in the interest of justice.

Another serious failing in the proposed legislation is its overly broad definition of who is a "journalist," and what constitutes "journalism." The bill does not require that a journalist be someone professionally engaged in the legitimate reporting of news, or that the information at issue be obtained in the course of legitimate newsgathering. Nor does it require that reporters be accountable to any objective standard of journalism ethics. The only requirement is that the "reporter" be paid for the work and be part of an organization that regularly processes and researches information. This is so broad that it could be used to give immunity to nonreporters engaged in nonjournalistic activities -- including those with ties to terrorist or criminal organizations.

It is important to note that most leaking is not whistle-blowing, and that people who reveal trade secrets, private medical or tax information are rarely whistle-blowers. Employees, including government employees, who report legal or regulatory infractions or fraud to the proper authorities are protected from retaliation by a variety of whistle-blower provisions, none of which are or can be affected by media-shield laws.

If Congress insists on breaking with longstanding tradition and precedent to categorically keep certain types of truthful information from the courtroom, it needs to make sure that the privilege is as clearly defined as possible, and has a reasonable balancing test that allows the protection to be superseded when necessary.

Perhaps the most efficient way to ensure such a balance would be to base media-shield legislation on the long practical experience our federal courts have with this issue. All 13 federal circuits strike a balance between unfettered protection of journalistic sources, the right to truth in the courtroom, and the need to prevent media protection from encouraging or protecting law-breakers. Indeed, six circuits have explicitly adopted a balancing test that looks at whether the information is relevant to the case; whether the information can be reasonably obtained by other means; and whether there is a legitimate interest in disclosure of the information.

At its best, the media supports democracy by providing the public with the information that citizens need to exercise their rights. But given the potential for abuse of that critical role, any media shield must, in the interests of justice, be carefully crafted.

Mr. Thornburgh is a former attorney general of the U.S. and is counsel to Kirkpatrick & Lockhart Nicholson Graham LLP.

We Were Wrong About Term Limits (LAT)

By Rob Stutzman

DOJ_NMG_0038542

The Los Angeles Times, July 3, 2006

THE POLITICAL landscape is always evolving. Sometimes violently (as with 9/11 or Watergate), other times gradually, through shifting demographics or economic change. Dogmas come, dogmas go, political winds shift back and forth, tossing us about.

About 20 years ago, the notion of term limits for officeholders became dogma for the center-right. Voters wanted to punish self-dealing politicians by eliminating their permanency. Career politicians out, citizen politicians in! Or so the idea went.

Fourteen years have passed since California voters approved legislative term limits, restricting Assembly members to a trio of two-year terms and state senators to two four-year stints.

I have always been a loyal conservative supporter of term limits — not as any kind of fundamental prerequisite for a healthy democracy, but more as a suitably blunt instrument to correct the arrogance of elected officials not mindful enough of those who elected them. Public service, I reasoned, should be an avocation, not a permanent vocation. And the public interest would be protected by preventing the development of entrenched, powerful political dynasties, such as Willie Brown's marathon 14-year rule of the Assembly.

But after 16 years of working in California politics, I've changed my mind. We were wrong. Term limits haven't delivered what we hoped for. They have, in fact, harmed the public interest.

For starters, they have done little to eliminate the permanent political class. Today's legislators, from whichever party, are all too often ex-staffers or relatives of the politicians the limits uprooted from office. (Six direct relatives of term-limited Assembly members ran last month for the vacated seats, though this time only two of them won.) The goal of creating a true "citizen" Legislature has gone unrealized.

Term limits also have led to a revolving door of Assembly speakers who are so temporary and beholden to the special interests that helped put them in power that at times they function without complete authority. While eliminating its evils, we didn't fully account for the virtues of an imperial speakership.

For example, just look at last year, when Gov. Arnold Schwarzenegger attempted to negotiate his reform agenda with the Legislature and avoid a contentious special election. The Assembly has a dynamic and charismatic leader in Fabian Nuñez, who I believe genuinely wants to accomplish great things for California, and who knows that we have a broken budget system that needs to be fixed. Yet, for those of us close to those negotiations, it was clear that Speaker Nuñez did not have the ultimate authority to sign off on a deal. The ultimate power resided with the California Teachers Assn.

This is not a criticism of the speaker but an indictment of our system. It's difficult to imagine Brown having to bow to an interest group. A strong speakership is good for the state, but it can't exist under term limits. Outside interest groups — business, labor, trial lawyers, doctors — are more powerful now than before.

This situation is exacerbated by noncompetitive legislative districts. When 90% of legislators are immune from voters in a general election, it should come as no surprise that the citizens are easily forgotten under the Capitol dome.

To launch a political career, one must simply win a primary election. Primary campaigns in each party have become the new battleground between interest groups, which can get more for their dollars because the electorate is smaller. Freshly minted legislators often feel they owe their careers to whichever interest group funded their first successful race.

We know from the fairly drawn state legislative districts of the 1990s that requiring roughly 25% of the seats to be competitive will give us a Legislature that more accurately reflects California.

The proof is in how Brown was finally displaced as speaker after the 1994 elections. Although one motivation for term limits was to get rid of Brown, it was competitive seats and a new GOP majority that took Brown's name off the speaker's door before term limits could get him.

The real reform that we need is redistricting. Politicians from both parties raised millions of dollars to defeat Schwarzenegger's ballot initiative last year, but Democratic leaders promised to work with the governor to pass new legislation this year.

If that means also abolishing or at a minimum extending term limits, then Schwarzenegger and the Republicans should take that deal. It would be a win-win. We need competitive legislative races, and it is high time to admit that term limits haven't worked.

Rob Stutzman is former deputy chief of staff for communications for Gov. Arnold Schwarzenegger, and now works as a communications and political consultant.

Rank Disloyalty (NEWREP)

By The Editors

New Republic, July 3, 2006

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There is something a bit troubling about the Democrats' current obsession with discipline, as though there were no higher aspiration than matching the ruthless efficiency of the House Republicans. A political party is not the same as a Third World liberation movement. It ought to accommodate moments of dissent and occasional deviations from the party line without the forms of retribution that have recently taken hold in the liberal blogosphere.

But apostasy comes in gradations: There is heterodoxy, and then there is Montana Senator Max Baucus. Baucus isn't in the mold of Daniel Patrick Moynihan, who flirted with reasonable ideas taboo among Democratic constituencies. He doesn't take quirky procedural stands, à la Russ Feingold. He's not even a Zell Miller-like figure who rhetorically strafes his party but does little substantive damage. What Baucus does is use his influence as the top Democrat on the Finance Committee to systematically undercut his party and enable George W. Bush's most egregious domestic legislation. So why does his party entrust him with so much responsibility?

We were reminded of this question during this month's estate-tax debate. On one side was the vast majority of Republicans, who kvetch about the cosmic unfairness of taxing the top 1 percent of family fortunes. On the other side was the vast majority of Democrats, who see the estate tax as a reasonable, if modest, curb on the excesses of dynastic wealth. And in the middle was Baucus, an opponent of the tax, pushing a last-minute compromise that would dramatically scale it back. Baucus says he was trying to make the best of a difficult situation, since the tax will be reined in one way or another. But his compromise doesn't merely split differences; its price tag is nearly 70 percent of the cost of outright repeal, according to the nonpartisan Tax Policy Center. And it reveals precisely why Baucus shouldn't be in such a sensitive position: He understands statesmanship strictly in terms of the size of the concession he makes; the more he concedes, the more Churchillian he thinks he is.

If you look closely enough at recent domestic policy debacles, you'll invariably see his fingerprints. Facing George W. Bush's massive tax-cut proposal in 2001, Baucus undermined the Senate Democrats' strategy of forcing concessions by maintaining a united front. In private negotiations with his GOP counterpart, Chuck Grassley, Baucus produced a bill that handed the White House virtually all of its top priorities. Afterward, he boasted that he'd done Democrats a favor, since they "would have been in trouble in 2002 just saying no to every one of the president's proposals." We shudder to think what might have happened had the Democrats been labeled "obstructionist."

Then there was the 2003 Medicare debate. Baucus, true to his method, agreed to a set of procedural conditions that undermined Democratic unity and preordained a disastrous outcome. Then he used the little authority he retained to--how to put it?--give away the store. In addition to agreeing to Health Savings Accounts--a gambit that he had once condemned as irresponsible--Baucus assented to a provision preventing Medicare from negotiating discounts with pharmaceutical manufacturers.

Baucus and his defenders--alternately known as his press office--make two arguments on his behalf. The first is that Baucus is simply doing what he needs to do to get reelected. (This argument usually masquerades behind the mantra of doing what's best for the "people of Montana.") But, unless the way to get ahead in Montana is to insist on overcharging Medicare patients by billions of dollars, the senator has been going far above and beyond the call of duty.

Baucus's second argument is that Democrats get substantively better legislation when he engages Republicans on their behalf. But this argument assumes the Bush administration has the votes to pass legislation without Democratic support. Often, it's Baucus who provides the margin of victory--either with his own vote or by crafting pseudo-compromises that provide cover for a small number of Democratic defectors. Indeed, the Democrats' only real victory of the last five years--stuffing the administration on Social Security--came after Harry Reid cautioned Baucus against freelancing with the White House.

Well, we'll do Reid one better and suggest he boot Baucus from the Finance Committee altogether. If we miss out on a few deals by not having Max Baucus at the table, that's a risk we're prepared to live with.

Correction: This article originally stated that Senate Minority Leader Harry Reid had "explicitly ordered" Senator Max Baucus not to negotiate with the White House on Social Security. In fact, Reid only cautioned Baucus about cutting his own deal with the White House. We regret the error.

the Editors

Where The Boys Aren't (WSJ)

By Christina Hoff Sommers

The Wall Street Journal, July 3, 2006

Education Sector, a new Washington think tank established this year by the Bill & Melinda Gates and other leading foundations, describes itself as an "honest broker of evidence in key education debates." But its first big study, "The Evidence Suggests Otherwise: Truth About Boys and Girls," is deficient in this virtue.

The report, written by policy analyst Sara Mead, denies that American boys are in trouble academically. "The real story," says Ms. Mead, "is not bad news about boys doing worse; it's good news about girls doing better." So why do so many fret about

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boys doing poorly? Ms. Mead explains: "The idea that women might actually surpass men in some areas seems hard for many people to swallow." She also hopes that the nation can have a reasonable "conversation" about gender issues "without unfairly undermining the gains girls have made in recent decades."

One looks in vain in Ms. Mead's report for any indication that anyone is undermining girls. She seems to think that concern for boys means shortchanging girls. But it does not -- because education is not a zero sum game.

From the study's title, one might think that it contains evidence that boys are not languishing academically. It doesn't. In fact Ms. Mead concedes that vast numbers of boys are doing poorly. She acknowledges that more boys than girls drop out; that girls have higher aspirations and take more rigorous academic programs. The number of boys diagnosed with disabilities, she says, "has exploded in the past 30 years." She admits that "high school boys' achievement is declining in most subjects." And, yes, she says, it is true that our colleges are now 57% female.

So how does she back up her claim that "in fact, overall academic achievement for boys is higher than it has ever been"? She argues that in "absolute" terms boys are doing better today than they were 20 or 30 years ago. She adds that, in any case, the problem of male underachievement is largely confined to black, Hispanic and low-income white males. Neither claim withstands scrutiny.

The reading scores of 17-year-old boys overall have gone down in the past decade, hitting an all-time low in 2004. Judith Kleinfeld, a professor of psychology at the University of Alaska, has done a thorough analysis of the reading skills of white males from college-educated families. Using Department of Education data, she shows that at the end of high school, 23% of the white sons of college educated parents scored "below basic." For girls from the same background, the figure is 7%. "This means," Ms. Kleinfeld writes, "that one in four boys who have college educated parents cannot read a newspaper with understanding."

Education Sector's study concedes that African-American, Hispanic and low-income white males "are in real trouble." But it attributes their plight to larger social problems that have little to do with gender. Ms. Mead does not seem to have noticed that among these demographics, males are far behind their female counterparts. For example, Ms. Kleinfeld found that 34% of Hispanic males with college-educated parents scored "below basic" -- compared to 19% of Hispanic females.

Today, for every 100 women who earn a bachelor's degree, just 73 men get one. Not to worry, says Ms. Mead. It is actually good news for young men, because more of them are going to college today than did in the '70s and '80s. By this reasoning, we need not worry about the relatively low wages of women compared to men, since in "absolute terms" women are doing better than in the past.

We are strikingly better at educating young women than young men. Boys need our attention. It is difficult to understand why an organization devoted to improving education should regard the current concern for boys as a threat to girls' progress. Education Sector would be more constructively occupied if it looked for ways to help our boys keep pace with the girls.

Ms. Sommers is the author of "The War Against Boys" (Simon & Schuster, 2000).

What Boy Crisis? (NYT)

By Judith Warner

The New York Times, July 3, 2006

It's been muttered for some time now in feminist academic circles that the "boy crisis" — the near-ubiquitous belief that our nation's boys are being academically neglected and emotionally persecuted by teachers whose training, style and temperament favor girls — is little more than a myth.

Now a major study has confirmed it. According to "The Truth About Boys and Girls," a report from the nonpartisan group Education Sector, most boys aren't just not failing; they're doing better than ever on most measures of academic performance. The only boys who aren't — the boys who skew the scores because they're doing really, really badly — are Hispanic and black boys and those from low-income homes.

"But the predominant issues for them," wrote Sara Mead, who based her conclusions in the study on decades of government statistics, "are race and class, not gender." Mead's conclusions echo those of Prof. Caryl Rivers of Boston University and Prof. Rosalind Chait Barnett of Brandeis.

"White suburban boys," they wrote in The Washington Post earlier this year, "are not dropping out of school, avoiding college or lacking in verbal skills ... among whites, the gender composition of colleges is pretty balanced. ... In Ivy League colleges, men still outnumber women."

Given these facts — which, when you think of it, were always pretty obvious — why is it that the notion that their sons are "in crisis" has persisted among affluent, educated (mostly) white parents and the similarly privileged journalists, experts and politicians who shape their opinions?

Blame anti-girl "backlash." Blame media navel gazing. I think, though, that there's more to it than that.

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The notion that boys are in crisis rings true to many middle- and upper- middle-class parents because it feels true to them. And that's because these parents are sick of being told that their preschool sons need occupational therapy because they can't apply stickers with the right fine-motor finesse. These parents are sick of seeing their kindergarten boys referred to reading specialists. They're sick of suggestions that their 9-year-olds have A.D.H.D. if they can't sit still through school days from which recess has been cut, gym has been eliminated and even lunch, sometimes, has been all but eradicated to cram in more hours of test prep.

Many dads recall that when they were in school, they were restless, sometimes turbulent, sometimes aggressive, sometimes disruptive in class. When they channeled their energy into the workplace, they thrived — and they don't want their sons pathologized, or girlified, for the sake of big-size classroom control.

I sympathize with much of this. But what I don't see happening among parents who complain that their boys are being disserved by educators is a calling into question of their own complicity with high-pressure schools that demand way too much of their sons.

Talk of the boy crisis is a diversion. It draws attention from the real reasons so many white suburban parents sense that their sons are in trouble. Those reasons aren't academic; they're behavioral and emotional. Researchers have found in recent years that anxiety, depression and self-medicating through drugs and alcohol are disproportionately on the rise in rich communities, as kids seek escape from excessive pressures to succeed.

This isn't unique to boys. Girls in these communities are showing an increased incidence of eating disorders (female athletes are in particular trouble on that score), and also a disturbing rise in escapist behaviors like binge drinking and cutting. Experts say girls are showing crisis signs for the same reasons as boys: because they're stressed out, overextended and pushed beyond the limits of normal human endurance. But since girls' forms of acting out tend to be self-destructive rather than disruptive and often coexist with excellent academic performance, they often pass under the radar.

The notion that there's a universal boy crisis is expedient for well-off parents in other ways as well. Talk — about anti-boy discrimination, about boy-only learning styles — is cheap. Doing the things necessary to address the real crisis among black, Latino and rural and poor city boys isn't: it requires money for smaller classes, better-trained teachers and more support. I'm not sure that white suburban taxpayers are eager to pay the price. But I do know that if we can get past gender turf battles, we might be able to address what's really going wrong with our nation's kids.

Judith Warner, the author of "Perfect Madness: Motherhood in the Age of Anxiety" and a contributing columnist for TimesSelect, will be a guest columnist through the end of July.

What 'Energy Security' Really Means (WP)

By Sebastian Mallaby

The Washington Post, July 3, 2006

At their annual gathering each summer, the leaders of the rich world promise to fix some pressing global problem -- and usually fail to deliver. This month's Group of Eight summit in Russia takes statecraft to a whole new level. Global leaders have "energy security" on the agenda. But judging by what they say and do, they don't always understand the subject.

For many American leaders, energy security means producing energy at home and relying less on foreigners. But the United States imports three-fifths of its oil, and the share is heading up. For the foreseeable future, alternative fuel is unlikely to change that.

For China, which isn't part of the G-8 but participates in some of its meetings, energy security means buying stakes in foreign oil fields -- in Sudan, Nigeria, Angola and so on. But this doesn't make China any more secure. If a geopolitical crisis broke out, China's tankers might be blocked on the high seas; owning chunks of Africa's oil wouldn't make much difference. In the absence of a crisis, African investments make little more sense: China can buy oil on the world market.

For Russia, which pushed energy onto the G-8 agenda, energy security has yet a third meaning: restrictions on foreign investment in domestic oil and gas fields. But this is the mirror image of the Chinese mistake. Just as China's security isn't boosted by owning African resources, Russia's security isn't reduced by allowing foreigners to own Russian ones. In a crisis, Russia would control its oil fields by military force. Short of a crisis it can extract taxes and royalties from foreign energy firms just as it can from Russian ones.

So there's no sense in these nationalistic conceptions of energy security. As Daniel Yergin has written recently in Foreign Affairs, real energy security requires setting aside the pipe dream of energy independence and embracing interdependence.

Energy interdependence can actually be good for energy security: Just look at natural gas markets. Right now nearly all the natural gas that Americans consume comes from U.S. and Canadian fields; only 3 percent comes into the country by tanker in the form of liquefied natural gas. This renders the United States highly vulnerable to disruptions on its home continent. If terrorists or a hurricane took out a key pipeline, it would be hard to bring in alternative supplies from outside North America, and prices

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would spike upward. By buying more liquefied natural gas from a diverse range of foreigners, the United States would reduce its energy independence but enhance its energy security.

For different reasons, the oil market also shows why leaders should embrace interdependence. Because oil is traded globally, a supply disruption anywhere will affect gas prices in the United States; there's no use thinking nationalistically. If there's an explosion in a Chinese oil field that serves Chinese consumers, it will force the Chinese to buy more oil on the world market and so drive up the global price: American motorists will suffer. So China's energy security is not in competition with U.S. energy security, as the resource-scramble model would suggest. China's energy security is part of U.S. energy security.

Equally, there's a lot of breast-beating about the U.S. strategic oil reserve. The idea of vast bunkers full of crude conjures pleasing feelings of national self-sufficiency: The heck with those foreigners, we can take care of ourselves! But this is mostly a delusion. If the United States releases oil from its reserve, the benefit is dissipated around the world since the global oil price is affected. To have a serious impact on that price, the United States needs Europe and the advanced Asian countries to release oil from their stockpiles in a concerted way: Far from being a tool of national self-sufficiency, strategic oil reserves are a classic multilateral instrument. There's an urgent need to bring the big emerging economies into the International Energy Agency, which coordinates the reserves held by the rich countries.

What about U.S. relations with energy suppliers ; surely here the model of nationalistic competition is relevant? The Arab oil embargo of 1973 demonstrated the danger of a conflict between suppliers and consumers, and Russia's withholding of natural gas from Ukraine last winter shows that embargoes remain possible. But suppliers know that strong-arm tactics are the surest way to accelerate the search for alternative fuels, which is why Russia plays politics with energy more by giving out subsidized supplies than by refusing to sell any. The threat of an embargo by oil states is therefore smaller than the threat of violence by non-states -- rebel attacks in Nigeria's oil delta, an al-Qaeda strike in Saudi Arabia. In this sense the energy security of producers is not in competition with that of consumers. They are interdependent.

If the G-8 summit can spread the word about this interdependence, it will do some good. But the nationalistic conception of energy security is worse than useless. By encouraging a competitive scramble for resources that could spiral into conflict, this sort of security talk only creates insecurity.

Working For A Pittance (NYT)

By Bob Herbert

The New York Times, July 3, 2006

"We can no longer stand by and regularly give ourselves a pay increase while denying a minimum wage increase to the hardworking men and women across this nation."

— Hillary Rodham Clinton, to her fellow senators.

The federal minimum wage, currently $5.15 an hour, was last raised in 1997. Since then, its purchasing power has deteriorated by 20 percent. Analysts at the Economic Policy Institute and the Center on Budget and Policy Priorities jointly crunched the numbers and determined that, after adjusting for inflation, the value of the minimum wage is at its lowest level since 1955.

For those who don't remember, Eisenhower was president in 1955, the Dodgers were still in Brooklyn, and Barack Obama hadn't even been born.

If you're making the minimum wage, you're hurting. If Congress and the president don't raise the minimum wage by Dec. 2, it will have remained unchanged for the longest stretch since it was established in 1938. (The longest period previously was from January 1981 to April 1990 — a span that saw the entire Reagan administration come and go.)

Senate Republicans recently blocked a Democratic bill, sponsored by Senator Edward Kennedy, that would have raised the minimum wage to $7.25 an hour over the next two years. Jared Bernstein, a senior economist at the Economic Policy Institute, noted that while Republicans in Congress are standing like a stone wall against this modest increase in the poverty-level wage, "they are working as hard as they can to repeal the estate tax."

"That," he said, "is just vicious class warfare."

The most important pay increases for most members of Congress are their own, and they are diligent in that regard. Senator Clinton, in a floor speech supporting the minimum-wage hike, said, "During the past nine years, we've raised our own pay by $31,600."

Mrs. Clinton has introduced a bill that, in addition to raising the minimum wage to $7.25, would link Congressional pay raises to hikes in the minimum wage. Under the bill, the minimum wage would be increased automatically by the same percentage as any increase in Congressional pay.

Polls have shown that Americans overwhelmingly favor an increase in the minimum wage. But the low-income workers who would benefit from such an increase are not part of the natural G.O.P. constituency. Thus, the stonewall.

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A separate study by the Economic Policy Institute found that in 2005, with the pay of top corporate executives up sharply, and with the minimum wage falling further and further behind inflation, "an average chief executive officer was paid 821 times as much as a minimum wage earner."

That C.E.O., according to the study, "earns more before lunchtime on the very first day of work in the year than a minimum wage worker earns all year."

"The reality," said Senator Clinton, "is that a full time job that pays the minimum wage just doesn't provide enough money to support a family today. We have to acknowledge that fact and do something about it. As a country, we cannot accept that a single mother with two children who works 40 hours a week, 52 weeks a year earns $10,700 a year — let me say this again: $10,700 a year. That is almost $6,000 below the federal poverty line for a family of three."

During the 1950's and 60's, the minimum wage was roughly 50 percent of the average wage of nonsupervisory workers. It has now fallen to 31 percent — less than a third — of that average.

As the Economic Policy Institute and the Center on Budget pointed out in their study: "Each year that Congress fails to raise the wage floor, its purchasing power erodes. The fact that the minimum wage has remained the same for nearly nine years means that its real value has declined considerably over that period. As inflation has accelerated recently due to higher energy costs, the real value of the minimum wage has fallen faster."

There is no justification — none — for condemning the nation's lowest-paid workers to this continuing slide into ever deeper economic distress. "No one who works for a living should have to live in poverty," said Senator Kennedy.

It's very telling that in the most prosperous nation in the world, that kind of comment actually sounds radical. We have a very long way to go.

A Call To Honor The Sabbath (USAT)

By Henry G. Brinton

USA Today, July 3, 2006

For all the attention paid this past year to public displays of the Ten Commandments, you'd think people would spend as much energy trying to follow them.

When it comes to the Fourth Commandment — "Remember the Sabbath Day" — that's not the case. And pastors like me, far from being role models, are among the worst offenders. After all, we work every Sunday.

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The problem with ignoring the Sabbath is that it hurts us as individuals, families and communities. Wayne Muller, a therapist, minister and best-selling author, is convinced that modern life has become a violent enterprise.

We make war on our bodies by pushing them beyond their limits, war on our children by failing to give them our time, and war on our communities by failing to be kind and generous and connected to our neighbors. To bring an end to this destruction, we have to establish a healthier balance between work and rest.

Whether religious or not, people know that they need to take a day off in order to maintain their sanity and remain efficient and productive at work. But I'm convinced that downtime is not enough.

We need a formal day of rest. A true Sabbath gives us time to refresh and renew ourselves, regain proper perspective and redirect our lives to what is good and true and worthwhile.

There is something positive and even creative about allowing ourselves to take a break, as is noted in the Bible when it says God finishes the work of creation on the seventh day ... by resting (Genesis 2:2). Resting is an act of creativity.

Unfortunately, our society rewards hard-driving people who are focused on their work seven days a week, and our technology allows us to be constantly connected to the workplace through computers, cellphones and BlackBerrys.

"Modern culture's time values often seem enslaving and oppressive," says Dennis Olson, professor of Old Testament Theology at Princeton Theological Seminary. "Work time seems increasingly to expand and rob us of time with family and friends. Computers and the Internet bombard us with a constant flow of data, messages and information."

And as many Americans are pulling more time at the office, they're spending less time in bed. Average amount of sleep has dropped from nine hours a night in 1910 to seven hours today. The result is that we feel harried and hurried, out of balance, out of sync.

For much of this country's history, blue laws kept businesses closed on Sundays, forcing Americans to focus on church-going, rest and relaxation. Although many people resented these limitations, these laws did have the beneficial effect of creating a day of rest. But in the past century, and particularly since the 1960s, states have relaxed these rules regulating business on Sunday as our consumer-driven culture has gone into overdrive.

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What began as a trickle soon became a raging river: Today, almost every mall, theater and restaurant is operating seven days a week. Even in Europe, where church-going has been in decline for years, Sunday has been — until recently — a day in which most businesses were closed, allowing people to spend time with family members and friends.

Given this history, Sabbath-keeping is going to be a countercultural activity, one requiring commitment and creativity. A day of rest does not have to be a Saturday or a Sunday — impossible for pastors and many others — but it should be at least one day out of seven, and qualitatively different from the other six.

The key is to break away from work patterns, whether that means hobbies, sports or artistic activities. (Sabbath is related to the Hebrew verb meaning "to cease, stop, interrupt.")

"Spend more time with people in a friendly way, with meals (and) extended conversations, but no talk related to work," advises theologian Marva Dawn, author of Keeping the Sabbath Wholly: Ceasing, Resting, Embracing, Feasting.

New York Mets pitcher Pedro Martinez rests by engaging in gardening; for a professional gardener, though, Sabbath-keeping might involve playing baseball.

My own practice on Wednesday, my substitute for Sunday, always includes a long run. My thinking becomes unstructured as I jog along a beautiful wooded trail, the stress melting away and solutions to knotty problems popping into my mind. In this activity, I feel close to God. This is my way of remembering the Sabbath day, and keeping it holy.

There is a communal dimension to rest as well, one that is important for maintaining healthy relationships in our families and communities.

My son, who is trying out for his high school cross-country team, often joins me on my runs. This gives us a chance to talk without time pressures or interruptions, far from the demands of work and school.

At the end of life, we'll remember and cherish these times — these mini-sabbaticals, if you will — far more than those hours toiling away in the office. As the saying goes, no one ever says from his deathbed, "I wish I had spent more time at the office."

Ironically, we can actually be more productive if we take a break from time to time. Dawn is convinced that what we gain is "a greater eagerness to do our work and a better sense of what that work actually is."

We can learn from men and women in the European Union, who work hard but still enjoy an average of five weeks of paid vacation per year. They often remark that they don't "live to work," as we do — instead, they "work to live."

So take a vacation this summer and a Sabbath day throughout the year — whether to honor God, your family or yourself.

Henry G. Brinton is pastor of Fairfax Presbyterian Church in Virginia and author of Balancing Acts.

Protecting All Waters (NYT)

The New York Times, July 3, 2006

Senator James Inhofe, a conservative Republican from Oklahoma, and Senator Lincoln Chaffee, a liberal Republican from Rhode Island, are at opposite ends of the earth on environmental issues. But both found themselves equally mystified by the recent Supreme Court decision on the Clean Water Act. The decision did nothing to clarify which waters were protected under the act and which were not.

Both agreed that only Congress can end the confusion. Both are right. Without Congressional intervention, the certain outcome is endless litigation and a steady decline of the nation's streams and wetlands.

The court issued what amounted to three opinions. Four conservatives led by Justice Antonin Scalia said the law protected only "permanent, standing or continuously flowing" water bodies, a judgment that would have exposed most wetlands and all seasonal streams — nearly 60 percent of the country's waters, by the government's own estimates — to dredging, dumping and development.

A liberal four-justice bloc argued the opposite, that the act protected all the nation's waters — a view that has been endorsed by every regulatory authority except President Bush's Environmental Protection Agency since the act's inception in 1972. The crucial ninth vote was cast by Justice Anthony Kennedy, who said in effect that each case should be judged on whether the water body in question had a "significant nexus" with a navigable waterway.

That saved the country from the blanket destruction of Justice Scalia's reasoning. But it, too, had no solid basis in the act itself and, worse, threatened to open matters up to continuous dispute.

There is a bill in Congress that would quickly resolve the issue. It is called the Clean Water Authority Restoration Act, and its purpose is to remove any ambiguities in the original law and to reassert, in clear terms, the act's intention to protect all the waters of the United States, large and small, permanent or seasonal, navigable or isolated.

This would also clarify things for the E.P.A. and the Army Corps of Engineers, the regulatory agencies charged with carrying out the law. With the law's scope in doubt, neither agency has known quite how to proceed — some developers received permits to dredge and fill wetlands and small streams, some did not. Congress can make sure that from now on the law is squarely on the side of clean water.

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Campaign Finance Bellwether (WP)

The Washington Post, July 3, 2006

AT FIRST GLANCE, the Supreme Court's decision last week striking down Vermont's campaign finance laws may seem like a defeat for proponents of reasonable regulation of election money. The court voided the toughest contribution limits in the country and refused Vermont's invitation to reconsider its long-standing hostility toward legal limits on campaign expenditures. In the long run, however, the decision may prove more silver lining than cloud. The Vermont rules never stood much of a chance; they are so strict as to present genuine problems. The important feature of the case is not its specific result but the way the court -- and its two newest justices -- reached that result. On this point, the decision is promising.

Ever since the Supreme Court handed down its landmark 1976 decision in Buckley v. Valeo , it has treated legal limits on campaign expenditures with the gravest of suspicion and treated limits on contributions to campaigns as presumptively valid as long as they are not too low. Both of these holdings have had detractors ever since. One flank, mostly conservatives, believes that contribution limits, too, are unconstitutional. The other, mostly liberals, wants to give legislatures control of spending limits. The Vermont law tested both prongs of Buckley . It not only contained a spending limit for state offices but also set contribution limits lower than does any other state in the country. The limits of $200 to $400 per election cycle, in constant dollars, amount to about one-twentieth of the $1,000 federal limit the court upheld in Buckley .

It is thus no surprise that the court balked. While the three most liberal justices, in dissent, would have used the case to give legislatures more authority on spending limits, this was never a plausible outcome. Rather, the case posed the danger that the court's new members, Chief Justice John G. Roberts Jr. and Justice Samuel A. Alito Jr., would join with the three justices who take a far more restrictive view of campaign finance under the First Amendment and would radically scale back legislative power to restrict money in politics. Not only did that not happen, but both joined an opinion by Justice Stephen G. Breyer that analyzes the Vermont law in the context of Buckley . In other words, despite an opportunity to declare themselves hostile to campaign finance regulation in general, both signed on -- Justice Alito somewhat equivocally -- to the court's long-standing doctrine that appropriately crafted contribution limits can survive constitutional scrutiny.

This is a far more significant development than the fate of Vermont's statute. It suggests that, notwithstanding the turnover in the court's personnel, a revolution in campaign finance law may not be in the offing.

How To Educate Young Scientists (NYT)

The New York Times, July 3, 2006

The United States could easily fall from its privileged perch in the global economy unless it does something about the horrendous state of science education at both the public school and university levels. That means finding ways to enliven a dry and dispiriting style of science instruction that leads as many as half of the country's aspiring scientists to quit the field before they leave college.

The emerging consensus among educators is that students need early, engaging experiences in the lab — and much more mentoring than most of them receive now — to maintain their interest and inspire them to take up careers in the sciences.

Some universities have already realized the need for better ways of teaching. But this means revising an incentive system that has historically rewarded scientists for making discoveries and publishing academic papers, not for nurturing the next generation of great minds.

The Howard Hughes Medical Institute, the country's largest private supporter of science education, is well ahead of the curve, and has been pushing universities in this direction for several years under the leadership of Thomas Cech, a Nobel laureate. The institute recently announced its latest batch of 20 "million dollar professors," who will use their grant money to explore and expand innovative approaches to teaching science.

The institute has also awarded grants to 50 universities aimed at providing richer undergraduate science education as well as mentoring and early research experiences with working scientists. Many of the grants will be used partly to advertise the virtues of scientific study not just at universities but also in high schools and middle schools.

These programs send a powerful message at a time when the country needs to be paying attention to remaking science education. Congress, which has been casting for ways to address this problem, would do well to emulate them.

Mr. Ehrlich In The Ring (WP)

The Washington Post, July 3, 2006

THE GOVERNOR of Maryland, Robert L. Ehrlich Jr., has spent four years compiling a so-so record. He has diminished a handful of modest victories and sensible policies by displaying a tin ear for political ethics and a pointlessly petulant style of governance that has compounded the partisan venom in Annapolis. Despite the obvious difficulties of being a Republican facing a legislature dominated by Democrats, he has often managed to be his own worst enemy.

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Those qualities, as well as the advantage that Democrats enjoy in the state, may help explain why Mr. Ehrlich, despite generally high approval ratings and a public persona that many voters find likable, paradoxically begins his campaign for reelection so far behind his Democratic rival, Baltimore Mayor Martin O'Malley. Naturally, the governor, who scored a come-from-behind victory four years ago, insists that he relishes the role of underdog -- although with an anticipated campaign war chest of $20 million, he's a very well-financed underdog indeed.

Expect a no-holds-barred campaign. Both candidates know how to hold a grudge. Both seem to think politics is intensely personal, a battle of egos and pride and personal honor. The governor claims not to read the newspaper because the coverage of his administration makes him so mad. For his part, the mayor, hypersensitive to perceived slights and slow to forget them, seems often to struggle with his own temper. What's more, the two don't care for each other and make no effort to disguise it.

So wouldn't it be a pleasant surprise if despite all the bad blood, chin-jutting and macho bluster, Mr. Ehrlich and Mr. O'Malley could focus on the issues that confront the state -- education and crime; good government and sound finances; containing the cost of health care and cleaning up the Chesapeake Bay? Wouldn't it be nice if the campaign looked and sounded like a contest of ideas between two grown-ups, and not a locker-room smack-down. That will be the real test of both candidates -- whether they have the capacity to wage a hard-hitting, substantive, mature campaign that is about Maryland and Marylanders, not just about Bob Ehrlich and Martin O'Malley.

LaRocco Engaging In Hand-to-Hand Combat (RC)

By Kate Ackley

Roll Call, July 3, 2006

Former lobbyist and one-time Rep. Larry LaRocco (D-Idaho), who disembarked from K Street earlier this year to run for lieutenant governor of the Gem State, recently kicked off a "handshake pledge" to show that he's in touch, literally, with voters.

LaRocco, who during a failed 1982 Congressional race took a job in every county of the district, launched a 25,000 handshakes/25,000 stories campaign in June.

"I'm shaking hands individually with Idahoans throughout the state and listening to what they have to say, their stories, their positions on various issues. I'm trying to get back to old-fashioned campaigning," LaRocco said. "Part of my theme is, I'm a good listener. I'm not going to do all the talking."

In order to keep track of just how many hands he actually shakes, LaRocco's camp has printed out palm cards numbered one through 25,000 to give to would-be voters during the handshake. Repeat customers, he said, don't get a second card.

As of late last week, LaRocco's count was up to 2,430 hands after a stop at a barber shop in Boise. "I'm in the car now, so that's the reason I'm not shaking hands," he said.

Last week, though, LaRocco shook some familiar hands in Washington, D.C. The candidate's son, Matthew LaRocco, who recently joined the firm Arnold & Porter, hosted a fundraiser at the shop on June 28.

"Some of my old buddies are co-hosting," the elder LaRocco said. Those buddies included fellow Reps.-turned-lobbyists Cal Dooley (D-Calif.) and Max Sandlin (D-Texas).

Foreign Agent Files. Clients from afar have been helping K Street firms expand their new-client rosters.

The all-Republican Barbour Griffith & Rogers recently sealed a deal with the National Dialogue Party of Lebanon for a monthly fee of at least $50,000. The work includes "developing, refining and expanding relationships between officials of the National Dialogue Party and US foreign policy-making apparatus in the Executive and Legislative Branches of the US Government," according to a contract filed with the Justice Department's foreign agent registration unit.

Meanwhile, Barbour Griffith's other international clients have helped the upstart firm Herald Group. Herald, whose partners include former White House spokesman Taylor Gross, is working with Barbour Griffith on Taiwan, and the Kurdish Regional Government in Iraq as well as India, which is lobbying for Congressional approval for a civil nuclear program.

"As a number of foreign-policy issues continue to take center stage before Congress and the executive branch, the Herald Group remains increasingly involved in providing strategic communications to foreign governments and organizations," Gross said. "With respect to these specific engagements, we are working with the leadership of Barbour Griffith & Rogers to help provide international clients with coordinated and effective public and government affairs services in Washington."

K Street Moves. Carolyn Doyle, a former aide to Sen. Arlen Specter (R-Pa.), has left her position as senior federal affairs representative at the MWW Group. On July 5, Doyle will start a new gig lobbying for the March of Dimes, a nonprofit group that focuses on health care to prevent birth defects. Doyle's title will be associate director of federal affairs.

· Karen Reidy, most recently with the former MCI, has joined the telecom trade association COMPTEL as its vice president for regulatory affairs. COMPTEL also promoted Jonathan Lee to general counsel and Mary Albert to assistant general counsel.

· Cable giant Comcast Corp. has picked up a new lobbyist. Peter Filon comes to the company as senior director, federal government affairs, from the House Energy and Commerce Committee, where he has served as minority counsel.

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· PR power-shop Qorvis Communications has signed Jim McGann as managing director. McGann is a 22-year veteran of AT&T, where he led media efforts in Washington, D.C.

· The U.S. Tuna Foundation has a new president. Anne Forristall comes to the fishy lobby from MGN Inc., where she advised a range of clients on legislative strategy.

· Lisa McGreevey is joining the hedge fund industry's primary trade group, the Managed Funds Association, as executive vice president and chief operating officer. McGreevey formerly worked at the Financial Services Roundtable as executive vice president of external affairs and president of the government affairs council.

· The public policy and law group at Dickstein Shapiro has added Brian Finch as counsel. He previously worked at McKenna Long & Aldridge, where he focused on homeland security matters.

· Benjamin McKay has been promoted to senior vice president of federal government relations at the Property Casualty Insurers Association of America.

· Trading one heavy-hitting Wall Street CEO for another, the Financial Services Roundtable has named Citigroup chief Charles O. Prince to replace newly confirmed Treasury Secretary Henry Paulson as chairman of the group.

Broad Experience For A Tall Job: A Hipper CNBC (WP)

By Howard Kurtz

The Washington Post, July 3, 2006

When Jonathan Wald was fired as executive producer of the "Today" show, he says, "I wanted to stay in the game and get back into the daily battle."

When Josh Howard was forced to resign as executive producer of "60 Minutes II" after the botched story on President Bush and the National Guard, "I frankly wasn't sure, after my last experience, whether I wanted to work in television again."

Both men landed at CNBC, where they are helping to retool programming on a business channel that has struggled in the ratings since the dot-com bust six years ago.

Wald helped launch the 7 p.m. weeknight show "On the Money," which takes a freewheeling approach to the financial side of pop culture. Howard is preparing the fall launch of a monthly magazine show that sounds suspiciously like "60 Minutes" and producing four documentaries, some of which may run as long as two hours.

The two executives are helping to move CNBC, which fixates on stocks and bonds during the day, toward a broader definition of business coverage. And they're finding it liberating to be freed from having to deliver mass audiences for the broadcast networks.

"We don't have to do a piece on Britney Spears because we need to drag in the 18-to-49-year-olds," Howard says. "It's a huge advantage."

Since its core mission is to cover Wall Street and corporate America, CNBC's fate is tied to public interest in the markets. So executives are trying to dream up new programming that will get more people into the cable tent. "We'd like everybody who has even a passing interest in business and markets and investment," says Mark Hoffman, who took over as CNBC president last year and would face stiff competition if Fox News follows through on plans for a business channel.

Hoffman wanted the evening lineup to reflect the network's core identity. CNBC's prime time has had more than its share of failures, including shows hosted by Dennis Miller and John McEnroe, leaving the channel turning to reruns of Conan O'Brien and "The Apprentice" and looking very much out of gas.

The O'Brien repeats gave way to "On the Money," which boosted viewership by 32 percent but still reached only 141,000 viewers over the past three months. The show, hosted by Dylan Ratigan, has been covering issues involving Hollywood (why is America obsessed with weekend box office grosses?), cyberspace (NBC's alliance with the post-it-yourself video site YouTube), and global business (a piece from Russia on the seizing of a factory that makes tubes for the kind of amplifiers once used by Jimi Hendrix).

"Business news and what people are talking about need not be mutually exclusive," says Wald, now a senior vice president. With segments such as "Ka-Ching" (on who's making big bucks) and running jokes (such as calling Fed Chairman Ben Bernanke "The Bearded One"), "On the Money" brings a fast-paced sensibility to potentially dull subjects.

Unlike "Today," where he was dropped in 2002 after 16 months on the job, "it's great to start something new and not just be the latest one to be handed the keys," Wald says. But even with cable's smaller audiences, he says, "the pressure and the stakes are just as high" as at NBC.

Howard, whose first documentary involves a behind-the-scenes look at a major airline, says the model is CNBC reporter David Faber's examination of Wal-Mart, which won Peabody and DuPont awards and has aired 35 times. "One of the nice things about cable is you get to run the stuff over and over again," Howard says.

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The magazine show, a blend of features, profiles and investigative work, will use some NBC reporters and "Dateline" staffers. "The pieces could look very much like '60 Minutes' pieces," says Howard, who is also developing two pilots with lighter themes. "The format works, so why reinvent it?"

Howard, a 14-year veteran of "60 Minutes," took a year off after the debacle over the National Guard story, which led to the departure of two other senior executives and the firing of Dan Rather's producer on the story, Mary Mapes. "It would have been depressing if I really felt my reputation had been ruined by this thing," Howard says.

CNBC's ratings are quite modest -- although understated, because many investors watch from their offices -- but the network remains a gold mine, generating an estimated $250 million a year in profit. That's because advertisers are willing to pony up for viewers whose median household net worth is more than $1.5 million.

After a long ratings slump, daytime business programming was up 41 percent in the last three months, to 217,000 viewers, over the same period last year. But Hoffman sounds nonchalant about the numbers, saying he's less concerned than most television executives.

"We're not a populist network," Hoffman says. "This is a niche network that is focused on a fairly narrow content area that appeals to a high-end audience."Live From Gitmo

When the Supreme Court ruled Thursday that the Bush administration exceeded its authority in arranging military tribunals for terror suspects, ABC's Terry Moran was at the perfect spot: Guantanamo Bay.

The timing was coincidental -- ABC had been pressing for access to the prison for months -- but the "Nightline" co-anchor did win Pentagon approval to extend his stay by one day after learning that the closely watched case filed by a Gitmo detainee was about to be decided.

Despite the great proximity, Moran had a frustrating week and couldn't get anyone there to comment on the ruling. "It's hard to do anything here because the security situation is so intense -- getting around, getting into the camps, what you can shoot when you're in the camps," he says from the U.S. base in Cuba. In fact, military censors must clear all videotape after ensuring that no detainees can be identified.

While Moran interviewed top officials of the camp, he says the Pentagon refused access to several detainees who had agreed in writing to talk to him. "As I've told our viewers, we can only get one side of the story," he says.Vanity Fair: Is It a Crime?

Henry Porter, Vanity Fair's London editor, had already gotten under Tony Blair's skin with a piece accusing the prime minister of using the fear of terrorism to wage an assault on civil liberties. Blair responded by conducting an e-mail debate with Porter that was published in London's Observer, where the writer has a column.

Two weeks ago a man carrying a placard with a George Orwell quote was arrested and charged with violating a law banning demonstrations within one kilometer of Parliament.

Steven Jago, who faces up to a year in jail, has said that police confiscated a copy of Porter's Vanity Fair piece, which he was carrying, and told him the article was "politically motivated material."

Says Porter, who has written a letter of complaint to the police: "The idea that a piece of journalism could be used as evidence of someone's criminal intent, when it's a mainstream journalism attack on the prime minister, it's a little step toward tyranny. That's astounding. It's frightening, really."Falling Star

"They had done a great deal of research, and her negatives were rising." -- Barbara Walters to the New York Times, explaining the decision to drop Star Jones Reynolds from ABC's "The View." So politicians aren't the only ones who live and die by opinion polls?

EDITORIAL WRAP-UP:

Crisis Postponed At The U.N. (NYT)

The New York Times, July 3, 2006

The United Nations steered clear of a financial shipwreck last week, but it also steered clear of approving urgently needed management reforms. That is a standoff, not a solution. If the less-developed countries blocking those reforms continue to dig in, the United Nations will suffer in diminished public credibility and greater resistance to dues-paying by some of the largest contributor nations, including the United States.

The less-developed countries — led by Cuba, Egypt, Pakistan and South Africa — are reluctant to yield the influence over management and personnel issues that comes with detailed control over U.N. spending. These poorer nations make up a decisive majority of the General Assembly. But most of the U.N.'s budget comes from the developed world, chiefly the United States, Japan and the European Union.

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The United Nations cannot move forward unless both groups are satisfied. And if it doesn't move forward, the less-developed countries will suffer the most.

One crucial reform would have given Secretary General Kofi Annan management flexibility on making job assignments. The less-developed majority flatly turned him down. Another reform would sharply pare down the roughly 9,000 directives of various kinds accumulated over the decades — many of them now outdated or redundant. The majority agreed only to a trivial reduction.

Less-developed countries complain that the demanding tone of donors has poisoned the atmosphere for compromise. That is partly true. America's U.N. ambassador, John Bolton, has particularly tried to bludgeon the resisters into submission with dire financial threats.

But these criticisms miss the point. The reforms are not a concession to Washington and other big donors. They are a necessity for all U.N. members. The U.N. cannot function effectively in the 21st century under budget and management rules that were originally devised for a much smaller organization. Successive embarrassments like the oil-for-food scandal should have made that painfully clear.

Taming The Tamil Tigers (LAT)

The Los Angeles Times, July 3, 2006

SINCE APRIL, SRI LANKA has experienced rising violence between the government and the Tamil Tigers rebel group, effectively gutting a 4-year-old cease-fire. But amid the carnage, leaders of both sides have been making unexpected conciliatory gestures, spurring hope that with the help of international monitors, full-scale war can be avoided.

The decades-old conflict between the Tamil rebels, who control portions of the country and want separate rule, and the Sri Lankan government has claimed more than 60,000 lives. More than 800 people have been killed since the November election of President Mahinda Rajapakse, a hard-liner who rode to victory on the heels of a Tamil boycott and with the support of ardent Sri Lankan nationalist groups.

Cease-fire monitoring by Norway and other countries broke down in early June when the European Union declared the Tigers a terrorist group, causing the Tigers to reject them as biased. Soon afterward, more than 60 people were killed in an explosion on a bus, and on June 26, a suicide bomber killed Sri Lanka's third-highest-ranking general. The Tigers have denied responsibility, and the government has wisely avoided retaliation.

Also in June, the so-called Sea Tigers attempted a large-scale raid on a ship carrying Sri Lankan soldiers. The navy thwarted the attack, but it demonstrated that the rebels' sea capabilities remain fairly strong, making an all-out war a real possibility.

Aiming to avoid that, Rajapakse recently offered to negotiate directly with the Tigers and rein in a paramilitary group run by a former Tiger who now attacks his one-time associates. The Tigers are considering the offer. Both sides also have made overtures to India, a significant move for the Tigers because they are believed responsible for the assassination of Indian Prime Minister Rajiv Gandhi in 1991. A senior Tiger officer expressed "regret" over Gandhi's death, the closest the group has come to admitting guilt.

The Sri Lankan government has requested Indian assistance in monitoring the Palk Strait between India and Sri Lanka to head off further attacks by the Tamil navy, but India hasn't indicated that it will change its largely hands-off policy.

A peaceful Sri Lanka is very much in India's interest; war could bring a stream of refugees and instability to India, particularly in the state of Tamil Nadu. India should start to take a more active role, while the EU must work for a return to the bargaining table. It isn't too late to head off a full-scale war.

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TERRORISM NEWS:

Bush Defends War On Terror Strategy At Fort Bragg. The AP (7/5, Riechmann) reports President Bush told 3,500 US troops and other guests at Fort Bragg yesterday "that insurgents in Iraq and Afghanistan are violent, yet vulnerable, and urged US troops to march on in the fight for freedom so Americans can celebrate Independence Day year round." At the "outdoor pep rally," Bush "recalled the death of Abu Musab al-Zarqawi, the former leader of al-Qaida in Iraq, who died last month in a US airstrike that boosted troop morale and offered hope to Americans weary of the war."

Of the networks, both ABC and CBS reported on President Bush's trip to Fort Bragg in their stories on the July 4th observances in this country. ABC World News Tonight (7/4, story 4, 1:40, Moran, 8.78M) reported, "President Bush traveled to Ft. Bragg, North Carolina to celebrate the day and pay tribute to soldiers there." President Bush: "You are serving our country in a time when our country needs you. And because of your courage, every day is Independence Day in America." The CBS Evening News (7/4, story 5, 0:30, Mitchell, 7.66M) reported, "By tradition, President Bush spent the day with the troops. He received an early birthday cake from soldiers at Fort Bragg North Carolina. The President's 60th birthday is Thursday."

The Los Angeles Times (7/5, Gosselin, 958K) reports Bush mounted "a feisty defense of administration strategy in the war on terrorism and to assert that America was winning the battles in Iraq and Afghanistan." The President "made only a passing reference to recent reports that Army Gen. George W. Casey Jr., the top U.S. commander in Iraq, had drafted plans to sharply reduce troop numbers in the violence-plagued nation by the end of 2007. Bush said Casey was working with the new Iraqi government 'on a path forward.'" Praising US forces "for the bravery they have displayed, Bush repeatedly said that he would not set an 'artificial timetable' for withdrawal."

The Washington Post (7/5, A3, Baker, 744K) also says Bush, "surrounding himself with uniformed men and

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women…again vowed to resist calls to withdraw from Iraq." Bush said, "I'm going to make you this promise: I'm not going to allow the sacrifice of 2,527 troops who have died in Iraq to be in vain by pulling out before the job is done." Bush's "appearance here came more than three years into a war that has proved more difficult than he imagined and sapped support among the U.S. public." Against this "backdrop, the White House has searched for a formula that will preserve Republican control of Congress in November's midterm elections, with Bush and his allies once again trying to portray themselves as the party of national security." To "make his case, the president eschewed his usual civilian Fourth of July events and visited the 82nd Airborne Division and U.S. Special Operations Command here at Fort Bragg, where a year ago he delivered a prime-time television address intended to reverse the slide in support for the war."

The Washington Times (7/5, 90K) reports, "In his talk, Mr. Bush made a veiled jab at some Democrats who have called for an immediate withdrawal of US forces from Iraq. He said that setting a timetable for pulling out troops would undermine a fragile new Iraqi government, undercut the efforts of US troops and signal to the enemy that if they wait a little longer, American forces would leave Iraq."

The New York Times (7/5, Hauser, 1.19M) reports Bush "thanked American troops for their service in Iraq and elsewhere, rousing thousands of soldiers to applause by saying that they were winning the war, but warning them that it was far from over." Bush said since Zarqawi's death, "there have been 190 raids by coalition troops in Iraq, 700 enemy 'operatives' have been captured and 60 or more killed. He said fresh intelligence had helped American forces keep the pressure on terrorists, and that the United States would continue to strike at their networks." Bush "delivered his speech as violence persisted in Iraq with the kidnapping of a deputy minister in the Iraqi government."

The Fayetteville (NC) Observer (7/4, Cuningham) referred to Bush's "rousing Independence Day speech. He pledged to a cheering crowd not to 'pull out before the job is done.'" Bush, "wearing an open-necked olive-green shirt with his sleeves rolled up, spoke to a crowd of about 4,000 in the traffic circle around the Iron Mike statue. His back was wet with sweat as he worked the crowd at the end of his half-hour speech, which was carried live by some national cable news stations." The "crowd of soldiers and airmen in their duty uniforms frequently clapped and cheered during the outdoor speech — a contrast to the restrained crowd in dress uniforms Bush addressed in a visit to Fort Bragg just over a year ago."

The Raleigh News & Observer (7/5, Curliss) reports that during the rally, Bush "drew attention to one soldier -- Capt. Chip Eldridge, 36, who lost part of his left leg in a mine explosion while searching for insurgents in Afghanistan in late 2004. Eldridge, who later showed reporters his prosthetic leg, has been in rehabilitation and volunteered to return to duty. A husband with twin 3-year-old boys, he will return to combat next year, he said."

CNN's The Situation Room (7/4, Henry) reported, "Perhaps the highlight of the President's trip came when he actually met the special ops pilot who was the person who flew Saddam Hussein to the Baghdad airfield after he was pulled out of that spider hole dramatically a couple of years back. The President seemed to be surprised to be meeting, in fact, this pilot and at some point the President said that, 'Did you really do that? That was a good job.' It was not a surprise when the President actually spoke. In his remarks he spoke a lot about patriotic themes, he talked about the sacrifice in Iraq, saying that the sacrifice of military officials brings Independence Day to Americans every day of the year."

The Durham Herald-Sun (7/5, Phillips) says Bush described terrorist leader Abu Musab al-Zarawi's "last moments in the care of a US Army medic. 'One of the last things he saw was the face of an American soldier from Fort Bragg,' the president said." The reference brought "cheers" from the crowd.

Lawmakers Concerned About SCOTUS Use Of Geneva Accords. The AP (7/5, Yost) reports, "Of all the steps the Supreme Court could have taken to undercut President Bush's legal position in the war on terror, applying international law to al-Qaida probably would have been the worst." The AP continues, "That development came to pass Thursday and now Republicans are rushing to protect the cornerstone of Bush's thinking: Suspected terrorists are not entitled to protection under the Geneva Accords." The AP adds, "Sens. Mitch McConnell and Lindsey Graham said Sunday that Congress must address the Supreme Court ruling embracing Article 3 of the conventions in the military commission case of Osama bin Laden's former driver. … Article 3 prohibits outrages upon personal dignity, 'in particular humiliating and degrading treatment,' and bars violence, including murder, mutilation and torture." The AP notes, "In an election year, declaring that international law

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governs the war on terror reminds voters of some of the Republican administration's lowest moments: controversies over Justice Department 'torture' memos and allegations of abuse against detainees at Guantanamo Bay, Cuba. … McConnell, R-Ky., the second-ranking GOP leader in the Senate, said the 5-3 court decision 'means that American servicemen potentially could be accused of war crimes.' … Sen. John McCain, R-Ariz., also expressed concern about the decision, saying it 'is somewhat of a departure, in my view, of people who are stateless terrorists.' McCain appeared on ABC's 'This Week.'"

SCOTUS Ruling Is Rare Win For Defendant. The Wall Street Journal (7/5, Ben Winograd) reports, "The Supreme Court's rejection of the Guantanamo Bay military tribunals wasn't just a defeat of Bush-administration policy. The ruling also marked a rare win for a criminal defendant during the court's latest term." The Journal continues, "Defendants lost by a more than 2-1 margin during the term that began in October. In many votes, the two Bush appointees, Chief Justice John Roberts and Justice Samuel Alito, sided with police, prosecutors and prison wardens." The Journal adds, "Under decisions this term, prosecutors can use evidence police took after violating the requirement they knock and announce their arrival to execute a search warrant (Hudson v. Michigan). Juries may hear 911 telephone emergency recordings of witnesses whom defendants can't cross-examine (Davis v. Washington). Police may search parolees for any reason -- or no reason at all (Samson v. California). And states may carry out death sentences even when juries find that mitigating circumstances surrounding a defendant and his crime equal aggravating factors (Kansas v. Marsh). … To be sure, conservatives haven't reversed many 1960s-era criminal procedure rulings, such as Miranda warnings, to deter police misconduct. But the new justices, who have strong law-and-order records, already are pushing the pendulum to the right. 'There seems to be a new self-confidence or aggressiveness' by the court's conservative bloc, says Joshua Dressler, a criminal-law professor at Ohio State University."

SCOTUS Ruling Puts Administration In Hot Seat. The Long Island Newsday (7/5) reports, "The Supreme Court decision striking down the tribunal system created by the Pentagon for trying accused enemy combatants at Guantanamo Bay has apparently presented the Bush administration and its allies in Congress with two choices - both fraught with risk." Newsday continues, "They can use the GOP majorities in the House and Senate to put a quick congressional seal of approval on something close to the existing system, but run the risk that it too will be struck down by the court. … Or they can follow the path suggested by the court and devise a system embracing the procedural and other principles of the U.S. Uniform Code of Military Justice and the Geneva Conventions, but risk the possibility that few, if any, of the terrorists will be convicted. … And both choices, as well as attempting to chart a middle course, could set off the kind of protracted, internally divisive debate that the White House and GOP political strategists would not relish."

Schumer Seeks Review Of Anti-Terror Measures. The AP (7/3) reports, "Sen. Charles Schumer is urging the review of all the Bush administration's anti-terror programs in the wake of the Supreme Court's decision that military tribunals for Guantanamo detainees violate U.S. and international law." The AP continues, "Schumer, a New York Democrat and member of the Senate Judiciary Committee, called for the establishment of an independent commission to scrutinize the president's war on terror. … 'I am growing increasingly concerned about the Administration's stubbornly unilateral approach to these types of issues,' Schumer wrote Sunday in a letter to U.S. Attorney General Alberto Gonzales. 'The Administration has not only largely ignored the Congress, but has also badly miscalculated how its efforts would be evaluated by the Supreme Court...'"

The New York Daily News (7/4, McAuliff) reports, "In a letter to Attorney General Alberto Gonzales, Schumer, D-N.Y., called for a panel to do a 'top-to-bottom legal review' of all the White House's controversial terror efforts. … 'Before another administration procedure or policy is struck down by the Supreme Court, dealing another potential setback to the war on terror and the prosecution of terrorists, I urge you to establish an independent commission,' Schumer wrote." The News notes, "Schumer said it was particularly important to act while there are several other pending legal challenges to administration policies. Critics have said policies such as domestic eavesdropping exceed the president's powers. … Politicians on both sides of the aisle said Sunday that Congress likely would act quickly to give President Bush whatever power he needs to pass muster with the high court."

More Commentary. In an op-ed that rant in the Lawrence (KS) Journal World (7/5), Rosa Brooks, an associate professor at the University of Virginia School of Law, writes, "The Supreme Court on Thursday dealt the Bush administration a stinging rebuke, declaring in Hamdan v.

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Rumsfeld that military commissions for trying terrorist suspects violate both U.S. military law and the Geneva Convention. … But the real blockbuster in the Hamdan decision is the court's holding that Common Article 3 of the Geneva Convention applies to the conflict with al-Qaida — a holding that makes high-ranking Bush administration officials potentially subject to prosecution under the federal War Crimes Act." Brooks continues, "The provisions of the Geneva Convention were intended to protect noncombatants — including prisoners — in times of armed conflict. But as the administration has repeatedly noted, most of these protections apply only to conflicts between states. Because al-Qaida is not a state, the administration argued that the Geneva Convention didn't apply to the war on terror. These assertions gave the administration's arguments about the legal framework for fighting terrorism a through-the-looking-glass quality. On the one hand, the administration argued that the struggle against terrorism was a war, subject only to the law of war, not U.S. criminal or constitutional law. On the other hand, the administration said the Geneva Convention didn't apply to the war with al-Qaida, which put the war on terror in an anything-goes legal limbo. … This novel theory served as the administration's legal cover for a wide range of questionable tactics, ranging from the Guantanamo military tribunals to administration efforts to hold even U.S. citizens indefinitely without counsel, charge or trial. … Perhaps most troubling, it allowed the administration to claim that detained terrorism suspects could be subjected to interrogation techniques that constitute torture or cruel, inhuman and degrading treatment under international law, such as 'waterboarding,' placing prisoners in painful physical positions, sexual humiliation and extreme sleep deprivation. … For prosecutions to occur, some federal prosecutor would have to issue an indictment. And in the Justice Department of Atty. Gen. Alberto Gonzales -- who famously called the Geneva Convention 'quaint' -- a genuine investigation into administration violations of the War Crimes Act just ain't gonna happen. … But as Yale law professor Jack Balkin concludes, it's starting to look as if the Geneva Convention 'is not so quaint after all.'"

CIA Disbands Unit Solely Dedicated To Finding Bin Laden. The New York Times (7/4, Mazzetti, 1.19M) reports the Central Intelligence Agency has "closed a unit that for a decade had the mission of hunting Osama bin Laden and his top lieutenants, intelligence officials confirmed Monday." The "unit, known as Alec Station, was disbanded late last year and its analysts reassigned within the C.I.A. Counterterrorist Center, the officials said." The decision is "a milestone for the agency, which formed the unit before Osama bin Laden became a household name and bolstered its ranks after the Sept. 11 attacks, when President Bush pledged to bring Mr. bin Laden to justice 'dead or alive.'" Intelligence officials said the "realignment reflects a view that Al Qaeda is no longer as hierarchical as it once was," and a "growing concern about Qaeda-inspired groups that have begun carrying out attacks independent of Mr. bin Laden and his top deputy, Ayman al-Zawahiri."

Bin Laden Calls For Attacks On Shiites In Iraq. CNN's The Situation Room (7/3, Ensor) reported, "In his fifth taped message this year, Osama bin Laden calls for attacks against Shiites in Iraq, and all those who support the government of Prime Minister al-Maliki or the United States. … It is a sharper tone than bin Laden and his deputy have so far taken against Iraqi Shiite, apostates, as he calls them, though he only calls for killing those who support the Iraqi government."

Experts Say Congress Should Avoid Major Changes In Detainee Policy. The AP (7/4, Yost) reports legal experts "urged Congress to forgo far-reaching changes following" the Supreme Court's ruling in Hamdan vs. Rumsfeld, in which the court ruled the White House had exceeded its authority in ordering military tribunals for Guatanamo Bay detainees. The "calls for caution stem from the Supreme Court's embrace of Common Article 3 of the Geneva Conventions in a military commission case against Osama bin Laden's former driver." Duke University law professor Scott Silliman "said the court did not extend Article 3 protections to anyone outside of detainees facing trials before military commissions — just a handful of the more than 400 prisoners at Guantanamo Bay."

France Tries Six Former Guantanamo Detainees On Terrorism Charges. The New York Times (7/4, Smith, 1.19M) reports six former detainees "from the United States Naval Base at Guantánamo Bay, Cuba, went on trial" in Paris on Monday, "accused of past terrorist links." The US "released the six men, all of them French, in two groups, in July 2004 and March 2005. All but one of the men — Brahim Yadel, 36 — were freed pending trial after several months of further detention by the French authorities." The men are

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"accused of training in a camp run by Al Qaeda near Kandahar, Afghanistan, during the months before the Sept. 11 attacks in the United States. If found guilty, they face up to 20 years in jail under a French antiterrorism law that makes 'associating with criminals in relation to a terrorist enterprise' a crime."

Treasury Official Faces Hurdles In Increasing Financial Pressure On Hamas, Iran. The Washington Post (7/5, A11, Linzer, 744K) in a positive profile of Treasury Department Undersecretary for Terrorism and Financial Intelligence Stuart Levey credits him with taking a more diplomatic approach by not condemning the disclosure of the terrorist finance tracking program saying he "made his disappointment over the reports strongly known without resorting to attack. It is a style that separates him from some within the administration he serves while bringing him closer to others." His non-confrontational approach has been successful. After joining the Treasury Department "he discovered, that simply asking bank managers to drop their business with Kim Jong Il worked better than surprising them with public embarrassment, as had been the strategy during Bush's first term." But using the same strategy against Hamas and the Iranian government, "have proven more challenging." His "direct approach with bank managers still comes in handy, but he has had difficulty persuading allies to sign on to a plan that will cost them in Iranian trade and oil." Levey said, "I've been in lots of meetings with foreign officials where I tell them what I want, and they look like they want to show me the door."

British Military, Police Under Stress In War On Terror. The New York Times (7/4, Cowell, 1.19M) reports Britain's "effort to curb terrorism — like that of the United States — is fought on a broad front, from the dark conspiracies of homegrown bombers to the resurgent Taliban in Afghanistan." Both "contests seemed to have intensified, with suggestions that British troops in Afghanistan were overstretched while the government and the police at home were locked in a duel with the judiciary over the handling of terrorism suspects." The High Court last week "rejected the government's use of a form of house arrest for terrorism suspects, saying it ran counter to human rights laws," while in Parliament "lawmakers discussed increasing the maximum period of detention without trial for terrorism suspects to 90 days, from 28 — a proposal strongly opposed by civil libertarians." Meanwhile, British commanders in Afghanistan "say they have requested further equipment to fight insurgents in southern Helmand Province, where five British soldiers have been killed in recent weeks, two of them over the weekend." The debates "have sharpened as Britain prepares to commemorate the 52 people killed by four suicide bombers in London last July 7, offering a reminder of the stakes and scope of the campaign against terrorism."

Kristof Says Administration Effort To "Tame" Media Is Dangerous. In his New York Times column (7/4), Nicholas Kristof says that with President Bush "leading a charge against this 'disgraceful' newspaper, and a conservative talk show host, Melanie Morgan, suggesting that maybe The Times's executive editor should be executed for treason, we face a fundamental dispute about the role of the news media in America. At stake is the administration's campaign to recast the relationship between government and press." But "historically, we in the press have done more damage to our nation by withholding secret information than by publishing it." So "be very wary of Mr. Bush's effort to tame the press. Watchdogs can be mean, dumb and obnoxious, but it would be even more dangerous to trade them in for lap dogs."

State Department Official Defends US Rendition Policy. U.S. Department of State Legal Adviser John Bellinger III in a letter to the editor in the Wall Street Journal (7/5, 2.11M) defends the US renditions policy saying the State Department disagrees with the Venice Commission's assertion "that there are only four legal ways to transfer a prisoner to foreign authorities: deportation, extradition, transit, and transfer of a sentenced person to serve that sentence in his country of origin." Bellinger states, "As the European Commission on Human Rights found, renditions are not per se unlawful, though important principles must be protected. Renditions should not be used to transfer terrorist suspects to face torture, and the U.S. does not transport anyone, and will not transport anyone, for this purpose. We believe, however, that the international community must continue to be able to use renditions not only to bring terrorists to justice but also to prevent terrorist suspects from remaining at large to plan future attacks."

Congress Urged To Increase Oversight Role Of Administration National Security Policies.

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Balch & Bingham attorney Stephen Gidiere, in an op-ed in USA Today (7/5, 2.31M) raises questions about the success of the Freedom of Information Act's on its 40th anniversary. Focusing on the Bush Administration, Gidiere states that even prior to the 9/11 attack, "President Bush has repeatedly asserted his constitutional power to hide information from the American people, Congress and the courts." Bush "says he's using that power only to track down terrorists, but we'll never know because the eavesdropping program is, well, secret." And "Congress seems happy to abdicate its power to the president. FOIA's 40th anniversary is the perfect opportunity for Congress to reassert its role." Gidiere concludes, "There will always be secrets, and good government requires a balance between secrecy and openness. This balance must be constantly adjusted as circumstances change. But right now, Bush is pulling hard on his side of the rope, and no one is pulling back."

Cohen Defends NYTimes Decision To Publish Details Of Anti-Terror Programs. The New York Times continues its now-daily defense of its decision to publish details of US national security programs. Roger Cohen in his column in the New York Times (7/5, 1.19M) cites President Bush's and Vice President Cheney's objections but in particular takes issue with White House press secretary Tony Snow's accusation that the New York Time's placing "the public's right to know" over "somebody's right to live" as "an offensive way of framing the core of this debate." Cohen argues "Making a society safe is not everything. The Soviet Union was safe enough. … American liberty thrives on a division of power that endless war should not be allowed to erode." Therefore, "publishing may be patriotic, a defense rather than a betrayal of America."

US Crackdown On Possible Terrorist Financing Criticized As Too Broad. Michael Young, opinion editor at the Daily Star newspaper in Beirut and a contributing editor at Reason magazine, in an op-ed in the Wall Street Journal (7/5, 2.11M) uses his own personal example of having his US bank account closed because he lived in Lebanon as an example of how the Patriot Act was having a negative effect in the war against terrorism. Sun Trust "decided to discontinue financial services to any 'individual residing in an OFAC [the Treasury Department's Office of Foreign Assets Control] sanctioned or other high risk country.'" Young says his problem with Sun Trust "highlighted how, in the name of national security, the U.S. government and institutions coping with its requirements may be throwing the baby out with the bathwater. Banks indiscriminately sanctioning depositors in risk countries owe them a minimum of privacy and the benefit of the doubt. Fighting terrorism won't work if most of those paying the price happen to be on your side."

Ignatius Warns Administration Against Politicizing Terror Policy Debate. Two opinion pieces in the Washington Post accuse the Administration and Republicans of placing politics before national security in the debate over national counter-terrorism policies. David Ignatius in his column in the Washington Post (7/5, A13, 744K) writes, "The Bush administration's press-bashing campaign may be good election-year politics, but it is adding a poisonous new element to the national security debate at the very time the administration ought to be trying to rebuild a bipartisan consensus." The Supreme Court's ruling against the Administration's detainee policies "completed the collapse of the temporary post-Sept. 11 system. The administration should be working carefully with Congress to build a permanent legal framework -- rather than using anti-terrorist agitprop against the New York Times in an effort to patch together the old scaffolding." The GOP "may pick up votes by berating the New York Times. And the administration may even be tempted to bring a criminal case to enforce the rules against leaking or publishing communications secrets. But those politically divisive steps won't give anti-terrorism programs the broader legal foundation they need, and in that sense, they won't make the country any safer."

Meyerson Predicts Republicans Will Use Detainee Policy Debate For Partisan Purposes. Harold Meyerson in his column in the Washington Post (7/5, A13, Meyerson, 744K) writes that after the recent Supreme Court ruling on US detainee policy, "Republicans have a choice. Working with the Democrats, they could craft a legislative response that incorporates both halves of the court's decision, guaranteeing the legality of the new procedures -- but forfeiting a major opportunity to demagogue against Democrats between now and November. Or, as they do roughly 100 times out of 100, they could simply choose to go for the politics. A bill that gives the force of law to the administration's kangaroo courts could surely pass the House with close to unanimous Republican support. In the Senate, so many Republicans might demur that such a bill could fail. No matter: Some Democrats in

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both houses would surely vote against such a bill, which Rove and Co. would use to brand the party as one big Osama Enabling Society. And the rule of law? That's so pre-Sept. 11."

HOMELAND RESPONSE:

Nebraska ACLU Files FOIA Request For FBI Surveillance Of Peace Groups. The Lincoln Journal Star (7/4) reported, "The Nebraska affiliate of the American Civil Liberties Union said Monday it filed a records request with the Federal Bureau of Investigation to determine if the agency has illegally spied on Nebraskans." Citing "recent news reports that said the agency has spied on Quakers in Colorado and Catholic Peace Ministries in Iowa, among other 'peaceful groups,'" Nebraska ACLU legal director Amy Miller said, "Since we have people working for peace and justice in Nebraska who are criticizing the current administration, we fear the FBI has been illegally spying in our state, too." The Journal Star added, "The ACLU filed the request…on behalf of itself, Nebraskans for Peace, Speak Out at Stratcom, Nebraskans for Justice and seven citizens who are active in those groups." The AP (7/4, O'Hanlon) noted, "One of the individuals named in the request is Malcom Miles, who helped organize the Speak Out at Stratcom event on the anniversary of the bombing of Hiroshima. 'It is frightening to know that the FBI may have been involved in spying on a group of Nebraska citizens who planned a legal and peaceful event in full cooperation with the Omaha Police Department, the United States Air Force, the University of Nebraska at Omaha and the cities of Omaha and Bellevue,' he said. 'The FBI should be concerned about protecting us from serious threats, not worrying about legal, peaceful, public gatherings.'"

Former White House Official Hired For Top NYPD Counterterrorism Post. The New York Times (7/5, Baker, 1.19M) describes how former White House national security policy expert Richard Falkenrath was recently offered a position as deputy commissioner for counterterrorism in the New York Police Department. As someone who helped create the DHS he has extensive policy experience, but "this operational post…is something of a departure. At least one former head of the city's Office of Emergency Management, while praising Dr. Falkenrath personally, called him a surprising choice. But Commissioner Kelly says his department can quickly give its new deputy commissioner any seasoning he may need." And "the F.B.I. has praised the choice. In a statement last Wednesday it said the bureau's director, Robert S. Mueller III, had worked closely with Dr. Falkenrath and acknowledged 'his distinguished history of public service.'"

NYTimes Advocates Listing Names Of 9/11 Victims Randomly At WTC Memorial. The New York Times (7/5, 1.19M) in an editorial examines the debate over how the names of the victims of the 9/11 attacks should be presented at the Ground Zero memorial. The original plan called for the names to be recorded randomly, "to acknowledge the randomness with which death struck on that day and to honor the individuality of every victim." But, "many 9/11 family members have argued that the names should be grouped by the tower they died in, the company they worked for, and the floor they worked on. The impetus is, in part, the desire to place loved ones in their context, to provide a richer narrative for each individual." The Times states, "To us, the most respectful acknowledgment we can make to them is to acknowledge them as individuals" and rank them randomly regardless of status.

Lagging Hospital, School, City Services Limit Repopulation Of New Orleans. In a New York Times op-ed (7/5), Matt Fellowes of the Brookings Institution, Bruce Katz and Amy Liu of the metropolitan policy program, and graphic designer Nigel Holmes says, "Last week this newspaper reported that more than $2 billion in reconstruction aid for the victims of Hurricane Katrina had been lost to 'scams, schemes and stupefying bureaucratic bungles.' Add to this the inexcusable $7 billion allocated for temporary trailers and mobile homes, which cost far more than available rental apartments, and the scale of waste is stunning. Nonetheless, the vast majority of the $107 billion we calculate has been allocated by the federal government has been converted by public officials and private leaders into a substantial amount of progress." As a graphic included "indicates, problems in reopening hospitals and schools and in getting city services operating will make it hard for New Orleans to attract new families, particularly the service workers that support the tourism industry."

Inmates Remain Source Of Cheap Labor In Louisiana. The New York Times (7/5, Nossiter, 1.19M)

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reports many people "in East Carroll Parish, as Louisiana counties are known, say they could not get by without their inmates, who make up more than 10 percent of its population and most of its labor force. They are dirt-cheap, sometimes free, always compliant, ever-ready and disposable." National prison experts "say that only Louisiana allows citizens to use inmate labor on such a widespread scale, under the supervision of local sheriffs. The state has the nation's highest incarceration rate, and East Carroll Parish, a forlorn jurisdiction of 8,700 people along the Mississippi River in the remote northeastern corner of Louisiana, has one of the highest rates in the state." As a result, "it is here that the nation's culture of incarceration achieves a kind of ultimate synthesis with the local economy. The prison system converts a substantial segment of the population into a commodity that is in desperately short supply — cheap labor — and local-jail inmates are integrated into every aspect of economic and social life."

WAR NEWS:

Former GI Accused Of Raping Iraqi Woman, Killing Three Family Members. The Financial Times (7/4, Yeager) reports, "Steven Green, 21, who was discharged from the US army 'due to a personality disorder' before the case came to light, was arrested on Friday and appeared in federal court in North Carolina on Monday." According to an affidavit filed on Monday, Green, "who had been stationed in Iraq with the 101st airborne division, conspired with three other soldiers to rape a woman who lived near the traffic checkpoint they manned in Mahmudiya, south of Baghdad. … After participating in the rape of the woman, Mr Green shot and killed her, according to the charges. He also allegedly shot and killed three family members – an adult male, an adult woman, and a girl – who were in the house, prosecutors said." The charges "come amid several investigations into alleged killings of Iraq civilians by US servicemen." The allegations "are likely to further fuel anti-US sentiment in Iraq and add to calls that the US withdraw its troops."

ABC World News Tonight (7/3, story 3, 1:45, Kerley, 8.78M) reported, "The three other soldiers are still serving in Iraq. They are being questioned. They have not been charged. This is the same company that just a couple of weeks ago had two soldiers kidnapped, tortured and killed."

The CBS Evening News (7/3, story 3, 1:45, Mitchell, 7.66M) reported, "They are the worst, most shocking charges yet leveled at US troops serving in Iraq." CBS (Stewart) added, "Obviously this was a brutal crime by any standard and one obvious question is whether insurgents later targeted this unit in reprisal for the murders. There's no evidence that's the case and we may never know." On its website, USA Today (7/4, Johnson) also notes "the suspects belong to the same unit as two soldiers kidnapped and killed south of Baghdad last month, a military official told the Associated Press on condition of anonymity because the case is underway." The military "has said that one and possibly both of the slain soldiers were tortured and beheaded. The official said the mutilation of the slain soldiers stirred feelings of guilt and led at least one member of the platoon to reveal the rape-slaying on June 22."

On NBC Nightly News (7/3, story 3, 2:40, Curry, 9.87M), Eugene R. Fidell, a military law expert, was shown saying, "If they prove to be true, it's a very disturbing set of facts and it's certainly going to have a terrible effect on relations with the Iraqi people." NBC (Miklaszewski) added, "If convicted of murder, Green could face the death penalty. Because he's a civilian, Green's been charged in Federal court but Army officials say there's still an outside chance he could be recalled to duty and face trial before a military Court Marshal. Ann."

The Los Angeles Times (7/4, Spiegel, 958K) reports, "The killings have fanned unease between Iraqi officials and the US military, and the incident in Mahmoudiya, south of Baghdad, is considered likely to aggravate tensions further because of its violent, sexual nature."

The New York Times (7/4, Cloud, Semple, 1.19M) reports, "The rape victim was identified in the American court documents as a 25-year-old woman, but there have been conflicting accounts of her age. In Iraq, the mayor of Mahmudiya said Monday that the rape victim had been only 15 years old." The mayor, Mouayid Fadhil, "said that those killed included the rape victim's parents and her 7-year-old sister, and that the attackers also tried to set the rape victim's body on fire, apparently in an effort to cover up evidence." A White House spokeswoman, Dana Perino, said, "The president has full confidence in the military to investigate alleged crimes and to punish anyone convicted of abhorrent behavior that dishonors the proud traditions of our military. He will not comment on ongoing investigations so as not to prejudice the outcome; however, he believes that 99.9

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percent of our men and women in uniform are performing their jobs honorably and skillfully and they deserve our full appreciation and gratitude."

The Washington Post (7/4, White, 744K) reports, "The case is the fifth in recent weeks in which US troops have been accused of killing civilians in Iraq, a spate of incidents that has drawn attention to the way U.S. forces operate in what is often a complex and confusing battlefield. The rape and murder allegations against Green, however, detail a crime that appears to have had little if anything to do with the prosecution of the war itself." According to an affidavit by FBI Special Agent Gregor J. Ahlers, "the crimes appeared carefully crafted." The AP (7/4, Whitmire) says "an official familiar with details of the investigation in Iraq has told The Associated Press that a flammable liquid was used to burn the rape victim's body in an attempted cover-up." The affidavit "noted that prosecutors have photos taken by Army investigators in Iraq of all four bodies found inside a burned house and a photo of a burned body of 'what appears to be a woman with blankets thrown over her upper torso.'"

Iraqi Officials Express Outrage Over Rape-Slay Case. USA Today (7/5, 2.31M) reports, "Iraqi officials expressed outrage Tuesday over charges that a US soldier raped a young Iraqi woman and murdered her and her family." The rape and murder charges "were made public Monday when Steven Green, 21, appeared in federal court in North Carolina. The military said at least four other soldiers still in Iraq are under investigation in the March 12 slayings of the woman, her parents and her younger sister in Mahmoudiya, about 20 miles south of Baghdad."

The AP (7/5) reports, "Iraq's justice minister Tuesday condemned the alleged rape-slaying by U.S. soldiers of an Iraqi woman and the killing of her family. … 'If this act actually happened, it constitutes an ugly and unethical crime, monstrous and inhuman, and is a violation of international and Geneva conventions,' Justice Minister Hashim Abdul-Rahman al Shebli, a Sunni Arab, said in a statement." He "demanded that the United Nations Security Council and other international organizations make sure troops are punished."

The Washington Times/AP (7/5, Gamel) reports, "Iraqi lawmakers blasted the United States on Tuesday over an alleged rape-slaying case, while a southern governor said he was resigning amid fears Iraqi forces cannot handle security once coalition troops transfer responsibility there this month." Two women legislators "called for Prime Minister Nouri al-Maliki to be summoned to parliament to give assurances that justice would be done in the March 12 slaying of four members of a family in Mahmoudiya. A teenage girl allegedly was raped before being killed. … The two lawmakers, Safiya al-Suhail and Ayda al-Sharif, said condemnation was not enough. 'We demand severe punishment for the five soldiers involved,' al-Sharif said. 'Denouncements are not enough. If this act has taken place in another country, the world would have turned upside down.'"

Another AP story (7/4, Reid) says "allegations of US soldiers abusing civilians often draw more media attention in the United States than in Iraq. And they generate little more than perfunctory statements from Iraq's leaders, who depend on American troops for their political and physical survival." However, "such reports do serve to motivate insurgents, who seize upon them for propaganda value. The allegations also undermine public confidence in the US-backed government and complicate America's hopes of reducing forces."

Pace Pledges Full Investigation. The AP (7/4, Whitmire) reports, "The chairman of the Joint Chiefs of Staff vowed Tuesday to get to the bottom of charges that a former solider raped and killed a young Iraqi woman and shot her family to death. Three other soldiers still in Iraq are suspected of joining in the crime and helping cover it up." Marine Gen. Peter Pace said yesterday, "Any such acts on the part of a US servicemember, if proven to be true, are totally unacceptable. We know that in uniform, and our fellow citizens know that…If there are those who have done things as they have been accused of, we will get to the bottom of it. We will do the investigations, we will find out what the truth is, and, if necessary, we will take those who deserve to be taken to court so they can have their day in court."

Probe Looking Into Unit Oversight Issues. The New York Times (7/5, Wong, 1.19M) reports, "The military investigation…is looking at whether poor oversight within the soldiers' unit helped give them the chance to operate on their own, American military officials said Tuesday. … The procedures will be given a 'top-down scrub,' one of the officials added. This broad approach to the investigation leaves open the possibility that senior officers in the unit, the 502nd Infantry Regiment of the 101st Airborne Division, may be implicated later."

Iraqi Government Considers Arming Insurgents To Fight Al Qaeda. USA Today (7/5, Jervis, 2.31M) reports, "Iraq's government is studying a

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request from some local insurgent leaders to supply them with weapons so they can turn on the heavily armed foreign fighters who were once their allies, according to two Iraqi lawmakers. Leaders claiming to represent about 11 insurgent groups asked for weapons to fight foreign al-Qaeda elements in Iraq, said Haider al-Ibadi, a Shiite lawmaker and member of Prime Minister Nouri al-Maliki's Dawa Party." The insurgent request "was confirmed by al-Ibadi and Mithal al-Alusi, another lawmaker. Al-Maliki was out of the country, and several officials in his office declined to comment. The request came out of talks between people claiming to represent insurgent groups and the Iraqi government." USA Today adds" the US military said insurgent talks are an Iraqi matter."

Activity In Baghdad Morgue Signals Increase In Violence. The New York Times (7/5, Tavernise, Nageeb, 1.19M) reports, "The central morgue said Tuesday that it received 1,595 bodies last month, 16 percent more than in May, in a tally that showed the pace of killing here has increased since the death of Abu Musab al-Zarqawi, Al Qaeda's leader in Iraq." Baghdad, "home to one-fourth of Iraq's population, has slowly descended into a low-grade civil war in some neighborhoods, with Sunni and Shiite militias carrying out systematic sectarian killings that clear whole city blocks." The Times adds, "To a large extent, control of the capital means control of the country, and Baghdad is at the center of efforts by American military officials and the new Iraqi government to stem the tide of violence."

US Forces To Bulldoze Area Of Ramadi Where Repeated Fighting Has Occurred. The New York Times (7/5, A1, Filkins, 1.19M) reports from Ramadi, "In three years here the Marine Corps and the Army have tried nearly everything to bring this provincial capital of 400,000 under control. Nothing has worked. Now American commanders are trying something new. Instead of continuing to fight for the downtown, or rebuild it, they are going to get rid of it, or at least a very large part of it." They "say they are planning to bulldoze about three blocks in the middle of the city, part of which has been reduced to ruins by the fighting, and convert them into a Green Zone, a version of the fortified and largely stable area that houses the Iraqi and American leadership in Baghdad." The idea "is to break the bloody stalemate in the city by ending the struggle over the battle-scarred provincial headquarters that the insurgents assault nearly every day. The Government Center will remain, but the empty space around it will deny the guerrillas cover to attack." Ramadi, "a largely Sunni Arab city, is regarded by American commanders as the key to securing Anbar Province."

Critics Say Iraq IG Trying To Create "Empire." The Washington Times (7/5, Scarborough, 90K) reports Stuart W. Bowen Jr., the Bush Administration's special inspector general for Iraq reconstruction (SIGIR), has "has near carte blanche to probe how the administration has managed nearly $70 billion in Iraqi and U.S. taxpayer rebuilding money. His rapid-fire series of reports on the reconstruction at times have seared the White House and delighted its Democratic critics. … If the White House thought it was getting a pushover by hiring a longtime legal adviser to Mr. Bush, well, it was wrong." The Times adds, "Since taking office in January 2004, Mr. Bowen's staff of more than 160 federal and contract employees have churned out an impressive array of work -- 55 audits, 165 recommendations, 42 project assessments and 112 reports based on satellite imagery." Critics "contend that Mr. Bowen gives little emphasis to a broad list of achievements in Iraq. … Anonymous critics also say Mr. Bowen is trying create an 'empire' with expanded power to investigate all sorts of operations in Iraq, not just rebuilding."

Blair Says Withdrawal Of "Substantial" Number Of UK Troops Possible In 2007. CNN's The Situation Room (7/4, King) reported that British Prime Minister Tony Blair said Tuesday "there could be opportunities over the next year and a half to withdraw a substantial number of British troops from Iraq. Prime Minister Blair pegged that troop reduction to the buildup of Iraqi forces."

Five Workers For US Base Killed In Afghanistan. The AP (7/4, Shah) reports, "A bomb hidden in a cart exploded Tuesday in a crowded intersection of downtown Kabul, injuring 10 people, and five Afghan laborers were ambushed and fatally shot on their way to a U.S. military base in eastern Afghanistan." The attacks "come amid a surge of violence by Taliban-led rebels, 12 of whom are killed in a clash with police." The bomb that went off in the Afghan capital "had been planted in a hand cart behind a car, said police official Mohammed Nabi. The explosion took place at a busy traffic intersection near the presidential palace, shattering windows at a movie theater and the nearby

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Justice Ministry." The New York Times (7/5, Gall, 1.19M) also reports the story.

CIA Closes Unit Overseeing Hunt For Bin Laden. Fox News' Special Report (7/4, Wilson) reported, "US intelligence officials today confirmed reports the CIA has closed…the unit assigned to oversee the hunt for Osama bin Laden. They say the unit shut down late last year because the agency is now more concerned about terrorists attacks independent of bin Laden and al Qaeda."

US Forces Celebrate Independence Day In Iraq, Afghanistan. NBC Nightly News (7/4, story 5, 2:15, Curry, 9.87M) reported, "For Americans in war zones, there was little opportunity to commemorate the day, no time off from the violence or from the need to maintain vigilance. But even on a holiday so far from home, troops found ways to note their special connection to the fight for freedom." NBC (Maceda) added, "Even in this sprawling furnace called Kandahar airbase, a few American soldiers managed to celebrate with an outdoor barbeque and Fourth of July fantasies."

The CBS Evening News (7/4, story 6, 1:45, Mitchell, 7.66M) reported, "For families of troops overseas in Iraq and Afghanistan are likely to be deployed soon, there was a bittersweet note to this Independence Day celebration, the fun somewhat muted by concerns for loved ones in harm's way." CBS (Acosta) went on to report from at Fort Hood, TX, where it showed Jessica Signor, a soldier's wife, saying, "They've been over there for a long time and I know some more -- longer than others -- so I know they're looking forward to coming home." CBS added, "For some that homecoming cannot happen soon enough. But at least for today, those concerns can be set aside. There will be a fireworks show later this evening and nobody does explosives better than the Army."

The Los Angeles Times (7/5, Barnes, 958K) reports that in Iraq, "most US troops marked the Fourth of July by doing the exact same thing they did on July 3: Patrolling the streets, training Iraqis, checking people into sleeping quarters or whatever their jobs entail. There aren't any fireworks, for obvious reasons."

US Troops In Iraq, Afghanistan Become Naturalized Citizens. The CBS Evening News (7/4, story 8, 2:55, Mitchell, 7.66M) reported, "It was an especially patriotic Fourth of July for some brand new Americans who became citizens half a world away. Twenty-six foreign-born members of the US military took the oath at a base north of Kabul in Afghanistan. A similar ceremony was held in Iraq for troops taking advantage of a new law that put them on the fast track to US citizenship."

ABC World News Tonight (7/4, story 8, 2:30, Moran, 8.78M) reported, "This Independence Day was a milestone for a group of soldiers in Iraq. In one of Saddam Hussein's former palaces, they became citizens of the country they're fighting to protect. They are at war. The nation's flag emblazoned on their uniforms. But it wasn't until today…that they became Americans." NBC Nightly News (7/4, story 6, 2:30, Curry, 9.87M) said the "76 men and women…were born in 29 different countries but they are all wearing one uniform and fighting for one nation -- the United States. Yet when they joined, not one was even an American citizen."

Air Force Captain Stationed In Iraq Criticizes "Politicians In Washington." F. John Duresky, an Air Force captain stationed in Iraq, writes in the Washington Post (7/5, A13, 744K), "Yesterday millions of Americans celebrated Independence Day," and "today Americans go back to their normal business. The politicians in Washington have made sure the sacrifices of the war are borne by the very smallest percentage of Americans. They won't even change the tax rates to prevent deficits from running out of control. Future generations will pay the cost of this war. Many Americans feel strongly about the war one way or another, but they aren't signing up their children for service or taking the protest to the streets. What can they do? It is they whom we in the military trust to influence our leaders in Washington." Duresky adds, "Today, as on every other day in Iraq, American servicemen are in very real danger. Our country is at war. Mothers, fathers, wives, husbands and children are worrying about their loved ones in a faraway land. They all hope he or she isn't the one whose luck runs out today."

US Military Radio Host In Iraq Profiled. The Washington Post (7/5, A8, Finer, 744K) profiles "the US military's most popular radio host in Iraq," Spec. Kristen King, 21, whose "sugary twang a product of her Shreveport, La., upbringing. … A reservist halfway through a journalism degree at Louisiana State University, King is energetic and apple-cheeked, with a tireless smile. She wears desert camouflage fatigues, and her straight brown hair is pulled tightly behind her head. Her program, 'Country Convoy,' is four hours of down-home Americana beamed throughout Iraq

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from a fiberglass trailer tucked amid a warren of identical units in the fortified Green Zone."

CORPORATE SCANDALS:

Mercury Interactive Review Finds Options Backdating. The San Jose Mercury News (7/5, Garner) reports, "More than a year and a half after regulators began examining its stock options practices, Mercury Interactive said Monday that it has found 54 intentional acts of backdating options, from 1994 until March 31, 2005, to inflate senior executives' compensation." The News continues, "Mercury's former senior management 'deliberately' overrode controls to prevent backdating, the Mountain View company said in a regulatory filing." The News adds, "Mercury, a maker of software to test computer programs, was one of the first valley companies to come under suspicion for options granting practices, a controversy that has now widened to include about two dozen valley companies. … In November, three senior executives -- then-Chief Executive Amnon Landan, Chief Financial Officer Douglas Smith and General Counsel Susan Skaer -- resigned after a special committee of board members determined that top executives had manipulated dates of option grants over a decade. … The filing Monday by the maker of software to test computer programs suggested that regulators are starting to go after directors as well. Mercury said directors Igal Kohavi, Yair Shamir and Giora Yaron on June 23 received so-called Wells notices from the U.S. Securities and Exchange Commission, warning that the agency may seek to permanently bar them from the boards of any public company. The SEC is considering charges alleging each director knew or should have known about the manipulation of option grant dates. Mercury said it has accepted those directors' resignations."

The Financial Times (7/5, Grant) reports, "The stock options backdating scandal in the US widened this week as four companies said they were being investigated by the Securities and Exchange Commission or federal prosecutors." The Times continues, "Mercury Interactive, a California-based business software company, said three of its directors had offered to step aside from the company's audit and compensation committees after being told by the SEC it was considering a civil enforcement action against them for violations of federal securities laws. .. About 60 companies have said they are subject to government probes. Many are also conducting internal reviews." The Times adds, "Authorities want to know whether companies falsified documents to make the backdated granting of an option appear on a different date from that already announced by the company. … They also want to know whether stock options that were backdated were properly accounted for and disclosed to shareholders. … A number of companies have already been hit with class action lawsuits from public pension funds and other shareholders claiming that the accounting effects of backdated options were not properly disclosed to them and that executives fraudulently pocketed profits as a result of the backdating."

The Wall Street Journal (7/5, Bandler, Forelle) reports, "In a sign that securities regulators may try to hold directors accountable for stock-option grant backdating, the Securities and Exchange Commission staff has said it is likely to pursue civil charges against directors of Mercury Interactive Corp., one of the first companies caught up in the options scandal, according to a regulatory filing." The Journal continues, "To fix faulty accounting, Mercury restated years of financial results, reducing its net income by $525.4 million from 1992 to 2004 -- nearly all due to options-related problems. The restatement for 2003 turned that year's reported profit of $41.5 million into a loss of $62.6 million. … An independent investigation led by a special board committee uncovered other troubles at Mercury, including improper management of earnings and a $1 million loan to the former chief executive that 'lacked documentation supporting its approval' by the board. … Mercury, of Mountain View, Calif., said three directors, including prominent Israeli businessman Yair Shamir, received so-called Wells notices, which signify the inclination of the SEC staff to pursue civil-securities charges against the individuals. Mercury said the directors have notified the SEC that they intend to challenge any charges, claiming they neither knew about, nor participated in, the alleged backdating."

CEOs Pushing Back In Dispute Over Executive Pay. The Wall Street Journal (7/5, Murray) reports, "Tired of being beat up over executive pay, big business is starting to push back -- a bit. … Today, the Business Roundtable, a lobbying group of chief executives of 160 of the largest companies in the U.S., is releasing a study showing the pay of CEOs, while still lush compared to that of a Starbucks barista, isn't as outrageous as some press reports suggest." The Journal continues, "The study, authored by compensation consultant Frederic W. Cook, is

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based on the 350 large public companies in the Mercer Human Resources Consulting database. And it finds that the median pay of CEOs -- which Mr. Cook argues is a better measure than average pay -- was $6.8 million last year, down slightly from its peak of $7 million in 2004. Those numbers include salary, bonus and the estimated value of options at the time they were issued, using the Black-Scholes method." The Journal adds, "That's a lot of money. But it's 'only' 179 times the pay of the average American worker -- not 475 times, a number of vague origins that has popped up in some media reports, including in this newspaper. (The Journal later issued a correction.) … Moreover, the study shows growth in CEO pay over the past decade has roughly tracked growth in shareholder returns. Median CEO compensation has grown 9.6% a year since 1995 -- compared with 9.9% growth in median annual shareholder returns. That, Mr. Cook argues, shows that these CEOs, as a group, are getting pay raises commensurate with performance."

South Korea Continues Probe Of Texas Firm. The New York Times (7/5, Fackler) reports, "South Korean authorities are continuing a high-profile investigation into Lone Star, the Dallas-based private-equity fund, fueling a public backlash against excessive profits made by foreign investment funds." The Times continues, "Just eight years ago, Lone Star was hailed as a savior, pouring money into companies crippled by South Korea's financial crisis. Today, it appears to be in danger of being run out of town in a flap that could threaten Seoul's attractiveness to foreign investors." The Times adds, "South Korea is investigating Lone Star for possible wrongdoing involving its takeover of Korea Exchange Bank. Lone Star's plan to sell the bank, earning a windfall profit of $4.4 billion, has provoked a public outcry, along with its attempts to avoid Korean taxes. … A separate investigation into allegations of embezzlement and bribery resulted in a raid on Lone Star's Seoul offices and the arrest of three businessmen linked to the fund. … Lone Star's troubles sit at the center of a growing uproar over the huge and often tax-free profits earned by foreign hedge funds and other investment funds, which like Lone Star are now cashing out of lucrative investments made here during and after the financial crisis. Most experts, however, describe the outcry as just growing pains of this country's rapid transformation into one of Asia's most open economies."

Federal Prosecutors Feel Vindicated By Sieglman, Scrushy Convictions. The Birmingham News (AL) (7/5, Chandler) reports, "In 2004, prosecutor Louis Franklin had a decision to make: Continue the 3-year-old investigation into Gov. Don Siegelman's administration or close the books on it for good." The News continues, "The easy thing would have been to walk away. … Siegelman was a popular politician with widespread support in the state. The Democrat had a bevy of skilled lawyers at his disposal. … 'What a lot of people don't know is, until we impaneled that special grand jury, this case was about to be closed,' Franklin said. … 'We knew this is going to be tough. They are going to have an explanation that people are going to want to believe. Nobody wants to believe a governor is trading on his office,' Franklin said." The News notes, "Franklin, chief of the criminal division in the Middle District of Alabama, inherited the case when his predecessor retired. Leura Canary, the U.S. attorney in the district, had stepped aside after a lawyer for Siegelman complained to the U.S. Department of Justice about her husband's long-standing ties to Republican politics. … Franklin and others decided to convene a special grand jury in June 2004. The investigation, put together from the privacy of an office in a leaky old airplane hangar, culminated Thursday with guilty verdicts against Siegelman and HealthSouth founder Richard Scrushy on bribery charges. … Franklin said the team of career prosecutors that drove the final years of the case felt vindicated by the verdicts after months of heated words between the two sides."

New Regulator Says Fannie, Freddie Roles Should Be Reduced, Not Eliminated. The Wall Street Journal (7/5, Hagerty, 2.11M) reports the new director of the Office of Federal Housing Enterprise Oversight, James Lockhart, said Fannie Mae and Freddie Mac "should retain an ability to help prop up the U.S. home-mortgage market in times of financial turmoil, the companies' new chief regulator said in an interview." Lockhart's remark "point to a possible compromise in the heated debate over the future role of the government-sponsored providers of funding for home loans." The Bush Administration "is pushing for legislation that would force the companies to shed most of their holdings of mortgages and related securities, totaling more than $1.4 trillion. But housing-industry officials and many members of Congress fret that strict limits on those holdings could deprive the housing market of a steady source of funding." Lockhart

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"said the mortgage portfolios held by Fannie and Freddie are far too large, creating the risk of serious damage to financial markets if the companies fail to control their interest-rate risks. But Mr. Lockhart still sees a role for those portfolios, on a smaller scale, in ensuring that plenty of money is available for home loans."

CRIMINAL LAW:

All 50 States Now Participating In Online Sex Offender Registry. The AP (7/5) reports, "US authorities said on Monday all 50 states have joined a national web site that lists addresses and other details of convicted sex offenders." The AP continues, "The states of South Dakota and Oregon were added last week to the registry, which 'provides real-time access to public sex offender data nationwide with a single Internet search,' the Department of Justice said in a statement." The AP adds, "The online database includes more than 500,000 convicted sex offenders who are required to register their address with local authorities. … The government-sponsored site 'allows parents and concerned citizens to search existing public state and territory sex offender registries beyond their own states,' the Justice Department said. .. Attorney-General Alberto Gonzales said the completion of the National Sex Offender Public Registry was 'good news' for parents and police. 'The constant effort to safeguard our children from sex offenders is never finished, but today's announcement marks a clear accomplishment on the side of protection,' Gonzales said in a statement."

Government Technology (7/5) reports, "The Justice Department announced the activation of a national registry Web site last year and initially linked 22 states to the site. Oregon and South Dakota recently passed the sex offender legislation that now allows the state to be included in the NSOPR as of July 1, 2006. With the addition of these two states inclusion, the registry connects 50 states, the District of Columbia and the territory of Guam the site. … 'With the inclusion of the last two states to the registry, the capacity grows for parents and communities to be informed and aware of sex offenders residing in their neighborhoods. We commend Oregon and South Dakota for making the site truly available nationwide.' said Regina B. Schofield, Assistant Attorney General for the Office of Justice Programs. 'The coordination among states, private organizations, and the Department of Justice moves us closer to making information about all registered sex offenders available to parents and concerned citizens.'"

Pennsylvania Violent Obscenity Case Moves Forward. The Pittsburgh Post-Gazette (7/4, Ward) reports, "The U.S. Supreme Court has refused to review a case in the Western District of Pennsylvania that involves the sale of violent, graphic pornography from California." The Post-Gazette continues, "A posting last week in U.S.A. v. Extreme Associates Inc. shows that the Supreme Court, on May 15, denied the defendants' request for a writ of certiorari." The Post-Gazette adds, "Attorneys for Robert Zicari and his wife, Janet Romano, who own Extreme Associates, asked the high court to review a December decision by the 3rd U.S. Circuit Court of Appeals reinstating the criminal charges against them. … They were indicted in August 2003 and charged with 10 counts of mailing obscene materials, transporting obscene materials and criminal conspiracy. The pornography that they produce depicts violent scenes, including women being raped and killed. … U.S. District Judge Gary L. Lancaster dismissed the indictment against the couple in January 2005, saying that federal obscenity laws violate the U.S. Constitution. … But in December, the appeals court disagreed with Judge Lancaster, claiming that he erred and that his decision ignored existing precedent."

Reed Targeted For Role In Abramoff Scandal. The Washington Times (7/5, McCain, 90K) reports, "Two weeks before his July 18 Republican primary showdown with state Sen. Casey Cagle," Georgia lieutenant governor candidate Ralph Reed "is locked in a battle for political survival. On Monday, after weeks of attack ads from Mr. Reed, the Cagle campaign fired back with what Georgia pollster Matt Towery termed a 'hydrogen bomb' -- a TV ad accusing Mr. Reed of 'betrayal' for his role in the Jack Abramoff lobbying scandal." Reed has "denied wrongdoing in the Abramoff affair. But the latest TV ad by Mr. Cagle -- a 12-year state Senate veteran whom Mr. Reed has accused of tax dodging, ethical violations and opposing property rights -- seems to have put the Reed camp in an angry mood." The new Cagle ad "shows Mr. Reed being played as a face card in a poker hand, an allusion to the casino-lobbying scandal that has sent Abramoff and two associates to federal prison and caused Democrats to accuse the Republican Party of fostering a 'culture of corruption.'" The Cagle campaign "defended the ad by citing a Thursday report in the Wall Street

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Journal that 'Abramoff appears to have funneled $4 million in fees from the Mississippi Choctaw to Mr. Reed's consulting firm' through tax-exempt organizations." The "most recent public poll, taken last Tuesday and Wednesday by Mr. Towery's Insider Advantage firm, shows Mr. Reed with 32 percent support to 27 percent for Mr. Cagle, a north Georgia businessman."

Norquist Accuses McCain Of Retribution In Abramoff Report. The Hill (7/5, Sheffield) reports prominent conservative activist Grover Norquist "says a Senate report connecting him with convicted felon Jack Abramoff is a personal attack from Sen. John McCain (R-Ariz.) that could hurt the senator's recent efforts to woo the right for a presidential bid." Norquist says the Senate Indian Affairs Committee report last month "outlining his efforts to funnel money from Abramoff's tribal clients to former Christian Coalition head Ralph Reed is riddled with half-truths and falsely implicates his nonprofit group, Americans for Tax Reform (ATR), in wrongdoing." Norquist says McCain, "chairman of the committee, issued the report in retaliation for Norquist's efforts to thwart McCain's 2000 presidential bid." Norquist said, "He has exhibited personal animus toward me. McCain, who's running for president and is ostensibly the front-runner, takes time and effort to throw a punch at me and Ralph Reed. Why? He has told people we stopped him in the presidential election last time, and he thinks we might do it again. He is delusional." The Hill adds McCain aides "said the 373-page report, the culmination of a two-year investigation, is a neutral, factual account of Abramoff's movements."

Illinois Man Pleads Not Guilty To Murdering FBI Informant. The Chicago Sun-Times (7/4, Fitzpatrick) reported, "An Alsip man pleaded not guilty Monday to shooting an FBI informant in May as federal agents monitored the weapons sting. Jerry T. Henderson pleaded innocent to 12 counts of murder and three counts of armed robbery in the fatal shooting of FBI informant Timothy Forrest in a Dolton parking lot, prosecutors said." The Sun-Times noted that Forrest "was shot twice in the head, according to the Cook County medical examiner's office. FBI agents did not hear any shots, the agency said in a statement." The AP (7/4) added, "FBI spokesman Tom Simon said after Henderson's arrest that the FBI took all the normal safeguards to protect the cooperating witness, adding there were inherent risks anytime a cooperating witness meets with a criminal."

Mariano Lawyer, Supporters Ask Judge For Leniency In Sentencing. The Philadelphia Inquirer (7/4, Shiffman, 423K) reported that on Monday, "Rick Mariano's lawyer and friends…asked a federal judge to exercise leniency, arguing that the former city councilman does not deserve to spend a decade in prison for taking bribes" when he is sentenced Thursday. "Prosecutors have sought 10 years, arguing that Mariano betrayed the public trust and intimidated witnesses during their investigation. Mariano's lawyer, Thomas A. Bergstrom, said that a 10-year sentence is 'too harsh' and that the councilman's discussions with his staff helped the FBI, rather than hurt it."

Blagojevich Calls Hiring Fraud Report "A Good Thing." In a widely-distributed story, the AP (7/5, Carpenter) reports, "Gov. Rod Blagojevich insisted Tuesday that continued findings of wrongdoing within his administration are 'a good thing' because they are being made by an inspector general he appointed to help him clean up state government. The Democratic governor, on the defensive amid ongoing revelations about possible misconduct in the way his administration hands out state jobs and contracts, told reporters at an Independence Day parade that the findings show his administration is aggressively going after those who break rules and laws. Reiterating a position he has taken as the hiring scandals mount, Blagojevich called them a consequence of his efforts to change government practices after 26 years of Republican governors."

California Red Cross Employees Sentenced To Prison For Hurricane Relief Fraud. The AP (7/4) reported, "Two men were sentenced to federal prison Monday after pleading guilty to a scam that bilked thousands of Hurricane Katrina funds from the American Red Cross." David Robert Candelaria and Harold Dennis Oats "worked as employees at a Red Cross call center in Bakersfield where they filed false claims to get money wired to themselves or to family and friends. U.S. District Judge Anthony Ishii sentenced Candelaria to 18 months in prison and Oats to 10 months. They were also ordered to repay $12,520." The AP noted, "The Red Cross contacted the FBI after it performed an audit and discovered an unusually high number of claims

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were being paid out at Western Union outlets in the Bakersfield area, even though few evacuees had moved there." The Bakersfield Californian (7/4, Logan, 64K) added, "The FBI conducted an investigation and 72 people were charged with wire fraud, a federal crime. So far 60 defendants have pleaded guilty and 29 have been sentenced."

US Accuses Gang Of Conspiring To Kill Blacks. The Los Angeles Times (7/5, Spano) reports, "Jose Cruz is a walking testament to what happens when a member turns against the Avenues street gang. … He has 30 scars from the stab wounds he suffered in one attempt on his life — on his arms, torso and legs. In another attack, he was beaten so severely that he has a visible dent in his skull, according to court papers, 'the size and shape of a pistol butt.'" The Times continues, "His street gang goes back five generations in Highland Park, which for Cruz is five miles and several lifetimes from the downtown courtroom where he is scheduled to testify as the star witness for the prosecution in the trial of a group of childhood friends. … Federal prosecutors, who launched their case last week, contend that the Avenues gang between 1994 and 2000 conspired to kill African Americans on their turf." The Times adds, "Men, women and children were harassed, terrorized, assaulted and slain as gang members sought to force black residents out of Latino neighborhoods, prosecutors said. … Authorities are using a federal hate-crime law based on the amendment to the U.S. Constitution that outlawed slavery, and another law created in the civil rights era, to go after four gang members. Barbara Bernstein, deputy chief of the criminal section of the civil rights divisions of the U.S. Department of Justice in Washington, is part of the prosecution team. … Attorneys for the defendants — Gilbert Saldana, Alejandro Martinez, Fernando Cazares and Porfirio Avila — have asserted that the federal government has no power to involve itself in a common street crime."

"Web Bangers" Posting Gang Web Sites. The AP (7/5, Glazer) reports, "Some of the country's most notorious street gangs have gotten Web-savvy, showcasing illegal exploits, making threats, and honoring killed and jailed members on digital turf. … 'Web bangers' are posting potentially incriminating photos of members holding guns, messages taunting other gangs and boasts of illegal exploits on personal Web sites and social networking sites." The AP notes, "Gangs once only roamed the streets of big cities but now can be found in 2,500 U.S. communities, according to the FBI. Police departments suddenly faced with the unwelcome arrivals are looking for help anywhere they can get it, including the gangs' own easy-to-find Web sites."

Ohio Police, FBI Arrest Seven In Ransom Kidnapping. WXIX-TV Cincinnati (7/3) reported on its Web site from a story broadcast Monday, "North College Hill Police and the FBI have been working around the clock on a bizarre case where a 17-year-old girl was kidnapped and held for ransom. Police are saying that at least one of the kidnappers has confessed to the crime. According to police, a woman came to the College Hill home of the girl early Monday morning and asked the girl, who answered the door, for help. The teen went to get a portable phone for the woman who then shoved the door open and abducted the girl." The Cincinnati Enquirer (7/4, Truong, 205K) added that the "girl was found duct-taped and blindfolded in the basement of a Bond Hill house Monday after she was kidnapped and a ransom was demanded, police said. Seven people have been arrested and were being interviewed by North College Hill police, Cincinnati police and the Federal Bureau of Investigation." WCPO-TV Cincinnati (7/3, Walton, Kettler, Terrell) noted that the girl "is currently at Children's Hospital with her parents and the FBI."

The AP (7/4) reported, "The suspects were being interviewed Monday by police in this Cincinnati suburb where the girl lives, as well as Cincinnati police and the FBI. … Police accompanied the girl's father to a park where he was supposed to meet her captors, who had demanded ransom. They chased a man who showed up to a house where the teen was found, authorities said."

Tennessee Truck Driver Arrested In Kidnapping, Sexual Assault Of Teen Girls. The Los Angeles Times (7/4, Bernstein, 958K) reported, "A 16-year-old Lancaster girl was on her way home Monday, after what police said was a harrowing nearly two-week ordeal in which she and another teen were assaulted and held against their will by a cross-country trucker." Trucker Ricky Donnell Jones "remained in jail in Knoxville, Tenn., facing state charges of kidnapping while the FBI weighed whether to file additional charges in federal court. Knox County Sheriff's Department spokeswoman Martha Dooley said the girl and an 18-year-old friend had gone willingly with Jones." However, Dooley noted, "When both girls tried to get away from Jones, he held them against their will, he sexually

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assaulted them and he broke the 18-year-old's arm." The Times added, "FBI Special Agent Gary Kidder, who is based in Knoxville, said his agency was gathering information on the case to present to the U.S. attorney's office in Tennessee, to see if there was enough evidence to file federal charges against Jones."

US Pursuit Of Death Penalty In North Dakota Case Sparks Controversy. The St. Paul Pioneer-Press (7/4, Prather) reports, "Dru Sjodin's disappearance touched off a torrent of worry and sadness. Alfonso Rodriguez Jr.'s arrest unleashed enough outrage to change how Minnesota and North Dakota deal with sex offenders. … More than two years after the painful saga unfolded, a trial that begins Thursday may force two states that haven't executed a criminal in more than a century to wade into the divisive issue of capital punishment." The P-P continues, "Sjodin's family and some of her friends have supported a federal prosecutor's decision to seek the death penalty. … 'There is no question in anybody's mind that's what should happen,' said friend Elia Loven. 'That's not even enough.' … Some of those who were close to the spirited college student aren't so sure that pursuing a death sentence is the right thing to do. High school friend Sarah Millard said she wonders what Sjodin would have wanted. … 'She did not have any grudges against anyone. Everyone was in love with her,' Millard said. 'Of course, you are so angry about what he did you feel that's the only way you are going to make peace. But at the same time, I try to think about had this been me, would Dru have been OK with the death penalty? I don't know if she would have.'" The P-P adds, "Jury selection begins Thursday in Fargo. Rodriguez, 53, who has pleaded not guilty, is accused of kidnapping, torturing and killing Sjodin. … Her disappearance in November 2003 from a shopping mall in Grand Forks sparked massive searches in North Dakota and Minnesota. Rodriguez, a convicted sex offender, was arrested the following month. Sjodin's body was found in April 2004. … Rodriguez faces a possible death sentence through a happenstance of geography. He is accused of crossing state lines during the commission of a kidnapping, which gave federal authorities an opportunity to step in. That action exposed Rodriguez to the death penalty, even though the crime he is accused of committing happened in two states that have outlawed capital punishment."

Suspect In Florida Death Returned To US. The Gainesville Sun (7/3, Pakkala) reports, "A former Gainesville nurse accused in the overdose death of a University of Florida student was returned to the United States from West Africa on Sunday." The Sun continues, 'Oliver Travis O'Quinn, 27, was escorted by U.S. Marshals to New York to await extradition to Florida. He is believed to have been out of the country since shortly after the November 2005 death." The Sun adds, "State Attorney Bill Cervone, whose office will handle the case when O'Quinn returns to Gainesville, was unsure Sunday when O'Quinn will be back. He said O'Quinn will decide whether to travel to Florida voluntarily or to have an extradition hearing. O'Quinn will be scheduled for an arraignment when he gets to Gainesville. … O'Quinn faces a second-degree murder charge in the death of 24-year-old Michelle Herndon, whose body was found in a southeast Gainesville apartment Nov. 10, 2005. … Shortly after the death, O'Quinn… left the country. Investigators tracked flight records to Ireland, and the North Florida Violent Fugitive Task Force joined the case at the request of Gainesville Police. … The Marshal Service and the U.S. Department of State's Diplomatic Security Service launched a week-long manhunt to catch back up with O'Quinn, eventually apprehending him in Senegal. … Once O'Quinn was in custody, the U.S. Department of State Bureau of Consular Affairs and the U.S. Department of Justice Office of International Affairs revoked his passport and released him to the Marshals Service for return to the U.S."

Extradition Dispute Looms In South Carolina Slay Case. The Greenville News (7/5, Edmonds) reports, "The United States faces a long, uphill legal battle in extraditing a former Wren High School student who is charged in the slaying of an Easley pawnshop owner." The News continues, "Roger Eugene Shephard, 21, has sought the protection of Canadian authorities because he may face the death penalty upon returning to the United States. … Shephard is charged in the slaying of John Bruin, 65, who was killed the afternoon of June 15 during an armed robbery at Action Pawn in downtown Easley." The News adds, "Because Shephard filed for refugee status, he cannot be deported, leaving the United States with no other option but to pursue extradition. A hearing on that effort will be held July 10. … Clemente Monterosso, Shephard's deportation lawyer, said he is waiting for the United States to file an extradition request. … Currently Monterosso has at least 15 extradition

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cases; among them are drug, conspiracy and telemarketing cases. In his experience, extradition takes an average of three to four years, sometimes more."

Lobbyists Square Off Over Internet Gambling Bills. The New York Times (7/4, Phillips, 1.19M) reports that while Internet gamblers "lay down big money on World Cup soccer this summer, teams of lobbyists are facing off on Capitol Hill in a contest over whether the United States should choke off the growth of wagering on the Web." Faced with "bills to curb online betting, which attracts an estimated $12 billion a year in wagers worldwide, an array of interest groups like casinos here and abroad, as well as sports leagues, antigambling coalitions and even poker players, has dispatched lobbyists to argue what should be legal and what should not." Major League Baseball "wants to make sure that any measures do not diminish fantasy sports games, which it credits for a resurgence in its popularity." The Justice Department has "always considered Internet gambling illegal. But that has not stopped online wagering from flourishing. Gambling opponents are pushing for bills to put teeth into enforcement. In the House, proponents of a crackdown merged two bills." The "odds of a bill's becoming law this year appear long. Beyond that, nearly everyone agrees that online betting may be unstoppable because of the reach of the Internet and the difficulty in regulating its activity."

Debate Grows Over Castration Of Sex Offenders. The Washington Post (7/5, B1, Rondeaux) reports, "James Jenkins wanted to end it. No more fantasies. No more molesting little girls. He knew he was the only one who could stop it; he was just waiting for the right time." The Post continues, "The right moment arrived one night nearly three years ago when he was alone in an Accomack County, Va., jail cell. He had spent five years in a Virginia prison for sexually molesting three young girls and another 2 1/2 years for violating his parole. The next morning, a prosecutor was going to ask a judge to commit him to a state facility for high-risk sex offenders. Jenkins could think of only one way out. … He asked a jail guard for a razor. He told the guard he wanted to look nice and cleanshaven for his court hearing the next day. The guard hesitated but handed Jenkins the blade. Jenkins walked to the shower in his cell. He bit the blade out of its plastic casing and stuffed an apple in his mouth to muffle his screams. Then he castrated himself and flushed his testicles down the jail cell toilet." The Post adds, "Jenkins, 63, doesn't flinch when he talks about it now. 'Castration has done precisely what I wanted it to do,' he said. 'I have not had any sexual urges or desires in over two years. My mind is finally free of the deviant sexual fantasies I used to have about young girls.'" The Post notes, "He spoke with the clinical cool of a surgeon as he tried to explain his pedophilia during a rare interview in a guarded room of the Virginia Center for Behavioral Rehabilitation, the sex offender treatment center where Jenkins was sent. The Petersburg facility is part of a new way the state is trying to keep sex offenders off the streets: Identify the most dangerous before they are released from prison and ask a judge in civil court to commit them to a treatment facility even after they have completed their sentences. … Jenkins readily admits that the prospect of being confined indefinitely partly prompted his drastic action three years ago. But he also insists he did it to prevent himself from victimizing another child."

Florida Law Aims At Curbing False Alarms. The Orlando Sentinel (7/5) reports, "Every day, police spend valuable time and resources responding to false burglar alarms. The trigger could be a door left ajar, a clumsy homeowner -- or, today, a dog frightened by fireworks. … All but a tiny percentage of those alarm calls are false, according to a 2003 U.S. Department of Justice report." The Sentinel continues, "Police agencies hope that a July 1 change to state law will save time and money by requiring alarm companies to make a second call before asking for officers' help. … Dramatic results already are being seen in Martin County, which implemented the second-call requirement in January. Since then, monthly false-alarm dispatches have fallen by 30 percent to 35 percent, Martin County sheriff's Lt. Glenn Zirkle said. … But this March, there were 489 false alarms, down from 672 in March 2005. … Alarm companies already call a home or business when a burglar alarm sounds to see whether it is accidental. They request police if no one answers. But now, no response at the home leads to a second call to a customer's cell phone or workplace before an officer responds."

WPost Argues For End Of Capital Punishment. An editorial in the Washington Post (7/4, A14, 744K) says, "In his intemperate concurrence to a decision on capital punishment last week, Justice Antonin Scalia made a remarkable claim: 'One cannot have a system of criminal punishment without accepting the possibility that

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someone will be punished mistakenly. ... But with regard to the punishment of death in the current American system, that possibility has been reduced to an insignificant minimum.'" Scalia "is correct that innocence has not been -- and probably can never be -- proven in these cases. … Still, it seems highly unlikely that all of these convictions are solid. We hope never to see convincing evidence that an innocent person has been put to death. Avoiding that unthinkable likelihood is one reason capital punishment should end."

LATimes Criticizes Court For Denying Appeal Of Death Penalty. The Los Angeles Times (7/5, 958K) in an editorial faults the Supreme Court for rejecting "the appeal of Eric Clark, who was 17 when he shot a Flagstaff, Ariz., policeman after the officer stopped his pickup truck. The teenager was convicted for 'intentionally or knowingly' killing a law enforcement officer even though Clark, who had a history of delusional behavior, said he thought the cop was a space alien." Writing for the majority, Justice David Souter "said the Constitution's guarantee of due process did not prevent Arizona from lopping off one of two prongs of a definition of legal insanity known as the M'Naghten rule." It "was a horrific tragedy that might have been averted if Clark had been institutionalized. But once the deed was done, the courts -- including the high court -- should have given him more of an opportunity to prove that bad acts are sometimes committed by mad people."

CIVIL LAW:

FOIA Policies Under Fire As Law Turns 40. The San Diego Union-Tribune (7/5) reports, "Today marks the 40th anniversary of the signing of the federal Freedom of Information Act, but open-government advocates say there is little to celebrate. … The historic law, enacted to ensure that citizens have the greatest possible access to government information, is widely seen as broken. The backlog of requests is growing, with some Americans waiting years for information from government agencies." The Union-Tribune continues, "Each administration since 1966 has used every tool at its disposal to thwart disclosure of information it deems dangerous or embarrassing. The administration of President Bush is no different, often citing the changed security environment after the Sept. 11, 2001, terrorist attacks as justification for secrecy. … 'The marching orders are now: If there's a basis to withhold, do it,' said Elizabeth Withnell, chief counsel at the Department of Homeland Security's Privacy Office."

The AP (7/5, Bridis) reports, "The U.S. law that is the foundation for opening the government's filing cabinets to its citizens has provoked bureaucratic headaches since President Johnson grudgingly signed it 40 years ago today -- and he worried immediately that it might force the disclosure of damaging national secrets, newly disclosed records show. … Decades later, the Freedom of Information Act still regularly creates tension between the government and citizens, corporations, researchers and journalists. The law's staunchest advocates believe its principles have never been so imperiled, threatened by what they call the Bush administration's penchant for secrecy. … 'This is the worst of times for the Freedom of Information Act in many ways,' said Paul K. McMasters of the First Amendment Center. … The First Amendment Center studies issues of free speech, press and religion. McMasters cited large backlogs of unresolved citizen requests for records and new administration strategies to withhold records."

Yale University Faces Probe Of Grant Programs. The Wall Street Journal (7/5, Levitz, 2.11M) reports, "Three federal agencies have subpoenaed documents from Yale University regarding its use of research grants in the past decade, heightening scrutiny of the university after an audit alleged expense padding for stem-cell research." The Journal continues, "The Defense Department, the National Science Foundation and the Department of Health and Human Services sought documents concerning research expenses, faculty effort devoted to research, and 'numerous other matters related to grant administration,' the New Haven, Conn., university said." In response, "Yale President Richard C. Levin said he expects faculty and staff to give 'top priority' to the requests."

LATimes Calls SCOTUS Ruling On Whistleblowers "Surprising." An editorial in the Los Angeles Times (7/4, 958K) says, "By a surprising unanimous vote, the US Supreme Court has ruled that an employer may not retaliate against a worker who has filed a charge of illegal discrimination by transferring her to a less desirable assignment with the same job title. The decision is a victory not only for the worker who filed the case but for potentially thousands of other whistle-blowers who have been retaliated against in ways real but not measurable in dollars

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and cents." The Times adds, "An employer who wants to punish a worker for complaining about discrimination can do so in myriad ways that don't change the employee's pay or job title. It would weaken the purpose of the Civil Rights Act to allow such retaliation to go unpunished."

CIVIL RIGHTS:

Judge Seeks Settlement Today In Florida Synagogue Case To Avoid Trial. The Miami Herald (7/5, Wright) reports, "A federal judge on Monday gave the city of Hollywood and an Orthodox synagogue until 3 p.m. Wednesday to sign a deal ending their feud or be ready to start trial Thursday." The Herald continues, "The deadline was set after attorneys, for the second time, asked U.S. District Judge Joan Lenard to postpone the federal religious discrimination trial. Attorneys told Lenard the two sides were close to a deal after a face-to-face mediation between city commissioners and leaders of the synagogue on Thursday. … An obviously agitated Lenard said she had heard that same story June 26, when the trial was originally scheduled to start." The Herald adds, "If the deadline is not met, trial will begin Thursday morning, and Lenard made it clear she will make no exceptions. … 'I will wait no longer than July 6,' she said." The Herald notes, "Under the current proposal offered by the city, the Hollywood Community Synagogue Chabad Lubavitch would be paid $2 million and allowed to continue to operate out of two homes in a residential neighborhood. The congregation would also be able to expand to no more than three homes within the two blocks surrounding the synagogue. … In return, the synagogue and the U.S. Justice Department would drop lawsuits against the city and Commissioner Sal Oliveri."

The South Florida Sun-Sentinel (7/4, Rodriguez) reports, "The federal civil lawsuit stems from the city's attempts to oust Chabad from the two single-family homes it converted into a synagogue in Hollywood in 1999. The group claims the city was biased when it removed a special permit in 2003 while allowing other religious groups to operate. … The agreement being negotiated still needed to be signed off by a number of officials, including Mayor Mara Giulianti, City Attorney Dan Abbott, and supervisors with the Department of Justice in Washington. Moments before City Hall was closed Monday, Abbott said he still had not received anything to sign, but that other attorneys were still 'talking to each other' and it was conceivable an agreement would be reached before Lenard's deadline."

Kentucky Mental Facility Dogged By Abuse Charges. The Louisville Courier-Journal (7/5, Beardsley) reports, "With abuse charges mounting, Kentucky has extended its contract with the Pennsylvania company hired last year to clean up the troubled Communities at Oakwood, the state's largest facility for mentally retarded adults." The Courier-Journal continues, "The 123-day contract extension was signed last week with Liberty Healthcare and is worth a maximum of $8.8 million, with $4.5 million earmarked to pay for direct-care staff, officials with Kentucky's Cabinet for Health and Family Services announced yesterday. … The announcement came one day after Oakwood, in Somerset, was hit with its 19th Type A violation since January 2005, after a resident returned from an April park outing with a cut on the back of her head that required surgical staples." The Courier-Journal adds, "The contract extension requires Liberty, within four months, to bring Oakwood back into compliance with federal standards at the Department of Justice and the Centers for Medicare and Medicaid Services, or the state can choose a new manager, Health and Family Services Secretary Mark Birdwhistell said in an interview. … Liberty's previous contract to run the center, which houses about 260 people, was worth $9 million for about eight months. The extension will be discussed at next week's meeting of the General Assembly's contract review committee."

High Court Issues Stay In Fight Over California Cross. NBC Nightly News (7/3, story 11, 0:20, Curry, 9.87M) reported, "The Supreme Court has issued a stay that will temporarily save a large cross on city property in San Diego. A lower court had ordered removal of the cross at the Mount Soledad National War Memorial, but Justice Anthony Kennedy issued the stay while supporters fight to preserve what they call a national treasure."

The Los Angeles Times (7/4, Perry, 958K) notes Justice Anthony Kennedy "ordered a temporary delay so the city can continue the legal fight to keep the cross. … For 17 years, the city has been fighting a lawsuit by a military veteran and atheist who objects to the cross on public property. Twice, San Diego voters have endorsed keeping the cross, but the courts have struck down a sale of the Point Loma property as rigged in favor of groups promising to keep the cross."

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The AP (7/3, Watkins) reports, "Lawyers for San Diegans for the Mount Soledad National War Memorial said in an appeal that they wanted to avoid the 'destruction of this national treasure.'" And "attorneys for the city said the cross was part of a broader memorial that was important to the community." Phil Thalheimer, chairman of the war memorial group, "said the ruling 'borders on divine intervention.'" The New York Times (7/4, Archibold, 1.19M), among other sources, also reports the story.

Democrats Seen As Unlikely To Pursue Texas-Style Redistricting In Other States. The Washington Post (7/5, A7, Babington, 744K) reports, "Democrats cried foul three years ago when Texas Republicans rammed through a highly partisan redistricting to gain an advantage in several House races. Now, a recent Supreme Court ruling that blessed the Texas plan gives Democrats a chance to show that turnabout is fair play." But "early indications are that Democrats will probably resist the temptation to do unto Republicans as Republicans did unto them. … A state-by-state analysis…finds that Democrats' ability and apparent willingness to seize the opportunity left by the high court ruling in favor of the Texas plan are slim." The Post adds, "First, Democrats must compile a list of states where" such a "strategy is feasible. It will be remarkably short. … The result, redistricting experts say, yields perhaps four states where Democrats conceivably could try a mid-decade gerrymander comparable to that of Texas's: Illinois, North Carolina, New Mexico and Louisiana. In each one, however, such a move seems unlikely because of factors that include racial politics, Democratic cautiousness and even a hurricane's impact."

WPost Criticizes Ruling. The Washington Post (7/5, A12, 744K) editorializes, "The court has, perhaps unwittingly, sent one other clear message to politicians of both parties eager to see how many extra seats they can create for their own side: Do it now, while you have the power."

EEOC Says Disabled Workers Make Up Less Than 1% Of Federal Workforce. The Washington Post (7/4, A13, 744K) reports, "The latest numbers from the Equal Employment Opportunity Commission show that disabled workers make up less than 1 percent of the federal workforce despite the Bush administration's efforts to reverse the trend. … Experts are not sure what accounts for the falling federal numbers."

ANTITRUST:

South Korean Court Rejects Microsoft's Stay Request. The AP (7/5) reports, "A court on Tuesday turned down Microsoft Corp.'s request for a stay of sanctions imposed by South Korea's fair trade regulator, the software company said." The AP continues, "Microsoft had asked the Seoul High Court to allow the stay of penalties while the company lodges a legal challenge to the Korea Fair Trade Commission ruling ordering it to provide two separate versions of Windows from Aug. 24. … 'Consistent with the court's decision, Microsoft will, in a timely manner, comply with the KFTC's order,' the Redmond, Washington-based company said in a statement." The AP adds, "Microsoft is pursuing an appeal to the KFTC's ruling in the Seoul High Court. That is unaffected by Tuesday's decision regarding the stay request. … In the statement, Microsoft said that it 'will continue to defend its position in the case through the appeal process.'"

Nissan Stakeholders Question GM Deal. The Wall Street Journal (7/5) reports, "Although Nissan Motor Co. and Renault SA appear willing to push forward on an alliance with General Motors Corp., some Nissan investors are expressing skepticism about potential benefits for the Japanese auto maker." The Journal continues, "Meanwhile, French Industry Minister François Loos urged Renault to exercise 'enormous caution' when looking into a potential alliance with GM. 'It's not a done deal; it's an idea,' the minister told French news channel i-Tele. The French government would have a say in any discussions involving Renault because it holds a 15% interest in the company. Renault and Nissan have cross-shareholdings in one another." The Journal adds, "On Monday, the boards of Nissan and Renault cleared the way for their chief executive, Carlos Ghosn, to pursue a three-way alliance with GM. Nissan and Renault left it up to GM to make the first move. GM's board so far has said only that it will take the idea of a three-way alliance 'under advisement.' GM's outside directors are scheduled to have a telephone conference Friday."

EU Approves Inco Purchase Of Falconbridge. The AP (7/5, White) reports, "EU regulators on Tuesday cleared Canadian company Inco Ltd.'s $15 billion purchase of Falconbridge Ltd., a deal that would create the world's largest nickel producer, but joined

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U.S. regulators in ordering Falconbridge to sell off a Norwegian nickel refinery." The AP continues, "Canada's Falconbridge is at the center of a bidding war between Inco's "friendly" cash-and-stock offer and an unsolicited bid from Anglo-Swiss firm Xstrata PLC. … If Inco's purchase of Falconbridge goes through, Phoenix-based miner Phelps Dodge Corp. plans to acquire the combined company for $40 billion." The AP adds, "Inco is also a takeover target for Teck Cominco Ltd. and that deal is contingent on Inco's offer for Falconbridge falling through. … The European Commission cleared Inco's offer to buy Falconbridge after an in-depth probe confirmed that the tie-up would create antitrust problems on some European nickel and cobalt markets. … But it said it could approve the deal if Falconbridge agreed to sell its Nikkelverk nickel refinery in Kristiansand, Norway, and related assets to London-based LionOre Mining International Ltd."

Stolt-Nielsen Denies Report Of Improper Share Sale. The AP (7/5) reports, "Shipping firm Stolt-Nielsen SA on Monday denied a report that a subsidiary improperly sold treasury shares in 2004 after the U.S. government had suspended its antitrust immunity." The AP continues, "The company called both allegations 'false and misleading.' The Oslo, Norway stock exchange has begun an investigation because of the report, Stolt-Nielsen said. The company said it welcomes the review, and it will cooperate fully." The AP adds, "The controversy centers on a report in the Norwegian business newspaper Dagens Naeringsliv that alleges subsidiary Stolt-Nielsen Transportation Group received a 2003 letter from the U.S. Department of Justice's antitrust division, suspending its amnesty. The report further alleges the subsidiary failed to disclose the status of its amnesty when it sold treasury shares in 2004. … Stolt-Nielsen said the DOJ did not revoke its amnesty; it suspended the subsidiary's obligation to cooperate with the DOJ. The company said it also had previously disclosed the status of its amnesty was 'uncertain,' prior to selling the shares."

Intelsat Finalizes PanAmSat Deal. Broadcasting & Cable (7/5) reports, "Intelsat's $3.2 billion acquisition of PanAmSat has finally closed, positioning the company as the world's largest satellite operator." B&C continues, "The PanAmSat acquisition, first announced in August 2005, has a total transaction value of $6.4 billion. In addition to paying $3.2 billion in cash to acquire PanAmSat's 23 satellites and associated ground facilities, Intelsat also assumed $3.2 billion in PanAmSat debt. The deal has already undergone various layers of regulatory approval, passing Department of Justice antitrust muster in May and gaining the FCC's approval last month." B&C adds, "The scope of the new Intelsat is impressive. SES Global, previously the largest satellite operator, has $1.6 billion in annual revenues and 43 satellites. The new Intelsat has roughly $2 billion in annual revenues, 51 high-power satellites in operation and five more birds under construction, and some 1,800 customers. … While Intelsat has traditionally served international markets such as Africa and Asia and carried more data and voice traffic than television feeds, PanAmSat has been historically strong in covering North and South America and has focused heavily on media customers. By integrating PanAmSat's stable of broadcast and cable customers, Intelsat's revenue mix changes considerably."

Orthopedic Firms Under Antitrust Probe. The AP (7/5) reports, "Shares of major orthopedics makers tumbled Monday after three Warsaw, Indiana-based companies and one based in Michigan said they had received subpoenas from the U.S. Department of Justice about possible antitrust violations." The AP continues, "Biomet, Zimmer Holdings and DuPuy of Warsaw, and Stryker Corporation of Kalamazoo, Michigan, said separately they have recieved subpoenas. All the companies say they are cooperating with investigators." The AP adds, "The subpoenas requested documents from January 2001 until the present. DePuy said search warrants had been executed in connection with the investigation, but did not provide additional details."

ENVIRONMENT/INDIAN AFFAIRS:

Judge Blocks Navy's Use Of Sonar During War Games. The Los Angeles Times (7/4, Perry, 958K) reports, "A federal judge today issued a temporary restraining order blocking the Navy from using sonar during war games off Hawaii until it can negotiate with environmentalists who say the sonar will harm whales." On Friday, the Department of Defense "invoked a national security exemption from the Marine Mammal Protection Act to thwart a lawsuit by the Natural Resources Defense Council." But US District Court Judge Florence-Marie Cooper, in Los Angeles, "ruled that the

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exemption does not cover the National Environmental Policy Act cited in the lawsuit."

The Washington Post (7/4, Kaufman, 744K) reports, "The temporary restraining order is the latest development in the increasingly contentious battle between the Navy and environmental groups over the safety of its mid-frequency, high-intensity sonar. The equipment sends out loud underwater blasts that can detect enemy "quiet" submarines -- which the Navy says are a growing threat -- but also has been tied to the deaths of whales in numerous strandings." The Post adds, "The lawsuit against the sonar component of the maneuvers was filed by NRDC, the International Fund for Animal Welfare, the Cetacean Society International, Ocean Futures Society and Jean-Michel Cousteau."

Hunter Clashes With Democrats, Park Service Over Private Hunts. The Washington Post/AP (7/4, A13, Werner) reported, "Brush-covered and wind-swept, accessible only by boat or plane, Santa Rosa Island seems worlds removed from the crowded Southern California coastline -- let alone Washington, D.C." But the "53,000-acre public island 40 miles from Santa Barbara is in the middle of a political tugging match between a House committee chairman, the National Park Service and congressional Democrats." Under a Federal court settlement "in place for nearly a decade, private deer and elk hunts staged on the island must end by 2011 and the nonnative game must be removed." But Rep. Duncan Hunter (R-Calif.) "wants to keep the trophy animals on the island and allow military veterans to hunt them." The plan has "drawn protests from the Park Service and Democratic lawmakers, who said hunting blocks public access and interferes with indigenous plants and animals."

EPA Testing Finds Water Unsafe At Quarter Of Beaches Tested. NBC Nightly News (7/3, story 12, 2:10, Curry, 9.87M) reported, "As we head into the home stretch on this Fourth day holiday weekend, something to ponder from the Environmental Protection Agency. The EPA tests the water at more than 4,000 beaches a year in this country and it turns out that more than a quarter were dirty enough to warrant warnings or closures last year." NBC (Kosinski) added, "According to the EPA, among the states with the most incidents of bacteria, Louisiana -- every beach tested there last year required an advisory or closing. Hurricane Katrina likely contributed, but the prior year had the same result. A high percentage of Wisconsin and Texas beaches also registered contamination. So where is the bacteria coming from? Scientists say, in a big measure, storm runoff from ever more developed coastlines. But testing nationwide is inconsistent and can take at least a day to register a result. Environmentalists say that's too late to protect people."

Report To Warn Of Possible Threat To Coral Reefs From Global Warming. The Washington Post (7/5, A1, Eilperin, 744K) in a front page article highlights the threat to coral reefs from increasing acidity in the Oceans due to "escalating level of carbon dioxide in the atmosphere." While "scientists and some politicians have just begun to focus on the question of ocean acidification, they describe it as one of the most pressing environmental threats facing Earth." Today a coalition of federal and university scientists will issue a report "describing how carbon dioxide emissions are, in the words of a press release from the National Center for Atmospheric Research and the National Oceanic and Atmospheric Administration, "dramatically altering ocean chemistry and threatening corals and other marine organisms that secrete skeletal structures.'"

Political Leaders Accused Of Not Proposing Serious Solutions To Global Warming. Robert Samuelson in an op-ed in the Washington Post (7/5, A13, 744K) faults political leaders for not taking the threat of global warming seriously enough. Population growth and energy needs mean "With modest growth, energy use and greenhouse emissions more than double by 2050." And "keeping annual greenhouse gas emissions constant means that the world must somehow offset these huge increases." Meanwhile "Ambitious U.S. politicians…practice…self-serving hypocrisy. Gov. Arnold Schwarzenegger has a global warming program. Gore counts 221 cities that have 'ratified' Kyoto. Some pledge to curb their greenhouse emissions. None of these programs will reduce global warming. They're public relations exercises and -- if they impose costs -- are undesirable."

Officials Urged To Act "Promptly." Philip Boffey, an editorial board member who writes about science," in an extensive 5,175 word "Talking Points" op-ed in the New York Times (7/5, 1.19M) examines both sides of the debate over whether global warming is occurring. Introducing his analysis, Boffey says the "evidence suggests that humans are altering the atmosphere in ways never before seen. The only

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question is how damaging the consequences might be, and what can be done to head off or adapt to the worst." While "no definitive answer is yet possible for many of these dramatic events that symbolize the global warming threat in popular discourse. Given the dreadful possibilities that perfectly legitimate worst-case scenarios imply, there would be no excuse for failing to act under any circumstances." After examining the "evidence carefully," Boffey says, "None of this is settled science or sure to happen. But these and other potential risks show what's at stake in the climate debate, and underscore the need to act promptly to head off the worst dangers."

Politicians' Goal Of Energy Independence Seen As Unrealistic. The Wall Street Journal (7/5, A4, Fialka, 2.11M) reports the US "may be addicted to oil, but many of its politicians are addicted to 'energy independence' -- which may be among the least realistic political slogans in American history." Sen. John Kerry, "perhaps warming up for another presidential campaign," recently "gave a speech calling for energy independence and invoking the Fourth of July. 'For the second time in our history, let's declare and win our independence,' he said." Separately, "43 Democratic senators, including Mr. Kerry, launched a program to 'Put America on the road to energy independence by 2020.'" Now, energy experts "across the political spectrum are criticizing politicians' calls for 'energy independence,' saying the goal falls somewhere between pipe dream and economic impossibility." Indeed, the US "is moving rapidly away from energy independence: Oil imports made up 35% of the nation's petroleum supplies in 1973 and 59% in the first four months of 2006, according to the Department of Energy."

Coal-Based Fuel Generates Interest, But Has Drawbacks. The New York Times (7/5, Wald, 1.19M) reports the "coal in the ground in Illinois alone has more energy than all the oil in Saudi Arabia. The technology to turn that coal into fuel for cars, homes and factories is proven. And at current prices, that process could be at the vanguard of a big, new industry." While the potential "has attracted entrepreneurs and government officials," there is "a big catch. Producing fuels from coal generates far more carbon dioxide, which contributes to global warming, than producing vehicle fuel from oil or using ordinary natural gas. And the projects now moving forward have no incentive to capture carbon dioxide beyond the limited amount that they can sell for industrial use." The technology also "requires a large capital investment, and a plant could be rendered useless by a collapse in oil prices."

Departure Of Drilling Rigs From Gulf Of Mexico To Boost Natural Gas, Oil Prices. The Wall Street Journal (7/5, Spector, 2.11M) reports the "biggest long-term threat to oil and natural-gas production in the Gulf of Mexico isn't hurricanes. It is the dwindling supply of drilling equipment. Jack-up and deep-water rigs, the massive platforms and ships that drill for oil and gas in the ocean, are leaving the Gulf of Mexico for more lucrative jobs elsewhere." The departures are "expected to accelerate production declines in the Gulf, putting upward pressure on domestic energy prices. The rig exodus is squeezing what was an already tight market for drilling equipment. In 2001, about 148 rigs were in the Gulf. Now, about 90 remain, and more are expected to leave soon." The "rig migration will have the most pronounced effect on natural-gas production and prices because most of the rigs leaving the Gulf are jack-ups used to find gas in shallower waters." The Energy Information Administration, "a government agency that tracks data on the industry, predicts natural gas will cost $10 a million British thermal units by the end of 2007, up from Friday's close of $6.104 in New York Mercantile Exchange futures trading. (Nymex was closed on Monday and Tuesday this week.) Gas cost $2.43 a million BTUs as recently as the end of 2001."

Biodiesel Production Expanding. The New York Times (7/5, O'Keefe, 1.19M) reports biodiesel "is a fuel made by the chemical mixing of alcohol and fats, greases or oils from animals or vegetables. Proponents of this alternative fuel, including" Willie Nelson, "point out that one of Rudolf Diesel's first engines was powered by peanut oil. But by the time the Model T began rolling off Henry Ford's assembly lines, it was powered by petrochemical products, not vegetable oils." Nelson and his wife Annie "have invested in two biodiesel production facilities, including one at Carl's Corner [Texas], where a grand opening took place on Monday. The Dallas Mavericks assistant coach, Del Harris, the former Dallas Mavericks head coach, Don Nelson, and Carl Cornelius's original partner at the truck stop, the Dallas stockbroker, Monk White, are a few of the other investors in the plant, which will be run by Pacific Biodiesel, the company that fuels the Nelsons' cars in Hawaii."

Former Tribal Official Pleads Not Guilty To Making False Statements. The Great Falls Tribune (7/5) reports, "A former Crow tribal official accused of lying to

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the U.S. Department of Justice has pleaded not guilty and is awaiting trial." The Tribune continues, "Theodore J. Hogan, 61, of Sedona, Ariz., was indicted on three counts of false statements and pleaded last week before a federal magistrate here. … An indictment alleges that in 2001, 2003 and 2005, Hogan knowingly gave the Department of Justice false information on a form required of people owing restitution." The Tribune adds, "Omissions included his stakes in Ted Hogan and Associates LLC and Raven Resource Development Co.; information about accounts in financial institutions; and information about creditors, the indictment says. Hogan also is accused of not disclosing cash gifts that he gave, in amounts exceeding $500."

FBI/DEA/ATF/USMS:

Trial To Begin For Reputed Cail Cartel Leader. The Tampa Tribune (7/5) reports the arrest of Joaquin Mario Valencia-Trujillo "climaxed one of the biggest U.S. drug investigations ever. Now jurors in a Tampa federal courtroom will decide the fate of the man authorities say was a leader in the notorious Cali Cartel. … After several delays, jury selection is scheduled to start today in the courtroom of U.S. District Judge Elizabeth Kovachevich. … The trial is expected to last six months."

Task Force To Focus On Combating Violence In Newark. The AP (7/4) writes, "With scores of killings already committed this year in the state's largest city, an anti-violence task force led by federal law enforcement agents said Monday that it will focus solely on Newark to try to end the carnage. The task force plans to dedicate extra officers to patrol Newark and investigate gun, drug and other types of crime. The goal is to prosecute more crimes under federal law, from which there is no parole. … The task force also includes…the Drug Enforcement Administration, the U.S. Marshal's Office and others."

The Newark (NJ) Star-Ledger (7/4, Mays) reports, "As of [Monday] morning, there were 70 homicides in Essex County this year. Fifty-four of those murders occurred in Newark, said Essex County Prosecutor Paula Dow."

MLB Calls Conseco's Comments On Steroids "Nonsense." According to the Washington Post / AP(7/5, E4), Major League Baseball "took a stand against admitted steroids user Jose Canseco , calling the former slugger's allegations that the league might be playing favorites with some big-name players when it comes to positive drug tests 'complete nonsense.' Canseco, who last played in the majors for the White Sox in 2001, returned to professional baseball with the independent San Diego Surf Dawgs on Monday in Chico, Calif. Before the game, he made critical comments about how baseball officials are handling the new, stricter steroids policy and said a 'cleanup' in the commissioner's office is needed."

Taliban Insurgents Seen As Profiting From Large Afghanistan Opium Harvest. In an editorial, the Financial Times (7/5) says the NATO mission, "with 3,300 British troops at its heart, is in the process of doubling its contingent, assuming unified command of allied and US troops, and moving into the southern Pashtun heartland of the Taliban. … But the force is already clearly overstretched, fighting a resurgent Taliban that is growing in confidence. The insurgents, moreover, can draw on the revenues of Afghanistan's largest ever opium harvest, and tactical alliances with narco-warlords."

The Financial Times (7/5, Morarjee) also reports, "As the harvest season sets in, recent estimates by western officials suggest that Helmand's poppy crop may more than double to 77,000 hectares, up from 26,500 in 2005." The Times adds, "The $1bn (€770m, £550m) campaign to eradicate the crop had been 'an absolute disaster", a top western counter-narcotics official said.

British Soldiers Killed. The Belfast Telegraph (7/3) reports, "Two more British soldiers have been killed in Afghanistan, as Western officials there admit that the country is about to produce its largest ever poppy harvest. … The deaths, on Saturday, bring the number of Britons killed in the past three weeks to five."

Karzai Pushes Kandahar's Pomegranates. The Indian Express Newspapers writes, (7/3) President Hamid Karzai "boasts that Kandahar's pomegranates are the best in the world. … The president is also pushing the desert province's farmers to rip up their illegal opium poppies and replant the pomegranates and other fruits that Afghanistan was renowned for until decades of war kicked off with the 1979 Soviet invasion and left the farming sector in tatters."

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IMMIGRATION:

House Republicans To Kick Off Immigration Hearings On Wednesday. The Los Angeles Times (7/4, Gaouette, 958K) reports, "Starting with a hearing in San Diego on Wednesday, House members are launching a summerlong sparring match over how best to untangle and reorder the nation's thicket of immigration laws." Meanwhile, Democrats and Republicans "will wage a second struggle — to see which party can best wring a political advantage from the hearings as the November elections draw closer." The San Diego hearing "is a stage for Republicans to highlight the dangers of cross-border smuggling. They will argue that the Senate immigration bill would not adequately protect against either threat." In Philadelphia on Wednesday, Sen. Arlen Specter (R-Pa.) "will counter the House inquiry with his own hearing defending the Senate's broader approach to immigration." Congressional hearings are "usually held to explore an issue and search for solutions. House Republicans have been frank in saying that their hearings, in July and August, are a negotiating tool with two goals: to highlight perceived flaws in the Senate bill and to build public support for their own enforcement-only legislation."

Long Island Contractors Have Conflicting Views Of Immigrant Laborers. The Washington Post (7/4, A4, Garcia, 744K) reports on differing views in the construction industry of immigrant day laborers. Robert Stokes "doesn't buy the argument that immigrants do work that native-born Americans won't." Stokes said, "I get people calling all the time -- someone gets laid off, they need work." He "limits work hires to friends and family." The Post adds contractor Tom Lippolt said, "They're filling in the gaps. It seems like all the kids want to be stockbrokers. We don't have young people coming in to fill these places, all these trade jobs." The Post adds when Stokes and Lippolt "were growing up, Long Island was anchored by a mix of blue-collar white men like them and mid-level professionals. Their families were part of the post-World War II exodus from the city, chasing the dream of suburban life. But the heart of Long Island is different now." White men "on Long Island in the financial and banking industries outnumber those in construction and the trades by 3 to 1, according to a recent Census study. And the blue-collar work has browned. Spanish-speaking immigrants -- legal and illegal -- now take on manual labor jobs. But if they are needed, they are not always welcome."

Bush Seen As Moving Toward "Enforcement-First" Approach On Immigration. The New York Times (7/5, Stolberg, 1.19M) reports, "On the eve of nationwide hearings that could determine the fate of his immigration bill, President Bush is signaling a new willingness to negotiate with House Republicans in an effort to revise the stalled legislation before Election Day." The Times adds "Republicans both inside and outside the White House say Mr. Bush, who has long insisted on comprehensive reform, is now open to a so-called enforcement-first approach that would put new border security programs in place before creating a guest worker program or path to citizenship for people living in the United States illegally." Candi Wolff, the White House director of legislative affairs, said, "He thinks that this notion that you can have triggers is something we should take a close look at, and we are." She was "referring to the idea that guest worker and citizenship programs would be triggered when specific border security goals had been met, a process that could take two years." The "shift is significant because Mr. Bush has repeatedly said he favors legislation like the Senate's immigration bill, which establishes border security, guest worker and citizenship programs all at once. The enforcement-first approach puts Mr. Bush one step closer to the House, where Republicans are demanding an enforcement-only measure. … In a sign of that willingness, the White House last week invited a leading conservative proponent of an enforcement-first bill, Representative Mike Pence, Republican of Indiana, to present his ideas to Mr. Bush and Vice President Dick Cheney in the Oval Office."

Albanians Caught Up In Deportation Mess. Knight Ridder (7/5, Audi) reports, "Mateo Kraja was repairing a house June 2 when he received a frantic phone call from his Madison Heights, Mich., home. Police had arrived, his mother-in-law said. Kraja sped home. The men were not police, but immigration agents there to enforce a deportation order. They arrested Kraja immediately." Knight Ridder continues, "Now Kraja, 45, who has spent seven years seeking political asylum from his native Albania, sits in the Calhoun County jail in Battle Creek, Mich., part of the latest federal round ups of thousands of illegal immigrants across the country. This month, U.S. Immigration and Customs Enforcement announced it had picked up more than 2,000 immigrants nationwide for deportation. In one four-day sweep in Detroit in late May and early June, 63 immigrants were

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rounded up, including Kraja and 24 other Albanians." Knight Ridder adds, "As the nation grapples with immigration reform, Kraja's arrest after an exhausting journey through the U.S. immigration system reveals a complex, often subjective process. It also underscores the difficulty in reforming a system that has presided over an influx of 1.3 million legal and illegal immigrants a year since the early 1990s, and labored for decades under backlogs and politics. … It's a system that frequently awards residency to some members of a family, while denying it to others. Kraja's parents, in-laws, sister, nephew and brother-in-law - anti-Communists who fled the same Albanian town - were awarded residency in the United States. Kraja, his wife and son were not." Knight Ridder notes, "Federal officials have called men like Kraja fugitives, and they touted the arrests as a sweep of dangerous criminals who have hidden from U.S. authorities. They promise more arrests to come. … U.S. Attorney General Alberto Gonzales, meanwhile, is conducting a nationwide review of immigration judges, after criticism of their conduct and decisions in asylum cases."

TAX:

Yagman Pleads "Presumed Innocent" In California To Money Laundering, Tax Fraud. The Los Angeles Times (7/5, Mozingo) reports, "In characteristic form, Stephen Yagman, the pugnacious civil rights attorney who has challenged police conduct for nearly three decades, declared, 'Presumed innocent,' Monday when asked how he pleaded to federal charges of tax evasion, bankruptcy fraud and money laundering. … 'Pleading "not guilty" turns the presumption of innocence on its head in a way semantically favorable to the prosecution,' Yagman told U.S. Magistrate Rosalyn M. Chapman in Los Angeles federal court. 'Therefore, I plead, "Presumed innocent."' … Chapman recorded the plea as 'not guilty.'" The Times adds, "Yagman called the 19 counts against him 'politically motivated, retaliatory charges.' … His attorneys have accused the Justice Department and the Internal Revenue Service of targeting Yagman because of two 'successful battles' he won against the agencies, including a $650,000 judgment against the IRS. … U.S. attorney's spokesman Thom Mrozek has refused to say what prompted the investigation, but denied that it was 'motivated by political retribution or any other improper motive.'"

Iowa Latino Tax Return Complaints Under Investigation. The Des Moines Register (7/4) reports, "It could take months for authorities to complete an investigation into complaints by several Latino families about a Des Moines woman who prepared federal income tax forms, a Des Moines police official said Monday." The Register continues, "Sgt. Joe Gonzalez said police are working with Polk County prosecutors to get to the bottom of numerous families' complaints against Tamara Aguilar. Dozens of Hispanics have alleged that Aguilar charged immigrants high fees to obtain federal taxpayer identification numbers, and promised customers they would receive tax refunds that never arrived, according to Gonzalez and Latino groups." The Register adds, "Aguilar, who has not been charged, has said she has done nothing wrong and only followed her clients' instructions. She told The Des Moines Register last week that some of her clients are complaining prematurely because refunds have not yet arrived. … The investigation was prompted by a Des Moines woman who in June complained to the Iowa Division of Latino Affairs about Aguilar, saying the tax preparer told her she could claim as dependents relatives in Mexico who were ineligible. The agency posted information on its Web site about the complaints against Aguilar. … Federal authorities are increasingly hammering on a growing number of tax preparers who cheat recent immigrants. The U.S. Department of Justice has filed charges against at least a half-dozen people in the first half of this year for allegedly swindling people unfamiliar with U.S. tax laws."

WSJournal Touts Tax Cuts By Democratic Governors. The Wall Street Journal (7/5, 2.11M) editorializes, "Democrats in Congress should get out more -- out of Washington, that is, and into state capitals, where some of their fellow party members are embracing tax cuts, and even supply-side logic in the bargain." Recently Rhode Island "adopted one of the most sweeping pro-growth tax reforms in any state in recent years" In addition to Democratic governors like Arizona's Gov. Janet Napolitano and Oklahoma's Brad Henry who agreed to cutting tax rates, New Mexico's Bill Richardson "has cut the state's top income tax rate to 4.9% from 8.2% and cut the capital gains tax in half." The Journal "asked Mr. Richardson how he thought his party could regain its competitiveness with the GOP on the national level. His answer is good advice for Democrats everywhere: 'We have

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to be the party of growth and the American dream, not the party of redistribution.'"

Bill Would Raise Threshold For Penalties On Estimated Tax Payments. The Wall Street Journal (7/5, Wells, 2.11M) reports a bill "moving through Congress could save taxpayers more than $100 million a year in estimated-tax-payment penalties. The Senate Finance Committee last week approved numerous taxpayer protections as part of a wide-ranging bill that would also repeal a 3% excise tax on local telephone calls. With broad bipartisan support, the election-year tax-cut measure has a good chance of reaching President Bush's desk, analysts say." One provision – "a tax break valued at an estimated $1.3 billion over the next decade -- would boost the threshold at which taxpayers are hit with estimated-tax penalties. Hundreds of thousands of taxpayers stand to benefit from the change, including wage earners who reaped a significant capital gain and didn't adjust their withholding taxes or make estimated-tax payments to account for the windfall."

CONGRESS-ADMINISTRATION:

Kennedy Questions Bush Judicial Nominee Over Male-Only Club Membership. The Washington Times (7/5, Hurt, 90K) reports, "Just six months after quitting the all-male social club to which he belonged for 50 years, Sen. Edward M. Kennedy is questioning one of President Bush's nominees to the federal bench about his membership in an all-male dining club." Documents "provided to the Senate Judiciary Committee and obtained by The Washington Times show that Mr. Holmes belonged to the Men's Dinner Club of Oklahoma City but quit after expressing interest in becoming a federal judge." Holmes told the committee "in writing that he never perceived the dining club to harbor any bias toward women but he resigned to clear up any appearances of impropriety."

Roberts Court's First Term Marked By Acrimony. The Legal Times (7/5, Mauro) reports, "If this was the new look of harmony and consensus at the Supreme Court, it needs some work. .. There, on the final day of the Court's term, June 29, was Justice John Paul Stevens, calmly defiant as he read from his landmark opinion in the Guantanamo Bay, Cuba, detainee case Hamdan v. Rumsfeld. The 73-page ruling against the Bush administration's military commissions thoroughly trashed an appeals court ruling joined by the man sitting next to Stevens, Chief Justice John Roberts Jr., when he was on the U.S. Court of Appeals for the D.C. Circuit." The Times continues, "Then came Justice Antonin Scalia, reading his dissent with a mournful tone of disgust, as if he were disowning a child. 'I vigorously dissent,' he said, pointedly omitting the word 'respectfully,' which justices usually recite in dissent, even if they don't mean it. Justice Clarence Thomas was next, also in dissent, and he joked bitterly that the Court was more willing to heed the Army Corps of Engineers' definition of navigable waters than it was to defer to the president of the United States in wartime. … So much for unanimity at the Supreme Court." The Times adds, "A term that began with hope and at least limited evidence that a new era of consensus had begun dissolved in its final weeks into a blizzard of quarrelsome writing that clarified little and robbed some decisions of their precedential force. In some of the Court's most important rulings, justices tossed consensus aside and penned lengthy opinions, partial concurrences, and dissents that left readers crying 'Uncle' or pleading, 'Can't they all get along?' … Several factors, including the increased importance of Justice Anthony Kennedy as the Court's swing vote, appear to explain the messy finale. And some think the June disarray may just be a preview of next term, when the Court will face even thornier cases on race-conscious public school policies and abortion."

Columnist Warns Supreme Court One Justice Away From Conservative Majority. Ruth Marcus in her column in the Washington Post (7/5, A13, 744K) warns that while Supreme Court Justice Anthony Kennedy has recently been characterized as emerging "as the new Sandra Day O'Connor: commanding the power to control a closely divided court," that characterization "misses the bigger point: This is a court on the brink. Kennedy plays a pivotal role, but his star turn is likely to be brief. And a court with Kennedy at the center is not a securely centrist court." That's because a more conservative court is "just one liberal retirement away." It "is a court that could be a single vote away -- if that -- from crippling affirmative action; curtailing, if not abolishing, abortion rights; dramatically lowering the wall of separation between church and state; and limiting congressional authority under the Constitution's commerce clause to protect the environment and enact other laws of national sweep."

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State Department Report Details Gifts To CIA Employees. The Washington Post (7/5, A11, Geraghty, 744K) reports "an unidentified foreign leader" bought "the CIA director a set of five Bahranian 22-karat gold coins, estimated to be worth $1,500. The State Department's Office of the Chief of Protocol detailed that gift, given in July 2004, and dozens of others last month in a public notice of gifts from foreign governments to U.S. officials." Since 1978, Federal employees "have been required to file reports with their agencies detailing gifts worth more than $305 received from foreign government sources. Employees are permitted to keep gifts worth less that that; gifts worth more are considered gifts to the agency, although the employee has the option of purchasing the item." The only CIA employee "identified in the disclosure announcement is former director George J. Tenet. On Jan. 14, 2004, Tenet accepted from an unnamed foreign donor a 16-inch bronze statuette of an Arab man helping a woman from a bath, mounted on a black-slate base, valued at $300."

FTC Reports Sharp Increase In Complaints About Debt Collection Tactics. The New York Times (7/5, Chan) reports the "rise in American consumer debt has been accompanied by a sharp increase in complaints about aggressive and sometimes unscrupulous tactics by debt collection agencies, a phenomenon that has government regulators increasingly concerned." In April, the Federal Trade Commission, "which enforces the federal law that governs debt collection practices, reported that it received 66,627 complaints against third-party debt collectors last year — more than against any other industry, and nearly six times the number in 1999." The agencies "often buy the debt from more established companies for pennies on the dollar and seek to collect even if the debt has been paid or was never valid to begin with. Sometimes, consumers pay up simply because they are worn down by threats from the companies and fear damage to their credit rating." Robert J. Hobbs, "the deputy director of the National Consumer Law Center, an advocacy group based in Boston, attributed the rise in complaints to three trends: the rapid growth in the number of collection agencies, the tightening of bankruptcy-protection laws last year and the record level of consumer debt, now totaling $2.2 trillion, complicated by rising interest rates and stagnant personal incomes. Identity theft and Internet fraud are also cited as factors."

Former White House Adviser Allen Negotiating Plea Deal. The Washington Post (7/4, B6, Londoio, 744K) reports former White House adviser Claude A. Allen "appears to be negotiating a plea deal with prosecutors in Montgomery County on theft charges filed in March." Assistant State's Attorney John D. Lalos and Allen's lawyers filed a motion "for a postponement, indicating that 'the parties have been working on a disposition regarding this matter and are hopeful that it will be resolved without the necessity of a trial.'" Allen, 45, "was charged with shoplifting more than $5,000 worth of merchandise from Target and Hecht's stores by obtaining refunds for items he was seen picking up at the stores, using receipts for identical items he had bought earlier."

Bush Celebrates 60th Birthday. The Los Angeles Times (7/4, Neuman, 958K) reports President Bush "jokes with audiences about how his eligibility for early Social Security payments, at age 62, 'just happens to come in 2008.' Describing his age as 'a personal crisis,' he muses aloud about how he 'used to think 60 was old…. Now I think it's young, don't you?'" The Times adds, "Every day this year, according to the U.S. Census Bureau, 7,918 people will turn 60. On Thursday, it's Bush's turn and Sylvester Stallone's — and they're joined throughout 2006 by such celebrities as Suzanne Somers, Sally Field, Diane Keaton, Tommy Lee Jones, Cher, Steven Spielberg, Susan Sarandon, Donald Trump and Dolly Parton. Among political names, Bush's wife, Laura, and his White House predecessor, Bill Clinton, also enter their seventh decade this year." Bush's birthday "will be celebrated today — two days early — as 150 friends and family join him at the White House for festivities and fireworks. For his presidency, the Big Six-O signals another milestone likely to draw the attention of friends and foes alike." Bush "himself has resisted all interviews on the topic — with the exception of appearing with his wife on CNN's 'Larry King Live,' which will be taped on Thursday for broadcast that night." Aides have "offered minimal details about today's celebration. Last year, the White House pastry chef baked a chocolate cake topped with a three-dimensional chocolate mountain bike. There's been no word on this year's theme."

USA Today (7/5, 2.31M) reports President Bush "hits a milestone Thursday familiar to some of his fellow baby boomers: He turns 60." In "some ways, the commander in chief -- the father of two recent college graduates -- epitomizes the post-World War II generation, as does

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predecessor Bill Clinton, who will turn 60 on Aug. 19." Cheryl Russell, author of Demographics of the U.S.: Trends and Projections, said, "Bush and Clinton, both leading-edge boomers, show the diversity of opinions and philosophies of the baby boom generation."

The Washington Post (7/5, A3, Baker, 744K) reports while Bush "celebrated the nation's 230th birthday" at Fort Bragg, "others began celebrating his 60th." A group of Fort Bragg soldiers "serenaded the president with 'Happy Birthday' and presented him with a white cake emblazoned with a frosted U.S. flag and two candles, '6' and '0.'" Bush "then flew home to the first lady's party, a relatively low-key event with about 150 old friends, relatives, close advisers and Yale University schoolmates in the executive mansion."

Cheney Says He Hasn't Driven In Seven Years. The Washington Times (7/4, McCaslin, 90K) reports in its "Inside the Beltway" column, "Vice President Dick Cheney reveals something rather unusual: He's not driven a car in seven years. 'It's a bummer,' Mr. Cheney remarked before the start of the Pepsi 400 NASCAR Nextel Cup Series race at the Daytona International Speedway. 'The morning the president -- then governor -- announced that I was going to be his running mate, the Secret Service showed up outside my door, and I haven't driven since.'"

Price For Destroying Army's Chemical Weapons Tops $28 Billion. The Washington Post (7/4, A5, Eilperin, 744K) reports, "In 1987, the Army estimated it would cost $2 billion to dispose of the 27,768 metric tons of chemical weapons in its stockpile. Today, the price has mushroomed to $28 billion, and the military is about a third of the way through the job. An array of problems -- including technical challenges and protests from community activists concerned about the impact of burning the weapons -- has dogged the progress." The Army "is incinerating weapons in Alabama, Arkansas, Oregon and Utah, and has finished work on Johnston Atoll in the Pacific. Under pressure from activists, the Pentagon has opted for chemically neutralizing warfare agents in Colorado, Indiana, Kentucky and Maryland. It has completed work in Maryland, but plant construction in Colorado and Kentucky will only begin this year."

Support Grows For Provision Forcing White House To Pay For Wars Within Regular Budget. The Hill (7/5, Tiron) reports, "Some senior House defense authorizers and appropriators are welcoming a Senate provision in a defense bill that would force the White House to pay for the Iraq and Afghanistan operations within the regular Pentagon budget, not as unforeseen emergencies in supplemental spending bills." The provision "could become a critical issue in Senate and House conference negotiations for the 2007 defense authorization because the House version does not contain such a measure." Yet, while the provision "is gaining support among members of the House Armed Services Committee, military leaders and some defense lobbyists are balking at the idea." Army and Marine Corps leaders as well "as the defense industry fear that modernization programs may take a hit if the Pentagon had to pay out of its base budget to repair war-torn equipment and not out of emergency funds, as it has done since 2001."

Members Of Congress Tapped Credit Lines For At Least $4 Million In 2005. The Hill (7/5, Schor) reports members of Congress "reported open credit lines totaling a minimum of $4 million during 2005, most of them tied to home-equity loans or lines of credit, according to a survey of financial disclosures conducted by The Hill." But as "lawmakers keep a watchful eye on interest rates and consider legislation that would increase homeowners' ability to tap into their property value, the data show that lawmakers are less likely than their average constituent to hold open lines of credit." And, amid "the outcry over recent data-security breaches that exposed untold thousands of federal as well as private-sector employees to the risk of identity theft, few members reported checking on the safety of their credit reports."

Congress Returns From July 4th Recess Next Week With Much To Do. The Christian Science Monitor (7/5, Chaddock, 61K) reports members of Congress "return next week to a long list of incompletes that could shape fall elections." Ron Bonjean, a spokesman for House Speaker Dennis Hastert, said, "Like last year, all will get done in July." The Monitor adds that what is "making that difficult is that, unlike last year, the rifts within GOP ranks on the bills yet to be completed are often as daunting as those between Republicans and Democrats." For Democrats, "the to-do list is grist for campaign speeches about the Republican 'do-nothing' Congress: no lobby reform, no immigration reform, not even a budget for the fiscal year starting Oct. 1." But Republicans "say big-ticket issues are

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still in play in the three critical weeks before August recess - typically the last window for legislating in an election year. And they insist that's enough time to wrap up at least some of them." The Monitor adds the top issues include immigration; the Voting Rights Act; the estate state tax; lobbying reform; and Internet access.

Price Of Capitol Visitors' Center Balloons To Twice Original Cost. ABC World News Tonight (7/4, story 6, 2:10, Cochran, 8.78M) reported Congress "promised" the planned Capitol visitors' center "would be finished in 2004. But 2004 came and went. And the hole just got bigger. As the years passed, some in Congress tried to shift the blame on to the Capitol architect. But a big part of the problem was that Congress kept adding goodies, such as another $85 million to expand their own offices. What, you may ask, does that have to do with the visitors' center? Well, we wondered that, too. And we wondered whether the center was ever going to be finished. Not to worry, says Congress. It will open September 2006, at the latest. But now, we learn it won't open until next July at the earliest, a year from now." Steve Ellis, Taxpayers for Common Sense: "You have right at the doorstep of the Capitol, a boondoggle. A deep hole where we are just throwing cash, year after year after year." Cochran: "The center is three years behind schedule, and will cost more than $500 million, twice what it was supposed to cost. It's 'Your Money.'"

Despite Foam Concerns, Discovery Launches Successfully. The New York Times (7/5, A1, Schwartz, Leary, 1.19M) reports in a front page story that space shuttle Discovery "split a nearly cloudless sky with thunder and fire on Tuesday afternoon and roared safely into orbit. The liftoff, right on schedule at 2:38 p.m., was the start of a 13-day flight that is the first in a year for the diminished shuttle fleet as NASA continues its efforts to resume more frequent human spaceflight." The Discovery is "to rendezvous on Thursday with the International Space Station, where it is carrying equipment, supplies and a fresh astronaut for the station's crew." But "this is also considered the second and final test flight for the shuttle fleet since the loss of the Columbia and its seven astronauts in 2003, and the Discovery's ascent was scrutinized for the kind of liftoff debris that caused that disaster." Officials said "insulating foam broke away from five spots on the external fuel tank and a solid rocket booster, some with several pieces of foam. But none occurred within the time that NASA considers hazardous, and only one piece might be larger than the allowable size."

The networks all also reported on the Discovery launch. ABC World News Tonight (7/4, story 3, 3:45, Moran, 8.78M) reported, "It was the first manned mission ever to launch on the Fourth of July, and only the second since the Columbia disaster." ABC (L. Stark) added, "The mission will last 13 days. The astronauts are delivering 5,000 pounds of supplies to the space station, including food, water and clothes. And in the next hours and days, NASA will continue to scrutinize all the photos and the video from the launch, trying to make absolutely sure that the shuttle sustained no serious damage."

The CBS Evening News (7/4, story 3, 2:10, Orr, 7.66M) reported, "NASA has spent much of the afternoon also trying to resolve another potential problem. One of the astronauts onboard taking videotaped pictures of the external tank saw what he thought looked like a large piece of insulation with straps floating away from the orbiter. Perhaps it came from the orbiter, he thought. Now NASA engineers have taken a look at his videotape and they are fairly convinced it was ice."

NBC Nightly News (7/4, story 4, 2:45, Costello, 9.87M) reported, "NASA engineers are looking at video and still imagery of the shuttle as it took off, as well as the external fuel tank, looking for any signs of debris falling off."

CNN's The Situation Room (7/4, Zarella) reported Tuesday's launch "is only the second launch of a space shuttle from the Kennedy Space Center in some three and a half years, Columbia three and a half years ago, and Discovery a year ago." Since the launch "we have had an opportunity to take a closer look at some of those isolation cameras on the external tank, you know, foam being the big issue. The foam that fell off the external tank during Columbia and again in the Discovery mission a year ago. Very difficult to see, but along the bottom side of that image, along that pipeline on the left-hand side of the external tank, it appears there are tiny pieces of some sort of material that are falling away, breaking away from the external tank in those isolation shots."

NYTimes Greets Discovery Launch With "Restrained Jubilation." The New York Times (7/5, 1.19M) says in an editorial, "The apparently successful launch of the shuttle Discovery is cause for restrained jubilation. The astronauts are not out of danger yet. Only further inspections will tell whether their fragile vehicle sustained any significant damage on ascent." The "striking thing about this shuttle

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flight is that the most important task is simply survival — of both the vehicle and the astronauts who are riding in it."

WPost Cites Hastert As Example Of Need For Earmarking Reform. The Washington Post (7/5, A12, 744K) in an editorial raise the question of whether House Speaker Dennis Hastert personally benefited from Federal funding targeting two highway projects near property he sold for a $2 million profit. The Post says it is unlikely he was "taking care of himself" but says while it is not a political scandal "so far," it "is a cautionary tale about the potential for abuse. With the explosion of earmarks in recent years comes the temptation for lawmakers to use them for personal gain." For example, "Rep. Ken Calvert (R-Calif.) doubled his investment on a four-acre plot after snagging $9.5 million to build a freeway interchange and spur commercial development near the Air Force base about 16 miles away. Rep. Gary Miller (R-Calif.) got $1.28 million for street improvements near a development he co-owns." The Post concludes, "Mixing real estate investing and earmark pushing makes for risky political business.. … This is yet another argument for cracking down on earmarking gone wild."

OTHER NEWS:

Studies Predict Higher Medical Costs. The Wall Street Journal (7/5, Mincer, 2.11M) reports Americans "should expect to pay more for medical costs whether they are employed or retired, according to two new studies. The reports, by Milliman Inc. and Watson Wyatt Worldwide, show that health-care costs are still rising at a fast pace -- despite slowing from double-digit rates in recent years -- and that businesses expect to curtail or limit retiree medical benefits." The "average annual medical cost for a family of four participating in a preferred provider organization, or PPO, program is up 9.6% from 2005 to $13,382 in 2006, according to Milliman, a consulting and actuarial firm that released its second annual study Thursday."

Economists Forecast 2.9% Growth In Second Half Of 2006. The Wall Street Journal (7/5, Whitehouse, 2.11M) reports, "Neither resurgent inflation nor a housing slowdown is likely to throw the economy completely off track, but they will make life a lot tougher for Federal Reserve Chairman Ben Bernanke, economists said in a new survey." The Wall Street Journal's latest survey of 56 forecasters, "conducted in mid-June, suggests an economy at a crossroads, with growth looking set to slow but inflation accelerating." The Journal adds "the consensus forecast of the 56 economists is that growth in real gross domestic product -- a broad measure of economic activity, adjusted for inflation -- will ease to an annualized 2.9% in the second half of 2006. That compares with an annualized 5.6% in the first quarter and an expected 2.8% in the second quarter, which would bring first-half growth to about 4.2%. By the first half of next year, growth would cool further to 2.7%, the slowest rate since mid-2003. … The forecasters expect nonfarm businesses to add an average of about 140,000 jobs in each of the next 12 months."

The Wall Street Journal (7/5, A1, Whitehouse, 2.11M) reports, "For several years, Allen Sinai, chief global economist at Boston-based consulting firm Decision Economics, has argued that the current expansion -- with global demand pushing up oil prices -- looks a lot more like the classic business cycles of the 1970s and 1980s than the exceptional one of the 1990s, when various factors -- from globalization to smaller government deficits -- helped keep inflation in check. In the Journal's December survey, that conviction led Mr. Sinai to forecast that consumer prices would rise sharply in the first half of 2006 and wind up 3.5% higher in May 2006 than a year earlier. … Now, Mr. Sinai thinks inflation likely will begin to feed on itself, as workers and suppliers demand higher wages and input prices and companies pass those cost increases on to consumers. As a result, he expects the Federal Reserve to slam harder on the brakes, increasing its target for short-term interest rates from the current 5.25% to 6.25% by mid-2007, a level that no other economists think likely and that many believe would be high enough to trigger a recession."

Manufacturing Sector Grows At Slower Rate Than Forecast. The Washington Post (7/4, D3, Powell, 744K) reports the US manufacturing sector "expanded at a slower rate than expected in June and construction spending plunged in May, reinforcing the belief of some analysts that increasing sluggishness in the economy will prompt the Federal Reserve to pause at last in its credit-tightening regime." The Institute for Supply Management "said Monday that its manufacturing index registered 53.8 in June, slightly below the 54.4 reading in May. It was the slowest growth reading since the gauge registered 53.5 last August. Analysts had forecast a June index of 55 to 56." Meanwhile, the

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Commerce Department "reported that building activity fell 0.4 percent in May to a seasonally adjusted annual rate of $1.206 trillion, after a 0.2 percent decline in April. It was the first time in more than three years that construction spending had fallen for two consecutive months."

Stock Markets Make Pre-Holiday Gains. NBC Nightly News (7/3, story 10, 0:10, Curry, 9.87M) reported, "On Wall Street, the markets ended a shortened, pre-holiday session on a positive note. The Dow posted a gain of nearly 78 points [to close at 11,228.02]. The NASDAQ closed up more than 18 points [to close at 2,190.43]."

Gas Prices Spike For Fourth Of July Travel. ABC World News Tonight (7/3, story 8, :15, Moran, 8.78M) reported, "And if you're driving this Fourth of July, you'll be paying more to fill up. The Energy Department reported today that the average price of a gallon of gas is $2.93. That's up 7 cents in just the past week and up 71 cents more than a year ago."

High Oil, Gas Prices Produce Drilling Frenzy In Wyoming. The New York Times (7/4, McInnis, 1.19M) reports that surging oil and gas prices "have ignited a drilling frenzy" in Wyoming. The drilling surge "is producing a tidy income for Clear Creek [Ranch], even though the ranch owns only a tiny percentage of the oil and gas rights in the field, said Rob Hendry, who owns the ranch with his wife and two sons. Royalties are about $4,000 a month, or roughly what it costs Clear Creek to cover higher prices for gasoline and diesel fuel used to raise cattle on the 180,000-acre spread. A second, larger revenue stream comes from another oil-related business that Mr. Hendry created, a construction company that uses earth movers, bulldozers and other heavy equipment to level sections of ranch land to accommodate a moveable drilling rig that is as tall as a 15-story building."

GOP, Democrats Believe They Have The Edge Heading Into Midterms. The Washington Times (7/4, Hurt, 90K) reports, "Democrats are sure they have Republicans cornered and reeling heading into this fall's elections, but Republicans are overjoyed by the campaign, believing that it simply reinforces their own message of being tough on terrorism and illegal aliens." A second Washington Times piece (7/4, Fagan) says "lawmakers from both sides of the aisle are staking out issues this election year that they think resonate with Americans and portray the other party as out of touch." While "Democrats have seized upon the issues of a minimum wage increase and the Medicare prescription drug program," Republicans "are pushing a 'values' agenda that includes banning flag burning and protecting the Pledge of Allegiance."

Lieberman Will Run As Independent If He Loses Primary. The New York Times (7/4, Yardley, 1.19M) reports, "Senator Joseph I. Lieberman of Connecticut said on Monday that he would run as an independent Democratic candidate if he loses the state Democratic primary next month. The announcement by Mr. Lieberman, a political moderate and longtime party leader seeking his fourth term, underscores the increasing vulnerability he feels over his support for the Iraq war."

NBC Nightly News (7/3, story 7, 0:30, Curry, 9.87M) reported Lieberman "is a staunch defender of the war in Iraq and faces a tough primary challenge from anti-war businessman Ned Lamont. Lamont's candidacy has drawn nationwide support on the Internet.

The AP (7/4, Haigh) reports, "Once a Democratic stalwart and the party's 2000 vice presidential nominee, Lieberman has fallen into disfavor from some Democrats for his support of the Iraq war and his perceived closeness to President Bush." He has also been targeted "by liberal blogs, which have given a boost to his challenger and bill the race as a chance to send a message to the Democratic establishment." The ActBlue.com Web site, "which helps Democrats set up fundraising campaigns for candidates, has helped bring challenger Ned Lamont nearly $233,000 in contributions as of last week. Lamont also received about $70,000 in contributions from the liberal group Democracy for America by way of the Internet."

The Washington Post (7/4, Murray, 744K) reports, "A Quinnipiac University survey conducted in early June showed Lamont gaining ground against Lieberman. Among all Democrats, Lieberman led Lamont 57 percent to 32 percent, compared with 65 percent to 19 percent in a Quinnipiac poll taken a month earlier." The margin "was slimmer among likely Democratic primary voters, including undecided voters who are leaning toward a candidate, with Lamont trailing the incumbent 55 percent to 40 percent, the June poll found." The Hill (7/4, Kaplan) also reports the development on its website.

CNN's The Situation Room (7/3, Bash) reported, "Democratic leaders have been scrambling to figure out exactly how to play this. They're in a very tough position,

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because they say it's their instinct and even priority to protect the Democratic incumbent, but it's also their responsibility to follow the regular rules of the road. And that usually means when there is a primary, and the party supports a winner, then the national leadership supports that winner. So, in the meantime, what we are seeing today from Democrats on the national level is, that they have decided on the political equivalent of kick the can. Senate Minority leader Harry Reid, through spokesman Jim Manley, would only confirm that the senator spoke with Senator Lieberman and he says that he respects his decision." CNN's The Situation Room (7/3, King) reported, "Aome political analysts I spoke with said really this is unprecedented, in their view, that they cannot remember someone doing this in a major race like this."

In an analysis piece titled "Senator's Plan B Puts Democrats In A Bind," the New York Times (7/4, Healy, Medina, 1.19M) reports, "Karen Finney, a spokeswoman for the Democratic National Committee, said the party would support its nominee this fall, whether it is Mr. Lieberman or Mr. Lamont. Another party official, Donna Brazile, said yesterday that she supported Mr. Lieberman's candidacy but was concerned that his contingency plan would 'hurt more than help his candidacy.' She explained: 'I think Joe Lieberman could have really scored with the Democratic voters if he'd said that he was a Democrat, would run as a Democrat and would honor the wishes of the Democratic voters.'" Lieberman's "troubles," adds the Times, "reflect the force of the evolving antiwar movement. His support for the Bush administration's Iraq policy initially galvanized the opposition of left-leaning Internet habitués, focusing national attention on Mr. Lamont as a viable antiwar alternative to the senator."

Lieberman Defends His Loyalty To Democratic Party. Sen. Joe Lieberman was asked on CNN's The Situation Room (7/3) about critics who say he is putting self preservation over his loyalty to the Democratic party. Lieberman said, "I would definitely put my loyalty to the Democratic Party and my service to the Democratic Party up against most of those who are saying those things. I am a loyal Democrat and I am going to work my heart out to get the Democratic nomination for the US Senate this year and the primary on August 8th." Lieberman added, "I have a loyalty higher than that to my party. That is to my state and my country. And I feel so deeply that I can do a better job for my state and my country than either the Democratic or Republican opponents against me that I'm prepared, if necessary, to take my fight to November as a petitioning Democratic candidate."

Hillary Clinton Says She'll Back Democratic Nominee. The Washington Post/AP (7/5, A2, Press) reports, "Sen. Hillary Rodham Clinton (N.Y.), a longtime supporter of Sen. Joseph I. Lieberman, said Tuesday that she will not back the Connecticut Democrat's bid for reelection if he loses their party's primary. 'I've known Joe Lieberman for more than 30 years. I have been pleased to support him in his campaign for reelection, and hope that he is our party's nominee,' the former first lady said in a statement issued by aides. 'But I want to be clear that I will support the nominee chosen by Connecticut Democrats in their primary,' Clinton added." She added, "I believe in the Democratic Party, and I believe we must honor the decisions made by Democratic primary voters."

WSJournal Applauds Lieberman. The Wall Street Journal (7/5, 2.11M) editorializes, "Lieberman's announcement Monday that he'll run as an independent if he loses the Democratic nomination is a remarkable commentary on the mind of the Democratic Party these days. … Connecticut's Senate race may turn out to be the most important election of the year. If Democrats drive Mr. Lieberman from their ranks, they will be sending Americans a message that George Soros and MoveOn.org dominate their party. This is all the more reason to applaud Mr. Lieberman for declaring that he won't easily be pushed from the Senate, whatever party banner he has to wave."

Four Influential Left-Wing Bloggers Jointly Endorsing Democratic Challengers. The Hill (7/5, Kaplan) reports, "Four of the most powerful left-wing political bloggers have developed a new joint strategy to steer financial support from the 'netroots,' or Internet-based activists, to Democratic challengers, many of whom they know have little chance of winning their mid-term election races." Markos Moulitsas Zúniga of Daily Kos, Matt Stoller and Chris Bowers of MyDD and "DavidNYC" of Swing State Project "have endorsed 16 candidates and posted their names at Act Blue, a website that allows visitors to contribute money to campaigns." Democratic challengers "need not pass any policy litmus test to earn endorsement; the four bloggers merely need to agree to go ahead. The endorsements depend on the candidate's having won a measure of support from bloggers in his or her district." And "crucially, the candidate does not have to have a good

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chance of winning. Bowers said their hope is to 'stretch Republican defenses' and turn less-noticed races into top-tier races, which will encourage more activity on the Internet." The 16 challengers "include Democratic Senate candidates Ned Lamont (Conn.), Jon Tester (Mont.) and former Navy Secretary Jim Webb (Va.). Lamont has raised $79,000 at Act Blue, Tester $39,000 and Webb $14,000."

Plan For Expanding Routine HIV Testing Draws Opposition. The Wall Street Journal (7/5, Chase, 2.11M) reports Federal officials are "readying new guidelines that propose routine HIV tests for people 13 to 64 years old. But fears that the change could short-circuit patients' rights are prompting protests and even legislation." The proposed policy changes "are part of a sweeping effort by the U.S. Centers for Disease Control and Prevention to streamline HIV testing. While lacking the force of law, the new guidelines would urge doctors to offer the test to everyone with basic health care, regardless of their risk factors." The test "would remain voluntary. But pretest counseling would be trimmed, or even eliminated, and consent could be obtained orally instead of in writing, as many states now require." The CDC says "broader testing is needed because about 25% of the estimated one million Americans with HIV are unaware they are carrying it."

Conservative Groups Oppose Effort To Shut Down 527s. In its "Washington Wire" column on its web site, the Wall Street Journal (7/3, 2.11M) reported, "Two years ago, Republicans were organizing against new, loosely regulated political groups that were raising money to attack President Bush. Now, illustrating how roles often reverse in politics, some of the party's conservative activists are trying to stop legislation that would choke off those groups. The dispute centers on a House bill that would curtail funding for organizations nicknamed 527s, for the section of the tax code that governs them." The Journal added, "In the 2006 campaign so far, it is right-leaning 527s that are most active. The Club for Growth, a conservative economic-issue group, is leading the charge to kill the Republican bill that would shut down 527s."

Research Shows Environment Impacts Development Of Stem Cells. The Washington Times (7/4, Price, 90K) reports, "Interaction with the environment surrounding immature embryonic stem cells is a factor in their transformation into a complex organ, even when they are outside the body in a laboratory dish, research shows. Scientists at the University of Florida's McKnight Brain Institute found that when embryonic stem cells from mice were placed on four different surfaces in cell culture dishes, specific types of body cells were created. Their findings, published in this week's issue of Proceedings of the National Academy of Sciences, shed light on how embryonic stem cells diversify to form various neural structures, which has been a fundamental mystery of brain development, researchers say. In experiments, the Florida scientists confirmed that a cell culture molecule called laminin activates a common developmental pathway essential for the generation and survival of particular types of brain cells."

North Korea Threatens To Use Nuclear Weapons Against US. The CBS Evening News (7/3, story 5, 0:20, Mitchell, 7.66M) reported, "The North Korean News Agency said that if the US were to launch a preemptive attack, it would respond with 'an annihilating strike and a nuclear war.' The White House shrugged it off, saying it has no intention of attacking but will act to protect the US if North Korea tests a long-range missile."

The AP (7/4, Schweid) reports Undersecretary of State Nicholas Burns "cautioned North Korea on Monday to avoid 'any type of provocative activity' and to return to negotiations on its nuclear weapons program. Referring to reports that North Korea might be preparing to launch a long-range ballistic missile, Undersecretary of State Nicholas Burns said 'that would be a profoundly unwise step by the North Koreans.'"

The Washington Post (7/4, Tyson, 744K) reports, "North Korea has a Taepodong-2 missile poised for a possible launch, although it is not clear whether it has been fully fueled. The two- or three-stage missile has estimated ranges that give it the potential of striking parts of the United States." US "officials played down the possibility of a preemptive strike."

North Korea Test Fires Long-Range Missile. North Korea test fired a long-range missile yesterday, but it failed seconds after launch, US officials said. The AP (7/4, Talmadge) reported that in addition to the missile that may be capable of reaching the US, North Korea also tested four shorter range missiles "in an exercise the White House termed 'a provocation' but not an immediate threat." The AP added, "None of the missiles made it as far as Japan. The

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Japanese government said all landed in the Sea of Japan between Japan and the Korean Peninsula."

ABC World News Tonight (7/4, story 2, 1:40, Karl, 8.78M) reported that the missile's failure is "better than a successful launch. A launch that would show they had the technology to hit the United States. But it's a limited relief. Even a failure is something that you can learn from. And officials here are telling me they're concerned that now the North Koreans will be able to go back to the drawing board. They will learn from this failure. Learn why it failed. And work on improving that technology, technology that could ultimately develop such a missile to hit the United States."

NBC Nightly News (7/4, story 3, 1:15, O'Donnell, 9.87M) reported, "The White House now is telling us that they believe that North Korea has even additional missiles that could be launched, so they are bracing themselves for what may be other possible launches as the hours go by." In fact, the AP (7/5) reports this morning, "North Korea has launched a seventh missile, a news report said Wednesday, citing Japanese government sources. North Korea fired the latest missile at 5:22 p.m. (4 a.m. EDT), Kyodo News agency reported. The missile landed 6 minutes later, the report said. … It was unclear what type of missile was launched or where it landed."

AFP (7/4) reported, "The US missile defense system, based in California, Alaska and onboard US Navy ships, was on high alert in anticipation of the Taepodong 2 test, and ready to shoot any missile down if it threatened US territory. But since it failed just 40 seconds into the flight, 'no action was taken,' said a defense official." AFP added, "To address the situation, the United States was sending its senior envoy for six-nation North Korean nuclear talks, Assistant Secretary of State Christopher Hill, to Asia on Wednesday."

The CBS Evening News (7/4, lead story, 2:40, Andrews, 7.66M) reported, "Pentagon officials tell CBS News that all of these launches were detected and were tracked by ships on station in the Sea of Japan and by the US missile-defense system. The Pentagon is under standing orders to try to shoot down a North Korean missile if it threatens US territory, but, again, this missile didn't get that far."

NBC Nightly News (7/4, lead story, 2:50, Miklaszewski, 9.87M) reported that "military officials say US spy satellites were tracking the missile from the moment it launched and quickly determined the missile posed no threat. There was no need to employ the US missile defense system."

A front page story in the New York Times (7/5, Onishi, Sanger, 1.19M) reports, "In a statement issued late Tuesday night, the White House said the United States 'remains committed to a peaceful diplomatic solution' and sought implementation of a joint statement on denuclearization issued after a meeting with North Korea in September. But it said 'the North Korean regime's actions and unwillingness to return to the talks appears to indicate that the North has not yet made the strategic decision to give up their nuclear programs.' 'Accordingly, we will continue to take all necessary measures to protect ourselves and our allies,' the White House said, offering no details."

The CBS Evening News (7/4, story 2, 1:00, Axelrod, 7.66M) reported that the Bush Administration wants "to make the point that there was no immediate threat posed by the launch, but it was a clear provocation."

The Washington Times (7/5, Gertz, 90K) reports, "The White House said North Korea's decision to escalate its nuclear standoff with the international community by test-firing missiles will further alienate it from the international community."

The AP (7/4, Riechmann) reported, "White House Press Secretary Tony Snow, told reporters, 'The North Koreans have again clearly isolated themselves.'" Secretary of State Condoleezza Rice "planned to confer, starting tonight, with her counterparts from China, Japan, South Korea and Russia, over the missile firings, according to the State Department." President Bush "has been in consultation with Rice, [National Security Adviser Stephen] Hadley and Defense Secretary Donald H. Rumsfeld."

The Los Angeles Times (7/5, Wallace, Demick, 958K) reports, "Hadley described the barrage of missiles…as 'provocative behavior' from a country that had been warned against breaking its 6-year-old moratorium on long-range missile tests. 'The United States strongly condemns these missile launches and North Korea's unwillingness to heed calls for restraint from the international community,' the White House said in a statement. It said the tests 'demonstrate North Korea's intent to intimidate other states by developing missiles of increasingly longer ranges.'"

The Financial Times (7/5, Fifield, Daniel, Pilling) predicts the "highly provocative move" by North Korea "will invite a strong diplomatic response." Washington, Tokyo and Seoul "had issued stern threats of economic sanctions if Pyongyang proceeded with an inflammatory test. Emergency meetings were underway in all three capitals, as well as at the

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United Nations in New York. … A spokesman for the US mission at the United Nations said that the US ambassador, John Bolton, was 'consulting on an urgent basis with our fellow council members.'"

ABC World News Tonight (7/4, lead story, 2:45, Moran, 8.78M) called the test "a major provocation from North Korea." ABC (Raddatz) added that the US will "certainly try to put some sort of economic sanctions in place. That's a possibility only at this time. I sense the White House is trying to calm things down tonight. They're saying there's no immediate threat to the United States. And they're just going to continue to consult."

Fox News' Special Report (7/4, Baier) reported, "Today late in the afternoon, the US Ambassador to the United Nations said the United States was urgently consulting other UN Security Council members about the North Korean missile launches."

CNN's The Situation Room (7/4, Roth) reported, "US Ambassador John Bolton is working the phones, talking with other ambassadors on the UN Security Council."

USA Today (7/5, Page, Jackson, Nichols, 2.31M) reports that North Korea's move "prompted a diplomatic scramble." Bolton "held what he called 'urgent' consultations. The Security Council was likely to meet today, spokesman Richard Grennell said."

A front page story in the Washington Post (7/5, A1, Priest, Faiola, 744K) reports, "Japanese Foreign Minister Taro Aso said Tokyo was likely to impose economic sanctions against North Korea in response to the missile tests; Japanese authorities said they would begin by banning North Korean ships from Japanese ports for six months or more. … In Japan, US Ambassador J. Thomas Schieffer told reporters that he and Japanese officials had discussed the possibility of getting the UN Security Council to impose economic sanctions on Pyongyang. In South Korea, Suh Choo Suk, senior presidential secretary for security policy, said in a nationally televised announcement that the North 'should assume full responsibility for its missile launches.' He expressed 'deep regret' for the 'provocative act' that he said would deepen the North's isolation and affect inter-Korean ties."

An analysis in the Financial Times (7/5, Fifield) says that if North Korea "was hoping to force the Bush administration, in particular, to give into its demands to drop financial sanctions and to negotiate on its own terms, it is almost certain to have gravely failed. Not only has Pyongyang incensed Washington and Tokyo, both of whom have threatened a strong response including new sanctions, it has managed to alienate its usually appeasing brother in Seoul, which vowed to cut off shipments of rice and fertiliser."

Weldon Calls Missile Launch A "Political Provocation." Rep. Curt Weldon said on CNN's The Situation Room (7/4), "I think this is basically a political provocation. I have been to North Korea twice. I led the only two delegations into the country. I sat across the table from…their lead negotiator for a total of 15 hours. In fact I had an invitation that I received one month ago to take the third delegation back into North Korea from August the 1st to the 5th. I consulted with the White House and they suggested I not go on this trip because of the possibility of the launch that we've now seen today. Even though I think this is absolutely provocative. The last thing we need to do is to rush to some kind of offensive military action. Because a war with North Korea would not be a war like any that we have seen in recent years. They have the fourth largest army in the world. They have thousands of missiles that are all set up along the DMZ to Seoul, and they also have capabilities on their ground forces. I think we have to engage them. We have to get China off the dead center."

NYTimes Calls North Korea A "Dangerous Rogue Actor." An editorial in the New York Times (7/5, 1.19M) says, "Americans can take some comfort from the reported failure of a long-range missile test by North Korea. … But the other message from the missile tests is considerably less reassuring. North Korea has again shown itself to be a dangerous rogue actor, ignoring the almost universal pleas from other countries to refrain from a test that can only add to regional tensions and multiply doubts about its trustworthiness and intentions." The Times adds, "Since the test poses no direct security threat, and violates no international treaty, there is no justification for any military response, by the United States or anyone else. … Someday North Korea may actually be able to build a missile that can cross the Pacific. A reinvigorated diplomatic effort to head off that threat before it comes closer to reality can only be a good idea."

Radicals Gaining Control Of Somalia's Capital. The Washington Post (7/4, Timberg, 744K) reports, "A group of largely moderate Muslim leaders who took control of Somalia's capital a month ago has been pushed aside in recent days by radicals determined to create

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a strict Islamic state there, according to Somali and other political analysts. Leading the drive has been Hassan Dahir Aweys, whom the United Nations and the United States consider a terrorist with ties to al-Qaeda." Aweys's "June 24 appointment as head of the Islamic militias ruling Mogadishu, the capital, has been followed by the installation of like-minded lieutenants in other key posts and the demotion of moderates such as the previous leader, Sharif Ahmed, analysts say." The Post adds, "Among those losing clout is Abdurahman Osman, a Somali-born US citizen who emerged last month as a spokesman for the Islamic militias and a moderate face toward the outside world."

Trials Of Khmer Rouge Leaders Begin In Cambodia. The Washington Times/AP (7/4, Cheang) reports, "Judges and prosecutors from Cambodia and foreign countries were sworn in yesterday to begin the UN-backed judicial process to try former Khmer Rouge leaders for genocide and crimes against humanity. It was a major step forward in the search for justice for victims of the brutal Khmer Rouge regime, whose extremist policies in the late 1970s killed an estimated 1.7 million people. … None of the top leaders of the 1975-79 communist regime have been held accountable for the atrocities. Khmer Rouge leader Pol Pot died in 1998, but several of his top deputies, aging and infirm, still live freely in Cambodia."

Chinese Official Says Draft Law Applies To Foreign And Domestic Media. The New York Times (7/4, Kahn, 1.19M) reports, "A Chinese draft law that threatens to fine the news media for reporting on 'sudden incidents' without permission applies to foreign as well as domestic news organizations, an official involved in preparing the legislation said Monday. The law, now under consideration by the legislature run by the Communist Party, calls for fines of up to $12,500 for unauthorized reports on outbreaks of disease, natural disasters, social disturbances or other so-called sudden incidents that officials determine to be false or harmful to China's social order. Wang Yongqing, vice minister of the legislative affairs office of China's State Council, or cabinet, told reporters at a news briefing that the law should apply to all news organizations, including foreign newspapers, magazines and broadcast outlets, which usually operate under different rules from those of the Chinese news media."

NYTimes Criticizes China's Draft Media Law. An editorial in the New York Times (7/4, 1.19M) says, "The trouble with suppressing reports of sudden incidents is that they usually emerge anyway, in a form even more damaging to the state." China's draft law "says that newspapers, magazines, Web sites and television stations would face fines up to $12,500 each time they published information about a sudden incident 'without authorization.' It is, of course, a horrible idea that strips away any pretense China might have of political openness or modernity."

Senior Intelligence Official Defends DIA Officer Who Spied For Chinese. The Washington Times (7/5, Gertz, 90K) reports, "A senior intelligence official is leading an effort within the Bush administration to defend former Defense Intelligence Agency China specialist Ronald Montaperto, who pleaded guilty recently to espionage-related charges involving Chinese intelligence. Lonnie Henley, a friend of Montaperto and another former DIA China specialist, has written e-mails and had telephone conversations with intelligence and policy officials criticizing the FBI investigation and seeking to downplay the damage caused by Montaperto's 22 years of contacts with two Chinese military intelligence officers, according to officials familiar with the private support program. The effort by numerous pro-China intelligence analysts is aimed at protecting their prestige and influence, and at shielding others in government who share Montaperto's benign views of China and the Chinese military, said officials who spoke on the condition of anonymity." The Times notes that Henley's "defense of Montaperto and criticism of the FBI is unusual and has raised concerns among U.S. counterintelligence officials that there are others in the intelligence community who may have improperly shared classified information with China."

Many Bush Foreign Allies Leaving World Stage. The AP (7/4, Raum) reported, "President Bush's stalwart foreign friends are fading fast. Most of the leaders who defied criticism at home to stand with him on Iraq and win his friendship are no longer players on the world stage, or are on their way out." British Prime Minister Tony Blair "has said he'll step down before the next national election." Japanese Prime Minister Junichiro Koizumi is leaving office in September. Italy's Silvio Berlusconi "resigned in early May after his party's election losses. Spain's Jose Maria Aznar was earlier forced out of office, the first casualty of supporting

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Bush on Iraq." The AP added, "Newer leaders, particularly those in Europe, have seen the political penalties paid by those who stood too close to Bush — and have been more reluctant to embrace him so openly."

Putin Seeks Right To Send Anti-Terror Forces Around World. The Washington Times (7/5, 90K) reports, "Russian President Vladimir Putin asked parliament yesterday for the right to send soldiers and special forces anywhere in the world to fight terrorists, acting just days after having pledged to 'destroy' the terrorists who killed five Russian diplomats in Iraq." The Kremlin said Putin "had requested the right to defend 'the human rights and freedoms of citizens, the sovereignty of the Russian Federation, its independence and state integrity,' by using security forces outside Russia." Putin "did not say the troops would be sent to Iraq. Nor was it clear whether the United States would object to Russian forces operating in the country or welcome any assistance in dealing with insurgents who for three years have kept Iraq on the edge of chaos."

Six Russian Soldiers Killed In Chechnya. The New York Times (7/5, Kramer, 1.19M), "Gunmen broke several months of relative calm with an ambush of a Russian military column on a road south of Grozny, the regional capital, killing 6 soldiers and wounding 12 others in a midafternoon attack. The column came under fire from rocket-propelled grenades and small arms, Valery A. Kuznetsov, Chechnya's prosecutor, said in a telephone interview."

López Obrador Likely To Challenge Result Of Mexican Presidential Vote. Andrés Manuel López Obrador, the leftwing candidate in Mexico's presidential race is "almost certain" to challenge the results of Sunday's vote, according to the Financial Times (7/5, Thomson). Such move "would heighten tensions and increase uncertainty about the country's immediate political future. Word of the likely challenge was raised as center right candidate Felipe Calderon "looked to have taken a small but decisive lead in what is turning out to be the closest election in Mexico's history. A preliminary count by the country's Federal Electoral Institute (IFE) showed Mr Calderon ahead by 400,000 votes – about 1 per cent of the total cast – over." Manuel Camacho, a leading adviser to López Obrador and a congressman for his Democratic Revolution party (PRD), stopped short of claiming electoral fraud, but "said there were 'serious discrepancies' in the vote-counting process that, once rectified, could easily tip the result in favour of Mr López Obrador."

The New York Times (7/5, McKinley, Thompson, 1.19M) reports, "Mr. López Obrador's challenge made it clear that this country was about to live through its own version of the drawn-out legal battle that Americans experienced in the 2000 presidential race. Mexico's dispute, however, instead of being focused on one state, could be nationwide." The Times adds, "Foreign election observers said the election was transparent and largely free of problems, adding that the system could even be a model for many other countries."

The Washington Post (7/5, A8, Roig-Franzia, 744K) reports that the question of whether Obrador will "unleash the fury of the streets" looms over Mexico. Emotions "have been intensifying in the past two days as the populist candidate and his top aides have outlined a growing list of alleged election law violations that they claim are responsible for the narrow lead of his opponent, Felipe Calderón. No large demonstrations have been held yet, apparently because López Obrador's supporters are waiting for a signal from him and because they want to see the results of an official count that begins Wednesday. … Still, the rhetoric is getting more heated."

The Christian Science Monitor (7/5, Harman, Llana, 61K) reports that Mexico is in "political limbo" with both candidates claiming victory. The standoff "raises the prospect of protests and court challenges that could take weeks to resolve. It could also further polarize a divided electorate after months of negative campaigning." The Monitor adds, "Preliminary official results are expected Wednesday - at which point a recount is set to begin. By law, this process will go on day and night until a final result is reached."

The Washington Times (7/5, Behn, 90K) reports that "whoever wins will have to address the anger of voters in towns like LaPuerta, who blame economic conditions for the flight of half their residents to the United States. … The joblessness that sent the young men north became a central issue in Sunday's election, with leftist Andres Manuel Lopez Obrador promising a Mexican version of the New Deal and conservative Felipe Calderon insisting that existing free-market policies offered the surest hope for growth."

Election Called "Crucial Test" Of Mexican Democracy. The Wall Street Journal (7/5, Luhnow, De Córdoba, Lyons, 2.11M) calls the controversy a "crucial test" of Mexico's democracy. The Journal adds, "Unlike the US,

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which has had a democracy for two centuries and a Supreme Court whose word is accepted by the vast majority of the electorate, Mexico's democracy is fragile. Until as recently as the 1990s, Mexican presidents were chosen through a process called the 'dedazo,' where the departing leader literally hand-picked his successor. And it was only in 2000 that an opposition party finally won a clean, uncontested election. How the showdown plays out over the coming months could become a defining moment in Mexico's drive to become a modern nation where independent institutions like courts, the central bank and the election agency are respected."

Officials Say 2.5 Million Votes Went Uncounted. The Los Angeles Times (7/4, Tobar, Martinez, 958K) reported on its web site that the margin between Calderon and Obrador "narrowed suddenly Tuesday after election authorities revealed that some 2.5 million votes had been missing from earlier counts. … The uncounted votes heightened the sense of disarray that has plagued the election since Mexico's polls closed Sunday evening."

Snow Likens Mexican Election To 2000 US Presidential Race. The Washington Times (7/5, McCaslin, 90K) reports in its "Inside the Beltway" column that White House press secretary Tony Snow was asked "whether he was 'concerned about the Mexican election, and what it might mean if there's a real problem down there.'" Snow was asked, "What if we've got two guys both claiming victory?" Snow "reminded the scribe: 'I think we've had situations here where people have -- there have been multiple claimants to victory.'"

O'Grady Says It Seems "Almost Certain" Calderon Won. Mary Anastasia O'Grady writes in the Wall Street Journal (7/5, 2.11M), "Felipe Calderón of the National Action Party hasn't any doubt that he won Sunday's presidential election, and he says that his adversary, Andres Manuel López Obrador of the Democratic Revolutionary Party (PRD), knows it, too. … Mr. Calderón's numbers jibe with those of Mexico's Federal Electoral Institute (IFE) and it seems almost certain that he won. But as we go to press, an official announcement has not yet been made." O'Grady adds, "In the past 48 hours, Mexico has watched two distinct management styles unfold. Indeed, it is not unreasonable to conclude that the very reason that Mr. Calderón seems set to take the office of president is precisely because Mexicans feared the López Obrador they are now witnessing."

WSJournal Says Mexican Vote Signals Latin American Shift To Left Has Crested. An editorial in the Wall Street Journal (7/5, 2.11M) says, "Assuming Mr. Calderón's lead holds -- and that his victory is recognized by all of his opponents -- Mexico may be on the cusp of a new era in which the old-style populism typified by the PRD gives way to a new style of politics catering to an aspirational electorate, regardless of economic class. For the US this is excellent news, not least because the ultimate solution to our immigrant influx is a prosperous southern neighbor that doesn't export millions of laborers every year. It is also a good sign for Latin America: Together with recent elections in Colombia, Peru and Bolivia (where voters on Sunday rejected an effort by President Evo Morales to rewrite the Constitution), Mexico's vote suggests the region's ballyhooed march left has crested."

Israeli Planes Destroy Palestinian Interior Ministry. Israeli aircraft destroyed the Palestinian Interior Ministry early this morning. The Los Angeles Times (7/5, Ellingwood, King, 958K) reported, "Israeli missiles flattened a wing of the Hamas-run Palestinian Interior Ministry here today, in the latest wave of airstrikes meant to pressure Palestinian militants into freeing a captive Israeli soldier."

The Washington Post (7/5, A8, Wilson, 744K) reports that the attack that wounded at least seven people, came "hours after the military wing of the governing Hamas movement fired a rocket at the southern Israeli city of Ashkelon that landed in an empty school."

The New York Times (7/5, Myre, Erlanger, 1.19M) reports, "The militant Hamas organization called the attack a response to 'Israeli aggression.' But in a statement on Tuesday evening, Mr. Olmert called it 'an escalation of unprecedented gravity in the campaign of terror waged by Hamas, which leads the Palestinian Authority.'"

The AP (7/4, Nessman) reported, "Prime Minister Ehud Olmert called the rocket fire on the coastal city of Ashkelon a 'major escalation,' coming just hours after a deadline set by the militants holding an Israeli soldier passed with Israel rejecting demands to release about 1,500 Palestinian prisoners." The AP adds, "Early Wednesday, Israeli aircraft struck the Palestinian Interior Ministry in Gaza for the second time in a week, the military said. Witnesses said missiles hit the main structure again and damaged a building next to the ministry which has been used since the first attack." The Wall

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Street Journal and the Washington Times run the AP story this morning.

Crisis Expected To Leave Power Vacuum In Israeli, Palestinian Politics. The Wall Street Journal (7/5, Leggett, 2.11M) reports that the current crisis in Gaza "likely will leave behind an unpredictable and potentially dangerous power vacuum in Israeli and Palestinian politics. When Palestinian militants kidnapped an Israeli solider late last month, officials on both sides initially sought a diplomatic solution. Mediators from Egypt were brought in while U.S. and European diplomats worked the phones with Israeli and Palestinian officials. Today, the Israeli soldier remains captive in Gaza, and diplomatic efforts increasingly seem to have failed. As the crisis persists, one political cost is also becoming clear: seriously weakened governments on both sides."

USA Today (7/5, Frank, 2.31M) reports that the Gaza crisis "threatens to upend Israel's strategy of achieving stability in the region by withdrawing from occupied land. Israeli troops are back in areas ceded to Palestinians. Their return has fed concerns that pulling out of territories leads to instability — not security."

Diehl Says Israel Can't Leave Gaza Without Cutting Deal With Abbas. Jackson Diehl of the Washington Post writes in the Wall Street Journal (7/5, 2.11M), "Israel may not be able to return to negotiation with the Palestinians anytime soon. But until it does it probably won't do any more major withdrawals from Palestinian territory, or restore the relative security it enjoyed for the past 18 months. … Mr. Olmert is well aware that having marched back into Gaza, Israel probably won't be able to leave again without cutting a deal with Mr. Abbas and maybe Hamas. As it turns out, it takes two to end a war."

Friedman Says Israeli-Palestinian Violence Is "Utterly Without Purpose." Thomas Friedman writes in the New York Times (7/5, 1.19M) that "the violence unfolding between Israelis and Palestinians today is utterly without purpose. Israel has evacuated Gaza, and what does Hamas do? It doesn't put all its energy into building a nest for its young there — a decent state and society, with jobs. Instead, it launches hundreds of rockets into Israel. The Palestinians could have a state on the West Bank, Gaza and East Jerusalem tomorrow, if they and the Arab League clearly recognized Israel, normalized relations and renounced violence. Anyone who says otherwise doesn't know Israel today."

Khamenei Moves To Set Stage For Iran's Eventual WTO Membership. The Washington Post (7/5, A10, Vick, 744K) reports, "As diplomatic maneuvering continues over Iran's nuclear program, the cleric who holds ultimate authority in the country has signaled twice in recent days that Iran intends to engage the wider world it long held at bay. Ayatollah Ali Khamenei, Iran's supreme leader, announced the formation of a new council to advise him on foreign affairs and a new privatization program aimed at preparing Iran for eventual membership in the World Trade Organization." Analysts "said Khamenei's announcements served to reinforce the assumption of US and European officials that Iran wants to be more integrated in the world."

Blair Says Moderate Muslims Should Confront Militants. British Prime Minister Tony Blair yesterday called on moderate Muslims to do more to confront militancy in their own communities. The AP (7/4, Gardiner) reported, "Blair said the vast majority of Muslims abhorred terrorism and wanted to defeat it, but said they had to do more to counter what he described as the extremists' misplaced anger and grievances. Moderates, he said, must 'stand up against the ideas of these people, not just their methods.'"

The Washington Times (7/5, Kralev, 90K), "Moderate Muslim leaders and other prominent society figures outside the government have to do more to change attitudes, he said. 'I profoundly disagree that the problem here is that the government hasn't acted,' he said. 'We are not having a debate of a fundamental enough nature within the community, which is where the moderate majority go and stand up against the ideas of those people, not just their methods.'"

Western News Outlets Moving Into Arab World. The New York Times (7/5, Carvajal, 1.19M) reports, "A media competition for minds and market share in the Middle East is evolving as a crowd of Western news organizations prepares to deliver headlines -- and geopolitical views -- in the language of the Koran. Backed by government financing, Germany's public international broadcaster, Deutsche Welle, is poised to beam as much as 24 hours of daily news programming in Arabic this autumn. France's yet-to-be-named CNN-style channel is in development for a year-end opening, along with a Web site in Arabic and later in 2007 an Arabic television version. And the state-owned Russia Today has similar plans for an Arabic Web site and

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television presence." From the United States, CNN "is watching the development of its Arabic Web site, which attracts more than 300,000 unique visitors monthly, before it decides whether to pursue television plans." The BBC World Service itself "is also in the fray, with £19 million, or $35 million, from the British government for an autumn introduction of an Arabic news broadcast, starting with 12 hours of daily programming and expanding to 24 hours." The Times adds "a debate is beginning about whether these foreign broadcasts will create understanding or lead to more conflict."

Chavez Hosts Trade Summit. The AP (7/4, Pearson) reported that Venezuelan President Hugo Chavez "marked Venezuela's entry into the South American trade bloc Mercosur with a six-nation summit Tuesday, an alliance that he says should be a common front against US free trade deals. Chavez and the leaders of Brazil, Argentina, Uruguay and Paraguay were set to formalize the bloc's expansion to include Venezuela, which Chavez claims as a victory against Washington's 'imperialistic' economic plans for the hemisphere. Bolivian President Evo Morales, a close Chavez ally, was to attend the signing ceremony as an observer."

Bush Invites Georgian Leader To Washington. The New York Times (7/5, 1.19M) reprints an International Herald Tribune (Vaisman) story which reported that President Bush has invited Georgian president, Mikheil Saakashvili to Washington 10 days before the G-8 summit meeting in St. Petersburg. For Saakashvili, "the talks with Bush represent a welcome indication that his small Black Sea country is being taken seriously at a time when it is being harried by Russia on a number of fronts - notably energy supplies and ties to NATO - and is irritating Moscow by forging new alliances in an effort to break out of dependency. For Bush, the talks are not only a salute to Georgia's role in a new pipeline that bypasses both Russia and Iran. The meeting also sends a message that, as Saakashvili put it, the G-8 gathering should be more than a photo opportunity and become 'an instrument in solving things.'"

Putin Issues Threat To Force WTO Membership. Russian President Vladimir Putin yesterday threatened to stop implementing global trade rules unless the US agrees to Russian entry to the WTO. The Financial Times (7/5, Buckley, Williams) reports that "two of the Russian president's senior officials said they were still hopeful agreement with the US could be reached in time for next week's Group of Eight summit in St Petersburg." A WTO deal "could clear the way for Gazprom, the Russian gas giant, to announce the go-ahead for development of the massive Shtokman gas field in the Barents Sea, and which of the five short listed foreign oil companies – including two US groups – it has chosen as its partners."

Putin Efforts To Revitalize Moscow Come Under Fire. The Wall Street Journal (7/5, Chazan, 2.11M) reports that as deputy mayor of St. Petersburg in the early 1990s, President Vladimir Putin "had a dream to turn St. Petersburg into Russia's financial capital and a hub of foreign investment. It never happened. The city looked on in envy as Western money poured instead into its booming rival, Moscow. Now the tables have turned. Mr. Putin -- who was born and raised in Leningrad, as St. Petersburg was then called -- is leveraging Kremlin power to revitalize his hometown." He "chose it for the site of this month's Group of Eight summit of leading industrial nations, an event designed to showcase Russia's re-emergence as a major power." But "some have dismissed the city's renaissance as skin deep." Some critics "say behind the restored facades and new construction, poverty is widespread and crime is rife: British Ambassador Anthony Brenton was robbed in broad daylight last summer while walking along Nevsky Prospekt, the city's main thoroughfare."

UN Agency Advises Poor Asian Nations To Protect Industries With Tariffs. A report issued last week by the UN Development Program disputes the US position that the removal of trade barriers is the best way to reduce poverty. USA Today (7/5, Wiseman, 2.31M) reports, "Asia's poorest countries are being out-muscled economically by China and remain stranded in poverty despite a regional boom in free trade," according to the report. The agency "advises poor Asian countries to do what Japan and South Korea did successfully in the 1970s and '80s: protect key industries temporarily with tariffs before exposing them to foreign competition." The UNDP "says Asia's poorest countries have been left behind even as trade has exploded across the region. … One problem: Inexperienced trade negotiators from poor countries are frequently outmaneuvered and enter into trade pacts on unfavorable terms."

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Pearlstein Says There Is Little Appetite For Another Round Of Globalization. Steven Pearlstein writes in the Washington Post (7/5, D1, 744K), "The utter collapse last weekend of a global trade conference is the latest evidence that, among developed and developing countries alike, there is simply little appetite for another round of globalization. The best face to put on it is that there's still a lot of adjustment going on just to digest the last round, and it is only natural that people want and need more time before diving in for another helping." Pearlstein adds, "Up to now, globalization has been the project of business and economic elites who have largely foisted it on a wary or unsuspecting public. Now, from remote villages of China to a gathering spot for day laborers in Herndon, globalization has entered its more democratic phase. And it's likely to be a messy phase, at that."

LATimes Urges Elimination Of Farm Subsidies. The Los Angeles Times (7/5, 958K) editorializes, "When a meeting of international trade ministers in Geneva collapsed last weekend, it wasn't just the latest disappointing failure by the World Trade Organization to produce an agreement in the Doha round of talks -- it may have been the last." The Bush Administration "has floated a number of worthy proposals, but it might have done better in pressuring the recalcitrant Europeans -- the most egregious opponents of needed liberalization -- with a dramatic, unilateral move. … Farm subsidies cost taxpayers about $19 billion last year. For their money, consumers got the privilege of paying more for some food because farm supports (and quotas on some imports, such as sugar) distort markets. … Ending these subsidies and lowering agricultural tariffs would boost the U.S. economy, eliminate waste and help farmers in the Third World trade their way out of poverty. It's a shame Washington thinks that its protectionist farm policies are something to be surrendered only grudgingly, and only if others do so. Good riddance, we say."

WSJournal Praises Improved US Relations With India, Pakistan. An editorial in the Wall Street Journal (7/5, 2.11M) says, "Weapons sales are a notoriously touchy subject, particularly in nuclear South Asia. Yet New Delhi barely raised a peep when the Bush Administration announced a $5 billion arms package to Islamabad on Monday. That's a tacit vote of confidence in the strengthened U.S.-India relationship, and another step toward normalized relations with Pakistan. … What a sea change in U.S.-Pakistani ties." The Journal adds, "Relations between New Delhi and Islamabad are also improving, if slowly. … America doesn't have much of a role to play in those discussions. But it's a step forward that Washington can improve its relationships with both countries, without hurting their relationship with each another."

THE BIG PICTURE:

Headlines From Today's Front Pages.

Los Angeles Times:

"Meet The Powers Behind The Democrats' Strategy."
"Forked Tongues Rule."
"In Defiance, North Korea Fires Missiles."
"Shuttle Puts Early Flash In The Fourth."
"California Court Allows Defendant's Sexual History Into HIV Case."
"Missing Votes Add To Turmoil In Mexico."
"Orphans Of The Chinese Economy."

USA Today:

"A Nation Of 300 Million."
"N. Korea Launches Uproar."
"Iraq considers Arming Insurgents."

New York Times:

"6 Missiles Fired By North Korea; Tests Protested."
"Shuttle Makes A Safe Return To Spaceflight."
"Bush Signaling Shift In Stance On Immigration."
"An Outcry Rises As Debt Collectors Play Rough."
"With Jobs To Do, Louisiana Parish Turns To Inmates."
"In Ramadi, Fetid Quarters And Unrelenting Battles."

Washington Post:

"N. Korea Test-Fires Long-Range Missile."
"Launch A First For The Fourth."
"After Storms Burst In Air, Mall Fireworks Pop On Cue."
"Rents Rise As Apartment Market Is Squeezed."
"Growing Acidity Of Oceans May Kill Corals."
"Latin American Melodramas That Are Made In The U.S.A."

Washington Times:

"North Korea Launches Missile Show."
"Happy Birthday, America."
"Putin Seeks To Start Anti-Terror Offensive."
"Jobs Key Issue For Winner In Mexico."

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"Friends Rallying To Defend DIA Spy."
"Inspector General Stresses Iraq Spending Accountability."
"Showing Off A Bit Of Skin."

Detroit Free Press:
"Kerkorian Lacks Faith In GM Boss."
"Probes Of Links To Hizballah Grow."
"Riders Urged To Use Their Heads."

Atlanta Journal-Constitution:
"N. Korea Test Fires Missiles."
"Discovery Returns To Space."
"Dubai Sentences, Pardons Austin."

Houston Chronicle:
"Star-Spangled Liftoff."
"Defiant N. Korea Test-Fires Missiles."
"Candidate Demands Full Count In Mexico."
"How English Is Taught In Texas Likely To Change."

Story Lineup From Last Night's Network News:
ABC: North Korea Missile Tests; US-Missile Defense; Discovery Launch; July 4th Celebration; Wounded Soldiers; Capitol Visitors' Center-Waste; World Cup; US Soldiers-New Citizens.
CBS: North Korea Missile Tests; Missile Tests-White House; Discovery Launch; Israel-Gaza Offensive; July 4th Celebration; July 4th-US Soldiers; Amusement Park Safety; Iranian Immigrant-Citizenship Path; Saddam's Former Band.
NBC: North Korea Missile Tests; Missile Tests-Analysis; Missile Tests-White House; Discovery Launch; July 4th-Afghanistan; US Soldiers-New Citizens; Skin Cancer-Exposure Debate; World Cup; July 4th Celebration; North Korean Missiles-Recap.

Story Lineup From This Morning's Radio News Broadcasts:
CBS: North Korea-Missile Test; Space Shuttle Launch; Independence Day Celebrations.
NPR: North Korea-Missile Test; Afghanistan-Bombings; Congress-Immigration Hearings; Space Shuttle Launch; Liberia-Demonstrations; Iraq-US Soldier, Rape Charges.

WASHINGTON'S SCHEDULE:

Today's Events In Washington.
White House:

PRESIDENT BUSH — Meets with Georgian President Mikheil Saakashvili. Oval Office, The White House. Pool at bottom.

VICE PRESIDENT CHENEY — No public schedule.

LAURA BUSH — Participates in a roundtable discussion with members of the US-Afghan Women's Council. State Department. Note: pool coverage.

US Senate: No scheduled events.

US House: No scheduled events.

Other: PRESIDENT MIKHAIL SAAKASHVILI OF GEORGIA _ Highlights: 1:15 p.m. Meets with President Bush. Oval Office.

CORPORATE GOVERNANCE _ The International Corporate Governance Network holds its 11th annual conference. Highlights: 4:30 p.m. Ira Millstein discusses the unfinished agenda in the wake of the Sarbanes-Oxley law. Location: Omni Shoreham Hotel, 2500 Calvert St. NW.

IMMIGRATION _ 12:15 p.m. Sen. Edward Kennedy and Rep. Luis Gutierrez hold a telephone conference call on immigration reform. Contacts: Melissa Wagoner, 202-224-2633. Notes: Callin numbers: 202-228-2663, or 866-909-2663; passcode: 3261189.

EUROPEAN UNION-FINLAND _ 3 p.m. Finnish Ambassador to the US H.E. Pekka Lintu will discuss Finland's plans and priorities for the European Union as it begins it's presidency of the organization. Location: National Press Club, 14th and F Sts. NW.

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THE ATTORNEY GENERAL'S *NEWS BRIEFING*

PREPARED FOR THE OFFICE OF PUBLIC AFFAIRS, U.S. DEPARTMENT OF JUSTICE

TO: THE ATTORNEY GENERAL AND SENIOR STAFF

DATE: WEDNESDAY, JULY 5, 2006 7:45 AM EDT

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TERRORISM NEWS:

Bush Defends War On Terror Strategy At Fort Bragg. The AP (7/5, Riechmann) reports President Bush told 3,500 US troops and other guests at Fort Bragg yesterday "that insurgents in Iraq and Afghanistan are violent, yet vulnerable, and urged US troops to march on in the fight for freedom so Americans can celebrate Independence Day year round." At the "outdoor pep rally," Bush "recalled the death of Abu Musab al-Zarqawi, the former leader of al-Qaida in Iraq, who died last month in a US airstrike that boosted troop morale and offered hope to Americans weary of the war."

Of the networks, both ABC and CBS reported on President Bush's trip to Fort Bragg in their stories on the July 4th observances in this country. ABC World News Tonight (7/4, story 4, 1:40, Moran, 8.78M) reported, "President Bush traveled to Ft. Bragg, North Carolina to celebrate the day and pay tribute to soldiers there." President Bush: "You are serving our country in a time when our country needs you. And because of your courage, every day is Independence Day in America." The CBS Evening News (7/4, story 5, 0:30, Mitchell, 7.66M) reported, "By tradition, President Bush spent the day with the troops. He received an early birthday cake from soldiers at Fort Bragg North Carolina. The President's 60th birthday is Thursday."

The Los Angeles Times (7/5, Gosselin, 958K) reports Bush mounted "a feisty defense of administration strategy in the war on terrorism and to assert that America was winning the battles in Iraq and Afghanistan." The President "made only a passing reference to recent reports that Army Gen. George W. Casey Jr., the top U.S. commander in Iraq, had drafted plans to sharply reduce troop numbers in the violence-plagued nation by the end of 2007. Bush said Casey was working with the new Iraqi government 'on a path forward.'" Praising US forces "for the bravery they have displayed, Bush repeatedly said that he would not set an 'artificial timetable' for withdrawal."

The Washington Post (7/5, A3, Baker, 744K) also says Bush, "surrounding himself with uniformed men and women…again vowed to resist calls to withdraw from Iraq." Bush said, "I'm going to make you this promise: I'm not going to allow the sacrifice of 2,527 troops who have died in Iraq to be in vain by pulling out before the job is done." Bush's "appearance here came more than three years into a war that has proved more difficult than he imagined and sapped support among the U.S. public." Against this "backdrop, the White House has searched for a formula that will preserve Republican control of Congress in November's midterm elections, with Bush and his allies once again trying to portray themselves as the party of national security." To "make his case, the president eschewed his usual civilian Fourth of July events and visited the 82nd Airborne Division and U.S. Special Operations Command here at Fort Bragg, where a year ago he delivered a prime-time television address intended to reverse the slide in support for the war."

The Washington Times (7/5, 90K) reports, "In his talk, Mr. Bush made a veiled jab at some Democrats who have called for an immediate withdrawal of US forces from Iraq. He said that setting a timetable for pulling out troops would undermine a fragile new Iraqi government, undercut the efforts of US troops and signal to the enemy that if they wait a little longer, American forces would leave Iraq."

The New York Times (7/5, Hauser, 1.19M) reports Bush "thanked American troops for their service in Iraq and elsewhere, rousing thousands of soldiers to applause by saying that they were winning the war, but warning them that it was far from over." Bush said since Zarqawi's death, "there have been 190 raids by coalition troops in Iraq, 700 enemy 'operatives' have been captured and 60 or more killed. He said fresh intelligence had helped American forces keep the pressure on terrorists, and that the United States would continue to strike at their networks." Bush "delivered his speech as violence persisted in Iraq with the kidnapping of a deputy minister in the Iraqi government."

The Fayetteville (NC) Observer (7/4, Cuningham) referred to Bush's "rousing Independence Day speech. He pledged to a cheering crowd not to 'pull out before the job is done.'" Bush, "wearing an open-necked olive-green shirt with his sleeves rolled up, spoke to a crowd of about 4,000 in the traffic circle around the Iron Mike statue. His back was wet with sweat as he worked the crowd at the end of his half-hour speech, which was carried live by some national cable news stations." The "crowd of soldiers and airmen in their duty uniforms frequently clapped and cheered during the outdoor speech — a contrast to the restrained crowd in dress uniforms Bush addressed in a visit to Fort Bragg just over a year ago."

The Raleigh News & Observer (7/5, Curliss) reports that during the rally, Bush "drew attention to one soldier -- Capt. Chip Eldridge, 36, who lost part of his left leg in a mine

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explosion while searching for insurgents in Afghanistan in late 2004. Eldridge, who later showed reporters his prosthetic leg, has been in rehabilitation and volunteered to return to duty. A husband with twin 3-year-old boys, he will return to combat next year, he said."

CNN's The Situation Room (7/4, Henry) reported, "Perhaps the highlight of the President's trip came when he actually met the special ops pilot who was the person who flew Saddam Hussein to the Baghdad airfield after he was pulled out of that spider hole dramatically a couple of years back. The President seemed to be surprised to be meeting, in fact, this pilot and at some point the President said that, 'Did you really do that? That was a good job.' It was not a surprise when the President actually spoke. In his remarks he spoke a lot about patriotic themes, he talked about the sacrifice in Iraq, saying that the sacrifice of military officials brings Independence Day to Americans every day of the year."

The Durham Herald-Sun (7/5, Phillips) says Bush described terrorist leader Abu Musab al-Zarawi's "last moments in the care of a US Army medic. 'One of the last things he saw was the face of an American soldier from Fort Bragg,' the president said." The reference brought "cheers" from the crowd.

Lawmakers Concerned About SCOTUS Use Of Geneva Accords. The AP (7/5, Yost) reports, "Of all the steps the Supreme Court could have taken to undercut President Bush's legal position in the war on terror, applying international law to al-Qaida probably would have been the worst." The AP continues, "That development came to pass Thursday and now Republicans are rushing to protect the cornerstone of Bush's thinking: Suspected terrorists are not entitled to protection under the Geneva Accords." The AP adds, "Sens. Mitch McConnell and Lindsey Graham said Sunday that Congress must address the Supreme Court ruling embracing Article 3 of the conventions in the military commission case of Osama bin Laden's former driver. … Article 3 prohibits outrages upon personal dignity, 'in particular humiliating and degrading treatment,' and bars violence, including murder, mutilation and torture." The AP notes, "In an election year, declaring that international law governs the war on terror reminds voters of some of the Republican administration's lowest moments: controversies over Justice Department 'torture' memos and allegations of abuse against detainees at Guantanamo Bay, Cuba. … McConnell, R-Ky., the second-ranking GOP leader in the Senate, said the 5-3 court decision 'means that American servicemen potentially could be accused of war crimes.' … Sen. John McCain, R-Ariz., also expressed concern about the decision, saying it 'is somewhat of a departure, in my view, of people who are stateless terrorists.' McCain appeared on ABC's 'This Week.'"

SCOTUS Ruling Is Rare Win For Defendant. The Wall Street Journal (7/5, Ben Winograd) reports, "The Supreme Court's rejection of the Guantanamo Bay military tribunals wasn't just a defeat of Bush-administration policy. The ruling also marked a rare win for a criminal defendant during the court's latest term." The Journal continues, "Defendants lost by a more than 2-1 margin during the term that began in October. In many votes, the two Bush appointees, Chief Justice John Roberts and Justice Samuel Alito, sided with police, prosecutors and prison wardens." The Journal adds, "Under decisions this term, prosecutors can use evidence police took after violating the requirement they knock and announce their arrival to execute a search warrant (Hudson v. Michigan). Juries may hear 911 telephone emergency recordings of witnesses whom defendants can't cross-examine (Davis v. Washington). Police may search parolees for any reason -- or no reason at all (Samson v. California). And states may carry out death sentences even when juries find that mitigating circumstances surrounding a defendant and his crime equal aggravating factors (Kansas v. Marsh). … To be sure, conservatives haven't reversed many 1960s-era criminal procedure rulings, such as Miranda warnings, to deter police misconduct. But the new justices, who have strong law-and-order records, already are pushing the pendulum to the right. 'There seems to be a new self-confidence or aggressiveness' by the court's conservative bloc, says Joshua Dressler, a criminal-law professor at Ohio State University."

SCOTUS Ruling Puts Administration In Hot Seat. The Long Island Newsday (7/5) reports, "The Supreme Court decision striking down the tribunal system created by the Pentagon for trying accused enemy combatants at Guantanamo Bay has apparently presented the Bush administration and its allies in Congress with two choices - both fraught with risk." Newsday continues, "They can use the GOP majorities in the House and Senate to put a quick congressional seal of approval on something close to the existing system, but run the risk that it too will be struck down by the court. … Or they can follow the path suggested by the court and devise a system embracing the procedural and other principles of the U.S. Uniform Code of Military Justice and the Geneva Conventions, but risk the possibility that few, if any, of the terrorists will be convicted. … And both choices, as well as attempting to chart a middle course, could set off the kind of protracted, internally divisive debate that the White House and GOP political strategists would not relish."

Schumer Seeks Review Of Anti-Terror Measures. The AP (7/3) reports, "Sen. Charles Schumer is urging the review of all the Bush administration's anti-terror programs in the wake of the Supreme Court's decision that military tribunals for Guantanamo detainees violate U.S. and

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international law." The AP continues, "Schumer, a New York Democrat and member of the Senate Judiciary Committee, called for the establishment of an independent commission to scrutinize the president's war on terror. … 'I am growing increasingly concerned about the Administration's stubbornly unilateral approach to these types of issues,' Schumer wrote Sunday in a letter to U.S. Attorney General Alberto Gonzales. 'The Administration has not only largely ignored the Congress, but has also badly miscalculated how its efforts would be evaluated by the Supreme Court...'"

The New York Daily News (7/4, McAuliff) reports, "In a letter to Attorney General Alberto Gonzales, Schumer, D-N.Y., called for a panel to do a 'top-to-bottom legal review' of all the White House's controversial terror efforts. … 'Before another administration procedure or policy is struck down by the Supreme Court, dealing another potential setback to the war on terror and the prosecution of terrorists, I urge you to establish an independent commission,' Schumer wrote." The News notes, "Schumer said it was particularly important to act while there are several other pending legal challenges to administration policies. Critics have said policies such as domestic eavesdropping exceed the president's powers. … Politicians on both sides of the aisle said Sunday that Congress likely would act quickly to give President Bush whatever power he needs to pass muster with the high court."

More Commentary. In an op-ed that rant in the Lawrence (KS) Journal World (7/5), Rosa Brooks, an associate professor at the University of Virginia School of Law, writes, "The Supreme Court on Thursday dealt the Bush administration a stinging rebuke, declaring in Hamdan v. Rumsfeld that military commissions for trying terrorist suspects violate both U.S. military law and the Geneva Convention. … But the real blockbuster in the Hamdan decision is the court's holding that Common Article 3 of the Geneva Convention applies to the conflict with al-Qaida — a holding that makes high-ranking Bush administration officials potentially subject to prosecution under the federal War Crimes Act." Brooks continues, "The provisions of the Geneva Convention were intended to protect noncombatants — including prisoners — in times of armed conflict. But as the administration has repeatedly noted, most of these protections apply only to conflicts between states. Because al-Qaida is not a state, the administration argued that the Geneva Convention didn't apply to the war on terror. These assertions gave the administration's arguments about the legal framework for fighting terrorism a through-the-looking-glass quality. On the one hand, the administration argued that the struggle against terrorism was a war, subject only to the law of war, not U.S. criminal or constitutional law. On the other hand, the administration said the Geneva Convention didn't apply to the war with al-Qaida, which put the war on terror in an anything-goes legal limbo. … This novel theory served as the administration's legal cover for a wide range of questionable tactics, ranging from the Guantanamo military tribunals to administration efforts to hold even U.S. citizens indefinitely without counsel, charge or trial. … Perhaps most troubling, it allowed the administration to claim that detained terrorism suspects could be subjected to interrogation techniques that constitute torture or cruel, inhuman and degrading treatment under international law, such as 'waterboarding,' placing prisoners in painful physical positions, sexual humiliation and extreme sleep deprivation. … For prosecutions to occur, some federal prosecutor would have to issue an indictment. And in the Justice Department of Atty. Gen. Alberto Gonzales -- who famously called the Geneva Convention 'quaint' -- a genuine investigation into administration violations of the War Crimes Act just ain't gonna happen. … But as Yale law professor Jack Balkin concludes, it's starting to look as if the Geneva Convention 'is not so quaint after all.'"

CIA Disbands Unit Solely Dedicated To Finding Bin Laden. The New York Times (7/4, Mazzetti, 1.19M) reports the Central Intelligence Agency has "closed a unit that for a decade had the mission of hunting Osama bin Laden and his top lieutenants, intelligence officials confirmed Monday." The "unit, known as Alec Station, was disbanded late last year and its analysts reassigned within the C.I.A. Counterterrorist Center, the officials said." The decision is "a milestone for the agency, which formed the unit before Osama bin Laden became a household name and bolstered its ranks after the Sept. 11 attacks, when President Bush pledged to bring Mr. bin Laden to justice 'dead or alive.'" Intelligence officials said the "realignment reflects a view that Al Qaeda is no longer as hierarchical as it once was," and a "growing concern about Qaeda-inspired groups that have begun carrying out attacks independent of Mr. bin Laden and his top deputy, Ayman al-Zawahiri."

Bin Laden Calls For Attacks On Shiites In Iraq. CNN's The Situation Room (7/3, Ensor) reported, "In his fifth taped message this year, Osama bin Laden calls for attacks against Shiites in Iraq, and all those who support the government of Prime Minister al-Maliki or the United States. … It is a sharper tone than bin Laden and his deputy have so far taken against Iraqi Shiite, apostates, as he calls them, though he only calls for killing those who support the Iraqi government."

Experts Say Congress Should Avoid Major Changes In Detainee Policy. The AP (7/4, Yost) reports legal experts "urged Congress to forgo far-reaching changes following" the Supreme Court's ruling in Hamdan vs. Rumsfeld, in which the court ruled the White House had exceeded its authority in ordering military tribunals for Guatanamo Bay detainees. The "calls for caution stem from

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the Supreme Court's embrace of Common Article 3 of the Geneva Conventions in a military commission case against Osama bin Laden's former driver." Duke University law professor Scott Silliman "said the court did not extend Article 3 protections to anyone outside of detainees facing trials before military commissions — just a handful of the more than 400 prisoners at Guantanamo Bay."

France Tries Six Former Guantanamo Detainees On Terrorism Charges. The New York Times (7/4, Smith, 1.19M) reports six former detainees "from the United States Naval Base at Guantánamo Bay, Cuba, went on trial" in Paris on Monday, "accused of past terrorist links." The US "released the six men, all of them French, in two groups, in July 2004 and March 2005. All but one of the men — Brahim Yadel, 36 — were freed pending trial after several months of further detention by the French authorities." The men are "accused of training in a camp run by Al Qaeda near Kandahar, Afghanistan, during the months before the Sept. 11 attacks in the United States. If found guilty, they face up to 20 years in jail under a French antiterrorism law that makes 'associating with criminals in relation to a terrorist enterprise' a crime."

Treasury Official Faces Hurdles In Increasing Financial Pressure On Hamas, Iran. The Washington Post (7/5, A11, Linzer, 744K) in a positive profile of Treasury Department Undersecretary for Terrorism and Financial Intelligence Stuart Levey credits him with taking a more diplomatic approach by not condemning the disclosure of the terrorist finance tracking program saying he "made his disappointment over the reports strongly known without resorting to attack. It is a style that separates him from some within the administration he serves while bringing him closer to others." His non-confrontational approach has been successful. After joining the Treasury Department "he discovered, that simply asking bank managers to drop their business with Kim Jong Il worked better than surprising them with public embarrassment, as had been the strategy during Bush's first term." But using the same strategy against Hamas and the Iranian government, "have proven more challenging." His "direct approach with bank managers still comes in handy, but he has had difficulty persuading allies to sign on to a plan that will cost them in Iranian trade and oil." Levey said, "I've been in lots of meetings with foreign officials where I tell them what I want, and they look like they want to show me the door."

British Military, Police Under Stress In War On Terror. The New York Times (7/4, Cowell, 1.19M) reports Britain's "effort to curb terrorism — like that of the United States — is fought on a broad front, from the dark conspiracies of homegrown bombers to the resurgent Taliban in Afghanistan." Both "contests seemed to have intensified, with suggestions that British troops in Afghanistan were overstretched while the government and the police at home were locked in a duel with the judiciary over the handling of terrorism suspects." The High Court last week "rejected the government's use of a form of house arrest for terrorism suspects, saying it ran counter to human rights laws," while in Parliament "lawmakers discussed increasing the maximum period of detention without trial for terrorism suspects to 90 days, from 28 — a proposal strongly opposed by civil libertarians." Meanwhile, British commanders in Afghanistan "say they have requested further equipment to fight insurgents in southern Helmand Province, where five British soldiers have been killed in recent weeks, two of them over the weekend." The debates "have sharpened as Britain prepares to commemorate the 52 people killed by four suicide bombers in London last July 7, offering a reminder of the stakes and scope of the campaign against terrorism."

Kristof Says Administration Effort To "Tame" Media Is Dangerous. In his New York Times column (7/4), Nicholas Kristof says that with President Bush "leading a charge against this 'disgraceful' newspaper, and a conservative talk show host, Melanie Morgan, suggesting that maybe The Times's executive editor should be executed for treason, we face a fundamental dispute about the role of the news media in America. At stake is the administration's campaign to recast the relationship between government and press." But "historically, we in the press have done more damage to our nation by withholding secret information than by publishing it." So "be very wary of Mr. Bush's effort to tame the press. Watchdogs can be mean, dumb and obnoxious, but it would be even more dangerous to trade them in for lap dogs."

State Department Official Defends US Rendition Policy. U.S. Department of State Legal Adviser John Bellinger III in a letter to the editor in the Wall Street Journal (7/5, 2.11M) defends the US renditions policy saying the State Department disagrees with the Venice Commission's assertion "that there are only four legal ways to transfer a prisoner to foreign authorities: deportation, extradition, transit, and transfer of a sentenced person to serve that sentence in his country of origin." Bellinger states, "As the European Commission on Human Rights found, renditions are not per se unlawful, though important principles must be protected. Renditions should not be used to transfer terrorist suspects to face torture, and the U.S. does not transport anyone, and will not transport anyone, for this purpose. We believe, however, that the international community must continue to be able to use renditions not

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only to bring terrorists to justice but also to prevent terrorist suspects from remaining at large to plan future attacks."

Congress Urged To Increase Oversight Role Of Administration National Security Policies. Balch & Bingham attorney Stephen Gidiere, in an op-ed in USA Today (7/5, 2.31M) raises questions about the success of the Freedom of Information Act's on its 40th anniversary. Focusing on the Bush Administration, Gidiere states that even prior to the 9/11 attack, "President Bush has repeatedly asserted his constitutional power to hide information from the American people, Congress and the courts." Bush "says he's using that power only to track down terrorists, but we'll never know because the eavesdropping program is, well, secret." And "Congress seems happy to abdicate its power to the president. FOIA's 40th anniversary is the perfect opportunity for Congress to reassert its role." Gidiere concludes, "There will always be secrets, and good government requires a balance between secrecy and openness. This balance must be constantly adjusted as circumstances change. But right now, Bush is pulling hard on his side of the rope, and no one is pulling back."

Cohen Defends NYTimes Decision To Publish Details Of Anti-Terror Programs. The New York Times continues its now-daily defense of its decision to publish details of US national security programs. Roger Cohen in his column in the New York Times (7/5, 1.19M) cites President Bush's and Vice President Cheney's objections but in particular takes issue with White House press secretary Tony Snow's accusation that the New York Time's placing "the public's right to know" over "somebody's right to live" as "an offensive way of framing the core of this debate." Cohen argues "Making a society safe is not everything. The Soviet Union was safe enough. … American liberty thrives on a division of power that endless war should not be allowed to erode." Therefore, "publishing may be patriotic, a defense rather than a betrayal of America."

US Crackdown On Possible Terrorist Financing Criticized As Too Broad. Michael Young, opinion editor at the Daily Star newspaper in Beirut and a contributing editor at Reason magazine, in an op-ed in the Wall Street Journal (7/5, 2.11M) uses his own personal example of having his US bank account closed because he lived in Lebanon as an example of how the Patriot Act was having a negative effect in the war against terrorism. Sun Trust "decided to discontinue financial services to any 'individual residing in an OFAC [the Treasury Department's Office of Foreign Assets Control] sanctioned or other high risk country.'" Young says his problem with Sun Trust "highlighted how, in the name of national security, the U.S. government and institutions coping with its requirements may be throwing the baby out with the bathwater. Banks indiscriminately sanctioning depositors in risk countries owe them a minimum of privacy and the benefit of the doubt. Fighting terrorism won't work if most of those paying the price happen to be on your side."

Ignatius Warns Administration Against Politicizing Terror Policy Debate. Two opinion pieces in the Washington Post accuse the Administration and Republicans of placing politics before national security in the debate over national counter-terrorism policies. David Ignatius in his column in the Washington Post (7/5, A13, 744K) writes, "The Bush administration's press-bashing campaign may be good election-year politics, but it is adding a poisonous new element to the national security debate at the very time the administration ought to be trying to rebuild a bipartisan consensus." The Supreme Court's ruling against the Administration's detainee policies "completed the collapse of the temporary post-Sept. 11 system. The administration should be working carefully with Congress to build a permanent legal framework -- rather than using anti-terrorist agitprop against the New York Times in an effort to patch together the old scaffolding." The GOP "may pick up votes by berating the New York Times. And the administration may even be tempted to bring a criminal case to enforce the rules against leaking or publishing communications secrets. But those politically divisive steps won't give anti-terrorism programs the broader legal foundation they need, and in that sense, they won't make the country any safer."

Meyerson Predicts Republicans Will Use Detainee Policy Debate For Partisan Purposes. Harold Meyerson in his column in the Washington Post (7/5, A13, Meyerson, 744K) writes that after the recent Supreme Court ruling on US detainee policy, "Republicans have a choice. Working with the Democrats, they could craft a legislative response that incorporates both halves of the court's decision, guaranteeing the legality of the new procedures -- but forfeiting a major opportunity to demagogue against Democrats between now and November. Or, as they do roughly 100 times out of 100, they could simply choose to go for the politics. A bill that gives the force of law to the administration's kangaroo courts could surely pass the House with close to unanimous Republican support. In the Senate, so many Republicans might demur that such a bill could fail. No matter: Some Democrats in both houses would surely vote against such a bill, which Rove and Co. would use to brand the party as one big Osama Enabling Society. And the rule of law? That's so pre-Sept. 11."

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HOMELAND RESPONSE:

Nebraska ACLU Files FOIA Request For FBI Surveillance Of Peace Groups. The Lincoln Journal Star (7/4) reported, "The Nebraska affiliate of the American Civil Liberties Union said Monday it filed a records request with the Federal Bureau of Investigation to determine if the agency has illegally spied on Nebraskans." Citing "recent news reports that said the agency has spied on Quakers in Colorado and Catholic Peace Ministries in Iowa, among other 'peaceful groups,'" Nebraska ACLU legal director Amy Miller said, "Since we have people working for peace and justice in Nebraska who are criticizing the current administration, we fear the FBI has been illegally spying in our state, too." The Journal Star added, "The ACLU filed the request…on behalf of itself, Nebraskans for Peace, Speak Out at Stratcom, Nebraskans for Justice and seven citizens who are active in those groups." The AP (7/4, O'Hanlon) noted, "One of the individuals named in the request is Malcom Miles, who helped organize the Speak Out at Stratcom event on the anniversary of the bombing of Hiroshima. 'It is frightening to know that the FBI may have been involved in spying on a group of Nebraska citizens who planned a legal and peaceful event in full cooperation with the Omaha Police Department, the United States Air Force, the University of Nebraska at Omaha and the cities of Omaha and Bellevue,' he said. 'The FBI should be concerned about protecting us from serious threats, not worrying about legal, peaceful, public gatherings.'"

Former White House Official Hired For Top NYPD Counterterrorism Post. The New York Times (7/5, Baker, 1.19M) describes how former White House national security policy expert Richard Falkenrath was recently offered a position as deputy commissioner for counterterrorism in the New York Police Department. As someone who helped create the DHS he has extensive policy experience, but "this operational post…is something of a departure. At least one former head of the city's Office of Emergency Management, while praising Dr. Falkenrath personally, called him a surprising choice. But Commissioner Kelly says his department can quickly give its new deputy commissioner any seasoning he may need." And "the F.B.I. has praised the choice. In a statement last Wednesday it said the bureau's director, Robert S. Mueller III, had worked closely with Dr. Falkenrath and acknowledged 'his distinguished history of public service.'"

NYTimes Advocates Listing Names Of 9/11 Victims Randomly At WTC Memorial. The New York Times (7/5, 1.19M) in an editorial examines the debate over how the names of the victims of the 9/11 attacks should be presented at the Ground Zero memorial. The original plan called for the names to be recorded randomly, "to acknowledge the randomness with which death struck on that day and to honor the individuality of every victim." But, "many 9/11 family members have argued that the names should be grouped by the tower they died in, the company they worked for, and the floor they worked on. The impetus is, in part, the desire to place loved ones in their context, to provide a richer narrative for each individual." The Times states, "To us, the most respectful acknowledgment we can make to them is to acknowledge them as individuals" and rank them randomly regardless of status.

Lagging Hospital, School, City Services Limit Repopulation Of New Orleans. In a New York Times op-ed (7/5), Matt Fellowes of the Brookings Institution, Bruce Katz and Amy Liu of the metropolitan policy program, and graphic designer Nigel Holmes says, "Last week this newspaper reported that more than $2 billion in reconstruction aid for the victims of Hurricane Katrina had been lost to 'scams, schemes and stupefying bureaucratic bungles.' Add to this the inexcusable $7 billion allocated for temporary trailers and mobile homes, which cost far more than available rental apartments, and the scale of waste is stunning. Nonetheless, the vast majority of the $107 billion we calculate has been allocated by the federal government has been converted by public officials and private leaders into a substantial amount of progress." As a graphic included "indicates, problems in reopening hospitals and schools and in getting city services operating will make it hard for New Orleans to attract new families, particularly the service workers that support the tourism industry."

Inmates Remain Source Of Cheap Labor In Louisiana. The New York Times (7/5, Nossiter, 1.19M) reports many people "in East Carroll Parish, as Louisiana counties are known, say they could not get by without their inmates, who make up more than 10 percent of its population and most of its labor force. They are dirt-cheap, sometimes free, always compliant, ever-ready and disposable." National prison experts "say that only Louisiana allows citizens to use inmate labor on such a widespread scale, under the supervision of local sheriffs. The state has the nation's highest incarceration rate, and East Carroll Parish, a forlorn jurisdiction of 8,700 people along the Mississippi River in the remote northeastern corner of Louisiana, has one of the highest rates in the state." As a result, "it is here that the nation's culture of incarceration achieves a kind of ultimate synthesis with the local economy. The prison system converts a substantial segment of the population into a commodity that is in desperately short supply — cheap labor

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— and local-jail inmates are integrated into every aspect of economic and social life."

WAR NEWS:

Former GI Accused Of Raping Iraqi Woman, Killing Three Family Members. The Financial Times (7/4, Yeager) reports, "Steven Green, 21, who was discharged from the US army 'due to a personality disorder' before the case came to light, was arrested on Friday and appeared in federal court in North Carolina on Monday." According to an affidavit filed on Monday, Green, "who had been stationed in Iraq with the 101st airborne division, conspired with three other soldiers to rape a woman who lived near the traffic checkpoint they manned in Mahmudiya, south of Baghdad. … After participating in the rape of the woman, Mr Green shot and killed her, according to the charges. He also allegedly shot and killed three family members – an adult male, an adult woman, and a girl – who were in the house, prosecutors said." The charges "come amid several investigations into alleged killings of Iraq civilians by US servicemen." The allegations "are likely to further fuel anti-US sentiment in Iraq and add to calls that the US withdraw its troops."

ABC World News Tonight (7/3, story 3, 1:45, Kerley, 8.78M) reported, "The three other soldiers are still serving in Iraq. They are being questioned. They have not been charged. This is the same company that just a couple of weeks ago had two soldiers kidnapped, tortured and killed."

The CBS Evening News (7/3, story 3, 1:45, Mitchell, 7.66M) reported, "They are the worst, most shocking charges yet leveled at US troops serving in Iraq." CBS (Stewart) added, "Obviously this was a brutal crime by any standard and one obvious question is whether insurgents later targeted this unit in reprisal for the murders. There's no evidence that's the case and we may never know." On its website, USA Today (7/4, Johnson) also notes "the suspects belong to the same unit as two soldiers kidnapped and killed south of Baghdad last month, a military official told the Associated Press on condition of anonymity because the case is underway." The military "has said that one and possibly both of the slain soldiers were tortured and beheaded. The official said the mutilation of the slain soldiers stirred feelings of guilt and led at least one member of the platoon to reveal the rape-slaying on June 22."

On NBC Nightly News (7/3, story 3, 2:40, Curry, 9.87M), Eugene R. Fidell, a military law expert, was shown saying, "If they prove to be true, it's a very disturbing set of facts and it's certainly going to have a terrible effect on relations with the Iraqi people." NBC (Miklaszewski) added, "If convicted of murder, Green could face the death penalty. Because he's a civilian, Green's been charged in Federal court but Army officials say there's still an outside chance he could be recalled to duty and face trial before a military Court Marshal. Ann."

The Los Angeles Times (7/4, Spiegel, 958K) reports, "The killings have fanned unease between Iraqi officials and the US military, and the incident in Mahmoudiya, south of Baghdad, is considered likely to aggravate tensions further because of its violent, sexual nature."

The New York Times (7/4, Cloud, Semple, 1.19M) reports, "The rape victim was identified in the American court documents as a 25-year-old woman, but there have been conflicting accounts of her age. In Iraq, the mayor of Mahmudiya said Monday that the rape victim had been only 15 years old." The mayor, Mouayid Fadhil, "said that those killed included the rape victim's parents and her 7-year-old sister, and that the attackers also tried to set the rape victim's body on fire, apparently in an effort to cover up evidence." A White House spokeswoman, Dana Perino, said, "The president has full confidence in the military to investigate alleged crimes and to punish anyone convicted of abhorrent behavior that dishonors the proud traditions of our military. He will not comment on ongoing investigations so as not to prejudice the outcome; however, he believes that 99.9 percent of our men and women in uniform are performing their jobs honorably and skillfully and they deserve our full appreciation and gratitude."

The Washington Post (7/4, White, 744K) reports, "The case is the fifth in recent weeks in which US troops have been accused of killing civilians in Iraq, a spate of incidents that has drawn attention to the way U.S. forces operate in what is often a complex and confusing battlefield. The rape and murder allegations against Green, however, detail a crime that appears to have had little if anything to do with the prosecution of the war itself." According to an affidavit by FBI Special Agent Gregor J. Ahlers, "the crimes appeared carefully crafted." The AP (7/4, Whitmire) says "an official familiar with details of the investigation in Iraq has told The Associated Press that a flammable liquid was used to burn the rape victim's body in an attempted cover-up." The affidavit "noted that prosecutors have photos taken by Army investigators in Iraq of all four bodies found inside a burned house and a photo of a burned body of 'what appears to be a woman with blankets thrown over her upper torso.'"

Iraqi Officials Express Outrage Over Rape-Slay Case. USA Today (7/5, 2.31M) reports, "Iraqi officials expressed outrage Tuesday over charges that a US soldier raped a young Iraqi woman and murdered her and her family." The rape and murder charges "were made public Monday when Steven Green, 21, appeared in federal court in North Carolina. The military said at least four other soldiers still in Iraq are under investigation in the March 12 slayings of the woman, her parents and her younger sister in Mahmoudiya, about 20 miles south of Baghdad."

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The AP (7/5) reports, "Iraq's justice minister Tuesday condemned the alleged rape-slaying by U.S. soldiers of an Iraqi woman and the killing of her family. … 'If this act actually happened, it constitutes an ugly and unethical crime, monstrous and inhuman, and is a violation of international and Geneva conventions,' Justice Minister Hashim Abdul-Rahman al Shebli, a Sunni Arab, said in a statement." He "demanded that the United Nations Security Council and other international organizations make sure troops are punished."

The Washington Times/AP (7/5, Gamel) reports, "Iraqi lawmakers blasted the United States on Tuesday over an alleged rape-slaying case, while a southern governor said he was resigning amid fears Iraqi forces cannot handle security once coalition troops transfer responsibility there this month." Two women legislators "called for Prime Minister Nouri al-Maliki to be summoned to parliament to give assurances that justice would be done in the March 12 slaying of four members of a family in Mahmoudiya. A teenage girl allegedly was raped before being killed. … The two lawmakers, Safiya al-Suhail and Ayda al-Sharif, said condemnation was not enough. 'We demand severe punishment for the five soldiers involved,' al-Sharif said. 'Denouncements are not enough. If this act has taken place in another country, the world would have turned upside down.'"

Another AP story (7/4, Reid) says "allegations of US soldiers abusing civilians often draw more media attention in the United States than in Iraq. And they generate little more than perfunctory statements from Iraq's leaders, who depend on American troops for their political and physical survival." However, "such reports do serve to motivate insurgents, who seize upon them for propaganda value. The allegations also undermine public confidence in the US-backed government and complicate America's hopes of reducing forces."

Pace Pledges Full Investigation. The AP (7/4, Whitmire) reports, "The chairman of the Joint Chiefs of Staff vowed Tuesday to get to the bottom of charges that a former solider raped and killed a young Iraqi woman and shot her family to death. Three other soldiers still in Iraq are suspected of joining in the crime and helping cover it up." Marine Gen. Peter Pace said yesterday, "Any such acts on the part of a US servicemember, if proven to be true, are totally unacceptable. We know that in uniform, and our fellow citizens know that…If there are those who have done things as they have been accused of, we will get to the bottom of it. We will do the investigations, we will find out what the truth is, and, if necessary, we will take those who deserve to be taken to court so they can have their day in court."

Probe Looking Into Unit Oversight Issues. The New York Times (7/5, Wong, 1.19M) reports, "The military investigation…is looking at whether poor oversight within the soldiers' unit helped give them the chance to operate on their own, American military officials said Tuesday. … The procedures will be given a 'top-down scrub,' one of the officials added. This broad approach to the investigation leaves open the possibility that senior officers in the unit, the 502nd Infantry Regiment of the 101st Airborne Division, may be implicated later."

Iraqi Government Considers Arming Insurgents To Fight Al Qaeda. USA Today (7/5, Jervis, 2.31M) reports, "Iraq's government is studying a request from some local insurgent leaders to supply them with weapons so they can turn on the heavily armed foreign fighters who were once their allies, according to two Iraqi lawmakers. Leaders claiming to represent about 11 insurgent groups asked for weapons to fight foreign al-Qaeda elements in Iraq, said Haider al-Ibadi, a Shiite lawmaker and member of Prime Minister Nouri al-Maliki's Dawa Party." The insurgent request "was confirmed by al-Ibadi and Mithal al-Alusi, another lawmaker. Al-Maliki was out of the country, and several officials in his office declined to comment. The request came out of talks between people claiming to represent insurgent groups and the Iraqi government." USA Today adds" the US military said insurgent talks are an Iraqi matter."

Activity In Baghdad Morgue Signals Increase In Violence. The New York Times (7/5, Tavernise, Nageeb, 1.19M) reports, "The central morgue said Tuesday that it received 1,595 bodies last month, 16 percent more than in May, in a tally that showed the pace of killing here has increased since the death of Abu Musab al-Zarqawi, Al Qaeda's leader in Iraq." Baghdad, "home to one-fourth of Iraq's population, has slowly descended into a low-grade civil war in some neighborhoods, with Sunni and Shiite militias carrying out systematic sectarian killings that clear whole city blocks." The Times adds, "To a large extent, control of the capital means control of the country, and Baghdad is at the center of efforts by American military officials and the new Iraqi government to stem the tide of violence."

US Forces To Bulldoze Area Of Ramadi Where Repeated Fighting Has Occurred. The New York Times (7/5, A1, Filkins, 1.19M) reports from Ramadi, "In three years here the Marine Corps and the Army have tried nearly everything to bring this provincial capital of 400,000 under control. Nothing has worked. Now American commanders are trying something new. Instead of continuing to fight for the downtown, or rebuild it, they are going to get rid of it, or at least a very large part of it." They "say they are planning to bulldoze about three blocks in the middle of the city, part of which has been reduced to ruins by the fighting, and convert them into a Green Zone, a version of the fortified and largely stable area that houses the Iraqi and American leadership in Baghdad." The idea "is to break the bloody stalemate in the city by ending the struggle over the battle-scarred provincial headquarters that the insurgents assault nearly every day. The Government Center will remain, but the empty space

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around it will deny the guerrillas cover to attack." Ramadi, "a largely Sunni Arab city, is regarded by American commanders as the key to securing Anbar Province."

Critics Say Iraq IG Trying To Create "Empire." The Washington Times (7/5, Scarborough, 90K) reports Stuart W. Bowen Jr., the Bush Administration's special inspector general for Iraq reconstruction (SIGIR), has "has near carte blanche to probe how the administration has managed nearly $70 billion in Iraqi and U.S. taxpayer rebuilding money. His rapid-fire series of reports on the reconstruction at times have seared the White House and delighted its Democratic critics. … If the White House thought it was getting a pushover by hiring a longtime legal adviser to Mr. Bush, well, it was wrong." The Times adds, "Since taking office in January 2004, Mr. Bowen's staff of more than 160 federal and contract employees have churned out an impressive array of work -- 55 audits, 165 recommendations, 42 project assessments and 112 reports based on satellite imagery." Critics "contend that Mr. Bowen gives little emphasis to a broad list of achievements in Iraq. … Anonymous critics also say Mr. Bowen is trying create an 'empire' with expanded power to investigate all sorts of operations in Iraq, not just rebuilding."

Blair Says Withdrawal Of "Substantial" Number Of UK Troops Possible In 2007. CNN's The Situation Room (7/4, King) reported that British Prime Minister Tony Blair said Tuesday "there could be opportunities over the next year and a half to withdraw a substantial number of British troops from Iraq. Prime Minister Blair pegged that troop reduction to the buildup of Iraqi forces."

Five Workers For US Base Killed In Afghanistan. The AP (7/4, Shah) reports, "A bomb hidden in a cart exploded Tuesday in a crowded intersection of downtown Kabul, injuring 10 people, and five Afghan laborers were ambushed and fatally shot on their way to a U.S. military base in eastern Afghanistan." The attacks "come amid a surge of violence by Taliban-led rebels, 12 of whom are killed in a clash with police." The bomb that went off in the Afghan capital "had been planted in a hand cart behind a car, said police official Mohammed Nabi. The explosion took place at a busy traffic intersection near the presidential palace, shattering windows at a movie theater and the nearby Justice Ministry." The New York Times (7/5, Gall, 1.19M) also reports the story.

CIA Closes Unit Overseeing Hunt For Bin Laden. Fox News' Special Report (7/4, Wilson) reported, "US intelligence officials today confirmed reports the CIA has closed…the unit assigned to oversee the hunt for Osama bin Laden. They say the unit shut down late last year because the agency is now more concerned about terrorists attacks independent of bin Laden and al Qaeda."

US Forces Celebrate Independence Day In Iraq, Afghanistan. NBC Nightly News (7/4, story 5, 2:15, Curry, 9.87M) reported, "For Americans in war zones, there was little opportunity to commemorate the day, no time off from the violence or from the need to maintain vigilance. But even on a holiday so far from home, troops found ways to note their special connection to the fight for freedom." NBC (Maceda) added, "Even in this sprawling furnace called Kandahar airbase, a few American soldiers managed to celebrate with an outdoor barbeque and Fourth of July fantasies."

The CBS Evening News (7/4, story 6, 1:45, Mitchell, 7.66M) reported, "For families of troops overseas in Iraq and Afghanistan are likely to be deployed soon, there was a bittersweet note to this Independence Day celebration, the fun somewhat muted by concerns for loved ones in harm's way." CBS (Acosta) went on to report from at Fort Hood, TX, where it showed Jessica Signor, a soldier's wife, saying, "They've been over there for a long time and I know some more -- longer than others -- so I know they're looking forward to coming home." CBS added, "For some that homecoming cannot happen soon enough. But at least for today, those concerns can be set aside. There will be a fireworks show later this evening and nobody does explosives better than the Army."

The Los Angeles Times (7/5, Barnes, 958K) reports that in Iraq, "most US troops marked the Fourth of July by doing the exact same thing they did on July 3: Patrolling the streets, training Iraqis, checking people into sleeping quarters or whatever their jobs entail. There aren't any fireworks, for obvious reasons."

US Troops In Iraq, Afghanistan Become Naturalized Citizens. The CBS Evening News (7/4, story 8, 2:55, Mitchell, 7.66M) reported, "It was an especially patriotic Fourth of July for some brand new Americans who became citizens half a world away. Twenty-six foreign-born members of the US military took the oath at a base north of Kabul in Afghanistan. A similar ceremony was held in Iraq for troops taking advantage of a new law that put them on the fast track to US citizenship."

ABC World News Tonight (7/4, story 8, 2:30, Moran, 8.78M) reported, "This Independence Day was a milestone for a group of soldiers in Iraq. In one of Saddam Hussein's former palaces, they became citizens of the country they're fighting to protect. They are at war. The nation's flag emblazoned on their uniforms. But it wasn't until today…that they became Americans." NBC Nightly News (7/4, story 6, 2:30, Curry, 9.87M) said the "76 men and women…were born in 29 different countries but they are all wearing one uniform

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and fighting for one nation -- the United States. Yet when they joined, not one was even an American citizen."

Air Force Captain Stationed In Iraq Criticizes "Politicians In Washington." F. John Duresky, an Air Force captain stationed in Iraq, writes in the Washington Post (7/5, A13, 744K), "Yesterday millions of Americans celebrated Independence Day," and "today Americans go back to their normal business. The politicians in Washington have made sure the sacrifices of the war are borne by the very smallest percentage of Americans. They won't even change the tax rates to prevent deficits from running out of control. Future generations will pay the cost of this war. Many Americans feel strongly about the war one way or another, but they aren't signing up their children for service or taking the protest to the streets. What can they do? It is they whom we in the military trust to influence our leaders in Washington." Duresky adds, "Today, as on every other day in Iraq, American servicemen are in very real danger. Our country is at war. Mothers, fathers, wives, husbands and children are worrying about their loved ones in a faraway land. They all hope he or she isn't the one whose luck runs out today."

US Military Radio Host In Iraq Profiled. The Washington Post (7/5, A8, Finer, 744K) profiles "the US military's most popular radio host in Iraq," Spec. Kristen King, 21, whose "sugary twang a product of her Shreveport, La., upbringing. … A reservist halfway through a journalism degree at Louisiana State University, King is energetic and apple-cheeked, with a tireless smile. She wears desert camouflage fatigues, and her straight brown hair is pulled tightly behind her head. Her program, 'Country Convoy,' is four hours of down-home Americana beamed throughout Iraq from a fiberglass trailer tucked amid a warren of identical units in the fortified Green Zone."

CORPORATE SCANDALS:

Mercury Interactive Review Finds Options Backdating. The San Jose Mercury News (7/5, Garner) reports, "More than a year and a half after regulators began examining its stock options practices, Mercury Interactive said Monday that it has found 54 intentional acts of backdating options, from 1994 until March 31, 2005, to inflate senior executives' compensation." The News continues, "Mercury's former senior management 'deliberately' overrode controls to prevent backdating, the Mountain View company said in a regulatory filing." The News adds, "Mercury, a maker of software to test computer programs, was one of the first valley companies to come under suspicion for options granting practices, a controversy that has now widened to include about two dozen valley companies. … In November, three senior executives -- then-Chief Executive Amnon Landan, Chief Financial Officer Douglas Smith and General Counsel Susan Skaer -- resigned after a special committee of board members determined that top executives had manipulated dates of option grants over a decade. … The filing Monday by the maker of software to test computer programs suggested that regulators are starting to go after directors as well. Mercury said directors Igal Kohavi, Yair Shamir and Giora Yaron on June 23 received so-called Wells notices from the U.S. Securities and Exchange Commission, warning that the agency may seek to permanently bar them from the boards of any public company. The SEC is considering charges alleging each director knew or should have known about the manipulation of option grant dates. Mercury said it has accepted those directors' resignations."

The Financial Times (7/5, Grant) reports, "The stock options backdating scandal in the US widened this week as four companies said they were being investigated by the Securities and Exchange Commission or federal prosecutors." The Times continues, "Mercury Interactive, a California-based business software company, said three of its directors had offered to step aside from the company's audit and compensation committees after being told by the SEC it was considering a civil enforcement action against them for violations of federal securities laws. .. About 60 companies have said they are subject to government probes. Many are also conducting internal reviews." The Times adds, "Authorities want to know whether companies falsified documents to make the backdated granting of an option appear on a different date from that already announced by the company. … They also want to know whether stock options that were backdated were properly accounted for and disclosed to shareholders. … A number of companies have already been hit with class action lawsuits from public pension funds and other shareholders claiming that the accounting effects of backdated options were not properly disclosed to them and that executives fraudulently pocketed profits as a result of the backdating."

The Wall Street Journal (7/5, Bandler, Forelle) reports, "In a sign that securities regulators may try to hold directors accountable for stock-option grant backdating, the Securities and Exchange Commission staff has said it is likely to pursue civil charges against directors of Mercury Interactive Corp., one of the first companies caught up in the options scandal, according to a regulatory filing." The Journal continues, "To fix faulty accounting, Mercury restated years of financial results, reducing its net income by $525.4 million from 1992 to 2004 -- nearly all due to options-related problems. The restatement for 2003 turned that year's reported profit of $41.5 million into a loss of $62.6 million. … An independent investigation led by a special board committee uncovered other troubles at Mercury, including improper management of earnings and a $1 million loan to the former chief executive that 'lacked documentation supporting its approval' by the

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board. … Mercury, of Mountain View, Calif., said three directors, including prominent Israeli businessman Yair Shamir, received so-called Wells notices, which signify the inclination of the SEC staff to pursue civil-securities charges against the individuals. Mercury said the directors have notified the SEC that they intend to challenge any charges, claiming they neither knew about, nor participated in, the alleged backdating."

CEOs Pushing Back In Dispute Over Executive Pay. The Wall Street Journal (7/5, Murray) reports, "Tired of being beat up over executive pay, big business is starting to push back -- a bit. … Today, the Business Roundtable, a lobbying group of chief executives of 160 of the largest companies in the U.S., is releasing a study showing the pay of CEOs, while still lush compared to that of a Starbucks barista, isn't as outrageous as some press reports suggest." The Journal continues, "The study, authored by compensation consultant Frederic W. Cook, is based on the 350 large public companies in the Mercer Human Resources Consulting database. And it finds that the median pay of CEOs -- which Mr. Cook argues is a better measure than average pay -- was $6.8 million last year, down slightly from its peak of $7 million in 2004. Those numbers include salary, bonus and the estimated value of options at the time they were issued, using the Black-Scholes method." The Journal adds, "That's a lot of money. But it's 'only' 179 times the pay of the average American worker -- not 475 times, a number of vague origins that has popped up in some media reports, including in this newspaper. (The Journal later issued a correction.) … Moreover, the study shows growth in CEO pay over the past decade has roughly tracked growth in shareholder returns. Median CEO compensation has grown 9.6% a year since 1995 -- compared with 9.9% growth in median annual shareholder returns. That, Mr. Cook argues, shows that these CEOs, as a group, are getting pay raises commensurate with performance."

South Korea Continues Probe Of Texas Firm. The New York Times (7/5, Fackler) reports, "South Korean authorities are continuing a high-profile investigation into Lone Star, the Dallas-based private-equity fund, fueling a public backlash against excessive profits made by foreign investment funds." The Times continues, "Just eight years ago, Lone Star was hailed as a savior, pouring money into companies crippled by South Korea's financial crisis. Today, it appears to be in danger of being run out of town in a flap that could threaten Seoul's attractiveness to foreign investors." The Times adds, "South Korea is investigating Lone Star for possible wrongdoing involving its takeover of Korea Exchange Bank. Lone Star's plan to sell the bank, earning a windfall profit of $4.4 billion, has provoked a public outcry, along with its attempts to avoid Korean taxes. … A separate investigation into allegations of embezzlement and bribery resulted in a raid on Lone Star's Seoul offices and the arrest of three businessmen linked to the fund. … Lone Star's troubles sit at the center of a growing uproar over the huge and often tax-free profits earned by foreign hedge funds and other investment funds, which like Lone Star are now cashing out of lucrative investments made here during and after the financial crisis. Most experts, however, describe the outcry as just growing pains of this country's rapid transformation into one of Asia's most open economies."

Federal Prosecutors Feel Vindicated By Sieglman, Scrushy Convictions. The Birmingham News (AL) (7/5, Chandler) reports, "In 2004, prosecutor Louis Franklin had a decision to make: Continue the 3-year-old investigation into Gov. Don Siegelman's administration or close the books on it for good." The News continues, "The easy thing would have been to walk away. … Siegelman was a popular politician with widespread support in the state. The Democrat had a bevy of skilled lawyers at his disposal. … 'What a lot of people don't know is, until we impaneled that special grand jury, this case was about to be closed,' Franklin said. … 'We knew this is going to be tough. They are going to have an explanation that people are going to want to believe. Nobody wants to believe a governor is trading on his office,' Franklin said." The News notes, "Franklin, chief of the criminal division in the Middle District of Alabama, inherited the case when his predecessor retired. Leura Canary, the U.S. attorney in the district, had stepped aside after a lawyer for Siegelman complained to the U.S. Department of Justice about her husband's long-standing ties to Republican politics. … Franklin and others decided to convene a special grand jury in June 2004. The investigation, put together from the privacy of an office in a leaky old airplane hangar, culminated Thursday with guilty verdicts against Siegelman and HealthSouth founder Richard Scrushy on bribery charges. … Franklin said the team of career prosecutors that drove the final years of the case felt vindicated by the verdicts after months of heated words between the two sides."

New Regulator Says Fannie, Freddie Roles Should Be Reduced, Not Eliminated. The Wall Street Journal (7/5, Hagerty, 2.11M) reports the new director of the Office of Federal Housing Enterprise Oversight, James Lockhart, said Fannie Mae and Freddie Mac "should retain an ability to help prop up the U.S. home-mortgage market in times of financial turmoil, the companies' new chief regulator said in an interview." Lockhart's remark "point to a possible compromise in the heated debate over the future role of the government-sponsored providers of funding for home loans." The Bush Administration "is pushing for legislation that would force the companies to shed most of their holdings of

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mortgages and related securities, totaling more than $1.4 trillion. But housing-industry officials and many members of Congress fret that strict limits on those holdings could deprive the housing market of a steady source of funding." Lockhart "said the mortgage portfolios held by Fannie and Freddie are far too large, creating the risk of serious damage to financial markets if the companies fail to control their interest-rate risks. But Mr. Lockhart still sees a role for those portfolios, on a smaller scale, in ensuring that plenty of money is available for home loans."

CRIMINAL LAW:

All 50 States Now Participating In Online Sex Offender Registry. The AP (7/5) reports, "US authorities said on Monday all 50 states have joined a national web site that lists addresses and other details of convicted sex offenders." The AP continues, "The states of South Dakota and Oregon were added last week to the registry, which 'provides real-time access to public sex offender data nationwide with a single Internet search,' the Department of Justice said in a statement." The AP adds, "The online database includes more than 500,000 convicted sex offenders who are required to register their address with local authorities. … The government-sponsored site 'allows parents and concerned citizens to search existing public state and territory sex offender registries beyond their own states,' the Justice Department said. .. Attorney-General Alberto Gonzales said the completion of the National Sex Offender Public Registry was 'good news' for parents and police. 'The constant effort to safeguard our children from sex offenders is never finished, but today's announcement marks a clear accomplishment on the side of protection,' Gonzales said in a statement."

Government Technology (7/5) reports, "The Justice Department announced the activation of a national registry Web site last year and initially linked 22 states to the site. Oregon and South Dakota recently passed the sex offender legislation that now allows the state to be included in the NSOPR as of July 1, 2006. With the addition of these two states inclusion, the registry connects 50 states, the District of Columbia and the territory of Guam the site. … 'With the inclusion of the last two states to the registry, the capacity grows for parents and communities to be informed and aware of sex offenders residing in their neighborhoods. We commend Oregon and South Dakota for making the site truly available nationwide.' said Regina B. Schofield, Assistant Attorney General for the Office of Justice Programs. 'The coordination among states, private organizations, and the Department of Justice moves us closer to making information about all registered sex offenders available to parents and concerned citizens.'"

Pennsylvania Violent Obscenity Case Moves Forward. The Pittsburgh Post-Gazette (7/4, Ward) reports, "The U.S. Supreme Court has refused to review a case in the Western District of Pennsylvania that involves the sale of violent, graphic pornography from California." The Post-Gazette continues, "A posting last week in U.S.A. v. Extreme Associates Inc. shows that the Supreme Court, on May 15, denied the defendants' request for a writ of certiorari." The Post-Gazette adds, "Attorneys for Robert Zicari and his wife, Janet Romano, who own Extreme Associates, asked the high court to review a December decision by the 3rd U.S. Circuit Court of Appeals reinstating the criminal charges against them. … They were indicted in August 2003 and charged with 10 counts of mailing obscene materials, transporting obscene materials and criminal conspiracy. The pornography that they produce depicts violent scenes, including women being raped and killed. … U.S. District Judge Gary L. Lancaster dismissed the indictment against the couple in January 2005, saying that federal obscenity laws violate the U.S. Constitution. … But in December, the appeals court disagreed with Judge Lancaster, claiming that he erred and that his decision ignored existing precedent."

Reed Targeted For Role In Abramoff Scandal. The Washington Times (7/5, McCain, 90K) reports, "Two weeks before his July 18 Republican primary showdown with state Sen. Casey Cagle," Georgia lieutenant governor candidate Ralph Reed "is locked in a battle for political survival. On Monday, after weeks of attack ads from Mr. Reed, the Cagle campaign fired back with what Georgia pollster Matt Towery termed a 'hydrogen bomb' -- a TV ad accusing Mr. Reed of 'betrayal' for his role in the Jack Abramoff lobbying scandal." Reed has "denied wrongdoing in the Abramoff affair. But the latest TV ad by Mr. Cagle -- a 12-year state Senate veteran whom Mr. Reed has accused of tax dodging, ethical violations and opposing property rights -- seems to have put the Reed camp in an angry mood." The new Cagle ad "shows Mr. Reed being played as a face card in a poker hand, an allusion to the casino-lobbying scandal that has sent Abramoff and two associates to federal prison and caused Democrats to accuse the Republican Party of fostering a 'culture of corruption.'" The Cagle campaign "defended the ad by citing a Thursday report in the Wall Street Journal that 'Abramoff appears to have funneled $4 million in fees from the Mississippi Choctaw to Mr. Reed's consulting firm' through tax-exempt organizations." The "most recent public poll, taken last Tuesday and Wednesday by Mr. Towery's Insider Advantage firm, shows Mr. Reed with 32 percent support to 27 percent for Mr. Cagle, a north Georgia businessman."

Norquist Accuses McCain Of Retribution In Abramoff Report. The Hill (7/5, Sheffield) reports prominent

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conservative activist Grover Norquist "says a Senate report connecting him with convicted felon Jack Abramoff is a personal attack from Sen. John McCain (R-Ariz.) that could hurt the senator's recent efforts to woo the right for a presidential bid." Norquist says the Senate Indian Affairs Committee report last month "outlining his efforts to funnel money from Abramoff's tribal clients to former Christian Coalition head Ralph Reed is riddled with half-truths and falsely implicates his nonprofit group, Americans for Tax Reform (ATR), in wrongdoing." Norquist says McCain, "chairman of the committee, issued the report in retaliation for Norquist's efforts to thwart McCain's 2000 presidential bid." Norquist said, "He has exhibited personal animus toward me. McCain, who's running for president and is ostensibly the front-runner, takes time and effort to throw a punch at me and Ralph Reed. Why? He has told people we stopped him in the presidential election last time, and he thinks we might do it again. He is delusional." The Hill adds McCain aides "said the 373-page report, the culmination of a two-year investigation, is a neutral, factual account of Abramoff's movements."

Illinois Man Pleads Not Guilty To Murdering FBI Informant. The Chicago Sun-Times (7/4, Fitzpatrick) reported, "An Alsip man pleaded not guilty Monday to shooting an FBI informant in May as federal agents monitored the weapons sting. Jerry T. Henderson pleaded innocent to 12 counts of murder and three counts of armed robbery in the fatal shooting of FBI informant Timothy Forrest in a Dolton parking lot, prosecutors said." The Sun-Times noted that Forrest "was shot twice in the head, according to the Cook County medical examiner's office. FBI agents did not hear any shots, the agency said in a statement." The AP (7/4) added, "FBI spokesman Tom Simon said after Henderson's arrest that the FBI took all the normal safeguards to protect the cooperating witness, adding there were inherent risks anytime a cooperating witness meets with a criminal."

Mariano Lawyer, Supporters Ask Judge For Leniency In Sentencing. The Philadelphia Inquirer (7/4, Shiffman, 423K) reported that on Monday, "Rick Mariano's lawyer and friends…asked a federal judge to exercise leniency, arguing that the former city councilman does not deserve to spend a decade in prison for taking bribes" when he is sentenced Thursday. "Prosecutors have sought 10 years, arguing that Mariano betrayed the public trust and intimidated witnesses during their investigation. Mariano's lawyer, Thomas A. Bergstrom, said that a 10-year sentence is 'too harsh' and that the councilman's discussions with his staff helped the FBI, rather than hurt it."

Blagojevich Calls Hiring Fraud Report "A Good Thing." In a widely-distributed story, the AP (7/5, Carpenter) reports, "Gov. Rod Blagojevich insisted Tuesday that continued findings of wrongdoing within his administration are 'a good thing' because they are being made by an inspector general he appointed to help him clean up state government. The Democratic governor, on the defensive amid ongoing revelations about possible misconduct in the way his administration hands out state jobs and contracts, told reporters at an Independence Day parade that the findings show his administration is aggressively going after those who break rules and laws. Reiterating a position he has taken as the hiring scandals mount, Blagojevich called them a consequence of his efforts to change government practices after 26 years of Republican governors."

California Red Cross Employees Sentenced To Prison For Hurricane Relief Fraud. The AP (7/4) reported, "Two men were sentenced to federal prison Monday after pleading guilty to a scam that bilked thousands of Hurricane Katrina funds from the American Red Cross." David Robert Candelaria and Harold Dennis Oats "worked as employees at a Red Cross call center in Bakersfield where they filed false claims to get money wired to themselves or to family and friends. U.S. District Judge Anthony Ishii sentenced Candelaria to 18 months in prison and Oats to 10 months. They were also ordered to repay $12,520." The AP noted, "The Red Cross contacted the FBI after it performed an audit and discovered an unusually high number of claims were being paid out at Western Union outlets in the Bakersfield area, even though few evacuees had moved there." The Bakersfield Californian (7/4, Logan, 64K) added, "The FBI conducted an investigation and 72 people were charged with wire fraud, a federal crime. So far 60 defendants have pleaded guilty and 29 have been sentenced."

US Accuses Gang Of Conspiring To Kill Blacks. The Los Angeles Times (7/5, Spano) reports, "Jose Cruz is a walking testament to what happens when a member turns against the Avenues street gang. … He has 30 scars from the stab wounds he suffered in one attempt on his life — on his arms, torso and legs. In another attack, he was beaten so severely that he has a visible dent in his skull, according to court papers, 'the size and shape of a pistol butt.'" The Times continues, "His street gang goes back five generations in Highland Park, which for Cruz is five miles and several lifetimes from the downtown courtroom where he is scheduled to testify as the star witness for the prosecution in the trial of a group of childhood friends. … Federal prosecutors, who launched their case last week, contend that the Avenues gang between 1994 and 2000 conspired to kill African Americans on their turf." The Times adds, "Men,

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women and children were harassed, terrorized, assaulted and slain as gang members sought to force black residents out of Latino neighborhoods, prosecutors said. … Authorities are using a federal hate-crime law based on the amendment to the U.S. Constitution that outlawed slavery, and another law created in the civil rights era, to go after four gang members. Barbara Bernstein, deputy chief of the criminal section of the civil rights divisions of the U.S. Department of Justice in Washington, is part of the prosecution team. … Attorneys for the defendants — Gilbert Saldana, Alejandro Martinez, Fernando Cazares and Porfirio Avila — have asserted that the federal government has no power to involve itself in a common street crime."

"Web Bangers" Posting Gang Web Sites. The AP (7/5, Glazer) reports, "Some of the country's most notorious street gangs have gotten Web-savvy, showcasing illegal exploits, making threats, and honoring killed and jailed members on digital turf. … 'Web bangers' are posting potentially incriminating photos of members holding guns, messages taunting other gangs and boasts of illegal exploits on personal Web sites and social networking sites." The AP notes, "Gangs once only roamed the streets of big cities but now can be found in 2,500 U.S. communities, according to the FBI. Police departments suddenly faced with the unwelcome arrivals are looking for help anywhere they can get it, including the gangs' own easy-to-find Web sites."

Ohio Police, FBI Arrest Seven In Ransom Kidnapping. WXIX-TV Cincinnati (7/3) reported on its Web site from a story broadcast Monday, "North College Hill Police and the FBI have been working around the clock on a bizarre case where a 17-year-old girl was kidnapped and held for ransom. Police are saying that at least one of the kidnappers has confessed to the crime. According to police, a woman came to the College Hill home of the girl early Monday morning and asked the girl, who answered the door, for help. The teen went to get a portable phone for the woman who then shoved the door open and abducted the girl." The Cincinnati Enquirer (7/4, Truong, 205K) added that the "girl was found duct-taped and blindfolded in the basement of a Bond Hill house Monday after she was kidnapped and a ransom was demanded, police said. Seven people have been arrested and were being interviewed by North College Hill police, Cincinnati police and the Federal Bureau of Investigation." WCPO-TV Cincinnati (7/3, Walton, Kettler, Terrell) noted that the girl "is currently at Children's Hospital with her parents and the FBI."

The AP (7/4) reported, "The suspects were being interviewed Monday by police in this Cincinnati suburb where the girl lives, as well as Cincinnati police and the FBI. … Police accompanied the girl's father to a park where he was supposed to meet her captors, who had demanded ransom. They chased a man who showed up to a house where the teen was found, authorities said."

Tennessee Truck Driver Arrested In Kidnapping, Sexual Assault Of Teen Girls. The Los Angeles Times (7/4, Bernstein, 958K) reported, "A 16-year-old Lancaster girl was on her way home Monday, after what police said was a harrowing nearly two-week ordeal in which she and another teen were assaulted and held against their will by a cross-country trucker." Trucker Ricky Donnell Jones "remained in jail in Knoxville, Tenn., facing state charges of kidnapping while the FBI weighed whether to file additional charges in federal court. Knox County Sheriff's Department spokeswoman Martha Dooley said the girl and an 18-year-old friend had gone willingly with Jones." However, Dooley noted, "When both girls tried to get away from Jones, he held them against their will, he sexually assaulted them and he broke the 18-year-old's arm." The Times added, "FBI Special Agent Gary Kidder, who is based in Knoxville, said his agency was gathering information on the case to present to the U.S. attorney's office in Tennessee, to see if there was enough evidence to file federal charges against Jones."

US Pursuit Of Death Penalty In North Dakota Case Sparks Controversy. The St. Paul Pioneer-Press (7/4, Prather) reports, "Dru Sjodin's disappearance touched off a torrent of worry and sadness. Alfonso Rodriguez Jr.'s arrest unleashed enough outrage to change how Minnesota and North Dakota deal with sex offenders. … More than two years after the painful saga unfolded, a trial that begins Thursday may force two states that haven't executed a criminal in more than a century to wade into the divisive issue of capital punishment." The P-P continues, "Sjodin's family and some of her friends have supported a federal prosecutor's decision to seek the death penalty. … 'There is no question in anybody's mind that's what should happen,' said friend Elia Loven. 'That's not even enough.' … Some of those who were close to the spirited college student aren't so sure that pursuing a death sentence is the right thing to do. High school friend Sarah Millard said she wonders what Sjodin would have wanted. … 'She did not have any grudges against anyone. Everyone was in love with her,' Millard said. 'Of course, you are so angry about what he did you feel that's the only way you are going to make peace. But at the same time, I try to think about had this been me, would Dru have been OK with the death penalty? I don't know if she would have.'" The P-P adds, "Jury selection begins Thursday in Fargo. Rodriguez, 53, who has pleaded not guilty, is accused of kidnapping, torturing and killing Sjodin. … Her disappearance in November 2003 from a shopping mall in Grand Forks sparked massive searches in North Dakota and

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Minnesota. Rodriguez, a convicted sex offender, was arrested the following month. Sjodin's body was found in April 2004. … Rodriguez faces a possible death sentence through a happenstance of geography. He is accused of crossing state lines during the commission of a kidnapping, which gave federal authorities an opportunity to step in. That action exposed Rodriguez to the death penalty, even though the crime he is accused of committing happened in two states that have outlawed capital punishment."

Suspect In Florida Death Returned To US. The Gainesville Sun (7/3, Pakkala) reports, "A former Gainesville nurse accused in the overdose death of a University of Florida student was returned to the United States from West Africa on Sunday." The Sun continues, 'Oliver Travis O'Quinn, 27, was escorted by U.S. Marshals to New York to await extradition to Florida. He is believed to have been out of the country since shortly after the November 2005 death." The Sun adds, "State Attorney Bill Cervone, whose office will handle the case when O'Quinn returns to Gainesville, was unsure Sunday when O'Quinn will be back. He said O'Quinn will decide whether to travel to Florida voluntarily or to have an extradition hearing. O'Quinn will be scheduled for an arraignment when he gets to Gainesville. … O'Quinn faces a second-degree murder charge in the death of 24-year-old Michelle Herndon, whose body was found in a southeast Gainesville apartment Nov. 10, 2005. … Shortly after the death, O'Quinn… left the country. Investigators tracked flight records to Ireland, and the North Florida Violent Fugitive Task Force joined the case at the request of Gainesville Police. … The Marshal Service and the U.S. Department of State's Diplomatic Security Service launched a week-long manhunt to catch back up with O'Quinn, eventually apprehending him in Senegal. … Once O'Quinn was in custody, the U.S. Department of State Bureau of Consular Affairs and the U.S. Department of Justice Office of International Affairs revoked his passport and released him to the Marshals Service for return to the U.S."

Extradition Dispute Looms In South Carolina Slay Case. The Greenville News (7/5, Edmonds) reports, "The United States faces a long, uphill legal battle in extraditing a former Wren High School student who is charged in the slaying of an Easley pawnshop owner." The News continues, "Roger Eugene Shephard, 21, has sought the protection of Canadian authorities because he may face the death penalty upon returning to the United States. … Shephard is charged in the slaying of John Bruin, 65, who was killed the afternoon of June 15 during an armed robbery at Action Pawn in downtown Easley." The News adds, "Because Shephard filed for refugee status, he cannot be deported, leaving the United States with no other option but to pursue extradition. A hearing on that effort will be held July 10. … Clemente Monterosso, Shephard's deportation lawyer, said he is waiting for the United States to file an extradition request. … Currently Monterosso has at least 15 extradition cases; among them are drug, conspiracy and telemarketing cases. In his experience, extradition takes an average of three to four years, sometimes more."

Lobbyists Square Off Over Internet Gambling Bills. The New York Times (7/4, Phillips, 1.19M) reports that while Internet gamblers "lay down big money on World Cup soccer this summer, teams of lobbyists are facing off on Capitol Hill in a contest over whether the United States should choke off the growth of wagering on the Web." Faced with "bills to curb online betting, which attracts an estimated $12 billion a year in wagers worldwide, an array of interest groups like casinos here and abroad, as well as sports leagues, antigambling coalitions and even poker players, has dispatched lobbyists to argue what should be legal and what should not." Major League Baseball "wants to make sure that any measures do not diminish fantasy sports games, which it credits for a resurgence in its popularity." The Justice Department has "always considered Internet gambling illegal. But that has not stopped online wagering from flourishing. Gambling opponents are pushing for bills to put teeth into enforcement. In the House, proponents of a crackdown merged two bills." The "odds of a bill's becoming law this year appear long. Beyond that, nearly everyone agrees that online betting may be unstoppable because of the reach of the Internet and the difficulty in regulating its activity."

Debate Grows Over Castration Of Sex Offenders. The Washington Post (7/5, B1, Rondeaux) reports, "James Jenkins wanted to end it. No more fantasies. No more molesting little girls. He knew he was the only one who could stop it; he was just waiting for the right time." The Post continues, "The right moment arrived one night nearly three years ago when he was alone in an Accomack County, Va., jail cell. He had spent five years in a Virginia prison for sexually molesting three young girls and another 2 1/2 years for violating his parole. The next morning, a prosecutor was going to ask a judge to commit him to a state facility for high-risk sex offenders. Jenkins could think of only one way out. … He asked a jail guard for a razor. He told the guard he wanted to look nice and cleanshaven for his court hearing the next day. The guard hesitated but handed Jenkins the blade. Jenkins walked to the shower in his cell. He bit the blade out of its plastic casing and stuffed an apple in his mouth to muffle his screams. Then he castrated himself and flushed his testicles down the jail cell toilet." The Post adds, "Jenkins, 63, doesn't flinch when he talks about it now. 'Castration has done precisely what I wanted it to do,' he said. 'I have not had any sexual urges or desires in over two years. My mind is

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finally free of the deviant sexual fantasies I used to have about young girls.'" The Post notes, "He spoke with the clinical cool of a surgeon as he tried to explain his pedophilia during a rare interview in a guarded room of the Virginia Center for Behavioral Rehabilitation, the sex offender treatment center where Jenkins was sent. The Petersburg facility is part of a new way the state is trying to keep sex offenders off the streets: Identify the most dangerous before they are released from prison and ask a judge in civil court to commit them to a treatment facility even after they have completed their sentences. … Jenkins readily admits that the prospect of being confined indefinitely partly prompted his drastic action three years ago. But he also insists he did it to prevent himself from victimizing another child."

Florida Law Aims At Curbing False Alarms. The Orlando Sentinel (7/5) reports, "Every day, police spend valuable time and resources responding to false burglar alarms. The trigger could be a door left ajar, a clumsy homeowner -- or, today, a dog frightened by fireworks. … All but a tiny percentage of those alarm calls are false, according to a 2003 U.S. Department of Justice report." The Sentinel continues, "Police agencies hope that a July 1 change to state law will save time and money by requiring alarm companies to make a second call before asking for officers' help. … Dramatic results already are being seen in Martin County, which implemented the second-call requirement in January. Since then, monthly false-alarm dispatches have fallen by 30 percent to 35 percent, Martin County sheriff's Lt. Glenn Zirkle said. … But this March, there were 489 false alarms, down from 672 in March 2005. … Alarm companies already call a home or business when a burglar alarm sounds to see whether it is accidental. They request police if no one answers. But now, no response at the home leads to a second call to a customer's cell phone or workplace before an officer responds."

WPost Argues For End Of Capital Punishment. An editorial in the Washington Post (7/4, A14, 744K) says, "In his intemperate concurrence to a decision on capital punishment last week, Justice Antonin Scalia made a remarkable claim: 'One cannot have a system of criminal punishment without accepting the possibility that someone will be punished mistakenly. ... But with regard to the punishment of death in the current American system, that possibility has been reduced to an insignificant minimum.'" Scalia "is correct that innocence has not been -- and probably can never be -- proven in these cases. … Still, it seems highly unlikely that all of these convictions are solid. We hope never to see convincing evidence that an innocent person has been put to death. Avoiding that unthinkable likelihood is one reason capital punishment should end."

LATimes Criticizes Court For Denying Appeal Of Death Penalty. The Los Angeles Times (7/5, 958K) in an editorial faults the Supreme Court for rejecting "the appeal of Eric Clark, who was 17 when he shot a Flagstaff, Ariz., policeman after the officer stopped his pickup truck. The teenager was convicted for 'intentionally or knowingly' killing a law enforcement officer even though Clark, who had a history of delusional behavior, said he thought the cop was a space alien." Writing for the majority, Justice David Souter "said the Constitution's guarantee of due process did not prevent Arizona from lopping off one of two prongs of a definition of legal insanity known as the M'Naghten rule." It "was a horrific tragedy that might have been averted if Clark had been institutionalized. But once the deed was done, the courts -- including the high court -- should have given him more of an opportunity to prove that bad acts are sometimes committed by mad people."

CIVIL LAW:

FOIA Policies Under Fire As Law Turns 40. The San Diego Union-Tribune (7/5) reports, "Today marks the 40th anniversary of the signing of the federal Freedom of Information Act, but open-government advocates say there is little to celebrate. … The historic law, enacted to ensure that citizens have the greatest possible access to government information, is widely seen as broken. The backlog of requests is growing, with some Americans waiting years for information from government agencies." The Union-Tribune continues, "Each administration since 1966 has used every tool at its disposal to thwart disclosure of information it deems dangerous or embarrassing. The administration of President Bush is no different, often citing the changed security environment after the Sept. 11, 2001, terrorist attacks as justification for secrecy. … 'The marching orders are now: If there's a basis to withhold, do it,' said Elizabeth Withnell, chief counsel at the Department of Homeland Security's Privacy Office."

The AP (7/5, Bridis) reports, "The U.S. law that is the foundation for opening the government's filing cabinets to its citizens has provoked bureaucratic headaches since President Johnson grudgingly signed it 40 years ago today -- and he worried immediately that it might force the disclosure of damaging national secrets, newly disclosed records show. … Decades later, the Freedom of Information Act still regularly creates tension between the government and citizens, corporations, researchers and journalists. The law's staunchest advocates believe its principles have never been so imperiled, threatened by what they call the Bush administration's penchant for secrecy. … 'This is the worst of times for the Freedom of Information Act in many ways,' said Paul K. McMasters of the First Amendment Center. … The

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First Amendment Center studies issues of free speech, press and religion. McMasters cited large backlogs of unresolved citizen requests for records and new administration strategies to withhold records."

Yale University Faces Probe Of Grant Programs. The Wall Street Journal (7/5, Levitz, 2.11M) reports, "Three federal agencies have subpoenaed documents from Yale University regarding its use of research grants in the past decade, heightening scrutiny of the university after an audit alleged expense padding for stem-cell research." The Journal continues, "The Defense Department, the National Science Foundation and the Department of Health and Human Services sought documents concerning research expenses, faculty effort devoted to research, and 'numerous other matters related to grant administration,' the New Haven, Conn., university said." In response, "Yale President Richard C. Levin said he expects faculty and staff to give 'top priority' to the requests."

LATimes Calls SCOTUS Ruling On Whistleblowers "Surprising." An editorial in the Los Angeles Times (7/4, 958K) says, "By a surprising unanimous vote, the US Supreme Court has ruled that an employer may not retaliate against a worker who has filed a charge of illegal discrimination by transferring her to a less desirable assignment with the same job title. The decision is a victory not only for the worker who filed the case but for potentially thousands of other whistle-blowers who have been retaliated against in ways real but not measurable in dollars and cents." The Times adds, "An employer who wants to punish a worker for complaining about discrimination can do so in myriad ways that don't change the employee's pay or job title. It would weaken the purpose of the Civil Rights Act to allow such retaliation to go unpunished."

CIVIL RIGHTS:

Judge Seeks Settlement Today In Florida Synagogue Case To Avoid Trial. The Miami Herald (7/5, Wright) reports, "A federal judge on Monday gave the city of Hollywood and an Orthodox synagogue until 3 p.m. Wednesday to sign a deal ending their feud or be ready to start trial Thursday." The Herald continues, "The deadline was set after attorneys, for the second time, asked U.S. District Judge Joan Lenard to postpone the federal religious discrimination trial. Attorneys told Lenard the two sides were close to a deal after a face-to-face mediation between city commissioners and leaders of the synagogue on Thursday. … An obviously agitated Lenard said she had heard that same story June 26, when the trial was originally scheduled to start." The Herald adds, "If the deadline is not met, trial will begin Thursday morning, and Lenard made it clear she will make no exceptions. … 'I will wait no longer than July 6,' she said." The Herald notes, "Under the current proposal offered by the city, the Hollywood Community Synagogue Chabad Lubavitch would be paid $2 million and allowed to continue to operate out of two homes in a residential neighborhood. The congregation would also be able to expand to no more than three homes within the two blocks surrounding the synagogue. … In return, the synagogue and the U.S. Justice Department would drop lawsuits against the city and Commissioner Sal Oliveri."

The South Florida Sun-Sentinel (7/4, Rodriguez) reports, "The federal civil lawsuit stems from the city's attempts to oust Chabad from the two single-family homes it converted into a synagogue in Hollywood in 1999. The group claims the city was biased when it removed a special permit in 2003 while allowing other religious groups to operate. … The agreement being negotiated still needed to be signed off by a number of officials, including Mayor Mara Giulianti, City Attorney Dan Abbott, and supervisors with the Department of Justice in Washington. Moments before City Hall was closed Monday, Abbott said he still had not received anything to sign, but that other attorneys were still 'talking to each other' and it was conceivable an agreement would be reached before Lenard's deadline."

Kentucky Mental Facility Dogged By Abuse Charges. The Louisville Courier-Journal (7/5, Beardsley) reports, "With abuse charges mounting, Kentucky has extended its contract with the Pennsylvania company hired last year to clean up the troubled Communities at Oakwood, the state's largest facility for mentally retarded adults." The Courier-Journal continues, "The 123-day contract extension was signed last week with Liberty Healthcare and is worth a maximum of $8.8 million, with $4.5 million earmarked to pay for direct-care staff, officials with Kentucky's Cabinet for Health and Family Services announced yesterday. … The announcement came one day after Oakwood, in Somerset, was hit with its 19th Type A violation since January 2005, after a resident returned from an April park outing with a cut on the back of her head that required surgical staples." The Courier-Journal adds, "The contract extension requires Liberty, within four months, to bring Oakwood back into compliance with federal standards at the Department of Justice and the Centers for Medicare and Medicaid Services, or the state can choose a new manager, Health and Family Services Secretary Mark Birdwhistell said in an interview. … Liberty's previous contract to run the center, which houses about 260 people, was worth $9 million for about eight months. The extension will be discussed at next week's

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meeting of the General Assembly's contract review committee."

High Court Issues Stay In Fight Over California Cross. NBC Nightly News (7/3, story 11, 0:20, Curry, 9.87M) reported, "The Supreme Court has issued a stay that will temporarily save a large cross on city property in San Diego. A lower court had ordered removal of the cross at the Mount Soledad National War Memorial, but Justice Anthony Kennedy issued the stay while supporters fight to preserve what they call a national treasure."

The Los Angeles Times (7/4, Perry, 958K) notes Justice Anthony Kennedy "ordered a temporary delay so the city can continue the legal fight to keep the cross. … For 17 years, the city has been fighting a lawsuit by a military veteran and atheist who objects to the cross on public property. Twice, San Diego voters have endorsed keeping the cross, but the courts have struck down a sale of the Point Loma property as rigged in favor of groups promising to keep the cross."

The AP (7/3, Watkins) reports, "Lawyers for San Diegans for the Mount Soledad National War Memorial said in an appeal that they wanted to avoid the 'destruction of this national treasure.'" And "attorneys for the city said the cross was part of a broader memorial that was important to the community." Phil Thalheimer, chairman of the war memorial group, "said the ruling 'borders on divine intervention.'" The New York Times (7/4, Archibold, 1.19M), among other sources, also reports the story.

Democrats Seen As Unlikely To Pursue Texas-Style Redistricting In Other States. The Washington Post (7/5, A7, Babington, 744K) reports, "Democrats cried foul three years ago when Texas Republicans rammed through a highly partisan redistricting to gain an advantage in several House races. Now, a recent Supreme Court ruling that blessed the Texas plan gives Democrats a chance to show that turnabout is fair play." But "early indications are that Democrats will probably resist the temptation to do unto Republicans as Republicans did unto them. … A state-by-state analysis…finds that Democrats' ability and apparent willingness to seize the opportunity left by the high court ruling in favor of the Texas plan are slim." The Post adds, "First, Democrats must compile a list of states where" such a "strategy is feasible. It will be remarkably short. … The result, redistricting experts say, yields perhaps four states where Democrats conceivably could try a mid-decade gerrymander comparable to that of Texas's: Illinois, North Carolina, New Mexico and Louisiana. In each one, however, such a move seems unlikely because of factors that include racial politics, Democratic cautiousness and even a hurricane's impact."

WPost Criticizes Ruling. The Washington Post (7/5, A12, 744K) editorializes, "The court has, perhaps unwittingly, sent one other clear message to politicians of both parties eager to see how many extra seats they can create for their own side: Do it now, while you have the power."

EEOC Says Disabled Workers Make Up Less Than 1% Of Federal Workforce. The Washington Post (7/4, A13, 744K) reports, "The latest numbers from the Equal Employment Opportunity Commission show that disabled workers make up less than 1 percent of the federal workforce despite the Bush administration's efforts to reverse the trend. … Experts are not sure what accounts for the falling federal numbers."

ANTITRUST:

South Korean Court Rejects Microsoft's Stay Request. The AP (7/5) reports, "A court on Tuesday turned down Microsoft Corp.'s request for a stay of sanctions imposed by South Korea's fair trade regulator, the software company said." The AP continues, "Microsoft had asked the Seoul High Court to allow the stay of penalties while the company lodges a legal challenge to the Korea Fair Trade Commission ruling ordering it to provide two separate versions of Windows from Aug. 24. … 'Consistent with the court's decision, Microsoft will, in a timely manner, comply with the KFTC's order,' the Redmond, Washington-based company said in a statement." The AP adds, "Microsoft is pursuing an appeal to the KFTC's ruling in the Seoul High Court. That is unaffected by Tuesday's decision regarding the stay request. … In the statement, Microsoft said that it 'will continue to defend its position in the case through the appeal process.'"

Nissan Stakeholders Question GM Deal. The Wall Street Journal (7/5) reports, "Although Nissan Motor Co. and Renault SA appear willing to push forward on an alliance with General Motors Corp., some Nissan investors are expressing skepticism about potential benefits for the Japanese auto maker." The Journal continues, "Meanwhile, French Industry Minister François Loos urged Renault to exercise 'enormous caution' when looking into a potential alliance with GM. 'It's not a done deal; it's an idea,' the minister told French news channel i-Tele. The French government would have a say in any discussions involving Renault because it holds a 15% interest in the company. Renault and Nissan have cross-shareholdings in one another." The Journal adds, "On Monday, the boards of Nissan and Renault cleared the way for their chief executive, Carlos Ghosn, to pursue a three-way alliance with GM. Nissan and Renault left it up to GM to make the first move. GM's board so far has said only that it will take

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the idea of a three-way alliance 'under advisement.' GM's outside directors are scheduled to have a telephone conference Friday."

EU Approves Inco Purchase Of Falconbridge. The AP (7/5, White) reports, "EU regulators on Tuesday cleared Canadian company Inco Ltd.'s $15 billion purchase of Falconbridge Ltd., a deal that would create the world's largest nickel producer, but joined U.S. regulators in ordering Falconbridge to sell off a Norwegian nickel refinery." The AP continues, "Canada's Falconbridge is at the center of a bidding war between Inco's "friendly" cash-and-stock offer and an unsolicited bid from Anglo-Swiss firm Xstrata PLC. … If Inco's purchase of Falconbridge goes through, Phoenix-based miner Phelps Dodge Corp. plans to acquire the combined company for $40 billion." The AP adds, "Inco is also a takeover target for Teck Cominco Ltd. and that deal is contingent on Inco's offer for Falconbridge falling through. … The European Commission cleared Inco's offer to buy Falconbridge after an in-depth probe confirmed that the tie-up would create antitrust problems on some European nickel and cobalt markets. … But it said it could approve the deal if Falconbridge agreed to sell its Nikkelverk nickel refinery in Kristiansand, Norway, and related assets to London-based LionOre Mining International Ltd."

Stolt-Nielsen Denies Report Of Improper Share Sale. The AP (7/5) reports, "Shipping firm Stolt-Nielsen SA on Monday denied a report that a subsidiary improperly sold treasury shares in 2004 after the U.S. government had suspended its antitrust immunity." The AP continues, "The company called both allegations 'false and misleading.' The Oslo, Norway stock exchange has begun an investigation because of the report, Stolt-Nielsen said. The company said it welcomes the review, and it will cooperate fully." The AP adds, "The controversy centers on a report in the Norwegian business newspaper Dagens Naeringsliv that alleges subsidiary Stolt-Nielsen Transportation Group received a 2003 letter from the U.S. Department of Justice's antitrust division, suspending its amnesty. The report further alleges the subsidiary failed to disclose the status of its amnesty when it sold treasury shares in 2004. … Stolt-Nielsen said the DOJ did not revoke its amnesty; it suspended the subsidiary's obligation to cooperate with the DOJ. The company said it also had previously disclosed the status of its amnesty was 'uncertain,' prior to selling the shares."

Intelsat Finalizes PanAmSat Deal. Broadcasting & Cable (7/5) reports, "Intelsat's $3.2 billion acquisition of PanAmSat has finally closed, positioning the company as the world's largest satellite operator." B&C continues, "The PanAmSat acquisition, first announced in August 2005, has a total transaction value of $6.4 billion. In addition to paying $3.2 billion in cash to acquire PanAmSat's 23 satellites and associated ground facilities, Intelsat also assumed $3.2 billion in PanAmSat debt. The deal has already undergone various layers of regulatory approval, passing Department of Justice antitrust muster in May and gaining the FCC's approval last month." B&C adds, "The scope of the new Intelsat is impressive. SES Global, previously the largest satellite operator, has $1.6 billion in annual revenues and 43 satellites. The new Intelsat has roughly $2 billion in annual revenues, 51 high-power satellites in operation and five more birds under construction, and some 1,800 customers. … While Intelsat has traditionally served international markets such as Africa and Asia and carried more data and voice traffic than television feeds, PanAmSat has been historically strong in covering North and South America and has focused heavily on media customers. By integrating PanAmSat's stable of broadcast and cable customers, Intelsat's revenue mix changes considerably."

Orthopedic Firms Under Antitrust Probe. The AP (7/5) reports, "Shares of major orthopedics makers tumbled Monday after three Warsaw, Indiana-based companies and one based in Michigan said they had received subpoenas from the U.S. Department of Justice about possible antitrust violations." The AP continues, "Biomet, Zimmer Holdings and DuPuy of Warsaw, and Stryker Corporation of Kalamazoo, Michigan, said separately they have recieved subpoenas. All the companies say they are cooperating with investigators." The AP adds, "The subpoenas requested documents from January 2001 until the present. DePuy said search warrants had been executed in connection with the investigation, but did not provide additional details."

ENVIRONMENT/INDIAN AFFAIRS:

Judge Blocks Navy's Use Of Sonar During War Games. The Los Angeles Times (7/4, Perry, 958K) reports, "A federal judge today issued a temporary restraining order blocking the Navy from using sonar during war games off Hawaii until it can negotiate with environmentalists who say the sonar will harm whales." On Friday, the Department of Defense "invoked a national security exemption from the Marine Mammal Protection Act to thwart a lawsuit by the Natural Resources Defense Council." But US District Court Judge Florence-Marie Cooper, in Los Angeles, "ruled that the exemption does not cover the National Environmental Policy Act cited in the lawsuit."

The Washington Post (7/4, Kaufman, 744K) reports, "The temporary restraining order is the latest development in the increasingly contentious battle between the Navy and environmental groups over the safety of its mid-frequency, high-intensity sonar. The equipment sends out loud

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underwater blasts that can detect enemy "quiet" submarines -- which the Navy says are a growing threat -- but also has been tied to the deaths of whales in numerous strandings." The Post adds, "The lawsuit against the sonar component of the maneuvers was filed by NRDC, the International Fund for Animal Welfare, the Cetacean Society International, Ocean Futures Society and Jean-Michel Cousteau."

Hunter Clashes With Democrats, Park Service Over Private Hunts. The Washington Post/AP (7/4, A13, Werner) reported, "Brush-covered and wind-swept, accessible only by boat or plane, Santa Rosa Island seems worlds removed from the crowded Southern California coastline -- let alone Washington, D.C." But the "53,000-acre public island 40 miles from Santa Barbara is in the middle of a political tugging match between a House committee chairman, the National Park Service and congressional Democrats." Under a Federal court settlement "in place for nearly a decade, private deer and elk hunts staged on the island must end by 2011 and the nonnative game must be removed." But Rep. Duncan Hunter (R-Calif.) "wants to keep the trophy animals on the island and allow military veterans to hunt them." The plan has "drawn protests from the Park Service and Democratic lawmakers, who said hunting blocks public access and interferes with indigenous plants and animals."

EPA Testing Finds Water Unsafe At Quarter Of Beaches Tested. NBC Nightly News (7/3, story 12, 2:10, Curry, 9.87M) reported, "As we head into the home stretch on this Fourth day holiday weekend, something to ponder from the Environmental Protection Agency. The EPA tests the water at more than 4,000 beaches a year in this country and it turns out that more than a quarter were dirty enough to warrant warnings or closures last year." NBC (Kosinski) added, "According to the EPA, among the states with the most incidents of bacteria, Louisiana -- every beach tested there last year required an advisory or closing. Hurricane Katrina likely contributed, but the prior year had the same result. A high percentage of Wisconsin and Texas beaches also registered contamination. So where is the bacteria coming from? Scientists say, in a big measure, storm runoff from ever more developed coastlines. But testing nationwide is inconsistent and can take at least a day to register a result. Environmentalists say that's too late to protect people."

Report To Warn Of Possible Threat To Coral Reefs From Global Warming. The Washington Post (7/5, A1, Eilperin, 744K) in a front page article highlights the threat to coral reefs from increasing acidity in the Oceans due to "escalating level of carbon dioxide in the atmosphere." While "scientists and some politicians have just begun to focus on the question of ocean acidification, they describe it as one of the most pressing environmental threats facing Earth." Today a coalition of federal and university scientists will issue a report "describing how carbon dioxide emissions are, in the words of a press release from the National Center for Atmospheric Research and the National Oceanic and Atmospheric Administration, "dramatically altering ocean chemistry and threatening corals and other marine organisms that secrete skeletal structures.'"

Political Leaders Accused Of Not Proposing Serious Solutions To Global Warming. Robert Samuelson in an op-ed in the Washington Post (7/5, A13, 744K) faults political leaders for not taking the threat of global warming seriously enough. Population growth and energy needs mean "With modest growth, energy use and greenhouse emissions more than double by 2050." And "keeping annual greenhouse gas emissions constant means that the world must somehow offset these huge increases." Meanwhile "Ambitious U.S. politicians…practice…self-serving hypocrisy. Gov. Arnold Schwarzenegger has a global warming program. Gore counts 221 cities that have 'ratified' Kyoto. Some pledge to curb their greenhouse emissions. None of these programs will reduce global warming. They're public relations exercises and -- if they impose costs -- are undesirable."

Officials Urged To Act "Promptly." Philip Boffey, an editorial board member who writes about science," in an extensive 5,175 word "Talking Points" op-ed in the New York Times (7/5, 1.19M) examines both sides of the debate over whether global warming is occurring. Introducing his analysis, Boffey says the "evidence suggests that humans are altering the atmosphere in ways never before seen. The only question is how damaging the consequences might be, and what can be done to head off or adapt to the worst." While "no definitive answer is yet possible for many of these dramatic events that symbolize the global warming threat in popular discourse. Given the dreadful possibilities that perfectly legitimate worst-case scenarios imply, there would be no excuse for failing to act under any circumstances." After examining the "evidence carefully," Boffey says, "None of this is settled science or sure to happen. But these and other potential risks show what's at stake in the climate debate, and underscore the need to act promptly to head off the worst dangers."

Politicians' Goal Of Energy Independence Seen As Unrealistic. The Wall Street Journal (7/5, A4, Fialka, 2.11M) reports the US "may be addicted to oil, but many of its politicians are addicted to 'energy independence' -- which may be among the least realistic political slogans in American history." Sen. John Kerry, "perhaps warming up for another presidential campaign," recently "gave a speech calling for energy independence and invoking the Fourth of July. 'For

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the second time in our history, let's declare and win our independence,' he said." Separately, "43 Democratic senators, including Mr. Kerry, launched a program to 'Put America on the road to energy independence by 2020.'" Now, energy experts "across the political spectrum are criticizing politicians' calls for 'energy independence,' saying the goal falls somewhere between pipe dream and economic impossibility." Indeed, the US "is moving rapidly away from energy independence: Oil imports made up 35% of the nation's petroleum supplies in 1973 and 59% in the first four months of 2006, according to the Department of Energy."

Coal-Based Fuel Generates Interest, But Has Drawbacks. The New York Times (7/5, Wald, 1.19M) reports the "coal in the ground in Illinois alone has more energy than all the oil in Saudi Arabia. The technology to turn that coal into fuel for cars, homes and factories is proven. And at current prices, that process could be at the vanguard of a big, new industry." While the potential "has attracted entrepreneurs and government officials," there is "a big catch. Producing fuels from coal generates far more carbon dioxide, which contributes to global warming, than producing vehicle fuel from oil or using ordinary natural gas. And the projects now moving forward have no incentive to capture carbon dioxide beyond the limited amount that they can sell for industrial use." The technology also "requires a large capital investment, and a plant could be rendered useless by a collapse in oil prices."

Departure Of Drilling Rigs From Gulf Of Mexico To Boost Natural Gas, Oil Prices. The Wall Street Journal (7/5, Spector, 2.11M) reports the "biggest long-term threat to oil and natural-gas production in the Gulf of Mexico isn't hurricanes. It is the dwindling supply of drilling equipment. Jack-up and deep-water rigs, the massive platforms and ships that drill for oil and gas in the ocean, are leaving the Gulf of Mexico for more lucrative jobs elsewhere." The departures are "expected to accelerate production declines in the Gulf, putting upward pressure on domestic energy prices. The rig exodus is squeezing what was an already tight market for drilling equipment. In 2001, about 148 rigs were in the Gulf. Now, about 90 remain, and more are expected to leave soon." The "rig migration will have the most pronounced effect on natural-gas production and prices because most of the rigs leaving the Gulf are jack-ups used to find gas in shallower waters." The Energy Information Administration, "a government agency that tracks data on the industry, predicts natural gas will cost $10 a million British thermal units by the end of 2007, up from Friday's close of $6.104 in New York Mercantile Exchange futures trading. (Nymex was closed on Monday and Tuesday this week.) Gas cost $2.43 a million BTUs as recently as the end of 2001."

Biodiesel Production Expanding. The New York Times (7/5, O'Keefe, 1.19M) reports biodiesel "is a fuel made by the chemical mixing of alcohol and fats, greases or oils from animals or vegetables. Proponents of this alternative fuel, including" Willie Nelson, "point out that one of Rudolf Diesel's first engines was powered by peanut oil. But by the time the Model T began rolling off Henry Ford's assembly lines, it was powered by petrochemical products, not vegetable oils." Nelson and his wife Annie "have invested in two biodiesel production facilities, including one at Carl's Corner [Texas], where a grand opening took place on Monday. The Dallas Mavericks assistant coach, Del Harris, the former Dallas Mavericks head coach, Don Nelson, and Carl Cornelius's original partner at the truck stop, the Dallas stockbroker, Monk White, are a few of the other investors in the plant, which will be run by Pacific Biodiesel, the company that fuels the Nelsons' cars in Hawaii."

Former Tribal Official Pleads Not Guilty To Making False Statements. The Great Falls Tribune (7/5) reports, "A former Crow tribal official accused of lying to the U.S. Department of Justice has pleaded not guilty and is awaiting trial." The Tribune continues, "Theodore J. Hogan, 61, of Sedona, Ariz., was indicted on three counts of false statements and pleaded last week before a federal magistrate here. … An indictment alleges that in 2001, 2003 and 2005, Hogan knowingly gave the Department of Justice false information on a form required of people owing restitution." The Tribune adds, "Omissions included his stakes in Ted Hogan and Associates LLC and Raven Resource Development Co.; information about accounts in financial institutions; and information about creditors, the indictment says. Hogan also is accused of not disclosing cash gifts that he gave, in amounts exceeding $500."

FBI/DEA/ATF/USMS:

Trial To Begin For Reputed Cail Cartel Leader. The Tampa Tribune (7/5) reports the arrest of Joaquin Mario Valencia-Trujillo "climaxed one of the biggest U.S. drug investigations ever. Now jurors in a Tampa federal courtroom will decide the fate of the man authorities say was a leader in the notorious Cali Cartel. … After several delays, jury selection is scheduled to start today in the courtroom of U.S. District Judge Elizabeth Kovachevich. … The trial is expected to last six months."

Task Force To Focus On Combating Violence In Newark. The AP (7/4) writes, "With scores of killings already committed this year in the state's largest city, an anti-violence task force led by federal law enforcement agents said Monday that it will focus solely on Newark to try to end the carnage. The task force plans to dedicate extra officers to patrol Newark and investigate gun, drug and other types of

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crime. The goal is to prosecute more crimes under federal law, from which there is no parole. … The task force also includes…the Drug Enforcement Administration, the U.S. Marshal's Office and others."

The Newark (NJ) Star-Ledger (7/4, Mays) reports, "As of [Monday] morning, there were 70 homicides in Essex County this year. Fifty-four of those murders occurred in Newark, said Essex County Prosecutor Paula Dow."

MLB Calls Conseco's Comments On Steroids "Nonsense." According to the Washington Post / AP(7/5, E4), Major League Baseball "took a stand against admitted steroids user Jose Canseco , calling the former slugger's allegations that the league might be playing favorites with some big-name players when it comes to positive drug tests 'complete nonsense.' Canseco, who last played in the majors for the White Sox in 2001, returned to professional baseball with the independent San Diego Surf Dawgs on Monday in Chico, Calif. Before the game, he made critical comments about how baseball officials are handling the new, stricter steroids policy and said a 'cleanup' in the commissioner's office is needed."

Taliban Insurgents Seen As Profiting From Large Afghanistan Opium Harvest. In an editorial, the Financial Times (7/5) says the NATO mission, "with 3,300 British troops at its heart, is in the process of doubling its contingent, assuming unified command of allied and US troops, and moving into the southern Pashtun heartland of the Taliban. … But the force is already clearly overstretched, fighting a resurgent Taliban that is growing in confidence. The insurgents, moreover, can draw on the revenues of Afghanistan's largest ever opium harvest, and tactical alliances with narco-warlords."

The Financial Times (7/5, Morarjee) also reports, "As the harvest season sets in, recent estimates by western officials suggest that Helmand's poppy crop may more than double to 77,000 hectares, up from 26,500 in 2005." The Times adds, "The $1bn (€770m, £550m) campaign to eradicate the crop had been 'an absolute disaster", a top western counter-narcotics official said.

British Soldiers Killed. The Belfast Telegraph (7/3) reports, "Two more British soldiers have been killed in Afghanistan, as Western officials there admit that the country is about to produce its largest ever poppy harvest. … The deaths, on Saturday, bring the number of Britons killed in the past three weeks to five."

Karzai Pushes Kandahar's Pomegranates. The Indian Express Newspapers writes, (7/3) President Hamid Karzai "boasts that Kandahar's pomegranates are the best in the world. … The president is also pushing the desert province's farmers to rip up their illegal opium poppies and replant the pomegranates and other fruits that Afghanistan was renowned for until decades of war kicked off with the 1979 Soviet invasion and left the farming sector in tatters."

IMMIGRATION:

House Republicans To Kick Off Immigration Hearings On Wednesday. The Los Angeles Times (7/4, Gaouette, 958K) reports, "Starting with a hearing in San Diego on Wednesday, House members are launching a summerlong sparring match over how best to untangle and reorder the nation's thicket of immigration laws." Meanwhile, Democrats and Republicans "will wage a second struggle — to see which party can best wring a political advantage from the hearings as the November elections draw closer." The San Diego hearing "is a stage for Republicans to highlight the dangers of cross-border smuggling. They will argue that the Senate immigration bill would not adequately protect against either threat." In Philadelphia on Wednesday, Sen. Arlen Specter (R-Pa.) "will counter the House inquiry with his own hearing defending the Senate's broader approach to immigration." Congressional hearings are "usually held to explore an issue and search for solutions. House Republicans have been frank in saying that their hearings, in July and August, are a negotiating tool with two goals: to highlight perceived flaws in the Senate bill and to build public support for their own enforcement-only legislation."

Long Island Contractors Have Conflicting Views Of Immigrant Laborers. The Washington Post (7/4, A4, Garcia, 744K) reports on differing views in the construction industry of immigrant day laborers. Robert Stokes "doesn't buy the argument that immigrants do work that native-born Americans won't." Stokes said, "I get people calling all the time -- someone gets laid off, they need work." He "limits work hires to friends and family." The Post adds contractor Tom Lippolt said, "They're filling in the gaps. It seems like all the kids want to be stockbrokers. We don't have young people coming in to fill these places, all these trade jobs." The Post adds when Stokes and Lippolt "were growing up, Long Island was anchored by a mix of blue-collar white men like them and mid-level professionals. Their families were part of the post-World War II exodus from the city, chasing the dream of suburban life. But the heart of Long Island is different now." White men "on Long Island in the financial and banking industries outnumber those in construction and the trades by 3 to 1, according to a recent Census study. And the blue-collar work has browned. Spanish-speaking immigrants -- legal and illegal -- now take on manual labor jobs. But if they are needed, they are not always welcome."

Bush Seen As Moving Toward "Enforcement-First" Approach On Immigration. The New York

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Times (7/5, Stolberg, 1.19M) reports, "On the eve of nationwide hearings that could determine the fate of his immigration bill, President Bush is signaling a new willingness to negotiate with House Republicans in an effort to revise the stalled legislation before Election Day." The Times adds "Republicans both inside and outside the White House say Mr. Bush, who has long insisted on comprehensive reform, is now open to a so-called enforcement-first approach that would put new border security programs in place before creating a guest worker program or path to citizenship for people living in the United States illegally." Candi Wolff, the White House director of legislative affairs, said, "He thinks that this notion that you can have triggers is something we should take a close look at, and we are." She was "referring to the idea that guest worker and citizenship programs would be triggered when specific border security goals had been met, a process that could take two years." The "shift is significant because Mr. Bush has repeatedly said he favors legislation like the Senate's immigration bill, which establishes border security, guest worker and citizenship programs all at once. The enforcement-first approach puts Mr. Bush one step closer to the House, where Republicans are demanding an enforcement-only measure. … In a sign of that willingness, the White House last week invited a leading conservative proponent of an enforcement-first bill, Representative Mike Pence, Republican of Indiana, to present his ideas to Mr. Bush and Vice President Dick Cheney in the Oval Office."

Albanians Caught Up In Deportation Mess. Knight Ridder (7/5, Audi) reports, "Mateo Kraja was repairing a house June 2 when he received a frantic phone call from his Madison Heights, Mich., home. Police had arrived, his mother-in-law said. Kraja sped home. The men were not police, but immigration agents there to enforce a deportation order. They arrested Kraja immediately." Knight Ridder continues, "Now Kraja, 45, who has spent seven years seeking political asylum from his native Albania, sits in the Calhoun County jail in Battle Creek, Mich., part of the latest federal round ups of thousands of illegal immigrants across the country. This month, U.S. Immigration and Customs Enforcement announced it had picked up more than 2,000 immigrants nationwide for deportation. In one four-day sweep in Detroit in late May and early June, 63 immigrants were rounded up, including Kraja and 24 other Albanians." Knight Ridder adds, "As the nation grapples with immigration reform, Kraja's arrest after an exhausting journey through the U.S. immigration system reveals a complex, often subjective process. It also underscores the difficulty in reforming a system that has presided over an influx of 1.3 million legal and illegal immigrants a year since the early 1990s, and labored for decades under backlogs and politics. … It's a system that frequently awards residency to some members of a family, while denying it to others. Kraja's parents, in-laws, sister, nephew and brother-in-law - anti-Communists who fled the same Albanian town - were awarded residency in the United States. Kraja, his wife and son were not." Knight Ridder notes, "Federal officials have called men like Kraja fugitives, and they touted the arrests as a sweep of dangerous criminals who have hidden from U.S. authorities. They promise more arrests to come. … U.S. Attorney General Alberto Gonzales, meanwhile, is conducting a nationwide review of immigration judges, after criticism of their conduct and decisions in asylum cases."

TAX:

Yagman Pleads "Presumed Innocent" In California To Money Laundering, Tax Fraud. The Los Angeles Times (7/5, Mozingo) reports, "In characteristic form, Stephen Yagman, the pugnacious civil rights attorney who has challenged police conduct for nearly three decades, declared, 'Presumed innocent,' Monday when asked how he pleaded to federal charges of tax evasion, bankruptcy fraud and money laundering. … 'Pleading "not guilty" turns the presumption of innocence on its head in a way semantically favorable to the prosecution,' Yagman told U.S. Magistrate Rosalyn M. Chapman in Los Angeles federal court. 'Therefore, I plead, "Presumed innocent."' … Chapman recorded the plea as 'not guilty.'" The Times adds, "Yagman called the 19 counts against him 'politically motivated, retaliatory charges.' … His attorneys have accused the Justice Department and the Internal Revenue Service of targeting Yagman because of two 'successful battles' he won against the agencies, including a $650,000 judgment against the IRS. … U.S. attorney's spokesman Thom Mrozek has refused to say what prompted the investigation, but denied that it was 'motivated by political retribution or any other improper motive.'"

Iowa Latino Tax Return Complaints Under Investigation. The Des Moines Register (7/4) reports, "It could take months for authorities to complete an investigation into complaints by several Latino families about a Des Moines woman who prepared federal income tax forms, a Des Moines police official said Monday." The Register continues, "Sgt. Joe Gonzalez said police are working with Polk County prosecutors to get to the bottom of numerous families' complaints against Tamara Aguilar. Dozens of Hispanics have alleged that Aguilar charged immigrants high fees to obtain federal taxpayer identification numbers, and promised customers they would receive tax refunds that never arrived, according to Gonzalez and Latino groups." The Register adds, "Aguilar, who has not been charged, has said she has done nothing wrong and only followed her clients'

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instructions. She told The Des Moines Register last week that some of her clients are complaining prematurely because refunds have not yet arrived. … The investigation was prompted by a Des Moines woman who in June complained to the Iowa Division of Latino Affairs about Aguilar, saying the tax preparer told her she could claim as dependents relatives in Mexico who were ineligible. The agency posted information on its Web site about the complaints against Aguilar. … Federal authorities are increasingly hammering on a growing number of tax preparers who cheat recent immigrants. The U.S. Department of Justice has filed charges against at least a half-dozen people in the first half of this year for allegedly swindling people unfamiliar with U.S. tax laws."

WSJournal Touts Tax Cuts By Democratic Governors. The Wall Street Journal (7/5, 2.11M) editorializes, "Democrats in Congress should get out more -- out of Washington, that is, and into state capitals, where some of their fellow party members are embracing tax cuts, and even supply-side logic in the bargain." Recently Rhode Island "adopted one of the most sweeping pro-growth tax reforms in any state in recent years" In addition to Democratic governors like Arizona's Gov. Janet Napolitano and Oklahoma's Brad Henry who agreed to cutting tax rates, New Mexico's Bill Richardson "has cut the state's top income tax rate to 4.9% from 8.2% and cut the capital gains tax in half." The Journal "asked Mr. Richardson how he thought his party could regain its competitiveness with the GOP on the national level. His answer is good advice for Democrats everywhere: 'We have to be the party of growth and the American dream, not the party of redistribution.'"

Bill Would Raise Threshold For Penalties On Estimated Tax Payments. The Wall Street Journal (7/5, Wells, 2.11M) reports a bill "moving through Congress could save taxpayers more than $100 million a year in estimated-tax-payment penalties. The Senate Finance Committee last week approved numerous taxpayer protections as part of a wide-ranging bill that would also repeal a 3% excise tax on local telephone calls. With broad bipartisan support, the election-year tax-cut measure has a good chance of reaching President Bush's desk, analysts say." One provision – "a tax break valued at an estimated $1.3 billion over the next decade -- would boost the threshold at which taxpayers are hit with estimated-tax penalties. Hundreds of thousands of taxpayers stand to benefit from the change, including wage earners who reaped a significant capital gain and didn't adjust their withholding taxes or make estimated-tax payments to account for the windfall."

CONGRESS-ADMINISTRATION:

Kennedy Questions Bush Judicial Nominee Over Male-Only Club Membership. The Washington Times (7/5, Hurt, 90K) reports, "Just six months after quitting the all-male social club to which he belonged for 50 years, Sen. Edward M. Kennedy is questioning one of President Bush's nominees to the federal bench about his membership in an all-male dining club." Documents "provided to the Senate Judiciary Committee and obtained by The Washington Times show that Mr. Holmes belonged to the Men's Dinner Club of Oklahoma City but quit after expressing interest in becoming a federal judge." Holmes told the committee "in writing that he never perceived the dining club to harbor any bias toward women but he resigned to clear up any appearances of impropriety."

Roberts Court's First Term Marked By Acrimony. The Legal Times (7/5, Mauro) reports, "If this was the new look of harmony and consensus at the Supreme Court, it needs some work. .. There, on the final day of the Court's term, June 29, was Justice John Paul Stevens, calmly defiant as he read from his landmark opinion in the Guantanamo Bay, Cuba, detainee case Hamdan v. Rumsfeld. The 73-page ruling against the Bush administration's military commissions thoroughly trashed an appeals court ruling joined by the man sitting next to Stevens, Chief Justice John Roberts Jr., when he was on the U.S. Court of Appeals for the D.C. Circuit." The Times continues, "Then came Justice Antonin Scalia, reading his dissent with a mournful tone of disgust, as if he were disowning a child. 'I vigorously dissent,' he said, pointedly omitting the word 'respectfully,' which justices usually recite in dissent, even if they don't mean it. Justice Clarence Thomas was next, also in dissent, and he joked bitterly that the Court was more willing to heed the Army Corps of Engineers' definition of navigable waters than it was to defer to the president of the United States in wartime. … So much for unanimity at the Supreme Court." The Times adds, "A term that began with hope and at least limited evidence that a new era of consensus had begun dissolved in its final weeks into a blizzard of quarrelsome writing that clarified little and robbed some decisions of their precedential force. In some of the Court's most important rulings, justices tossed consensus aside and penned lengthy opinions, partial concurrences, and dissents that left readers crying 'Uncle' or pleading, 'Can't they all get along?' … Several factors, including the increased importance of Justice Anthony Kennedy as the Court's swing vote, appear to explain the messy finale. And some think the June disarray may just be a preview of next

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term, when the Court will face even thornier cases on race-conscious public school policies and abortion."

Columnist Warns Supreme Court One Justice Away From Conservative Majority. Ruth Marcus in her column in the Washington Post (7/5, A13, 744K) warns that while Supreme Court Justice Anthony Kennedy has recently been characterized as emerging "as the new Sandra Day O'Connor: commanding the power to control a closely divided court," that characterization "misses the bigger point: This is a court on the brink. Kennedy plays a pivotal role, but his star turn is likely to be brief. And a court with Kennedy at the center is not a securely centrist court." That's because a more conservative court is "just one liberal retirement away." It "is a court that could be a single vote away -- if that -- from crippling affirmative action; curtailing, if not abolishing, abortion rights; dramatically lowering the wall of separation between church and state; and limiting congressional authority under the Constitution's commerce clause to protect the environment and enact other laws of national sweep."

State Department Report Details Gifts To CIA Employees. The Washington Post (7/5, A11, Geraghty, 744K) reports "an unidentified foreign leader" bought "the CIA director a set of five Bahranian 22-karat gold coins, estimated to be worth $1,500. The State Department's Office of the Chief of Protocol detailed that gift, given in July 2004, and dozens of others last month in a public notice of gifts from foreign governments to U.S. officials." Since 1978, Federal employees "have been required to file reports with their agencies detailing gifts worth more than $305 received from foreign government sources. Employees are permitted to keep gifts worth less that that; gifts worth more are considered gifts to the agency, although the employee has the option of purchasing the item." The only CIA employee "identified in the disclosure announcement is former director George J. Tenet. On Jan. 14, 2004, Tenet accepted from an unnamed foreign donor a 16-inch bronze statuette of an Arab man helping a woman from a bath, mounted on a black-slate base, valued at $300."

FTC Reports Sharp Increase In Complaints About Debt Collection Tactics. The New York Times (7/5, Chan) reports the "rise in American consumer debt has been accompanied by a sharp increase in complaints about aggressive and sometimes unscrupulous tactics by debt collection agencies, a phenomenon that has government regulators increasingly concerned." In April, the Federal Trade Commission, "which enforces the federal law that governs debt collection practices, reported that it received 66,627 complaints against third-party debt collectors last year — more than against any other industry, and nearly six times the number in 1999." The agencies "often buy the debt from more established companies for pennies on the dollar and seek to collect even if the debt has been paid or was never valid to begin with. Sometimes, consumers pay up simply because they are worn down by threats from the companies and fear damage to their credit rating." Robert J. Hobbs, "the deputy director of the National Consumer Law Center, an advocacy group based in Boston, attributed the rise in complaints to three trends: the rapid growth in the number of collection agencies, the tightening of bankruptcy-protection laws last year and the record level of consumer debt, now totaling $2.2 trillion, complicated by rising interest rates and stagnant personal incomes. Identity theft and Internet fraud are also cited as factors."

Former White House Adviser Allen Negotiating Plea Deal. The Washington Post (7/4, B6, Londoio, 744K) reports former White House adviser Claude A. Allen "appears to be negotiating a plea deal with prosecutors in Montgomery County on theft charges filed in March." Assistant State's Attorney John D. Lalos and Allen's lawyers filed a motion "for a postponement, indicating that 'the parties have been working on a disposition regarding this matter and are hopeful that it will be resolved without the necessity of a trial.'" Allen, 45, "was charged with shoplifting more than $5,000 worth of merchandise from Target and Hecht's stores by obtaining refunds for items he was seen picking up at the stores, using receipts for identical items he had bought earlier."

Bush Celebrates 60th Birthday. The Los Angeles Times (7/4, Neuman, 958K) reports President Bush "jokes with audiences about how his eligibility for early Social Security payments, at age 62, 'just happens to come in 2008.' Describing his age as 'a personal crisis,' he muses aloud about how he 'used to think 60 was old…. Now I think it's young, don't you?'" The Times adds, "Every day this year, according to the U.S. Census Bureau, 7,918 people will turn 60. On Thursday, it's Bush's turn and Sylvester Stallone's — and they're joined throughout 2006 by such celebrities as Suzanne Somers, Sally Field, Diane Keaton, Tommy Lee Jones, Cher, Steven Spielberg, Susan Sarandon, Donald Trump and Dolly Parton. Among political names, Bush's wife, Laura, and his White House predecessor, Bill Clinton, also enter their seventh decade this year." Bush's birthday "will be celebrated today — two days early — as 150 friends and family join him at the White House for festivities and fireworks. For his presidency, the Big Six-O signals another milestone likely to draw the attention of friends and foes alike." Bush "himself has resisted all interviews on the topic — with the exception of appearing with his wife on CNN's 'Larry King Live,' which will be taped on Thursday for broadcast that night." Aides have "offered minimal details about today's celebration. Last year, the White House pastry chef baked a chocolate cake topped with a three-dimensional

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chocolate mountain bike. There's been no word on this year's theme."

USA Today (7/5, 2.31M) reports President Bush "hits a milestone Thursday familiar to some of his fellow baby boomers: He turns 60." In "some ways, the commander in chief -- the father of two recent college graduates -- epitomizes the post-World War II generation, as does predecessor Bill Clinton, who will turn 60 on Aug. 19." Cheryl Russell, author of Demographics of the U.S.: Trends and Projections, said, "Bush and Clinton, both leading-edge boomers, show the diversity of opinions and philosophies of the baby boom generation."

The Washington Post (7/5, A3, Baker, 744K) reports while Bush "celebrated the nation's 230th birthday" at Fort Bragg, "others began celebrating his 60th." A group of Fort Bragg soldiers "serenaded the president with 'Happy Birthday' and presented him with a white cake emblazoned with a frosted U.S. flag and two candles, '6' and '0.'" Bush "then flew home to the first lady's party, a relatively low-key event with about 150 old friends, relatives, close advisers and Yale University schoolmates in the executive mansion."

Cheney Says He Hasn't Driven In Seven Years. The Washington Times (7/4, McCaslin, 90K) reports in its "Inside the Beltway" column, "Vice President Dick Cheney reveals something rather unusual: He's not driven a car in seven years. 'It's a bummer,' Mr. Cheney remarked before the start of the Pepsi 400 NASCAR Nextel Cup Series race at the Daytona International Speedway. 'The morning the president -- then governor -- announced that I was going to be his running mate, the Secret Service showed up outside my door, and I haven't driven since.'"

Price For Destroying Army's Chemical Weapons Tops $28 Billion. The Washington Post (7/4, A5, Eilperin, 744K) reports, "In 1987, the Army estimated it would cost $2 billion to dispose of the 27,768 metric tons of chemical weapons in its stockpile. Today, the price has mushroomed to $28 billion, and the military is about a third of the way through the job. An array of problems -- including technical challenges and protests from community activists concerned about the impact of burning the weapons -- has dogged the progress." The Army "is incinerating weapons in Alabama, Arkansas, Oregon and Utah, and has finished work on Johnston Atoll in the Pacific. Under pressure from activists, the Pentagon has opted for chemically neutralizing warfare agents in Colorado, Indiana, Kentucky and Maryland. It has completed work in Maryland, but plant construction in Colorado and Kentucky will only begin this year."

Support Grows For Provision Forcing White House To Pay For Wars Within Regular Budget. The Hill (7/5, Tiron) reports, "Some senior House defense authorizers and appropriators are welcoming a Senate provision in a defense bill that would force the White House to pay for the Iraq and Afghanistan operations within the regular Pentagon budget, not as unforeseen emergencies in supplemental spending bills." The provision "could become a critical issue in Senate and House conference negotiations for the 2007 defense authorization because the House version does not contain such a measure." Yet, while the provision "is gaining support among members of the House Armed Services Committee, military leaders and some defense lobbyists are balking at the idea." Army and Marine Corps leaders as well "as the defense industry fear that modernization programs may take a hit if the Pentagon had to pay out of its base budget to repair war-torn equipment and not out of emergency funds, as it has done since 2001."

Members Of Congress Tapped Credit Lines For At Least $4 Million In 2005. The Hill (7/5, Schor) reports members of Congress "reported open credit lines totaling a minimum of $4 million during 2005, most of them tied to home-equity loans or lines of credit, according to a survey of financial disclosures conducted by The Hill." But as "lawmakers keep a watchful eye on interest rates and consider legislation that would increase homeowners' ability to tap into their property value, the data show that lawmakers are less likely than their average constituent to hold open lines of credit." And, amid "the outcry over recent data-security breaches that exposed untold thousands of federal as well as private-sector employees to the risk of identity theft, few members reported checking on the safety of their credit reports."

Congress Returns From July 4th Recess Next Week With Much To Do. The Christian Science Monitor (7/5, Chaddock, 61K) reports members of Congress "return next week to a long list of incompletes that could shape fall elections." Ron Bonjean, a spokesman for House Speaker Dennis Hastert, said, "Like last year, all will get done in July." The Monitor adds that what is "making that difficult is that, unlike last year, the rifts within GOP ranks on the bills yet to be completed are often as daunting as those between Republicans and Democrats." For Democrats, "the to-do list is grist for campaign speeches about the Republican 'do-nothing' Congress: no lobby reform, no immigration reform, not even a budget for the fiscal year starting Oct. 1." But Republicans "say big-ticket issues are still in play in the three critical weeks before August recess - typically the last window for legislating in an election year. And they insist that's enough time to wrap up at least some of them." The Monitor adds the top issues include immigration; the Voting Rights

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Act; the estate state tax; lobbying reform; and Internet access.

Price Of Capitol Visitors' Center Balloons To Twice Original Cost. ABC World News Tonight (7/4, story 6, 2:10, Cochran, 8.78M) reported Congress "promised" the planned Capitol visitors' center "would be finished in 2004. But 2004 came and went. And the hole just got bigger. As the years passed, some in Congress tried to shift the blame on to the Capitol architect. But a big part of the problem was that Congress kept adding goodies, such as another $85 million to expand their own offices. What, you may ask, does that have to do with the visitors' center? Well, we wondered that, too. And we wondered whether the center was ever going to be finished. Not to worry, says Congress. It will open September 2006, at the latest. But now, we learn it won't open until next July at the earliest, a year from now." Steve Ellis, Taxpayers for Common Sense: "You have right at the doorstep of the Capitol, a boondoggle. A deep hole where we are just throwing cash, year after year after year." Cochran: "The center is three years behind schedule, and will cost more than $500 million, twice what it was supposed to cost. It's 'Your Money.'"

Despite Foam Concerns, Discovery Launches Successfully. The New York Times (7/5, A1, Schwartz, Leary, 1.19M) reports in a front page story that space shuttle Discovery "split a nearly cloudless sky with thunder and fire on Tuesday afternoon and roared safely into orbit. The liftoff, right on schedule at 2:38 p.m., was the start of a 13-day flight that is the first in a year for the diminished shuttle fleet as NASA continues its efforts to resume more frequent human spaceflight." The Discovery is "to rendezvous on Thursday with the International Space Station, where it is carrying equipment, supplies and a fresh astronaut for the station's crew." But "this is also considered the second and final test flight for the shuttle fleet since the loss of the Columbia and its seven astronauts in 2003, and the Discovery's ascent was scrutinized for the kind of liftoff debris that caused that disaster." Officials said "insulating foam broke away from five spots on the external fuel tank and a solid rocket booster, some with several pieces of foam. But none occurred within the time that NASA considers hazardous, and only one piece might be larger than the allowable size."

The networks all also reported on the Discovery launch. ABC World News Tonight (7/4, story 3, 3:45, Moran, 8.78M) reported, "It was the first manned mission ever to launch on the Fourth of July, and only the second since the Columbia disaster." ABC (L. Stark) added, "The mission will last 13 days. The astronauts are delivering 5,000 pounds of supplies to the space station, including food, water and clothes. And in the next hours and days, NASA will continue to scrutinize all the photos and the video from the launch, trying to make absolutely sure that the shuttle sustained no serious damage."

The CBS Evening News (7/4, story 3, 2:10, Orr, 7.66M) reported, "NASA has spent much of the afternoon also trying to resolve another potential problem. One of the astronauts onboard taking videotaped pictures of the external tank saw what he thought looked like a large piece of insulation with straps floating away from the orbiter. Perhaps it came from the orbiter, he thought. Now NASA engineers have taken a look at his videotape and they are fairly convinced it was ice."

NBC Nightly News (7/4, story 4, 2:45, Costello, 9.87M) reported, "NASA engineers are looking at video and still imagery of the shuttle as it took off, as well as the external fuel tank, looking for any signs of debris falling off."

CNN's The Situation Room (7/4, Zarella) reported Tuesday's launch "is only the second launch of a space shuttle from the Kennedy Space Center in some three and a half years, Columbia three and a half years ago, and Discovery a year ago." Since the launch "we have had an opportunity to take a closer look at some of those isolation cameras on the external tank, you know, foam being the big issue. The foam that fell off the external tank during Columbia and again in the Discovery mission a year ago. Very difficult to see, but along the bottom side of that image, along that pipeline on the left-hand side of the external tank, it appears there are tiny pieces of some sort of material that are falling away, breaking away from the external tank in those isolation shots."

NYTimes Greets Discovery Launch With "Restrained Jubilation." The New York Times (7/5, 1.19M) says in an editorial, "The apparently successful launch of the shuttle Discovery is cause for restrained jubilation. The astronauts are not out of danger yet. Only further inspections will tell whether their fragile vehicle sustained any significant damage on ascent." The "striking thing about this shuttle flight is that the most important task is simply survival — of both the vehicle and the astronauts who are riding in it."

WPost Cites Hastert As Example Of Need For Earmarking Reform. The Washington Post (7/5, A12, 744K) in an editorial raise the question of whether House Speaker Dennis Hastert personally benefited from Federal funding targeting two highway projects near property he sold for a $2 million profit. The Post says it is unlikely he was "taking care of himself" but says while it is not a political scandal "so far," it "is a cautionary tale about the potential for abuse. With the explosion of earmarks in recent years comes the temptation for lawmakers to use them for personal gain." For example, "Rep. Ken Calvert (R-Calif.) doubled his investment on a four-acre plot after snagging $9.5 million to build a freeway interchange and spur commercial

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development near the Air Force base about 16 miles away. Rep. Gary Miller (R-Calif.) got $1.28 million for street improvements near a development he co-owns." The Post concludes, "Mixing real estate investing and earmark pushing makes for risky political business.. … This is yet another argument for cracking down on earmarking gone wild."

OTHER NEWS:

Studies Predict Higher Medical Costs. The Wall Street Journal (7/5, Mincer, 2.11M) reports Americans "should expect to pay more for medical costs whether they are employed or retired, according to two new studies. The reports, by Milliman Inc. and Watson Wyatt Worldwide, show that health-care costs are still rising at a fast pace -- despite slowing from double-digit rates in recent years -- and that businesses expect to curtail or limit retiree medical benefits." The "average annual medical cost for a family of four participating in a preferred provider organization, or PPO, program is up 9.6% from 2005 to $13,382 in 2006, according to Milliman, a consulting and actuarial firm that released its second annual study Thursday."

Economists Forecast 2.9% Growth In Second Half Of 2006. The Wall Street Journal (7/5, Whitehouse, 2.11M) reports, "Neither resurgent inflation nor a housing slowdown is likely to throw the economy completely off track, but they will make life a lot tougher for Federal Reserve Chairman Ben Bernanke, economists said in a new survey." The Wall Street Journal's latest survey of 56 forecasters, "conducted in mid-June, suggests an economy at a crossroads, with growth looking set to slow but inflation accelerating." The Journal adds "the consensus forecast of the 56 economists is that growth in real gross domestic product -- a broad measure of economic activity, adjusted for inflation -- will ease to an annualized 2.9% in the second half of 2006. That compares with an annualized 5.6% in the first quarter and an expected 2.8% in the second quarter, which would bring first-half growth to about 4.2%. By the first half of next year, growth would cool further to 2.7%, the slowest rate since mid-2003. … The forecasters expect nonfarm businesses to add an average of about 140,000 jobs in each of the next 12 months."

The Wall Street Journal (7/5, A1, Whitehouse, 2.11M) reports, "For several years, Allen Sinai, chief global economist at Boston-based consulting firm Decision Economics, has argued that the current expansion -- with global demand pushing up oil prices -- looks a lot more like the classic business cycles of the 1970s and 1980s than the exceptional one of the 1990s, when various factors -- from globalization to smaller government deficits -- helped keep inflation in check. In the Journal's December survey, that conviction led Mr. Sinai to forecast that consumer prices would rise sharply in the first half of 2006 and wind up 3.5% higher in May 2006 than a year earlier. … Now, Mr. Sinai thinks inflation likely will begin to feed on itself, as workers and suppliers demand higher wages and input prices and companies pass those cost increases on to consumers. As a result, he expects the Federal Reserve to slam harder on the brakes, increasing its target for short-term interest rates from the current 5.25% to 6.25% by mid-2007, a level that no other economists think likely and that many believe would be high enough to trigger a recession."

Manufacturing Sector Grows At Slower Rate Than Forecast. The Washington Post (7/4, D3, Powell, 744K) reports the US manufacturing sector "expanded at a slower rate than expected in June and construction spending plunged in May, reinforcing the belief of some analysts that increasing sluggishness in the economy will prompt the Federal Reserve to pause at last in its credit-tightening regime." The Institute for Supply Management "said Monday that its manufacturing index registered 53.8 in June, slightly below the 54.4 reading in May. It was the slowest growth reading since the gauge registered 53.5 last August. Analysts had forecast a June index of 55 to 56." Meanwhile, the Commerce Department "reported that building activity fell 0.4 percent in May to a seasonally adjusted annual rate of $1.206 trillion, after a 0.2 percent decline in April. It was the first time in more than three years that construction spending had fallen for two consecutive months."

Stock Markets Make Pre-Holiday Gains. NBC Nightly News (7/3, story 10, 0:10, Curry, 9.87M) reported, "On Wall Street, the markets ended a shortened, pre-holiday session on a positive note. The Dow posted a gain of nearly 78 points [to close at 11,228.02]. The NASDAQ closed up more than 18 points [to close at 2,190.43]."

Gas Prices Spike For Fourth Of July Travel. ABC World News Tonight (7/3, story 8, :15, Moran, 8.78M) reported, "And if you're driving this Fourth of July, you'll be paying more to fill up. The Energy Department reported today that the average price of a gallon of gas is $2.93. That's up 7 cents in just the past week and up 71 cents more than a year ago."

High Oil, Gas Prices Produce Drilling Frenzy In Wyoming. The New York Times (7/4, McInnis, 1.19M) reports that surging oil and gas prices "have ignited a drilling frenzy" in Wyoming. The drilling surge "is producing a tidy income for Clear Creek [Ranch], even though the ranch owns only a tiny percentage of the oil and gas rights in the field, said Rob Hendry, who owns the ranch with his wife and two sons. Royalties are about $4,000 a month, or roughly what it costs Clear Creek to cover higher prices for gasoline and diesel fuel used to raise cattle on the 180,000-acre spread. A

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second, larger revenue stream comes from another oil-related business that Mr. Hendry created, a construction company that uses earth movers, bulldozers and other heavy equipment to level sections of ranch land to accommodate a moveable drilling rig that is as tall as a 15-story building."

GOP, Democrats Believe They Have The Edge Heading Into Midterms. The Washington Times (7/4, Hurt, 90K) reports, "Democrats are sure they have Republicans cornered and reeling heading into this fall's elections, but Republicans are overjoyed by the campaign, believing that it simply reinforces their own message of being tough on terrorism and illegal aliens." A second Washington Times piece (7/4, Fagan) says "lawmakers from both sides of the aisle are staking out issues this election year that they think resonate with Americans and portray the other party as out of touch." While "Democrats have seized upon the issues of a minimum wage increase and the Medicare prescription drug program," Republicans "are pushing a 'values' agenda that includes banning flag burning and protecting the Pledge of Allegiance."

Lieberman Will Run As Independent If He Loses Primary. The New York Times (7/4, Yardley, 1.19M) reports, "Senator Joseph I. Lieberman of Connecticut said on Monday that he would run as an independent Democratic candidate if he loses the state Democratic primary next month. The announcement by Mr. Lieberman, a political moderate and longtime party leader seeking his fourth term, underscores the increasing vulnerability he feels over his support for the Iraq war."

NBC Nightly News (7/3, story 7, 0:30, Curry, 9.87M) reported Lieberman "is a staunch defender of the war in Iraq and faces a tough primary challenge from anti-war businessman Ned Lamont. Lamont's candidacy has drawn nationwide support on the Internet.

The AP (7/4, Haigh) reports, "Once a Democratic stalwart and the party's 2000 vice presidential nominee, Lieberman has fallen into disfavor from some Democrats for his support of the Iraq war and his perceived closeness to President Bush." He has also been targeted "by liberal blogs, which have given a boost to his challenger and bill the race as a chance to send a message to the Democratic establishment." The ActBlue.com Web site, "which helps Democrats set up fundraising campaigns for candidates, has helped bring challenger Ned Lamont nearly $233,000 in contributions as of last week. Lamont also received about $70,000 in contributions from the liberal group Democracy for America by way of the Internet."

The Washington Post (7/4, Murray, 744K) reports, "A Quinnipiac University survey conducted in early June showed Lamont gaining ground against Lieberman. Among all Democrats, Lieberman led Lamont 57 percent to 32 percent, compared with 65 percent to 19 percent in a Quinnipiac poll taken a month earlier." The margin "was slimmer among likely Democratic primary voters, including undecided voters who are leaning toward a candidate, with Lamont trailing the incumbent 55 percent to 40 percent, the June poll found." The Hill (7/4, Kaplan) also reports the development on its website.

CNN's The Situation Room (7/3, Bash) reported, "Democratic leaders have been scrambling to figure out exactly how to play this. They're in a very tough position, because they say it's their instinct and even priority to protect the Democratic incumbent, but it's also their responsibility to follow the regular rules of the road. And that usually means when there is a primary, and the party supports a winner, then the national leadership supports that winner. So, in the meantime, what we are seeing today from Democrats on the national level is, that they have decided on the political equivalent of kick the can. Senate Minority leader Harry Reid, through spokesman Jim Manley, would only confirm that the senator spoke with Senator Lieberman and he says that he respects his decision." CNN's The Situation Room (7/3, King) reported, "Aome political analysts I spoke with said really this is unprecedented, in their view, that they cannot remember someone doing this in a major race like this."

In an analysis piece titled "Senator's Plan B Puts Democrats In A Bind," the New York Times (7/4, Healy, Medina, 1.19M) reports, "Karen Finney, a spokeswoman for the Democratic National Committee, said the party would support its nominee this fall, whether it is Mr. Lieberman or Mr. Lamont. Another party official, Donna Brazile, said yesterday that she supported Mr. Lieberman's candidacy but was concerned that his contingency plan would 'hurt more than help his candidacy.' She explained: 'I think Joe Lieberman could have really scored with the Democratic voters if he'd said that he was a Democrat, would run as a Democrat and would honor the wishes of the Democratic voters.'" Lieberman's "troubles," adds the Times, "reflect the force of the evolving antiwar movement. His support for the Bush administration's Iraq policy initially galvanized the opposition of left-leaning Internet habitués, focusing national attention on Mr. Lamont as a viable antiwar alternative to the senator."

Lieberman Defends His Loyalty To Democratic Party. Sen. Joe Lieberman was asked on CNN's The Situation Room (7/3) about critics who say he is putting self preservation over his loyalty to the Democratic party. Lieberman said, "I would definitely put my loyalty to the Democratic Party and my service to the Democratic Party up against most of those who are saying those things. I am a loyal Democrat and I am going to work my heart out to get the Democratic nomination for the US Senate this year and the primary on August 8th." Lieberman added, "I have a loyalty

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higher than that to my party. That is to my state and my country. And I feel so deeply that I can do a better job for my state and my country than either the Democratic or Republican opponents against me that I'm prepared, if necessary, to take my fight to November as a petitioning Democratic candidate."

Hillary Clinton Says She'll Back Democratic Nominee. The Washington Post/AP (7/5, A2, Press) reports, "Sen. Hillary Rodham Clinton (N.Y.), a longtime supporter of Sen. Joseph I. Lieberman, said Tuesday that she will not back the Connecticut Democrat's bid for reelection if he loses their party's primary. 'I've known Joe Lieberman for more than 30 years. I have been pleased to support him in his campaign for reelection, and hope that he is our party's nominee,' the former first lady said in a statement issued by aides. 'But I want to be clear that I will support the nominee chosen by Connecticut Democrats in their primary,' Clinton added." She added, "I believe in the Democratic Party, and I believe we must honor the decisions made by Democratic primary voters."

WSJournal Applauds Lieberman. The Wall Street Journal (7/5, 2.11M) editorializes, "Lieberman's announcement Monday that he'll run as an independent if he loses the Democratic nomination is a remarkable commentary on the mind of the Democratic Party these days. … Connecticut's Senate race may turn out to be the most important election of the year. If Democrats drive Mr. Lieberman from their ranks, they will be sending Americans a message that George Soros and MoveOn.org dominate their party. This is all the more reason to applaud Mr. Lieberman for declaring that he won't easily be pushed from the Senate, whatever party banner he has to wave."

Four Influential Left-Wing Bloggers Jointly Endorsing Democratic Challengers. The Hill (7/5, Kaplan) reports, "Four of the most powerful left-wing political bloggers have developed a new joint strategy to steer financial support from the 'netroots,' or Internet-based activists, to Democratic challengers, many of whom they know have little chance of winning their mid-term election races." Markos Moulitsas Zúniga of Daily Kos, Matt Stoller and Chris Bowers of MyDD and "DavidNYC" of Swing State Project "have endorsed 16 candidates and posted their names at Act Blue, a website that allows visitors to contribute money to campaigns." Democratic challengers "need not pass any policy litmus test to earn endorsement; the four bloggers merely need to agree to go ahead. The endorsements depend on the candidate's having won a measure of support from bloggers in his or her district." And "crucially, the candidate does not have to have a good chance of winning. Bowers said their hope is to 'stretch Republican defenses' and turn less-noticed races into top-tier races, which will encourage more activity on the Internet." The 16 challengers "include Democratic Senate candidates Ned Lamont (Conn.), Jon Tester (Mont.) and former Navy Secretary Jim Webb (Va.). Lamont has raised $79,000 at Act Blue, Tester $39,000 and Webb $14,000."

Plan For Expanding Routine HIV Testing Draws Opposition. The Wall Street Journal (7/5, Chase, 2.11M) reports Federal officials are "readying new guidelines that propose routine HIV tests for people 13 to 64 years old. But fears that the change could short-circuit patients' rights are prompting protests and even legislation." The proposed policy changes "are part of a sweeping effort by the U.S. Centers for Disease Control and Prevention to streamline HIV testing. While lacking the force of law, the new guidelines would urge doctors to offer the test to everyone with basic health care, regardless of their risk factors." The test "would remain voluntary. But pretest counseling would be trimmed, or even eliminated, and consent could be obtained orally instead of in writing, as many states now require." The CDC says "broader testing is needed because about 25% of the estimated one million Americans with HIV are unaware they are carrying it."

Conservative Groups Oppose Effort To Shut Down 527s. In its "Washington Wire" column on its web site, the Wall Street Journal (7/3, 2.11M) reported, "Two years ago, Republicans were organizing against new, loosely regulated political groups that were raising money to attack President Bush. Now, illustrating how roles often reverse in politics, some of the party's conservative activists are trying to stop legislation that would choke off those groups. The dispute centers on a House bill that would curtail funding for organizations nicknamed 527s, for the section of the tax code that governs them." The Journal added, "In the 2006 campaign so far, it is right-leaning 527s that are most active. The Club for Growth, a conservative economic-issue group, is leading the charge to kill the Republican bill that would shut down 527s."

Research Shows Environment Impacts Development Of Stem Cells. The Washington Times (7/4, Price, 90K) reports, "Interaction with the environment surrounding immature embryonic stem cells is a factor in their transformation into a complex organ, even when they are outside the body in a laboratory dish, research shows. Scientists at the University of Florida's McKnight Brain Institute found that when embryonic stem cells from mice were placed on four different surfaces in cell culture dishes, specific types of body cells were created. Their findings, published in this week's issue of Proceedings of the National Academy of Sciences, shed light on how embryonic stem

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cells diversify to form various neural structures, which has been a fundamental mystery of brain development, researchers say. In experiments, the Florida scientists confirmed that a cell culture molecule called laminin activates a common developmental pathway essential for the generation and survival of particular types of brain cells."

North Korea Threatens To Use Nuclear Weapons Against US. The CBS Evening News (7/3, story 5, 0:20, Mitchell, 7.66M) reported, "The North Korean News Agency said that if the US were to launch a preemptive attack, it would respond with 'an annihilating strike and a nuclear war.' The White House shrugged it off, saying it has no intention of attacking but will act to protect the US if North Korea tests a long-range missile."

The AP (7/4, Schweid) reports Undersecretary of State Nicholas Burns "cautioned North Korea on Monday to avoid 'any type of provocative activity' and to return to negotiations on its nuclear weapons program. Referring to reports that North Korea might be preparing to launch a long-range ballistic missile, Undersecretary of State Nicholas Burns said 'that would be a profoundly unwise step by the North Koreans.'"

The Washington Post (7/4, Tyson, 744K) reports, "North Korea has a Taepodong-2 missile poised for a possible launch, although it is not clear whether it has been fully fueled. The two- or three-stage missile has estimated ranges that give it the potential of striking parts of the United States." US "officials played down the possibility of a preemptive strike."

North Korea Test Fires Long-Range Missile. North Korea test fired a long-range missile yesterday, but it failed seconds after launch, US officials said. The AP (7/4, Talmadge) reported that in addition to the missile that may be capable of reaching the US, North Korea also tested four shorter range missiles "in an exercise the White House termed 'a provocation' but not an immediate threat." The AP added, "None of the missiles made it as far as Japan. The Japanese government said all landed in the Sea of Japan between Japan and the Korean Peninsula."

ABC World News Tonight (7/4, story 2, 1:40, Karl, 8.78M) reported that the missile's failure is "better than a successful launch. A launch that would show they had the technology to hit the United States. But it's a limited relief. Even a failure is something that you can learn from. And officials here are telling me they're concerned that now the North Koreans will be able to go back to the drawing board. They will learn from this failure. Learn why it failed. And work on improving that technology, technology that could ultimately develop such a missile to hit the United States."

NBC Nightly News (7/4, story 3, 1:15, O'Donnell, 9.87M) reported, "The White House now is telling us that they believe that North Korea has even additional missiles that could be launched, so they are bracing themselves for what may be other possible launches as the hours go by." In fact, the AP (7/5) reports this morning, "North Korea has launched a seventh missile, a news report said Wednesday, citing Japanese government sources. North Korea fired the latest missile at 5:22 p.m. (4 a.m. EDT), Kyodo News agency reported. The missile landed 6 minutes later, the report said. … It was unclear what type of missile was launched or where it landed."

AFP (7/4) reported, "The US missile defense system, based in California, Alaska and onboard US Navy ships, was on high alert in anticipation of the Taepodong 2 test, and ready to shoot any missile down if it threatened US territory. But since it failed just 40 seconds into the flight, 'no action was taken,' said a defense official." AFP added, "To address the situation, the United States was sending its senior envoy for six-nation North Korean nuclear talks, Assistant Secretary of State Christopher Hill, to Asia on Wednesday."

The CBS Evening News (7/4, lead story, 2:40, Andrews, 7.66M) reported, "Pentagon officials tell CBS News that all of these launches were detected and were tracked by ships on station in the Sea of Japan and by the US missile-defense system. The Pentagon is under standing orders to try to shoot down a North Korean missile if it threatens US territory, but, again, this missile didn't get that far."

NBC Nightly News (7/4, lead story, 2:50, Miklaszewski, 9.87M) reported that "military officials say US spy satellites were tracking the missile from the moment it launched and quickly determined the missile posed no threat. There was no need to employ the US missile defense system."

A front page story in the New York Times (7/5, Onishi, Sanger, 1.19M) reports, "In a statement issued late Tuesday night, the White House said the United States 'remains committed to a peaceful diplomatic solution' and sought implementation of a joint statement on denuclearization issued after a meeting with North Korea in September. But it said 'the North Korean regime's actions and unwillingness to return to the talks appears to indicate that the North has not yet made the strategic decision to give up their nuclear programs.' 'Accordingly, we will continue to take all necessary measures to protect ourselves and our allies,' the White House said, offering no details."

The CBS Evening News (7/4, story 2, 1:00, Axelrod, 7.66M) reported that the Bush Administration wants "to make the point that there was no immediate threat posed by the launch, but it was a clear provocation."

The Washington Times (7/5, Gertz, 90K) reports, "The White House said North Korea's decision to escalate its nuclear standoff with the international community by test-firing missiles will further alienate it from the international community."

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The AP (7/4, Riechmann) reported, "White House Press Secretary Tony Snow, told reporters, 'The North Koreans have again clearly isolated themselves.'" Secretary of State Condoleezza Rice "planned to confer, starting tonight, with her counterparts from China, Japan, South Korea and Russia, over the missile firings, according to the State Department." President Bush "has been in consultation with Rice, [National Security Adviser Stephen] Hadley and Defense Secretary Donald H. Rumsfeld."

The Los Angeles Times (7/5, Wallace, Demick, 958K) reports, "Hadley described the barrage of missiles…as 'provocative behavior' from a country that had been warned against breaking its 6-year-old moratorium on long-range missile tests. 'The United States strongly condemns these missile launches and North Korea's unwillingness to heed calls for restraint from the international community,' the White House said in a statement. It said the tests 'demonstrate North Korea's intent to intimidate other states by developing missiles of increasingly longer ranges.'"

The Financial Times (7/5, Fifield, Daniel, Pilling) predicts the "highly provocative move" by North Korea "will invite a strong diplomatic response." Washington, Tokyo and Seoul "had issued stern threats of economic sanctions if Pyongyang proceeded with an inflammatory test. Emergency meetings were underway in all three capitals, as well as at the United Nations in New York. … A spokesman for the US mission at the United Nations said that the US ambassador, John Bolton, was 'consulting on an urgent basis with our fellow council members.'"

ABC World News Tonight (7/4, lead story, 2:45, Moran, 8.78M) called the test "a major provocation from North Korea." ABC (Raddatz) added that the US will "certainly try to put some sort of economic sanctions in place. That's a possibility only at this time. I sense the White House is trying to calm things down tonight. They're saying there's no immediate threat to the United States. And they're just going to continue to consult."

Fox News' Special Report (7/4, Baier) reported, "Today late in the afternoon, the US Ambassador to the United Nations said the United States was urgently consulting other UN Security Council members about the North Korean missile launches."

CNN's The Situation Room (7/4, Roth) reported, "US Ambassador John Bolton is working the phones, talking with other ambassadors on the UN Security Council."

USA Today (7/5, Page, Jackson, Nichols, 2.31M) reports that North Korea's move "prompted a diplomatic scramble." Bolton "held what he called 'urgent' consultations. The Security Council was likely to meet today, spokesman Richard Grennell said."

A front page story in the Washington Post (7/5, A1, Priest, Faiola, 744K) reports, "Japanese Foreign Minister Taro Aso said Tokyo was likely to impose economic sanctions against North Korea in response to the missile tests; Japanese authorities said they would begin by banning North Korean ships from Japanese ports for six months or more. … In Japan, US Ambassador J. Thomas Schieffer told reporters that he and Japanese officials had discussed the possibility of getting the UN Security Council to impose economic sanctions on Pyongyang. In South Korea, Suh Choo Suk, senior presidential secretary for security policy, said in a nationally televised announcement that the North 'should assume full responsibility for its missile launches.' He expressed 'deep regret' for the 'provocative act' that he said would deepen the North's isolation and affect inter-Korean ties."

An analysis in the Financial Times (7/5, Fifield) says that if North Korea "was hoping to force the Bush administration, in particular, to give into its demands to drop financial sanctions and to negotiate on its own terms, it is almost certain to have gravely failed. Not only has Pyongyang incensed Washington and Tokyo, both of whom have threatened a strong response including new sanctions, it has managed to alienate its usually appeasing brother in Seoul, which vowed to cut off shipments of rice and fertiliser."

Weldon Calls Missile Launch A "Political Provocation." Rep. Curt Weldon said on CNN's The Situation Room (7/4), "I think this is basically a political provocation. I have been to North Korea twice. I led the only two delegations into the country. I sat across the table from…their lead negotiator for a total of 15 hours. In fact I had an invitation that I received one month ago to take the third delegation back into North Korea from August the 1st to the 5th. I consulted with the White House and they suggested I not go on this trip because of the possibility of the launch that we've now seen today. Even though I think this is absolutely provocative. The last thing we need to do is to rush to some kind of offensive military action. Because a war with North Korea would not be a war like any that we have seen in recent years. They have the fourth largest army in the world. They have thousands of missiles that are all set up along the DMZ to Seoul, and they also have capabilities on their ground forces. I think we have to engage them. We have to get China off the dead center."

NYTimes Calls North Korea A "Dangerous Rogue Actor." An editorial in the New York Times (7/5, 1.19M) says, "Americans can take some comfort from the reported failure of a long-range missile test by North Korea. … But the other message from the missile tests is considerably less reassuring. North Korea has again shown itself to be a dangerous rogue actor, ignoring the almost universal pleas from other countries to refrain from a test that can only add to regional tensions and multiply doubts about its trustworthiness and intentions." The Times adds, "Since the test poses no direct security threat, and violates no international treaty, there is no justification for any military

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response, by the United States or anyone else. … Someday North Korea may actually be able to build a missile that can cross the Pacific. A reinvigorated diplomatic effort to head off that threat before it comes closer to reality can only be a good idea."

Radicals Gaining Control Of Somalia's Capital. The Washington Post (7/4, Timberg, 744K) reports, "A group of largely moderate Muslim leaders who took control of Somalia's capital a month ago has been pushed aside in recent days by radicals determined to create a strict Islamic state there, according to Somali and other political analysts. Leading the drive has been Hassan Dahir Aweys, whom the United Nations and the United States consider a terrorist with ties to al-Qaeda." Aweys's "June 24 appointment as head of the Islamic militias ruling Mogadishu, the capital, has been followed by the installation of like-minded lieutenants in other key posts and the demotion of moderates such as the previous leader, Sharif Ahmed, analysts say." The Post adds, "Among those losing clout is Abdurahman Osman, a Somali-born US citizen who emerged last month as a spokesman for the Islamic militias and a moderate face toward the outside world."

Trials Of Khmer Rouge Leaders Begin In Cambodia. The Washington Times/AP (7/4, Cheang) reports, "Judges and prosecutors from Cambodia and foreign countries were sworn in yesterday to begin the UN-backed judicial process to try former Khmer Rouge leaders for genocide and crimes against humanity. It was a major step forward in the search for justice for victims of the brutal Khmer Rouge regime, whose extremist policies in the late 1970s killed an estimated 1.7 million people. … None of the top leaders of the 1975-79 communist regime have been held accountable for the atrocities. Khmer Rouge leader Pol Pot died in 1998, but several of his top deputies, aging and infirm, still live freely in Cambodia."

Chinese Official Says Draft Law Applies To Foreign And Domestic Media. The New York Times (7/4, Kahn, 1.19M) reports, "A Chinese draft law that threatens to fine the news media for reporting on 'sudden incidents' without permission applies to foreign as well as domestic news organizations, an official involved in preparing the legislation said Monday. The law, now under consideration by the legislature run by the Communist Party, calls for fines of up to $12,500 for unauthorized reports on outbreaks of disease, natural disasters, social disturbances or other so-called sudden incidents that officials determine to be false or harmful to China's social order. Wang Yongqing, vice minister of the legislative affairs office of China's State Council, or cabinet, told reporters at a news briefing that the law should apply to all news organizations, including foreign newspapers, magazines and broadcast outlets, which usually operate under different rules from those of the Chinese news media."

NYTimes Criticizes China's Draft Media Law. An editorial in the New York Times (7/4, 1.19M) says, "The trouble with suppressing reports of sudden incidents is that they usually emerge anyway, in a form even more damaging to the state." China's draft law "says that newspapers, magazines, Web sites and television stations would face fines up to $12,500 each time they published information about a sudden incident 'without authorization.' It is, of course, a horrible idea that strips away any pretense China might have of political openness or modernity."

Senior Intelligence Official Defends DIA Officer Who Spied For Chinese. The Washington Times (7/5, Gertz, 90K) reports, "A senior intelligence official is leading an effort within the Bush administration to defend former Defense Intelligence Agency China specialist Ronald Montaperto, who pleaded guilty recently to espionage-related charges involving Chinese intelligence. Lonnie Henley, a friend of Montaperto and another former DIA China specialist, has written e-mails and had telephone conversations with intelligence and policy officials criticizing the FBI investigation and seeking to downplay the damage caused by Montaperto's 22 years of contacts with two Chinese military intelligence officers, according to officials familiar with the private support program. The effort by numerous pro-China intelligence analysts is aimed at protecting their prestige and influence, and at shielding others in government who share Montaperto's benign views of China and the Chinese military, said officials who spoke on the condition of anonymity." The Times notes that Henley's "defense of Montaperto and criticism of the FBI is unusual and has raised concerns among U.S. counterintelligence officials that there are others in the intelligence community who may have improperly shared classified information with China."

Many Bush Foreign Allies Leaving World Stage. The AP (7/4, Raum) reported, "President Bush's stalwart foreign friends are fading fast. Most of the leaders who defied criticism at home to stand with him on Iraq and win his friendship are no longer players on the world stage, or are on their way out." British Prime Minister Tony Blair "has said he'll step down before the next national election." Japanese Prime Minister Junichiro Koizumi is leaving office in September. Italy's Silvio Berlusconi "resigned in early May after his party's election losses. Spain's Jose Maria Aznar was earlier forced out of office, the first casualty of supporting Bush on Iraq." The AP added, "Newer leaders, particularly those in Europe, have seen the political penalties paid by those who stood too close to Bush — and have been more reluctant to embrace him so openly."

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Putin Seeks Right To Send Anti-Terror Forces Around World. The Washington Times (7/5, 90K) reports, "Russian President Vladimir Putin asked parliament yesterday for the right to send soldiers and special forces anywhere in the world to fight terrorists, acting just days after having pledged to 'destroy' the terrorists who killed five Russian diplomats in Iraq." The Kremlin said Putin "had requested the right to defend 'the human rights and freedoms of citizens, the sovereignty of the Russian Federation, its independence and state integrity,' by using security forces outside Russia." Putin "did not say the troops would be sent to Iraq. Nor was it clear whether the United States would object to Russian forces operating in the country or welcome any assistance in dealing with insurgents who for three years have kept Iraq on the edge of chaos."

Six Russian Soldiers Killed In Chechnya. The New York Times (7/5, Kramer, 1.19M), "Gunmen broke several months of relative calm with an ambush of a Russian military column on a road south of Grozny, the regional capital, killing 6 soldiers and wounding 12 others in a midafternoon attack. The column came under fire from rocket-propelled grenades and small arms, Valery A. Kuznetsov, Chechnya's prosecutor, said in a telephone interview."

López Obrador Likely To Challenge Result Of Mexican Presidential Vote. Andrés Manuel López Obrador, the leftwing candidate in Mexico's presidential race is "almost certain" to challenge the results of Sunday's vote, according to the Financial Times (7/5, Thomson). Such move "would heighten tensions and increase uncertainty about the country's immediate political future. Word of the likely challenge was raised as center right candidate Felipe Calderon "looked to have taken a small but decisive lead in what is turning out to be the closest election in Mexico's history. A preliminary count by the country's Federal Electoral Institute (IFE) showed Mr Calderon ahead by 400,000 votes – about 1 per cent of the total cast – over." Manuel Camacho, a leading adviser to López Obrador and a congressman for his Democratic Revolution party (PRD), stopped short of claiming electoral fraud, but "said there were 'serious discrepancies' in the vote-counting process that, once rectified, could easily tip the result in favour of Mr López Obrador."

The New York Times (7/5, McKinley, Thompson, 1.19M) reports, "Mr. López Obrador's challenge made it clear that this country was about to live through its own version of the drawn-out legal battle that Americans experienced in the 2000 presidential race. Mexico's dispute, however, instead of being focused on one state, could be nationwide." The Times adds, "Foreign election observers said the election was transparent and largely free of problems, adding that the system could even be a model for many other countries."

The Washington Post (7/5, A8, Roig-Franzia, 744K) reports that the question of whether Obrador will "unleash the fury of the streets" looms over Mexico. Emotions "have been intensifying in the past two days as the populist candidate and his top aides have outlined a growing list of alleged election law violations that they claim are responsible for the narrow lead of his opponent, Felipe Calderón. No large demonstrations have been held yet, apparently because López Obrador's supporters are waiting for a signal from him and because they want to see the results of an official count that begins Wednesday. … Still, the rhetoric is getting more heated."

The Christian Science Monitor (7/5, Harman, Llana, 61K) reports that Mexico is in "political limbo" with both candidates claiming victory. The standoff "raises the prospect of protests and court challenges that could take weeks to resolve. It could also further polarize a divided electorate after months of negative campaigning." The Monitor adds, "Preliminary official results are expected Wednesday - at which point a recount is set to begin. By law, this process will go on day and night until a final result is reached."

The Washington Times (7/5, Behn, 90K) reports that "whoever wins will have to address the anger of voters in towns like LaPuerta, who blame economic conditions for the flight of half their residents to the United States. … The joblessness that sent the young men north became a central issue in Sunday's election, with leftist Andres Manuel Lopez Obrador promising a Mexican version of the New Deal and conservative Felipe Calderon insisting that existing free-market policies offered the surest hope for growth."

Election Called "Crucial Test" Of Mexican Democracy. The Wall Street Journal (7/5, Luhnow, De Córdoba, Lyons, 2.11M) calls the controversy a "crucial test" of Mexico's democracy. The Journal adds, "Unlike the US, which has had a democracy for two centuries and a Supreme Court whose word is accepted by the vast majority of the electorate, Mexico's democracy is fragile. Until as recently as the 1990s, Mexican presidents were chosen through a process called the 'dedazo,' where the departing leader literally hand-picked his successor. And it was only in 2000 that an opposition party finally won a clean, uncontested election. How the showdown plays out over the coming months could become a defining moment in Mexico's drive to become a modern nation where independent institutions like courts, the central bank and the election agency are respected."

Officials Say 2.5 Million Votes Went Uncounted. The Los Angeles Times (7/4, Tobar, Martinez, 958K) reported on its web site that the margin between Calderon and Obrador "narrowed suddenly Tuesday after election authorities revealed that some 2.5 million votes had been missing from earlier counts. … The uncounted votes

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heightened the sense of disarray that has plagued the election since Mexico's polls closed Sunday evening."

Snow Likens Mexican Election To 2000 US Presidential Race. The Washington Times (7/5, McCaslin, 90K) reports in its "Inside the Beltway" column that White House press secretary Tony Snow was asked "whether he was 'concerned about the Mexican election, and what it might mean if there's a real problem down there.'" Snow was asked, "What if we've got two guys both claiming victory?" Snow "reminded the scribe: 'I think we've had situations here where people have -- there have been multiple claimants to victory.'"

O'Grady Says It Seems "Almost Certain" Calderon Won. Mary Anastasia O'Grady writes in the Wall Street Journal (7/5, 2.11M), "Felipe Calderón of the National Action Party hasn't any doubt that he won Sunday's presidential election, and he says that his adversary, Andres Manuel López Obrador of the Democratic Revolutionary Party (PRD), knows it, too. … Mr. Calderón's numbers jibe with those of Mexico's Federal Electoral Institute (IFE) and it seems almost certain that he won. But as we go to press, an official announcement has not yet been made." O'Grady adds, "In the past 48 hours, Mexico has watched two distinct management styles unfold. Indeed, it is not unreasonable to conclude that the very reason that Mr. Calderón seems set to take the office of president is precisely because Mexicans feared the López Obrador they are now witnessing."

WSJournal Says Mexican Vote Signals Latin American Shift To Left Has Crested. An editorial in the Wall Street Journal (7/5, 2.11M) says, "Assuming Mr. Calderón's lead holds -- and that his victory is recognized by all of his opponents -- Mexico may be on the cusp of a new era in which the old-style populism typified by the PRD gives way to a new style of politics catering to an aspirational electorate, regardless of economic class. For the US this is excellent news, not least because the ultimate solution to our immigrant influx is a prosperous southern neighbor that doesn't export millions of laborers every year. It is also a good sign for Latin America: Together with recent elections in Colombia, Peru and Bolivia (where voters on Sunday rejected an effort by President Evo Morales to rewrite the Constitution), Mexico's vote suggests the region's ballyhooed march left has crested."

Israeli Planes Destroy Palestinian Interior Ministry. Israeli aircraft destroyed the Palestinian Interior Ministry early this morning. The Los Angeles Times (7/5, Ellingwood, King, 958K) reported, "Israeli missiles flattened a wing of the Hamas-run Palestinian Interior Ministry here today, in the latest wave of airstrikes meant to pressure Palestinian militants into freeing a captive Israeli soldier."

The Washington Post (7/5, A8, Wilson, 744K) reports that the attack that wounded at least seven people, came "hours after the military wing of the governing Hamas movement fired a rocket at the southern Israeli city of Ashkelon that landed in an empty school."

The New York Times (7/5, Myre, Erlanger, 1.19M) reports, "The militant Hamas organization called the attack a response to 'Israeli aggression.' But in a statement on Tuesday evening, Mr. Olmert called it 'an escalation of unprecedented gravity in the campaign of terror waged by Hamas, which leads the Palestinian Authority.'"

The AP (7/4, Nessman) reported, "Prime Minister Ehud Olmert called the rocket fire on the coastal city of Ashkelon a 'major escalation,' coming just hours after a deadline set by the militants holding an Israeli soldier passed with Israel rejecting demands to release about 1,500 Palestinian prisoners." The AP adds, "Early Wednesday, Israeli aircraft struck the Palestinian Interior Ministry in Gaza for the second time in a week, the military said. Witnesses said missiles hit the main structure again and damaged a building next to the ministry which has been used since the first attack." The Wall Street Journal and the Washington Times run the AP story this morning.

Crisis Expected To Leave Power Vacuum In Israeli, Palestinian Politics. The Wall Street Journal (7/5, Leggett, 2.11M) reports that the current crisis in Gaza "likely will leave behind an unpredictable and potentially dangerous power vacuum in Israeli and Palestinian politics. When Palestinian militants kidnapped an Israeli solider late last month, officials on both sides initially sought a diplomatic solution. Mediators from Egypt were brought in while U.S. and European diplomats worked the phones with Israeli and Palestinian officials. Today, the Israeli soldier remains captive in Gaza, and diplomatic efforts increasingly seem to have failed. As the crisis persists, one political cost is also becoming clear: seriously weakened governments on both sides."

USA Today (7/5, Frank, 2.31M) reports that the Gaza crisis "threatens to upend Israel's strategy of achieving stability in the region by withdrawing from occupied land. Israeli troops are back in areas ceded to Palestinians. Their return has fed concerns that pulling out of territories leads to instability — not security."

Diehl Says Israel Can't Leave Gaza Without Cutting Deal With Abbas. Jackson Diehl of the Washington Post writes in the Wall Street Journal (7/5, 2.11M), "Israel may not be able to return to negotiation with the Palestinians anytime soon. But until it does it probably won't do any more major withdrawals from Palestinian territory, or restore the relative security it enjoyed for the past 18 months. … Mr. Olmert is well aware that having marched back into Gaza, Israel probably won't be able to leave again without cutting a deal with Mr. Abbas and maybe Hamas. As it turns out, it takes two to end a war."

Friedman Says Israeli-Palestinian Violence Is "Utterly Without Purpose." Thomas Friedman writes in the

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New York Times (7/5, 1.19M) that "the violence unfolding between Israelis and Palestinians today is utterly without purpose. Israel has evacuated Gaza, and what does Hamas do? It doesn't put all its energy into building a nest for its young there — a decent state and society, with jobs. Instead, it launches hundreds of rockets into Israel. The Palestinians could have a state on the West Bank, Gaza and East Jerusalem tomorrow, if they and the Arab League clearly recognized Israel, normalized relations and renounced violence. Anyone who says otherwise doesn't know Israel today."

Khamenei Moves To Set Stage For Iran's Eventual WTO Membership. The Washington Post (7/5, A10, Vick, 744K) reports, "As diplomatic maneuvering continues over Iran's nuclear program, the cleric who holds ultimate authority in the country has signaled twice in recent days that Iran intends to engage the wider world it long held at bay. Ayatollah Ali Khamenei, Iran's supreme leader, announced the formation of a new council to advise him on foreign affairs and a new privatization program aimed at preparing Iran for eventual membership in the World Trade Organization." Analysts "said Khamenei's announcements served to reinforce the assumption of US and European officials that Iran wants to be more integrated in the world."

Blair Says Moderate Muslims Should Confront Militants. British Prime Minister Tony Blair yesterday called on moderate Muslims to do more to confront militancy in their own communities. The AP (7/4, Gardiner) reported, "Blair said the vast majority of Muslims abhorred terrorism and wanted to defeat it, but said they had to do more to counter what he described as the extremists' misplaced anger and grievances. Moderates, he said, must 'stand up against the ideas of these people, not just their methods.'"

The Washington Times (7/5, Kralev, 90K), "Moderate Muslim leaders and other prominent society figures outside the government have to do more to change attitudes, he said. 'I profoundly disagree that the problem here is that the government hasn't acted,' he said. 'We are not having a debate of a fundamental enough nature within the community, which is where the moderate majority go and stand up against the ideas of those people, not just their methods.'"

Western News Outlets Moving Into Arab World. The New York Times (7/5, Carvajal, 1.19M) reports, "A media competition for minds and market share in the Middle East is evolving as a crowd of Western news organizations prepares to deliver headlines -- and geopolitical views -- in the language of the Koran. Backed by government financing, Germany's public international broadcaster, Deutsche Welle, is poised to beam as much as 24 hours of daily news programming in Arabic this autumn. France's yet-to-be-named CNN-style channel is in development for a year-end opening, along with a Web site in Arabic and later in 2007 an Arabic television version. And the state-owned Russia Today has similar plans for an Arabic Web site and television presence." From the United States, CNN "is watching the development of its Arabic Web site, which attracts more than 300,000 unique visitors monthly, before it decides whether to pursue television plans." The BBC World Service itself "is also in the fray, with £19 million, or $35 million, from the British government for an autumn introduction of an Arabic news broadcast, starting with 12 hours of daily programming and expanding to 24 hours." The Times adds "a debate is beginning about whether these foreign broadcasts will create understanding or lead to more conflict."

Chavez Hosts Trade Summit. The AP (7/4, Pearson) reported that Venezuelan President Hugo Chavez "marked Venezuela's entry into the South American trade bloc Mercosur with a six-nation summit Tuesday, an alliance that he says should be a common front against US free trade deals. Chavez and the leaders of Brazil, Argentina, Uruguay and Paraguay were set to formalize the bloc's expansion to include Venezuela, which Chavez claims as a victory against Washington's 'imperialistic' economic plans for the hemisphere. Bolivian President Evo Morales, a close Chavez ally, was to attend the signing ceremony as an observer."

Bush Invites Georgian Leader To Washington. The New York Times (7/5, 1.19M) reprints an International Herald Tribune (Vaisman) story which reported that President Bush has invited Georgian president, Mikheil Saakashvili to Washington 10 days before the G-8 summit meeting in St. Petersburg. For Saakashvili, "the talks with Bush represent a welcome indication that his small Black Sea country is being taken seriously at a time when it is being harried by Russia on a number of fronts - notably energy supplies and ties to NATO - and is irritating Moscow by forging new alliances in an effort to break out of dependency. For Bush, the talks are not only a salute to Georgia's role in a new pipeline that bypasses both Russia and Iran. The meeting also sends a message that, as Saakashvili put it, the G-8 gathering should be more than a photo opportunity and become 'an instrument in solving things.'"

Putin Issues Threat To Force WTO Membership. Russian President Vladimir Putin yesterday threatened to stop implementing global trade rules unless the US agrees to Russian entry to the WTO. The Financial Times (7/5, Buckley, Williams) reports that "two of the Russian president's senior officials said they were still hopeful agreement with the US could be reached in time for next week's Group of Eight summit in St Petersburg." A WTO

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deal "could clear the way for Gazprom, the Russian gas giant, to announce the go-ahead for development of the massive Shtokman gas field in the Barents Sea, and which of the five short listed foreign oil companies – including two US groups – it has chosen as its partners."

Putin Efforts To Revitalize Moscow Come Under Fire. The Wall Street Journal (7/5, Chazan, 2.11M) reports that as deputy mayor of St. Petersburg in the early 1990s, President Vladimir Putin "had a dream to turn St. Petersburg into Russia's financial capital and a hub of foreign investment. It never happened. The city looked on in envy as Western money poured instead into its booming rival, Moscow. Now the tables have turned. Mr. Putin -- who was born and raised in Leningrad, as St. Petersburg was then called -- is leveraging Kremlin power to revitalize his hometown." He "chose it for the site of this month's Group of Eight summit of leading industrial nations, an event designed to showcase Russia's re-emergence as a major power." But "some have dismissed the city's renaissance as skin deep." Some critics "say behind the restored facades and new construction, poverty is widespread and crime is rife: British Ambassador Anthony Brenton was robbed in broad daylight last summer while walking along Nevsky Prospekt, the city's main thoroughfare."

UN Agency Advises Poor Asian Nations To Protect Industries With Tariffs. A report issued last week by the UN Development Program disputes the US position that the removal of trade barriers is the best way to reduce poverty. USA Today (7/5, Wiseman, 2.31M) reports, "Asia's poorest countries are being out-muscled economically by China and remain stranded in poverty despite a regional boom in free trade," according to the report. The agency "advises poor Asian countries to do what Japan and South Korea did successfully in the 1970s and '80s: protect key industries temporarily with tariffs before exposing them to foreign competition." The UNDP "says Asia's poorest countries have been left behind even as trade has exploded across the region. … One problem: Inexperienced trade negotiators from poor countries are frequently outmaneuvered and enter into trade pacts on unfavorable terms."

Pearlstein Says There Is Little Appetite For Another Round Of Globalization. Steven Pearlstein writes in the Washington Post (7/5, D1, 744K), "The utter collapse last weekend of a global trade conference is the latest evidence that, among developed and developing countries alike, there is simply little appetite for another round of globalization. The best face to put on it is that there's still a lot of adjustment going on just to digest the last round, and it is only natural that people want and need more time before diving in for another helping." Pearlstein adds, "Up to now, globalization has been the project of business and economic elites who have largely foisted it on a wary or unsuspecting public. Now, from remote villages of China to a gathering spot for day laborers in Herndon, globalization has entered its more democratic phase. And it's likely to be a messy phase, at that."

LATimes Urges Elimination Of Farm Subsidies. The Los Angeles Times (7/5, 958K) editorializes, "When a meeting of international trade ministers in Geneva collapsed last weekend, it wasn't just the latest disappointing failure by the World Trade Organization to produce an agreement in the Doha round of talks -- it may have been the last." The Bush Administration "has floated a number of worthy proposals, but it might have done better in pressuring the recalcitrant Europeans -- the most egregious opponents of needed liberalization -- with a dramatic, unilateral move. … Farm subsidies cost taxpayers about $19 billion last year. For their money, consumers got the privilege of paying more for some food because farm supports (and quotas on some imports, such as sugar) distort markets. … Ending these subsidies and lowering agricultural tariffs would boost the U.S. economy, eliminate waste and help farmers in the Third World trade their way out of poverty. It's a shame Washington thinks that its protectionist farm policies are something to be surrendered only grudgingly, and only if others do so. Good riddance, we say."

WSJournal Praises Improved US Relations With India, Pakistan. An editorial in the Wall Street Journal (7/5, 2.11M) says, "Weapons sales are a notoriously touchy subject, particularly in nuclear South Asia. Yet New Delhi barely raised a peep when the Bush Administration announced a $5 billion arms package to Islamabad on Monday. That's a tacit vote of confidence in the strengthened U.S.-India relationship, and another step toward normalized relations with Pakistan. … What a sea change in U.S.-Pakistani ties." The Journal adds, "Relations between New Delhi and Islamabad are also improving, if slowly. … America doesn't have much of a role to play in those discussions. But it's a step forward that Washington can improve its relationships with both countries, without hurting their relationship with each another."

THE BIG PICTURE:

Headlines From Today's Front Pages.

Los Angeles Times:

"Meet The Powers Behind The Democrats' Strategy."
"Forked Tongues Rule."

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"In Defiance, North Korea Fires Missiles."
"Shuttle Puts Early Flash In The Fourth."
"California Court Allows Defendant's Sexual History Into HIV Case."
"Missing Votes Add To Turmoil In Mexico."
"Orphans Of The Chinese Economy."

USA Today:
"A Nation Of 300 Million."
"N. Korea Launches Uproar."
"Iraq considers Arming Insurgents."

New York Times:
"6 Missiles Fired By North Korea; Tests Protested."
"Shuttle Makes A Safe Return To Spaceflight."
"Bush Signaling Shift In Stance On Immigration."
"An Outcry Rises As Debt Collectors Play Rough."
"With Jobs To Do, Louisiana Parish Turns To Inmates."
"In Ramadi, Fetid Quarters And Unrelenting Battles."

Washington Post:
"N. Korea Test-Fires Long-Range Missile."
"Launch A First For The Fourth."
"After Storms Burst In Air, Mall Fireworks Pop On Cue."
"Rents Rise As Apartment Market Is Squeezed."
"Growing Acidity Of Oceans May Kill Corals."
"Latin American Melodramas That Are Made In The U.S.A."

Washington Times:
"North Korea Launches Missile Show."
"Happy Birthday, America."
"Putin Seeks To Start Anti-Terror Offensive."
"Jobs Key Issue For Winner In Mexico."
"Friends Rallying To Defend DIA Spy."
"Inspector General Stresses Iraq Spending Accountability."
"Showing Off A Bit Of Skin."

Detroit Free Press:
"Kerkorian Lacks Faith In GM Boss."
"Probes Of Links To Hizballah Grow."
"Riders Urged To Use Their Heads."

Atlanta Journal-Constitution:
"N. Korea Test Fires Missiles."
"Discovery Returns To Space."
"Dubai Sentences, Pardons Austin."

Houston Chronicle:
"Star-Spangled Liftoff."
"Defiant N. Korea Test-Fires Missiles."
"Candidate Demands Full Count In Mexico."
"How English Is Taught In Texas Likely To Change."

Story Lineup From Last Night's Network News:
ABC: North Korea Missile Tests; US-Missile Defense; Discovery Launch; July 4th Celebration; Wounded Soldiers; Capitol Visitors' Center-Waste; World Cup; US Soldiers-New Citizens.
CBS: North Korea Missile Tests; Missile Tests-White House; Discovery Launch; Israel-Gaza Offensive; July 4th Celebration; July 4th-US Soldiers; Amusement Park Safety; Iranian Immigrant-Citizenship Path; Saddam's Former Band.
NBC: North Korea Missile Tests; Missile Tests-Analysis; Missile Tests-White House; Discovery Launch; July 4th-Afghanistan; US Soldiers-New Citizens; Skin Cancer-Exposure Debate; World Cup; July 4th Celebration; North Korean Missiles-Recap.

Story Lineup From This Morning's Radio News Broadcasts:
CBS: North Korea-Missile Test; Space Shuttle Launch; Independence Day Celebrations.
NPR: North Korea-Missile Test; Afghanistan-Bombings; Congress-Immigration Hearings; Space Shuttle Launch; Liberia-Demonstrations; Iraq-US Soldier, Rape Charges.

WASHINGTON'S SCHEDULE:

Today's Events In Washington.
White House:

PRESIDENT BUSH — Meets with Georgian President Mikheil Saakashvili. Oval Office, The White House. Pool at bottom.

VICE PRESIDENT CHENEY — No public schedule.

LAURA BUSH — Participates in a roundtable discussion with members of the US-Afghan Women's Council. State Department. Note: pool coverage.

US Senate: No scheduled events.

US House: No scheduled events.

Other: PRESIDENT MIKHAIL SAAKASHVILI OF GEORGIA _ Highlights: 1:15 p.m. Meets with President Bush. Oval Office.

CORPORATE GOVERNANCE _ The International Corporate Governance Network holds its 11th annual conference. Highlights: 4:30 p.m. Ira Millstein discusses the unfinished agenda in the wake of the Sarbanes-Oxley law. Location: Omni Shoreham Hotel, 2500 Calvert St. NW.

IMMIGRATION _ 12:15 p.m. Sen. Edward Kennedy and Rep. Luis Gutierrez hold a telephone conference call on immigration reform. Contacts: Melissa Wagoner, 202-224-2633. Notes: Callin numbers: 202-228-2663, or 866-909-2663; passcode: 3261189.

EUROPEAN UNION-FINLAND _ 3 p.m. Finnish Ambassador to the US H.E. Pekka Lintu will discuss Finland's plans and priorities for the European Union as it begins it's presidency of the organization. Location: National Press Club, 14th and F Sts. NW.

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is drawn from thousands of newspapers, national magazines, national and local television programs, and radio broadcasts. The Attorney General's News Briefing is published five days a week for the Office of Public Affairs by BulletinNews, which creates custom news briefings for government and corporate leaders and also publishes the White House Bulletin, Frontrunner and Washington Morning Update. We can be found on the Web at BulletinNews.com, or called at (703) 749-0040.

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Moschella, William

From:	Moschella, William
Sent:	Wednesday, July 05, 2006 3:24 PM
To:	Bradbury, Steve; Warwick, Brian; Gorsuch, Neil M
Subject:	FW: Schumer ltr to Gonzales
Attachments:	Gonzales letter 2.pdf

We need an answer to this gem before Steve's hearing also.

CHARLES E. SCHUMER
NEW YORK

COMMITTEES:
BANKING
JUDICIARY
RULES
FINANCE

United States Senate

WASHINGTON, DC 20510

July 2, 2006

The Honorable Alberto Gonzales
U.S. Department of Justice
950 Pennsylvania Avenue, NW
Washington, DC 20530-0001

Dear Attorney General Gonzales:

I write to urge you, in the wake of the Supreme Court's decision last week in *Hamdan v. Rumsfeld*, to establish an independent commission for the purpose of conducting a top-to-bottom legal review of all of the Administration's ongoing anti-terror measures.

Given the Supreme Court's decision striking down the creation – without Congressional approval – of military commissions to try detainees held at Guantanamo Bay and the existence of various other legal challenges wending their way through the courts, I am growing increasingly concerned about the Administration's stubbornly unilateral approach to these types of issues. The Administration has not only largely ignored the Congress, but has also badly miscalculated how its efforts would be evaluated by the Supreme Court. As the *Hamdan* decision demonstrates, however, attempts by the President to marginalize the other two branches of government threaten to undermine, rather than promote, counter-terrorism efforts.

Accordingly, before another Administration procedure or policy is struck down by the Supreme Court, dealing another potential setback to the war on terror and the prosecution of terrorists, I urge you to establish an independent commission to examine those policies and procedures. Such a commission would ideally be comprised of legal scholars, Administration officials, members of Congress, and distinguished judges, who would be in a position to conduct a comprehensive review of all of the Administration's anti-terror measures to ensure that they follow the law. We should not wait until the Court throws out another program before committing to working together going forward.

I firmly believe that we can prosecute the war on terror in a way that protects both security and liberty. In order to do so, however, we need to sit down and widen the circle beyond a few people in the Administration debating this issue in private.

I appreciate your attention to this matter, and I look forward to your prompt reply.

Sincerely,

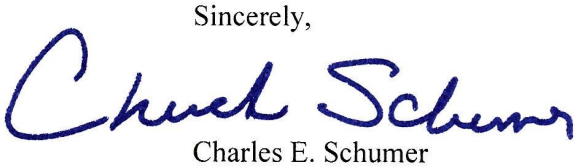

Charles E. Schumer
United States Senator

USDOJ- Office of Public Affairs

From:	USDOJ- Office of Public Affairs
Sent:	Thursday, July 6, 2006 9:08 AM
To:	USDOJ- Office of Public Affairs
Subject:	Attorney General's News Briefing for Thursday, July 06, 2006
Attachments:	agnb060706.pdf; agnb060706.doc

THE ATTORNEY GENERAL'S NEWS BRIEFING

PREPARED FOR THE OFFICE OF PUBLIC AFFAIRS, U.S. DEPARTMENT OF JUSTICE

TO: THE ATTORNEY GENERAL AND SENIOR STAFF

DATE: THURSDAY, JULY 6, 2006 7:45 AM EDT

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TERRORISM NEWS:

Italy Arrests Two Italian Intelligence Officials, Seeks Four Americans In Rendition Probe. The AP (7/6, Rizzo) reports, "Prosecutors said Wednesday they had arrested two Italian intelligence officers and were seeking four more Americans as part of an investigation into the alleged CIA kidnapping of an Egyptian cleric in Milan in 2003. … In a statement released in Milan, prosecutors said three Americans being sought were CIA agents, while the fourth worked at the joint U.S.-Italian air base of Aviano, where the Egyptian was allegedly taken after his abduction. The statement did not provide names" of the Italians, but "Italian media reports identified the two as Marco Mancini, currently the head of military counterespionage, and Gustavo Pignero, and said they were charged with kidnapping."

The New York Times (7/6,Grey, Povoledo, 1.19M) notes, "The arrests will put pressure on the new government of Prime Minister Romano Prodi to decide whether to back the efforts of the Milan prosecutor, which the previous government of Silvio Berlusconi had opposed." The Prodi "government is less supportive of the war in Iraq than was Mr. Berlusconi's. But Massimo Brutti, who oversees judicial issues for the largest party in the governing majority…said the change in government had not affected the decision to issue the arrest warrants."

The Los Angeles Times (7/6, Wilkinson, 958K) reports, "In marked contrast to the previous administration…Prodi's government Wednesday night pledged 'maximum cooperation' with the judiciary and expressed faith in the 'institutional loyalty' of the state security services. The arrests bolster a European report last month that denounced a global "spider's web" of collusion, including hundreds of alleged clandestine flights by CIA planes transporting terrorism suspects across Europe and into North Africa, the Middle East and Central Asia."

USA Today (7/6, 4A, 2.31M) also notes, "The arrests were the first acknowledgement that Italian agents may have been involved," and the Washington Post (7/6, A15, Whitlock, 744K) adds, "Several Italian and European lawmakers said Wednesday that the arrests confirmed what they had suspected all along: that the Italian government worked directly with the CIA to kidnap" Hassan Mustafa Osama Nasr. "Others said they were shocked at the move and said prosecutors were going after the wrong people."

Cole Bombing Mastermind Recaptured. ABC News.com (7/5, Ross) reports on its news blog the "alleged mastermind of the USS Cole bombing, Jamal Badawi, who had escaped from prison in Yemen, has been caught again according to US law enforcement sources." Badawi, "along with 22 others, had escaped from jail in February through an underground tunnel. The prisoners were believed to have help from both inside and outside the prison to dig the 460 foot tunnel."

Judge Denies Bond For Alleged Miami Terror Plotters. The AP (7/6, Wides-Munoz) reports, "A federal judge denied bond Wednesday to six men accused of plotting to blow up Chicago's Sears Tower and conspiring to help al-Qaida attack several federal buildings." The six, who have pleaded not guilty, "were arrested June 22 in Miami as part of an undercover FBI sting. They are accused of seeking to support what they thought was an al-Qaida operative's effort to bomb FBI buildings in Chicago, Los Angeles, Miami, New York and Washington." A seventh man arrested in the case and charged in Atlanta "was also being held without bond." US Magistrate Judge Ted Bandstra 'ruled Wednesday that the men in Miami posed too great a risk to the community to be released." The Los Angeles Times (7/6, Blum, 958K) also reports the story.

Judge Warns US Officials Not To Share Details Of Sealed Padilla Defense Motions. The AP (7/6) reports, "U.S. government officials who know of sealed defense motions in the Jose Padilla terror case face court punishment if they disclose their contents to the prosecution trial team, a judge has ruled. District Judge Marcia G. Cooke issued the order after Padilla's defense attorneys expressed concern over a sealed motion they filed requesting evidence and assistance from Egypt's government as part of their case. Defense attorneys claimed they received a call from a U.S. government representative who said that if the government is ordered to respond to a defense motion and the defense does not withdraw the motion, the government would disclose the motion's contents to the prosecution trial team."

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More Time Behind Bars Seen As Likely Future For Many Guantanamo Detainees. The Los Angeles Times (7/6, Williams, 958K) reports that the Bush Administration has described the men being held at the US detention facility at Guantanamo Bay, Cuba "as being among the world's most dangerous men, but many profess to be simple villagers captured in the chaotic aftermath of Sept. 11." The majority of them have "not been charged with any war crime," so their detentions were "unaffected by the Supreme Court ruling that struck down the tribunal system used for those who do face formal charges. Congress, however, is looking at passing legislation to mandate the procedures for dealing with the foreign captives." The short term outlook for these men ""seems to be more time inside the fences and razor wire of the camps set among cactus groves on this Caribbean island."

Media Leak Throws French Terror Trial Into Turmoil. The New York Times (7/6, Smith, 1.19M) reports, "A French terrorism trial was thrown into turmoil on Wednesday by a leaked report that French intelligence agents had secretly interviewed the six defendants during their detention by the United States at Guantánamo Bay in Cuba. The revelation by the daily newspaper Libération is an embarrassment for the French government, which has long expressed official disdain for the American policy of detaining terrorism suspects beyond the reach of law." The Times adds, "According to a copy of a diplomatic cable published Wednesday by the newspaper, French agents visited the detention center shortly after it was created in January 2002 and again in March of that year. … French courts have previously declared the Guantánamo detentions illegal."

UK Neighborhood Patrols Focus On Home-Grown Terror Threat. Under the headline "UK Targets Terrorists-to-Be," the Wall Street Journal (7/6, Mollenkamp, 2.11M) reports, "While other British intelligence and law-enforcement agencies concentrate on terrorists' international movements, telephone calls or money transfers, British police believe neighborhood patrols are the best way to confront a particular type of terrorist: the homegrown variety who grow up in Britain and lead otherwise ordinary lives until the day they strike. London's Metropolitan Police Service, better known as Scotland Yard, increasingly is looking at this approach, especially in the wake of incidents such as last year's London bus and subway bombings. … 'Terrorism starts in the neighborhoods,' says Tim Godwin, assistant commissioner for territorial policing at Scotland Yard. The hope is that having community-support officers as a familiar presence on the streets will 'build the trust and confidence that people can come forward and say, "I don't like what's going on next door,"' he says."

The New York Times (7/6, Cowell, 1.19M), meanwhile, says that "with some anxiety, Britons are still asking what inspired the onslaught by British-born Muslims, and whether the dark undercurrents of July 7, 2005, could resurface in a new attack." There is an "increasingly rancorous debate a year after the four bombers struck on three Underground trains and a bus. The government of Prime Minister Tony Blair is locked in recrimination with Muslim leaders, who say the authorities have failed to reduce Muslim discontent. Many Muslims…are insisting that the government do more to investigate the origins of the attack."

Al Qaeda To Release Video Of London Suicide Bomber. ABC News.com (7/5, Ross) reports on its news blog that Al Qaeda is "set to release a new video tape featuring one of the suicide bombers from last year's London attacks, according to Ben Venzke at the IntelCenter." Venzke says "the as-Sahab production house will be putting out a tape on the Internet sometime Thursday that includes a video last will and testament of Shahzad Tanweer as well as a new statement from the al Qaeda number two leader Ayman al-Zawahiri." The tape "is also expected to include former Californian Adam Gadahn, who now goes by the name of Azzam al-Amriki. Gadahn is believed by U.S. authorities to be running the al Qaeda propaganda operation from a secret location somewhere inside of Pakistan." The tapes' release "the day before the London anniversary bombings suggest that al Qaeda had a significant role in the attacks which killed 52 and injured hundreds."

PATRIOT ACT:

National Security Letters Allow FBI To Obtain Trove Of Personal Data. Under the headline "With only a letter, FBI can gather private data," USA Today (7/6, A1, Willing, 2.31M) reports on the increased post-9/11 use of National Security Letters by the FBI in counter-terrorism investigations, noting that the Library Connection lawsuit challenging an NSL request "provides a rare public glimpse of the vast amount of banking, credit, telephone and Internet records that anti-terrorism or counterintelligence

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investigators can have simply by asking." In a filing in the Library Connection suit, "David Szady, the FBI's assistant director for counterintelligence, said the letters are vital to the bureau's post-9/11 mission: to disrupt terrorist plots and other national security threats before attacks occur. … According to U.S. Justice Department figures, the FBI served 9,254 National Security Letters concerning 3,501 individuals in 2005." USA cites the arrest of al Qaeda terrorist Mohammad Junaid Babar in 2004 as an NSL "success story," but adds that the ACLU and civil liberties groups continue to criticize NSLs as unconstitutional."

In an accompanying table titled "Trove Of Information FBI Can Get," USA Today (7/6, 2A, 2.31M) reports, "Federal laws expanded by the USA Patriot Act of 2001 give anti-terrorism and counterintelligence investigators access to an array of consumer information beyond what the FBI can obtain through National Security Letters. … Some examples of records accessible to investigators: Driver's licenses, hotel bills, storage rental agreements, apartment leases and other commercial records. … Cash deposits, wire and digital money transfers, casino credit records, unusual bank transactions. … Patient business records and personal health information."

FBI Computer System Contractor Illegally Accessed Classified Data. The Washington Post (7/6, A5, Weiss, 744K) reports BAE Systems employee Joseph Thomas Colon, "using computer programs easily found on the Internet, managed to crack the FBI's classified computer system and gain the passwords of 38,000 employees, including that of FBI Director Robert S. Mueller III. … As a direct result, the bureau said it was forced to temporarily shut down its network and commit thousands of man-hours and millions of dollars to ensure no sensitive information was lost or misused." Colon, "who was assigned to the FBI field office in Springfield, Ill., said in court filings that he used the passwords and other information to bypass bureaucratic obstacles and better help the FBI install" the Trilogy system, and "he said agents in the Springfield office approved his actions." Colon is not accused of any malicious intent.

HOMELAND RESPONSE:

FAA Wants Restricted Airspace Training For Pilots. The Washington Post (7/6, A9, Wilber, 744K) reports that citing concerns over "too many pilots" violating restricted airspace around the Washington region, the FAA proposed a rule yesterday that would require the completion of "an Internet-based training course before being allowed to fly" in the area. Frequent "incursions drain resources from air-traffic controllers and from military and law enforcement authorities, officials said." The Aircraft Owners and Pilots Association said yesterday "it supported the FAA's proposed training requirements, which are to go into effect after a 60-day comment period."

New Orleans Officials Announce Neighborhood Rebuilding Plan. The New York Times (7/6, Saulny, 1.19M) reports New Orleans Mayor C. Ray Nagin, along with the City Council and community leaders, "announced a long-awaited framework Wednesday for planning the rebuilding of ruined neighborhoods, nearly a year after Hurricane Katrina and after months of indecision about how various parts of the city should work together toward recovery." The Unified New Orleans Neighborhood Plan, "financed largely by a $3.5 million grant from the Rockefeller Foundation, is expected to bring order to an effort that was beginning to grow unruly and uneven without strong central advice or control."

Groups See Potential For Fraud In Gulf Coast Housing Aid. USA Today (7/6, Hall, 2.31M) reports, "A block of consumer advocates, mortgage companies and community groups are warning that plans to hand out up to $150,000 apiece in housing aid to Gulf Coast hurricane victims could open the door to fraud." HUD Secretary Alphonso Jackson has received more than a dozen letters from groups concerned about the "nearly $7 billion in federal grants that would help tens of thousands of people in Louisiana and Mississippi rebuild damaged and destroyed homes. Both states have decided to give the grants directly to homeowners and bypass mortgage companies that typically dole out such money."

Texas Asks Louisiana To Issue Arrest Warrants For Felons Who Fled Katrina. USA Today (7/6, Johnson, 2.31M) reports the Texas attorney general's office is "urging Louisiana to issue arrest warrants for hundreds of felons who are suspected of violating conditions of their probation or parole by remaining in Texas nearly a year after fleeing Hurricane Katrina." The office "has sent Louisiana the names of more than 1,700 felons who either have failed to keep in touch with Louisiana officials or who have ignored court orders to return to Louisiana," 104 of whom "represent a particular risk to the public, says Angela Hale, spokeswoman

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for Texas Attorney General Greg Abbott. … A list of the offenders initially was assembled by the Federal Emergency Management Agency, which identified the felons from lists of Katrina evacuees who received federal housing or other disaster benefits."

WAR NEWS:

Car Bomb Kills 12 Pilgrims In Kufa. The Los Angeles Times/AP (7/6) reports a car bomb "targeting Iranian pilgrims struck this morning near a Shiite shrine in the holy city of Kufa, killing at least 12 people and wounding 37, police said." The bomb "exploded near the shrine of Maitham al-Tamar and yards from the Kufa mosque." Attacks on "houses of worship have stoked tensions between Shiite and Sunni Muslims." Meanwhile, "hundreds of U.S. Marines on Wednesday stormed through the largest hospital in western Iraq, taking control of a facility they said was being used by insurgents."

Violence Spreads To Baghdad University. The Washington Post (7/6, A1, Partlow, 744K) reports in a front page story that at Baghdad University, "It's finals time in Iraq. Black-clad gunmen have stormed a dormitory to snatch students from their rooms. Professors fear failing and angering their pupils. Administrators curtailed graduation ceremonies to avoid convening large groups of people into an obvious bombing target. Perhaps nowhere else does the prospect of two months' summer vacation -- for those who can afford it, a chance to flee the country -- bring such unbridled relief." On the "tree-shaded, stone-slab courtyard of Iraq's most prestigious university, with 70,000 undergraduates and 10,000 graduate students, students still stroll to class and chat idly with friends." Within the "concrete blast walls and barbed-wire barriers, the campus exists in relative calm compared with more overtly violent areas of Baghdad."

House Panel Subpoenas Pentagon For Information On Abu Ghraib Whistleblower. The AP (7/6, Jelinek) reports lawmakers have "issued a subpoena seeking Pentagon information on a soldier who says he suffered retaliation for reporting abuses at Abu Ghraib prison." The subpoena "from the House Government Reform Committee seeks all communications relating to information provided by Army Spc. Samuel Provance about the Iraq prison." The subpoena also "seeks information on the interrogation of an Iraqi officer there, identified by Provance as Gen. Hamid Zabar. Provance had helped interrogate Zabar's 16-year-old son and was later told the boy had been captured and abused to compel the general to give information, Provance said in testimony prepared for Congress." Provance has "said his rank was reduced for disobeying orders not to speak about mistreatment he saw at Abu Ghraib." The New York Times (7/6, 1.19M) runs the AP story.

Malaki Wants Independent Probe Of Alleged Rape-Murder By US Soldiers. The AP (7/6, Gamel) reports Iraqi Prime Minister Nouri al-Malaki "demanded an independent inquiry of the rape-slaying of a girl and the killing of her family, saying the immunity from Iraqi prosecution enjoyed by U.S. forces 'encouraged them to commit such crimes.'" Al-Malaki, "whose brief tenure has been marked by several high-profile allegations of abuse by U.S. forces, called for an Iraqi investigation — or at least a joint inquiry — into the March 12 rape and murder of Abeer Qassim Hamza, and the killing of her mother, father and sister at their home in Mahmoudiya, south of Baghdad. He also said the agreements under which U.S.-led coalition troops enjoy immunity from prosecution by Iraqi courts should be reviewed." Al-Maliki "spoke two days after former Army Pfc. Steve D. Green was charged in federal court in Charlotte, N.C., with rape and four counts of murder."

The New York Times (7/6, Semple, 1.19M) reports al-Maliki "said Wednesday that Iraq would open an inquest into the recently disclosed rape-and-murder case involving American soldiers and contended that the immunity from Iraqi prosecution granted to foreign troops encouraged them to commit crimes." American military officials "scrambled Wednesday to control fallout from the case, one of at least five current investigations into accusations that American troops in Iraq had killed unarmed civilians."

The Washington Post (7/6, A13, Finer, Partlow, 744K) reports, "Following a recent string of alleged atrocities by U.S. troops against Iraqi civilians, leaders from across Iraq's political spectrum," including al-Malaki, "called Wednesday for a review of the U.S.-drafted law that prevents prosecution of coalition forces in Iraqi courts." The demand "could widen a rift between U.S. and Iraqi authorities over killings and other crimes allegedly carried out in recent months." The dispute "centers on a rule with the force of law enacted two years ago by the U.S.-led Coalition Provisional Authority, which governed Iraq after the fall of Saddam Hussein. Known as CPA Order 17, it stipulates that coalition forces, diplomatic personnel

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and contractors working for coalition forces or for diplomats 'shall be immune from the Iraqi legal process.' But challenges to the immunity order have gained momentum, beginning with the November killing of 24 civilians in Haditha, which came to light in March when Time magazine reported the incident." In a "rare unified stance by factional leaders, members of Iraq's Kurdish and Sunni Arab political blocs endorsed Maliki's call to revisit the immunity issue."

The Los Angeles Times (7/6, Salman, Kennedy, 958K) reports the case, "which includes the alleged rape of the older daughter, has caused a firestorm in the United States and Iraq. And the soldiers, including one charged Monday with rape and murder, have become lurid symbols of the American military at its worst. The image has not been helped in recent weeks by the emergence of other accusations that U.S. soldiers had killed Iraqi civilians." Abu Firas Janabi, the cousin of the girls' mother, "has emerged as a potential witness, has been interviewed by a U.S. investigator. He lives about half a mile from the scene of the killings, just outside the town of Mahmoudiya." Janabi and his wife "found the two young boys in the family crying as they stood outside the farmhouse, where they could see the bodies inside. The boys had been at school when the killings occurred but were home by the time Janabi and his wife arrived."

Accused Soldier Joined Army To "Get Direction." The AP (7/6, Breed) reports Pvt. Green "was a high-school dropout from a broken home who enlisted to get some direction in his life, yet was sent home early because of an 'anti-social personality disorder.'" Green "could get the death penalty if convicted in the horrific crime that has strained the U.S. military's already troubled relations with the Iraqi people and sent shockwaves around the world." Military officials "said the accusations of Green's involvement in the rape and killings came to light more than a month later during a session to counsel soldiers about the June 16 abductions of two fellow soldiers who were killed, and reportedly mutilated, by insurgents."

The New York Times (7/6, Cloud, 1.19M) reports Pvt. Green "was allowed to leave the Army in May under guidelines that required a medical finding that he was suffering from a severe personality disorder, according to documents released by the Army on Wednesday." Green "left the Army on May 13 under a regulation that allows the Army to honorably discharge a soldier if a psychiatric evaluation finds a personality disorder 'so severe that the soldier's ability to function effectively in the military environment is significantly impaired,' the Army documents said."

Kurdish Islamists Seek To Ensconce Sharia In Regional Constitution. The Christian Science Monitor (7/6, Brandon, 61K) reports the creation "of a new constitution for Iraq's autonomous Kurdish region was meant to be relatively straightforward. But instead, Kurdish Islamic parties have courted controversy by calling a greater role for sharia, or Islamic law." Mohammed Ahmed, a member of parliament for the Kurdistan Islamic Union (KIU), "the largest Kurdish Islamic party in the regional parliament, the Kurdistan National Assembly," said, "The Kurds are a Muslim nation and we have to follow Islam." The Monitor adds that "such calls may well go unheeded by secular parties which hold 80 percent of seats in the parliament, where a cross-party committee is now drawing up a draft constitution." But the "demands for Islamic law reflect the growing popularity of Islamic parties like the KIU and its smaller, more radical rival Komala, which was once allied with the Al-Qaeda's Kurdish offshoot Ansar Al-Islam. While unlikely to change the political power balance in Kurdistan any time soon, the Islamic parties may cultivate the ground for more radical ideas to take root."

Bombings In Kabul Kill One, Injure 47. The AP (7/6, Shah) reports, "Multiple bombs exploded Wednesday in Kabul for the second day in a row, killing one bystander, wounding 47 and raising fears that violence largely confined to the south and east will increasingly make its way into the capital." The blasts "came as U.S.-led coalition forces in the south killed 35 suspected militants during a raid Tuesday night while hunting for Taliban fighters. One British soldier was killed on patrol in a separate attack." The violence "has shaken the city, which has seen little of the heavy fighting sparked by resurgent Taliban militants in southern Afghanistan."

The Washington Post (7/6, A12, Constable, 744K) reports the three bombs were "apparently aimed at buses carrying government workers and Afghan troops." The blasts "occurred one day after two similar bombs were set off here, injuring 10. In those attacks, one bomb exploded near a bus carrying workers to the Interior Ministry and the second detonated in a vendor's cart near the Justice and Finance ministries, several hundred yards from the presidential palace."

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Afghanistan Destroys 40 Tons Of Confiscated Drugs. The AP (7/6, Faiez) reports Afghan officials "destroyed more than 40 tons of confiscated narcotics worth an estimated $500 million on Wednesday in a giant bonfire on the outskirts of Kabul." Afghan counter narcotics police "have also arrested more than 600 drug traffickers, including 19 government officials, over the last year, said Deputy Interior Ministry Gen. Mohammad Daud Daud. Some 63 traffickers have been given long-term jail sentences for drug smuggling, according to the ministry."

Fisher Houses Aid Families Of Wounded Veterans. In a Wall Street Journal op-ed (7/6), San Antonio Express-News columnist Jonathan Gurwitz says that since the fall of 2001, the Brooke Army Medical Center (BAMC) at Fort Sam Houston in San Antonio "has treated more than 2,300 casualties from Operation Enduring Freedom and Operation Iraqi Freedom. The trauma center is heartbreakingly filled with the mangled and burned bodies of young Americans. For the wounded, the love and care of family members is indispensable. The painful rehabilitation process is made more bearable by the presence of loved ones. And many times, that would not be possible were it not for Fisher Houses." The Fisher Houses are "homes away from home for the families of wounded service members. They were born from a discussion in 1990 between the late Zachary Fisher, New York developer and philanthropist, and Pauline Trost, wife of Chief of Naval Operations Adm. Carlisle Trost." Mrs. Trost, "who was a volunteer at Bethesda Naval Hospital, relayed the story of a sailor sleeping in his car because he couldn't afford a hotel room while his wife was recuperating from surgery. The account inspired Mr. Fisher and Adm. Trost to begin a bureaucratic fight to create an innovative partnership between government and private philanthropy."

CORPORATE SCANDALS:

Lay Dies Of Heart Attack. ABC World News Tonight (7/5, story 4, 2:20, Sawyer, 8.78M) reported, "Ken Lay, the founder of Enron, who took it to such great heights before it collapsed in one of greatest scandals in corporate history, died of a heart attack today at the age of 64."

The CBS Evening News (7/5, story 6, 1:55, Smith, 7.66M) reported, "Lay's sudden death didn't temper the anger of former employees." Lois Black, former Enron employee: "It's easy to die. Boom, you're gone. But to serve day after day in a prison cell after having lived a lavish lifestyle that he had become accustomed to, it's getting out easy."

NBC Nightly News (7/5, story 6, 2:10, Teague, 9.87M) reported, "During the trial, Lay claimed his personal fortune was gone, but in filings just last week, prosecutors said his assets total nearly $8 million, including this luxury condo here in Houston. Prosecutors today aren't commenting on Lay's death, and his family asks that their privacy be respected. Meanwhile, former Enron employees are left stunned." Connie Castillo, former Enron employee: "No matter how bad or whatever he did, he loved his family and that was pretty clear."

The Wall Street Journal (7/6, Emshwiller, 2.11M) reports, "With his death, his record may be expunged, though civil lawsuits against his estate likely will continue." The New York Times (7/6, Romero, 1.19M) says Lay's death "may have spared his survivors financial ruin. Mr. Lay's death effectively voids the guilty verdict against him, temporarily thwarting the federal government's efforts to seize his remaining real estate and financial assets, legal experts say."

The Financial Times (7/6, Ben White) says "Lay's death means the full story of Enron's catastrophic fall may never be known. Historians had hoped Mr Lay might provide a fuller account, from prison or after his release, of what was real at Enron and what was accounting fantasy." A similar Los Angeles Times (7/6, Bustillo, Mulligan, 958K) story reports Lay's death "complicates the federal government's effort to close the books on one of its most ambitious corporate fraud prosecutions. Legal experts said there is precedent in the federal courts for a criminal conviction to be wiped out after a defendant's death, on the grounds that the case had not reached finality because the defendant had not had the opportunity to exhaust all appeals."

The Washington Times/AP (7/6, Hays) reports Lay "had stayed out of the public eye since a federal jury on May 25 convicted him and former Enron CEO Jeffrey Skilling of fraud and conspiracy for lying to employees and investors about Enron's financial health." Lay, "who described himself as naturally optimistic, displayed no signs of ill health throughout the grueling four-month trial that started Jan. 30. His lead lawyer, Michael Ramsey, was sidelined for several weeks during the trial because of heart problems." Kurtzman "said the autopsy revealed that Lay had a heart attack in the past." The New York Times (7/6, Eichenwald, 1.19M) and Washington Post (7/6, A1, Johnson, 744K) run similar reports.

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The Deal (7/6, Poole) reports, "The death Wednesday of Kenneth Lay, the founder and former chairman and CEO of Enron Corp., means any restitution in the criminal case will probably be vacated and the future of the Securities and Exchange Commission and civil cases will be more difficult to pursue, according to attorneys following the case. … 'It's a tragic end to a tragic story,' said Kirby Behre, a former federal prosecutor and now partner at Paul, Hastings, Janofsky & Walker in Washington. 'You don't have to be doctor to know that he was under a lot of stress. The sentencing won't go forward, mooted by his death, but the more interesting issue will be seizure and now forfeiture of the assets -- do they transfer to his wife? Even if they pass to a spouse or family, they're still attachable and still forfeitable to the government.'" The Deal adds, "Jacob Frenkel, a defense attorney at Shulman Rogers Gandal Pordy & Ecker in Rockville, Md., who worked at the SEC and is also a former federal prosecutor, said while Lay's death is sad and shows the 'human soul' of the case, there will be a lot of pressure on the government to pursue Lay's assets. 'But whether it can be done through a criminal proceeding, that's the unanswered question. It's not a case against an entity; it's a case against him, and he's no longer here. Then there's the SEC case and civil litigation. Those seeking to pursue his assets may or may not be able to find recovery.'"

CNN.com (7/6) reports, "White House spokesman Tony Snow said Wednesday that Lay was an 'acquaintance,' not a friend, of the president, 'and many of the president's acquaintances have passed on during his time in office.' … 'I really haven't talked to him about it,' Snow said. 'I'll give you my own personal reaction, which is that when somebody dies, you leave behind those who grieve, and I think they deserve our compassion.' … The U.S. Justice Department had no comment in reaction to news of Lay's death."

AFP (7/6, Lever) reports, "David Berg, a Houston-based trial lawyer who has followed the case closely, said Lay's death would have no impact on Skilling's sentence or appeal, or on the various civil suits pending. … 'As to the civil cases (against Lay) it will have no impact because it will proceed against his estate,' Berg said."

The Rocky Mountain News (7/6, Rudawsky) reports, "As part of the 64-year-old's $5 million bond conditions, he was required to stay in the Southern District of Texas or Colorado or en route between the two until his sentencing in October. … He reportedly traveled to Old Snowmass, about 12 miles 'downvalley' from the better-known town of Aspen, shortly after he was convicted. He was sighted on a United Airlines flight, and was said to be staying at a ranch, rarely coming into town."

More Commentary. The New York Times (7/6, 1.19M) editorializes that Lay "was headed for the penitentiary, but that did not have to be the end for him. He would have had an opportunity to use his personal skills to help other prisoners. And at 64 years, he might have had another shot at that third act after all. Michael Milken has devoted much of his resources to medical research since serving his sentence. What Ken Lay might have done we will never know. Chances are it would have been interesting."

Steven Pearlstein writes in the Washington Post (7/6, D1, 744K), "The remarkable rise and tragic fall of Ken Lay is really a story about a man whose optimism was finally outrun by reality. Early on, he found he could succeed by putting the best face on things, stretching the truth, dismissing the doubts of naysayers." But "in the end, those habits became his undoing." Also in the Washington Post (7/6, C1, 744K), Henry Allen writes an "Essay" titled "Ken Lay's Last Evasion," in which he says "many people had looked forward to knowing more about Ken Lay, especially how he liked prison."

2nd Circuit Asks New York Court To Rule On NASD Form Statement Privilege. The New York Law Journal (7/6, Hamblett) reports, "Are statements made by an employer on a National Association of Securities Dealers termination form subject to an absolute or qualified privilege? … That is the question the 2nd U.S. Circuit Court of Appeals wants New York state judges to answer as it wrestles with the latest of several cases where a fired employee claims he was libeled in a termination form by his employer." The Journal continues, "The circuit, calling it an 'unsettled and important' question of New York law, has asked the state's highest court to resolve the issue in Rosenberg v. MetLife. Inc., 05-4363-cv. … The decision certifying the question to the New York Court of Appeals was issued by Chief Judge John M. Walker Jr., Judge Dennis Jacobs and, sitting by designation, Judge J. Clifford Wallace of the 9th Circuit." The Journal adds, "Chaskie Rosenberg sued MetLife for employment discrimination, libel, fraudulent misrepresentation and breach of contract. The suit claimed Rosenberg was investigated and ultimately fired because he was a Hasidic Jew. … The NASD requires that, whenever a registered employee is terminated, member firms must fill out a termination form -- Form U-5. … Rosenberg's Form U-5 stated that, 'An internal

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review disclosed Mr. Rosenberg appeared to have violated company policies and procedures involving speculative insurance sales and possible accessory to money laundering violations.' … That same statement, Walker said, appeared on the Form U-5 of each of five other Hasidic Jews who were fired by MetLife -- all of whom worked out of the company's All-Boro Agency and were hired to develop business in the Hasidic community in Brooklyn. … Southern District of New York Judge Jed Rakoff held that the statement on the Form U-5 was absolutely privileged, barring legal action against MetLife. Rakoff said that, although the circuit may have ruled to the contrary in Fahnestock & Co. v. Waltman, 935 F.2d 512 (1991), 'the overwhelming authority in the New York courts has since rendered Fahnestock bad law.'"

Stock Options Probe Widens To Include Marvell, Quest, Openwave. Bloomberg News (7/6, Day) reports, "Marvell Technology Group Ltd.'s accounting is being scrutinized, Quest Software Inc. will restate six years of results and Openwave Systems Inc. received two subpoenas as the investigation into stock-option grants widened." Bloomberg continues, "Executives of Mercury Interactive Corp. held a conference call Wednesday to discuss Monday's announcement that it found 54 intentional acts of option backdating starting as far back as 1994. … The Securities and Exchange Commission signaled an escalation in the effort to clean up option grants by warning Mercury that it may bar three directors from serving on boards of public companies. Mercury, Marvell, Openwave and Quest are among at least 62 companies whose option grants to executives and directors are under scrutiny by the SEC, the Justice Department or internal review panels. … 'You're going to see more and more action against directors by the commission,' former SEC Chairman Arthur Levitt said Wednesday. 'The commission takes this very seriously and will come down hard.'" Bloomberg notes, "Apple Computer Inc. and Home Depot Inc. also are investigating to see if grant dates were manipulated to increase payoffs. Apple late Wednesday said that at least two shareholder lawsuits were brought against company officers and directors over the option grants."

The AP (7/6, Gordon) reports, "The Securities and Exchange Commission staff is considering civil charges against a former finance chief and three directors of Mercury Interactive Corp., as regulators sharpen a probe into how stock options were dated." The AP continues, "Mercury, one of the earliest companies to become ensnared in the widening controversy over suspicious timing of stock option awards to top executives, disclosed the notices from the SEC enforcement staff to the three directors." The AP adds, "Separately, software maker Opsware Inc., said Wednesday that its chief financial officer, Sharlene Abrams — who formerly held that position at Mercury — also had received a so-called Wells notice from the SEC related to timing of stock options at her former company. .. In issuing Wells notices, the SEC enforcement staff customarily gives the companies or individuals receiving them the chance to make the case why charges are unwarranted. … The three Mercury directors — Igal Kohavi, Yair Shamir and Giora Yaron — have told the SEC staff they will formally assert 'that they did not violate the federal securities laws, that they did not participate in or know of option backdating, and that the charges under consideration are legally and factually without basis,' the company said Monday in a news release."

Austrian Bank To Pay $675 Million In Refco Probe. USA Today (6/6, Farrell) reports, "More than six months after the former CEO of a financial services firm was indicted on charges of fraud, a government investigation into the matter seems to have gathered momentum." USA continues, "The U.S. Attorney's office here announced Monday that an Austrian bank would pay at least $675 million to settle claims that it helped Refco and its former CEO, Phillip Bennett, hide more than $1 billion in debt from investors and creditors in the past five years." USA adds, "The settlement was part of a non-prosecution agreement between federal prosecutors and the Bank fur Arbeit und Wirtschaft (Bawag), headquartered in Vienna. In a statement, Michael Garcia, the U.S. Attorney in Manhattan, said the bank merited the non-prosecution agreement because new management, installed in January after the scandal, was cooperating fully with the criminal investigation. … Although no mention was made of the bank's previous management, prosecutors and regulators from the Securities and Exchange Commission are continuing their investigation." USA notes, "The deal lifts a cloud of uncertainty from the bank, while resolving most of the financial claims that have been lodged against it for its role in propping up Refco, now in Chapter 11. … More than half of the $675 million settlement will go to Refco's creditors. About $84 million will be paid to Thomas Lee Partners, which bought a substantial stake in the firm in 2004, and another

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$100 million to shareholders who invested in Refco after its 2005 IPO."

Private-Equity Firms Quick To Hire DC Insiders. The Wall Street Journal (7/6, B2B, Tracy) reports, "Private-equity firms are finding it hard to turn down job candidates when their experience includes oversight of the U.S. economy, drafting national laws and trying to secure world peace. Within the past decade, U.S. private-equity firms have recruited more than a dozen politicians to their ranks, employing them as partners, consultants, advisers and board members. Law firms and other high-powered employers often follow the same strategy. In April, Apollo Investment Corp., the publicly traded arm of Apollo Management LP, became the most recent firm to hire a Washington insider, appointing former U.S. Sen. Thomas A. Daschle of South Dakota to its board." The Journal notes, "Former Treasury Secretary Paul O'Neill joined Blackstone Group in 2003; Kleiner Perkins Caufield & Byers recruited former Secretary of State Colin Powell last year; and Yucaipa Cos. brought former President Bill Clinton on board in 2002. Over the years, Carlyle Group has employed almost half a dozen ex-government officials, including former President George H.W. Bush, former Secretary of State James Baker and former Secretary of Defense Frank Carlucci." The Journal adds that "private-equity firms have plenty of reasons to be involved in Washington's affairs these days." The SEC's "attempts to regulate hedge funds are continuing. Also, Congress could always consider legislation concerning capital-gains taxes or Sarbanes-Oxley requirements that might affect their operations."

CRIMINAL LAW:

US Charges Three In Theft Of Coke Secrets. The CBS Evening News (7/5, story 10, 0:20, Smith) reported, "Three people, including an employee of Coca-Cola, were charged today with stealing Coke's secret recipes and trying to sell them to Pepsi. Federal authorities say a Coke employee rifled through company files at Coke's Atlanta headquarters and stole documents and a sample of a new drink. The arrest came after an undercover investigation."

The Washington Post (7/6, D1, Day) reports, "The FBI arrested three people in Atlanta yesterday on charges that they conspired to steal trade secrets from Coca-Cola Co. and sell the information for more than $1.5 million to PepsiCo Inc., federal law enforcement officials said." The Post continues, "The defendants, including one Coca-Cola employee, who worked as an administrative assistant in the company's Atlanta headquarters, contacted PepsiCo officials in May, who tipped off Coca-Cola officials, who then contacted the FBI, according to Atlanta U.S. Attorney David E. Nahmias. … Coca-Cola and PepsiCo, whose fierce rivalry in the soft-drink and food arena has provided case studies for generations of marketing students, worked together to help federal agents set up an undercover sting operation that led to yesterday's arrests."

The Wall Street Journal (7/6, Mckay) reports, "Pepsi tipped off Coke to the scheme, which was busted after an undercover agent paid off one of the defendants with $30,000 stuffed into a Girl Scout cookie box, according to a statement from the U.S. attorney's office in Atlanta. The suspects, who are charged with wire fraud and unlawfully stealing and selling Coke trade secrets, were arrested Wednesday and are expected to appear before a federal magistrate judge in Atlanta Thursday." The Journal adds, "Prosecutors said the three people arrested had attempted to sell to Pepsi several documents and a sample of a product under development at Coke. An unidentified senior executive at Pepsi headquarters in Purchase, N.Y., received a letter in May in an official Coca-Cola envelope from a man identifying himself as 'Dirk' and offering to sell confidential Coke information, Pepsi spokesman Mark Dollins said. … Mr. Dollins said Pepsi 'immediately' turned the letter over to Coke, of Atlanta. 'We only did what any responsible company would do,' he said. 'Competition must be tough, but must always be fair and legal.' On May 24, Coke turned the letter over to the Federal Bureau of Investigation, which launched an undercover investigation."

The New York Times (7/6, Goodman) reports, "The recipe for Coca-Cola Classic, perhaps the company's most closely guarded secret, was never in jeopardy, said Ben Deutsch, a spokesman for Coca-Cola. … Instead, the information seems to be related to a beverage in development that had not yet been released, though the company declined to reveal more about the nature or scope of the thefts." The Times adds, "Executives at Coca-Cola verified that the documents were valid and proprietary. … At least one glass vial containing a sample of a new drink was offered for sale, court documents said. … According to a criminal complaint filed in federal court Wednesday, a letter postmarked May 8 and written on a Coca-Cola letterhead by

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someone who claimed to be a high-level employee at the company was mailed to executives at PepsiCo, offering 'very detailed and confidential information' in exchange for cash. … 'Pepsi, to their great credit, turned the letter over to Coke, who brought the matter to us,' said David E. Nahmias, United States attorney for the Northern District of Georgia."

The Financial Times (7/6, Ward) reports, "Prosecutors said that video footage filmed at Coke's headquarters showed Joya Williams, a company employee, rifling through corporate files and stuffing documents and the drink sample into her bag. … According to prosecutors, another of the conspirators attempted to sell the documents to an undercover FBI agent, posing as a go-between for PepsiCo, for $10,000 and the product sample for $75,000. … Later, the FBI agent struck a deal with the same suspect to buy additional trade secrets for $1.5m."

AFP (7/6) and the Atlanta Business Chronicle (7/6) also report on the arrests.

Former Florida Prisons Head To Plead Guilty To Federal Kickback Charge. USA Today/AP (7/6) reports, "The former head of Florida's prisons, ousted amid a broad investigation of alleged criminal activity within the system, will plead guilty to a federal charge of accepting kickbacks, according to court documents filed Wednesday." The AP continues, "Former Florida Corrections Secretary James Crosby and former corrections department regional director Allen Clark are accused of accepting $130,000 from a subcontractor over 2 years ending in February, according to the documents filed in U.S. District Court." The AP adds, "As part of a plea agreement, Crosby will not face any other federal charges in return for his cooperation in the continuing investigation. Clark also accepted a plea agreement. … U.S. Attorney Paul Perez said both Crosby and Clark can expect up to eight years in prison." The AP notes< "Law enforcement officials said seven other current and former prison employees are facing state charges of grand theft and one other person a charge of accepting unauthorized compensation."

The Tallahassee Democrat (7/6, Cotterell, 51K) adds that at a press conference yesterday, US Attorney Paul Perez and Jacksonville FBI Assistant SAC Nestor Duarte "said that Crosby and Clark took kickbacks totaling $1,000 to $12,000 per month from a subcontactor of Keefe Commissary Network of St. Louis. Crosby and Clark approached Keefe about its using a Gainesville friend of theirs to handle prison concessions. The unidentified subcontractor allegedly promised Clark and Crosby 40 percent of the $1.5 million he stood to make."

The Miami Herald (7/6, Caputo, Long, 323K) reports, "Crosby's written plea agreement implicating himself and…Clark was released just before state and federal authorities announced seven other former officials of the nation's third-largest prison system were charged in state court with theft. Including Wednesday's arrests, 21 former Department of Corrections workers have been charged since 2003 in a wide-ranging probe of steroid distribution, rampant theft, misuse of inmate labor, questionable contracts, drunken violence and a cutthroat softball culture in which a former pro slugger was given a no-show job to play ball. … Said FBI investigator Nestor Duarte: 'Many times when the top officials of a public agency are engaged in corrupt activity it fosters a culture of corruption which permeates the department.'"

New York Times Reporter Banned From Visiting Jailed Pellicano. The Los Angeles Times (7/6, Philips) reports, "The Metropolitan Detention Center in Los Angeles has barred a New York Times reporter from the facility for allegedly misrepresenting herself in an effort to interview Anthony Pellicano, the celebrity detective at the center of a Hollywood wiretapping scandal." The Times continues, "Allison Hope Weiner, who has written about the Pellicano case, got into the jail last month after presenting a State Bar of California card and asking to speak with the investigator. Weiner, who earned a degree 20 years ago from the USC law school, is registered with the California bar but has never done legal work for Pellicano or the New York Times." The Times adds, "Michael Benov, warden of the detention center, issued an order in February saying that, for security reasons, no one could visit Pellicano except his lawyer or immediate family. After learning that Weiner was admitted to a room in the jail where prisoners meet with their lawyers, Benov ordered an investigation. … Guards brought Pellicano from his cell to the meeting room, but he refused to talk to Weiner after learning that she was a reporter. .. A spokeswoman for the New York Times confirmed that Weiner had received a letter from Benov permanently barring her from the facility."

FBI To Open Criminal Probe Of Memphis Parking Garage Construction Errors. The Memphis Commercial Appeal (7/6, Williams, Erskine)

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reports, "The FBI is launching a criminal investigation of FedExForum's parking garage, answering the calls of City Council members and angering Mayor Willie Herenton. 'This is so ridiculous for anyone to suggest that there's been some criminal activity,' Herenton said Wednesday. … But council member Myron Lowery, referring to $6.3 million in federal funding the city is losing over garage mistakes, said, 'If there was nothing done illegally, why are we being asked to pay back money out of future funds?' FBI spokesman George Bolds declined to comment Wednesday, but U.S. Atty. David Kustoff said, 'The matter has been referred to the FBI for the purpose of determining any criminal activity involving the construction of the parking garage at the FedExForum.'" WREG-TV Memphis (7/5, Encina) notes on its Web site from a story broadcast yesterday, "the FBI will start investigating how the 20 million dollar FedEx Forum parking garage is lacking an entire floor, not to mention a bus terminal." Kustoff said, "If the report comes back and there was criminal activity we will prosecute." WREG adds that in a statement released yesterday, the Memphis Public Building Authority, "the agency in charge of overseeing the construction of the forum," said it "is confident it properly fulfilled it's responsibilities" and "will cooperate fully with the ongoing investigation."

Judge Rejects Defense Motion To Vacate Virginia Mayor's Corruption Conviction. The Lynchburg News & Advance (7/6, Reilly) reports US District Judge James Turk ruled yesterday that "defense motions seeking to throw out the recent convictions against Carl Hutcherson have 'no basis,'" derailing "a defense strategy focused on acquitting the former Lynchburg mayor of obstruction of justice, a crime his attorneys have said factor 'greatly' into his sentence." The News & Advance notes, "The defense reasoned that Hutcherson couldn't be convicted of obstruction because prosecutors forced him to turn over fake board minutes to a grand jury. … But Turk wrote that the defense's reasoning is flawed because of the 'misguided reliance' on an older section of the code dealing with obstruction. The former mayor's conviction for lying to an FBI agent and leading him on a search for documents he knew didn't exist is consistent with the newer obstruction law, Turk wrote."

Nevada DA Withdraws From Spousal Murder-Judicial Sniper Case. The AP (7/6, Chereb) reports, "Washoe County District Attorney Dick Gammick, citing possible conflicts of interest, on Wednesday removed his office from the case involving a wealthy businessman charged with killing his wife and shooting the judge who was handling their bitter divorce. At a morning news conference, Gammick said the Clark County district attorney's office will take over prosecution of Darren Mack." The AP notes that for the 11 days Mack was on the run, "Gammick said Mack called him about a dozen times to discuss his surrender. They also communicated by e-mail. Because of those communications, defense lawyers argue that Gammick is a potential witness."

Missouri Man Sentenced To Year In Prison For Identity Theft. The St. Louis Post-Dispatch (7/6, Shinkle, 310K) reports, "An identity thief who made taunting statements to his victim was sentenced Wednesday to a year and a day in prison and ordered to repay $12,316 in losses." Mario D. Smith of St. Louis "pleaded guilty in April in U.S. District Court to one count of credit card fraud. The FBI claimed that Smith used the credit cards of Steven B. Weiss to set up credit card accounts, and then made charges on those accounts. … The case became more than a routine identity theft when Weiss contacted the perpetrator to try to stop the fraud, and the two had a series of communications." The Post-Dispatch notes, "Ultimately, authorities concluded that Smith…did not intend to harm Weiss."

Son Of Former Liberian Leader Pleads Not Guilty To US Fraud Charges. The New York Times (7/6, Goodnough) reports, "The son of Charles G. Taylor, the Liberian warlord and former president awaiting trial in the Netherlands on charges of human rights atrocities, pleaded not guilty here on Wednesday to charges of passport fraud and was returned to jail to await trial." The Times continues, "The son, Charles McArthur Emmanuel, also known as Charles Taylor Jr., has been held without bail at the Federal Detention Center downtown since March 30, when he arrived at Miami International Airport from Trinidad and Tobago." The Times adds, "Mr. Emmanuel lied on March 15 in applying to renew his passport and listing his father as Steven Smith of St. Vincent, court papers say. … He was seeking the renewal at the American Embassy in Port of Spain, Trinidad, days before President Ellen Johnson Sirleaf of Liberia asked Nigeria to extradite his father to face charges in Sierra Leone. … Mr. Emmanuel, 29, who goes by Chuckie, was born in Boston to a girlfriend of Mr. Taylor, who was living

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there. The criminal complaint against him says Mr. Emmanuel joined his father in West Africa in the 1990's, running the Liberian Antiterrorist Unit, an elite military force that provided security to Mr. Taylor while he was president of the war-torn country from 1997 to 2003."

DC Lobbying Firm Under Corruption Probe Underreported Income. The Washington Post (7/6, A4, Smith) reports, "A Washington lobbying firm at the center of a federal corruption probe failed to disclose at least $755,000 in income from 17 nonprofit organizations and governmental entities, and $635,000 from 18 other clients between 1998 and 2005, according to the firm's recently amended filings with the clerk of the House." The Post continues, "Lawyers for the Copeland Lowery Jacquez Denton & White firm say that the errors were inadvertent. But some experts have called them unusual and suggested that Copeland Lowery might have been trying to play down how much money it was paid by those who received federal grants the firm arranged, particularly the clients who paid its lobbying fees with tax-exempt or public funds." The Post adds, "Such payments to obtain 'earmarks' -- a form of funding directed by language that lawmakers often insert in spending bills without hearings or competition -- have become increasingly common on Capitol Hill and increasingly controversial. Federal investigators have been probing whether there was a relationship between some of these earmarks and the campaign donations Copeland Lowery lobbyists made to House Appropriations Chairman Jerry Lewis (R-Calif.) and his committee colleagues. … The initial reporting errors had the effect of understating what Copeland Lowery received in lobbying fees from universities, health-care centers and municipal governments, among others. The reporting errors also understated what the lobbying firm received from private firms including ADCS Inc., owned by Brent R. Wilkes, a longtime Republican contributor also targeted in the federal probe. … Wilkes, who was close to former representative Randy 'Duke' Cunningham (R-Calif.) before Cunningham's recent conviction for taking $2.4 million worth of bribes, was identified as co-conspirator No. 1 in court documents charging Cunningham, a former Appropriations Committee member. Lewis and Wilkes have denied wrongdoing."

Maryland Accountant Denies Aiding Bribery Scheme. The Washington Post (7/6, B04, Rich) reports, "An Upper Marlboro accountant, testifying at his own trial yesterday, denied that he conspired with two Prince George's County officials to demand a $250,000 bribe from a security company in exchange for a county contract worth more than $1 million." The Post continues, "At the trial, which is winding toward conclusion after six days of testimony, prosecutors have accused accountant Paul L. Wright of serving as the bagman in a 2004 bribery scheme targeting Interior Systems Inc. They allege that payments in exchange for the contract were to be laundered through one of Wright's companies." The Post adds, "The investigation by State Prosecutor Robert A. Rohrbaugh, in cooperation with the FBI and other agencies, has led to the conviction of Robert L. Isom, the former deputy director of the county Department of Environmental Resources. Isom pleaded guilty to conspiracy to commit bribery last September and testified against Wright last week. … As the prosecution and Isom described it, the cost of the scheme would have been borne by taxpayers: ISI, a subcontractor, was to recover the cost of the bribery payments through change orders that were to be approved by county staff after the contract was awarded. … Wright's trial in Prince George's Circuit Court has offered a preview of the evidence prosecutors will probably present next month at the trial of the official they have painted as the ringleader, Robert L. Thomas, the former deputy director of the county's Office of Central Services."

New York Lawmakers Criticized For Failing To Pass Sex-Trafficking Bill. In a piece in the New York Times (7/6), columnist Bob Herbert writes, "Early last year a Democratic assemblyman from the Bronx, Jeffrey Dinowitz, introduced a bill to fight sex trafficking." Dinowitz "hoped, through his legislation, to establish two new crimes in New York: trafficking a person for sexual servitude and trafficking a person for labor servitude." His bill "would have made trafficking a Class C felony, with penalties ranging from probation for a first-time offender to a maximum of 15 years in prison. It would have modestly raised the penalties for patronizing prostitutes, making it easier to jail chronic offenders. And it would have addressed the problem of sex tourism, in which tour companies arrange trips from the U.S. to foreign countries so the tourists -- invariably men -- can have sex with foreign prostitutes, many of whom have been forced into the sex trade, and some of whom are children." Hebert notes, however, that Dinowitz's "bill hit a few roadblocks," as the Assembly and state Senate squabbled over the wording in the bill. Herbert adds, "Neither house of

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the Legislature gave the other house's bill serious consideration. Last week the Assembly and the Senate adjourned without making any genuine attempt to actually enact a law against sex trafficking. It was a big win for the pimps and the madams."

Intelligence Analyst Faces Questions Over Support For China Spy. The Washington Times (7/6, Gertz, 90K) reports that Lonnie Henley, a high ranking US intelligence analyst "is facing an internal probe for his support of former Defense Intelligence Agency (DIA) analyst Ron Montaperto, who recently pleaded guilty to an espionage-related charge involving contacts with Chinese intelligence." Henley "recently sent a two-page e-mail to several hundred current and former US intelligence and policy officials criticizing the FBI investigation of Montaperto and defending the former DIA analyst. … Mr. Henley also made telephone calls to intelligence officials after the guilty plea to state that Montaperto was caught up in technical violations of classified information laws."

CIVIL LAW:

Federal Judge Blocks Rule Allowing Firms To Cut Retirees' Benefits. The New York Times (7/6, Pear) reports, "A federal district judge on Wednesday blocked a Bush administration rule that would have allowed employers to reduce or eliminate health benefits for retirees when they reach age 65 and become eligible for Medicare." The Times continues, "Ten million retirees could have had benefits cut under the rule, which was adopted last April by the Equal Employment Opportunity Commission. … The judge, Anita B. Brody of the Federal District Court in Philadelphia, struck down the rule and issued a permanent injunction that prohibits federal officials from enforcing it. … The rule 'is contrary to Congressional intent and the plain language of the Age Discrimination in Employment Act,' the 1967 law that bans most forms of age discrimination in the workplace, Judge Brody wrote." The Times adds, "The erosion of retiree health benefits is an explosive political issue. Before issuing the rule, the commission was deluged with letters opposing it. … The rule would have created an explicit exemption to the age discrimination law, allowing employers to reduce health benefits for retirees when they became eligible for Medicare. Under the rule, Judge Brody said, employers could have given older retirees "health benefits that are inferior" to those given retirees younger than 65. … The commission argued that employers were more likely to continue providing health benefits to retirees under 65 if they were allowed to reduce or eliminate benefits for those 65 and older. … AARP, the main plaintiff in the case, rejected that argument. It said the rule would accelerate the erosion of retiree health benefits, a trend that has been evident for more than a decade."

CIVIL RIGHTS:

Dispute Over Florida Synagogue Settled. The Miami Herald (7/6, Wright) reports, "A five-year battle between the city of Hollywood and an Orthodox Jewish synagogue appears to be over." The Herald continues, "The two sides agreed to end the feud today, signing a settlement deal that will allow the Hollywood Community Synagogue Chabad Lubavitch to stay in two homes in a residential neighborhood permanently and expand to three other homes in the future. … The city would also pay the congregation $2 million." The Herald adds, "The deal was hand-delivered at around 2:50 p.m. to the federal courthouse in Miami, just ahead of a deadline set by Judge Joan Lenard on Monday. … Lenard has to approve the settlement, but city officials said the fight is over. … In return for the right to stay and expand, the Chabad and the U.S. Justice Department agreed to drop their religious discrimination lawsuits against the city and Commissioner Sal Oliveri."

CBS 4, Miami, FL (7/6, Murray) reports, "Lawyers had been given till Wednesday afternoon to reach a settlement or face trial otherwise. Both sides have agreed to the settlement which includes: Giving Chabad Lubavitch the right to continue using two homes in a residential area as a synagogue, and it gives them the right to buy a third home to use as a parking lot. Furthermore, the city has to pay Chabad $2 Million dollars. Chabad will also have the right to buy as many more properties in the area as it needs to continue practicing their religion." CBS 4 continues, "Sources close to the negotiations say the two sides met on the July 4th holiday to hammer out an agreement, and said the documents outlining the settlement have been sent to judge Lenard, in advance of her deadline. The judge will decide whether to approve the settlement Thursday."

Navy Chaplain's Complaint Ruled "Without Merit." A Navy review has ruled that a Navy chaplain's

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complaint that his commanding officer censored and harassed him by discouraging the use of certain Bible quotations was "without merit." The Washington Times (7/6, Scarborough, 90K) reports that Navy Lt. Gordon J. Klingenschmitt "said the investigative report actually backs up his complaint, even though the chief investigator sided with the commander." The chaplain "said his commanding officer, Capt. James Carr, retaliated against him by downgrading his January 2005 fitness report. But Adm. Ruehe concluded that the report 'was not the result of improper discrimination on the basis of his religious beliefs or the practice of his faith, but rather Captain Carr's legitimate evaluation of his performance of duty.'"

Care Of Family Leads To Discrimination Suits. ABC World News Tonight (7/5, story 9, 2:25, Sawyer) reported, "There is news tonight about a relatively new kind of discrimination. Workers being treated unfairly because of their family obligations. It is called family responsibility discrimination. It's about the care of children but also about the care of elderly parents. And the pressure has led to an explosion of lawsuits." ABC (B. Stark) added, "Dawn Gallina says her career at a prestigious law firm was going well until the managing partner found out she had a baby. Then, she says, he started testing her. Would she work Christmas and come in weekends?" Dawn Gallina: "I would come in, and we wouldn't have anything to do. But I really felt like it was – let's see if she'll come in. And, of course, I would." Stark: "Eventually she was let go. A victim, she says, of family responsibility discrimination. It can happen to mothers and fathers or daughters and sons. Jonathan Bell, who routinely works six days a week designing cars, says his troubles started after his father was hospitalized." Jonathan Bell: "I took a Saturday off to attend to my father. Sunday I went into work for awhile, and then Monday, the next day after, I -- that's when I was let go." Stark: "Bell's employer says he was one of many workers laid off for financial reasons. But law professor Joan Williams says Bell and Gallina are part of a growing trend." Prof. Joan Williams: "The fact is, in many situations, workers with family responsibilities are not treated the same as workers without the family responsibilities." Stark: "Now these women and men are taking their cases to court. In the last decade, there's been a 400% increase in family responsibility discrimination suits. And the good news for caregivers is that while employers may not be family friendly, the courts increasingly are." Prof. Williams: "Family values have a very broad constituency. You are more likely to win, it appears, if you bring a family responsibilities discrimination case, than if you bring other kinds of discrimination cases." Stark: "Jonathan Bell's case is still in court. But after a jury sided with Dawn Gallina, her employer offered her a cash settlement." Dawn Gallina: "I don't think that by being a parent, that anyone wants special rights. I think we want equal rights."

ANTITRUST:

US Intensifies Scrutiny Of Air Fares. The Financial Times (7/6, Cameron) reports, "US regulators intensified their scrutiny of transatlantic air fares with plans to end a long-standing practice which allows carriers to co-ordinate some pricing." The Times continues, "The Department of Transportation wants to remove antitrust immunity from airlines co-operating in the regular price-setting conferences organised by the International Air Transport Association, mirroring similar efforts by competition authorities in Europe and Australia." The Times adds, "The fares set by the conferences do not prevent airlines from offering discount and other prices, but the DoT believes the practice limits competition and is unnecessary in an industry where most of the largest carriers now co-operate through the global alliances which now dominate the industry. The transportation department wants to end immunity for carriers setting prices through IATA on passenger and cargo flights from the US to Europe and Australia. … However, the proposal also coincides with the launch of probes on both sides of the Atlantic into alleged collusion by operators in the passenger and cargo markets." The Times notes, "More than a dozen airlines are being investigated by the justice department and the European Commission about price-fixing in the freight business. British Airways last month admitted it was at the centre of an investigation into an alleged cartel setting prices on longhaul passenger routes. … IATA has defended the fare-setting practice, arguing that it allows carriers to operate so-called 'interline' agreements. The prices set at the tariff conference set a template of fares and conditions which IATA says allows passengers to travel on two or more airlines between destinations lacking direct service."

ADC, Andrew Close In On Buyout Deal. The AP (7/6) reports, "ADC Telecommunications Inc. said

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Wednesday the Federal Trade Commission cut short a required waiting period necessary to complete an acquisition." The AP continues, "ADC announced its plan to buy rival telecommunications equipment company Andrew Corp. May 31 for $1.6 billion in stock. No closing date has been set. … In a statement, the company said the required waiting period under the Hart-Scott-Rodino Antitrust Improvements Act of 1976 was lifted early, satisfying a closing condition of the deal. It was set to expire July 14. The law requires companies to file notice of a merger or acquisition in advance with the Federal Trade Commission."

AMS Clears Antitrust Period For Laserscope Purchase. The AP (7/6) reports, "Medical device maker American Medical Systems Holdings Inc. said Wednesday it moved closer to completing its $715 million buyout of San Jose, Calif-based Laserscope." The AP continues, "The company announced the buyout of the medical laser systems maker on June 5. On June 30, the required antitrust waiting period expired, satisfying a closing condition of the deal. The law requires companies to file notice of a merger or acquisition in advance with the Federal Trade Commission. … The deal does not yet have a closing date."

Many Students Turn Down Colleges' Offer Of Free Music Downloads. The Wall Street Journal (7/6, Timiraos) reports, "As a student at Cornell University, Angelo Petrigh had access to free online music via a legal music-downloading service his school provided. Yet the 21-year-old still turned to illegal file-sharing programs. .. The reason: While Cornell's online music program, through Napster, gave him and other students free, legal downloads, the email introducing the service explained that students could keep their songs only until they graduated. 'After I read that, I decided I didn't want to even try it,' says Mr. Petrigh, who will be a senior in the fall at the Ithaca, N.Y., school." The Journal adds, "College students don't turn down much that's free. But when it comes to online music, even free hasn't been enough to persuade many students to use such digital download services as Napster, Rhapsody, Ruckus and Cdigix. As a result, some schools have dropped their services, and others are considering doing so or have switched to other providers." The Journal adds, "To stop students from pirating music, more than 120 colleges and universities have tried providing free or subsidized access to the legal subscription services over campus networks in the past few years. About 7% of all four-year schools and 31% of private research universities provided one of the legal downloading services, according to a 2005 survey of 500 schools by the Campus Computing Project, a nonprofit that studies how colleges use information technology. Universities typically pay for the services, some with private grants and others through student fees. While a typical monthly subscription to Napster is $9.95, the schools have been able to cut special deals, funded in part by record companies."

FCC Asks 2nd Circuit To Allow Comments In TV Case. The Wall Street Journal (7/6) reports, "The Federal Communications Commission asked the U.S. Court of Appeals for the Second Circuit to send back to the agency a court challenge to some recent decisions on indecent television programming, requesting 60 days to handle the matter in a way that allows broadcasters to file comments with the agency." The Journal continues, "TV broadcast networks, including News Corp.'s Fox Television Stations Inc., in April filed court challenges to a handful of March FCC decisions. As part of a broad initiative on indecent programming, the FCC in March had found four television programs were 'indecent and profane,' but hadn't fined the stations. … 'Several of the parties to this litigation have complained to the Commission that this process failed to provide them with any opportunity to be heard by the Commission before the decisions were reached,' the FCC said."

Peabody Energy To Purchase Australia's Excel For $1.34 Billion. The Wall Street Journal (7/6, Golden) reports, "Peabody Energy Corp., the world's largest private-sector coal company, agreed to acquire Australia's Excel Coal Ltd. for $1.34 billion." The Journal continues, "Peabody will pay 8.50 Australian dollars (US$6.31) a share for all shares outstanding under the terms of the agreement, which is a 10% premium above Excel's average share price over the past month. Peabody will also assume debt of $190 million, Peabody said." The Journal adds, "The move extends St. Louis-based Peabody's expansion in Australia. In the past five years, the company has purchased several coal mines there and developed some of its own. … Excel is an expanding company within the growing industry of producing coal to feed Asian industry. Coal is Australia's biggest export product, and nearly a third of the world's coal produced for export comes from Australia. … The combination of

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Peabody's Australian operations and Excel 'creates one of the largest coal companies in Australia,' said Peabody President and Chief Executive Officer Gregory H. Boyce."

ENVIRONMENT:

Maryland Officials Testing Geese For Bird Flu. The Baltimore Sun (7/6, Thomson, 296K) reports a team of biologists from the Maryland Department of Natural Resources has begun testing flocks of geese in the state for avian influenza, specifically the deadly H5N1 strain. According to the Sun, wildlife experts "suspect that if the deadly form of the virus enters this country, it will most likely be through birds that mingle in the arctic during the breeding season before returning to their wintering grounds." Maryland, it notes, has been designated a "Tier One" state by the US Department of Agriculture "because the Chesapeake Bay and its tributaries are at the heart of the Atlantic goose migratory route." The AP (7/6) says the state is using federal funds to test geese flocks at wetlands and ponds across the state.

State Department Discusses Priorities, Wildlife Trafficking. The Washington Post (7/6, A19, Eilperin, 744K) interviews Claudia A. McMurray, who "took the helm of the State Department's Bureau of Oceans and International Environmental and Scientific Affairs in February after spending two years as deputy assistant secretary for the environment." Asked what her priorities were, McMurray said, "Climate change and avian influenza. Those two issues are realities. They're important and complicated issues that we spend time on. Every day I spend time on them." Asked about the $10 billion annual international wildlife trafficking business, McMurray said, "[Wildlife conservation] counts on individual countries to enforce [trafficking] restrictions. While a lot of countries do a really good job, there are a lot of countries that need help. … First of all, the most important thing for governments is a political commitment to stop the trade." China, "in particular, is one that we're interested in because that's the world's largest market. Secondly, we look at supply and demand. This is organized crime, for the most part."

WPost Makes Case For Reducing Dependence On Fossil Fuels. An editorial in the Washington Post (7/6, A20, 744K) says "a new report by a group of federal scientists and university researchers highlights a different threat posed by carbon emissions, one with its own set of potentially devastating ecological consequences: the increasing acidity of the oceans. Ocean water absorbs a huge amount of the carbon emitted by human energy use." All that carbon "seems to be making the waters more acidic, a trend researchers believe will continue as concentrations increase. … While there still exist big questions surrounding climate change and carbon emissions, the best evidence all points in a single direction: that failing to reduce dependence on fossil fuels will have terrible consequences, and failing to start now will make the disruption later all the more painful."

FBI/DEA/ATF/USMS:

Judge Jails Bonds' Trainer For Contempt Of Court. The AP (7/6, Elias) reports, "Barry Bonds' personal trainer was held in contempt of court and taken to prison Wednesday for refusing to testify to the federal grand jury investigating the San Francisco Giants' slugger for perjury." The AP continues, "Greg Anderson, who served three months in prison after pleading guilty last year for his role in the Bay Area Laboratory Co-Operative steroid scandal, was led out of U.S. District Judge William Alsup's courtroom by two deputy U.S. marshals. He will be housed at the Federal Correctional Institution in nearby Dublin, but his stay may be short. … That's because Anderson will be set free once the grand jury's term expires, which will occur within weeks, Alsup said."

Bloomberg (7/6) reports, "U.S. District Judge William Alsup in San Francisco said government prosecutors had met the burden required to find Anderson in contempt of court. U.S. marshals took Anderson into custody without bail shortly after 4 p.m. … 'The court finds that the information sought is relevant to the proceeding looking into several athletes, some of whom are Greg Anderson's clients,' Alsup said in court today. Questions posed by the grand jury 'were proper and you should've answered them,' Alsup told Anderson." Bloomberg adds, "U.S. prosecutors in San Francisco are investigating steroid use by professional athletes after obtaining guilty pleas from distributors. Anderson spent three months in prison after pleading guilty in July 2005 to conspiring to distribute steroids and money laundering. … Anderson's lawyer, Mark Geragos, argued Anderson isn't required to testify because the conversation

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that triggered an investigation into whether Bonds lied to the grand jury about his steroid use was illegally wiretapped."

The San Francisco Chronicle (7/6, Williams, Fainaru-Wada) reports, "Anderson, 40, Bonds' friend since boyhood and his weight trainer since 1998, will be incarcerated indefinitely at the Federal Correctional Institution in Dublin. … At a grand jury hearing last week, he had balked at testifying about what the government styled a 'mountain of evidence' seized in a raid on his Burlingame home in 2003 indicating he had provided banned drugs to elite athletes." The Chronicle adds, "Anderson's lawyer, Mark Geragos, said he would appeal immediately to the Ninth U.S. Circuit Court of Appeals in San Francisco. Geragos had urged the judge not to jail Anderson, arguing that by subpoenaing the trainer, the government was violating terms of his plea bargain last year in the BALCO steroids case. … Anderson pleaded guilty to money laundering and distributing steroids and was sentenced to three months in prison and three months' home confinement. At the time of the plea, he had refused to become a government witness. … Geragos also asked the judge to convene an evidentiary hearing to learn how the government obtained a recording on which Anderson admitted providing 'undetectable' steroids to Bonds in 2003. … In court, prosecutors Matt Parrella and Jeff Nedrow said they want to question Anderson about documents seized in the September 2003 raid. The documents include doping calendars, drug price lists and other written material indicating that Anderson was providing banned drugs to Bonds and other athletes, The Chronicle has reported."

In Delaware, More Overdoses Linked To Heroin. Wilmington's News Journal (7/5) reports Wilmington police "announced three more heroin overdoses, bringing the total number of drug overdoses in New Castle County since June 29 to at least 15. Vice squad detectives are investigating the rash of heroin overdoses in the city and warning people to avoid the potentially deadly drugs. A Drug Enforcement Administration task force was formed months ago to investigate distribution of a deadly batch of heroin mixed with the painkiller fentanyl that has killed users in the Delaware Valley and nationwide."

The News Journal (7/5) also writes, "Responding to a five-day rash of drug overdoses in Wilmington and suburban New Castle County, officials are warning heroin users that a dangerous batch of the drug, possibly mixed with formaldehyde or the analgesic fentanyl, could be on the streets. Two drug overdoses were reported Tuesday, bringing the total to at least 12 since Thursday. Several of the overdoses occurred after ingesting heroin sold in light blue packages with 'The Omen' in red lettering, Wilmington police said."

Fentanyl-Related Deaths Scrutinized. In the Oak Park, Illinois Austin Weekly News (7/6), Robert Felon writes, "During a press conference at the U.S. Drug Enforcement Administration's Chicago office, agent Tim Ogden stated, without apparent irony, that the current threat of Fentanyl-laced heroin, which has been responsible for 150-300 deaths throughout the upper Midwest and the Northeast, was 'the biggest threat I have seen in almost 30 years of law enforcement experience.' To say that this statement is a bit hyperbolic is putting it mildly. Especially since the 'victims,' as the news refers to them, are all willing participants who are generally mindful of most of the risks involved with cooking up and injecting a substance like heroin intravenously."

Weed Resembling Marijuana Plant Causes Concern In Michigan. For Heritage Newspapers, Belleville, Michigan's The View (7/6) reports, "There is a common weed that has been found near railroad tracks in Belleville and other industrial sites that can easily be confused with marijuana. Recent deaths of heroin users injecting a mix of heroin and fentanyl...have raised concerns that addicts and recreational drug users are growing more reckless in their search for a more potent source of drug use. There are several types of cinquefoil, which is common throughout Southeastern Mich., sulfur cinquefoil very closely resembles marijuana plants."

Local TV Coverage. WFMZ-TV, Philadelphia (7/5, 12:00 p.m.) reported, "A deadly drug combination that's showing up in major cities across the country has taken the life of a Reading man. The Berks County coroner says toxicology tests show the body of the man found dead last month along the side of route 222 tested positive for an overdose of cocaine and fentanyl. The prescription pain killer is also being mixed with heroin. The Berks County coroner's office says it's waiting for test results to see if fentanyl was a factor in several drug related deaths over the past two weeks."

WHYY-TV, Philadelphia (7/5, 5:30 p.m.) reported, "Three more heroin overdoses in the city of Wilmington, bringing the total to more than a dozen. … One man died Sunday night from an overdose, but the three most recent victims were treated and released. … Police are waiting on toxicology test results to determine if the heroin had been

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laced with a deadly drug that has killed here and across the region."

WJBK-TV, Detroit (7/5, 7:00 a.m.) reported, "One of the men accused of dealing a deadly dose of drugs is due in court today. Jamar Woffard is one of the suppliers that sold the lethal combination of heroin laced with the painkiller fentanyl. The deadly drug has killed more than 100 people in the metro Detroit area."

Limbaugh Viagra Case To Be Reviewed By Miami-Dade Prosecutors. The AP (7/5, Skoloff) reports Rush Limbaugh "will not face criminal charges in Palm Beach County after authorities found he had a bottle of Viagra that was prescribed in his doctor's name, prosecutors said Wednesday. … However, since the doctor wrote the prescription in Miami-Dade County, the case has been forwarded to prosecutors there for review." Nonetheless, "according to the Drug Enforcement Administration, Viagra is not considered a controlled substance because it is not addictive."

The South Florida Sun-Sentinel (7/5, Stoddard) writes, "Saying Rush Limbaugh's Viagra prescription was legally prescribed, the Palm Beach County State Attorney's Office announced on Wednesday that it would not file charges against the conservative radio talk show host for possessing medication in someone else's name. But Miami-Dade prosecutors will review the file and decide whether charges are warranted against the two Miami doctors involved."

On its Web site, WFOR-TV, Doral, Florida (7/5) reports a spokesman for the Palm Beach County state attorney said, "It is generally not illegal under Florida law for a physician to prescribe medication in a third party's name if all parties are aware and the doctor documents it correctly."

Man Barricades Himself In Virginia Home After Shooting At ATF Agents. The AP (7/6) reports, "Authorities surrounded a home in Arlington, where they say a man has barricaded himself after firing a gun at federal agents on Wednesday." The AP continues, "A spokesman with the federal Bureau of Alcohol, Tobacco, Firearms and Explosives says the shooting happened about 5:30 p.m. when ATF agents traveling in a Jeep Cherokee on Interstate 395 were sideswiped by a man driving erratically in a Ford Taurus." The AP adds, "Spokesman Tom Mangan says the man in the Taurus pulled over at Glebe Road and opened fire on the agents, who were giving chase. Two agents suffered minor injuries. … Authorities say the man then drove off, eventually running into a home at 13th and Irving streets, where he shot a man who lives there in the leg. The man wasn't seriously hurt and managed to escape."

The Washington Post (7/6, B01, Stockwell, Dvorak) reports, "A man stepped out the shower at his Arlington home yesterday and was shot by a gunman who had broken down his door after fleeing federal agents in a wild rush-hour car chase and gunfight, police said last night. … The gunman was barricaded inside the house late last night as police surrounded the area and fired pepper spray canisters inside. The wounded resident and his sister managed to escape." The Post adds, "The incident began about 5:30 p.m. on Interstate 395 near Glebe Road, when three agents from the Bureau of Alcohol, Tobacco, Firearms and Explosives were traveling south in an unmarked sport-utility vehicle and the SUV was 'severely sideswiped' by a gold Ford Taurus, police said. … Agents took off after the suspect, who pulled over at the South Glebe Road exit and got out of his car. … 'The suspect probably thought he was dealing with a common citizen,' said ATF Special Agent Tom Mangan. … The agents identified themselves, and the man began shooting at them, Mangan said." The Post notes, "Bullets hit the engine compartment and a window of the SUV. The agents returned fire, but the suspect dived back into his car and sped off, Mangan said. … The chase continued onto South Glebe Road, where it went on for a couple of blocks, with both vehicles beginning to falter."

Buffalo US Attorney Cracking Down On Gun Crime. WBFO-TV, Buffalo, NY (7/6, Buckley) reports, "The U-S Attorney's office in Buffalo continues efforts to try and get guns off City streets." WBFO-TV continues, "There are two federal programs implemented in Buffalo that are aimed at gun violence. Terrance Flynn, U-S Attorney for the Western District says one of those programs is Project Exile. The Justice Department started Project Exile in 1997. It is designed to reduce gun violence. … But Flynn says since he began his new post this past spring, Project Exile has been stepped up locally. The program is in Buffalo, Niagara County, Jamestown and Rochester, all covered under the Western district. Flynn says members of local law enforcement and area district attorneys meet weekly to examine gun violations. … 'And then based upon the arrest, we determine if there is other infractions. Did they have prior records, is there a narcotics element? Then were determine,

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along with the District Attorney's office. what is the more appropriate form to get the strongest sentence for that fire arm and gun violation. We come to that agreement, then we decided who will prosecute the case. So we hold a weekly meeting and determine proper court to prosecute, that is Project Exile' Flynn said. … But Flynn says they have now 'leaped' that program into a second level, called Project Safe Neighborhood. That is a federal program initiated by U-S Attorney Alberto Gonzales. Flynn says under this program, law enforcement works to identify potential gang members in the City."

US Attorney In California Encourages Public To Report Suspected Meth Labs. The Mount Shasta (CA) Herald (7/5) reports, "Local agencies, including those in Siskiyou County, have joined forces with state and federal agencies to create task forces in the ongoing war on methamphetamine. This team effort is needed in order to provide the manpower and equipment to combat the 'devil's drug,' United States Attorney for California's Eastern District McGregor Scott said. Scott stressed that while the task forces provide the trained personnel and sophisticated surveillance equipment used in detection of meth, there is one other vital member of the team effort - the public. … Scott said where the public can really provide its assistance is in reporting any signs of a meth lab operation."

IMMIGRATION:

Bush Touts Immigration Reform As House GOP Highlights Border Security Gaps. President Bush yesterday visited a Northern Virginia Dunkin' Donuts owned by Iranian immigrants to highlight his support for a comprehensive immigration reform bill. But in the media, the President's event was largely upstaged by the competing House and Senate field hearings on immigration reform. The Wall Street Journal (7/6, Lueck, 2.11M) reports President Bush "underlined his support for immigration overhaul yesterday, even as House Republicans rallied backers of their competing plan, which aims to stop illegal immigration by tightening border security." Bush "reiterated his belief that immigration changes should include expanded guest-worker programs and a path to citizenship for some of the 12 million illegal immigrants already in the U.S." Meanwhile, at "a San Diego Border Patrol station, House Republicans framed the issue differently. At the first of several hearings around the country scheduled for this summer, House Republicans and local law-enforcement officials emphasized border security, raising the possibility that terrorists, specifically al Qaeda operatives, could enter the U.S. through its porous borders." Supporters of the Senate bill "held a hearing in Philadelphia intended to counter the House event."

CNN's The Situation Room (7/5, Koppel) reported the House and Senate Republicans went "ahead with potentially divisive hearings outside of Washington today, hearings that prompted President Bush to get involved. Immigration was on the menu during President Bush's quick stop at this Virginia Dunkin' Donuts. Flanked by the store's Iranian-American owners and some of their foreign-born employees, Mr. Bush insisted immigration reform must include a guest worker program and a realistic solution for the millions of illegal immigrants already in the US. … The President's latest appeal was clearly timed to coincide with competing hearings as Republicans in the House and Senate continue to battle over immigration legislation."

The CBS Evening News (7/5, story 8, 2:30, Smith, 7.66M) reported that at the Senate hearing, "New York's Mayor, Michael Bloomberg, was a guest speaker." Mayor Bloomberg: "Although they broke the law by illegally crossing our borders or overstaying their visas and our businesses broke the law by employing them, our city's economy would be a shell of itself had they not, and it would collapse if they were deported." Pitts: "In San Diego, the majority of the House of Representatives favor broader border security and tougher enforcement," while President Bush "tried his hand at referee." President Bush was shown saying, "We're not going to be able to deport people who have been here working hard and raising their families, so I want to work with Congress to come up with a rational way forward."

NBC Nightly News (7/5, story 9, 2:15, Reid, 9.87M) reported House Democrats "accuse Republicans of staging the hearings for purely political purposes." Rep. Brad Sherman, California: "These hearings are not designed to legislate. They're designed to whip up public opinion." Reid: "It's no accident that this hearing is being held so close to the Mexican border. It's part of a coordinated strategy by Republicans in the House of Representatives to convince the American people that the top priority on immigration is getting control of that border, a border that must be secure, they insist, before even considering a guest worker program or citizenship for illegal immigrants. Recent reports have

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suggested President Bush might agree with House Republicans to take up border security first, but today at a donut shop owned and run by immigrants, the President reiterated his desire for comprehensive immigration reform." President Bush: "We cannot kick people out who've been here for a while."

The AP (7/6, Pickler) reports, "The immigration legislation that Bush is demanding is caught between House and Senate negotiators who so far have not been able to work out disagreements over how to handle an estimated 12 million foreigners living illegally in the United States." One compromise "being promoted by Rep. Mike Pence, R-Ind., would require the immigrants to go to centers across the border and fill out the appropriate paperwork before becoming guest workers. They also would have to have an employer sponsor them to get back in the country." Although Bush has "repeatedly said it's impractical to force millions of illegal immigrants to leave the country, White House spokesman Tony Snow said the president finds the Pence plan 'interesting.'"

The Washington Post (7/6, A10, Murray, Babington, 744K) reports President Bush, who "prefers the Senate's more comprehensive approach, staged his own immigration event, showing up at a Dunkin' Donuts in Alexandria owned by two Iranian American brothers to reiterate his call for a guest-worker program." President Bush said, "If you talk to employer[s] such as these folks, they'll tell you they need workers. And people are willing to do the work that others aren't willing to do, but we want to make sure there's a legal way to do it." The Post adds some "advocates are disappointed that Bush has not taken a more active role in trying to weaken the House Republicans' resolve, which has intensified as the midterm elections near and conservatives try to rally their voting base."

USA Today (Welch, Kiely, 2.31M) reports congressional Republicans "heard lively testimony Wednesday from mayors, sheriffs and ordinary citizens in two public hearings held on both coasts to discuss illegal immigration." The hearings "in San Diego and Philadelphia marked the opening of a summer season that will take proponents of competing immigration proposals in Congress across the country. The aim is to demonstrate public support for their plans." On the West Coast, "much of the talk was about how hard it is to handle the stream of Mexican citizens coming across the border." But Democrats "mocked the Republicans for holding hearings they said would not lead to solutions."

The Los Angeles Times (7/6, Gaouette, Quinones, 958K) reports the "two hearings marked the start of a summer-long contest between the House and the Senate to control the terms of the immigration debate." As lawmakers "held court on opposite coasts, President Bush hosted his own field hearing at a Dunkin' Donuts in Alexandria, Va. Celebrating the entrepreneurial energy of the store's two Iranian American owners and their Guatemalan American district manager, Bush jokingly offered reporters coffee and reiterated his support for a Senate-style overhaul." The "atmosphere at the House hearing, at San Diego Border Patrol headquarters, was far less jovial. Within sight of the hills of Tijuana and the walls that separate the United States from Mexico, immigration restrictionists waved American flags, while immigrant advocates displayed hundreds of crosses representing those who died trying to cross the border."

The New York Times (7/6, Preston, 1.19M) reports most of the speakers at the Philadelphia hearing "embraced the Senate's approach, which calls for a path to citizenship for most illegal immigrants and a guest worker program, as well as enhanced border security and punishment for employers who hire illegal workers." In San Diego, Rep. Ed Royce, chairman of the House Subcommittee on International Terrorism and Non-Proliferation, "was chosen to lead a meeting in a Border Patrol station that featured agents and local sheriffs."

The AP (7/6, Hefling) reports Mayor Bloomberg said the "economy of the country's largest city and the entire nation would collapse if illegal immigrants were deported en masse." New York City is "home to more than 3 million immigrants, and a half-million of them came to this country illegally, Bloomberg testified." Bloomberg said, "Although they broke the law by illegally crossing our borders ... our city's economy would be a shell of itself had they not, and it would collapse if they were deported. The same holds true for the nation." The New York Times (7/6, 1.19M) also runs the AP story.

The Washington Times (7/6, Hurt, 90K) reports Mayor Louis Barletta of Hazleton, Pa., "yesterday told senators at a special 'field hearing' in Philadelphia that illegal aliens have strained his city's services and brought a wave of crime." Barlettta said, "We've seen a dramatic increase in gang-style graffiti, some of which has included threats to kill police officers. … This graffiti has marred an award-winning redevelopment project that replaced vacant factories with

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family homes. Now, those homes, those families, are threatened by hoodlums who don't respect people or their property."

House GOP Focusing On "Terrorist Loophole" In Senate Immigration Bill. Syndicated columnist Robert Novak (7/6) writes, "With their party sharply divided on immigration, House Republicans this week launched an effort to transform this political liability into an asset by tying it to the war against terrorism." CA40 Rep. Ed Royce's (R) "International Relations subcommittee on terrorism started hearings Wednesday in San Diego and Friday in Laredo, Texas, on a 'terrorist loophole' in the Senate measure." Novak notes that "Section 240d" of the Senate bill "would restrict local police from arresting aliens for civil violations, limiting them to apprehension for criminal offenses. That means a sheriff's officer on the border could not arrest someone whose papers showed he had overstayed his visa." Royce and Kris W. Kobach, "who was Attorney General John Ashcroft's chief adviser on immigration law," "point to the fact that four of the 9-11 terrorists, all of whom had violated immigration laws, were stopped for speeding before their attack. Had the police officers asked the right questions, terrorists could have been arrested under current law -- but not under the Senate bill. … In contrast, the House bill provides assistance to local police to encourage their help in immigration enforcement."

Owens Says Colorado Shouldn't Wait For Federal Action On Illegal Immigration. The AP (7/6, Paulson) reports Gov. Bill Owens of Colorado said his state "should not wait for the federal government to stop illegal immigration but should implement its own plans." Gov. Owens "told the Joint Budget Committee, which held hearings Wednesday to discuss the cost of illegal immigration, that Colorado spends about $560 million a year educating illegal immigrants and their U.S.-born children, who are legal citizens. He said that the cost falls most heavily on local governments and that the federal government is doing little to help." Owens told legislators "the state could sharply reduce the number of illegal immigrants in Colorado by setting up a secure identification system, requiring job applicants to present a driver's license or identity card before they could get a job."

NYTimes Criticizes House GOP For Focus On Immigration, Terrorism. The New York Times (7/6, 1.19M) says in an editorial that the "nation's debate over a serious reform of its immigration laws" was "hijacked yesterday by 'Border Vulnerabilities and International Terrorism' — the first of many hearings that House Republican leaders plan to hold around the country this summer, ostensibly to solicit public opinion about immigration reform." This "novel approach to governing — seeking public input on bills after they have passed — reflects a cynical gamble that linking immigration and terror will upend the Senate bill and give House Republicans a short-term electoral boost."

CONGRESS-ADMINISTRATION:

Bush Assertion Of Executive Power Seen As Risking Backlash. The Financial Times (7/6, Daniel) reports in an extended story on the White House's philosophy of executive power that the Hamdan v Rumsfeld Supreme Court decision that held the President "did not have the right to hold military commissions to try terror suspects held at Guantánamo Bay" marks "a defining moment in the Bush presidency. Not only does it dismantle some of the elaborate legal scaffolding he has erected since the attacks of 9/11 to prosecute the war on terror. It also potentially heralds a 1970s-style backlash against executive power, triggered by the perceived overreach of the last six years." Reagan Administration deputy attorney General Bruce Fein said, "The White House could be left with fewer powers than when Bush entered. Like President Nixon, Mr Bush's craving for an imperial presidency could bring his office to its ebb." The Times also examines Vice President Cheney's role in the Administration's assertion of executive authority, noting that he "arrived at the White House in 2000 determined to avoid the 'unwise compromises' made by presidents over the past three decades. For Mr Bush, the motivation has been more visceral. Shocked by the events of 9/11, he vowed he would do 'whatever it takes' to defend the American people. This interplay of ideological and intuitive motivations has played out in the war on terror. Recognising that congressional power is greatest at times of peace and presidential power at times of war, officials seized their opportunity."

Broder Urges Congressional Debate On Anti-Terror Policies. In his column in the Washington Post (7/6, A21, 744K), David Broder writes about the recent Supreme Court decision on Guantanamo. Says Broder, "I am delighted that Republican congressional leaders say they hope to turn the ruling to their advantage by engaging the Democrats in a lively debate about the president's counterterrorism strategy. That debate is long overdue. In the first reaction to the Sept. 11 attacks, Congress gave Bush broadly worded authority to

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protect the country and strike back at the terrorists. After that it paid little attention for the next four years to the way that authority was being used -- and how the administration assumed additional powers." Adds Broder, "There is no reason for Democrats in Congress to fear the coming debate. They need not feel embarrassed about…finding ways to legislate the needed rules for handling these detainees. Far from being defensive, Democrats could challenge the Republican majority to take the opportunity to examine all that Bush is doing -- or not doing -- to counter al-Qaeda and other threats to national security."

Bush Turns 60. ABC World News Tonight (7/5, story 11, 1:50, Sawyer, 8.78M) reported President Bush is "the leader of the free world. But for a moment, George W. Bush is also the nation's most vocal birthday boy. Tomorrow is the big day. Boomer in Chief. That's what the press corps has been calling the President lately because the President seems to have that milestone, turning 60, on his mind. Really on his mind." President Bush: "I used to thing 60 was old, didn't you? … Security is strong at the airports. I hope they stop taking off shoes of the elderly. I must confess, they haven't taken off my shoes lately at the airport. … We're living longer. I don't know about you all, I plan on just kind of stretching it out a little bit." Sawyer: "Even though President Bush has aged in office, according to his latest physical, he is in the superior fitness category for men his age, despite his jokes."

The New York Times (7/6, Stolberg, 1.19M) reports, "Could it be that Mr. Bush, with his enviably low heart rate and penchant for two-hour mountain bike rides that exhaust Secret Service agents half his age, is worried about getting old? Is that why the president, so mindful of proper attire that he demands a coat and tie in the Oval Office even on weekends, wore a decidedly youthful red-and-white Hawaiian shirt to his two-days-early birthday dinner in the East Room of the White House Tuesday night?" But if "the president is worried about getting old, his friends say, he certainly has not confessed it to them, though they recognize the Big 6-0 could be a touchy subject. Mr. Bush took four friends along with him on Air Force One for a trip to Ft. Bragg, N.C., on Tuesday; all were mum about the impending birthday, refusing to disclose even the teeniest detail of the party or gifts."

FDA Approves New AIDS Pill. The New York Times (7/6, McNeil, 1.19M) reports that the FDA has approved "the first 3-in-1 antiretroviral pill for use by the American-sponsored plan for AIDS treatment, something that the White House's acting global AIDS coordinator said yesterday should greatly improve treatment for AIDS patients in poor countries." The agency "posted the approval of the drug on its Web site on Friday evening. It approved the 3-in-1 pill, made by an Indian generic drug company, for patients in countries helped by the President's Emergency Plan for AIDS Relief." The new pill "combines three common first-line drugs, AZT, 3TC and NVP, which are also known as zidovudine, lamivudine and nevirapine and sold in the United States as Retrovir, Epivir and Viramune."

Turley Criticizes Roberts Court's First Term. Jonathan Turley, the Shapiro Professor of Public Interest Law at George Washington University, writes in USA Today (7/6, 2.31M) that the first term of the Roberts court "was no cause for hope, let alone celebration, for uneasy liberals, moderates or libertarians. To the contrary, the only comfort these groups should take from the past term is that it will likely prove far better than the coming term when the court is poised to hear cases involving affirmative action, abortion, environmental law and other hot-button issues. Despite hopeful accounts that John Roberts and Samuel Alito would prove mainstream jurists, they proved every bit as ideological in major cases as predicted." The Court's first term reveals "a new vision of our society emerging from the new conservative base of the court with Roberts and Alito," who are "speaking clearly and loudly — from the far right side of the court."

OTHER NEWS:

Stocks Tumble As Oil Prices Rise To Record Level. ABC World News Tonight (7/5, story 8, :15, Sawyer, 8.78M) reported, "Oil prices jumped to a record high today, $75.40 a barrel, on strong US demand and tensions over North Korea's missile launch and Iran's nuclear program. Prices settled at $75.19 when the markets closed, up1.7 percent for the day."

The CBS Evening News (7/5, story 5, 0:15, Smith, 7.66M) said the spike was due to "concern about North Korea's nuclear ambitions." NBC Nightly News (7/5, story 7, 0:20, Williams, 9.87M) also reported the story. The Washington Times (7/6, Hill, 90K) also reports the oil price "spiral" came "in response to rising tensions with North Korea," adding that "some traders predicted that crude will hit $80 before the end of the year." The New York Times (7/6, Peters, Fackler, 1.19M) titles a similar report "Oil Up And

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Stocks Fall On Missile Worries." The Washington Post (7/6, D3, Kirkham, 744K) also reports the story.

NBC Nightly News (7/5, story 8, 0:15, Williams, 9.87M) reported, "And a strong US Jobs report caused fears on Wall Street today that interest rates would have to be raised again in August. That was enough to spook the Dow down over 76 points on the day [to close at 11,151.82]. Nasdaq was down 37 points [2,153.34]." The Wall Street Journal (7/6, Browning, 2.11M) reports the Standard & Poor's 500-stock index fell 0.72%, or 9.28 points, to 1270.91, "still up 1.8% for 2006." USA Today (6/6, Shell, 2.31M) also reports the stock numbers.

Factory Orders Rise Amid Strong Employment Data. The Wall Street Journal (7/6, Gerena-Morales, 2.11M) reports, "The US economy may have entered the third quarter with a little more momentum than thought, according to new data tracking industrial activity and employment growth." The Commerce Department "reported that orders to US factories rose a stronger-than-expected 0.7% in May, to $399.9 billion, following a 2% decline in April." Meanwhile, "an employment report suggests the nation experienced robust employment growth in June. The private sector added a seasonally adjusted 368,000 nonfarm jobs in June, according to the National Employment Report from Automatic Data Processing Inc. The report is a measure of employment based on a subset of ADP's payroll data covering 225,000 businesses and 14 million employees. The data don't include government employment."

Oil Prices Said To Endanger US Jobs. USA Today (6/6, Hagenbaugh, 2.31M) reports, "The rising cost of oil has put a squeeze on the companies that use oil as an ingredient for their products. Although they are down from the records seen recently, oil prices are up more than 20% from a year ago and are more than 150% higher than they were five years ago. Natural gas prices have also risen." USA Today adds "the impact on manufacturers and other companies that use oil-based ingredients could be significant, causing a ripple effect throughout the economy. As firms are faced with rising prices and see their margins cut, they may have to cut back on production, reduce pay increases or maybe even cut jobs or shut down."

US Population Approaches 300 Million. The AP (7/6, Ohlemacher) reports that the US' population is approaching 300 million. The US "is the fastest growing industrialized nation in the world, adding about 2.8 million people a year. That's a little less than 1 percent, but enough to mitigate the kinds of problems facing Japan and many European countries," which are facing declining populations. The US "has a fertility rate of 2.05, about enough to maintain a stable population. The US also adds people through immigration, something many European countries have shunned."

State Houses Hold Greatest Potential For Power Shift In 2006 Races. The Wall Street Journal (7/6, Cooper, 2.11M) reports that "the potential for swings in power may be greater at the state level than in Congress, where the struggle for control gets more attention. In 29 legislative chambers across the nation, a shift of no more than five seats would bring a new party to power. If the restless, dissatisfied mood among many voters produces a desire to throw out incumbents, both parties could see turmoil at the state level. If the sentiment turns against Republicans in charge at the national level, Democrats could make significant gains in elections." The Journal adds, "Beyond the legislatures, Democrats also hope to regain a majority of governorships for the first time since Republicans gained the advantage there in 1994."

Biden, Boxer, Salazar To Campaign For Lieberman. The AP (7/6, Miga) reports, "Embattled Democratic Sen. Joe Lieberman is getting a little help from his Senate friends as he tries to fend off an anti-Iraq war challenger in an intraparty fight." Sens. Joe Biden, Barbara Boxer and Ken Salazar "plan to campaign in Connecticut for Lieberman between now and the Aug. 8 primary. Their goal is to reassure the party faithful of the three-term senator's loyalty to Democratic causes, including women's issues, labor and the environment." The AP adds, "The rush of support from his Senate colleagues comes two days after Lieberman, the party's 2000 vice presidential nominee, surprised Democrats by announcing that he would start collecting signatures for an independent campaign if he loses the primary."

Lamont Said He May Spend $1 Million More In Primary Battle. The AP (7/6, Haigh) reports, "Businessman Ned Lamont said Wednesday that he is prepared to spend perhaps as much as $1 million more in his Democratic primary battle against US Sen. Joe Lieberman." Lamont "wouldn't say how much he plans to spend between now and the Aug. 8 primary. His campaign has cost $1.5 million so far.

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'It depends. Let's see what happens over the course of the next 30 days,' Lamont told The Associated Press. 'If the senator says, "I'm going to put up a million dollars on TV and start hammering Ned Lamont and where he's from,' then I'll have to match that.'"

Lieberman Campaign Refuses To Criticize Clinton. CNN's The Situation Room (7/45, King) reported, "Senator Joe Lieberman's camp is refusing to criticize colleague Hillary Clinton, even though she is prepared to take a stand against him. Yesterday, Senator Clinton said she won't support Lieberman if he's defeated in next month's Democratic primary in Connecticut." Clinton "says she hopes Lieberman wins that primary and wins re-nomination, but, if he doesn't, she will back Lamont. Lieberman's spokeswoman tells CNN, the senator values Hillary Clinton's friendship and her support in the primary."

LATimes Criticizes Antiwar Democrats' Effort To Oust Lieberman. The Los Angeles Times (7/6, 958K) says in an editorial, "Antiwar activists who are opposing the renomination of Sen. Joe Lieberman in next month's Connecticut Democratic primary complain that he's not a 'real Democrat.' They're wrong, but Lieberman runs the risk of making prophets of his critics by preparing for a backup reelection campaign as an independent." Lieberman has been "immune to the buyer's remorse that has afflicted other Democratic senators who voted to authorize President Bush to use force against the Iraqi dictator. Two weeks ago, he was one of only six Senate Democrats to vote against a resolution calling for U.S. forces to begin leaving Iraq this year." Democratic voters "in Connecticut have the right to nominate the candidate of their choice. But it is more than a little disturbing for the longtime popular senator (and the party's 2000 nominee for vice president) to be targeted for defeat by national fundraisers based on his foreign policy views."

Liberal Bloggers Draw Fire For Promoting Candidates. The Washington Times (7/6, Lambro, 90K) reports, "The founders of two politically influential liberal blogs, known for their bare-knuckle attacks on Republicans and errant Democrats, are being knocked for promoting political candidates for whom one of them works as a paid campaign consultant. Bloggers and news organizations have begun to question the close relationship between Markos Moulitsas, creator of the widely read DailyKos.com, and Jerome Armstrong, creator of MyDD.com and a political consultant." Armstrong "is working for former Virginia Gov. Mark Warner, a potential Democratic presidential candidate, whom Mr. Moulitsas praised effusively in a December interview."

Top Republicans Say Presidential Nomination Is McCain's To Lose. The Washington Times (7/6, Hallow, 90K) reports, "Some top Republicans at odds with Sen. John McCain on core conservative issues say privately that the party's 2008 presidential nomination is 'his to lose.' They cite the Arizona senator's head start in fundraising, a primary calendar that is shaping up in his favor and a growing belief that he enjoys the tacit support of President Bush." The Post adds, "Now, one of the most widely respected conservatives in the country says he is ready to help pull the McCain campaign bandwagon whenever the senator makes his 2008 Republican presidential run official." Former Sen. Phil Gramm "has quietly been helping to write Mr. McCain's speeches."

Professors Say Science, Ethics Need Not Be At Odds Over Stem Cell Research. Robert P. George, McCormick professor of jurisprudence at Princeton University and a member of the President's Council on Bioethics, and Eric Cohen, a fellow of the Ethics and Public Policy Center and editor of the New Atlantis, write in the Washington Post (7/6, A21, 744K), that too often in the debate over stem cell research, "science and ethics are regarded as being on a collision course. They need not be. For what could be more pro-science than relying upon scientific ingenuity to lead the way to stem cell advances without conducting unethical cloning experiments?"

Casinos Close In Atlantic City As Government Shutdown Continues. The CBS Evening News (7/5, story 11, 2:25, Smith, 7.66M) reported, "Gambling in this country is big business. In Atlantic City, New Jersey, it is a $5 billion a year business. Today, with the state government shut down by a budget dispute and no money to pay state inspectors, the casinos were forced to close for the first time ever, and all bets were off."

The New York Times (7/6, Chen, 1.19M) reports from Atlantic City, "As New Jersey's budget impasse deepened and the shutdown of state government services continued, this city's 12 casinos were forced to close indefinitely on Wednesday for the first time in the 28 years that gambling has

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been legal here." Until now, "the failure of Gov. Jon S. Corzine and his fellow Democrats in the Legislature to approve a budget had been felt most viscerally by about 45,000 state workers who were furloughed without pay, and by the eternally hopeful who play the lottery." But "with estimated revenues of $16 million a day and a work force of 50,000, the casinos represent the biggest and most symbolic casualty so far."

The AP (7/6, Curran) reports Gov. Jon S. Corzine "addressed the Legislature at the Statehouse Wednesday morning, defending his position as a stalemate over the state budget entered its fifth day with no deal in sight." Corzine "wants to raise the state sale tax from 6 percent to 7 percent to close a $4.5 billion state budget gap; lawmakers oppose the tax increase, estimated to cost the average New Jersey family $275 per year. When the Legislature missed its July 1 deadline to pass a state budget because of the dispute, Corzine ordered the government shut down." Said Corzine, "It is deplorable that the people of this state are left in such a painful position. … The people of New Jersey have every right to be angry." The Washington Post (7/6, A3, Strauss, 744K) and USA Today (7/6, Jones, El Nasser, 2.31M), among other newspapers, also report the story.

More Commentary. The New York Times (7/6, 1.19M) editorializes, "It's time for Joseph Roberts Jr., speaker of the New Jersey Assembly, to fold his cards. He and his colleagues thought they could bluff their way through a confrontation with Gov. Jon Corzine over the governor's proposed sales tax increase." But "the bluff has been called: Mr. Corzine shut down nonessential services and furloughed 45,000 nonessential employees when he and Mr. Roberts could not agree on a new budget by July 1, the start of a new fiscal year."

The Wall Street Journal (7/6, 2.11M) editorializes, "The gambling shutdown will cost the state some $1.3 million a day in lost taxes, but Governor Jon Corzine and the Democrats who run the legislature still won't end their showdown at the spendthrift corral, also known as Trenton. The legislators are convinced that Mr. Corzine is leading them down a path to political ruin by insisting on raising the state sales tax to 7% from an already high 6%, and they're probably right. … New Jersey voters keep electing these tax-and-spendaholics, so we suppose they get what they deserve."

LATimes Criticizes Schwarzenegger On Children's Health Coverage. An editorial in the Los Angeles Times (7/6, 958K) says, "Until last week, it looked as if Sacramento might use a fraction of this year's multibillion-dollar budget surplus to expand health coverage for more kids in California. But in their final budget negotiations, Gov. Arnold Schwarzenegger and the Legislature decided that it was better to cave to a small group of vocal Republicans who believe that sick 3-year-olds should be punished for their parents' actions. … Schwarzenegger and the Democratic leadership were wrong to trade the well-being of children for political compromise. Hopefully the Legislature, which is expected to take up the issue again later this summer, will show more courage once the deadline pressure of budget-making is removed."

WSJournal Says Sweeney's "Wal-Mart Tax" Has Fizzled. An editorial in the Wall Street Journal (7/6, 2.11M) says AFL-CIO President John Sweeney's campaign to force Wal-Mart and other retailers either to spend more on health care or pay more in taxes is "striking out in a surprising number of state capitals." Sweeney's campaign "began as Maryland enacted the first 'Wal-Mart tax.' … Not a single state has followed Maryland's lead." The Journal concludes that "the Wal-Mart tax has already fizzled as a political cause."

Bush Urges World Leaders To Stand United On North Korean Nukes. North Korea continued its defiance of the international community yesterday by launching additional short range missiles, brining the total number of tests to seven. The White House and State Department response is being described as muted. The AP (7/6, Riechmann), for example, says President Bush "addressed the issue in a subdued manner without the harsh warnings he had issued last week threatening unspecified repercussions." The AP also notes the President "urged world leaders Wednesday to stand united in demanding that North Korea give up its nuclear weapons program, saying the communist nation remains a threat even though its long-range missile plunged into the sea seconds after liftoff." Said Bush, "One thing we have learned is that the rocket didn't stay up very long and tumbled into the sea, which doesn't, frankly, diminish my desire to solve this problem."

The story was the lead on each of the networks, which ran multiple segments on the crisis, totaling about 26 minutes. ABC World News Tonight (7/5, lead story, 2:40,

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Raddatz, 8.78M) reported, "The Administration has repeatedly said over the last month that a missile launch would be unacceptable, a serious matter. But today, the President toned down the rhetoric, calling for North Korea to return to diplomatic discussions." Bush was shown saying, "Russia, South Korea, Japan and the United States spoke with one voice about the rocket launches and we will work together to continue to remind the lead of North Korea there is a better way forward for his people."

The CBS Evening News (7/5, story 2, 1:30, Axelrod, 7.66M) reported, "As one Administration official said to me today, 'What are we talking about here? Six missiles that are based on World War II technology and one longer-range missile that flew for all of 42 seconds.' This was the kind of tone the President seemed to echo today." The White House does not want the President saying too much about this, elevating the issue and turning it into a US-North Korea confrontation. The Administration prefers to have its diplomats and its allies do the talking."

Meanwhile, NBC Nightly News (7/5, story 2, 1:55, O'Donnell, 9.87M) reported, "The White House tried hard today not to give the North Korean leader what Administration officials suspect Kim Jong Il may want -- direct one-on-one attention from the United States and President Bush."

CNN's The Situation Room (7/5, Henry) reported, "From the President on, down the White House is all about trying to calm this situation down. They're playing down the threat from North Korea, playing up the support they're getting from allies. In short, just the opposite of how they handled the standoff with Iraq before that war."

The Washington Post (7/6, A2, Milbank, 744K) reports in its "Washington Sketch" column, "After interpreting every gesture of Saddam Hussein as a casus belli, a changed Bush administration is taking the opposite approach with Kim Jong Il. Officials were determined not to give the little man with the big missile the attention he craves. … A few years ago, the administration was using breathless terms to describe Iraq. … Now? The administration finds itself before the Security Council, working on sanctions and isolation for North Korea."

The Los Angeles Times (7/6, Richter, Demick, 958K), in a story headlined "A Level Reply to N. Korea Missiles," says "the relatively low-key reaction in Washington, the United Nations and elsewhere reflected the lack of an international consensus and also a determination by the Bush administration not to be drawn into a one-on-one struggle with North Korea. 'The US response is we're working with our allies to figure out how to try to get North Korea back to the table,' said White House Press Secretary Tony Snow. 'There are attempts to try to describe this almost in breathless World War II terms. This is not such a situation.'"

The Los Angeles Times (7/6, Wallace, Demick, 958K) also reports Secretary of State Condoleezza Rice, speaking at a Washington news conference, "told reporters that outrage expressed from other world leaders shows that the dispute 'is now not a matter of the United States and North Korea.'" She added that "the Bush administration believes the disagreement can best be handled through six-party talks, with diplomats from the US, China, Japan, South Korea, Russia and North Korea." The international community, she said, "has many options that would make engaging in this 'kind of brinksmanship' more difficult for the North Koreans." The Washington Times (7/6, Pisik, 90K) notes Rice also said Pyongyang had "miscalculated." Added the Secretary, "Whatever their motivations, whatever they thought they were doing, they've gotten a very strong reaction from the international community."

The New York Times (7/6, Cooper, Hoge, 1.19M) says "Bush administration officials suggested that more tests might be on the way: Stephen J. Hadley, the president's national security adviser, said that the North had initially rolled about 10 missiles up to the launching pads, meaning that maybe three or four more could be ready soon, though it was unclear what types they might be." And "officials turned their attention to persuading China, and to a lesser extent Russia, to put pressure on North Korea to abandon its nuclear weapons program."

The AFP (7/6) reports Bush "said that US officials were still analyzing data from the long-range Taepodong 2 missile launch but dismissed the other missiles launched as 'pretty routine weapons' and said the immediate political impact was that North Korea was worse off." Bush also said, "I am deeply concerned about the plight of the people of North Korea. I would hope that the government would agree to verifiably abandoning its weapons programs."

Several stories this morning indicate world powers appear divided over how to deal with the North Korean actions. Under the headline "Split Over N Korea Missile Test Response," the Financial Times (7/6, Fifield, Nations, Pilling) reports, "As the UN Security Council gathered to discuss the tests, Japan and the US, supported by the UK, pushed for tough measures that would require countries to prevent the transfer of financial resources and materials that would help

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North Korea's missile and weapons programmes." The AP (7/6, Lederer) says China and Russia "resisted an attempt in the UN Security Council to impose sanctions against North Korea." Reacting to the Japanese proposal, "China, the North's closest ally, and Russia, which has been trying to re-establish Soviet-era ties with Pyongyang, countered that they favor a weaker council statement without any threat of sanctions. Both countries hold veto power in the council, making sanctions unlikely."

ABC World News Tonight (7/5, story 2, 1:10, Harris, 8.78M) reported, "In South Korea, the government has threatened to cut off food aid to North Korea. But the South Koreans may be less worried about a nuclear North Korea than an unstable North Korea. If Kim Jong-Il's government were to fall, South Korea could be flooded with refugees."

The New York Times (7/6, Onishi, Kahn, 1.19M) reports "regional analysts doubt the launchings will bridge big gaps between the regional powers on how to handle North Korea. The military exercise strained relations between North Korea and all its neighbors. … But when Christopher R. Hill, the assistant secretary of state for East Asia and the lead negotiator with North Korea, returns to the region this week, he will find that many of the same rifts that existed before continue to complicate the task of forming a united front." USA Today (7/6, Nichols, 2.31M) runs a similar story titled "Attempt To Punish N. Korea Hits Snag," noting there are "cracks in the world's united opposition to North Korea's missile tests."

A second USA Today story (7/6, Wiseman, Nishiwaki), meanwhile, says "international condemnation of the North's missile tests…was widespread. NATO said the tests threatened security in East Asia and the rest of the world. Belgium, Italy, Turkey, Germany and France jointly condemned the tests. Belgian Foreign Minister Karel de Gucht called for an immediate halt to the tests." USA Today adds, "Missile expert Riki Ellison, president of the Missile Defense Advocacy Alliance in Alexandria, Va., said, however, that North Korea gained some clout and prestige with the launch. 'They called the bluff,' he said."

The Washington Post (7/6, A1, Lynch, Faiola, 744K) reports, "Several observers warned that even if Beijing agreed to some form of censure, it would remain reluctant to impose tough economic sanctions out of fear that such measures could destabilize North Korea and spark a crisis on their shared border." But John R. Bolton, the US ambassador to the UN, "said the council's reaction to the missile tests highlighted North Korea's growing isolation. 'No member defended what the North Koreans have done,' Bolton said. 'I think there is support for sending a clear signal to Pyongyang.'" The Post adds, "Analysts and some diplomats involved in the six-nation nuclear talks said the first casualty of the missile tests might be the talks themselves."

The Wall Street Journal (7/6, King, Solomon, Ramstad, Fairclough, 2.11M) analyzes possible US responses to North Korea, in a story titled "North Korea Gives US, Allies Few Good Options," and says "the likeliest, but also the least muscular, would be an official rebuke from the United Nations Security Council, such as that issued when North Korea last tested a long-range missile, in 1998. Next on the list would be a package of UN economic sanctions, put forward yesterday by Japan and backed by the U.S., which might also carry the tacit threat of military action down the road. US officials said they aren't weighing a military response to the missile launches." The Journal adds, "A weak response from the international community could undercut US credibility, not just in Pyongyang, but also in Tehran, where the Bush administration is trying to persuade Iran to give up its nuclear program in the face of threatened isolation from the UN."

The New York Times (7/6, Sanger, 1.19M), likewise, runs a piece headlined "Few Good Choices In North Korean Standoff," in which it says that an alternative for Bush "would be take a hard line that might risk an escalation of the half-century-old confrontation between the United States and North Korea." But "such a tack is now complicated by the widespread assumption that even if the North does not have the ability to launch a nuclear weapon, it now probably possesses enough extra nuclear fuel that it may be tempted to sell some to a terrorist group or another state."

The Christian Science Monitor (7/6, Marquand, 61K) reports Bolton "said the council must send a 'strong and unanimous signal' that Kim's actions were unacceptable, adding that the council would proceed in a 'calm and deliberate fashion.'"

NBC Nightly News (7/5, story 3, 1:40, Mitchell, 9.87M) said "no one really understands the motive of this hermetic kingdom of Kim Jong Il, but the best thinking is that he wants attention. They have not had direct talks. They want security guarantees from the United States. They want economic aid, and look at what's happening with Iran. Iran is being given and offered all sorts of economic aid and concessions to give up its nuclear program, so this is really a cry for attention very

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strategically timed for the 4th of July and an attempt to try to get people to say, you know, look at North Korea, they've got some muscle."

In a similar analysis piece, the Los Angeles Times (7/6, Demick, 958K) says the test "was a move from a well-thumbed playbook that has been passed down from father to son, starting with the nation's founder, Kim Il Sung, and now in the hands of current leader Kim Jong Il. Such has been the North's modus operandi for decades: To solve a crisis one needs to create a crisis." The Times adds, "The crisis that the North Koreans perceived as needing a solution is that they were being ignored by the United States."

Burns Says US Wants International Unity Against North Korea. Undersecretary of State Nicholas Burns said on CNN's The Situation Room (7/5) reported, "I don't think this is America against North Korea. This is the world against North Korea. You saw an extraordinary number of statements today from Russia and China, from all across Asia, from Europe, and certainly from our country of condemnation of rebuking the North Koreans. So what you want to achieve in a situation like this is you want to achieve international unity to force the North Koreans to take account of the fact that they are completely isolated on this issue. What they did was reckless and provocative and very unwise. And we're going to be a lot stronger as the weeks and months go forward on this North Korea business if we've got the rest of the world saying essentially what we're saying. So I don't think we want to isolate ourselves one on one with the North Koreans. We're much better off with this collective approach that the President and Secretary Rice talked about today."

Hill Says North Korea Has United World Against It. Assistant Secretary of State Christopher Hill said on PBS' Newshour with Jim Lehrer (7/5) that North Korea has been "signaling for several weeks now that they were intending to have a launch. And just about every responsible country in the world weighed in against it, and then they went ahead and did it anyway. So, the first thing they have done is to unite us all." Hill added, "I think the North Koreans are learning the law of unintended consequences. But I mean, they have, I think, really united us. I mean, we are very concerned about this. The -- we have been talking to our South Korean allies, our Japanese allies. And we're going to start having some in-depth discussions with the Chinese. And we're going to see what we can do. What is very important about this, though, is, we have got to work together. We have really got to make this a multilateral process, because it's not a bilateral problem."

North Korea Deepens Ties With Iran. The Wall Street Journal (7/6, Fairclough, 2.11M) reports that late last year, North Korea delivered more than a dozen intermediate-range ballistic missiles to Iran, according to senior US and Asian officials. The delivery, along with yesterday's missile test-launches "shows Pyongyang is increasingly willing to use its missile technology as a way to stand up to the US and its allies. North Korea's exports to Iran also mark a significant deepening of longstanding ties between Pyongyang and Tehran as international pressure mounts on the two governments to curb their nuclear ambitions, U.S. and Asian officials and analysts say."

Administration Facing "Crisis In Every Direction." In a story titled "A Driven President Faces A World Of Crises," the Washington Post (7/6, A1, Abramowitz, Wright, 744K) reports, "From deteriorating security in Afghanistan and Somalia to mayhem in the Middle East, confrontation with Iran and eroding relations with Russia, the White House suddenly sees crisis in every direction." North Korea's missile test "was another reminder of the bleak foreign policy landscape that faces…Bush even outside of Iraq." The Post adds "White House officials emphatically reject such pessimism," but "the events on the Korean Peninsula underscored how the administration has lost the initiative it once possessed on foreign policy in the aftermath of the Iraq invasion, leaving at risk the central Bush aspiration of democracy-building around the world." They also "showed how the huge commitment of resources and time on Iraq -- and the attendant falloff in international support for the United States -- has limited the administration's flexibility in handling new world crises." In an interview, National security adviser Stephen J. Hadley said that "such criticism is misplaced, adding that victory in Iraq is crucial to success in fighting terrorists and in creating a new democracy that could serve as a beacon to other Middle Eastern countries."

Launches Provide First Test Of US Missile Defense. The Washington Times (7/6, Gertz, 90K) reports that the North Koreans missile tests provided the first real test of the US' ground based missile defense, "even though the failure of the long-range Taepodong-2 seconds after launch prevented the Pentagon from responding with a U.S.-based interceptor, defense officials said yesterday."

The Wall Street Journal (7/6, Karp, 2.11M) reports that the apparent failure of the long range missile "gives the Pentagon some breathing room as it prepares two critical tests for a US missile shield that has taken nearly 20 years

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and $100 billion to develop." Defense officials "confirmed yesterday that ground-based missiles in Alaska and California -- the backbone of the planned shield -- were operational during the North Korean launches." The Journal adds, "The Pentagon's confirmation yesterday that the missile interceptors had been activated specifically for the North Korean launches underscores the reality that the shield isn't permanently up and running."

ABC World News Tonight (7/5, story 3, 2:05, Sawyer, 8.78M) reported, "The US has been concerned for decades about the threat of a missile attack from North Korea, spending billions trying to create a shield. But it's far from ready." ABC (Karl) added, "Two decades and $95 billion have bought a much smaller system that is just now taking shape. The first piece? Detection. The US now has radar systems around the world from Alaska's remote Shemya island to this floating platform off Japan's northern coast -- and space-based infrared sensors. The system allowed US officials to track North Korea's missile launches from the moment of take-off. If the order came to shoot down the Taepodong 2, the military has 11 interceptors capable of doing the job -- two in California, nine in Alaska."

The AP (7/6, Raum) says that North Korea's missile tests "suggested the country can't directly threaten the United States — for now. But the Koreans can learn from mistakes, whether the tests were posturing, serious military efforts or both, U.S. officials and military experts said." The long-range Taepodong-2 missile "failed 42 seconds after liftoff, suggesting a catastrophic failure of the rocket's first, or booster, stage. That heartened US officials, since an earlier version of the long-range missile…failed later in its flight, apparently due to a third-stage malfunction."

The Washington Post (7/6, A16, Ricks, Faiola, 744K) reports that it is not clear whether the Taepodong missile "crashed or was aborted by its controllers, but U.S. and Japanese officials said that intelligence and monitoring of the Taepodong-2 test launch indicated that it failed. The result of the attempt is that, to some specialists, North Korea looks less dangerous than it did just a few days ago."

Republicans Tout Support For Missile Defense System. The Washington Times (7/6, Bellantoni, 90K) reports that congressional Republicans used the North Korean missile tests to tout the GOP's support for missile defense and praise "their expansion of the program's budget and scope." The Times adds, "It is uncertain whether Congress, on a one-week break, will take legislative action, but aides for Republican leaders noted the unanimous passage of a Senate measure increasing funding for the U.S. missile defense system beyond the initial Pentagon request." House Armed Services Committee Chairman Duncan Hunter said, "If you have a missile in the air, and it's coming toward one of your cities, the only way to stop it at that point is not with words, but with interceptors." Sen. George Allen "said the North Korean launches were a reminder '[of the need for an effective missile defense system.'"

Brownback Says North Korea Is Desperate. Sen. Sam Brownback said on CNN's Larry King Live (7/5), "I think it's an obviously very difficult situation we're in. Thank goodness we went forward with the missile defense system and that we have something in place, although not fully in place to be able to move forward but can use in this if we need to in this particular situation. I think it also points out how desperate North Korea is and how we really need to confront them on a global basis. I'm glad the Japanese are leading the effort at the United Nations. But this needs to be a global effort including the Chinese and the Russians to confront the North Koreans to stop doing these provocative acts."

Weldon Says China Is Key To Dealing With North Korea. Rep. Curt Weldon said on CNN's Larry King Live (7/5), "I think we've got to see what the G8 brings about, and I hope the President can have a frank discussion with Putin and bring Russia into a more bold position with both Iran and North Korea. We've got to reinvigorate our discussions with China. They clearly are the key. If they want to shut North Korea's economy down, they could do it tomorrow. And with our trade imbalance being what it is with China, we need to apply more pressure with the Chinese."

Burton Says Diplomatic, Economic Pressure Should Be Exerted On North Korea. Rep. Dan Burton said on MSNBC's Hardball (7/5), "I think every ounce of diplomatic pressure that we can bring to bear upon them, as well as economic pressure, should be exerted, and that should not be done unilaterally by the United States. So I think the entire world, the United Nations, the entire world ought to tell North Korea that this is not something that is not acceptable, because it's not just the United States and our people that's at risk, it's anybody within the…range of those missiles."

Pascrell Says UN Should Take Action Against North Korea. Rep. Bill Pascrell said on MSNBC's Hardball (7/5) that there "should be a multilateral approach to a very serious problem. I think this is not an erector set we're talking

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about. North Korea has been working on this for a long time. They haven't fired a long-range missile since 1998. They're trying to flex their muscle. We are not going to be intimidated by the North Koreans, but we need to have the Chinese and South Koreans involved in negotiations, and we need to have the United Nations not only speaking, but taking action, against North Korea. We are not going to go to the bargaining table simply by them rattling swords."

WSJournal Says US Should Not "Reward" North Korean Tests With Direct Talks. An editorial in the Wall Street Journal (7/6, 2.11M) says, "The last thing the US should do is reward North Korea's missile provocation with direct talks. Yet before yesterday's missile tests, that is exactly what Senate Foreign Relations Chairman Richard Lugar advised." The Journal also notes, "This is what happens when a non-transparent, authoritarian regime is appeased long enough for it to acquire nuclear weapons and the means to deliver them. The mullahs in Tehran have already absorbed that lesson. Iran, and other states that are considering going nuclear, will be closely watching how the world responds to Kim Jong Il's latest provocation."

WPost Says US May Have To Address North Korean Threat Alone. An editorial in the Washington Post (7/6, A20, 744K) says North Korea's launching of at least seven missiles "was baldly aimed at putting pressure on the Bush Administration, which lately has been focused on making disarmament offers to Tehran rather than Pyongyang. Sure enough, within hours there were predictable calls in Washington for the administration to begin 'bilateral talks' with the regime of Kim Jong Il, exactly as he must have hoped." The Post says the missile firings "offer the Bush administration an opportunity: not to bargain with Mr. Kim but to insist that China and South Korea stop tolerating his refusal to begin the disarmament he promised last year." The Post adds, "If China and South Korea are serious about stopping North Korea's development of weapons of mass destruction, now is the time to demonstrate it. If they are unwilling to act, the Bush administration should consider other means of preventing further North Korean missile launches."

LATimes Says "Desperate Nature" Of North Korea's Militarism Is Troubling. An editorial in the Los Angeles Times (7/6, 958K) says the "silver lining in North Korea's act of defiance is the renewed unity of purpose that it is likely to forge among regional powers ostensibly engaged in trying to dissuade Kim's regime from developing nuclear weapons. Russia, China, South Korea and Japan all need to work alongside the Bush administration in the so-called six-party talks." The Times adds that "all nations in the region should be troubled by the desperate nature of North Korea's militarism." The region's "principal players need to stand together, alongside the White House, in dealing with this rogue state."

North Korea Said To Be Ratcheting Up Confrontation With US. Nicholas Eberstadt, the Henry Wendt scholar in political economy at the American Enterprise Institute, writes in the Wall Street Journal (7/6, 2.11M) that with yesterday's tests. North Korea "has done more than simply raise the stakes in its contest of wills with the Bush administration. Much more ominously, the launch reveals that the Dear Leader and his inner circle are ready to ratchet up their confrontation with 'the imperialists' to a new and still more dangerous level -- and that North Korea's masters are confident that they hold the upper hand in this escalation." Kim Jong Il and his regime "are now embarking on a perilous new high-stakes gamble, one through which they may earn unprecedented economic and strategic benefits. Ballistic missiles are their instrument in this venture. These will be wielded as like a strategic battering ram, with the aim of shattering the US security architecture in the Korean peninsula and throughout northeast Asia."

Bush Meets With Georgian Leader, Backs Country's Bid To Join NATO. USA Today (7/6, 2.31M) reports, "President Bush gave strong support Wednesday to ex-Soviet state Georgia's desire to join NATO, something that may annoy Russia ahead of next week's Group of Eight leading industrial nations summit in St. Petersburg, Russia." Said Bush, after a meeting with Georgian President Mikhail Saakashvili at the White House, "We will work with our partners in NATO to see if we can't make the path a little smoother for Georgia" to join.

Under the headline "President Of Georgia Gets Warm Embrace," the Washington Post (7/6, A4, Baker, 744K) reports Bush "embraced" the foreign leader "as 'my friend,' delivering a pointed message just a week before a summit in Russia that he will stand by its neighbors in the face of pressure from Moscow." Bush praised Saakashvili "for 'vigor and enthusiasm' and called him 'a man who shares the same values I share.'" Bush also said, "I assured the president that Georgia is our friend and we care deeply about the people of Georgia. … My friend, the president, wouldn't be sitting here if

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I didn't have Georgia on my mind." The Post adds, "The pun aside, Bush's comments had a serious, if unspoken meaning. Located on Russia's southern rim along a vital oil pipeline corridor, Georgia has been at a flash point between Washington and Moscow for years. By showcasing his meeting with Saakashvili, officials and analysts said, Bush signaled he is concerned about Kremlin treatment of former satellites as he prepares to head to St. Petersburg for the first Group of Eight summit hosted by Russia."

The Wall Street Journal (7/6, A1 Champion, 2.11M) profiles Saakashvili in a front-page story, saying he has "strong backing from the US" as he tries "to transform Georgia's economy in a hurry. His aim is to end centuries of Russian domination and to forge new ties with the West. Corruption is down, and tax revenues have at least doubled since 2003, due in part to a new flat tax and improved collection, helping to pay for the government's many projects. The nation's gross domestic product rose 8.5% during the first quarter." Saakashvili "faces enormous challenges. Georgia sits at the center of an unstable region and shares borders with both Russia and Iran. If he succeeds, Western nations stand to benefit."

Bush Urged To Raise Browder's Case With Putin. The Financial Times (7/6, Yeager, Buckley) reports that Senate Majority Leader bill Frist and Sens. John McCain and Chuck Schumer have asked President Bush to raise the case of William Browder, the hedge fund chief who has been barred from entering Russia, when he meets Vladimir Putin at the Group of Eight summit this month. In a letter to Bush, the Senators say Browder's case "reminds us that the path to a free society and an open market in Russia cannot be taken for granted." They said Moscow "should either let Mr Browder back into Russia or provide a credible explanation as to why it is denying entry to its largest foreign portfolio investor. The White House had not yet responded to the request, a Senate aide said on Wednesday."

Gazprom Given Exclusive Rights For Russian Natural Gas. Parliament Grants Exclusive Rights The New York Times (7/6, Kramer, 1.19M) reports, "Russia's Parliament passed a law on Wednesday that grants exclusive rights for exporting natural gas to Gazprom, the state-owned energy operator that is already the world's largest gas company." If signed by President Vladimir Putin, the law "would be a boon for Gazprom, already a company with many perquisites bestowed by the state."

Bush To Meet With Canadian PM Today. The Washington Times (7/6, Sheikh, 90K) reports that President Bush will meet at the White House today with Canadian Prime Minister Stephen Harper, Canada's first conservative Prime Minister in 12 years. The times says that in Harper, Bush "will find an ideological soul mate who has moved quickly to rebuild his country's long-neglected military and committed to keeping 2,300 troops in Afghanistan through 2009." Bush "also can expect a major improvement in atmospherics after years of prickly relations with Liberal Party governments, whose members were accused at times of adopting anti-American positions to score political points."

Iran Postpones Talks With EU. The New York Times (7/6, 1.19M) reports, "Iran on Wednesday postponed for a day a meeting with the European Union about its nuclear activities, apparently to protest the appearance of a prominent Iranian exile organization before the European Parliament in Strasbourg, France." Iran's chief nuclear negotiator, Ali Larijani, "announced that the meeting would be put off, exasperating Western officials, including Javier Solana, the European Union's foreign policy chief." The Washington Post/AP (7/6, A16) says Solana "expressed surprise that Iran's top nuclear negotiator, Ali Larijani, did not appear for their scheduled meeting Wednesday." Iran "said the meeting would go ahead on Thursday."

Rice Says West Wants Answer From Iran Soon. Fox News' Special Report (7/5, Hume) reported, "Western nations say if Iran is trying to delay its response to a package of carrots and sticks aimed at getting Tehran to give up its uranium enrichment program, it will not succeed." Secretary of State Condoleezza Rice "says the West expects an answer and soon."

Israeli Army Pushes Deeper Into Gaza. The CBS Evening News (7/5, story 4, 1:45, MacVicar, 7.66M) reported "a major incursion" was "launched…in northern Gaza following…the launch of three of hose homemade rockets into the nearby city of Ashkelon. That is something that Israel's government says it will not stand for. It called the launch a serious escalation and said it would do all it could to prevent it. Tonight, they have moved tanks and armor into an area of northern Gaza about three miles north of where I am. They've taken over old Israeli settlements that they left about 11 months ago during disengagement."

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The AP (7/6, Barzak) reports, "Israeli tanks and armored personnel carriers entered one of Israel's former settlements in northern Gaza Wednesday night and opened fire on a nearby Palestinian town, Palestinian officials and witnesses said." Earlier in the day, Prime Minister Ehud Olmert "convened his Security Cabinet and met with top military officials after militants fired rockets on Tuesday into Ashkelon, a southern Israeli city of 110,000 people." The Washington Times (7/6, 90K) runs a similar AP story, while the New York Times (7/6, Myre, Erlanger, 1.19M) reports "Israeli officials said the security cabinet, meeting in special session, did not specifically authorize the establishment of a long-term buffer zone within northern Gaza." But "the previous troop position, about half a mile inside the border, did little to prevent more rocket fire into Israel. Plans originally drawn up by the army called for a deeper incursion into northern Gaza, along with the current deployment in southern Gaza near Rafah, where the captured soldier, Cpl. Gilad Shalit, is believed to be held."

The Washington Post (7/6, A17, Wilson, 744K) reports from Beit Hanoun, in the Gaza Strip, "As Israeli tanks began moving toward this town, small squads of masked gunmen from the governing Hamas movement's military wing and other armed groups could be seen deploying at key intersections and along the dark streets of Jabaliya and Beit Lahiya, blacked out by a recent Israeli airstrike." The Post adds, "Two thudding explosions sounded in the dunes just north of Beit Hanoun as Israel targeted gunmen it said were burying explosives in the sand. At least two Palestinians -- one Hamas gunman and one member of the Palestinian navy -- were killed in the strike or other clashes, Palestinian hospital officials said. Fourteen others, including seven civilians, were wounded."

Hamas Seeks To Intimidate Palestinian Journalists. USA Today (7/6, Gutman, 2.31M) reports "Palestinian journalists say Hamas is trying to control news coverage" in Gaza, and that "intimidation tactics compelled some media outlets, such as al-Hurriya, to suspend news coverage. Frightened columnists put down their pens. Hazem Abu Shanab, a communications lecturer at Gaza's Al Azhar University, stopped writing his column for Al-Hayat Al-Jadida and other newspapers. Those tactics include: Death threats to journalists or outlets perceived as biased against Hamas, according to Arabeed and Reporters Without Borders, an advocacy group for journalists. Raids on radio and TV stations, including the sacking of Palestine TV's bureau in the southern Gaza town of Khan Yunis by gunmen claiming to be from Hamas. Sharp public criticism from Hamas officials."

More Commentary On Hamas. Edmund R. Hanauer, an American Jewish human rights activist who directs Search for Justice and Equality in Palestine/Israel, writes in USA Today (7/6, 2.31M), "Israel's brutal response in Gaza -- called 'war crimes' by Amnesty International -- to the capture of an Israeli soldier by Palestinian militants will not further peace. Israel, more than Hamas, blocks peace. … Palestinians are backed by international law; Israel is backed by the United States. Hamas says Abbas can negotiate with Israel and submit any agreement to a referendum. That is democratic and hopeful as most Palestinians seek a two-state settlement. The United States should press Israel to cease violence, freeze settlements, honor human rights and seek talks with both Hamas and Abbas." USA Today (7/6, 2.31M), meanwhile, editorializes that Hamas; "inability to evolve from terrorists to leaders of a government ignited a series of events over the past two weeks that underscore a depressing regional truism: When things hit rock bottom, they can always get worse. … When Palestinians elected Hamas, many weren't voting for terrorism. They ached for more normal lives and a change from the corrupt incompetence that had evolved under Yasser Arafat. Israel is hardly blameless." But "one essential part of a real peace is for Hamas to work to fulfill those aspirations."

Algeria Hires Carmen Group To Lobby In DC.

The Washington Post (7/6, A19, 744K) reports the Carmen Group, "which in the past year has made a play for business in Africa and hired strategically to make that happen, has scored a substantial lobbying client -- the government of Algeria." The fee "is a healthy $25,000 a month, for a total of $300,000 for the one-year term of the contract, according to the Carmen Group's Foreign Agents Registration Act filing with the Justice Department. The shop also filed a lobby registration with Congress." The Carmen Group "says it will work to strengthen relations between the Algerian and U.S. governments and expand trade, through government relations and 'strategic advice.'"

López Obrador Now Ahead In Mexico. The Wall Street Journal (7/6, Luhnow, De Córdoba, 2.11M) reports, "Mexico undertook a tense official recount of its contested presidential election yesterday that with 91% of the vote counted showed a different outcome than Sunday's results, with populist Andrés Manuel López Obrador leading

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conservative candidate Felipe Calderón by a 36.2% to 35% margin." The Journal adds, "The mixed results produced confusion and tension in Mexico. Mr. Calderon's National Action Party, or PAN, said it was still confident of winning the recount because most of the districts outstanding were areas the party had won." Calderón's campaign strategist, Juan Camilo Mouriño, said, "In the states where Felipe Calderón won, the [Party of the Democratic Revolution] are playing games to draw this out, questioning everything, making long speeches, and raising the same objections over and over." The New York Times (7/6, Thompson, McKinley, 1.19M) notes that "as the night wore on, Mr. López Obrador's lead steadily narrowed as tallies arrived from the northwestern states that voted heavily in favor of Mr. Calderón," adding that "some" López Obrador "advisers…acknowledged that they were not confident that their candidate's lead would hold, and they made clear they would not recognize the results until there was a vote-by-vote recount."

The Financial Times (7/6, Lapper, Thomson) reports Calderón yesterday "accused his leftwing rival of 'intolerance' and 'irresponsibility' by alleging foul play in last Sunday's election and calling for street protests." In a Financial Times interview, Calderón said López Obrador "wanted to make the people believe he had won." Added Calderón, "It is not true. Then he wanted to make them believe that there was foul play. That is not true either, and we will fight these tricks one by one."

The Washington Post (7/6, A12, Roig-Franzia, 744K) reports on the recount in a story titled "Mexico Watches As Votes Are Tallied," while the Washington Times/AP (7/6, Grillo) says that "in scenes reminiscent of the Florida recount in the US presidential vote in 2000, the divided nation bit its nails as the partial returns showed Mr. Lopez Obrador overtaking Mr. Calderon, who had ended just ahead in the initial vote count." ABC World News Tonight (7/5, story 7, :25, Sawyer, 8.78M) said "the recount should be finished by the weekend."

More Commentary. Novelist Mario Vargas-Llosa writes in the Wall Street Journal (7/6, 2.11M) that López Obrador "represents a renunciation of the idea that development comes from transferring responsibility from the state to civil society and embracing a full exchange with the world. … It is unlikely that Mr. López Obrador would have become a full member of the 'axis' formed by Hugo Chávez, Fidel Castro and Evo Morales, for the same reasons the PRI kept away from communist alliances when it dominated Mexico: Mexican nationalism." But "a populist victory in Mexico would have invigorated other populists in Latin America. And the demagogic foreign policy establishment that used to be part of the PRI state would have likely come back, straining relations with the US." Calderón, "by contrast, understands the stakes better than the man he barely beat. Yet there is no guarantee that he will be a more effective reformer than Mr. Fox."

Cuba's Drilling Plans Spark Controversy In US. The Christian Science Monitor (7/6, Luscombe, 61K) reports that there are potentially billions of barrels of oil and trillions of cubic feet of natural gas beneath the waters of the North Cuban Basin. Late last year, Fidel Castro's government "started contracting out 59 lots in Cuban waters for exploratory drilling," creating a controversy in the US where the federal government maintains a moratorium on any drilling. The Monitor adds, "China, Canada, Spain, and India are among the countries that have snapped up Cuba's lots, while the US oil industry has stood by unhappily, abiding by America's decades-old trade embargo with the communist nation. … Environmental groups, meanwhile, are concerned that even if the US moratorium stays intact, drilling in Cuban waters will have a noticeable effect on Florida's 663 miles of beaches."

Morales Has Filled Bolivia's Government With Ex-Guerillas, Activists, Intellectuals. The Wall Street Journal (7/6, De Córdoba, Luhnow, 2.11M) reports, "Since he was elected Bolivia's first indigenous president by a landslide vote in December, Evo Morales, a former leader of the coca growers' union, has assembled a governing team of ex-guerrillas, former street activists and Bolivian intellectuals. … Since Mr. Morales assumed power in January, he has pledged to redistribute the country's wealth among Bolivia's poor Indians, and exert greater state control over the country's economy and natural resources. He has forged a close alliance with Venezuela's fiery anti-American president Hugo Chávez, and has organized a constitutional convention, to reform the way the country is organized." The Journal adds, "Many Aymara intellectuals say they want to re-create in the 21st century the values of the communal Eden they believe existed before the conquest, a place without poverty or oppression."

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Nationalist Opposition Ousts Macedonian PM. The Washington Post/AP (7/6, A13) reports that Macedonia's Prime Minister Vlado Buckovski "conceded defeat Thursday to the nationalist opposition in Macedonia's parliamentary elections." The AP adds, "Sounding like a winner, Nikola Gruevski thanked his VMRO-DPMNE party supporters and said he would begin efforts on Friday to put together a coalition. … With 36 percent of the ballots counted, the VMRO-DPMNE party had 33 percent of the vote, while Buckovski's ruling Social Democrats had 24 percent, according to the State Electoral Commission."

Taylor's Son Pleads Not Guilty To Passport Fraud. The New York Times (7/6, Goodnough, 1.19M) reports the son of Former Liberian President Charles Taylor pleaded not guilty in Miami Wednesday to charges of passport fraud. The son, Charles McArthur Emmanuel, also known as Charles Taylor, Jr. was "returned to jail to await trial. He has "been held without bail at the Federal Detention Center downtown since March 30, when he arrived at Miami International Airport from Trinidad and Tobago. Mr. Emmanuel lied on March 15 in applying to renew his passport and listing his father as Steven Smith of St. Vincent, court papers say."

Author Says Belief In "Complacent Myths" Will Not Solve India's Problems. Author Pankaj Mishra, writes in the New York Times (7/6, 1.19M), "In recent weeks, India seemed an unlikely capitalist success story as communist parties decisively won elections to state legislatures, and the stock market, which had enjoyed record growth in the last two years, fell nearly 20 percent in two weeks, wiping out some $2.4 billion in investor wealth in just four days. This week India's prime minister, Manmohan Singh, made it clear that only a small minority of Indians will enjoy 'Western standards of living and high consumption.' There is, however, no denying many Indians their conviction that the 21st century will be the Indian Century just as the 20th was American. The exuberant self-confidence of a tiny Indian elite now increasingly infects the news media and foreign policy establishment in the United States. … Many serious problems confront India. They are unlikely to be solved as long as the wealthy, both inside and outside the country, choose to believe their own complacent myths."

NYTimes Says "Killing Fields" Tribunal Has Responsibility To Survivors. The New York Times (7/6, 1.19M) editorializes, "Three decades have passed since the world first learned of the 'killing fields' of Cambodia. … Yet it was only this week that a UN-Cambodian tribunal was sworn in and began the long task of bringing those most responsible to trial. … We can only hope that there will be enough of a trial in the end to give Cambodia's survivors some sense of justice done. The tribunal has a responsibility not only to those survivors but to a world that has yet to learn how to deal with crimes against humanity. … The court -- as well as other international tribunals -- should be supported by serious efforts to ensure that such atrocities do not happen again. Getting a UN force into Darfur would be a good start."

THE BIG PICTURE:

Headlines From Today's Front Pages.

Los Angeles Times:

"HIV-Positive Group May Hold The Key To Defeating AIDS."
"A Level Reply To N. Korea Missiles."
"Death Puts Lay Conviction In Doubt."
"Family-Like Program Opens Brave New Chapter For Black L.A. Students."
"Now The Leftist Has The Lead In Mexico."
"Border Bills Far Apart: 2,700 Miles."
"In Cold Blood: Iraqi Tells Of Massacre At Farmhouse."

USA Today:

"Attempt To Punish N. Korea Hits Snag."
"With Only A Letter, FBI Can Gather Private Data."
"Atlantic City's Casinos Shuttered As N.J. Budget Standoff Continues."

New York Times:

"Enron Founder, Awaiting Prison, Dies In Colorado."
"2 Italians Seized In '03 Kidnapping Of Imam In Milan."
"Casinos Closed By Budget Fight In New Jersey."
"Few Good Choices In North Korean Standoff."
"A Touchy Topic: Boomer In Chief Hits The Big 6-0."
"Company Town, Losing A Landlord, Seeks A Mate."

Washington Post:

"U.S., Allies Seek Punitive Action Against N. Korea."
"Enron's Lay Dies Of Heart Attack."
"A Driven President Faces A World Of Crises."
"At Baghdad University, Finals Not The Hardest Test."

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"Candidacy Fosters A Debate On Race."
"Flush With Success, And Looking To Spend."

Washington Times:
"Bush Hits Direct N. Korea Talks."
"Missiles Ignite Oil-Price Spiral."
"McCain Sitting Pretty For 2008 Race."
"Enron Founder Lay Dies At 64."
"Navy Chaplain's Complaint Ruled 'Without Merit.'"
"New Canadian Leader To Rebuild Military."

Detroit Free Press:
"GM Likely To Open Talks On Deal."
"Dearborn Stands To Lose Millions On Property Deal."
"A Perfect Life Falls Apart."

Atlanta Journal-Constitution:
"Coke Secrets Plot Foiled."
"Allies Rebuke N. Korea Launches."
"A Nation Divided."
"Over 60 Years Of Highs And Lows, Carters Find Happiness As Equals."

Houston Chronicle:
"Lay's Criminal Record May Vanish With His Death."
"Leftist Now Has Lead In Mexico."
"North Korea Continues To Perplex U.S. Presidents."
"Texans Rookie Williams Buys House From Slade."

Story Lineup From Last Night's Network News:
ABC: North Korea Missile Launches; Korea-Diplomatic Reaction; US Missile Defense; Lay Obit; Discovery-Damage Check; Kim Jong-Il Profiled; Mexico-Presidential Recount; Oil Prices; Family Responsibility Discrimination; World Cup; Bush Birthday.
CBS: North Korea Missile Launches; Missile Launches-White House; Missile Launches-Asia Reaction; Israel-Gaza Offensive; Oil Prices; Lay Obit; Discovery-Damage Check; House Immigration Hearings; Binge Drinking-Brain Damage; Soda Wars-Arrests; NJ Budget Dispute.
NBC: North Korea Missile Launches; Missile Launches-White House; Missile Launches-US Reaction; Missile Launches-Asia Reaction; Kim Jong Il-Analysis; Lay Obit; Oil Prices; US Jobs Report; House Immigration Hearings; Discovery-Damage Check; Hair Dye-Cancer; Baby Boomers-Location Lures.

Story Lineup From This Morning's Radio News Broadcasts:
ABC: North Korea-missile test; Bonds' Trainer Jailed; Columbine Killers' Diaries.
CBS: North Korea-Missile Test; Space Shuttle Mission; Lay Obit; Frey Marries; Bush Birthday; World Cup.
NPR: Iraq-Najaf car Bomb; North Korea-Missile Test; Congress-Abu Ghraib Investigation; New Jersey-Budget Showdown; Foreign Stock Markets; CO-Illegal Immigration; Canada-Gore Criticism.

WASHINGTON'S SCHEDULE:

Today's Events In Washington.
White House:

PRESIDENT BUSH — Participates in a photo opportunity with the 2006 March of Dimes National Ambassador, Oval Office, The White House, stills at top; meets with Canadian Prime Minister Harper at the White House, stills at top; participates in a joint press availability with the Prime Minister of Canada, East Room, The White House, open press; meets with the Ambassador to Iraq, Oval Office, The White House, pool at bottom; attends dinner with the Mayor of Chicago, Chicago, Ill, pool at bottom.

VICE PRESIDENT CHENEY — No public schedule.

US Senate: No scheduled events.

US House: No scheduled events.

Other: PRIME MINISTER STEPHEN HARPER OF CANADA _ Highlights: 10:40 a.m. Meets with President Bush. Oval Office. 11:50 a.m. Holds joint news availability wqith President Bush. East Room. Note: Departs for Canada mid-afternoon.

CORPORATE GOVERNANCE _ The International Corporate Governance Network holds its 11th annual conference. Highlights: 1:30 p.m. World Bank President Paul Wolfowitz. Location: Omni Shoreham Hotel, 2500 Calvert St. NW.

HURRICANE READINESS _ 10 a.m. Dr. Bob Sheets, former director of the Natonal Hurricane Center, presents findings from a new National Hurricane Readiness Index, a survey commissioned by the Insurance Information Institute. The survey compares homeowner preparedness in Gulf and Atlantic communities. Topics will include whether homeowners have taken steps to mitigate hurricane force winds, changed insurance policies to reflect home improvements, know the details of federal flood insurance, or prepared personal disaster plans. With Jeanne Salvatore, senior vice president, Insurance Information Institute. Location: National Press Club, 14th and F Sts. NW.

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G-8 SUMMIT _ 10 a.m. - 11:30 a.m. The Brookings Institution hosts a panel briefing to preview the G-8 meeting in St. Petersburg, Russia. With Strobe Talbott president, The Brookings Institution; Lael Brainard, vice president and director, Global Economy and Development, The Brookings Institution; Carlos Pascual, vice president and director, Foreign Policy Studies, The Brookings Institution; Kenneth M. Pollack, senior fellow, Foreign Policy Studies, The Brookings Institution; Clifford G. Gaddy, senior fellow, Foreign Policy Studies and Global Economy and Development, The Brookings Institution; and Johannes F. Linn, executive director, The Wolfensohn Initiative, The Brookings Institution. Location: Falk Auditorium, 1775 Massachusetts Ave. NW.

MINETA _ 10:30 a.m. Outgoing Transportation Secretary Norman Mineta gives his final public address to the U.S. Chamber of Commerce's National Chamber Foundation. Location: 1615 H St. NW.

ELECTION FORECAST _ 11 a.m. - 12 p.m. George Washington University's Graduate School of Political Management hosts a panel discussion on the 2006 midterm elections. Focus on Congressional control and key races. With Christopher Arterton, dean, GWU Graduate School of Political Management; Bernadette Budde, vice president, Business Industry Political Action Committee; Kelly Anne Conway, CEO, The Poling Company; and others. Location: Room 122, Cannon.

SECURITY-MASS TRANSIT _ 1 p.m. Reps. Bennie Thompson and Corrine Brown hold a telephone briefing about their bill to close security problems on rail and mass transit facilities. Notes: Callin number: 888-889-1961; passcode: 18404.

HOMELAND SECURITY _ 12 p.m. Pen and pad briefing on Department of Homeland Security fiscal year 2006 critical infrastructure grants. With George Foresman, Undersecretary for Preparedness. Location: DHS Building 21, 3801 Nebraska Avenue, NW.

SEC-GLASSMAN _ 12 p.m. - 1:30 p.m. Cynthia Glassman, SEC Commissioner, delivers remarks on ``Observations of an Economist on Leaving the SEC." Hosted by the National Economists Club. Location: Chinatown Garden Restaurant, 618 H St. NW.

TERRORISM-TRANSIT _ 1 p.m. - 2 p.m. Rep. Bennie Thomspon, D-Miss., and Rep. Corrine Brown, D-Fla., hold a news conference call on H.R. 5714, legislation to secure security weak points in America's rail and mass transit system. Notes: Call-in : 888-889-1961. Passcode: 18404.

DEMONSTRATION-MIDDLE EAST _ 4:30 p.m. The MAS Freedom Foundation holds a ``Justice for Palestine" demonstration and rally in response to Israel's actions in Gaza. Location: In front of the Israeli Embassy, 3514 International Drive, NW, between Connecticut and Reno Road.

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THE ATTORNEY GENERAL'S NEWS BRIEFING

PREPARED FOR THE OFFICE OF PUBLIC AFFAIRS, U.S. DEPARTMENT OF JUSTICE

TO: THE ATTORNEY GENERAL AND SENIOR STAFF

DATE: THURSDAY, JULY 6, 2006 7:45 AM EDT

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TERRORISM NEWS:

Italy Arrests Two Italian Intelligence Officials, Seeks Four Americans In Rendition Probe. The AP (7/6, Rizzo) reports, "Prosecutors said Wednesday they had arrested two Italian intelligence officers and were seeking four more Americans as part of an investigation into the alleged CIA kidnapping of an Egyptian cleric in Milan in 2003. … In a statement released in Milan, prosecutors said three Americans being sought were CIA agents, while the fourth worked at the joint U.S.-Italian air base of Aviano, where the Egyptian was allegedly taken after his abduction. The statement did not provide names" of the Italians, but "Italian media reports identified the two as Marco Mancini, currently the head of military counterespionage, and Gustavo Pignero, and said they were charged with kidnapping."

The New York Times (7/6,Grey, Povoledo, 1.19M) notes, "The arrests will put pressure on the new government of Prime Minister Romano Prodi to decide whether to back the efforts of the Milan prosecutor, which the previous government of Silvio Berlusconi had opposed." The Prodi "government is less supportive of the war in Iraq than was Mr. Berlusconi's. But Massimo Brutti, who oversees judicial issues for the largest party in the governing majority…said the change in government had not affected the decision to issue the arrest warrants."

The Los Angeles Times (7/6, Wilkinson, 958K) reports, "In marked contrast to the previous administration…Prodi's government Wednesday night pledged 'maximum cooperation' with the judiciary and expressed faith in the 'institutional loyalty' of the state security services. The arrests bolster a European report last month that denounced a global "spider's web" of collusion, including hundreds of alleged clandestine flights by CIA planes transporting terrorism suspects across Europe and into North Africa, the Middle East and Central Asia."

USA Today (7/6, 4A, 2.31M) also notes, "The arrests were the first acknowledgement that Italian agents may have been involved," and the Washington Post (7/6, A15, Whitlock, 744K) adds, "Several Italian and European lawmakers said Wednesday that the arrests confirmed what they had suspected all along: that the Italian government worked directly with the CIA to kidnap" Hassan Mustafa Osama Nasr. "Others said they were shocked at the move and said prosecutors were going after the wrong people."

Cole Bombing Mastermind Recaptured. ABC News.com (7/5, Ross) reports on its news blog the "alleged mastermind of the USS Cole bombing, Jamal Badawi, who had escaped from prison in Yemen, has been caught again according to US law enforcement sources." Badawi, "along with 22 others, had escaped from jail in February through an underground tunnel. The prisoners were believed to have help from both inside and outside the prison to dig the 460 foot tunnel."

Judge Denies Bond For Alleged Miami Terror Plotters. The AP (7/6, Wides-Munoz) reports, "A federal judge denied bond Wednesday to six men accused of plotting to blow up Chicago's Sears Tower and conspiring to help al-Qaida attack several federal buildings." The six, who have pleaded not guilty, "were arrested June 22 in Miami as part of an undercover FBI sting. They are accused of seeking to support what they thought was an al-Qaida operative's effort to bomb FBI buildings in Chicago, Los Angeles, Miami, New York and Washington." A seventh man arrested in the case and charged in Atlanta "was also being held without bond." US Magistrate Judge Ted Bandstra 'ruled Wednesday that the men in Miami posed too great a risk to the community to be released." The Los Angeles Times (7/6, Blum, 958K) also reports the story.

Judge Warns US Officials Not To Share Details Of Sealed Padilla Defense Motions. The AP (7/6) reports, "U.S. government officials who know of sealed defense motions in the Jose Padilla terror case face court punishment if they disclose their contents to the prosecution trial team, a judge has ruled. District Judge Marcia G. Cooke issued the order after Padilla's defense attorneys expressed concern over a sealed motion they filed requesting evidence and assistance from Egypt's government as part of their case. Defense attorneys claimed they received a call from a U.S. government representative who said that if the government is ordered to respond to a defense motion and the defense does not withdraw the motion, the government would disclose the motion's contents to the prosecution trial team."

More Time Behind Bars Seen As Likely Future For Many Guantanamo Detainees. The Los Angeles Times (7/6, Williams, 958K) reports that the Bush Administration has described the men being held at the US detention facility at Guantanamo Bay, Cuba "as being among the world's most dangerous men, but many profess to be simple villagers captured in the chaotic aftermath of Sept. 11." The majority of them have "not been charged with any war crime," so their detentions were "unaffected by the Supreme Court ruling that struck down the tribunal system used for those who do face formal charges. Congress, however, is looking at passing legislation to mandate the

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procedures for dealing with the foreign captives." The short term outlook for these men ""seems to be more time inside the fences and razor wire of the camps set among cactus groves on this Caribbean island."

Media Leak Throws French Terror Trial Into Turmoil. The New York Times (7/6, Smith, 1.19M) reports, "A French terrorism trial was thrown into turmoil on Wednesday by a leaked report that French intelligence agents had secretly interviewed the six defendants during their detention by the United States at Guantánamo Bay in Cuba. The revelation by the daily newspaper Libération is an embarrassment for the French government, which has long expressed official disdain for the American policy of detaining terrorism suspects beyond the reach of law." The Times adds, "According to a copy of a diplomatic cable published Wednesday by the newspaper, French agents visited the detention center shortly after it was created in January 2002 and again in March of that year. … French courts have previously declared the Guantánamo detentions illegal."

UK Neighborhood Patrols Focus On Home-Grown Terror Threat. Under the headline "UK Targets Terrorists-to-Be," the Wall Street Journal (7/6, Mollenkamp, 2.11M) reports, "While other British intelligence and law-enforcement agencies concentrate on terrorists' international movements, telephone calls or money transfers, British police believe neighborhood patrols are the best way to confront a particular type of terrorist: the homegrown variety who grow up in Britain and lead otherwise ordinary lives until the day they strike. London's Metropolitan Police Service, better known as Scotland Yard, increasingly is looking at this approach, especially in the wake of incidents such as last year's London bus and subway bombings. … 'Terrorism starts in the neighborhoods,' says Tim Godwin, assistant commissioner for territorial policing at Scotland Yard. The hope is that having community-support officers as a familiar presence on the streets will 'build the trust and confidence that people can come forward and say, "I don't like what's going on next door,"' he says."

The New York Times (7/6, Cowell, 1.19M), meanwhile, says that "with some anxiety, Britons are still asking what inspired the onslaught by British-born Muslims, and whether the dark undercurrents of July 7, 2005, could resurface in a new attack." There is an "increasingly rancorous debate a year after the four bombers struck on three Underground trains and a bus. The government of Prime Minister Tony Blair is locked in recrimination with Muslim leaders, who say the authorities have failed to reduce Muslim discontent. Many Muslims…are insisting that the government do more to investigate the origins of the attack."

Al Qaeda To Release Video Of London Suicide Bomber. ABC News.com (7/5, Ross) reports on its news blog that Al Qaeda is "set to release a new video tape featuring one of the suicide bombers from last year's London attacks, according to Ben Venzke at the IntelCenter." Venzke says "the as-Sahab production house will be putting out a tape on the Internet sometime Thursday that includes a video last will and testament of Shahzad Tanweer as well as a new statement from the al Qaeda number two leader Ayman al-Zawahiri." The tape "is also expected to include former Californian Adam Gadahn, who now goes by the name of Azzam al-Amriki. Gadahn is believed by U.S. authorities to be running the al Qaeda propaganda operation from a secret location somewhere inside of Pakistan." The tapes' release "the day before the London anniversary bombings suggest that al Qaeda had a significant role in the attacks which killed 52 and injured hundreds."

PATRIOT ACT:

National Security Letters Allow FBI To Obtain Trove Of Personal Data. Under the headline "With only a letter, FBI can gather private data," USA Today (7/6, A1, Willing, 2.31M) reports on the increased post-9/11 use of National Security Letters by the FBI in counter-terrorism investigations, noting that the Library Connection lawsuit challenging an NSL request "provides a rare public glimpse of the vast amount of banking, credit, telephone and Internet records that anti-terrorism or counterintelligence investigators can have simply by asking." In a filing in the Library Connection suit, "David Szady, the FBI's assistant director for counterintelligence, said the letters are vital to the bureau's post-9/11 mission: to disrupt terrorist plots and other national security threats before attacks occur. … According to U.S. Justice Department figures, the FBI served 9,254 National Security Letters concerning 3,501 individuals in 2005." USA cites the arrest of al Qaeda terrorist Mohammad Junaid Babar in 2004 as an NSL "success story," but adds that the ACLU and civil liberties groups continue to criticize NSLs as unconstitutional."

In an accompanying table titled "Trove Of Information FBI Can Get," USA Today (7/6, 2A, 2.31M) reports, "Federal laws expanded by the USA Patriot Act of 2001 give anti-terrorism and counterintelligence investigators access to an array of consumer information beyond what the FBI can obtain through National Security Letters. … Some examples of records accessible to investigators: Driver's licenses, hotel bills, storage rental agreements, apartment leases and other commercial records. … Cash deposits, wire and digital money transfers, casino credit records, unusual bank transactions. … Patient business records and personal health information."

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FBI Computer System Contractor Illegally Accessed Classified Data. The Washington Post (7/6, A5, Weiss, 744K) reports BAE Systems employee Joseph Thomas Colon, "using computer programs easily found on the Internet, managed to crack the FBI's classified computer system and gain the passwords of 38,000 employees, including that of FBI Director Robert S. Mueller III. … As a direct result, the bureau said it was forced to temporarily shut down its network and commit thousands of man-hours and millions of dollars to ensure no sensitive information was lost or misused." Colon, "who was assigned to the FBI field office in Springfield, Ill., said in court filings that he used the passwords and other information to bypass bureaucratic obstacles and better help the FBI install" the Trilogy system, and "he said agents in the Springfield office approved his actions." Colon is not accused of any malicious intent.

HOMELAND RESPONSE:

FAA Wants Restricted Airspace Training For Pilots. The Washington Post (7/6, A9, Wilber, 744K) reports that citing concerns over "too many pilots" violating restricted airspace around the Washington region, the FAA proposed a rule yesterday that would require the completion of "an Internet-based training course before being allowed to fly" in the area. Frequent "incursions drain resources from air-traffic controllers and from military and law enforcement authorities, officials said." The Aircraft Owners and Pilots Association said yesterday "it supported the FAA's proposed training requirements, which are to go into effect after a 60-day comment period."

New Orleans Officials Announce Neighborhood Rebuilding Plan. The New York Times (7/6, Saulny, 1.19M) reports New Orleans Mayor C. Ray Nagin, along with the City Council and community leaders, "announced a long-awaited framework Wednesday for planning the rebuilding of ruined neighborhoods, nearly a year after Hurricane Katrina and after months of indecision about how various parts of the city should work together toward recovery." The Unified New Orleans Neighborhood Plan, "financed largely by a $3.5 million grant from the Rockefeller Foundation, is expected to bring order to an effort that was beginning to grow unruly and uneven without strong central advice or control."

Groups See Potential For Fraud In Gulf Coast Housing Aid. USA Today (7/6, Hall, 2.31M) reports, "A block of consumer advocates, mortgage companies and community groups are warning that plans to hand out up to $150,000 apiece in housing aid to Gulf Coast hurricane victims could open the door to fraud." HUD Secretary Alphonso Jackson has received more than a dozen letters from groups concerned about the "nearly $7 billion in federal grants that would help tens of thousands of people in Louisiana and Mississippi rebuild damaged and destroyed homes. Both states have decided to give the grants directly to homeowners and bypass mortgage companies that typically dole out such money."

Texas Asks Louisiana To Issue Arrest Warrants For Felons Who Fled Katrina. USA Today (7/6, Johnson, 2.31M) reports the Texas attorney general's office is "urging Louisiana to issue arrest warrants for hundreds of felons who are suspected of violating conditions of their probation or parole by remaining in Texas nearly a year after fleeing Hurricane Katrina." The office "has sent Louisiana the names of more than 1,700 felons who either have failed to keep in touch with Louisiana officials or who have ignored court orders to return to Louisiana," 104 of whom "represent a particular risk to the public, says Angela Hale, spokeswoman for Texas Attorney General Greg Abbott. … A list of the offenders initially was assembled by the Federal Emergency Management Agency, which identified the felons from lists of Katrina evacuees who received federal housing or other disaster benefits."

WAR NEWS:

Car Bomb Kills 12 Pilgrims In Kufa. The Los Angeles Times/AP (7/6) reports a car bomb "targeting Iranian pilgrims struck this morning near a Shiite shrine in the holy city of Kufa, killing at least 12 people and wounding 37, police said." The bomb "exploded near the shrine of Maitham al-Tamar and yards from the Kufa mosque." Attacks on "houses of worship have stoked tensions between Shiite and Sunni Muslims." Meanwhile, "hundreds of U.S. Marines on Wednesday stormed through the largest hospital in western Iraq, taking control of a facility they said was being used by insurgents."

Violence Spreads To Baghdad University. The Washington Post (7/6, A1, Partlow, 744K) reports in a front page story that at Baghdad University, "It's finals time in Iraq. Black-clad gunmen have stormed a dormitory to snatch students from their rooms. Professors fear failing and angering their pupils. Administrators curtailed graduation ceremonies to avoid convening large groups of people into an obvious bombing target. Perhaps nowhere else does the prospect of two months' summer vacation -- for those who can afford it, a chance to flee the country -- bring such unbridled relief." On the "tree-shaded, stone-slab courtyard of Iraq's most prestigious university, with 70,000 undergraduates and 10,000 graduate students, students still stroll to class and chat idly with friends." Within the "concrete blast walls and barbed-wire barriers, the campus exists in relative calm compared with more overtly violent areas of Baghdad."

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House Panel Subpoenas Pentagon For Information On Abu Ghraib Whistleblower. The AP (7/6, Jelinek) reports lawmakers have "issued a subpoena seeking Pentagon information on a soldier who says he suffered retaliation for reporting abuses at Abu Ghraib prison." The subpoena "from the House Government Reform Committee seeks all communications relating to information provided by Army Spc. Samuel Provance about the Iraq prison." The subpoena also "seeks information on the interrogation of an Iraqi officer there, identified by Provance as Gen. Hamid Zabar. Provance had helped interrogate Zabar's 16-year-old son and was later told the boy had been captured and abused to compel the general to give information, Provance said in testimony prepared for Congress." Provance has "said his rank was reduced for disobeying orders not to speak about mistreatment he saw at Abu Ghraib." The New York Times (7/6, 1.19M) runs the AP story.

Malaki Wants Independent Probe Of Alleged Rape-Murder By US Soldiers. The AP (7/6, Gamel) reports Iraqi Prime Minister Nouri al-Malaki "demanded an independent inquiry of the rape-slaying of a girl and the killing of her family, saying the immunity from Iraqi prosecution enjoyed by U.S. forces 'encouraged them to commit such crimes.'" Al-Malaki, "whose brief tenure has been marked by several high-profile allegations of abuse by U.S. forces, called for an Iraqi investigation — or at least a joint inquiry — into the March 12 rape and murder of Abeer Qassim Hamza, and the killing of her mother, father and sister at their home in Mahmoudiya, south of Baghdad. He also said the agreements under which U.S.-led coalition troops enjoy immunity from prosecution by Iraqi courts should be reviewed." Al-Maliki "spoke two days after former Army Pfc. Steve D. Green was charged in federal court in Charlotte, N.C., with rape and four counts of murder."

The New York Times (7/6, Semple, 1.19M) reports al-Maliki "said Wednesday that Iraq would open an inquest into the recently disclosed rape-and-murder case involving American soldiers and contended that the immunity from Iraqi prosecution granted to foreign troops encouraged them to commit crimes." American military officials "scrambled Wednesday to control fallout from the case, one of at least five current investigations into accusations that American troops in Iraq had killed unarmed civilians."

The Washington Post (7/6, A13, Finer, Partlow, 744K) reports, "Following a recent string of alleged atrocities by U.S. troops against Iraqi civilians, leaders from across Iraq's political spectrum," including al-Malaki, "called Wednesday for a review of the U.S.-drafted law that prevents prosecution of coalition forces in Iraqi courts." The demand "could widen a rift between U.S. and Iraqi authorities over killings and other crimes allegedly carried out in recent months." The dispute "centers on a rule with the force of law enacted two years ago by the U.S.-led Coalition Provisional Authority, which governed Iraq after the fall of Saddam Hussein. Known as CPA Order 17, it stipulates that coalition forces, diplomatic personnel and contractors working for coalition forces or for diplomats 'shall be immune from the Iraqi legal process.' But challenges to the immunity order have gained momentum, beginning with the November killing of 24 civilians in Haditha, which came to light in March when Time magazine reported the incident." In a "rare unified stance by factional leaders, members of Iraq's Kurdish and Sunni Arab political blocs endorsed Maliki's call to revisit the immunity issue."

The Los Angeles Times (7/6, Salman, Kennedy, 958K) reports the case, "which includes the alleged rape of the older daughter, has caused a firestorm in the United States and Iraq. And the soldiers, including one charged Monday with rape and murder, have become lurid symbols of the American military at its worst. The image has not been helped in recent weeks by the emergence of other accusations that U.S. soldiers had killed Iraqi civilians." Abu Firas Janabi, the cousin of the girls' mother, "has emerged as a potential witness, has been interviewed by a U.S. investigator. He lives about half a mile from the scene of the killings, just outside the town of Mahmoudiya." Janabi and his wife "found the two young boys in the family crying as they stood outside the farmhouse, where they could see the bodies inside. The boys had been at school when the killings occurred but were home by the time Janabi and his wife arrived."

Accused Soldier Joined Army To "Get Direction." The AP (7/6, Breed) reports Pvt. Green "was a high-school dropout from a broken home who enlisted to get some direction in his life, yet was sent home early because of an 'anti-social personality disorder.'" Green "could get the death penalty if convicted in the horrific crime that has strained the U.S. military's already troubled relations with the Iraqi people and sent shockwaves around the world." Military officials "said the accusations of Green's involvement in the rape and killings came to light more than a month later during a session to counsel soldiers about the June 16 abductions of two fellow soldiers who were killed, and reportedly mutilated, by insurgents."

The New York Times (7/6, Cloud, 1.19M) reports Pvt. Green "was allowed to leave the Army in May under guidelines that required a medical finding that he was suffering from a severe personality disorder, according to documents released by the Army on Wednesday." Green "left the Army on May 13 under a regulation that allows the Army to honorably discharge a soldier if a psychiatric evaluation finds a personality disorder 'so severe that the soldier's ability to function effectively in the military

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environment is significantly impaired,' the Army documents said."

Kurdish Islamists Seek To Ensconce Sharia In Regional Constitution. The Christian Science Monitor (7/6, Brandon, 61K) reports the creation "of a new constitution for Iraq's autonomous Kurdish region was meant to be relatively straightforward. But instead, Kurdish Islamic parties have courted controversy by calling a greater role for sharia, or Islamic law." Mohammed Ahmed, a member of parliament for the Kurdistan Islamic Union (KIU), "the largest Kurdish Islamic party in the regional parliament, the Kurdistan National Assembly," said, "The Kurds are a Muslim nation and we have to follow Islam." The Monitor adds that "such calls may well go unheeded by secular parties which hold 80 percent of seats in the parliament, where a cross-party committee is now drawing up a draft constitution." But the "demands for Islamic law reflect the growing popularity of Islamic parties like the KIU and its smaller, more radical rival Komala, which was once allied with the Al-Qaeda's Kurdish offshoot Ansar Al-Islam. While unlikely to change the political power balance in Kurdistan any time soon, the Islamic parties may cultivate the ground for more radical ideas to take root."

Bombings In Kabul Kill One, Injure 47. The AP (7/6, Shah) reports, "Multiple bombs exploded Wednesday in Kabul for the second day in a row, killing one bystander, wounding 47 and raising fears that violence largely confined to the south and east will increasingly make its way into the capital." The blasts "came as U.S.-led coalition forces in the south killed 35 suspected militants during a raid Tuesday night while hunting for Taliban fighters. One British soldier was killed on patrol in a separate attack." The violence "has shaken the city, which has seen little of the heavy fighting sparked by resurgent Taliban militants in southern Afghanistan."

The Washington Post (7/6, A12, Constable, 744K) reports the three bombs were "apparently aimed at buses carrying government workers and Afghan troops." The blasts "occurred one day after two similar bombs were set off here, injuring 10. In those attacks, one bomb exploded near a bus carrying workers to the Interior Ministry and the second detonated in a vendor's cart near the Justice and Finance ministries, several hundred yards from the presidential palace."

Afghanistan Destroys 40 Tons Of Confiscated Drugs. The AP (7/6, Faiez) reports Afghan officials "destroyed more than 40 tons of confiscated narcotics worth an estimated $500 million on Wednesday in a giant bonfire on the outskirts of Kabul." Afghan counter narcotics police "have also arrested more than 600 drug traffickers, including 19 government officials, over the last year, said Deputy Interior Ministry Gen. Mohammad Daud Daud. Some 63 traffickers have been given long-term jail sentences for drug smuggling, according to the ministry."

Fisher Houses Aid Families Of Wounded Veterans. In a Wall Street Journal op-ed (7/6), San Antonio Express-News columnist Jonathan Gurwitz says that since the fall of 2001, the Brooke Army Medical Center (BAMC) at Fort Sam Houston in San Antonio "has treated more than 2,300 casualties from Operation Enduring Freedom and Operation Iraqi Freedom. The trauma center is heartbreakingly filled with the mangled and burned bodies of young Americans. For the wounded, the love and care of family members is indispensable. The painful rehabilitation process is made more bearable by the presence of loved ones. And many times, that would not be possible were it not for Fisher Houses." The Fisher Houses are "homes away from home for the families of wounded service members. They were born from a discussion in 1990 between the late Zachary Fisher, New York developer and philanthropist, and Pauline Trost, wife of Chief of Naval Operations Adm. Carlisle Trost." Mrs. Trost, "who was a volunteer at Bethesda Naval Hospital, relayed the story of a sailor sleeping in his car because he couldn't afford a hotel room while his wife was recuperating from surgery. The account inspired Mr. Fisher and Adm. Trost to begin a bureaucratic fight to create an innovative partnership between government and private philanthropy."

CORPORATE SCANDALS:

Lay Dies Of Heart Attack. ABC World News Tonight (7/5, story 4, 2:20, Sawyer, 8.78M) reported, "Ken Lay, the founder of Enron, who took it to such great heights before it collapsed in one of greatest scandals in corporate history, died of a heart attack today at the age of 64."

The CBS Evening News (7/5, story 6, 1:55, Smith, 7.66M) reported, "Lay's sudden death didn't temper the anger of former employees." Lois Black, former Enron employee: "It's easy to die. Boom, you're gone. But to serve day after day in a prison cell after having lived a lavish lifestyle that he had become accustomed to, it's getting out easy."

NBC Nightly News (7/5, story 6, 2:10, Teague, 9.87M) reported, "During the trial, Lay claimed his personal fortune was gone, but in filings just last week, prosecutors said his assets total nearly $8 million, including this luxury condo here in Houston. Prosecutors today aren't commenting on Lay's death, and his family asks that their privacy be respected. Meanwhile, former Enron employees are left stunned." Connie Castillo, former Enron employee: "No matter how bad or whatever he did, he loved his family and that was pretty clear."

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The Wall Street Journal (7/6, Emshwiller, 2.11M) reports, "With his death, his record may be expunged, though civil lawsuits against his estate likely will continue." The New York Times (7/6, Romero, 1.19M) says Lay's death "may have spared his survivors financial ruin. Mr. Lay's death effectively voids the guilty verdict against him, temporarily thwarting the federal government's efforts to seize his remaining real estate and financial assets, legal experts say."

The Financial Times (7/6, Ben White) says "Lay's death means the full story of Enron's catastrophic fall may never be known. Historians had hoped Mr Lay might provide a fuller account, from prison or after his release, of what was real at Enron and what was accounting fantasy." A similar Los Angeles Times (7/6, Bustillo, Mulligan, 958K) story reports Lay's death "complicates the federal government's effort to close the books on one of its most ambitious corporate fraud prosecutions. Legal experts said there is precedent in the federal courts for a criminal conviction to be wiped out after a defendant's death, on the grounds that the case had not reached finality because the defendant had not had the opportunity to exhaust all appeals."

The Washington Times/AP (7/6, Hays) reports Lay "had stayed out of the public eye since a federal jury on May 25 convicted him and former Enron CEO Jeffrey Skilling of fraud and conspiracy for lying to employees and investors about Enron's financial health." Lay, "who described himself as naturally optimistic, displayed no signs of ill health throughout the grueling four-month trial that started Jan. 30. His lead lawyer, Michael Ramsey, was sidelined for several weeks during the trial because of heart problems." Kurtzman "said the autopsy revealed that Lay had a heart attack in the past." The New York Times (7/6, Eichenwald, 1.19M) and Washington Post (7/6, A1, Johnson, 744K) run similar reports.

The Deal (7/6, Poole) reports, "The death Wednesday of Kenneth Lay, the founder and former chairman and CEO of Enron Corp., means any restitution in the criminal case will probably be vacated and the future of the Securities and Exchange Commission and civil cases will be more difficult to pursue, according to attorneys following the case. … 'It's a tragic end to a tragic story,' said Kirby Behre, a former federal prosecutor and now partner at Paul, Hastings, Janofsky & Walker in Washington. 'You don't have to be doctor to know that he was under a lot of stress. The sentencing won't go forward, mooted by his death, but the more interesting issue will be seizure and now forfeiture of the assets -- do they transfer to his wife? Even if they pass to a spouse or family, they're still attachable and still forfeitable to the government.'" The Deal adds, "Jacob Frenkel, a defense attorney at Shulman Rogers Gandal Pordy & Ecker in Rockville, Md., who worked at the SEC and is also a former federal prosecutor, said while Lay's death is sad and shows the 'human soul' of the case, there will be a lot of pressure on the government to pursue Lay's assets. 'But whether it can be done through a criminal proceeding, that's the unanswered question. It's not a case against an entity; it's a case against him, and he's no longer here. Then there's the SEC case and civil litigation. Those seeking to pursue his assets may or may not be able to find recovery.'"

CNN.com (7/6) reports, "White House spokesman Tony Snow said Wednesday that Lay was an 'acquaintance,' not a friend, of the president, 'and many of the president's acquaintances have passed on during his time in office.' … 'I really haven't talked to him about it,' Snow said. 'I'll give you my own personal reaction, which is that when somebody dies, you leave behind those who grieve, and I think they deserve our compassion.' … The U.S. Justice Department had no comment in reaction to news of Lay's death."

AFP (7/6, Lever) reports, "David Berg, a Houston-based trial lawyer who has followed the case closely, said Lay's death would have no impact on Skilling's sentence or appeal, or on the various civil suits pending. … 'As to the civil cases (against Lay) it will have no impact because it will proceed against his estate,' Berg said."

The Rocky Mountain News (7/6, Rudawsky) reports, "As part of the 64-year-old's $5 million bond conditions, he was required to stay in the Southern District of Texas or Colorado or en route between the two until his sentencing in October. … He reportedly traveled to Old Snowmass, about 12 miles 'downvalley' from the better-known town of Aspen, shortly after he was convicted. He was sighted on a United Airlines flight, and was said to be staying at a ranch, rarely coming into town."

More Commentary. The New York Times (7/6, 1.19M) editorializes that Lay "was headed for the penitentiary, but that did not have to be the end for him. He would have had an opportunity to use his personal skills to help other prisoners. And at 64 years, he might have had another shot at that third act after all. Michael Milken has devoted much of his resources to medical research since serving his sentence. What Ken Lay might have done we will never know. Chances are it would have been interesting."

Steven Pearlstein writes in the Washington Post (7/6, D1, 744K), "The remarkable rise and tragic fall of Ken Lay is really a story about a man whose optimism was finally outrun by reality. Early on, he found he could succeed by putting the best face on things, stretching the truth, dismissing the doubts of naysayers." But "in the end, those habits became his undoing." Also in the Washington Post (7/6, C1, 744K), Henry Allen writes an "Essay" titled "Ken Lay's Last Evasion," in which he says "many people had looked forward to knowing more about Ken Lay, especially how he liked prison."

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2nd Circuit Asks New York Court To Rule On NASD Form Statement Privilege. The New York Law Journal (7/6, Hamblett) reports, "Are statements made by an employer on a National Association of Securities Dealers termination form subject to an absolute or qualified privilege? … That is the question the 2nd U.S. Circuit Court of Appeals wants New York state judges to answer as it wrestles with the latest of several cases where a fired employee claims he was libeled in a termination form by his employer." The Journal continues, "The circuit, calling it an 'unsettled and important' question of New York law, has asked the state's highest court to resolve the issue in Rosenberg v. MetLife. Inc., 05-4363-cv. … The decision certifying the question to the New York Court of Appeals was issued by Chief Judge John M. Walker Jr., Judge Dennis Jacobs and, sitting by designation, Judge J. Clifford Wallace of the 9th Circuit." The Journal adds, "Chaskie Rosenberg sued MetLife for employment discrimination, libel, fraudulent misrepresentation and breach of contract. The suit claimed Rosenberg was investigated and ultimately fired because he was a Hasidic Jew. … The NASD requires that, whenever a registered employee is terminated, member firms must fill out a termination form -- Form U-5. … Rosenberg's Form U-5 stated that, 'An internal review disclosed Mr. Rosenberg appeared to have violated company policies and procedures involving speculative insurance sales and possible accessory to money laundering violations.' … That same statement, Walker said, appeared on the Form U-5 of each of five other Hasidic Jews who were fired by MetLife -- all of whom worked out of the company's All-Boro Agency and were hired to develop business in the Hasidic community in Brooklyn. … Southern District of New York Judge Jed Rakoff held that the statement on the Form U-5 was absolutely privileged, barring legal action against MetLife. Rakoff said that, although the circuit may have ruled to the contrary in Fahnestock & Co. v. Waltman, 935 F.2d 512 (1991), 'the overwhelming authority in the New York courts has since rendered Fahnestock bad law.'"

Stock Options Probe Widens To Include Marvell, Quest, Openwave. Bloomberg News (7/6, Day) reports, "Marvell Technology Group Ltd.'s accounting is being scrutinized, Quest Software Inc. will restate six years of results and Openwave Systems Inc. received two subpoenas as the investigation into stock-option grants widened." Bloomberg continues, "Executives of Mercury Interactive Corp. held a conference call Wednesday to discuss Monday's announcement that it found 54 intentional acts of option backdating starting as far back as 1994. … The Securities and Exchange Commission signaled an escalation in the effort to clean up option grants by warning Mercury that it may bar three directors from serving on boards of public companies. Mercury, Marvell, Openwave and Quest are among at least 62 companies whose option grants to executives and directors are under scrutiny by the SEC, the Justice Department or internal review panels. … 'You're going to see more and more action against directors by the commission,' former SEC Chairman Arthur Levitt said Wednesday. 'The commission takes this very seriously and will come down hard.'" Bloomberg notes, "Apple Computer Inc. and Home Depot Inc. also are investigating to see if grant dates were manipulated to increase payoffs. Apple late Wednesday said that at least two shareholder lawsuits were brought against company officers and directors over the option grants."

The AP (7/6, Gordon) reports, "The Securities and Exchange Commission staff is considering civil charges against a former finance chief and three directors of Mercury Interactive Corp., as regulators sharpen a probe into how stock options were dated." The AP continues, "Mercury, one of the earliest companies to become ensnared in the widening controversy over suspicious timing of stock option awards to top executives, disclosed the notices from the SEC enforcement staff to the three directors." The AP adds, "Separately, software maker Opsware Inc., said Wednesday that its chief financial officer, Sharlene Abrams — who formerly held that position at Mercury — also had received a so-called Wells notice from the SEC related to timing of stock options at her former company. .. In issuing Wells notices, the SEC enforcement staff customarily gives the companies or individuals receiving them the chance to make the case why charges are unwarranted. … The three Mercury directors — Igal Kohavi, Yair Shamir and Giora Yaron — have told the SEC staff they will formally assert 'that they did not violate the federal securities laws, that they did not participate in or know of option backdating, and that the charges under consideration are legally and factually without basis,' the company said Monday in a news release."

Austrian Bank To Pay $675 Million In Refco Probe. USA Today (6/6, Farrell) reports, "More than six months after the former CEO of a financial services firm was indicted on charges of fraud, a government investigation into the matter seems to have gathered momentum." USA continues, "The U.S. Attorney's office here announced Monday that an Austrian bank would pay at least $675 million to settle claims that it helped Refco and its former CEO, Phillip Bennett, hide more than $1 billion in debt from investors and creditors in the past five years." USA adds, "The settlement was part of a non-prosecution agreement between federal prosecutors and the Bank fur Arbeit und Wirtschaft (Bawag), headquartered in Vienna. In a statement, Michael Garcia, the U.S. Attorney in Manhattan, said the bank merited the non-prosecution agreement because new

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management, installed in January after the scandal, was cooperating fully with the criminal investigation. … Although no mention was made of the bank's previous management, prosecutors and regulators from the Securities and Exchange Commission are continuing their investigation." USA notes, "The deal lifts a cloud of uncertainty from the bank, while resolving most of the financial claims that have been lodged against it for its role in propping up Refco, now in Chapter 11. … More than half of the $675 million settlement will go to Refco's creditors. About $84 million will be paid to Thomas Lee Partners, which bought a substantial stake in the firm in 2004, and another $100 million to shareholders who invested in Refco after its 2005 IPO."

Private-Equity Firms Quick To Hire DC Insiders.

The Wall Street Journal (7/6, B2B, Tracy) reports, "Private-equity firms are finding it hard to turn down job candidates when their experience includes oversight of the U.S. economy, drafting national laws and trying to secure world peace. Within the past decade, U.S. private-equity firms have recruited more than a dozen politicians to their ranks, employing them as partners, consultants, advisers and board members. Law firms and other high-powered employers often follow the same strategy. In April, Apollo Investment Corp., the publicly traded arm of Apollo Management LP, became the most recent firm to hire a Washington insider, appointing former U.S. Sen. Thomas A. Daschle of South Dakota to its board." The Journal notes, "Former Treasury Secretary Paul O'Neill joined Blackstone Group in 2003; Kleiner Perkins Caufield & Byers recruited former Secretary of State Colin Powell last year; and Yucaipa Cos. brought former President Bill Clinton on board in 2002. Over the years, Carlyle Group has employed almost half a dozen ex-government officials, including former President George H.W. Bush, former Secretary of State James Baker and former Secretary of Defense Frank Carlucci." The Journal adds that "private-equity firms have plenty of reasons to be involved in Washington's affairs these days." The SEC's "attempts to regulate hedge funds are continuing. Also, Congress could always consider legislation concerning capital-gains taxes or Sarbanes-Oxley requirements that might affect their operations."

CRIMINAL LAW:

US Charges Three In Theft Of Coke Secrets.

The CBS Evening News (7/5, story 10, 0:20, Smith) reported, "Three people, including an employee of Coca-Cola, were charged today with stealing Coke's secret recipes and trying to sell them to Pepsi. Federal authorities say a Coke employee rifled through company files at Coke's Atlanta headquarters and stole documents and a sample of a new drink. The arrest came after an undercover investigation."

The Washington Post (7/6, D1, Day) reports, "The FBI arrested three people in Atlanta yesterday on charges that they conspired to steal trade secrets from Coca-Cola Co. and sell the information for more than $1.5 million to PepsiCo Inc., federal law enforcement officials said." The Post continues, "The defendants, including one Coca-Cola employee, who worked as an administrative assistant in the company's Atlanta headquarters, contacted PepsiCo officials in May, who tipped off Coca-Cola officials, who then contacted the FBI, according to Atlanta U.S. Attorney David E. Nahmias. … Coca-Cola and PepsiCo, whose fierce rivalry in the soft-drink and food arena has provided case studies for generations of marketing students, worked together to help federal agents set up an undercover sting operation that led to yesterday's arrests."

The Wall Street Journal (7/6, Mckay) reports, "Pepsi tipped off Coke to the scheme, which was busted after an undercover agent paid off one of the defendants with $30,000 stuffed into a Girl Scout cookie box, according to a statement from the U.S. attorney's office in Atlanta. The suspects, who are charged with wire fraud and unlawfully stealing and selling Coke trade secrets, were arrested Wednesday and are expected to appear before a federal magistrate judge in Atlanta Thursday." The Journal adds, "Prosecutors said the three people arrested had attempted to sell to Pepsi several documents and a sample of a product under development at Coke. An unidentified senior executive at Pepsi headquarters in Purchase, N.Y., received a letter in May in an official Coca-Cola envelope from a man identifying himself as 'Dirk' and offering to sell confidential Coke information, Pepsi spokesman Mark Dollins said. … Mr. Dollins said Pepsi 'immediately' turned the letter over to Coke, of Atlanta. 'We only did what any responsible company would do,' he said. 'Competition must be tough, but must always be fair and legal.' On May 24, Coke turned the letter over to the Federal Bureau of Investigation, which launched an undercover investigation."

The New York Times (7/6, Goodman) reports, "The recipe for Coca-Cola Classic, perhaps the company's most closely guarded secret, was never in jeopardy, said Ben Deutsch, a spokesman for Coca-Cola. … Instead, the information seems to be related to a beverage in development that had not yet been released, though the company declined to reveal more about the nature or scope of the thefts." The Times adds, "Executives at Coca-Cola verified that the documents were valid and proprietary. … At least one glass vial containing a sample of a new drink was offered for sale, court documents said. … According to a criminal complaint filed in federal court Wednesday, a letter postmarked May 8 and written on a Coca-Cola letterhead by someone who claimed to be a high-level employee at the

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company was mailed to executives at PepsiCo, offering 'very detailed and confidential information' in exchange for cash. … 'Pepsi, to their great credit, turned the letter over to Coke, who brought the matter to us,' said David E. Nahmias, United States attorney for the Northern District of Georgia."

The Financial Times (7/6, Ward) reports, "Prosecutors said that video footage filmed at Coke's headquarters showed Joya Williams, a company employee, rifling through corporate files and stuffing documents and the drink sample into her bag. … According to prosecutors, another of the conspirators attempted to sell the documents to an undercover FBI agent, posing as a go-between for PepsiCo, for $10,000 and the product sample for $75,000. … Later, the FBI agent struck a deal with the same suspect to buy additional trade secrets for $1.5m."

AFP (7/6) and the Atlanta Business Chronicle (7/6) also report on the arrests.

Former Florida Prisons Head To Plead Guilty To Federal Kickback Charge. USA Today/AP (7/6) reports, "The former head of Florida's prisons, ousted amid a broad investigation of alleged criminal activity within the system, will plead guilty to a federal charge of accepting kickbacks, according to court documents filed Wednesday." The AP continues, "Former Florida Corrections Secretary James Crosby and former corrections department regional director Allen Clark are accused of accepting $130,000 from a subcontractor over 2 years ending in February, according to the documents filed in U.S. District Court." The AP adds, "As part of a plea agreement, Crosby will not face any other federal charges in return for his cooperation in the continuing investigation. Clark also accepted a plea agreement. … U.S. Attorney Paul Perez said both Crosby and Clark can expect up to eight years in prison." The AP notes< "Law enforcement officials said seven other current and former prison employees are facing state charges of grand theft and one other person a charge of accepting unauthorized compensation."

The Tallahassee Democrat (7/6, Cotterell, 51K) adds that at a press conference yesterday, US Attorney Paul Perez and Jacksonville FBI Assistant SAC Nestor Duarte "said that Crosby and Clark took kickbacks totaling $1,000 to $12,000 per month from a subcontactor of Keefe Commissary Network of St. Louis. Crosby and Clark approached Keefe about its using a Gainesville friend of theirs to handle prison concessions. The unidentified subcontractor allegedly promised Clark and Crosby 40 percent of the $1.5 million he stood to make."

The Miami Herald (7/6, Caputo, Long, 323K) reports, "Crosby's written plea agreement implicating himself and…Clark was released just before state and federal authorities announced seven other former officials of the nation's third-largest prison system were charged in state court with theft. Including Wednesday's arrests, 21 former Department of Corrections workers have been charged since 2003 in a wide-ranging probe of steroid distribution, rampant theft, misuse of inmate labor, questionable contracts, drunken violence and a cutthroat softball culture in which a former pro slugger was given a no-show job to play ball. … Said FBI investigator Nestor Duarte: 'Many times when the top officials of a public agency are engaged in corrupt activity it fosters a culture of corruption which permeates the department.'"

New York Times Reporter Banned From Visiting Jailed Pellicano. The Los Angeles Times (7/6, Philips) reports, "The Metropolitan Detention Center in Los Angeles has barred a New York Times reporter from the facility for allegedly misrepresenting herself in an effort to interview Anthony Pellicano, the celebrity detective at the center of a Hollywood wiretapping scandal." The Times continues, "Allison Hope Weiner, who has written about the Pellicano case, got into the jail last month after presenting a State Bar of California card and asking to speak with the investigator. Weiner, who earned a degree 20 years ago from the USC law school, is registered with the California bar but has never done legal work for Pellicano or the New York Times." The Times adds, "Michael Benov, warden of the detention center, issued an order in February saying that, for security reasons, no one could visit Pellicano except his lawyer or immediate family. After learning that Weiner was admitted to a room in the jail where prisoners meet with their lawyers, Benov ordered an investigation. … Guards brought Pellicano from his cell to the meeting room, but he refused to talk to Weiner after learning that she was a reporter. .. A spokeswoman for the New York Times confirmed that Weiner had received a letter from Benov permanently barring her from the facility."

FBI To Open Criminal Probe Of Memphis Parking Garage Construction Errors. The Memphis Commercial Appeal (7/6, Williams, Erskine) reports, "The FBI is launching a criminal investigation of FedExForum's parking garage, answering the calls of City Council members and angering Mayor Willie Herenton. 'This is so ridiculous for anyone to suggest that there's been some criminal activity,' Herenton said Wednesday. … But council member Myron Lowery, referring to $6.3 million in federal funding the city is losing over garage mistakes, said, 'If there was nothing done illegally, why are we being asked to pay back money out of future funds?' FBI spokesman George Bolds declined to comment Wednesday, but U.S. Atty. David Kustoff said, 'The matter has been referred to the FBI for the purpose of determining any criminal activity involving the construction of the parking garage at the FedExForum.'"

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WREG-TV Memphis (7/5, Encina) notes on its Web site from a story broadcast yesterday, "the FBI will start investigating how the 20 million dollar FedEx Forum parking garage is lacking an entire floor, not to mention a bus terminal." Kustoff said, "If the report comes back and there was criminal activity we will prosecute." WREG adds that in a statement released yesterday, the Memphis Public Building Authority, "the agency in charge of overseeing the construction of the forum," said it "is confident it properly fulfilled it's responsibilities" and "will cooperate fully with the ongoing investigation."

Judge Rejects Defense Motion To Vacate Virginia Mayor's Corruption Conviction. The Lynchburg News & Advance (7/6, Reilly) reports US District Judge James Turk ruled yesterday that "defense motions seeking to throw out the recent convictions against Carl Hutcherson have 'no basis,'" derailing "a defense strategy focused on acquitting the former Lynchburg mayor of obstruction of justice, a crime his attorneys have said factor 'greatly' into his sentence." The News & Advance notes, "The defense reasoned that Hutcherson couldn't be convicted of obstruction because prosecutors forced him to turn over fake board minutes to a grand jury. … But Turk wrote that the defense's reasoning is flawed because of the 'misguided reliance' on an older section of the code dealing with obstruction. The former mayor's conviction for lying to an FBI agent and leading him on a search for documents he knew didn't exist is consistent with the newer obstruction law, Turk wrote."

Nevada DA Withdraws From Spousal Murder-Judicial Sniper Case. The AP (7/6, Chereb) reports, "Washoe County District Attorney Dick Gammick, citing possible conflicts of interest, on Wednesday removed his office from the case involving a wealthy businessman charged with killing his wife and shooting the judge who was handling their bitter divorce. At a morning news conference, Gammick said the Clark County district attorney's office will take over prosecution of Darren Mack." The AP notes that for the 11 days Mack was on the run, "Gammick said Mack called him about a dozen times to discuss his surrender. They also communicated by e-mail. Because of those communications, defense lawyers argue that Gammick is a potential witness."

Missouri Man Sentenced To Year In Prison For Identity Theft. The St. Louis Post-Dispatch (7/6, Shinkle, 310K) reports, "An identity thief who made taunting statements to his victim was sentenced Wednesday to a year and a day in prison and ordered to repay $12,316 in losses." Mario D. Smith of St. Louis "pleaded guilty in April in U.S. District Court to one count of credit card fraud. The FBI claimed that Smith used the credit cards of Steven B. Weiss to set up credit card accounts, and then made charges on those accounts. … The case became more than a routine identity theft when Weiss contacted the perpetrator to try to stop the fraud, and the two had a series of communications." The Post-Dispatch notes, "Ultimately, authorities concluded that Smith…did not intend to harm Weiss."

Son Of Former Liberian Leader Pleads Not Guilty To US Fraud Charges. The New York Times (7/6, Goodnough) reports, "The son of Charles G. Taylor, the Liberian warlord and former president awaiting trial in the Netherlands on charges of human rights atrocities, pleaded not guilty here on Wednesday to charges of passport fraud and was returned to jail to await trial." The Times continues, "The son, Charles McArthur Emmanuel, also known as Charles Taylor Jr., has been held without bail at the Federal Detention Center downtown since March 30, when he arrived at Miami International Airport from Trinidad and Tobago." The Times adds, "Mr. Emmanuel lied on March 15 in applying to renew his passport and listing his father as Steven Smith of St. Vincent, court papers say. … He was seeking the renewal at the American Embassy in Port of Spain, Trinidad, days before President Ellen Johnson Sirleaf of Liberia asked Nigeria to extradite his father to face charges in Sierra Leone. … Mr. Emmanuel, 29, who goes by Chuckie, was born in Boston to a girlfriend of Mr. Taylor, who was living there. The criminal complaint against him says Mr. Emmanuel joined his father in West Africa in the 1990's, running the Liberian Antiterrorist Unit, an elite military force that provided security to Mr. Taylor while he was president of the war-torn country from 1997 to 2003."

DC Lobbying Firm Under Corruption Probe Underreported Income. The Washington Post (7/6, A4, Smith) reports, "A Washington lobbying firm at the center of a federal corruption probe failed to disclose at least $755,000 in income from 17 nonprofit organizations and governmental entities, and $635,000 from 18 other clients between 1998 and 2005, according to the firm's recently amended filings with the clerk of the House." The Post continues, "Lawyers for the Copeland Lowery Jacquez Denton & White firm say that the errors were inadvertent. But some experts have called them unusual and suggested that Copeland Lowery might have been trying to play down how much money it was paid by those who received federal grants the firm arranged, particularly the clients who paid its lobbying fees with tax-exempt or public funds." The Post adds, "Such payments to obtain 'earmarks' -- a form of funding directed by language that lawmakers often insert in spending bills without hearings or competition -- have

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become increasingly common on Capitol Hill and increasingly controversial. Federal investigators have been probing whether there was a relationship between some of these earmarks and the campaign donations Copeland Lowery lobbyists made to House Appropriations Chairman Jerry Lewis (R-Calif.) and his committee colleagues. … The initial reporting errors had the effect of understating what Copeland Lowery received in lobbying fees from universities, health-care centers and municipal governments, among others. The reporting errors also understated what the lobbying firm received from private firms including ADCS Inc., owned by Brent R. Wilkes, a longtime Republican contributor also targeted in the federal probe. … Wilkes, who was close to former representative Randy 'Duke' Cunningham (R-Calif.) before Cunningham's recent conviction for taking $2.4 million worth of bribes, was identified as co-conspirator No. 1 in court documents charging Cunningham, a former Appropriations Committee member. Lewis and Wilkes have denied wrongdoing."

Maryland Accountant Denies Aiding Bribery Scheme. The Washington Post (7/6, B04, Rich) reports, "An Upper Marlboro accountant, testifying at his own trial yesterday, denied that he conspired with two Prince George's County officials to demand a $250,000 bribe from a security company in exchange for a county contract worth more than $1 million." The Post continues, "At the trial, which is winding toward conclusion after six days of testimony, prosecutors have accused accountant Paul L. Wright of serving as the bagman in a 2004 bribery scheme targeting Interior Systems Inc. They allege that payments in exchange for the contract were to be laundered through one of Wright's companies." The Post adds, "The investigation by State Prosecutor Robert A. Rohrbaugh, in cooperation with the FBI and other agencies, has led to the conviction of Robert L. Isom, the former deputy director of the county Department of Environmental Resources. Isom pleaded guilty to conspiracy to commit bribery last September and testified against Wright last week. … As the prosecution and Isom described it, the cost of the scheme would have been borne by taxpayers: ISI, a subcontractor, was to recover the cost of the bribery payments through change orders that were to be approved by county staff after the contract was awarded. … Wright's trial in Prince George's Circuit Court has offered a preview of the evidence prosecutors will probably present next month at the trial of the official they have painted as the ringleader, Robert L. Thomas, the former deputy director of the county's Office of Central Services."

New York Lawmakers Criticized For Failing To Pass Sex-Trafficking Bill. In a piece in the New York Times (7/6), columnist Bob Herbert writes, "Early last year a Democratic assemblyman from the Bronx, Jeffrey Dinowitz, introduced a bill to fight sex trafficking." Dinowitz "hoped, through his legislation, to establish two new crimes in New York: trafficking a person for sexual servitude and trafficking a person for labor servitude." His bill "would have made trafficking a Class C felony, with penalties ranging from probation for a first-time offender to a maximum of 15 years in prison. It would have modestly raised the penalties for patronizing prostitutes, making it easier to jail chronic offenders. And it would have addressed the problem of sex tourism, in which tour companies arrange trips from the U.S. to foreign countries so the tourists -- invariably men -- can have sex with foreign prostitutes, many of whom have been forced into the sex trade, and some of whom are children." Hebert notes, however, that Dinowitz's "bill hit a few roadblocks," as the Assembly and state Senate squabbled over the wording in the bill. Herbert adds, "Neither house of the Legislature gave the other house's bill serious consideration. Last week the Assembly and the Senate adjourned without making any genuine attempt to actually enact a law against sex trafficking. It was a big win for the pimps and the madams."

Intelligence Analyst Faces Questions Over Support For China Spy. The Washington Times (7/6, Gertz, 90K) reports that Lonnie Henley, a high ranking US intelligence analyst "is facing an internal probe for his support of former Defense Intelligence Agency (DIA) analyst Ron Montaperto, who recently pleaded guilty to an espionage-related charge involving contacts with Chinese intelligence." Henley "recently sent a two-page e-mail to several hundred current and former US intelligence and policy officials criticizing the FBI investigation of Montaperto and defending the former DIA analyst. … Mr. Henley also made telephone calls to intelligence officials after the guilty plea to state that Montaperto was caught up in technical violations of classified information laws."

CIVIL LAW:

Federal Judge Blocks Rule Allowing Firms To Cut Retirees' Benefits. The New York Times (7/6, Pear) reports, "A federal district judge on Wednesday blocked a Bush administration rule that would have allowed employers to reduce or eliminate health benefits for retirees when they reach age 65 and become eligible for Medicare." The Times continues, "Ten million retirees could have had benefits cut under the rule, which was adopted last April by the Equal Employment Opportunity Commission. … The judge, Anita B. Brody of the Federal District Court in Philadelphia, struck down the rule and issued a permanent injunction that prohibits federal officials from enforcing it. …

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The rule 'is contrary to Congressional intent and the plain language of the Age Discrimination in Employment Act,' the 1967 law that bans most forms of age discrimination in the workplace, Judge Brody wrote." The Times adds, "The erosion of retiree health benefits is an explosive political issue. Before issuing the rule, the commission was deluged with letters opposing it. … The rule would have created an explicit exemption to the age discrimination law, allowing employers to reduce health benefits for retirees when they became eligible for Medicare. Under the rule, Judge Brody said, employers could have given older retirees "health benefits that are inferior" to those given retirees younger than 65. … The commission argued that employers were more likely to continue providing health benefits to retirees under 65 if they were allowed to reduce or eliminate benefits for those 65 and older. … AARP, the main plaintiff in the case, rejected that argument. It said the rule would accelerate the erosion of retiree health benefits, a trend that has been evident for more than a decade."

CIVIL RIGHTS:

Dispute Over Florida Synagogue Settled. The Miami Herald (7/6, Wright) reports, "A five-year battle between the city of Hollywood and an Orthodox Jewish synagogue appears to be over." The Herald continues, "The two sides agreed to end the feud today, signing a settlement deal that will allow the Hollywood Community Synagogue Chabad Lubavitch to stay in two homes in a residential neighborhood permanently and expand to three other homes in the future. … The city would also pay the congregation $2 million." The Herald adds, "The deal was hand-delivered at around 2:50 p.m. to the federal courthouse in Miami, just ahead of a deadline set by Judge Joan Lenard on Monday. … Lenard has to approve the settlement, but city officials said the fight is over. … In return for the right to stay and expand, the Chabad and the U.S. Justice Department agreed to drop their religious discrimination lawsuits against the city and Commissioner Sal Oliveri."

CBS 4, Miami, FL (7/6, Murray) reports, "Lawyers had been given till Wednesday afternoon to reach a settlement or face trial otherwise. Both sides have agreed to the settlement which includes: Giving Chabad Lubavitch the right to continue using two homes in a residential area as a synagogue, and it gives them the right to buy a third home to use as a parking lot. Furthermore, the city has to pay Chabad $2 Million dollars. Chabad will also have the right to buy as many more properties in the area as it needs to continue practicing their religion." CBS 4 continues, "Sources close to the negotiations say the two sides met on the July 4th holiday to hammer out an agreement, and said the documents outlining the settlement have been sent to judge Lenard, in advance of her deadline. The judge will decide whether to approve the settlement Thursday."

Navy Chaplain's Complaint Ruled "Without Merit." A Navy review has ruled that a Navy chaplain's complaint that his commanding officer censored and harassed him by discouraging the use of certain Bible quotations was "without merit." The Washington Times (7/6, Scarborough, 90K) reports that Navy Lt. Gordon J. Klingenschmitt "said the investigative report actually backs up his complaint, even though the chief investigator sided with the commander." The chaplain "said his commanding officer, Capt. James Carr, retaliated against him by downgrading his January 2005 fitness report. But Adm. Ruehe concluded that the report 'was not the result of improper discrimination on the basis of his religious beliefs or the practice of his faith, but rather Captain Carr's legitimate evaluation of his performance of duty.'"

Care Of Family Leads To Discrimination Suits. ABC World News Tonight (7/5, story 9, 2:25, Sawyer) reported, "There is news tonight about a relatively new kind of discrimination. Workers being treated unfairly because of their family obligations. It is called family responsibility discrimination. It's about the care of children but also about the care of elderly parents. And the pressure has led to an explosion of lawsuits." ABC (B. Stark) added, "Dawn Gallina says her career at a prestigious law firm was going well until the managing partner found out she had a baby. Then, she says, he started testing her. Would she work Christmas and come in weekends?" Dawn Gallina: "I would come in, and we wouldn't have anything to do. But I really felt like it was – let's see if she'll come in. And, of course, I would." Stark: "Eventually she was let go. A victim, she says, of family responsibility discrimination. It can happen to mothers and fathers or daughters and sons. Jonathan Bell, who routinely works six days a week designing cars, says his troubles started after his father was hospitalized." Jonathan Bell: "I took a Saturday off to attend to my father. Sunday I went into work for awhile, and then Monday, the next day after, I -- that's when I was let go." Stark: "Bell's employer says he was one of many workers laid off for financial reasons. But law professor Joan Williams says Bell and Gallina are part of a growing trend." Prof. Joan Williams: "The fact is, in many situations, workers with family responsibilities are not treated the same as workers without the family responsibilities." Stark: "Now these women and men are taking their cases to court. In the last decade, there's been a 400% increase in family responsibility discrimination suits. And the good news for caregivers is that while employers may not be family friendly, the courts increasingly are." Prof. Williams: "Family values have a very broad constituency. You are more likely to win, it appears, if you bring a family responsibilities

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discrimination case, than if you bring other kinds of discrimination cases." Stark: "Jonathan Bell's case is still in court. But after a jury sided with Dawn Gallina, her employer offered her a cash settlement." Dawn Gallina: "I don't think that by being a parent, that anyone wants special rights. I think we want equal rights."

ANTITRUST:

US Intensifies Scrutiny Of Air Fares. The Financial Times (7/6, Cameron) reports, "US regulators intensified their scrutiny of transatlantic air fares with plans to end a long-standing practice which allows carriers to co-ordinate some pricing." The Times continues, "The Department of Transportation wants to remove antitrust immunity from airlines co-operating in the regular price-setting conferences organised by the International Air Transport Association, mirroring similar efforts by competition authorities in Europe and Australia." The Times adds, "The fares set by the conferences do not prevent airlines from offering discount and other prices, but the DoT believes the practice limits competition and is unnecessary in an industry where most of the largest carriers now co-operate through the global alliances which now dominate the industry. The transportation department wants to end immunity for carriers setting prices through IATA on passenger and cargo flights from the US to Europe and Australia. … However, the proposal also coincides with the launch of probes on both sides of the Atlantic into alleged collusion by operators in the passenger and cargo markets." The Times notes, "More than a dozen airlines are being investigated by the justice department and the European Commission about price-fixing in the freight business. British Airways last month admitted it was at the centre of an investigation into an alleged cartel setting prices on longhaul passenger routes. … IATA has defended the fare-setting practice, arguing that it allows carriers to operate so-called 'interline' agreements. The prices set at the tariff conference set a template of fares and conditions which IATA says allows passengers to travel on two or more airlines between destinations lacking direct service."

ADC, Andrew Close In On Buyout Deal. The AP (7/6) reports, "ADC Telecommunications Inc. said Wednesday the Federal Trade Commission cut short a required waiting period necessary to complete an acquisition." The AP continues, "ADC announced its plan to buy rival telecommunications equipment company Andrew Corp. May 31 for $1.6 billion in stock. No closing date has been set. … In a statement, the company said the required waiting period under the Hart-Scott-Rodino Antitrust Improvements Act of 1976 was lifted early, satisfying a closing condition of the deal. It was set to expire July 14. The law requires companies to file notice of a merger or acquisition in advance with the Federal Trade Commission."

AMS Clears Antitrust Period For Laserscope Purchase. The AP (7/6) reports, "Medical device maker American Medical Systems Holdings Inc. said Wednesday it moved closer to completing its $715 million buyout of San Jose, Calif-based Laserscope." The AP continues, "The company announced the buyout of the medical laser systems maker on June 5. On June 30, the required antitrust waiting period expired, satisfying a closing condition of the deal. The law requires companies to file notice of a merger or acquisition in advance with the Federal Trade Commission. … The deal does not yet have a closing date."

Many Students Turn Down Colleges' Offer Of Free Music Downloads. The Wall Street Journal (7/6, Timiraos) reports, "As a student at Cornell University, Angelo Petrigh had access to free online music via a legal music-downloading service his school provided. Yet the 21-year-old still turned to illegal file-sharing programs. .. The reason: While Cornell's online music program, through Napster, gave him and other students free, legal downloads, the email introducing the service explained that students could keep their songs only until they graduated. 'After I read that, I decided I didn't want to even try it,' says Mr. Petrigh, who will be a senior in the fall at the Ithaca, N.Y., school." The Journal adds, "College students don't turn down much that's free. But when it comes to online music, even free hasn't been enough to persuade many students to use such digital download services as Napster, Rhapsody, Ruckus and Cdigix. As a result, some schools have dropped their services, and others are considering doing so or have switched to other providers." The Journal adds, "To stop students from pirating music, more than 120 colleges and universities have tried providing free or subsidized access to the legal subscription services over campus networks in the past few years. About 7% of all four-year schools and 31% of private research universities provided one of the legal downloading services, according to a 2005 survey of 500 schools by the Campus Computing Project, a nonprofit that studies how colleges use information technology. Universities typically pay for the services, some with private grants and others through student fees. While a typical monthly subscription to Napster is $9.95, the schools have been able to cut special deals, funded in part by record companies."

FCC Asks 2nd Circuit To Allow Comments In TV Case. The Wall Street Journal (7/6) reports, "The Federal Communications Commission asked the U.S. Court of Appeals for the Second Circuit to send back to the agency a court challenge to some recent decisions on indecent

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television programming, requesting 60 days to handle the matter in a way that allows broadcasters to file comments with the agency." The Journal continues, "TV broadcast networks, including News Corp.'s Fox Television Stations Inc., in April filed court challenges to a handful of March FCC decisions. As part of a broad initiative on indecent programming, the FCC in March had found four television programs were 'indecent and profane,' but hadn't fined the stations. … 'Several of the parties to this litigation have complained to the Commission that this process failed to provide them with any opportunity to be heard by the Commission before the decisions were reached,' the FCC said."

Peabody Energy To Purchase Australia's Excel For $1.34 Billion. The Wall Street Journal (7/6, Golden) reports, "Peabody Energy Corp., the world's largest private-sector coal company, agreed to acquire Australia's Excel Coal Ltd. for $1.34 billion." The Journal continues, "Peabody will pay 8.50 Australian dollars (US$6.31) a share for all shares outstanding under the terms of the agreement, which is a 10% premium above Excel's average share price over the past month. Peabody will also assume debt of $190 million, Peabody said." The Journal adds, "The move extends St. Louis-based Peabody's expansion in Australia. In the past five years, the company has purchased several coal mines there and developed some of its own. … Excel is an expanding company within the growing industry of producing coal to feed Asian industry. Coal is Australia's biggest export product, and nearly a third of the world's coal produced for export comes from Australia. … The combination of Peabody's Australian operations and Excel 'creates one of the largest coal companies in Australia,' said Peabody President and Chief Executive Officer Gregory H. Boyce."

ENVIRONMENT:

Maryland Officials Testing Geese For Bird Flu. The Baltimore Sun (7/6, Thomson, 296K) reports a team of biologists from the Maryland Department of Natural Resources has begun testing flocks of geese in the state for avian influenza, specifically the deadly H5N1 strain. According to the Sun, wildlife experts "suspect that if the deadly form of the virus enters this country, it will most likely be through birds that mingle in the arctic during the breeding season before returning to their wintering grounds." Maryland, it notes, has been designated a "Tier One" state by the US Department of Agriculture "because the Chesapeake Bay and its tributaries are at the heart of the Atlantic goose migratory route." The AP (7/6) says the state is using federal funds to test geese flocks at wetlands and ponds across the state.

State Department Discusses Priorities, Wildlife Trafficking. The Washington Post (7/6, A19, Eilperin, 744K) interviews Claudia A. McMurray, who "took the helm of the State Department's Bureau of Oceans and International Environmental and Scientific Affairs in February after spending two years as deputy assistant secretary for the environment." Asked what her priorities were, McMurray said, "Climate change and avian influenza. Those two issues are realities. They're important and complicated issues that we spend time on. Every day I spend time on them." Asked about the $10 billion annual international wildlife trafficking business, McMurray said, "[Wildlife conservation] counts on individual countries to enforce [trafficking] restrictions. While a lot of countries do a really good job, there are a lot of countries that need help. … First of all, the most important thing for governments is a political commitment to stop the trade." China, "in particular, is one that we're interested in because that's the world's largest market. Secondly, we look at supply and demand. This is organized crime, for the most part."

WPost Makes Case For Reducing Dependence On Fossil Fuels. An editorial in the Washington Post (7/6, A20, 744K) says "a new report by a group of federal scientists and university researchers highlights a different threat posed by carbon emissions, one with its own set of potentially devastating ecological consequences: the increasing acidity of the oceans. Ocean water absorbs a huge amount of the carbon emitted by human energy use." All that carbon "seems to be making the waters more acidic, a trend researchers believe will continue as concentrations increase. … While there still exist big questions surrounding climate change and carbon emissions, the best evidence all points in a single direction: that failing to reduce dependence on fossil fuels will have terrible consequences, and failing to start now will make the disruption later all the more painful."

FBI/DEA/ATF/USMS:

Judge Jails Bonds' Trainer For Contempt Of Court. The AP (7/6, Elias) reports, "Barry Bonds' personal trainer was held in contempt of court and taken to prison Wednesday for refusing to testify to the federal grand jury investigating the San Francisco Giants' slugger for perjury." The AP continues, "Greg Anderson, who served three months in prison after pleading guilty last year for his role in the Bay Area Laboratory Co-Operative steroid scandal, was led out of U.S. District Judge William Alsup's courtroom by two deputy U.S. marshals. He will be housed at the Federal Correctional Institution in nearby Dublin, but his stay may be short. … That's because Anderson will be set free once the

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grand jury's term expires, which will occur within weeks, Alsup said."

Bloomberg (7/6) reports, "U.S. District Judge William Alsup in San Francisco said government prosecutors had met the burden required to find Anderson in contempt of court. U.S. marshals took Anderson into custody without bail shortly after 4 p.m. … 'The court finds that the information sought is relevant to the proceeding looking into several athletes, some of whom are Greg Anderson's clients,' Alsup said in court today. Questions posed by the grand jury 'were proper and you should've answered them,' Alsup told Anderson." Bloomberg adds, "U.S. prosecutors in San Francisco are investigating steroid use by professional athletes after obtaining guilty pleas from distributors. Anderson spent three months in prison after pleading guilty in July 2005 to conspiring to distribute steroids and money laundering. … Anderson's lawyer, Mark Geragos, argued Anderson isn't required to testify because the conversation that triggered an investigation into whether Bonds lied to the grand jury about his steroid use was illegally wiretapped."

The San Francisco Chronicle (7/6, Williams, Fainaru-Wada) reports, "Anderson, 40, Bonds' friend since boyhood and his weight trainer since 1998, will be incarcerated indefinitely at the Federal Correctional Institution in Dublin. … At a grand jury hearing last week, he had balked at testifying about what the government styled a 'mountain of evidence' seized in a raid on his Burlingame home in 2003 indicating he had provided banned drugs to elite athletes." The Chronicle adds, "Anderson's lawyer, Mark Geragos, said he would appeal immediately to the Ninth U.S. Circuit Court of Appeals in San Francisco. Geragos had urged the judge not to jail Anderson, arguing that by subpoenaing the trainer, the government was violating terms of his plea bargain last year in the BALCO steroids case. … Anderson pleaded guilty to money laundering and distributing steroids and was sentenced to three months in prison and three months' home confinement. At the time of the plea, he had refused to become a government witness. … Geragos also asked the judge to convene an evidentiary hearing to learn how the government obtained a recording on which Anderson admitted providing 'undetectable' steroids to Bonds in 2003. … In court, prosecutors Matt Parrella and Jeff Nedrow said they want to question Anderson about documents seized in the September 2003 raid. The documents include doping calendars, drug price lists and other written material indicating that Anderson was providing banned drugs to Bonds and other athletes, The Chronicle has reported."

In Delaware, More Overdoses Linked To Heroin.

Wilmington's News Journal (7/5) reports Wilmington police "announced three more heroin overdoses, bringing the total number of drug overdoses in New Castle County since June 29 to at least 15. Vice squad detectives are investigating the rash of heroin overdoses in the city and warning people to avoid the potentially deadly drugs. A Drug Enforcement Administration task force was formed months ago to investigate distribution of a deadly batch of heroin mixed with the painkiller fentanyl that has killed users in the Delaware Valley and nationwide."

The News Journal (7/5) also writes, "Responding to a five-day rash of drug overdoses in Wilmington and suburban New Castle County, officials are warning heroin users that a dangerous batch of the drug, possibly mixed with formaldehyde or the analgesic fentanyl, could be on the streets. Two drug overdoses were reported Tuesday, bringing the total to at least 12 since Thursday. Several of the overdoses occurred after ingesting heroin sold in light blue packages with 'The Omen' in red lettering, Wilmington police said."

Fentanyl-Related Deaths Scrutinized. In the Oak Park, Illinois Austin Weekly News (7/6), Robert Felon writes, "During a press conference at the U.S. Drug Enforcement Administration's Chicago office, agent Tim Ogden stated, without apparent irony, that the current threat of Fentanyl-laced heroin, which has been responsible for 150-300 deaths throughout the upper Midwest and the Northeast, was 'the biggest threat I have seen in almost 30 years of law enforcement experience.' To say that this statement is a bit hyperbolic is putting it mildly. Especially since the 'victims,' as the news refers to them, are all willing participants who are generally mindful of most of the risks involved with cooking up and injecting a substance like heroin intravenously."

Weed Resembling Marijuana Plant Causes Concern In Michigan. For Heritage Newspapers, Belleville, Michigan's The View (7/6) reports, "There is a common weed that has been found near railroad tracks in Belleville and other industrial sites that can easily be confused with marijuana. Recent deaths of heroin users injecting a mix of heroin and fentanyl...have raised concerns that addicts and recreational drug users are growing more reckless in their search for a more potent source of drug use. There are several types of cinquefoil, which is common throughout Southeastern Mich., sulfur cinquefoil very closely resembles marijuana plants."

Local TV Coverage. WFMZ-TV, Philadelphia (7/5, 12:00 p.m.) reported, "A deadly drug combination that's showing up in major cities across the country has taken the life of a Reading man. The Berks County coroner says toxicology tests show the body of the man found dead last month along the side of route 222 tested positive for an overdose of cocaine and fentanyl. The prescription pain killer is also being mixed with heroin. The Berks County coroner's office says it's waiting for test results to see if fentanyl was a factor in several drug related deaths over the past two weeks."

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WHYY-TV, Philadelphia (7/5, 5:30 p.m.) reported, "Three more heroin overdoses in the city of Wilmington, bringing the total to more than a dozen. … One man died Sunday night from an overdose, but the three most recent victims were treated and released. … Police are waiting on toxicology test results to determine if the heroin had been laced with a deadly drug that has killed here and across the region."

WJBK-TV, Detroit (7/5, 7:00 a.m.) reported, "One of the men accused of dealing a deadly dose of drugs is due in court today. Jamar Woffard is one of the suppliers that sold the lethal combination of heroin laced with the painkiller fentanyl. The deadly drug has killed more than 100 people in the metro Detroit area."

Limbaugh Viagra Case To Be Reviewed By Miami-Dade Prosecutors. The AP (7/5, Skoloff) reports Rush Limbaugh "will not face criminal charges in Palm Beach County after authorities found he had a bottle of Viagra that was prescribed in his doctor's name, prosecutors said Wednesday. … However, since the doctor wrote the prescription in Miami-Dade County, the case has been forwarded to prosecutors there for review." Nonetheless, "according to the Drug Enforcement Administration, Viagra is not considered a controlled substance because it is not addictive."

The South Florida Sun-Sentinel (7/5, Stoddard) writes, "Saying Rush Limbaugh's Viagra prescription was legally prescribed, the Palm Beach County State Attorney's Office announced on Wednesday that it would not file charges against the conservative radio talk show host for possessing medication in someone else's name. But Miami-Dade prosecutors will review the file and decide whether charges are warranted against the two Miami doctors involved."

On its Web site, WFOR-TV, Doral, Florida (7/5) reports a spokesman for the Palm Beach County state attorney said, "It is generally not illegal under Florida law for a physician to prescribe medication in a third party's name if all parties are aware and the doctor documents it correctly."

Man Barricades Himself In Virginia Home After Shooting At ATF Agents. The AP (7/6) reports, "Authorities surrounded a home in Arlington, where they say a man has barricaded himself after firing a gun at federal agents on Wednesday." The AP continues, "A spokesman with the federal Bureau of Alcohol, Tobacco, Firearms and Explosives says the shooting happened about 5:30 p.m. when ATF agents traveling in a Jeep Cherokee on Interstate 395 were sideswiped by a man driving erratically in a Ford Taurus." The AP adds, "Spokesman Tom Mangan says the man in the Taurus pulled over at Glebe Road and opened fire on the agents, who were giving chase. Two agents suffered minor injuries. … Authorities say the man then drove off, eventually running into a home at 13th and Irving streets, where he shot a man who lives there in the leg. The man wasn't seriously hurt and managed to escape."

The Washington Post (7/6, B01, Stockwell, Dvorak) reports, "A man stepped out the shower at his Arlington home yesterday and was shot by a gunman who had broken down his door after fleeing federal agents in a wild rush-hour car chase and gunfight, police said last night. … The gunman was barricaded inside the house late last night as police surrounded the area and fired pepper spray canisters inside. The wounded resident and his sister managed to escape." The Post adds, "The incident began about 5:30 p.m. on Interstate 395 near Glebe Road, when three agents from the Bureau of Alcohol, Tobacco, Firearms and Explosives were traveling south in an unmarked sport-utility vehicle and the SUV was 'severely sideswiped' by a gold Ford Taurus, police said. … Agents took off after the suspect, who pulled over at the South Glebe Road exit and got out of his car. … 'The suspect probably thought he was dealing with a common citizen,' said ATF Special Agent Tom Mangan. … The agents identified themselves, and the man began shooting at them, Mangan said." The Post notes, "Bullets hit the engine compartment and a window of the SUV. The agents returned fire, but the suspect dived back into his car and sped off, Mangan said. … The chase continued onto South Glebe Road, where it went on for a couple of blocks, with both vehicles beginning to falter."

Buffalo US Attorney Cracking Down On Gun Crime. WBFO-TV, Buffalo, NY (7/6, Buckley) reports, "The U-S Attorney's office in Buffalo continues efforts to try and get guns off City streets." WBFO-TV continues, "There are two federal programs implemented in Buffalo that are aimed at gun violence. Terrance Flynn, U-S Attorney for the Western District says one of those programs is Project Exile. The Justice Department started Project Exile in 1997. It is designed to reduce gun violence. … But Flynn says since he began his new post this past spring, Project Exile has been stepped up locally. The program is in Buffalo, Niagara County, Jamestown and Rochester, all covered under the Western district. Flynn says members of local law enforcement and area district attorneys meet weekly to examine gun violations. … 'And then based upon the arrest, we determine if there is other infractions. Did they have prior records, is there a narcotics element? Then were determine, along with the District Attorney's office. what is the more appropriate form to get the strongest sentence for that fire arm and gun violation. We come to that agreement, then we decided who will prosecute the case. So we hold a weekly meeting and determine proper court to prosecute, that is Project Exile' Flynn said. … But Flynn says they have now

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'leaped' that program into a second level, called Project Safe Neighborhood. That is a federal program initiated by U-S Attorney Alberto Gonzales. Flynn says under this program, law enforcement works to identify potential gang members in the City."

US Attorney In California Encourages Public To Report Suspected Meth Labs. The Mount Shasta (CA) Herald (7/5) reports, "Local agencies, including those in Siskiyou County, have joined forces with state and federal agencies to create task forces in the ongoing war on methamphetamine. This team effort is needed in order to provide the manpower and equipment to combat the 'devil's drug,' United States Attorney for California's Eastern District McGregor Scott said. Scott stressed that while the task forces provide the trained personnel and sophisticated surveillance equipment used in detection of meth, there is one other vital member of the team effort - the public. … Scott said where the public can really provide its assistance is in reporting any signs of a meth lab operation."

IMMIGRATION:

Bush Touts Immigration Reform As House GOP Highlights Border Security Gaps. President Bush yesterday visited a Northern Virginia Dunkin' Donuts owned by Iranian immigrants to highlight his support for a comprehensive immigration reform bill. But in the media, the President's event was largely upstaged by the competing House and Senate field hearings on immigration reform. The Wall Street Journal (7/6, Lueck, 2.11M) reports President Bush "underlined his support for immigration overhaul yesterday, even as House Republicans rallied backers of their competing plan, which aims to stop illegal immigration by tightening border security." Bush "reiterated his belief that immigration changes should include expanded guest-worker programs and a path to citizenship for some of the 12 million illegal immigrants already in the U.S." Meanwhile, at "a San Diego Border Patrol station, House Republicans framed the issue differently. At the first of several hearings around the country scheduled for this summer, House Republicans and local law-enforcement officials emphasized border security, raising the possibility that terrorists, specifically al Qaeda operatives, could enter the U.S. through its porous borders." Supporters of the Senate bill "held a hearing in Philadelphia intended to counter the House event."

CNN's The Situation Room (7/5, Koppel) reported the House and Senate Republicans went "ahead with potentially divisive hearings outside of Washington today, hearings that prompted President Bush to get involved. Immigration was on the menu during President Bush's quick stop at this Virginia Dunkin' Donuts. Flanked by the store's Iranian-American owners and some of their foreign-born employees, Mr. Bush insisted immigration reform must include a guest worker program and a realistic solution for the millions of illegal immigrants already in the US. … The President's latest appeal was clearly timed to coincide with competing hearings as Republicans in the House and Senate continue to battle over immigration legislation."

The CBS Evening News (7/5, story 8, 2:30, Smith, 7.66M) reported that at the Senate hearing, "New York's Mayor, Michael Bloomberg, was a guest speaker." Mayor Bloomberg: "Although they broke the law by illegally crossing our borders or overstaying their visas and our businesses broke the law by employing them, our city's economy would be a shell of itself had they not, and it would collapse if they were deported." Pitts: "In San Diego, the majority of the House of Representatives favor broader border security and tougher enforcement," while President Bush "tried his hand at referee." President Bush was shown saying, "We're not going to be able to deport people who have been here working hard and raising their families, so I want to work with Congress to come up with a rational way forward."

NBC Nightly News (7/5, story 9, 2:15, Reid, 9.87M) reported House Democrats "accuse Republicans of staging the hearings for purely political purposes." Rep. Brad Sherman, California: "These hearings are not designed to legislate. They're designed to whip up public opinion." Reid: "It's no accident that this hearing is being held so close to the Mexican border. It's part of a coordinated strategy by Republicans in the House of Representatives to convince the American people that the top priority on immigration is getting control of that border, a border that must be secure, they insist, before even considering a guest worker program or citizenship for illegal immigrants. Recent reports have suggested President Bush might agree with House Republicans to take up border security first, but today at a donut shop owned and run by immigrants, the President reiterated his desire for comprehensive immigration reform." President Bush: "We cannot kick people out who've been here for a while."

The AP (7/6, Pickler) reports, "The immigration legislation that Bush is demanding is caught between House and Senate negotiators who so far have not been able to work out disagreements over how to handle an estimated 12 million foreigners living illegally in the United States." One compromise "being promoted by Rep. Mike Pence, R-Ind., would require the immigrants to go to centers across the border and fill out the appropriate paperwork before becoming guest workers. They also would have to have an employer sponsor them to get back in the country." Although Bush has "repeatedly said it's impractical to force millions of illegal immigrants to leave the country, White House spokesman Tony Snow said the president finds the Pence plan 'interesting.'"

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The Washington Post (7/6, A10, Murray, Babington, 744K) reports President Bush, who "prefers the Senate's more comprehensive approach, staged his own immigration event, showing up at a Dunkin' Donuts in Alexandria owned by two Iranian American brothers to reiterate his call for a guest-worker program." President Bush said, "If you talk to employer[s] such as these folks, they'll tell you they need workers. And people are willing to do the work that others aren't willing to do, but we want to make sure there's a legal way to do it." The Post adds some "advocates are disappointed that Bush has not taken a more active role in trying to weaken the House Republicans' resolve, which has intensified as the midterm elections near and conservatives try to rally their voting base."

USA Today (Welch, Kiely, 2.31M) reports congressional Republicans "heard lively testimony Wednesday from mayors, sheriffs and ordinary citizens in two public hearings held on both coasts to discuss illegal immigration." The hearings "in San Diego and Philadelphia marked the opening of a summer season that will take proponents of competing immigration proposals in Congress across the country. The aim is to demonstrate public support for their plans." On the West Coast, "much of the talk was about how hard it is to handle the stream of Mexican citizens coming across the border." But Democrats "mocked the Republicans for holding hearings they said would not lead to solutions."

The Los Angeles Times (7/6, Gaouette, Quinones, 958K) reports the "two hearings marked the start of a summer-long contest between the House and the Senate to control the terms of the immigration debate." As lawmakers "held court on opposite coasts, President Bush hosted his own field hearing at a Dunkin' Donuts in Alexandria, Va. Celebrating the entrepreneurial energy of the store's two Iranian American owners and their Guatemalan American district manager, Bush jokingly offered reporters coffee and reiterated his support for a Senate-style overhaul." The "atmosphere at the House hearing, at San Diego Border Patrol headquarters, was far less jovial. Within sight of the hills of Tijuana and the walls that separate the United States from Mexico, immigration restrictionists waved American flags, while immigrant advocates displayed hundreds of crosses representing those who died trying to cross the border."

The New York Times (7/6, Preston, 1.19M) reports most of the speakers at the Philadelphia hearing "embraced the Senate's approach, which calls for a path to citizenship for most illegal immigrants and a guest worker program, as well as enhanced border security and punishment for employers who hire illegal workers." In San Diego, Rep. Ed Royce, chairman of the House Subcommittee on International Terrorism and Non-Proliferation, "was chosen to lead a meeting in a Border Patrol station that featured agents and local sheriffs."

The AP (7/6, Hefling) reports Mayor Bloomberg said the "economy of the country's largest city and the entire nation would collapse if illegal immigrants were deported en masse." New York City is "home to more than 3 million immigrants, and a half-million of them came to this country illegally, Bloomberg testified." Bloomberg said, "Although they broke the law by illegally crossing our borders ... our city's economy would be a shell of itself had they not, and it would collapse if they were deported. The same holds true for the nation." The New York Times (7/6, 1.19M) also runs the AP story.

The Washington Times (7/6, Hurt, 90K) reports Mayor Louis Barletta of Hazleton, Pa., "yesterday told senators at a special 'field hearing' in Philadelphia that illegal aliens have strained his city's services and brought a wave of crime." Barlettta said, "We've seen a dramatic increase in gang-style graffiti, some of which has included threats to kill police officers. … This graffiti has marred an award-winning redevelopment project that replaced vacant factories with family homes. Now, those homes, those families, are threatened by hoodlums who don't respect people or their property."

House GOP Focusing On "Terrorist Loophole" In Senate Immigration Bill. Syndicated columnist Robert Novak (7/6) writes, "With their party sharply divided on immigration, House Republicans this week launched an effort to transform this political liability into an asset by tying it to the war against terrorism." CA40 Rep. Ed Royce's (R) "International Relations subcommittee on terrorism started hearings Wednesday in San Diego and Friday in Laredo, Texas, on a 'terrorist loophole' in the Senate measure." Novak notes that "Section 240d" of the Senate bill "would restrict local police from arresting aliens for civil violations, limiting them to apprehension for criminal offenses. That means a sheriff's officer on the border could not arrest someone whose papers showed he had overstayed his visa." Royce and Kris W. Kobach, "who was Attorney General John Ashcroft's chief adviser on immigration law," "point to the fact that four of the 9-11 terrorists, all of whom had violated immigration laws, were stopped for speeding before their attack. Had the police officers asked the right questions, terrorists could have been arrested under current law -- but not under the Senate bill. … In contrast, the House bill provides assistance to local police to encourage their help in immigration enforcement."

Owens Says Colorado Shouldn't Wait For Federal Action On Illegal Immigration. The AP (7/6, Paulson) reports Gov. Bill Owens of Colorado said his state "should not wait for the federal government to stop illegal immigration but should implement its own plans." Gov. Owens "told the Joint Budget Committee, which held hearings Wednesday to discuss the cost of illegal immigration, that Colorado spends about $560 million a year educating illegal immigrants and their U.S.-born children, who are legal citizens. He said that

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the cost falls most heavily on local governments and that the federal government is doing little to help." Owens told legislators "the state could sharply reduce the number of illegal immigrants in Colorado by setting up a secure identification system, requiring job applicants to present a driver's license or identity card before they could get a job."

NYTimes Criticizes House GOP For Focus On Immigration, Terrorism. The New York Times (7/6, 1.19M) says in an editorial that the "nation's debate over a serious reform of its immigration laws" was "hijacked yesterday by 'Border Vulnerabilities and International Terrorism' — the first of many hearings that House Republican leaders plan to hold around the country this summer, ostensibly to solicit public opinion about immigration reform." This "novel approach to governing — seeking public input on bills after they have passed — reflects a cynical gamble that linking immigration and terror will upend the Senate bill and give House Republicans a short-term electoral boost."

CONGRESS-ADMINISTRATION:

Bush Assertion Of Executive Power Seen As Risking Backlash. The Financial Times (7/6, Daniel) reports in an extended story on the White House's philosophy of executive power that the Hamdan v Rumsfeld Supreme Court decision that held the President "did not have the right to hold military commissions to try terror suspects held at Guantánamo Bay" marks "a defining moment in the Bush presidency. Not only does it dismantle some of the elaborate legal scaffolding he has erected since the attacks of 9/11 to prosecute the war on terror. It also potentially heralds a 1970s-style backlash against executive power, triggered by the perceived overreach of the last six years." Reagan Administration deputy attorney General Bruce Fein said, "The White House could be left with fewer powers than when Bush entered. Like President Nixon, Mr Bush's craving for an imperial presidency could bring his office to its ebb." The Times also examines Vice President Cheney's role in the Administration's assertion of executive authority, noting that he "arrived at the White House in 2000 determined to avoid the 'unwise compromises' made by presidents over the past three decades. For Mr Bush, the motivation has been more visceral. Shocked by the events of 9/11, he vowed he would do 'whatever it takes' to defend the American people. This interplay of ideological and intuitive motivations has played out in the war on terror. Recognising that congressional power is greatest at times of peace and presidential power at times of war, officials seized their opportunity."

Broder Urges Congressional Debate On Anti-Terror Policies. In his column in the Washington Post (7/6, A21, 744K), David Broder writes about the recent Supreme Court decision on Guantanamo. Says Broder, "I am delighted that Republican congressional leaders say they hope to turn the ruling to their advantage by engaging the Democrats in a lively debate about the president's counterterrorism strategy. That debate is long overdue. In the first reaction to the Sept. 11 attacks, Congress gave Bush broadly worded authority to protect the country and strike back at the terrorists. After that it paid little attention for the next four years to the way that authority was being used -- and how the administration assumed additional powers." Adds Broder, "There is no reason for Democrats in Congress to fear the coming debate. They need not feel embarrassed about…finding ways to legislate the needed rules for handling these detainees. Far from being defensive, Democrats could challenge the Republican majority to take the opportunity to examine all that Bush is doing -- or not doing -- to counter al-Qaeda and other threats to national security."

Bush Turns 60. ABC World News Tonight (7/5, story 11, 1:50, Sawyer, 8.78M) reported President Bush is "the leader of the free world. But for a moment, George W. Bush is also the nation's most vocal birthday boy. Tomorrow is the big day. Boomer in Chief. That's what the press corps has been calling the President lately because the President seems to have that milestone, turning 60, on his mind. Really on his mind." President Bush: "I used to thing 60 was old, didn't you? … Security is strong at the airports. I hope they stop taking off shoes of the elderly. I must confess, they haven't taken off my shoes lately at the airport. … We're living longer. I don't know about you all, I plan on just kind of stretching it out a little bit." Sawyer: "Even though President Bush has aged in office, according to his latest physical, he is in the superior fitness category for men his age, despite his jokes."

The New York Times (7/6, Stolberg, 1.19M) reports, "Could it be that Mr. Bush, with his enviably low heart rate and penchant for two-hour mountain bike rides that exhaust Secret Service agents half his age, is worried about getting old? Is that why the president, so mindful of proper attire that he demands a coat and tie in the Oval Office even on weekends, wore a decidedly youthful red-and-white Hawaiian shirt to his two-days-early birthday dinner in the East Room of the White House Tuesday night?" But if "the president is worried about getting old, his friends say, he certainly has not confessed it to them, though they recognize the Big 6-0 could be a touchy subject. Mr. Bush took four friends along with him on Air Force One for a trip to Ft. Bragg, N.C., on Tuesday; all were mum about the impending birthday, refusing to disclose even the teeniest detail of the party or gifts."

FDA Approves New AIDS Pill. The New York Times (7/6, McNeil, 1.19M) reports that the FDA has approved "the first 3-in-1 antiretroviral pill for use by the American-

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sponsored plan for AIDS treatment, something that the White House's acting global AIDS coordinator said yesterday should greatly improve treatment for AIDS patients in poor countries." The agency "posted the approval of the drug on its Web site on Friday evening. It approved the 3-in-1 pill, made by an Indian generic drug company, for patients in countries helped by the President's Emergency Plan for AIDS Relief." The new pill "combines three common first-line drugs, AZT, 3TC and NVP, which are also known as zidovudine, lamivudine and nevirapine and sold in the United States as Retrovir, Epivir and Viramune."

Turley Criticizes Roberts Court's First Term. Jonathan Turley, the Shapiro Professor of Public Interest Law at George Washington University, writes in USA Today (7/6, 2.31M) that the first term of the Roberts court "was no cause for hope, let alone celebration, for uneasy liberals, moderates or libertarians. To the contrary, the only comfort these groups should take from the past term is that it will likely prove far better than the coming term when the court is poised to hear cases involving affirmative action, abortion, environmental law and other hot-button issues. Despite hopeful accounts that John Roberts and Samuel Alito would prove mainstream jurists, they proved every bit as ideological in major cases as predicted." The Court's first term reveals "a new vision of our society emerging from the new conservative base of the court with Roberts and Alito," who are "speaking clearly and loudly — from the far right side of the court."

OTHER NEWS:

Stocks Tumble As Oil Prices Rise To Record Level. ABC World News Tonight (7/5, story 8, :15, Sawyer, 8.78M) reported, "Oil prices jumped to a record high today, $75.40 a barrel, on strong US demand and tensions over North Korea's missile launch and Iran's nuclear program. Prices settled at $75.19 when the markets closed, up1.7 percent for the day."

The CBS Evening News (7/5, story 5, 0:15, Smith, 7.66M) said the spike was due to "concern about North Korea's nuclear ambitions." NBC Nightly News (7/5, story 7, 0:20, Williams, 9.87M) also reported the story. The Washington Times (7/6, Hill, 90K) also reports the oil price "spiral" came "in response to rising tensions with North Korea," adding that "some traders predicted that crude will hit $80 before the end of the year." The New York Times (7/6, Peters, Fackler, 1.19M) titles a similar report "Oil Up And Stocks Fall On Missile Worries." The Washington Post (7/6, D3, Kirkham, 744K) also reports the story.

NBC Nightly News (7/5, story 8, 0:15, Williams, 9.87M) reported, "And a strong US Jobs report caused fears on Wall Street today that interest rates would have to be raised again in August. That was enough to spook the Dow down over 76 points on the day [to close at 11,151.82]. Nasdaq was down 37 points [2,153.34]." The Wall Street Journal (7/6, Browning, 2.11M) reports the Standard & Poor's 500-stock index fell 0.72%, or 9.28 points, to 1270.91, "still up 1.8% for 2006." USA Today (6/6, Shell, 2.31M) also reports the stock numbers.

Factory Orders Rise Amid Strong Employment Data. The Wall Street Journal (7/6, Gerena-Morales, 2.11M) reports, "The US economy may have entered the third quarter with a little more momentum than thought, according to new data tracking industrial activity and employment growth." The Commerce Department "reported that orders to US factories rose a stronger-than-expected 0.7% in May, to $399.9 billion, following a 2% decline in April." Meanwhile, "an employment report suggests the nation experienced robust employment growth in June. The private sector added a seasonally adjusted 368,000 nonfarm jobs in June, according to the National Employment Report from Automatic Data Processing Inc. The report is a measure of employment based on a subset of ADP's payroll data covering 225,000 businesses and 14 million employees. The data don't include government employment."

Oil Prices Said To Endanger US Jobs. USA Today (6/6, Hagenbaugh, 2.31M) reports, "The rising cost of oil has put a squeeze on the companies that use oil as an ingredient for their products. Although they are down from the records seen recently, oil prices are up more than 20% from a year ago and are more than 150% higher than they were five years ago. Natural gas prices have also risen." USA Today adds "the impact on manufacturers and other companies that use oil-based ingredients could be significant, causing a ripple effect throughout the economy. As firms are faced with rising prices and see their margins cut, they may have to cut back on production, reduce pay increases or maybe even cut jobs or shut down."

US Population Approaches 300 Million. The AP (7/6, Ohlemacher) reports that the US' population is approaching 300 million. The US "is the fastest growing industrialized nation in the world, adding about 2.8 million people a year. That's a little less than 1 percent, but enough to mitigate the kinds of problems facing Japan and many European countries," which are facing declining populations. The US "has a fertility rate of 2.05, about enough to maintain a stable population. The US also adds people through immigration, something many European countries have shunned."

State Houses Hold Greatest Potential For Power Shift In 2006 Races. The Wall Street Journal (7/6, Cooper, 2.11M) reports that "the potential for swings in power may be greater at the state level than in Congress,

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where the struggle for control gets more attention. In 29 legislative chambers across the nation, a shift of no more than five seats would bring a new party to power. If the restless, dissatisfied mood among many voters produces a desire to throw out incumbents, both parties could see turmoil at the state level. If the sentiment turns against Republicans in charge at the national level, Democrats could make significant gains in elections." The Journal adds, "Beyond the legislatures, Democrats also hope to regain a majority of governorships for the first time since Republicans gained the advantage there in 1994."

Biden, Boxer, Salazar To Campaign For Lieberman. The AP (7/6, Miga) reports, "Embattled Democratic Sen. Joe Lieberman is getting a little help from his Senate friends as he tries to fend off an anti-Iraq war challenger in an intraparty fight." Sens. Joe Biden, Barbara Boxer and Ken Salazar "plan to campaign in Connecticut for Lieberman between now and the Aug. 8 primary. Their goal is to reassure the party faithful of the three-term senator's loyalty to Democratic causes, including women's issues, labor and the environment." The AP adds, "The rush of support from his Senate colleagues comes two days after Lieberman, the party's 2000 vice presidential nominee, surprised Democrats by announcing that he would start collecting signatures for an independent campaign if he loses the primary."

Lamont Said He May Spend $1 Million More In Primary Battle. The AP (7/6, Haigh) reports, "Businessman Ned Lamont said Wednesday that he is prepared to spend perhaps as much as $1 million more in his Democratic primary battle against US Sen. Joe Lieberman." Lamont "wouldn't say how much he plans to spend between now and the Aug. 8 primary. His campaign has cost $1.5 million so far. 'It depends. Let's see what happens over the course of the next 30 days,' Lamont told The Associated Press. 'If the senator says, "I'm going to put up a million dollars on TV and start hammering Ned Lamont and where he's from,' then I'll have to match that.'"

Lieberman Campaign Refuses To Criticize Clinton. CNN's The Situation Room (7/45, King) reported, "Senator Joe Lieberman's camp is refusing to criticize colleague Hillary Clinton, even though she is prepared to take a stand against him. Yesterday, Senator Clinton said she won't support Lieberman if he's defeated in next month's Democratic primary in Connecticut." Clinton "says she hopes Lieberman wins that primary and wins re-nomination, but, if he doesn't, she will back Lamont. Lieberman's spokeswoman tells CNN, the senator values Hillary Clinton's friendship and her support in the primary."

LATimes Criticizes Antiwar Democrats' Effort To Oust Lieberman. The Los Angeles Times (7/6, 958K) says in an editorial, "Antiwar activists who are opposing the renomination of Sen. Joe Lieberman in next month's Connecticut Democratic primary complain that he's not a 'real Democrat.' They're wrong, but Lieberman runs the risk of making prophets of his critics by preparing for a backup reelection campaign as an independent." Lieberman has been "immune to the buyer's remorse that has afflicted other Democratic senators who voted to authorize President Bush to use force against the Iraqi dictator. Two weeks ago, he was one of only six Senate Democrats to vote against a resolution calling for U.S. forces to begin leaving Iraq this year." Democratic voters "in Connecticut have the right to nominate the candidate of their choice. But it is more than a little disturbing for the longtime popular senator (and the party's 2000 nominee for vice president) to be targeted for defeat by national fundraisers based on his foreign policy views."

Liberal Bloggers Draw Fire For Promoting Candidates. The Washington Times (7/6, Lambro, 90K) reports, "The founders of two politically influential liberal blogs, known for their bare-knuckle attacks on Republicans and errant Democrats, are being knocked for promoting political candidates for whom one of them works as a paid campaign consultant. Bloggers and news organizations have begun to question the close relationship between Markos Moulitsas, creator of the widely read DailyKos.com, and Jerome Armstrong, creator of MyDD.com and a political consultant." Armstrong "is working for former Virginia Gov. Mark Warner, a potential Democratic presidential candidate, whom Mr. Moulitsas praised effusively in a December interview."

Top Republicans Say Presidential Nomination Is McCain's To Lose. The Washington Times (7/6, Hallow, 90K) reports, "Some top Republicans at odds with Sen. John McCain on core conservative issues say privately that the party's 2008 presidential nomination is 'his to lose.' They cite the Arizona senator's head start in fundraising, a primary calendar that is shaping up in his favor and a growing belief that he enjoys the tacit support of President Bush." The Post adds, "Now, one of the most widely respected conservatives in the country says he is ready to help pull the McCain campaign bandwagon whenever the senator makes his 2008 Republican presidential run official." Former Sen. Phil Gramm "has quietly been helping to write Mr. McCain's speeches."

Professors Say Science, Ethics Need Not Be At Odds Over Stem Cell Research. Robert P. George, McCormick professor of jurisprudence at Princeton University and a member of the President's Council on Bioethics, and Eric Cohen, a fellow of the Ethics and Public Policy Center

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and editor of the New Atlantis, write in the Washington Post (7/6, A21, 744K), that too often in the debate over stem cell research, "science and ethics are regarded as being on a collision course. They need not be. For what could be more pro-science than relying upon scientific ingenuity to lead the way to stem cell advances without conducting unethical cloning experiments?"

Casinos Close In Atlantic City As Government Shutdown Continues. The CBS Evening News (7/5, story 11, 2:25, Smith, 7.66M) reported, "Gambling in this country is big business. In Atlantic City, New Jersey, it is a $5 billion a year business. Today, with the state government shut down by a budget dispute and no money to pay state inspectors, the casinos were forced to close for the first time ever, and all bets were off."

The New York Times (7/6, Chen, 1.19M) reports from Atlantic City, "As New Jersey's budget impasse deepened and the shutdown of state government services continued, this city's 12 casinos were forced to close indefinitely on Wednesday for the first time in the 28 years that gambling has been legal here." Until now, "the failure of Gov. Jon S. Corzine and his fellow Democrats in the Legislature to approve a budget had been felt most viscerally by about 45,000 state workers who were furloughed without pay, and by the eternally hopeful who play the lottery." But "with estimated revenues of $16 million a day and a work force of 50,000, the casinos represent the biggest and most symbolic casualty so far."

The AP (7/6, Curran) reports Gov. Jon S. Corzine "addressed the Legislature at the Statehouse Wednesday morning, defending his position as a stalemate over the state budget entered its fifth day with no deal in sight." Corzine "wants to raise the state sale tax from 6 percent to 7 percent to close a $4.5 billion state budget gap; lawmakers oppose the tax increase, estimated to cost the average New Jersey family $275 per year. When the Legislature missed its July 1 deadline to pass a state budget because of the dispute, Corzine ordered the government shut down." Said Corzine, "It is deplorable that the people of this state are left in such a painful position. … The people of New Jersey have every right to be angry." The Washington Post (7/6, A3, Strauss, 744K) and USA Today (7/6, Jones, El Nasser, 2.31M), among other newspapers, also report the story.

More Commentary. The New York Times (7/6, 1.19M) editorializes, "It's time for Joseph Roberts Jr., speaker of the New Jersey Assembly, to fold his cards. He and his colleagues thought they could bluff their way through a confrontation with Gov. Jon Corzine over the governor's proposed sales tax increase." But "the bluff has been called: Mr. Corzine shut down nonessential services and furloughed 45,000 nonessential employees when he and Mr. Roberts could not agree on a new budget by July 1, the start of a new fiscal year."

The Wall Street Journal (7/6, 2.11M) editorializes, "The gambling shutdown will cost the state some $1.3 million a day in lost taxes, but Governor Jon Corzine and the Democrats who run the legislature still won't end their showdown at the spendthrift corral, also known as Trenton. The legislators are convinced that Mr. Corzine is leading them down a path to political ruin by insisting on raising the state sales tax to 7% from an already high 6%, and they're probably right. … New Jersey voters keep electing these tax-and-spendaholics, so we suppose they get what they deserve."

LATimes Criticizes Schwarzenegger On Children's Health Coverage. An editorial in the Los Angeles Times (7/6, 958K) says, "Until last week, it looked as if Sacramento might use a fraction of this year's multibillion-dollar budget surplus to expand health coverage for more kids in California. But in their final budget negotiations, Gov. Arnold Schwarzenegger and the Legislature decided that it was better to cave to a small group of vocal Republicans who believe that sick 3-year-olds should be punished for their parents' actions. … Schwarzenegger and the Democratic leadership were wrong to trade the well-being of children for political compromise. Hopefully the Legislature, which is expected to take up the issue again later this summer, will show more courage once the deadline pressure of budget-making is removed."

WSJournal Says Sweeney's "Wal-Mart Tax" Has Fizzled. An editorial in the Wall Street Journal (7/6, 2.11M) says AFL-CIO President John Sweeney's campaign to force Wal-Mart and other retailers either to spend more on health care or pay more in taxes is "striking out in a surprising number of state capitals." Sweeney's campaign "began as Maryland enacted the first 'Wal-Mart tax.' … Not a single state has followed Maryland's lead." The Journal concludes that "the Wal-Mart tax has already fizzled as a political cause."

Bush Urges World Leaders To Stand United On North Korean Nukes. North Korea continued its defiance of the international community yesterday by launching additional short range missiles, brining the total number of tests to seven. The White House and State Department response is being described as muted. The AP (7/6, Riechmann), for example, says President Bush "addressed the issue in a subdued manner without the harsh warnings he had issued last week threatening unspecified repercussions." The AP also notes the President "urged world leaders Wednesday to stand united in demanding that North Korea give up its nuclear weapons program, saying the

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communist nation remains a threat even though its long-range missile plunged into the sea seconds after liftoff." Said Bush, "One thing we have learned is that the rocket didn't stay up very long and tumbled into the sea, which doesn't, frankly, diminish my desire to solve this problem."

The story was the lead on each of the networks, which ran multiple segments on the crisis, totaling about 26 minutes. ABC World News Tonight (7/5, lead story, 2:40, Raddatz, 8.78M) reported, "The Administration has repeatedly said over the last month that a missile launch would be unacceptable, a serious matter. But today, the President toned down the rhetoric, calling for North Korea to return to diplomatic discussions." Bush was shown saying, "Russia, South Korea, Japan and the United States spoke with one voice about the rocket launches and we will work together to continue to remind the lead of North Korea there is a better way forward for his people."

The CBS Evening News (7/5, story 2, 1:30, Axelrod, 7.66M) reported, "As one Administration official said to me today, 'What are we talking about here? Six missiles that are based on World War II technology and one longer-range missile that flew for all of 42 seconds.' This was the kind of tone the President seemed to echo today." The White House does not want the President saying too much about this, elevating the issue and turning it into a US-North Korea confrontation. The Administration prefers to have its diplomats and its allies do the talking."

Meanwhile, NBC Nightly News (7/5, story 2, 1:55, O'Donnell, 9.87M) reported, "The White House tried hard today not to give the North Korean leader what Administration officials suspect Kim Jong Il may want -- direct one-on-one attention from the United States and President Bush."

CNN's The Situation Room (7/5, Henry) reported, "From the President on, down the White House is all about trying to calm this situation down. They're playing down the threat from North Korea, playing up the support they're getting from allies. In short, just the opposite of how they handled the standoff with Iraq before that war."

The Washington Post (7/6, A2, Milbank, 744K) reports in its "Washington Sketch" column, "After interpreting every gesture of Saddam Hussein as a casus belli, a changed Bush administration is taking the opposite approach with Kim Jong Il. Officials were determined not to give the little man with the big missile the attention he craves. … A few years ago, the administration was using breathless terms to describe Iraq. … Now? The administration finds itself before the Security Council, working on sanctions and isolation for North Korea."

The Los Angeles Times (7/6, Richter, Demick, 958K), in a story headlined "A Level Reply to N. Korea Missiles," says "the relatively low-key reaction in Washington, the United Nations and elsewhere reflected the lack of an international consensus and also a determination by the Bush administration not to be drawn into a one-on-one struggle with North Korea. 'The US response is we're working with our allies to figure out how to try to get North Korea back to the table,' said White House Press Secretary Tony Snow. 'There are attempts to try to describe this almost in breathless World War II terms. This is not such a situation.'"

The Los Angeles Times (7/6, Wallace, Demick, 958K) also reports Secretary of State Condoleezza Rice, speaking at a Washington news conference, "told reporters that outrage expressed from other world leaders shows that the dispute 'is now not a matter of the United States and North Korea.'" She added that "the Bush administration believes the disagreement can best be handled through six-party talks, with diplomats from the US, China, Japan, South Korea, Russia and North Korea." The international community, she said, "has many options that would make engaging in this 'kind of brinksmanship' more difficult for the North Koreans." The Washington Times (7/6, Pisik, 90K) notes Rice also said Pyongyang had "miscalculated." Added the Secretary, "Whatever their motivations, whatever they thought they were doing, they've gotten a very strong reaction from the international community."

The New York Times (7/6, Cooper, Hoge, 1.19M) says "Bush administration officials suggested that more tests might be on the way: Stephen J. Hadley, the president's national security adviser, said that the North had initially rolled about 10 missiles up to the launching pads, meaning that maybe three or four more could be ready soon, though it was unclear what types they might be." And "officials turned their attention to persuading China, and to a lesser extent Russia, to put pressure on North Korea to abandon its nuclear weapons program."

The AFP (7/6) reports Bush "said that US officials were still analyzing data from the long-range Taepodong 2 missile launch but dismissed the other missiles launched as 'pretty routine weapons' and said the immediate political impact was that North Korea was worse off." Bush also said, "I am deeply concerned about the plight of the people of North Korea. I would hope that the government would agree to verifiably abandoning its weapons programs."

Several stories this morning indicate world powers appear divided over how to deal with the North Korean actions. Under the headline "Split Over N Korea Missile Test Response," the Financial Times (7/6, Fifield, Nations, Pilling) reports, "As the UN Security Council gathered to discuss the tests, Japan and the US, supported by the UK, pushed for tough measures that would require countries to prevent the transfer of financial resources and materials that would help North Korea's missile and weapons programmes." The AP (7/6, Lederer) says China and Russia "resisted an attempt in the UN Security Council to impose sanctions against North Korea." Reacting to the Japanese proposal, "China, the North's closest ally, and Russia, which has been trying to re-establish Soviet-era ties with Pyongyang, countered that they

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favor a weaker council statement without any threat of sanctions. Both countries hold veto power in the council, making sanctions unlikely."

ABC World News Tonight (7/5, story 2, 1:10, Harris, 8.78M) reported, "In South Korea, the government has threatened to cut off food aid to North Korea. But the South Koreans may be less worried about a nuclear North Korea than an unstable North Korea. If Kim Jong-Il's government were to fall, South Korea could be flooded with refugees."

The New York Times (7/6, Onishi, Kahn, 1.19M) reports "regional analysts doubt the launchings will bridge big gaps between the regional powers on how to handle North Korea. The military exercise strained relations between North Korea and all its neighbors. … But when Christopher R. Hill, the assistant secretary of state for East Asia and the lead negotiator with North Korea, returns to the region this week, he will find that many of the same rifts that existed before continue to complicate the task of forming a united front." USA Today (7/6, Nichols, 2.31M) runs a similar story titled "Attempt To Punish N. Korea Hits Snag," noting there are "cracks in the world's united opposition to North Korea's missile tests."

A second USA Today story (7/6, Wiseman, Nishiwaki), meanwhile, says "international condemnation of the North's missile tests…was widespread. NATO said the tests threatened security in East Asia and the rest of the world. Belgium, Italy, Turkey, Germany and France jointly condemned the tests. Belgian Foreign Minister Karel de Gucht called for an immediate halt to the tests." USA Today adds, "Missile expert Riki Ellison, president of the Missile Defense Advocacy Alliance in Alexandria, Va., said, however, that North Korea gained some clout and prestige with the launch. 'They called the bluff,' he said."

The Washington Post (7/6, A1, Lynch, Faiola, 744K) reports, "Several observers warned that even if Beijing agreed to some form of censure, it would remain reluctant to impose tough economic sanctions out of fear that such measures could destabilize North Korea and spark a crisis on their shared border." But John R. Bolton, the US ambassador to the UN, "said the council's reaction to the missile tests highlighted North Korea's growing isolation. 'No member defended what the North Koreans have done,' Bolton said. 'I think there is support for sending a clear signal to Pyongyang.'" The Post adds, "Analysts and some diplomats involved in the six-nation nuclear talks said the first casualty of the missile tests might be the talks themselves."

The Wall Street Journal (7/6, King, Solomon, Ramstad, Fairclough, 2.11M) analyzes possible US responses to North Korea, in a story titled "North Korea Gives US, Allies Few Good Options," and says "the likeliest, but also the least muscular, would be an official rebuke from the United Nations Security Council, such as that issued when North Korea last tested a long-range missile, in 1998. Next on the list would be a package of UN economic sanctions, put forward yesterday by Japan and backed by the U.S., which might also carry the tacit threat of military action down the road. US officials said they aren't weighing a military response to the missile launches." The Journal adds, "A weak response from the international community could undercut US credibility, not just in Pyongyang, but also in Tehran, where the Bush administration is trying to persuade Iran to give up its nuclear program in the face of threatened isolation from the UN."

The New York Times (7/6, Sanger, 1.19M), likewise, runs a piece headlined "Few Good Choices In North Korean Standoff," in which it says that an alternative for Bush "would be take a hard line that might risk an escalation of the half-century-old confrontation between the United States and North Korea." But "such a tack is now complicated by the widespread assumption that even if the North does not have the ability to launch a nuclear weapon, it now probably possesses enough extra nuclear fuel that it may be tempted to sell some to a terrorist group or another state."

The Christian Science Monitor (7/6, Marquand, 61K) reports Bolton "said the council must send a 'strong and unanimous signal' that Kim's actions were unacceptable, adding that the council would proceed in a 'calm and deliberate fashion.'"

NBC Nightly News (7/5, story 3, 1:40, Mitchell, 9.87M) said "no one really understands the motive of this hermetic kingdom of Kim Jong Il, but the best thinking is that he wants attention. They have not had direct talks. They want security guarantees from the United States. They want economic aid, and look at what's happening with Iran. Iran is being given and offered all sorts of economic aid and concessions to give up its nuclear program, so this is really a cry for attention very strategically timed for the 4th of July and an attempt to try to get people to say, you know, look at North Korea, they've got some muscle."

In a similar analysis piece, the Los Angeles Times (7/6, Demick, 958K) says the test "was a move from a well-thumbed playbook that has been passed down from father to son, starting with the nation's founder, Kim Il Sung, and now in the hands of current leader Kim Jong Il. Such has been the North's modus operandi for decades: To solve a crisis one needs to create a crisis." The Times adds, "The crisis that the North Koreans perceived as needing a solution is that they were being ignored by the United States."

Burns Says US Wants International Unity Against North Korea. Undersecretary of State Nicholas Burns said on CNN's The Situation Room (7/5) reported, "I don't think this is America against North Korea. This is the world against North Korea. You saw an extraordinary number of statements today from Russia and China, from all across Asia, from Europe, and certainly from our country of condemnation of rebuking the North Koreans. So what you want to achieve in a situation like this is you want to achieve international unity

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to force the North Koreans to take account of the fact that they are completely isolated on this issue. What they did was reckless and provocative and very unwise. And we're going to be a lot stronger as the weeks and months go forward on this North Korea business if we've got the rest of the world saying essentially what we're saying. So I don't think we want to isolate ourselves one on one with the North Koreans. We're much better off with this collective approach that the President and Secretary Rice talked about today."

Hill Says North Korea Has United World Against It. Assistant Secretary of State Christopher Hill said on PBS' Newshour with Jim Lehrer (7/5) that North Korea has been "signaling for several weeks now that they were intending to have a launch. And just about every responsible country in the world weighed in against it, and then they went ahead and did it anyway. So, the first thing they have done is to unite us all." Hill added, "I think the North Koreans are learning the law of unintended consequences. But I mean, they have, I think, really united us. I mean, we are very concerned about this. The -- we have been talking to our South Korean allies, our Japanese allies. And we're going to start having some in-depth discussions with the Chinese. And we're going to see what we can do. What is very important about this, though, is, we have got to work together. We have really got to make this a multilateral process, because it's not a bilateral problem."

North Korea Deepens Ties With Iran. The Wall Street Journal (7/6, Fairclough, 2.11M) reports that late last year, North Korea delivered more than a dozen intermediate-range ballistic missiles to Iran, according to senior US and Asian officials. The delivery, along with yesterday's missile test-launches "shows Pyongyang is increasingly willing to use its missile technology as a way to stand up to the US and its allies. North Korea's exports to Iran also mark a significant deepening of longstanding ties between Pyongyang and Tehran as international pressure mounts on the two governments to curb their nuclear ambitions, U.S. and Asian officials and analysts say."

Administration Facing "Crisis In Every Direction." In a story titled "A Driven President Faces A World Of Crises," the Washington Post (7/6, A1, Abramowitz, Wright, 744K) reports, "From deteriorating security in Afghanistan and Somalia to mayhem in the Middle East, confrontation with Iran and eroding relations with Russia, the White House suddenly sees crisis in every direction." North Korea's missile test "was another reminder of the bleak foreign policy landscape that faces…Bush even outside of Iraq." The Post adds "White House officials emphatically reject such pessimism," but "the events on the Korean Peninsula underscored how the administration has lost the initiative it once possessed on foreign policy in the aftermath of the Iraq invasion, leaving at risk the central Bush aspiration of democracy-building around the world." They also "showed how the huge commitment of resources and time on Iraq -- and the attendant falloff in international support for the United States -- has limited the administration's flexibility in handling new world crises." In an interview, National security adviser Stephen J. Hadley said that "such criticism is misplaced, adding that victory in Iraq is crucial to success in fighting terrorists and in creating a new democracy that could serve as a beacon to other Middle Eastern countries."

Launches Provide First Test Of US Missile Defense. The Washington Times (7/6, Gertz, 90K) reports that the North Koreans missile tests provided the first real test of the US' ground based missile defense, "even though the failure of the long-range Taepodong-2 seconds after launch prevented the Pentagon from responding with a U.S.-based interceptor, defense officials said yesterday."

The Wall Street Journal (7/6, Karp, 2.11M) reports that the apparent failure of the long range missile "gives the Pentagon some breathing room as it prepares two critical tests for a US missile shield that has taken nearly 20 years and $100 billion to develop." Defense officials "confirmed yesterday that ground-based missiles in Alaska and California -- the backbone of the planned shield -- were operational during the North Korean launches." The Journal adds, "The Pentagon's confirmation yesterday that the missile interceptors had been activated specifically for the North Korean launches underscores the reality that the shield isn't permanently up and running."

ABC World News Tonight (7/5, story 3, 2:05, Sawyer, 8.78M) reported, "The US has been concerned for decades about the threat of a missile attack from North Korea, spending billions trying to create a shield. But it's far from ready." ABC (Karl) added, "Two decades and $95 billion have bought a much smaller system that is just now taking shape. The first piece? Detection. The US now has radar systems around the world from Alaska's remote Shemya island to this floating platform off Japan's northern coast -- and space-based infrared sensors. The system allowed US officials to track North Korea's missile launches from the moment of take-off. If the order came to shoot down the Taepodong 2, the military has 11 interceptors capable of doing the job -- two in California, nine in Alaska."

The AP (7/6, Raum) says that North Korea's missile tests "suggested the country can't directly threaten the United States — for now. But the Koreans can learn from mistakes, whether the tests were posturing, serious military efforts or both, U.S. officials and military experts said." The long-range Taepodong-2 missile "failed 42 seconds after liftoff, suggesting a catastrophic failure of the rocket's first, or booster, stage. That heartened US officials, since an earlier version of the long-range missile…failed later in its flight, apparently due to a third-stage malfunction."

The Washington Post (7/6, A16, Ricks, Faiola, 744K) reports that it is not clear whether the Taepodong missile

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"crashed or was aborted by its controllers, but U.S. and Japanese officials said that intelligence and monitoring of the Taepodong-2 test launch indicated that it failed. The result of the attempt is that, to some specialists, North Korea looks less dangerous than it did just a few days ago."

Republicans Tout Support For Missile Defense System. The Washington Times (7/6, Bellantoni, 90K) reports that congressional Republicans used the North Korean missile tests to tout the GOP's support for missile defense and praise "their expansion of the program's budget and scope." The Times adds, "It is uncertain whether Congress, on a one-week break, will take legislative action, but aides for Republican leaders noted the unanimous passage of a Senate measure increasing funding for the U.S. missile defense system beyond the initial Pentagon request." House Armed Services Committee Chairman Duncan Hunter said, "If you have a missile in the air, and it's coming toward one of your cities, the only way to stop it at that point is not with words, but with interceptors." Sen. George Allen "said the North Korean launches were a reminder '[of the need for an effective missile defense system.'"

Brownback Says North Korea Is Desperate. Sen. Sam Brownback said on CNN's Larry King Live (7/5), "I think it's an obviously very difficult situation we're in. Thank goodness we went forward with the missile defense system and that we have something in place, although not fully in place to be able to move forward but can use in this if we need to in this particular situation. I think it also points out how desperate North Korea is and how we really need to confront them on a global basis. I'm glad the Japanese are leading the effort at the United Nations. But this needs to be a global effort including the Chinese and the Russians to confront the North Koreans to stop doing these provocative acts."

Weldon Says China Is Key To Dealing With North Korea. Rep. Curt Weldon said on CNN's Larry King Live (7/5), "I think we've got to see what the G8 brings about, and I hope the President can have a frank discussion with Putin and bring Russia into a more bold position with both Iran and North Korea. We've got to reinvigorate our discussions with China. They clearly are the key. If they want to shut North Korea's economy down, they could do it tomorrow. And with our trade imbalance being what it is with China, we need to apply more pressure with the Chinese."

Burton Says Diplomatic, Economic Pressure Should Be Exerted On North Korea. Rep. Dan Burton said on MSNBC's Hardball (7/5), "I think every ounce of diplomatic pressure that we can bring to bear upon them, as well as economic pressure, should be exerted, and that should not be done unilaterally by the United States. So I think the entire world, the United Nations, the entire world ought to tell North Korea that this is not something that is not acceptable, because it's not just the United States and our people that's at risk, it's anybody within the…range of those missiles."

Pascrell Says UN Should Take Action Against North Korea. Rep. Bill Pascrell said on MSNBC's Hardball (7/5) that there "should be a multilateral approach to a very serious problem. I think this is not an erector set we're talking about. North Korea has been working on this for a long time. They haven't fired a long-range missile since 1998. They're trying to flex their muscle. We are not going to be intimidated by the North Koreans, but we need to have the Chinese and South Koreans involved in negotiations, and we need to have the United Nations not only speaking, but taking action, against North Korea. We are not going to go to the bargaining table simply by them rattling swords."

WSJournal Says US Should Not "Reward" North Korean Tests With Direct Talks. An editorial in the Wall Street Journal (7/6, 2.11M) says, "The last thing the US should do is reward North Korea's missile provocation with direct talks. Yet before yesterday's missile tests, that is exactly what Senate Foreign Relations Chairman Richard Lugar advised." The Journal also notes, "This is what happens when a non-transparent, authoritarian regime is appeased long enough for it to acquire nuclear weapons and the means to deliver them. The mullahs in Tehran have already absorbed that lesson. Iran, and other states that are considering going nuclear, will be closely watching how the world responds to Kim Jong Il's latest provocation."

WPost Says US May Have To Address North Korean Threat Alone. An editorial in the Washington Post (7/6, A20, 744K) says North Korea's launching of at least seven missiles "was baldly aimed at putting pressure on the Bush Administration, which lately has been focused on making disarmament offers to Tehran rather than Pyongyang. Sure enough, within hours there were predictable calls in Washington for the administration to begin 'bilateral talks' with the regime of Kim Jong Il, exactly as he must have hoped." The Post says the missile firings "offer the Bush administration an opportunity: not to bargain with Mr. Kim but to insist that China and South Korea stop tolerating his refusal to begin the disarmament he promised last year." The Post adds, "If China and South Korea are serious about stopping North Korea's development of weapons of mass destruction, now is the time to demonstrate it. If they are unwilling to act, the Bush administration should consider other means of preventing further North Korean missile launches."

LATimes Says "Desperate Nature" Of North Korea's Militarism Is Troubling. An editorial in the Los Angeles Times (7/6, 958K) says the "silver lining in North Korea's act of defiance is the renewed unity of purpose that it is likely to forge among regional powers ostensibly engaged in trying to dissuade Kim's regime from developing nuclear weapons. Russia, China, South Korea and Japan all need to work

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alongside the Bush administration in the so-called six-party talks." The Times adds that "all nations in the region should be troubled by the desperate nature of North Korea's militarism." The region's "principal players need to stand together, alongside the White House, in dealing with this rogue state."

North Korea Said To Be Ratcheting Up Confrontation With US. Nicholas Eberstadt, the Henry Wendt scholar in political economy at the American Enterprise Institute, writes in the Wall Street Journal (7/6, 2.11M) that with yesterday's tests. North Korea "has done more than simply raise the stakes in its contest of wills with the Bush administration. Much more ominously, the launch reveals that the Dear Leader and his inner circle are ready to ratchet up their confrontation with 'the imperialists' to a new and still more dangerous level -- and that North Korea's masters are confident that they hold the upper hand in this escalation." Kim Jong Il and his regime "are now embarking on a perilous new high-stakes gamble, one through which they may earn unprecedented economic and strategic benefits. Ballistic missiles are their instrument in this venture. These will be wielded as like a strategic battering ram, with the aim of shattering the US security architecture in the Korean peninsula and throughout northeast Asia."

Bush Meets With Georgian Leader, Backs Country's Bid To Join NATO. USA Today (7/6, 2.31M) reports, "President Bush gave strong support Wednesday to ex-Soviet state Georgia's desire to join NATO, something that may annoy Russia ahead of next week's Group of Eight leading industrial nations summit in St. Petersburg, Russia." Said Bush, after a meeting with Georgian President Mikhail Saakashvili at the White House, "We will work with our partners in NATO to see if we can't make the path a little smoother for Georgia" to join.

Under the headline "President Of Georgia Gets Warm Embrace," the Washington Post (7/6, A4, Baker, 744K) reports Bush "embraced" the foreign leader "as 'my friend,' delivering a pointed message just a week before a summit in Russia that he will stand by its neighbors in the face of pressure from Moscow." Bush praised Saakashvili "for 'vigor and enthusiasm' and called him 'a man who shares the same values I share.'" Bush also said, "I assured the president that Georgia is our friend and we care deeply about the people of Georgia. … My friend, the president, wouldn't be sitting here if I didn't have Georgia on my mind." The Post adds, "The pun aside, Bush's comments had a serious, if unspoken meaning. Located on Russia's southern rim along a vital oil pipeline corridor, Georgia has been at a flash point between Washington and Moscow for years. By showcasing his meeting with Saakashvili, officials and analysts said, Bush signaled he is concerned about Kremlin treatment of former satellites as he prepares to head to St. Petersburg for the first Group of Eight summit hosted by Russia."

The Wall Street Journal (7/6, A1 Champion, 2.11M) profiles Saakashvili in a front-page story, saying he has "strong backing from the US" as he tries "to transform Georgia's economy in a hurry. His aim is to end centuries of Russian domination and to forge new ties with the West. Corruption is down, and tax revenues have at least doubled since 2003, due in part to a new flat tax and improved collection, helping to pay for the government's many projects. The nation's gross domestic product rose 8.5% during the first quarter." Saakashvili "faces enormous challenges. Georgia sits at the center of an unstable region and shares borders with both Russia and Iran. If he succeeds, Western nations stand to benefit."

Bush Urged To Raise Browder's Case With Putin. The Financial Times (7/6, Yeager, Buckley) reports that Senate Majority Leader bill Frist and Sens. John McCain and Chuck Schumer have asked President Bush to raise the case of William Browder, the hedge fund chief who has been barred from entering Russia, when he meets Vladimir Putin at the Group of Eight summit this month. In a letter to Bush, the Senators say Browder's case "reminds us that the path to a free society and an open market in Russia cannot be taken for granted." They said Moscow "should either let Mr Browder back into Russia or provide a credible explanation as to why it is denying entry to its largest foreign portfolio investor. The White House had not yet responded to the request, a Senate aide said on Wednesday."

Gazprom Given Exclusive Rights For Russian Natural Gas. Parliament Grants Exclusive Rights The New York Times (7/6, Kramer, 1.19M) reports, "Russia's Parliament passed a law on Wednesday that grants exclusive rights for exporting natural gas to Gazprom, the state-owned energy operator that is already the world's largest gas company." If signed by President Vladimir Putin, the law "would be a boon for Gazprom, already a company with many perquisites bestowed by the state."

Bush To Meet With Canadian PM Today. The Washington Times (7/6, Sheikh, 90K) reports that President Bush will meet at the White House today with Canadian Prime Minister Stephen Harper, Canada's first conservative Prime Minister in 12 years. The times says that in Harper, Bush "will find an ideological soul mate who has moved quickly to rebuild his country's long-neglected military and committed to keeping 2,300 troops in Afghanistan through 2009." Bush "also can expect a major improvement in atmospherics after years of prickly relations with Liberal Party governments, whose members were accused at times of adopting anti-American positions to score political points."

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Iran Postpones Talks With EU. The New York Times (7/6, 1.19M) reports, "Iran on Wednesday postponed for a day a meeting with the European Union about its nuclear activities, apparently to protest the appearance of a prominent Iranian exile organization before the European Parliament in Strasbourg, France." Iran's chief nuclear negotiator, Ali Larijani, "announced that the meeting would be put off, exasperating Western officials, including Javier Solana, the European Union's foreign policy chief." The Washington Post/AP (7/6, A16) says Solana "expressed surprise that Iran's top nuclear negotiator, Ali Larijani, did not appear for their scheduled meeting Wednesday." Iran "said the meeting would go ahead on Thursday."

Rice Says West Wants Answer From Iran Soon. Fox News' Special Report (7/5, Hume) reported, "Western nations say if Iran is trying to delay its response to a package of carrots and sticks aimed at getting Tehran to give up its uranium enrichment program, it will not succeed." Secretary of State Condoleezza Rice "says the West expects an answer and soon."

Israeli Army Pushes Deeper Into Gaza. The CBS Evening News (7/5, story 4, 1:45, MacVicar, 7.66M) reported "a major incursion" was "launched…in northern Gaza following…the launch of three of hose homemade rockets into the nearby city of Ashkelon. That is something that Israel's government says it will not stand for. It called the launch a serious escalation and said it would do all it could to prevent it. Tonight, they have moved tanks and armor into an area of northern Gaza about three miles north of where I am. They've taken over old Israeli settlements that they left about 11 months ago during disengagement."

The AP (7/6, Barzak) reports, "Israeli tanks and armored personnel carriers entered one of Israel's former settlements in northern Gaza Wednesday night and opened fire on a nearby Palestinian town, Palestinian officials and witnesses said." Earlier in the day, Prime Minister Ehud Olmert "convened his Security Cabinet and met with top military officials after militants fired rockets on Tuesday into Ashkelon, a southern Israeli city of 110,000 people." The Washington Times (7/6, 90K) runs a similar AP story, while the New York Times (7/6, Myre, Erlanger, 1.19M) reports "Israeli officials said the security cabinet, meeting in special session, did not specifically authorize the establishment of a long-term buffer zone within northern Gaza." But "the previous troop position, about half a mile inside the border, did little to prevent more rocket fire into Israel. Plans originally drawn up by the army called for a deeper incursion into northern Gaza, along with the current deployment in southern Gaza near Rafah, where the captured soldier, Cpl. Gilad Shalit, is believed to be held."

The Washington Post (7/6, A17, Wilson, 744K) reports from Beit Hanoun, in the Gaza Strip, "As Israeli tanks began moving toward this town, small squads of masked gunmen from the governing Hamas movement's military wing and other armed groups could be seen deploying at key intersections and along the dark streets of Jabaliya and Beit Lahiya, blacked out by a recent Israeli airstrike." The Post adds, "Two thudding explosions sounded in the dunes just north of Beit Hanoun as Israel targeted gunmen it said were burying explosives in the sand. At least two Palestinians -- one Hamas gunman and one member of the Palestinian navy -- were killed in the strike or other clashes, Palestinian hospital officials said. Fourteen others, including seven civilians, were wounded."

Hamas Seeks To Intimidate Palestinian Journalists. USA Today (7/6, Gutman, 2.31M) reports "Palestinian journalists say Hamas is trying to control news coverage" in Gaza, and that "intimidation tactics compelled some media outlets, such as al-Hurriya, to suspend news coverage. Frightened columnists put down their pens. Hazem Abu Shanab, a communications lecturer at Gaza's Al Azhar University, stopped writing his column for Al-Hayat Al-Jadida and other newspapers. Those tactics include: Death threats to journalists or outlets perceived as biased against Hamas, according to Arabeed and Reporters Without Borders, an advocacy group for journalists. Raids on radio and TV stations, including the sacking of Palestine TV's bureau in the southern Gaza town of Khan Yunis by gunmen claiming to be from Hamas. Sharp public criticism from Hamas officials."

More Commentary On Hamas. Edmund R. Hanauer, an American Jewish human rights activist who directs Search for Justice and Equality in Palestine/Israel, writes in USA Today (7/6, 2.31M), "Israel's brutal response in Gaza -- called 'war crimes' by Amnesty International -- to the capture of an Israeli soldier by Palestinian militants will not further peace. Israel, more than Hamas, blocks peace. … Palestinians are backed by international law; Israel is backed by the United States. Hamas says Abbas can negotiate with Israel and submit any agreement to a referendum. That is democratic and hopeful as most Palestinians seek a two-state settlement. The United States should press Israel to cease violence, freeze settlements, honor human rights and seek talks with both Hamas and Abbas." USA Today (7/6, 2.31M), meanwhile, editorializes that Hamas; "inability to evolve from terrorists to leaders of a government ignited a series of events over the past two weeks that underscore a depressing regional truism: When things hit rock bottom, they can always get worse. … When Palestinians elected Hamas, many weren't voting for terrorism. They ached for more normal lives and a change from the corrupt incompetence that had evolved under Yasser Arafat. Israel is hardly blameless." But "one essential part of a real peace is for Hamas to work to fulfill those aspirations."

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Algeria Hires Carmen Group To Lobby In DC. The Washington Post (7/6, A19, 744K) reports the Carmen Group, "which in the past year has made a play for business in Africa and hired strategically to make that happen, has scored a substantial lobbying client -- the government of Algeria." The fee "is a healthy $25,000 a month, for a total of $300,000 for the one-year term of the contract, according to the Carmen Group's Foreign Agents Registration Act filing with the Justice Department. The shop also filed a lobby registration with Congress." The Carmen Group "says it will work to strengthen relations between the Algerian and U.S. governments and expand trade, through government relations and 'strategic advice.'"

López Obrador Now Ahead In Mexico. The Wall Street Journal (7/6, Luhnow, De Córdoba, 2.11M) reports, "Mexico undertook a tense official recount of its contested presidential election yesterday that with 91% of the vote counted showed a different outcome than Sunday's results, with populist Andrés Manuel López Obrador leading conservative candidate Felipe Calderón by a 36.2% to 35% margin." The Journal adds, "The mixed results produced confusion and tension in Mexico. Mr. Calderon's National Action Party, or PAN, said it was still confident of winning the recount because most of the districts outstanding were areas the party had won." Calderón's campaign strategist, Juan Camilo Mouriño, said, "In the states where Felipe Calderón won, the [Party of the Democratic Revolution] are playing games to draw this out, questioning everything, making long speeches, and raising the same objections over and over." The New York Times (7/6, Thompson, McKinley, 1.19M) notes that "as the night wore on, Mr. López Obrador's lead steadily narrowed as tallies arrived from the northwestern states that voted heavily in favor of Mr. Calderón," adding that "some" López Obrador "advisers…acknowledged that they were not confident that their candidate's lead would hold, and they made clear they would not recognize the results until there was a vote-by-vote recount."

The Financial Times (7/6, Lapper, Thomson) reports Calderón yesterday "accused his leftwing rival of 'intolerance' and 'irresponsibility' by alleging foul play in last Sunday's election and calling for street protests." In a Financial Times interview, Calderón said López Obrador "wanted to make the people believe he had won." Added Calderón, "It is not true. Then he wanted to make them believe that there was foul play. That is not true either, and we will fight these tricks one by one."

The Washington Post (7/6, A12, Roig-Franzia, 744K) reports on the recount in a story titled "Mexico Watches As Votes Are Tallied," while the Washington Times/AP (7/6, Grillo) says that "in scenes reminiscent of the Florida recount in the US presidential vote in 2000, the divided nation bit its nails as the partial returns showed Mr. Lopez Obrador overtaking Mr. Calderon, who had ended just ahead in the initial vote count." ABC World News Tonight (7/5, story 7, :25, Sawyer, 8.78M) said "the recount should be finished by the weekend."

More Commentary. Novelist Mario Vargas-Llosa writes in the Wall Street Journal (7/6, 2.11M) that López Obrador "represents a renunciation of the idea that development comes from transferring responsibility from the state to civil society and embracing a full exchange with the world. … It is unlikely that Mr. López Obrador would have become a full member of the 'axis' formed by Hugo Chávez, Fidel Castro and Evo Morales, for the same reasons the PRI kept away from communist alliances when it dominated Mexico: Mexican nationalism." But "a populist victory in Mexico would have invigorated other populists in Latin America. And the demagogic foreign policy establishment that used to be part of the PRI state would have likely come back, straining relations with the US." Calderón, "by contrast, understands the stakes better than the man he barely beat. Yet there is no guarantee that he will be a more effective reformer than Mr. Fox."

Cuba's Drilling Plans Spark Controversy In US. The Christian Science Monitor (7/6, Luscombe, 61K) reports that there are potentially billions of barrels of oil and trillions of cubic feet of natural gas beneath the waters of the North Cuban Basin. Late last year, Fidel Castro's government "started contracting out 59 lots in Cuban waters for exploratory drilling," creating a controversy in the US where the federal government maintains a moratorium on any drilling. The Monitor adds, "China, Canada, Spain, and India are among the countries that have snapped up Cuba's lots, while the US oil industry has stood by unhappily, abiding by America's decades-old trade embargo with the communist nation. … Environmental groups, meanwhile, are concerned that even if the US moratorium stays intact, drilling in Cuban waters will have a noticeable effect on Florida's 663 miles of beaches."

Morales Has Filled Bolivia's Government With Ex-Guerillas, Activists, Intellectuals. The Wall Street Journal (7/6, De Córdoba, Luhnow, 2.11M) reports, "Since he was elected Bolivia's first indigenous president by a landslide vote in December, Evo Morales, a former leader of the coca growers' union, has assembled a governing team of ex-guerrillas, former street activists and Bolivian intellectuals. … Since Mr. Morales assumed power in January, he has pledged to redistribute the country's wealth among Bolivia's poor Indians, and exert greater state control over the country's economy and natural resources. He has forged a close alliance with Venezuela's fiery anti-American president Hugo Chávez, and has organized a constitutional convention,

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to reform the way the country is organized." The Journal adds, "Many Aymara intellectuals say they want to re-create in the 21st century the values of the communal Eden they believe existed before the conquest, a place without poverty or oppression."

Nationalist Opposition Ousts Macedonian PM. The Washington Post/AP (7/6, A13) reports that Macedonia's Prime Minister Vlado Buckovski "conceded defeat Thursday to the nationalist opposition in Macedonia's parliamentary elections." The AP adds, "Sounding like a winner, Nikola Gruevski thanked his VMRO-DPMNE party supporters and said he would begin efforts on Friday to put together a coalition. … With 36 percent of the ballots counted, the VMRO-DPMNE party had 33 percent of the vote, while Buckovski's ruling Social Democrats had 24 percent, according to the State Electoral Commission."

Taylor's Son Pleads Not Guilty To Passport Fraud. The New York Times (7/6, Goodnough, 1.19M) reports the son of Former Liberian President Charles Taylor pleaded not guilty in Miami Wednesday to charges of passport fraud. The son, Charles McArthur Emmanuel, also known as Charles Taylor, Jr. was "returned to jail to await trial. He has "been held without bail at the Federal Detention Center downtown since March 30, when he arrived at Miami International Airport from Trinidad and Tobago. Mr. Emmanuel lied on March 15 in applying to renew his passport and listing his father as Steven Smith of St. Vincent, court papers say."

Author Says Belief In "Complacent Myths" Will Not Solve India's Problems. Author Pankaj Mishra, writes in the New York Times (7/6, 1.19M), "In recent weeks, India seemed an unlikely capitalist success story as communist parties decisively won elections to state legislatures, and the stock market, which had enjoyed record growth in the last two years, fell nearly 20 percent in two weeks, wiping out some $2.4 billion in investor wealth in just four days. This week India's prime minister, Manmohan Singh, made it clear that only a small minority of Indians will enjoy 'Western standards of living and high consumption.' There is, however, no denying many Indians their conviction that the 21st century will be the Indian Century just as the 20th was American. The exuberant self-confidence of a tiny Indian elite now increasingly infects the news media and foreign policy establishment in the United States. … Many serious problems confront India. They are unlikely to be solved as long as the wealthy, both inside and outside the country, choose to believe their own complacent myths."

NYTimes Says "Killing Fields" Tribunal Has Responsibility To Survivors. The New York Times (7/6, 1.19M) editorializes, "Three decades have passed since the world first learned of the 'killing fields' of Cambodia. … Yet it was only this week that a UN-Cambodian tribunal was sworn in and began the long task of bringing those most responsible to trial. … We can only hope that there will be enough of a trial in the end to give Cambodia's survivors some sense of justice done. The tribunal has a responsibility not only to those survivors but to a world that has yet to learn how to deal with crimes against humanity. … The court -- as well as other international tribunals -- should be supported by serious efforts to ensure that such atrocities do not happen again. Getting a UN force into Darfur would be a good start."

THE BIG PICTURE:

Headlines From Today's Front Pages.

Los Angeles Times:
"HIV-Positive Group May Hold The Key To Defeating AIDS."
"A Level Reply To N. Korea Missiles."
"Death Puts Lay Conviction In Doubt."
"Family-Like Program Opens Brave New Chapter For Black L.A. Students."
"Now The Leftist Has The Lead In Mexico."
"Border Bills Far Apart: 2,700 Miles."
"In Cold Blood: Iraqi Tells Of Massacre At Farmhouse."

USA Today:
"Attempt To Punish N. Korea Hits Snag."
"With Only A Letter, FBI Can Gather Private Data."
"Atlantic City's Casinos Shuttered As N.J. Budget Standoff Continues."

New York Times:
"Enron Founder, Awaiting Prison, Dies In Colorado."
"2 Italians Seized In '03 Kidnapping Of Imam In Milan."
"Casinos Closed By Budget Fight In New Jersey."
"Few Good Choices In North Korean Standoff."
"A Touchy Topic: Boomer In Chief Hits The Big 6-0."
"Company Town, Losing A Landlord, Seeks A Mate."

Washington Post:
"U.S., Allies Seek Punitive Action Against N. Korea."
"Enron's Lay Dies Of Heart Attack."
"A Driven President Faces A World Of Crises."
"At Baghdad University, Finals Not The Hardest Test."
"Candidacy Fosters A Debate On Race."
"Flush With Success, And Looking To Spend."

Washington Times:
"Bush Hits Direct N. Korea Talks."
"Missiles Ignite Oil-Price Spiral."
"McCain Sitting Pretty For 2008 Race."
"Enron Founder Lay Dies At 64."
"Navy Chaplain's Complaint Ruled 'Without Merit.'"

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"New Canadian Leader To Rebuild Military."

Detroit Free Press:
"GM Likely To Open Talks On Deal."
"Dearborn Stands To Lose Millions On Property Deal."
"A Perfect Life Falls Apart."

Atlanta Journal-Constitution:
"Coke Secrets Plot Foiled."
"Allies Rebuke N. Korea Launches."
"A Nation Divided."
"Over 60 Years Of Highs And Lows, Carters Find Happiness As Equals."

Houston Chronicle:
"Lay's Criminal Record May Vanish With His Death."
"Leftist Now Has Lead In Mexico."
"North Korea Continues To Perplex U.S. Presidents."
"Texans Rookie Williams Buys House From Slade."

Story Lineup From Last Night's Network News:
ABC: North Korea Missile Launches; Korea-Diplomatic Reaction; US Missile Defense; Lay Obit; Discovery-Damage Check; Kim Jong-Il Profiled; Mexico-Presidential Recount; Oil Prices; Family Responsibility Discrimination; World Cup; Bush Birthday.
CBS: North Korea Missile Launches; Missile Launches-White House; Missile Launches-Asia Reaction; Israel-Gaza Offensive; Oil Prices; Lay Obit; Discovery-Damage Check; House Immigration Hearings; Binge Drinking-Brain Damage; Soda Wars-Arrests; NJ Budget Dispute.
NBC: North Korea Missile Launches; Missile Launches-White House; Missile Launches-US Reaction; Missile Launches-Asia Reaction; Kim Jong Il-Analysis; Lay Obit; Oil Prices; US Jobs Report; House Immigration Hearings; Discovery-Damage Check; Hair Dye-Cancer; Baby Boomers-Location Lures.

Story Lineup From This Morning's Radio News Broadcasts:
ABC: North Korea-missile test; Bonds' Trainer Jailed; Columbine Killers' Diaries.
CBS: North Korea-Missile Test; Space Shuttle Mission; Lay Obit; Frey Marries; Bush Birthday; World Cup.
NPR: Iraq-Najaf car Bomb; North Korea-Missile Test; Congress-Abu Ghraib Investigation; New Jersey-Budget Showdown; Foreign Stock Markets; CO-Illegal Immigration; Canada-Gore Criticism.

WASHINGTON'S SCHEDULE:

Today's Events In Washington.

White House:

PRESIDENT BUSH — Participates in a photo opportunity with the 2006 March of Dimes National Ambassador, Oval Office, The White House, stills at top; meets with Canadian Prime Minister Harper at the White House, stills at top; participates in a joint press availability with the Prime Minister of Canada, East Room, The White House, open press; meets with the Ambassador to Iraq, Oval Office, The White House, pool at bottom; attends dinner with the Mayor of Chicago, Chicago, Ill, pool at bottom.

VICE PRESIDENT CHENEY — No public schedule.

US Senate: No scheduled events.

US House: No scheduled events.

Other: PRIME MINISTER STEPHEN HARPER OF CANADA _ Highlights: 10:40 a.m. Meets with President Bush. Oval Office. 11:50 a.m. Holds joint news availability wqith President Bush. East Room. Note: Departs for Canada mid-afternoon.

CORPORATE GOVERNANCE _ The International Corporate Governance Network holds its 11th annual conference. Highlights: 1:30 p.m. World Bank President Paul Wolfowitz. Location: Omni Shoreham Hotel, 2500 Calvert St. NW.

HURRICANE READINESS _ 10 a.m. Dr. Bob Sheets, former director of the Natonal Hurricane Center, presents findings from a new National Hurricane Readiness Index, a survey commissioned by the Insurance Information Institute. The survey compares homeowner preparedness in Gulf and Atlantic communities. Topics will include whether homeowners have taken steps to mitigate hurricane force winds, changed insurance policies to reflect home improvements, know the details of federal flood insurance, or prepared personal disaster plans. With Jeanne Salvatore, senior vice president, Insurance Information Institute. Location: National Press Club, 14th and F Sts. NW.

G-8 SUMMIT _ 10 a.m. - 11:30 a.m. The Brookings Institution hosts a panel briefing to preview the G-8 meeting in St. Petersburg, Russia. With Strobe Talbott president, The Brookings Institution; Lael Brainard, vice president and director, Global Economy and Development, The Brookings Institution; Carlos Pascual, vice president and director, Foreign Policy Studies, The Brookings Institution; Kenneth M. Pollack, senior fellow, Foreign Policy Studies, The Brookings Institution; Clifford G. Gaddy, senior fellow, Foreign Policy Studies and Global Economy and Development, The Brookings Institution; and Johannes F. Linn, executive director, The Wolfensohn Initiative, The Brookings Institution. Location: Falk Auditorium, 1775 Massachusetts Ave. NW.

MINETA _ 10:30 a.m. Outgoing Transportation Secretary Norman Mineta gives his final public address to the U.S. Chamber of Commerce's National Chamber Foundation. Location: 1615 H St. NW.

ELECTION FORECAST _ 11 a.m. - 12 p.m. George Washington University's Graduate School of Political Management hosts a panel discussion on the 2006 midterm

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elections. Focus on Congressional control and key races. With Christopher Arterton, dean, GWU Graduate School of Political Management; Bernadette Budde, vice president, Business Industry Political Action Committee; Kelly Anne Conway, CEO, The Poling Company; and others. Location: Room 122, Cannon.

SECURITY-MASS TRANSIT _ 1 p.m. Reps. Bennie Thompson and Corrine Brown hold a telephone briefing about their bill to close security problems on rail and mass transit facilities. Notes: Callin number: 888-889-1961; passcode: 18404.

HOMELAND SECURITY _ 12 p.m. Pen and pad briefing on Department of Homeland Security fiscal year 2006 critical infrastructure grants. With George Foresman, Undersecretary for Preparedness. Location: DHS Building 21, 3801 Nebraska Avenue, NW.

SEC-GLASSMAN _ 12 p.m. - 1:30 p.m. Cynthia Glassman, SEC Commissioner, delivers remarks on ``Observations of an Economist on Leaving the SEC.'' Hosted by the National Economists Club. Location: Chinatown Garden Restaurant, 618 H St. NW.

TERRORISM-TRANSIT _ 1 p.m. - 2 p.m. Rep. Bennie Thomspon, D-Miss., and Rep. Corrine Brown, D-Fla., hold a news conference call on H.R. 5714, legislation to secure security weak points in America's rail and mass transit system. Notes: Call-in : 888-889-1961. Passcode: 18404.

DEMONSTRATION-MIDDLE EAST _ 4:30 p.m. The MAS Freedom Foundation holds a ``Justice for Palestine'' demonstration and rally in response to Israel's actions in Gaza. Location: In front of the Israeli Embassy, 3514 International Drive, NW, between Connecticut and Reno Road.

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Subject:	Attorney General's News Briefing for Monday, July 10, 2006
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THE ATTORNEY GENERAL'S *NEWS BRIEFING*

PREPARED FOR THE OFFICE OF PUBLIC AFFAIRS, U.S. DEPARTMENT OF JUSTICE

TO: THE ATTORNEY GENERAL AND SENIOR STAFF

DATE: MONDAY, JULY 10, 2006 7:45 AM EDT

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TERRORISM NEWS:

Hill GOP Divided Over How To Try Detainees.

In a report running more than 1,600 words, the New York Times (7/10, Zernike, Stolberg) examines the Republican "divide on Capitol Hill" created by the Supreme Court ruling prohibiting the use of military commissions to try terrorism detainees. On one side are Republicans "who believe Congress should give the president the authority to set up the kind of military commissions that were struck down by the court"; on the other are those "who say the trials should be modeled on the military system of courts-martial," which would give detainees more due-process rights. In a second piece, the New York Times (7/10, Lewis) says the court's Hamdan v. Rumsfed ruling "provided no clear road map for the White House and its allies in Congress as they ponder their next move."

The Christian Science Monitor (7/10, Richey) also examines the issue, writing that "the challenge for Congress is to decide how best to balance the concerns raised by the Supreme Court against the flexibility desired by the Bush administration. Specifically at issue is whether to retain or rewrite rules that heavily favor prosecutors by allowing hearsay and coerced statements to be introduced as evidence."

NCIS Probe Finds Evidence Of Broader Guantanamo Suicide Plot. The AP (7/9, Fox) reports a Naval Criminal Investigative Service probe into three apparent Guantanamo Bay suicides has found evidence that other detainees "may have helped the men hang themselves or were planning to kill themselves too." Evidence included "instructions on tying knots" and "several notes in Arabic that were 'relevant' to an investigation of a possible broader plot."

Administration Debates How To Respond To Hamdan Ruling.

Newsweek (7/17, Isikoff, Taylor) reports that the side effects of the High Court's ruling in the Hamdan case "have set off an intense debate within the administration over how to respond. One camp, headed by national-security adviser Stephen Hadley and Secretary of State Condoleezza Rice, want to use the decision as the basis for a wide-ranging 'fix' that would accept a role for Congress and the courts on detainee issues. … But hard-liners -- led by [David] Addington, now Vice President Cheney's chief of staff -- are fiercely resisting. They, along with some congressional Republicans, want to nullify the court ruling by rewriting portions of the Uniform Code of Military Justice and granting the president the powers the court rejected."

Ruling Could Have Ripple Effects. Newsweek (7/17, Isikoff, Taylor) reports, "Administration officials and Washington lawyers are still digesting the text" of the Supreme Court's ruling in the case of Gitmo detainee Ahmed Hamdan, "but it is already becoming clear that it could have ripple effects that extend far beyond the trial of Hamdan and other Guantánamo prisoners. The President has long argued that Congress granted him wide-reaching powers in the days after 9/11, when it passed a resolution authorizing him to use military force against the perpetrators of the attacks. But in his ruling, Justice Stevens took a much narrower view of the president's wartime powers, rejecting the Administration's argument that military commissions of the kind Bush had created were covered by the resolution. Now other antiterror programs that the president has justified by invoking the same congressional resolution might be vulnerable to serious legal challenge."

Hoekstra Says White House Failed To Inform Congress About "Significant" Intel Program.

House Intelligence Chairman Pete Hoekstra appeared on Fox News Sunday (7/9, Wallace) to comment on his charge that the Bush Administration may have violated the law by failing to inform Congress about certain intelligence programs. Hoekstra said, "There was at least one major, what I consider significant, activity that we had not been briefed on that we have now been briefed on, and I want to set the standard there, that it is not optional for this President or any president or people in the executive community not to keep the intelligence committees fully informed of what they are doing." The CBS Evening News (7/9, story 6, 0:40, Mitchell) reported that Hoekstra said the "Bush Administration may have broken the law by keeping several intelligence programs secret from lawmakers responsible for their oversight."

Hoekstra's remarks receive fairly broad print coverage today. USA Today (7/10) runs a straightforward lead, saying the Administration "was running several intelligence

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programs, including one major activity, that it kept secret from Congress" according to Hoekstra. The New York Times (7/10, Lichtblau, Shane) takes a similar tack, saying Hoekstra said the White House briefed his committee "on a 'significant' intelligence program only after a government whistle-blower alerted him to its existence and he pressed President Bush for details." But the Washington Post and the AP are a bit sharper. The Washington Post (7/10, A7, Babington) says Hoekstra says the Bush Administration briefed top lawmakers "on a significant intelligence program" only after he "angrily complained of being left in the dark." The AP (7/10, Pickler) reports Hoekstra said "the White House possibly broke the law by keeping intelligence activities a secret from the lawmakers responsible for overseeing them."

Carter Telecom Analyst Says Media Taking National Security On Itself. In a Washington Times (7/10) op-ed entitled "Helping The Terrorists," Jack O'Neill, who "worked in the White House under President Carter as a telecommunications policy analyst," writes, "If you want to reveal information critical to our national security for any reason, turn it over to a reporter. Once the information is in the hands of a reporter, the reporter and his or her news media claim the authority to decide its relevance to our national security and who should know. … Can you hear terrorists cheering?"

Moussaoui Trial Lawyer Faces Legal Action. The Washington Post (7/10, B1, Markon) runs an update on the case of Carla Martin, the "obscure government lawyer" who gained infamy when she violated a court order in the Zacarias Moussaoui death penalty trial "by sharing testimony with witnesses and coaching them about what to say." Her actions "have spawned a wave of legal proceedings. Federal prosecutors in Philadelphia are exploring the possibility of criminal charges against her, and Pennsylvania's lawyer disciplinary board has begun an investigation." She remains on paid leave from TSA, "which is also investigating her conduct. And seven family members of Sept. 11 victims have filed suit against her."

Pakistani Intelligence Seeks Link Between London Bombers, Al Qaeda. The Washington Times (7/10, Ansari) reports Pakistani intelligence officials "say they are on the trail of a British 'go-between,' the al Qaeda recruiter" who reportedly introduced the July 7, 2005, London bombers to al Qaeda. The "wealthy British passport holder, who is of Afghan origin, is thought to use the nom de guerre 'Abdul Rehman,' which means 'willing disciple of God.' The Pakistani officials think that Rehman met the suspected attack ringleader Mohammad Sidique Khan, in a British mosque and later introduced him and fellow bomber Shehzad Tanweer to al Qaeda."

Messages Said To Show Sophistication Of Al Qaeda's PR Methods. Newsweek (7/17) reports in its "Periscope" column, "A day or two before the release of one recent message from bin Laden, his media handlers issued Internet 'teasers' -- brief announcements declaring that a bin Laden message was about to be released. Later, an elaborately produced Qaeda message surfaced commemorating the London bombings; the presentation included a previously unseen extended English-language video of Shehzad Tanweer, one of the suicide bombers, and an American-accented Qaedite called Azzam the American." A US counterterrorism official "said the use of promos and edited video packages with English speakers demonstrates the increasing sophistication of Al Qaeda's PR methods." The official "also said the fact that [Osama bin Laden's chief deputy Ayman al-Zawahiri] appeared in recent video messages but bin Laden has appeared only in audio messages suggests the two terror leaders live apart, and that bin Laden is still stringently protecting himself."

HOMELAND RESPONSE:

New York, Miami Cases Show New FBI Emphasis On Preemptive Arrests. USA Today (7/10, 4A, Willing) reports that the arrests announced Friday "are typical of the FBI's post-Sept. 11 strategy in counterterrorism cases: detect and disrupt plots in their early stages rather than wait to collect additional evidence more likely to produce a conviction." Still, the New York and the Miami cases "have prompted some to suggest that the FBI is overstating the danger posed by wannabe jihadists." USA notes, "In a speech in May, deputy attorney general Paul McNulty credited this new 'aggressive, proactive and preventative course of action' with winning 253 convictions in 435 terrorism cases since 2001."

The AP (7/9, Caruso) similarly reported, "Policy makers and security experts said the bust illustrates a shift in U.S. counterterrorism policy that has played out in other recent high-profile cases, including the arrest of seven men

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suspected of wanting to bomb Chicago's Sears Tower. Law enforcers, they said, are now willing to act swiftly against al-Qaida sympathizers, even if it means grabbing wannabe terrorists whose plots may be only pipe dreams." Rep. Peter King observed, "You may end up not winning it in court, but you get a bad guy off the street."

NYC Subway Bag Search Policy Still Enforced One Year Later. The AP (7/10, Hays) reports that a year after the introduction of the "temporary imposition," the policy of bag searches on New York's subway "remains in effect and is barely causing a stir." Officials "won't say how many bags police have searched in the past year, or specify where and when they do it." The program "has resulted in five arrests -- not for terrorism, but for drug possession, disorderly conduct and other minor charges."

Businesses, Homeowners Finding It Hard To Obtain Disaster Coverage. The Wall Street Journal (7/10, Pleven, McDonald, Richardson) reports in the wake of the "violent hurricanes" of 2005, "Demand for disaster coverage is far outstripping supply," with insurance companies attempting "to buy more coverage on the policies they write -- a crucial segment of the business known as reinsurance. But reinsurers, which also paid out billions last year, are wary of getting hit hard again and have raised their rates substantially. Businesses and homeowners are paying the price."

Mississippi Casinos Reopening. NBC Nightly News (7/9, story 9, 2:10, Kotb) reported three of Mississippi's Gulf Coast casino that were "battered by Katrina" have reopened and are welcoming "returning crowds." NBC (Mott) added, "Eight more casinos are planning to reopen by year's end, meaning jobs for thousands more dealers, more wait staff and hotel workers. Where will they all live? After Katrina's destruction, affordable housing is in short supply."

WAR NEWS:

Sectarian Violence Intensifies In Baghdad. ABC World News Tonight (7/9, story 2, 0:25, Muir) reported, "At least 41 people were killed when masked gunmen went on a rampage in a Sunni section of Baghdad, setting up roadblocks, dragging people from their cars, checking IDs, and shooting people with Sunni names. Hours later, two car bombs exploded near a Shiite mosque, killing 17 people and wounding 38 more." The CBS Evening News (7/9, lead story, 3:00, Cowan) noted "anyone identified as Sunni was executed. The US military says at least 11 bodies were found dumped in the street. This hospital reported getting nearly two dozen. Those who brought the dead and wounded in were dazed and confused by the attack that seemed as bold as it was bloody."

NBC Nightly News (7/9, story 2, 1:55, Kotb) reported that by evening, much of the city was "quiet because of the nightly curfew, but there are worries this latest violence will most certainly undermine renewed efforts at Sunni and Shiite reconciliation."

USA Today/AP (7/10) reports Sunni leaders "expressed outrage over the killings, and President Jalal Talabani, a Kurd, appealed for calm, warning that the nation stood 'in front of a dangerous precipice.'" while the Washington Post (7/10, A1, Partlow, Al-Izzi) reports "Sunni politicians said the spate of attacks gravely exacerbated the problems in Baghdad, where killings occur almost daily, and they accused Iraqi police of collaborating with Shiite militiamen in the violence. 'This is a new step. A red line has been crossed,' said Alaa Makky, a Sunni member of parliament."

The Los Angeles Times (7/10, Kennedy, Daragahi) says "the sectarian violence underscored a dramatic worsening of security conditions in the capital even after the formation of a government in May and the imposition of a massive lockdown by Iraqi troops and police. It also raised fears that the beleaguered country might soon dissolve into all-out civil war." The Financial Times (7/10, Negus) reports "bombings and abductions are common in many parts of the city, but this was one of the first times a group of gunmen had taken control of a section of Baghdad and conducted a massacre on this scale." The New York Times (7/10, Semple) runs a similar story under the headline "Baghdad Erupts In Mob Violence,"

Tribes' Role In Pacifying Amara Seen As Hopeful Sign For Iraq. The New York Times (7/10, Tavernise, Mizher) reports from Amara, where "in a surprising twist, the region's tribes, particularly powerful in neighborhood life here, have weighed in forcefully, using their authority, often in a nonviolent way, to force the Islamists to back off." The Times adds, "Large portions of Iraq's rural south have been relatively peaceful, like the provinces of Muthana, where Japanese forces recently left, and Dhi Qar, whose capital, Nasiriya, is patrolled by the Italians, and it is possible that tribes are playing a similarly quiet but central role in keeping order. …

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The story of how Amara, the capital of a leaf-shaped province called Maysan, came to be relatively safe for its citizens -- even as danger increased for the British -- is a hopeful tale of small-town camaraderie, fierce independence and, above all, tribal power."

More US Soldiers Charged In Rape-Slaying Case. The CBS Evening News (7/9, story 2, 2:45; Mitchell) reported that "in Iraq, more American soldiers have been charged with rape and murder in connection with the alleged assault of an Iraqi teenager and her family. Michelle Miller has more from the Pentagon." CBS (Miller) added, "The US military now says that former Private First Class Steven D. Green, arrested last week, did not act alone, that five other soldiers in his platoon either participated in the rape and murders or helped cover them up. Their identities remain secret, but court documents confirm at least one other soldier took part in the rape and two others witnessed the crime."

ABC World News Tonight (7/9, lead story, 2:25, Muir) called the story "a major development in a crime that is fueling anger and outrage in Iraq and raising troubling questions the conduct of American troops." NBC Nightly News (7/9, lead story, 2:40, Kotb) interviewed Col. Ken Allard (Ret.), NBC News military analyst, who said, "It's happening right now for two main reasons. Number one, this conflict has dragged on. Number two, you're dealing with a much smaller force than we've ever dealt with before." NBC (Allen) added, "Adding to the stress, he says, confronting an insurgent insurgency imbedded in the community and the random nature of the war's biggest killer -- IEDs." Allard: "When they serve multiple tours, the stress levels increase and the odds of this kind of thing happening increase as well." Allen: "In the rape and murder case, one witness who apparently told investigators about green and the others was a soldier undergoing stress counseling last month after the kidnapping and killing of two GIs, all from the same unit."

The Los Angeles Times (7/10, Daragahi) reports, "The charges were lodged Saturday, the military said." The five soldiers "face an Article 32 investigation, the military's equivalent of a grand-jury inquest, to see if evidence warrants bringing them before a full-scale military tribunal or courts-martial." USA Today (7/10, Jervis, Stone), Washington Post (7/10, A14, Finer, Partlow) and Washington Times/AP (7/10, Lenza), among other sources, also report the story.

Time (7/17, Rawe, Ghosh) reports that former US Army Pvt. Steven Green last week "pleaded not guilty to charges" of raping and killing Iraqi girl along with her parents and 7-year-old sister. Unlike the massacre in Haditha, the butchering of this family "does not appear to be the result of vengeance or confusion. Instead, all signs point to premeditated depravity." Pentagon officials "say charges could be brought against as many as four other soldiers, including the one who allegedly joined Green in the rape."

Arrest Does Not Stem Debate Over CPA Order 17. Newsweek (7/17) reports in its "Periscope" column that Green's arrest "didn't stem a growing debate over Coalition Provisional Authority Order 17, which exempts members of the US military from Iraqi laws." US officials, "unnamed because of diplomatic sensitivities, said Iraqi P.M. Maliki's need to oppose the order might lessen if any wrongdoers in the Haditha and Mahmudiyah cases are held accountable."

Republicans Say Shells Are Proof Of Iraq's WMD. Congressional Republicans are clashing with Democrats and the Bush Administration over the meaning of munitions found in Iraq since 2003. The Washington Times (7/10, Scarborough) reports that GOP lawmakers say the discovery of the 500-plus shells which was recently disclosed by the Pentagon "are evidence that Saddam was still concealing WMDs in 2003 in violation of United Nations resolutions to disarm after Iraq's failed invasion of Kuwait. … Democrats dismiss the findings. They say the munitions were found in small clusters and are 1980s vintage. In other words, Iraq produced them before the 1990 invasion of Kuwait and thus they are irrelevant to the CIA's flawed 2002 National Intelligence Estimate (NIE), on which President Bush largely based his decision to go to war to keep Iraq's WMDs from terrorists, they say." The Times adds, "To the consternation of congressional Republicans, including Rep. Peter Hoekstra of Michigan, the House Intelligence Committee chairman, the Democrats are getting support from the administration" which is downplaying the munitions finding.

Vietnam Vets Advise Navy On Reconstituting River Patrols. USA Today (7/10, Vanden Brook) reports that a group of Vietnam veterans is advising the Navy as it revamps river patrols. The Navy "wants to extend its reach into the shallow brown waters of deltas and rivers, often the front line in the war against terrorists and insurgents. Next spring, the first sailors since the days of the Vietnam-era swift boats will relieve Marines on river patrols protecting Haditha dam in Iraq." USA adds, "In all, there will

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be about 900 sailors involved in the river patrol effort. By comparison, there were 4,500 sailors in 450 boats patrolling coastal and inland waters during Vietnam."

Herbert Says Army Has Lowered Its Standards. Bob Herbert writes in the New York Times (7/10), "The biggest lesson we failed to learn from Vietnam was how utterly tragic it was to pull the trigger on an unnecessary war. Now once again we are condemned to suffer the consequences, and those consequences are not always self-evident." The US military "is again falling victim to lowered standards, breakdowns in discipline and a series of atrocities that are nothing less than a betrayal of the many honorable men and women in uniform and the country they serve." Herbert adds that the Army "has had to lower its standards because most young Americans want no part of George W. Bush's war in Iraq."

Fifteen Taliban, One Canadian Soldier Killed In Afghanistan. At least 15 militants and one Canadian solider were killed Sunday as Canadian and Afghan forces raided Taliban strongholds in Afghanistan. The AP (7/9, Khan) reported, "Canadian Cpl. Anthony Boneca was killed in the Pasmhol village in Zharew during a 'combined coalition-Afghan operation' against the Taliban, said military spokesman Maj. Marc Theriault. Several hours later, 'intense close quarters' fighting broke out nearby, leaving at least five Taliban militants dead and two Canadian soldiers slightly wounded, said another coalition official, Lt. Cdr. Mark MacIntyre. A coalition airstrike killed another 10 militants in the neighboring Panjwayi district, where Canadian troops launched a campaign against Taliban strongholds Saturday, according to a military statement."

Afghan Cab Drivers Run Rival Poetry Groups In Washington. A front page story in the Wall Street Journal (7/10, Farivar) reports that Washington, DC, has two poetry societies run by Afghan cab drivers, and the groups "don't like each other."

CORPORATE SCANDALS:

Judge Postpones Hearing For Former Qwest CEO. The Wall Street Journal (7/10, Young) reports, "The judge overseeing the criminal insider trading case against former Qwest Communications International Inc. Chief Executive Joseph Nacchio delayed an important hearing in the case because of the complex logistics involved in reviewing classified material introduced by the defense." The Journal continues, "Saying he needed extra time for his staff to get the security clearances and facilities that are legally required for handling the classified materials, Denver-based U.S. District Judge Edward Nottingham on Friday postponed the hearing to August 25 from July 14. He is scheduled to rule on a variety of motions from both sides, including a defense motion to dismiss the case." The Journal adds, "Mr. Nacchio is fighting charges that he sold $101 million in stock in early 2001 with insider knowledge that the Denver-based phone company was about to falter. In court filings, his attorneys have said he was optimistic about the company's prospects because, based on classified information, he thought Qwest was poised to win important contracts related to national security. … Prosecutors have argued that the national security aspect of the defense is a smokescreen with no relevance to the charges. Even if the company had won the government contracts, they wouldn't have solved the underlying problems that Mr. Nacchio knew the company faced, prosecutors have said in court filings."

CRIMINAL LAW:

Documents From Jefferson Office Raid In Legal Limbo. The AP (7/10, Sherman) reports, "Prosecutors and investigators building a bribery case against Rep. William Jefferson have been unable to examine the documents and computer files seized in a search of the lawmaker's Capitol Hill office. … The materials were placed off limits by President Bush for 45 days, a cooling-off period that ended Sunday. Yet there has been no resolution of the court fight or talks between congressional leaders and the Justice Department." The AP continues, "The president acted after congressional leaders denounced the FBI's search on May 20 and May 21 as an unprecedented and unconstitutional intrusion on their turf by federal agents. … Bush directed Solicitor General Paul Clement to keep the materials while Justice Department officials negotiated with Congress' lawyers and a legal challenge made its way through the federal courts." The AP adds, "Until the judge in the case rules on the constitutionality of the search, prosecutors will not examine what it yielded, department spokesman Brian Roehrkasse said. … U.S. District Judge Thomas F. Hogan, who signed the warrant authorizing the search, indicated at a hearing last month that he was likely to reject the main argument advanced by Jefferson, D-La., and

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House lawyers that the Constitution's speech or debate clause prohibits searches of congressional offices. … That clause protects senators and representatives from being questioned by the president, a prosecutor or a plaintiff in a lawsuit about their legislative work."

US Weighs Pursuit Of Death Penalty In Pennsylvania Slaying. The Pittsburgh Tribune-Review (7/10, Cato) reports, "The decision, like any involving life or death, is difficult. … U.S. Attorney Mary Beth Buchanan is considering whether to seek the death penalty against two drug dealers accused in the 2004 slaying of a Beaver County man whose son was to testify against one of them. No defendant in a federal case has ever been sentenced to death in Western Pennsylvania." The Tribune-Review continues, "Many people familiar with the federal death penalty, including the attorney to defend the most recent case four years ago in Pittsburgh, think Buchanan will seek it in the case against Jelani Solomon, of Beaver County, and Claron Hanner, of Pittsburgh's Knoxville neighborhood. … 'She has a reputation as an aggressive prosecutor,' said Richard Kammen, who defended Joseph P. Minerd, accused of the New Year's Day 1999 pipe-bomb killings of his pregnant former girlfriend and her young daughter. Minerd was convicted of the killings, but jurors deadlocked on the death penalty, and he was sentenced to life in prison. … 'I would not be surprised if she seeks the death penalty in this case,' Kammen said. … The ultimate decision will come from U.S. Attorney General Alberto Gonzales, but he likely will follow Buchanan's recommendation, Kammen said. Buchanan said she will make her recommendation in August."

Three Arrested For Brutal Georgetown Slaying. The Washington Post (7/10, A1, Montgomery, Sullivan) reports, "Three assailants who cut the throat of an aspiring politician from Britain killed him and tried to rape his female companion early yesterday in the driveway of a Georgetown mansion, police reported, after the couple had returned from a night at the movies." The Post continues, "The victim, Alan Senitt, 27, a Jewish activist and volunteer for former Virginia governor Mark R. Warner, died at the scene, police said. The woman, whom police declined to identify, was not injured." The Post adds, "Within hours, D.C. police arrested four people in connection with one of the most brutal crimes in years on the affluent streets of Georgetown and said they were looking for possible links to other recent attacks in the city. … Christopher Piper, 25, of Southeast Washington was charged with felony murder and attempted sexual assault. The others -- Jeffery Rice, 22, of Southeast; Olivia Miles, 26, of Northeast; and a 15-year-old boy from Southeast whom police declined to identify because he has been charged as a juvenile -- all face murder charges. … According to police and others, the attack occurred shortly after 2 a.m. as Senitt was seeing the woman home. The couple walked north on 31st Street NW, then turned west toward Wisconsin Avenue on Q Street NW, where the woman lives. … The two were rummaging in the trunk of a car when they were approached by three men wielding a gun and a knife. Police said Piper, who had the gun, grabbed the woman and began dragging her down the driveway. Out of view of his companions, he tried to pull off her clothes, police said. The attacker made a comment 'in reference to his intent to commit a sexual assault,' said Lt. Robert Glover of the police department's violent crimes branch, which is handling the investigation. … Meanwhile, the other two assailants grabbed Senitt, stabbed him and slashed his throat."

Judge Denies Bail For Alleged Florida Genovese Mobsters. The AP (7/8, Wides-Munoz) reported that on Friday, "U.S. Magistrate Judge Barry Seltzer denied bail for Renaldi 'Ray' Ruggiero, 72, whom federal prosecutors identified as a Genovese capo or captain, and three of his co-defendants -- Joseph Dennis Colasacco, 54, Charles Steinberg, 30, and Mitchell Weissman, 54, said Weissman's attorney John Contini. Seltzer, prosecutors and attorneys for defendant Francis O'Donnell, 47, will continue negotiations for O'Donnell's release on Monday, said Theresa Van Vliet, one of his attorneys." The AP noted, "The case, considered the latest blow to one of New York's most powerful Mafia families, deals with 10 years of alleged criminal activity, including murder."

Florida Police, FBI Arrest Alleged Gang Member Wanted In Georgia Student's Murder. The Miami Herald (7/9, Dryhurst, 323K) reported, "A teenager wanted in the killing of a Georgia college student was arrested by Fort Lauderdale police Friday near his grandmother's home. Roosevelt Lawrence, 18 and allegedly a member of the Bloods street gang, surrendered to police and FBI agents in Lauderdale Manors." The Herald noted, "The gunmen aimed through a vehicle window and shot

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Valdosta State University student Mason Harper, 24, twice in the upper body just after 1 a.m. June 29. Two suspects were quickly apprehended and charged with homicide," and Lawrence "was identified as one of the shooters. Police continue to investigate who fired the other shot." The South Florida Sun-Sentinel (7/9, Haas, 249K) added, "Fort Lauderdale police and the South Florida FBI Violent Crime Fugitive Taskforce got the call Thursday that he might be in the area. They had their man within 24 hours," and "when agents moved in, they took Lawrence down without incident."

Jury Acquits Maryland Accountant In Prince George's Bribery Case. The Washington Post (7/8, B1, Castaneda, 744K) reported, "An Upper Marlboro accountant was acquitted yesterday of conspiring with two Prince George's County officials to shake down a security company for $250,000 in exchange for a county contract worth more than $1 million. Accountant Paul L. Wright testified at the eight-day trial that he believed a $10,000 payment to his company in November 2004 was part of a legitimate consulting arrangement and that he had no knowledge of any bribery scheme." The Post noted, "The investigation by State Prosecutor Robert A. Rohrbaugh, in cooperation with the FBI and other law enforcement agencies, has resulted in the conviction of a former high-ranking county government official," and "the alleged ringleader of the bribery scheme, Robert L. Thomas, former deputy director of the county's Office of Central Services, is scheduled to go on trial Aug. 14."

Mortgage Fraud Continues To Rise. The New York Times (7/9, Tedeschi, 1.19M) reported, "With interest rates at historic lows in recent years, consumers have raced to get mortgages. So have criminals. Industry executives and law-enforcement officials say mortgage fraud continues to climb, with lenders incurring more than $1 billion in fraud losses in the last fiscal year, twice the amount of the previous year." Mortgage Bankers Association government affairs director Tim Doyle said, "The F.B.I. has prioritized this, state attorneys general are looking at this, and more state laws are being passed about it." The Times noted, "About 80 percent of mortgage fraud involves professional thieves who are bilking lenders, the F.B.I. estimates, while in the remaining cases consumers are involved in one way or another."

Report Urges Prisons To Target Tuberculosis. The Washington Times (7/10, Price) reports, "Tuberculosis is 'particularly problematic' in U.S. correctional and detention facilities, say federal health officials, who have updated guidelines for preventing the spread of TB in jails and prisons. … 'Effective TB prevention and control measures in correctional facilities are needed to reduce TB rates among inmates and the general U.S. population,' say authors of a report published in the current issue of the federal Centers for Disease Control and Prevention's (CDC) Morbidity & Mortality Weekly Report. … 'Inmates with undiagnosed TB disease place other inmates and correctional staff at risk for TB, and when released, these persons also can infect persons living in surrounding communities,' the researchers said." The Times continues, "In the report, G. Scott Earnest and other CDC epidemiologists point out that the number of U.S. prison inmates quadrupled from 500,000 in 1980 to about 2 million in 2003. … 'A disproportionately high percentage of TB cases' occur among prison inmates, they said. In 2003, 0.7 percent of the total U.S. population was confined in jails and prisons, yet 3.2 percent of all TB cases nationwide that year 'occurred among residents of correctional facilities.'" The Times adds, "The researchers said the TB rates of inmates in prisons in California and New York are 10 to 15 times greater than the general populations of those states. Studies show the prevalence of LTBI -- or latent TB infection, which is asymptomatic – 'to be as high as 25 percent' in prisons, they said. Like TB disease, LTBI can be detected by screening and can be treated. … The authors say the key reasons that prison inmates are at higher risk for the airborne infection are their diverse backgrounds, overcrowded facilities and poor ventilation. … In addition, they say, 'disparate numbers of incarcerated persons are at high risk for TB,' because they have HIV, use injection drugs and have 'low socioeconomic status' so may not have had access to proper medical care."

WPost Says Kaine Should Review Bustillo Conviction. An editorial in the Washington Post (7/10, A16) says, The Supreme Court's decision in the case of Mario A. Bustillo was correct on the arcane but important point of law it addressed: What happens when American states fail to inform foreign governments of the arrest of one of their nationals, thus violating an international treaty? Mr. Bustillo is serving 30 years in prison in Virginia for a brutal murder; after his arrest, authorities did not inform him of his right under the Vienna Convention on Consular Relations to contact Honduran officials. … But here's the problem: Mr.

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Bustillo may well be innocent. Virginia Gov. Timothy M. Kaine (D) ought to review his case. … At a minimum, the record cries out for a serious review. That could take years in federal courts, where procedural bars may prevent it from happening at all. Mr. Kaine could short-circuit that process with a review of his own."

CIVIL RIGHTS:

Huckabee Wants Arkansas Ban On Gay Foster Parents Reinstated. The Washington Times (7/10, Pierce) reports in its "Inside Politics" column, "Arkansas Gov. Mike Huckabee is optimistic the legislature quickly will reinstate a ban on same-sex couples serving as foster parents in his state. 'What we are talking about is whether the state should place a child in a relationship that is not recognized by the state as a marriage,' the Republican governor, a potential presidential candidate in 2008, told the Associated Press on Saturday. The Arkansas Supreme Court last month struck down regulations banning the placement of foster children with same-sex couples. The court said state officials went too far in imposing the ban, but the court did not rule on the merit of the ban."

Gay Marriage Backers Suffer String Of Defeats. The Financial Times (7/10, Knight) reports, "For US advocates of gay marriage, the losing streak continues. Their opponents won two important state court battles last week, and those defeats offered little optimism for approval of gay unions in the legal and electoral battles that lie ahead in 2006." A California appeals court in San Francisco will hear on Monday "arguments on whether the state constitution gives gay and lesbian couples the right to marry, while appeals against decisions upholding same-sex marriage bans are pending in Washington and New Jersey.' And in Massachusetts, "currently the only state that permits the marriage of same-sex couples, Mitt Romney, the Republican governor, is urging the state legislature to go ahead this Wednesday with a scheduled vote on a proposed state constitutional amendment to ban gay marriage."

WSJournal Urges Activists To Use Political Process, Not Courts, To Push Gay Marriage Issue. The Wall Street Journal (7/10) reports, "The biggest problem with contemporary courts is their inclination to invent rights that legislators and our Constitution-writers never intended. So it's certainly noteworthy when they decline a politically fashionable invitation to do so. That's precisely what happened last week, when the highest courts in Georgia and New York decided that the state constitution does not guarantee a right to same-sex marriage. … If gay activists want to persuade New Yorkers and other fair-minded Americans to come around to their view, there is a traditional way to do that: hard work and commitment to the democratic process."

LATimes Criticizes New York, Georgia Court Rulings. The Los Angeles Times (7/10) editorializes, "The highest courts of New York and Georgia last week moved in the opposite direction of history and justice on same-sex marriage. … Neither of these decisions is binding on the courts of other states, any more than was the famous 2003 ruling by Massachusetts' high court that gay marriage couldn't be prohibited. So there's still hope that California's Supreme Court will take a more enlightened view of the issue when it next hears a challenge to heterosexual monopoly on civil marriage." The Times adds, "Someday we'll look back on the anti-gay-marriage hysteria with the same revulsion" as we viewed anti-miscegenation laws. Until then, "with a high court seemingly disinclined to address marriage, states such as California should take the lead."

Group Sees Itself As The Antithesis Of The ACLU. A front page story in the Washington Post (7/10, A1, Slevin) reports on the Alliance Defense Fund, a "a socially conservative legal consortium" that "spends $20 million a year seeking to protect what it regards as the place of religion -- and especially Christianity -- in public life." The group, which considers itself the "antithesis of the American Civil Liberties Union," has become "the leading player in a movement to tug the nation to the right by challenging decades of legal precedent. By stepping into the nation's most impassioned debates about religion in the public sphere, the group aims to bring law and society into alignment with conservative Christianity."

WPost Makes Case For Bilingual Ballots. The Washington Post (7/10, A16) editorializes, "THE HOUSE of Representatives' smooth passage to renewal of the Voting Rights Act hit a bump last month when a group of conservative Republicans rebelled over, among other things, provisions to require bilingual ballots in many jurisdictions. The rebels were wrong. When the House takes up the measure, as it may do this week, it should reject any effort to

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strip the bilingual-ballot requirement or to allow objections over the rule to torpedo this important measure." The Post adds, "We doubt there are many people who will decide to learn, or not to learn, English based on the availability of bilingual ballots. But we don't doubt that many more people will vote, and in an informed way, if they know what they're voting on. That is something to be welcomed, not feared."

ANTITRUST:

Microsoft Scrambling To Meet EU Antitrust Demands. The Seattle Post-Intelligencer (7/10, Bishop) reports, "Faced with a series of tough deadlines, one group on Microsoft Corp.'s Redmond campus has been working until all hours -- but not on anything so normal as the new Windows or Office." The P-I continues, "The ad hoc team of 300 people is creating volumes of technical documents required by the European Commission's March 2004 antitrust decision. The project will be in the spotlight this week, with the commission poised to fine the company up to $2.5 million a day, dating back months, for what it calls Microsoft's failure to comply with the ruling." The P-I adds, "Microsoft says the all-out push shows that it has been doing all it can. The company points to signs of devotion to the cause -- such as one of the project leaders, engineer Henry Sanders, deciding to swear off shaving until the effort is complete, like an athlete in the playoffs. … The team's work may help in the future, but it isn't expected to avert a major fine this week. European officials say the very fact that Microsoft is still working on the documents shows that it wasn't living up to its obligations in the first place. … The provision in dispute requires Microsoft to offer technical information to its competitors in the computer server market, to help the rival products work as smoothly with Windows as Microsoft's own server products would. … That reflects the central goal of the repeated antitrust actions against the company -- reducing the advantage Microsoft enjoys because of its dominant Windows operating system."

Venture To Purchase Heritage Property. The Wall Street Journal (7/10, Chittum, Berman) reports, "An Australian and American joint venture agreed to purchase strip-mall owner Heritage Property Investment Trust Inc. for about $1.83 billion in a deal that will more than double its U.S. presence in the sector." The Journal continues, "Centro Watt, a partnership between Centro Properties Group, a publicly traded Australian company, and Watt Commercial Properties, a private Los Angeles-based concern, will pay $36.15 a share for the Boston-based real-estate investment trust. The price represents a 3.3% premium to Friday's close of $34.98 on the New York Stock Exchange. … Including debt, Centro is paying about $3.3 billion and getting what it says is a 7.3% capitalization rate -- the return on investment in the first year of ownership, a key real-estate measure." The Journal adds, "Heritage owns 157 strip malls with 27 million square feet of space in 27 states. It has been sharply criticized by investors and analysts for its executive-compensation practices, which have led the industry while its share performance has lagged."

LATimes Opposes Entertainment Industry's Anti-Piracy Proposals. An editorial in the Los Angeles Times (7/10) says that to attack the problem of global music and video piracy, "industry lobbyists are pressing Congress to adopt at least five different proposals that would give them more control over their works as they flow through new digital pipelines into living rooms and portable devices. But these measures, like the technologies they would affect, have a hard time distinguishing between illicit actions and legitimate ones." The Times adds, "Protecting intellectual property is a legitimate goal for Congress," but "what the entertainment industry is seeking in this year's proposals isn't merely protection from piracy; it's after increased leverage to protect its business models." The Times adds, "As they weigh the entertainment industry's pleas, lawmakers shouldn't assume all consumers are bootleggers and every digital device is a hand grenade aimed at Hollywood."

ENVIRONMENT:

NOAA Ordered To Stop Jet Flights Into Hurricanes. The Washington Post (7/10, D4, Barr) reports in its "Federal Diary" column, "A federal administrative law judge has stopped the National Oceanic and Atmospheric Administration from flying its high-altitude jet into hurricanes until the agency negotiates with a union representing meteorologists, engineers and technicians. Richard A. Pearson, an administrative law judge with the Federal Labor Relations Authority, found that the NOAA's Aircraft Operations Center in Tampa had wrongfully bypassed the National Weather Service Employees Organization in forming a team to study proposals for flying a Gulfstream IV-

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SP jet into and near the centers of hurricanes as safely as possible. NOAA officials contended that they were not changing the conditions of employment for the jet's civilian crews, but Pearson said the high speed and altitude of the jet, the hazards of flying close to a storm's inner core, and the inability of flight instruments to detect all hazards were 'quantitatively and qualitatively different from those the employees were accustomed to...and required them to face new and more complex safety hazards.'"

EPA Whistleblower's Story To Become A Movie. The Washington Post (7/10, A15, Fears) reports that Marsha Coleman-Adebayo "sold the story of her battles with the Environmental Protection Agency to Hollywood, and actor Danny Glover is preparing a movie about how she blew the whistle against the agency and successfully sued for race and gender discrimination." Coleman-Adebayo "was allowed to work at home for five years because of a medical condition, but when she resisted coming back in April, the EPA took away her pay." Her case "involves larger issues about how the government treats employees who feel they are being retaliated against. Coleman-Adebayo and others say it amounts to corruption." The Post adds, "Coleman-Adebayo's case stands out because her crusade against what she calls 'government corruption' won her powerful allies, such as President Bush and House Judiciary Chairman F. James Sensenbrenner Jr. (R-Wis.), who recently wrote a letter to the EPA on her behalf."

"Prudent" Use Of Eminent Domain Defended. In an op-ed in USA Today (7/10), Donald J. Borut, executive director of the National League of Cities, defends the use of eminent domain, noting that without it, "rundown buildings and empty lots would attract trash, rodents and trouble. Blighted structures would sit abandoned. If owners didn't want to sell or were holding out for more money, the cities and their taxpayers could do nothing to get rid of them." Borut adds, "The prudent use of eminent domain has brought hope and opportunity -- through good jobs and better housing -- to thousands of Americans. That story deserves to be told."

USA Today Says Property Seizures Should Be Rare And A Last Resort. An accompanying editorial in USA Today (7/10) says the Supreme Court's ruling on eminent domain "has ignited a nationwide fight between developers rushing to seize a fresh opportunity and an unlikely political coalition that sees the decision as an assault on America's 'home-as-castle' mind-set." The case has also "inspired a political backlash unusual in the annals of Supreme Court rulings. It has united conservative defenders of property rights and liberals who say the seizures amount to corporate welfare at the expense of the powerless." USA adds, "Seizures of one person's property to benefit another should be rare and a last resort."

Aides Say Bush Has Always Been An "Ardent Conservationist." As part of its cover package, Newsweek (7/17, Wolffe) reports that President Bush "is not monochromatic when it comes to the environment. … Has Bush turned green in his six years in office? Both environmentalists and the White House say no -- but for different reasons. To activists, Bush's record is unremittingly bad. … On the other side, Bush's aides say the president is unchanged -- he has always been an ardent conservationist -- and have their own take on his record. On the highways, Bush has set rules to improve the fuel consumption of light trucks and SUVs. In the air, he has proposed the first-ever cut in mercury emissions from power plants. And on global warming, the most controversial part of his green scorecard, Bush acknowledged back in June 2001 that the National Academy of Sciences believed climate change was 'due in large part to human activity.' The dispute is what to do about that warming. Bush thinks new technologies -- not treaties -- can save the day."

Mallaby Says Response To Climate Change Requires Taxation, Regulation. Sebastian Mallaby writes in the Washington Post (7/10, A17), "These days almost nobody asserts that global warming isn't happening. Instead, we are confronted with a new lie: that we can respond to climate change without taxing and regulating carbon. … It feels good to be for new technology rather than for nasty new taxes or regulations. But this is a false choice. If you want the new technology, you have to support the new tax or the new cap. Those who argue otherwise should ask themselves: Would we have rapid medical innovation if we didn't bother to protect intellectual property?"

NYTimes Calls Draft National Park Management Policy A "Marvel Of Sanity." An editorial in the New York Times (7/10) reports that the current draft of the National Park Service's management policy

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"appears to reaffirm the doctrine that preservation is the core historical mission of the parks. That had been the philosophy guiding the Park Service for years, until the Bush administration attempted to give recreation and commercial use a much higher priority. Compared with the original draft, this one is a marvel of sanity and historical conscience. But it's been a rough road getting to this point, and there may well be a few bumps ahead." The Times adds, "The new interior secretary, Dirk Kempthorne, should listen to the claims of the motorized recreationists and weigh them for what they are worth against the many thousands of public comments supporting the historical mission of the parks — and act accordingly."

FBI/DEA/ATF/USMS:

Overdoses In Pennsylvania Possibly Linked To Fentanyl. The Times Leader (7/9) reports, "Daniel Dominick, 27, died Friday at Wilkes-Barre General Hospital after taking what was likely a fentanyl-heroin mix, according to Luzerne County Coroner's Office. The Luzerne man's death placed Wilkes-Barre on a growing list of cities where the deadly heroin concoction has been circulating in recent months."

The Pittsburgh Post-Gazette (7/9) reports a Millvale man died of a possible drug overdose, the Allegheny County medical examiner reported. The 31-year-old man…was the first of two suspected drug overdoses reported [Saturday]. The second one, just before 10 p.m., happened in Pittsburgh and it was not fatal."

Drug Mixture May Have Resurfaced In Delaware. The AP (7/9) reports five heroin overdoses in a 24-hour period "are leading to suspicions that heroin laced with a powerful painkiller has resurfaced in Delaware. State police spokesman Corporal Jeff Oldham says investigators are looking into whether the heroin involved was laced with fentanyl. Police say there have been two single-vehicle crashes that appear to be the result of overdoses."

Report: Illicit Fentanyl Produced A Dozen Ways. The Philadelphia Inquirer (7/9, Wood, Ott, Graham) writes, "Since spring, fentanyl-laced heroin has killed as many as 100 people in the Philadelphia region, and hundreds more in cities such as Chicago, Detroit and Pittsburgh. Despite a huge law-enforcement collaboration, investigators have yet to unlock the mystery of the fentanyl: Where is it coming from? Why is it being mixed with heroin? How can they stop it? … There are at least a dozen home methods for synthesizing illicit fentanyl, including one posted on the Internet by someone claiming to be an organic chemist. One of the essential chemicals for making fentanyl remains unregulated - and can be legally purchased by anyone. The Drug Enforcement Administration is trying to have it listed as a controlled precursor chemical, Daley said.

Michigan Anti-Meth Effort Nets More Than 30 Arrests. The AP (7/9) an effort to "fight the production and use of methamphetamine in southwest Michigan has paid off, the U.S. attorney's office says, but officials are concerned that drug makers could relocate. During the past seven months, the U.S. Drug Enforcement Administration has assisted Kalamazoo-area law enforcement in the crackdown. Thirty-five people were arrested, seven methamphetamine labs were seized and marijuana, cocaine, heroin and meth were confiscated."

The Sturgis (MI) Journal (7/8) reports, "The seven-month investigation covered most of southwest Michigan and included the counties of St. Joseph, Cass, Barry, Kalamazoo, Allegan and Van Buren. The DEA from its Detroit office mobilized a seven-person mobile enforcement team, or MET, to help with the cooperative effort."

The Battle Creek (MI) Enquirer (7/8) reports, "While the same people don't use and distribute meth and cocaine, DEA targeted those allegedly involved in the Albion cocaine trade and agreed to help police as part of the bigger investigation, said Andrew Eiseman, group supervisor of the DEA Mobile Enforcement Team that conducted the investigation."

Authorities Say Cartels Deliver Millions Of Dollars In Meth To Minnesota. In Minneapolis, the Star-Tribune (7/10) profiles Alberto Zatarain, who is in the Sherburne County jail, "convicted on federal drug-conspiracy charges, sentenced to 15 years, and awaiting transfer to federal prison." The Star-Tribune says he "is one of only a few large-scale meth dealers in Minnesota with ties to the Sinaloa cartel to get caught in recent years."

The AP (7/9) reports, Capt. David Graham, head of the State Patrol's investigative unit, "says smugglers working for Mexican drug cartels are delivering millions of dollars worth of meth to Minnesota. Drug Enforcement Administration and state authorities estimate that more than 100 pounds of meth produced and packaged by Mexican cartels arrives in Minnesota every month."

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Five Charged With Operating Mississippi Prison Meth Ring. From Magee, the AP (7/8) reports federal prosecutors "say five men, identified as members of the Aryan Brotherhood, have been charged with operating a methamphetamine ring that was directed from a Simpson County community work center in Magee. … Drug Enforcement Administration Special Agent in Charge Stephen Luzinski said several imprisoned members of the white-supremacist gang allegedly enlisted the assistance of former inmates and criminal co-conspirators outside of the prison to produce and distribute the drug."

The Meridian (MS) Star (7/10) writes, "The investigation started in 2004 when correctional officers heard through telephone monitoring and confidential informants about the ring. The scheme lasted for about a year, authorities said."

Officials In Colorado Seek Federal Help To Combat Meth. The Daily Reporter-Herald (7/8) highlights a congressional hearing in Loveland on Friday and writes, "A panel of local officials asked the federal government for help combating methamphetamine. One suggestion: Close the borders, cut off the source. … In Colorado, the largest source is Mexico, said Lt. Craig Dodd, commander of the Larimer County Drug Task Force, Denver Drug Enforcement Administration Agent Jeffrey Sweetin and 13th Judicial District Attorney Bob Watson."

The Sterling, Colorado Journal-Advocate (7/8) reports, "The heart of war on illegal drugs in the eastern Colorado plains was in danger because of to lack of funding. That all ended Friday with an announcement late in a congressional hearing held here. Late in the Congressional Field Hearing on Meth Abuse in Northern Colorado, Rep. Marilyn Musgrave, R-Colo., said she has secured a direct appropriation funding for the Eastern Colorado Plains Drug Task Force for 2007."

Pennsylvania Couple Pleads Guilty In Meth Case. The Pittsburgh Post-Gazette (7/8) reports a husband and wife from Cranberry "pleaded guilty in federal court...to conspiring to make methamphetamine. Brian and Christy McKenzie were charged after agents with the U.S. Drug Enforcement Administration rummaged through their trash at the Forest Park Trailer Court where they lived in July 2005."

Pennsylvania Man Sentenced For Attacking Witness In Drug Investigation. In its Briefs section, the Pittsburgh Tribune-Review (7/10) writes, "A case of retaliation against a witness has ended with a New Brighton, Beaver County, man being sentenced to more than eight years in prison. Virgil Wolfe…was found guilty April 12 of attacking a Beaver County man who provided information in a federal narcotics investigation, the U.S. Attorney's office in Pittsburgh said. The federal Drug Enforcement Administration and state, Beaver County and New Brighton police investigated the case, in which another man, John Wolfe, was also convicted."

Accused "Drug Kingpin" To Return To Federal Court In Sacramento. Vacaville, California's Reporter (7/8) writes, "Described as a regional drug kingpin by the Drug Enforcement Administration, a Fairfield man will return to federal court in Sacramento on July 18. Defendant Eduardo Nunez Pichardo - also known as Eddie Nunez - is scheduled to appear for a status conference…July 18." Pichardo "was arrested by DEA agents - assisted by Fairfield and Vacaville police - June 21. According to the DEA, the arrest culminated a seven-year investigation into drug trafficking that stretched from Northern California to Arizona and Alabama."

Former Prosecutor Faces New Accusations In Ethics Investigation. The Tucson Citizen (7/7) reports a former Pima County prosecutor "is accused of lying to federal agents and violating terms of a plea agreement involving her ex-fiance, a former eye surgeon recently convicted of ordering the death of a colleague. The accusations are made in an amended complaint filed last week by the State Bar of Arizona against Lourdes Lopez. … According to the complaint, Lopez committed ethical violations by lying to federal Drug Enforcement Administration agents in October 2001 about illegal prescriptions she obtained for Dr. Bradley Alan Schwartz and continuing to have contact with him despite a court order."

In Arizona, Couple Claims Marijuana Case Amounts To Religious Persecution. From Tucson, the AP (7/10) reports the Church of Cognizance "has been in Pima, Arizona since 1991. Until recently, they smoked, ate or drank marijuana daily as a way of becoming more spiritually enlightened. That was until federal authorities charged them with possessing 172 pounds of their leafy green sacrament earlier this year. And now, church founders Dan and Mary Quaintance face added conspiracy

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charges and up to 40 years each in prison in a case they call religious persecution. The couple is scheduled to go on trial in Las Cruces, New Mexico, on July 18th, though defense lawyers are asking for a delay."

The Arizona Daily Star (7/9) reports federal prosecutors "say religious freedom does not exempt the use of illegal drugs. The Quaintances say it does. They also say a recent U.S. Supreme Court decision allowing a religious group's use of a hallucinogenic tea containing a federally banned substance should nullify the charges against them."

IMMIGRATION:

Fewer Than 1,000 Guard Members Have Been Deployed To Border. CBS and NBC both ran reports on President Bush's efforts to deploy "up to 6,000" National Guard members to the US-Mexico border by August 1. Both stories focus on the slow place of the deployment. The CBS Evening News (7/9, story 8, 3:00, Mitchell) reported, "Bush's idea…is not going according to plan." CBS (Regan) added, "Operation Jump Start, to strengthen the Border Patrol with National Guard troops, seems to have stalled. There are less than 900 Guards actually on the border right now. Many believe deploying an additional 5,000 troops within the next three weeks unlikely." In its similar report, the NBC Nightly News (7/9, story 12, 2:20, Kotb) reported said there are "reports of a snag in the President's border patrol plan. Instead of growing to 6,000 National Guard troops along the border, there are fewer than 1,000, with many states reluctant to send more."

At Least 30 States Have Taken Action On Immigration. USA Today (7/10, Jones) reports at least 30 states have "passed laws or taken other steps this year to crack down on illegal immigrants, often making it harder for undocumented workers to find jobs or receive public services." While the federal Congress "struggles to set policy," states have enacted "at least 57 laws," with many states "fining businesses that hire undocumented workers and denying such companies public contracts if they don't verify the legal status of employees."

Florida Mayor Proposes Tough Immigration Policy. The New York Times (7/10, Goodnough) runs a feature on Avon Park, Florida, mayor Tom Macklin, who is pushing a proposal to "deny business permits to companies that knowingly hired illegal immigrants. The ordinance, which states that illegal immigration 'destroys our neighborhoods and diminishes our overall quality of life,' would also make English the official language of Avon Park, removing Spanish from all city documents, signs and automated phone messages."

Interior Repatriation Program Resumed. The Washington Times (7/10, Seper) reports the governments of the US and Mexico have resumed the Interior Repatriation Program, which returns Mexican nationals caught illegally in the US to their Mexican hometowns rather than to border towns.

WSJournal, "Prominent Conservatives" Defend Open Immigration. The Wall Street Journal (7/10) editorializes, "No issue more deeply divides American conservatives today than immigration. It's the subject on which we get the most critical mail by far, no doubt reflecting this split on the right. So with Congress holding hearings on the issue around the country, perhaps it's a good moment to step back and explain the roots of our own, longstanding position favoring open immigration. A position, by the way, on which we hardly stand alone. There is also President Bush, and before him the Gipper. … In the context of the current debate, we also print on the opposite page an open letter supporting comprehensive immigration reform from 33 prominent conservatives, including former Secretary of State George Shultz and GOP Vice Presidential nominee Jack Kemp. … Our own view is that a philosophy of 'free markets and free people' includes flexible labor markets. At a fundamental level, this is a matter of freedom and human dignity."

In their Wall Street Journal (7/10) open letter, the 33 conservatives, who also include Jeanne Kirkpatrick, Grover Norquist, Bill Kristol, Arthur Laffer, Linda Chavez, Max Boot, and Steve Forbes, say Reagan "was in favor of strong borders -- he once remarked that 'a nation without borders is not really a nation' -- but also constantly reminded us that America must remain a 'beacon' and a 'shining city on a hill' for immigrants who continually renew our great country with their energy and add to the nation's economic growth and prosperity. Reagan was right. We need to do both things -- secure the borders and allow for sensible levels of safe, open, lawful immigration. Americans and immigrants share the same values of work and opportunity. There is no reason to fear the newcomers arriving on our shores today -- if anything, they will energize what is best about our country."

Plight Of Day Laborers Considered. In a New York Times (7/10) "Editorial Observer" piece, Lawrence Downes

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examines the plight of the "quiet" subgroup "at the bottom" of the immigration system: "the Latino day laborers, the street-corner guys. They are not the largest group, but they are the most visible, most vulnerable and most hated. They are also the least likely to get anything good out of the immigration bills now festering in Congress. … The possibility of being victimized without sympathy or a safety net is, of course, the risk one takes when entering this country illegally."

Allies Say Hastert "Won't Give An Inch" To Bush On Immigration. U.S. News and World Report (7/17, Bedard) reports in its "Washington Whispers" column that allies of House Speaker Dennis Hastert "say he won't give an inch" to President Bush and others who want to "water down" the House's immigration plan.

TAX:

Yagman Accused Of Concealing Money. The National Law Journal (7/10, Bronstad) reports, "While recent tax evasion charges brought against civil rights attorney Stephen Yagman are based largely on expenditures related to his personal lifestyle, federal prosecutors have accused him of concealing money he received as a principal of his Venice, Calif.-based law firm, now called Yagman & Yagman & Reichmann." The Journal continues, "On June 23, prosecutors unsealed an indictment that charged Yagman with one count of tax evasion, one count of bankruptcy fraud and 17 counts of money laundering. Prosecutors allege that Yagman failed to pay more than $158,000 in federal income taxes to the Internal Revenue Service and hid assets from trustees overseeing bankruptcies filed on behalf of himself and his former law firm, Yagman & Yagman." The Journal adds, "Yagman is best known for filing numerous lawsuits against the top officials of various law enforcement agencies, particularly in Los Angeles. In recent years, Yagman has sought to bring disciplinary action against U.S. District Judge Manuel Real of the Central District of California in a case closely watched by judges nationwide. … Yagman alleges that Real, who was handling a loan fraud case involving a woman under probation, made improper rulings as part of her separate bankruptcy case. After dismissing Yagman's case twice, Mary Schroeder, chief judge of the 9th U.S. Circuit Court of Appeals, recently appointed a special committee to investigate the charges."

CONGRESS-ADMINISTRATION:

Portman Says Deficit Will Shrink In Short Term. The Washington Times (7/10, Dinan) reports, "The economy and federal revenues are growing at such a rapid rate that the deficit will shrink in the short term, President Bush's chief budget official says, while adding that keeping the deficit in control will depend in the long run on reform of Social Security, Medicare and Medicaid." Rob Portman, a former congressman and US trade representative "whom Mr. Bush tapped two months ago to be director of the Office of Management and Budget (OMB), said the president's economic policies have led to exceptional economic growth, which has in turn led to bulging federal receipts." Portman "will deliver the annual mid-session budget review this week, detailing progress on spending and revenues, and he told The Washington Times in a recent interview that tax revenues are expected to show at least double-digit growth in the year to date compared with fiscal year 2005." The Congressional Budget Office on Friday "said federal revenue is running 12.8 percent ahead of the figures at the same time last year. The double-digit increase is the second-highest growth rate in the last 25 years, following only 2005's increase of 15 percent. With federal spending up 8.6 percent to date compared with 2005, the deficit should be at least $50 billion less than last year, though Mr. Portman said that depends on keeping the spending side under control."

House Republicans Have Trouble Passing Their "American Values Agenda." The Washington Times/AP (7/10) reports that House Republicans are having trouble passing their "American Values Agenda," and their majority is "in jeopardy for the first time in more than a decade." Privately, many Republicans "are frustrated. Democrats have pounced on the lack of progress with a 'we can do better' election theme." Democrats "ridicule as political ploys Republican decisions to bring up legislation doomed to fail, such as the constitutional amendments to ban flag desecration." The Times adds, "With two-thirds of the 2006 legislative calendar over, Congress has passed and sent President Bush only two major pieces of legislation. One renewed the terrorist-fighting USA Patriot Act; the other extended $70 billion in tax cuts, roughly divided evenly between investors and middle-income families."

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Shuttle Discovery Cleared For Reentry. NBC's network news broadcast last night included a very short report on Discovery being cleared for reentry, while ABC carried a full, nearly two-minute long segment on Discovery's progress. NBC Nightly News (7/9, story 11, 0:15, Kotb) reported, "NASA has decided the shuttle will not need repairs before returning to Earth. There was some concern about a cloth between the thermal tiles but managers say that does not pose a problem. In a news conference from space today, the astronauts expressed confidence in a safe return."

ABC World News Tonight (7/9, story 4, 1:45, Muir) reported, "Encouraging news from NASA. After a seven-hour spacewalk and an inch-by-inch inspection, they say the space shuttle Discovery is safe to come home next week." ABC added, "For the first time since the Columbia disaster more than three years ago, the space program can get back to business as usual thanks to more than a billion dollars in redesigns and new cameras that give them unprecedented views of the shuttle."

The Washington Post (7/10, A3, Gugliotta) reports, "NASA engineers completed their exhaustive analysis of three remaining 'areas of concern' on Discovery's heat shielding and 'cleared' all of them, said John Shannon, chairman of the mission management team."

The AP (7/10, Borenstein) reports Mission Control "informed the crew of six that the ship's thermal shielding is '100 percent cleared for entry' in another week."

NASA Schedules Next Shuttle Launch For August 28. ABC World News Tonight (7/9, story 4, 1:45, Muir) reported, "NASA is so confident the shuttle program is back on track that today they released a schedule for the next launch. Atlantis is due to go up on August 28th, just after 4 PM."

ISS Research Has Shifted To Manned Spaceflight Support. The Washington Post (7/10, A6, Kaufman), in a thousand word piece titled, "Research Shifts At Space Station," reports, "When the international space station was initially proposed by President Ronald Reagan, its central mission was conceived as providing the most innovative and unusual research center that mankind had ever created. … Twenty-two years later, the space station is half-built and can carry out some experiments, but the U.S. view of its science mission has greatly changed. The primary U.S. goal is no longer basic research, but to support President Bush's initiative of manned missions to the moon and to Mars by learning about how astronauts can live for long periods in space. The morphing of the space station's role has not been without controversy."

USO Volunteer Receives President's Volunteer Service Award. The Chicago Tribune (7/7, Wang) reported that President Bush presented the President's Volunteer Service Award to Dave Kruger last Thursday for his volunteer work with the United Service Organizations center at O'Hare International Airport. Kruger "volunteers about 27 hours a week, Friday through Sunday, and sometimes stops by to help after he gets off work as a shipping scheduler at a Wheeling manufacturing plant. He delivers food from the grocery, does odd jobs around the office…and serves food when naval recruits at the base come in. In two years Kruger has volunteered more than 1,300 hours."

USAID Employees Believe Merger With State Is Coming. The Washington Post (7/10, A15, Kamen) reports in its "In the Loop" column, "Administration officials insist that the U.S. Agency for International Development, traditionally a distinct operation within the State Department, is not about to be officially merged with State. But recent events are making people wonder. … USAID veterans are certain a merger is coming. 'We're merging, but it's incremental,' one source said, 'so you don't know that you're merging and then it's happened. There's less pain and suffering that way, I guess.'"

Graham Sees Controlling Spending As GOP's Highest Priority. In his column, carried on TownHall.com (7/10), Robert Novak writes that Sen. Lindsey Graham "sees a real danger of Republicans losing control of both houses in Congress for the first time since the 1992 elections. Such foreboding reflects Graham's fear that demographic changes in America will extend beyond this year's elections and return the Republican Party to minority status." Novak adds, "Graham's remedy to avert both short-term and long-term disaster stresses Republicans returning to fiscal integrity by seriously cutting spending -- a goal to which his GOP colleagues give lip service. … Graham sees the highest Republican priority as controlling federal spending. He proposes renewing the campaign for a constitutional amendment mandating a balanced budget, backed up by self-restraint on earmarks."

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Library Of Congress To Lay Off 29 Employees. The Washington Post (7/10, D4, Barr) reports in its "Federal Diary" column, "The Library of Congress has notified 29 employees at the Congressional Research Service that their jobs will be abolished on Sept. 29. The layoffs are believed to be the first in the 92-year history of CRS, the division of the library that tracks legislative issues and collects data for members of Congress. The workers being eliminated perform clerical, technical and audio-visual duties."

Bush Has Been Working On A Memoir For The Past Year. U.S. News and World Report (7/17, Bedard) reports in its "Washington Whispers" column that President Bush has been working on a memoir for the past year. But "here's the odd part: Bush hasn't actually written a word yet. Instead, he and his aides have been packaging the stuff he wants to reference so that he'll be ready to write when the project moves into that stage. And that probably won't happen until after he leaves office."

Bush Tells Paulson To Make Treasury The "Star It Used To Be." U.S. News and World Report (7/17, Bedard) reports in its "Washington Whispers" column that President Bush has ordered Henry Paulson, who is to be sworn in as Treasury Secretary this week, "to make the agency the star it used to be. He's led by example, telling Congress that Paulson, the former Goldman Sachs boss, is his economic point man. Also significant: The White House named Jim Wilkinson the chief of staff. He's largely responsible for rebuilding State's influence under Condi Rice."

OTHER NEWS:

Commercial Real Estate Market Is Strongest In Five Years. The Wall Street Journal (7/10, Forsyth) reports that the US' commercial real estate market, "which cratered after the tech bust in 2000, has recovered and is the strongest it has been in five years. The shopping-mall market has stayed strong because consumer spending held up better than expected. And hotels had their most profitable year ever in 2005, partly because of strong business travel."

Former Lobbyist's $2 Million Severance Pay Raises Eyebrows. The Washington Post (7/10, D1, Birnbaum) reports in its "K Street Confidential" column that congressional aide Jeffrey S. Shockey last year "collected nearly $2 million in severance payments from his former employer, a lobbying firm that specializes in winning benefits from the committee he now serves. Many longtime Washingtonians are shaking their heads in disbelief over the payout's enormous size, its ad hoc method of calculation and the fact that Shockey received it while working as a senior congressional aide." Shockey "says his payment was justified and within the rules. But experienced lobbyists around town question both its economics and its propriety." The Post adds, "The situation is an example of a common occurrence -- the spinning of the 'revolving door' between the public and private sectors."

Santorum Seeks To Refurbish His Image As "Political Heir" To D'Amato. The New York Times (7/10, Toner) reports, "The conservative glory days of 1994, when Rick Santorum roared into the Senate at the age of 36, seem a long time ago as he fights for his political life this year, trying to convince Pennsylvania voters that he has not gone Washington. Not become part of the establishment he used to rail against. Not forgotten the kitchen table issues that matter here." Santorum "was a symbol of the conservative movement in its brash youth; now, in many ways, he embodies the movement in middle age, 12 years after taking control of the House and Senate, no longer so confident that the political winds are with it, especially in an anti-incumbent year." He "needs to reintroduce himself over the next four months, he said, to get beyond the stereotypes." He "said he wanted Pennsylvanians to think of him as a political heir to Alfonse M. D'Amato of New York, who was known as Senator Pothole for being acutely attuned to constituent needs. (Perhaps not the most auspicious role model, since Mr. D'Amato was unseated by an ambitious Democrat, Charles E. Schumer.)"

Hillary Clinton Seeks Support On Wall Street. The Financial Times (7/10, Ben White) reports, "Hillary Clinton has been cosying up to Wall Street in recent weeks with a series of meetings with top executives that could help her follow the path blazed by her husband ahead of his first presidential run." The Times adds, "People familiar with the meetings said they appeared intended to help Wall Street figures get to know the New York senator better as she coasts through an easy 2006 re-election campaign and paves the

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way for a possible Democratic presidential run in 2008. Bill Clinton's early forays to Wall Street helped advance his bid for the Democratic nomination in 1992." Ann Lewis, "a senior adviser to Mrs Clinton, said the meetings were focused on 2006." However, "political observers noted that Mrs Clinton faces little significant opposition in 2006. They said the Wall Street meetings could pay dividends in 2008."

Dodd Accuses Fellow Democrats Of Undermining Lieberman's Candidacy. Sen. Christopher Dodd, on CBS's Face the Nation (7/9, Schieffer), said that though he "respect[s] those who have taken the position they're going to support whoever the nominee is" in the Connecticut Democratic Senate primary. His "own view is, while their intentions may be otherwise, I think that undermines Joe Lieberman's ability to win on August 8th, by suggesting somehow they're going to move in that direction. I'll take a position on August 9th if I have to."

Democrats Urged To Offer "Breakthrough Ideas." Kenneth S. Baer and Andrei Cherny, the founding editors of Democracy: A Journal of Ideas, write in the Los Angeles Times (7/10), "Something happens to a political party when it is not just out of power but has had to play on the home field of its opponents for a generation: It loses faith in itself and becomes scared. … That this has become true in the Democratic Party is clear in listening to the worried words of pundits and political professionals who counsel Democrats to avoid offering any vision or direction for the country -- to instead simply wait for voters to so tire of Republican mismanagement that they will turn to more 'competent' Democrats to administer a conservative state." Baer and Cherny add, "Having seen the failure of a generation of conservative ideas on fiscal and foreign policy, Americans are ready to listen to an alternative. Now is the moment for Democrats to offer a set of breakthrough ideas that will create a governing majority for a generation."

DeLay Planning Campaign To Retake His House Seat. Time (7/17, Allen, Hylton) reports in its "Notebook" column, "A source close to the ex-Congressman tells TIME that [former Rep. Tom] DeLay is planning an aggressive campaign to retake the House seat he quit in June if an appeals court lets stand a ruling by a federal judge last week that his name must stay on November's ballot -- even though he has moved to Virginia."

Democrats Plan To Push Minimum Wage Increase Going Into 2006 Election. Time (7/17, Bacon) reports in its "Notebook" column, "Polls show that more than 80% of Americans favor" a minimum wage increase, but "most Republican politicians...do not. So Democrats are sharpening their attacks on the GOP for seeming out of step with public opinion. Senator Hillary Clinton of New York has led a Democratic effort to block a scheduled $3,300 increase in congressional pay...unless Republicans agree to hike the minimum wage to $7.25. The Dems are also emulating the Republican gay-marriage strategy by backing ballot measures in six states to boost the minimum wage. They hope voters will go to the polls for this cause, then support Democrats in races that could help the party take back Congress."

Edwards Makes Fighting Poverty Centerpiece Of Possible 2008 Run. Newsweek (7/17, Darman) reports that former Sen. John Edwards' "new political plan" involves "a presidential campaign with fighting poverty as a central plank. It's a risky strategy in today's Democratic Party -- Edwards may be the most viable national candidate since Bobby Kennedy to tie his destiny to a fight for the destitute." Edwards' "2008 presidential campaign -- still hypothetical but proceeding at high speed -- is all about breaking with the established script. He's largely opted out of the buzz primary," and is instead "using the name recognition he built up in '04 and hitting the campaign trail early and often -- quietly raising $6.5 million in 105 appearances for Democrats running in 2006."

Matalin, Allen Asked To Leave Alexandria City Event. The Washington Times (7/10, McCaslin) reports in its "Inside the Beltway" column, "Virginia senatorial wife Susan Allen and Republican operative Mary Matalin, accompanied by their respective daughters, were asked to leave a birthday celebration for the city of Alexandria on Saturday evening because they were 'distracting.'" A close friend of Mrs. Allen said, "They were asked to leave the public event by Alexandria's Parks and Recreation Department because they were told they were "distracting,"' adding, "That was the exact word [officials] used. Perhaps these Alexandria servants should be reminded that politicking at public, community events is a time-honored, American tradition, not to mention a First Amendment right."

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Schwarzenegger Leading Opponent In Latest Poll. The Washington Times (7/10, Bellantoni) reports, "California Gov. Arnold Schwarzenegger holds a wide lead over state Treasurer Phil Angelides, his Democratic re-election challenger who said Friday that, if elected, he would sign a bill to grant marriage licenses to homosexual couples." Schwarzenegger "leads Mr. Angelides 44 percent to 37 percent in a statewide poll taken the last week of June. The poll showed 14 percent of voters were undecided, while 5 percent of those surveyed wanted a different candidate."

Liberal Clergy Try To Engineer Religious Left Political Movement. The CBS Evening News (7/9, story 10, 3:30, Mitchell) reported, "Conservative religious voters have played an important role in the national debate of late courted by politicians from both parties. Now some liberal religious leaders are hoping to build a similar movement to advance their agenda." CBS goes on to report on a church in Washington, DC, where "hundreds of committed Christians met recently and try to map out a strategy to get their values into the political debate. Not the conservative Christian values which have been so influential lately -- this is the religious left." Dr. Bob Edger, Gen. Sec. of the National Council of Churches: "Jesus called us to love our neighbor, love our enemy, care for the poor, care for the outcast and that's really the moral core of where we think the nation ought to go." Mitchell: "Dr. Bob Edgar is general secretary of the National Council of Churches, which represents about 50 million Christians in America, the majority of them mainline Protestants." Edgar: "Jesus never said one word about homosexuality, never said one word about civil marriage or abortion." Mitchell: "He calls this movement the center left and it's seeking the same political muscle as conservative Christians, a group with a strong power base and the huge evangelical churches of the South. The left has its own evangelical leaders, like the Reverend Tony Campolo." Rev. Tony Campolo, evangelical Leader: "We are furious that the religious right has made Jesus into a Republican. That's idolatry. To recreate Jesus in your own image rather than allowing yourself to be created in Jesus' image is what's wrong with politics."

Obama Says Politicians Should Not Abandon Field Of Religious Discourse. Sen. Barack Obama writes in USA Today (7/10) that there has been talk "among pundits and pollsters that the political divide in this country falls sharply along religious lines. Indeed, the single biggest gap in party affiliation among white Americans today is not between men and women, between red states and blue, but between those who attend church regularly and those who don't." If political leaders "truly hope to communicate our hopes and values to Americans in a way that's relevant to their own, we cannot abandon the field of religious discourse." Obama adds, "Americans are looking for a deeper, fuller conversation about religion in this country." They "are willing to listen and learn from those who are willing to speak in reasonable terms — those who know of the central and awesome place that God holds in the lives of so many, and who refuse to treat faith as simply another political issue with which to score points."

Krugman Says Resurgence Of New York City Flies In Face Of Conventional Wisdom. Paul Krugman writes in the New York Times (7/10) that the resurgence of Manhattan as a site for corporate headquarters "flies in the face of today's conventional wisdom, which says that modern technology is making geography irrelevant. Since work can now be done anywhere, the story goes, jobs move wherever the wages and other costs of doing business are lowest. And this should mean trouble for a high-wage, high-cost location like New York. But somebody forgot to tell New York about the new rules: in spite of high costs, the city's economy is thriving." Krugman adds that New York City, "a city that a generation ago seemed to be in irreversible decline, seems to be doing O.K."

NYTimes Decries Lobbyists' Expansion To Local Governments. An editorial in the New York Times (7/10) says, "The news that the Washington lobbying industry is rapidly extending its tentacles into cities, towns and school districts across the country should be an outright embarrassment to Congress." Lobbyists "are shopping themselves as gifted middlemen for mayors and school boards. And localities are biting, having seen the sorry evidence that lawmakers tend to deliver earmarks more readily for Beltway lobbyists than for hometown nobodies." The Times says that despite the fact that one Congressman has gone to jail for influence peddling and more criminal investigations of others are under way, "a what-me-worry evasiveness remains the strategy of Republican leaders on ethics reform."

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WPost Calls Farm Subsidies "Shamefully Unfair." The Washington Post (7/10, A16) editorializes, "We've known for a long time that America's bloated food subsidy programs rile foreign governments, complicate trade talks, distort agricultural prices and disproportionately benefit large agribusinesses. As if that weren't enough, the results of a nine-month Post investigation published last week vividly detail the scandalous waste of America's vast farm subsidy system." The Post adds, "Federal farm subsidies are wildly misdirected and shamefully unfair to anyone who pays taxes and doesn't get a piece of the billions -- $25 billion in 2005 -- the government drops every year on agricultural payments. Last year the federal government paid $4.3 billion in corn subsidies, up from $1 billion in 1998."

Professor Says Training More Doctors Won't Solve US Health Care Problems. David C. Goodman, a professor of pediatrics and family medicine at Dartmouth Medical School, writes in the New York Times (7/10) that the Association of American Medical Colleges, "has recommended increasing the number of doctors they train by 30 percent, in large part to keep up with the growing number of elderly patients. But the most serious problems facing our health care system — accelerating costs, poor quality of care and the rising ranks of the uninsured — cannot be solved by more doctors. In fact, that approach, like prescribing more drugs for an already overmedicated patient, may only make things worse." Goodman adds that "our resources would be better directed toward improving efforts to prevent illness and manage chronic ailments like diabetes and heart disease. … Instead of training more doctors, let's make better use of the ones we already have."

Administration Wants China To Exert Pressure On North Korea. The CBS Evening News (7/9, story 4, 0:35, Mitchell) reported, "The US said today that it wants China to put more pressure on North Korea to end missile tests and return to disarmament talks. Undersecretary of State Nicholas Burns indicated that the US would not negotiate directly with North Korea. He also warned of the consequences if the rogue state continued to defy the International Community."

Burns appeared on NBC's Meet the Press (7/9, Russert), CBS's Face the Nation (7/9, Schieffer), Fox News Sunday (7/9, Wallace) and CNN's Late Edition (7/9, Blitzer). With the exception of his CNN appearance, during which he discussed the sectarian violence in Iraq at length, Burns focused almost exclusively on describing the US diplomatic response to North Korea's July 4 missile launches. Burns emphasized repeatedly that the administration considers the Chinese government's decision to send envoys to Pyongyang "the most important step today" (Fox), and "a very interesting development" (NBC).

Asked on NBC's Meet the Press (7/9, Russert) if the US will "insist that the United Nations impose sanctions against North Korea," Burns replied, "we are pursuing a very aggressive resolution up in New York at the Security Council, and we think we've got the votes to pass that. But we're also operating on multiple diplomatic fronts. We have our lead negotiator, Chris Hill, Ambassador Hill, in Beijing, Seoul and Tokyo this week. President Bush and Secretary Rice have been working the phones with their counterparts." Burns added, "We also have a very interesting development today. The Chinese government is sending tonight to Pyongyang a senior delegation. And, you know, frankly we think it's time for China to use its influence with North Korea. … China now has an opportunity to put its best foot forward, to send the North Koreans a direct message that these missile tests cannot be tolerated."

On Fox News Sunday (7/9, Wallace), Burns said, "I think the most important step today is that China has decided to send a senior-level delegation to Pyongyang this evening. And it's time for China to exert its influence that it does have on North Korea."

On CBS's Face the Nation (7/9, Schieffer), Burns added, "China has influence with North Korea of the type that most of the rest of us do not. And the Chinese are sending a senior-level delegation to Pyongyang this evening, and we hope that China is going to bring some pressure and influence to bear to convince the North Koreans that they are entirely isolated in the world."

Burns, on CNN's Late Edition (7/9, Blitzer), predicted, "I think you'll see over the course of the next couple of days, when we get the results of this Chinese delegation to Pyongyang, I think you will then see us move ahead in New York at the Security Council. We hope that China and Russia are going to support this resolution."

NBC Nightly News (7/9, story 5, 2:20, Aspell) reported, "North Korea's missile tests have alarmed Asia. South Korea has stepped up the readiness of its armed forces along the demilitarized zone, the most heavily fortified border in the world. It's been like this since the end of the Korean War

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more than 50 years ago -- a million men on both sides all across the Korean Peninsula, thousands of tanks and artillery pieces, but all this is now nearly obsolete."

In a lengthy analysis piece, the Wall Street Journal (7/10, Fairclough, King) notes, "North Korea's barrage of missile tests has put China in a tough spot, calling into question its policy of patient diplomacy and economic support aimed at encouraging change in Pyongyang. The U.S., saying Beijing's response is a critical test of China's new high-profile role on the international stage, is urging China to alter course and use its considerable leverage as North Korea's most important trading partner to get Pyongyang to return to talks on its nuclear program." The Journal says it "is far from clear" if the missile tests "will be enough to overcome Beijing's extreme reluctance to use economic pressure as a diplomatic tool, especially against its communist ally." Beijing "has successfully used arm-twisting in the past," and, the Journal notes, "the U.S. has appealed to China's pride, saying it risks diminishing its international standing if it can't use its influence even to moderate the behavior of one of its closest neighbors. … Washington also has said China's ability -- or inability -- to make headway with North Korea will be important in shaping the future of relations between Washington and Beijing."

The Christian Science Monitor (7/10, Marquand) runs a similar story titled "US Looks To China To Influence N. Korea," in which it says "a message from President Bush to North Korean leader Kim Jong Il will be delivered Monday in Pyongyang -- via two Chinese officials. Beijing now meets quarterly with Mr. Kim, the most contact the unpredictable North has with any outside party. Whether Vice Foreign Minister Wu Dawei and Vice Premier Hui Liangyu will surprise Kim Jong Il and exert real pressure is unclear." The Los Angeles Times (7/10, Demick) also reports the story.

Administration Continues To Defer To China On North Korea. Newsweek (7/17, Hirsh) reports that on North Korea, the Bush Administration "continues to defer to China, the lead negotiator, but it has seemed clear since a September 2005 pact to restart talks that Beijing will not pressure Pyongyang too hard with sanctions. Why? Mainly because the Chinese fear a collapse of the regime that could send millions of refugees streaming over the Sino-Korean border."

Time (7/17, Powell) reports that there is "little reason to think Kim Jong Il will be dissuaded" by the failure of his Taepodong-2 missile last week. Time considers the "remaining options for dealing with the world's most unpredictable totalitarian nuclear regime." They include, a "swift and precise military strike," containing Kim's regime and then squeezing it "with the hope that his government will eventually atrophy into collapse" and going back to the bargaining table. The Bush Administration "may have to face the fact that if it wants closure on North Korea, it will have to engage in what Kim has wanted all along: direct talks."

Burns Defends Administration's Opposition To One-On-One Talks. During his appearance on NBC's Meet the Press (7/9, Russert), Burns explained that the administration opposes one-on-one talks with the government of North Korea because "we really don't see the logic in turning this into a test of wills between two countries -- the United States and North Korea. The fact is that China has the same interests as the United States -- it should have the same interests -- and that is to stop the North Korean nuclear program. Our allies, Japan and South Korea, have the same interests, and the Russians do as well. And so we think we're far better off working within the framework of the six-party talks, because you get in that process the combined leverage, the combined strength, and frankly the combined pressure on North Korea of all these different countries."

Sen. Lindsey Graham, on CNN's Late Edition (7/9, Blitzer), said, "I agree with President Bush; it needs to be a multi- party situation. … I think it would be a huge mistake for us to sit down by ourselves. What they need to see, the North Koreans need to see a table full of people throughout the world -- the Japanese, the South Koreans, the Chinese, the Russians -- telling them the same thing."

Hill Seeks To Restart Talks, With Or Without North Korea. The Financial Times (7/10, Fifield, Kirchgaessner) reports, "Efforts are under way to convene 'five-party talks' involving North Korea's neighbours and the US as officials search for diplomatic avenues to respond to the Asian country's missile tests last week without further highlighting the divergent views over how to deal with the rogue state. But China, the host of the talks, and North Korea's closest ally, is understood to be unwilling to hold a meeting without Kim Jong-il's representatives, posing another challenge to presenting a united front in condemning the tests." Assistant Secretary Chris Hill said, "We think there ought to be six-party talks – six is better than five but five is better than none. We need the six-party process regardless of whether we get all six parties to come to it." Since last September, the talks have "stagnated" because of North Korean anger over

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Washington's imposition of Macau money laundering sanctions.

The New York Times (7/10, Onishi) reports Hill "said Sunday that his first priority was to get [Pyongyang] back to the negotiating table, signaling that the United States was seeking a diplomatic solution instead of punitive economic sanctions against it for launching seven missiles last week." Hill further "said his talks with South Korean officials [in Seoul] over the weekend focused on kick-starting the six-nation talks over the North's nuclear program. The talks have been deadlocked since last September." Hill is quoted telling reporters, "My mission here is not to get sanctions. My mission here is to make sure we can all speak with one voice to deal with this provocative action by the North Koreans."

ABC World News Tonight (7/9, story 6, 2:35, Muir) interviewed Hill. ABC (Harris) asked, "Dealing with the regime of the world's last Stalinist dictator -- Kim Jong Il -- that's part of the job of Assistant Secretary of State Christopher Hill. … Is this the type of person that we really can deal with?" Christopher Hill, Assistant Secretary of State: "It's very tough to deal with this kind of regime. But, you know, you don't just negotiate with your friends. You negotiate with people that you often have profound disagreements with." ABC (Harris) added, "If diplomacy fails, Hill does not take the military card off the table." Hill was shown saying, "Of course there's a point at which we need to take actions to defend ourselves, and we are well aware of that." Harris: "Hill's job is to make sure it doesn't come to that."

US Declines North Korean Request To End Freeze On Bank Funds. The Wall Street Journal (7/10, Ramstad) reports, "The US is holding the line on a freeze of North Korean funds in a Macau bank, rebuffing Pyongyang's latest effort to link diplomatic talks on its nuclear-weapons program with a probe of its financial activities by U.S. and Chinese authorities." North Korea's deputy ambassador to the United Nations "was quoted in a Seoul newspaper as saying Pyongyang wouldn't rejoin six-party talks on its weapons program until the US takes steps to lift a freeze of about $24 million in North Korean funds in a bank in Macau, a special administrative region of China." Hill, however, said, "To change the subject from this rather reckless [missile] activity on their part back to an issue of illicit activities, which I would argue are also reckless, is simply not appropriate."

South Korean Reaction To Missile Test Making US Position More Difficult. USA Today (7/10, Wiseman) reports that in South Korea, the news of the North's missile test "has been greeted with a shrug, never mind that Seoul sits within range of North Korean artillery and rockets. The attitude in South Korea is in sharp contrast to the alarm with which the missile tests were viewed in Tokyo and Washington." Yesterday, "the administration of South Korean President Roh Moo Hyun even issued a statement criticizing Japan for what it said was an overreaction to the missile tests." USA Today adds, "South Korea's attitude has made it even harder for US policymakers to forge a coalition committed to punishing North Korea. China and Russia, traditional North Korean allies, have opposed harsh sanctions."

Nonetheless, says the Wall Street Journal (7/10, Hitt), "talks between South Korea and the US on a free-trade agreement resumed in Seoul Monday. One sensitive issue: South Korea wants the pact to cover goods originating at its joint-venture Kaesong industrial complex in North Korea."

Bush's Reaction To North Korea Tests Called Sign Of "End Of Cowboy Diplomacy." Time's (7/17, Allen, Ratnesar) cover story this week is entitled "The End Of Cowboy Diplomacy." The cover features a photo of a large cowboy hat with a presidential seal on it, on top of a pair of cowboy boots. Time reports that more surprising than North Korea's missile tests "was Bush's response to it." Bush "pledged to 'make sure we work with our friends and allies...to continue to send a unified message' to Pyongyang. In a press conference following the missile test, he referred to diplomacy half a dozen times." Time adds, that "in the span of four years, the Administration has been forced to rethink the doctrine with which it hoped to remake the world as the strategy's ineffectiveness is exposed by the very policies it prescribed. The swaggering Commander in Chief who embodied the doctrine's aspirations has modulated himself too." Time adds, "Under the old Bush Doctrine, "defiance by a dictator like Kim Jong Il would have merited threats of punitive US action -- or at least a tongue lashing. Instead, the Administration has mainly been talking up multilateralism and downplaying Pyongyang's provocation."

"Strategic Makeover" Of Administration's Foreign Policy Noted. Time (7/17, Allen, Ratnesar) reports in its cover story, entitled "The End Of Cowboy Diplomacy," that "a strategic makeover" of the Administration's foreign policy "is evident in the ascendancy of Secretary of State Condoleezza Rice, who has tried to repair the Administration's relations with allies and has persuaded Bush to join multilateral negotiations aimed at defusing the standoffs with North Korea and Iran." Rice's "push for pragmatism has rubbed off on

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hawks like Vice President Dick Cheney, the primary intellectual force behind Bush's post-9/11 policies."

Kristol Mocks Burns' Assessment Of North Korea Diplomacy. The Weekly Standard's Bill Kristol, on Fox News Sunday (7/9, Wallace), said, "North Korea is paying no price at all for doing something that we said is unacceptable, and that is a very bad precedent to set. And I'm afraid that watching Nick Burns here tell you that the world is more complicated than you think…I thought 'oh, my God, we're back to the Clinton administration.' Nick Burns was actually a pretty good spokesman for Bill Clinton's State Department in the first couple of years. And there's not a word he said today that couldn't have been said cheerfully by Clinton administration types…" Kristol paraphrased Burns as saying, "We're thrilled China is sending a delegation to Pyongyang tonight. Isn't that wonderful?" and commented, "I mean, it's really pathetic." Kristol went on to urge President Bush to "walk away from the six-party talks. He should cancel them. North Korea has behaved in a way that's unacceptable for someone you're trying to have negotiations with. We should tighten the sanctions on North Korea."

Hoekstra Backs Administration's View Of China's Role. Rep. Pete Hoekstra, on Fox News Sunday (7/9, Wallace), said, "We also need to take this as an opportunity to take a much closer look at China. I do believe that the path to success in North Korea is going to have to go through Beijing."

Richardson Accuses Bush Of "Trying To Outsource Our Foreign Policy To China." New Mexico Gov. Bill Richardson, also on NBC's Meet the Press (7/9, Russert), said he supports face-to-face negotiations with the government of North Korea, adding, "Our policy, so far, is not working. What you have is North Korea has quadrupled its enriched plutonium since 2002. The six-party talks are going nowhere. We should talk directly to the North Koreans to discuss what is next. … The only way to do that, in my judgment, is face-to-face talks at a level of Christopher Hill. He is a competent diplomat. The successes we've had with the North Koreans have been through direct engagement." Richardson went on to argue that the administration is "trying to outsource our foreign policy to China. I believe China is not necessarily interested in helping us on North Korea. They don't want to see a bunch of refugees go into their country."

McCain, Graham Warn China Of "Consequences" If They Do Not Cooperate On North Korea. Sen. John McCain, on CBS's Face the Nation (7/9, Schieffer), said, "I believe that China is the key. They're the only ones that really have a significant influence over North Korea. If we make it clear to China that we understand they are emerging on the world stage as a superpower, they should behave like one. And this will be a defining issue in our relations with China. And if they continue to vacillate, as they have all last week in the United Nations, then there are consequences in our relationship. There are many key areas that we are cooperating in that I believe would be affected, including trade, by China's failure to act. We're not asking China to be charitable here."

Sen. Lindsey Graham, on CNN's Late Edition (7/9, Blitzer), said, "The Chinese are hanging by a thread politically with the Congress now over trade policy. If they don't really come to the table harder with North Korea, they're going to be hanging by a thread in terms of international diplomatic policy."

Lugar Notes North Korea Has Increased Its Missile Capabilities Since Bush Was Elected. Sen. Richard Lugar was asked on ABC's This Week (7/9, Stephanopoulos) if North Korea has "gotten more dangerous on President Bush's watch," Lugar answered, "Perhaps. They certainly have been able to produce more missiles. And they are selling missiles. … So perhaps they have become more dangerous."

Woolsey Warns That South Korea, Japan, Taiwan May All Seek Nuclear Weapons. Former CIA Director James Woolsey, on Fox News Sunday (7/9, Wallace), predicted, "the way China is going now, they're going to end up with four new nuclear powers in East Asia, I think -- North Korea in time, South Korea in time, Japan, and in time maybe Taiwan. Why China thinks it's in its interest to have four new nuclear powers in East Asia is beyond me."

NYTimes Urges Direct Talks. The New York Times (7/10) editorializes, "The United Nations Security Council certainly should register international condemnation of last week's North Korean missile launches. But if any serious progress is going to be made on this and the related North Korean nuclear issue, it will not be through Security Council resolutions or sanctions. … The Bush administration should drop its reflexive opposition to direct talks." But "before scheduling a meeting, Washington should call on North Korea to reinstate its moratorium on long-range missile tests and keep it in place for at least one year while talks on a permanent ban proceed." Those direct talks should also include discussions on North Korea's nuclear weapons programs."

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Unity On Iran Said To Hinge On US-Russian Relations. The Financial Times (7/10, Dombey, Khalaf) reports, "Western governments are stepping up their efforts to win Russian and Chinese backing for a tougher stance over Iran's nuclear programme in the run-up to the G8 summit next weekend. The latest indication came from the US, which at the weekend said it was willing to offer Moscow a deal on civil nuclear co-operation – as long as Russia provided more help in convincing Tehran to scale down its programme." The Times says Iran watchers were "distracted" by North Korea's missile tests last week, and notes that Tehran's technical problems "have also reduced the sense of urgency surrounding the case." Washington and Brussels "are focused on using the [G-8 Summit] as the main source of pressure on Iran. Russia wants the summit to focus on energy security instead." Of the Europeans' planned meeting with Iranian nuclear chief Ali Larjani tomorrow, the Times says, "If the encounter with Mr. Larijani proves frustrating for the Europeans, the EU and the US will seek to rally support from Russia and China at a foreign ministers' meeting in Paris for a tougher international line. This will set the tone for the G8 summit later in the week."

NBC Nightly News (7/9, story 6, 2:20, Kotb) reported, "The spotlight will be on Russian democracy as President Bush heads to the G-8 summit. The President starts his trip this week, visiting Germany's chancellor in her former East German parliamentary district, and then moves on to Russia for the gathering of the industrialized nations. The summit gives Mr. Bush a chance for a meeting of the minds with Russian leader Vladimir Putin at a time of tension between the two nations." NBC (Jordan) added, "George W. Bush and Vladimir Putin preparing for this coming weekend's G-8 summit in Putin's hometown of St. Petersburg. As children of the Cold War, they weren't supposed to be friends, certainly not leaders who talk frequently about trade, energy and terrorism -- NBC news presidential historian Michael Beschloss." Michael Beschloss: "Oddly, this is the flip side of the Cold War and a big sign that the Cold War is over." Jordan: "But Bush and Putin don't see eye-to-eye on how to end the nuclear ambitions of North Korea and Iran and Russia's commitment to democracy has also been questioned. Critics accuse Putin of cracking down on civil liberties and the media, as well as jiggling political opponents. He dismissed those charges last week, saying, 'Without democracy, there is no future for Russia.' But those concerns aren't enough to derail President Bush's desire to reach agreements with Russia on a major deal for the storage of nuclear waste."

The Wall Street Journal (7/10, Dreazen) says the Administration's decision "to allow Russia to house spent nuclear fuel highlights a dynamic likely to shape this week's [G-8 Summit]: the shifting power balance between a US facing challenges on several fronts and a Russia moving to reassert itself on the world stage." Washington's "need for Russian support" on the North Korean and Iranian questions "is forcing the US to accede to Russian demands on a range of issues. … The moves represent an acknowledgment by the administration that on a variety of hot-button issues, the U.S. needs Russia more than Russia needs the U.S." On the "cost" to the West for Russian cooperation, the Journal says, Kremlin advisor Igor Shuvalov told reporters that "Moscow hoped to win final U.S. approval for Russia's bid to enter the [WTO] during a bilateral summit between Messrs. Bush and Putin," and "wanted White House assurances that Russian firms would be able to freely invest in the U.S. without facing the kind of political scrutiny that derailed recent proposed acquisitions of U.S. assets by companies from China and the United Arab Emirates."

McCain Criticizes Administration Over Russia Nuclear Deal. Sen. John McCain, appearing on CBS's Face the Nation (7/9, Schieffer), was asked if he believes it is a "good idea" for the administration to "reverse policy and cooperate with the Russians on civilian nuclear power," McCain responded, "I'm very skeptical. The Russians are the ones that helped the Iranians. This I another example where the Russians have got to understand, again, that their continued autocracy and repression and oppression of the media, of a free and democratic society…should not be rewarded with an agreement that, I think, probably is more beneficial to them than to us." McCain added, "Putin is clearly on the path to the restoration of autocracy in Russia. And that's not good for America. That's not good for Russia. And that's not good for the world."

Bush Said To Have Become "More Realistic" About Putin. U.S. News and World Report (7/17, Walsh) reports that President Bush has "gotten more realistic" about Russian President Vladimir Putin since they first met in June 2001. Bush's original assessment that Putin was "'very straightforward and trustworthy' and committed to reform" now seems "naive and certainly premature. U.S. policymakers admit as much." US News adds, "As Bush prepares to meet Putin this week at the annual conference of

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the Group of Eight industrialized democracies in St. Petersburg, the Russian leader's hometown, he is under pressure to condemn Putin's lurches toward autocracy." Some critics "urge Bush to criticize Putin's backsliding in a very dramatic way this week. Arizona Sen. John McCain has even suggested that Bush boycott the entire conference in St. Petersburg." Bush "is trying to find a way to thread the needle by expressing disapproval for Putin's excesses while at the same time winning Kremlin support for his key international objectives."

Media Freedoms Have Been Rolled Back Under Putin. U.S. News and World Report (7/17, Smith) reports, "Under Putin, Russia has experienced a dramatic rollback of media freedom, a sensitive issue as his fellow leaders of the Group of Eight major industrialized nations meet late this week in St. Petersburg. … Before Putin took over in 2000, opposition voices were often heard on the three dominant television networks, particularly on the then privately owned NTV channel. There were hostile interviews with officials, merciless political satire shows, and investigations of what human-rights groups call Russia's dirty war in Chechnya. Today, NTV is owned by the state-run natural gas behemoth Gazprom, and its output differs little from that of the two big state-owned channels Rossiya and Channel One."

Putin Portrayed As Foe Of Democracy. Opinion pieces in today's major newspapers are highly critical of Putin. In an op-ed in today's New York Times (7/10), Gary Kasparov, leader of the United Civil Front of Russia, says "persuasion and appeasement toward Russia have failed. … The right of Russians to elect their governors and parliamentary representatives is steadily eroding, with more and more influence accruing to the executive. … Opposition activists and journalists are routinely arrested and interrogated," while the government "loots private businesses and then uses state-controlled companies to launder the money abroad." Washington and Brussels' strategy of ignoring Putin's transgressions "for the sake of receiving Russia's cooperation on security and energy" is "cynical and morally repugnant" and "has also proven ineffective." Western leaders including "this American president [seem] to be saying that Iraqis and Afghans are deserving of democracy, but Russians are not."

Fred Hiatt writes in the Washington Post (7/10, A17) that Putin is "working hard to undermine democratic Georgia, a nation of fewer than 5 million people bordering Russia on the south. He has banned imports of Georgian produce, wine and mineral water; he is manipulating secessionists inside the country. Saakashvili's success in promoting economic growth and diminishing corruption may be too dangerous an example for Putin to abide." He adds, "A key question for this week will be whether the G-7 leaders make clear that undermining neighboring democracies is not an acceptable policy. France and Germany will be reluctant to allow principle to interfere with commercial interests, which lie with Russia, not some tiny nation to the south. So it will be up to Bush."

Tehran Asks IAEA To Replace Inspector. The AP (7/10, Jahn) reports, "Iran has asked the International Atomic Energy Agency to remove" Chris Charlier," the "head of the inspection team probing Tehran's nuclear program." Charlier "has not been back to Iran since April because of Iranian displeasure with his work," however he "remains the head of the team." He "has previously complained publicly that Iranian constraints made inspection work there difficult."

US Official Warns Iran To Yield Or Face Sanctions. The Washington Times (7/10, Pfeiffer) reports, "US officials yesterday accused Iran of stalling negotiations and said the deadline has arrived for the country to halt nuclear production or face sanctions in the United Nations." Undersecretary of State Nicholas Burns told "Fox News Sunday" yesterday, "We offered them two paths, negotiations or Security Council action. … The Iranians can choose, but the time to choose has come."

Bush Seen As Having Changed His Demeanor, Rhetoric On Foreign Policy. The New York Times (7/10, Sanger) reports, "President Bush has never made apologies for enshrining pre-emption as the defining doctrine of his first term. He has declared many times that in a post-9/11 world, presidents no longer have the luxury of waiting for the slow grinding of diplomatic give-and-take when unpredictable dictators are assembling arsenals that could threaten the United States." But "as he leaves for Europe and Russia this week, where the simultaneous nuclear standoffs in Iran and North Korea will top the agenda, Mr. Bush finds himself struggling to square his muscular declarations with the realpolitik of his second term after the invasion of Iraq. At every turn, and every provocation, he finds himself in an unaccustomed position: urging patience." The Times adds that "some conservatives who backed Mr. Bush's decision in Iraq, 'standing by and waiting' is the essence of

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Mr. Bush's current strategy. … This weekend in The Weekly Standard, William Kristol, another prominent conservative voice, wrote: 'The red lines, pink lines, and mauve lines of U.S. foreign policy seem increasingly to be written in erasable ink. What was 'unacceptable' to President Bush a week ago (a North Korean missile launch) has been accepted.' He called the current policy 'Clintonian.'" Bush's aides, "who decline to speak about their internal deliberations on North Korea and Iran for attribution, say their critics have done everything but describe a workable alternative."

India Says It Has Tested A Long-Range Nuclear-Capable Missile. The New York Times (7/10, Kumar, Sanger) reports, "India test-fired its longest-range nuclear-capable missile on Sunday for the first time, government officials said." But "although the missile was launched, it was unclear whether the entire test was successful, with at least one report saying that the missile had failed at some point in its flight." The Times adds, "The launching has occurred at a time of rising international tension over North Korea's recent missile tests, and as the United States Congress is considering a civilian nuclear pact that the Bush administration negotiated with India." The missile is reported "to have a range of more than 1,800 miles."

Success Of Withdrawal Plan Rests On Olmert's Handling Of Current Gaza Crisis. U.S. News and World Report (7/17, Derfner) reports that the future of Israeli Prime Minister Ehud Olmert's plan for withdrawal from most of the West Bank in order to secure Israelis behind a protective barrier, "now rests on his handling of the growing political crisis sparked by Palestinian militants' kidnapping of Israeli Army Cpl. Gilad Shalit and the escalating military conflict that has drawn Israeli forces back into Gaza."

Newsweek (7/17, Ephron, Dickey) reports that Olmert "has staked his political future…on the success of unilateral disengagement -- with pullouts planned from parts of the West Bank as well as Gaza. Now that's on hold. A policy of unilateral action that requires repeated incursions by Israeli troops is not a viable long-term option. … But Olmert faces a strategic problem. Not only does he have no partner in peace, as he often says, he has no partner in war. The would-be peacemaker, Palestinian President Mahmoud Abbas, has been relegated to a role as spectator. And the breakdown of law and order in Gaza is such that the elimination of the Hamas government could mean the elimination of all government -- with a likely increase in the influence of both Iran and Al Qaeda."

Olmert Rejects Any Deal With Hamas, Vows Long Offensive. NBC Nightly News (7/9, story 10, 0:15, Kotb) reported, "Israel says it is pressing forward with its Gaza offensive in an effort to retrieve a kidnapped soldier. The Israelis stepped up rocket attacks today. One hit a car carrying suspected militants in southern Gaza, killing a bystander and wounding four other civilians."

The New York Times (7/10, Erlanger) reports a statement by Israeli Prime Minister Ehud Olmert to his Cabinet yesterday that "Israel will continue its military offensive in the Gaza Strip at its own pace until Palestinian militants release a captured Israeli soldier and halt their rocket attacks." Olmert is quoted saying "it is impossible to set a timetable. We will continue this battle with level-headedness and patience, while making use of the proper means. We cannot sit and not respond to the Qassam rocket fire." Olmert made clear, according to the Times, that Israel "would not reoccupy Gaza but would act militarily there as it saw fit." The Times says Olmert "ruled out negotiations with Hamas," but "had been prepared to release prisoners to Mahmoud Abbas, the president of the Palestinian Authority, before the two men met for a formal meeting, and Mr. Abbas confirmed that on Friday."

The AP (7/10, Nessman) reports adds Olmert said Israel "would push ahead with the army's widescale offensive in the Gaza Strip, saying the fight to free an abducted soldier and stop militant rocket fire would last for a 'long time.'" The operation "has caused widespread destruction in Gaza, left 51 Palestinians dead and led to international complaints that Israel was using excessive force." The Palestinian public is "widely supportive of the militants' actions" against Israeli forces," the AP says, citing a poll that shows "that 77 percent of those questioned backed Shalit's kidnapping and 67 percent said they supported further abductions. Sixty-nine percent said the soldier should only be released in exchange for prisoners."

ABC World News Tonight (7/9, story 3, 0:20, Muir) also noted Olmert "said the offensive in Gaza would not stop until Hamas releases a captured Israeli soldier," while the CBS Evening News (7/9, story 5, 1:50, Mitchell) showed Nabil Abu Rudaina, a Palestinian advisor, saying "By force, nothing is going to be solved. The situation is very dangerous on us and on the Israelis as well." MacVicar: "Israel threatens this is a

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war that will continue for a long time. What's going on here is not much talking, and even less listening."

Hezbollah Now Part Of Governing Coalition In Lebanon. The Wall Street Journal (7/10, A1, Leggett) reports, "When Syrian troops left Lebanon last year, the Bush administration saw a prime opportunity to de-fang a group one US diplomat once called the 'A-Team' of terror groups: Hezbollah, which receives major backing from Syria. The end of Syria's nearly three-decade occupation was a watershed moment for President Bush's campaign to spread democracy in the Middle East as an antidote to violent Islamic movements." However, "today, it's stronger than ever. The group, once disdainful of domestic politics, filled the power vacuum of Syria's departure by joining Lebanon's governing coalition. That has given Hezbollah new clout, including control over two ministries." It also has "helped the group elude a big threat: international pressure, led by the US and France, to disarm."

Islamic Militiamen, Secular Fighters Clash In Mogadishu. The Washington Post (7/10, A11, Mohamed) reports, "Islamic militiamen attacked fighters loyal to defeated secular warlords in Mogadishu on Sunday, and at least 20 people were killed and scores wounded in heavy street battles, witnesses said. The death toll was expected to rise in the most serious flare-up since the militiamen seized control of the Somali capital from US-backed warlords a month ago." Mogadishu's" war-weary residents ran for cover as rival groups fired machine guns and pounded each other with mortar rounds near an area that had been a pocket of warlord resistance to the Islamic militiamen."

Lopez Obrador Files Fraud Claim, Promises Ample Evidence. The Washington Post (7/10, A11, Roig-Franzia) reports, "Legal advisers to" Andres Manuel Lopez Obrador "gathered Sunday evening at a polling place guarded by soldiers toting machine guns and filed a formal challenge to Mexico's vote results. The filing demands a vote-by-vote recount of the closest presidential election in Mexican history, which was decided Thursday when an official tally left Lopez Obrador, the populist former mayor of Mexico City, a half-percentage-point behind Felipe Calderon, a champion of free trade. Outside the polling place, Manuel Camacho Solis, a top Lopez Obrador strategist, accused election officials, as well as the administration of outgoing President Vicente Fox, of election violations that were 'systematic and on a grand scale.'" The challenge will be reviewed by the Federal Electoral Tribunal, which has two months to certify or refute the election board's tally. "The tribunal will also receive what Lopez Obrador says is evidence of an Internet smear campaign against him and examples of alleged illegal campaigning by Fox, who, as president, was prohibited by law from involvement in political campaigns."

The AP (7/10, Pacheco) says Lopez Obrador "was sending hundreds of pages of purported evidence of fraud Sunday to a court he hoped would overturn" Calderon's victory, and notes that "fraud allegations strike a sensitive nerve with many Mexicans. They question whether Mexico has overcome decades of institutional corruption and fraud that long favored the ruling party — the Institutional Revolutionary Party for 71 years until it lost the presidency to Fox in 2000. Lopez Obrador has sought to stoke those fears."

The Financial Times (7/10, Thomson) says the challenge "raised the pressure on the country's electoral authorities by openly claiming this month's vote had been fraudulent." Lopez Obrador is quoted calling Fox "a traitor to democracy." The Wall Street Journal (7/10, Lyons, De Córdoba) adds, "Despite his rhetoric, analysts say the veteran politician faces an uphill battle both to win a court ruling to overturn the election as well as to galvanize Mexicans into taking to the streets to support him. … Whatever the outcome, the dispute is likely to further polarize a divided nation, making governing more tricky for the next president." The New York Times (7/10, McKinley) notes "the European Commission on Sunday called on both sides to show restraint while the courts dealt with the legal challenges."

Mexican Election Said To Highlight Divide Between Haves And Have-Nots. Newsweek (7/17, Contreras, Campbell) reports that "final tallies showed Felipe Calderón of the center-right National Action Party (PAN)" won Mexico's presidential election, defeating Manuel López Obrador "by a mere 244,000 votes. It was Mexico's closest-ever presidential race." López Obrador "announced plans to challenge the tally in court, and the federal election tribunal has until early September to certify or annul Calderón's apparent win. But no matter how the dispute plays out, the vote confirms an emerging trend in Latin America: a sharpening divide between haves and have-nots."

Chavez Said To Be A Liability For Leftist Candidates In Mexico And Peru. Time (7/17, Naam)

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reports that Latin America "is witnessing the rise of a generation of politicians seeking to capitalize on frustration with the free-market, pro-American policies commonly pursued in the region in the 1990s, when much was promised and little was accomplished in terms of raising living standards. The leader of this turn toward populism is Venezuelan President Hugo Chavez, who has cast himself as the heir to Fidel Castro, using his country's oil bonanza to purchase political influence all over the continent." But in Mexico's election, "as in Peru's last month, Chavez turned out to be more of a liability than an asset to the leftist candidate carrying his banner."

Saudis Looking To Tap Unexplored Reservoirs Of Oil. The Wall Street Journal (7/10, Bahree, Gold) reports, "With global energy demand soaring, Saudi Arabia, whose abundant reserves of light oil have supplied the world for decades, is looking to unlock its huge, hard-to-tap and largely unexploited reservoirs of heavy crude. If it succeeds in overcoming the technical hurdles, the effort could significantly increase Saudi Arabia's oil reserves over the next several years, potentially adding some slack to tight energy markets. It would also be a blow to so-called peak-oil theorists who have forecast that world oil production is on the brink of peaking." The Journal adds, "Earlier this year, in a critical trial of Saudi Arabia's heavy-oil potential, US oil giant Chevron Corp. began a field trial of a technique designed to pump out heavy oil that was previously considered unrecoverable. … Chevron and the Saudis say initial results are promising and that the technique could greatly enhance recovery at some huge fields."

THE BIG PICTURE:

Headlines From Today's Front Pages.

Los Angeles Times:
"$132 Million For 'Pirates' – That's A Lot Of Jack."
"Forging Ahead In Moscow."
"Major Shift In Auto Policies."
"Minnesota Town Sees China As A Big Ally."
"Baghdad Jolted By Sectarian Killing Sprees And Bombings."

USA Today:
"States Try To Block Illegal Workers."
"Many Americans Retire Years Before They Want To."
"4 Soldiers Accused Of Rape, Murder."

New York Times:
"Baghdad Erupts In Mob Violence By Gun And Bomb."
"Detainee Rights Create A Divide On Capitol Hill."
"Small Colleges, Short Of Men, Embrace Football."
"A Star Falters, France Fades, Italy Rejoices."
"In Iraq's Mayhem, Town Finds Calm Through Its Tribal Links."
"Running Hard In Pennsylvania, Senate Power Seeks A New Image."

Washington Post:
"Scores Of Sunnis Killed In Baghdad."
"Well-Paid Benefit Most As Economy Flourishes."
"Italy Is On Top Of The World."
"Man Dies In Attack On Couple In Georgetown."
"A Light In The Shadows Of Homelessness."
"Bringing The Church To The Courtroom."

Washington Times:
"Four Soldiers Charged With Rape, Murder."
"Billy Graham, A Man Still On Fire."
"Portman Expects Decrease In Deficit."
"Seoul Pushes Talks With North."
"U.S. Warns Iran To Halt Nukes Or Face 'Action.'"
"'Dead Man's' Tale: Pirates Capture Record Booty."

Detroit Free Press:
"Michigan Falls Off In Pursuit Of Tax Cheats."
"Why Shanny Split."
"Diet May To Blame In Kilpatrick's Illness."
"From Small To Tall, Boats Ready To Race."
"Today's The Last Day To Register To Vote."

Atlanta Journal-Constitution:
"Democrats' Venom Could Aid Perdue."
"Voting Rights Focus On Ga."
"It's Harder To Steer Clear Of Deer."
"A Penchant For 'Pirates' Hoists Box-Office Take To New Record."

Houston Chronicle:
"NASA Clears Discovery For Its Trip Back Home."
"For Italy, It's All Bellissimo."
"Lay Remembered As A Giving Family Man."
"Four More U.S. Soldiers Charged In Rape, Deaths."
"Are 2 Representatives Better Than One?"

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Story Lineup From Last Night's Network News:

ABC: Iraq-Soldiers, Murder Allegations; Iraq Violence; Israel-Gaza Offensive; Space Shuttle; Siberia-Plane Crash; North Korea-Christopher Hill; Southwest-Flash Floods; World Cup Final; News Stories-Week Ahead.

CBS: Iraq Violence; Iraq-Soldiers, Murder Allegations; Siberia-Plane Crash; North Korea-China; Israel-Gaza Offensive; Bush Administration-Secret Intelligence Programs; Gas Prices; Mexican Border-National Guard; World Cup Final; The Christian Left; Weekend Box Office; Washington Nationals-Junior Broadcasters; Baby Panda's Birthday.

NBC: Iraq-Soldiers, Murder Allegations; Iraq Violence; Saddam Trial; Siberia-Plane Crash; North Korea-Northeast Asia; G-8 Summit-Bush, Putin; World Cup Final; Wimbledon-Men's Championship; Mississippi Gulf Coast Casinos; Israel-Gaza Offensive; Space Shuttle; Mexican Border-National Guard; Weekend Box Office; Baby Panda's Birthday

Story Lineup From This Morning's Radio News Broadcasts:

ABC: US Soldiers-Murder Charges; New York-Subway Terror Plot; North Korea-Missile Test; Gas Prices; Paulson To Be Sworn In; Space Shuttle Mission.

CBS: Iraq-Baghdad Violence; US Soldiers-Murder Charges; Mexico-Presidential Election; World Cup; Gas Prices.

NPR: US Soldiers-Murder Charges; North Korea-Missile Test; States-Minimum Wage Increases; World Cup; East Timor-New Prime Minister Sworn In; Space Shuttle Mission; Southwest-Heavy Rains.

WASHINGTON'S SCHEDULE:

Today's Events In Washington.

White House:

PRESIDENT BUSH — Meets with the Prime Minister of Slovenia. Secretary Rice attends. Oval Office. Pool at end.

Attends swearing on for Henry Paulson as Treasury Secretary. Main Treasury. Pool for cameras, open press for correspondents.

The President and Mrs. Bush participate in social dinner in honor of the Special Olympics. State dining room, The White House.

VICE PRESIDENT CHENEY — Speaks at a luncheon for the National Republican Congressional Committee. Detroit Marriott Troy, Troy, Mich. Closed press.

Speaks at rally for the Michigan National Guard and Joint Services. Selfridge Air National Guard Base.

Speaks at a reception for Rep. Ron Lewis. Private residence, Owensboro, Ky.

FIRST LADY LAURA BUSH -- Participates in the Cooper-Hewitt National Design Awards. East Room.

US Senate: Reconvenes for morning business, followed at 3 p.m. by consideration of the Homeland Security appropriations bill.

US House: Reconvenes following the 4th of July week recess. H.R. 122, Eastern Municipal Water District Recycled Water System Pressurization and Expansion Project; H.R. 2563, To authorize the Secretary of the Interior to conduct feasibility studies to address certain water shortages within the Snake, Boise, and Payette River systems in Idaho, and for other purpose; H.R. 3897, Madera Water Supply and Groundwater Enhancement Project Act; H.R. 3462, To provide for the conveyance of the Bureau of Land Management parcels known as the White Acre and Gambel Oak properties and related real property to Park City, Utah, and for other purposes; H.R. 5061, Paint Bank and Wytheville National Fish Hatcheries Conveyance Act; H.R. 5232, Cherry Valley National Wildlife Refuge Study Act; H.Con.Res. 427, Permitting the use of the rotunda of the Capitol for a ceremony to commemorate the 75th anniversary of the establishment of the Department of Veterans Affairs; and H.R. 5589, To direct the Secretary of Homeland Security to transfer to United States Immigration and Customs Enforcement all functions of the Customs Patrol Officers unit operating on the Tohono O`odham Indian reservation.

Other:

9 a.m. - 10 a.m. G-8 SUMMIT _ The Center for Strategic and International Studies holds a press briefing on the upcoming G-8 Summit. With Ambassador Richard McCormack, CSIS senior advisor; Sarah Mendelson senior fellow, CSIS Russia Eurasia Program; Stephen Morrison, executive director, CSIS Task Force on HIV/AIDS; and Robert Ebel, chairman, CSIS energy program. Location: B-1 conference room, CSIS, 1800 K St. NW

9:30 a.m. STUDENT LOANS _ Oral arguments in the Public Citizen lawsuit alleging that the Deficit Reduction Act of 2005 is invalid because the bill was not passed by the House of Representatives. Location: Courtroom 8, U.S. District Court, 3rd St. and Constitution Ave. NW.

10 a.m. HISPANIC MEDIA-PUBLIC AFFAIRS _ Carlos Alcazar, president of the Hispanic Communications Network,

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delivers remarks on 'Hispanic Media and Its Impact on Latino Public Affairs." Alcazar will also announce the launch of a new nationally syndicated Spanish-language radio public affairs show, ``Epicentro Politico". Location: National Press Club, 14th and F Sts. NW

11:10 a.m. PAULSON _ Swearing in ceremony for Treasury Secretary Henry Paulson, with President Bush and Chief Justice Roberts administering the oath. Location: Main Treasury.

12 p.m. - 1 p.m. LONG TERM CARE-MEDICARE PART D _ The Long Term Care Alliance hosts a briefing on Medicare Part D at six months, issues for beneficiaries in long term care.

12:30 p.m. - 1:30 p.m. REBUILDING IN INDONESIA _ The International Organization for Migration hosts a discussion on rebuilding lives in Indonesia after the December tsunami and May earthquake. Update on recovery efforts. With Steve Cook, IOM chief of mission in Indonesia, and Robert Laprade, American Red Cross. Location: 1752 N St., NW.

1 p.m. - 2:30 p.m. SECURITY-NEGROPONTE _ The U.S. Chamber of Commerce hosts a forum with Ambassador John Negroponte, Director of National Intelligence. Topics: Progress within the office of the NDNI; current plans and future priorities; and how the business community can assist in protecting the country. Location: 1615 H St. NW.

1:30 p.m. DEMOCRATS-LAW ENFORCEMENT FUNDING _ The Senate Democratic Policy Committee holds a oversight hearing on the impact of federal funding cuts on law enforcement programs and the violent crime rate. With Sen. Byron Dorgan; Sen. Harry Reid; Sen.Carl Levin (D-MI); Timothy Dolan, Chief of the Minneapolis Police Department; Ted Kamatchus, Sheriff, Marshall County, Iowa, and President of the National Sheriffs Association; Brian OKeefe, Deputy Chief of the Milwaukee Police Department; Gary Hagler, Chief of the Flint, MI, Police Department; and James Allen Fox, Professor of Criminal Justice, Northeastern University. Location: Room 192, Dirksen

2 p.m. BUDGET REVIEW-PREVIEW _ The Center on Budget and Policy Priorities holds a teleconference to preview the Office of Management and Budget's mid-session review of the federal budget. Focus on historical and other context to assist journalists in assessing the MSR figures. With Ron Greenstein, executive director; James Horney, senior fellow; Richard Kogan, senior fellow; and Joel Friedman, senior fellow.

2 p.m. - 5:30 p.m. CORPORATE GOVERNANCE-COMPETITIVENESS _ The Financial Services Forum hosts a roundtable discussion on the Sarbanes-Oxley Act, global trade, and the effects of U.S. corporate governance rules on the competitiveness of American business and financial markets. With Randal Quarles, undersecretary of the Treasury; Rep. Tom Feeney, R-Fla.; Rep. Joe Crowley, D-NY; Rep. Vito Fossella, R-NY; Donald Nicolaisen, former chief accountant, Securities and Exchange Commission; and others. Location: Mandarin Oriental Hotel, 1330 Maryland Ave. SW.

2:30 p.m. WORKPLACE DRUGS _ Signing ceremony for an expansion of the Drug-Free Workplace Alliance. With Elaine Chao, Secretary of Labor; leaders from five labor unions and five contractor associations; and others. Location: U.S. Census Bureau, Suitland Federal Center, 4700 Silver Hill Road, Suitland.

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THE ATTORNEY GENERAL'S *NEWS BRIEFING*

PREPARED FOR THE OFFICE OF PUBLIC AFFAIRS, U.S. DEPARTMENT OF JUSTICE

TO: THE ATTORNEY GENERAL AND SENIOR STAFF

DATE: MONDAY, JULY 10, 2006 7:45 AM EDT

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TERRORISM NEWS:

Hill GOP Divided Over How To Try Detainees. In a report running more than 1,600 words, the New York Times (7/10, Zernike, Stolberg) examines the Republican "divide on Capitol Hill" created by the Supreme Court ruling prohibiting the use of military commissions to try terrorism detainees. On one side are Republicans "who believe Congress should give the president the authority to set up the kind of military commissions that were struck down by the court"; on the other are those "who say the trials should be modeled on the military system of courts-martial," which would give detainees more due-process rights. In a second piece, the New York Times (7/10, Lewis) says the court's Hamdan v. Rumsfed ruling "provided no clear road map for the White House and its allies in Congress as they ponder their next move."

The Christian Science Monitor (7/10, Richey) also examines the issue, writing that "the challenge for Congress is to decide how best to balance the concerns raised by the Supreme Court against the flexibility desired by the Bush administration. Specifically at issue is whether to retain or rewrite rules that heavily favor prosecutors by allowing hearsay and coerced statements to be introduced as evidence."

NCIS Probe Finds Evidence Of Broader Guantanamo Suicide Plot. The AP (7/9, Fox) reports a Naval Criminal Investigative Service probe into three apparent Guantanamo Bay suicides has found evidence that other detainees "may have helped the men hang themselves or were planning to kill themselves too." Evidence included "instructions on tying knots" and "several notes in Arabic that were 'relevant' to an investigation of a possible broader plot."

Administration Debates How To Respond To Hamdan Ruling. Newsweek (7/17, Isikoff, Taylor) reports that the side effects of the High Court's ruling in the Hamdan case "have set off an intense debate within the administration over how to respond. One camp, headed by national-security adviser Stephen Hadley and Secretary of State Condoleezza Rice, want to use the decision as the basis for a wide-ranging 'fix' that would accept a role for Congress and the courts on detainee issues. … But hard-liners -- led by [David] Addington, now Vice President Cheney's chief of staff -- are fiercely resisting. They, along with some congressional Republicans, want to nullify the court ruling by rewriting portions of the Uniform Code of Military Justice and granting the president the powers the court rejected."

Ruling Could Have Ripple Effects. Newsweek (7/17, Isikoff, Taylor) reports, "Administration officials and Washington lawyers are still digesting the text" of the Supreme Court's ruling in the case of Gitmo detainee Ahmed Hamdan, "but it is already becoming clear that it could have ripple effects that extend far beyond the trial of Hamdan and other Guantánamo prisoners. The President has long argued that Congress granted him wide-reaching powers in the days after 9/11, when it passed a resolution authorizing him to use military force against the perpetrators of the attacks. But in his ruling, Justice Stevens took a much narrower view of the president's wartime powers, rejecting the Administration's argument that military commissions of the kind Bush had created were covered by the resolution. Now other antiterror programs that the president has justified by invoking the same congressional resolution might be vulnerable to serious legal challenge."

Hoekstra Says White House Failed To Inform Congress About "Significant" Intel Program. House Intelligence Chairman Pete Hoekstra appeared on Fox News Sunday (7/9, Wallace) to comment on his charge that the Bush Administration may have violated the law by failing to inform Congress about certain intelligence programs. Hoekstra said, "There was at least one major, what I consider significant, activity that we had not been briefed on that we have now been briefed on, and I want to set the standard there, that it is not optional for this President or any president or people in the executive community not to keep the intelligence committees fully informed of what they are doing." The CBS Evening News (7/9, story 6, 0:40, Mitchell) reported that Hoekstra said the "Bush Administration may have broken the law by keeping several intelligence programs secret from lawmakers responsible for their oversight."

Hoekstra's remarks receive fairly broad print coverage today. USA Today (7/10) runs a straightforward lead, saying the Administration "was running several intelligence programs, including one major activity, that it kept secret from Congress" according to Hoekstra. The New York Times (7/10, Lichtblau, Shane) takes a similar tack, saying Hoekstra said the White House briefed his committee "on a 'significant' intelligence program only after a government whistle-blower alerted him to its existence and he pressed President Bush for details." But the Washington Post and the AP are a bit sharper. The Washington Post (7/10, A7, Babington) says Hoekstra says the Bush Administration briefed top lawmakers "on a significant intelligence program" only after he "angrily complained of being left in the dark." The AP (7/10, Pickler) reports Hoekstra said "the White House possibly broke the law by keeping intelligence activities a secret from the lawmakers responsible for overseeing them."

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Carter Telecom Analyst Says Media Taking National Security On Itself. In a Washington Times (7/10) op-ed entitled "Helping The Terrorists," Jack O'Neill, who "worked in the White House under President Carter as a telecommunications policy analyst," writes, "If you want to reveal information critical to our national security for any reason, turn it over to a reporter. Once the information is in the hands of a reporter, the reporter and his or her news media claim the authority to decide its relevance to our national security and who should know. … Can you hear terrorists cheering?"

Moussaoui Trial Lawyer Faces Legal Action. The Washington Post (7/10, B1, Markon) runs an update on the case of Carla Martin, the "obscure government lawyer" who gained infamy when she violated a court order in the Zacarias Moussaoui death penalty trial "by sharing testimony with witnesses and coaching them about what to say." Her actions "have spawned a wave of legal proceedings. Federal prosecutors in Philadelphia are exploring the possibility of criminal charges against her, and Pennsylvania's lawyer disciplinary board has begun an investigation." She remains on paid leave from TSA, "which is also investigating her conduct. And seven family members of Sept. 11 victims have filed suit against her."

Pakistani Intelligence Seeks Link Between London Bombers, Al Qaeda. The Washington Times (7/10, Ansari) reports Pakistani intelligence officials "say they are on the trail of a British 'go-between,' the al Qaeda recruiter" who reportedly introduced the July 7, 2005, London bombers to al Qaeda. The "wealthy British passport holder, who is of Afghan origin, is thought to use the nom de guerre 'Abdul Rehman,' which means 'willing disciple of God.' The Pakistani officials think that Rehman met the suspected attack ringleader Mohammad Sidique Khan, in a British mosque and later introduced him and fellow bomber Shehzad Tanweer to al Qaeda."

Messages Said To Show Sophistication Of Al Qaeda's PR Methods. Newsweek (7/17) reports in its "Periscope" column, "A day or two before the release of one recent message from bin Laden, his media handlers issued Internet 'teasers' -- brief announcements declaring that a bin Laden message was about to be released. Later, an elaborately produced Qaeda message surfaced commemorating the London bombings; the presentation included a previously unseen extended English-language video of Shehzad Tanweer, one of the suicide bombers, and an American-accented Qaedite called Azzam the American." A US counterterrorism official "said the use of promos and edited video packages with English speakers demonstrates the increasing sophistication of Al Qaeda's PR methods." The official "also said the fact that [Osama bin Laden's chief deputy Ayman al-Zawahiri] appeared in recent video messages but bin Laden has appeared only in audio messages suggests the two terror leaders live apart, and that bin Laden is still stringently protecting himself."

HOMELAND RESPONSE:

New York, Miami Cases Show New FBI Emphasis On Preemptive Arrests. USA Today (7/10, 4A, Willing) reports that the arrests announced Friday "are typical of the FBI's post-Sept. 11 strategy in counterterrorism cases: detect and disrupt plots in their early stages rather than wait to collect additional evidence more likely to produce a conviction." Still, the New York and the Miami cases "have prompted some to suggest that the FBI is overstating the danger posed by wannabe jihadists." USA notes, "In a speech in May, deputy attorney general Paul McNulty credited this new 'aggressive, proactive and preventative course of action' with winning 253 convictions in 435 terrorism cases since 2001."

The AP (7/9, Caruso) similarly reported, "Policy makers and security experts said the bust illustrates a shift in U.S. counterterrorism policy that has played out in other recent high-profile cases, including the arrest of seven men suspected of wanting to bomb Chicago's Sears Tower. Law enforcers, they said, are now willing to act swiftly against al-Qaida sympathizers, even if it means grabbing wannabe terrorists whose plots may be only pipe dreams." Rep. Peter King observed, "You may end up not winning it in court, but you get a bad guy off the street."

NYC Subway Bag Search Policy Still Enforced One Year Later. The AP (7/10, Hays) reports that a year after the introduction of the "temporary imposition," the policy of bag searches on New York's subway "remains in effect and is barely causing a stir." Officials "won't say how many bags police have searched in the past year, or specify where and when they do it." The program "has resulted in five arrests -- not for terrorism, but for drug possession, disorderly conduct and other minor charges."

Businesses, Homeowners Finding It Hard To Obtain Disaster Coverage. The Wall Street Journal (7/10, Pleven, McDonald, Richardson) reports in the wake of the "violent hurricanes" of 2005, "Demand for disaster coverage is far outstripping supply," with insurance companies attempting "to buy more coverage on the policies they write -- a crucial segment of the business known as reinsurance. But reinsurers, which also paid out billions last

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year, are wary of getting hit hard again and have raised their rates substantially. Businesses and homeowners are paying the price."

Mississippi Casinos Reopening. NBC Nightly News (7/9, story 9, 2:10, Kotb) reported three of Mississippi's Gulf Coast casino that were "battered by Katrina" have reopened and are welcoming "returning crowds." NBC (Mott) added, "Eight more casinos are planning to reopen by year's end, meaning jobs for thousands more dealers, more wait staff and hotel workers. Where will they all live? After Katrina's destruction, affordable housing is in short supply."

WAR NEWS:

Sectarian Violence Intensifies In Baghdad. ABC World News Tonight (7/9, story 2, 0:25, Muir) reported, "At least 41 people were killed when masked gunmen went on a rampage in a Sunni section of Baghdad, setting up roadblocks, dragging people from their cars, checking IDs, and shooting people with Sunni names. Hours later, two car bombs exploded near a Shiite mosque, killing 17 people and wounding 38 more." The CBS Evening News (7/9, lead story, 3:00, Cowan) noted "anyone identified as Sunni was executed. The US military says at least 11 bodies were found dumped in the street. This hospital reported getting nearly two dozen. Those who brought the dead and wounded in were dazed and confused by the attack that seemed as bold as it was bloody."

NBC Nightly News (7/9, story 2, 1:55, Kotb) reported that by evening, much of the city was "quiet because of the nightly curfew, but there are worries this latest violence will most certainly undermine renewed efforts at Sunni and Shiite reconciliation."

USA Today/AP (7/10) reports Sunni leaders "expressed outrage over the killings, and President Jalal Talabani, a Kurd, appealed for calm, warning that the nation stood 'in front of a dangerous precipice.'" while the Washington Post (7/10, A1, Partlow, Al-Izzi) reports "Sunni politicians said the spate of attacks gravely exacerbated the problems in Baghdad, where killings occur almost daily, and they accused Iraqi police of collaborating with Shiite militiamen in the violence. 'This is a new step. A red line has been crossed,' said Alaa Makky, a Sunni member of parliament."

The Los Angeles Times (7/10, Kennedy, Daragahi) says "the sectarian violence underscored a dramatic worsening of security conditions in the capital even after the formation of a government in May and the imposition of a massive lockdown by Iraqi troops and police. It also raised fears that the beleaguered country might soon dissolve into all-out civil war." The Financial Times (7/10, Negus) reports "bombings and abductions are common in many parts of the city, but this was one of the first times a group of gunmen had taken control of a section of Baghdad and conducted a massacre on this scale." The New York Times (7/10, Semple) runs a similar story under the headline "Baghdad Erupts In Mob Violence,"

Tribes' Role In Pacifying Amara Seen As Hopeful Sign For Iraq. The New York Times (7/10, Tavernise, Mizher) reports from Amara, where "in a surprising twist, the region's tribes, particularly powerful in neighborhood life here, have weighed in forcefully, using their authority, often in a nonviolent way, to force the Islamists to back off." The Times adds, "Large portions of Iraq's rural south have been relatively peaceful, like the provinces of Muthana, where Japanese forces recently left, and Dhi Qar, whose capital, Nasiriya, is patrolled by the Italians, and it is possible that tribes are playing a similarly quiet but central role in keeping order. … The story of how Amara, the capital of a leaf-shaped province called Maysan, came to be relatively safe for its citizens -- even as danger increased for the British -- is a hopeful tale of small-town camaraderie, fierce independence and, above all, tribal power."

More US Soldiers Charged In Rape-Slaying Case. The CBS Evening News (7/9, story 2, 2:45; Mitchell) reported that "in Iraq, more American soldiers have been charged with rape and murder in connection with the alleged assault of an Iraqi teenager and her family. Michelle Miller has more from the Pentagon." CBS (Miller) added, "The US military now says that former Private First Class Steven D. Green, arrested last week, did not act alone, that five other soldiers in his platoon either participated in the rape and murders or helped cover them up. Their identities remain secret, but court documents confirm at least one other soldier took part in the rape and two others witnessed the crime."

ABC World News Tonight (7/9, lead story, 2:25, Muir) called the story "a major development in a crime that is fueling anger and outrage in Iraq and raising troubling questions the conduct of American troops." NBC Nightly News (7/9, lead story, 2:40, Kotb) interviewed Col. Ken Allard (Ret.), NBC News military analyst, who said, "It's happening right now for two main reasons. Number one, this conflict has dragged on. Number two, you're dealing with a much smaller force than we've ever dealt with before." NBC (Allen) added, "Adding to the stress, he says, confronting an insurgent insurgency imbedded in the community and the random nature of the war's biggest killer -- IEDs." Allard: "When they serve multiple tours, the stress levels increase and the odds of this kind of thing happening increase as well." Allen: "In the rape and murder case, one witness who apparently told investigators about green and the others was a soldier undergoing stress counseling last month after the kidnapping and killing of two GIs, all from the same unit."

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The Los Angeles Times (7/10, Daragahi) reports, "The charges were lodged Saturday, the military said." The five soldiers "face an Article 32 investigation, the military's equivalent of a grand-jury inquest, to see if evidence warrants bringing them before a full-scale military tribunal or courts-martial." USA Today (7/10, Jervis, Stone), Washington Post (7/10, A14, Finer, Partlow) and Washington Times/AP (7/10, Lenza), among other sources, also report the story.

Time (7/17, Rawe, Ghosh) reports that former US Army Pvt. Steven Green last week "pleaded not guilty to charges" of raping and killing Iraqi girl along with her parents and 7-year-old sister. Unlike the massacre in Haditha, the butchering of this family "does not appear to be the result of vengeance or confusion. Instead, all signs point to premeditated depravity." Pentagon officials "say charges could be brought against as many as four other soldiers, including the one who allegedly joined Green in the rape."

Arrest Does Not Stem Debate Over CPA Order 17. Newsweek (7/17) reports in its "Periscope" column that Green's arrest "didn't stem a growing debate over Coalition Provisional Authority Order 17, which exempts members of the US military from Iraqi laws." US officials, "unnamed because of diplomatic sensitivities, said Iraqi P.M. Maliki's need to oppose the order might lessen if any wrongdoers in the Haditha and Mahmudiyah cases are held accountable."

Republicans Say Shells Are Proof Of Iraq's WMD. Congressional Republicans are clashing with Democrats and the Bush Administration over the meaning of munitions found in Iraq since 2003. The Washington Times (7/10, Scarborough) reports that GOP lawmakers say the discovery of the 500-plus shells which was recently disclosed by the Pentagon "are evidence that Saddam was still concealing WMDs in 2003 in violation of United Nations resolutions to disarm after Iraq's failed invasion of Kuwait. … Democrats dismiss the findings. They say the munitions were found in small clusters and are 1980s vintage. In other words, Iraq produced them before the 1990 invasion of Kuwait and thus they are irrelevant to the CIA's flawed 2002 National Intelligence Estimate (NIE), on which President Bush largely based his decision to go to war to keep Iraq's WMDs from terrorists, they say." The Times adds, "To the consternation of congressional Republicans, including Rep. Peter Hoekstra of Michigan, the House Intelligence Committee chairman, the Democrats are getting support from the administration" which is downplaying the munitions finding.

Vietnam Vets Advise Navy On Reconstituting River Patrols. USA Today (7/10, Vanden Brook) reports that a group of Vietnam veterans is advising the Navy as it revamps river patrols. The Navy "wants to extend its reach into the shallow brown waters of deltas and rivers, often the front line in the war against terrorists and insurgents. Next spring, the first sailors since the days of the Vietnam-era swift boats will relieve Marines on river patrols protecting Haditha dam in Iraq." USA adds, "In all, there will be about 900 sailors involved in the river patrol effort. By comparison, there were 4,500 sailors in 450 boats patrolling coastal and inland waters during Vietnam."

Herbert Says Army Has Lowered Its Standards. Bob Herbert writes in the New York Times (7/10), "The biggest lesson we failed to learn from Vietnam was how utterly tragic it was to pull the trigger on an unnecessary war. Now once again we are condemned to suffer the consequences, and those consequences are not always self-evident." The US military "is again falling victim to lowered standards, breakdowns in discipline and a series of atrocities that are nothing less than a betrayal of the many honorable men and women in uniform and the country they serve." Herbert adds that the Army "has had to lower its standards because most young Americans want no part of George W. Bush's war in Iraq."

Fifteen Taliban, One Canadian Soldier Killed In Afghanistan. At least 15 militants and one Canadian solider were killed Sunday as Canadian and Afghan forces raided Taliban strongholds in Afghanistan. The AP (7/9, Khan) reported, "Canadian Cpl. Anthony Boneca was killed in the Pasmhol village in Zharew during a 'combined coalition-Afghan operation' against the Taliban, said military spokesman Maj. Marc Theriault. Several hours later, 'intense close quarters' fighting broke out nearby, leaving at least five Taliban militants dead and two Canadian soldiers slightly wounded, said another coalition official, Lt. Cdr. Mark MacIntyre. A coalition airstrike killed another 10 militants in the neighboring Panjwayi district, where Canadian troops launched a campaign against Taliban strongholds Saturday, according to a military statement."

Afghan Cab Drivers Run Rival Poetry Groups In Washington. A front page story in the Wall Street Journal (7/10, Farivar) reports that Washington, DC, has two poetry societies run by Afghan cab drivers, and the groups "don't like each other."

CORPORATE SCANDALS:

Judge Postpones Hearing For Former Qwest CEO. The Wall Street Journal (7/10, Young) reports, "The judge overseeing the criminal insider trading case against former Qwest Communications International Inc. Chief Executive Joseph Nacchio delayed an important hearing in the case because of the complex logistics involved in reviewing classified material introduced by the defense." The Journal continues, "Saying he needed extra time for his staff

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to get the security clearances and facilities that are legally required for handling the classified materials, Denver-based U.S. District Judge Edward Nottingham on Friday postponed the hearing to August 25 from July 14. He is scheduled to rule on a variety of motions from both sides, including a defense motion to dismiss the case." The Journal adds, "Mr. Nacchio is fighting charges that he sold $101 million in stock in early 2001 with insider knowledge that the Denver-based phone company was about to falter. In court filings, his attorneys have said he was optimistic about the company's prospects because, based on classified information, he thought Qwest was poised to win important contracts related to national security. … Prosecutors have argued that the national security aspect of the defense is a smokescreen with no relevance to the charges. Even if the company had won the government contracts, they wouldn't have solved the underlying problems that Mr. Nacchio knew the company faced, prosecutors have said in court filings."

CRIMINAL LAW:

Documents From Jefferson Office Raid In Legal Limbo. The AP (7/10, Sherman) reports, "Prosecutors and investigators building a bribery case against Rep. William Jefferson have been unable to examine the documents and computer files seized in a search of the lawmaker's Capitol Hill office. … The materials were placed off limits by President Bush for 45 days, a cooling-off period that ended Sunday. Yet there has been no resolution of the court fight or talks between congressional leaders and the Justice Department." The AP continues, "The president acted after congressional leaders denounced the FBI's search on May 20 and May 21 as an unprecedented and unconstitutional intrusion on their turf by federal agents. … Bush directed Solicitor General Paul Clement to keep the materials while Justice Department officials negotiated with Congress' lawyers and a legal challenge made its way through the federal courts." The AP adds, "Until the judge in the case rules on the constitutionality of the search, prosecutors will not examine what it yielded, department spokesman Brian Roehrkasse said. … U.S. District Judge Thomas F. Hogan, who signed the warrant authorizing the search, indicated at a hearing last month that he was likely to reject the main argument advanced by Jefferson, D-La., and House lawyers that the Constitution's speech or debate clause prohibits searches of congressional offices. … That clause protects senators and representatives from being questioned by the president, a prosecutor or a plaintiff in a lawsuit about their legislative work."

US Weighs Pursuit Of Death Penalty In Pennsylvania Slaying. The Pittsburgh Tribune-Review (7/10, Cato) reports, "The decision, like any involving life or death, is difficult. … U.S. Attorney Mary Beth Buchanan is considering whether to seek the death penalty against two drug dealers accused in the 2004 slaying of a Beaver County man whose son was to testify against one of them. No defendant in a federal case has ever been sentenced to death in Western Pennsylvania." The Tribune-Review continues, "Many people familiar with the federal death penalty, including the attorney to defend the most recent case four years ago in Pittsburgh, think Buchanan will seek it in the case against Jelani Solomon, of Beaver County, and Claron Hanner, of Pittsburgh's Knoxville neighborhood. … 'She has a reputation as an aggressive prosecutor,' said Richard Kammen, who defended Joseph P. Minerd, accused of the New Year's Day 1999 pipe-bomb killings of his pregnant former girlfriend and her young daughter. Minerd was convicted of the killings, but jurors deadlocked on the death penalty, and he was sentenced to life in prison. … 'I would not be surprised if she seeks the death penalty in this case,' Kammen said. … The ultimate decision will come from U.S. Attorney General Alberto Gonzales, but he likely will follow Buchanan's recommendation, Kammen said. Buchanan said she will make her recommendation in August."

Three Arrested For Brutal Georgetown Slaying. The Washington Post (7/10, A1, Montgomery, Sullivan) reports, "Three assailants who cut the throat of an aspiring politician from Britain killed him and tried to rape his female companion early yesterday in the driveway of a Georgetown mansion, police reported, after the couple had returned from a night at the movies." The Post continues, "The victim, Alan Senitt, 27, a Jewish activist and volunteer for former Virginia governor Mark R. Warner, died at the scene, police said. The woman, whom police declined to identify, was not injured." The Post adds, "Within hours, D.C. police arrested four people in connection with one of the most brutal crimes in years on the affluent streets of Georgetown and said they were looking for possible links to other recent attacks in the city. … Christopher Piper, 25, of Southeast Washington was charged with felony murder and attempted sexual assault. The others -- Jeffery Rice, 22, of Southeast; Olivia Miles, 26, of Northeast; and a 15-year-old boy from Southeast whom police declined to identify because he has been charged as a juvenile -- all face murder charges. … According to police and others, the attack occurred shortly after 2 a.m. as Senitt was seeing the woman home. The couple walked north on 31st Street NW, then turned west toward Wisconsin Avenue on Q Street NW, where the woman lives. … The two were rummaging in the trunk of a car when they were approached by three men wielding a gun and a knife. Police said Piper, who had the gun, grabbed the woman and began dragging her down the driveway. Out of view of his companions, he tried to pull off her clothes, police said. The attacker made a

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comment 'in reference to his intent to commit a sexual assault,' said Lt. Robert Glover of the police department's violent crimes branch, which is handling the investigation. … Meanwhile, the other two assailants grabbed Senitt, stabbed him and slashed his throat."

Judge Denies Bail For Alleged Florida Genovese Mobsters. The AP (7/8, Wides-Munoz) reported that on Friday, "U.S. Magistrate Judge Barry Seltzer denied bail for Renaldi 'Ray' Ruggiero, 72, whom federal prosecutors identified as a Genovese capo or captain, and three of his co-defendants -- Joseph Dennis Colasacco, 54, Charles Steinberg, 30, and Mitchell Weissman, 54, said Weissman's attorney John Contini. Seltzer, prosecutors and attorneys for defendant Francis O'Donnell, 47, will continue negotiations for O'Donnell's release on Monday, said Theresa Van Vliet, one of his attorneys." The AP noted, "The case, considered the latest blow to one of New York's most powerful Mafia families, deals with 10 years of alleged criminal activity, including murder."

Florida Police, FBI Arrest Alleged Gang Member Wanted In Georgia Student's Murder. The Miami Herald (7/9, Dryhurst, 323K) reported, "A teenager wanted in the killing of a Georgia college student was arrested by Fort Lauderdale police Friday near his grandmother's home. Roosevelt Lawrence, 18 and allegedly a member of the Bloods street gang, surrendered to police and FBI agents in Lauderdale Manors." The Herald noted, "The gunmen aimed through a vehicle window and shot Valdosta State University student Mason Harper, 24, twice in the upper body just after 1 a.m. June 29. Two suspects were quickly apprehended and charged with homicide," and Lawrence "was identified as one of the shooters. Police continue to investigate who fired the other shot." The South Florida Sun-Sentinel (7/9, Haas, 249K) added, "Fort Lauderdale police and the South Florida FBI Violent Crime Fugitive Taskforce got the call Thursday that he might be in the area. They had their man within 24 hours," and "when agents moved in, they took Lawrence down without incident."

Jury Acquits Maryland Accountant In Prince George's Bribery Case. The Washington Post (7/8, B1, Castaneda, 744K) reported, "An Upper Marlboro accountant was acquitted yesterday of conspiring with two Prince George's County officials to shake down a security company for $250,000 in exchange for a county contract worth more than $1 million. Accountant Paul L. Wright testified at the eight-day trial that he believed a $10,000 payment to his company in November 2004 was part of a legitimate consulting arrangement and that he had no knowledge of any bribery scheme." The Post noted, "The investigation by State Prosecutor Robert A. Rohrbaugh, in cooperation with the FBI and other law enforcement agencies, has resulted in the conviction of a former high-ranking county government official," and "the alleged ringleader of the bribery scheme, Robert L. Thomas, former deputy director of the county's Office of Central Services, is scheduled to go on trial Aug. 14."

Mortgage Fraud Continues To Rise. The New York Times (7/9, Tedeschi, 1.19M) reported, "With interest rates at historic lows in recent years, consumers have raced to get mortgages. So have criminals. Industry executives and law-enforcement officials say mortgage fraud continues to climb, with lenders incurring more than $1 billion in fraud losses in the last fiscal year, twice the amount of the previous year." Mortgage Bankers Association government affairs director Tim Doyle said, "The F.B.I. has prioritized this, state attorneys general are looking at this, and more state laws are being passed about it." The Times noted, "About 80 percent of mortgage fraud involves professional thieves who are bilking lenders, the F.B.I. estimates, while in the remaining cases consumers are involved in one way or another."

Report Urges Prisons To Target Tuberculosis. The Washington Times (7/10, Price) reports, "Tuberculosis is 'particularly problematic' in U.S. correctional and detention facilities, say federal health officials, who have updated guidelines for preventing the spread of TB in jails and prisons. … 'Effective TB prevention and control measures in correctional facilities are needed to reduce TB rates among inmates and the general U.S. population,' say authors of a report published in the current issue of the federal Centers for Disease Control and Prevention's (CDC) Morbidity & Mortality Weekly Report. … 'Inmates with undiagnosed TB disease place other inmates and correctional staff at risk for TB, and when released, these persons also can infect persons living in surrounding communities,' the researchers said." The Times continues, "In the report, G. Scott Earnest and other CDC epidemiologists point out that the number of U.S. prison inmates quadrupled from 500,000 in 1980 to about 2 million in 2003. … 'A disproportionately high percentage of TB cases' occur among prison inmates, they said. In 2003, 0.7 percent of the total U.S. population was confined in jails and prisons, yet 3.2 percent of all TB cases nationwide that year 'occurred among residents of correctional facilities.'" The Times adds, "The researchers said the TB rates of inmates in prisons in California and New York are 10 to 15 times greater than the general populations of those states. Studies show the prevalence of LTBI -- or latent TB infection, which is asymptomatic – 'to be as high as 25 percent' in prisons, they said. Like TB disease, LTBI can be detected by screening and can be treated. … The authors say the key reasons that prison inmates are at higher risk for the airborne infection are

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their diverse backgrounds, overcrowded facilities and poor ventilation. … In addition, they say, 'disparate numbers of incarcerated persons are at high risk for TB,' because they have HIV, use injection drugs and have 'low socioeconomic status' so may not have had access to proper medical care."

WPost Says Kaine Should Review Bustillo Conviction. An editorial in the Washington Post (7/10, A16) says, The Supreme Court's decision in the case of Mario A. Bustillo was correct on the arcane but important point of law it addressed: What happens when American states fail to inform foreign governments of the arrest of one of their nationals, thus violating an international treaty? Mr. Bustillo is serving 30 years in prison in Virginia for a brutal murder; after his arrest, authorities did not inform him of his right under the Vienna Convention on Consular Relations to contact Honduran officials. … But here's the problem: Mr. Bustillo may well be innocent. Virginia Gov. Timothy M. Kaine (D) ought to review his case. … At a minimum, the record cries out for a serious review. That could take years in federal courts, where procedural bars may prevent it from happening at all. Mr. Kaine could short-circuit that process with a review of his own."

CIVIL RIGHTS:

Huckabee Wants Arkansas Ban On Gay Foster Parents Reinstated. The Washington Times (7/10, Pierce) reports in its "Inside Politics" column, "Arkansas Gov. Mike Huckabee is optimistic the legislature quickly will reinstate a ban on same-sex couples serving as foster parents in his state. 'What we are talking about is whether the state should place a child in a relationship that is not recognized by the state as a marriage,' the Republican governor, a potential presidential candidate in 2008, told the Associated Press on Saturday. The Arkansas Supreme Court last month struck down regulations banning the placement of foster children with same-sex couples. The court said state officials went too far in imposing the ban, but the court did not rule on the merit of the ban."

Gay Marriage Backers Suffer String Of Defeats. The Financial Times (7/10, Knight) reports, "For US advocates of gay marriage, the losing streak continues. Their opponents won two important state court battles last week, and those defeats offered little optimism for approval of gay unions in the legal and electoral battles that lie ahead in 2006." A California appeals court in San Francisco will hear on Monday "arguments on whether the state constitution gives gay and lesbian couples the right to marry, while appeals against decisions upholding same-sex marriage bans are pending in Washington and New Jersey.' And in Massachusetts, "currently the only state that permits the marriage of same-sex couples, Mitt Romney, the Republican governor, is urging the state legislature to go ahead this Wednesday with a scheduled vote on a proposed state constitutional amendment to ban gay marriage."

WSJournal Urges Activists To Use Political Process, Not Courts, To Push Gay Marriage Issue. The Wall Street Journal (7/10) reports, "The biggest problem with contemporary courts is their inclination to invent rights that legislators and our Constitution-writers never intended. So it's certainly noteworthy when they decline a politically fashionable invitation to do so. That's precisely what happened last week, when the highest courts in Georgia and New York decided that the state constitution does not guarantee a right to same-sex marriage. … If gay activists want to persuade New Yorkers and other fair-minded Americans to come around to their view, there is a traditional way to do that: hard work and commitment to the democratic process."

LATimes Criticizes New York, Georgia Court Rulings. The Los Angeles Times (7/10) editorializes, "The highest courts of New York and Georgia last week moved in the opposite direction of history and justice on same-sex marriage. … Neither of these decisions is binding on the courts of other states, any more than was the famous 2003 ruling by Massachusetts' high court that gay marriage couldn't be prohibited. So there's still hope that California's Supreme Court will take a more enlightened view of the issue when it next hears a challenge to heterosexual monopoly on civil marriage." The Times adds, "Someday we'll look back on the anti-gay-marriage hysteria with the same revulsion" as we viewed anti-miscegenation laws. Until then, "with a high court seemingly disinclined to address marriage, states such as California should take the lead."

Group Sees Itself As The Antithesis Of The ACLU. A front page story in the Washington Post (7/10, A1, Slevin) reports on the Alliance Defense Fund, a "a socially conservative legal consortium" that "spends $20 million a year seeking to protect what it regards as the place of religion -- and especially Christianity -- in public life." The group, which considers itself the "antithesis of the American Civil Liberties Union," has become "the leading player in a movement to tug the nation to the right by challenging decades of legal precedent. By stepping into the nation's most impassioned debates about religion in the public sphere, the group aims to bring law and society into alignment with conservative Christianity."

WPost Makes Case For Bilingual Ballots. The Washington Post (7/10, A16) editorializes, "THE HOUSE of Representatives' smooth passage to renewal of the Voting Rights Act hit a bump last month when a group of

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conservative Republicans rebelled over, among other things, provisions to require bilingual ballots in many jurisdictions. The rebels were wrong. When the House takes up the measure, as it may do this week, it should reject any effort to strip the bilingual-ballot requirement or to allow objections over the rule to torpedo this important measure." The Post adds, "We doubt there are many people who will decide to learn, or not to learn, English based on the availability of bilingual ballots. But we don't doubt that many more people will vote, and in an informed way, if they know what they're voting on. That is something to be welcomed, not feared."

ANTITRUST:

Microsoft Scrambling To Meet EU Antitrust Demands. The Seattle Post-Intelligencer (7/10, Bishop) reports, "Faced with a series of tough deadlines, one group on Microsoft Corp.'s Redmond campus has been working until all hours -- but not on anything so normal as the new Windows or Office." The P-I continues, "The ad hoc team of 300 people is creating volumes of technical documents required by the European Commission's March 2004 antitrust decision. The project will be in the spotlight this week, with the commission poised to fine the company up to $2.5 million a day, dating back months, for what it calls Microsoft's failure to comply with the ruling." The P-I adds, "Microsoft says the all-out push shows that it has been doing all it can. The company points to signs of devotion to the cause -- such as one of the project leaders, engineer Henry Sanders, deciding to swear off shaving until the effort is complete, like an athlete in the playoffs. … The team's work may help in the future, but it isn't expected to avert a major fine this week. European officials say the very fact that Microsoft is still working on the documents shows that it wasn't living up to its obligations in the first place. … The provision in dispute requires Microsoft to offer technical information to its competitors in the computer server market, to help the rival products work as smoothly with Windows as Microsoft's own server products would. … That reflects the central goal of the repeated antitrust actions against the company -- reducing the advantage Microsoft enjoys because of its dominant Windows operating system."

Venture To Purchase Heritage Property. The Wall Street Journal (7/10, Chittum, Berman) reports, "An Australian and American joint venture agreed to purchase strip-mall owner Heritage Property Investment Trust Inc. for about $1.83 billion in a deal that will more than double its U.S. presence in the sector." The Journal continues, "Centro Watt, a partnership between Centro Properties Group, a publicly traded Australian company, and Watt Commercial Properties, a private Los Angeles-based concern, will pay $36.15 a share for the Boston-based real-estate investment trust. The price represents a 3.3% premium to Friday's close of $34.98 on the New York Stock Exchange. … Including debt, Centro is paying about $3.3 billion and getting what it says is a 7.3% capitalization rate -- the return on investment in the first year of ownership, a key real-estate measure." The Journal adds, "Heritage owns 157 strip malls with 27 million square feet of space in 27 states. It has been sharply criticized by investors and analysts for its executive-compensation practices, which have led the industry while its share performance has lagged."

LATimes Opposes Entertainment Industry's Anti-Piracy Proposals. An editorial in the Los Angeles Times (7/10) says that to attack the problem of global music and video piracy, "industry lobbyists are pressing Congress to adopt at least five different proposals that would give them more control over their works as they flow through new digital pipelines into living rooms and portable devices. But these measures, like the technologies they would affect, have a hard time distinguishing between illicit actions and legitimate ones." The Times adds, "Protecting intellectual property is a legitimate goal for Congress," but "what the entertainment industry is seeking in this year's proposals isn't merely protection from piracy; it's after increased leverage to protect its business models." The Times adds, "As they weigh the entertainment industry's pleas, lawmakers shouldn't assume all consumers are bootleggers and every digital device is a hand grenade aimed at Hollywood."

ENVIRONMENT:

NOAA Ordered To Stop Jet Flights Into Hurricanes. The Washington Post (7/10, D4, Barr) reports in its "Federal Diary" column, "A federal administrative law judge has stopped the National Oceanic and Atmospheric Administration from flying its high-altitude jet into hurricanes until the agency negotiates with a union representing meteorologists, engineers and technicians. Richard A. Pearson, an administrative law judge with the Federal Labor Relations Authority, found that the NOAA's Aircraft Operations Center in Tampa had wrongfully bypassed the National Weather Service Employees Organization in forming a team to study proposals for flying a Gulfstream IV-SP jet into and near the centers of hurricanes as safely as possible. NOAA officials contended that they were not changing the conditions of employment for the jet's civilian crews, but Pearson said the high speed and altitude of the jet, the hazards of flying close to a storm's inner core, and the inability of flight instruments to detect all hazards were 'quantitatively and qualitatively different from those the

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employees were accustomed to...and required them to face new and more complex safety hazards.'"

EPA Whistleblower's Story To Become A Movie. The Washington Post (7/10, A15, Fears) reports that Marsha Coleman-Adebayo "sold the story of her battles with the Environmental Protection Agency to Hollywood, and actor Danny Glover is preparing a movie about how she blew the whistle against the agency and successfully sued for race and gender discrimination." Coleman-Adebayo "was allowed to work at home for five years because of a medical condition, but when she resisted coming back in April, the EPA took away her pay." Her case "involves larger issues about how the government treats employees who feel they are being retaliated against. Coleman-Adebayo and others say it amounts to corruption." The Post adds, "Coleman-Adebayo's case stands out because her crusade against what she calls 'government corruption' won her powerful allies, such as President Bush and House Judiciary Chairman F. James Sensenbrenner Jr. (R-Wis.), who recently wrote a letter to the EPA on her behalf."

"Prudent" Use Of Eminent Domain Defended. In an op-ed in USA Today (7/10), Donald J. Borut, executive director of the National League of Cities, defends the use of eminent domain, noting that without it, "rundown buildings and empty lots would attract trash, rodents and trouble. Blighted structures would sit abandoned. If owners didn't want to sell or were holding out for more money, the cities and their taxpayers could do nothing to get rid of them." Borut adds, "The prudent use of eminent domain has brought hope and opportunity -- through good jobs and better housing -- to thousands of Americans. That story deserves to be told."

USA Today Says Property Seizures Should Be Rare And A Last Resort. An accompanying editorial in USA Today (7/10) says the Supreme Court's ruling on eminent domain "has ignited a nationwide fight between developers rushing to seize a fresh opportunity and an unlikely political coalition that sees the decision as an assault on America's 'home-as-castle' mind-set." The case has also "inspired a political backlash unusual in the annals of Supreme Court rulings. It has united conservative defenders of property rights and liberals who say the seizures amount to corporate welfare at the expense of the powerless." USA adds, "Seizures of one person's property to benefit another should be rare and a last resort."

Aides Say Bush Has Always Been An "Ardent Conservationist." As part of its cover package, Newsweek (7/17, Wolffe) reports that President Bush "is not monochromatic when it comes to the environment. … Has Bush turned green in his six years in office? Both environmentalists and the White House say no -- but for different reasons. To activists, Bush's record is unremittingly bad. … On the other side, Bush's aides say the president is unchanged -- he has always been an ardent conservationist -- and have their own take on his record. On the highways, Bush has set rules to improve the fuel consumption of light trucks and SUVs. In the air, he has proposed the first-ever cut in mercury emissions from power plants. And on global warming, the most controversial part of his green scorecard, Bush acknowledged back in June 2001 that the National Academy of Sciences believed climate change was 'due in large part to human activity.' The dispute is what to do about that warming. Bush thinks new technologies -- not treaties -- can save the day."

Mallaby Says Response To Climate Change Requires Taxation, Regulation. Sebastian Mallaby writes in the Washington Post (7/10, A17), "These days almost nobody asserts that global warming isn't happening. Instead, we are confronted with a new lie: that we can respond to climate change without taxing and regulating carbon. … It feels good to be for new technology rather than for nasty new taxes or regulations. But this is a false choice. If you want the new technology, you have to support the new tax or the new cap. Those who argue otherwise should ask themselves: Would we have rapid medical innovation if we didn't bother to protect intellectual property?"

NYTimes Calls Draft National Park Management Policy A "Marvel Of Sanity." An editorial in the New York Times (7/10) reports that the current draft of the National Park Service's management policy "appears to reaffirm the doctrine that preservation is the core historical mission of the parks. That had been the philosophy guiding the Park Service for years, until the Bush administration attempted to give recreation and commercial use a much higher priority. Compared with the original draft, this one is a marvel of sanity and historical conscience. But it's been a rough road getting to this point, and there may well be a few bumps ahead." The Times adds, "The new interior secretary, Dirk Kempthorne, should listen to the claims of the motorized recreationists and weigh them for what they are worth against the many thousands of public comments supporting the historical mission of the parks — and act accordingly."

FBI/DEA/ATF/USMS:

Overdoses In Pennsylvania Possibly Linked To Fentanyl. The Times Leader (7/9) reports, "Daniel Dominick, 27, died Friday at Wilkes-Barre General Hospital after taking what was likely a fentanyl-heroin mix, according to Luzerne County Coroner's Office. The Luzerne man's

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death placed Wilkes-Barre on a growing list of cities where the deadly heroin concoction has been circulating in recent months."

The Pittsburgh Post-Gazette (7/9) reports a Millvale man died of a possible drug overdose, the Allegheny County medical examiner reported. The 31-year-old man…was the first of two suspected drug overdoses reported [Saturday]. The second one, just before 10 p.m., happened in Pittsburgh and it was not fatal."

Drug Mixture May Have Resurfaced In Delaware. The AP (7/9) reports five heroin overdoses in a 24-hour period "are leading to suspicions that heroin laced with a powerful painkiller has resurfaced in Delaware. State police spokesman Corporal Jeff Oldham says investigators are looking into whether the heroin involved was laced with fentanyl. Police say there have been two single-vehicle crashes that appear to be the result of overdoses."

Report: Illicit Fentanyl Produced A Dozen Ways. The Philadelphia Inquirer (7/9, Wood, Ott, Graham) writes, "Since spring, fentanyl-laced heroin has killed as many as 100 people in the Philadelphia region, and hundreds more in cities such as Chicago, Detroit and Pittsburgh. Despite a huge law-enforcement collaboration, investigators have yet to unlock the mystery of the fentanyl: Where is it coming from? Why is it being mixed with heroin? How can they stop it? … There are at least a dozen home methods for synthesizing illicit fentanyl, including one posted on the Internet by someone claiming to be an organic chemist. One of the essential chemicals for making fentanyl remains unregulated - and can be legally purchased by anyone. The Drug Enforcement Administration is trying to have it listed as a controlled precursor chemical, Daley said.

Michigan Anti-Meth Effort Nets More Than 30 Arrests. The AP (7/9) an effort to "fight the production and use of methamphetamine in southwest Michigan has paid off, the U.S. attorney's office says, but officials are concerned that drug makers could relocate. During the past seven months, the U.S. Drug Enforcement Administration has assisted Kalamazoo-area law enforcement in the crackdown. Thirty-five people were arrested, seven methamphetamine labs were seized and marijuana, cocaine, heroin and meth were confiscated."

The Sturgis (MI) Journal (7/8) reports, "The seven-month investigation covered most of southwest Michigan and included the counties of St. Joseph, Cass, Barry, Kalamazoo, Allegan and Van Buren. The DEA from its Detroit office mobilized a seven-person mobile enforcement team, or MET, to help with the cooperative effort."

The Battle Creek (MI) Enquirer (7/8) reports, "While the same people don't use and distribute meth and cocaine, DEA targeted those allegedly involved in the Albion cocaine trade and agreed to help police as part of the bigger investigation, said Andrew Eiseman, group supervisor of the DEA Mobile Enforcement Team that conducted the investigation."

Authorities Say Cartels Deliver Millions Of Dollars In Meth To Minnesota. In Minneapolis, the Star-Tribune (7/10) profiles Alberto Zatarain, who is in the Sherburne County jail, "convicted on federal drug-conspiracy charges, sentenced to 15 years, and awaiting transfer to federal prison." The Star-Tribune says he "is one of only a few large-scale meth dealers in Minnesota with ties to the Sinaloa cartel to get caught in recent years."

The AP (7/9) reports, Capt. David Graham, head of the State Patrol's investigative unit, "says smugglers working for Mexican drug cartels are delivering millions of dollars worth of meth to Minnesota. Drug Enforcement Administration and state authorities estimate that more than 100 pounds of meth produced and packaged by Mexican cartels arrives in Minnesota every month."

Five Charged With Operating Mississippi Prison Meth Ring. From Magee, the AP (7/8) reports federal prosecutors "say five men, identified as members of the Aryan Brotherhood, have been charged with operating a methamphetamine ring that was directed from a Simpson County community work center in Magee. … Drug Enforcement Administration Special Agent in Charge Stephen Luzinski said several imprisoned members of the white-supremacist gang allegedly enlisted the assistance of former inmates and criminal co-conspirators outside of the prison to produce and distribute the drug."

The Meridian (MS) Star (7/10) writes, "The investigation started in 2004 when correctional officers heard through telephone monitoring and confidential informants about the ring. The scheme lasted for about a year, authorities said."

Officials In Colorado Seek Federal Help To Combat Meth. The Daily Reporter-Herald (7/8) highlights a congressional hearing in Loveland on Friday and writes, "A panel of local officials asked the federal government for help combating methamphetamine. One suggestion: Close the borders, cut off the source. … In Colorado, the largest source is Mexico, said Lt. Craig Dodd, commander of the Larimer County Drug Task Force, Denver Drug Enforcement Administration Agent Jeffrey Sweetin and 13th Judicial District Attorney Bob Watson."

The Sterling, Colorado Journal-Advocate (7/8) reports, "The heart of war on illegal drugs in the eastern Colorado plains was in danger because of to lack of funding. That all ended Friday with an announcement late in a congressional hearing held here. Late in the Congressional Field Hearing on Meth Abuse in Northern Colorado, Rep. Marilyn Musgrave, R-Colo., said she has secured a direct

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appropriation funding for the Eastern Colorado Plains Drug Task Force for 2007."

Pennsylvania Couple Pleads Guilty In Meth Case. The Pittsburgh Post-Gazette (7/8) reports a husband and wife from Cranberry "pleaded guilty in federal court...to conspiring to make methamphetamine. Brian and Christy McKenzie were charged after agents with the U.S. Drug Enforcement Administration rummaged through their trash at the Forest Park Trailer Court where they lived in July 2005."

Pennsylvania Man Sentenced For Attacking Witness In Drug Investigation. In its Briefs section, the Pittsburgh Tribune-Review (7/10) writes, "A case of retaliation against a witness has ended with a New Brighton, Beaver County, man being sentenced to more than eight years in prison. Virgil Wolfe…was found guilty April 12 of attacking a Beaver County man who provided information in a federal narcotics investigation, the U.S. Attorney's office in Pittsburgh said. The federal Drug Enforcement Administration and state, Beaver County and New Brighton police investigated the case, in which another man, John Wolfe, was also convicted."

Accused "Drug Kingpin" To Return To Federal Court In Sacramento. Vacaville, California's Reporter (7/8) writes, "Described as a regional drug kingpin by the Drug Enforcement Administration, a Fairfield man will return to federal court in Sacramento on July 18. Defendant Eduardo Nunez Pichardo - also known as Eddie Nunez - is scheduled to appear for a status conference…July 18." Pichardo "was arrested by DEA agents - assisted by Fairfield and Vacaville police - June 21. According to the DEA, the arrest culminated a seven-year investigation into drug trafficking that stretched from Northern California to Arizona and Alabama."

Former Prosecutor Faces New Accusations In Ethics Investigation. The Tucson Citizen (7/7) reports a former Pima County prosecutor "is accused of lying to federal agents and violating terms of a plea agreement involving her ex-fiance, a former eye surgeon recently convicted of ordering the death of a colleague. The accusations are made in an amended complaint filed last week by the State Bar of Arizona against Lourdes Lopez. … According to the complaint, Lopez committed ethical violations by lying to federal Drug Enforcement Administration agents in October 2001 about illegal prescriptions she obtained for Dr. Bradley Alan Schwartz and continuing to have contact with him despite a court order."

In Arizona, Couple Claims Marijuana Case Amounts To Religious Persecution. From Tucson, the AP (7/10) reports the Church of Cognizance "has been in Pima, Arizona since 1991. Until recently, they smoked, ate or drank marijuana daily as a way of becoming more spiritually enlightened. That was until federal authorities charged them with possessing 172 pounds of their leafy green sacrament earlier this year. And now, church founders Dan and Mary Quaintance face added conspiracy charges and up to 40 years each in prison in a case they call religious persecution. The couple is scheduled to go on trial in Las Cruces, New Mexico, on July 18th, though defense lawyers are asking for a delay."

The Arizona Daily Star (7/9) reports federal prosecutors "say religious freedom does not exempt the use of illegal drugs. The Quaintances say it does. They also say a recent U.S. Supreme Court decision allowing a religious group's use of a hallucinogenic tea containing a federally banned substance should nullify the charges against them."

IMMIGRATION:

Fewer Than 1,000 Guard Members Have Been Deployed To Border. CBS and NBC both ran reports on President Bush's efforts to deploy "up to 6,000" National Guard members to the US-Mexico border by August 1. Both stories focus on the slow place of the deployment. The CBS Evening News (7/9, story 8, 3:00, Mitchell) reported, "Bush's idea…is not going according to plan." CBS (Regan) added, "Operation Jump Start, to strengthen the Border Patrol with National Guard troops, seems to have stalled. There are less than 900 Guards actually on the border right now. Many believe deploying an additional 5,000 troops within the next three weeks unlikely." In its similar report, the NBC Nightly News (7/9, story 12, 2:20, Kotb) reported said there are "reports of a snag in the President's border patrol plan. Instead of growing to 6,000 National Guard troops along the border, there are fewer than 1,000, with many states reluctant to send more."

At Least 30 States Have Taken Action On Immigration. USA Today (7/10, Jones) reports at least 30 states have "passed laws or taken other steps this year to crack down on illegal immigrants, often making it harder for undocumented workers to find jobs or receive public services." While the federal Congress "struggles to set policy," states have enacted "at least 57 laws," with many states "fining businesses that hire undocumented workers and denying such companies public contracts if they don't verify the legal status of employees."

Florida Mayor Proposes Tough Immigration Policy. The New York Times (7/10, Goodnough) runs a feature on

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Avon Park, Florida, mayor Tom Macklin, who is pushing a proposal to "deny business permits to companies that knowingly hired illegal immigrants. The ordinance, which states that illegal immigration 'destroys our neighborhoods and diminishes our overall quality of life,' would also make English the official language of Avon Park, removing Spanish from all city documents, signs and automated phone messages."

Interior Repatriation Program Resumed. The Washington Times (7/10, Seper) reports the governments of the US and Mexico have resumed the Interior Repatriation Program, which returns Mexican nationals caught illegally in the US to their Mexican hometowns rather than to border towns.

WSJournal, "Prominent Conservatives" Defend Open Immigration. The Wall Street Journal (7/10) editorializes, "No issue more deeply divides American conservatives today than immigration. It's the subject on which we get the most critical mail by far, no doubt reflecting this split on the right. So with Congress holding hearings on the issue around the country, perhaps it's a good moment to step back and explain the roots of our own, longstanding position favoring open immigration. A position, by the way, on which we hardly stand alone. There is also President Bush, and before him the Gipper. … In the context of the current debate, we also print on the opposite page an open letter supporting comprehensive immigration reform from 33 prominent conservatives, including former Secretary of State George Shultz and GOP Vice Presidential nominee Jack Kemp. … Our own view is that a philosophy of 'free markets and free people' includes flexible labor markets. At a fundamental level, this is a matter of freedom and human dignity."

In their Wall Street Journal (7/10) open letter, the 33 conservatives, who also include Jeanne Kirkpatrick, Grover Norquist, Bill Kristol, Arthur Laffer, Linda Chavez, Max Boot, and Steve Forbes, say Reagan "was in favor of strong borders -- he once remarked that 'a nation without borders is not really a nation' -- but also constantly reminded us that America must remain a 'beacon' and a 'shining city on a hill' for immigrants who continually renew our great country with their energy and add to the nation's economic growth and prosperity. Reagan was right. We need to do both things -- secure the borders and allow for sensible levels of safe, open, lawful immigration. Americans and immigrants share the same values of work and opportunity. There is no reason to fear the newcomers arriving on our shores today -- if anything, they will energize what is best about our country."

Plight Of Day Laborers Considered. In a New York Times (7/10) "Editorial Observer" piece, Lawrence Downes examines the plight of the "quiet" subgroup "at the bottom" of the immigration system: "the Latino day laborers, the street-corner guys. They are not the largest group, but they are the most visible, most vulnerable and most hated. They are also the least likely to get anything good out of the immigration bills now festering in Congress. … The possibility of being victimized without sympathy or a safety net is, of course, the risk one takes when entering this country illegally."

Allies Say Hastert "Won't Give An Inch" To Bush On Immigration. U.S. News and World Report (7/17, Bedard) reports in its "Washington Whispers" column that allies of House Speaker Dennis Hastert "say he won't give an inch" to President Bush and others who want to "water down" the House's immigration plan.

TAX:

Yagman Accused Of Concealing Money. The National Law Journal (7/10, Bronstad) reports, "While recent tax evasion charges brought against civil rights attorney Stephen Yagman are based largely on expenditures related to his personal lifestyle, federal prosecutors have accused him of concealing money he received as a principal of his Venice, Calif.-based law firm, now called Yagman & Yagman & Reichmann." The Journal continues, "On June 23, prosecutors unsealed an indictment that charged Yagman with one count of tax evasion, one count of bankruptcy fraud and 17 counts of money laundering. Prosecutors allege that Yagman failed to pay more than $158,000 in federal income taxes to the Internal Revenue Service and hid assets from trustees overseeing bankruptcies filed on behalf of himself and his former law firm, Yagman & Yagman." The Journal adds, "Yagman is best known for filing numerous lawsuits against the top officials of various law enforcement agencies, particularly in Los Angeles. In recent years, Yagman has sought to bring disciplinary action against U.S. District Judge Manuel Real of the Central District of California in a case closely watched by judges nationwide. … Yagman alleges that Real, who was handling a loan fraud case involving a woman under probation, made improper rulings as part of her separate bankruptcy case. After dismissing Yagman's case twice, Mary Schroeder, chief judge of the 9th U.S. Circuit Court of Appeals, recently appointed a special committee to investigate the charges."

CONGRESS-ADMINISTRATION:

Portman Says Deficit Will Shrink In Short Term. The Washington Times (7/10, Dinan) reports, "The economy and federal revenues are growing at such a rapid rate that the deficit will shrink in the short term, President Bush's chief budget official says, while adding that keeping the deficit in control will depend in the long run on reform of Social

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Security, Medicare and Medicaid." Rob Portman, a former congressman and US trade representative "whom Mr. Bush tapped two months ago to be director of the Office of Management and Budget (OMB), said the president's economic policies have led to exceptional economic growth, which has in turn led to bulging federal receipts." Portman "will deliver the annual mid-session budget review this week, detailing progress on spending and revenues, and he told The Washington Times in a recent interview that tax revenues are expected to show at least double-digit growth in the year to date compared with fiscal year 2005." The Congressional Budget Office on Friday "said federal revenue is running 12.8 percent ahead of the figures at the same time last year. The double-digit increase is the second-highest growth rate in the last 25 years, following only 2005's increase of 15 percent. With federal spending up 8.6 percent to date compared with 2005, the deficit should be at least $50 billion less than last year, though Mr. Portman said that depends on keeping the spending side under control."

House Republicans Have Trouble Passing Their "American Values Agenda." The Washington Times/AP (7/10) reports that House Republicans are having trouble passing their "American Values Agenda," and their majority is "in jeopardy for the first time in more than a decade." Privately, many Republicans "are frustrated. Democrats have pounced on the lack of progress with a 'we can do better' election theme." Democrats "ridicule as political ploys Republican decisions to bring up legislation doomed to fail, such as the constitutional amendments to ban flag desecration." The Times adds, "With two-thirds of the 2006 legislative calendar over, Congress has passed and sent President Bush only two major pieces of legislation. One renewed the terrorist-fighting USA Patriot Act; the other extended $70 billion in tax cuts, roughly divided evenly between investors and middle-income families."

Shuttle Discovery Cleared For Reentry. NBC's network news broadcast last night included a very short report on Discovery being cleared for reentry, while ABC carried a full, nearly two-minute long segment on Discovery's progress. NBC Nightly News (7/9, story 11, 0:15, Kotb) reported, "NASA has decided the shuttle will not need repairs before returning to Earth. There was some concern about a cloth between the thermal tiles but managers say that does not pose a problem. In a news conference from space today, the astronauts expressed confidence in a safe return."

ABC World News Tonight (7/9, story 4, 1:45, Muir) reported, "Encouraging news from NASA. After a seven-hour spacewalk and an inch-by-inch inspection, they say the space shuttle Discovery is safe to come home next week." ABC added, "For the first time since the Columbia disaster more than three years ago, the space program can get back to business as usual thanks to more than a billion dollars in redesigns and new cameras that give them unprecedented views of the shuttle."

The Washington Post (7/10, A3, Gugliotta) reports, "NASA engineers completed their exhaustive analysis of three remaining 'areas of concern' on Discovery's heat shielding and 'cleared' all of them, said John Shannon, chairman of the mission management team."

The AP (7/10, Borenstein) reports Mission Control "informed the crew of six that the ship's thermal shielding is '100 percent cleared for entry' in another week."

NASA Schedules Next Shuttle Launch For August 28. ABC World News Tonight (7/9, story 4, 1:45, Muir) reported, "NASA is so confident the shuttle program is back on track that today they released a schedule for the next launch. Atlantis is due to go up on August 28th, just after 4 PM."

ISS Research Has Shifted To Manned Spaceflight Support. The Washington Post (7/10, A6, Kaufman), in a thousand word piece titled, "Research Shifts At Space Station," reports, "When the international space station was initially proposed by President Ronald Reagan, its central mission was conceived as providing the most innovative and unusual research center that mankind had ever created. … Twenty-two years later, the space station is half-built and can carry out some experiments, but the U.S. view of its science mission has greatly changed. The primary U.S. goal is no longer basic research, but to support President Bush's initiative of manned missions to the moon and to Mars by learning about how astronauts can live for long periods in space. The morphing of the space station's role has not been without controversy."

USO Volunteer Receives President's Volunteer Service Award. The Chicago Tribune (7/7, Wang) reported that President Bush presented the President's Volunteer Service Award to Dave Kruger last Thursday for his volunteer work with the United Service Organizations center at O'Hare International Airport. Kruger "volunteers about 27 hours a week, Friday through Sunday, and sometimes stops by to help after he gets off work as a shipping scheduler at a Wheeling manufacturing plant. He delivers food from the grocery, does odd jobs around the office…and serves food when naval recruits at the base come in. In two years Kruger has volunteered more than 1,300 hours."

USAID Employees Believe Merger With State Is Coming. The Washington Post (7/10, A15, Kamen) reports in its "In the Loop" column, "Administration officials insist that the U.S. Agency for International Development, traditionally a distinct operation within the State Department, is not about to be officially merged with State. But recent events are making

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people wonder. … USAID veterans are certain a merger is coming. 'We're merging, but it's incremental,' one source said, 'so you don't know that you're merging and then it's happened. There's less pain and suffering that way, I guess.'"

Graham Sees Controlling Spending As GOP's Highest Priority. In his column, carried on TownHall.com (7/10), Robert Novak writes that Sen. Lindsey Graham "sees a real danger of Republicans losing control of both houses in Congress for the first time since the 1992 elections. Such foreboding reflects Graham's fear that demographic changes in America will extend beyond this year's elections and return the Republican Party to minority status." Novak adds, "Graham's remedy to avert both short-term and long-term disaster stresses Republicans returning to fiscal integrity by seriously cutting spending -- a goal to which his GOP colleagues give lip service. … Graham sees the highest Republican priority as controlling federal spending. He proposes renewing the campaign for a constitutional amendment mandating a balanced budget, backed up by self-restraint on earmarks."

Library Of Congress To Lay Off 29 Employees. The Washington Post (7/10, D4, Barr) reports in its "Federal Diary" column, "The Library of Congress has notified 29 employees at the Congressional Research Service that their jobs will be abolished on Sept. 29. The layoffs are believed to be the first in the 92-year history of CRS, the division of the library that tracks legislative issues and collects data for members of Congress. The workers being eliminated perform clerical, technical and audio-visual duties."

Bush Has Been Working On A Memoir For The Past Year. U.S. News and World Report (7/17, Bedard) reports in its "Washington Whispers" column that President Bush has been working on a memoir for the past year. But "here's the odd part: Bush hasn't actually written a word yet. Instead, he and his aides have been packaging the stuff he wants to reference so that he'll be ready to write when the project moves into that stage. And that probably won't happen until after he leaves office."

Bush Tells Paulson To Make Treasury The "Star It Used To Be." U.S. News and World Report (7/17, Bedard) reports in its "Washington Whispers" column that President Bush has ordered Henry Paulson, who is to be sworn in as Treasury Secretary this week, "to make the agency the star it used to be. He's led by example, telling Congress that Paulson, the former Goldman Sachs boss, is his economic point man. Also significant: The White House named Jim Wilkinson the chief of staff. He's largely responsible for rebuilding State's influence under Condi Rice."

OTHER NEWS:

Commercial Real Estate Market Is Strongest In Five Years. The Wall Street Journal (7/10, Forsyth) reports that the US' commercial real estate market, "which cratered after the tech bust in 2000, has recovered and is the strongest it has been in five years. The shopping-mall market has stayed strong because consumer spending held up better than expected. And hotels had their most profitable year ever in 2005, partly because of strong business travel."

Former Lobbyist's $2 Million Severance Pay Raises Eyebrows. The Washington Post (7/10, D1, Birnbaum) reports in its "K Street Confidential" column that congressional aide Jeffrey S. Shockey last year "collected nearly $2 million in severance payments from his former employer, a lobbying firm that specializes in winning benefits from the committee he now serves. Many longtime Washingtonians are shaking their heads in disbelief over the payout's enormous size, its ad hoc method of calculation and the fact that Shockey received it while working as a senior congressional aide." Shockey "says his payment was justified and within the rules. But experienced lobbyists around town question both its economics and its propriety." The Post adds, "The situation is an example of a common occurrence -- the spinning of the 'revolving door' between the public and private sectors."

Santorum Seeks To Refurbish His Image As "Political Heir" To D'Amato. The New York Times (7/10, Toner) reports, "The conservative glory days of 1994, when Rick Santorum roared into the Senate at the age of 36, seem a long time ago as he fights for his political life this year, trying to convince Pennsylvania voters that he has not gone Washington. Not become part of the establishment he used to rail against. Not forgotten the kitchen table issues that matter here." Santorum "was a symbol of the conservative movement in its brash youth; now, in many ways, he embodies the movement in middle age, 12 years after taking control of the House and Senate, no longer so confident that the political winds are with it, especially in an anti-incumbent year." He "needs to reintroduce himself over the next four months, he said, to get beyond the stereotypes." He "said he wanted Pennsylvanians to think of him as a political heir to Alfonse M. D'Amato of New York, who was known as Senator Pothole for being acutely attuned to constituent needs. (Perhaps not the most auspicious role model, since Mr. D'Amato was unseated by an ambitious Democrat, Charles E. Schumer.)"

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Hillary Clinton Seeks Support On Wall Street. The Financial Times (7/10, Ben White) reports, "Hillary Clinton has been cosying up to Wall Street in recent weeks with a series of meetings with top executives that could help her follow the path blazed by her husband ahead of his first presidential run." The Times adds, "People familiar with the meetings said they appeared intended to help Wall Street figures get to know the New York senator better as she coasts through an easy 2006 re-election campaign and paves the way for a possible Democratic presidential run in 2008. Bill Clinton's early forays to Wall Street helped advance his bid for the Democratic nomination in 1992." Ann Lewis, "a senior adviser to Mrs Clinton, said the meetings were focused on 2006." However, "political observers noted that Mrs Clinton faces little significant opposition in 2006. They said the Wall Street meetings could pay dividends in 2008."

Dodd Accuses Fellow Democrats Of Undermining Lieberman's Candidacy. Sen. Christopher Dodd, on CBS's Face the Nation (7/9, Schieffer), said that though he "respect[s] those who have taken the position they're going to support whoever the nominee is" in the Connecticut Democratic Senate primary. His "own view is, while their intentions may be otherwise, I think that undermines Joe Lieberman's ability to win on August 8th, by suggesting somehow they're going to move in that direction. I'll take a position on August 9th if I have to."

Democrats Urged To Offer "Breakthrough Ideas." Kenneth S. Baer and Andrei Cherny, the founding editors of Democracy: A Journal of Ideas, write in the Los Angeles Times (7/10), "Something happens to a political party when it is not just out of power but has had to play on the home field of its opponents for a generation: It loses faith in itself and becomes scared. … That this has become true in the Democratic Party is clear in listening to the worried words of pundits and political professionals who counsel Democrats to avoid offering any vision or direction for the country -- to instead simply wait for voters to so tire of Republican mismanagement that they will turn to more 'competent' Democrats to administer a conservative state." Baer and Cherny add, "Having seen the failure of a generation of conservative ideas on fiscal and foreign policy, Americans are ready to listen to an alternative. Now is the moment for Democrats to offer a set of breakthrough ideas that will create a governing majority for a generation."

DeLay Planning Campaign To Retake His House Seat. Time (7/17, Allen, Hylton) reports in its "Notebook" column, "A source close to the ex-Congressman tells TIME that [former Rep. Tom] DeLay is planning an aggressive campaign to retake the House seat he quit in June if an appeals court lets stand a ruling by a federal judge last week that his name must stay on November's ballot -- even though he has moved to Virginia."

Democrats Plan To Push Minimum Wage Increase Going Into 2006 Election. Time (7/17, Bacon) reports in its "Notebook" column, "Polls show that more than 80% of Americans favor" a minimum wage increase, but "most Republican politicians…do not. So Democrats are sharpening their attacks on the GOP for seeming out of step with public opinion. Senator Hillary Clinton of New York has led a Democratic effort to block a scheduled $3,300 increase in congressional pay…unless Republicans agree to hike the minimum wage to $7.25. The Dems are also emulating the Republican gay-marriage strategy by backing ballot measures in six states to boost the minimum wage. They hope voters will go to the polls for this cause, then support Democrats in races that could help the party take back Congress."

Edwards Makes Fighting Poverty Centerpiece Of Possible 2008 Run. Newsweek (7/17, Darman) reports that former Sen. John Edwards' "new political plan" involves "a presidential campaign with fighting poverty as a central plank. It's a risky strategy in today's Democratic Party -- Edwards may be the most viable national candidate since Bobby Kennedy to tie his destiny to a fight for the destitute." Edwards' "2008 presidential campaign -- still hypothetical but proceeding at high speed -- is all about breaking with the established script. He's largely opted out of the buzz primary," and is instead "using the name recognition he built up in '04 and hitting the campaign trail early and often -- quietly raising $6.5 million in 105 appearances for Democrats running in 2006."

Matalin, Allen Asked To Leave Alexandria City Event. The Washington Times (7/10, McCaslin) reports in its "Inside the Beltway" column, "Virginia senatorial wife Susan Allen and Republican operative Mary Matalin, accompanied by their respective daughters, were asked to leave a birthday celebration for the city of Alexandria on Saturday evening because they were 'distracting.'" A close friend of Mrs. Allen said, "They were asked to leave the public event by Alexandria's Parks and Recreation Department because they were told they were "distracting,"' adding, "That was the exact word [officials] used. Perhaps these Alexandria servants should be reminded that politicking at public, community events is a time-honored, American tradition, not to mention a First Amendment right."

Schwarzenegger Leading Opponent In Latest Poll. The Washington Times (7/10, Bellantoni) reports,

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"California Gov. Arnold Schwarzenegger holds a wide lead over state Treasurer Phil Angelides, his Democratic re-election challenger who said Friday that, if elected, he would sign a bill to grant marriage licenses to homosexual couples." Schwarzenegger "leads Mr. Angelides 44 percent to 37 percent in a statewide poll taken the last week of June. The poll showed 14 percent of voters were undecided, while 5 percent of those surveyed wanted a different candidate."

Liberal Clergy Try To Engineer Religious Left Political Movement. The CBS Evening News (7/9, story 10, 3:30, Mitchell) reported, "Conservative religious voters have played an important role in the national debate of late courted by politicians from both parties. Now some liberal religious leaders are hoping to build a similar movement to advance their agenda." CBS goes on to report on a church in Washington, DC, where "hundreds of committed Christians met recently and try to map out a strategy to get their values into the political debate. Not the conservative Christian values which have been so influential lately -- this is the religious left." Dr. Bob Edger, Gen. Sec. of the National Council of Churches: "Jesus called us to love our neighbor, love our enemy, care for the poor, care for the outcast and that's really the moral core of where we think the nation ought to go." Mitchell: "Dr. Bob Edgar is general secretary of the National Council of Churches, which represents about 50 million Christians in America, the majority of them mainline Protestants." Edgar: "Jesus never said one word about homosexuality, never said one word about civil marriage or abortion." Mitchell: "He calls this movement the center left and it's seeking the same political muscle as conservative Christians, a group with a strong power base and the huge evangelical churches of the South. The left has its own evangelical leaders, like the Reverend Tony Campolo." Rev. Tony Campolo, evangelical Leader: "We are furious that the religious right has made Jesus into a Republican. That's idolatry. To recreate Jesus in your own image rather than allowing yourself to be created in Jesus' image is what's wrong with politics."

Obama Says Politicians Should Not Abandon Field Of Religious Discourse. Sen. Barack Obama writes in USA Today (7/10) that there has been talk "among pundits and pollsters that the political divide in this country falls sharply along religious lines. Indeed, the single biggest gap in party affiliation among white Americans today is not between men and women, between red states and blue, but between those who attend church regularly and those who don't." If political leaders "truly hope to communicate our hopes and values to Americans in a way that's relevant to their own, we cannot abandon the field of religious discourse." Obama adds, "Americans are looking for a deeper, fuller conversation about religion in this country." They "are willing to listen and learn from those who are willing to speak in reasonable terms — those who know of the central and awesome place that God holds in the lives of so many, and who refuse to treat faith as simply another political issue with which to score points."

Krugman Says Resurgence Of New York City Flies In Face Of Conventional Wisdom. Paul Krugman writes in the New York Times (7/10) that the resurgence of Manhattan as a site for corporate headquarters "flies in the face of today's conventional wisdom, which says that modern technology is making geography irrelevant. Since work can now be done anywhere, the story goes, jobs move wherever the wages and other costs of doing business are lowest. And this should mean trouble for a high-wage, high-cost location like New York. But somebody forgot to tell New York about the new rules: in spite of high costs, the city's economy is thriving." Krugman adds that New York City, "a city that a generation ago seemed to be in irreversible decline, seems to be doing O.K."

NYTimes Decries Lobbyists' Expansion To Local Governments. An editorial in the New York Times (7/10) says, "The news that the Washington lobbying industry is rapidly extending its tentacles into cities, towns and school districts across the country should be an outright embarrassment to Congress." Lobbyists "are shopping themselves as gifted middlemen for mayors and school boards. And localities are biting, having seen the sorry evidence that lawmakers tend to deliver earmarks more readily for Beltway lobbyists than for hometown nobodies." The Times says that despite the fact that one Congressman has gone to jail for influence peddling and more criminal investigations of others are under way, "a what-me-worry evasiveness remains the strategy of Republican leaders on ethics reform."

WPost Calls Farm Subsidies "Shamefully Unfair." The Washington Post (7/10, A16) editorializes, "We've known for a long time that America's bloated food subsidy programs rile foreign governments, complicate trade talks, distort agricultural prices and disproportionately benefit large agribusinesses. As if that weren't enough, the results of a nine-month Post investigation published last week vividly detail the scandalous waste of America's vast farm subsidy system." The Post adds, "Federal farm subsidies are wildly misdirected and shamefully unfair to anyone who pays taxes and doesn't get a piece of the billions -- $25 billion in 2005 -- the government drops every year on agricultural payments. Last year the federal government paid $4.3 billion in corn subsidies, up from $1 billion in 1998."

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Professor Says Training More Doctors Won't Solve US Health Care Problems. David C. Goodman, a professor of pediatrics and family medicine at Dartmouth Medical School, writes in the New York Times (7/10) that the Association of American Medical Colleges, "has recommended increasing the number of doctors they train by 30 percent, in large part to keep up with the growing number of elderly patients. But the most serious problems facing our health care system — accelerating costs, poor quality of care and the rising ranks of the uninsured — cannot be solved by more doctors. In fact, that approach, like prescribing more drugs for an already overmedicated patient, may only make things worse." Goodman adds that "our resources would be better directed toward improving efforts to prevent illness and manage chronic ailments like diabetes and heart disease. … Instead of training more doctors, let's make better use of the ones we already have."

Administration Wants China To Exert Pressure On North Korea. The CBS Evening News (7/9, story 4, 0:35, Mitchell) reported, "The US said today that it wants China to put more pressure on North Korea to end missile tests and return to disarmament talks. Undersecretary of State Nicholas Burns indicated that the US would not negotiate directly with North Korea. He also warned of the consequences if the rogue state continued to defy the International Community."

Burns appeared on NBC's Meet the Press (7/9, Russert), CBS's Face the Nation (7/9, Schieffer), Fox News Sunday (7/9, Wallace) and CNN's Late Edition (7/9, Blitzer). With the exception of his CNN appearance, during which he discussed the sectarian violence in Iraq at length, Burns focused almost exclusively on describing the US diplomatic response to North Korea's July 4 missile launches. Burns emphasized repeatedly that the administration considers the Chinese government's decision to send envoys to Pyongyang "the most important step today" (Fox), and "a very interesting development" (NBC).

Asked on NBC's Meet the Press (7/9, Russert) if the US will "insist that the United Nations impose sanctions against North Korea," Burns replied, "we are pursuing a very aggressive resolution up in New York at the Security Council, and we think we've got the votes to pass that. But we're also operating on multiple diplomatic fronts. We have our lead negotiator, Chris Hill, Ambassador Hill, in Beijing, Seoul and Tokyo this week. President Bush and Secretary Rice have been working the phones with their counterparts." Burns added, "We also have a very interesting development today. The Chinese government is sending tonight to Pyongyang a senior delegation. And, you know, frankly we think it's time for China to use its influence with North Korea. … China now has an opportunity to put its best foot forward, to send the North Koreans a direct message that these missile tests cannot be tolerated."

On Fox News Sunday (7/9, Wallace), Burns said, "I think the most important step today is that China has decided to send a senior-level delegation to Pyongyang this evening. And it's time for China to exert its influence that it does have on North Korea."

On CBS's Face the Nation (7/9, Schieffer), Burns added, "China has influence with North Korea of the type that most of the rest of us do not. And the Chinese are sending a senior-level delegation to Pyongyang this evening, and we hope that China is going to bring some pressure and influence to bear to convince the North Koreans that they are entirely isolated in the world."

Burns, on CNN's Late Edition (7/9, Blitzer), predicted, "I think you'll see over the course of the next couple of days, when we get the results of this Chinese delegation to Pyongyang, I think you will then see us move ahead in New York at the Security Council. We hope that China and Russia are going to support this resolution."

NBC Nightly News (7/9, story 5, 2:20, Aspell) reported, "North Korea's missile tests have alarmed Asia. South Korea has stepped up the readiness of its armed forces along the demilitarized zone, the most heavily fortified border in the world. It's been like this since the end of the Korean War more than 50 years ago -- a million men on both sides all across the Korean Peninsula, thousands of tanks and artillery pieces, but all this is now nearly obsolete."

In a lengthy analysis piece, the Wall Street Journal (7/10, Fairclough, King) notes, "North Korea's barrage of missile tests has put China in a tough spot, calling into question its policy of patient diplomacy and economic support aimed at encouraging change in Pyongyang. The U.S., saying Beijing's response is a critical test of China's new high-profile role on the international stage, is urging China to alter course and use its considerable leverage as North Korea's most important trading partner to get Pyongyang to return to talks on its nuclear program." The Journal says it "is far from clear" if the missile tests "will be enough to overcome Beijing's extreme reluctance to use economic pressure as a diplomatic tool, especially against its communist ally." Beijing "has successfully used arm-twisting in the past," and, the Journal notes, "the U.S. has appealed to China's pride, saying it risks diminishing its international standing if it can't use its influence even to moderate the behavior of one of its closest neighbors. … Washington also has said China's ability -- or inability -- to make headway with North Korea will be important in shaping the future of relations between Washington and Beijing."

The Christian Science Monitor (7/10, Marquand) runs a similar story titled "US Looks To China To Influence N. Korea," in which it says "a message from President Bush to North Korean leader Kim Jong Il will be delivered Monday in

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Pyongyang -- via two Chinese officials. Beijing now meets quarterly with Mr. Kim, the most contact the unpredictable North has with any outside party. Whether Vice Foreign Minister Wu Dawei and Vice Premier Hui Liangyu will surprise Kim Jong Il and exert real pressure is unclear." The Los Angeles Times (7/10, Demick) also reports the story.

Administration Continues To Defer To China On North Korea. Newsweek (7/17, Hirsh) reports that on North Korea, the Bush Administration "continues to defer to China, the lead negotiator, but it has seemed clear since a September 2005 pact to restart talks that Beijing will not pressure Pyongyang too hard with sanctions. Why? Mainly because the Chinese fear a collapse of the regime that could send millions of refugees streaming over the Sino-Korean border."

Time (7/17, Powell) reports that there is "little reason to think Kim Jong Il will be dissuaded" by the failure of his Taepodong-2 missile last week. Time considers the "remaining options for dealing with the world's most unpredictable totalitarian nuclear regime." They include, a "swift and precise military strike," containing Kim's regime and then squeezing it "with the hope that his government will eventually atrophy into collapse" and going back to the bargaining table. The Bush Administration "may have to face the fact that if it wants closure on North Korea, it will have to engage in what Kim has wanted all along: direct talks."

Burns Defends Administration's Opposition To One-On-One Talks. During his appearance on NBC's Meet the Press (7/9, Russert), Burns explained that the administration opposes one-on-one talks with the government of North Korea because "we really don't see the logic in turning this into a test of wills between two countries -- the United States and North Korea. The fact is that China has the same interests as the United States -- it should have the same interests -- and that is to stop the North Korean nuclear program. Our allies, Japan and South Korea, have the same interests, and the Russians do as well. And so we think we're far better off working within the framework of the six-party talks, because you get in that process the combined leverage, the combined strength, and frankly the combined pressure on North Korea of all these different countries."

Sen. Lindsey Graham, on CNN's Late Edition (7/9, Blitzer), said, "I agree with President Bush; it needs to be a multi- party situation. … I think it would be a huge mistake for us to sit down by ourselves. What they need to see, the North Koreans need to see a table full of people throughout the world -- the Japanese, the South Koreans, the Chinese, the Russians -- telling them the same thing."

Hill Seeks To Restart Talks, With Or Without North Korea. The Financial Times (7/10, Fifield, Kirchgaessner) reports, "Efforts are under way to convene 'five-party talks' involving North Korea's neighbours and the US as officials search for diplomatic avenues to respond to the Asian country's missile tests last week without further highlighting the divergent views over how to deal with the rogue state. But China, the host of the talks, and North Korea's closest ally, is understood to be unwilling to hold a meeting without Kim Jong-il's representatives, posing another challenge to presenting a united front in condemning the tests." Assistant Secretary Chris Hill said, "We think there ought to be six-party talks – six is better than five but five is better than none. We need the six-party process regardless of whether we get all six parties to come to it." Since last September, the talks have "stagnated" because of North Korean anger over Washington's imposition of Macau money laundering sanctions.

The New York Times (7/10, Onishi) reports Hill "said Sunday that his first priority was to get [Pyongyang] back to the negotiating table, signaling that the United States was seeking a diplomatic solution instead of punitive economic sanctions against it for launching seven missiles last week." Hill further "said his talks with South Korean officials [in Seoul] over the weekend focused on kick-starting the six-nation talks over the North's nuclear program. The talks have been deadlocked since last September." Hill is quoted telling reporters, "My mission here is not to get sanctions. My mission here is to make sure we can all speak with one voice to deal with this provocative action by the North Koreans."

ABC World News Tonight (7/9, story 6, 2:35, Muir) interviewed Hill. ABC (Harris) asked, "Dealing with the regime of the world's last Stalinist dictator -- Kim Jong Il -- that's part of the job of Assistant Secretary of State Christopher Hill. … Is this the type of person that we really can deal with?" Christopher Hill, Assistant Secretary of State: "It's very tough to deal with this kind of regime. But, you know, you don't just negotiate with your friends. You negotiate with people that you often have profound disagreements with." ABC (Harris) added, "If diplomacy fails, Hill does not take the military card off the table." Hill was shown saying, "Of course there's a point at which we need to take actions to defend ourselves, and we are well aware of that." Harris: "Hill's job is to make sure it doesn't come to that."

US Declines North Korean Request To End Freeze On Bank Funds. The Wall Street Journal (7/10, Ramstad) reports, "The US is holding the line on a freeze of North Korean funds in a Macau bank, rebuffing Pyongyang's latest effort to link diplomatic talks on its nuclear-weapons program with a probe of its financial activities by U.S. and Chinese authorities." North Korea's deputy ambassador to the United Nations "was quoted in a Seoul newspaper as saying Pyongyang wouldn't rejoin six-party talks on its weapons program until the US takes steps to lift a freeze of about $24 million in North Korean funds in a bank in Macau, a special administrative region of China." Hill, however, said, "To change the subject from this rather reckless [missile] activity

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on their part back to an issue of illicit activities, which I would argue are also reckless, is simply not appropriate."

South Korean Reaction To Missile Test Making US Position More Difficult. USA Today (7/10, Wiseman) reports that in South Korea, the news of the North's missile test "has been greeted with a shrug, never mind that Seoul sits within range of North Korean artillery and rockets. The attitude in South Korea is in sharp contrast to the alarm with which the missile tests were viewed in Tokyo and Washington." Yesterday, "the administration of South Korean President Roh Moo Hyun even issued a statement criticizing Japan for what it said was an overreaction to the missile tests." USA Today adds, "South Korea's attitude has made it even harder for US policymakers to forge a coalition committed to punishing North Korea. China and Russia, traditional North Korean allies, have opposed harsh sanctions."

Nonetheless, says the Wall Street Journal (7/10, Hitt), "talks between South Korea and the US on a free-trade agreement resumed in Seoul Monday. One sensitive issue: South Korea wants the pact to cover goods originating at its joint-venture Kaesong industrial complex in North Korea."

Bush's Reaction To North Korea Tests Called Sign Of "End Of Cowboy Diplomacy." Time's (7/17, Allen, Ratnesar) cover story this week is entitled "The End Of Cowboy Diplomacy." The cover features a photo of a large cowboy hat with a presidential seal on it, on top of a pair of cowboy boots. Time reports that more surprising than North Korea's missile tests "was Bush's response to it." Bush "pledged to 'make sure we work with our friends and allies...to continue to send a unified message' to Pyongyang. In a press conference following the missile test, he referred to diplomacy half a dozen times." Time adds, that "in the span of four years, the Administration has been forced to rethink the doctrine with which it hoped to remake the world as the strategy's ineffectiveness is exposed by the very policies it prescribed. The swaggering Commander in Chief who embodied the doctrine's aspirations has modulated himself too." Time adds, "Under the old Bush Doctrine, "defiance by a dictator like Kim Jong Il would have merited threats of punitive US action -- or at least a tongue lashing. Instead, the Administration has mainly been talking up multilateralism and downplaying Pyongyang's provocation."

"Strategic Makeover" Of Administration's Foreign Policy Noted. Time (7/17, Allen, Ratnesar) reports in its cover story, entitled "The End Of Cowboy Diplomacy," that "a strategic makeover" of the Administration's foreign policy "is evident in the ascendancy of Secretary of State Condoleezza Rice, who has tried to repair the Administration's relations with allies and has persuaded Bush to join multilateral negotiations aimed at defusing the standoffs with North Korea and Iran." Rice's "push for pragmatism has rubbed off on hawks like Vice President Dick Cheney, the primary intellectual force behind Bush's post-9/11 policies."

Kristol Mocks Burns' Assessment Of North Korea Diplomacy. The Weekly Standard's Bill Kristol, on Fox News Sunday (7/9, Wallace), said, "North Korea is paying no price at all for doing something that we said is unacceptable, and that is a very bad precedent to set. And I'm afraid that watching Nick Burns here tell you that the world is more complicated than you think…I thought 'oh, my God, we're back to the Clinton administration.' Nick Burns was actually a pretty good spokesman for Bill Clinton's State Department in the first couple of years. And there's not a word he said today that couldn't have been said cheerfully by Clinton administration types…" Kristol paraphrased Burns as saying, "We're thrilled China is sending a delegation to Pyongyang tonight. Isn't that wonderful?" and commented, "I mean, it's really pathetic." Kristol went on to urge President Bush to "walk away from the six-party talks. He should cancel them. North Korea has behaved in a way that's unacceptable for someone you're trying to have negotiations with. We should tighten the sanctions on North Korea."

Hoekstra Backs Administration's View Of China's Role. Rep. Pete Hoekstra, on Fox News Sunday (7/9, Wallace), said, "We also need to take this as an opportunity to take a much closer look at China. I do believe that the path to success in North Korea is going to have to go through Beijing."

Richardson Accuses Bush Of "Trying To Outsource Our Foreign Policy To China." New Mexico Gov. Bill Richardson, also on NBC's Meet the Press (7/9, Russert), said he supports face-to-face negotiations with the government of North Korea, adding, "Our policy, so far, is not working. What you have is North Korea has quadrupled its enriched plutonium since 2002. The six-party talks are going nowhere. We should talk directly to the North Koreans to discuss what is next. … The only way to do that, in my judgment, is face-to-face talks at a level of Christopher Hill. He is a competent diplomat. The successes we've had with the North Koreans have been through direct engagement." Richardson went on to argue that the administration is "trying to outsource our foreign policy to China. I believe China is not necessarily interested in helping us on North Korea. They don't want to see a bunch of refugees go into their country."

McCain, Graham Warn China Of "Consequences" If They Do Not Cooperate On North Korea. Sen. John McCain, on CBS's Face the Nation (7/9, Schieffer), said, "I believe that China is the key. They're the only ones that really have a significant influence over North Korea. If we make it clear to China that we understand they are emerging on the world stage as a superpower, they should behave like one. And this will be a defining issue in our relations with China. And if they continue to vacillate, as they have all last week in the United Nations, then there are consequences in our

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relationship. There are many key areas that we are cooperating in that I believe would be affected, including trade, by China's failure to act. We're not asking China to be charitable here."

Sen. Lindsey Graham, on CNN's Late Edition (7/9, Blitzer), said, "The Chinese are hanging by a thread politically with the Congress now over trade policy. If they don't really come to the table harder with North Korea, they're going to be hanging by a thread in terms of international diplomatic policy."

Lugar Notes North Korea Has Increased Its Missile Capabilities Since Bush Was Elected. Sen. Richard Lugar was asked on ABC's This Week (7/9, Stephanopoulos) if North Korea has "gotten more dangerous on President Bush's watch," Lugar answered, "Perhaps. They certainly have been able to produce more missiles. And they are selling missiles. … So perhaps they have become more dangerous."

Woolsey Warns That South Korea, Japan, Taiwan May All Seek Nuclear Weapons. Former CIA Director James Woolsey, on Fox News Sunday (7/9, Wallace), predicted, "the way China is going now, they're going to end up with four new nuclear powers in East Asia, I think -- North Korea in time, South Korea in time, Japan, and in time maybe Taiwan. Why China thinks it's in its interest to have four new nuclear powers in East Asia is beyond me."

NYTimes Urges Direct Talks. The New York Times (7/10) editorializes, "The United Nations Security Council certainly should register international condemnation of last week's North Korean missile launches. But if any serious progress is going to be made on this and the related North Korean nuclear issue, it will not be through Security Council resolutions or sanctions. … The Bush administration should drop its reflexive opposition to direct talks." But "before scheduling a meeting, Washington should call on North Korea to reinstate its moratorium on long-range missile tests and keep it in place for at least one year while talks on a permanent ban proceed." Those direct talks should also include discussions on North Korea's nuclear weapons programs."

Unity On Iran Said To Hinge On US-Russian Relations. The Financial Times (7/10, Dombey, Khalaf) reports, "Western governments are stepping up their efforts to win Russian and Chinese backing for a tougher stance over Iran's nuclear programme in the run-up to the G8 summit next weekend. The latest indication came from the US, which at the weekend said it was willing to offer Moscow a deal on civil nuclear co-operation – as long as Russia provided more help in convincing Tehran to scale down its programme." The Times says Iran watchers were "distracted" by North Korea's missile tests last week, and notes that Tehran's technical problems "have also reduced the sense of urgency surrounding the case." Washington and Brussels "are focused on using the [G-8 Summit] as the main source of pressure on Iran. Russia wants the summit to focus on energy security instead." Of the Europeans' planned meeting with Iranian nuclear chief Ali Larjani tomorrow, the Times says, "If the encounter with Mr. Larijani proves frustrating for the Europeans, the EU and the US will seek to rally support from Russia and China at a foreign ministers' meeting in Paris for a tougher international line. This will set the tone for the G8 summit later in the week."

NBC Nightly News (7/9, story 6, 2:20, Kotb) reported, "The spotlight will be on Russian democracy as President Bush heads to the G-8 summit. The President starts his trip this week, visiting Germany's chancellor in her former East German parliamentary district, and then moves on to Russia for the gathering of the industrialized nations. The summit gives Mr. Bush a chance for a meeting of the minds with Russian leader Vladimir Putin at a time of tension between the two nations." NBC (Jordan) added, "George W. Bush and Vladimir Putin preparing for this coming weekend's G-8 summit in Putin's hometown of St. Petersburg. As children of the Cold War, they weren't supposed to be friends, certainly not leaders who talk frequently about trade, energy and terrorism -- NBC news presidential historian Michael Beschloss." Michael Beschloss: "Oddly, this is the flip side of the Cold War and a big sign that the Cold War is over." Jordan: "But Bush and Putin don't see eye-to-eye on how to end the nuclear ambitions of North Korea and Iran and Russia's commitment to democracy has also been questioned. Critics accuse Putin of cracking down on civil liberties and the media, as well as jiggling political opponents. He dismissed those charges last week, saying, 'Without democracy, there is no future for Russia.' But those concerns aren't enough to derail President Bush's desire to reach agreements with Russia on a major deal for the storage of nuclear waste."

The Wall Street Journal (7/10, Dreazen) says the Administration's decision "to allow Russia to house spent nuclear fuel highlights a dynamic likely to shape this week's [G-8 Summit]: the shifting power balance between a US facing challenges on several fronts and a Russia moving to reassert itself on the world stage." Washington's "need for Russian support" on the North Korean and Iranian questions "is forcing the US to accede to Russian demands on a range of issues. … The moves represent an acknowledgment by the administration that on a variety of hot-button issues, the U.S. needs Russia more than Russia needs the U.S." On the "cost" to the West for Russian cooperation, the Journal says, Kremlin advisor Igor Shuvalov told reporters that "Moscow hoped to win final U.S. approval for Russia's bid to enter the [WTO] during a bilateral summit between Messrs. Bush and Putin," and "wanted White House assurances that Russian firms would be able to freely invest in the U.S. without facing

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the kind of political scrutiny that derailed recent proposed acquisitions of U.S. assets by companies from China and the United Arab Emirates."

McCain Criticizes Administration Over Russia Nuclear Deal. Sen. John McCain, appearing on CBS's Face the Nation (7/9, Schieffer), was asked if he believes it is a "good idea" for the administration to "reverse policy and cooperate with the Russians on civilian nuclear power," McCain responded, "I'm very skeptical. The Russians are the ones that helped the Iranians. This I another example where the Russians have got to understand, again, that their continued autocracy and repression and oppression of the media, of a free and democratic society…should not be rewarded with an agreement that, I think, probably is more beneficial to them than to us." McCain added, "Putin is clearly on the path to the restoration of autocracy in Russia. And that's not good for America. That's not good for Russia. And that's not good for the world."

Bush Said To Have Become "More Realistic" About Putin. U.S. News and World Report (7/17, Walsh) reports that President Bush has "gotten more realistic" about Russian President Vladimir Putin since they first met in June 2001. Bush's original assessment that Putin was "'very straightforward and trustworthy' and committed to reform" now seems "naive and certainly premature. U.S. policymakers admit as much." US News adds, "As Bush prepares to meet Putin this week at the annual conference of the Group of Eight industrialized democracies in St. Petersburg, the Russian leader's hometown, he is under pressure to condemn Putin's lurches toward autocracy." Some critics "urge Bush to criticize Putin's backsliding in a very dramatic way this week. Arizona Sen. John McCain has even suggested that Bush boycott the entire conference in St. Petersburg." Bush "is trying to find a way to thread the needle by expressing disapproval for Putin's excesses while at the same time winning Kremlin support for his key international objectives."

Media Freedoms Have Been Rolled Back Under Putin. U.S. News and World Report (7/17, Smith) reports, "Under Putin, Russia has experienced a dramatic rollback of media freedom, a sensitive issue as his fellow leaders of the Group of Eight major industrialized nations meet late this week in St. Petersburg. … Before Putin took over in 2000, opposition voices were often heard on the three dominant television networks, particularly on the then privately owned NTV channel. There were hostile interviews with officials, merciless political satire shows, and investigations of what human-rights groups call Russia's dirty war in Chechnya. Today, NTV is owned by the state-run natural gas behemoth Gazprom, and its output differs little from that of the two big state-owned channels Rossiya and Channel One."

Putin Portrayed As Foe Of Democracy. Opinion pieces in today's major newspapers are highly critical of Putin. In an op-ed in today's New York Times (7/10), Gary Kasparov, leader of the United Civil Front of Russia, says "persuasion and appeasement toward Russia have failed. … The right of Russians to elect their governors and parliamentary representatives is steadily eroding, with more and more influence accruing to the executive. … Opposition activists and journalists are routinely arrested and interrogated," while the government "loots private businesses and then uses state-controlled companies to launder the money abroad." Washington and Brussels' strategy of ignoring Putin's transgressions "for the sake of receiving Russia's cooperation on security and energy" is "cynical and morally repugnant" and "has also proven ineffective." Western leaders including "this American president [seem] to be saying that Iraqis and Afghans are deserving of democracy, but Russians are not."

Fred Hiatt writes in the Washington Post (7/10, A17) that Putin is "working hard to undermine democratic Georgia, a nation of fewer than 5 million people bordering Russia on the south. He has banned imports of Georgian produce, wine and mineral water; he is manipulating secessionists inside the country. Saakashvili's success in promoting economic growth and diminishing corruption may be too dangerous an example for Putin to abide." He adds, "A key question for this week will be whether the G-7 leaders make clear that undermining neighboring democracies is not an acceptable policy. France and Germany will be reluctant to allow principle to interfere with commercial interests, which lie with Russia, not some tiny nation to the south. So it will be up to Bush."

Tehran Asks IAEA To Replace Inspector. The AP (7/10, Jahn) reports, "Iran has asked the International Atomic Energy Agency to remove" Chris Charlier," the "head of the inspection team probing Tehran's nuclear program." Charlier "has not been back to Iran since April because of Iranian displeasure with his work," however he "remains the head of the team." He "has previously complained publicly that Iranian constraints made inspection work there difficult."

US Official Warns Iran To Yield Or Face Sanctions. The Washington Times (7/10, Pfeiffer) reports, "US officials yesterday accused Iran of stalling negotiations and said the deadline has arrived for the country to halt nuclear production or face sanctions in the United Nations." Undersecretary of State Nicholas Burns told "Fox News Sunday" yesterday, "We offered them two paths, negotiations or Security Council action. … The Iranians can choose, but the time to choose has come."

Bush Seen As Having Changed His Demeanor, Rhetoric On Foreign Policy. The New York Times (7/10, Sanger) reports, "President Bush has never made apologies for enshrining pre-emption as the defining doctrine

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of his first term. He has declared many times that in a post-9/11 world, presidents no longer have the luxury of waiting for the slow grinding of diplomatic give-and-take when unpredictable dictators are assembling arsenals that could threaten the United States." But "as he leaves for Europe and Russia this week, where the simultaneous nuclear standoffs in Iran and North Korea will top the agenda, Mr. Bush finds himself struggling to square his muscular declarations with the realpolitik of his second term after the invasion of Iraq. At every turn, and every provocation, he finds himself in an unaccustomed position: urging patience." The Times adds that "some conservatives who backed Mr. Bush's decision in Iraq, 'standing by and waiting' is the essence of Mr. Bush's current strategy. … This weekend in The Weekly Standard, William Kristol, another prominent conservative voice, wrote: 'The red lines, pink lines, and mauve lines of U.S. foreign policy seem increasingly to be written in erasable ink. What was 'unacceptable' to President Bush a week ago (a North Korean missile launch) has been accepted.' He called the current policy 'Clintonian.'" Bush's aides, "who decline to speak about their internal deliberations on North Korea and Iran for attribution, say their critics have done everything but describe a workable alternative."

India Says It Has Tested A Long-Range Nuclear-Capable Missile. The New York Times (7/10, Kumar, Sanger) reports, "India test-fired its longest-range nuclear-capable missile on Sunday for the first time, government officials said." But "although the missile was launched, it was unclear whether the entire test was successful, with at least one report saying that the missile had failed at some point in its flight." The Times adds, "The launching has occurred at a time of rising international tension over North Korea's recent missile tests, and as the United States Congress is considering a civilian nuclear pact that the Bush administration negotiated with India." The missile is reported "to have a range of more than 1,800 miles."

Success Of Withdrawal Plan Rests On Olmert's Handling Of Current Gaza Crisis. U.S. News and World Report (7/17, Derfner) reports that the future of Israeli Prime Minister Ehud Olmert's plan for withdrawal from most of the West Bank in order to secure Israelis behind a protective barrier, "now rests on his handling of the growing political crisis sparked by Palestinian militants' kidnapping of Israeli Army Cpl. Gilad Shalit and the escalating military conflict that has drawn Israeli forces back into Gaza."

Newsweek (7/17, Ephron, Dickey) reports that Olmert "has staked his political future…on the success of unilateral disengagement -- with pullouts planned from parts of the West Bank as well as Gaza. Now that's on hold. A policy of unilateral action that requires repeated incursions by Israeli troops is not a viable long-term option. … But Olmert faces a strategic problem. Not only does he have no partner in peace, as he often says, he has no partner in war. The would-be peacemaker, Palestinian President Mahmoud Abbas, has been relegated to a role as spectator. And the breakdown of law and order in Gaza is such that the elimination of the Hamas government could mean the elimination of all government -- with a likely increase in the influence of both Iran and Al Qaeda."

Olmert Rejects Any Deal With Hamas, Vows Long Offensive. NBC Nightly News (7/9, story 10, 0:15, Kotb) reported, "Israel says it is pressing forward with its Gaza offensive in an effort to retrieve a kidnapped soldier. The Israelis stepped up rocket attacks today. One hit a car carrying suspected militants in southern Gaza, killing a bystander and wounding four other civilians."

The New York Times (7/10, Erlanger) reports a statement by Israeli Prime Minister Ehud Olmert to his Cabinet yesterday that "Israel will continue its military offensive in the Gaza Strip at its own pace until Palestinian militants release a captured Israeli soldier and halt their rocket attacks." Olmert is quoted saying "it is impossible to set a timetable. We will continue this battle with level-headedness and patience, while making use of the proper means. We cannot sit and not respond to the Qassam rocket fire." Olmert made clear, according to the Times, that Israel "would not reoccupy Gaza but would act militarily there as it saw fit." The Times says Olmert "ruled out negotiations with Hamas," but "had been prepared to release prisoners to Mahmoud Abbas, the president of the Palestinian Authority, before the two men met for a formal meeting, and Mr. Abbas confirmed that on Friday."

The AP (7/10, Nessman) reports adds Olmert said Israel "would push ahead with the army's widescale offensive in the Gaza Strip, saying the fight to free an abducted soldier and stop militant rocket fire would last for a 'long time.'" The operation "has caused widespread destruction in Gaza, left 51 Palestinians dead and led to international complaints that Israel was using excessive force." The Palestinian public is "widely supportive of the militants' actions" against Israeli forces," the AP says, citing a poll that shows "that 77 percent of those questioned backed Shalit's kidnapping and 67 percent said they supported further abductions. Sixty-nine percent said the soldier should only be released in exchange for prisoners."

ABC World News Tonight (7/9, story 3, 0:20, Muir) also noted Olmert "said the offensive in Gaza would not stop until Hamas releases a captured Israeli soldier," while the CBS Evening News (7/9, story 5, 1:50, Mitchell) showed Nabil Abu Rudaina, a Palestinian advisor, saying "By force, nothing is going to be solved. The situation is very dangerous on us and on the Israelis as well." MacVicar: "Israel threatens this

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is a war that will continue for a long time. What's going on here is not much talking, and even less listening."

Hezbollah Now Part Of Governing Coalition In Lebanon. The Wall Street Journal (7/10, A1, Leggett) reports, "When Syrian troops left Lebanon last year, the Bush administration saw a prime opportunity to de-fang a group one US diplomat once called the 'A-Team' of terror groups: Hezbollah, which receives major backing from Syria. The end of Syria's nearly three-decade occupation was a watershed moment for President Bush's campaign to spread democracy in the Middle East as an antidote to violent Islamic movements." However, "today, it's stronger than ever. The group, once disdainful of domestic politics, filled the power vacuum of Syria's departure by joining Lebanon's governing coalition. That has given Hezbollah new clout, including control over two ministries." It also has "helped the group elude a big threat: international pressure, led by the US and France, to disarm."

Islamic Militiamen, Secular Fighters Clash In Mogadishu. The Washington Post (7/10, A11, Mohamed) reports, "Islamic militiamen attacked fighters loyal to defeated secular warlords in Mogadishu on Sunday, and at least 20 people were killed and scores wounded in heavy street battles, witnesses said. The death toll was expected to rise in the most serious flare-up since the militiamen seized control of the Somali capital from US-backed warlords a month ago." Mogadishu's" war-weary residents ran for cover as rival groups fired machine guns and pounded each other with mortar rounds near an area that had been a pocket of warlord resistance to the Islamic militiamen."

Lopez Obrador Files Fraud Claim, Promises Ample Evidence. The Washington Post (7/10, A11, Roig-Franzia) reports, "Legal advisers to" Andres Manuel Lopez Obrador "gathered Sunday evening at a polling place guarded by soldiers toting machine guns and filed a formal challenge to Mexico's vote results. The filing demands a vote-by-vote recount of the closest presidential election in Mexican history, which was decided Thursday when an official tally left Lopez Obrador, the populist former mayor of Mexico City, a half-percentage-point behind Felipe Calderon, a champion of free trade. Outside the polling place, Manuel Camacho Solis, a top Lopez Obrador strategist, accused election officials, as well as the administration of outgoing President Vicente Fox, of election violations that were 'systematic and on a grand scale.'" The challenge will be reviewed by the Federal Electoral Tribunal, which has two months to certify or refute the election board's tally. "The tribunal will also receive what Lopez Obrador says is evidence of an Internet smear campaign against him and examples of alleged illegal campaigning by Fox, who, as president, was prohibited by law from involvement in political campaigns."

The AP (7/10, Pacheco) says Lopez Obrador "was sending hundreds of pages of purported evidence of fraud Sunday to a court he hoped would overturn" Calderon's victory, and notes that "fraud allegations strike a sensitive nerve with many Mexicans. They question whether Mexico has overcome decades of institutional corruption and fraud that long favored the ruling party — the Institutional Revolutionary Party for 71 years until it lost the presidency to Fox in 2000. Lopez Obrador has sought to stoke those fears."

The Financial Times (7/10, Thomson) says the challenge "raised the pressure on the country's electoral authorities by openly claiming this month's vote had been fraudulent." Lopez Obrador is quoted calling Fox "a traitor to democracy." The Wall Street Journal (7/10, Lyons, De Córdoba) adds, "Despite his rhetoric, analysts say the veteran politician faces an uphill battle both to win a court ruling to overturn the election as well as to galvanize Mexicans into taking to the streets to support him. … Whatever the outcome, the dispute is likely to further polarize a divided nation, making governing more tricky for the next president." The New York Times (7/10, McKinley) notes "the European Commission on Sunday called on both sides to show restraint while the courts dealt with the legal challenges."

Mexican Election Said To Highlight Divide Between Haves And Have-Nots. Newsweek (7/17, Contreras, Campbell) reports that "final tallies showed Felipe Calderón of the center-right National Action Party (PAN)" won Mexico's presidential election, defeating Manuel López Obrador "by a mere 244,000 votes. It was Mexico's closest-ever presidential race." López Obrador "announced plans to challenge the tally in court, and the federal election tribunal has until early September to certify or annul Calderón's apparent win. But no matter how the dispute plays out, the vote confirms an emerging trend in Latin America: a sharpening divide between haves and have-nots."

Chavez Said To Be A Liability For Leftist Candidates In Mexico And Peru. Time (7/17, Naam) reports that Latin America "is witnessing the rise of a generation of politicians seeking to capitalize on frustration with the free-market, pro-American policies commonly pursued in the region in the 1990s, when much was promised and little was accomplished in terms of raising living standards. The leader of this turn toward populism is Venezuelan President Hugo Chavez, who has cast himself as the heir to Fidel Castro, using his country's oil bonanza to purchase political influence all over the continent." But in Mexico's election, "as in Peru's last month, Chavez turned out

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to be more of a liability than an asset to the leftist candidate carrying his banner."

Saudis Looking To Tap Unexplored Reservoirs Of Oil. The Wall Street Journal (7/10, Bahree, Gold) reports, "With global energy demand soaring, Saudi Arabia, whose abundant reserves of light oil have supplied the world for decades, is looking to unlock its huge, hard-to-tap and largely unexploited reservoirs of heavy crude. If it succeeds in overcoming the technical hurdles, the effort could significantly increase Saudi Arabia's oil reserves over the next several years, potentially adding some slack to tight energy markets. It would also be a blow to so-called peak-oil theorists who have forecast that world oil production is on the brink of peaking." The Journal adds, "Earlier this year, in a critical trial of Saudi Arabia's heavy-oil potential, US oil giant Chevron Corp. began a field trial of a technique designed to pump out heavy oil that was previously considered unrecoverable. … Chevron and the Saudis say initial results are promising and that the technique could greatly enhance recovery at some huge fields."

THE BIG PICTURE:

Headlines From Today's Front Pages.

Los Angeles Times:
"$132 Million For 'Pirates' – That's A Lot Of Jack."
"Forging Ahead In Moscow."
"Major Shift In Auto Policies."
"Minnesota Town Sees China As A Big Ally."
"Baghdad Jolted By Sectarian Killing Sprees And Bombings."

USA Today:
"States Try To Block Illegal Workers."
"Many Americans Retire Years Before They Want To."
"4 Soldiers Accused Of Rape, Murder."

New York Times:
"Baghdad Erupts In Mob Violence By Gun And Bomb."
"Detainee Rights Create A Divide On Capitol Hill."
"Small Colleges, Short Of Men, Embrace Football."
"A Star Falters, France Fades, Italy Rejoices."
"In Iraq's Mayhem, Town Finds Calm Through Its Tribal Links."
"Running Hard In Pennsylvania, Senate Power Seeks A New Image."

Washington Post:
"Scores Of Sunnis Killed In Baghdad."
"Well-Paid Benefit Most As Economy Flourishes."
"Italy Is On Top Of The World."
"Man Dies In Attack On Couple In Georgetown."
"A Light In The Shadows Of Homelessness."
"Bringing The Church To The Courtroom."

Washington Times:
"Four Soldiers Charged With Rape, Murder."
"Billy Graham, A Man Still On Fire."
"Portman Expects Decrease In Deficit."
"Seoul Pushes Talks With North."
"U.S. Warns Iran To Halt Nukes Or Face 'Action.'"
"'Dead Man's' Tale: Pirates Capture Record Booty."

Detroit Free Press:
"Michigan Falls Off In Pursuit Of Tax Cheats."
"Why Shanny Split."
"Diet May To Blame In Kilpatrick's Illness."
"From Small To Tall, Boats Ready To Race."
"Today's The Last Day To Register To Vote."

Atlanta Journal-Constitution:
"Democrats' Venom Could Aid Perdue."
"Voting Rights Focus On Ga."
"It's Harder To Steer Clear Of Deer."
"A Penchant For 'Pirates' Hoists Box-Office Take To New Record."

Houston Chronicle:
"NASA Clears Discovery For Its Trip Back Home."
"For Italy, It's All Bellissimo."
"Lay Remembered As A Giving Family Man."
"Four More U.S. Soldiers Charged In Rape, Deaths."
"Are 2 Representatives Better Than One?"

Story Lineup From Last Night's Network News:
ABC: Iraq-Soldiers, Murder Allegations; Iraq Violence; Israel-Gaza Offensive; Space Shuttle; Siberia-Plane Crash; North Korea-Christopher Hill; Southwest-Flash Floods; World Cup Final; News Stories-Week Ahead.
CBS: Iraq Violence; Iraq-Soldiers, Murder Allegations; Siberia-Plane Crash; North Korea-China; Israel-Gaza Offensive; Bush Administration-Secret Intelligence Programs; Gas Prices; Mexican Border-National Guard; World Cup Final; The Christian Left; Weekend Box Office; Washington Nationals-Junior Broadcasters; Baby Panda's Birthday.
NBC: Iraq-Soldiers, Murder Allegations; Iraq Violence; Saddam Trial; Siberia-Plane Crash; North Korea-Northeast Asia; G-8 Summit-Bush, Putin; World Cup Final; Wimbledon-Men's Championship; Mississippi Gulf Coast Casinos; Israel-Gaza Offensive; Space Shuttle; Mexican Border-National Guard; Weekend Box Office; Baby Panda's Birthday

Story Lineup From This Morning's Radio News Broadcasts:
ABC: US Soldiers-Murder Charges; New York-Subway Terror Plot; North Korea-Missile Test; Gas Prices; Paulson To Be Sworn In; Space Shuttle Mission.
CBS: Iraq-Baghdad Violence; US Soldiers-Murder Charges; Mexico-Presidential Election; World Cup; Gas Prices.

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NPR: US Soldiers-Murder Charges; North Korea-Missile Test; States-Minimum Wage Increases; World Cup; East Timor-New Prime Minister Sworn In; Space Shuttle Mission; Southwest-Heavy Rains.

WASHINGTON'S SCHEDULE:

Today's Events In Washington.

White House:

PRESIDENT BUSH — Meets with the Prime Minister of Slovenia. Secretary Rice attends. Oval Office. Pool at end.
Attends swearing on for Henry Paulson as Treasury Secretary. Main Treasury. Pool for cameras, open press for correspondents.
The President and Mrs. Bush participate in social dinner in honor of the Special Olympics. State dining room, The White House.

VICE PRESIDENT CHENEY — Speaks at a luncheon for the National Republican Congressional Committee. Detroit Marriott Troy, Troy, Mich. Closed press.
Speaks at rally for the Michigan National Guard and Joint Services. Selfridge Air National Guard Base.
Speaks at a reception for Rep. Ron Lewis. Private residence, Owensboro, Ky.

FIRST LADY LAURA BUSH -- Participates in the Cooper-Hewitt National Design Awards. East Room.

US Senate: Reconvenes for morning business, followed at 3 p.m. by consideration of the Homeland Security appropriations bill.

US House: Reconvenes following the 4th of July week recess. H.R. 122, Eastern Municipal Water District Recycled Water System Pressurization and Expansion Project; H.R. 2563, To authorize the Secretary of the Interior to conduct feasibility studies to address certain water shortages within the Snake, Boise, and Payette River systems in Idaho, and for other purpose; H.R. 3897, Madera Water Supply and Groundwater Enhancement Project Act; H.R. 3462, To provide for the conveyance of the Bureau of Land Management parcels known as the White Acre and Gambel Oak properties and related real property to Park City, Utah, and for other purposes; H.R. 5061, Paint Bank and Wytheville National Fish Hatcheries Conveyance Act; H.R. 5232, Cherry Valley National Wildlife Refuge Study Act; H.Con.Res. 427, Permitting the use of the rotunda of the Capitol for a ceremony to commemorate the 75th anniversary of the establishment of the Department of Veterans Affairs; and H.R. 5589, To direct the Secretary of Homeland Security to transfer to United States Immigration and Customs Enforcement all functions of the Customs Patrol Officers unit operating on the Tohono O`odham Indian reservation.

Other:

9 a.m. - 10 a.m. G-8 SUMMIT _ The Center for Strategic and International Studies holds a press briefing on the upcoming G-8 Summit. With Ambassador Richard McCormack, CSIS senior advisor; Sarah Mendelson senior fellow, CSIS Russia Eurasia Program; Stephen Morrison, executive director, CSIS Task Force on HIV/AIDS; and Robert Ebel, chairman, CSIS energy program. Location: B-1 conference room, CSIS, 1800 K St. NW

9:30 a.m. STUDENT LOANS _ Oral arguments in the Public Citizen lawsuit alleging that the Deficit Reduction Act of 2005 is invalid because the bill was not passed by the House of Representatives. Location: Courtroom 8, U.S. District Court, 3rd St. and Constitution Ave. NW.

10 a.m. HISPANIC MEDIA-PUBLIC AFFAIRS _ Carlos Alcazar, president of the Hispanic Communications Network, delivers remarks on 'Hispanic Media and Its Impact on Latino Public Affairs." Alcazar will also announce the launch of a new nationally syndicated Spanish-language radio public affairs show, ``Epicentro Politico". Location: National Press Club, 14th and F Sts. NW

11:10 a.m. PAULSON _ Swearing in ceremony for Treasury Secretary Henry Paulson, with President Bush and Chief Justice Roberts administering the oath. Location: Main Treasury.

12 p.m. - 1 p.m. LONG TERM CARE-MEDICARE PART D _ The Long Term Care Alliance hosts a briefing on Medicare Part D at six months, issues for beneficiaries in long term care.

12:30 p.m. - 1:30 p.m. REBUILDING IN INDONESIA _ The International Organization for Migration hosts a discussion on rebuilding lives in Indonesia after the December tsunami and May earthquake. Update on recovery efforts. With Steve Cook, IOM chief of mission in Indonesia, and Robert Laprade, American Red Cross. Location: 1752 N St., NW.

1 p.m. - 2:30 p.m. SECURITY-NEGROPONTE _ The U.S. Chamber of Commerce hosts a forum with Ambassador John Negroponte, Director of National Intelligence. Topics: Progress within the office of the NDNI; current plans and future priorities; and how the business community can assist in protecting the country. Location: 1615 H St. NW.

1:30 p.m. DEMOCRATS-LAW ENFORCEMENT FUNDING _ The Senate Democratic Policy Committee holds a oversight hearing on the impact of federal funding cuts on law enforcement programs and the violent crime rate. With Sen. Byron Dorgan; Sen. Harry Reid; Sen.Carl Levin (D-MI); Timothy Dolan, Chief of the Minneapolis Police Department; Ted Kamatchus, Sheriff, Marshall County, Iowa, and President of the National Sheriffs Association; Brian OKeefe, Deputy Chief of the Milwaukee Police Department; Gary Hagler, Chief of the Flint, MI, Police Department; and James Allen Fox, Professor of Criminal Justice, Northeastern University. Location: Room 192, Dirksen

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2 p.m. BUDGET REVIEW-PREVIEW _ The Center on Budget and Policy Priorities holds a teleconference to preview the Office of Management and Budget's mid-session review of the federal budget. Focus on historical and other context to assist journalists in assessing the MSR figures. With Ron Greenstein, executive director; James Horney, senior fellow; Richard Kogan, senior fellow; and Joel Friedman, senior fellow.

2 p.m. - 5:30 p.m. CORPORATE GOVERNANCE-COMPETITIVENESS _ The Financial Services Forum hosts a roundtable discussion on the Sarbanes-Oxley Act, global trade, and the effects of U.S. corporate governance rules on the competitiveness of American business and financial markets. With Randal Quarles, undersecretary of the Treasury; Rep. Tom Feeney, R-Fla.; Rep. Joe Crowley, D-NY; Rep. Vito Fossella, R-NY; Donald Nicolaisen, former chief accountant, Securities and Exchange Commission; and others. Location: Mandarin Oriental Hotel, 1330 Maryland Ave. SW.

2:30 p.m. WORKPLACE DRUGS _ Signing ceremony for an expansion of the Drug-Free Workplace Alliance. With Elaine Chao, Secretary of Labor; leaders from five labor unions and five contractor associations; and others. Location: U.S. Census Bureau, Suitland Federal Center, 4700 Silver Hill Road, Suitland.

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DEPARTMENT OF JUSTICE *NEWS CLIPS*

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TERRORISM NEWS:

Detainee Rights Create A Divide On Capitol Hill (NYT)

By Kate Zernike And Sheryl Gay Stolberg

The New York Times, July 10, 2006

WASHINGTON, July 9 — The Supreme Court decision striking down the use of military commissions to bring terrorism detainees to trial has set off sharp differences among Republicans in Congress over what kind of rights detainees should be granted and how much deference should be shown the president in deciding the issue.

The debate is expected to consume the rest of the summer in Congress as lawmakers head into an election season expected to be dominated by issues of national security. The issue reflects the difficult legal, diplomatic and political choices the government faces in dealing with terrorism suspects.

The divisions do not fall strictly along traditional partisan lines and are as much within the parties as between them, particularly for Republicans. On one side of the debate are Republicans who believe Congress should give the president the authority to set up the kind of military commissions that were struck down by the court. Such commissions would sharply curtail defendants' rights.

On the other side are those who say the trials should be modeled on the military system of courts-martial, an approach that would give detainees more due-process rights than would the commissions. In between, many Republicans and Democrats alike argue for starting with the military judicial system and tweaking it to reflect the differences of trying terrorism suspects.

The debate will play out in a series of Congressional hearings quickly scheduled for this week, as lawmakers return to Washington after their weeklong Fourth of July recess.

Aides to President Bush said they had not yet reached any conclusions about what legislation should look like. Dan Bartlett, counselor to Mr. Bush, said lawyers for the White House, State Department and Justice Department were still reviewing the court's decision in the case, Hamdan v. Rumsfeld.

Senator Lindsey Graham, Republican of South Carolina, who is expected to take a leading role on the issue as a member of the Armed Services Committee, argued that the administration's version of the military commissions had to be "reined in" to make clear, for instance, that evidence gathered by coercive interrogation techniques could not be introduced as evidence.

"I'm trying to get my colleagues to think about the international community's reception to what we do," said Mr. Graham, a former military lawyer. "We've got a chance to improve our image."

In its decision, the Supreme Court said, on a 5-to-3 vote, that the planned commissions were unauthorized by federal statute and violated international law.

Administration officials, who have been consulting with Mr. Graham, are looking to him to play a central part in drafting legislation. Senators John W. Warner of Virginia, who is chairman of the Armed Services Committee, and John McCain of Arizona also are expected to be at the forefront for the Republicans, while Senator Carl Levin of Michigan is quite likely to emerge as a point man for the Democrats.

On the Judiciary Committee, Senator Arlen Specter of Pennsylvania, the Republican chairman, and Senator Patrick J. Leahy, the committee's ranking Democrat, who first proposed Congressional action on military tribunals in 2001, are also expected to play central roles.

The Supreme Court decision left lawmakers with the challenge of resolving a complicated legal issue under the pressure of a heated election season and a limited amount of time left on their calendar.

While both parties are united in saying they want to act quickly, they face fights over what form of trial to use and whether the protections of the Geneva Conventions apply to terrorism suspects.

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In hearings on Capitol Hill this week, the House Armed Services Committee will take testimony from lawyers, including several sympathetic to the administration. Two Senate committees, Judiciary and Armed Services, will take testimony from constitutional lawyers and top military lawyers, who some Republican senators believe were ignored in the White House discussions that led to the establishment of commissions. The only administration officials scheduled to testify are lawyers from the Justice Department and the Pentagon.

While Republicans are divided on central issues, Democrats have their own challenge. They see the court's decision as a rare rebuke to Mr. Bush, and they hope to turn the debate into a broader one over presidential power. But they said they also recognized that they must cooperate on legislation or risk being portrayed as weak on terrorism.

Some Republicans and many Democrats say that the administration may have hurt itself by rebuffing efforts as early as 2001 by Republicans and Democrats in the Senate to set up some kind of military commission. "Congress is going to want to be a full partner, and not a rubber stamp for this process," said Senator John Cornyn, Republican of Texas and a close ally of the White House.

The central question is what kind of forum to set up. Commissions allow the government wide berth in introducing evidence, including hearsay, which is banned in military courts, and restrict the rights of the accused to be present in the court and to see the evidence against them. Military courts-martial, while not as strict as civilian courts, restrict the kind of evidence that can be introduced and allow the accused to interview witnesses and see even classified evidence.

The White House has long resisted anything like courts-martial, saying they could require the government to choose between dropping the charges and disclosing more than it wants to about the sources and nature of the intelligence used to develop a case against the detainees.

Senator Warner, who will direct the hearings as chairman of the Armed Services Committee, said he wanted a system that relied "as much as possible" on the Uniform Code of Military Justice, which the court decision said governed the treatment of detainees.

Many lawmakers said they supported an approach based on some tweaking of the military system. Senators Graham and Specter, along with Representative Duncan Hunter, Republican of California and the chairman of the House Armed Services Committee, advocate allowing hearsay, as well as a procedure to deal with classified evidence. The rules would be looser than in a court-martial but stricter than in a commission.

"We have to have a system that operates in the war on terror and one that doesn't tie us into knots trying to prosecute the people who have killed Americans in large numbers," Mr. Hunter said.

John C. Yoo, a professor of law at the University of California, Berkeley, who worked on orders expanding presidential power in the treatment of detainees as a former lawyer for the Justice Department, said, "The debate that people are having is whether it's going to be a short bill that just overrules Hamdan completely, which you could do in one sentence, or whether it's going to be a much more comprehensive law that tries to set out essentially a code of procedure for the military commission."

But any effort simply to codify the president's order establishing commissions would be fiercely resisted by influential Democrats.

"The Supreme Court said the president cannot continue to break the law," said Mr. Leahy, the Vermont Democrat. "The worst thing to do would be to simply paper that over and say we'll make it possible for him to break the law."

An effort by Mr. Leahy in 2001 to introduce legislation establishing tribunals was rebuffed by the White House. "They said no, they knew what they were doing, they would do it alone," Mr. Leahy said. "What's happened? Five years, there have been no trials, no convictions, nothing has happened, we've had our reputation severely hurt throughout the rest of the world."

Mr. Graham similarly called it "a mistake" to give Congressional blessing to the military commissions as envisioned in Mr. Bush's presidential order. "We have a chance to start over," he said.

Another central question is whether the Geneva Conventions extend to accused terrorists. Mr. Graham and Mr. Cornyn say no, and Mr. Graham wants Congress to pass legislation overturning the court's finding that Common Article 3 of the conventions applies to detainees. The article's provisions outlawing degrading treatments, he believes, could mean that American soldiers would be subject to prosecution in the war on terror.

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But Mr. Cornyn, a former judge, said that the reference to Article 3 meant simply that any court must be established within the military justice system.

"Congress should not, and the court did not hold that, they are entitled to the whole panoply of rights that the prisoner of war would be entitled to under circumstances where the Geneva Conventions apply," Mr. Cornyn said.

Other Republicans, though, fear that any system that does not pay heed to the court's mentioning of the Geneva Conventions risks being rejected by the court again.

"We've got to structure this law in such a way that if it ever came back up through the Supreme Court, it will not be struck down," Mr. Warner said. "It's important for the credibility of the United States to put this issue at rest and let the world realize we're affording them the protections as the Supreme Court outlined."

Democrats will argue that harsh conditions at Guantánamo have made the prison a rallying cry for new terrorist recruits.

"The issue we believe is most prescient is not the balance between security and liberty, where on issues like this the parties are relatively close, but on competence," said Senator Charles E. Schumer, Democrat of New York. "They just don't do it right, wherever they go. By their stubbornness and refusal to work with Congress, they've made us worse off in Guantánamo today."

Congress has rearranged its schedule to debate the issue this month, and those leading the debate say that they want to vote on new legislation, if any is needed, by September.

Court's Decision Offers Scant Guidance (NYT)

By Neil A. Lewis

The New York Times, July 10, 2006

WASHINGTON, July 9 — In striking down President Bush's plan to have military commissions operate at Guantánamo Bay, the Supreme Court provided no clear road map for the White House and its allies in Congress as they ponder their next move.

But the court's majority opinion offered some ambiguous guidelines as to what changes might allow Guantánamo detainees to be tried before some kind of military tribunal, as White House officials say they remain committed to doing.

There are two major issues any proposed remedy must deal with, legal analysts say. One involves the Uniform Code of Military Justice, a domestic law that prescribes guarantees for defendants in court-martial proceedings roughly analogous to those in the nation's civilian courts; the other involves the Geneva Conventions, a set of international treaties to which the United States is a party.

The court's five-member majority ruled that the law requires that in most circumstances, procedures for military commissions should be consistent with those used in courts-martial, which are used to try active American service members for crimes.

Any exceptions to those procedures, the court said, would be permissible only if the president demonstrated that it was "impracticable" to abide by the Uniform Code of Military Justice.

The military commissions at Guantánamo had at least two substantial deviations from court-martial procedures in the court's view: The defendant could be excluded from the courtroom, and evidence that would not typically be admitted in a court-martial could be used if the judge thought it was useful, including hearsay and information obtained through coercive interrogations or torture.

That means that the military commissions might be saved if changes were made to make them more like courts-martial or the president adequately demonstrated that it was impracticable to do so.

The court was not clear as to how the president could fulfill that requirement of proving it was impracticable to provide all the rights of court-martial proceedings. But one possibility is that he could get Congress to formally agree, which might oblige the court to defer to that judgment.

If Congress also moved to change the commissions' rules to make them more like court-martial proceedings — required the exclusion of hearsay and other questionable testimony and so forth — the commissions might be acceptable to the court. But lawyers inside and outside the military agree that it would make it exceedingly difficult for the government to win those cases with such restrictions.

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"That's obviously why they didn't want to use the court-martial system in the first place," said John D. Hutson, a retired rear admiral who served as the Navy's top lawyer until 2000 and is now the dean and president of the Franklin Pierce Law Center in Concord, N.H.

The second major issue raised by the court is the finding that the protections guaranteed in a section of the Geneva Conventions known as Common Article 3 apply to the detainees, even those deemed to be members of Al Qaeda. The court noted that Common Article 3 (so called because it appears as Article 3 in all four Conventions) has long been regarded as a minimum baseline of rights that must be afforded to all prisoners.

Justice John Paul Stevens, in writing the majority opinion, noted that Common Article 3 requires that even a Guantánamo detainee "be tried by a regularly constituted court affording all the judicial guarantees which are recognized as indispensable by civilized peoples." He suggested that the military commissions could not be regarded as "regularly constituted" courts because in the United States system, court-martial proceedings fulfilled that role. So again, Congress might consider declaring that the military commissions are regularly constituted courts and let the courts decide if that is adequate.

The invocation of Common Article 3 raises another important question. If its provisions about trials apply, so might its provisions that prohibit "humiliating and degrading treatment," which is a higher standard than the most restrictive domestic statute, the so-called McCain Amendment.

Congress Argues The Recrafting Of Terror Tribunals (CSM)

By Warren Richey

The Christian Science Monitor, July 10, 2006

WASHINGTON

Two months after 9/11, President Bush announced a bold and controversial initiative. Under his power as commander in chief, he created a streamlined process in the military justice system to try members of Al Qaeda for war crimes.

The national debate that followed was rigorous and, at times, heated. But it produced no specific legislation affirming the new military-commission system.

Now, on the heels of a US Supreme Court rebuke of Mr. Bush for acting without clear legislative support, the debate is taking place again - this time in the halls of Congress. At issue is to what extent suspected terrorists should be afforded the same fair-trial protections as US soldiers facing prosecution in courts-martial.

The Bush administration and its supporters have said that generous procedural protections may make it difficult or impossible to prosecute some terrorists without revealing sensitive intelligence sources and methods.

Other analysts say that how the United States treats its captured enemies reveals something fundamental about America's character as a nation. They urge that Al Qaeda suspects be granted the same due process protections as American soldiers under the military justice system.

"If you set the higher standard, it is a signal to the rest of the world that we are treating these people under the rule of law," says Scott Silliman, director of the Center on Law, Ethics and National Security at Duke Law School.

In its ruling on June 29, the Supreme Court said the president's military commission process did not provide the minimal level of trial protections required under the Uniform Code of Military Justice (UCMJ) and Common Article 3 of the Geneva Conventions.

"The military commission was not born of a desire to dispense a more summary form of justice than is afforded by courts-martial; it developed, rather, as a tribunal of necessity," says Justice John Paul Stevens, discussing the history of such commissions in his majority opinion. "Exigency lent the commission its legitimacy, but did not further justify the wholesale jettisoning of procedural protections."

The challenge for Congress is to decide how best to balance the concerns raised by the Supreme Court against the flexibility desired by the Bush administration. Specifically at issue is whether to retain or rewrite rules that heavily favor prosecutors by allowing hearsay and coerced statements to be introduced as evidence. Stricter rules of evidence might prevent prosecution of terrorists where testimony was obtained through harsh interrogation tactics, legal analysts say.

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The rules also allow for a defendant to be excluded from any portion of his trial dealing with classified information. Although the rules permitted an appointed military defense lawyer to attend the closed portions of the trial, the military lawyer was barred from ever disclosing or discussing the classified evidence with the defendant.

The Supreme Court did not announce a strict standard. Instead, the majority justices quoted a provision of Common Article 3 that requires the military commission be "a regularly constituted court, affording all the judicial guarantees which are recognized as indispensable by civilized peoples."

It will now be up to Congress to decide which judicial guarantees are "indispensable" in the context of military-commission proceedings against accused terrorists.

"Justice Stevens has done us all a favor," says David Rivkin, a Washington, D.C., lawyer who worked in both the Reagan and first Bush administrations. "This is a road map of how to fix" the commission process.

Mr. Rivkin notes that the Supreme Court invalidated the commission system based on statutory grounds, rather than identifying constitutional violations. Congress can respond to statutory problems by rewriting the law, Rivkin says.

He says Congress will probably preserve most of the Bush administration's approach. "The bottom line is you are going to hand up procedures that are probably a little less sweeping than the existing commission rules, but not by much," he says.

Others are pushing for broader protections. The Washington-based National Institute of Military Justice is proposing that Congress rewrite the UCMJ to mandate that military commissions use the same procedures as general courts-martial. "This was a very poor likeness of military justice," says NIMJ President Eugene Fidell of the invalidated commission process.

Mr. Fidell acknowledges that tougher trial standards may mean that some terror suspects are never brought to trial. "There are times when you have to do that," he says.

Professor Silliman, who served for 25 years as an Air Force judge advocate, agrees. "We are under a tremendous amount of attack in the world's public opinion as a result of the atrocities in Iraq and our handling of Guantánamo Bay," he says.

Rivkin, who supports more relaxed trial standards, says military jurors will be able to work through the evidence and other issues, and render fair verdicts. But he says the larger issue is not which procedures Congress enacts, but that Congress recognizes the symbolic importance of treating terror suspects differently. He says those who comply with the law of war deserve certain protections. Terrorists, who follow no rules or law, should not, he says.

Says Rivkin: "Here, society is saying: 'These people aren't just criminals; as terrorists, they are something else.' That doesn't mean they don't get due process, you just slice it differently."

Guantanamo Probe Finds Evidence Of Plot (AP-Y2)

By Ben Fox

AP2, July 9, 2006

An investigation into three apparent suicides at the Guantanamo Bay prison has found that other detainees may have helped the men hang themselves or were planning to kill themselves too.

Authorities who searched other detainees' cells after the three were found hanged discovered instructions on tying knots, along with several notes in Arabic that were "relevant" to an investigation of a possible broader plot, officials said in court papers filed late Friday in Washington.

The detention center's commander, Navy Rear Adm. Harry B. Harris, said in an affidavit that investigators believe "the suicides may have been part of a larger plan or pact for more suicides that day or in the immediate future."

Authorities confiscated personal papers from nearly all 450 prisoners at Guantanamo Bay to "determine whether other suicides were planned or likely to be planned," Carol Kisthardt, the Naval Criminal Investigative Service agent in charge of the investigation, said in an affidavit.

Both affidavits were filed in support of a request for a judge to appoint a special review panel to review all the detainees' documents, which include letters from attorneys.

Lawyers for Guantanamo detainees have condemned the confiscation of the legal papers as a violation of attorney-client privilege and asked a judge to order their immediate return.

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Investigators said they confiscated about 1,100 pounds of personal documents after three detainees were found hanging from their steel mesh cells before dawn on June 10 — the first reported deaths of prisoners at the prison.

Bill Goodman, legal director for the New York-based Center for Constitutional Rights, which represents about 200 detainees, said Saturday that a special review panel would undermine trust between prisoners and their lawyers and delay the legal process.

"It's another roadblock," Goodman said.

The government said the panel's independence would be assured, and detainees' rights protected, by its including lawyers, law enforcement and intelligence personnel and translators who have not taken part in any legal proceedings against detainees.

The special panel, or "Filter Team," would review all the material and report any information that threatens national security or involves "imminent violence" but would not divulge anything that would violate attorney-client privilege, the government said.

Authorities took the papers after finding a note in Arabic related to the suicides in the mesh wall of the cell of one of the prisoners found hanged to death, Kisthardt wrote.

The note did not appear to be written by the prisoner, or another of the detainees who committed suicide, and it was written on paper provided by lawyers stamped with the words "Attorney-Client Privilege."

Among the papers, investigators also found a printout of an e-mail written by someone on the base that appeared to contain sensitive information about the location of cells and operations at Guantanamo, where the U.S. holds men suspected of links to al-Qaida or the Taliban.

Investigators also confiscated envelopes from detainees marked "Attorney-Client Privilege" but did not review the contents to see if they had any relevant information, Kisthardt wrote.

The Gitmo Fallout (NSWK)

By Michael Isikoff And Stuart Taylor Jr.

Newsweek, July 17, 2006

David Bowker vividly remembers the first time he heard the phrase. A lawyer in the State Department, Bowker was part of a Bush administration "working group" assembled in the panicked aftermath of the September 11 attacks. Its task: figuring out what rights captured foreign fighters and terror suspects were entitled to while in U.S. custody. White House hard-liners, led by Vice President Dick Cheney and his uncompromising lawyer, David Addington, made it clear that there was only one acceptable answer. One day, Bowker recalls, a colleague explained the goal: to "find the legal equivalent of outer space"—a "lawless" universe. As Bowker understood it, the idea was to create a system where detainees would have no legal rights and U.S courts would have no power to intervene.

The "outer space" line became something of a joke around the office, but Bowker and a handful of his colleagues didn't find it all that funny. The White House was already planning to fly terror suspects to Guantánamo Bay, Cuba, or other secret U.S. prisons overseas, where they would have no way to challenge their detention. In January 2002, Bowker and other State Department lawyers pushed back. After seeing a Justice Department memo arguing that Qaeda and Taliban prisoners did not even deserve basic protections under the Geneva Conventions, they warned that the administration was inviting an enormous backlash, both from U.S. courts and foreign allies. It would also, they feared, jeopardize President George W. Bush's plans to try such prisoners in specially created military courts. "Even those terrorists captured in Afghanistan ... are entitled to the fundamental humane treatment standards of ... the Geneva Conventions," William Howard Taft IV, the State Department legal counselor and Bowker's boss, wrote in a Jan. 23, 2002, memo obtained by NEWSWEEK. In particular, Taft argued, the United States has always followed one provision of the Geneva Conventions—known as Common Article 3—which "provides the minimal standards" of treatment that even "terrorists captured in Afghanistan" deserve.

But the complaints went unheeded. The hard-liners forcefully argued that in wartime, the president had virtually unlimited powers to defend the nation. They may come to wish they'd listened a little more closely to the warnings. In a ruling late last month, the Supreme Court came down squarely on the side of the dissenters. The case involved Ahmed Hamdan, a captured 37-year-old Yemeni who once served as Osama bin Laden's driver and now sits in a Gitmo cell. The court blocked the

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Pentagon's plans to try Hamdan as a war criminal in a military commission authorized by President Bush. The court's reasoning was complex, but the majority opinion, written by Justice John Paul Stevens, concluded that the military commissions, with their limited protections for the rights of the accused, violated the Uniform Code of Military Justice and the basic provisions of Common Article 3 of the Geneva Conventions—precisely the argument that Taft, Bowker and other State Department lawyers had tried to make four years ago.

Administration officials and Washington lawyers are still digesting the text of the ruling, but it is already becoming clear that it could have ripple effects that extend far beyond the trial of Hamdan and other Guantánamo prisoners. The president has long argued that Congress granted him wide-reaching powers in the days after 9/11, when it passed a resolution authorizing him to use military force against the perpetrators of the attacks. But in his ruling, Justice Stevens took a much narrower view of the president's wartime powers, rejecting the administration's argument that military commissions of the kind Bush had created were covered by the resolution. Now other antiterror programs that the president has justified by invoking the same congressional resolution might be vulnerable to serious legal challenge. Some legal scholars and current and former administration officials believe the case could undermine the secret foreign detention centers and the NSA eavesdropping program, two cornerstones of the terror war. "This is an extremely damaging decision for presidential power," says a former senior administration lawyer, who asked for anonymity owing to his intimate involvement in the legal wrangling over prisoner treatment. "And it was largely a self-inflicted wound." The bitter irony: an administration determined to expand executive power may have caused a serious contraction.

Another possible side effect is that other countries, emboldened by the ruling, could use the case to justify efforts to bring war-crimes charges against CIA officers, U.S. service members and traveling government officials who had a hand in authorizing or carrying out harsh treatment of prisoners. Conceivably, those who violate provisions of Article 3—which mandate humane treatment for all captured prisoners—could also be criminally prosecuted by future administrations under a U.S. law known as the War Crimes Act. "This has opened up a can of worms," says Sen. Lindsay Graham, a South Carolina Republican. "You could have a situation if we don't bring some restraint where anybody who has done anything to an Al Qaeda suspect that's harsh could be prosecuted." Bowker says he and other State Department lawyers specifically warned about just such a scenario during the early debates. "The implications of this—for potentially being arrested and tried in other countries—is certainly a little scary," says Ted Olson, the former solicitor general.

Defenders of the administration's position put the blame for any such troubles on a Supreme Court they say is once again meddling where it doesn't belong. Historically, they argue, courts have given the president wide latitude during wartime. "It shows that the imperial judiciary thinks that, in addition to abortion, affirmative action and religion, war should be within its grasp," says John Yoo, now a Berkeley law professor, who was one of the chief authors of the administration's antiterror legal doctrines. But other insiders concede that the White House, by going too far, provoked the court to step in.

The court decision's possible effects have set off an intense debate within the administration over how to respond. One camp, headed by national-security adviser Stephen Hadley and Secretary of State Condoleezza Rice, want to use the decision as the basis for a wide-ranging "fix" that would accept a role for Congress and the courts on detainee issues. That would, at a minimum, require Congress to authorize military commissions under new rules that provide greater protections for the accused—and establish some standards for the treatment and interrogation of terror suspects. (It could also lead to a shutdown of Guantánamo—a goal President Bush has moved toward in recent weeks.)

But hard-liners—led by Addington, now Vice President Cheney's chief of staff—are fiercely resisting. They, along with some congressional Republicans, want to nullify the court ruling by rewriting portions of the Uniform Code of Military Justice and granting the president the powers the court rejected.

One person closely watching the case, and the fallout, is Hamdan himself. Last week, heavily guarded and shackled with leg irons, he met with his lawyer, Neal Katyal, to review the decision in a Gitmo interrogation room. He was "overcome with joy" that he might have a chance at a trial, Katyal says, and discussed the legal subtleties of the opinion. "He understood it better than most of the lawyers familiar with the case did," Katyal insists. A little farfetched, perhaps. But languishing in the cell, bin Laden's driver will have plenty of time to sharpen his analysis of the case that bears his name.

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Lawmaker: Congress Not Told Of Programs (USAT)

USA Today, July 10, 2006

The Bush administration was running several intelligence programs, including one major activity, that it kept secret from Congress until whistle-blowers told the House Intelligence Committee, Chairman Pete Hoekstra, R-Mich., said on Fox News Sunday.

Hoekstra wrote to President Bush in May, warning him that failure to disclose intelligence activities to Congress may violate federal law. Hoekstra wrote that Congress "should not have to play 'Twenty Questions' to get the information that it deserves under our Constitution."

"I take it very, very seriously," Hoekstra said Sunday. "We've now been briefed."

The White House declined to comment directly on the allegations in Hoekstra's letter, disclosed in Sunday's New York Times. "We will continue to work closely with the chairman and other congressional leaders on important national security issues," said Alex Conant, a White House spokesman.

Sen. Evan Bayh, D-Ind., told supporters in South Bend that if he runs for president his central theme would be to bring the country together. "I can be more of a force for reconciliation, and I think that's vitally important to our country right now," Bayh said after returning from three days of campaigning in Iowa, which holds the first presidential contest in January 2008.

Bayh, whose father, Birch, was an unsuccessful candidate for the Democratic presidential nomination in 1976, said he likely will decide whether to run after Thanksgiving. He said whether he can raise enough money to be a viable candidate will be part of the decision, but not the primary factor.

Former U.S. House majority leader Tom DeLay suggested Friday that he is considering running again for Congress after a judge said his name must remain on the fall ballot in Texas.

DeLay, who is awaiting trial on charges of money laundering and conspiracy in a Texas campaign finance case, won the Republican primary in March. He resigned June 9 and said he had moved to Virginia.

A federal judge ruled last week in favor of the Democratic Party, which sued to keep DeLay's name on the November ballot.

DeLay told supporters in Sugar Land, Texas, he would decide whether to run after a federal appeals court reviews the judge's ruling.

Congressman Says Program Was Disclosed By Informant (NYT)

By Eric Lichtblau And Scott Shane

The New York Times, July 10, 2006

WASHINGTON, July 9 — The chairman of the House Intelligence Committee said Sunday that the Bush administration briefed the panel on a "significant" intelligence program only after a government whistle-blower alerted him to its existence and he pressed President Bush for details.

The chairman, Representative Peter Hoekstra, Republican of Michigan, wrote in a May 18 letter to Mr. Bush, first disclosed publicly on Saturday by The New York Times, that the administration's failure to notify his committee of this program and others could be a "violation of law."

Mr. Hoekstra expanded on his concerns in a television appearance on Sunday, saying that when the administration withholds information from Congress, "I take it very, very seriously."

Mr. Hoekstra and other officials would not discuss the nature of the undisclosed intelligence programs. But officials have said he was not referring to the National Security Agency's wiretapping operation or to the Treasury Department's bank monitoring program, both of which he was informed about. Mr. Hoekstra made clear on Sunday that he was particularly troubled by the failure to notify the Intelligence Committee of one particular major program.

"We can't be briefed on every little thing that they are doing," Mr. Hoekstra said in an interview on "Fox News Sunday." "But in this case, there was at least one major — what I consider significant — activity that we had not been briefed on that we have now been briefed on. And I want to set the standard there, that it is not optional for this president or any president or people in the executive community not to keep the intelligence committees fully informed of what they are doing."

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The White House declined to comment on the issue Sunday but said last week that it would continue to work closely with Mr. Hoekstra and the intelligence committees.

The criticism of the White House was particularly surprising coming from a Republican committee chairman who has been an important ally of the Bush administration. Mr. Hoekstra has vigorously defended the administration's handling of a number of controversial issues, including the N.S.A. operation, the prewar intelligence on Iraq, and the treatment and interrogation of terrorism suspects.

Mr. Hoekstra has also been an outspoken critic of government employees who leak classified information to outsiders and of the news media for printing articles about it, and he has suggested that tougher legislation may be necessary.

But on Sunday, discussing how he learned of the administration's failure to brief the committee, Mr. Hoekstra said, "This is actually a case where the whistle-blower process was working appropriately."

"Some people within the intelligence community brought to my attention some programs that they believed we had not been briefed on," he said, adding, "They were right."

In talks with the administration, the committee "asked by code name what some of these programs" were, Mr. Hoekstra said. "We have now been briefed on those programs. But I wanted to reinforce to the president and to the executive branch and the intelligence community how important, and by law, the requirement that they keep the legislative branch informed of what they are doing."

Officials said in interviews last week that the administration had briefed the House Intelligence Committee at least twice in recent weeks, after Mr. Hoekstra's letter, to discuss details of the previously undisclosed programs. But some committee members say they remain wary that the administration is continuing to withhold information.

Regarding the leaks of classified information, Mr. Hoekstra said at a hearing on May 26 that he thought that there should be strong protections for intelligence agency whistle-blowers who bring their concerns to Congress, reducing the risk of leaks to the news media.

"We need to make sure the whistle-blower process is an open door," Mr. Hoekstra said at the hearing. Otherwise, he said, when intelligence officers see something they believe to be illegal or unwise, "they just go, 'Well, I'll just go to the press.' "

Congress is considering stronger protections for whistle-blowers, and a bill approved by the House Government Reform Committee in April would make it easier for intelligence agency employees to report concerns without fear of retaliation from superiors. But last month the Senate passed a separate whistle-blower bill that excludes employees of the intelligence agencies from its protections.

Hoekstra Urges Bush To Impart Intelligence Details (WP)

By Charles Babington

The Washington Post, July 10, 2006

The Bush administration briefed top lawmakers on a significant intelligence program only after a key Republican committee chairman angrily complained of being left in the dark, the chairman said yesterday.

House intelligence committee Chairman Peter Hoekstra (R-Mich.) would not describe the program, but he said it was significant enough that the administration should have briefed him and others voluntarily, without waiting for them to learn of it through government tipsters.

"There was at least one major -- what I consider significant -- activity that we had not been briefed on that we have now been briefed on," Hoekstra said on "Fox News Sunday." "Some people within the intelligence community brought to my attention some programs that they believed we had not been briefed on. They were right."

Hoekstra said the briefings took place after he complained in a May 18 letter to President Bush of hearing about "alleged Intelligence Community activities" not described to committee members in classified briefings. "If these allegations are true," he wrote to Bush, "they may represent a breach of responsibility by the Administration, a violation of law and . . . a direct affront to me and the Members of this committee."

Yesterday, Hoekstra appeared mollified. But he said he still believes the administration falls short of its legal obligations to brief key congressional members on significant intelligence operations.

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"I wanted to reinforce to the president and to the executive branch and the intelligence community how important, and by law the requirement, that they keep the legislative branch informed of what they are doing," he said. "It is not optional for this president or any president or people in the executive community not to keep the intelligence committees fully informed of what they are doing."

Numerous Democrats and civil liberties groups have alleged that the administration ignores laws involving due process and congressional notification in conducting surveillance and intelligence programs in the name of fighting terrorism. Until Hoekstra's May 18 letter was disclosed Saturday by the New York Times, the most prominent Republican questioning the administration's tactics was Senate Judiciary Committee Chairman Arlen Specter of Pennsylvania.

Hoekstra's remarks left unclear the nature of the intelligence programs he alluded to in his letter. He did not specify whether they involved domestic surveillance, a contentious area in which newspapers have reported about programs involving warrantless wiretaps, extensive gathering of phone records and monitoring of international bank transactions. Hoekstra, like many other GOP lawmakers, has defended the programs as important tools in combating terrorism, and he has resisted Democrats' calls for full inquiries into the programs' legality.

Hoekstra also had shown deep interest in an April report by the National Ground Intelligence Center regarding 500 chemical munitions shells that Iraqi troops had buried in the 1980s, which were uncovered in 2004. Hoekstra and Sen. Rick Santorum (R-Pa.) have said the shells justify claims that deposed Iraqi president Saddam Hussein had weapons of mass destruction, but the administration has not embraced those assertions. On June 29, Hoekstra complained in a letter to Director of National Intelligence John D. Negroponte about an administration background briefing for reporters that played down the shells' significance.

Sources said yesterday that they believe Hoekstra did not hear of the report on the shells until after he wrote to Bush.

An aide to Hoekstra said he could not elaborate on the chairman's letter to Bush or his remarks yesterday. The chairman did not respond to a request for an interview.

Rep. Jane Harman (Calif.), the ranking Democrat on the House intelligence committee, said in a statement that she agrees with Hoekstra that "vigorous congressional oversight is impossible unless the administration shares critical information with the appropriate committees of Congress."

Lawmaker Questions Bush Intel Programs (AP-Y2)

By Nedra Pickler

AP2, July 10, 2006

The White House possibly broke the law by keeping intelligence activities a secret from the lawmakers responsible for overseeing them, the House Intelligence Committee chairman said Sunday.

Rep. Pete Hoekstra, R-Mich., said he was informed about the programs by whistleblowers in the intelligence community and then asked the Bush administration about the programs, using code names. Hoekstra said members of the House and Senate intelligence committees then were briefed on the programs, which he said is required by law.

"We can't be briefed on every little thing that they are doing," Hoekstra said. "But in this case, there was at least one major — what I consider significant activity that we have not been briefed on. I want to set the standard there that it is not optional for this president or any president or people in the executive community not to keep the intelligence committees fully informed of what they are doing," he said on "Fox News Sunday."

Hoekstra complained to President Bush in a letter dated May 18 that was disclosed in Sunday's New York Times.

In the letter, Hoekstra said the failure to brief the intelligence committees "may represent a breach of responsibility by the administration, a violation of law and, just as importantly, a direct affront to me and the members of this committee who have so ardently supported efforts to collect information on our enemies."

Frederick Jones, spokesman for Bush's National Security Council, said the only comment the White House would have on the letter was that the administration "will continue to work closely with the chairman and other congressional leaders on important national security issues."

Hoekstra has been critical of the administration before. In his letter, he also objected to the president's nominees for the director and deputy director of the CIA. He also complains about the role of the director of national intelligence — a position created in response to the Sept. 11 attacks.

Helping The Terrorists (WT)

By Jack O'Neill

The Washington Times, July 10, 2006

Everyone entrusted with U.S. government classified information is legally bound to protect it. They may not reveal the data to anyone not authorized to receive it. Collectively our national security depends on that trust. There are no exceptions. Or are there? What about individuals who seek out media surrogates to reveal classified information for them? In return these individuals demand protection from exposure and legal action. How can they be protected from exposure and legal action for such serious offenses? By the media erecting a solid, impregnable First Amendment stonewall.

There it is. If you want to reveal information critical to our national security for any reason, turn it over to a reporter. Once the information is in the hands of a reporter, the reporter and his or her news media claim the authority to decide its relevance to our national security and who should know.

On Dec. 15, 2005, New York Times reporters James Risen and Eric Lichtblau revealed that government sources had handed them classified information on how the National Security Agency uses the Echelon eavesdropping system in our war with terrorists. As requested by their sources, the New York Times then revealed this critical information to the world. Terrorists worldwide now know the details of a critical tool in our war against them. It's a fact. There will now be far fewer "dots" for our intelligence community to identify and connect.

It's a no-brainer how the terrorists, our sworn enemies, reacted.

The New York Times explained why they are protecting their sources: The sources "were granted anonymity because of the classified nature of the program." The New York Times then explained why these sources had violated the trust our nation had placed in them: "because of their concerns about the operation's legality and oversight." On June 23 of this year, New York Times reporters Risen and Lichtblau told the world that the CIA and the Treasury Department were using bank transactions obtained from a Belgian cooperative to track suspected al Qaeda members. Yes, the New York Times permanently erased even more "dots."

Can you hear terrorists cheering? Should government sources that reveal classified information to reporters feel secure hiding behind media-erected stonewalls? Consider the case of Dr. Wen Ho Lee, the atomic scientist at the Los Alamos National Laboratory in New Mexico. He had been suspected of disclosing classified information to China.

During the media frenzy surrounding Dr. Lee, New York Times reporter Risen again reported information obtained from government sources. He wasn't alone. Along with the Times, reporters from The Washington Post, the Los Angeles Times, ABC News and the Associated Press all used information received from government sources during their hard-hitting media frenzy. Trouble is, Dr. Lee hadn't revealed any classified information. Dr. Lee sued the Energy and Justice departments, claiming they had violated his rights by revealing he was under investigation for being a spy.

During the federal trial, the reporters were ordered to reveal the government sources of their stories. The reporters refused. The federal judge held the reporters in contempt of court. The reporters faced fines and jail time. Their sources faced exposure.

The media organizations pleaded in federal court that the First Amendment protected the right of their reporters to refuse to identify their government sources. The media lost. The media appealed. Every appeal denied the existence of such First Amendment protection.

The media organizations were left with one last appeal -- to the Supreme Court. However, the Supreme Court had previously ruled that the First Amendment offered no such protection. If the media went to the Supreme Court and lost, their crumbling First Amendment stonewall would totally collapse. Their sources would be exposed in a public court, and the media would then be required to report the names of their sources to the world.

The legal staff of five media organizations jointly agreed that their only alternative was to buy their way out of their legal morass. They paid Dr. Lee $750,000 in order to void the contempt sanctions the judge had issued against the reporters.

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In this case, the resources of media giants protected their reporters. Their reporters would not have to pay hefty fines or serve jail time.

But what about the media's anonymous sources that revealed the NSA's Echelon eavesdropping and the bank transactions used to track suspected al Qaeda members? Will the media giants commit all of their resources to protect and defend each and every one? Or will the media's anonymous sources be next to pay a price for erasing "dots"?

Jack O'Neill worked in the White House under President Carter as a telecommunications policy analyst.

Investigations, Lawsuits Still Dogging 9/11 Lawyer (WP)

By Jerry Markon

The Washington Post, July 10, 2006

Carla J. Martin's moment of infamy ended nearly as quickly as it began.

An obscure government lawyer, she had been a minor player in the most major of cases: the death penalty trial of Sept. 11, 2001, conspirator Zacarias Moussaoui. But that all changed in an instant, when she violated a court order by sharing testimony with witnesses and coaching them about what to say.

Suddenly, the former flight attendant rocketed across TV screens and newspaper front pages, cast as the villain whose misconduct nearly derailed the prosecution's case. Berated by a federal judge, Martin, 51, walked out of an Alexandria courtroom with her head down -- and back into anonymity.

But even as her public profile has diminished, Martin's actions have spawned a wave of legal proceedings. Federal prosecutors in Philadelphia are exploring the possibility of criminal charges against her, and Pennsylvania's lawyer disciplinary board has begun an investigation, according to court documents and sources familiar with the case. Martin remains on paid leave from the Transportation Security Administration, which is also investigating her conduct. And seven family members of Sept. 11 victims have filed suit against her in the District.

The woman at the center of the storm is emotionally distraught, crying when she talks about the criminal investigation and feeling like a prisoner in her own apartment, Martin's mother said last week.

"She's not doing very well. It's terrible, devastating for her," said Jean Martin Lay, who believes that her daughter did nothing wrong. "She doesn't do much of anything but stay at home, as far as I know."

Martin declined to comment through her attorney, Roscoe C. Howard Jr., who said: "She is doing probably as well as can be expected for somebody who is trying to see what her fate will be. We're just waiting to see how the government decides to proceed."

A longtime government aviation lawyer, Martin had been a liaison between the Moussaoui prosecutors and witnesses expected to testify about airport security. Although those witnesses were crucial to the government's argument that Moussaoui deserved to die for his role in the attacks on the World Trade Center and the Pentagon, prosecutors said Martin's role was limited. She was merely a legal conduit who located files and arranged witness interviews and was never to be involved with legal strategy or litigating the case, they said.

Yet for reasons that remain a mystery, Martin e-mailed trial transcripts to seven witnesses and coached them on their testimony. In Alexandria, U.S. District Judge Leonie M. Brinkema had ruled that most witnesses could not attend or follow the trial and could not read transcripts to prevent them from altering their testimony to conform to what others had said.

An angry Brinkema halted the trial only a week after it had begun in March and accused Martin of "egregious errors" that undermined Moussaoui's constitutional rights. After an extraordinary hearing at which an agitated Martin declined to testify, the judge barred all seven witnesses from testifying -- effectively gutting the prosecution's argument for the execution of the only person convicted in an American courtroom in the Sept. 11 attacks.

Brinkema later allowed prosecutors to find new aviation witnesses not tainted by contact with Martin, and the trial resumed. Moussaoui was sentenced to life in prison in May. By that time, the criminal investigation of Martin was well underway, according to documents unsealed in U.S. District Court in Alexandria.

The U.S. attorney's office in Alexandria, which prosecuted Moussaoui, has recused itself from the investigation, which is being led by a Philadelphia-based assistant U.S. attorney and two FBI agents.

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Members of the Moussaoui prosecution team have been interviewed about their dealings with Martin, along with some of her Transportation Security Administration colleagues, according to law enforcement sources and lawyers familiar with the investigation. They spoke on condition of anonymity because the probe is ongoing.

Prosecutors have indicated to Martin's attorneys that criminal charges are possible, sources said, but it remains unclear whether they would be filed in court. Among the charges being considered, sources said, is lying to a federal officer, a felony. Prosecutors have been questioning witnesses about an incident in which a member of the Moussaoui prosecution team, David J. Novak, sent a letter to Moussaoui's attorneys saying that aviation industry witnesses they were seeking would not meet with them.

After hearing testimony in March, Brinkema called the letter a "bald-faced lie." It was based on information from Martin, prosecutors said.

Martin has also been warned by Brinkema that she could be held in criminal or civil contempt of court for violating the court order. Either the judge or the Justice Department can initiate a criminal contempt investigation, but any such proceeding is considered unlikely before the criminal investigation is completed.

Martin has met with the Philadelphia prosecutors at least once to answer questions and has turned over documents and her laptop computer, according to court documents and lawyers familiar with the case. Martin's attorneys are trying to persuade the government not to file charges, sources said, and part of their strategy is to blame the Moussaoui criminal prosecutors for not telling Martin about the court order barring contact with witnesses.

Assistant U.S. Attorney Mary E. Crawley, who is leading the criminal investigation, said that because of the probe, "it would be inappropriate for me to say anything about that matter at this time." She declined to comment further.

Yolanda L. Clark, a spokeswoman for TSA, said that agency's investigation of Martin's conduct "is awaiting the conclusion of the criminal inquiry." Martin was a career Federal Aviation Administration lawyer who moved to the new TSA in 2002, largely because of her work on the case of the 1988 explosion of Pan Am Flight 103 over Lockerbie, Scotland. The salary for her job title at TSA, an attorney adviser, is as much as $120,000.

The Disciplinary Board of the Supreme Court of Pennsylvania, through which Martin holds her law license, has also begun an investigation of Martin, according to law enforcement sources and a D.C. lawyer who filed an ethics complaint with the board about Martin's conduct in the Moussaoui case. The lawyer would not allow his name to be used, but he provided a copy of the complaint to The Washington Post. He said the board wrote him a letter saying his complaint was dismissed because the board had already initiated an investigation of Martin.

An official with the board did not return telephone calls.

Martin's attorneys have asked a federal judge in the District not to proceed with the civil suits against her until the criminal probe is completed. The suits, filed in U.S. District Court by seven people who lost relatives Sept. 11, argue that Martin "illegally coached witnesses and otherwise attempted to shade and alter evidence before the Moussaoui court" to help her "friends" in the airline industry avoid civil liability.

The seven Sept. 11 family members are among plaintiffs who have sued American Airlines, United Airlines and other defendants, alleging that they failed to prevent the attacks. Martin had been playing a role for TSA in that civil lawsuit that was similar to her role in the Moussaoui criminal case.

At a March court hearing in Alexandria, Brinkema speculated that Martin could have provided the testimony to the witnesses in the Moussaoui case out of "loyalty to the aviation industry." But the judge acknowledged that she didn't know what motivated Martin's actions and that they could have resulted from "overzealousness."

Al Qaeda Link To July 7 Sought (WT)

By Massoud Ansari

The Washington Times, July 10, 2006

KARACHI, Pakistan -- Pakistani intelligence officials say they are on the trail of a British "go-between," the al Qaeda recruiter who reportedly introduced the July 7, 2005, bombers to Osama bin Laden's terrorist network, the Sunday Telegraph has learned.

The wealthy British passport holder, who is of Afghan origin, is thought to use the nom de guerre "Abdul Rehman," which means "willing disciple of God."

The Pakistani officials think that Rehman met the suspected attack ringleader Mohammad Sidique Khan, in a British mosque and later introduced him and fellow bomber Shehzad Tanweer to al Qaeda.

Rehman's recruiting role could prove crucial in piecing together al Qaeda's role in the London bombings. Rehman, thought to be in his 50s, is thought to have fought against the Russians in Afghanistan.

"When he was fighting against the Russians, he used to bring mujahedeen from the Western countries with him," an unidentified Pakistani official said. After the Russian withdrawal from Afghanistan, Rehman is thought to have recruited Muslim youths from the West to fight in Bosnia and Chechnya.

"He is very rich and quite often arranged funds for the militant organizations, before and after 9/11," the official added.

Rehman is thought to connect would-be terrorists to al Qaeda frontmen without necessarily being present when the two parties meet. He has succeeded in avoiding detection by operating on a small scale and exercising extreme caution, the official said.

"He passes on these individuals or small groups only when he is convinced that these boys are real jihadists," the official said.

The interest in Rehman's role developed only days after a video of Tanweer, in which he tried to justify his actions, was released to coincide with the first anniversary of the London bombings.

The video also featured a statement by Ayman al-Zawahri, al Qaeda's second in command. Al-Zawahri said Khan and Tanweer had been trained "in the manufacture of explosives" at camps run by the terrorist network.

Peter Clarke, the head of anti-terrorism at Scotland Yard, said last week that considerable uncertainty remained about exactly how, or whether, the July 7 bombers were linked to the terrorist network.

"It is not easy to find out what happened," Mr. Clarke said. "Such information as we do have does suggest there is probably a link to al Qaeda. We need to know who else, apart from the bombers, knew what they were planning. Did anyone encourage them? Did anyone help them with money, accommodation or expertise in bomb making?"

A Pakistani intelligence official said Rehman's role emerged in the interrogation of three militants arrested as they returned from Afghan terrorist training camps. He quoted one of the interrogated captives as saying: "Rehman had met with Khan in a mosque somewhere in [Britain], and Khan expressed his wish to obtain training to carry out terror attacks inside [Britain]."

It had been known that Khan and Tanweer traveled together to Pakistan between November 2004 and February 2005. It is now suspected that Khan, at least, was taken to a remote tribal area of Pakistan or Afghanistan. He was then put through a "crash course" in explosives training.

An intelligence official said: "This new course dispenses with much physical and mental training and lasts ... 10 to 15 days, while they impart various methods in explosives and detonators. This includes how to make suicide jackets, how to convert readily available goods like fertilizer into explosives, how to make car bombs and certain other tips."

Terrorism: From Al Qaeda—Plots And Promos (NSWK)

By Mark Hosenball

Newsweek, July 10, 2006

How real was the latest alleged New York terrorism threat? Several federal and local counterterrorism officials confirmed to NEWSWEEK that Lebanese authorities in April arrested a suspected Islamic militant for allegedly participating in a fairly elaborate plot to flood the PATH subway tunnels that carry New Jersey commuters to a station near Ground Zero in lower Manhattan. The officials, who asked for anonymity due to continuing investigations, said the plot involved blowing up a temporary barrier—called a slurry wall—that currently stops the Hudson River from flooding the site where the World Trade Center stood; according to the terrorists' plan, with the dike breached, water would pour into the cavity left by the 9/11 attacks and also undermine nearby skyscrapers and flood the trans-Hudson tunnels that carry PATH trains to New York from New Jersey. A federal counterterrorism official described the scheme as more "aspirational" than operational. Three of the officials said that while there

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was no evidence any of the latest New York plotters (two more plotters have been detained overseas and others are sought) had set foot on U.S. soil, the investigation was examining a possible Canadian connection.

News of the New York plot surfaced amid a flurry of new messages from Osama bin Laden, his chief deputy Ayman al-Zawahiri, and one of the suicide bombers in last July's attack on London. The new messages demonstrated the increasing media savvy of Al Qaeda's high command. A day or two before the release of one recent message from bin Laden, his media handlers issued Internet "teasers"—brief announcements declaring that a bin Laden message was about to be released. Later, an elaborately produced Qaeda message surfaced commemorating the London bombings; the presentation included a previously unseen extended English-language video of Shehzad Tanweer, one of the suicide bombers, and an American-accented Qaedite called Azzam the American. Zawahiri also appeared on tape to claim the London bombers had attended Qaeda camps (an assertion British and U.S. investigators have not yet validated). One of the U.S. counterterrorism officials said the use of promos and edited video packages with English speakers demonstrates the increasing sophistication of Al Qaeda's PR methods. The official also said the fact that Zawahiri appeared in recent video messages but bin Laden has appeared only in audio messages suggests the two terror leaders live apart, and that bin Laden is still stringently protecting himself.

HOMELAND RESPONSE:

NYC, Miami Cases Show FBI Efforts To Pre-empt Plots (USAT)

By Richard Willing

USA Today, July 10, 2006

The plotters hadn't bought explosives or even been to the USA to scout their alleged target, but Web postings convinced the FBI that a plan to blow up and flood New York City's commuter tunnels was, as assistant director Mark Mershon put it, "the real deal."

The arrests of the alleged plot's leader and two others, announced Friday, are typical of the FBI's post-Sept. 11 strategy in counterterrorism cases: detect and disrupt plots in their early stages rather than wait to collect additional evidence more likely to produce a conviction.

"The FBI is doing what they said they'd do," says Brian Levin, director of the Center for the Study of Hate and Extremism at Cal State University in San Bernardino.

"Because someone is maybe laughable, or doesn't look like your idea of a polished terrorist doesn't mean they're not capable of maximum destruction. So you try never to take that chance."

Friday's announcement followed the terrorism arrests last month of seven Miami men alleged to have discussed blowing up Chicago's Sears Tower.

The closest the men came to contacting al-Qaeda was meeting an FBI informant posing as a member of the terror group.

The cases have prompted some to suggest that the FBI is overstating the danger posed by wannabe jihadists.

"This is starting to look like the president's version of rounding up the usual suspects," says Joseph Cirincione, national security analyst for the Center for American Progress, a liberal think tank in Washington.

"There is a pattern of dramatic announcements, followed by revelations that these plots weren't as serious as we all initially thought."

Security specialists say the New York City case also highlights the FBI's increased attention to Islamic jihad websites. Increasingly, terrorists are using chat rooms and e-mail for training, planning operations and recruiting members, says Walid Phares, a scholar of Islamic terrorism at the Foundation for the Defense of Democracies in Washington.

"With the decline of al-Qaeda as a centralized organization, (the Internet) has become the host for a 'virtual jihad,' " Phares says.

In New York City, FBI officials went public only after the Daily News reported details of the case, including the name of the alleged plot leader, Assem Hammoud, and his arrest in Lebanon in April.

The FBI moved because plotters "were about to go to a phase where they would attempt to surveil targets … and acquire the necessary resources to effectuate the attacks," Mershon said.

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In a speech in May, deputy attorney general Paul McNulty credited this new “aggressive, proactive and preventative course of action” with winning 253 convictions in 435 terrorism cases since 2001. Cases are brought, he said, “at the moment our investigation reveals both a risk to our national security and a violation of our nation's laws.”

Successful pre-emptive prosecutions include the cases of six Lackawanna, N.Y., men who sought terror training in Afghanistan, and six Portland, Ore., men and one woman who tried to travel to Afghanistan to fight with the Taliban. Six were arrested before they reached the battlefield.

Priority Shifts To Disruption Of Plots (WP)

By David B. Caruso

The Washington Post, July 10, 2006

NEW YORK -- No one can know for sure whether an al-Qaida loyalist had what it took to follow through on a suspected plot to bomb Hudson River train tunnels. He had no explosives and no detailed plan, and isn't believed to have visited New York, authorities said.

But U.S. officials said they weren't willing to find out.

"We don't wait until someone has lit the fuse (to) step in and prevent something from happening. That would be playing games with peoples' lives," Homeland Security Secretary Michael Chertoff said Friday as Assem Hammoud's arrest in Lebanon was being announced.

Policy makers and security experts said the bust illustrates a shift in U.S. counterterrorism policy that has played out in other recent high-profile cases, including the arrest of seven men suspected of wanting to bomb Chicago's Sears Tower.

Law enforcers, they said, are now willing to act swiftly against al-Qaida sympathizers, even if it means grabbing wannabe terrorists whose plots may be only pipe dreams.

"Before 9/11, the FBI was thinking in terms of criminal convictions," said Rep. Peter King, chairman of the House Homeland Security Committee.

That meant waiting to act until investigators had hard evidence of a major crime, the New York Republican said. These days, he said, the priority is disruption.

"You may end up not winning it in court, but you get a bad guy off the street," he said.

Authorities announced the arrests of Hammoud and two suspected accomplices on Friday.

FBI Assistant Director Mark J. Mershon called the suspects the "real deal," but he described the suspected scheme as being in its earliest stages. The plotters had only talked about an attack, authorities said.

The announcement came two weeks after the arrest of an unconnected group of men in Miami and Georgia on charges that they were talking about blowing up skyscrapers in Chicago.

In that case, an FBI official described the group of mostly U.S. citizens as "more aspirational than operational," with no explosives, funding or ties to established terrorist organizations.

The formative nature of the suspected plots prompted skepticism.

Joseph Cirincione, a national security analyst for the Center for American Progress, a liberal think tank, said he worried that the arrests of rather minor conspirators were being played up for political purposes.

"This is starting to look like the president's version of rounding up the usual suspects," he said. "There is a pattern of dramatic announcements, followed by revelations that these plots weren't as serious as we all initially thought."

Some of the suspected plots taken to trial in the past few years have appeared to be unsophisticated, but that hasn't hurt prosecutors in court.

In May, a Brooklyn man, Shahawar Matin Siraj, was convicted of plotting to plant a bomb in a Manhattan subway station, despite defense claims that he was a patsy coaxed into discussing a bombing by a government informant.

In April, a federal jury convicted a young farm worker in Lodi, Calif., of supporting terrorists by visiting an al-Qaida training camp during a trip to Pakistan. Prosecutors claimed Hamid Hayat was interested in attacking hospitals, banks and grocery stores, but they presented no evidence of actual planning of such assaults at trial.

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In November, a young, outwardly pro-American Pakistani man was convicted in New York of trying to help an al-Qaida operative sneak into the United States, despite his claims that he wasn't aware that the acquaintance of his father's was a terrorist.

Chertoff said it would be a mistake to assume that the only terrorist "is the kind of guy you see on television, who's kind of a James Bond type."

"The fact of the matter is, mixing a bomb in a bathtub does not necessarily take rocket scientists," Chertoff said. "We would be dangerously putting people at risk if somehow we believed that only criminal masterminds or terrorist masterminds were threats."

In a speech to the American Enterprise Institute in May, Deputy Attorney General Paul McNulty defended government pursuit of groups that had not yet advanced to violence.

"In the wake of Sept. 11, this aggressive, proactive and preventative course is the only acceptable response from a department of government charged with enforcing our laws and protecting the American people," McNulty said.

Bag Searches Become Routine On NYC Subway (AP-Y2)

By Tom Hays

AP2, July 10, 2006

It was billed as a necessary counterterrorism tactic after the deadly mass transit bombings in London: Anyone entering the city's sprawling subway system could be subjected to a random search of backpacks, briefcases and shopping bags.

One year and countless searches later, the practice once thought of as a temporary imposition, with the potential to trample civil rights, remains in effect and is barely causing a stir.

"We consider it a valuable tactic to use," Police Commissioner Raymond Kelly said in a recent interview. "It's not a panacea, it's not a cure-all, but it's another tool in our toolbox."

Officials won't say how many bags police have searched in the past year, or specify where and when they do it. Unpredictable deployment keeps would-be bombers off balance, they say.

The program has resulted in five arrests — not for terrorism, but for drug possession, disorderly conduct and other minor charges.

Still, the nation's largest police department considers the city's 468 subway stations and the average 4.5 million riders who use them daily on average to be ripe targets for terrorism. The subway inspections are just one element of a counterterrorism program that costs the NYPD roughly $200 million a year.

Each day, police set up checkpoints in a handful of stations across the city, often during the afternoon rush. A typical checkpoint has three uniformed officers equipped with a folding table and flashlights used to peer into bags, a far cry from the elaborate screening stations in airports.

At a checkpoint at the Wall Street subway stop last week, about every 10th person was stopped for a search that lasted perhaps 10 seconds. The officers shooed away some commuters who tried to voluntarily open their bags for inspection.

If the chosen were bothered, it didn't show.

"I'm trying to make a train, but it's OK," said Eric Mergenthaler, a 38-year-old stock trader. "I understand why they're doing it."

The New York Civil Liberties Union believed the searches were such violations of privacy that it went to court last year to stop them. A federal judge disagreed, saying that following the Sept. 11, 2001, terror attacks the need for such measures was "indisputable, pressing, ongoing and evolving."

The NYCLU has appealed. Its lawyers argue the searches are too infrequent to be a real deterrent, yet frequent enough to violate constitutional rights.

"We're in favor of making people feel comfortable, but not at the expense of the Constitution," said NYCLU Legal Director Christopher Dunn.

Kelly cited a poll of registered voters last year that found 72 percent favored the program.

"The public seems to be happy with it, and the cops are positive about it," he said of the search program. "I think so far it's worked very, very well."

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Storm Damage As Hurricane Season Begins, Disaster Insurance Runs Short (WSJ)

By Liam Pleven, Ian Mcdonald And Karen Richardson

The Wall Street Journal, July 10, 2006

Last year's violent hurricanes continue to roil a vital corner of the insurance industry: Demand for disaster coverage is far outstripping supply, and the consequences are rippling through the economy.

The crunch isn't coming just because companies and individuals are buying more insurance. Insurers themselves, anticipating future destructive storms, are trying to buy more coverage on the policies they write -- a crucial segment of the business known as reinsurance. But reinsurers, which also paid out billions last year, are wary of getting hit hard again and have raised their rates substantially. Businesses and homeowners are paying the price.

In late January, a private-equity fund called First Reserve Corp. discovered firsthand how much the market has changed. The Greenwich, Conn., firm wanted to buy an oil-and-gas platform in the Gulf of Mexico. During a conference call with colleagues in Houston, the fund's executives learned that insuring the project would cost about $25 million a year, not the $2 million they'd expected.

"That kind of shut the room up," says Mark McComiskey, a managing director at First Reserve. The firm decided to kill the deal.

In the wake of Hurricane Katrina, billions of dollars poured into the insurance industry from investors hoping to profit from rising premiums. After hard hurricane seasons, such cash influxes often buoy insurers and help stabilize premiums.

But this time, the new capital was insufficient to soak up the increase in demand. "There's just this loud sucking sound in the market now," says J.C. Sparling, an executive vice president at Mercator Risk Services Inc., an insurance brokerage.

Disaster-insurance rates have risen so sharply that businesses with exposure to hurricanes are canceling projects, paying more for whatever coverage they can get, and in some cases, going without insurance altogether.

CDC Publishing LLC, a Vero Beach, Fla., firm that publishes construction-industry data, says it's spending 12 times as much for hurricane insurance as it did last year. Pinnacle Entertainment Inc., a Las Vegas-based hotel and gaming firm, cut its weather-catastrophe coverage from $400 million to $100 million after suffering extensive damage at a Biloxi, Miss., casino last year.

And Wal-Mart Stores Inc. said in May it would drop its coverage for severe windstorms because it had become too expensive. Instead, the retailer will cover losses from such storms out of its own pocket.

Some insurance players are stepping into the void. Hedge funds and private-equity firms are pouring billions of dollars into new and risky investment vehicles that provide capital to back coverage for specific risks. In addition, Warren Buffett's Berkshire Hathaway Inc. seems to be betting big on reinsurance even as other investors pull back.

"If you like to watch football, you probably enjoy the game a little more if you have a bet on it," says Mr. Buffett. "I like to watch the Weather Channel."

After last season's devastating hurricanes, companies that predict the cost of storms rolled out new computer programs that foretold a mounting toll from future hurricanes. In addition, rating services such as A.M. Best Co. Inc. changed their approaches to judging the financial strength of insurers that write catastrophe policies. As a result, many insurers have to keep more cash in reserve to back up their policies.

After seven costly hurricanes in two years, insurers also are questioning how much risk they want to take in vulnerable coastal areas. The shortage of available coverage is particularly acute in the reinsurance sector, where insurers buy coverage against the policies they write. Hurricane Katrina caused nearly $40 billion in insured losses, and reinsurers covered more than half that total, according to Guy Carpenter & Co., a reinsurance brokerage unit of Marsh & McLennan Cos.

The cost of property-catastrophe reinsurance is projected to rise 25% this year, according to Robert Hartwig, chief economist at the Insurance Information Institute, a trade group. In hurricane-prone areas, rates are rising as much as fourfold, he says.

"There have been times where no matter what the price was, we've had a difficult time finding the [coverage] we need," says Dee Megna, the vice chairman of Guy Carpenter. "It's similar to the situation we saw post-Hurricane Andrew in 1993 and post-9/11, but this is actually worse than those two."

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The depth of the shortage has taken the industry by surprise in recent months. Paul Karon, chief executive of Benfield Inc., a U.S. reinsurance broker owned by the United Kingdom's Benfield Group Ltd., says prices for renewals rose about 25% on average on Jan. 1. By contrast, he said, June 1 prices doubled compared with the year earlier.

Allstate Corp., one of the nation's largest property insurers, bought significantly more catastrophe reinsurance than it had in the past. In last year's third quarter, the company registered a $1.55 billion hurricane-related loss. Earlier this year, it paid $400 million for $2 billion worth of reinsurance coverage for losses from hurricanes and other catastrophes.

Last year, U.S.-based insurers purchased about $37.5 billion in catastrophe reinsurance coverage, according to Benfield. This year, they will buy about $47.5 billion worth, a 27% increase, the firm says.

Allstate is aware that such coverage is getting harder to find. Referring to its deal earlier this year, Michael Trevino, a company spokesman, says: "I would guess we couldn't get it today."

There are many indications that Mr. Buffett's Berkshire Hathaway, which had $115.5 billion in cash and invested assets on hand at the end of March, is stepping into the fray. Berkshire boasts rare and coveted top ratings from services such as A.M. Best, Standard & Poor's, and Moody's.

The company's exact commitment to the hurricane business can't be learned, but people familiar with Berkshire's business say it's writing more reinsurance on oil rigs than in previous years. In addition, others in the insurance industry say they've noticed the company's increased presence.

"They were more active with us in the U.S. than they've ever been," says Mr. Karon of Benfield.

Mr. Buffett declined to comment specifically on how much Berkshire is underwriting. In his latest annual letter to shareholders, Mr. Buffett said he was willing to take on billions of dollars in risk if he got paid enough.

"If prices seem appropriate, however, we continue to have both the ability and the appetite to be the largest writer of mega-cat coverage in the world," he said.

One indication of Berkshire's activity: Berkshire Hathaway Reinsurance Group reported a 19% increase in the premiums it receives for writing catastrophe reinsurance in the first quarter, to $425 million. That increase follows a 22% increase in the previous quarter, compared with a year earlier.

Berkshire also sells insurance directly to businesses. Harrah's Entertainment Inc. went to Berkshire directly last December when it was facing a shortfall in coverage from other insurers after suffering big hurricane damage.

"They were one of the very few who were able to take a lead, primary position on an account such as ours," says Lance Ewing, risk manager for the company.

The reinsurance business is also getting a helping hand from Wall Street. Some firms are using a financial vehicle known as a sidecar. With sidecars, investors -- often hedge funds -- provide capital to back coverage for very specific risks, such as damage to gas rigs or Florida homes. Investing in a reinsurance company exposes investors to all kinds of insurance risks; a sidecar allows them to be more choosy.

If disaster strikes, the capital is tapped. If not, investors get their money back, plus premiums paid by policy holders. Benfield set up a sidecar with partners that raised about $310 million, which backs up policies it has taken on. Since Katrina, investors have sunk more than $3.2 billion into sidecars.

"You're betting on three months of weather, and then you're out," says Mr. Karon.

Benfield's sidecar proved very useful to Dale Hammond's company. His Homewise Insurance Group of Tampa, Fla., insures about 35,000 homes in Florida, largely against hurricane damage. The sidecar made possible 17.5% of the reinsurance the company wanted. "It was a good, creative solution using the financial markets," says Mr. Hammond.

Another, more-established route is catastrophe bonds. Investors get their cash back and an allotted return -- these days in excess of 10% -- if storms don't hit at a certain place and time. If a storm hits and losses rise above a stipulated level, insurers can tap investors' money to pay off claims. Insurers have raised about $2 billion so far this year through catastrophe bonds, as much as in all of 2005.

While creative, none of these solutions can keep up with demand. On May 9, an Atlanta, Ga., insurer, RSUI Group Inc., a part of Alleghany Insurance Holdings LLC, told agents it had not bought all the reinsurance it wanted. As a result, it wouldn't offer new hurricane insurance along the coast between North Carolina and East Texas, with a few exceptions.

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Homeowners have had similar experiences in places like Florida, but individuals in many states have a backstop. In Florida, they can buy insurance from Citizens Property Insurance Corp., a state-created insurer of last resort that sells coverage to individuals who can't find it elsewhere.

For companies, on the other hand, the crunch could get costly. Wal-Mart's chief financial officer, Tom Schoewe, told analysts in May that storm coverage offered to the mammoth retailer this year was "substantially more limited and higher-priced" than previously.

Mr. Schoewe said buying coverage "did not make sense for Wal-Mart." Instead, the retailer is insuring itself. Wal-Mart wasn't specific about how it would do that -- and a spokesman declined further comment -- but typical options include paying for damage out of pocket or setting up its own insurance business.

If Wal-Mart had self-insured during its financial year ended January 31, 2005, that would have cost the company two cents in earnings per share, due to that year's storms. In fiscal 2006, the impact would have been four cents, according to Mr. Schoewe. That would have cut the company's net income by an estimated $168 million, or 1.5%, according to investment bank Goldman Sachs Group Inc.

Casino-operator Pinnacle Entertainment is taking risks beyond cards and roulette. After Hurricane Katrina, the company's Biloxi casino barge was found several hundred feet from the water on the other side of a highway, according to company disclosures at the time. Back then, Pinnacle had $400 million in coverage per storm, according to regulatory filings. Last month, the company told shareholders that due to tighter supply and higher rates, effective April 1 it has only $100 million per storm in weather-catastrophe coverage.

"It is unlikely that Pinnacle will obtain any additional coverage covering these risks this year," the company said in a filing with the Securities and Exchange Commission. A spokeswoman declines to comment.

The insurance industry is "going to drive commercial enterprises out of certain areas in this country," says Bill Black, president of CDC Publishing, which has three offices in Florida.

Last year, the company paid $10,000 in premiums for hurricane and business-interruption coverage. This spring, the premiums went up to $120,000. Another jump of a similar magnitude, Mr. Black says, could force him to consider relocating his Florida offices.

WAR NEWS:

Attacks In Iraq Intensify Sunni-Shiite Violence (USAT/AP)

By The Associated Press

USA Today, July 10, 2006

BAGHDAD — Masked Shiite gunmen roamed through a west Baghdad neighborhood Sunday, dragging Sunnis from their cars or picking them out on the street and killing them in a rampage that police said killed 41 people — a dramatic escalation of sectarian violence.

Hours later, two car bombs exploded near a Shiite mosque in the city's north, killing 17 people and wounding 38 in what appeared to be a reprisal attack, police said.

Black-clad Shiite militiamen manned checkpoints on roads into most major Shiite neighborhoods to guard against revenge attacks, as scattered clashes occurred across the Iraqi capital.

Sunni leaders expressed outrage over the killings, and President Jalal Talabani, a Kurd, appealed for calm, warning that the nation stood “in front of a dangerous precipice.”

A senior government official, Haidar Majid, contested the police figures, saying late Sunday that only nine people died in the area of Jihad. Police Lt. Mohammed Khayoun insisted the figure of 41 was correct — with 24 bodies taken to Yarmouk hospital and 17 to the city morgue. The discrepancy could not be reconciled.

The attack could further enflame Shiite-Sunni tensions.

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The trouble started about 10 a.m. when several carloads of gunmen drove into the Jihad area along the main road to Baghdad International Airport, police and witnesses said. The gunmen stopped cars, checked passengers' identification cards and shot dead those with Sunni names.

U.S. and Iraqi forces sealed off the area. Smoke from burning tires wafted through the streets. A U.S. military statement said coalition and Iraqi forces found 11 bodies.

A Shiite shopkeeper said he saw heavily armed men pull four people out of a car, blindfold them and force them to stand to the side while they grabbed five others out of a minivan.

"After 10 minutes, the gunmen took the nine people to a place a few meters away from the market and opened fire on them," Saad Jawad al-Azzawi said.

Wissam Mohammad al-Ani, a Sunni, said three gunmen stopped him as he was walking toward a bus stop and demanded his identification. They let him go after he produced a fake ID with a Shiite name, but they seized two young men standing nearby.

The violence comes a day after a Saturday night car bombing at a Shiite mosque that killed two people and wounded nine.

The spokesman for a Sunni clerical association, Mohammed Beshar al-Faydhi, blamed the Jihad attack on the Mahdi Army militia, led by radical Shiite cleric Muqtada al-Sadr. Al-Faydhi told Al-Jazeera television that he had documents to prove it.

Al-Sadr denied responsibility and called on both Shiites and Sunnis to "join hands for the sake of Iraq's independence and stability." He assured Vice President Tariq al-Hashimi, leader of the largest Sunni Arab party, that he would punish any of his militiamen if they were involved.

Prime Minister Nouri al-Maliki, a Shiite, has promised to disband Shiite militias and other armed groups, which are blamed for much of the sectarian violence. On Friday, Iraqi troops backed by U.S. jets raided a Shiite militia stronghold in Baghdad's Sadr City neighborhood, killing and wounding dozens of people.

Scores Of Sunnis Killed In Baghdad (WP)

By Joshua Partlow And Saad Al-Izzi

The Washington Post, July 10, 2006

BAGHDAD, July 9 -- Shiite Muslim militiamen rampaged through a Sunni Arab neighborhood in Baghdad early Sunday morning, killing more than 50 people and discarding bodies in the streets, according to Iraqi officials and witnesses. Hours later, attackers struck back, detonating two car bombs near a Shiite mosque.

Sunni politicians described the violence against the Sunni residents of the al-Jihad neighborhood in western Baghdad as one of the deadliest waves of murder since the aftermath of the U.S.-led invasion in 2003.

The killings occurred on a day when the U.S. military announced charges against four soldiers in the alleged rape and murder of a girl and the killing of three members of her family in the southern Iraqi town of Mahmudiyah. [Details, A14.]

Sectarian killings escalated sharply across Iraq after a bomb destroyed a revered golden-domed Shiite shrine in Samarra on Feb. 22. The bombing prompted reprisal attacks on Sunni mosques and pushed the country further toward all-out civil war.

In Baghdad on Sunday, the armed men, some wearing masks and dressed in black, descended on the al-Jihad neighborhood in buses after sunrise. They set up checkpoints along a main commercial street, demanded identification cards from passersby and burst into homes to single out Sunni Arabs to kill, residents said.

One resident, Hazim al-Rawi, said he gathered up his family and fled the neighborhood after he saw 15 bodies outside his home.

"Some of them were tortured with drills," he said of the bodies. "Some of them were hanged by ropes."

A U.S. military spokesman said that Iraqi national police and American soldiers found 11 dead Iraqis in three locations in the neighborhood. The higher casualty reports "do not marry up with what we have found," Lt. Col. Jonathan Withington said.

Still, Sunni politicians said the spate of attacks gravely exacerbated the problems in Baghdad, where killings occur almost daily, and they accused Iraqi police of collaborating with Shiite militiamen in the violence.

"This is a new step. A red line has been crossed," said Alaa Makky, a Sunni member of parliament. "People have been killed in the streets; now they are killed inside their homes."

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Attackers retaliated by detonating two bombs in cars parked at al-Timim Shiite mosque in central Baghdad. At least 12 people were killed, including five policemen, and 18 were wounded, according to Lt. Col. Memduh Abdulla of the Rusafa police district. The Associated Press reported that 17 people were killed and 38 hurt.

"We've said it several times that there are people who want to create civil war," Wafiq al-Samarrae, an adviser to Iraqi President Jalal Talabani, said on al-Jazeera television. "Today, this country is on the edge of civil war, not sectarian strife."

Police picked up 57 bodies from the al-Jihad neighborhood, and three Interior Ministry policemen were also killed there, said Ali Hussein, a commando with the Interior Ministry who ferried bodies to Baghdad's Yarmouk Hospital. Gen. Saad Mohammed al-Tamini of the Interior Ministry confirmed that more than 50 people were killed.

Some of the corpses that littered the streets lay handcuffed, pocked with bullet holes, while others were pierced with bolts and nails, witnesses said.

Iraqi officials and residents of the neighborhood identified the gunmen as members of the Mahdi Army, the powerful militia controlled by the radical Shiite cleric Moqtada al-Sadr. In the past three days, Iraqi troops, with the support of U.S.-led forces, have raided the homes of militiamen and detained some of their leaders.

U.S. commanders and diplomats say Sadr and his militia constitute one of the gravest threats to Iraq's security. Two years ago, U.S. forces fought Mahdi Army militiamen in Baghdad and in the southern holy city of Najaf. Sadr also holds considerable sway over the political system, with ties to more than 30 members of parliament and several cabinet ministers.

On Sunday, Iraq's deputy prime minister for security affairs, Salam al-Zobaie, accused the Defense and Interior ministries of working with the militias to carry out the killings.

"Interior and Defense ministries are infiltrated, and there are officials who lead brigades who are involved in this," Zobaie said in an interview on al-Jazeera. "What is happening now is an ugly slaughter."

After the killings, Sadr appealed for calm but criticized what he called a "Western scheme" that foments "a civil and sectarian war among brothers."

"Iraq is passing through a critical phase and a worsening security situation in spite of the presence of an independent government," Sadr said in a statement. "I call on all parties, both governmental and popular, to exercise self-control first, and to shoulder their responsibility before God and society."

Other officials in Sadr's organization condemned the killings in al-Jihad and denied that the Mahdi Army was involved.

"We regret the statements made by some Sunni Arabs who said that the Mahdi Army militia had conducted the raid at Jihad and killed the innocent people there," said Riyadh al-Nouri, a top aide to Sadr and his brother-in-law. "If the Mahdi Army wanted to enter into a fight, Iraq would become a blood bath."

In al-Jihad, a predominantly Sunni neighborhood along the road to Baghdad International Airport, police in white pickup trucks patrolled the roads. Fighters gathered in the streets holding rocket launchers and belts of machine-gun ammunition while helicopters swarmed overhead. A hot wind scoured the neighborhood, scattering the black smoke that billowed from burning tires.

The Iraqi government later imposed a daytime curfew in the neighborhood, and mosque loudspeakers broadcast warnings that residents should flee or they would be killed.

Hayider Hussein, a resident, said that outside his house, militiamen were milling around a minibus in which the bodies of the driver and a dozen passengers could be seen.

"They were all shot in the head," he said.

Ali Muhsin, 58, a retiree who lives in the neighborhood, said he saw gunmen in three cars pull up near his house and begin shooting people. Four corpses lay on the ground about 100 yards from his door and he saw four other people shot at a vegetable market nearby, he said.

Muhsin described seeing gunmen get out of a sedan, remove two bodies from the trunk "and throw them on the street."

Residents said the violence stemmed from a car bomb attack on the Shiite al-Zahra mosque Saturday night, expanding into door-to-door pursuit of Sunnis by Shiites.

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Outside the morgue at the Yarmouk Hospital, a distraught woman wearing a red head scarf searched for her missing brother. At 7 a.m., she said, black-clad gunmen broke into her house and demanded to know the family's tribal name. When her brother responded "Jubour," one of the gunmen said, "You are definitely Sunnis."

"I swear on Hussein, I swear on Ali, that we are Shiites," her brother, Muzahim Salman, pleaded, referring to relatives of the prophet Muhammad who are revered by Shiites.

The gunmen locked the woman, who refused to give her full name, and her mother in a room before kidnapping her brother. A half-hour later, she said, she called her brother's cellphone.

"The man who answered said: 'We are the Mahdi Army. We killed your brother. Go to the morgue and pick up his body.' "

Sectarian Fighting Intensifies In Baghdad (LAT)

By J. Michael Kennedy And Borzou Daragahi

The Los Angeles Times, July 10, 2006

BAGHDAD, Iraq — Shiite militiamen and Sunni Arab insurgents went on murderous sprees here Sunday, killing at least 60 people in shootings and bombings in a bloody outbreak that raised the specter of a city sinking deeper into sectarian warfare.

The Sunday-morning killings of at least 36 Sunni Arab men by Shiite militiamen in the Jihad neighborhood, in apparent retaliation for a mosque bombing the previous night, were among the most serious examples of open street warfare between Shiites and Sunnis to date.

The execution-style killings immediately set off a political firestorm, with one Sunni leader accusing the government of negligence and Prime Minister Nouri al-Maliki, a Shiite, downplaying the events, insisting that the "situation in Baghdad is under control."

But as dusk settled, a pair of car bombs apparently set off by Sunni Arab insurgents damaged a Shiite mosque in a northern Baghdad neighborhood, killing at least 19 worshippers and wounding 59 others, possibly setting the stage for another round of reprisal killings by Shiite gunmen.

The violence came in the same day that the U.S. military announced that five more U.S. soldiers had been charged in connection with the alleged rape of an Iraqi and the slaying of the young woman and her family in March. Four soldiers were charged with rape and murder, the fifth with dereliction of duty. None was named.

Last week, a former U.S. Army private, Steven D. Green, was charged with rape and murder in federal court in Charlotte, N.C. He pleaded not guilty.

The sectarian violence underscored a dramatic worsening of security conditions in the capital even after the formation of a government in May and the imposition of a massive lockdown by Iraqi troops and police. It also raised fears that the beleaguered country might soon dissolve into all-out civil war.

Sunni Arab politicians, who have already threatened to pull out of the nascent government, blamed the violence on Shiites, demanding that security forces crack down on militias who are believed to operate in part out of the security services.

"Acts of militias are now being expanded in Baghdad and they have become a source of concern and harm to people," said Vice President Tariq Hashimi, the head of the largest Sunni Party, adding that the government needed to "safeguard the lives of the innocent, who have become targets for these militias."

Violence in the religiously mixed Jihad neighborhood began Saturday morning after a suicide bombing at a Shiite mosque killed at least eight worshippers and passersby, officials said.

Early Sunday morning, militiamen began roaming the neighborhood and setting up checkpoints, asking those trying to pass through to show their identity papers, which give name and tribe -- both clues to whether the bearer might be Sunni or Shiite.

One witness, who asked not to be identified, said Shiite gunmen took to the streets about 7 a.m. and established a roadblock a short distance from his home. He said a neighbor of his, a Sunni, was loaded on to a bus filled with gunmen after he showed his identity papers.

"There have been some problems in this neighborhood," said the witness. "But it never reached killing because you showed the wrong identification card."

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By midmorning, a number of bodies were strewn about the streets and Sunni insurgents had set up their own roadblocks nearby in retaliation.

A hospital official where bodies were taken said at least 36 young Sunni men were killed, many pulled from their home or vehicles. Also among the dead from the Jihad fighting was a Shiite family of five, a mother and four children, who were killed when gunmen tossed a grenade into their home, hospital officials who received the victims said.

At midmorning, Iraqi and U.S. troops sealed off the area, with helicopters whizzing above. The neighborhood is only a short distance from the U.S. military headquarters here, located adjacent to the Baghdad International Airport.

The Saturday-night car bomb that apparently triggered the attack took place a short distance from the Zahra Shiite mosque. At least eight people were killed and more than a dozen others were wounded in the explosion, a hospital official said.

A number of Shiite and Sunni mosques have been attacked in recent days, each apparently in reprisal for the other.

In the aftermath of the killings Sunday morning, the prime minister's office issued a brief statement saying that some media reports overstated the seriousness of the situation.

"The situation in Baghdad is under control and the concerned apparatuses are dealing with what is going on," said the statement.

However, Iraqi President Jalal Talabani, a Kurd, described Iraq as being "upon a dangerous edge." He called on Iraqis to remain calm and avoid any immediate response to the killings, but also to be watchful.

"What happened today requires us to be honest with ourselves and others to condemn these horrendous actions loudly," he said.

Also Sunday, two Sunni clerics from the Muslim Scholars Association were killed in Samarra as they were driving away from a local mosque. A car pulled alongside them and gunmen dressed in camouflage and black masks shot the clerics and sped off.

Officials in the increasingly violent northern city of Kirkuk, at the heart of a volatile oil-rich province claimed by ethnic Kurds, Arabs and Turkoman, said at least four police and civilians were killed and six injured in various shootings and bombings throughout the city.

Gunmen Massacre Dozens In Baghdad (FT)

By Steve Negus

Financial Times, July 10, 2006

Gunmen massacred dozens of people in a Sunni district of Baghdad on Sunday, in what appears to be an escalation of the sectarian violence which has engulfed the country for nearly five months.

Bombings and abductions are common in many parts of the city, but this was one of the first times a group of gunmen had taken control of a section of Baghdad and conducted a massacre on this scale.

The interior ministry said at least 42 people had been killed in the attack in the Jihad district, a possible reprisal for the Saturday car-bombing of a nearby Shia mosque that killed three.

Iraqi security sources quoted by wire agencies said the gunmen had set up fake police checkpoints and pulled motorists from cars, or checked identity papers for Sunni names, before gunning their victims down.

Residents and Sunni politicians blamed the Mahdi Army, loyal to radical Shia leader Muqtada al-Sadr, for the massacre, but Sadrist spokesmen denied responsibility. Sadrist sympathisers say the militia targets only known extremists who carry out attacks against the Shia.

Shia militants have recently given signs of imitating some of the tactics of the more radical Sunni groups. Last week, presumed militiamen kidnapped a Sunni legislator, Tayseer al-Mashhadani, and sources in the Iraq Islamic Party to which she belongs say her abductors have issued demands including release of detainees and a halt to the bombing of Shia mosques.

As a result, the main Sunni coalition has boycotted parliament and says it is considering pulling its four ministers out of the cabinet, which would be a significant setback to Prime Minister Nuri al-Maliki.

Iraqi security forces appear to be cracking down on the militias. The US military reported that Iraqi soldiers had raided a militant stronghold early on Sunday in the Shia district of Kadhemiya, killing nine and capturing seven.

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Meanwhile, four more US soldiers were charged with rape and murder and a fifth with dereliction of duty in the alleged massacre of a family in the district of Mahmudiya, south of Baghdad.

Baghdad Erupts In Mob Violence (NYT)

By Kirk Semple

The New York Times, July 10, 2006

BAGHDAD, July 9 — A mob of gunmen went on a brazen daytime rampage through a predominantly Sunni Arab district of western Baghdad on Sunday, pulling people from their cars and homes and killing them in what officials and residents called a spasm of revenge by Shiite militias for the bombing of a Shiite mosque on Saturday. Hours later, two car bombs exploded beside a Shiite mosque in another Baghdad neighborhood in a deadly act of what appeared to be retaliation.

While Baghdad has been ravaged by Sunni-Shiite bloodletting in recent months, even by recent standards the violence here on Sunday was frightening, delivered with impunity by gun-wielding vigilantes on the street. In the culture of revenge that has seized Iraq, residents all over the city braced for an escalation in the cycle of retributive mayhem between the Shiites and Sunnis that has threatened to expand into civil war.

The violence coincided with an announcement by American military officials that they had formally accused four more American soldiers of rape and murder, and a fifth soldier of "dereliction of duty" for failing to report the crimes, in connection with the deaths of a teenage Iraqi girl and three members of her family.

With movement in Baghdad difficult after a military cordon was established to suppress the violence, facts were hard to ascertain. The death toll from the shootings alone ranged from fewer than a dozen, according to the American military, to more than 40 reported by some news services. The bombing near the mosque later claimed at least 19 lives and left 59 wounded, officials said.

The military's announcement about the soldiers brought to six the number implicated in the rape-murder, one more than previously disclosed. The case has enraged Prime Minister Nuri Kamal al-Maliki and led to apologies by the highest American military and civilian officials in Iraq. A photograph of the girl's passport distributed by news agencies on Sunday showed that she was 14.

Only seven weeks old, Mr. Maliki's government is facing increasingly difficult obstacles. Worsening violence has undermined his intention to disarm the country's sectarian militias. At the same time, the growing furor over criminal accusations against American troops has tested Mr. Maliki's divided loyalties to his American allies and to an Iraqi public that has grown weary of the American presence.

The killings on Sunday in the western Baghdad neighborhood of Jihad began in late morning, near the site of a car bomb explosion in front of a Shiite mosque on Saturday, residents and officials said. Initial reports said the bombing had killed three people, but the American military said Sunday that at least 12 people, including 3 children, had died in the blast, and at least 18 had been wounded.

According to some residents and Sunni Arab officials interviewed by telephone, the gunmen, whom they accused of being members of a feared Shiite militia, the Mahdi Army, set up checkpoints around the neighborhood, indiscriminately pulled scores of Sunni Arabs from their homes and cars and killed them on the street. Other bodies were found with their hands bound behind their backs and gunshots in their heads, residents said.

But as often happens in Iraq, accounts of the violence varied widely. Residents and some Iraqi officials said in interviews that more than 35 people had been killed in the attacks. The Associated Press quoted Lt. Maitham Abdul-Razzaq of the Iraqi police as saying that 41 bodies had been taken to hospitals. And an official at Yarmouk Hospital, the main medical center in western Baghdad, said in a telephone interview that at least 23 bodies had been delivered from Jihad, and 10 people had arrived wounded from the shootings.

But American and some Iraqi security officials said the casualty figures were far lower. Lt. Col. Jonathan B. Withington, spokesman for the Fourth Infantry Division, which oversees security around Baghdad, said the Iraqi police had reported finding only 11 bodies. It was unclear whether that toll included victims delivered to the morgue.

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American and Iraqi security officials also said they could not confirm the accounts of the seemingly arbitrary street killings, and Colonel Withington said the Iraqi security forces were mobilized immediately after reports of "sporadic gunfire" in Jihad. By early afternoon, Iraqi and American forces had sealed off the neighborhood, officials said.

Several prominent Sunni Arab political and religious leaders criticized the Iraqi and American security forces for their inability to control the violence. In comments broadcast on Al Jazeera, Salam al-Zubaie, a deputy prime minister and a Sunni, called the events in Jihad "a real massacre," and suggested that the country's Shiite-led security forces were to blame because they had been infiltrated by militiamen. The government forces, he said, "coordinate with these filthy terror groups who are roaming the streets."

Mr. Maliki's office, in a statement, tried to distance itself from Mr. Zubaie's comments, saying "they do not represent the government's point of view." Mr. Maliki, a Shiite, has vowed to crack down on militias regardless of sectarian affiliation and to eradicate militia influence from the government's security forces.

In recent days, American and Iraqi troops have conducted several operations against the powerful Mahdi Army militia, which is loosely under the control of the influential Shiite cleric Moktada al-Sadr, and is regarded by Sunni Arab leaders as a main force behind many sectarian reprisal killings. Iraqi and American forces captured two Mahdi Army leaders on Friday and raided a suspected militia bastion on Saturday.

Some Jihad residents and Sunni Arab leaders accused the Mahdi Army of committing the killings on Sunday, but officials in Mr. Sadr's organization denied that. "The Mahdi Army takes care of the national interest," Abdel Hadi al-Daraji, a spokesman for Mr. Sadr, told Al Jazeera. Mr. Sadr joined other government leaders in publicly calling for calm, and he requested an emergency session of Parliament to discuss the crisis and "prevent a sea of blood," his office said in a statement.

President Jalal Talabani warned Iraqis against falling prey to "acts of violence that some want to look sectarian."

Militias of all stripes appeared to be bracing for fallout from the morning's attacks. Mahdi Army fighters interviewed by telephone said they were preparing for a wider battle. Mahdi militiamen had set up checkpoints in the city's predominantly Shiite neighborhoods and, according to residents, were preparing for Sunni reprisals. A Mahdi Army platoon commander who identified himself only as Sheik Faleh said, "If anything happens, we will attack."

Later in the day, the deadly double-car bombing next to a Shiite mosque in Kasra, a mixed neighborhood in northeastern Baghdad, also seemed intended to stoke sectarian fury.

Seven people were killed and at least eight wounded in various insurgent attacks around Kirkuk, including a bomb that exploded in a bus, killing one civilian and wounding seven, the police said. In Samarra, gunmen assassinated a top official in the Iraqi Islamic Party, a Sunni organization, and two of his guards, the police said, while in Karbala, a police captain was killed.

The American command here said an American soldier was killed early on Sunday in the greater Baghdad area in a "noncombat-related incident," but did not elaborate.

In the rape-murder case, the American military did not identify the five newly accused soldiers, who remain on active duty in Iraq. The first to be implicated was Steven D. Green, a recently discharged private first class arrested June 30 in North Carolina on suspicion of participating in the crimes on March 12.

A affidavit filed in the case against Mr. Green implicated five soldiers: Mr. Green; three soldiers who accompanied him to the farmhouse in the town of Mahmudiya, 20 miles south of Baghdad, where investigators say the rape and murders took place; and another soldier who remained at a checkpoint.

But the new accusations, made Saturday and disclosed Sunday, indicate that another soldier was also inside the farmhouse at the time of the crimes, according to a military official who requested anonymity because he was not authorized to publicly discuss such details.

The soldier who has been accused of dereliction of duty is, according to the military statement on Sunday, "not alleged to have been a direct participant in the rape and killings," suggesting that it was the soldier who was aware of the plan but stayed at the checkpoint.

The formal accusations against the five soldiers set in motion the military's court-martial process. According to military officials, the soldiers will now face an investigation under Article 32 of the Uniform Code of Military Justice, a process similar to a grand jury hearing, which will determine whether enough evidence exists to put the men on trial.

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In Iraq's Mayhem, Town Finds Calm Through Its Tribal Links (NYT)

By Sabrina Tavernise And Qais Mizher

The New York Times, July 10, 2006

AMARA, Iraq — In the soft heat of the late evening in this southern Iraqi town, men come to the Najmawi coffee shop to play dominoes. Lights illuminate faces. Tiles click quietly.

The scene, which unfolds nightly in a garden near the Tigris River, is unimaginable in central and western Iraq, where night turns neighborhoods into dangerous ghost towns.

It was not always this tranquil. It used to be that Shiite Islamists smashed furniture and stopped games at Najmawi's. Dominoes, they said, were un-Islamic.

The British forces charged with security here did not intervene. They have enough troubles of their own, they said, trying to keep themselves safe on routine patrols.

But in a surprising twist, the region's tribes, particularly powerful in neighborhood life here, have weighed in forcefully, using their authority, often in a nonviolent way, to force the Islamists to back off.

Large portions of Iraq's rural south have been relatively peaceful, like the provinces of Muthana, where Japanese forces recently left, and Dhi Qar, whose capital, Nasiriya, is patrolled by the Italians, and it is possible that tribes are playing a similarly quiet but central role in keeping order.

"Now people feel safe," said Hassan al-Najmawi, 31, the coffee shop owner. The Islamists, he said, "have lifted their hands from the dominoes, the music shops, the young people's clothing."

The story of how Amara, the capital of a leaf-shaped province called Maysan, came to be relatively safe for its citizens — even as danger increased for the British — is a hopeful tale of small-town camaraderie, fierce independence and, above all, tribal power.

It offers an alternative to the grim formula that has applied in the provinces where a poisonous mix of sects, political parties and ethnicities has led to relentless bloodletting that the central government has been powerless to stop.

The differences reflect, in part, fundamental splits between rural and urban life in Iraq. Maysan, a province of about 920,000, is the countryside. More than 60 percent of its work force is employed in the private sector, mostly farming; in the wealthier, urban areas, a majority is employed in public service.

Because it is rural, it is smaller and easier to control than the bigger, more fractured communities in the cities, like Basra to the south, Iraq's second largest city.

There, many political parties and their militias are fighting over control of the province and its oil. Amara has just two militias, both Shiite: the Mahdi Army, loyal to the anti-American cleric Moktada al-Sadr, and the Badr Organization, the armed wing of the Supreme Council for Islamic Revolution in Iraq.

But the most important factor is the network of tribes.

In cities, generations of busy urban life have dulled people's tribal connections, while in the countryside, particularly in the south, tribes oversee all aspects of daily life — celebrating weddings, intervening in family disputes, administering justice after a killing and collecting money to help someone in need.

The 14 or so tribes in Maysan, with its vast expanses of marshes, are particularly strong — if often at odds with one another.

Even Saddam Hussein could not force the marsh Arabs, as they are known, to submit. He resorted to digging giant canals to drain their wetlands and stamp out their way of life.

"The tribe in Iraq is the basic building block of society," said Abd al-Kareem al-Mahamedawy, a tribal sheik from Amara who fought Mr. Hussein for years.

Mr. Najmawi is a smiling 31-year-old who laughs a lot and has difficulty sitting still. He has lived in Amara his whole life, and took it personally when, about a year after the American invasion, religious Shiites and their militias began to boss people around. Local men who called themselves members of the Mahdi Army, the grass-roots armed group that follows Mr. Sadr, began to come to his shop and disrupt business.

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"They are troublemakers," he recalled, sitting in an office in his shop on a balmy evening in late May. "They don't feel shy. They do anything." The militia asked to use his cafe for a meeting. He refused. He later allowed a civil society group to hold a seminar on corruption in Amara. His shop was bombed that night. Suspicions focused on the Mahdi militia.

Meanwhile, the Islamists were using the new lawlessness to impose their will, delivering lashes to those found with alcohol in their cars and confiscating un-Islamic merchandise. But the population of Amara is small, about 300,000, and residents knew who was part of the militia.

"I have a big coffee shop," Mr. Najmawi said. "You see how many people are in it. I know who likes Mahdi militia, and I know who hates them. Let me tell you, only a very few join them."

The reaction of the tribes was hardly a foregone conclusion. In the American-led effort in Iraq, they were an afterthought. Few were courted, and they were all but left out of the political process, which began here in earnest in early 2005.

Followers of Mr. Sadr dominate the 42-member provincial council. The governor is a former Mahdi Army commander. The police chief is a former Badr member.

"We didn't go the extra mile to encourage the tribes to participate, which was perhaps a mistake," said Edward Ferguson, the British political adviser in Amara.

And they fight among themselves. Lt. Col. David H. Labouchere, the commander of the British forces here, described what appeared to be tribal fighting that he watched at night from a helicopter in April. Mortars and rocket-propelled grenades exploded without stop, and when the electricity went out, the village, outside of Amara, "lit some fires and kept on fighting," he said.

But a direct attack from a militia brought the tribes together. In May 2005, two Mahdi fighters bombed the Manar engineering company, which belonged to the Kaabi tribe, infuriating its leaders. In a tribal trial called a fahsal, the attackers' families agreed to pay $18,000 in damages and to banish the two men from Amara.

A short time later, the Kaabi tribe invited the town's leading tribal sheiks to its mudhif, a guesthouse made of reeds that is the rough equivalent of a town hall.

"We invited them all," said Khalid Jabor al-Ali, the Kaabi sheik.

The gathering agreed to punish any militia member who attacked a tribe or its property. The tribes would watch the townspeople and the known militia members among them.

Suddenly, the stakes for carrying out an attack were substantially higher.

"We said anyone who does rebel attacks, his blood will no longer be tribal blood, and his tribe will reject him," Mr. Ali said, sitting on a mat in the same mudhif.

Gradually, quietly, he and other sheiks said, life began to shift.

Amar al-Sadi, 24, the owner of Al Qawthar Music Shop, said attacks on shops, common a year ago, had become rare. Islamic militia members still come from time to time to make sure the shop, which also sells movies, has no pornography, but mostly he is left alone.

Even people on the street seem irreverent. On an evening in late May, a group of young men stood just half a block from Mr. Sadr's central office in Amara, clapping and singing. A woman walked past a cleric and made a gesture with her hands, as if shoving him away, the Iraqi equivalent of a raised middle finger.

"The clerics are pushing the people, and that makes the people hate them," said Kadham al-Mashetet, the sheik of the Sarrai tribe, who saw the angry gesture.

Late last year, the number of killings began to drop. In March of this year, the police in Amara registered six homicides, the lowest rate since the British military began collecting data in the beginning of 2005. The average rate for the first five months of this year fell by 71 percent compared with the previous five months, according to British military figures.

The trend is the opposite in Basra, where violence has risen significantly in the past year. With the tribes watching in Amara, the stakes for killing were higher, and militia members weighed attacks carefully. The militias themselves seemed intent on preserving the status quo.

The police chief, Ismail Arar Qadim al-Majdi, linked to Badr, said he tried to avoid retaliatory attacks.

"I know who is doing the killing here," Mr. Majdi said in an interview. "When I arrest someone, they reply by a mortar. If I keep up this arresting, it will be the same as in Basra. I want to keep the city quiet, so I try to avoid this."

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It is not clear, however, how firm his control is. Late last month, the son of a sheik was killed in a shooting, an ominous crime that has baffled the town. Some sheiks blamed Iran, where the Badr Organization had operated in exile. For the British soldiers here, the power of tribes can be vexing, particularly during efforts to build a Western-style legal system. Six months ago, for example, a man shot another dead in front of a police officer. He was arrested, taken to jail and then promptly released, after the attacker's tribe agreed to pay $3,000 and promise three women in marriage to the family of the dead man, said Colonel Labouchere, the British commander.

"Tribes hold the key to this province," he said. "If we try to employ our own version of law in this country, we are not going to win."

The tribes have helped the occupying forces at times. They successfully mediated in 2004, when the Mahdi militia fought the British in an uprising across Iraq's south inspired by Mr. Sadr.

At that time "the tribes went to the Sadr office and said, 'Take your guys off the streets,' " said Mr. Ferguson, the British political adviser. In Dhi Qar Province, west of Amara, tribal leaders recently interceded in a similar fashion, he said.

The role of the tribes in the American-led effort may continue to grow.

Colonel Labouchere, who cares for two pet goats in a sleepy outpost in a former Hussein military camp and is planning the British withdrawal from the area, said he hoped the tribes could replace his forces as the central pillar between the Madhi Army and the Badr Organization.

In an effort to exert more influence on politics, about 1,000 tribesmen gathered in March and established a new provincewide tribal council of 35 sheiks.

And if Iraq holds a new set of provincial elections as scheduled for later this year, the tribes might increase their direct representation.

For now, Mr. Najmawi takes pleasure in testing the Islamists.

In a bold affront, he decided to show the World Cup games in his garden on a big screen for maximum effect. He even advertised around town with posters.

Before the first game, two men from Mr. Sadr's office came and delivered a warning: Go to the Sadr office and obtain permission. Soccer, they said, is un-Islamic.

"I never went," Mr. Najmawi said.

Since then, his shop has been packed with more than 500 customers a night, and the only violence has been the breaking of several chairs.

"I cannot let them control me," he said. "They are not in charge here."

More U.S. Soldiers Face Charges In Rape Case (LAT)

By Borzou Daragahi

The Los Angeles Times, July 10, 2006

BAGHDAD, Iraq -- Four more U.S. soldiers have been charged with raping a young Iraqi and killing her and three of her family members in March, the U.S. military announced Sunday.

The military said in a statement that the charges had been lodged against four soldiers accused of rape and murder. A fifth soldier was charged with dereliction of duty in the case; although he did not participate in the alleged crimes, he knew about them but failed to report the incident, the military said.

The charges were lodged Saturday, the military said. The five soldiers face an Article 32 investigation, the military's equivalent of a grand-jury inquest, to see if evidence warrants bringing them before a full-scale military tribunal or courts-martial.

"The preferral of court-martial charges is merely an accusation," the statement said. "Those accused are presumed innocent until and unless proven guilty beyond a reasonable doubt."

A former U.S. Army private, Steven D. Green, 21, already appeared in federal court last week in Charlotte, N.C., pleading not guilty to rape and murder charges in the case. He could face the death penalty if convicted.

The statement said the five new suspects were charged with conspiring with Green to commit the crimes. The military did not release their names.

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Green received an honorable discharge from the military and returned to the United States before the alleged incident in Mahmoudiya, south of Baghdad, came to light late last month. An affidavit submitted by an FBI special agent in connection with the request for an arrest warrant said military personnel files showed that a "personality disorder" had led to his discharge.

Green was a member of the 502nd Infantry Regiment, which is attached to the 4th Infantry Division in Iraq.

Unlike most incidents of alleged abuse of Iraqi civilians by U.S. soldiers, the killings of the young Iraqi and her family did not occur in the heat of battle but were planned out for as long as a week, military officials have alleged.

According to the affidavit by Special Agent Gregor J. Ahlers, who said his information came largely from Army investigators who interviewed at least three of the soldiers involved, Green allegedly killed three family members before he and another soldier raped the young woman, whose age is in dispute. Green then allegedly shot the victim to death with an AK-47 found in the house.

Two soldiers allegedly went with Green and his alleged accomplices to the house but only stood guard. Another soldier stayed at a checkpoint to monitor radio traffic.

Unlike a civilian grand jury, the military investigation allows the accused to attend and, through defense counsel, to cross-examine government witnesses, call witnesses and present evidence, said Army Maj. J. Todd Breasseale, a spokesman for U.S. forces in Iraq.

The five newly accused servicemen remain in Iraq but have been removed from their normal duties and are not allowed to leave their base, Breasseale said.

"They have had their weapons removed from them and are escorted at all times," he said.

4 Soldiers Accused Of Rape, Murder (USAT)

By Rick Jervis And Andrea Stone

USA Today, July 10, 2006

BAGHDAD — Four more soldiers were charged with rape and murder in connection with the slaying of a young Iraqi woman and her family in Mahmoudiya, south of Baghdad, the U.S. military announced Sunday.

Another soldier was accused of failing to report the offenses but was not believed to be involved in the attack, a military statement said. The soldiers, who are from the 101st Airborne Division and whose names were not released, were charged Saturday.

In all, six soldiers have been implicated in the March 12 incident, the latest of several alleged crimes by U.S. servicemembers in Iraq. Ex-soldier Steven Green was charged with one count of rape and four counts of murder. He pleaded not guilty to killing the young woman, her parents and 5-year-old sister.

According to an FBI affidavit filed in Green's case, Green and others targeted the young woman for a week before the attack. Army spokesman Paul Boyce said investigators were trying to determine the age of the young woman. Military spokesman Maj. Mark Wright said investigators have asked Iraqi authorities to help navigate cultural sensitivities to exhume the body.

The soldiers drank alcohol, abandoned their checkpoint, changed clothes to avoid detection and headed to the victims' house, about 200 yards from a U.S. military checkpoint, the affidavit said.

Iraqi Prime Minister Nouri al-Maliki last week called for an independent investigation. He also questioned why U.S. troops receive immunity from prosecution in Iraqi courts for crimes committed there.

Mahmoudiya Mayor Mouayad Fadhil applauded the new charges and said he hopes the United States continues to investigate.

The top U.S. commander in Iraq, Gen. George Casey and U.S. Ambassador Zalmay Khalilzad issued an apology last week for the Mahmoudiya incident, saying, “the alleged events of that day are absolutely inexcusable and unacceptable behavior.”

Military investigators are looking into at least five incidents in which U.S. troops are accused of killing Iraqi civilians. Among them: the alleged killings by Marines of 24 Iraqis in Haditha in November.

The string of recent allegations hurts U.S. and Iraqi government efforts to win over ordinary citizens and undermines support for the insurgency.

“Stories like this accusation and the others are like losing a battle,” says Andrew Krepinevich of the Center for Strategic and Budgetary Assessments, a defense policy group. “Whether they're true or not, they can be viewed as a significant setback for us.”

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Four More GIs Charged With Rape, Murder (WP)

By Jonathan Finer And Joshua Partlow

The Washington Post, July 10, 2006

BAGHDAD, July 9 -- Military investigators brought charges against four more American soldiers accused of taking part in the rape and murder of an Iraqi girl and the killing of three members of her family, the U.S. military said Sunday.

The four active-duty soldiers from the Army's 502nd Infantry Regiment of the 4th Infantry Division are accused of conspiring with Steven D. Green, a former private, who was charged with rape and murder in federal court earlier this month.

A fifth soldier from the unit, who was not accused of direct involvement in the March 12 attack in the southern town of Mahmudiyah, was charged with dereliction of duty for failing to report the incident, the military said in a statement. It did not name the five soldiers.

Green was honorably discharged with a "personality disorder" after the attack was carried out but before it came to light. He pleaded not guilty to the charges on Thursday in U.S. District Court in Louisville.

According to military officials and court documents, the soldiers entered the family's home, took the girl to another room and raped her. They then reportedly shot her and killed her mother, father and 7-year-old sister and tried to set a fire to cover up the crimes. The killings were initially reported as an insurgent attack.

Court documents said the soldiers had previously seen the girl from a roadside checkpoint they manned near the home, and a neighbor said her family had grown concerned that she could become a target.

The incident was the latest in a series of recent accusations against U.S. forces involving unarmed Iraqi civilians, including the alleged shooting deaths of 24 people in the western town of Haditha in November. The military initially reported those deaths as having been caused by a roadside bomb attack that also killed a Marine.

But a Time magazine report in March disclosed that the civilians died of gunshot wounds and that U.S. forces were responsible.

Army Lt. Gen. Peter W. Chiarelli, the No. 2 officer in Iraq who oversaw the investigation of the Haditha killings, concluded recently that Marine leadership repeatedly failed in pre-deployment training, in the tone set by commanders and in how information was reported up the chain of command, defense officials said. Chiarelli found that commanders were negligent in how they responded to conflicting reports they received from units about the Haditha killings.

In June, seven Marines and a Navy corpsman were charged with murder and other crimes related to the shooting death of a crippled man in Hamdaniyah, a village west of Baghdad. Residents there said the soldiers planted a rifle and a shovel near the victim's body to make it appear as though he had been burying roadside bombs.

Later in June, three soldiers were charged with killing three Iraqi detainees in U.S. custody and threatening to kill another soldier if he told anyone what had happened.

But the Mahmudiyah incident has provoked a particularly strong reaction from the Iraqi government because of the incendiary nature of the alleged crimes.

In recent days, Prime Minister Nouri al-Maliki and several other Iraqi politicians have called for a review of a regulation that precludes U.S. forces from facing prosecution in Iraqi courts. Maliki said the immunity -- implemented by the U.S.-led Coalition Provisional Authority, which governed Iraq after the 2003 invasion -- has encouraged crimes against Iraqis.

Four Soldiers Charged With Rape, Murder (WT/AP)

By Ryan Lenza

The Washington Times, July 10, 2006

TIKRIT, Iraq -- Four more U.S. soldiers have been charged with rape and murder and a fifth with dereliction of duty in the rape-slaying of an Iraqi girl and the killings of her relatives in Mahmoudiya, the military said yesterday.

The five were accused Saturday after an investigation into charges that American soldiers from the 101st Airborne Division raped the teenager and killed her and three relatives at her home south of Baghdad.

Former soldier Steven D. Green was arrested last week in North Carolina and has pleaded not guilty to one count of rape and four counts of murder. He was ordered held without bond on the charges, which carry a possible death penalty.

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Yesterday's disclosure of additional rape and murder charges against U.S. soldiers came on a particularly violent day, with more than 50 Iraqis killed in a spate of sectarian attacks.

Masked Shi'ite gunmen roamed through west Baghdad's Jihad neighborhood yesterday, dragging Sunnis from their cars, picking them out on the street and killing them in a rampage that police said left at least 41 persons dead in a dramatic escalation of sectarian violence.

Hours later, two car bombs exploded near a Shi'ite mosque in the city's north, killing 17 persons and wounding at least 38 in what appeared to be a reprisal attack, police said.

Black-clad Shi'ite militiamen manned checkpoints on roads into most major Shi'ite neighborhoods to guard against revenge attacks, as scattered clashes occurred across the Iraqi capital.

Sunni leaders expressed outrage over the killings, and President Jalal Talabani, a Kurd, appealed for calm, warning that the nation stood "in front of a dangerous precipice."

A senior government official, Haidar Majid, contested the police figures, saying late yesterday that only nine persons died in Jihad.

Police Lt. Mohammed Khayoun insisted the figure of 41 was correct -- with 24 bodies taken to Yarmouk hospital and 17 to the city morgue. There was no way to reconcile the discrepancy.

Regardless, the brazen attack was likely to further enflame Shi'ite-Sunni tensions and undermine public confidence in Iraq's new unity government. It also raises new questions about the effectiveness of the Iraqi police and army to curb sectarian violence in the capital.

Police and Shi'ite leaders speculated the rampage was carried out in retaliation for a Saturday night car bombing at a Shi'ite mosque that killed two persons and wounded nine.

Clashes also broke out between gunmen and Iraqi police in at least three neighborhoods across the capital, police and residents said. Three Shi'ite militiamen were killed in fighting with security forces in one of them, police said.

The spokesman for a Sunni clerical association, Mohammed Beshar al-Faydhi, blamed the Jihad attack on the Mahdi Army militia, led by radical Shi'ite cleric Muqtada al-Sadr.

Sheik al-Sadr denied responsibility and called on both Shi'ites and Sunnis to "join hands for the sake of Iraq's independence and stability." He assured Vice President Tariq al-Hashimi, leader of the largest Sunni Arab party, that he would punish any of his militiamen if they were involved.

In the rape investigation, the U.S. statement said the five soldiers still on active duty will face an Article 32 investigation, similar to a grand jury hearing in civilian law. The Article 32 proceeding will determine whether there is enough evidence to place them on trial.

One of the soldiers was charged with failing to report the attack but is not believed to have participated in it directly, the statement said. The four facing murder charges could face the death penalty if convicted.

The names of the five were not released, but a U.S. military official, speaking on condition of anonymity because of the ongoing investigation, said yesterday that the soldiers recently charged are two sergeants, two privates first-class and one specialist.

The March 12 attack on the family was among the worst in a series of cases of U.S. troops accused of killing and abusing Iraqi civilians.

U.S. officials are concerned the suspected rape-slaying will strain relations with the new U.S.-backed government and increase calls for changes in an agreement that exempts American soldiers from prosecution in Iraqi courts.

Prime Minister Nouri al-Maliki has demanded an independent investigation into the case, which followed a series of claims that U.S. troops killed and mistreated Iraqi civilians.

According to an FBI affidavit filed in Mr. Green's case, he and at least two others targeted the teenager and her family for a week before the attack, which was not revealed until witnesses came forward in late June.

Also yesterday, an American soldier died in a "noncombat related incident," the U.S. command said without giving further details.

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In the western city of Ramadi, a car bomb exploded next to a U.S. convoy, wounding four American soldiers, the military said. The attack occurred as the convoy headed to the government center in the city, an insurgent hotbed 70 miles west of Baghdad.

A Soldier's Shame (TIME)

By Julie Rawe With Aparisim Ghosh

Time, July 10, 2006

Family members describeÂ Abeer Qasim Hamza al-Janabi as tall for her age, skinny, but not eye-catchingly beautiful. As one of her uncles put it, "She was an ordinary girl." So perhaps it was sheer proximity that made the 15-year-old so tantalizing. Her house was less than 1,000 ft. from a U.S. military checkpoint just outside the Iraqi town of Mahmudiyah, and soldiers manning the gate started stopping by just to look at her. Her mother, who grew concerned enough to make plans for Abeer to move in with a cousin, told relatives that whenever she caught the Americans ogling her daughter, they would give her the thumbs-up sign, point to the girl and say, "Very good, very good."

Abeer's brother Mohammed, 13, told TIME he once watched his sister, frozen in fear, as a U.S. soldier ran his index finger down her cheek. Mohammed has since learned that soldier's name: Steven Green. Last week Green, 21, a former Army private first class who was honorably discharged because of a "personality disorder" a month before the criminal allegations came to light, pleaded not guilty to charges of raping Abeer and killing her along with her parents and 7-year-old sister. The grisly March 12 slayings--in which Abeer's skull was smashed and her legs and torso set on fire--sparked the military's fifth investigation into U.S. personnel accused of murdering Iraqi civilians. But unlike the massacre in Haditha, where Marines are suspected of shooting up to 24 innocent people in November following the death of a beloved comrade, the butchering of Abeer's family does not appear to be the result of vengeance or confusion. Instead, all signs point to premeditated depravity.

According to an affidavit based on sworn statements from several members of Green's infantry unit, Green and three other soldiers abandoned the traffic checkpoint they were manning 20 miles south of Baghdad, in a region littered with roadside bombs, before heading to Abeer's house. Some of them had been drinking, and all but one had changed out of their uniforms, allegedly to avoid easy identification. A fifth soldier, who remained at the checkpoint to monitor the radio, said that when the men returned in bloodied clothes, each of them told him not to speak of the incident again.

Given that the area was known to be a terrorist stronghold, many former and active-duty officers are wondering how such a small convoy of soldiers--a single vehicle's worth--was left on its own, apparently far from the watchful gaze of a superior officer. "Where were the older sergeants, and the lieutenants and captain who should have prevented this crime from happening?" asks Barry McCaffrey, a retired four-star general.

The apparent lack of supervision makes it harder for military officials to cast this as a one-time, isolated incident, particularly after an Army general concluded last week that Marine officers had been negligent in failing to probe the deaths in Haditha. In a joint statement, the U.S. ambassador and the senior U.S. commander in Iraq called the soldiers' alleged acts in Mahmudiya "absolutely inexcusable and unacceptable." Officials say one purpose of their pledge to vigorously and transparently investigate and prosecute the crimes is to quell the calls from Iraqis, among them Prime Minister Nouri al-Maliki, to stop granting U.S. troops immunity from local prosecution, a notion that Pentagon officials consider "a nonstarter," especially in a country whose legal system is practically nonexistent.

If there was an element of strategic calculation behind the public remarks of U.S. officials, there was genuine emotion too. In private meetings with Abeer's relatives, military officers apologized repeatedly, and a one-star general hugged her two orphaned brothers. "The general seemed emotionally distressed. He was not pretending," concluded Mahdi Obeid Saleh, Abeer's cousin, who says he rushed to the crime scene and doused the flames on her burning body. Both Saleh and Army investigators initially thought the attack was the work of insurgents. "This is what happens when you harbor terrorists," a military translator lectured Saleh on the day of the slayings.

It wasn't until some three months later that officers got wind of a different story. In June, after insurgents killed a member of Green's troop and kidnapped and beheaded two others--there's suspicion, but no evidence yet, that this attack was a response to the rape and killings--another soldier in their infantry unit told Army combat-stress counselors in Baghdad about the alleged

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murders in Mahmudiya. Within 24 hours of the initial report, Army officers turned the case over to military criminal investigators at Iraq's Camp Slayer. Six days later, the FBI arrested Green near his grandmother's house in Nebo, N.C., where he was visiting after attending a troopmate's funeral at Arlington National Cemetery.

The details of Green's biography contain little to suggest he was destined for trouble but nothing that indicates he knew how to avoid it either. He was born in Midland, Texas, and bounced between parents who divorced when he was 4. Green, who was in his teens when his mother spent six months in jail for drunken driving, dropped out of school after 10th grade. In February 2005, fresh from a three-day jail stint for underage possession of alcohol, he enlisted in the Army, and a month later--during basic training--he was baptized in a makeshift prayer room in a kitchen at Fort Benning, Ga. In December, after Green had been sent to Iraq, he was quoted in a newspaper article as saying of a house-to-house search for insurgents, "It's kind of disappointing that we didn't find anything."

Five months later, Green was honorably discharged with a "personality disorder." In fiscal 2005, 1,038 soldiers--or 0.21% of those on active duty--were discharged with this classification, which used to be referred to as Section 8. (Corporal Klinger was always trying to get one on M*A*S*H.) An Army spokeswoman says such cases can take weeks or even months to process and require a psychiatric evaluation followed by an opportunity for the soldier to modify his behavior as well as the option to file an appeal.

The Pentagon won't say how long it took to process Green's case. But even if his possible instability was a factor in the alleged atrocity, that doesn't explain why his fellow soldiers stood by--and helped him cover his tracks. Pentagon officials say charges could be brought against as many as four other soldiers, including the one who allegedly joined Green in the rape.

Green is scheduled to be arraigned next month in Kentucky--home to Fort Campbell, where he was most recently stationed--and could end up facing the death penalty. Close relatives won't talk about him. Even distant ones are reluctant. In tiny Denver City, Texas, where he spent a couple of years with his mother's ex-husband and which he claimed as his hometown on Army paperwork, Green's former stepgrandfather thought back about the meals they had shared. "He always seemed a little bit different," B.J. Carr said, before his wife interrupted, "We don't know that boy."

Justice: Immune? (NSWK)

By Malcolm Beith And John Barry

Newsweek, July 10, 2006

The arrest of former U.S. Army Pfc. Steven D. Green—for the alleged rape of an Iraqi woman and the murder of her and three relatives near the town of Mahmudiyah—brought apologies from U.S. officials. But that didn't stem a growing debate over Coalition Provisional Authority Order 17, which exempts members of the U.S. military from Iraqi laws.

"We cannot go on having these unfortunate incidents repeated, and we have to work on stopping them from happening again," Iraqi national-security adviser Mowaffaq al-Rubaie told NEWSWEEK. "There is no way we can accept CPA Order 17 anymore." U.S. officials, unnamed because of diplomatic sensitivities, said Iraqi P.M. Maliki's need to oppose the order might lessen if any wrongdoers in the Haditha and Mahmudiyah cases are held accountable. Green pleaded not guilty in a U.S. federal court last week.

Republican Lawmakers Cite Shells As WMD Proof (WT)

By Rowan Scarborough

The Washington Times, July 10, 2006

Congressional Republicans are at odds with Democrats -- and the Bush administration -- over the significance of 500 munitions found in Iraq since 2003 and recently disclosed by the Pentagon.

The rocket and artillery shells hold deadly sarin and mustard gas, a small part of the vast weapons of mass destruction (WMD) arsenal that Saddam Hussein built in the 1980s.

Republican lawmakers say the 500-plus shells, with more likely to be found in the coming months, are evidence that Saddam was still concealing WMDs in 2003 in violation of United Nations resolutions to disarm after Iraq's failed invasion of Kuwait.

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The resolution "didn't say pre-'91 chemical weapons," said Rep. Curt Weldon, Pennsylvania Republican. "It didn't say post-'91 chemical weapons. It said chemical weapons. Saddam Hussein violated this resolution and others like it. ... In part because of such violations, we voted to authorize the use of military force in Iraq."

Democrats dismiss the findings. They say the munitions were found in small clusters and are 1980s vintage. In other words, Iraq produced them before the 1990 invasion of Kuwait and thus they are irrelevant to the CIA's flawed 2002 National Intelligence Estimate (NIE), on which President Bush largely based his decision to go to war to keep Iraq's WMDs from terrorists, they say.

To the consternation of congressional Republicans, including Rep. Peter Hoekstra of Michigan, the House Intelligence Committee chairman, the Democrats are getting support from the administration.

When the office of Director of National Intelligence John D. Negroponte conducted a phone-in briefing for reporters last month, the presenters downplayed the munitions finding, just like the Democrats.

"The priority of the ISG [Iraq Survey Group, which headed the hunt for WMDs] was to look for post-Desert Storm [1991] munitions, newer stuff," an anonymous briefer told reporters. "It was not looking for older stuff. And so this doesn't really bear on the issue."

That dismissive remark generally dovetailed with press reporting. But it irked Mr. Hoekstra, who had held a press conference to announce that the administration had declassified a report on the 500 shells. Mr. Hoekstra wrote an unusually blunt June 29 letter to Mr. Negroponte, accusing his staff of misstating the ISG's mission statement. The ISG was not limited to poking around for post-1991 weapons, he said. He also accused Mr. Negroponte of ignoring requests for information from a Republican senator.

"I am very disappointed by the inaccurate, incomplete, and occasionally misleading comments made by the briefers," he wrote.

Negroponte spokesman Carl Kropf said of the letter, "We'll respond in some fashion to be determined."

Republicans say that with the passage of time, as new information surfaces, the CIA's much-maligned NIE does not look quite as bad. To be sure, inspectors have not found the tons of chemical weapons stockpiles it had predicted, or an active nuclear weapons program, or continued manufacturing of WMDs.

But the NIE contained other components. For example, it said hundreds of chemical weapons munitions remained unaccounted for, after U.N. inspectors destroyed thousands. The NIE did not specify the shells had to be post-1991, so the discovery of more than 500 munitions since 2004 would tend to validate that finding.

What's more, the ISG did find that Saddam planned to resume WMD production quickly once U.N. sanctions were lifted. He had already corrupted the U.N.'s oil-for-food transactions by bribing foreign government officials and suppliers of prohibited weapons.

That ISG finding has been buttressed by newly declassified transcripts of taped conversations between Saddam and his top aides. The palace talk: WMD production would be resumed once the West lost interest in containing Baghdad.

Republicans received a bit more support from the administration in a subsequent House Armed Services Committee hearing last week.

"We do assess that the chemical munitions that have been found are hazardous, and potentially they could be lethal," Lt. Gen. Michael D. Maples, director of the Pentagon's Defense Intelligence Agency, testified. "The chemicals that are contained in the munitions that are referred to in this report are capable of creating mass casualties."

The committee also heard from David Kay, who initially led the search for WMDs before turning the job over to Charles Duelfer. He generally downplayed the discovery. "I don't think any of us should be surprised that we are still finding chemical munitions produced before 1991 in Iraq," he said. He added that his main task was to try to find WMD that the CIA said were produced after U.N. inspectors left in 1998. He found none.

The DNI briefers stressed to reporters that the new report on munitions is not a dissent from the final March 2005 report of Mr. Duelfer.

But there does seem to be a difference in how the two assess the danger to U.S. troops.

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"The ISG believes that any remaining chemical munitions in Iraq do not pose a militarily significant threat to coalition forces because the agent and munitions are degraded and there are not enough extant to cause mass casualties," Mr. Duelfer wrote.

Col. John Chiu, commander of the National Ground Intelligence Center, which is conducting the WMD search in Iraq, told the Armed Services committee that, "The munitions that we're finding, the agents within those munitions are still toxic, and if exposed to enough of a degree, would prove to be lethal. ... They do constitute weapons of mass destruction."

Vietnam Vets' Experience On Boats Gets Use In Iraq (USAT)

By Tom Vanden Brook

USA Today, July 10, 2006

LITTLE CREEK, Va. — Thomas Cutler's combat experience on a patrol boat in Vietnam is more than 30 years old, yet it couldn't be more relevant to today's Navy.

Cutler, 58, is among a group of Vietnam veterans informally advising the Navy as it reconstitutes river patrols. The Navy wants to extend its reach into the shallow brown waters of deltas and rivers, often the front line in the war against terrorists and insurgents. Next spring, the first sailors since the days of the Vietnam-era swift boats will relieve Marines on river patrols protecting Haditha dam in Iraq.

"It is dangerous," says Cutler, an author and former naval officer. "But you don't go into the military to knit socks."

After Vietnam, the Navy abandoned its river patrols and focused instead on big ships and fleets to oppose the Soviet Union during the Cold War.

Now, the Navy plans a river force of three 12-boat squadrons. Each boat will have a crew of five. The boats will be able to top 40 knots, stop quickly and operate in less than a foot of water. They'll have armor and .50-caliber machine guns.

In all, there will be about 900 sailors involved in the river patrol effort. By comparison, there were 4,500 sailors in 450 boats patrolling coastal and inland waters during Vietnam.

At first, Vietnam veterans were concerned "we weren't building a robust enough force," said Capt. Michael Jordan, commodore of Riverine Group One. "But when we described what we were doing, they said, 'This makes sense.' "

The main mission is defeating Iraqi insurgents who often try to escape on rivers after attacking, said Adm. Michael Mullen, the chief of naval operations.

Iraq's rivers "are really the old smugglers' routes," Jordan said, "routes that have been in use for hundreds if not thousands of years. We've got checkpoints on roads but none on the water."

The Navy's river patrols eventually will be deployed around the world as part of the Navy Expeditionary Combat Command. The command, established in October 2005, aims to fight piracy, stop narcotics trafficking and intercept illegal arms and weapons of mass destruction, said Rear Adm. Donald Bullard, its leader. It also is the home of the Seabees, the Navy's construction teams, and technicians who defuse explosives.

The command allows the Navy to play a more visible role in the war on terror. "This is not just about relieving stress on the Army and Marines," Bullard said.

Vietnam veterans have participated in two seminars with Navy officials to advise them on the new river force. One was held at the Naval Academy in Annapolis, Md., and the other was in Norfolk, Va.

The Navy sought Cutler's expertise, in part, because he wrote a history of the Navy's river patrols in Vietnam, Brown Water, Black Berets.

Before sailors patrol the Euphrates River in Iraq, they'll be trained by Marines to fight and learn the basic language skills they'll need to develop relationships with the local people. Simply being able to talk about fishing can be helpful, Jordan said.

"With language training, we can show that we care about people rather than imposing our will. That we're really there to help them out," said Lt. Cmdr. Frank Okata, 33, a logistics officer for the river patrol squadron.

Okata said the sailors need small boats to take the fight to the insurgents. "Most of our enemies aren't going to be sending out fleets to engage us," he said. "We need small boats to go after them."

Cutler said that mission makes lessons from Vietnam more relevant.

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He counseled the Navy to think about snakes, leeches and malaria and to consider factors such as the way moonlight can silhouette a target or a sailor and how the glare of sunshine can blind a river crew.

Larry Weatherall, 58, a veteran of more than 200 river patrol missions in Vietnam, advised sailors to rely on helicopters and other aircraft for help in killing adversaries. He said the need for air support was an important lesson from Vietnam.

"When you get in a firefight, it's good to have angels come out of nowhere to help suppress enemy fire," he said.

Today's sailors have also been instructed by Vietnam vets to carry extra ammunition, said Cmdr. Bill Guarini, 39.

"It's fun stuff: going 40 knots on the water, shooting the best weapons," Guarini said. "We're all outdoorsy people. It's exciting, plus there's a sense that you're doing something special."

Petty Officer 2nd Class Tyson Carter, 25, recently completed combat training with Marines at Camp Lejeune, N.C. It was hot and humid, and he loved it. He'll be a gunner on a Navy patrol boat.

"It's all about the adrenaline," said Carter of Choctaw, Okla. "We're taking the fight to the enemy."

A Vietnam Lesson, Unlearned (NYT)

By Bob Herbert

The New York Times, July 10, 2006

By 1971, after years of mindless fighting, dying and widespread atrocities in Vietnam, portions of the U.S. military had fallen into a horrendous state of affairs. Morale had plummeted. Drug use was widespread. Soldiers in units that had previously fought bravely and well were threatening mutiny. Officers and N.C.O.'s were targeted for death by frightened and resentful enlisted men. Racial conflicts abounded.

The biggest lesson we failed to learn from Vietnam was how utterly tragic it was to pull the trigger on an unnecessary war. Now once again we are condemned to suffer the consequences, and those consequences are not always self-evident.

For example, the U.S. military — its capabilities and its reputation so painstakingly rebuilt in the decades since Vietnam — is again falling victim to lowered standards, breakdowns in discipline and a series of atrocities that are nothing less than a betrayal of the many honorable men and women in uniform and the country they serve.

The Army has had to lower its standards because most young Americans want no part of George W. Bush's war in Iraq. Recruiters, desperate to meet their quotas, are sifting for warm bodies among those who are less talented, less disciplined and, in some cases, repellent.

John Kifner reported in The Times last week about a study by a watchdog group that showed that recruiting shortfalls caused by the war in Iraq have allowed "large numbers of neo-Nazis and skinhead extremists" to infiltrate the military.

The study, by the Southern Poverty Law Center, which tracks racist groups, was titled "A Few Bad Men." It said that recruiters and base commanders, under intense pressure to fill the thinning ranks, "often look the other way" as militant white supremacists and anti-Semites make their way into the armed forces.

The center quoted a Defense Department investigator as saying: "We've got Aryan Nations graffiti in Baghdad. That's a problem."

This comes 10 years after a Pentagon crackdown on extremist activity in the armed forces. The crackdown followed the Oklahoma City bombing, which was carried out by Timothy McVeigh, a gulf war veteran, and the murder of a black couple by skinheads in the Army's 82nd Airborne Division.

This is the sort of thing that happens when the military is run by power-hungry amateurs who lack the maturity and the sense of history to temper their arrogance.

It was already known that the Army had become more reluctant to release soldiers who were seriously out of shape, or pregnant, or abusing alcohol or drugs. The pressure to put somebody — anybody — in uniform also led to the lowering of standards for admission to the junior officer ranks. For example, minor criminal offenses that previously would have been prohibitive could suddenly be overlooked.

As the Abu Ghraib scandal unfolded, I wondered how such completely and obviously unfit characters as Charles Graner Jr. and Lynndie England had not previously been weeded out of the military, which had bragged for so long about how high its standards had become.

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Now we're faced with the case of American soldiers suspected of raping an Iraqi teenager and murdering her and her family. This is one of at least five cases currently being investigated in which American troops have been accused of killing unarmed civilians. Marines are suspected of slaughtering 24 Iraqis, including women and children, in the western town of Haditha last November — a case that in its horror, if not its scale, recalls the My Lai massacre of Vietnam.

Despite the administration's repeated attempts to put the best face on Mr. Bush's war, the predicament confronting the military is growing more, not less, dire. There are still not nearly enough American troops in Iraq to secure the country. Some troops are on their third or fourth tour of duty in the war zone, which is beyond unfair.

According to the nonpartisan Congressional Budget Office, the military will be not be able to maintain its current force levels in Iraq for much longer. It doesn't take much imagination to know what happens when you stretch a rubber band too far.

The proud American military has been badly hurt by the wrecking-ball policies of the Bush administration. It deserved better.

Canadian, 15 Taliban Killed In Afghanistan (AP-Y2)

By Noor Khan

AP2, July 10, 2006

Hundreds of Canadian and Afghan soldiers raided Taliban strongholds throughout southern orchards Sunday, sparking fighting that killed at least 15 militants and one Canadian.

Two Canadian soldiers were wounded in Kandahar province's Zharew district, the scene of some of the fiercest fighting in an ongoing anti-Taliban offensive being waged across southern Afghanistan.

Canadian Cpl. Anthony Boneca was killed in the Pasmhol village in Zharew during a "combined coalition-Afghan operation" against the Taliban, said military spokesman Maj. Marc Theriault.

Several hours later, "intense close quarters" fighting broke out nearby, leaving at least five Taliban militants dead and two Canadian soldiers slightly wounded, said another coalition official, Lt. Cdr. Mark MacIntyre.

A coalition airstrike killed another 10 militants in the neighboring Panjwayi district, where Canadian troops launched a campaign against Taliban strongholds Saturday, according to a military statement. Two Canadians also were wounded.

"The fighting we have seen over the last 48 hours has been pretty intense and there has been a number of fire fights," MacIntyre said.

Most of the fighting is taking place in fields and orchards where small bands of Taliban fighters have taken cover, MacIntyre said.

At least 18 Canadian soldiers have been killed in Afghanistan since 2002. Four were killed in an April roadside bomb blast in the deadliest attack against the 2,300-strong Canadian contingent since deployment to Kandahar in February.

In a sign of the deadly Taliban threat in the south, the British government is preparing to deploy hundreds of extra soldiers and more equipment to the volatile Helmand province where more than 3,000 British troops are moving into.

Britain's defense secretary, Des Browne, is expected to announce the deployments to Britain's House of Commons on Monday after military commanders urgently requested reinforcements, a British defense official said on condition of anonymity as he was unauthorized to speak to the media.

Six British troops have been killed in Helmand in a month and Browne acknowledged on Saturday that a British deployment into the south had "energized opposition" from a resurgent Taliban.

Britain has around 5,000 troops in Afghanistan, with 3,000 of those in Helmand — where soldiers will head a NATO-led peacekeeping mission at the end of July.

During recent months, Afghanistan has been gripped by the bloodiest spate of violence since a U.S.-led invasion ousted the Taliban regime after the Sept. 11, 2001 attacks.

Some 10,000 U.S., Canadian, British and Afghan forces have deployed across southern Afghanistan as part of Operation Mountain Thrust in a bid to loosen the Taliban's hold on the region. At least 20 coalition troops have been killed in combat across Afghanistan since the offensive started in May, according to an Associated Press tally based on coalition figures. Most of the fatalities have been in the south.

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Separately, Spain's defense minister announced Sunday that an explosion the previous day in western Afghanistan that killed a Peruvian solder and slightly wounded four Spanish troops was probably caused by a remote-controlled 8.8 pound anti-vehicle land mine.

In eastern Laghman province, Afghan soldiers killed a militant Saturday after their patrol was ambushed, a Defense Ministry statement said. One Afghan soldier was wounded.

Afghan soldiers also arrested four suspected Taliban members, including a local leader identified as Mullah Nazar, in southern Uruzgan province, the statement said. The troops also confiscated a quantity of explosives and Iranian and Pakistani checks valued at $300,000.

For Afghan Cabbies, A Poetry Tradition Spurs War Of Words (WSJ)

By Masood Farivar

The Wall Street Journal, July 10, 2006

WASHINGTON, D.C. -- There aren't many places in the U.S. that can count poetry societies run by Afghan cab drivers. Washington has two. And they don't like each other.

"An Evening with the Dervishes" prefers what it calls the serious, scholarly pursuit of poetry. The group views itself as a literary clique focusing on masters such as Abdul Qadir Bedil, a 17th century poet and Islamic mystic, or Sufi. Its gatherings feature top scholars and poets.

"An Evening of Sufism," notwithstanding its name, brings all forms of Afghan poetry to large audiences. It also treats attendees to free refreshments and pop-music performances.

On a Friday evening earlier this year, Maroof Popal checked in on "An Evening of Sufism," the group he helped found and later abandoned to establish the more highbrow Dervishes. Inside a drab, low-ceilinged hall, an Afghan woman dressed in a black pantsuit rose to the podium. She informed the audience of nearly 200 that she'd just finished her poem in the parking lot.

Mr. Popal, 52 years old, couldn't contain his disappointment. "Why read a poem if you haven't given it much thought?" he muttered, gently slapping his head with the palm of his hand.

As another woman finished her poem about the "new and tragic phenomenon of suicide bombings in our beloved country," the cab driver walked outside for a smoke.

"Nowadays, by the grace of God, there are so many poets and writers out there," he said, taking a drag. "The question is, Do you want to listen to vulgar poetry or listen to someone who can offer us the real thing?"

The ethnic and political tensions that racked Afghanistan in the 1990s have cooled off, despite the recent Taliban insurgency. But having given up battling over the merits of the Taliban and the Northern Alliance, exiled Afghans here have found a new outlet for factional debate: how to celebrate the ancient Afghan art of poetry reading.

Poetry has deep roots in Afghan culture; the art form began more than 1,000 years ago in the ancient cities of Central Asia. Today, the Afghan passion for poetry, much of it Sufi-inspired and in Persian, extends to everyday life: Afghans pepper their conversations with snippets of poetry and engage in "poetic duels" in which each side recites a line of verse that begins with the letter that ended the opposing side's line.

The two groups meet in the same Masonic lodge in Springfield, Va., on different Friday nights each month. Mostly they adhere to Afghan social norms, treating each other with civility and even deference. Occasionally, they drop by each other's gatherings. But at times, their rivalries have burst into the open.

Members of "An Evening of Sufism" accuse the Dervishes of tearing down their flyers from Afghan stores, and have dubbed them "hash-heads," which in Afghanistan is a term associated with the uneducated. Wali Popal, the group's current moderator -- who is not related to Maroof Popal -- dismisses "An Evening with the Dervishes" as an "imitation."

The Dervishes say an "Evening of Sufism" lobbied the Masonic Lodge to keep them out. They also accuse the group of spreading false rumors that they pay big money to attract top scholars. Both groups deny the others' charges.

One of the Dervishes, Yusuf Bakhtary, a former school teacher and now a cabdriver, says he wants to ban music entirely from his group -- it occasionally invites a sitar player -- if only to distinguish it from "An Evening of Sufism."

He quotes Bedil: "Hypnotized by the spell of popular acceptance, how long shall I keep on uttering vulgarity?"

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The poetry debate goes back to the early 1980s, when Maroof Popal, who left Afghanistan in 1978, began driving a taxi at Washington D.C.'s National Airport. There, he met other Afghan cabbies once or twice a week to read the poems of Bedil in any available space: the back of a furniture store, the showroom of an Afghan-owned car dealership.

At the end of 12-hour shifts, dog-tired and sometimes hungry, they'd sit cross-legged in a circle. Over cups of tea and candies, they tackled some of the most technically difficult poems written by the great Sufi poets, occasionally pausing for philosophical reflection over individual words -- "fog," "mirror," "silence."

Every now and then, when they found themselves stumped, they'd call upon a poet and Bedil scholar, M. I. Negargar. Calls to the former Kabul University professor -- who had taught one of the cabbies and lives in England -- soon became an integral part of their readings. Chipping in 25 to 50 cents each, they'd buy a phone card and hunch over the speakerphone as the professor brought the poems to life.

As Afghanistan degenerated into civil war in the 1990s, ethnic tensions flared among the exiled Afghans. Hoping that poetry would unite the community, the cabbies joined other like-minded Afghans to underwrite monthly public readings.

"People were revolted by politics," says Hashim Rayiq, a local Afghan civil engineer who helped formalize the poetry sessions. "I said, 'Let's have at least one night without politics.'"

The group they formed in summer 2000 -- "An Evening of Sufism" -- was quickly a hit. Within months it was holding monthly gatherings attended by hundreds, first in a banquet hall and later in a church and eventually in the Masonic Lodge. As the Taliban fell in 2001, it thrived.

"No Afghan organization has lasted six years," Mr. Rayiq says proudly.

Unless you count a 2004 rupture, that is. Maroof Popal and others say "An Evening of Sufism" was infiltrated by Tajik nationalists who supported the Northern Alliance, as well as former Afghan Communists. The newcomers, they say, tried to exclude the works of Pashtuns -- Afghanistan's dominant ethnic group, from which the Taliban hailed -- from the proceedings.

Wali Popal, the moderator of "An Evening of Sufism," denies the charges.

Yet even before politics intruded, some of the cabbies, who were never comfortable with the proliferation of poets and the size of the new group, had been itching to return to the Bedil readings and scholarly debates. Along with Maroof Popal, they broke away and founded "An Evening with the Dervishes" in late 2004.

One December night, the Dervishes dedicated their session to Prof. Negargar, whom they flew in for the occasion. More than 300 people showed up, mostly men in suits or black leather jackets, cell phones and keys dangling from belts. The only music for the evening would be the classical sitar, played by the son of one of India's great musicians, the late Vilayat Khan.

A silence fell over the hall as the professor spoke for two and half hours on the "concept of the unity of God in world religions" with dozens of lines of classical poetry recited from memory.

Four months later, "An Evening of Sufism" hosted an evening about Sa'duddin Ansary, a little known, second-tier 18th century poet. Wali Popal arranged for several of the poet's descendants to attend. A crowd of 200 showed up, nearly one third of them women.

The poems of Ansary moved the audience, but the loudest applause was reserved for the young poets, including the editor of an Afghan cultural magazine who read her poem lamenting suicide bombings. The evening ended with pop tunes performed by an Afghan keyboard player wearing a black shirt with a stenciled-on white tie.

Prof. Negargar says the sparring between the two groups is a little juvenile. "It is like a third grader who has started reading history poking fun at a first grader because the first grader studies only reading and math," he says.

CORPORATE SCANDALS:

Hearing Postponed In Case Against Former Qwest CEO (WSJ)

By Shawn Young

The Wall Street Journal, July 10, 2006

DOJ_NMG_0038821

The judge overseeing the criminal insider trading case against former Qwest Communications International Inc. Chief Executive Joseph Nacchio delayed an important hearing in the case because of the complex logistics involved in reviewing classified material introduced by the defense.

Saying he needed extra time for his staff to get the security clearances and facilities that are legally required for handling the classified materials, Denver-based U.S. District Judge Edward Nottingham on Friday postponed the hearing to August 25 from July 14. He is scheduled to rule on a variety of motions from both sides, including a defense motion to dismiss the case.

Mr. Nacchio is fighting charges that he sold $101 million in stock in early 2001 with insider knowledge that the Denver-based phone company was about to falter. In court filings, his attorneys have said he was optimistic about the company's prospects because, based on classified information, he thought Qwest was poised to win important contracts related to national security.

Prosecutors have argued that the national security aspect of the defense is a smokescreen with no relevance to the charges. Even if the company had won the government contracts, they wouldn't have solved the underlying problems that Mr. Nacchio knew the company faced, prosecutors have said in court filings.

Mr. Nacchio was indicted late last year on 42 counts of insider trading that carry a maximum penalty of 10 years in prison each. Qwest eventually restated $2.5 billion in revenue and $2.2 billion in earnings for 2000 and 2001. Mr. Nacchio is not accused of falsifying the books. In addition to the criminal charges, Mr. Nacchio faces civil fraud charges in a suit brought by the Securities and Exchange Commission.

CRIMINAL LAW:

Papers From Jefferson Office Raid In Limbo (AP-Y2)

By Mark Sherman

AP2, July 10, 2006

Prosecutors and investigators building a bribery case against Rep. William Jefferson (news, bio, voting record) have been unable to examine the documents and computer files seized in a search of the lawmaker's Capitol Hill office.

The materials were placed off limits by President Bush for 45 days, a cooling-off period that ended Sunday. Yet there has been no resolution of the court fight or talks between congressional leaders and the Justice Department.

The president acted after congressional leaders denounced the FBI's search on May 20 and May 21 as an unprecedented and unconstitutional intrusion on their turf by federal agents.

Bush directed Solicitor General Paul Clement to keep the materials while Justice Department officials negotiated with Congress' lawyers and a legal challenge made its way through the federal courts.

Until the judge in the case rules on the constitutionality of the search, prosecutors will not examine what it yielded, department spokesman Brian Roehrkasse said.

U.S. District Judge Thomas F. Hogan, who signed the warrant authorizing the search, indicated at a hearing last month that he was likely to reject the main argument advanced by Jefferson, D-La., and House lawyers that the Constitution's speech or debate clause prohibits searches of congressional offices.

That clause protects senators and representatives from being questioned by the president, a prosecutor or a plaintiff in a lawsuit about their legislative work.

"The speech-or-debate clause is not a hide-and-conceal clause," Hogan said.

Jefferson has not been charged and has denied wrongdoing. But a business executive has pleaded guilty to paying Jefferson more than $400,000 in bribes. An affidavit filed with Hogan to justify the May search also says the FBI videotaped Jefferson in August 2005 accepting $100,000 from another business executive, who actually was a government informant. The FBI said it recovered $90,000 from a freezer in Jefferson's home.

Separately, negotiators for Congress and the Justice Department are seeking to develop procedures in case the FBI again feels the need to search lawmakers' offices.

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While federal agents had never searched a congressional office before entering Jefferson's, some lawmakers fear the FBI could return to Capitol Hill for searches growing out of the broad corruption investigation linked to convicted lobbyist Jack Abramoff.

In the Jefferson case, government lawyers have objected to providing advance notification to the target of the search or his agents and to allowing him access to the scene while the search is taking place.

Lawmakers have said they should have the ability to review documents before deciding whether they can be seized in a search. Justice Department lawyers said members of Congress do not warrant such special treatment.

Federal Prosecutor Weighs Life, Death (PTR)

By Jason Cato, TRIBUNE-REVIEW

Pittsburgh Tribune-Review, July 10, 2006

The decision, like any involving life or death, is difficult.

U.S. Attorney Mary Beth Buchanan is considering whether to seek the death penalty against two drug dealers accused in the 2004 slaying of a Beaver County man whose son was to testify against one of them. No defendant in a federal case has ever been sentenced to death in Western Pennsylvania.

Many people familiar with the federal death penalty, including the attorney to defend the most recent case four years ago in Pittsburgh, think Buchanan will seek it in the case against Jelani Solomon, of Beaver County, and Claron Hanner, of Pittsburgh's Knoxville neighborhood.

"She has a reputation as an aggressive prosecutor," said Richard Kammen, who defended Joseph P. Minerd, accused of the New Year's Day 1999 pipe-bomb killings of his pregnant former girlfriend and her young daughter. Minerd was convicted of the killings, but jurors deadlocked on the death penalty, and he was sentenced to life in prison.

"I would not be surprised if she seeks the death penalty in this case," Kammen said.

Frank Helisek Sr. was inside his New Brighton home on Jan. 19, 2004, with family members and his priest, when the doorbell rang. He opened the door and a gunman fired multiple shots through the storm door. One bullet hit Helisek in the chest, ripped through his aorta and lodged in his spine.

Prosecutors say the gunman was Hanner, a 28-year-old drug dealer.

Evidence includes Hanner's cell phone, which prosecutors say he dropped at the scene, as well as the murder weapon containing Hanner's DNA and bits of glass from the shattered storm door imbedded in his shoes.

Hanner's motivation, prosecutors say, was a payment of cash and cocaine from Solomon, 27, of Beaver Falls. Solomon was to go on trial the next day. The lead witness was to be Helisek's son, and the killing was intended to send a message, prosecutors say.

Solomon and Hanner are being prosecuted under federal drug trafficking conspiracy laws, which allow both to face the death penalty for using a gun to kill someone in a planned, drug-related crime. Pennsylvania does not have such a law.

Attorneys for Solomon and Hanner will meet with Buchanan this month to try to talk her out of seeking the death penalty. First up are Solomon's attorneys on Wednesday.

"We absolutely challenge the allegations outright," said Martin A. Dietz, one of Solomon's attorneys. "We dispute that Jelani Solomon had any involvement at all."

The ultimate decision will come from U.S. Attorney General Alberto Gonzales, but he likely will follow Buchanan's recommendation, Kammen said. Buchanan said she will make her recommendation in August.

Buchanan recommended the death penalty be sought against two people in a 2000 interstate murder-for-hire scheme. Lawrence Skiba, of White Oak, received a reduced sentence for cooperating with prosecutors against the shooter, Eugene DeLuca, of Oak Lawn, Ill. DeLuca committed suicide after prosecutors told him they intended to seek the death penalty, Buchanan said.

Getting a federal death sentence is difficult. One reason is that federal death penalty defendants are guaranteed two attorneys apiece -- including at least one with death penalty experience -- as well as resources for investigators and experts.

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"It's clear that the federal system provides an adequate defense, and that makes it a little unusual in the death penalty world of the United States," said David Bruck, a death penalty expert and law professor at Washington and Lee University. "The federal system gives a picture of what one might expect when it comes to fairness."

Defense attorneys often use the theory of "residual doubt" -- that if any possible doubt can be created, jurors will choose life over death.

"Polls indicate that people's support for the death penalty drops pretty remarkably when there's the option for life without parole," Kammen said. "It makes the system much, much more cautious -- as it should be."

Buchanan said her decision will be based on law, not on whether she thinks prosecutors can persuade a jury to impose the death sentence.

"The taking of a human life is an extreme sanction that should only be taken after careful consideration by the prosecutors, the jurors and the judge," she said. "However, if the law requires the death penalty be sought, we have to follow the law."

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Man Slain In Attack On Couple In Georgetown (WP)

By Lori Montgomery And Kevin Sullivan

The Washington Post, July 10, 2006

Three assailants who cut the throat of an aspiring politician from Britain killed him and tried to rape his female companion early yesterday in the driveway of a Georgetown mansion, police reported, after the couple had returned from a night at the movies.

The victim, Alan Senitt, 27, a Jewish activist and volunteer for former Virginia governor Mark R. Warner, died at the scene, police said. The woman, whom police declined to identify, was not injured.

Within hours, D.C. police arrested four people in connection with one of the most brutal crimes in years on the affluent streets of Georgetown and said they were looking for possible links to other recent attacks in the city.

Christopher Piper, 25, of Southeast Washington was charged with felony murder and attempted sexual assault. The others -- Jeffery Rice, 22, of Southeast; Olivia Miles, 26, of Northeast; and a 15-year-old boy from Southeast whom police declined to identify because he has been charged as a juvenile -- all face murder charges.

According to police and others, the attack occurred shortly after 2 a.m. as Senitt was seeing the woman home. The couple walked north on 31st Street NW, then turned west toward Wisconsin Avenue on Q Street NW, where the woman lives.

The two were rummaging in the trunk of a car when they were approached by three men wielding a gun and a knife. Police said Piper, who had the gun, grabbed the woman and began dragging her down the driveway. Out of view of his companions, he tried to pull off her clothes, police said. The attacker made a comment "in reference to his intent to commit a sexual assault," said Lt. Robert Glover of the police department's violent crimes branch, which is handling the investigation.

Meanwhile, the other two assailants grabbed Senitt, stabbed him and slashed his throat.

As Senitt lay dying, the three men fled with the woman's purse. The woman ran onto Q Street, flagged down a taxi and begged for help.

"She came in the street and was yelling, 'Stop! I need help! We got robbed!' " said taxi driver Ayalew Haile, who returned to Georgetown yesterday to retrieve his cab, which was trapped behind police tape for much of the day. "I stopped because you have to help someone. My passenger called the police for her."

Police received the 911 call at 2:18 a.m. and responded with paramedics almost immediately. They found several people trying to help Senitt, Glover said, "though those efforts were fruitless." Senitt's body was taken to the medical examiner's office.

The woman, a former babysitter for developer Herb Miller, lives in Miller's basement apartment. She was too upset to talk to reporters, said Miller, who was at his Maryland farm at the time of the attack. He rushed to Washington upon hearing the news. "It's very sad," he said. "So quickly to take somebody's life for nothing."

Barely three hours after the attack, at 5:30 a.m., police arrested Piper and Rice in the 2700 block of Robinson Place SE. The 15-year-old boy and Miles, who is accused of driving a green Toyota suspected to be a getaway car, surrendered to police around lunchtime, authorities said. All four are expected to be arraigned in court today.

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As he was being escorted by police, a man in handcuffs whom WRC-TV (Channel 4) identified as Rice apologized for what happened. But he told the station during a brief sidewalk interview, "I did not have anything to do with the murder."

Second Police District Cmdr. Andy Solberg said the quick arrests resulted from leads detectives have developed while investigating two robberies that occurred last month in the same neighborhood. He declined to provide details. Police reports show that a trio of attackers robbed Georgetown pedestrians in the early hours of June 4 and June 11, fleeing with wallets, cash and cellphones.

In late May, three couples walking on the Mall at night were robbed by three assailants in separate incidents. The robbers wore black ski masks in at least one of the cases. In all three attacks, the women were specially targeted: One was groped, one was beaten and a third was sexually assaulted.

Glover declined to comment on a possible connection between Senitt's slaying and those attacks but said police are "taking a broad look at any other crimes that may fit what happened here."

By yesterday afternoon, police had reopened Q Street. People strolled past Miller's house, where two police cruisers stood guard. A few doors down, a woman tending geraniums said she had been awakened by police sirens but didn't know a killing had occurred until she contacted a radio station.

Police officials and D.C. Council member Jack Evans (D-Ward 2) are scheduled to discuss the crime with residents at 6:30 tonight in a meeting at Christ Church, 31st and O streets NW.

"We've had a spate of robberies, but what's unusual here is the sheer viciousness of the crime. It's awful," said Bill Starrels, a Georgetown advisory neighborhood commissioner. "You have a young man trying to get his lady friend home safely. And he essentially gave up his life trying to get her home safely."

Word of Senitt's death traveled rapidly across the Atlantic Ocean to family members in London and friends in Jerusalem. An activist dedicated to fighting anti-Semitism and promoting Israel, Senitt served twice as the elected head of the Union of Jewish Students, which represents about 5,000 college students in Britain.

Later, Senitt worked for Greville Janner, a member of the House of Lords from Prime Minister Tony Blair's Labor Party who founded the Co-Existence Trust, a group that promotes Muslim-Jewish relations.

Last month, Senitt quit that job and moved to Washington to volunteer for Warner's potential presidential campaign and study political fundraising. Senitt was a Labor candidate this year for the council in the northwest London neighborhood where he was raised. He lost, but Danny Stone, a friend who took over at the Co-Existence Trust, said Senitt was committed to a life in politics.

"He was a serious contender for mainstream political life," Stone said. "He was up and coming. He would have been brilliant, I'm sure of it."

Senitt's parents, Jack and Karen, sister Emma and brother James issued a statement mourning the loss of "a much loved son and brother." They asked that they be allowed "to grieve in private."

"The Jewish community as a whole has lost one of its bright young leaders and the wider world has lost a champion of peace and goodwill," the statement said. "It will take us a lifetime to come to terms with our tragic loss."

Judge Denies Bail To Reputed Mobsters (MH)

By Laura Wides-munoz

The Miami Herald, July 10, 2006

A federal judge denied bond Friday to the alleged boss of the Genovese crime family's South Florida operations and three others awaiting trial on charges of extortion, robbery, and money laundering. He will consider bond for another man.

U.S. Magistrate Judge Barry Seltzer denied bail for Renaldi "Ray" Ruggiero, 72, whom federal prosecutors identified as a Genovese capo or captain, and three of his co-defendants -- Joseph Dennis Colasacco, 54, Charles Steinberg, 30, and Mitchell Weissman, 54, said Weissman's attorney John Contini.

Seltzer, prosecutors and attorneys for defendant Francis O'Donnell, 47, will continue negotiations for O'Donnell's release on Monday, said Theresa Van Vliet, one of his attorneys. O'Donnell heads Coach Industries Group, a financial services firm.

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The five men was arrested June 30 along with an alleged Genovese "soldier" Albert "Chinky" Facchiano, 96. Facchiano, of Miami, was released on a $100,000 bond that day. Clement Santoro, 50, was arrested in New York in connection with the group's activities and is also awaiting a decision on bond.

The case, considered the latest blow to one of New York's most powerful Mafia families, deals with 10 years of alleged criminal activity, including murder. The family's reputed acting boss, Liborio S. "Barney" Bellomo, and 31 others were arrested in February in New York.

Assistant U.S. Attorney Jeffrey Kaplan told the courts the investigation of the Florida group began in 2001 and lasted mainly through 2003, when Internal Revenue Service agents searched Ruggiero's home. More than 130 undercover recordings of the men's conversations "brought out the violent nature of the defendants," Kaplan said.

Prosecutors alleged that Colasacco beat a man with a gun while Weissman held a baseball bat over him. The victim eventually escaped, covered in blood, Kaplan said. The men later met the victim at Ruggiero's West Palm Beach restaurant, aptly named Soprano's, to again threaten him, prosecutors said.

Prosecutors also said that the FBI learned that Ruggiero said he would flee if necessary and that he had contacts through the grand jury that was investigating him.

But Ruggiero's attorney, Michael Salnick, repeatedly sought to dispel claims that his client was connected to the Mafia or a dangerous person.

"If I said I knew someone who happened to be an alleged member of organized crime, that wouldn't necessarily mean I'm a member of organized crime, right?" Salnick asked FBI agent Willie James Creech, who testified.

Salnick asked the courts to release his client before trial, noting that Ruggiero suffers from serious health problems, has no passport and has left the country once in 20 years.

The indictment covered alleged illegal enterprises from 1994 to the present, with a few specific examples.

If convicted under the racketeering charges, Ruggiero could face 20 years to life in prison and fines of up to $1.75 million. Convictions would result in lower maximum sentences for the other defendants.

Teen Sought In Ga. Killing Is Captured (MH)

By Karin Dryhurst

The Miami Herald, July 10, 2006

A teenager wanted in the killing of a Georgia college student was arrested by Fort Lauderdale police Friday near his grandmother's home.

Roosevelt Lawrence, 18 and allegedly a member of the Bloods street gang, surrendered to police and FBI agents in Lauderdale Manors, according to the Fort Lauderdale Police Department.

Lawrence, along with two others, are the suspects in an armed robbery/carjacking in which one victim died in Valdosta, Ga., near the Florida border, said Fort Lauderdale police Detective Chuck Morrow.

The gunmen aimed through a vehicle window and shot Valdosta State University student Mason Harper, 24, twice in the upper body just after 1 a.m. June 29. Two suspects were quickly apprehended and charged with homicide, Morrow said.

ONE SEMESTER LEFT

Lawrence, of Valdosta, was identified as one of the shooters. Police continue to investigate who fired the other shot.

Harper had been expected to graduate in December with a marketing degree.

His grandmother, Helen Harper, said his younger brother Andrew had wanted to move to Valdosta to be closer to Mason. They were looking at a potential home for Andrew when Harper was shot.

Harper's family expressed relief Saturday that the last suspect had been apprehended.

`JUST SAD'

"We are a little relieved, just sad," Helen Harper said. ``We are trying to deal with it as much as we can."

Harper's grandmother described him as a generous man who served as a role model for other young black men.

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According to a July 3 Valdosta Daily Times article, Harper managed his own marketing and advertising business, Platinum Plus Entertainment, and raised money for the African American Male Initiative, a program for black male freshmen at Valdosta StateUniversity.

"He had his life planned out," Helen Harper said. ``He just helped everybody he could.

``He was just kind-hearted toward everything and everybody."

The Valdosta Daily Times reported that Mason Harper and his brother Andrew were parked in front of a rental property when Andrew spotted two shadows approaching the vehicle.

Andrew began emptying his wallet for the men while Mason put his hands up in the air. Mason was shot, and Andrew tried to perform CPR, the Daily Times reported.

The Lowndes County Sheriff's Office issued warrants for Lawrence's arrest on charges of murder and possession of a firearm. Believing that Lawrence had fled the state, the FBI in Atlanta also obtained federal warrants for unlawful flight, Morrow said.

The South Georgia Gang Task Force learned that Lawrence, whose street name is "Bo," has relatives and associates in South Florida.

On Thursday, the Georgia task force asked the FBI Fugitive Task Force in South Florida to conduct a local investigation.

The FBI unit began surveillance of three locations in Plantation and Fort Lauderdale, said Morrow, who is a member of the FBI Violent Crimes Fugitive Task Force.

Morrow said he saw Lawrence leaving a store on West Sunrise Boulevard Friday evening and requested assistance from FBI agents and Fort Lauderdale patrol officers.

The agents and officers followed Lawrence to a house at 1223 NW 18th Ave., where his grandmother lives.

"We didn't want to lose this guy," Morrow said. ``It was a brutal homicide."

Lawrence surrendered without incident around 8 p.m. Friday, Morrow said.

EXTRADITION PENDING

Lawrence is being held without bond at the Broward County Jail awaiting extradition to Georgia.

Police will continue to investigate whether the homicide was gang related, Morrow said. The task force also will investigate any connection to gang activity in South Florida.

"We will check to see what associates he has down here locally," Morrow said.

Lauderdale Police Catch Georgia Suspect Wanted In Connection With A Slaying (FLSUNSEN)

By Brian Haas, South Florida Sun-sentinel

South Florida Sun-Sentinel, July 8, 2006

Federal and local authorities in Fort Lauderdale on Friday arrested a reputed member of the Bloods street gang wanted in connection with a shotgun slaying in Georgia.

Roosevelt Lawrence, 18, was wanted in connection with the June 29 shooting death of a 24-year-old Valdosta, Ga., man in his car, said Detective Chuck Morrow, who tracks fugitives for the Fort Lauderdale Police Department and is part of the FBI Violent Crime Fugitive Taskforce in South Florida. Morrow said Lawrence and two other men carjacked Mason Harper, 24, on North Troup Street in Valdosta, shooting him twice at point-blank range with shotguns.

The Valdosta Police Department, Lowndes County Sheriff's Office and the FBI's South Georgia Gang Taskforce immediately suspected after the slaying that Lawrence, a known member of the Bloods street gang, had fled to Fort Lauderdale, Morrow said.

Fort Lauderdale police and the South Florida FBI Violent Crime Fugitive Taskforce got the call Thursday that he might be in the area. They had their man within 24 hours.

Morrow said agents put several areas in Plantation, North Lauderdale and Fort Lauderdale under surveillance. He said he spotted Lawrence coming out of a convenience store on West Sunrise Boulevard on Friday about 7:45 p.m. He and the task force members followed him to a home in the 1200 block of Northwest 18th Avenue and set up a perimeter. Lawrence had already fled once, Morrow said.

"We wanted to eliminate any kind of chase with this guy," he added.

But when agents moved in, they took Lawrence down without incident. He was booked on a murder warrant and a charge of possession of a firearm during the commission of a crime.

A woman who answered the phone at the home where Lawrence was nabbed said she was the suspect's grandmother but wouldn't provide her name.

"I'm not giving any information on Roosevelt Lawrence," she said before hanging up.

Lawrence is being held in the Broward County jail without bond until he can be extradited. WALB-Ch. 10 in Albany, Ga., reported that two other suspects in the case have been arrested in Georgia and are being held on murder charges.

Accountant Acquitted In Bribery Case (WP)

By Ruben Castaneda

The Washington Post, July 8, 2006

Pr. George's Man Said Fee Seemed Legitimate

An Upper Marlboro accountant was acquitted yesterday of conspiring with two Prince George's County officials to shake down a security company for $250,000 in exchange for a county contract worth more than $1 million.

Accountant Paul L. Wright testified at the eight-day trial that he believed a $10,000 payment to his company in November 2004 was part of a legitimate consulting arrangement and that he had no knowledge of any bribery scheme.

Prosecutors had alleged that Wright conspired with two county officials to target Interior Systems Inc. (ISI). Prosecutors had said that payments totaling $250,000 in exchange for the contract were to be laundered through one of Wright's companies.

The jury deliberated for about 2 1/2 hours yesterday before acquitting Wright, 52, of three charges. Jurors left quickly after the verdict, and efforts to find them for comment were unsuccessful.

Moments after he was acquitted, a relieved Wright hugged one of his attorneys, Carol Elder Bruce, while his other attorney, Anthony J. Pagano, accepted congratulations from some of the more than a dozen relatives and friends of Wright's who were in the courtroom.

The investigation by State Prosecutor Robert A. Rohrbaugh, in cooperation with the FBI and other law enforcement agencies, has resulted in the conviction of a former high-ranking county government official.

Robert L. Isom, former deputy director of the county Department of Environmental Services, pleaded guilty in September to conspiracy to commit bribery. He testified against Wright last week.

The alleged ringleader of the bribery scheme, Robert L. Thomas, former deputy director of the county's Office of Central Services, is scheduled to go on trial Aug. 14.

The scheme, as described by prosecutors and Isom, would have passed the costs of the bribe to taxpayers. Prosecutors and Isom said ISI, a subcontractor, was to recover the cost of the bribery payments through change orders that were to be approved by county staff after the contract was awarded.

According to trial testimony, the scheme came to the attention of law enforcement officials after Isom gave an ISI employee a note saying the contract was guaranteed to go to ISI in exchange for the bribe.

The ISI employee told his bosses, who in turn called authorities.

"They did not have the goods," Bruce said of the case brought by the state prosecutor's office. "I'm delighted the jury responded to Mr. Wright and the truth. Prosecutorial overreaching."

Deputy State Prosecutor Thomas M. McDonough, who tried the case against Wright, said: "The jury did its job. That's why we have trials."

In her closing argument yesterday, Bruce said that Wright believed he was participating in a legitimate business deal and that he had no knowledge of any bribery scheme.

In his closing argument, McDonough said Wright knowingly participated in the bribery conspiracy.

During its brief deliberations, the jury sent a note to Circuit Court Judge Thomas P. Smith asking for the instructions -- which he had read to the jury before it started deliberating -- regarding the conspiracy to commit bribery and theft charges against Wright.

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With the assent of attorneys on both sides, Smith had photocopies of those instructions made and sent to the jury. About five minutes after receiving the photocopies, the jury came back with its verdict.

The Growing Problem Of Fraud (NYT)

By Bob Tedeschi

The New York Times, July 9, 2006

WITH interest rates at historic lows in recent years, consumers have raced to get mortgages. So have criminals.

Industry executives and law-enforcement officials say mortgage fraud continues to climb, with lenders incurring more than $1 billion in fraud losses in the last fiscal year, twice the amount of the previous year. And while no organization has yet tracked how much consumers have lost to fraud, anecdotal evidence suggests that those levels, too, are rising sharply.

"The problem is definitely growing," said Tim Doyle, the senior director of government affairs at the Mortgage Bankers Association in Washington. "The F.B.I. has prioritized this, state attorneys general are looking at this, and more state laws are being passed about it."

About 80 percent of mortgage fraud involves professional thieves who are bilking lenders, the F.B.I. estimates, while in the remaining cases consumers are involved in one way or another.

This second category is known in law enforcement as "fraud for property." Typically, mortgage applicants falsify financial documents so they can qualify for an out-of-reach mortgage, or their lender or broker falsifies the documents on their behalf, looking for profit or a quick commission. Consumers frequently default on such loans, losing their homes and ruining their credit.

Fraud against a lender is known as "fraud for profit." In such cases a criminal group works with an unscrupulous appraiser, typically finding a house that has sat on the market for a while at a certain price. They offer the homeowner that price, with a stipulation: the homeowner must allow the criminals' appraiser to value the home at, say, 30 percent higher.

A criminal in the ring takes out a loan for the higher amount using stolen financial and personal information. When the criminals get the money, they pay the former homeowner the original asking price, then split the remainder among themselves.

Harry Dinham, the president of National Association of Mortgage Brokers in McLean, Va., said that although the authorities are trying to combat the problem, it is so widespread they have not yet caught up. "Criminals have figured out this is a way to make extra money and not get caught on a regular basis," he said.

Ira Rheingold, the executive director of the National Association of Consumer Advocates, a nonprofit legal group in Washington, said prospective homeowners should be wary of unwittingly involving themselves in fraud.

According to Mr. Rheingold, most consumers who engage in mortgage fraud are subprime borrowers. A predatory lender will push such cash-poor borrowers into loans they cannot afford by overstating their income and assets on the loan application. "Some applications created by brokers are the greatest pieces of fiction I ever read," he said.

These borrowers are either not sophisticated enough to catch falsifications on the loan's closing documents or simply don't want to lose the chance to live in a particular house.

To avoid such situations, Mr. Rheingold said, borrowers should know their credit scores and shop around to get a sense of what loan terms they can reasonably expect. Applicants should also demand closing documents early in the process, so they can catch inaccuracies or falsifications before they pack up for the move.

And although consumers cannot do much to thwart "fraud for profit," they should be aware that such crimes ultimately cost them money, Mr. Dinham said. "Companies aren't going to continue to lose money on this without charging more," he said. "Anytime you have a problem this broad, consumers end up paying a premium at some point."

Prisons, Jails Urged To Target TB (WT)

By Joyce Howard Price

The Washington Times, July 10, 2006

Tuberculosis is "particularly problematic" in U.S. correctional and detention facilities, say federal health officials, who have updated guidelines for preventing the spread of TB in jails and prisons.

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"Effective TB prevention and control measures in correctional facilities are needed to reduce TB rates among inmates and the general U.S. population," say authors of a report published in the current issue of the federal Centers for Disease Control and Prevention's (CDC) Morbidity & Mortality Weekly Report.

"Inmates with undiagnosed TB disease place other inmates and correctional staff at risk for TB, and when released, these persons also can infect persons living in surrounding communities," the researchers said.

In the report, G. Scott Earnest and other CDC epidemiologists point out that the number of U.S. prison inmates quadrupled from 500,000 in 1980 to about 2 million in 2003.

"A disproportionately high percentage of TB cases" occur among prison inmates, they said. In 2003, 0.7 percent of the total U.S. population was confined in jails and prisons, yet 3.2 percent of all TB cases nationwide that year "occurred among residents of correctional facilities."

The researchers said the TB rates of inmates in prisons in California and New York are 10 to 15 times greater than the general populations of those states. Studies show the prevalence of LTBI -- or latent TB infection, which is asymptomatic -- "to be as high as 25 percent" in prisons, they said. Like TB disease, LTBI can be detected by screening and can be treated.

The authors say the key reasons that prison inmates are at higher risk for the airborne infection are their diverse backgrounds, overcrowded facilities and poor ventilation.

In addition, they say, "disparate numbers of incarcerated persons are at high risk for TB," because they have HIV, use injection drugs and have "low socioeconomic status" so may not have had access to proper medical care.

In the United States, TB tends to be concentrated among immigrants. "Detained immigrants are arriving largely from countries with a high prevalence of TB" -- including Mexico, the Philippines and Vietnam -- "and therefore present unique challenges in the elimination of TB in the United States," the authors said.

They note that testing and treating undocumented aliens can be difficult and that these people sometimes are resistant to "first-line anti-TB drugs because of interrupted treatment received in their countries of origin."

The good news, the researchers said, is that illegals who wind up in American prisons "have an opportunity to receive TB screening and begin treatment for TB disease."

The CDC's recommendations for prevention and control of TB in jails and prisons is the first update since 1996.

SOS To Tim Kaine (WP)

The Washington Post, July 10, 2006

THE SUPREME Court's decision in the case of Mario A. Bustillo was correct on the arcane but important point of law it addressed: What happens when American states fail to inform foreign governments of the arrest of one of their nationals, thus violating an international treaty? Mr. Bustillo is serving 30 years in prison in Virginia for a brutal murder; after his arrest, authorities did not inform him of his right under the Vienna Convention on Consular Relations to contact Honduran officials. The court held in his case, along with a companion case from Oregon, that violations of the treaty should not lead to suppression of evidence of guilt and that defendants must bring up any alleged violations of the treaty at the time of their trials or else lose the ability to raise them later. All of this is correct as a matter of law and should go a long way toward resolving a mess of litigation over consular notification that has sprung up in recent years.

But here's the problem: Mr. Bustillo may well be innocent. Virginia Gov. Timothy M. Kaine (D) ought to review his case.

On the strength of testimony by three eyewitnesses, a jury convicted Mr. Bustillo of bashing James Merry on the head with a baseball bat in 1997. At trial, Mr. Bustillo's defense claimed that a different man, identified only by his street name, "Sirena," was the guilty party. One witness claimed to have been with Sirena on a flight to Honduras just after Mr. Merry's death. But he could not be located, and prosecutors successfully ridiculed the defense. "This whole Sirena thing. I don't want to dwell on it too much. It's very convenient that Mr. Sirena apparently isn't available," a prosecutor argued to the jury.

Buried in a footnote of the opinion by Chief Justice John G. Roberts Jr. are facts that -- at least from the point of view of justice -- are far more important to the case than any question of consular access: Mr. Bustillo "presented newly acquired evidence that tended to cast doubt on his conviction. Most notably, he produced a secretly recorded videotape in which Sirena admitted killing Merry and stated that Bustillo had been wrongly convicted." For it turns out that Sirena does exist. His name is

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Julio Osorto. What's more, police stopped him in the vicinity of the crime the night of the killing and -- according to police reports not given to the defense -- he had ketchup-like stains on his clothes at the time. Honduran immigration records confirm that he returned to Honduras the precise day the defense contended at trial.

None of this was relevant to the question before the court. But it's very relevant to the question of whether Mr. Bustillo should be sitting in prison. State authorities stand by the conviction, claiming Sirena's confession is a fabrication to help out a fellow gang member. Based on the record in the case, it's not clear why they're so confident. At a minimum, the record cries out for a serious review. That could take years in federal courts, where procedural bars may prevent it from happening at all. Mr. Kaine could short-circuit that process with a review of his own.

CIVIL RIGHTS:

Inside Politics (WT)

By Greg Pierce

The Washington Times, July 10, 2006

An 'inquisition'

What's happening to Sen. Joe Lieberman, Connecticut Democrat, "can only be described as an inquisition," New York Times columnist David Brooks writes.

"Whether you agree with him or not, he is transparently the most kind-hearted and well-intentioned of men. But over the past few years he has been subjected to a vituperation campaign that only experts in moral manias and mob psychology are really fit to explain. I can't reproduce the typical assaults that have been directed at him over the Internet, because they are so laced with profanity and ugliness, but they are ginned up by ideological masseurs who salve their followers' psychic wounds by arousing their rage at objects of mutual hate," Mr. Brooks said.

"Next has come the effort to expel Lieberman from modern liberalism. In a dark parody of the old struggle between Eugene McCarthy and Hubert Humphrey, the highly educated, highly affluent, highly Caucasian wing of the Democratic Party has turned liberalism from a philosophy into a secular religion, and then sought to purge a battle-scarred warhorse on the grounds of insufficient moral purity.

"So these days, for example, one hears that Lieberman is a crypto-conservative, a Bible-Belter. In reality, of course, this is a man who has been endorsed by Planned Parenthood and the Human Rights Campaign. He has a Christian Coalition rating of 0.

"But a lifetime's record is deemed not to matter any longer. For in the midst of the inquisition all of American liberalism has been reduced to one issue, the war."

DeLay's plan

Tom DeLay is planning an aggressive campaign to retake the House seat he quit in June if an appeals court lets stand a ruling by a federal judge last week that his name must stay on the November ballot, a source close to the former congressman tells Time magazine.

Mr. DeLay says he has moved to Virginia, but the federal judge pointed out that he and his wife still own a house in the Texas district.

"If it isn't overturned, Katy, bar the door," says a Republican official. "Guess he'll have to fire up the engines on the campaign and let 'er rip."

But to run, Mr. DeLay would have to raise money fast: His campaign fund has less than $1 million left, Time said. At least he knows his would-be opponent well: former Rep. Nick Lampson's original district was eliminated in a redistricting engineered by Mr. DeLay.

Holiday tradition

"We seem to have a new national holiday tradition: No holiday is complete without front-page allegations of an atrocity committed by U.S. soldiers in Iraq," Wall Street Journal columnist Daniel Henninger writes.

"A month ago, Memorial Day arrived along with Haditha, a place in western Iraq where hundreds of Memorial-weekend news reports said a military investigation had concluded that Marines 'wantonly killed unarmed civilians,' among them 'women

and children.' This past Fourth of July, along with the skyrockets' red glare came news that a former Army private had been charged in Charlotte, N.C., with committing rape and murder while he was in Iraq. Labor Day awaits," Mr. Henninger said.

"Rather than let the charges against the private run like a tape-loop over a long, news-dead weekend, the chairman of the Joint Chiefs of Staff, Marine Gen. Peter Pace, appeared Fourth of July morning on both NBC and CBS. After CBS' Harry Smith professed himself perplexed at how all this atrocity stuff was happening now, Gen. Pace said that '99.9 percent' of the men and women in Iraq were serving with honor and promised he would 'get to the bottom' of the allegations.

"Military specialists will output case studies for years on how Iraq has altered the way war is waged by Americans -- on the battlefield and on the home front. Most interesting to know would be whether the war as perceived at home and the war as fought daily by our soldiers in Iraq became two separate realms of consciousness, the former barely related to the reality of the latter."

Bush's rise

"For the moment, the issue agenda has turned favorable for Bush and thus for Republicans," Fred Barnes writes in the Weekly Standard.

"His best issue is national security and the war on terror, and the Supreme Court pushed that issue front and center. While striking down the administration's plan for prosecuting terrorists held in Guantanamo, the court said Congress could authorize and set the rules for prosecutions. And that's what Congress will try to do this month, no doubt with extended debate on how to deal with terrorists," Mr. Barnes said.

"Meanwhile, the New York Times has legitimized White House press bashing by disclosing a secret program for tracking al Qaeda money transfers. When your enemies are liberals on the Supreme Court and in the media, even disgruntled conservatives tend to rally to your side.

"At worst, Bush has bottomed out. At best, he's on his way to renewed popularity. 'We've stopped our fall and begun to gain back ground,' a White House official says. 'But we need to make more progress between now and November 1.' For one thing, Bush needs to pick up another 5 percentage points or more in approval from likely voters and perhaps as many as 10 points among adults, the group normally sampled by media pollsters. Either way, that would put him in the high 40s, a lofty enough level to assure Republicans he won't be a drag in the election."

Hopeful Huckabee

Arkansas Gov. Mike Huckabee is optimistic the legislature quickly will reinstate a ban on same-sex couples serving as foster parents in his state.

"What we are talking about is whether the state should place a child in a relationship that is not recognized by the state as a marriage," the Republican governor, a potential presidential candidate in 2008, told the Associated Press on Saturday.

The Arkansas Supreme Court last month struck down regulations banning the placement of foster children with same-sex couples. The court said state officials went too far in imposing the ban, but the court did not rule on the merit of the ban.

Mr. Huckabee, an ordained Baptist minister who is leaving office next year because of term limits, has said that there is little doubt the legislature will reinstate the ban and that the courts eventually will uphold it.

"Our attorneys read into that that if it was legislation, it would likely stand, that we could in fact say that only married couples could be foster parents," Mr. Huckabee said. "We think that if we go back and codify that into law, that probably takes care of it."

Mr. Huckabee spoke as he opened a three-day campaign swing in Iowa, where precinct caucuses traditionally launch the presidential nominating season.

Gay-marriage Opponents Hold A Winning Hand (FT)

By Rebecca Knight

Financial Times, July 10, 2006

For US advocates of gay marriage, the losing streak continues. Their opponents won two important state court battles last week, and those defeats offered little optimism for approval of gay unions in the legal and electoral battles that lie ahead in 2006.

A California appeals court in San Francisco will hear on Monday arguments on whether the state constitution gives gay and lesbian couples the right to marry, while appeals against decisions upholding same-sex marriage bans are pending in Washington and New Jersey.

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And in Massachusetts, currently the only state that permits the marriage of same-sex couples, Mitt Romney, the Republican governor, is urging the state legislature to go ahead this Wednesday with a scheduled vote on a proposed state constitutional amendment to ban gay marriage.

The amendment needs the support of 50 lawmakers during the current and next legislative sessions to reach the November 2008 ballot.

"The Supreme Court has changed dramatically with the addition of Justice Alito and Chief Justice Roberts, and so lesbian and gay advocates are compelled to try the state courts," said Jonathan Turley, a professor at George Washington University Law School. "But the states for the most part are not going to give advocates the result they want."

Last week, the New York Court of Appeals, the state's highest court, ruled that denying marriage to same-sex couples did not violate the state constitution. In a 4-2 decision, the court found that the state's definition of marriage as a union between a man and a woman could have a rational basis – one perhaps rooted in the interests of child-rearing – and that it was up to the state legislature to decide whether it should be changed.

"What strikes me is how articulate the court is getting," said Maggie Gallagher, president of the Institute for Marriage and Public Policy and an opponent of gay marriage. "The social legitimacy of marriage is at the core of this debate, but that social judgment is not something that the courts can confer."

In Georgia, where three-quarters of voters approved a ban on gay marriage when it was on the ballot in 2004, the state's supreme court reinstated the ban, ruling unanimously that it did not violate the state's single-subject rule for ballot measures. Lawyers for the plaintiffs had claimed the ballot language was confusing, asking voters to decide on both same-sex marriage and civil unions, two distinct issues about which many people had varying opinions.

Despite the twin rulings, legal experts cautioned against expecting similar outcomes in other states. "These are state-by-state decisions. New York was looking at its constitution, Georgia was looking at its constitution," said Martha Davis, an associate professor of law at Northeastern University. "Just because we've had two rulings that turned the decision back to the legislatures, it does not necessarily mean that other rulings will go that way."

Many states and the federal government have enacted "defence of marriage" laws that limit the benefits and rights of same-sex couples. President George W. Bush's push to amend the Constitution to define marriage as strictly between a man and woman was shot down last month by the Senate. Amending the Constitution requires a two-thirds majority of both halves of the legislature.

Prof Turley noted that attitudes toward gays and lesbians had grown increasingly tolerant over the past few decades. "The gay community has been enormously successful in changing the country's views on the issue of same-sex marriage on a social level. In the long run, it may be better for the movement to change minds and not legal doctrine."

Gay Democracy (WSJ)

The Wall Street Journal, July 10, 2006

The biggest problem with contemporary courts is their inclination to invent rights that legislators and our Constitution-writers never intended. So it's certainly noteworthy when they decline a politically fashionable invitation to do so. That's precisely what happened last week, when the highest courts in Georgia and New York decided that the state constitution does not guarantee a right to same-sex marriage.

"Plaintiffs have not persuaded us that this long-accepted restriction [in the state marriage law] is a wholly irrational one, based solely on ignorance and prejudice against homosexuals," Judge Robert S. Smith wrote for the 4-2 majority in New York, a liberal state where at least one mayor had simply decided to preside over gay marriages despite state law.

The Judge and his three colleagues may no longer be invited to certain Manhattan parties. But the upshot is that New Yorkers can still fight for gay marriage if they want. Advocates will simply have to achieve their goal the old-fashioned way: by changing the law through the democratic process. In fact, Judge Victoria Graffeo concurred with the majority but wrote a second opinion suggesting that maybe it is time for the state legislature to "address the needs of same-sex couples and their families." Policy victories achieved in this fashion, as opposed to judicial fiat, tend to be more durable since they are based on popular consent.

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Three of the four majority justices were appointed by Republican Governor George Pataki, by the way, which shows that politicians sometimes do follow through on their pledges to appoint judges who believe in restraint. By contrast, Chief Justice Judith Kaye, appointed by Mario Cuomo, sounded as if she was auditioning for a Hillary Rodham Clinton Supreme Court nod as she high-mindedly warned of the disapproval of future generations in her dissent. Judicial nominees are arguably the main dividing line between Democrats and Republicans, even in New York.

Contrary to the willful Judge Kaye, we suspect future generations may view last week's ruling as a blessing in disguise for gay rights. The last thing advocates should want is to have gay marriage imposed on a skeptical public by a judicial order that would inspire a political backlash and make compromise impossible. This is precisely what happened with abortion after the U.S. Supreme Court peered into the Constitution's "emanations" and "penumbras" and overturned 50 state laws in Roe v. Wade.

Leaving the debate to legislatures will also mean politicians will have to come out of the closet themselves, so to speak. They will have to declare themselves on the issue rather than hiding behind the courts. Already in New York, Democratic candidate for Governor Eliot Spitzer has announced his support for gay marriage, while Senator Clinton has angered some activists by saying she favors civil unions for gays but not outright marriage.

If gay activists want to persuade New Yorkers and other fair-minded Americans to come around to their view, there is a traditional way to do that: hard work and commitment to the democratic process.

Setback For Marriage Justice (LAT)

The Los Angeles Times, July 10, 2006

THE HIGHEST COURTS of New York and Georgia last week moved in the opposite direction of history and justice on same-sex marriage.

By a 4-2 vote, the New York Court of Appeals ruled Thursday that the state Legislature's limitation of marriage to heterosexual couples was a "long-accepted restriction" not based solely on "ignorance and prejudice against homosexuals."

Adding insult to injury, an opinion signed by three of the judges in the majority ruled that it was rational for the Legislature to ban same-sex marriage in the interests of protecting children. Noting that "an important function of marriage is to create more stability and permanence in the relationships that cause children to be born," Judge Robert S. Smith wrote that the state could "offer an inducement — in the form of marriage and its attendant benefits — to opposite-sex couples who make a solemn, long-term commitment to each other." Never mind that childless heterosexual couples also receive legal benefits from civil marriage — or that many gay couples are raising children.

The Georgia Supreme Court decision, also handed down Thursday, was narrower but still disappointing. The court rejected technical objections to a constitutional amendment banning same-sex marriage that was approved by state voters in 2004.

Neither of these decisions is binding on the courts of other states, any more than was the famous 2003 ruling by Massachusetts' high court that gay marriage couldn't be prohibited. So there's still hope that California's Supreme Court will take a more enlightened view of the issue when it next hears a challenge to heterosexual monopoly on civil marriage. Advocates of same-sex marriage have turned to the state courts since Gov. Arnold Schwarzenegger's ill-advised veto of a same-sex-marriage bill last year, but hopefully the Legislature will keep trying.

Gay-rights activists shouldn't underestimate the challenge ahead. In Georgia, the ban on same-sex marriages upheld last week passed with 76% of the vote. Meanwhile, even politicians who support gay rights consider it political suicide to mention the M-word. And conservatives continue to score points with the fallacious argument that legalizing same-sex marriage would make heterosexual marriage less attractive or, even more absurdly, damage the religious sacrament of matrimony.

It took the Supreme Court until 1967 — 1967! — to strike down odiously racist anti-miscegenation laws. Someday we'll look back on the anti-gay-marriage hysteria with the same revulsion. Until then, with a high court seemingly disinclined to address marriage, states such as California should take the lead.

Bringing The Church To The Courtroom (WP)

By Peter Slevin

The Washington Post, July 10, 2006

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SCOTTSDALE, Ariz. -- A 29-foot war memorial shaped like a cross should be allowed to remain on public land. A teacher should be able to emphasize references to God in the Declaration of Independence. Protesters should be permitted to approach women near the doors of an abortion clinic.

These courtroom fights and dozens of others pending across the country belong to the portfolio of the ambitious Alliance Defense Fund, a socially conservative legal consortium. It spends $20 million a year seeking to protect what it regards as the place of religion -- and especially Christianity -- in public life.

Considering itself the antithesis of the American Civil Liberties Union, the Scottsdale-based organization has used money and moxie to become the leading player in a movement to tug the nation to the right by challenging decades of legal precedent. By stepping into the nation's most impassioned debates about religion in the public sphere, the group aims to bring law and society into alignment with conservative Christianity.

The group successfully challenged the issuance of same-sex marriage licenses in California and Oregon, and worked on statewide ballot initiatives prohibiting such unions. Its attorneys helped the Boy Scouts win approval of a policy barring gay Scout leaders.

The group has been battling embryonic stem cell research in Missouri and won a Supreme Court stay preventing the removal of California's 29-foot Mount Soledad cross. In Florida, where saving the life of brain-damaged Terri Schiavo became a crusade, the group supported efforts to nourish her.

"What we are really trying to protect are the things this country was founded on," said D. James Kennedy, leader of Florida's Coral Ridge Ministries and one of the prominent Christian conservatives who fashioned the alliance in 1993 as a sharp stick in the national culture debate.

That is not how opponents see the organization. While crediting the ADF with training troops for battles once fought by a haphazard assortment of government lawyers and often ill-prepared volunteers, critics question the alliance's commitment to tolerance and the Constitution.

"They're not for some form of generic religious freedom. They're for Christian superiority, that Christians take over the courts," said Barry W. Lynn, executive director of Americans United for the Separation of Church and State. "They are living in this fantasy world where the majority religion, Christianity, is claimed to be literally under attack."

Gary S. McCaleb directs the ADF's litigation team from a file-filled office in a nondescript Scottsdale office park. He said the 16 staff lawyers are in such demand that the ADF created separate divisions for marriage issues and for university free-speech questions.

The ADF underwrites legal fights and increasingly handles litigation itself. Groups receiving significant funding include the American Center for Law & Justice, founded by evangelist Pat Robertson, and Liberty Counsel, backed by the Rev. Jerry Falwell.

"We're certainly stretched. I feel I could put a hundred attorneys to work tomorrow," said McCaleb, who said the ADF files one to two cases a week and is deeply involved in 80 to 100 open cases at any one time. He calls this a "pivotal time" in U.S. history.

"What we see is an overarching agenda from the left wing and the pro-homosexual groups," said McCaleb, who perceives "clear hostility to Christian thought." He described the stakes as "the fundamental ability of Christians to speak their minds on the issues of the day."

The day McCaleb said this, lawyers were preparing to intervene in the dispute over the Mount Soledad cross, a war memorial erected in 1954 in La Jolla, Calif., and challenged by an atheist veteran. Federal judges ordered the cross to be removed from government land, but Justice Anthony M. Kennedy granted a temporary stay on July 3.

"For private citizens to be told they can't memorialize their dead is an outrage," said McCaleb, noting similar cases elsewhere. "It's not a matter of these crosses radiating secret Christian rays that will convert people."

Federal courts have said in the Mount Soledad case and other disputes that private land, including church property, is the appropriate place for such religious displays. They cite the Establishment Clause in the Constitution, which prohibits the government from sanctioning or favoring one religion over another.

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What motivated D. James Kennedy and other conservatives -- including James C. Dobson of Focus on the Family and William Bright of the Campus Crusade for Christ -- to form the ADF was the impression that Christians were losing too many such battles.

"It was just years of seeing the ACLU and its cronies attacking religious organizations or religious exercise," Kennedy said. "And, very frequently, there was nobody that even showed up to defend the Christian position."

To change the equation, the alliance hired Reagan-era prosecutor Alan Sears. He later brought in corporate lawyer Jeffery Ventrella. Mostly under Ventrella's watch, the ADF has schooled more than 800 outside lawyers, each promising to donate 450 hours to the cause.

Ventrella runs an annual summer seminar, which this year brought 100 law students to Scottsdale. The idea, according to ADF documents, is to train them in "a distinctly Christian worldview of law" before they head to clerkships and other influential posts, "perhaps even Supreme Court justices."

Some of them met recently at a training session in Chicago. Lawyers and preachers jotted tips as ADF speakers explained that prayer is not always enough: Protecting the faith sometimes demands lawsuits and clamor.

"I was looking for a way to reconcile my faith and my professional life. The ADF helped me be not a Christian and a lawyer but a Christian lawyer," said Chicago litigator Melanie Jo Triebel, who says that the "Christian side of the debate" has not been effective enough.

The ADF's rising profile in churches and the media attracts an average of 300 inquiries a month. One recent day, a call came from a government employee disappointed by a diversity training video because it did not portray homosexuality negatively. A graduating high school senior called to say he had been told not to use Jesus's name in a speech.

"It's definitely an affirmation of our fallen state as humans," Renee Bergmen said of her work evaluating such complaints. "But it's a blessing to provide an answer, and that answer being faith in Jesus Christ."

Every December, the ADF monitors the expression of Christmas, fearful that the encouragement of greetings such as "Happy Holidays" and other steps taken in the name of cultural sensitivity are costing the day its religious identity. Last year, the organization received 434 calls.

A recent case, now pending, focuses on a Pittsburgh ordinance that requires protesters to remain 15 feet from an abortion clinic door. ADF lawyer Elizabeth Murray sued, saying she represented "a compassionate, professional nurse who has devoted much of her life to kindly and gently counseling women during a difficult time in life."

The ADF took up the cause of Stephen Williams, a fifth-grade teacher in Cupertino, Calif. School authorities, wary of proselytizing, said he was overemphasizing religious excerpts from the Declaration of Independence and other documents.

When Williams sued in November 2004, asserting religious discrimination as a Christian, the alliance attracted enormous attention -- particularly from the religious right and conservative media outlets -- when it announced, "Declaration of Independence Banned From Classroom."

Authorities at Stevens Creek Elementary School said the Declaration continued to be taught. They pointed out textbook references and said it hung on school walls. Williams, they said, chose materials so narrow that they were forced to act. Williams agreed to withdraw his suit in August 2005.

Outsiders questioned the ADF's motives and legal reasoning.

"They know that a teacher who has a pattern of proselytizing has crossed the line," said Charles C. Haynes, a senior scholar at the Freedom Forum's First Amendment Center, asserting that the ADF went too far. "When they do that, it may raise money, it may raise their profile, but it undermines their credibility."

"They seem to have an ACLU-envy problem. They distort the position of the ACLU to justify themselves," said Jeremy Gunn, director of the ACLU's Program on Freedom of Religion and Belief. He said the ADF favors a "Walt Disney version of American history."

"There's no mugging of their free speech," Gunn said. "They talk about freedom and liberty. What they really want is the government to endorse their version."

Alliance executives say they are on solid ground when it comes to history and the law, and they insist that the pendulum is beginning to swing their way. Sears said the group, "by grace," expects to grow 20 percent a year.

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"Over and over, there's a search-and-destroy mission for religious expression," Ventrella told the trainees in Chicago. "Do we want to forget our religious heritage? When we abandon God, we will forget man. So what's God got to do with it? Everything."

Yes On Bilingual Ballots (WP)

The Washington Post, July 10, 2006

THE HOUSE of Representatives' smooth passage to renewal of the Voting Rights Act hit a bump last month when a group of conservative Republicans rebelled over, among other things, provisions to require bilingual ballots in many jurisdictions. The rebels were wrong. When the House takes up the measure, as it may do this week, it should reject any effort to strip the bilingual-ballot requirement or to allow objections over the rule to torpedo this important measure.

The disputed provisions were adopted as part of the 1975 Voting Rights Act. The requirements apply to political subdivisions where there is a significant population (more than 5 percent of eligible voters, or 10,000, whichever is fewer) of "language minority" voters (defined as those of Hispanic, Asian, Native American or Alaskan Native origins) and a higher than average illiteracy rate among that group. Currently, nearly 500 jurisdictions in 31 states must provide election information -- from registration requirements to instructions to ballots -- in more than one language; five states -- Alaska, Arizona, California, New Mexico and Texas -- must provide such help statewide.

The arguments against this provision have an air of reasonableness that dissipates upon closer study. Attaining proficiency in English is a requirement of naturalization, opponents note, so why should an English-only ballot be a problem for anyone who's attained citizenship? In addition, the critics contend, the law imposes costs on local jurisdictions and serves as a disincentive to assimilate and learn English.

But the level of English proficiency required for citizenship isn't the same as that which could be required to read a complicated ballot initiative -- or even a form whose instructions aren't completely clear. (Anybody remember butterfly ballots?) Nor do the English proficiency requirements apply to older residents seeking citizenship. And many native-born Americans whose English skills are limited -- Native Americans, Alaskan Natives and Latinos -- benefit from getting election information in their preferred languages. Puerto Rican citizens who move to the mainland ought to be able to read ballots in their native language.

The costs may not be negligible; in Los Angeles, the largest and most diverse local election jurisdiction in the country, election officials spend less than 10 percent of their budget to provide language assistance in Spanish, Chinese, Japanese, Korean, Tagalog and Vietnamese. But the benefits are clear: When bilingual assistance is provided, voting participation increases and members of the affected groups have a better shot at winning elections. Hispanic voter registration in Yakima County, Wash., went up 24 percent after the Justice Department sued the county for failing to comply with the law. After Justice reached an agreement with Harris County, Texas, turnout of Vietnamese American voters doubled, and the first Vietnamese American was elected to the state legislature.

We doubt there are many people who will decide to learn, or not to learn, English based on the availability of bilingual ballots. But we don't doubt that many more people will vote, and in an informed way, if they know what they're voting on. That is something to be welcomed, not feared.

ANTITRUST:

Microsoft Scrambles To Meet EU Demands (SEAPI)

By Todd Bishop, P-I REPORTER

Seattle Post-Intelligencer, July 10, 2006

Faced with a series of tough deadlines, one group on Microsoft Corp.'s Redmond campus has been working until all hours -- but not on anything so normal as the new Windows or Office.

The ad hoc team of 300 people is creating volumes of technical documents required by the European Commission's March 2004 antitrust decision. The project will be in the spotlight this week, with the commission poised to fine the company up to $2.5 million a day, dating back months, for what it calls Microsoft's failure to comply with the ruling.

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Microsoft says the all-out push shows that it has been doing all it can. The company points to signs of devotion to the cause -- such as one of the project leaders, engineer Henry Sanders, deciding to swear off shaving until the effort is complete, like an athlete in the playoffs.

The team's work may help in the future, but it isn't expected to avert a major fine this week. European officials say the very fact that Microsoft is still working on the documents shows that it wasn't living up to its obligations in the first place.

"They're two years late," said Jonathan Todd, spokesman for European Competition Commissioner Neelie Kroes, adding that Microsoft "had a very long time" to comply with the ruling.

The provision in dispute requires Microsoft to offer technical information to its competitors in the computer server market, to help the rival products work as smoothly with Windows as Microsoft's own server products would.

That reflects the central goal of the repeated antitrust actions against the company -- reducing the advantage Microsoft enjoys because of its dominant Windows operating system.

The trustee in the case called Microsoft's initial versions of the technical documents "fundamentally flawed" and "totally unfit" for the intended use.

But Microsoft says the commission itself wasn't originally clear enough about what it wanted, hampering the project.

"We are committed to complying with every part of this decision," Microsoft General Counsel Brad Smith said last week. "We always have been."

Last year, the commission said Microsoft hadn't met a Dec. 15 deadline for supplying "complete and accurate" documentation. In March, the agency repeated its threat to fine Microsoft up to 2 million euros, or $2.5 million, for every day past the deadline that it didn't comply.

That maximum penalty would add up to more than $500 million, if counted until this week, although the precise time frame hasn't yet been disclosed.

Whether or not the threat of a fine played a role, the situation appeared to improve after the commission's March warning. Microsoft's Smith credits a meeting in late March where the trustee, computer science professor Neil Barrett, clarified the requirements for the documents.

After that, the company brought in veteran engineers to help meet an aggressive series of deadlines Barrett laid out. Microsoft says it also brought back retired employees and pulled people from products including Windows Vista, the new version of its flagship PC operating system, to work on the European Union initiative.

"The way we approached it was to kind of think of the commission -- and the trustee, in particular -- as a customer who we had some customer-satisfaction issues with," said Bill Laing, general manager in Microsoft's Server & Tools division and a leader of the European project.

In an office on the Microsoft campus last week, project leaders told stories of the team working extreme hours over the past three months. They recounted times such as the morning that work was interrupted after 3 a.m. by a campus fire alarm.

Sanders, general manager for Windows networking and collaboration, said the team making the European documents is focused on its work, not on the fine.

"It's out of our control," Sanders said. "I think we have done a lot of really good work in getting this stuff out the door, and that's all we can do."

Elements of their work can also be applied to the requirements of Microsoft's U.S. antitrust settlement. Although the next versions of Windows and Office have both been delayed, Microsoft says it doesn't believe diverting people to work on the EU or U.S. documentation has played a role.

The group says it has met all six deadlines to date under Barrett's revised schedule. It has named each of the milestones after a stop on the Circle Line of the London Underground, at the suggestion of Iain McDonald, director of program management for the Windows Server group and the project management leader of the EU initiative.

It will be difficult, but the group expects to meet the seventh and final deadline -- Paddington Station -- on July 18, said McDonald and Sanders.

"It is an effort that is quite massive," Smith said. "This is probably the most complex remedy that has ever been imposed in a competition law case."

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But the recent activity isn't expected to prevent the commission from imposing fines against Microsoft this week dating back to December. Kroes, the competition commissioner, told reporters in Europe last week that she saw no alternative but to impose daily fines for Microsoft's lack of compliance with the ruling.

"If that new technical documentation does finally bring them into compliance, all well and good. They would not, therefore, be subject to further penalty payments in the future," said Todd, the commission spokesman.

"But the decision on the agenda (this week) is whether or not to impose these penalty payments backdated to the 15th of December, because they have not been in compliance."

The situation shows that the commission isn't just "settling for issuing a decision," Kroes said during a Friday speech in Bonn, Germany, according to an Associated Press report. "It is just as important that this decision has the desired effect on the market."

A $500 million fine wouldn't be extraordinary compared with Microsoft's past antitrust settlements and penalties. Under the commission's ruling in March 2004, for example, Microsoft paid a $600 million fine.

Microsoft is appealing the EU's 2004 ruling but has been ordered to comply with its provisions pending the outcome of the appeal. The other main element required the company to offer a version of Windows without Windows Media Player, although that product has experienced limited market demand.

The new fines would deal solely with the separate aspect of the ruling, the technical documentation for computer servers.

Microsoft's Smith declined to say whether he, Microsoft Chairman Bill Gates or Chief Executive Steve Ballmer had been in touch with Kroes, the European competition commissioner, to try to prevent the imposition of fines.

Last week, the commission reportedly received consent from the antitrust representatives of European Union member states on the principle of imposing daily fines against Microsoft. Today, they are due to take up the issue of how much to impose.

Then, on Wednesday, the European Commission is expected make the final decision on the fine. Competition Commissioner Kroes is scheduled to hold a news conference that day.

In addition to the fines running back to Dec. 15, the commission may threaten further fines if Microsoft doesn't comply, according to news reports out of Europe last week.

Under a formula set out by competition law, the maximum daily fine against Microsoft from this point forward could be as much $5.5 million a day.

Venture To Buy Heritage Property (WSJ)

By Ryan Chittum And Dennis K. Berman

The Wall Street Journal, July 10, 2006

An Australian and American joint venture agreed to purchase strip-mall owner Heritage Property Investment Trust Inc. for about $1.83 billion in a deal that will more than double its U.S. presence in the sector.

Centro Watt, a partnership between Centro Properties Group, a publicly traded Australian company, and Watt Commercial Properties, a private Los Angeles-based concern, will pay $36.15 a share for the Boston-based real-estate investment trust. The price represents a 3.3% premium to Friday's close of $34.98 on the New York Stock Exchange.

Including debt, Centro is paying about $3.3 billion and getting what it says is a 7.3% capitalization rate -- the return on investment in the first year of ownership, a key real-estate measure.

Heritage owns 157 strip malls with 27 million square feet of space in 27 states. It has been sharply criticized by investors and analysts for its executive-compensation practices, which have led the industry while its share performance has lagged.

Last year Heritage Chief Executive Thomas C. Prendergast received $16.4 million in total compensation, including salary, restricted stock and retirement benefits. Heritage has significantly underperformed its peers in the four-plus years it has been public, with a total return to investors of 87.7% since it went public in April 2002, compared with 154.5% for strip-mall companies, according to SNL Financial. The company restated earnings last fall back to 2003 because of errors in its executive-compensation accounting.

Centro Watt came into the bidding process when it was under way for several months, around the time of the big annual shopping-center convention in Las Vegas in May. At the time, it appeared Heritage was taking itself off the block because it wasn't

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getting a high enough price from American bidders, including Equity One Inc. and Lightstone Group LLC. Centro Watt was able to pay more because the Australian cost of capital is much lower now than it is in the U.S.

Heritage shares reached a 52-week high of $40.24 in March on speculation it would be acquired.

Centro Watt plans to put most of the individual properties into various unlisted funds, while retaining sizable interests in them and collecting fee income.

The deal will help Centro Watt leverage its size with retailers who are looking for efficiencies in negotiating leases for large numbers of stores.

We Aren't All Pirates (LAT)

The Los Angeles Times, July 10, 2006

THE INTERNET AND DIGITAL technology have been both a blessing and a curse for the entertainment industry, opening new opportunities for selling music and video but also fueling rampant global piracy.

To attack the latter problem, industry lobbyists are pressing Congress to adopt at least five different proposals that would give them more control over their works as they flow through new digital pipelines into living rooms and portable devices. But these measures, like the technologies they would affect, have a hard time distinguishing between illicit actions and legitimate ones.

The bills would pressure device makers and service providers to limit or eliminate features from some products, such as the ability to record individual songs off satellite radio. In essence, tech companies would have to alter what they are selling to safeguard the entertainment industry's wares.

Protecting intellectual property is a legitimate goal for Congress — after all, the Constitution called on Congress to give authors and inventors exclusive rights "to promote the progress of science and useful arts." The task has grown more urgent with the emergence of an Internet-fueled global information economy. But what the entertainment industry is seeking in this year's proposals isn't merely protection from piracy; it's after increased leverage to protect its business models.

That's why lawmakers must bear in mind the balance needed between copyright holders' interests and the public's, something Congress has not done well lately. In 1998, it gave copyright holders broad power to block legitimate uses of works, even those in the public domain, through the use of electronic locks that impede copying of digital products. And that same year, it prolonged the public domain's starvation diet by extending copyrights an additional 20 years, to 70 years beyond the death of the creator.

The movie and music industries have similar interests, but their agendas this year are distinct. The major studios want to alter digital TV receivers, recorders and home networks to stop shows from being redistributed indiscriminately online — a proposal that has won grudging support from some consumer-electronics and high-tech firms. They also want to redesign computers, set-top boxes and other products to ensure that the limits placed on digital videos are not removed when the data are converted from digital to analog. This approach could deter people from making a permanent copy of a pay-per-view movie, but it also could make it hard for digital movie buyers to create backup copies or transfer videos to portable players.

The music industry, meanwhile, is focusing its fire on satellite and digital radio services that make it easy for listeners to record and save individual songs. Those recorders don't fuel piracy, given that federal law already requires them to include a form of anti-piracy technology. Instead, a more immediate effect of the industry-backed proposals would be to give labels and music publishers more control over listeners' ability to record broadcasts, while helping them collect more money from XM, Sirius and other digital music businesses.

Clearly, the industry-backed proposals would do more than just defend copyrighted works from pirates. They also would impinge on devices that have legitimate uses and steer the development of technology, cutting off some innovation. As they weigh the entertainment industry's pleas, lawmakers shouldn't assume all consumers are bootleggers and every digital device is a hand grenade aimed at Hollywood.

ENVIRONMENT:

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Judge Tells NOAA To Stop Jet Flights Into Hurricanes (WP)

By Stephen Barr

The Washington Post, July 10, 2006

A federal administrative law judge has stopped the National Oceanic and Atmospheric Administration from flying its high-altitude jet into hurricanes until the agency negotiates with a union representing meteorologists, engineers and technicians.

Richard A. Pearson , an administrative law judge with the Federal Labor Relations Authority, found that the NOAA's Aircraft Operations Center in Tampa had wrongfully bypassed the National Weather Service Employees Organization in forming a team to study proposals for flying a Gulfstream IV-SP jet into and near the centers of hurricanes as safely as possible.

NOAA officials contended that they were not changing the conditions of employment for the jet's civilian crews, but Pearson said the high speed and altitude of the jet, the hazards of flying close to a storm's inner core, and the inability of flight instruments to detect all hazards were "quantitatively and qualitatively different from those the employees were accustomed to . . . and required them to face new and more complex safety hazards."

Jordan St. John , the NOAA director of public affairs, said the judge's ruling is under review. The ruling "won't change any hurricane observations" this year, he said.

The NOAA's propeller planes, the WP-3D Orions used since 1981 to fly into hurricanes and collect weather data, were not covered by the ruling.

In 1996, NOAA acquired the Gulfstream jet to also measure weather conditions around hurricanes, typically about 40,000 feet and 100 miles from the eyes of the storms. Last year, in a decision that prompted the union's protest, the Gulfstream pilots made three flights into the "central dense overcast," the heavy clouds that form in the upper altitudes above the center of hurricanes and tropical storms.

Those "test missions," Jordan said, were designed to help NOAA prepare for installing new radar in 2008 on the jet for observation and measurement of storm forces.

In statements filed in the case, NOAA officials acknowledged that they had changed the jet's flight pattern "but not the environment into which the flights are conducted."

Pearson, however, said that NOAA "seems to be denying the obvious." The agency, Pearson said, "fully understands the safety implications of venturing into this new area, both on the aircraft and on the crews, because it has spent literally years trying to find the best ways of flying into this new area."Layoffs at the Library

The Library of Congress has notified 29 employees at the Congressional Research Service that their jobs will be abolished on Sept. 29.

The layoffs are believed to be the first in the 92-year history of CRS, the division of the library that tracks legislative issues and collects data for members of Congress. The workers being eliminated perform clerical, technical and audio-visual duties.

Last year, CRS announced plans to cut 59 jobs. Charles V. Stanhope , acting director of communications for the Library of Congress, said that 23 CRS employees left after being offered $25,000 buyouts and early retirement packages and that seven others found jobs elsewhere in CRS, at the library or outside the library.

The 29 employees to be laid off "cannot find positions with comparable pay and benefits," according to a newsletter published by the Congressional Research Employees Association, a part of the International Federation of Professional and Technical Engineers union.

Nearly two-thirds of the employees have 16 or more years of service with the Library of Congress, the association said.

In a memo to employees, the library said the layoffs were necessary "to maintain a cost-effective organization dedicated to meeting its statutory mission." But Michael Waterhouse , vice president of the employee association, said the layoffs would reduce "what we believe are essential services."Postal Resignation

Azeezaly S. Jaffer , vice president for public affairs and communications at the U.S. Postal Service for the past six years, has left "to pursue other career opportunities," the agency said.

Jaffer, a 20-year postal veteran, led a public relations campaign during the 2001 anthrax attacks aimed at maintaining public confidence in the post office. He was a ready defender of the Postal Service, writing numerous letters "setting the record straight," as he put it, that challenged news media accounts of postal operations.

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His last day was June 30. Postmaster General John E. Potter named postal manager Jon Leonard acting head the public affairs office. Jaffer could not be reached for comment.

Coming Soon: A Tale Of Whistle-Blowing At The EPA (WP)

By Darryl Fears

The Washington Post, July 10, 2006

Marsha Coleman-Adebayo is ready for her close-up.

She sold the story of her battles with the Environmental Protection Agency to Hollywood, and actor Danny Glover is preparing a movie about how she blew the whistle against the agency and successfully sued for race and gender discrimination.

But Coleman-Adebayo is no star at the EPA, which has described her as a bad employee who refuses to work with others. She was allowed to work at home for five years because of a medical condition, but when she resisted coming back in April, the EPA took away her pay.

"They are really trying to break me, financially, emotionally and everything else," Coleman-Adebayo, 53, said in a recent interview.

The tense, stressful, dramatic and sometimes-ugly relationship between employer and employee is the stuff of movies. But the case involves larger issues about how the government treats employees who feel they are being retaliated against. Coleman-Adebayo and others say it amounts to corruption.

Her career at the EPA took a bad turn after she complained that the agency stood by in 1996 as a U.S. chemical company mined a deadly substance in South Africa. She won a $600,000 discrimination judgment against the agency in 2000.

"Adebayo's case is interesting because the issues of whistle-blowing and retaliation in federal government are larger than any one employee, particularly in the wake of Sept. 11," said Joslyn Barnes, a New York screenwriter who is working on the screenplay.

The EPA declined to discuss Coleman-Adebayo's complaints because a second lawsuit she filed against the agency is pending and because her case is a personnel matter.

"EPA will not comment on the specifics of the pending litigation except to deny that EPA has discriminated or retaliated against Dr. Coleman-Adebayo," EPA spokeswoman Jennifer Wood said in a prepared statement last month.

The agency's opinions of Coleman-Adebayo are revealed in court documents and recent e-mails that she provided. In one e-mail, a supervisor, Rafael DeLeon, dismissed her complaints of "hostile workplace events" and a "pattern and practice of harassment." They are not medical facts, he wrote. They "merely represent your self-serving and baseless version of events."

Court records show that the EPA includes one white supervisor who referred to Coleman-Adebayo, who is African American, as "an honorary white person," and another supervisor who allegedly referred to her as "uppity," a segregation-era word for black people who do not accept the notion that they are inferior. The supervisors were never reprimanded.

The federal workplace is rife with complaints by whistle-blowers of retaliation, often involving threats of job loss. Such complaints usually play out in an arcane equal-opportunity process, rarely seeing the light of day.

Coleman-Adebayo's case stands out because her crusade against what she calls "government corruption" won her powerful allies, such as President Bush and House Judiciary Chairman F. James Sensenbrenner Jr. (R-Wis.), who recently wrote a letter to the EPA on her behalf.Lodging Complaints

Sixteen years ago, Coleman-Adebayo was a promising hire, having graduated from the Massachusetts Institute of Technology with a doctorate in African studies. Her work was generally commended.

But when Coleman-Adebayo traveled to South Africa as part of a U.S. delegation focusing on the environment in 1996, her career took a turn for the worse.

She became a whistle-blower after discovering that a U.S. chemical company was mining a deadly substance in South Africa called vanadium pintoxide. Exposure often turns the tongue blue, causes nosebleeds, kidney and liver dysfunction, and sometimes cancer.

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When the EPA did not react to her complaints, she took the issue to non-government interest groups. The EPA finally reacted -- against Coleman-Adebayo. Her evaluations worsened, and she said her requests for promotions were denied as white men with far less experience rose above her pay grade.

Coleman-Adebayo sued, and her court battle in 2000 played out like a war. EPA managers said they were upset over the South Africa incident.

"She disagreed with me and made criticisms of the way the agency, of which she was a part, was doing its job," William Nitze, an EPA supervisor who worked in South Africa, testified in 2000. "You have to understand that when we try and organize and manage a program at EPA, we tried to do it as a team."

The agency said the men who rose to positions above Coleman-Adebayo's did so because they were better fundraisers and got along better with others.

Coleman-Adebayo's lawyers said race was also a factor. Witnesses said a white assistant administrator, Alan Bruce Sielen, motioned Coleman-Adebayo into a meeting of mostly white people and said it was all right because she was "an honorary white person."

Sielen denied the claim, but one of the witnesses, a black man, said he confronted Sielen after he also called him an honorary white person. Later in testimony, Coleman-Adebayo said Sielen told her she was denied a promotion because another supervisor said she was too "uppity."

The supervisor, Alan Hecht, a deputy administrator, denied the claim. The EPA fought back, enlisting psychiatrist Christiane Tellefsen to assess Coleman-Adebayo's mental state. Tellefsen said in testimony that Coleman-Adebayo was a self-centered, narcissistic woman who "tended to speak in a dramatic way."

In explaining how Coleman-Adebayo was "passive-aggressive," Tellefsen said she was uncooperative, even when asked to provide her children's names. But in cross-examination, lawyers showed that Coleman-Adebayo did provide the children's names, but the doctor believed the African names were made up. Coleman-Adebayo's husband is Nigerian.

The testimony of Jon T. Grand, who had been an EPA manager, offered evidence that Coleman-Adebayo's discrimination claim had merit. Grand, who is white, recalled that a white manager privately told him that they called her "Rosa Parks of the EPA" behind her back.

Years later, Grand's career at the EPA would free-fall. The agency had him prosecuted, and he was sent to jail because he did not report the EPA's mistake of overpaying him when he worked for the agency in Denmark. Grand said that he did report the error, but a secretary failed to act. Facing a long prison sentence, he pleaded guilty and was sentenced to four months in jail.

"I do actually believe that had I not testified, this would never have happened," Grand said.Another Fight, Another Suit

Coleman-Adebayo won her case but was later found to have uncontrollable hypertension. The EPA asked her to resign, but she refused, saying the men who discriminated against her were allowed to stay.

The agency agreed to temporarily allow Coleman-Adebayo to work from home. But her telecommute lasted for four years as her illness worsened. During that time, she helped form the No Fear Coalition to protect whistle-blowers and worked with Congress to make the No Fear (Notification and Federal Employee Anti-Discrimination and Retaliation) Act into law in 2002.

Good Housekeeping magazine presented her in 2003 with its Women in Government award for courage. Later that year, Coleman-Adebayo filed a second lawsuit, alleging retaliation by the EPA.

A year later, she was reassigned from a specialist job to a lower analyst position, effective Dec. 1, 2004. Eight days later, the agency placed her in yet another post.

The EPA sent a letter saying the new job would be "done in an office setting." Coleman-Adebayo read it at the cluttered desk in her kitchen, surrounded by numerous bottles of medication prescribed for hypertension and glaucoma.

For a year, Coleman-Adebayo and the EPA traded letters like punches. She continued to telecommute until the agency ordered her into the office this April. After complaining of dizziness, she left in an ambulance. The EPA placed her on family leave, without pay.

Coleman-Adebayo's response seemed worthy of a line in the screenplay.

"They want me to make a choice between my life and my job," she said.

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Vital Tool Of Last Resort (USAT)

By Donald J. Borut

USA Today, July 10, 2006

In all the noise that surrounded the decision by the Supreme Court one year ago to continue to allow cities to use eminent domain when considering the economic future of their communities, something vital was left out: the facts.

Without eminent domain to clear title on abandoned and vacant properties — the primary use of eminent domain in this country — rundown buildings and empty lots would attract trash, rodents and trouble. Blighted structures would sit abandoned. If owners didn't want to sell or were holding out for more money, the cities and their taxpayers could do nothing to get rid of them.

Despite what some might claim, this is how eminent domain has been and continues to be used in this country: to revitalize older parts of Philadelphia; to transform an area in Indianapolis once referred to as "Dodge City" into a beautiful, mixed-income neighborhood; to save a historic church in Fitzgerald, Ga.

Let's take a closer look at the facts:

Since the Supreme Court's Kelo ruling, 43 state legislatures reviewed eminent domain laws and made changes to meet the needs of their communities. In a few cases, after numerous public hearings, legislators determined that no change was needed.

According to a survey by the National League of Cities, 76% of municipalities had not used eminent domain in the past three years in connection with an economic development project. But where it was invoked, eminent domain was used only as a last resort after all other options were explored.

Of the 5,700-plus properties claimed by the Institute for Justice to involve eminent domain in the past year, many were part of 117 multiphased and publicly scrutinized economic development projects begun well before the Kelo decision to eradicate blight — a practice even dissenting Justice Sandra Day O'Connor found appropriate.

Ensuring that owners receive appropriate compensation for their properties is equally important. In cases such as Norwood, Ohio, which was cited by the Institute as an abuse, the majority of owners willingly received twice the assessed fair market value; the "hold-outs" three times their value.

The prudent use of eminent domain has brought hope and opportunity — through good jobs and better housing — to thousands of Americans. That story deserves to be told.

Donald J. Borut is executive director of the National League of Cities.

One Year Later, Power To Seize Property Ripe For Abuse (USAT)

USA Today, July 10, 2006

Remember Susette Kelo? The New London, Conn., nurse lost a landmark legal fight to save her pink cottage from being seized by city officials, who wanted to hand it over to developers. Just over a year ago, the U.S. Supreme Court ruled against her. It held 5-4 that local governments could condemn private property, not just for a public purpose such as a road or school, but also to give to developers if a locality's economic future is at issue.

As it turned out, that wasn't the end of the story. The house won't be bulldozed after all. Last month, officials agreed to move it to another location so that her land can round out a waterfront development site — a compromise Kelo suggested years ago to little avail.

Meanwhile, the ruling has ignited a nationwide fight between developers rushing to seize a fresh opportunity and an unlikely political coalition that sees the decision as an assault on America's "home-as-castle" mind-set.

Emboldened by the ruling, local governments have threatened or condemned 5,783 properties for private projects in the past year, according to the Institute for Justice, the libertarian law firm that defended Kelo. That's up from an annual average of 2,056 such threats and takings from 1998 to 2002, the Institute said.

Of 117 projects the Institute studied over the past year, most involved taking lower-income homes, apartments and mobile home parks to construct upscale condominiums or retail development, driving the working poor from their homes.

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But the Kelo case also has inspired a political backlash unusual in the annals of Supreme Court rulings. It has united conservative defenders of property rights and liberals who say the seizures amount to corporate welfare at the expense of the powerless.

They've scored significant victories:

• Twenty-five states have enacted laws to curb eminent domain seizures — something the Supreme Court invited them to do in making its ruling.

• The U.S. House of Representatives voted 376-38 last year to bar federal economic development funds to state and local agencies that use eminent domain for private commercial development. A similar bill is stalled in the Senate.

• On June 23, one year after the Kelo decision, President Bush issued an executive order that federal agencies can seize private property only for public projects.

Those actions should help ensure that the growing movement to prevent unjustified seizures of private property will gain momentum. In the words of dissenting Justice Sandra Day O'Connor, "the government now has the license to transfer property from those with fewer resources to those with more" as long as there is some purported economic benefit. And that is wrong.

Supporters of seizures such as the one in New London argue that abuses are rare and that condemnation is needed to revitalize abandoned or blighted areas and encourage the growth of jobs. But the truth is that under the court's ruling almost no one's property is safe unless states impose limits.

Seizures of one person's property to benefit another should be rare and a last resort. The halfway happy ending to Susette Kelo's ordeal should encourage political leaders to do more to stop bulldozers from plowing through the American dream.

The President: Shades Of Green (NSWK)

By Richard Wolffe

Newsweek, July 17, 2006

Before moving into the White House, George W. Bush built the kind of vacation home that Al Gore might have designed. His Texas ranch captures rain and wastewater for landscaping. Solar panels line the roof and an underground geothermal system provides heating and air conditioning. There's even a protected forest that is home to the rare golden-cheeked warbler.

Unlike his caricature, Bush is not monochromatic when it comes to the environment. During the final weeks of the 2000 campaign. he lampooned Gore's plans to cut taxes for those living a green lifestyle. "How many of you own a hybrid electric-gasoline-engine vehicle?" he would ask at rallies. "How many of you have a rooftop photovoltaic system?"

But following his green-tinted State of the Union address in January, Bush now travels the country promoting both hybrid vehicles and solar power. Just last month he created a huge national monument around the remote northwestern islands of Hawaii.

Has Bush turned green in his six years in office? Both environmentalists and the White House say no—but for different reasons. To activists, Bush's record is unremittingly bad. They accuse him of relaxing clean-air standards on power plants and refineries, and of blocking Kyoto-style measures to halt global warming. They even question the sincerity of his plan to protect the Hawaiian Islands, given the Navy's nearby use of powerful sonar that can harm whales. "Whatever motivated him to build a green ranch before he was president hasn't been translated at all into policy," says Frances Beinecke of the Natural Resources Defense Council.

On the other side, Bush's aides say the president is unchanged—he has always been an ardent conservationist—and have their own take on his record. On the highways, Bush has set rules to improve the fuel consumption of light trucks and SUVs. In the air, he has proposed the first-ever cut in mercury emissions from power plants. And on global warming, the most controversial part of his green scorecard, Bush acknowledged back in June 2001 that the National Academy of Sciences believed climate change was "due in large part to human activity." The dispute is what to do about that warming. Bush thinks new technologies—not treaties—can save the day.

While the debate about Bush rages on, the political landscape is changing. Green proponents are looking to new GOP leaders like Sen. John McCain (the 2008 front runner), as well as Gov. Arnold Schwarzenegger, who supports caps on greenhouse gases in California.

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Some of Bush's underlings are struggling to keep up with the greener approach to energy. The day after Bush promoted renewables in his State of the Union, the Energy Department laid off 32 people at its renewable-energy lab in Colorado. They got their jobs back the day before a certain VIP toured the lab: one George W. Bush. Greening the government is sometimes harder than greening a ranch.

A Dated Carbon Approach (WP)

By Sebastian Mallaby

The Washington Post, July 10, 2006

These days almost nobody asserts that global warming isn't happening. Instead, we are confronted with a new lie: that we can respond to climate change without taxing and regulating carbon.

The Bush administration -- and many Democrats, too -- promise technological salvation: hydrogen fuel cells, ethanol distilled from grass, solar power, windmills, whatever. It's more fun to call for whiz-bang technologies than regulations and taxes. But it's also dishonest.

We already have technologies to cut carbon. Hybrid cars have been around for years, but almost nobody drives them. Small cars have been on the market even more years, but they aren't consumer hits either. There are dozens of technologies to insulate buildings and design heating and cooling systems in efficient ways. The problem is we don't use them.

You can even cut carbon using no technology whatever. Mexico City has reduced its output of carbon dioxide by almost 55,000 tons a year by opening one efficient bus route; the key innovation here was the creation of two bus lanes. The new buses run on diesel -- not exactly a technological breakthrough. But because they are rapid and frequent, the buses have brought car use down and reduced emissions.

So what matters is not just the technologies we have but the incentives to deploy them. The average Western European uses half as much energy as the average American, and that's not because there's more technology in Europe. Rather, Europeans have embraced anti-carbon policies ranging from gas taxes to emissions caps, from an absence of extravagant mortgage subsidies that encourage super-size homes to congestion charges for drivers in London and Stockholm.

Because of Norway's carbon taxes, companies drilling for natural gas in the North Sea are starting to capture the carbon dioxide they release and inject it back under the sea floor. Because the United States lacks a carbon tax, natural gas drillers in this country have less incentive to do that. Meanwhile the Energy Department reports that there are plans to build 150 new coal-fired power plants in the United States, enough to generate power for 93 million homes. But because government hasn't created intelligent incentives, most of these new generators won't be fitted with technology to capture and store the carbon.

So incentives count. Technology frequently turns out to matter less than policy. But the technology salvationists are a determined bunch. Faced with clear evidence that we aren't deploying the technology we have, they insist that the solution is yet more technology. We need need need that next technological breakthrough, they scream. And until we get it, there's no point trying to do anything.

How do these fantasists suppose that we'll get the next breakthrough? Government spending on basic research is supposed to do the trick: "The Administration has dedicated $1.2 billion over five years to the research and development needed to get hydrogen cars into the showroom," declares a White House fact sheet. But that $240 million per year, or the $150 million a year that the administration wants to spend on advanced ethanol, is a laughably small sum. Private energy firms spend about $18 billion a year on researching new technology for extracting hydrocarbons.

If you want to get hydrogen cars into the showrooms, you can't put your faith in government alone; you need Exxon and Shell and Toyota and Ford to make hydrogen a priority. And what's going to drive these companies' choices? Obviously, taxes and regulatory incentives. If carbon is subject to taxes or caps, the energy companies and car companies will devote more of their vast research budgets to alternative fuels. But if carbon is not taxed, they will research new ways of using and extracting oil -- including getting it from sources that are awful for climate, such as tar sands .

Don't get me wrong. I'm not against government support for basic research into alternative fuels, just as I'm not against government funding of basic research into health sciences. But to convert the discoveries from the National Institutes of Health into usable medicines, you need a patent system that gives pharmaceutical companies incentives. And to convert government

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research on hydrogen into drivable cars, you need a carbon tax or carbon cap that creates the right incentives for the private sector.

It feels good to be for new technology rather than for nasty new taxes or regulations. But this is a false choice. If you want the new technology, you have to support the new tax or the new cap. Those who argue otherwise should ask themselves: Would we have rapid medical innovation if we didn't bother to protect intellectual property?

Drafting The Future Of The Parks (NYT)

The New York Times, July 10, 2006

Last Friday marked the end of the public comment period on the most recent draft of the National Park Service's management policy — the core document that governs the day-to-day operation of the national parks. It's a relief to see that the current draft appears to reaffirm the doctrine that preservation is the core historical mission of the parks. That had been the philosophy guiding the Park Service for years, until the Bush administration attempted to give recreation and commercial use a much higher priority.

Compared with the original draft, this one is a marvel of sanity and historical conscience. But it's been a rough road getting to this point, and there may well be a few bumps ahead.

Over the past few weeks, there has been a concerted effort by the so-called recreation community — a euphemism for the motorized vehicle industry and its lobbyists — to change the draft. In at least two conference calls with Interior Department officials, snowmobile and off-road vehicle lobbyists have expressed their opposition to the restored emphasis on preservation.

What's most worrying about this last-minute lobbying — besides the fact that recreation seems limited to activities involving an internal combustion engine — is the suggestion, put forward by the American Recreation Coalition, that the Park Service revise the management policy regularly. There is only one reason for a suggestion like that: to give "recreation leaders" a regular chance to pressure the park system for increased motorized vehicle access.

No one, of course, wants to limit the use of the parks to hardy hikers. Our understanding of what it means to preserve the parks "unimpaired for the enjoyment of future generations" has changed dramatically since the parks system was established in 1916. Millions of motorists have visited wilderness they could never have reached on foot, using roadways that were carefully constructed to balance the goals of access and conservation. But what we have been seeing under this administration is an attempt to redefine enjoyment for the benefit of a small minority who want to eliminate restrictions on the use of noisy jet skis and open up the parks to off-road vehicles and snowmobiles.

The parks should not be sacrificed to the internal combustion engine. The new interior secretary, Dirk Kempthorne, should listen to the claims of the motorized recreationists and weigh them for what they are worth against the many thousands of public comments supporting the historical mission of the parks — and act accordingly.

FBI/DEA/ATF/USMS:

Deadly Heroin Has Likely Hit Area (TLPA)

Times Leader (NE PA), July 9, 2006

WILKES-BARRE – Fentanyl is the new rat poison for heroin addicts.

Spicing up heroin with rat poison, strychnine or other chemicals has long been a practice of dealers seeking to attract customers looking for an even greater high. But sometimes the mix can be deadly – especially if the cut is fentanyl.

Daniel Dominick, 27, died Friday at Wilkes-Barre General Hospital after taking what was likely a fentanyl-heroin mix, according to Luzerne County Coroner's Office. The Luzerne man's death placed Wilkes-Barre on a growing list of cities where the deadly heroin concoction has been circulating in recent months.

More than 70 people have died from fentanyl-laced heroin in the Philadelphia area since April, and it's the same in other major cities. Officials in Detroit have reported more than 80 fentanyl-related fatalities and Chicago has had 60, according to respective law enforcement agencies.

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In Pittsburgh, fentanyl-laced heroin is being sold on the street under the name "get high or die tryin', " and an increasing number of users are doing just that.

Just 125 micrograms is enough fentanyl to kill an adult – that's the equivalent of five or six grains of salt. Law enforcement experts say lacing heroin with the painkiller has only come in vogue this year, especially in the past three months.

An undercover narcotics agent for the Philadelphia police said addicts will seek out brands of heroin reputed to be the most potent, and in recent months have been traveling to Philadelphia from all over the state to get heroin laced with fentanyl.

"If there's an extra kick in it, they look for that brand," said the agent, who declined to be identified for safety reasons. "They'll ask for 'Dracula' or 'Nike' or another brand. The dealers know when it's cut with fentanyl but they don't care; not all the customers know."

According to the agent, users from the Wilkes-Barre area have been getting fentanyl-laced heroin from Hispanic communities on the East side of Philadelphia. "They come from everywhere to get this stuff. They'll get two or three bundles so they don't have to make the trip again."

Although heroin cut with fentanyl has been claiming lives in Philadelphia and Pittsburgh since April, law enforcement officials weren't sure if it had hit the streets of Wilkes-Barre until a string of overdoses last week culminated in a death Friday. City police and medics responded to approximately 15 drug overdoses last week, including five Friday.

Luzerne County Coroner Dr. John Consalvo can't prove it was fentanyl that killed Dominick until he gets back a toxicology test in a couple weeks, but he suspects it was.

Fentanyl, some strains of which are hundreds of times more potent than heroin, affects people differently when cut with other drugs. In Friday's incident, Dominick shared a needle with another man, who took a hit from the same batch of heroin, police said. That man, whose name was not released, showed no signs of a negative reaction.

Millvale Man Possible Overdose Fatality (PPG)

Pittsburgh Post-gazette

Pittsburgh Post-Gazette, July 9, 2006

A Millvale man died yesterday afternoon of a possible drug overdose, the Allegheny County medical examiner reported.

The 31-year-old man, whose identity was not released last night, was the first of two suspected drug overdoses reported yesterday. The second one, just before 10 p.m., happened in Pittsburgh and it was not fatal.

It was unclear last night whether both victims overdosed on heroin or fentanyl-laced heroin. Fentanyl is 80 times more powerful than morphine and thought to be responsible for scores of deaths throughout the country.

As of June 9, police were investigating 48 overdoses -- including eight fatalities -- throughout Allegheny County to see if they are linked to fentanyl. Two samples of heroin police recovered from seven of those eight death scenes tested positive for fentanyl, the medical examiner's office has said.

Yesterday, county homicide detectives were called at 4:32 p.m. to a residence in the 500 block of North Avenue in Millvale.

The 31-year-old man, of McIntyre Road, was pronounced dead at the scene at 4:50 p.m., an investigator for the medical examiner said.

More Spiked Heroin In Delaware? (AP)

AP, July 9, 2006

NEWARK, Del. (AP) - July 9, 2006 - Five heroin overdoses in a 24-hour period are leading to suspicions that heroin laced with a powerful painkiller has resurfaced in Delaware.

State police spokesman Corporal Jeff Oldham says investigators are looking into whether the heroin involved was laced with fentanyl.

Police say there have been two single-vehicle crashes that appear to be the result of overdoses.

Last night, paramedics revived two men who overdosed on heroin outside a gas station on Christiana Road. The men were in cardiac arrest when paramedics arrived. They told police they bought heroin in Wilmington and passed out shortly after they used it.

Oldham says another person overdosed today. None of the overdoses have been fatal.

Heroin laced with fentanyl has been linked to dozens of deaths in the Northeast this year.

Drug-corner Epidemic: Overdose (PHI)

By Sam Wood, Dwight Ott And Troy Graham

The Philadelphia Inquirer, July 9, 2006

Neighbors saw the guy bolting from the back of a graffiti-stained, abandoned house as he shouted the word that soon would ring out on drug corners across the country.

"Overdose."

Mercedes Perez, who lives a few doors down on this North Camden block, went to investigate.

In a junk-strewn lot teeming with flies and covered in broken glass, she found Samantha Bender, a young suburban mother, lying dead on her back, surrounded by empty blue bags of heroin.

"She was a pretty girl. Looked very young," said Wanda Guzman, another neighbor. "I thought she was only about 16."

Bender was, in fact, 23, and the mother of a 3-year-old daughter. She grew up in Gibbstown, Gloucester County. She was an avid fan of the local music scene and the author of elegiac poetry. And she was a beloved friend and relative.

On that April day, Samantha Bender became something else: a victim of the drug corner.

Bender, an autopsy would show, had injected heroin laced with a lethal dose of fentanyl, a powerful narcotic painkiller that has caused hundreds of deaths across the country.

"We don't know why she was there," said Bender's mother, Mary Ann Lanzetta. "She was a smart girl and had so much potential. It doesn't make one ounce of sense."

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Drug corners like the one where Bender likely copped her heroin have been claiming lives through addiction, violence, and the lure of easy money for decades.

But Bender's death in the 1600 block of State Street was a harbinger for a new epidemic.

Since spring, fentanyl-laced heroin has killed as many as 100 people in the Philadelphia region, and hundreds more in cities such as Chicago, Detroit and Pittsburgh.

Despite a huge law-enforcement collaboration, investigators have yet to unlock the mystery of the fentanyl: Where is it coming from? Why is it being mixed with heroin? How can they stop it?

"It's come as a bit of a surprise, in some respects, that it's popped up in so many places at the same time with such vigor," said Jerry Daley, the executive director of a Philadelphia-Camden drug task force known as HIDTA (High Intensity Drug Trafficking Area). "We know a lot less than we'd like to."

The true depth of the problem remains shrouded, as well. No single agency has been keeping track of victims spread across the country, so no one knows how many have died.

"If there were this number of cases of measles, people would be jumping up and screaming," said Steven Marcus, director of the New Jersey Poison Center and one of the first people to notice the fentanyl outbreak. "But it's affecting a population that people have cast off... . There doesn't seem to be anyone in public health making a concerted effort to get all the data together."

Still, with so many addicts falling, police and health workers have sounded repeated alarms in the news media, bringing attention, once again, to an illegal, multimillion-dollar business catering to suburban demand and conducted on decrepit, inner-city street corners.

Corners such as Philadelphia's Fifth and Indiana, and Philip and Ontario. Corners such as the notorious spot in North Camden where Samantha Bender bought the $10 bag marked "D-Block" that would kill her.

Fifth and Grant

The 400 block of Grant Street is a tiny, one-way street where crumbling, trash-filled vacant shells outnumber the occupied homes. The corner, where Grant opens up to Fifth Street, bustles like a Turkish rug market.

Someone has erected a portable basketball hoop on the sidewalk, presumably to replace the sagging rim bolted to a piece of plywood on the far wall. Below that, a graffiti artist, with an abundance of irony, has spray-painted the words "drug free" in huge block letters.

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The knot of young dealers passes the time pitching quarters or playing games of basketball bare-chested. They tell reporters to leave, that no one will talk to them. One accepts a business card, then burns a Phillies Blunt cigar through it.

A man sitting on a nearby porch makes a halfhearted apology.

"They're just young boys," he says. "They don't know."

He says his name is Mark. He carries himself like a man in charge, like the conductor of this corner. Then, a car rolls down the narrow street.

"No! Park the car!" Mark shouts. "Park the car!"

With a largely suburban clientele arriving in vehicles, corner etiquette requires them to park somewhere else, then walk up for a less conspicuous transaction.

The money goes to one member of the crew. Then Mark directs the customers up an alley, where another crew member will dispense the heroin.

By now, this is an old game, perfected before many of today's players were even born.

"It's been here since I came here," said Camden Police Lt. Frank Cook, a 22-year veteran, as he sat in his patrol car recently. "It's pervasive; especially heroin."

Police have successfully squashed the drug trade on corners such as this. But, inevitably, it pops up somewhere else.

Camden Police Capt. Joe Richardson estimated that the city had about 4,000 dealers, baggers, cutters and lookouts making money off the drug trade.

"We're outnumbered 10-1," he said. "It's a multimillion-dollar-a-year business."

North Camden used to be controlled by the Sons of Malcolm X, a mostly black street gang. The gang's two leaders, Kevin Money and Jose Perez, now reside just a few blocks away, at Riverfront State Prison. Their territory has changed hands to a mostly Hispanic crew.

No matter who owns the corners, Fifth and Grant remains prime real estate, a short walk from Rutgers-Camden and the Tweeter Center, and an even shorter drive from the Ben Franklin Bridge and several of the region's major highways.

The advent of fentanyl and its inherent dangers hasn't hurt business. In fact, selling lethal heroin has proven a great strategy for attracting addicts looking for the strongest dope.

"It's remarkable to me, it's totally counterintuitive. You would think when bodies start to fall... it would scare users off. Instead, it draws people in," said Acting Camden County Prosecutor James P. Lynch. "We've done a fair amount of publicity to warn people off... . We're starting to rethink that strategy now because it seems to enhance traffic."

And, as addiction psychiatrist Ken Hoffman said, "The difference between death and euphoria is a really fine line."

Despite the appeal of fentanyl's high, the fear of crossing that line appears to have driven some addicts to try, at least, to get clean. Matthew Sabo, a 45-year-old recovering addict from Gloucester City, said the number of people attending his Broadway methadone clinic had gone up by one-third.

"We had a doctor telling us that fentanyl was 150 times more powerful than heroin... . People don't want to die," he said. "It's nothing but trouble. Every day, somebody ODs out there. The whole town is infested."

Some authorities think the fentanyl problem is far larger than reported. They say an untold number of people overdose but survive without medical attention.

In the medical profession, fentanyl is most commonly described as being 80 times as powerful as morphine. The experts say 125 micrograms - the equivalent of three grains of salt - can be lethal.

"It doesn't take much of this drug to get you into trouble," said Hoffman, who works at the federal Substance Abuse and Mental Health Services Administration. "It can paralyze your chest wall so that you still have a pulse, but you can't breathe."

That's what would have happened to Samantha Bender and the others who have died from the killer heroin.

Yameralis Sanchez, 16, lives a few houses from where Bender died. She saw Bender going into the vacant house and tried to warn her.

"She looked at us like, 'It's not your house.' "

The sight of a "pretty white girl" using an abandoned home as a shooting gallery wasn't out of place, either.

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"They are always whites, every day. They still use it," Sanchez said. "I lose count... . I see about 30 to 40 a day. I don't know how many use it after I go to bed."

Mixed with heroin abroad

Daley's HIDTA task force has been coordinating fentanyl intelligence for the region, but most investigators believe that the painkiller is being made and mixed with heroin in foreign countries, at the upper levels of the supply chain. In fact, federal agents busted an illicit lab in Mexico last month, but the fentanyl deaths have continued.

There are at least a dozen home methods for synthesizing illicit fentanyl, including one posted on the Internet by someone claiming to be an organic chemist. One of the essential chemicals for making fentanyl remains unregulated - and can be legally purchased by anyone. The Drug Enforcement Administration is trying to have it listed as a controlled precursor chemical, Daley said.

As for why the fentanyl is being added to heroin, the theories abound "but we can't put any credence in any of them yet," Daley said.

That leaves local police with traditional tactics to fight the epidemic - busting dealers and scaring off users. After decades of the drug war, veteran investigators have reasonable expectations.

"There are some people you could lock up a thousand times... . As soon as they're released from processing, they go right back. You can't beat that," said Capt. Joe Bowen of the Camden County Prosecutor's Office. "You'll see everything: juveniles, mothers with children. If you stop 25 percent from coming back, that's the goal. You'd like to do 100 percent, but that's not realistic."

Still, police in Camden have been out on the streets, fighting hard to stem the fentanyl tide. In particular, they have targeted Fifth and Grant with three "reversals" - sting operations in which undercover officers pose as drug dealers to arrest addicts.

In the first sting, they netted 102 people in about five hours, many in the morning hours when addicts need a fix to stave off sickness from withdrawal. Then, on consecutive days last month, they arrested 91 more people at Fifth and Grant.

To begin one of the reversals, officers took control of the corner by arriving in huge numbers, clogging the intersection with their SUVs and allowing a K-9 dog to roam on a leash. They stood there chatting and joking, until there could be no mistake that the corner belonged to them for the day. Then, they disappeared.

Officers wearing baggy jeans and T-shirts, baseball caps sitting sideways on their heads, huge gold chains dangling from their necks, took positions at the corner. A few minutes later, about 9:30 a.m., a white man wandered up and asked for six bags.

Those arrested were taken to a garage at the Delaware River Port Authority building, at the foot of the Ben Franklin Bridge, where they were photographed and fingerprinted. In a matter of minutes, they left with a court summons. The process amounted to a minor, embarrassing inconvenience for the addicts, but it gave police a chance to discourage them from going back to the corners.

Bowen, a reflective 23-year veteran who helped lock up many of the Sons of Malcolm X, approached a jittery Tara Marrollo in the DRPA garage. Her arms and hands were covered in scars. She admitted to shooting up as a tear mingled with the sweat on her face.

"I just can't stop," she said desperately. At 42, she has been using for 10 years after getting addicted to pain pills. She said she used two to three bags a day, and said she was unconcerned about a lethal shot of fentanyl.

"At this point in my life, I don't care," she said. "If I go to sleep and don't wake up, it doesn't matter."

Bowen warned her not to go back to Fifth and Grant, knowing her plans for the rest of the day.

"I'm going to go back out there and try to get another bag," she said matter-of-factly. "You have to have it to make yourself well."

As Marrollo talked, officers processed two teenage girls. One had just finished high school. The girls arrived at Fifth and Grant in a car with soaped windows, trumpeting the graduation.

After Marrollo leaves, Bowen stops them.

"You know what she said?" he asks the girls, gesturing toward Marrollo. " 'I used to be just like them.' "

Bowen chats with them, asking questions about their lives, offering Marrollo's as a cautionary tale. But the girls remain defiant.

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"I'm not going to end up like her," says Tara Baker, a 19-year-old from Salem County. "We're not stupid."

"I've been doing this for a long time, girls," Bowen says, finally. "And they don't get much older than that."

'Dealers have no mercy'

Samantha Bender's time came to an end on April 27, four days after her birthday. Her mother figures that she took the 402 bus, leaving Gibbstown at 10:20 a.m. She was pronounced dead at 1:45 p.m.

Lanzetta said her daughter had been taking painkillers after a car accident. She said Samantha hated needles, hated heroin, hated addicts. She blamed the guy she was with. She struggled to make sense of her daughter's death.

"Parents, pay attention to what your children are doing. Be aware. This is no joke. Drug dealers have no mercy... . That first and only time will kill you," she said. "I pray some good comes of this."

At Fifth and Grant, no good has come. Despite the fentanyl scare, the 200 arrests and the death of Samantha Bender, the corner thrives.

"I'm on my way to get some now," said Joseph D., a 29-year-old from Philadelphia, as he headed toward Fifth and Grant. He would not give his full name.

"Actually, people are trying to find it because it f-s you up. Dope ain't what it used to be. They know it's got fentanyl," he said. "I come to Camden because it's good, because the bags are bigger and better."

Meth Crackdown In Southwest Michigan Shows Results (AP)

AP, July 9, 2006

KALAMAZOO, Mich. (AP) — An effort to fight the production and use of methamphetamine in southwest Michigan has paid off, the U.S. attorney's office says, but officials are concerned that drug makers could relocate.

During the past seven months, the U.S. Drug Enforcement Administration has assisted Kalamazoo-area law enforcement in the crackdown.

Thirty-five people were arrested, seven methamphetamine labs were seized and marijuana, cocaine, heroin and meth were confiscated. In one seizure last week, police confiscated more than 50 firearms.

Meth — a highly addictive drug — can be made with common household products, including cold medicine that has pseudoephedrine. It's a growing problem in many parts of Michigan and in several other states.

Kalamazoo County's meth lab seizures dropped to 30 this year from 115 in 2005. Barry County had one seizure, down from 11 last year, the Kalamazoo Gazette reported. Calhoun County also had fewer meth cases, prosecutor John Hallacy told the Battle Creek Enquirer.

But Margaret Chiara, U.S. attorney for the Western District of Michigan, said she is worried that the manufacture of the drug might move to other areas following the crackdown in the Kalamazoo area.

"I have enormous concern for the rest of Michigan," Chiara said.

The special operation involved the Michigan State Police as well as local prosecutors and law enforcement. Police declined to provide specifics about those arrested and the locations of the labs.

Local law enforcement officials said they also have made an effort to increase education outreach to teachers, day-care centers and residents so others can recognize production in their communities.

DEA, Local Police Complete Seventh-month Probe (SJ)

By Corky Emrick

Sturgis Journal, July 8, 2006

KALAMAZOO — A seven-month investigation spearheaded by the Drug Enforcement Administration, United States Attorney General's Office and many local police agencies was the focus of a special press conference held Friday in Kalamazoo.

“Law enforcement has a tradition of working collaboratively to more effectively protect those who live and work in western Michigan,” said United States Attorney Margaret Chiara.

Last week, special agents from the DEA and members of the St. Joseph Area Narcotics Unit and Three Rivers Police Department spent one day following up on leads and tips for suspected methampthetamine dealers and users.

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"The cooperation that we had in our county was something that I've never seen before," said Dave Alli of SCAN. "We basically quadrupled the size of our unit. It put the meth community on notice, those making meth, those selling meth were shocked that we're able to bring in federal agents, state and local police together at an hour's notice."

The seven-month investigation covered most of southwest Michigan and included the counties of St. Joseph, Cass, Barry, Kalamazoo, Allegan and Van Buren.

The DEA from its Detroit office mobilized a seven-person mobile enforcement team, or MET, to help with the cooperative effort.

"The MET deployments are designed to have an immediate and positive impact on the quality of life for our local residents plagued by these drug organizations blatant disregard for public safety," said Robert Corso, a DEA Detroit special agent.

MET is designed to help state and local authorities to combat drug problems.

"We come in and take them out, it's as simple as that," Corso said. "We're kind of like exterminators that target a specific type of pest."

Corso said the DEA has been monitoring the meth activity in southwest Michigan for some time.

"The negative impact that meth has had on this community along with communities around the country is devastating," Corso said. "Meth dealers set up shop in residential buildings, motels and agricultural-rural areas. Most often, the innocent victims are children."

Corso said he wanted to send a clear message to those who manufacture meth.

"We will not tolerate that habit brought to our communities and we will not stop until you are personally unable to enjoy the freedom and beauty these communities have to offer," Corso said. "The drug war is not over. We are out there every day doing what we do best."

Will the DEA return in another joint effort?

"Absolutely we'll come back," he said. "I just won't tell you when."

In the seven-month operation, there were 31 arrests, 16 federal indictments and five meth labs uncovered, officials said.

Last week, two more labs were found. Six people were arrested and officers seized 50 guns.

Police also closed down a major cocaine operation in Albion that resulted in six arrests, they said.

Corso said there has been a decrease in meth labs, but that they are now seeing more meth imported from south of the border using existing marijuana and cocaine trails.

"Most of the labs we are seeing now are Beavis and Butt-Head labs," Corso said.

Meth Labs Seized During Seven-month Probe (BCE)

Battle Creek Enquirer, July 8, 2006

KALAMAZOO — Thirty-five people were arrested and seven methamphetamine labs seized during a seven-month undercover investigation in South Central Michigan, officials announced Friday.

"We haven't stopped it, but at least (we) put a temporary halt on the spreading menace of methamphetamine," Margaret Chiara, United States attorney for the western district of Michigan, told reporters.

Chiara and several federal, state and local law enforcement officials said the undercover operation was run by the Detroit-based Drug Enforcement Agency Mobile Enforcement Team.

The operation also involved the Michigan State Police and local prosecutors and law enforcement from the counties of Calhoun, Kalamazoo, Barry, Cass, Van Buren and St. Joseph. Officials praised the cooperative effort.

The investigation included the arrest of six people in Albion on charges of distribution of cocaine after officers from the Albion Department of Public Safety developed information on a distribution system of that drug. They were aided by agents from the DEA, according to ADPS Lt. Scott Kipp.

"We have had several raids in the last three or four months," Kipp said. Police still are looking for JonTaj Rolann Wallace, 30, described as a supplier of cocaine in the Albion area.

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While the same people don't use and distribute meth and cocaine, DEA targeted those allegedly involved in the Albion cocaine trade and agreed to help police as part of the bigger investigation, said Andrew Eiseman, group supervisor of the DEA Mobile Enforcement Team that conducted the investigation.

The concept of the DEA MET, organized more than 10 years ago, is to send federal officers to areas of the country to help combat drug trafficking, officials said.

They said the investigations are continuing and did not provide specific details of those arrested or the locations of the meth labs. But Lt. Wayne Edington of the Michigan State Police Southwest Enforcement Team said one of the meth labs seized last week was in Athens. He said arrests are pending in that case.

Calhoun County Prosecutor John Hallacy said there remain fewer numbers of meth cases in the county than in several counties like Kalamazoo and Van Buren.

"We have just not seen that huge tidal wave," Hallacy said.

The most recent numbers show Hallacy's office issued 42 counts in 2005 in meth-related cases, compared with 48 in 2004.

Several officials from other counties said their numbers have dropped in 2006. They pointed to a Michigan law enacted this year requiring that all cold medicine containing ephedrine or pseudoephedrine — ingredients used to make meth — only be sold to people 18 years of age or older with a photo identification.

Edington also pointed to a strong education effort by county law enforcement and the Substance Abuse Council as helping curtail the spread of the drug.

Robert L. Corso, special agent in charge of the DEA's Detroit office, said most of the meth labs are small and the drugs are for personal use or distributed to a small group of people. But he said the toxic waste produced during the manufacture of the drug is especially harmful to people and the environment.

"It's dangerous for all living things," Chiara added, "including Mother Nature."

Eiseman said he and six DEA agents worked on the cases and estimated the cost to the agency at $200,000.

METH Inc.: The Route To Minnesota (ST)

By Paul McEnroe

Star Tribune, July 10, 2006

In the eyes of the federal agents who secretly watched him, Alberto Zatarain was a drug dealer who made all the right moves.In the eyes of the federal agents who secretly watched him, Alberto Zatarain was a drug dealer who made all the right moves.

He had at least three aliases. He switched cell phones every month and drove ugly old cars to avoid notice. After dark, he holed up and watched TV inside a rented matchbox house in Richfield that rattled from low-flying jets. No clubs, no parties, no women.

And every few months, when another runner came up from Mexico, Zatarain handed off suitcases of cash -- profits from a booming business that stretched from metro suburbs to farm towns in the Red River Valley to Fargo.

He was selling methamphetamine, and demand never let up.

Operating a network of stash houses from Richfield to Brooklyn Park, and often delivering meth hidden inside jars of instant coffee to customers, Zatarain and his band of couriers at times in recent years reeled in $250,000 a month.

"He controlled Minnesota and North Dakota," a federal drug-enforcement agent said.

Zatarain, 23, wasn't an independent operator. He was a point man for a shadowy, cunning cartel in Mexico that federal authorities say now dominates the illicit meth trade besieging Minnesota and the Midwest.

The cartel, rooted in Mexico's Sinaloa region, is producing a highly addictive form of the drug in large clandestine labs south of the border, then shipping stockpiles of it here to dealers such as Zatarain through a cross-country smuggling system.

But his success made him careless. Today, Zatarain is in the Sherburne County jail, convicted on federal drug-conspiracy charges, sentenced to 15 years, and awaiting transfer to federal prison. He is one of only a few large-scale meth dealers in Minnesota with ties to the Sinaloa cartel to get caught in recent years.

Court documents obtained by the Star Tribune, along with interviews with federal agents and attorneys involved in Zatarain's case, illustrate in detail how he operated before his organization unraveled. Zatarain also pleaded guilty last month to a second set of drug charges, from deals he allegedly tried to make in the past year while behind bars.

The cartel, meanwhile, is still flourishing, undeterred by his arrest and apparently capitalizing on a new state law that's wiping out the small-time meth producers once prevalent in Minnesota. The law restricts the sale of cold medicines that contain a chemical commonly used to process the drug.

Federal authorities say Mexican cartels now control at least 80 percent of the meth sold in Minnesota and are filling the supply void being created by the demise of mom-and-pop dealers. The cartels are ever more responsible for a drug scourge costing the state several hundred million dollars a year.

Federal agents say that Zatarain's case, in which nearly a dozen others with ties to the cartel also were prosecuted, has shed new light on how the Sinaloa cartel works. But not enough to shut it down.

Midway through this year, a Drug Enforcement Administration task force fighting the meth trade in Minnesota is on a pace to confiscate more cartel shipments here than ever. Last year, the task force seized nearly 50 kilos (1 kilo is 2.2 pounds) of the drug. Already this year, nearly 40 kilos have been seized.

Tom Kelly, the head of the DEA's office in Minneapolis, said the cartel's reach is enormous. "You can't stop it at the border of Minnesota," he said. "It's a constant uphill battle."

El Grande kept calling. His real name was Emilio Flores, and he was a cartel connection in Denver, a regional hub for heroin and meth on its way to Minnesota from Mexico. He wanted Zatarain, nicknamed Beto, to stay in the Twin Cities for the winter.

Normally, to keep a low profile, the cartel rotated its distributors in and out of the metro area every few months. But business was too good for Zatarain to return home to Tepic, a city in western Mexico where the cartel has roots.

El Grande and Zatarain, federal agents listening in on wiretaps soon would learn, spent a lot of time on the phone, often talking in code about selling meth -- which is also known on the street as crystal, glass or ice.

Since 2002, Zatarain had worked throughout the Twin Cities for the cartel. Initially, he sold heroin. But it was impossible to ignore the shift in consumer demand for meth -- especially in the suburbs, where authorities say it now ranks alongside cocaine and marijuana as a drug of choice.

For every sale of heroin, DEA agents estimated, Zatarain could make 10 sales of meth. The difference could mean thousands of dollars. By mid-2004, meth, selling sometimes at $12,000 a pound, had become the focus of Zatarain's operation for the cartel.

Assistant U.S. Attorney Andrew Dunne, the head of the Minnesota office's narcotics section, said that the meth pouring into the state from Mexico has become the focus of law enforcement officials, too.

"It is the number one drug threat facing federal drug prosecutors and agents in the Midwest," Dunne said.

The cartel to which Zatarain reported, law enforcement officials say, studied the exploding demand for meth in Minnesota and the Midwest and created a sophisticated business plan to capitalize on it. In many ways, authorities say, the cartel's tactics resemble how a corporation enters an international market.

"The cartel is run like a regular business and set up like a Fortune 500 company," Kelly said. "It has people who work on the transportation side, the finance side, the communications side, and they all work in concert to move a product to where the demand is very high."

Far from the reach of the DEA, the cartel first built labs in Mexico capable of large-scale production. To get great quantities of the drug made quickly, federal investigators say, the cartel also illegally began importing tons of ephedrine, a key ingredient in meth, from India and China. One lab in Mexico soon could produce as much as 50 pounds of meth a week.

By contrast, homemade meth labs in Minnesota -- whose numbers have plummeted since the state restricted the sale of cold medicines last year -- produce only a small fraction of that amount in a week.

To get meth to the Midwest, the cartel began using underground distribution networks that had been set up to smuggle Colombian cocaine, Mexican heroin and marijuana across the border, federal investigators say. Los Angeles, San Diego and Phoenix became major distribution hubs for cartel-made meth.

Shipments of the drug usually reach Minnesota from the Southwest via interstate highways, in cars or trucks with secret storage compartments that cartel couriers constantly change to try to stay one step ahead of state troopers who are getting intensive new training on their smuggling tactics.

Kelly, who spent time working for the DEA in the Southwest, said it has been nearly impossible to stop smuggling along the border there.

"They send five cars through at one time, and if one gets caught it doesn't matter because the rest got through, and they're on the way north," he said.

In May, Attorney General Alberto Gonzales announced a partnership with Mexico to fight meth trafficking. The DEA and Mexico plan to form special investigative teams along the border and compile a most-wanted list of meth traffickers.

Dunne said federal prosecutions of meth cases in Minnesota are soaring. In the past five years, those cases have more than doubled -- from 43 to 104.

But, he said, "We are only catching the tip of the iceberg of the methamphetamine that is coming into Minnesota from Mexico."

Catching Zatarain took three years.

In 2002, the DEA's task force in Minneapolis heard of a heroin dealer in Minneapolis whose name had been mentioned on a federal wiretap in Denver. The dealer was called "Beto," and he was being supplied in part from Denver by Flores, the guy nicknamed El Grande, who was also later convicted on drug charges.

But the DEA didn't figure out who "Beto" was until the spring of 2004. Through an informant, federal agents learned that Zatarain had gone home to Mexico, but was expected to return soon to the Twin Cities.

"We found that Beto was taking his turn in the rotation," a former task force member on the investigation said. "They came up in teams and stayed for a few months. Everybody was expected to do their time. If you wanted the good life back in Mexico, you had to come north and take your turn."

Federal investigators say Zatarain was making so much money that even as he was sending his receipts to the cartel he was also wiring cash home to his family -- never under his name -- and was planning to buy a ranch in Mexico.

In the fall of 2004, after reviewing the DEA's emerging investigation into drug cartels, U.S. District Judge James Rosenbaum authorized the agency's request to use wiretaps in the hope of penetrating Zatarain's organization. The DEA task force soon realized it was not just pursuing a heroin case. It was on to what would become one of its most far-reaching meth probes.

By eavesdropping on Zatarain's calls, federal agents began learning his codes. When he talked about women, he was really talking about drugs. When he spoke of his "black girl," that meant he was moving black-tar heroin. Talk of "white girls" meant meth. References to the hassle of a broken window was another way of talking about "glass," slang for meth.

Heeding tips from traffickers who had come to the Twin Cities before him, Zatarain changed his cell phone every month and switched used cars about as often. He seldom moved drugs at night, reasoning that there were more police on the streets.

Once, when Zatarain's runners sensed they were being tailed -- and they were -- they simply drove off the freeway, got a hotel room along the Bloomington strip, and holed up for a few days.

On wiretapped phone lines, federal investigators say, Zatarain bragged about the vehicles he used for trafficking. They were outfitted with secret compartments that he said could get anything across the border unnoticed.

But he worried, too. Fearing detection from drug-detecting dogs that police often use on roadside stops of suspicious vehicles, Zatarain and his collaborators went so far as to put anti-freeze inside the plastic bolt that holds spare tires in the trunks of cars -- because they knew the odor throws off a dog's scent.

After spending thousands of hours listening to wiretapped conversations and conducting surveillance all the way from Lake Street in Minneapolis to the Red River Valley, the DEA was eager to learn whether Zatarain could, on short notice, deliver a large quantity of meth.

In January 2005, a Hennepin County Sheriff's deputy, working undercover, rang Zatarain's cell phone and placed an order. It was a call the DEA hoped would lead them to Mexico -- and his drug bosses.

According to court documents, Zatarain took the undercover officer's call and promised to deliver in two hours.

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Then Zatarain called one of his meth couriers in Brooklyn Park. DEA surveillance teams tailed the courier to Zatarain's new apartment at 630 Quincy Avenue in northeast Minneapolis. There, other agents watched the apartment.

Close to noon, Zatarain left and drove to sell a half-pound of meth, as promised, to the undercover officer. He delivered it inside a jar of instant coffee, but he was not immediately arrested.

DEA agents soon learned Zatarain could deal almost 20 pounds of meth a month. But they heard nothing about his bosses.

By that time, as his business was peaking, Zatarain had begun breaking most of his own rules -- and his operation began to fall apart. He started working deals at night. Instead of buying a new cell every month, he would wait two.

"It became self-defeating," one investigator on the case said. "While he bought a new cell to avoid detection, he gave his old phones to his associates rather than rotating everybody's phones."

Agents simply listened in on the old phones to get Zatarain's new number.

Once, thinking he was on a secure line, he told someone not to call him Beto. Instead, he said, call him "Johnny." Agents wrote down his new street name.

T hree days after buying a half-pound of crystal meth from Zatarain, federal agents broke down his apartment door. It was dawn, and he and two other men were there sleeping. They acted bewildered, as if the agents had targeted the wrong men.

"They had their game faces on," one of the agents on the task force said. "They weren't going to concede anything."

Agents wanted Zatarain to identify his bosses in Mexico. They offered the standard deal -- less prison time if he gave them names.

They met with Zatarain three times as he sat with his federal public defender, Kevin O'Brien. Finally, Zatarain gave information to the DEA and the U.S. Attorney's office in Minneapolis about cartel operatives in Denver and Indianapolis, O'Brien said. Zatarain provided names, methods of operation, routes, and information about how the cartel recruited distributors.

And there his disclosures stopped. He would not identify the bosses who directed the operations. To do so would mean his family could be killed in retribution, Zatarain told DEA agents.

"My argument was that he was being manipulated by much bigger forces back in Mexico," O'Brien said. "He was very engaging, very bright, good-looking. He'd be successful in any business. He was a drug dealer for a reason: he was very organized, kept track of customers and he delivered. But he was just one of these kids who is used as cannon fodder."

Federal investigators say Zatarain was an example of what they call a "cell-head" -- someone who has a family relationship within the cartel's organization back in Mexico. That way, they say, the cartel has more control over keeping its far-flung operatives from cooperating with authorities.

"You could tell he wanted to talk," an investigator said, "but the last line of defense the cartel in Mexico has over them is that if you do talk, some of your family is going to end up dead. And he still has family back there in Mexico."

Zatarain, protecting his widowed mother and siblings in Tepic, stayed silent and pleaded guilty to drug-conspiracy charges.

While in jail waiting to be sent to prison for 15 years, Zatarain talked on the phone to his brother, Julio. In recorded conversations, they spoke about trying to sell encyclopedias and other books.

But it became clear to federal agents that they were trying to sell more meth. A second investigation began.

In January, a year after his arrest, Zatarain was indicted along with Julio and two others for allegedly trying to sell 500 grams of meth. He pleaded guilty last month and is scheduled to be sentenced in August. Under federal law, he could serve as many as 10 more years.

Federal agents say shutting down Zatarain's operation was a big victory. But they also know the cartel for which he worked is still in business in Minnesota.

"In the DEA, we always ask ourselves if we dismantled or if we only disrupted an organization," an agent who worked on the Zatarain case said. "Did we dismantle this operation? No."

State Troopers Trained To Stop Different Kind Of Speed (AP)

AP, July 9, 2006

MINNEAPOLIS - A large contingent of Minnesota state troopers are leading the state's battle to stop the flow of methamphetamine into the state from the popular vacation state of Sinaloa in western Mexico.

Capt. David Graham, head of the State Patrol's investigative unit, says smugglers working for Mexican drug cartels are delivering millions of dollars worth of meth to Minnesota.

Drug Enforcement Administration and state authorities estimate that more than 100 pounds of meth produced and packaged by Mexican cartels arrives in Minnesota every month.

In the past six months, troopers have seized 25 pounds of meth - an illegal drug many users call "speed" - hidden in three vehicles.

"I shudder to think what we're missing," Graham said.

Trooper Jeff Sharpe and his colleagues recently went through a federally funded course dubbed Desert Snow, learning how to identify suspicious vehicles, conduct detailed roadside interviews, and detect signs that a vehicle has been altered with hidden storage compartments.

They learned that meth smugglers prefer nondescript compact cars that blend into highway traffic that's filled with giant semis and SUVs.

Now, Sharpe watches out for that kind of blandness.

In February, he stopped a tan Ford Contour after the driver cut off a semitrailer truck while changing lanes. According to police reports, the driver let Sharpe search the car and he noticed the molding above the glove compartment and dashboard appeared to have been cut from the trim.

He called for a patrol dog and the dog locked its nose on the dash area, where Sharpe found a hidden compartment containing about 10 pounds of packaged meth, with a street value of more than $1 million, police reports showed.

It was the largest single seizure of Mexican meth by authorities in Minnesota.

A trial date for the driver, Merced Guadalupe Bejar-Orta, is pending. His attorney is arguing that the search was illegal.

Nearly 90 of Minnesota's 425 troopers have gone through the program since last fall, along with 12 local officers who work for communities bordering the state's interstates.

They face a big job.

Federal authorities say Mexican cartels now control at least 80 percent of the meth sold in Minnesota and are filling the void created as small dealers are forced out of business by the new state law restricting the sale of cold medicines that contain pseudoephedrine or ephedrine, commonly used to process meth.

Authorities say the cartels have smuggled tons of pseudoephedrine and ephedrine into Mexico from China, India and eastern Europe to feed their super labs.

A DEA task force fighting the meth trade in Minnesota seized nearly 110 pounds of the drug last year. This year, the task force has already seized 88 pounds, officials told the Star Tribune.

Tom Kelly, head of the DEA's office in Minneapolis, said the reach of one large Sinaloa cartel, which is based in the city of Tepic, is huge.

"You can't stop it at the border of Minnesota," Kelly said. "It's a constant uphill battle."

Assistant U.S. Attorney Andrew Dunne, head of the Minnesota office's narcotics section, said meth is the number one drug threat facing federal drug prosecutors and agents in the Midwest.

In the past five years, federal prosecutions of meth cases in Minnesota have more than doubled, from 43 to 104, Dunne said.

But that's only a small percentage compared to the meth that comes in undetected, he said.

"We are only catching the tip of the iceberg of the methamphetamine that is coming into Minnesota from Mexico," Dunne said.

Mississippi Prison Meth Ring Busted (AP)

AP, July 8, 2006

DOJ_NMG_0038858

MAGEE - Federal prosecutors say five men, identified as members of the Aryan Brotherhood, have been charged with operating a methamphetamine ring that was directed from a Simpson County community work center in Magee.

The investigation started in 2004 when correctional officers heard through telephone monitoring and confidential informants about the ring, Mississippi Department of Corrections Commissioner Chris Epps said Thursday.

The scheme lasted about a year, authorities said.

Drug Enforcement Administration Special Agent in Charge Stephen Luzinski said several imprisoned members of the white-supremacist gang allegedly enlisted the assistance of former inmates and criminal co-conspirators outside of the prison to produce and distribute the drug.

Those arrested were Grady Brown, 36, incarcerated at the Central Mississippi Correctional facility in Pearl; Melanie Minton, 27, of Rankin County; Donald Harris, 28, of Meridian; Eric Pendergrass, 24, of Pearl; and Jessica Wade, 22, of Rankin County.

The U.S. Attorney's Office said they face federal charges of conspiracy to manufacture and distribute meth and possession with intent to manufacture meth.

Brown would arrange for hypophosphorous acid, which can be used to make meth, to be delivered to the work center, where Brown and Harris were assigned, officials said.

Prison Meth Ring Busted In Simpson Co. (MS)

Meridian Star, July 8, 2006

Donald Harris, 28, of Meridian, is one of five people charged with operating a methamphetamine ring directed from a Simpson County community work center in Magee.

Federal prosecutors also have identified the five men as members of the Aryan Brotherhood.

The investigation started in 2004 when correctional officers heard through telephone monitoring and confidential informants about the ring, Mississippi Department of Corrections Commissioner Chris Epps said Thursday.

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Local Officials Ask For Federal Help In Fight Against Meth (DRH)

By Pamela Dickman

Daily Reporter Herald, July 8, 2006

Every day, area prosecutors and law enforcement officers battle a "perfect storm" ravaging the community environmentally, socially, emotionally and criminally.

On Friday, a panel of local officials asked the federal government for help combating methamphetamine. One suggestion: Close the borders, cut off the source.

The highly addictive drug is taking over communities, tearing apart families, monopolizing law enforcement efforts, contributing to violent and property crimes and affecting employers, the said.

People involved in the battle — three district attorneys from Northern Colorado, a sheriff, a local drug task force commander, a county commissioner and the wife of a user who started support groups — acknowledged at a U.S. congressional hearing in Loveland on Friday that the problem and solution are complex.

Communities need treatment, prevention, intervention and more money to battle the drug, they said.

But communities also need help cutting off the source.

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In Colorado, the largest source is Mexico, said Lt. Craig Dodd, commander of the Larimer County Drug Task Force, Denver Drug Enforcement Administration Agent Jeffrey Sweetin and 13th Judicial District Attorney Bob Watson.

About 80 percent of the drug consumed in the state comes from Mexico, traveling up Interstate 25 then east and west on interstates 70 and 76. The statistic is based on a drop in small clandestine labs as well as information gleaned in specific investigations, the officials said.

Five witnesses — officers and prosecutors — all suggested that tighter border security is a necessary weapon in the battle.

However, Indiana Congressman Mark Souder — a Republican who attended the hearing with Colorado Congresswoman Marilyn Musgrave and who described the drug and its ripple effect as "a perfect storm" — questioned that assertion.

After visiting a southern Border Patrol post and seeing confiscated heroin and marijuana, he said he isn't sure.

"They're not getting any meth at the border," Souder said. "Why not?"

Is it, instead, coming from Canada? he asked. Are illegal immigrants carrying it to the United States as passage fare?

All local investigation, said Dodd, Sweetin and Weld County Sheriff John Cooke, points to it coming north from Mexico into Larimer and Weld counties. They could not say how it is getting past patrols, just that it is, and federal help is needed.

"We have to have border enforcement with all the drugs coming into our country," Musgrave agreed.

"I daresay we have to focus on our northern borders as well."

By the Numbers

Larimer County

• 85 percent of adult drug court offenders listed methamphetamine as their drug of choice in 2004.

• 28 percent of juvenile drug court offenders listed meth as their drug of choice in 2005.

• 0 — the number of juveniles who listed meth five years earlier.

• 52 children were placed out of their homes because of their parents' meth use in the first nine months of 2005.

• 256 meth-related child protection investigations occurred in the same period.

• 12.9 pounds of methamphetamine were seized by drug officers in 2005— almost double the amount in the two prior years.

Weld County

• 4 of the past five murders were meth-related.

• 50 percent of property crimes are linked to meth.

• 90 percent of forgeries are linked to meth.

• 183 children have mothers who, as inmates, participated in a Weld County Jail survey about meth.

Mesa County

• $3 million was saved by the building of a drug treatment facility instead of a new jail.

• $500,000 — the amount that will be saved each year in operations costs for the treatment facility as opposed to a jail.

Source: Witnesses at a congressional committee hearing held in Loveland

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News and information from Loveland, Colorado

Federal Funds Save Drug Task Force (JA)

Journal Advocate, July 8, 2006

LOVELAND - The heart of war on illegal drugs in the eastern Colorado plains was in danger because of to lack of funding. That all ended Friday with an announcement late in a congressional hearing held here.

Late in the Congressional Field Hearing on Meth Abuse in Northern Colorado, Rep. Marilyn Musgrave, R-Colo., said she has secured a direct appropriation funding for the Eastern Colorado Plains Drug Task Force for 2007.

The Amount, Musgrave said could be as much as $250,000 - similar to the amount awarded to local law enforcement from Weld and Larimer counties last year.

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"We have a responsibility to our communities to work toward a solution to this serious problem. The meth epidemic deserves our full attention because of the drug's destructive nature," Musgrave said.

Rep. Mark Souder, R-Ind., chairman of the House Subcommittee on Criminal Justice, Drug Policy and Human Resources said he has heard moving testimony on how methamphetamine has wreaked havoc on people and their families as he addressed the chambers in the Loveland Municipal Building.

"I have also learned about the many positive ways that communities have fought back, targeting the meth cooks and dealers, trying to get addicts into treatment and working to educate young people about the risk of meth abuse," Souder said.

Thirteenth Judicial District Attorney Bob Watson testified on the capabilities and limitations of law enforcement in his district - which is comprised of seven counties.

"We have 24 law enforcement agencies in the 13th judicial district. Some of those agencies are small and some do not have a 24-hour duty," Watson told the subcommittee.

Watson placed an emphasis on the district's drug task force and their accomplishments in the fight against drugs.

"We have put a lot of people behind bars and if we keep cutting the funding, the task force will cease to exist. It's a surrender on the war on drugs," Watson said.

Watson told the committee that his district has seen a decrease on local "mom and pop" meth labs because of the effort and cooperation from the seven counties through the drug task force.

"We have to stop this epidemic and people need to come together," Watson said, adding that one of the goals is to be ready for the next drug craze.

"This is a fine showing that federal, state and local governments came together to fight a problem," ECPDTF Commander Jeff Annis said shortly after the announcement.

"I personally thank Bob Watson for testifying in front of the committee in an effort to secure the money for us," Annis added.

"A great deal of credit goes to Watson, Musgrave and her staff who all went out to bat for us to get us funding," Logan County Sheriff's Office Lt. Walt Page said. "Without the funding, I foresaw the task force gone, which is a terrible shame."

Drug Enforcement Administration Denver Field Division Special Agent in Charge Jeffrey Sweetin testified that 80 percent of the methamphetamine used in the U.S. comes from larger labs - the agency calls super labs - which are increasingly found in Mexico.

"Most methamphetamine is produced by Mexico-based and California-based drug trafficking organizations," Sweetin said, citing that the increase of outside meth was mainly due to law enforcement's aggressive attack on small labs, which are found mostly in rural areas.

Congressional witnesses like Larimer County Drug Task Force Commander Craig Todd described to the committee the impact of the drug in his jurisdiction with increases in violent crime, property crime and identity theft.

"Meth is the primary drug threat to this state and it is readily available in most population centers. Most methamphetamine available in Colorado is produced by Mexican cartels and criminal groups in California and Arizona," 8th Judicial District Attorney Larry Abrahamsom said.

From a non-law enforcement side, the committee heard testimony from Donita Davenport who described how her life was touched dealing with her husband's addiction and his journey to rehabilitation.

Davenport said that her husband's addiction cost them two homes as well as their hard-earned money.

She asked the committee to focus on education the public on the effects of the drug to families and communities.

With the support of each jurisdiction, the ECPDTF are able to cross jurisdictional lines in pursuit of the fight against methamphetamine and other illegal drugs.

"This funding is extremely helpful to us. I have worked with Rep. Musgrave regarding the funding from the time I went to meet with her last February in Washington DC. She has tremendously supported law enforcement," Watson said.

Plans for a regional treatment facility were also laid out which Watson said would happen in the near future.

A board of directors is already in place and is awaiting Gov. Bill Owens appointment for Watson to be the district attorney to represent the facility.

"It's cheaper in the long run to send people to treatment in comparison to incarceration," Watson said.

DOJ_NMG_0038861

Cranberry Couple Enters Guilty Plea In Meth Case (PPG)

Pittsburgh Post-Gazette, July 8, 2006

A husband and wife from Cranberry pleaded guilty in federal court yesterday to conspiring to make methamphetamine.

Brian and Christy McKenzie were charged after agents with the U.S. Drug Enforcement Administration rummaged through their trash at the Forest Park Trailer Court where they lived in July 2005.

According to Assistant U.S. Attorney Gregory J. Nescott, the agents got a tip that the McKenzies were making methamphetamine in their Laurel Drive home.

A search warrant revealed other chemicals used in the manufacturing process and an Internet printout that gave directions, Mr. Nescott said.

Mr. McKenzie, 38, pleaded guilty to one count of conspiracy to make less than 5 grams of methamphetamine and one count of possession of a firearm by a convicted felon. Mrs. McKenzie, 30, also pleaded guilty to conspiracy and to one count of possession of acetone, a chemical used to make the drug.

Sentencing is set for Nov. 17.

Briefs (PTR)

Pittsburgh Tribune-Review, July 10, 2006

Man gets prison in attack on witness

A case of retaliation against a witness has ended with a New Brighton, Beaver County, man being sentenced to more than eight years in prison.

Virgil Wolfe, 25, of Circle Street, was found guilty April 12 of attacking a Beaver County man who provided information in a federal narcotics investigation, the U.S. Attorney's office in Pittsburgh said.

The federal Drug Enforcement Administration and state, Beaver County and New Brighton police investigated the case, in which another man, John Wolfe, was also convicted. Virgil Wolfe faces three years of supervised release following his 100-month prison term, according to U.S. District Court Judge Alan N. Bloch's sentence.

Defendant To Go Before Federal Judge (REP)

Reporter, July 8, 2006

Described as a regional drug kingpin by the Drug Enforcement Administration, a Fairfield man will return to federal court in Sacramento on July 18.

Defendant Eduardo Nunez Pichardo of Fairfield - also known as Eddie Nunez - is scheduled to appear for a status conference at 9:30 a.m. July 18 in the courtroom of federal magistrate Lawrence K. Karlton.

Pichardo, 32, was arrested by DEA agents - assisted by Fairfield and Vacaville police - June 21 on suspicion of distribution and conspiracy to distribute cocaine and methamphetamine. According to the DEA, the arrest culminated a seven-year investigation into drug trafficking that stretched from Northern California to Arizona and Alabama.

Pichardo tentatively had been approved for release June 29 on $1 million bond secured by real property. The order, however, later was taken under submission by the court and Pichardo remains in federal custody pending the bond.

Ex-prosecutor Faces New Ethics Probe (TC)

By A.J. FLICK

Tucson Citizen, July 7, 2006

A former Pima County prosecutor is accused of lying to federal agents and violating terms of a plea agreement involving her ex-fiance, a former eye surgeon recently convicted of ordering the death of a colleague.

The accusations are made in an amended complaint filed last week by the State Bar of Arizona against Lourdes Lopez. The complaint is the basis for possible disciplinary action, up to disbarment.

According to the complaint, Lopez committed ethical violations by lying to federal Drug Enforcement Administration agents in October 2001 about illegal prescriptions she obtained for Dr. Bradley Alan Schwartz and continuing to have contact with him despite a court order.

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Lopez, who is now in private practice, resigned from the Pima County Attorney's Office shortly before she was indicted for the drug allegations in 2002.

A federal charge against Lopez was dismissed with prejudice, meaning it can never be refiled, after her attorney, Rafael Gallego, told the court she had complied with all terms of her plea agreement, the complaint says.

The allegations of lying will not result in any new federal charges against Lopez, said Ann Harwood, spokeswoman for the U.S. Attorney's Office in Phoenix.

Schwartz also entered into a plea deal that would have wiped away his federal charge in December 2004. His October 2004 arrest and his conviction in May for the murder of Dr. Brian Stidham violate terms of the plea, Harwood said, but prosecutors will not pursue the matter because Schwartz was sentenced to life in prison for conspiracy to commit murder.

Lopez's Bar complaint will be forwarded to an internal panelist to decide whether she committed the violations and whether sanctions, which range from censure to disbarment, are warranted.

Lopez did not return a call seeking comment. Gallego said he would consult with Lopez before commenting.

Leaders Of Marijuana-friendly Church Face Charges (AP)

AP, July 10, 2006

TUCSON, Ariz. Every church worships in their own unique way.But what about a church whose members deify and use marijuana as part of their fath?The Church of Cognizance has been in Pima, Arizona since 1991. Until recently, they smoked, ate or drank marijuana daily as a way of becoming more spiritually enlightened.That was until federal authorities charged them wi th possessing 172 pounds of their leafy green sacrament earlier this year.And now, church founders Dan and Mary Quaintance face added conspiracy charges and up to 40 years each in prison in a case they call religious persecution.The couple is scheduled to go on trial in Las Cruces, New Mexico on July 18th, though defense lawyers are asking for a delay.Church leaders say they have 72 monasteries located in members' homes nationwide and have a simple motto. That motto _ "With good thoughts, good words and good deeds, we honor marijuana; as the teacher, the provider, the protector."

Information from: Arizona Daily Star

S. Arizona Couple Face Prison For What They Say Is Religious Use Of Marijuana (ADS)

Arizona Daily Star, July 9, 2006

PIMA — The Church of Cognizance, which has quietly operated here since 1991, has an unusual tenet — its worshippers deify and use marijuana as part of their faith.

Until federal authorities charged them with possessing 172 pounds of their leafy green sacrament earlier this year, church founders Dan and Mary Quaintance say they smoked, ate or drank marijuana daily as a way of becoming more spiritually enlightened.

But now, with added conspiracy charges, the Quaintances face up to 40 years each in prison in a case they call religious persecution.

Federal prosecutors say religious freedom does not exempt the use of illegal drugs. The Quaintances say it does. They also say a recent U.S. Supreme Court decision allowing a religious group's use of a hallucinogenic tea containing a federally banned substance should nullify the charges against them.

The couple is scheduled to go on trial in Las Cruces, N.M., on July 18, though defense lawyers are asking for a delay.

"They have a bona fide religion and the only marijuana they utilize is for the practice of their religion," said Mary Quaintance's attorney, Mario A. Esparza. "Our Constitution in the United States guarantees that freedom of religion, and the Quaintances are being punished for the very thing the Constitu- tion stands for.

"They did not distribute to anyone outside of the church and they never profited from it," Esparza said.

The Church of Cognizance, which leaders say has 72 monasteries located in members' homes nationwide, has a simple motto: "With good thoughts, good words and good deeds, we honor marijuana; as the teacher, the provider, the protector."

Dan Quaintance, 54, says the church has 40 to 50 members in Arizona, but cannot estimate how many there are nationwide. Leaders say members must be 18 to join, and he says the average age of worshippers in Arizona is 35. Dan, who preaches at weddings and funerals of church members, says the church does not sell its sacrament or proselytize.

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"Laws exist to protect people from injury and we've injured nobody," said Dan Quaintance, an Iowa native, Vietnam veteran and retired welder who identifies himself as his church's "chief cognoscente."

"Marijuana is the averter of death," he said. "The energy and spirit that is in marijuana is God. You consume the plant and you consume God. You are sacrificing your body to the deity."

The Quaintances were arrested Feb. 22 in Lordsburg, N.M., just seven days before the U.S. Supreme Court ruled unanimously that a small religious group based in Santa Fe that combines Christianity and American Indian practices could use hallucinogenic tea in its ceremonies. The tea, called hoasca, contains dimethyltryptamine, or DMT, known for its hallucinogenic properties.

A variety of religious groups representing millions of members filed briefs supporting O Centro Espirita Beneficiente Uniao Do Vegetal, or UDV, and its use of hoasca — among them the Arizona Civil Liberties Union, the U.S. Conference of Catholic Bishops, the National Association of Evangelicals and the Union for Reform Judaism. Some supporters likened banning the tea to a federal ban on sacramental wine.

Graham County Sheriff Frank Hughes says that in his 10 years on the job, he's never had a complaint about the Quaintances, who live in a small rectangular home in the sparsely populated rural community of Pima, about 90 miles northeast of Tucson.

Their home sits on a four-acre property that's dotted with old vehicles. Alongside their house is a wall made out of tires, which the Quaintances say eventually will form the boundary of an outdoor chapel.

The couple's 31-year-old daughter, Zina; her husband, Tim; and their three children have a home on the property, as do the Quaintances' 28-year-old son, Dennis, and his wife, Vanessa, and their son.

Their home bears no resemblance to a traditional church, inside or out. Yet the Quaintances call it a monastery and are adamant that the church they founded together is a sincere, legitimate faith — on par with any mainstream religious denomination.

A tapestry of Bob Marley smoking a large joint decorates the front hallway, and inside, the couple has a few handmade pipes, some of which have won ribbons in the glazing division of the Graham County Fair. Most of their pipes and other sacramental accessories were seized when authorities searched their home March 3, they say.

The Quaintances do not grow their sacrament but, rather, say they rely on donations of it, which they pick up from church "couriers." That's what they say they were about to do when they were arrested.

They smoke the marijuana or sometimes blend it into a milk-like drink, saying it helps them to become more enlightened and in tune with the universe. Until they were arrested, the Quaintances say they'd smoked or ingested the plant every day of their 33-year marriage, even before they formed their church. Both were marijuana users when they met, and they credit the plant to helping their marriage survive.

"It makes you better at what you do, enhances who you are. It is the most beautiful plant on Earth," said Mary Quaintance, 51, a homemaker from Northern California who married Dan in 1973, when she was 18. They met while Mary worked as nurse's aide in Chico, Calif., and rented a room from Dan's parents.

Dan Quaintance, who grew up in the United Methodist faith and once was president of his church youth group, says finding marijuana helped him finish high school, later kick a heroin addiction and get through acute pancreatitis.

It was during his illness that he began researching marijuana's use among ancient cultures, and he started to think about forming his own church. As he reread the Bible, he believed many passages that referred to a leaf, tree or plant were talking about marijuana.

"Religion is basically putting your faith in what you rely on," he said. "Jesus started his church because of what he believed and learned."

He filed a "declaration of religious sentiment" on behalf of the Church of Cognizance with the Graham County Recorder's Office in 1994, though Dan, his family and other members say the church dates to 1991.

Services at the Church of Cognizance aren't scheduled. According to the Quaintances, members call the monasteries and arrange a worship time, which typically includes using marijuana and listening to sermons by fellow cognoscenti that talk about peaceful existence.

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"Dan and Mary are two of the most beautiful, wholesome people," said Daniel Jeffrey, an enlightened cognoscente in Puna, Hawaii. "We're not involved with herb for any kind of profit gain. If you tell people that, their mind just can't grasp it."

Still, Charles Haynes, a senior scholar at the Virginia-based First Amendment Center, says any group seeking an exemption to the nation's drug laws, even for religious purposes, has a "hill to climb."

And he says the federal government is likely in a better position to win against the religious use of marijuana than it was for the hallucinogenic tea case, given the prevalence of marijuana and the federal government's concern about a drug problem in the country.

The hallucinogenic tea is difficult to find and reportedly doesn't taste very good, Haynes said, noting the same is true for peyote, which also is a federally banned substance.

A federal exemption for peyote exists when it's used for religious practices by members of the Native American Church. In Arizona, people using peyote who aren't members of the Native American Church also are exempt as long as the peyote is used for a "bona fide religious purpose" in a manner that doesn't threaten the public. But there are no such exceptions for marijuana.

"Marijuana is difficult, even if they have a sincere religious belief," Haynes said. "The federal government has already successfully fought efforts to get a medical exemption."

The U.S. Constitution contains no legally recognizable definition of religion, but courts still can apply a test of sincerity, said Jeremy Gunn, director of the Freedom of Religion and Belief program for the American Civil Liberties Union, which supported the UDV church.

If, for example, a group of prisoners calling themselves the Church of Cabernet and Filet Mignon argued religious belief as a reason to be served wine and better food, the government would have a right to question the sincerity of their theological belief, he said.

"The UDV case did not open the floodgate," he said. "The government needs to show why it makes sense to apply the drug laws in that circumstance. In the UDV case, the hallucinogenic tea is honestly a traditional part of the religious practice."

The office of the U.S. attorney for New Mexico, David C. Iglesias, prosecuted the UDV case, and also is prosecuting the Quaintances. His office declined to comment on a pending case.

The Quaintances have no history of criminal convictions in Arizona, where they've lived since 1986, but both have prior convictions for marijuana possession in Washington state, records show. Dan Quaintance says he also has a 1974 conviction from California for driving under the influence and spent 30 days in jail for that offense.

The Quaintances spent two weeks in a New Mexico jail after their arrest this year and, as part of their court-ordered release, must have regular urine tests to ensure they aren't using any marijuana. Both say that living without their deity for the first time in more than three decades is extremely difficult.

The complaint against the couple, which was amended, includes two other defendants — Timothy Jason Kripner, 23, of Tucson and Joseph Allen Butts, 48, of California.

The revised complaint raised the stakes in the case, adding conspiracy charges and more than 220 pounds of marijuana. Dan Quaintance says Kripner and Butts are both certified couriers for the church. Kripner was traveling with the Quaintances when they were arrested, and authorities say Butts was involved in a conspiracy with them to distribute marijuana.

"They may take Dan and Mary down but they will never take the church down," Mary Quaintance said.

IMMIGRATION:

States Try To Block Illegal Workers (USAT)

By Charisse Jones

USA Today, July 10, 2006

At least 30 states have passed laws or taken other steps this year to crack down on illegal immigrants, often making it harder for undocumented workers to find jobs or receive public services.

Acting while Congress struggles to set policy regarding the nation's estimated 12 million illegal immigrants, states have enacted at least 57 laws, according to the National Conference of State Legislatures and a USA TODAY analysis. Among major

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themes of the state legislation: fining businesses that hire undocumented workers and denying such companies public contracts if they don't verify the legal status of employees.

"The trends … have leaned toward the punitive side," says Ann Morse, an immigration expert at the National Conference of State Legislatures. "The No. 1 topic has been employment in terms of deterring employers and employees."

Examples:

•A Colorado law enacted in June prohibits awarding state contracts to businesses that knowingly employ illegal immigrants.

•A Louisiana law approved in June subjects businesses that have state contracts and more than 10 employees to fines if they don't fire workers known to be undocumented.

•A Georgia bill enacted in April has a phased-in requirement that public employers and government contractors and subcontractors verify information on newly hired workers through a federal program.

The U.S. Senate and House have passed widely divergent immigration bills. The Senate's legislation would put most undocumented immigrants on a path to citizenship. The House bill would make illegal immigrants felons and increase penalties for hiring them.

Some lawmakers and advocates of stricter immigration enforcement say the flurry of legislation reflects states' mounting frustration with federal officials.

"State and local politicians and the grass-roots in those states are up in arms over Washington's conspicuous lack of leadership," says John Keeley, spokesman for the Center for Immigration Studies, which favors tighter controls on immigration. "Immigration … is a driving factor for the three biggest budget items states face: education, health care and criminal justice."

Under federal law, states must provide some services to illegal immigrants, including public education and emergency medical care. States do not have to provide commercial licenses, food assistance, health care, unemployment benefits or other services.

States' focus on workers' documentation is unfair, says Brent Wilkes, national executive director of the League of United Latin American Citizens, a civil rights group. "It feels like we're back to the days when it's OK to discriminate against minorities," he says.

A Florida Mayor Turns To An Immigration Curb To Fix A Fading City (NYT)

By Abby Goodnough

The New York Times, July 10, 2006

AVON PARK, Fla., July 6 — Tom Macklin, the mayor of this faded city deep in Florida's citrus belt, heard the idea on talk radio and latched on with relish.

A city up north, Hazleton, Pa., planned to root out and punish landlords who rented to illegal immigrants, fining them $1,000 for every such tenant. Mr. Macklin, whose own small city has swelled with immigrants from Mexico, Haiti and Jamaica over the past decade, swiftly proposed the same for Avon Park.

"It was almost as if I was sitting in church at a revival and he was preaching to me," Mr. Macklin said of Mayor Lou Barletta of Hazleton, whom he heard promoting that city's Illegal Immigration Relief Act on the radio show last month. "If we address the housing issue — make it as difficult as possible for illegals to find safe haven in Avon Park — then they are going to have to find someplace else to go."

Like Hazleton's proposal, Avon Park's would deny business permits to companies that knowingly hired illegal immigrants. The ordinance, which states that illegal immigration "destroys our neighborhoods and diminishes our overall quality of life," would also make English the official language of Avon Park, removing Spanish from all city documents, signs and automated phone messages.

The proposal has some of Avon Park's roughly 8,800 residents exalting, others fuming and still others — including those who rent rooms or apartments in the scruffy Golden Age Villas, west of the abandoned train tracks — plain scared. The City Council passed it 3 to 2 on the first reading and is likely to adopt it July 24.

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"We just wouldn't be able to stay here," said Armando Garcia Cortes, 45, who said he came to Avon Park, about 80 miles southeast of Orlando, from Veracruz, Mexico, to pick oranges and fix roofs. "They're going to see the farmworker population here drop. We would all be leaving."

John Koch, who sells glassware and model cars at the Broken Spoke Flea Market on Main Street, said that would be fine.

"I think it's long overdue," Mr. Koch said of the proposal. "If you don't put a cap on it, it just gets out of hand."

Both Mr. Macklin and Mr. Barletta said they were forced into drastic measures by the federal government's failure to crack down on illegal immigration. Both said that tightening the nation's borders would be the best solution, but that with Congress still divided on immigration policy, they had to take action.

"When you have people begging you to do something, there comes a breaking point," said Mr. Barletta, whose family settled in Hazleton when it was a thriving coal center in the early 1900's. "I feel very confident that what we're doing is not only legal, but the right thing to do. I can't sit back and watch my city being destroyed."

Both mayors, white baby boomers who grew up in the 1960's and 70's, speak wistfully of the days when nuclear families were the only occupants of single-family homes in their towns, every resident paid taxes and English was the only language heard on the streets. Mr. Macklin said the City of Charm, as Avon Park has long called itself, no longer met that description, despite the gazebo and shuffleboard courts on Main Street, several dainty lakes and ubiquitous live oaks.

"When people come to our area," he said, "they see degrading neighborhoods, homes falling down among themselves, four or five vehicles parked in yards. There's a perception for those that come to this area — looking to perhaps expand a business, move here — that it might not necessarily be where they want to be."

Mr. Macklin, a Republican whose City Council is nonpartisan, said he had been bombarded with positive feedback since proposing the ordinance in late June, even getting e-mail messages from California and Illinois. But some residents have called him racist, and others, like Joe Wright, a dairy farmer who said two-thirds of his work force was Hispanic, said the ordinance would be unenforceable and unconstitutional.

"It's going to be impossible to police," said Mr. Wright, whose dairy, outside the city, has many employees who live in Avon Park. "Are they actually going to have their zoning people and policemen racially profile every Hispanic-looking person? I mean, this just has a very chilling effect."

Mr. Macklin said he expected opposition from citrus growers and cattle farmers, many of whom say that they hire only workers with Social Security cards, but that they cannot be sure the cards are authentic. The law would punish only those who knowingly hired or rented to illegal immigrants, he said.

But Mary Bauer, director of the Immigrant Justice Project at the Southern Poverty Law Center, said the proposal violated several laws, including the Fair Housing Act and Title VI of the Civil Rights Act.

"The real problem is that it's obvious the effect of this will be to discriminate against immigrants and Latinos generally," Ms. Bauer said, adding that the center might sue if the ordinance passed. "Any thinking landlord reading this would likely decide that renting to immigrants or Latinos is a risky proposition."

Cesar A. Perales, president of the Puerto Rican Legal Defense and Education Fund, said he had sent two lawyers to meet with Hispanic groups in Hazleton recently and might sue to stop its ordinance.

"The Latino community is just about as angry as any I've ever seen," Mr. Perales said. "They've come to Hazleton to be part of that community, and they certainly improved the economic conditions of what by most accounts was a dying town, and helped revitalize it. And they now feel they are being blamed for every ill in the city."

Mr. Barletta said his proposal, up for a final vote July 13, was modeled on a similar one in San Bernardino, Calif., which stalled because its proponents failed to gather enough signatures to get it on the ballot. He wrote it, he said, after illegal immigrants committed several rattling crimes in Hazleton, a city of 31,000, this year.

Both proposals have led to false rumors that have fanned fears in recent weeks. At the Golden Age Villas in Avon Park, Ashley Neff, 20, whose boyfriend is an illegal immigrant from Mexico, said she had heard that speaking Spanish would not be allowed in shops and restaurants.

"They're saying they're not even going to let people in grocery stores," Ms. Neff said. "How is that fair? Even a lot of the people who are legal citizens prefer to speak Spanish because it comes easier to them."

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Down the street, Patrick Graham, a Jamaican immigrant who said he was here legally, said it was foolish to force out illegal immigrants because nobody else would work in the fields and groves.

"I sure ain't going out there to pick any oranges," said Mr. Graham, who owns a window-cleaning business. "All the hard work, the Mexicans are doing it."

Melva Santana, a shopkeeper who was among a crowd of whites, blacks and Hispanics eating at Taqueria Merlo on Thursday, said she feared the ordinance would encourage people who had kept their prejudices quiet to begin harassing immigrants.

This week, Ms. Santana said, a sales clerk refused to sell her sister beer because she had a Puerto Rico driver's license, and the clerk said, "I can't read it."

At the flamingo-pink Avon Motel, which has operated here for 52 years, Dale Graham, the manager, said he suspected that the proposal had come about because illegal immigrants were not only picking citrus these days but also getting construction and other higher-paying jobs.

"I think they're just a scapegoat," Mr. Graham said. "What it comes down to is the city is resistant to any kind of change or growth."

Outside the motel, a sign read: American Family Owned. Drive Safely.

Mexican Illegals Sent To Hometowns (WT)

By Jerry Seper

The Washington Times, July 10, 2006

The U.S. and Mexican governments have resumed a repatriation program to return Mexican nationals caught illegally in the United States to their hometowns in Mexico's interior, U.S. Immigration and Customs Enforcement (ICE) officials said.

ICE spokeswoman Kadia Koroma said the Interior Repatriation Program, which resumed with the departure of a flight Friday from Tucson International Airport with 67 Mexicans who volunteered to be repatriated, will "ensure the safe, effective and humanitarian return of Mexican nationals illegally in the United States."

A 2004 memorandum of understanding between the Department of Homeland Security and the Mexican government established the framework for the two nations to work cooperatively in repatriating Mexican nationals who volunteer to be returned home.

The program returns detained illegal aliens to Mexico's interior rather than to towns along the U.S.-Mexico border as part of an effort to both control the Southwest border and to save the lives of those who might try again to cross the desert areas of the Southwest to regain entry to the United States.

Many detained illegal aliens who are returned to various border communities after their capture often find it easier and more economical to re-enter the United States than return home to Mexico's interior, authorities have said.

Of the 1.15 million illegal aliens apprehended last year by the U.S. Border Patrol, the vast majority were Mexican nationals and more than half of them were detained along the Arizona-Mexico border -- particularly a 260-mile section of Arizona's southeast known as the Tucson sector.

For the past two summers, Ms. Koroma said, U.S. and Mexican officials have developed and jointly administered the repatriation program to return nearly 35,000 Mexican nationals to the interior of Mexico. The program initially was funded and managed by U.S. Customs and Border Protection (CBP).

Under the program, which is scheduled to continue until Sept. 30, Mexican nationals apprehended in Arizona will be processed at centers in Nogales and Yuma, where they will be interviewed by Mexican and U.S. officials for inclusion in the repatriation program. Ms. Koroma said those who volunteer will then be flown to Mexico City and provided bus transportation to their places of origin.

"By quickly returning aliens to the interior of Mexico rather than to the Mexican border, both nations seek so save lives and discourage additional illegal border crossings through hostile, desert terrain," she said.

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Former CBP Commissioner Robert C. Bonner, who helped create the program, has called it "a crucial, integral component" of Homeland Security's Arizona Border Control Initiative to gain greater operational control and to save lives in dangerous traffic areas along the border with Mexico.

"Returning illegal aliens to the interior of Mexico allows us to disrupt the inhumane and often callous human-smuggling organizations that operate along the border area," he said when the program first began.

Conservatives And Immigration (WSJ)

The Wall Street Journal, July 10, 2006

No issue more deeply divides American conservatives today than immigration. It's the subject on which we get the most critical mail by far, no doubt reflecting this split on the right. So with Congress holding hearings on the issue around the country, perhaps it's a good moment to step back and explain the roots of our own, longstanding position favoring open immigration.

A position, by the way, on which we hardly stand alone. There is also President Bush, and before him the Gipper. (See our May 16 editorial, "Reagan on Immigration1.") In the context of the current debate, we also print on the opposite page an open letter supporting comprehensive immigration reform from 33 prominent conservatives, including former Secretary of State George Shultz and GOP Vice Presidential nominee Jack Kemp.

The most frequent criticism we hear is that a newspaper called "The Wall Street Journal" simply wants "cheap labor" for business. This is an odd charge coming from conservatives who profess to believe in the free market, since it echoes the AFL-CIO and liberals who'd just as soon have government dictate wages.

Our own view is that a philosophy of "free markets and free people" includes flexible labor markets. At a fundamental level, this is a matter of freedom and human dignity. These migrants are freely contracting for their labor, which is a basic human right. Far from selling their labor "cheap," they are traveling to the U.S. to sell it more dearly and improve their lives. Like millions of Americans before them, they and certainly their children climb the economic ladder as their skills and education increase.

We realize that critics are not inventing the manifold problems that can arise from illegal immigration: Trespassing, violent crime, overcrowded hospital emergency rooms, document counterfeiting, human smuggling, corpses in the Arizona desert, and a sense that the government has lost control of the border. But all of these result, ultimately, from too many immigrants chasing too few U.S. visas.

Those migrating here to make a better life for themselves and their families would much prefer to come legally. Give them more legal ways to enter the country, and we are likely to reduce illegal immigration far more effectively than any physical barrier along the Rio Grande ever could. This is not about rewarding bad behavior. It's about bringing immigration policy in line with economic and human reality. And the reality is that the U.S. has a growing demand for workers, while Mexico has both a large supply of such workers and too few jobs at home.

Some conservatives concede this point in theory but then insist that liberal immigration is no longer possible in a modern welfare state, which breeds dependency in a way that the America of a century ago did not. But the immigrants who arrive here come to work, not sit on the dole. And thanks to welfare reform, the welfare rolls have declined despite a surge in illegal immigration in the past decade.

The real claims that illegals make on public services are education, which can't be withheld because of a 1982 Supreme Court ruling (Plyer v. Doe), and health care, especially emergency rooms. Since denying urgent medical treatment is immoral, the answer again is to legalize cross-border labor flows and remove government obstacles to affordable health insurance. As for education, even illegals pay for public schools through the indirect property taxes they pay in rent. Overall, immigrants contribute far more to our economy than they extract in public benefits.

By far the largest concern we hear on the right concerns culture, especially the worry that the current Hispanic influx is so large it can resist the American genius for assimilation. Hispanics now comprise nearly a third of the population in California and Texas, the country's two biggest states, and cultural assimilation does matter.

This is where the political left does the cause of immigration no good in pursuing a separatist agenda. When such groups as La Raza and the Mexican American Legal Defense and Education Fund push for multiculturalism, bilingual education, foreign language ballots, racial quotas and the like, they undermine support for immigration among even the most open-minded

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Americans. Most Americans don't want to replicate the Bosnia model; nor are they pining for a U.S. version of the Quebec sovereignty movement. President Bush has been right to assert that immigrants must adopt U.S. norms, and we only wish more figures on the political left would say the same.

But the good news is that these newcomers by and large aren't listening to the left-wingers pushing identity politics. Mexican immigrants, like their European predecessors, are assimilating. Their children learn English and by the end of high school prefer it to their parents' native tongue. They also marry people they meet here. Second-generation Latinos earn less than white Americans but more than blacks and 50% more than first-generation Latinos. According to Tamar Jacoby's "Reinventing the Melting Pot," the most common last names among new homeowners in California include Garcia, Lee, Martinez, Nguyen, Rodriguez and Wong.

Which brings us to the politics. Contrary to what you hear on talk radio and cable news, polls continue to show that the conservative silent majority is pro-immigration, and that it supports a guest-worker program as the only practical and humane way to moderate the foreign labor flow.

According to the most recent Tarrance Group survey, 75% of likely GOP voters support immigration reform that combines increased border and workplace enforcement with a guest-worker system for newcomers and a multiyear path to citizenship for illegal immigrants already here -- provided that they meet certain requirements like living crime free, learning English and paying taxes. "Support for this plan," the poll found, "is strong even among base Republican voter demographics like strong Republicans (77%), very conservative Republicans (72%), white conservative Christians (76%), and those who listen to news talk radio on a daily basis (72%)." * * *

House Republican leaders, who passed an immigration bill last year focusing only on enforcement, want to frame this debate as a choice between more border security or "amnesty" for the 11 or 12 million illegals already here. But that's a false choice. A guest-worker program that lets market forces rather than prevailing political winds determine how many economic migrants can enter the country actually enhances security. How? By reducing pressure on the border, just as the Bracero guest-worker program in the 1950s and early 1960s did.

When border patrol agents don't have to chase down people coming here to work, they can concentrate on genuine threats, like gang members and terrorists. The real choice is between throwing more resources at an enforcement-only policy that has failed, or a larger reform that's had some past success in reducing illegal border crossings and meeting the demands of our economy and of human dignity.

A Conservative Statement For Immigration Reform (WSJ)

The Wall Street Journal, July 10, 2006

At this critical moment in the immigration debate, conservatives need to examine the role we are playing in this great national issue. In many respects, the way we position ourselves on immigration will determine whether we retain the mantle of majority leadership. What side of history do conservatives want to be on? Will we remain a movement that governs -- that offers practical solutions to the problems facing the country?

Conservatives have always prided themselves on acknowledging, in the words of John Adams, that "Facts are stubborn things." Well, immigration -- both the robust annual flow required to keep our economy growing and the 12 million illegal immigrants already in the country -- is a fact of life in the U.S. today. And the only practical way to deal with these stubborn realities is with a comprehensive solution, one that includes border security, interior enforcement, a guest worker program and status for the illegal immigrants already here.

Some counsel that Congress should start with tougher enforcement and border security, but wait to create a guest worker program or address the illegal population. Only that way, it is said, can we avoid the mistakes of the failed 1986 immigration reform.

But in fact, the lesson of 1986 is that only a comprehensive solution will fix our broken immigration system.

The 1986 legislation combined amnesty for three million illegal immigrants with a promise of tougher enforcement, particularly in the workplace. But the law did not recognize the need for future immigration to meet the demands of a growing

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economy, and the new enforcement never materialized. The result? Twenty years later, illegal immigration is unabated. Why? Because while immigrants continue to be drawn to the jobs created by our economy, they have no legal way to enter the country.

What this history teaches is that the only way to control immigration is with a combination package -- securing the border, enforcing the law in the workplace and creating legal channels for workers to enter the country.

Our past experience with guest worker programs bears this out. Illegal immigration reached a peak in the mid-'50s, and more than a million people were apprehended trying to cross the border in 1954. Then Congress expanded the Bracero work-visa program, creating a way for 300,000 immigrants to enter the U.S. legally each year.

The result? This new legal flow replaced the old illegal influx, and by 1964, INS apprehensions had dropped to fewer than 100,000. As the Congressional Research Service noted in 1980, "Without question, the Bracero program was . . . instrumental in ending the illegal alien problem of the mid-1940s and 1950s." The Bracero program and the 1986 failure point in the same direction: A comprehensive solution is the only real and lasting way to address immigration.

The American people intuitively understand this, which is why, in poll after poll, they choose a comprehensive approach over one that relies on enforcement alone. A recent NBC/Wall Street Journal poll found that Americans prefer a comprehensive plan to an enforcement-only proposal by 50% to 33%.

Of course, there are things in the Senate bill that need fixing -- and conservatives must stand strong in favor of assimilation. New immigrants need to learn English, U.S. history and the values that have made this country great.

But let us remember the counsel of the great conservative standard-bearer, Ronald Reagan, who was in favor of strong borders -- he once remarked that "a nation without borders is not really a nation" -- but also constantly reminded us that America must remain a "beacon" and a "shining city on a hill" for immigrants who continually renew our great country with their energy and add to the nation's economic growth and prosperity. Reagan was right. We need to do both things -- secure the borders and allow for sensible levels of safe, open, lawful immigration.

Americans and immigrants share the same values of work and opportunity. There is no reason to fear the newcomers arriving on our shores today -- if anything, they will energize what is best about our country.

The best way -- the only way -- to realize President Reagan's vision is through comprehensive immigration reform legislation. We urge the House and Senate to work out their differences and meet the demand of the American people that we act on this critical issue in a comprehensive way.

Signed by: Jack Kemp (former congressman from New York); George P. Shultz (distinguished fellow, Hoover Institution); Jeanne Kirkpatrick (former ambassador to the U.N.); Tamar Jacoby (senior fellow, Manhattan Institute); Cesar V. Conda (senior fellow, FreedomWorks); Ken Weinstein (CEO, Hudson Institute); Grover Norquist (president, Americans for Tax Reform); Jeff Bell (board of directors, American Conservative Union); Larry Cirignano (president, Catholic Alliance); Bill Kristol (editor, The Weekly Standard); Arthur B. Laffer (chairman, Laffer Investments); Linda Chavez (chairman, Center for Equal Opportunity); Elaine Dezenski (former acting assistant secretary for policy development, Department of Homeland Security); Lawrence Kudlow (economics editor, National Review Online); John Podhoretz (columnist, the New York Post); John McWhorter (senior fellow, Manhattan Institute); Joseph Bottum (editor, First Things); Max Boot (senior fellow, Council on Foreign Relations); Vin Weber (former congressman from Minnesota); Richard Gilder (partner, Gilder Gagnon Howe & Co., LLC); Ed Goeas (Republican strategist); Martin Anderson (senior fellow, Hoover Institution); J.C. Watts (former congressman from Oklahoma); Ed Gillespie (former chairman, Republican National Committee); C. Stewart Verdery, Jr. (former assistant secretary for border and transportation security policy, Department of Homeland Security); Diana Furchtgott-Roth (senior fellow, Hudson Institute); Robert de Posada (president, the Latino Coalition); Clint Bolick (president, Alliance for School Choice, and winner of 2006 Bradley Prize); Steven Wagner (former director, human trafficking program, Department of Health and Human Services); Steve Forbes (CEO, Forbes Inc.); Gary Rosen (managing editor, Commentary); Michael Petrucelli (former acting director, U.S. citizenship and immigration services, Department of Homeland Security); and John C. Weicher (senior fellow, Hudson Institute).

Day Laborers, Silent And Despised, Find Their Voice (NYT)

By Lawrence Downes

The New York Times, July 10, 2006

DOJ_NMG_0038871

Illegal immigrants are a diverse bunch. There are about 12 million in this country, working in all industries and living in a range from middle class to working poor to something well below that. They are mostly Latino, but are Asian, African and Eastern European, too. The illegal Irish get a lot of press, but are just one tiny subset, a green sprig of parsley in the melting pot.

Of all these ethnic and economic subgroups, the one I find most compelling is the quiet one at the bottom: the Latino day laborers, the street-corner guys.

They are not the largest group, but they are the most visible, most vulnerable and most hated. They are also the least likely to get anything good out of the immigration bills now festering in Congress.

It takes nothing from the punishing toil of farm workers, hotel maids, wilderness firefighters and chicken processors to say that day laborers occupy a position of particular risk and hardship in these times of immigration panic.

They are silent and anonymous, but painfully exposed. They are jeered by suburbanites, harassed by Minuteman vigilantes and hounded by communities with police crackdowns, anti-loitering statutes and mass evictions. Contractors cheat them. People beat them up and firebomb their homes.

The possibility of being victimized without sympathy or a safety net is, of course, the risk one takes when entering this country illegally.

Day laborers are acutely aware of this and have set out to improve things on their own. In a development that may surprise those who see day laborers as immigration at its chaotic worst, this ad hoc phenomenon is shaping itself up.

Through a growing national network of job centers and hiring halls, day laborers are organizing, finding allies and pressing for better treatment.

They are energized by a sense that hard work and suffering are antidotes to shame, and that even the shunned and excluded can push back.

A coalition of worker groups around the country founded the National Day Laborer Organizing Network in 2000 to press for its members' rights. At a national conference last year at Hofstra University on Long Island, delegates from 12 states met to share strategies.

In many areas, laborers have formed de facto unions, refusing to work for less than $10 an hour. In places that have tried to force them out, like Redondo Beach, Calif., and Mamaroneck, N.Y., workers and their allies have filed federal lawsuits on First Amendment grounds.

The National Day Laborer Organizing Network is forging alliances with organized labor, like the Laborers' International Union of North America, which represents 700,000 construction workers, to fight for hiring sites and safer working conditions.

The immigration bills languishing in Congress offer very little promise for day laborers. Even the most generous legislation denies a path to legal status for the newest immigrants and those who can't prove steady employment, which leaves many day laborers out of luck.

The day laborers' group held a forum in a Manhattan church basement recently to discuss the bills, and the general mood was pessimistic. Members spoke of a disconnect between grass-roots organizations like theirs and the large immigrant-advocacy groups in Washington. They had little good to say about the Senate bill, which has been held up by many immigrant advocates as the best deal obtainable.

Such resentment may sound out of place for people who broke the law to get here. But while day laborers may be the most loathed illegal immigrants, you could also call them the least illegal. They don't misrepresent their identities as they contract independently for jobs off the books. They don't steal Social Security numbers or submit false work papers. They just work.

Members of the day laborers' network talk about ways their organization and other grass-roots groups would make their case to a public that isn't buying it. They have begun a hearts-and-minds campaign, seeking to win friends by cleaning up parks and highways while building up political clout with lobbying and protests.

But even if they can pull it off, the odds are against the strategy working. It's been hard enough getting the country behind even limited immigration reform.

If and when Congress ever gets around to fixing immigration, the illegal immigrants who benefit — if any — will be the ones seen as the worthiest, most promising and least threatening.

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There will be no room for those at the margins, and that, practically by definition, is where the day laborers are — waiting, and working.

Washington Whispers (USNEWS)

By Paul Bedard

U.S. News and World Report, July 17, 2006

One Race, and Cheney Is Hooked

He's been to only one NASCAR race--the July 1 Pepsi 400 at Daytona--but already we hear that Vice President Dick Cheney is digging the noise and grime. So did it make him a fan? "He is now," says spokeswoman Lea Anne McBride. Before helping start the race, Cheney visited with the teams sponsored by the Army, National Guard, and Air Force. But the veep hasn't slapped a driver's number on his limo yet. "It may take a few more races before he has a favorite," says McBride. He left the race early but caught Tony Stewart's win on Air Force 2's TV.

TAX:

Concealed Sums Part Of Charges Against Attorney Yagman (LAW)

By Amanda Bronstad, The National Law Journal

National Law Journal, July 10, 2006

While recent tax evasion charges brought against civil rights attorney Stephen Yagman are based largely on expenditures related to his personal lifestyle, federal prosecutors have accused him of concealing money he received as a principal of his Venice, Calif.-based law firm, now called Yagman & Yagman & Reichmann.

On June 23, prosecutors unsealed an indictment that charged Yagman with one count of tax evasion, one count of bankruptcy fraud and 17 counts of money laundering. Prosecutors allege that Yagman failed to pay more than $158,000 in federal income taxes to the Internal Revenue Service and hid assets from trustees overseeing bankruptcies filed on behalf of himself and his former law firm, Yagman & Yagman.

Yagman is best known for filing numerous lawsuits against the top officials of various law enforcement agencies, particularly in Los Angeles. In recent years, Yagman has sought to bring disciplinary action against U.S. District Judge Manuel Real of the Central District of California in a case closely watched by judges nationwide.

Yagman alleges that Real, who was handling a loan fraud case involving a woman under probation, made improper rulings as part of her separate bankruptcy case. After dismissing Yagman's case twice, Mary Schroeder, chief judge of the 9th U.S. Circuit Court of Appeals, recently appointed a special committee to investigate the charges.

In a prepared statement issued the day of the indictment, Yagman's lawyer, Barry Tarlow, a partner at Tarlow & Berk in Los Angeles, said that Yagman is targeted because of the numerous cases he has successfully brought against government agencies, including one of the first federal suits filed on behalf of a detainee at the prison camp in Guantanamo Bay, Cuba. He did not return calls seeking further comment.

"Stephen's zealous and effective advocacy for poor and unpopular clients and against the government has earned him either praise or scorn, depending upon whether or not one believes that the government and police never can do wrong," said former U.S. Magistrate Judge Joseph Reichmann, who works with Yagman at his law firm. He added in a statement that Yagman "would not intentionally commit a crime."

The indictment alleges that Yagman "made numerous material misrepresentations and omissions to the personal and corporate bankruptcy trustees concerning the cases his law corporation and law partnership were handling, the status of those cases, and the receipt of settlement funds in those cases."

In 1999, Yagman filed for Chapter 7 personal bankruptcy protection.

At that time, he had just filed for Chapter 7 bankruptcy protection on behalf of Yagman & Yagman and formed his current firm, which includes his ex-wife Marion Yagman and Reichmann.

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He also had just completed a year's suspension from the practice of law for collecting exorbitant fees, the second time since being admitted by the State Bar of California in 1976. Now, legal fees, and other income he received for his work as a lawyer, are significant subjects in the government's indictment.

$1.4M ALLEGEDLY UNDISCLOSED

Specifically, Yagman failed to disclose as part of his law firm's bankruptcy about $1.4 million in attorney fees, including his personal share of $500,000, from the settlements of cases pending at the time, the indictment says.

In 1998, he allegedly opened a corporate bank account in order to hide about $581,000 in assets from the Internal Revenue Service, including three settlement checks from the city of Los Angeles totaling more than $175,000. He also used a brokerage account under his girlfriend's name to pay legal bills and make loans to his law firm, the indictment alleges.

Prosecutors also allege that he received a $125,000 bank check in 1999 from a client a few weeks after his law firm filed for bankruptcy protection. He failed to disclose the check, or his $50,000 share of the fees, as part of his personal bankruptcy.

CONGRESS-ADMINISTRATION:

Portman Expects Decrease In Deficit (WT)

By Stephen Dinan

The Washington Times, July 10, 2006

The economy and federal revenues are growing at such a rapid rate that the deficit will shrink in the short term, President Bush's chief budget official says, while adding that keeping the deficit in control will depend in the long run on reform of Social Security, Medicare and Medicaid.

Rob Portman, a former congressman and U.S. trade representative whom Mr. Bush tapped two months ago to be director of the Office of Management and Budget (OMB), said the president's economic policies have led to exceptional economic growth, which has in turn led to bulging federal receipts.

Mr. Portman will deliver the annual mid-session budget review this week, detailing progress on spending and revenues, and he told The Washington Times in a recent interview that tax revenues are expected to show at least double-digit growth in the year to date compared with fiscal year 2005.

The Congressional Budget Office on Friday said federal revenue is running 12.8 percent ahead of the figures at the same time last year. The double-digit increase is the second-highest growth rate in the last 25 years, following only 2005's increase of 15 percent.

With federal spending up 8.6 percent to date compared with 2005, the deficit should be at least $50 billion less than last year, though Mr. Portman said that depends on keeping the spending side under control.

Mr. Bush has set a goal of halving the deficit by 2009 compared with 2004, which finished with a $412 billion deficit. He and congressional Republicans have made the nation's recent economic growth one of the twin pillars, along with the war on terror, of their election-year campaign.

Mr. Portman said the revenue is so strong that if it were to continue, it could play a major role in helping ease the budget deficit.

"You can grow out of it short-term; it's theoretically possible," Mr. Portman said, though he cautioned that he's not predicting that will happen, particularly with long-term challenges of Social Security and Medicare still looming.

As the administration's new OMB director, Mr. Portman, who served 13 years as a congressman from Ohio, said Republicans deserve more credit than they are getting among voters for restraining spending.

"It's amazing. For the first time since 1997, last year Congress actually reduced the growth of entitlement spending," he said.

Mr. Portman also said the deficit as a percentage of total economic output, or the gross domestic product, is falling, both because of spending restraint and economic growth, and said Republicans are not getting enough credit for controlling spending.

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"If you take out defense, if you take out homeland security, which increased just above inflation, last year you actually had a slight cut and a little bit of progress on entitlements," he said. "We're actually making some progress on spending."

He blamed high-profile spending projects such as the "bridge to nowhere" for making the public so pessimistic about spending, and said that's one reason the president is pushing so hard for a legislative line-item veto.

"It encourages people to focus early on in the process on whether this particular project or tax relief or spending is appropriate," Mr. Portman said.

The House passed a version of the line-item veto last month, and the Senate may debate it later this month.

Unlike the 1996 version, which the Supreme Court ruled unconstitutional, this version would not be an actual veto. Instead, after signing a spending or tax bill, the president would send another bill back to Congress that calls for specific items to be cut, and Congress would have a set period of time to vote on the bill.

As a former congressman, Mr. Portman knows the key legislators and said he has had some success convincing them the administration would use the line-item veto carefully, and not as a club to bash Congress.

He also said some of the chairmen on the spending subcommittees realize the line-item veto would help steel them against some spending requests.

"Instead of the chairman saying, 'I don't like your idea,' he can say, 'Look, if you put it in my bill it's going to get held up to public scrutiny and The Washington Times is going to be writing about it. Do you want it on the front page of The Washington Times?'" Mr. Portman said. "It's a tool that some of them, I think, understand they can use to better legislate."

GOP 'Values' Agenda Stumbles (WT/AP)

By Associated Press

The Washington Times, July 10, 2006

Could a Republican-controlled Congress pass a bill to protect the words "under God" in the Pledge of Allegiance from court challenges?

No problem, especially if proposed during the patriotic season leading up to the Fourth of July, Republican leaders thought.

No way, it turned out.

The bill, the first item on the Republican Party's trumpeted election-year "American Values Agenda," could not make it past a House committee.

Even worse for the Republicans was that they could not blame Democrats. One of the party's very own, Rep. Bob Inglis of South Carolina, voted no. Seven other Republicans skipped the Judiciary Committee meeting entirely.

So it goes this year for House Republicans, their majority in jeopardy for the first time in more than a decade.

"We're not having trouble," House Majority Leader John A. Boehner of Ohio said. "This is your typical legislative meat grinder."

But privately, many are frustrated. Democrats have pounced on the lack of progress with a "we can do better" election theme.

"I wish the election were today," House Minority Leader Nancy Pelosi of California said last week.

An election-year session of Congress with little major legislation turned into laws is nothing new. Lawmakers traditionally are loath to vote on contentious legislation so close to the start of campaigning.

For some, debating proposals that have little chance of passage is a legitimate process.

"Passing bills isn't the end-all and be-all of Congress," said Brian Darling of the Heritage Foundation, a conservative think tank. "There's also some value in debating these issues and using Congress to air out issues that are important to the American people."

Democrats ridicule as political ploys Republican decisions to bring up legislation doomed to fail, such as the constitutional amendments to ban flag desecration.

Republicans say Democrats are not above bringing up proposals just for political gain. They note that Democrats have insisted on bringing up a proposal to raise the minimum wage, which has failed for nine years.

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With two-thirds of the 2006 legislative calendar over, Congress has passed and sent President Bush only two major pieces of legislation. One renewed the terrorist-fighting USA Patriot Act; the other extended $70 billion in tax cuts, roughly divided evenly between investors and middle-income families.

The legislative year is littered with failed or stalled Republican priorities. Some -- such as overhauling immigration, repealing estate taxes and changing rules on lobbying in response to several ethics scandals -- are disappointments for many in the Republican Party and for Mr. Bush.

The overhaul of immigration laws has become an implacable dispute about whether to give most of the nation's 10 million to 12 million illegal immigrants a chance at citizenship.

Rather than spend the summer resolving differences between the House and Senate versions, their chief patrons scheduled new hearings to shore up their arguments, with no resolution in sight.

Space Shuttle Declared Safe For Return (WP)

By Guy Gugliotta

The Washington Post, July 10, 2006

HOUSTON, July 9 -- Space shuttle Discovery cleared a major safety hurdle Sunday for reentry, but the attention both aloft and on the ground appeared at times to focus more on the World Cup soccer final than on space travel.

NASA engineers completed their exhaustive analysis of three remaining "areas of concern" on Discovery's heat shielding and "cleared" all of them, said John Shannon, chairman of the mission management team.

"I'm pleased and proud," added Steve Poulos, chief of the shield review and manager of the Orbiter Project Office. "Not only did my team pound these issues flat, we put a dimple in the board."

By clearing the heat shield, NASA essentially gave Discovery a green light for reentry next Monday.

The inspection system was put in place after space shuttle Columbia disintegrated on reentry in 2003 because its heat shield was fatally damaged on launch.

The crews of Discovery and the international space station spent most of Sunday unloading equipment and supplies, and preparing for a spacewalk Monday to finish repairs on the station's mobile tramway.

But even with a full schedule, mission Commander Steven W. Lindsey conceded during a news conference early in the day that, after a "hectic" beginning to the mission, the shuttle astronauts and space station crew members might take something of a breather Sunday.

In response to a question from the news service Agence France-Presse, space station crewman Thomas Reiter, a German national, acknowledged that "we are very interested" in the day's soccer match between France and Italy to decide the World Cup.

"Piers Sellers and I will definitely want to know what the result is," Reiter said, adding enigmatically, "We're backing different teams."

The English-born Sellers, Discovery's lead spacewalker, then betrayed his support for France by shouting out, "To Zinedine Zidane, Thierry [Henry] and Patrick [Vieira]! Good luck!"

Asked later by German journalists to pick a favorite, Reiter ducked the question, hoping diplomatically for "a good game."

At halftime, Canadian astronaut Julie Payette, on duty at Mission Control in Houston as space shuttle communicator, told the astronauts that the score was tied 1-1, incurring the wrath of flight control team members around her who were taping the game to view later.

Payette later delivered an update. No change, she said, "but I have to be careful when I read up the score."

Ten minutes later, Russian Mission Control radioed space station Commander Pavel Vinogradov that "everybody is waiting for prime time to be over and overtime to start."

When the match ended, with Italy the victor, the new shuttle communicator, astronaut Lee Archambault, sent the result to Lindsey.

Archambault told the astronauts that "you guys are rock stars" in Berlin, where part of the morning news conference played on Olympic Stadium's big screen before the match.

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"It was probably Thomas," Lindsey deadpanned. "We try to keep Piers off the downlink."

Space Shuttle Cleared To Return Home (AP)

By Seth Borenstein

AP, July 10, 2006

Space shuttle Discovery's astronauts got some happy news Sunday: It's safe to fly home. Mission Control informed the crew of six that the ship's thermal shielding is "100 percent cleared for entry" in another week.

"Boy, that is great news, that's fantastic," shuttle commander Steve Lindsey said. "And to get all that done by the day of flight day six ... is just amazing."

"Everyone here around the room, as you can imagine, is most happy," Mission Control replied.

Only one heat shield issue remained going into the late afternoon mission management meeting — a 2-inch-long piece of fabric filler sticking out about an inch from thermal tiles on Discovery's belly. Engineers determined it wasn't necessary to have an astronaut pluck the strip out during a spacewalk and that it posed no concern for the spaceship's return to Earth on July 17. So managers gave the heat shield an official bill of health.

Officials had already decided that several other nicks and spots — ranging from bird droppings to frayed fabric — were no big deal.

Deputy shuttle program manager John Shannon, chairman of the mission management team, said the healthy shuttle — and the crew's accomplishments in orbit so far — pave the way for the next mission in just over 1 1/2 months. That's when assembly will resume at the international space station; construction was halted by the 2003 Columbia disaster.

Sandwiched between a daring spacewalk Saturday and a crucial but more routine spacewalk Monday, Discovery's crew had an easy day Sunday, said pilot Mark Kelly. They were scheduled to work only 15 hours, instead of 16 hours.

"Today has been a relatively light day compared to the others," Kelly said in the news conference. Those first five days of the mission were so busy "we had to take our meals on the run," Lindsey said.

Saturday's spacewalk, during which astronauts Piers Sellers and Michael Fossum stood on the end of 100 feet of sometimes-oscillating shuttle robotic arm and extension boom, proved that emergency shuttle repair work can be done from that unusual vantage point, the astronauts said. But they said the feeling of being out there at the end of the boom was a little unusual.

"You find yourself lying sideways when you think you're standing up," Sellers said. "It's an unnatural feeling, but not really very unpleasant."

The second spacewalk, which begins at 8:13 a.m. EDT Monday, is much like past international space station repair spacewalks. The bulk of the scheduled 6 1/2-hour spacewalk will concentrate on finishing repairs on the station's railcar-like mobile transporter. This is a crucial piece of the station that slides back and forth, helping in the expansion of the outpost.

"We need that thing to be working to move big pieces around during assembly," Sellers said Sunday. "It was dead on one side, kind of limping on just two wheels."

Sellers and Fossum will replace part of the transporter's umbilical reel, which weighs about 330 pounds on the ground. In what may be an awkward maneuver, Sellers will be holding the old umbilical in one hand and the new one in the other, Fossum said.

"The most challenging thing tomorrow is going to be just the choreography, going back and forth in the payload bay," Fossum said. "It's quite a ballet."

NASA planned to post on its Web site Sunday first-of-its-kind video of Discovery's launch as seen from the reusable solid rocket boosters. The video, recovered last week with the boosters, mesmerized engineers in Houston on Saturday.

Research Shifts At Space Station (WP)

By Marc Kaufman

The Washington Post, July 10, 2006

When the international space station was initially proposed by President Ronald Reagan, its central mission was conceived as providing the most innovative and unusual research center that mankind had ever created. Orbiting 250 miles above Earth, the

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station would be a laboratory for developing medicines, for learning how single cells, plants and animals adapt to life in space, and for discovering technologies for processing metals and other materials in a gravity-free environment.

Twenty-two years later, the space station is half-built and can carry out some experiments, but the U.S. view of its science mission has greatly changed. The primary U.S. goal is no longer basic research, but to support President Bush's initiative of manned missions to the moon and to Mars by learning about how astronauts can live for long periods in space.

The morphing of the space station's role has not been without controversy. Some scientists fret that critical research in medicine and on atmospheric change is being de-emphasized in favor of splashy projects that will have little earthly benefit.

Much of U.S. research is focused on the rigors of living long term in zero gravity and with constant bombardment from solar radiation -- among the greatest hazards faced by crews traveling in deeper space.

"As it was originally planned, the space station would be a facility for all users," said Donald A. Thomas, NASA's space station program scientist. "Any scientist with an interesting experiment to do -- combustion and fluid scientists, plant and cell scientists, crystal growers -- they could all come to NASA, and we would try to accommodate them. But our cutbacks and refocusing have changed that."

So instead of learning how a particular gas or cell behaves in space, NASA's scientific effort is directed toward such problems as how to keep kidney stones from developing in astronauts and how to use long-distance ultrasound technology to diagnose stones if they develop. Avoiding bone and muscle loss is also a high priority, as are learning why immune systems of astronauts tend to deteriorate and how to stop that.

This refocusing does not mean basic science on the space station has ended or that planning for more elaborate and dramatic research is over. Rather, NASA's partners in the space station -- most notably Japan, 11 European nations and Canada -- will do substantial research of their own.

By the end of next year, the Japanese-developed science module Kibo and the European-built Columbus module are scheduled to be in place at the station, and both will be filled with basic research experiments. "They've gone ahead with their programs pretty much unchanged, so they'll be doing what we initially planned to do," Thomas said.

The Japanese program will focus on collecting information about trace chemicals in the atmosphere that might be associated with ozone depletion or global warming, and on the effects of weightlessness on a broad range of living things. It will also send up the world's largest wide-angle X-ray camera for use in examining very deep space.

The Columbus module, developed and manufactured by the European Space Agency, will also focus on basic biological and earth sciences research -- with experiments such as assessing the ability of bacteria to survive on an artificial meteorite and looking at volcanic activity far below Earth's surface.

Because U.S. space shuttles will carry much of the big equipment to the station, American researchers in return get room on the research modules and some access to the experiments of other nations. But to many scientists in this country, the shift in emphasis from research to furthering space travel is misguided.

A 2005 report from the National Academy of Sciences reflected that concern, with the panel worried that U.S. objectives "no longer include the fundamental biological and physical research that had been a major focus of [space station] planning since its inception. In addition to increasing fundamental scientific understanding, much of that research was intended to have eventual terrestrial applications in medicine and industry."

Without greater support, the panel concluded, the scientists who came together to work on space station experiments will soon be lost.

Even if U.S. science policy had not changed, however, it would be difficult to maintain an active research program on the station. It has housed only two or three crew members since the demise of the shuttle Columbia in 2003, and experts say it takes two people just to keep the space station operative. One of the astronauts who just arrived on space shuttle Discovery, Thomas Reiter of Germany, will remain at the station in the hope that a three-person crew can do more scientific work.

Despite the cutbacks and disappointments, NASA's Thomas said more than 100 journal articles have been published based on space station data. He said researchers have made important discoveries by growing protein crystals in space that could not be grown on Earth -- research that could lead to new drugs. Research into the nature of vibrations only possible in space, he said, could have implications for better understanding earthquakes and for protecting buildings against them.

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He also said he was excited by the presence of bowling-ball-size satellites at the space station -- battery- and gas-powered units that astronauts are learning to control and perhaps will someday use on missions. Thomas said that a second mini-satellite was ferried up by Discovery and that crew members will work on synchronizing its movement in tandem with the other. A third satellite is expected up soon.

Thomas said that the satellites are largely sponsored by the Defense Department, but that NASA has some use of them and is excited about the possibilities. If the three can be controlled, he said, they could be the prototype for a free-flying space telescope.

"To be able to test them in the space station, where there's zero gravity but where they can't fly away, is an enormous plus," he said.

USO Volunteer Gets Salute From Commander In Chief (CHIT)

By Andrew L. Wang

Chicago Tribune, July 7, 2006

Dave Kruger is used to welcoming raw military recruits and career soldiers at the United Service Organizations center at O'Hare International Airport.

On Thursday evening, he was there to greet someone slightly higher up the ladder: the commander in chief of the United States, President Bush, who presented Kruger with the President's Volunteer Service Award.

When he heard earlier this week that he would meet Bush as the president arrived for a two-day visit to Chicago, "[I] choked up. My eyes started watering," Kruger said. "I just thought being put in for [the award] was an honor."

At their brief meeting, Kruger wished the president, who turned 60 on Thursday, a happy birthday and asked after his father. Bush thanked him for his service, Kruger said.

Kruger, of north suburban Lindenhurst, first volunteered about two years ago. A veteran who saw Bob Hope perform on a 1966 tour in Vietnam, he knew the effect the USO could have on military morale.

And though he was a longtime donor to the group, he wanted to do more. Not sure how he could help, he called the USO center at O'Hare. "I told the manager the only thing is, I can't sing or dance," he said, chuckling. "That's what I thought they were looking for in volunteers."

He was assured that the responsibilities entailed serving food and drinks at the center and guiding military personnel around O'Hare's labyrinthine terminals.

He started out working one Sunday a month, but soon he was also heading to the USO at Great Lakes Naval Station in North Chicago, where he asked the manager, Beth Piccolo, if she needed any help.

Being the only paid staffer there, she did.

Now Kruger volunteers about 27 hours a week, Friday through Sunday, and sometimes stops by to help after he gets off work as a shipping scheduler at a Wheeling manufacturing plant.

He delivers food from the grocery, does odd jobs around the office for Piccolo and serves food when naval recruits at the base come in. In two years Kruger has volunteered more than 1,300 hours, Piccolo said.

"Dave is like my right arm," she said. "I need him."

But more than dishing out pizza, sandwiches, cookies and hot dogs, Kruger cherishes being a part of the lives of his "extended family," the servicemen and women he meets.

A few months ago, one Friday night at O'Hare, a naval recruit walked into Kruger's post.

The tears in his eyes foretold the story: He had just flown in from a far-flung corner of Montana, where he had spent several days on emergency leave.

His mother had died, he told Kruger.

"I went around the counter and hugged him, and he said he was just so happy to have someone to talk to about it," Kruger said.

On Monday, Kruger got an e-mail from a ship in the Atlantic. It was Shane, the sailor he had comforted, writing that he had just visited Spain and asked his sweetheart to marry him.

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The wedding is slated for next year. Kruger hopes to be there.

A Match Made Behind Closed Doors (WP)

By Al Kamen

The Washington Post, July 10, 2006

Exploring Her Options

Jennifer Millerwise Dyck , formerly a spokeswoman for Vice President Cheney 's office and more recently the top spokeswoman for the CIA, is leaving this month for the private sector. Her husband, Paul Dyck , who worked for Karl Rove and then at the State Department, is settling in at the Commerce Department as deputy assistant secretary for international trade with Europe.

Losing And Not Knowing It (TH)

By Robert D. Novak

TownHall.com, July 10, 2006

WASHINGTON, D.C. -- Lindsey Graham is no less independent and outspoken as a first-term senator from South Carolina than he was during eight tempestuous years in the House. He also is a golfer, and uses a metaphor from the links to describe his political discomfort. His fellow Republicans remind him of a tournament golfer who ignores the leader board and thinks he is ahead going into the 17th and 18th holes, when he really is trailing.

"It's like we think we'll get by with pars on the last two holes when we really need birdies," Graham told me. He referred to the 2006 midterm election, where he sees a real danger of Republicans losing control of both houses in Congress for the first time since the 1992 elections. Such foreboding reflects Graham's fear that demographic changes in America will extend beyond this year's elections and return the Republican Party to minority status.

Sen. John McCain, center, R-Ariz., fields questions from reporters as he arrives Thursday, June 29, 2006, for a fundraiser for the South Carolina Republican Party. McCain, mulling a 2008 presidential bid, gathered with two of his closest South Carolina allies, Gov. Mark Sanford, left, and Sen. Lindsey Graham, right. South Carolina traditionally holds the first Republican presidential primary in the South. (AP Photo/Mary Ann Chastain) Graham's remedy to avert both short-term and long-term disaster stresses Republicans returning to fiscal integrity by seriously cutting spending -- a goal to which his GOP colleagues give lip service. He also advocates policies on entitlements, the environment and immigration that he feels are necessary for the party's health but find little Republican support on Capitol Hill and only mixed backing at the White House.

It is not merely lack of enthusiasm for Graham's agenda. Since talking to the senator, I have tested his theories with a dozen prominent Republicans. All feel the tide has turned for them over the last month. Each of them claims that the American voter will stick with the Republicans after taking a good look at Democrats, a mindset that often is a precursor of defeat. To follow Graham's metaphor, perhaps they are not reading the real leader board of American politics.

Republicans surely seem to need some birdies to keep Senate seats in 2006. Rick Santorum remains far behind in Pennsylvania. Conrad Burns is in trouble in Montana. Jim Talent trails in Missouri. Mike DeWine is threatened by a noxious Republican atmosphere in Ohio. Lincoln Chafee is endangered in Democratic Rhode Island. Jon Kyl faces a surprisingly tough race in Arizona. Despite excellent candidates in Minnesota and Washington state, no Republican challenging for a Democratic-held Senate seat is in the lead. Thus, a six-seat takeover capturing the Senate is possible.

This is of special concern for Republicans because the third of Senate seats contested in 2006 is more favorable to their party than what will follow. The long-term outlook troubles Graham, who sees a bleak Republican future north of the Mason-Dixon Line. Olympia Snowe and Susan Collins in Maine and Arlen Specter in Pennsylvania may be the last Republican senators from their states. The rising Hispanic-American population not only has transformed California into a Democratic state; freshman Democratic Sen. Ken Salazar looks like the new political face of Colorado, and Arizona is no longer safe for Kyl conservatives.

These demographic changes suggest an end to the gradual political realignment that began in the late '60s and produced consistent electoral success for Republicans. As a South Carolinian, Graham must worry about his party suffering the fate of Democrats in the '20s. Democrats elected only 20 House members and won no presidential electoral votes outside Southern and border states in 1920.

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Accordingly, Graham is one conservative Republican who supports President Bush on immigration. He and Bush advisers agree that the immigration hard line may alienate the Hispanic vote with disastrous consequences. But Graham has little backing at the White House for a softened party line on global warming and entitlement reform that includes greater contributions by upper-income Americans.

Graham sees the highest Republican priority as controlling federal spending. He proposes renewing the campaign for a constitutional amendment mandating a balanced budget, backed up by self-restraint on earmarks. That agenda evokes limited applause in party circles. Sophisticates in Washington roll their eyes over constitutional limits on spending. Sens. John McCain and Tom Coburn have not made friends by fighting earmarks. After all, why should Republicans clap if they think they are ahead going into the last two holes?

OTHER NEWS:

Commercial Real Estate Maintains Its Strength Despite A Cooling Housing Market (WSJ)

By Jennifer S. Forsyth

The Wall Street Journal, July 10, 2006

With America's housing market clearly cooling, will commercial real estate start to swoon?

Hardly. The national office market, which cratered after the tech bust in 2000, has recovered and is the strongest it has been in five years. The shopping-mall market has stayed strong because consumer spending held up better than expected. And hotels had their most profitable year ever in 2005, partly because of strong business travel.

In fact, the commercial markets benefited from the former froth in the residential-property market because the boom in residential construction limited the amount of land that could be used for other purposes. In some markets, the conversion of apartments, hotels and, to a lesser extent, office buildings, into condominiums reduced the risk of oversupply -- one of the biggest hazards in commercial real estate and one that contributed to the sector's crash in the late 1980s.

Despite the widely varying types of commercial properties -- and the fact they are partly driven by different factors -- it isn't uncommon for people to assume if houses aren't selling, commercial markets must be at risk, too. So common that the faulty assumption itself could be self-fulfilling, says Robert White Jr., president of Real Capital Analytics, a New York-based real-estate information firm. "I so worry...that if they get burned on their condo in Miami, they are going to stay away from any other commercial real-estate investments for the next decade. Those markets are completely different."

Home-ownership trends are tied directly to income and interest rates, says Glenn Mueller, an investment strategist for Dividend Capital Group, a Denver-based real-estate investment-management firm. And home buying was made unusually affordable in the past few years by low interest rates and the popularity of mortgage-financing options such as interest-only loans. This led to high demand, much speculation and lots of new building. But as interest rates began to rise, it became more difficult for people to afford or even to qualify for loans. That has produced a glut of homes and condos in some markets.

Of course, interest rates affect commercial mortgages as well. Cheap debt has been one reason why there have been so many bidders on the commercial buildings sold over the past few years, pushing prices to record levels and yields to unprecedented lows.

Unlike the residential market, in which investors are most often private individuals, commercial investors are more diverse and not nearly as tied to mortgage rates. Dr. Mueller also points out that some of these investors include institutional buyers such as pension funds that pay cash instead of borrowing money. There's also still strong demand for commercial real estate, particularly among foreign investors. "We just don't see any slowing of investor interest, particularly in retail and hotels," says Deborah Jackson, executive managing director of New York-based Weiser Realty Advisors LLC.

In addition to condo conversions helping to reduce the supply of office space outright, residential construction has contributed to the high cost of land and materials in many U.S. markets. In many cases, because of high construction costs, it was cheaper to buy an office building -- even at high prices -- than to build a new one. Without much new speculative development, vacancy rates have dropped in almost every major market and landlords have been able to get more for rents.

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In Miami, for example, residential units in the central business district increased 55% since 2000, while the office increase was 9.5%, according to Jones Lang LaSalle, a real-estate services firm. Even if developers contemplated a new office building, the construction companies were likely tied up with residential jobs until recently, says Jubeen Vaghefi, a Miami-based managing director for Jones Lang LaSalle. All the while, the South Florida economy has been steadily improving. Those forces combined to boost the office market there.

To be sure, the office recovery is uneven. Longtime struggling office markets such as Dallas, while improving, still have high vacancy rates from previous overbuilding, as do areas such as Cleveland and Detroit, where job growth has been limited.

Real estate also remains a cyclical industry, and it is early in the office sector's recovery. Investors who paid sky-high prices for commercial buildings, especially those who financed using floating-rate debt or interest-only loans in the early years, are dependent on their optimistic growth projections to deliver.

Yet, with generally improving fundamentals such as reduced vacancy and higher rents and few worries about overbuilding in most markets, the office sector should continue to improve in the near term, if job growth doesn't take a dive. "We're still in that race between increasing interest rates and increasing fundamentals," Stephen Blank, senior resident fellow of finance with the Urban Land Institute, says of the commercial market. "It appears to me that we are going to skate through this."

$2 Million Payment To Former Lobbyist Raises Eyebrows (WP)

By Jeffrey H. Birnbaum

The Washington Post, July 10, 2006

You've probably never heard of Jeffrey S. Shockey. So, for simplicity's sake, think of him as the Two Million Dollar Man.

The 40-year-old congressional staffer last year collected nearly $2 million in severance payments from his former employer, a lobbying firm that specializes in winning benefits from the committee he now serves. Many longtime Washingtonians are shaking their heads in disbelief over the payout's enormous size, its ad hoc method of calculation and the fact that Shockey received it while working as a senior congressional aide.

No wonder Americans hate the nation's capital. Federal employees are prohibited from supplementing their incomes with money from private sources, especially from lobbyists who have business before the government. Shockey says his payment was justified and within the rules. But experienced lobbyists around town question both its economics and its propriety.

The situation is an example of a common occurrence -- the spinning of the "revolving door" between the public and private sectors. Shockey is deputy chief of staff of the powerful House Appropriations Committee. Before that he was a partner for five years in a lobbying firm that made its living extracting goodies from the same committee. And before that he worked for Rep. Jerry Lewis (R-Calif.), who was then a member of the committee and is now its chairman.

Along the way, Shockey made millions. As a lobbyist in 2004 he earned $2 million, which is double what the city's top lobbyists were said to earn just a few years ago. Shockey, in fact, was on track to make $3 million in 2005, the year he returned to government as the No. 2 staffer for the Appropriations Committee.

Lobby shops often give parting gifts to colleagues who go into public service as a way to maintain strong relations. But the amount tends to be nominal and strictly tied to past performance to avoid even the appearance of paying a federal official in exchange for favorable treatment -- an exchange that would be illegal.

Why, then, would Shockey's former firm pay him so much? The reason, several seasoned lobbyists speculated, must have been the firm's desire to keep its communications with Shockey and the appropriations panel absolutely seamless. "There would be no need to pay out that amount of money unless you needed to maintain a superlative relationship with that person after he leaves," one veteran lobbyist said.

Spokesmen for Shockey's old firm say the company already had deep connections with Lewis and didn't need any more. Still, who can blame skeptics for thinking that $2 million might buy more than merely goodwill?

Congressional appropriators like Lewis were once hesitant to explicitly fund pet projects for fear of being accused of playing favorites and of micromanaging the government. But that was a long time ago. The Republican Revolution of 1994 ushered in a new congressional majority that professed to be distrustful of government but also worked overtime to maintain its control by directing federal aid into popular programs that would help reelect GOP members.

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Lawmakers were encouraged to earmark billions of dollars for thousands of home-state projects every year as a way to court their constituents. To take advantage of those giveaways, lobbyists increasingly specialized in appropriations work. Shockey and his firm were leaders in the field.

Lobbyists were hired in droves and dozens of them made fortunes, including Shockey. Inundated by requests for earmarks, some congressmen began to rely on their lobbyist friends to help them select which projects to back and to monitor them as they moved through the legislative process. In turn, the lobbyists supplied the congressmen with campaign contributions and other amenities.

Critics decry such mutual back-scratching as incestuous, undemocratic and potentially corrupting. Lobbyists (and their grateful clients) say it's just the way things work in the complicated world of Washington. In any case, it surely was no coincidence that many of Shockey's four dozen clients -- including the city of Redlands and the county of San Bernardino -- were in the southern California district of Shockey's once and current boss.

Shockey's former lobbying firm, now called Copeland Lowery Jacquez Denton & White, assisted lots of California-based organizations and municipalities. One of its partners is a former California congressman, Bill Lowery (R), who, like Shockey, is close to Lewis -- so close that federal authorities in Los Angeles have subpoenaed many of the firm's clients to learn more about the relationship of the firm, Lewis and Lowery.

Publicity over the investigation has broken up the partnership. The firm's two Democratic partners, James M. Copeland and Lynnette R. Jacquez, told their Republican colleagues last month that they were leaving. The reason, they said, was that ethical and legal questions threatened to destroy their professional reputations and ruin their commercial prospects. Lewis has denied any wrongdoing, and the firm has said it has complied with all the rules.

Shockey has not received a subpoena. He has been careful to disclose his severance package and has removed himself from dealings with the firm and his former clients.

But several of Washington's prominent lobbyists question the deal. I spent a few days talking to owners and managers of lobbying firms about Shockey's $1.96 million payment. None wanted to be quoted by name for fear of angering Lewis, and many might benefit if Copeland Lowery fails. But they all agreed that the payout was far larger than was common in similar cases.

They also said a transaction that pricey might look like a conflict of interest even if it isn't. And that's a major danger in a political town.

Here's how it came to be:

After Lewis became chairman of the appropriations panel in early 2005, Shockey surprised his partners by announcing that he wanted to return to Capitol Hill. The question then became how much they would pay him for his ownership in the firm.

One answer could have been nothing. Copeland Lowery had no written partnership agreement and functioned under an "eat what you kill" arrangement. That meant its partners kept the revenue they collected from their clients less overhead costs, which were divided among them based on the percentage of total firm revenue that each of them brought in.

In other words, Shockey had already taken out of the firm everything he brought into it. Once the company got current with its receivables and gave Shockey his share, it could well have said goodbye to him and that would have been that.

But Shockey was one of the firm's main breadwinners. According to the firm's lawyers, he presented his partners with an implicit choice. He would recommend that his clients stay with Copeland Lowery in exchange for a severance or he would sell his "book of business" to a competing lobby shop.

So the partners cut him a deal at what they felt was fair market value. They agreed to give him six times the amount that his clients were producing per month at the time of his departure. They removed from their calculation the few clients that Shockey thought would not continue with the firm after he left and came up with roughly $1.5 million. Adding in revenue he was entitled to receive from bills that were still being paid, his severance package totaled $1.96 million, which was paid in installments in 2005.

Outsiders have several concerns about this transaction. One is that lobbying is very personal. When a key lobbyist leaves, his or her clients often bolt. That's why turnovers of business like Shockey's generally produce for the departing lobbyist nothing more than a "finder's fee," if that. Ten top lobbyists I spoke to said that departing partners rarely get more than two or three months' worth of retainers-on-the-books because there isn't any guarantee that their clients will continue with the firm.

Shockey's threat that he would park his clients elsewhere was probably empty because he was not going to go with them.

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These lobbyists also could not understand why Copeland Lowery would shoulder so massive a financial burden. Shockey's payout ate up 26 percent of the firm's 2005 lobbying revenue of $7.4 million, based on the firm's public disclosures. Even if the firm had a 50 percent profit margin (which is possible in lobbying), that would mean that half the partners' earnings went to someone who was no longer there.

I guess keeping appropriators happy is worth an awful lot.

Running Hard, Senate Power Seeks A New Image (NYT)

By Robin Toner

The New York Times, July 10, 2006

PITTSBURGH, July 6 — The conservative glory days of 1994, when Rick Santorum roared into the Senate at the age of 36, seem a long time ago as he fights for his political life this year, trying to convince Pennsylvania voters that he has not gone Washington.

Not become part of the establishment he used to rail against.

Not forgotten the kitchen table issues that matter here.

Mr. Santorum, the third-ranking Republican leader in the Senate, distributed a brochure this week as he worked a sweltering round of town hall meetings and Fourth of July parades: "Fifty Things You May Not Know About Rick Santorum." It is filled with what he called meat and potatoes, like his work to expand colon cancer screenings for Medicare beneficiaries (No. 3), or to secure money for "America's first ever coal to ultra-clean fuel plant" (No. 2).

"I can't tell you the number of people who, after having read it, said, 'Gee, I didn't know any of this stuff,' " Mr. Santorum said in an interview in a firehouse in Monroeville, after his 10th event in two days.

Mr. Santorum was a symbol of the conservative movement in its brash youth; now, in many ways, he embodies the movement in middle age, 12 years after taking control of the House and Senate, no longer so confident that the political winds are with it, especially in an anti-incumbent year.

He needs to reintroduce himself over the next four months, he said, to get beyond the stereotypes. "I have to fight against five and a half years of the mainstream media, particularly local press, telling their side of the story," he said.

He said he wanted Pennsylvanians to think of him as a political heir to Alfonse M. D'Amato of New York, who was known as Senator Pothole for being acutely attuned to constituent needs. (Perhaps not the most auspicious role model, since Mr. D'Amato was unseated by an ambitious Democrat, Charles E. Schumer.)

It is a different image from the high-profile conservatism for which Mr. Santorum is so widely known: his impassioned opposition to abortion and same-sex marriage, and his advocacy of private investment accounts in Social Security.

A kinder, gentler Rick Santorum? "People already know about the other stuff," he said. "You guys remind them every day about the other stuff. Let's tell the rest of the story."

The most recent round of independent polls shows that Mr. Santorum is arguably the most endangered senator in the country. Polls show that Robert P. Casey Jr., the state treasurer, holds a comfortable lead over Mr. Santorum — in a Quinnipiac University poll, Mr. Casey is in the lead by 18 points.

Mr. Santorum has insisted that voters do not really know much about Mr. Casey, that some Pennsylvanians actually believe the Democratic candidate is his father, former Gov. Robert P. Casey, who died six years ago.

"This is a guy recruited by the Democrats because he has a good name," Mr. Santorum said, after shaking hands at a Fourth of July fireworks display in Radnor.

Mr. Casey, in an interview, noted that he had run three statewide general election campaigns in recent years and served as state auditor general and treasurer. Moreover, he said, it is "really insulting to the people of Pennsylvania" to suggest that some voters still think he is his father.

Leading pollsters agree on this: The race, so far, is mostly about Mr. Santorum. The Quinnipiac poll found that more than 40 percent of those who said they would vote for Mr. Casey said it was primarily a vote against Mr. Santorum. The senator "appears to be his own worst enemy in his battle for re-election," said Clay F. Richards, assistant director of the Quinnipiac

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University Polling Institute, which conducted its survey June 13-19 with 1,076 Pennsylvania voters and a margin of sampling error of plus or minus three percentage points.

In the end, Mr. Santorum said, he needs to make this race not a referendum but a choice between "a record of accomplishment and leadership" (Mr. Santorum) and "a guy who's coasted along," is "focused on ambition for the sake of ambition," and is "running for one office after another" (Mr. Casey).

Many here are steeling for an intensely negative campaign, based on this rough calculus: to win, some analysts have said, a polarizing candidate like Mr. Santorum must make his opponent seem an unacceptable choice. And Mr. Santorum has a much bigger war chest to make that case this fall.

It has not been an easy few months for Mr. Santorum. He found himself mired in controversy over his residency in recent weeks, with his detractors highlighting the fact that while he maintains a modest residence in suburban Pittsburgh, his family lives in the Virginia suburbs when the Senate is in session, which is the majority of the year. Critics argued it was not unlike the living arrangements he denounced in his 1990 House race against Representative Doug Walgren, the Democrat he defeated.

Mr. Santorum, then 32 and a quintessential grass-roots insurgent, accused Mr. Walgren of being out of touch with his Pittsburgh-area district, symbolized by his home in the Virginia suburbs.

"He's clearly paying a price for it now in western Pennsylvania," Mr. Walgren said, "because there's a lot of people who remember he was so critical of my having my children in Washington."

Mr. Santorum said the Senate was different from the House, adding that "we just decided I had to have my family here, or I'd never get to see them." He and his wife have six children.

In general, Mr. Santorum dismisses the notion that he has become what he once campaigned against — the Washington establishment.

"I think I've tried to keep my edge," he said. "I get to every county, every year. I work really hard to stay in touch with the people of this state. I don't do a lot of frilly stuff as a member of Congress. I try to be pretty meat and potatoes."

But the Casey campaign has said, relentlessly, that Mr. Santorum has voted with President Bush "98 percent of the time," and that he is a "rubber stamp" for an administration that is decidedly unpopular here. The Casey campaign has portrayed Mr. Santorum as far too close to the K Street lobbying community and far too devoted to a national conservative agenda.

"At some point, he began to spend a lot more time on Washington politics and Republican Party politics and ideology than on Pennsylvania's priorities," Mr. Casey said. "In a nutshell, he's gone Washington."

Veterans of Pennsylvania politics have said Mr. Santorum should not be underestimated. Gov. Edward G. Rendell, a Democrat who campaigned for his own re-election in a parade this week in suburban Glenside, said that while many were "writing Senator Santorum off," inside the state the view was different. Mr. Rendell said, "It's going to be a battle for us, and we know that."

But G. Terry Madonna, who heads the Keystone Poll at Franklin & Marshall College, said Mr. Santorum had been struggling to find political traction, something to move voters. Two of the classic wedge issues — abortion and the rights of gun owners — have been largely neutralized, because Mr. Casey has taken conservative stands on both.

In recent days, Mr. Santorum has been campaigning hard on the immigration issue, denouncing the Senate-passed bill, which has the support of the state's popular senior senator, Arlen Specter, also a Republican. Mr. Santorum's campaign is running television and radio spots on the issue, and made 400,000 phone calls on immigration recently, said his media consultant, John Brabender.

Mr. Santorum argues that the Senate legislation amounts to giving amnesty to illegal immigrants; advocates say it offers only a pathway to citizenship, with many requirements, for those here longest. Mr. Casey said that he would support that bill, if that was his only option, but added that Mr. Santorum "is trying to make it a one-issue campaign on an issue he's done nothing about."

Given his voting record — Congressional Quarterly ratings show he voted with his party 92 percent of the time in 2005 and with Mr. Bush 95 percent of the time — Mr. Santorum's ultimate challenge may come in the Philadelphia suburbs in southeastern Pennsylvania, home to many socially moderate Republicans and independents.

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The "50 Things You May Not Know About Rick Santorum" brochure was recently distributed heavily to that area, with its decidedly moderate spin on Mr. Santorum's record — noting, for example, his work to "battle world AIDS and to help eliminate world poverty, working closely with Bono" (No. 4).

Mr. Santorum walked the entire Fourth of July parade route in wilting heat in one such suburb, Lower Southampton Township, this week.

He was greeted politely, sometimes enthusiastically, while James F. Cawley, a Bucks County commissioner and a Republican, looked on approvingly.

"Rick Santorum never went to Washington and caught Potomac fever," Mr. Cawley insisted. Twelve years after the Republican revolution of 1994, the argument is the same — Mr. Santorum's role is different.

Hillary Clinton Seeks To Woo Wall St (FT)

By Ben White

Financial Times, July 10, 2006

Hillary Clinton has been cosying up to Wall Street in recent weeks with a series of meetings with top executives that could help her follow the path blazed by her husband ahead of his first presidential run.

People familiar with the meetings said they appeared intended to help Wall Street figures get to know the New York senator better as she coasts through an easy 2006 re-election campaign and paves the way for a possible Democratic presidential run in 2008. Bill Clinton's early forays to Wall Street helped advance his bid for the Democratic nomination in 1992.

Some events, such as a recent gathering at Morgan Stanley that included chief executive John Mack, a big Republican donor, have been fundraisers for the Senate campaign. Others, including a chat with executives at Lehman Brothers, are more policy-oriented. Mrs Clinton is said to be planning meetings at Merrill Lynch and Credit Suisse, among others.

Ann Lewis, a senior adviser to Mrs Clinton, said the meetings were focused on 2006.

"She is proud to represent a state as diverse as New York with farmers upstate and bankers on Wall Street," she said.

However, political observers noted that Mrs Clinton faces little significant opposition in 2006. They said the the Wall Street meetings could pay dividends in 2008 by helping reassure bankers that Mrs Clinton is a free-market centrist, not the tax-and-spend, protectionist liberal some Republicans paint her to be.

"She wants to reassure them that she is really OK," said Maurice Carroll, a pollster and political analyst.

Analysts said the meetings also gave Mrs Clinton, viewed as a favourite for the Democratic presidential nomination, an opportunity to argue that she would improve the standing of the US abroad and demonstrate her commitment to free trade. This has been called into question by her vocal opposition to DP World of Dubai's attempted purchase of a company controlling certain US ports.

The lack of an obvious Republican frontrunner also means more Wall Street money and support could flow to Mrs Clinton and other Democrats in 2008.

Many on Wall Street are already familiar with Mrs Clinton through her work in the Senate. She often visits big New York employers such as JP Morgan Chase for public and private events. She has raised $4.7m (€3.6m, £2.5m) from individuals in the financial services, real estate and insurance sectors this year, according to the Center for Responsive Politics.

Wake Up, Democrats: Ideas And Vision Do Matter (LAT)

By Kenneth S. Baer And Andrei Cherny

The Los Angeles Times, July 10, 2006

SOMETHING HAPPENS to a political party when it is not just out of power but has had to play on the home field of its opponents for a generation: It loses faith in itself and becomes scared.

Like the 98-pound weakling who lives in fear of the school bully, it will say anything to avoid being stuffed into a gym locker: I don't really believe in anything! I don't stand for anything! Please just leave me alone!

That this has become true in the Democratic Party is clear in listening to the worried words of pundits and political professionals who counsel Democrats to avoid offering any vision or direction for the country — to instead simply wait for voters to so tire of Republican mismanagement that they will turn to more "competent" Democrats to administer a conservative state.

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Maureen Dowd, for instance, argued recently that "big ideas" don't matter — "what matters," she wrote, "is the bearer of an idea." James Carville — the architect of Bill Clinton's 1992 victory — told Newsweek that "the American people are going to be ready for an era of realism. They've seen the consequences of having too many 'big ideas.' "

And in these pages, Jonathan Chait cynically dismissed any talk of "vision" or "ideas" and instead argued that Democrats should not formulate a coherent worldview because, for progressives, "everything works on a case-by-case basis." This ad hoc approach to politics misunderstands the basics of American history and underestimates the power of ideas in shaping it. It may win an odd election here or there in spite of itself, but ultimately, it is a losing strategy for any political party.

Ideas have driven American politics since the founding of the republic. The U.S. was established on grand notions of democracy and freedom that were radical breaks with the entire history of the world to that point. In the 19th century, Jacksonian ideas about opportunity for all, not just the few, were brought to life through the Homestead Act, the transcontinental railroad and the land grant colleges. When industrialization came to remake the face of American life at the turn of the last century, the Progressives rethought how government and society should work to adapt to the new Machine Age and its urban centers. Eventually, these ideas were realized in Franklin D. Roosevelt's New Deal and came to define and delimit the debate over government for the rest of the 20th century.

The leaders who brought about these changes did not approach their work on a case-by-case basis, nor did they simply see their jobs as conscientiously administering the machinery of government so that it ran smoothly. Instead, they had ambition and a vision of how the world should work. Although their innovations may seem commonplace now, these visions often represented a radical break from the prevalent dogma of the moment, emerging from outside the accepted bounds of debate.

Ideas have both shaped America's history as well as transformed its politics. If elections were only about competence, then right about now we'd be dedicating the Michael Dukakis Presidential Library. The fact is that the parties that have won elections over the long term and have been able to build governing majorities are those that have put forward a vision that both inspires the American people and responds to the concerns they face at the time. Certainly, this was true during the New Deal era, when Americans repeatedly chose the often chaotic and unorganized administration of Roosevelt's Democrats because they responded to the ideas about government and the economy that FDR was offering.

In response, Eisenhower-type Republicans argued that what was needed was a "Modern Republicanism" that promised to administer the New Deal more effectively. Other conservatives argued that unless they offered an alternative vision that would rally Americans to their banner, the Republicans would always be the moon to the Democratic sun: reflecting its light but shining none of its own.

So the bravest conservative thinkers took on the GOP establishment and its most plodding, popular voices. They developed a series of ideas — supply-side economics, Social Security privatization, faith-based social policy and so on — that reshaped the American political landscape. It took decades for their ideas to make it into the mainstream, but — for better or worse — American politics today is played out on the terrain laid down by these thinkers.

Now, it is progressives that have a choice. Most of the voices inside Washington believe that conservative errors and overreaching — along with more effective voter targeting and door-knocking by Democrats, more compelling TV ads and new "frames" for old policies — will yield enough votes so that in a closely divided nation, Democrats might eke out a victory and regain power.

We disagree. Having seen the failure of a generation of conservative ideas on fiscal and foreign policy, Americans are ready to listen to an alternative. Now is the moment for Democrats to offer a set of breakthrough ideas that will create a governing majority for a generation. But this will happen only if they are willing to be more than the railroad conductor making sure the trains run on time, and instead put America on a new and different track.

Kenneth S. Baer and Andrei Cherny are the founding editors of Democracy: A Journal of Ideas, www.democracyjournal.org.

Delay Redux? (TIME)

By Mike Allen And Hilary Hylton

Time, July 10, 2006

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Could Tom DeLay be headed back to the House? A source close to the ex-Congressman tells TIME that DeLay is planning an aggressive campaign to retake the House seat he quit in June if an appeals court lets stand a ruling by a federal judge last week that his name must stay on November's ballot--even though he has moved to Virginia. "If it isn't overturned, Katy bar the door!" says a G.O.P. official. "Guess he'll have to fire up the engines on the campaign and let 'er rip." DeLay, awaiting trial for money laundering, never intended to fade away. He plans to give paid speeches and has signed a deal to have his bio penned by best-selling author Stephen Mansfield. But to run, DeLay would have to raise money fast: his campaign fund has well under $1 million left. At least he knows his would-be opponent well: ex-Congressman Nick Lampson's original district was eliminated in a redistricting engineered by DeLay.

Wage-ing Battle (TIME)

By Perry Bacon Jr.

Time, July 10, 2006

Ever sinceÂ 2004, when theÂ G.O.P. fired up its conservativeÂ core by getting gay-marriage bans on the ballot in 11 states on Election Day, Democrats have sought their own rally-the-base issue. What could motivate liberals to turn out for November's midterms? They think they have an answer: the minimum wage.

The federal minimum wage has been stuck at $5.15 an hour since 1997. Polls show that more than 80% of Americans favor an increase, but most Republican politicians--who traditionally side with the business lobby on the issue--do not. So Democrats are sharpening their attacks on the G.O.P. for seeming out of step with public opinion. Senator Hillary Clinton of New York has led a Democratic effort to block a scheduled $3,300 increase in congressional pay--the typical lawmaker's salary would rise to $168,500 a year--unless Republicans agree to hike the minimum wage to $7.25. The Dems are also emulating the Republican gay-marriage strategy by backing ballot measures in six states to boost the minimum wage. They hope voters will go to the polls for this cause, then support Democrats in races that could help the party take back Congress. Clinton and ex-Senator John Edwards will head to Ohio this week to stump for that state's measure. Edwards then plans to go to Arizona to rally for an initiative there.

The potential political cost of not supporting an increase is beginning to have an impact in the G.O.P. While Republican leaders in the House have so far blocked efforts to get a vote on the issue this year, some vulnerable, moderate G.O.P. members of Congress are speaking out for a higher minimum wage--and pushing their leadership to relent. Christopher Shays, a nine-term Connecticut Republican embroiled in a tight fight for re-election, says he backs the Dems' push. "I just think it's an embarrassment," he says of his party's stance on the issue.

Not enough Republicans have sided with Shays to get a House vote, which means any action this year will depend on voters in the six states with ballot initiatives. All would increase the minimum wage to at least $6.15, and all are good bets to pass. It's less clear whether the Democrats can convert that support into backing for the party. If the minimum wage doesn't generate maximum anger against the Republicans, low-income workers may find themselves with bigger paychecks, but congressional Democrats may be right back where they began--in the minority.

One Hug At A Time (NSWK)

By Jonathan Darman

Newsweek, July 10, 2006

It's Friday night in Iowa and an old politician is trying some new tricks. John Edwards is back—back, with the familiar deep drawl, dark tan and honeyed hair. Gone, though, are the old catchphrases—"two Americas" and "hope is on the way." In their place: a long meditation on America's moral obligation to confront the plight of its poor. "Thirty-seven million of our people, worried about feeding and clothing their children," he said to his audience. "Aren't we better than that?" It's not the stuff of great sound bites, but it's part of Edwards's new political plan: a presidential campaign with fighting poverty as a central plank. It's a risky strategy in today's Democratic Party—Edwards may be the most viable national candidate since Bobby Kennedy to tie his destiny to a fight for the destitute. "Yeah, I heard all that stuff: 'Who cares?' or 'It's a dead end'," Edwards tells NEWSWEEK. "Well, it's what I want to do."

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Rebel outsider is an odd role for the Democratic Party's most recent vice presidential candidate to play. Yet Edwards's 2008 presidential campaign—still hypothetical but proceeding at high speed—is all about breaking with the established script. He's largely opted out of the buzz primary—leaving candidates like former Virginia governor Mark Warner and Indiana Sen. Evan Bayh to convince Beltway insiders and media types that they're the best alternatives to front runner Hillary Clinton. Instead, he's using the name recognition he built up in '04 and hitting the campaign trail early and often—quietly raising $6.5 million in 105 appearances for Democrats running in 2006.

His under-the-radar strategy is paying off, in Iowa at least. A June Des Moines Register poll of likely Democratic caucusgoers had Edwards leading a pack of potential presidential candidates that included other widely known names like Clinton, 2004 ticketmate John Kerry and even Iowa Gov. Tom Vilsack. Edwards is certainly not the only candidate hustling in corn-country—Warner and Bayh visited within days of his most recent visit—but with 10 trips to the state since the beginning of 2005, he's logged more time there than any candidate in either party. This time, they're counting on Iowa, which brought John Kerry's candidacy back from the dead in 2004, to propel them into New Hampshire, and beyond. To win, Edwards must leverage his 2004 visibility, shake off the disappointment many Democrats felt at the campaign and emerge from Kerry's shadow as a worthy candidate in his own right.

Edwards talks about 2004 like it was a lifetime ago. His wife, Elizabeth, was diagnosed with breast cancer the day after the election. "We just threw ourselves into it," he recalls. "I went with Elizabeth to every chemo test." The twin traumas—losing a national election and watching a spouse suffer—were an enormous emotional load. But Elizabeth's illness helped Edwards keep the election loss in perspective. "The adjustment wasn't that hard," he says, "because I was so focused on getting her well."

Edwards's old running mate, John Kerry, has had a harder time moving on. Relations between the two men were always more functional than friendly, and the two Johns are now eying each other as potential opponents. There is history here: before inviting him to join his ticket, Kerry asked Edwards if he would run against him in 2008 in the event they lost the election the first time around. Edwards, according to two former campaign aides who asked not to be named describing closed-door discussions, was taken aback and ducked the question. (Edwards declined to comment on a private conversation; Kerry was unavailable for comment.)

Still, to truly cut the cord with Kerry-Edwards, the North Carolinian has to shore up the political weaknesses highlighted by the last campaign. Dismissed as a foreign-policy lightweight in '04, he's co-chaired (with former Republican veep candidate Jack Kemp) a task force on U.S.-Russia relations, and traveled to Europe, India and the Middle East. "The important thing," he says, "is making it clear you have a world view." He's signed up with the New York investment group Fortress—a move that may help combat the notion that as a longtime trial lawyer, he's anti-business. (It also helps cover a new home on 100 acres in Chapel Hill.)

One key advantage Edwards is counting on: people know who he is. His retooled stump speech takes ironic jabs at his old campaign persona. ("There is the chance that at least one of you remembers that I'm the son of a millworker," he told the Indianola audience.) His advisers learned in 2004 that the hardest hurdle a candidate faces is simply getting voters to remember his name. That's not a problem in Iowa anymore, they say. "A Warner or Evan Bayh would have to spend $30 million to get where Edwards is," says an aide who asked not to be identified speaking about a still unannounced campaign. Other campaigns point out that a figure as well known as Edwards will have a hard time redefining himself.

Lowered expectations could also help Edwards's chances. In '04, he was billed as Bill Clinton's second coming, and many audiences were disappointed when they saw the real thing. Now he simply has to show more ability to connect with audiences than, say, Hillary or Mark Warner—a somewhat easier hurdle to scale.

Soon, he'll start inching back toward the limelight. This fall, Elizabeth will publish a memoir; publicity plans include an excerpt in People magazine and major television appearances. But Iowa looms largest, and as the caucuses get closer, Edwards will have to take bigger steps to prove he really is a new man. After his Indianola speech, Edwards disappears into the star-struck crowd of well-wishers. "I really hope you'll get in again," a woman wearing an IOWANS FOR EDWARDS 2008 button says to him. "Thank you, ma'am," the former senator replies. "Yes," she says, "and I hope you'll really fight this time."

Inside The Beltway (WT)

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By John McCaslin

The Washington Times, July 10, 2006

Don't tread on me

Virginia senatorial wife Susan Allen and Republican operative Mary Matalin, accompanied by their respective daughters, were asked to leave a birthday celebration for the city of Alexandria on Saturday evening because they were "distracting."

That says a close friend of Mrs. Allen, the wife of Virginia Republican Sen. George Allen, who is seeking re-election to a second term.

"They were asked to leave the public event by Alexandria's Parks and Recreation Department because they were told they were 'distracting,'" the friend states. "That was the exact word [officials] used. Perhaps these Alexandria servants should be reminded that politicking at public, community events is a time-honored, American tradition, not to mention a First Amendment right."

Actually, the two women weren't so much politicking as they were attracting attention while strolling through the waterfront festival, held at Oronoco Bay Park. Frequently mentioned as a possible White House contender in 2008, Mr. Allen faces a formidable challenger in former Navy Secretary Jim Webb, a Republican until he jumped ship and became a Democrat.

Alexandria is known for being a Democratic bastion. The current mayor, vice mayor and council members are all Democrats. In addition, Old Town is home to former Virginia Gov. Mark Warner, a Democrat who has his own eyes on the White House in 2008. Mr. Allen resides in the Mount Vernon section of Fairfax County, just south of Alexandria.

Beyond walking on water, there was little the Alexandria "servants" could do to stop a Potomac River boat captain from showing her loyalty to the Republican candidate by cruising along the waterfront festival with "George Allen for Senate" banners hanging from the port and starboard sides of her boat.

Knows his weeds

A most intriguing e-mail arrived in our mailbox from a Washington public-relations associate, who copied it to every reporter on his media contact list.

The letter reads: "I walk past a marijuana plant on my way to work each day that has found a home just outside the gate of an embassy. I happen to find this a bit funny considering the number of people that walk past it each day.

"Anyway, I'll tell the first reporter to get back to me where the plant is located. I would recommend taking a photo first before asking the embassy any questions."

Inside the Beltway is pleased to announce that we were the first to contact the PR executive, who spoke to us about the marijuana plant on the condition of anonymity.

"It is the Tunisian Embassy at 1515 Massachusetts Avenue," he told us. "But here is the sad thing: they tore it up."

You don't say?

"Don't worry, I took a picture of the plant, and I can send it to you. The plant was much taller and bushier last week."

So do you think somebody harvested the plant? Or do you think it simply got weed-whacked?

"I don't know. There are a lot of weeds growing around there; there's not much upkeep by the embassy."

Hmmm.

"I first noticed the plant a month or two ago. I did a double-take. 'Oh my God,' I said to myself. 'It's a marijuana plant.'"

Then what did you do?

"I kept an eye on it. And it kept growing and growing. It was literally to the left of the gate, growing up out of a crack next to the curb."

Smile, Steny

Inside the Beltway told you last Friday about a pair of candid photographs of House Democratic Whip Rep. Steny H. Hoyer and Maryland Democratic senatorial candidate Kweisi Mfume prominently displayed on the front page of the Michael S. Steele for U.S. Senate Web site.

One photo shows a smiling Mr. Hoyer hamming it up the Republican lieutenant governor during last Tuesday's Independence Day celebration in Bowie.

"Apparently your column item generated a lot of controversy," Steele campaign spokesman Doug Heye called to say over the weekend. "Congressman Hoyer's office just called and asked us to take the photograph down. I told them that I would alert the lieutenant governor to their request and let them know as soon as possible.

"However, I don't see why a harmless photo of two politicians enjoying a moment together can cause such controversy in the Hoyer camp."

Klaus in town

Morton's co-founder Klaus Fritsch, who wrote the book on steak, is paying a visit to the downtown Morton's on Connecticut Avenue tomorrow evening, not Wednesday as reported earlier, to celebrate the release of "Morton's Steak Bible."

Arnold Favored For Re-election (WT)

By Christina Bellantoni

The Washington Times, July 10, 2006

California Gov. Arnold Schwarzenegger holds a wide lead over state Treasurer Phil Angelides, his Democratic re-election challenger who said Friday that, if elected, he would sign a bill to grant marriage licenses to homosexual couples.

Mr. Schwarzenegger, an actor who became governor after a circuslike recall election in 2003, leads Mr. Angelides 44 percent to 37 percent in a statewide poll taken the last week of June. The poll showed 14 percent of voters were undecided, while 5 percent of those surveyed wanted a different candidate.

It is unknown whether marriage will be a defining issue in a race that is four months away, but Mr. Angelides is not shying away from the topic.

"I would sign the marriage-equality bill because I believe if we can get behind people to build a lasting relationship, that is a good thing," Mr. Angelides told reporters at a press conference in San Francisco.

The New York State Court of Appeals last week issued a ruling that said: "Whether such marriages should be recognized is a question to be addressed by the legislature."

California's Democrat-controlled Assembly passed a measure last year that would have legalized same-sex unions. Mr. Schwarzenegger, a Republican, vetoed the bill, saying the matter should be decided either by voters or by the courts.

Marriage has been a hot topic in California since February 2004, when San Francisco Mayor Gavin Newsom shocked the nation by allowing 4,200 same-sex couples to "marry." A state court later voided the licenses.

Mr. Newsom said Friday that he is backing Mr. Angelides.

National Democrats, including Sen. Hillary Rodham Clinton of New York, also are supporting Mr. Angelides as he fights for one of the country's most important gubernatorial seats.

"We are all here for the same reason: We think Phil Angelides would be a great governor for California," Mrs. Clinton said Friday in San Francisco after a $1,000-per-plate fundraiser at the St. Regis Hotel.

The former first lady said Mr. Angelides helped her husband become president in 1992, when Mr. Angelides was the leader of the state Democratic Party.

"He brought passion and commitment to a campaign that was on an uphill side," she said.

Mr. Angelides, who bested state Controller Steve Westly last month after an ugly Democratic primary battle, received his former opponent's endorsement Friday. Mr. Angelides said the race provides "the clearest choice in a generation for Californians: a choice between the Bush-Schwarzenegger agenda of diminished opportunity, and a new agenda."

Others agreed, and promised the Democrat steady help throughout the campaign.

"Phil may not be a bodybuilder but he's a builder of dreams," said Sen. Barbara Boxer, California Democrat, referring to one of Mr. Schwarzenegger's pre-politics careers.

The survey of 900 Californians showing the governor leading the Democrat by seven percentage points was conducted by San Jose State University's Survey and Policy Research Institute. It had a margin of error of four percentage points. In March, Mr. Schwarzenegger held a three-point lead over Mr. Angelides in the same poll.

Pollsters said those surveyed were encouraged by Mr. Schwarzenegger's move to send some National Guard troops to the border as immigration battles heat up in Washington.

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The governor has "begun to reclaim the middle-of-the road voters who are crucial to statewide elections," the pollsters said.

However Mr. Schwarzenegger's once high approval rating has not climbed above 50 percent since March. The June poll showed that he has a 43 percent favorable rating.

Politicians Need Not Abandon Religion (USAT)

By Barack Obama

USA Today, July 10, 2006

My faith shapes my values, but applying those values to policymaking must be done with principles that are accessible to all people, religious or not. Even so, those who enter the public square are not required to leave their beliefs at the door.

For some time now, there has been talk among pundits and pollsters that the political divide in this country falls sharply along religious lines. Indeed, the single biggest gap in party affiliation among white Americans today is not between men and women, between red states and blue, but between those who attend church regularly and those who don't.

This gap has long been exploited by conservative leaders such as Jerry Falwell and Pat Robertson, who tell evangelical Christians that Democrats disrespect their values and dislike their church, while suggesting that religious Americans care only about issues such as abortion and gay marriage.

It's a gap that has also been kept open by some liberals, who might try to avoid the conversation about their religious values altogether, fearful of offending anyone and claiming that constitutional principles tie their hands. Some might even dismiss religion in the public square as inherently irrational or intolerant, thinking that the very word "Christian" describes one's political opponents, not people of faith.

And yet, despite all this division, we are united by the fact that Americans are a deeply religious people. Ninety percent of us believe in God, 70% affiliate ourselves with an organized religion, and 38% call ourselves committed Christians.

This is why, if political leaders truly hope to communicate our hopes and values to Americans in a way that's relevant to their own, we cannot abandon the field of religious discourse.

My lesson

I've fallen into this trap myself. During my 2004 Senate race, my opponent said, "Jesus Christ would not vote for Barack Obama." I answered with what has come to be the typically liberal response: that we live in a pluralistic society, and that I can't impose my religious views on another. I said I was running to be the U.S. senator of Illinois, and not the minister of Illinois.

But my opponent's accusations nagged at me, and I knew that my answer didn't address the role my faith has in guiding my values. I, like other progressives, should have realized that when we ignore what it means to be a good Christian or Muslim or Jew, when we discuss religion only in the negative sense of where or how it should not be practiced, when we shy away from religious venues because we think we'll be unwelcome, others will fill the vacuum: those with the most insular views of faith, or those who cynically use religion to justify partisan ends.

Moreover, it's wrong to ask believers to leave their religion at the door before entering the public square. Abraham Lincoln, William Jennings Bryan, Martin Luther King Jr. — indeed, the majority of great reformers in American history — were not only motivated by faith, they also used religious language to argue for their cause. To say men and women should not inject their "personal morality" into policy debates is a practical absurdity; our law is by definition a codification of morality.

If progressives shed some of these biases, we might recognize the overlapping values that both religious and secular people share when it comes to the direction of our country. We might recognize that the call to sacrifice, the need to think in terms of "thou" and not just "I," resonates with all Americans. And we might realize that we have the ability to reach out to the evangelical community and engage millions of religious Americans in the larger project of America's renewal.

But the conservative leaders of the religious right will need to acknowledge a few truths about religion as well.

For one, the separation of church and state in America has preserved not only our democracy but also the robustness of our religious practice. After all, during our founding, it was not the civil libertarians who were the most effective champions of this separation; it was the persecuted religious minorities concerned that any state-sponsored religion might hinder their ability to practice their faith.

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Universal values

This separation is critical to our form of government because in the end, democracy demands that the religiously motivated translate their concerns into universal, rather than religion-specific, values. It requires that their proposals be subject to argument, and amenable to reason. If I am opposed to abortion for religious reasons but seek to pass a law banning the practice, I cannot simply point to the teachings of my church. I have to explain why abortion violates some principle that is accessible to people of all faiths, including those with no faith at all.

This might be difficult for those who believe in the inerrancy of the Bible, but in a pluralistic democracy, we have no choice. Politics involves compromise, the art of the possible. But religion does not allow for compromise. To base one's life on such uncompromising commitments may be sublime; to base our policymaking on them would be dangerous.

In the months and years to come, I am hopeful we can bridge these gaps and overcome the prejudices each of us brings to this debate. I believe that Americans want this. No matter how religious they may or may not be, people are tired of seeing faith used as a tool to attack and divide.

Americans are looking for a deeper, fuller conversation about religion in this country. They might not change their positions on certain issues, but they are willing to listen and learn from those who are willing to speak in reasonable terms — those who know of the central and awesome place that God holds in the lives of so many, and who refuse to treat faith as simply another political issue with which to score points.

Barack Obamais a Democratic U.S. senator from Illinois.

The New York Paradox (NYT)

By Paul Krugman

The New York Times, July 10, 2006

I live and work in New Jersey, but I've always loved the energy and variety of the city that's just an hour's train ride away. So I was happy to read in The New York Times about a New York success story: the surprising resurgence of Manhattan as a site for corporate headquarters.

What's interesting about the corporate return to Manhattan is that it flies in the face of today's conventional wisdom, which says that modern technology is making geography irrelevant. Since work can now be done anywhere, the story goes, jobs move wherever the wages and other costs of doing business are lowest. And this should mean trouble for a high-wage, high-cost location like New York.

But somebody forgot to tell New York about the new rules: in spite of high costs, the city's economy is thriving.

And the report on the headquarters boom suggests that New York may, paradoxically, be doing well precisely because technology has made it possible to move many jobs away from high-cost locations.

During the 1960's and 1970's, New York lost much of its historical role as a headquarters city, as companies moved out to suburban campuses around the country. "But in the last several years," the Times article declares, "New York has regained its magnetic force": there are more than twice as many headquarters and subsidiaries in the city as there were in 1990.

Why are corporations moving back to New York? Manhattan's appeal is obvious: the Big Apple is the best place for top executives to "network face to face with their peers in the hub of the financial, legal and communications industries," as the article puts it. But that's an advantage New York has offered ever since it became America's largest city.

In the past, however, this face-to-face communication came at a high price: in order to keep their top executives in Manhattan, companies also had to pay the rent on large office buildings and fill those buildings with thousands of lower-level employees, paying those employees wages high enough to compensate for New York's high cost of living. Many companies decided that the benefits of a New York headquarters weren't worth the cost.

Now, however, it's possible for many of the people who would formerly have worked at corporate headquarters to work somewhere else instead, communicating with management electronically. And that makes it worthwhile to move top executives back to the center of things.

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The same thing may be happening in the financial industry, which these days is New York's principal "export" — that is, New Yorkers sell all sorts of things to each other, but they mainly sell financial services to other Americans and the rest of the world.

If you looked only at the employment numbers, you might think that New York's export base is in trouble. A recent report by the Federal Reserve Bank of New York points out that over the past 30 years, finance-sector employment has been shifting away from New York City toward lower-cost locations, both in the outer parts of the New York metropolitan area and in places like Dallas and San Antonio.

But what seems to be happening is that only relatively low-paid finance jobs are moving out of New York, while highly paid jobs are actually moving in. The Fed study shows that New York's share of U.S. financial industry earnings, as opposed to employment, is actually higher now than it was in 1970. And it's a good guess that financial firms, like corporate headquarters, find it easier to put their top people in New York now that the back-office work can be carried out someplace cheaper.

The story of the New York economy isn't entirely a happy one. The city has essentially lost all of its manufacturing, and it's now in the process of outsourcing both routine office work and many middle-management functions to other parts of the country.

What's left is an urban economy that offers a mix of very highly paid financial jobs and low-wage service jobs, with relatively little in the middle. Economic disparities in New York, as in the United States as a whole, are wider than they have been since the 1920's.

But for once, let me focus on the positive: the world's greatest city, a city that a generation ago seemed to be in irreversible decline, seems to be doing O.K.

Lobbyists, Yes. The People, Maybe. (NYT)

The New York Times, July 10, 2006

The news that the Washington lobbying industry is rapidly extending its tentacles into cities, towns and school districts across the country should be an outright embarrassment to Congress. Elected lawmakers — not high-paid lobbyists — are supposed to be best attuned to meeting the needs of their localities. But not in the booming marketplace called earmarking — the rapid-fire, debate-free amending of budget bills with millions in special-interest boons for favored pleaders. In this case, lobbyists are shopping themselves as gifted middlemen for mayors and school boards. And localities are biting, having seen the sorry evidence that lawmakers tend to deliver earmarks more readily for Beltway lobbyists than for hometown nobodies.

In Florida, 44 public sector clients of one well-connected lobbyist netted $173 million in earmarked projects since 2001. This is a return of better than $18 federal dollars for every local dollar spent on lobbying, according to a report by Jodi Rudoren and Aron Pilhofer of The Times. The founding fathers surely didn't envision such a lucrative warping of the federal-local relationship. But lawmakers do very well by it. They not only deliver tailored pork back home, but they also are rewarded by the circular money game where grateful lobbyists and special interests raise vast sums for the re-election campaigns of cooperative incumbents.

Among the unfinished business as Congress returns is the failure by the two houses to clean up the ethical mess created by the lobbying industry's increasing muscle. One congressman who peddled his influence through earmarks has gone to prison, and criminal investigations of others are under way. Yet a what-me-worry evasiveness remains the strategy of Republican leaders on ethics reform.

Cultivating Waste (WP)

The Washington Post, July 10, 2006

HEART SURGEON Jimmy Frank Howell owns a piece of land that hasn't produced crops in years. The federal government has paid him $490,709 in rice subsidies since 1996. Michael T. Sullivan's family, corn farmers, sold most of their crop last year above a government-set minimum price. He got $292,054 in federal agricultural payments anyway.

We've known for a long time that America's bloated food subsidy programs rile foreign governments, complicate trade talks, distort agricultural prices and disproportionately benefit large agribusinesses. As if that weren't enough, the results of a nine-month Post investigation published last week vividly detail the scandalous waste of America's vast farm subsidy system.

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Many American farmers have learned to speculate on foodstuff markets, successfully timing the sale of their crops to coincide with high prices. Yet under the misleadingly named loan deficiency payment (LDP) scheme the Michael Sullivans of the world can claim federal money as long as the market price dips below a government-set minimum price after they harvest their crop. Intended to benefit farmers hitting hard times, the LDP program handed out $3.8 billion more last year than it needed to guarantee its minimum price.

Other federal agricultural subsidies go to individuals who don't even farm. Under a program Congress designed to phase out government subsidies by untying payments from the cultivation of particular crops, Mr. Howell reaps federal dollars from his land as long as he doesn't grow the crops. These "direct payments" to landowners who don't grow any crop have cost the federal government $1.3 billion since 2000. Another thick layer of irony in all of this is that these programs aren't poorly managed. They operate just as Congress passed them.

In short: Federal farm subsidies are wildly misdirected and shamefully unfair to anyone who pays taxes and doesn't get a piece of the billions -- $25 billion in 2005 -- the government drops every year on agricultural payments. Last year the federal government paid $4.3 billion in corn subsidies, up from $1 billion in 1998.

Lots of American entrepreneurs take risks every year and don't expect a government safety net; why are American farmers, especially the larger planters who expertly extract government farm entitlements, any more deserving? The case for cutting farm subsidies isn't just about closing trade deals, though, as we argued last week, successful trade negotiations are vital. It's also about fixing a broken, inequitable system at home.

Too Many Doctors In The House (NYT)

By David C. Goodman

The New York Times, July 10, 2006

Hanover, N.H.

CAN we cure our ailing health care system by sending in more doctors? That is the treatment prescribed by the Association of American Medical Colleges, which has recommended increasing the number of doctors they train by 30 percent, in large part to keep up with the growing number of elderly patients. But the most serious problems facing our health care system — accelerating costs, poor quality of care and the rising ranks of the uninsured — cannot be solved by more doctors. In fact, that approach, like prescribing more drugs for an already overmedicated patient, may only make things worse.

Many studies have demonstrated that quality of care does not rise along with the number of doctors. Compare Miami and Minneapolis, for example. Miami has 40 percent more doctors per capita than Minneapolis has, and 50 percent more specialists, according to The Dartmouth Atlas of Health Care, a study of American health care markets (for which I am an investigator).

The elderly in Miami are subjected to more medical interventions — more echocardiograms and mechanical ventilation in their last six months of life, for example — than elderly patients in Minneapolis are. This also means more hospitalizations, more days in intensive care units, more visits to specialists and more diagnostic tests for the elderly in Miami. It certainly leads to many more doctors employed in Florida. But does this expensive additional medical activity benefit patients?

Apparently not. The elderly in places like Miami do not live longer than those in cities like Minneapolis. According to the Medicare Current Beneficiary Survey, which polls some 12,000 elderly Americans about their health care three times a year, residents of regions with relatively large numbers of doctors are no more satisfied with their care than the elderly who live in places with fewer doctors. And various studies have demonstrated that the essential quality of care in places like Miami — whether you are talking about the treatment of colon cancer, heart attacks or any other specific ailment — is no higher than in cities like Minneapolis.

Studies of individual hospitals have likewise shown that while the doctor-patient ratio varies widely from place to place, more doctors do not mean better care.

The Mayo Clinic in Rochester, Minn., and the University of California, San Francisco, Medical Center each have about one doctor treating every 100 elderly patients with chronic illnesses in their last six months of life. New York University Medical Center has 2.8 doctors for every 100 such patients and the University of California, Los Angeles, Medical Center has 1.7. The elderly

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patients at N.Y.U. and U.C.L.A., as compared with those at the Mayo Clinic and the San Francisco hospital, see more specialists and are subjected to more imaging tests and other procedures. But the quality of their care, as judged by doctors, is no better.

Using the N.Y.U. doctor-patient ratio as a benchmark for determining the number of physicians that will be needed to care for the over-65 population in the year 2020, we can project a deficit of more than 44,000 doctors nationwide. But if the benchmark is based on the Mayo ratio, we can project an excess of nearly 50,000 doctors in the year 2020.

How can it be that more spending and greater physician effort does not lead to better health or to improvements in patient satisfaction? One explanation may be that when more doctors are around, patients spend more time in hospitals, and hospitals are risky places. More than 100,000 deaths a year are estimated to be caused by medical mishaps.

The association of medical colleges has argued that increasing the doctor supply overall can remedy regional shortages. But in the past 20 years, as the number of doctors per capita grew by more than 50 percent, according to our measurements, most of the new ones settled in areas where the supply was already above average — places like Florida or New York — rather than in regions that lack doctors, like the rural South. Medical training is an expensive business, and it makes little sense to waste additional public dollars to perpetuate doctors' preference to live in affluent places.

By training more doctors than we need, we will continue to fill more hospital beds, order more diagnostic tests — in short, spend more money. But our resources would be better directed toward improving efforts to prevent illness and manage chronic ailments like diabetes and heart disease.

Better coordination of care is also worth investment. Small physician groups in disconnected offices often provide fragmented treatments, while multispecialty practices integrated with hospitals — prevalent in Minneapolis and some other cities — are associated with lower cost and higher quality of care.

All these strategies have been shown to improve patient outcomes without adding physicians. Instead of training more doctors, let's make better use of the ones we already have.

David C. Goodman is a professor of pediatrics and family medicine at Dartmouth Medical School.

North Korea Crisis Tests China's New Global Role (WSJ)

By Gordon Fairclough And Neil King Jr.

The Wall Street Journal, July 10, 2006

North Korea's barrage of missile tests has put China in a tough spot, calling into question its policy of patient diplomacy and economic support aimed at encouraging change in Pyongyang.

The U.S., saying Beijing's response is a critical test of China's new high-profile role on the international stage, is urging China to alter course and use its considerable leverage as North Korea's most important trading partner to get Pyongyang to return to talks on its nuclear program.

China has long pushed a noninterference line at the United Nations while seeking good relations around the world through a determined policy of not questioning the internal affairs of countries like Sudan or Venezuela where it seeks oil or other raw materials. But Beijing has assumed a pivotal role in international efforts to wean Pyongyang away from nuclear weapons.

It is far from clear, however, whether even North Korea's rocket launches last week -- in the face of vocal Chinese opposition -- will be enough to overcome Beijing's extreme reluctance to use economic pressure as a diplomatic tool, especially against its communist ally.

A draft resolution that would impose some sanctions against North Korea could come up for a vote at the U.N. as soon as today.

U.S. President George W. Bush, speaking in Chicago on Friday, called on the U.N. Security Council to say "loud and clear, here are some red lines." Mr. Bush also touched on the reluctance of China and Russia to support a U.N. sanctions resolution.

"You know, some nations are more comfortable with sanctions than other nations, and part of the issue we face in some of these countries is that they've got economic interests," he said. The U.S., Mr. Bush said, is trying to convince these countries to see that "security-of-the-world interests trump economic interests."

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Part of that job has fallen to Christopher Hill, the U.S. State Department's top diplomat for Asia, who met Friday with senior Chinese officials to express Washington's displeasure with North Korea's moves and to call for the resumption of disarmament talks.

Mr. Hill hurried to Beijing -- the first stop on a multiday trip to Asian capitals -- before a planned six-day trip to North Korea by China's vice premier, Hui Liangyu, set to start today.

Chinese officials expressed serious concern that North Korea's missile launches could encourage Japan to develop weapons to defend itself and lead to an arms race that could destabilize Northeast Asia, according to a senior U.S. official in Beijing. But the official said "there was nothing said" by the Chinese "that would indicate" they are ready to use the threat of economic sanctions to pressure Pyongyang.

U.S. officials say North Korea's decision to ignore warnings from China and others about the test firings shows that Beijing's policies aren't working. "I don't think anyone who believes in an engagement policy can take much of a sense of satisfaction in this," said the senior U.S. official in Beijing. "In the life of a nation, there are certain relationships...that it is time to leave behind."

Chinese diplomats at the U.N. have opposed action in the Security Council that would seek to bar North Korea from importing materials and parts that could be used in its weapons programs. Japan circulated a toughened draft resolution to that effect Friday.

China's U.N. ambassador, Wang Guangya, indicated that China wasn't pleased with the draft measure, which otherwise has widespread support. "If this resolution is put to a vote, definitely there will be no unity in the Security Council," he said, indicating that China would either veto the measure or abstain from voting.

Japan's foreign minister, Taro Aso, said yesterday that Russia may abstain from a vote, putting even more pressure on China as the sole one of the Security Council's 15 members standing in the way of passing the resolution.

India's test of a missile capable of carrying nuclear warheads yesterday could complicate diplomatic efforts to sanction North Korea, which is likely to complain that Pyongyang is the victim of a double standard.

China has successfully used arm-twisting in the past. In 2003, China temporarily shut down a pipeline carrying oil to North Korea, apparently in an attempt to pressure Pyongyang to participate in multilateral talks on its nuclear programs, U.S. and Asian diplomats have said. North Korea later agreed to join the negotiations.

To prod Beijing to toughen its stance this time, the U.S. has appealed to China's pride, saying it risks diminishing its international standing if it can't use its influence even to moderate the behavior of one of its closest neighbors.

When Mr. Bush last week called his Chinese counterpart, Hu Jintao, he said North Korea's missile tests represented a serious affront not just to the U.S., but also to China, U.S. officials said.

Washington also has said China's ability -- or inability -- to make headway with North Korea will be important in shaping the future of relations between Washington and Beijing. "This is an important time in the U.S.-China relationship," the senior U.S. official said. "If they are successful, it will be considered a sign that China has indeed arrived."

China is North Korea's largest supplier of both food and energy. Two-way trade between the neighbors has grown rapidly, hitting $1.58 billion last year. The vast majority of consumer goods in North Korea's markets are from China. The country's air force can't fly its planes without Chinese jet fuel.

It was business as usual at border-crossing points between China and North Korea Friday, Chinese traders said. Convoys of trucks laden with supplies rumbled over the steel-girder bridge that connects the Chinese city of Dandong with North Korea.

"We don't expect China to take drastic actions. Ties between China and North Korea are too close," said one Chinese businesswoman who handles North Korean imports and exports. Another trader said: "Our North Korean clients are very worried. But we tell them that our trade won't be affected."

For reasons of principle and pragmatism, however, China generally has been loath to use its economic clout to pressure Pyongyang to make concessions. The ideological cornerstone of Chinese foreign policy is that countries shouldn't interfere in one another's internal affairs. Beijing also has a long history of opposition to the use of economic sanctions.

In the case of North Korea, Chinese policy makers fear that too much pressure could cause the collapse of the regime of North Korean leader Kim Jong Il, potentially leading to military conflict, refugee flows and economic dislocation.

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On the other hand, bolstering the economy and sustaining Mr. Kim's control are seen as ways to foster a gradual shift to market economics and more openness in North Korea, while maintaining the country as an independent buffer between China and the region's U.S. military allies, South Korea and Japan.

US Looks To China To Influence N. Korea (CSM)

By Robert Marquand

The Christian Science Monitor, July 10, 2006

BEIJING

A message from President Bush to North Korean leader Kim Jong Il will be delivered Monday in Pyongyang - via two Chinese officials. Beijing now meets quarterly with Mr. Kim, the most contact the unpredictable North has with any outside party.

Whether Vice Foreign Minister Wu Dawei and Vice Premier Hui Liangyu will surprise Kim Jong Il and exert real pressure is unclear.

With an international diplomatic effort under way a week after North Korea tested seven missiles, China has proposed informal six-party talks as a way to move the process along.

That is less than the US hoped for from China. But since China insists that it will veto any UN sanctions against the North, the US will accept such talks, according to envoy Christopher Hill.

All told, Beijing would appear key to shaping how the world deals with the defiant Kim. Yet from the moment Kim launched his missiles, China has denied it has clout; it politely insists that the US has the central role.

Since 2003, China has embarked on a historic effort to prop up and aid North Korea - a state it had the frostiest relations with for more a decade. Now, $2 billion in aid gives Beijing unprecedented access - something China is reluctant to squander, to "mix aid and diplomacy," as a Chinese scholar here puts it.

"China's influence on North Korea is more than it is willing to admit, but far less than outsiders tend to believe," says a recent report by the Seoul branch of the International Crisis Group.

To outsiders, it appears that a rising China - running a lifeline of energy and food to its poor comrade - ought to have clout in Korea, as it holds more carrots and sticks than anyone. It seems axiomatic that Beijing can simply apply ancient Chinese wisdom and modern Chinese might to stop Kim's nuclear ambition. Both states are communist, wear green and red uniforms, fought the US together, and share borders and history. China is the only country with easy access, as well as trade and tourism, to the North.

"China does have leverage, but it is afraid it may overplay its hand," says Joseph Cheng, head of the political science department at City University in Hong Kong.

Since Kim Jong Il's July 4 missile shots, voices from Sandy Berger, President Clinton's security adviser, to John Bolton, US ambassador to the UN, have argued that "China is the key" to dealing with North Korean belligerence. It has become nearly a mantra in Washington. Twelve months ago, it was an article of faith in senior White House circles, misplaced or not, that China would deliver a deal with Kim to dismantle his nuclear program. Yet this did not happen.

Instead, with the US preoccupied in Iraq, China embarked on a quiet policy of self-interest: to strengthen North Korea. That policy helps to maintain the North as a "buffer state" between China and South Korea.

China does not want the North to collapse, and for US troops to fill the vacuum and appear on its northeast border. China has hosted Kim, and moved relations away from a bad patch in the 1990s, during the North's epic famine, when China asked for cash payments for food instead of barter.

In the past two years, Chinese officials have told Kim that he can reform his state along socialist lines just as China did. China has indicated it will help with economic aid, while he retains complete political control. To now castigate Kim could wreck that formula, sources say.

In the larger sense, Kim's launch of missiles, most of which could hit long-time nemesis Japan or US bases in East Asia, puts China in the position of choosing between its North Korean comrade and an evolving consensus in the international community. So far, China has tried to please both sides.

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"I'm concerned that China isn't recognizing how serious this issue is," says Zhang Liangui, head of foreign studies at the Central Party School in Beijing, in a rare dissent. "China is taking a rigid position. Yet we have long said that if China wants to be viewed as a responsible superpower, it must not be isolated in the international community."

Adding to Beijing's problems is an unresolved ideological struggle in China - where "neo-orthodox" hard-liners who maintain contact with North Korea want China to support its revolutionary posture. There is also genuine puzzlement in Beijing over how to deal with Kim, whose founder-father, Kim Il Sung, reputedly warned him many times that China would attempt to take over his regime one day.

"I hear often that China is the key, which involves a set of policy steps Beijing can take that will bring about the outcome the allies want," says Russell Leigh Moses of People's University. "But I have yet to see anyone show how if China does X, Pyongyang will do Y."

The White House seems to have abandoned its 2003 optimism that China will harness Kim. China may agree that a nuclear peninsula and a regime that test-fires rockets is not desirable. But it isn't clear on how to force Kim to open his highly controlled state and allow international inspectors to flood in, witness his system of gulags, and bring in potentially subversive material - all to dismantle a nuclear program he's cherished for decades. The White House seems to understand this.

Scott Snyder of Stanford University argues the US is using the same strategy that it used with China in closing down Kim's accounts in Macau. China was forced to choose between the international regulatory authority, or North Korean money-laundering behavior.

Sunday, Undersecretary of State Nicholas Burns argued on FOX News Sunday that "It's time for China to exert its influence that it does have on North Korea." Also on Sunday programs, US and Japanese officials claimed they might have the votes to support a Japan-backed resolution for sanctions against the North.

U.S., Allies Try To Prod North Korea To The Table (LAT)

By Barbara Demick

The Los Angeles Times, July 10, 2006

SEOUL — U.S. and Asian officials are trying to use the atmosphere of crisis generated by North Korea's missile tests as the impetus for a fresh diplomatic push on the North's weapons, according to participants in meetings here this weekend.

The push came as the North adopted an increasingly defiant tone, saying that U.N. sanctions would be tantamount to war.

Referring to a rare statement attributed directly to North Korean leader Kim Jong Il, his nation's radio on Sunday broadcast an editorial saying that Kim had announced a "heroic position" in which he "promised to answer to an enemy's retaliation with retaliation and to an all-out war with an all-out war."

In an emergency sweep through the region in the wake of the missile launches, U.S. Assistant Secretary of State Christopher Hill said he was hoping to reconvene six-nation talks on denuclearization that have been stalled since September.

If North Korea boycotts a formal meeting, Hill said, the six countries might meet informally or there might be a meeting of the remaining five — the United States, China, Japan, Russia and South Korea.

"Six is better than five. Five is better than none," said Hill in an interview on Sunday with a small group of Western reporters.

"If they [the North Koreans] want to negotiate, we are prepared to do so within the six-party process," Hill said. "If they are not interested, we will do our best to defend ourselves and secondly to keep them very isolated."

Undersecretary of State R. Nicholas Burns blitzed Sunday morning talk shows in the U.S., urging China to step up pressure on North Korea to return to the talks. If Kim remained defiant, Burns warned, Washington and its allies might push as early as this week for the United Nations to impose harsh sanctions.

"We hope that China is going to bring some pressure and influence to bear to convince the North Koreans that they are entirely isolated in the world," Burns said on CBS' "Face the Nation." "The North Koreans have to come back to the six-party talks."

The fresh diplomatic push appears to be principally an effort by China and South Korea, along with the United States, to prevent the missile launches from escalating into a larger confrontation. Secretary of State Condoleezza Rice called senior Chinese officials Saturday, and Chinese leaders hurriedly sent a delegation to Pyongyang this weekend for talks.

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Both China and South Korea are particularly hesitant to go along with a Japanese-led effort before the U.N. to get sanctions enacted against North Korea.

Seoul intends to hold Cabinet-level meetings with North Korea beginning Tuesday in the South Korean port of Busan and will push for the renewed talks.

"We have to turn the dynamic created by the [missile tests] into a force for diplomacy," said South Korea's top nuclear negotiator, Chun Young-woo, after a meeting with Hill on Saturday.

In the days leading up to last week's missile launches, Beijing hastily tried to organize a meeting of the six nations in the Chinese city of Shenyang. A U.S. official, who asked not to be named, said that the Chinese had the impression that North Korea "was signed up" to attend and were surprised when it instead went ahead with the seven missile launches.

The official said that Kim might have been responding to pressure by hard-liners from within his military not to back down from the missile launches.

China's short-term goal is to get North Korea back to the six-party talks, a move that Pyongyang might accept to defuse the international backlash from its missile launches, said Robert J. Einhorn, a former State Department official who negotiated with North Korea on nuclear proliferation issues during the Clinton administration.

"Clearly, China has the leverage. It supplies more than half of North Korea's food and fuel, but China doesn't want to press the North Koreans to the breaking point," he said. "Nonetheless, the Bush administration is right to call on China to do more, because if anyone is to bring North Korea to its senses, it's the Chinese."

Sen. John McCain (R-Ariz.) said China's decision whether to support strong U.N. sanctions against North Korea was a "defining issue" in Sino-U.S. relations.

"If they continue to vacillate, as they have all last week in the United Nations, then there are consequences in our relationship," McCain said on "Face the Nation."

But some senior Democrats suggested that the U.S. might want to consider bilateral talks with North Korea, a tactic the Bush administration has resisted.

"We need to get away from this idea that diplomacy is a sign of weakness," Sen. Christopher J. Dodd (D-Conn.), who serves on the Senate Foreign Affairs Committee, told the same program.

A North Korean diplomat in New York, Han Sung Ryol, said in an interview published in Seoul on Saturday that North Korea would not return to talks until the U.S. released $24 million held in a bank in the Chinese city of Macao that is being audited by the Treasury Department. Hill rejected those demands.

Hill is to meet in Tokyo today with Japanese officials who are leading the drive for tougher economic measures against North Korea.

Going Ballistic (Sort Of) (NSWK)

By Michael Hirsh

Newsweek, July 10, 2006

Is Kim Jong Il wacky? No American diplomat has talked to the North Korean dictator for years. But there have been moments when he's appeared quite sane, even sharp-witted. Six years ago the then Secretary of State Madeleine Albright stood next to the diminutive "Dear Leader"—he's about her height—at a stadium in Pyongyang. In front of them thousands of acrobats and dancers performed feats of synchronization that would have made Barnum and Bailey envious. As part of the show, which was intended to impress the visiting Albright with the glories of the North Korean "revolution," a mass of performers held colored placards that showed Kim's Taepodong I missile lifting off in a 1998 test.

"That was the first launch of that missile," Kim said, turning toward Albright. Then, alluding to a 1999 deal with Washington that placed a moratorium on missile tests, he added, "And it will be the last."

But it wasn't. Since then, Washington has refused to sit down with Kim one-on-one (the '99 missile pact was contingent on continuing negotiations). And on July 4, Kim fired off a total of seven test missiles in one night, in his own menacing fireworks display. Kim's show of defiance—even his sometime ally China had warned him not to launch—included a failed test of his new, and not so improved, Taepodong II. The prototype ICBM is supposedly capable of hitting Alaska or other parts of the western

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United States, but it splashed into the Sea of Japan some 40 seconds after liftoff. Still, North Korea's first nighttime missile test sent a shudder through Asia even as it provoked snickers in Washington, where intelligence officials dismissed the new Taepodong as a fairly primitive weapon.

At a news conference on Friday, President George W. Bush also played down the dangers posed by Kim's missile and nuclear-weapons program. The president has refused to negotiate directly with Pyongyang, unlike his predecessor, Bill Clinton, Albright's boss. Bush reiterated his six-year-old demand that Kim simply give up his weapons program. "I don't know what the man's intentions are," he said.

Some North Korea experts say that Kim has made his intentions fairly clear: he wants to survive. Since Bush hinted early in his first term that he wanted Kim gone, the North Korean leader has signaled wildly that he's too dangerous to be attacked. In February 2005 his regime volunteered that it had nuclear weapons. And with his tests last week, Kim showed that, even if he can't go intercontinental, he can hit South Korea and probably Japan—including U.S. troops stationed there—with warheads if he desires.

Bush has refused to take the bait. On Friday he insisted that Washington would engage in negotiations only alongside other countries, as part of the so-called Six Party Talks including China, South Korea, Japan and Russia. "My concern about handling this issue bilaterally is you run out of options very quickly," the president said. The problem is that Bush is running out of options now. The administration continues to defer to China, the lead negotiator, but it has seemed clear since a September 2005 pact to restart talks that Beijing will not pressure Pyongyang too hard with sanctions. Why? Mainly because the Chinese fear a collapse of the regime that could send millions of refugees streaming over the Sino-Korean border.

Washington, meanwhile, continues to tighten the noose around Kim. Late last year the administration announced it was investigating a Macau bank through which the North Korean leadership allegedly laundered money. The North Koreans angrily refused to come to the table after that, and the stalemate continues. "The president in his press conference said we have to deal with the world as it is," said Wendy Sherman, a former State Department official who accompanied Albright on the 2000 trip. "That's exactly the phrase we used: you have to deal with Kim Jong Il and the regime as it is. But Bush hasn't wanted to." Kim Jong Il, in response, seems to be speaking in the only language he's comfortable with these days—bombs and blastoffs.

The Kim Conundrum (TIME)

By Bill Powell

Time, July 10, 2006

In missile tests, as in most things, practice makes perfect. So while the lone long-range Taepo Dong--2 rocket fired by North Korea last week sputtered, then splashed down into the Sea of Japan less than two minutes after its much publicized, strategically timed July 4 launch, there's little reason to think Kim Jong Il will be dissuaded by failure. With enough plutonium to make six to eight nuclear warheads and a cache of medium-range missiles, Kim is currently a menace to his Asian neighbors. With nukes and a fully functioning intercontinental missile, he can threaten the U.S. too--and the prospect of bullying his greatest nemesis seems simply too delightful for Kim to resist.

For most of President Bush's time in office, North Korea has been merely a pest, one that the President insisted on dealing with exclusively in concert with China, South Korea, Japan and Russia in six-party talks. But since late last summer, when all the parties agreed in principle that North Korea would shut down its nuclear program in exchange for security guarantees, the North has refused to show up for meetings. Now that Kim has ignored warnings--from the U.S., Russia and China--not to test his missile capability and is threatening more tests in the immediate future, the question for the Administration is, What, besides the status quo, are the remaining options for dealing with the world's most unpredictable totalitarian nuclear regime?

A SWIFT AND PRECISE MILITARY STRIKE

LAST MONTH, AS INTELLIGENCE REPORTS SUGGESTED that the Taepo Dong test was imminent, two former Clinton Administration officials, Defense Secretary William Perry and Assistant Secretary of Defense Ashton Carter, opined in the Washington Post that a nuclear North with an intercontinental ballistic missile presented too great a risk for the U.S. to bear. The moment had come, they argued, for a pre-emptive strike against the North Korean launch site. Even if Perry and Carter were speaking in part to a domestic political audience in an attempt to prove before the midterm elections that Democrats can sound

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tougher than the Bush Administration on national security, their argument is rooted in what's considered a strategic truth about Kim's regime. It is a government that, far from being crazy or irrational, is motivated entirely "by regime survival," says Yun Dukmin, a national-security specialist at Seoul's Institute for Foreign Affairs and National Security.

Viewed through that lens, would Kim really risk war--and the certain end of a dynastic regime begun by his father--in response to a limited air strike aimed at his missile capability? The answer may well be no, but it's also clear that the Bush Administration thinks a pre-emptive strike is still too risky. The North might not currently be able to retaliate against the U.S., but it has huge artillery batteries stationed just across the 38th parallel ready to take aim at Seoul, one of the world's most densely populated cities. Even if Seoul isn't attacked, a U.S. strike would almost certainly fracture the U.S.--South Korean alliance. The population of South Korea overwhelmingly opposes the use of force against the North. Despite the fact that the government of South Korea has little to show for it, polls there suggest people still support the "sunshine" policy, in place since 1998, which amounts to an all-carrots, no-sticks approach to relations with Pyongyang.

Finally, a military strike against North Korea would infuriate China, an emerging superpower with which the Bush Administration has sought stable, cordial relations. Hitting North Korea at the risk of turning China into an outright hostile power isn't a trade anyone in the Administration wants to make.

CONTAIN THE REGIME. THEN SQUEEZE IT

FOR SOME IN THE BUSH ADMINISTRATION, the ideal strategy for dealing with Kim has always been economic and diplomatic strangulation, with the hope that his government will eventually atrophy into collapse or succumb to a coup that might usher in a more amiable--or at least more predictable--leader. That approach is based on the idea that rather than try to negotiate with Kim or take military action against him, the U.S. and its allies are better off keeping him in a box and focusing on preventing him from peddling his arsenal to other rogue actors. Elements of that strategy have been in place for some time and have produced a few notable examples of success.

The post-9/11 Proliferation Security Initiative (PSI), in which the U.S. and its allies concentrate on intercepting weapons of mass destruction, has made Pyongyang a key target because of the government's past sales of missiles to Pakistan and Iran. The big fear is that North Korea could be tempted to sell nuclear material to al-Qaeda, which would have no reluctance about using it. Former Assistant Secretary of State Robert Gallucci says Pyongyang "might figure that selling fissile material to a terrorist group would be relatively safe and profitable."

More than 60 countries now cooperate with Washington's interdiction efforts, and North Korea's record as a serial proliferator makes it a major target. The program was spurred by an incident in December 2002, when a Spanish warship intercepted--and then released--a Cambodian-registered freighter in the Arabian Sea that was manned by North Koreans and was carrying 15 North Korean--made Scud missiles bound for Yemen. At the time, there was no international legal authority for the weapons to be seized. The PSI changed that, and the U.S. insists the program has crimped North Korea's exports of weapons and matÃ©riel in the years since.

The Administration has also had some success in cutting off North Korea's access to the international banking system. For the past year, the Treasury Department has put intense pressure on international banks doing business with North Korea. Last year it helped shut down dozens of accounts at the Macao-based Banco Delta Asia, which was suspected of counterfeiting and laundering money for Pyongyang. Some diplomats in Beijing, in fact, suspect that the financial pressure the U.S. has been applying was the main reason for Pyongyang's defiant missile launch.

But punishment meted out by the U.S.--or by the U.S. and Japan, the partner in the region most willing to isolate the North economically--has a limited impact. China is North Korea's true economic lifeline, and South Korea its second largest trading partner. And last week, despite the missile test, both made it clear that they have little interest in any stringent economic sanctions against the North for the same reason: sanctions might lead to the eventual collapse of Kim's regime. In the view of both countries, collapse equals chaos, with refugees streaming across their borders. Neither wants any part of it. That's why, when asked last Thursday whether China would agree to economic pressure, Jiang Yu, spokeswoman for Beijing's Foreign Ministry, replied only by reiterating support for the six-party talks and restating China's aversion to interfering in the internal affairs of other countries.

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Beijing's top North Korean negotiator, Vice Foreign Minister Wu Dawei, heads to Pyongyang this week for talks. He may scold the North Koreans for defying Beijing by launching the missiles and possibly persuade them to try another round of six-party talks. But serious sanctions are unlikely to be on the table. Stability in North Korea is what matters to Chinese President Hu Jintao--even if it's the kind of stability only a jailer could love.

GO BACK TO THE BARGAINING TABLE--FOR REAL

A SENIOR DIPLOMAT IN EAST ASIA PUTS IT bluntly: "If there's no military option and there isn't--and you can't get meaningful sanctions--and you can't--and the six-party talks are exhausted--as they appear to be--what's left?"

One possibility is to return to the six-party talks, but with renewed energy and flexibility. Former diplomat Wendy Sherman, who negotiated at length with North Korea during the Clinton years, gives Secretary of State Condoleezza Rice credit for allowing her deputy, former Ambassador to South Korea Christopher Hill, to talk directly to the North Koreans within the six-party construct. It's just that, in Sherman's judgment, Hill hasn't had enough to talk about. "What it appeared Rice couldn't win was enough for Chris Hill to have in his pocket to make a difference," she says. "If you have nothing to negotiate with, you have nothing."

The President could endow his negotiators with a few concessions, such as agreeing to more one-on-one chats between Washington and the North in the context of the six-party talks, to lure Kim back to the table. But given that Kim has turned his back on multilateral discussions for almost a year, the Bush Administration may have to face the fact that if it wants closure on North Korea, it will have to engage in what Kim has wanted all along: direct talks. The goal of North Korea would presumably be diplomatic recognition and security guarantees from Washington, as well as all sorts of economic goodies like those the U.S. and its European allies are offering Iran as incentives to cease its suspected nuclear-weapons program. In return, Kim would have to agree to stand down on his nuclear program.

The President has always equated Kim's nuclear saber rattling with blackmail, and a face-to-face engagement would seem tantamount to caving in. But when Bush entered the Oval Office, North Korea had two nuclear warheads; now the CIA estimates that Pyongyang has enough plutonium to make as many as eight and is hard at work on the technology that would deliver them to American shores. North Korea is slowly but surely building its nuclear capability, making the world steadily less safe, and it's not clear what anyone can do about it without trying something entirely different. If Kim Jong Il intended to put the pressure back on Washington with his Fourth of July fireworks display, he surely succeeded. [The following descriptive text appears within A diagram] A Growing Threat The bulk of North Korea s arsenal consists of hundreds of short-range missiles that threaten South Korea and Japan. Kim Jong Il is believed to have enough plutonium for six to eight nuclear weapons, but the recent failures show he still lacks a rocket capable of reaching the U.S. for now Worst case Experts fear that North Korea is trying to modify a Taepo Dong-2 missile to carry a lighter warhead as far as the mainland U.S., but that capability is thought to be years away The missile that crashed in two minutes is believed to be a three-stage rocket, though its exact configuration remains unclear. North Korea has several variations with longer potential ranges [This article contains a table. Please see hardcopy of magazine.]

Scud B Scud C Nodong Taepo Dong-1 Taepo Dong-2 STATUS Developed Developed Developed Tested In development RANGE 200 miles 350 miles 800 miles 900 to 1,200 miles 3,000 to 3,700 miles PAYLOAD 2,200 lbs. 2,200 lbs. 1,650 lbs. 1,700 lbs. 2,200 lbs. POSSIBLE TARGETS Parts of South Korea South Korea, parts of Japan South Korea, most of Japan Japan Alaska, parts of Hawaii

North Korea Initiative Aims At 'five-party' Talks (FT)

By Anna Fifield And Stephanie Kirchgaessner

Financial Times, July 10, 2006

Efforts are under way to convene "five-party talks" involving North Korea's neighbours and the US as officials search for diplomatic avenues to respond to the Asian country's missile tests last week without further highlighting the divergent views over how to deal with the rogue state.

But China, the host of the talks, and North Korea's closest ally, is understood to be unwilling to hold a meeting without Kim Jong-il's representatives, posing another challenge to presenting a united front in condemning the tests.

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"We think there ought to be six-party talks – six is better than five but five is better than none," Christopher Hill, Washington's top delegate to the talks, said after meeting senior South Korean officials on Sunday.

"We need the six-party process regardless of whether we get all six parties to come to it," said Mr Hill, who is visiting Beijing, Seoul, Tokyo and Moscow to try to unite the five engaged players.

After reaching what appeared to be a breakthrough agreement in September last year, the talks aimed at trying to persuade North Korea to dismantle its nuclear weapons programme have stagnated as Pyongyang refuses to return to the negotiating table while Washington continues its freeze on its bank accounts in Macau.

Before the missile test, China proposed convening an informal six-way meeting in the north-eastern city of Shenyang, near the border with North Korea, to try to overcome the current deadlock.

All six parties are understood to have had agreed to the idea a few days before the missile tests.

"The question now is, do we try to go ahead with this?" asked one person involved in the process. "China wants to go ahead with the six-party talks and the rest of us are prepared to do it even without the North Koreans. This is not a time to let the North Koreans hold up the train."

The US and Japan are struggling to win support for their plan to impose sanctions on North Korea's weapons programme through the United Nations, with China, a permanent Security Council member, warning it will not support the move.

Wu Dawei, Beijing's chief nuclear negotiator, and Hui Liangyu, a vice-premier, are due to travel to Pyongyang today to discuss the tests. "I hope they are not too polite because I think their politeness has not got them very far," said one US official.

The US is "counting on" Russia and China to use their influence with North Korea to reignite negotiations, Nicholas Burns, undersecretary of state said yesterday on CNN. He indicated the US had not yet heard "the last word" from either country on whether they would veto a UN resolution imposing sanctions.

"When we get results of this Chinese delegation to Pyong-yang, I think you will then see us move ahead in New York at the Security Council," he said. "We hope that China and Russia are going to support this resolution."

South Korean officials told Mr Hill they would talk tough on Tuesday when they meet their Northern counterparts in a pre-arranged ministerial meeting but said they did not yet have enough evidence that sanctions would be effective to be able to support them.

On the diplomatic front, however, South Korea's chief negotiator in the talks had a similar message. Chun Yung-woo told the Financial Times: "But if North Korea continues to boycott the six-party talks, then it would be better to have five-party talks rather than no talks at all."

After reaching a "breakthrough" agreement in September, the talks aimed at trying to persuade North Korea to relinquish its nuclear ambitions have stalled.

U.S. Wants North Korea To Return To Talks (NYT)

By Norimitsu Onishi

The New York Times, July 10, 2006

SEOUL, South Korea, July 9 — The top American negotiator with North Korea said Sunday that his first priority was to get that country back to the negotiating table, signaling that the United States was seeking a diplomatic solution instead of punitive economic sanctions against it for launching seven missiles last week.

The negotiator, Christopher R. Hill, the assistant secretary of state for East Asian and Pacific affairs, said his talks with South Korean officials here over the weekend focused on kick-starting the six-nation talks over the North's nuclear program. The talks have been deadlocked since last September.

"My mission here is not to get sanctions," Mr. Hill told reporters before meeting South Korean officials on Sunday morning. "My mission here is to make sure we can all speak with one voice to deal with this provocative action by the North Koreans."

In an interview earlier Sunday, he repeated a rejection of North Korea's demands for bilateral talks with the United States. He said he was ready to meet with North Korean officials on the sidelines of six-nation talks, as he had done previously.

"I don't know how many more million times they want to hear from us that the six-party talks are how we plan to proceed with this problem," he said.

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The United States has tried to rally support for a United Nations Security Council resolution drafted by Japan that would impose sanctions on North Korea for its missile launchings. But China and Russia, two veto-wielding permanent members of the Security Council, said they preferred a less forceful, nonbinding statement with no threat of punishment.

South Korea, which is not a member of the Security Council, has also strongly indicated that it opposes the Security Council resolution. The resolution will probably be put to a vote early this week.

Mr. Hill said he had not emphasized the issue of United Nations sanctions with Chinese officials in Beijing, his first stop on a whirlwind tour of China, South Korea, Japan and Russia, the countries involved in the six-nation talks along with the United States and North Korea.

"The U.N. discussions are on a different track and involve different people, and they're kind of ongoing, so I did not try to inject myself in the U.N. issue," he said.

Over the weekend, Mr. Hill also restated the United States' position that it would not lift a crackdown on banks dealing with the North Korea and its businesses, a precondition North Korea has set for returning to the talks.

Other than the United States, only Japan, among the other countries in the six-nation talks, has forcefully come out in favor of a Security Council resolution leading to sanctions.

In television appearances in Japan on Sunday morning, Foreign Minister Taro Aso said his government would not compromise on the draft resolution and was pressing for a vote on Monday.

"To compromise because of one country that has veto power, even though most other countries support us, sends the wrong message," Mr. Aso said, singling out China. "We can't alter our stance."

Under Secretary of State R. Nicholas Burns said Sunday on the NBC News program "Meet the Press" that the United States probably had sufficient support in the Security Council to impose sanctions on North Korea, but he again urged China to apply pressure on its neighbor.

"We think we've got the votes to pass that," he said, referring to the resolution drafted by Japan.

Mr. Burns said on CNN's "Late Edition" that "I don't think we've heard the last word" from either China and Russia on the resolution, and that intensive diplomacy was continuing.

Senator John McCain, Republican of Arizona, said on the CBS News program "Face the Nation" that if China wavered in its support for the American stance, there should be "consequences in our relationship."

But Senator Christopher J. Dodd of Connecticut, a senior Democratic member of the Foreign Relations Committee, disagreed. "China's not our enemy on this," he said, also on "Face the Nation." "They don't want an arms race in that part of the world any more than we do." He said bilateral talks with North Korea might be necessary.

Senator Richard G. Lugar, Republican of Indiana, the chairman of the Foreign Relations Committee, warned Sunday that if North Korea sold nuclear materials to terrorist groups, an American military attack on North Korea would probably be "heavily considered." He said on the ABC News program "This Week" that if Japan felt sufficiently threatened, it might pursue its own nuclear arsenal, which he said would be "very dangerous."

In South Korea, Mr. Hill, after meeting with Song Min Soon, the security adviser to President Roh Moo Hyun, told reporters that he had doubts about the effectiveness of sanctions in solving the problem.

Choo Kyu Ho, the spokesman for the South Korean Foreign Ministry, said the South Korean government "won't go fully in hand with Japan, which is leading this movement," and added, "In the end, we expect China to veto it."

He said South Korea would make the missile tests the focus of ministerial talks next week between the Koreas in South Korea.

Despite drawing worldwide condemnation for firing seven missiles, including the new long-range Taepodong 2, North Korea vowed Sunday to respond "to an all-out war with an all-out war."

North Korea's leader, Kim Jong Il, said that "even a small concession wouldn't be made to the sworn enemy U.S. imperialistic aggressors," the Korean Central Broadcasting Station, said in a report monitored here by Yonhap, a South Korean news agency.

U.S. Rejects North Korean Bid To End Bank Freeze (WSJ)

DOJ_NMG_0038905

By Evan Ramstad

The Wall Street Journal, July 10, 2006

SEOUL, South Korea -- The U.S. is holding the line on a freeze of North Korean funds in a Macau bank, rebuffing Pyongyang's latest effort to link diplomatic talks on its nuclear-weapons program with a probe of its financial activities by U.S. and Chinese authorities.

North Korea's deputy ambassador to the United Nations was quoted in a Seoul newspaper as saying Pyongyang wouldn't rejoin six-party talks on its weapons program until the U.S. takes steps to lift a freeze of about $24 million in North Korean funds in a bank in Macau, a special administrative region of China.

The Macau government froze the accounts after the U.S. blacklisted the bank, Banco Delta Asia, for allegedly assisting the North Koreans in currency counterfeiting and money laundering. North Korea has boycotted the talks since November, two months after the six countries reached an agreement for North Korea to give up nuclear-weapons development in return for a nonaggression promise from the U.S. and more financial aid.

Han Song Ryol, North Korea's deputy ambassador to the U.N., said Pyongyang wants access to its money in the Macau bank as a "minimum condition" for returning to the nuclear talks. He made the remarks in an interview published Saturday by the newspaper Hankyoreh.

The chief U.S. diplomat to Asia said North Korea should return to negotiations without conditions and again sharply criticized a series of missile tests Pyongyang conducted last Wednesday, which included the launch of a malfunctioning intercontinental ballistic missile that could reach U.S. territory.

"To change the subject from this rather reckless [missile] activity on their part back to an issue of illicit activities, which I would argue are also reckless, is simply not appropriate," Christopher Hill, U.S. assistant secretary of state for East Asian and Pacific affairs, said Saturday after meeting with South Korean diplomats following the missile launches.

North Korea appears to associate the weapons discussion with the bank investigation because the U.S. blacklisted the Macau bank days after the six-way talks -- among North Korea and South Korea, Japan, China, Russia and the U.S. -- produced the tentative accord in September.

Since North Korea fired seven test missiles last week, the U.S. and Japan have called for more economic sanctions. South Korea and China, which have a bigger economic and political stake in the North, condemned the military testing but are resistant to economic pressure. China suggested holding talks on an informal basis, a step the U.S. and South Korea said they are willing to take.

S. Korea Plays It Cool After Tests (USAT)

By Paul Wiseman

USA Today, July 10, 2006

SEOUL — When Kang Hyuk Jin saw the front-page newspaper headlines about North Korean missile tests last week, the 25-year-old college student reacted swiftly: He turned the page and started reading about something else.

“It's the problem of the government and some old guys,” he says.

Kang's reaction is typical in the South Korean capital, especially among young people. The news has been greeted with a shrug, never mind that Seoul sits within range of North Korean artillery and rockets. The attitude in South Korea is in sharp contrast to the alarm with which the missile tests were viewed in Tokyo and Washington.

On Sunday, the administration of South Korean President Roh Moo Hyun even issued a statement criticizing Japan for what it said was an overreaction to the missile tests.

“There is no reason to fuss over this … like Japan, but every reason to do the opposite,” said the statement from the office of Roh's spokesman. Japan has joined the United States in pushing for sanctions against North Korea in the United Nations Security Council.

South Korea's attitude has made it even harder for U.S. policymakers to forge a coalition committed to punishing North Korea. China and Russia, traditional North Korean allies, have opposed harsh sanctions.

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As a diplomatic crisis raged Sunday, the most-read story on the website of the Chosun Ilbo daily was headlined "From Golf to Laptops, Asian Designs Stay Hot."

Some South Korean TV viewers were dismayed Wednesday when an early-morning broadcast of a World Cup soccer match was interrupted by news of the North Korean missile launches. "They were annoyed," says Kim Eui Young, a political scientist at Kyung Hee University in Seoul. "It was a serious matter: Missiles were flying over us, and we were just watching TV."

Behind the nonchalance toward North Korean brinkmanship is a change in South Korean political attitudes over the past several years.

Fading away is the older generation defined by the 1950-53 Korean War, grateful to the United States for repelling a North Korean invasion and hostile toward the Stalinist regime in Pyongyang.

Taking their elders' place in positions of authority are members of what is known here as the "386 Generation": people in their late 30s who attended college and fought to bring democracy to South Korea in the '80s and who were born in the '60s. They are suspicious of U.S. motives and eager to ease North-South tensions, which until the mid-'80s had been exploited by South Korean military governments to repress dissent. Their aspirations are reflected in the "Sunshine Policy" of reconciliation with the North, put in place by former South Korean president (and Nobel Peace Prize winner) Kim Dae Jung and continued by his successor, Roh.

Roh rode to the presidency in 2002 on a wave of anti-Americanism provoked by a wide array of grievances, from public outrage over a South Korean speedskater's controversial gold-medal loss to an American in the Winter Olympics, to an accident in which two South Korean schoolgirls were crushed by a U.S. military vehicle.

Many South Koreans are offended by President Bush's opposition to the Sunshine Policy and his words of contempt for North Korean dictator Kim Jong Il. "Bush criticisms of Kim Jong Il are taken personally, the way a family member might react if an outsider criticizes his deadbeat uncle," says Korea specialist Scott Snyder at the Asia Foundation. "Everyone knows it's true, but it is an insult for an outsider to say it."

Only 20% of South Koreans surveyed last year by the newspaper JoongAng Ilbo and the East Asia Institute said they trusted the United States, compared with 44% who expressed distrust.

In office, Roh's government has provided nearly unconditional aid to the impoverished North and has discouraged criticism of North Korea's appalling human rights record and the policies that led to the death by starvation of 2 million to 3 million North Koreans in the 1990s. "The government is not very interested in human rights issues," opposition legislator Song Young Sun says. "The Roh Moo Hyun government is not paying any attention."

"The South Korean government is hypnotized, paralyzed, numbed," says activist Moon Gook Han, who has organized North Korean defections at foreign consulates in China. "Imagine if even 100 South Koreans died of starvation. The government would collapse, and there would be reforms."

Attitudes could be shifting again. Political scientist Kim of Kyung Hee University says the missile tests will end up being a "catalyst" for rethinking conciliatory policies — policies that haven't moderated North Korea's behavior or been reciprocated at all. "After several years of Sunshine Policy, we aren't getting any return," says college student Jung Hwan Wook, 24. "We should change."

Roh's approval rating last month had already hit a rock-bottom 18%, according to a poll by the Korea Society Opinion Institute. Meanwhile, the percentage of South Koreans who support U.S. policy toward North Korea has risen to 37% from 30% in 2004 and 20% in 2002, and support for increased aid to the North has narrowed to 54% from 59% in 2004, according to a poll released in May by the Korean Social Science Data Center and the Hankyoreh newspaper.

South Korean Foreign Minister Ban Ki Moon took the unusual step last month of gently criticizing North Korea before the U.N. Human Rights Council.

"In the end," says Norbert Vollertsen, a German doctor who became a human rights activist and a critic of the Kim Jong Il regime after working as a medical volunteer in North Korea, "the South Koreans will wake up."

Washington, Seoul Face A Thorny Issue (WSJ)

By Greg Hitt

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The Wall Street Journal, July 10, 2006

WASHINGTON -- Despite North Korea's missile tests, talks between South Korea and the U.S. on a free-trade agreement resumed in Seoul Monday. One sensitive issue: South Korea wants the pact to cover goods originating at its joint-venture Kaesong industrial complex in North Korea.

The joint venture, launched in 2003 and located just north of the demilitarized zone that divides the Korean peninsula, combines South Korean capital with North Korean labor. It employs about 7,000 North Koreans who produce goods such as appliances and plastic containers for cosmetics. While the value of goods made at the venture is small, representing about one-third of the $1 billion in annual trade between North and South Korea, its potential is big. By the time the complex is in full operation in 2012, it could employ more than 750,000 North Koreans.

Kaesong illustrates a fundamental difference between the U.S. and South Korea. The U.S. sees North Korea as a threat to global stability and is seeking ways to force the country to abandon its nuclear ambitions. But South Korea sees a potentially peaceful neighbor and is looking for ways to promote dialogue and spread capitalism, with reunification the ultimate aim.

"It's a long-term goal that we'd like to achieve during...negotiations," says Ahn Chong Ghee, economic counselor at South Korea's embassy in Washington. Mr. Ahn says North Korea's missile testing hadn't damped the South's eagerness to include Kaesong in any pact.

Mr. Ahn says South Korea is aware of political difficulties the initiative faces in the U.S. but stressed Kaesong's importance. "This could be a symbol of reconciliation between North Korea and South Korea," he says. "That's why we are doing this." South Korean diplomats say the project is exposing North Korean workers to market economics and suggest that including it in a free-trade pact could encourage changes in the North.

The free-trade accord would be the U.S.'s largest pact since the North American Free Trade Agreement passed Congress more than a decade ago. Annual trade between the U.S. and Korea stands at $70 billion, and a business coalition including U.S. auto makers, financial-services firms and drug manufacturers sees important market-access gains to be had. In South Korea, there is concern about protecting domestic rice farmers from U.S. competition, but Seoul also hopes a trade pact would solidify the country's role as an Asian economic hub, giving Korean producers an edge over Asian rivals in access to the U.S. market.

Amid global tensions over North Korea, the Kaesong proposal will be difficult for the White House to swallow and would almost certainly be a deal killer if the trade pact reaches Congress.

The Kaesong proposal would puncture economic sanctions imposed by the U.S. on North Korea and runs counter to the White House's strategy of isolating North Korea. It would almost certainly force a larger debate on Capitol Hill, shifting attention from improved trade ties with Seoul to North Korea's nuclear ambitions and its record of labor and human-rights abuses.

The U.S. and South Korea hope to agree on the trade deal by year's end, so it could go to Congress before President Bush's authority to negotiate trade pacts expires at midyear 2007. Under that authority, Congress can vote "yes" or "no" on trade pacts but can't alter them. Even before the missile test, U.S. officials were leery of making an overture toward North Korea, insisting that any trade pact simply be "an agreement between our two countries," as a spokesman for the office of U.S. Trade Representative put it.

The Kaesong proposal illustrates the strains on Mr. Bush's trade policy. With global talks going nowhere, the U.S. is rushing to enact bilateral deals aimed at opening targeted markets for U.S. goods and services. It is negotiating with 11 nations, and three deals -- with Oman, Peru and Colombia -- are pending on Capitol Hill. But even the smaller deals face hurdles. Pacts with Peru and Colombia, for instance, are clouded by concerns about labor-rights protections.

The Korea negotiations are part of a U.S. strategy to build closer ties in Asia outside China. Free-trade talks are under way with Thailand and Malaysia, and the U.S., as part of Vietnam's planned entry into the World Trade Organization, is pushing Congress to overturn Cold War-era economic sanctions.

Even without Kaesong, a fight over the South Korea pact likely looms on Capitol Hill. American textile producers are worried about increased competition, and the AFL-CIO has expressed "grave concerns" about labor rights. Adding Kaesong "has the potential to sink" any deal, inviting the pact to be debated on geopolitical grounds, warns Montana Sen. Max Baucus, the top-ranking Democrat on the Senate Finance Committee.

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The End Of Cowboy Diplomacy (TIME)

By Mike Allen And Romesh Ratnesar

Time, July 17, 2006

The dress code at George W. Bush's White House is cuff-linked and starch collared, reflecting the temper of a President with a reputation for no-nonsense, alpha-male decisiveness. That's why the 200 guests gathered at the White House on Independence Day were surprised to learn that Bush had decided to rip up protocol. It was an early 60th-birthday party for the President, attended by former classmates from first grade to Yale, and Bush was in high spirits. He waved to supporters on the South Lawn who had assembled to watch fireworks. They serenaded him with a hurried rendition of Happy Birthday. But instead of the usual starch, he wore a red-and-white Hawaiian shirt for the occasion.

Six years into his presidency, Bush can't be blamed for wanting a change. All the good feeling at the White House on July 4 couldn't hide the fact that he finds himself in a world of hurt. A grinding and unpopular war in Iraq, a growing insurgency in Afghanistan, an impasse over Iran's nuclear ambitions, a brewing war between Israel and the Palestinians--the litany of global crises would test the fortitude of any President, let alone a second-termer with an approval rating mired in Warren Harding territory. And there's no relief in sight. On the very day that Bush celebrated 60, North Korea's regime, already believed to possess material for a clutch of nuclear weapons, test-launched seven missiles, including one designed to reach the U.S. Even more surprising than the test (it failed less than two minutes after launch) was Bush's response to it. Long gone were the zero-tolerance warnings that peppered his speeches four years ago, when he made North Korea a charter member of the "axis of evil" club and declared at West Point that "the only path of safety is the path of action." Instead, Bush pledged to "make sure we work with our friends and allies ... to continue to send a unified message" to Pyongyang. In a press conference following the missile test, he referred to diplomacy half a dozen times.

The shift under way in Bush's foreign policy is bigger and more seismic than a change of wardrobe or a modulation of tone. Bush came to office pledging to focus on domestic issues and pursue a "humble" foreign policy that would avoid the entanglements of the Bill Clinton years. After Sept. 11, however, the Bush team embarked on a different path, outlining a muscular, idealistic and unilateralist vision of American power and how to use it. He aimed to lay the foundation for a grand strategy to fight Islamic terrorists and rogue states by spreading democracy around the world and pre-empting gathering threats before they materialize. And the U.S. wasn't willing to wait for others to help. The approach fit with Bush's personal style, his self-professed proclivity to dispense with the nuances of geopolitics and go with his gut. "The Bush Doctrine is actually being defined by action, as opposed to by words," Bush told Tom Brokaw aboard Air Force One in 2003.

But in the span of four years, the Administration has been forced to rethink the doctrine with which it hoped to remake the world as the strategy's ineffectiveness is exposed by the very policies it prescribed. The swaggering Commander in Chief who embodied the doctrine's aspirations has modulated himself too. At a press conference with British Prime Minister Tony Blair in May, Bush swore off the Wild West rhetoric of getting enemies "dead or alive," conceding that "in certain parts of the world, it was misinterpreted." Bush's response to the North Korean missile test was equally revealing. Under the old Bush Doctrine, defiance by a dictator like Kim Jong Il would have merited threats of punitive U.S. action--or at least a tongue lashing. Instead, the Administration has mainly been talking up multilateralism and downplaying Pyongyang's provocation. As much as anything, it's confirmation of what Princeton political scientist Gary J. Bass calls "doctrinal flameout." Put another way: cowboy diplomacy, RIP.

So what happened? The most obvious answer is that the Bush Doctrine foundered in the principal place the U.S. tried to apply it. Though no one in the White House openly questions Bush's decision to go to war in Iraq, some aides now acknowledge that it has come at a steep cost in military resources, public support and credibility abroad. The Administration is paying the bill every day as it tries to cope with other crises. Pursuing the forward-leaning foreign policy envisioned in the Bush Doctrine is nearly impossible at a time when the U.S. is trying to figure out how to extricate itself from Iraq. Around the world, both the U.S.'s friends and its adversaries are taking note--and in many cases, taking advantage--of the strains on the superpower. If the toppling of Saddam Hussein marked the high-water mark of U.S. hegemony, the past three years have witnessed a steady erosion in Washington's ability to bend the world to its will.

Despite appearances, the White House insists that Bush's goals have not changed. "The President has always stressed that different circumstances warrant different responses," says White House counselor Dan Bartlett. "The impression that the

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doctrine of pre-emption was the only guiding foreign policy light is not true. Iraq was a unique circumstance in history, and the sense of urgency on certain decisions in the early part of the first term was reflective of a nation that had to take decisive action after being attacked."

Nonetheless, a strategic makeover is evident in the ascendancy of Secretary of State Condoleezza Rice, who has tried to repair the Administration's relations with allies and has persuaded Bush to join multilateral negotiations aimed at defusing the standoffs with North Korea and Iran. By training and temperament, Rice is a foreign policy realist, less inclined to the moralizing approach of the neoconservatives who dominated Bush's War Cabinet in the first term. Her push for pragmatism has rubbed off on hawks like Vice President Dick Cheney, the primary intellectual force behind Bush's post-9/11 policies. "There's a move, even by Cheney, toward the Kissingerian approach of focusing entirely on vital interests," says a presidential adviser. "It's a more focused foreign policy that is driven by realism and less by ideology."

To much of the world, that's a relief. But having expended so much energy and so many resources on al-Qaeda and the war in Iraq, the Administration is finding that other global challenges--from the turmoil in the Middle East to the genocide in Sudan to the regional ambitions of China--have grown beyond its ability to do anything about them. "It's difficult to think of many other times and many other presidencies when so many dangerous events were happening at once," says Wendy Sherman, a State Department official under President Clinton. "But there's so much going on in every global hot spot because the Bush Administration really opened up Pandora's box with little-to-no plans to support their actions." At the same time, there is a danger that Bush's belated embrace of conventional diplomacy will turn out to be a cover for disengagement, at a time when U.S. leadership is still required to fend off civil war in Iraq and deter the ambitions of Iran and North Korea--to say nothing of al-Qaeda. We are witnessing an overhaul of the old Bush Doctrine, but the question is, Can the U.S. find a new one to take its place?

â€¢THE IRAQ EFFECT

It may be too soon to say whether history will look kindly on the U.S.'s decision to invade Iraq, as Bush and his aides insist will happen. But the very fact that parts of Iraq remain on the edge of chaos after three years of fighting and the deaths of more than 2,500 Americans are incontrovertible evidence of how the Administration's miscalculations have come back to haunt it. Toppling Saddam was to be the singular demonstration of the Bush Doctrine, a quick and decisive strike against tyranny in the heart of the Middle East. It would also send a message to the rest of the world's malefactors, including Iran and North Korea, to think twice about testing the U.S.'s patience with regimes bent on acquiring weapons of mass destruction.

As it turns out, Iraq may prove to be not only the first but also the last laboratory for preventive war. Instead of deterring the rulers in Tehran and Pyongyang, the travails of the U.S. occupation may have emboldened those regimes in their quest to obtain nuclear weapons while constraining the U.S. military's ability to deter them. "We put three countries on notice--Iraq, Iran and North Korea--and we attacked one of them pre-emptively," says retired Marine Corps General Joseph Hoar, who commanded the U.S. Central Command from 1991 to '94. "Now we find that was a put-up job. Meanwhile, North Korea and Iran have chosen different routes than what we wanted them to take."

Fighting the insurgency in Iraq has eroded the appeal of the Bush Doctrine in a more mundane but no less significant way: it's exhausting. Public backing for the war rose slightly after the killing of terrorist leader Abu Mousab al-Zarqawi in Iraq last month, but the unremitting body count has pushed those numbers back down again. More than half the public believes going to war was not worth the cost. The drain on U.S. resources is becoming embarrassing. According to the Associated Press, the diversion of money for Iraq is partly responsible for a shortfall in an Army fund that has left one base, Fort Bragg, unable to buy office supplies. Another base, Fort Sam Houston, has received utility disconnection notices.

There is another cost, and that is the drain of brainpower and psychic energy in the Administration, from the President on down. Governments habitually overestimate what they can achieve and underestimate how much of their working day they have to spend on the really tricky issue at hand. Bush's aides say he and they can multitask--"We can walk and chew gum at the same time," says one--but the ceaseless need to make a bad situation passable is a drag on the entire enterprise. "If Iraq gets better, everything gets better," a White House official says. "If Iraq doesn't get better, there's no hope."

â€¢TWILIGHT OF IDEALISM

If the grind of the war in Iraq has undermined one plank of the Bush Doctrine--pre-emption--the complexity of global politics has caused the U.S. to struggle in its goal to spread democracy as a defense against terrorism. Some democracy activists give

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Bush credit for giving a jump start to limited reforms in closed Arab regimes such as Saudi Arabia. But the White House was premature, at best, in its hopes for dramatic change. In Egypt, which the Administration has praised in the past for opening its political process, the government of Hosni Mubarak has launched a renewed crackdown against its political opponents. Lebanon, another onetime success story championed by Bush, has witnessed an unraveling of the coalition of parties that led to Syria's withdrawal from the country last spring.

Among ordinary Muslims, outrage at the bloodshed in Iraq and the excesses of the Administration's campaign against al-Qaeda--in particular, reported abuses at Abu Ghraib and GuantÃ¡namo Bay prisons--has strengthened the appeal of Islamists opposed to the West. As a result, elections are producing governments more hospitable to extremism, not less. Exhibit A was the election of Hamas, a group the U.S. and Europe classify as a terrorist organization, to run the Palestinian Authority. In response to Hamas' victory, the U.S. has led an international ban on aid to the democratically elected Palestinian government.

That reflects a broader dimming of the Administration's commitment to the ideals of its once proactive freedom agenda. Despite occasional jawboning, the U.S. has put only token pressure on Russia and China to improve their records on civil liberties and human rights, which have grown worse on Bush's watch. A senior Administration official tells TIME that the White House wants to set up new systems that will use efforts at democracy building as a condition for foreign aid and as a criterion for judging the work of U.S. ambassadors. But some officials inside the White House admit that the Administration's attention appears sporadic, limited to calling for elections but then failing to follow through on the tougher, more costly and less glamorous work of building institutions that can sustain democracies. Michael O'Hanlon, a senior foreign policy fellow at the Brookings Institution, says, "The Administration's top-down approach of assuming that elections will solve problems has been too simplistic. You also need educational institutions and economic development."

â€¢THE LIMITS OF POWER

To accomplish those goals of democracy building, you need help. The biggest illusion of the Bush Doctrine was the idea that the U.S. could carry out a strategy as ambitious as reshaping the Middle East and changing unfriendly regimes without a degree of international legitimacy and cooperation to back it up. Though the Administration sought broad international assistance in Afghanistan, it largely shunned it in Iraq. As a result, while NATO forces are now relieving U.S. troops of some of the combat burden for fighting the Taliban in southern Afghanistan, Americans continue to fight and die alone (with some backup from Iraqi troops) against the Sunni insurgents in western Iraq.

The practical costs of the last plank of the Bush Doctrine--unilateralism--may have finally persuaded the Administration to jettison that too. This move is being led by Rice, who is emerging as Bush's most visible and intimate adviser. "The President is more willing to listen to arguments in favor of utilizing diplomacy as a tool to fight radical Islam when it comes from her, because he trusts her totally," says a presidential adviser. Rice appears to have won some internal arguments--such as getting Bush to offer conditional direct talks to Iran and calling for the closure of Gitmo--but she has yet to pull off any major diplomatic breakthrough that could burnish the Bush legacy. And neoconservative allies of Bush blast Rice for pursuing diplomacy for its own sake. "When you are bereft of options, you pursue process and call it progress," says Danielle Pletka, a vice president of the American Enterprise Institute.

Since joining multilateral talks over Iran and North Korea, the U.S. has failed to persuade Russia and China, who wield veto power in the U.N. Security Council, to agree to specific sanctions against either Tehran or Pyongyang. The gap between the U.S.'s priorities and the rest of the world's stretches beyond those two challenges. The war on terrorism has provided a neat ideological framework for U.S foreign policy in the Bush years, but it has distracted the attention of the U.S. from developments in other areas--Asia, Russia and its former satellites, and Latin America--where new international systems are being built without the U.S. as their builder. For most outside the U.S., the threat of suicide bombings is a less pressing concern than issues like health care, education, job security and the environment. The longer the U.S. bases its foreign policy around the single-minded pursuit of Islamic terrorists, the less influence it is likely to have.

Can the Bush Administration recover all it has lost? Much depends on the temper and commitment of the President himself. "He can juggle all the balls and still let his hair down," says Charlie Younger, an orthopedic surgeon from Midland, Texas, and longtime friend, who spent three nights at the White House this month. "He's an eternal optimist."

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But global leadership can't be based on optimism alone. And true diplomacy means more than repeating the word itself. Despite the crises facing him, Bush still has options, though they are ones he hasn't yet shown a willingness to use. Until recently, Bush failed to acknowledge how much Iraq has eroded U.S. credibility or show that he takes seriously the criticisms lodged against his policies by the U.S.'s allies. Iraq may turn out to be a peaceful and thriving democracy, but Bush himself concedes he doesn't foresee that happening before he leaves the stage 30 months from now. If Bush hopes to salvage a more popular, less contested legacy, he needs to commit himself to something big and attainable beyond Iraq--a strategic rapprochement with Iran, perhaps, or a Marshall Plan for African development--and bring allies on board for the ride. Of course, the longing for a foreign policy legacy is common to all lame-duck Presidents; more often than not, such quests have ended in disappointment. Bush may still be able to avoid that fate, but he's running out of time.

The U.N. Sideshow On Korea (NYT)

The New York Times, July 10, 2006

The United Nations Security Council certainly should register international condemnation of last week's North Korean missile launches. But if any serious progress is going to be made on this and the related North Korean nuclear issue, it will not be through Security Council resolutions or sanctions.

There are only three countries with any real leverage — the United States, China and South Korea — and none are doing all they could to nudge North Korea onto a less provocative course. Until they do, Security Council resolutions will remain a largely symbolic sideshow.

Last week's missile launches instantly complicated the security picture in Northeast Asia, but they violated no international law or treaty that would clearly justify mandatory penalties from the Security Council. (India tested a long-range nuclear-capable missile just yesterday.) Individual nations, particularly the three most influential ones, would do better to devise short-term penalties and longer-term incentives to persuade North Korea to forswear nuclear weapons and longer-range missiles.

The Bush administration should drop its reflexive opposition to direct talks. But before scheduling a meeting, Washington should call on North Korea to reinstate its moratorium on long-range missile tests and keep it in place for at least one year while talks on a permanent ban proceed.

Those direct talks should also include discussions on North Korea's nuclear weapons programs. Nearly a year ago, North Korea agreed in principle to give these up as part of an agreement with the United States, China, Russia, Japan and South Korea. Crucial details were never worked out because North Korea left the talks over unrelated banking sanctions the Bush administration announced last fall. Washington has refused to conduct direct negotiations on the banking sanctions.

Even if this gratuitous obstacle were removed, completing the nuclear talks would be difficult because North Korea wants civilian power reactors before it completes nuclear disarmament. Given North Korea's record of diverting nuclear material from civilian to military programs, it should have to demonstrate compliance with nonproliferation rules before building power reactors.

Pressure from China and South Korea may be required to get North Korea to agree to acceptable terms, and both countries should be signaling their willingness to apply such pressure by imposing short-term penalties for the missile tests. For China, the most effective signal would be a short-term suspension of oil shipments. South Korea could cancel this week's scheduled cabinet-level talks.

The most urgent objective for all three nations should be to convince North Korea to not test its long-range missile again. Preparations for a test are reported under way. The next goal should be to jump-start talks aimed at permanently ending North Korea's long-range missile and nuclear weapons programs.

West Woos Russia In Bid To Curb Iran N Programme (FT)

By Daniel Dombey And Roula Khalaf

Financial Times, July 10, 2006

Western governments are stepping up their efforts to win Russian and Chinese backing for a tougher stance over Iran's nuclear programme in the run-up to the G8 summit next weekend.

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The latest indication came from the US, which at the weekend said it was willing to offer Moscow a deal on civil nuclear co-operation – as long as Russia provided more help in convincing Tehran to scale down its programme. The deal could allow Russia to make billions of dollars from storing nuclear waste from US-supplied reactors around the world.

"For agreement on peaceful co-operation to go forward, we will need Russia's active co-operation in blocking Iran's attempts to obtain nuclear weapons," a White House spokesman said.

Western officials acknowledge that North Korea's missile tests last week distracted international attention from Iran, while the international reaction underlined Moscow and China's reluctance to use United Nations sanctions to deter proliferation. Indications that Iran's nuclear programme may be faltering technically have also reduced the sense of urgency surrounding the case. At the heart of the controversy is uranium enrichment, a process that can produce both fuel and weapons grade material.

The US and the European Union, which fear that Tehran is coming closer to developing nuclear weapons, are focused on using the July 15-17 G8 summit in St Petersburg as the main source of pressure on Iran. Russia wants the summit to focus on energy security instead, while Iran, which insists its programme is purely peaceful, has said it will not reply until August.

"They want to get past an action-forcing deadline and the idea that the Americans have more leverage," says Mark Fitzpatrick, nuclear expert at London's International Institute for Strategic Studies. "So long as the Iranians haven't rejected [the international proposal for Iran to halt enrichment work], Russia and China will say there is no reason to go to the [UN] Security Council."

He adds that Iran's technical progress has also recently slowed, with a 164-centrifuge cascade – used to enrich uranium – not working well and plans for a second and third cascades delayed.

Western diplomats say they expect Ali Larijani, Tehran's top nuclear negotiator, to ask for clarifications on the international offer when he meets European officials tomorrow – but not to provide a definite response.

The EU will be looking for signs that Tehran is seriously considering the proposal – which includes economic and civil nuclear aid rather than just trying to spin the process out.

If the encounter with Mr Larijani proves frustrating for the Europeans, the EU and the US will seek to rally support from Russia and China at a foreign ministers' meeting in Paris for a tougher international line. This will set the tone for the G8 summit later in the week.

"The Iranians sometimes miscalculate the international mood," says a western diplomat. "The Russians don't want a big row at St Petersburg."

Analysts say Iran could eventually agree to take a temporary break with enrichment and allow talks with the permanent five UN Security Council members and Germany to begin.

It could then use the talks to argue that it should be allowed to maintain a small-scale UN-monitored enrichment programme.

Russia-U.S. Shift In Power Balance May Mold Summit (WSJ)

By Yochi J. Dreazen

The Wall Street Journal, July 10, 2006

WASHINGTON -- The decision by the Bush administration to allow Russia to house spent nuclear fuel highlights a dynamic likely to shape this week's Group of Eight summit: the shifting power balance between a U.S. facing challenges on several fronts and a Russia moving to reassert itself on the world stage.

Less than a week before the summit of the G-8 leading industrial nations in St. Petersburg, the Bush administration's need for Russian support in political showdowns with Iran and North Korea is forcing the U.S. to accede to Russian demands on a range of issues. The White House already has quietly agreed to downgrade its standard pro-democracy push in the face of Russian President Vladimir Putin's refusal to make it a major focus of the gathering, and administration officials concede they are likely to bow to a range of other Russian demands over the course of the summit.

The moves represent an acknowledgment by the administration that on a variety of hot-button issues, the U.S. needs Russia more than Russia needs the U.S. The White House says it wants to use diplomacy to persuade Iran and North Korea to abandon their nuclear-weapons programs, but that approach depends heavily on Russian support at the United Nations and in

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continuing multination negotiations with the two countries. The U.S. also wants to ensure that Russia doesn't use its vast oil and natural-gas holdings as weapons in disputes with the fragile democracies in neighboring Georgia and Ukraine.

Russia has hinted it would be willing to offer at least conditional support to the American-led diplomatic initiatives over Iran and North Korea, but at a cost.

In a briefing late last week with American reporters, a top Putin aide, Igor Shuvalov, said Moscow hoped to win final U.S. approval for Russia's bid to enter the World Trade Organization during a bilateral summit between Messrs. Bush and Putin on the eve of the summit. Mr. Shuvalov also said Moscow wanted White House assurances that Russian firms would be able to freely invest in the U.S. without facing the kind of political scrutiny that derailed recent proposed acquisitions of U.S. assets by companies from China and the United Arab Emirates.

Administration officials said the decision to allow Russia to store spent nuclear fuel was meant as a further inducement to Mr. Putin, who has demanded for some time that Russia be given a larger piece of the lucrative business. The decision, reported Saturday by the Washington Post, is set to be announced after the bilateral meeting between the two leaders at the start of the summit, the officials said.

The deal is a reversal for the U.S., which has refused to allow Russia to store nuclear waste, because of Moscow's role in helping Iran build and run its first large-scale nuclear reactor. Another concern has been Russia's failure to provided good security for its nuclear facilities against accidents or possible theft.

The U.S. supplies much of the civilian nuclear fuel for global markets and continues to control that material when it is spent, even in foreign countries. Without an agreement with the U.S., no country receiving U.S. nuclear materials could send its spent fuel to Russia for storage.

Bush administration officials say they are hopeful that the agreement with Russia's demand will spur Mr. Putin to lend at least tacit support to any American efforts to impose sanctions on Iran or pass a U.N. Security Council resolution that could clear the way for possible military action against the country in the event of a crisis.

Still, the deal is certain to be a matter of debate on Capitol Hill, where anti-Russia sentiment is high because of Mr. Putin's crackdown on his country's media and political opposition. A U.S.-Russian accord on nuclear waste doesn't need congressional approval, but it could be blocked if both chambers vote to do so within 90 days of its signing.

"This is another example where the Russians have got to understand again that their continued autocracy ... should not be rewarded with an agreement that is probably more beneficial to them than to us," Sen. John McCain, (R., Ariz.), said on CBS's "Face the Nation." "It's time for some very tough talk with the Russians."

---- Michael M. Phillips contributed to this article.

The Odd Couple (USNEWS)

By Kenneth T. Walsh

U.S. News and World Report, July 17, 2006

It was a grim week--with North Korea firing a batch of missiles as a warning to its adversaries, a standoff continuing with Iran over its nuclear program, and more bloody attacks in Iraq. But Russian leader Vladimir Putin couldn't resist needling President Bush last Thursday. Noting that it was Bush's 60th birthday, the Russian president passed along best wishes from the global labor leaders he had been hosting in the Kremlin that afternoon. Everyone wished the embattled American president well, Putin said, except the labor leaders from America. Both men laughed, but Bush aides saw a larger point. "They like and respect each other," said a senior adviser. "They have many strong disagreements, but they have a very good relationship."

Despite such towel-snapping moments, however, Bush has gotten more realistic about Putin since they first met in June 2001. That's when Bush famously declared that he had "looked the man in the eye ... and was able to get a sense of his soul"--concluding that Putin was "very straightforward and trustworthy" and committed to reform. Things haven't turned out quite that way, of course, and today Bush's assessment looks naive and certainly premature. U.S. policymakers admit as much. "Our views on Russia are very realistic now," says a senior administration official, who concedes that the administration's early hopes for a "strategic partnership" were unfounded. "We've stepped back," says the official.

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Careful criticism. As Bush prepares to meet Putin this week at the annual conference of the Group of Eight industrialized democracies in St. Petersburg, the Russian leader's hometown, he is under pressure to condemn Putin's lurches toward autocracy. Among them: clamping down on dissent, asserting control of his country's television networks (story, Page 40), and intimidating his independent-minded neighbors by threatening to cut off energy supplies. Some critics, such as former Soviet dissident Natan Sharansky, urge Bush to criticize Putin's backsliding in a very dramatic way this week. Arizona Sen. John McCain has even suggested that Bush boycott the entire conference in St. Petersburg.

Bush never considered such a draconian step. But he is trying to find a way to thread the needle by expressing disapproval for Putin's excesses while at the same time winning Kremlin support for his key international objectives. "First of all," a senior U.S. official told U.S. News, "this isn't the Cold War. The world is changing. Russia is no longer a strategic adversary, nor is it a strategic threat to the United States. I think it's clear that cooperating with Russia can help us solve a number of issues that are important for American security and American economic prosperity." They include halting the spread of nuclear weapons, fighting terrorism, and promoting the peaceful use of nuclear energy. More urgently, Bush wants to secure long-term cooperation from Putin in pressuring Iran to abandon any nuclear weapons program. Russia, however, has been reluctant to back the stringent international sanctions that Bush wants. Another disappointment for White House officials is Russia's refusal to back strong sanctions against North Korea even after Pyongyang fired several test missiles last week.

Putin, for his part, wants to use this week's summit--the first time Russia has hosted the annual G-8 gathering--to gain legitimacy for his country as a major power. More pragmatically, he wants to promote Russian as a world-class energy exporter and gain support for his concept of a global nuclear energy partnership that would help Russia rebuild its nuclear industry.

President Bush has always placed a high premium on his personal relationships with other leaders. In Putin's case, not only has Bush exhibited trust in the Kremlin leader from the day they met, but he has tried to cultivate Putin with regular meetings around the world--18 so far--and frequent phone conversations. Bush even arranged a Putin visit to his ranch in Crawford, Texas, which Bush considers the top perquisite he can grant, since Prairie Chapel Ranch is his home. Bush believes his personal relationship with Putin will eventually pay off. "I don't necessarily agree with every decision he's made about what's happening inside of Russia," Bush told CNN's Larry King last week, "but it's very important for me to keep a good personal relationship with him so I can have good, candid discussions. But no leader wants to be lectured by somebody, no leader likes to be scolded publicly."

The question is whether Bush can parlay his relationship into something tangible in St. Petersburg. This remains unclear partly because of Russia's growing hubris. The administration has been concerned, for example, by Russia's threat to disrupt natural gas shipments to Ukraine and Georgia, putting pressure on the two young democracies led by politicians out of favor in Moscow. U.S. officials also complain about Moscow backing Aleksander Lukashenko, the dictator of Belarus, despite international pressure to stop his crackdown on opposition movements. Similarly, Russia is faulted for fostering separatist movements in the Georgian regions of South Ossetia and Abkhazia, and in Moldova.

Petro-power. Part of the reason for Russia's assertiveness is the nation's vast earnings from the high price of oil. Energy-rich Russia now has foreign reserves of about $230 billion, translating into a more confident Kremlin--what Russia scholar Dimitri Simes calls "petro-arrogance." The attitude among many Russian policymakers, says Simes, is, "All this democracy business is a charade--or, more precisely, a stick to attack Russia and Russian allies like Belarus."

Putin and his aides were particularly angry over Vice President Dick Cheney's tough speech in Vilnius, Lithuania, on May 4 in which he blasted Putin's regime for backsliding on democracy and seeking to "reverse the gains of the last decade." This has increased "anti-American spirit" in Russia, senior Kremlin official Igor Shuvalov said last week.

A senior U.S. official told U.S. News: "One of the things that we want to do ... is not to isolate Russia, and to bring it into organizations and institutions that are rules-based, that have certain standards, and try to do what we can to get the Russians to live up to those standards." That includes the G-8.

More broadly, Bush is trying to build new partnerships--with Russia and other nations--after a first term in which he was derided as a unilateralist, a cowboy, and a warmonger. U.S. officials admit that it's particularly important to form coalitions now because so many hot spots are boiling over and the United States can't deal with them alone.

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Complicating matters is that Bush's allies in the Iraq war are dwindling. Italy's Silvio Berlusconi left office in early May after his party lost a national election. Spain's Jose Maria Aznar was thrown out amid rising opposition to his support for the war. British Prime Minister Tony Blair is leaving office before the next national election. Japanese Prime Minister Junichiro Koizumi exits in September. One bright spot is in Germany, where Chancellor Gerhard Schroeder, a fierce Bush critic, was pushed from office by voters earlier this year in favor of Angela Merkel, who favored better relations with the White House. Partly to cultivate Merkel, Bush will visit her in Merkel's home territory of Stralsund and Trinwillershagen before traveling to St. Petersburg.

The last thing Bush wants this week is a blowup that will revive his image as an arrogant Lone Ranger. So administration officials say the president will mostly make nice as he talks with his friend Vladimir and their counterparts amid the czarist palaces, churches, fountains, and other glories of Russia's imperial past.

Unreality Television (USNEWS)

By Sebastian Smith

U.S. News and World Report, July 10, 2006

When Russian journalists describe Vladimir Putin as the country's chief newsmaker, they're not exaggerating. It's not just that he's the president and attracts the expected attention--he also rules a Kremlin bureaucracy able to decide what is news.

Under Putin, Russia has experienced a dramatic rollback of media freedom, a sensitive issue as his fellow leaders of the Group of Eight major industrialized nations meet late this week in St. Petersburg. Freedom House, the U.S.-based human-rights group, ranks Russia 158th out of the 194 countries and territories for press freedom. It is urging the other G-8 leaders, the world's most powerful democratic figures, to press Putin for more open news media.

Before Putin took over in 2000, opposition voices were often heard on the three dominant television networks, particularly on the then privately owned NTV channel. There were hostile interviews with officials, merciless political satire shows, and investigations of what human-rights groups call Russia's dirty war in Chechnya. Today, NTV is owned by the state-run natural gas behemoth Gazprom, and its output differs little from that of the two big state-owned channels Rossiya and Channel One.

No criticism. A typical news broadcast on all three channels consists of showing Putin and government ministers hard at work, feel-good reports on life in the armed forces, and historical features related to the Soviet defeat of Nazi Germany. Opposition figures are rarely seen. The Center for Journalism in Extreme Situations, a leading Russian press freedom group, released a study in April that found that 91 percent of political news on Channel One was devoted to Putin and the "ruling powers." Nearly three quarters of that coverage was positive, a quarter neutral--none of it critical.

Newspapers are relatively freer, and a few, such as the daily Kommersant, are boldly critical. The Internet, where accessible, is a growing source for news. But in the world's biggest country, television is everything in shaping opinion. State-run channels, accessible to anyone with a TV, reach more than 90 percent of the 143 million population, while nontabloid newspapers rarely manage circulations of more than 100,000. (Recently, authorities have pressured radio stations to stop carrying news from Voice of America and Radio Free Europe/Radio Liberty.)

The result is a country where debate is so stifled that formal censorship becomes unnecessary, says the Carnegie Moscow Center's Masha Lipman. "The Kremlin has been pretty sophisticated in dealing with the media," she says. "It's about ensuring that big media managers are loyal, then leaving some of the small outlets free to let off steam, while ensuring they remain irrelevant." What appears on television "is a product of close cooperation between Kremlin aides and the TV network managers," she adds. "Access to information, or the ability to hold a government official to account--this doesn't exist."

Defenders of Kremlin policy flatly deny there is a problem. And mirroring arguments used by Moscow to defend against criticism of issues such as human rights, they throw the accusation back at what they view as a hypocritical West. Vladislav Surkov, a Kremlin official often seen as Putin's eminence grise, told reporters last month that alleged bias in the media's coverage of opposition figures was "a matter of taste."

Margarita Simonyan, editor-in-chief of the state's new 24-hour English-language channel Russia Today, agrees. "The state channels show the president of Russia. That is because state television should tell the people what the state is doing," she says. "I look at CNN and they constantly show [President George W.] Bush. And not only CNN. Why should Russia's president be less interesting?"

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Simonyan and other Kremlin loyalists argue that Putin's breaking of private media empires since 2000 merely stopped businessmen from using television and newspapers to impose their own views. The perception that there was freedom of the press in the 1990s before Putin "is a cliche that does not correspond to reality," says Kremlin-connected political analyst Gleb Pavlovsky.

"Managed democracy." History shows that Pavlovsky is partly right. The media barons of the 1990s were key in President Boris Yeltsin's uphill re-election of 1996. Their outlets covered up stories about Yeltsin's ill health and fueled scaremongering about his Communist challenger. But where Yeltsin struck bargains with the media, Putin has simply taken control, extending his hallmark strategy of "managed democracy" from the ballot box to the TV set and printing press.

There has not been outright nationalization. Rather, media ownership has passed into the hands of Kremlin-friendly businesses like Gazprom, which also owns the formerly heavyweight, now increasingly bland newspaper Izvestia. Other well-known newspapers owned by or linked to Kremlin-connected businessmen include Nezavisimaya Gazeta, Argumenty i Fakti, and Vremya Novostei.

There are notable exceptions, including Kommersant and Vedomosti, a business newspaper partly owned by the Financial Times and the Wall Street Journal. With its hard-hitting interviews and balanced news coverage, Gazprom-owned Echo Moskvy radio is considered the standard-bearer for freedom in the electronic media. But Sergei Parkhomenko, a star of the post-Soviet media scene who was forced from his job as editor of the independent Itogi magazine in 2001, warns that outlets like Echo Moskvy or Kommersant are just window dressing. "If anything in Russia is not under government control, that's because the government has decided that it doesn't need to control that yet," he says. "The moment they want to close Vedomosti or Kommersant, they will."

And at the heart of this taming of the Fourth Estate, argues Parkhomenko, is a phenomenon running much deeper than Putin's urge to control. "The most important thing is that society doesn't support the journalists," he says. "Society doesn't demand information. We got freedom of speech as a gift in the 1990s. It just fell from the sky. But people quietly let it go, and now they struggle to remember they ever needed it."

It's a view ratified by Nikolai Svanidze, a leading anchor on Rossiya, who said in June that viewers were "tired of pluralism." "Our guests from the United States and European countries may not understand what I'm talking about," Svanidze said, "but the classic Soviet viewer is not used to alternatives. It's tiring to have a choice because you have to think."

What's Bad For Putin Is Best For Russians (NYT)

By Garry Kasparov

The New York Times, July 10, 2006

Moscow - When observing the West's conciliatory dealings with Russia, I'm reminded of a quotation often attributed to Winston Churchill: "However beautiful the strategy, you should occasionally look at the results."

For five years, President Bush has been talking about maintaining an open dialogue with Russia's president, Vladimir Putin, and about how hard he has worked to convince the Russian leader that "it's in his interest to adopt Western-style values and universal values." This sounds reasonable, but we don't have to go on theory. There's a track record — one that clearly shows that persuasion and appeasement toward Russia have failed.

It is long past time for Western leaders to take a tougher stand if they want their rhetoric about democracy to be credible. A perfect opportunity awaits at this week's meeting of the Group of 7 leaders in St. Petersburg. I say "Group of 7" rather than "Group of 8" because I continue to hope that the West will find its collective backbone and make Russia's participation contingent on its actually being a democracy.

The St. Petersburg meeting offers the visiting heads of state a chance to see for themselves how bad things here have become. The right of Russians to elect their governors and parliamentary representatives is steadily eroding, with more and more influence accruing to the executive. Even Aleksandr Veshnyakov, the chairman of the Central Electoral Commission who has rubber-stamped the results of every election under President Putin, recently said that if all the new legislation proposed by Mr. Putin's United Russia Party were passed, elections here "would be a farce." Opposition activists and journalists are routinely

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arrested and interrogated. The Kremlin, in complete control of the judiciary, loots private businesses and then uses state-controlled companies to launder the money abroad.

Mr. Bush and Europe's leaders apparently believe it is best to disregard such unpleasantness for the sake of receiving Russia's cooperation on security and energy. This cynical and morally repugnant stance has also proven ineffective. Just as in the old days, Moscow has become an ally for troublemakers and anti-democratic rulers around the world. Nuclear aid to Iran, missile technology to North Korea, military aircraft to Sudan, Myanmar and Venezuela, and a budding friendship with Hamas: these are the West's rewards for keeping its mouth shut about human rights in Russia.

It's time to stop pretending that the Kremlin shares the free world's interests. The high energy prices the Putin administration requires to keep its hold on power are driven by the tensions that come with every North Korean missile launching and Iranian nuclear threat. It's no surprise that Russia continues to block United Nations sanctions against these rogue states. The mystery is why the West continues to treat Russia like an ally.

Tomorrow and Wednesday, State Department representatives are scheduled to attend the Other Russia conference in Moscow. Organized by the opposition umbrella group of which I am a founder, the conference will bring together politicians and nongovernmental organizations from all over Russia and from every part of its political spectrum.

The primary aim of the conference is to document our national crisis for the Russian government, the Russian people and the widest possible international audience. It is equally important to discuss what is to be done and to make it clear that it is not too late. Our citizens must refuse to be bought off with a fleeting oil windfall and the false impression of a return to superpower status. Western leaders must live up to their rhetoric about human rights by stating in no uncertain terms that Russia's status as a trading partner, security ally and G-8 member are all at risk if the country continues its slide into dictatorship.

Just days ago, dozens of activists en route to Moscow to attend the conference were arrested, some beaten. Possession of opposition literature is being defined as an attempt to "overthrow constitutional order." Will the Western delegations sit silently? Will the American president say nothing?

Perhaps silence is the best option if the most Mr. Bush has to offer are weak expressions of concern and remarks about his personal relationship with Mr. Putin. President Ronald Reagan's hard public line on the Soviet Union let us know that someone out there was aware of our predicament and was fighting for us. Now this American president seems to be saying that Iraqis and Afghans are deserving of democracy, but Russians are not.

The darkest days of Communist rule are now a generation behind us. Between the end of the Communist dictatorship and the crackdown under President Putin, there was a period of freedom. It was brief and it was flawed, but it could have served as a foundation for a democratic Russia. Since 2000, however, Mr. Putin has done everything possible to dismantle that fragile edifice. In dealing with Russia, please don't confuse what's good for the Putin regime with what's best for the Russian people.

Garry Kasparov is the co-chairman of the All-Russia Civil Congress and the chairman of the United Civil Front of Russia.

The Democracy Backlash (WP)

By Fred Hiatt

The Washington Post, July 10, 2006

When communism collapsed in 1991, no one expected democracy to triumph everywhere and instantly. But no one expected the other side to fight back, either. After all, what was "the other side"?

Yet when President Vladimir Putin hosts the first summit of Group of Eight leaders in Russia this week, the most notable thing won't be that his country has failed to become the consolidated democracy that the G-7 countries expected when they invited Russia to join a decade ago. What will be remarkable -- but has been little remarked on -- is that Putin has become a leader and an emblem of an active movement to combat the spread of democracy.

"What seems to be the case," Sen. Richard Lugar (R-Ind.), chairman of the Senate Foreign Relations Committee, told me, "is that governments that are authoritarian have decided to fight back."

Lugar chaired a hearing last month on "The Backlash Against Democracy Assistance," which is the title of a report he commissioned from the National Endowment for Democracy, a private, federally funded organization created in 1983 to promote democratic institutions around the world. The organization found the backlash to be most pronounced in what Carl Gershman,

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NED's president, calls "hybrid regimes": autocracies that maintain some nominally democratic processes, usually including elections, and that generally claim to be democracies.

Many of these regimes tolerated civic groups promoting freedom and human rights during the 1990s and allowed them to receive help from democracy promoters in the United States and other nations. But after the Rose Revolution swept away the corrupt regime of Eduard Shevardnadze in Georgia, followed by the Orange Revolution in Ukraine, Putin and other leaders decided they could no longer take any chances.

They concluded, Gershman said in a recent talk, that, as Abraham Lincoln noted in a different context, "a government cannot endure permanently half slave and half free." And so they accelerated their harassment of civic groups, radio stations, political parties and any other independent voices -- with arbitrary detentions, visa bans, impossible funding rules, intrusive registration requirements and more.

For the most part, the regimes claim that these measures are aimed only at protecting state sovereignty, defeating terrorism or countering espionage. That's good news, in a funny way; most of them still feel compelled to describe themselves as democrats. Even now there is no "other side," ideologically speaking.

But it also makes the measures difficult to combat. Post reporter Peter Finn's account last week of how the Kremlin has eliminated Radio Free Europe/Radio Liberty broadcasts from most Russian radio stations without formally banning the programming -- instead harassing, insinuating and threatening to revoke licenses -- provides a good example.

And the rebounding dictators are learning from each other. In January Putin signed legislation regulating nongovernmental organizations that will give 30,000 bureaucrats the option of revoking the registration of any troublesome group. Now Hugo Chavez in Venezuela and Robert Mugabe in Zimbabwe are pushing similar legislation. China reportedly sent researchers to Uzbekistan and other former Soviet states to compare notes on democracy countermeasures; meanwhile, Belarus's dictator, Alexander Lukashenko, "reportedly acquired China's latest internet monitoring and control technology while in Beijing in December 2005," NED reported.

The man who helped provoke all this -- Georgia's democratic president, Mikheil Saakashvili -- was in Washington last week warning that Putin and his ilk may be interested in more than defense; they may want to roll back democracy in Georgia, Ukraine and beyond. Bush, who spent two hours with the Georgian, appears to understand this.

Putin is, in fact, working hard to undermine democratic Georgia, a nation of fewer than 5 million people bordering Russia on the south. He has banned imports of Georgian produce, wine and mineral water; he is manipulating secessionists inside the country. Saakashvili's success in promoting economic growth and diminishing corruption may be too dangerous an example for Putin to abide.

A key question for this week will be whether the G-7 leaders make clear that undermining neighboring democracies is not an acceptable policy. France and Germany will be reluctant to allow principle to interfere with commercial interests, which lie with Russia, not some tiny nation to the south. So it will be up to Bush.

Saakashvili seemed to be delivering just such a message when he handed Bush a photocopy of a 1936 letter his government had discovered in the KGB archives. The letter, handwritten by leaders of fiercely independent people of the mountainous Khevsureti region, was addressed to the "Great American Government." It bewailed the encroaching Bolsheviks, who were forcing the locals onto collective farms and preventing them from practicing their religion.

"We won't surrender as long as a single Georgian in Khevsureti is alive," they wrote. "We'll defend ourselves with swords and daggers. . . . We hope you will help us. You are the only ones who can . . . ."

The letter never reached Franklin Roosevelt, of course, and all its signatories were promptly murdered by the KGB (then known as the NKVD).

Times have changed, thank goodness. But history hasn't ended, and the spread of democracy still can't be put on autopilot.

Iran Asks IAEA To Remove Chief Inspector (AP)

By George Jahn, Associated Press Writer

AP, July 10, 2006

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Iran has asked the International Atomic Energy Agency to remove the head of the inspection team probing Tehran's nuclear program, U.N. officials said Sunday.

The inspector, Chris Charlier, has not been back to Iran since April because of Iranian displeasure with his work, the officials said.

However, Charlier remains the head of the team, they said, speaking on condition of anonymity because the issue was confidential.

The German newspaper Welt am Sonntag reported Sunday that Charlier had been removed from his post and assigned to other duties. It quoted him as saying he believes Iran is operating a clandestine nuclear program and suggested it was linked to weapons.

IAEA spokespeople in Vienna, Austria, declined comment Sunday.

Charlier, 61, has previously complained publicly that Iranian constraints made inspection work there difficult.

Tehran denies it is interested in nuclear weapons but revelations of past clandestine activities and finds of documents linked to warheads, along with its insistence on carrying out uranium enrichment, have heightened international suspicions.

Meanwhile, Tehran warned the Group of Eight Sunday against making any decisions on Iran's nuclear program without consulting it first.

"Any (G-8) summit decision on Iran — if premature and incomplete — could harm the current positive trend of negotiations," Iranian Foreign Minister Manouchehr Mottaki said, referring to talks with the European Union about an incentives package offered to Iran to end the impasse over its nuclear program.

"The G-8 summit won't be comprehensive without Iran's participation and opinion," Mottaki said of the gathering by the leaders of the world's largest economies that is scheduled to open Saturday in St. Petersburg, Russia.

EU foreign policy chief Javier Solana and top Iran nuclear envoy Ali Larijani met in Brussels, Belgium, last week. A formal meeting is scheduled for Tuesday.

On Sunday, Mottaki reiterated that Iran would give a formal response to the offer by the five permanent members of the U.N. Security Council and Germany next month. He hinted that Tehran planned to negotiate some aspects of the package first.

The West wants Iran to respond to the incentives before the G-8 summit.

Bush's Shift: Being Patient With Foes (NYT)

By David E. Sanger

The New York Times, July 10, 2006

WASHINGTON, July 9 — President Bush has never made apologies for enshrining pre-emption as the defining doctrine of his first term. He has declared many times that in a post-9/11 world, presidents no longer have the luxury of waiting for the slow grinding of diplomatic give-and-take when unpredictable dictators are assembling arsenals that could threaten the United States.

But as he leaves for Europe and Russia this week, where the simultaneous nuclear standoffs in Iran and North Korea will top the agenda, Mr. Bush finds himself struggling to square his muscular declarations with the realpolitik of his second term after the invasion of Iraq. At every turn, and every provocation, he finds himself in an unaccustomed position: urging patience.

"These problems didn't rise overnight, and they don't get solved overnight," he told reporters during an hourlong news conference in Chicago on Friday. At another point, he said: "You know, the problem with diplomacy, it takes a while to get something done. If you're acting alone, you can move quickly." Underscoring the idea again, he said, "It's painful in a way for some to watch because it takes a while to get people on the same page."

The Chicago news conference was notable because it seemed to mark the completion of a rhetorical journey for Mr. Bush. It is a journey that has steadily moved away, in public pronouncements — if not the president's own thinking — from the lines he drew in the 2002 State of the Union address. In that famous "axis of evil" speech, he identified the threats from Iraq, Iran and North Korea as the three most pressing post-9/11 challenges facing the United States.

"We'll be deliberate, yet time is not on our side," he said in one of the most-quoted passages of what became the signature speech of his administration. "I will not wait on events, while dangers gather. I will not stand by, as peril draws closer and closer.

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The United States of America will not permit the world's most dangerous regimes to threaten us with the world's most destructive weapons."

Yet to some conservatives who backed Mr. Bush's decision in Iraq, "standing by and waiting" is the essence of Mr. Bush's current strategy.

Nicholas Eberstadt of the American Enterprise Institute wrote in The Wall Street Journal after North Korea's missile tests last week that North Korea had achieved more "strategic successes" under the Bush administration than it had under President Clinton.

"Apparently unwilling to move against North Korea's nuclear challenges by itself, and evidently incapable of fashioning a practical response involving allies and others, the Bush administration's response to Pyongyang's atomic provocations is today principally characterized by renewed calls for additional rounds of toothless conference diplomacy," he wrote.

This weekend in The Weekly Standard, William Kristol, another prominent conservative voice, wrote: "The red lines, pink lines, and mauve lines of U.S. foreign policy seem increasingly to be written in erasable ink. What was 'unacceptable' to President Bush a week ago (a North Korean missile launch) has been accepted." He called the current policy "Clintonian."

Mr. Bush's aides, who decline to speak about their internal deliberations on North Korea and Iran for attribution, say their critics have done everything but describe a workable alternative. Iran, they note, is five or more years from a nuclear weapon — and, in their more candid moments, they acknowledge that it has numerous options for retaliating for any military action.

A military attack on North Korea's missile pads, they say, has always been regarded as an unacceptable risk — even before American forces were tied up on the other side of the world. That is why they were so quick to dismiss a call two weeks ago by President Clinton's defense secretary, William Perry, and his top aide on nuclear issues, Ashton B. Carter of Harvard, to conduct a lightning, precision strike on North Korea's Taepodong 2 long-range missile before it could be tested.

"It sounds good," one of Mr. Bush's national security aides said at the time, "until you ask yourself the question, what good is a strike if it leaves their nuclear capability untouched?"

To Mr. Bush's critics, the question goes to the heart of the new argument over pre-emption: whether Mr. Bush, in focusing on Iraq in 2003, missed his chance. It was in January of that year, as American forces were flowing toward the Middle East, that North Korea threw out the international inspectors who had been watching over its stockpile of nuclear fuel, and withdrew from the Nuclear Nonproliferation Treaty.

The action did not have the drama of a multiple-missile launchings. But unlike the test-firings, it was a clearer violation of international law. (Any country has a right to exit the treaty with 90 days' notice, but the North evicted the inspectors before that period expired.)

But Mr. Bush made no effort then to seek sanctions at the United Nations Security Council, or to rally China and Russia to impose economic sanctions. One senior former official who was involved in the discussions said Mr. Bush was briefed on his military options to strike at the nuclear facilities before the spent fuel rods were moved — but the options looked bad, and he turned back to the Iraq invasion plan.

Administration officials still defend that decision, saying that Saddam Hussein lived in a more volatile neighborhood and needed to be dealt with first. But as one senior American diplomat who was involved in the Iraq decision conceded late last week, "The decisions we made then narrowed our options now."

In short, Mr. Bush is discovering the limits of his own pre-emption doctrine — and the frustrations of its alternative. He knows, aides say, that even to hint at military action or deadlines if Iran refuses to suspend enriching uranium, or if North Korea continues to test missiles and make bomb fuel, would probably destroy any chance of getting China and Russia aboard on a common strategy.

But failing to lay out the consequences clearly — the kind of straight talk Mr. Bush used to say distinguished his administration's foreign policy — may embolden Iran and North Korea to try to run out the clock, produce more nuclear material and hope for a better deal with the next president.

India Reports A Long-Range Missile Test (NYT)

By Hari Kumar And David E. Sanger

DOJ_NMG_0038921

The New York Times, July 10, 2006

NEW DELHI, July 9 — India test-fired its longest-range nuclear-capable missile on Sunday for the first time, government officials said. But although the missile was launched, it was unclear whether the entire test was successful, with at least one report saying that the missile had failed at some point in its flight.

The launching has occurred at a time of rising international tension over North Korea's recent missile tests, and as the United States Congress is considering a civilian nuclear pact that the Bush administration negotiated with India.

While the pact does not concern missile tests or other military activity, its critics say the Bush administration failed to obtain any commitment from India to stop producing new nuclear weapons fuel, or to restrict its production of new weapons. The test of the Agni 3 missile (agni means fire in Hindi) appeared intended to show that India's strategic arsenal could reach far beyond Pakistan and cover territory including China.

The missile is reported to have a range of more than 1,800 miles. The Defense Ministry said it had been launched from Wheeler Island, off the coast of Orissa State in the Bay of Bengal, and had taken off successfully.

But later, the Press Trust of India news agency quoted an unidentified military official as saying that the missile had developed troubles, perhaps in the firing of its second stage, and had not completed the test successfully.

A Defense Ministry spokesman, Sitanshu Kar, would not comment on the report other than to say, "The missile took off successfully, and the rest of the data need to be analyzed, in a day or two, to come to a conclusion."

India and neighboring Pakistan have often traded rounds of missile and nuclear tests in times of tension between them. But relations between the nations have improved lately, and the governments have a standing agreement to inform each other before such tests. On Sunday, the Pakistani Foreign Ministry confirmed that India had told it about the test in advance.

While short-range missiles are enough to keep India and Pakistan in mutual range, analysts have seen India's development of long-range ballistic missiles, and the continuing development of its nuclear weapons program, as a strategic step to keep China in check. The listed range of the Agni 3, hundreds of miles longer than that of other missiles India has tested, would put more of China's major cities within striking distance.

In the past two years, tensions between India and China have lessened somewhat, and direct border trade between them reopened last week along the storied Silk Road through the Himalayas for the first time since they fought a war 44 years ago.

The BBC reported that before the launching on Sunday, India had twice postponed tests on the Agni 3, once for technical reasons and once because of concern about the international response while it was trying to seal its civilian nuclear deal with the Bush administration. In May, the Indian defense minister, Pranab Mukherjee, was quoted as saying that the missile was ready but that India was observing "self-imposed restraint" before testing.

The nuclear deal between India and the United States is under review by Congress and would, in effect, remove all United States restrictions on nuclear trade with India that are in place because India has refused to sign the Nuclear Nonproliferation Treaty. The only other countries to refuse are Israel and Pakistan. North Korea withdrew from the treaty three years ago.

Under the deal, the United States would give vital help to the Indian civilian nuclear program, including uranium for fuel for civilian reactors. The United States would not provide any fuel for Indian weapons, but critics have pointed out that it would essentially free the limited Indian uranium supplies for weapons production. The agreement contains no restriction on how much or how fast India could increase the size of its nuclear arsenal.

Upping The Ante In Gaza (USNEWS)

By Larry Derfner

U.S. News and World Report, July 10, 2006

Hitkansut is a buzzword that Prime Minister Ehud Olmert introduced into the Israeli political lexicon. It means, in the government's translation, "realignment," shorthand for Olmert's ambitious goal of withdrawal from most of the West Bank in order to secure Israelis behind a protective barrier.

But that word hasn't been heard much lately. And the future of Olmert's plan--the centerpiece of his election win--now rests on his handling of the growing political crisis sparked by Palestinian militants' kidnapping of Israeli Army Cpl. Gilad Shalit and the escalating military conflict that has drawn Israeli forces back into Gaza.

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Last summer's Israeli withdrawal from Gaza--which its architect, then Prime Minister Ariel Sharon, dubbed hitnatkut, or disengagement--was meant to be the successful precedent for a far-reaching unilateral pullout from the West Bank to finally remove Israeli soldiers and settlers from the Palestinians' midst. But success in Gaza, from Israel's viewpoint, means peace and quiet for Israelis living close to Gaza's borders. And that hasn't happened. Since the last Israeli soldier left Gaza 10 months ago, following the 8,500 settlers whom the Army forcibly removed from their homes, Palestinian militants have used the territory to fire wildly inaccurate Kassam rockets at residents in Israeli border towns.

As Israel stepped up its jet bombings and cross-border tank shelling against the militants, killing dozens of Palestinian fighters and civilians, the militants fired off more Kassams and issued still more threats. In late June, several guerrillas, including members of the Palestinian Authority's ruling Hamas movement, tunneled about half a mile from Gaza to the Israeli side of the border. On June 25, the guerrillas climbed out, killed two tank-crew members at an Army post, and kidnapped a third, Corporal Shalit.

Gaza redux. This meant Israeli soldiers were headed back onto the sands of Gaza. Suddenly, Sharon's disengagement didn't seem as safe and sure as it did last summer. And Olmert's realignment plan--which would put Israel's Ben-Gurion International Airport and several Tel Aviv suburbs within Kassam range of West Bank militants unhindered by the presence of the Israeli Army--was recast as a risky proposition. "We said this was going to happen; they're firing rockets from Elei Sinai," said an off-duty Army major who evacuated from the former Elei Sinai settlement in northern Gaza, which is now a landscape of worthless rubble. A 7-foot-long Kassam rocket had just landed harmlessly in an open field about 200 yards from a protest tent camp that is now home to the major and some of his former neighbors, some 3 miles from Elei Sinai. A few days after the major uttered those words, Israeli troops swept back into the destroyed settlement and two others nearby to root out the Kassam threat.

A survey by Israel's leading pollster, Mina Tsemach, showed that Olmert's popularity and that of his centrist Kadima (Forward) party has been hurt, as has that of Kadima's liberal Labor Party coalition partner. The public is now more divided over realignment. In both the cabinet and the Knesset, some of Olmert's allies are starting to break ranks over the plan. "There is no point in giving West Bank land and receiving nothing in return," Kadima cabinet minister Meir Sheetrit told the Jerusalem Post, warning that cities in central Israel could come under attack.

This is the right-wing opposition's strongest argument against Olmert's long-term plan. With Kassams now beginning to fall in Ashkelon, a coastal city of 120,000 about 8 miles northeast of Gaza, Hanan Kristal, a leading Israeli political analyst, says, "This argument is now much easier to sell to the public." If Olmert and his inexperienced defense minister, Labor Party leader Amir Peretz, do not establish their leadership credentials by getting the upper hand on the Palestinian attacks, Kristal says, "they will not have the political stature to carry out the realignment. This is their first test, and if they don't pass it, they could effectively become lame ducks."

The test includes two daunting challenges: to silence the rockets, and to win the release of Shalit, without giving in to the militants' demands for a large-scale release of Israel's Palestinian prisoners, who number over 9,000. Israel holds the overwhelming military edge, but Palestinian guerrillas have smuggled vast stores of arms from Egypt into Gaza since the Israeli Army left the territory. For now, this is the realignment that really matters.

Sharon's Shadow (NSWK)

By Dan Ephron And Christopher Dickey

Newsweek, July 10, 2006

Ehud Olmert's voice quavered as he spoke at the U.S. Embassy's Fourth of July party last week. Behind the Israeli prime minister was an American flag made of colored balloons. The cocktail-sipping crowd on the lawn grew quiet. Olmert had shown no overt sign of stress, but people were watching. Days before, Palestinians from Gaza had captured an Israeli soldier. Now a Qassam rocket fired by the guerrilla wing of Hamas had hit the Israeli city of Ashkelon. Still, even in the wet heat of a Tel Aviv summer, Olmert looked cool in his dark suit and striped tie, until he mentioned his predecessor, Ariel Sharon.

As he began his remarks in Hebrew, Olmert recalled that Sharon had stood on the same dais just one year earlier, and that it had been only six months since a massive stroke plunged the legendary general turned politician into a coma. Olmert's voice seemed to crack as he wished aloud that Sharon might come back to be his old self again.

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It was a sentimental and suggestive moment. As the crisis continues to grow, the question comes up often: "What would Sharon have done?" The answers are different and contradictory. "I don't know," says Mark Heller, a political scientist at the Jaffee Center for Strategic Studies, "but I'm pretty sure people would have felt a lot more comfortable with whatever it was. It's not that anyone is saying there's an obvious alternative to what Olmert is doing. It's more a matter of inspiring confidence."

Although Olmert always wanted this job, not many Israelis ever expected he would get it. "He's fully aware of the accidental nature of the way he came to this position," says a political peer who prefers not to be seen as betraying a friend's confidence. Olmert had been mayor of Jerusalem, but he was not a popular figure in the Likud Party. When Sharon decided on the bold move of evacuating Jewish settlers from Gaza, however, he picked Olmert as his deputy. When Sharon started a new party to support his disengagement policy, Olmert was the first to join. When Sharon suffered his stroke, Olmert became acting prime minister, then took the position outright in elections. "Winning the lottery would have been easier," says Yossi Sarid, former head of the left-wing Meretz Party. "He was in the right place at the right time."

But now Olmert needs more than luck and his well-honed political skills: he needs the kind of credibility that Sharon had developed with the Israeli people and, perhaps most important, with the increasingly impatient Israeli military. Neither Olmert nor his Defense minister, Labor Party leader Amir Peretz, had serious command experience during their mandatory military service. Sharon took big risks in war, and ultimately in peace. Sharon was "a strong man whose toughest decision was to take Israel out of Gaza," says historian Tom Segev. "What is finally coming out of it is more suffering, more refugees and more hatred." And with Sharon out of the picture, Olmert is left to take responsibility, or blame, for the consequences.

Frictions between Olmert and his generals were growing well before Palestinian guerrillas managed to capture Cpl. Gilad Shalit on June 25. The problem was the cobbled-together rockets being lobbed from Gaza into Israel. They were crude but dangerous, and their range was extending. "It was clear we would be going into Gaza," says a senior Israeli military source, who insisted on anonymity because he is officially prohibited from talking to the press. "We knew this months ago, with or without Olmert. This isn't a quesion of making decisions on a political level. The writing was on the wall."

But if Olmert saw that writing, he saw other messages as well. "This is a highly complicated struggle—the terror struggle on the ground, the struggle to maintain the moral high ground in world opinion and the struggle to keep internal unity," says one of Olmert's close associates, who consults with him regularly and didn't want to compromise the relationship by being named. "There's a clear contradiction between the immediate tactical needs and the long-term objectives." Gaza's population is densely packed and very young. When school lets out, its streets are rivers of children. The closer Israeli troops move into the towns, the greater the risks of horrific civilian casualties and global outrage.

So when Shalit was captured, Olmert approved military tactics meant to put enormous pressure on the Hamas leadership, even if it meant suffering for thousands of people. Power stations were knocked out, bridges blasted apart. Sonic booms rattled windows and nerves night after night. "I want nobody to sleep at night in Gaza," Olmert said. "I want them to know what it's like." Hamas cabinet members and legislators in the West Bank were arrested. European governments protested. But no civilian casualties were reported. "People are saying it's uncomfortable," Olmert told the cabinet. "It will be uncomfortable. Nobody dies from being uncomfortable."

Then the rocket hit Ashkelon, seven miles north of the Gaza border. No one there was hurt. It blasted a large hole in the yard of a high school. But when Olmert addressed the Fourth of July party two hours later, he spoke as if a corner had been turned, not only in the fight with the Palestinians but in the struggle with the military. He predicted "unprecedented and far-reaching consequences," and the Israeli tanks that had been poised on the northern edge of Gaza began to roll. Within three days, at least 40 Palestinians, including a mother and her two children, were killed in the fighting. One Israeli soldier also lost his life in what may have been a friendly-fire incident. Hamas talked of a truce. But the captured corporal remained a prisoner. And at least 12 more Qassam rockets were launched.

Hamas, too, is watching the dynamic between Olmert and his military. "Olmert can engage in negotiations only if the generals recommend that to him," Hamas legislator Mahmoud Ar-Ramahi told NEWSWEEK, "and so far these generals prefer not to enter into negotiations over the Israeli soldier ... In their mind, striking a deal with the captors of the soldier will strengthen Hamas."

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"I think we have no choice but to conduct a massive operation in Gaza, to recapture the area for a week or two, arrest a lot of people and get out," says Yuval Steinitz, a Likud member of the Knesset and chairman of the subcommittee on defense and counterterrorism. "I can tell you Sharon did exactly those things. He also hesitated a bit, but eventually ... isolated Arafat even though he was an elected leader and a Nobel Prize winner." Steinitz would like to see the whole Hamas government brought down. "We should make it so difficult and horrible for the Palestinians until it's clear they cannot continue with this terrorist government."

And then? Olmert has staked his political future, as Sharon had, on the success of unilateral disengagement—with pullouts planned from parts of the West Bank as well as Gaza. Now that's on hold. A policy of unilateral action that requires repeated incursions by Israeli troops is not a viable long-term option. "There is no way to defeat Hamas without a Palestinian partner," says Ephraim Sneh, a Labor Party lawmaker and retired general. "Defeating Hamas doesn't take an overnight operation. It's a process that is military, political, economic and cultural."

But Olmert faces a strategic problem. Not only does he have no partner in peace, as he often says, he has no partner in war. The would-be peacemaker, Palestinian President Mahmoud Abbas, has been relegated to a role as spectator. And the breakdown of law and order in Gaza is such that the elimination of the Hamas government could mean the elimination of all government—with a likely increase in the influence of both Iran and Al Qaeda.

What's needed is a break with the past, says historian Segev. "It has never worked to punish a population, because Palestinians are as patriotic as Israelis and they say to themselves, 'We won't go down on our knees.' The Palestinians have nothing to lose, and we have never been able to understand that." If Olmert can bring calm out of this crisis, he will emerge as a leader in his own right. If not, chaos and violence will only serve, as they have so often in the past, to create nostalgia for leaders long gone.

Israel Vows To Fight Until Soldier's Release, And Palestinians Mourn Their Dead (NYT)

By Steven Erlanger

The New York Times, July 10, 2006

GAZA, July 9 — Israel will continue its military offensive in the Gaza Strip at its own pace until Palestinian militants release a captured Israeli soldier and halt their rocket attacks, Prime Minister Ehud Olmert told his cabinet on Sunday.

The operation in Gaza is a "war for which it is impossible to set a timetable," Mr. Olmert said, according to briefings provided by an Israeli official. "We will continue this battle with level-headedness and patience, while making use of the proper means," he is reported to have said. "We cannot sit and not respond to the Qassam rocket fire."

Mr. Olmert ruled out negotiations with Hamas, which leads the Palestinian government and whose military branch is holding Cpl. Gilad Shalit, who was abducted during a raid into Israel on June 25.

He said he had been prepared to release prisoners to Mahmoud Abbas, the president of the Palestinian Authority, before the two men met for a formal meeting, and Mr. Abbas confirmed that on Friday. But Mr. Olmert said Sunday, "We intended to release them to moderate elements, not terrorist elements." Releasing prisoners to Hamas in response to a kidnapping would further damage Palestinian moderates and reward extremism, Mr. Olmert said.

He repeated to the cabinet that Israel would not reoccupy Gaza but would act militarily there as it saw fit. "We will operate, enter and pull out as needed," the official quoted Mr. Olmert as saying.

Maj. Gen. Yoav Galant, commander of Israel's southern region, said late Saturday that Israel was ready for a long campaign, planning to shift the focus of operations from place to place. "We are prepared to continue the operation a month, two months and, if need be, even more," he told Channel 2 television. "The Palestinians will do their reckoning. They will count hundreds of dead terrorists, they will count the damaged infrastructure, the destroyed offices, the damaged factories."

On Sunday, the Palestinians counted more dead, even as they mourned and buried four people, including three from the same family, killed Saturday night in the Shijaia neighborhood, near the Karni commercial crossing, in an explosion at a house. The Palestinians blamed Israel.

But Israel said that its investigation showed that the explosion did not come from an airstrike, and that intelligence reports later showed that the deaths had been caused by a Palestinian anti-tank rocket.

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Capt. Jacob Dallal, a spokesman for the military, said the Israeli Air Force, which tracks its missiles carefully, reported that its missile "hit the intended target," which was a nearby street where armed militants were walking with weapons. He said the army did not know what happened to those men, but "we hit the area we targeted, not the house."

An Israeli military official said intelligence information developed later, presumably from a source within Gaza, "clearly says that it was a Palestinian anti-tank missile." The military official insisted on not being identified and said he could not be more specific.

On Sunday, a Palestinian civilian was killed by an Israeli missile fired at a car carrying Hamas militants in the southern town of Rafah. The militants apparently escaped from the car, and a second missile hit nearby, wounding bystanders. The dead man was identified as Bilal Sliman Rabah, an 18-year-old supermarket clerk. Seven other Palestinians were wounded, with one in very serious condition, hospital authorities said.

Earlier Sunday, just after midnight, the air force struck a group of armed militants near the Karni commercial crossing, wounding three, members of the Palestinian security forces said.

Airstrikes also destroyed a major bridge in Beit Hanun, in northern Gaza, and an electricity transformer there, making it difficult to travel easily to the city and cutting electricity and some water supplies.

Palestinians continued to fire Qassam rockets into Israel despite the military operation. One resident of the nearby Israeli town of Sderot was moderately wounded Sunday morning from shrapnel wounds to the chest when a Qassam hit. A second rocket hit a house, and three people were treated for shock.

Three of the four Palestinians killed Saturday in the house explosion were members of the Hajaj family — Um Ayman Hajaj, 48; her son Muhammad, 21; and her daughter Rawan, 6. Four other family members were wounded.

The house is on the very edge of the Palestinian area closest to the Karni crossing into Israel.

Iman Hajaj, 23, one of Mrs. Hajaj's 14 children, said she was in the house's living room during the explosion, where some were watching an Egyptian soap opera. Those people were wounded, she said; those who died were in the garden drinking tea or cooking corn over a fire. "We had been nervous for two days with the movement of tanks and the shells," Ms. Hajaj said, sitting in a room of mourning women, all covered in black head scarves and long black robes, in a relative's house nearby.

"My brother Muhammad, who died, had just arrived a minute before to visit my married sister," Ms. Hajaj said, beginning to cry, then held out her hand, holding a curved piece of shrapnel. "More than 20 pieces like this we took from the body of my mother," she said.

As she spoke, young women who lined the banister of the stairway all began to chant in unison, "With our souls, with our blood, we sacrifice ourselves for our martyr!"

Um Hassan Hajaj, the aunt of the dead mother, spoke angrily about what she said was the responsibility of Israel and the United States for the deaths in her family. "Look at what your weapons are doing to us!" she yelled. As the television cameras came closer, she turned to them and shouted: "One day the Muslim countries will change everything, and there will be hard days for America! Injustice never lasts."

As the bodies of the dead were brought, wrapped in the flags of Islamic Jihad and Fatah, there was screaming and ululating and the cascading sounds of gunfire from the militants surging around the courtyard. The militants wore various forms of mufti, waving weapons and flags, including the green of Hamas. As the small body of Rawan was carried, tiny in the stretcher, her face exposed, the wailing swelled, and Um Fathi Hajaj, the girl's grandmother, collapsed in tears.

As he walked along the route of the funeral march, Abu Ahmed, the spokesman for the Islamic Jihad's military wing, quietly promised retribution. "We have 70 suicide bombers in a new brigade awaiting orders to strike Israel," he said.

Asked whether Islamic Jihad would respect a negotiated political document calling for Palestinian military activity to concentrate on Israel proper, he smiled wearily. "All of historic Palestine is ours, and we don't distinguish between 1948 or 1967," he said.

Mr. Abbas, back in Ramallah, ordered two representatives to discuss the crisis with Syria and with the exiled leader of Hamas's political bureau, Khaled Meshal.

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On Friday, in a news conference, Mr. Abbas said he did not know of any splits in Hamas and dealt only with the elected Hamas prime minister, Ismail Haniya, who called in vain for a mutual cease-fire on Saturday, quickly rejected by Israel without Corporal Shalit's release.

The Israeli Army also announced after an investigation that the only Israeli soldier who has died in this nearly two-week Gaza operation was accidentally killed by Israeli fire.

Israel Vows To Press Gaza Offensive (AP)

By Ravi Nessman, Associated Press Writer

AP, July 10, 2006

Israeli Prime Minister Ehud Olmert said Sunday he would push ahead with the army's widescale offensive in the Gaza Strip, saying the fight to free an abducted soldier and stop militant rocket fire would last for a "long time."

The 12-day-old operation has caused widespread destruction in Gaza, left 51 Palestinians dead and led to international complaints that Israel was using excessive force.

Despite the offensive, militants launched three rockets into Israel on Sunday, wounding one person in the town of Sderot and damaging a house. Also, militants linked to the Palestinians' ruling Hamas party maintained their refusal to free Cpl. Gilad Shalit, who was captured in a June 25 raid, or even reveal his condition.

An Israeli airstrike Sunday night targeted a car carrying Hamas militants near Gaza City, wounding five people, including an 8-year-old girl, Palestinian health officials said. The vehicle was filled with explosives, which led to a series of large secondary explosions, the army said.

Israeli aircraft attacked a building early Monday on the outskirts of Gaza City, setting it on fire, Palestinians said. No injuries were reported. The military said the building was used by Islamic Jihad to make weapons.

Before daybreak, aircraft fired a missile at a group of militants near Gaza City, killing one and seriously wounding another, Palestinian hospital officials said. The military said a missile had been fired at militants on their way to launch a rocket.

Speaking to the Israeli Cabinet, Olmert counseled patience.

"We're talking about a war that will continue for a long time and it is complicated," Olmert said, according to a participant in the meeting. "This is a war for which we cannot set down a timetable and we can't say how long it will continue."

The Cabinet expressed unanimous support for the military action in Gaza and Olmert's refusal to negotiate with the militants, who demanded the release of 1,500 Palestinian prisoners in exchange for information about Shalit, 19.

Israeli security officials told the Cabinet that the offensive, the army's largest operation in Gaza since Israel withdrew from the territory last summer, was likely to force the militants to scale back their demands, according to the participant in the meeting, who spoke on condition of anonymity because the meeting was closed to the press.

But Palestinians were widely supportive of the militants' actions. A poll released Sunday showed that 77 percent of those questioned backed Shalit's kidnapping and 67 percent said they supported further abductions. Sixty-nine percent said the soldier should only be released in exchange for prisoners.

The survey of 1,197 Palestinians by the Jerusalem Media and Communication Center had a margin of error of 3 percentage points.

Olmert told the Cabinet that before Shalit was captured, he had been planning a prisoner release as a goodwill gesture to moderate Palestinian President Mahmoud Abbas, but now a release appears out of the question.

"It's not a secret before the kidnapping that we would free prisoners. But we intended to release them to moderate elements and not to terrorist elements," Olmert said.

"The release of prisoners means destroying the moderates in the Palestinian Authority, and would signal to the world that Israel can only talk to extremists."

Since the offensive began June 28, Israeli forces have battered Gaza with artillery barrages and airstrikes. One airstrike Sunday missed a car carrying members of a Hamas rocket squad and killed a bystander instead, Palestinian health officials said. The army confirmed it carried out an airstrike.

The United Nations blamed Israel for widespread human rights violations and hardship to civilians in Gaza.

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Palestinian hospital officials say at least 51 Palestinians have been killed and more than 180 wounded in the offensive.

One Israeli soldier was killed last week, and military officials said Sunday an initial inquiry showed he was shot accidentally by Israeli forces.

Olmert and other ministers said they were not overly concerned about the international reaction.

"Anybody who calls this operation disproportionate has no clue about the facts on the ground. We have been attacked and bombarded for months and weeks," Cabinet minister Yitzhak Herzog said.

"With all due respect to all those who criticize us, if anything of this nature would have happened in their homeland, they would have acted much worse."

Radical Politics Mideast Democracy: One Violent Group Finds It Works Fine (WSJ)

By Karby Leggett

The Wall Street Journal, July 10, 2006

BEIRUT, Lebanon -- When Syrian troops left Lebanon last year, the Bush administration saw a prime opportunity to de-fang a group one U.S. diplomat once called the "A-Team" of terror groups: Hezbollah, which receives major backing from Syria.

The end of Syria's nearly three-decade occupation was a watershed moment for President Bush's campaign to spread democracy in the Middle East as an antidote to violent Islamic movements. Millions of Lebanese celebrated the country's liberation. With an election approaching, Hezbollah was worried. "We felt danger," says Nawar Saheli, a political leader in the group.

Today, it's stronger than ever. The group, once disdainful of domestic politics, filled the power vacuum of Syria's departure by joining Lebanon's governing coalition. That has given Hezbollah new clout, including control over two ministries.

It also has helped the group elude a big threat: international pressure, led by the U.S. and France, to disarm. Over the past year "Hezbollah built a big shield over its military wing," says Amal Saad-Ghorayeb, a professor at the Lebanese American University.

How the militant group turned adversity to opportunity reveals a conundrum for the Bush administration: Rather than resisting Washington's democracy drive, some radical Islamic groups, including organizations the U.S. deems terrorist, are using it to promote their agendas.

In the Palestinian territories, the Sunni Muslim group Hamas won elections that were encouraged by the U.S. in January, taking control of the government. Like the Shiite Muslim Hezbollah, Hamas has resisted international pressure to renounce violence and disarm. In Iraq, the firebrand cleric Moqtada al-Sadr, whom U.S. officials once called a terrorist and vowed to capture or kill, has become an important behind-the-scenes player in the new Iraqi government. His "Mahdi Army" flourishes with little challenge from the U.S. or Iraqi officials.

Though Washington has generally supported these democratization moves, letting militant groups enter politics without giving up their weapons carries big risks. An example is Gaza, thrown into crisis by the kidnapping of an Israeli soldier by Hamas's armed wing. Israel responded by blowing up a major electricity grid, arresting dozens of Hamas lawmakers and cabinet ministers and launching a ground offensive that has killed more than 30 Palestinians.

Israel also threatened Syrian President Bashar Assad, who permits senior Hamas leaders to reside in Damascus, by flying warplanes over one of his palaces, raising the prospect of a wider confrontation. And, worried that Hezbollah's armed wing might attack too, the Israeli military has issued a high-level alert along its northern border with Lebanon.

Hezbollah, whose name means Party of God, has an especially thorny history with the U.S. and Israel, and it presents unique problems. The group emerged in the early 1980s to oppose Israel's occupation of part of Lebanon, during a phase of the long Lebanese civil war. Hezbollah has slowly developed a vast network that provides social services far more efficiently than the Lebanese government in many areas. But the U.S. lists Hezbollah as a terrorist organization because of a series of bombings, kidnappings and airplane hijackings it carried out in the 1980s and early 1990s.

Amid tension over Iran's nuclear facilities, Hezbollah also draws scrutiny because it has close ties to Iran. Hezbollah has an estimated 15,000 missiles pointed at Israel from land it controls in southern Lebanon. Some U.S. and Israeli officials worry that if there ever were a military confrontation between the West and Iran, Hezbollah could become a proxy for Iran and step up attacks

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on Israel. In such an event, Israel would almost surely reply with overwhelming force, potentially inflaming passions in the Middle East and raising the danger of region-wide war.

The risk was underscored in late May as Israel and Hezbollah had their most ferocious skirmish in years. Hezbollah fired rockets into northern Israel and hit a military base. Israel destroyed several dozen Hezbollah forts, killing at least one adherent. "Hezbollah is a big nightmare for us," says an Israeli military commander, Lt. Col. Ishai Efroni.

Despite Hezbollah's maneuvering, U.S. officials describe events in Lebanon as progress toward the goal of spreading democracy. They say bringing Hezbollah into mainstream politics will gradually cause the group to distance itself from Iran and focus its energies on domestic issues, a process they argue will eventually lead to Hezbollah's disarmament.

In the meantime, they say the U.S. will continue to support international efforts to disarm the group, underscored by a series of tough United Nations Security Council resolutions. "The fact that there is even discussion about Hezbollah's disarmament is progress," says Jeffrey Feltman, U.S. ambassador to Beirut.

With its location along the Mediterranean between Syria and Israel, Lebanon has long been a focus of regional conflict. A land of more than a dozen Christian and Muslim sects, it erupted in a brutal civil war in 1975. A 1989 accord that formally ended the war specified a government reserving key positions for each main group. Lebanon's prime minister must be a Sunni Muslim, the president a Maronite Christian and the speaker of Parliament a Shiite Muslim.

What drew Hezbollah into its higher profile in politics was the February 2005 bomb slaying of Rafik Hariri, a former prime minister who'd become publicly critical of Syria's military occupation. Many Lebanese suspected Syria's government of involvement in the killing, and a popular uprising ensued. When Syria capitulated and withdrew its troops, many hoped the move would free the Lebanese to decide their own affairs.

In some ways, that's just what happened. More than ever before, Hezbollah turned the goodwill engendered by its social-services work into political might.

After Syria withdrew, Hezbollah leaders asked Mr. Saheli and 11 others to run for seats in Lebanon's 128-member Parliament. Under the banner of Hezbollah's political party, Loyalty to the Resistance, they won easily. Hezbollah's top leader, Hassan Nasrallah, also became more active on the national stage.

Together they reshaped Lebanon's political agenda with a mixture of bare-knuckle politics and occasional compromise. The top priority, says Mr. Saheli, was derailing the international effort to force Hezbollah to disarm. That effort was embodied two years ago in U.N. Security Council Resolution 1559, which among other things demanded that all Lebanese militias turn in their weapons.

Mr. Saheli, 39, grew up in Hermel, a drab city of 100,000 on the northern edge of the Bekaa Valley, near the border with Syria. A Hezbollah supporter since his teens, he'd become a lawyer and member of his town's city council.

The number of seats Hezbollah could win in Parliament was limited by Lebanon's complex power-sharing formula. Even so, Mr. Saheli sensed the value of producing a big voter turnout for Hezbollah. The group's campaign efforts in effect turned the voting into a referendum on whether it should be able to keep its armed military wing.

During the three-week campaign, Mr. Saheli says, he visited up to 15 villages a day. Skipping other issues such as education, he hammered a single theme: Protect "the resistance," Hezbollah's term for its military wing. Often, he says, he ended speeches with a harangue against the U.S. "The Americans have a big project against the Arab world -- Iraq, now Syria and next Hezbollah. And we must resist."

Voters, especially in Shiite-dominated areas, loved it. When the results came in June 2005, Hezbollah and a few parties it had aligned with were huge winners, taking the maximum 35 parliamentary seats available to Shiite Muslims.

Though Hezbollah had fielded candidates in previous elections, it had always remained an opposition party. This time, Mr. Saheli and his bloc accepted an invitation to join a coalition government. They asked for two important ministries, energy and labor.

And they made another demand: that all major government decisions, including the question of Hezbollah's weapons, be decided through consensual agreement rather than by a straight vote of the cabinet ministers. Coalition partners -- the biggest was Future Movement, led by a son of the slain Mr. Hariri -- needed Shiite representation in their government, and agreed to the conditions. That gave Hezbollah the power to veto just about anything it opposed.

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Hezbollah legislators pushed through approval for a $35 million drinking-water facility, a waste-disposal project of similar cost and a $68 million road project, all in the Shiite-heavy Bekaa Valley. On a recent afternoon, workers were laying asphalt on the new highway under a blazing sun. It will improve access to some elaborate Roman temple ruins, boosting tourism and jobs, Mr. Saheli says.

At a cabinet meeting in December, Prime Minister Fouad Siniora, a staunch critic of Syria, asked ministers to vote, without a debate, on a proposal to set up an international court to try people arrested for Mr. Hariri's murder. Hezbollah's two ministers, accusing Mr. Siniora of breaking his promise to make all decisions consensually, walked out.

When three ministers from another Shiite party followed this lead, the new government faced paralysis. The Hezbollah ministers set a tough condition for their return: a public statement from the Sunni prime minister calling Hezbollah's military wing a "resistance" movement rather than a "militia."

It's a key distinction. U.N. Resolution 1559 calls on all Lebanese militias to disarm. Mr. Siniora stood before Parliament a few weeks later and said his government would henceforth refer to Hezbollah only as a resistance movement.

Though Hezbollah's politicians had been victorious, the showdown left the organization wary. It now activated a fallback plan: an unlikely alliance with a former Lebanese general and Christian leader, Michel Aoun.

Tensions between Hezbollah and Lebanon's Christians have run deep ever since some Christian factions worked with the Israelis during the civil war. Mr. Aoun lived in exile for 15 years before returning to Lebanon last year. He was an outspoken foe of Syria's occupation and also advocated disarming Hezbollah. In exile, the 71-year-old ex-general also met with officials in the U.S. and France in an effort to create an international front against Hezbollah.

Those efforts stopped on Feb. 6, when Mr. Aoun and Hezbollah suddenly made a deal. It amounted to a simple trade-off: Mr. Aoun suspended his call to disarm Hezbollah, and the group agreed to support him as a future Lebanese president.

Mr. Aoun says he still believes Hezbollah will disarm someday. But he now calls this an "internal matter" for Lebanon and offers no timetable. "The U.S. isn't too happy with me anymore," he notes.

Mr. Saheli, asked about Mr. Aoun, says: "We have common interests."

Hezbollah still has vocal critics. Walid Jumblatt, leader of Lebanon's Druze religious sect, says, "We need to squeeze Hezbollah, put them in a corner." He blames the group for "paralyzing" the government. But he doesn't favor trying to disarm through force. "We don't want a civil war," he says.

Amid growing political and economic strain, there are new signs of sectarian tension in this land of so many different religious factions. Last month, a fight broke out between knife-wielding Druze and Shiite students at a university campus. A few days later, thousands of Shiite residents in Beirut rioted after a TV show mocked Mr. Nasrallah, Hezbollah's leader. Lebanese security forces moved to Christian neighborhoods to avert further trouble.

In his parliamentary office on a recent day, Mr. Saheli said sectarian strife is a big concern. But he maintained that this longstanding problem, as well as the issue of Hezbollah's arms, must be resolved through democracy and national dialogue.

At Least 20 Killed In Mogadishu Battles (WP)

By Guled Mohamed

The Washington Post, July 10, 2006

MOGADISHU, Somalia, July 9 -- Islamic militiamen attacked fighters loyal to defeated secular warlords in Mogadishu on Sunday, and at least 20 people were killed and scores wounded in heavy street battles, witnesses said.

The death toll was expected to rise in the most serious flare-up since the militiamen seized control of the Somali capital from U.S.-backed warlords a month ago.

Mogadishu's war-weary residents ran for cover as rival groups fired machine guns and pounded each other with mortar rounds near an area that had been a pocket of warlord resistance to the Islamic militiamen.

"I am fighting for Islam, and I don't fear dying," said Ahmed Hashi, a militiaman who suffered head injuries.

The Islamic militias, wanting complete control of the coastal capital, set a daybreak ambush for fighters loyal to Hussein Aideed, an interior minister in the interim government, and another warlord, Abdi Awale Qaybdiid.

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As they put up checkpoints around the area to prevent the militiamen from escaping or receiving help, both warlords vowed that their men would fight to the end.

Aideed, speaking from the provincial town of Baidoa, where the interim government is based, said: "They took over one of our bases in the Hosh area of western Mogadishu, which was in our hands for the last 15 years. . . . We won't give up."

Staff members at one of Mogadishu's main hospitals said victims were pouring in on the back of pickup trucks in scenes reminiscent of battles earlier this year when Islamic fighters took over the city.

"Every five minutes, vehicles carrying wounded are coming in," said hospital administrator Ali Moallim, adding that 20 people had died and nearly 100 were wounded, many with serious gunshot wounds, some requiring amputation.

After the June 5 capture of Mogadishu, the Islamic militiamen took other towns across a large swath of southern Somalia. Their advance has challenged the aspirations of the Western-backed interim government, which was formed in Kenya in 2004 and is based in Baidoa because it is too weak to enter Mogadishu.

Talks between the government and Islamic militias are scheduled to begin Saturday in Sudan.

Most of the warlords who had run Mogadishu since the 1991 ouster of military dictator Mohamed Siad Barre surrendered or fled after their defeat in last month's battles, in which 350 people were killed, but pockets of fighters loyal to them hung on.

Sunday's battle ended a relative lull in violence for Somalis.

Mexican Runner-Up Files Legal Challenge (WP)

By Manuel Roig-Franzia

The Washington Post, July 10, 2006

MEXICO CITY, July 9 -- Legal advisers to the presidential election runner-up, Andres Manuel Lopez Obrador, gathered Sunday evening at a polling place guarded by soldiers toting machine guns and filed a formal challenge to Mexico's vote results.

The filing demands a vote-by-vote recount of the closest presidential election in Mexican history, which was decided Thursday when an official tally left Lopez Obrador, the populist former mayor of Mexico City, a half-percentage-point behind Felipe Calderon, a champion of free trade. Outside the polling place, Manuel Camacho Solis, a top Lopez Obrador strategist, accused election officials, as well as the administration of outgoing President Vicente Fox, of election violations that were "systematic and on a grand scale."

Lopez Obrador chose a polling place in the Colonia del Valle neighborhood, a Calderon stronghold, because his strategists consider it emblematic of what they call a stolen election.

"We wanted to file in a place where they were operating," said Gerardo Fernandez, spokesman for Lopez Obrador's Democratic Revolutionary Party.Calderon and his campaign team kept a low profile over the weekend, saying they prefer to argue in court. Calderon has said there is "no doubt" about his 240,000-vote margin of victory and has received congratulatory calls from President Bush and other world leaders.

Lopez Obrador's challenge will be heard by the Federal Electoral Tribunal, a seven-member special elections court, which has until Sept. 6 to decide whether to certify the results. The complaint consists of thousands of pages of documents, including e-mails that allegedly show that enrollment in social programs was used to coerce votes for Calderon.

The tribunal will also receive what Lopez Obrador says is evidence of an Internet smear campaign against him and examples of alleged illegal campaigning by Fox, who, as president, was prohibited by law from involvement in political campaigns. Lopez Obrador is also expected to use the complaint to resurrect one of his most effective campaign issues: allegations that Calderon's brother-in-law received sweetheart government contracts.

The challenge will assert, Camacho said, that the brother-in-law, Diego Zavala, was hired to develop software to review voter registration. Lopez Obrador's supporters say the contract created a conflict of interest that could have been used to give Calderon an improper advantage.

In an interview before the election, the head of the electoral commission, Luis Carlos Ugalde, denied contracting with Zavala's company, known as Hildebrando.

During the campaign, Calderon and his brother-in-law vigorously denied wrongdoing.

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Lopez Obrador also alleges that the electoral commission preprogrammed its computers before the election to show a Calderon victory. Electoral commission officials on Sunday denied the accusation.

Mexico Candidate Claiming Election Fraud (AP)

By Istra Pacheco, Associated Press Writer

AP, July 10, 2006

Leftist presidential candidate Andres Manuel Lopez Obrador was sending hundreds of pages of purported evidence of fraud Sunday to a court he hoped would overturn his conservative rival's razor-thin preliminary victory.

Lopez Obrador said his lawyers would give the Federal Electoral Court evidence of fraud, including computerized manipulation of the results, a day after he called for continued hope from supporters at a mammoth rally in Mexico City's historic center.

The legal appeal would seek not to annul the July 2 election, but to force authorities to conduct a manual recount of all 41 million ballots.

"This was a very irregular election and we are asking that they count vote by vote to legitimize the president elect," Gerardo Fernandez, a spokesman for Lopez Obrador's Democratic Revolution Party, said outside the tribunal Sunday night as he waited for lawyers to arrive.

"We won't recognize Calderon's triumph unless they legitimize the election," he said.

Dozens of reporters waited outside the nation's top electoral court as the lawyers' expected arrival was repeatedly delayed. Three soldiers kept watch over a scene that was calm in contrast to Saturday's massive gathering.

Fernandez said the lawyers were held up by making copies of the 800 pages of allegations.

Election officials said Thursday that Felipe Calderon beat Lopez Obrador by less than 244,000 votes in the July 2 election — or a margin of just 0.6 percent.

But Lopez Obrador contends some of his votes weren't counted or were voided without reason. He has millions of devoted followers who believe only he can help Mexico's poor and downtrodden, and he has long used street protests to pressure the government and courts.

Lopez Obrador's claims also include allegations that President Vicente Fox used government funds to support Calderon, the candidate of Fox's conservative National Action Party.

Fox has denied interfering in the elections, and election monitors from the European Union said they found no irregularities in the vote count.

But fraud allegations strike a sensitive nerve with many Mexicans. They question whether Mexico has overcome decades of institutional corruption and fraud that long favored the ruling party — the Institutional Revolutionary Party for 71 years until it lost the presidency to Fox in 2000.

Lopez Obrador has sought to stoke those fears. On Saturday, he accused the respected Federal Electoral Institute, held up as an example to emerging democracies around the world, of being a "pawn of the party of the right."

Over 100,000 supporters rallying in the capital's main plaza Saturday chanted "Vote by vote!"

Turning to his charges that Fox unfairly aided Calderon, Lopez Obrador said the popular president "dedicated himself to attacking us and ended up being a complete traitor of democracy."

Representatives for Fox and Calderon were not immediately available to comment. Fox has stayed out of the public eye for two weeks in an effort to avoid accusations that he was meddling in the debate.

Lopez Obrador, a former Mexico City mayor, has said a software program was used to skew initial vote-count reports — a charge that revives memories of the alleged computer crash that flipped Mexico's 1988 election in favor of the then-ruling PRI.

Legal challenges were built into Mexico's elections process in recent years to help ensure clean elections, so Calderon can't be declared president-elect until the electoral court weighs allegations of fraud or unfair campaign practices. The court has until Sept. 6 to declare a winner.

The law allows a manual recount only for polling places where credible evidence of irregularities exist. Lopez Obrador's supporters say that applies to at least 50,000 of the approximately 130,000 polling stations.

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"We are going to ask that they clean up the elections. We are going to ask that they count all the votes, vote-by-vote, poll-by-poll," Lopez Obrador said.

Despite the EU monitoring team's characterization of the vote count as fair, the leftist claimed election fraud was worse than under the PRI, which often using fraud to hold power.

Calderon says the vote was clean and has taken congratulatory phone calls from President Bush and the leaders of Canada, Spain and Colombia, among others — despite Lopez Obrador's plea for foreign governments to hold off on recognizing the result.

Lopez Obrador has repeatedly evaded questions about whether he would accept a court decision that went against him.

He provoked groans of disappointment from the crowd at the Zocalo in Mexico City when he told them not to block highways.

"This has been and goes on being a peaceful movement," he said. "We are not going to fall for any provocations."

Also Sunday, the Federal Electoral Institute wrapped up congressional vote tallies, determining the number of seats for each party.

According to National Action Party representative Jorge Zermeno, 206 seats in the 500-member lower house will go to Calderon's conservative party, 127 seats will go to Lopez Obrador's party, and 103 seats will go to the PRI. Minor parties have the 64 remaining seats.

López Obrador Ups Stakes On Mexico Poll (FT)

By Adam Thomson

Financial Times, July 10, 2006

The leftwing candidate in Mexico's presidential election at the weekend raised the pressure on the country's electoral authorities by openly claiming this month's vote had been fraudulent.

Calling on Mexicans to initiate a wave of nationwide protests, Andrés Manuel López Obrador of the Party of the Democratic Revolution (PRD) told an estimated quarter of a million people in Mexico City's main square: "If we allow them to impose themselves through fraud, it will be a regression to the past."

In one of the most impassioned speeches he has given yet, the charismatic 52-year-old campaigner asked supporters from Mexico's 300 electoral districts to march on the capital on Wednesday. He also called for another rally in Mexico City next Sunday.

Mr López Obrador's accusations follow a tense vote-count last week that handed victory to Felipe Calderón of the centre-right National Action party (PAN). According to the country's electoral authorities Mr Calderón, a 43-year-old Harvard-trained economist, beat Mr López Obrador by just 0.58 per cent. On Friday, several governments, including that of the US, sent messages of congratulations to Mr Calderón, the candidate of choice for Mexico's business community. The country's stock market and currency last week showed strong gains on the news.

But Mr López Obrador said he would submit evidence of foul play in the July 2 election to the electoral authorities. "This election process is not over yet," he said. Electoral authorities have until the end of August to weigh the evidence, and have to announce their decision by September 6. Mr López Obrador also accused President Vicente Fox of Mr Calderón's PAN of being "a traitor to democracy". Mr Fox, who is scheduled to leave office in December, was voted into power six years ago in an election that ended more than 70 years of rule by the Institutional Revolutionary party.

There is a widespread perception that the vote was rigged, and all last week demonstrators outside Mr López Obrador's campaign headquarters vowed to take their protests as far as necessary to reverse the result.

Leftist Is To Press Challenge Of Mexico's Election (WSJ)

By John Lyons And José De Córdoba

The Wall Street Journal, July 10, 2006

MEXICO CITY -- Andrés Manuel López Obrador, the left-wing candidate narrowly defeated in Mexico's presidential race, launched a legal campaign late last night to overturn the results, mixing allegations of vote fraud with broader claims that the election process was unfair.

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The legal challenges came a day after Mr. López Obrador held a rally in Mexico City, kicking off the first of several protests he hopes will pressure election authorities to accede to his demands. Mr. López Obrador wants to nullify the results from more than a third of the 130,500 polling stations, and is demanding that all 41 million ballots be hand-counted a second time.

The 52-year-old former Mexico City mayor lost a July 2 vote by a slim margin -- around 240,000 votes -- to Felipe Calderón, 43, the candidate of President Vicente Fox's pro-market National Action Party, according to an official hand count conducted by Mexican poll workers and party representatives. Although he initially said the vote was clean, Mr. López Obrador has lashed out at election officials, Mr. Calderón, President Fox, and big business since the results were announced, claiming they formed a conspiracy to deny him victory.

"I won the presidency," Mr. López Obrador said early yesterday at a news conference. "I am going to defend our victory. This isn't over." The message was partly meant for the stream of heads of state, including Spain's socialist Prime Minister José Luis Rodríguez Zapatero and President Bush, who have extended congratulations to Mr. Calderón.

Despite his rhetoric, analysts say the veteran politician faces an uphill battle both to win a court ruling to overturn the election as well as to galvanize Mexicans into taking to the streets to support him. "López Obrador is now in the uncomfortable position of complaining about things that he said were fine at the time," said Federico Reyes-Heroles, a political analyst and writer in Mexico City.

Whatever the outcome, the dispute is likely to further polarize a divided nation, making governing more tricky for the next president.

Mr. López Obrador's legal challenges mark the first major test for the nation's special electoral tribunal, set up in the 1990s as the ultimate authority on electoral disputes as part of an effort to stamp out fraud. The court earned a reputation for flexing its muscle in 2000, when it annulled a local election in Mr. López Obrador's home state of Tabasco.

Now, the leftist is asking the electoral court to order a recount. In his legal complaint, delivered to the court late last night, he was expected to ask that the results from as many as 50,000 polling stations be thrown out for reasons including vote buying. He also was expected to ask the court to rule that the election was unfairly tilted against him by the meddling of President Fox and the collusion of electoral officials.

Mr. López Obrador's camp argues that Mr. Fox illegally campaigned for Mr. Calderón through government-sponsored advertisements touting the achievements of his government. Under Mexican law, a president can't endorse or campaign for a candidate. Mr. López Obrador may also argue that the Calderón camp surpassed spending limits to launch an illegal negative advertising campaign.

Leftist Starts Legal Battle Over Mexico Vote (NYT)

By James C. McKinley Jr.

The New York Times, July 10, 2006

MEXICO CITY, July 9 — A day after calling for mass demonstrations, Mexico's leftist presidential candidate began a legal battle on Sunday evening to try to overturn the results of the close presidential race.

The candidate, Andrés Manuel López Obrador, a former Mexico City mayor who campaigned on promises to reduce poverty, was planning to formally challenge the results in a single election district in the capital that went to the conservative winner of the election, Felipe Calderón. The act was largely symbolic, but his aides said other challenges would be submitted to local election boards and to the Federal Electoral Tribunal before midnight Monday.

Mr. López Obrador's lawyers contend that the initial count of the ballots, on election night a week ago, was careless. In some cases, they also assert that poll workers purposefully inflated Mr. Calderón's totals. Mr. López Obrador is calling for a complete recount in about 50,000 of the 130,000 polling places, where he contends he has evidence of irregularities or fraud.

"They counted the votes, but badly," said Mr. López Obrador, of the Party of the Democratic Revolution. "What we are asking is that they count the votes once again, polling place by polling place."

On Thursday, election officials determined that Mr. Calderón won the election by a narrow margin of 240,000 votes of 41 million cast. Although the Federal Electoral Tribunal has yet to ratify the official tally, Mr. Calderón has declared himself the winner and has received congratulations from the White House, Canada and the European Union.

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Mr. López Obrador remains convinced he won and refuses to concede defeat. He is preparing legal challenges to present to both the Federal Electoral Tribunal and the Supreme Court.

At a rally of 150,000 people in the capital's central square on Saturday, he called on his supporters to stage two large marches this week to protest the outcome. Earlier, he told reporters he would mount a sustained campaign of peaceful protests.

As worries grew here that the marches could turn violent over time, the European Commission on Sunday called on both sides to show restraint while the courts dealt with the legal challenges.

The election results contain some oddities that Mr. López Obrador's lawyers hope to use to force a recount or, possibly, to annul the election. There were 900,000 "null votes," in which the voter's intention was unclear to poll workers. Since that number is unusually large and enough to change the outcome, lawyers for Mr. López Obrador's party contend that each ballot should be re-examined.

Second, there were numerous instances during the unofficial tally on Sunday night and Monday morning in which poll workers reported to the electoral institute's headquarters more votes for Mr. Calderón than he had actually received, especially in northern states where the conservative candidate's National Action Party is strong. Mr. López Obrador has said that pattern is evidence of fraud. Mr. Calderón's aides denied the party had committed any wrongdoing.

Finally, during the official tally on Wednesday and Thursday, the chiefs of local election boards uniformly rejected requests from Mr. López Obrador's representatives to recount ballots in thousands of polling places where there were irregularities.

Instead, the election officials stuck to the letter of the electoral law, which requires a recount only if a tally sheet is lost or contains an error or the ballot box appears to have been damaged. The law does not prohibit recounts for other causes, but it does not spell out the conditions either.

In about 2,600 polling places, election officials did recount ballots because of mistakes on tally sheets. Mr. López Obrador pointed out that in a vast majority of those cases, the counts were off.

Martín Ramírez, a spokesman for the electoral tribunal, said the court could not ratify the official tally and recognize Mr. Calderón as president-elect until it had ruled on all of Mr. López Obrador's legal challenges. By law the court must certify a new president by Sept. 6.

By late Sunday afternoon, the tribunal still had not received the official results from the Federal Electoral Institute, Mr. Ramírez said.

John M. Ackerman, an expert on electoral laws at the National Autonomous University of Mexico, said because electoral laws were relatively untested, it was hard to predict Mr. López Obrador's chances of success.

The electoral tribunal was empowered in 1996 to validate presidential elections. The only opportunity it has had to use those powers was in 2000, when President Vicente Fox of the National Action Party handily defeated the candidate of the Institutional Revolutionary Party, ending 71 years of its single-party rule.

Mr. Ackerman said that in the tribunal's short history it had ordered broad, though not complete, recounts in state and local elections. The largest recount, he said, was six years ago in the state of Jalisco, where the race was so tight and fiercely contested that the state was compared to Florida in 2000.

Mr. Ackerman also said the tribunal had not hesitated in the past to reverse decisions by the Federal Electoral Institute.

Mr. López Obrador has proved unpredictable himself. He is known for the demonstrations he staged in 1994 to protest his loss in the governor's race in his home state of Tabasco, charging that the governing party had committed fraud at the polls.

Now he has stepped up his accusations against President Fox, Mr. Calderón and their party, the PAN, saying they are betraying the democracy they helped create and engaging in the same fraudulent practices as the old governing party, the PRI. He also contends that Mr. Fox used state resources to help Mr. Calderón's campaign, a claim both men deny.

Haves And Have-Nots (NSWK)

By Joseph Contreras And Monica Campbell

Newsweek, July 10, 2006

The words on his T shirt read SMILE, WE'RE GOING TO WIN, but Abraham Flores was all frowns. Earlier in the day, the 24-year-old moving-company employee had voted for Andrés Manuel López Obrador, the former Mexico City mayor who ran for

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president on a pledge to help Mexico's poor. But preliminary returns looked grim. So Flores filed in to the famous Zócalo plaza in downtown Mexico City with hundreds of other angry voters to demand a recount. "If the elites get their way and López Obrador doesn't win, they'll hope the Mexican people will forget and go on with their lives," fumed the $10-a-day laborer. "But I doubt that will happen. We're sick of the elites trying to rule the country."

By the weekend, Flores's worst fears were confirmed: final tallies showed Felipe Calderón of the center-right National Action Party (PAN) defeating López Obrador by a mere 244,000 votes. It was Mexico's closest-ever presidential race. The ex-mayor announced plans to challenge the tally in court, and the federal election tribunal has until early September to certify or annul Calderón's apparent win. But no matter how the dispute plays out, the vote confirms an emerging trend in Latin America: a sharpening divide between haves and have-nots. "There are the people without running water and basic services, and those who can afford flats in New York City," says Juan Carlos Moreno-Brid of the U.N. Economic Commission for Latin America and the Caribbean. "But this isn't just Mexico's challenge. Latin America is the most unequal region in the world."

Class tensions are certainly rising in Bolivia, where socialist Evo Morales won a landslide victory last December. Residents of the more prosperous provinces approved a ballot measure last week calling for greater autonomy from the central government. In Peru, voters split sharply along class lines in last month's runoff election: the private sector overwhelmingly backed ex-president (and eventual winner) Alan García against the populist challenge of a former Army officer. "In southern Mexico and Peru you have a lot of people who haven't enjoyed any of the benefits of globalization, and there's a great degree of anger and frustration," says Michael Shifter of the Washington-based Inter-American Dialogue think tank.

The fragmentation is not universal. Robust growth has helped foster consensus in countries like Colombia, Chile, Argentina and Brazil. But Mexico proves that growth alone is not a solution for class divisions. The Mexican economy expanded by 4.4 percent in 2004 and 3 percent in 2005. But almost half of the country's 107 million people still live in poverty, and inequalities are likely to widen before they narrow. Latin America's recent run of strong growth may peter out next year, particularly if the U.S. economy sputters. That would increase pressure on Calderón—who garnered only 36 percent of the total vote and is facing an opposition-led Congress. His first task may be to appease the many voters who feel cheated.

The Good Neighbor Strategy (TIME)

By MOISéS NAíM

Time, July 10, 2006

A presidential election too close to call. Aggrieved voters in the streets. Partisans exchanging accusations of fraud and demanding manual recounts. Lawyers drooling in expectation of weeks of court fights.

Sound familiar? It should. Mexico City today feels a lot like Tallahassee, Fla., six year ago. But Mexico's election is about much more than who will become the country's next President, and its result will have lasting implications for Latin America as a whole. In 2000, although U.S. voters were choosing between two very different presidential candidates, only a minority felt that the outcome would drastically alter the basic foundations of the nation. Not so for Mexicans. Voters believed the election would not only decide who would run the country for six years but also, more fundamentally, what kind of political and economic system Mexico would have. The platforms of the two leading candidates--the conservative Felipe CalderÃ³n and the leftist AndrÃ©s Manuel LÃ³pez Obrador--differed on the roles of the state vs. the market, the nature of political institutions, how to fight poverty and what kinds of links Mexico should have with the rest of the world.

That clash of visions is not confined to Mexico. Similar battles are raging throughout Latin America, which is witnessing the rise of a generation of politicians seeking to capitalize on frustration with the free-market, pro-American policies commonly pursued in the region in the 1990s, when much was promised and little was accomplished in terms of raising living standards. The leader of this turn toward populism is Venezuelan President Hugo ChÃ¡vez, who has cast himself as the heir to Fidel Castro, using his country's oil bonanza to purchase political influence all over the continent. But in recent months, the ChÃ¡vez movement has run up against opposition from forces that view it as wrongheaded, militaristic and undemocratic. In Mexico's election, as in Peru's last month, ChÃ¡vez turned out to be more of a liability than an asset to the leftist candidate carrying his banner.

That ambivalence provides an opportunity for the U.S. The issues fueling the ChÃ¡vez movement--poverty, inequality, exclusion, corruption and widespread frustration--haven't gone away. Despite the perorations of populists like ChÃ¡vez and

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Castro, Latin America's maladies are not made in Washington but are self-inflicted wounds originating in the predatory Ã©lites that control policymaking in places like Buenos Aires, Caracas, BrasÃ-lia and Mexico City. Those are problems for which Washington has never had the skills or the means to influence. On the whole, the U.S. is better off letting Latin Americans figure out how to solve Latin America's problems.

But indifference has its costs too. After Sept. 11, the U.S.'s priorities of fighting Islamic terrorism and waging wars in Afghanistan and Iraq have led the Bush Administration to ignore Latin America as mostly irrelevant, which has allowed leaders like ChÃ¡vez to attack U.S. policies at will and sully Washington's reputation in the region. But the U.S. can still repair much of the damage--if it takes two bold initiatives that would break through the shortsighted policies that limit its opportunities in Latin America.

The first step toward draining the appeal of ChÃ¡vezism and restoring the U.S.'s image in Latin America would be to unilaterally lift the embargo on Cuba. The U.S. embargo has never worked as a tool to weaken Castro. Instead it has provided him with a wonderful excuse to hide his failures and justify the island's dire poverty and harsh political repression. The embargo is even less effective now that Cuba is so deeply intertwined economically and politically with Venezuela and other countries in the region. Embargoing Cuba without cutting off its ties to other countries is akin to staging an embargo against Portugal that ignores its ties to the rest of Europe. The U.S. embargo on Cuba has enormous political costs for the U.S. and no benefit other than pleasing a portion, but not all, of Cuban-American voters. Moreover, for the U.S. to maintain an embargo on Cuba while embracing Vietnam--a communist state with which the U.S. fought a long and costly war--and promoting trade and investment with Hanoi represents a blatant double standard that provides ammunition to U.S. detractors everywhere.

Another strategic surprise would be to engage the largest, most influential country in South America: Brazil. For decades U.S. policy toward Latin America has been driven by emergencies and a small-country bias: Cuba, the tiny Central American nations, Grenada and Haiti have all consumed far more of Washington's time and resources than giant Brazil, which was too big, remote and independent to be a pawn in the cold war. The only significant departure from the U.S.'s small-country bias has been with Mexico, first in the creation of NAFTA and then when Washington bailed the country out after its financial crash in 1994. Paying attention to Brazil would involve offering an attractive trade agreement that would grant freer access to the U.S. market for Brazilian steel, shoes, orange juice, ethanol and other products that currently face import barriers. The costs for the U.S. economy would be relatively minimal. For Brazil, such a deal would stimulate exports, drive investment and lift the economy.

Even more important, such an approach would reward and support a country (and a government) that is providing a powerful counterexample to the populist policies that are gaining favor in the region. That could be a very inclusive initiative: any Latin American country could be invited to join the two leading nations in the western hemisphere in this agreement. To be eligible, countries would need to adopt pro-poor, growth-inducing economic reforms that spur competition and open markets. They would also be required to enact political reforms that strengthen democratic practices and institutions. It could be a powerful stimulus for positive change, since few countries in the region could afford to be left out of an economic arrangement that included Brazil and the U.S.

Would this Administration be willing to pursue either of these moves? At this stage it doesn't seem likely. The first measure would provoke howls from many Cuban exiles in Florida, while the second would irk U.S. business interests that would face competition from Brazilian imports. But if Richard Nixon could go to China, perhaps George W. Bush could discover Brazil--and stop making a failed Caribbean dictator an important element of U.S. policy. It could be that an embattled, second-term U.S. President looking for a legacy other than a botched attempt at installing democracy in faraway lands could warm up to the idea of leaving a permanent, positive mark in his country's own neighborhood.

Saudi Arabia Tests Its Potential For Unlocking Heavy-Oil Reserves (WSJ)

By Bhushan Bahree And Russell Gold

The Wall Street Journal, July 10, 2006

With global energy demand soaring, Saudi Arabia, whose abundant reserves of light oil have supplied the world for decades, is looking to unlock its huge, hard-to-tap and largely unexploited reservoirs of heavy crude.

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If it succeeds in overcoming the technical hurdles, the effort could significantly increase Saudi Arabia's oil reserves over the next several years, potentially adding some slack to tight energy markets. It would also be a blow to so-called peak-oil theorists who have forecast that world oil production is on the brink of peaking.

Crude-oil prices have more than tripled since 2002 as increases in global demand have outstripped production capacity. On Wednesday, crude-oil futures on the New York Mercantile Exchange reached a new high, settling at $75.19 a barrel before slipping back to finish the week at $74.09.

While there is still plenty of oil left in the ground, most of the supplies that are easy to reach already have been developed, forcing the global petroleum industry to turn to oil deposits that are trickier to recover. Heavy oils, which can be the consistency of molasses, or even denser, are costlier to bring to the surface than light oils. They also typically contain more contaminants like metals and sulfur.

Because refineries need special equipment to remove these impurities, heavy oil is priced lower than light oil. But a growing number of refineries around the world can handle heavy oil, turning it into such products as gasoline, diesel, jet fuel and heating oil, and Saudi Arabia recently announced plans to build more of them.

Earlier this year, in a critical trial of Saudi Arabia's heavy-oil potential, U.S. oil giant Chevron Corp. began a field trial of a technique designed to pump out heavy oil that was previously considered unrecoverable. In the pilot project, which it plans to expand to additional wells, Chevron is injecting steam to loosen up sludge-like heavy-oil reserves in Wafra, a field in the so-called neutral zone between Saudi Arabia and Kuwait. Oil from the neutral zone is shared equally by the two countries.

Chevron and the Saudis say initial results are promising and that the technique could greatly enhance recovery at some huge fields.

Saudi Oil Minister Ali Naimi said many heavy-oil fields in his country aren't currently included in its official tally of 260 billion barrels of recoverable reserves, the world's largest. If steam injection works in these fields, it would add "tens of billion of barrels" to Saudi reserves, Mr. Naimi said in an interview.

Chevron has used steam injections successfully for decades to greatly boost production in heavy-oil fields in California and Indonesia. Now, the Saudis and Chevron want to see if the technique will work in the more porous rock formations common in Middle East.

In addition to the Wafra test with Chevron, the Saudis are also considering developing the gigantic Manifa field, which is believed to have a large component of heavy oil. As its lighter components are pumped out, Manifa could also be a candidate for steam injection.

Without steam, heavy oil can be very difficult to pry out of the earth because it is so thick it barely flows. Heavy-oil fields sometimes yield as little as 5% of their oil with conventional pumping, compared with 35% or more in a light-oil deposit.

In some ultra-heavy-oil fields -- like the massive Canadian tar-sands deposits, where production is rapidly gearing up -- the oil is far heavier than in Saudi Arabia. Oil companies there are using a similar steam-injection technique, with even more heat, to make the oil extractable.

Rising world demand has taken up all of Saudi Arabia's light-oil output at a time when the kingdom's need for oil is rising sharply at home as it industrializes. Mr. Naimi, the Saudi minister, wants to tap the country's heavy-oil deposits to meet the country's own energy needs and to feed thirsty foreign markets by refining the oil into such products as gasoline.

The Wafra pilot is also a big test for Chevron, which wants to build on its long track record of developing heavy-oil fields in hard sandstone and shale rock formations. In century-old oil fields outside Bakersfield, Calif., Chevron has used steam injection for years to drastically increase the amount of oil that can be pulled out of the earth, radically extending the productive life of the fields.

"It's all about draining the tank to the bottom," says Jeff Hatlen, a Chevron engineer. Using steam, Chevron has managed to extract 80% of the oil from some reservoirs in the California oil fields, compared with 15% in the pre-steam days.

The Saudis hope for a similar boost in recovery. Using conventional pumping, Wafra is expected to yield only 3% of the billion barrels in its reservoir. But after steaming, as much as 40% could be pumped out.

Operating costs in Chevron's California heavy-oil fields were $14 a barrel last year, well above costs in the Middle East. That suggests that the Saudis could pay a premium to extract their heavy-oil deposits and still make a huge profit.

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Unlike California's deposits, however, most of the Middle East's heavy oil is locked inside carbonite formations, where steam injection has never been tested on a large scale. If the steam leaks out through fissures in this softer rock, it would be difficult to build up the high temperatures needed to melt the heavy oil. It would also make the process more costly, since it takes lot of natural gas to make the steam.

The Chevron technique is to inject steam into a field through one well, soaking the oil-rich rock. As the steam heats the thick oil, its consistency thins to that of watery syrup. Then, the oil is pumped to the surface through another well.

Chevron's test in Saudi Arabia involves one steam-injection well, four producing wells and one observation well that collects data about the interaction of the oil and steam. Though it declined to give a timetable, Chevron is committed to expanding to a larger second phase that will include 16 injection wells and 25 producing wells as well as the installation of water-treatment facilities and steam-generation facilities. Total estimated cost: $300 million.

Chevron isn't alone in trying to use steam flooding in the Mideast. In Oman, Occidental Petroleum Corp. is preparing to spend $2 billion on a large-scale steam-injection project in the Mukhaizna field, which holds about a billion barrels of oil. After four years of negotiations, Occidental persuaded the Omanis to let it run the field, in part by promising them a ten-fold increase in production to 150,000 barrels a day.

Although it hasn't specified it will use steam flooding, Kuwait is planning a pilot project to exploit its northern heavy-oil fields. These fields are needed to help Kuwait meet its goal of raising output to some four million barrels a day by 2020 from the current 2.6 million barrels a day.

Three years ago, the U.S. Geological Survey estimated the world has more than one trillion barrels of heavy oil, mostly in Canada, Venezuela and elsewhere in the Western Hemisphere. Taken together, these reserves are comparable to the world's conventional light-oil reserves, the majority of which are in the Eastern Hemisphere.

But some experts believe the amount of heavy oil in the Middle East has been underestimated because of the focus on the giant deposits of light oil in the region. "They have quite a bit, and there is probably more heavy oil in the Middle East than the official figures show," says Emil D. Attanasi, an economist at the Geological Survey.

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DEPARTMENT OF JUSTICE *NEWS CLIPS*

PREPARED FOR THE OFFICE OF PUBLIC AFFAIRS, US DEPARTMENT OF JUSTICE

TO: THE ATTORNEY GENERAL AND SENIOR STAFF

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TERRORISM NEWS:

Detainee Rights Create A Divide On Capitol Hill (NYT)

By Kate Zernike And Sheryl Gay Stolberg

The New York Times, July 10, 2006

WASHINGTON, July 9 — The Supreme Court decision striking down the use of military commissions to bring terrorism detainees to trial has set off sharp differences among Republicans in Congress over what kind of rights detainees should be granted and how much deference should be shown the president in deciding the issue.

The debate is expected to consume the rest of the summer in Congress as lawmakers head into an election season expected to be dominated by issues of national security. The issue reflects the difficult legal, diplomatic and political choices the government faces in dealing with terrorism suspects.

The divisions do not fall strictly along traditional partisan lines and are as much within the parties as between them, particularly for Republicans. On one side of the debate are Republicans who believe Congress should give the president the authority to set up the kind of military commissions that were struck down by the court. Such commissions would sharply curtail defendants' rights.

On the other side are those who say the trials should be modeled on the military system of courts-martial, an approach that would give detainees more due-process rights than would the commissions. In between, many Republicans and Democrats alike argue for starting with the military judicial system and tweaking it to reflect the differences of trying terrorism suspects.

The debate will play out in a series of Congressional hearings quickly scheduled for this week, as lawmakers return to Washington after their weeklong Fourth of July recess.

Aides to President Bush said they had not yet reached any conclusions about what legislation should look like. Dan Bartlett, counselor to Mr. Bush, said lawyers for the White House, State Department and Justice Department were still reviewing the court's decision in the case, Hamdan v. Rumsfeld.

Senator Lindsey Graham, Republican of South Carolina, who is expected to take a leading role on the issue as a member of the Armed Services Committee, argued that the administration's version of the military commissions had to be "reined in" to make clear, for instance, that evidence gathered by coercive interrogation techniques could not be introduced as evidence.

"I'm trying to get my colleagues to think about the international community's reception to what we do," said Mr. Graham, a former military lawyer. "We've got a chance to improve our image."

In its decision, the Supreme Court said, on a 5-to-3 vote, that the planned commissions were unauthorized by federal statute and violated international law.

Administration officials, who have been consulting with Mr. Graham, are looking to him to play a central part in drafting legislation. Senators John W. Warner of Virginia, who is chairman of the Armed Services Committee, and John McCain of Arizona also are expected to be at the forefront for the Republicans, while Senator Carl Levin of Michigan is quite likely to emerge as a point man for the Democrats.

On the Judiciary Committee, Senator Arlen Specter of Pennsylvania, the Republican chairman, and Senator Patrick J. Leahy, the committee's ranking Democrat, who first proposed Congressional action on military tribunals in 2001, are also expected to play central roles.

The Supreme Court decision left lawmakers with the challenge of resolving a complicated legal issue under the pressure of a heated election season and a limited amount of time left on their calendar.

While both parties are united in saying they want to act quickly, they face fights over what form of trial to use and whether the protections of the Geneva Conventions apply to terrorism suspects.

In hearings on Capitol Hill this week, the House Armed Services Committee will take testimony from lawyers, including several sympathetic to the administration. Two Senate committees, Judiciary and Armed Services, will take testimony from constitutional lawyers and top military lawyers, who some Republican senators believe were ignored in the White House discussions that led to the establishment of commissions. The only administration officials scheduled to testify are lawyers from the Justice Department and the Pentagon.

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While Republicans are divided on central issues, Democrats have their own challenge. They see the court's decision as a rare rebuke to Mr. Bush, and they hope to turn the debate into a broader one over presidential power. But they said they also recognized that they must cooperate on legislation or risk being portrayed as weak on terrorism.

Some Republicans and many Democrats say that the administration may have hurt itself by rebuffing efforts as early as 2001 by Republicans and Democrats in the Senate to set up some kind of military commission. "Congress is going to want to be a full partner, and not a rubber stamp for this process," said Senator John Cornyn, Republican of Texas and a close ally of the White House.

The central question is what kind of forum to set up. Commissions allow the government wide berth in introducing evidence, including hearsay, which is banned in military courts, and restrict the rights of the accused to be present in the court and to see the evidence against them. Military courts-martial, while not as strict as civilian courts, restrict the kind of evidence that can be introduced and allow the accused to interview witnesses and see even classified evidence.

The White House has long resisted anything like courts-martial, saying they could require the government to choose between dropping the charges and disclosing more than it wants to about the sources and nature of the intelligence used to develop a case against the detainees.

Senator Warner, who will direct the hearings as chairman of the Armed Services Committee, said he wanted a system that relied "as much as possible" on the Uniform Code of Military Justice, which the court decision said governed the treatment of detainees.

Many lawmakers said they supported an approach based on some tweaking of the military system. Senators Graham and Specter, along with Representative Duncan Hunter, Republican of California and the chairman of the House Armed Services Committee, advocate allowing hearsay, as well as a procedure to deal with classified evidence. The rules would be looser than in a court-martial but stricter than in a commission.

"We have to have a system that operates in the war on terror and one that doesn't tie us into knots trying to prosecute the people who have killed Americans in large numbers," Mr. Hunter said.

John C. Yoo, a professor of law at the University of California, Berkeley, who worked on orders expanding presidential power in the treatment of detainees as a former lawyer for the Justice Department, said, "The debate that people are having is whether it's going to be a short bill that just overrules Hamdan completely, which you could do in one sentence, or whether it's going to be a much more comprehensive law that tries to set out essentially a code of procedure for the military commission."

But any effort simply to codify the president's order establishing commissions would be fiercely resisted by influential Democrats.

"The Supreme Court said the president cannot continue to break the law," said Mr. Leahy, the Vermont Democrat. "The worst thing to do would be to simply paper that over and say we'll make it possible for him to break the law."

An effort by Mr. Leahy in 2001 to introduce legislation establishing tribunals was rebuffed by the White House. "They said no, they knew what they were doing, they would do it alone," Mr. Leahy said. "What's happened? Five years, there have been no trials, no convictions, nothing has happened, we've had our reputation severely hurt throughout the rest of the world."

Mr. Graham similarly called it "a mistake" to give Congressional blessing to the military commissions as envisioned in Mr. Bush's presidential order. "We have a chance to start over," he said.

Another central question is whether the Geneva Conventions extend to accused terrorists. Mr. Graham and Mr. Cornyn say no, and Mr. Graham wants Congress to pass legislation overturning the court's finding that Common Article 3 of the conventions applies to detainees. The article's provisions outlawing degrading treatments, he believes, could mean that American soldiers would be subject to prosecution in the war on terror.

But Mr. Cornyn, a former judge, said that the reference to Article 3 meant simply that any court must be established within the military justice system.

"Congress should not, and the court did not hold that, they are entitled to the whole panoply of rights that the prisoner of war would be entitled to under circumstances where the Geneva Conventions apply," Mr. Cornyn said.

Other Republicans, though, fear that any system that does not pay heed to the court's mentioning of the Geneva Conventions risks being rejected by the court again.

"We've got to structure this law in such a way that if it ever came back up through the Supreme Court, it will not be struck down," Mr. Warner said. "It's important for the credibility of the United States to put this issue at rest and let the world realize we're affording them the protections as the Supreme Court outlined."

Democrats will argue that harsh conditions at Guantánamo have made the prison a rallying cry for new terrorist recruits.

"The issue we believe is most prescient is not the balance between security and liberty, where on issues like this the parties are relatively close, but on competence," said Senator Charles E. Schumer, Democrat of New York. "They just don't do it

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right, wherever they go. By their stubbornness and refusal to work with Congress, they've made us worse off in Guantánamo today."

Congress has rearranged its schedule to debate the issue this month, and those leading the debate say that they want to vote on new legislation, if any is needed, by September.

Court's Decision Offers Scant Guidance (NYT)

By Neil A. Lewis

The New York Times, July 10, 2006

WASHINGTON, July 9 — In striking down President Bush's plan to have military commissions operate at Guantánamo Bay, the Supreme Court provided no clear road map for the White House and its allies in Congress as they ponder their next move.

But the court's majority opinion offered some ambiguous guidelines as to what changes might allow Guantánamo detainees to be tried before some kind of military tribunal, as White House officials say they remain committed to doing.

There are two major issues any proposed remedy must deal with, legal analysts say. One involves the Uniform Code of Military Justice, a domestic law that prescribes guarantees for defendants in court-martial proceedings roughly analogous to those in the nation's civilian courts; the other involves the Geneva Conventions, a set of international treaties to which the United States is a party.

The court's five-member majority ruled that the law requires that in most circumstances, procedures for military commissions should be consistent with those used in courts-martial, which are used to try active American service members for crimes.

Any exceptions to those procedures, the court said, would be permissible only if the president demonstrated that it was "impracticable" to abide by the Uniform Code of Military Justice.

The military commissions at Guantánamo had at least two substantial deviations from court-martial procedures in the court's view: The defendant could be excluded from the courtroom, and evidence that would not typically be admitted in a court-martial could be used if the judge thought it was useful, including hearsay and information obtained through coercive interrogations or torture.

That means that the military commissions might be saved if changes were made to make them more like courts-martial or the president adequately demonstrated that it was impracticable to do so.

The court was not clear as to how the president could fulfill that requirement of proving it was impracticable to provide all the rights of court-martial proceedings. But one possibility is that he could get Congress to formally agree, which might oblige the court to defer to that judgment.

If Congress also moved to change the commissions' rules to make them more like court-martial proceedings — required the exclusion of hearsay and other questionable testimony and so forth — the commissions might be acceptable to the court. But lawyers inside and outside the military agree that it would make it exceedingly difficult for the government to win those cases with such restrictions.

"That's obviously why they didn't want to use the court-martial system in the first place," said John D. Hutson, a retired rear admiral who served as the Navy's top lawyer until 2000 and is now the dean and president of the Franklin Pierce Law Center in Concord, N.H.

The second major issue raised by the court is the finding that the protections guaranteed in a section of the Geneva Conventions known as Common Article 3 apply to the detainees, even those deemed to be members of Al Qaeda. The court noted that Common Article 3 (so called because it appears as Article 3 in all four Conventions) has long been regarded as a minimum baseline of rights that must be afforded to all prisoners.

Justice John Paul Stevens, in writing the majority opinion, noted that Common Article 3 requires that even a Guantánamo detainee "be tried by a regularly constituted court affording all the judicial guarantees which are recognized as indispensable by civilized peoples." He suggested that the military commissions could not be regarded as "regularly constituted" courts because in the United States system, court-martial proceedings fulfilled that role. So again, Congress might consider declaring that the military commissions are regularly constituted courts and let the courts decide if that is adequate.

The invocation of Common Article 3 raises another important question. If its provisions about trials apply, so might its provisions that prohibit "humiliating and degrading treatment," which is a higher standard than the most restrictive domestic statute, the so-called McCain Amendment.

Congress Argues The Recrafting Of Terror Tribunals (CSM)

By Warren Richey

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The Christian Science Monitor, July 10, 2006

WASHINGTON

Two months after 9/11, President Bush announced a bold and controversial initiative. Under his power as commander in chief, he created a streamlined process in the military justice system to try members of Al Qaeda for war crimes.

The national debate that followed was rigorous and, at times, heated. But it produced no specific legislation affirming the new military-commission system.

Now, on the heels of a US Supreme Court rebuke of Mr. Bush for acting without clear legislative support, the debate is taking place again - this time in the halls of Congress. At issue is to what extent suspected terrorists should be afforded the same fair-trial protections as US soldiers facing prosecution in courts-martial.

The Bush administration and its supporters have said that generous procedural protections may make it difficult or impossible to prosecute some terrorists without revealing sensitive intelligence sources and methods.

Other analysts say that how the United States treats its captured enemies reveals something fundamental about America's character as a nation. They urge that Al Qaeda suspects be granted the same due process protections as American soldiers under the military justice system.

"If you set the higher standard, it is a signal to the rest of the world that we are treating these people under the rule of law," says Scott Silliman, director of the Center on Law, Ethics and National Security at Duke Law School.

In its ruling on June 29, the Supreme Court said the president's military commission process did not provide the minimal level of trial protections required under the Uniform Code of Military Justice (UCMJ) and Common Article 3 of the Geneva Conventions.

"The military commission was not born of a desire to dispense a more summary form of justice than is afforded by courts-martial; it developed, rather, as a tribunal of necessity," says Justice John Paul Stevens, discussing the history of such commissions in his majority opinion. "Exigency lent the commission its legitimacy, but did not further justify the wholesale jettisoning of procedural protections."

The challenge for Congress is to decide how best to balance the concerns raised by the Supreme Court against the flexibility desired by the Bush administration. Specifically at issue is whether to retain or rewrite rules that heavily favor prosecutors by allowing hearsay and coerced statements to be introduced as evidence. Stricter rules of evidence might prevent prosecution of terrorists where testimony was obtained through harsh interrogation tactics, legal analysts say.

The rules also allow for a defendant to be excluded from any portion of his trial dealing with classified information. Although the rules permitted an appointed military defense lawyer to attend the closed portions of the trial, the military lawyer was barred from ever disclosing or discussing the classified evidence with the defendant.

The Supreme Court did not announce a strict standard. Instead, the majority justices quoted a provision of Common Article 3 that requires the military commission be "a regularly constituted court, affording all the judicial guarantees which are recognized as indispensable by civilized peoples."

It will now be up to Congress to decide which judicial guarantees are "indispensable" in the context of military-commission proceedings against accused terrorists.

"Justice Stevens has done us all a favor," says David Rivkin, a Washington, D.C., lawyer who worked in both the Reagan and first Bush administrations. "This is a road map of how to fix" the commission process.

Mr. Rivkin notes that the Supreme Court invalidated the commission system based on statutory grounds, rather than identifying constitutional violations. Congress can respond to statutory problems by rewriting the law, Rivkin says.

He says Congress will probably preserve most of the Bush administration's approach. "The bottom line is you are going to hand up procedures that are probably a little less sweeping than the existing commission rules, but not by much," he says.

Others are pushing for broader protections. The Washington-based National Institute of Military Justice is proposing that Congress rewrite the UCMJ to mandate that military commissions use the same procedures as general courts-martial. "This was a very poor likeness of military justice," says NIMJ President Eugene Fidell of the invalidated commission process.

Mr. Fidell acknowledges that tougher trial standards may mean that some terror suspects are never brought to trial. "There are times when you have to do that," he says.

Professor Silliman, who served for 25 years as an Air Force judge advocate, agrees. "We are under a tremendous amount of attack in the world's public opinion as a result of the atrocities in Iraq and our handling of Guantánamo Bay," he says.

Rivkin, who supports more relaxed trial standards, says military jurors will be able to work through the evidence and other issues, and render fair verdicts. But he says the larger issue is not which procedures Congress enacts, but that Congress recognizes the symbolic importance of treating terror suspects differently. He says those who comply with the law of war deserve certain protections. Terrorists, who follow no rules or law, should not, he says.

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Says Rivkin: "Here, society is saying: 'These people aren't just criminals; as terrorists, they are something else.' That doesn't mean they don't get due process, you just slice it differently."

Guantanamo Probe Finds Evidence Of Plot (AP-Y2)

By Ben Fox

AP2, July 9, 2006

An investigation into three apparent suicides at the Guantanamo Bay prison has found that other detainees may have helped the men hang themselves or were planning to kill themselves too.

Authorities who searched other detainees' cells after the three were found hanged discovered instructions on tying knots, along with several notes in Arabic that were "relevant" to an investigation of a possible broader plot, officials said in court papers filed late Friday in Washington.

The detention center's commander, Navy Rear Adm. Harry B. Harris, said in an affidavit that investigators believe "the suicides may have been part of a larger plan or pact for more suicides that day or in the immediate future."

Authorities confiscated personal papers from nearly all 450 prisoners at Guantanamo Bay to "determine whether other suicides were planned or likely to be planned," Carol Kisthardt, the Naval Criminal Investigative Service agent in charge of the investigation, said in an affidavit.

Both affidavits were filed in support of a request for a judge to appoint a special review panel to review all the detainees' documents, which include letters from attorneys.

Lawyers for Guantanamo detainees have condemned the confiscation of the legal papers as a violation of attorney-client privilege and asked a judge to order their immediate return.

Investigators said they confiscated about 1,100 pounds of personal documents after three detainees were found hanging from their steel mesh cells before dawn on June 10 — the first reported deaths of prisoners at the prison.

Bill Goodman, legal director for the New York-based Center for Constitutional Rights, which represents about 200 detainees, said Saturday that a special review panel would undermine trust between prisoners and their lawyers and delay the legal process.

"It's another roadblock," Goodman said.

The government said the panel's independence would be assured, and detainees' rights protected, by its including lawyers, law enforcement and intelligence personnel and translators who have not taken part in any legal proceedings against detainees.

The special panel, or "Filter Team," would review all the material and report any information that threatens national security or involves "imminent violence" but would not divulge anything that would violate attorney-client privilege, the government said.

Authorities took the papers after finding a note in Arabic related to the suicides in the mesh wall of the cell of one of the prisoners found hanged to death, Kisthardt wrote.

The note did not appear to be written by the prisoner, or another of the detainees who committed suicide, and it was written on paper provided by lawyers stamped with the words "Attorney-Client Privilege."

Among the papers, investigators also found a printout of an e-mail written by someone on the base that appeared to contain sensitive information about the location of cells and operations at Guantanamo, where the U.S. holds men suspected of links to al-Qaida or the Taliban.

Investigators also confiscated envelopes from detainees marked "Attorney-Client Privilege" but did not review the contents to see if they had any relevant information, Kisthardt wrote.

The Gitmo Fallout (NSWK)

By Michael Isikoff And Stuart Taylor Jr.

Newsweek, July 17, 2006

David Bowker vividly remembers the first time he heard the phrase. A lawyer in the State Department, Bowker was part of a Bush administration "working group" assembled in the panicked aftermath of the September 11 attacks. Its task: figuring out what rights captured foreign fighters and terror suspects were entitled to while in U.S. custody. White House hard-liners, led by Vice President Dick Cheney and his uncompromising lawyer, David Addington, made it clear that there was only one acceptable answer. One day, Bowker recalls, a colleague explained the goal: to "find the legal equivalent of outer space"—a "lawless" universe. As Bowker understood it, the idea was to create a system where detainees would have no legal rights and U.S courts would have no power to intervene.

The "outer space" line became something of a joke around the office, but Bowker and a handful of his colleagues didn't find it all that funny. The White House was already planning to fly terror suspects to Guantánamo Bay, Cuba, or other secret U.S. prisons overseas, where they would have no way to challenge their detention. In January 2002, Bowker and other State

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Department lawyers pushed back. After seeing a Justice Department memo arguing that Qaeda and Taliban prisoners did not even deserve basic protections under the Geneva Conventions, they warned that the administration was inviting an enormous backlash, both from U.S. courts and foreign allies. It would also, they feared, jeopardize President George W. Bush's plans to try such prisoners in specially created military courts. "Even those terrorists captured in Afghanistan ... are entitled to the fundamental humane treatment standards of ... the Geneva Conventions," William Howard Taft IV, the State Department legal counselor and Bowker's boss, wrote in a Jan. 23, 2002, memo obtained by NEWSWEEK. In particular, Taft argued, the United States has always followed one provision of the Geneva Conventions—known as Common Article 3—which "provides the minimal standards" of treatment that even "terrorists captured in Afghanistan" deserve.

But the complaints went unheeded. The hard-liners forcefully argued that in wartime, the president had virtually unlimited powers to defend the nation. They may come to wish they'd listened a little more closely to the warnings. In a ruling late last month, the Supreme Court came down squarely on the side of the dissenters. The case involved Ahmed Hamdan, a captured 37-year-old Yemeni who once served as Osama bin Laden's driver and now sits in a Gitmo cell. The court blocked the Pentagon's plans to try Hamdan as a war criminal in a military commission authorized by President Bush. The court's reasoning was complex, but the majority opinion, written by Justice John Paul Stevens, concluded that the military commissions, with their limited protections for the rights of the accused, violated the Uniform Code of Military Justice and the basic provisions of Common Article 3 of the Geneva Conventions—precisely the argument that Taft, Bowker and other State Department lawyers had tried to make four years ago.

Administration officials and Washington lawyers are still digesting the text of the ruling, but it is already becoming clear that it could have ripple effects that extend far beyond the trial of Hamdan and other Guantánamo prisoners. The president has long argued that Congress granted him wide-reaching powers in the days after 9/11, when it passed a resolution authorizing him to use military force against the perpetrators of the attacks. But in his ruling, Justice Stevens took a much narrower view of the president's wartime powers, rejecting the administration's argument that military commissions of the kind Bush had created were covered by the resolution. Now other antiterror programs that the president has justified by invoking the same congressional resolution might be vulnerable to serious legal challenge. Some legal scholars and current and former administration officials believe the case could undermine the secret foreign detention centers and the NSA eavesdropping program, two cornerstones of the terror war. "This is an extremely damaging decision for presidential power," says a former senior administration lawyer, who asked for anonymity owing to his intimate involvement in the legal wrangling over prisoner treatment. "And it was largely a self-inflicted wound." The bitter irony: an administration determined to expand executive power may have caused a serious contraction.

Another possible side effect is that other countries, emboldened by the ruling, could use the case to justify efforts to bring war-crimes charges against CIA officers, U.S. service members and traveling government officials who had a hand in authorizing or carrying out harsh treatment of prisoners. Conceivably, those who violate provisions of Article 3—which mandate humane treatment for all captured prisoners—could also be criminally prosecuted by future administrations under a U.S. law known as the War Crimes Act. "This has opened up a can of worms," says Sen. Lindsay Graham, a South Carolina Republican. "You could have a situation if we don't bring some restraint where anybody who has done anything to an Al Qaeda suspect that's harsh could be prosecuted." Bowker says he and other State Department lawyers specifically warned about just such a scenario during the early debates. "The implications of this—for potentially being arrested and tried in other countries—is certainly a little scary," says Ted Olson, the former solicitor general.

Defenders of the administration's position put the blame for any such troubles on a Supreme Court they say is once again meddling where it doesn't belong. Historically, they argue, courts have given the president wide latitude during wartime. "It shows that the imperial judiciary thinks that, in addition to abortion, affirmative action and religion, war should be within its grasp," says John Yoo, now a Berkeley law professor, who was one of the chief authors of the administration's antiterror legal doctrines. But other insiders concede that the White House, by going too far, provoked the court to step in.

The court decision's possible effects have set off an intense debate within the administration over how to respond. One camp, headed by national-security adviser Stephen Hadley and Secretary of State Condoleezza Rice, want to use the decision as the basis for a wide-ranging "fix" that would accept a role for Congress and the courts on detainee issues. That would, at a minimum, require Congress to authorize military commissions under new rules that provide greater protections for the accused—and establish some standards for the treatment and interrogation of terror suspects. (It could also lead to a shutdown of Guantánamo—a goal President Bush has moved toward in recent weeks.)

But hard-liners—led by Addington, now Vice President Cheney's chief of staff—are fiercely resisting. They, along with some congressional Republicans, want to nullify the court ruling by rewriting portions of the Uniform Code of Military Justice and granting the president the powers the court rejected.

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One person closely watching the case, and the fallout, is Hamdan himself. Last week, heavily guarded and shackled with leg irons, he met with his lawyer, Neal Katyal, to review the decision in a Gitmo interrogation room. He was "overcome with joy" that he might have a chance at a trial, Katyal says, and discussed the legal subtleties of the opinion. "He understood it better than most of the lawyers familiar with the case did," Katyal insists. A little farfetched, perhaps. But languishing in the cell, bin Laden's driver will have plenty of time to sharpen his analysis of the case that bears his name.

Lawmaker: Congress Not Told Of Programs (USAT)

USA Today, July 10, 2006

The Bush administration was running several intelligence programs, including one major activity, that it kept secret from Congress until whistle-blowers told the House Intelligence Committee, Chairman Pete Hoekstra, R-Mich., said on Fox News Sunday.

Hoekstra wrote to President Bush in May, warning him that failure to disclose intelligence activities to Congress may violate federal law. Hoekstra wrote that Congress “should not have to play ‘Twenty Questions' to get the information that it deserves under our Constitution.”

“I take it very, very seriously,” Hoekstra said Sunday. “We've now been briefed.”

The White House declined to comment directly on the allegations in Hoekstra's letter, disclosed in Sunday's New York Times. “We will continue to work closely with the chairman and other congressional leaders on important national security issues,” said Alex Conant, a White House spokesman.

Sen. Evan Bayh, D-Ind., told supporters in South Bend that if he runs for president his central theme would be to bring the country together. “I can be more of a force for reconciliation, and I think that's vitally important to our country right now,” Bayh said after returning from three days of campaigning in Iowa, which holds the first presidential contest in January 2008.

Bayh, whose father, Birch, was an unsuccessful candidate for the Democratic presidential nomination in 1976, said he likely will decide whether to run after Thanksgiving. He said whether he can raise enough money to be a viable candidate will be part of the decision, but not the primary factor.

Former U.S. House majority leader Tom DeLay suggested Friday that he is considering running again for Congress after a judge said his name must remain on the fall ballot in Texas.

DeLay, who is awaiting trial on charges of money laundering and conspiracy in a Texas campaign finance case, won the Republican primary in March. He resigned June 9 and said he had moved to Virginia.

A federal judge ruled last week in favor of the Democratic Party, which sued to keep DeLay's name on the November ballot.

DeLay told supporters in Sugar Land, Texas, he would decide whether to run after a federal appeals court reviews the judge's ruling.

Congressman Says Program Was Disclosed By Informant (NYT)

By Eric Lichtblau And Scott Shane

The New York Times, July 10, 2006

WASHINGTON, July 9 — The chairman of the House Intelligence Committee said Sunday that the Bush administration briefed the panel on a "significant" intelligence program only after a government whistle-blower alerted him to its existence and he pressed President Bush for details.

The chairman, Representative Peter Hoekstra, Republican of Michigan, wrote in a May 18 letter to Mr. Bush, first disclosed publicly on Saturday by The New York Times, that the administration's failure to notify his committee of this program and others could be a "violation of law."

Mr. Hoekstra expanded on his concerns in a television appearance on Sunday, saying that when the administration withholds information from Congress, "I take it very, very seriously."

Mr. Hoekstra and other officials would not discuss the nature of the undisclosed intelligence programs. But officials have said he was not referring to the National Security Agency's wiretapping operation or to the Treasury Department's bank monitoring program, both of which he was informed about. Mr. Hoekstra made clear on Sunday that he was particularly troubled by the failure to notify the Intelligence Committee of one particular major program.

"We can't be briefed on every little thing that they are doing," Mr. Hoekstra said in an interview on "Fox News Sunday." "But in this case, there was at least one major — what I consider significant — activity that we had not been briefed on that we have now been briefed on. And I want to set the standard there, that it is not optional for this president or any president or people in the executive community not to keep the intelligence committees fully informed of what they are doing."

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The White House declined to comment on the issue Sunday but said last week that it would continue to work closely with Mr. Hoekstra and the intelligence committees.

The criticism of the White House was particularly surprising coming from a Republican committee chairman who has been an important ally of the Bush administration. Mr. Hoekstra has vigorously defended the administration's handling of a number of controversial issues, including the N.S.A. operation, the prewar intelligence on Iraq, and the treatment and interrogation of terrorism suspects.

Mr. Hoekstra has also been an outspoken critic of government employees who leak classified information to outsiders and of the news media for printing articles about it, and he has suggested that tougher legislation may be necessary.

But on Sunday, discussing how he learned of the administration's failure to brief the committee, Mr. Hoekstra said, "This is actually a case where the whistle-blower process was working appropriately."

"Some people within the intelligence community brought to my attention some programs that they believed we had not been briefed on," he said, adding, "They were right."

In talks with the administration, the committee "asked by code name what some of these programs" were, Mr. Hoekstra said. "We have now been briefed on those programs. But I wanted to reinforce to the president and to the executive branch and the intelligence community how important, and by law, the requirement that they keep the legislative branch informed of what they are doing."

Officials said in interviews last week that the administration had briefed the House Intelligence Committee at least twice in recent weeks, after Mr. Hoekstra's letter, to discuss details of the previously undisclosed programs. But some committee members say they remain wary that the administration is continuing to withhold information.

Regarding the leaks of classified information, Mr. Hoekstra said at a hearing on May 26 that he thought that there should be strong protections for intelligence agency whistle-blowers who bring their concerns to Congress, reducing the risk of leaks to the news media.

"We need to make sure the whistle-blower process is an open door," Mr. Hoekstra said at the hearing. Otherwise, he said, when intelligence officers see something they believe to be illegal or unwise, "they just go, 'Well, I'll just go to the press.' "

Congress is considering stronger protections for whistle-blowers, and a bill approved by the House Government Reform Committee in April would make it easier for intelligence agency employees to report concerns without fear of retaliation from superiors. But last month the Senate passed a separate whistle-blower bill that excludes employees of the intelligence agencies from its protections.

Hoekstra Urges Bush To Impart Intelligence Details (WP)

By Charles Babington

The Washington Post, July 10, 2006

The Bush administration briefed top lawmakers on a significant intelligence program only after a key Republican committee chairman angrily complained of being left in the dark, the chairman said yesterday.

House intelligence committee Chairman Peter Hoekstra (R-Mich.) would not describe the program, but he said it was significant enough that the administration should have briefed him and others voluntarily, without waiting for them to learn of it through government tipsters.

"There was at least one major -- what I consider significant -- activity that we had not been briefed on that we have now been briefed on," Hoekstra said on "Fox News Sunday." "Some people within the intelligence community brought to my attention some programs that they believed we had not been briefed on. They were right."

Hoekstra said the briefings took place after he complained in a May 18 letter to President Bush of hearing about "alleged Intelligence Community activities" not described to committee members in classified briefings. "If these allegations are true," he wrote to Bush, "they may represent a breach of responsibility by the Administration, a violation of law and . . . a direct affront to me and the Members of this committee."

Yesterday, Hoekstra appeared mollified. But he said he still believes the administration falls short of its legal obligations to brief key congressional members on significant intelligence operations.

"I wanted to reinforce to the president and to the executive branch and the intelligence community how important, and by law the requirement, that they keep the legislative branch informed of what they are doing," he said. "It is not optional for this president or any president or people in the executive community not to keep the intelligence committees fully informed of what they are doing."

Numerous Democrats and civil liberties groups have alleged that the administration ignores laws involving due process and congressional notification in conducting surveillance and intelligence programs in the name of fighting terrorism. Until Hoekstra's

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May 18 letter was disclosed Saturday by the New York Times, the most prominent Republican questioning the administration's tactics was Senate Judiciary Committee Chairman Arlen Specter of Pennsylvania.

Hoekstra's remarks left unclear the nature of the intelligence programs he alluded to in his letter. He did not specify whether they involved domestic surveillance, a contentious area in which newspapers have reported about programs involving warrantless wiretaps, extensive gathering of phone records and monitoring of international bank transactions. Hoekstra, like many other GOP lawmakers, has defended the programs as important tools in combating terrorism, and he has resisted Democrats' calls for full inquiries into the programs' legality.

Hoekstra also had shown deep interest in an April report by the National Ground Intelligence Center regarding 500 chemical munitions shells that Iraqi troops had buried in the 1980s, which were uncovered in 2004. Hoekstra and Sen. Rick Santorum (R-Pa.) have said the shells justify claims that deposed Iraqi president Saddam Hussein had weapons of mass destruction, but the administration has not embraced those assertions. On June 29, Hoekstra complained in a letter to Director of National Intelligence John D. Negroponte about an administration background briefing for reporters that played down the shells' significance.

Sources said yesterday that they believe Hoekstra did not hear of the report on the shells until after he wrote to Bush.

An aide to Hoekstra said he could not elaborate on the chairman's letter to Bush or his remarks yesterday. The chairman did not respond to a request for an interview.

Rep. Jane Harman (Calif.), the ranking Democrat on the House intelligence committee, said in a statement that she agrees with Hoekstra that "vigorous congressional oversight is impossible unless the administration shares critical information with the appropriate committees of Congress."

Lawmaker Questions Bush Intel Programs (AP-Y2)

By Nedra Pickler

AP2, July 10, 2006

The White House possibly broke the law by keeping intelligence activities a secret from the lawmakers responsible for overseeing them, the House Intelligence Committee chairman said Sunday.

Rep. Pete Hoekstra, R-Mich., said he was informed about the programs by whistleblowers in the intelligence community and then asked the Bush administration about the programs, using code names. Hoekstra said members of the House and Senate intelligence committees then were briefed on the programs, which he said is required by law.

"We can't be briefed on every little thing that they are doing," Hoekstra said. "But in this case, there was at least one major — what I consider significant activity that we have not been briefed on. I want to set the standard there that it is not optional for this president or any president or people in the executive community not to keep the intelligence committees fully informed of what they are doing," he said on "Fox News Sunday."

Hoekstra complained to President Bush in a letter dated May 18 that was disclosed in Sunday's New York Times.

In the letter, Hoekstra said the failure to brief the intelligence committees "may represent a breach of responsibility by the administration, a violation of law and, just as importantly, a direct affront to me and the members of this committee who have so ardently supported efforts to collect information on our enemies."

Frederick Jones, spokesman for Bush's National Security Council, said the only comment the White House would have on the letter was that the administration "will continue to work closely with the chairman and other congressional leaders on important national security issues."

Hoekstra has been critical of the administration before. In his letter, he also objected to the president's nominees for the director and deputy director of the CIA. He also complains about the role of the director of national intelligence — a position created in response to the Sept. 11 attacks.

Helping The Terrorists (WT)

By Jack O'Neill

The Washington Times, July 10, 2006

Everyone entrusted with U.S. government classified information is legally bound to protect it. They may not reveal the data to anyone not authorized to receive it. Collectively our national security depends on that trust. There are no exceptions. Or are there? What about individuals who seek out media surrogates to reveal classified information for them? In return these individuals demand protection from exposure and legal action. How can they be protected from exposure and legal action for such serious offenses? By the media erecting a solid, impregnable First Amendment stonewall.

There it is. If you want to reveal information critical to our national security for any reason, turn it over to a reporter. Once the information is in the hands of a reporter, the reporter and his or her news media claim the authority to decide its relevance to our national security and who should know.

On Dec. 15, 2005, New York Times reporters James Risen and Eric Lichtblau revealed that government sources had handed them classified information on how the National Security Agency uses the Echelon eavesdropping system in our war with terrorists. As requested by their sources, the New York Times then revealed this critical information to the world. Terrorists worldwide now know the details of a critical tool in our war against them. It's a fact. There will now be far fewer "dots" for our intelligence community to identify and connect.

It's a no-brainer how the terrorists, our sworn enemies, reacted.

The New York Times explained why they are protecting their sources: The sources "were granted anonymity because of the classified nature of the program." The New York Times then explained why these sources had violated the trust our nation had placed in them: "because of their concerns about the operation's legality and oversight." On June 23 of this year, New York Times reporters Risen and Lichtblau told the world that the CIA and the Treasury Department were using bank transactions obtained from a Belgian cooperative to track suspected al Qaeda members. Yes, the New York Times permanently erased even more "dots."

Can you hear terrorists cheering? Should government sources that reveal classified information to reporters feel secure hiding behind media-erected stonewalls? Consider the case of Dr. Wen Ho Lee, the atomic scientist at the Los Alamos National Laboratory in New Mexico. He had been suspected of disclosing classified information to China.

During the media frenzy surrounding Dr. Lee, New York Times reporter Risen again reported information obtained from government sources. He wasn't alone. Along with the Times, reporters from The Washington Post, the Los Angeles Times, ABC News and the Associated Press all used information received from government sources during their hard-hitting media frenzy. Trouble is, Dr. Lee hadn't revealed any classified information. Dr. Lee sued the Energy and Justice departments, claiming they had violated his rights by revealing he was under investigation for being a spy.

During the federal trial, the reporters were ordered to reveal the government sources of their stories. The reporters refused. The federal judge held the reporters in contempt of court. The reporters faced fines and jail time. Their sources faced exposure.

The media organizations pleaded in federal court that the First Amendment protected the right of their reporters to refuse to identify their government sources. The media lost. The media appealed. Every appeal denied the existence of such First Amendment protection.

The media organizations were left with one last appeal -- to the Supreme Court. However, the Supreme Court had previously ruled that the First Amendment offered no such protection. If the media went to the Supreme Court and lost, their crumbling First Amendment stonewall would totally collapse. Their sources would be exposed in a public court, and the media would then be required to report the names of their sources to the world.

The legal staff of five media organizations jointly agreed that their only alternative was to buy their way out of their legal morass. They paid Dr. Lee $750,000 in order to void the contempt sanctions the judge had issued against the reporters.

In this case, the resources of media giants protected their reporters. Their reporters would not have to pay hefty fines or serve jail time.

But what about the media's anonymous sources that revealed the NSA's Echelon eavesdropping and the bank transactions used to track suspected al Qaeda members? Will the media giants commit all of their resources to protect and defend each and every one? Or will the media's anonymous sources be next to pay a price for erasing "dots"?

Jack O'Neill worked in the White House under President Carter as a telecommunications policy analyst.

Investigations, Lawsuits Still Dogging 9/11 Lawyer (WP)

By Jerry Markon

The Washington Post, July 10, 2006

Carla J. Martin's moment of infamy ended nearly as quickly as it began.

An obscure government lawyer, she had been a minor player in the most major of cases: the death penalty trial of Sept. 11, 2001, conspirator Zacarias Moussaoui. But that all changed in an instant, when she violated a court order by sharing testimony with witnesses and coaching them about what to say.

Suddenly, the former flight attendant rocketed across TV screens and newspaper front pages, cast as the villain whose misconduct nearly derailed the prosecution's case. Berated by a federal judge, Martin, 51, walked out of an Alexandria courtroom with her head down -- and back into anonymity.

But even as her public profile has diminished, Martin's actions have spawned a wave of legal proceedings. Federal prosecutors in Philadelphia are exploring the possibility of criminal charges against her, and Pennsylvania's lawyer disciplinary

board has begun an investigation, according to court documents and sources familiar with the case. Martin remains on paid leave from the Transportation Security Administration, which is also investigating her conduct. And seven family members of Sept. 11 victims have filed suit against her in the District.

The woman at the center of the storm is emotionally distraught, crying when she talks about the criminal investigation and feeling like a prisoner in her own apartment, Martin's mother said last week.

"She's not doing very well. It's terrible, devastating for her," said Jean Martin Lay, who believes that her daughter did nothing wrong. "She doesn't do much of anything but stay at home, as far as I know."

Martin declined to comment through her attorney, Roscoe C. Howard Jr., who said: "She is doing probably as well as can be expected for somebody who is trying to see what her fate will be. We're just waiting to see how the government decides to proceed."

A longtime government aviation lawyer, Martin had been a liaison between the Moussaoui prosecutors and witnesses expected to testify about airport security. Although those witnesses were crucial to the government's argument that Moussaoui deserved to die for his role in the attacks on the World Trade Center and the Pentagon, prosecutors said Martin's role was limited. She was merely a legal conduit who located files and arranged witness interviews and was never to be involved with legal strategy or litigating the case, they said.

Yet for reasons that remain a mystery, Martin e-mailed trial transcripts to seven witnesses and coached them on their testimony. In Alexandria, U.S. District Judge Leonie M. Brinkema had ruled that most witnesses could not attend or follow the trial and could not read transcripts to prevent them from altering their testimony to conform to what others had said.

An angry Brinkema halted the trial only a week after it had begun in March and accused Martin of "egregious errors" that undermined Moussaoui's constitutional rights. After an extraordinary hearing at which an agitated Martin declined to testify, the judge barred all seven witnesses from testifying -- effectively gutting the prosecution's argument for the execution of the only person convicted in an American courtroom in the Sept. 11 attacks.

Brinkema later allowed prosecutors to find new aviation witnesses not tainted by contact with Martin, and the trial resumed. Moussaoui was sentenced to life in prison in May. By that time, the criminal investigation of Martin was well underway, according to documents unsealed in U.S. District Court in Alexandria.

The U.S. attorney's office in Alexandria, which prosecuted Moussaoui, has recused itself from the investigation, which is being led by a Philadelphia-based assistant U.S. attorney and two FBI agents.

Members of the Moussaoui prosecution team have been interviewed about their dealings with Martin, along with some of her Transportation Security Administration colleagues, according to law enforcement sources and lawyers familiar with the investigation. They spoke on condition of anonymity because the probe is ongoing.

Prosecutors have indicated to Martin's attorneys that criminal charges are possible, sources said, but it remains unclear whether they would be filed in court. Among the charges being considered, sources said, is lying to a federal officer, a felony. Prosecutors have been questioning witnesses about an incident in which a member of the Moussaoui prosecution team, David J. Novak, sent a letter to Moussaoui's attorneys saying that aviation industry witnesses they were seeking would not meet with them.

After hearing testimony in March, Brinkema called the letter a "bald-faced lie." It was based on information from Martin, prosecutors said.

Martin has also been warned by Brinkema that she could be held in criminal or civil contempt of court for violating the court order. Either the judge or the Justice Department can initiate a criminal contempt investigation, but any such proceeding is considered unlikely before the criminal investigation is completed.

Martin has met with the Philadelphia prosecutors at least once to answer questions and has turned over documents and her laptop computer, according to court documents and lawyers familiar with the case. Martin's attorneys are trying to persuade the government not to file charges, sources said, and part of their strategy is to blame the Moussaoui criminal prosecutors for not telling Martin about the court order barring contact with witnesses.

Assistant U.S. Attorney Mary E. Crawley, who is leading the criminal investigation, said that because of the probe, "it would be inappropriate for me to say anything about that matter at this time." She declined to comment further.

Yolanda L. Clark, a spokeswoman for TSA, said that agency's investigation of Martin's conduct "is awaiting the conclusion of the criminal inquiry." Martin was a career Federal Aviation Administration lawyer who moved to the new TSA in 2002, largely because of her work on the case of the 1988 explosion of Pan Am Flight 103 over Lockerbie, Scotland. The salary for her job title at TSA, an attorney adviser, is as much as $120,000.

The Disciplinary Board of the Supreme Court of Pennsylvania, through which Martin holds her law license, has also begun an investigation of Martin, according to law enforcement sources and a D.C. lawyer who filed an ethics complaint with the board about Martin's conduct in the Moussaoui case. The lawyer would not allow his name to be used, but he provided a copy of the

complaint to The Washington Post. He said the board wrote him a letter saying his complaint was dismissed because the board had already initiated an investigation of Martin.

An official with the board did not return telephone calls.

Martin's attorneys have asked a federal judge in the District not to proceed with the civil suits against her until the criminal probe is completed. The suits, filed in U.S. District Court by seven people who lost relatives Sept. 11, argue that Martin "illegally coached witnesses and otherwise attempted to shade and alter evidence before the Moussaoui court" to help her "friends" in the airline industry avoid civil liability.

The seven Sept. 11 family members are among plaintiffs who have sued American Airlines, United Airlines and other defendants, alleging that they failed to prevent the attacks. Martin had been playing a role for TSA in that civil lawsuit that was similar to her role in the Moussaoui criminal case.

At a March court hearing in Alexandria, Brinkema speculated that Martin could have provided the testimony to the witnesses in the Moussaoui case out of "loyalty to the aviation industry." But the judge acknowledged that she didn't know what motivated Martin's actions and that they could have resulted from "overzealousness."

Al Qaeda Link To July 7 Sought (WT)

By Massoud Ansari

The Washington Times, July 10, 2006

KARACHI, Pakistan -- Pakistani intelligence officials say they are on the trail of a British "go-between," the al Qaeda recruiter who reportedly introduced the July 7, 2005, bombers to Osama bin Laden's terrorist network, the Sunday Telegraph has learned.

The wealthy British passport holder, who is of Afghan origin, is thought to use the nom de guerre "Abdul Rehman," which means "willing disciple of God."

The Pakistani officials think that Rehman met the suspected attack ringleader Mohammad Sidique Khan, in a British mosque and later introduced him and fellow bomber Shehzad Tanweer to al Qaeda.

Rehman's recruiting role could prove crucial in piecing together al Qaeda's role in the London bombings. Rehman, thought to be in his 50s, is thought to have fought against the Russians in Afghanistan.

"When he was fighting against the Russians, he used to bring mujahedeen from the Western countries with him," an unidentified Pakistani official said. After the Russian withdrawal from Afghanistan, Rehman is thought to have recruited Muslim youths from the West to fight in Bosnia and Chechnya.

"He is very rich and quite often arranged funds for the militant organizations, before and after 9/11," the official added.

Rehman is thought to connect would-be terrorists to al Qaeda frontmen without necessarily being present when the two parties meet. He has succeeded in avoiding detection by operating on a small scale and exercising extreme caution, the official said.

"He passes on these individuals or small groups only when he is convinced that these boys are real jihadists," the official said.

The interest in Rehman's role developed only days after a video of Tanweer, in which he tried to justify his actions, was released to coincide with the first anniversary of the London bombings.

The video also featured a statement by Ayman al-Zawahri, al Qaeda's second in command. Al-Zawahri said Khan and Tanweer had been trained "in the manufacture of explosives" at camps run by the terrorist network.

Peter Clarke, the head of anti-terrorism at Scotland Yard, said last week that considerable uncertainty remained about exactly how, or whether, the July 7 bombers were linked to the terrorist network.

"It is not easy to find out what happened," Mr. Clarke said. "Such information as we do have does suggest there is probably a link to al Qaeda. We need to know who else, apart from the bombers, knew what they were planning. Did anyone encourage them? Did anyone help them with money, accommodation or expertise in bomb making?"

A Pakistani intelligence official said Rehman's role emerged in the interrogation of three militants arrested as they returned from Afghan terrorist training camps. He quoted one of the interrogated captives as saying: "Rehman had met with Khan in a mosque somewhere in [Britain], and Khan expressed his wish to obtain training to carry out terror attacks inside [Britain]."

It had been known that Khan and Tanweer traveled together to Pakistan between November 2004 and February 2005. It is now suspected that Khan, at least, was taken to a remote tribal area of Pakistan or Afghanistan. He was then put through a "crash course" in explosives training.

An intelligence official said: "This new course dispenses with much physical and mental training and lasts ... 10 to 15 days, while they impart various methods in explosives and detonators. This includes how to make suicide jackets, how to convert readily available goods like fertilizer into explosives, how to make car bombs and certain other tips."

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Terrorism: From Al Qaeda—Plots And Promos (NSWK)

By Mark Hosenball

Newsweek, July 10, 2006

How real was the latest alleged New York terrorism threat? Several federal and local counterterrorism officials confirmed to NEWSWEEK that Lebanese authorities in April arrested a suspected Islamic militant for allegedly participating in a fairly elaborate plot to flood the PATH subway tunnels that carry New Jersey commuters to a station near Ground Zero in lower Manhattan. The officials, who asked for anonymity due to continuing investigations, said the plot involved blowing up a temporary barrier—called a slurry wall—that currently stops the Hudson River from flooding the site where the World Trade Center stood; according to the terrorists' plan, with the dike breached, water would pour into the cavity left by the 9/11 attacks and also undermine nearby skyscrapers and flood the trans-Hudson tunnels that carry PATH trains to New York from New Jersey. A federal counterterrorism official described the scheme as more "aspirational" than operational. Three of the officials said that while there was no evidence any of the latest New York plotters (two more plotters have been detained overseas and others are sought) had set foot on U.S. soil, the investigation was examining a possible Canadian connection.

News of the New York plot surfaced amid a flurry of new messages from Osama bin Laden, his chief deputy Ayman al-Zawahiri, and one of the suicide bombers in last July's attack on London. The new messages demonstrated the increasing media savvy of Al Qaeda's high command. A day or two before the release of one recent message from bin Laden, his media handlers issued Internet "teasers"—brief announcements declaring that a bin Laden message was about to be released. Later, an elaborately produced Qaeda message surfaced commemorating the London bombings; the presentation included a previously unseen extended English-language video of Shehzad Tanweer, one of the suicide bombers, and an American-accented Qaedite called Azzam the American. Zawahiri also appeared on tape to claim the London bombers had attended Qaeda camps (an assertion British and U.S. investigators have not yet validated). One of the U.S. counterterrorism officials said the use of promos and edited video packages with English speakers demonstrates the increasing sophistication of Al Qaeda's PR methods. The official also said the fact that Zawahiri appeared in recent video messages but bin Laden has appeared only in audio messages suggests the two terror leaders live apart, and that bin Laden is still stringently protecting himself.

HOMELAND RESPONSE:

NYC, Miami Cases Show FBI Efforts To Pre-empt Plots (USAT)

By Richard Willing

USA Today, July 10, 2006

The plotters hadn't bought explosives or even been to the USA to scout their alleged target, but Web postings convinced the FBI that a plan to blow up and flood New York City's commuter tunnels was, as assistant director Mark Mershon put it, “the real deal.”

The arrests of the alleged plot's leader and two others, announced Friday, are typical of the FBI's post-Sept. 11 strategy in counterterrorism cases: detect and disrupt plots in their early stages rather than wait to collect additional evidence more likely to produce a conviction.

“The FBI is doing what they said they'd do,” says Brian Levin, director of the Center for the Study of Hate and Extremism at Cal State University in San Bernardino.

“Because someone is maybe laughable, or doesn't look like your idea of a polished terrorist doesn't mean they're not capable of maximum destruction. So you try never to take that chance.”

Friday's announcement followed the terrorism arrests last month of seven Miami men alleged to have discussed blowing up Chicago's Sears Tower.

The closest the men came to contacting al-Qaeda was meeting an FBI informant posing as a member of the terror group.

The cases have prompted some to suggest that the FBI is overstating the danger posed by wannabe jihadists.

“This is starting to look like the president's version of rounding up the usual suspects,” says Joseph Cirincione, national security analyst for the Center for American Progress, a liberal think tank in Washington.

“There is a pattern of dramatic announcements, followed by revelations that these plots weren't as serious as we all initially thought.”

Security specialists say the New York City case also highlights the FBI's increased attention to Islamic jihad websites. Increasingly, terrorists are using chat rooms and e-mail for training, planning operations and recruiting members, says Walid Phares, a scholar of Islamic terrorism at the Foundation for the Defense of Democracies in Washington.

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"With the decline of al-Qaeda as a centralized organization, (the Internet) has become the host for a 'virtual jihad,' " Phares says.

In New York City, FBI officials went public only after the Daily News reported details of the case, including the name of the alleged plot leader, Assem Hammoud, and his arrest in Lebanon in April.

The FBI moved because plotters "were about to go to a phase where they would attempt to surveil targets … and acquire the necessary resources to effectuate the attacks," Mershon said.

In a speech in May, deputy attorney general Paul McNulty credited this new "aggressive, proactive and preventative course of action" with winning 253 convictions in 435 terrorism cases since 2001. Cases are brought, he said, "at the moment our investigation reveals both a risk to our national security and a violation of our nation's laws."

Successful pre-emptive prosecutions include the cases of six Lackawanna, N.Y., men who sought terror training in Afghanistan, and six Portland, Ore., men and one woman who tried to travel to Afghanistan to fight with the Taliban. Six were arrested before they reached the battlefield.

Priority Shifts To Disruption Of Plots (WP)

By David B. Caruso

The Washington Post, July 10, 2006

NEW YORK -- No one can know for sure whether an al-Qaida loyalist had what it took to follow through on a suspected plot to bomb Hudson River train tunnels. He had no explosives and no detailed plan, and isn't believed to have visited New York, authorities said.

But U.S. officials said they weren't willing to find out.

"We don't wait until someone has lit the fuse (to) step in and prevent something from happening. That would be playing games with peoples' lives," Homeland Security Secretary Michael Chertoff said Friday as Assem Hammoud's arrest in Lebanon was being announced.

Policy makers and security experts said the bust illustrates a shift in U.S. counterterrorism policy that has played out in other recent high-profile cases, including the arrest of seven men suspected of wanting to bomb Chicago's Sears Tower.

Law enforcers, they said, are now willing to act swiftly against al-Qaida sympathizers, even if it means grabbing wannabe terrorists whose plots may be only pipe dreams.

"Before 9/11, the FBI was thinking in terms of criminal convictions," said Rep. Peter King, chairman of the House Homeland Security Committee.

That meant waiting to act until investigators had hard evidence of a major crime, the New York Republican said. These days, he said, the priority is disruption.

"You may end up not winning it in court, but you get a bad guy off the street," he said.

Authorities announced the arrests of Hammoud and two suspected accomplices on Friday.

FBI Assistant Director Mark J. Mershon called the suspects the "real deal," but he described the suspected scheme as being in its earliest stages. The plotters had only talked about an attack, authorities said.

The announcement came two weeks after the arrest of an unconnected group of men in Miami and Georgia on charges that they were talking about blowing up skyscrapers in Chicago.

In that case, an FBI official described the group of mostly U.S. citizens as "more aspirational than operational," with no explosives, funding or ties to established terrorist organizations.

The formative nature of the suspected plots prompted skepticism.

Joseph Cirincione, a national security analyst for the Center for American Progress, a liberal think tank, said he worried that the arrests of rather minor conspirators were being played up for political purposes.

"This is starting to look like the president's version of rounding up the usual suspects," he said. "There is a pattern of dramatic announcements, followed by revelations that these plots weren't as serious as we all initially thought."

Some of the suspected plots taken to trial in the past few years have appeared to be unsophisticated, but that hasn't hurt prosecutors in court.

In May, a Brooklyn man, Shahawar Matin Siraj, was convicted of plotting to plant a bomb in a Manhattan subway station, despite defense claims that he was a patsy coaxed into discussing a bombing by a government informant.

In April, a federal jury convicted a young farm worker in Lodi, Calif., of supporting terrorists by visiting an al-Qaida training camp during a trip to Pakistan. Prosecutors claimed Hamid Hayat was interested in attacking hospitals, banks and grocery stores, but they presented no evidence of actual planning of such assaults at trial.

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In November, a young, outwardly pro-American Pakistani man was convicted in New York of trying to help an al-Qaida operative sneak into the United States, despite his claims that he wasn't aware that the acquaintance of his father's was a terrorist.

Chertoff said it would be a mistake to assume that the only terrorist "is the kind of guy you see on television, who's kind of a James Bond type."

"The fact of the matter is, mixing a bomb in a bathtub does not necessarily take rocket scientists," Chertoff said. "We would be dangerously putting people at risk if somehow we believed that only criminal masterminds or terrorist masterminds were threats."

In a speech to the American Enterprise Institute in May, Deputy Attorney General Paul McNulty defended government pursuit of groups that had not yet advanced to violence.

"In the wake of Sept. 11, this aggressive, proactive and preventative course is the only acceptable response from a department of government charged with enforcing our laws and protecting the American people," McNulty said.

Bag Searches Become Routine On NYC Subway (AP-Y2)

By Tom Hays

AP2, July 10, 2006

It was billed as a necessary counterterrorism tactic after the deadly mass transit bombings in London: Anyone entering the city's sprawling subway system could be subjected to a random search of backpacks, briefcases and shopping bags.

One year and countless searches later, the practice once thought of as a temporary imposition, with the potential to trample civil rights, remains in effect and is barely causing a stir.

"We consider it a valuable tactic to use," Police Commissioner Raymond Kelly said in a recent interview. "It's not a panacea, it's not a cure-all, but it's another tool in our toolbox."

Officials won't say how many bags police have searched in the past year, or specify where and when they do it. Unpredictable deployment keeps would-be bombers off balance, they say.

The program has resulted in five arrests — not for terrorism, but for drug possession, disorderly conduct and other minor charges.

Still, the nation's largest police department considers the city's 468 subway stations and the average 4.5 million riders who use them daily on average to be ripe targets for terrorism. The subway inspections are just one element of a counterterrorism program that costs the NYPD roughly $200 million a year.

Each day, police set up checkpoints in a handful of stations across the city, often during the afternoon rush. A typical checkpoint has three uniformed officers equipped with a folding table and flashlights used to peer into bags, a far cry from the elaborate screening stations in airports.

At a checkpoint at the Wall Street subway stop last week, about every 10th person was stopped for a search that lasted perhaps 10 seconds. The officers shooed away some commuters who tried to voluntarily open their bags for inspection.

If the chosen were bothered, it didn't show.

"I'm trying to make a train, but it's OK," said Eric Mergenthaler, a 38-year-old stock trader. "I understand why they're doing it."

The New York Civil Liberties Union believed the searches were such violations of privacy that it went to court last year to stop them. A federal judge disagreed, saying that following the Sept. 11, 2001, terror attacks the need for such measures was "indisputable, pressing, ongoing and evolving."

The NYCLU has appealed. Its lawyers argue the searches are too infrequent to be a real deterrent, yet frequent enough to violate constitutional rights.

"We're in favor of making people feel comfortable, but not at the expense of the Constitution," said NYCLU Legal Director Christopher Dunn.

Kelly cited a poll of registered voters last year that found 72 percent favored the program.

"The public seems to be happy with it, and the cops are positive about it," he said of the search program. "I think so far it's worked very, very well."

Storm Damage As Hurricane Season Begins, Disaster Insurance Runs Short (WSJ)

By Liam Pleven, Ian Mcdonald And Karen Richardson

The Wall Street Journal, July 10, 2006

Last year's violent hurricanes continue to roil a vital corner of the insurance industry: Demand for disaster coverage is far outstripping supply, and the consequences are rippling through the economy.

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The crunch isn't coming just because companies and individuals are buying more insurance. Insurers themselves, anticipating future destructive storms, are trying to buy more coverage on the policies they write -- a crucial segment of the business known as reinsurance. But reinsurers, which also paid out billions last year, are wary of getting hit hard again and have raised their rates substantially. Businesses and homeowners are paying the price.

In late January, a private-equity fund called First Reserve Corp. discovered firsthand how much the market has changed. The Greenwich, Conn., firm wanted to buy an oil-and-gas platform in the Gulf of Mexico. During a conference call with colleagues in Houston, the fund's executives learned that insuring the project would cost about $25 million a year, not the $2 million they'd expected.

"That kind of shut the room up," says Mark McComiskey, a managing director at First Reserve. The firm decided to kill the deal.

In the wake of Hurricane Katrina, billions of dollars poured into the insurance industry from investors hoping to profit from rising premiums. After hard hurricane seasons, such cash influxes often buoy insurers and help stabilize premiums.

But this time, the new capital was insufficient to soak up the increase in demand. "There's just this loud sucking sound in the market now," says J.C. Sparling, an executive vice president at Mercator Risk Services Inc., an insurance brokerage.

Disaster-insurance rates have risen so sharply that businesses with exposure to hurricanes are canceling projects, paying more for whatever coverage they can get, and in some cases, going without insurance altogether.

CDC Publishing LLC, a Vero Beach, Fla., firm that publishes construction-industry data, says it's spending 12 times as much for hurricane insurance as it did last year. Pinnacle Entertainment Inc., a Las Vegas-based hotel and gaming firm, cut its weather-catastrophe coverage from $400 million to $100 million after suffering extensive damage at a Biloxi, Miss., casino last year.

And Wal-Mart Stores Inc. said in May it would drop its coverage for severe windstorms because it had become too expensive. Instead, the retailer will cover losses from such storms out of its own pocket.

Some insurance players are stepping into the void. Hedge funds and private-equity firms are pouring billions of dollars into new and risky investment vehicles that provide capital to back coverage for specific risks. In addition, Warren Buffett's Berkshire Hathaway Inc. seems to be betting big on reinsurance even as other investors pull back.

"If you like to watch football, you probably enjoy the game a little more if you have a bet on it," says Mr. Buffett. "I like to watch the Weather Channel."

After last season's devastating hurricanes, companies that predict the cost of storms rolled out new computer programs that foretold a mounting toll from future hurricanes. In addition, rating services such as A.M. Best Co. Inc. changed their approaches to judging the financial strength of insurers that write catastrophe policies. As a result, many insurers have to keep more cash in reserve to back up their policies.

After seven costly hurricanes in two years, insurers also are questioning how much risk they want to take in vulnerable coastal areas. The shortage of available coverage is particularly acute in the reinsurance sector, where insurers buy coverage against the policies they write. Hurricane Katrina caused nearly $40 billion in insured losses, and reinsurers covered more than half that total, according to Guy Carpenter & Co., a reinsurance brokerage unit of Marsh & McLennan Cos.

The cost of property-catastrophe reinsurance is projected to rise 25% this year, according to Robert Hartwig, chief economist at the Insurance Information Institute, a trade group. In hurricane-prone areas, rates are rising as much as fourfold, he says.

"There have been times where no matter what the price was, we've had a difficult time finding the [coverage] we need," says Dee Megna, the vice chairman of Guy Carpenter. "It's similar to the situation we saw post-Hurricane Andrew in 1993 and post-9/11, but this is actually worse than those two."

The depth of the shortage has taken the industry by surprise in recent months. Paul Karon, chief executive of Benfield Inc., a U.S. reinsurance broker owned by the United Kingdom's Benfield Group Ltd., says prices for renewals rose about 25% on average on Jan. 1. By contrast, he said, June 1 prices doubled compared with the year earlier.

Allstate Corp., one of the nation's largest property insurers, bought significantly more catastrophe reinsurance than it had in the past. In last year's third quarter, the company registered a $1.55 billion hurricane-related loss. Earlier this year, it paid $400 million for $2 billion worth of reinsurance coverage for losses from hurricanes and other catastrophes.

Last year, U.S.-based insurers purchased about $37.5 billion in catastrophe reinsurance coverage, according to Benfield. This year, they will buy about $47.5 billion worth, a 27% increase, the firm says.

Allstate is aware that such coverage is getting harder to find. Referring to its deal earlier this year, Michael Trevino, a company spokesman, says: "I would guess we couldn't get it today."

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There are many indications that Mr. Buffett's Berkshire Hathaway, which had $115.5 billion in cash and invested assets on hand at the end of March, is stepping into the fray. Berkshire boasts rare and coveted top ratings from services such as A.M. Best, Standard & Poor's, and Moody's.

The company's exact commitment to the hurricane business can't be learned, but people familiar with Berkshire's business say it's writing more reinsurance on oil rigs than in previous years. In addition, others in the insurance industry say they've noticed the company's increased presence.

"They were more active with us in the U.S. than they've ever been," says Mr. Karon of Benfield.

Mr. Buffett declined to comment specifically on how much Berkshire is underwriting. In his latest annual letter to shareholders, Mr. Buffett said he was willing to take on billions of dollars in risk if he got paid enough.

"If prices seem appropriate, however, we continue to have both the ability and the appetite to be the largest writer of mega-cat coverage in the world," he said.

One indication of Berkshire's activity: Berkshire Hathaway Reinsurance Group reported a 19% increase in the premiums it receives for writing catastrophe reinsurance in the first quarter, to $425 million. That increase follows a 22% increase in the previous quarter, compared with a year earlier.

Berkshire also sells insurance directly to businesses. Harrah's Entertainment Inc. went to Berkshire directly last December when it was facing a shortfall in coverage from other insurers after suffering big hurricane damage.

"They were one of the very few who were able to take a lead, primary position on an account such as ours," says Lance Ewing, risk manager for the company.

The reinsurance business is also getting a helping hand from Wall Street. Some firms are using a financial vehicle known as a sidecar. With sidecars, investors -- often hedge funds -- provide capital to back coverage for very specific risks, such as damage to gas rigs or Florida homes. Investing in a reinsurance company exposes investors to all kinds of insurance risks; a sidecar allows them to be more choosy.

If disaster strikes, the capital is tapped. If not, investors get their money back, plus premiums paid by policy holders. Benfield set up a sidecar with partners that raised about $310 million, which backs up policies it has taken on. Since Katrina, investors have sunk more than $3.2 billion into sidecars.

"You're betting on three months of weather, and then you're out," says Mr. Karon.

Benfield's sidecar proved very useful to Dale Hammond's company. His Homewise Insurance Group of Tampa, Fla., insures about 35,000 homes in Florida, largely against hurricane damage. The sidecar made possible 17.5% of the reinsurance the company wanted. "It was a good, creative solution using the financial markets," says Mr. Hammond.

Another, more-established route is catastrophe bonds. Investors get their cash back and an allotted return -- these days in excess of 10% -- if storms don't hit at a certain place and time. If a storm hits and losses rise above a stipulated level, insurers can tap investors' money to pay off claims. Insurers have raised about $2 billion so far this year through catastrophe bonds, as much as in all of 2005.

While creative, none of these solutions can keep up with demand. On May 9, an Atlanta, Ga., insurer, RSUI Group Inc., a part of Alleghany Insurance Holdings LLC, told agents it had not bought all the reinsurance it wanted. As a result, it wouldn't offer new hurricane insurance along the coast between North Carolina and East Texas, with a few exceptions.

Homeowners have had similar experiences in places like Florida, but individuals in many states have a backstop. In Florida, they can buy insurance from Citizens Property Insurance Corp., a state-created insurer of last resort that sells coverage to individuals who can't find it elsewhere.

For companies, on the other hand, the crunch could get costly. Wal-Mart's chief financial officer, Tom Schoewe, told analysts in May that storm coverage offered to the mammoth retailer this year was "substantially more limited and higher-priced" than previously.

Mr. Schoewe said buying coverage "did not make sense for Wal-Mart." Instead, the retailer is insuring itself. Wal-Mart wasn't specific about how it would do that -- and a spokesman declined further comment -- but typical options include paying for damage out of pocket or setting up its own insurance business.

If Wal-Mart had self-insured during its financial year ended January 31, 2005, that would have cost the company two cents in earnings per share, due to that year's storms. In fiscal 2006, the impact would have been four cents, according to Mr. Schoewe. That would have cut the company's net income by an estimated $168 million, or 1.5%, according to investment bank Goldman Sachs Group Inc.

Casino-operator Pinnacle Entertainment is taking risks beyond cards and roulette. After Hurricane Katrina, the company's Biloxi casino barge was found several hundred feet from the water on the other side of a highway, according to company disclosures at the time. Back then, Pinnacle had $400 million in coverage per storm, according to regulatory filings. Last month,

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the company told shareholders that due to tighter supply and higher rates, effective April 1 it has only $100 million per storm in weather-catastrophe coverage.

"It is unlikely that Pinnacle will obtain any additional coverage covering these risks this year," the company said in a filing with the Securities and Exchange Commission. A spokeswoman declines to comment.

The insurance industry is "going to drive commercial enterprises out of certain areas in this country," says Bill Black, president of CDC Publishing, which has three offices in Florida.

Last year, the company paid $10,000 in premiums for hurricane and business-interruption coverage. This spring, the premiums went up to $120,000. Another jump of a similar magnitude, Mr. Black says, could force him to consider relocating his Florida offices.

WAR NEWS:

Attacks In Iraq Intensify Sunni-Shiite Violence (USAT/AP)

By The Associated Press

USA Today, July 10, 2006

BAGHDAD — Masked Shiite gunmen roamed through a west Baghdad neighborhood Sunday, dragging Sunnis from their cars or picking them out on the street and killing them in a rampage that police said killed 41 people — a dramatic escalation of sectarian violence.

Hours later, two car bombs exploded near a Shiite mosque in the city's north, killing 17 people and wounding 38 in what appeared to be a reprisal attack, police said.

Black-clad Shiite militiamen manned checkpoints on roads into most major Shiite neighborhoods to guard against revenge attacks, as scattered clashes occurred across the Iraqi capital.

Sunni leaders expressed outrage over the killings, and President Jalal Talabani, a Kurd, appealed for calm, warning that the nation stood “in front of a dangerous precipice.”

A senior government official, Haidar Majid, contested the police figures, saying late Sunday that only nine people died in the area of Jihad. Police Lt. Mohammed Khayoun insisted the figure of 41 was correct — with 24 bodies taken to Yarmouk hospital and 17 to the city morgue. The discrepancy could not be reconciled.

The attack could further enflame Shiite-Sunni tensions.

The trouble started about 10 a.m. when several carloads of gunmen drove into the Jihad area along the main road to Baghdad International Airport, police and witnesses said. The gunmen stopped cars, checked passengers' identification cards and shot dead those with Sunni names.

U.S. and Iraqi forces sealed off the area. Smoke from burning tires wafted through the streets. A U.S. military statement said coalition and Iraqi forces found 11 bodies.

A Shiite shopkeeper said he saw heavily armed men pull four people out of a car, blindfold them and force them to stand to the side while they grabbed five others out of a minivan.

“After 10 minutes, the gunmen took the nine people to a place a few meters away from the market and opened fire on them,” Saad Jawad al-Azzawi said.

Wissam Mohammad al-Ani, a Sunni, said three gunmen stopped him as he was walking toward a bus stop and demanded his identification. They let him go after he produced a fake ID with a Shiite name, but they seized two young men standing nearby.

The violence comes a day after a Saturday night car bombing at a Shiite mosque that killed two people and wounded nine.

The spokesman for a Sunni clerical association, Mohammed Beshar al-Faydhi, blamed the Jihad attack on the Mahdi Army militia, led by radical Shiite cleric Muqtada al-Sadr. Al-Faydhi told Al-Jazeera television that he had documents to prove it.

Al-Sadr denied responsibility and called on both Shiites and Sunnis to “join hands for the sake of Iraq's independence and stability.” He assured Vice President Tariq al-Hashimi, leader of the largest Sunni Arab party, that he would punish any of his militiamen if they were involved.

Prime Minister Nouri al-Maliki, a Shiite, has promised to disband Shiite militias and other armed groups, which are blamed for much of the sectarian violence. On Friday, Iraqi troops backed by U.S. jets raided a Shiite militia stronghold in Baghdad's Sadr City neighborhood, killing and wounding dozens of people.

Scores Of Sunnis Killed In Baghdad (WP)

By Joshua Partlow And Saad Al-Izzi

DOJ_NMG_0038959

The Washington Post, July 10, 2006

BAGHDAD, July 9 -- Shiite Muslim militiamen rampaged through a Sunni Arab neighborhood in Baghdad early Sunday morning, killing more than 50 people and discarding bodies in the streets, according to Iraqi officials and witnesses. Hours later, attackers struck back, detonating two car bombs near a Shiite mosque.

Sunni politicians described the violence against the Sunni residents of the al-Jihad neighborhood in western Baghdad as one of the deadliest waves of murder since the aftermath of the U.S.-led invasion in 2003.

The killings occurred on a day when the U.S. military announced charges against four soldiers in the alleged rape and murder of a girl and the killing of three members of her family in the southern Iraqi town of Mahmudiyah. [Details, A14.]

Sectarian killings escalated sharply across Iraq after a bomb destroyed a revered golden-domed Shiite shrine in Samarra on Feb. 22. The bombing prompted reprisal attacks on Sunni mosques and pushed the country further toward all-out civil war.

In Baghdad on Sunday, the armed men, some wearing masks and dressed in black, descended on the al-Jihad neighborhood in buses after sunrise. They set up checkpoints along a main commercial street, demanded identification cards from passersby and burst into homes to single out Sunni Arabs to kill, residents said.

One resident, Hazim al-Rawi, said he gathered up his family and fled the neighborhood after he saw 15 bodies outside his home.

"Some of them were tortured with drills," he said of the bodies. "Some of them were hanged by ropes."

A U.S. military spokesman said that Iraqi national police and American soldiers found 11 dead Iraqis in three locations in the neighborhood. The higher casualty reports "do not marry up with what we have found," Lt. Col. Jonathan Withington said.

Still, Sunni politicians said the spate of attacks gravely exacerbated the problems in Baghdad, where killings occur almost daily, and they accused Iraqi police of collaborating with Shiite militiamen in the violence.

"This is a new step. A red line has been crossed," said Alaa Makky, a Sunni member of parliament. "People have been killed in the streets; now they are killed inside their homes."

Attackers retaliated by detonating two bombs in cars parked at al-Timim Shiite mosque in central Baghdad. At least 12 people were killed, including five policemen, and 18 were wounded, according to Lt. Col. Memduh Abdulla of the Rusafa police district. The Associated Press reported that 17 people were killed and 38 hurt.

"We've said it several times that there are people who want to create civil war," Wafiq al-Samarrae, an adviser to Iraqi President Jalal Talabani, said on al-Jazeera television. "Today, this country is on the edge of civil war, not sectarian strife."

Police picked up 57 bodies from the al-Jihad neighborhood, and three Interior Ministry policemen were also killed there, said Ali Hussein, a commando with the Interior Ministry who ferried bodies to Baghdad's Yarmouk Hospital. Gen. Saad Mohammed al-Tamini of the Interior Ministry confirmed that more than 50 people were killed.

Some of the corpses that littered the streets lay handcuffed, pocked with bullet holes, while others were pierced with bolts and nails, witnesses said.

Iraqi officials and residents of the neighborhood identified the gunmen as members of the Mahdi Army, the powerful militia controlled by the radical Shiite cleric Moqtada al-Sadr. In the past three days, Iraqi troops, with the support of U.S.-led forces, have raided the homes of militiamen and detained some of their leaders.

U.S. commanders and diplomats say Sadr and his militia constitute one of the gravest threats to Iraq's security. Two years ago, U.S. forces fought Mahdi Army militiamen in Baghdad and in the southern holy city of Najaf. Sadr also holds considerable sway over the political system, with ties to more than 30 members of parliament and several cabinet ministers.

On Sunday, Iraq's deputy prime minister for security affairs, Salam al-Zobaie, accused the Defense and Interior ministries of working with the militias to carry out the killings.

"Interior and Defense ministries are infiltrated, and there are officials who lead brigades who are involved in this," Zobaie said in an interview on al-Jazeera. "What is happening now is an ugly slaughter."

After the killings, Sadr appealed for calm but criticized what he called a "Western scheme" that foments "a civil and sectarian war among brothers."

"Iraq is passing through a critical phase and a worsening security situation in spite of the presence of an independent government," Sadr said in a statement. "I call on all parties, both governmental and popular, to exercise self-control first, and to shoulder their responsibility before God and society."

Other officials in Sadr's organization condemned the killings in al-Jihad and denied that the Mahdi Army was involved.

"We regret the statements made by some Sunni Arabs who said that the Mahdi Army militia had conducted the raid at Jihad and killed the innocent people there," said Riyadh al-Nouri, a top aide to Sadr and his brother-in-law. "If the Mahdi Army wanted to enter into a fight, Iraq would become a blood bath."

In al-Jihad, a predominantly Sunni neighborhood along the road to Baghdad International Airport, police in white pickup trucks patrolled the roads. Fighters gathered in the streets holding rocket launchers and belts of machine-gun ammunition while

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helicopters swarmed overhead. A hot wind scoured the neighborhood, scattering the black smoke that billowed from burning tires.

The Iraqi government later imposed a daytime curfew in the neighborhood, and mosque loudspeakers broadcast warnings that residents should flee or they would be killed.

Hayider Hussein, a resident, said that outside his house, militiamen were milling around a minibus in which the bodies of the driver and a dozen passengers could be seen.

"They were all shot in the head," he said.

Ali Muhsin, 58, a retiree who lives in the neighborhood, said he saw gunmen in three cars pull up near his house and begin shooting people. Four corpses lay on the ground about 100 yards from his door and he saw four other people shot at a vegetable market nearby, he said.

Muhsin described seeing gunmen get out of a sedan, remove two bodies from the trunk "and throw them on the street."

Residents said the violence stemmed from a car bomb attack on the Shiite al-Zahra mosque Saturday night, expanding into door-to-door pursuit of Sunnis by Shiites.

Outside the morgue at the Yarmouk Hospital, a distraught woman wearing a red head scarf searched for her missing brother. At 7 a.m., she said, black-clad gunmen broke into her house and demanded to know the family's tribal name. When her brother responded "Jubour," one of the gunmen said, "You are definitely Sunnis."

"I swear on Hussein, I swear on Ali, that we are Shiites," her brother, Muzahim Salman, pleaded, referring to relatives of the prophet Muhammad who are revered by Shiites.

The gunmen locked the woman, who refused to give her full name, and her mother in a room before kidnapping her brother. A half-hour later, she said, she called her brother's cellphone.

"The man who answered said: 'We are the Mahdi Army. We killed your brother. Go to the morgue and pick up his body.' "

Sectarian Fighting Intensifies In Baghdad (LAT)

By J. Michael Kennedy And Borzou Daragahi

The Los Angeles Times, July 10, 2006

BAGHDAD, Iraq — Shiite militiamen and Sunni Arab insurgents went on murderous sprees here Sunday, killing at least 60 people in shootings and bombings in a bloody outbreak that raised the specter of a city sinking deeper into sectarian warfare.

The Sunday-morning killings of at least 36 Sunni Arab men by Shiite militiamen in the Jihad neighborhood, in apparent retaliation for a mosque bombing the previous night, were among the most serious examples of open street warfare between Shiites and Sunnis to date.

The execution-style killings immediately set off a political firestorm, with one Sunni leader accusing the government of negligence and Prime Minister Nouri al-Maliki, a Shiite, downplaying the events, insisting that the "situation in Baghdad is under control."

But as dusk settled, a pair of car bombs apparently set off by Sunni Arab insurgents damaged a Shiite mosque in a northern Baghdad neighborhood, killing at least 19 worshippers and wounding 59 others, possibly setting the stage for another round of reprisal killings by Shiite gunmen.

The violence came in the same day that the U.S. military announced that five more U.S. soldiers had been charged in connection with the alleged rape of an Iraqi and the slaying of the young woman and her family in March. Four soldiers were charged with rape and murder, the fifth with dereliction of duty. None was named.

Last week, a former U.S. Army private, Steven D. Green, was charged with rape and murder in federal court in Charlotte, N.C. He pleaded not guilty.

The sectarian violence underscored a dramatic worsening of security conditions in the capital even after the formation of a government in May and the imposition of a massive lockdown by Iraqi troops and police. It also raised fears that the beleaguered country might soon dissolve into all-out civil war.

Sunni Arab politicians, who have already threatened to pull out of the nascent government, blamed the violence on Shiites, demanding that security forces crack down on militias who are believed to operate in part out of the security services.

"Acts of militias are now being expanded in Baghdad and they have become a source of concern and harm to people," said Vice President Tariq Hashimi, the head of the largest Sunni Party, adding that the government needed to "safeguard the lives of the innocent, who have become targets for these militias."

Violence in the religiously mixed Jihad neighborhood began Saturday morning after a suicide bombing at a Shiite mosque killed at least eight worshippers and passersby, officials said.

Early Sunday morning, militiamen began roaming the neighborhood and setting up checkpoints, asking those trying to pass through to show their identity papers, which give name and tribe -- both clues to whether the bearer might be Sunni or Shiite.

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One witness, who asked not to be identified, said Shiite gunmen took to the streets about 7 a.m. and established a roadblock a short distance from his home. He said a neighbor of his, a Sunni, was loaded on to a bus filled with gunmen after he showed his identity papers.

"There have been some problems in this neighborhood," said the witness. "But it never reached killing because you showed the wrong identification card."

By midmorning, a number of bodies were strewn about the streets and Sunni insurgents had set up their own roadblocks nearby in retaliation.

A hospital official where bodies were taken said at least 36 young Sunni men were killed, many pulled from their home or vehicles. Also among the dead from the Jihad fighting was a Shiite family of five, a mother and four children, who were killed when gunmen tossed a grenade into their home, hospital officials who received the victims said.

At midmorning, Iraqi and U.S. troops sealed off the area, with helicopters whizzing above. The neighborhood is only a short distance from the U.S. military headquarters here, located adjacent to the Baghdad International Airport.

The Saturday-night car bomb that apparently triggered the attack took place a short distance from the Zahra Shiite mosque. At least eight people were killed and more than a dozen others were wounded in the explosion, a hospital official said.

A number of Shiite and Sunni mosques have been attacked in recent days, each apparently in reprisal for the other.

In the aftermath of the killings Sunday morning, the prime minister's office issued a brief statement saying that some media reports overstated the seriousness of the situation.

"The situation in Baghdad is under control and the concerned apparatuses are dealing with what is going on," said the statement.

However, Iraqi President Jalal Talabani, a Kurd, described Iraq as being "upon a dangerous edge." He called on Iraqis to remain calm and avoid any immediate response to the killings, but also to be watchful.

"What happened today requires us to be honest with ourselves and others to condemn these horrendous actions loudly," he said.

Also Sunday, two Sunni clerics from the Muslim Scholars Association were killed in Samarra as they were driving away from a local mosque. A car pulled alongside them and gunmen dressed in camouflage and black masks shot the clerics and sped off.

Officials in the increasingly violent northern city of Kirkuk, at the heart of a volatile oil-rich province claimed by ethnic Kurds, Arabs and Turkoman, said at least four police and civilians were killed and six injured in various shootings and bombings throughout the city.

Gunmen Massacre Dozens In Baghdad (FT)

By Steve Negus

Financial Times, July 10, 2006

Gunmen massacred dozens of people in a Sunni district of Baghdad on Sunday, in what appears to be an escalation of the sectarian violence which has engulfed the country for nearly five months.

Bombings and abductions are common in many parts of the city, but this was one of the first times a group of gunmen had taken control of a section of Baghdad and conducted a massacre on this scale.

The interior ministry said at least 42 people had been killed in the attack in the Jihad district, a possible reprisal for the Saturday car-bombing of a nearby Shia mosque that killed three.

Iraqi security sources quoted by wire agencies said the gunmen had set up fake police checkpoints and pulled motorists from cars, or checked identity papers for Sunni names, before gunning their victims down.

Residents and Sunni politicians blamed the Mahdi Army, loyal to radical Shia leader Muqtada al-Sadr, for the massacre, but Sadrist spokesmen denied responsibility. Sadrist sympathisers say the militia targets only known extremists who carry out attacks against the Shia.

Shia militants have recently given signs of imitating some of the tactics of the more radical Sunni groups. Last week, presumed militiamen kidnapped a Sunni legislator, Tayseer al-Mashhadani, and sources in the Iraq Islamic Party to which she belongs say her abductors have issued demands including release of detainees and a halt to the bombing of Shia mosques.

As a result, the main Sunni coalition has boycotted parliament and says it is considering pulling its four ministers out of the cabinet, which would be a significant setback to Prime Minister Nuri al-Maliki.

Iraqi security forces appear to be cracking down on the militias. The US military reported that Iraqi soldiers had raided a militant stronghold early on Sunday in the Shia district of Kadhemiya, killing nine and capturing seven.

Meanwhile, four more US soldiers were charged with rape and murder and a fifth with dereliction of duty in the alleged massacre of a family in the district of Mahmudiya, south of Baghdad.

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Baghdad Erupts In Mob Violence (NYT)

By Kirk Semple

The New York Times, July 10, 2006

BAGHDAD, July 9 — A mob of gunmen went on a brazen daytime rampage through a predominantly Sunni Arab district of western Baghdad on Sunday, pulling people from their cars and homes and killing them in what officials and residents called a spasm of revenge by Shiite militias for the bombing of a Shiite mosque on Saturday. Hours later, two car bombs exploded beside a Shiite mosque in another Baghdad neighborhood in a deadly act of what appeared to be retaliation.

While Baghdad has been ravaged by Sunni-Shiite bloodletting in recent months, even by recent standards the violence here on Sunday was frightening, delivered with impunity by gun-wielding vigilantes on the street. In the culture of revenge that has seized Iraq, residents all over the city braced for an escalation in the cycle of retributive mayhem between the Shiites and Sunnis that has threatened to expand into civil war.

The violence coincided with an announcement by American military officials that they had formally accused four more American soldiers of rape and murder, and a fifth soldier of "dereliction of duty" for failing to report the crimes, in connection with the deaths of a teenage Iraqi girl and three members of her family.

With movement in Baghdad difficult after a military cordon was established to suppress the violence, facts were hard to ascertain. The death toll from the shootings alone ranged from fewer than a dozen, according to the American military, to more than 40 reported by some news services. The bombing near the mosque later claimed at least 19 lives and left 59 wounded, officials said.

The military's announcement about the soldiers brought to six the number implicated in the rape-murder, one more than previously disclosed. The case has enraged Prime Minister Nuri Kamal al-Maliki and led to apologies by the highest American military and civilian officials in Iraq. A photograph of the girl's passport distributed by news agencies on Sunday showed that she was 14.

Only seven weeks old, Mr. Maliki's government is facing increasingly difficult obstacles. Worsening violence has undermined his intention to disarm the country's sectarian militias. At the same time, the growing furor over criminal accusations against American troops has tested Mr. Maliki's divided loyalties to his American allies and to an Iraqi public that has grown weary of the American presence.

The killings on Sunday in the western Baghdad neighborhood of Jihad began in late morning, near the site of a car bomb explosion in front of a Shiite mosque on Saturday, residents and officials said. Initial reports said the bombing had killed three people, but the American military said Sunday that at least 12 people, including 3 children, had died in the blast, and at least 18 had been wounded.

According to some residents and Sunni Arab officials interviewed by telephone, the gunmen, whom they accused of being members of a feared Shiite militia, the Mahdi Army, set up checkpoints around the neighborhood, indiscriminately pulled scores of Sunni Arabs from their homes and cars and killed them on the street. Other bodies were found with their hands bound behind their backs and gunshots in their heads, residents said.

But as often happens in Iraq, accounts of the violence varied widely. Residents and some Iraqi officials said in interviews that more than 35 people had been killed in the attacks. The Associated Press quoted Lt. Maitham Abdul-Razzaq of the Iraqi police as saying that 41 bodies had been taken to hospitals. And an official at Yarmouk Hospital, the main medical center in western Baghdad, said in a telephone interview that at least 23 bodies had been delivered from Jihad, and 10 people had arrived wounded from the shootings.

But American and some Iraqi security officials said the casualty figures were far lower. Lt. Col. Jonathan B. Withington, spokesman for the Fourth Infantry Division, which oversees security around Baghdad, said the Iraqi police had reported finding only 11 bodies. It was unclear whether that toll included victims delivered to the morgue.

American and Iraqi security officials also said they could not confirm the accounts of the seemingly arbitrary street killings, and Colonel Withington said the Iraqi security forces were mobilized immediately after reports of "sporadic gunfire" in Jihad. By early afternoon, Iraqi and American forces had sealed off the neighborhood, officials said.

Several prominent Sunni Arab political and religious leaders criticized the Iraqi and American security forces for their inability to control the violence. In comments broadcast on Al Jazeera, Salam al-Zubaie, a deputy prime minister and a Sunni, called the events in Jihad "a real massacre," and suggested that the country's Shiite-led security forces were to blame because they had been infiltrated by militiamen. The government forces, he said, "coordinate with these filthy terror groups who are roaming the streets."

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Mr. Maliki's office, in a statement, tried to distance itself from Mr. Zubaie's comments, saying "they do not represent the government's point of view." Mr. Maliki, a Shiite, has vowed to crack down on militias regardless of sectarian affiliation and to eradicate militia influence from the government's security forces.

In recent days, American and Iraqi troops have conducted several operations against the powerful Mahdi Army militia, which is loosely under the control of the influential Shiite cleric Moktada al-Sadr, and is regarded by Sunni Arab leaders as a main force behind many sectarian reprisal killings. Iraqi and American forces captured two Mahdi Army leaders on Friday and raided a suspected militia bastion on Saturday.

Some Jihad residents and Sunni Arab leaders accused the Mahdi Army of committing the killings on Sunday, but officials in Mr. Sadr's organization denied that. "The Mahdi Army takes care of the national interest," Abdel Hadi al-Daraji, a spokesman for Mr. Sadr, told Al Jazeera. Mr. Sadr joined other government leaders in publicly calling for calm, and he requested an emergency session of Parliament to discuss the crisis and "prevent a sea of blood," his office said in a statement.

President Jalal Talabani warned Iraqis against falling prey to "acts of violence that some want to look sectarian."

Militias of all stripes appeared to be bracing for fallout from the morning's attacks. Mahdi Army fighters interviewed by telephone said they were preparing for a wider battle. Mahdi militiamen had set up checkpoints in the city's predominantly Shiite neighborhoods and, according to residents, were preparing for Sunni reprisals. A Mahdi Army platoon commander who identified himself only as Sheik Faleh said, "If anything happens, we will attack."

Later in the day, the deadly double-car bombing next to a Shiite mosque in Kasra, a mixed neighborhood in northeastern Baghdad, also seemed intended to stoke sectarian fury.

Seven people were killed and at least eight wounded in various insurgent attacks around Kirkuk, including a bomb that exploded in a bus, killing one civilian and wounding seven, the police said. In Samarra, gunmen assassinated a top official in the Iraqi Islamic Party, a Sunni organization, and two of his guards, the police said, while in Karbala, a police captain was killed.

The American command here said an American soldier was killed early on Sunday in the greater Baghdad area in a "noncombat-related incident," but did not elaborate.

In the rape-murder case, the American military did not identify the five newly accused soldiers, who remain on active duty in Iraq. The first to be implicated was Steven D. Green, a recently discharged private first class arrested June 30 in North Carolina on suspicion of participating in the crimes on March 12.

A affidavit filed in the case against Mr. Green implicated five soldiers: Mr. Green; three soldiers who accompanied him to the farmhouse in the town of Mahmudiya, 20 miles south of Baghdad, where investigators say the rape and murders took place; and another soldier who remained at a checkpoint.

But the new accusations, made Saturday and disclosed Sunday, indicate that another soldier was also inside the farmhouse at the time of the crimes, according to a military official who requested anonymity because he was not authorized to publicly discuss such details.

The soldier who has been accused of dereliction of duty is, according to the military statement on Sunday, "not alleged to have been a direct participant in the rape and killings," suggesting that it was the soldier who was aware of the plan but stayed at the checkpoint.

The formal accusations against the five soldiers set in motion the military's court-martial process. According to military officials, the soldiers will now face an investigation under Article 32 of the Uniform Code of Military Justice, a process similar to a grand jury hearing, which will determine whether enough evidence exists to put the men on trial.

In Iraq's Mayhem, Town Finds Calm Through Its Tribal Links (NYT)

By Sabrina Tavernise And Qais Mizher

The New York Times, July 10, 2006

AMARA, Iraq — In the soft heat of the late evening in this southern Iraqi town, men come to the Najmawi coffee shop to play dominoes. Lights illuminate faces. Tiles click quietly.

The scene, which unfolds nightly in a garden near the Tigris River, is unimaginable in central and western Iraq, where night turns neighborhoods into dangerous ghost towns.

It was not always this tranquil. It used to be that Shiite Islamists smashed furniture and stopped games at Najmawi's. Dominoes, they said, were un-Islamic.

The British forces charged with security here did not intervene. They have enough troubles of their own, they said, trying to keep themselves safe on routine patrols.

But in a surprising twist, the region's tribes, particularly powerful in neighborhood life here, have weighed in forcefully, using their authority, often in a nonviolent way, to force the Islamists to back off.

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Large portions of Iraq's rural south have been relatively peaceful, like the provinces of Muthana, where Japanese forces recently left, and Dhi Qar, whose capital, Nasiriya, is patrolled by the Italians, and it is possible that tribes are playing a similarly quiet but central role in keeping order.

"Now people feel safe," said Hassan al-Najmawi, 31, the coffee shop owner. The Islamists, he said, "have lifted their hands from the dominoes, the music shops, the young people's clothing."

The story of how Amara, the capital of a leaf-shaped province called Maysan, came to be relatively safe for its citizens — even as danger increased for the British — is a hopeful tale of small-town camaraderie, fierce independence and, above all, tribal power.

It offers an alternative to the grim formula that has applied in the provinces where a poisonous mix of sects, political parties and ethnicities has led to relentless bloodletting that the central government has been powerless to stop.

The differences reflect, in part, fundamental splits between rural and urban life in Iraq. Maysan, a province of about 920,000, is the countryside. More than 60 percent of its work force is employed in the private sector, mostly farming; in the wealthier, urban areas, a majority is employed in public service.

Because it is rural, it is smaller and easier to control than the bigger, more fractured communities in the cities, like Basra to the south, Iraq's second largest city.

There, many political parties and their militias are fighting over control of the province and its oil. Amara has just two militias, both Shiite: the Mahdi Army, loyal to the anti-American cleric Moktada al-Sadr, and the Badr Organization, the armed wing of the Supreme Council for Islamic Revolution in Iraq.

But the most important factor is the network of tribes.

In cities, generations of busy urban life have dulled people's tribal connections, while in the countryside, particularly in the south, tribes oversee all aspects of daily life — celebrating weddings, intervening in family disputes, administering justice after a killing and collecting money to help someone in need.

The 14 or so tribes in Maysan, with its vast expanses of marshes, are particularly strong — if often at odds with one another.

Even Saddam Hussein could not force the marsh Arabs, as they are known, to submit. He resorted to digging giant canals to drain their wetlands and stamp out their way of life.

"The tribe in Iraq is the basic building block of society," said Abd al-Kareem al-Mahamedawy, a tribal sheik from Amara who fought Mr. Hussein for years.

Mr. Najmawi is a smiling 31-year-old who laughs a lot and has difficulty sitting still. He has lived in Amara his whole life, and took it personally when, about a year after the American invasion, religious Shiites and their militias began to boss people around. Local men who called themselves members of the Mahdi Army, the grass-roots armed group that follows Mr. Sadr, began to come to his shop and disrupt business.

"They are troublemakers," he recalled, sitting in an office in his shop on a balmy evening in late May. "They don't feel shy. They do anything." The militia asked to use his cafe for a meeting. He refused. He later allowed a civil society group to hold a seminar on corruption in Amara. His shop was bombed that night. Suspicions focused on the Mahdi militia.

Meanwhile, the Islamists were using the new lawlessness to impose their will, delivering lashes to those found with alcohol in their cars and confiscating un-Islamic merchandise. But the population of Amara is small, about 300,000, and residents knew who was part of the militia.

"I have a big coffee shop," Mr. Najmawi said. "You see how many people are in it. I know who likes Mahdi militia, and I know who hates them. Let me tell you, only a very few join them."

The reaction of the tribes was hardly a foregone conclusion. In the American-led effort in Iraq, they were an afterthought. Few were courted, and they were all but left out of the political process, which began here in earnest in early 2005.

Followers of Mr. Sadr dominate the 42-member provincial council. The governor is a former Mahdi Army commander. The police chief is a former Badr member.

"We didn't go the extra mile to encourage the tribes to participate, which was perhaps a mistake," said Edward Ferguson, the British political adviser in Amara.

And they fight among themselves. Lt. Col. David H. Labouchere, the commander of the British forces here, described what appeared to be tribal fighting that he watched at night from a helicopter in April. Mortars and rocket-propelled grenades exploded without stop, and when the electricity went out, the village, outside of Amara, "lit some fires and kept on fighting," he said.

But a direct attack from a militia brought the tribes together. In May 2005, two Mahdi fighters bombed the Manar engineering company, which belonged to the Kaabi tribe, infuriating its leaders. In a tribal trial called a fahsal, the attackers' families agreed to pay $18,000 in damages and to banish the two men from Amara.

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A short time later, the Kaabi tribe invited the town's leading tribal sheiks to its mudhif, a guesthouse made of reeds that is the rough equivalent of a town hall.

"We invited them all," said Khalid Jabor al-Ali, the Kaabi sheik.

The gathering agreed to punish any militia member who attacked a tribe or its property. The tribes would watch the townspeople and the known militia members among them.

Suddenly, the stakes for carrying out an attack were substantially higher.

"We said anyone who does rebel attacks, his blood will no longer be tribal blood, and his tribe will reject him," Mr. Ali said, sitting on a mat in the same mudhif.

Gradually, quietly, he and other sheiks said, life began to shift.

Amar al-Sadi, 24, the owner of Al Qawthar Music Shop, said attacks on shops, common a year ago, had become rare. Islamic militia members still come from time to time to make sure the shop, which also sells movies, has no pornography, but mostly he is left alone.

Even people on the street seem irreverent. On an evening in late May, a group of young men stood just half a block from Mr. Sadr's central office in Amara, clapping and singing. A woman walked past a cleric and made a gesture with her hands, as if shoving him away, the Iraqi equivalent of a raised middle finger.

"The clerics are pushing the people, and that makes the people hate them," said Kadham al-Mashetet, the sheik of the Sarrai tribe, who saw the angry gesture.

Late last year, the number of killings began to drop. In March of this year, the police in Amara registered six homicides, the lowest rate since the British military began collecting data in the beginning of 2005. The average rate for the first five months of this year fell by 71 percent compared with the previous five months, according to British military figures.

The trend is the opposite in Basra, where violence has risen significantly in the past year. With the tribes watching in Amara, the stakes for killing were higher, and militia members weighed attacks carefully. The militias themselves seemed intent on preserving the status quo.

The police chief, Ismail Arar Qadim al-Majdi, linked to Badr, said he tried to avoid retaliatory attacks.

"I know who is doing the killing here," Mr. Majdi said in an interview. "When I arrest someone, they reply by a mortar. If I keep up this arresting, it will be the same as in Basra. I want to keep the city quiet, so I try to avoid this."

It is not clear, however, how firm his control is. Late last month, the son of a sheik was killed in a shooting, an ominous crime that has baffled the town. Some sheiks blamed Iran, where the Badr Organization had operated in exile. For the British soldiers here, the power of tribes can be vexing, particularly during efforts to build a Western-style legal system. Six months ago, for example, a man shot another dead in front of a police officer. He was arrested, taken to jail and then promptly released, after the attacker's tribe agreed to pay $3,000 and promise three women in marriage to the family of the dead man, said Colonel Labouchere, the British commander.

"Tribes hold the key to this province," he said. "If we try to employ our own version of law in this country, we are not going to win."

The tribes have helped the occupying forces at times. They successfully mediated in 2004, when the Mahdi militia fought the British in an uprising across Iraq's south inspired by Mr. Sadr.

At that time "the tribes went to the Sadr office and said, 'Take your guys off the streets,' " said Mr. Ferguson, the British political adviser. In Dhi Qar Province, west of Amara, tribal leaders recently interceded in a similar fashion, he said.

The role of the tribes in the American-led effort may continue to grow.

Colonel Labouchere, who cares for two pet goats in a sleepy outpost in a former Hussein military camp and is planning the British withdrawal from the area, said he hoped the tribes could replace his forces as the central pillar between the Madhi Army and the Badr Organization.

In an effort to exert more influence on politics, about 1,000 tribesmen gathered in March and established a new provincewide tribal council of 35 sheiks.

And if Iraq holds a new set of provincial elections as scheduled for later this year, the tribes might increase their direct representation.

For now, Mr. Najmawi takes pleasure in testing the Islamists.

In a bold affront, he decided to show the World Cup games in his garden on a big screen for maximum effect. He even advertised around town with posters.

Before the first game, two men from Mr. Sadr's office came and delivered a warning: Go to the Sadr office and obtain permission. Soccer, they said, is un-Islamic.

"I never went," Mr. Najmawi said.

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Since then, his shop has been packed with more than 500 customers a night, and the only violence has been the breaking of several chairs.

"I cannot let them control me," he said. "They are not in charge here."

More U.S. Soldiers Face Charges In Rape Case (LAT)

By Borzou Daragahi

The Los Angeles Times, July 10, 2006

BAGHDAD, Iraq -- Four more U.S. soldiers have been charged with raping a young Iraqi and killing her and three of her family members in March, the U.S. military announced Sunday.

The military said in a statement that the charges had been lodged against four soldiers accused of rape and murder. A fifth soldier was charged with dereliction of duty in the case; although he did not participate in the alleged crimes, he knew about them but failed to report the incident, the military said.

The charges were lodged Saturday, the military said. The five soldiers face an Article 32 investigation, the military's equivalent of a grand-jury inquest, to see if evidence warrants bringing them before a full-scale military tribunal or courts-martial.

"The preferral of court-martial charges is merely an accusation," the statement said. "Those accused are presumed innocent until and unless proven guilty beyond a reasonable doubt."

A former U.S. Army private, Steven D. Green, 21, already appeared in federal court last week in Charlotte, N.C., pleading not guilty to rape and murder charges in the case. He could face the death penalty if convicted.

The statement said the five new suspects were charged with conspiring with Green to commit the crimes. The military did not release their names.

Green received an honorable discharge from the military and returned to the United States before the alleged incident in Mahmoudiya, south of Baghdad, came to light late last month. An affidavit submitted by an FBI special agent in connection with the request for an arrest warrant said military personnel files showed that a "personality disorder" had led to his discharge.

Green was a member of the 502nd Infantry Regiment, which is attached to the 4th Infantry Division in Iraq.

Unlike most incidents of alleged abuse of Iraqi civilians by U.S. soldiers, the killings of the young Iraqi and her family did not occur in the heat of battle but were planned out for as long as a week, military officials have alleged.

According to the affidavit by Special Agent Gregor J. Ahlers, who said his information came largely from Army investigators who interviewed at least three of the soldiers involved, Green allegedly killed three family members before he and another soldier raped the young woman, whose age is in dispute. Green then allegedly shot the victim to death with an AK-47 found in the house.

Two soldiers allegedly went with Green and his alleged accomplices to the house but only stood guard. Another soldier stayed at a checkpoint to monitor radio traffic.

Unlike a civilian grand jury, the military investigation allows the accused to attend and, through defense counsel, to cross-examine government witnesses, call witnesses and present evidence, said Army Maj. J. Todd Breasseale, a spokesman for U.S. forces in Iraq.

The five newly accused servicemen remain in Iraq but have been removed from their normal duties and are not allowed to leave their base, Breasseale said.

"They have had their weapons removed from them and are escorted at all times," he said.

4 Soldiers Accused Of Rape, Murder (USAT)

By Rick Jervis And Andrea Stone

USA Today, July 10, 2006

BAGHDAD — Four more soldiers were charged with rape and murder in connection with the slaying of a young Iraqi woman and her family in Mahmoudiya, south of Baghdad, the U.S. military announced Sunday.

Another soldier was accused of failing to report the offenses but was not believed to be involved in the attack, a military statement said. The soldiers, who are from the 101st Airborne Division and whose names were not released, were charged Saturday.

In all, six soldiers have been implicated in the March 12 incident, the latest of several alleged crimes by U.S. servicemembers in Iraq. Ex-soldier Steven Green was charged with one count of rape and four counts of murder. He pleaded not guilty to killing the young woman, her parents and 5-year-old sister.

According to an FBI affidavit filed in Green's case, Green and others targeted the young woman for a week before the attack. Army spokesman Paul Boyce said investigators were trying to determine the age of the young woman. Military

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spokesman Maj. Mark Wright said investigators have asked Iraqi authorities to help navigate cultural sensitivities to exhume the body.

The soldiers drank alcohol, abandoned their checkpoint, changed clothes to avoid detection and headed to the victims' house, about 200 yards from a U.S. military checkpoint, the affidavit said.

Iraqi Prime Minister Nouri al-Maliki last week called for an independent investigation. He also questioned why U.S. troops receive immunity from prosecution in Iraqi courts for crimes committed there.

Mahmoudiya Mayor Mouayad Fadhil applauded the new charges and said he hopes the United States continues to investigate.

The top U.S. commander in Iraq, Gen. George Casey and U.S. Ambassador Zalmay Khalilzad issued an apology last week for the Mahmoudiya incident, saying, "the alleged events of that day are absolutely inexcusable and unacceptable behavior."

Military investigators are looking into at least five incidents in which U.S. troops are accused of killing Iraqi civilians. Among them: the alleged killings by Marines of 24 Iraqis in Haditha in November.

The string of recent allegations hurts U.S. and Iraqi government efforts to win over ordinary citizens and undermines support for the insurgency.

"Stories like this accusation and the others are like losing a battle," says Andrew Krepinevich of the Center for Strategic and Budgetary Assessments, a defense policy group. "Whether they're true or not, they can be viewed as a significant setback for us."

Four More GIs Charged With Rape, Murder (WP)

By Jonathan Finer And Joshua Partlow

The Washington Post, July 10, 2006

BAGHDAD, July 9 -- Military investigators brought charges against four more American soldiers accused of taking part in the rape and murder of an Iraqi girl and the killing of three members of her family, the U.S. military said Sunday.

The four active-duty soldiers from the Army's 502nd Infantry Regiment of the 4th Infantry Division are accused of conspiring with Steven D. Green, a former private, who was charged with rape and murder in federal court earlier this month.

A fifth soldier from the unit, who was not accused of direct involvement in the March 12 attack in the southern town of Mahmudiyah, was charged with dereliction of duty for failing to report the incident, the military said in a statement. It did not name the five soldiers.

Green was honorably discharged with a "personality disorder" after the attack was carried out but before it came to light. He pleaded not guilty to the charges on Thursday in U.S. District Court in Louisville.

According to military officials and court documents, the soldiers entered the family's home, took the girl to another room and raped her. They then reportedly shot her and killed her mother, father and 7-year-old sister and tried to set a fire to cover up the crimes. The killings were initially reported as an insurgent attack.

Court documents said the soldiers had previously seen the girl from a roadside checkpoint they manned near the home, and a neighbor said her family had grown concerned that she could become a target.

The incident was the latest in a series of recent accusations against U.S. forces involving unarmed Iraqi civilians, including the alleged shooting deaths of 24 people in the western town of Haditha in November. The military initially reported those deaths as having been caused by a roadside bomb attack that also killed a Marine.

But a Time magazine report in March disclosed that the civilians died of gunshot wounds and that U.S. forces were responsible.

Army Lt. Gen. Peter W. Chiarelli, the No. 2 officer in Iraq who oversaw the investigation of the Haditha killings, concluded recently that Marine leadership repeatedly failed in pre-deployment training, in the tone set by commanders and in how information was reported up the chain of command, defense officials said. Chiarelli found that commanders were negligent in how they responded to conflicting reports they received from units about the Haditha killings.

In June, seven Marines and a Navy corpsman were charged with murder and other crimes related to the shooting death of a crippled man in Hamdaniyah, a village west of Baghdad. Residents there said the soldiers planted a rifle and a shovel near the victim's body to make it appear as though he had been burying roadside bombs.

Later in June, three soldiers were charged with killing three Iraqi detainees in U.S. custody and threatening to kill another soldier if he told anyone what had happened.

But the Mahmudiyah incident has provoked a particularly strong reaction from the Iraqi government because of the incendiary nature of the alleged crimes.

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In recent days, Prime Minister Nouri al-Maliki and several other Iraqi politicians have called for a review of a regulation that precludes U.S. forces from facing prosecution in Iraqi courts. Maliki said the immunity -- implemented by the U.S.-led Coalition Provisional Authority, which governed Iraq after the 2003 invasion -- has encouraged crimes against Iraqis.

Four Soldiers Charged With Rape, Murder (WT/AP)

By Ryan Lenza

The Washington Times, July 10, 2006

TIKRIT, Iraq -- Four more U.S. soldiers have been charged with rape and murder and a fifth with dereliction of duty in the rape-slaying of an Iraqi girl and the killings of her relatives in Mahmoudiya, the military said yesterday.

The five were accused Saturday after an investigation into charges that American soldiers from the 101st Airborne Division raped the teenager and killed her and three relatives at her home south of Baghdad.

Former soldier Steven D. Green was arrested last week in North Carolina and has pleaded not guilty to one count of rape and four counts of murder. He was ordered held without bond on the charges, which carry a possible death penalty.

Yesterday's disclosure of additional rape and murder charges against U.S. soldiers came on a particularly violent day, with more than 50 Iraqis killed in a spate of sectarian attacks.

Masked Shi'ite gunmen roamed through west Baghdad's Jihad neighborhood yesterday, dragging Sunnis from their cars, picking them out on the street and killing them in a rampage that police said left at least 41 persons dead in a dramatic escalation of sectarian violence.

Hours later, two car bombs exploded near a Shi'ite mosque in the city's north, killing 17 persons and wounding at least 38 in what appeared to be a reprisal attack, police said.

Black-clad Shi'ite militiamen manned checkpoints on roads into most major Shi'ite neighborhoods to guard against revenge attacks, as scattered clashes occurred across the Iraqi capital.

Sunni leaders expressed outrage over the killings, and President Jalal Talabani, a Kurd, appealed for calm, warning that the nation stood "in front of a dangerous precipice."

A senior government official, Haidar Majid, contested the police figures, saying late yesterday that only nine persons died in Jihad.

Police Lt. Mohammed Khayoun insisted the figure of 41 was correct -- with 24 bodies taken to Yarmouk hospital and 17 to the city morgue. There was no way to reconcile the discrepancy.

Regardless, the brazen attack was likely to further enflame Shi'ite-Sunni tensions and undermine public confidence in Iraq's new unity government. It also raises new questions about the effectiveness of the Iraqi police and army to curb sectarian violence in the capital.

Police and Shi'ite leaders speculated the rampage was carried out in retaliation for a Saturday night car bombing at a Shi'ite mosque that killed two persons and wounded nine.

Clashes also broke out between gunmen and Iraqi police in at least three neighborhoods across the capital, police and residents said. Three Shi'ite militiamen were killed in fighting with security forces in one of them, police said.

The spokesman for a Sunni clerical association, Mohammed Beshar al-Faydhi, blamed the Jihad attack on the Mahdi Army militia, led by radical Shi'ite cleric Muqtada al-Sadr.

Sheik al-Sadr denied responsibility and called on both Shi'ites and Sunnis to "join hands for the sake of Iraq's independence and stability." He assured Vice President Tariq al-Hashimi, leader of the largest Sunni Arab party, that he would punish any of his militiamen if they were involved.

In the rape investigation, the U.S. statement said the five soldiers still on active duty will face an Article 32 investigation, similar to a grand jury hearing in civilian law. The Article 32 proceeding will determine whether there is enough evidence to place them on trial.

One of the soldiers was charged with failing to report the attack but is not believed to have participated in it directly, the statement said. The four facing murder charges could face the death penalty if convicted.

The names of the five were not released, but a U.S. military official, speaking on condition of anonymity because of the ongoing investigation, said yesterday that the soldiers recently charged are two sergeants, two privates first-class and one specialist.

The March 12 attack on the family was among the worst in a series of cases of U.S. troops accused of killing and abusing Iraqi civilians.

U.S. officials are concerned the suspected rape-slaying will strain relations with the new U.S.-backed government and increase calls for changes in an agreement that exempts American soldiers from prosecution in Iraqi courts.

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Prime Minister Nouri al-Maliki has demanded an independent investigation into the case, which followed a series of claims that U.S. troops killed and mistreated Iraqi civilians.

According to an FBI affidavit filed in Mr. Green's case, he and at least two others targeted the teenager and her family for a week before the attack, which was not revealed until witnesses came forward in late June.

Also yesterday, an American soldier died in a "noncombat related incident," the U.S. command said without giving further details.

In the western city of Ramadi, a car bomb exploded next to a U.S. convoy, wounding four American soldiers, the military said. The attack occurred as the convoy headed to the government center in the city, an insurgent hotbed 70 miles west of Baghdad.

A Soldier's Shame (TIME)

By Julie Rawe With Aparisim Ghosh

Time, July 10, 2006

Family members describeÂ Abeer Qasim Hamza al-Janabi as tall for her age, skinny, but not eye-catchingly beautiful. As one of her uncles put it, "She was an ordinary girl." So perhaps it was sheer proximity that made the 15-year-old so tantalizing. Her house was less than 1,000 ft. from a U.S. military checkpoint just outside the Iraqi town of Mahmudiyah, and soldiers manning the gate started stopping by just to look at her. Her mother, who grew concerned enough to make plans for Abeer to move in with a cousin, told relatives that whenever she caught the Americans ogling her daughter, they would give her the thumbs-up sign, point to the girl and say, "Very good, very good."

Abeer's brother Mohammed, 13, told TIME he once watched his sister, frozen in fear, as a U.S. soldier ran his index finger down her cheek. Mohammed has since learned that soldier's name: Steven Green. Last week Green, 21, a former Army private first class who was honorably discharged because of a "personality disorder" a month before the criminal allegations came to light, pleaded not guilty to charges of raping Abeer and killing her along with her parents and 7-year-old sister. The grisly March 12 slayings--in which Abeer's skull was smashed and her legs and torso set on fire--sparked the military's fifth investigation into U.S. personnel accused of murdering Iraqi civilians. But unlike the massacre in Haditha, where Marines are suspected of shooting up to 24 innocent people in November following the death of a beloved comrade, the butchering of Abeer's family does not appear to be the result of vengeance or confusion. Instead, all signs point to premeditated depravity.

According to an affidavit based on sworn statements from several members of Green's infantry unit, Green and three other soldiers abandoned the traffic checkpoint they were manning 20 miles south of Baghdad, in a region littered with roadside bombs, before heading to Abeer's house. Some of them had been drinking, and all but one had changed out of their uniforms, allegedly to avoid easy identification. A fifth soldier, who remained at the checkpoint to monitor the radio, said that when the men returned in bloodied clothes, each of them told him not to speak of the incident again.

Given that the area was known to be a terrorist stronghold, many former and active-duty officers are wondering how such a small convoy of soldiers--a single vehicle's worth--was left on its own, apparently far from the watchful gaze of a superior officer. "Where were the older sergeants, and the lieutenants and captain who should have prevented this crime from happening?" asks Barry McCaffrey, a retired four-star general.

The apparent lack of supervision makes it harder for military officials to cast this as a one-time, isolated incident, particularly after an Army general concluded last week that Marine officers had been negligent in failing to probe the deaths in Haditha. In a joint statement, the U.S. ambassador and the senior U.S. commander in Iraq called the soldiers' alleged acts in Mahmudiya "absolutely inexcusable and unacceptable." Officials say one purpose of their pledge to vigorously and transparently investigate and prosecute the crimes is to quell the calls from Iraqis, among them Prime Minister Nouri al-Maliki, to stop granting U.S. troops immunity from local prosecution, a notion that Pentagon officials consider "a nonstarter," especially in a country whose legal system is practically nonexistent.

If there was an element of strategic calculation behind the public remarks of U.S. officials, there was genuine emotion too. In private meetings with Abeer's relatives, military officers apologized repeatedly, and a one-star general hugged her two orphaned brothers. "The general seemed emotionally distressed. He was not pretending," concluded Mahdi Obeid Saleh, Abeer's cousin, who says he rushed to the crime scene and doused the flames on her burning body. Both Saleh and Army investigators initially thought the attack was the work of insurgents. "This is what happens when you harbor terrorists," a military translator lectured Saleh on the day of the slayings.

It wasn't until some three months later that officers got wind of a different story. In June, after insurgents killed a member of Green's troop and kidnapped and beheaded two others--there's suspicion, but no evidence yet, that this attack was a response to the rape and killings--another soldier in their infantry unit told Army combat-stress counselors in Baghdad about the alleged murders in Mahmudiya. Within 24 hours of the initial report, Army officers turned the case over to military criminal investigators at

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Iraq's Camp Slayer. Six days later, the FBI arrested Green near his grandmother's house in Nebo, N.C., where he was visiting after attending a troopmate's funeral at Arlington National Cemetery.

The details of Green's biography contain little to suggest he was destined for trouble but nothing that indicates he knew how to avoid it either. He was born in Midland, Texas, and bounced between parents who divorced when he was 4. Green, who was in his teens when his mother spent six months in jail for drunken driving, dropped out of school after 10th grade. In February 2005, fresh from a three-day jail stint for underage possession of alcohol, he enlisted in the Army, and a month later--during basic training--he was baptized in a makeshift prayer room in a kitchen at Fort Benning, Ga. In December, after Green had been sent to Iraq, he was quoted in a newspaper article as saying of a house-to-house search for insurgents, "It's kind of disappointing that we didn't find anything."

Five months later, Green was honorably discharged with a "personality disorder." In fiscal 2005, 1,038 soldiers--or 0.21% of those on active duty--were discharged with this classification, which used to be referred to as Section 8. (Corporal Klinger was always trying to get one on M*A*S*H.) An Army spokeswoman says such cases can take weeks or even months to process and require a psychiatric evaluation followed by an opportunity for the soldier to modify his behavior as well as the option to file an appeal.

The Pentagon won't say how long it took to process Green's case. But even if his possible instability was a factor in the alleged atrocity, that doesn't explain why his fellow soldiers stood by--and helped him cover his tracks. Pentagon officials say charges could be brought against as many as four other soldiers, including the one who allegedly joined Green in the rape.

Green is scheduled to be arraigned next month in Kentucky--home to Fort Campbell, where he was most recently stationed--and could end up facing the death penalty. Close relatives won't talk about him. Even distant ones are reluctant. In tiny Denver City, Texas, where he spent a couple of years with his mother's ex-husband and which he claimed as his hometown on Army paperwork, Green's former stepgrandfather thought back about the meals they had shared. "He always seemed a little bit different," B.J. Carr said, before his wife interrupted, "We don't know that boy."

Justice: Immune? (NSWK)

By Malcolm Beith And John Barry

Newsweek, July 10, 2006

The arrest of former U.S. Army Pfc. Steven D. Green—for the alleged rape of an Iraqi woman and the murder of her and three relatives near the town of Mahmudiyah—brought apologies from U.S. officials. But that didn't stem a growing debate over Coalition Provisional Authority Order 17, which exempts members of the U.S. military from Iraqi laws.

"We cannot go on having these unfortunate incidents repeated, and we have to work on stopping them from happening again," Iraqi national-security adviser Mowaffaq al-Rubaie told NEWSWEEK. "There is no way we can accept CPA Order 17 anymore." U.S. officials, unnamed because of diplomatic sensitivities, said Iraqi P.M. Maliki's need to oppose the order might lessen if any wrongdoers in the Haditha and Mahmudiyah cases are held accountable. Green pleaded not guilty in a U.S. federal court last week.

Republican Lawmakers Cite Shells As WMD Proof (WT)

By Rowan Scarborough

The Washington Times, July 10, 2006

Congressional Republicans are at odds with Democrats -- and the Bush administration -- over the significance of 500 munitions found in Iraq since 2003 and recently disclosed by the Pentagon.

The rocket and artillery shells hold deadly sarin and mustard gas, a small part of the vast weapons of mass destruction (WMD) arsenal that Saddam Hussein built in the 1980s.

Republican lawmakers say the 500-plus shells, with more likely to be found in the coming months, are evidence that Saddam was still concealing WMDs in 2003 in violation of United Nations resolutions to disarm after Iraq's failed invasion of Kuwait.

The resolution "didn't say pre-'91 chemical weapons," said Rep. Curt Weldon, Pennsylvania Republican. "It didn't say post-'91 chemical weapons. It said chemical weapons. Saddam Hussein violated this resolution and others like it. ... In part because of such violations, we voted to authorize the use of military force in Iraq."

Democrats dismiss the findings. They say the munitions were found in small clusters and are 1980s vintage. In other words, Iraq produced them before the 1990 invasion of Kuwait and thus they are irrelevant to the CIA's flawed 2002 National Intelligence Estimate (NIE), on which President Bush largely based his decision to go to war to keep Iraq's WMDs from terrorists, they say.

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To the consternation of congressional Republicans, including Rep. Peter Hoekstra of Michigan, the House Intelligence Committee chairman, the Democrats are getting support from the administration.

When the office of Director of National Intelligence John D. Negroponte conducted a phone-in briefing for reporters last month, the presenters downplayed the munitions finding, just like the Democrats.

"The priority of the ISG [Iraq Survey Group, which headed the hunt for WMDs] was to look for post-Desert Storm [1991] munitions, newer stuff," an anonymous briefer told reporters. "It was not looking for older stuff. And so this doesn't really bear on the issue."

That dismissive remark generally dovetailed with press reporting. But it irked Mr. Hoekstra, who had held a press conference to announce that the administration had declassified a report on the 500 shells. Mr. Hoekstra wrote an unusually blunt June 29 letter to Mr. Negroponte, accusing his staff of misstating the ISG's mission statement. The ISG was not limited to poking around for post-1991 weapons, he said. He also accused Mr. Negroponte of ignoring requests for information from a Republican senator.

"I am very disappointed by the inaccurate, incomplete, and occasionally misleading comments made by the briefers," he wrote.

Negroponte spokesman Carl Kropf said of the letter, "We'll respond in some fashion to be determined."

Republicans say that with the passage of time, as new information surfaces, the CIA's much-maligned NIE does not look quite as bad. To be sure, inspectors have not found the tons of chemical weapons stockpiles it had predicted, or an active nuclear weapons program, or continued manufacturing of WMDs.

But the NIE contained other components. For example, it said hundreds of chemical weapons munitions remained unaccounted for, after U.N. inspectors destroyed thousands. The NIE did not specify the shells had to be post-1991, so the discovery of more than 500 munitions since 2004 would tend to validate that finding.

What's more, the ISG did find that Saddam planned to resume WMD production quickly once U.N. sanctions were lifted. He had already corrupted the U.N.'s oil-for-food transactions by bribing foreign government officials and suppliers of prohibited weapons.

That ISG finding has been buttressed by newly declassified transcripts of taped conversations between Saddam and his top aides. The palace talk: WMD production would be resumed once the West lost interest in containing Baghdad.

Republicans received a bit more support from the administration in a subsequent House Armed Services Committee hearing last week.

"We do assess that the chemical munitions that have been found are hazardous, and potentially they could be lethal," Lt. Gen. Michael D. Maples, director of the Pentagon's Defense Intelligence Agency, testified. "The chemicals that are contained in the munitions that are referred to in this report are capable of creating mass casualties."

The committee also heard from David Kay, who initially led the search for WMDs before turning the job over to Charles Duelfer. He generally downplayed the discovery. "I don't think any of us should be surprised that we are still finding chemical munitions produced before 1991 in Iraq," he said. He added that his main task was to try to find WMD that the CIA said were produced after U.N. inspectors left in 1998. He found none.

The DNI briefers stressed to reporters that the new report on munitions is not a dissent from the final March 2005 report of Mr. Duelfer.

But there does seem to be a difference in how the two assess the danger to U.S. troops.

"The ISG believes that any remaining chemical munitions in Iraq do not pose a militarily significant threat to coalition forces because the agent and munitions are degraded and there are not enough extant to cause mass casualties," Mr. Duelfer wrote.

Col. John Chiu, commander of the National Ground Intelligence Center, which is conducting the WMD search in Iraq, told the Armed Services committee that, "The munitions that we're finding, the agents within those munitions are still toxic, and if exposed to enough of a degree, would prove to be lethal. ... They do constitute weapons of mass destruction."

Vietnam Vets' Experience On Boats Gets Use In Iraq (USAT)

By Tom Vanden Brook

USA Today, July 10, 2006

LITTLE CREEK, Va. — Thomas Cutler's combat experience on a patrol boat in Vietnam is more than 30 years old, yet it couldn't be more relevant to today's Navy.

Cutler, 58, is among a group of Vietnam veterans informally advising the Navy as it reconstitutes river patrols. The Navy wants to extend its reach into the shallow brown waters of deltas and rivers, often the front line in the war against terrorists and insurgents. Next spring, the first sailors since the days of the Vietnam-era swift boats will relieve Marines on river patrols protecting Haditha dam in Iraq.

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"It is dangerous," says Cutler, an author and former naval officer. "But you don't go into the military to knit socks."

After Vietnam, the Navy abandoned its river patrols and focused instead on big ships and fleets to oppose the Soviet Union during the Cold War.

Now, the Navy plans a river force of three 12-boat squadrons. Each boat will have a crew of five. The boats will be able to top 40 knots, stop quickly and operate in less than a foot of water. They'll have armor and .50-caliber machine guns.

In all, there will be about 900 sailors involved in the river patrol effort. By comparison, there were 4,500 sailors in 450 boats patrolling coastal and inland waters during Vietnam.

At first, Vietnam veterans were concerned "we weren't building a robust enough force," said Capt. Michael Jordan, commodore of Riverine Group One. "But when we described what we were doing, they said, 'This makes sense.' "

The main mission is defeating Iraqi insurgents who often try to escape on rivers after attacking, said Adm. Michael Mullen, the chief of naval operations.

Iraq's rivers "are really the old smugglers' routes," Jordan said, "routes that have been in use for hundreds if not thousands of years. We've got checkpoints on roads but none on the water."

The Navy's river patrols eventually will be deployed around the world as part of the Navy Expeditionary Combat Command. The command, established in October 2005, aims to fight piracy, stop narcotics trafficking and intercept illegal arms and weapons of mass destruction, said Rear Adm. Donald Bullard, its leader. It also is the home of the Seabees, the Navy's construction teams, and technicians who defuse explosives.

The command allows the Navy to play a more visible role in the war on terror. "This is not just about relieving stress on the Army and Marines," Bullard said.

Vietnam veterans have participated in two seminars with Navy officials to advise them on the new river force. One was held at the Naval Academy in Annapolis, Md., and the other was in Norfolk, Va.

The Navy sought Cutler's expertise, in part, because he wrote a history of the Navy's river patrols in Vietnam, Brown Water, Black Berets.

Before sailors patrol the Euphrates River in Iraq, they'll be trained by Marines to fight and learn the basic language skills they'll need to develop relationships with the local people. Simply being able to talk about fishing can be helpful, Jordan said.

"With language training, we can show that we care about people rather than imposing our will. That we're really there to help them out," said Lt. Cmdr. Frank Okata, 33, a logistics officer for the river patrol squadron.

Okata said the sailors need small boats to take the fight to the insurgents. "Most of our enemies aren't going to be sending out fleets to engage us," he said. "We need small boats to go after them."

Cutler said that mission makes lessons from Vietnam more relevant.

He counseled the Navy to think about snakes, leeches and malaria and to consider factors such as the way moonlight can silhouette a target or a sailor and how the glare of sunshine can blind a river crew.

Larry Weatherall, 58, a veteran of more than 200 river patrol missions in Vietnam, advised sailors to rely on helicopters and other aircraft for help in killing adversaries. He said the need for air support was an important lesson from Vietnam.

"When you get in a firefight, it's good to have angels come out of nowhere to help suppress enemy fire," he said.

Today's sailors have also been instructed by Vietnam vets to carry extra ammunition, said Cmdr. Bill Guarini, 39.

"It's fun stuff: going 40 knots on the water, shooting the best weapons," Guarini said. "We're all outdoorsy people. It's exciting, plus there's a sense that you're doing something special."

Petty Officer 2nd Class Tyson Carter, 25, recently completed combat training with Marines at Camp Lejeune, N.C. It was hot and humid, and he loved it. He'll be a gunner on a Navy patrol boat.

"It's all about the adrenaline," said Carter of Choctaw, Okla. "We're taking the fight to the enemy."

A Vietnam Lesson, Unlearned (NYT)

By Bob Herbert

The New York Times, July 10, 2006

By 1971, after years of mindless fighting, dying and widespread atrocities in Vietnam, portions of the U.S. military had fallen into a horrendous state of affairs. Morale had plummeted. Drug use was widespread. Soldiers in units that had previously fought bravely and well were threatening mutiny. Officers and N.C.O.'s were targeted for death by frightened and resentful enlisted men. Racial conflicts abounded.

The biggest lesson we failed to learn from Vietnam was how utterly tragic it was to pull the trigger on an unnecessary war. Now once again we are condemned to suffer the consequences, and those consequences are not always self-evident.

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For example, the U.S. military — its capabilities and its reputation so painstakingly rebuilt in the decades since Vietnam — is again falling victim to lowered standards, breakdowns in discipline and a series of atrocities that are nothing less than a betrayal of the many honorable men and women in uniform and the country they serve.

The Army has had to lower its standards because most young Americans want no part of George W. Bush's war in Iraq. Recruiters, desperate to meet their quotas, are sifting for warm bodies among those who are less talented, less disciplined and, in some cases, repellent.

John Kifner reported in The Times last week about a study by a watchdog group that showed that recruiting shortfalls caused by the war in Iraq have allowed "large numbers of neo-Nazis and skinhead extremists" to infiltrate the military.

The study, by the Southern Poverty Law Center, which tracks racist groups, was titled "A Few Bad Men." It said that recruiters and base commanders, under intense pressure to fill the thinning ranks, "often look the other way" as militant white supremacists and anti-Semites make their way into the armed forces.

The center quoted a Defense Department investigator as saying: "We've got Aryan Nations graffiti in Baghdad. That's a problem."

This comes 10 years after a Pentagon crackdown on extremist activity in the armed forces. The crackdown followed the Oklahoma City bombing, which was carried out by Timothy McVeigh, a gulf war veteran, and the murder of a black couple by skinheads in the Army's 82nd Airborne Division.

This is the sort of thing that happens when the military is run by power-hungry amateurs who lack the maturity and the sense of history to temper their arrogance.

It was already known that the Army had become more reluctant to release soldiers who were seriously out of shape, or pregnant, or abusing alcohol or drugs. The pressure to put somebody — anybody — in uniform also led to the lowering of standards for admission to the junior officer ranks. For example, minor criminal offenses that previously would have been prohibitive could suddenly be overlooked.

As the Abu Ghraib scandal unfolded, I wondered how such completely and obviously unfit characters as Charles Graner Jr. and Lynndie England had not previously been weeded out of the military, which had bragged for so long about how high its standards had become.

Now we're faced with the case of American soldiers suspected of raping an Iraqi teenager and murdering her and her family. This is one of at least five cases currently being investigated in which American troops have been accused of killing unarmed civilians. Marines are suspected of slaughtering 24 Iraqis, including women and children, in the western town of Haditha last November — a case that in its horror, if not its scale, recalls the My Lai massacre of Vietnam.

Despite the administration's repeated attempts to put the best face on Mr. Bush's war, the predicament confronting the military is growing more, not less, dire. There are still not nearly enough American troops in Iraq to secure the country. Some troops are on their third or fourth tour of duty in the war zone, which is beyond unfair.

According to the nonpartisan Congressional Budget Office, the military will be not be able to maintain its current force levels in Iraq for much longer. It doesn't take much imagination to know what happens when you stretch a rubber band too far.

The proud American military has been badly hurt by the wrecking-ball policies of the Bush administration. It deserved better.

Canadian, 15 Taliban Killed In Afghanistan (AP-Y2)

By Noor Khan

AP2, July 10, 2006

Hundreds of Canadian and Afghan soldiers raided Taliban strongholds throughout southern orchards Sunday, sparking fighting that killed at least 15 militants and one Canadian.

Two Canadian soldiers were wounded in Kandahar province's Zharew district, the scene of some of the fiercest fighting in an ongoing anti-Taliban offensive being waged across southern Afghanistan.

Canadian Cpl. Anthony Boneca was killed in the Pasmhol village in Zharew during a "combined coalition-Afghan operation" against the Taliban, said military spokesman Maj. Marc Theriault.

Several hours later, "intense close quarters" fighting broke out nearby, leaving at least five Taliban militants dead and two Canadian soldiers slightly wounded, said another coalition official, Lt. Cdr. Mark MacIntyre.

A coalition airstrike killed another 10 militants in the neighboring Panjwayi district, where Canadian troops launched a campaign against Taliban strongholds Saturday, according to a military statement. Two Canadians also were wounded.

"The fighting we have seen over the last 48 hours has been pretty intense and there has been a number of fire fights," MacIntyre said.

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Most of the fighting is taking place in fields and orchards where small bands of Taliban fighters have taken cover, MacIntyre said.

At least 18 Canadian soldiers have been killed in Afghanistan since 2002. Four were killed in an April roadside bomb blast in the deadliest attack against the 2,300-strong Canadian contingent since deployment to Kandahar in February.

In a sign of the deadly Taliban threat in the south, the British government is preparing to deploy hundreds of extra soldiers and more equipment to the volatile Helmand province where more than 3,000 British troops are moving into.

Britain's defense secretary, Des Browne, is expected to announce the deployments to Britain's House of Commons on Monday after military commanders urgently requested reinforcements, a British defense official said on condition of anonymity as he was unauthorized to speak to the media.

Six British troops have been killed in Helmand in a month and Browne acknowledged on Saturday that a British deployment into the south had "energized opposition" from a resurgent Taliban.

Britain has around 5,000 troops in Afghanistan, with 3,000 of those in Helmand — where soldiers will head a NATO-led peacekeeping mission at the end of July.

During recent months, Afghanistan has been gripped by the bloodiest spate of violence since a U.S.-led invasion ousted the Taliban regime after the Sept. 11, 2001 attacks.

Some 10,000 U.S., Canadian, British and Afghan forces have deployed across southern Afghanistan as part of Operation Mountain Thrust in a bid to loosen the Taliban's hold on the region. At least 20 coalition troops have been killed in combat across Afghanistan since the offensive started in May, according to an Associated Press tally based on coalition figures. Most of the fatalities have been in the south.

Separately, Spain's defense minister announced Sunday that an explosion the previous day in western Afghanistan that killed a Peruvian solder and slightly wounded four Spanish troops was probably caused by a remote-controlled 8.8 pound anti-vehicle land mine.

In eastern Laghman province, Afghan soldiers killed a militant Saturday after their patrol was ambushed, a Defense Ministry statement said. One Afghan soldier was wounded.

Afghan soldiers also arrested four suspected Taliban members, including a local leader identified as Mullah Nazar, in southern Uruzgan province, the statement said. The troops also confiscated a quantity of explosives and Iranian and Pakistani checks valued at $300,000.

For Afghan Cabbies, A Poetry Tradition Spurs War Of Words (WSJ)

By Masood Farivar

The Wall Street Journal, July 10, 2006

WASHINGTON, D.C. -- There aren't many places in the U.S. that can count poetry societies run by Afghan cab drivers. Washington has two. And they don't like each other.

"An Evening with the Dervishes" prefers what it calls the serious, scholarly pursuit of poetry. The group views itself as a literary clique focusing on masters such as Abdul Qadir Bedil, a 17th century poet and Islamic mystic, or Sufi. Its gatherings feature top scholars and poets.

"An Evening of Sufism," notwithstanding its name, brings all forms of Afghan poetry to large audiences. It also treats attendees to free refreshments and pop-music performances.

On a Friday evening earlier this year, Maroof Popal checked in on "An Evening of Sufism," the group he helped found and later abandoned to establish the more highbrow Dervishes. Inside a drab, low-ceilinged hall, an Afghan woman dressed in a black pantsuit rose to the podium. She informed the audience of nearly 200 that she'd just finished her poem in the parking lot.

Mr. Popal, 52 years old, couldn't contain his disappointment. "Why read a poem if you haven't given it much thought?" he muttered, gently slapping his head with the palm of his hand.

As another woman finished her poem about the "new and tragic phenomenon of suicide bombings in our beloved country," the cab driver walked outside for a smoke.

"Nowadays, by the grace of God, there are so many poets and writers out there," he said, taking a drag. "The question is, Do you want to listen to vulgar poetry or listen to someone who can offer us the real thing?"

The ethnic and political tensions that racked Afghanistan in the 1990s have cooled off, despite the recent Taliban insurgency. But having given up battling over the merits of the Taliban and the Northern Alliance, exiled Afghans here have found a new outlet for factional debate: how to celebrate the ancient Afghan art of poetry reading.

Poetry has deep roots in Afghan culture; the art form began more than 1,000 years ago in the ancient cities of Central Asia. Today, the Afghan passion for poetry, much of it Sufi-inspired and in Persian, extends to everyday life: Afghans pepper their

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conversations with snippets of poetry and engage in "poetic duels" in which each side recites a line of verse that begins with the letter that ended the opposing side's line.

The two groups meet in the same Masonic lodge in Springfield, Va., on different Friday nights each month. Mostly they adhere to Afghan social norms, treating each other with civility and even deference. Occasionally, they drop by each other's gatherings. But at times, their rivalries have burst into the open.

Members of "An Evening of Sufism" accuse the Dervishes of tearing down their flyers from Afghan stores, and have dubbed them "hash-heads," which in Afghanistan is a term associated with the uneducated. Wali Popal, the group's current moderator -- who is not related to Maroof Popal -- dismisses "An Evening with the Dervishes" as an "imitation."

The Dervishes say an "Evening of Sufism" lobbied the Masonic Lodge to keep them out. They also accuse the group of spreading false rumors that they pay big money to attract top scholars. Both groups deny the others' charges.

One of the Dervishes, Yusuf Bakhtary, a former school teacher and now a cabdriver, says he wants to ban music entirely from his group -- it occasionally invites a sitar player -- if only to distinguish it from "An Evening of Sufism."

He quotes Bedil: "Hypnotized by the spell of popular acceptance, how long shall I keep on uttering vulgarity?"

The poetry debate goes back to the early 1980s, when Maroof Popal, who left Afghanistan in 1978, began driving a taxi at Washington D.C.'s National Airport. There, he met other Afghan cabbies once or twice a week to read the poems of Bedil in any available space: the back of a furniture store, the showroom of an Afghan-owned car dealership.

At the end of 12-hour shifts, dog-tired and sometimes hungry, they'd sit cross-legged in a circle. Over cups of tea and candies, they tackled some of the most technically difficult poems written by the great Sufi poets, occasionally pausing for philosophical reflection over individual words -- "fog," "mirror," "silence."

Every now and then, when they found themselves stumped, they'd call upon a poet and Bedil scholar, M. I. Negargar. Calls to the former Kabul University professor -- who had taught one of the cabbies and lives in England -- soon became an integral part of their readings. Chipping in 25 to 50 cents each, they'd buy a phone card and hunch over the speakerphone as the professor brought the poems to life.

As Afghanistan degenerated into civil war in the 1990s, ethnic tensions flared among the exiled Afghans. Hoping that poetry would unite the community, the cabbies joined other like-minded Afghans to underwrite monthly public readings.

"People were revolted by politics," says Hashim Rayiq, a local Afghan civil engineer who helped formalize the poetry sessions. "I said, 'Let's have at least one night without politics.'"

The group they formed in summer 2000 -- "An Evening of Sufism" -- was quickly a hit. Within months it was holding monthly gatherings attended by hundreds, first in a banquet hall and later in a church and eventually in the Masonic Lodge. As the Taliban fell in 2001, it thrived.

"No Afghan organization has lasted six years," Mr. Rayiq says proudly.

Unless you count a 2004 rupture, that is. Maroof Popal and others say "An Evening of Sufism" was infiltrated by Tajik nationalists who supported the Northern Alliance, as well as former Afghan Communists. The newcomers, they say, tried to exclude the works of Pashtuns -- Afghanistan's dominant ethnic group, from which the Taliban hailed -- from the proceedings.

Wali Popal, the moderator of "An Evening of Sufism," denies the charges.

Yet even before politics intruded, some of the cabbies, who were never comfortable with the proliferation of poets and the size of the new group, had been itching to return to the Bedil readings and scholarly debates. Along with Maroof Popal, they broke away and founded "An Evening with the Dervishes" in late 2004.

One December night, the Dervishes dedicated their session to Prof. Negargar, whom they flew in for the occasion. More than 300 people showed up, mostly men in suits or black leather jackets, cell phones and keys dangling from belts. The only music for the evening would be the classical sitar, played by the son of one of India's great musicians, the late Vilayat Khan.

A silence fell over the hall as the professor spoke for two and half hours on the "concept of the unity of God in world religions" with dozens of lines of classical poetry recited from memory.

Four months later, "An Evening of Sufism" hosted an evening about Sa'duddin Ansary, a little known, second-tier 18th century poet. Wali Popal arranged for several of the poet's descendants to attend. A crowd of 200 showed up, nearly one third of them women.

The poems of Ansary moved the audience, but the loudest applause was reserved for the young poets, including the editor of an Afghan cultural magazine who read her poem lamenting suicide bombings. The evening ended with pop tunes performed by an Afghan keyboard player wearing a black shirt with a stenciled-on white tie.

Prof. Negargar says the sparring between the two groups is a little juvenile. "It is like a third grader who has started reading history poking fun at a first grader because the first grader studies only reading and math," he says.

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CORPORATE SCANDALS:

Hearing Postponed In Case Against Former Qwest CEO (WSJ)

By Shawn Young

The Wall Street Journal, July 10, 2006

The judge overseeing the criminal insider trading case against former Qwest Communications International Inc. Chief Executive Joseph Nacchio delayed an important hearing in the case because of the complex logistics involved in reviewing classified material introduced by the defense.

Saying he needed extra time for his staff to get the security clearances and facilities that are legally required for handling the classified materials, Denver-based U.S. District Judge Edward Nottingham on Friday postponed the hearing to August 25 from July 14. He is scheduled to rule on a variety of motions from both sides, including a defense motion to dismiss the case.

Mr. Nacchio is fighting charges that he sold $101 million in stock in early 2001 with insider knowledge that the Denver-based phone company was about to falter. In court filings, his attorneys have said he was optimistic about the company's prospects because, based on classified information, he thought Qwest was poised to win important contracts related to national security.

Prosecutors have argued that the national security aspect of the defense is a smokescreen with no relevance to the charges. Even if the company had won the government contracts, they wouldn't have solved the underlying problems that Mr. Nacchio knew the company faced, prosecutors have said in court filings.

Mr. Nacchio was indicted late last year on 42 counts of insider trading that carry a maximum penalty of 10 years in prison each. Qwest eventually restated $2.5 billion in revenue and $2.2 billion in earnings for 2000 and 2001. Mr. Nacchio is not accused of falsifying the books. In addition to the criminal charges, Mr. Nacchio faces civil fraud charges in a suit brought by the Securities and Exchange Commission.

CRIMINAL LAW:

Papers From Jefferson Office Raid In Limbo (AP-Y2)

By Mark Sherman

AP2, July 10, 2006

Prosecutors and investigators building a bribery case against Rep. William Jefferson (news, bio, voting record) have been unable to examine the documents and computer files seized in a search of the lawmaker's Capitol Hill office.

The materials were placed off limits by President Bush for 45 days, a cooling-off period that ended Sunday. Yet there has been no resolution of the court fight or talks between congressional leaders and the Justice Department.

The president acted after congressional leaders denounced the FBI's search on May 20 and May 21 as an unprecedented and unconstitutional intrusion on their turf by federal agents.

Bush directed Solicitor General Paul Clement to keep the materials while Justice Department officials negotiated with Congress' lawyers and a legal challenge made its way through the federal courts.

Until the judge in the case rules on the constitutionality of the search, prosecutors will not examine what it yielded, department spokesman Brian Roehrkasse said.

U.S. District Judge Thomas F. Hogan, who signed the warrant authorizing the search, indicated at a hearing last month that he was likely to reject the main argument advanced by Jefferson, D-La., and House lawyers that the Constitution's speech or debate clause prohibits searches of congressional offices.

That clause protects senators and representatives from being questioned by the president, a prosecutor or a plaintiff in a lawsuit about their legislative work.

"The speech-or-debate clause is not a hide-and-conceal clause," Hogan said.

Jefferson has not been charged and has denied wrongdoing. But a business executive has pleaded guilty to paying Jefferson more than $400,000 in bribes. An affidavit filed with Hogan to justify the May search also says the FBI videotaped Jefferson in August 2005 accepting $100,000 from another business executive, who actually was a government informant. The FBI said it recovered $90,000 from a freezer in Jefferson's home.

Separately, negotiators for Congress and the Justice Department are seeking to develop procedures in case the FBI again feels the need to search lawmakers' offices.

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While federal agents had never searched a congressional office before entering Jefferson's, some lawmakers fear the FBI could return to Capitol Hill for searches growing out of the broad corruption investigation linked to convicted lobbyist Jack Abramoff.

In the Jefferson case, government lawyers have objected to providing advance notification to the target of the search or his agents and to allowing him access to the scene while the search is taking place.

Lawmakers have said they should have the ability to review documents before deciding whether they can be seized in a search. Justice Department lawyers said members of Congress do not warrant such special treatment.

Federal Prosecutor Weighs Life, Death (PTR)

By Jason Cato, TRIBUNE-REVIEW

Pittsburgh Tribune-Review, July 10, 2006

The decision, like any involving life or death, is difficult.

U.S. Attorney Mary Beth Buchanan is considering whether to seek the death penalty against two drug dealers accused in the 2004 slaying of a Beaver County man whose son was to testify against one of them. No defendant in a federal case has ever been sentenced to death in Western Pennsylvania.

Many people familiar with the federal death penalty, including the attorney to defend the most recent case four years ago in Pittsburgh, think Buchanan will seek it in the case against Jelani Solomon, of Beaver County, and Claron Hanner, of Pittsburgh's Knoxville neighborhood.

"She has a reputation as an aggressive prosecutor," said Richard Kammen, who defended Joseph P. Minerd, accused of the New Year's Day 1999 pipe-bomb killings of his pregnant former girlfriend and her young daughter. Minerd was convicted of the killings, but jurors deadlocked on the death penalty, and he was sentenced to life in prison.

"I would not be surprised if she seeks the death penalty in this case," Kammen said.

Frank Helisek Sr. was inside his New Brighton home on Jan. 19, 2004, with family members and his priest, when the doorbell rang. He opened the door and a gunman fired multiple shots through the storm door. One bullet hit Helisek in the chest, ripped through his aorta and lodged in his spine.

Prosecutors say the gunman was Hanner, a 28-year-old drug dealer.

Evidence includes Hanner's cell phone, which prosecutors say he dropped at the scene, as well as the murder weapon containing Hanner's DNA and bits of glass from the shattered storm door imbedded in his shoes.

Hanner's motivation, prosecutors say, was a payment of cash and cocaine from Solomon, 27, of Beaver Falls. Solomon was to go on trial the next day. The lead witness was to be Helisek's son, and the killing was intended to send a message, prosecutors say.

Solomon and Hanner are being prosecuted under federal drug trafficking conspiracy laws, which allow both to face the death penalty for using a gun to kill someone in a planned, drug-related crime. Pennsylvania does not have such a law.

Attorneys for Solomon and Hanner will meet with Buchanan this month to try to talk her out of seeking the death penalty. First up are Solomon's attorneys on Wednesday.

"We absolutely challenge the allegations outright," said Martin A. Dietz, one of Solomon's attorneys. "We dispute that Jelani Solomon had any involvement at all."

The ultimate decision will come from U.S. Attorney General Alberto Gonzales, but he likely will follow Buchanan's recommendation, Kammen said. Buchanan said she will make her recommendation in August.

Buchanan recommended the death penalty be sought against two people in a 2000 interstate murder-for-hire scheme. Lawrence Skiba, of White Oak, received a reduced sentence for cooperating with prosecutors against the shooter, Eugene DeLuca, of Oak Lawn, Ill. DeLuca committed suicide after prosecutors told him they intended to seek the death penalty, Buchanan said.

Getting a federal death sentence is difficult. One reason is that federal death penalty defendants are guaranteed two attorneys apiece -- including at least one with death penalty experience -- as well as resources for investigators and experts.

"It's clear that the federal system provides an adequate defense, and that makes it a little unusual in the death penalty world of the United States," said David Bruck, a death penalty expert and law professor at Washington and Lee University. "The federal system gives a picture of what one might expect when it comes to fairness."

Defense attorneys often use the theory of "residual doubt" -- that if any possible doubt can be created, jurors will choose life over death.

"Polls indicate that people's support for the death penalty drops pretty remarkably when there's the option for life without parole," Kammen said. "It makes the system much, much more cautious -- as it should be."

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Buchanan said her decision will be based on law, not on whether she thinks prosecutors can persuade a jury to impose the death sentence.

"The taking of a human life is an extreme sanction that should only be taken after careful consideration by the prosecutors, the jurors and the judge," she said. "However, if the law requires the death penalty be sought, we have to follow the law."

Jason Cato can be reached at jcato@tribweb.com or 412-320-7840.

Man Slain In Attack On Couple In Georgetown (WP)

By Lori Montgomery And Kevin Sullivan

The Washington Post, July 10, 2006

Three assailants who cut the throat of an aspiring politician from Britain killed him and tried to rape his female companion early yesterday in the driveway of a Georgetown mansion, police reported, after the couple had returned from a night at the movies.

The victim, Alan Senitt, 27, a Jewish activist and volunteer for former Virginia governor Mark R. Warner, died at the scene, police said. The woman, whom police declined to identify, was not injured.

Within hours, D.C. police arrested four people in connection with one of the most brutal crimes in years on the affluent streets of Georgetown and said they were looking for possible links to other recent attacks in the city.

Christopher Piper, 25, of Southeast Washington was charged with felony murder and attempted sexual assault. The others -- Jeffery Rice, 22, of Southeast; Olivia Miles, 26, of Northeast; and a 15-year-old boy from Southeast whom police declined to identify because he has been charged as a juvenile -- all face murder charges.

According to police and others, the attack occurred shortly after 2 a.m. as Senitt was seeing the woman home. The couple walked north on 31st Street NW, then turned west toward Wisconsin Avenue on Q Street NW, where the woman lives.

The two were rummaging in the trunk of a car when they were approached by three men wielding a gun and a knife. Police said Piper, who had the gun, grabbed the woman and began dragging her down the driveway. Out of view of his companions, he tried to pull off her clothes, police said. The attacker made a comment "in reference to his intent to commit a sexual assault," said Lt. Robert Glover of the police department's violent crimes branch, which is handling the investigation.

Meanwhile, the other two assailants grabbed Senitt, stabbed him and slashed his throat.

As Senitt lay dying, the three men fled with the woman's purse. The woman ran onto Q Street, flagged down a taxi and begged for help.

"She came in the street and was yelling, 'Stop! I need help! We got robbed!' " said taxi driver Ayalew Haile, who returned to Georgetown yesterday to retrieve his cab, which was trapped behind police tape for much of the day. "I stopped because you have to help someone. My passenger called the police for her."

Police received the 911 call at 2:18 a.m. and responded with paramedics almost immediately. They found several people trying to help Senitt, Glover said, "though those efforts were fruitless." Senitt's body was taken to the medical examiner's office.

The woman, a former babysitter for developer Herb Miller, lives in Miller's basement apartment. She was too upset to talk to reporters, said Miller, who was at his Maryland farm at the time of the attack. He rushed to Washington upon hearing the news. "It's very sad," he said. "So quickly to take somebody's life for nothing."

Barely three hours after the attack, at 5:30 a.m., police arrested Piper and Rice in the 2700 block of Robinson Place SE. The 15-year-old boy and Miles, who is accused of driving a green Toyota suspected to be a getaway car, surrendered to police around lunchtime, authorities said. All four are expected to be arraigned in court today.

As he was being escorted by police, a man in handcuffs whom WRC-TV (Channel 4) identified as Rice apologized for what happened. But he told the station during a brief sidewalk interview, "I did not have anything to do with the murder."

Second Police District Cmdr. Andy Solberg said the quick arrests resulted from leads detectives have developed while investigating two robberies that occurred last month in the same neighborhood. He declined to provide details. Police reports show that a trio of attackers robbed Georgetown pedestrians in the early hours of June 4 and June 11, fleeing with wallets, cash and cellphones.

In late May, three couples walking on the Mall at night were robbed by three assailants in separate incidents. The robbers wore black ski masks in at least one of the cases. In all three attacks, the women were specially targeted: One was groped, one was beaten and a third was sexually assaulted.

Glover declined to comment on a possible connection between Senitt's slaying and those attacks but said police are "taking a broad look at any other crimes that may fit what happened here."

By yesterday afternoon, police had reopened Q Street. People strolled past Miller's house, where two police cruisers stood guard. A few doors down, a woman tending geraniums said she had been awakened by police sirens but didn't know a killing had occurred until she contacted a radio station.

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Police officials and D.C. Council member Jack Evans (D-Ward 2) are scheduled to discuss the crime with residents at 6:30 tonight in a meeting at Christ Church, 31st and O streets NW.

"We've had a spate of robberies, but what's unusual here is the sheer viciousness of the crime. It's awful," said Bill Starrels, a Georgetown advisory neighborhood commissioner. "You have a young man trying to get his lady friend home safely. And he essentially gave up his life trying to get her home safely."

Word of Senitt's death traveled rapidly across the Atlantic Ocean to family members in London and friends in Jerusalem. An activist dedicated to fighting anti-Semitism and promoting Israel, Senitt served twice as the elected head of the Union of Jewish Students, which represents about 5,000 college students in Britain.

Later, Senitt worked for Greville Janner, a member of the House of Lords from Prime Minister Tony Blair's Labor Party who founded the Co-Existence Trust, a group that promotes Muslim-Jewish relations.

Last month, Senitt quit that job and moved to Washington to volunteer for Warner's potential presidential campaign and study political fundraising. Senitt was a Labor candidate this year for the council in the northwest London neighborhood where he was raised. He lost, but Danny Stone, a friend who took over at the Co-Existence Trust, said Senitt was committed to a life in politics.

"He was a serious contender for mainstream political life," Stone said. "He was up and coming. He would have been brilliant, I'm sure of it."

Senitt's parents, Jack and Karen, sister Emma and brother James issued a statement mourning the loss of "a much loved son and brother." They asked that they be allowed "to grieve in private."

"The Jewish community as a whole has lost one of its bright young leaders and the wider world has lost a champion of peace and goodwill," the statement said. "It will take us a lifetime to come to terms with our tragic loss."

Judge Denies Bail To Reputed Mobsters (MH)

By Laura Wides-munoz

The Miami Herald, July 10, 2006

A federal judge denied bond Friday to the alleged boss of the Genovese crime family's South Florida operations and three others awaiting trial on charges of extortion, robbery, and money laundering. He will consider bond for another man.

U.S. Magistrate Judge Barry Seltzer denied bail for Renaldi "Ray" Ruggiero, 72, whom federal prosecutors identified as a Genovese capo or captain, and three of his co-defendants -- Joseph Dennis Colasacco, 54, Charles Steinberg, 30, and Mitchell Weissman, 54, said Weissman's attorney John Contini.

Seltzer, prosecutors and attorneys for defendant Francis O'Donnell, 47, will continue negotiations for O'Donnell's release on Monday, said Theresa Van Vliet, one of his attorneys. O'Donnell heads Coach Industries Group, a financial services firm.

The five men was arrested June 30 along with an alleged Genovese "soldier" Albert "Chinky" Facchiano, 96. Facchiano, of Miami, was released on a $100,000 bond that day. Clement Santoro, 50, was arrested in New York in connection with the group's activities and is also awaiting a decision on bond.

The case, considered the latest blow to one of New York's most powerful Mafia families, deals with 10 years of alleged criminal activity, including murder. The family's reputed acting boss, Liborio S. "Barney" Bellomo, and 31 others were arrested in February in New York.

Assistant U.S. Attorney Jeffrey Kaplan told the courts the investigation of the Florida group began in 2001 and lasted mainly through 2003, when Internal Revenue Service agents searched Ruggiero's home. More than 130 undercover recordings of the men's conversations "brought out the violent nature of the defendants," Kaplan said.

Prosecutors alleged that Colasacco beat a man with a gun while Weissman held a baseball bat over him. The victim eventually escaped, covered in blood, Kaplan said. The men later met the victim at Ruggiero's West Palm Beach restaurant, aptly named Soprano's, to again threaten him, prosecutors said.

Prosecutors also said that the FBI learned that Ruggiero said he would flee if necessary and that he had contacts through the grand jury that was investigating him.

But Ruggiero's attorney, Michael Salnick, repeatedly sought to dispel claims that his client was connected to the Mafia or a dangerous person.

"If I said I knew someone who happened to be an alleged member of organized crime, that wouldn't necessarily mean I'm a member of organized crime, right?" Salnick asked FBI agent Willie James Creech, who testified.

Salnick asked the courts to release his client before trial, noting that Ruggiero suffers from serious health problems, has no passport and has left the country once in 20 years.

The indictment covered alleged illegal enterprises from 1994 to the present, with a few specific examples.

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If convicted under the racketeering charges, Ruggiero could face 20 years to life in prison and fines of up to $1.75 million. Convictions would result in lower maximum sentences for the other defendants.

Teen Sought In Ga. Killing Is Captured (MH)

By Karin Dryhurst

The Miami Herald, July 10, 2006

A teenager wanted in the killing of a Georgia college student was arrested by Fort Lauderdale police Friday near his grandmother's home.

Roosevelt Lawrence, 18 and allegedly a member of the Bloods street gang, surrendered to police and FBI agents in Lauderdale Manors, according to the Fort Lauderdale Police Department.

Lawrence, along with two others, are the suspects in an armed robbery/carjacking in which one victim died in Valdosta, Ga., near the Florida border, said Fort Lauderdale police Detective Chuck Morrow.

The gunmen aimed through a vehicle window and shot Valdosta State University student Mason Harper, 24, twice in the upper body just after 1 a.m. June 29. Two suspects were quickly apprehended and charged with homicide, Morrow said.

ONE SEMESTER LEFT

Lawrence, of Valdosta, was identified as one of the shooters. Police continue to investigate who fired the other shot.

Harper had been expected to graduate in December with a marketing degree.

His grandmother, Helen Harper, said his younger brother Andrew had wanted to move to Valdosta to be closer to Mason. They were looking at a potential home for Andrew when Harper was shot.

Harper's family expressed relief Saturday that the last suspect had been apprehended.

`JUST SAD'

"We are a little relieved, just sad," Helen Harper said. ``We are trying to deal with it as much as we can."

Harper's grandmother described him as a generous man who served as a role model for other young black men.

According to a July 3 Valdosta Daily Times article, Harper managed his own marketing and advertising business, Platinum Plus Entertainment, and raised money for the African American Male Initiative, a program for black male freshmen at Valdosta StateUniversity.

"He had his life planned out," Helen Harper said. ``He just helped everybody he could.

``He was just kind-hearted toward everything and everybody."

The Valdosta Daily Times reported that Mason Harper and his brother Andrew were parked in front of a rental property when Andrew spotted two shadows approaching the vehicle.

Andrew began emptying his wallet for the men while Mason put his hands up in the air. Mason was shot, and Andrew tried to perform CPR, the Daily Times reported.

The Lowndes County Sheriff's Office issued warrants for Lawrence's arrest on charges of murder and possession of a firearm. Believing that Lawrence had fled the state, the FBI in Atlanta also obtained federal warrants for unlawful flight, Morrow said.

The South Georgia Gang Task Force learned that Lawrence, whose street name is "Bo," has relatives and associates in South Florida.

On Thursday, the Georgia task force asked the FBI Fugitive Task Force in South Florida to conduct a local investigation.

The FBI unit began surveillance of three locations in Plantation and Fort Lauderdale, said Morrow, who is a member of the FBI Violent Crimes Fugitive Task Force.

Morrow said he saw Lawrence leaving a store on West Sunrise Boulevard Friday evening and requested assistance from FBI agents and Fort Lauderdale patrol officers.

The agents and officers followed Lawrence to a house at 1223 NW 18th Ave., where his grandmother lives.

"We didn't want to lose this guy," Morrow said. ``It was a brutal homicide."

Lawrence surrendered without incident around 8 p.m. Friday, Morrow said.

EXTRADITION PENDING

Lawrence is being held without bond at the Broward County Jail awaiting extradition to Georgia.

Police will continue to investigate whether the homicide was gang related, Morrow said. The task force also will investigate any connection to gang activity in South Florida.

"We will check to see what associates he has down here locally," Morrow said.

Lauderdale Police Catch Georgia Suspect Wanted In Connection With A Slaying (FLSUNSEN)

By Brian Haas, South Florida Sun-sentinel

South Florida Sun-Sentinel, July 8, 2006

Federal and local authorities in Fort Lauderdale on Friday arrested a reputed member of the Bloods street gang wanted in connection with a shotgun slaying in Georgia.

Roosevelt Lawrence, 18, was wanted in connection with the June 29 shooting death of a 24-year-old Valdosta, Ga., man in his car, said Detective Chuck Morrow, who tracks fugitives for the Fort Lauderdale Police Department and is part of the FBI Violent Crime Fugitive Taskforce in South Florida. Morrow said Lawrence and two other men carjacked Mason Harper, 24, on North Troup Street in Valdosta, shooting him twice at point-blank range with shotguns.

The Valdosta Police Department, Lowndes County Sheriff's Office and the FBI's South Georgia Gang Taskforce immediately suspected after the slaying that Lawrence, a known member of the Bloods street gang, had fled to Fort Lauderdale, Morrow said.

Fort Lauderdale police and the South Florida FBI Violent Crime Fugitive Taskforce got the call Thursday that he might be in the area. They had their man within 24 hours.

Morrow said agents put several areas in Plantation, North Lauderdale and Fort Lauderdale under surveillance. He said he spotted Lawrence coming out of a convenience store on West Sunrise Boulevard on Friday about 7:45 p.m. He and the task force members followed him to a home in the 1200 block of Northwest 18th Avenue and set up a perimeter. Lawrence had already fled once, Morrow said.

"We wanted to eliminate any kind of chase with this guy," he added.

But when agents moved in, they took Lawrence down without incident. He was booked on a murder warrant and a charge of possession of a firearm during the commission of a crime.

A woman who answered the phone at the home where Lawrence was nabbed said she was the suspect's grandmother but wouldn't provide her name.

"I'm not giving any information on Roosevelt Lawrence," she said before hanging up.

Lawrence is being held in the Broward County jail without bond until he can be extradited. WALB-Ch. 10 in Albany, Ga., reported that two other suspects in the case have been arrested in Georgia and are being held on murder charges.

Accountant Acquitted In Bribery Case (WP)

By Ruben Castaneda

The Washington Post, July 8, 2006

Pr. George's Man Said Fee Seemed Legitimate

An Upper Marlboro accountant was acquitted yesterday of conspiring with two Prince George's County officials to shake down a security company for $250,000 in exchange for a county contract worth more than $1 million.

Accountant Paul L. Wright testified at the eight-day trial that he believed a $10,000 payment to his company in November 2004 was part of a legitimate consulting arrangement and that he had no knowledge of any bribery scheme.

Prosecutors had alleged that Wright conspired with two county officials to target Interior Systems Inc. (ISI). Prosecutors had said that payments totaling $250,000 in exchange for the contract were to be laundered through one of Wright's companies.

The jury deliberated for about 2 1/2 hours yesterday before acquitting Wright, 52, of three charges. Jurors left quickly after the verdict, and efforts to find them for comment were unsuccessful.

Moments after he was acquitted, a relieved Wright hugged one of his attorneys, Carol Elder Bruce, while his other attorney, Anthony J. Pagano, accepted congratulations from some of the more than a dozen relatives and friends of Wright's who were in the courtroom.

The investigation by State Prosecutor Robert A. Rohrbaugh, in cooperation with the FBI and other law enforcement agencies, has resulted in the conviction of a former high-ranking county government official.

Robert L. Isom, former deputy director of the county Department of Environmental Services, pleaded guilty in September to conspiracy to commit bribery. He testified against Wright last week.

The alleged ringleader of the bribery scheme, Robert L. Thomas, former deputy director of the county's Office of Central Services, is scheduled to go on trial Aug. 14.

The scheme, as described by prosecutors and Isom, would have passed the costs of the bribe to taxpayers. Prosecutors and Isom said ISI, a subcontractor, was to recover the cost of the bribery payments through change orders that were to be approved by county staff after the contract was awarded.

According to trial testimony, the scheme came to the attention of law enforcement officials after Isom gave an ISI employee a note saying the contract was guaranteed to go to ISI in exchange for the bribe.

The ISI employee told his bosses, who in turn called authorities.

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"They did not have the goods," Bruce said of the case brought by the state prosecutor's office. "I'm delighted the jury responded to Mr. Wright and the truth. Prosecutorial overreaching."

Deputy State Prosecutor Thomas M. McDonough, who tried the case against Wright, said: "The jury did its job. That's why we have trials."

In her closing argument yesterday, Bruce said that Wright believed he was participating in a legitimate business deal and that he had no knowledge of any bribery scheme.

In his closing argument, McDonough said Wright knowingly participated in the bribery conspiracy.

During its brief deliberations, the jury sent a note to Circuit Court Judge Thomas P. Smith asking for the instructions -- which he had read to the jury before it started deliberating -- regarding the conspiracy to commit bribery and theft charges against Wright.

With the assent of attorneys on both sides, Smith had photocopies of those instructions made and sent to the jury. About five minutes after receiving the photocopies, the jury came back with its verdict.

The Growing Problem Of Fraud (NYT)

By Bob Tedeschi

The New York Times, July 9, 2006

WITH interest rates at historic lows in recent years, consumers have raced to get mortgages. So have criminals.

Industry executives and law-enforcement officials say mortgage fraud continues to climb, with lenders incurring more than $1 billion in fraud losses in the last fiscal year, twice the amount of the previous year. And while no organization has yet tracked how much consumers have lost to fraud, anecdotal evidence suggests that those levels, too, are rising sharply.

"The problem is definitely growing," said Tim Doyle, the senior director of government affairs at the Mortgage Bankers Association in Washington. "The F.B.I. has prioritized this, state attorneys general are looking at this, and more state laws are being passed about it."

About 80 percent of mortgage fraud involves professional thieves who are bilking lenders, the F.B.I. estimates, while in the remaining cases consumers are involved in one way or another.

This second category is known in law enforcement as "fraud for property." Typically, mortgage applicants falsify financial documents so they can qualify for an out-of-reach mortgage, or their lender or broker falsifies the documents on their behalf, looking for profit or a quick commission. Consumers frequently default on such loans, losing their homes and ruining their credit.

Fraud against a lender is known as "fraud for profit." In such cases a criminal group works with an unscrupulous appraiser, typically finding a house that has sat on the market for a while at a certain price. They offer the homeowner that price, with a stipulation: the homeowner must allow the criminals' appraiser to value the home at, say, 30 percent higher.

A criminal in the ring takes out a loan for the higher amount using stolen financial and personal information. When the criminals get the money, they pay the former homeowner the original asking price, then split the remainder among themselves.

Harry Dinham, the president of National Association of Mortgage Brokers in McLean, Va., said that although the authorities are trying to combat the problem, it is so widespread they have not yet caught up. "Criminals have figured out this is a way to make extra money and not get caught on a regular basis," he said.

Ira Rheingold, the executive director of the National Association of Consumer Advocates, a nonprofit legal group in Washington, said prospective homeowners should be wary of unwittingly involving themselves in fraud.

According to Mr. Rheingold, most consumers who engage in mortgage fraud are subprime borrowers. A predatory lender will push such cash-poor borrowers into loans they cannot afford by overstating their income and assets on the loan application. "Some applications created by brokers are the greatest pieces of fiction I ever read," he said.

These borrowers are either not sophisticated enough to catch falsifications on the loan's closing documents or simply don't want to lose the chance to live in a particular house.

To avoid such situations, Mr. Rheingold said, borrowers should know their credit scores and shop around to get a sense of what loan terms they can reasonably expect. Applicants should also demand closing documents early in the process, so they can catch inaccuracies or falsifications before they pack up for the move.

And although consumers cannot do much to thwart "fraud for profit," they should be aware that such crimes ultimately cost them money, Mr. Dinham said. "Companies aren't going to continue to lose money on this without charging more," he said. "Anytime you have a problem this broad, consumers end up paying a premium at some point."

Prisons, Jails Urged To Target TB (WT)

By Joyce Howard Price

The Washington Times, July 10, 2006

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Tuberculosis is "particularly problematic" in U.S. correctional and detention facilities, say federal health officials, who have updated guidelines for preventing the spread of TB in jails and prisons.

"Effective TB prevention and control measures in correctional facilities are needed to reduce TB rates among inmates and the general U.S. population," say authors of a report published in the current issue of the federal Centers for Disease Control and Prevention's (CDC) Morbidity & Mortality Weekly Report.

"Inmates with undiagnosed TB disease place other inmates and correctional staff at risk for TB, and when released, these persons also can infect persons living in surrounding communities," the researchers said.

In the report, G. Scott Earnest and other CDC epidemiologists point out that the number of U.S. prison inmates quadrupled from 500,000 in 1980 to about 2 million in 2003.

"A disproportionately high percentage of TB cases" occur among prison inmates, they said. In 2003, 0.7 percent of the total U.S. population was confined in jails and prisons, yet 3.2 percent of all TB cases nationwide that year "occurred among residents of correctional facilities."

The researchers said the TB rates of inmates in prisons in California and New York are 10 to 15 times greater than the general populations of those states. Studies show the prevalence of LTBI -- or latent TB infection, which is asymptomatic -- "to be as high as 25 percent" in prisons, they said. Like TB disease, LTBI can be detected by screening and can be treated.

The authors say the key reasons that prison inmates are at higher risk for the airborne infection are their diverse backgrounds, overcrowded facilities and poor ventilation.

In addition, they say, "disparate numbers of incarcerated persons are at high risk for TB," because they have HIV, use injection drugs and have "low socioeconomic status" so may not have had access to proper medical care.

In the United States, TB tends to be concentrated among immigrants. "Detained immigrants are arriving largely from countries with a high prevalence of TB" -- including Mexico, the Philippines and Vietnam -- "and therefore present unique challenges in the elimination of TB in the United States," the authors said.

They note that testing and treating undocumented aliens can be difficult and that these people sometimes are resistant to "first-line anti-TB drugs because of interrupted treatment received in their countries of origin."

The good news, the researchers said, is that illegals who wind up in American prisons "have an opportunity to receive TB screening and begin treatment for TB disease."

The CDC's recommendations for prevention and control of TB in jails and prisons is the first update since 1996.

SOS To Tim Kaine (WP)

The Washington Post, July 10, 2006

THE SUPREME Court's decision in the case of Mario A. Bustillo was correct on the arcane but important point of law it addressed: What happens when American states fail to inform foreign governments of the arrest of one of their nationals, thus violating an international treaty? Mr. Bustillo is serving 30 years in prison in Virginia for a brutal murder; after his arrest, authorities did not inform him of his right under the Vienna Convention on Consular Relations to contact Honduran officials. The court held in his case, along with a companion case from Oregon, that violations of the treaty should not lead to suppression of evidence of guilt and that defendants must bring up any alleged violations of the treaty at the time of their trials or else lose the ability to raise them later. All of this is correct as a matter of law and should go a long way toward resolving a mess of litigation over consular notification that has sprung up in recent years.

But here's the problem: Mr. Bustillo may well be innocent. Virginia Gov. Timothy M. Kaine (D) ought to review his case.

On the strength of testimony by three eyewitnesses, a jury convicted Mr. Bustillo of bashing James Merry on the head with a baseball bat in 1997. At trial, Mr. Bustillo's defense claimed that a different man, identified only by his street name, "Sirena," was the guilty party. One witness claimed to have been with Sirena on a flight to Honduras just after Mr. Merry's death. But he could not be located, and prosecutors successfully ridiculed the defense. "This whole Sirena thing. I don't want to dwell on it too much. It's very convenient that Mr. Sirena apparently isn't available," a prosecutor argued to the jury.

Buried in a footnote of the opinion by Chief Justice John G. Roberts Jr. are facts that -- at least from the point of view of justice -- are far more important to the case than any question of consular access: Mr. Bustillo "presented newly acquired evidence that tended to cast doubt on his conviction. Most notably, he produced a secretly recorded videotape in which Sirena admitted killing Merry and stated that Bustillo had been wrongly convicted." For it turns out that Sirena does exist. His name is Julio Osorto. What's more, police stopped him in the vicinity of the crime the night of the killing and -- according to police reports not given to the defense -- he had ketchup-like stains on his clothes at the time. Honduran immigration records confirm that he returned to Honduras the precise day the defense contended at trial.

None of this was relevant to the question before the court. But it's very relevant to the question of whether Mr. Bustillo should be sitting in prison. State authorities stand by the conviction, claiming Sirena's confession is a fabrication to help out a

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fellow gang member. Based on the record in the case, it's not clear why they're so confident. At a minimum, the record cries out for a serious review. That could take years in federal courts, where procedural bars may prevent it from happening at all. Mr. Kaine could short-circuit that process with a review of his own.

CIVIL RIGHTS:

Inside Politics (WT)

By Greg Pierce

The Washington Times, July 10, 2006

An 'inquisition'

What's happening to Sen. Joe Lieberman, Connecticut Democrat, "can only be described as an inquisition," New York Times columnist David Brooks writes.

"Whether you agree with him or not, he is transparently the most kind-hearted and well-intentioned of men. But over the past few years he has been subjected to a vituperation campaign that only experts in moral manias and mob psychology are really fit to explain. I can't reproduce the typical assaults that have been directed at him over the Internet, because they are so laced with profanity and ugliness, but they are ginned up by ideological masseurs who salve their followers' psychic wounds by arousing their rage at objects of mutual hate," Mr. Brooks said.

"Next has come the effort to expel Lieberman from modern liberalism. In a dark parody of the old struggle between Eugene McCarthy and Hubert Humphrey, the highly educated, highly affluent, highly Caucasian wing of the Democratic Party has turned liberalism from a philosophy into a secular religion, and then sought to purge a battle-scarred warhorse on the grounds of insufficient moral purity.

"So these days, for example, one hears that Lieberman is a crypto-conservative, a Bible-Belter. In reality, of course, this is a man who has been endorsed by Planned Parenthood and the Human Rights Campaign. He has a Christian Coalition rating of 0.

"But a lifetime's record is deemed not to matter any longer. For in the midst of the inquisition all of American liberalism has been reduced to one issue, the war."

DeLay's plan

Tom DeLay is planning an aggressive campaign to retake the House seat he quit in June if an appeals court lets stand a ruling by a federal judge last week that his name must stay on the November ballot, a source close to the former congressman tells Time magazine.

Mr. DeLay says he has moved to Virginia, but the federal judge pointed out that he and his wife still own a house in the Texas district.

"If it isn't overturned, Katy, bar the door," says a Republican official. "Guess he'll have to fire up the engines on the campaign and let 'er rip."

But to run, Mr. DeLay would have to raise money fast: His campaign fund has less than $1 million left, Time said. At least he knows his would-be opponent well: former Rep. Nick Lampson's original district was eliminated in a redistricting engineered by Mr. DeLay.

Holiday tradition

"We seem to have a new national holiday tradition: No holiday is complete without front-page allegations of an atrocity committed by U.S. soldiers in Iraq," Wall Street Journal columnist Daniel Henninger writes.

"A month ago, Memorial Day arrived along with Haditha, a place in western Iraq where hundreds of Memorial-weekend news reports said a military investigation had concluded that Marines 'wantonly killed unarmed civilians,' among them 'women and children.' This past Fourth of July, along with the skyrockets' red glare came news that a former Army private had been charged in Charlotte, N.C., with committing rape and murder while he was in Iraq. Labor Day awaits," Mr. Henninger said.

"Rather than let the charges against the private run like a tape-loop over a long, news-dead weekend, the chairman of the Joint Chiefs of Staff, Marine Gen. Peter Pace, appeared Fourth of July morning on both NBC and CBS. After CBS' Harry Smith professed himself perplexed at how all this atrocity stuff was happening now, Gen. Pace said that '99.9 percent' of the men and women in Iraq were serving with honor and promised he would 'get to the bottom' of the allegations.

"Military specialists will output case studies for years on how Iraq has altered the way war is waged by Americans -- on the battlefield and on the home front. Most interesting to know would be whether the war as perceived at home and the war as fought daily by our soldiers in Iraq became two separate realms of consciousness, the former barely related to the reality of the latter."

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Bush's rise

"For the moment, the issue agenda has turned favorable for Bush and thus for Republicans," Fred Barnes writes in the Weekly Standard.

"His best issue is national security and the war on terror, and the Supreme Court pushed that issue front and center. While striking down the administration's plan for prosecuting terrorists held in Guantanamo, the court said Congress could authorize and set the rules for prosecutions. And that's what Congress will try to do this month, no doubt with extended debate on how to deal with terrorists," Mr. Barnes said.

"Meanwhile, the New York Times has legitimized White House press bashing by disclosing a secret program for tracking al Qaeda money transfers. When your enemies are liberals on the Supreme Court and in the media, even disgruntled conservatives tend to rally to your side.

"At worst, Bush has bottomed out. At best, he's on his way to renewed popularity. 'We've stopped our fall and begun to gain back ground,' a White House official says. 'But we need to make more progress between now and November 1.' For one thing, Bush needs to pick up another 5 percentage points or more in approval from likely voters and perhaps as many as 10 points among adults, the group normally sampled by media pollsters. Either way, that would put him in the high 40s, a lofty enough level to assure Republicans he won't be a drag in the election."

Hopeful Huckabee

Arkansas Gov. Mike Huckabee is optimistic the legislature quickly will reinstate a ban on same-sex couples serving as foster parents in his state.

"What we are talking about is whether the state should place a child in a relationship that is not recognized by the state as a marriage," the Republican governor, a potential presidential candidate in 2008, told the Associated Press on Saturday.

The Arkansas Supreme Court last month struck down regulations banning the placement of foster children with same-sex couples. The court said state officials went too far in imposing the ban, but the court did not rule on the merit of the ban.

Mr. Huckabee, an ordained Baptist minister who is leaving office next year because of term limits, has said that there is little doubt the legislature will reinstate the ban and that the courts eventually will uphold it.

"Our attorneys read into that that if it was legislation, it would likely stand, that we could in fact say that only married couples could be foster parents," Mr. Huckabee said. "We think that if we go back and codify that into law, that probably takes care of it."

Mr. Huckabee spoke as he opened a three-day campaign swing in Iowa, where precinct caucuses traditionally launch the presidential nominating season.

Gay-marriage Opponents Hold A Winning Hand (FT)

By Rebecca Knight

Financial Times, July 10, 2006

For US advocates of gay marriage, the losing streak continues. Their opponents won two important state court battles last week, and those defeats offered little optimism for approval of gay unions in the legal and electoral battles that lie ahead in 2006.

A California appeals court in San Francisco will hear on Monday arguments on whether the state constitution gives gay and lesbian couples the right to marry, while appeals against decisions upholding same-sex marriage bans are pending in Washington and New Jersey.

And in Massachusetts, currently the only state that permits the marriage of same-sex couples, Mitt Romney, the Republican governor, is urging the state legislature to go ahead this Wednesday with a scheduled vote on a proposed state constitutional amendment to ban gay marriage.

The amendment needs the support of 50 lawmakers during the current and next legislative sessions to reach the November 2008 ballot.

“The Supreme Court has changed dramatically with the addition of Justice Alito and Chief Justice Roberts, and so lesbian and gay advocates are compelled to try the state courts,” said Jonathan Turley, a professor at George Washington University Law School. “But the states for the most part are not going to give advocates the result they want.”

Last week, the New York Court of Appeals, the state’s highest court, ruled that denying marriage to same-sex couples did not violate the state constitution. In a 4-2 decision, the court found that the state’s definition of marriage as a union between a man and a woman could have a rational basis – one perhaps rooted in the interests of child-rearing – and that it was up to the state legislature to decide whether it should be changed.

“What strikes me is how articulate the court is getting,” said Maggie Gallagher, president of the Institute for Marriage and Public Policy and an opponent of gay marriage. “The social legitimacy of marriage is at the core of this debate, but that social judgment is not something that the courts can confer.”

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In Georgia, where three-quarters of voters approved a ban on gay marriage when it was on the ballot in 2004, the state's supreme court reinstated the ban, ruling unanimously that it did not violate the state's single-subject rule for ballot measures. Lawyers for the plaintiffs had claimed the ballot language was confusing, asking voters to decide on both same-sex marriage and civil unions, two distinct issues about which many people had varying opinions.

Despite the twin rulings, legal experts cautioned against expecting similar outcomes in other states. "These are state-by-state decisions. New York was looking at its constitution, Georgia was looking at its constitution," said Martha Davis, an associate professor of law at Northeastern University. "Just because we've had two rulings that turned the decision back to the legislatures, it does not necessarily mean that other rulings will go that way."

Many states and the federal government have enacted "defence of marriage" laws that limit the benefits and rights of same-sex couples. President George W. Bush's push to amend the Constitution to define marriage as strictly between a man and woman was shot down last month by the Senate. Amending the Constitution requires a two-thirds majority of both halves of the legislature.

Prof Turley noted that attitudes toward gays and lesbians had grown increasingly tolerant over the past few decades. "The gay community has been enormously successful in changing the country's views on the issue of same-sex marriage on a social level. In the long run, it may be better for the movement to change minds and not legal doctrine."

Gay Democracy (WSJ)

The Wall Street Journal, July 10, 2006

The biggest problem with contemporary courts is their inclination to invent rights that legislators and our Constitution-writers never intended. So it's certainly noteworthy when they decline a politically fashionable invitation to do so. That's precisely what happened last week, when the highest courts in Georgia and New York decided that the state constitution does not guarantee a right to same-sex marriage.

"Plaintiffs have not persuaded us that this long-accepted restriction [in the state marriage law] is a wholly irrational one, based solely on ignorance and prejudice against homosexuals," Judge Robert S. Smith wrote for the 4-2 majority in New York, a liberal state where at least one mayor had simply decided to preside over gay marriages despite state law.

The Judge and his three colleagues may no longer be invited to certain Manhattan parties. But the upshot is that New Yorkers can still fight for gay marriage if they want. Advocates will simply have to achieve their goal the old-fashioned way: by changing the law through the democratic process. In fact, Judge Victoria Graffeo concurred with the majority but wrote a second opinion suggesting that maybe it is time for the state legislature to "address the needs of same-sex couples and their families." Policy victories achieved in this fashion, as opposed to judicial fiat, tend to be more durable since they are based on popular consent.

Three of the four majority justices were appointed by Republican Governor George Pataki, by the way, which shows that politicians sometimes do follow through on their pledges to appoint judges who believe in restraint. By contrast, Chief Justice Judith Kaye, appointed by Mario Cuomo, sounded as if she was auditioning for a Hillary Rodham Clinton Supreme Court nod as she high-mindedly warned of the disapproval of future generations in her dissent. Judicial nominees are arguably the main dividing line between Democrats and Republicans, even in New York.

Contrary to the willful Judge Kaye, we suspect future generations may view last week's ruling as a blessing in disguise for gay rights. The last thing advocates should want is to have gay marriage imposed on a skeptical public by a judicial order that would inspire a political backlash and make compromise impossible. This is precisely what happened with abortion after the U.S. Supreme Court peered into the Constitution's "emanations" and "penumbras" and overturned 50 state laws in Roe v. Wade.

Leaving the debate to legislatures will also mean politicians will have to come out of the closet themselves, so to speak. They will have to declare themselves on the issue rather than hiding behind the courts. Already in New York, Democratic candidate for Governor Eliot Spitzer has announced his support for gay marriage, while Senator Clinton has angered some activists by saying she favors civil unions for gays but not outright marriage.

If gay activists want to persuade New Yorkers and other fair-minded Americans to come around to their view, there is a traditional way to do that: hard work and commitment to the democratic process.

Setback For Marriage Justice (LAT)

The Los Angeles Times, July 10, 2006

THE HIGHEST COURTS of New York and Georgia last week moved in the opposite direction of history and justice on same-sex marriage.

By a 4-2 vote, the New York Court of Appeals ruled Thursday that the state Legislature's limitation of marriage to heterosexual couples was a "long-accepted restriction" not based solely on "ignorance and prejudice against homosexuals."

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Adding insult to injury, an opinion signed by three of the judges in the majority ruled that it was rational for the Legislature to ban same-sex marriage in the interests of protecting children. Noting that "an important function of marriage is to create more stability and permanence in the relationships that cause children to be born," Judge Robert S. Smith wrote that the state could "offer an inducement — in the form of marriage and its attendant benefits — to opposite-sex couples who make a solemn, long-term commitment to each other." Never mind that childless heterosexual couples also receive legal benefits from civil marriage — or that many gay couples are raising children.

The Georgia Supreme Court decision, also handed down Thursday, was narrower but still disappointing. The court rejected technical objections to a constitutional amendment banning same-sex marriage that was approved by state voters in 2004.

Neither of these decisions is binding on the courts of other states, any more than was the famous 2003 ruling by Massachusetts' high court that gay marriage couldn't be prohibited. So there's still hope that California's Supreme Court will take a more enlightened view of the issue when it next hears a challenge to heterosexual monopoly on civil marriage. Advocates of same-sex marriage have turned to the state courts since Gov. Arnold Schwarzenegger's ill-advised veto of a same-sex-marriage bill last year, but hopefully the Legislature will keep trying.

Gay-rights activists shouldn't underestimate the challenge ahead. In Georgia, the ban on same-sex marriages upheld last week passed with 76% of the vote. Meanwhile, even politicians who support gay rights consider it political suicide to mention the M-word. And conservatives continue to score points with the fallacious argument that legalizing same-sex marriage would make heterosexual marriage less attractive or, even more absurdly, damage the religious sacrament of matrimony.

It took the Supreme Court until 1967 — 1967! — to strike down odiously racist anti-miscegenation laws. Someday we'll look back on the anti-gay-marriage hysteria with the same revulsion. Until then, with a high court seemingly disinclined to address marriage, states such as California should take the lead.

Bringing The Church To The Courtroom (WP)

By Peter Slevin

The Washington Post, July 10, 2006

SCOTTSDALE, Ariz. -- A 29-foot war memorial shaped like a cross should be allowed to remain on public land. A teacher should be able to emphasize references to God in the Declaration of Independence. Protesters should be permitted to approach women near the doors of an abortion clinic.

These courtroom fights and dozens of others pending across the country belong to the portfolio of the ambitious Alliance Defense Fund, a socially conservative legal consortium. It spends $20 million a year seeking to protect what it regards as the place of religion -- and especially Christianity -- in public life.

Considering itself the antithesis of the American Civil Liberties Union, the Scottsdale-based organization has used money and moxie to become the leading player in a movement to tug the nation to the right by challenging decades of legal precedent. By stepping into the nation's most impassioned debates about religion in the public sphere, the group aims to bring law and society into alignment with conservative Christianity.

The group successfully challenged the issuance of same-sex marriage licenses in California and Oregon, and worked on statewide ballot initiatives prohibiting such unions. Its attorneys helped the Boy Scouts win approval of a policy barring gay Scout leaders.

The group has been battling embryonic stem cell research in Missouri and won a Supreme Court stay preventing the removal of California's 29-foot Mount Soledad cross. In Florida, where saving the life of brain-damaged Terri Schiavo became a crusade, the group supported efforts to nourish her.

"What we are really trying to protect are the things this country was founded on," said D. James Kennedy, leader of Florida's Coral Ridge Ministries and one of the prominent Christian conservatives who fashioned the alliance in 1993 as a sharp stick in the national culture debate.

That is not how opponents see the organization. While crediting the ADF with training troops for battles once fought by a haphazard assortment of government lawyers and often ill-prepared volunteers, critics question the alliance's commitment to tolerance and the Constitution.

"They're not for some form of generic religious freedom. They're for Christian superiority, that Christians take over the courts," said Barry W. Lynn, executive director of Americans United for the Separation of Church and State. "They are living in this fantasy world where the majority religion, Christianity, is claimed to be literally under attack."

Gary S. McCaleb directs the ADF's litigation team from a file-filled office in a nondescript Scottsdale office park. He said the 16 staff lawyers are in such demand that the ADF created separate divisions for marriage issues and for university free-speech questions.

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The ADF underwrites legal fights and increasingly handles litigation itself. Groups receiving significant funding include the American Center for Law & Justice, founded by evangelist Pat Robertson, and Liberty Counsel, backed by the Rev. Jerry Falwell.

"We're certainly stretched. I feel I could put a hundred attorneys to work tomorrow," said McCaleb, who said the ADF files one to two cases a week and is deeply involved in 80 to 100 open cases at any one time. He calls this a "pivotal time" in U.S. history.

"What we see is an overarching agenda from the left wing and the pro-homosexual groups," said McCaleb, who perceives "clear hostility to Christian thought." He described the stakes as "the fundamental ability of Christians to speak their minds on the issues of the day."

The day McCaleb said this, lawyers were preparing to intervene in the dispute over the Mount Soledad cross, a war memorial erected in 1954 in La Jolla, Calif., and challenged by an atheist veteran. Federal judges ordered the cross to be removed from government land, but Justice Anthony M. Kennedy granted a temporary stay on July 3.

"For private citizens to be told they can't memorialize their dead is an outrage," said McCaleb, noting similar cases elsewhere. "It's not a matter of these crosses radiating secret Christian rays that will convert people."

Federal courts have said in the Mount Soledad case and other disputes that private land, including church property, is the appropriate place for such religious displays. They cite the Establishment Clause in the Constitution, which prohibits the government from sanctioning or favoring one religion over another.

What motivated D. James Kennedy and other conservatives -- including James C. Dobson of Focus on the Family and William Bright of the Campus Crusade for Christ -- to form the ADF was the impression that Christians were losing too many such battles.

"It was just years of seeing the ACLU and its cronies attacking religious organizations or religious exercise," Kennedy said. "And, very frequently, there was nobody that even showed up to defend the Christian position."

To change the equation, the alliance hired Reagan-era prosecutor Alan Sears. He later brought in corporate lawyer Jeffery Ventrella. Mostly under Ventrella's watch, the ADF has schooled more than 800 outside lawyers, each promising to donate 450 hours to the cause.

Ventrella runs an annual summer seminar, which this year brought 100 law students to Scottsdale. The idea, according to ADF documents, is to train them in "a distinctly Christian worldview of law" before they head to clerkships and other influential posts, "perhaps even Supreme Court justices."

Some of them met recently at a training session in Chicago. Lawyers and preachers jotted tips as ADF speakers explained that prayer is not always enough: Protecting the faith sometimes demands lawsuits and clamor.

"I was looking for a way to reconcile my faith and my professional life. The ADF helped me be not a Christian and a lawyer but a Christian lawyer," said Chicago litigator Melanie Jo Triebel, who says that the "Christian side of the debate" has not been effective enough.

The ADF's rising profile in churches and the media attracts an average of 300 inquiries a month. One recent day, a call came from a government employee disappointed by a diversity training video because it did not portray homosexuality negatively. A graduating high school senior called to say he had been told not to use Jesus's name in a speech.

"It's definitely an affirmation of our fallen state as humans," Renee Bergmen said of her work evaluating such complaints. "But it's a blessing to provide an answer, and that answer being faith in Jesus Christ."

Every December, the ADF monitors the expression of Christmas, fearful that the encouragement of greetings such as "Happy Holidays" and other steps taken in the name of cultural sensitivity are costing the day its religious identity. Last year, the organization received 434 calls.

A recent case, now pending, focuses on a Pittsburgh ordinance that requires protesters to remain 15 feet from an abortion clinic door. ADF lawyer Elizabeth Murray sued, saying she represented "a compassionate, professional nurse who has devoted much of her life to kindly and gently counseling women during a difficult time in life."

The ADF took up the cause of Stephen Williams, a fifth-grade teacher in Cupertino, Calif. School authorities, wary of proselytizing, said he was overemphasizing religious excerpts from the Declaration of Independence and other documents.

When Williams sued in November 2004, asserting religious discrimination as a Christian, the alliance attracted enormous attention -- particularly from the religious right and conservative media outlets -- when it announced, "Declaration of Independence Banned From Classroom."

Authorities at Stevens Creek Elementary School said the Declaration continued to be taught. They pointed out textbook references and said it hung on school walls. Williams, they said, chose materials so narrow that they were forced to act. Williams agreed to withdraw his suit in August 2005.

Outsiders questioned the ADF's motives and legal reasoning.

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"They know that a teacher who has a pattern of proselytizing has crossed the line," said Charles C. Haynes, a senior scholar at the Freedom Forum's First Amendment Center, asserting that the ADF went too far. "When they do that, it may raise money, it may raise their profile, but it undermines their credibility."

"They seem to have an ACLU-envy problem. They distort the position of the ACLU to justify themselves," said Jeremy Gunn, director of the ACLU's Program on Freedom of Religion and Belief. He said the ADF favors a "Walt Disney version of American history."

"There's no mugging of their free speech," Gunn said. "They talk about freedom and liberty. What they really want is the government to endorse their version."

Alliance executives say they are on solid ground when it comes to history and the law, and they insist that the pendulum is beginning to swing their way. Sears said the group, "by grace," expects to grow 20 percent a year.

"Over and over, there's a search-and-destroy mission for religious expression," Ventrella told the trainees in Chicago. "Do we want to forget our religious heritage? When we abandon God, we will forget man. So what's God got to do with it? Everything."

Yes On Bilingual Ballots (WP)

The Washington Post, July 10, 2006

THE HOUSE of Representatives' smooth passage to renewal of the Voting Rights Act hit a bump last month when a group of conservative Republicans rebelled over, among other things, provisions to require bilingual ballots in many jurisdictions. The rebels were wrong. When the House takes up the measure, as it may do this week, it should reject any effort to strip the bilingual-ballot requirement or to allow objections over the rule to torpedo this important measure.

The disputed provisions were adopted as part of the 1975 Voting Rights Act. The requirements apply to political subdivisions where there is a significant population (more than 5 percent of eligible voters, or 10,000, whichever is fewer) of "language minority" voters (defined as those of Hispanic, Asian, Native American or Alaskan Native origins) and a higher than average illiteracy rate among that group. Currently, nearly 500 jurisdictions in 31 states must provide election information -- from registration requirements to instructions to ballots -- in more than one language; five states -- Alaska, Arizona, California, New Mexico and Texas -- must provide such help statewide.

The arguments against this provision have an air of reasonableness that dissipates upon closer study. Attaining proficiency in English is a requirement of naturalization, opponents note, so why should an English-only ballot be a problem for anyone who's attained citizenship? In addition, the critics contend, the law imposes costs on local jurisdictions and serves as a disincentive to assimilate and learn English.

But the level of English proficiency required for citizenship isn't the same as that which could be required to read a complicated ballot initiative -- or even a form whose instructions aren't completely clear. (Anybody remember butterfly ballots?) Nor do the English proficiency requirements apply to older residents seeking citizenship. And many native-born Americans whose English skills are limited -- Native Americans, Alaskan Natives and Latinos -- benefit from getting election information in their preferred languages. Puerto Rican citizens who move to the mainland ought to be able to read ballots in their native language.

The costs may not be negligible; in Los Angeles, the largest and most diverse local election jurisdiction in the country, election officials spend less than 10 percent of their budget to provide language assistance in Spanish, Chinese, Japanese, Korean, Tagalog and Vietnamese. But the benefits are clear: When bilingual assistance is provided, voting participation increases and members of the affected groups have a better shot at winning elections. Hispanic voter registration in Yakima County, Wash., went up 24 percent after the Justice Department sued the county for failing to comply with the law. After Justice reached an agreement with Harris County, Texas, turnout of Vietnamese American voters doubled, and the first Vietnamese American was elected to the state legislature.

We doubt there are many people who will decide to learn, or not to learn, English based on the availability of bilingual ballots. But we don't doubt that many more people will vote, and in an informed way, if they know what they're voting on. That is something to be welcomed, not feared.

ANTITRUST:

Microsoft Scrambles To Meet EU Demands (SEAPI)

By Todd Bishop, P-I REPORTER

Seattle Post-Intelligencer, July 10, 2006

DOJ_NMG_0038990

Faced with a series of tough deadlines, one group on Microsoft Corp.'s Redmond campus has been working until all hours -- but not on anything so normal as the new Windows or Office.

The ad hoc team of 300 people is creating volumes of technical documents required by the European Commission's March 2004 antitrust decision. The project will be in the spotlight this week, with the commission poised to fine the company up to $2.5 million a day, dating back months, for what it calls Microsoft's failure to comply with the ruling.

Microsoft says the all-out push shows that it has been doing all it can. The company points to signs of devotion to the cause -- such as one of the project leaders, engineer Henry Sanders, deciding to swear off shaving until the effort is complete, like an athlete in the playoffs.

The team's work may help in the future, but it isn't expected to avert a major fine this week. European officials say the very fact that Microsoft is still working on the documents shows that it wasn't living up to its obligations in the first place.

"They're two years late," said Jonathan Todd, spokesman for European Competition Commissioner Neelie Kroes, adding that Microsoft "had a very long time" to comply with the ruling.

The provision in dispute requires Microsoft to offer technical information to its competitors in the computer server market, to help the rival products work as smoothly with Windows as Microsoft's own server products would.

That reflects the central goal of the repeated antitrust actions against the company -- reducing the advantage Microsoft enjoys because of its dominant Windows operating system.

The trustee in the case called Microsoft's initial versions of the technical documents "fundamentally flawed" and "totally unfit" for the intended use.

But Microsoft says the commission itself wasn't originally clear enough about what it wanted, hampering the project.

"We are committed to complying with every part of this decision," Microsoft General Counsel Brad Smith said last week. "We always have been."

Last year, the commission said Microsoft hadn't met a Dec. 15 deadline for supplying "complete and accurate" documentation. In March, the agency repeated its threat to fine Microsoft up to 2 million euros, or $2.5 million, for every day past the deadline that it didn't comply.

That maximum penalty would add up to more than $500 million, if counted until this week, although the precise time frame hasn't yet been disclosed.

Whether or not the threat of a fine played a role, the situation appeared to improve after the commission's March warning. Microsoft's Smith credits a meeting in late March where the trustee, computer science professor Neil Barrett, clarified the requirements for the documents.

After that, the company brought in veteran engineers to help meet an aggressive series of deadlines Barrett laid out. Microsoft says it also brought back retired employees and pulled people from products including Windows Vista, the new version of its flagship PC operating system, to work on the European Union initiative.

"The way we approached it was to kind of think of the commission -- and the trustee, in particular -- as a customer who we had some customer-satisfaction issues with," said Bill Laing, general manager in Microsoft's Server & Tools division and a leader of the European project.

In an office on the Microsoft campus last week, project leaders told stories of the team working extreme hours over the past three months. They recounted times such as the morning that work was interrupted after 3 a.m. by a campus fire alarm.

Sanders, general manager for Windows networking and collaboration, said the team making the European documents is focused on its work, not on the fine.

"It's out of our control," Sanders said. "I think we have done a lot of really good work in getting this stuff out the door, and that's all we can do."

Elements of their work can also be applied to the requirements of Microsoft's U.S. antitrust settlement. Although the next versions of Windows and Office have both been delayed, Microsoft says it doesn't believe diverting people to work on the EU or U.S. documentation has played a role.

The group says it has met all six deadlines to date under Barrett's revised schedule. It has named each of the milestones after a stop on the Circle Line of the London Underground, at the suggestion of Iain McDonald, director of program management for the Windows Server group and the project management leader of the EU initiative.

It will be difficult, but the group expects to meet the seventh and final deadline -- Paddington Station -- on July 18, said McDonald and Sanders.

"It is an effort that is quite massive," Smith said. "This is probably the most complex remedy that has ever been imposed in a competition law case."

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But the recent activity isn't expected to prevent the commission from imposing fines against Microsoft this week dating back to December. Kroes, the competition commissioner, told reporters in Europe last week that she saw no alternative but to impose daily fines for Microsoft's lack of compliance with the ruling.

"If that new technical documentation does finally bring them into compliance, all well and good. They would not, therefore, be subject to further penalty payments in the future," said Todd, the commission spokesman.

"But the decision on the agenda (this week) is whether or not to impose these penalty payments backdated to the 15th of December, because they have not been in compliance."

The situation shows that the commission isn't just "settling for issuing a decision," Kroes said during a Friday speech in Bonn, Germany, according to an Associated Press report. "It is just as important that this decision has the desired effect on the market."

A $500 million fine wouldn't be extraordinary compared with Microsoft's past antitrust settlements and penalties. Under the commission's ruling in March 2004, for example, Microsoft paid a $600 million fine.

Microsoft is appealing the EU's 2004 ruling but has been ordered to comply with its provisions pending the outcome of the appeal. The other main element required the company to offer a version of Windows without Windows Media Player, although that product has experienced limited market demand.

The new fines would deal solely with the separate aspect of the ruling, the technical documentation for computer servers.

Microsoft's Smith declined to say whether he, Microsoft Chairman Bill Gates or Chief Executive Steve Ballmer had been in touch with Kroes, the European competition commissioner, to try to prevent the imposition of fines.

Last week, the commission reportedly received consent from the antitrust representatives of European Union member states on the principle of imposing daily fines against Microsoft. Today, they are due to take up the issue of how much to impose.

Then, on Wednesday, the European Commission is expected make the final decision on the fine. Competition Commissioner Kroes is scheduled to hold a news conference that day.

In addition to the fines running back to Dec. 15, the commission may threaten further fines if Microsoft doesn't comply, according to news reports out of Europe last week.

Under a formula set out by competition law, the maximum daily fine against Microsoft from this point forward could be as much $5.5 million a day.

Venture To Buy Heritage Property (WSJ)

By Ryan Chittum And Dennis K. Berman

The Wall Street Journal, July 10, 2006

An Australian and American joint venture agreed to purchase strip-mall owner Heritage Property Investment Trust Inc. for about $1.83 billion in a deal that will more than double its U.S. presence in the sector.

Centro Watt, a partnership between Centro Properties Group, a publicly traded Australian company, and Watt Commercial Properties, a private Los Angeles-based concern, will pay $36.15 a share for the Boston-based real-estate investment trust. The price represents a 3.3% premium to Friday's close of $34.98 on the New York Stock Exchange.

Including debt, Centro is paying about $3.3 billion and getting what it says is a 7.3% capitalization rate -- the return on investment in the first year of ownership, a key real-estate measure.

Heritage owns 157 strip malls with 27 million square feet of space in 27 states. It has been sharply criticized by investors and analysts for its executive-compensation practices, which have led the industry while its share performance has lagged.

Last year Heritage Chief Executive Thomas C. Prendergast received $16.4 million in total compensation, including salary, restricted stock and retirement benefits. Heritage has significantly underperformed its peers in the four-plus years it has been public, with a total return to investors of 87.7% since it went public in April 2002, compared with 154.5% for strip-mall companies, according to SNL Financial. The company restated earnings last fall back to 2003 because of errors in its executive-compensation accounting.

Centro Watt came into the bidding process when it was under way for several months, around the time of the big annual shopping-center convention in Las Vegas in May. At the time, it appeared Heritage was taking itself off the block because it wasn't getting a high enough price from American bidders, including Equity One Inc. and Lightstone Group LLC. Centro Watt was able to pay more because the Australian cost of capital is much lower now than it is in the U.S.

Heritage shares reached a 52-week high of $40.24 in March on speculation it would be acquired.

Centro Watt plans to put most of the individual properties into various unlisted funds, while retaining sizable interests in them and collecting fee income.

The deal will help Centro Watt leverage its size with retailers who are looking for efficiencies in negotiating leases for large numbers of stores.

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We Aren't All Pirates (LAT)

The Los Angeles Times, July 10, 2006

THE INTERNET AND DIGITAL technology have been both a blessing and a curse for the entertainment industry, opening new opportunities for selling music and video but also fueling rampant global piracy.

To attack the latter problem, industry lobbyists are pressing Congress to adopt at least five different proposals that would give them more control over their works as they flow through new digital pipelines into living rooms and portable devices. But these measures, like the technologies they would affect, have a hard time distinguishing between illicit actions and legitimate ones.

The bills would pressure device makers and service providers to limit or eliminate features from some products, such as the ability to record individual songs off satellite radio. In essence, tech companies would have to alter what they are selling to safeguard the entertainment industry's wares.

Protecting intellectual property is a legitimate goal for Congress — after all, the Constitution called on Congress to give authors and inventors exclusive rights "to promote the progress of science and useful arts." The task has grown more urgent with the emergence of an Internet-fueled global information economy. But what the entertainment industry is seeking in this year's proposals isn't merely protection from piracy; it's after increased leverage to protect its business models.

That's why lawmakers must bear in mind the balance needed between copyright holders' interests and the public's, something Congress has not done well lately. In 1998, it gave copyright holders broad power to block legitimate uses of works, even those in the public domain, through the use of electronic locks that impede copying of digital products. And that same year, it prolonged the public domain's starvation diet by extending copyrights an additional 20 years, to 70 years beyond the death of the creator.

The movie and music industries have similar interests, but their agendas this year are distinct. The major studios want to alter digital TV receivers, recorders and home networks to stop shows from being redistributed indiscriminately online — a proposal that has won grudging support from some consumer-electronics and high-tech firms. They also want to redesign computers, set-top boxes and other products to ensure that the limits placed on digital videos are not removed when the data are converted from digital to analog. This approach could deter people from making a permanent copy of a pay-per-view movie, but it also could make it hard for digital movie buyers to create backup copies or transfer videos to portable players.

The music industry, meanwhile, is focusing its fire on satellite and digital radio services that make it easy for listeners to record and save individual songs. Those recorders don't fuel piracy, given that federal law already requires them to include a form of anti-piracy technology. Instead, a more immediate effect of the industry-backed proposals would be to give labels and music publishers more control over listeners' ability to record broadcasts, while helping them collect more money from XM, Sirius and other digital music businesses.

Clearly, the industry-backed proposals would do more than just defend copyrighted works from pirates. They also would impinge on devices that have legitimate uses and steer the development of technology, cutting off some innovation. As they weigh the entertainment industry's pleas, lawmakers shouldn't assume all consumers are bootleggers and every digital device is a hand grenade aimed at Hollywood.

ENVIRONMENT:

Judge Tells NOAA To Stop Jet Flights Into Hurricanes (WP)

By Stephen Barr

The Washington Post, July 10, 2006

A federal administrative law judge has stopped the National Oceanic and Atmospheric Administration from flying its high-altitude jet into hurricanes until the agency negotiates with a union representing meteorologists, engineers and technicians.

Richard A. Pearson , an administrative law judge with the Federal Labor Relations Authority, found that the NOAA's Aircraft Operations Center in Tampa had wrongfully bypassed the National Weather Service Employees Organization in forming a team to study proposals for flying a Gulfstream IV-SP jet into and near the centers of hurricanes as safely as possible.

NOAA officials contended that they were not changing the conditions of employment for the jet's civilian crews, but Pearson said the high speed and altitude of the jet, the hazards of flying close to a storm's inner core, and the inability of flight instruments to detect all hazards were "quantitatively and qualitatively different from those the employees were accustomed to . . . and required them to face new and more complex safety hazards."

Jordan St. John , the NOAA director of public affairs, said the judge's ruling is under review. The ruling "won't change any hurricane observations" this year, he said.

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The NOAA's propeller planes, the WP-3D Orions used since 1981 to fly into hurricanes and collect weather data, were not covered by the ruling.

In 1996, NOAA acquired the Gulfstream jet to also measure weather conditions around hurricanes, typically about 40,000 feet and 100 miles from the eyes of the storms. Last year, in a decision that prompted the union's protest, the Gulfstream pilots made three flights into the "central dense overcast," the heavy clouds that form in the upper altitudes above the center of hurricanes and tropical storms.

Those "test missions," Jordan said, were designed to help NOAA prepare for installing new radar in 2008 on the jet for observation and measurement of storm forces.

In statements filed in the case, NOAA officials acknowledged that they had changed the jet's flight pattern "but not the environment into which the flights are conducted."

Pearson, however, said that NOAA "seems to be denying the obvious." The agency, Pearson said, "fully understands the safety implications of venturing into this new area, both on the aircraft and on the crews, because it has spent literally years trying to find the best ways of flying into this new area."Layoffs at the Library

The Library of Congress has notified 29 employees at the Congressional Research Service that their jobs will be abolished on Sept. 29.

The layoffs are believed to be the first in the 92-year history of CRS, the division of the library that tracks legislative issues and collects data for members of Congress. The workers being eliminated perform clerical, technical and audio-visual duties.

Last year, CRS announced plans to cut 59 jobs. Charles V. Stanhope , acting director of communications for the Library of Congress, said that 23 CRS employees left after being offered $25,000 buyouts and early retirement packages and that seven others found jobs elsewhere in CRS, at the library or outside the library.

The 29 employees to be laid off "cannot find positions with comparable pay and benefits," according to a newsletter published by the Congressional Research Employees Association, a part of the International Federation of Professional and Technical Engineers union.

Nearly two-thirds of the employees have 16 or more years of service with the Library of Congress, the association said.

In a memo to employees, the library said the layoffs were necessary "to maintain a cost-effective organization dedicated to meeting its statutory mission." But Michael Waterhouse , vice president of the employee association, said the layoffs would reduce "what we believe are essential services."Postal Resignation

Azeezaly S. Jaffer , vice president for public affairs and communications at the U.S. Postal Service for the past six years, has left "to pursue other career opportunities," the agency said.

Jaffer, a 20-year postal veteran, led a public relations campaign during the 2001 anthrax attacks aimed at maintaining public confidence in the post office. He was a ready defender of the Postal Service, writing numerous letters "setting the record straight," as he put it, that challenged news media accounts of postal operations.

His last day was June 30. Postmaster General John E. Potter named postal manager Jon Leonard acting head the public affairs office. Jaffer could not be reached for comment.

Coming Soon: A Tale Of Whistle-Blowing At The EPA (WP)

By Darryl Fears

The Washington Post, July 10, 2006

Marsha Coleman-Adebayo is ready for her close-up.

She sold the story of her battles with the Environmental Protection Agency to Hollywood, and actor Danny Glover is preparing a movie about how she blew the whistle against the agency and successfully sued for race and gender discrimination.

But Coleman-Adebayo is no star at the EPA, which has described her as a bad employee who refuses to work with others. She was allowed to work at home for five years because of a medical condition, but when she resisted coming back in April, the EPA took away her pay.

"They are really trying to break me, financially, emotionally and everything else," Coleman-Adebayo, 53, said in a recent interview.

The tense, stressful, dramatic and sometimes-ugly relationship between employer and employee is the stuff of movies. But the case involves larger issues about how the government treats employees who feel they are being retaliated against. Coleman-Adebayo and others say it amounts to corruption.

Her career at the EPA took a bad turn after she complained that the agency stood by in 1996 as a U.S. chemical company mined a deadly substance in South Africa. She won a $600,000 discrimination judgment against the agency in 2000.

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"Adebayo's case is interesting because the issues of whistle-blowing and retaliation in federal government are larger than any one employee, particularly in the wake of Sept. 11," said Joslyn Barnes, a New York screenwriter who is working on the screenplay.

The EPA declined to discuss Coleman-Adebayo's complaints because a second lawsuit she filed against the agency is pending and because her case is a personnel matter.

"EPA will not comment on the specifics of the pending litigation except to deny that EPA has discriminated or retaliated against Dr. Coleman-Adebayo," EPA spokeswoman Jennifer Wood said in a prepared statement last month.

The agency's opinions of Coleman-Adebayo are revealed in court documents and recent e-mails that she provided. In one e-mail, a supervisor, Rafael DeLeon, dismissed her complaints of "hostile workplace events" and a "pattern and practice of harassment." They are not medical facts, he wrote. They "merely represent your self-serving and baseless version of events."

Court records show that the EPA includes one white supervisor who referred to Coleman-Adebayo, who is African American, as "an honorary white person," and another supervisor who allegedly referred to her as "uppity," a segregation-era word for black people who do not accept the notion that they are inferior. The supervisors were never reprimanded.

The federal workplace is rife with complaints by whistle-blowers of retaliation, often involving threats of job loss. Such complaints usually play out in an arcane equal-opportunity process, rarely seeing the light of day.

Coleman-Adebayo's case stands out because her crusade against what she calls "government corruption" won her powerful allies, such as President Bush and House Judiciary Chairman F. James Sensenbrenner Jr. (R-Wis.), who recently wrote a letter to the EPA on her behalf.Lodging Complaints

Sixteen years ago, Coleman-Adebayo was a promising hire, having graduated from the Massachusetts Institute of Technology with a doctorate in African studies. Her work was generally commended.

But when Coleman-Adebayo traveled to South Africa as part of a U.S. delegation focusing on the environment in 1996, her career took a turn for the worse.

She became a whistle-blower after discovering that a U.S. chemical company was mining a deadly substance in South Africa called vanadium pintoxide. Exposure often turns the tongue blue, causes nosebleeds, kidney and liver dysfunction, and sometimes cancer.

When the EPA did not react to her complaints, she took the issue to non-government interest groups. The EPA finally reacted -- against Coleman-Adebayo. Her evaluations worsened, and she said her requests for promotions were denied as white men with far less experience rose above her pay grade.

Coleman-Adebayo sued, and her court battle in 2000 played out like a war. EPA managers said they were upset over the South Africa incident.

"She disagreed with me and made criticisms of the way the agency, of which she was a part, was doing its job," William Nitze, an EPA supervisor who worked in South Africa, testified in 2000. "You have to understand that when we try and organize and manage a program at EPA, we tried to do it as a team."

The agency said the men who rose to positions above Coleman-Adebayo's did so because they were better fundraisers and got along better with others.

Coleman-Adebayo's lawyers said race was also a factor. Witnesses said a white assistant administrator, Alan Bruce Sielen, motioned Coleman-Adebayo into a meeting of mostly white people and said it was all right because she was "an honorary white person."

Sielen denied the claim, but one of the witnesses, a black man, said he confronted Sielen after he also called him an honorary white person. Later in testimony, Coleman-Adebayo said Sielen told her she was denied a promotion because another supervisor said she was too "uppity."

The supervisor, Alan Hecht, a deputy administrator, denied the claim. The EPA fought back, enlisting psychiatrist Christiane Tellefsen to assess Coleman-Adebayo's mental state. Tellefsen said in testimony that Coleman-Adebayo was a self-centered, narcissistic woman who "tended to speak in a dramatic way."

In explaining how Coleman-Adebayo was "passive-aggressive," Tellefsen said she was uncooperative, even when asked to provide her children's names. But in cross-examination, lawyers showed that Coleman-Adebayo did provide the children's names, but the doctor believed the African names were made up. Coleman-Adebayo's husband is Nigerian.

The testimony of Jon T. Grand, who had been an EPA manager, offered evidence that Coleman-Adebayo's discrimination claim had merit. Grand, who is white, recalled that a white manager privately told him that they called her "Rosa Parks of the EPA" behind her back.

Years later, Grand's career at the EPA would free-fall. The agency had him prosecuted, and he was sent to jail because he did not report the EPA's mistake of overpaying him when he worked for the agency in Denmark. Grand said that he did report the error, but a secretary failed to act. Facing a long prison sentence, he pleaded guilty and was sentenced to four months in jail.

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"I do actually believe that had I not testified, this would never have happened," Grand said.Another Fight, Another Suit

Coleman-Adebayo won her case but was later found to have uncontrollable hypertension. The EPA asked her to resign, but she refused, saying the men who discriminated against her were allowed to stay.

The agency agreed to temporarily allow Coleman-Adebayo to work from home. But her telecommute lasted for four years as her illness worsened. During that time, she helped form the No Fear Coalition to protect whistle-blowers and worked with Congress to make the No Fear (Notification and Federal Employee Anti-Discrimination and Retaliation) Act into law in 2002.

Good Housekeeping magazine presented her in 2003 with its Women in Government award for courage. Later that year, Coleman-Adebayo filed a second lawsuit, alleging retaliation by the EPA.

A year later, she was reassigned from a specialist job to a lower analyst position, effective Dec. 1, 2004. Eight days later, the agency placed her in yet another post.

The EPA sent a letter saying the new job would be "done in an office setting." Coleman-Adebayo read it at the cluttered desk in her kitchen, surrounded by numerous bottles of medication prescribed for hypertension and glaucoma.

For a year, Coleman-Adebayo and the EPA traded letters like punches. She continued to telecommute until the agency ordered her into the office this April. After complaining of dizziness, she left in an ambulance. The EPA placed her on family leave, without pay.

Coleman-Adebayo's response seemed worthy of a line in the screenplay.

"They want me to make a choice between my life and my job," she said.

Vital Tool Of Last Resort (USAT)

By Donald J. Borut

USA Today, July 10, 2006

In all the noise that surrounded the decision by the Supreme Court one year ago to continue to allow cities to use eminent domain when considering the economic future of their communities, something vital was left out: the facts.

Without eminent domain to clear title on abandoned and vacant properties — the primary use of eminent domain in this country — rundown buildings and empty lots would attract trash, rodents and trouble. Blighted structures would sit abandoned. If owners didn't want to sell or were holding out for more money, the cities and their taxpayers could do nothing to get rid of them.

Despite what some might claim, this is how eminent domain has been and continues to be used in this country: to revitalize older parts of Philadelphia; to transform an area in Indianapolis once referred to as "Dodge City" into a beautiful, mixed-income neighborhood; to save a historic church in Fitzgerald, Ga.

Let's take a closer look at the facts:

Since the Supreme Court's Kelo ruling, 43 state legislatures reviewed eminent domain laws and made changes to meet the needs of their communities. In a few cases, after numerous public hearings, legislators determined that no change was needed.

According to a survey by the National League of Cities, 76% of municipalities had not used eminent domain in the past three years in connection with an economic development project. But where it was invoked, eminent domain was used only as a last resort after all other options were explored.

Of the 5,700-plus properties claimed by the Institute for Justice to involve eminent domain in the past year, many were part of 117 multiphased and publicly scrutinized economic development projects begun well before the Kelo decision to eradicate blight — a practice even dissenting Justice Sandra Day O'Connor found appropriate.

Ensuring that owners receive appropriate compensation for their properties is equally important. In cases such as Norwood, Ohio, which was cited by the Institute as an abuse, the majority of owners willingly received twice the assessed fair market value; the "hold-outs" three times their value.

The prudent use of eminent domain has brought hope and opportunity — through good jobs and better housing — to thousands of Americans. That story deserves to be told.

Donald J. Borut is executive director of the National League of Cities.

One Year Later, Power To Seize Property Ripe For Abuse (USAT)

USA Today, July 10, 2006

Remember Susette Kelo? The New London, Conn., nurse lost a landmark legal fight to save her pink cottage from being seized by city officials, who wanted to hand it over to developers. Just over a year ago, the U.S. Supreme Court ruled against her. It held 5-4 that local governments could condemn private property, not just for a public purpose such as a road or school, but also to give to developers if a locality's economic future is at issue.

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As it turned out, that wasn't the end of the story. The house won't be bulldozed after all. Last month, officials agreed to move it to another location so that her land can round out a waterfront development site — a compromise Kelo suggested years ago to little avail.

Meanwhile, the ruling has ignited a nationwide fight between developers rushing to seize a fresh opportunity and an unlikely political coalition that sees the decision as an assault on America's "home-as-castle" mind-set.

Emboldened by the ruling, local governments have threatened or condemned 5,783 properties for private projects in the past year, according to the Institute for Justice, the libertarian law firm that defended Kelo. That's up from an annual average of 2,056 such threats and takings from 1998 to 2002, the Institute said.

Of 117 projects the Institute studied over the past year, most involved taking lower-income homes, apartments and mobile home parks to construct upscale condominiums or retail development, driving the working poor from their homes.

But the Kelo case also has inspired a political backlash unusual in the annals of Supreme Court rulings. It has united conservative defenders of property rights and liberals who say the seizures amount to corporate welfare at the expense of the powerless.

They've scored significant victories:

· Twenty-five states have enacted laws to curb eminent domain seizures — something the Supreme Court invited them to do in making its ruling.

· The U.S. House of Representatives voted 376-38 last year to bar federal economic development funds to state and local agencies that use eminent domain for private commercial development. A similar bill is stalled in the Senate.

· On June 23, one year after the Kelo decision, President Bush issued an executive order that federal agencies can seize private property only for public projects.

Those actions should help ensure that the growing movement to prevent unjustified seizures of private property will gain momentum. In the words of dissenting Justice Sandra Day O'Connor, "the government now has the license to transfer property from those with fewer resources to those with more" as long as there is some purported economic benefit. And that is wrong.

Supporters of seizures such as the one in New London argue that abuses are rare and that condemnation is needed to revitalize abandoned or blighted areas and encourage the growth of jobs. But the truth is that under the court's ruling almost no one's property is safe unless states impose limits.

Seizures of one person's property to benefit another should be rare and a last resort. The halfway happy ending to Susette Kelo's ordeal should encourage political leaders to do more to stop bulldozers from plowing through the American dream.

The President: Shades Of Green (NSWK)

By Richard Wolffe

Newsweek, July 17, 2006

Before moving into the White House, George W. Bush built the kind of vacation home that Al Gore might have designed. His Texas ranch captures rain and wastewater for landscaping. Solar panels line the roof and an underground geothermal system provides heating and air conditioning. There's even a protected forest that is home to the rare golden-cheeked warbler.

Unlike his caricature, Bush is not monochromatic when it comes to the environment. During the final weeks of the 2000 campaign. he lampooned Gore's plans to cut taxes for those living a green lifestyle. "How many of you own a hybrid electric-gasoline-engine vehicle?" he would ask at rallies. "How many of you have a rooftop photovoltaic system?"

But following his green-tinted State of the Union address in January, Bush now travels the country promoting both hybrid vehicles and solar power. Just last month he created a huge national monument around the remote northwestern islands of Hawaii.

Has Bush turned green in his six years in office? Both environmentalists and the White House say no—but for different reasons. To activists, Bush's record is unremittingly bad. They accuse him of relaxing clean-air standards on power plants and refineries, and of blocking Kyoto-style measures to halt global warming. They even question the sincerity of his plan to protect the Hawaiian Islands, given the Navy's nearby use of powerful sonar that can harm whales. "Whatever motivated him to build a green ranch before he was president hasn't been translated at all into policy," says Frances Beinecke of the Natural Resources Defense Council.

On the other side, Bush's aides say the president is unchanged—he has always been an ardent conservationist—and have their own take on his record. On the highways, Bush has set rules to improve the fuel consumption of light trucks and SUVs. In the air, he has proposed the first-ever cut in mercury emissions from power plants. And on global warming, the most controversial part of his green scorecard, Bush acknowledged back in June 2001 that the National Academy of Sciences believed climate change was "due in large part to human activity." The dispute is what to do about that warming. Bush thinks new technologies—not treaties—can save the day.

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While the debate about Bush rages on, the political landscape is changing. Green proponents are looking to new GOP leaders like Sen. John McCain (the 2008 front runner), as well as Gov. Arnold Schwarzenegger, who supports caps on greenhouse gases in California.

Some of Bush's underlings are struggling to keep up with the greener approach to energy. The day after Bush promoted renewables in his State of the Union, the Energy Department laid off 32 people at its renewable-energy lab in Colorado. They got their jobs back the day before a certain VIP toured the lab: one George W. Bush. Greening the government is sometimes harder than greening a ranch.

A Dated Carbon Approach (WP)

By Sebastian Mallaby

The Washington Post, July 10, 2006

These days almost nobody asserts that global warming isn't happening. Instead, we are confronted with a new lie: that we can respond to climate change without taxing and regulating carbon.

The Bush administration -- and many Democrats, too -- promise technological salvation: hydrogen fuel cells, ethanol distilled from grass, solar power, windmills, whatever. It's more fun to call for whiz-bang technologies than regulations and taxes. But it's also dishonest.

We already have technologies to cut carbon. Hybrid cars have been around for years, but almost nobody drives them. Small cars have been on the market even more years, but they aren't consumer hits either. There are dozens of technologies to insulate buildings and design heating and cooling systems in efficient ways. The problem is we don't use them.

You can even cut carbon using no technology whatever. Mexico City has reduced its output of carbon dioxide by almost 55,000 tons a year by opening one efficient bus route; the key innovation here was the creation of two bus lanes. The new buses run on diesel -- not exactly a technological breakthrough. But because they are rapid and frequent, the buses have brought car use down and reduced emissions.

So what matters is not just the technologies we have but the incentives to deploy them. The average Western European uses half as much energy as the average American, and that's not because there's more technology in Europe. Rather, Europeans have embraced anti-carbon policies ranging from gas taxes to emissions caps, from an absence of extravagant mortgage subsidies that encourage super-size homes to congestion charges for drivers in London and Stockholm.

Because of Norway's carbon taxes, companies drilling for natural gas in the North Sea are starting to capture the carbon dioxide they release and inject it back under the sea floor. Because the United States lacks a carbon tax, natural gas drillers in this country have less incentive to do that. Meanwhile the Energy Department reports that there are plans to build 150 new coal-fired power plants in the United States, enough to generate power for 93 million homes. But because government hasn't created intelligent incentives, most of these new generators won't be fitted with technology to capture and store the carbon.

So incentives count. Technology frequently turns out to matter less than policy. But the technology salvationists are a determined bunch. Faced with clear evidence that we aren't deploying the technology we have, they insist that the solution is yet more technology. We need need need that next technological breakthrough, they scream. And until we get it, there's no point trying to do anything.

How do these fantasists suppose that we'll get the next breakthrough? Government spending on basic research is supposed to do the trick: "The Administration has dedicated $1.2 billion over five years to the research and development needed to get hydrogen cars into the showroom," declares a White House fact sheet. But that $240 million per year, or the $150 million a year that the administration wants to spend on advanced ethanol, is a laughably small sum. Private energy firms spend about $18 billion a year on researching new technology for extracting hydrocarbons.

If you want to get hydrogen cars into the showrooms, you can't put your faith in government alone; you need Exxon and Shell and Toyota and Ford to make hydrogen a priority. And what's going to drive these companies' choices? Obviously, taxes and regulatory incentives. If carbon is subject to taxes or caps, the energy companies and car companies will devote more of their vast research budgets to alternative fuels. But if carbon is not taxed, they will research new ways of using and extracting oil -- including getting it from sources that are awful for climate, such as tar sands .

Don't get me wrong. I'm not against government support for basic research into alternative fuels, just as I'm not against government funding of basic research into health sciences. But to convert the discoveries from the National Institutes of Health into usable medicines, you need a patent system that gives pharmaceutical companies incentives. And to convert government research on hydrogen into drivable cars, you need a carbon tax or carbon cap that creates the right incentives for the private sector.

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It feels good to be for new technology rather than for nasty new taxes or regulations. But this is a false choice. If you want the new technology, you have to support the new tax or the new cap. Those who argue otherwise should ask themselves: Would we have rapid medical innovation if we didn't bother to protect intellectual property?

Drafting The Future Of The Parks (NYT)

The New York Times, July 10, 2006

Last Friday marked the end of the public comment period on the most recent draft of the National Park Service's management policy — the core document that governs the day-to-day operation of the national parks. It's a relief to see that the current draft appears to reaffirm the doctrine that preservation is the core historical mission of the parks. That had been the philosophy guiding the Park Service for years, until the Bush administration attempted to give recreation and commercial use a much higher priority.

Compared with the original draft, this one is a marvel of sanity and historical conscience. But it's been a rough road getting to this point, and there may well be a few bumps ahead.

Over the past few weeks, there has been a concerted effort by the so-called recreation community — a euphemism for the motorized vehicle industry and its lobbyists — to change the draft. In at least two conference calls with Interior Department officials, snowmobile and off-road vehicle lobbyists have expressed their opposition to the restored emphasis on preservation.

What's most worrying about this last-minute lobbying — besides the fact that recreation seems limited to activities involving an internal combustion engine — is the suggestion, put forward by the American Recreation Coalition, that the Park Service revise the management policy regularly. There is only one reason for a suggestion like that: to give "recreation leaders" a regular chance to pressure the park system for increased motorized vehicle access.

No one, of course, wants to limit the use of the parks to hardy hikers. Our understanding of what it means to preserve the parks "unimpaired for the enjoyment of future generations" has changed dramatically since the parks system was established in 1916. Millions of motorists have visited wilderness they could never have reached on foot, using roadways that were carefully constructed to balance the goals of access and conservation. But what we have been seeing under this administration is an attempt to redefine enjoyment for the benefit of a small minority who want to eliminate restrictions on the use of noisy jet skis and open up the parks to off-road vehicles and snowmobiles.

The parks should not be sacrificed to the internal combustion engine. The new interior secretary, Dirk Kempthorne, should listen to the claims of the motorized recreationists and weigh them for what they are worth against the many thousands of public comments supporting the historical mission of the parks — and act accordingly.

FBI/DEA/ATF/USMS:

Deadly Heroin Has Likely Hit Area (TLPA)

Times Leader (NE PA), July 9, 2006

WILKES-BARRE – Fentanyl is the new rat poison for heroin addicts.

Spicing up heroin with rat poison, strychnine or other chemicals has long been a practice of dealers seeking to attract customers looking for an even greater high. But sometimes the mix can be deadly – especially if the cut is fentanyl.

Daniel Dominick, 27, died Friday at Wilkes-Barre General Hospital after taking what was likely a fentanyl-heroin mix, according to Luzerne County Coroner's Office. The Luzerne man's death placed Wilkes-Barre on a growing list of cities where the deadly heroin concoction has been circulating in recent months.

More than 70 people have died from fentanyl-laced heroin in the Philadelphia area since April, and it's the same in other major cities. Officials in Detroit have reported more than 80 fentanyl-related fatalities and Chicago has had 60, according to respective law enforcement agencies.

In Pittsburgh, fentanyl-laced heroin is being sold on the street under the name "get high or die tryin', " and an increasing number of users are doing just that.

Just 125 micrograms is enough fentanyl to kill an adult – that's the equivalent of five or six grains of salt. Law enforcement experts say lacing heroin with the painkiller has only come in vogue this year, especially in the past three months.

An undercover narcotics agent for the Philadelphia police said addicts will seek out brands of heroin reputed to be the most potent, and in recent months have been traveling to Philadelphia from all over the state to get heroin laced with fentanyl.

"If there's an extra kick in it, they look for that brand," said the agent, who declined to be identified for safety reasons. "They'll ask for 'Dracula' or 'Nike' or another brand. The dealers know when it's cut with fentanyl but they don't care; not all the customers know."

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According to the agent, users from the Wilkes-Barre area have been getting fentanyl-laced heroin from Hispanic communities on the East side of Philadelphia. “They come from everywhere to get this stuff. They’ll get two or three bundles so they don’t have to make the trip again.”

Although heroin cut with fentanyl has been claiming lives in Philadelphia and Pittsburgh since April, law enforcement officials weren’t sure if it had hit the streets of Wilkes-Barre until a string of overdoses last week culminated in a death Friday. City police and medics responded to approximately 15 drug overdoses last week, including five Friday.

Luzerne County Coroner Dr. John Consalvo can’t prove it was fentanyl that killed Dominick until he gets back a toxicology test in a couple weeks, but he suspects it was.

Fentanyl, some strains of which are hundreds of times more potent than heroin, affects people differently when cut with other drugs. In Friday’s incident, Dominick shared a needle with another man, who took a hit from the same batch of heroin, police said. That man, whose name was not released, showed no signs of a negative reaction.

Millvale Man Possible Overdose Fatality (PPG)

Pittsburgh Post-gazette

Pittsburgh Post-Gazette, July 9, 2006

A Millvale man died yesterday afternoon of a possible drug overdose, the Allegheny County medical examiner reported.

The 31-year-old man, whose identity was not released last night, was the first of two suspected drug overdoses reported yesterday. The second one, just before 10 p.m., happened in Pittsburgh and it was not fatal.

It was unclear last night whether both victims overdosed on heroin or fentanyl-laced heroin. Fentanyl is 80 times more powerful than morphine and thought to be responsible for scores of deaths throughout the country.

As of June 9, police were investigating 48 overdoses -- including eight fatalities -- throughout Allegheny County to see if they are linked to fentanyl. Two samples of heroin police recovered from seven of those eight death scenes tested positive for fentanyl, the medical examiner's office has said.

Yesterday, county homicide detectives were called at 4:32 p.m. to a residence in the 500 block of North Avenue in Millvale.

The 31-year-old man, of McIntyre Road, was pronounced dead at the scene at 4:50 p.m., an investigator for the medical examiner said.

More Spiked Heroin In Delaware? (AP)

AP, July 9, 2006

NEWARK, Del. (AP) - July 9, 2006 - Five heroin overdoses in a 24-hour period are leading to suspicions that heroin laced with a powerful painkiller has resurfaced in Delaware.

State police spokesman Corporal Jeff Oldham says investigators are looking into whether the heroin involved was laced with fentanyl.

Police say there have been two single-vehicle crashes that appear to be the result of overdoses.

Last night, paramedics revived two men who overdosed on heroin outside a gas station on Christiana Road. The men were in cardiac arrest when paramedics arrived. They told police they bought heroin in Wilmington and passed out shortly after they used it.

Oldham says another person overdosed today. None of the overdoses have been fatal.

Heroin laced with fentanyl has been linked to dozens of deaths in the Northeast this year.

Drug-corner Epidemic: Overdose (PHI)

By Sam Wood, Dwight Ott And Troy Graham

The Philadelphia Inquirer, July 9, 2006

Neighbors saw the guy bolting from the back of a graffiti-stained, abandoned house as he shouted the word that soon would ring out on drug corners across the country.

"Overdose."

Mercedes Perez, who lives a few doors down on this North Camden block, went to investigate.

In a junk-strewn lot teeming with flies and covered in broken glass, she found Samantha Bender, a young suburban mother, lying dead on her back, surrounded by empty blue bags of heroin.

"She was a pretty girl. Looked very young," said Wanda Guzman, another neighbor. "I thought she was only about 16."

Bender was, in fact, 23, and the mother of a 3-year-old daughter. She grew up in Gibbstown, Gloucester County. She was an avid fan of the local music scene and the author of elegiac poetry. And she was a beloved friend and relative.

On that April day, Samantha Bender became something else: a victim of the drug corner.

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Bender, an autopsy would show, had injected heroin laced with a lethal dose of fentanyl, a powerful narcotic painkiller that has caused hundreds of deaths across the country.

"We don't know why she was there," said Bender's mother, Mary Ann Lanzetta. "She was a smart girl and had so much potential. It doesn't make one ounce of sense."

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Drug corners like the one where Bender likely copped her heroin have been claiming lives through addiction, violence, and the lure of easy money for decades.

But Bender's death in the 1600 block of State Street was a harbinger for a new epidemic.

Since spring, fentanyl-laced heroin has killed as many as 100 people in the Philadelphia region, and hundreds more in cities such as Chicago, Detroit and Pittsburgh.

Despite a huge law-enforcement collaboration, investigators have yet to unlock the mystery of the fentanyl: Where is it coming from? Why is it being mixed with heroin? How can they stop it?

"It's come as a bit of a surprise, in some respects, that it's popped up in so many places at the same time with such vigor," said Jerry Daley, the executive director of a Philadelphia-Camden drug task force known as HIDTA (High Intensity Drug Trafficking Area). "We know a lot less than we'd like to."

The true depth of the problem remains shrouded, as well. No single agency has been keeping track of victims spread across the country, so no one knows how many have died.

"If there were this number of cases of measles, people would be jumping up and screaming," said Steven Marcus, director of the New Jersey Poison Center and one of the first people to notice the fentanyl outbreak. "But it's affecting a population that people have cast off... . There doesn't seem to be anyone in public health making a concerted effort to get all the data together."

Still, with so many addicts falling, police and health workers have sounded repeated alarms in the news media, bringing attention, once again, to an illegal, multimillion-dollar business catering to suburban demand and conducted on decrepit, inner-city street corners.

Corners such as Philadelphia's Fifth and Indiana, and Philip and Ontario. Corners such as the notorious spot in North Camden where Samantha Bender bought the $10 bag marked "D-Block" that would kill her.

Fifth and Grant

The 400 block of Grant Street is a tiny, one-way street where crumbling, trash-filled vacant shells outnumber the occupied homes. The corner, where Grant opens up to Fifth Street, bustles like a Turkish rug market.

Someone has erected a portable basketball hoop on the sidewalk, presumably to replace the sagging rim bolted to a piece of plywood on the far wall. Below that, a graffiti artist, with an abundance of irony, has spray-painted the words "drug free" in huge block letters.

The knot of young dealers passes the time pitching quarters or playing games of basketball bare-chested. They tell reporters to leave, that no one will talk to them. One accepts a business card, then burns a Phillies Blunt cigar through it.

A man sitting on a nearby porch makes a halfhearted apology.

"They're just young boys," he says. "They don't know."

He says his name is Mark. He carries himself like a man in charge, like the conductor of this corner. Then, a car rolls down the narrow street.

"No! Park the car!" Mark shouts. "Park the car!"

With a largely suburban clientele arriving in vehicles, corner etiquette requires them to park somewhere else, then walk up for a less conspicuous transaction.

The money goes to one member of the crew. Then Mark directs the customers up an alley, where another crew member will dispense the heroin.

By now, this is an old game, perfected before many of today's players were even born.

"It's been here since I came here," said Camden Police Lt. Frank Cook, a 22-year veteran, as he sat in his patrol car recently. "It's pervasive; especially heroin."

Police have successfully squashed the drug trade on corners such as this. But, inevitably, it pops up somewhere else.

Camden Police Capt. Joe Richardson estimated that the city had about 4,000 dealers, baggers, cutters and lookouts making money off the drug trade.

"We're outnumbered 10-1," he said. "It's a multimillion-dollar-a-year business."

North Camden used to be controlled by the Sons of Malcolm X, a mostly black street gang. The gang's two leaders, Kevin Money and Jose Perez, now reside just a few blocks away, at Riverfront State Prison. Their territory has changed hands to a mostly Hispanic crew.

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No matter who owns the corners, Fifth and Grant remains prime real estate, a short walk from Rutgers-Camden and the Tweeter Center, and an even shorter drive from the Ben Franklin Bridge and several of the region's major highways.

The advent of fentanyl and its inherent dangers hasn't hurt business. In fact, selling lethal heroin has proven a great strategy for attracting addicts looking for the strongest dope.

"It's remarkable to me, it's totally counterintuitive. You would think when bodies start to fall... it would scare users off. Instead, it draws people in," said Acting Camden County Prosecutor James P. Lynch. "We've done a fair amount of publicity to warn people off... . We're starting to rethink that strategy now because it seems to enhance traffic."

And, as addiction psychiatrist Ken Hoffman said, "The difference between death and euphoria is a really fine line."

Despite the appeal of fentanyl's high, the fear of crossing that line appears to have driven some addicts to try, at least, to get clean. Matthew Sabo, a 45-year-old recovering addict from Gloucester City, said the number of people attending his Broadway methadone clinic had gone up by one-third.

"We had a doctor telling us that fentanyl was 150 times more powerful than heroin... . People don't want to die," he said. "It's nothing but trouble. Every day, somebody ODs out there. The whole town is infested."

Some authorities think the fentanyl problem is far larger than reported. They say an untold number of people overdose but survive without medical attention.

In the medical profession, fentanyl is most commonly described as being 80 times as powerful as morphine. The experts say 125 micrograms - the equivalent of three grains of salt - can be lethal.

"It doesn't take much of this drug to get you into trouble," said Hoffman, who works at the federal Substance Abuse and Mental Health Services Administration. "It can paralyze your chest wall so that you still have a pulse, but you can't breathe."

That's what would have happened to Samantha Bender and the others who have died from the killer heroin.

Yameralis Sanchez, 16, lives a few houses from where Bender died. She saw Bender going into the vacant house and tried to warn her.

"She looked at us like, 'It's not your house.' "

The sight of a "pretty white girl" using an abandoned home as a shooting gallery wasn't out of place, either.

"They are always whites, every day. They still use it," Sanchez said. "I lose count... . I see about 30 to 40 a day. I don't know how many use it after I go to bed."

Mixed with heroin abroad

Daley's HIDTA task force has been coordinating fentanyl intelligence for the region, but most investigators believe that the painkiller is being made and mixed with heroin in foreign countries, at the upper levels of the supply chain. In fact, federal agents busted an illicit lab in Mexico last month, but the fentanyl deaths have continued.

There are at least a dozen home methods for synthesizing illicit fentanyl, including one posted on the Internet by someone claiming to be an organic chemist. One of the essential chemicals for making fentanyl remains unregulated - and can be legally purchased by anyone. The Drug Enforcement Administration is trying to have it listed as a controlled precursor chemical, Daley said.

As for why the fentanyl is being added to heroin, the theories abound "but we can't put any credence in any of them yet," Daley said.

That leaves local police with traditional tactics to fight the epidemic - busting dealers and scaring off users. After decades of the drug war, veteran investigators have reasonable expectations.

"There are some people you could lock up a thousand times... . As soon as they're released from processing, they go right back. You can't beat that," said Capt. Joe Bowen of the Camden County Prosecutor's Office. "You'll see everything: juveniles, mothers with children. If you stop 25 percent from coming back, that's the goal. You'd like to do 100 percent, but that's not realistic."

Still, police in Camden have been out on the streets, fighting hard to stem the fentanyl tide. In particular, they have targeted Fifth and Grant with three "reversals" - sting operations in which undercover officers pose as drug dealers to arrest addicts.

In the first sting, they netted 102 people in about five hours, many in the morning hours when addicts need a fix to stave off sickness from withdrawal. Then, on consecutive days last month, they arrested 91 more people at Fifth and Grant.

To begin one of the reversals, officers took control of the corner by arriving in huge numbers, clogging the intersection with their SUVs and allowing a K-9 dog to roam on a leash. They stood there chatting and joking, until there could be no mistake that the corner belonged to them for the day. Then, they disappeared.

Officers wearing baggy jeans and T-shirts, baseball caps sitting sideways on their heads, huge gold chains dangling from their necks, took positions at the corner. A few minutes later, about 9:30 a.m., a white man wandered up and asked for six bags.

Those arrested were taken to a garage at the Delaware River Port Authority building, at the foot of the Ben Franklin Bridge, where they were photographed and fingerprinted. In a matter of minutes, they left with a court summons. The process amounted

to a minor, embarrassing inconvenience for the addicts, but it gave police a chance to discourage them from going back to the corners.

Bowen, a reflective 23-year veteran who helped lock up many of the Sons of Malcolm X, approached a jittery Tara Marrollo in the DRPA garage. Her arms and hands were covered in scars. She admitted to shooting up as a tear mingled with the sweat on her face.

"I just can't stop," she said desperately. At 42, she has been using for 10 years after getting addicted to pain pills. She said she used two to three bags a day, and said she was unconcerned about a lethal shot of fentanyl.

"At this point in my life, I don't care," she said. "If I go to sleep and don't wake up, it doesn't matter."

Bowen warned her not to go back to Fifth and Grant, knowing her plans for the rest of the day.

"I'm going to go back out there and try to get another bag," she said matter-of-factly. "You have to have it to make yourself well."

As Marrollo talked, officers processed two teenage girls. One had just finished high school. The girls arrived at Fifth and Grant in a car with soaped windows, trumpeting the graduation.

After Marrollo leaves, Bowen stops them.

"You know what she said?" he asks the girls, gesturing toward Marrollo. " 'I used to be just like them.' "

Bowen chats with them, asking questions about their lives, offering Marrollo's as a cautionary tale. But the girls remain defiant.

"I'm not going to end up like her," says Tara Baker, a 19-year-old from Salem County. "We're not stupid."

"I've been doing this for a long time, girls," Bowen says, finally. "And they don't get much older than that."

'Dealers have no mercy'

Samantha Bender's time came to an end on April 27, four days after her birthday. Her mother figures that she took the 402 bus, leaving Gibbstown at 10:20 a.m. She was pronounced dead at 1:45 p.m.

Lanzetta said her daughter had been taking painkillers after a car accident. She said Samantha hated needles, hated heroin, hated addicts. She blamed the guy she was with. She struggled to make sense of her daughter's death.

"Parents, pay attention to what your children are doing. Be aware. This is no joke. Drug dealers have no mercy... . That first and only time will kill you," she said. "I pray some good comes of this."

At Fifth and Grant, no good has come. Despite the fentanyl scare, the 200 arrests and the death of Samantha Bender, the corner thrives.

"I'm on my way to get some now," said Joseph D., a 29-year-old from Philadelphia, as he headed toward Fifth and Grant. He would not give his full name.

"Actually, people are trying to find it because it f-s you up. Dope ain't what it used to be. They know it's got fentanyl," he said. "I come to Camden because it's good, because the bags are bigger and better."

Meth Crackdown In Southwest Michigan Shows Results (AP)

AP, July 9, 2006

KALAMAZOO, Mich. (AP) — An effort to fight the production and use of methamphetamine in southwest Michigan has paid off, the U.S. attorney's office says, but officials are concerned that drug makers could relocate.

During the past seven months, the U.S. Drug Enforcement Administration has assisted Kalamazoo-area law enforcement in the crackdown.

Thirty-five people were arrested, seven methamphetamine labs were seized and marijuana, cocaine, heroin and meth were confiscated. In one seizure last week, police confiscated more than 50 firearms.

Meth — a highly addictive drug — can be made with common household products, including cold medicine that has pseudoephedrine. It's a growing problem in many parts of Michigan and in several other states.

Kalamazoo County's meth lab seizures dropped to 30 this year from 115 in 2005. Barry County had one seizure, down from 11 last year, the Kalamazoo Gazette reported. Calhoun County also had fewer meth cases, prosecutor John Hallacy told the Battle Creek Enquirer.

But Margaret Chiara, U.S. attorney for the Western District of Michigan, said she is worried that the manufacture of the drug might move to other areas following the crackdown in the Kalamazoo area.

"I have enormous concern for the rest of Michigan," Chiara said.

The special operation involved the Michigan State Police as well as local prosecutors and law enforcement. Police declined to provide specifics about those arrested and the locations of the labs.

Local law enforcement officials said they also have made an effort to increase education outreach to teachers, day-care centers and residents so others can recognize production in their communities.

DEA, Local Police Complete Seventh-month Probe (SJ)

By Corky Emrick

Sturgis Journal, July 8, 2006

KALAMAZOO — A seven-month investigation spearheaded by the Drug Enforcement Administration, United States Attorney General's Office and many local police agencies was the focus of a special press conference held Friday in Kalamazoo.

"Law enforcement has a tradition of working collaboratively to more effectively protect those who live and work in western Michigan," said United States Attorney Margaret Chiara.

Last week, special agents from the DEA and members of the St. Joseph Area Narcotics Unit and Three Rivers Police Department spent one day following up on leads and tips for suspected methampthetamine dealers and users.

"The cooperation that we had in our county was something that I've never seen before," said Dave Alli of SCAN. "We basically quadrupled the size of our unit. It put the meth community on notice, those making meth, those selling meth were shocked that we're able to bring in federal agents, state and local police together at an hour's notice."

The seven-month investigation covered most of southwest Michigan and included the counties of St. Joseph, Cass, Barry, Kalamazoo, Allegan and Van Buren.

The DEA from its Detroit office mobilized a seven-person mobile enforcement team, or MET, to help with the cooperative effort.

"The MET deployments are designed to have an immediate and positive impact on the quality of life for our local residents plagued by these drug organizations blatant disregard for public safety," said Robert Corso, a DEA Detroit special agent.

MET is designed to help state and local authorities to combat drug problems.

"We come in and take them out, it's as simple as that," Corso said. "We're kind of like exterminators that target a specific type of pest."

Corso said the DEA has been monitoring the meth activity in southwest Michigan for some time.

"The negative impact that meth has had on this community along with communities around the country is devastating," Corso said. "Meth dealers set up shop in residential buildings, motels and agricultural-rural areas. Most often, the innocent victims are children."

Corso said he wanted to send a clear message to those who manufacture meth.

"We will not tolerate that habit brought to our communities and we will not stop until you are personally unable to enjoy the freedom and beauty these communities have to offer," Corso said. "The drug war is not over. We are out there every day doing what we do best."

Will the DEA return in another joint effort?

"Absolutely we'll come back," he said. "I just won't tell you when."

In the seven-month operation, there were 31 arrests, 16 federal indictments and five meth labs uncovered, officials said.

Last week, two more labs were found. Six people were arrested and officers seized 50 guns.

Police also closed down a major cocaine operation in Albion that resulted in six arrests, they said.

Corso said there has been a decrease in meth labs, but that they are now seeing more meth imported from south of the border using existing marijuana and cocaine trails.

"Most of the labs we are seeing now are Beavis and Butt-Head labs," Corso said.

Meth Labs Seized During Seven-month Probe (BCE)

Battle Creek Enquirer, July 8, 2006

KALAMAZOO — Thirty-five people were arrested and seven methamphetamine labs seized during a seven-month undercover investigation in South Central Michigan, officials announced Friday.

"We haven't stopped it, but at least (we) put a temporary halt on the spreading menace of methamphetamine," Margaret Chiara, United States attorney for the western district of Michigan, told reporters.

Chiara and several federal, state and local law enforcement officials said the undercover operation was run by the Detroit-based Drug Enforcement Agency Mobile Enforcement Team.

The operation also involved the Michigan State Police and local prosecutors and law enforcement from the counties of Calhoun, Kalamazoo, Barry, Cass, Van Buren and St. Joseph. Officials praised the cooperative effort.

The investigation included the arrest of six people in Albion on charges of distribution of cocaine after officers from the Albion Department of Public Safety developed information on a distribution system of that drug. They were aided by agents from the DEA, according to ADPS Lt. Scott Kipp.

DOJ_NMG_0039004

"We have had several raids in the last three or four months," Kipp said. Police still are looking for JonTaj Rolann Wallace, 30, described as a supplier of cocaine in the Albion area.

While the same people don't use and distribute meth and cocaine, DEA targeted those allegedly involved in the Albion cocaine trade and agreed to help police as part of the bigger investigation, said Andrew Eiseman, group supervisor of the DEA Mobile Enforcement Team that conducted the investigation.

The concept of the DEA MET, organized more than 10 years ago, is to send federal officers to areas of the country to help combat drug trafficking, officials said.

They said the investigations are continuing and did not provide specific details of those arrested or the locations of the meth labs. But Lt. Wayne Edington of the Michigan State Police Southwest Enforcement Team said one of the meth labs seized last week was in Athens. He said arrests are pending in that case.

Calhoun County Prosecutor John Hallacy said there remain fewer numbers of meth cases in the county than in several counties like Kalamazoo and Van Buren.

"We have just not seen that huge tidal wave," Hallacy said.

The most recent numbers show Hallacy's office issued 42 counts in 2005 in meth-related cases, compared with 48 in 2004.

Several officials from other counties said their numbers have dropped in 2006. They pointed to a Michigan law enacted this year requiring that all cold medicine containing ephedrine or pseudoephedrine — ingredients used to make meth — only be sold to people 18 years of age or older with a photo identification.

Edington also pointed to a strong education effort by county law enforcement and the Substance Abuse Council as helping curtail the spread of the drug.

Robert L. Corso, special agent in charge of the DEA's Detroit office, said most of the meth labs are small and the drugs are for personal use or distributed to a small group of people. But he said the toxic waste produced during the manufacture of the drug is especially harmful to people and the environment.

"It's dangerous for all living things," Chiara added, "including Mother Nature."

Eiseman said he and six DEA agents worked on the cases and estimated the cost to the agency at $200,000.

METH Inc.: The Route To Minnesota (ST)

By Paul McEnroe

Star Tribune, July 10, 2006

In the eyes of the federal agents who secretly watched him, Alberto Zatarain was a drug dealer who made all the right moves.In the eyes of the federal agents who secretly watched him, Alberto Zatarain was a drug dealer who made all the right moves.

He had at least three aliases. He switched cell phones every month and drove ugly old cars to avoid notice. After dark, he holed up and watched TV inside a rented matchbox house in Richfield that rattled from low-flying jets. No clubs, no parties, no women.

And every few months, when another runner came up from Mexico, Zatarain handed off suitcases of cash -- profits from a booming business that stretched from metro suburbs to farm towns in the Red River Valley to Fargo.

He was selling methamphetamine, and demand never let up.

Operating a network of stash houses from Richfield to Brooklyn Park, and often delivering meth hidden inside jars of instant coffee to customers, Zatarain and his band of couriers at times in recent years reeled in $250,000 a month.

"He controlled Minnesota and North Dakota," a federal drug-enforcement agent said.

Zatarain, 23, wasn't an independent operator. He was a point man for a shadowy, cunning cartel in Mexico that federal authorities say now dominates the illicit meth trade besieging Minnesota and the Midwest.

The cartel, rooted in Mexico's Sinaloa region, is producing a highly addictive form of the drug in large clandestine labs south of the border, then shipping stockpiles of it here to dealers such as Zatarain through a cross-country smuggling system.

But his success made him careless. Today, Zatarain is in the Sherburne County jail, convicted on federal drug-conspiracy charges, sentenced to 15 years, and awaiting transfer to federal prison. He is one of only a few large-scale meth dealers in Minnesota with ties to the Sinaloa cartel to get caught in recent years.

Court documents obtained by the Star Tribune, along with interviews with federal agents and attorneys involved in Zatarain's case, illustrate in detail how he operated before his organization unraveled. Zatarain also pleaded guilty last month to a second set of drug charges, from deals he allegedly tried to make in the past year while behind bars.

The cartel, meanwhile, is still flourishing, undeterred by his arrest and apparently capitalizing on a new state law that's wiping out the small-time meth producers once prevalent in Minnesota. The law restricts the sale of cold medicines that contain a chemical commonly used to process the drug.

Federal authorities say Mexican cartels now control at least 80 percent of the meth sold in Minnesota and are filling the supply void being created by the demise of mom-and-pop dealers. The cartels are ever more responsible for a drug scourge costing the state several hundred million dollars a year.

Federal agents say that Zatarain's case, in which nearly a dozen others with ties to the cartel also were prosecuted, has shed new light on how the Sinaloa cartel works. But not enough to shut it down.

Midway through this year, a Drug Enforcement Administration task force fighting the meth trade in Minnesota is on a pace to confiscate more cartel shipments here than ever. Last year, the task force seized nearly 50 kilos (1 kilo is 2.2 pounds) of the drug. Already this year, nearly 40 kilos have been seized.

Tom Kelly, the head of the DEA's office in Minneapolis, said the cartel's reach is enormous. "You can't stop it at the border of Minnesota," he said. "It's a constant uphill battle."

El Grande kept calling. His real name was Emilio Flores, and he was a cartel connection in Denver, a regional hub for heroin and meth on its way to Minnesota from Mexico. He wanted Zatarain, nicknamed Beto, to stay in the Twin Cities for the winter.

Normally, to keep a low profile, the cartel rotated its distributors in and out of the metro area every few months. But business was too good for Zatarain to return home to Tepic, a city in western Mexico where the cartel has roots.

El Grande and Zatarain, federal agents listening in on wiretaps soon would learn, spent a lot of time on the phone, often talking in code about selling meth -- which is also known on the street as crystal, glass or ice.

Since 2002, Zatarain had worked throughout the Twin Cities for the cartel. Initially, he sold heroin. But it was impossible to ignore the shift in consumer demand for meth -- especially in the suburbs, where authorities say it now ranks alongside cocaine and marijuana as a drug of choice.

For every sale of heroin, DEA agents estimated, Zatarain could make 10 sales of meth. The difference could mean thousands of dollars. By mid-2004, meth, selling sometimes at $12,000 a pound, had become the focus of Zatarain's operation for the cartel.

Assistant U.S. Attorney Andrew Dunne, the head of the Minnesota office's narcotics section, said that the meth pouring into the state from Mexico has become the focus of law enforcement officials, too.

"It is the number one drug threat facing federal drug prosecutors and agents in the Midwest," Dunne said.

The cartel to which Zatarain reported, law enforcement officials say, studied the exploding demand for meth in Minnesota and the Midwest and created a sophisticated business plan to capitalize on it. In many ways, authorities say, the cartel's tactics resemble how a corporation enters an international market.

"The cartel is run like a regular business and set up like a Fortune 500 company," Kelly said. "It has people who work on the transportation side, the finance side, the communications side, and they all work in concert to move a product to where the demand is very high."

Far from the reach of the DEA, the cartel first built labs in Mexico capable of large-scale production. To get great quantities of the drug made quickly, federal investigators say, the cartel also illegally began importing tons of ephedrine, a key ingredient in meth, from India and China. One lab in Mexico soon could produce as much as 50 pounds of meth a week.

By contrast, homemade meth labs in Minnesota -- whose numbers have plummeted since the state restricted the sale of cold medicines last year -- produce only a small fraction of that amount in a week.

To get meth to the Midwest, the cartel began using underground distribution networks that had been set up to smuggle Colombian cocaine, Mexican heroin and marijuana across the border, federal investigators say. Los Angeles, San Diego and Phoenix became major distribution hubs for cartel-made meth.

Shipments of the drug usually reach Minnesota from the Southwest via interstate highways, in cars or trucks with secret storage compartments that cartel couriers constantly change to try to stay one step ahead of state troopers who are getting intensive new training on their smuggling tactics.

Kelly, who spent time working for the DEA in the Southwest, said it has been nearly impossible to stop smuggling along the border there.

"They send five cars through at one time, and if one gets caught it doesn't matter because the rest got through, and they're on the way north," he said.

In May, Attorney General Alberto Gonzales announced a partnership with Mexico to fight meth trafficking. The DEA and Mexico plan to form special investigative teams along the border and compile a most-wanted list of meth traffickers.

Dunne said federal prosecutions of meth cases in Minnesota are soaring. In the past five years, those cases have more than doubled -- from 43 to 104.

But, he said, "We are only catching the tip of the iceberg of the methamphetamine that is coming into Minnesota from Mexico."

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Catching Zatarain took three years.

In 2002, the DEA's task force in Minneapolis heard of a heroin dealer in Minneapolis whose name had been mentioned on a federal wiretap in Denver. The dealer was called "Beto," and he was being supplied in part from Denver by Flores, the guy nicknamed El Grande, who was also later convicted on drug charges.

But the DEA didn't figure out who "Beto" was until the spring of 2004. Through an informant, federal agents learned that Zatarain had gone home to Mexico, but was expected to return soon to the Twin Cities.

"We found that Beto was taking his turn in the rotation," a former task force member on the investigation said. "They came up in teams and stayed for a few months. Everybody was expected to do their time. If you wanted the good life back in Mexico, you had to come north and take your turn."

Federal investigators say Zatarain was making so much money that even as he was sending his receipts to the cartel he was also wiring cash home to his family -- never under his name -- and was planning to buy a ranch in Mexico.

In the fall of 2004, after reviewing the DEA's emerging investigation into drug cartels, U.S. District Judge James Rosenbaum authorized the agency's request to use wiretaps in the hope of penetrating Zatarain's organization. The DEA task force soon realized it was not just pursuing a heroin case. It was on to what would become one of its most far-reaching meth probes.

By eavesdropping on Zatarain's calls, federal agents began learning his codes. When he talked about women, he was really talking about drugs. When he spoke of his "black girl," that meant he was moving black-tar heroin. Talk of "white girls" meant meth. References to the hassle of a broken window was another way of talking about "glass," slang for meth.

Heeding tips from traffickers who had come to the Twin Cities before him, Zatarain changed his cell phone every month and switched used cars about as often. He seldom moved drugs at night, reasoning that there were more police on the streets.

Once, when Zatarain's runners sensed they were being tailed -- and they were -- they simply drove off the freeway, got a hotel room along the Bloomington strip, and holed up for a few days.

On wiretapped phone lines, federal investigators say, Zatarain bragged about the vehicles he used for trafficking. They were outfitted with secret compartments that he said could get anything across the border unnoticed.

But he worried, too. Fearing detection from drug-detecting dogs that police often use on roadside stops of suspicious vehicles, Zatarain and his collaborators went so far as to put anti-freeze inside the plastic bolt that holds spare tires in the trunks of cars -- because they knew the odor throws off a dog's scent.

After spending thousands of hours listening to wiretapped conversations and conducting surveillance all the way from Lake Street in Minneapolis to the Red River Valley, the DEA was eager to learn whether Zatarain could, on short notice, deliver a large quantity of meth.

In January 2005, a Hennepin County Sheriff's deputy, working undercover, rang Zatarain's cell phone and placed an order. It was a call the DEA hoped would lead them to Mexico -- and his drug bosses.

According to court documents, Zatarain took the undercover officer's call and promised to deliver in two hours.

Then Zatarain called one of his meth couriers in Brooklyn Park. DEA surveillance teams tailed the courier to Zatarain's new apartment at 630 Quincy Avenue in northeast Minneapolis. There, other agents watched the apartment.

Close to noon, Zatarain left and drove to sell a half-pound of meth, as promised, to the undercover officer. He delivered it inside a jar of instant coffee, but he was not immediately arrested.

DEA agents soon learned Zatarain could deal almost 20 pounds of meth a month. But they heard nothing about his bosses.

By that time, as his business was peaking, Zatarain had begun breaking most of his own rules -- and his operation began to fall apart. He started working deals at night. Instead of buying a new cell every month, he would wait two.

"It became self-defeating," one investigator on the case said. "While he bought a new cell to avoid detection, he gave his old phones to his associates rather than rotating everybody's phones."

Agents simply listened in on the old phones to get Zatarain's new number.

Once, thinking he was on a secure line, he told someone not to call him Beto. Instead, he said, call him "Johnny." Agents wrote down his new street name.

T hree days after buying a half-pound of crystal meth from Zatarain, federal agents broke down his apartment door. It was dawn, and he and two other men were there sleeping. They acted bewildered, as if the agents had targeted the wrong men.

"They had their game faces on," one of the agents on the task force said. "They weren't going to concede anything."

Agents wanted Zatarain to identify his bosses in Mexico. They offered the standard deal -- less prison time if he gave them names.

DOJ_NMG_0039007

They met with Zatarain three times as he sat with his federal public defender, Kevin O'Brien. Finally, Zatarain gave information to the DEA and the U.S. Attorney's office in Minneapolis about cartel operatives in Denver and Indianapolis, O'Brien said. Zatarain provided names, methods of operation, routes, and information about how the cartel recruited distributors.

And there his disclosures stopped. He would not identify the bosses who directed the operations. To do so would mean his family could be killed in retribution, Zatarain told DEA agents.

"My argument was that he was being manipulated by much bigger forces back in Mexico," O'Brien said. "He was very engaging, very bright, good-looking. He'd be successful in any business. He was a drug dealer for a reason: he was very organized, kept track of customers and he delivered. But he was just one of these kids who is used as cannon fodder."

Federal investigators say Zatarain was an example of what they call a "cell-head" -- someone who has a family relationship within the cartel's organization back in Mexico. That way, they say, the cartel has more control over keeping its far-flung operatives from cooperating with authorities.

"You could tell he wanted to talk," an investigator said, "but the last line of defense the cartel in Mexico has over them is that if you do talk, some of your family is going to end up dead. And he still has family back there in Mexico."

Zatarain, protecting his widowed mother and siblings in Tepic, stayed silent and pleaded guilty to drug-conspiracy charges.

While in jail waiting to be sent to prison for 15 years, Zatarain talked on the phone to his brother, Julio. In recorded conversations, they spoke about trying to sell encyclopedias and other books.

But it became clear to federal agents that they were trying to sell more meth. A second investigation began.

In January, a year after his arrest, Zatarain was indicted along with Julio and two others for allegedly trying to sell 500 grams of meth. He pleaded guilty last month and is scheduled to be sentenced in August. Under federal law, he could serve as many as 10 more years.

Federal agents say shutting down Zatarain's operation was a big victory. But they also know the cartel for which he worked is still in business in Minnesota.

"In the DEA, we always ask ourselves if we dismantled or if we only disrupted an organization," an agent who worked on the Zatarain case said. "Did we dismantle this operation? No."

State Troopers Trained To Stop Different Kind Of Speed (AP)

AP, July 9, 2006

MINNEAPOLIS - A large contingent of Minnesota state troopers are leading the state's battle to stop the flow of methamphetamine into the state from the popular vacation state of Sinaloa in western Mexico.

Capt. David Graham, head of the State Patrol's investigative unit, says smugglers working for Mexican drug cartels are delivering millions of dollars worth of meth to Minnesota.

Drug Enforcement Administration and state authorities estimate that more than 100 pounds of meth produced and packaged by Mexican cartels arrives in Minnesota every month.

In the past six months, troopers have seized 25 pounds of meth - an illegal drug many users call "speed" - hidden in three vehicles.

"I shudder to think what we're missing," Graham said.

Trooper Jeff Sharpe and his colleagues recently went through a federally funded course dubbed Desert Snow, learning how to identify suspicious vehicles, conduct detailed roadside interviews, and detect signs that a vehicle has been altered with hidden storage compartments.

They learned that meth smugglers prefer nondescript compact cars that blend into highway traffic that's filled with giant semis and SUVs.

Now, Sharpe watches out for that kind of blandness.

In February, he stopped a tan Ford Contour after the driver cut off a semitrailer truck while changing lanes. According to police reports, the driver let Sharpe search the car and he noticed the molding above the glove compartment and dashboard appeared to have been cut from the trim.

He called for a patrol dog and the dog locked its nose on the dash area, where Sharpe found a hidden compartment containing about 10 pounds of packaged meth, with a street value of more than $1 million, police reports showed.

It was the largest single seizure of Mexican meth by authorities in Minnesota.

A trial date for the driver, Merced Guadalupe Bejar-Orta, is pending. His attorney is arguing that the search was illegal.

Nearly 90 of Minnesota's 425 troopers have gone through the program since last fall, along with 12 local officers who work for communities bordering the state's interstates.

They face a big job.

DOJ_NMG_0039008

Federal authorities say Mexican cartels now control at least 80 percent of the meth sold in Minnesota and are filling the void created as small dealers are forced out of business by the new state law restricting the sale of cold medicines that contain pseudoephedrine or ephedrine, commonly used to process meth.

Authorities say the cartels have smuggled tons of pseudoephedrine and ephedrine into Mexico from China, India and eastern Europe to feed their super labs.

A DEA task force fighting the meth trade in Minnesota seized nearly 110 pounds of the drug last year. This year, the task force has already seized 88 pounds, officials told the Star Tribune.

Tom Kelly, head of the DEA's office in Minneapolis, said the reach of one large Sinaloa cartel, which is based in the city of Tepic, is huge.

"You can't stop it at the border of Minnesota," Kelly said. "It's a constant uphill battle."

Assistant U.S. Attorney Andrew Dunne, head of the Minnesota office's narcotics section, said meth is the number one drug threat facing federal drug prosecutors and agents in the Midwest.

In the past five years, federal prosecutions of meth cases in Minnesota have more than doubled, from 43 to 104, Dunne said.

But that's only a small percentage compared to the meth that comes in undetected, he said.

"We are only catching the tip of the iceberg of the methamphetamine that is coming into Minnesota from Mexico," Dunne said.

Mississippi Prison Meth Ring Busted (AP)

AP, July 8, 2006

MAGEE - Federal prosecutors say five men, identified as members of the Aryan Brotherhood, have been charged with operating a methamphetamine ring that was directed from a Simpson County community work center in Magee.

The investigation started in 2004 when correctional officers heard through telephone monitoring and confidential informants about the ring, Mississippi Department of Corrections Commissioner Chris Epps said Thursday.

The scheme lasted about a year, authorities said.

Drug Enforcement Administration Special Agent in Charge Stephen Luzinski said several imprisoned members of the white-supremacist gang allegedly enlisted the assistance of former inmates and criminal co-conspirators outside of the prison to produce and distribute the drug.

Those arrested were Grady Brown, 36, incarcerated at the Central Mississippi Correctional facility in Pearl; Melanie Minton, 27, of Rankin County; Donald Harris, 28, of Meridian; Eric Pendergrass, 24, of Pearl; and Jessica Wade, 22, of Rankin County.

The U.S. Attorney's Office said they face federal charges of conspiracy to manufacture and distribute meth and possession with intent to manufacture meth.

Brown would arrange for hypophosphorous acid, which can be used to make meth, to be delivered to the work center, where Brown and Harris were assigned, officials said.

Prison Meth Ring Busted In Simpson Co. (MS)

Meridian Star, July 8, 2006

Donald Harris, 28, of Meridian, is one of five people charged with operating a methamphetamine ring directed from a Simpson County community work center in Magee.

Federal prosecutors also have identified the five men as members of the Aryan Brotherhood.

The investigation started in 2004 when correctional officers heard through telephone monitoring and confidential informants about the ring, Mississippi Department of Corrections Commissioner Chris Epps said Thursday.

The scheme lasted for about a year, authorities said.

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The others arrested were Grady Brown, 36, incarcerated at the Central Mississippi Correctional facility in Pearl; Melanie Minton, 27, of Rankin County; Eric Pendergrass, 24, of Pearl; and Jessica Wade, 22, of Rankin County.

The U.S. Attorney’s Office said they face federal charges of conspiracy to manufacture and distribute meth and possession with intent to manufacture meth.

Local Officials Ask For Federal Help In Fight Against Meth (DRH)

By Pamela Dickman

DOJ_NMG_0039009

Daily Reporter Herald, July 8, 2006

Every day, area prosecutors and law enforcement officers battle a "perfect storm" ravaging the community environmentally, socially, emotionally and criminally.

On Friday, a panel of local officials asked the federal government for help combating methamphetamine. One suggestion: Close the borders, cut off the source.

The highly addictive drug is taking over communities, tearing apart families, monopolizing law enforcement efforts, contributing to violent and property crimes and affecting employers, the said.

People involved in the battle — three district attorneys from Northern Colorado, a sheriff, a local drug task force commander, a county commissioner and the wife of a user who started support groups — acknowledged at a U.S. congressional hearing in Loveland on Friday that the problem and solution are complex.

Communities need treatment, prevention, intervention and more money to battle the drug, they said.

But communities also need help cutting off the source.

In Colorado, the largest source is Mexico, said Lt. Craig Dodd, commander of the Larimer County Drug Task Force, Denver Drug Enforcement Administration Agent Jeffrey Sweetin and 13th Judicial District Attorney Bob Watson.

About 80 percent of the drug consumed in the state comes from Mexico, traveling up Interstate 25 then east and west on interstates 70 and 76. The statistic is based on a drop in small clandestine labs as well as information gleaned in specific investigations, the officials said.

Five witnesses — officers and prosecutors — all suggested that tighter border security is a necessary weapon in the battle.

However, Indiana Congressman Mark Souder — a Republican who attended the hearing with Colorado Congresswoman Marilyn Musgrave and who described the drug and its ripple effect as "a perfect storm" — questioned that assertion.

After visiting a southern Border Patrol post and seeing confiscated heroin and marijuana, he said he isn't sure.

"They're not getting any meth at the border," Souder said. "Why not?"

Is it, instead, coming from Canada? he asked. Are illegal immigrants carrying it to the United States as passage fare?

All local investigation, said Dodd, Sweetin and Weld County Sheriff John Cooke, points to it coming north from Mexico into Larimer and Weld counties. They could not say how it is getting past patrols, just that it is, and federal help is needed.

"We have to have border enforcement with all the drugs coming into our country," Musgrave agreed.

"I daresay we have to focus on our northern borders as well."

By the Numbers

Larimer County

· 85 percent of adult drug court offenders listed methamphetamine as their drug of choice in 2004.

· 28 percent of juvenile drug court offenders listed meth as their drug of choice in 2005.

· 0 — the number of juveniles who listed meth five years earlier.

· 52 children were placed out of their homes because of their parents' meth use in the first nine months of 2005.

· 256 meth-related child protection investigations occurred in the same period.

· 12.9 pounds of methamphetamine were seized by drug officers in 2005— almost double the amount in the two prior years.

Weld County

· 4 of the past five murders were meth-related.

· 50 percent of property crimes are linked to meth.

· 90 percent of forgeries are linked to meth.

· 183 children have mothers who, as inmates, participated in a Weld County Jail survey about meth.

Mesa County

· $3 million was saved by the building of a drug treatment facility instead of a new jail.

· $500,000 — the amount that will be saved each year in operations costs for the treatment facility as opposed to a jail.

Source: Witnesses at a congressional committee hearing held in Loveland

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News and information from Loveland, Colorado

Federal Funds Save Drug Task Force (JA)

Journal Advocate, July 8, 2006

LOVELAND - The heart of war on illegal drugs in the eastern Colorado plains was in danger because of to lack of funding. That all ended Friday with an announcement late in a congressional hearing held here.

Late in the Congressional Field Hearing on Meth Abuse in Northern Colorado, Rep. Marilyn Musgrave, R-Colo., said she has secured a direct appropriation funding for the Eastern Colorado Plains Drug Task Force for 2007.

The Amount, Musgrave said could be as much as $250,000 - similar to the amount awarded to local law enforcement from Weld and Larimer counties last year.

"We have a responsibility to our communities to work toward a solution to this serious problem. The meth epidemic deserves our full attention because of the drug's destructive nature," Musgrave said.

Rep. Mark Souder, R-Ind., chairman of the House Subcommittee on Criminal Justice, Drug Policy and Human Resources said he has heard moving testimony on how methamphetamine has wreaked havoc on people and their families as he addressed the chambers in the Loveland Municipal Building.

"I have also learned about the many positive ways that communities have fought back, targeting the meth cooks and dealers, trying to get addicts into treatment and working to educate young people about the risk of meth abuse," Souder said.

Thirteenth Judicial District Attorney Bob Watson testified on the capabilities and limitations of law enforcement in his district - which is comprised of seven counties.

"We have 24 law enforcement agencies in the 13th judicial district. Some of those agencies are small and some do not have a 24-hour duty," Watson told the subcommittee.

Watson placed an emphasis on the district's drug task force and their accomplishments in the fight against drugs.

"We have put a lot of people behind bars and if we keep cutting the funding, the task force will cease to exist. It's a surrender on the war on drugs," Watson said.

Watson told the committee that his district has seen a decrease on local "mom and pop" meth labs because of the effort and cooperation from the seven counties through the drug task force.

"We have to stop this epidemic and people need to come together," Watson said, adding that one of the goals is to be ready for the next drug craze.

"This is a fine showing that federal, state and local governments came together to fight a problem," ECPDTF Commander Jeff Annis said shortly after the announcement.

"I personally thank Bob Watson for testifying in front of the committee in an effort to secure the money for us," Annis added.

"A great deal of credit goes to Watson, Musgrave and her staff who all went out to bat for us to get us funding," Logan County Sheriff's Office Lt. Walt Page said. "Without the funding, I foresaw the task force gone, which is a terrible shame."

Drug Enforcement Administration Denver Field Division Special Agent in Charge Jeffrey Sweetin testified that 80 percent of the methamphetamine used in the U.S. comes from larger labs - the agency calls super labs - which are increasingly found in Mexico.

"Most methamphetamine is produced by Mexico-based and California-based drug trafficking organizations," Sweetin said, citing that the increase of outside meth was mainly due to law enforcement's aggressive attack on small labs, which are found mostly in rural areas.

Congressional witnesses like Larimer County Drug Task Force Commander Craig Todd described to the committee the impact of the drug in his jurisdiction with increases in violent crime, property crime and identity theft.

"Meth is the primary drug threat to this state and it is readily available in most population centers. Most methamphetamine available in Colorado is produced by Mexican cartels and criminal groups in California and Arizona," 8th Judicial District Attorney Larry Abrahamsom said.

From a non-law enforcement side, the committee heard testimony from Donita Davenport who described how her life was touched dealing with her husband's addiction and his journey to rehabilitation.

Davenport said that her husband's addiction cost them two homes as well as their hard-earned money.

She asked the committee to focus on education the public on the effects of the drug to families and communities.

With the support of each jurisdiction, the ECPDTF are able to cross jurisdictional lines in pursuit of the fight against methamphetamine and other illegal drugs.

"This funding is extremely helpful to us. I have worked with Rep. Musgrave regarding the funding from the time I went to meet with her last February in Washington DC. She has tremendously supported law enforcement," Watson said.

Plans for a regional treatment facility were also laid out which Watson said would happen in the near future.

A board of directors is already in place and is awaiting Gov. Bill Owens appointment for Watson to be the district attorney to represent the facility.

"It's cheaper in the long run to send people to treatment in comparison to incarceration," Watson said.

Cranberry Couple Enters Guilty Plea In Meth Case (PPG)

Pittsburgh Post-Gazette, July 8, 2006

A husband and wife from Cranberry pleaded guilty in federal court yesterday to conspiring to make methamphetamine.

Brian and Christy McKenzie were charged after agents with the U.S. Drug Enforcement Administration rummaged through their trash at the Forest Park Trailer Court where they lived in July 2005.

According to Assistant U.S. Attorney Gregory J. Nescott, the agents got a tip that the McKenzies were making methamphetamine in their Laurel Drive home.

A search warrant revealed other chemicals used in the manufacturing process and an Internet printout that gave directions, Mr. Nescott said.

Mr. McKenzie, 38, pleaded guilty to one count of conspiracy to make less than 5 grams of methamphetamine and one count of possession of a firearm by a convicted felon. Mrs. McKenzie, 30, also pleaded guilty to conspiracy and to one count of possession of acetone, a chemical used to make the drug.

Sentencing is set for Nov. 17.

Briefs (PTR)

Pittsburgh Tribune-Review, July 10, 2006

Man gets prison in attack on witness

A case of retaliation against a witness has ended with a New Brighton, Beaver County, man being sentenced to more than eight years in prison.

Virgil Wolfe, 25, of Circle Street, was found guilty April 12 of attacking a Beaver County man who provided information in a federal narcotics investigation, the U.S. Attorney's office in Pittsburgh said.

The federal Drug Enforcement Administration and state, Beaver County and New Brighton police investigated the case, in which another man, John Wolfe, was also convicted. Virgil Wolfe faces three years of supervised release following his 100-month prison term, according to U.S. District Court Judge Alan N. Bloch's sentence.

Defendant To Go Before Federal Judge (REP)

Reporter, July 8, 2006

Described as a regional drug kingpin by the Drug Enforcement Administration, a Fairfield man will return to federal court in Sacramento on July 18.

Defendant Eduardo Nunez Pichardo of Fairfield - also known as Eddie Nunez - is scheduled to appear for a status conference at 9:30 a.m. July 18 in the courtroom of federal magistrate Lawrence K. Karlton.

Pichardo, 32, was arrested by DEA agents - assisted by Fairfield and Vacaville police - June 21 on suspicion of distribution and conspiracy to distribute cocaine and methamphetamine. According to the DEA, the arrest culminated a seven-year investigation into drug trafficking that stretched from Northern California to Arizona and Alabama.

Pichardo tentatively had been approved for release June 29 on $1 million bond secured by real property. The order, however, later was taken under submission by the court and Pichardo remains in federal custody pending the bond.

Ex-prosecutor Faces New Ethics Probe (TC)

By A.J. FLICK

Tucson Citizen, July 7, 2006

A former Pima County prosecutor is accused of lying to federal agents and violating terms of a plea agreement involving her ex-fiance, a former eye surgeon recently convicted of ordering the death of a colleague.

The accusations are made in an amended complaint filed last week by the State Bar of Arizona against Lourdes Lopez. The complaint is the basis for possible disciplinary action, up to disbarment.

According to the complaint, Lopez committed ethical violations by lying to federal Drug Enforcement Administration agents in October 2001 about illegal prescriptions she obtained for Dr. Bradley Alan Schwartz and continuing to have contact with him despite a court order.

Lopez, who is now in private practice, resigned from the Pima County Attorney's Office shortly before she was indicted for the drug allegations in 2002.

A federal charge against Lopez was dismissed with prejudice, meaning it can never be refiled, after her attorney, Rafael Gallego, told the court she had complied with all terms of her plea agreement, the complaint says.

The allegations of lying will not result in any new federal charges against Lopez, said Ann Harwood, spokeswoman for the U.S. Attorney's Office in Phoenix.

Schwartz also entered into a plea deal that would have wiped away his federal charge in December 2004. His October 2004 arrest and his conviction in May for the murder of Dr. Brian Stidham violate terms of the plea, Harwood said, but prosecutors will not pursue the matter because Schwartz was sentenced to life in prison for conspiracy to commit murder.

Lopez's Bar complaint will be forwarded to an internal panelist to decide whether she committed the violations and whether sanctions, which range from censure to disbarment, are warranted.

Lopez did not return a call seeking comment. Gallego said he would consult with Lopez before commenting.

Leaders Of Marijuana-friendly Church Face Charges (AP)

AP, July 10, 2006

TUCSON, Ariz. Every church worships in their own unique way.But what about a church whose members deify and use marijuana as part of their fath?The Church of Cognizance has been in Pima, Arizona since 1991. Until recently, they smoked, ate or drank marijuana daily as a way of becoming more spiritually enlightened.That was until federal authorities charged them with possessing 172 pounds of their leafy green sacrament earlier this year.And now, church founders Dan and Mary Quaintance face added conspiracy charges and up to 40 years each in prison in a case they call religious persecution.The couple is scheduled to go on trial in Las Cruces, New Mexico on July 18th, though defense lawyers are asking for a delay.Church leaders say they have 72 monasteries located in members' homes nationwide and have a simple motto. That motto _ "With good thoughts, good words and good deeds, we honor marijuana; as the teacher, the provider, the protector."

Information from: Arizona Daily Star

S. Arizona Couple Face Prison For What They Say Is Religious Use Of Marijuana (ADS)

Arizona Daily Star, July 9, 2006

PIMA — The Church of Cognizance, which has quietly operated here since 1991, has an unusual tenet — its worshippers deify and use marijuana as part of their faith.

Until federal authorities charged them with possessing 172 pounds of their leafy green sacrament earlier this year, church founders Dan and Mary Quaintance say they smoked, ate or drank marijuana daily as a way of becoming more spiritually enlightened.

But now, with added conspiracy charges, the Quaintances face up to 40 years each in prison in a case they call religious persecution.

Federal prosecutors say religious freedom does not exempt the use of illegal drugs. The Quaintances say it does. They also say a recent U.S. Supreme Court decision allowing a religious group's use of a hallucinogenic tea containing a federally banned substance should nullify the charges against them.

The couple is scheduled to go on trial in Las Cruces, N.M., on July 18, though defense lawyers are asking for a delay.

"They have a bona fide religion and the only marijuana they utilize is for the practice of their religion," said Mary Quaintance's attorney, Mario A. Esparza. "Our Constitution in the United States guarantees that freedom of religion, and the Quaintances are being punished for the very thing the Constitu- tion stands for.

"They did not distribute to anyone outside of the church and they never profited from it," Esparza said.

The Church of Cognizance, which leaders say has 72 monasteries located in members' homes nationwide, has a simple motto: "With good thoughts, good words and good deeds, we honor marijuana; as the teacher, the provider, the protector."

Dan Quaintance, 54, says the church has 40 to 50 members in Arizona, but cannot estimate how many there are nationwide. Leaders say members must be 18 to join, and he says the average age of worshippers in Arizona is 35. Dan, who preaches at weddings and funerals of church members, says the church does not sell its sacrament or proselytize.

"Laws exist to protect people from injury and we've injured nobody," said Dan Quaintance, an Iowa native, Vietnam veteran and retired welder who identifies himself as his church's "chief cognoscente."

"Marijuana is the averter of death," he said. "The energy and spirit that is in marijuana is God. You consume the plant and you consume God. You are sacrificing your body to the deity."

The Quaintances were arrested Feb. 22 in Lordsburg, N.M., just seven days before the U.S. Supreme Court ruled unanimously that a small religious group based in Santa Fe that combines Christianity and American Indian practices could use hallucinogenic tea in its ceremonies. The tea, called hoasca, contains dimethyltryptamine, or DMT, known for its hallucinogenic properties.

A variety of religious groups representing millions of members filed briefs supporting O Centro Espirita Beneficiente Uniao Do Vegetal, or UDV, and its use of hoasca — among them the Arizona Civil Liberties Union, the U.S. Conference of Catholic Bishops, the National Association of Evangelicals and the Union for Reform Judaism. Some supporters likened banning the tea to a federal ban on sacramental wine.

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Graham County Sheriff Frank Hughes says that in his 10 years on the job, he's never had a complaint about the Quaintances, who live in a small rectangular home in the sparsely populated rural community of Pima, about 90 miles northeast of Tucson.

Their home sits on a four-acre property that's dotted with old vehicles. Alongside their house is a wall made out of tires, which the Quaintances say eventually will form the boundary of an outdoor chapel.

The couple's 31-year-old daughter, Zina; her husband, Tim; and their three children have a home on the property, as do the Quaintances' 28-year-old son, Dennis, and his wife, Vanessa, and their son.

Their home bears no resemblance to a traditional church, inside or out. Yet the Quaintances call it a monastery and are adamant that the church they founded together is a sincere, legitimate faith — on par with any mainstream religious denomination.

A tapestry of Bob Marley smoking a large joint decorates the front hallway, and inside, the couple has a few handmade pipes, some of which have won ribbons in the glazing division of the Graham County Fair. Most of their pipes and other sacramental accessories were seized when authorities searched their home March 3, they say.

The Quaintances do not grow their sacrament but, rather, say they rely on donations of it, which they pick up from church "couriers." That's what they say they were about to do when they were arrested.

They smoke the marijuana or sometimes blend it into a milk-like drink, saying it helps them to become more enlightened and in tune with the universe. Until they were arrested, the Quaintances say they'd smoked or ingested the plant every day of their 33-year marriage, even before they formed their church. Both were marijuana users when they met, and they credit the plant to helping their marriage survive.

"It makes you better at what you do, enhances who you are. It is the most beautiful plant on Earth," said Mary Quaintance, 51, a homemaker from Northern California who married Dan in 1973, when she was 18. They met while Mary worked as nurse's aide in Chico, Calif., and rented a room from Dan's parents.

Dan Quaintance, who grew up in the United Methodist faith and once was president of his church youth group, says finding marijuana helped him finish high school, later kick a heroin addiction and get through acute pancreatitis.

It was during his illness that he began researching marijuana's use among ancient cultures, and he started to think about forming his own church. As he reread the Bible, he believed many passages that referred to a leaf, tree or plant were talking about marijuana.

"Religion is basically putting your faith in what you rely on," he said. "Jesus started his church because of what he believed and learned."

He filed a "declaration of religious sentiment" on behalf of the Church of Cognizance with the Graham County Recorder's Office in 1994, though Dan, his family and other members say the church dates to 1991.

Services at the Church of Cognizance aren't scheduled. According to the Quaintances, members call the monasteries and arrange a worship time, which typically includes using marijuana and listening to sermons by fellow cognoscenti that talk about peaceful existence.

"Dan and Mary are two of the most beautiful, wholesome people," said Daniel Jeffrey, an enlightened cognoscente in Puna, Hawaii. "We're not involved with herb for any kind of profit gain. If you tell people that, their mind just can't grasp it."

Still, Charles Haynes, a senior scholar at the Virginia-based First Amendment Center, says any group seeking an exemption to the nation's drug laws, even for religious purposes, has a "hill to climb."

And he says the federal government is likely in a better position to win against the religious use of marijuana than it was for the hallucinogenic tea case, given the prevalence of marijuana and the federal government's concern about a drug problem in the country.

The hallucinogenic tea is difficult to find and reportedly doesn't taste very good, Haynes said, noting the same is true for peyote, which also is a federally banned substance.

A federal exemption for peyote exists when it's used for religious practices by members of the Native American Church. In Arizona, people using peyote who aren't members of the Native American Church also are exempt as long as the peyote is used for a "bona fide religious purpose" in a manner that doesn't threaten the public. But there are no such exceptions for marijuana.

"Marijuana is difficult, even if they have a sincere religious belief," Haynes said. "The federal government has already successfully fought efforts to get a medical exemption."

The U.S. Constitution contains no legally recognizable definition of religion, but courts still can apply a test of sincerity, said Jeremy Gunn, director of the Freedom of Religion and Belief program for the American Civil Liberties Union, which supported the UDV church.

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If, for example, a group of prisoners calling themselves the Church of Cabernet and Filet Mignon argued religious belief as a reason to be served wine and better food, the government would have a right to question the sincerity of their theological belief, he said.

"The UDV case did not open the floodgate," he said. "The government needs to show why it makes sense to apply the drug laws in that circumstance. In the UDV case, the hallucinogenic tea is honestly a traditional part of the religious practice."

The office of the U.S. attorney for New Mexico, David C. Iglesias, prosecuted the UDV case, and also is prosecuting the Quaintances. His office declined to comment on a pending case.

The Quaintances have no history of criminal convictions in Arizona, where they've lived since 1986, but both have prior convictions for marijuana possession in Washington state, records show. Dan Quaintance says he also has a 1974 conviction from California for driving under the influence and spent 30 days in jail for that offense.

The Quaintances spent two weeks in a New Mexico jail after their arrest this year and, as part of their court-ordered release, must have regular urine tests to ensure they aren't using any marijuana. Both say that living without their deity for the first time in more than three decades is extremely difficult.

The complaint against the couple, which was amended, includes two other defendants — Timothy Jason Kripner, 23, of Tucson and Joseph Allen Butts, 48, of California.

The revised complaint raised the stakes in the case, adding conspiracy charges and more than 220 pounds of marijuana. Dan Quaintance says Kripner and Butts are both certified couriers for the church. Kripner was traveling with the Quaintances when they were arrested, and authorities say Butts was involved in a conspiracy with them to distribute marijuana.

"They may take Dan and Mary down but they will never take the church down," Mary Quaintance said.

IMMIGRATION:

States Try To Block Illegal Workers (USAT)

By Charisse Jones

USA Today, July 10, 2006

At least 30 states have passed laws or taken other steps this year to crack down on illegal immigrants, often making it harder for undocumented workers to find jobs or receive public services.

Acting while Congress struggles to set policy regarding the nation's estimated 12 million illegal immigrants, states have enacted at least 57 laws, according to the National Conference of State Legislatures and a USA TODAY analysis. Among major themes of the state legislation: fining businesses that hire undocumented workers and denying such companies public contracts if they don't verify the legal status of employees.

“The trends … have leaned toward the punitive side,” says Ann Morse, an immigration expert at the National Conference of State Legislatures. “The No. 1 topic has been employment in terms of deterring employers and employees.”

Examples:

·A Colorado law enacted in June prohibits awarding state contracts to businesses that knowingly employ illegal immigrants.

·A Louisiana law approved in June subjects businesses that have state contracts and more than 10 employees to fines if they don't fire workers known to be undocumented.

·A Georgia bill enacted in April has a phased-in requirement that public employers and government contractors and subcontractors verify information on newly hired workers through a federal program.

The U.S. Senate and House have passed widely divergent immigration bills. The Senate's legislation would put most undocumented immigrants on a path to citizenship. The House bill would make illegal immigrants felons and increase penalties for hiring them.

Some lawmakers and advocates of stricter immigration enforcement say the flurry of legislation reflects states' mounting frustration with federal officials.

“State and local politicians and the grass-roots in those states are up in arms over Washington's conspicuous lack of leadership,” says John Keeley, spokesman for the Center for Immigration Studies, which favors tighter controls on immigration. “Immigration … is a driving factor for the three biggest budget items states face: education, health care and criminal justice.”

Under federal law, states must provide some services to illegal immigrants, including public education and emergency medical care. States do not have to provide commercial licenses, food assistance, health care, unemployment benefits or other services.

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States' focus on workers' documentation is unfair, says Brent Wilkes, national executive director of the League of United Latin American Citizens, a civil rights group. “It feels like we're back to the days when it's OK to discriminate against minorities,” he says.

A Florida Mayor Turns To An Immigration Curb To Fix A Fading City (NYT)

By Abby Goodnough

The New York Times, July 10, 2006

AVON PARK, Fla., July 6 — Tom Macklin, the mayor of this faded city deep in Florida's citrus belt, heard the idea on talk radio and latched on with relish.

A city up north, Hazleton, Pa., planned to root out and punish landlords who rented to illegal immigrants, fining them $1,000 for every such tenant. Mr. Macklin, whose own small city has swelled with immigrants from Mexico, Haiti and Jamaica over the past decade, swiftly proposed the same for Avon Park.

"It was almost as if I was sitting in church at a revival and he was preaching to me," Mr. Macklin said of Mayor Lou Barletta of Hazleton, whom he heard promoting that city's Illegal Immigration Relief Act on the radio show last month. "If we address the housing issue — make it as difficult as possible for illegals to find safe haven in Avon Park — then they are going to have to find someplace else to go."

Like Hazleton's proposal, Avon Park's would deny business permits to companies that knowingly hired illegal immigrants. The ordinance, which states that illegal immigration "destroys our neighborhoods and diminishes our overall quality of life," would also make English the official language of Avon Park, removing Spanish from all city documents, signs and automated phone messages.

The proposal has some of Avon Park's roughly 8,800 residents exalting, others fuming and still others — including those who rent rooms or apartments in the scruffy Golden Age Villas, west of the abandoned train tracks — plain scared. The City Council passed it 3 to 2 on the first reading and is likely to adopt it July 24.

"We just wouldn't be able to stay here," said Armando Garcia Cortes, 45, who said he came to Avon Park, about 80 miles southeast of Orlando, from Veracruz, Mexico, to pick oranges and fix roofs. "They're going to see the farmworker population here drop. We would all be leaving."

John Koch, who sells glassware and model cars at the Broken Spoke Flea Market on Main Street, said that would be fine.

"I think it's long overdue," Mr. Koch said of the proposal. "If you don't put a cap on it, it just gets out of hand."

Both Mr. Macklin and Mr. Barletta said they were forced into drastic measures by the federal government's failure to crack down on illegal immigration. Both said that tightening the nation's borders would be the best solution, but that with Congress still divided on immigration policy, they had to take action.

"When you have people begging you to do something, there comes a breaking point," said Mr. Barletta, whose family settled in Hazleton when it was a thriving coal center in the early 1900's. "I feel very confident that what we're doing is not only legal, but the right thing to do. I can't sit back and watch my city being destroyed."

Both mayors, white baby boomers who grew up in the 1960's and 70's, speak wistfully of the days when nuclear families were the only occupants of single-family homes in their towns, every resident paid taxes and English was the only language heard on the streets. Mr. Macklin said the City of Charm, as Avon Park has long called itself, no longer met that description, despite the gazebo and shuffleboard courts on Main Street, several dainty lakes and ubiquitous live oaks.

"When people come to our area," he said, "they see degrading neighborhoods, homes falling down among themselves, four or five vehicles parked in yards. There's a perception for those that come to this area — looking to perhaps expand a business, move here — that it might not necessarily be where they want to be."

Mr. Macklin, a Republican whose City Council is nonpartisan, said he had been bombarded with positive feedback since proposing the ordinance in late June, even getting e-mail messages from California and Illinois. But some residents have called him racist, and others, like Joe Wright, a dairy farmer who said two-thirds of his work force was Hispanic, said the ordinance would be unenforceable and unconstitutional.

"It's going to be impossible to police," said Mr. Wright, whose dairy, outside the city, has many employees who live in Avon Park. "Are they actually going to have their zoning people and policemen racially profile every Hispanic-looking person? I mean, this just has a very chilling effect."

Mr. Macklin said he expected opposition from citrus growers and cattle farmers, many of whom say that they hire only workers with Social Security cards, but that they cannot be sure the cards are authentic. The law would punish only those who knowingly hired or rented to illegal immigrants, he said.

But Mary Bauer, director of the Immigrant Justice Project at the Southern Poverty Law Center, said the proposal violated several laws, including the Fair Housing Act and Title VI of the Civil Rights Act.

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"The real problem is that it's obvious the effect of this will be to discriminate against immigrants and Latinos generally," Ms. Bauer said, adding that the center might sue if the ordinance passed. "Any thinking landlord reading this would likely decide that renting to immigrants or Latinos is a risky proposition."

Cesar A. Perales, president of the Puerto Rican Legal Defense and Education Fund, said he had sent two lawyers to meet with Hispanic groups in Hazleton recently and might sue to stop its ordinance.

"The Latino community is just about as angry as any I've ever seen," Mr. Perales said. "They've come to Hazleton to be part of that community, and they certainly improved the economic conditions of what by most accounts was a dying town, and helped revitalize it. And they now feel they are being blamed for every ill in the city."

Mr. Barletta said his proposal, up for a final vote July 13, was modeled on a similar one in San Bernardino, Calif., which stalled because its proponents failed to gather enough signatures to get it on the ballot. He wrote it, he said, after illegal immigrants committed several rattling crimes in Hazleton, a city of 31,000, this year.

Both proposals have led to false rumors that have fanned fears in recent weeks. At the Golden Age Villas in Avon Park, Ashley Neff, 20, whose boyfriend is an illegal immigrant from Mexico, said she had heard that speaking Spanish would not be allowed in shops and restaurants.

"They're saying they're not even going to let people in grocery stores," Ms. Neff said. "How is that fair? Even a lot of the people who are legal citizens prefer to speak Spanish because it comes easier to them."

Down the street, Patrick Graham, a Jamaican immigrant who said he was here legally, said it was foolish to force out illegal immigrants because nobody else would work in the fields and groves.

"I sure ain't going out there to pick any oranges," said Mr. Graham, who owns a window-cleaning business. "All the hard work, the Mexicans are doing it."

Melva Santana, a shopkeeper who was among a crowd of whites, blacks and Hispanics eating at Taqueria Merlo on Thursday, said she feared the ordinance would encourage people who had kept their prejudices quiet to begin harassing immigrants.

This week, Ms. Santana said, a sales clerk refused to sell her sister beer because she had a Puerto Rico driver's license, and the clerk said, "I can't read it."

At the flamingo-pink Avon Motel, which has operated here for 52 years, Dale Graham, the manager, said he suspected that the proposal had come about because illegal immigrants were not only picking citrus these days but also getting construction and other higher-paying jobs.

"I think they're just a scapegoat," Mr. Graham said. "What it comes down to is the city is resistant to any kind of change or growth."

Outside the motel, a sign read: American Family Owned. Drive Safely.

Mexican Illegals Sent To Hometowns (WT)

By Jerry Seper

The Washington Times, July 10, 2006

The U.S. and Mexican governments have resumed a repatriation program to return Mexican nationals caught illegally in the United States to their hometowns in Mexico's interior, U.S. Immigration and Customs Enforcement (ICE) officials said.

ICE spokeswoman Kadia Koroma said the Interior Repatriation Program, which resumed with the departure of a flight Friday from Tucson International Airport with 67 Mexicans who volunteered to be repatriated, will "ensure the safe, effective and humanitarian return of Mexican nationals illegally in the United States."

A 2004 memorandum of understanding between the Department of Homeland Security and the Mexican government established the framework for the two nations to work cooperatively in repatriating Mexican nationals who volunteer to be returned home.

The program returns detained illegal aliens to Mexico's interior rather than to towns along the U.S.-Mexico border as part of an effort to both control the Southwest border and to save the lives of those who might try again to cross the desert areas of the Southwest to regain entry to the United States.

Many detained illegal aliens who are returned to various border communities after their capture often find it easier and more economical to re-enter the United States than return home to Mexico's interior, authorities have said.

Of the 1.15 million illegal aliens apprehended last year by the U.S. Border Patrol, the vast majority were Mexican nationals and more than half of them were detained along the Arizona-Mexico border -- particularly a 260-mile section of Arizona's southeast known as the Tucson sector.

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For the past two summers, Ms. Koroma said, U.S. and Mexican officials have developed and jointly administered the repatriation program to return nearly 35,000 Mexican nationals to the interior of Mexico. The program initially was funded and managed by U.S. Customs and Border Protection (CBP).

Under the program, which is scheduled to continue until Sept. 30, Mexican nationals apprehended in Arizona will be processed at centers in Nogales and Yuma, where they will be interviewed by Mexican and U.S. officials for inclusion in the repatriation program. Ms. Koroma said those who volunteer will then be flown to Mexico City and provided bus transportation to their places of origin.

"By quickly returning aliens to the interior of Mexico rather than to the Mexican border, both nations seek so save lives and discourage additional illegal border crossings through hostile, desert terrain," she said.

Former CBP Commissioner Robert C. Bonner, who helped create the program, has called it "a crucial, integral component" of Homeland Security's Arizona Border Control Initiative to gain greater operational control and to save lives in dangerous traffic areas along the border with Mexico.

"Returning illegal aliens to the interior of Mexico allows us to disrupt the inhumane and often callous human-smuggling organizations that operate along the border area," he said when the program first began.

Conservatives And Immigration (WSJ)

The Wall Street Journal, July 10, 2006

No issue more deeply divides American conservatives today than immigration. It's the subject on which we get the most critical mail by far, no doubt reflecting this split on the right. So with Congress holding hearings on the issue around the country, perhaps it's a good moment to step back and explain the roots of our own, longstanding position favoring open immigration.

A position, by the way, on which we hardly stand alone. There is also President Bush, and before him the Gipper. (See our May 16 editorial, "Reagan on Immigration1.") In the context of the current debate, we also print on the opposite page an open letter supporting comprehensive immigration reform from 33 prominent conservatives, including former Secretary of State George Shultz and GOP Vice Presidential nominee Jack Kemp.

The most frequent criticism we hear is that a newspaper called "The Wall Street Journal" simply wants "cheap labor" for business. This is an odd charge coming from conservatives who profess to believe in the free market, since it echoes the AFL-CIO and liberals who'd just as soon have government dictate wages.

Our own view is that a philosophy of "free markets and free people" includes flexible labor markets. At a fundamental level, this is a matter of freedom and human dignity. These migrants are freely contracting for their labor, which is a basic human right. Far from selling their labor "cheap," they are traveling to the U.S. to sell it more dearly and improve their lives. Like millions of Americans before them, they and certainly their children climb the economic ladder as their skills and education increase.

We realize that critics are not inventing the manifold problems that can arise from illegal immigration: Trespassing, violent crime, overcrowded hospital emergency rooms, document counterfeiting, human smuggling, corpses in the Arizona desert, and a sense that the government has lost control of the border. But all of these result, ultimately, from too many immigrants chasing too few U.S. visas.

Those migrating here to make a better life for themselves and their families would much prefer to come legally. Give them more legal ways to enter the country, and we are likely to reduce illegal immigration far more effectively than any physical barrier along the Rio Grande ever could. This is not about rewarding bad behavior. It's about bringing immigration policy in line with economic and human reality. And the reality is that the U.S. has a growing demand for workers, while Mexico has both a large supply of such workers and too few jobs at home.

Some conservatives concede this point in theory but then insist that liberal immigration is no longer possible in a modern welfare state, which breeds dependency in a way that the America of a century ago did not. But the immigrants who arrive here come to work, not sit on the dole. And thanks to welfare reform, the welfare rolls have declined despite a surge in illegal immigration in the past decade.

The real claims that illegals make on public services are education, which can't be withheld because of a 1982 Supreme Court ruling (Plyer v. Doe), and health care, especially emergency rooms. Since denying urgent medical treatment is immoral, the answer again is to legalize cross-border labor flows and remove government obstacles to affordable health insurance. As for education, even illegals pay for public schools through the indirect property taxes they pay in rent. Overall, immigrants contribute far more to our economy than they extract in public benefits.

By far the largest concern we hear on the right concerns culture, especially the worry that the current Hispanic influx is so large it can resist the American genius for assimilation. Hispanics now comprise nearly a third of the population in California and Texas, the country's two biggest states, and cultural assimilation does matter.

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This is where the political left does the cause of immigration no good in pursuing a separatist agenda. When such groups as La Raza and the Mexican American Legal Defense and Education Fund push for multiculturalism, bilingual education, foreign language ballots, racial quotas and the like, they undermine support for immigration among even the most open-minded Americans. Most Americans don't want to replicate the Bosnia model; nor are they pining for a U.S. version of the Quebec sovereignty movement. President Bush has been right to assert that immigrants must adopt U.S. norms, and we only wish more figures on the political left would say the same.

But the good news is that these newcomers by and large aren't listening to the left-wingers pushing identity politics. Mexican immigrants, like their European predecessors, are assimilating. Their children learn English and by the end of high school prefer it to their parents' native tongue. They also marry people they meet here. Second-generation Latinos earn less than white Americans but more than blacks and 50% more than first-generation Latinos. According to Tamar Jacoby's "Reinventing the Melting Pot," the most common last names among new homeowners in California include Garcia, Lee, Martinez, Nguyen, Rodriguez and Wong.

Which brings us to the politics. Contrary to what you hear on talk radio and cable news, polls continue to show that the conservative silent majority is pro-immigration, and that it supports a guest-worker program as the only practical and humane way to moderate the foreign labor flow.

According to the most recent Tarrance Group survey, 75% of likely GOP voters support immigration reform that combines increased border and workplace enforcement with a guest-worker system for newcomers and a multiyear path to citizenship for illegal immigrants already here -- provided that they meet certain requirements like living crime free, learning English and paying taxes. "Support for this plan," the poll found, "is strong even among base Republican voter demographics like strong Republicans (77%), very conservative Republicans (72%), white conservative Christians (76%), and those who listen to news talk radio on a daily basis (72%)." * * *

House Republican leaders, who passed an immigration bill last year focusing only on enforcement, want to frame this debate as a choice between more border security or "amnesty" for the 11 or 12 million illegals already here. But that's a false choice. A guest-worker program that lets market forces rather than prevailing political winds determine how many economic migrants can enter the country actually enhances security. How? By reducing pressure on the border, just as the Bracero guest-worker program in the 1950s and early 1960s did.

When border patrol agents don't have to chase down people coming here to work, they can concentrate on genuine threats, like gang members and terrorists. The real choice is between throwing more resources at an enforcement-only policy that has failed, or a larger reform that's had some past success in reducing illegal border crossings and meeting the demands of our economy and of human dignity.

A Conservative Statement For Immigration Reform (WSJ)

The Wall Street Journal, July 10, 2006

At this critical moment in the immigration debate, conservatives need to examine the role we are playing in this great national issue. In many respects, the way we position ourselves on immigration will determine whether we retain the mantle of majority leadership. What side of history do conservatives want to be on? Will we remain a movement that governs -- that offers practical solutions to the problems facing the country?

Conservatives have always prided themselves on acknowledging, in the words of John Adams, that "Facts are stubborn things." Well, immigration -- both the robust annual flow required to keep our economy growing and the 12 million illegal immigrants already in the country -- is a fact of life in the U.S. today. And the only practical way to deal with these stubborn realities is with a comprehensive solution, one that includes border security, interior enforcement, a guest worker program and status for the illegal immigrants already here.

Some counsel that Congress should start with tougher enforcement and border security, but wait to create a guest worker program or address the illegal population. Only that way, it is said, can we avoid the mistakes of the failed 1986 immigration reform.

But in fact, the lesson of 1986 is that only a comprehensive solution will fix our broken immigration system.

The 1986 legislation combined amnesty for three million illegal immigrants with a promise of tougher enforcement, particularly in the workplace. But the law did not recognize the need for future immigration to meet the demands of a growing economy, and the new enforcement never materialized. The result? Twenty years later, illegal immigration is unabated. Why? Because while immigrants continue to be drawn to the jobs created by our economy, they have no legal way to enter the country.

What this history teaches is that the only way to control immigration is with a combination package -- securing the border, enforcing the law in the workplace and creating legal channels for workers to enter the country.

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Our past experience with guest worker programs bears this out. Illegal immigration reached a peak in the mid-'50s, and more than a million people were apprehended trying to cross the border in 1954. Then Congress expanded the Bracero work-visa program, creating a way for 300,000 immigrants to enter the U.S. legally each year.

The result? This new legal flow replaced the old illegal influx, and by 1964, INS apprehensions had dropped to fewer than 100,000. As the Congressional Research Service noted in 1980, "Without question, the Bracero program was . . . instrumental in ending the illegal alien problem of the mid-1940s and 1950s." The Bracero program and the 1986 failure point in the same direction: A comprehensive solution is the only real and lasting way to address immigration.

The American people intuitively understand this, which is why, in poll after poll, they choose a comprehensive approach over one that relies on enforcement alone. A recent NBC/Wall Street Journal poll found that Americans prefer a comprehensive plan to an enforcement-only proposal by 50% to 33%.

Of course, there are things in the Senate bill that need fixing -- and conservatives must stand strong in favor of assimilation. New immigrants need to learn English, U.S. history and the values that have made this country great.

But let us remember the counsel of the great conservative standard-bearer, Ronald Reagan, who was in favor of strong borders -- he once remarked that "a nation without borders is not really a nation" -- but also constantly reminded us that America must remain a "beacon" and a "shining city on a hill" for immigrants who continually renew our great country with their energy and add to the nation's economic growth and prosperity. Reagan was right. We need to do both things -- secure the borders and allow for sensible levels of safe, open, lawful immigration.

Americans and immigrants share the same values of work and opportunity. There is no reason to fear the newcomers arriving on our shores today -- if anything, they will energize what is best about our country.

The best way -- the only way -- to realize President Reagan's vision is through comprehensive immigration reform legislation. We urge the House and Senate to work out their differences and meet the demand of the American people that we act on this critical issue in a comprehensive way.

Signed by: Jack Kemp (former congressman from New York); George P. Shultz (distinguished fellow, Hoover Institution); Jeanne Kirkpatrick (former ambassador to the U.N.); Tamar Jacoby (senior fellow, Manhattan Institute); Cesar V. Conda (senior fellow, FreedomWorks); Ken Weinstein (CEO, Hudson Institute); Grover Norquist (president, Americans for Tax Reform); Jeff Bell (board of directors, American Conservative Union); Larry Cirignano (president, Catholic Alliance); Bill Kristol (editor, The Weekly Standard); Arthur B. Laffer (chairman, Laffer Investments); Linda Chavez (chairman, Center for Equal Opportunity); Elaine Dezenski (former acting assistant secretary for policy development, Department of Homeland Security); Lawrence Kudlow (economics editor, National Review Online); John Podhoretz (columnist, the New York Post); John McWhorter (senior fellow, Manhattan Institute); Joseph Bottum (editor, First Things); Max Boot (senior fellow, Council on Foreign Relations); Vin Weber (former congressman from Minnesota); Richard Gilder (partner, Gilder Gagnon Howe & Co., LLC); Ed Goeas (Republican strategist); Martin Anderson (senior fellow, Hoover Institution); J.C. Watts (former congressman from Oklahoma); Ed Gillespie (former chairman, Republican National Committee); C. Stewart Verdery, Jr. (former assistant secretary for border and transportation security policy, Department of Homeland Security); Diana Furchtgott-Roth (senior fellow, Hudson Institute); Robert de Posada (president, the Latino Coalition); Clint Bolick (president, Alliance for School Choice, and winner of 2006 Bradley Prize); Steven Wagner (former director, human trafficking program, Department of Health and Human Services); Steve Forbes (CEO, Forbes Inc.); Gary Rosen (managing editor, Commentary); Michael Petrucelli (former acting director, U.S. citizenship and immigration services, Department of Homeland Security); and John C. Weicher (senior fellow, Hudson Institute).

Day Laborers, Silent And Despised, Find Their Voice (NYT)

By Lawrence Downes

The New York Times, July 10, 2006

Illegal immigrants are a diverse bunch. There are about 12 million in this country, working in all industries and living in a range from middle class to working poor to something well below that. They are mostly Latino, but are Asian, African and Eastern European, too. The illegal Irish get a lot of press, but are just one tiny subset, a green sprig of parsley in the melting pot.

Of all these ethnic and economic subgroups, the one I find most compelling is the quiet one at the bottom: the Latino day laborers, the street-corner guys.

They are not the largest group, but they are the most visible, most vulnerable and most hated. They are also the least likely to get anything good out of the immigration bills now festering in Congress.

It takes nothing from the punishing toil of farm workers, hotel maids, wilderness firefighters and chicken processors to say that day laborers occupy a position of particular risk and hardship in these times of immigration panic.

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They are silent and anonymous, but painfully exposed. They are jeered by suburbanites, harassed by Minuteman vigilantes and hounded by communities with police crackdowns, anti-loitering statutes and mass evictions. Contractors cheat them. People beat them up and firebomb their homes.

The possibility of being victimized without sympathy or a safety net is, of course, the risk one takes when entering this country illegally.

Day laborers are acutely aware of this and have set out to improve things on their own. In a development that may surprise those who see day laborers as immigration at its chaotic worst, this ad hoc phenomenon is shaping itself up.

Through a growing national network of job centers and hiring halls, day laborers are organizing, finding allies and pressing for better treatment.

They are energized by a sense that hard work and suffering are antidotes to shame, and that even the shunned and excluded can push back.

A coalition of worker groups around the country founded the National Day Laborer Organizing Network in 2000 to press for its members' rights. At a national conference last year at Hofstra University on Long Island, delegates from 12 states met to share strategies.

In many areas, laborers have formed de facto unions, refusing to work for less than $10 an hour. In places that have tried to force them out, like Redondo Beach, Calif., and Mamaroneck, N.Y., workers and their allies have filed federal lawsuits on First Amendment grounds.

The National Day Laborer Organizing Network is forging alliances with organized labor, like the Laborers' International Union of North America, which represents 700,000 construction workers, to fight for hiring sites and safer working conditions.

The immigration bills languishing in Congress offer very little promise for day laborers. Even the most generous legislation denies a path to legal status for the newest immigrants and those who can't prove steady employment, which leaves many day laborers out of luck.

The day laborers' group held a forum in a Manhattan church basement recently to discuss the bills, and the general mood was pessimistic. Members spoke of a disconnect between grass-roots organizations like theirs and the large immigrant-advocacy groups in Washington. They had little good to say about the Senate bill, which has been held up by many immigrant advocates as the best deal obtainable.

Such resentment may sound out of place for people who broke the law to get here. But while day laborers may be the most loathed illegal immigrants, you could also call them the least illegal. They don't misrepresent their identities as they contract independently for jobs off the books. They don't steal Social Security numbers or submit false work papers. They just work.

Members of the day laborers' network talk about ways their organization and other grass-roots groups would make their case to a public that isn't buying it. They have begun a hearts-and-minds campaign, seeking to win friends by cleaning up parks and highways while building up political clout with lobbying and protests.

But even if they can pull it off, the odds are against the strategy working. It's been hard enough getting the country behind even limited immigration reform.

If and when Congress ever gets around to fixing immigration, the illegal immigrants who benefit — if any — will be the ones seen as the worthiest, most promising and least threatening.

There will be no room for those at the margins, and that, practically by definition, is where the day laborers are — waiting, and working.

Washington Whispers (USNEWS)

By Paul Bedard

U.S. News and World Report, July 17, 2006

One Race, and Cheney Is Hooked

He's been to only one NASCAR race--the July 1 Pepsi 400 at Daytona--but already we hear that Vice President Dick Cheney is digging the noise and grime. So did it make him a fan? "He is now," says spokeswoman Lea Anne McBride. Before helping start the race, Cheney visited with the teams sponsored by the Army, National Guard, and Air Force. But the veep hasn't slapped a driver's number on his limo yet. "It may take a few more races before he has a favorite," says McBride. He left the race early but caught Tony Stewart's win on Air Force 2's TV.

TAX:

Concealed Sums Part Of Charges Against Attorney Yagman (LAW)

By Amanda Bronstad, The National Law Journal

National Law Journal, July 10, 2006

While recent tax evasion charges brought against civil rights attorney Stephen Yagman are based largely on expenditures related to his personal lifestyle, federal prosecutors have accused him of concealing money he received as a principal of his Venice, Calif.-based law firm, now called Yagman & Yagman & Reichmann.

On June 23, prosecutors unsealed an indictment that charged Yagman with one count of tax evasion, one count of bankruptcy fraud and 17 counts of money laundering. Prosecutors allege that Yagman failed to pay more than $158,000 in federal income taxes to the Internal Revenue Service and hid assets from trustees overseeing bankruptcies filed on behalf of himself and his former law firm, Yagman & Yagman.

Yagman is best known for filing numerous lawsuits against the top officials of various law enforcement agencies, particularly in Los Angeles. In recent years, Yagman has sought to bring disciplinary action against U.S. District Judge Manuel Real of the Central District of California in a case closely watched by judges nationwide.

Yagman alleges that Real, who was handling a loan fraud case involving a woman under probation, made improper rulings as part of her separate bankruptcy case. After dismissing Yagman's case twice, Mary Schroeder, chief judge of the 9th U.S. Circuit Court of Appeals, recently appointed a special committee to investigate the charges.

In a prepared statement issued the day of the indictment, Yagman's lawyer, Barry Tarlow, a partner at Tarlow & Berk in Los Angeles, said that Yagman is targeted because of the numerous cases he has successfully brought against government agencies, including one of the first federal suits filed on behalf of a detainee at the prison camp in Guantanamo Bay, Cuba. He did not return calls seeking further comment.

"Stephen's zealous and effective advocacy for poor and unpopular clients and against the government has earned him either praise or scorn, depending upon whether or not one believes that the government and police never can do wrong," said former U.S. Magistrate Judge Joseph Reichmann, who works with Yagman at his law firm. He added in a statement that Yagman "would not intentionally commit a crime."

The indictment alleges that Yagman "made numerous material misrepresentations and omissions to the personal and corporate bankruptcy trustees concerning the cases his law corporation and law partnership were handling, the status of those cases, and the receipt of settlement funds in those cases."

In 1999, Yagman filed for Chapter 7 personal bankruptcy protection.

At that time, he had just filed for Chapter 7 bankruptcy protection on behalf of Yagman & Yagman and formed his current firm, which includes his ex-wife Marion Yagman and Reichmann.

He also had just completed a year's suspension from the practice of law for collecting exorbitant fees, the second time since being admitted by the State Bar of California in 1976. Now, legal fees, and other income he received for his work as a lawyer, are significant subjects in the government's indictment.

$1.4M ALLEGEDLY UNDISCLOSED

Specifically, Yagman failed to disclose as part of his law firm's bankruptcy about $1.4 million in attorney fees, including his personal share of $500,000, from the settlements of cases pending at the time, the indictment says.

In 1998, he allegedly opened a corporate bank account in order to hide about $581,000 in assets from the Internal Revenue Service, including three settlement checks from the city of Los Angeles totaling more than $175,000. He also used a brokerage account under his girlfriend's name to pay legal bills and make loans to his law firm, the indictment alleges.

Prosecutors also allege that he received a $125,000 bank check in 1999 from a client a few weeks after his law firm filed for bankruptcy protection. He failed to disclose the check, or his $50,000 share of the fees, as part of his personal bankruptcy.

CONGRESS-ADMINISTRATION:

Portman Expects Decrease In Deficit (WT)

By Stephen Dinan

The Washington Times, July 10, 2006

The economy and federal revenues are growing at such a rapid rate that the deficit will shrink in the short term, President Bush's chief budget official says, while adding that keeping the deficit in control will depend in the long run on reform of Social Security, Medicare and Medicaid.

Rob Portman, a former congressman and U.S. trade representative whom Mr. Bush tapped two months ago to be director of the Office of Management and Budget (OMB), said the president's economic policies have led to exceptional economic growth, which has in turn led to bulging federal receipts.

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Mr. Portman will deliver the annual mid-session budget review this week, detailing progress on spending and revenues, and he told The Washington Times in a recent interview that tax revenues are expected to show at least double-digit growth in the year to date compared with fiscal year 2005.

The Congressional Budget Office on Friday said federal revenue is running 12.8 percent ahead of the figures at the same time last year. The double-digit increase is the second-highest growth rate in the last 25 years, following only 2005's increase of 15 percent.

With federal spending up 8.6 percent to date compared with 2005, the deficit should be at least $50 billion less than last year, though Mr. Portman said that depends on keeping the spending side under control.

Mr. Bush has set a goal of halving the deficit by 2009 compared with 2004, which finished with a $412 billion deficit. He and congressional Republicans have made the nation's recent economic growth one of the twin pillars, along with the war on terror, of their election-year campaign.

Mr. Portman said the revenue is so strong that if it were to continue, it could play a major role in helping ease the budget deficit.

"You can grow out of it short-term; it's theoretically possible," Mr. Portman said, though he cautioned that he's not predicting that will happen, particularly with long-term challenges of Social Security and Medicare still looming.

As the administration's new OMB director, Mr. Portman, who served 13 years as a congressman from Ohio, said Republicans deserve more credit than they are getting among voters for restraining spending.

"It's amazing. For the first time since 1997, last year Congress actually reduced the growth of entitlement spending," he said.

Mr. Portman also said the deficit as a percentage of total economic output, or the gross domestic product, is falling, both because of spending restraint and economic growth, and said Republicans are not getting enough credit for controlling spending.

"If you take out defense, if you take out homeland security, which increased just above inflation, last year you actually had a slight cut and a little bit of progress on entitlements," he said. "We're actually making some progress on spending."

He blamed high-profile spending projects such as the "bridge to nowhere" for making the public so pessimistic about spending, and said that's one reason the president is pushing so hard for a legislative line-item veto.

"It encourages people to focus early on in the process on whether this particular project or tax relief or spending is appropriate," Mr. Portman said.

The House passed a version of the line-item veto last month, and the Senate may debate it later this month.

Unlike the 1996 version, which the Supreme Court ruled unconstitutional, this version would not be an actual veto. Instead, after signing a spending or tax bill, the president would send another bill back to Congress that calls for specific items to be cut, and Congress would have a set period of time to vote on the bill.

As a former congressman, Mr. Portman knows the key legislators and said he has had some success convincing them the administration would use the line-item veto carefully, and not as a club to bash Congress.

He also said some of the chairmen on the spending subcommittees realize the line-item veto would help steel them against some spending requests.

"Instead of the chairman saying, 'I don't like your idea,' he can say, 'Look, if you put it in my bill it's going to get held up to public scrutiny and The Washington Times is going to be writing about it. Do you want it on the front page of The Washington Times?'" Mr. Portman said. "It's a tool that some of them, I think, understand they can use to better legislate."

GOP 'Values' Agenda Stumbles (WT/AP)

By Associated Press

The Washington Times, July 10, 2006

Could a Republican-controlled Congress pass a bill to protect the words "under God" in the Pledge of Allegiance from court challenges?

No problem, especially if proposed during the patriotic season leading up to the Fourth of July, Republican leaders thought.

No way, it turned out.

The bill, the first item on the Republican Party's trumpeted election-year "American Values Agenda," could not make it past a House committee.

Even worse for the Republicans was that they could not blame Democrats. One of the party's very own, Rep. Bob Inglis of South Carolina, voted no. Seven other Republicans skipped the Judiciary Committee meeting entirely.

So it goes this year for House Republicans, their majority in jeopardy for the first time in more than a decade.

"We're not having trouble," House Majority Leader John A. Boehner of Ohio said. "This is your typical legislative meat grinder."

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But privately, many are frustrated. Democrats have pounced on the lack of progress with a "we can do better" election theme.

"I wish the election were today," House Minority Leader Nancy Pelosi of California said last week.

An election-year session of Congress with little major legislation turned into laws is nothing new. Lawmakers traditionally are loath to vote on contentious legislation so close to the start of campaigning.

For some, debating proposals that have little chance of passage is a legitimate process.

"Passing bills isn't the end-all and be-all of Congress," said Brian Darling of the Heritage Foundation, a conservative think tank. "There's also some value in debating these issues and using Congress to air out issues that are important to the American people."

Democrats ridicule as political ploys Republican decisions to bring up legislation doomed to fail, such as the constitutional amendments to ban flag desecration.

Republicans say Democrats are not above bringing up proposals just for political gain. They note that Democrats have insisted on bringing up a proposal to raise the minimum wage, which has failed for nine years.

With two-thirds of the 2006 legislative calendar over, Congress has passed and sent President Bush only two major pieces of legislation. One renewed the terrorist-fighting USA Patriot Act; the other extended $70 billion in tax cuts, roughly divided evenly between investors and middle-income families.

The legislative year is littered with failed or stalled Republican priorities. Some -- such as overhauling immigration, repealing estate taxes and changing rules on lobbying in response to several ethics scandals -- are disappointments for many in the Republican Party and for Mr. Bush.

The overhaul of immigration laws has become an implacable dispute about whether to give most of the nation's 10 million to 12 million illegal immigrants a chance at citizenship.

Rather than spend the summer resolving differences between the House and Senate versions, their chief patrons scheduled new hearings to shore up their arguments, with no resolution in sight.

Space Shuttle Declared Safe For Return (WP)

By Guy Gugliotta

The Washington Post, July 10, 2006

HOUSTON, July 9 -- Space shuttle Discovery cleared a major safety hurdle Sunday for reentry, but the attention both aloft and on the ground appeared at times to focus more on the World Cup soccer final than on space travel.

NASA engineers completed their exhaustive analysis of three remaining "areas of concern" on Discovery's heat shielding and "cleared" all of them, said John Shannon, chairman of the mission management team.

"I'm pleased and proud," added Steve Poulos, chief of the shield review and manager of the Orbiter Project Office. "Not only did my team pound these issues flat, we put a dimple in the board."

By clearing the heat shield, NASA essentially gave Discovery a green light for reentry next Monday.

The inspection system was put in place after space shuttle Columbia disintegrated on reentry in 2003 because its heat shield was fatally damaged on launch.

The crews of Discovery and the international space station spent most of Sunday unloading equipment and supplies, and preparing for a spacewalk Monday to finish repairs on the station's mobile tramway.

But even with a full schedule, mission Commander Steven W. Lindsey conceded during a news conference early in the day that, after a "hectic" beginning to the mission, the shuttle astronauts and space station crew members might take something of a breather Sunday.

In response to a question from the news service Agence France-Presse, space station crewman Thomas Reiter, a German national, acknowledged that "we are very interested" in the day's soccer match between France and Italy to decide the World Cup.

"Piers Sellers and I will definitely want to know what the result is," Reiter said, adding enigmatically, "We're backing different teams."

The English-born Sellers, Discovery's lead spacewalker, then betrayed his support for France by shouting out, "To Zinedine Zidane, Thierry [Henry] and Patrick [Vieira]! Good luck!"

Asked later by German journalists to pick a favorite, Reiter ducked the question, hoping diplomatically for "a good game."

At halftime, Canadian astronaut Julie Payette, on duty at Mission Control in Houston as space shuttle communicator, told the astronauts that the score was tied 1-1, incurring the wrath of flight control team members around her who were taping the game to view later.

Payette later delivered an update. No change, she said, "but I have to be careful when I read up the score."

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Ten minutes later, Russian Mission Control radioed space station Commander Pavel Vinogradov that "everybody is waiting for prime time to be over and overtime to start."

When the match ended, with Italy the victor, the new shuttle communicator, astronaut Lee Archambault, sent the result to Lindsey.

Archambault told the astronauts that "you guys are rock stars" in Berlin, where part of the morning news conference played on Olympic Stadium's big screen before the match.

"It was probably Thomas," Lindsey deadpanned. "We try to keep Piers off the downlink."

Space Shuttle Cleared To Return Home (AP)

By Seth Borenstein

AP, July 10, 2006

Space shuttle Discovery's astronauts got some happy news Sunday: It's safe to fly home. Mission Control informed the crew of six that the ship's thermal shielding is "100 percent cleared for entry" in another week.

"Boy, that is great news, that's fantastic," shuttle commander Steve Lindsey said. "And to get all that done by the day of flight day six ... is just amazing."

"Everyone here around the room, as you can imagine, is most happy," Mission Control replied.

Only one heat shield issue remained going into the late afternoon mission management meeting — a 2-inch-long piece of fabric filler sticking out about an inch from thermal tiles on Discovery's belly. Engineers determined it wasn't necessary to have an astronaut pluck the strip out during a spacewalk and that it posed no concern for the spaceship's return to Earth on July 17. So managers gave the heat shield an official bill of health.

Officials had already decided that several other nicks and spots — ranging from bird droppings to frayed fabric — were no big deal.

Deputy shuttle program manager John Shannon, chairman of the mission management team, said the healthy shuttle — and the crew's accomplishments in orbit so far — pave the way for the next mission in just over 1 1/2 months. That's when assembly will resume at the international space station; construction was halted by the 2003 Columbia disaster.

Sandwiched between a daring spacewalk Saturday and a crucial but more routine spacewalk Monday, Discovery's crew had an easy day Sunday, said pilot Mark Kelly. They were scheduled to work only 15 hours, instead of 16 hours.

"Today has been a relatively light day compared to the others," Kelly said in the news conference. Those first five days of the mission were so busy "we had to take our meals on the run," Lindsey said.

Saturday's spacewalk, during which astronauts Piers Sellers and Michael Fossum stood on the end of 100 feet of sometimes-oscillating shuttle robotic arm and extension boom, proved that emergency shuttle repair work can be done from that unusual vantage point, the astronauts said. But they said the feeling of being out there at the end of the boom was a little unusual.

"You find yourself lying sideways when you think you're standing up," Sellers said. "It's an unnatural feeling, but not really very unpleasant."

The second spacewalk, which begins at 8:13 a.m. EDT Monday, is much like past international space station repair spacewalks. The bulk of the scheduled 6 1/2-hour spacewalk will concentrate on finishing repairs on the station's railcar-like mobile transporter. This is a crucial piece of the station that slides back and forth, helping in the expansion of the outpost.

"We need that thing to be working to move big pieces around during assembly," Sellers said Sunday. "It was dead on one side, kind of limping on just two wheels."

Sellers and Fossum will replace part of the transporter's umbilical reel, which weighs about 330 pounds on the ground. In what may be an awkward maneuver, Sellers will be holding the old umbilical in one hand and the new one in the other, Fossum said.

"The most challenging thing tomorrow is going to be just the choreography, going back and forth in the payload bay," Fossum said. "It's quite a ballet."

NASA planned to post on its Web site Sunday first-of-its-kind video of Discovery's launch as seen from the reusable solid rocket boosters. The video, recovered last week with the boosters, mesmerized engineers in Houston on Saturday.

Research Shifts At Space Station (WP)

By Marc Kaufman

The Washington Post, July 10, 2006

When the international space station was initially proposed by President Ronald Reagan, its central mission was conceived as providing the most innovative and unusual research center that mankind had ever created. Orbiting 250 miles above Earth,

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the station would be a laboratory for developing medicines, for learning how single cells, plants and animals adapt to life in space, and for discovering technologies for processing metals and other materials in a gravity-free environment.

Twenty-two years later, the space station is half-built and can carry out some experiments, but the U.S. view of its science mission has greatly changed. The primary U.S. goal is no longer basic research, but to support President Bush's initiative of manned missions to the moon and to Mars by learning about how astronauts can live for long periods in space.

The morphing of the space station's role has not been without controversy. Some scientists fret that critical research in medicine and on atmospheric change is being de-emphasized in favor of splashy projects that will have little earthly benefit.

Much of U.S. research is focused on the rigors of living long term in zero gravity and with constant bombardment from solar radiation -- among the greatest hazards faced by crews traveling in deeper space.

"As it was originally planned, the space station would be a facility for all users," said Donald A. Thomas, NASA's space station program scientist. "Any scientist with an interesting experiment to do -- combustion and fluid scientists, plant and cell scientists, crystal growers -- they could all come to NASA, and we would try to accommodate them. But our cutbacks and refocusing have changed that."

So instead of learning how a particular gas or cell behaves in space, NASA's scientific effort is directed toward such problems as how to keep kidney stones from developing in astronauts and how to use long-distance ultrasound technology to diagnose stones if they develop. Avoiding bone and muscle loss is also a high priority, as are learning why immune systems of astronauts tend to deteriorate and how to stop that.

This refocusing does not mean basic science on the space station has ended or that planning for more elaborate and dramatic research is over. Rather, NASA's partners in the space station -- most notably Japan, 11 European nations and Canada -- will do substantial research of their own.

By the end of next year, the Japanese-developed science module Kibo and the European-built Columbus module are scheduled to be in place at the station, and both will be filled with basic research experiments. "They've gone ahead with their programs pretty much unchanged, so they'll be doing what we initially planned to do," Thomas said.

The Japanese program will focus on collecting information about trace chemicals in the atmosphere that might be associated with ozone depletion or global warming, and on the effects of weightlessness on a broad range of living things. It will also send up the world's largest wide-angle X-ray camera for use in examining very deep space.

The Columbus module, developed and manufactured by the European Space Agency, will also focus on basic biological and earth sciences research -- with experiments such as assessing the ability of bacteria to survive on an artificial meteorite and looking at volcanic activity far below Earth's surface.

Because U.S. space shuttles will carry much of the big equipment to the station, American researchers in return get room on the research modules and some access to the experiments of other nations. But to many scientists in this country, the shift in emphasis from research to furthering space travel is misguided.

A 2005 report from the National Academy of Sciences reflected that concern, with the panel worried that U.S. objectives "no longer include the fundamental biological and physical research that had been a major focus of [space station] planning since its inception. In addition to increasing fundamental scientific understanding, much of that research was intended to have eventual terrestrial applications in medicine and industry."

Without greater support, the panel concluded, the scientists who came together to work on space station experiments will soon be lost.

Even if U.S. science policy had not changed, however, it would be difficult to maintain an active research program on the station. It has housed only two or three crew members since the demise of the shuttle Columbia in 2003, and experts say it takes two people just to keep the space station operative. One of the astronauts who just arrived on space shuttle Discovery, Thomas Reiter of Germany, will remain at the station in the hope that a three-person crew can do more scientific work.

Despite the cutbacks and disappointments, NASA's Thomas said more than 100 journal articles have been published based on space station data. He said researchers have made important discoveries by growing protein crystals in space that could not be grown on Earth -- research that could lead to new drugs. Research into the nature of vibrations only possible in space, he said, could have implications for better understanding earthquakes and for protecting buildings against them.

He also said he was excited by the presence of bowling-ball-size satellites at the space station -- battery- and gas-powered units that astronauts are learning to control and perhaps will someday use on missions. Thomas said that a second mini-satellite was ferried up by Discovery and that crew members will work on synchronizing its movement in tandem with the other. A third satellite is expected up soon.

Thomas said that the satellites are largely sponsored by the Defense Department, but that NASA has some use of them and is excited about the possibilities. If the three can be controlled, he said, they could be the prototype for a free-flying space telescope.

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"To be able to test them in the space station, where there's zero gravity but where they can't fly away, is an enormous plus," he said.

USO Volunteer Gets Salute From Commander In Chief (CHIT)

By Andrew L. Wang

Chicago Tribune, July 7, 2006

Dave Kruger is used to welcoming raw military recruits and career soldiers at the United Service Organizations center at O'Hare International Airport.

On Thursday evening, he was there to greet someone slightly higher up the ladder: the commander in chief of the United States, President Bush, who presented Kruger with the President's Volunteer Service Award.

When he heard earlier this week that he would meet Bush as the president arrived for a two-day visit to Chicago, "[I] choked up. My eyes started watering," Kruger said. "I just thought being put in for [the award] was an honor."

At their brief meeting, Kruger wished the president, who turned 60 on Thursday, a happy birthday and asked after his father. Bush thanked him for his service, Kruger said.

Kruger, of north suburban Lindenhurst, first volunteered about two years ago. A veteran who saw Bob Hope perform on a 1966 tour in Vietnam, he knew the effect the USO could have on military morale.

And though he was a longtime donor to the group, he wanted to do more. Not sure how he could help, he called the USO center at O'Hare. "I told the manager the only thing is, I can't sing or dance," he said, chuckling. "That's what I thought they were looking for in volunteers."

He was assured that the responsibilities entailed serving food and drinks at the center and guiding military personnel around O'Hare's labyrinthine terminals.

He started out working one Sunday a month, but soon he was also heading to the USO at Great Lakes Naval Station in North Chicago, where he asked the manager, Beth Piccolo, if she needed any help.

Being the only paid staffer there, she did.

Now Kruger volunteers about 27 hours a week, Friday through Sunday, and sometimes stops by to help after he gets off work as a shipping scheduler at a Wheeling manufacturing plant.

He delivers food from the grocery, does odd jobs around the office for Piccolo and serves food when naval recruits at the base come in. In two years Kruger has volunteered more than 1,300 hours, Piccolo said.

"Dave is like my right arm," she said. "I need him."

But more than dishing out pizza, sandwiches, cookies and hot dogs, Kruger cherishes being a part of the lives of his "extended family," the servicemen and women he meets.

A few months ago, one Friday night at O'Hare, a naval recruit walked into Kruger's post.

The tears in his eyes foretold the story: He had just flown in from a far-flung corner of Montana, where he had spent several days on emergency leave.

His mother had died, he told Kruger.

"I went around the counter and hugged him, and he said he was just so happy to have someone to talk to about it," Kruger said.

On Monday, Kruger got an e-mail from a ship in the Atlantic. It was Shane, the sailor he had comforted, writing that he had just visited Spain and asked his sweetheart to marry him.

The wedding is slated for next year. Kruger hopes to be there.

A Match Made Behind Closed Doors (WP)

By Al Kamen

The Washington Post, July 10, 2006

Exploring Her Options

Jennifer Millerwise Dyck , formerly a spokeswoman for Vice President Cheney 's office and more recently the top spokeswoman for the CIA, is leaving this month for the private sector. Her husband, Paul Dyck , who worked for Karl Rove and then at the State Department, is settling in at the Commerce Department as deputy assistant secretary for international trade with Europe.

Losing And Not Knowing It (TH)

By Robert D. Novak

TownHall.com, July 10, 2006

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WASHINGTON, D.C. -- Lindsey Graham is no less independent and outspoken as a first-term senator from South Carolina than he was during eight tempestuous years in the House. He also is a golfer, and uses a metaphor from the links to describe his political discomfort. His fellow Republicans remind him of a tournament golfer who ignores the leader board and thinks he is ahead going into the 17th and 18th holes, when he really is trailing.

"It's like we think we'll get by with pars on the last two holes when we really need birdies," Graham told me. He referred to the 2006 midterm election, where he sees a real danger of Republicans losing control of both houses in Congress for the first time since the 1992 elections. Such foreboding reflects Graham's fear that demographic changes in America will extend beyond this year's elections and return the Republican Party to minority status.

Sen. John McCain, center, R-Ariz., fields questions from reporters as he arrives Thursday, June 29, 2006, for a fundraiser for the South Carolina Republican Party. McCain, mulling a 2008 presidential bid, gathered with two of his closest South Carolina allies, Gov. Mark Sanford, left, and Sen. Lindsey Graham, right. South Carolina traditionally holds the first Republican presidential primary in the South. (AP Photo/Mary Ann Chastain) Graham's remedy to avert both short-term and long-term disaster stresses Republicans returning to fiscal integrity by seriously cutting spending -- a goal to which his GOP colleagues give lip service. He also advocates policies on entitlements, the environment and immigration that he feels are necessary for the party's health but find little Republican support on Capitol Hill and only mixed backing at the White House.

It is not merely lack of enthusiasm for Graham's agenda. Since talking to the senator, I have tested his theories with a dozen prominent Republicans. All feel the tide has turned for them over the last month. Each of them claims that the American voter will stick with the Republicans after taking a good look at Democrats, a mindset that often is a precursor of defeat. To follow Graham's metaphor, perhaps they are not reading the real leader board of American politics.

Republicans surely seem to need some birdies to keep Senate seats in 2006. Rick Santorum remains far behind in Pennsylvania. Conrad Burns is in trouble in Montana. Jim Talent trails in Missouri. Mike DeWine is threatened by a noxious Republican atmosphere in Ohio. Lincoln Chafee is endangered in Democratic Rhode Island. Jon Kyl faces a surprisingly tough race in Arizona. Despite excellent candidates in Minnesota and Washington state, no Republican challenging for a Democratic-held Senate seat is in the lead. Thus, a six-seat takeover capturing the Senate is possible.

This is of special concern for Republicans because the third of Senate seats contested in 2006 is more favorable to their party than what will follow. The long-term outlook troubles Graham, who sees a bleak Republican future north of the Mason-Dixon Line. Olympia Snowe and Susan Collins in Maine and Arlen Specter in Pennsylvania may be the last Republican senators from their states. The rising Hispanic-American population not only has transformed California into a Democratic state; freshman Democratic Sen. Ken Salazar looks like the new political face of Colorado, and Arizona is no longer safe for Kyl conservatives.

These demographic changes suggest an end to the gradual political realignment that began in the late '60s and produced consistent electoral success for Republicans. As a South Carolinian, Graham must worry about his party suffering the fate of Democrats in the '20s. Democrats elected only 20 House members and won no presidential electoral votes outside Southern and border states in 1920.

Accordingly, Graham is one conservative Republican who supports President Bush on immigration. He and Bush advisers agree that the immigration hard line may alienate the Hispanic vote with disastrous consequences. But Graham has little backing at the White House for a softened party line on global warming and entitlement reform that includes greater contributions by upper-income Americans.

Graham sees the highest Republican priority as controlling federal spending. He proposes renewing the campaign for a constitutional amendment mandating a balanced budget, backed up by self-restraint on earmarks. That agenda evokes limited applause in party circles. Sophisticates in Washington roll their eyes over constitutional limits on spending. Sens. John McCain and Tom Coburn have not made friends by fighting earmarks. After all, why should Republicans clap if they think they are ahead going into the last two holes?

OTHER NEWS:

Commercial Real Estate Maintains Its Strength Despite A Cooling Housing Market (WSJ)

By Jennifer S. Forsyth

The Wall Street Journal, July 10, 2006

With America's housing market clearly cooling, will commercial real estate start to swoon?

Hardly. The national office market, which cratered after the tech bust in 2000, has recovered and is the strongest it has been in five years. The shopping-mall market has stayed strong because consumer spending held up better than expected. And hotels had their most profitable year ever in 2005, partly because of strong business travel.

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In fact, the commercial markets benefited from the former froth in the residential-property market because the boom in residential construction limited the amount of land that could be used for other purposes. In some markets, the conversion of apartments, hotels and, to a lesser extent, office buildings, into condominiums reduced the risk of oversupply -- one of the biggest hazards in commercial real estate and one that contributed to the sector's crash in the late 1980s.

Despite the widely varying types of commercial properties -- and the fact they are partly driven by different factors -- it isn't uncommon for people to assume if houses aren't selling, commercial markets must be at risk, too. So common that the faulty assumption itself could be self-fulfilling, says Robert White Jr., president of Real Capital Analytics, a New York-based real-estate information firm. "I so worry...that if they get burned on their condo in Miami, they are going to stay away from any other commercial real-estate investments for the next decade. Those markets are completely different."

Home-ownership trends are tied directly to income and interest rates, says Glenn Mueller, an investment strategist for Dividend Capital Group, a Denver-based real-estate investment-management firm. And home buying was made unusually affordable in the past few years by low interest rates and the popularity of mortgage-financing options such as interest-only loans. This led to high demand, much speculation and lots of new building. But as interest rates began to rise, it became more difficult for people to afford or even to qualify for loans. That has produced a glut of homes and condos in some markets.

Of course, interest rates affect commercial mortgages as well. Cheap debt has been one reason why there have been so many bidders on the commercial buildings sold over the past few years, pushing prices to record levels and yields to unprecedented lows.

Unlike the residential market, in which investors are most often private individuals, commercial investors are more diverse and not nearly as tied to mortgage rates. Dr. Mueller also points out that some of these investors include institutional buyers such as pension funds that pay cash instead of borrowing money. There's also still strong demand for commercial real estate, particularly among foreign investors. "We just don't see any slowing of investor interest, particularly in retail and hotels," says Deborah Jackson, executive managing director of New York-based Weiser Realty Advisors LLC.

In addition to condo conversions helping to reduce the supply of office space outright, residential construction has contributed to the high cost of land and materials in many U.S. markets. In many cases, because of high construction costs, it was cheaper to buy an office building -- even at high prices -- than to build a new one. Without much new speculative development, vacancy rates have dropped in almost every major market and landlords have been able to get more for rents.

In Miami, for example, residential units in the central business district increased 55% since 2000, while the office increase was 9.5%, according to Jones Lang LaSalle, a real-estate services firm. Even if developers contemplated a new office building, the construction companies were likely tied up with residential jobs until recently, says Jubeen Vaghefi, a Miami-based managing director for Jones Lang LaSalle. All the while, the South Florida economy has been steadily improving. Those forces combined to boost the office market there.

To be sure, the office recovery is uneven. Longtime struggling office markets such as Dallas, while improving, still have high vacancy rates from previous overbuilding, as do areas such as Cleveland and Detroit, where job growth has been limited.

Real estate also remains a cyclical industry, and it is early in the office sector's recovery. Investors who paid sky-high prices for commercial buildings, especially those who financed using floating-rate debt or interest-only loans in the early years, are dependent on their optimistic growth projections to deliver.

Yet, with generally improving fundamentals such as reduced vacancy and higher rents and few worries about overbuilding in most markets, the office sector should continue to improve in the near term, if job growth doesn't take a dive. "We're still in that race between increasing interest rates and increasing fundamentals," Stephen Blank, senior resident fellow of finance with the Urban Land Institute, says of the commercial market. "It appears to me that we are going to skate through this."

$2 Million Payment To Former Lobbyist Raises Eyebrows (WP)

By Jeffrey H. Birnbaum

The Washington Post, July 10, 2006

You've probably never heard of Jeffrey S. Shockey. So, for simplicity's sake, think of him as the Two Million Dollar Man.

The 40-year-old congressional staffer last year collected nearly $2 million in severance payments from his former employer, a lobbying firm that specializes in winning benefits from the committee he now serves. Many longtime Washingtonians are shaking their heads in disbelief over the payout's enormous size, its ad hoc method of calculation and the fact that Shockey received it while working as a senior congressional aide.

No wonder Americans hate the nation's capital. Federal employees are prohibited from supplementing their incomes with money from private sources, especially from lobbyists who have business before the government. Shockey says his payment was justified and within the rules. But experienced lobbyists around town question both its economics and its propriety.

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The situation is an example of a common occurrence -- the spinning of the "revolving door" between the public and private sectors. Shockey is deputy chief of staff of the powerful House Appropriations Committee. Before that he was a partner for five years in a lobbying firm that made its living extracting goodies from the same committee. And before that he worked for Rep. Jerry Lewis (R-Calif.), who was then a member of the committee and is now its chairman.

Along the way, Shockey made millions. As a lobbyist in 2004 he earned $2 million, which is double what the city's top lobbyists were said to earn just a few years ago. Shockey, in fact, was on track to make $3 million in 2005, the year he returned to government as the No. 2 staffer for the Appropriations Committee.

Lobby shops often give parting gifts to colleagues who go into public service as a way to maintain strong relations. But the amount tends to be nominal and strictly tied to past performance to avoid even the appearance of paying a federal official in exchange for favorable treatment -- an exchange that would be illegal.

Why, then, would Shockey's former firm pay him so much? The reason, several seasoned lobbyists speculated, must have been the firm's desire to keep its communications with Shockey and the appropriations panel absolutely seamless. "There would be no need to pay out that amount of money unless you needed to maintain a superlative relationship with that person after he leaves," one veteran lobbyist said.

Spokesmen for Shockey's old firm say the company already had deep connections with Lewis and didn't need any more. Still, who can blame skeptics for thinking that $2 million might buy more than merely goodwill?

Congressional appropriators like Lewis were once hesitant to explicitly fund pet projects for fear of being accused of playing favorites and of micromanaging the government. But that was a long time ago. The Republican Revolution of 1994 ushered in a new congressional majority that professed to be distrustful of government but also worked overtime to maintain its control by directing federal aid into popular programs that would help reelect GOP members.

Lawmakers were encouraged to earmark billions of dollars for thousands of home-state projects every year as a way to court their constituents. To take advantage of those giveaways, lobbyists increasingly specialized in appropriations work. Shockey and his firm were leaders in the field.

Lobbyists were hired in droves and dozens of them made fortunes, including Shockey. Inundated by requests for earmarks, some congressmen began to rely on their lobbyist friends to help them select which projects to back and to monitor them as they moved through the legislative process. In turn, the lobbyists supplied the congressmen with campaign contributions and other amenities.

Critics decry such mutual back-scratching as incestuous, undemocratic and potentially corrupting. Lobbyists (and their grateful clients) say it's just the way things work in the complicated world of Washington. In any case, it surely was no coincidence that many of Shockey's four dozen clients -- including the city of Redlands and the county of San Bernardino -- were in the southern California district of Shockey's once and current boss.

Shockey's former lobbying firm, now called Copeland Lowery Jacquez Denton & White, assisted lots of California-based organizations and municipalities. One of its partners is a former California congressman, Bill Lowery (R), who, like Shockey, is close to Lewis -- so close that federal authorities in Los Angeles have subpoenaed many of the firm's clients to learn more about the relationship of the firm, Lewis and Lowery.

Publicity over the investigation has broken up the partnership. The firm's two Democratic partners, James M. Copeland and Lynnette R. Jacquez, told their Republican colleagues last month that they were leaving. The reason, they said, was that ethical and legal questions threatened to destroy their professional reputations and ruin their commercial prospects. Lewis has denied any wrongdoing, and the firm has said it has complied with all the rules.

Shockey has not received a subpoena. He has been careful to disclose his severance package and has removed himself from dealings with the firm and his former clients.

But several of Washington's prominent lobbyists question the deal. I spent a few days talking to owners and managers of lobbying firms about Shockey's $1.96 million payment. None wanted to be quoted by name for fear of angering Lewis, and many might benefit if Copeland Lowery fails. But they all agreed that the payout was far larger than was common in similar cases.

They also said a transaction that pricey might look like a conflict of interest even if it isn't. And that's a major danger in a political town.

Here's how it came to be:

After Lewis became chairman of the appropriations panel in early 2005, Shockey surprised his partners by announcing that he wanted to return to Capitol Hill. The question then became how much they would pay him for his ownership in the firm.

One answer could have been nothing. Copeland Lowery had no written partnership agreement and functioned under an "eat what you kill" arrangement. That meant its partners kept the revenue they collected from their clients less overhead costs, which were divided among them based on the percentage of total firm revenue that each of them brought in.

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In other words, Shockey had already taken out of the firm everything he brought into it. Once the company got current with its receivables and gave Shockey his share, it could well have said goodbye to him and that would have been that.

But Shockey was one of the firm's main breadwinners. According to the firm's lawyers, he presented his partners with an implicit choice. He would recommend that his clients stay with Copeland Lowery in exchange for a severance or he would sell his "book of business" to a competing lobby shop.

So the partners cut him a deal at what they felt was fair market value. They agreed to give him six times the amount that his clients were producing per month at the time of his departure. They removed from their calculation the few clients that Shockey thought would not continue with the firm after he left and came up with roughly $1.5 million. Adding in revenue he was entitled to receive from bills that were still being paid, his severance package totaled $1.96 million, which was paid in installments in 2005.

Outsiders have several concerns about this transaction. One is that lobbying is very personal. When a key lobbyist leaves, his or her clients often bolt. That's why turnovers of business like Shockey's generally produce for the departing lobbyist nothing more than a "finder's fee," if that. Ten top lobbyists I spoke to said that departing partners rarely get more than two or three months' worth of retainers-on-the-books because there isn't any guarantee that their clients will continue with the firm.

Shockey's threat that he would park his clients elsewhere was probably empty because he was not going to go with them.

These lobbyists also could not understand why Copeland Lowery would shoulder so massive a financial burden. Shockey's payout ate up 26 percent of the firm's 2005 lobbying revenue of $7.4 million, based on the firm's public disclosures. Even if the firm had a 50 percent profit margin (which is possible in lobbying), that would mean that half the partners' earnings went to someone who was no longer there.

I guess keeping appropriators happy is worth an awful lot.

Running Hard, Senate Power Seeks A New Image (NYT)

By Robin Toner

The New York Times, July 10, 2006

PITTSBURGH, July 6 — The conservative glory days of 1994, when Rick Santorum roared into the Senate at the age of 36, seem a long time ago as he fights for his political life this year, trying to convince Pennsylvania voters that he has not gone Washington.

Not become part of the establishment he used to rail against.

Not forgotten the kitchen table issues that matter here.

Mr. Santorum, the third-ranking Republican leader in the Senate, distributed a brochure this week as he worked a sweltering round of town hall meetings and Fourth of July parades: "Fifty Things You May Not Know About Rick Santorum." It is filled with what he called meat and potatoes, like his work to expand colon cancer screenings for Medicare beneficiaries (No. 3), or to secure money for "America's first ever coal to ultra-clean fuel plant" (No. 2).

"I can't tell you the number of people who, after having read it, said, 'Gee, I didn't know any of this stuff,' " Mr. Santorum said in an interview in a firehouse in Monroeville, after his 10th event in two days.

Mr. Santorum was a symbol of the conservative movement in its brash youth; now, in many ways, he embodies the movement in middle age, 12 years after taking control of the House and Senate, no longer so confident that the political winds are with it, especially in an anti-incumbent year.

He needs to reintroduce himself over the next four months, he said, to get beyond the stereotypes. "I have to fight against five and a half years of the mainstream media, particularly local press, telling their side of the story," he said.

He said he wanted Pennsylvanians to think of him as a political heir to Alfonse M. D'Amato of New York, who was known as Senator Pothole for being acutely attuned to constituent needs. (Perhaps not the most auspicious role model, since Mr. D'Amato was unseated by an ambitious Democrat, Charles E. Schumer.)

It is a different image from the high-profile conservatism for which Mr. Santorum is so widely known: his impassioned opposition to abortion and same-sex marriage, and his advocacy of private investment accounts in Social Security.

A kinder, gentler Rick Santorum? "People already know about the other stuff," he said. "You guys remind them every day about the other stuff. Let's tell the rest of the story."

The most recent round of independent polls shows that Mr. Santorum is arguably the most endangered senator in the country. Polls show that Robert P. Casey Jr., the state treasurer, holds a comfortable lead over Mr. Santorum — in a Quinnipiac University poll, Mr. Casey is in the lead by 18 points.

Mr. Santorum has insisted that voters do not really know much about Mr. Casey, that some Pennsylvanians actually believe the Democratic candidate is his father, former Gov. Robert P. Casey, who died six years ago.

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"This is a guy recruited by the Democrats because he has a good name," Mr. Santorum said, after shaking hands at a Fourth of July fireworks display in Radnor.

Mr. Casey, in an interview, noted that he had run three statewide general election campaigns in recent years and served as state auditor general and treasurer. Moreover, he said, it is "really insulting to the people of Pennsylvania" to suggest that some voters still think he is his father.

Leading pollsters agree on this: The race, so far, is mostly about Mr. Santorum. The Quinnipiac poll found that more than 40 percent of those who said they would vote for Mr. Casey said it was primarily a vote against Mr. Santorum. The senator "appears to be his own worst enemy in his battle for re-election," said Clay F. Richards, assistant director of the Quinnipiac University Polling Institute, which conducted its survey June 13-19 with 1,076 Pennsylvania voters and a margin of sampling error of plus or minus three percentage points.

In the end, Mr. Santorum said, he needs to make this race not a referendum but a choice between "a record of accomplishment and leadership" (Mr. Santorum) and "a guy who's coasted along," is "focused on ambition for the sake of ambition," and is "running for one office after another" (Mr. Casey).

Many here are steeling for an intensely negative campaign, based on this rough calculus: to win, some analysts have said, a polarizing candidate like Mr. Santorum must make his opponent seem an unacceptable choice. And Mr. Santorum has a much bigger war chest to make that case this fall.

It has not been an easy few months for Mr. Santorum. He found himself mired in controversy over his residency in recent weeks, with his detractors highlighting the fact that while he maintains a modest residence in suburban Pittsburgh, his family lives in the Virginia suburbs when the Senate is in session, which is the majority of the year. Critics argued it was not unlike the living arrangements he denounced in his 1990 House race against Representative Doug Walgren, the Democrat he defeated.

Mr. Santorum, then 32 and a quintessential grass-roots insurgent, accused Mr. Walgren of being out of touch with his Pittsburgh-area district, symbolized by his home in the Virginia suburbs.

"He's clearly paying a price for it now in western Pennsylvania," Mr. Walgren said, "because there's a lot of people who remember he was so critical of my having my children in Washington."

Mr. Santorum said the Senate was different from the House, adding that "we just decided I had to have my family here, or I'd never get to see them." He and his wife have six children.

In general, Mr. Santorum dismisses the notion that he has become what he once campaigned against — the Washington establishment.

"I think I've tried to keep my edge," he said. "I get to every county, every year. I work really hard to stay in touch with the people of this state. I don't do a lot of frilly stuff as a member of Congress. I try to be pretty meat and potatoes."

But the Casey campaign has said, relentlessly, that Mr. Santorum has voted with President Bush "98 percent of the time," and that he is a "rubber stamp" for an administration that is decidedly unpopular here. The Casey campaign has portrayed Mr. Santorum as far too close to the K Street lobbying community and far too devoted to a national conservative agenda.

"At some point, he began to spend a lot more time on Washington politics and Republican Party politics and ideology than on Pennsylvania's priorities," Mr. Casey said. "In a nutshell, he's gone Washington."

Veterans of Pennsylvania politics have said Mr. Santorum should not be underestimated. Gov. Edward G. Rendell, a Democrat who campaigned for his own re-election in a parade this week in suburban Glenside, said that while many were "writing Senator Santorum off," inside the state the view was different. Mr. Rendell said, "It's going to be a battle for us, and we know that."

But G. Terry Madonna, who heads the Keystone Poll at Franklin & Marshall College, said Mr. Santorum had been struggling to find political traction, something to move voters. Two of the classic wedge issues — abortion and the rights of gun owners — have been largely neutralized, because Mr. Casey has taken conservative stands on both.

In recent days, Mr. Santorum has been campaigning hard on the immigration issue, denouncing the Senate-passed bill, which has the support of the state's popular senior senator, Arlen Specter, also a Republican. Mr. Santorum's campaign is running television and radio spots on the issue, and made 400,000 phone calls on immigration recently, said his media consultant, John Brabender.

Mr. Santorum argues that the Senate legislation amounts to giving amnesty to illegal immigrants; advocates say it offers only a pathway to citizenship, with many requirements, for those here longest. Mr. Casey said that he would support that bill, if that was his only option, but added that Mr. Santorum "is trying to make it a one-issue campaign on an issue he's done nothing about."

Given his voting record — Congressional Quarterly ratings show he voted with his party 92 percent of the time in 2005 and with Mr. Bush 95 percent of the time — Mr. Santorum's ultimate challenge may come in the Philadelphia suburbs in southeastern Pennsylvania, home to many socially moderate Republicans and independents.

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The "50 Things You May Not Know About Rick Santorum" brochure was recently distributed heavily to that area, with its decidedly moderate spin on Mr. Santorum's record — noting, for example, his work to "battle world AIDS and to help eliminate world poverty, working closely with Bono" (No. 4).

Mr. Santorum walked the entire Fourth of July parade route in wilting heat in one such suburb, Lower Southampton Township, this week.

He was greeted politely, sometimes enthusiastically, while James F. Cawley, a Bucks County commissioner and a Republican, looked on approvingly.

"Rick Santorum never went to Washington and caught Potomac fever," Mr. Cawley insisted. Twelve years after the Republican revolution of 1994, the argument is the same — Mr. Santorum's role is different.

Hillary Clinton Seeks To Woo Wall St (FT)

By Ben White

Financial Times, July 10, 2006

Hillary Clinton has been cosying up to Wall Street in recent weeks with a series of meetings with top executives that could help her follow the path blazed by her husband ahead of his first presidential run.

People familiar with the meetings said they appeared intended to help Wall Street figures get to know the New York senator better as she coasts through an easy 2006 re-election campaign and paves the way for a possible Democratic presidential run in 2008. Bill Clinton's early forays to Wall Street helped advance his bid for the Democratic nomination in 1992.

Some events, such as a recent gathering at Morgan Stanley that included chief executive John Mack, a big Republican donor, have been fundraisers for the Senate campaign. Others, including a chat with executives at Lehman Brothers, are more policy-oriented. Mrs Clinton is said to be planning meetings at Merrill Lynch and Credit Suisse, among others.

Ann Lewis, a senior adviser to Mrs Clinton, said the meetings were focused on 2006.

"She is proud to represent a state as diverse as New York with farmers upstate and bankers on Wall Street," she said.

However, political observers noted that Mrs Clinton faces little significant opposition in 2006. They said the the Wall Street meetings could pay dividends in 2008 by helping reassure bankers that Mrs Clinton is a free-market centrist, not the tax-and-spend, protectionist liberal some Republicans paint her to be.

"She wants to reassure them that she is really OK," said Maurice Carroll, a pollster and political analyst.

Analysts said the meetings also gave Mrs Clinton, viewed as a favourite for the Democratic presidential nomination, an opportunity to argue that she would improve the standing of the US abroad and demonstrate her commitment to free trade. This has been called into question by her vocal opposition to DP World of Dubai's attempted purchase of a company controlling certain US ports.

The lack of an obvious Republican frontrunner also means more Wall Street money and support could flow to Mrs Clinton and other Democrats in 2008.

Many on Wall Street are already familiar with Mrs Clinton through her work in the Senate. She often visits big New York employers such as JP Morgan Chase for public and private events. She has raised $4.7m (€3.6m, £2.5m) from individuals in the financial services, real estate and insurance sectors this year, according to the Center for Responsive Politics.

Wake Up, Democrats: Ideas And Vision Do Matter (LAT)

By Kenneth S. Baer And Andrei Cherny

The Los Angeles Times, July 10, 2006

SOMETHING HAPPENS to a political party when it is not just out of power but has had to play on the home field of its opponents for a generation: It loses faith in itself and becomes scared.

Like the 98-pound weakling who lives in fear of the school bully, it will say anything to avoid being stuffed into a gym locker: I don't really believe in anything! I don't stand for anything! Please just leave me alone!

That this has become true in the Democratic Party is clear in listening to the worried words of pundits and political professionals who counsel Democrats to avoid offering any vision or direction for the country — to instead simply wait for voters to so tire of Republican mismanagement that they will turn to more "competent" Democrats to administer a conservative state.

Maureen Dowd, for instance, argued recently that "big ideas" don't matter — "what matters," she wrote, "is the bearer of an idea." James Carville — the architect of Bill Clinton's 1992 victory — told Newsweek that "the American people are going to be ready for an era of realism. They've seen the consequences of having too many 'big ideas.' "

And in these pages, Jonathan Chait cynically dismissed any talk of "vision" or "ideas" and instead argued that Democrats should not formulate a coherent worldview because, for progressives, "everything works on a case-by-case basis." This ad hoc

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approach to politics misunderstands the basics of American history and underestimates the power of ideas in shaping it. It may win an odd election here or there in spite of itself, but ultimately, it is a losing strategy for any political party.

Ideas have driven American politics since the founding of the republic. The U.S. was established on grand notions of democracy and freedom that were radical breaks with the entire history of the world to that point. In the 19th century, Jacksonian ideas about opportunity for all, not just the few, were brought to life through the Homestead Act, the transcontinental railroad and the land grant colleges. When industrialization came to remake the face of American life at the turn of the last century, the Progressives rethought how government and society should work to adapt to the new Machine Age and its urban centers. Eventually, these ideas were realized in Franklin D. Roosevelt's New Deal and came to define and delimit the debate over government for the rest of the 20th century.

The leaders who brought about these changes did not approach their work on a case-by-case basis, nor did they simply see their jobs as conscientiously administering the machinery of government so that it ran smoothly. Instead, they had ambition and a vision of how the world should work. Although their innovations may seem commonplace now, these visions often represented a radical break from the prevalent dogma of the moment, emerging from outside the accepted bounds of debate.

Ideas have both shaped America's history as well as transformed its politics. If elections were only about competence, then right about now we'd be dedicating the Michael Dukakis Presidential Library. The fact is that the parties that have won elections over the long term and have been able to build governing majorities are those that have put forward a vision that both inspires the American people and responds to the concerns they face at the time. Certainly, this was true during the New Deal era, when Americans repeatedly chose the often chaotic and unorganized administration of Roosevelt's Democrats because they responded to the ideas about government and the economy that FDR was offering.

In response, Eisenhower-type Republicans argued that what was needed was a "Modern Republicanism" that promised to administer the New Deal more effectively. Other conservatives argued that unless they offered an alternative vision that would rally Americans to their banner, the Republicans would always be the moon to the Democratic sun: reflecting its light but shining none of its own.

So the bravest conservative thinkers took on the GOP establishment and its most plodding, popular voices. They developed a series of ideas — supply-side economics, Social Security privatization, faith-based social policy and so on — that reshaped the American political landscape. It took decades for their ideas to make it into the mainstream, but — for better or worse — American politics today is played out on the terrain laid down by these thinkers.

Now, it is progressives that have a choice. Most of the voices inside Washington believe that conservative errors and overreaching — along with more effective voter targeting and door-knocking by Democrats, more compelling TV ads and new "frames" for old policies — will yield enough votes so that in a closely divided nation, Democrats might eke out a victory and regain power.

We disagree. Having seen the failure of a generation of conservative ideas on fiscal and foreign policy, Americans are ready to listen to an alternative. Now is the moment for Democrats to offer a set of breakthrough ideas that will create a governing majority for a generation. But this will happen only if they are willing to be more than the railroad conductor making sure the trains run on time, and instead put America on a new and different track.

Kenneth S. Baer and Andrei Cherny are the founding editors of Democracy: A Journal of Ideas, www.democracyjournal.org.

Delay Redux? (TIME)

By Mike Allen And Hilary Hylton

Time, July 10, 2006

Could Tom DeLay be headed back to the House? A source close to the ex-Congressman tells TIME that DeLay is planning an aggressive campaign to retake the House seat he quit in June if an appeals court lets stand a ruling by a federal judge last week that his name must stay on November's ballot--even though he has moved to Virginia. "If it isn't overturned, Katy bar the door!" says a G.O.P. official. "Guess he'll have to fire up the engines on the campaign and let 'er rip." DeLay, awaiting trial for money laundering, never intended to fade away. He plans to give paid speeches and has signed a deal to have his bio penned by best-selling author Stephen Mansfield. But to run, DeLay would have to raise money fast: his campaign fund has well under $1 million left. At least he knows his would-be opponent well: ex-Congressman Nick Lampson's original district was eliminated in a redistricting engineered by DeLay.

Wage-ing Battle (TIME)

By Perry Bacon Jr.

Time, July 10, 2006

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Ever sinceÂ 2004, when theÂ G.O.P. fired up its conservativeÂ core by getting gay-marriage bans on the ballot in 11 states on Election Day, Democrats have sought their own rally-the-base issue. What could motivate liberals to turn out for November's midterms? They think they have an answer: the minimum wage.

The federal minimum wage has been stuck at $5.15 an hour since 1997. Polls show that more than 80% of Americans favor an increase, but most Republican politicians--who traditionally side with the business lobby on the issue--do not. So Democrats are sharpening their attacks on the G.O.P. for seeming out of step with public opinion. Senator Hillary Clinton of New York has led a Democratic effort to block a scheduled $3,300 increase in congressional pay--the typical lawmaker's salary would rise to $168,500 a year--unless Republicans agree to hike the minimum wage to $7.25. The Dems are also emulating the Republican gay-marriage strategy by backing ballot measures in six states to boost the minimum wage. They hope voters will go to the polls for this cause, then support Democrats in races that could help the party take back Congress. Clinton and ex-Senator John Edwards will head to Ohio this week to stump for that state's measure. Edwards then plans to go to Arizona to rally for an initiative there.

The potential political cost of not supporting an increase is beginning to have an impact in the G.O.P. While Republican leaders in the House have so far blocked efforts to get a vote on the issue this year, some vulnerable, moderate G.O.P. members of Congress are speaking out for a higher minimum wage--and pushing their leadership to relent. Christopher Shays, a nine-term Connecticut Republican embroiled in a tight fight for re-election, says he backs the Dems' push. "I just think it's an embarrassment," he says of his party's stance on the issue.

Not enough Republicans have sided with Shays to get a House vote, which means any action this year will depend on voters in the six states with ballot initiatives. All would increase the minimum wage to at least $6.15, and all are good bets to pass. It's less clear whether the Democrats can convert that support into backing for the party. If the minimum wage doesn't generate maximum anger against the Republicans, low-income workers may find themselves with bigger paychecks, but congressional Democrats may be right back where they began--in the minority.

One Hug At A Time (NSWK)

By Jonathan Darman

Newsweek, July 10, 2006

It's Friday night in Iowa and an old politician is trying some new tricks. John Edwards is back—back, with the familiar deep drawl, dark tan and honeyed hair. Gone, though, are the old catchphrases—"two Americas" and "hope is on the way." In their place: a long meditation on America's moral obligation to confront the plight of its poor. "Thirty-seven million of our people, worried about feeding and clothing their children," he said to his audience. "Aren't we better than that?" It's not the stuff of great sound bites, but it's part of Edwards's new political plan: a presidential campaign with fighting poverty as a central plank. It's a risky strategy in today's Democratic Party—Edwards may be the most viable national candidate since Bobby Kennedy to tie his destiny to a fight for the destitute. "Yeah, I heard all that stuff: 'Who cares?' or 'It's a dead end'," Edwards tells NEWSWEEK. "Well, it's what I want to do."

Rebel outsider is an odd role for the Democratic Party's most recent vice presidential candidate to play. Yet Edwards's 2008 presidential campaign—still hypothetical but proceeding at high speed—is all about breaking with the established script. He's largely opted out of the buzz primary—leaving candidates like former Virginia governor Mark Warner and Indiana Sen. Evan Bayh to convince Beltway insiders and media types that they're the best alternatives to front runner Hillary Clinton. Instead, he's using the name recognition he built up in '04 and hitting the campaign trail early and often—quietly raising $6.5 million in 105 appearances for Democrats running in 2006.

His under-the-radar strategy is paying off, in Iowa at least. A June Des Moines Register poll of likely Democratic caucusgoers had Edwards leading a pack of potential presidential candidates that included other widely known names like Clinton, 2004 ticketmate John Kerry and even Iowa Gov. Tom Vilsack. Edwards is certainly not the only candidate hustling in corn-country—Warner and Bayh visited within days of his most recent visit—but with 10 trips to the state since the beginning of 2005, he's logged more time there than any candidate in either party. This time, they're counting on Iowa, which brought John Kerry's candidacy back from the dead in 2004, to propel them into New Hampshire, and beyond. To win, Edwards must leverage his 2004 visibility, shake off the disappointment many Democrats felt at the campaign and emerge from Kerry's shadow as a worthy candidate in his own right.

Edwards talks about 2004 like it was a lifetime ago. His wife, Elizabeth, was diagnosed with breast cancer the day after the election. "We just threw ourselves into it," he recalls. "I went with Elizabeth to every chemo test." The twin traumas—losing a national election and watching a spouse suffer—were an enormous emotional load. But Elizabeth's illness helped Edwards keep the election loss in perspective. "The adjustment wasn't that hard," he says, "because I was so focused on getting her well."

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Edwards's old running mate, John Kerry, has had a harder time moving on. Relations between the two men were always more functional than friendly, and the two Johns are now eying each other as potential opponents. There is history here: before inviting him to join his ticket, Kerry asked Edwards if he would run against him in 2008 in the event they lost the election the first time around. Edwards, according to two former campaign aides who asked not to be named describing closed-door discussions, was taken aback and ducked the question. (Edwards declined to comment on a private conversation; Kerry was unavailable for comment.)

Still, to truly cut the cord with Kerry-Edwards, the North Carolinian has to shore up the political weaknesses highlighted by the last campaign. Dismissed as a foreign-policy lightweight in '04, he's co-chaired (with former Republican veep candidate Jack Kemp) a task force on U.S.-Russia relations, and traveled to Europe, India and the Middle East. "The important thing," he says, "is making it clear you have a world view." He's signed up with the New York investment group Fortress—a move that may help combat the notion that as a longtime trial lawyer, he's anti-business. (It also helps cover a new home on 100 acres in Chapel Hill.)

One key advantage Edwards is counting on: people know who he is. His retooled stump speech takes ironic jabs at his old campaign persona. ("There is the chance that at least one of you remembers that I'm the son of a millworker," he told the Indianola audience.) His advisers learned in 2004 that the hardest hurdle a candidate faces is simply getting voters to remember his name. That's not a problem in Iowa anymore, they say. "A Warner or Evan Bayh would have to spend $30 million to get where Edwards is," says an aide who asked not to be identified speaking about a still unannounced campaign. Other campaigns point out that a figure as well known as Edwards will have a hard time redefining himself.

Lowered expectations could also help Edwards's chances. In '04, he was billed as Bill Clinton's second coming, and many audiences were disappointed when they saw the real thing. Now he simply has to show more ability to connect with audiences than, say, Hillary or Mark Warner—a somewhat easier hurdle to scale.

Soon, he'll start inching back toward the limelight. This fall, Elizabeth will publish a memoir; publicity plans include an excerpt in People magazine and major television appearances. But Iowa looms largest, and as the caucuses get closer, Edwards will have to take bigger steps to prove he really is a new man. After his Indianola speech, Edwards disappears into the star-struck crowd of well-wishers. "I really hope you'll get in again," a woman wearing an IOWANS FOR EDWARDS 2008 button says to him. "Thank you, ma'am," the former senator replies. "Yes," she says, "and I hope you'll really fight this time."

Inside The Beltway (WT)

By John McCaslin

The Washington Times, July 10, 2006

Don't tread on me

Virginia senatorial wife Susan Allen and Republican operative Mary Matalin, accompanied by their respective daughters, were asked to leave a birthday celebration for the city of Alexandria on Saturday evening because they were "distracting."

That says a close friend of Mrs. Allen, the wife of Virginia Republican Sen. George Allen, who is seeking re-election to a second term.

"They were asked to leave the public event by Alexandria's Parks and Recreation Department because they were told they were 'distracting,'" the friend states. "That was the exact word [officials] used. Perhaps these Alexandria servants should be reminded that politicking at public, community events is a time-honored, American tradition, not to mention a First Amendment right."

Actually, the two women weren't so much politicking as they were attracting attention while strolling through the waterfront festival, held at Oronoco Bay Park. Frequently mentioned as a possible White House contender in 2008, Mr. Allen faces a formidable challenger in former Navy Secretary Jim Webb, a Republican until he jumped ship and became a Democrat.

Alexandria is known for being a Democratic bastion. The current mayor, vice mayor and council members are all Democrats. In addition, Old Town is home to former Virginia Gov. Mark Warner, a Democrat who has his own eyes on the White House in 2008. Mr. Allen resides in the Mount Vernon section of Fairfax County, just south of Alexandria.

Beyond walking on water, there was little the Alexandria "servants" could do to stop a Potomac River boat captain from showing her loyalty to the Republican candidate by cruising along the waterfront festival with "George Allen for Senate" banners hanging from the port and starboard sides of her boat.

Knows his weeds

A most intriguing e-mail arrived in our mailbox from a Washington public-relations associate, who copied it to every reporter on his media contact list.

The letter reads: "I walk past a marijuana plant on my way to work each day that has found a home just outside the gate of an embassy. I happen to find this a bit funny considering the number of people that walk past it each day.

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"Anyway, I'll tell the first reporter to get back to me where the plant is located. I would recommend taking a photo first before asking the embassy any questions."

Inside the Beltway is pleased to announce that we were the first to contact the PR executive, who spoke to us about the marijuana plant on the condition of anonymity.

"It is the Tunisian Embassy at 1515 Massachusetts Avenue," he told us. "But here is the sad thing: they tore it up."

You don't say?

"Don't worry, I took a picture of the plant, and I can send it to you. The plant was much taller and bushier last week."

So do you think somebody harvested the plant? Or do you think it simply got weed-whacked?

"I don't know. There are a lot of weeds growing around there; there's not much upkeep by the embassy."

Hmmm.

"I first noticed the plant a month or two ago. I did a double-take. 'Oh my God,' I said to myself. 'It's a marijuana plant.'"

Then what did you do?

"I kept an eye on it. And it kept growing and growing. It was literally to the left of the gate, growing up out of a crack next to the curb."

Smile, Steny

Inside the Beltway told you last Friday about a pair of candid photographs of House Democratic Whip Rep. Steny H. Hoyer and Maryland Democratic senatorial candidate Kweisi Mfume prominently displayed on the front page of the Michael S. Steele for U.S. Senate Web site.

One photo shows a smiling Mr. Hoyer hamming it up the Republican lieutenant governor during last Tuesday's Independence Day celebration in Bowie.

"Apparently your column item generated a lot of controversy," Steele campaign spokesman Doug Heye called to say over the weekend. "Congressman Hoyer's office just called and asked us to take the photograph down. I told them that I would alert the lieutenant governor to their request and let them know as soon as possible.

"However, I don't see why a harmless photo of two politicians enjoying a moment together can cause such controversy in the Hoyer camp."

Klaus in town

Morton's co-founder Klaus Fritsch, who wrote the book on steak, is paying a visit to the downtown Morton's on Connecticut Avenue tomorrow evening, not Wednesday as reported earlier, to celebrate the release of "Morton's Steak Bible."

Arnold Favored For Re-election (WT)

By Christina Bellantoni

The Washington Times, July 10, 2006

California Gov. Arnold Schwarzenegger holds a wide lead over state Treasurer Phil Angelides, his Democratic re-election challenger who said Friday that, if elected, he would sign a bill to grant marriage licenses to homosexual couples.

Mr. Schwarzenegger, an actor who became governor after a circuslike recall election in 2003, leads Mr. Angelides 44 percent to 37 percent in a statewide poll taken the last week of June. The poll showed 14 percent of voters were undecided, while 5 percent of those surveyed wanted a different candidate.

It is unknown whether marriage will be a defining issue in a race that is four months away, but Mr. Angelides is not shying away from the topic.

"I would sign the marriage-equality bill because I believe if we can get behind people to build a lasting relationship, that is a good thing," Mr. Angelides told reporters at a press conference in San Francisco.

The New York State Court of Appeals last week issued a ruling that said: "Whether such marriages should be recognized is a question to be addressed by the legislature."

California's Democrat-controlled Assembly passed a measure last year that would have legalized same-sex unions. Mr. Schwarzenegger, a Republican, vetoed the bill, saying the matter should be decided either by voters or by the courts.

Marriage has been a hot topic in California since February 2004, when San Francisco Mayor Gavin Newsom shocked the nation by allowing 4,200 same-sex couples to "marry." A state court later voided the licenses.

Mr. Newsom said Friday that he is backing Mr. Angelides.

National Democrats, including Sen. Hillary Rodham Clinton of New York, also are supporting Mr. Angelides as he fights for one of the country's most important gubernatorial seats.

"We are all here for the same reason: We think Phil Angelides would be a great governor for California," Mrs. Clinton said Friday in San Francisco after a $1,000-per-plate fundraiser at the St. Regis Hotel.

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The former first lady said Mr. Angelides helped her husband become president in 1992, when Mr. Angelides was the leader of the state Democratic Party.

"He brought passion and commitment to a campaign that was on an uphill side," she said.

Mr. Angelides, who bested state Controller Steve Westly last month after an ugly Democratic primary battle, received his former opponent's endorsement Friday. Mr. Angelides said the race provides "the clearest choice in a generation for Californians: a choice between the Bush-Schwarzenegger agenda of diminished opportunity, and a new agenda."

Others agreed, and promised the Democrat steady help throughout the campaign.

"Phil may not be a bodybuilder but he's a builder of dreams," said Sen. Barbara Boxer, California Democrat, referring to one of Mr. Schwarzenegger's pre-politics careers.

The survey of 900 Californians showing the governor leading the Democrat by seven percentage points was conducted by San Jose State University's Survey and Policy Research Institute. It had a margin of error of four percentage points. In March, Mr. Schwarzenegger held a three-point lead over Mr. Angelides in the same poll.

Pollsters said those surveyed were encouraged by Mr. Schwarzenegger's move to send some National Guard troops to the border as immigration battles heat up in Washington.

The governor has "begun to reclaim the middle-of-the road voters who are crucial to statewide elections," the pollsters said.

However Mr. Schwarzenegger's once high approval rating has not climbed above 50 percent since March. The June poll showed that he has a 43 percent favorable rating.

Politicians Need Not Abandon Religion (USAT)

By Barack Obama

USA Today, July 10, 2006

My faith shapes my values, but applying those values to policymaking must be done with principles that are accessible to all people, religious or not. Even so, those who enter the public square are not required to leave their beliefs at the door.

For some time now, there has been talk among pundits and pollsters that the political divide in this country falls sharply along religious lines. Indeed, the single biggest gap in party affiliation among white Americans today is not between men and women, between red states and blue, but between those who attend church regularly and those who don't.

This gap has long been exploited by conservative leaders such as Jerry Falwell and Pat Robertson, who tell evangelical Christians that Democrats disrespect their values and dislike their church, while suggesting that religious Americans care only about issues such as abortion and gay marriage.

It's a gap that has also been kept open by some liberals, who might try to avoid the conversation about their religious values altogether, fearful of offending anyone and claiming that constitutional principles tie their hands. Some might even dismiss religion in the public square as inherently irrational or intolerant, thinking that the very word "Christian" describes one's political opponents, not people of faith.

And yet, despite all this division, we are united by the fact that Americans are a deeply religious people. Ninety percent of us believe in God, 70% affiliate ourselves with an organized religion, and 38% call ourselves committed Christians.

This is why, if political leaders truly hope to communicate our hopes and values to Americans in a way that's relevant to their own, we cannot abandon the field of religious discourse.

My lesson

I've fallen into this trap myself. During my 2004 Senate race, my opponent said, "Jesus Christ would not vote for Barack Obama." I answered with what has come to be the typically liberal response: that we live in a pluralistic society, and that I can't impose my religious views on another. I said I was running to be the U.S. senator of Illinois, and not the minister of Illinois.

But my opponent's accusations nagged at me, and I knew that my answer didn't address the role my faith has in guiding my values. I, like other progressives, should have realized that when we ignore what it means to be a good Christian or Muslim or Jew, when we discuss religion only in the negative sense of where or how it should not be practiced, when we shy away from religious venues because we think we'll be unwelcome, others will fill the vacuum: those with the most insular views of faith, or those who cynically use religion to justify partisan ends.

Moreover, it's wrong to ask believers to leave their religion at the door before entering the public square. Abraham Lincoln, William Jennings Bryan, Martin Luther King Jr. — indeed, the majority of great reformers in American history — were not only motivated by faith, they also used religious language to argue for their cause. To say men and women should not inject their "personal morality" into policy debates is a practical absurdity; our law is by definition a codification of morality.

If progressives shed some of these biases, we might recognize the overlapping values that both religious and secular people share when it comes to the direction of our country. We might recognize that the call to sacrifice, the need to think in

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terms of "thou" and not just "I," resonates with all Americans. And we might realize that we have the ability to reach out to the evangelical community and engage millions of religious Americans in the larger project of America's renewal.

But the conservative leaders of the religious right will need to acknowledge a few truths about religion as well.

For one, the separation of church and state in America has preserved not only our democracy but also the robustness of our religious practice. After all, during our founding, it was not the civil libertarians who were the most effective champions of this separation; it was the persecuted religious minorities concerned that any state-sponsored religion might hinder their ability to practice their faith.

Universal values

This separation is critical to our form of government because in the end, democracy demands that the religiously motivated translate their concerns into universal, rather than religion-specific, values. It requires that their proposals be subject to argument, and amenable to reason. If I am opposed to abortion for religious reasons but seek to pass a law banning the practice, I cannot simply point to the teachings of my church. I have to explain why abortion violates some principle that is accessible to people of all faiths, including those with no faith at all.

This might be difficult for those who believe in the inerrancy of the Bible, but in a pluralistic democracy, we have no choice. Politics involves compromise, the art of the possible. But religion does not allow for compromise. To base one's life on such uncompromising commitments may be sublime; to base our policymaking on them would be dangerous.

In the months and years to come, I am hopeful we can bridge these gaps and overcome the prejudices each of us brings to this debate. I believe that Americans want this. No matter how religious they may or may not be, people are tired of seeing faith used as a tool to attack and divide.

Americans are looking for a deeper, fuller conversation about religion in this country. They might not change their positions on certain issues, but they are willing to listen and learn from those who are willing to speak in reasonable terms — those who know of the central and awesome place that God holds in the lives of so many, and who refuse to treat faith as simply another political issue with which to score points.

Barack Obamais a Democratic U.S. senator from Illinois.

The New York Paradox (NYT)

By Paul Krugman

The New York Times, July 10, 2006

I live and work in New Jersey, but I've always loved the energy and variety of the city that's just an hour's train ride away. So I was happy to read in The New York Times about a New York success story: the surprising resurgence of Manhattan as a site for corporate headquarters.

What's interesting about the corporate return to Manhattan is that it flies in the face of today's conventional wisdom, which says that modern technology is making geography irrelevant. Since work can now be done anywhere, the story goes, jobs move wherever the wages and other costs of doing business are lowest. And this should mean trouble for a high-wage, high-cost location like New York.

But somebody forgot to tell New York about the new rules: in spite of high costs, the city's economy is thriving.

And the report on the headquarters boom suggests that New York may, paradoxically, be doing well precisely because technology has made it possible to move many jobs away from high-cost locations.

During the 1960's and 1970's, New York lost much of its historical role as a headquarters city, as companies moved out to suburban campuses around the country. "But in the last several years," the Times article declares, "New York has regained its magnetic force": there are more than twice as many headquarters and subsidiaries in the city as there were in 1990.

Why are corporations moving back to New York? Manhattan's appeal is obvious: the Big Apple is the best place for top executives to "network face to face with their peers in the hub of the financial, legal and communications industries," as the article puts it. But that's an advantage New York has offered ever since it became America's largest city.

In the past, however, this face-to-face communication came at a high price: in order to keep their top executives in Manhattan, companies also had to pay the rent on large office buildings and fill those buildings with thousands of lower-level employees, paying those employees wages high enough to compensate for New York's high cost of living. Many companies decided that the benefits of a New York headquarters weren't worth the cost.

Now, however, it's possible for many of the people who would formerly have worked at corporate headquarters to work somewhere else instead, communicating with management electronically. And that makes it worthwhile to move top executives back to the center of things.

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The same thing may be happening in the financial industry, which these days is New York's principal "export" — that is, New Yorkers sell all sorts of things to each other, but they mainly sell financial services to other Americans and the rest of the world.

If you looked only at the employment numbers, you might think that New York's export base is in trouble. A recent report by the Federal Reserve Bank of New York points out that over the past 30 years, finance-sector employment has been shifting away from New York City toward lower-cost locations, both in the outer parts of the New York metropolitan area and in places like Dallas and San Antonio.

But what seems to be happening is that only relatively low-paid finance jobs are moving out of New York, while highly paid jobs are actually moving in. The Fed study shows that New York's share of U.S. financial industry earnings, as opposed to employment, is actually higher now than it was in 1970. And it's a good guess that financial firms, like corporate headquarters, find it easier to put their top people in New York now that the back-office work can be carried out someplace cheaper.

The story of the New York economy isn't entirely a happy one. The city has essentially lost all of its manufacturing, and it's now in the process of outsourcing both routine office work and many middle-management functions to other parts of the country.

What's left is an urban economy that offers a mix of very highly paid financial jobs and low-wage service jobs, with relatively little in the middle. Economic disparities in New York, as in the United States as a whole, are wider than they have been since the 1920's.

But for once, let me focus on the positive: the world's greatest city, a city that a generation ago seemed to be in irreversible decline, seems to be doing O.K.

Lobbyists, Yes. The People, Maybe. (NYT)

The New York Times, July 10, 2006

The news that the Washington lobbying industry is rapidly extending its tentacles into cities, towns and school districts across the country should be an outright embarrassment to Congress. Elected lawmakers — not high-paid lobbyists — are supposed to be best attuned to meeting the needs of their localities. But not in the booming marketplace called earmarking — the rapid-fire, debate-free amending of budget bills with millions in special-interest boons for favored pleaders. In this case, lobbyists are shopping themselves as gifted middlemen for mayors and school boards. And localities are biting, having seen the sorry evidence that lawmakers tend to deliver earmarks more readily for Beltway lobbyists than for hometown nobodies.

In Florida, 44 public sector clients of one well-connected lobbyist netted $173 million in earmarked projects since 2001. This is a return of better than $18 federal dollars for every local dollar spent on lobbying, according to a report by Jodi Rudoren and Aron Pilhofer of The Times. The founding fathers surely didn't envision such a lucrative warping of the federal-local relationship. But lawmakers do very well by it. They not only deliver tailored pork back home, but they also are rewarded by the circular money game where grateful lobbyists and special interests raise vast sums for the re-election campaigns of cooperative incumbents.

Among the unfinished business as Congress returns is the failure by the two houses to clean up the ethical mess created by the lobbying industry's increasing muscle. One congressman who peddled his influence through earmarks has gone to prison, and criminal investigations of others are under way. Yet a what-me-worry evasiveness remains the strategy of Republican leaders on ethics reform.

Cultivating Waste (WP)

The Washington Post, July 10, 2006

HEART SURGEON Jimmy Frank Howell owns a piece of land that hasn't produced crops in years. The federal government has paid him $490,709 in rice subsidies since 1996. Michael T. Sullivan's family, corn farmers, sold most of their crop last year above a government-set minimum price. He got $292,054 in federal agricultural payments anyway.

We've known for a long time that America's bloated food subsidy programs rile foreign governments, complicate trade talks, distort agricultural prices and disproportionately benefit large agribusinesses. As if that weren't enough, the results of a nine-month Post investigation published last week vividly detail the scandalous waste of America's vast farm subsidy system.

Many American farmers have learned to speculate on foodstuff markets, successfully timing the sale of their crops to coincide with high prices. Yet under the misleadingly named loan deficiency payment (LDP) scheme the Michael Sullivans of the world can claim federal money as long as the market price dips below a government-set minimum price after they harvest their crop. Intended to benefit farmers hitting hard times, the LDP program handed out $3.8 billion more last year than it needed to guarantee its minimum price.

Other federal agricultural subsidies go to individuals who don't even farm. Under a program Congress designed to phase out government subsidies by untying payments from the cultivation of particular crops, Mr. Howell reaps federal dollars from his

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land as long as he doesn't grow the crops. These "direct payments" to landowners who don't grow any crop have cost the federal government $1.3 billion since 2000. Another thick layer of irony in all of this is that these programs aren't poorly managed. They operate just as Congress passed them.

In short: Federal farm subsidies are wildly misdirected and shamefully unfair to anyone who pays taxes and doesn't get a piece of the billions -- $25 billion in 2005 -- the government drops every year on agricultural payments. Last year the federal government paid $4.3 billion in corn subsidies, up from $1 billion in 1998.

Lots of American entrepreneurs take risks every year and don't expect a government safety net; why are American farmers, especially the larger planters who expertly extract government farm entitlements, any more deserving? The case for cutting farm subsidies isn't just about closing trade deals, though, as we argued last week, successful trade negotiations are vital. It's also about fixing a broken, inequitable system at home.

Too Many Doctors In The House (NYT)

By David C. Goodman

The New York Times, July 10, 2006

Hanover, N.H.

CAN we cure our ailing health care system by sending in more doctors? That is the treatment prescribed by the Association of American Medical Colleges, which has recommended increasing the number of doctors they train by 30 percent, in large part to keep up with the growing number of elderly patients. But the most serious problems facing our health care system — accelerating costs, poor quality of care and the rising ranks of the uninsured — cannot be solved by more doctors. In fact, that approach, like prescribing more drugs for an already overmedicated patient, may only make things worse.

Many studies have demonstrated that quality of care does not rise along with the number of doctors. Compare Miami and Minneapolis, for example. Miami has 40 percent more doctors per capita than Minneapolis has, and 50 percent more specialists, according to The Dartmouth Atlas of Health Care, a study of American health care markets (for which I am an investigator).

The elderly in Miami are subjected to more medical interventions — more echocardiograms and mechanical ventilation in their last six months of life, for example — than elderly patients in Minneapolis are. This also means more hospitalizations, more days in intensive care units, more visits to specialists and more diagnostic tests for the elderly in Miami. It certainly leads to many more doctors employed in Florida. But does this expensive additional medical activity benefit patients?

Apparently not. The elderly in places like Miami do not live longer than those in cities like Minneapolis. According to the Medicare Current Beneficiary Survey, which polls some 12,000 elderly Americans about their health care three times a year, residents of regions with relatively large numbers of doctors are no more satisfied with their care than the elderly who live in places with fewer doctors. And various studies have demonstrated that the essential quality of care in places like Miami — whether you are talking about the treatment of colon cancer, heart attacks or any other specific ailment — is no higher than in cities like Minneapolis.

Studies of individual hospitals have likewise shown that while the doctor-patient ratio varies widely from place to place, more doctors do not mean better care.

The Mayo Clinic in Rochester, Minn., and the University of California, San Francisco, Medical Center each have about one doctor treating every 100 elderly patients with chronic illnesses in their last six months of life. New York University Medical Center has 2.8 doctors for every 100 such patients and the University of California, Los Angeles, Medical Center has 1.7. The elderly patients at N.Y.U. and U.C.L.A., as compared with those at the Mayo Clinic and the San Francisco hospital, see more specialists and are subjected to more imaging tests and other procedures. But the quality of their care, as judged by doctors, is no better.

Using the N.Y.U. doctor-patient ratio as a benchmark for determining the number of physicians that will be needed to care for the over-65 population in the year 2020, we can project a deficit of more than 44,000 doctors nationwide. But if the benchmark is based on the Mayo ratio, we can project an excess of nearly 50,000 doctors in the year 2020.

How can it be that more spending and greater physician effort does not lead to better health or to improvements in patient satisfaction? One explanation may be that when more doctors are around, patients spend more time in hospitals, and hospitals are risky places. More than 100,000 deaths a year are estimated to be caused by medical mishaps.

The association of medical colleges has argued that increasing the doctor supply overall can remedy regional shortages. But in the past 20 years, as the number of doctors per capita grew by more than 50 percent, according to our measurements, most of the new ones settled in areas where the supply was already above average — places like Florida or New York — rather than in regions that lack doctors, like the rural South. Medical training is an expensive business, and it makes little sense to waste additional public dollars to perpetuate doctors' preference to live in affluent places.

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By training more doctors than we need, we will continue to fill more hospital beds, order more diagnostic tests — in short, spend more money. But our resources would be better directed toward improving efforts to prevent illness and manage chronic ailments like diabetes and heart disease.

Better coordination of care is also worth investment. Small physician groups in disconnected offices often provide fragmented treatments, while multispecialty practices integrated with hospitals — prevalent in Minneapolis and some other cities — are associated with lower cost and higher quality of care.

All these strategies have been shown to improve patient outcomes without adding physicians. Instead of training more doctors, let's make better use of the ones we already have.

David C. Goodman is a professor of pediatrics and family medicine at Dartmouth Medical School.

North Korea Crisis Tests China's New Global Role (WSJ)

By Gordon Fairclough And Neil King Jr.

The Wall Street Journal, July 10, 2006

North Korea's barrage of missile tests has put China in a tough spot, calling into question its policy of patient diplomacy and economic support aimed at encouraging change in Pyongyang.

The U.S., saying Beijing's response is a critical test of China's new high-profile role on the international stage, is urging China to alter course and use its considerable leverage as North Korea's most important trading partner to get Pyongyang to return to talks on its nuclear program.

China has long pushed a noninterference line at the United Nations while seeking good relations around the world through a determined policy of not questioning the internal affairs of countries like Sudan or Venezuela where it seeks oil or other raw materials. But Beijing has assumed a pivotal role in international efforts to wean Pyongyang away from nuclear weapons.

It is far from clear, however, whether even North Korea's rocket launches last week -- in the face of vocal Chinese opposition -- will be enough to overcome Beijing's extreme reluctance to use economic pressure as a diplomatic tool, especially against its communist ally.

A draft resolution that would impose some sanctions against North Korea could come up for a vote at the U.N. as soon as today.

U.S. President George W. Bush, speaking in Chicago on Friday, called on the U.N. Security Council to say "loud and clear, here are some red lines." Mr. Bush also touched on the reluctance of China and Russia to support a U.N. sanctions resolution.

"You know, some nations are more comfortable with sanctions than other nations, and part of the issue we face in some of these countries is that they've got economic interests," he said. The U.S., Mr. Bush said, is trying to convince these countries to see that "security-of-the-world interests trump economic interests."

Part of that job has fallen to Christopher Hill, the U.S. State Department's top diplomat for Asia, who met Friday with senior Chinese officials to express Washington's displeasure with North Korea's moves and to call for the resumption of disarmament talks.

Mr. Hill hurried to Beijing -- the first stop on a multiday trip to Asian capitals -- before a planned six-day trip to North Korea by China's vice premier, Hui Liangyu, set to start today.

Chinese officials expressed serious concern that North Korea's missile launches could encourage Japan to develop weapons to defend itself and lead to an arms race that could destabilize Northeast Asia, according to a senior U.S. official in Beijing. But the official said "there was nothing said" by the Chinese "that would indicate" they are ready to use the threat of economic sanctions to pressure Pyongyang.

U.S. officials say North Korea's decision to ignore warnings from China and others about the test firings shows that Beijing's policies aren't working. "I don't think anyone who believes in an engagement policy can take much of a sense of satisfaction in this," said the senior U.S. official in Beijing. "In the life of a nation, there are certain relationships...that it is time to leave behind."

Chinese diplomats at the U.N. have opposed action in the Security Council that would seek to bar North Korea from importing materials and parts that could be used in its weapons programs. Japan circulated a toughened draft resolution to that effect Friday.

China's U.N. ambassador, Wang Guangya, indicated that China wasn't pleased with the draft measure, which otherwise has widespread support. "If this resolution is put to a vote, definitely there will be no unity in the Security Council," he said, indicating that China would either veto the measure or abstain from voting.

Japan's foreign minister, Taro Aso, said yesterday that Russia may abstain from a vote, putting even more pressure on China as the sole one of the Security Council's 15 members standing in the way of passing the resolution.

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India's test of a missile capable of carrying nuclear warheads yesterday could complicate diplomatic efforts to sanction North Korea, which is likely to complain that Pyongyang is the victim of a double standard.

China has successfully used arm-twisting in the past. In 2003, China temporarily shut down a pipeline carrying oil to North Korea, apparently in an attempt to pressure Pyongyang to participate in multilateral talks on its nuclear programs, U.S. and Asian diplomats have said. North Korea later agreed to join the negotiations.

To prod Beijing to toughen its stance this time, the U.S. has appealed to China's pride, saying it risks diminishing its international standing if it can't use its influence even to moderate the behavior of one of its closest neighbors.

When Mr. Bush last week called his Chinese counterpart, Hu Jintao, he said North Korea's missile tests represented a serious affront not just to the U.S., but also to China, U.S. officials said.

Washington also has said China's ability -- or inability -- to make headway with North Korea will be important in shaping the future of relations between Washington and Beijing. "This is an important time in the U.S.-China relationship," the senior U.S. official said. "If they are successful, it will be considered a sign that China has indeed arrived."

China is North Korea's largest supplier of both food and energy. Two-way trade between the neighbors has grown rapidly, hitting $1.58 billion last year. The vast majority of consumer goods in North Korea's markets are from China. The country's air force can't fly its planes without Chinese jet fuel.

It was business as usual at border-crossing points between China and North Korea Friday, Chinese traders said. Convoys of trucks laden with supplies rumbled over the steel-girder bridge that connects the Chinese city of Dandong with North Korea.

"We don't expect China to take drastic actions. Ties between China and North Korea are too close," said one Chinese businesswoman who handles North Korean imports and exports. Another trader said: "Our North Korean clients are very worried. But we tell them that our trade won't be affected."

For reasons of principle and pragmatism, however, China generally has been loath to use its economic clout to pressure Pyongyang to make concessions. The ideological cornerstone of Chinese foreign policy is that countries shouldn't interfere in one another's internal affairs. Beijing also has a long history of opposition to the use of economic sanctions.

In the case of North Korea, Chinese policy makers fear that too much pressure could cause the collapse of the regime of North Korean leader Kim Jong Il, potentially leading to military conflict, refugee flows and economic dislocation.

On the other hand, bolstering the economy and sustaining Mr. Kim's control are seen as ways to foster a gradual shift to market economics and more openness in North Korea, while maintaining the country as an independent buffer between China and the region's U.S. military allies, South Korea and Japan.

US Looks To China To Influence N. Korea (CSM)

By Robert Marquand

The Christian Science Monitor, July 10, 2006

BEIJING

A message from President Bush to North Korean leader Kim Jong Il will be delivered Monday in Pyongyang - via two Chinese officials. Beijing now meets quarterly with Mr. Kim, the most contact the unpredictable North has with any outside party.

Whether Vice Foreign Minister Wu Dawei and Vice Premier Hui Liangyu will surprise Kim Jong Il and exert real pressure is unclear.

With an international diplomatic effort under way a week after North Korea tested seven missiles, China has proposed informal six-party talks as a way to move the process along.

That is less than the US hoped for from China. But since China insists that it will veto any UN sanctions against the North, the US will accept such talks, according to envoy Christopher Hill.

All told, Beijing would appear key to shaping how the world deals with the defiant Kim. Yet from the moment Kim launched his missiles, China has denied it has clout; it politely insists that the US has the central role.

Since 2003, China has embarked on a historic effort to prop up and aid North Korea - a state it had the frostiest relations with for more a decade. Now, $2 billion in aid gives Beijing unprecedented access - something China is reluctant to squander, to "mix aid and diplomacy," as a Chinese scholar here puts it.

"China's influence on North Korea is more than it is willing to admit, but far less than outsiders tend to believe," says a recent report by the Seoul branch of the International Crisis Group.

To outsiders, it appears that a rising China - running a lifeline of energy and food to its poor comrade - ought to have clout in Korea, as it holds more carrots and sticks than anyone. It seems axiomatic that Beijing can simply apply ancient Chinese wisdom and modern Chinese might to stop Kim's nuclear ambition. Both states are communist, wear green and red uniforms, fought the US together, and share borders and history. China is the only country with easy access, as well as trade and tourism, to the North.

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"China does have leverage, but it is afraid it may overplay its hand," says Joseph Cheng, head of the political science department at City University in Hong Kong.

Since Kim Jong Il's July 4 missile shots, voices from Sandy Berger, President Clinton's security adviser, to John Bolton, US ambassador to the UN, have argued that "China is the key" to dealing with North Korean belligerence. It has become nearly a mantra in Washington. Twelve months ago, it was an article of faith in senior White House circles, misplaced or not, that China would deliver a deal with Kim to dismantle his nuclear program. Yet this did not happen.

Instead, with the US preoccupied in Iraq, China embarked on a quiet policy of self-interest: to strengthen North Korea. That policy helps to maintain the North as a "buffer state" between China and South Korea.

China does not want the North to collapse, and for US troops to fill the vacuum and appear on its northeast border. China has hosted Kim, and moved relations away from a bad patch in the 1990s, during the North's epic famine, when China asked for cash payments for food instead of barter.

In the past two years, Chinese officials have told Kim that he can reform his state along socialist lines just as China did. China has indicated it will help with economic aid, while he retains complete political control. To now castigate Kim could wreck that formula, sources say.

In the larger sense, Kim's launch of missiles, most of which could hit long-time nemesis Japan or US bases in East Asia, puts China in the position of choosing between its North Korean comrade and an evolving consensus in the international community. So far, China has tried to please both sides.

"I'm concerned that China isn't recognizing how serious this issue is," says Zhang Liangui, head of foreign studies at the Central Party School in Beijing, in a rare dissent. "China is taking a rigid position. Yet we have long said that if China wants to be viewed as a responsible superpower, it must not be isolated in the international community."

Adding to Beijing's problems is an unresolved ideological struggle in China - where "neo-orthodox" hard-liners who maintain contact with North Korea want China to support its revolutionary posture. There is also genuine puzzlement in Beijing over how to deal with Kim, whose founder-father, Kim Il Sung, reputedly warned him many times that China would attempt to take over his regime one day.

"I hear often that China is the key, which involves a set of policy steps Beijing can take that will bring about the outcome the allies want," says Russell Leigh Moses of People's University. "But I have yet to see anyone show how if China does X, Pyongyang will do Y."

The White House seems to have abandoned its 2003 optimism that China will harness Kim. China may agree that a nuclear peninsula and a regime that test-fires rockets is not desirable. But it isn't clear on how to force Kim to open his highly controlled state and allow international inspectors to flood in, witness his system of gulags, and bring in potentially subversive material - all to dismantle a nuclear program he's cherished for decades. The White House seems to understand this.

Scott Snyder of Stanford University argues the US is using the same strategy that it used with China in closing down Kim's accounts in Macau. China was forced to choose between the international regulatory authority, or North Korean money-laundering behavior.

Sunday, Undersecretary of State Nicholas Burns argued on FOX News Sunday that "It's time for China to exert its influence that it does have on North Korea." Also on Sunday programs, US and Japanese officials claimed they might have the votes to support a Japan-backed resolution for sanctions against the North.

U.S., Allies Try To Prod North Korea To The Table (LAT)

By Barbara Demick

The Los Angeles Times, July 10, 2006

SEOUL — U.S. and Asian officials are trying to use the atmosphere of crisis generated by North Korea's missile tests as the impetus for a fresh diplomatic push on the North's weapons, according to participants in meetings here this weekend.

The push came as the North adopted an increasingly defiant tone, saying that U.N. sanctions would be tantamount to war.

Referring to a rare statement attributed directly to North Korean leader Kim Jong Il, his nation's radio on Sunday broadcast an editorial saying that Kim had announced a "heroic position" in which he "promised to answer to an enemy's retaliation with retaliation and to an all-out war with an all-out war."

In an emergency sweep through the region in the wake of the missile launches, U.S. Assistant Secretary of State Christopher Hill said he was hoping to reconvene six-nation talks on denuclearization that have been stalled since September.

If North Korea boycotts a formal meeting, Hill said, the six countries might meet informally or there might be a meeting of the remaining five — the United States, China, Japan, Russia and South Korea.

"Six is better than five. Five is better than none," said Hill in an interview on Sunday with a small group of Western reporters.

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"If they [the North Koreans] want to negotiate, we are prepared to do so within the six-party process," Hill said. "If they are not interested, we will do our best to defend ourselves and secondly to keep them very isolated."

Undersecretary of State R. Nicholas Burns blitzed Sunday morning talk shows in the U.S., urging China to step up pressure on North Korea to return to the talks. If Kim remained defiant, Burns warned, Washington and its allies might push as early as this week for the United Nations to impose harsh sanctions.

"We hope that China is going to bring some pressure and influence to bear to convince the North Koreans that they are entirely isolated in the world," Burns said on CBS' "Face the Nation." "The North Koreans have to come back to the six-party talks."

The fresh diplomatic push appears to be principally an effort by China and South Korea, along with the United States, to prevent the missile launches from escalating into a larger confrontation. Secretary of State Condoleezza Rice called senior Chinese officials Saturday, and Chinese leaders hurriedly sent a delegation to Pyongyang this weekend for talks.

Both China and South Korea are particularly hesitant to go along with a Japanese-led effort before the U.N. to get sanctions enacted against North Korea.

Seoul intends to hold Cabinet-level meetings with North Korea beginning Tuesday in the South Korean port of Busan and will push for the renewed talks.

"We have to turn the dynamic created by the [missile tests] into a force for diplomacy," said South Korea's top nuclear negotiator, Chun Young-woo, after a meeting with Hill on Saturday.

In the days leading up to last week's missile launches, Beijing hastily tried to organize a meeting of the six nations in the Chinese city of Shenyang. A U.S. official, who asked not to be named, said that the Chinese had the impression that North Korea "was signed up" to attend and were surprised when it instead went ahead with the seven missile launches.

The official said that Kim might have been responding to pressure by hard-liners from within his military not to back down from the missile launches.

China's short-term goal is to get North Korea back to the six-party talks, a move that Pyongyang might accept to defuse the international backlash from its missile launches, said Robert J. Einhorn, a former State Department official who negotiated with North Korea on nuclear proliferation issues during the Clinton administration.

"Clearly, China has the leverage. It supplies more than half of North Korea's food and fuel, but China doesn't want to press the North Koreans to the breaking point," he said. "Nonetheless, the Bush administration is right to call on China to do more, because if anyone is to bring North Korea to its senses, it's the Chinese."

Sen. John McCain (R-Ariz.) said China's decision whether to support strong U.N. sanctions against North Korea was a "defining issue" in Sino-U.S. relations.

"If they continue to vacillate, as they have all last week in the United Nations, then there are consequences in our relationship," McCain said on "Face the Nation."

But some senior Democrats suggested that the U.S. might want to consider bilateral talks with North Korea, a tactic the Bush administration has resisted.

"We need to get away from this idea that diplomacy is a sign of weakness," Sen. Christopher J. Dodd (D-Conn.), who serves on the Senate Foreign Affairs Committee, told the same program.

A North Korean diplomat in New York, Han Sung Ryol, said in an interview published in Seoul on Saturday that North Korea would not return to talks until the U.S. released $24 million held in a bank in the Chinese city of Macao that is being audited by the Treasury Department. Hill rejected those demands.

Hill is to meet in Tokyo today with Japanese officials who are leading the drive for tougher economic measures against North Korea.

Going Ballistic (Sort Of) (NSWK)

By Michael Hirsh

Newsweek, July 10, 2006

Is Kim Jong Il wacky? No American diplomat has talked to the North Korean dictator for years. But there have been moments when he's appeared quite sane, even sharp-witted. Six years ago the then Secretary of State Madeleine Albright stood next to the diminutive "Dear Leader"—he's about her height—at a stadium in Pyongyang. In front of them thousands of acrobats and dancers performed feats of synchronization that would have made Barnum and Bailey envious. As part of the show, which was intended to impress the visiting Albright with the glories of the North Korean "revolution," a mass of performers held colored placards that showed Kim's Taepodong I missile lifting off in a 1998 test.

"That was the first launch of that missile," Kim said, turning toward Albright. Then, alluding to a 1999 deal with Washington that placed a moratorium on missile tests, he added, "And it will be the last."

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But it wasn't. Since then, Washington has refused to sit down with Kim one-on-one (the '99 missile pact was contingent on continuing negotiations). And on July 4, Kim fired off a total of seven test missiles in one night, in his own menacing fireworks display. Kim's show of defiance—even his sometime ally China had warned him not to launch—included a failed test of his new, and not so improved, Taepodong II. The prototype ICBM is supposedly capable of hitting Alaska or other parts of the western United States, but it splashed into the Sea of Japan some 40 seconds after liftoff. Still, North Korea's first nighttime missile test sent a shudder through Asia even as it provoked snickers in Washington, where intelligence officials dismissed the new Taepodong as a fairly primitive weapon.

At a news conference on Friday, President George W. Bush also played down the dangers posed by Kim's missile and nuclear-weapons program. The president has refused to negotiate directly with Pyongyang, unlike his predecessor, Bill Clinton, Albright's boss. Bush reiterated his six-year-old demand that Kim simply give up his weapons program. "I don't know what the man's intentions are," he said.

Some North Korea experts say that Kim has made his intentions fairly clear: he wants to survive. Since Bush hinted early in his first term that he wanted Kim gone, the North Korean leader has signaled wildly that he's too dangerous to be attacked. In February 2005 his regime volunteered that it had nuclear weapons. And with his tests last week, Kim showed that, even if he can't go intercontinental, he can hit South Korea and probably Japan—including U.S. troops stationed there—with warheads if he desires.

Bush has refused to take the bait. On Friday he insisted that Washington would engage in negotiations only alongside other countries, as part of the so-called Six Party Talks including China, South Korea, Japan and Russia. "My concern about handling this issue bilaterally is you run out of options very quickly," the president said. The problem is that Bush is running out of options now. The administration continues to defer to China, the lead negotiator, but it has seemed clear since a September 2005 pact to restart talks that Beijing will not pressure Pyongyang too hard with sanctions. Why? Mainly because the Chinese fear a collapse of the regime that could send millions of refugees streaming over the Sino-Korean border.

Washington, meanwhile, continues to tighten the noose around Kim. Late last year the administration announced it was investigating a Macau bank through which the North Korean leadership allegedly laundered money. The North Koreans angrily refused to come to the table after that, and the stalemate continues. "The president in his press conference said we have to deal with the world as it is," said Wendy Sherman, a former State Department official who accompanied Albright on the 2000 trip. "That's exactly the phrase we used: you have to deal with Kim Jong Il and the regime as it is. But Bush hasn't wanted to." Kim Jong Il, in response, seems to be speaking in the only language he's comfortable with these days—bombs and blastoffs.

The Kim Conundrum (TIME)

By Bill Powell

Time, July 10, 2006

In missile tests, as in most things, practice makes perfect. So while the lone long-range Taepo Dong--2 rocket fired by North Korea last week sputtered, then splashed down into the Sea of Japan less than two minutes after its much publicized, strategically timed July 4 launch, there's little reason to think Kim Jong Il will be dissuaded by failure. With enough plutonium to make six to eight nuclear warheads and a cache of medium-range missiles, Kim is currently a menace to his Asian neighbors. With nukes and a fully functioning intercontinental missile, he can threaten the U.S. too--and the prospect of bullying his greatest nemesis seems simply too delightful for Kim to resist.

For most of President Bush's time in office, North Korea has been merely a pest, one that the President insisted on dealing with exclusively in concert with China, South Korea, Japan and Russia in six-party talks. But since late last summer, when all the parties agreed in principle that North Korea would shut down its nuclear program in exchange for security guarantees, the North has refused to show up for meetings. Now that Kim has ignored warnings--from the U.S., Russia and China--not to test his missile capability and is threatening more tests in the immediate future, the question for the Administration is, What, besides the status quo, are the remaining options for dealing with the world's most unpredictable totalitarian nuclear regime?

A SWIFT AND PRECISE MILITARY STRIKE

LAST MONTH, AS INTELLIGENCE REPORTS SUGGESTED that the Taepo Dong test was imminent, two former Clinton Administration officials, Defense Secretary William Perry and Assistant Secretary of Defense Ashton Carter, opined in the Washington Post that a nuclear North with an intercontinental ballistic missile presented too great a risk for the U.S. to bear. The moment had come, they argued, for a pre-emptive strike against the North Korean launch site. Even if Perry and Carter were speaking in part to a domestic political audience in an attempt to prove before the midterm elections that Democrats can sound tougher than the Bush Administration on national security, their argument is rooted in what's considered a strategic truth about Kim's regime. It is a government that, far from being crazy or irrational, is motivated entirely "by regime survival," says Yun Dukmin, a national-security specialist at Seoul's Institute for Foreign Affairs and National Security.

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Viewed through that lens, would Kim really risk war--and the certain end of a dynastic regime begun by his father--in response to a limited air strike aimed at his missile capability? The answer may well be no, but it's also clear that the Bush Administration thinks a pre-emptive strike is still too risky. The North might not currently be able to retaliate against the U.S., but it has huge artillery batteries stationed just across the 38th parallel ready to take aim at Seoul, one of the world's most densely populated cities. Even if Seoul isn't attacked, a U.S. strike would almost certainly fracture the U.S.--South Korean alliance. The population of South Korea overwhelmingly opposes the use of force against the North. Despite the fact that the government of South Korea has little to show for it, polls there suggest people still support the "sunshine" policy, in place since 1998, which amounts to an all-carrots, no-sticks approach to relations with Pyongyang.

Finally, a military strike against North Korea would infuriate China, an emerging superpower with which the Bush Administration has sought stable, cordial relations. Hitting North Korea at the risk of turning China into an outright hostile power isn't a trade anyone in the Administration wants to make.

CONTAIN THE REGIME. THEN SQUEEZE IT

FOR SOME IN THE BUSH ADMINISTRATION, the ideal strategy for dealing with Kim has always been economic and diplomatic strangulation, with the hope that his government will eventually atrophy into collapse or succumb to a coup that might usher in a more amiable--or at least more predictable--leader. That approach is based on the idea that rather than try to negotiate with Kim or take military action against him, the U.S. and its allies are better off keeping him in a box and focusing on preventing him from peddling his arsenal to other rogue actors. Elements of that strategy have been in place for some time and have produced a few notable examples of success.

The post-9/11 Proliferation Security Initiative (PSI), in which the U.S. and its allies concentrate on intercepting weapons of mass destruction, has made Pyongyang a key target because of the government's past sales of missiles to Pakistan and Iran. The big fear is that North Korea could be tempted to sell nuclear material to al-Qaeda, which would have no reluctance about using it. Former Assistant Secretary of State Robert Gallucci says Pyongyang "might figure that selling fissile material to a terrorist group would be relatively safe and profitable."

More than 60 countries now cooperate with Washington's interdiction efforts, and North Korea's record as a serial proliferator makes it a major target. The program was spurred by an incident in December 2002, when a Spanish warship intercepted--and then released--a Cambodian-registered freighter in the Arabian Sea that was manned by North Koreans and was carrying 15 North Korean--made Scud missiles bound for Yemen. At the time, there was no international legal authority for the weapons to be seized. The PSI changed that, and the U.S. insists the program has crimped North Korea's exports of weapons and matÃ©riel in the years since.

The Administration has also had some success in cutting off North Korea's access to the international banking system. For the past year, the Treasury Department has put intense pressure on international banks doing business with North Korea. Last year it helped shut down dozens of accounts at the Macao-based Banco Delta Asia, which was suspected of counterfeiting and laundering money for Pyongyang. Some diplomats in Beijing, in fact, suspect that the financial pressure the U.S. has been applying was the main reason for Pyongyang's defiant missile launch.

But punishment meted out by the U.S.--or by the U.S. and Japan, the partner in the region most willing to isolate the North economically--has a limited impact. China is North Korea's true economic lifeline, and South Korea its second largest trading partner. And last week, despite the missile test, both made it clear that they have little interest in any stringent economic sanctions against the North for the same reason: sanctions might lead to the eventual collapse of Kim's regime. In the view of both countries, collapse equals chaos, with refugees streaming across their borders. Neither wants any part of it. That's why, when asked last Thursday whether China would agree to economic pressure, Jiang Yu, spokeswoman for Beijing's Foreign Ministry, replied only by reiterating support for the six-party talks and restating China's aversion to interfering in the internal affairs of other countries.

Beijing's top North Korean negotiator, Vice Foreign Minister Wu Dawei, heads to Pyongyang this week for talks. He may scold the North Koreans for defying Beijing by launching the missiles and possibly persuade them to try another round of six-party talks. But serious sanctions are unlikely to be on the table. Stability in North Korea is what matters to Chinese President Hu Jintao--even if it's the kind of stability only a jailer could love.

GO BACK TO THE BARGAINING TABLE--FOR REAL

A SENIOR DIPLOMAT IN EAST ASIA PUTS IT bluntly: "If there's no military option and there isn't--and you can't get meaningful sanctions--and you can't--and the six-party talks are exhausted--as they appear to be--what's left?"

One possibility is to return to the six-party talks, but with renewed energy and flexibility. Former diplomat Wendy Sherman, who negotiated at length with North Korea during the Clinton years, gives Secretary of State Condoleezza Rice credit for allowing her deputy, former Ambassador to South Korea Christopher Hill, to talk directly to the North Koreans within the six-party construct. It's just that, in Sherman's judgment, Hill hasn't had enough to talk about. "What it appeared Rice couldn't win was

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enough for Chris Hill to have in his pocket to make a difference," she says. "If you have nothing to negotiate with, you have nothing."

The President could endow his negotiators with a few concessions, such as agreeing to more one-on-one chats between Washington and the North in the context of the six-party talks, to lure Kim back to the table. But given that Kim has turned his back on multilateral discussions for almost a year, the Bush Administration may have to face the fact that if it wants closure on North Korea, it will have to engage in what Kim has wanted all along: direct talks. The goal of North Korea would presumably be diplomatic recognition and security guarantees from Washington, as well as all sorts of economic goodies like those the U.S. and its European allies are offering Iran as incentives to cease its suspected nuclear-weapons program. In return, Kim would have to agree to stand down on his nuclear program.

The President has always equated Kim's nuclear saber rattling with blackmail, and a face-to-face engagement would seem tantamount to caving in. But when Bush entered the Oval Office, North Korea had two nuclear warheads; now the CIA estimates that Pyongyang has enough plutonium to make as many as eight and is hard at work on the technology that would deliver them to American shores. North Korea is slowly but surely building its nuclear capability, making the world steadily less safe, and it's not clear what anyone can do about it without trying something entirely different. If Kim Jong Il intended to put the pressure back on Washington with his Fourth of July fireworks display, he surely succeeded. [The following descriptive text appears within A diagram] A Growing Threat The bulk of North Korea s arsenal consists of hundreds of short-range missiles that threaten South Korea and Japan. Kim Jong Il is believed to have enough plutonium for six to eight nuclear weapons, but the recent failures show he still lacks a rocket capable of reaching the U.S. for now Worst case Experts fear that North Korea is trying to modify a Taepo Dong-2 missile to carry a lighter warhead as far as the mainland U.S., but that capability is thought to be years away The missile that crashed in two minutes is believed to be a three-stage rocket, though its exact configuration remains unclear. North Korea has several variations with longer potential ranges [This article contains a table. Please see hardcopy of magazine.]

Scud B Scud C Nodong Taepo Dong-1 Taepo Dong-2 STATUS Developed Developed Developed Tested In development RANGE 200 miles 350 miles 800 miles 900 to 1,200 miles 3,000 to 3,700 miles PAYLOAD 2,200 lbs. 2,200 lbs. 1,650 lbs. 1,700 lbs. 2,200 lbs. POSSIBLE TARGETS Parts of South Korea South Korea, parts of Japan South Korea, most of Japan Japan Alaska, parts of Hawaii

North Korea Initiative Aims At 'five-party' Talks (FT)

By Anna Fifield And Stephanie Kirchgaessner

Financial Times, July 10, 2006

Efforts are under way to convene "five-party talks" involving North Korea's neighbours and the US as officials search for diplomatic avenues to respond to the Asian country's missile tests last week without further highlighting the divergent views over how to deal with the rogue state.

But China, the host of the talks, and North Korea's closest ally, is understood to be unwilling to hold a meeting without Kim Jong-il's representatives, posing another challenge to presenting a united front in condemning the tests.

"We think there ought to be six-party talks – six is better than five but five is better than none," Christopher Hill, Washington's top delegate to the talks, said after meeting senior South Korean officials on Sunday.

"We need the six-party process regardless of whether we get all six parties to come to it," said Mr Hill, who is visiting Beijing, Seoul, Tokyo and Moscow to try to unite the five engaged players.

After reaching what appeared to be a breakthrough agreement in September last year, the talks aimed at trying to persuade North Korea to dismantle its nuclear weapons programme have stagnated as Pyongyang refuses to return to the negotiating table while Washington continues its freeze on its bank accounts in Macau.

Before the missile test, China proposed convening an informal six-way meeting in the north-eastern city of Shenyang, near the border with North Korea, to try to overcome the current deadlock.

All six parties are understood to have had agreed to the idea a few days before the missile tests.

"The question now is, do we try to go ahead with this?" asked one person involved in the process. "China wants to go ahead with the six-party talks and the rest of us are prepared to do it even without the North Koreans. This is not a time to let the North Koreans hold up the train."

The US and Japan are struggling to win support for their plan to impose sanctions on North Korea's weapons programme through the United Nations, with China, a permanent Security Council member, warning it will not support the move.

Wu Dawei, Beijing's chief nuclear negotiator, and Hui Liangyu, a vice-premier, are due to travel to Pyongyang today to discuss the tests. "I hope they are not too polite because I think their politeness has not got them very far," said one US official.

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The US is “counting on” Russia and China to use their influence with North Korea to reignite negotiations, Nicholas Burns, undersecretary of state said yesterday on CNN. He indicated the US had not yet heard “the last word” from either country on whether they would veto a UN resolution imposing sanctions.

“When we get results of this Chinese delegation to Pyong-yang, I think you will then see us move ahead in New York at the Security Council,” he said. “We hope that China and Russia are going to support this resolution.”

South Korean officials told Mr Hill they would talk tough on Tuesday when they meet their Northern counterparts in a pre-arranged ministerial meeting but said they did not yet have enough evidence that sanctions would be effective to be able to support them.

On the diplomatic front, however, South Korea’s chief negotiator in the talks had a similar message. Chun Yung-woo told the Financial Times: “But if North Korea continues to boycott the six-party talks, then it would be better to have five-party talks rather than no talks at all.”

After reaching a “breakthrough” agreement in September, the talks aimed at trying to persuade North Korea to relinquish its nuclear ambitions have stalled.

U.S. Wants North Korea To Return To Talks (NYT)

By Norimitsu Onishi

The New York Times, July 10, 2006

SEOUL, South Korea, July 9 — The top American negotiator with North Korea said Sunday that his first priority was to get that country back to the negotiating table, signaling that the United States was seeking a diplomatic solution instead of punitive economic sanctions against it for launching seven missiles last week.

The negotiator, Christopher R. Hill, the assistant secretary of state for East Asian and Pacific affairs, said his talks with South Korean officials here over the weekend focused on kick-starting the six-nation talks over the North's nuclear program. The talks have been deadlocked since last September.

"My mission here is not to get sanctions," Mr. Hill told reporters before meeting South Korean officials on Sunday morning. "My mission here is to make sure we can all speak with one voice to deal with this provocative action by the North Koreans."

In an interview earlier Sunday, he repeated a rejection of North Korea's demands for bilateral talks with the United States. He said he was ready to meet with North Korean officials on the sidelines of six-nation talks, as he had done previously.

"I don't know how many more million times they want to hear from us that the six-party talks are how we plan to proceed with this problem," he said.

The United States has tried to rally support for a United Nations Security Council resolution drafted by Japan that would impose sanctions on North Korea for its missile launchings. But China and Russia, two veto-wielding permanent members of the Security Council, said they preferred a less forceful, nonbinding statement with no threat of punishment.

South Korea, which is not a member of the Security Council, has also strongly indicated that it opposes the Security Council resolution. The resolution will probably be put to a vote early this week.

Mr. Hill said he had not emphasized the issue of United Nations sanctions with Chinese officials in Beijing, his first stop on a whirlwind tour of China, South Korea, Japan and Russia, the countries involved in the six-nation talks along with the United States and North Korea.

"The U.N. discussions are on a different track and involve different people, and they're kind of ongoing, so I did not try to inject myself in the U.N. issue," he said.

Over the weekend, Mr. Hill also restated the United States' position that it would not lift a crackdown on banks dealing with the North Korea and its businesses, a precondition North Korea has set for returning to the talks.

Other than the United States, only Japan, among the other countries in the six-nation talks, has forcefully come out in favor of a Security Council resolution leading to sanctions.

In television appearances in Japan on Sunday morning, Foreign Minister Taro Aso said his government would not compromise on the draft resolution and was pressing for a vote on Monday.

"To compromise because of one country that has veto power, even though most other countries support us, sends the wrong message," Mr. Aso said, singling out China. "We can't alter our stance."

Under Secretary of State R. Nicholas Burns said Sunday on the NBC News program "Meet the Press" that the United States probably had sufficient support in the Security Council to impose sanctions on North Korea, but he again urged China to apply pressure on its neighbor.

"We think we've got the votes to pass that," he said, referring to the resolution drafted by Japan.

Mr. Burns said on CNN's "Late Edition" that "I don't think we've heard the last word" from either China and Russia on the resolution, and that intensive diplomacy was continuing.

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Senator John McCain, Republican of Arizona, said on the CBS News program "Face the Nation" that if China wavered in its support for the American stance, there should be "consequences in our relationship."

But Senator Christopher J. Dodd of Connecticut, a senior Democratic member of the Foreign Relations Committee, disagreed. "China's not our enemy on this," he said, also on "Face the Nation." "They don't want an arms race in that part of the world any more than we do." He said bilateral talks with North Korea might be necessary.

Senator Richard G. Lugar, Republican of Indiana, the chairman of the Foreign Relations Committee, warned Sunday that if North Korea sold nuclear materials to terrorist groups, an American military attack on North Korea would probably be "heavily considered." He said on the ABC News program "This Week" that if Japan felt sufficiently threatened, it might pursue its own nuclear arsenal, which he said would be "very dangerous."

In South Korea, Mr. Hill, after meeting with Song Min Soon, the security adviser to President Roh Moo Hyun, told reporters that he had doubts about the effectiveness of sanctions in solving the problem.

Choo Kyu Ho, the spokesman for the South Korean Foreign Ministry, said the South Korean government "won't go fully in hand with Japan, which is leading this movement," and added, "In the end, we expect China to veto it."

He said South Korea would make the missile tests the focus of ministerial talks next week between the Koreas in South Korea.

Despite drawing worldwide condemnation for firing seven missiles, including the new long-range Taepodong 2, North Korea vowed Sunday to respond "to an all-out war with an all-out war."

North Korea's leader, Kim Jong Il, said that "even a small concession wouldn't be made to the sworn enemy U.S. imperialistic aggressors," the Korean Central Broadcasting Station, said in a report monitored here by Yonhap, a South Korean news agency.

U.S. Rejects North Korean Bid To End Bank Freeze (WSJ)

By Evan Ramstad

The Wall Street Journal, July 10, 2006

SEOUL, South Korea -- The U.S. is holding the line on a freeze of North Korean funds in a Macau bank, rebuffing Pyongyang's latest effort to link diplomatic talks on its nuclear-weapons program with a probe of its financial activities by U.S. and Chinese authorities.

North Korea's deputy ambassador to the United Nations was quoted in a Seoul newspaper as saying Pyongyang wouldn't rejoin six-party talks on its weapons program until the U.S. takes steps to lift a freeze of about $24 million in North Korean funds in a bank in Macau, a special administrative region of China.

The Macau government froze the accounts after the U.S. blacklisted the bank, Banco Delta Asia, for allegedly assisting the North Koreans in currency counterfeiting and money laundering. North Korea has boycotted the talks since November, two months after the six countries reached an agreement for North Korea to give up nuclear-weapons development in return for a nonaggression promise from the U.S. and more financial aid.

Han Song Ryol, North Korea's deputy ambassador to the U.N., said Pyongyang wants access to its money in the Macau bank as a "minimum condition" for returning to the nuclear talks. He made the remarks in an interview published Saturday by the newspaper Hankyoreh.

The chief U.S. diplomat to Asia said North Korea should return to negotiations without conditions and again sharply criticized a series of missile tests Pyongyang conducted last Wednesday, which included the launch of a malfunctioning intercontinental ballistic missile that could reach U.S. territory.

"To change the subject from this rather reckless [missile] activity on their part back to an issue of illicit activities, which I would argue are also reckless, is simply not appropriate," Christopher Hill, U.S. assistant secretary of state for East Asian and Pacific affairs, said Saturday after meeting with South Korean diplomats following the missile launches.

North Korea appears to associate the weapons discussion with the bank investigation because the U.S. blacklisted the Macau bank days after the six-way talks -- among North Korea and South Korea, Japan, China, Russia and the U.S. -- produced the tentative accord in September.

Since North Korea fired seven test missiles last week, the U.S. and Japan have called for more economic sanctions. South Korea and China, which have a bigger economic and political stake in the North, condemned the military testing but are resistant to economic pressure. China suggested holding talks on an informal basis, a step the U.S. and South Korea said they are willing to take.

S. Korea Plays It Cool After Tests (USAT)

By Paul Wiseman

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USA Today, July 10, 2006

SEOUL — When Kang Hyuk Jin saw the front-page newspaper headlines about North Korean missile tests last week, the 25-year-old college student reacted swiftly: He turned the page and started reading about something else.

"It's the problem of the government and some old guys," he says.

Kang's reaction is typical in the South Korean capital, especially among young people. The news has been greeted with a shrug, never mind that Seoul sits within range of North Korean artillery and rockets. The attitude in South Korea is in sharp contrast to the alarm with which the missile tests were viewed in Tokyo and Washington.

On Sunday, the administration of South Korean President Roh Moo Hyun even issued a statement criticizing Japan for what it said was an overreaction to the missile tests.

"There is no reason to fuss over this … like Japan, but every reason to do the opposite," said the statement from the office of Roh's spokesman. Japan has joined the United States in pushing for sanctions against North Korea in the United Nations Security Council.

South Korea's attitude has made it even harder for U.S. policymakers to forge a coalition committed to punishing North Korea. China and Russia, traditional North Korean allies, have opposed harsh sanctions.

As a diplomatic crisis raged Sunday, the most-read story on the website of the Chosun Ilbo daily was headlined "From Golf to Laptops, Asian Designs Stay Hot."

Some South Korean TV viewers were dismayed Wednesday when an early-morning broadcast of a World Cup soccer match was interrupted by news of the North Korean missile launches. "They were annoyed," says Kim Eui Young, a political scientist at Kyung Hee University in Seoul. "It was a serious matter: Missiles were flying over us, and we were just watching TV."

Behind the nonchalance toward North Korean brinkmanship is a change in South Korean political attitudes over the past several years.

Fading away is the older generation defined by the 1950-53 Korean War, grateful to the United States for repelling a North Korean invasion and hostile toward the Stalinist regime in Pyongyang.

Taking their elders' place in positions of authority are members of what is known here as the "386 Generation": people in their late 30s who attended college and fought to bring democracy to South Korea in the '80s and who were born in the '60s. They are suspicious of U.S. motives and eager to ease North-South tensions, which until the mid-'80s had been exploited by South Korean military governments to repress dissent. Their aspirations are reflected in the "Sunshine Policy" of reconciliation with the North, put in place by former South Korean president (and Nobel Peace Prize winner) Kim Dae Jung and continued by his successor, Roh.

Roh rode to the presidency in 2002 on a wave of anti-Americanism provoked by a wide array of grievances, from public outrage over a South Korean speedskater's controversial gold-medal loss to an American in the Winter Olympics, to an accident in which two South Korean schoolgirls were crushed by a U.S. military vehicle.

Many South Koreans are offended by President Bush's opposition to the Sunshine Policy and his words of contempt for North Korean dictator Kim Jong Il. "Bush criticisms of Kim Jong Il are taken personally, the way a family member might react if an outsider criticizes his deadbeat uncle," says Korea specialist Scott Snyder at the Asia Foundation. "Everyone knows it's true, but it is an insult for an outsider to say it."

Only 20% of South Koreans surveyed last year by the newspaper JoongAng Ilbo and the East Asia Institute said they trusted the United States, compared with 44% who expressed distrust.

In office, Roh's government has provided nearly unconditional aid to the impoverished North and has discouraged criticism of North Korea's appalling human rights record and the policies that led to the death by starvation of 2 million to 3 million North Koreans in the 1990s. "The government is not very interested in human rights issues," opposition legislator Song Young Sun says. "The Roh Moo Hyun government is not paying any attention."

"The South Korean government is hypnotized, paralyzed, numbed," says activist Moon Gook Han, who has organized North Korean defections at foreign consulates in China. "Imagine if even 100 South Koreans died of starvation. The government would collapse, and there would be reforms."

Attitudes could be shifting again. Political scientist Kim of Kyung Hee University says the missile tests will end up being a "catalyst" for rethinking conciliatory policies — policies that haven't moderated North Korea's behavior or been reciprocated at all. "After several years of Sunshine Policy, we aren't getting any return," says college student Jung Hwan Wook, 24. "We should change."

Roh's approval rating last month had already hit a rock-bottom 18%, according to a poll by the Korea Society Opinion Institute. Meanwhile, the percentage of South Koreans who support U.S. policy toward North Korea has risen to 37% from 30% in 2004 and 20% in 2002, and support for increased aid to the North has narrowed to 54% from 59% in 2004, according to a poll released in May by the Korean Social Science Data Center and the Hankyoreh newspaper.

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South Korean Foreign Minister Ban Ki Moon took the unusual step last month of gently criticizing North Korea before the U.N. Human Rights Council.

"In the end," says Norbert Vollertsen, a German doctor who became a human rights activist and a critic of the Kim Jong Il regime after working as a medical volunteer in North Korea, "the South Koreans will wake up."

Washington, Seoul Face A Thorny Issue (WSJ)

By Greg Hitt

The Wall Street Journal, July 10, 2006

WASHINGTON -- Despite North Korea's missile tests, talks between South Korea and the U.S. on a free-trade agreement resumed in Seoul Monday. One sensitive issue: South Korea wants the pact to cover goods originating at its joint-venture Kaesong industrial complex in North Korea.

The joint venture, launched in 2003 and located just north of the demilitarized zone that divides the Korean peninsula, combines South Korean capital with North Korean labor. It employs about 7,000 North Koreans who produce goods such as appliances and plastic containers for cosmetics. While the value of goods made at the venture is small, representing about one-third of the $1 billion in annual trade between North and South Korea, its potential is big. By the time the complex is in full operation in 2012, it could employ more than 750,000 North Koreans.

Kaesong illustrates a fundamental difference between the U.S. and South Korea. The U.S. sees North Korea as a threat to global stability and is seeking ways to force the country to abandon its nuclear ambitions. But South Korea sees a potentially peaceful neighbor and is looking for ways to promote dialogue and spread capitalism, with reunification the ultimate aim.

"It's a long-term goal that we'd like to achieve during...negotiations," says Ahn Chong Ghee, economic counselor at South Korea's embassy in Washington. Mr. Ahn says North Korea's missile testing hadn't damped the South's eagerness to include Kaesong in any pact.

Mr. Ahn says South Korea is aware of political difficulties the initiative faces in the U.S. but stressed Kaesong's importance. "This could be a symbol of reconciliation between North Korea and South Korea," he says. "That's why we are doing this." South Korean diplomats say the project is exposing North Korean workers to market economics and suggest that including it in a free-trade pact could encourage changes in the North.

The free-trade accord would be the U.S.'s largest pact since the North American Free Trade Agreement passed Congress more than a decade ago. Annual trade between the U.S. and Korea stands at $70 billion, and a business coalition including U.S. auto makers, financial-services firms and drug manufacturers sees important market-access gains to be had. In South Korea, there is concern about protecting domestic rice farmers from U.S. competition, but Seoul also hopes a trade pact would solidify the country's role as an Asian economic hub, giving Korean producers an edge over Asian rivals in access to the U.S. market.

Amid global tensions over North Korea, the Kaesong proposal will be difficult for the White House to swallow and would almost certainly be a deal killer if the trade pact reaches Congress.

The Kaesong proposal would puncture economic sanctions imposed by the U.S. on North Korea and runs counter to the White House's strategy of isolating North Korea. It would almost certainly force a larger debate on Capitol Hill, shifting attention from improved trade ties with Seoul to North Korea's nuclear ambitions and its record of labor and human-rights abuses.

The U.S. and South Korea hope to agree on the trade deal by year's end, so it could go to Congress before President Bush's authority to negotiate trade pacts expires at midyear 2007. Under that authority, Congress can vote "yes" or "no" on trade pacts but can't alter them. Even before the missile test, U.S. officials were leery of making an overture toward North Korea, insisting that any trade pact simply be "an agreement between our two countries," as a spokesman for the office of U.S. Trade Representative put it.

The Kaesong proposal illustrates the strains on Mr. Bush's trade policy. With global talks going nowhere, the U.S. is rushing to enact bilateral deals aimed at opening targeted markets for U.S. goods and services. It is negotiating with 11 nations, and three deals -- with Oman, Peru and Colombia -- are pending on Capitol Hill. But even the smaller deals face hurdles. Pacts with Peru and Colombia, for instance, are clouded by concerns about labor-rights protections.

The Korea negotiations are part of a U.S. strategy to build closer ties in Asia outside China. Free-trade talks are under way with Thailand and Malaysia, and the U.S., as part of Vietnam's planned entry into the World Trade Organization, is pushing Congress to overturn Cold War-era economic sanctions.

Even without Kaesong, a fight over the South Korea pact likely looms on Capitol Hill. American textile producers are worried about increased competition, and the AFL-CIO has expressed "grave concerns" about labor rights. Adding Kaesong "has the potential to sink" any deal, inviting the pact to be debated on geopolitical grounds, warns Montana Sen. Max Baucus, the top-ranking Democrat on the Senate Finance Committee.

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The End Of Cowboy Diplomacy (TIME)

By Mike Allen And Romesh Ratnesar

Time, July 17, 2006

The dress code at George W. Bush's White House is cuff-linked and starch collared, reflecting the temper of a President with a reputation for no-nonsense, alpha-male decisiveness. That's why the 200 guests gathered at the White House on Independence Day were surprised to learn that Bush had decided to rip up protocol. It was an early 60th-birthday party for the President, attended by former classmates from first grade to Yale, and Bush was in high spirits. He waved to supporters on the South Lawn who had assembled to watch fireworks. They serenaded him with a hurried rendition of Happy Birthday. But instead of the usual starch, he wore a red-and-white Hawaiian shirt for the occasion.

Six years into his presidency, Bush can't be blamed for wanting a change. All the good feeling at the White House on July 4 couldn't hide the fact that he finds himself in a world of hurt. A grinding and unpopular war in Iraq, a growing insurgency in Afghanistan, an impasse over Iran's nuclear ambitions, a brewing war between Israel and the Palestinians--the litany of global crises would test the fortitude of any President, let alone a second-termer with an approval rating mired in Warren Harding territory. And there's no relief in sight. On the very day that Bush celebrated 60, North Korea's regime, already believed to possess material for a clutch of nuclear weapons, test-launched seven missiles, including one designed to reach the U.S. Even more surprising than the test (it failed less than two minutes after launch) was Bush's response to it. Long gone were the zero-tolerance warnings that peppered his speeches four years ago, when he made North Korea a charter member of the "axis of evil" club and declared at West Point that "the only path of safety is the path of action." Instead, Bush pledged to "make sure we work with our friends and allies ... to continue to send a unified message" to Pyongyang. In a press conference following the missile test, he referred to diplomacy half a dozen times.

The shift under way in Bush's foreign policy is bigger and more seismic than a change of wardrobe or a modulation of tone. Bush came to office pledging to focus on domestic issues and pursue a "humble" foreign policy that would avoid the entanglements of the Bill Clinton years. After Sept. 11, however, the Bush team embarked on a different path, outlining a muscular, idealistic and unilateralist vision of American power and how to use it. He aimed to lay the foundation for a grand strategy to fight Islamic terrorists and rogue states by spreading democracy around the world and pre-empting gathering threats before they materialize. And the U.S. wasn't willing to wait for others to help. The approach fit with Bush's personal style, his self-professed proclivity to dispense with the nuances of geopolitics and go with his gut. "The Bush Doctrine is actually being defined by action, as opposed to by words," Bush told Tom Brokaw aboard Air Force One in 2003.

But in the span of four years, the Administration has been forced to rethink the doctrine with which it hoped to remake the world as the strategy's ineffectiveness is exposed by the very policies it prescribed. The swaggering Commander in Chief who embodied the doctrine's aspirations has modulated himself too. At a press conference with British Prime Minister Tony Blair in May, Bush swore off the Wild West rhetoric of getting enemies "dead or alive," conceding that "in certain parts of the world, it was misinterpreted." Bush's response to the North Korean missile test was equally revealing. Under the old Bush Doctrine, defiance by a dictator like Kim Jong Il would have merited threats of punitive U.S. action--or at least a tongue lashing. Instead, the Administration has mainly been talking up multilateralism and downplaying Pyongyang's provocation. As much as anything, it's confirmation of what Princeton political scientist Gary J. Bass calls "doctrinal flameout." Put another way: cowboy diplomacy, RIP.

So what happened? The most obvious answer is that the Bush Doctrine foundered in the principal place the U.S. tried to apply it. Though no one in the White House openly questions Bush's decision to go to war in Iraq, some aides now acknowledge that it has come at a steep cost in military resources, public support and credibility abroad. The Administration is paying the bill every day as it tries to cope with other crises. Pursuing the forward-leaning foreign policy envisioned in the Bush Doctrine is nearly impossible at a time when the U.S. is trying to figure out how to extricate itself from Iraq. Around the world, both the U.S.'s friends and its adversaries are taking note--and in many cases, taking advantage--of the strains on the superpower. If the toppling of Saddam Hussein marked the high-water mark of U.S. hegemony, the past three years have witnessed a steady erosion in Washington's ability to bend the world to its will.

Despite appearances, the White House insists that Bush's goals have not changed. "The President has always stressed that different circumstances warrant different responses," says White House counselor Dan Bartlett. "The impression that the doctrine of pre-emption was the only guiding foreign policy light is not true. Iraq was a unique circumstance in history, and the sense of urgency on certain decisions in the early part of the first term was reflective of a nation that had to take decisive action after being attacked."

Nonetheless, a strategic makeover is evident in the ascendancy of Secretary of State Condoleezza Rice, who has tried to repair the Administration's relations with allies and has persuaded Bush to join multilateral negotiations aimed at defusing the

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standoffs with North Korea and Iran. By training and temperament, Rice is a foreign policy realist, less inclined to the moralizing approach of the neoconservatives who dominated Bush's War Cabinet in the first term. Her push for pragmatism has rubbed off on hawks like Vice President Dick Cheney, the primary intellectual force behind Bush's post-9/11 policies. "There's a move, even by Cheney, toward the Kissingerian approach of focusing entirely on vital interests," says a presidential adviser. "It's a more focused foreign policy that is driven by realism and less by ideology."

To much of the world, that's a relief. But having expended so much energy and so many resources on al-Qaeda and the war in Iraq, the Administration is finding that other global challenges--from the turmoil in the Middle East to the genocide in Sudan to the regional ambitions of China--have grown beyond its ability to do anything about them. "It's difficult to think of many other times and many other presidencies when so many dangerous events were happening at once," says Wendy Sherman, a State Department official under President Clinton. "But there's so much going on in every global hot spot because the Bush Administration really opened up Pandora's box with little-to-no plans to support their actions." At the same time, there is a danger that Bush's belated embrace of conventional diplomacy will turn out to be a cover for disengagement, at a time when U.S. leadership is still required to fend off civil war in Iraq and deter the ambitions of Iran and North Korea--to say nothing of al-Qaeda. We are witnessing an overhaul of the old Bush Doctrine, but the question is, Can the U.S. find a new one to take its place?

â€¢THE IRAQ EFFECT

It may be too soon to say whether history will look kindly on the U.S.'s decision to invade Iraq, as Bush and his aides insist will happen. But the very fact that parts of Iraq remain on the edge of chaos after three years of fighting and the deaths of more than 2,500 Americans are incontrovertible evidence of how the Administration's miscalculations have come back to haunt it. Toppling Saddam was to be the singular demonstration of the Bush Doctrine, a quick and decisive strike against tyranny in the heart of the Middle East. It would also send a message to the rest of the world's malefactors, including Iran and North Korea, to think twice about testing the U.S.'s patience with regimes bent on acquiring weapons of mass destruction.

As it turns out, Iraq may prove to be not only the first but also the last laboratory for preventive war. Instead of deterring the rulers in Tehran and Pyongyang, the travails of the U.S. occupation may have emboldened those regimes in their quest to obtain nuclear weapons while constraining the U.S. military's ability to deter them. "We put three countries on notice--Iraq, Iran and North Korea--and we attacked one of them pre-emptively," says retired Marine Corps General Joseph Hoar, who commanded the U.S. Central Command from 1991 to '94. "Now we find that was a put-up job. Meanwhile, North Korea and Iran have chosen different routes than what we wanted them to take."

Fighting the insurgency in Iraq has eroded the appeal of the Bush Doctrine in a more mundane but no less significant way: it's exhausting. Public backing for the war rose slightly after the killing of terrorist leader Abu Mousab al-Zarqawi in Iraq last month, but the unremitting body count has pushed those numbers back down again. More than half the public believes going to war was not worth the cost. The drain on U.S. resources is becoming embarrassing. According to the Associated Press, the diversion of money for Iraq is partly responsible for a shortfall in an Army fund that has left one base, Fort Bragg, unable to buy office supplies. Another base, Fort Sam Houston, has received utility disconnection notices.

There is another cost, and that is the drain of brainpower and psychic energy in the Administration, from the President on down. Governments habitually overestimate what they can achieve and underestimate how much of their working day they have to spend on the really tricky issue at hand. Bush's aides say he and they can multitask--"We can walk and chew gum at the same time," says one--but the ceaseless need to make a bad situation passable is a drag on the entire enterprise. "If Iraq gets better, everything gets better," a White House official says. "If Iraq doesn't get better, there's no hope."

â€¢TWILIGHT OF IDEALISM

If the grind of the war in Iraq has undermined one plank of the Bush Doctrine--pre-emption--the complexity of global politics has caused the U.S. to struggle in its goal to spread democracy as a defense against terrorism. Some democracy activists give Bush credit for giving a jump start to limited reforms in closed Arab regimes such as Saudi Arabia. But the White House was premature, at best, in its hopes for dramatic change. In Egypt, which the Administration has praised in the past for opening its political process, the government of Hosni Mubarak has launched a renewed crackdown against its political opponents. Lebanon, another onetime success story championed by Bush, has witnessed an unraveling of the coalition of parties that led to Syria's withdrawal from the country last spring.

Among ordinary Muslims, outrage at the bloodshed in Iraq and the excesses of the Administration's campaign against al-Qaeda--in particular, reported abuses at Abu Ghraib and GuantÃ¡namo Bay prisons--has strengthened the appeal of Islamists opposed to the West. As a result, elections are producing governments more hospitable to extremism, not less. Exhibit A was the election of Hamas, a group the U.S. and Europe classify as a terrorist organization, to run the Palestinian Authority. In response to Hamas' victory, the U.S. has led an international ban on aid to the democratically elected Palestinian government.

That reflects a broader dimming of the Administration's commitment to the ideals of its once proactive freedom agenda. Despite occasional jawboning, the U.S. has put only token pressure on Russia and China to improve their records on civil

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liberties and human rights, which have grown worse on Bush's watch. A senior Administration official tells TIME that the White House wants to set up new systems that will use efforts at democracy building as a condition for foreign aid and as a criterion for judging the work of U.S. ambassadors. But some officials inside the White House admit that the Administration's attention appears sporadic, limited to calling for elections but then failing to follow through on the tougher, more costly and less glamorous work of building institutions that can sustain democracies. Michael O'Hanlon, a senior foreign policy fellow at the Brookings Institution, says, "The Administration's top-down approach of assuming that elections will solve problems has been too simplistic. You also need educational institutions and economic development."

â€¢THE LIMITS OF POWER

To accomplish those goals of democracy building, you need help. The biggest illusion of the Bush Doctrine was the idea that the U.S. could carry out a strategy as ambitious as reshaping the Middle East and changing unfriendly regimes without a degree of international legitimacy and cooperation to back it up. Though the Administration sought broad international assistance in Afghanistan, it largely shunned it in Iraq. As a result, while NATO forces are now relieving U.S. troops of some of the combat burden for fighting the Taliban in southern Afghanistan, Americans continue to fight and die alone (with some backup from Iraqi troops) against the Sunni insurgents in western Iraq.

The practical costs of the last plank of the Bush Doctrine--unilateralism--may have finally persuaded the Administration to jettison that too. This move is being led by Rice, who is emerging as Bush's most visible and intimate adviser. "The President is more willing to listen to arguments in favor of utilizing diplomacy as a tool to fight radical Islam when it comes from her, because he trusts her totally," says a presidential adviser. Rice appears to have won some internal arguments--such as getting Bush to offer conditional direct talks to Iran and calling for the closure of Gitmo--but she has yet to pull off any major diplomatic breakthrough that could burnish the Bush legacy. And neoconservative allies of Bush blast Rice for pursuing diplomacy for its own sake. "When you are bereft of options, you pursue process and call it progress," says Danielle Pletka, a vice president of the American Enterprise Institute.

Since joining multilateral talks over Iran and North Korea, the U.S. has failed to persuade Russia and China, who wield veto power in the U.N. Security Council, to agree to specific sanctions against either Tehran or Pyongyang. The gap between the U.S.'s priorities and the rest of the world's stretches beyond those two challenges. The war on terrorism has provided a neat ideological framework for U.S foreign policy in the Bush years, but it has distracted the attention of the U.S. from developments in other areas--Asia, Russia and its former satellites, and Latin America--where new international systems are being built without the U.S. as their builder. For most outside the U.S., the threat of suicide bombings is a less pressing concern than issues like health care, education, job security and the environment. The longer the U.S. bases its foreign policy around the single-minded pursuit of Islamic terrorists, the less influence it is likely to have.

Can the Bush Administration recover all it has lost? Much depends on the temper and commitment of the President himself. "He can juggle all the balls and still let his hair down," says Charlie Younger, an orthopedic surgeon from Midland, Texas, and longtime friend, who spent three nights at the White House this month. "He's an eternal optimist."

But global leadership can't be based on optimism alone. And true diplomacy means more than repeating the word itself. Despite the crises facing him, Bush still has options, though they are ones he hasn't yet shown a willingness to use. Until recently, Bush failed to acknowledge how much Iraq has eroded U.S. credibility or show that he takes seriously the criticisms lodged against his policies by the U.S.'s allies. Iraq may turn out to be a peaceful and thriving democracy, but Bush himself concedes he doesn't foresee that happening before he leaves the stage 30 months from now. If Bush hopes to salvage a more popular, less contested legacy, he needs to commit himself to something big and attainable beyond Iraq--a strategic rapprochement with Iran, perhaps, or a Marshall Plan for African development--and bring allies on board for the ride. Of course, the longing for a foreign policy legacy is common to all lame-duck Presidents; more often than not, such quests have ended in disappointment. Bush may still be able to avoid that fate, but he's running out of time.

The U.N. Sideshow On Korea (NYT)

The New York Times, July 10, 2006

The United Nations Security Council certainly should register international condemnation of last week's North Korean missile launches. But if any serious progress is going to be made on this and the related North Korean nuclear issue, it will not be through Security Council resolutions or sanctions.

There are only three countries with any real leverage — the United States, China and South Korea — and none are doing all they could to nudge North Korea onto a less provocative course. Until they do, Security Council resolutions will remain a largely symbolic sideshow.

Last week's missile launches instantly complicated the security picture in Northeast Asia, but they violated no international law or treaty that would clearly justify mandatory penalties from the Security Council. (India tested a long-range nuclear-capable

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missile just yesterday.) Individual nations, particularly the three most influential ones, would do better to devise short-term penalties and longer-term incentives to persuade North Korea to forswear nuclear weapons and longer-range missiles.

The Bush administration should drop its reflexive opposition to direct talks. But before scheduling a meeting, Washington should call on North Korea to reinstate its moratorium on long-range missile tests and keep it in place for at least one year while talks on a permanent ban proceed.

Those direct talks should also include discussions on North Korea's nuclear weapons programs. Nearly a year ago, North Korea agreed in principle to give these up as part of an agreement with the United States, China, Russia, Japan and South Korea. Crucial details were never worked out because North Korea left the talks over unrelated banking sanctions the Bush administration announced last fall. Washington has refused to conduct direct negotiations on the banking sanctions.

Even if this gratuitous obstacle were removed, completing the nuclear talks would be difficult because North Korea wants civilian power reactors before it completes nuclear disarmament. Given North Korea's record of diverting nuclear material from civilian to military programs, it should have to demonstrate compliance with nonproliferation rules before building power reactors.

Pressure from China and South Korea may be required to get North Korea to agree to acceptable terms, and both countries should be signaling their willingness to apply such pressure by imposing short-term penalties for the missile tests. For China, the most effective signal would be a short-term suspension of oil shipments. South Korea could cancel this week's scheduled cabinet-level talks.

The most urgent objective for all three nations should be to convince North Korea to not test its long-range missile again. Preparations for a test are reported under way. The next goal should be to jump-start talks aimed at permanently ending North Korea's long-range missile and nuclear weapons programs.

West Woos Russia In Bid To Curb Iran N Programme (FT)

By Daniel Dombey And Roula Khalaf

Financial Times, July 10, 2006

Western governments are stepping up their efforts to win Russian and Chinese backing for a tougher stance over Iran's nuclear programme in the run-up to the G8 summit next weekend.

The latest indication came from the US, which at the weekend said it was willing to offer Moscow a deal on civil nuclear co-operation – as long as Russia provided more help in convincing Tehran to scale down its programme. The deal could allow Russia to make billions of dollars from storing nuclear waste from US-supplied reactors around the world.

"For agreement on peaceful co-operation to go forward, we will need Russia's active co-operation in blocking Iran's attempts to obtain nuclear weapons," a White House spokesman said.

Western officials acknowledge that North Korea's missile tests last week distracted international attention from Iran, while the international reaction underlined Moscow and China's reluctance to use United Nations sanctions to deter proliferation. Indications that Iran's nuclear programme may be faltering technically have also reduced the sense of urgency surrounding the case. At the heart of the controversy is uranium enrichment, a process that can produce both fuel and weapons grade material.

The US and the European Union, which fear that Tehran is coming closer to developing nuclear weapons, are focused on using the July 15-17 G8 summit in St Petersburg as the main source of pressure on Iran. Russia wants the summit to focus on energy security instead, while Iran, which insists its programme is purely peaceful, has said it will not reply until August.

"They want to get past an action-forcing deadline and the idea that the Americans have more leverage," says Mark Fitzpatrick, nuclear expert at London's International Institute for Strategic Studies. "So long as the Iranians haven't rejected [the international proposal for Iran to halt enrichment work], Russia and China will say there is no reason to go to the [UN] Security Council."

He adds that Iran's technical progress has also recently slowed, with a 164-centrifuge cascade – used to enrich uranium – not working well and plans for a second and third cascades delayed.

Western diplomats say they expect Ali Larijani, Tehran's top nuclear negotiator, to ask for clarifications on the international offer when he meets European officials tomorrow – but not to provide a definite response.

The EU will be looking for signs that Tehran is seriously considering the proposal – which includes economic and civil nuclear aid rather than just trying to spin the process out.

If the encounter with Mr Larijani proves frustrating for the Europeans, the EU and the US will seek to rally support from Russia and China at a foreign ministers' meeting in Paris for a tougher international line. This will set the tone for the G8 summit later in the week.

"The Iranians sometimes miscalculate the international mood," says a western diplomat. "The Russians don't want a big row at St Petersburg."

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Analysts say Iran could eventually agree to take a temporary break with enrichment and allow talks with the permanent five UN Security Council members and Germany to begin.

It could then use the talks to argue that it should be allowed to maintain a small-scale UN-monitored enrichment programme.

Russia-U.S. Shift In Power Balance May Mold Summit (WSJ)

By Yochi J. Dreazen

The Wall Street Journal, July 10, 2006

WASHINGTON -- The decision by the Bush administration to allow Russia to house spent nuclear fuel highlights a dynamic likely to shape this week's Group of Eight summit: the shifting power balance between a U.S. facing challenges on several fronts and a Russia moving to reassert itself on the world stage.

Less than a week before the summit of the G-8 leading industrial nations in St. Petersburg, the Bush administration's need for Russian support in political showdowns with Iran and North Korea is forcing the U.S. to accede to Russian demands on a range of issues. The White House already has quietly agreed to downgrade its standard pro-democracy push in the face of Russian President Vladimir Putin's refusal to make it a major focus of the gathering, and administration officials concede they are likely to bow to a range of other Russian demands over the course of the summit.

The moves represent an acknowledgment by the administration that on a variety of hot-button issues, the U.S. needs Russia more than Russia needs the U.S. The White House says it wants to use diplomacy to persuade Iran and North Korea to abandon their nuclear-weapons programs, but that approach depends heavily on Russian support at the United Nations and in continuing multination negotiations with the two countries. The U.S. also wants to ensure that Russia doesn't use its vast oil and natural-gas holdings as weapons in disputes with the fragile democracies in neighboring Georgia and Ukraine.

Russia has hinted it would be willing to offer at least conditional support to the American-led diplomatic initiatives over Iran and North Korea, but at a cost.

In a briefing late last week with American reporters, a top Putin aide, Igor Shuvalov, said Moscow hoped to win final U.S. approval for Russia's bid to enter the World Trade Organization during a bilateral summit between Messrs. Bush and Putin on the eve of the summit. Mr. Shuvalov also said Moscow wanted White House assurances that Russian firms would be able to freely invest in the U.S. without facing the kind of political scrutiny that derailed recent proposed acquisitions of U.S. assets by companies from China and the United Arab Emirates.

Administration officials said the decision to allow Russia to store spent nuclear fuel was meant as a further inducement to Mr. Putin, who has demanded for some time that Russia be given a larger piece of the lucrative business. The decision, reported Saturday by the Washington Post, is set to be announced after the bilateral meeting between the two leaders at the start of the summit, the officials said.

The deal is a reversal for the U.S., which has refused to allow Russia to store nuclear waste, because of Moscow's role in helping Iran build and run its first large-scale nuclear reactor. Another concern has been Russia's failure to provided good security for its nuclear facilities against accidents or possible theft.

The U.S. supplies much of the civilian nuclear fuel for global markets and continues to control that material when it is spent, even in foreign countries. Without an agreement with the U.S., no country receiving U.S. nuclear materials could send its spent fuel to Russia for storage.

Bush administration officials say they are hopeful that the agreement with Russia's demand will spur Mr. Putin to lend at least tacit support to any American efforts to impose sanctions on Iran or pass a U.N. Security Council resolution that could clear the way for possible military action against the country in the event of a crisis.

Still, the deal is certain to be a matter of debate on Capitol Hill, where anti-Russia sentiment is high because of Mr. Putin's crackdown on his country's media and political opposition. A U.S.-Russian accord on nuclear waste doesn't need congressional approval, but it could be blocked if both chambers vote to do so within 90 days of its signing.

"This is another example where the Russians have got to understand again that their continued autocracy ... should not be rewarded with an agreement that is probably more beneficial to them than to us," Sen. John McCain, (R., Ariz.), said on CBS's "Face the Nation." "It's time for some very tough talk with the Russians."

---- Michael M. Phillips contributed to this article.

The Odd Couple (USNEWS)

By Kenneth T. Walsh

U.S. News and World Report, July 17, 2006

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It was a grim week--with North Korea firing a batch of missiles as a warning to its adversaries, a standoff continuing with Iran over its nuclear program, and more bloody attacks in Iraq. But Russian leader Vladimir Putin couldn't resist needling President Bush last Thursday. Noting that it was Bush's 60th birthday, the Russian president passed along best wishes from the global labor leaders he had been hosting in the Kremlin that afternoon. Everyone wished the embattled American president well, Putin said, except the labor leaders from America. Both men laughed, but Bush aides saw a larger point. "They like and respect each other," said a senior adviser. "They have many strong disagreements, but they have a very good relationship."

Despite such towel-snapping moments, however, Bush has gotten more realistic about Putin since they first met in June 2001. That's when Bush famously declared that he had "looked the man in the eye ... and was able to get a sense of his soul"--concluding that Putin was "very straightforward and trustworthy" and committed to reform. Things haven't turned out quite that way, of course, and today Bush's assessment looks naive and certainly premature. U.S. policymakers admit as much. "Our views on Russia are very realistic now," says a senior administration official, who concedes that the administration's early hopes for a "strategic partnership" were unfounded. "We've stepped back," says the official.

Careful criticism. As Bush prepares to meet Putin this week at the annual conference of the Group of Eight industrialized democracies in St. Petersburg, the Russian leader's hometown, he is under pressure to condemn Putin's lurches toward autocracy. Among them: clamping down on dissent, asserting control of his country's television networks (story, Page 40), and intimidating his independent-minded neighbors by threatening to cut off energy supplies. Some critics, such as former Soviet dissident Natan Sharansky, urge Bush to criticize Putin's backsliding in a very dramatic way this week. Arizona Sen. John McCain has even suggested that Bush boycott the entire conference in St. Petersburg.

Bush never considered such a draconian step. But he is trying to find a way to thread the needle by expressing disapproval for Putin's excesses while at the same time winning Kremlin support for his key international objectives. "First of all," a senior U.S. official told U.S. News, "this isn't the Cold War. The world is changing. Russia is no longer a strategic adversary, nor is it a strategic threat to the United States. I think it's clear that cooperating with Russia can help us solve a number of issues that are important for American security and American economic prosperity." They include halting the spread of nuclear weapons, fighting terrorism, and promoting the peaceful use of nuclear energy. More urgently, Bush wants to secure long-term cooperation from Putin in pressuring Iran to abandon any nuclear weapons program. Russia, however, has been reluctant to back the stringent international sanctions that Bush wants. Another disappointment for White House officials is Russia's refusal to back strong sanctions against North Korea even after Pyongyang fired several test missiles last week.

Putin, for his part, wants to use this week's summit--the first time Russia has hosted the annual G-8 gathering--to gain legitimacy for his country as a major power. More pragmatically, he wants to promote Russian as a world-class energy exporter and gain support for his concept of a global nuclear energy partnership that would help Russia rebuild its nuclear industry.

President Bush has always placed a high premium on his personal relationships with other leaders. In Putin's case, not only has Bush exhibited trust in the Kremlin leader from the day they met, but he has tried to cultivate Putin with regular meetings around the world--18 so far--and frequent phone conversations. Bush even arranged a Putin visit to his ranch in Crawford, Texas, which Bush considers the top perquisite he can grant, since Prairie Chapel Ranch is his home. Bush believes his personal relationship with Putin will eventually pay off. "I don't necessarily agree with every decision he's made about what's happening inside of Russia," Bush told CNN's Larry King last week, "but it's very important for me to keep a good personal relationship with him so I can have good, candid discussions. But no leader wants to be lectured by somebody, no leader likes to be scolded publicly."

The question is whether Bush can parlay his relationship into something tangible in St. Petersburg. This remains unclear partly because of Russia's growing hubris. The administration has been concerned, for example, by Russia's threat to disrupt natural gas shipments to Ukraine and Georgia, putting pressure on the two young democracies led by politicians out of favor in Moscow. U.S. officials also complain about Moscow backing Aleksander Lukashenko, the dictator of Belarus, despite international pressure to stop his crackdown on opposition movements. Similarly, Russia is faulted for fostering separatist movements in the Georgian regions of South Ossetia and Abkhazia, and in Moldova.

Petro-power. Part of the reason for Russia's assertiveness is the nation's vast earnings from the high price of oil. Energy-rich Russia now has foreign reserves of about $230 billion, translating into a more confident Kremlin--what Russia scholar Dimitri Simes calls "petro-arrogance." The attitude among many Russian policymakers, says Simes, is, "All this democracy business is a charade--or, more precisely, a stick to attack Russia and Russian allies like Belarus."

Putin and his aides were particularly angry over Vice President Dick Cheney's tough speech in Vilnius, Lithuania, on May 4 in which he blasted Putin's regime for backsliding on democracy and seeking to "reverse the gains of the last decade." This has increased "anti-American spirit" in Russia, senior Kremlin official Igor Shuvalov said last week.

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A senior U.S. official told U.S. News: "One of the things that we want to do ... is not to isolate Russia, and to bring it into organizations and institutions that are rules-based, that have certain standards, and try to do what we can to get the Russians to live up to those standards." That includes the G-8.

More broadly, Bush is trying to build new partnerships--with Russia and other nations--after a first term in which he was derided as a unilateralist, a cowboy, and a warmonger. U.S. officials admit that it's particularly important to form coalitions now because so many hot spots are boiling over and the United States can't deal with them alone.

Complicating matters is that Bush's allies in the Iraq war are dwindling. Italy's Silvio Berlusconi left office in early May after his party lost a national election. Spain's Jose Maria Aznar was thrown out amid rising opposition to his support for the war. British Prime Minister Tony Blair is leaving office before the next national election. Japanese Prime Minister Junichiro Koizumi exits in September. One bright spot is in Germany, where Chancellor Gerhard Schroeder, a fierce Bush critic, was pushed from office by voters earlier this year in favor of Angela Merkel, who favored better relations with the White House. Partly to cultivate Merkel, Bush will visit her in Merkel's home territory of Stralsund and Trinwillershagen before traveling to St. Petersburg.

The last thing Bush wants this week is a blowup that will revive his image as an arrogant Lone Ranger. So administration officials say the president will mostly make nice as he talks with his friend Vladimir and their counterparts amid the czarist palaces, churches, fountains, and other glories of Russia's imperial past.

Unreality Television (USNEWS)

By Sebastian Smith

U.S. News and World Report, July 10, 2006

When Russian journalists describe Vladimir Putin as the country's chief newsmaker, they're not exaggerating. It's not just that he's the president and attracts the expected attention--he also rules a Kremlin bureaucracy able to decide what is news.

Under Putin, Russia has experienced a dramatic rollback of media freedom, a sensitive issue as his fellow leaders of the Group of Eight major industrialized nations meet late this week in St. Petersburg. Freedom House, the U.S.-based human-rights group, ranks Russia 158th out of the 194 countries and territories for press freedom. It is urging the other G-8 leaders, the world's most powerful democratic figures, to press Putin for more open news media.

Before Putin took over in 2000, opposition voices were often heard on the three dominant television networks, particularly on the then privately owned NTV channel. There were hostile interviews with officials, merciless political satire shows, and investigations of what human-rights groups call Russia's dirty war in Chechnya. Today, NTV is owned by the state-run natural gas behemoth Gazprom, and its output differs little from that of the two big state-owned channels Rossiya and Channel One.

No criticism. A typical news broadcast on all three channels consists of showing Putin and government ministers hard at work, feel-good reports on life in the armed forces, and historical features related to the Soviet defeat of Nazi Germany. Opposition figures are rarely seen. The Center for Journalism in Extreme Situations, a leading Russian press freedom group, released a study in April that found that 91 percent of political news on Channel One was devoted to Putin and the "ruling powers." Nearly three quarters of that coverage was positive, a quarter neutral--none of it critical.

Newspapers are relatively freer, and a few, such as the daily Kommersant, are boldly critical. The Internet, where accessible, is a growing source for news. But in the world's biggest country, television is everything in shaping opinion. State-run channels, accessible to anyone with a TV, reach more than 90 percent of the 143 million population, while nontabloid newspapers rarely manage circulations of more than 100,000. (Recently, authorities have pressured radio stations to stop carrying news from Voice of America and Radio Free Europe/Radio Liberty.)

The result is a country where debate is so stifled that formal censorship becomes unnecessary, says the Carnegie Moscow Center's Masha Lipman. "The Kremlin has been pretty sophisticated in dealing with the media," she says. "It's about ensuring that big media managers are loyal, then leaving some of the small outlets free to let off steam, while ensuring they remain irrelevant." What appears on television "is a product of close cooperation between Kremlin aides and the TV network managers," she adds. "Access to information, or the ability to hold a government official to account--this doesn't exist."

Defenders of Kremlin policy flatly deny there is a problem. And mirroring arguments used by Moscow to defend against criticism of issues such as human rights, they throw the accusation back at what they view as a hypocritical West. Vladislav Surkov, a Kremlin official often seen as Putin's eminence grise, told reporters last month that alleged bias in the media's coverage of opposition figures was "a matter of taste."

Margarita Simonyan, editor-in-chief of the state's new 24-hour English-language channel Russia Today, agrees. "The state channels show the president of Russia. That is because state television should tell the people what the state is doing," she says. "I look at CNN and they constantly show [President George W.] Bush. And not only CNN. Why should Russia's president be less interesting?"

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Simonyan and other Kremlin loyalists argue that Putin's breaking of private media empires since 2000 merely stopped businessmen from using television and newspapers to impose their own views. The perception that there was freedom of the press in the 1990s before Putin "is a cliche that does not correspond to reality," says Kremlin-connected political analyst Gleb Pavlovsky.

"Managed democracy." History shows that Pavlovsky is partly right. The media barons of the 1990s were key in President Boris Yeltsin's uphill re-election of 1996. Their outlets covered up stories about Yeltsin's ill health and fueled scaremongering about his Communist challenger. But where Yeltsin struck bargains with the media, Putin has simply taken control, extending his hallmark strategy of "managed democracy" from the ballot box to the TV set and printing press.

There has not been outright nationalization. Rather, media ownership has passed into the hands of Kremlin-friendly businesses like Gazprom, which also owns the formerly heavyweight, now increasingly bland newspaper Izvestia. Other well-known newspapers owned by or linked to Kremlin-connected businessmen include Nezavisimaya Gazeta, Argumenty i Fakti, and Vremya Novostei.

There are notable exceptions, including Kommersant and Vedomosti, a business newspaper partly owned by the Financial Times and the Wall Street Journal. With its hard-hitting interviews and balanced news coverage, Gazprom-owned Echo Moskvy radio is considered the standard-bearer for freedom in the electronic media. But Sergei Parkhomenko, a star of the post-Soviet media scene who was forced from his job as editor of the independent Itogi magazine in 2001, warns that outlets like Echo Moskvy or Kommersant are just window dressing. "If anything in Russia is not under government control, that's because the government has decided that it doesn't need to control that yet," he says. "The moment they want to close Vedomosti or Kommersant, they will."

And at the heart of this taming of the Fourth Estate, argues Parkhomenko, is a phenomenon running much deeper than Putin's urge to control. "The most important thing is that society doesn't support the journalists," he says. "Society doesn't demand information. We got freedom of speech as a gift in the 1990s. It just fell from the sky. But people quietly let it go, and now they struggle to remember they ever needed it."

It's a view ratified by Nikolai Svanidze, a leading anchor on Rossiya, who said in June that viewers were "tired of pluralism." "Our guests from the United States and European countries may not understand what I'm talking about," Svanidze said, "but the classic Soviet viewer is not used to alternatives. It's tiring to have a choice because you have to think."

What's Bad For Putin Is Best For Russians (NYT)

By Garry Kasparov

The New York Times, July 10, 2006

Moscow - When observing the West's conciliatory dealings with Russia, I'm reminded of a quotation often attributed to Winston Churchill: "However beautiful the strategy, you should occasionally look at the results."

For five years, President Bush has been talking about maintaining an open dialogue with Russia's president, Vladimir Putin, and about how hard he has worked to convince the Russian leader that "it's in his interest to adopt Western-style values and universal values." This sounds reasonable, but we don't have to go on theory. There's a track record — one that clearly shows that persuasion and appeasement toward Russia have failed.

It is long past time for Western leaders to take a tougher stand if they want their rhetoric about democracy to be credible. A perfect opportunity awaits at this week's meeting of the Group of 7 leaders in St. Petersburg. I say "Group of 7" rather than "Group of 8" because I continue to hope that the West will find its collective backbone and make Russia's participation contingent on its actually being a democracy.

The St. Petersburg meeting offers the visiting heads of state a chance to see for themselves how bad things here have become. The right of Russians to elect their governors and parliamentary representatives is steadily eroding, with more and more influence accruing to the executive. Even Aleksandr Veshnyakov, the chairman of the Central Electoral Commission who has rubber-stamped the results of every election under President Putin, recently said that if all the new legislation proposed by Mr. Putin's United Russia Party were passed, elections here "would be a farce." Opposition activists and journalists are routinely arrested and interrogated. The Kremlin, in complete control of the judiciary, loots private businesses and then uses state-controlled companies to launder the money abroad.

Mr. Bush and Europe's leaders apparently believe it is best to disregard such unpleasantness for the sake of receiving Russia's cooperation on security and energy. This cynical and morally repugnant stance has also proven ineffective. Just as in the old days, Moscow has become an ally for troublemakers and anti-democratic rulers around the world. Nuclear aid to Iran, missile technology to North Korea, military aircraft to Sudan, Myanmar and Venezuela, and a budding friendship with Hamas: these are the West's rewards for keeping its mouth shut about human rights in Russia.

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It's time to stop pretending that the Kremlin shares the free world's interests. The high energy prices the Putin administration requires to keep its hold on power are driven by the tensions that come with every North Korean missile launching and Iranian nuclear threat. It's no surprise that Russia continues to block United Nations sanctions against these rogue states. The mystery is why the West continues to treat Russia like an ally.

Tomorrow and Wednesday, State Department representatives are scheduled to attend the Other Russia conference in Moscow. Organized by the opposition umbrella group of which I am a founder, the conference will bring together politicians and nongovernmental organizations from all over Russia and from every part of its political spectrum.

The primary aim of the conference is to document our national crisis for the Russian government, the Russian people and the widest possible international audience. It is equally important to discuss what is to be done and to make it clear that it is not too late. Our citizens must refuse to be bought off with a fleeting oil windfall and the false impression of a return to superpower status. Western leaders must live up to their rhetoric about human rights by stating in no uncertain terms that Russia's status as a trading partner, security ally and G-8 member are all at risk if the country continues its slide into dictatorship.

Just days ago, dozens of activists en route to Moscow to attend the conference were arrested, some beaten. Possession of opposition literature is being defined as an attempt to "overthrow constitutional order." Will the Western delegations sit silently? Will the American president say nothing?

Perhaps silence is the best option if the most Mr. Bush has to offer are weak expressions of concern and remarks about his personal relationship with Mr. Putin. President Ronald Reagan's hard public line on the Soviet Union let us know that someone out there was aware of our predicament and was fighting for us. Now this American president seems to be saying that Iraqis and Afghans are deserving of democracy, but Russians are not.

The darkest days of Communist rule are now a generation behind us. Between the end of the Communist dictatorship and the crackdown under President Putin, there was a period of freedom. It was brief and it was flawed, but it could have served as a foundation for a democratic Russia. Since 2000, however, Mr. Putin has done everything possible to dismantle that fragile edifice. In dealing with Russia, please don't confuse what's good for the Putin regime with what's best for the Russian people.

Garry Kasparov is the co-chairman of the All-Russia Civil Congress and the chairman of the United Civil Front of Russia.

The Democracy Backlash (WP)

By Fred Hiatt

The Washington Post, July 10, 2006

When communism collapsed in 1991, no one expected democracy to triumph everywhere and instantly. But no one expected the other side to fight back, either. After all, what was "the other side"?

Yet when President Vladimir Putin hosts the first summit of Group of Eight leaders in Russia this week, the most notable thing won't be that his country has failed to become the consolidated democracy that the G-7 countries expected when they invited Russia to join a decade ago. What will be remarkable -- but has been little remarked on -- is that Putin has become a leader and an emblem of an active movement to combat the spread of democracy.

"What seems to be the case," Sen. Richard Lugar (R-Ind.), chairman of the Senate Foreign Relations Committee, told me, "is that governments that are authoritarian have decided to fight back."

Lugar chaired a hearing last month on "The Backlash Against Democracy Assistance," which is the title of a report he commissioned from the National Endowment for Democracy, a private, federally funded organization created in 1983 to promote democratic institutions around the world. The organization found the backlash to be most pronounced in what Carl Gershman, NED's president, calls "hybrid regimes": autocracies that maintain some nominally democratic processes, usually including elections, and that generally claim to be democracies.

Many of these regimes tolerated civic groups promoting freedom and human rights during the 1990s and allowed them to receive help from democracy promoters in the United States and other nations. But after the Rose Revolution swept away the corrupt regime of Eduard Shevardnadze in Georgia, followed by the Orange Revolution in Ukraine, Putin and other leaders decided they could no longer take any chances.

They concluded, Gershman said in a recent talk, that, as Abraham Lincoln noted in a different context, "a government cannot endure permanently half slave and half free." And so they accelerated their harassment of civic groups, radio stations, political parties and any other independent voices -- with arbitrary detentions, visa bans, impossible funding rules, intrusive registration requirements and more.

For the most part, the regimes claim that these measures are aimed only at protecting state sovereignty, defeating terrorism or countering espionage. That's good news, in a funny way; most of them still feel compelled to describe themselves as democrats. Even now there is no "other side," ideologically speaking.

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But it also makes the measures difficult to combat. Post reporter Peter Finn's account last week of how the Kremlin has eliminated Radio Free Europe/Radio Liberty broadcasts from most Russian radio stations without formally banning the programming -- instead harassing, insinuating and threatening to revoke licenses -- provides a good example.

And the rebounding dictators are learning from each other. In January Putin signed legislation regulating nongovernmental organizations that will give 30,000 bureaucrats the option of revoking the registration of any troublesome group. Now Hugo Chavez in Venezuela and Robert Mugabe in Zimbabwe are pushing similar legislation. China reportedly sent researchers to Uzbekistan and other former Soviet states to compare notes on democracy countermeasures; meanwhile, Belarus's dictator, Alexander Lukashenko, "reportedly acquired China's latest internet monitoring and control technology while in Beijing in December 2005," NED reported.

The man who helped provoke all this -- Georgia's democratic president, Mikheil Saakashvili -- was in Washington last week warning that Putin and his ilk may be interested in more than defense; they may want to roll back democracy in Georgia, Ukraine and beyond. Bush, who spent two hours with the Georgian, appears to understand this.

Putin is, in fact, working hard to undermine democratic Georgia, a nation of fewer than 5 million people bordering Russia on the south. He has banned imports of Georgian produce, wine and mineral water; he is manipulating secessionists inside the country. Saakashvili's success in promoting economic growth and diminishing corruption may be too dangerous an example for Putin to abide.

A key question for this week will be whether the G-7 leaders make clear that undermining neighboring democracies is not an acceptable policy. France and Germany will be reluctant to allow principle to interfere with commercial interests, which lie with Russia, not some tiny nation to the south. So it will be up to Bush.

Saakashvili seemed to be delivering just such a message when he handed Bush a photocopy of a 1936 letter his government had discovered in the KGB archives. The letter, handwritten by leaders of fiercely independent people of the mountainous Khevsureti region, was addressed to the "Great American Government." It bewailed the encroaching Bolsheviks, who were forcing the locals onto collective farms and preventing them from practicing their religion.

"We won't surrender as long as a single Georgian in Khevsureti is alive," they wrote. "We'll defend ourselves with swords and daggers. . . . We hope you will help us. You are the only ones who can . . . ."

The letter never reached Franklin Roosevelt, of course, and all its signatories were promptly murdered by the KGB (then known as the NKVD).

Times have changed, thank goodness. But history hasn't ended, and the spread of democracy still can't be put on autopilot.

Iran Asks IAEA To Remove Chief Inspector (AP)

By George Jahn, Associated Press Writer

AP, July 10, 2006

Iran has asked the International Atomic Energy Agency to remove the head of the inspection team probing Tehran's nuclear program, U.N. officials said Sunday.

The inspector, Chris Charlier, has not been back to Iran since April because of Iranian displeasure with his work, the officials said.

However, Charlier remains the head of the team, they said, speaking on condition of anonymity because the issue was confidential.

The German newspaper Welt am Sonntag reported Sunday that Charlier had been removed from his post and assigned to other duties. It quoted him as saying he believes Iran is operating a clandestine nuclear program and suggested it was linked to weapons.

IAEA spokespeople in Vienna, Austria, declined comment Sunday.

Charlier, 61, has previously complained publicly that Iranian constraints made inspection work there difficult.

Tehran denies it is interested in nuclear weapons but revelations of past clandestine activities and finds of documents linked to warheads, along with its insistence on carrying out uranium enrichment, have heightened international suspicions.

Meanwhile, Tehran warned the Group of Eight Sunday against making any decisions on Iran's nuclear program without consulting it first.

"Any (G-8) summit decision on Iran — if premature and incomplete — could harm the current positive trend of negotiations," Iranian Foreign Minister Manouchehr Mottaki said, referring to talks with the European Union about an incentives package offered to Iran to end the impasse over its nuclear program.

"The G-8 summit won't be comprehensive without Iran's participation and opinion," Mottaki said of the gathering by the leaders of the world's largest economies that is scheduled to open Saturday in St. Petersburg, Russia.

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EU foreign policy chief Javier Solana and top Iran nuclear envoy Ali Larijani met in Brussels, Belgium, last week. A formal meeting is scheduled for Tuesday.

On Sunday, Mottaki reiterated that Iran would give a formal response to the offer by the five permanent members of the U.N. Security Council and Germany next month. He hinted that Tehran planned to negotiate some aspects of the package first.

The West wants Iran to respond to the incentives before the G-8 summit.

Bush's Shift: Being Patient With Foes (NYT)

By David E. Sanger

The New York Times, July 10, 2006

WASHINGTON, July 9 — President Bush has never made apologies for enshrining pre-emption as the defining doctrine of his first term. He has declared many times that in a post-9/11 world, presidents no longer have the luxury of waiting for the slow grinding of diplomatic give-and-take when unpredictable dictators are assembling arsenals that could threaten the United States.

But as he leaves for Europe and Russia this week, where the simultaneous nuclear standoffs in Iran and North Korea will top the agenda, Mr. Bush finds himself struggling to square his muscular declarations with the realpolitik of his second term after the invasion of Iraq. At every turn, and every provocation, he finds himself in an unaccustomed position: urging patience.

"These problems didn't rise overnight, and they don't get solved overnight," he told reporters during an hourlong news conference in Chicago on Friday. At another point, he said: "You know, the problem with diplomacy, it takes a while to get something done. If you're acting alone, you can move quickly." Underscoring the idea again, he said, "It's painful in a way for some to watch because it takes a while to get people on the same page."

The Chicago news conference was notable because it seemed to mark the completion of a rhetorical journey for Mr. Bush. It is a journey that has steadily moved away, in public pronouncements — if not the president's own thinking — from the lines he drew in the 2002 State of the Union address. In that famous "axis of evil" speech, he identified the threats from Iraq, Iran and North Korea as the three most pressing post-9/11 challenges facing the United States.

"We'll be deliberate, yet time is not on our side," he said in one of the most-quoted passages of what became the signature speech of his administration. "I will not wait on events, while dangers gather. I will not stand by, as peril draws closer and closer. The United States of America will not permit the world's most dangerous regimes to threaten us with the world's most destructive weapons."

Yet to some conservatives who backed Mr. Bush's decision in Iraq, "standing by and waiting" is the essence of Mr. Bush's current strategy.

Nicholas Eberstadt of the American Enterprise Institute wrote in The Wall Street Journal after North Korea's missile tests last week that North Korea had achieved more "strategic successes" under the Bush administration than it had under President Clinton.

"Apparently unwilling to move against North Korea's nuclear challenges by itself, and evidently incapable of fashioning a practical response involving allies and others, the Bush administration's response to Pyongyang's atomic provocations is today principally characterized by renewed calls for additional rounds of toothless conference diplomacy," he wrote.

This weekend in The Weekly Standard, William Kristol, another prominent conservative voice, wrote: "The red lines, pink lines, and mauve lines of U.S. foreign policy seem increasingly to be written in erasable ink. What was 'unacceptable' to President Bush a week ago (a North Korean missile launch) has been accepted." He called the current policy "Clintonian."

Mr. Bush's aides, who decline to speak about their internal deliberations on North Korea and Iran for attribution, say their critics have done everything but describe a workable alternative. Iran, they note, is five or more years from a nuclear weapon — and, in their more candid moments, they acknowledge that it has numerous options for retaliating for any military action.

A military attack on North Korea's missile pads, they say, has always been regarded as an unacceptable risk — even before American forces were tied up on the other side of the world. That is why they were so quick to dismiss a call two weeks ago by President Clinton's defense secretary, William Perry, and his top aide on nuclear issues, Ashton B. Carter of Harvard, to conduct a lightning, precision strike on North Korea's Taepodong 2 long-range missile before it could be tested.

"It sounds good," one of Mr. Bush's national security aides said at the time, "until you ask yourself the question, what good is a strike if it leaves their nuclear capability untouched?"

To Mr. Bush's critics, the question goes to the heart of the new argument over pre-emption: whether Mr. Bush, in focusing on Iraq in 2003, missed his chance. It was in January of that year, as American forces were flowing toward the Middle East, that North Korea threw out the international inspectors who had been watching over its stockpile of nuclear fuel, and withdrew from the Nuclear Nonproliferation Treaty.

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The action did not have the drama of a multiple-missile launchings. But unlike the test-firings, it was a clearer violation of international law. (Any country has a right to exit the treaty with 90 days' notice, but the North evicted the inspectors before that period expired.)

But Mr. Bush made no effort then to seek sanctions at the United Nations Security Council, or to rally China and Russia to impose economic sanctions. One senior former official who was involved in the discussions said Mr. Bush was briefed on his military options to strike at the nuclear facilities before the spent fuel rods were moved — but the options looked bad, and he turned back to the Iraq invasion plan.

Administration officials still defend that decision, saying that Saddam Hussein lived in a more volatile neighborhood and needed to be dealt with first. But as one senior American diplomat who was involved in the Iraq decision conceded late last week, "The decisions we made then narrowed our options now."

In short, Mr. Bush is discovering the limits of his own pre-emption doctrine — and the frustrations of its alternative. He knows, aides say, that even to hint at military action or deadlines if Iran refuses to suspend enriching uranium, or if North Korea continues to test missiles and make bomb fuel, would probably destroy any chance of getting China and Russia aboard on a common strategy.

But failing to lay out the consequences clearly — the kind of straight talk Mr. Bush used to say distinguished his administration's foreign policy — may embolden Iran and North Korea to try to run out the clock, produce more nuclear material and hope for a better deal with the next president.

India Reports A Long-Range Missile Test (NYT)

By Hari Kumar And David E. Sanger

The New York Times, July 10, 2006

NEW DELHI, July 9 — India test-fired its longest-range nuclear-capable missile on Sunday for the first time, government officials said. But although the missile was launched, it was unclear whether the entire test was successful, with at least one report saying that the missile had failed at some point in its flight.

The launching has occurred at a time of rising international tension over North Korea's recent missile tests, and as the United States Congress is considering a civilian nuclear pact that the Bush administration negotiated with India.

While the pact does not concern missile tests or other military activity, its critics say the Bush administration failed to obtain any commitment from India to stop producing new nuclear weapons fuel, or to restrict its production of new weapons. The test of the Agni 3 missile (agni means fire in Hindi) appeared intended to show that India's strategic arsenal could reach far beyond Pakistan and cover territory including China.

The missile is reported to have a range of more than 1,800 miles. The Defense Ministry said it had been launched from Wheeler Island, off the coast of Orissa State in the Bay of Bengal, and had taken off successfully.

But later, the Press Trust of India news agency quoted an unidentified military official as saying that the missile had developed troubles, perhaps in the firing of its second stage, and had not completed the test successfully.

A Defense Ministry spokesman, Sitanshu Kar, would not comment on the report other than to say, "The missile took off successfully, and the rest of the data need to be analyzed, in a day or two, to come to a conclusion."

India and neighboring Pakistan have often traded rounds of missile and nuclear tests in times of tension between them. But relations between the nations have improved lately, and the governments have a standing agreement to inform each other before such tests. On Sunday, the Pakistani Foreign Ministry confirmed that India had told it about the test in advance.

While short-range missiles are enough to keep India and Pakistan in mutual range, analysts have seen India's development of long-range ballistic missiles, and the continuing development of its nuclear weapons program, as a strategic step to keep China in check. The listed range of the Agni 3, hundreds of miles longer than that of other missiles India has tested, would put more of China's major cities within striking distance.

In the past two years, tensions between India and China have lessened somewhat, and direct border trade between them reopened last week along the storied Silk Road through the Himalayas for the first time since they fought a war 44 years ago.

The BBC reported that before the launching on Sunday, India had twice postponed tests on the Agni 3, once for technical reasons and once because of concern about the international response while it was trying to seal its civilian nuclear deal with the Bush administration. In May, the Indian defense minister, Pranab Mukherjee, was quoted as saying that the missile was ready but that India was observing "self-imposed restraint" before testing.

The nuclear deal between India and the United States is under review by Congress and would, in effect, remove all United States restrictions on nuclear trade with India that are in place because India has refused to sign the Nuclear Nonproliferation Treaty. The only other countries to refuse are Israel and Pakistan. North Korea withdrew from the treaty three years ago.

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Under the deal, the United States would give vital help to the Indian civilian nuclear program, including uranium for fuel for civilian reactors. The United States would not provide any fuel for Indian weapons, but critics have pointed out that it would essentially free the limited Indian uranium supplies for weapons production. The agreement contains no restriction on how much or how fast India could increase the size of its nuclear arsenal.

Upping The Ante In Gaza (USNEWS)

By Larry Derfner

U.S. News and World Report, July 10, 2006

Hitkansut is a buzzword that Prime Minister Ehud Olmert introduced into the Israeli political lexicon. It means, in the government's translation, "realignment," shorthand for Olmert's ambitious goal of withdrawal from most of the West Bank in order to secure Israelis behind a protective barrier.

But that word hasn't been heard much lately. And the future of Olmert's plan--the centerpiece of his election win--now rests on his handling of the growing political crisis sparked by Palestinian militants' kidnapping of Israeli Army Cpl. Gilad Shalit and the escalating military conflict that has drawn Israeli forces back into Gaza.

Last summer's Israeli withdrawal from Gaza--which its architect, then Prime Minister Ariel Sharon, dubbed hitnatkut, or disengagement--was meant to be the successful precedent for a far-reaching unilateral pullout from the West Bank to finally remove Israeli soldiers and settlers from the Palestinians' midst. But success in Gaza, from Israel's viewpoint, means peace and quiet for Israelis living close to Gaza's borders. And that hasn't happened. Since the last Israeli soldier left Gaza 10 months ago, following the 8,500 settlers whom the Army forcibly removed from their homes, Palestinian militants have used the territory to fire wildly inaccurate Kassam rockets at residents in Israeli border towns.

As Israel stepped up its jet bombings and cross-border tank shelling against the militants, killing dozens of Palestinian fighters and civilians, the militants fired off more Kassams and issued still more threats. In late June, several guerrillas, including members of the Palestinian Authority's ruling Hamas movement, tunneled about half a mile from Gaza to the Israeli side of the border. On June 25, the guerrillas climbed out, killed two tank-crew members at an Army post, and kidnapped a third, Corporal Shalit.

Gaza redux. This meant Israeli soldiers were headed back onto the sands of Gaza. Suddenly, Sharon's disengagement didn't seem as safe and sure as it did last summer. And Olmert's realignment plan--which would put Israel's Ben-Gurion International Airport and several Tel Aviv suburbs within Kassam range of West Bank militants unhindered by the presence of the Israeli Army--was recast as a risky proposition. "We said this was going to happen; they're firing rockets from Elei Sinai," said an off-duty Army major who evacuated from the former Elei Sinai settlement in northern Gaza, which is now a landscape of worthless rubble. A 7-foot-long Kassam rocket had just landed harmlessly in an open field about 200 yards from a protest tent camp that is now home to the major and some of his former neighbors, some 3 miles from Elei Sinai. A few days after the major uttered those words, Israeli troops swept back into the destroyed settlement and two others nearby to root out the Kassam threat.

A survey by Israel's leading pollster, Mina Tsemach, showed that Olmert's popularity and that of his centrist Kadima (Forward) party has been hurt, as has that of Kadima's liberal Labor Party coalition partner. The public is now more divided over realignment. In both the cabinet and the Knesset, some of Olmert's allies are starting to break ranks over the plan. "There is no point in giving West Bank land and receiving nothing in return," Kadima cabinet minister Meir Sheetrit told the Jerusalem Post, warning that cities in central Israel could come under attack.

This is the right-wing opposition's strongest argument against Olmert's long-term plan. With Kassams now beginning to fall in Ashkelon, a coastal city of 120,000 about 8 miles northeast of Gaza, Hanan Kristal, a leading Israeli political analyst, says, "This argument is now much easier to sell to the public." If Olmert and his inexperienced defense minister, Labor Party leader Amir Peretz, do not establish their leadership credentials by getting the upper hand on the Palestinian attacks, Kristal says, "they will not have the political stature to carry out the realignment. This is their first test, and if they don't pass it, they could effectively become lame ducks."

The test includes two daunting challenges: to silence the rockets, and to win the release of Shalit, without giving in to the militants' demands for a large-scale release of Israel's Palestinian prisoners, who number over 9,000. Israel holds the overwhelming military edge, but Palestinian guerrillas have smuggled vast stores of arms from Egypt into Gaza since the Israeli Army left the territory. For now, this is the realignment that really matters.

Sharon's Shadow (NSWK)

By Dan Ephron And Christopher Dickey

Newsweek, July 10, 2006

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Ehud Olmert's voice quavered as he spoke at the U.S. Embassy's Fourth of July party last week. Behind the Israeli prime minister was an American flag made of colored balloons. The cocktail-sipping crowd on the lawn grew quiet. Olmert had shown no overt sign of stress, but people were watching. Days before, Palestinians from Gaza had captured an Israeli soldier. Now a Qassam rocket fired by the guerrilla wing of Hamas had hit the Israeli city of Ashkelon. Still, even in the wet heat of a Tel Aviv summer, Olmert looked cool in his dark suit and striped tie, until he mentioned his predecessor, Ariel Sharon.

As he began his remarks in Hebrew, Olmert recalled that Sharon had stood on the same dais just one year earlier, and that it had been only six months since a massive stroke plunged the legendary general turned politician into a coma. Olmert's voice seemed to crack as he wished aloud that Sharon might come back to be his old self again.

It was a sentimental and suggestive moment. As the crisis continues to grow, the question comes up often: "What would Sharon have done?" The answers are different and contradictory. "I don't know," says Mark Heller, a political scientist at the Jaffee Center for Strategic Studies, "but I'm pretty sure people would have felt a lot more comfortable with whatever it was. It's not that anyone is saying there's an obvious alternative to what Olmert is doing. It's more a matter of inspiring confidence."

Although Olmert always wanted this job, not many Israelis ever expected he would get it. "He's fully aware of the accidental nature of the way he came to this position," says a political peer who prefers not to be seen as betraying a friend's confidence. Olmert had been mayor of Jerusalem, but he was not a popular figure in the Likud Party. When Sharon decided on the bold move of evacuating Jewish settlers from Gaza, however, he picked Olmert as his deputy. When Sharon started a new party to support his disengagement policy, Olmert was the first to join. When Sharon suffered his stroke, Olmert became acting prime minister, then took the position outright in elections. "Winning the lottery would have been easier," says Yossi Sarid, former head of the left-wing Meretz Party. "He was in the right place at the right time."

But now Olmert needs more than luck and his well-honed political skills: he needs the kind of credibility that Sharon had developed with the Israeli people and, perhaps most important, with the increasingly impatient Israeli military. Neither Olmert nor his Defense minister, Labor Party leader Amir Peretz, had serious command experience during their mandatory military service. Sharon took big risks in war, and ultimately in peace. Sharon was "a strong man whose toughest decision was to take Israel out of Gaza," says historian Tom Segev. "What is finally coming out of it is more suffering, more refugees and more hatred." And with Sharon out of the picture, Olmert is left to take responsibility, or blame, for the consequences.

Frictions between Olmert and his generals were growing well before Palestinian guerrillas managed to capture Cpl. Gilad Shalit on June 25. The problem was the cobbled-together rockets being lobbed from Gaza into Israel. They were crude but dangerous, and their range was extending. "It was clear we would be going into Gaza," says a senior Israeli military source, who insisted on anonymity because he is officially prohibited from talking to the press. "We knew this months ago, with or without Olmert. This isn't a quesion of making decisions on a political level. The writing was on the wall."

But if Olmert saw that writing, he saw other messages as well. "This is a highly complicated struggle—the terror struggle on the ground, the struggle to maintain the moral high ground in world opinion and the struggle to keep internal unity," says one of Olmert's close associates, who consults with him regularly and didn't want to compromise the relationship by being named. "There's a clear contradiction between the immediate tactical needs and the long-term objectives." Gaza's population is densely packed and very young. When school lets out, its streets are rivers of children. The closer Israeli troops move into the towns, the greater the risks of horrific civilian casualties and global outrage.

So when Shalit was captured, Olmert approved military tactics meant to put enormous pressure on the Hamas leadership, even if it meant suffering for thousands of people. Power stations were knocked out, bridges blasted apart. Sonic booms rattled windows and nerves night after night. "I want nobody to sleep at night in Gaza," Olmert said. "I want them to know what it's like." Hamas cabinet members and legislators in the West Bank were arrested. European governments protested. But no civilian casualties were reported. "People are saying it's uncomfortable," Olmert told the cabinet. "It will be uncomfortable. Nobody dies from being uncomfortable."

Then the rocket hit Ashkelon, seven miles north of the Gaza border. No one there was hurt. It blasted a large hole in the yard of a high school. But when Olmert addressed the Fourth of July party two hours later, he spoke as if a corner had been turned, not only in the fight with the Palestinians but in the struggle with the military. He predicted "unprecedented and far-reaching consequences," and the Israeli tanks that had been poised on the northern edge of Gaza began to roll. Within three days, at least 40 Palestinians, including a mother and her two children, were killed in the fighting. One Israeli soldier also lost his life in what may have been a friendly-fire incident. Hamas talked of a truce. But the captured corporal remained a prisoner. And at least 12 more Qassam rockets were launched.

Hamas, too, is watching the dynamic between Olmert and his military. "Olmert can engage in negotiations only if the generals recommend that to him," Hamas legislator Mahmoud Ar-Ramahi told NEWSWEEK, "and so far these generals prefer not to enter into negotiations over the Israeli soldier ... In their mind, striking a deal with the captors of the soldier will strengthen Hamas."

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"I think we have no choice but to conduct a massive operation in Gaza, to recapture the area for a week or two, arrest a lot of people and get out," says Yuval Steinitz, a Likud member of the Knesset and chairman of the subcommittee on defense and counterterrorism. "I can tell you Sharon did exactly those things. He also hesitated a bit, but eventually ... isolated Arafat even though he was an elected leader and a Nobel Prize winner." Steinitz would like to see the whole Hamas government brought down. "We should make it so difficult and horrible for the Palestinians until it's clear they cannot continue with this terrorist government."

And then? Olmert has staked his political future, as Sharon had, on the success of unilateral disengagement—with pullouts planned from parts of the West Bank as well as Gaza. Now that's on hold. A policy of unilateral action that requires repeated incursions by Israeli troops is not a viable long-term option. "There is no way to defeat Hamas without a Palestinian partner," says Ephraim Sneh, a Labor Party lawmaker and retired general. "Defeating Hamas doesn't take an overnight operation. It's a process that is military, political, economic and cultural."

But Olmert faces a strategic problem. Not only does he have no partner in peace, as he often says, he has no partner in war. The would-be peacemaker, Palestinian President Mahmoud Abbas, has been relegated to a role as spectator. And the breakdown of law and order in Gaza is such that the elimination of the Hamas government could mean the elimination of all government—with a likely increase in the influence of both Iran and Al Qaeda.

What's needed is a break with the past, says historian Segev. "It has never worked to punish a population, because Palestinians are as patriotic as Israelis and they say to themselves, 'We won't go down on our knees.' The Palestinians have nothing to lose, and we have never been able to understand that." If Olmert can bring calm out of this crisis, he will emerge as a leader in his own right. If not, chaos and violence will only serve, as they have so often in the past, to create nostalgia for leaders long gone.

Israel Vows To Fight Until Soldier's Release, And Palestinians Mourn Their Dead (NYT)

By Steven Erlanger

The New York Times, July 10, 2006

GAZA, July 9 — Israel will continue its military offensive in the Gaza Strip at its own pace until Palestinian militants release a captured Israeli soldier and halt their rocket attacks, Prime Minister Ehud Olmert told his cabinet on Sunday.

The operation in Gaza is a "war for which it is impossible to set a timetable," Mr. Olmert said, according to briefings provided by an Israeli official. "We will continue this battle with level-headedness and patience, while making use of the proper means," he is reported to have said. "We cannot sit and not respond to the Qassam rocket fire."

Mr. Olmert ruled out negotiations with Hamas, which leads the Palestinian government and whose military branch is holding Cpl. Gilad Shalit, who was abducted during a raid into Israel on June 25.

He said he had been prepared to release prisoners to Mahmoud Abbas, the president of the Palestinian Authority, before the two men met for a formal meeting, and Mr. Abbas confirmed that on Friday. But Mr. Olmert said Sunday, "We intended to release them to moderate elements, not terrorist elements." Releasing prisoners to Hamas in response to a kidnapping would further damage Palestinian moderates and reward extremism, Mr. Olmert said.

He repeated to the cabinet that Israel would not reoccupy Gaza but would act militarily there as it saw fit. "We will operate, enter and pull out as needed," the official quoted Mr. Olmert as saying.

Maj. Gen. Yoav Galant, commander of Israel's southern region, said late Saturday that Israel was ready for a long campaign, planning to shift the focus of operations from place to place. "We are prepared to continue the operation a month, two months and, if need be, even more," he told Channel 2 television. "The Palestinians will do their reckoning. They will count hundreds of dead terrorists, they will count the damaged infrastructure, the destroyed offices, the damaged factories."

On Sunday, the Palestinians counted more dead, even as they mourned and buried four people, including three from the same family, killed Saturday night in the Shijaia neighborhood, near the Karni commercial crossing, in an explosion at a house. The Palestinians blamed Israel.

But Israel said that its investigation showed that the explosion did not come from an airstrike, and that intelligence reports later showed that the deaths had been caused by a Palestinian anti-tank rocket.

Capt. Jacob Dallal, a spokesman for the military, said the Israeli Air Force, which tracks its missiles carefully, reported that its missile "hit the intended target," which was a nearby street where armed militants were walking with weapons. He said the army did not know what happened to those men, but "we hit the area we targeted, not the house."

An Israeli military official said intelligence information developed later, presumably from a source within Gaza, "clearly says that it was a Palestinian anti-tank missile." The military official insisted on not being identified and said he could not be more specific.

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On Sunday, a Palestinian civilian was killed by an Israeli missile fired at a car carrying Hamas militants in the southern town of Rafah. The militants apparently escaped from the car, and a second missile hit nearby, wounding bystanders. The dead man was identified as Bilal Sliman Rabah, an 18-year-old supermarket clerk. Seven other Palestinians were wounded, with one in very serious condition, hospital authorities said.

Earlier Sunday, just after midnight, the air force struck a group of armed militants near the Karni commercial crossing, wounding three, members of the Palestinian security forces said.

Airstrikes also destroyed a major bridge in Beit Hanun, in northern Gaza, and an electricity transformer there, making it difficult to travel easily to the city and cutting electricity and some water supplies.

Palestinians continued to fire Qassam rockets into Israel despite the military operation. One resident of the nearby Israeli town of Sderot was moderately wounded Sunday morning from shrapnel wounds to the chest when a Qassam hit. A second rocket hit a house, and three people were treated for shock.

Three of the four Palestinians killed Saturday in the house explosion were members of the Hajaj family — Um Ayman Hajaj, 48; her son Muhammad, 21; and her daughter Rawan, 6. Four other family members were wounded.

The house is on the very edge of the Palestinian area closest to the Karni crossing into Israel.

Iman Hajaj, 23, one of Mrs. Hajaj's 14 children, said she was in the house's living room during the explosion, where some were watching an Egyptian soap opera. Those people were wounded, she said; those who died were in the garden drinking tea or cooking corn over a fire. "We had been nervous for two days with the movement of tanks and the shells," Ms. Hajaj said, sitting in a room of mourning women, all covered in black head scarves and long black robes, in a relative's house nearby.

"My brother Muhammad, who died, had just arrived a minute before to visit my married sister," Ms. Hajaj said, beginning to cry, then held out her hand, holding a curved piece of shrapnel. "More than 20 pieces like this we took from the body of my mother," she said.

As she spoke, young women who lined the banister of the stairway all began to chant in unison, "With our souls, with our blood, we sacrifice ourselves for our martyr!"

Um Hassan Hajaj, the aunt of the dead mother, spoke angrily about what she said was the responsibility of Israel and the United States for the deaths in her family. "Look at what your weapons are doing to us!" she yelled. As the television cameras came closer, she turned to them and shouted: "One day the Muslim countries will change everything, and there will be hard days for America! Injustice never lasts."

As the bodies of the dead were brought, wrapped in the flags of Islamic Jihad and Fatah, there was screaming and ululating and the cascading sounds of gunfire from the militants surging around the courtyard. The militants wore various forms of mufti, waving weapons and flags, including the green of Hamas. As the small body of Rawan was carried, tiny in the stretcher, her face exposed, the wailing swelled, and Um Fathi Hajaj, the girl's grandmother, collapsed in tears.

As he walked along the route of the funeral march, Abu Ahmed, the spokesman for the Islamic Jihad's military wing, quietly promised retribution. "We have 70 suicide bombers in a new brigade awaiting orders to strike Israel," he said.

Asked whether Islamic Jihad would respect a negotiated political document calling for Palestinian military activity to concentrate on Israel proper, he smiled wearily. "All of historic Palestine is ours, and we don't distinguish between 1948 or 1967," he said.

Mr. Abbas, back in Ramallah, ordered two representatives to discuss the crisis with Syria and with the exiled leader of Hamas's political bureau, Khaled Meshal.

On Friday, in a news conference, Mr. Abbas said he did not know of any splits in Hamas and dealt only with the elected Hamas prime minister, Ismail Haniya, who called in vain for a mutual cease-fire on Saturday, quickly rejected by Israel without Corporal Shalit's release.

The Israeli Army also announced after an investigation that the only Israeli soldier who has died in this nearly two-week Gaza operation was accidentally killed by Israeli fire.

Israel Vows To Press Gaza Offensive (AP)

By Ravi Nessman, Associated Press Writer

AP, July 10, 2006

Israeli Prime Minister Ehud Olmert said Sunday he would push ahead with the army's widescale offensive in the Gaza Strip, saying the fight to free an abducted soldier and stop militant rocket fire would last for a "long time."

The 12-day-old operation has caused widespread destruction in Gaza, left 51 Palestinians dead and led to international complaints that Israel was using excessive force.

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Despite the offensive, militants launched three rockets into Israel on Sunday, wounding one person in the town of Sderot and damaging a house. Also, militants linked to the Palestinians' ruling Hamas party maintained their refusal to free Cpl. Gilad Shalit, who was captured in a June 25 raid, or even reveal his condition.

An Israeli airstrike Sunday night targeted a car carrying Hamas militants near Gaza City, wounding five people, including an 8-year-old girl, Palestinian health officials said. The vehicle was filled with explosives, which led to a series of large secondary explosions, the army said.

Israeli aircraft attacked a building early Monday on the outskirts of Gaza City, setting it on fire, Palestinians said. No injuries were reported. The military said the building was used by Islamic Jihad to make weapons.

Before daybreak, aircraft fired a missile at a group of militants near Gaza City, killing one and seriously wounding another, Palestinian hospital officials said. The military said a missile had been fired at militants on their way to launch a rocket.

Speaking to the Israeli Cabinet, Olmert counseled patience.

"We're talking about a war that will continue for a long time and it is complicated," Olmert said, according to a participant in the meeting. "This is a war for which we cannot set down a timetable and we can't say how long it will continue."

The Cabinet expressed unanimous support for the military action in Gaza and Olmert's refusal to negotiate with the militants, who demanded the release of 1,500 Palestinian prisoners in exchange for information about Shalit, 19.

Israeli security officials told the Cabinet that the offensive, the army's largest operation in Gaza since Israel withdrew from the territory last summer, was likely to force the militants to scale back their demands, according to the participant in the meeting, who spoke on condition of anonymity because the meeting was closed to the press.

But Palestinians were widely supportive of the militants' actions. A poll released Sunday showed that 77 percent of those questioned backed Shalit's kidnapping and 67 percent said they supported further abductions. Sixty-nine percent said the soldier should only be released in exchange for prisoners.

The survey of 1,197 Palestinians by the Jerusalem Media and Communication Center had a margin of error of 3 percentage points.

Olmert told the Cabinet that before Shalit was captured, he had been planning a prisoner release as a goodwill gesture to moderate Palestinian President Mahmoud Abbas, but now a release appears out of the question.

"It's not a secret before the kidnapping that we would free prisoners. But we intended to release them to moderate elements and not to terrorist elements," Olmert said.

"The release of prisoners means destroying the moderates in the Palestinian Authority, and would signal to the world that Israel can only talk to extremists."

Since the offensive began June 28, Israeli forces have battered Gaza with artillery barrages and airstrikes. One airstrike Sunday missed a car carrying members of a Hamas rocket squad and killed a bystander instead, Palestinian health officials said. The army confirmed it carried out an airstrike.

The United Nations blamed Israel for widespread human rights violations and hardship to civilians in Gaza.

Palestinian hospital officials say at least 51 Palestinians have been killed and more than 180 wounded in the offensive.

One Israeli soldier was killed last week, and military officials said Sunday an initial inquiry showed he was shot accidentally by Israeli forces.

Olmert and other ministers said they were not overly concerned about the international reaction.

"Anybody who calls this operation disproportionate has no clue about the facts on the ground. We have been attacked and bombarded for months and weeks," Cabinet minister Yitzhak Herzog said.

"With all due respect to all those who criticize us, if anything of this nature would have happened in their homeland, they would have acted much worse."

Radical Politics Mideast Democracy: One Violent Group Finds It Works Fine (WSJ)

By Karby Leggett

The Wall Street Journal, July 10, 2006

BEIRUT, Lebanon -- When Syrian troops left Lebanon last year, the Bush administration saw a prime opportunity to de-fang a group one U.S. diplomat once called the "A-Team" of terror groups: Hezbollah, which receives major backing from Syria.

The end of Syria's nearly three-decade occupation was a watershed moment for President Bush's campaign to spread democracy in the Middle East as an antidote to violent Islamic movements. Millions of Lebanese celebrated the country's liberation. With an election approaching, Hezbollah was worried. "We felt danger," says Nawar Saheli, a political leader in the group.

Today, it's stronger than ever. The group, once disdainful of domestic politics, filled the power vacuum of Syria's departure by joining Lebanon's governing coalition. That has given Hezbollah new clout, including control over two ministries.

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It also has helped the group elude a big threat: international pressure, led by the U.S. and France, to disarm. Over the past year "Hezbollah built a big shield over its military wing," says Amal Saad-Ghorayeb, a professor at the Lebanese American University.

How the militant group turned adversity to opportunity reveals a conundrum for the Bush administration: Rather than resisting Washington's democracy drive, some radical Islamic groups, including organizations the U.S. deems terrorist, are using it to promote their agendas.

In the Palestinian territories, the Sunni Muslim group Hamas won elections that were encouraged by the U.S. in January, taking control of the government. Like the Shiite Muslim Hezbollah, Hamas has resisted international pressure to renounce violence and disarm. In Iraq, the firebrand cleric Moqtada al-Sadr, whom U.S. officials once called a terrorist and vowed to capture or kill, has become an important behind-the-scenes player in the new Iraqi government. His "Mahdi Army" flourishes with little challenge from the U.S. or Iraqi officials.

Though Washington has generally supported these democratization moves, letting militant groups enter politics without giving up their weapons carries big risks. An example is Gaza, thrown into crisis by the kidnapping of an Israeli soldier by Hamas's armed wing. Israel responded by blowing up a major electricity grid, arresting dozens of Hamas lawmakers and cabinet ministers and launching a ground offensive that has killed more than 30 Palestinians.

Israel also threatened Syrian President Bashar Assad, who permits senior Hamas leaders to reside in Damascus, by flying warplanes over one of his palaces, raising the prospect of a wider confrontation. And, worried that Hezbollah's armed wing might attack too, the Israeli military has issued a high-level alert along its northern border with Lebanon.

Hezbollah, whose name means Party of God, has an especially thorny history with the U.S. and Israel, and it presents unique problems. The group emerged in the early 1980s to oppose Israel's occupation of part of Lebanon, during a phase of the long Lebanese civil war. Hezbollah has slowly developed a vast network that provides social services far more efficiently than the Lebanese government in many areas. But the U.S. lists Hezbollah as a terrorist organization because of a series of bombings, kidnappings and airplane hijackings it carried out in the 1980s and early 1990s.

Amid tension over Iran's nuclear facilities, Hezbollah also draws scrutiny because it has close ties to Iran. Hezbollah has an estimated 15,000 missiles pointed at Israel from land it controls in southern Lebanon. Some U.S. and Israeli officials worry that if there ever were a military confrontation between the West and Iran, Hezbollah could become a proxy for Iran and step up attacks on Israel. In such an event, Israel would almost surely reply with overwhelming force, potentially inflaming passions in the Middle East and raising the danger of region-wide war.

The risk was underscored in late May as Israel and Hezbollah had their most ferocious skirmish in years. Hezbollah fired rockets into northern Israel and hit a military base. Israel destroyed several dozen Hezbollah forts, killing at least one adherent. "Hezbollah is a big nightmare for us," says an Israeli military commander, Lt. Col. Ishai Efroni.

Despite Hezbollah's maneuvering, U.S. officials describe events in Lebanon as progress toward the goal of spreading democracy. They say bringing Hezbollah into mainstream politics will gradually cause the group to distance itself from Iran and focus its energies on domestic issues, a process they argue will eventually lead to Hezbollah's disarmament.

In the meantime, they say the U.S. will continue to support international efforts to disarm the group, underscored by a series of tough United Nations Security Council resolutions. "The fact that there is even discussion about Hezbollah's disarmament is progress," says Jeffrey Feltman, U.S. ambassador to Beirut.

With its location along the Mediterranean between Syria and Israel, Lebanon has long been a focus of regional conflict. A land of more than a dozen Christian and Muslim sects, it erupted in a brutal civil war in 1975. A 1989 accord that formally ended the war specified a government reserving key positions for each main group. Lebanon's prime minister must be a Sunni Muslim, the president a Maronite Christian and the speaker of Parliament a Shiite Muslim.

What drew Hezbollah into its higher profile in politics was the February 2005 bomb slaying of Rafik Hariri, a former prime minister who'd become publicly critical of Syria's military occupation. Many Lebanese suspected Syria's government of involvement in the killing, and a popular uprising ensued. When Syria capitulated and withdrew its troops, many hoped the move would free the Lebanese to decide their own affairs.

In some ways, that's just what happened. More than ever before, Hezbollah turned the goodwill engendered by its social-services work into political might.

After Syria withdrew, Hezbollah leaders asked Mr. Saheli and 11 others to run for seats in Lebanon's 128-member Parliament. Under the banner of Hezbollah's political party, Loyalty to the Resistance, they won easily. Hezbollah's top leader, Hassan Nasrallah, also became more active on the national stage.

Together they reshaped Lebanon's political agenda with a mixture of bare-knuckle politics and occasional compromise. The top priority, says Mr. Saheli, was derailing the international effort to force Hezbollah to disarm. That effort was embodied two

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years ago in U.N. Security Council Resolution 1559, which among other things demanded that all Lebanese militias turn in their weapons.

Mr. Saheli, 39, grew up in Hermel, a drab city of 100,000 on the northern edge of the Bekaa Valley, near the border with Syria. A Hezbollah supporter since his teens, he'd become a lawyer and member of his town's city council.

The number of seats Hezbollah could win in Parliament was limited by Lebanon's complex power-sharing formula. Even so, Mr. Saheli sensed the value of producing a big voter turnout for Hezbollah. The group's campaign efforts in effect turned the voting into a referendum on whether it should be able to keep its armed military wing.

During the three-week campaign, Mr. Saheli says, he visited up to 15 villages a day. Skipping other issues such as education, he hammered a single theme: Protect "the resistance," Hezbollah's term for its military wing. Often, he says, he ended speeches with a harangue against the U.S. "The Americans have a big project against the Arab world -- Iraq, now Syria and next Hezbollah. And we must resist."

Voters, especially in Shiite-dominated areas, loved it. When the results came in June 2005, Hezbollah and a few parties it had aligned with were huge winners, taking the maximum 35 parliamentary seats available to Shiite Muslims.

Though Hezbollah had fielded candidates in previous elections, it had always remained an opposition party. This time, Mr. Saheli and his bloc accepted an invitation to join a coalition government. They asked for two important ministries, energy and labor.

And they made another demand: that all major government decisions, including the question of Hezbollah's weapons, be decided through consensual agreement rather than by a straight vote of the cabinet ministers. Coalition partners -- the biggest was Future Movement, led by a son of the slain Mr. Hariri -- needed Shiite representation in their government, and agreed to the conditions. That gave Hezbollah the power to veto just about anything it opposed.

Hezbollah legislators pushed through approval for a $35 million drinking-water facility, a waste-disposal project of similar cost and a $68 million road project, all in the Shiite-heavy Bekaa Valley. On a recent afternoon, workers were laying asphalt on the new highway under a blazing sun. It will improve access to some elaborate Roman temple ruins, boosting tourism and jobs, Mr. Saheli says.

At a cabinet meeting in December, Prime Minister Fouad Siniora, a staunch critic of Syria, asked ministers to vote, without a debate, on a proposal to set up an international court to try people arrested for Mr. Hariri's murder. Hezbollah's two ministers, accusing Mr. Siniora of breaking his promise to make all decisions consensually, walked out.

When three ministers from another Shiite party followed this lead, the new government faced paralysis. The Hezbollah ministers set a tough condition for their return: a public statement from the Sunni prime minister calling Hezbollah's military wing a "resistance" movement rather than a "militia."

It's a key distinction. U.N. Resolution 1559 calls on all Lebanese militias to disarm. Mr. Siniora stood before Parliament a few weeks later and said his government would henceforth refer to Hezbollah only as a resistance movement.

Though Hezbollah's politicians had been victorious, the showdown left the organization wary. It now activated a fallback plan: an unlikely alliance with a former Lebanese general and Christian leader, Michel Aoun.

Tensions between Hezbollah and Lebanon's Christians have run deep ever since some Christian factions worked with the Israelis during the civil war. Mr. Aoun lived in exile for 15 years before returning to Lebanon last year. He was an outspoken foe of Syria's occupation and also advocated disarming Hezbollah. In exile, the 71-year-old ex-general also met with officials in the U.S. and France in an effort to create an international front against Hezbollah.

Those efforts stopped on Feb. 6, when Mr. Aoun and Hezbollah suddenly made a deal. It amounted to a simple trade-off: Mr. Aoun suspended his call to disarm Hezbollah, and the group agreed to support him as a future Lebanese president.

Mr. Aoun says he still believes Hezbollah will disarm someday. But he now calls this an "internal matter" for Lebanon and offers no timetable. "The U.S. isn't too happy with me anymore," he notes.

Mr. Saheli, asked about Mr. Aoun, says: "We have common interests."

Hezbollah still has vocal critics. Walid Jumblatt, leader of Lebanon's Druze religious sect, says, "We need to squeeze Hezbollah, put them in a corner." He blames the group for "paralyzing" the government. But he doesn't favor trying to disarm through force. "We don't want a civil war," he says.

Amid growing political and economic strain, there are new signs of sectarian tension in this land of so many different religious factions. Last month, a fight broke out between knife-wielding Druze and Shiite students at a university campus. A few days later, thousands of Shiite residents in Beirut rioted after a TV show mocked Mr. Nasrallah, Hezbollah's leader. Lebanese security forces moved to Christian neighborhoods to avert further trouble.

In his parliamentary office on a recent day, Mr. Saheli said sectarian strife is a big concern. But he maintained that this longstanding problem, as well as the issue of Hezbollah's arms, must be resolved through democracy and national dialogue.

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At Least 20 Killed In Mogadishu Battles (WP)

By Guled Mohamed

The Washington Post, July 10, 2006

MOGADISHU, Somalia, July 9 -- Islamic militiamen attacked fighters loyal to defeated secular warlords in Mogadishu on Sunday, and at least 20 people were killed and scores wounded in heavy street battles, witnesses said.

The death toll was expected to rise in the most serious flare-up since the militiamen seized control of the Somali capital from U.S.-backed warlords a month ago.

Mogadishu's war-weary residents ran for cover as rival groups fired machine guns and pounded each other with mortar rounds near an area that had been a pocket of warlord resistance to the Islamic militiamen.

"I am fighting for Islam, and I don't fear dying," said Ahmed Hashi, a militiaman who suffered head injuries.

The Islamic militias, wanting complete control of the coastal capital, set a daybreak ambush for fighters loyal to Hussein Aideed, an interior minister in the interim government, and another warlord, Abdi Awale Qaybdiid.

As they put up checkpoints around the area to prevent the militiamen from escaping or receiving help, both warlords vowed that their men would fight to the end.

Aideed, speaking from the provincial town of Baidoa, where the interim government is based, said: "They took over one of our bases in the Hosh area of western Mogadishu, which was in our hands for the last 15 years. . . . We won't give up."

Staff members at one of Mogadishu's main hospitals said victims were pouring in on the back of pickup trucks in scenes reminiscent of battles earlier this year when Islamic fighters took over the city.

"Every five minutes, vehicles carrying wounded are coming in," said hospital administrator Ali Moallim, adding that 20 people had died and nearly 100 were wounded, many with serious gunshot wounds, some requiring amputation.

After the June 5 capture of Mogadishu, the Islamic militiamen took other towns across a large swath of southern Somalia. Their advance has challenged the aspirations of the Western-backed interim government, which was formed in Kenya in 2004 and is based in Baidoa because it is too weak to enter Mogadishu.

Talks between the government and Islamic militias are scheduled to begin Saturday in Sudan.

Most of the warlords who had run Mogadishu since the 1991 ouster of military dictator Mohamed Siad Barre surrendered or fled after their defeat in last month's battles, in which 350 people were killed, but pockets of fighters loyal to them hung on.

Sunday's battle ended a relative lull in violence for Somalis.

Mexican Runner-Up Files Legal Challenge (WP)

By Manuel Roig-Franzia

The Washington Post, July 10, 2006

MEXICO CITY, July 9 -- Legal advisers to the presidential election runner-up, Andres Manuel Lopez Obrador, gathered Sunday evening at a polling place guarded by soldiers toting machine guns and filed a formal challenge to Mexico's vote results.

The filing demands a vote-by-vote recount of the closest presidential election in Mexican history, which was decided Thursday when an official tally left Lopez Obrador, the populist former mayor of Mexico City, a half-percentage-point behind Felipe Calderon, a champion of free trade. Outside the polling place, Manuel Camacho Solis, a top Lopez Obrador strategist, accused election officials, as well as the administration of outgoing President Vicente Fox, of election violations that were "systematic and on a grand scale."

Lopez Obrador chose a polling place in the Colonia del Valle neighborhood, a Calderon stronghold, because his strategists consider it emblematic of what they call a stolen election.

"We wanted to file in a place where they were operating," said Gerardo Fernandez, spokesman for Lopez Obrador's Democratic Revolutionary Party.Calderon and his campaign team kept a low profile over the weekend, saying they prefer to argue in court. Calderon has said there is "no doubt" about his 240,000-vote margin of victory and has received congratulatory calls from President Bush and other world leaders.

Lopez Obrador's challenge will be heard by the Federal Electoral Tribunal, a seven-member special elections court, which has until Sept. 6 to decide whether to certify the results. The complaint consists of thousands of pages of documents, including e-mails that allegedly show that enrollment in social programs was used to coerce votes for Calderon.

The tribunal will also receive what Lopez Obrador says is evidence of an Internet smear campaign against him and examples of alleged illegal campaigning by Fox, who, as president, was prohibited by law from involvement in political campaigns. Lopez Obrador is also expected to use the complaint to resurrect one of his most effective campaign issues: allegations that Calderon's brother-in-law received sweetheart government contracts.

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The challenge will assert, Camacho said, that the brother-in-law, Diego Zavala, was hired to develop software to review voter registration. Lopez Obrador's supporters say the contract created a conflict of interest that could have been used to give Calderon an improper advantage.

In an interview before the election, the head of the electoral commission, Luis Carlos Ugalde, denied contracting with Zavala's company, known as Hildebrando.

During the campaign, Calderon and his brother-in-law vigorously denied wrongdoing.

Lopez Obrador also alleges that the electoral commission preprogrammed its computers before the election to show a Calderon victory. Electoral commission officials on Sunday denied the accusation.

Mexico Candidate Claiming Election Fraud (AP)

By Istra Pacheco, Associated Press Writer

AP, July 10, 2006

Leftist presidential candidate Andres Manuel Lopez Obrador was sending hundreds of pages of purported evidence of fraud Sunday to a court he hoped would overturn his conservative rival's razor-thin preliminary victory.

Lopez Obrador said his lawyers would give the Federal Electoral Court evidence of fraud, including computerized manipulation of the results, a day after he called for continued hope from supporters at a mammoth rally in Mexico City's historic center.

The legal appeal would seek not to annul the July 2 election, but to force authorities to conduct a manual recount of all 41 million ballots.

"This was a very irregular election and we are asking that they count vote by vote to legitimize the president elect," Gerardo Fernandez, a spokesman for Lopez Obrador's Democratic Revolution Party, said outside the tribunal Sunday night as he waited for lawyers to arrive.

"We won't recognize Calderon's triumph unless they legitimize the election," he said.

Dozens of reporters waited outside the nation's top electoral court as the lawyers' expected arrival was repeatedly delayed. Three soldiers kept watch over a scene that was calm in contrast to Saturday's massive gathering.

Fernandez said the lawyers were held up by making copies of the 800 pages of allegations.

Election officials said Thursday that Felipe Calderon beat Lopez Obrador by less than 244,000 votes in the July 2 election — or a margin of just 0.6 percent.

But Lopez Obrador contends some of his votes weren't counted or were voided without reason. He has millions of devoted followers who believe only he can help Mexico's poor and downtrodden, and he has long used street protests to pressure the government and courts.

Lopez Obrador's claims also include allegations that President Vicente Fox used government funds to support Calderon, the candidate of Fox's conservative National Action Party.

Fox has denied interfering in the elections, and election monitors from the European Union said they found no irregularities in the vote count.

But fraud allegations strike a sensitive nerve with many Mexicans. They question whether Mexico has overcome decades of institutional corruption and fraud that long favored the ruling party — the Institutional Revolutionary Party for 71 years until it lost the presidency to Fox in 2000.

Lopez Obrador has sought to stoke those fears. On Saturday, he accused the respected Federal Electoral Institute, held up as an example to emerging democracies around the world, of being a "pawn of the party of the right."

Over 100,000 supporters rallying in the capital's main plaza Saturday chanted "Vote by vote!"

Turning to his charges that Fox unfairly aided Calderon, Lopez Obrador said the popular president "dedicated himself to attacking us and ended up being a complete traitor of democracy."

Representatives for Fox and Calderon were not immediately available to comment. Fox has stayed out of the public eye for two weeks in an effort to avoid accusations that he was meddling in the debate.

Lopez Obrador, a former Mexico City mayor, has said a software program was used to skew initial vote-count reports — a charge that revives memories of the alleged computer crash that flipped Mexico's 1988 election in favor of the then-ruling PRI.

Legal challenges were built into Mexico's elections process in recent years to help ensure clean elections, so Calderon can't be declared president-elect until the electoral court weighs allegations of fraud or unfair campaign practices. The court has until Sept. 6 to declare a winner.

The law allows a manual recount only for polling places where credible evidence of irregularities exist. Lopez Obrador's supporters say that applies to at least 50,000 of the approximately 130,000 polling stations.

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"We are going to ask that they clean up the elections. We are going to ask that they count all the votes, vote-by-vote, poll-by-poll," Lopez Obrador said.

Despite the EU monitoring team's characterization of the vote count as fair, the leftist claimed election fraud was worse than under the PRI, which often using fraud to hold power.

Calderon says the vote was clean and has taken congratulatory phone calls from President Bush and the leaders of Canada, Spain and Colombia, among others — despite Lopez Obrador's plea for foreign governments to hold off on recognizing the result.

Lopez Obrador has repeatedly evaded questions about whether he would accept a court decision that went against him.

He provoked groans of disappointment from the crowd at the Zocalo in Mexico City when he told them not to block highways.

"This has been and goes on being a peaceful movement," he said. "We are not going to fall for any provocations."

Also Sunday, the Federal Electoral Institute wrapped up congressional vote tallies, determining the number of seats for each party.

According to National Action Party representative Jorge Zermeno, 206 seats in the 500-member lower house will go to Calderon's conservative party, 127 seats will go to Lopez Obrador's party, and 103 seats will go to the PRI. Minor parties have the 64 remaining seats.

López Obrador Ups Stakes On Mexico Poll (FT)

By Adam Thomson

Financial Times, July 10, 2006

The leftwing candidate in Mexico's presidential election at the weekend raised the pressure on the country's electoral authorities by openly claiming this month's vote had been fraudulent.

Calling on Mexicans to initiate a wave of nationwide protests, Andrés Manuel López Obrador of the Party of the Democratic Revolution (PRD) told an estimated quarter of a million people in Mexico City's main square: "If we allow them to impose themselves through fraud, it will be a regression to the past."

In one of the most impassioned speeches he has given yet, the charismatic 52-year-old campaigner asked supporters from Mexico's 300 electoral districts to march on the capital on Wednesday. He also called for another rally in Mexico City next Sunday.

Mr López Obrador's accusations follow a tense vote-count last week that handed victory to Felipe Calderón of the centre-right National Action party (PAN). According to the country's electoral authorities Mr Calderón, a 43-year-old Harvard-trained economist, beat Mr López Obrador by just 0.58 per cent. On Friday, several governments, including that of the US, sent messages of congratulations to Mr Calderón, the candidate of choice for Mexico's business community. The country's stock market and currency last week showed strong gains on the news.

But Mr López Obrador said he would submit evidence of foul play in the July 2 election to the electoral authorities. "This election process is not over yet," he said. Electoral authorities have until the end of August to weigh the evidence, and have to announce their decision by September 6. Mr López Obrador also accused President Vicente Fox of Mr Calderón's PAN of being "a traitor to democracy". Mr Fox, who is scheduled to leave office in December, was voted into power six years ago in an election that ended more than 70 years of rule by the Institutional Revolutionary party.

There is a widespread perception that the vote was rigged, and all last week demonstrators outside Mr López Obrador's campaign headquarters vowed to take their protests as far as necessary to reverse the result.

Leftist Is To Press Challenge Of Mexico's Election (WSJ)

By John Lyons And José De Córdoba

The Wall Street Journal, July 10, 2006

MEXICO CITY -- Andrés Manuel López Obrador, the left-wing candidate narrowly defeated in Mexico's presidential race, launched a legal campaign late last night to overturn the results, mixing allegations of vote fraud with broader claims that the election process was unfair.

The legal challenges came a day after Mr. López Obrador held a rally in Mexico City, kicking off the first of several protests he hopes will pressure election authorities to accede to his demands. Mr. López Obrador wants to nullify the results from more than a third of the 130,500 polling stations, and is demanding that all 41 million ballots be hand-counted a second time.

The 52-year-old former Mexico City mayor lost a July 2 vote by a slim margin -- around 240,000 votes -- to Felipe Calderón, 43, the candidate of President Vicente Fox's pro-market National Action Party, according to an official hand count conducted by Mexican poll workers and party representatives. Although he initially said the vote was clean, Mr. López Obrador

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has lashed out at election officials, Mr. Calderón, President Fox, and big business since the results were announced, claiming they formed a conspiracy to deny him victory.

"I won the presidency," Mr. López Obrador said early yesterday at a news conference. "I am going to defend our victory. This isn't over." The message was partly meant for the stream of heads of state, including Spain's socialist Prime Minister José Luis Rodríguez Zapatero and President Bush, who have extended congratulations to Mr. Calderón.

Despite his rhetoric, analysts say the veteran politician faces an uphill battle both to win a court ruling to overturn the election as well as to galvanize Mexicans into taking to the streets to support him. "López Obrador is now in the uncomfortable position of complaining about things that he said were fine at the time," said Federico Reyes-Heroles, a political analyst and writer in Mexico City.

Whatever the outcome, the dispute is likely to further polarize a divided nation, making governing more tricky for the next president.

Mr. López Obrador's legal challenges mark the first major test for the nation's special electoral tribunal, set up in the 1990s as the ultimate authority on electoral disputes as part of an effort to stamp out fraud. The court earned a reputation for flexing its muscle in 2000, when it annulled a local election in Mr. López Obrador's home state of Tabasco.

Now, the leftist is asking the electoral court to order a recount. In his legal complaint, delivered to the court late last night, he was expected to ask that the results from as many as 50,000 polling stations be thrown out for reasons including vote buying. He also was expected to ask the court to rule that the election was unfairly tilted against him by the meddling of President Fox and the collusion of electoral officials.

Mr. López Obrador's camp argues that Mr. Fox illegally campaigned for Mr. Calderón through government-sponsored advertisements touting the achievements of his government. Under Mexican law, a president can't endorse or campaign for a candidate. Mr. López Obrador may also argue that the Calderón camp surpassed spending limits to launch an illegal negative advertising campaign.

Leftist Starts Legal Battle Over Mexico Vote (NYT)

By James C. McKinley Jr.

The New York Times, July 10, 2006

MEXICO CITY, July 9 — A day after calling for mass demonstrations, Mexico's leftist presidential candidate began a legal battle on Sunday evening to try to overturn the results of the close presidential race.

The candidate, Andrés Manuel López Obrador, a former Mexico City mayor who campaigned on promises to reduce poverty, was planning to formally challenge the results in a single election district in the capital that went to the conservative winner of the election, Felipe Calderón. The act was largely symbolic, but his aides said other challenges would be submitted to local election boards and to the Federal Electoral Tribunal before midnight Monday.

Mr. López Obrador's lawyers contend that the initial count of the ballots, on election night a week ago, was careless. In some cases, they also assert that poll workers purposefully inflated Mr. Calderón's totals. Mr. López Obrador is calling for a complete recount in about 50,000 of the 130,000 polling places, where he contends he has evidence of irregularities or fraud.

"They counted the votes, but badly," said Mr. López Obrador, of the Party of the Democratic Revolution. "What we are asking is that they count the votes once again, polling place by polling place."

On Thursday, election officials determined that Mr. Calderón won the election by a narrow margin of 240,000 votes of 41 million cast. Although the Federal Electoral Tribunal has yet to ratify the official tally, Mr. Calderón has declared himself the winner and has received congratulations from the White House, Canada and the European Union.

Mr. López Obrador remains convinced he won and refuses to concede defeat. He is preparing legal challenges to present to both the Federal Electoral Tribunal and the Supreme Court.

At a rally of 150,000 people in the capital's central square on Saturday, he called on his supporters to stage two large marches this week to protest the outcome. Earlier, he told reporters he would mount a sustained campaign of peaceful protests.

As worries grew here that the marches could turn violent over time, the European Commission on Sunday called on both sides to show restraint while the courts dealt with the legal challenges.

The election results contain some oddities that Mr. López Obrador's lawyers hope to use to force a recount or, possibly, to annul the election. There were 900,000 "null votes," in which the voter's intention was unclear to poll workers. Since that number is unusually large and enough to change the outcome, lawyers for Mr. López Obrador's party contend that each ballot should be re-examined.

Second, there were numerous instances during the unofficial tally on Sunday night and Monday morning in which poll workers reported to the electoral institute's headquarters more votes for Mr. Calderón than he had actually received, especially in

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northern states where the conservative candidate's National Action Party is strong. Mr. López Obrador has said that pattern is evidence of fraud. Mr. Calderón's aides denied the party had committed any wrongdoing.

Finally, during the official tally on Wednesday and Thursday, the chiefs of local election boards uniformly rejected requests from Mr. López Obrador's representatives to recount ballots in thousands of polling places where there were irregularities.

Instead, the election officials stuck to the letter of the electoral law, which requires a recount only if a tally sheet is lost or contains an error or the ballot box appears to have been damaged. The law does not prohibit recounts for other causes, but it does not spell out the conditions either.

In about 2,600 polling places, election officials did recount ballots because of mistakes on tally sheets. Mr. López Obrador pointed out that in a vast majority of those cases, the counts were off.

Martín Ramírez, a spokesman for the electoral tribunal, said the court could not ratify the official tally and recognize Mr. Calderón as president-elect until it had ruled on all of Mr. López Obrador's legal challenges. By law the court must certify a new president by Sept. 6.

By late Sunday afternoon, the tribunal still had not received the official results from the Federal Electoral Institute, Mr. Ramírez said.

John M. Ackerman, an expert on electoral laws at the National Autonomous University of Mexico, said because electoral laws were relatively untested, it was hard to predict Mr. López Obrador's chances of success.

The electoral tribunal was empowered in 1996 to validate presidential elections. The only opportunity it has had to use those powers was in 2000, when President Vicente Fox of the National Action Party handily defeated the candidate of the Institutional Revolutionary Party, ending 71 years of its single-party rule.

Mr. Ackerman said that in the tribunal's short history it had ordered broad, though not complete, recounts in state and local elections. The largest recount, he said, was six years ago in the state of Jalisco, where the race was so tight and fiercely contested that the state was compared to Florida in 2000.

Mr. Ackerman also said the tribunal had not hesitated in the past to reverse decisions by the Federal Electoral Institute.

Mr. López Obrador has proved unpredictable himself. He is known for the demonstrations he staged in 1994 to protest his loss in the governor's race in his home state of Tabasco, charging that the governing party had committed fraud at the polls.

Now he has stepped up his accusations against President Fox, Mr. Calderón and their party, the PAN, saying they are betraying the democracy they helped create and engaging in the same fraudulent practices as the old governing party, the PRI. He also contends that Mr. Fox used state resources to help Mr. Calderón's campaign, a claim both men deny.

Haves And Have-Nots (NSWK)

By Joseph Contreras And Monica Campbell

Newsweek, July 10, 2006

The words on his T shirt read SMILE, WE'RE GOING TO WIN, but Abraham Flores was all frowns. Earlier in the day, the 24-year-old moving-company employee had voted for Andrés Manuel López Obrador, the former Mexico City mayor who ran for president on a pledge to help Mexico's poor. But preliminary returns looked grim. So Flores filed into the famous Zócalo plaza in downtown Mexico City with hundreds of other angry voters to demand a recount. "If the elites get their way and López Obrador doesn't win, they'll hope the Mexican people will forget and go on with their lives," fumed the $10-a-day laborer. "But I doubt that will happen. We're sick of the elites trying to rule the country."

By the weekend, Flores's worst fears were confirmed: final tallies showed Felipe Calderón of the center-right National Action Party (PAN) defeating López Obrador by a mere 244,000 votes. It was Mexico's closest-ever presidential race. The ex-mayor announced plans to challenge the tally in court, and the federal election tribunal has until early September to certify or annul Calderón's apparent win. But no matter how the dispute plays out, the vote confirms an emerging trend in Latin America: a sharpening divide between haves and have-nots. "There are the people without running water and basic services, and those who can afford flats in New York City," says Juan Carlos Moreno-Brid of the U.N. Economic Commission for Latin America and the Caribbean. "But this isn't just Mexico's challenge. Latin America is the most unequal region in the world."

Class tensions are certainly rising in Bolivia, where socialist Evo Morales won a landslide victory last December. Residents of the more prosperous provinces approved a ballot measure last week calling for greater autonomy from the central government. In Peru, voters split sharply along class lines in last month's runoff election: the private sector overwhelmingly backed ex-president (and eventual winner) Alan García against the populist challenge of a former Army officer. "In southern Mexico and Peru you have a lot of people who haven't enjoyed any of the benefits of globalization, and there's a great degree of anger and frustration," says Michael Shifter of the Washington-based Inter-American Dialogue think tank.

The fragmentation is not universal. Robust growth has helped foster consensus in countries like Colombia, Chile, Argentina and Brazil. But Mexico proves that growth alone is not a solution for class divisions. The Mexican economy expanded by 4.4

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percent in 2004 and 3 percent in 2005. But almost half of the country's 107 million people still live in poverty, and inequalities are likely to widen before they narrow. Latin America's recent run of strong growth may peter out next year, particularly if the U.S. economy sputters. That would increase pressure on Calderón—who garnered only 36 percent of the total vote and is facing an opposition-led Congress. His first task may be to appease the many voters who feel cheated.

The Good Neighbor Strategy (TIME)

By MOISéS NAíM

Time, July 10, 2006

A presidential election too close to call. Aggrieved voters in the streets. Partisans exchanging accusations of fraud and demanding manual recounts. Lawyers drooling in expectation of weeks of court fights.

Sound familiar? It should. Mexico City today feels a lot like Tallahassee, Fla., six year ago. But Mexico's election is about much more than who will become the country's next President, and its result will have lasting implications for Latin America as a whole. In 2000, although U.S. voters were choosing between two very different presidential candidates, only a minority felt that the outcome would drastically alter the basic foundations of the nation. Not so for Mexicans. Voters believed the election would not only decide who would run the country for six years but also, more fundamentally, what kind of political and economic system Mexico would have. The platforms of the two leading candidates--the conservative Felipe CalderÃ³n and the leftist AndrÃ©s Manuel LÃ³pez Obrador--differed on the roles of the state vs. the market, the nature of political institutions, how to fight poverty and what kinds of links Mexico should have with the rest of the world.

That clash of visions is not confined to Mexico. Similar battles are raging throughout Latin America, which is witnessing the rise of a generation of politicians seeking to capitalize on frustration with the free-market, pro-American policies commonly pursued in the region in the 1990s, when much was promised and little was accomplished in terms of raising living standards. The leader of this turn toward populism is Venezuelan President Hugo ChÃ¡vez, who has cast himself as the heir to Fidel Castro, using his country's oil bonanza to purchase political influence all over the continent. But in recent months, the ChÃ¡vez movement has run up against opposition from forces that view it as wrongheaded, militaristic and undemocratic. In Mexico's election, as in Peru's last month, ChÃ¡vez turned out to be more of a liability than an asset to the leftist candidate carrying his banner.

That ambivalence provides an opportunity for the U.S. The issues fueling the ChÃ¡vez movement--poverty, inequality, exclusion, corruption and widespread frustration--haven't gone away. Despite the perorations of populists like ChÃ¡vez and Castro, Latin America's maladies are not made in Washington but are self-inflicted wounds originating in the predatory Ã©lites that control policymaking in places like Buenos Aires, Caracas, BrasÃ-lia and Mexico City. Those are problems for which Washington has never had the skills or the means to influence. On the whole, the U.S. is better off letting Latin Americans figure out how to solve Latin America's problems.

But indifference has its costs too. After Sept. 11, the U.S.'s priorities of fighting Islamic terrorism and waging wars in Afghanistan and Iraq have led the Bush Administration to ignore Latin America as mostly irrelevant, which has allowed leaders like ChÃ¡vez to attack U.S. policies at will and sully Washington's reputation in the region. But the U.S. can still repair much of the damage--if it takes two bold initiatives that would break through the shortsighted policies that limit its opportunities in Latin America.

The first step toward draining the appeal of ChÃ¡vezism and restoring the U.S.'s image in Latin America would be to unilaterally lift the embargo on Cuba. The U.S. embargo has never worked as a tool to weaken Castro. Instead it has provided him with a wonderful excuse to hide his failures and justify the island's dire poverty and harsh political repression. The embargo is even less effective now that Cuba is so deeply intertwined economically and politically with Venezuela and other countries in the region. Embargoing Cuba without cutting off its ties to other countries is akin to staging an embargo against Portugal that ignores its ties to the rest of Europe. The U.S. embargo on Cuba has enormous political costs for the U.S. and no benefit other than pleasing a portion, but not all, of Cuban-American voters. Moreover, for the U.S. to maintain an embargo on Cuba while embracing Vietnam--a communist state with which the U.S. fought a long and costly war--and promoting trade and investment with Hanoi represents a blatant double standard that provides ammunition to U.S. detractors everywhere.

Another strategic surprise would be to engage the largest, most influential country in South America: Brazil. For decades U.S. policy toward Latin America has been driven by emergencies and a small-country bias: Cuba, the tiny Central American nations, Grenada and Haiti have all consumed far more of Washington's time and resources than giant Brazil, which was too big, remote and independent to be a pawn in the cold war. The only significant departure from the U.S.'s small-country bias has been with Mexico, first in the creation of NAFTA and then when Washington bailed the country out after its financial crash in 1994. Paying attention to Brazil would involve offering an attractive trade agreement that would grant freer access to the U.S. market

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for Brazilian steel, shoes, orange juice, ethanol and other products that currently face import barriers. The costs for the U.S. economy would be relatively minimal. For Brazil, such a deal would stimulate exports, drive investment and lift the economy.

Even more important, such an approach would reward and support a country (and a government) that is providing a powerful counterexample to the populist policies that are gaining favor in the region. That could be a very inclusive initiative: any Latin American country could be invited to join the two leading nations in the western hemisphere in this agreement. To be eligible, countries would need to adopt pro-poor, growth-inducing economic reforms that spur competition and open markets. They would also be required to enact political reforms that strengthen democratic practices and institutions. It could be a powerful stimulus for positive change, since few countries in the region could afford to be left out of an economic arrangement that included Brazil and the U.S.

Would this Administration be willing to pursue either of these moves? At this stage it doesn't seem likely. The first measure would provoke howls from many Cuban exiles in Florida, while the second would irk U.S. business interests that would face competition from Brazilian imports. But if Richard Nixon could go to China, perhaps George W. Bush could discover Brazil--and stop making a failed Caribbean dictator an important element of U.S. policy. It could be that an embattled, second-term U.S. President looking for a legacy other than a botched attempt at installing democracy in faraway lands could warm up to the idea of leaving a permanent, positive mark in his country's own neighborhood.

Saudi Arabia Tests Its Potential For Unlocking Heavy-Oil Reserves (WSJ)

By Bhushan Bahree And Russell Gold

The Wall Street Journal, July 10, 2006

With global energy demand soaring, Saudi Arabia, whose abundant reserves of light oil have supplied the world for decades, is looking to unlock its huge, hard-to-tap and largely unexploited reservoirs of heavy crude.

If it succeeds in overcoming the technical hurdles, the effort could significantly increase Saudi Arabia's oil reserves over the next several years, potentially adding some slack to tight energy markets. It would also be a blow to so-called peak-oil theorists who have forecast that world oil production is on the brink of peaking.

Crude-oil prices have more than tripled since 2002 as increases in global demand have outstripped production capacity. On Wednesday, crude-oil futures on the New York Mercantile Exchange reached a new high, settling at $75.19 a barrel before slipping back to finish the week at $74.09.

While there is still plenty of oil left in the ground, most of the supplies that are easy to reach already have been developed, forcing the global petroleum industry to turn to oil deposits that are trickier to recover. Heavy oils, which can be the consistency of molasses, or even denser, are costlier to bring to the surface than light oils. They also typically contain more contaminants like metals and sulfur.

Because refineries need special equipment to remove these impurities, heavy oil is priced lower than light oil. But a growing number of refineries around the world can handle heavy oil, turning it into such products as gasoline, diesel, jet fuel and heating oil, and Saudi Arabia recently announced plans to build more of them.

Earlier this year, in a critical trial of Saudi Arabia's heavy-oil potential, U.S. oil giant Chevron Corp. began a field trial of a technique designed to pump out heavy oil that was previously considered unrecoverable. In the pilot project, which it plans to expand to additional wells, Chevron is injecting steam to loosen up sludge-like heavy-oil reserves in Wafra, a field in the so-called neutral zone between Saudi Arabia and Kuwait. Oil from the neutral zone is shared equally by the two countries.

Chevron and the Saudis say initial results are promising and that the technique could greatly enhance recovery at some huge fields.

Saudi Oil Minister Ali Naimi said many heavy-oil fields in his country aren't currently included in its official tally of 260 billion barrels of recoverable reserves, the world's largest. If steam injection works in these fields, it would add "tens of billion of barrels" to Saudi reserves, Mr. Naimi said in an interview.

Chevron has used steam injections successfully for decades to greatly boost production in heavy-oil fields in California and Indonesia. Now, the Saudis and Chevron want to see if the technique will work in the more porous rock formations common in Middle East.

In addition to the Wafra test with Chevron, the Saudis are also considering developing the gigantic Manifa field, which is believed to have a large component of heavy oil. As its lighter components are pumped out, Manifa could also be a candidate for steam injection.

Without steam, heavy oil can be very difficult to pry out of the earth because it is so thick it barely flows. Heavy-oil fields sometimes yield as little as 5% of their oil with conventional pumping, compared with 35% or more in a light-oil deposit.

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In some ultra-heavy-oil fields -- like the massive Canadian tar-sands deposits, where production is rapidly gearing up -- the oil is far heavier than in Saudi Arabia. Oil companies there are using a similar steam-injection technique, with even more heat, to make the oil extractable.

Rising world demand has taken up all of Saudi Arabia's light-oil output at a time when the kingdom's need for oil is rising sharply at home as it industrializes. Mr. Naimi, the Saudi minister, wants to tap the country's heavy-oil deposits to meet the country's own energy needs and to feed thirsty foreign markets by refining the oil into such products as gasoline.

The Wafra pilot is also a big test for Chevron, which wants to build on its long track record of developing heavy-oil fields in hard sandstone and shale rock formations. In century-old oil fields outside Bakersfield, Calif., Chevron has used steam injection for years to drastically increase the amount of oil that can be pulled out of the earth, radically extending the productive life of the fields.

"It's all about draining the tank to the bottom," says Jeff Hatlen, a Chevron engineer. Using steam, Chevron has managed to extract 80% of the oil from some reservoirs in the California oil fields, compared with 15% in the pre-steam days.

The Saudis hope for a similar boost in recovery. Using conventional pumping, Wafra is expected to yield only 3% of the billion barrels in its reservoir. But after steaming, as much as 40% could be pumped out.

Operating costs in Chevron's California heavy-oil fields were $14 a barrel last year, well above costs in the Middle East. That suggests that the Saudis could pay a premium to extract their heavy-oil deposits and still make a huge profit.

Unlike California's deposits, however, most of the Middle East's heavy oil is locked inside carbonite formations, where steam injection has never been tested on a large scale. If the steam leaks out through fissures in this softer rock, it would be difficult to build up the high temperatures needed to melt the heavy oil. It would also make the process more costly, since it takes lot of natural gas to make the steam.

The Chevron technique is to inject steam into a field through one well, soaking the oil-rich rock. As the steam heats the thick oil, its consistency thins to that of watery syrup. Then, the oil is pumped to the surface through another well.

Chevron's test in Saudi Arabia involves one steam-injection well, four producing wells and one observation well that collects data about the interaction of the oil and steam. Though it declined to give a timetable, Chevron is committed to expanding to a larger second phase that will include 16 injection wells and 25 producing wells as well as the installation of water-treatment facilities and steam-generation facilities. Total estimated cost: $300 million.

Chevron isn't alone in trying to use steam flooding in the Mideast. In Oman, Occidental Petroleum Corp. is preparing to spend $2 billion on a large-scale steam-injection project in the Mukhaizna field, which holds about a billion barrels of oil. After four years of negotiations, Occidental persuaded the Omanis to let it run the field, in part by promising them a ten-fold increase in production to 150,000 barrels a day.

Although it hasn't specified it will use steam flooding, Kuwait is planning a pilot project to exploit its northern heavy-oil fields. These fields are needed to help Kuwait meet its goal of raising output to some four million barrels a day by 2020 from the current 2.6 million barrels a day.

Three years ago, the U.S. Geological Survey estimated the world has more than one trillion barrels of heavy oil, mostly in Canada, Venezuela and elsewhere in the Western Hemisphere. Taken together, these reserves are comparable to the world's conventional light-oil reserves, the majority of which are in the Eastern Hemisphere.

But some experts believe the amount of heavy oil in the Middle East has been underestimated because of the focus on the giant deposits of light oil in the region. "They have quite a bit, and there is probably more heavy oil in the Middle East than the official figures show," says Emil D. Attanasi, an economist at the Geological Survey.

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THE ATTORNEY GENERAL'S NEWS BRIEFING

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TO: THE ATTORNEY GENERAL AND SENIOR STAFF

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TERRORISM NEWS:

Rep. Hoekstra Raises Concerns Over Congressional Oversight Of Intelligence. Highlighting what it characterizes as a "rift" between the White House and GOP lawmakers the New York Times (7/9, A1, Lichtblau, Shane, 1.19M) in a front page story reports, "In a sharply worded letter to President Bush in May, an important Congressional ally charged that the administration might have violated the law by failing to inform Congress of some secret intelligence programs and risked losing Republican support on national security matters." House Intelligence Chairman Peter Hoesktra's letter "did not specify the intelligence activities that he believed had been hidden from Congress." He "clearly was referring to programs that have not been publicly revealed." Administration officials have recently briefed Rep. Hoekstra, which appears "to have eased but not erased the concerns of Mr. Hoekstra and other lawmakers about whether the administration is sharing information on all of its intelligence operations." Hoekstra's letter "appears" to be linked to the selection of Gen. Michael Hayden to lead the CIA with Stephen Kappes as his deputy."

Like the New York Times, the Washington Post (7/9, A6, Babington, 744K) highlights the significance of Hoektra's "sharply worded letter" because it represents rare GOP criticism of Administration national security policies before noting, "Much of Hoekstra's letter to Bush outlined the chairman's objections -- which were widely known -- to the appointment of Stephen R. Kappes as CIA deputy director under Hayden. Kappes quit the CIA in 2004 in a dispute with then-Director Porter J. Goss. Goss preceded Hoekstra as House intelligence committee chairman, and many Republicans remain loyal to him." Hoekstra wrote, "Regrettably…the appointment of Mr. Kappes sends a clear signal that the days of collaborative reform between the White House and this committee may be over."

Journalism Deans Advocate Publishing National Security Secrets As Counterbalance To "Extraordinary Power Of The Presidency." A letter from four deans of leading US journalism schools is published in the Washington Post (7/9, B2, 744K) Outlook section. Annenberg School for Communication dean Geoffrey Cowan, dean, University of Southern California, Harvard University Shorenstein Center director Alex Jones, Northwestern University Medill School of Journalism dean John Lavine, Columbia University Graduate School of Journalism dean Nicholas Lemann and UCal Berkeley Graduate School of Journalism dean Orville Schell write, "It is the business -- and the responsibility -- of the press to reveal secrets." The deans maintain "Despite the rhetoric of their fiercest critics, most journalists take secrets seriously." They "believe that the extraordinary power of the presidency at this moment mandates more scrutiny rather than less. Yet Attorney General Alberto R. Gonzales has said he would consider prosecuting journalists for publishing classified information. Such an action would threaten to tilt the balance between disclosure and secrecy in a direction that would weaken watchdog reporting at a time when it is badly needed."

Columnist Accuses Administration Of Intimidating Media. Frank Rich in his column in the New York Times (7/9, 1.19M) warns the Administration has an "insidious game plan" to "reboot its intimidation of the press, hoping journalists will pull punches in an election year." Rich claims that strategy worked for the Administration after the 9/11 attacks citing the "chilling words articulated at the get-go by Ari Fleischer (Americans must 'watch what they say') carried over to the run-up to the Iraq war, when the administration's W.M.D. claims went unchallenged by most news organizations."

Notes May Have Aided Gitmo Suicides. The CBS Evening News (7/8, story 6, 0:10, Assuras, 7.66M) reported, "US officials say three inmates who killed themselves last month at the Guantanamo prison may have had help from other inmates. In a court filing officials found instructions for tying knots in the cell of other detainees who may have been planning suicides."

Following a Washington Post story yesterday, the New York Times (7/9, Cave, 1.19M) reports, "Detainees at the Guantánamo Bay detention center in Cuba may have planned three suicides there last month by exchanging messages on note paper that was provided by lawyers and generally not scrutinized by guards because of confidentiality rules." The Times adds, "Because all three of the men who died had never been visited by attorneys, government lawyers said the evidence 'indicated the passing of materials and

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messages between detainees and that some level of planning or coordination of the suicides had taken place.'"

The AP (7/9, Fox) adds, "The detention center's commander, Navy Rear Adm. Harry B. Harris, said in an affidavit that investigators believe 'the suicides may have been part of a larger plan or pact for more suicides that day or in the immediate future.'" The detainees lawyers "have condemned the confiscation of the legal papers" and one note on the suicides "did not appear to be written by the prisoner, or another of the detainees who committed suicide, and it was written on paper provided by lawyers stamped with the words 'Attorney-Client Privilege.'"

NYT, WPost Accuse Bush Administration Of Failing To Create "Fair" Legal Process For Terrorists. The New York Times (7/9, 1.19M) in an editorial writes that as Congress prepares to debate the Administration's detainee policies the debate "is not between people who want to win the war on terror and those who for some unfathomable reason do not. It is between an executive branch that seems bent on proving that the president has unlimited power and those who believe that the Constitution and the rule of law did not crumble along with the World Trade Center." The Times adds, "We would not be in this mess if Mr. Bush had followed the rules. If he had allowed the screening of captives on the battlefield, which the military wanted and the Geneva Conventions require, hundreds of innocent men would never have been sent to Gitmo. If he had asked Congress to create tribunals, instead of fashioning extralegal ones, some of those prisoners who really are terrorists might have been convicted by now in full view of the world."

And the Washington Post (7/9, B6, 744K) editorializes, "Having allowed President Bush to assert extralegal powers for nearly five years, some in Congress now want to rush through legislation that would rubber-stamp the regime that the court rejected. There is talk of completing a bill by summer's end. Some Republicans appear eager to turn what ought to be a serious debate about balancing national security and human rights into an election issue -- by labeling as soft on terrorism anyone who opposes Mr. Bush's unworkable scheme for trying Guantanamo inmates." But the Post finds it "encouraging" that "the Armed Services Committee under the chairmanship of Sen. John W. Warner (R-Va.) will take the legislative lead in the Senate. Mr. Warner's committee was the source last year of the sole piece of responsible legislation on foreign detainees since 2001, the ban on cruel, inhuman and degrading treatment of prisoners authored by Sen. John McCain (R-Ariz.)."

San Antonio Express News Urges Adherence To Rule Of Law In GWOT. The San Antonio Express News (7/9) editorializes, "Even in times of war, the United States is a nation of laws. When those laws are ill-suited to the conflict at hand, the commander in chief can work with Congress and the courts to modify them or create new laws. He may not simply ignore them. ... The Hamdan decision is the latest effort to restore a new equilibrium in this contentious debate."

Suspected Al Qaeda Arrested In Germany. The New York Times/AP (7/9) reports, "A German citizen of Moroccan descent" identified as Redouane E. H. "has been arrested in Hamburg on suspicion that he is a member of Al Qaeda with contacts to a man close to the Sept. 11 hijackers, federal prosecutors said Saturday." The man "is suspected of being in contact with Said Bahaji, who had close ties to the three Sept. 11 hijackers who lived and studied in Hamburg -- Mohamed Atta, Marwan al-Shehhi and Ziad al-Jarrah, Ms. Scheuten said. Mr. Bahaji is suspected of providing logistical support for the Hamburg cell but fled before the attacks and is thought to be in Pakistan. Ms. Scheuten said there was no evidence of direct contact between Redouane E. H. and the hijackers." He was arrested after officials gathered "information largely drawn from monitoring the suspect's conversations in online chat rooms."

19 Accused Of Plotting To Kill Westerners Acquitted In Yemen. The AP (7/9, Al-Haj) reports, "Nineteen alleged al-Qaida members accused of plotting to assassinate Westerners and blow up a hotel used by Americans were acquitted Saturday by a judge who also exonerated some of fighting U.S. troops in Iraq." They "were accused of forming a gang to assassinate Americans and Westerners in Yemen, and of joining the so-called holy war against the U.S.-led coalition in Iraq." But the judge ruled "the prosecution failed to provide 'adequate evidence that the defendants were plotting attacks against foreigners or planning to assassinate Americans in Yemen.'" Yemen Islamist affairs expert Mohammed al-Maqaleh "described the verdict as a 'shock' and a sign that President Ali Abdullah Saleh was trying to drum up support from Muslim radicals ahead of the coming presidential elections."

Rice Expresses Sorrow, Solidarity On Anniversary Of London Bombings. The AFP

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(7/9) reports, "The United States has expressed sorrow and solidarity with Britons in memory of the 52 people killed in London bombings a year ago, a day after the grim anniversary." Secretary of State Condoleezza Rice said in a statement, "On the anniversary of their death we again mourn their loss and extend our condolences to their families." She also "recalled the United States shares with the people of Britain 'a deep bond of friendship that has stood the test of time.'"

HOMELAND RESPONSE:

Civil Rights Advocates Criticize US Pre-Emptive Terrorist Arrests. While government officials have used the recent terrorist-related arrests in Miami and New York as examples of success in pre-empting terrorist attacks, the New York Times (7/9, Lipton, 1.19M) says they "are inspiring a new round of skepticism from some lawyers who are openly questioning whether the government, in its zeal to stop terrorism, is forgetting an element central to any case: the actual intent to commit a crime." In an interview Friday Rep. Peter King "said that the cases also demonstrate that the authorities cannot always delay charges until they have built airtight criminal cases." King said, "It was essential that the F.B.I. get rid of its pre-9/11 mentality of not making an arrest until they have enough evidence to convict." But University of Richmond professor Carl Tobias, "who tracks terrorism cases, said the modest evidence disclosed so far in some recent cases in relation to the ability of the suspects to deliver on their threats has caused him to wonder if politics might be a factor." Tobias said, "There is some kind of public relations gained by making Americans on the one hand feel concerned that the Sears Tower in Chicago or some tunnel in Manhattan is targeted yet on the other hand feel comforted that the government is on top of it."

Terror Suspects Considered NY And CA Targets. Newsday (7/9, Bazzi) reports, "Before Assem Hammoud and his associates decided to try to bomb New York's PATH trains, they had considered several other targets: the Brooklyn Bridge, the Golden Gate Bridge and the forests of California, where they would set a huge fire, Lebanese security officials told Newsday." Lebanese police "found maps and other information about the two bridges and California forests when they raided Hammoud's home in Beirut." The article said of Hammoud, "In militant chat rooms, he was instructed not to grow a beard, wear Islamic clothing or show any outward sign of religious devotion. He was told to act like a typical Lebanese young man so he could avoid suspicions." He "did not disappoint his militant handlers, living a fast life in Beirut."

Lack Of Funding Leaves US Mass Transit Vulnerable To Terrorism. NBC Nightly News (7/8, story 5, 2:00, Holt, 9.87M) noted the revelation of a terrorist plot to attack New York City's tunnels "is raising questions about what if they had made it here and how vulnerable the nation's mass transit networks really are to attack." Rep. Peter King: "The subways and the commuter trains are always going to be the most difficult to provide security for." NBC (Allen): "Since the attacks in London and Madrid, US transit officials have been warning the nation needs to take more of the $18 billion spent to improve aviation security since 9/11 and spend more of it on the ground." Matt Bettenhausen, Director of California Homeland Security: "If they spent just 10% that they used in aviation security, we would be further along in meeting those needs."

Antiwar Protestors Arrested At NSA. The Washington Times/AP (7/9, Ben Nuckols) reports, "Thirteen anti-war activists were given citations yesterday for protesting outside the National Security Agency headquarters at Fort Meade." The AP adds, "Twenty-five persons participated in the protest, but only 13 who refused to stop carrying signs were cited, said Max Obuszewski, one of those cited and a member of the group Pledge of Resistance -- Baltimore. They carried a banner reading 'NSA = Crime Scene' and other signs protesting the agency's involvement in the war in Iraq."

New Orleans Real Estate Market Is Booming. The New York Times (7/9, Saulny, 1.19M) reports, "In a market spurred by speculators and bargain hunters, an extraordinarily large number of houses in the flood-ravaged metropolitan area here are being sold, according to real estate analysts, who say volume and sales prices exceed levels before Hurricane Katrina." While higher prices stem mostly from rising values in suburban areas or city sections which escaped flooding, flooded New Orleans houses are also selling, often at discounts of up to $50 a square foot. In the nine-parish area that includes New Orleans, 7,506 single-family homes were sold in the first half of this year, compared to 6,449 in the same period last year, while the average price this year is $221,244, up from $193,097 last year.

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WAR NEWS:

Military Prepares For Onslaught Of Trials.

The press gave heavy coverage to the oncoming series of trials for alleged war crimes of US military personnel. NBC Nightly News (7/8, story 2, 2:30, Holt, 9.87M) reported that "the military's first report into the alleged murders of Iraqi civilians in Haditha, by American troops may be reverberating up the chain of command." NBC (Colt): "U.S. military officials tell NBC News, this investigation found some of the Marines filed false reports and that their commanders failed to follow-up when initially information did not match the evidence. The suggestion that some officers were derelict in their duty, already some battalion and company officers have been relieved of command and the investigation is not over." Gen. Barry McCaffrey (Ret.), NBC News military analyst: "Do we deal with it with transparency? Do we investigate and take corrective action? Then we reassure both the armed forces and the civilian population that we're going to do the right thing." Iraqi PM Nouri Al-Maliki: "Our people cannot tolerate this. Every day we are faced with heinous crimes causing distress. We must put an end to such practices." Colt: "There are at least five investigations underway into allegations of killings by American troops."

The New York Times (7/9, Worth, 1.19M) reports, "In the past month, new cases in Iraq have led to charges against 12 American servicemen who may face the death penalty in connection with the killing of Iraqi civilians," calling the succession of cases "an extraordinary flurry in a conflict that has had relatively few serious criminal cases so far." Experts attribute the increase to "a confluence of two factors: an increasingly chaotic and violent war with no clear end in sight, and a newly vigilant attitude among American commanders about civilian deaths." The Times reports of previously charged service members, "Of the 16 American servicemen known to have been previously charged with murder [in Iraq], only six were convicted or pleaded guilty to that charge, and none received the death penalty."

Military Confirms Failures In Haditha Matter. The Washington Post (7/9, A13, Ricks, 744K) reports that Lt. Gen. Peter Chiarelli's investigation of the alleged Haditha massacre "has concluded that Marine leadership failed multiple times, including in pre-deployment training, in the tone set by commanders, and in how information was reported up the chain of command." Most of Chiarelli's findings "endorse the conclusions of an investigation led by Army Maj. Gen. Eldon A. Bargewell." Sources "say they expect charges of homicide, making a false statement and dereliction of duty." The Post adds, "Some of the details of Chiarelli's findings were reported Friday night by CBS News and the New York Times."

US Seeks To Exhume Iraqi Girl's Body. The AP (7/9, Lenz) reports, "U.S. investigators have asked Iraqi authorities to help them navigate cultural sensitivities to exhume the body of a teenager allegedly raped and murdered with her family by American soldiers." An uncle says the family is "eager to cooperate with investigators" and would give permission to exhume the remains. The AP writes that many troops "remain convinced that the alleged rape and killings in Mahmoudiya were aberrations and that most American service members respect the rules of war." The Washington Times (7/9, 90K) reported similar details.

Revised Marine Training Reflects Alleged Crimes. The Los Angeles Times (7/9, Perry and Miller, 958K) reports, "Even before the investigation of the killing of 24 civilians in the Iraqi town of Haditha is complete, the Marine Corps has taken action, stressing accountability and sternly reminding officers that they must investigate all civilian deaths." The Times notes statements and trips taken by Marine commanders and describes apparent Marine resolve "to seeing that it never happens again."

Rules of War Are Taught To Troops. The AP (7/8, Tanner) reports on concerns about ethical behavior in wartime and describes a Naval Academy course on the "Code of the Warrior." It also quotes a former sniper who says that even though he was "ferocious in combat," he followed his "ingrained" training and never targeted civilians or killed prisoners.

Causes Of Misbehavior Are Contemplated. The New York Times (7/9, Carey, 1.19M) reports that the Mahmoudiyah incident "raises a question: How does someone with a personality disorder — a significant, disabling, and dangerous condition — manage the stress of combat? Wouldn't a person with a serious mental problem drop out, or be identified and quickly discharged? The answer, usually, is yes. People with paranoid, borderline or compulsive personality disorders, for instance, are hobbled by anxieties and delusional fears, experts say: two months of boot camp would typically be overwhelming for them." The Times also notes, "A person with psychopathic tendencies may appear to others as clearheaded as an elite soldier when

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under fire, or when on the attack. But the internal psychological reality is much different, research suggests."

Photograph Moves Senator To Help. The Washington Post (7/9, B5, 744K) reports on the photograph that "captured the scene when a car carrying the Hassan family home in time for curfew didn't stop soon enough at the soldiers' command. They fired into the vehicle, killing Hussein and Kamila Hassan. Five of the couple's children and a young cousin were in the back seat." Senator Edward Kennedy "helped arrange" medical treatment in Boston for the 12-year-old son. The orphaned children now live with their oldest sister and her husband.

Three US Soldiers Are Killed In Anbar Despite Armor. ABC World News Tonight (7/8, story 3, 0:15, Avila, 8.78M) reported, "In Iraq, the deadly dateline for today's violence is the hostile western Anbar province where more American troops have died. The Pentagon says three US soldiers were killed fighting insurgents there." The CBS Evening News (7/8, story 4, 0:15, Assuras, 7.66M) reported, "In the battle for Iraq, three US soldiers were killed today in combat with insurgents. The fighting was in the violent Anbar providence west of Baghdad. A US military official says US Marine commanders will go through a day of pain once the top US general reviews reports they failed to investigate or covered up a massacre of Iraqi civilians in Haditha by Marines. US officials say a sweep of the predominantly Shiite Sadr City area of Baghdad killed or wounded more than 30 rebels."

The Los Angeles Times (7/9, Barnes, Daragahi, 958K) reports that the three "were killed by a massive roadside bomb that destroyed their heavily protected vehicle," a Cougar. Some Marines said that insurgents had "been placing larger roadside bombs to take out the [1st Armored Division]'s fleet of armored tanks and Bradley fighting vehicles." The AP (7/9, Yacoub) reports, "Three U.S. soldiers and an Iraqi woman translator were killed in separate incidents Saturday." The translator "was slain in a drive-by shooting" in Baghdad. In other news, the pro-Sunni Iraqi Islamic Party "said U.S. and Iraqi troops had surrounded 15 mostly Sunni villages near Muqdadiyah, about 60 miles northeast of Baghdad, making it difficult for civilians to move around." The article describes a succession of sectarian murders and the guardedly optimistic impressions of Sens. Jack Reed and Joe Biden after meeting the prime minister. The AFP (7/9) also notes the combat deaths.

Sunni Politicians May Widen Legislative Boycott Over Kidnappings. The New York Times (7/9, Wong, 1.19M) reports, "Sunni Arab politicians are considering withdrawing from executive offices in the Shiite-led government because militiamen have yet to free a Sunni legislator kidnapped this month." The bloc is already boycotting the Parliament; "the Sunni Arab boycott of Parliament just weeks after the government began to operate has underscored the fragility of the ethnic and sectarian power-sharing agreement." The Times notes, "The Sunni Arabs, increasingly anxious over the power accrued by Iranian-backed Shiites, have temporarily withdrawn from the political process in the past." Tayseer Najah al-Mashhadani was kidnapped on July 1.

Saddam's Victims Are Unearthed. ABC World News Tonight (7/8, story 4, 2:20, Avila, 8.78M) reported, "Now to the deaths of the past in Iraq. The tens of thousands of Kurds murdered during Saddam Hussein's regime may finally be getting revenge from the grave, mass graves two decades after they were murdered. Today, ABC's Terry McCarthy in Baghdad was shown evidence of the last desperate acts that could doom the former Iraqi dictator in his next trial." ABC (McCarthy): "Even as Saddam Hussein's first trial for the killing of 148 Shia villages is due to end next week, evidence is being gathered for an even bigger case, starting in August, involving potential genocide against Kurds." Dr. Sonny Trimble: "The bullets entered here and exited out here." McCarthy: "Dr. Sonny Trimble is director of the Iraqi mass graves program in Baghdad. With his 17 staff, he's preparing evidence for the second trial of Saddam Hussein, which will deal with the killing of up to 180,000 Kurds back in 1998. In a Kurdish documentary, which the prosecution plans to show at the trial, this woman says she lost 17 members of her family. Each day for her is a living death."

Report Describes Iraqi Police Abuses. The Los Angeles Times (7/9, Moore, 958K) reports, "Brutality and corruption are rampant in Iraq's police force, with abuses including the rape of female prisoners, the release of terrorism suspects in exchange for bribes, assassinations of police officers and participation in insurgent bombings, according to confidential Iraqi government documents detailing more than 400 police corruption investigations." The report citing those documents was prepared by State Department contractors. The Times says, "Officers were

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punished in some instances, but the vast majority of cases are either under investigation or were dropped because of lack of evidence or witness testimony." One source calls the Interior Ministry "the most broken ministry in Iraq"; others note the failure of the Pentagon and State Department to coordinate their contradictory ideas about managing the ministry's professionalization.

Iraqi Woman Soldier Discusses Her Service. Newsweek (7/9) reports on "one of the few women" serving in Iraq's army. A Kurd who generally is upbeat in her interview, she says that sectarianism within the military "is increasing. I've seen conflicts. Things happen, and you're supposed to act out against a mosque or husseiniya [another name for a Shiite mosque]." She also acknowledges the risk of being "targeted" by insurgents, who sometimes "join the units" in order to learn officers' identities.

Baghdad Water Plant Struggles With Delivery. The AP (7/9, Gamel) reports, "After nearly three years and $45 million, a treatment plant in northern Baghdad is pumping enough drinking water for a quarter of Baghdad's people. But the trick is getting it to them because of losses to broken pipes and scavengers." Security is a problem too in infrastructure projects: "About $2.1 billion of the more than $4 billion initially allocated for water and sanitation projects was shifted in 2005 to address new priorities and security needs, according to the U.S. Embassy in Baghdad."

Los Angeles Man Detained In Iraq Sues US. The Washington Post/AP (7/9) reports, "An aspiring Iranian American filmmaker who spent nearly two months in a prison in Iraq without being charged has sued Secretary of Defense Donald H. Rumsfeld and other military officials, calling the government's detention policies unconstitutional." Cyrus Kar "was taken into custody in May 2005 after he visited Iraq to make a documentary film about Cyrus the Great," after "potential bomb parts" were found in the taxi he was riding. He alleges being physically abused during his incarceration. At the time of his release, Air Force Brig. Gen. Donald Alston said, "This case highlights the effectiveness of our detainee review process." News reports say Kar is a "former U.S. Navy Seal."

US Needs "Phased Redeployment" From Iraq, Says Senator. In an op-ed for the Washington Times (7/9, 90K), Sen. Jack Reed writes, "We do not need an artificial timetable for Iraq, especially not a political one, but we do need a plan from the White House on how and when we can succeed. Democrats support beginning a phased redeployment of U.S. forces from Iraq by the end of 2006. ... The days of young American soldiers manning most Iraqi checkpoints and getting caught in the cross-fire of sectarian violence must end." Senator Reed calls for American assistance to turn into "nonmilitary support" for reconstruction and reiterates, "Our national security demands we bring Iraq to a successful conclusion as quickly as possible."

Peter Galbraith Advocates Breakup Of Iraq. The New York Times (7/9, Solomon, 1.19M) interviews Peter Galbraith, author of "The End of Iraq: How American Incompetence Created a War Without End." Galbraith suggests that the administration "stop insisting that Iraq can ever be a unified nation" and "just slice Iraq into three states" -- "Kurdistan, Sunnistan, and Shiaistan."

Past British Ambitions Are Seen In Iraq. The New York Times (7/9, Filkins, 1.19M) reports on journalist Dexter Filkins's visit to graves in Baghdad of British troops dating back to World War I: "The 30,000 British dead represent a total more than 10 times the number of Americans killed in 39 months of war here." He contrasts that visit with the spare memorial service for a Marine who was killed by a sniper in Ramadi.

WPost Op-Ed Pieces Criticize War Strategy And Behavior. Several Washington Post op-ed pieces criticize conduct of the war and offer suggestions for its improvement.

US Was Heedless Of Civilian Casualties. In the Washington Post (7/9, 744K), history professor Andrew Bacevich says that "the United States has botched this war" by its initially cavalier attitude toward civilian deaths: "Any action resulting in Iraqi civilian deaths, however inadvertent, undermines the Bush administration's narrative of liberation, and swells the ranks of those resisting the U.S. presence ... there is no question that the number of Iraqi noncombatants killed by U.S. forces exceeds by an order of magnitude the number of U.S. troops killed in hostile action, which is now more than 2,000." Bacevich argues the war will fail unless the Pentagon "measure[s] in painstaking detail -- and publicly -- the mayhem we are causing as a byproduct of what we call liberation."

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US Might Be Unsuited For Fighting Insurgencies. Slate columnist Fred Kaplan, in another Washington Post (7/9, 744K) piece, says that reviewing the new Army counterinsurgency manual reveals two lessons: "One is that Pentagon planning for the Iraq war's aftermath was at least as crass, inattentive to the lessons of history, and contrary to basic political and military principles as the war's harshest critics have charged. The other is that as a nation we may simply be ill-suited to fighting these kinds of wars." He gives two reasons to question whether the US might be ill-suited: "The Army has also been lowering standards lately to meet recruitment targets. Second, can Americans maintain a long-term commitment to civil or insurgent wars at a cost of hundreds of billions of dollars and perhaps thousands of lives? The issue isn't whether we should, but whether we can -- whether the political system, with its competing demands and aversion to risk, is capable of it."

Pentagon Should Tally Civilian Deaths. Rachel Dry, in the Washington Post (7/9, 744K) reports that civilian death counts in Iraq differ widely: "The civilian death toll in Iraq is either 100,000, or 50,000, or 43,273, or, as President Bush said in December, '30,000, more or less.'" It quotes an antiwar researcher as saying that the Pentagon should "take charge" of counting the deaths: "We consider it a disgrace and obscenity that the world's largest superpower leaves this job to 12 unpaid volunteers."

Many Military Medics Were "Partners" In Prisoner Abuse. In another Washington Post (7/9, 744K) piece, medical professor Steven Miles charges, "Many armed forces physicians, nurses and medics have been passive and active partners in the systematic neglect and abuse of prisoners ... These were not isolated acts of medical complicity; rather, they formed a pattern of abuse authorized (or ignored) by senior U.S. officials." Miles likens the behavior of those doctors who did not object to abuse to "the torture physicians of Argentina and Chile [who] simply went to work in the prisons. They did what was asked of them and did not report what they saw."

Afghan and Coalition Forces Attack Taliban.

NBC Nightly News (7/8, lead story, 3:00, Holt, 9.87M) reported, "It was the first front in America's declared war on terror and tonight almost five years later, American troops are still waging fierce battles far from view in the remote valleys and rugged mountains of Afghanistan. Tonight though we have a rare up-close view from the frontlines of this often forgotten battleground. An enemy ambush last night that left several U.S. troops injured. NBC's Jim Maceda was traveling with soldiers when this happened. American troops are breaking new ground in this long war in a place where the Taliban has a firm grip on the land and the people." NBC (Maceda): "Five more U.S. Soldiers wounded in a Taliban attack late last night. Images rarely seen by American viewers and caught on tape only because we were imbedded with the unit that was hit. The infantry, part of the mountain division on a frontline as remote as any in this war. ... The hardest battle, winning hearts and minds in a Taliban stronghold. In an information war, U.S. forces are handing out A.M. radios that get pro-government stations to these village elders so that afghans have something besides Taliban propaganda to listen to. Lt. Col. Sturic: "Quit the fight against a government that wants to give you education, peace, prosperity and unity." Maceda: "But after the speeches it was Lieutenant Colonel Sturic's unit that were ambushed on the way back to base. A reminder of how long this battle will last."

The New York Times (7/9, Wafa, 1.19M) reports, "Afghan police officers raided mosques across the volatile southern city of Kandahar late Thursday night and arrested more than 100 people sleeping in compounds, according to Afghan officials. The arrests appeared to be the first large-scale raids of mosques carried out by the country's American-backed government and immediately set off a backlash from Afghan religious leaders." Leaders alleged that worshippers often stayed overnight in mosques, while the Kandahar police "said [it] had received intelligence that unidentified men were meeting in mosques in Kandahar, which has experienced a sharp increase in suicide bombings this spring."

Peruvian Soldier Is Killed By Bomb. The AP (7/8) reports, "A roadside bomb killed a Peruvian soldier and wounded four other NATO troops patrolling western Afghanistan on Sunday, the Spanish Defense Ministry said. The soldiers were patrolling in an armored convoy near the city of Farah after sunset when a bomb exploded near their vehicles."

Marine Recruiter From Film Is Mourned.

The AP (7/9, Cohen) reports on Marine Staff Sgt. Raymond Plouhar, who was killed by a roadside bomb in Iraq. He "was featured in Michael Moore's antiwar documentary, 'Fahrenheit 9/11,' portrayed as an overzealous Marine recruiter who targeted poor kids." The detailed article says that despite the negative image from the film, he was actually

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"a charmer, a good talker, a champion of the underdog (always defending and befriending kids picked on in school) and though he was trained to fight and kill, he preferred the role of peacemaker."

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Biography Illuminates Gonzales' Relationship With Bush. The Austin American-Statesman (7/9) runs a review of "The President's Counselor," a biography of Attorney General Alberto Gonzales written by Austin journalist Bill Minutaglio. In the review, University of Texas law professor Sanford Levinson writes, "There are two major problems with 'The President's Counselor.' The first, which is no fault of Minutaglio's, is that Gonzales is an almost completely opaque subject. The second, for which Minutaglio does bear some responsibility, is that there is no evidence that Gonzales has risen to 'power' so much as 'prominence.' The two are not the same." Levinson continues, "As to the first problem, it is widely acknowledged that Gonzales is a taciturn individual. (One infers that he did not cooperate with this book inasmuch as there is no indication that Minutaglio ever interviewed Gonzales.) … Minutaglio himself describes Gonzales as displaying 'a mortician's calm' at all times. … Perhaps in this day of confessional memoirs, when millions can be made by publicizing — or even making up — childhood tales of woe, one ought to be grateful for a public figure who adamantly resists letting the public in on the emotional details of what has been an extraordinary life." Levinson adds, "Gonzales does exemplify one version of the American dream, though he appears to be notably unreflective about what is to be learned from it. … Gonzales might simply be stunningly unreflective. Or he might be remarkably self-disciplined for reasons going back to his childhood, when he seemingly developed a tendency to keep hidden what he considered problematic aspects of his life. As a child, he never invited his school friends over to his home; Minutaglio suggests that this is because he was ashamed of his family's poverty. Similarly, he seems unwilling to invite anyone — or at least anyone willing to speak to Minutaglio — into his interior life." Levinson concludes, "Gonzales has never given Bush anything other than what Bush primarily values, which is absolute loyalty, and nothing in the first year and a half of his attorney generalship suggests any deviation. Most of his time has been spent defending unrestrained presidential power, including threatening to prosecute journalists who are attempting to engage in the oversight that a Republican Congress has failed to do. … This book is no doubt as illuminating as it could be about Alberto Gonzales, which is not very, save for detailing his remarkable rise from poverty to the halls, if not the actuality, of power. It is ultimately more illuminating about George W. Bush, who has no desire to welcome into his political family anyone who will seriously challenge any of his views. He found the kind of man he was looking for in Alberto Gonzales."

CORPORATE SCANDALS:

Timing Probe Forces Firms To Take Action On Options. The Los Angeles Times (7/9, Petruno) reports, "The investigation of companies' stock-options practices has the look of a regulatory free-for-all: The Securities and Exchange Commission, the Justice Department and the Internal Revenue Service all are interested in whether executives manipulated options contracts." The Times continues, "The companies may have violated SEC rules on accounting and disclosure. They may have violated criminal statutes if deception was deliberate. And they, and their executives, may have cheated the tax man in the process. … Many companies aren't waiting for a prosecutor to knock on the door. … 'Right now boards all over the country are hiring outside counsel and forensic accounting experts to look at their option practices,' said Kevin Cameron, president of shareholder advisory firm Glass, Lewis & Co. … 'But that's not something you can do quickly,' he said. Which means it could be a long second half of the year for investors who are worried that their companies could be implicated." The Times adds, "Prosecutors don't announce their investigations, but many companies choose to disclose to shareholders if they've become a target of a civil or criminal probe. That is how most of the companies implicated so far have come to light — firms such as Irvine-based semiconductor maker Broadcom Corp., computer hardware producer Brooks Automation Inc. and tax software giant Intuit Inc. … Yet it isn't clear that some of the games played with options in the past actually broke any laws. Backdating of options, without public disclosure, may be cut-and-dried fraud. But simply timing option awards ahead of expected favorable company news makes good business sense, SEC Commissioner Paul Atkins said at a conference in Washington last week."

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CRIMINAL LAW:

Seal On Jefferson Documents Expires, But Will Remain In Effect. The New Orleans Times-Picayune (7/9, Alpert) reports, "A 45-day seal on materials seized in a raid on U.S. Rep. William Jefferson's Capitol Hill office legally expires today -- but will be continued anyway, as lawyers and politicians wrangle over unprecedented constitutional issues." The Times-Picayune continues, "On May 25, President Bush ordered the seal in hopes that his Justice Department and House negotiators could "in good faith and with mutual institutional respect" resolve their disagreement over the legality of the first-ever search of a congressional office." The Times-Picayune adds, "Agents seized documents and computer hard drives as part of a federal corruption probe of the eight-term New Orleans Democrat. … The seal will remain in place consistent with a previous statement by the chief judge for the U.S. District Court in Washington, D.C., Thomas Hogan, that the president's directive should continue until 'further order of the court.'" The Times-Picayune notes, "On June 16, Hogan heard oral arguments during which Jefferson's lawyer and the attorney for the bipartisan leadership of the House of Representatives accused the Justice Department of an attack on the constitutionally established separation of powers. … Hogan, who had granted the government's request for a search warrant for Jefferson's office, strongly suggested during the hearing that he didn't find the legal arguments by Jefferson's lawyers and the House counsel's office convincing. He promised a quick ruling. But as of late Friday, both sides were still awaiting his ruling, which is now expected early next week."

30 In Alabama Charged With Hurricane-Related FEMA Fraud. The Birmingham News (AL) (7/9, Walton) reports, "At least 30 people have been charged in Alabama federal courts with scamming the Federal Emergency Management Agency of thousands of dollars by posing as Hurricane Katrina victims." The News continues, "As federal officials try to get a handle on the scope of FEMA aid fraud, questionable disaster-relief claims continue to mount in Alabama and across the country months after the August storm." The News adds, "In the North Alabama District, which includes the 31 northernmost counties and is based in Birmingham, nine people have been charged with FEMA-related fraud. … In the state's Middle District, based in Montgomery, 13 cases have been charged, said Retta Goss, a court spokeswoman." The News notes, "So far in the Mobile-based Southern District, eight cases have been filed, with officials expecting more. 'Many investigations are under way,' said Charlie McNichol, a spokesman for the district's U.S. attorney's office. … Nationally, prosecutors in 23 districts have charged more than 212 people with hurricane-related crime, according to the Department of Justice's Hurricane Katrina Task Force February statistics, the latest available. The task force was initiated in September 2005 by Attorney General Alberto Gonzales. … 'There will be consequences for those who have engaged in such fraud and deceit,' U.S. Attorney Alice Martin of north Alabama said."

Online Sex Stings On The Rise. The Pittsburgh Post-Gazette (7/9, Ove) reports, "Across America, online sex stings are booming. … Arrests have doubled since 2001, and so many cops are online that the federal Internet Crimes Against Children Task Force program is expanding its intelligence database so that police don't trip over each other in cyberspace." The Post-Gazette continues, "Cyberstings also are getting unprecedented exposure with Dateline NBC's controversial 'To Catch a Predator' series, which features a civilian group called Perverted Justice nabbing suspects while cameras roll. … The growth of this phenomenon raises big questions: … Are stings deterring predators? Or is the Internet creating more of them? And why are so many men -- almost all of them white and many well-educated -- trolling online for teens when they know they're being hunted? … The short answers: Probably, maybe and because they can't help themselves. … But as is often the case with the subject of child molestation, the issues are a good deal more complicated than that." The Post-Gazette notes, "The best evidence, for example, indicates that there has been a dramatic overall decline in sexual abuse of children in America over the past 15 years. … Yet at the same time, those who examine this sort of thing -- and those who put predators in jail for a living -- are pretty sure that Internet sex crimes are increasing. … Federal prosecutions certainly are. Cases against those who prey on children or collect kiddie porn have jumped from 344 in 1995 to 1,576 last year."

US Military Bases Grapple With Child Pornography Incidents. The Stars & Stripes (7/9, Allen) reports from Camp Foster in Okinawa, Japan, "There's an epidemic of child pornography and exploitation in the United States, the

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government says, and don't think you're immune if you're stationed overseas." S&S continues, "In recent months, several servicemembers on Okinawa have been court-martialed on charges of downloading child pornography on the Internet. … In one case, an Air Force technical sergeant on Kadena Air Base was found guilty of using his home computer to solicit sex from a 13-year-old girl who also lived on base. In April he was sentenced to 5 years in prison and a bad-conduct discharge for child solicitation and downloading child porn." S&S adds, "Child pornography, the images of people younger than 16 engaged in sex, is illegal 'anywhere at any time,' said Lt. Col. Janice Pegram, commander of the Air Force Office of Special Investigation's Detachment 624. … In the past year, Pegram said, there have been five cases of child pornography on Kadena and other investigations are ongoing. Most of the cases involve downloading the pictures from the Internet, she said. A few involved sharing child porn with other Internet users. … During the investigations, all computer equipment seized is sent to the Defense Computer Forensics Laboratory in Virginia, part of the Defense Cyber Crime Center. Earlier this year, center director Steven Shirley said child porn made up 50 percent of the cases the center handled."

WPost Says Abramoff Dealings Hurt Conservative Activist Norquist. The Washington Post (7/9, A1, Weisman, 744K) reports that following reports that conservative activist Grover Norquist "served as a cash conduit for disgraced lobbyist Jack Abramoff, the irascible, combative activist is struggling to maintain his stature as some GOP lawmakers distance themselves and as enemies in the conservative movement seek to diminish his position." And, "the infighting is taking a toll on Norquist's standing. Some social conservatives who have jousted with him over his more libertarian views on the regulation of television and its depictions of violence and depravity are exploiting his weakness to press their positions on Capitol Hill. Security-minded defense hawks who for years have questioned his ties to Muslim activists are resurrecting charges that Norquist has turned a blind eye to terrorist sympathizers." Norquist is fighting back, accusing his critics "of dishonesty, personal vendettas and political gamesmanship. He has saved his choicest words for Sen. John McCain."

Cunningham Probers Eye Contractor. The Washington Times/AP (7/9) reports, "The prosecutors who sent former U.S. Rep. Randy 'Duke' Cunningham to prison for taking bribes now are focusing their attention on his friend Brent Wilkes, a San Diego defense contractor who won nearly $100 million in contracts in the past decade." Wilkes' attorneys have confirmed that he is the "Co-Conspirator No. 1" in Cunningham's plea bargain. Prosecutors claim that Wilkes paid the ex-Congressman over $600,000 to obtain government contracts, and while no further indictments have issued since Cunningham was sentenced to over eight years in prison in March, a grand jury remains active."

CIVIL LAW:

Carnival Company Seeks To Get Back Over $100K In Loans To Tony Rodham. The Washington Times (7/9, McElhatton, 90K) reports, "A bankruptcy trustee for a carnival company whose owners received a pardon from President Clinton is seeking to garnish the bank accounts of Mr. Clinton's brother-in-law to recoup more than $100,000 in loans. Anthony D. Rodham, one of Sen. Hillary Rodham Clinton's two brothers, got the loans from United Shows of America Inc. after its owners obtained the presidential pardon in March 2000 over the objections of the Justice Department." The owners of United Shows, Edgar Gregory Jr. and his wife, Vonna Jo Gregory, were convicted of bank fraud in 1982 on charges of illegally giving loans to friends. When President Clinton pardoned the Gregorys, Rodham "reportedly said he worked for Tennessee-based United Shows as a consultant and denied taking money to lobby for presidential favors."

CIVIL RIGHTS:

Las Vegas Police Shootings Come Under Scrutiny. The Las Vegas Review-Journal (7/9, Mccabe) reports, "The image of Tarance Hall's limp body being pulled from a car onto the Strip and cuffed after he was fatally shot by Las Vegas police late Tuesday resonated across the valley and was broadcast nationwide. … And though critics wonder whether the Metropolitan Police Department is resorting to deadly force too soon, police continue to defend their use of guns because, they say, the criminal element has become less cooperative and more prone to engage officers violently." The Review-Journal continues, "Hall's shooting was the 18th officer-involved shooting this year by the police department

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and the 15th since police Sgt. Henry Prendes, 37, was slain by Amir Rashid Crump on Feb. 1. Hall's shooting also was the eighth fatal shooting this year. In at least three of the 18 shootings, nobody was injured. … Some national experts suggest an officer's death can play a role in the mentality of other officers to reach more quickly for their firearms." The Review-Journal adds, "Lt. Nelson Andreu, a retired detective for the Miami Police Department and an expert on officer-related shootings, said the shooting of a police officer can cause other officers to become more concerned with their own safety, which can lead to officer-related shootings. … But local police say that's not a factor. … Last year, there were 12 officer-related shootings involving Las Vegas police, nine of which were fatal. In 2004, there were 21, 10 of which were fatal. … So far, seven of the eight fatal shootings by officers this year have been found to be justified after Clark County coroner's inquests. An inquest has yet to be set for Hall's death."

Sarasota County, FL, Says Federal Disability Compliance Fine Too High. The Herald Tribune (Southwest Florida) (7/9, Sword) reports, "Federal civil rights officials want to levy $5 million in fines, penalties and damages against Sarasota County as part of what would amount to the county admitting it discriminated against people with disabilities." The Tribune continues, "That was the negotiating stance of the U.S. Justice Department's Civil Rights Division before it filed a lawsuit June 30 against the county alleging violations of the federal Fair Housing Act." The Tribune adds, "County officials say the proposed penalties are too onerous and believe they can defend their 2004 actions which prevented Renaissance Manor, a nonprofit organization, from operating six group homes known as Tammi House in Warm Mineral Springs. The Justice Department, however, has been aggressive in defending the disabled in housing discrimination cases and has filed 94 such lawsuits against local governments, businesses and individuals since 2000. The federal demand from Sarasota County appears to be bigger even than a high-profile lawsuit that led last year to the housing authority in Baltimore agreeing to $1 million in penalties and spending several million dollars on housing for the disabled. … The Tammi House group homes are all near one another on Sevilla Street, and each house has up to six residents. The federal suit says Renaissance Manor lost more than $1 million in grants because of the county's actions. The county violated the Fair Housing Act, a federal law prohibiting discrimination against buyers or renters because of a handicap, the suit says. … County officials deny the allegations, saying they objected to the clustering of the six homes in one neighborhood. State law requires 'community residential homes' to be licensed and located at least 1,000 feet from each other."

Former Warner Cabinet Official Opposes Virginia Gay Marriage Ban. In an op-ed for the Washington Post (7/9, B8, 744K) Michael Schewel, Virginia's secretary of commerce and trade under Gov. Mark R. Warner, writes, " The Marshall-Newman amendment, the so-called "marriage amendment," seeks to amend Virginia's Constitution to ban gay marriage and to impose other legal limitations on unmarried couples, including heterosexual couples. The amendment is not only useless -- gay marriage has been outlawed in Virginia for 30 years -- but it is downright harmful to the state's economy in two important ways."

New Jersey May Be Next State To Weigh Gay Marriage. The New York Times (7/9, Healy, 1.19M) reports, "Now that New York's highest court declined to legalize gay marriage last week, where's the next battleground? Next door, in New Jersey. Gay rights advocates are storing hopes in that state's Supreme Court, which will most likely rule on the issue sometime this summer; a similar case is also pending in Washington State." Advocates for gay marriage are encouraged by the New Jersey court's "more flexible standard in discrimination cases," and the Times notes that in arguments earlier this year, ", the New Jersey judges did not dwell on child-rearing or the needs of parents, central issues in the New York decision." And one foe of gay marriage, Monte Stewart, president of the Marriage Law Foundation, argue that even a decision for legalization might not matter much nationally, "simply because of the reputation of the New Jersey Supreme Court."

WPost Editorial Says Public Attitudes, Not Courts, Are Key. The Washington Post (7/9, B6, 744K) writes, in a "'Gettysburg' For Gay Marriage?" editorial, that while "The decision last week by New York's highest court not to legalize same-sex marriage is being portrayed as a big defeat for gay rights activists," with the head of one traditionalist group calling the New York decision "the Gettysburg in this big contest," in fact it changes little. That's because "since the

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Massachusetts decision in 2003, it's become clear that democratic majorities, not judges, ultimately will decide how evenhanded state marriage laws are going to be," through ballot initiatives or state legislation. So, "the most a state court can do is change the legal baseline," and since state laws and constitutions can generally be overturned without too much difficulty, "courts cannot force same-sex marriage on an unwilling populace." So, noting its support for same-sex marriage, the Post says the task remains "to convince a majority that couples who love each ought to have the state's recognition for lifelong relationships--and that such recognition poses no threat to heterosexual marriage."

Women Look Back On 30 Years At Annapolis. The Washington Post (7/9, George, 744K) reports, 30 years after women first gained admission to the Naval Academy, "But though much has improved since women first arrived -- and many female graduates express great loyalty to the storied 161-year-old institution -- a complex and sometimes troubling portrait of student life emerges from three recent studies sponsored by the Defense Department." The Post recounts early alumnae's struggles and says that, despite progress, student life is "complex and sometimes troubling" -- "in the 2004-05 school year, 59 percent of female midshipmen and 14 percent of men reported sexual harassment, defined as crude and offensive behavior, unwanted sexual attention or sexual coercion. Sexist behavior -- put-downs and offensive comments -- was reported by 93 percent of women and 50 percent of men."

ANTITRUST:

GM Alliance Talks With Nissan, Renault Spark Speculation. The Detroit Free Press (7/9, Gallagher) reports, "As General Motors Corp. formally began Friday to explore a possible alliance with Nissan Motor Co. and Renault SA, the process seemed firmly in the hands of GM Chairman and CEO Rick Wagoner. … But in the world of corporate mergers and acquisitions, events can quickly spin out of control." The Free Press continues, "So far, there's nothing in the proffered Nissan-Renault overture to buy part of GM to indicate it's anything but friendly. But even this mild-mannered gesture could lift the lid off a box of snakes. … A rival suitor could ante up a better offer. At some point, GM's Board of Directors might launch a spirited, even ugly, defense. And talk of a GM deal might stimulate merger or takeover offers to cross-town rival Ford Motor Co." The Free Press adds, "Auto insiders doubt any of those possibilities will happen this time. Most GM watchers expect the company to politely study the Nissan-Renault overture before turning it down. … Even so, with the fate of the world's biggest automaker on the line, along with the jobs and livelihoods of tens of thousands of metro Detroiters, the unexpected becomes the expected. … Beyond a potential three-way alliance, other possibilities include: … Another suitor turns up. Once two or more companies initiate friendly discussions about a deal, it is common for another, unfriendly suitor to make a rival offer. … Ford becomes a target. … Politicians get involved. … In a way, the least likely outcome is that nothing happens -- that Nissan-Renault simply goes away after GM rejects its overture."

ENVIRONMENT:

Texas Lawsuit Charges Inaction On Water Pollution Is "Environmental Racism." The New York Times (7/9, Blumenthal, 1.19M) reports on a lawsuit filed by residents of DeBerry, Texas, a historically black enclave in East Texas oilfields whose groundwater the Environmental Protection Agency has found contaminated with pollutants including arsenic, benzene, lead and mercury. The self-styled victims of "environmental racism" in June "filed suit in federal court, accusing the Texas Railroad Commission, which regulates the state's oil and gas industry, of failing to enforce safety regulations and of 'intentionally giving citizens false information based on their race and economic status.'" They also claim that, while the state agency has for years been moving slowly and making only inconclusive inquiries on their complaints going back almost two decades, it moved quickly last summer to clean up a largely white Houston suburb. The Texas Railroad Commission said it had not yet been officially notified of the lawsuit and had no comment.

IMMIGRATION:

GOP Seen As Taking Risk On Immigration Reform. The Los Angeles Times (7/9, Riccardi, Barabak, 958K) in an article titled "GOP Immigration Tactic: Blast Away, But Be Nice" reports, "Hoping to use the volatile issue of illegal immigration to avert a November election disaster, Republican candidates across the country increasingly are

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attacking their Democratic opponents on the subject." Yet, "mindful of a possible voter backlash, they are attempting to do so without seeming intolerant or divisive." The Times continues, "The official GOP position is that the party will not use immigration as a political bludgeon against Democrats. Karl Rove, the president's chief political advisor, has made courting Latinos a priority through his years in the White House and has avoided the harsh rhetoric used to rally partisans on other issues." Yet "many Republicans hope a tough-on-illegal-immigration platform can help overcome the political drag of an unpopular president and growing public sentiment against the war in Iraq in November's midterm election." The Los Angeles Times (7/9, Gaouette, 958K) also publishes a Q&A on immigration reform.

Bill Clinton Applauds Bush Support For Comprehensive Immigration Reform. The AP (7/9, Jablon) reports, "Former President Bill Clinton praised President Bush on Saturday for supporting reforms that would allow millions of illegal immigrants to seek citizenship but said the debate in Congress is being fomented by Republicans who want to divide America." At the National Council of La Raza annual conference Clinton said, "I'm proud of him for doing it and I thanked him for doing it." In his speech "Clinton used similar language" as Bush has in promoting comprehensive reform and that "message played well with La Raza, which opposes the House bill and whose current president, Janet Murguia, was an assistant in the Clinton White House." Karl Rove is "scheduled to address the convention on Tuesday."

The Los Angeles Times (7/9, Rabin, 958K) reports, "Former President Clinton told one of the nation's largest Latino civil rights groups Saturday that the conservative wing of the Republican Party is using the immigration issue to divide Congress and the nation." Clinton said, "It is a way of creating a divided community and distracting people from the real challenges facing the country, whether it is in Iraq and Afghanistan, or homeland security, or how to build a clean energy future, or how to solve the healthcare crisis, or how to create new jobs for America."

Rove And Brownback To Address La Raza Convention. Syndicated columnist Robert Novak (7/9) writes White House adviser Karl Rove and Sen. Sam Brownback "will address the left-wing Hispanic advocacy group La Raza in Los Angeles this week. La Raza was active in increasing participation in nationwide work stoppages and demonstrations April 10 after the House passed a tough border enforcement bill. La Raza in Spanish means 'The Race.' Former President Bill Clinton heads the list of speakers for the annual meeting of La Raza's national council. The Rev. Jesse Jackson will appear on a panel."

Economic Impact Of Immigration Examined. Roger Lowenstein in an extensive 7,931 word article in the New York Times Magazine (7/9) examining the impact of immigration of the US economy and wages writes that to John F. Kennedy School of Government immigration expert George Borjas, a Cuban immigrant, "the truth is pretty obvious: immigrants hurt the economic prospects of the Americans they compete with. And now that the biggest contingent of immigrants are poorly educated Mexicans, they hurt poorer Americans, especially African-Americans, the most." But for Borjas critics like David Card, a Canadian economist at Berkeley, "from an economic standpoint, immigration is no big deal and that a lot of the opposition to it is most likely social or cultural." Lowenstein concludes, "The disconnect between Borjas's results and Card's hints that there is an alchemy that occurs when immigrants land ashore; the economy's potential for absorbing and also adapting is mysterious but powerful. Like any form of economic change, immigration causes distress and disruption to some. But America has always thrived on dynamic transformations that produce winners as well as losers." The resolution of the debate "depends on a question that Card posed but that the public has not yet come to terms with: 'What is it that immigration policy is supposed to achieve?'"

Similarly, author Tony Horwitz in an op-ed describing the historical relationship between the US and Hispanics in the New York Times (7/9, 1.19M) dismisses concerns raised about the impact of Hispanic immigrants saying "foes of immigration echo the black legend more explicitly, typecasting Hispanics as indolent, a burden on the American taxpayer, greedy for benefits and jobs, prone to criminality and alien to our values -- much like those degenerate Spaniards of the old Southwest and those gold-mad conquistadors who sought easy riches rather than honest toil. At the fringes, the vilification is baldly racist." The US "has always been a diverse and fast-changing land, home to overlapping cultures and languages. It's an homage to our history, not a betrayal of it, to welcome the latest arrivals, just as the Indians did those tardy and uninvited Pilgrims who arrived in Plymouth not so long ago."

Immigration Also Impacts Mexican Economy, Culture. ABC World News Tonight (7/8, story 9, 3:30, Avila,

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8.78M) reported, "It's estimated there are more than 6 million undocumented Mexican workers in the United States, that mass migration is a source of anger and debate in this country, and it's also changing everyday life in Mexico." ABC (Quinones): "President-elect Felipe Calderon has promised jobs and a better life for the people of Mexico, but in this tiny village, they are not holding their breath. They're just waiting for the next paycheck from the US, waiting for their husbands, their fathers, their sons, to come back home, at least for a little while, before they have to leave again."

Immigration Debate Seen As Distracting From Important Issues. P.W. Singer, a senior fellow at the Brookings Institution, in an brief op-ed in the Washington Post (7/9, B3, Singer, 744K) "Outlook" section chides the DHS for recently issuing a "request for an 'indefinite quantity, indefinite delivery' of burritos to be stockpiled along the Texas border?" The request "came on the heels of another spicy tidbit on the same government database -- a contract for as much as $385 million awarded just a few months ago to Dick Cheney's old firm Halliburton to be on call in case the government ever needs to build 5,000-person camps for 'temporary detention and processing.'" Singer says, "That such conspiracy theories should even come to mind is a sad statement about our politics. Rather than serious public debate, we've been served a summer of faux outcries, such as describing flag burning and same-sex marriage as epidemics and treating immigration as a national security crisis. It's enough to give anyone indigestion."

LAT Faults House GOP Position On Border Security. The Los Angeles Times (7/9, 958K) editorializes, "House Republicans claim they want to first 'certify' that the border is secure. To fully do that, they will need not just 2,000 miles of fence but another 3,145 miles for the northern border, untold thousands of new port inspectors, plus homing devices attached to every foreigner who dares set foot on U.S. soil. The border would be secure, but at the expense of the land of the free becoming a police state."

CONGRESS-ADMINISTRATION:

Bush Credits Tax Cuts For Sharp Rise In Tax Revenues. The New York Times (7/9, Andrews, 1.19M) in a front page article titled "Surprising Jump In Tax Revenues Is Curbing Deficit" reports, "An unexpectedly steep rise in tax revenues from corporations and the wealthy is driving down the projected budget deficit this year, even though spending has climbed sharply because of the war in Iraq and the cost of hurricane relief." The increasing "tide in tax payments has been building for months, but the increased scale is surprising even seasoned budget analysts and making it easier for both the administration and Congress to finesse the big run-up in spending over the past year." The Times notes, "Tax revenues are climbing twice as fast as the administration predicted in February, so fast that the budget deficit could actually decline this year" and "Republicans are already arguing that the revenue jump proves that their tax cuts, especially the 2003 tax cut on stock dividends, would spur the economy and ultimately increase revenues." In his radio address President Bush said, "The tax relief we delivered has helped unleash the entrepreneurial spirit of America and kept our economy the envy of the world."

The Los Angeles Times/Bloomberg (7/9) adds, "The White House Office of Management and Budget is expected to announce Tuesday that, because of the increased tax receipts, the deficit will be about $100 billion less than what was projected six months ago. President Bush pledged in his 2004 State of the Union address to halve the deficit by 2009." OMB director Rob Portman said, "We are on track to meet the president's goal."

Need For Corporate Tax Reform Questioned. Edmund Andrews in an "Economic View" analysis of the debate over the need for corporate tax reform in the New York Times (7/9, 1.19M) dismisses claims by business supporters writing, "The political danger, at least from a fiscal standpoint, is that arguments for corporate tax reform will be hijacked to justify another round of corporate tax cuts. That was what happened with the corporate tax overhaul of 2004, which became a grab bag of tax breaks to almost every corner of business, at a net cost of $60 billion over 10 years." Andrews states, "Those who see the American corporate tax as oppressive point to a striking fact: the standard corporate tax rate of 35 percent is now higher than that of most other industrialized countries. The average top rate is 25.8 percent in the European Union, where most nations have cut rates to attract investment." Yet "official tax rates are not the same as actual tax burdens. What American companies lose in high tax rates they more than make up in higher tax breaks."

Bush Calls For Senate To Increase Spending On Scientific Research. The AP (7/9, Loven) reports, "President Bush on Saturday urged the Senate to back increased government spending on basic scientific

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research." It "is part of Bush's initiative to boost U.S. competitiveness in the global marketplace through innovation. He also wants to train thousand of new science and math teachers and extend a popular tax credit businesses can receive for investing in research and development. The total price tag over 10 years would be $136 billion." The AP notes, "Some Democrats have expressed concern that Bush is increasing federal math and science education spending while cutting overall discretionary spending on education by trimming money in areas such as the arts, parent-resource centers and drug-free schools." Yet "Bush said in his weekly radio address that his proposals are vital for America to 'remain an innovative nation that competes with confidence' and would help ensure that every U.S. child has the math and science skills needed for the jobs of the future."

Bush Attends Nationals Baseball Game. On the front page of its sports section, a Washington Post (7/9, E1, Kilgore, 744K) article titled "Bush Can't Provide Power For Nationals" reports President Bush, First Lady Laura Bush, Secretary of State Condoleezza Rice, AG Alberto Gonzales, Chief of Staff Josh Bolten and Marvin Bush attened last night's baseball game at RFK Stadium between the Nationals and the Padres. When "word spread through the Nationals' dugout in the second inning that President Bush had come to his first game this season, players and coaches turned and gazed up at the owner's box, pointing and talking to each other." But Padres pitcher Chris Young stole "Bush's spotlight." The Padres win made "it 2-1 lifetime for Bush, as not even his presence could stop San Diego's dominance in D.C."

The AP (7/9) in a brief article adds, "President Bush made a low-key appearance at" the game. The AP notes, "Vice President Cheney threw out the first pitch at this year's home opener and was greeted with what seemed to be more boos than cheers as he walked on the field." There was no mention of any positive or negative reaction to Bush's appearance. The Washington Times (7/9, Wright, 90K) mentions Bush's appearance in its coverage of the game.

Chief Justice Roberts Assessed After First Term. New York Times Supreme Court reporter Linda Greenhouse (7/9) assesses Chief Justice John Roberts Jr. after the end of his first term. She writes, "Beyond John Roberts the chief justice, what has this first term revealed about John Roberts the judge?" Greenhouse finds the Chief Justice's judicial voice to be "direct, straightforward, free of legal jargon, the voice of a lawyer who made a living selling complicated ideas to busy appellate judges under tight time constraints." But, Greenhouse says, Roberts has mixed adherence to his stated goal of being a "minimalist" judge who decides only what's necessary. On the one hand, he has a clear regard for precedent and tradition. At the same time, however, he joined opinions with "Justice Antonin Scalia in environmental and criminal cases that reached beyond the specific disputes at hand to call long-settled assumptions into question" and several Roberts opinions "had a rhetorical edge."

An op-ed in the New York Times (7/9, Cohen, 1.19M) takes a harsher view. It argues that while Roberts insisted at his confirmation hearings that "he was 'not an ideologue' and that his judicial philosophy was to be 'modest,' which he defined as recognizing that judges should 'decide the cases before them' and not try to legislate or 'execute the laws,'" that is "not, however, how Chief Justice Roberts voted in his first term." Cohen argues that Roberts' "modesty" came generally in cases where "criminal defendants, Democrats and other parties conservatives dislike were asking for something. When real estate developers, wealthy campaign contributors and other powerful parties wanted help, he was more inclined to support judicial action, even if it meant trampling on Congress and the states."

War-Strapped Army Struggles With Bills At Home. The New York Times/AP (7/9) reports, "A diversion of money for the war in Iraq has helped create a $530 million shortfall for Army posts at home and abroad, leaving some of them unable to pay utility bills or even cut the grass ... Fort Bragg in North Carolina says it will not buy any office supplies until the new fiscal year starts in October." The Times observes, "The increasing cost of fuel is partly to blame, and it costs more to pay civilians in Asia and Europe ... Another major factor is the practice of financing the war through spending bills outside the annual budget." Michael O'Hanlon of the Brookings Institution "said money management seemed to be the larger problem."

Discovery Astronauts Successfully Complete 7½ Hour Spacewalk. All three network newscasts reported on the spacewalk by astronauts Piers Sellers and Michael Fossum, but while CBS and NBC

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devoted only ten seconds a piece to the story, ABC's segment ran for a full two minutes. After describing yesterday's maneuvers, ABC contended, "Critics say even if NASA can make in-flight fixes, it is unacceptable the shuttle keeps needing to be fixed at all." Former NASA historian Alex Roland was shown saying, "The shuttle is not getting better over time, it's getting worse over time, which is a reflection of the wear and tear of the flights it's already experienced." The CBS Evening News (7/8, story 9, 0:10, Assuras, 7.66M) reported, "The Discovery shuttle astronauts took the first of three spacewalks today. Two astronauts left the International Space Station to bounce around at the end of the station's 100 foot boom testing it to see if they can repair the shuttle if need be."

NBC Nightly News (7/8, story 8, 0:10, Holt, 9.87M) reported, "They strapped themselves to an extension of the shuttle's robot arm. Their seven-hour space walk was designed to test whether the boom is safe enough to be used as a platform for emergency repairs."

ABC World News Tonight (7/8, story 6, 2:05, Avila, 8.78M) reported, "Critics say even if NASA can make in-flight fixes, it is unacceptable the shuttle keeps needing to be fixed at all." Former NASA historian Alex Roland: "The shuttle is not getting better over time, it's getting worse over time, which is a reflection of the wear and tear of the flights it's already experienced." ABC concluded, "Tonight, NASA said that only one of these dangling gap fillers could pose any kind of problem. … But at this point, they don't think any kind of repairs will be necessary. They don't think they'll need to do a dramatic spacewalk like they did last year to yank it out. In fact, they say as early as tomorrow they could give the shuttle a clean bill of health."

The AP (7/9, Borenstein) reports, "In a 7 1/2-hour spacewalk, the first of three orbital excursions planned for this mission," Sellers and Fossum "said they could do most of the mock tasks they were assigned with only moderate difficulty. And that's what NASA wanted to hear. 'It was above and beyond' what engineers expected, flight director Tony Ceccacci said after the spacewalk ended." The Los Angeles Times runs an Orlando Sentinel article (7/9, Cabbage) on the spacewalk.

Discovery May Be Cleared For Reentry Today. The Washington Post (7/9, A11, Gugliotta, 744K) reports Orbiter Project Office manager Steve Poulos "said that analysts had 'cleared' all but two blemishes on Discovery's heat shield and that the other two should be cleared Sunday. John Shannon, chairman of the mission management team, said this meant that on Sunday he could clear Discovery for reentry, guaranteeing the orbiter's soundness."

Guard And Reserve GWOT Veterans Are Denied GI Bill Benefits. The Atlanta-Journal Constitution (7/9, Martz) reports, "When military benefits were updated in 1984 through a law called the Montgomery GI Bill, members of Congress and even the military did not envision reservists being called into active duty as frequently as they are today. The law did not extend full college benefits to citizen soldiers and terminated them once they left the Guard or Reserve. But since 2001, more than 500,000 reservists and Guard troops have been deployed for homeland security duties or sent to wars in Iraq and Afghanistan. Yet when they get home, they don't get the same benefits as those who were active-duty servicemembers." The article quotes a reservist who came home and could not obtain tuition funding and describe the arguments for modifying or retaining the current system, as stated by veterans' groups and the DOD Office for Reserve Affairs, respectively.

WPost Profiles Rep. Ron Paul. The Washington Post (7/9, D1, Copeland, 744K) reports, "Republican Ron Paul missed out on the 19th century, but he admires it from afar. He speaks lovingly of the good old days before things like Social Security and Medicaid existed, before the federal government outlawed drugs like heroin." Now retired from a career as an obstetrician and gynecologist, Paul delivered an estimated 4,000 babies, but refused to accept Medicare and Medicaid, and sometimes treated patients for free. In 1988, he left the Republican party and ran for president as a Libertarian. Noting Paul's consistent opposition to much of the government as intruding on personal freedom or interfering with the free market--he opposes government farm subsidies even though his TX14 district is largely agricultural--the Post finds Paul to be "a refreshing peculiarity. He continually bucks the wishes of Republican leaders--so much so, Paul recalls, that once while exhorting every other Republican to vote the party line, then-Speaker Newt Gingrich announced that Ron Paul was exempt." As a result, Paul doesn't hold a leadership post or chair a Congressional panel. Paul responds, "I never had a goal of working up the seniority ladder."

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OTHER NEWS:

Social Security Reform Returns As Top Political Issue. The Washington Times (7/9, A1, Fagan, 90K) in a front page story reports, "The seemingly dead issue of Social Security reform came to life again in recent weeks, with President Bush saying it should be high on the agenda and Democrats warning that Republicans are resurrecting their plan to privatize the system." And on "a recent, unrelated event on prescription drug coverage, House Minority Leader Nancy Pelosi brought up Social Security twice, at one point criticizing the drug plan and adding, 'This plan was brought to you by the same people who want to privatize Social Security.'" But Bush "continues to call for a bipartisan approach." On June 27th Bush said, "We need to set politics aside when it comes to reforming Social Security and Medicare, and we need to set politics aside so that the president can work with the Congress to bring fiscal discipline to our budgets."

The AP (7/9, Wilson) reports, "The Republican plan to privatize Social Security could cause huge debt for decades, a Democratic candidate seeking a House seat in Iowa, a state with a high concentration of elderly residents, said Saturday." In the Democratic weekly radio address, Bruce Braley said, "If the Republican plan is allowed to pass, future generations both here and across the country will be saddled with decades of debt and no guaranteed retirement security." He "said Social Security is under attack, with President Bush and congressional Republicans making privatization a top priority in 2007. He also accused the Bush administration of 'plundering the Social Security trust fund while giving billions away to special interests, like big oil.'"

Iowa State Party Offers To Sell Its Voter Database To Candidates. The Washington Post (7/9, A4, Goldfarb, Cillizza, 744K) reports on how the Iowa Democratic party plans to raise some funds. "Showing its entrepreneurial spirit, the state party is offering potential candidates access to its detailed voter database--for a price. Specifically, they can mine the valuable data for $50,000 (act now, urges the party, and get a discount from the usual fee of $75,000). … For an additional $50,000 next year, candidates can secure access to a database buttressed by information derived from the 2006 primary and general elections. Or campaigns can ignore the current offer and purchase the full database next year for $85,000. Candidates have until Saturday to decide whether to take advantage of the discount."

Sen. Evan Bayh Is Looking For Way To Stand Out In Democratic Field. The Associated Press (7/8, Glover) reports, "In a quiet, methodical style reflecting his Midwestern roots, Sen. Evan Bayh is laying the foundation for a presidential campaign and prompting some Democrats to talk about a candidate with a realistic shot." Making his fifth trip to Iowa in the past year, the centrist Indiana Senator "opened a three-day swing Thursday with a fundraiser in downtown Des Moines for legislative candidates. He mingled easily with about 50 party activists for more than an hour and made a point of chatting with everyone in the room." Bayh's Midwestern roots and his success in winning five statewide races in a strongly Republican state are strengths he would bring if he enters the 2008 presidential field, and he's "assembled a solid team of advisers operating under the auspices of his political action committee, the All America PAC. He's tapped a former Democratic National Committee fundraiser, a onetime pollster for Howard Dean's presidential campaign and a chief of staff to the late Missouri Gov. Mel Carnahan."

Giuliani Reportedly Intends To Run For President In 2008. Syndicated columnist Robert Novak (7/9), in an item featured prominently on the Drudge Report yesterday, writes, "Well-connected public figures report that they have been told recently by Rudolph Giuliani that, as of now, he intends to run for the Republican Presidential nomination in 2008." Giuliani "was on top of last month's national Gallup poll measuring Presidential preferences by registered Republicans, with 29 percent. Sen. John McCain's 24 percent was second, with former House Speaker Newt Gingrich third at 8 percent. National polls all year have shown Giuliani running either first or second to McCain, with the rest of the Presidential possibilities far behind. Republican insiders respond to these numbers by saying rank-and-file GOP voters will abandon Giuliani once they realize his position on abortion, gay rights and gun control. Party strategists calculate that if he actually runs, he must change on at least one of these issues."

Congressional Democrats Said To Lack Coherent Platform. The Los Angeles Times' Steve

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Lopez (7/9) writes, "I'm not asking for the Democratic equivalent of a 10-point Contract With America, having lowered my expectations while on the campaign trail with Al Gore and bearing witness to his nationally televised identity crisis. I'd settle for a five-point 'Contract With Western Blue States.' Heck, I'd be happy with a warmed-over crumb of an idea or two. Instead all we get from the Democrats is the reminder that they stand for…wait, let's see, where was that platform draft? Oh, yeah. They're anti-Iraq war, or at least they are now that it's turned out so miserably."

Democrats Worried Challenge To Lieberman Could Drive Candidates Too Far Left. The CBS Evening News (7/8, story 5, 2:10, Assuras, 7.66M) reported that although the Connecticut Democratic Senate primary showdown between Sen. Joseph Lieberman and antiwar candidate Ned Lamont "is thousands of miles away, Iraq is the central campaign battle ground." CQ Politics editor Bob Benenson: "Lieberman is concerned that Lamont will turn out the activist base, the anti-war activists will want to make a statement and turn out in droves." CBS (Alfonsi): "Party leaders worry if Lieberman loses Democratic candidates in other states may court the far left just to win over anti-war activists in the primaries and end up losing more moderate voters to Republicans in November."

Lieberman Seen As Likely To Caucus With Democrats If Elected As An Independent. Syndicated columnist Robert Novak (7/9) writes, "Supporters of Sen. Joseph Lieberman promise he will continue as a member of the Senate Democratic caucus even if he loses the Democratic primary in Connecticut Aug. 8 and is elected as an independent. … Lieberman's Republican Senate colleagues privately despair of the GOP picking up the Connecticut seat. But they hope Lieberman, if elected as an independent, would be more inclined to vote with Republicans than he is now, even if he still caucuses with the Democrats."

Lieberman Primary Seen As Preview Of 2008 Campaigns. In his column for the New York Times (7/9, 1.19M) David Brooks writes, "The primary battle playing out on the smiling lawns of upscale Connecticut serves as a preview for the national conflict that will dominate American politics for the next two years. This isn't a fight between left and right. It's a fight about how politics should be conducted. On the one hand are the true believers — the fundamentalists of both parties who believe that politics should be about party discipline, passion, purity, orthodoxy and clear choices. On the other side are the quasi-independents — the heterodox politicians who distrust ideological purity, who rebel against movement groupthink, who believe in bipartisanship both as a matter of principle and as a practical necessity. In 2008, heterodox politicians like John McCain, Rudy Giuliani and even Hillary Clinton are going to have to face zealous assaults from within their own parties. But for the moment that war has come to Joe Lieberman."

Corzine Approves New Budget, Ending New Jersey Government Shutdown. The New York Times (7/9, Jones, Chen, 1.19M) reports, "Gov. Jon S. Corzine signed a budget for New Jersey Saturday evening, after a seven-day government shutdown and an acidic standoff with the Legislature that paralyzed state operations, frayed nerves and cost the state millions of dollars. Mr. Corzine, in a crowded public ceremony, approved the $30.9 billion budget but also cut $51 million in proposed new spending, much of it inserted by legislators before they approved the budget. 'This crisis should never have occurred and it must never be repeated,' Mr. Corzine said. His Saturday morning executive order brings 45,000 state workers back to work, as well as another 50,000 or so in industries affected by the shutdown."

The New York Times (7/9, Fountain, 1.19M) reports in its "Week In Review" section that while state budget disputes and missed deadlines are not uncommon, "the seven-day government shutdown that resulted from the New Jersey impasse was unusual. There have only been two other shutdowns, in Minnesota and Tennessee, since 1991." It explains that, unlike most states, New Jersey lacks a law or constitutional clause allowing government to continue operating in the absence of completed appropriations. It also notes that casinos had to close because gambling inspectors were among the state workers put on leave without pay during the shutdown.

Stem Cells Could Play Key Role In Wisconsin Governor's Race. In the Washington Post (7/9, A5, 744K), David Broder reports that the issue of stem cell research is "at the center of an impassioned political debate, one that will occupy the Senate this summer and may provoke President Bush's first veto." It may also decide the outcome of a Wisconsin governor's race "and a U.S. Senate contest in Missouri, where a stem cell research

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referendum is on the ballot." In Wisconsin, Gov. Jim Doyle (D) is seeking re-election, while his opponent, Rep. Mark Green (R) Green "has voted to ban work on cells donated by fertility clinics or created from embryos in medical labs. The fourth-term House member supports Bush's policy of limiting work to the relatively few cell lines created before a 2001 executive order setting forth terms for government-funded research." Seeking to rally Democrats, Doyle has called Green "a relentless opponent of stem cell research," while Republicans have placed initiatives on same-sex marriage and reinstating the death penalty on the ballot in a bid to turn out their supporters.

Maryland Governor's Race Moves In Two Orbits. The Washington Post (7/9, C6, Wagner, 744K) reports, "Maryland voters who happen to live in the Baltimore region have already been treated to $850,000 worth of television ads in the governor's race, candidates appearing regularly on the nightly news and a literal parade of politicians through their streets on the Fourth of July. The view from suburban Washington is quite different. Most voters in Montgomery, Prince George's and other Maryland counties in the region have yet to see a single one of those ads. … The result is two versions of Maryland politics for voters living in the state's two dominant media markets." While the candidates are attending events in Maryland's Washington suburbs, "no one denies that Baltimore is getting more attention."

Mark Kennedy Distances Himself From Increasingly Unpopular Bush. In his column for the Washington Post (7/9, B7, 744K) David Broder writes Rep. Mark Kennedy "is carrying the hopes of the national Republican Party in one of the few Senate races in the country in which the GOP has a chance of gaining a seat. The voluntary retirement of Sen. Mark Dayton this year has opened the way for a newcomer, and Dayton's Democratic-Farmer-Labor Party has given its endorsement to Amy Klobuchar, the two-term elected attorney of Hennepin County (Minneapolis)." Broder notes President Bush "lost the state by less than 3 percent of the vote in each of his races. But now, as Gov. Tim Pawlenty put it in an interview, 'the president continues to struggle here,' with approval scores below 40 percent. When I asked Kennedy in an interview if he agreed with the opening words of his profile in the current edition of Congressional Quarterly, the authoritative source on Congress, describing him as 'a dedicated conservative and loyal Bush supporter,' he seemed surprised. 'I don't know if I'd use any of those words to describe me,' he said."

Will Column Celebrates Interstate Highways. In the Washington Post (7/9, B7, 744K), George Will traces the contribution that the Interstate Highway System, on the occasion of its 50th anniversary. He writes that "Its ribbons of concrete represent a single thread of continuity through the nation's history." He notes in passing that "No legislator more ardently supported the IHS than the Tennessee Democrat who was chairman of the Senate Public Works subcommittee on roads. … This senator who did so much to put postwar America on roads suitable to bigger, more powerful cars was Al Gore Sr."

NYTimes Editorial Urges Consumers' Rights In Debt Collection. A New York Times (7/9, 1.19M) editorial, "When A Stranger Calls," notes rising consumer complaints about third-party debt collectors. It urges legislators and regulators to "take further steps to curb the lies, harassment and intimidation coming from out-of-control collectors. At the same time, they should also look at irresponsible lending: giving additional credit cards and high-interest loans to those already deep in the red."

Trade Imbalance Means Towering Stacks Of Containers Mar LA Neighborhoods. The Los Angeles Times (7/9, Schoch, 958K) reports, "To understand the trade deficit, residents of Sandison Street do not need the help of world-class economists. They can just glance across the street at the mountain of faded brown cargo containers blocking the Wilmington sky. .. Tens of thousands of containers sit empty today in Wilmington--stark testimony that America buys more from other countries than it sends overseas to sell." Although some reused for U.S. exports or returned empty, "some are forgotten, and they pile up--in Wilmington and nearby cities, in communities lining the Long Beach Freeway, near rail yards in the Inland Empire." Area residents complain that the massed containers are not only an eyesore, but shelter rats and pose a potential hazard in case of an earthquake.

US Envoy Seeks To Build International Pressure On North Korea. The US response to North Korea's nuclear provocation was featured prominently on ABC, CBS and by the wire services. ABC World News

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Tonight (7/8, lead story, 2:50, Avila, 8.78M) reported that the US "has sent a top-level diplomat to respond to the North's latest overture." ABC (Harris): "The Bush administration's point man on North Korea was rushed to this region after North Korea fired off those seven missiles. And today, he had some hard words for North Korea. Today, the North Koreans offered to return to the negotiating table -- if the US Agrees to ease financial restrictions it's placed on them. An offer quickly swatted down by assistant secretary of state Christopher Hill -- in South Korea today as part of a whirlwind trip through Asia to deal with the missile crisis." Hill: "This is not a time for so-called gestures of that kind. We have a country that has fired off missiles in a truly reckless way." Harris: "Hill said the only way for North Korea to improve its future is to return to the so-called six-party talks with the US, China, Russia, Japan and the two Koreas." ABC later notes that "Kim Jong-il may have gone too far this time, angering both South Korea and China, his main sources of aid and trade. Christopher Hill is trying to capitalize on that anger by convincing both of those countries, long reluctant to get tough on their neighbor, to change their stance."

In contrast to ABC and CBS, NBC Nightly News (7/8, story 4, :30, Holt, 9.87M) only briefly noted, "The U.S. is backing China's call for informal talks with North Korea over its recent missile testing. Christopher Hill made the comment after meeting with South Korean officials. He next heads to Japan for discussions." The AP (7/9, Chang) reports that Hill said, "the Chinese have talked about putting together a six-party informal, and we both support that and we think that all countries are prepared to come to that informal meeting."

The AFP (7/9, Chan-Kyong) reports, "The United States and Japan vowed to ram through UN sanctions against North Korea, but Washington also offered an olive branch by agreeing to meet one-on-one with Pyuongyang if it joined international talks." US special envoy Christopher Hill said "Washington was ready to meet the North's envoy's eye-to-eye if he joined the six-nation table," adding "I just can't do it when they are boycotting the six-party talks."

North Korea Threatens Military Action. The AFP (7/9, Kwanwoo) reports, "North Korean leader Kim Jong-Il vowed no compromise and said he was braced for 'all-out war' as the United States and Japan pushed for the United Nations to impose new sanctions on Pyongyang for its missile tests." In the "first reported remarks since his regime lobbed seven missiles into the sea," he "pledged not to give up his weapons programs," saying "that if the United States took 'revenge,' it would mean 'all-out war.'" Kim also "mocked US assertions that his regime was on the verge of collapse."

The AP (7/9, McGuirk) reports that the North Korea ambassador to Australia, Chon Jae Hong, in a letter to The Sunday Herald Sun newspaper in the southern city of Melbourne, "warned Sunday that international attempts to halt his nation's missile tests could lead to war," saying "North Korea 'will have no option but to take stronger physical actions of other forms, should any country dare take issue with the exercises and put pressure upon it.'"

The AFP (7/9, Chan-Kyong) reports that the North "threatened to strike back with a more 'physical' response if sanctions are adopted. Its UN representative said a binding referendum would amount to 'an act of war.'" And its ambassador for diplomatic normalization with Japan, Song Il Ho, said, "If anyone tries to put us under pressure, we will have no choice but to take stronger physical measures."

The AP (7/9) notes, "Japan won't compromise on the stern wording of a U.N. resolution that would impose sanctions on North Korea and order the communist regime to stop developing ballistic missiles, Foreign Minister Taro Aso said." It will push "for a vote on the resolution Monday despite opposition from China." Bloomberg (7/9, Cho) also covers this story.

China Seen As "Only Hope" For Resolving Disagreement With North Korea. Taking a negative tone, The CBS Evening News (7/8, story 3, 2:00, Assuras, 7.66M) warned that the negotiations with North Korea were deteriorating and that China, not the US, was the sole country which could resolve the disagreement, reporting that "the US envoy expressed support for China's plan to hold six-nation talks on the nuclear threat. At the same time he offered to hold face-to-face talks with the US and North Koreans on the sidelines." CBS (Petersen): "Christopher Hill in Asia hoping to restart nuclear talks with the North says there's no pleasure in the fact that ordinary people will suffer." Hill: "People that don't have enough to ea and not enough clothing and not enough electricity and meanwhile they have regimes firing off missiles." Petersen: "Things in Asia are going from pretty bad to even worse. Japan and North Korea are trading verbal insults. South Korea has canceled a round of talks with the North. The only hope is that China can somehow ride to the rescue."

North Korean Hostility Part Of Historical Pattern. The AP (7/9, Woodward) reports, "North Korea is well practiced in getting some of what it wants through

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provocation. Bullying through a bullhorn has worked time and again for a small nation with an outsized military force and an even bigger capacity for bluster and threat." Its coercive diplomacy "has involved antagonizing everyone on and over the horizon, foes and allies alike, and then pulling back." Wonhyuk Lim, a Brookings Institution fellow for northeast Asian studies, says that "as twisted as the North Koreans' logic may be, it is based on their negotiating experience with the Americans." This "pattern of edging toward confrontation, then edging back, has persisted, always accompanied by tough words. More are being heard now." Undersecretary of State R. Nicholas Burns said, "We're certainly not going to overreact ... to these wild statements," adding, "We've seen them before."

South Koreans Unfazed By Launch. The Los Angeles Times (7/9, Demick, 958K) reports, "Though the United States and Japan quickly elevated the missile launches to the status of crisis, for South Korea it was just another predictable annoyance among many from a bothersome neighbor." Seoul is "in a familiar position of being caught between its estranged brothers to the north and its most important ally, the United States," and "has responded with somewhat contradictory moves. On one hand, it is proceeding with a previously scheduled economic cooperation meeting," but it "also has said that further requests for humanitarian aid will be put on hold." For South Korea, "the nightmare scenario here is not that North Korea will attack … Rather, it is that United States would attempt a preemptive strike on North Korea, triggering a war in which South Korea would be caught in the middle."

International Stock Markets Rattled By North Korean Tests. The New York Times (7/9, Sommer, 1.19M) in a brief recap of last weeks stock markets notes North Korea's missile tests rattled "stock markets around the world. The next day, when Wall Street returned to work, stocks fell sharply. Despite a modest rally on Thursday, the market finished lower for the week" on bad news from 3M.

Advanced Destroyer Deployed To Japan. The AP (7/9, Greimel) reports, "A new U.S. guided missile destroyer docked in Japan on Saturday amid tensions over North Korea's missile tests, but the military said the arrival was routine and had been planned months ago." The USS Musti, "one of the most advanced [ships] in the fleet," sailed into the port of Yokosuka. "In August, Yokosuka also will welcome the USS Shiloh, which last month demonstrated its ability to shoot down missile warheads in a landmark test off Hawaii." Both ships "are equipped with radar systems that employ Aegis technology, which is geared toward tracking and shooting down enemy missiles," and "the U.S. Navy now has eight Aegis-equipped vessels at Yokosuka."

Former Officials Call For Hitting Missiles On Launch Pad. Ashton B. Carter, professor at Harvard and former Assistant Secretary of Defense, and William J. Perry, professor at Harvard and former Secretary of Defense, write in a op-ed in Time Magazine (7/9), "The Bush Administration has tried to downplay the mounting danger posed by North Korea," and that "is not prudent or safe." Yet "again North Korea has crossed a line in the sand clearly drawn by the U.S. and its partners,'" the authors anticipated, which is "why, in an opinion piece published in the Washington Post on June 22, we urged the Bush Administration to strike the Taepo Dong 2 on its launchpad before the test." Should "the U.S. is ever going to defend a line in the sand with North Korea, that is the least provocative way to do it, and next time it will only be riskier." Although "Pyongyang tries carefully to cultivate the impression that it will lash out in response to any action against it, however limited," attacking South Korea "would surely and swiftly end in the elimination of the North Korean regime." However, inaction will make Pyongyang believe it has "a shield behind which it can pursue its interests with impunity." It also "has a long history of selling its advanced weapons to countries in the Middle East," and if the economy leads to the regime's collapse, "Who then might get its loose nukes?" The US should "strike any further Taepo Dong test missiles before they can be launched," penalize the North "for defying the international community's unanimous appeal not to conduct its July 4 tests," and develop "a clear strategy." The US "outsourced the North Korea issue to regional players in the form of the 'Six Party' talks," and it "has failed to produce any results."

NYTimes Examines Possible Outcomes Of Tensions. The New York Times (7/9, Sanger, 1.19M) lists possible outcomes to the standoff with North Korea. The US could negotiate directly, but "Mr. Bush says nothing doing." There is the "big worry…that if America negotiates alone, it will be hung out to dry when talks go bad," and "China and South Korea will likely portray Washington as the obstacle." However, "the downside to Mr. Bush's approach: When six nations talk, clarity is the first victim." Another possibility is pre-emption - "destroy North Korea's nuclear facilities at Yongbyon." However, "Many believe it is too late," as "the fuel could be stored anywhere" and "t he United States has

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accused North Korea of starting up a second nuclear weapons program, using uranium," which "makes bombing pretty useless." The Administration could decide to "Wait out the Kim dynasty, and hope that the starving, bankrupt, gulag-ridden state of North Korea finally collapses." However, "as Dick Cheney once famously said about the North, 'time is not on our side.'" Still, North Korea selling nuclear material "worries the Bush administration the most."

Missile's Failure Usual For Testing. The New York Times (7/9, Broad, 1.19M) reports, "Experts judge that many years of testing beyond that inaugural flight on Tuesday will probably be needed before the North would entrust the new missile with anything as costly and precious as a nuclear warhead." However, arms and aerospace experts said that setbacks like the missile's crash "were a normal part of rocket and warhead science" and "that, in general, new designs typically blow up repeatedly in flight tests before engineers can find and fix all the problems." John M. Logsdon, director of the Space Policy Institute at George Washington University, said, "It would have been more surprising if they had a success." Therefore, "it's reasonable to expect that North Korea is busy learning from the failure, fixing flaws before it launches another Taepodong 2."

US To Negotiate With Russia For Civilian Nuclear Deal In Exchange For Support On Iran. The New York Times (7/9, A1, Sanger, Rutenberg, 1.19M) reports, "The Bush administration said Saturday that it would open formal negotiations with Russia on a long-discussed civilian nuclear agreement that would pave the way for Russia to become one of the world's largest repositories of spent nuclear fuel." While "President Vladimir V. Putin has been looking to expand the country's role in the multibillion nuclear power business," the US "traditionally opposed any such arrangement." However, "administration officials said that once Mr. Bush endorsed Mr. Putin's proposal last year for Iran to conduct uranium enrichment inside Russia…it made little sense to bar ordinary civilian nuclear exchanges with Russia." Also, Peter Watkins, a White House spokesman, said "We have made clear to Russia that for an agreement on peaceful nuke cooperation to go forward, we will need active cooperation in blocking Iran's attempts to obtain nuclear weapons." The AP (7/9, Loven) also covers this story.

Russian Offer To Help North Korea May Affect Anticipated Deal. The Washington Times (7/9, A1, Hirst, 90K) reports, "Russia secretly offered to sell North Korea technology that could help the rogue state protect nuclear stockpiles and safeguard weapons secrets from international scrutiny, but officials backed off after the arms flirtation was publicized." This "presents a potential obstacle to Bush administration plans to share civilian nuclear technology with Moscow." At an information technology exhibition in Pyongyang late last month "Russian officials touted the equipment to the communist regime," and "Aleksei Grigoriev, deputy director of Russia's Federal Information Technologies Agency, told a reporter for the Itar-Tass news agency that North Korea planned to buy equipment for the safe storage and transportation of nuclear materials." While "the Russian Embassy in Pyongyang immediately denied the report, saying it was 'disinformation'" and "Mr. Grigoriev subsequently denied having spoken to the Itar-Tass reporter," according to western analysts "they would not be surprised if the two countries are discussing sensitive military deals."

G-8 Seen As Not Reflecting New Reality. The AP (7/9, Raum) reports, "Critics view the" G-8 "summit as a Cold War relic that needs to be reconstituted." While "often billed as a gathering of the world's leading economic powers," it is not. "China, now the world's fourth-largest economy…is not a member. Neither is India, the world's largest democracy and one of its fastest-growing economies. Nor is South Korea, Brazil, Mexico or Spain, each with a larger economy than G-8 member Russia's." The world's "economic dynamics are far different" than at the group's foundation, as "the astonishing growth of some Asian nations and parts of Latin America have altered the math."

Putin Reasserts State Control Of Major Economic Sectors. The Washington Times/AP (7/9, Ingram) reports that Russian President Vladimir Putin "has reasserted state domination over major economic sectors -- in part by installing members of his own team, many dating back to his days in St. Petersburg, into key positions in some major state-controlled companies." His "influence in so many industries raises questions about whether politics won't trump economics in the end when business decisions are made" and puts Russia "out of step with the developed countries that make up the Group of Eight," which "have expressed concern about the state's growing role." Among his critics, "economists say state involvement is fraught with negative consequences," while others believe "Putin and his circle are

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motivated less by patriotism than by the desire to spin power into personal wealth."

India Tests Nuclear Capable Missile. The AP (7/9, Rabinowitz) reports, "India test-fired its nuclear-capable Agni III missile Sunday for the first time," but it "has been viewed as a routine test — not saber-rattling with the country's nuclear-armed archrival and neighbor, Pakistan." The AFP (7/9) notes this is India's "first test of a nuclear-capable ballistic missile with a range of 4,000 kilometres." In May Defence Minister Pranab Mukherjee had said they were "was observing 'self-imposed restraint' before testing" the missile, but this provoked criticism that "esting was being delayed because of pressure from the United States."

Asia Embracing Nuclear Power. The AP (7/9, Casey) reports, "Led by fast-growing China and India, Asia is going nuclear in a big way to feed its ravenous appetite for energy." Both "say their future growth is at risk unless they diversify their energy mix," as "does South Korea." Greenpeace "continues to lead the charge against nuclear power, warning that Asian countries about to embrace the atom need to think hard about the potential consequences," and "Asia's biggest problem" is "what to do with the spent fuel." Still, "Asia's plans hold out the promise of a bonanza for American companies such as Westinghouse Electric Co. and General Electric Co. which already have a strong presence in the region."

Israel Withdraws From Northern Gaza, Rejects Ceasefire. All three network news programs described the violence in Iraq as escalating, while major papers noted Isreali pulled out of Northern Gaza. However, there was no mention of US diplomatic involvement in either. ABC World News Tonight (7/8, story 5, 0:20, Avila, 8.78M) noted, "Staying in the Middle East, dozens of Americans fled the Gaza Strip today. Many had been visiting relatives. But escalating violence drove them out."

The CBS Evening News (7/8, story 2, 2:00, Assuras, 7.66M) reported, "The Palestinian prime minister called for a cease fire with Israel after 11 days of fighting in Gaza. Israel rejected the plea saying they will not negotiate with hostage takers in reference to the Israeli soldier whose abduction ignited the crisis." After describing the increasing violence, CBS (MacVicar) said: "Rather than breaking Palestinian resolve, attitudes here have hardened. This is a new altercation, they say, and militants are now heroes."

NBC Nightly News (7/8, story 3, 2:00, Fletcher, 9.87M) reported, "Israel answered no ceasefire, no negotiations until Palestinian militants free an Israeli soldier they kidnapped two weeks ago. And they say Palestinians must stop firing rockets at Israeli cities." Israel withdrew some force to create a buffer zone, but "Israeli military officers said they plan to expand their operation into other parts of Gaza and they'll continue fighting until they get their kidnapped soldier back."

The New York Times (7/9, Erlanger, 1.19M) reports that Palestinian prime minister from Hamas, Ismail Haniya's call for a mutual cease-fire came "after Israeli forces pulled out of most of the northern Gaza Strip" and was "perhaps responding to Israeli hints that a package deal might be possible to end a military and political crisis." This came in the form of Israeli cabinet minister Ophir Pines-Paz suggesting "that the crisis could end through a package deal of the kind that Egypt had been trying to promote -- the release of Corporal Shalit, coupled with a more formal cease-fire and an Israeli promise to release a number of Palestinian prisoners as the cease-fire is shown to have taken hold" by saying "If we reach a situation in which there are no kidnappings, no rockets, no tunnels, no raids into our territory, certainly Israel will have to reciprocate." The AP (7/9, Wagner) notes "Hamas often sends out conflicting signals…in part because of divisions between its more militant leaders in Syria and more pragmatic politicians in Gaza."

The Washington Post (7/9, A12, Wilson, 744K) adds, "The Israelis' abrupt pullback from the northern end of the Gaza Strip sharply reduced the overall intensity of their military operations" and "may signal the government's desire to pursue talks to win the release of Cpl. Gilad Shalit." Still, "more Israeli armor entered the strip very early Saturday" and "the military stepped up its activity" along Gaza's eastern border. The AFP (7/9, El Oun), reports, "Haniya stressed that his Hamas government was determined to solve the problem through diplomatic channels in a 'peaceful' manner." Meanwhile, "UN Secretary General Kofi Annan…demanded immediate access for UN workers and humanitarian relief supplies to the Gaza Strip, saying he was 'extremely concerned about the dangerous situation in the occupied Palestinian Territory.'"

With a headline "Calls For Truce Fuel Hope In Gaza Standoff" the Los Angeles Times (7/9, King, 958K) takes a more hopeful tone reporting, "Both Israel and the Hamas-led Palestinian government expressed hope Saturday of

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arranging a cease-fire" on "the second consecutive day that a senior Israeli official had spoken publicly of the prospect of a compromise in the standoff." The Times adds, "Both sides have powerful incentives for finding a negotiated solution, but serious obstacles remain to any agreement."

Palestinians See Rockets As Creating "Balance Of Fear. The New York Times (7/9, Myre, 1.19M) reports, "the Palestinians persist in firing the crude, inaccurate rockets when there is virtual certainty that the damage they inflict will be far less than the punishment they will suffer" due to "a host of reasons, all based on the emotion of the conflict rather than the logic of warfare." They "often talk about their rockets and suicide bombings creating a 'balance of fear' with Israel, even if they cannot match Israel's weaponry," and "see the rockets as retaliation for Israeli airstrikes, or an act of solidarity with West Bank Palestinians when fighting heats up on that front." Now, "with tensions boiling over, support for the rockets is widespread in the northern towns, even if it means local communities will endure another heavy assault from the Israelis." Palestinian president Mahmoud Abbas "has sharply criticized the Palestinian rocket fire as counterproductive," but "never made a concerted push with the Palestinian security forces," and "the Hamas-led government has not sought to stop the rockets." During a ceasefire it "shared its technology and rockets with other factions" and "recently resumed its own attacks after Israeli airstrikes in Gaza that killed many militants and civilians."

Bush Congratulates Mexican Presidential Candidate. The CBS Evening News (7/8, lead story, 2:40, Whitaker, 7.66M) in its coverage of the dispute over the Mexican presidential election notes that "conservative free-market candidate Philip Calderon says he won fair and square. International election observers back him up. Today he received calls of congratulations from President Bush and other heads of state."

Obrador Accuses Calderón Of Fraud In Election, Calls For Protests. NBC Nightly News (7/8, story 9, 2:30, Holt, 9.87M) reported, "Now to a massive demonstration underway in Mexico City." NBC (Lewis): "These people are angry because they believe the election was stolen from their candidate, the leftist andres Manuel Lopez Obrador. He has called for peaceful protests, but many here worry things could get out of hand. Lopez Obrador is calling for protests all over Mexico. As his supporters converged on Mexico City's main square for today's huge rally, the U.S. embassy urged Americans to stay away from the area, warning that, 'even demonstrations intended to be peaceful can turn confrontational and escalate into violence.' That's the fear of many observers here -- that Lopez Obrador will not hold his followers in check. He insisted to reporters today that he is the winner, that the election was rigged." Lewis added, "Lopez Obrador is demanding a total recount, taking his case to the courts and to the streets. Asked today if the official judicial tribunal rules against him and declares Calderon the winner will he concede for the sake of peace in Mexico, he replied, 'we'll wait and see.'"

The Washington Post (7/9, A1, Roig-Franzia, 744K) reports that failed populist candidate Andrés Manuel López Obrador hopes to "overturn the results of Mexico's presidential election;" he is "alleging for the first time that Mexico's electoral commission had rigged its computers before the July 2 election to ensure the half-percentage-point victory of Felipe Calderón." Obrador will "attempt to have the election declared illegal by Mexico's Supreme Court," which "presages a constitutional confrontation because according to many legal experts the special elections court is the only body that can hear election challenges." On Saturday, Obrador "gave a mega-display of street power" with a rally in Mexico City, and, "during his 40-minute address, López Obrador stressed Mexico's class divide, accusing 'powerful interests' of trying to deny democratic freedoms to 'us, the poor.'" He appeals to "anger…from decades of perceived indignities and a sense of persecution by a succession of ruling parties."

The New York Times (7/9, McKinley, Thompson, 1.19M) adds that Obrador "suggested there would be civil unrest without a vote-by-vote recount," saying, "If there is not democracy, there will be instability." Meanwhile, "Calderón's campaign cited the volatile protests Mr. López Obrador led after his 1994 loss in arguing that he could be a danger to Mexico." However, Obrado also said, "This is a peaceful movement," although he "declined to answer several times when asked what he would do if the courts refused a recount." Calderón "effectively ceded the day's spotlight to Mr. López Obrador." The Los Angeles Times (7/9, Boudreaux, 958K) calls the crowd Obrador addressed "rowdy but peaceful," although it notes, "Many in the crowd said they were ready for a fight if Lopez Obrador did not prevail." The AP (7/9, Stevenson) notes, "The likelihood of continuing

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demonstrations suggests how difficult it will be for Calderon to unify Mexicans, many of whom believe the nation has yet to overcome the decades of institutional corruption and fraud that kept its leaders in power." Knight Ridder (7/9, Hall) and Knight Ridder (7/9, Hall) also cover this story.

Election Signals Shift In Mexico To Two Party System. The New York Times (7/9, McKinley, 1.19M) reports that "voters have pulled the curtain back on a new political landscape for" Mexico, and "who won may not be nearly as important as who lost." The Institutional Revolutionary Party "did not win a single state" and "lost its hold on Congress … In short, the declining former ruling party finally crashed and burned." Now there are "two invigorated, growing — and quite evenly matched -- parties" that "look a lot like the Republicans and Democrats or Britain's Tories and Labor."

Former GOP Counsel Gives Recount Advice. Benjamin L. Ginsberg, a partner at Patton Boggs and national counsel to the Bush-Cheney campaigns in 2000 and 2004, writes an op-ed in the Washington Post (7/9, B1, 744K) with advice for Calderon and Obrador: "get the right people." – "the smartest, ablest, toughest ones you can find." Next, "be sure they're committed to your candidate -- that commitment makes it possible to manage all that talent." Organize immediately, and "get a good caterer and some extra phone lines. I n other words, pay attention to logistics." You need to "line up top lawyers, which in a recount are a necessary (and underappreciated) evil," as well as "communications specialists." You must "just debunk the allegations as best you can."

Former Gore Counsel Says Recount Is Best For Calderon, Advises Obrador To Be Bush, & Not "Dignified, Responsible, Reasonable." Ronald Klain, general counsel for the Gore-Lieberman Recount Committee in 2000 and a lawyer in Washington, writes in an op-ed in the Washington Post (7/9, B1, 744K) that for Obrador "The good news is that he has avoided the two biggest problems that confronted Al Gore in Recount 2000: being forced to contest the election in a jurisdiction where the governor was his opponent's brother, and being tormented by a chief election official who was a partisan operative with a bizarre Queen Esther complex." The bad news he's "more than 200,000 votes behind" and "the clock is ticking loudly. If he wants to keep his candidacy alive, he must take decisive -- and quite divisive -- action." He must "bring meaningful and documented claims of fraud in the election," get "his supporters to the streets and question the legitimacy of the vote casting and counting process," and "demand that, notwithstanding Mexican law, every ballot be recounted, by hand, to ensure an accurate tally."

Former Mexican President's Genocide Charges Thrown Out. The AP (7/9, Grillo) reports that in "the latest blow to" Mexican "prosecutors' attempts to bring" former President Luis Echeverria "to justice for alleged crimes committed during Mexico's 'dirty war,' a violent crack down on leftist dissidents in the 1960s and 1970s," a "judge threw out genocide charges on Saturday against ruling that a 30-year statute of limitations had run out" He "had been under house arrest for more than a week on charges that he organized a student massacre as interior secretary in 1968." Still, "Prosecutors still can appeal the decision."

Venezuelan Government Elucidates Labor Policies With Chaplin Film. The Los Angeles Times (7/9, Kraul, 958K) reports, "For President Hugo Chavez's socialist government," Charlie Chaplin's film "Modern Times" is "more than just entertainment: It's become a teaching tool. Since January, in a bid to expose the evils of 'savage capitalism,' the Labor Ministry has shown the Chaplin film to thousands of workers in places such as this rundown industrial suburb of Caracas. When the screenings at factories or meeting halls end, Labor Ministry officials then take their cue, and use Chaplin's plight to spell out worker rights under occupational safety laws passed last year and now being applied. They are part of Chavez's sweeping reform agenda that he calls Socialism for the 21st Century."

Ambassador From Finland Agrees UN Reforms Needed. Kirsti Lintonen, Finland's ambassador to the United Nations, writes in a letter to the editor of the New York Times (7/9, 1.19M), "The European Union concurs with your view on the importance and necessity of United Nations reform." It "is the single largest contributor to the United Nations budget. We attach great importance to reforms that would bring about efficiencies under budget and management rules," and "management reform is also central."

Pakistani Press Minister Objects To NYTimes Editorial For UN Reforms. Mansoor Suhail, press minister of the Pakistan Mission to the U.N., writes in a letter to the editor of the New York Times (7/9, 1.19M) that the Times' "editorial unfairly tends to stereotype developing countries as

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blockers of United Nations reform." The "vast majority of the United Nations membership" considers "progress on development resolution and implementation of agreed development commitments…a matter of the highest priority." However, Pakistan and other members of Group of 77 "believe that delegation of authority must be accompanied by robust accountability mechanisms."

Breaking Vow, Polish President's Twin To Become Prime Minister. NBC Nightly News (7/8, story 10, 0:10, Holt, 9.87M) reported, "In Poland political history is about to be made and that's why the two men are you seeing here are smiling. They are set to become the first identical twins to hold power at the same time. On the left is Poland's current president and on the left his brother who has been tapped by the ruling party to become Poland's prime minister."

The Washington Post (7/9, A12, Whitlock, 744K) reports that "there is no longer any doubt that the 57-year-old, chubby-faced twins are in charge of the eastern European country." Jaroslaw "replaces Kazimierz Marcinkiewicz, who unexpectedly announced his resignation on Friday." Although Marcinkiewicz "insisted that the Kaczynskis, who had put him in the job last year, did not maneuver him out the door," a number of "Poles were skeptical of the official explanation," that "he was giving up the prime minister's post so he could run for mayor of Warsaw in November," considering that "Marcinkiewicz had among the highest approval ratings of any politician in Poland." Jaroslaw had "promised voters he would not take the job if his brother won the upcoming presidential race," which he did, but the promise "sounded as if it was made grudgingly" and the twins "did little to dispel the perception that they were controlling the government behind the scenes."

The AFP (7/9) adds, "analysts were unconvinced" by the official explanation, as well. "Political scientist Kazimierz Kik said Marcinkiewicz's departure was forced by Jaroslaw Kaczynski, annoyed by the increasingly independent and high-profile stance the premier was taking." the AP (7/9, Gera) also covers this story.

Chad's Oil Money Not Reaching Those In Need. The Los Angeles Times (7/9, Sanders, 958K) reports that three years after "poor, landlocked" Chad "joined the league of oil-producing nations, there are growing — and familiar — complaints that petroleum money is not getting to those most in need. For most of this year, Chad's oil wealth has been frozen in London bank accounts after a dispute with the World Bank." The Times writes, "Thanks to decades of internal strife and its reputation as one of the world's most corrupt countries, this former French colony was unable to attract investment partners to develop its oil fields until the World Bank agreed in 2000 to back a $4-billion deal to build a pipeline from Chad to the Atlantic coastline of neighboring Cameroon. … By the end of 2005, the government of Chad had received about $420 million, nearly doubling its annual income. But tracking where the money went is not so simple." The Times reports that aside from new roads, "government officials are hard-pressed to describe large-scale benefits of the oil funds." They talk about smaller projects: a new school fence and some renovated classrooms in the capital, HIV testing clinics, a water tower in the southern city of Doba.

Cellphones Used To Streamline Peace Program In The Congo. The Washington Post (7/9, A1, Sullivan, 744K) reports that cellphone use is upon in Africa. They "have also created a new kind of corruption in a country rife with it: People here tell of government officials demanding bribes in the form of airtime transferred to their cellphones. Local officials said they believe armed rebel groups use cellphones and texts to coordinate their operations in the country's eastern provinces." However, "But the technology is also being used to create peace." The World Bank, Britain, France and other big donors have put $200 million into a "year-old program, designed to turn Congo's warriors into wage earners. So far more than 75,000 people have handed over their guns in exchange for job training and a cash incentive: an initial $110 payment, followed by monthly $25 payments for a year." However, "clerks using thick account books with handwritten entries were having trouble making the thousands of payments efficiently. So, in February the program contracted with Celpay to modernize the process," which now takes minutes instead of hours.

Controversial Rape Law Divides Pakistanis. The New York Times (7/9, Masood, 1.19M) reports that Pakistan's Hudood ordinance, "introduced in 1979 and criticized internationally since, include a clause stating that to prove rape, a woman must have at least four male witnesses. If the woman fails to provide proof, she herself faces the

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charge of adultery." Critics say this "flaw … has put many women behind bars." The Times notes, "Pakistani society has remained bitterly divided over the laws. Orthodox clergymen have often portrayed the laws as divine. … Rights advocates have demanded absolute repeal since 1980's."

Russian Jet Crashes, Likely Killing 150. CNN (7/9) on its web site reports, "An Airbus A-310 passenger jet with 200 people on board left the runway early Sunday while landing at Irkutsk Airport in eastern Siberia, crashed into a concrete barrier and burst into flames, killing 150 people, according to the Russian news agency Interfax. The front of the plane was crushed, and more than 40 people were hospitalized with burns, the agency said, quoting emergency officials." The AP (7/9, Meyer) reports, "The regional prosecutor's office said a preliminary count showed that more than 150 people died, the Interfax news agency reported.

Cuban Woman Dies As Coast Guard Intercepts Migrants' Boat. The AP (7/9, Kennedy) reports, "A boat overloaded with Cubans being smuggled into the U.S. tried to ram a Coast Guard vessel in rough seas early Saturday, and a woman aboard the boat died, authorities said. The 36-foot, go-fast boat ignored orders to stop when the Coast Guard tried to intercept it 4 miles south of Boca Chica around 6:30 a.m., said Petty Officer James Judge, a spokesman for the Coast Guard. Coast Guard crew then fired two shots into the vessel's engine to disable it, he said." The AP adds, "The remaining migrants were still aboard the Coast Guard cutter and will be processed as usual, he said. Under the 'wet foot/dry foot' policy, most Cubans who reach U.S. soil are allowed to remain, while those intercepted at sea are generally sent home."

Ramos-Horta Named East Timorese Premier. The New York Times (7/9, Perlez, 1.19M) reports, "In a move designed to bring stability to East Timor after months of unrest, the Nobel peace laureate José Ramos-Horta was named prime minister on Saturday. President Xanana Gusmão selected Mr. Ramos-Horta to lead a new government after Mari Alkatiri was forced to resign as prime minister two weeks ago amid allegations that he had helped to organize and arm a civilian militia. … The selection was praised by the Australian government, which sent more than 1,000 soldiers to East Timor in late May to lead an international peacekeeping force in putting down an insurrection among members of the army and the police." The Los Angeles Times (7/9, Paddock, 958K) also notes Ramos-Horta's appointment.

Kristof Sees No Optimists On Darfur. In his column in the New York Times (7/9, 1.19M) Nicholas Kristof writes, "The Darfur Peace Agreement, signed on May 5, signaled a ray of hope in a desperate land. But on the ground, its deadlines are not being met, security is deteriorating, and the violence is rippling from Sudan ever wider into both Chad and the Central African Republic. One measure of how awful the situation has become in eastern Chad is that at least 15,000 villagers have fled ... into Darfur!" Kristoff adds, "The two most important Bush administration officials on Darfur, Robert Zoellick and Michael Gerson (who has been the conscience of the White House), have both announced their resignations, so there is a vacuum in Washington as well. President Bush should address this vacuum by appointing a top-level envoy for the crisis. Mr. President, how about calling in James Baker, or else Colin Powell? In talking to experts about Darfur over the last three years, I usually have encountered both optimists and pessimists. These days, I just can't find an optimist."

Hoagland Says Bush Provoking New International Law – Without US Input. Jim Hoagland writes in his column in the Washington Post (7/9, B7, 744K), "In spite of itself, the Bush administration is reshaping and revitalizing international law as a governing concept and a force in world politics." Their "highhanded policies in the war on global terrorist networks and the occupation of Iraq have provoked sharp reaction at home and abroad" that "has turned into a search by others for legal and political frameworks to contain President Bush's campaign to concentrate national security power in his hands and shield it from even cursory scrutiny and consultation." Both "Bush and Cheney underestimate the costs of their policies and the countervailing forces they inevitably trigger," and now "a new framework for international law is being developed in reaction to Bush's global policies -- without other significant American input. That is the message from America's allies, from Congress and now from the Supreme Court that the president should finally heed."

Iranian Student Movement Said To Have Stalled. Fotini Christia, a fellow at the Weatherhead Center for International Affairs at Harvard and currently at the International Center for Persian Studies, University of Tehran,

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writes in an op-ed the Washington Post (7/9, B7, 744K), "Today marks the seventh anniversary of the student protests that took post-revolutionary Iran by storm," but Iran's opposition "will not celebrate today's anniversary," as "the Iranian student movement is a shambles -- divided, confused and lacking any cause for celebration." While "the 1999 protests sought reform within the existing regime," it "didn't happen, and now, under President Mahmoud Ahmadinejad's leadership, the process has been completely sidelined." While "the student movement very much wants a reemergence of the reform process…it has no good ideas on how to make it happen," and "has found no place in Iran's new political reality." Instead, "its stance has moved from the politics of realistic change to the politics of survival through inaction."

Bush's Foreign Doctrine Said To Have Backfired, Shifted Significantly. Time (7/9, Allen, Ratnesar) reports, that President Bush has found "himself in a world of hurt" with "no relief in sight." In the last " four years, the Administration has been forced to rethink the doctrine with which it hoped to remake the world as the strategy's ineffectiveness is exposed by the very policies it prescribed" as "the Bush Doctrine foundered in the principal place the U.S. tried to apply it." While "the White House insists that Bush's goals have not changed," the "strategic makeover is evident in the ascendancy of Secretary of State Condoleezza Rice, who has tried to repair the Administration's relations with allies and has persuaded Bush to join multilateral negotiations aimed at defusing the standoffs with North Korea and Iran." Having used "so much energy and so many resources on al-Qaeda and the war in Iraq, the Administration is finding that other global challenges…have grown beyond its ability to do anything about them." The Administration's "miscalculations have come back to haunt it," as "Instead of deterring the rulers in Tehran and Pyongyang, the travails of the U.S. occupation may have emboldened those regimes in their quest to obtain nuclear weapons while constraining the U.S. military's ability to deter them." Meanwhile, "the complexity of global politics has caused the U.S. to struggle in its goal to spread democracy as a defense against terrorism" and ultimately resulted in "a broader dimming of the Administration's commitment to the ideals of its once proactive freedom agenda." Finally, "the practical costs of the last plank of the Bush Doctrine—unilateralism—may have finally persuaded the Administration to jettison that too."

LATimes Criticizes New China Censorship Law. The Los Angeles Times (7/9, 958K) editorializes, "In China, the National People's Congress is on the verge of approving a law that would forbid the media from reporting on breaking news without permission from government officials. The draft law plumbs new depths of censorship even in China, already among the most regressive countries when it comes to press freedoms." It is "particularly unusual" because it would "apparently" affect "foreign as well as domestic media. Though reporters for papers such as The Times are closely monitored, the government seldom tries to censor stories meant for outside consumption. Yet an official involved in preparing the legislation recently said he thought it should apply to all news organizations operating in China." The Times adds, "If there's a silver lining to this naked attempt at repression, it's that China's media and public are strongly resisting it."

THE BIG PICTURE:

Headlines From Today's Front Pages.

Los Angeles Times:

"Police Abuses in Iraq Detailed."
"Allegations Trail Armstrong Into Another Stage."
"Feeling the Big Squeeze."
"GOP Immigration Tactic: Blast Away, but Be Nice."
"Mexico's Runner-Up Remains Unbowed."

New York Times:

"Surprising Jump in Tax Revenues Is Curbing Deficit."
"U.S. to Negotiate Russian Storage of Atomic Waste."
"Ally Warned Bush on Keeping Spying From Congress."
"At Colleges, Women Are Leaving Men in the Dust."
"Investors Lead Home Sale Boom in New Orleans."

Washington Post:

"Contender Says Mexico Vote Was Rigged."
"War-Torn Congo Goes Wireless."
"At 1, Already a Symbol Of Hope."
"In Land of Giants, Smallest Houses Larger Than Ever."
"GOP Activist's Influence Slips Over Scandal."
"Stem Cells Back in Political Spotlight."

Washington Times:

"Carnival puts bite on Hillary's brother."
"Russia offered to help N. Korea."

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"Social Security battle reignites."
"Kremlin tightens reins on free market."
"Indian chiefs make English pilgrimage."

Detroit Free Press:

"Car buzz shifts to south."
"Economy sours Granholm's ratings."

Atlanta Journal-Constitution:

"Pocketbook woes on voters' minds."
"Austin's lawyer speaks."
"Could Tampa be next?"

Dallas Morning News:

"Mayoral vote pitch may be racial unity."
"Secrecy abounds in death of baby."
"Exhibit shows new face of Texas heroes."
"For kids of migrant workers, summer harvest is knowledge."
"Candidates passing on political test."
"López Obrador urges supporters on."

Houston Chronicle:

"Investigator made wrongful arrests in past."
"Robotic limb gives shuttle fixes a leg up."
"Thousands protest Mexico's election results."
"Astros' Berkman is on his way to greatness."
"Baylor's clinics help to keep doctors in Africa."
"HPD, airport security at odds over incident."

Story Lineup From Last Night's Network News:

ABC: US-North Korean Diplomacy; US-North Korea Military Preparations; US Iraq Casualties; Forensic Evidence Against Saddam; Escalating Mideast Violence; Spacewalk; Extensive Commutes; CT Car Accident; Immigration Impact On Mexico; Cuban Immigrants Stopped; Cactus Threatened.
CBS: Mexican Election Dispute; Escalating Mideast Violence; North Korea Situation Deteriorating; US Iraq Casualties; Lieberman Primary Challenge; Guantanamo Suicides Questioned; Italian Soccer Scandal; Woman Baseball Manager; Spacewalk; US Historical Documents.
NBC: Taliban Uprising; Allegations Against US Forces In Iraq; Gaza Invasion; North Korea Talks; US Mass Transit Terrorism; Wi-Fi; USCG Cuban Refugees; Spacewalk; Mexican Election; Polish Twins In Power; French Wine.

WASHINGTON'S SCHEDULE:

Today's Events In Washington.

White House:

PRESIDENT BUSH – No schedule available.
VICE PRESIDENT CHENEY -- No schedule available.

US Senate: -- No events scheduled.

US House: -- No events scheduled.

Other. ALL DAY

July 7 - 11. FOLKLIFE FESTIVAL _ Second session of the Smithsonian Folklife Festival, focusing on life in the Canadian province of Alberta, evening concerts celebrating African American music from New Orleans, Latino music of Chicago, basketweavers from a wide variety of geographical regions, and others. Location: On the Mall between 7th and 14th Streets, NW. Contacts: Becky Haberacker, 202-633-5183

July 8 - 12. CANCER CONFERENCE _ The International Union Against Cancer and the American Cancer Society hold the 2006 World Cancer Conference, international cancer and tobacco control conferences. Highlights: 8:30 a.m. - 9:45 a.m. Plenary session ``Transforming Knowledge Into Action." With Carolyn Runowicz, president, American Cancer Society; Andrew von Eschenbach; Andrew von Eschenbach, Acting Commissioner, Food and Drug Administration; Leyroy Hood, president, Institute for Systems Biology; Edison T. Liu, Executive Director, Genome Institute of Singapore; and Sangita Reddy, Managing Director, Apollo Health Street, India. 3:30 p.m. - 5 p.m. Presentation:``Use of HPV Vaccine in Adolescents as Part of US Cervical Cancer Control Efforts." Subtopics: Proposed recommendations for use of HPV vaccine in the US, Lauri Markowitz; HPV vaccine implementation, Dan Fishbein; Measuring Impact of the HPV Vaccine in the U.S.; Eileen Dunne; Cervical Cancer Screening in the Context of HPV Vaccine: Implications for the National Breast and Cervical Cancer Screening Program and Beyond, Herschel Lawson and Mona Saraiya. Location: Washington Convention Center, Mt. Vernon Square. Contacts: Becky Steinbeck, 678-613-6892

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THE ATTORNEY GENERAL'S *NEWS BRIEFING*

PREPARED FOR THE OFFICE OF PUBLIC AFFAIRS, U.S. DEPARTMENT OF JUSTICE

TO: THE ATTORNEY GENERAL AND SENIOR STAFF

DATE: SUNDAY, JULY 9, 2006 7:45 AM EDT

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TERRORISM NEWS:

Rep. Hoekstra Raises Concerns Over Congressional Oversight Of Intelligence. Highlighting what it characterizes as a "rift" between the White House and GOP lawmakers the New York Times (7/9, A1, Lichtblau, Shane, 1.19M) in a front page story reports, "In a sharply worded letter to President Bush in May, an important Congressional ally charged that the administration might have violated the law by failing to inform Congress of some secret intelligence programs and risked losing Republican support on national security matters." House Intelligence Chairman Peter Hoesktra's letter "did not specify the intelligence activities that he believed had been hidden from Congress." He "clearly was referring to programs that have not been publicly revealed." Administration officials have recently briefed Rep. Hoekstra, which appears "to have eased but not erased the concerns of Mr. Hoekstra and other lawmakers about whether the administration is sharing information on all of its intelligence operations." Hoekstra's letter "appears" to be linked to the selection of Gen. Michael Hayden to lead the CIA with Stephen Kappes as his deputy."

Like the New York Times, the Washington Post (7/9, A6, Babington, 744K) highlights the significance of Hoektra's "sharply worded letter" because it represents rare GOP criticism of Administration national security policies before noting, "Much of Hoekstra's letter to Bush outlined the chairman's objections -- which were widely known -- to the appointment of Stephen R. Kappes as CIA deputy director under Hayden. Kappes quit the CIA in 2004 in a dispute with then-Director Porter J. Goss. Goss preceded Hoekstra as House intelligence committee chairman, and many Republicans remain loyal to him." Hoekstra wrote, "Regrettably…the appointment of Mr. Kappes sends a clear signal that the days of collaborative reform between the White House and this committee may be over."

Journalism Deans Advocate Publishing National Security Secrets As Counterbalance To "Extraordinary Power Of The Presidency." A letter from four deans of leading US journalism schools is published in the Washington Post (7/9, B2, 744K) Outlook section. Annenberg School for Communication dean Geoffrey Cowan, dean, University of Southern California, Harvard University Shorenstein Center director Alex Jones, Northwestern University Medill School of Journalism dean John Lavine, Columbia University Graduate School of Journalism dean Nicholas Lemann and UCal Berkeley Graduate School of Journalism dean Orville Schell write, "It is the business -- and the responsibility -- of the press to reveal secrets." The deans maintain "Despite the rhetoric of their fiercest critics, most journalists take secrets seriously." They "believe that the extraordinary power of the presidency at this moment mandates more scrutiny rather than less. Yet Attorney General Alberto R. Gonzales has said he would consider prosecuting journalists for publishing classified information. Such an action would threaten to tilt the balance between disclosure and secrecy in a direction that would weaken watchdog reporting at a time when it is badly needed."

Columnist Accuses Administration Of Intimidating Media. Frank Rich in his column in the New York Times (7/9, 1.19M) warns the Administration has an "insidious game plan" to "reboot its intimidation of the press, hoping journalists will pull punches in an election year." Rich claims that strategy worked for the Administration after the 9/11 attacks citing the "chilling words articulated at the get-go by Ari Fleischer (Americans must 'watch what they say') carried over to the run-up to the Iraq war, when the administration's W.M.D. claims went unchallenged by most news organizations."

Notes May Have Aided Gitmo Suicides. The CBS Evening News (7/8, story 6, 0:10, Assuras, 7.66M) reported, "US officials say three inmates who killed themselves last month at the Guantanamo prison may have had help from other inmates. In a court filing officials found instructions for tying knots in the cell of other detainees who may have been planning suicides."

Following a Washington Post story yesterday, the New York Times (7/9, Cave, 1.19M) reports, "Detainees at the Guantánamo Bay detention center in Cuba may have planned three suicides there last month by exchanging messages on note paper that was provided by lawyers and generally not scrutinized by guards because of confidentiality rules." The Times adds, "Because all three of the men who died had never been visited by attorneys, government lawyers said the evidence 'indicated the passing of materials and messages between detainees and that some level of planning or coordination of the suicides had taken place.'"

The AP (7/9, Fox) adds, "The detention center's commander, Navy Rear Adm. Harry B. Harris, said in an affidavit that investigators believe 'the suicides may have been part of a larger plan or pact for more suicides that day or in the immediate future.'" The detainees lawyers "have condemned the confiscation of the legal papers" and one note on the suicides "did not appear to be written by the prisoner, or another of the detainees who committed suicide, and it was written on paper provided by lawyers stamped with the words 'Attorney-Client Privilege.'"

NYT, WPost Accuse Bush Administration Of Failing To Create "Fair" Legal Process For Terrorists. The New

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York Times (7/9, 1.19M) in an editorial writes that as Congress prepares to debate the Administration's detainee policies the debate "is not between people who want to win the war on terror and those who for some unfathomable reason do not. It is between an executive branch that seems bent on proving that the president has unlimited power and those who believe that the Constitution and the rule of law did not crumble along with the World Trade Center." The Times adds, "We would not be in this mess if Mr. Bush had followed the rules. If he had allowed the screening of captives on the battlefield, which the military wanted and the Geneva Conventions require, hundreds of innocent men would never have been sent to Gitmo. If he had asked Congress to create tribunals, instead of fashioning extralegal ones, some of those prisoners who really are terrorists might have been convicted by now in full view of the world."

And the Washington Post (7/9, B6, 744K) editorializes, "Having allowed President Bush to assert extralegal powers for nearly five years, some in Congress now want to rush through legislation that would rubber-stamp the regime that the court rejected. There is talk of completing a bill by summer's end. Some Republicans appear eager to turn what ought to be a serious debate about balancing national security and human rights into an election issue -- by labeling as soft on terrorism anyone who opposes Mr. Bush's unworkable scheme for trying Guantanamo inmates." But the Post finds it "encouraging" that "the Armed Services Committee under the chairmanship of Sen. John W. Warner (R-Va.) will take the legislative lead in the Senate. Mr. Warner's committee was the source last year of the sole piece of responsible legislation on foreign detainees since 2001, the ban on cruel, inhuman and degrading treatment of prisoners authored by Sen. John McCain (R-Ariz.)."

San Antonio Express News Urges Adherence To Rule Of Law In GWOT. The San Antonio Express News (7/9) editorializes, "Even in times of war, the United States is a nation of laws. When those laws are ill-suited to the conflict at hand, the commander in chief can work with Congress and the courts to modify them or create new laws. He may not simply ignore them. ... The Hamdan decision is the latest effort to restore a new equilibrium in this contentious debate."

Suspected Al Qaeda Arrested In Germany. The New York Times/AP (7/9) reports, "A German citizen of Moroccan descent" identified as Redouane E. H. "has been arrested in Hamburg on suspicion that he is a member of Al Qaeda with contacts to a man close to the Sept. 11 hijackers, federal prosecutors said Saturday." The man "is suspected of being in contact with Said Bahaji, who had close ties to the three Sept. 11 hijackers who lived and studied in Hamburg -- Mohamed Atta, Marwan al-Shehhi and Ziad al-Jarrah, Ms. Scheuten said. Mr. Bahaji is suspected of providing logistical support for the Hamburg cell but fled before the attacks and is thought to be in Pakistan. Ms. Scheuten said there was no evidence of direct contact between Redouane E. H. and the hijackers." He was arrested after officials gathered "information largely drawn from monitoring the suspect's conversations in online chat rooms."

19 Accused Of Plotting To Kill Westerners Acquitted In Yemen. The AP (7/9, Al-Haj) reports, "Nineteen alleged al-Qaida members accused of plotting to assassinate Westerners and blow up a hotel used by Americans were acquitted Saturday by a judge who also exonerated some of fighting U.S. troops in Iraq." They "were accused of forming a gang to assassinate Americans and Westerners in Yemen, and of joining the so-called holy war against the U.S.-led coalition in Iraq." But the judge ruled "the prosecution failed to provide 'adequate evidence that the defendants were plotting attacks against foreigners or planning to assassinate Americans in Yemen.'" Yemen Islamist affairs expert Mohammed al-Maqaleh "described the verdict as a 'shock' and a sign that President Ali Abdullah Saleh was trying to drum up support from Muslim radicals ahead of the coming presidential elections."

Rice Expresses Sorrow, Solidarity On Anniversary Of London Bombings. The AFP (7/9) reports, "The United States has expressed sorrow and solidarity with Britons in memory of the 52 people killed in London bombings a year ago, a day after the grim anniversary." Secretary of State Condoleezza Rice said in a statement, "On the anniversary of their death we again mourn their loss and extend our condolences to their families." She also "recalled the United States shares with the people of Britain 'a deep bond of friendship that has stood the test of time.'"

HOMELAND RESPONSE:

Civil Rights Advocates Criticize US Pre-Emptive Terrorist Arrests. While government officials have used the recent terrorist-related arrests in Miami and New York as examples of success in pre-empting terrorist attacks, the New York Times (7/9, Lipton, 1.19M) says they "are inspiring a new round of skepticism from some lawyers who are openly questioning whether the government, in its zeal to stop terrorism, is forgetting an element central to any case: the actual intent to commit a crime." In an interview Friday Rep. Peter King "said that the cases also demonstrate that the authorities cannot always delay charges until they have built airtight criminal cases." King said, "It was essential that the F.B.I. get rid of its pre-9/11 mentality of not making an arrest until they have enough evidence to convict." But

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University of Richmond professor Carl Tobias, "who tracks terrorism cases, said the modest evidence disclosed so far in some recent cases in relation to the ability of the suspects to deliver on their threats has caused him to wonder if politics might be a factor." Tobias said, "There is some kind of public relations gained by making Americans on the one hand feel concerned that the Sears Tower in Chicago or some tunnel in Manhattan is targeted yet on the other hand feel comforted that the government is on top of it."

Terror Suspects Considered NY And CA Targets. Newsday (7/9, Bazzi) reports, "Before Assem Hammoud and his associates decided to try to bomb New York's PATH trains, they had considered several other targets: the Brooklyn Bridge, the Golden Gate Bridge and the forests of California, where they would set a huge fire, Lebanese security officials told Newsday." Lebanese police "found maps and other information about the two bridges and California forests when they raided Hammoud's home in Beirut." The article said of Hammoud, "In militant chat rooms, he was instructed not to grow a beard, wear Islamic clothing or show any outward sign of religious devotion. He was told to act like a typical Lebanese young man so he could avoid suspicions." He "did not disappoint his militant handlers, living a fast life in Beirut."

Lack Of Funding Leaves US Mass Transit Vulnerable To Terrorism. NBC Nightly News (7/8, story 5, 2:00, Holt, 9.87M) noted the revelation of a terrorist plot to attack New York City's tunnels "is raising questions about what if they had made it here and how vulnerable the nation's mass transit networks really are to attack." Rep. Peter King: "The subways and the commuter trains are always going to be the most difficult to provide security for." NBC (Allen): "Since the attacks in London and Madrid, US transit officials have been warning the nation needs to take more of the $18 billion spent to improve aviation security since 9/11 and spend more of it on the ground." Matt Bettenhausen, Director of California Homeland Security: "If they spent just 10% that they used in aviation security, we would be further along in meeting those needs."

Antiwar Protestors Arrested At NSA. The Washington Times/AP (7/9, Ben Nuckols) reports, "Thirteen anti-war activists were given citations yesterday for protesting outside the National Security Agency headquarters at Fort Meade." The AP adds, "Twenty-five persons participated in the protest, but only 13 who refused to stop carrying signs were cited, said Max Obuszewski, one of those cited and a member of the group Pledge of Resistance -- Baltimore. They carried a banner reading 'NSA = Crime Scene' and other signs protesting the agency's involvement in the war in Iraq."

New Orleans Real Estate Market Is Booming. The New York Times (7/9, Saulny, 1.19M) reports, "In a market spurred by speculators and bargain hunters, an extraordinarily large number of houses in the flood-ravaged metropolitan area here are being sold, according to real estate analysts, who say volume and sales prices exceed levels before Hurricane Katrina." While higher prices stem mostly from rising values in suburban areas or city sections which escaped flooding, flooded New Orleans houses are also selling, often at discounts of up to $50 a square foot. In the nine-parish area that includes New Orleans, 7,506 single-family homes were sold in the first half of this year, compared to 6,449 in the same period last year, while the average price this year is $221,244, up from $193,097 last year.

WAR NEWS:

Military Prepares For Onslaught Of Trials. The press gave heavy coverage to the oncoming series of trials for alleged war crimes of US military personnel. NBC Nightly News (7/8, story 2, 2:30, Holt, 9.87M) reported that "the military's first report into the alleged murders of Iraqi civilians in Haditha, by American troops may be reverberating up the chain of command." NBC (Colt): "U.S. military officials tell NBC News, this investigation found some of the Marines filed false reports and that their commanders failed to follow-up when initially information did not match the evidence. The suggestion that some officers were derelict in their duty, already some battalion and company officers have been relieved of command and the investigation is not over." Gen. Barry McCaffrey (Ret.), NBC News military analyst: "Do we deal with it with transparency? Do we investigate and take corrective action? Then we reassure both the armed forces and the civilian population that we're going to do the right thing." Iraqi PM Nouri Al-Maliki: "Our people cannot tolerate this. Every day we are faced with heinous crimes causing distress. We must put an end to such practices." Colt: "There are at least five investigations underway into allegations of killings by American troops."

The New York Times (7/9, Worth, 1.19M) reports, "In the past month, new cases in Iraq have led to charges against 12 American servicemen who may face the death penalty in connection with the killing of Iraqi civilians," calling the succession of cases "an extraordinary flurry in a conflict that has had relatively few serious criminal cases so far." Experts attribute the increase to "a confluence of two factors: an increasingly chaotic and violent war with no clear end in sight, and a newly vigilant attitude among American commanders about civilian deaths." The Times reports of previously charged service members, "Of the 16 American servicemen known to have been previously charged with

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murder [in Iraq], only six were convicted or pleaded guilty to that charge, and none received the death penalty."

Military Confirms Failures In Haditha Matter. The Washington Post (7/9, A13, Ricks, 744K) reports that Lt. Gen. Peter Chiarelli's investigation of the alleged Haditha massacre "has concluded that Marine leadership failed multiple times, including in pre-deployment training, in the tone set by commanders, and in how information was reported up the chain of command." Most of Chiarelli's findings "endorse the conclusions of an investigation led by Army Maj. Gen. Eldon A. Bargewell." Sources "say they expect charges of homicide, making a false statement and dereliction of duty." The Post adds, "Some of the details of Chiarelli's findings were reported Friday night by CBS News and the New York Times."

US Seeks To Exhume Iraqi Girl's Body. The AP (7/9, Lenz) reports, "U.S. investigators have asked Iraqi authorities to help them navigate cultural sensitivities to exhume the body of a teenager allegedly raped and murdered with her family by American soldiers." An uncle says the family is "eager to cooperate with investigators" and would give permission to exhume the remains. The AP writes that many troops "remain convinced that the alleged rape and killings in Mahmoudiya were aberrations and that most American service members respect the rules of war." The Washington Times (7/9, 90K) reported similar details.

Revised Marine Training Reflects Alleged Crimes. The Los Angeles Times (7/9, Perry and Miller, 958K) reports, "Even before the investigation of the killing of 24 civilians in the Iraqi town of Haditha is complete, the Marine Corps has taken action, stressing accountability and sternly reminding officers that they must investigate all civilian deaths." The Times notes statements and trips taken by Marine commanders and describes apparent Marine resolve "to seeing that it never happens again."

Rules of War Are Taught To Troops. The AP (7/8, Tanner) reports on concerns about ethical behavior in wartime and describes a Naval Academy course on the "Code of the Warrior." It also quotes a former sniper who says that even though he was "ferocious in combat," he followed his "ingrained" training and never targeted civilians or killed prisoners.

Causes Of Misbehavior Are Contemplated. The New York Times (7/9, Carey, 1.19M) reports that the Mahmoudiyah incident "raises a question: How does someone with a personality disorder — a significant, disabling, and dangerous condition — manage the stress of combat? Wouldn't a person with a serious mental problem drop out, or be identified and quickly discharged? The answer, usually, is yes. People with paranoid, borderline or compulsive personality disorders, for instance, are hobbled by anxieties and delusional fears, experts say: two months of boot camp would typically be overwhelming for them." The Times also notes, "A person with psychopathic tendencies may appear to others as clearheaded as an elite soldier when under fire, or when on the attack. But the internal psychological reality is much different, research suggests."

Photograph Moves Senator To Help. The Washington Post (7/9, B5, 744K) reports on the photograph that "captured the scene when a car carrying the Hassan family home in time for curfew didn't stop soon enough at the soldiers' command. They fired into the vehicle, killing Hussein and Kamila Hassan. Five of the couple's children and a young cousin were in the back seat." Senator Edward Kennedy "helped arrange" medical treatment in Boston for the 12-year-old son. The orphaned children now live with their oldest sister and her husband.

Three US Soldiers Are Killed In Anbar Despite Armor. ABC World News Tonight (7/8, story 3, 0:15, Avila, 8.78M) reported, "In Iraq, the deadly dateline for today's violence is the hostile western Anbar province where more American troops have died. The Pentagon says three US soldiers were killed fighting insurgents there." The CBS Evening News (7/8, story 4, 0:15, Assuras, 7.66M) reported, "In the battle for Iraq, three US soldiers were killed today in combat with insurgents. The fighting was in the violent Anbar providence west of Baghdad. A US military official says US Marine commanders will go through a day of pain once the top US general reviews reports they failed to investigate or covered up a massacre of Iraqi civilians in Haditha by Marines. US officials say a sweep of the predominantly Shiite Sadr City area of Baghdad killed or wounded more than 30 rebels."

The Los Angeles Times (7/9, Barnes, Daragahi, 958K) reports that the three "were killed by a massive roadside bomb that destroyed their heavily protected vehicle," a Cougar. Some Marines said that insurgents had "been placing larger roadside bombs to take out the [1st Armored Division]'s fleet of armored tanks and Bradley fighting vehicles." The AP (7/9, Yacoub) reports, "Three U.S. soldiers and an Iraqi woman translator were killed in separate incidents Saturday." The translator "was slain in a drive-by shooting" in Baghdad. In other news, the pro-Sunni Iraqi Islamic Party "said U.S. and Iraqi troops had surrounded 15 mostly Sunni villages near Muqdadiyah, about 60 miles northeast of Baghdad, making it difficult for civilians to move around." The article describes a succession of sectarian murders and the guardedly optimistic impressions of Sens. Jack Reed and Joe Biden after meeting the prime minister. The AFP (7/9) also notes the combat deaths.

Sunni Politicians May Widen Legislative Boycott Over Kidnappings. The New York Times (7/9, Wong, 1.19M) reports, "Sunni Arab politicians are

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considering withdrawing from executive offices in the Shiite-led government because militiamen have yet to free a Sunni legislator kidnapped this month." The bloc is already boycotting the Parliament; "the Sunni Arab boycott of Parliament just weeks after the government began to operate has underscored the fragility of the ethnic and sectarian power-sharing agreement." The Times notes, "The Sunni Arabs, increasingly anxious over the power accrued by Iranian-backed Shiites, have temporarily withdrawn from the political process in the past." Tayseer Najah al-Mashhadani was kidnapped on July 1.

Saddam's Victims Are Unearthed. ABC World News Tonight (7/8, story 4, 2:20, Avila, 8.78M) reported, "Now to the deaths of the past in Iraq. The tens of thousands of Kurds murdered during Saddam Hussein's regime may finally be getting revenge from the grave, mass graves two decades after they were murdered. Today, ABC's Terry McCarthy in Baghdad was shown evidence of the last desperate acts that could doom the former Iraqi dictator in his next trial." ABC (McCarthy): "Even as Saddam Hussein's first trial for the killing of 148 Shia villages is due to end next week, evidence is being gathered for an even bigger case, starting in August, involving potential genocide against Kurds." Dr. Sonny Trimble: "The bullets entered here and exited out here." McCarthy: "Dr. Sonny Trimble is director of the Iraqi mass graves program in Baghdad. With his 17 staff, he's preparing evidence for the second trial of Saddam Hussein, which will deal with the killing of up to 180,000 Kurds back in 1998. In a Kurdish documentary, which the prosecution plans to show at the trial, this woman says she lost 17 members of her family. Each day for her is a living death."

Report Describes Iraqi Police Abuses. The Los Angeles Times (7/9, Moore, 958K) reports, "Brutality and corruption are rampant in Iraq's police force, with abuses including the rape of female prisoners, the release of terrorism suspects in exchange for bribes, assassinations of police officers and participation in insurgent bombings, according to confidential Iraqi government documents detailing more than 400 police corruption investigations." The report citing those documents was prepared by State Department contractors. The Times says, "Officers were punished in some instances, but the vast majority of cases are either under investigation or were dropped because of lack of evidence or witness testimony." One source calls the Interior Ministry "the most broken ministry in Iraq"; others note the failure of the Pentagon and State Department to coordinate their contradictory ideas about managing the ministry's professionalization.

Iraqi Woman Soldier Discusses Her Service. Newsweek (7/9) reports on "one of the few women" serving in Iraq's army. A Kurd who generally is upbeat in her interview, she says that sectarianism within the military "is increasing. I've seen conflicts. Things happen, and you're supposed to act out against a mosque or husseiniya [another name for a Shiite mosque]." She also acknowledges the risk of being "targeted" by insurgents, who sometimes "join the units" in order to learn officers' identities.

Baghdad Water Plant Struggles With Delivery. The AP (7/9, Gamel) reports, "After nearly three years and $45 million, a treatment plant in northern Baghdad is pumping enough drinking water for a quarter of Baghdad's people. But the trick is getting it to them because of losses to broken pipes and scavengers." Security is a problem too in infrastructure projects: "About $2.1 billion of the more than $4 billion initially allocated for water and sanitation projects was shifted in 2005 to address new priorities and security needs, according to the U.S. Embassy in Baghdad."

Los Angeles Man Detained In Iraq Sues US. The Washington Post/AP (7/9) reports, "An aspiring Iranian American filmmaker who spent nearly two months in a prison in Iraq without being charged has sued Secretary of Defense Donald H. Rumsfeld and other military officials, calling the government's detention policies unconstitutional." Cyrus Kar "was taken into custody in May 2005 after he visited Iraq to make a documentary film about Cyrus the Great," after "potential bomb parts" were found in the taxi he was riding. He alleges being physically abused during his incarceration. At the time of his release, Air Force Brig. Gen. Donald Alston said, "This case highlights the effectiveness of our detainee review process." News reports say Kar is a "former U.S. Navy Seal."

US Needs "Phased Redeployment" From Iraq, Says Senator. In an op-ed for the Washington Times (7/9, 90K), Sen. Jack Reed writes, "We do not need an artificial timetable for Iraq, especially not a political one, but we do need a plan from the White House on how and when we can succeed. Democrats support beginning a phased redeployment of U.S. forces from Iraq by the end of 2006. ... The days of young American soldiers manning most Iraqi checkpoints and getting caught in the cross-fire of sectarian violence must end." Senator Reed calls for American assistance to turn into "nonmilitary support" for reconstruction and reiterates, "Our national security demands we bring Iraq to a successful conclusion as quickly as possible."

Peter Galbraith Advocates Breakup Of Iraq. The New York Times (7/9, Solomon, 1.19M) interviews Peter Galbraith, author of "The End of Iraq: How American

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Incompetence Created a War Without End." Galbraith suggests that the administration "stop insisting that Iraq can ever be a unified nation" and "just slice Iraq into three states" -- "Kurdistan, Sunnistan, and Shiaistan."

Past British Ambitions Are Seen In Iraq. The New York Times (7/9, Filkins, 1.19M) reports on journalist Dexter Filkins's visit to graves in Baghdad of British troops dating back to World War I: "The 30,000 British dead represent a total more than 10 times the number of Americans killed in 39 months of war here." He contrasts that visit with the spare memorial service for a Marine who was killed by a sniper in Ramadi.

WPost Op-Ed Pieces Criticize War Strategy And Behavior. Several Washington Post op-ed pieces criticize conduct of the war and offer suggestions for its improvement.

US Was Heedless Of Civilian Casualties. In the Washington Post (7/9, 744K), history professor Andrew Bacevich says that "the United States has botched this war" by its initially cavalier attitude toward civilian deaths: "Any action resulting in Iraqi civilian deaths, however inadvertent, undermines the Bush administration's narrative of liberation, and swells the ranks of those resisting the U.S. presence ... there is no question that the number of Iraqi noncombatants killed by U.S. forces exceeds by an order of magnitude the number of U.S. troops killed in hostile action, which is now more than 2,000." Bacevich argues the war will fail unless the Pentagon "measure[s] in painstaking detail -- and publicly -- the mayhem we are causing as a byproduct of what we call liberation."

US Might Be Unsuited For Fighting Insurgencies. Slate columnist Fred Kaplan, in another Washington Post (7/9, 744K) piece, says that reviewing the new Army counterinsurgency manual reveals two lessons: "One is that Pentagon planning for the Iraq war's aftermath was at least as crass, inattentive to the lessons of history, and contrary to basic political and military principles as the war's harshest critics have charged. The other is that as a nation we may simply be ill-suited to fighting these kinds of wars." He gives two reasons to question whether the US might be ill-suited: "The Army has also been lowering standards lately to meet recruitment targets. Second, can Americans maintain a long-term commitment to civil or insurgent wars at a cost of hundreds of billions of dollars and perhaps thousands of lives? The issue isn't whether we should, but whether we can -- whether the political system, with its competing demands and aversion to risk, is capable of it."

Pentagon Should Tally Civilian Deaths. Rachel Dry, in the Washington Post (7/9, 744K) reports that civilian death counts in Iraq differ widely: "The civilian death toll in Iraq is either 100,000, or 50,000, or 43,273, or, as President Bush said in December, '30,000, more or less.'" It quotes an antiwar researcher as saying that the Pentagon should "take charge" of counting the deaths: "We consider it a disgrace and obscenity that the world's largest superpower leaves this job to 12 unpaid volunteers."

Many Military Medics Were "Partners" In Prisoner Abuse. In another Washington Post (7/9, 744K) piece, medical professor Steven Miles charges, "Many armed forces physicians, nurses and medics have been passive and active partners in the systematic neglect and abuse of prisoners ... These were not isolated acts of medical complicity; rather, they formed a pattern of abuse authorized (or ignored) by senior U.S. officials." Miles likens the behavior of those doctors who did not object to abuse to "the torture physicians of Argentina and Chile [who] simply went to work in the prisons. They did what was asked of them and did not report what they saw."

Afghan and Coalition Forces Attack Taliban. NBC Nightly News (7/8, lead story, 3:00, Holt, 9.87M) reported, "It was the first front in America's declared war on terror and tonight almost five years later, American troops are still waging fierce battles far from view in the remote valleys and rugged mountains of Afghanistan. Tonight though we have a rare up-close view from the frontlines of this often forgotten battleground. An enemy ambush last night that left several U.S. troops injured. NBC's Jim Maceda was traveling with soldiers when this happened. American troops are breaking new ground in this long war in a place where the Taliban has a firm grip on the land and the people." NBC (Maceda): "Five more U.S. Soldiers wounded in a Taliban attack late last night. Images rarely seen by American viewers and caught on tape only because we were imbedded with the unit that was hit. The infantry, part of the mountain division on a frontline as remote as any in this war. ... The hardest battle, winning hearts and minds in a Taliban stronghold. In an information war, U.S. forces are handing out A.M. radios that get pro-government stations to these village elders so that afghans have something besides Taliban propaganda to listen to. Lt. Col. Sturic: "Quit the fight against a government that wants to give you education, peace, prosperity and unity." Maceda: "But after the speeches it was Lieutenant Colonel Sturic's unit that were ambushed on the way back to base. A reminder of how long this battle will last."

The New York Times (7/9, Wafa, 1.19M) reports, "Afghan police officers raided mosques across the volatile southern city of Kandahar late Thursday night and arrested more than 100 people sleeping in compounds, according to Afghan officials. The arrests appeared to be the first large-scale raids of mosques carried out by the country's American-backed government and immediately set off a backlash from Afghan religious leaders." Leaders alleged that worshippers often stayed overnight in mosques, while the Kandahar police

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"said [it] had received intelligence that unidentified men were meeting in mosques in Kandahar, which has experienced a sharp increase in suicide bombings this spring."

Peruvian Soldier Is Killed By Bomb. The AP (7/8) reports, "A roadside bomb killed a Peruvian soldier and wounded four other NATO troops patrolling western Afghanistan on Sunday, the Spanish Defense Ministry said. The soldiers were patrolling in an armored convoy near the city of Farah after sunset when a bomb exploded near their vehicles."

Marine Recruiter From Film Is Mourned. The AP (7/9, Cohen) reports on Marine Staff Sgt. Raymond Plouhar, who was killed by a roadside bomb in Iraq. He "was featured in Michael Moore's antiwar documentary, 'Fahrenheit 9/11,' portrayed as an overzealous Marine recruiter who targeted poor kids." The detailed article says that despite the negative image from the film, he was actually "a charmer, a good talker, a champion of the underdog (always defending and befriending kids picked on in school) and though he was trained to fight and kill, he preferred the role of peacemaker."

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Biography Illuminates Gonzales' Relationship With Bush. The Austin American-Statesman (7/9) runs a review of "The President's Counselor," a biography of Attorney General Alberto Gonzales written by Austin journalist Bill Minutaglio. In the review, University of Texas law professor Sanford Levinson writes, "There are two major problems with 'The President's Counselor.' The first, which is no fault of Minutaglio's, is that Gonzales is an almost completely opaque subject. The second, for which Minutaglio does bear some responsibility, is that there is no evidence that Gonzales has risen to 'power' so much as 'prominence.' The two are not the same." Levinson continues, "As to the first problem, it is widely acknowledged that Gonzales is a taciturn individual. (One infers that he did not cooperate with this book inasmuch as there is no indication that Minutaglio ever interviewed Gonzales.) … Minutaglio himself describes Gonzales as displaying 'a mortician's calm' at all times. … Perhaps in this day of confessional memoirs, when millions can be made by publicizing — or even making up — childhood tales of woe, one ought to be grateful for a public figure who adamantly resists letting the public in on the emotional details of what has been an extraordinary life." Levinson adds, "Gonzales does exemplify one version of the American dream, though he appears to be notably unreflective about what is to be learned from it. … Gonzales might simply be stunningly unreflective. Or he might be remarkably self-disciplined for reasons going back to his childhood, when he seemingly developed a tendency to keep hidden what he considered problematic aspects of his life. As a child, he never invited his school friends over to his home; Minutaglio suggests that this is because he was ashamed of his family's poverty. Similarly, he seems unwilling to invite anyone — or at least anyone willing to speak to Minutaglio — into his interior life." Levinson concludes, "Gonzales has never given Bush anything other than what Bush primarily values, which is absolute loyalty, and nothing in the first year and a half of his attorney generalship suggests any deviation. Most of his time has been spent defending unrestrained presidential power, including threatening to prosecute journalists who are attempting to engage in the oversight that a Republican Congress has failed to do. … This book is no doubt as illuminating as it could be about Alberto Gonzales, which is not very, save for detailing his remarkable rise from poverty to the halls, if not the actuality, of power. It is ultimately more illuminating about George W. Bush, who has no desire to welcome into his political family anyone who will seriously challenge any of his views. He found the kind of man he was looking for in Alberto Gonzales."

CORPORATE SCANDALS:

Timing Probe Forces Firms To Take Action On Options. The Los Angeles Times (7/9, Petruno) reports, "The investigation of companies' stock-options practices has the look of a regulatory free-for-all: The Securities and Exchange Commission, the Justice Department and the Internal Revenue Service all are interested in whether executives manipulated options contracts." The Times continues, "The companies may have violated SEC rules on accounting and disclosure. They may have violated criminal statutes if deception was deliberate. And they, and their executives, may have cheated the tax man in the process. … Many companies aren't waiting for a prosecutor to knock on the door. … 'Right now boards all over the country are hiring outside counsel and forensic accounting experts to look at their option practices,' said Kevin Cameron, president of shareholder advisory firm Glass, Lewis & Co. … 'But that's not something you can do quickly,' he said. Which means it could be a long second half of the year for investors who are worried that their companies could be implicated." The Times adds, "Prosecutors don't announce their investigations, but many companies choose to disclose to shareholders if they've become a target of a civil or criminal probe. That is how most of the companies implicated so far have come to light — firms such as Irvine-based semiconductor maker Broadcom Corp., computer hardware producer Brooks Automation Inc. and tax software giant Intuit Inc. … Yet it isn't clear that some of the games played with options in the past actually broke any laws. Backdating of options, without public disclosure, may be cut-and-dried fraud. But simply

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timing option awards ahead of expected favorable company news makes good business sense, SEC Commissioner Paul Atkins said at a conference in Washington last week."

CRIMINAL LAW:

Seal On Jefferson Documents Expires, But Will Remain In Effect. The New Orleans Times-Picayune (7/9, Alpert) reports, "A 45-day seal on materials seized in a raid on U.S. Rep. William Jefferson's Capitol Hill office legally expires today -- but will be continued anyway, as lawyers and politicians wrangle over unprecedented constitutional issues." The Times-Picayune continues, "On May 25, President Bush ordered the seal in hopes that his Justice Department and House negotiators could "in good faith and with mutual institutional respect" resolve their disagreement over the legality of the first-ever search of a congressional office." The Times-Picayune adds, "Agents seized documents and computer hard drives as part of a federal corruption probe of the eight-term New Orleans Democrat. … The seal will remain in place consistent with a previous statement by the chief judge for the U.S. District Court in Washington, D.C., Thomas Hogan, that the president's directive should continue until 'further order of the court.'" The Times-Picayune notes, "On June 16, Hogan heard oral arguments during which Jefferson's lawyer and the attorney for the bipartisan leadership of the House of Representatives accused the Justice Department of an attack on the constitutionally established separation of powers. … Hogan, who had granted the government's request for a search warrant for Jefferson's office, strongly suggested during the hearing that he didn't find the legal arguments by Jefferson's lawyers and the House counsel's office convincing. He promised a quick ruling. But as of late Friday, both sides were still awaiting his ruling, which is now expected early next week."

30 In Alabama Charged With Hurricane-Related FEMA Fraud. The Birmingham News (AL) (7/9, Walton) reports, "At least 30 people have been charged in Alabama federal courts with scamming the Federal Emergency Management Agency of thousands of dollars by posing as Hurricane Katrina victims." The News continues, "As federal officials try to get a handle on the scope of FEMA aid fraud, questionable disaster-relief claims continue to mount in Alabama and across the country months after the August storm." The News adds, "In the North Alabama District, which includes the 31 northernmost counties and is based in Birmingham, nine people have been charged with FEMA-related fraud. … In the state's Middle District, based in Montgomery, 13 cases have been charged, said Retta Goss, a court spokeswoman." The News notes, "So far in the Mobile-based Southern District, eight cases have been filed, with officials expecting more. 'Many investigations are under way,' said Charlie McNichol, a spokesman for the district's U.S. attorney's office. … Nationally, prosecutors in 23 districts have charged more than 212 people with hurricane-related crime, according to the Department of Justice's Hurricane Katrina Task Force February statistics, the latest available. The task force was initiated in September 2005 by Attorney General Alberto Gonzales. … 'There will be consequences for those who have engaged in such fraud and deceit,' U.S. Attorney Alice Martin of north Alabama said."

Online Sex Stings On The Rise. The Pittsburgh Post-Gazette (7/9, Ove) reports, "Across America, online sex stings are booming. … Arrests have doubled since 2001, and so many cops are online that the federal Internet Crimes Against Children Task Force program is expanding its intelligence database so that police don't trip over each other in cyberspace." The Post-Gazette continues, "Cyberstings also are getting unprecedented exposure with Dateline NBC's controversial 'To Catch a Predator' series, which features a civilian group called Perverted Justice nabbing suspects while cameras roll. … The growth of this phenomenon raises big questions: … Are stings deterring predators? Or is the Internet creating more of them? And why are so many men -- almost all of them white and many well-educated -- trolling online for teens when they know they're being hunted? … The short answers: Probably, maybe and because they can't help themselves. … But as is often the case with the subject of child molestation, the issues are a good deal more complicated than that." The Post-Gazette notes, "The best evidence, for example, indicates that there has been a dramatic overall decline in sexual abuse of children in America over the past 15 years. … Yet at the same time, those who examine this sort of thing -- and those who put predators in jail for a living -- are pretty sure that Internet sex crimes are increasing. … Federal prosecutions certainly are. Cases against those who prey on children or collect kiddie porn have jumped from 344 in 1995 to 1,576 last year."

US Military Bases Grapple With Child Pornography Incidents. The Stars & Stripes (7/9, Allen) reports from Camp Foster in Okinawa, Japan, "There's an epidemic of child pornography and exploitation in the United States, the government says, and don't think you're immune if you're stationed overseas." S&S continues, "In recent months, several servicemembers on Okinawa have been court-martialed on charges of downloading child pornography on the Internet. … In one case, an Air Force technical sergeant on Kadena Air Base was found guilty of using his home computer to solicit sex from a 13-year-old girl who also lived on base. In April he was sentenced to 5 years in prison and a bad-conduct discharge for child solicitation and downloading child porn." S&S adds, "Child pornography, the images of

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people younger than 16 engaged in sex, is illegal 'anywhere at any time,' said Lt. Col. Janice Pegram, commander of the Air Force Office of Special Investigation's Detachment 624. … In the past year, Pegram said, there have been five cases of child pornography on Kadena and other investigations are ongoing. Most of the cases involve downloading the pictures from the Internet, she said. A few involved sharing child porn with other Internet users. … During the investigations, all computer equipment seized is sent to the Defense Computer Forensics Laboratory in Virginia, part of the Defense Cyber Crime Center. Earlier this year, center director Steven Shirley said child porn made up 50 percent of the cases the center handled."

WPost Says Abramoff Dealings Hurt Conservative Activist Norquist. The Washington Post (7/9, A1, Weisman, 744K) reports that following reports that conservative activist Grover Norquist "served as a cash conduit for disgraced lobbyist Jack Abramoff, the irascible, combative activist is struggling to maintain his stature as some GOP lawmakers distance themselves and as enemies in the conservative movement seek to diminish his position." And, "the infighting is taking a toll on Norquist's standing. Some social conservatives who have jousted with him over his more libertarian views on the regulation of television and its depictions of violence and depravity are exploiting his weakness to press their positions on Capitol Hill. Security-minded defense hawks who for years have questioned his ties to Muslim activists are resurrecting charges that Norquist has turned a blind eye to terrorist sympathizers." Norquist is fighting back, accusing his critics "of dishonesty, personal vendettas and political gamesmanship. He has saved his choicest words for Sen. John McCain."

Cunningham Probers Eye Contractor. The Washington Times/AP (7/9) reports, "The prosecutors who sent former U.S. Rep. Randy 'Duke' Cunningham to prison for taking bribes now are focusing their attention on his friend Brent Wilkes, a San Diego defense contractor who won nearly $100 million in contracts in the past decade." Wilkes' attorneys have confirmed that he is the "Co-Conspirator No. 1" in Cunningham's plea bargain. Prosecutors claim that Wilkes paid the ex-Congressman over $600,000 to obtain government contracts, and while no further indictments have issued since Cunningham was sentenced to over eight years in prison in March, a grand jury remains active."

CIVIL LAW:

Carnival Company Seeks To Get Back Over $100K In Loans To Tony Rodham. The Washington Times (7/9, McElhatton, 90K) reports, "A bankruptcy trustee for a carnival company whose owners received a pardon from President Clinton is seeking to garnish the bank accounts of Mr. Clinton's brother-in-law to recoup more than $100,000 in loans. Anthony D. Rodham, one of Sen. Hillary Rodham Clinton's two brothers, got the loans from United Shows of America Inc. after its owners obtained the presidential pardon in March 2000 over the objections of the Justice Department." The owners of United Shows, Edgar Gregory Jr. and his wife, Vonna Jo Gregory, were convicted of bank fraud in 1982 on charges of illegally giving loans to friends. When President Clinton pardoned the Gregorys, Rodham "reportedly said he worked for Tennessee-based United Shows as a consultant and denied taking money to lobby for presidential favors."

CIVIL RIGHTS:

Las Vegas Police Shootings Come Under Scrutiny. The Las Vegas Review-Journal (7/9, Mccabe) reports, "The image of Tarance Hall's limp body being pulled from a car onto the Strip and cuffed after he was fatally shot by Las Vegas police late Tuesday resonated across the valley and was broadcast nationwide. … And though critics wonder whether the Metropolitan Police Department is resorting to deadly force too soon, police continue to defend their use of guns because, they say, the criminal element has become less cooperative and more prone to engage officers violently." The Review-Journal continues, "Hall's shooting was the 18th officer-involved shooting this year by the police department and the 15th since police Sgt. Henry Prendes, 37, was slain by Amir Rashid Crump on Feb. 1. Hall's shooting also was the eighth fatal shooting this year. In at least three of the 18 shootings, nobody was injured. … Some national experts suggest an officer's death can play a role in the mentality of other officers to reach more quickly for their firearms." The Review-Journal adds, "Lt. Nelson Andreu, a retired detective for the Miami Police Department and an expert on officer-related shootings, said the shooting of a police officer can cause other officers to become more concerned with their own safety, which can lead to officer-related shootings. … But local police say that's not a factor. … Last year, there were 12 officer-related shootings involving Las Vegas police, nine of which were fatal. In 2004, there were 21, 10 of which were fatal. … So far, seven of the eight fatal shootings by officers this year have been found to be justified after Clark County coroner's inquests. An inquest has yet to be set for Hall's death."

Sarasota County, FL, Says Federal Disability Compliance Fine Too High. The Herald Tribune (Southwest Florida) (7/9, Sword) reports, "Federal civil rights officials want to levy $5 million in fines, penalties and damages against Sarasota County as part of what would

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amount to the county admitting it discriminated against people with disabilities." The Tribune continues, "That was the negotiating stance of the U.S. Justice Department's Civil Rights Division before it filed a lawsuit June 30 against the county alleging violations of the federal Fair Housing Act." The Tribune adds, "County officials say the proposed penalties are too onerous and believe they can defend their 2004 actions which prevented Renaissance Manor, a nonprofit organization, from operating six group homes known as Tammi House in Warm Mineral Springs. The Justice Department, however, has been aggressive in defending the disabled in housing discrimination cases and has filed 94 such lawsuits against local governments, businesses and individuals since 2000. The federal demand from Sarasota County appears to be bigger even than a high-profile lawsuit that led last year to the housing authority in Baltimore agreeing to $1 million in penalties and spending several million dollars on housing for the disabled. … The Tammi House group homes are all near one another on Sevilla Street, and each house has up to six residents. The federal suit says Renaissance Manor lost more than $1 million in grants because of the county's actions. The county violated the Fair Housing Act, a federal law prohibiting discrimination against buyers or renters because of a handicap, the suit says. … County officials deny the allegations, saying they objected to the clustering of the six homes in one neighborhood. State law requires 'community residential homes' to be licensed and located at least 1,000 feet from each other."

Former Warner Cabinet Official Opposes Virginia Gay Marriage Ban. In an op-ed for the Washington Post (7/9, B8, 744K) Michael Schewel, Virginia's secretary of commerce and trade under Gov. Mark R. Warner, writes, " The Marshall-Newman amendment, the so-called "marriage amendment," seeks to amend Virginia's Constitution to ban gay marriage and to impose other legal limitations on unmarried couples, including heterosexual couples. The amendment is not only useless -- gay marriage has been outlawed in Virginia for 30 years -- but it is downright harmful to the state's economy in two important ways."

New Jersey May Be Next State To Weigh Gay Marriage. The New York Times (7/9, Healy, 1.19M) reports, "Now that New York's highest court declined to legalize gay marriage last week, where's the next battleground? Next door, in New Jersey. Gay rights advocates are storing hopes in that state's Supreme Court, which will most likely rule on the issue sometime this summer; a similar case is also pending in Washington State." Advocates for gay marriage are encouraged by the New Jersey court's "more flexible standard in discrimination cases," and the Times notes that in arguments earlier this year, ", the New Jersey judges did not dwell on child-rearing or the needs of parents, central issues in the New York decision." And one foe of gay marriage, Monte Stewart, president of the Marriage Law Foundation, argue that even a decision for legalization might not matter much nationally, "simply because of the reputation of the New Jersey Supreme Court."

WPost Editorial Says Public Attitudes, Not Courts, Are Key. The Washington Post (7/9, B6, 744K) writes, in a "'Gettysburg' For Gay Marriage?" editorial, that while "The decision last week by New York's highest court not to legalize same-sex marriage is being portrayed as a big defeat for gay rights activists," with the head of one traditionalist group calling the New York decision "the Gettysburg in this big contest," in fact it changes little. That's because "since the Massachusetts decision in 2003, it's become clear that democratic majorities, not judges, ultimately will decide how evenhanded state marriage laws are going to be," through ballot initiatives or state legislation. So, "the most a state court can do is change the legal baseline," and since state laws and constitutions can generally be overturned without too much difficulty, "courts cannot force same-sex marriage on an unwilling populace." So, noting its support for same-sex marriage, the Post says the task remains "to convince a majority that couples who love each ought to have the state's recognition for lifelong relationships--and that such recognition poses no threat to heterosexual marriage."

Women Look Back On 30 Years At Annapolis. The Washington Post (7/9, George, 744K) reports, 30 years after women first gained admission to the Naval Academy, "But though much has improved since women first arrived -- and many female graduates express great loyalty to the storied 161-year-old institution -- a complex and sometimes troubling portrait of student life emerges from three recent studies sponsored by the Defense Department." The Post recounts early alumnae's struggles and says that, despite progress, student life is "complex and sometimes troubling" -- "in the 2004-05 school year, 59 percent of female midshipmen and 14 percent of men reported sexual harassment, defined as crude and offensive behavior, unwanted sexual attention or sexual coercion. Sexist behavior -- put-downs and offensive comments -- was reported by 93 percent of women and 50 percent of men."

ANTITRUST:

GM Alliance Talks With Nissan, Renault Spark Speculation. The Detroit Free Press (7/9, Gallagher) reports, "As General Motors Corp. formally began Friday to

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explore a possible alliance with Nissan Motor Co. and Renault SA, the process seemed firmly in the hands of GM Chairman and CEO Rick Wagoner. … But in the world of corporate mergers and acquisitions, events can quickly spin out of control." The Free Press continues, "So far, there's nothing in the proffered Nissan-Renault overture to buy part of GM to indicate it's anything but friendly. But even this mild-mannered gesture could lift the lid off a box of snakes. … A rival suitor could ante up a better offer. At some point, GM's Board of Directors might launch a spirited, even ugly, defense. And talk of a GM deal might stimulate merger or takeover offers to cross-town rival Ford Motor Co." The Free Press adds, "Auto insiders doubt any of those possibilities will happen this time. Most GM watchers expect the company to politely study the Nissan-Renault overture before turning it down. … Even so, with the fate of the world's biggest automaker on the line, along with the jobs and livelihoods of tens of thousands of metro Detroiters, the unexpected becomes the expected. … Beyond a potential three-way alliance, other possibilities include: … Another suitor turns up. Once two or more companies initiate friendly discussions about a deal, it is common for another, unfriendly suitor to make a rival offer. … Ford becomes a target. … Politicians get involved. … In a way, the least likely outcome is that nothing happens -- that Nissan-Renault simply goes away after GM rejects its overture."

ENVIRONMENT:

Texas Lawsuit Charges Inaction On Water Pollution Is "Environmental Racism." The New York Times (7/9, Blumenthal, 1.19M) reports on a lawsuit filed by residents of DeBerry, Texas, a historically black enclave in East Texas oilfields whose groundwater the Environmental Protection Agency has found contaminated with pollutants including arsenic, benzene, lead and mercury. The self-styled victims of "environmental racism" in June "filed suit in federal court, accusing the Texas Railroad Commission, which regulates the state's oil and gas industry, of failing to enforce safety regulations and of 'intentionally giving citizens false information based on their race and economic status.'" They also claim that, while the state agency has for years been moving slowly and making only inconclusive inquiries on their complaints going back almost two decades, it moved quickly last summer to clean up a largely white Houston suburb. The Texas Railroad Commission said it had not yet been officially notified of the lawsuit and had no comment.

IMMIGRATION:

GOP Seen As Taking Risk On Immigration Reform. The Los Angeles Times (7/9, Riccardi, Barabak, 958K) in an article titled "GOP Immigration Tactic: Blast Away, But Be Nice" reports, "Hoping to use the volatile issue of illegal immigration to avert a November election disaster, Republican candidates across the country increasingly are attacking their Democratic opponents on the subject." Yet, "mindful of a possible voter backlash, they are attempting to do so without seeming intolerant or divisive." The Times continues, "The official GOP position is that the party will not use immigration as a political bludgeon against Democrats. Karl Rove, the president's chief political advisor, has made courting Latinos a priority through his years in the White House and has avoided the harsh rhetoric used to rally partisans on other issues." Yet "many Republicans hope a tough-on-illegal-immigration platform can help overcome the political drag of an unpopular president and growing public sentiment against the war in Iraq in November's midterm election." The Los Angeles Times (7/9, Gaouette, 958K) also publishes a Q&A on immigration reform.

Bill Clinton Applauds Bush Support For Comprehensive Immigration Reform. The AP (7/9, Jablon) reports, "Former President Bill Clinton praised President Bush on Saturday for supporting reforms that would allow millions of illegal immigrants to seek citizenship but said the debate in Congress is being fomented by Republicans who want to divide America." At the National Council of La Raza annual conference Clinton said, "I'm proud of him for doing it and I thanked him for doing it." In his speech "Clinton used similar language" as Bush has in promoting comprehensive reform and that "message played well with La Raza, which opposes the House bill and whose current president, Janet Murguia, was an assistant in the Clinton White House." Karl Rove is "scheduled to address the convention on Tuesday."

The Los Angeles Times (7/9, Rabin, 958K) reports, "Former President Clinton told one of the nation's largest Latino civil rights groups Saturday that the conservative wing of the Republican Party is using the immigration issue to divide Congress and the nation." Clinton said, "It is a way of creating a divided community and distracting people from the real challenges facing the country, whether it is in Iraq and Afghanistan, or homeland security, or how to build a clean energy future, or how to solve the healthcare crisis, or how to create new jobs for America."

Rove And Brownback To Address La Raza Convention. Syndicated columnist Robert Novak (7/9) writes White House adviser Karl Rove and Sen. Sam Brownback "will address the left-wing Hispanic advocacy group La Raza in Los Angeles this week. La Raza was

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active in increasing participation in nationwide work stoppages and demonstrations April 10 after the House passed a tough border enforcement bill. La Raza in Spanish means 'The Race.' Former President Bill Clinton heads the list of speakers for the annual meeting of La Raza's national council. The Rev. Jesse Jackson will appear on a panel."

Economic Impact Of Immigration Examined. Roger Lowenstein in an extensive 7,931 word article in the New York Times Magazine (7/9) examining the impact of immigration of the US economy and wages writes that to John F. Kennedy School of Government immigration expert George Borjas, a Cuban immigrant, "the truth is pretty obvious: immigrants hurt the economic prospects of the Americans they compete with. And now that the biggest contingent of immigrants are poorly educated Mexicans, they hurt poorer Americans, especially African-Americans, the most." But for Borjas critics like David Card, a Canadian economist at Berkeley, "from an economic standpoint, immigration is no big deal and that a lot of the opposition to it is most likely social or cultural." Lowenstein concludes, "The disconnect between Borjas's results and Card's hints that there is an alchemy that occurs when immigrants land ashore; the economy's potential for absorbing and also adapting is mysterious but powerful. Like any form of economic change, immigration causes distress and disruption to some. But America has always thrived on dynamic transformations that produce winners as well as losers." The resolution of the debate "depends on a question that Card posed but that the public has not yet come to terms with: 'What is it that immigration policy is supposed to achieve?'"

Similarly, author Tony Horwitz in an op-ed describing the historical relationship between the US and Hispanics in the New York Times (7/9, 1.19M) dismisses concerns raised about the impact of Hispanic immigrants saying "foes of immigration echo the black legend more explicitly, typecasting Hispanics as indolent, a burden on the American taxpayer, greedy for benefits and jobs, prone to criminality and alien to our values -- much like those degenerate Spaniards of the old Southwest and those gold-mad conquistadors who sought easy riches rather than honest toil. At the fringes, the vilification is baldly racist." The US "has always been a diverse and fast-changing land, home to overlapping cultures and languages. It's an homage to our history, not a betrayal of it, to welcome the latest arrivals, just as the Indians did those tardy and uninvited Pilgrims who arrived in Plymouth not so long ago."

Immigration Also Impacts Mexican Economy, Culture. ABC World News Tonight (7/8, story 9, 3:30, Avila, 8.78M) reported, "It's estimated there are more than 6 million undocumented Mexican workers in the United States, that mass migration is a source of anger and debate in this country, and it's also changing everyday life in Mexico." ABC (Quinones): "President-elect Felipe Calderon has promised jobs and a better life for the people of Mexico, but in this tiny village, they are not holding their breath. They're just waiting for the next paycheck from the US, waiting for their husbands, their fathers, their sons, to come back home, at least for a little while, before they have to leave again."

Immigration Debate Seen As Distracting From Important Issues. P.W. Singer, a senior fellow at the Brookings Institution, in an brief op-ed in the Washington Post (7/9, B3, Singer, 744K) "Outlook" section chides the DHS for recently issuing a "request for an 'indefinite quantity, indefinite delivery' of burritos to be stockpiled along the Texas border?" The request "came on the heels of another spicy tidbit on the same government database -- a contract for as much as $385 million awarded just a few months ago to Dick Cheney's old firm Halliburton to be on call in case the government ever needs to build 5,000-person camps for 'temporary detention and processing.'" Singer says, "That such conspiracy theories should even come to mind is a sad statement about our politics. Rather than serious public debate, we've been served a summer of faux outcries, such as describing flag burning and same-sex marriage as epidemics and treating immigration as a national security crisis. It's enough to give anyone indigestion."

LAT Faults House GOP Position On Border Security. The Los Angeles Times (7/9, 958K) editorializes, "House Republicans claim they want to first 'certify' that the border is secure. To fully do that, they will need not just 2,000 miles of fence but another 3,145 miles for the northern border, untold thousands of new port inspectors, plus homing devices attached to every foreigner who dares set foot on U.S. soil. The border would be secure, but at the expense of the land of the free becoming a police state."

CONGRESS-ADMINISTRATION:

Bush Credits Tax Cuts For Sharp Rise In Tax Revenues. The New York Times (7/9, Andrews, 1.19M) in a front page article titled "Surprising Jump In Tax Revenues Is Curbing Deficit" reports, "An unexpectedly steep rise in tax revenues from corporations and the wealthy is driving down the projected budget deficit this year, even though spending has climbed sharply because of the war in Iraq and the cost of hurricane relief." The increasing "tide in tax payments has been building for months, but the increased scale is surprising even seasoned budget analysts and making it easier for both the administration and Congress to finesse the big run-up in spending over the past year." The Times notes, "Tax revenues are climbing twice as fast as the administration predicted in February, so fast that the budget deficit could actually decline this year" and "Republicans are already arguing that the revenue jump proves that their tax cuts, especially the 2003 tax cut on stock dividends, would spur

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the economy and ultimately increase revenues." In his radio address President Bush said, "The tax relief we delivered has helped unleash the entrepreneurial spirit of America and kept our economy the envy of the world."

The Los Angeles Times/Bloomberg (7/9) adds, "The White House Office of Management and Budget is expected to announce Tuesday that, because of the increased tax receipts, the deficit will be about $100 billion less than what was projected six months ago. President Bush pledged in his 2004 State of the Union address to halve the deficit by 2009." OMB director Rob Portman said, "We are on track to meet the president's goal."

Need For Corporate Tax Reform Questioned. Edmund Andrews in an "Economic View" analysis of the debate over the need for corporate tax reform in the New York Times (7/9, 1.19M) dismisses claims by business supporters writing, "The political danger, at least from a fiscal standpoint, is that arguments for corporate tax reform will be hijacked to justify another round of corporate tax cuts. That was what happened with the corporate tax overhaul of 2004, which became a grab bag of tax breaks to almost every corner of business, at a net cost of $60 billion over 10 years." Andrews states, "Those who see the American corporate tax as oppressive point to a striking fact: the standard corporate tax rate of 35 percent is now higher than that of most other industrialized countries. The average top rate is 25.8 percent in the European Union, where most nations have cut rates to attract investment." Yet "official tax rates are not the same as actual tax burdens. What American companies lose in high tax rates they more than make up in higher tax breaks."

Bush Calls For Senate To Increase Spending On Scientific Research. The AP (7/9, Loven) reports, "President Bush on Saturday urged the Senate to back increased government spending on basic scientific research." It "is part of Bush's initiative to boost U.S. competitiveness in the global marketplace through innovation. He also wants to train thousand of new science and math teachers and extend a popular tax credit businesses can receive for investing in research and development. The total price tag over 10 years would be $136 billion." The AP notes, "Some Democrats have expressed concern that Bush is increasing federal math and science education spending while cutting overall discretionary spending on education by trimming money in areas such as the arts, parent-resource centers and drug-free schools." Yet "Bush said in his weekly radio address that his proposals are vital for America to 'remain an innovative nation that competes with confidence' and would help ensure that every U.S. child has the math and science skills needed for the jobs of the future."

Bush Attends Nationals Baseball Game. On the front page of its sports section, a Washington Post (7/9, E1, Kilgore, 744K) article titled "Bush Can't Provide Power For Nationals" reports President Bush, First Lady Laura Bush, Secretary of State Condoleezza Rice, AG Alberto Gonzales, Chief of Staff Josh Bolten and Marvin Bush attened last night's baseball game at RFK Stadium between the Nationals and the Padres. When "word spread through the Nationals' dugout in the second inning that President Bush had come to his first game this season, players and coaches turned and gazed up at the owner's box, pointing and talking to each other." But Padres pitcher Chris Young stole "Bush's spotlight." The Padres win made "it 2-1 lifetime for Bush, as not even his presence could stop San Diego's dominance in D.C."

The AP (7/9) in a brief article adds, "President Bush made a low-key appearance at" the game. The AP notes, "Vice President Cheney threw out the first pitch at this year's home opener and was greeted with what seemed to be more boos than cheers as he walked on the field." There was no mention of any positive or negative reaction to Bush's appearance. The Washington Times (7/9, Wright, 90K) mentions Bush's appearance in its coverage of the game.

Chief Justice Roberts Assessed After First Term. New York Times Supreme Court reporter Linda Greenhouse (7/9) assesses Chief Justice John Roberts Jr. after the end of his first term. She writes, "Beyond John Roberts the chief justice, what has this first term revealed about John Roberts the judge?" Greenhouse finds the Chief Justice's judicial voice to be "direct, straightforward, free of legal jargon, the voice of a lawyer who made a living selling complicated ideas to busy appellate judges under tight time constraints." But, Greenhouse says, Roberts has mixed adherence to his stated goal of being a "minimalist" judge who decides only what's necessary. On the one hand, he has a clear regard for precedent and tradition. At the same time, however, he joined opinions with "Justice Antonin Scalia in environmental and criminal cases that reached beyond the specific disputes at hand to call long-settled assumptions into question" and several Roberts opinions "had a rhetorical edge."

An op-ed in the New York Times (7/9, Cohen, 1.19M) takes a harsher view. It argues that while Roberts insisted at his confirmation hearings that "he was 'not an ideologue' and that his judicial philosophy was to be 'modest,' which he defined as recognizing that judges should 'decide the cases before them' and not try to legislate or 'execute the laws,'" that is "not, however, how Chief Justice Roberts voted in his first term." Cohen argues that Roberts' "modesty" came generally in cases where "criminal defendants, Democrats and other parties conservatives dislike were asking for something. When real estate developers, wealthy campaign contributors and other powerful parties wanted help, he was

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more inclined to support judicial action, even if it meant trampling on Congress and the states."

War-Strapped Army Struggles With Bills At Home. The New York Times/AP (7/9) reports, "A diversion of money for the war in Iraq has helped create a $530 million shortfall for Army posts at home and abroad, leaving some of them unable to pay utility bills or even cut the grass ... Fort Bragg in North Carolina says it will not buy any office supplies until the new fiscal year starts in October." The Times observes, "The increasing cost of fuel is partly to blame, and it costs more to pay civilians in Asia and Europe ... Another major factor is the practice of financing the war through spending bills outside the annual budget." Michael O'Hanlon of the Brookings Institution "said money management seemed to be the larger problem."

Discovery Astronauts Successfully Complete 7½ Hour Spacewalk. All three network newscasts reported on the spacewalk by astronauts Piers Sellers and Michael Fossum, but while CBS and NBC devoted only ten seconds a piece to the story, ABC's segment ran for a full two minutes. After describing yesterday's maneuvers, ABC contended, "Critics say even if NASA can make in-flight fixes, it is unacceptable the shuttle keeps needing to be fixed at all." Former NASA historian Alex Roland was shown saying, "The shuttle is not getting better over time, it's getting worse over time, which is a reflection of the wear and tear of the flights it's already experienced." The CBS Evening News (7/8, story 9, 0:10, Assuras, 7.66M) reported, "The Discovery shuttle astronauts took the first of three spacewalks today. Two astronauts left the International Space Station to bounce around at the end of the station's 100 foot boom testing it to see if they can repair the shuttle if need be."

NBC Nightly News (7/8, story 8, 0:10, Holt, 9.87M) reported, "They strapped themselves to an extension of the shuttle's robot arm. Their seven-hour space walk was designed to test whether the boom is safe enough to be used as a platform for emergency repairs."

ABC World News Tonight (7/8, story 6, 2:05, Avila, 8.78M) reported, "Critics say even if NASA can make in-flight fixes, it is unacceptable the shuttle keeps needing to be fixed at all." Former NASA historian Alex Roland: "The shuttle is not getting better over time, it's getting worse over time, which is a reflection of the wear and tear of the flights it's already experienced." ABC concluded, "Tonight, NASA said that only one of these dangling gap fillers could pose any kind of problem. … But at this point, they don't think any kind of repairs will be necessary. They don't think they'll need to do a dramatic spacewalk like they did last year to yank it out. In fact, they say as early as tomorrow they could give the shuttle a clean bill of health."

The AP (7/9, Borenstein) reports, "In a 7 1/2-hour spacewalk, the first of three orbital excursions planned for this mission," Sellers and Fossum "said they could do most of the mock tasks they were assigned with only moderate difficulty. And that's what NASA wanted to hear. 'It was above and beyond' what engineers expected, flight director Tony Ceccacci said after the spacewalk ended." The Los Angeles Times runs an Orlando Sentinel article (7/9, Cabbage) on the spacewalk.

Discovery May Be Cleared For Reentry Today. The Washington Post (7/9, A11, Gugliotta, 744K) reports Orbiter Project Office manager Steve Poulos "said that analysts had 'cleared' all but two blemishes on Discovery's heat shield and that the other two should be cleared Sunday. John Shannon, chairman of the mission management team, said this meant that on Sunday he could clear Discovery for reentry, guaranteeing the orbiter's soundness."

Guard And Reserve GWOT Veterans Are Denied GI Bill Benefits. The Atlanta-Journal Constitution (7/9, Martz) reports, "When military benefits were updated in 1984 through a law called the Montgomery GI Bill, members of Congress and even the military did not envision reservists being called into active duty as frequently as they are today. The law did not extend full college benefits to citizen soldiers and terminated them once they left the Guard or Reserve. But since 2001, more than 500,000 reservists and Guard troops have been deployed for homeland security duties or sent to wars in Iraq and Afghanistan. Yet when they get home, they don't get the same benefits as those who were active-duty servicemembers." The article quotes a reservist who came home and could not obtain tuition funding and describe the arguments for modifying or retaining the current system, as stated by veterans' groups and the DOD Office for Reserve Affairs, respectively.

WPost Profiles Rep. Ron Paul. The Washington Post (7/9, D1, Copeland, 744K) reports, "Republican Ron Paul missed out on the 19th century, but he admires it from afar. He speaks lovingly of the good old days before things like Social Security and Medicaid existed, before the federal government outlawed drugs like heroin." Now retired from a career as an obstetrician and gynecologist, Paul delivered an estimated 4,000 babies, but refused to accept Medicare and Medicaid, and sometimes treated patients for free. In 1988, he left the Republican party and ran for president as a Libertarian. Noting Paul's consistent opposition to much of the government as intruding on personal freedom or interfering with the free market--he opposes government farm subsidies even though his TX14 district is largely agricultural--the Post finds Paul to be "a refreshing peculiarity. He continually bucks the wishes of Republican leaders--so much so, Paul recalls, that once while exhorting every other

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Republican to vote the party line, then-Speaker Newt Gingrich announced that Ron Paul was exempt." As a result, Paul doesn't hold a leadership post or chair a Congressional panel. Paul responds, "I never had a goal of working up the seniority ladder."

OTHER NEWS:

Social Security Reform Returns As Top Political Issue. The Washington Times (7/9, A1, Fagan, 90K) in a front page story reports, "The seemingly dead issue of Social Security reform came to life again in recent weeks, with President Bush saying it should be high on the agenda and Democrats warning that Republicans are resurrecting their plan to privatize the system." And on "a recent, unrelated event on prescription drug coverage, House Minority Leader Nancy Pelosi brought up Social Security twice, at one point criticizing the drug plan and adding, 'This plan was brought to you by the same people who want to privatize Social Security.'" But Bush "continues to call for a bipartisan approach." On June 27th Bush said, "We need to set politics aside when it comes to reforming Social Security and Medicare, and we need to set politics aside so that the president can work with the Congress to bring fiscal discipline to our budgets."

The AP (7/9, Wilson) reports, "The Republican plan to privatize Social Security could cause huge debt for decades, a Democratic candidate seeking a House seat in Iowa, a state with a high concentration of elderly residents, said Saturday." In the Democratic weekly radio address, Bruce Braley said, "If the Republican plan is allowed to pass, future generations both here and across the country will be saddled with decades of debt and no guaranteed retirement security." He "said Social Security is under attack, with President Bush and congressional Republicans making privatization a top priority in 2007. He also accused the Bush administration of 'plundering the Social Security trust fund while giving billions away to special interests, like big oil.'"

Iowa State Party Offers To Sell Its Voter Database To Candidates. The Washington Post (7/9, A4, Goldfarb, Cillizza, 744K) reports on how the Iowa Democratic party plans to raise some funds. "Showing its entrepreneurial spirit, the state party is offering potential candidates access to its detailed voter database--for a price. Specifically, they can mine the valuable data for $50,000 (act now, urges the party, and get a discount from the usual fee of $75,000). … For an additional $50,000 next year, candidates can secure access to a database buttressed by information derived from the 2006 primary and general elections. Or campaigns can ignore the current offer and purchase the full database next year for $85,000. Candidates have until Saturday to decide whether to take advantage of the discount."

Sen. Evan Bayh Is Looking For Way To Stand Out In Democratic Field. The Associated Press (7/8, Glover) reports, "In a quiet, methodical style reflecting his Midwestern roots, Sen. Evan Bayh is laying the foundation for a presidential campaign and prompting some Democrats to talk about a candidate with a realistic shot." Making his fifth trip to Iowa in the past year, the centrist Indiana Senator "opened a three-day swing Thursday with a fundraiser in downtown Des Moines for legislative candidates. He mingled easily with about 50 party activists for more than an hour and made a point of chatting with everyone in the room." Bayh's Midwestern roots and his success in winning five statewide races in a strongly Republican state are strengths he would bring if he enters the 2008 presidential field, and he's "assembled a solid team of advisers operating under the auspices of his political action committee, the All America PAC. He's tapped a former Democratic National Committee fundraiser, a onetime pollster for Howard Dean's presidential campaign and a chief of staff to the late Missouri Gov. Mel Carnahan."

Giuliani Reportedly Intends To Run For President In 2008. Syndicated columnist Robert Novak (7/9), in an item featured prominently on the Drudge Report yesterday, writes, "Well-connected public figures report that they have been told recently by Rudolph Giuliani that, as of now, he intends to run for the Republican Presidential nomination in 2008." Giuliani "was on top of last month's national Gallup poll measuring Presidential preferences by registered Republicans, with 29 percent. Sen. John McCain's 24 percent was second, with former House Speaker Newt Gingrich third at 8 percent. National polls all year have shown Giuliani running either first or second to McCain, with the rest of the Presidential possibilities far behind. Republican insiders respond to these numbers by saying rank-and-file GOP voters will abandon Giuliani once they realize his position on abortion, gay rights and gun control. Party strategists calculate that if he actually runs, he must change on at least one of these issues."

Congressional Democrats Said To Lack Coherent Platform. The Los Angeles Times' Steve Lopez (7/9) writes, "I'm not asking for the Democratic equivalent of a 10-point Contract With America, having lowered my expectations while on the campaign trail with Al Gore and bearing witness to his nationally televised identity crisis. I'd settle for a five-point 'Contract With Western Blue States.' Heck, I'd be happy with a warmed-over crumb of an idea or two. Instead all we get from the Democrats is the

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reminder that they stand for…wait, let's see, where was that platform draft? Oh, yeah. They're anti-Iraq war, or at least they are now that it's turned out so miserably."

Democrats Worried Challenge To Lieberman Could Drive Candidates Too Far Left. The CBS Evening News (7/8, story 5, 2:10, Assuras, 7.66M) reported that although the Connecticut Democratic Senate primary showdown between Sen. Joseph Lieberman and antiwar candidate Ned Lamont "is thousands of miles away, Iraq is the central campaign battle ground." CQ Politics editor Bob Benenson: "Lieberman is concerned that Lamont will turn out the activist base, the anti-war activists will want to make a statement and turn out in droves." CBS (Alfonsi): "Party leaders worry if Lieberman loses Democratic candidates in other states may court the far left just to win over anti-war activists in the primaries and end up losing more moderate voters to Republicans in November."

Lieberman Seen As Likely To Caucus With Democrats If Elected As An Independent. Syndicated columnist Robert Novak (7/9) writes, "Supporters of Sen. Joseph Lieberman promise he will continue as a member of the Senate Democratic caucus even if he loses the Democratic primary in Connecticut Aug. 8 and is elected as an independent. … Lieberman's Republican Senate colleagues privately despair of the GOP picking up the Connecticut seat. But they hope Lieberman, if elected as an independent, would be more inclined to vote with Republicans than he is now, even if he still caucuses with the Democrats."

Lieberman Primary Seen As Preview Of 2008 Campaigns. In his column for the New York Times (7/9, 1.19M) David Brooks writes, "The primary battle playing out on the smiling lawns of upscale Connecticut serves as a preview for the national conflict that will dominate American politics for the next two years. This isn't a fight between left and right. It's a fight about how politics should be conducted. On the one hand are the true believers — the fundamentalists of both parties who believe that politics should be about party discipline, passion, purity, orthodoxy and clear choices. On the other side are the quasi-independents — the heterodox politicians who distrust ideological purity, who rebel against movement groupthink, who believe in bipartisanship both as a matter of principle and as a practical necessity. In 2008, heterodox politicians like John McCain, Rudy Giuliani and even Hillary Clinton are going to have to face zealous assaults from within their own parties. But for the moment that war has come to Joe Lieberman."

Corzine Approves New Budget, Ending New Jersey Government Shutdown. The New York Times (7/9, Jones, Chen, 1.19M) reports, "Gov. Jon S. Corzine signed a budget for New Jersey Saturday evening, after a seven-day government shutdown and an acidic standoff with the Legislature that paralyzed state operations, frayed nerves and cost the state millions of dollars. Mr. Corzine, in a crowded public ceremony, approved the $30.9 billion budget but also cut $51 million in proposed new spending, much of it inserted by legislators before they approved the budget. 'This crisis should never have occurred and it must never be repeated,' Mr. Corzine said. His Saturday morning executive order brings 45,000 state workers back to work, as well as another 50,000 or so in industries affected by the shutdown."

The New York Times (7/9, Fountain, 1.19M) reports in its "Week In Review" section that while state budget disputes and missed deadlines are not uncommon, "the seven-day government shutdown that resulted from the New Jersey impasse was unusual. There have only been two other shutdowns, in Minnesota and Tennessee, since 1991." It explains that, unlike most states, New Jersey lacks a law or constitutional clause allowing government to continue operating in the absence of completed appropriations. It also notes that casinos had to close because gambling inspectors were among the state workers put on leave without pay during the shutdown.

Stem Cells Could Play Key Role In Wisconsin Governor's Race. In the Washington Post (7/9, A5, 744K), David Broder reports that the issue of stem cell research is "at the center of an impassioned political debate, one that will occupy the Senate this summer and may provoke President Bush's first veto." It may also decide the outcome of a Wisconsin governor's race "and a U.S. Senate contest in Missouri, where a stem cell research referendum is on the ballot." In Wisconsin, Gov. Jim Doyle (D) is seeking re-election, while his opponent, Rep. Mark Green (R) Green "has voted to ban work on cells donated by fertility clinics or created from embryos in medical labs. The fourth-term House member supports Bush's policy of limiting work to the relatively few cell lines created before a 2001 executive order setting forth terms for government-funded research." Seeking to rally Democrats, Doyle has called Green "a relentless opponent of stem cell research," while Republicans have placed initiatives on same-sex marriage and reinstating the death penalty on the ballot in a bid to turn out their supporters.

Maryland Governor's Race Moves In Two Orbits. The Washington Post (7/9, C6, Wagner, 744K) reports, "Maryland voters who happen to live in the Baltimore region have already been treated to $850,000 worth of television ads in the governor's race, candidates appearing

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regularly on the nightly news and a literal parade of politicians through their streets on the Fourth of July. The view from suburban Washington is quite different. Most voters in Montgomery, Prince George's and other Maryland counties in the region have yet to see a single one of those ads. … The result is two versions of Maryland politics for voters living in the state's two dominant media markets." While the candidates are attending events in Maryland's Washington suburbs, "no one denies that Baltimore is getting more attention."

Mark Kennedy Distances Himself From Increasingly Unpopular Bush. In his column for the Washington Post (7/9, B7, 744K) David Broder writes Rep. Mark Kennedy "is carrying the hopes of the national Republican Party in one of the few Senate races in the country in which the GOP has a chance of gaining a seat. The voluntary retirement of Sen. Mark Dayton this year has opened the way for a newcomer, and Dayton's Democratic-Farmer-Labor Party has given its endorsement to Amy Klobuchar, the two-term elected attorney of Hennepin County (Minneapolis)." Broder notes President Bush "lost the state by less than 3 percent of the vote in each of his races. But now, as Gov. Tim Pawlenty put it in an interview, 'the president continues to struggle here,' with approval scores below 40 percent. When I asked Kennedy in an interview if he agreed with the opening words of his profile in the current edition of Congressional Quarterly, the authoritative source on Congress, describing him as 'a dedicated conservative and loyal Bush supporter,' he seemed surprised. 'I don't know if I'd use any of those words to describe me,' he said."

Will Column Celebrates Interstate Highways. In the Washington Post (7/9, B7, 744K), George Will traces the contribution that the Interstate Highway System, on the occasion of its 50th anniversary. He writes that "Its ribbons of concrete represent a single thread of continuity through the nation's history." He notes in passing that "No legislator more ardently supported the IHS than the Tennessee Democrat who was chairman of the Senate Public Works subcommittee on roads. … This senator who did so much to put postwar America on roads suitable to bigger, more powerful cars was Al Gore Sr."

NYTimes Editorial Urges Consumers' Rights In Debt Collection. A New York Times (7/9, 1.19M) editorial, "When A Stranger Calls," notes rising consumer complaints about third-party debt collectors. It urges legislators and regulators to "take further steps to curb the lies, harassment and intimidation coming from out-of-control collectors. At the same time, they should also look at irresponsible lending: giving additional credit cards and high-interest loans to those already deep in the red."

Trade Imbalance Means Towering Stacks Of Containers Mar LA Neighborhoods. The Los Angeles Times (7/9, Schoch, 958K) reports, "To understand the trade deficit, residents of Sandison Street do not need the help of world-class economists. They can just glance across the street at the mountain of faded brown cargo containers blocking the Wilmington sky. .. Tens of thousands of containers sit empty today in Wilmington--stark testimony that America buys more from other countries than it sends overseas to sell." Although some reused for U.S. exports or returned empty, "some are forgotten, and they pile up--in Wilmington and nearby cities, in communities lining the Long Beach Freeway, near rail yards in the Inland Empire." Area residents complain that the massed containers are not only an eyesore, but shelter rats and pose a potential hazard in case of an earthquake.

US Envoy Seeks To Build International Pressure On North Korea. The US response to North Korea's nuclear provocation was featured prominently on ABC, CBS and by the wire services. ABC World News Tonight (7/8, lead story, 2:50, Avila, 8.78M) reported that the US "has sent a top-level diplomat to respond to the North's latest overture." ABC (Harris): "The Bush administration's point man on North Korea was rushed to this region after North Korea fired off those seven missiles. And today, he had some hard words for North Korea. Today, the North Koreans offered to return to the negotiating table -- if the US Agrees to ease financial restrictions it's placed on them. An offer quickly swatted down by assistant secretary of state Christopher Hill -- in South Korea today as part of a whirlwind trip through Asia to deal with the missile crisis." Hill: "This is not a time for so-called gestures of that kind. We have a country that has fired off missiles in a truly reckless way." Harris: "Hill said the only way for North Korea to improve its future is to return to the so-called six-party talks with the US, China, Russia, Japan and the two Koreas." ABC later notes that "Kim Jong-il may have gone too far this time, angering both South Korea and China, his main sources of aid and trade. Christopher Hill is trying to capitalize on that anger by convincing both of those countries, long reluctant to get tough on their neighbor, to change their stance."

In contrast to ABC and CBS, NBC Nightly News (7/8, story 4, :30, Holt, 9.87M) only briefly noted, "The U.S. is backing China's call for informal talks with North Korea over its recent missile testing. Christopher Hill made the comment after meeting with South Korean officials. He next heads to Japan for discussions." The AP (7/9, Chang) reports that Hill said, "the Chinese have talked about putting together a six-party informal, and we both support that and we think that all countries are prepared to come to that informal meeting."

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The AFP (7/9, Chan-Kyong) reports, "The United States and Japan vowed to ram through UN sanctions against North Korea, but Washington also offered an olive branch by agreeing to meet one-on-one with Pyuongyang if it joined international talks." US special envoy Christopher Hill said "Washington was ready to meet the North's envoy's eye-to-eye if he joined the six-nation table," adding "I just can't do it when they are boycotting the six-party talks."

North Korea Threatens Military Action. The AFP (7/9, Kwanwoo) reports, "North Korean leader Kim Jong-Il vowed no compromise and said he was braced for 'all-out war' as the United States and Japan pushed for the United Nations to impose new sanctions on Pyongyang for its missile tests." In the "first reported remarks since his regime lobbed seven missiles into the sea," he "pledged not to give up his weapons programs," saying "that if the United States took 'revenge,' it would mean 'all-out war.'" Kim also "mocked US assertions that his regime was on the verge of collapse."

The AP (7/9, McGuirk) reports that the North Korea ambassador to Australia, Chon Jae Hong, in a letter to The Sunday Herald Sun newspaper in the southern city of Melbourne, "warned Sunday that international attempts to halt his nation's missile tests could lead to war," saying "North Korea 'will have no option but to take stronger physical actions of other forms, should any country dare take issue with the exercises and put pressure upon it.'"

The AFP (7/9, Chan-Kyong) reports that the North "threatened to strike back with a more 'physical' response if sanctions are adopted. Its UN representative said a binding referendum would amount to 'an act of war.'" And its ambassador for diplomatic normalization with Japan, Song Il Ho, said, "If anyone tries to put us under pressure, we will have no choice but to take stronger physical measures."

The AP (7/9) notes, "Japan won't compromise on the stern wording of a U.N. resolution that would impose sanctions on North Korea and order the communist regime to stop developing ballistic missiles, Foreign Minister Taro Aso said." It will push "for a vote on the resolution Monday despite opposition from China." Bloomberg (7/9, Cho) also covers this story.

China Seen As "Only Hope" For Resolving Disagreement With North Korea. Taking a negative tone, The CBS Evening News (7/8, story 3, 2:00, Assuras, 7.66M) warned that the negotiations with North Korea were deteriorating and that China, not the US, was the sole country which could resolve the disagreement, reporting that "the US envoy expressed support for China's plan to hold six-nation talks on the nuclear threat. At the same time he offered to hold face-to-face talks with the US and North Koreans on the sidelines." CBS (Petersen): "Christopher Hill in Asia hoping to restart nuclear talks with the North says there's no pleasure in the fact that ordinary people will suffer." Hill: "People that don't have enough to ea and not enough clothing and not enough electricity and meanwhile they have regimes firing off missiles." Petersen: "Things in Asia are going from pretty bad to even worse. Japan and North Korea are trading verbal insults. South Korea has canceled a round of talks with the North. The only hope is that China can somehow ride to the rescue."

North Korean Hostility Part Of Historical Pattern. The AP (7/9, Woodward) reports, "North Korea is well practiced in getting some of what it wants through provocation. Bullying through a bullhorn has worked time and again for a small nation with an outsized military force and an even bigger capacity for bluster and threat." Its coercive diplomacy "has involved antagonizing everyone on and over the horizon, foes and allies alike, and then pulling back." Wonhyuk Lim, a Brookings Institution fellow for northeast Asian studies, says that "as twisted as the North Koreans' logic may be, it is based on their negotiating experience with the Americans." This "pattern of edging toward confrontation, then edging back, has persisted, always accompanied by tough words. More are being heard now." Undersecretary of State R. Nicholas Burns said, "We're certainly not going to overreact ... to these wild statements," adding, "We've seen them before."

South Koreans Unfazed By Launch. The Los Angeles Times (7/9, Demick, 958K) reports, "Though the United States and Japan quickly elevated the missile launches to the status of crisis, for South Korea it was just another predictable annoyance among many from a bothersome neighbor." Seoul is "in a familiar position of being caught between its estranged brothers to the north and its most important ally, the United States," and "has responded with somewhat contradictory moves. On one hand, it is proceeding with a previously scheduled economic cooperation meeting," but it "also has said that further requests for humanitarian aid will be put on hold." For South Korea, "the nightmare scenario here is not that North Korea will attack … Rather, it is that United States would attempt a preemptive strike on North Korea, triggering a war in which South Korea would be caught in the middle."

International Stock Markets Rattled By North Korean Tests. The New York Times (7/9, Sommer, 1.19M) in a brief recap of last weeks stock markets notes North Korea's missile tests rattled "stock markets around the world. The next day, when Wall Street returned to work, stocks fell sharply. Despite a modest rally on Thursday, the market finished lower for the week" on bad news from 3M.

Advanced Destroyer Deployed To Japan. The AP (7/9, Greimel) reports, "A new U.S. guided missile destroyer docked in Japan on Saturday amid tensions over North Korea's missile tests, but the military said the arrival was routine and had been planned months ago." The USS Musti, "one of the most advanced [ships] in the fleet," sailed into the

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port of Yokosuka. "In August, Yokosuka also will welcome the USS Shiloh, which last month demonstrated its ability to shoot down missile warheads in a landmark test off Hawaii." Both ships "are equipped with radar systems that employ Aegis technology, which is geared toward tracking and shooting down enemy missiles," and "the U.S. Navy now has eight Aegis-equipped vessels at Yokosuka."

Former Officials Call For Hitting Missiles On Launch Pad. Ashton B. Carter, professor at Harvard and former Assistant Secretary of Defense, and William J. Perry, professor at Harvard and former Secretary of Defense, write in a op-ed in Time Magazine (7/9), "The Bush Administration has tried to downplay the mounting danger posed by North Korea," and that "is not prudent or safe." Yet "again North Korea has crossed a line in the sand clearly drawn by the U.S. and its partners,'" the authors anticipated, which is "why, in an opinion piece published in the Washington Post on June 22, we urged the Bush Administration to strike the Taepo Dong 2 on its launchpad before the test." Should "the U.S. is ever going to defend a line in the sand with North Korea, that is the least provocative way to do it, and next time it will only be riskier." Although "Pyongyang tries carefully to cultivate the impression that it will lash out in response to any action against it, however limited," attacking South Korea "would surely and swiftly end in the elimination of the North Korean regime." However, inaction will make Pyongyang believe it has "a shield behind which it can pursue its interests with impunity." It also "has a long history of selling its advanced weapons to countries in the Middle East," and if the economy leads to the regime's collapse, "Who then might get its loose nukes?" The US should "strike any further Taepo Dong test missiles before they can be launched," penalize the North "for defying the international community's unanimous appeal not to conduct its July 4 tests," and develop "a clear strategy." The US "outsourced the North Korea issue to regional players in the form of the 'Six Party' talks," and it "has failed to produce any results."

NYTimes Examines Possible Outcomes Of Tensions. The New York Times (7/9, Sanger, 1.19M) lists possible outcomes to the standoff with North Korea. The US could negotiate directly, but "Mr. Bush says nothing doing." There is the "big worry…that if America negotiates alone, it will be hung out to dry when talks go bad," and "China and South Korea will likely portray Washington as the obstacle." However, "the downside to Mr. Bush's approach: When six nations talk, clarity is the first victim." Another possibility is pre-emption - "destroy North Korea's nuclear facilities at Yongbyon." However, "Many believe it is too late," as "the fuel could be stored anywhere" and "t he United States has accused North Korea of starting up a second nuclear weapons program, using uranium," which "makes bombing pretty useless." The Administration could decide to "Wait out the Kim dynasty, and hope that the starving, bankrupt, gulag-ridden state of North Korea finally collapses." However, "as Dick Cheney once famously said about the North, 'time is not on our side.'" Still, North Korea selling nuclear material "worries the Bush administration the most."

Missile's Failure Usual For Testing. The New York Times (7/9, Broad, 1.19M) reports, "Experts judge that many years of testing beyond that inaugural flight on Tuesday will probably be needed before the North would entrust the new missile with anything as costly and precious as a nuclear warhead." However, arms and aerospace experts said that setbacks like the missile's crash "were a normal part of rocket and warhead science" and "that, in general, new designs typically blow up repeatedly in flight tests before engineers can find and fix all the problems." John M. Logsdon, director of the Space Policy Institute at George Washington University, said, "It would have been more surprising if they had a success." Therefore, "it's reasonable to expect that North Korea is busy learning from the failure, fixing flaws before it launches another Taepodong 2."

US To Negotiate With Russia For Civilian Nuclear Deal In Exchange For Support On Iran.

The New York Times (7/9, A1, Sanger, Rutenberg, 1.19M) reports, "The Bush administration said Saturday that it would open formal negotiations with Russia on a long-discussed civilian nuclear agreement that would pave the way for Russia to become one of the world's largest repositories of spent nuclear fuel." While "President Vladimir V. Putin has been looking to expand the country's role in the multibillion nuclear power business," the US "traditionally opposed any such arrangement." However, "administration officials said that once Mr. Bush endorsed Mr. Putin's proposal last year for Iran to conduct uranium enrichment inside Russia…it made little sense to bar ordinary civilian nuclear exchanges with Russia." Also, Peter Watkins, a White House spokesman, said "We have made clear to Russia that for an agreement on peaceful nuke cooperation to go forward, we will need active cooperation in blocking Iran's attempts to obtain nuclear weapons." The AP (7/9, Loven) also covers this story.

Russian Offer To Help North Korea May Affect Anticipated Deal. The Washington Times (7/9, A1, Hirst, 90K) reports, "Russia secretly offered to sell North Korea technology that could help the rogue state protect nuclear stockpiles and safeguard weapons secrets from international scrutiny, but officials backed off after the arms flirtation was publicized." This "presents a potential obstacle to Bush administration plans to share civilian nuclear technology with Moscow." At an information technology exhibition in Pyongyang late last month "Russian officials touted the equipment to the communist regime," and "Aleksei Grigoriev, deputy director of Russia's Federal Information Technologies

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Agency, told a reporter for the Itar-Tass news agency that North Korea planned to buy equipment for the safe storage and transportation of nuclear materials." While "the Russian Embassy in Pyongyang immediately denied the report, saying it was 'disinformation'" and "Mr. Grigoriev subsequently denied having spoken to the Itar-Tass reporter," according to western analysts "they would not be surprised if the two countries are discussing sensitive military deals."

G-8 Seen As Not Reflecting New Reality. The AP (7/9, Raum) reports, "Critics view the" G-8 "summit as a Cold War relic that needs to be reconstituted." While "often billed as a gathering of the world's leading economic powers," it is not. "China, now the world's fourth-largest economy…is not a member. Neither is India, the world's largest democracy and one of its fastest-growing economies. Nor is South Korea, Brazil, Mexico or Spain, each with a larger economy than G-8 member Russia's." The world's "economic dynamics are far different" than at the group's foundation, as "the astonishing growth of some Asian nations and parts of Latin America have altered the math."

Putin Reasserts State Control Of Major Economic Sectors. The Washington Times/AP (7/9, Ingram) reports that Russian President Vladimir Putin "has reasserted state domination over major economic sectors -- in part by installing members of his own team, many dating back to his days in St. Petersburg, into key positions in some major state-controlled companies." His "influence in so many industries raises questions about whether politics won't trump economics in the end when business decisions are made" and puts Russia "out of step with the developed countries that make up the Group of Eight," which "have expressed concern about the state's growing role." Among his critics, "economists say state involvement is fraught with negative consequences," while others believe "Putin and his circle are motivated less by patriotism than by the desire to spin power into personal wealth."

India Tests Nuclear Capable Missile. The AP (7/9, Rabinowitz) reports, "India test-fired its nuclear-capable Agni III missile Sunday for the first time," but it "has been viewed as a routine test — not saber-rattling with the country's nuclear-armed archrival and neighbor, Pakistan." The AFP (7/9) notes this is India's "first test of a nuclear-capable ballistic missile with a range of 4,000 kilometres." In May Defence Minister Pranab Mukherjee had said they were "was observing 'self-imposed restraint' before testing" the missile, but this provoked criticism that "esting was being delayed because of pressure from the United States."

Asia Embracing Nuclear Power. The AP (7/9, Casey) reports, "Led by fast-growing China and India, Asia is going nuclear in a big way to feed its ravenous appetite for energy." Both "say their future growth is at risk unless they diversify their energy mix," as "does South Korea." Greenpeace "continues to lead the charge against nuclear power, warning that Asian countries about to embrace the atom need to think hard about the potential consequences," and "Asia's biggest problem" is "what to do with the spent fuel." Still, "Asia's plans hold out the promise of a bonanza for American companies such as Westinghouse Electric Co. and General Electric Co. which already have a strong presence in the region."

Israel Withdraws From Northern Gaza, Rejects Ceasefire. All three network news programs described the violence in Iraq as escalating, while major papers noted Isreali pulled out of Northern Gaza. However, there was no mention of US diplomatic involvement in either. ABC World News Tonight (7/8, story 5, 0:20, Avila, 8.78M) noted, "Staying in the Middle East, dozens of Americans fled the Gaza Strip today. Many had been visiting relatives. But escalating violence drove them out."

The CBS Evening News (7/8, story 2, 2:00, Assuras, 7.66M) reported, "The Palestinian prime minister called for a cease fire with Israel after 11 days of fighting in Gaza. Israel rejected the plea saying they will not negotiate with hostage takers in reference to the Israeli soldier whose abduction ignited the crisis." After describing the increasing violence, CBS (MacVicar) said: "Rather than breaking Palestinian resolve, attitudes here have hardened. This is a new altercation, they say, and militants are now heroes."

NBC Nightly News (7/8, story 3, 2:00, Fletcher, 9.87M) reported, "Israel answered no ceasefire, no negotiations until Palestinian militants free an Israeli soldier they kidnapped two weeks ago. And they say Palestinians must stop firing rockets at Israeli cities." Israel withdrew some force to create a buffer zone, but "Israeli military officers said they plan to expand their operation into other parts of Gaza and they'll continue fighting until they get their kidnapped soldier back."

The New York Times (7/9, Erlanger, 1.19M) reports that Palestinian prime minister from Hamas, Ismail Haniya's call for a mutual cease-fire came "after Israeli forces pulled out of most of the northern Gaza Strip" and was "perhaps responding to Israeli hints that a package deal might be possible to end a military and political crisis." This came in the form of Israeli cabinet minister Ophir Pines-Paz suggesting "that the crisis could end through a package deal of the kind that Egypt had been trying to promote -- the release of Corporal Shalit, coupled with a more formal cease-fire and an Israeli promise to release a number of Palestinian prisoners as the cease-fire is shown to have taken hold" by saying "If we reach a situation in which there are no kidnappings, no rockets, no tunnels, no raids into our territory, certainly Israel will have to reciprocate." The AP (7/9,

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Wagner) notes "Hamas often sends out conflicting signals…in part because of divisions between its more militant leaders in Syria and more pragmatic politicians in Gaza."

The Washington Post (7/9, A12, Wilson, 744K) adds, "The Israelis' abrupt pullback from the northern end of the Gaza Strip sharply reduced the overall intensity of their military operations" and "may signal the government's desire to pursue talks to win the release of Cpl. Gilad Shalit." Still, "more Israeli armor entered the strip very early Saturday" and "the military stepped up its activity" along Gaza's eastern border. The AFP (7/9, El Oun), reports, "Haniya stressed that his Hamas government was determined to solve the problem through diplomatic channels in a 'peaceful' manner." Meanwhile, "UN Secretary General Kofi Annan…demanded immediate access for UN workers and humanitarian relief supplies to the Gaza Strip, saying he was 'extremely concerned about the dangerous situation in the occupied Palestinian Territory.'"

With a headline "Calls For Truce Fuel Hope In Gaza Standoff" the Los Angeles Times (7/9, King, 958K) takes a more hopeful tone reporting, "Both Israel and the Hamas-led Palestinian government expressed hope Saturday of arranging a cease-fire" on "the second consecutive day that a senior Israeli official had spoken publicly of the prospect of a compromise in the standoff." The Times adds, "Both sides have powerful incentives for finding a negotiated solution, but serious obstacles remain to any agreement."

Palestinians See Rockets As Creating "Balance Of Fear. The New York Times (7/9, Myre, 1.19M) reports, "the Palestinians persist in firing the crude, inaccurate rockets when there is virtual certainty that the damage they inflict will be far less than the punishment they will suffer" due to "a host of reasons, all based on the emotion of the conflict rather than the logic of warfare." They "often talk about their rockets and suicide bombings creating a 'balance of fear' with Israel, even if they cannot match Israel's weaponry," and "see the rockets as retaliation for Israeli airstrikes, or an act of solidarity with West Bank Palestinians when fighting heats up on that front." Now, "with tensions boiling over, support for the rockets is widespread in the northern towns, even if it means local communities will endure another heavy assault from the Israelis." Palestinian president Mahmoud Abbas "has sharply criticized the Palestinian rocket fire as counterproductive," but "never made a concerted push with the Palestinian security forces," and "the Hamas-led government has not sought to stop the rockets." During a ceasefire it "shared its technology and rockets with other factions" and "recently resumed its own attacks after Israeli airstrikes in Gaza that killed many militants and civilians."

Bush Congratulates Mexican Presidential Candidate. The CBS Evening News (7/8, lead story, 2:40, Whitaker, 7.66M) in its coverage of the dispute over the Mexican presidential election notes that "conservative free-market candidate Philip Calderon says he won fair and square. International election observers back him up. Today he received calls of congratulations from President Bush and other heads of state."

Obrador Accuses Calderón Of Fraud In Election, Calls For Protests. NBC Nightly News (7/8, story 9, 2:30, Holt, 9.87M) reported, "Now to a massive demonstration underway in Mexico City." NBC (Lewis): "These people are angry because they believe the election was stolen from their candidate, the leftist andres Manuel Lopez Obrador. He has called for peaceful protests, but many here worry things could get out of hand. Lopez Obrador is calling for protests all over Mexico. As his supporters converged on Mexico City's main square for today's huge rally, the U.S. embassy urged Americans to stay away from the area, warning that, 'even demonstrations intended to be peaceful can turn confrontational and escalate into violence.' That's the fear of many observers here -- that Lopez Obrador will not hold his followers in check. He insisted to reporters today that he is the winner, that the election was rigged." Lewis added, "Lopez Obrador is demanding a total recount, taking his case to the courts and to the streets. Asked today if the official judicial tribunal rules against him and declares Calderon the winner will he concede for the sake of peace in Mexico, he replied, 'we'll wait and see.'"

The Washington Post (7/9, A1, Roig-Franzia, 744K) reports that failed populist candidate Andrés Manuel López Obrador hopes to "overturn the results of Mexico's presidential election;" he is "alleging for the first time that Mexico's electoral commission had rigged its computers before the July 2 election to ensure the half-percentage-point victory of Felipe Calderón." Obrador will "attempt to have the election declared illegal by Mexico's Supreme Court," which "presages a constitutional confrontation because according to many legal experts the special elections court is the only body that can hear election challenges." On Saturday, Obrador "gave a mega-display of street power" with a rally in Mexico City, and, "during his 40-minute address, López Obrador stressed Mexico's class divide, accusing 'powerful interests' of trying to deny democratic freedoms to 'us, the poor.'" He appeals to "anger…from decades of perceived indignities and a sense of persecution by a succession of ruling parties."

The New York Times (7/9, McKinley, Thompson, 1.19M) adds that Obrador "suggested there would be civil unrest without a vote-by-vote recount," saying, "If there is not democracy, there will be instability." Meanwhile, "Calderón's campaign cited the volatile protests Mr. López Obrador led

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after his 1994 loss in arguing that he could be a danger to Mexico." However, Obrado also said, "This is a peaceful movement," although he "declined to answer several times when asked what he would do if the courts refused a recount." Calderón "effectively ceded the day's spotlight to Mr. López Obrador." The Los Angeles Times (7/9, Boudreaux, 958K) calls the crowd Obrador addressed "rowdy but peaceful," although it notes, "Many in the crowd said they were ready for a fight if Lopez Obrador did not prevail." The AP (7/9, Stevenson) notes, "The likelihood of continuing demonstrations suggests how difficult it will be for Calderon to unify Mexicans, many of whom believe the nation has yet to overcome the decades of institutional corruption and fraud that kept its leaders in power." Knight Ridder (7/9, Hall) and Knight Ridder (7/9, Hall) also cover this story.

Election Signals Shift In Mexico To Two Party System. The New York Times (7/9, McKinley, 1.19M) reports that "voters have pulled the curtain back on a new political landscape for" Mexico, and "who won may not be nearly as important as who lost." The Institutional Revolutionary Party "did not win a single state" and "lost its hold on Congress … In short, the declining former ruling party finally crashed and burned." Now there are "two invigorated, growing — and quite evenly matched -- parties" that "look a lot like the Republicans and Democrats or Britain's Tories and Labor."

Former GOP Counsel Gives Recount Advice. Benjamin L. Ginsberg, a partner at Patton Boggs and national counsel to the Bush-Cheney campaigns in 2000 and 2004, writes an op-ed in the Washington Post (7/9, B1, 744K) with advice for Calderon and Obrador: "get the right people." – "the smartest, ablest, toughest ones you can find." Next, "be sure they're committed to your candidate -- that commitment makes it possible to manage all that talent." Organize immediately, and "get a good caterer and some extra phone lines. I n other words, pay attention to logistics." You need to "line up top lawyers, which in a recount are a necessary (and underappreciated) evil," as well as "communications specialists." You must "just debunk the allegations as best you can."

Former Gore Counsel Says Recount Is Best For Calderon, Advises Obrador To Be Bush, & Not "Dignified, Responsible, Reasonable." Ronald Klain, general counsel for the Gore-Lieberman Recount Committee in 2000 and a lawyer in Washington, writes in an op-ed in the Washington Post (7/9, B1, 744K) that for Obrador "The good news is that he has avoided the two biggest problems that confronted Al Gore in Recount 2000: being forced to contest the election in a jurisdiction where the governor was his opponent's brother, and being tormented by a chief election official who was a partisan operative with a bizarre Queen Esther complex." The bad news he's "more than 200,000 votes behind" and "the clock is ticking loudly. If he wants to keep his candidacy alive, he must take decisive -- and quite divisive -- action." He must "bring meaningful and documented claims of fraud in the election," get "his supporters to the streets and question the legitimacy of the vote casting and counting process," and "demand that, notwithstanding Mexican law, every ballot be recounted, by hand, to ensure an accurate tally."

Former Mexican President's Genocide Charges Thrown Out. The AP (7/9, Grillo) reports that in "the latest blow to" Mexican "prosecutors' attempts to bring" former President Luis Echeverria "to justice for alleged crimes committed during Mexico's 'dirty war,' a violent crack down on leftist dissidents in the 1960s and 1970s," a "judge threw out genocide charges on Saturday against ruling that a 30-year statute of limitations had run out" He "had been under house arrest for more than a week on charges that he organized a student massacre as interior secretary in 1968." Still, "Prosecutors still can appeal the decision."

Venezuelan Government Elucidates Labor Policies With Chaplin Film. The Los Angeles Times (7/9, Kraul, 958K) reports, "For President Hugo Chavez's socialist government," Charlie Chaplin's film "Modern Times" is "more than just entertainment: It's become a teaching tool. Since January, in a bid to expose the evils of 'savage capitalism,' the Labor Ministry has shown the Chaplin film to thousands of workers in places such as this rundown industrial suburb of Caracas. When the screenings at factories or meeting halls end, Labor Ministry officials then take their cue, and use Chaplin's plight to spell out worker rights under occupational safety laws passed last year and now being applied. They are part of Chavez's sweeping reform agenda that he calls Socialism for the 21st Century."

Ambassador From Finland Agrees UN Reforms Needed. Kirsti Lintonen, Finland's ambassador to the United Nations, writes in a letter to the editor of the New York Times (7/9, 1.19M), "The European Union concurs with your view on the importance and necessity of United Nations reform." It "is the single largest contributor to the United Nations budget. We attach great importance to reforms that would bring about efficiencies under budget and management rules," and "management reform is also central."

Pakistani Press Minister Objects To NYTimes Editorial For UN Reforms. Mansoor Suhail, press minister of the Pakistan Mission to the U.N., writes in a letter to the editor of the New York Times (7/9, 1.19M) that the Times' "editorial unfairly tends to stereotype developing countries as blockers of United Nations reform." The "vast majority of the United Nations membership" considers "progress on development resolution and implementation of agreed

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development commitments…a matter of the highest priority." However, Pakistan and other members of Group of 77 "believe that delegation of authority must be accompanied by robust accountability mechanisms."

Breaking Vow, Polish President's Twin To Become Prime Minister. NBC Nightly News (7/8, story 10, 0:10, Holt, 9.87M) reported, "In Poland political history is about to be made and that's why the two men are you seeing here are smiling. They are set to become the first identical twins to hold power at the same time. On the left is Poland's current president and on the left his brother who has been tapped by the ruling party to become Poland's prime minister."

The Washington Post (7/9, A12, Whitlock, 744K) reports that "there is no longer any doubt that the 57-year-old, chubby-faced twins are in charge of the eastern European country." Jaroslaw "replaces Kazimierz Marcinkiewicz, who unexpectedly announced his resignation on Friday." Although Marcinkiewicz "insisted that the Kaczynskis, who had put him in the job last year, did not maneuver him out the door," a number of "Poles were skeptical of the official explanation," that "he was giving up the prime minister's post so he could run for mayor of Warsaw in November," considering that "Marcinkiewicz had among the highest approval ratings of any politician in Poland." Jaroslaw had "promised voters he would not take the job if his brother won the upcoming presidential race," which he did, but the promise "sounded as if it was made grudgingly" and the twins "did little to dispel the perception that they were controlling the government behind the scenes."

The AFP (7/9) adds, "analysts were unconvinced" by the official explanation, as well. "Political scientist Kazimierz Kik said Marcinkiewicz's departure was forced by Jaroslaw Kaczynski, annoyed by the increasingly independent and high-profile stance the premier was taking." the AP (7/9, Gera) also covers this story.

Chad's Oil Money Not Reaching Those In Need. The Los Angeles Times (7/9, Sanders, 958K) reports that three years after "poor, landlocked" Chad "joined the league of oil-producing nations, there are growing — and familiar — complaints that petroleum money is not getting to those most in need. For most of this year, Chad's oil wealth has been frozen in London bank accounts after a dispute with the World Bank." The Times writes, "Thanks to decades of internal strife and its reputation as one of the world's most corrupt countries, this former French colony was unable to attract investment partners to develop its oil fields until the World Bank agreed in 2000 to back a $4-billion deal to build a pipeline from Chad to the Atlantic coastline of neighboring Cameroon. … By the end of 2005, the government of Chad had received about $420 million, nearly doubling its annual income. But tracking where the money went is not so simple." The Times reports that aside from new roads, "government officials are hard-pressed to describe large-scale benefits of the oil funds." They talk about smaller projects: a new school fence and some renovated classrooms in the capital, HIV testing clinics, a water tower in the southern city of Doba.

Cellphones Used To Streamline Peace Program In The Congo. The Washington Post (7/9, A1, Sullivan, 744K) reports that cellphone use is upon in Africa. They "have also created a new kind of corruption in a country rife with it: People here tell of government officials demanding bribes in the form of airtime transferred to their cellphones. Local officials said they believe armed rebel groups use cellphones and texts to coordinate their operations in the country's eastern provinces." However, "But the technology is also being used to create peace." The World Bank, Britain, France and other big donors have put $200 million into a "year-old program, designed to turn Congo's warriors into wage earners. So far more than 75,000 people have handed over their guns in exchange for job training and a cash incentive: an initial $110 payment, followed by monthly $25 payments for a year." However, "clerks using thick account books with handwritten entries were having trouble making the thousands of payments efficiently. So, in February the program contracted with Celpay to modernize the process," which now takes minutes instead of hours.

Controversial Rape Law Divides Pakistanis. The New York Times (7/9, Masood, 1.19M) reports that Pakistan's Hudood ordinance, "introduced in 1979 and criticized internationally since, include a clause stating that to prove rape, a woman must have at least four male witnesses. If the woman fails to provide proof, she herself faces the charge of adultery." Critics say this "flaw … has put many women behind bars." The Times notes, "Pakistani society has remained bitterly divided over the laws. Orthodox clergymen have often portrayed the laws as divine. … Rights advocates have demanded absolute repeal since 1980's."

Russian Jet Crashes, Likely Killing 150. CNN (7/9) on its web site reports, "An Airbus A-310 passenger jet with 200 people on board left the runway early Sunday while landing at Irkutsk Airport in eastern Siberia, crashed into a concrete barrier and burst into flames, killing 150 people, according to the Russian news agency Interfax. The front of the plane was crushed, and more than 40 people were hospitalized with burns, the agency said, quoting emergency officials." The AP (7/9, Meyer) reports, "The regional prosecutor's office said a preliminary count showed that more than 150 people died, the Interfax news agency reported.

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Cuban Woman Dies As Coast Guard Intercepts Migrants' Boat. The AP (7/9, Kennedy) reports, "A boat overloaded with Cubans being smuggled into the U.S. tried to ram a Coast Guard vessel in rough seas early Saturday, and a woman aboard the boat died, authorities said. The 36-foot, go-fast boat ignored orders to stop when the Coast Guard tried to intercept it 4 miles south of Boca Chica around 6:30 a.m., said Petty Officer James Judge, a spokesman for the Coast Guard. Coast Guard crew then fired two shots into the vessel's engine to disable it, he said." The AP adds, "The remaining migrants were still aboard the Coast Guard cutter and will be processed as usual, he said. Under the 'wet foot/dry foot' policy, most Cubans who reach U.S. soil are allowed to remain, while those intercepted at sea are generally sent home."

Ramos-Horta Named East Timorese Premier. The New York Times (7/9, Perlez, 1.19M) reports, "In a move designed to bring stability to East Timor after months of unrest, the Nobel peace laureate José Ramos-Horta was named prime minister on Saturday. President Xanana Gusmão selected Mr. Ramos-Horta to lead a new government after Mari Alkatiri was forced to resign as prime minister two weeks ago amid allegations that he had helped to organize and arm a civilian militia. … The selection was praised by the Australian government, which sent more than 1,000 soldiers to East Timor in late May to lead an international peacekeeping force in putting down an insurrection among members of the army and the police." The Los Angeles Times (7/9, Paddock, 958K) also notes Ramos-Horta's appointment.

Kristof Sees No Optimists On Darfur. In his column in the New York Times (7/9, 1.19M) Nicholas Kristof writes, "The Darfur Peace Agreement, signed on May 5, signaled a ray of hope in a desperate land. But on the ground, its deadlines are not being met, security is deteriorating, and the violence is rippling from Sudan ever wider into both Chad and the Central African Republic. One measure of how awful the situation has become in eastern Chad is that at least 15,000 villagers have fled ... into Darfur!" Kristoff adds, "The two most important Bush administration officials on Darfur, Robert Zoellick and Michael Gerson (who has been the conscience of the White House), have both announced their resignations, so there is a vacuum in Washington as well. President Bush should address this vacuum by appointing a top-level envoy for the crisis. Mr. President, how about calling in James Baker, or else Colin Powell? In talking to experts about Darfur over the last three years, I usually have encountered both optimists and pessimists. These days, I just can't find an optimist."

Hoagland Says Bush Provoking New International Law – Without US Input. Jim Hoagland writes in his column in the Washington Post (7/9, B7, 744K), "In spite of itself, the Bush administration is reshaping and revitalizing international law as a governing concept and a force in world politics." Their "highhanded policies in the war on global terrorist networks and the occupation of Iraq have provoked sharp reaction at home and abroad" that "has turned into a search by others for legal and political frameworks to contain President Bush's campaign to concentrate national security power in his hands and shield it from even cursory scrutiny and consultation." Both "Bush and Cheney underestimate the costs of their policies and the countervailing forces they inevitably trigger," and now "a new framework for international law is being developed in reaction to Bush's global policies -- without other significant American input. That is the message from America's allies, from Congress and now from the Supreme Court that the president should finally heed."

Iranian Student Movement Said To Have Stalled. Fotini Christia, a fellow at the Weatherhead Center for International Affairs at Harvard and currently at the International Center for Persian Studies, University of Tehran, writes in an op-ed the Washington Post (7/9, B7, 744K), "Today marks the seventh anniversary of the student protests that took post-revolutionary Iran by storm," but Iran's opposition "will not celebrate today's anniversary," as "the Iranian student movement is a shambles -- divided, confused and lacking any cause for celebration." While "the 1999 protests sought reform within the existing regime," it "didn't happen, and now, under President Mahmoud Ahmadinejad's leadership, the process has been completely sidelined." While "the student movement very much wants a reemergence of the reform process…it has no good ideas on how to make it happen," and "has found no place in Iran's new political reality." Instead, "its stance has moved from the politics of realistic change to the politics of survival through inaction."

Bush's Foreign Doctrine Said To Have Backfired, Shifted Significantly. Time (7/9, Allen, Ratnesar) reports, that President Bush has found "himself in a world of hurt" with "no relief in sight." In the last " four years, the Administration has been forced to rethink the doctrine with which it hoped to remake the world as the strategy's ineffectiveness is exposed by the very policies it prescribed" as "the Bush Doctrine foundered in the principal place the U.S. tried to apply it." While "the White House insists that Bush's goals have not changed," the "strategic makeover is evident in the ascendancy of Secretary of State Condoleezza Rice, who has tried to repair the

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Administration's relations with allies and has persuaded Bush to join multilateral negotiations aimed at defusing the standoffs with North Korea and Iran." Having used "so much energy and so many resources on al-Qaeda and the war in Iraq, the Administration is finding that other global challenges…have grown beyond its ability to do anything about them." The Administration's "miscalculations have come back to haunt it," as "Instead of deterring the rulers in Tehran and Pyongyang, the travails of the U.S. occupation may have emboldened those regimes in their quest to obtain nuclear weapons while constraining the U.S. military's ability to deter them." Meanwhile, "the complexity of global politics has caused the U.S. to struggle in its goal to spread democracy as a defense against terrorism" and ultimately resulted in "a broader dimming of the Administration's commitment to the ideals of its once proactive freedom agenda." Finally, "the practical costs of the last plank of the Bush Doctrine—unilateralism—may have finally persuaded the Administration to jettison that too."

LATimes Criticizes New China Censorship Law.

The Los Angeles Times (7/9, 958K) editorializes, "In China, the National People's Congress is on the verge of approving a law that would forbid the media from reporting on breaking news without permission from government officials. The draft law plumbs new depths of censorship even in China, already among the most regressive countries when it comes to press freedoms." It is "particularly unusual" because it would "apparently" affect "foreign as well as domestic media. Though reporters for papers such as The Times are closely monitored, the government seldom tries to censor stories meant for outside consumption. Yet an official involved in preparing the legislation recently said he thought it should apply to all news organizations operating in China." The Times adds, "If there's a silver lining to this naked attempt at repression, it's that China's media and public are strongly resisting it."

THE BIG PICTURE:

Headlines From Today's Front Pages.

Los Angeles Times:

"Police Abuses in Iraq Detailed."
"Allegations Trail Armstrong Into Another Stage."
"Feeling the Big Squeeze."
"GOP Immigration Tactic: Blast Away, but Be Nice."
"Mexico's Runner-Up Remains Unbowed."

New York Times:

"Surprising Jump in Tax Revenues Is Curbing Deficit."
"U.S. to Negotiate Russian Storage of Atomic Waste."
"Ally Warned Bush on Keeping Spying From Congress."
"At Colleges, Women Are Leaving Men in the Dust."
"Investors Lead Home Sale Boom in New Orleans."

Washington Post:

"Contender Says Mexico Vote Was Rigged."
"War-Torn Congo Goes Wireless."
"At 1, Already a Symbol Of Hope."
"In Land of Giants, Smallest Houses Larger Than Ever."
"GOP Activist's Influence Slips Over Scandal."
"Stem Cells Back in Political Spotlight."

Washington Times:

"Carnival puts bite on Hillary's brother."
"Russia offered to help N. Korea."
"Social Security battle reignites."
"Kremlin tightens reins on free market."
"Indian chiefs make English pilgrimage."

Detroit Free Press:

"Car buzz shifts to south."
"Economy sours Granholm's ratings."

Atlanta Journal-Constitution:

"Pocketbook woes on voters' minds."
"Austin's lawyer speaks."
"Could Tampa be next?"

Dallas Morning News:

"Mayoral vote pitch may be racial unity."
"Secrecy abounds in death of baby."
"Exhibit shows new face of Texas heroes."
"For kids of migrant workers, summer harvest is knowledge."
"Candidates passing on political test."
"López Obrador urges supporters on."

Houston Chronicle:

"Investigator made wrongful arrests in past."
"Robotic limb gives shuttle fixes a leg up."
"Thousands protest Mexico's election results."
"Astros' Berkman is on his way to greatness."
"Baylor's clinics help to keep doctors in Africa."
"HPD, airport security at odds over incident."

Story Lineup From Last Night's Network News:

ABC: US-North Korean Diplomacy; US-North Korea Military Preparations; US Iraq Casualties; Forensic Evidence Against Saddam; Escalating Mideast Violence; Spacewalk; Extensive Commutes; CT Car Accident; Immigration Impact On Mexico; Cuban Immigrants Stopped; Cactus Threatened.
CBS: Mexican Election Dispute; Escalating Mideast Violence; North Korea Situation Deteriorating; US Iraq Casualties; Lieberman Primary Challenge; Guantanamo Suicides Questioned; Italian Soccer Scandal; Woman Baseball Manager; Spacewalk; US Historical Documents.

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NBC: Taliban Uprising; Allegations Against US Forces In Iraq; Gaza Invasion; North Korea Talks; US Mass Transit Terrorism; Wi-Fi; USCG Cuban Refugees; Spacewalk; Mexican Election; Polish Twins In Power; French Wine.

WASHINGTON'S SCHEDULE:

Today's Events In Washington.

White House:

PRESIDENT BUSH – No schedule available.

VICE PRESIDENT CHENEY -- No schedule available.

US Senate: -- No events scheduled.

US House: -- No events scheduled.

Other. ALL DAY

July 7 - 11. FOLKLIFE FESTIVAL _ Second session of the Smithsonian Folklife Festival, focusing on life in the Canadian province of Alberta, evening concerts celebrating African American music from New Orleans, Latino music of Chicago, basketweavers from a wide variety of geographical regions, and others. Location: On the Mall between 7th and 14th Streets, NW. Contacts: Becky Haberacker, 202-633-5183

July 8 - 12. CANCER CONFERENCE _ The International Union Against Cancer and the American Cancer Society hold the 2006 World Cancer Conference, international cancer and tobacco control conferences. Highlights: 8:30 a.m. - 9:45 a.m. Plenary session ``Transforming Knowledge Into Action." With Carolyn Runowicz, president, American Cancer Society; Andrew von Eschenbach; Andrew von Eschenbach, Acting Commissioner, Food and Drug Administration; Leyroy Hood, president, Institute for Systems Biology; Edison T. Liu, Executive Director, Genome Institute of Singapore; and Sangita Reddy, Managing Director, Apollo Health Street, India. 3:30 p.m. - 5 p.m. Presentation:``Use of HPV Vaccine in Adolescents as Part of US Cervical Cancer Control Efforts." Subtopics: Proposed recommendations for use of HPV vaccine in the US, Lauri Markowitz; HPV vaccine implementation, Dan Fishbein; Measuring Impact of the HPV Vaccine in the U.S.; Eileen Dunne; Cervical Cancer Screening in the Context of HPV Vaccine: Implications for the National Breast and Cervical Cancer Screening Program and Beyond, Herschel Lawson and Mona Saraiya. Location: Washington Convention Center, Mt. Vernon Square. Contacts: Becky Steinbeck, 678-613-6892

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DEPARTMENT OF JUSTICE *NEWS CLIPS*

PREPARED FOR THE OFFICE OF PUBLIC AFFAIRS, US DEPARTMENT OF JUSTICE

TO: THE ATTORNEY GENERAL AND SENIOR STAFF

DATE: SUNDAY, JULY 9, 2006 7:45 AM EDT

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TERRORISM NEWS:

Ally Warned Bush On Keeping Spying From Congress (NYT)

By Eric Lichtblau And Scott Shane

The New York Times, July 9, 2006

WASHINGTON, July 8 — In a sharply worded letter to President Bush in May, an important Congressional ally charged that the administration might have violated the law by failing to inform Congress of some secret intelligence programs and risked losing Republican support on national security matters.

The letter from Representative Peter Hoekstra of Michigan, the Republican chairman of the House Intelligence Committee, did not specify the intelligence activities that he believed had been hidden from Congress.

But Mr. Hoekstra, who was briefed on and supported the National Security Agency's domestic surveillance program and the Treasury Department's tracking of international banking transactions, clearly was referring to programs that have not been publicly revealed.

Recently, after the harsh criticism from Mr. Hoekstra, intelligence officials have appeared at two closed committee briefings to answer questions from the chairman and other members. The briefings appear to have eased but not erased the concerns of Mr. Hoekstra and other lawmakers about whether the administration is sharing information on all of its intelligence operations.

A copy of the four-page letter dated May 18, which has not been previously disclosed, was obtained by The New York Times.

"I have learned of some alleged intelligence community activities about which our committee has not been briefed," Mr. Hoesktra wrote. "If these allegations are true, they may represent a breach of responsibility by the administration, a violation of the law, and, just as importantly, a direct affront to me and the members of this committee who have so ardently supported efforts to collect information on our enemies."

He added: "The U.S. Congress simply should not have to play Twenty Questions to get the information that it deserves under our Constitution."

Frederick Jones, a White House spokesman, declined to comment on the concerns raised by Mr. Hoekstra but said that "we will continue to work closely with the chairman and other Congressional leaders on important national security issues."

A spokesman for Mr. Hoekstra, Jamal D. Ware, said he could not discuss the activities allegedly withheld from Congress. But he said that Mr. Hoekstra remained adamant that no intelligence programs could be hidden from oversight committees.

"Chairman Hoekstra has raised these issues with the administration to ensure that the Intelligence Committee is able to conduct its job of oversight," Mr. Ware said. "Intelligence officials have committed to being forthcoming with Congress, and Chairman Hoekstra is going to hold them to their word."

Mr. Hoekstra's blunt letter is evidence of a rift between the White House and House Republican leaders over the administration's perceived indifference to Congressional oversight and input on intelligence matters. Mr. Hoekstra wrote that he had shared his complaints with House Speaker J. Dennis Hastert, Republican of Illinois, and that the speaker "concurs with my concerns."

A spokesman for Mr. Hastert declined to comment.

The letter appears to have resulted at least in part from the White House's decision, made early in May, to name Gen. Michael V. Hayden to lead the Central Intelligence Agency, with Stephen R. Kappes as his deputy. The letter was sent the day of General Hayden's confirmation hearing before the Senate Intelligence Committee.

Mr. Hoekstra (pronounced HOOK-stra) complained publicly about the choices when they were announced, but his private letter to Mr. Bush was much harsher. He warned that the choice of Mr. Kappes, who he said was part of a group at the C.I.A. that "intentionally undermined the administration," sends "a clear signal that the days of collaborative reform between the White House and this committee may be over."

Mr. Hoekstra also expressed concern about the intelligence reorganization under John D. Negroponte, the first director of national intelligence, who he said was creating "a large, bureaucratic and hierarchical structure that will be less flexible and agile than our adversaries."

Mr. Hoekstra's views on oversight appear to be shared by some other Intelligence Committee members.

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"I think the executive branch has been insufficiently forthcoming on a number of important programs," Representative Heather A. Wilson, Republican of New Mexico, said in an interview. She would not discuss any programs on which the committee had not been briefed, but she said that in the Bush administration, "there's a presumption that if they don't tell anybody, a problem may get better or it will solve itself."

Ms. Wilson said she shared "deep concerns" about the pace and direction of intelligence reforms overseen by Mr. Negroponte's office. "We have some troubled programs," she said.

American intelligence agencies routinely conduct many secret programs, but under the National Security Act, the agencies are required to keep the Congressional intelligence committees "fully and currently informed of all intelligence activities." Even in the case of especially sensitive covert actions, the law requires briefings for at least the leaders from both parties of the committees and the House and Senate.

As the administration has asserted broad presidential authority to fight terrorism, concerns about Congressional oversight and checks and balances between the branches of government have become increasingly heated. Democrats complained that the administration's failure to brief the full Intelligence Committees on the N.S.A. warrantless eavesdropping, which focuses on the international communications of Americans and others inside the United States, was a violation of the National Security law. Some members of Congress said they had been briefed on the Treasury Department's bank monitoring program, which examines international money transfers through a Brussels-based consortium, only after The New York Times began making inquiries in recent months.

But the assertion that other intelligence activities had been hidden from Congress is particularly surprising coming from Mr. Hoekstra, who defended the administration's limited briefings on the N.S.A. program against Democratic criticism.

An official familiar with recent exchanges between the intelligence agencies and the House committee said Friday that General Hayden had twice briefed the full committee and had addressed Mr. Hoekstra's questions about the intelligence activities referred to in the letter. The C.I.A. director promised "a free flow of information," and Mr. Hoekstra, who initially objected to placing a military officer in charge of the C.I.A., said he would work closely with the agency's new leadership.

The official, who spoke of the briefings only when granted anonymity because they were classified, declined to say anything about what the activities were or which agencies they involved.

Officials with both Mr. Negroponte's office and the C.I.A. declined to comment specifically on Mr. Hoekstra's letter. But Carl Kropf, a spokesman for Mr. Negroponte, said that over the past year his office had "engaged in hundreds of briefings, meetings and discussions with Congressional committees."

He added, "We value this dialogue with Congress, and we will continue to provide the committee with the information they need to fulfill their responsibilities."

Jennifer Millerwise Dyck, a spokeswoman for General Hayden, said that "the director believes in the important oversight role Congress plays, and he will continue regular and transparent interactions with members."

Since his appointment as committee chairman in August 2004, Mr. Hoekstra has been a critical ally of the White House on intelligence matters. He has supported the administration's most controversial policies, including its treatment of terrorist suspects, and he has balked at Democratic demands for an investigation of pre-war intelligence on Iraq. He has defended the legality and necessity of the N.S.A. program and the bank monitoring.

Mr. Hoekstra has been one of the strongest advocates in Congress for a crackdown on leaks of classified information to the media, a cause championed by both Mr. Bush and Vice President Dick Cheney.

But in recent months, Mr. Hoekstra has begun to express some disaffection. In March, he joined the top Democrat on the Intelligence Committee, Representative Jane Harman of California, in a public critique of Mr. Negroponte's performance. He criticized intelligence officials for initially resisting his demand that thousands of captured Iraqi documents be posted on the Web. Like other House Republicans, he bristled when Porter J. Goss, a former House colleague, was forced out as C.I.A. director in early May.

Most recently, Mr. Hoekstra strongly criticized a news briefing arranged by Mr. Negroponte's office on an Army report that 500 pre-Gulf War chemical shells had been found scattered around Iraq. On June 29, Mr. Hoekstra, who had said the finding established that there were weapons of mass destruction in Iraq, made public an angry letter to Mr. Negroponte calling the briefing "inaccurate, incomplete and occasionally misleading" and asserting that "attempts were made to downplay the significance of relevant facts."

A spokesman for Mr. Negroponte's office said he had not yet replied to the complaint.

Bush Is Pressed On Reporting Domestic Surveillance (WP)

By Charles Babington

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The Washington Post, July 9, 2006

In a sharply worded letter, the Republican chairman of the House intelligence committee has told President Bush that the administration is angering lawmakers, and possibly violating the law, by giving Congress too little information about domestic surveillance programs.

Rep. Peter Hoekstra (Mich.) has been a staunch defender of the administration's anti-terrorism tactics. But seven weeks ago, he wrote to Bush to report that he had heard of "alleged Intelligence Community activities" not outlined to committee members in classified briefings.

"If these allegations are true," he wrote, "they may represent a breach of responsibility by the Administration, a violation of law and . . . a direct affront to me and the Members of this committee."

Hoekstra's four-page letter of May 18 was posted yesterday on the New York Times' Web site. His staff confirmed the letter's authenticity but said it was meant to remain private. Spokesman Jamal D. Ware said Hoekstra "has raised these concerns, and they are being addressed. He will continue to push for full disclosure so the committee can conduct vigorous oversight."

The letter is significant because few congressional Republicans have complained publicly about Bush's surveillance programs, which include warrantless wiretaps of some Americans' international phone calls and e-mails as well as the massive collection of telephone records involving U.S. homes and businesses.

Heretofore, the sharpest GOP concerns have been raised by Senate Judiciary Committee Chairman Arlen Specter (Pa.). On May 26, Specter voted against Michael V. Hayden's confirmation as CIA director to protest what he called "the administration's policy of not informing the Congress . . . in a way which enables the Congress and the Judiciary Committee to do our constitutional job on oversight."

In his letter, Hoekstra complained of unspecified alleged surveillance operations that had not become public at the time and that, perhaps, remain undisclosed. It was written five weeks before newspapers divulged that the administration has been secretly tapping into a vast global database of confidential financial transactions for nearly five years. It was unclear yesterday whether Hoekstra and other top-ranking lawmakers had been briefed on that program by the date of the letter.

Hoekstra has differed with the White House in recent weeks over the significance of 500 chemical munitions shells uncovered in Iraq near the Iranian border in 2004. The shells were buried by Iraqi troops, and then apparently forgotten, during Iraq's eight-year war with Iran, which ended in 1988.

Last month, Hoekstra highlighted the findings in a Capitol Hill news conference. But administration officials played them down, saying the old shells did not point to a bid by Saddam Hussein to develop weapons of mass destruction.

Much of Hoekstra's letter to Bush outlined the chairman's objections -- which were widely known -- to the appointment of Stephen R. Kappes as CIA deputy director under Hayden. Kappes quit the CIA in 2004 in a dispute with then-Director Porter J. Goss. Goss preceded Hoekstra as House intelligence committee chairman, and many Republicans remain loyal to him.

"Regrettably," Hoekstra wrote Bush, "the appointment of Mr. Kappes sends a clear signal that the days of collaborative reform between the White House and this committee may be over." He defended Goss for responding to Kappes's "demonstrated contempt for Congress."

In imploring Bush to brief top lawmakers on surveillance operations, Hoekstra wrote that Congress "should not have to play 'Twenty Questions' to get the information that it deserves under our Constitution."

"I want to reemphasize," he wrote, "that the Administration has the legal responsibility to 'fully and currently' inform the House and Senate Intelligence Committees of its intelligence and intelligence-related activities."

He said Speaker J. Dennis Hastert (R-Ill.) shared his concerns.

Asked for a comment on the letter, White House spokesman Peter Watkins said the administration "will continue to work closely" with Hoekstra and other congressional leaders on intelligence matters.

When In Doubt, Publish (WP)

By On Secrets

The Washington Post, July 9, 2006

It is the business -- and the responsibility -- of the press to reveal secrets.

Journalists are constantly trying to report things that public officials and others believe should be secret, and constantly exercising restraint over what they publish.

Most Americans want their government to be held accountable, which is the raison d'?tre of watchdog journalism. At the same time, they do not want the press to disclose government secrets that are vital to national security.

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The journalist's dilemma, then, lies in choosing between the risk that would result from disclosure and the parallel risk of keeping the public in the dark -- a quandary that has become all the more pointed since the attacks of Sept. 11, 2001. As deans charged with imparting the values of journalism to the next generation of reporters and editors, we favor disclosure when there are not strong reasons against it.

That issue is front and center again because of the June 23 articles in the New York Times, the Los Angeles Times and the Wall Street Journal describing the government's efforts to track terrorist financing. The New York Times has attracted most of the outrage because it took the lead in investigating the system.

It is appropriate for Americans to be concerned when news organizations publish information that the president and others in authority have strongly urged not be published. No sane citizen would wish the media to provide terrorists with information that would be likely to endanger Americans.

President Bush has denounced the Times in exceptionally harsh language, and on June 29 the House formally condemned the paper. Some critics of the Times have termed its actions "treasonous" and called for criminal charges under the Espionage Act. One conservative commentator told the San Francisco Chronicle that she would happily send Bill Keller, the paper's executive editor, to the gas chamber.

Keller has characterized the decision to publish the information as a "close call," making this an especially important example to examine. Despite its security concerns, the public has shown steady support for the media's watchdog role. Earlier this year, a survey by the Pew Research Center for the People and the Press found that 56 percent of respondents said it was very important for the media to report stories they believe are in the nation's interest. A third of respondents ranked government censorship on the grounds of national security as more important. The public wants the press to keep a sharp lookout, but wants the job performed responsibly. We share this sentiment.

In the case of the stories about financial data, the government's main concern seemed to be that the hitherto cooperative banks might stop cooperating if the Times disclosed the existence of their financial tracking system. So far, that apparently has not happened.

For many Americans, however, the possibility of damage to terrorist surveillance should have been sufficient justification for the Times to remain silent. Why, they ask, should the press take such a chance?

There are situations in which that chance should not be taken. For instance, there was no justification for columnist Robert D. Novak to have unmasked Valerie Plame as a covert CIA officer.

We believe that in the case of a close call, the press should publish when editors are convinced that more damage will be done to our democratic society by keeping information away from the American people than by leveling with them.

We know from history that the government often claims to be concerned about national security when its concern is that disclosure will prove politically or personally embarrassing. The documents that came to be known as the Pentagon Papers in 1971 told how Presidents Dwight D. Eisenhower, John F. Kennedy and Lyndon B. Johnson had misled Americans about our role in the Vietnam War. Hence the classification of their contents.

In the aftermath of 9/11, a new climate of caution was a sensible response to a sophisticated terrorist foe. But Bush's reaction -- declaring a "war on terror" and claiming the Constitution grants almost limitless powers to the president in a time of war -- is excessive. His administration has been aggressively restricting access to information on the grounds of national security. For example, earlier this year historians complained that intelligence agencies were removing previously declassified documents from archives. Some of these papers dated as far back as the Korean War; many had been cited multiple times in books.

In general, the administration has sought to conduct much of what it calls the war on terror in secret, and it has been able to do so with little oversight from Congress, which would normally be a key check on power. When the press has played such an oversight role, it has often been harshly criticized.

For instance, a few months ago Bush denounced the Times for revealing the National Security Agency's program of monitoring international telephone calls by Americans without first obtaining warrants, as the law requires. In that case, Bush rebuked the paper for revealing a classified secret. For most observers, however, the most important secret that was revealed was that the president had ignored the statutory process that Congress had established.

Despite the rhetoric of their fiercest critics, most journalists take secrets seriously. Indeed, in a number of cases since 9/11, many news organizations, including the Times, have forgone publication of information at the request of the Bush administration. The Times held the article on domestic eavesdropping for a year, publishing it only after the paper thought that the issues raised were of great importance.

We believe that the extraordinary power of the presidency at this moment mandates more scrutiny rather than less. Yet Attorney General Alberto R. Gonzales has said he would consider prosecuting journalists for publishing classified information.

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Such an action would threaten to tilt the balance between disclosure and secrecy in a direction that would weaken watchdog reporting at a time when it is badly needed.

We subscribe to the vision of Carl C. Magee, a crusading journalist whose Albuquerque newspaper infuriated another president in the 1920s with revelations in the Teapot Dome scandal. Forced to close his paper after being driven to bankruptcy, Magee emerged two months later with another newspaper.

Emblazoned on the front page was a new motto, borrowed from Dante: Give Light and the People Will Find Their Own Way.

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Nicholas Lemann, dean
Graduate School of Journalism
Columbia University
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Graduate School of Journalism
University of California at Berkeley

All The News That's Fit To Bully (NYT)

By Frank Rich

The New York Times, July 9, 2006

TWO weeks and counting, and the editor of The New York Times still has not been sentenced to the gas chamber. What a bummer for one California radio talk-show host, Melanie Morgan, who pronounced The Times guilty of treason and expressly endorsed that punishment. She and the rest of the get-the-press lynch mob are growing restless, wondering why newspapers haven't been prosecuted under the Espionage Act. "If Bush believes what he is saying," taunted Pat Buchanan, "why does he not do his duty as the chief law enforcement officer of the United States?"

Here's why. First, there is no evidence that the Times article on tracking terrorist finances either breached national security or revealed any "secrets" that had not already been publicized by either the administration or Swift, the Belgian financial clearinghouse enlisted in the effort. Second, the legal bar would be insurmountable: even Gabriel Schoenfeld, who first floated the idea of prosecuting The Times under the Espionage Act in an essay in Commentary, told The Nation this month that the chance of it happening was .05 percent.

But the third and most important explanation has nothing to do with the facts of the case or the law and everything to do with politics. For all the lynch mob's efforts to single out The Times — "It's the old trick, go after New York, go after big, ethnic New York," as Chris Matthews put it — three papers broke Swift stories on their front pages. Even in this bash-the-press environment, the last spectacle needed by a president with an approval rating in the 30's is the national firestorm that would greet a doomed Justice Department prosecution of The Times, The Wall Street Journal and The Los Angeles Times.

The administration has a more insidious game plan instead: it has manufactured and milked this controversy to reboot its intimidation of the press, hoping journalists will pull punches in an election year. There are momentous stories far more worrisome to the White House than the less-than-shocking Swift program, whether in the chaos of Anbar Province or the ruins of New Orleans. If the press muzzles itself, its under-the-radar self-censorship will be far more valuable than a Nixonesque frontal assault that ends up as a 24/7 hurricane veering toward the Supreme Court.

Will this plan work? It did after 9/11. The chilling words articulated at the get-go by Ari Fleischer (Americans must "watch what they say") carried over to the run-up to the Iraq war, when the administration's W.M.D. claims went unchallenged by most news organizations. That this strategy may work again can be seen in the fascinating escalation in tactics by the Bush White House's most powerful not-so-secret agent in the press itself, the Wall Street Journal editorial page. The Journal is not Fox News or an idle blogger or radio bloviator. It's the establishment voice of the party in power. The infamous editorial it ran on June 30

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("Fit and Unfit to Print"), an instant classic, doesn't just confer its imprimatur on the administration's latest crusade to conflate aggressive journalism with treason, but also ups the ante.

The editorial was ostensibly a frontal attack on The Times, accusing its editors of not believing America is "really at war" and of exercising bad faith in running its report on the Swift operation. But an attack on The Times by The Journal's editorial page is a shrug-inducing dog-bites-man story; the paper's conservative editorialists have long dueled with a rival whose editorials usually argue the other side. (And sometimes the Times opinion writers gleefully return the fire.) What was groundbreaking and unsettling about the Journal editorial was that it besmirched the separately run news operation of The Journal itself.

By any standard, The Journal is one of the great newspapers in the world, whether you agree with its editorials or not. As befits a great newspaper, its journalists are fearless in pursuit of news, as tragically exemplified by Daniel Pearl. Like reporters at The Times, those at The Journal operate independently of the paper's opinion pages. Witness The Journal's schism during the Enron scandal. Its editorial page belittled the scandal's significance most of the way, resisting even mild criticisms of Enron (it was "partly a victim of its own success") until it filed for bankruptcy. The dearly departed Ken Lay, after all, was the leading Bush financial patron; to the Journal editorialists, the "Clintonian moral climate" of the 1990's was a root cause of Enron's problems. Meanwhile, The Journal's investigative reporters had gone their own way months earlier, helping unearth the scandal. So much so that Mr. Lay tried to argue his innocence in the spring by testifying that a "witch hunt" by the paper's reporters had more to do with his company's demise than he did.

It was a similarly top-flight Journal reporter, Glenn Simpson, who wrote his paper's Swift story. But the Journal editorial page couldn't ignore him if it was attacking The Times for publishing its Swift scoop on the same day. So instead it maligned him by echoing Tony Snow's official White House line: The Journal was merely following The Times once it knew that The Times would publish anyway. As if this weren't insulting enough, the editorial suggested that the Treasury Department leaked much of the story to The Journal and that a Journal reporter could be relied upon to write a "straighter" account more to the government's liking than that of a Times reporter.

This version of events does not jibe with an e-mail sent by The Journal's own Washington bureau chief, Gerald Seib, on the day the Swift articles ran. "I was surprised to see your news story about the New York Times 'scoop' on the government program to monitor international bank transactions," Mr. Seib wrote to Joe Strupp of the trade publication Editor & Publisher. "As you could tell from the lead story on the front page of The Wall Street Journal today, we had the same story. Moreover, we posted it online early last evening, virtually at the same time The Times did. In sum, we and The Times were both chasing the story and crossed the finish line at the same time — and well ahead of The Los Angeles Times, which posted its story well after ours went up."

In other words, The Journal's journalists were doing their job with their usual professionalism. But by twisting this history, the Journal editorial page was sending an unsubtle shot across the bow, warning those in the newsroom (and every other newsroom) that their patriotism would be impugned, as The Times's had been, if they investigated administration conduct in wartime in ways that displeased the White House.

Any fan of The Journal's news operation expects it to stand up to this bullying. But the nastiness of the Journal editorial is a preview of what we can expect from the administration and all of its surrogates this year. In "The One Percent Doctrine," the revelatory book about wartime successes and failures now (happily) outpacing Ann Coulter at Amazon.com, the former Wall Street Journal reporter Ron Suskind explains just how tough it is for a reporter in this climate: "to report about national affairs and, especially, national security in this contentious period demands at least a spoonful of disobedience — a countermeasure to strong assurances by those in power that the obedient will be rewarded or, at the very least, have nothing to worry about."

The trouble is we have plenty to worry about. For all the airy talk about the First Amendment, civil liberties and Thomas Jefferson in the debate over the Swift story and the National Security Agency surveillance story before it, there's an urgent practical matter at stake, too. Now more than ever, after years of false reports of missions accomplished, the voters need to do what Congress has failed to do and hold those who mismanage America's ever-expanding war accountable for their performance in real time.

As George Will wrote in March, all three members of the "axis of evil" — Iraq, Iran and North Korea — are "more dangerous than they were when that phrase was coined in 2002." So is Afghanistan, which is spiraling into Taliban-and-drug-lord anarchy, without nearly enough troops or other assistance to secure it. On the first anniversary of the London bombings, and on a surging wave of new bin Laden and al-Zawahiri videos, the two foremost Qaeda experts outside government, Peter Bergen and the former C.I.A. officer Michael Scheuer, both sounded alarms that contradict the insistent administration refrain that the terrorists are on the run.

We can believe instead, if we choose to, that all is well and that the press shouldn't question our government's account of how it is winning the war brilliantly at every turn. (The former C.I.A. analytical chief, Jami Miscik, decodes this game in "The One Percent Doctrine": the administration tells "only half the story, the part that makes us look good," and keeps the other half

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classified.) We can believe that reporters, rather than terrorists, are the villains. We can debate whether traitorous editors should be sent to gas chambers or merely tarred and feathered.

Or we can hope that the press will rise to the occasion and bring Americans more news we can use, not less, at a perilous time when every piece of information counts.

U.S. Says Inmate Legal Notes May Have Aided Suicide Plot (NYT)

By Damien Cave

The New York Times, July 9, 2006

Detainees at the Guantánamo Bay detention center in Cuba may have planned three suicides there last month by exchanging messages on note paper that was provided by lawyers and generally not scrutinized by guards because of confidentiality rules, the government has asserted in court papers.

Justice Department lawyers made the claim on Friday in a court filing in seeking permission from a federal district judge to review some 1,100 pounds of papers seized from the detainees as part of a military investigation into the suicides on June 10.

The filing, in the Federal District Court for the District of Columbia, cites a handful of notes found since the suicides. Detainees' lawyers have described the suicides as acts of desperation, while Rear Adm. Harry B. Harris Jr., the facility's commander, has described them as acts of "asymmetric warfare." The government's claims were first reported by The Washington Post on Saturday.

Government lawyers argued in the filing that all prisoners' possessions needed to be searched, including documents typically protected by attorney-client privilege, because an initial search had "demonstrated that detainees had developed practices for misusing the existence of a privileged attorney-client communication system."

In the cell of one of the detainees who died, the authorities said, investigators found a hand-written message from another prisoner on notepaper marked "privileged attorney-client material."

Several other notes said to be relevant to the suicides were later discovered in prisoners' cells and plastic bins where detainees keep their personal possessions, according to a chronology of the investigation.

One of the notes offered guidance on knot-tying, court records said, although it is not clear if the three detainees were aware of the instructions when they hanged themselves with torn sheets and clothing.

Another set of notes marked privileged and "potentially authored by at least two of the deceased detainees" were found in the cell of a living detainee, according to court documents. One detainee also used envelopes marked attorney-client that were found to hold government documents that investigators said might have been classified.

Because all three of the men who died had never been visited by attorneys, government lawyers said the evidence "indicated the passing of materials and messages between detainees and that some level of planning or coordination of the suicides had taken place."

In an affidavit, Admiral Harris said the evidence suggested that "the suicides may have been part of a larger plan or pact for more suicides that day or in the immediate future."

He also raised the possibility that detainees' lawyers or others might have played a role in passing the notes, asking investigators to search for evidence of a plot assisted by "third parties."

Lawyers representing detainees at Guantánamo bridled at that suggestion. Bill Goodman, the legal director of the Center for Constitutional Rights, a New York group that has coordinated efforts to file habeas corpus petitions on behalf of most Guantánamo detainees, said guards were careful to check lawyers' briefcases both before and after they spent time with clients.

"Certainly if something is written on the back in Arabic, the guards are going to see it," Mr. Goodman said.

He and other lawyers described the government's demand for control of prisoners' possessions as an attempt to weaken their clients' cases.

Stephen Oleskey, a lawyer in Boston who represents six Algerians seized in Bosnia in 2001, said written communication was critical to defending the detainees.

Guantanamo Probe Finds Evidence Of Plot (AP)

By Ben Fox

AP, July 9, 2006

An investigation into three apparent suicides at the Guantanamo Bay prison has found that other detainees may have helped the men hang themselves or were planning to kill themselves too.

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Authorities who searched other detainees' cells after the three were found hanged discovered instructions on tying knots, along with several notes in Arabic that were "relevant" to an investigation of a possible broader plot, officials said in court papers filed late Friday in Washington.

The detention center's commander, Navy Rear Adm. Harry B. Harris, said in an affidavit that investigators believe "the suicides may have been part of a larger plan or pact for more suicides that day or in the immediate future."

Authorities confiscated personal papers from nearly all 450 prisoners at Guantanamo Bay to "determine whether other suicides were planned or likely to be planned," Carol Kisthardt, the Naval Criminal Investigative Service agent in charge of the investigation, said in an affidavit.

Both affidavits were filed in support of a request for a judge to appoint a special review panel to review all the detainees' documents, which include letters from attorneys.

Lawyers for Guantanamo detainees have condemned the confiscation of the legal papers as a violation of attorney-client privilege and asked a judge to order their immediate return.

Investigators said they confiscated about 1,100 pounds of personal documents after three detainees were found hanging from their steel mesh cells before dawn on June 10 — the first reported deaths of prisoners at the prison.

Bill Goodman, legal director for the New York-based Center for Constitutional Rights, which represents about 200 detainees, said Saturday that a special review panel would undermine trust between prisoners and their lawyers and delay the legal process.

"It's another roadblock," Goodman said.

The government said the panel's independence would be assured, and detainees' rights protected, by its including lawyers, law enforcement and intelligence personnel and translators who have not taken part in any legal proceedings against detainees.

The special panel, or "Filter Team," would review all the material and report any information that threatens national security or involves "imminent violence" but would not divulge anything that would violate attorney-client privilege, the government said.

Authorities took the papers after finding a note in Arabic related to the suicides in the mesh wall of the cell of one of the prisoners found hanged to death, Kisthardt wrote.

The note did not appear to be written by the prisoner, or another of the detainees who committed suicide, and it was written on paper provided by lawyers stamped with the words "Attorney-Client Privilege."

Among the papers, investigators also found a printout of an e-mail written by someone on the base that appeared to contain sensitive information about the location of cells and operations at Guantanamo, where the U.S. holds men suspected of links to al-Qaida or the Taliban.

Investigators also confiscated envelopes from detainees marked "Attorney-Client Privilege" but did not review the contents to see if they had any relevant information, Kisthardt wrote.

Signs Of Life In Congress (NYT)

The New York Times, July 9, 2006

Congress, which is supposed to push back against executive attempts to amass overweening power, has hardly played its proper role when it comes to George W. Bush. In the past, when evidence arose that the president had overstepped his authority, the Congressional response was generally to look for ways to make whatever Mr. Bush did retroactively legal. But the Supreme Court's decision on the Guantánamo Bay detention camp seems to have jolted even some of the most loyal Republicans back to reality. They are vowing that this time, they will not merely rubber-stamp presidential overreaching. Soon, Americans will get a sense of how seriously to take this newfound spine.

The court ruled, in a decision so strong that it sent shock waves through Washington, that Mr. Bush violated the Geneva Conventions and American law when he created commissions to try detainees outside established judicial procedure. The court rejected Mr. Bush's claim of a power to handle prisoners any way he wants and said it was up to Congress to set rules.

This week, three Congressional committees will hold hearings on the issue. The White House predictably asked Congress simply to legalize Mr. Bush's policies. But a wide range of senators rejected that and called for a serious look at the basic question: whether and how existing rules should be changed to deal with terrorists who are not in any army.

The court said the military commissions, which Vice President Dick Cheney and his team cooked up without bothering to consult military lawyers, violated the Uniform Code of Military Justice, which has rules of evidence and process similar to civilian law. Congress could simply apply the military court to the Guantánamo prisoners. But the code was created to try members of the United States armed forces and some experts make convincing arguments its use would not be appropriate for terrorist suspects.

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Still, Congress could create a new kind of military commission, operating as closely as possible to United States military law. That is the proposal of Senator Lindsey Graham, Republican of South Carolina, one of the Senate's experts on military law, and Arlen Specter, the Judiciary Committee chairman. It sounds reasonable, as long as lawmakers resist pressure from the administration to deny the prisoners any real rights, barring them from seeing classified evidence, admitting coerced confessions, excluding prisoners from hearings and sharply limiting their lawyers' ability to defend them.

The challenge for Congress is simply to create a vehicle for giving the prisoners their day in court that contains the protections that Americans believe any human being deserves before he can be locked away in an isolated prison forever. Coerced testimony should be banned. Classified material could be safeguarded by using the current civilian court practice, in which judges review such material and decide whether to share it with defense lawyers, who are cleared in advance.

The division here is not between people who want to win the war on terror and those who for some unfathomable reason do not. It is between an executive branch that seems bent on proving that the president has unlimited power and those who believe that the Constitution and the rule of law did not crumble along with the World Trade Center.

We would not be in this mess if Mr. Bush had followed the rules. If he had allowed the screening of captives on the battlefield, which the military wanted and the Geneva Conventions require, hundreds of innocent men would never have been sent to Gitmo. If he had asked Congress to create tribunals, instead of fashioning extralegal ones, some of those prisoners who really are terrorists might have been convicted by now in full view of the world.

Senator Graham put it just right the other day. "We don't need to change who we are to win the war," he said. "We need to create a system to meet the needs of a fair trial, the rights of the accused and the defense of the nation, that the world will see as fair and the nation can be proud of."

We hope Congress follows that spirit.

Congress's Turn (WP)

The Washington Post, July 9, 2006

President Bush failed to create a fair legal system for accused terrorists. Congress can do better.

PRESSED BY the Supreme Court, Congress this week at last will begin considering how to create a legal system for foreigners held at the Guantanamo Bay prison and elsewhere abroad. Depending on the course it takes, the legislature could compound the damage of the past five years -- or it could enhance America's prestige and its fight against terrorism.

Having allowed President Bush to assert extralegal powers for nearly five years, some in Congress now want to rush through legislation that would rubber-stamp the regime that the court rejected. There is talk of completing a bill by summer's end. Some Republicans appear eager to turn what ought to be a serious debate about balancing national security and human rights into an election issue -- by labeling as soft on terrorism anyone who opposes Mr. Bush's unworkable scheme for trying Guantanamo inmates.

It's somewhat encouraging, therefore, that the Armed Services Committee under the chairmanship of Sen. John W. Warner (R-Va.) will take the legislative lead in the Senate. Mr. Warner's committee was the source last year of the sole piece of responsible legislation on foreign detainees since 2001, the ban on cruel, inhuman and degrading treatment of prisoners authored by Sen. John McCain (R-Ariz.). Mr. Warner says he will conduct "intensive consultations" with Republicans and Democrats on his committee, the White House and legal experts before deciding how to proceed. His first hearing this week will feature testimony by serving and former military judge advocates general.

That's a good place to start, if only because so many in Congress seem to misunderstand the issues raised by Hamdan v. Rumsfeld -- especially its finding that all detainees are covered by Common Article 3 of the Geneva Conventions. Based on their public statements, a number of senators appear to believe that any application of Geneva to al-Qaeda prisoners is equivalent to giving them prisoner-of-war rights or setting requirements that go beyond U.S. law. Some claim that American servicemen have been exposed to new legal jeopardy. None of that is true.

In fact, Geneva's Common Article 3 applies to everyone caught up in a conflict, including civilians and irregular combatants. Its requirement for minimally humane treatment falls far short of POW status and is very similar to that mandated by the McCain amendment. A federal law already requires U.S. personnel to comply with Article 3; what's more, Pentagon lawyers have determined that no authorized practice in the new Army interrogation manual violates the Geneva standard. Waterboarding and other practices in the CIA's secret prisons almost certainly do, but we're told these extreme methods have been dropped since the McCain amendment passed -- as they should have been.

So there's nothing practical to be gained by gratuitously repudiating Geneva or U.S. laws that mandate compliance with it -- and much that would be lost. To do so would effectively repeal the standard Congress adopted for prisoner treatment last year, and it would send a message to the world that the United States rejects one of the most basic international standards of human

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rights. Ideally, Congress should spell out what U.S. compliance with Common Article 3 should mean for prisoner treatment, or it should require the administration to publish its own guidance. But no action is better than gutting this basic standard.

As for trials, Article 3 requires simply that they be carried out by "a regularly constituted court, affording all the judicial guarantees which are recognized as indispensable by civilized peoples." The Supreme Court found that the Bush administration's plan for military commissions did not meet this basic standard. But the standard can be met without compromising security.

One approach, as Mr. Warner has suggested, is to start with the code of military justice and its court-martial system, which fully conform with international law. Senators can then examine what changes may be necessary to accommodate trials of accused terrorists. As we have suggested, some alterations may be needed -- for example, in order to use evidence that is highly classified.

Even better would be for Congress to comprehensively bring all aspects of detention and interrogation of prisoners under law. But as Mr. Warner points out, any system Congress sets up will again be subject to review by the Supreme Court. A hasty ratification of the administration's failed scheme, or a new concoction that fails to grant detainees basic rights, may not pass muster with the court -- and certainly won't with the rest of the world.

This is the seventh editorial in an occasional series about the Bush administration's detention and treatment of foreign prisoners. The full series is available athttp://www.washingtonpost.com/opinions.

Even In Time Of War, U.S. A Nation Of Laws (SA)

San Antonio Express News, July 9, 2006

Civil liberties groups see in the Supreme Court's ruling in Hamdan vs. Rumsfeld a clear rebuke to a president who has overstepped his constitutional authority.

Advocates for executive power in the war on terror will, at the same time, find in it some vindication.

On one key issue, five justices agree that the military tribunals established by the Bush administration to try accused terrorists held at Guantanamo Bay, Cuba, are unlawful. On another key issue, the justices do not challenge the president's authority to hold enemy combatants.

Legal scholars will pore over the 185-page ruling — with six different opinions, three of them dissenting — for a long time to come. The immediate result is that Camp Delta will remain in business while the White House and Congress construct a process within the scope of military justice that meets the legal requirements described by the court.

The more long-standing principle at the heart of the complicated decision is this: Even in times of war, the United States is a nation of laws. When those laws are ill-suited to the conflict at hand, the commander in chief can work with Congress and the courts to modify them or create new laws. He may not simply ignore them.

Americans have struggled to find the right balance between security and civil liberties in the war on terror. In the aftermath of Sept. 11, 2001, the pendulum swung too far in the direction of security. The Hamdan decision is the latest effort to restore a new equilibrium in this contentious debate.

"To the extent that there is latitude to work with the Congress to determine whether or not the military tribunals will be an avenue in which to give people their day in court," President Bush said following the court's decision, "we will do so."

It's reassuring to hear those words now. It would have been better for the nation had the president arrived at that conclusion at an earlier date.

German Man Held As Liaison Suspect For 9/11 Associate (NYT/AP)

By The Associated Press

The New York Times/AP, July 9, 2006

BERLIN, July 8 (AP) — A German citizen of Moroccan descent has been arrested in Hamburg on suspicion that he is a member of Al Qaeda with contacts to a man close to the Sept. 11 hijackers, federal prosecutors said Saturday.

A man identified only as Redouane E. H., 36, of Kiel, was arrested Thursday on suspicion of supporting a foreign terrorist organization, a spokeswoman for the prosecutor's office, Frauke Scheuten, said Saturday.

He is suspected of being in contact with Said Bahaji, who had close ties to the three Sept. 11 hijackers who lived and studied in Hamburg — Mohamed Atta, Marwan al-Shehhi and Ziad al-Jarrah, Ms. Scheuten said. Mr. Bahaji is suspected of providing logistical support for the Hamburg cell but fled before the attacks and is thought to be in Pakistan. Ms. Scheuten said there was no evidence of direct contact between Redouane E. H. and the hijackers.

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"The accused had numerous contacts with the international network of violent jihadis, among other places in Syria, Algeria and Iraq," she said. "He is seriously suspected of supporting the Al Qaeda foreign terrorist network through recruiting fighters for suicide attacks in Iraq and through financial payments."

The arrest was made after gathering information largely drawn from monitoring the suspect's conversations in online chat rooms, Ms. Scheuten said.

Mr. Bahaji has relatives in Hamburg, including a wife, and authorities have previously said they had intercepted e-mail from him.

Prosecutors said that Redouane E. H. served "as an intermediary for messages between the separately pursued Said Bahaji and his wife."

Yemen Acquits 19 Suspected Al-Qaida Members (AP)

By Ahmed Al-haj

AP, July 9, 2006

Nineteen alleged al-Qaida members accused of plotting to assassinate Westerners and blow up a hotel used by Americans were acquitted Saturday by a judge who also exonerated some of fighting U.S. troops in Iraq.

The accused denied many of the charges, but some had confessed to fighting U.S. troops in Iraq, and had Iraqi stamps in their passports.

"This does not violate (Yemeni) law," presiding judge Ahmed al-Baadani said. "Islamic sharia law permits jihad against occupiers."

The 14 Yemenis and five Saudis were accused of forming a gang to assassinate Americans and Westerners in Yemen, and of joining the so-called holy war against the U.S.-led coalition in Iraq.

One defendant testified he had returned home to perpetrate jihad against Americans in Yemen, a U.S. ally and the ancestral homeland of Osama bin Laden.

But the prosecution failed to provide "adequate evidence that the defendants were plotting attacks against foreigners or planning to assassinate Americans in Yemen," al-Baadani said.

The defendants greeted the verdict with cries of "God is Great!" from behind the bars of a cage in the courtroom.

Mohammed al-Maqaleh, an expert in Islamist affairs who frequently appears in the Yemeni media, described the verdict as a "shock" and a sign that President Ali Abdullah Saleh was trying to drum up support from Muslim radicals ahead of the coming presidential elections.

Yemen, long regarded as a haven for al-Qaida, was the scene of the October 2000 suicide bombing against the USS Cole that killed 17 American sailors. But the country allied itself with the United States after Sept. 11 and waged a crackdown on militants.

Saleh nonetheless has long-standing ties with Islamic militants, who have stood by the administration since the 1980s.

"This (verdict) is a change for the judiciary in Yemen," said Ali al-Kurdi, one of the defendants, who spent three years in Afghanistan in the 1990s. "It is fair, something unusual."

Al-Kurdi was charged with being linked to al-Qaida.

The defendants were arrested in early 2005 and accused of having contact with al-Qaida in Iraq leader Abu Musab al-Zarqawi and receiving directions from him to attack a Western-owned hotel in the Yemeni city of Aden. Al-Zarqawi was killed June 7 in a U.S. airstrike in Iraq.

Saleh's announcement that he will again run for president broke earlier promises to step down after 28 years at the helm of this impoverished Arab nation.

Five Yemeni opposition parties have chosen Faisal bin Shamlan, a former oil industry executive to challenge him. Bin Shamlan has spoken out against al-Qaida and denounced corruption.

US Extends Condolences On British Bombing Anniversary (AFP)

AFP, July 9, 2006

The United States has expressed sorrow and solidarity with Britons in memory of the 52 people killed in London bombings a year ago, a day after the grim anniversary.

"They had started their day like many others with breakfast with their families, and preparations for work and school. While they left their homes like any other day on July 7, they did not return," Secretary of State Condoleezza Rice said in a statement.

"Fifty-two families suddenly lost a wife, a husband, a parent, a child. On the anniversary of their death we again mourn their loss and extend our condolences to their families," Rice said.

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She recalled the United States shares with the people of Britain "a deep bond of friendship that has stood the test of time."

"Their loss is our loss, their struggles are our struggles.

"While we mourn those who were killed last July 7, we will honor their memory by continuing to work together to defeat terrorism and ensure that all those who would do harm to the innocent are brought to justice."

Britain observed two minutes of silence Friday in memory of the 52 people who died when four British Muslim suicide bombers, with explosives packed into rucksacks, blew themselves up inside three packed London underground trains and a double-decker bus on July 7, 2005.

It was the worst-ever terrorist attack on British soil, as well as Europe's first experience with a suicide bombing.

HOMELAND RESPONSE:

Recent Arrests In Terror Plots Yield Debate On Pre-emptive Action By Government (NYT)

By Eric Lipton

The New York Times, July 9, 2006

WASHINGTON, July 8 — In Miami last month and now in New York, terror cases have unfolded in which suspects have been apprehended before they lined up the intended weapons and the necessary financing or figured out other central details necessary to carry out their plots.

For officials in Washington, it is a demonstration of the much-needed emphasis in this post-9/11 era for pre-emptive arrests.

"We don't wait until someone has lit the fuse to step in," Homeland Security Secretary Michael Chertoff said Friday at a news conference about the New York plot.

But the Miami and New York cases are inspiring a new round of skepticism from some lawyers who are openly questioning whether the government, in its zeal to stop terrorism, is forgetting an element central to any case: the actual intent to commit a crime.

"Talk without any kind of an action means nothing," said Martin R. Stolar, a New York defense lawyer. "You start to criminalize people who are not really criminals."

In the two most recent plots, the authorities have simultaneously warned that the suspects were contemplating horrific attacks — blowing up the Sears Tower in Chicago and setting off a bomb in a tunnel between New York and New Jersey — but then added that as far as they knew, no one was close to actually making such a strike.

In the Miami case, an F.B.I. official said at a recent hearing that the suspects apparently did not have written information on how to make explosives, details on the layout of the Sears Tower or any known link to a terrorist group.

In New York, officials said Friday that none of the eight suspects believed to be planning the tunnel attack were in the United States, and that they apparently did not have bomb materials and had not completed reconnaissance work on their supposed target.

The arrest on April 27 in Beirut of Assem Hammoud, 31, a Lebanese man who is accused of being the mastermind of the tunnel plot, came after the authorities monitored Internet chat rooms used by Islamic extremists who had used coded language to discuss a possible attack. One American official said the members of the group had never met one another.

In announcing the case, federal officials, including Mr. Chertoff, said the government could not waste time trying to determine whether the suspects were smart enough or serious enough to turn their threats into destructive action.

"It is a mistake to assume that the only terrorist that's a serious terrorist is the kind of guy you see on television, that's a kind of James Bond type," Mr. Chertoff said Friday. "The fact of the matter is mixing a bomb in a bathtub does not take rocket science."

Representative Peter T. King, a New York Republican and the chairman of the House Committee on Homeland Security, said that the cases also demonstrate that the authorities cannot always delay charges until they have built airtight criminal cases.

"It was essential that the F.B.I. get rid of its pre-9/11 mentality of not making an arrest until they have enough evidence to convict," Mr. King said Friday in an interview. "You can't be locking everyone up. But so long as there are reasonable grounds to make the arrest, they should do that."

Mark J. Mershon, an F.B.I. assistant director, said that the apprehensions related to the New York case — so far no one has been arrested in the United States — began after the authorities were convinced that the talk was close to turning into action.

"Plotting for this attack had matured to a point where it appeared that the individuals were about to move forward," Mr. Mershon said Friday in New York.

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"They were about to go to a phase where they would attempt to surveil targets, establish a regimen of attack and acquire the resources necessary to effectuate the attacks."

Carl W. Tobias, a law professor at University of Richmond in Virginia who tracks terrorism cases, said the modest evidence disclosed so far in some recent cases in relation to the ability of the suspects to deliver on their threats has caused him to wonder if politics might be a factor.

"There is some kind of public relations gained by making Americans on the one hand feel concerned that the Sears Tower in Chicago or some tunnel in Manhattan is targeted yet on the other hand feel comforted that the government is on top of it," he said.

The questions posed about some of the terror-related arrests echo doubts raised when Tom Ridge was secretary of homeland security and the Bush administration half a dozen times raised the color-coded alert warning to orange, signaling a high risk of a terrorist attack, leading skeptics to suggest the up-and-down warning levels may have been driven in part by politics.

Since the Sept. 11 attacks, according to a Justice Department tally, 261 defendants have been convicted or have pleaded guilty in terrorism or terrorism-related cases. But many of those cases have only remote connections to actual terrorism plots, like the case involving six men from Lackawanna, N.Y., who pleaded guilty to attending a terrorist training camp, but never actually took part in a terror plot.

But Pasquale J. D'Amuro, former assistant director in charge of the F.B.I. office in New York, said that law enforcement officials have no choice but to act pre-emptively, even if planning has not yet turned into an active plot.

"When they go operational, they run silent," Mr. D'Amuro said. "It becomes very difficult to follow them and try to trail them."

Mr. Chertoff acknowledged the debate on Friday, saying he had heard criticism by some that "the people you are arresting are not really serious or they don't really have the capacity of actually carrying something out."

But he said that the lesson not only of Sept. 11, but of terrorist attacks since then, including bombings last year in London, is that the government has no other choice. That means, he said, acting sooner rather than later, even if it might result in skeptics suggesting the plots were more imaginary than real.

"We are dangerously putting people at risk if somehow we believe that only criminal masterminds or terrorist masterminds are a threat," he said.

Terror Suspects Plotted Against Brooklyn Bridge, Other Landmarks, Officials Say (NSDY)

By Mohamad Bazzi

Long Island Newsday, July 9, 2006

BEIRUT, Lebanon -- Before Assem Hammoud and his associates decided to try to bomb New York's PATH trains, they had considered several other targets: the Brooklyn Bridge, the Golden Gate Bridge and the forests of California, where they would set a huge fire, Lebanese security officials told Newsday.

They eventually settled on the tunnels under the Hudson River, plotting to send suicide bombers to kill thousands of commuters and devastate the U.S. economy, according to two security officials who spoke yesterday on the condition on anonymity.

"They studied different possibilities and they decided to move ahead with an attack on the train tunnels," one official said. "They thought that would be the most viable plan."

Lebanese investigators found maps and other information about the two bridges and California forests when they raided Hammoud's home in Beirut after his arrest on April 27, the official said.

Hammoud, 31, is the alleged mastermind of the plot by eight al-Qaida followers scattered across six countries. He is being held in Lebanon. U.S. and Lebanese officials unraveled the plan by monitoring Internet chat rooms used by Islamic extremists -- long before any of the suspects tried to secure financing or explosives. None had even visited the United States.

U.S. officials said Friday that two other plotters were in custody but refused to say where. The Lebanese officials said that Hammoud was in contact with militants in Iran, Syria, Pakistan, Denmark and Canada, and that the other suspects are in those countries. The five plotters still at large are a Saudi, a Yemeni, a Palestinian, a Jordanian and an Iranian Kurd, according to the officials.

Although Lebanese and U.S. authorities said Hammoud was an al-Qaida operative who had sworn allegiance to Osama bin Laden, they did not outline his alleged ties to that group -- or its leaders -- when they first announced his arrest on Friday. That led some analysts to speculate that Hammoud was part of a new trend in global terrorism: small, localized cells that don't necessarily take orders from bin Laden or other al-Qaida leaders.

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"This is the lone wolf phenomenon, where a small band of like-minded extremists decide to take action on their own," said Diaa Rashwan, a leading expert on Islamic militancy at the al-Ahram Center for Political and Strategic Studies in Cairo. "They might draw inspiration from al-Qaida and bin Laden, but they might not be following direct orders."

The security officials told Newsday that Hammoud had contact with at least two of 13 men who were arrested by Lebanese authorities in December for belonging to al-Qaida and planning attacks from Lebanon. The officials said Hammoud was in touch with Hassan Nabaat, a Lebanese, and Hany Shanti, who has both Lebanese and Jordanian nationalities. But Lebanese officials have provided few details about those arrested, their relationship to al-Qaida and what attacks they were plotting.

Investigators moved to arrest Hammoud in late April -- after keeping him under surveillance for three months -- because they concluded that he had obtained a visa to Pakistan and was getting ready to leave. After his arrest, the officials said, he confessed he was to undergo four months of training in Pakistan at an al-Qaida-linked camp.

The officials said Hammoud also had applied for a tourist visa at the Canadian Embassy in Beirut. He had traveled several times to Canada and studied business administration at a university in Montreal in the mid-1990s. Once he entered Canada this time, an official said, Hammoud planned to go to the United States and organize the train attacks in October or November.

The son of a wealthy Sunni Muslim family from Beirut, Hammoud taught economics and management at Lebanese International University, a private college. He is fluent in Arabic, English, French and German, relatives said.

In militant chat rooms, he was instructed not to grow a beard, wear Islamic clothing or show any outward sign of religious devotion. He was told to act like a typical Lebanese young man so he could avoid suspicions.

Hammoud did not disappoint his militant handlers, living a fast life in Beirut, according to his family and Lebanese officials. He frequently went out to nightclubs and cafes. He traveled around the Middle East, Europe and Canada. He drank and dated women. He even drove a red sports car -- an MG convertible.

Before his arrest, he was planning to take part in a car race this summer, according to his mother, Nabila Qotb, 58. In an interview at the family's home in an upscale Beirut neighborhood, she insisted her son had no connection to al-Qaida or any militant group.

"He's very well educated. He speaks several languages. He likes to enjoy life, to go out and play sports," she said, sitting in a living room with flower print couches. "Why are people making these accusations against him? My son is innocent. ... I'm certain that he has no connection to al-Qaida. Absolutely none at all."

Activists Cited For Protest Near NSA (WT/AP)

By Ben Nuckols

The Washington Times/AP, July 9, 2006

BALTIMORE -- Thirteen anti-war activists were given citations yesterday for protesting outside the National Security Agency headquarters at Fort Meade.

An agency security officer cited the activists for "entering into military facility for purposes prohibited by law" and ordered them to leave the area, protest organizers and an agency spokesman said. They were ordered to appear in U.S. District Court in Baltimore to be arraigned at a date to be announced.

Twenty-five persons participated in the protest, but only 13 who refused to stop carrying signs were cited, said Max Obuszewski, one of those cited and a member of the group Pledge of Resistance -- Baltimore. They carried a banner reading "NSA = Crime Scene" and other signs protesting the agency's involvement in the war in Iraq.

The activists were stopped on a public road near the entrance to the agency that provides access to two museums that are open to the public, Mr. Obuszewski said.

"We were on, I would argue, public property," he said. "Anybody could go there and get gasoline. Anybody could go there and visit the two museums."

The activists were handed a document dated May 12, 2005, indicating that "protests, public speeches, marches, sit-ins, political displays, or demonstrations" were banned at Fort Meade. But Mr. Obuszewski said he had protested at the same spot a few times since that date without being cited.

"They never showed us this document before," he said. "Why were they allowing us out there before?"

Don Weber, an agency spokesman, declined to comment on that claim. Fort Meade policy specifies that protesters must submit a written request for a permit, he said.

"The requirement on Fort Meade is that they have a permit to protest," Mr. Weber said. "They did not. Although they were given a couple of opportunities not to be, they chose to be cited."

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The Pledge of Resistance -- Baltimore sent a letter last month to Lt. Gen. Keith B. Alexander, the agency's director, seeking a meeting to discuss what it called "the illegal wiretapping and wholesale collection of Americans' phone records" and "the NSA's surveillance of our group."

The organization has received no response, Mr. Obuszewski said.

Investors Lead Home Sale Boom In New Orleans (NYT)

By Susan Saulny

The New York Times, July 9, 2006

NEW ORLEANS, July 8 — In a market spurred by speculators and bargain hunters, an extraordinarily large number of houses in the flood-ravaged metropolitan area here are being sold, according to real estate analysts, who say volume and sales prices exceed levels before Hurricane Katrina.

The higher prices are largely due to an increase in value in suburban areas, many of which were not heavily flooded, or in dry areas of New Orleans. But flooded houses in the city are being bought as well, often at deep discounts of as much as $50 a square foot less than they would have sold for before the hurricane.

"We have a stronger housing market than before," said Wade R. Ragas, professor emeritus of finance at the University of New Orleans and the president of a local consulting firm, Real Property Associates.

"There is renovation activity in every ZIP code of Orleans Parish," Dr. Ragas added, "but the strongest buying activity is, in general, closest to where it did not flood or where there was under two feet of water."

Across the nine-parish region that includes New Orleans, 7,506 single-family homes were sold between January and the end of last month, compared with 6,449 in the same period last year, according to statistics from the New Orleans Metropolitan Association of Realtors and the Gulf South Real Estate Information Network. The average price so far this year is $221,244, compared with $193,097 in the same period last year.

The interest in buying, selling and renovating has been a bright spot since the last months of 2005, and has confounded some people who thought the flooding would cripple the housing market for years. But it is just one of many counterintuitive contrasts that are defining the area and making easy predictions unreliable.

Before the storm, Jennifer and Rodney Greenup lived in the Gentilly neighborhood of New Orleans, in a 1950's-era, 2,600-square-foot house with a red tile roof that they bought nine years ago for $108,000. It was appraised for nearly $240,000 before Hurricane Katrina.

But after the storm, when the levees broke, Gentilly was inundated, and the house sat in deep, murky water for weeks.

It sold after just two weeks on the market in February for $110,000. The house had been gutted and still lacks walls, floors, appliances and other standard fixtures.

"We didn't think we'd be able to get anything remotely normal when we decided to sell it," said Ms. Greenup, a pharmacist. "We just wanted to do all right and would have been happy to get 80 grand."

The buyer was a firefighter who said he had admired the house for years and planned to fix it up and live in it.

Kim and Reginald Glass are among the local investors betting on flood-ruined areas like Gentilly, which was a solidly middle-class neighborhood north of downtown toward Lake Pontchartrain. They have bought eight damaged houses for prices from $50,000 to $112,000, which Ms. Glass says probably represents about half the houses' market value before the storm.

"We had too much invested in New Orleans to walk away," said Ms. Glass, a lawyer who grew up in Gentilly. "We needed to figure out a way to stay here and make a living. So we decided to purchase properties in Gentilly. We looked to purchase any property that had potential, in hope of being able to renovate and rent. I think we're going to try the rental market, because there are so many people looking to come back."

The home the Glass family lived in had flood damage, and a house they were building on the lakeshore suffered wind damage. Undaunted, they returned to the city as early as possible, in October, and got to work.

"The biggest problem has been getting things like cabinets and appliances in," Ms. Glass said. "It's been quite an experience. But we knew that we were coming back to fight."

For-sale signs are everywhere, even in neighborhoods that feel dead, in this city of contrasts.. Some flood-ruined areas are still foul-smelling and dirty, while other neighborhoods are vibrant and clean. Some areas still have looting and other crimes, while many neighborhoods are generally safe, and tourists roam the French Quarter with drinks in hand.

Though billions of dollars in federal housing aid will begin pouring into the city this fall, there is no clear vision for renovating vast parts of the area, and some experts say speculators are taking a significant risk. In addition, there has been a 20 percent increase in the cost of construction materials, and the city continues to have a shortage of workers, experts say.

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"We don't know how things will pan out," said Ivan J. Miestchovich Jr., director of the Real Estate Market Data Center and the Center for Economic Development, both at the University of New Orleans. "There's a readjustment period right now. I think there's still a big question mark."

Amy Liu, deputy director of the Metropolitan Policy Program at the Brookings Institution in Washington, which is studying the post-storm recovery, said she was stunned by the number of houses on the market, but like Dr. Miestchovich was not sure what to make of it.

"What it means to us is that people are finally making decisions," Ms. Liu said. "If people are choosing to leave, that could be a bad thing. But if inventory is moving, then that's a good thing. To us, this is part of the natural churning that has to happen."

If much of the movement is being driven by speculators, that is not necessarily bad either, Ms. Liu said.

"If there are folks who are not financially able to clean up their homes," she said, "it is much better to have someone buy it than have it be abandoned and foreclosed."

Some sectors of the economy, of course, depend on optimism to survive, particularly real estate. Dee Luscy, president of the New Orleans Metropolitan Association of Realtors, said she thought the fear about the future was beginning to lift around the region.

"I think in the beginning people were afraid," Ms. Luscy said. "A lot of people thought, 'We'll never be able to give this stuff away.' Now we're seeing that things are selling. I think people are over the initial shock and are starting to feel O.K. about going on with life. What happened was like death. You go through stages of grief."

Vicki Shreves sold her gutted, 1,600-square-foot house in the Uptown section of New Orleans without putting up a for-sale sign. A friend of the family visited the house, on a street that had eight feet of water, "and wanted to know if we wanted to sell it," Ms. Shreves said. "It just seemed like such an easy thing, we said fine."

To Ms. Shreves, an accountant, the thought of rebuilding was depressing, and mold was a concern. But she had not decided to sell when she and her husband got the offer, which was close to $100 a square foot.

Before the storm, she said, she probably could have sold the house for $330,000. "When the storm came and obliterated it," she said, "we were happy to get $150,000."

"We got a check right there and closed the sale," she added.

Beth Amadon bought a flooded house in a neighborhood near Lake Pontchartrain for about 50 percent of its prestorm value of more than $600,000. Ms. Amadon knows what the houses are worth because she put in an offer on a different house in the same neighborhood just days before Hurricane Katrina.

"After the storm we couldn't get back to the city, so we agreed to walk away from that sale," she said. "That's how we ended up buying a different house."

In addition, Ms. Amadon sold several distressed properties that she and her husband, a real estate developer, had owned in the Tremé area near the French Quarter for about 20 percent more than they would have expected before the hurricane. The buyer was a resident who said he intended to rent the houses.

"People seem anxious to buy historically relevant houses close to the French Quarter," Ms. Amadon said. "It's been an interesting year."

Joan Farabaugh, a real estate agent in New Orleans, said she had earned as much income in the past six months as she did in all of last year.

"And I have as much business with nonflooded as flooded" houses, Ms. Farabaugh said. "Most of my sales are people who are locals, buying and fixing up."

She said she believed that her clients had faith in the future.

"They feel that what happened was unusual, and they don't feel that this will happen again," she said of the levee breaches and catastrophic flooding. "They feel they will be fine."

WAR NEWS:

U.S. Military Braces For Flurry Of Criminal Cases In Iraq (NYT)

By Robert F. Worth

The New York Times, July 9, 2006

No American serviceman has been executed since 1961. But in the past month, new cases in Iraq have led to charges against 12 American servicemen who may face the death penalty in connection with the killing of Iraqi civilians.

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Military officials caution against seeing the cases as part of any broader pattern, noting that the incidents in question are isolated and rare. But the new charges represent an extraordinary flurry in a conflict that has had relatively few serious criminal cases so far.

As investigators complete their work, military officials say, the total of American servicemen charged with capital crimes in the new cases could grow substantially, perhaps exceeding the total of at least 16 other marines and soldiers charged with murdering Iraqis throughout the first three years of the war.

Some military officials and experts say the new crop of cases appears to arise from a confluence of two factors: an increasingly chaotic and violent war with no clear end in sight, and a newly vigilant attitude among American commanders about civilian deaths.

At least five separate incidents involving the deaths of Iraqis are under investigation, setting off the greatest outcry against American military actions since the Abu Ghraib prison scandal. By far the best known of the cases is the one in Haditha, where marines are being investigated in the killings of 24 Iraqi civilians in November. No charges have been filed in that case, but some say news of the incident may have helped bring some later cases to light.

"Unusual criminal acts raise the level of concern, whether in the military or among civilians, and with increased concern comes increased reporting," said Gary Solis, a former marine who teaches the law of war at Georgetown University.

In April, Lt. Gen. Peter W. Chiarelli, the No. 2 American commander in Iraq, issued an order that specified for the first time that American forces must investigate any use of force against Iraqis that resulted in death, injury or property damage greater than $10,000. Maj. Todd Breasseale, a spokesman for the American command, said he knew of no clear link between General Chiarelli's order and the recent homicide investigations.

But Major Breasseale said that General Chiarelli, who took over day-to-day military operations in Iraq in January, has made clear to subordinates that he puts a high priority on avoiding and scrupulously reporting civilian casualties. American commanders in Iraq will be scrutinizing civilian deaths more intensely as the United States moves toward transferring authority to Iraqis, Major Breasseale said. Details about the five incidents under investigation are still emerging, and none of those charged have yet had an Article 32 hearing, the military's equivalent of a grand jury proceeding.

The incidents are far from the only ones in which American forces killed Iraqis. But serious criminal charges in such cases have been rare until now. In many earlier cases, the killings have been found to be justifiable, and the soldiers or marines in question have often been handled through administrative or nonjudicial processes.

The last soldier to be executed was John A. Bennett, hanged in 1961 after being convicted of the rape and attempted murder of an 11-year-old Austrian girl.

In the Iraq war, when soldiers or marines have been charged, convictions — and harsh sentences — have been rare. Of the 16 American servicemen known to have been previously charged with murder, only six were convicted or pleaded guilty to that charge, and none received the death penalty. In all, 14 service members have been convicted of any charge in connection with the deaths of Iraqis and have received sentences as varied as life in prison or dismissal from the service.

Among the new incidents, all five took place in central Iraq, in areas where the Sunni Arab insurgency is firmly entrenched despite years of effort to quell it by American and Iraqi forces. To some, that is the only thing that seems to link them.

"This is a war in which soldiers and civilians are constantly mingling, and they often don't understand each other," said Loren B. Thompson, a military analyst at the Lexington Institute. "The enemy has a conscious strategy of demoralizing U.S. forces by disorienting and confusing them. Against that backdrop, the number of alleged atrocities is quite low compared with other conflicts in the past."

In Vietnam, a much longer conflict, 95 American soldiers and 27 marines were convicted of killing noncombatants.

Some of the men under investigation in Iraq had done multiple tours in Iraq, and that, too, may have played a role.

"They can become almost numb to the killing," said Charles W. Gittins, a former marine and a lawyer who has represented marines accused of murder in Iraq. "The more you're in it, the more you want to live through it. You think more about preserving your own life than about what's the right thing to do."

In many of the cases where American troops killed Iraqi civilians, they were later found to have acted within their rules of engagement. Some of those cases became notorious, at least in the Arab world.

In Falluja in November 2004, for instance, the freelance journalist Kevin Sites filmed a Marine corporal shooting an apparently wounded and unarmed Iraqi in a mosque. The videotape generated a frenzy of negative publicity, but in May 2005 a military review cleared the corporal, stating that he had acted within the rules of engagement.

The definition of murder can be far more elusive in a war zone than in civilian life. In some previous criminal cases, soldiers or marines have claimed they acted in self-defense or carrying out mercy killings.

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Cpl. Dustin M. Berg of the Indiana National Guard, who was sentenced to 18 months in prison for killing his Iraqi police partner, said he acted because he feared his partner was going to shoot him.

In 2004, Staff Sgt. Johnny Horne said he killed a wounded 16-year-old Iraqi boy to put him out of his misery after a gun battle with Shiite militants.

Sergeant Horne pleaded guilty to unpremeditated murder and was sentenced to three years in prison, later reduced to one year.

In the heaviest penalty yet issued in the Iraq war, Sgt. Michael P. Williams was sentenced to life in prison after being convicted of premeditated murder last year in the killing of two Iraqi civilians in Baghdad. The sentence was later reduced to 25 years.

"I think there's a recognition that these are weird environments," said Eugene R. Fidell, a specialist in military law. "The danger is, carried to an extreme, that can mean throwing the law books out."

The flurry of new cases has taken on a high profile in the news media and public discussion. The barriers to conviction, though, will be formidable. Recovering credible evidence in Iraq's chaos can be very difficult, and Iraqi witnesses are open to challenge.

"There's going to be very little forensic evidence," Mr. Gittins said. "Jury members who have served in Iraq know that it is pretty common for Iraqis to lie to Americans. Also, the military pays the relatives of civilians who are killed — so they have an incentive to lie."

Some members of the military juries are likely to have served in Iraq, and are familiar with the chaotic atmosphere surrounding any decision to use force. "The presumption of innocence is going to reign supreme," Mr. Gittins said.

Haditha Probe Finds Leadership Negligent (WP)

By Thomas E. Ricks

The Washington Post, July 9, 2006

The U.S. military officer overseeing the investigation into 24 civilian killings in Haditha, Iraq, has concluded that Marine leadership failed multiple times, including in pre-deployment training, in the tone set by commanders, and in how information was reported up the chain of command, defense officials said.

Army Lt. Gen. Peter W. Chiarelli, the No. 2 officer in Iraq, found that commanders and staff at the regimental and division levels were negligent in how they conveyed orders about how to deal with Iraqi civilians and also in how they responded to conflicting reports they received from units about the Haditha incident, the officials said.

Most of Chiarelli's "Findings and Recommendations" endorse the conclusions of an investigation led by Army Maj. Gen. Eldon A. Bargewell, the officials said. Bargewell concluded that Marine commanders should have asked more questions about how and why 15 Iraqi civilians -- the number first reported -- were killed, especially after a discrepancy emerged between the first report, that they had been killed by a roadside bomb, and a later report, that they all had died of gunshot wounds. Chiarelli told colleagues that he was stunned to learn that no investigation of the incident had been conducted even after it was evident that the facts of the matter were in dispute, an official said.

Bargewell's report also criticized the Marine Corps for letting stand a statement, released in November by one of its public affairs officers, that the Iraqis had been killed by a roadside bomb, instead of correcting the record when it was clear the statement was incorrect.

Chiarelli has long been concerned that the U.S. military was inadequately prepared to conduct an effective counterinsurgency campaign in Iraq. He also included thoughts about how better to prepare troops and commanders, the official added.

"You've got to prepare for the fight you're in today," said a second defense official, summarizing Chiarelli's findings on the military's inadequate training for counterinsurgency operations. "It's totally different" from fighting in Iraq two or three years ago, he said.

The Army, for example, tends in its training to emphasize using heavy firepower against the enemy, although classic counterinsurgency doctrine teaches that soldiers should use the minimal amount of force necessary to accomplish the mission.

Also, the Army early in Iraq tended to focus on killing or capturing insurgents, although counterinsurgency doctrine teaches that the best way to deal with an insurgent is to persuade him to change sides or to desert. Also, in contrast to a spate of cases of abuse of detainees, counterinsurgency theorists recommend treating captured fighters well, to encourage them to desert and to persuade others to give themselves up. Above all, people are seen as the prize in the war, not as its playing field.

When stacked up, Bargewell's exhaustive investigation stands more than four feet high. His report will not be released, but, later this week, Chiarelli is expected to release a redacted version of his 30-page report. On Friday, Chiarelli gave his report to

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Army Gen. George W. Casey Jr., the top U.S. commander in Iraq, but Casey is not expected to ask for major changes, the officials said.

The two generals' inquiry into the role of the Marine Corps chain of command in the incident is different from a criminal investigation being conducted by the Naval Criminal Investigative Service (NCIS). That investigation involves more than 45 agents and is expected to conclude this summer, Pentagon officials have said.

No charges have been filed, but people familiar with the case say they expect charges of homicide, making a false statement and dereliction of duty, among others. Defense attorneys are expected to respond that the Marines involved were operating within the rules of engagement they had been given.

Staff Sgt. Frank D. Wuterich, a squad leader who was at Haditha, told his attorney last month that several civilians were killed last November when his squad went after insurgents who were firing at them from inside a house after a Marine convoy was hit by a roadside bomb. Wuterich said there was no vengeful massacre, even though women and children were killed. He instead described a house-to-house hunt that went awry on a chaotic battlefield.

"It will forever be his position that everything they did that day was following their rules of engagement and to protect the lives of Marines," Neal A. Puckett, who represents Wuterich, said then.

NCIS is investigating members of Kilo Company of the 3rd Battalion of the 1st Marine Regiment, based at Camp Pendleton, Calif. While in Iraq, the battalion was attached to the 2nd Marine Division based at Camp Lejeune, N.C. Chiarelli blames Gen. Richard A. Huck, who then commanded that division, for leadership failure, the official said. Huck recently retired from the Marines and could not be reached for comment yesterday.

The Bargewell investigation began in January after a Time magazine reporter began asking questions about the Haditha incident. Time's report appeared in March. A few weeks later, Lt. Col. Jeffrey R. Chessani was relieved of command of the 3rd Battalion of the 1st Marines, Kilo Company's parent unit. Two subordinates also were removed. The Marines did not specify why the actions were taken, beyond saying that the officers had lost their superiors' confidence.

But Haditha did not become a major issue until May, when Rep. John P. Murtha (D-Pa.), who had turned sharply against the Iraq war, said at a news conference that Marines had "killed innocent civilians in cold blood." Murtha is a former Marine and had been briefed by a senior Marine officer on the probe.

Spokesmen for the Marine Corps and for the Central Command, which oversees U.S. military operations in Iraq and the rest of the Middle East, declined to comment. Some of the details of Chiarelli's findings were reported Friday night by CBS News and the New York Times.

U.S. Seeks To Exhume Iraqi Girl's Remains (AP)

By Ryan Lenz

AP, July 9, 2006

U.S. investigators have asked Iraqi authorities to help them navigate cultural sensitivities to exhume the body of a teenager allegedly raped and murdered with her family by American soldiers, a military official said Saturday.

U.S. Maj. Mark Wright said U.S. authorities are aware that Islamic tradition has strict rules governing exhumation and could require religious leaders to become involved in the investigation.

"You want to be aware of these cultural issues while at the same time making sure that the accused receives proper justice," Wright, a spokesman for the U.S.-led coalition in Iraq, told The Associated Press.

Muslim tradition generally frowns on exhumations, considering them desecration of the remains.

However, Ahmed Taha, the uncle of the dead teen, told AP Thursday that relatives were eager to cooperate with investigators and would allow them to exhume the body of the alleged rape victim, Abeer Qassim Hamza. Her parents and sister were also slain.

Ex-soldier Steven D. Green was arrested last week in North Carolina and has pleaded not guilty to one count of rape and four counts of murder.

Four soldiers from the 1st Battalion, 502nd Infantry Regiment have been taken to a U.S. military camp in Baghdad for questioning, Wright said. He would not say if those soldiers had been arrested, but another U.S. official said Saturday that several more soldiers would soon be charged. The official spoke on condition of anonymity because the investigation is ongoing.

Based on interviews and records, the U.S. military now believes the woman who Green is accused of raping and killing was between the ages of 14 and 20, Army spokesman Paul Boyce said Friday. While the military initially said she was 20, Boyce said he has seen documents that indicate she could have been about 14.

Wright said officials are also considering whether certain parts of a standard Western autopsy would be taboo in Iraq and if a religious leader or family members should be present to ensure cultural barriers are not crossed.

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He said U.S. military commanders in Iraq are working with the family's relatives to expedite the investigation, but that it was not immediately clear whether Iraqis or Americans would have custody of the woman's remains.

U.S. officials are concerned that the alleged rape-slaying, which occurred March 12 near Mahmoudiya, south of Baghdad, will strain relations with the new U.S.-backed government and increase calls for changes in the agreement that exempts American soldiers from prosecution in Iraqi courts.

Prime Minister Nouri al-Maliki has demanded an independent investigation into the case, which followed a series of allegations that U.S. troops killed and mistreated Iraqi civilians.

According to an FBI affidavit, Green and at least two others targeted the teenager and her family for a week before the attack, which wasn't revealed until witnesses came forward in late June.

The soldiers drank alcohol, abandoned their checkpoint, changed clothes to avoid detection and headed to the victims' house, about 200 yards from a U.S. military checkpoint in the so-called "Triangle of Death", a Sunni Arab area south of Baghdad known for its violence, the affidavit said.

In the week since the allegations came to light, the military has remained tightlipped even amid growing cries by Iraqi leaders for a fair investigation.

President Bush, speaking on CNN's "Larry King Live" last Thursday, said the Iraqis should understand that the allegations will be handled "in a very transparent upfront way."

"People will be held to account if these charges are true," Bush said.

In the chow halls and barracks, many soldiers remain convinced that the alleged rape and killings in Mahmoudiya were aberrations and that most American service members respect the rules of war.

"These crimes are against all the Army values, so if you don't have any of those values, you shouldn't even call yourself a soldier," said Staff Sgt. Ahmand Brown, 28, of Flint, Mich.

In the aftermath of claims that Marines killed civilians in the western town of Haditha in November, the U.S. military in Iraq ordered all personnel to undergo values training.

The Army has also paid greater attention to its rules of engagements, which determine when a soldier can use deadly force. But a bad soldier is a bad soldier, no matter the training, Brown said.

Green, who served 11 months with the 101st Airborne Division, based at Fort Campbell, Ky., received an honorable discharge and left the army in mid-May. He was discharged because of an "anti-social personality disorder," according to military officials and court documents.

But even before the rape-murder allegation surfaced, the military was investigating an incident in which three soldiers from the same battalion were killed by insurgents near Youssifiyah. Two of them apparently were abducted and slain, with their bodies mutilated.

U.S. officials insist they have no evidence that the incidents are related.

Marines Getting A New Message (LAT)

By Tony Perry And T. Christian Miller

The Los Angeles Times, July 9, 2006

SAN DIEGO — Even before the investigation of the killing of 24 civilians in the Iraqi town of Haditha is complete, the Marine Corps has taken action, stressing accountability and sternly reminding officers that they must investigate all civilian deaths.

The investigative report, by an Army general, will be highly critical of officers for not investigating the Nov. 19 incident in which Marines from Camp Pendleton allegedly stormed into houses and killed the occupants after a roadside bombing killed a fellow Marine.

The report will also recommend that the Marine Corps change its training to remind troops that the rules for dealing with insurgencies are different from those for classic battles such as the assault on Baghdad in 2003 and the operations in the Sunni Triangle in 2004.

The Corps has anticipated the criticism, government officials close to the inquiry say.

"The word has gone out very clearly: When a civilian is killed, officers need to know how and why, and they need to get that information to the highest levels as quickly as possible," said an official who declined to be identified.

Training at Camp Pendleton, Twentynine Palms and other bases has been altered to emphasize restraint in the use of deadly force when civilians are involved.

In late May, Marine Commandant Gen. Michael Hagee went to Iraq to remind Marines of the international rules of warfare that call for protection of noncombatants.

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And Lt. Gen. James N. Mattis, who led Marines into Iraq in 2003 and during the April 2004 fight in Fallouja, recently returned from an unpublicized two-week trip to Iraq to talk to Marines.

Bing West, a former assistant Defense secretary and author of two books about the Marines in Iraq, said that Mattis had made it "crystal clear": "If shot at from a crowd of civilians, a Marine is not to fire back and endanger women and children."

Former Marine Col. Thomas X. Hammes, an expert on insurgent warfare, said a lack of accountability in cases involving the mistreatment of civilians by U.S. personnel — particularly at the Abu Ghraib prison — helped fuel the insurgency by creating a source of frustration among ordinary Iraqis.

He praised efforts to promote greater accountability among senior officers, saying it would help fight the war in Iraq.

"To date, we've been very, very poor at holding our people accountable," Hammes said. "Anything that … emphasizes the responsibility up the chain of command is a positive step. It certainly will help our troops on the ground."

The investigative report was done by Army Maj. Gen. Eldon Bargewell and reviewed by Army Lt. Gen. Peter Chiarelli.

Chiarelli's office said Friday that the report would next be sent to Army Gen. George W. Casey, the top U.S. commander in Iraq. Finally, the report will be sent to Marine Lt. Gen. John F. Sattler, commanding general of the 1st Marine Expeditionary Force at Camp Pendleton.

Sattler, or his successor, will use that report, and an investigation by the Naval Criminal Investigative Service, to determine whether any of a dozen Marines with the 3rd Battalion, 1st Marine Regiment, 1st Marine Division, should face criminal charges. Sattler is set to be relieved this summer by Mattis.

Investigators have concluded that some of the Marines should face murder charges and that the killings were unprovoked and outside the international rules of warfare. Defense attorneys insist that the Marines were acting within the rules of engagement laid down by their officers.

The Army report is known to be critical of top officers in the 2nd Marine Division for failing to see "red flags" that should have made them question the report from ground troops. The military began an investigation only after Time magazine uncovered evidence disputing the Marines' original account of the killings.

Although the troops are with the 1st Marine Division based at Camp Pendleton, they were accountable to officers with the 2nd Regiment of the 2nd Marine Division, based at Camp Lejeune, N.C.

Two top officers in the chain of command during the Haditha incident were replaced last month, though officials said both changes had been scheduled before the controversy.

Maj. Gen. Richard Huck, commanding officer of the 2nd Marine Division, announced his retirement. And Col. Stephen Davis, commander of the second 2nd Regiment, was replaced and reassigned.

After the troops involved in the Haditha incident returned to Camp Pendleton, the commanding general of the 1st Marine Division relieved the battalion commander and company commander after losing "confidence in their leadership."

Said one Marine officer with extensive experience in Iraq, "No question, this hasn't been the Marine Corps' finest hour. But I think everybody is locked on to seeing that it never happens again."

Perry reported from San Diego and Miller from Washington.

Rules Of War Of Value To Soldiers (AP)

By Robert Tanner

AP, July 9, 2006

Whether it's firing a rifle from 100 feet away or directing a bombing raid from a mile or more in the air, the military objective is the same: Kill the enemy.

Troops get instruction in deadly skills from the first time they put on a uniform.

But there's another lesson they're taught, one that's rooted in philosophy and old-fashioned values like honor and courage. Call it the morality of war: how to kill, but not murder.

At a time when a flurry of criminal allegations have been raised against U.S. troops — charges or investigations in five separate cases alleging they gunned down unarmed Iraqis or detainees — military personnel and their instructors insist ethics training is both vital and vibrant.

This is how it breaks down for Tim Coderre, a sniper with the National Guard who spent more than five months in a frontline operation in Iraq amid heavy fighting: "I'm not a warmonger. But I understand my job. ... My job is to be ferocious in combat, to be a killer. I'm sorry, but that's war."

Coderre was a Marine for eight years before returning to civilian life in North Carolina. He joined the Guard after the Sept. 11, 2001, attacks and went to Iraq in 2004. "I don't apologize," he said. "I'm very proud of the number of confirmed kills I had."

DOJ_NMG_0039165

Killing from a distance, he shot only those who he judged were enemy insurgents. The rules of war — no targeting civilians, no killing prisoners — were ingrained, he said, despite his revulsion for the insurgents and their tactics, such as beheading prisoners.

"I could never do that to them," he said. "I hate insurgents, but I could never do that to them."

At West Point, moral training is at the heart of the enterprise, said retired Army Col. Don Snider, a professor of political science.

Classes teach philosophy, logic and the history of war, emphasizing the right conduct and the unacceptable, like My Lai in Vietnam, where American troops killed about 300 villagers, or the French experience in Algeria, where commanders turned to torture to fight rebels.

"Normally, the right (choice) is harder than the wrong, or there is no clear right and wrong. In many cases, soldiers are choosing between two wrongs, because both have morally ambiguous outcomes," he said. An example: A unit takes fire from a village, with no target in sight. Should the troops fire back, with the likelihood of civilian casualties? Retreat?

Each choice has moral consequences, he said.

Among the latest accusations, the charge that a group of soldiers raped an Iraqi woman and killed her and her family would — if proved true — clearly fall outside the bounds of military and civilian law. In others cases, in which villagers and detainees were killed, defense attorneys say troops in danger made difficult choices but followed the rules of war.

At the U.S. Naval Academy, a class called "The Code of the Warrior" examines warrior cultures, looking at the ancient Greeks, the Vikings, American Indian tribes, the Japanese samurai and others.

Shannon French, an associate professor of philosophy, aims to distill the essence of warrior values and the reasons they matter so much.

"It's so vital. Those rules are there to keep them from becoming monsters," French said. "Any time you take a human life, there is trauma, there is what we'd call moral, psychological or even spiritual damage. Nothing removes the trauma.

"But if, after the fact, you can understand the reason for the killing, and recognize how it fits in with the values you were raised with, how it isn't an affront to those values, then you can integrate that into your identity in a way that is healing."

Her students reject even the word "killer," insisting it carries a judgment that doesn't fit a warrior.

If the rules fail, French said, a great deal is at risk: hopes that your captured soldiers will be treated humanely, the chance to reconcile with the enemy when the war is over, the power to keep allies at your side and support at home.

Most important are the troops themselves, she said. At stake is their return to civilian life and sanity. The temptation to cross the line is undeniable in the chaos of battle, but so is the result.

To make the lessons real, her classes feature visits by American warriors.

In one case, a bomber pilot came to her class, bringing videos of his missions in Afghanistan. Infrared footage of targets exploding brought cheers from her class of would-be pilots.

"He paused an image, which was an infrared explosion, a larger explosion and some smaller heat signatures.

"He said, `What are the smaller heat signatures you're seeing?' They paused: 'People?' `That's right, when we hit this building, people came out. Why is that one so much hotter than the others?'"

"Then he let the image play, and that signature ran erratically. Finally, one of the students spoke up and said 'He's on fire?'" French recounted. "You could've heard a pin drop."

"My speaker turned to the class and looked them in the eye. 'That is a human being writhing in agony, and I caused that and I have to live with that," she said.

The pilot wasn't trying to frighten them out of the task ahead of them, French said. He was simply trying to force them to acknowledge the moral weight of warfare — even from a distance.

"He didn't regret what he did, but he felt for his own moral well being he did have to mourn it," she said.

For Coderre, back in civilian life as a deputy sheriff in coastal North Carolina, few can relate to his experience in war unless they've been through the same.

"That's something people really don't want to hear about. 'My God, you're happy you killed someone?'" he said.

But no apology is necessary, he said. "Yes, a soldier, a sailor, was able to go home because of me," he said.

When The Personality Disorder Wears Camouflage (NYT)

By Benedict Carey

The New York Times, July 9, 2006

WHEN a war crime doesn't look quite like a war crime — when it seems cold and deliberate like a serial murder, rather than an impulsive act of vengeance — it can be especially disturbing, as United States Army officials have learned over the past week.

DOJ_NMG_0039166

According to federal prosecutors, an Army private and several comrades attacked an Iraqi family last March, raping and killing a young woman after executing her parents and her younger sister in their home. The men disguised themselves for the attack and worked as a team, the prosecutors said. Iraqi leaders are in an uproar, as are American officials in and out of the military.

The accused ringleader, Steven D. Green, 21, who was discharged in May, pleaded not guilty after his arrest June 30, and details of the crime were still emerging last week. The Army has said it discharged Mr. Green for a "personality disorder."

Which raises a question: How does someone with a personality disorder — a significant, disabling, and dangerous condition — manage the stress of combat? Wouldn't a person with a serious mental problem drop out, or be identified and quickly discharged?

The answer, usually, is yes. People with paranoid, borderline or compulsive personality disorders, for instance, are hobbled by anxieties and delusional fears, experts say: two months of boot camp would typically be overwhelming for them. The low frequency of psychiatric breakdowns in Iraq — about 8 in 1,000 service members have been evacuated for psychiatric problems, fewer than in previous wars — suggests that few people with significant mental illness make it far in the service.

Yet the military does not perform full personality assessments on recruits unless there is some pressing reason to do so. Most anyone who has graduated from high school and avoided serious trouble with the law is qualified to enlist. And the psychological pressure recruits face during basic training is less intense than it once was, military experts say; the "shark attack" of screaming officers that used to greet fresh recruits has been tamed at some bases.

In this environment, people who have one diagnosis in particular — antisocial personality disorder — can often masquerade as bold, effective soldiers, psychiatrists argue. Antisocial behavior is characterized by reckless irresponsibility, habitual lying and an indifference to the suffering of others. In some reports Army officials have listed such a diagnosis as the reason for Mr. Green's discharge.

"These are generally rough-and-ready types who tend to be trouble makers, who have no loyalty to groups or commanders," said Dr. Michael Stone, a professor of clinical psychiatry at Columbia University, who said he could not comment directly on the Army case. He added: "But they don't have to be pushed to act ruthlessly toward enemy combatants. It comes very naturally, which can be an admirable quality. And some small percentage of them are bound to slip through the cracks."

This is especially likely if they have a measure of charisma, of superficial charm, a glib talent for telling lies, criminologists say. These are hallmark traits of what some experts call psychopathy, a potent blend of antisocial instincts and grandiosity. From 25 percent to 30 percent of people who commit deliberate crimes of violence score highly on a test called the psychopathy checklist, said Robert Hare, an emeritus professor of psychology at the University of British Columbia in Vancouver, who devised the test.

Dr. Hare said he had not reviewed the Iraq case and could not comment on it specifically. "I can say that when you have a psychopathic offender, quite often he will manipulate others, he can be a puppet-master type," he said. "Others are attracted to his sense of certainty, his sense of power, to the fact that he can do things others have trouble doing."

A person with psychopathic tendencies may appear to others as clearheaded as an elite soldier when under fire, or when on the attack. But the internal psychological reality is much different, research suggests.

In several experiments conducted in 2001 and 2002, Dr. Andy Morgan of Yale University found that Special Operations soldiers, the Army's most elite fighters, had higher levels of stress hormones in their blood than regular infantrymen when under extreme stress during training. But they also had higher levels of another hormone that is thought to be a natural relaxant. In short, Dr. Morgan concluded, the elite soldiers were very much aware of the danger and moral implications of their actions but able keep their heads, and relax quickly when the danger passed.

By contrast, the psychopath functions well under pressure because he does not feel the moral tension at all.

At a time when recruiting has become increasingly difficult, the distinctions between the cool-headed, aware soldier and the psychopath may sometimes be overlooked. Would-be enlistees who have misdemeanors and even felonies on their records can and do obtain waivers to join the military if they're seen as fit, said Beth Asch, a specialist in military manpower at the RAND Corporation.

"These people do get looked at closely, but what it means is that even though there is a recruiting standard, that standard is not rock hard, and that's how we might get people in the service who have had mental problems," or black marks on their record, she said.

The number of atrocities against civilians is still small given the large number of troops deployed in the region. But as recent events make clear, just a few soldiers cause big trouble.

One Family's Grief (WP)

DOJ_NMG_0039167

The Washington Post, July 9, 2006

On Jan. 18, 2005, Chris Hondros, a photographer for Getty Images embedded with the Army's 25th Infantry Division in Tall Afar, Iraq, captured the scene when a car carrying the Hassan family home in time for curfew didn't stop soon enough at the soldiers' command. They fired into the vehicle, killing Hussein and Kamila Hassan. Five of the couple's children and a young cousin were in the back seat. After Hondros's award-winning photos were published, the Hassan family's plight caught the attention of Sen. Edward M. Kennedy (D-Mass.), among others, who helped arrange for the injured Rakan, 12, to come to Boston for medical treatment. He and his younger siblings now live with their oldest sister and her husband in Mosul.

Blast Kills 3 GIs In Western Iraq (LAT)

By Julian E. Barnes And Borzou Daragahi

The Los Angeles Times, July 9, 2006

The troops were hunting for roadside bombs when their armored vehicle was destroyed by a massive explosive device in restive Ramadi.

RAMADI, Iraq — Three U.S. soldiers scouring the treacherous roads of western Iraq for remote-controlled explosive devices were killed by a massive roadside bomb that destroyed their heavily protected vehicle, military officials said Saturday.

In Baghdad, U.S. and Iraqi forces launched the third operation in two days targeting leaders of Shiite cleric Muqtada Sadr's Al Mahdi militia.

And at least 10 Iraqi civilians were reported killed in political violence around the country.

The three soldiers were part of the U.S. Army 1st Armored Division's Task Force Dagger, which sweeps major roads in Ramadi for bombs under the command of the Marines.

They were riding in a heavily armored Cougar, a vehicle designed to withstand roadside bombs and used in minesweeping operations.

The Pentagon last year ordered 122 of the minesweeping Cougars, worth a total of $87 million, from Force Protection Inc., the Ladson, S.C., firm that makes the vehicle and its spare parts.

The Cougars "feature armor-plated V-shaped bottoms designed to deflect the upward explosive power of roadside bombs," the company's website says.

But some Marines say they believe that, since the 1st Armored Division units moved into the area, insurgents have been placing larger roadside bombs to take out the Germany-based unit's fleet of armored tanks and Bradley fighting vehicles.

Bombs assembled in makeshift factories, then planted discreetly along roadways and detonated by remote control have become Sunni Arab insurgents' weapon of choice in their three-year guerrilla war against U.S. forces and the Iraqi government.

American and Iraqi troops also have had to confront Shiite militiamen. In Saturday's operation, the troops surrounded a southeastern Baghdad mosque suspected of playing host to an Al Mahdi militia leader.

An Iraqi Defense Ministry source said the U.S. and Iraqi forces withdrew from the area shortly before midnight without detaining anyone.

Political leaders in Sadr City, a Baghdad slum, announced that they were suspending their cooperation with U.S. forces and Iraqi troops after a massive raid Friday meant to capture a militia leader there.

U.S. and Iraqi officials said the leader, a well-known crime boss nicknamed Abu Daraa, had been caught in the raid, but other officials Saturday cast doubt on the account.

Another Al Mahdi militia leader was detained Friday south of the capital.

The militia leader is suspected of involvement in kidnapping-for-ransom rings as well as death squad operations against Sunni Arabs.

Elsewhere in the capital, a car bomb explosion near a Shiite mosque killed three Iraqis and injured 12, all passersby on their way to nearby shops.

A barrage of mortar shells struck an area of houses and shops in the southern Baghdad neighborhood of Dora, killing three civilians and injuring four.

Two Iraqi civilians were killed in gunfire from an insurgent attack on a U.S. convoy near the northern city of Kirkuk.

In the southern city of Basra, gunmen killed two civilians, including one working for a cellphone company.

Barnes reported from Ramadi and Daragahi from Baghdad. Special correspondents in Basra and Kirkuk contributed to this report.

3 GIs Killed In Western Iraq Province (AP)

By Sameer N. Yacoub

DOJ_NMG_0039168

AP, July 9, 2006

Three U.S. soldiers and an Iraqi woman translator were killed in separate incidents Saturday, while the country's largest Sunni Arab party appealed to authorities to end a military crackdown in Sunni villages northeast of Baghdad.

The three Americans were assigned to the 1st Marine Expeditionary Force, which has some attached Army units, and died in fighting in the western province of Anbar, the U.S. military said.

They were the first U.S. fatalities reported in Iraq since Tuesday, raising the number of U.S. personnel killed this month to eight. The average of one death a day is down sharply from a rate of more than two a day in recent months.

Iraqi police said the translator, whose name was not released, was slain in a drive-by shooting in southwestern Baghdad. She worked for the Americans but was off-duty at the time, police Capt. Maithem Abdul-Razaq said.

Interpreters and others working for the Americans have long been targeted by insurgents who accuse them of "collaborating" with "occupation forces."

In a statement Saturday, the Iraqi Islamic Party said U.S. and Iraqi troops had surrounded 15 mostly Sunni villages near Muqdadiyah, about 60 miles northeast of Baghdad, making it difficult for civilians to move around.

The statement called on Iraqi and U.S. forces to allow food and medicine to enter the villages and compensate farmers for damage to their crops.

Last week, the Iraqi military announced operations in the Muqdadiyah area after an increase in insurgent activity. The mostly farm area sits astride a highway between Baghdad and Kurdish areas to the north and is in a province where tensions are high between Shiites and Sunnis.

The Iraqi Islamic Party is headed by one of Iraq's two vice presidents, Tariq al-Hashimi, who the Americans hope can persuade disaffected fellow Sunnis to abandon the insurgency and participate in political life so the United States can begin withdrawing troops.

Two influential U.S. senators visiting Iraq said they were assured on Saturday by Prime Minister Nouri al-Maliki, a Shiite, that his unity government will reach out to Sunni Arabs and crack down on Shiite militias blamed for much of the country's sectarian violence.

Sen. Jack Reed (news, bio, voting record), D-R.I., said al-Maliki told them it would be "feasible" to redeploy a small portion of U.S. troops "perhaps this year" because more Iraqi soldiers have been trained and sent into the fight.

Sen. Joseph Biden (news, bio, voting record), D-Del., said the prime minister also seems serious about encouraging insurgents to accept amnesty and rejoin the mainstream and "appears to be prepared to take concerted action against militias" blamed for rising sectarian violence.

Nevertheless, the government, which took office in May, faces a formidable task as it strives to calm sectarian tensions, cut a deal to end the insurgency and restore stability.

Iraqi police reported several killings in Baghdad on Saturday and many seemed tied to the animosities between Shiites and Sunnis.

Gunmen opened fire on a Shiite family trying to move out of a religiously mixed neighborhood for the Shiite city of Karbala. Police said five relatives were wounded in the attack in Dora, where sectarian tensions run high.

Also in Dora, gunmen in two cars stopped a vehicle on a street, forced the two passengers to get out and killed them in front of horrified bystanders, police reported.

Gunmen killed three people working in an ice cream shop in the mostly Shiite neighborhood of Nahrawan, police Lt. Fikrat Mohammed said.

Three mortar shells exploded in a mostly Shiite area of southern Baghdad, killing three people and wounding three children, police said.

A car bomb exploded in a public garage near a Shiite mosque late Saturday in the city's western Jihad district, killing two people and wounding nine and causing slight damage to the mosque, said police Lt. Maitham Abdul-Razzaq.

Police also reported finding four bodies in eastern and western Baghdad that appeared to be victims of sectarian death squads.

Gunmen in two speeding cars opened fire on a Sunni mosque in west Baghdad's Ghazaliya neighborhood. Mosque guards returned fire and the attackers fled, police Capt. Jamil Hussein said.

The incidents occurred a day after at least 17 people died in a wave of bombings and mortar attacks on mostly Sunni mosques in the Baghdad area and northern Iraq. A Sunni cleric was also kidnapped in the capital, a Sunni official said.

Sectarian violence has forced thousands of Iraqis to move to different neighborhoods or cities where their sect is predominant. The Interior Ministry estimated earlier this month that nearly 4,000 families had been forced to relocate in the Baghdad area alone.

DOJ_NMG_0039169

Three US Soldiers Killed In Western Iraq Battle (AFP)

By Jay Deshmukh

AFP, July 9, 2006

Three American soldiers were killed in fighting in Al-Anbar amid reports that senior military officers could be accused of negligence in a probe into the alleged killing of 24 Iraqi civilians by US marines in the same province.

In rebel attacks at least five people were killed, while 70 suspected insurgents were arrested by the Iraqi army in an operation in Diyala province, northeast of Baghdad.

The US military said it lost three soldiers in western Al-Anbar Saturday to "enemy action," pushing its losses in Iraq since the March 2003 invasion to 2,543, according to an AFP count based on Pentagon figures.

The province remains an active battleground in the fight against the insurgency, despite several US-led operations in the area since 2004.

At present the military is carrying out operations to regain control over the provincial capital of Ramadi, a stronghold of Sunni insurgents.

Meanwhile, the New York Times reported Saturday that Lieutenant General Peter Chiarelli, the number two commander of US troops in Iraq, had faulted a number of officers for "dereliction of duties" during the probe into the alleged killings of two dozen Iraqis in the town of Haditha in Anbar province.

The report, quoting an unnamed Defense Department official, said Chiarelli concluded that in the deaths, which included 10 women and children and an elderly man in a wheelchair, "senior officers failed to follow up on inaccuracies and inconsistencies in the initial reporting of the incident that should have raised questions."

It said Chiarelli faulted senior staff of the Second Marine Division, then commanded by Major General Richard Huck, and the Second Regimental Combat Team headed by Colonel Stephen Davis and "recommended unspecified disciplinary action for some officers".

If the officers are disciplined, they would be among the most senior American military personnel punished since the Iraq war began in March 2003, the report added.

On Friday the military said Chiarelli had "completed his review of the investigation conducted by Major General Eldon Bargewell into reporting, training and command climate as it related to circumstances surrounding the deaths of 24 Iraqis in Haditha on November 19, 2005."

Bargewell was asked to determine how the Haditha killings were reported up the chain of command, and to see if there had been a cover-up.

The report said Chiarelli has recommended that all American forces in Iraq must receive more counterinsurgency training, first in the United States before deploying and again in Iraq.

The US Marine Corps initially reported that 15 civilians and a marine were killed by a roadside explosion in Haditha.

But the military opened an investigation after Time magazine reported in March that witnesses, backed by a videotape of the scene, said the marines went on a rampage after a roadside explosion killed one of their comrades.

They allegedly went from house to house deliberately killing men, women and children. Five unarmed men in a taxi near the site of the bombing were also killed, according to accounts leaked to the press.

The US military has battled a series of other abuse allegations in the past few months -- the most recent being the alleged rape and murder of an Iraqi woman in March by American soldiers.

In rebel violence five people were killed and three wounded Saturday in a mortar attack in the village of Abu Dsheir, south of Baghdad, security sources said.

General Rahman al-Janabi of the Iraq army's 5th division said his forces detained 70 suspected insurgents and freed 10 hostages over the past five days in an operation in Muqdadiyah in Diyala province, northeast of Baghdad.

"The objective is to clean up the area of insurgents," he said.

The Iraqi army took control of the area from US forces on Monday.

But Sunni MP Alaa Maki warned of a looming humanitarian crisis in the town, accusing the army of sealing off nearly 15 villages in the area.

"This siege signals a grave danger if it goes on much longer," he said. "The medical clinic is closed, there is no power and water. Farms have been destroyed and some homes have been used as bases."

Diyala province, part of Iraq's agricultural heartland and containing an explosive mix of Sunnis and Shiites, is one of the main fault lines in the country's ongoing sectarian violence.

It was here that militant Abu Musab al-Zarqawi was killed on June 7.

Meanwhile, at least 368 detainees were freed Saturday as part of a peace plan by Prime Minister Nuri al-Maliki.

DOJ_NMG_0039170

Sunni Politicians May Expand Boycott Over Kidnapping (NYT)

By Edward Wong

The New York Times, July 9, 2006

BAGHDAD, Iraq, July 8 — Sunni Arab politicians are considering withdrawing from executive offices in the Shiite-led government because militiamen have yet to free a Sunni legislator kidnapped this month, a Sunni leader said Saturday.

Adnan al-Dulaimi, a leader of the main Sunni Arab political group, which holds 44 of the 275 seats in Parliament, said the bloc would also continue its boycott of the legislature for a second week.

The boycott began after Tayseer Najah al-Mashhadani, a member of the bloc, was abducted with eight bodyguards on July 1 at a checkpoint in Baghdad while driving from her home north of the city. Members of her party say a bodyguard who escaped has described the abductors as Shiite militiamen.

Sunni politicians have long criticized the ruling Shiite political parties for supporting militias and filling the ranks of the government security forces with militiamen.

"Everything is possible," Mr. Dulaimi said in a telephone interview, addressing the possibility of a Sunni pullout from the government. "The issue needs to be studied and an agreement must be reached to arrive at a solution."

The abduction of Ms. Mashhadani has plunged the new government, approved in May and led by Prime Minister Nuri Kamal al-Maliki, into its first major political crisis. Before parliamentary elections last December, American officials worked hard to coax Sunni Arab politicians to participate, in the hope that political engagement would help dissipate the Sunni-led insurgency. But the Sunni Arab boycott of Parliament just weeks after the government began to operate has underscored the fragility of the ethnic and sectarian power-sharing agreement.

In the executive branch, the Sunni Arabs, who make up one-fifth of the population, hold several cabinet seats and run a handful of ministries. Tariq al-Hashemi, the leader of the Iraqi Islamic Party, to which Ms. Mashhadani belongs, is one of two vice presidents.

The Sunni Arabs, increasingly anxious over the power accrued by Iranian-backed Shiites, have temporarily withdrawn from the political process in the past. They did so during negotiations over the drafting of the permanent Constitution, after some members of the Sunni committee were assassinated. They also walked out on talks to form the new government after Shiite militiamen killed many Sunni Arabs last February after the bombing of a Shiite shrine.

When the Sunni legislators announced their boycott after Ms. Mashhadani's kidnapping, they warned that they might also resort to withdrawing cabinet members. Now, talk of that appears more serious. Mr. Dulaimi said that Sunni Arab politicians were also concerned about the ongoing attacks against Sunni mosques; on Friday, four such mosques were assaulted, he said.

An official in the Iraqi Islamic Party told reporters on Wednesday that he had received a call from one of Ms. Mashhadani's kidnappers. The man had demanded that the government release all Shiite detainees in Diyala province; that all Shiite detainees be freed from American prisons in Iraq; and that Sunni groups cease attacks against Shiite mosques, all within 72 hours.

Sunni Arab politicians have suffered other woes this week. Two members of the Iraqi Islamic Party were killed by Shiite militiamen on Thursday on the road between Baghdad and Mahmudiya, a party official, Omar al-Jubouri, said Saturday.

"The Iraqi people ask the Americans for an iron fist to crush the Sadr militia in Baghdad," Mr. Jubouri said in an interview, referring to the volatile militia commanded by the Shiite cleric Moktada al-Sadr.

The American military and Iraqi troops fought Sadr militiamen early Friday in Baghdad and captured a commander.

The military said Saturday that three American marines had been killed by "enemy action" in Anbar province, the insurgent stronghold west of Baghdad.

On Saturday night, a car bomb outside a Shiite mosque in Baghdad killed at least three people.

Three mortar rounds killed at least three Iraqi civilians and wounded at least seven on Saturday, police officials said. And on Friday night, a mortar attack on a children's playing field in northern Baghdad killed four children and injured 38, the American military said.

Police Abuses In Iraq Detailed (LAT)

By Solomon Moore, Times Staff Writer

The Los Angeles Times, July 9, 2006

Confidential documents cover more than 400 investigations. Brutality, bribery and cooperation with militia fighters are common, a report says.

BAGHDAD — Brutality and corruption are rampant in Iraq's police force, with abuses including the rape of female prisoners, the release of terrorism suspects in exchange for bribes, assassinations of police officers and participation in insurgent bombings, according to confidential Iraqi government documents detailing more than 400 police corruption investigations.

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A recent assessment by State Department police training contractors echoes the investigative documents, concluding that strong paramilitary and insurgent influences within the force and endemic corruption have undermined public confidence in the government.

Officers also have beaten prisoners to death, been involved in kidnapping rings, sold thousands of stolen and forged Iraqi passports and passed along vital information to insurgents, the Iraqi documents allege.

The documents, which cover part of 2005 and 2006, were obtained by The Times and authenticated by current and former police officials.

The alleged offenses span dozens of police units and hundreds of officers, including beat cops, generals and police chiefs. Officers were punished in some instances, but the vast majority of cases are either under investigation or were dropped because of lack of evidence or witness testimony.

The investigative documents are the latest in a string of disturbing revelations of abuse and corruption by Iraq's Interior Ministry, a Cabinet-level agency that employs 268,610 police, immigration, facilities security and dignitary protection officers.

After the discovery in November of a secret Interior Ministry detention facility in Baghdad operated by police intelligence officials affiliated with a Shiite Muslim militia, U.S. officials declared 2006 "the year of the police." They vowed a renewed effort to expand and professionalize Iraq's civilian officer corps.

President Bush has said that the training of a competent Iraqi police force is linked to the timing of an eventual withdrawal of U.S. troops and a key element in the war in Iraq.

But U.S. officials say the renegade force in the ministry's intelligence service that ran the bunker in Baghdad's Jadiriya neighborhood continues to operate out of the Interior Ministry building's seventh floor. A senior U.S. military official in Iraq, who spoke on condition of anonymity in an interview last month, confirmed that one of the leaders of the renegade group, Mahmoud Waeli, is the "minister of intelligence for the Badr Corps" Shiite militia and a main recruiter of paramilitary elements for Interior Ministry police forces.

"We're gradually working the process to take them out of the equation," the military official said. "We developed the information. We also developed a prosecutorial case."

Bayan Jabr, a prominent Shiite, was interior minister at the time of the investigations detailed in the documents and has been accused of allowing Shiite paramilitary fighters to run rampant in the security forces.

U.S. officials interviewed for this article said the ability of Jabr's replacement, Jawad Bolani, to deal with the corruption and militia influence in the police force will be a crucial test of his leadership.

The challenges facing Bolani, a Shiite engineer who has no policing experience and entered politics for the first time after the U.S.-led invasion in 2003, are highlighted in a recent assessment by police trainers hired by the State Department. According to the report, corruption in the Interior Ministry has hampered its effectiveness and its credibility with Iraqis.

"Despite great progress and genuine commitment on the part of many ministry officials, the current climate of corruption, human rights violations and sectarian violence found in Iraq's security forces undermines public confidence," according to the document, titled "Year of the Police In-Stride Assessment, October 2005 to May 2006."

Elements of the Ministry of the Interior, or MOI, "have been co-opted by insurgents, terrorists and sectarian militias. Payroll fraud, other kinds of corruption and intimidation campaigns by insurgent and militia organizations undermine police effectiveness in key cities throughout Iraq," the report says.

The report increased tensions between the Pentagon, which runs the police training program, and the State Department, which has been pushing to expand its limited training role in Iraq, said a U.S. official who spoke on condition of anonymity.

The report strikes contradictory tones, saying that the Interior Ministry continues to improve and that its forces are on track to take over civil security from U.S. and Iraqi military elements by the end of the year, while outlining shocking problems with corruption and abuse.

"The document basically shows that Interior Ministry management has failed," the U.S. official said. "The document didn't directly address U.S. policy failures, but I guess it does show that too."

Interior Ministry officials have taken steps to "improve detainee life," the report says. "However, there are elements within the MOI which continue to abuse detainees."

Referring to Sunni Arab insurgent groups and Shiite paramilitary organizations, the report says "these groups exploit MOI forces to further insurgent, party and sectarian goals. As a result, many Iraqis do not trust the police. Divisions falling along militia lines have led to violence among police.

"MOI officials and forces are widely reported to engage in bribery, extortion and theft," the report says. "For example, there are numerous credible reports of ministry and police officials requiring payment from would-be recruits to join the police."

The report's findings are borne out in hundreds of pages of internal investigative documents.

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The documents include worksheets with hundreds of short summaries of alleged police crimes, letters referring accused officers to Iraq's anti-corruption agencies and courts, citizen complaints of police abuse and corruption, police inspector general summaries detailing financial crimes and fraudulent contracting practices and reports on alleged sympathizers of Saddam Hussein's former regime.

In crisp bureaucratic Arabic, the documents detail a police force in which abuse and death at the hands of policemen is frighteningly common.

Police officers' loyalties appear to be a major problem, with dozens of accounts of insurgent infiltration and terrorist acts committed by ministry officials.

In one case, a ring of Baghdad police officers — including a colonel, two lieutenants and a captain — were accused of stealing communications equipment for insurgents, who used the electronics for remote bomb triggers. In another case, a medic with the Interior Ministry's elite commando force in Baghdad was fired after he was accused of planting improvised explosives and conducting assassinations.

In Diyala province, where last month U.S. forces killed Abu Musab Zarqawi, the leader of Al Qaeda in Iraq, investigators were looking into allegations that a police officer detonated a suicide vest in the bombing of a police station. In a separate case, a brigadier general, a colonel and a criminal judge were accused of taking bribes from a suspected terrorist.

Police officers have also organized kidnapping rings that abduct civilians for ransom — in some of the cases, the victims are police officers. Two Baghdad police commanders kidnapped a lieutenant colonel, stole his ministry car and demanded tens of thousands of dollars from the victim's family, the documents allege. In that case, the two accused, Maj. Gen. Naief Abdul Ezaq and Capt. Methaq Sebah Mahmoud, were fired and taken to court.

The abbreviated notes on the case do not make clear whether the two officers received further punishment, but the fact that the documents mention the courts being involved in the incident at all makes it stand out from the rest of the cases.

In another case, the bodyguards of a police colonel in the Zayona neighborhood of Baghdad kidnapped merchants for ransom, according to the documents. In the capital's Ghazaliya neighborhood, a lieutenant and his brother-in-law kidnapped a man and demanded a huge ransom from his family.

Abuse by police is also a common theme. The victims include citizens who tried to complain about police misbehavior, drivers who disobeyed traffic police commands and, in several cases, other police officers.

But detainees appear to be targeted most often. The U.S. military has been working with the Iraqi government to standardize detention facilities and policies, and the U.S. assessment claims that several site visits turned up no serious human rights abuses. But the ministry documents reveal a brutal detention system in which officers run hidden jails, and torture and detainee deaths are common.

The documents mention four investigations into the deaths of 15 prisoners at the hands police commando units.

In the Rusafa section of Baghdad, a predominantly Shiite area known for its strong militia presence, police tortured detainees with electricity, beatings and, in at least one case, rape, according to the internal documents. Relief was reserved for those detainees whose relatives could afford to bribe detention officers to release them.

The Wolf Brigade, a notorious commando unit, illegally detained more than 650 prisoners, according to the documents. During a mass release of Wolf Brigade prisoners last November, a Times reporter saw dozens of malnourished men among the released detainees; several were so weak that they could not walk without assistance.

Female detainees are often sexually assaulted. According to the documents, the commander of a detention center in the Karkh neighborhood of the capital raped a woman who was an alleged insurgent in August. That same month, two lieutenants tortured and raped two other female detainees.

Among the strongest reprimands — and the most outrageous corruption — detailed in the documents are the cases involving two provincial police chiefs who were removed.

Brig. Gen. Adil Molan Ghaidan, the former Diyala province police chief, was accused of drinking on the job, illegally confiscating real estate from citizens, knowingly paying ghost employees and harboring suspected terrorists. He was removed from the force about six months ago, police sources say.

Before his removal several months ago, Maj. Gen. Ahmad Mohammed Aljiboori, the former Nineveh province police chief, allegedly assigned a private army of 1,400 officers to personal security detail. According to an internal inquiry, Aljiboori claimed the force was not under the Interior Ministry's control.

The document also accuses Aljiboori of detaining 300 Iraqis for two months without charges, wasting thousands of dollars on extravagant banquets and neglecting antiterrorism efforts to focus on arresting car dealers. The document says Aljiboori confiscated most of the cars for personal gain and gave some of them away to friends as gifts.

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U.S. officials say they have known about Interior Ministry abuses for years but have done little to thwart them, choosing instead to push Iraqi leaders to solve their own problems.

"The military had been at the bunker prior to the raid in November," said the U.S. official, referring to the Jadiriya facility. "But they said nothing."

Some U.S. military leaders want American officials to have a stronger hand with the Interior Ministry, arguing that continuing corruption and militia influence are dashing any hope for a speedy American withdrawal.

Another senior military official said U.S. policy in regard to the ministry was confused and disengaged. The official, who asked not to be identified because his comments impugned his superiors, said the Pentagon and State Department had failed to coordinate their efforts and were disengaged from the Iraqi police leaders.

"They sit up there on the 11th floor of the ministry building and don't talk to the Iraqis," the official said of U.S. police trainers assigned to the Interior Ministry headquarters tower. "They say they do policy and [that] it's up to the Iraqis — well, they're just doing nothing. The MOI is the most broken ministry in Iraq."

'Everybody Must Make Sacrifices' (NSWK)

By Sarah Childress

Newsweek, July 9, 2006

One of the few women in Iraq's Army says she's proud to protect her country.

July 7, 2006 - Since she was a little girl in Sulemaniya, Shahla always wanted to be a soldier in the Iraqi Army. But women weren't allowed to fight under Saddam. So as soon as Hussein was gone in 2003, the attractive young mother put her name on the list. Shahla is now a first lieutenant. (Because of the sensitive nature of her work, Coalition officials asked that her real name not be used.)

Recently, she was handpicked by Iraq's Minister of Defense to take leadership courses at Zahko Military Training Academy in northern Kurdistan. At 35, she's a Sunni Kurd who wears dark eyeliner with her fatigues and says she lives to hunt down terrorists. She recently sat down with two visitors at Zahko, including NEWSWEEK's Sarah Childress, for a conversation in English. Excerpts:

NEWSWEEK: Why did you decide to join the Army?

Shahla: I like the army, and I like my country. I've been through many dangerous situations, but everybody must make sacrifices. It's hard, because in our community, it's very difficult for women to prove themselves in the army. You hear that the army's only for men. Before, during Saddam's time, women in the army could only be doctors. They didn't recognize their rank. Now, we see the difference. Now, they respect us. Now they call us by our ranks.

What is the training like at Zahko?

One thing I like is PT [physical training]. Not many women in the community do PT. Even if a woman is educated and gets a degree, she sits at home. But now that I've joined the army, I know it's important for women to get in physical shape.

How does your family feel about your enlistment?

I've never been in the army without family support. It's often difficult to convince families in this situation.

Are you afraid of being targeted by insurgents?

The threat isn't on me. It's on my family, and my neighbors. But we all must make sacrifices. Most of the problems we have are with people who work both sides. The terrorists are educated. They're not stupid. They have plans. They recognize our uniforms, but we don't know them. So they join the army. Sometimes they do join the units, to mark us as targets.

Is sectarianism a problem in the army?

At the beginning, no. But it's increasing. I've seen conflicts. Things happen, and you're supposed to act out against a mosque or husseiniya [another name for a Shiite mosque]. You have to, because bad people use these places for kidnapping and torture. But [a few soldiers may] refuse. We talk with them, and tell them that it's not the end of the world. It's for Iraq, for security and freedom.

What's difficult about being here?

I haven't seen my daughter, who is six, in one and a half months. It's very hard, but I do this for her, for the future. I'd like to stay in the army. It's my career. … And PT. At the start, it was so hard. I like exercises, but not running, because I smoke. They understand the situation. (Nearby American officers overhear and laugh.) It's a new thing. Before, I just walked. In the last week I've started running.

What do you like about being in the army?

We're chasing the terrorists. It makes me proud of myself. [My commanders] trust me. They trust my judgment.

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Baghdad Water Plant OK But Delivery Hard (AP)

By Kim Gamel

AP, July 9, 2006

After nearly three years and $45 million, a treatment plant in northern Baghdad is pumping enough drinking water for a quarter of Baghdad's people. But the trick is getting it to them because of losses to broken pipes and scavengers.

Officials with the U.S. Agency for International Development are preparing to wrap up work in September after restoring one Saddam Hussein-era plant and building another at the Shark Dijlah water treatment facility, which serves 1.5 million people mostly in eastern Baghdad.

"We've successfully been providing water for over a year now," USAID expert Chris Serjak said during a tour Saturday, standing outside the nearly 30-year-old original plant as motors from filtration pools rumbled in the background.

Western and Iraqi reconstruction officials have pinned their hopes on U.S.-funded projects like the improvements at the plant to overcome severe shortages of water and poor sewage systems.

"Basically there is a water crisis," city spokesman Adel al-Ardawi said by telephone, blaming the shortages on a lack of electricity and violence by insurgents.

But there is more to the problem than infrastructure.

"You can build a brand new plant and pump tons of water out, but if the lines aren't there to handle it you're not getting full volume," Serjak said.

Desperate Iraqis tap into mains and use generators to pump water to their homes in several areas where water is scarce. That lessens the flow to others.

Shihab Ahmed, a 48-year-old clerk who lives in the southeastern neighborhood of New Baghdad, said he gets up about 3:30 a.m. because his faucets only run at full force for about an hour and he needs to fill plastic bottles for use throughout the day.

"This water is for cooking and drinking, after my wife boils it to purify it," he said.

Serjak said water also seeps from decayed distribution mains, and that defect can bring health problems.

"The country has broken sewer mains lying alongside broken water lines, and so you get contamination not at the treatment plant but actually at the distribution line," the 31-year-old Los Angeles native said.

He said USAID spent $13 million last year to improve water delivery in the city's crowded Shiite slum of Sadr City, where they replaced 61 miles of old, cracked asbestos pipes with new mains and provided more than 15,000 house connections.

They used local laborers to win the community's support and avoid security problems.

Serjak said the water infrastructure in Sadr City, which suffered from decades of neglect under Saddam's Sunni-dominated regime, was in particularly bad shape, with concrete pipes susceptible to cracking buried just below the surface, exposing them to traffic.

In addition, he said, "People were making a lot of illegal taps because of the growth of the area."

While authorities had looked to public works to build a new Iraq after the U.S.-led invasion, the insurgency has forced the diversion of billions of dollars to security from projects to improve water, sewage and power systems.

About $2.1 billion of the more than $4 billion initially allocated for water and sanitation projects was shifted in 2005 to address new priorities and security needs, according to the U.S. Embassy in Baghdad.

Just 49 of the originally planned water and sewer projects will be completed, and 300 of the planned 425 electrical projects will be done, according to a U.S. government audit released in late January.

Saad Salman, general manager of the Shark Dijlah plant, said it had not been attacked, but he worries constantly it could be. Security is provided by the Facility Protection Services, which was recently criticized by Prime Minister Nouri al-Maliki for being ineffective and having links to insurgents.

Serjak acknowledged relief officials had to scale back efforts because of spiraling costs and violence.

"When we first came in we put together a wish list," he said. "And as you go in and further define what can be done, you make tradeoffs, you make decisions. Going back to what's cost effective."

The USAID team made the decision to both build a new water plant and expand the old one at Shark Dijlah after discovering they had a head start. The U.N. Development Fund had done designs and ordered equipment for improvements to the plant before the invasion in March 2003.

Serjak said he found it more efficient to work with what is available in Iraq, where transporting equipment safely is difficult.

"There are some plants that are too far gone," he said. "But where possible, rehabilitation has been quicker and more cost effective."

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L.A. Man Detained In Iraq Sues U.S. (WP/AP)

By Associated Press

The Washington Post/AP, July 9, 2006

Military Officials, Rumsfeld Named

LOS ANGELES, July 8 -- An aspiring Iranian American filmmaker who spent nearly two months in a prison in Iraq without being charged has sued Secretary of Defense Donald H. Rumsfeld and other military officials, calling the government's detention policies unconstitutional.

Cyrus Kar, 45, of Los Angeles, seeks unspecified damages and major changes in the government's detention policies overseas.

The suit was filed this week in federal court by the American Civil Liberties Union of Southern California. It is the first civil case challenging detention policies in Iraq, said Mark Rosenbaum, the organization's legal director.

A phone message left for a Pentagon spokesman was not immediately returned Saturday.

When Kar was released, military officials said that he had been properly detained as "an imperative security threat" and that the matter had been handled and resolved appropriately.

"This case highlights the effectiveness of our detainee review process," spokesman Air Force Brig. Gen. Donald Alston said after Kar's release.

Kar was taken into custody in May 2005 after he visited Iraq to make a documentary film about Cyrus the Great, the Persian king who wrote the world's first human rights charter. Potential bomb parts were found in a taxi in which Kar was riding.

He was released July 10, 2005, after his family sued, accusing the federal government of violating his civil rights and holding him after the FBI cleared him of suspicion. He is a former U.S. Navy Seal, according to news reports.

The new lawsuit said his 55-day detention violated not only his civil rights, but also the Geneva Conventions and the law of nations.

"Human rights monitors note that the vast majority of the over 15,000 detainees in U.S. military custody in Iraq have never been charged, tried, provided counsel, or allowed to challenge their detention in court, and over one-fifth of them have been detained for over a year in this manner," the suit states.

Kar said that while he was imprisoned, he was at various times hooded and threatened, taunted and insulted by U.S. soldiers. One soldier slammed Kar's head into a concrete wall, the suit said.

What happened to him in Iraq was "a life-altering experience," Kar told the Los Angeles Times.

In addition to Rumsfeld, the defendants include Army Gen. George W. Casey Jr., commanding general of the multinational forces in Iraq, and Maj. Gen. William H. Brandenburg, who was in charge of detainee operations in Iraq at the time of Kar's detention.

No Political Timetable For Iraq (WT)

By Jack Reed

The Washington Times, July 9, 2006

We do not need an artificial timetable for Iraq, especially not a political one, but we do need a plan from the White House on how and when we can succeed. Democrats support beginning a phased redeployment of U.S. forces from Iraq by the end of 2006.

This proposal would protect American interests and give the commander in chief flexibility to bring our troops home in a safe and timely manner. It also recognizes a strong residual U.S. force will remain in Iraq to provide training and support, and Special Forces who can seek out and kill terrorists.

The days of young American soldiers manning most Iraqi checkpoints and getting caught in the cross-fire of sectarian violence must end. That mission can, should, and must be accomplished by the Iraqis themselves.

The Senate passed a similar measure last year -- a nonelection year. Seventy-nine senators, from both sides of the aisle, joined together and urged the president to make 2006 a year of transition.

Though the Republicans backed off this commitment, it is highly likely significant numbers of U.S. troops will start redeploying from Iraq in 2006 and continue to draw down in 2007. America's top military commander in Iraq, Gen. George Casey, recently stated: "I'm confident we'll be able to continue to take reduction over the course of this year."

Iraqi national security adviser Mowaffak Rubaie offered a similar forecast: "Iraq's ambition is to have full control of the country by the end of 2008," Mr. Rubaie said in an op-ed article in The Washington Post. "In practice, this will mean a significant foreign troop reduction. We envisage the U.S. troop presence by year's end to be under 100,000, with most of the remaining troops to return home by the end of 2007."

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It is imperative we support the Iraqi government and pay attention to what they say. Ultimately, the Iraqis will determine their country's future and whether it succeeds or fails. America's greatest chance to help Iraq become a stable nation that respects human rights, and not a harbor for terrorists, is through nonmilitary support for Iraqi reconstruction.

Several months ago, President Bush announced a proposal to develop and deploy reconstruction teams in all 18 Iraqi provinces. But today, there are still only four such teams operating in the entire country. They lack resources, personnel and meaningful support from the White House.

Unless we can fix the reconstruction, redevelopment and political mentoring process, our military efforts will buy time but not guarantee success. Americans know we need a new direction in our Iraq policy.

Democrats have offered a thoughtful plan -- tactically, strategically, politically -- that will change the course from the president's failed policy. Republicans defeated this common-sense proposal. Now they must deliver a clear road map of their own, and a plan to pay for it.

The president must level with the American people and tell them he is committing more resources to Iraq, including personnel from our State and Justice Departments and our Agency for International Development. He must also be more candid about the cost. American taxpayers have already paid $320 billion for the Iraq war, and will be forced to spend hundreds of billions more.

Our national security demands we bring Iraq to a successful conclusion as quickly as possible. The timing and placement of our military forces is the president's responsibility. He should step up and take on that responsibility, beginning today.

Our fighting men and women should not be left on the front lines of Iraq for one day longer than is absolutely necessary.

Jack Reed, Rhode Island Democrat, is a member of the U.S. Senate Armed Services Committee and is a retired United States Army captain.

The Breakup (NYT)

By Peter W. Galbraith interview Compiled By Deborah Solomon

The New York Times, July 9, 2006

Q: Your new book, "The End of Iraq: How American Incompetence Created a War Without End," argues that the Bush administration should stop insisting that Iraq can ever be a unified nation.

Iraq still exists on a map, but it no longer functions as a single country. We're trying to build national institutions right now — like the army and the police — when there is no nation.

As someone who has held various exalted government positions — you were the first U.S. ambassador to Croatia as well as a longtime Near East specialist for the Senate Foreign Relations Committee — how exactly are you defining the word "nation"?

A nation is a collection of people who share a common identity. You would expect that Kurds, Shiites and Sunnis would have their religious or ethnic identity. What they do not share is an Iraqi identity.

That point has been made countless times, but you're one of the first writers to suggest that the U.S. government totally abandon its current policy and just slice Iraq into three states.

Absolutely. A confederation of three states.

What would you call them?

How about Kurdistan, Sunnistan and Shiastan?

Catchy. What religion are the Kurds?

They are overwhelmingly Sunni Muslim.

So why do Saddam Hussein and his fellow Sunni Muslims hate them so vehemently?

Because he was a fascist in a classic sense. He believed in a master race, which was the Arabs, and that the Kurds were therefore a lesser people in this greater Arab land.

Who are the most famous Kurds?

Beyond the presidents of Iraq and Kurdistan, the most famous, historically, is Saladin, the Muslim warrior who took Jerusalem from the crusaders.

That's fascinating, considering that Saddam Hussein famously proclaimed himself the Saladin of modern times.

He wrapped himself in the mantle of Saladin, even naming his native province after him. Saladin is worshiped by the Arabs, who fudge on his ethnicity.

Before the first gulf war, you documented Saddam's genocide against the Kurds, at a time when few in the West were paying attention.

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I actually stumbled across the start of the genocide in 1987, when I traveled to Kurdistan and saw the systematic destruction of villages along the road. Later, I arranged for 14 tons of documents, including lists of people who were rounded up and massacred, to come to the U.S.

And Harvard, your alma mater, declined to house them. That wasn't very brave.

They were concerned about a possible terrorist attack on Widener Library. The documents went to the National Archives.

Aren't you a little bit old to be publishing your first book?

Even though I am a late bloomer in the book area, it's original.

You mean the book is original?

It's original that you have a 55-year-old first-time author who actually wrote it himself.

Of course, you had a great teacher — your father, John Kenneth Galbraith, the world-class economist who died in April, at the age of 97.

He had a clear mind until basically the day he died. He was very interested in this book. He actually read the first four chapters, and he liked it every much. He had some small editorial comments, which I took.

He certainly got a lot done, some 40 books including the campus classics "American Capitalism" and "The Affluent Society."

He was very disciplined in his writing. My father always said that in the fifth draft he introduced that note of spontaneity for which his writing was well known.

In other words, great books aren't written, they're rewritten.

I believe in that.

Is it true that your father coined the phrase "conventional wisdom"? That, at any rate, is the conventional wisdom.

And, in this case, the conventional wisdom is right.

Among The Ghosts: Heroes And Grand Plans (NYT)

By Dexter Filkins

The New York Times, July 9, 2006

BAGHDAD, Iraq

AT the end of a long week, I went searching for her tomb. I spoke first to the priest at the Armenian Orthodox Church, who pointed me to a cemetery down the road. I went there, and a toothless old blue-eyed lady pointed me to the next one. Then, in the quiet of a compound off clamorous Tehran Square, I found her.

Gertrude Margaret Lowthian Bell — or Miss Bell, as the Iraqis still call her — is interred in the Anglican Church's cemetery in a raised tomb. It's dried up and crumbling in the Iraqi sun. The British delegations that used to pay homage stopped coming months ago because of the danger. A ring of jasmine trees and date palms planted last year by Ahmad Chalabi's daughter, Tamara, "in recognition of Gertrude Bell's historic contribution to Iraq" are mostly dead.

"The soil is too salty," said Mansour Ali, the grave keeper, jabbing a finger at the earth.

Miss Bell, the British adventurer and diplomat, was as decisive in the creation of the modern Iraqi state as any single person. She imagined it in the ruins of the Ottoman Empire, then ending its 600-year run. The First World War was over, and the Middle East seemed as blank as a sheet of paper. The borders of the new state would be long and straight like a ruler, cutting across deserts, tribes and languages. It was a thrilling time to be alive.

"I feel at times like the Creator about the middle of the week," Miss Bell said at the time. "He must have wondered what it was going to be like, as I do."

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On the other side of town lie the soldiers. The British war cemetery sits in a fenced-in field across the road from the Turkish Embassy in the Waziriya neighborhood in northern Baghdad. The gates are high and locked, but with a little persistence, an Iraqi named Jasim Koli will let you in.

Back when the British Empire reigned supreme, and refrigeration was scarce, the men who gave their lives for the Crown were buried where they fell. It took too long to ship them home. Even now, across the old realm, in places like Trincomalee, Sri Lanka and Kohima, India, the British war cemeteries are lovingly maintained, prideful reminders of a vanished world.

At the Baghdad North Gate War Cemetery, the grass in some places reaches to your chest. The chiseled faces of some of the tombstones are too worn to read. Some are toppled and crumbling. The sign at the entrance announcing a renovation, dated Nov. 20, 1997, has been worked over with a machine gun. It's a dangerous neighborhood.

Still, the work goes on. The Iraqis come out at 6 p.m., when the sun begins to cool, and hack at the tall grass with their scythes. Every couple of weeks, an Iraqi shows up to pay them.

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About 1,000 British soldiers lie together at the North Gate War Cemetery. The story of each is reduced to fit on the face of a headstone, but it is still large enough to suggest its own epic:

George Percy Wilder
Middlesex Regiment
11th July 1918 Age 38
In ever loving memory
of my only child
From his sorrowing
Widowed mother

Most of those buried here were younger than Mr. Wilder by 20 years. About a dozen are unidentified: "Here Lies a Soldier of the Great War," the headstones read. "Known Unto God."

Some of the inscriptions read like bits of poetry, written in language of almost unbearable dignity. This, for example, was chiseled into a stone at the north end of the graveyard:

These here have been recovered
And interred
The bodies of
British officers and men
Who after the fall of Kut
Being prisoners
In the hands of the Turks
Perished during the march
From Kut
Or in the prison camps
Of Anatolia
These are they who came
Out of great tribulation

Behind the inscription lie about 200 graves. The British lost about 30,000 men in the Mesopotamian campaign against the Ottoman Turks and their German advisers, a sideshow to a greater catastrophe that killed 10 million. Many of those British soldiers, like those arrayed at the north end of the cemetery, died during and after the siege of Kut, some from starvation. Others died closer to Baghdad, some during combat and some, like Lt. Gen. Sir Stanley Maude, the commander of the Mesopotamia Expeditionary Force, of cholera; in his case, a year before the Great War ended. He lies in his own small temple inside the cemetery. The 30,000 British dead represent a total more than 10 times the number of Americans killed in 39 months of war here.

Private J. Bleakley
Royal Army Ordnance Corps
6th July 1918 Age 21
He Died For Us

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The marines gathered in a cement building not much larger than a garage. Most of them took a seat in one of the plastic chairs arranged for the occasion. A platoon stood off to one side, holding the battalion's flag. In the middle of the room were a fallen comrade's boots, his rifle and his helmet, arranged in a kind of headstone, and a framed photograph of a square-jawed, bespectacled young man.

"Lance Corporal Nicholas J. Whyte," the program said. "23 Jun 1984 - 21 Jun 2006."

Corporal Whyte was killed by a sniper last month while on a patrol in Ramadi. The bullet hit him in the throat and severed his spinal cord.

In all likelihood, it was not a lucky shot. Four of the 11 marines from his battalion who have been killed in Ramadi since March have been shot in a similar way in the same neighborhood. Corporal Whyte was shot in the throat. Another marine was shot through the forehead, just below the rim of his helmet. A third was shot through the heart. A fourth was shot through the collarbone. "We think it's the same guy," said Maj. Thomas Hobbs, the executive officer of the Third Battalion, Eighth Marines.

Earlier last week, after the marines moved into Ramadi General Hospital — in the same neighborhood where Corporal Whyte was killed — someone with a rifle went to work again. Within 12 hours after the marines had left, leaving behind a fledgling

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team of Iraqi police, a sniper had shot two of them, one through the face; he died. At last notice, the second Iraqi police officer, shot in the gut, was still hanging on.

Corporal Whyte was from Brooklyn; like the overwhelming majority of the marines in the Third Battalion, he signed up after Sept. 11, 2001. He was on his second tour in Iraq. He'd gone to Northeastern boarding schools on scholarship before graduating public high school, and his parents expected him to head to the Ivy League. In a unit of young men proud of their aggressiveness, Corporal Whyte was one of its softer touches.

"He was practically a pacifist," said one member of his platoon. "If someone gave him a hard time, he'd just let it go."

A marine with bagpipes played "Amazing Grace." The Marine chaplain said a prayer. "It is appropriate to ask this evening," he intoned, "how can we use Corporal Whyte's example to become better leaders?"

Lt. Col. Steven Neary, Corporal Whyte's battalion commander, stepped to the podium and read a verse from the marine's prayer book.

"I am not fighting to preserve the kind of world we had just before this war," he read. "If I were, I would be fighting to preserve a world that produced tyrants and dictators. The new world must be a better world than that, or it is not worth fighting for."

In the end, the colonel said, there was no explanation. "None of us can understand why he was taken from us," he said.

In the Marine tradition, the roll of his platoon was called; when it came to Corporal Whyte's name and no one answered, the platoon's leader read it aloud two more times.

With that, each of the members of weapons company, about 150 men in all, walked past Corporal Whyte's helmet, boots and rifle, paused, touched it a final time and gave a salute.

"Goodbye, brother," one of them said.

What's An Iraqi Life Worth? (WP)

By Andrew J. Bacevich

The Washington Post, July 9, 2006

In Iraq, lives differ in value -- and so do deaths. In this disparity lies an important reason why the United States has botched this war.

Last November in Haditha , a squad of Marines, outraged at the loss of a comrade, is said to have run amok, avenging his death by killing two dozen innocent bystanders. And in March, U.S. soldiers in Mahmudiyah allegedly raped a young Iraqi woman and killed her along with three of her relatives -- an apparently premeditated crime for which one former U.S. soldier has been charged . These incidents are among at least five recent cases of Iraqi civilian deaths that have triggered investigations of U.S. military personnel. If the allegations prove true, Haditha and Mahmudiyah will deservedly take their place alongside Sand Creek, Samar and My Lai in the unhappy catalogue of atrocities committed by American troops.

But recall a more recent incident, in Samarra . On May 30, U.S. soldiers manning a checkpoint there opened fire on a speeding vehicle that either did not see or failed to heed their command to stop. Two women in the vehicle were shot dead. One of them, Nahiba Husayif Jassim, 35, was pregnant. The baby was also killed. The driver, Jassim's brother, had been rushing her to a hospital to give birth. No one tried to cover up the incident: U.S. military representatives issued expressions of regret.

In all likelihood, we will be learning more about Haditha and Mahmudiyah for months to come, whereas the Samarra story has already been filed away and largely forgotten. And that's the problem.

The killing at the Samarra checkpoint was not an atrocity; most likely it was an accident, a mistake. Yet plenty of evidence suggests that in Iraq such mistakes have occurred routinely, with moral and political consequences that have been too long ignored. Indeed, conscious motivation is beside the point: Any action resulting in Iraqi civilian deaths, however inadvertent, undermines the Bush administration's narrative of liberation, and swells the ranks of those resisting the U.S. presence.

Gen. Tommy Franks, who commanded U.S. forces when they entered Iraq more than three years ago, famously declared: "We don't do body counts." Franks was speaking in code. What he meant was this: The U.S. military has learned the lessons of Vietnam -- where body counts became a principal, and much derided, public measure of success -- and it has no intention of repeating that experience. Franks was not going to be one of those generals re-fighting the last war.

Unfortunately, Franks and other senior commanders had not so much learned from Vietnam as forgotten it. This disdain for counting bodies, especially those of Iraqi civilians killed in the course of U.S. operations, is among the reasons why U.S. forces find themselves in another quagmire. It's not that the United States has an aversion to all body counts. We tally every U.S. service member who falls in Iraq, and rightly so. But only in recent months have military leaders finally begun to count -- for internal use only -- some of the very large number of Iraqi noncombatants whom American bullets and bombs have killed.

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Through the war's first three years, any Iraqi venturing too close to an American convoy or checkpoint was likely to come under fire. Thousands of these "escalation of force" episodes occurred. Now, Lt. Gen. Peter Chiarelli, the commander of U.S. ground forces in Iraq, has begun to recognize the hidden cost of such an approach. "People who were on the fence or supported us" in the past "have in fact decided to strike out against us," he recently acknowledged.

In the early days of the insurgency, some U.S. commanders appeared oblivious to the possibility that excessive force might produce a backlash. They counted on the iron fist to create an atmosphere conducive to good behavior. The idea was not to distinguish between "good" and "bad" Iraqis, but to induce compliance through intimidation.

"You have to understand the Arab mind," one company commander told the New York Times, displaying all the self-assurance of Douglas MacArthur discoursing on Orientals in 1945. "The only thing they understand is force -- force, pride and saving face." Far from representing the views of a few underlings, such notions penetrated into the upper echelons of the American command. In their book "Cobra II," Michael R. Gordon and Gen. Bernard E. Trainor offer this ugly comment from a senior officer: "The only thing these sand niggers understand is force and I'm about to introduce them to it."

Such crass language, redolent with racist, ethnocentric connotations, speaks volumes. These characterizations, like the use of "gooks" during the Vietnam War, dehumanize the Iraqis and in doing so tacitly permit the otherwise impermissible. Thus, Abu Ghraib and Haditha -- and too many regretted deaths, such as that of Nahiba Husayif Jassim.

As the war enters its fourth year, how many innocent Iraqis have died at American hands, not as a result of Haditha-like massacres but because of accidents and errors? The military doesn't know and, until recently, has publicly professed no interest in knowing. Estimates range considerably, but the number almost certainly runs in the tens of thousands. Even granting the common antiwar bias of those who track the Iraqi death toll -- and granting, too, that the insurgents have far more blood on their hands -- there is no question that the number of Iraqi noncombatants killed by U.S. forces exceeds by an order of magnitude the number of U.S. troops killed in hostile action, which is now more than 2,000.

Who bears responsibility for these Iraqi deaths? The young soldiers pulling the triggers? The commanders who establish rules of engagement that privilege "force protection" over any obligation to protect innocent life? The intellectually bankrupt policymakers who sent U.S. forces into Iraq in the first place and now see no choice but to press on? The culture that, to put it mildly, has sought neither to understand nor to empathize with people in the Arab or Islamic worlds?

There are no easy answers, but one at least ought to acknowledge that in launching a war advertised as a high-minded expression of U.S. idealism, we have waded into a swamp of moral ambiguity. To assert that "stuff happens," as Defense Secretary Donald H. Rumsfeld is wont to do whenever events go awry, simply does not suffice.

Moral questions aside, the toll of Iraqi noncombatant casualties has widespread political implications. Misdirected violence alienates those we are claiming to protect. It plays into the hands of the insurgents, advancing their cause and undercutting our own. It fatally undermines the campaign to win hearts and minds, suggesting to Iraqis and Americans alike that Iraqi civilians -- and perhaps Arabs and Muslims more generally -- are expendable. Certainly, Nahiba Husayif Jassim's death helped clarify her brother's perspective on the war. "God take revenge on the Americans and those who brought them here," he declared after the incident. "They have no regard for our lives."

He was being unfair, of course. It's not that we have no regard for Iraqi lives; it's just that we have much less regard for them. The current reparations policy -- the payment offered in those instances in which U.S. forces do own up to killing an Iraq civilian -- makes the point. The insurance payout to the beneficiaries of an American soldier who dies in the line of duty is $400,000, while in the eyes of the U.S. government, a dead Iraqi civilian is reportedly worth up to $2,500 in condolence payments -- about the price of a decent plasma-screen TV.

For all the talk of Iraq being a sovereign nation, foreign occupiers are the ones deciding what an Iraqi life is worth. And although President Bush has remarked in a different context that "every human life is a precious gift of matchless value," our actions in Iraq continue to convey the impression that civilian lives aren't worth all that much.

That impression urgently needs to change. To start, the Pentagon must get over its aversion to counting all bodies. It needs to measure in painstaking detail -- and publicly -- the mayhem we are causing as a byproduct of what we call liberation. To do otherwise, to shrug off the death of Nahiba Husayif Jassim as just one of those things that happens in war, only reinforces the impression that Americans view Iraqis as less than fully human. Unless we demonstrate by our actions that we value their lives as much as the lives of our own troops, our failure is certain.

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Fighting Insurgents, By The Book (WP)

By Fred Kaplan

The Washington Post, July 9, 2006

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Two messages flutter between the lines of the Army's new field manual on counterinsurgency wars, its first document on the subject in 20 years.

One is that Pentagon planning for the Iraq war's aftermath was at least as crass, inattentive to the lessons of history, and contrary to basic political and military principles as the war's harshest critics have charged.

The other is that as a nation we may simply be ill-suited to fighting these kinds of wars.

The field manual's chief authors -- Lt. Gen. David H. Petraeus and retired Lt. Col. Conrad C. Crane -- would never make these points explicitly. When Petraeus was commander of the 101st Airborne Division in Iraq, he combined combat power and community-building more astutely than any other officer. Crane, director of the U.S. Army Military History Institute, is one of the leading scholars of "irregular warfare." They both support the war's aims. And they outline their new doctrine -- or, rather, their revival of a very old doctrine -- thoughtfully and thoroughly.

Yet the undertone of this 241-page guidebook -- not yet publicly released, but obtained by Steven Aftergood and posted last week on Secrecy News , his online newsletter -- is one of grim caution.

Counterinsurgency involves rebuilding a society, keeping the population safe, boosting the local government's legitimacy, training a national army and fighting off insurgents who are trying to topple the government -- all at the same time. As the manual puts it, "The insurgent succeeds by sowing chaos and disorder anywhere; the government fails unless it maintains order everywhere."

From the first page to the last, the authors stress that these kinds of wars are "protracted by nature." They require "firm political will and extreme patience," "considerable expenditure of time and resources," and a large deployment of troops ready to greet "hand shakes or hand grenades" without mistaking one for the other.

"Successful . . . operations require Soldiers and Marines at every echelon to possess the following," the authors write. They then list a daunting set of traits: "A clear, nuanced, and empathetic appreciation of the essential nature of the conflict. . . . An understanding of the motivation, strengths, and weaknesses of the insurgent," as well as rudimentary knowledge of the local culture, behavioral norms and leadership structures. In addition, there must be "adaptive, self-aware, and intelligent leaders."

Meanwhile, one high-profile infraction can undo 100 successes. "Lose moral legitimacy, lose the war," the authors warn, noting that the French lost Algeria in part because their commanders condoned torture.

Two big questions emerge: First, can American armed forces maintain such exacting standards over a long, hazy conflict? The all-volunteer U.S. military is full of extraordinarily smart, dedicated and disciplined troops. But there are sluggards, too, and the Army has also been lowering standards lately to meet recruitment targets.

Second, can Americans maintain a long-term commitment to civil or insurgent wars at a cost of hundreds of billions of dollars and perhaps thousands of lives? The issue isn't whether we should, but whether we can -- whether the political system, with its competing demands and aversion to risk, is capable of it.

The panel of officers and experts that put together the manual had no mandate to address such questions. But one consultant on the project who spoke on the condition of anonymity told me, "If we did, we would have probably put in some caveat like: 'If the nation and its leaders are not prepared for the long, hard fight that counterinsurgency entails, they should not begin it in the first place.' "

Certainly, one cause of the missteps in Iraq was the failure of top U.S. officials to foresee that after Saddam Hussein fell, they might find themselves battling an insurgency. As recently as last November, Defense Secretary Donald H. Rumsfeld was still refusing to call the enemy " insurgents ."

The manual at one point lists various practices that have proved successful and unsuccessful in past counterinsurgency campaigns. The list came from a memo written in November 2004 by Kalev Sepp, a professor at the Naval Postgraduate School who was advising Gen. George W. Casey Jr., the U.S. military commander in Iraq.

It must have been clear that U.S. forces had followed many of the unsuccessful practices, among them: "Place priority on killing and capturing the enemy, not on engaging the population; Concentrate military forces in large bases for protection; . . . Focus special operations forces primarily on raiding"; and "Ignore peacetime government processes, including legal procedures."

The manual cites other principles of counterinsurgency that the U.S. military violated:

"The more force used, the less effective it is."

"An operation that kills five insurgents is counterproductive if the collateral damage or the creation of blood feuds leads to the recruitment of fifty more."

"A defection is better than a surrender, a surrender better than a capture, and a capture better than a kill."

One page of the manual summarizes Napoleon's occupation of Spain in 1808: "Napoleon believed the conquest of Spain would be little more than a 'military promenade.' [He achieved] a rapid conventional military victory over Spain's armies but ignored the immediate requirement to provide a stable and secure environment for the people. . . . The French failed to analyze

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the history, culture, and motivations of the Spanish people, or to seriously consider their potential to support or hinder the achievement of French political objectives. Napoleon's cultural miscalculation resulted in a protracted struggle that lasted nearly six years and ultimately required approximately three-fifths of the French Empire's total armed strength."

No reader can miss the parallel to Rumsfeld and Iraq.

Would a smarter U.S. strategy have produced a more stable Iraq? Or were the long-suppressed sectarian feuds destined to gush forth once Hussein was removed?

A better question: Should we follow the authors' advice in the hope of waging a better counterinsurgency the next time around? Or should we give up these sorts of wars as futile and -- do what instead?

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THE COSTS OF WAR (WP)

By Rachel Dry

The Washington Post, July 9, 2006

The civilian death toll in Iraq is either 100,000, or 50,000, or 43,273, or, as President Bush said in December, "30,000, more or less."

Most people doing the counting say that the number is more than the president's 30,000, but hedge the total, as he did, because of the impossibility of accurately recording every fatality throughout the war-torn country.

One of the most frequently cited numbers is the total from Iraq Body Count, an organization of antiwar British researchers who've been working since 2003 on maintaining civilian death statistics. John Sloboda, co-founder of the group, said that he and his colleagues compile civilian death statistics from media reports and the Baghdad morgue, carefully documenting incidents where possible, to avoid double counting. Their current count ranges from 38,843 to 43,273, reflecting that numbers vary from report to report and that some deaths are recorded simply as "Iraqi" with no distinction made for civilians.

Late last month, the Los Angeles Times offered its own tally: at least 50,000 Iraqi deaths, mostly civilian, since the 2003 U.S.-led invasion. That count is from the morgue, the Iraqi Health Ministry and other sources.

Michael E. O'Hanlon at the Brookings Institution maintains the Iraq Index, with a civilian casualty count of 20,600 to 37,200, not including deaths from crimes.

In 2004, a team of public health researchers published a study in the British medical journal the Lancet estimating a death toll based on a sample of documented deaths. It was a big, round and roundly disputed number: at least 100,000 Iraqi civilians dead in the 18 months following the invasion.

Though the Lancet study stirred up a fight over methodology, Sloboda thinks the real battle shouldn't be over how the counting is being done, but over who is doing the counting. He'd prefer that the Pentagon take charge. "We consider it a disgrace and obscenity that the world's largest superpower leaves this job to 12 unpaid volunteers."

-- Rachel Dry

Medical Oaths Betrayed (WP)

By Steven H. Miles

The Washington Post, July 9, 2006

In November 2003, an Iraqi guard smuggled a pistol into the U.S. military prison at Abu Ghraib and gave it to a prisoner, Ameen Saeed al-Sheik. Tipped off, military police quickly began a cell-to-cell search. When they reached his cell, Sheik went for the hidden pistol; gunfire was exchanged and a sergeant was hit. According to sworn testimony, the soldiers wrestled the prisoner to the {fllig}oor and sent him to the hospital with a dislocated shoulder and shotgun wounds to his legs.

When Sheik returned to prison, he was beaten with a baton and his arms were handcuffed over his head, putting stress on his injured shoulder and leg. On a cold night, a medic, Sgt. Theresa Adams, saw Sheik naked and bleeding from a catheter that should have been connected to a bag to prevent infection. According to a sworn statement, the physician on call (who held the rank of colonel) agreed that the hospital had erred in leaving the catheter open but refused to remove it or to transfer Sheik to a hospital. When Adams asked him whether he had ever heard of the Geneva Conventions, the physician answered, "Fine, Sergeant, you do what you have to do; I am going back to bed."

In May 2004, photographs of prisoners being abused at Abu Ghraib shocked the world. When I saw the pictures, a simple question came to mind: Where were the prison doctors, nurses and medics while this abuse was happening?

Based on my review of tens of thousands of pages of declassi{filig}ed government documents, congressional testimony, press accounts and reports by human rights organizations, the answer is clear: Many armed forces physicians, nurses and

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medics have been passive and active partners in the systematic neglect and abuse of prisoners. At facilities in Iraq, Afghanistan and Guantanamo Bay, Cuba, the United States often failed to provide prisoners with minimally adequate medical and health systems. Some physicians and psychologists provided information that was used to determine the harshness of physically and psychologically abusive interrogations, which were then monitored by health professionals. Some doctors responsible for the medical records of detainees omitted evidence of abuse from their official reports. Medical personnel who knew of this system of neglect, abuse and torture remained silent.

Certainly, the vast majority of military clinicians are responsible and competent. But even silence or indifference concerning prisoners' injuries was common enough to enable prison abuse to continue in Iraq, Afghanistan and at Guantanamo Bay. My new book on this subject cites incidents involving 120 to 150 clinicians at these locations -- most remaining quiet in the face of abuse, at least 10 delaying or suppressing death certificates in cases of abuse, and at least 30 involved in designing or monitoring harsh interrogations.

These were not isolated acts of medical complicity; rather, they formed a pattern of abuse authorized (or ignored) by senior U.S. officials.

In November 2002, Defense Secretary Donald H. Rumsfeld appointed a working group to develop an interrogation policy for the prison at Guantanamo Bay. Upon receiving the working group's reports, Rumsfeld approved techniques such as isolation, interrogation for 20 hours, deprivation of light and sound and the use of loud sounds, as well as "manipulation of the detainees' emotions and weaknesses."

But his April 2003 directive also proposed three roles for medical professionals in interrogations. First, "the use of isolation as an interrogation technique requires detailed implementation instructions, including . . . medical and psychological review." Second, application of such interrogation methods was contingent on the detainee being "medically and operationally evaluated as suitable." Third, the interrogations required "the presence or availability of quali{filig}ed medical personnel."

Rumsfeld's vision was {fllig}eshed out in Army prisons in Iraq, Afghanistan and at Guantanamo Bay, with health professionals cooperating in all phases of coercive interrogation. Some provided information from medical records and clinical interviews for use in designing interrogation plans. Others recommended ways to break down prisoners, using insights from cross-cultural psychology to degrade and demoralize them.'The Man Was Old'

Although few records describing interrogations have been declassified, investigative files con{filig}rm that clinicians were present during some harsh inquiries. Guantanamo Bay interrogators and officers reported that doctors observed such questioning from behind a mirror or were in the room while it was occurring. And in Samarra, various soldiers offered sworn testimony about a particular interrogation:

[Linguist -- name redacted]: I witnessed concern on the part of the primary interrogator toward preventing the detainee from going into a medical crisis as a result of the questioning. He stopped the questioning several times so that a medical professional could examine him and determine if he was still doing {filig}ne. All indications were that, aside from the stress of being captured and questioned, he was suffering no health crisis.

Q: During any interrogations did Staff Sergeant [name redacted] ever have to stop it because of medical problems?

A: I don't think so. The only one was [same inmate as above] but Staff Sergeant never stopped it. He only voiced concern that we ease up on the detainee so he could remain calm and keep his blood pressure down. . . .

[Interrogator -- name redacted]: [Name redacted] and I were the agents while [name redacted] sat in as the medic on standby. . . . Every time, maybe two or three times, the [detainee] showed any sign of difficulty, [co-interrogator] would take a break to allow [medic] to attend to him. . . . We took several breaks that night. The man was old and in the middle of the interrogation, we gathered up his pills (or medication) and gave it to him .

One log that detailed the medical monitoring of interrogations was leaked from Guantanamo Bay, excerpted in Time magazine and later authenticated by the Pentagon. According to the log, in 2002 psychologist John Leso monitored the interrogation of Mohamed al-Qahtani, making suggestions on how to increase the stress on the prisoner. The 50-day chronology details the techniques employed: isolation, sleep deprivation, masking, head shaving, shackling, threatening with a dog and so on. The log shows regular monitoring by medics, who, at one point, administered nearly three bags of medical saline intravenously while the prisoner was tied to a chair. When Qahtani asked to urinate, he was told to do so in his pants. He was treated twice for a slow heart rate caused by hypothermia that was intentionally induced by air conditioning.

Medical examinations of prisoners -- both before and after interrogations -- were often skipped. In 2005, the Army's surgeon general found that 15 to 50 percent of prisoners in Iraq, Afghanistan and at Guantanamo Bay were examined before being questioned, and less than 15 percent were examined for injuries afterward. Even when such exams took place, however, they were not necessarily for the prisoners' bene{filig}t. According to the 2004 report by Army Maj. Gen. Antonio M. Taguba on abuse

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at Abu Ghraib, medical personnel vetted prisoners for interrogations that were designed in accordance with the medical {filig}ndings to include stress positions, sleep deprivation, isolation and dietary manipulation.

This process required the use of Behavioral Science Consultation Teams (BSCTs or "biscuits"), which helped design interrogation plans to exploit prisoners' psychological and physical vulnerabilities. The BSCTs used clinical information to clear prisoners for harsh interrogation plans; they also used medical information to develop a plan to break a prisoner's resistance to questioning. Clinicians at Guantanamo Bay met with BSCT personnel to offer insight on prisoners' weaknesses, according to the report by Maj. Gen Geoffrey D. Miller, who took command of the Abu Ghraib prison after the abuse scandal broke out.

At times, behavioral clinicians reportedly micromanaged some interrogations; one Guantanamo Bay psychiatrist even suggested rationing toilet paper to seven sheets per day and limiting water for bathing. Similarly, a military intelligence specialist in Iraq applied her background in psychology to design approaches to "interrogate those who could not be broken." She approved coercive interrogation plans involving sleep deprivation but vainly protested the use of dogs or nudity. She eventually asked to be relieved of interrogation duties.'The Dude Eventually Died'

In December 2002, Rumsfeld empowered Guantanamo Bay interrogators to deny a prisoner's "medical visits of a non-emergent nature." Although he later revoked the order on advice of legal counsel, the practice of punitive denial of treatment apparently continued throughout the prison system.

In Iraq, Army investigators reviewed a video showing a prisoner with bound wrists lying on the ground near a checkpoint. Entry and exit gunshot wounds are visible. While the soldiers discuss whether to summon medical care, one soldier tells the moaning prisoner to "shut up" and kicks him in the face or upper chest, according to the report of an Army criminal investigation. A soldier who was present during the videotaping later joked that they "weren't in any hurry to call the medics," adding that he "thought the dude eventually died."

A recently filed lawsuit and an FBI memo describe four prisoners, three at Guantanamo Bay and one apparently in Afghanistan, who were denied a prosthetic limb, antibiotics for wounds (two cases), and treatment for constipation until they cooperated with interrogators. An FBI memo tells of a prisoner, arrested in Afghanistan, who was denied treatment for a gunshot wound and was tortured for at least three days before being taken to a hospital.

At Guantanamo Bay, a psychology technician complained to an officer who refused to allow a prisoner to receive a medical evaluation for back pain. According to "Inside the Wire," a 2005 book co-written by former Army linguist Erik Saar, the officer answered, "I run this cellblock the way I see {filig}t. If I think a detainee is complaining about back pain just to get to walk across the camp to the medical clinic one sunny afternoon, then I'm not going to put it in my log. Now leave my block and next time stay in your lane."

Another Guantanamo Bay interrogator, who had read a prisoner's medical files, asked for medical treatment for the prisoner's eyes, according to a June 2005 report by Jane Mayer in the New Yorker. His commander replied, "He should have gotten the medical help before he went on jihad.'"Blood on the Wall'

Investigations of prison abuse describe clinicians who could not "see" abuse. A Navy medic, Petty Officer Carlton Blay, testified in a prison-abuse trial that he watched a guard slap and punch prisoners at Camp Whitehorse in Iraq. Blay said that the beatings were meant to get the prisoners "to know that these people were now in charge." He testified that he did not report the beatings because he thought they were reasonable.

The records also show instances of clinicians who did not confront abusive acts. In late 2003, Sgt. Neil Wallin, a medic, was called to a cell after Abu Ghraib guards slammed a prisoner into a wall, lacerating his chin. He saw the prisoner with a sandbag over his head and blood running down his clothes from a 2 1/2 -inch cut. According to a sworn statement, he saw "blood on the wall near a metal weld, which I believed to be the place where the detainee received his injury." He sutured the wound with 13 stitches but did not report it because he said he did "not know how he was injured or if it was done by himself or another."

Physicians are responsible for collecting medical evidence from patients who report being assaulted. Bruises disappear, fractures heal and witnesses move on, so a physician's job includes describing and, if possible, photographing injuries. One Abu Ghraib record recounts a prisoner's story of beatings, stress positions, being forced underwater until he vomited and being sodomized with an "industrial penis."

But such records were the exception. Red Cross medical monitors described a number of prisoners with injuries from beatings or burns that had not been recorded in clinical notes. In 2003, U.S. soldiers arrested Sadiq Zoman and imprisoned him at their base in Tikrit. A month later, soldiers dropped him off at a hospital, according to a New York Times account. His family found him there four months later, unconscious, with three skull fractures, a broken thumb and burns on the soles of his feet. The Army had given the hospital a medical record saying that Zoman had suffered a heart attack and heatstroke.'The Authority of God'

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A medic who beat prisoners during his service in Iraq described his experience to a reporter like this: "You get a burning in your stomach, a rush, a feeling of hot lead running through your veins and you get a sense of power. . . . Imagine wearing point-blank body armor, an M-16 and all the power in the world and the authority of God."

In his 1973 study of Vietnam veterans, psychiatrist Robert Jay Lifton wrote that "atrocity-producing situations" arise at the con{fllig}uence of extreme stress, a dehumanized enemy and the assurance from authorities that ordinary limits on conduct do not apply. However, a torturing society also needs the passive assent or active complicity of its medical profession. In the 20th century, such circumstances came together on several occasions. How does U.S. medical culpability in the war on terrorism compare to the role physicians played in the horrific abuse in Nazi Germany and the Soviet Union, or to medical complicity in the "dirty wars" of Argentina and Chile?

Nazi and Soviet physicians were architects of torture. Nazi doctors put their profession at the service of the party. They built a pseudoscienti{filig}c foundation for anti-Semitism, called race hygiene. Physicians and politicians then used that "science" to build and operate the machinery for fascist eugenics, {filig}rst killing the chronically ill and then, in the Holocaust, committing genocide. Soviet physicians constructed a diagnosis of "sluggish schizophrenia" and put it at the service of the state for incarcerating political dissidents. By contrast, the torture physicians of Argentina and Chile simply went to work in the prisons. They did what was asked of them and did not report what they saw.

The complicity and silence of U.S. clinicians and military medical commanders are more like the behavior of physicians in this second category. There were enough clinicians who were willing to be culpably ignorant, silent or actively complicit to staff the prisons and to allow the abuse to continue without medical challenge. Many civilian and military health professionals knew nothing of the abuse and bear no responsibility. But some senior military medical commanders, and the leadership of civilian medical associations, should have known or should have taken steps to know.

Clinicians are frontline monitors for human rights abuse in prisons. We are in prisons in which the Red Cross never goes and we are there when it is not. We can discern physical and psychic injuries even if they are not disclosed. Torturers need medical accomplices to keep prisoners alive as trauma is in{fllig}icted, to predict how severely detainees can be twisted. Such complicity shows a prisoner that he or she is utterly beyond help; complicit clinicians thus in{fllig}ict the torment of despair.

It will require tenacious professionalism for medicine to remove the stain of its complicity with torture. We might start by recalling the story of the birth of Western medicine in ancient Greece. In grief over his beloved's death, Apollo, the god of healing and reason, dedicated their son, Asclepius, to healing. Asclepius ("Unceasingly gentle") married Epione ("Soothing"), and Hippocrates descended from that lineage. Greek medicine of 2,500 years ago had two foundations: medicine as a natural science and medical practice as a moral enterprise. The Hippocratic Oath speaks of those values in its vow to society, to patients and even to the prisoners at Abu Ghraib: "I will use regimens for the bene{filig}t of the ill in accordance with my ability and my judgment, but from what is to their harm or injustice I will keep them."

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Afghan And Coalition Forces Strike Taliban (NYT)

By Abdul Waheed Wafa

The New York Times, July 9, 2006

KABUL, Afghanistan, July 8 — Afghan police officers raided mosques across the volatile southern city of Kandahar late Thursday night and arrested more than 100 people sleeping in compounds, according to Afghan officials. The arrests appeared to be the first large-scale raids of mosques carried out by the country's American-backed government and immediately set off a backlash from Afghan religious leaders.

Two clerics in Kandahar condemned the raids, saying they resulted in the arrest of innocent people following a longstanding Afghan tradition of travelers being allowed to spend the night in mosques. The men requested anonymity, fearing reprisal from the government.

Police officials said they had received intelligence that unidentified men were meeting in mosques in Kandahar, which has experienced a sharp increase in suicide bombings this spring.

"Some strange people stay the night at mosques, having meetings," said the Kandahar police chief, Said Aziz Ahmad Wardak.

Mr. Wardak, speaking in a telephone interview Saturday evening, said that all but seven of the people arrested were held overnight and released on Friday. He said seven men who did not have identification cards were released Saturday afternoon.

Crowds of people gathered Friday and Saturday outside police headquarters in Kandahar, he said, but they remained peaceful while while waiting for the prisoners to be released. Local religious leaders also met with police officials after the raids.

Mr. Wardak denied it was Afghan tradition to allow travelers from other regions to stay in mosques, and he called on local clerics to halt the practice. "This is not part of tradition in Kandahar," he said. "A mosque is not a restaurant."

Afghanistan Bomb Kills Peruvian Soldier (AP)

AP, July 9, 2006

A roadside bomb killed a Peruvian soldier and wounded four other NATO troops patrolling western Afghanistan on Sunday, the Spanish Defense Ministry said.

The soldiers were patrolling in an armored convoy near the city of Farah after sunset when a bomb exploded near their vehicles, said Maj. Ian Clooney, spokesman for NATO's International Security Assistance Force.

Clooney would not identify the troops, but the Spanish Defense Ministry said the slain soldier was from Peru and had been serving with Spanish forces under an agreement allowing Peruvians with Spanish ancestry to form part of its forces.

Marine Recruiter In 'Fahrenheit' Mourned (AP)

By Sharon Cohen

AP, July 9, 2006

He was a stern-faced sniper — and a soft-hearted Marine who handed out candy to kids in Iraq. He was a warrior who wrote poetry about life and death.

He was featured in Michael Moore's antiwar documentary, "Fahrenheit 9/11," portrayed as an overzealous Marine recruiter who targeted poor kids.

But Staff Sgt. Raymond Plouhar was far more complicated than that.

And it was that complicated man who died in Iraq in late June, as he served with some of the same men he had recruited years ago. It was that complex man who was buried Friday, by a family that honored his service but would never forget his humanity.

"He had a huge heart," says his widow, Leigha.

Plouhar was a Marine for 10 of his 30 years, but he had dreamed of joining the military ever since he was a little boy who liked to watch "M-A-S-H" on television and dress in fatigues and a camouflage shirt.

He entered the Corps straight out of high school, was trained as a sniper and traveled the world — Bosnia, Sudan and Israel. He had a ramrod posture and a fierce pride in his appearance: He once ironed his uniform and polished its brass buttons for two hours before allowing his mom to photograph him.

"He told me lots of times that he learned what could be accomplished .. if you put your heart and soul in it — and he put his heart and soul in the Marine Corps," says his father, also named Raymond. "He was gung-ho from the time he signed his name until the day he died."

His signature was a memorable one.

His birth certificate read Raymond James Byron Anthony Charles Plouhar — he was named after all his grandfathers. He followed a long family tradition of military service that included a grandfather who earned a Purple Heart in World War II and an older sister, Toni, who was in the Army.

Plouhar carried a Bible from his grandfather, Raymond, to Iraq. He kept it in his left shirt pocket next to his heart. Tucked inside was a photo of his wife and their two sons, Raymond, 9, and Michael, 5.

As devoted as he was to the Marines, Plouhar had a full life outside the military. He liked to hunt and camp, take canoe trips and fish with his boys.

He was known as a charmer, a good talker, a champion of the underdog (always defending and befriending kids picked on in school) and though he was trained to fight and kill, he preferred the role of peacemaker.

"He didn't like turmoil," recalls his mother, Cynthia. "He wanted everybody to be happy, to get along. ... He'd say 'Life's too short to sweat the small stuff.'"

As family members gathered last week in their lakefront home 30 miles north of Detroit, they lined the walls and windows with photo collages that tell Raymond Plouhar's life in chapters.

There's the grinning kid with the protruding ears (a coach once joked he looked like a Volkswagen with the doors open) proudly holding up the bass he caught.

There's the sturdy athlete grappling with an opponent around a wrestling circle and posing in the green-and-white football uniform of the Lake Orion Dragons.

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There's the young man in love, sitting with high school sweetheart, Leigha, on his dad's Harley on their way to the prom, then years later, together again, he in Marine blue, she in white, on their wedding day.

Then there's the tough-minded Marine in helmet and combat gear — doling out candy from a plastic bag two months ago to schoolchildren in Iraq.

"He admired the Iraqi people," his father says. "He said, 'Dad, even though I can't understand a word they're saying, if we were back home ... we'd be buddies.'"

Plouhar was killed on June 26 by a roadside bomb in Anbar province in his second tour of duty in Iraq, weeks before he was to return home. He was assigned to the 3rd Battalion, 5th Marine Regiment, 1st Marine Division, I Marine Expeditionary Force in Camp Pendleton, Calif.

Plouhar's family says he had no qualms about returning to Iraq and he believed conditions had improved since his first tour in 2005.

"I never worried," Leigha says, "because ... in my head, he was indestructible and nothing could ever happen to him because he was so good at what he did."

His mother says her son preferred to be at the center of the action. In an undated entry in a blog on MySpace.com, Plouhar said "you can call me crazy" but he liked being in Iraq. "Someone has to do it plus I love what I do," he wrote.

Plouhar did step back from active duty for four years and worked as a recruiter in Flint so he could donate a kidney to his uncle.

It was as a recruiter that Plouhar was seen in Moore's award-winning "Fahrenheit 9/11." The segment shows Plouhar and another Marine in a mall parking lot in a depressed suburb of Flint; it suggests the two men were cynically hunting for poor teens to sign up, rather than go to a wealthy suburb where they'd likely be rejected.

Plouhar's father says his son told him he had been misled and believed he was being filmed for a documentary that would appear on the Discovery Channel. (Moore's office didn't return calls or e-mail messages seeking comment.)

"He cried when he found out what it really was," his father says. "He never dreamed that it was going to be something to slam the country, which he dearly loved."

The movie, to be precise, is primarily a criticism of the Bush administration's actions after the Sept. 11 terrorist attacks.

And yet, the elder Plouhar also says he doesn't see anything wrong with his son's actions. "If you really watched just the part with my son in it," he asks, "how could you not say that he was standing tall and proud?"

His parents say they've seen only the segment featuring their son. Leigha Plouhar says her husband asked her not to watch the film — and she never has. Nor has Stephen Wandrie, his friend of 20 years, who says Plouhar was hurt by the film, but told him:

"'You know what? I know what I do is good for this country and every one of those people I'm recruiting — those guys are my brothers.' "

In the past month, the bloodshed that has become part of the daily life in Iraq seemed to edge closer and closer. He was shaken up in two explosions.

Two weeks before he died, his mother says, he called and she could hear the strain in his voice. But he tried to be reassuring. "He said, I'll be all right. I don't have much longer. ... I'm ready to come home. I'm ready."

And yet he seemed prepared for the possibility he wouldn't.

In a poem he sent to his family last year — a poem now enlarged to floor-to-ceiling size, and covering a wall of the Plouhar home — Plouhar said he knew he could die serving his country and was ready to make the sacrifice.

"I will leave my loved ones, my kids, my wife ...," he wrote. "Do not feel pity for me, for this is my choice. ... This is me. This is who I am. I am a Marine to the very end."

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Book Review: There's Less To The Attorney General Than Meets The Eye (AAS)

By Sanford Levinson, SPECIAL TO THE AMERICAN-STATESMAN

Austin American-Statesman, July 9, 2006

Local journalist's book suggests Alberto Gonzales does not challenge his president's views.

Very few attorneys general of the United States have been the subject of biographies. To this short list Austin journalist Bill Minutaglio now adds his study of current Attorney General Alberto Gonzales, though the book concludes just as Gonzales is taking his oath of office. Only a few pages at the end discuss the first year of his tenure.

There are two major problems with "The President's Counselor." The first, which is no fault of Minutaglio's, is that Gonzales is an almost completely opaque subject. The second, for which Minutaglio does bear some responsibility, is that there is no evidence that Gonzales has risen to "power" so much as "prominence." The two are not the same.

As to the first problem, it is widely acknowledged that Gonzales is a taciturn individual. (One infers that he did not cooperate with this book inasmuch as there is no indication that Minutaglio ever interviewed Gonzales.) Former Texas Supreme Court justice Raul Gonzalez is quoted as saying that his friend is "very difficult to read because he plays everything close to the vest." State Rep. Pete Gallego, a West Texas Democrat who is described as a "good friend" of Gonzales, describes him as "just very reserved. . . . Al's a difficult to guy to get to know. . . ."

Minutaglio himself describes Gonzales as displaying "a mortician's calm" at all times. While giving a speech in Virginia, his response to learning about the terrorist attacks on Sept. 11, 2001, was, "Well, keep me informed. Call me if there is anything else." Similarly, there is no evidence that he ever truly engaged in the debates swirling around the topics of torture and executive power that have turned out to be the leitmotifs of his service as White House Counsel and U.S. Attorney General. He was the passive conduit through which zealots such as John Yoo in the Department of Justice and David Addington in Vice President Dick Cheney's office led the government to adopt as policy what most people would describe as torture, coupled with an extravagant theory of presidential power that threatens the basic structures of American democracy.

Perhaps in this day of confessional memoirs, when millions can be made by publicizing — or even making up — childhood tales of woe, one ought to be grateful for a public figure who adamantly resists letting the public in on the emotional details of what has been an extraordinary life. Gonzales was born to parents who initially worked as migrant laborers; he once commented that his grandparents lived in a home with "no telephone, no television, no hot running water, no porcelain toilet, we went to the outhouse by the railroad tracks that ran along the back of their property."

His father, an alcoholic, built with his own hands a small home in Humble, Texas — if this were a novel, one would object to placing the family in a town called Humble! — where Gonzales was raised. He was the only one of eight children to go to college, graduating from Rice University, where, we repeatedly read, he sold peanuts in the football stands. From Rice he went to Harvard Law School, where, typically, he left no traces. From Harvard he went to the Houston law firm of Vinson & Elkins LLP, where he became one of the first Hispanic partners, specializing in real estate law (including work for one of V&E's largest clients, Enron Corp.). Gonzales went on to serve as Gov. George W. Bush's general counsel and then to sit on the Texas Supreme Court before moving to the White House with his sponsor.

Gonzales does exemplify one version of the American dream, though he appears to be notably unreflective about what is to be learned from it. Does he believe that such success is available to anyone with similar ambition and perseverance? Has he pondered the meaning of the fact that none of his siblings went to college? Does the possibility that he benefited from affirmative action at various points in his career lead him to have any qualms about the Bush administration's attempt to invalidate such programs at the University of Michigan?

If Gonzales has ever offered an answer to any of these questions — or even a single truly interesting observation about any of the great events of our time — it is absent from this book. The closest exception concerns a moderate abortion opinion he wrote during his brief service on the Texas Supreme Court, involving exceptions to parental notification requirements. He castigated his far-right colleague Priscilla Owen for engaging in aggressive judicial activism in the service of her anti-abortion commitments. This opinion received much attention when President Bush nominated Owen to serve on the Fifth Circuit Court of Appeals, for it contradicted Bush's assurances that she believed in judicial restraint. Moreover, it generated great suspicion on the part of social conservatives who publicly opposed the possibility, once much-rumored, of Bush naming Gonzales as the first Hispanic to the United States Supreme Court. Still, it is impossible, as Minutaglio admits, to infer much, if anything, about what Gonzales himself believes about abortion or how he might respond were he to become a Supreme Court justice free to overrule unacceptable precedents.

Gonzales might simply be stunningly unreflective. Or he might be remarkably self-disciplined for reasons going back to his childhood, when he seemingly developed a tendency to keep hidden what he considered problematic aspects of his life. As a child, he never invited his school friends over to his home; Minutaglio suggests that this is because he was ashamed of his family's poverty. Similarly, he seems unwilling to invite anyone — or at least anyone willing to speak to Minutaglio — into his interior life.

The second, and possibly more serious, problem with this book is captured in the title itself, which leads us to believe that Gonzales is a more significant political figure than the evidence in the book supports. It is true that Alberto Gonzales has been George W. Bush's "counselor" both in the Texas Governor's Office and then in the White House. The problem is that nothing in this book suggests that Gonzales has ever once genuinely "counseled" George W. Bush, in the sense of asking probing questions or offering challenges to his client's already well-known views. Minutaglio twice compares Gonzales to Tom Hagen,

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Don Corleone's consigliere in "The Godfather." Some readers might find the comparison to be in questionable taste; more to the point, Hagen is a genuinely powerful person who commands the Godfather's respect, as distinguished from merely being well-liked for the use that can be made of him. If Gonzales has a genius, it is, as Minutaglio himself says, for telling his clients exactly what they want to hear, not challenging them to reflect on what it is they believe they want.

Gonzales, for example, was in charge of bringing Bush appeals for executive clemency before prisoners were executed in Texas. Alan Berlow published a devastating article in The Atlantic, on which Minutaglio draws, that suggests that Gonzales never thought seriously about the grievously flawed process of the Texas capital punishment system. Although we cannot know the details of private conversations between the two men, the written record of the memoranda that Gonzales prepared for Bush's review, and what is known about their personalities, leads one to believe that Gonzales simply reinforced Bush's own complacence. Characteristically, his one visit to Huntsville to observe an actual execution seems to have made no impression on him.

Perhaps the most illuminating paragraph in the book is drawn from an article that appeared in the Austin American-Statesman in 2001, shortly after Gonzales left the Texas Supreme Court to join Bush in the White House. Dan Shelley, who had been the governor's legislative director, described what he no doubt viewed as Gonzales' "growth" during his time serving Gov. Bush as his counsel: "Al would say, 'This piece of legislation is unconstitutional, veto it.' He was probably absolutely right. But then it would come to me, and I was the political guy. If Al had marked veto and the reason was it was unconstitutional, I would say, 'Go ahead and sign it, Governor.' It's not up to us to say whether it's unconstitutional. That's for the Supreme Court to decide. Al, I don't think, was comfortable with that at first."

It speaks well for Gonzales that he was uncomfortable, at least "at first." But, presumably, he learned to place any constitutional scruples to one side and to view himself, first and foremost, as serving the governor's (and then the president's) political interests. One term for this is the betrayal of a lawyer's oath to uphold the Constitution at all times.

Gonzales has never given Bush anything other than what Bush primarily values, which is absolute loyalty, and nothing in the first year and a half of his attorney generalship suggests any deviation. Most of his time has been spent defending unrestrained presidential power, including threatening to prosecute journalists who are attempting to engage in the oversight that a Republican Congress has failed to do. (Freedom of the press seems to be yet another issue that Gonzales has not seriously thought about.)

This book is no doubt as illuminating as it could be about Alberto Gonzales, which is not very, save for detailing his remarkable rise from poverty to the halls, if not the actuality, of power. It is ultimately more illuminating about George W. Bush, who has no desire to welcome into his political family anyone who will seriously challenge any of his views. He found the kind of man he was looking for in Alberto Gonzales.

Sanford Levinson teaches constitutional law at the University of Texas and is the author, most recently, of 'Wrestling With Diversity.'

CORPORATE SCANDALS:

When Manipulation Might Equal Fraud (LAT)

By Tom Petruno, Times Staff Writer

The Los Angeles Times, July 9, 2006

The investigation of companies' stock-options practices has the look of a regulatory free-for-all: The Securities and Exchange Commission, the Justice Department and the Internal Revenue Service all are interested in whether executives manipulated options contracts.

The companies may have violated SEC rules on accounting and disclosure. They may have violated criminal statutes if deception was deliberate. And they, and their executives, may have cheated the tax man in the process.

Many companies aren't waiting for a prosecutor to knock on the door.

"Right now boards all over the country are hiring outside counsel and forensic accounting experts to look at their option practices," said Kevin Cameron, president of shareholder advisory firm Glass, Lewis & Co.

"But that's not something you can do quickly," he said. Which means it could be a long second half of the year for investors who are worried that their companies could be implicated.

Prosecutors don't announce their investigations, but many companies choose to disclose to shareholders if they've become a target of a civil or criminal probe. That is how most of the companies implicated so far have come to light — firms such as

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Irvine-based semiconductor maker Broadcom Corp., computer hardware producer Brooks Automation Inc. and tax software giant Intuit Inc.

Yet it isn't clear that some of the games played with options in the past actually broke any laws. Backdating of options, without public disclosure, may be cut-and-dried fraud. But simply timing option awards ahead of expected favorable company news makes good business sense, SEC Commissioner Paul Atkins said at a conference in Washington last week.

He suggested that such so-called spring-loaded option awards were in "the best interests of shareholders," because the options would be worth more to the executives, and the companies therefore could issue fewer options to reach a desired level of capital gain for the executives.

Fewer option grants would mean that existing shareholders would face less dilution from additional shares in the marketplace, Atkins said.

CRIMINAL LAW:

But It Will Remain In Effect For Awhile (NOTP)

By Bruce Alpert, Washington Bureau

New Orleans Times-Picayune, July 9, 2006

WASHINGTON -- A 45-day seal on materials seized in a raid on U.S. Rep. William Jefferson's Capitol Hill office legally expires today -- but will be continued anyway, as lawyers and politicians wrangle over unprecedented constitutional issues.

On May 25, President Bush ordered the seal in hopes that his Justice Department and House negotiators could "in good faith and with mutual institutional respect" resolve their disagreement over the legality of the first-ever search of a congressional office.

Agents seized documents and computer hard drives as part of a federal corruption probe of the eight-term New Orleans Democrat.

The seal will remain in place consistent with a previous statement by the chief judge for the U.S. District Court in Washington, D.C., Thomas Hogan, that the president's directive should continue until "further order of the court."

On June 16, Hogan heard oral arguments during which Jefferson's lawyer and the attorney for the bipartisan leadership of the House of Representatives accused the Justice Department of an attack on the constitutionally established separation of powers.

Hogan, who had granted the government's request for a search warrant for Jefferson's office, strongly suggested during the hearing that he didn't find the legal arguments by Jefferson's lawyers and the House counsel's office convincing. He promised a quick ruling. But as of late Friday, both sides were still awaiting his ruling, which is now expected early next week.

"I think he sees the need to lay out a carefully crafted written opinion because this is an historic first," said Carl Tobias, a constitutional law professor at the University of Richmond. "He knows the difference between the routine search warrants he handles all the time, and the first one in the history of the nation in which a congressional office has been searched."

Jefferson has said he has an honorable explanation for the allegations that he engaged in a bribery scheme to promote projects in West Africa and predicts he will be cleared of any wrongdoing.

Probably won't be last word

Hogan's ruling, while eagerly anticipated, probably won't be the last word in the case. If the judge accepts the Justice Department's argument that the search didn't violate the separation of powers or the speech or debate clause of the Constitution, Jefferson's lawyers and probably the House counsel's office will almost certainly appeal the ruling.

The still-open question is whether Hogan, appointed to the federal bench in 1982 by President Reagan, will continue to keep the material taken from Jefferson's office sealed until the appeal is decided.

Tobias said it's likely the Justice Department will argue that the material should be made available immediately so the government can move expeditiously with its investigation of Jefferson and decide whether to seek an indictment from the Northern Virginia grand jury hearing the case.

Tobias said that, as with other issues in this case, there isn't a lot of precedent on whether the documents should remain sealed while the appeals process continues. If an appeal is filed, it initially would be heard by a three-judge panel in the district court. After that, it most likely would go the U.S. Supreme Court.

For now, according to a recent Justice Department filing, the documents remain in "heat-sealed evidence envelopes" placed inside a General Services Administration-approved combination safe.

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30 In State Charged In FEMA Fraud (BN)

By Val Walton, News Staff Writer

The Birmingham News (AL), July 9, 2006

More investigations are under way

At least 30 people have been charged in Alabama federal courts with scamming the Federal Emergency Management Agency of thousands of dollars by posing as Hurricane Katrina victims.

As federal officials try to get a handle on the scope of FEMA aid fraud, questionable disaster-relief claims continue to mount in Alabama and across the country months after the August storm.

In the North Alabama District, which includes the 31 northernmost counties and is based in Birmingham, nine people have been charged with FEMA-related fraud. The latest three were indicted in May:

Joshua D. Moscato, 22, of Huntsville is accused of giving a fake residence to get $2,000 in FEMA money.

Jennifer L. Young, 22, of Huntsville lied about her place of residence to get $4,348, prosecutors say.

Christy L. Smith, 33, of Gadsden also is accused of giving bogus information to get $2,000 in assistance.

In the state's Middle District, based in Montgomery, 13 cases have been charged, said Retta Goss, a court spokeswoman.

So far in the Mobile-based Southern District, eight cases have been filed, with officials expecting more. "Many investigations are under way," said Charlie McNichol, a spokesman for the district's U.S. attorney's office.

Nationally, prosecutors in 23 districts have charged more than 212 people with hurricane-related crime, according to the Department of Justice's Hurricane Katrina Task Force February statistics, the latest available. The task force was initiated in September 2005 by Attorney General Alberto Gonzales.

"There will be consequences for those who have engaged in such fraud and deceit," U.S. Attorney Alice Martin of north Alabama said.

After Hurricanes Katrina and Rita pummeled Louisiana, Alabama and Mississippi, millions of people were left homeless and living out of motels and shelters. FEMA had the challenge of providing quick assistance while having adequate controls to assure that benefits were paid to eligible people.

FEMA provided $2,000 per household in Individual Household Program payments through check, debit card or bank deposit.

The payments were supposed to go to speed aid to disaster victims. FEMA estimates more than 2.5 million people applied for Katrina or Rita benefits.

A Government Accountability Office review released last month found that the program was riddled with fraud. The agency estimates that it cost FEMA at least $1 billion.

Misspent aid:

While debit cards were used to get cash, food, clothing and other personal necessities, some went for adult entertainment, bail bond services and to buy guns. The government sent checks to thousands of people who registered with FEMA using information belonging to prison inmates or provided a post office box as the address of their damaged home.

Like other Louisiana residents, Theresa Clark and Angie Harris applied for $2,000 in financial assistance from FEMA. The women told federal officials their home in Slidell, La., was damaged, though Clark misspelled her place of residence as "Slydell." The American Red Cross paid for their stay at a motel in Attalla.

Instead of being hurricane victims, federal prosecutors said, the women are among the dozens of Alabama residents who turned out to be con artists.

"We knew they didn't live in Slidell," said Dennis Weaver, chief investigator for the Attalla Police Department. "They were a couple of people we dealt with before."

Clark and Harris, indicted by a Birmingham-based federal grand jury, pleaded guilty to their crimes. Clark is to be sentenced Aug. 2. Harris received 36 months of probation and was ordered to pay $2,000 in restitution.

Two identities:

In Birmingham, Gladys Mae Whitt was arrested by Birmingham Police on Nov. 23, 2005, for shoplifting. At the time, Whitt had a hospital bracelet, an open piece of mail, an Alabama Electronic Benefit Transfer card and a red plastic hospital card identifying her as Margaret Shear, a Hurricane Katrina evacuee.

Whitt, posing as Shear, gave an address of Walker Street in New Orleans. On. Sept. 15, 2005, a $2,000 check was mailed to Margaret Shear at a Birmingham address. That address, prosecutors said, was where Gladys Whitt lived with her mother through October 2005.

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Whitt pleaded guilty. She is to be sentenced Aug. 17.

In March, a Montgomery grand jury indicted Bernetta Willis, 27, charging her with submitting applications to FEMA claiming that the property she rented in Louisiana sustained damage. The indictment said Willis lived in Montgomery and got four benefit checks totaling $8,716.

Willis also is charged with using a gun to threaten a witness who was to testify about her FEMA claims.

Weaver, the Attalla investigator, said it's not unusual for con artists, who may have substance abuse problems, to try to scam.

"You have to figure if they will steal from their own parents, they don't mind stealing from the government or taxpayer," he said. "They are not upstanding citizens."

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Law Enforcement Officials Lurking All Over The Web (PPG)

By Torsten Ove, Pittsburgh Post-Gazette

Pittsburgh Post-Gazette, July 9, 2006

Open season on predators

A 53-year-old press secretary for the U.S. Department of Homeland Security uses the Internet to arrange a tryst with a young girl but worries she's a cop.

"Law enforcement is very good at this," he writes to "Ashlynne." "I have soooo much to lose."

He did. "Ashlynne" was a Florida sheriff's deputy.

A 44-year-old Georgia school superintendent uses a computer at work to arrange sex with 15-year-old "Holly" but worries about "loosing [sic] everything."

He did. "Holly" was a local police officer.

A 52-year-old sports editor at the Washington, Pa. Observer-Reporter arranges for sex with 12-year-old "Jessica," according to an e-mail transcript, but worries that he "could get in really big trouble."

He did. "Jessica" was an agent from the Pennsylvania attorney general's Child Predator Unit.

Across America, online sex stings are booming.

Arrests have doubled since 2001, and so many cops are online that the federal Internet Crimes Against Children Task Force program is expanding its intelligence database so that police don't trip over each other in cyberspace.

Cyberstings also are getting unprecedented exposure with Dateline NBC's controversial "To Catch a Predator" series, which features a civilian group called Perverted Justice nabbing suspects while cameras roll.

The growth of this phenomenon raises big questions:

Are stings deterring predators? Or is the Internet creating more of them? And why are so many men -- almost all of them white and many well-educated -- trolling online for teens when they know they're being hunted?

The short answers: Probably, maybe and because they can't help themselves.

But as is often the case with the subject of child molestation, the issues are a good deal more complicated than that.

The best evidence, for example, indicates that there has been a dramatic overall decline in sexual abuse of children in America over the past 15 years.

Yet at the same time, those who examine this sort of thing -- and those who put predators in jail for a living -- are pretty sure that Internet sex crimes are increasing.

Federal prosecutions certainly are. Cases against those who prey on children or collect kiddie porn have jumped from 344 in 1995 to 1,576 last year.

Chart: Online predators / Arrests and characteristics

"I know we're getting better at catching them," said William Shore, a supervisory agent for the Pittsburgh FBI office. "I think the Internet is breeding this stuff."

Dennis Guzy, head of Pennsylvania's Child Predator Unit, thinks so, too. He's been working stings for 25 years. In pre-Internet days, he worked with U.S. postal inspectors to catch predators by placing fake ads in hard-to-find porn magazines.

Now he and his six agents cast their net online, setting up Yahoo profiles in which they pose as 11- or 12-year-olds. They're not hurting for targets.

The unit has arrested 53 men since January 2005, including suspects from Latrobe, Baldwin Township and Oakland just last month.

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"This whole problem is driven by the Internet," said Agent Guzy, a veteran of the Philadelphia Police Department's sex crimes unit. "Child porn is so readily available on the Internet. I think individuals get out there and see the numerous teen sites, they see the wealth of child porn, and it starts to take them into a new world. I think that's what drives them into the chat rooms."

Even when they know better -- or should.

One suspect on the Dateline show wrote to his pen pal: "now a days you have to be careful ... you know cops pulling stings."

Agent Guzy remembers a case in which agents arranged to meet a suspect in the parking lot of a Harrisburg hotel. Before the meeting, the man warned them that they had to be careful because he'd heard that the attorney general's office was setting up stings in hotel parking lots around Harrisburg.

It's not that these people are dumb.

"It's an irresistible urge," said Agent Guzy. "You might think the guy has to be the stupidest guy in the world. But when you ask him about it, he says, 'Yeah, but in spite of all that, I couldn't pass up the opportunity to have sex with a 9-year-old girl. So I took the risk.' "

Many suspects will write in their correspondence, "I hope you're not a cop," but they accept the answer when a cop says that he's not.

"Why do they accept that [lie]? Because they need to," said consultant Kenneth Lanning, formerly of the FBI's Behavioral Sciences Unit. "This is need-driven behavior, not thought-driven behavior."

Police prowling this netherworld have to keep up with accelerating technology. Stings have moved from snail mail to e-mail and now instant messenger, requiring cops to react more quickly or risk losing their mark.

The Bush administration has been trying to streamline investigations.

Across the country, 46 Internet Crimes Against Children Task Forces funded by the Justice Department supply money and training for state and local police.

The program is expanding, adding more law enforcement agencies and beefing up a "deconfliction" computer system that allows police to share intelligence.

Lt. Dave Peifer of the Delaware County district attorney's office, who heads Pennsylvania's task force, says officers need to avoid duplicating efforts.

"You could have a situation where four other task forces are communicating with the same guy," he says.

Authorities also occasionally bump into each other online. Not every cop in cyberspace is posing as a 12-year-old. Some investigators, such as postal inspectors, work reverse stings in which they pose as adults trading child pornography or as parents offering young children for sex.

With a central data base, everyone will know what everyone else is doing in this vast hunting ground.

Civilians with organizations like Perverted Justice probably won't have access; many in law enforcement consider them vigilantes.

But Dateline is getting huge ratings covering Perverted Justice sting operations, exposing a seedy subculture to millions of Americans.

One man was shown bringing his little boy to a tryst. Another showed up with whipped cream. Another stripped off all his clothes the instant he arrived.

It's enough to make a viewer wonder just how many of these men are out there. Researchers don't know, but they have examined who gets caught.

The most recent study by David Finkelhor, a Point Breeze native who heads the Crimes Against Children Research Center at the University of New Hampshire, shows that 91 percent of suspects are white men with full-time jobs.

"The people that law enforcement are accessing tend to be your white-collar technical people," says Mr. Finkelhor. "Minorities are not as represented in that group."

Many are married, too, and police have noticed that in most cases, women stand by their husbands throughout a prosecution.

How big a threat are these men?

Those caught in stings clearly planned to molest a child, but no one knows how many times Internet predators may have been successful. But many obviously are.

Former Baden police officer Kenneth Jones, for example, cruised homosexual chat rooms and arranged a tryst with a 14-year-old boy who also was victimized by several other local men. Those are the cases that motivate police in undercover efforts.

"We capture these predators before they steal the innocence of a child for the first time or molest a child again," said Kevin Harley, spokesman for the attorney general's office. "A lot of these guys have real victims."

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Once stung, defendants offer a number of excuses, according to law enforcement officials. Among the more popular: they were trying to teach a young target about the dangers of the Internet; they were doing their own investigation; they weren't really going to have sex.

In court, they typically argue that they were entrapped or merely engaging in fantasy. A newer defense is the "impossibility" claim, which recently surfaced before the 3rd U.S. Circuit Court of Appeals in Philadelphia.

Todd Tykarsky of Trenton, N.J., had traveled to Philadelphia to have sex with a 14-year-old who turned out to be an FBI agent. Because the girl wasn't real, he said, he could not have formed a true intent to have sex with her.

The 3rd Circuit rejected that argument. Few defense strategies succeed -- the conviction rate for online stings is nearly 100 percent.

The proliferation of Internet sex cases involving children worries law enforcement, because cyberspace forums provide places where people can find kindred spirits no matter what their passions.

Chat rooms can serve to validate even the most deviant behavior, said Mr. Lanning. "No one is telling you it's wrong," he said.

The increasing availability of online child pornography -- much of it produced in the states of the former Soviet Union -- also could be lowering inhibitions and driving some men to seek trysts with children.

"Child porn is more accessible, so people are maybe developing a taste for it. There seems to be a market for these images," said Mr. Finkelhor. "But we don't have any evidence that it is [creating more predators]."

Mr. Finkelhor, Mr. Lanning and others encourage a sense of perspective. That's difficult in an era of 24-hour news, when a child abduction halfway across the country gets saturation coverage that in the old days would have been limited to the place where it happened.

But the cases that strike the most fear in parents -- stranger abductions of children -- are not increasing. There are between 100 and 150 annually in the U.S., a number that has remained steady for years.

Other crimes against children also seem to be declining.

The most complete study by the Crimes Against Children Research Center shows that substantiated cases of sex abuse dropped nearly 50 percent between 1992 and 2004. The rate per 1,000 children also went down, although the figures represent only abuse reported to youth agencies and don't reflect stranger abductions or most Internet crimes.

Mr. Finkelhor said more awareness of child abuse, better parenting, improved social services and more effective law enforcement seem to be making a difference.

"Overall," he says, "I do think child sex abuse is declining."

(Torsten Ove can be reached at tove@post-gazette.com or 412-263-2620.)

Pacific Bases Grapple With Series Of Child Porn Incidents (S&S)

By David Allen, Stars and Stripes Pacific edition

Stars & Stripes, July 9, 2006

Expert: Recent prosecutions reflect national epidemic

CAMP FOSTER, Okinawa — The best way to protect children from online predators is to know what they are doing when they log on to the Internet, military investigators say.

“It’s dangerous for kids to know more about computers than their parents,” said Lt. Col. Janice Pegram, commander of Detachment 624 of the Air Force Office of Special Investigation on Kadena Air Base, Okinawa. “Never allow them to download anything from an unknown source, and have them tell you if they get any unsolicited instant messages.

“As parents, we try to give our children some liberty and support their privacy,” she said. “But some things (like child porn) they have to be aware of. There are pedophiles and predators out there and they have a lot of tricks.”

Some Web services, such as AOL, have special blocks on teen chat rooms, Pegram said. And parents can get their own accounts on other Web services that offer homepage and blog sites, such as the popular MySpace.com, so they can sign on and examine the content of the sites their children visit.

Special Agent Randy Dulay of the Okinawa branch of the Naval Criminal Investigative Service said parents should never allow a child to have a computer in his or her bedroom.

“Put the computers in a general area of the house, the living room or dining room, someplace where they can be monitored,” he said. “Also, give them set hours for using the computers and have them ask you for permission before they log on.”

He also suggests parents learn how to view the history section of the computer’s Web browser to see what Web sites have been visited.

To report an incidence of child pornography or an online predator, servicemembers should call their base criminal investigations office.

Parents also can get more information from the National Center for Missing and Exploited Children's Web site at www.missingkids.com.

— David Allen

CAMP FOSTER, Okinawa — There's an epidemic of child pornography and exploitation in the United States, the government says, and don't think you're immune if you're stationed overseas.

In recent months, several servicemembers on Okinawa have been court-martialed on charges of downloading child pornography on the Internet.

In one case, an Air Force technical sergeant on Kadena Air Base was found guilty of using his home computer to solicit sex from a 13-year-old girl who also lived on base. In April he was sentenced to 5 years in prison and a bad-conduct discharge for child solicitation and downloading child porn.

Child pornography, the images of people younger than 16 engaged in sex, is illegal "anywhere at any time," said Lt. Col. Janice Pegram, commander of the Air Force Office of Special Investigation's Detachment 624.

In the past year, Pegram said, there have been five cases of child pornography on Kadena and other investigations are ongoing. Most of the cases involve downloading the pictures from the Internet, she said. A few involved sharing child porn with other Internet users.

"Only one was a predator," someone who tries to solicit sex from a minor directly, Pegram said.

During the investigations, all computer equipment seized is sent to the Defense Computer Forensics Laboratory in Virginia, part of the Defense Cyber Crime Center. Earlier this year, center director Steven Shirley said child porn made up 50 percent of the cases the center handled.

Pegram emphasized there is nothing harmless about downloading and viewing child porn.

"The children depicted have all been abused," she said. "They have all been exploited and victimized."

People found guilty of downloading and possessing child porn face lengthy prison sentences and bad-conduct or dishonorable discharges, and they also must register as sex offenders.

Pegram said there is not a greater incidence of child pornography in the military than among civilians.

"We're just a smaller version of what exists on the outside," she said, adding that dependents of military members and civilian workers can be charged and tried in a stateside federal court.

Most of the child porn cases on Okinawa Marine bases have involved individuals being turned in by others who came across the material on the suspect's personal computer, said Randy Dulay, a special agent with the Naval Criminal Investigative Service.

"We've had cases where the material was discovered by a family member or a friend who had been looking for something else on the computer and this stuff turned up," Dulay said. He said none of the three cases in the past year or so investigated by NCIS involved a predator.

"Most of the time they were just visiting Web sites and downloading pictures," he said. In the most recent case, a Navy hospitalman at the U.S. Naval Hospital on Camp Lester was handed a dishonorable discharge and sentenced to 30 months in prison for downloading and possessing child porn.

"It's a violation of a federal statute," Dulay said. "You could get up to five years in prison for just one picture."

He said most of the suspects at first claim they regularly viewed legal adult porn and downloaded the child porn by accident. But an examination of their hard drives, the search terms they used and the Internet cache history usually shows they were seeking child porn.

Supervisory Special Agent Joe Kennedy, also with the Okinawa NCIS office, said he's encouraged by people stepping forward to report child porn.

"Our cases were initiated by our Marines coming forward and doing what's right," he said. "They knew this was wrong and that it had to be reported."

Recently, all of the supervisors in the Okinawa NCIS office went to the National Center for Missing and Exploited Children for a three-day seminar on child porn.

In April, U.S. Attorney General Alberto Gonzales visited the headquarters of the center in Alexandria, Va., and spoke about child pornography on the Internet. He praised the center's new CyberTipline (www.missingkids.com/cybertip) and said he supported a bill that would strengthen criminal penalties for Internet service providers who fail to report child pornography on their systems.

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Gonzales said child porn collectors evolve into producers, “driving them to molest even more children and to make new and increasingly vulgar material.”

Most troubling, he said, new forms of abuse have taken root on the Web. One form is molestation on demand, where pedophiles molest children while others watch the act live through streaming video.

In May, the Department of Justice launched Project Safe Childhood, which will focus on the online exploitation and victimization of children.

Powerful GOP Activist Sees His Influence Slip Over Abramoff Dealings (WP)

By Jonathan Weisman

The Washington Post, July 9, 2006

For more than a decade, Grover G. Norquist has been at the nexus of conservative activism in Washington, becoming a Bush administration insider whose weekly strategy sessions at his Americans for Tax Reform have drawn ever-larger crowds of lawmakers, lobbyists and even White House political adviser Karl Rove.

Over the past six years, Norquist has been a key cheerleader and strategist for successive White House tax cuts, extracting ironclad oaths from congressional Republicans not to even think about tax increases. And even before President Bush's election, he positioned himself as a gatekeeper for supplicants seeking access to Bush's inner circle.

But in the aftermath of reports that Norquist served as a cash conduit for disgraced lobbyist Jack Abramoff, the irascible, combative activist is struggling to maintain his stature as some GOP lawmakers distance themselves and as enemies in the conservative movement seek to diminish his position.

"People were willing to cut him a lot of slack because he's done a lot of favors for a lot of people," said J. Michael Waller, a vice president of the right-leaning Center for Security Policy who for several years was an occasional participant at Norquist's Wednesday meetings. "But Grover's not that likable."

Norquist has lashed back at his critics, accusing them of dishonesty, personal vendettas and political gamesmanship. He has saved his choicest words for Sen. John McCain (R-Ariz.), whose Senate Indian Affairs Committee last month stated in a report that for a small cut, Americans for Tax Reform served as a "conduit" for funds that flowed from Abramoff's clients to surreptitiously finance grass-roots lobbying campaigns.

"The idea that our friend John McCain yelling at me would hurt me misses McCain's position" among conservatives, Norquist said. "John McCain thinks he can't be president if I'm standing here saying he's got a problem with taxes."

Mark Salter, McCain's longtime aide, replied: "Obviously, Grover is not well. It would be cruel of us to respond in kind."

For now, Norquist's well-publicized financial links to Abramoff, who has pleaded guilty to corruption charges and is cooperating with prosecutors, have had little obvious impact on Norquist's prominence. Nor have they affected his signature event: the meeting every Wednesday morning at Americans for Tax Reform, where officials of conservative organizations, activists and lobbyists gather with Republican politicians to swap notes, make plans and coordinate messages. The June 28 meeting in downtown Washington was packed.

"I don't think he's lost one iota of influence in conservative circles," said Cesar Conda, a Republican lobbyist and a former top aide to Vice President Cheney.

But beneath the outward signs of normalcy, the infighting is taking a toll on Norquist's standing. Some social conservatives who have jousted with him over his more libertarian views on the regulation of television and its depictions of violence and depravity are exploiting his weakness to press their positions on Capitol Hill. Security-minded defense hawks who for years have questioned his ties to Muslim activists are resurrecting charges that Norquist has turned a blind eye to terrorist sympathizers.

Republican lawmakers who have chafed at his dogmatic position on taxes are also ready to shrug off his heavy hand. In recent interviews, a half-dozen conservative GOP lawmakers said they are consciously avoiding Norquist's meetings, and they have begun questioning the purity of an activist who has always portrayed himself as motivated by ideals, not money.

"For someone like Grover Norquist, his influence stems from the sense that he is not doing this for the money," said Sen. John E. Sununu (R-N.H.). "To the extent that he may be seen playing both sides of an issue, that will give people pause."

One Republican lobbyist with close ties to the House leadership said doors are not swinging open for Norquist the way they once did.

"Grover is about action and achievement; money has always been way down the list," said Gary Maloney, a political consultant and Norquist friend. "Something like this tying him to Washington-as-usual is unhelpful. But it will be short-lived in impact, assuming, as most expect, that this is the sum of it."

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At the heart of his troubles is the Indian Affairs Committee report, which depicted Norquist as an avid participant in Abramoff's schemes to channel money from affluent clients, especially Indian gaming interests, to former Christian Coalition executive director Ralph Reed.

"Call Ralph re Grover doing pass through," Abramoff wrote in an e-mail reminder to himself in 1999, a year in which Norquist moved more than $1 million in Abramoff client money to Reed and Christian anti-gambling groups. In another e-mail, from 1995, Abramoff told a colleague that Norquist would fight a tax opposed by a beverage company client, if the firm became "a major player in ATR."

"What is most important however is that this matter is kept discreet," Abramoff wrote in the e-mail. "We do not want the opponents to think that we are trying to buy the taxpayer movement."

In 1999, when ATR was receiving large donations from the Choctaw tribe, Norquist e-mailed Abramoff: "What is the status of the Choctaw stuff? . . . I have a 75g hole in my budget from last year. ouch."

Norquist said McCain and his aides "dishonestly" and selectively published e-mails that take ATR's work out of context. The group's collaboration with the Choctaws went back more than a decade, as the tribe sought to create a low-tax, free-enterprise government, he said. The $75,000 referred to in the e-mail, he said, was simply a promised contribution that was late.

But for Norquist, defending his business practices rather than fighting political battles is a vulnerability. Rivals and foes in the conservative movement have pounced on the report to stir up suspicions that Americans for Tax Reform may not be the pure free-market, small-government group Norquist says it is.

L. Brent Bozell III, president of the conservative Media Research Center, has been pushing hard for legislation that would allow cable subscribers to purchase channels "a la carte," rather than in large packages prescribed by cable companies. That way, he said, indecent and profane channels will not be subsidized by consumers who have no interest in viewing them.

Now, Bozell is accusing Norquist of forsaking his principles by opposing a la carte cable choice. Norquist says the bill would give federal regulators the ability to set prices and play favorites with cable programming.

"With cable choice, you do have to wonder whose interests Grover is serving," Bozell said.

Frank J. Gaffney Jr., the firebrand director of the Center for Security Policy, has developed an anti-Norquist presentation, complete with charts and graphs, that he has shopped around to other conservatives, saying it shows Norquist's ties to terrorist sympathizers.

"This is the perfect moment to get the truth, because guys like Abramoff . . . have a powerful incentive to cooperate and get out the truth. At the very least, the questions should be asked," Gaffney said.

At issue is the Islamic Free Market Institute, which Norquist created in 1998 to steer Muslim voters to the GOP. To run the institute, Norquist tapped Khaled Saffuri, whose dealings with the American Muslim Council linked him to Abdurahman M. Alamoudi, a founder of the council, who pleaded guilty in 2004 to accepting hundreds of thousands of dollars from top Libyan officials and admitted participating in a Libyan plot to assassinate then-Crown Prince Abdullah of Saudi Arabia.

Norquist dismisses Gaffney's charges as anti-Muslim bigotry and part of a long-standing vendetta against him. And he says he has never violated his small-government principles to raise a buck.

But he conceded that there are Republican lawmakers who want to see him weakened. He has been brutal at enforcing the no-new-taxes pledge he extracts from the candidates he endorses, so much so that many in the party are beginning to chafe, he said.

But the apparatus he has created for conservatives -- with fundraisers, social dinners and weekly meetings not just in Washington but in 43 states and even Europe -- has become too important to destroy.

"Grover supplies grass-roots power, which is why lobbyists want him on their side," said John Feehery, executive vice president of the Motion Picture Association of America. "He senses where he can get activists around the country riled. He's a master organizer on specific issues."

As for Wednesday mornings at ATR, Feehery added, "I still think it's still the place to be."

Cunningham Probe Zeros In On Contractor (WT/AP)

The Washington Times, July 9, 2006

SAN DIEGO (AP) -- The prosecutors who sent former U.S. Rep. Randy "Duke" Cunningham to prison for taking bribes now are focusing their attention on his friend Brent Wilkes, a San Diego defense contractor who won nearly $100 million in contracts in the past decade.

Mr. Wilkes also has links to other corruption investigations.

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Cunningham was sentenced in March to more than eight years in prison after pleading guilty to taking $2.4 million in bribes -- including payments for a 7,628-square-foot mansion, a Rolls-Royce and a 65-foot yacht -- in return for funneling contracts to certain companies.

Mr. Wilkes' attorneys have confirmed he is the unidentified "Co-Conspirator No. 1" in Cunningham's plea agreement. Prosecutors won't comment on their investigation but purport he paid Cunningham more than $600,000 to win government contracts.

No one else has been indicted in the Cunningham case. However, a grand jury is meeting regularly and is focusing on Mr. Wilkes, according to two attorneys close to the investigation. The attorneys spoke on the condition of anonymity because grand jury proceedings are secret.

A second co-conspirator in Cunningham's plea agreement, Mitchell Wade, is cooperating with prosecutors after pleading guilty in February to bribing Cunningham in exchange for more than $150 million in government contracts since 2002.

Bringing a public corruption case is not easy, says Randall Eliason, former head of the public corruption section of the U.S. Attorney's Office in Washington.

"There's a lot of stuff that goes on that's sleazy and unethical that does not rise to the level of a crime," he said. "The key is always an expressed deal, where someone says, 'I give you this and you do that for me.' "

Mr. Wilkes, 52, has not spoken publicly since his name surfaced in the investigation last year. Attempts to reach him were unsuccessful. Through his attorneys, Michael Lipman and Nancy Luque, he has denied any wrongdoing.

Public corruption has become a major campaign issue this election year, and Mr. Wilkes has been connected to several of the investigations.

He has been subpoenaed in the Texas case against former House Majority Leader Tom DeLay. He gave money to Rep. John T. Doolittle, California Republican, who has acknowledged helping Mr. Wilkes win contracts and whose name has surfaced in the Jack Abramoff lobbying scandal.

Mr. Wilkes is a childhood friend of Kyle "Dusty" Foggo, the former high-ranking CIA official whose home and office were raided by FBI agents in May as part of the Cunningham investigation. Mr. Foggo left his job after disclosures that he participated in poker games organized by Mr. Wilkes. FBI officials also have been investigating whether Mr. Wilkes provided prostitutes for the parties.

Last week, the California Fair Political Practices Commission released a complaint purporting Mr. Wilkes tried to circumvent rules on campaign contributions by reimbursing two persons, including one of his own employees, for donations to a San Diego mayoral candidate in 2000.

CIVIL LAW:

Carnival Puts Bite On Hillary's Brother (WT)

By Jim Mcelhatton

The Washington Times, July 9, 2006

A bankruptcy trustee for a carnival company whose owners received a pardon from President Clinton is seeking to garnish the bank accounts of Mr. Clinton's brother-in-law to recoup more than $100,000 in loans.

Anthony D. Rodham, one of Sen. Hillary Rodham Clinton's two brothers, got the loans from United Shows of America Inc. after its owners obtained the presidential pardon in March 2000 over the objections of the Justice Department.

Michael E. Collins, trustee for United Shows, filed papers in Alexandria bankruptcy court seeking the return of $107,000 plus $46,034 in interest from Mr. Rodham, 51, for the loans he received from the carnival company, which went bankrupt in 2002.

Mr. Rodham "received the benefit of the loans without making any repayment," reads a related document filed last year in bankruptcy court in Nashville, Tenn.

United Shows' owners, Edgar Gregory Jr. and his wife, Vonna Jo Gregory, were convicted of bank fraud in 1982 on charges of illegally giving loans to friends. Mr. Gregory died in 2004, within four years of the presidential pardons.

At the time Mr. Clinton pardoned the Gregorys, Mr. Rodham reportedly said he worked for Tennessee-based United Shows as a consultant and denied taking money to lobby for presidential favors.

Mr. Collins, in his June 26 bankruptcy filing, said each of 16 checks from United Shows written to Mr. Rodham had a note at the bottom indicating the payments were loans.

Mr. Rodham, known as Tony and a resident of Vienna, Va., did not return several calls seeking comment.

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His being named in the bankruptcy case is the latest distraction to Mrs. Clinton's political aspirations caused by her two younger brothers. Mrs. Clinton, a Democrat, is seeking re-election in November to her Senate seat from New York and is weighing a presidential bid in 2008.

Mr. Rodham got into a brawl in August 2001 at the Rodham family's summer cottage in Pennsylvania with a man who said he caught Mr. Rodham having sex with the man's girlfriend.

Mrs. Clinton's other brother, Hugh E. Rodham Jr., intervened in that fight. Hugh Rodham, 56, also came under scrutiny for his role in Mr. Clinton's pardons. An attorney, he returned about $400,000 he received for lobbying for a presidential pardon and prison commutation for two clients.

Both brothers were criticized in 1993 when they sought corporate contributions to pay for festivities surrounding their brother-in-law's first inauguration.

Neither Mrs. Clinton nor the former president returned messages seeking comment on the new court filing.

According to bankruptcy court records, Tony Rodham began to receive the loan checks on May 10, 2000. The final loan of $2,500 was made on Feb. 12, 2002, about six months before United Shows filed for bankruptcy protection.

Mr. Collins won a default judgment in the Tennessee court against Mr. Rodham because Mrs. Clinton's brother filed no legal papers to contest the matter, records show.

Mr. Collins said the recent filing in Alexandria begins the process of determining Mr. Rodham's assets, placing liens and garnishing wages.

"The default judgment is only as good as your ability to collect on it," he said.

United Shows also placed a judgment lien certificate against Mr. Rodham in the District, according to records in the D.C. office of the Recorder of Deeds.

If a lien on his property is enforced, creditors eventually could force a sale.

The House Government Reform Committee criticized Mr. Rodham in a 2002 report on President Clinton's pardons. The report said he lobbied for pardons for Mr. Gregory and his wife while receiving $244,769 in salary and $79,000 in loans from the couple since 1997.

The committee report found the loans to Mr. Rodham were consolidated into a $72,000 promissory note due in December 2001.

However, there is "no evidence that Rodham has repaid this loan, and the Gregorys' attorney informed committee staff that he believes that Rodham has not repaid the loan," the committee report stated.

The Gregorys had sought pardons because they thought their criminal records would disqualify them from winning state carnival contracts, according to the report. The committee found that the Gregorys asked Mr. Rodham at a party in late 1999 or early 2000 for help in winning approval for their pardon applications.

"According to Edgar Gregory, Rodham gave them the impression that he could not help much with their pardon petition but that 'if he could do anything, he would,' " the report said.

The committee also found Mr. Gregory had no documentation showing what kind of work Mr. Rodham performed for United Shows.

CIVIL RIGHTS:

OFFICER-INVOLVED SHOOTINGS : Police Defend Practices (LVRJ)

By Francis Mccabe, REVIEW-JOURNAL

Las Vegas Review-Journal, July 9, 2006

Officials say criminal element has grown more prone to violence

The image of Tarance Hall's limp body being pulled from a car onto the Strip and cuffed after he was fatally shot by Las Vegas police late Tuesday resonated across the valley and was broadcast nationwide.

And though critics wonder whether the Metropolitan Police Department is resorting to deadly force too soon, police continue to defend their use of guns because, they say, the criminal element has become less cooperative and more prone to engage officers violently.

Hall's shooting was the 18th officer-involved shooting this year by the police department and the 15th since police Sgt. Henry Prendes, 37, was slain by Amir Rashid Crump on Feb. 1. Hall's shooting also was the eighth fatal shooting this year. In at least three of the 18 shootings, nobody was injured.

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Some national experts suggest an officer's death can play a role in the mentality of other officers to reach more quickly for their firearms.

Lt. Nelson Andreu, a retired detective for the Miami Police Department and an expert on officer-related shootings, said the shooting of a police officer can cause other officers to become more concerned with their own safety, which can lead to officer-related shootings.

But local police say that's not a factor.

The numbers don't tell the whole story, said Undersheriff Doug Gillespie.

"It's really important we don't overreact, as an organization, to the numbers," Gillespie said. "We look very closely at what led up to the situation and the decisions the officers made."

THE NUMBERS

Last year, there were 12 officer-related shootings involving Las Vegas police, nine of which were fatal. In 2004, there were 21, 10 of which were fatal.

So far, seven of the eight fatal shootings by officers this year have been found to be justified after Clark County coroner's inquests. An inquest has yet to be set for Hall's death.

Those fatal shootings include officers shooting a murder suspect in the back while he was handcuffed and running from police, and officers shooting unarmed men who police say were using their cars as a weapon while trying to escape.

Gillespie, who is one of 16 candidates running to be Clark County's next sheriff, said the department reviews officer-involved shootings on a case-by-case basis to determine whether the officers acted properly or whether any changes are needed to department policies or training.

In the past five years, the number of officer-involved shootings has been as high as 33 and as low as 13, Gillespie said, citing annual totals different from those provided by the department's public information office. Gillespie said he did not think the recent spike in shootings is attributable in any way to Prendes' slaying.

Department leaders review policies on a regular basis and after police shootings, he said. Policies change from time to time, but Gillespie said he has no plans to change current protocols.

Allen Lichtenstein, general counsel of the American Civil Liberties Union of Nevada, said officers "have the right and the duty to engage in the use of deadly force in situations where there is a serious threat of loss of life or bodily injury to them or other people."

"But a shoot-first-ask-questions-later attitude is clearly unacceptable for both the public as well as the officers themselves," he said.

"It does appear that there is a pattern where police officers lack either the training or the supervision to take situations where deadly force is not required, such as where people are not armed, are not threatening anyone, or perhaps under the influence or mentally ill, and being too quick to use deadly force," Lichtenstein said.

An informal survey of major cities across the country shows fluctuation in the number of officer-involved shootings. In the past year and a half, San Jose, Calif., with a population of 912,000, has seen just two fatal shootings compared with Las Vegas' 17 during the same period. Los Angeles, a city of 3.8 million, has had 17 fatal shootings since the beginning of 2005.

Philadelphia, the sixth most dangerous large city, according to Kansas-based research group Morgan Quitno Press, has seen its officer-related fatal shootings jump from two last year to 15 this year to date.

A Philadelphia police officer was shot and killed May 8, said Philadelphia police Capt. Ben Nash. The shooting, which occurred when the officer was responding to a robbery, has taken a toll on the officers mentally, he said. But the spike in the city's shootings reflects the violent crime in the community, he said.

"A lot of bad guys have guns," Nash said.

PRENDES SHOOTING

It was a sunny February day when 14-year veteran Sgt. Henry Prendes responded to a domestic violence call at 8336 Feather Duster Court, near Durango Drive and the Las Vegas Beltway.

He was confronted by a fledgling rapper with an assault-style rifle.

Prendes was shot and fell to the ground. As he began to get back up, 21-year-old Amir Rashid Crump went up to him, aimed and fired the rifle into the sergeant's head, executing him.

Crump was killed after engaging other officers in a gunbattle.

Prendes was the first Las Vegas police officer in 17 years to be slain in the line of duty.

Several sheriff's candidates disagreed with the notion that Prendes' death foreshadowed the recent officer-involved shootings, arguing instead that the increase is a symptom of the increasing violence in the community.

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"I think segments of society are getting more violent and more prone to confronting officers," said candidate Bill Conger, a 29-year veteran of the department.

"I'm sure that when we have an officer lost due to a police shooting, that would be on officers' minds," he said. "But I don't think there is now more of a willingness to use deadly force. I think it heightens their awareness of what's going on and the potential danger."

Retired Lt. Moe Mattingly, a 20-year department veteran and also a candidate for the sheriff's job, agreed.

"Officers are briefed daily on officers killed in the country," he said.

The reason is twofold, he said: to heighten the awareness of officers and remind them how dangerous the job is and to look at what the officers did or did not do that would have allowed them to be alive today.

"You also have to put the numbers in perspective. There have already been a half million (calls) so far this year, and all of those can be dangerous, and we have only had 18 officer-involved shootings," Mattingly said. In that regard, he said, the numbers are not that high.

"The 20 years I served, I never fired my weapon," Mattingly said. "But there were many times that I have come close."

Las Vegas police officer Laurie Bisch, a 13-year veteran and the only female sheriff's candidate, said the Prendes shooting was a wake-up call for many officers.

"We have criminals out there who are not afraid to use deadly force," she said. "With the population growth there comes a whole new element, and those criminals are brazen."

Bisch works patrol in the South Central Area Command, an area inundated with gangs and drug use. She said Las Vegas has developed a reputation among criminals in California and Arizona.

"They think it's easy to beat the system here. In California, they are tough with their three-strikes rule, and Arizona has tough new laws that are keeping criminals in jail for longer periods of time. Vegas is often the place of choice for these criminals."

And there are not enough officers to patrol Las Vegas, she added.

"We used to have two to three officers handling a call. Now there may only be one officer."

'LACK OF ACCOUNTABILITY'

Lichtenstein said the coroner's inquest system, which he labeled a farce, leads to a "real lack of accountability."

"When an officer knows he will go before a coroner's inquest and not be asked important, tough questions before the event, maybe the unacceptable number of police shootings is not that surprising."

One candidate running to be Clark County's next sheriff agrees.

Lt. Ron Williams said he would like to see a Blue Ribbon commission review what he believes is an outdated inquest process.

"The public trust has deteriorated in our police department because of the current system," he said. "The bottom line is we need to be more open with the public in what goes on in these situations."

Williams added that he doesn't have a problem with the current use-of-force policies.

Dean Ishman, president of the Las Vegas branch of the National Association for the Advancement of Colored People, said his group is looking at the number of shootings and the situations that led to them. Five of the suspects killed this year were black.

The group is planning to present suggestions and ask for changes to the police department's deadly-force policy and the coroner's inquest process Tuesday.

"We are not coming and pointing fingers," Ishman said. "These guys do have a tough job to do, but we are still concerned about the ... surging number of officer-involved shootings."

Lichtenstein said it might be helpful for an agency such as the U.S. Justice Department to look into the matter.

But Gillespie said the system of checks and balances that includes the coroner's inquest process helps ensure that police shootings are thoroughly reviewed.

"I think our policies and procedures are sound," he said.

Bisch concurred, defending the police department's training as being the best in the nation and saying officers must abide by a strict "use of force" policy.

Bisch also pointed to the internal investigation done after an officer-involved shooting. She praised the coroner's inquest process as one that "leaves no stone unturned."

"Personally, I think it is fine the way it is. And the families have the option of pursuing the case in civil court."

Bisch said the public needs to be better educated on what to expect when contacted by the police.

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"None of us (police officers) want to be involved in a shooting," she said. "But I don't want one officer to have to worry what the public is going to think when they are doing their job. A deadly force scenario can take place in a split second. It's important the public realizes we don't have trigger-happy cops."

Review-Journal writers Adam Aasen, Brian Haynes, David Kihara and Carri Geer Thevenot contributed to this report.

Sarasota Says Proposed Fines By Feds Too Onerous (HTRIB)

By Doug Sword

The Herald Tribune (Southwest Florida), July 9, 2006

SARASOTA COUNTY -- Federal civil rights officials want to levy $5 million in fines, penalties and damages against Sarasota County as part of what would amount to the county admitting it discriminated against people with disabilities.

That was the negotiating stance of the U.S. Justice Department's Civil Rights Division before it filed a lawsuit June 30 against the county alleging violations of the federal Fair Housing Act.

County officials say the proposed penalties are too onerous and believe they can defend their 2004 actions which prevented Renaissance Manor, a nonprofit organization, from operating six group homes known as Tammi House in Warm Mineral Springs. The Justice Department, however, has been aggressive in defending the disabled in housing discrimination cases and has filed 94 such lawsuits against local governments, businesses and individuals since 2000. The federal demand from Sarasota County appears to be bigger even than a high-profile lawsuit that led last year to the housing authority in Baltimore agreeing to $1 million in penalties and spending several million dollars on housing for the disabled.

The Tammi House group homes are all near one another on Sevilla Street, and each house has up to six residents. The federal suit says Renaissance Manor lost more than $1 million in grants because of the county's actions. The county violated the Fair Housing Act, a federal law prohibiting discrimination against buyers or renters because of a handicap, the suit says.

County officials deny the allegations, saying they objected to the clustering of the six homes in one neighborhood. State law requires "community residential homes" to be licensed and located at least 1,000 feet from each other. Renaissance Manor, which has also sued the county, and the justice department say these are "family" homes that don't require licensing or separation.

Sarasota County commissioners are set to meet Tuesday in a rare behind-closed-doors session to discuss the new federal lawsuit and the ongoing suit with Renaissance Manor.

The last time county commissioners met in a closed-door session was in December 2004 about a legal dispute with North Port, said County Commissioner Jon Thaxton.

Thaxton called the federal lawsuit "the most serious charge" against the county during his six years as a commissioner.

Thaxton said his younger brother Bob is mentally disabled and lives in a group home in Texas with four others. The suburban setting and sense of "home" is "the best thing that ever happened to him."

"I'm a big fan of these things, and I want to support them," Thaxton said. "So for me, a member of the Board of County Commissioners, to be accused by the Department of Justice of discriminating, I not only take it seriously, I take it personally."

The consent decree proposed by the federal government was too onerous to accept, said County Administrator Jim Ley. Besides the magnitude of the fines and penalties, the document would have included an admission of wrongdoing by the county and a requirement to hire an employee to monitor the county's compliance with the Fair Housing Act.

Locating six group homes adjacent to one another defeats the purpose of what state law requires and the county wants to accomplish, Ley said. Clustering the homes creates a small "ghetto" instead of making the disabled persons in the house a part of the surrounding suburban community, he said.

The Economics Of Discrimination (WP)

The Washington Post, July 9, 2006

Discrimination and economic development just don't mix. For proof, look at the Jim Crow South, where economic growth lagged the rest of the nation from the end of World War II until the mid-1960s. Racism undermined prosperity. Then, as segregation waned, economic growth accelerated.

In November, Virginians will have the chance to self-inflict a fresh discriminatory wound on their economy. The Marshall-Newman amendment, the so-called "marriage amendment," seeks to amend Virginia's Constitution to ban gay marriage and to impose other legal limitations on unmarried couples, including heterosexual couples. The amendment is not only useless -- gay marriage has been outlawed in Virginia for 30 years -- but it is downright harmful to the state's economy in two important ways.

First, the amendment makes Virginia less attractive to companies that seek top employees without regard to race, religion or sexual orientation. Capital One, for example, is one of Virginia's biggest and best employers. It provides domestic-partner

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benefits for unmarried employees' partners, both for same-sex and heterosexual couples. The Marshall-Newman amendment could prohibit Capital One from providing these benefits. That would make it harder for Capital One and for the 15 other Fortune 500 companies based here that provide such benefits to hire the people they want to hire in Virginia.

Second, the amendment marks our Commonwealth as a place where people who are "different" or who have "different" ideas are not welcome -- be they gay or straight. This consequence is perhaps the most serious. Economic development today is all about attracting the best, most talented and most creative employees. These workers will determine in large part whether Virginia's economy roars or whimpers and whether Virginia companies can compete against overseas firms with cheaper labor pools.

Not surprisingly, these talented workers and the high-tech, high-wage companies that employ them tend to locate in communities that are diverse and open-minded. These communities are also ones that attract gays and lesbians, and for the same reasons. In his influential book "The Rise of the Creative Class," Richard Florida notes that the most statistically reliable indicator of a successful high-tech-friendly environment is the size and vitality of the gay population. Gays and lesbians "signal a diverse and progressive environment that fosters the creativity and innovation necessary for success in high-tech industry." That environment attracts talented gays but, in far larger numbers, it also attracts talented heterosexuals who want to work for companies and in communities that respect diversity and individual freedom. Virginia needs that type of environment if it wants to attract the best companies and most talented employees.

Virginia tried the economics of discrimination once before. It didn't work in the 1950s and '60s, and it left our state's economy at the bottom of the national heap. Surely we have learned from that.

Virginians should vote no this fall on the Marshall-Newman amendment not only because it's wrong but also because it's bad for business.

-- Michael Schewel Richmond was Virginia's secretary of commerce and trade under Gov. Mark R. Warner (D).

Gay Marriage Fight Crosses The Hudson (NYT)

By Patrick Healy

The New York Times, July 9, 2006

Now that New York's highest court declined to legalize gay marriage last week, where's the next battleground?

Next door, in New Jersey. Gay rights advocates are storing hopes in that state's Supreme Court, which will most likely rule on the issue sometime this summer; a similar case is also pending in Washington State.

Lawyers on both sides of the issue said New Jersey might legalize gay marriage when New York did not.

"As a general matter, the court has maintained an expansive view of its Constitution," said Lawrence S. Lustberg, who argued before the New Jersey court in February in favor of gay marriage. "The focus has long been on safeguarding rights."

The New Jersey court usually applies a more flexible standard in discrimination cases than the New York court. And in arguments, the New Jersey judges did not dwell on child-rearing or the needs of parents, central issues in the New York decision.

Even if the court legalizes same-sex marriage, it might not reverberate nationally. "I'm not sure New Jersey will matter much in the nationwide contest over gay marriage, simply because of the reputation of the New Jersey Supreme Court," said Monte Stewart, president of the Marriage Law Foundation, which opposes gay marriage.

'Gettysburg' For Gay Marriage? (WP)

The Washington Post, July 9, 2006

The decision by a New York court changes little.

THE DECISION last week by New York's highest court not to legalize same-sex marriage is being portrayed as a big defeat for gay rights activists. Monte Stewart, president of the traditionalist Marriage Law Foundation, told the New York Times: "When people look back and write the history of this issue, they will view the New York decision as the Gettysburg in this big contest." New York was among a relatively small number of states whose courts might plausibly have followed the lead of the Massachusetts high court in requiring marriage equality. Its refusal to do so suggests that the high-water mark of judicial recognition of marriage rights for gay men and lesbians might not be all that high.

Yet since the Massachusetts decision in 2003, it's become clear that democratic majorities, not judges, ultimately will decide how evenhanded state marriage laws are going to be. In many states, ballot initiatives have preempted any litigation by amending state constitutions to prohibit same-sex marriage. In others, legislatures have moved to liberalize marriage laws. Even in Massachusetts, where the courts purported to resolve the issue, an amendment to overturn the decision could be in front of voters in 2008.

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In other words, the most a state court can do is change the legal baseline. State laws, and even state constitutions, are generally easy enough to change that courts cannot force same-sex marriage on an unwilling populace. The fight for marriage equality in New York will simply move to the legislative arena.

So the task for Americans who support same-sex marriage, as we do, has not changed. It is to convince a majority that couples who love each ought to have the state's recognition for lifelong relationships -- and that such recognition poses no threat to heterosexual marriage. Once that happens, it won't matter what the New York court thinks. And until that happens, no victory there, or in any state court, will be safe.

Long Haul To Acceptance (WP)

By Donna St. George

The Washington Post, July 9, 2006

30 Years On, Gains and Trials for Women at Annapolis

The words were spoken 30 years ago, and yet they are as jarring as they were the day when Sharon Hanley arrived at the U.S. Naval Academy -- 17 years old and about to make history as one of the first female undergraduates.

"I don't like you here," she recalls an upperclassman telling her. "I don't like women at my school, and so I'm going to be on your butt every waking minute. . . . If my plan works, you're going to be long gone before I graduate. Is that clear?"

She remembers her shock and dismay, then her momentary confusion about how to answer. As a plebe, she was not allowed to object or comment.

"Yes, sir," was all she could say.

Now, on the 30th anniversary of the integration of women in the Naval Academy, Sharon Hanley Disher finds herself in history's view again, the first of the earliest female graduates to be followed to Annapolis by a daughter. She watched teary-eyed in the late June heat as her daughter and son, who are twins, stood solemnly in Navy whites for their swearing-in on the campus's tree-lined grounds.

They are part of an academy class that includes a record number of women -- 22.4 percent, compared with 6 percent in the beginning -- and comes together as the country is at war, with women serving on destroyers and in fighter planes.

But though much has improved since women first arrived -- and many female graduates express great loyalty to the storied 161-year-old institution -- a complex and sometimes troubling portrait of student life emerges from three recent studies sponsored by the Defense Department.

The most recent study found that in the 2004-05 school year, 59 percent of female midshipmen and 14 percent of men reported sexual harassment, defined as crude and offensive behavior, unwanted sexual attention or sexual coercion. Sexist behavior -- put-downs and offensive comments -- was reported by 93 percent of women and 50 percent of men.

What the academy experience is like for young women is coming into greater focus as Congress looks into the subject and as the quarterback on the academy's football team faces a court-martial trial starting tomorrow on a charge of raping a female midshipman.

All of this happens as three decades of gender integration are marked this month, with women recalling their unsettling early days in a college dedicated to the making of military men.

"The name of our game was survival," Disher said. The attitude was "boys will be boys and 'You're coming to an all-male school; what did you expect?' " At her home in Annapolis last week, Disher happened upon a C-SPAN broadcast of Vice Adm. Rodney P. Rempt, the academy's superintendent, testifying before Congress.

"Sexual harassment and misconduct and assault should not be tolerated in the Navy-Marine Corps," he said, "and I can assure you that they are not tolerated at your Naval Academy."

To Disher, this was another sign of changed times. "You have to talk about the problem to fix it," she said.

Meagan Varley was 10 when she decided to become a fighter pilot. She had seen the movie "Top Gun" and set her heart on flying. Her father, a teacher, suggested the Naval Academy, and in 1998 she found herself on the Annapolis campus as part of a class that was 16 percent female.

"You're aware that the things you do are going to be watched more closely and that you could be stereotyped more easily," she said. But as time went on, she found that her sex "kind of faded into the background."

Flight school followed graduation, and now, four years later, she is a fighter pilot, having flown F-14 Tomcats and F/A-18F Super Hornets, opportunities not open to the first female graduates. "They really broke the way for the rest of us," she said.

In the early years, women had fewer job choices because, under law, they could not serve on combatant ships or aircraft. Those who did not want women at the academy often complained that they were taking men's slots but could not do men's jobs.

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That complaint grew louder in 1979, when Washingtonian magazine published an article, "Women Can't Fight," by James Webb, a much-heralded academy graduate and Marine war hero who is now the Democratic candidate for U.S. Senate in Virginia. He wrote then that the presence of women poisoned the academy's mission and that the academy's massive dormitory was "a horny woman's dream."

"The men went crazy; they loved it," recalled Disher, who wrote a book, "First Class," about women's experiences.

Webb has said recently that the article was published a long time ago and that as secretary of the Navy in the Reagan administration he tripled the number of jobs that were open to women and ordered a crackdown on sexual harassment.

An array of jobs opened to women in the early 1990s, and after that, said Georgia Sadler, a retired Navy captain and the academy's first female faculty member, women "didn't feel so much like second-class citizens."

As more women enter the academy -- 273 this year, up from 81 in 1976 -- they have come closer to achieving a "critical mass" that ceases to be seen as a minority, said Mady Wechsler Segal of the Center for Research on Military Organizations at the University of Maryland. She put the tipping point at 25 to 35 percent.

Meghan O'Mara, Class of 2002, was never sexually harassed, but she said she "certainly had people who said inappropriate things" to her.

O'Mara, 26 and honorably discharged from the Navy, said more openness is needed, recalling the time one of her friends reported a rape. Academy officials, she said, "were definitely trying to make her keep quiet about it. . . . I don't think the environment makes a lot of women feel they can come forward and there will be a fair response."

That kind of concern touched off a 2003 scandal at the Air Force Academy, amid revelations of more than 140 reported rapes and sexual assaults over 10 years.

Since then, government studies have looked into harassment and sexual assault at the service academies. A recent Defense Department survey of midshipmen found that more than half of women who said they had been sexually assaulted did not report it. In all, 83 of 652 women -- more than 12 percent -- said they were victims of sexual assault between 1999 and 2004, the report said.

It also noted that women "do not report sexual harassment because they live and deal with it daily; it almost becomes normal. . . . They fear being ostracized and abandoned by their peers, both male and female."

One woman wrote that the academy was "one of the most emotionally devastating places I can imagine. Most of the women came here expecting mental and physical challenges. We thought we'd have to put up with overdoses of testosterone. What we did not expect was to be looked down upon for being women -- to be suddenly less than human in their eyes."

Before Congress, Rempt spoke of efforts to improve training and reporting. He cited an academy survey that found that 5 percent of women believe they would be resented by peers for reporting harassment, down from 50 percent five years ago.

In 2001, surrounded by hundreds of classmates, Candice Sarlese climbed up a lard-slicked granite monument, called Herndon, at the end of her plebe year. It is a tradition, and Sarlese had heard about women being pushed off. For her, it was different. A fellow midshipman turned to her and said, "Don't worry. I'm not going to let you fall."

Sarlese, 25 and now a first lieutenant in the Marines, said she believes some women "look for things. Some guys will make a joke, and they will take it as hurtful."

Over 30 years, relations between women and men have become better and more complex.

Sandee Irwin, part of the first class, recalls the insult of a midshipman two years her junior. "Why are you here, anyway?" he sniped.

Irwin took the young man aside and told him squarely: "You knew we were here when you signed your name on that piece of paper. If you don't like it, go home!"

Disher, the 1976 plebe, recalls blatant hostility after she joined the cheerleading team.

Worst of all was an Army-Navy football pep rally, in her second year on campus, she said. As Disher and the other cheerleaders came bouncing out onstage, the crowd stopped clapping.

"Get off the stage!" she heard. Then boos. "Get out of my school!"

A generation and more than 2,770 female graduates later, Disher had no reservations about sending her twins to the academy, where they will be part of the Class of 2010, with women such as Ashley Houston, 18.

"I think women are just as capable as men," said Chelsea Wright, 18, of Valley Forge, Pa., getting her hair cut to above the collar -- not far from where men were being shorn to the nub -- as she imagined herself on a Navy ship or jet, possibly in combat.

"I'm sure the level of respect has changed" over 30 years, ventured Margaret Boyle, 17, of Leonardtown.

The young man next to her in line nodded in agreement.

"I'd rather have them here than not," said John Howser, 17. "I've grown up with them."

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ANTITRUST:

Talk Of Alliance Is Opening Floodgate Analysis (FREEP)

By John Gallagher, Free Press Business Writer

Detroit Free Press, July 9, 2006

GM drama offers many endings

As General Motors Corp. formally began Friday to explore a possible alliance with Nissan Motor Co. and Renault SA, the process seemed firmly in the hands of GM Chairman and CEO Rick Wagoner.

But in the world of corporate mergers and acquisitions, events can quickly spin out of control.

So far, there's nothing in the proffered Nissan-Renault overture to buy part of GM to indicate it's anything but friendly. But even this mild-mannered gesture could lift the lid off a box of snakes.

A rival suitor could ante up a better offer. At some point, GM's Board of Directors might launch a spirited, even ugly, defense. And talk of a GM deal might stimulate merger or takeover offers to cross-town rival Ford Motor Co.

Auto insiders doubt any of those possibilities will happen this time. Most GM watchers expect the company to politely study the Nissan-Renault overture before turning it down.

Even so, with the fate of the world's biggest automaker on the line, along with the jobs and livelihoods of tens of thousands of metro Detroiters, the unexpected becomes the expected.

Beyond a potential three-way alliance, other possibilities include:

Another suitor turns up. Once two or more companies initiate friendly discussions about a deal, it is common for another, unfriendly suitor to make a rival offer.

Wall Street's most notorious example came in 1988. As recounted in the popular book and movie "Barbarians at the Gate," F. Ross Johnson, RJR Nabisco's chief executive, initiated a buyout plan to take his own company private. Other bidders suddenly jumped in, most notably the leverage-buyout experts at Kohlberg Kravis Roberts.

The battle escalated into a frenzy of bidding and defensive moves. KKR finally won, paying $25 billion for the company.

Jim Seward, professor of finance at the University of Wisconsin at Madison who has studied mergers and acquisitions, said something like that could happen with GM.

"This certainly puts them in play, as far as I'm concerned," he said. "If anybody is out there waiting in the wings, this will probably nudge them to step up and move forward."

A multi-party battle is possible, but some industry watchers think it's unlikely, given GM's daunting problems, including its high labor, pension and health-care costs, and its declining market share.

"Anything is possible, I suppose," said M.P. Narayanan, professor of finance at the University of Michigan. "But I can't see why GM is such an attractive takeover candidate for most car companies."

Ford becomes a target. David Cole, chairman of the Center for Automotive Research in Ann Arbor, said the proposed GM deal has Wall Street analysts talking about a similar deal for Ford.

"Once something like this starts, then you have a lot of people thinking, 'What does that mean for us? Maybe we better get moving. What other deals are out there?' In that sense, Ford is really inexpensive, too, and could be a good partner for somebody," Cole said.

Experts on mergers and acquisitions say the auto industry long has been ripe for consolidation.

"Certainly throughout history, M&A transactions have occurred in waves," said Seward of the University of Wisconsin. "And those waves tend to have an industry concentration to them."

He cited telecommunications as an industry that has been consolidating rapidly in recent years. A century ago, steel, oil and auto manufacturing all went through waves of mergers and takeovers.

"Once something like this starts, it's kind of like a disease. It's contagious," Cole said. "There are too many players in the game right now, and we're going to see some form of consolidation, and this is often the way something starts."

Politicians get involved. In late 2002, Simon Property Group of Indianapolis launched a hostile takeover bid for Taubman Centers Inc., the Bloomfield Hills-based mall company founded by A. Alfred Taubman. The nasty fight dragged on for almost a year, costing each side millions of dollars.

Simon finally withdrew its offer after Taubman-friendly Michigan lawmakers passed anti-takeover legislation to thwart the attempt.

Over the past several years, proposed combinations between Northwest and Continental airlines in one case, and United and US Airways in another, collapsed after the U.S. Justice Department raised anti-trust objections.

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Since the GM-Nissan-Renault alliance would be international, other governing bodies, such as the European Union, could raise their own objections.

The least likely outcome. In a way, the least likely outcome is that nothing happens -- that Nissan-Renault simply goes away after GM rejects its overture.

Kirk Kerkorian, the mercurial investor and GM shareholder who prompted the alliance talks, gives no indication that he's in any mood for a letdown. As GM's largest individual shareholder, Kerkorian has pushed relentlessly to unlock what he perceives to be the company's unrealized value.

Seward suggested this week that if the Nissan-Renault plan doesn't work, Kerkorian would try again with someone else.

"In the end," he said, "Kerkorian is the kind of guy who doesn't care who pays him, as long as he gets paid."

Free Press business writer Michael Ellis contributed to this report. Contact JOHN GALLAGHER at 313-222-5173 or gallagher@freepress.com.

ENVIRONMENT:

Texas Lawsuit Includes A Mix Of Race And Water (NYT)

By Ralph Blumenthal

The New York Times, July 9, 2006

DeBERRY, Tex. — Frank and Earnestene Roberson no longer need to drive the 23 miles to a Wal-Mart near Shreveport for a safe drink of water.

Instead, it is delivered to them in five-gallon jugs, courtesy of the Environmental Protection Agency.

But they and neighbors in this historically black enclave in the East Texas oilfields seem no closer to being able to drink, cook or bathe safely from their own wells since the E.P.A. found the groundwater contaminated with pollutants that included arsenic, benzene, lead and mercury.

Calling themselves victims of "environmental racism," community members in June filed suit in federal court, accusing the Texas Railroad Commission, which regulates the state's oil and gas industry, of failing to enforce safety regulations and of "intentionally giving citizens false information based on their race and economic status."

The commission said it had yet to receive formal notice of the lawsuit and had no comment on it.

But almost two decades after Mrs. Roberson first began complaining, setting off years of inconclusive state inquiries, the agency says it is now moving against a large oilfield services company that deposited wastes at a nearby disposal site that has since been closed.

The inspector general of the E.P.A. is also concluding a separate investigation into the handling of the problem.

With 30,000 oilfield waste disposal sites throughout Texas, there is no clear evidence that the community here was singled out for dumping, although residents said it followed a pattern, documented by the E.P.A., of pollution hazards that disproportionately affect minorities.

They said that pleas for help, including letters to President Bush, were bounced from one agency to another, and that their treatment stood in sharp contrast to a $1.7 million cleanup last summer by the railroad commission in Manvel, a largely white suburb of Houston.

"They worked very fast and were very diligent," said Mayor Delores M. Martin of Manvel.

Resentment is dying hard among the Robersons and their relatives on County Road 329. They are the descendants of a black settler, George Adams, who paid $279 and a mule for 40 acres here in 1911.

"This is America? It looks worse than the third world," said the Rev. David Hudson, the Robersons' nephew. Mr. Hudson, a retired California radio and television station manager, pointed out where wells had been plugged and where an elderly relative died last year in a home cut off from running water.

"I look at this as poisoning the only source of groundwater," he said, "as tantamount to lynching."

The tangled history of the disposal site, which began around 1980 as a deep injection well for saltwater wastes from drilling operations, makes apportioning blame difficult. Since then, according to records of the railroad commission, the disposal site has been under the control of six different operators. It was last operated by Basic Energy Services of Midland, which describes itself on its Web site as the nation's third largest contractor servicing oil and gas wells and used open holding tanks to store waste for pumping to a second injection well nearby.

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The railroad commission said that Basic Energy had operated the tanks for more than two years without a permit, resulting in a demand by Panola County in 2003 that the disposal line under the county road be shut down. The commission has been asking the company to track any migration of pollution.

"Basic has been slow to respond to our requests," said John Tintera, the commission's assistant director for site remediation.

Ken Huseman, the president and chief executive of Basic Energy, would not respond to specific questions but said in a statement that the company's goal was to have no adverse impact on the environment, and that it would be responsive to the railroad commission.

But Mr. Hudson, who runs a local family ministry and teaches at the Church of the Living God, said the commission had close ties to the industry and had denied that DeBerry had a problem.

Mr. Hudson said he had directed his appeals, in vain, to the sole black member of the commission, Michael L. Williams, a former assistant secretary of education for civil rights at the federal Department of Education. A spokeswoman said Mr. Williams could not comment on the DeBerry case because it was "still in enforcement."

Mr. Hudson recently settled a state civil lawsuit against Basic Energy under terms that remain confidential. "We didn't get enough to get shoelaces," he said.

The lawsuit was settled, he said, after his lawyer found that the railroad commission had fined one of the site's operators, Falco S & D Inc. of Shreveport, La., $27,747 in 2000 for having illegally dumped about 3,000 barrels of chemical waste there. That made it difficult to determine Basic Energy's liability, Mr. Hudson said.

The E.P.A. has acknowledged a potential danger in the groundwater. "We found that the groundwater in the Panola County community is indeed contaminated with several substances," wrote Johnny D. Ross, project manager in the Inspector General's office in a January memo. Those substances, Mr. Ross wrote, "pose a threat to human health and the environment."

In 2003, the railroad commission found in residents' wells benzene, barium, arsenic, cadmium, lead and mercury "at concentrations exceeding primary drinking water standards," said Peter Pope, a specialist with the commission.

But the Texas Commission on Environmental Quality, in tests taken last August, found no excessive contamination there, said Andrea Morrow, a spokeswoman. She said she could not explain the discrepancy.

The problems go back at least to 1987 when, railroad commission records show, Mrs. Roberson began complaining of spillovers from the injection well. Her well water was discoloring her bathtub, she reported, "and it causes bad stomach problems when consumed."

The railroad commission took samples in October 1996, finding "no contamination in the Robersons' household supply water that can be attributed to oilfield sources."

By April 2003, however, commission tests found barium and chloride above maximum contaminant levels in Mr. Hudson's well, along with traces of two oilfield chemicals. The source was unclear. He plugged his well and moved to another house connected to the Bethany-Panola Public Water System.

Last year, Mr. Hudson said he obtained a $375,000 federal loan to connect the community to the same municipal supply, but the water company, concerned that the residents would be unable to repay the money, rejected the application.

The E.P.A. arranged last August for the delivery of bottled water to the Robersons and others with tainted wells. Some residents, however, have been less fortunate. Maggie Golden, a 73-year-old cousin of Mr. Hudson's mother, had been getting water piped in by Basic Energy to replace her hand-pumped spring-fed system which had been contaminated, said her sister, Mary Lee Kellum, a Houston teacher.

"Then all of a sudden they cut it off," Ms. Kellum said.

Mr. Hudson said he appealed to Basic Energy, which restored the water for about a month but then shut it off after the disposal site was closed down. They drank bottled water, but to bathe, Ms. Kellum said, "we'd go to the church and borrow water in big barrels and heat it up: the pioneer days were back again."

Her sister died in the house on June 17, 2005, Ms. Kellum said. "She just went to sleep during the night," she said. "It was stressful stuff. She said, 'I'm tired of struggling.' "

IMMIGRATION:

GOP Immigration Tactic: Blast Away, But Be Nice (LAT)

By Nicholas Riccardi And Mark Z. Barabak, Times Staff Writers

The Los Angeles Times, July 9, 2006

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Still split themselves, candidates hammer Democrats but try not to alienate Latino voters.

DENVER — Hoping to use the volatile issue of illegal immigration to avert a November election disaster, Republican candidates across the country increasingly are attacking their Democratic opponents on the subject.

But mindful of a possible voter backlash, they are attempting to do so without seeming intolerant or divisive.

In Pennsylvania, Sen. Rick Santorum has launched an ad accusing his challenger of favoring amnesty for people in the country illegally and giving them "preference over American workers." Rep. Bob Beauprez criticizes his Democratic opponent in the Colorado governor's race for supporting state benefits for illegal immigrants. In the Chicago suburbs, congressional hopeful David McSweeney is attacking Democratic incumbent Melissa Bean on immigration — even though she voted in favor of the crackdown bill that passed the House in December.

Immigration is a tricky issue for Republicans, and there are deep divisions in the party over what policy and strategy to pursue.

Many blame former California Gov. Pete Wilson's backing in 1994 of anti-illegal-immigrant Proposition 187 for alienating Latinos nationwide.

In California, it sparked a wave of Latino political activism that hurt the GOP's political standing — a blow from which the party has yet to fully recover.

Still, Republican strategists have "made a decision that, whatever the risk, this is simply a very bad year and the issue is too hot not to put it in the quiver," said Floyd Ciruli, a Denver-based independent pollster.

The stepped-up Republican assault comes as House GOP leaders began a nationwide series of hearings last week bashing the Senate's bipartisan immigration bill, which they have branded the "Kennedy-Reid" bill — focusing on two prominent Democratic supporters while ignoring the lead Republican sponsor, Sen. John McCain of Arizona.

The linguistic dodge reflects the wide split in the GOP over two competing approaches to immigration. President Bush and pro-business Republicans favor a guest worker program and path to citizenship contained in a bill approved by the Senate.

The president reiterated his support for a guest worker program Friday during a press conference in Chicago. "To enforce this border, we've got to have a rational way that recognizes there are people sneaking across to do work Americans aren't doing," he said.

But hard-liners in the party back the tough measures contained in the House's enforcement-only legislation and fiercely oppose the president's guest worker approach.

The official GOP position is that the party will not use immigration as a political bludgeon against Democrats. Karl Rove, the president's chief political advisor, has made courting Latinos a priority through his years in the White House and has avoided the harsh rhetoric used to rally partisans on other issues.

"It's extremely important that our party be a party of principle, which is to say we're a pro-law enforcement and pro-immigrant party," said Ken Mehlman, chairman of the Republican National Committee, who worked alongside Rove in Bush's 2004 reelection campaign.

Still, many Republicans hope a tough-on-illegal-immigration platform can help overcome the political drag of an unpopular president and growing public sentiment against the war in Iraq in November's midterm election.

"That is voiced around here often," Rep. Tom Tancredo (R-Colo.), a House leader in the immigration debate, said in a telephone interview from the Capitol. "The plates have shifted politically, and if you want to get elected, you better not be perceived as being soft on illegal immigration."

Democrats say the GOP assault comes at the party's own peril, especially with immigration bills stalled by infighting in Washington.

"Republicans have signaled they're going to run a single-issue campaign on an issue on which they ultimately don't have a single accomplishment," scoffed Bill Burton, a spokesman for the Democratic Congressional Campaign Committee.

In some states, Democrats are more hawkish on illegal immigration than their GOP rivals. In Nebraska, for instance, Sen. Ben Nelson is running to the right of his Republican challenger, who backs Bush's proposed guest worker program.

But analysts say the immigration issue could be most potent in the hands of Republicans, who traditionally are associated with a tougher stance against lawbreaking.

"The focus in Washington has been almost exclusively on the risk among Republicans," said Amy Walter, who tracks congressional races for Washington's nonpartisan Cook Political Report. "But there are also Democrats, especially Democrats in conservative-leaning districts, who may also have to find themselves distancing themselves from the national party."

With the election four months away and several key states still conducting primaries, the shape of the fall contests is evolving. In some places, including California, immigration does not seem to be as significant in the major statewide contests.

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Gov. Arnold Schwarzenegger and his challenger, Democratic state Treasurer Phil Angelides, show no sign of making it a campaign wedge issue.

Republicans were encouraged last month, though, when their candidate for California's 50th Congressional District, Brian Bilbray, won with a tough-on-illegal-immigration platform in a special election to fill the seat vacated by Randy "Duke" Cunningham.

But in an example of the issue's treacherous terrain, efforts by Tancredo and other hard-liners to unseat incumbent Republican Rep. Chris Cannon in Utah failed a few weeks later. Cannon, who supports a guest worker program but also voted for the House bill, won 56% of the vote June 27 in a state that prides itself on welcoming newcomers.

In Colorado, illegal immigration has become a defining issue in both the gubernatorial race and in statehouse contests. The state Supreme Court last month removed from the November ballot a proposed initiative to ban state services to illegal immigrants.

The state's termed-out Republican governor, Bill Owens, has called a special session of the Legislature to pass a ban on services such as the one called for in the initiative — or to put it back on the ballot in November. Democrats objected but, under intense political pressure, eventually agreed to a compromise agenda and started the session Thursday.

Bill Ritter, the Democratic nominee for governor, opposed the ballot initiative and spoke against the special session. His opponent, Beauprez, seized on that in his first radio ad: "It's an outrage, isn't it?" Beauprez says in the spot. "When our own government refuses to enforce our laws against illegal immigration … Bill Ritter and I disagree on this, but I oppose taxpayer benefits for illegal immigrants."

In an interview, Beauprez said it was logical to talk about illegal immigration. "It's the top issue for everyone," he said.

Ritter has struck back, accusing Beauprez of being part of the logjam in the Capitol that has allowed problems to fester. "This has been a failure on the part of Washington, D.C.," Ritter said in an interview. He added that his role model on the issue was none other than Bush. "The person I'm closest to on this is the president of the United States," Ritter said, underscoring the paradox the issue often presents.

Bush's agreement with many Democrats on a guest worker program and on finding a way to legalize the estimated 12 million illegal immigrants in the country makes it tougher for party hard-liners to draw contrasts in the fall. "It makes brand distinction more difficult," said Tancredo.

Some Republicans say they're trying to be careful so they don't offend legal immigrants as they go after those here illegally.

"The language that has been used in the past … turned off people in the Hispanic community," said McSweeney, a Republican investment banker challenging Bean in Illinois' 8th Congressional District. "As a party, we need to make sure we're being inclusive and framing this issue as law and order, not some kind of measure to keep out of this country just a certain group of people."

McSweeney has attacked Bean for taking varying stands on immigration. The Bean campaign rejects that assertion, saying she has been consistent and contending that the challenger has been taking procedural votes in Congress out of context.

In Pennsylvania, Santorum's first TV ad stresses that his grandparents were legal Italian immigrants, then decries illegal immigration.

In a separate radio spot, he bashes his Democratic challenger, Bob Casey, for supporting the Senate immigration bill. "How liberal has Casey become?" the ad asks. Santorum voted against the bill.

"There's a huge contrast between Sen. Santorum and his opponent on this issue, and Pennsylvania citizens deserve to know that," said Virginia Davis, a campaign spokeswoman.

Larry Smar, a spokesman for Casey, contended that Santorum is trying to exploit an issue he's rarely talked about or acted upon. "Santorum was pretty quiet on illegal immigration until the Senate vote," he said.

Recently, Santorum made a point of dropping by a Philadelphia cheesesteak stand made famous for hanging a sign demanding that all customers speak English.

Riccardi reported from Denver and Barabak from San Francisco. Times staff writers Robert Salladay in Sacramento and Nicole Gaouette in Washington contributed to this report.

A 2004 Call For Overhaul Set Showdown In Motion (LAT)

By Nicole Gaouette

The Los Angeles Times, July 9, 2006

The nation's immigration policies are a hot topic both in Congress and around the country. Following are some frequently asked questions.

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Question: What sparked the current furor over immigration laws?

Answer: Early in 2004, President Bush called for a general overhaul of the U.S. immigration system. Speaking of "millions of hardworking men and women condemned to fear and insecurity in a massive, undocumented economy," Bush urged Congress to rewrite the laws to allow the nation's estimated 12 million illegal immigrants to gain legal status "as temporary workers." This would allow the U.S. to draw people out of the shadows and improve security, Bush argued. Then, as now, Bush stressed four other elements of an overhaul: controlling the country's borders, imposing sanctions on employers who hire illegally, creating a guest worker program for seasonal industries, and emphasizing assimilation for immigrants already here. Soon after, the House and Senate began drafting their own legislation.

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Q: What did Congress do?

A: Without holding public hearings, the House, in less than two weeks in December 2005, passed a bill that addressed only border control issues. That enforcement-only bill would build a 700-mile fence along the U.S.-Mexico border, make illegal presence a felony, criminalize those who help illegal immigrants, and increase fines for noncompliant employers. After months of tough negotiations — and after large rallies in Los Angeles, New York, Washington and other major cities by pro-immigrant advocates — the Senate responded in May with a bill that included not only enforcement, but also a guest worker program and a path toward legal status for most illegal immigrants.

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Q: What is happening with the
immigration bills now?

A: Instead of starting negotiations on a final bill, the House announced that it would spend the summer holding town-hall-style hearings on the Senate bill. The Senate then announced its own summer hearings.

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Q: Why are the House and Senate holding these hearings?

A: House Majority Leader Rep. John A. Boehner (R-Ohio) has said the hearings are intended to "strengthen our hand going in" to talks with the Senate. Critics say House leaders are demagoguing the issue, using the hearings to stir passion among the Republican Party's conservative base in advance of the fall elections. Senators say their sessions are meant to inform the public about why they think their approach is best.

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Q: How common is it for the House
to announce public hearings on a Senate bill?

A: It is highly unusual. House historian Robert Remini told Bloomberg News that he was "unaware of any other instance" when congressional leaders held hearings on the other chamber's proposal before negotiating on a final bill.

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Q: Why does it matter if the House takes the time to hold hearings?

A: The hearings, which cost taxpayer dollars, increase the possibility that attempts to revamp immigration law will fail because this session of Congress will run out of time. The hearings continue into August, so negotiations on a final bill will not start until after Labor Day. But lawmakers traditionally avoid serious business in the run-up to November elections, and Congress has other issues on its plate. The issue may not be resolved until a lame-duck session after the elections. If lawmakers cannot pass a law at that point, they will have to start from scratch in the next Congress.

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Q: Why are the Senate and House having trouble reaching
an agreement?

A: The core conflict between the two chambers is about current illegal immigrants. House Republicans decry the Senate's "amnesty" provision, as they call it, which gives illegal immigrants a way to gain legal status. They see it as rewarding lawbreakers, and they argue that tough enforcement measures at work sites would force people to leave the United States because they would no longer be able to find jobs. Senate bill supporters say that approach is not enough, pointing to estimates that 500,000 people enter the country illegally every year despite more than $20 billion in government spending on enforcement over the last decade. Many senators are skeptical that illegal immigrants would go home, and say that Congress has to deal with them to avoid creating a permanent fugitive underclass. Bush has said that illegal immigrants come to support their families by accepting jobs that "Americans won't do."

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Q: Why do House Republicans oppose an approach Bush backs?

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A: With elections looming and Bush's approval ratings in a slump, House Republicans feel they can ignore the president. They argue that they are more in tune with American opinion than the president or the Senate, and that the people want border security first.

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Q: What is the White House doing?

A: In recent weeks, as it appeared that the hearings would delay and possibly derail talks, Bush and administration officials such as Commerce Secretary Carlos M. Gutierrez have been speaking often about the need to act and about the benefits of a Senate-style bill. Tuesday in Los Angeles, White House political strategist Karl Rove is scheduled to speak about immigration at the annual conference of the National Council of La Raza, a Latino civil rights and advocacy organization.

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Q: What are the chances of a House-Senate compromise?

A: Speaking in Chicago on Friday, Bush sounded upbeat about the prospects for compromise. "We're working in Washington to reconcile the differences…. It's not an easy assignment. But I'm confident … we can get a comprehensive bill done," he said.

One possibility lawmakers are considering is adding "triggers" into a final bill, so that provisions such as a guest worker program could start only after certain benchmarks were met. That would enable the House to claim victory for its enforcement-first approach, and still allow the Senate's other proposals to follow. Senators argue that their bill works this way in practice, and say that border security improvements have already begun. The crucial question involves what kind of triggers might be chosen. One senator tried to add an amendment to the Senate bill that would have required the secretary of Homeland Security to certify that the border was secure before any other steps could be taken. That measure was defeated, because critics said it would be impossible ever to certify complete security along the 3,000-mile southern border.

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Q: What is the next step for organizers of the pro-immigrant
rallies earlier this year?

A: Immigrant advocates are working on a "Democracy Summer" campaign, registering voters for the November elections and helping immigrants who are legal permanent residents to gain U.S. citizenship.

Clinton Praises Bush On Immigration Reform (AP)

By Robert Jablon

AP, July 9, 2006

Former President Bill Clinton praised President Bush on Saturday for supporting reforms that would allow millions of illegal immigrants to seek citizenship but said the debate in Congress is being fomented by Republicans who want to divide America.

"I'm proud of him for doing it and I thanked him for doing it," he said of Bush during a "Cafe con Clinton" breakfast speech to the annual conference of the National Council of La Raza, the nation's largest Hispanic civil rights advocacy group.

Clinton said Bush's roots in Texas — which has one of the nation's largest Hispanic populations — have helped him view immigrants as people rather than statistics.

"It's hard to demonize people if you know them," he said.

But Clinton also argued that the nation's government is controlled by Republican ideological hard-liners who want to use immigration to divide Americans and distract them from issues such as the war in Iraq and the health care crisis.

Instead of equal opportunity, they support a "financial elite" because they favor "concentrated wealth and power," Clinton said.

"They believe in a government that is secret, unaccountable and that maximizes its own power," he said. "They really believe the world works better if they run it and we keep our mouths shut."

Clinton supported an immigration reform measure passed by the Senate that would provide a way for many of the estimated 12 million foreigners living in the country illegally to become citizens. A House-approved bill would make illegal immigrants felons and build 700 miles of border walls. House and Senate negotiators so far have not been able to work out a compromise.

Bush has said he wants to enforce the borders so fewer people sneak across but also provide a way for those already in the United States to become legal. He has praised Hispanic immigrants as hardworking and family oriented. Clinton used similar language in his own speech.

The message played well with La Raza, which opposes the House bill and whose current president, Janet Murguia, was an assistant in the Clinton White House.

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Before Clinton's speech, Los Angeles Mayor Antonio Villaraigosa noted a string of rallies over the immigration issue, including one in March that sent 500,000 people into the streets of Los Angeles and garnered international attention.

"You literally reshaped the political landscape of our nation ... we can still see a movement blooming before our very eyes," he said.

Both Democrats and Republicans have been looking for ways to court Hispanics, whose fast-growing population gives them the potential to become an enormous voting force. Bush's top political adviser, Karl Rove, was scheduled to address the convention on Tuesday.

Clinton Speaks Out On Illegal Workers (LAT)

By Jeffrey L. Rabin, Times Staff Writer

The Los Angeles Times, July 9, 2006

Addressing the La Raza event, he calls the debate a divisive distraction.

Former President Clinton told one of the nation's largest Latino civil rights groups Saturday that the conservative wing of the Republican Party is using the immigration issue to divide Congress and the nation.

"It is a way of creating a divided community and distracting people from the real challenges facing the country, whether it is in Iraq and Afghanistan, or homeland security, or how to build a clean energy future, or how to solve the healthcare crisis, or how to create new jobs for America," he said.

Clinton made the remarks, some of his most extensive since the issue of illegal immigration heated up in Washington this year, before several thousand people at the opening session of the four-day National Council of La Raza convention in Los Angeles.

He was welcomed to the event, key for those who hope to sway Latino voters, by Los Angeles Mayor Antonio Villaraigosa and later greeted Gov. Arnold Schwarzenegger in the parking area. Clinton's appearance comes as competing congressional proposals for immigration reform are being debated this summer in committee hearings around the country.

Clinton said hard-liners are "basically saying these undocumented broke the law, send them home — never mind that they are 5% of the workforce and a far bigger percentage in certain critical areas."

"It's crazy to think about sending 11 million people home" to their native countries, said the former president, who called the recent demonstrations for immigrant rights "incredibly moving."

He said he favors the Senate's approach to changing immigration laws, although there are some elements of the bill he dislikes. The Senate legislation would enhance border security, create a guest worker program and put most of the nation's illegal immigrants in line for citizenship.

"At least it says we ought to provide a path to citizenship for these hard-working, law-abiding people," Clinton said. "We ought to do it in a way that does not put them ahead of those who patiently waited in the legal process."

Clinton, perhaps in deference to his wife, Hillary's, presidential ambitions, has been all but silent on the immigration issue in recent months. He was careful Saturday to stake out middle ground, crediting prominent members of both parties who had shown a willingness to collaborate. (After a lengthy silence of her own, Sen. Hillary Rodham Clinton (D-N.Y.) in May endorsed a legalization process for illegal immigrants, but emphasized the importance of protecting national security.)

Bill Clinton thanked President Bush for siding with moderates in his own party regarding immigration. He suggested that Bush had a different understanding of the immigration issue because of his ties to Texas, where Latinos have been part of the history and culture for many generations. "It's hard to demonize people if you know 'em."

Clinton said he agreed with New York Mayor Michael Bloomberg, a Republican, that it was important to talk about the enormous consequences to the nation's economy if the House of Representatives version of immigration reform becomes law. That bill stresses enforcement, making illegal immigration a crime and beefing up sanctions against employers of undocumented workers.

Clinton also praised Villaraigosa's view of "America as a family, an inclusive family, a family that will let everyone in."

Clinton received a sustained standing ovation from the members of the council, which includes Latino officials and activists from across the nation. Clinton, 59, appeared rested, healthy and cheered by his warm welcome. He enjoyed strong support from Latinos during his two terms as president.

Clinton's speech underscored some of his core political values. "America is and always will be a nation of immigrants," he said. "We have to create one America based on our diversity, not trying to deny it."

He urged his audience to acknowledge that steps must be taken to strengthen border security.

As Clinton left the Los Angeles Convention Center he briefly crossed paths with Schwarzenegger.

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The Republican governor, who is seeking reelection in November, joined Villaraigosa in officially opening the convention's vast exhibit area, where major corporations and businesses seek to build ties with the nation's growing Latino population.

As they toured the exhibit hall, Villaraigosa and Schwarzenegger stopped at a booth honoring Latinos in the military who had received Medals of Honor. The pair later discussed efforts to combat childhood obesity by removing calorie-rich refreshments from California schools.

Before a crush of television cameras and reporters, the governor reiterated that he came to California as an immigrant from Austria.

Schwarzenegger has not taken a position on the pending bills in Congress. Without addressing the immigration issue, the governor said: "I want to make sure that other people have the chance to realize their dreams."

In his luncheon speech to the convention, Schwarzenegger recalled receiving a check in the early 1970s from champion boxer Sugar Ray Robinson. "He never asked any question about my papers or anything like that."

The remark drew applause but not of the same intensity accorded Clinton.

Schwarzenegger, however, offered advice similar to Clinton's: "Don't just reach out to one party, because you need both parties in order to be successful. You need the Democrats. And you need the Republicans."

Rudy For President? (NOVAK)

By ROBERT D. NOVAK

Robert Novak, July 8, 2006

Well-connected public figures report that they have been told recently by Rudolph Giuliani that, as of now, he intends to run for the Republican Presidential nomination in 2008.

The former mayor of New York was on top of last month's national Gallup poll measuring Presidential preferences by registered Republicans, with 29 percent. Sen. John McCain's 24 percent was second, with former House Speaker Newt Gingrich third at 8 percent. National polls all year have shown Giuliani running either first or second to McCain, with the rest of the Presidential possibilities far behind.

Republican insiders respond to these numbers by saying rank-and-file GOP voters will abandon Giuliani once they realize his position on abortion, gay rights and gun control. Party strategists calculate that if he actually runs, he must change on at least one of these issues.

DEMOCRAT LIEBERMAN

Supporters of Sen. Joseph Lieberman promise he will continue as a member of the Senate Democratic caucus even if he loses the Democratic primary in Connecticut Aug. 8 and is elected as an independent.

Lieberman's decision announced last week to seek petitions to give him an independent ballot position probably helped businessman Ned Lamont's antiwar Democratic primary campaign. Although Lieberman's support of President Bush on the Iraq war is not popular in Connecticut, he would be heavily favored in a three-way race against Lamont and Republican former state Rep. Alan Schlesinger.

Lieberman's Republican Senate colleagues privately despair of the GOP picking up the Connecticut seat. But they hope Lieberman, if elected as an independent, would be more inclined to vote with Republicans than he is now, even if he still caucuses with the Democrats.

WOOING HISPANICS

Presidential adviser Karl Rove and Sen. Sam Brownback, two conservative Republicans who favor a guest-worker program for immigrants, will address the left-wing Hispanic advocacy group La Raza in Los Angeles this week.

La Raza was active in increasing participation in nationwide work stoppages and demonstrations April 10 after the House passed a tough border enforcement bill. La Raza in Spanish means "The Race."

Former President Bill Clinton heads the list of speakers for the annual meeting of La Raza's national council. The Rev. Jesse Jackson will appear on a panel.

TRIAL LAWYER POLITICS

Although it attracted no news media attention, a subcommittee hearing of the normally bipartisan House Financial Services Committee erupted in partisan furor June 28 when Republican Rep. Richard Baker of Louisiana proposed controls on lawyers engaged in securities litigation.

Baker's subcommittee focused on the recent federal indictment of the Milberg Weiss Bershad & Schulman law firm in connection with class-action lawsuits. The firm in recent years has contributed $2.78 million to Democratic candidates and $22,000 to Republicans.

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The Financial Services Committee's top two Democrats -- Barney Frank of Massachusetts and Paul Kanjorski of Pennsylvania -- vigorously objected to a federal judge testifying about current defendants in a federal prosecution. Vaughn R. Walker, chief district judge for Northern California, gave the subcommittee his views on the indictments and Baker's legislation.

NO DIRTY TRICKS

Independent, pro-labor candidate Bill Scheurer remained on the ballot after last Monday's deadline without challenge in the Chicago suburban congressional district where freshman Democratic Rep. Melissa Bean is a priority Republican target for 2006.

It had been widely expected that state House Speaker Mike Madigan, the Illinois Democratic chairman, would challenge Scheurer collection of the necessary 14,000 petition signatures for ballot access. Scheurer had filed a lawsuit alleging dirty tricks by Madigan and other Democratic leaders.

Bean was the most spectacular Democratic winner in the 2004 elections with a victory over Phil Crane, the senior Republican member of the House. She had considerable labor support in that campaign, but she lost Teamsters and state AFL-CIO backing after reneging on her campaign commitment to oppose the Central American Free Trade Agreement (CAFTA). Labor votes switching over to Scheurer would benefit the Republican candidate, investment banker David McSweeney.

Robert D. Novak is a syndicated columnist and a commentator for the FOX network.

The Immigration Equation (NYT)

By Roger Lowenstein

The New York Times, July 9, 2006

The day I met George Borjas, cloistered in his office at the John F. Kennedy School of Government at Harvard while graduate students from Russia, India, China and maybe Mexico mingled in the school cafe, sipping coffee and chattering away in all their tongues, the United States Senate was hotly debating what to do about the country's immigration policy. Borjas professed to be unfazed by the goings-on in Washington. A soft-spoken man, he stressed repeatedly that his concern was not to make policy but to derive the truth. To Borjas, a Cuban immigrant and the pre-eminent scholar in his field, the truth is pretty obvious: immigrants hurt the economic prospects of the Americans they compete with. And now that the biggest contingent of immigrants are poorly educated Mexicans, they hurt poorer Americans, especially African-Americans, the most.

Borjas has been making this case — which is based on the familiar concept of supply and demand — for more than a decade. But the more elegantly he has made it, it seems, the less his colleagues concur. "I think I have proved it," he eventually told me, admitting his frustration. "What I don't understand is why people don't agree with me."

It turns out that Borjas's seemingly self-evident premise — that more job seekers from abroad mean fewer opportunities, or lower wages, for native workers — is one of the most controversial ideas in labor economics. It lies at the heart of a national debate, which has been encapsulated (if not articulated) by two very different immigration bills: one, passed by the House of Representatives, which would toughen laws against undocumented workers and probably force many of them to leave the country; and one in the Senate, a measure that would let most of them stay.

You can find economists to substantiate the position of either chamber, but the consensus of most is that, on balance, immigration is good for the country. Immigrants provide scarce labor, which lowers prices in much the same way global trade does. And overall, the newcomers modestly raise Americans' per capita income. But the impact is unevenly distributed; people with means pay less for taxi rides and household help while the less-affluent command lower wages and probably pay more for rent.

The debate among economists is whether low-income workers are hurt a lot or just a little — and over what the answer implies for U.S. policy. If you believe Borjas, the answer is troubling. A policy designed with only Americans' economic well-being in mind would admit far fewer Mexicans, who now account for about 3 in 10 immigrants. Borjas, who emigrated from Cuba in 1962, when he was 12 (and not long after soldiers burst into his family's home and ordered them at gunpoint to stand against a wall), has asserted that the issue, indeed, is "Whom should the United States let in?"

Such a bald approach carries an overtone of the ethnic selectivity that was a staple of the immigration debates a century ago. It makes many of Borjas's colleagues uncomfortable, and it is one reason that the debate is so charged. Another reason is that many of the scholars who disagree with Borjas also hail from someplace else — like gardeners and seamstresses, a surprising number of Ph.D. economists in the U.S. are foreign-born.

Easily the most influential of Borjas's critics is David Card, a Canadian who teaches at Berkeley. He has said repeatedly that, from an economic standpoint, immigration is no big deal and that a lot of the opposition to it is most likely social or cultural. "If Mexicans were taller and whiter, it would probably be a lot easier to deal with," he says pointedly.

Economists in Card's camp tend to frame the issue as a puzzle — a great economic mystery because of its very success. The puzzle is this: how is the U.S. able to absorb its immigrants so easily?

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After all, 21 million immigrants, about 15 percent of the labor force, hold jobs in the U.S., but the country has nothing close to that many unemployed. (The actual number is only seven million.) So the majority of immigrants can't literally have "taken" jobs; they must be doing jobs that wouldn't have existed had the immigrants not been here.

The economists who agree with Card also make an intuitive point, inevitably colored by their own experience. To the Israeli-born economist whose father lived through the Holocaust or the Italian who marvels at America's ability to integrate workers from around the world, America's diversity — its knack for synthesizing newly arrived parts into a more vibrant whole — is a secret of its strength. To which Borjas, who sees a different synthesis at work, replies that, unlike his colleagues, the people arriving from Oaxaca, Mexico, are unlikely to ascend to a university faculty. Most of them did not finish high school. "The trouble with the stories that American journalists write about immigration," he told me, "is they all start with a story about a poor mother whose son grows up to become. . . . " and his voice trailed off as if to suggest that whatever the particular story — that of a C.E.O., a ballplayer or even a story like his own — it would not prove anything about immigration. What economists aim for is to get beneath the anecdotes. Is immigration still the engine of prosperity that the history textbooks describe? Or is it a boon to business that is destroying the livelihoods of the poorest workers — people already disadvantaged by such postmodern trends as globalization, the decline of unions and the computer?

{ The Lopsided-Skill-Mix Problem }

This spring, while militias on the prowl for illegal immigrants were converging on the Arizona border and, on the other side of the political fence, immigrant protesters were taking to the streets, I sampled the academic literature and spent some time with Borjas and Card and various of their colleagues. I did not expect concurrence, but I hoped to isolate what we know about the economic effects of immigration from what is mere conjecture. The first gleaning from the Ivory Tower came as a surprise. All things being equal, more foreigners and indeed more people of any stripe do not mean either lower wages or higher unemployment. If they did, every time a baby was born, every time a newly minted graduate entered the work force, it would be bad news for the labor market. But it isn't. Those babies eat baby food; those graduates drive automobiles.

As Card likes to say, "The demand curve also shifts out." It's jargon, but it's profound. New workers add to the supply of labor, but since they consume products and services, they add to the demand for it as well. "Just because Los Angeles is bigger than Bakersfield doesn't mean L.A. has more unemployed than Bakersfield," Card observes.

In theory, if you added 10 percent to the population — or even doubled it — nothing about the labor market would change. Of course, it would take a little while for the economy to adjust. People would have to invest money and start some new businesses to hire all those newcomers. The point is, they would do it. Somebody would realize that the immigrants needed to eat and would open a restaurant; someone else would think to build them housing. Pretty soon there would be new jobs available in kitchens and on construction sites. And that has been going on since the first boat docked at Ellis Island.

But there's a catch. Individual native workers are less likely to be affected if the immigrants resemble the society they are joining — not physically but in the same mix of skills and educational backgrounds. For instance, if every immigrant were a doctor, the theory is, it would be bad for doctors already here. Or as Borjas asked pointedly of me, what if the U.S. created a special visa just for magazine writers? All those foreign-born writers would eat more meals, sure, but (once they mastered English, anyway), they would be supplying only one type of service — my type. Bye-bye fancy assignments.

During the previous immigrant wave, roughly from 1880 to 1921 (it ended when the U.S. established restrictive quotas based on country of origin), the immigrants looked pretty much like the America into which they were assimilating. At the beginning of the 20th century, 9 of 10 American adults did not have high-school diplomas, nor did the vast majority of immigrants. Those Poles and Greeks and Italians made the country more populous, but they did not much change the makeup of the labor market.

This time it's different. The proportion of foreign-born, at 12 percent, remains below the peak of 15 percent recorded in 1890. But compared with the work force of today, however, the skill mix of immigrants is lopsided. About the same proportion have college degrees (though a higher proportion of immigrants are post-graduates). But many more — including most of the those who have furtively slipped across the Mexican border — don't have high-school diplomas.

The latest estimate is that the United States has 11.5 million undocumented foreigners, and it's those immigrants — the illegal ones — who have galvanized Congress. The sponsor of the House legislation, Representative James Sensenbrenner, a Republican from Wisconsin, says bluntly that illegals are bad for the U.S. economy. His bill would require employers to verify the status of their workers from a national database and levy significant penalties on violators. But H.R. 4437 isn't primarily an economics bill — it's an expression of outrage over the porousness of America's borders. Among many other enforcement measures, the bill forces the U.S. to build hundreds of miles of fencing on its Southern border.

The Senate bill is irreducibly complex (more than 800 pages), but basically, it seeks to cure the problem of illegals by bringing them in from the shadows. Those already here would be able to continue working and get on track toward a more

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normalized status. In the future, employers could bring in guest workers — what Senate draftsmen refer to hopefully as temporary workers — as long as they paid them the going wage.

This latter bill, the product of an alliance between John McCain and Edward Kennedy, isn't really an economics bill, either, at least not the way economists see it. Its premise is that if you legalize undocumented people and reinforce the borders, then whatever negative impact immigrants have on the labor market will go away. The theory is that newly minted green-card holders, no longer having deportation to fear, will stick up for their rights and for higher wages too. Interestingly, some big labor unions, like the Service Employees International Union, are supporters. But economists are skeptical. For one thing, after the U.S. gave amnesty to the nearly three million undocumented workers who were in the country in 1986, their wages didn't budge. Second, economists, as you might expect, say market forces like supply and demand, not legal status, are what determine wages.

It baffles some economists that Congress pays so little heed to their research, but then immigration policy has never been based on economics. Economic fears played a part in the passage of the exclusionary acts against Chinese in the late 19th and early 20th centuries, and in the 1920's of quotas (aimed in particular at people from southern and eastern Europe), but they were mostly fueled by xenophobia. They were supplanted in the Civil Rights era by the Immigration and Nationality Act of 1965, which ended quotas and established a new priority based on family reunification. That law, also sponsored by Kennedy, had nothing to do with economics, either. It made the chief criterion for getting in having a relative who was already here.

If economists ran the country, they would certainly take in more immigrants who, like them, have advanced degrees. (The U.S., which is hugely dependent on foreigners to fill certain skilled occupations like scientific research and nursing, does admit a relative handful of immigrants each year on work visas.) Canada and Australia admit immigrants primarily on the basis of skills, and one thing the economists agree on is that high earners raise the national income by more than low earners. They are also less of a burden on the tax rolls.

With the exception of a few border states, however, the effect of immigration on public-sector budgets is small, and the notion that undocumented workers in particular abuse the system is a canard. Since many illegals pay into Social Security (using false ID numbers), they are actually subsidizing the U.S. Treasury. And fewer than 3 percent of immigrants of any stripe receive food stamps. Also, and contrary to popular wisdom, undocumented people do support local school districts, since, indirectly as renters or directly as homeowners, they pay property taxes. Since they tend to be poor, however, they contribute less than the average. One estimate is that immigrants raise state and local taxes for everyone else in the U.S. by a trivial amount in most states, but by as much as $1,100 per household per year in California. They are certainly a burden on hospitals and jails but, it should be noted, poor legal workers, including those who are native born, are also a burden on the health care system.

{ Parsing the Wage Gap }

Economists focus on Mexicans not because many are undocumented but because, relative to the rest of the labor force, Mexicans have far fewer skills. And Mexicans and other Central Americans (who tend to have a similar economic background) are arriving and staying in this country at a rate of more than 500,000 a year. Their average incomes are vastly lower than those both of native-born men and of other immigrants.

Native-born workers: $45,400

All immigrants: $37,000

Mexican immigrants: $22,300

The reason Mexicans earn much less than most Americans is their daunting educational deficit. More than 60 percent of Mexican immigrants are dropouts; fewer than 10 percent of today's native workers are.

That stark contrast conveys, to economists, two important facts. One is that Mexicans are supplying a skill level that is much in demand. It doesn't just seem that Americans don't want to be hotel chambermaids, pick lettuce or repair roofs; it's true. Most gringos are too educated for that kind of work. The added diversity, the complementariness of skills, that Mexicans bring is good for the economy as a whole. They perform services that would otherwise be more expensive and in some cases simply unavailable.

The Americans who are unskilled, however, must compete with a disproportionate number of immigrants. One of every four high-school dropouts in the U.S. was born in Mexico, an astonishing ratio given that the proportion of Mexicans in the overall labor force is only 1 in 25. So it's not magazine writers who see their numbers expanding; it's Americans who are, or would be, working in construction, restaurants, household jobs, unskilled manufacturing and so forth.

That's the theory. But economists have had a hard time finding evidence of actual harm. For starters, they noticed that societies with lots of immigrants tend, if anything, to be more prosperous, not less. In the U.S., wages in cities where immigrants have clustered, like New York, have tended to be higher, not lower. Mississippi, on the other hand, which has the lowest per-capita income of any state, has had very few immigrants.

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That doesn't necessarily mean that immigrants caused or even contributed to high wages; it could be they simply go where the demand is greatest — that their presence is an effect of high wages. As statisticians are wont to remind us, "Correlation does not imply causation." (The fact that hospitals are filled with sick people doesn't mean hospitals make you sick.) Maybe without immigrants, wages in New York would be even higher.

And certainly, wages of the unskilled have been a source of worry for years. From 1970 to 1995, wages for high-school dropouts, the group that has been the most affected by immigrants, plummeted by more than 30 percent, after adjusting for inflation. Look at the following averages (all for male workers):

College graduates: $73,000

People with some college: $41,000

High-school grads: $32,000

Dropouts: $24,800

These figures demonstrate a serious problem, at least if you care about wage inequality, and a quick glance at this list and the previous one shows that native-born dropouts are earning only a shade more than Mexicans working in this country. But that hardly proves that cheap Mexican labor is to blame. For one thing, economists believe that other factors, like the failure of Congress to raise the minimum wage, globalization (cheap Chinese labor, that is) and the decline of unions are equally or even more responsible. Another popular theory is that computer technology has made skilled labor more valuable and unskilled labor less so.

Also, when economists look closely at wage dispersion, the picture isn't wholly consistent with the immigrants-as-culprits thesis. Look again at the numbers: people at the top (college grads) make a lot more than average but from the middle on down incomes are pretty compressed. Since only dropouts are being crowded by illegal immigrants, you would expect them to be falling further behind every other group. But they aren't; since the mid-90's, dropouts have been keeping pace with the middle; it's the corporate executives and their ilk at the top who are pulling away from the pack, a story that would seem to have little to do with immigration.

This isn't conclusive either, Borjas notes. After all, maybe without immigrants, dropouts would have done much better than high-school grads. Economists look for the "counterfactual," or what would have happened had immigrants not come. It's difficult to tell, because in the real world, there is always a lot more going on — an oil shock, say, or a budget deficit — than the thing whose effect you are studying. To isolate the effect of immigrants alone would require a sort of lab experiment. The trouble with macroeconomics is you can't squeeze your subjects into a test tube.

{ Marielitos in Miami, Doctors in Israel and Other Natural Experiments }

The academic study of immigration's economic effects earned little attention before the subject started to get political traction in the 1980's. Then, in 1990, Borjas, who was on the faculty at the University of California at Santa Barbara, published a book, "Friends or Strangers," which was mildly critical of immigration's effects.

That same year, David Card realized that a test tube did exist. Card decided to study the 1980 Mariel boat lift, in which 125,000 Cubans were suddenly permitted to emigrate. They arrived in South Florida with virtually no advance notice, and approximately half remained in the Miami area, joining an already-sizable Cuban community and swelling the city's labor force by 7 percent.

To Card, this produced a "natural experiment," one in which cause and effect were clearly delineated. Nothing about conditions in the Miami labor market had induced the Marielitos to emigrate; the Cubans simply left when they could and settled in the city that was closest and most familiar. So Card compared the aftershocks in Miami with the labor markets in four cities — Tampa, Atlanta, Houston and Los Angeles — that hadn't suddenly been injected with immigrants.

That the Marielitos, a small fraction of whom were career criminals, caused an upsurge in crime, as well as a more generalized anxiety among natives, is indisputable. It was also commonly assumed that the Marielitos were taking jobs from blacks.

But Card documented that blacks, and also other workers, in Miami actually did better than in the control cities. In 1981, the year after the boat lift, wages for Miami blacks were fractionally higher than in 1979; in the control cities, wages for blacks were down. The only negative was that unemployment rose among Cubans (a group that now included the Marielitos).

Unemployment in all of the cities rose the following year, as the country entered a recession. But by 1985, the last year of Card's study, black unemployment in Miami had retreated to below its level of 1979, while in the control cities it remained much higher. Even among Miami's Cubans, unemployment returned to pre-Mariel levels, confirming what seemed visible to the naked eye: the Marielitos were working. Card concluded, "The Mariel influx appears to have had virtually no effect on the wages or unemployment rates of less-skilled workers."

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Although Card offered some hypotheses, he couldn't fully explain his results. The city's absorption of a 7 percent influx, he wrote, was "remarkably rapid" and — even if he did not quite say it — an utter surprise. Card's Mariel study hit the cloistered world of labor economists like a thunderbolt. All of 13 pages, it was an aesthetic as well as an academic masterpiece that prompted Card's peers to look for other "natural" immigration experiments. Soon after, Jennifer Hunt, an Australian-born Ph.D. candidate at Harvard, published a study on the effects of the return migration of ethnic French from Algeria to France in 1962, the year of Algerian independence. Similar in spirit though slightly more negative than the Mariel study, Hunt found that the French retour had a very mild upward effect on unemployment and no significant effect on wages.

Rachel Friedberg, an economist at Brown, added an interesting twist to the approach. Rather than compare the effect of immigration across cities, she compared it across various occupations. Friedberg's curiosity had been piqued in childhood; born in Israel, she moved to the U.S. as an infant and grew up amid refugee grandparents who were a constant reminder of the immigrant experience.

She focused on an another natural experiment — the exodus of 600,000 Russian Jews to Israel, which increased the population by 14 percent in the early 1990's. She wanted to see if Israelis who worked in occupations in which the Russians were heavily represented had lost ground relative to other Israelis. And in fact, they had. But that didn't settle the issue. What if, Friedberg wondered, the Russians had entered less-attractive fields precisely because, as immigrants, they were at the bottom of the pecking order and hadn't been able to find better work? And in fact, she concluded that the Russians hadn't caused wage growth to slacken; they had merely gravitated to positions that were less attractive. Indeed, Friedberg's conclusion was counterintuitive: the Russians had, if anything, improved wages of native Israelis. She hypothesized that the immigrants competed more with one another than with natives. The Russians became garage mechanics; Israelis ran the garages.

{ Measuring the Hit to Wages }

By the mid-90's, illegal immigration was heating up as an issue in the United States, prompting a reaction in California, where schools and other public services were beginning to feel a strain. But academics were coalescing around the view that immigration was essentially benign — that it depressed unskilled native wages by a little and raised the average native income by a little. In 1997, a panel of the National Academy of Sciences, which reviewed all of the literature, estimated that immigration during the previous decade had, at most, lowered unskilled-native wages by 1 percent to 2 percent.

Borjas didn't buy it. In 1999 he published a second, more strident book, "Heaven's Door." It espoused a "revisionist" view — that immigration caused real harm to lower-income Americans. Borjas argued that localized studies like Mariel were flawed, for the simple reason that labor markets in the U.S. are linked together. Therefore, the effects of immigration could not be gauged by comparing one city with another.

Borjas pointed out, as did others, that more native-born Americans started migrating out of California in the 1970's, just as Mexicans began arriving in big numbers. Previously California was a destination for Americans. Borjas reckoned that immigrants were pushing out native-born Americans, and that the effect of all the new foreigners was dispersed around the country.

The evidence of a labor surplus seemed everywhere. "If you wanted a maid," he recalled of California during the 90's, "all you had to do was tell your gardener, and you had one tomorrow." He felt certain that Mexicans were depressing unskilled wages but didn't know how to prove it.

After Borjas moved East, he had an inspiration. It was easy to show that high-school dropouts had experienced both lower wage growth and more competition from immigrants, but that didn't settle the point, because so many other factors could have explained why dropouts did poorly. The inspiration was that people compete not only against those with a like education, but also against workers of roughly the same experience. Someone looking for a first job at a McDonald's competes against other unskilled entry-level job seekers. A reporter with 15 years' experience who is vying for a promotion will compete against other veterans but not against candidates fresh out of journalism school.

This insight enabled Borjas to break down the Census data in a way that put his thesis to a more rigorous test. He could represent skill groups within each age as a point on a graph. There was one point for dropouts who were 10 years out of school, another for those who were 20 years and 30 years out. Each of these points was repeated for each decade from 1960 to 2000. And there was a similar set of points for high-school graduates, college graduates and so forth. The points were situated on the graph according to two variables: the horizontal axis measured the change in the share of immigrants within each "point," the vertical axis measured wage growth.

A result was a smattering of dots that on casual inspection might have resembled a work of abstract art. But looking closer, the dots had a direction: they pointed downward. Using a computer, Borjas measured the slope: it suggested that wages fell by 3 to 4 percent for each 10 percent increase in the share of immigrants.

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With this graph, Borjas could calculate that, during the 80's and 90's, for instance, immigrants caused dropouts to suffer a 5 percent decline relative to college graduates. In a paper published in 2003, "The Labor Demand Curve Is Downward Sloping," Borjas termed the results "negative and significant."

But what about the absolute effect? Assuming businesses did not hire any of the new immigrants, Borjas's finding would translate to a hefty 9 percent wage loss for the unskilled over those two decades, and lesser declines for other groups (which also received some immigrants). As we know, however, as the population grows, demand rises and business do hire more workers. When Borjas adjusted for this hiring, high-school dropouts were still left with a wage loss of 5 percent over those two decades, some $1,200 a year. Other groups, however, showed a very slight gain. To many economists as well as lay folk, Borjas's findings confirmed what seemed intuitive all along: add to the supply of labor, and the price goes down.

To Card, however, what seems "intuitive" is often suspect. He became a labor economist because the field is full of anomalies. "The simple-minded theories that they teach you in economics don't work" for the labor market, he told me. In the 90's, Card won the prestigious Clark Medal for several studies, including Mariel and another showing that, contrary to theory, raising the minimum wage in New Jersey (another natural experiment) did not cause fast-food outlets to cut back on employment.

In a recent paper, "Is the New Immigration Really So Bad?" Card took indirect aim at Borjas and, once again, plumbed a labor-market surprise. Despite the recent onslaught of immigrants, he pointed out, U.S. cities still have fewer unskilled workers than they had in 1980. Immigrants may be depriving native dropouts of the scarcity value they might have enjoyed, but at least in a historical sense, unskilled labor is not in surplus. America has become so educated that immigrants merely mitigate some of the decline in the homegrown unskilled population. Thus, in 1980, 24 percent of the work force in metropolitan areas were dropouts; in 2000, only 18 percent were.

Card also observed that cities with more immigrants, like those in the Sun Belt close to the Mexican border, have a far higher proportion of dropouts. This has led to a weird unbalancing of local labor markets. For example, 10 percent of the work force in Pittsburgh and 15 percent in Cleveland are high-school dropouts; in Houston the figure is 25 percent, in Los Angeles, 30 percent. The immigrants aren't dispersing, or not very quickly.

So where do all the dropouts work? Los Angeles does have a lot of apparel manufacturers but not enough of such immigrant-intensive businesses to account for all of its unskilled workers. Studies also suggest that immigration is correlated with a slight increase in unemployment. But again, the effect is small. So the mystery is how cities absorb so many unskilled. Card's theory is that the same businesses operate differently when immigrants are present; they spend less on machines and more on labor. Still, he admitted, "We are left with the puzzle of explaining the remarkable flexibility of employment demand."

Card started thinking about this when he moved from Princeton in the mid-90's. He noticed that everyone in Berkeley seemed to have a gardener, "even though professors are not rich." In the U.S., which has more unskilled labor than Europe, more people employ housecleaners. The African-American women who held those jobs before the war, like the Salvadorans and Guatemalans of today, weren't taking jobs; they were creating them. { The Personal Is Economic } Though Card works on immigration only some of the time, he and Borjas clearly have become rivals. In a recent paper, Card made a point of referring to the "revisionist" view as "overly pessimistic." Borjas told Business Week that Card's ideas were "insane." ("Obviously I didn't mean he is insane; he is a very bright guy," Borjas clarified when we talked. "The idea that you can add 15 or 20 million people and not have any effect seems crazy.") Alan B. Krueger, an economist who is friendly with each, says, "I fear it might become acrimonious." Card told me twice that Borjas's calculations were "disingenuous." "Borjas has a strong view on this topic," Card said, "almost an emotional position."

Card is more comfortable with anecdote than many scholars, and he tells a story about his wife, who teaches English to Mexicans. In one class, she tapped on a wall, asking a student to identify it, and the guy said, "That's drywall." To Card, it signifies that construction is one of those fields that soak up a disproportionate number of Mexicans; it's a little piece of the puzzle. "Even when I was a kid in Ontario 45 years ago," he notes, "the tobacco pickers were Jamaicans. They were terrible jobs — backbreaking." Card is a political liberal with thinning auburn air and a controlled, smirky smile. His prejudices, if not his emotions, favor immigrants. Raised by dairy farmers in Guelph, Ontario, he remembers that Canadian cities were mostly boring while he was growing up. The ones that attracted immigrants, like Toronto and Vancouver, boomed and became more cosmopolitan. "

Everyone knows in trade there are winners and losers," Card says. "For some reason it doesn't stop people from advocating free trade." He could have said the same of Wal-Mart, which has put plenty of Mom-and-Pop retailers out of business. In fact, any time a firm offers better or more efficient service, somebody will suffer. But the economy grows as a result. "

I honestly think the economic arguments are second order," Card told me when we discussed immigration. "They are almost irrelevant."

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Card's implication is that darker forces — ethnic prejudice, maybe, or fear of social disruption — is what's really motivating a lot of anti-immigrant sentiment. Borjas, a Hispanic who has written in blunt terms about the skill deficits of Mexicans, in particular arouses resentment. "Mexicans aren't as good as Cubans like him," Douglas S. Massey, a demographer at Princeton, said in a pointed swipe.

Borjas lives an assimilated life. He has a wife who speaks no Spanish, three kids, two of whom study his mother tongue as a foreign language, and a home in Lexington, a tony Boston suburb. Yet his mind-set often struck me as that of an outsider — an immigrant, if you will, to his own profession.

When I asked the inevitable question — did his exile experience influence his choice of career? — he said, "Clearly it predisposed me." The seeds of the maverick scholar were planted the year before he left Cuba, a searing time when the revolution was swinging decisively toward Soviet-style communism. His family had owned a small factory that manufactured men's pants. The factory was shut down, and the family made ready to leave the island, but their departure was delayed by the death of Borjas's father. The son had to attend a revolutionary school, where the precepts of Marxism-Leninism were drilled into the future economist with notable lack of success. One day he marched in the band and drummed the "Internationale" in front of Fidel Castro and the visiting Yuri Gagarin, the Soviet cosmonaut. "Since that year I have been incredibly resistant to any kind of indoctrination," he told me — an attitude that surfaces in wry references to the liberal Harvard environs as the "People's Republic of Cambridge" and to American political correctness in general.

Borjas's family arrived with virtually no money; they got some clothing from Catholic Charities and a one-time stipend of, as he recollects, $100. His mother got a factory job in Miami, where they stayed several years. Then the family moved to New Jersey. He at tended Saint Peter's College in Jersey City and got his Ph.D. at Columbia.

I asked him whether the fact that he was Cuban, the most successful Latin subgroup, had affected his views of other Hispanics. "Look, I've never been psychoanalyzed," he said with an air of resignation, as if he were accustomed to hearing such loaded questions. One thing Borjas shares with Card is a view that others treat immigration emotionally. But Borjas takes comfort not in anecdote but in empiricism. As he said to me often, "The data is the data."

{ Immigrants Can Be Complementary }

Economists on Card's side of the debate recognize that they at least have to deal with Borjas's data — to reconcile why the local studies and national studies produce different results. Card shrugs it off; even 5 percent for a dropout, he observes, is only 50 to 60 cents an hour. Giovanni Peri, an Italian working at the University of California, Davis, had a more intriguing response. Peri replicated Borjas's scatter diagram, and also his finding that unskilled natives suffer a loss relative to, say, graduates. He made different assumptions, however, about how businesses adjust to the influx of new workers, and as a result, he found that the absolute harm was less, or the gain was greater, for all native-born groups. By his reckoning, native dropouts lost only 1 percent of their income during the 1990's.

Peri's theory is that most of the wage losses are sustained by previous immigrants, because immigrants compete most directly with one another. It's a principle of economics that a surplus in one part of the production scheme raises the demand for every other one. For instance, if you have a big influx of chefs, you can use more waiters, pushing up their wages; if you have a lot of chefs and waiters, you need more Sub-Zeros, so investment will also rise. The only ones hurt, in this example, are the homegrown chefs — the people who are "like" the immigrants.

Indeed, workers who are unlike immigrants see a net gain; more foreign doctors increases the demand for native hospital administrators. Borjas assumes that a native dropout (or a native anything) is interchangeable with an immigrant of the same skill level. Peri doesn't. If enough Mexicans go into construction, some native workers may be hurt, but a few will get promotions, because with more crews working there will be a greater demand for foremen, who most likely will be natives.

Natives have a different mix of skills — English, for instance, or knowledge of the landscape. In economists' lingo, foreigners are not "perfect substitutes." (Friedberg also observed this in Israel.) In some cases, they will complement rather than compete with native workers. Vietnamese manicurists in California cater to a lower-price, less-exclusive market than native-run salons. The particular skills of an Italian designer — or even an economist — are distinct from an American's. "My work is autobiographical to a large extent," notes Peri, who got into the field when the Italian government commissioned him to study why Italy was losing so many professionals. The foreigners he sees in California are a boon to the U.S. It astonishes him how people like Sensenbrenner want to restrict immigration and apply the letter of the law against those working here.

This is a very romantic view. The issue is not so much Italian designers as Mexican dropouts. But many Mexicans work jobs that are unappealing to most Americans; in this sense, they are not exactly like natives of their skill level either. Mexicans have replenished some occupations that would have become underpopulated; for instance, 40,000 people who became meat processors immigrated to the U.S. during the 1990's, shoring up the industry. Without them, some plants would have raised wages, but others would have closed or, indeed, relocated to Mexico.

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{ Are All Dropouts the Same? }

I talked to half a dozen vintners and a like number of roofing-company owners, both fields that rely on Mexican labor, and frequently heard that Americans do not, in sufficient numbers, want the work. In the case of the vineyards, if Mexicans weren't available, some of the grapes would be harvested by machine. This is what economists mean by "capital adjusting." If the human skills are there, capital will find a way to employ them. Over the short term, people chase jobs, but over the long term jobs chase people. (That is why software firms locate in Silicon Valley.)

If you talk to enough employers, you start to gather that they prefer immigrant labor over unskilled Americans. The former have fewer problems with tardiness, a better work ethic. Some of this may be prejudice. But it's possible that Mexican dropouts may be better workers than our dropouts. In Mexico, not finishing high school is the norm; it's not associated with an unsuitability for work or even especially with failure. In the U.S., where the great majority do graduate, those who don't graduate have high rates of drug use and problems with the law.

The issue is charged because the group with by far the highest rate of incarceration is African-American dropouts. Approximately 20 percent of black males without high-school diplomas are in jail. Indeed, according to Steven Raphael, a colleague of Card's at Berkeley, the correlation between wages and immigration is a lot weaker if you control for the fact that so many black men are in prison. But should you control for it? Borjas says he thinks not. It's pretty well established that as the reward for legal work diminishes, some people turn to crime. This is why people sold crack; the payoff was tremendous. Borjas has developed one of his graphs to show that the presence of immigrants is correlated with doing time, especially among African-Americans. Incarceration rates, he notes, rose sharply in the 70's, just as immigration did. He doesn't pretend that this is the whole explanation — only that there is a link. Card retorts: "The idea that the way to help the lot of African-Americans is to restrict Mexicans is ridiculous." Black leaders have themselves mostly switched sides. In the 20's, A. Philip Randolph, who led the Pullman Porters, spoke in favor of immigration quotas, but the civil rights establishment no longer treats immigration as a big issue; instead it tends to look at immigrants as potential constituents. (One person who takes issue with the prevailing view is Anthony W. Williams, an African-American pastor in Chicago who is running for Congress against Representative Jesse Jackson Jr. Black leaders have forsaken their mission, he told me. "Immigration will destroy the economic base of the African-American community.")

In the spring, as the Senate Judiciary Committee was trying to parse these issues into a piece of legislation, Borjas and Card were invited to air their views. Each declined, in part because they don't think politicians really listen. As if to prove the point, the effort to write a joint bill has stalled, following Sensenbrenner's announcement that the House intends to stage a series of public hearings on immigration around the country over the summer. There will be a lot said about border control, many heartfelt stories and probably very little about natural experiments.

The economists do have political opinions, of course. Borjas leans to a system like Canada's, which would admit immigrants on the basis of skills. He also says that, to make sure the problem of illegals does not recur, the U.S. should secure its borders before it adjusts the status of its present illegals.

Advocates of a more open policy often cite the country's history. They argue that the racists of bygone eras were not only discriminatory but also wrong. Card, for instance, mentioned an article penned by a future U.S. senator, Paul Douglas, titled "Is the New Immigration More Unskilled Than the Old?" It was written in 1919, when many people (though not Douglas) held that Jews, Slavs and Italians were incompatible with the country's Anglo and Teutonic stock. Nativism has always been part of the American scene, and it has tended to turn ugly in periods when the country was tired of or suspicious of foreigners. In 1952, quotas were maintained in a law sponsored by Senator Pat McCarran, a prominent McCarthyite. There remains today a palpable strain of xenophobia in the anti-immigrant movement. Dan Stein, president of the Federation for American Immigration Reform, remarked to me, rather meanly, "If someone comes here from China and they go swimming in a dangerous river, a sign in English is enough, but the Mexicans want it in Spanish." Ninety years ago, some signs were in German, as were 500 newspapers on American soil.

But U.S. history, as Borjas observes, can be read in two ways. For sure, earlier waves of immigrants assimilated, but America essentially closed the gate for 40 years. Antipathy toward Germans during World War I forced German-Americans to hide all traces of their origins. The quotas of the 1920's were reinforced by the Depression and then by World War II. The country had time to let assimilation occur.

A reverse process seems to be occurring with Mexican-Americans. Very few Mexicans came north in the decades after 1920, even though they were relatively free to do so. As recently as 1970, the U.S. had fewer than one million Mexicans, almost all of them in Texas and California. The U.S. did bring Mexican braceros to work on farms during the 1940's, 50's and 60's. The program was terminated in 1964, and immigration officials immediately noticed a sharp rise in illicit border crossings. The

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collapse of the Mexican economy in the 70's gave migrants a further push. Finally, Mexicans who obtained legal status were (thanks to the 1965 reform) able to bring in family members.

The important point is that, ultimately, there was a catalytic effect — so many Mexicans settled here that it became easier for more Mexicans to follow. One story has it that in a village in central Mexico people knew the price of mushrooms in Pennsylvania sooner than people in the next county over. Even if apocryphal, it illustrates what economists call a network effect: with 12 million people born in Mexico now dispersed around the U.S., information about job-market conditions filters back to Mexico with remarkable speed.

Now that the network is established, the exodus feels rather permanent; it is not a wave but a continuous flow. This has led to understandable anxiety, even among economists, about whether Mexicans will assimilate as rapidly as previous groups. Although second-generation Mexicans do (overwhelmingly) speak English, and also graduate from high school at far higher rates than their parents, Borjas has documented what he calls an ethnic "half-life" of immigrant groups: with each generation, members of the group retain half of the income and educational deficit (or advantage) of their parents. In other words, each group tends toward the mean, but the process is slow. Last year he wrote that Mexicans in America are burdened if not doomed by their "ethnic capital," and will be for several generations. In "Heaven's Door," Borjas even wrote forgivingly of the quota system enacted in the 20's, observing that it "was not born out of thin air; it was the political consensus . . . reached after 30 years of debate." These are distasteful words to many people. But Borjas does not advocate a return to quotas. His point is that Americans shouldn't kid themselves: "National origin and immigrant skills are so intimately related, any attempt to change one will inevitably change the other."

{ The Limits of Economics }

Economists more in the mainstream generally agree that the U.S. should take in more skilled immigrants; it's the issue of the unskilled that is tricky. Many say that unskilled labor is needed and that the U.S. could better help its native unskilled by other means (like raising the minimum wage or expanding job training) than by building a wall. None believe, however, that the U.S. can get by with no limits. Richard B. Freeman of Harvard floated the idea that the U.S. simply sell visas at a reasonable price. The fee could be adjusted according to indicators like the unemployment rate. It is unlikely that Congress will go for anything so cute, and the economists' specific prescriptions may be beside the point. As they acknowledge, immigration policy responds to a host of factors — cultural, political and social as well as economic. Migrant workers, sometimes just by crowding an uncustomary allotment of people into a single dwelling, bring a bit of disorder to our civic life; such concerns, though beyond the economists' range, are properly part of the debate.

What the economists can do is frame a subset of the important issues. They remind us, first, that the legislated goal of U.S. policy is curiously disconnected from economics. Indeed, the flow of illegals is the market's signal that the current legal limits are too low. Immigrants do help the economy; they are fuel for growth cities like Las Vegas and a salve to older cities that have suffered native flight. Borjas's research strongly suggests that native unskilled workers pay a price: in wages, in their ability to find inviting areas to migrate to and perhaps in employment. But the price is probably a small one.

The disconnect between Borjas's results and Card's hints that there is an alchemy that occurs when immigrants land ashore; the economy's potential for absorbing and also adapting is mysterious but powerful. Like any form of economic change, immigration causes distress and disruption to some. But America has always thrived on dynamic transformations that produce winners as well as losers. Such transformations stimulate growth. Other societies (like those in Europe) have opted for more controls, on immigration and on labor markets generally. They have more stability and more equality, but less growth and fewer jobs. Economists have highlighted these issues, but they cannot decide them. Their resolution depends on a question that Card posed but that the public has not yet come to terms with: "What is it that immigration policy is supposed to achieve?"

Immigration — And The Curse Of The Black Legend (NYT)

By Tony Horwitz

The New York Times, July 9, 2006

Vineyard Haven, Mass.

COURSING through the immigration debate is the unexamined faith that American history rests on English bedrock, or Plymouth Rock to be specific. Jamestown also gets a nod, particularly in the run-up to its 400th birthday, but John Smith was English, too (he even coined the name New England).

So amid the din over border control, the Senate affirms the self-evident truth that English is our national language; "It is part of our blood," Lamar Alexander, Republican of Tennessee, says. Border vigilantes call themselves Minutemen, summoning colonial Massachusetts as they apprehend Hispanics in the desert Southwest. Even undocumented immigrants invoke our Anglo founders, waving placards that read, "The Pilgrims didn't have papers."

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These newcomers are well indoctrinated; four of the sample questions on our naturalization test ask about Pilgrims. Nothing in the sample exam suggests that prospective citizens need know anything that occurred on this continent before the Mayflower landed in 1620. Few Americans do, after all.

This national amnesia isn't new, but it's glaring and supremely paradoxical at a moment when politicians warn of the threat posed to our culture and identity by an invasion of immigrants from across the Mexican border. If Americans hit the books, they'd find what Al Gore would call an inconvenient truth. The early history of what is now the United States was Spanish, not English, and our denial of this heritage is rooted in age-old stereotypes that still entangle today's immigration debate.

Forget for a moment the millions of Indians who occupied this continent for 13,000 or more years before anyone else arrived, and start the clock with Europeans' presence on present-day United States soil. The first confirmed landing wasn't by Vikings, who reached Canada in about 1000, or by Columbus, who reached the Bahamas in 1492. It was by a Spaniard, Juan Ponce de León, who landed in 1513 at a lush shore he christened La Florida.

Most Americans associate the early Spanish in this hemisphere with Cortés in Mexico and Pizarro in Peru. But Spaniards pioneered the present-day United States, too. Within three decades of Ponce de León's landing, the Spanish became the first Europeans to reach the Appalachians, the Mississippi, the Grand Canyon and the Great Plains. Spanish ships sailed along the East Coast, penetrating to present-day Bangor, Me., and up the Pacific Coast as far as Oregon.

From 1528 to 1536, four castaways from a Spanish expedition, including a "black" Moor, journeyed all the way from Florida to the Gulf of California — 267 years before Lewis and Clark embarked on their much more renowned and far less arduous trek. In 1540, Francisco Vázquez de Coronado led 2,000 Spaniards and Mexican Indians across today's Arizona-Mexico border — right by the Minutemen's inaugural post — and traveled as far as central Kansas, close to the exact geographic center of what is now the continental United States. In all, Spaniards probed half of today's lower 48 states before the first English tried to colonize, at Roanoke Island, N.C.

The Spanish didn't just explore, they settled, creating the first permanent European settlement in the continental United States at St. Augustine, Fla., in 1565. Santa Fe, N.M., also predates Plymouth: later came Spanish settlements in San Antonio, Tucson, San Diego and San Francisco. The Spanish even established a Jesuit mission in Virginia's Chesapeake Bay 37 years before the founding of Jamestown in 1607.

Two iconic American stories have Spanish antecedents, too. Almost 80 years before John Smith's alleged rescue by Pocahontas, a man by the name of Juan Ortiz told of his remarkably similar rescue from execution by an Indian girl. Spaniards also held a thanksgiving, 56 years before the Pilgrims, when they feasted near St. Augustine with Florida Indians, probably on stewed pork and garbanzo beans.

The early history of Spanish North America is well documented, as is the extensive exploration by the 16th-century French and Portuguese. So why do Americans cling to a creation myth centered on one band of late-arriving English — Pilgrims who weren't even the first English to settle New England or the first Europeans to reach Plymouth Harbor? (There was a short-lived colony in Maine and the French reached Plymouth earlier.)

The easy answer is that winners write the history and the Spanish, like the French, were ultimately losers in the contest for this continent. Also, many leading American writers and historians of the early 19th century were New Englanders who elevated the Pilgrims to mythic status (the North's victory in the Civil War provided an added excuse to diminish the Virginia story). Well into the 20th century, standard histories and school texts barely mentioned the early Spanish in North America.

While it's true that our language and laws reflect English heritage, it's also true that the Spanish role was crucial. Spanish discoveries spurred the English to try settling America and paved the way for the latecomers' eventual success. Many key aspects of American history, like African slavery and the cultivation of tobacco, are rooted in the forgotten Spanish century that preceded English arrival.

There's another, less-known legacy of this early period that explains why we've written the Spanish out of our national narrative. As late as 1783, at the end of the Revolutionary War, Spain held claim to roughly half of today's continental United States (in 1775, Spanish ships even reached Alaska). As American settlers pushed out from the 13 colonies, the new nation craved Spanish land. And to justify seizing it, Americans found a handy weapon in a set of centuries-old beliefs known as the "black legend."

The legend first arose amid the religious strife and imperial rivalries of 16th-century Europe. Northern Europeans, who loathed Catholic Spain and envied its American empire, published books and gory engravings that depicted Spanish colonization as uniquely barbarous: an orgy of greed, slaughter and papist depravity, the Inquisition writ large.

Though simplistic and embellished, the legend contained elements of truth. Juan de Oñate, the conquistador who colonized New Mexico, punished Pueblo Indians by cutting off their hands and feet and then enslaving them. Hernando de Soto bound

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Indians in chains and neck collars and forced them to haul his army's gear across the South. Natives were thrown to attack dogs and burned alive.

But there were Spaniards of conscience in the New World, too: most notably the Dominican priest Bartolomé de Las Casas, whose defense of Indians impelled the Spanish crown to pass laws protecting natives. Also, Spanish brutality wasn't unique; English colonists committed similar atrocities. The Puritans were arguably more intolerant of natives than the Spanish and the Virginia colonists as greedy for gold as any conquistador. But none of this erased the black legend's enduring stain, not only in Europe but also in the newly formed United States.

"Anglo Americans," writes David J. Weber, the pre-eminent historian of Spanish North America, "inherited the view that Spaniards were unusually cruel, avaricious, treacherous, fanatical, superstitious, cowardly, corrupt, decadent, indolent and authoritarian."

When 19th-century jingoists revived this caricature to justify invading Spanish (and later, Mexican) territory, they added a new slur: the mixing of Spanish, African and Indian blood had created a degenerate race. To Stephen Austin, Texas's fight with Mexico was "a war of barbarism and of despotic principles, waged by the mongrel Spanish-Indian and Negro race, against civilization and the Anglo-American race." It was the manifest destiny of white Americans to seize and civilize these benighted lands, just as it was to take the territory of Indian savages.

From 1819 to 1848, the United States and its army increased the nation's area by roughly a third at Spanish and Mexican expense, including three of today's four most populous states: California, Texas and Florida. Hispanics became the first American citizens in the newly acquired Southwest territory and remained a majority in several states until the 20th century.

By then, the black legend had begun to fade. But it seems to have found new life among immigration's staunchest foes, whose rhetoric carries traces of both ancient Hispanophobia and the chauvinism of 19th-century expansionists.

Representative J. D. Hayworth of Arizona, who calls for deporting illegal immigrants and changing the Constitution so that children born to them in the United States can't claim citizenship, denounces "defeatist wimps unwilling to stand up for our culture" against alien "invasion." Those who oppose making English the official language, he adds, "reject the very notion that there is a uniquely American identity, or that, if there is one, that it is superior to any other."

Representative Tom Tancredo of Colorado, chairman of the House Immigration Reform Caucus, depicts illegal immigration as "a scourge" abetted by "a cult of multiculturalism" that has "a death grip" on this nation. "We are committing cultural suicide," Mr. Tancredo claims. "The barbarians at the gate will only need to give us a slight push, and the emaciated body of Western civilization will collapse in a heap."

ON talk radio and the Internet, foes of immigration echo the black legend more explicitly, typecasting Hispanics as indolent, a burden on the American taxpayer, greedy for benefits and jobs, prone to criminality and alien to our values — much like those degenerate Spaniards of the old Southwest and those gold-mad conquistadors who sought easy riches rather than honest toil. At the fringes, the vilification is baldly racist. In fact, cruelty to Indians seems to be the only transgression absent from the familiar package of Latin sins.

Also missing, of course, is a full awareness of the history of the 500-year Spanish presence in the Americas and its seesawing fortunes in the face of Anglo encroachment. "The Hispanic world did not come to the United States," Carlos Fuentes observes. "The United States came to the Hispanic world. It is perhaps an act of poetic justice that now the Hispanic world should return."

America has always been a diverse and fast-changing land, home to overlapping cultures and languages. It's an homage to our history, not a betrayal of it, to welcome the latest arrivals, just as the Indians did those tardy and uninvited Pilgrims who arrived in Plymouth not so long ago.

A Run For The Border (WP)

By P.w. Singer

The Washington Post, July 9, 2006

Those of us who track federal contracting come across unusual announcements all the time. Sometimes they are a useful indicator of preparations for a policy soon to be enacted. Other times they signify nothing more than a government bureaucracy in all its inane glory. How, then, should we react to the solicitation at right -- a Department of Homeland Security request for an "indefinite quantity, indefinite delivery" of burritos to be stockpiled along the Texas border?

The contract raises a feast of questions: Why didn't Homeland Security just get the super-value meal? More important, is Taco Bell disqualified from bidding because of its slogan "Make a run for the border"?

Posted in late June, the solicitation came on the heels of another spicy tidbit on the same government database -- a contract for as much as $385 million awarded just a few months ago to Dick Cheney's old firm Halliburton to be on call in case

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the government ever needs to build 5,000-person camps for "temporary detention and processing." Could we have here a bean-and-beef-stuffed sign that the administration is contemplating a showy border sweep before the congressional elections?

That such conspiracy theories should even come to mind is a sad statement about our politics. Rather than serious public debate, we've been served a summer of faux outcries, such as describing flag burning and same-sex marriage as epidemics and treating immigration as a national security crisis. It's enough to give anyone indigestion.

P.W. Singer, a senior fellow at the Brookings Institution, always gets the Gorditas.

Border Insecurity (LAT)

The Los Angeles Times, July 9, 2006

'OUR BORDER MUST BE SECURE," Rep. Ed Royce (R-Fullerton) said Friday in Laredo, Texas, kicking off the second day of legislative field hearings on immigration reform. Only after this condition is met, he said, should we even begin to think about guest worker programs, visa policies and paths to citizenship.

This is a popular and seductive notion, one that is shaping up as the basis for a tenuous possible compromise between the enforcement-only immigration bill in the House and the comprehensive version in the Senate. It also is a practical pipe dream, one that fails to recognize the reason the border is so porous is that U.S. farms, construction sites, packing plants and restaurants have been relying on undocumented workers for years. To say you want to clamp down on the border before addressing the underlying labor issues is to vote for economic suicide. As New York Mayor Michael R. Bloomberg aptly put it at the Senate's competing committee hearing in Philadelphia last week: "It's as if we expect Border Patrol agents to do what a century of communism could not: defeat the natural market forces of supply and demand and defeat the natural human desire for freedom and opportunity. You might as well sit on your beach chair and tell the tide not to come in."

An impregnable border cannot prevent illegal immigration. One statistic you probably won't hear much during this silly season is that an estimated two out of five illegal immigrants residing in the United States came here legally, according to the Pew Hispanic Center. You could build a 2,000-mile-long wall along the southern border, as Royce has proposed; sentence ranchers to 10 years in prison if someone else builds a border-crossing tunnel on their land, as Rep. Duncan Hunter (R-El Cajon) has proposed; send the U.S. military down there, as Rep. Brian Bilbray (R-Rancho Santa Fe) has proposed … yet all you'd have to show for it is a crippled economy and an increase in other forms of illegal immigration.

As long as there are foreign tourists, border cards for Canadians and Mexicans and international enrollment at U.S. universities, there will be opportunities aplenty for some legal visitors to linger past their visa expiration dates.

Securing the border and ignoring the rest does nothing to reduce the legal thicket and interminable waiting lists facing those who wish to migrate by the rules. A sane approach would recognize that demand on both sides of the border is far outstripping the supply of legal visas; instead, House supporters of HR 4437 would choke off the number of annual employment visas at a nearly nonexistent 5,200.

House Republicans claim they want to first "certify" that the border is secure. To fully do that, they will need not just 2,000 miles of fence but another 3,145 miles for the northern border, untold thousands of new port inspectors, plus homing devices attached to every foreigner who dares set foot on U.S. soil. The border would be secure, but at the expense of the land of the free becoming a police state.

CONGRESS-ADMINISTRATION:

Surprising Jump In Tax Revenues Is Curbing Deficit (NYT)

By Edmund L. Andrews

The New York Times, July 9, 2006

WASHINGTON, July 8 — An unexpectedly steep rise in tax revenues from corporations and the wealthy is driving down the projected budget deficit this year, even though spending has climbed sharply because of the war in Iraq and the cost of hurricane relief.

On Tuesday, White House officials are expected to announce that the tax receipts will be about $250 billion above last year's levels and that the deficit will be about $100 billion less than what they projected six months ago. The rising tide in tax payments has been building for months, but the increased scale is surprising even seasoned budget analysts and making it easier for both the administration and Congress to finesse the big run-up in spending over the past year.

Tax revenues are climbing twice as fast as the administration predicted in February, so fast that the budget deficit could actually decline this year.

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The main reason is a big spike in corporate tax receipts, which have nearly tripled since 2003, as well as what appears to be a big increase in individual taxes on stock market profits and executive bonuses.

On Friday, the Congressional Budget Office reported that corporate tax receipts for the nine months ending in June hit $250 billion — nearly 26 percent higher than the same time last year — and that overall revenues were $206 billion higher than at this point in 2005.

Congressional analysts say the surprise windfall could shrink the deficit this year to $300 billion, from $318 billion in 2005 and an all-time high of $412 billion in 2004.

Republicans are already arguing that the revenue jump proves that their tax cuts, especially the 2003 tax cut on stock dividends, would spur the economy and ultimately increase revenues.

"The tax relief we delivered has helped unleash the entrepreneurial spirit of America and kept our economy the envy of the world," President Bush said in his weekly radio address on Saturday.

Democrats and many independent budget analysts note that overall revenues have barely climbed back to the levels reached in 2000, and that the government has borrowed trillions of dollars against Social Security surpluses just as the first of the nation's baby boomers are nearing retirement.

"The fact is that revenues are way below what the administration said they would be a few years ago," said Thomas S. Kahn, staff director for Democrats on the House Budget Committee. "The long-term prognosis is still very, very bleak, and the administration doesn't have any kind of long-term plan."

One reason the run-up in taxes looks good is because the past five years looked so bad. Revenues are up, but they have lagged well behind economic growth.

The surge could also evaporate as quickly as it appeared. Over the past decade, tax revenues have become much more volatile, alternately soaring and plunging in the wake of swings in the stock market and repeatedly defying government projections.

Nevertheless, the short-term change has been striking. At the beginning of the year, the Congressional Budget Office projected that this year's deficit would be $371 billion and the White House Office of Management and Budget put the figure at $423 billion.

Corporate tax payments are expected to exceed $300 billion, up from $131 billion three years ago. The other big increase is an extraordinary jump in individual taxes that were not withheld from paychecks, usually a reflection of taxes on investment income and executive bonuses.

The jump in receipts is providing Mr. Bush and Republicans in Congress with a new opportunity to assert that tax cuts of 2001 and 2003 are working and that Congress should make them permanent.

Pat Toomey, president of the Club for Growth, a conservative political fund-raising group, said: "The supply-siders were absolutely right. All the major sources of revenue have grown, especially in areas where we said they would."

But budget analysts, supporters and critics of Mr. Bush alike, cautioned that this year's windfall would do little to improve the government's long-term budget woes.

Government spending under Mr. Bush continued to climb rapidly this year, more than twice as fast as the economy. Spending on the war in Iraq has accelerated, to about $120 billion this year.

Far more ominously, the nation's oldest baby boomers will be eligible for Social Security benefits in just two years. Conservatives and liberals alike predict a huge escalation in costs of Social Security and Medicare over the next several decades.

"The long-term outlook is such a deep well of sorrow that I can't get much happiness out of this year," said Douglas Holtz-Eakin, a former director of the Congressional Budget Office and a former White House economist under President Bush.

Despite almost five years of economic growth, individual income taxes — the biggest component of federal tax revenues — have yet to reach the levels of 2000. Even with surging payments for investment profits and business income, individual tax payments in 2005 were only $972 billion — below the $1 trillion reached in 2000, even without adjusting for inflation.

Over all, individual and corporate taxes have lagged well behind the economy's growth over the past five years. Government spending, by contrast, mushroomed far faster than the economy.

And federal debt has ballooned to $8.3 trillion, up from $5.6 trillion when Mr. Bush took office. Republicans are trying to raise the authorized debt ceiling to $9.6 trillion.

War costs for Iraq and Afghanistan have totaled more than $300 billion since 2003, and the Bush administration has not included any war costs in its budget estimates beyond next year.

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Domestic discretionary programs, like education and space exploration, have slowed their growth after climbing rapidly in Mr. Bush's first term. But entitlement programs, particularly Medicaid and Medicare, are climbing rapidly as a result of rising medical prices and Mr. Bush's prescription drug program.

Outlays for Medicare have climbed 15 percent this year and are expected to hit $300 billion. About half of that increase results from the new prescription drug program, which is expected to cost nearly $1 trillion over the next 10 years.

"Even if spending is not going up as fast as it was before, it's not coming down," said Robert L. Bixby, executive director of the Concord Coalition, a bipartisan group that advocates budget discipline.

Despite a public outcry this year over pork-barrel spending sought by individual lawmakers for local projects, Mr. Bixby said, the main causes of higher spending stem from the war in Iraq and entitlement programs.

Both supporters and critics of Mr. Bush cautioned against attributing much long-term significance to the recent fiscal improvement, in part because tax revenues have become more volatile.

In the late 1990's, revenues exceeded predictions by more than $100 billion a year. After the recession of 2001, revenues plunged about $100 billion below what could be explained by slower economic growth and higher unemployment.

One reason for the increased volatility may be that, contrary to a popular assumption, a disproportionate share of income taxes is paid by wealthy households, and their incomes are based much more on the swings of the stock market than on wages and salaries. About one-third of all income taxes are paid by households in the top 1 percent of income earners, who make more than about $300,000 a year. Because those households also earn the overwhelming share of taxable investment income and executive bonuses, both their incomes and their tax liabilities swing sharply in bull and bear markets.

"These people have incomes that fluctuate much more rapidly, so when the economy is doing well and the stock market is doing well, tax revenues will be up," said Brian Riedl, a budget analyst at the Heritage Foundation, a conservative research organization. "Rapidly fluctuating tax revenues will continue to be the norm for years to come."

Compared with the size of the economy, tax revenues are still below historical norms and far below what the administration predicted as recently as 2003.

Tax receipts amounted to about 17.5 percent of the nation's gross domestic product in 2005, far below the level five years ago and still slightly below the average of 18 percent since World War II. Spending, by contrast, is running at about 20 percent of gross domestic product .

"Spending has not been restrained," Mr. Riedl said. "One hundred percent of the reduced deficit is because taxpayers are sending more money to Washington."

Agency Sees Record Corporate Tax Receipts (LAT)

By From Bloomberg News

The Los Angeles Times, July 9, 2006

The report will let the White House announce a $100-billion cut in the U.S. budget deficit.

WASHINGTON — Corporate tax receipts this year will probably cross the $300-billion threshold for the first time, boosting efforts to trim the U.S. budget deficit, the Congressional Budget Office said.

The budget agency, in its monthly review released Friday, estimated that corporate receipts would exceed $330 billion in fiscal 2006, up 18% from 2005. That is double the increase that the agency estimated at the beginning of the government's fiscal year, which ends Sept. 30.

The White House Office of Management and Budget is expected to announce Tuesday that, because of the increased tax receipts, the deficit will be about $100 billion less than what was projected six months ago. President Bush pledged in his 2004 State of the Union address to halve the deficit by 2009.

"We are on track to meet the president's goal," said Rob Portman, White House budget director.

Congressional analysts say the deficit could drop this year to $300 billion, down from $318 billion in 2005 and from an all-time high of $412 billion in 2004.

A smaller deficit might give Republicans ammunition to rebut criticism of their economic policies ahead of the November congressional elections and to deflect arguments that U.S. fiscal policy risks hurting the global economy.

The Congressional Budget Office said federal spending through June was 8.6% higher than in the first nine months of fiscal 2005. It attributed much of the increase to Katrina and Rita recovery efforts, interest on the public debt, and the Medicare prescription drug plan.

The Treasury is drawing an increased share of its revenue from corporations, with companies providing 13% of total tax revenue in fiscal 2005, up from 10% in 2004 and from about 7% in 2003.

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Individual tax payments, which make up the bulk of the government's tax revenue, total an estimated $791 billion so far this year, up about 14.1%, the Congressional Budget Office said.

Why U.S. Companies Shouldn't Whine About Taxes (NYT)

By Edmund L. Andrews

The New York Times, July 9, 2006

WASHINGTON

TO hear some people talk, the United States is the scourge of the Fortune 500. Despite all the tax cuts that President Bush and Congress have passed in the last five years, business groups and their supporters in Washington complain that the United States imposes higher tax rates on corporate profits than almost any other industrialized country.

"Foreign-based competitor companies operate under tax rules that are often more favorable than our own," warned R. Glenn Hubbard, a former economic adviser to President Bush and now dean of the Columbia Business School, at a House hearing two weeks ago. "Current law can result in circumstances that harm the competitiveness of U.S. companies."

Around Washington, the rumblings are growing for "reform" of corporate taxes to improve the global competitiveness of American companies.

Henry M. Paulson Jr., the incoming Treasury secretary, declared at his confirmation hearing that he wanted to increase "competitiveness" in the tax code.

Can it be true that the United States, where bare-knuckled capitalism is a romantic ideal and being nouveau riche is a badge of honor, is harder on big corporations than "old Europe" welfare states like Germany, France and Sweden?

Don't believe it. There are plenty of problems with the corporate tax code — rococo complexity, perverse incentives, antique ideas — but overly high taxes is not one of them.

By most measures, the corporate tax burden is lower in the United States than it is in the European Union or in Japan or most other industrialized countries.

The political danger, at least from a fiscal standpoint, is that arguments for corporate tax reform will be hijacked to justify another round of corporate tax cuts. That was what happened with the corporate tax overhaul of 2004, which became a grab bag of tax breaks to almost every corner of business, at a net cost of $60 billion over 10 years.

Those who see the American corporate tax as oppressive point to a striking fact: the standard corporate tax rate of 35 percent is now higher than that of most other industrialized countries. The average top rate is 25.8 percent in the European Union, where most nations have cut rates to attract investment.

But official tax rates are not the same as actual tax burdens. What American companies lose in high tax rates they more than make up in higher tax breaks.

One indicator of the true tax burden is corporate tax revenue as a share of gross domestic product. According to the Organization for Economic Cooperation and Development, a research organization based in Paris and financed by governments of industrialized nations, corporate taxes in 2003 were 2.1 percent of G.D.P. in the United States, 3.2 percent in the European Union and 4.3 percent in industrialized countries in Asia.

Though comparisons of true tax rates are treacherous, the evidence suggests that the United States more than makes up for high statutory rates with generous tax breaks. Robert S. McIntyre, director of Citizens for Tax Justice, has calculated that the average corporation paid taxes of about 18 percent in 2004.

The European Commission, using a more theoretical approach, calculated that the average effective tax rate in 15 Western European nations has hovered between 20 and 22 percent since 1998. When the 10 new Central European members of the European Union are included, the average corporate tax bite was 17.7 percent.

"There is good reason to believe that the corporate tax burden in the United States could be less than the rest of the world because the rest of the world has been broadening their tax bases while we have been cutting ours," said Martin A. Sullivan, an analyst at the journal Tax Notes.

To be sure, many experts contend that the American tax code does impose some competitive disadvantages. One big complaint is that the United States is one of the very few countries that taxes corporate profits worldwide. Almost all other nations use "territorial" systems, taxing only profits inside their borders.

The difference is significant. Thyssen-Krupp, the German steel conglomerate, owes no German taxes on profits from its operations in Brazil, China or Poland. And European value-added tax on domestic sales does not apply to exports to the United States. United States Steel, by contrast, potentially owes American taxes on profits from its subsidiary in Slovakia and must also charge value-added taxes on exports sold in Germany.

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In practice, the disadvantage is smaller than it appears. For one thing, American companies receive tax credits for taxes paid in other countries. More important, American companies have proved extremely adept at shifting profits into low-tax countries like Ireland and then deferring the American taxes on those profits by keeping them outside the United States.

Under current federal law, companies can postpone taxes on foreign profits until those profits return to the United States. By some estimates, American multinationals had accumulated more than $400 billion in profits outside the country.

Last year, Congress rewarded that behavior. First, it widened companies' ability to claim tax credits against their foreign taxes, at a cost to the Treasury of almost $40 billion over 10 years. Second, it gave companies a one-time chance to repatriate their vast hoard of overseas profits at a tax rate of only 5.25 percent — a bonanza for many pharmaceutical and electronics businesses.

"The current U.S. rules, while complex, represent the best of all worlds for multinational taxpayers," declared Stephen E. Shay, a former international tax counsel to the Treasury Department, at a hearing last month of a House Ways and Means subcommittee.

MANY analysts agree that today's rules are a mess: they do not raise much revenue from foreign profits, they encourage companies to invest outside the United States, they encourage profit-shifting schemes and they probably put some American companies at a competitive disadvantage.

The challenge is to change the system without cutting taxes yet again. Michael J. Graetz, a professor at Yale Law School and a proponent of radical tax overhaul, told lawmakers last month that the top corporate tax rate ought to be cut from 35 percent to as little as 15 percent.

But Mr. Graetz said Congress would have to make up for the lost revenue. "It is not possible to achieve this kind of corporate rate reduction without a major restructuring of our domestic tax system," he said.

President Bush called for exactly such a revenue-neutral restructuring during his re-election campaign. But any overhaul would provoke intense battles between potential winners and losers. With Republicans terrified about losing control of Congress in the midterm elections this year, Mr. Bush has postponed making any proposals until at least next year.

Bush Asks Senate To Raise Science Spending (AP)

By Jennifer Loven

AP, July 9, 2006

President Bush on Saturday urged the Senate to back increased government spending on basic scientific research.

The proposal is part of Bush's initiative to boost U.S. competitiveness in the global marketplace through innovation. He also wants to train thousand of new science and math teachers and extend a popular tax credit businesses can receive for investing in research and development. The total price tag over 10 years would be $136 billion.

Some Democrats have expressed concern that Bush is increasing federal math and science education spending while cutting overall discretionary spending on education by trimming money in areas such as the arts, parent-resource centers and drug-free schools.

But Bush said in his weekly radio address that his proposals are vital for America to "remain an innovative nation that competes with confidence" and would help ensure that every U.S. child has the math and science skills needed for the jobs of the future.

The president devoted part of a two-day trip to Illinois to his American Competitiveness Initiative, visiting Cabot Microelectronics Corp., headquartered in Aurora, Ill., in Chicago's exurbs.

Donning protective eyewear and a white lab coat, Bush toured a laboratory of the supplier of products used in making semiconductors. Cabot is in the district of House Speaker Dennis Hastert, R-Ill., who accompanied Bush to the facility.

"Cutting-edge firms like Cabot are creating good jobs for our workers and helping to keep America competitive in the global economy," Bush said in his radio remarks.

He said the Senate should follow the House's lead and approve full funding of the basic research component of his initiative, which would double federal spending on basic research in the physical sciences.

The president also put a rosy spin on a new jobs report that showed U.S. employers added a disappointing 121,000 jobs last month.

The count of new jobs added to the economy in June did mark an improvement from the 92,000 new positions logged in May — the fewest in seven months. But it still fell short of economists' forecasts for an increase of around 175,000, and the Dow Jones industrials lost 134.63 points Friday to close at 11,090.67.

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The April-to-June average of 108,000 jobs a month also was down from the average of 176,000 a month for the previous quarter. The moderation in job growth comes as companies cope with rising energy prices and interest rates and try to determine how much of a slowdown in overall economic activity the country is likely to encounter in the months ahead.

Still, Bush celebrated 34 straight months of job increases.

"Our economic expansion is lifting the lives of millions of Americans," he said.

Democrats focused on the tepid nature of the growth, noting it was smaller than needed to keep up with population increases.

"Instead of doing something to address sky-high gas prices, expensive loans and outsourced jobs, this president is holding photo ops touting his policies that are failing small businesses," said Sen. John Kerry, D-Mass.

Bush Can't Provide Power For Nationals (WP)

By Adam Kilgore

The Washington Post/AP, July 9, 2006

The former owner of the Texas Rangers came out to RFK Stadium last night to sit with his wife, Laura, watch a little baseball and, hopefully, see the Washington Nationals win, as had happened in both games he attended last season.

As word spread through the Nationals' dugout in the second inning that President Bush had come to his first game this season, players and coaches turned and gazed up at the owner's box, pointing and talking to each other.

Before the game ended, another Ivy League graduate born in Texas -- 6-foot-10, 260-pound right-hander Chris Young -- had stolen Bush's spotlight, limiting the Nationals to just one run after Alfonso Soriano blasted Young's first pitch over the center field fence. Young's counterpart, Pedro Astacio, allowed three home runs, and the Nationals lost, 5-2, to the San Diego Padres.

"Tell him to keep coming out," Nationals shortstop Royce Clayton said. "See how his record stands up."

Make it 2-1 lifetime for Bush, as not even his presence could stop San Diego's dominance in D.C. The Padres swept the Nationals here last season, and last night won their second straight in Washington.

The Nationals had been making progress toward their goal of reaching a .500 record on this homestand, taking the first two series against the Tampa Bay Devil Rays and Florida Marlins. But last night's loss made winning this series impossible and halted any momentum Washington had gathered heading into the all-star break.

"We play good, bad, good, bad," second baseman Jose Vidro said. "That's where we are right now."

By the time Bush left in the seventh inning, the Nationals had used four pitchers because of a short and unsuccessful outing by Astacio, who was making only his second start this season. Nationals Manager Frank Robinson had Astacio on an 85-pitch count, but Astacio couldn't last even that long. He exited after 66 pitches and 3 2/3 innings, having surrendered five runs, four earned, on nine hits.

Many of hits came when he was ahead in the count but left pitches at belt level.

"That's not good pitching," Robinson said. "You just don't do that. He didn't locate the ball well."

The outing contrasted with Astacio's first start this season, when he allowed just one run on three hits in five strong innings on Monday. He equaled that run total in just two batters last night when Mike Cameron hit a long solo home run off the clock in right center.

Astacio navigated through the next two innings without harm, but Adrian Gonzales greeted him in the fourth and knocked the first pitch over the left field fence to give the Padres a 2-1 lead.

After Khalil Greene singled for his fifth hit in two games this series, Mark Bellhorn drove the first pitch he saw into the Nationals' bullpen. The Padres led 4-1, and Astacio's pitch count was growing less and less relevant. Fatigue would not knock him out of this game; the Padres would. They added one more in the inning on a sacrifice fly by Dave Roberts, and Cameron finally chased him with a hard single.

Meanwhile, Astacio's opposite number, Young, mowed down batter after batter. A Princeton grad born in Dallas, Young is becoming one the league's most dominant pitchers in just his second full season. He was the National League pitcher of the month in June after going 3-0 with a 1.17 ERA and striking out 34 in 30 2/3 innings. He entered last night's start with a 3.13 ERA this season, seventh in the National League.

"He's deceptive," Clayton said. "He's a big-framed guy, and the ball kind of jumps out at you. He changed eye levels and pitched well."

But not well enough for Soriano, who crushed Young's first offering, an inside fastball, deep to left center, tying the game at 1. It was Soriano's third leadoff home run this season and 26th off his career.

"I was thinking it was going to be a good night for us," Soriano said afterward.

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But Young, who was originally signed by Nationals scouting director Dana Brown when Brown worked for the Pittsburgh Pirates, cruised through the rest of the first and through the next five innings. The Nationals drew four hits off Young over that span and never threatened to score as the Padres wailed away at Astacio.

The Nationals have scored only four runs in two games against San Diego, which may not be enough if they want to salvage what had been a successful homestand.

"We got to really beat up on them," Robinson said with a sly grin. "Score about three or four runs."

Bush Attends Padres-Nationals Game (AP)

AP, July 9, 2006

President Bush made a low-key appearance at Saturday night's game between the Washington Nationals and the San Diego Padres.

Bush sat between first lady Laura Bush and Secretary of State Condoleezza Rice as they and several guests settled into a VIP box during the first inning.

Unlike Bush's previous visits to RFK Stadium, there was no red, white and blue bunting in front of the box to identify the important visitor, and there were no obvious signs of extra security before the game.

There was no advance word that Bush would be attending and reporters accompanying him were not told where he was going until the presidential motorcade neared the ballpark.

The president and his party left at the middle of the seventh inning with San Diego leading 5-1 and were back at the White House minutes later. The Padres went on to win 5-2.

Among others attending the game with the president were his brother Marvin, Attorney General Alberto R. Gonzales and Chief of Staff Josh Bolten.

Bush, a former part-owner of the Texas Rangers, has attended three Nationals games at RFK since major league baseball returned to Washington last year. He threw out the ceremonial first pitch amid much fanfare at the 2005 home opener, the stadium's first game since 1971. He and Rice also attended a game in June. The Nationals won both games.

Vice President Cheney threw out the first pitch at this year's home opener and was greeted with what seemed to be more boos than cheers as he walked on the field.

Padres Continue To Rule RFK (WT)

By Ken Wright

The Washington Times, July 9, 2006

Washington Nationals right-hander Pedro Astacio, who pitched for the San Diego Padres last season when they swept a three-game series at RFK Stadium, couldn't keep the Padres from staying perfect in the nation's capital last night.

Padres starter Chris Young outpitched Astacio and the Nationals in a 5-2 victory before 27,060, including President Bush and Laura Bush, who unexpectedly dropped by for the first time this season, accompanied by Secretary of State Condoleezza Rice and Attorney General Alberto Gonzales. It was the third game President Bush has attended -- and the first loss he has witnessed -- and the first for the first lady since baseball returned to the District last year.

Young (8-4) allowed two runs on seven hits and no walks in six innings. He struck out nine Nationals (38-51), his second-highest total of the season. In his last eight starts, the 6-foot-10 right-hander is 5-1 with a 1.75 ERA. The Padres (47-40) are now 5-0 at RFK since the Nationals moved from Montreal.

"He has a sneaky fastball, changeup and a very good curveball," Nationals manager Frank Robinson said. "He moved the ball around in the strike zone, up, down, in and out with his fastball and mixed in breaking balls."

In 2003, Young was a member of the Montreal Expos organization. The former Princeton basketball player advanced that season to Class AA Harrisburg from Class A Brevard County.

"I don't remember facing him or seeing him around," said second baseman Jose Vidro, the franchise's longest-tenured player. "I heard he was with us. It's another player that left us I guess."

As for Astacio (1-1), the long ball was his downfall last night. He gave up three homers in his 32/3 innings, accounting for four of the five runs he allowed to the National League West-leading Padres.

Mike Cameron hit his 10th homer of the season in the first inning, blasting Astacio's fastball off the clock beyond the center-field fence -- well more than 400 feet away.

The Padres knocked Astacio out of the game in the fourth. San Diego first baseman Adrian Gonzalez hit his second home run in as many nights and 13th of the season -- a towering home run to right field for a 2-1 San Diego lead.

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After shortstop Khalil Greene singled following Gonzalez's home run, Mark Bellhorn delivered his seventh home run of the season for a 4-1 lead.

The Padres added their fourth run of the inning on Dave Roberts' sacrifice fly to center. Astacio gave up five runs on nine hits.

"I left a couple pitches on top of the plate," Astacio said.

Coming in, Astacio had not allowed more than two runs in any of his last eight starts. Granted, those starts spanned 1½ seasons, including a win in Washington last season. The Nationals signed Astacio to a free agent deal during the offseason soon after Brian Lawrence, acquired in a trade from the Padres, blew out his rotator cuff in spring training.

The Nationals signed Astacio to a one-year, $1 million deal March 2. Astacio arrived to camp late and was unimpressive most of the spring. On April 1, in the final exhibition game of the season against the Baltimore Orioles at Camden Yards, Astacio pulled himself from the game before the third inning because of right forearm tightness. That problem turned into a three-month absence from the Nationals for Astacio.

When he finally made his season debut on Monday against the Florida Marlins, the 36-year-old looked good. In the Nationals' 9-1 win, Astacio allowed just one run on three hits in five innings.

Astacio's counterpart last night allowed a homer on his first pitch of the game. Alfonso Soriano's blast off Young was his third leadoff home run of the season and 27th overall.

"When I tied the game at 1-1, I thought it was going to be a good night for us," Soriano said. "Chris Young is a very strong guy and pitched a very good game. It's hard to see the ball."

Soriano, who was voted by fans and players to start in the National League's outfield in Tuesday's All-Star Game, produced the 26th leadoff home run of his career and the second of this 10-game homestand. Soriano also homered to Monday to lead off.

Soriano is the Nationals' lone All-Star this season.

Several of the Padres pitchers, including ace Jake Peavy and closer Trevor Hoffman, thought Young should have been named to the NL's All-Star team. Young was the NL pitcher of the month for June, going 3-0 with a 1.17 ERA in five starts (302/3 innings) with 34 strikeouts.

Young was one of five finalists for the final spot on the NL All-Star team that went to Los Angeles Dodgers first baseman Nomar Garciaparra by a fans vote on the Internet.

The Nationals produced their second run of the game in the seventh when center fielder Alex Escobar doubled to center and then scored on Royce Clayton's RBI single to make it 5-2.

Got a question about the Nats? Mark Zuckerman has the answers. To submit a question, go to the Sports Page.

His Hipness, John G. Roberts (NYT)

By Linda Greenhouse

The New York Times, July 9, 2006

WASHINGTON

WRITING in April for a unanimous Supreme Court, Chief Justice John G. Roberts Jr. found that the police in Brigham City, Utah, acted properly in entering a home without a warrant after they peered through a window and saw a fight in progress that had left one man spitting blood.

"The role of a police officer includes preventing violence and restoring order, not simply rendering first aid to casualties," the chief justice said, rejecting the argument that the police should have waited until the altercation ended more conclusively. "An officer is not like a boxing (or hockey) referee, poised to stop a bout only if it becomes too one-sided," he explained.

The chief justice's sports imagery galvanized the legal blogs. Some found his boxing reference inapt. "The whole point of boxing is fighting!" wrote a participant on the Althouse blog, run by Ann Althouse, a law professor at the University of Wisconsin.

Others took issue with the hockey reference. "Given all the padding that hockey players wear, being punched by an opponent hardly is more significant than being hit by a toddler," one said.

Finally, another writer took a step back and observed that "this shows another side of Roberts as a good writer: displaying some wry humor and hipness."

It is no surprise that the new chief justice's every vote is being tabulated and scrutinized. But so is his every metaphor. Beyond John Roberts the chief justice, what has this first term revealed about John Roberts the judge?

He wrote eight majority opinions, roughly his fair share, given that there were 69 opinions to divide among the nine justices. He also wrote three dissenting opinions and two concurrences. While not a huge body of work, it is enough to convey at least a preliminary sense of his judicial voice.

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It is direct, straightforward, free of legal jargon, the voice of a lawyer who made a living selling complicated ideas to busy appellate judges under tight time constraints.

Prof. Erwin Chemerinsky of Duke University Law School, who spent the past week editing the term's cases for inclusion in his constitutional law textbook, said that the Roberts opinions were refreshingly easy to edit compared with those of most other justices. "His prose style is clear and easy to follow," Professor Chemerinsky said. "He tells you right in the first paragraph exactly what the case is about."

Prof. Akhil Amar of Yale Law School praised the Roberts style for "elegance and economy" as well as for the "occasionally snappy line" that could crystallize a case for lay readers. He gave two examples. One was a majority opinion that rejected the government's application of federal narcotics law to stop a Brazil-based religious group from importing a hallucinogenic tea for use in its rituals. "The government's argument echoes the classic rejoinder of bureaucrats throughout history: If I make an exception for you, I'll have to make one for everybody, so no exceptions," the chief justice wrote.

The second was a majority opinion that found that the state of Arkansas had denied due process to a homeowner by seizing and selling his house for nonpayment of property taxes without taking reasonable steps to notify him of his jeopardy. Referring to Gary K. Jones, the homeowner, Chief Justice Roberts wrote: "In response to the returned form suggesting that Jones had not received notice that he was about to lose his property, the state did — nothing."

"That little dash is brilliant," Professor Amar said. "Every ordinary citizen can understand the frustration of dealing with government stupidity."

Among legal academics, the Roberts opinion that received by far the most attention was the one rejecting a constitutional challenge to the Solomon Amendment, under which universities forfeit all federal grants if they fail to open their doors to military recruiters. A group of law schools argued that the statute violated their rights to free speech and association.

As the case reached the court, many law professors who had supported the challenge began to have second thoughts, fearful that the First Amendment argument, if accepted, would undermine many anti-discrimination laws by permitting bigots to opt out in the name of free association. Even liberals, or perhaps especially liberals, were therefore relieved by the chief justice's conclusion that because the law regulated neither speech nor association, but merely conduct, it raised no First Amendment problem.

Jack Balkin, a professor at Yale Law School, said on his blog that the chief justice's opinion "was carefully and skillfully written to make almost no new law." Professor Balkin said the opinion made the case "look easy by artfully dodging every interesting constitutional law question in sight."

That raises the question of whether the chief justice's performance conforms to his own stated goal: to be a "minimalist" judge who decides no more than necessary, an umpire simply calling balls and strikes. The answer is yes, and no.

"He's 'minimalist' in recognizing that the court is an ongoing enterprise with precedents and history and tradition," said Frederick Schauer, a professor at the Kennedy School of Government at Harvard. "He is not coming in with a big new theory or a big new perspective."

On the other hand, the chief justice joined opinions by Justice Antonin Scalia in environmental and criminal cases that reached beyond the specific disputes at hand to call long-settled assumptions into question. And several of his opinions had a rhetorical edge. "It is a sordid business, this divvying us up by race," he wrote in dissent from a decision that enforced the Voting Rights Act to invalidate a Texas Congressional district.

His seeming allergy to citing law review articles, or any other sources outside the body of the court's published opinions, is a striking feature of the Roberts approach. "It's as if the answers to all questions are already there, completely internal to the court, to be teased out of the existing cases," said David Barron, a professor at Harvard Law School.

Chief Justice Roberts, a former managing editor of the Harvard Law Review, has cited only a single law review article, one written by Judge Henry Friendly, for whom he clerked on the federal appeals court in New York. It was a tip of the hat in his first opinion.

Relying on precedent as the only source of law is an approach with strengths and weaknesses, Professor Barron said, noting that on the one hand, precedent can be a smokescreen, "a rhetorical device to hide the inevitable policy making," while on the other, "it has its own constraining effects," making a judge less likely to embrace dramatic change in the status quo.

Whether John Roberts's first year is a good predictor of his 10th, 20th or 30th is an open question. According to a new study by the political scientists Lee Epstein and Jeffrey A. Segal, Chief Justice Earl Warren voted against criminal defendants and civil rights litigants 62 percent of the time during his first term. Eventually, of course, he became their champion.

But such a trajectory is rare. The other chief justices of the last 50 years, Fred M. Vinson, Warren E. Burger and William H. Rehnquist — Chief Justice Roberts's mentor — all stayed true to their early form.

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What Chief Justice Roberts Forgot In His First Term: Judicial Modesty (NYT)

By Adam Cohen

The New York Times, July 9, 2006

At the confirmation hearings for John Roberts, there were two theories about what kind of a chief justice he would be. His critics maintained that he was an extreme conservative whose politics would drive his legal rulings. Judge Roberts, on the other hand, insisted that he was "not an ideologue," and that his judicial philosophy was to be "modest," which he defined as recognizing that judges should "decide the cases before them" and not try to legislate or "execute the laws."

Judicial modesty is an intriguing idea, with appeal across the political spectrum. For all the talk of liberal activist judges, anyone who is paying attention knows that conservative judges are every bit as activist as liberal ones; they just act for different reasons. A truly modest chief justice could be more deferential to the decisions of the democratically elected branches of government, both liberal and conservative, and perhaps even usher in a new, post-ideological era on the court.

That is not, however, how Chief Justice Roberts voted in his first term. He was modest in some cases, certainly, but generally ones in which criminal defendants, Democrats and other parties conservatives dislike were asking for something. When real estate developers, wealthy campaign contributors and other powerful parties wanted help, he was more inclined to support judicial action, even if it meant trampling on Congress and the states.

The term's major environmental ruling was a striking case in point. A developer sued when the Army Corps of Engineers denied him a permit to build on what it determined to be protected wetlands. The corps is under the Defense Department, ultimately part of an elected branch, and it was interpreting the Clean Water Act, passed by the other elected branch. Courts are supposed to give an enormous amount of deference to agencies' interpretations of the statutes they are charged with enforcing.

But Chief Justice Roberts did not defer. He joined a stridently anti-environmentalist opinion by Justice Antonin Scalia that sided with the developer and mocked the corps's interpretation of the law — an interpretation four justices agreed with — as "beyond parody." The opinion also complained that the corps's approach was too costly. Justice John Paul Stevens dryly noted that whether benefits outweighed costs was a policy question that "should not be answered by appointed judges."

In an opinion on assisted suicide, Chief Justice Roberts was again a conservative activist. The case involved Attorney General John Ashcroft's attempt to invoke an irrelevant federal statute to block Oregon's assisted suicide law, which the state's voters had adopted by referendum. Even though it meant overruling the voters, intruding on state sovereignty and mangling the words of a federal statute, Chief Justice Roberts dissented to support Mr. Ashcroft's position.

Chief Justice Roberts voted against another democratically enacted, progressive law when the court struck down Vermont's strict limits on campaign contributions. He joined an opinion that not only held that the law violated the First Amendment, but also engaged in the kind of fine judicial line-drawing — in this case, about the precise dollar limits the Constitution allows states to impose — that is often considered a hallmark of judicial activism.

One of the court's most nakedly activist undertakings in recent years is the series of hoops it has forced Congress to jump through when it passes laws that apply to the states. Judge John Noonan Jr., a federal appeals court judge appointed by President Ronald Reagan, has complained that the justices have set themselves up as the overseers of Congress. But Chief Justice Roberts voted to put up yet another hoop, requiring Congress to put the states on "clear notice" — whatever that means — before requiring them to pay for expert witnesses in lawsuits involving special education. It is a made-up rule that shows little respect for the people's representatives.

These cases make Chief Justice Roberts seem like a raging judicial activist. But in cases where conservative actions were being challenged, he was quite the opposite. When a whistle-blower in the Los Angeles district attorney's office claimed he was demoted for speaking out, Chief Justice Roberts could find no First Amendment injury. When Democrats challenged Republicans' partisan gerrymandering of Texas's Congressional districts, he could find no basis for interceding.

The Roberts court's first term was not radically conservative, but only because Justice Anthony Kennedy, the swing justice, steered it on a centrist path. If Chief Justice Roberts — who voted with Justice Scalia a remarkable 88 percent of the time in nonunanimous cases — had commanded a majority, it would have been an ideologically driven court that was both highly conservative and just about as activist as it needed to be to get the results it wanted.

Chief Justice Roberts still probably views himself as judicially modest, and in some ways he may be. He has been reasonably respectful of precedent, notably when he provided a fifth vote to uphold Buckley v. Valeo, a critically important campaign finance decision that is under attack from the right. He has also been inclined to decide cases narrowly, rather than to issue sweeping judicial pronouncements. But at his confirmation hearings, he defined judicial modesty as not usurping the legislative and executive roles.

His approach to his new job is no doubt still evolving, which could be a good thing. The respect for the elected branches that he invoked while testifying before the Senate Judiciary Committee is hardly a perfect judicial philosophy, especially today,

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when we need the court to resist the president's dangerous view of his own power. Still, that principled approach would do more for the court and the nation than the predictable arch-conservatism the chief justice's opinions have shown so far.

Army, Taxed By War Costs, Struggles To Pay Bills At Home (NYT/AP)

By The Associated Press

The New York Times/AP, July 9, 2006

FORT SAM HOUSTON, Tex., July 8 (AP) — A diversion of money for the war in Iraq has helped create a $530 million shortfall for Army posts at home and abroad, leaving some of them unable to pay utility bills or even cut the grass, military officials say.

In San Antonio, Fort Sam Houston has not paid its $1.4 million monthly utility bill since March, prompting workers in many of the post's administrative buildings to receive automated disconnection notices.

Fort Bragg in North Carolina says it will not buy any office supplies until the new fiscal year starts in October.

And in Kentucky, Fort Knox closed one of its eight dining halls for a month and laid off 133 contract workers.

"Every time something goes away, it impacts a person: a soldier or their family or one of our civilians," said Col. Wendy Martinson, garrison commander at Fort Sam Houston, which has 27,300 military and civilian workers. "I'm charged with taking care of them, not taking things away from them."

Garrisons function as the city halls of Army installations, providing services like garbage removal, mail delivery and firefighting. The Installation Management Agency of the Army is $530 million short of what it needs through Oct. 1 to finance garrisons at the 117 installations it oversees in the United States, Europe and Asia, said an agency spokesman, Stephen Oertwig.

The increasing cost of fuel is partly to blame, and it costs more to pay civilians in Asia and Europe, Mr. Oertwig said. Another major factor is the practice of financing the war through spending bills outside the annual budget.

As Congress spent months debating a supplemental spending bill, the Army had to divert money from the Installation Management Agency's budget to cover the cost of the war, Mr. Oertwig said.

The Army often diverts operations money for other programs, in times of war and peace, said Jeremiah Gertler, a senior fellow at the Center for Strategic and International Studies. The supplemental spending bill usually replenishes those funds.

This year, though, most of the military money in the $94.5 billion bill was earmarked for the war, leaving little to pay back operations accounts, Mr. Gertler said.

Military officials could have asked for more money to ease the garrison budget crunch, but they knew a bigger request would have created a bigger fight in Congress, Mr. Gertler said.

"The Pentagon is reluctant to ask for any more than they need for the war because it all looks like it's going to the war and becomes a very controversial bill," Mr. Gertler said.

But Michael O'Hanlon, a military analyst at the Brookings Institution, the liberal-leaning research organization, said money management seemed to be the larger problem. The Defense Department spends about as much on maintenance and operations as it does on weapons and personnel combined, Mr. O'Hanlon said, so there should be more than enough for the bills.

"It makes me worry if the Pentagon can't do its accounting well enough to find money for its electric bills," he said. "It just boggles my mind a little bit."

The legislation that Congress approved on June 15 included $722 million for the Installation Management Agency, to be split among its installations.

Colonel Martinson did not know how much Fort Sam Houston would get, but she said she expected it would be enough to pay the electricity bill. A spokesman for CPS Energy said the company understood the problem and would not turn off the lights any time soon.

However, the new money will not save the jobs of about 100 contract workers Colonel Martinson dismissed.

Astronauts: Daring Spacewalk Method Works (AP)

By Seth Borenstein, Ap Science Writer

AP, July 9, 2006

A key test of a daring yet wobbly spacewalking technique that could be used someday to repair space shuttle heat shields worked well Saturday and got good reviews from two astronauts from the shuttle Discovery, NASA officials said.

The repair simulation put them at the end of an oscillating, 100-foot combination of a robotic arm and an extension pole that astronaut Piers Sellers said made him feel "like a bug on the end of a fishing rod here."

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In a 7 1/2-hour spacewalk, the first of three orbital excursions planned for this mission, Sellers and Michael Fossum said they could do most of the mock tasks they were assigned with only moderate difficulty.

And that's what NASA wanted to hear.

"It was above and beyond" what engineers expected, flight director Tony Ceccacci said after the spacewalk ended. "Hopefully, we'll never have to use it (the boom for repairs) but we know we have the capability."

The technique using the extension on the robotic arm was developed to make sure there is never a repeat of the Columbia disaster, which killed seven astronauts in 2003. A piece of foam from the shuttle's external fuel tank struck Columbia's wing during launch, creating a breach that allowed fiery gases to penetrate the shuttle during the return flight to Earth.

Last year, emergency spacewalking repairs were needed because of heat shield damage to Discovery.

Fossum and Sellers may get a chance to use the boom for a real repair on their third spacewalk, now scheduled for next Wednesday. NASA managers on Saturday were still evaluating whether a piece of fabric filler protruding from the thermal tiles on Discovery's belly needs to be removed. If it does, Fossum and Sellers would have to go back on the boom and yank out the filler.

Orbiter project manager Steve Poulos said a decision will be made Sunday on whether this gap filler — which is cracked, partially broken and just a couple inches at its longest point — must be removed. The early consensus is that it probably will be all right the way it is for re-entry, but engineers will pull an all-nighter to recommend what, if anything, needs to be done, he said.

Every other possible worry with the space shuttle heat shield has proven to be no big deal, deputy shuttle program manager John Shannon said. On Sunday, NASA may say Discovery is safe to land, he said, noting that Discovery's flight has "by far" the fewest problems he has ever seen.

NASA officials had been concerned that astronauts wouldn't be able to work well from the 50-foot extension boom attached to the similar-sized shuttle robotic arm. The agency's top spacewalk officer had compared it to painting a house from the top of a rickety ladder.

But as Fossum and Sellers were finishing up Saturday, NASA officials said they found less sway and oscillating than expected.

Fossum said one simulated operation was "beyond my ability" and "too much motion to handle" from the boom. But another way of doing the same job worked well, so that's not a concern, lead spacewalking officer Tomas Gonzalez-Torres said. Aside from that operation, however, the worst Fossum reported was one he rated a 5 on a 1-to-10 scale, which translates to doable but with "moderately objectionable deficiencies."

"I think we got all we needed there," Discovery pilot Mark Kelly told Fossum and Sellers after the simulation.

During Sellers' time on the boom-arm combo, he remarked as he was being moved into position that the ride was "a very slow gentle sway in and out of the bay."

Before their work on the boom-arm combo, the astronauts had an assignment on the outside of the space station, immobilizing a cable cutter on the station's mobile transporter, or railroad car, and rerouting a cable through it. A duplicate cable cutter accidentally cut a cable leading to the transporter late last year, and NASA wanted to make sure it doesn't happen again because the cable is a conduit for power, data and video images.

The transporter moves along the space station exterior and is used for constructing the complex. The severed cable will be replaced during a second spacewalk set for Monday.

The two astronauts also managed to enjoy themselves on the spacewalk which lasted an hour longer than normal because of glitches with tethers. At one point while waiting for Fossum, Sellers did a couple of flips. Both let out frequent "woo-hoos" during their time in space.

The also had time to marvel at the view from 210 miles above Earth.

"It's beautiful," Fossum said. "The thin glow of the moonlit Earth below."

And when Mission Control pointed out to Sellers that he could view Britain over his left shoulder, the British-born spacewalker said: "Wow! Oh, my goodness. It's a beautiful day in Ireland."

Looking down at the Caspian Sea several minutes later, Fossum said: "This is a good view ... I'm in a dream; nobody wake me up."

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On the Net:

NASA: http://spaceflight.nasa.gov/

NASA's Balancing Act Passes Test (LAT)

By Michael Cabbage, Orlando Sentinel

The Los Angeles Times, July 9, 2006

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After a successful run-through on a boom held by the shuttle's robotic arm, the agency expects repairs will not be needed this time.

HOUSTON — Two spacewalkers bounced around on the end of a "skinny little pole" 210 miles above Earth on Saturday in a daring test for future shuttle repairs.

Astronauts Piers J. Sellers and Michael E. Fossum spent 7 1/2 hours outside shuttle Discovery on the fourth day of the ship's visit to the International Space Station. Anchored to a boom held by Discovery's robotic arm, the pair checked whether the 100-foot-long appendage was stable enough to support delicate maintenance work on the shuttle's heat shield.

Sellers, who performed three spacewalks during a 2002 shuttle visit to the station, was the first to stand at the end of the boom. As he was hoisted to a spot above the shuttle's cargo bay, he noted the smoothness of the ride.

"Very steady," Sellers said. "It's like being on a slow elevator."

Moments later, Sellers performed three sets of movements, leaning back and forth to simulate motions that would be used during repair work. The movements resembled a calisthenics session.

"It gets easier as you go along, doing all these tasks, you know, at the end of a skinny little pole," Sellers said. "A little practice makes perfect — or adequate."

When his turn came, Fossum, a rookie astronaut making his first spacewalk, mimicked the motions of someone making repairs to the orbiter's heat-resistant tiles and reported the operation was "no problem." Later, with both spacewalkers at the end, the boom showed more movement, but the swaying appeared to quickly stop.

Engineers had expected the vibrations to last up to a minute. Most dissipated in 15 to 20 seconds. The preliminary results led shuttle managers to conclude the test was a success.

"That's given us very good confidence," said Tony Ceccacci, the mission's lead flight director. "Hopefully, we'll never have to use it, but we know we have the capability."

Saturday's success bode well for a possible repair: plucking a card-like piece of ceramic-coated fabric from between heat-resistant tiles on Discovery's belly.

Engineers have been analyzing whether a gap filler protruding more than an inch from the rear of Discovery's heat shield could raise temperatures to dangerously high levels during the ship's descent through Earth's atmosphere.

A spacewalker performed two similar repairs during Discovery's flight last year. NASA officials are expected to announce today that a fix will not be needed this time.

NASA also finished its evaluation of questionable spots on two thermal panels that line the leading edge of Discovery's right wing. Engineers concluded Saturday that the spots would not pose a hazard for the shuttle's return flight.

'Very Smooth' New Crane Stars During Spacewalk Tests (WP)

By Guy Gugliotta

The Washington Post, July 9, 2006

HOUSTON, July 8 -- Tethered like two lures at the end of a fishing rod, astronauts Piers Sellers and Michael Fossum rode space shuttle Discovery's spindly crane 70 feet into space on Saturday in an unprecedented test to see if the crane would remain stable enough to serve as a repair platform.

"Very smooth, very nice," said Sellers, as Discovery's sensor boom lifted him out of the cargo bay. "It's actually like a very slow elevator."

For several hours, first Sellers, then Fossum and Sellers together, bent, twisted, pushed and pulled at their restraints and at the side of the international space station to see how much the shuttle's cargo arm and its 50-foot boom extension would whiplash them.

Although few trips were as gentle as Sellers's initial liftoff, both astronauts reported sways of only one to two feet in most cases. At the conclusion of the spacewalk, Fossum performed simulated repairs at the end of the station's "P-1" truss, a distance of about 70 feet. When fully extended, the combination of arm and boom reaches 100 feet.

At the end of the day, Tomas Gonzalez Torres, NASA's extravehicular activities officer, said engineers were astonished at how effectively the boom performed. He noted that the astronauts got in and out of foot restraints without returning to the cargo bay, and that the boom took only "15 to 20 seconds" -- instead of the anticipated minute -- to stop swaying after it had been disturbed.

"Everybody is very happy," Gonzalez Torres told reporters at Houston's Johnson Space Center. He pronounced the boom ready for use as a repair platform: "I think we're set."

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Saturday was the fifth day in Discovery's 13-day mission, which has unfolded almost without a hitch. Steve Poulos, the Orbiter Project Office manager, said that analysts had "cleared" all but two blemishes on Discovery's heat shield and that the other two should be cleared Sunday.

John Shannon, chairman of the mission management team, said this meant that on Sunday he could clear Discovery for reentry, guaranteeing the orbiter's soundness. Shannon said Discovery's heat shielding was in "by far" the best shape of any shuttle he had ever seen.

Sellers and Fossum began their trip outside at 9:17 a.m. Eastern time, leaving the space station's Quest air lock for a spacewalk that ended 7 hours 31 minutes later. Their first task -- repairing the station's mobile tramway -- took a bit over an hour.

The next hours were devoted to testing the repair techniques. Astronauts are frequently lifted out of the cargo bay on the orbiter's 50-foot robotic arm, but Discovery's mission marked the first time spacewalkers have extended the crane with the 50-foot boom.

The boom is a relatively recent innovation. It was developed after the Columbia tragedy in 2003 as a mount for cameras and sensors that could scan the belly of the orbiter during onboard inspections to check for post-launch damage.

The boom performed so well last year that NASA planners decided to test it as a repair platform, enabling astronauts for the first time to reach any part of the orbiter by riding on the end of the arm-boom combination. The only question was whether the extension would be too whippy to allow an astronaut to use it without anchoring himself to his work site.

With shuttle astronauts Lisa M. Nowak and Stephanie Wilson operating the arm and boom, Sellers guided the crane to a cocked position "above" the orbiter. Fossum watched from the cargo bay.

"Pick up the camera, take two pictures and re-stow the camera," ordered shuttle pilot Mark Kelly, supervising the spacewalk from inside Discovery.

"I have the camera in my hand," began Sellers. He proceeded to describe his every movement and the effect on the stability of the arm -- "no perceptible motion," "a smooth, gentle sway," "motion stopped."

Kelly ordered other motions: "slow layback," "forward lay position -- hold position for five seconds." Sellers stepped out of his foot restraints and climbed around to the end of the boom, then put the restraints back on.

"Just a general comment," Sellers remarked after half an hour of this. "It gets easier as you go along, doing all these tasks on the end of a skinny little pole. A little practice makes perfect, or at least adequate."

Each movement was designed to mimic something that an astronaut would do if the shuttle needed repair -- taking pictures of damage, leaning forward to inspect, seeking a better vantage point by abandoning foot restraints for a tether.

Most important, Gonzalez Torres said, anything but inspections that could happen at the end of the crane-boom would involve two astronauts, so the second half of the test had Fossum in the foot restraints while a tethered Sellers grabbed hold of a tool stanchion.

As the shuttle dipped into darkness, leaving the spacewalkers spotlighted by the shuttle in the middle of nothingness, Kelly said, "You guys look lonely out there."

"Well, I'm just looking at Mike," Sellers replied.

The two astronauts performed a new series of movements on Kelly's command, then migrated to the end of the P-1 truss. There, Fossum mimicked repair techniques, using a simple "strain gauge" to measure force vectors as he pushed against the work surface.

Asked to rate the difficulty of each movement on a scale described by Kelly, Fossum relayed positive results, and noted that his technique improved with practice.

"This isn't bad," he said at one point. "I got the desired performance. It's a little bit annoying."

War Veterans Denied GI Bill Benefits (AJC)

By Ron Martz, The Atlanta Journal-constitution

The Atlanta Journal-Constitution, July 9, 2006

SUMMERVILLE — Andy Rowe thought he had life after the Army pretty well figured out before he came home from eight months in Afghanistan in November 2003.

An Army reservist since high school, Rowe, 27, planned to serve out the remaining four months of his military obligation in the inactive Reserve, get his honorable discharge and then use his GI Bill education benefits to go to college, just as his father did more than 30 years ago.

But Rowe soon realized that, despite his time in a combat zone, he didn't qualify for those education benefits unless he remained in the Reserves or Guard.

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It's the same for tens of thousands of National Guard and Army Reserve troops mobilized since 9/11 — the largest deployment of reservists since World War II.

When military benefits were updated in 1984 through a law called the Montgomery GI Bill, members of Congress and even the military did not envision reservists being called into active duty as frequently as they are today. The law did not extend full college benefits to citizen soldiers and terminated them once they left the Guard or Reserve.

But since 2001, more than 500,000 reservists and Guard troops have been deployed for homeland security duties or sent to wars in Iraq and Afghanistan. Yet when they get home, they don't get the same benefits as those who were active-duty servicemembers.

"Looking at how the Reserve forces are being used now, it really upset me," said Rowe, called up from the inactive Reserves to serve in Afghanistan.

Retired Army Col. Bob Norton is deputy director for government relations for the Washington-based Military Officers Association of America, which is lobbying for an extension of benefits.

"Under the law, [reservists and Guard troops] are veterans for every single benefit except the education benefits," Norton said.

Primary opposition to changing the education benefit for reservists and Guard troops — those on duty one weekend a month and two weeks in summer unless they are called to active duty — is coming from the Pentagon's Office of Reserve Affairs. Pentagon officials fear changes could hurt attracting and keeping men and women who sign up for the Guard or Reserve.

"It has proven to be a very attractive recruiting tool, and its effectiveness as a retention tool is certainly equally important to the Reserve components," Assistant Secretary of Defense for Reserve Affairs Thomas Hall testified in March before the House Veterans Affairs Committee.

The Military Officers Association has helped put together a consortium of about 40 groups and service organizations that represent more than 5.5 million vets — including such stalwarts as the American Legion, Veterans of Foreign Wars, Association of the U.S. Army and Military Order of the Purple Heart — collectively known as the Partnership for Veterans Education. Several higher education associations such as the American Association of State Colleges and Universities and the American Council on Education also are part of the consortium. Its aim: to try to persuade Congress to provide more equality in education benefits for citizen soldiers.

The group is pushing especially hard for what it is calling the Total Force Montgomery GI Bill. One major selling point of this proposal is the portability of GI Bill education benefits. That would allow reservists such as Rowe to earn credits for education while mobilized, just like active-duty troops do, and then use them after they leave the service.

Current law gives troops who serve on active duty three or more years to collect up to $1,034 a month for 36 months as full-time students. That benefit is available up to 10 years after discharge.

Reserve and Guard troops can earn 60 percent of that, or about $22,000, if they are mobilized for 15 months — the average length of deployment — and then go to school full time. However, they can collect only if they remain in a Guard or Reserve unit. If they go into the inactive Reserve — also known as the Individual Ready Reserve — as Rowe did, or are discharged, they no longer are eligible for education benefits.

"Right now, it's a double standard. They are treating these reservists like second-class citizens," Norton said. U.S. Rep. Jim Matheson (D-Utah) said Marine reservists in his congressional district who were deployed after 9/11 alerted him to the disparity in benefits.

"When I heard about it, I didn't think it was right," Matheson said.

Last year, he co-sponsored with Rep. Heather Wilson (R-N.M.) legislation that would enable Guard and Reserve troops who have accrued 24 months of active service within the last five years to be eligible for 100 percent of GI Bill education benefits.

Some unofficial cost estimates of the Total Force Montgomery GI Bill run as high as $4.5 billion for the first 10 years, although the Congressional Budget Office has yet to weigh in with more detailed figures.

Despite its cost, which could become a key obstacle in Congress, the bill now has 140 co-sponsors from both sides of the aisle, including Georgia Democrats John Barrow, Sanford Bishop, John Lewis and David Scott and Republican Nathan Deal.

"This is truly a bipartisan issue because it's about veterans," Matheson said.

The MOAA's Norton said another measure in the works is an amendment offered by Sen. Blanche Lincoln (D-Ark.) to the fiscal year 2007 Defense Authorization Bill.

This amendment would enable Guard and Reserve members mobilized for active duty to use their GI Bill education benefits after they leave military service.

Hall, the assistant secretary of defense who also is a retired rear admiral, told members of Congress that such a change could affect troop retention.

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"The fact that a member must continue to serve in the Reserves to maintain eligibility has greatly assisted the Reserve components as a whole in maintaining consistently high retention rates over the years and has increased the education level of our Reserve forces," he said.

But Norton contends that the Defense Department's own survey data show education is not a major factor in an individual's decision to re-enlist or extend in the Guard or Reserves.

Rowe said education benefits he thought he would receive as a reservist were only part of his decision to enlist in 1996, when he was 17 and still a high school junior in his hometown of Summerville.

"My father instilled a true sense of patriotism in me, and I wanted to do something for the country," Rowe said.

His father, Tim, had served in the Air Force and used his GI Bill benefits to obtain an education degree and become a teacher.

Rowe went to basic training between his junior and senior years in high school and then was assigned to a unit — first in Chattanooga, and later in Atlanta — as an information systems specialist. He served nearly six years in the active Reserve force before transferring to the Individual Ready Reserve.

In April 2003 he was recalled to active duty and sent to Afghanistan, giving up his civilian job as a project manager for a telecommunications company.

"All I wanted to do when I came home was get another job and go back to school. But then when I applied I found out I couldn't use the GI Bill so I had to reconsider things," he said.

Rowe now works for Covista Communications out of Chattanooga and said that the issue for him is not so much the money as the principle.

"I don't think there's anything that will be done to help me now, but I think it's something that definitely needs to be done for soldiers in the future," he said.

Congressman Paul's Legislative Strategy? He'd Rather Say Not. (WP)

By Libby Copeland

The Washington Post, July 9, 2006

Republican Ron Paul missed out on the 19th century, but he admires it from afar. He speaks lovingly of the good old days before things like Social Security and Medicaid existed, before the federal government outlawed drugs like heroin.

In his legislative fantasies, the amiable Texas congressman would do away with the CIA and the Federal Reserve. He'd reinstate the gold standard. He'd get rid of the Department of Education and leave the business of schooling to local governments, because he believes that's what the Constitution intended.

"Article 1, Section 8 gives me zero amount of authority to do anything about public education," says Paul on a recent weekday. He's seated in his congressional office near a sign than says, "DON'T STEAL; THE GOVERNMENT HATES COMPETITION . "

Paul, 70, has earned the nickname Dr. No for his habit of voting against just about anything that he sees as government overreach or that interferes with the free market. No to the Iraq war. No to a federal ban on same-sex marriage. No to a congressional gold medal for Pope John Paul II and Ronald Reagan and Rosa Parks. He says the medals are an unconstitutional use of taxpayer money and once suggested each House member instead contribute 100 bucks from his or her own pocket.

Last year, Congress decided to send billions of dollars to victims of Hurricane Katrina. Guess how Ron Paul voted.

"Is bailing out people that chose to live on the coastline a proper function of the federal government?" he asks. "Why do people in Arizona have to be robbed in order to support the people on the coast?"

There have been periods in history when the maverick congressman was not such a rare breed, but this is not one of those periods. Democrats and Republicans have been quite disciplined in recent years -- when party leaders say "jump," the savvy congressman had better inquire how high.

This makes the presence of a politician like Ron Paul something of a refreshing peculiarity. He continually bucks the wishes of Republican leaders -- so much so, Paul recalls, that once while exhorting every other Republican to vote the party line, then-Speaker Newt Gingrich announced that Ron Paul was exempt.

Paul is not always alone in his dissent, but more than anyone else in Congress, he is legendary for it. "When I'm the only no vote," says fiscal conservative Jeff Flake (R-Ariz.), "I can usually rest assured he's on a plane somewhere."

Paul left his party and ran for president in 1988 on the Libertarian ticket, traveling the country and speaking to crowds as small as 10. His iconoclasm may explain why, despite his years in Congress -- first in the late '70s and early '80s, and more

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recently since 1997 -- Paul doesn't hold a leadership post, doesn't chair a committee or subcommittee. He sees this as the price of being right.

"I never had a goal of working up the seniority ladder," he says.

Paul has an easy chuckle and a down-home, friendly manner that tempers his strong language. (In his columns, which appear online and are sometimes published in local newspapers, he pronounces a proposed government program "Orwellian" and calls former Federal Reserve chairman Alan Greenspan a "master of evasion." He once said on C-SPAN he feared being "bombed by the federal government at another Waco.")

He is father to five, grandfather to 17, and delivered something like 4,000 babies during his career as an obstetrician and gynecologist. Before he largely retired from his practice in 1996, he refused on principle to accept Medicare and Medicaid, and sometimes treated patients for free.

In Texas's 14th District, which runs along the northern Gulf Coast and includes the cities of Galveston and Victoria, Paul is either a beloved figure or a mystifying one. He calls himself the "taxpayers' best friend," and this has led him to controversial stands, such as voting against federal farming subsidies despite the wide swaths of agricultural land in his district. Because he won't cooperate with fellow Republicans in the House unless a bill is in line with his principles, some constituents feel he puts his libertarian agenda over the district's needs.

"He's certainly the taxpayer's friend if the taxpayer doesn't want to get anything done," says John W. Hancock Jr., a rice farmer and banker in El Campo. "All he does is go to Washington and write articles and vote no."

Paul's supporters see him as principled. He is known for constituent services such as getting medals for veterans who never received theirs. He is also a proponent of gun rights and he personally opposes abortion, though he thinks the matter should be left to the states.

"He's just consistent, consistent, consistent," says Debra Medina, the Wharton County Republican chairwoman. "He always talks about the Constitution and what the federal government ought to be doing, and he consistently articulates this basic mistrust of big government, which I think most people have."

Republican Party leaders supported a rival Republican in 1996, when Paul campaigned to return to Congress after a 12-year absence. Paul proved himself to be a strong fundraiser, gathering much of his money from out-of-state donors. He won a primary runoff, then eked out a three-point victory against his Democratic opponent in the general election.

The next time around, Democrats made him a top target, supporting a rice farmer named Loy Sneary. (Be "leery of Sneary," Paul warned. "Be cheery about Sneary," his opponent replied.) Paul won again. Since then, his margin of victory has gotten bigger in every election. This time around, he faces a Democrat named Shane Sklar, who is trying to paint Paul as out of touch with his district.

Paul's wife of nearly 50 years, Carol, quilts and came up with the idea to put together cookbooks that his campaign sends to constituents, many of whom also receive cards on their birthdays. His campaign Web site recently featured a recipe for chicken salad casserole, "a favorite of Brazoria County Republican Women." Paul almost always goes home to Lake Jackson on weekends.

"He doesn't want Potomac fever -- he thinks it's very contagious," says Carol Paul, who happens to be in Washington on a visit.

"I have a meeting with veterans on Saturday, and I have to check my tomato plants," the congressman says.

Ron Paul may seem an unlikely advocate for the repeal of federal drug laws, but this stance stems from the same impulse that leads him to call for the abolition of the Food and Drug Administration and its "health nannies." He says that decades of government programs can soften Americans' sense of personal responsibility and that the free market can do a better job of keeping people safe and healthy than the government can.

He also wants America to withdraw from the United Nations and NATO. He is against the government's "delusional, feel-good" policies of giving aid to needy countries in places like Africa; instead, private citizens and private groups should give charity if they want to. He has written that Americans "don't need to be forced to pay for foreign welfare at the barrel of a government gun."

Mainstream party platforms are riddled with inconsistencies; Paul tries to run what he believes is a straight course through every vote. Smaller government is better. That's why he winds up aligned with the most liberal of Democrats and the most conservative of Republicans. He takes inspiration from free-market economist Ludwig von Mises, whose photograph is mounted on a wall by his desk.

"He's like a gyroscope," says Neil Abercrombie (D-Hawaii), who is allied with Paul in opposition to the Iraq war. "No matter what happens, boom , he comes back up and goes exactly where he wants to go."

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Paul doesn't just question conventional wisdom. He stomps all over it. According to him, Abe Lincoln should never have gone to war; there were better ways of getting rid of slavery. He often attempts to prove his political theories by pointing to how things used to be. For instance, the federal government banning drugs like heroin doesn't work for the same reasons Prohibition didn't. The IRS doesn't need to exist for the same reasons it didn't exist before.

"We had a good run from 1776 to 1913," he says, referring to the years before the modern income tax. "We didn't have it; we did pretty well."

As for Social Security, "we didn't have it until 1935," Paul says. "I mean, do you read stories about how many people were laying in the streets and dying and didn't have medical treatment? . . . Prices were low and the country was productive and families took care of themselves and churches built hospitals and there was no starvation."

("Where to begin with this one?" asks Michael Katz, a historian of poverty at the University of Pennsylvania who has studied charity case records from the early 20th century. "The stories just break your heart, the kind of suffering that people endured. . . . Stories of families that had literally no cash and had to kind of beg to get the most minimal forms of food, who lived in tiny, little rooms that were ill-heated and ill-ventilated, who were sick all the time, who had meager clothing . . .")

Paul views his opposition to the status quo practically. He'd prefer no federal income tax, but barring that, he'd love the government to cut spending enough to bring the income tax rate down to 2 percent. He envisions a transition period for eradicating the Federal Reserve and for Social Security, to ensure that no one is cheated of the money they put in.

He figures party leaders get irritated with him sometimes, but for the most part, they leave him alone. On his opposition to war in Iraq, he told a radio interviewer a few years ago, "I'm generally very much ignored." He says he doesn't trade votes and as a result is rarely pressured.

Still, he says, if his fellow Republicans are "very desperate," he may allow himself to be talked into changing a "no" vote to "present."

Research database editor Derek Willis contributed to this report.

OTHER NEWS:

Social Security Battle Reignites (WT)

By Amy Fagan

The Washington Times, July 9, 2006

The seemingly dead issue of Social Security reform came to life again in recent weeks, with President Bush saying it should be high on the agenda and Democrats warning that Republicans are resurrecting their plan to privatize the system.

Mr. Bush, in a June 27 speech extolling the line-item veto, vowed to keep fighting to fix the impending financial crises in both Social Security and Medicare.

"If we can't get it done this year, I'm going to try next year. And if we can't get it done next year, I'm going to try the year after that because it is the right thing to do," Mr. Bush said in a speech in Washington hosted by the Manhattan Institute think tank. "Now is the time to solve the problems of Medicare and Social Security and I want your help."

Democrats immediately went on the attack, saying the president intends to bring back his plan to divert a portion of the Social Security payroll tax into personal accounts for individual taxpayers -- a plan that failed to gain traction last year.

"For President Bush to call for his allies in Congress to dismantle Social Security with the same old reckless and hugely unpopular privatization plan signals just how hopelessly out of touch he really is. Privatization was a terrible, irresponsible idea in 2005; it's every bit as bad today," said Brad Woodhouse, spokesman for Americans United (AU), a group that fought the president's Social Security plan last year and is gearing up for a rematch this election year.

AU plans an effort in 20 states to "hound members of Congress to sign anti-privatization pledges before the election," Mr. Woodhouse said.

Annual reports released in May by trustees of both programs said Social Security's trust fund will run out of money in 2040, and Medicare's trust fund will be depleted in 2018.

AU officials have met with top House and Senate Democratic leadership staff to let them know they will focus their attention on Social Security in the run-up to November's elections.

"They're completely on board and they are ready to hit it hard this summer and throughout the fall," Mr. Woodhouse said.

That's already happening.

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During a recent, unrelated event on prescription drug coverage, House Minority Leader Nancy Pelosi brought up Social Security twice, at one point criticizing the drug plan and adding, "This plan was brought to you by the same people who want to privatize Social Security."

AU and top Democrats also criticized statements made last month by Rep. Jim McCrery, Louisiana Republican and chairman of the House Ways and Means Social Security subcommittee. Mr. McCrery told members of the U.S. Chamber of Commerce that Social Security reform should be high on the agenda next year.

Mrs. Pelosi was among the Democrats who fired off angry statements warning that Republicans plan to "dismantle" Social Security and telling voters it was another reason to elect Democrats in the fall.

"This is simply not a priority of the American people, yet Republicans continue their relentless quest to privatize Social Security," she said. "Americans want to go in a new direction. Democrats are working to strengthen Social Security and address the real concerns of everyday Americans."

Mr. McCrery said his words were distorted for political gain.

"What I said was Congress should make it a high priority," he said.

After failing to gain traction on the personal accounts idea last year, he explained, "we have to go back to square one and we all should work together to get something we can all embrace." That solution, he said, "may not have personal accounts ... but it may."

Rep. Jack Kingston, Georgia Republican, said House Republicans probably won't try for another personal accounts bill next year, but could opt for a "lockbox" proposal that would seal away the Social Security surplus so it can't be used to pay for general government expenses, as is currently the case.

And Michael Franc, vice president for government relations at the Heritage Foundation, predicted Social Security reform probably will return to the legislative scene only as part of a broader effort to save all major entitlement programs from financial ruin.

"The lesson [lawmakers] took away from Social Security is if you try to deal with this coming fiscal catastrophe one program at a time, you're never going to get there," Mr. Franc said. Instead, he said, Republicans probably will try to create a "synergy to act broadly."

Democrats anticipate that as well. After Senate Republicans recently introduced a broad budget reform bill that included changes to entitlement programs, Sen. Max Baucus of Montana, top Democrat on the Finance Committee, called it a "backdoor" attempt by Republicans to get their Social Security plan approved.

Mr. Bush, however, continues to call for a bipartisan approach.

"Oh, I know this town is full of all kinds of politics, but we ought to set politics aside," the president said at the end of his June 27 speech. "We need to set politics aside when it comes to reforming Social Security and Medicare, and we need to set politics aside so that the president can work with the Congress to bring fiscal discipline to our budgets."

Democrats Rip GOP On Social Security Plan (AP)

By Mike Wilson

AP, July 9, 2006

The Republican plan to privatize Social Security could cause huge debt for decades, a Democratic candidate seeking a House seat in Iowa, a state with a high concentration of elderly residents, said Saturday.

"If the Republican plan is allowed to pass, future generations both here and across the country will be saddled with decades of debt and no guaranteed retirement security," Bruce Braley said in the Democrats' weekly radio address.

Braley, 48, a lawyer from Waterloo, faces Republican Mike Whalen in the contest to fill the seat being vacated by Republican Rep. Jim Nussle, who is running for governor. The race is considered one of the more competitive in the country.

Braley said Social Security is under attack, with President Bush and congressional Republicans making privatization a top priority in 2007. He also accused the Bush administration of "plundering the Social Security trust fund while giving billions away to special interests, like big oil."

"They are spending the money seniors rely on while making no effort to balance the budget or protect the limited funds we have for retirement security," he said.

According to the 2000 census, Iowa ranks fourth in the nation in percentage of population 65 and older, at 14.9 percent, behind Florida, Pennsylvania and West Virginia.

Bush had called for a complete overhaul of Social Security, including creation of personal savings accounts and a reduction in future benefits promised to younger workers. But legislation failed to make it to the floor of either the House or Senate.

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Braley said the Bush administration and the Republican-led Congress have failed to reform Medicare and the nation's energy policy and should not be trusted with Social Security.

"This is the same team that set out to reform Medicare but instead let lobbyists create a confusing, expensive program that was little more than a payoff to the big pharmaceutical and insurance companies," Braley said of the Medicare prescription drug plan.

Braley said it's time for a change in Washington with a Democratic-led Congress.

"Because after six years of misplaced priorities, George Bush and his rubber-stamp Republican Congress cannot be trusted to protect something as vital as Social Security," he said.

Plumbing Iowa For Democratic Caucus Votes? Bring Money (WP)

By Zachary A. Goldfarb And Chris Cillizza

The Washington Post, July 9, 2006

To most people, all the national Democrats beating a path to Iowa this month look an awful lot like presidential candidates. But to the state Democratic Party, they look like something else: revenue enhancers.

Showing its entrepreneurial spirit, the state party is offering potential candidates access to its detailed voter database -- for a price. Specifically, they can mine the valuable data for $50,000 (act now, urges the party, and get a discount from the usual fee of $75,000). The details were reported by the political newsletter the Hotline and the Des Moines Register.

For an additional $50,000 next year, candidates can secure access to a database buttressed by information derived from the 2006 primary and general elections. Or campaigns can ignore the current offer and purchase the full database next year for $85,000.

Candidates have until Saturday to decide whether to take advantage of the discount.

Eighteen months before the often-pivotal Iowa caucuses, potential candidates are already swarming the Hawkeye State.

This weekend, Sen. Evan Bayh (Ind.) was to honor a state representative at a coffee shop in Muscatine, while former senator John Edwards (N.C.), the 2004 vice presidential nominee, planned to attend a barbecue for party faithful in Indianola, among other events.

Edwards and Bayh have made the biggest splashes in Iowa since the 2004 election. But they are being joined in Iowa this month by the 2004 presidential nominee, Sen. John F. Kerry (Mass.), and former Virginia governor Mark R. Warner.

Also active in Iowa is Tom Vilsack, who will retire from the governorship at the end of his term as he ponders a 2008 bid. He and Bayh are the only two potential candidates to have political staff workers already on the ground, according to the Register.

A poll last month by the Register showed Edwards leading other potential Democratic contenders, with 30 percent of the vote of people likely to participate in the caucuses. Sen. Hillary Rodham Clinton (N.Y.), who has not made a priority of visiting Iowa, came in second, followed by Kerry and Vilsack.

Two years ago, Kerry won the Iowa caucuses.Clearer Path for Sen. Cantwell

Faced with the prospect of a primary fight over her support for the war in Iraq, Sen. Maria Cantwell (D-Wash.) is working behind the scenes to assure antiwar activists that she is no Joe Lieberman.

Michael Meehan, Cantwell's chief of staff, was in Seattle last week to huddle with Dal LaMagna and Mark Wilson, vocal opponents of the Iraq war who have floated the idea of running themselves, giving her an intraparty battle of the sort Sen. Lieberman (D) is facing from antiwar candidate Ned Lamont in Connecticut. Cantwell, who voted for the 2002 resolution authorizing the use of force in Iraq, has also held more than a dozen meetings with antiwar constituents.

That legwork appears to be paying off.

LaMagna announced Thursday that he would not run and instead would serve as a co-chairman of Cantwell's campaign. Cantwell sources were optimistic that Wilson would follow LaMagna's lead. But one Iraq war critic, Seattle attorney Hong Tran, is a declared candidate in the Democratic primary.

Cantwell was recently endorsed by the King County Democratic Party, which takes in the city of Seattle and has a reputation as the state's most liberal enclave.

Meehan said, "Cantwell is not in the same boat as Lieberman," noting she supported a recent amendment by Sens. Carl M. Levin (D-Mich.) and Jack Reed (D-R.I.) calling on President Bush to set a timeline for troop withdrawal.

Lieberman, who until recently had been assumed to have an easy reelection, voted against the amendment, which the Senate defeated, and has been vigorous in his support of the war, if not always the Bush administration's handling of it.

Cantwell won her seat in 2000 by 2,229 votes, upsetting Sen. Slade Gorton (R). She is likely to face former Safeco Insurance Co. CEO Mike McGavick (R) in the fall.Running Interference for Osborne

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A coach is supposed to cheer his team after a big loss. But in this case, it's the team that's cheering on the coach.

Rep. Tom Osborne (R-Neb.), who gained fame as head coach of the state university's triumphant Cornhuskers football team, was coasting toward the GOP's gubernatorial nomination. But when President Bush snapped up Gov. Mike Johanns for a Cabinet position and Lt. Gov. Dave Heineman became governor and declared he would run to keep his job, the primary turned into a hard fight.

In May, Osborne lost that fight.

Undeterred, Osborne supporters Johnny Rodgers, 1972 winner of the Heisman Trophy and one of the best players in Cornhusker history, and football trainer Doak Ostergard hoped to launch a campaign to write in Osborne's name this November.

But Nebraska law prohibits a candidate defeated in a primary election from being a write-in candidate in a general election. Rodgers and Ostergard sued last week to overturn the law.

"Tom really believes he can do some good things for Nebraska, and we do, too," said Rodgers, who played under Osborne when he was the team's offensive coordinator. "It's a grass-roots effort."

Osborne said in a statement: "As nice as it is of my former players and associates to be concerned about my future, none of their efforts have involved consultation with me."

Sen. Bayh Seeks Edge In Democratic Field (AP)

By Mike Glover

AP, July 9, 2006

In a quiet, methodical style reflecting his Midwestern roots, Sen. Evan Bayh is laying the foundation for a presidential campaign and prompting some Democrats to talk about a candidate with a realistic shot.

"The chatter that you hear is that he's a good guy and nice and he has that honest, Midwestern feel to him, kind of like Harry Truman," said veteran Democratic strategist Dane Strother. "That's all appealing."

In his fifth trip to Iowa in the last year, the centrist Indiana Democrat opened a three-day swing Thursday with a fundraiser in downtown Des Moines for legislative candidates. He mingled easily with about 50 party activists for more than an hour and made a point of chatting with everyone in the room.

"He's a Midwesterner and that will help him in Iowa," said state Senate Democratic leader Michael Gronstal. "It's up to him to sell himself, and so far he's been fairly impressive."

As he makes his way around the state, which launches the primary process with caucuses, Bayh sets aside ample time for private meetings with top Democrats, introductory sessions in which he often trades stories about campaigning for his father, former Sen. Birch Bayh.

The elder Bayh served from 1963-81 and spent time in Iowa in his unsuccessful bid for the Democratic presidential nomination in 1976. The son finds that the campaign war stories are an effective way of building ties, particularly with older Democrats who remember his dad.

While New York Sen. Hillary Rodham Clinton looms as the front-runner for 2008, other Democrats are fighting to distinguish themselves from the pack. Bayh has the distinction of having won statewide election five times in one of the most Republican states in the nation, serving as secretary of state, governor and senator.

"I don't think you can get elected five times in a state that hasn't gone Democratic since 1964 without learning how to campaign," said Anita Dunn, a Democratic media consultant who has signed on with Bayh.

Bayh has assembled a solid team of advisers operating under the auspices of his political action committee, the All America PAC. He's tapped a former Democratic National Committee fundraiser, a onetime pollster for Howard Dean's presidential campaign and a chief of staff to the late Missouri Gov. Mel Carnahan.

Dunn was a top adviser to former New Jersey Sen. Bill Bradley during his 2000 bid for the Democratic presidential nomination.

Bayh has $9.8 million in his campaign account, according to March filings. His All America PAC had $967,453 cash on hand.

Bayh, 50, casts himself as a centrist who can win over independents and moderate Republicans, and his political resume is his base appeal.

"I have a proven track record of doing something this president said he would do and never did, and that's being more of a uniter than a divider, reaching out to independents, reasonable Republicans as well as all of our Democrats," Bayh said.

There's plenty of competition for the backing of moderate Democrats. Bayh is seeking to separate himself from rivals like former Virginia Gov. Mark Warner by focusing on his national security resume, which includes membership on the Senate Armed Services and Intelligence committees.

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"One thing we need to do is prove to this country that we can be tough and smart," said Bayh. "We need to take Karl Rove and this administration on this issue. We know they are going to attack us on this."

"Warner does have a paucity of foreign policy experience," said Democratic consultant Steve Murphy, who said the jury is still out on the competition. "We have elected a one-term governor in the recent past. It all depends on Warner's performance in the campaign."

Warner spokeswoman Ellen Qualls dismissed the notion of a competition.

"If Governor Warner decides to throw his hat in the ring, I don't think he's going to be fighting for a label. He's going to be asking folks to look at his record," said Qualls.

Bayh's close attention to retail politics has earned him high marks as Iowa Democrats head into a competitive election with an open governor's race, toss-up House races and a legislature that's virtually tied. Bayh planned to attend eight events raising money for local candidates.

"He is making inroads here," said former Iowa Democratic Chairman Gordon Fischer. "He is doing what it takes to be successful in the Iowa caucuses, and that is a lot of retail politics."

Tom Courtney, a state senator from Burlington, Iowa, was getting some help from Bayh.

"When I'm around town, I'm starting to hear Bayh's name mentioned," Courtney said. "Democrats are looking for somebody who is new and fresh."

Though Bayh is making an impression in some early states, he remains little known around the country.

"Honestly, there's only one person on anybody's radar screen and that's Senator Clinton," said Democratic strategist Chris Lehane, who is not working for any candidate. "None of these other folks have begun to register in a meaningful way."

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On the Net:

Sen. Evan Bayh: http://bayh.senate.gov/

Democrats' Fundraising Letter Is Bankrupt On Ideas (LAT)

By Steve Lopez, Points West

The Los Angeles Times, July 9, 2006

It's not often that I reach into my mailbox at home and find a letter from Ted Kennedy, so I was eager to see what was on the mind of the saber-rattling senator from the great state of Massachusetts.

The letter began "Dear Friend," which is a little impersonal, if you ask me. When my friends at the Republican National Committee wrote to ask me to sign President Bush's birthday card — and send along a few bucks — they began their letter, "Dear Steve."

Kennedy, you'll be shocked to know, was also hitting me up for money, in this case for the Democratic Senate Campaign Committee.

"Yes, Senator Kennedy," said the contribution form I was supposed to check off and return, "I share your concern over the arrogance and incompetence of the Bush Administration."

In anticipation of my generosity, Kennedy enclosed a complimentary bumper sticker:

HAD ENOUGH?

Vote Democrat in '06

As a matter of fact, I do share Kennedy's concern about the Bush administration, and so I was eager to read the four-page letter and other enclosed materials to find out more about the alternative vision being offered up by the Democratic Party.

Page 1, however, contained no such clues. It just fired more bazooka shots at the president and his "extreme right-wing allies," so I figured the fresh ideas from the Dems had to be on Page 2.

Wrong again. Page 2 was nothing but groveling for money for contested races in Missouri, Montana, Ohio, Pennsylvania, Maryland and Minnesota. ("It's urgent for each of us to do as much as possible as soon as possible!")

Page 3 suggested the Republicans will burn in hell for sins against humanity ("They've poisoned our air and water"), and Page 4 warned, "They'll never stop unless we stop them. They're shameless!"

That's quite a cavalry call, but it seems to me the Democrats are once again rushing to the front lines with empty muskets.

I'm not asking for the Democratic equivalent of a 10-point Contract With America, having lowered my expectations while on the campaign trail with Al Gore and bearing witness to his nationally televised identity crisis.

I'd settle for a five-point "Contract With Western Blue States." Heck, I'd be happy with a warmed-over crumb of an idea or two.

Instead all we get from the Democrats is the reminder that they stand for … wait, let's see, where was that platform draft?

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Oh, yeah. They're anti-Iraq war, or at least they are now that it's turned out so miserably.

And they're passionately … hold on a second. What else was there?

Anti-Republican. That's it.

Write a check today because "They're shameless!"

Craig Smith, a former speechwriter for Gerald Ford and the first President Bush, said the Kennedy letter is a direct response to polls that show declining support for the war in Iraq and for the president.

But he finds it astounding that the Democratic Party still can't move beyond its attack strategy and figure out how to define and sell itself with a specific, alternative agenda.

Smith, who teaches campaign persuasion at Cal State Long Beach, has a simple piece of advice for his political rivals:

Go back to your roots.

"They have not been the loyal opposition," said Smith, who believes Democrats sold their souls under the influence of the Democratic Leadership Council, which pushed the party toward the center after Walter Mondale was blown out by Ronald Reagan.

There's an intellectual distinction to be made in the essence of what it means to be a Republican or a Democrat, Smith said, and Democrats ought to embrace the difference.

"For me, it always goes back to this: If you put a gun to a Republican's head and say, 'Choose between individuality or equality,' they'll pick individual freedom. A good liberal will pick equality over individual freedom."

Democrats, he said, need to get back to the social agenda. They ought to put healthcare reform back at the top of their to-do list, and not cut and run the way Bill Clinton did.

They ought to be screaming about wages that keep millions in abject poverty, and they ought to put up or shut up on education, doing something more than attacking Bush's "no child left behind" program.

It's a sad day in America when a Republican can deliver a more coherent agenda in a single paragraph than Ted Kennedy can in a four-page screed.

I guess what I'm trying to say here is that instead of writing a check to Mr. Kennedy, I tossed his letter — along with the bumper sticker — into the can.

My decision was endorsed by Ken Khachigian, the GOP consultant who worked with Reagan. He recalled Kennedy's speech at the 1980 Democratic National Convention, referring to it as the speech "left-wingers" love to quote:

"The work goes on, the cause endures, the hope still lives and the dream shall never die."

"So," Khachigian said, "regarding this letter, these are my questions for Ted: What work goes on; which cause endures; where does hope live; and, by the way, what IS the dream?"

Reach the columnist at steve.lopez@latimes.com and read previous columns at http://www.latimes.com/lopez .

The Liberal Inquisition (NYT)

By David Brooks

The New York Times, July 9, 2006

Sometimes history comes with previews. In the 1930's, the Spanish Civil War served as a precursor to the global conflict that was World War II. And in a smaller fashion, the primary battle playing out on the smiling lawns of upscale Connecticut serves as a preview for the national conflict that will dominate American politics for the next two years.

This isn't a fight between left and right. It's a fight about how politics should be conducted. On the one hand are the true believers — the fundamentalists of both parties who believe that politics should be about party discipline, passion, purity, orthodoxy and clear choices. On the other side are the quasi-independents — the heterodox politicians who distrust ideological purity, who rebel against movement groupthink, who believe in bipartisanship both as a matter of principle and as a practical necessity.

In 2008, heterodox politicians like John McCain, Rudy Giuliani and even Hillary Clinton are going to have to face zealous assaults from within their own parties. But for the moment that war has come to Joe Lieberman.

What's happening to Lieberman can only be described as a liberal inquisition. Whether you agree with him or not, he is transparently the most kind-hearted and well-intentioned of men. But over the past few years he has been subjected to a vituperation campaign that only experts in moral manias and mob psychology are really fit to explain. I can't reproduce the typical assaults that have been directed at him over the Internet, because they are so laced with profanity and ugliness, but they are ginned up by ideological masseurs who salve their followers' psychic wounds by arousing their rage at objects of mutual hate.

Next has come the effort to expel Lieberman from modern liberalism. In a dark parody of the old struggle between Eugene McCarthy and Hubert Humphrey, the highly educated, highly affluent, highly Caucasian wing of the Democratic Party has turned

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liberalism from a philosophy into a secular religion, and then sought to purge a battle-scarred warhorse on the grounds of insufficient moral purity.

So these days, for example, one hears that Lieberman is a crypto-conservative, a Bible-Belter. In reality, of course, this is a man who has been endorsed by Planned Parenthood and the Human Rights Campaign. He has a Christian Coalition rating of 0.

But a lifetime's record is deemed not to matter any longer. For in the midst of the inquisition all of American liberalism has been reduced to one issue, the war. Just as some edges of the pro-life movement reduce all of conservatism to abortion, the upscale revivalists on the left reduce everything to Iraq, and all who are deemed impure must be cleansed away.

Lieberman's opponent, Ned Lamont, has neither expertise in foreign affairs nor any specific knowledge of Iraq, and he has struggled to come up with a plan for what we should now do there. But that is not the point, for the opposition to Lieberman is not about future actions or even politics as it is normally understood. It is about impurity, the scarlet letter, and the need to expunge those who have transgressed.

Liberal interest groups that seek practical goals, like the A.F.L.-C.I.O. and the League of Conservation Voters, back Lieberman. But the netroots now seek to purge what's left of the Scoop Jackson Democrats, and to eliminate those who have had contact with the evildoers in the other party, because movements are deemed to prosper to the extent they achieve holiness unmarred.

Ned Lamont is a strange vessel for all this passion. Based on the candidate debate Thursday night, he seems a genial if under-prepared politician who would be an innocuous presence in the Senate if he were elected to it.

The big story out of the campaign last week was the aggressiveness Lieberman has finally brought to his side of the fight. Over the past few years, polarizers have dominated Congress because people who actually represent most Americans have been too timid or intellectually vacuous to stand up. Even today many Democrats who privately despise the netroots lie low, hoping the anger won't be directed at them.

But Lieberman has had no choice but to fight, and he will probably prevail. If he doesn't, and if his opponents go from statewide victory in Connecticut to a national primary assault in 2008, then I hope the Republicans will be smart enough to scoop up what is sure to come — yet another wave of disaffected Democrats looking for a political home.

Corzine Ends Shutdown And Approves New Budget (NYT)

By Richard G. Jones And David W. Chen

The New York Times, July 9, 2006

TRENTON, July 8 — Gov. Jon S. Corzine signed a budget for New Jersey Saturday evening, after a seven-day government shutdown and an acidic standoff with the Legislature that paralyzed state operations, frayed nerves and cost the state millions of dollars.

Mr. Corzine, in a crowded public ceremony, approved the $30.9 billion budget but also cut $51 million in proposed new spending, much of it inserted by legislators before they approved the budget.

"This crisis should never have occurred and it must never be repeated," Mr. Corzine said. While many had cast the weeklong standoff as a political turf battle, he said, "this crisis was about something much more basic: change."

On Saturday morning, Mr. Corzine signed an executive order ending the first-ever shutdown of state government in New Jersey and allowing nearly 100,000 workers — including about 45,000 state employees — to return to their jobs.

Although government offices like the Motor Vehicle Commission were not expected to reopen until Monday, the 12 Atlantic City casinos, the most high-profile casualties of the shutdown, reopened Saturday morning, and lottery tickets were on sale soon after.

As he signed the budget at 7:00 Saturday evening, Mr. Corzine drew a red pen through 53 items on the Legislature's appropriations list. Mr. Corzine is the first governor to use his line-item-veto authority, a power not enjoyed by most governors or the president of the United States, since Gov. Donald T. DiFrancesco cut $153 million in spending in 2001. Gov. Christie Whitman vetoed legislators' projects in every one of her budgets, but usually in small amounts.

State parks and beaches will begin the process of reopening on Sunday. The state's courts, which had been ordered to handle only emergency matters, were expected to resume operations on Monday morning.

"The lives of the people of New Jersey can now, at long last, begin to return to normal," a bleary-eyed Mr. Corzine said shortly after 6 a.m. Saturday. Mr. Corzine added that he was working on three hours' sleep.

The shutdown was a result of an impasse between Mr. Corzine and the Legislature over the budget for the fiscal year that began on July 1. Although the impact of the shutdown was blunted by the July 4 holiday, the crisis peaked on Wednesday when the casinos were closed for the first time in the 28 years that gambling has been legal in Atlantic City, sending a work force of

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50,000 home without pay. The state lost $1.2 million a day in tax revenue from the casinos, and $2 million a day in revenue from the lottery, officials said.

On Thursday, the impasse ended when Mr. Corzine reached an agreement with the speaker of the General Assembly, Joseph J. Roberts Jr., on a proposal to raise the sales tax to 7 percent from 6 percent.

Under a compromise, Mr. Corzine agreed to use half of the revenue from the increase, or about $550 million, to help offset the state's property tax rates, which are among the highest in the nation.

Mr. Corzine also agreed to allow Mr. Roberts to put forth a ballot question for an amendment to the state's Constitution guaranteeing that the money would be used to offset property tax rates. The governor and the Legislature agreed on additional budget cuts to make up for the money going to property tax relief.

The budget was passed after an all-night debate by the Legislature. The votes ran largely along party lines. But one Republican senator, William L. Gormley of Atlantic County, whose constituents were most directly affected by the casino shutdown, joined the Democratic majority in supporting the bill. The budget passed the Senate by a vote of 23 to 17. In the Assembly, where opposition to Mr. Corzine's tax plan had been the stiffest, the vote was 44 to 35. Six Democrats voted against the budget, but Mr. Corzine picked up the support of one Republican, Francis J. Blee, also of Atlantic County.

The Assembly's final vote came around 5:30 Saturday morning, came about an hour after the Senate's vote. The voting ended what political veterans said was the state's most contentious budget season. The dispute centered on Mr. Corzine's plan to use the sales tax increase to help close a $4.5 billion deficit.

Besides the intensity of the opposition to the sales tax increase, the budget debate was particularly noteworthy because all of the major players are Democrats.

Democrats, who control both houses of the Legislature, have said that they fear the potential political consequences of the tax increase.

When A Government Just Can't Go On (NYT)

By Henry Fountain

The New York Times, July 9, 2006

Budget disputes like the one that was resolved in New Jersey last week are not uncommon in state governments. California lawmakers, for instance, are chronically late in passing their budgets.

"In a bad fiscal year you'll have maybe a dozen" late budgets across the country, said Arturo Perez, a fiscal analyst for the National Conference of State Legislatures.

But the seven-day government shutdown that resulted from the New Jersey impasse was unusual. There have only been two other shutdowns, in Minnesota and Tennessee, since 1991.

Why?

Most states have laws or constitutional clauses that allow government to continue operating, even if no money has been appropriated. "States have the ability to keep things going through the use of continuing resolutions," which finance government at the levels of previous budgets, Mr. Perez said. "The average person on the street sees no difference in the operation of the state."

New Jersey, however, has no law or language that addresses what to do if a budget is late. So when state lawmakers couldn't agree last week on Gov. Jon S. Corzine's plan to raise sales taxes, parks, public beaches and many agencies were closed, as were casinos, because gambling inspectors were among the 45,000 state workers who were furloughed without pay.

But no shutdown can be complete. In many states, the budget is considered in multiple bills, so if some are approved before the deadline, those parts of the government can keep operating. And even if a state has a single budget bill, it can't shut some services.

"There are things the state must continue to do," Mr. Perez said. "It cannot simply close down the prisons and let the prisoners out."

Stem Cells Back In Political Spotlight (WP)

By David S. Broder

The Washington Post, July 9, 2006

Issue Is Key in Wisconsin's Gubernatorial Election

MADISON, Wis. -- From the back patio of his official residence here, Democratic Gov. Jim Doyle can look across Lake Mendota to the campus of the University of Wisconsin and see a forest of construction cranes at the medical research complex and the new Institute of Discovery. Doyle calls the facilities "the epicenter of the world's work on embryonic stem cells."

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Those cells may offer hope for curing crippling diseases, but at the moment, they are also at the center of an impassioned political debate, one that will occupy the Senate this summer and may provoke President Bush's first veto. It is an issue that may swing the outcome of Doyle's reelection race and a U.S. Senate contest in Missouri, where a stem cell research referendum is on the ballot.

University of Wisconsin scientists were the first to isolate embryonic stem cells, and the state, the alumni association and private firms have invested millions in building facilities and attracting scientists to work here. Doyle said in an interview that stem-cell-based bioscience will become, in time, "a $100 billion enterprise" and that his goal is to capture 10 percent of the bounty for his state.

But Doyle faces a difficult campaign, after four contentious years in office, against U.S. Rep. Mark Green, a personable Republican who points to polls suggesting that a majority of Wisconsin residents "think this great state is sliding, that its best days are behind us," even though its economy looks healthier than that of neighboring Michigan.

Green, a protege of Tommy G. Thompson, the popular former Republican governor and U.S. secretary of health and human services, is trying to present himself as a Thompson-style pragmatist who will reenergize the state.

But where Thompson, like Doyle, is an outspoken advocate of embryonic stem cell research, Green has voted to ban work on cells donated by fertility clinics or created from embryos in medical labs. The fourth-term House member supports Bush's policy of limiting work to the relatively few cell lines created before a 2001 executive order setting forth terms for government-funded research.

"I was in the Congress that doubled funding for the National Institutes of Health, the funding that actually helped create the national stem cell bank in Madison," Green said in an interview. "I'm excited about stem cell research. But I don't believe we have to leave our moral compass behind in pursuing the promise of stem cell research."

But Doyle has called Green "a relentless opponent of stem cell research," pointing to eight votes in which he says Green "tried to ban or even criminalize proven methods of stem cell research."

A similar debate is taking place in Missouri, where supporters of stem cell research have placed on the ballot an initiative protecting all forms of the research permitted by federal law. Republican Sen. James M. Talent has come out against it, while state Auditor Claire McCaskill, his Democratic challenger, favors it. The two are in a very close race, and early polls show majority support for the initiative.

In Wisconsin, the Republican-controlled legislature has placed on the ballot two initiatives designed to pull out conservative voters -- one reinforcing the ban on same-sex marriage and extending it to civil unions, the other an advisory referendum to reinstate the death penalty.

Doyle opposes both, and is hoping that the stem cell issue will motivate his supporters. The issues that Green says he will emphasize in his campaign are taxes and jobs, plus some issues of gambling and corruption new to Wisconsin. Doyle was the beneficiary of an independent expenditure campaign in his last race by some Indian tribes with casinos, and he signed contracts giving the tribes expanded gaming licenses in perpetuity -- authority that the state supreme court later overruled.

As for scandal, four legislative leaders of both parties have been convicted of various crimes, and last month a mid-level career employee was found guilty of handing a contract to a Doyle donor.

Last week, the battle heated up as an independent committee supporting Doyle ran a radio ad accusing Green of voting for benefits for Big Oil. An independent group backing Green replied with a TV ad linking Doyle to the convicted procurement officer.

In an interview, Doyle noted that testimony at the officer's trial showed he had never met her or talked with her about the contract.

Nonetheless, Democrats acknowledge that Doyle will face a tough race. Four years ago, when he was attorney general, he edged out Republican Scott McCallum, who had inherited the job from Thompson. Doyle had only 45 percent of the vote in a three-way race in which Thompson's brother, Ed Thompson, captured 10 percent as a third-party candidate.

"He hasn't been able to get over 45 percent in any poll since then," Green said.

Other Wisconsin Democrats privately attribute Doyle's political problems to his personal style. A moderate who has presented himself as pro-business, he has not developed fervent support among teachers, minorities or liberals, the backbone of the state's Democratic Party.

"He has to worry about the turnout in any of those core groups," said one Democratic insider.

Green, on the other hand, faces some challenges of his own. In the election of 1998, he was the only GOP challenger in the country to defeat a Democratic incumbent, but he has had a low profile on Capitol Hill and is little known outside his own Green Bay-Appleton area in the Fox River Valley of east-central Wisconsin.

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Green has an unusual personal history. His physician father and nurse-midwife mother emigrated from South Africa. After college and law school, Green and his bride spent a year teaching in Kenya. "That was the formative year of my life," he said, and set him on the path of politics and public service.

The stakes in the race are big -- and go beyond stem cells. Republicans already control the legislature and have forced Doyle to veto measures on taxes and social policy, which are likely to become law if Green were to win.

But one Democrat who otherwise paints a gloomy picture of Doyle's prospects remarked: "If he can make this a case of the Republicans being know-nothings who are opposed to science and progress, it might really hurt Green with suburban independents. Green doesn't fit the stereotype, but people don't know much about him yet."

Governor's Race Follows 2 Orbits (WP)

By John Wagner

The Washington Post, July 9, 2006

Contest Highlights Baltimore Region's Political Pull Over Washington Suburbs

Maryland voters who happen to live in the Baltimore region have already been treated to $850,000 worth of television ads in the governor's race, candidates appearing regularly on the nightly news and a literal parade of politicians through their streets on the Fourth of July.

The view from suburban Washington is quite different.

Most voters in Montgomery, Prince George's and other Maryland counties in the region have yet to see a single one of those ads. TV news coverage of the race has been spotty. And the sole representative of a gubernatorial ticket at the region's Independence Day celebrations was the Democratic lieutenant governor candidate, Prince George's Del. Anthony G. Brown.

Even as the population and legislative clout of the Washington region have grown, Maryland still tilts toward Baltimore when it comes to statewide elections, recent developments suggest.

The result is two versions of Maryland politics for voters living in the state's two dominant media markets. Nowhere is this more evident this election year than in the early stages of the governor's race.

"I feel cheated," said Sandy Rovner, a Democratic activist who lives in a Montgomery retirement community. "We read about the campaign, but we don't really feel part of it."

The candidates are not ignoring the state's Washington suburbs. For months, they have been building grass-roots operations, recruiting volunteers and making personal appearances.

Baltimore Mayor Martin O'Malley (D), for instance, staged a well-attended event in Rockville last week at which he won dozens of endorsements from former supporters of Montgomery County Executive Douglas M. Duncan (D), who dropped out of the race last month to battle depression. And after Gov. Robert L. Ehrlich Jr. (R) announced his running mate choice in Annapolis, he and Kristen Cox put in appearances in Montgomery.

But no one denies that Baltimore is getting more attention -- and that there are consequences.

"The reality is, voters in Baltimore have a huge advantage over voters in the Washington market," said Anita Dunn, a Democratic consultant who worked for Duncan. "If you're in the Washington suburbs, you're going to have far less information about the candidates and their records."

Even the Fourth of July schedules for Ehrlich and O'Malley were telling. Both marched in a half-dozen parades, all in the Baltimore region.

Their itineraries reflect the battleground that suburban Baltimore is expected to be in November's general election. In 2002, Ehrlich was able to claim victory in a largely Democratic state by running up large margins in Baltimore County and other jurisdictions in the region where Democratic voters are more willing to vote Republican.

O'Malley advisers say his key to victory in the fall will be undercutting that advantage while holding on to the Democratic base in counties such as Montgomery and Prince George's -- more than 30 percent of Maryland's registered voters live in those jurisdictions.

Evidence of the stakes in the Baltimore region was hard to miss at a parade Tuesday morning in Dundalk, where Ehrlich and O'Malley appeared only minutes apart. As the candidates rounded a corner in a leafy residential area, neighbors sat side by side in lawn chairs with dueling navy blue and neon green campaign signs.

Had Duncan still been in the race, his day would have been dominated by Baltimore area parades as well, former aides said.

In a Washington Post poll last month, 46 percent of Maryland's registered voters said they get their local TV news from Baltimore stations; 37 percent said they get it from Washington stations. The remainder cited another city or said they did not know.

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Advertising rates for network affiliates in Washington are two to three times as expensive as in Baltimore, campaign media consultants said. Moreover, ads on Baltimore stations are seen almost exclusively by Maryland residents. Candidates who buy time on network affiliates in Washington wind up wasting money on viewers who live in the District and Virginia. Thus far, only one Maryland candidate, Democratic Senate hopeful Josh Rales, has taken to the Washington airwaves on network affiliates.

Ehrlich and O'Malley aides say they will advertise on Washington television well in advance of the November election, as gubernatorial candidates have in the past.

"The campaign in the Washington region will probably begin at the time it would normally be expected to," said Ehrlich campaign manager Bo Harmon. Because the Baltimore region is considered such a battleground and ads there are less expensive, he said, "Baltimore is getting started earlier."

In an interview Friday on Washington Post Radio, Ehrlich -- who has spent more than $300,000 on Baltimore TV in recent weeks portraying himself as someone who governs from the center -- acknowledged the importance of the Washington region.

Branding himself "a realist," Ehrlich said he is unlikely to outpoll O'Malley in Montgomery and Prince George's, but he said he would appeal to voters there based on his record.

In an interview, O'Malley, who has spent more than $200,000 on Baltimore TV portraying himself as a consumer advocate, said he is offering the same message of "working family" empowerment across the state. Most of his campaign appearances have been outside his home region, he said.

Some allies were more blunt when assessing the importance of the mayor's performance in the Baltimore suburbs.

"There's enough swing vote in Baltimore County and the other Baltimore suburbs to warrant a concerted, nonstop presence in those areas," said Derek Walker, executive director of the Maryland Democratic Party. He suggested that Democrats will likely rely more heavily on grass-roots campaigns to spread their message in the Washington suburbs.

In the meantime, even catching a glimpse of the advertising campaign of the Green Party's nominee requires a trip to Baltimore. There, Ed Boyd's sole billboard can be found in Charles Village, proclaiming: "O'Malley Arrests Us. Ehrlich Abandons Us. Boyd is one of us."

Staff writer Mary Otto contributed to this report.

An Uphill Opportunity For The GOP (WP)

By David S. Broder

The Washington Post, July 9, 2006

MINNEAPOLIS -- Rep. Mark Kennedy, a 49-year-old former small-town accountant and businessman, is carrying the hopes of the national Republican Party in one of the few Senate races in the country in which the GOP has a chance of gaining a seat.

The voluntary retirement of Sen. Mark Dayton this year has opened the way for a newcomer, and Dayton's Democratic-Farmer-Labor Party has given its endorsement to Amy Klobuchar, the two-term elected attorney of Hennepin County (Minneapolis).

In one sense, Kennedy is on familiar ground. After beating the male Democratic incumbent in his first race in 2000, he faced female candidates in both his reelection bids. Despite their spending about $2 million each against him, he won with votes to spare while spending less.

Minnesota has become a two-party battleground, with Republicans holding the governorship and the other Senate seat. President Bush lost the state by less than 3 percent of the vote in each of his races.

But now, as Gov. Tim Pawlenty put it in an interview, "the president continues to struggle here," with approval scores below 40 percent. When I asked Kennedy in an interview if he agreed with the opening words of his profile in the current edition of Congressional Quarterly, the authoritative source on Congress, describing him as "a dedicated conservative and loyal Bush supporter," he seemed surprised.

"I don't know if I'd use any of those words to describe me," he said. And he offered an alternative. "I'd say I'm a common-sense Minnesota conservative informed by the values we care about from a Midwest perspective."

Kennedy said, "The attack on me is that I'm a lap dog of the president. It's saying that I don't think independently, that I don't have a set of core values that I was raised with and have been living by. To have an organization as reputable as CQ fall into that trap, I just don't know."

But in an interview here, Klobuchar said, "He supports the president's position 97 percent of the time." CQ did score Kennedy as voting in agreement with Bush's wishes on 98 percent of the roll calls in 2003 and 97 percent in 2004, before he dropped to 87 percent last year, as he began to prepare for the Senate race.

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Kennedy points out that, even as a freshman in 2001, he opposed the president by voting against oil drilling in the Arctic National Wildlife Refuge and against creation of the No Child Left Behind education program.

Klobuchar dismisses those as easy votes for any Minnesota politician responsive to local opinion. But Kennedy says he is genuinely bipartisan in approach and cites "at least 15" issues on which he has teamed with Democrats to work for passage, such as environmental protection and a program to make it easier for scientists to become teachers.

Kennedy's struggle to prove his independence is typical for Republicans running in competitive races from New Jersey to Washington state, as Bush's ratings have sunk. And this race is clearly a challenge for the GOP. Klobuchar's political base in this population center of the state has given her more media exposure in her six years than Kennedy has gained from his work on the Agriculture and Transportation and Infrastructure committees from his suburban-rural House seat in a similar period.

Klobuchar's record of criminal prosecutions and consumer advocacy was strong enough that she ran unopposed for reelection. The Klobuchar name is further enhanced by her father, a longtime favorite local sports columnist now retired but on the speaking circuit for his daughter.

Klobuchar faces nominal opposition in a September primary from an underfinanced advocate of an immediate pullout from Iraq. She says she opposed the war from the beginning but supports the view taken by most Senate Democrats that a pullout should begin this year but that no deadline should be set for completing it.

Kennedy says that he believes Iraq is "important to winning the war on terror, and my opponent wants to pull the troops out without regard to the commanders in the field and without achieving the milestones" marking the road to victory.

They have similarly sharp differences on taxes and health care. But the biggest question, as both of them see it, is who can capture the "change vote." Kennedy says, "Clearly, there is a frustration with what is going on in Washington. The spending and the partisanship is a big part of it. But I have a track record to talk about. I work in this institution the way Minnesotans would want."

Klobuchar says that won't wash. Her slogan is simple. "He's followed the Lone Star. I'll follow the North Star."

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Interstate Ribbons Of Progress (WP)

By George F. Will

The Washington Post, July 9, 2006

On Tuesday, July 11, the United States will become more geographically stable than it has ever been. It will have been 17,126 days since the admission of Hawaii to statehood on Aug. 21, 1959. The longest previous span between expansions of the nation was the 17,125 days between the admission of Arizona on Feb. 14, 1912, and the admission of Alaska on Jan. 3, 1959. Since then the nation has become, in a sense, smaller through the annihilation of distance and, to some extent, of difference.

An important part of the groundwork -- literally, it covered a lot of ground -- for today's America was begun 50 years ago this summer. A conservative Republican president who grew up in a Kansas town where hitching posts for horses lined unpaved streets launched what was, and remains, the largest public works project in the nation's history -- the Interstate Highway System. Its ribbons of concrete represent a single thread of continuity through the nation's history.

With that program, Dwight Eisenhower, the 13th Republican president, helped heal the wounds of the war won by another general, U.S. Grant, the second Republican president. That war was related to "internal improvements," as infrastructure projects such as roads and canals used to be called.

In 1816 South Carolina's Rep. John Calhoun -- then a nationalist, later a disunionist -- introduced legislation for a federal program of internal improvements. The legislation passed, but President James Madison vetoed it because he thought Congress was not constitutionally empowered to do such things. So, prosperous Northern states built their own improvements while the South sank into inferiority and increasing dependence on slavery.

The military handicap of an inferior transportation system was one reason the South lost the Civil War. Another reason was the industrialization of the North. Its transportation system (the Erie Canal, railroads) cut the price of shipping a ton of wheat from Buffalo to New York City from $100 to $10, and the difference between the wholesale price of pork in Cincinnati and New York plunged from $9.53 to $1.18. Suddenly, workers flooding into the North's cities had more disposable income to spend on the North's manufactured goods.

The first Republican president began his public life as a 23-year-old candidate for the Illinois General Assembly by telling voters of Sangamon County his "sentiments with regard to local affairs," the first sentiment being "the public utility of internal improvements." The vigor of the Union also was a preoccupation of Teddy Roosevelt, the eighth Republican president, whose great internal improvement, the Panama Canal, was external, although he thought of Panama as America's private property. And

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Eisenhower's message to Congress advocating the interstate system began, "Our unity as a nation is sustained by free communication of thought and by easy transportation of people and goods."

No legislator more ardently supported the IHS than the Tennessee Democrat who was chairman of the Senate Public Works subcommittee on roads. His state had benefited handsomely from the greatest federal public works project of the prewar period, the Tennessee Valley Authority, which, by bringing electrification to a large swath of the South, accelerated the closing of the regional development gap that had stubbornly persisted since the Civil War. This senator who did so much to put postwar America on roads suitable to bigger, more powerful cars was Al Gore Sr. His son may consider this marriage of concrete and the internal combustion engine sinful, but Tennessee's per capita income, which was just 70 percent of the national average in 1956, today is 90 percent.

The IHS -- combined, as Fortune magazine's Justin Fox writes, with another bright idea from 1956, the shipping container -- made America's distribution system more flexible. This benefited manufacturers, foreign and domestic, especially in America's hitherto lagging region, the South. This is one reason there is a thriving Southern-based automobile industry (BMW in South Carolina; Mercedes in Alabama; Honda in both Carolinas, Georgia and Alabama; Toyota in Tennessee, Alabama and Kentucky). Furthermore, the South is home to some of today's "big box" retailers -- Wal-Mart (Bentonville, Ark.), Home Depot (Atlanta) -- as well as FedEx (Memphis).

American scolds blame the IHS and the automobile for everything from obesity (fried food at every interchange) to desperate housewives (isolated in distant suburbs without sidewalks). Nikita Khrushchev, during his 1959 visit to America, told Eisenhower, "Your people do not seem to like the place where they live and always want to be on the move going someplace else." Eisenhower knew that wherever people are going on their nation's roads, they are going where they live.

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When A Stranger Calls (NYT)

The New York Times, July 9, 2006

As consumer debt in America balloons to previously unimaginable levels, currently $2.2 trillion and growing, the dark underside of abusive debt collection is growing along with it. Legislators and regulators should take further steps to curb the lies, harassment and intimidation coming from out-of-control collectors. At the same time, they should also look at irresponsible lending: giving additional credit cards and high-interest loans to those already deep in the red.

Sewell Chan reported in The Times last week that the number of complaints lodged against third-party debt collectors has soared, rising faster than those for any other industry. From 1999 to 2005 the number of complaints received by the Federal Trade Commission increased by a factor of six. Complaints to New York City officials have more than doubled just since 2003. With last year's draconian new bankruptcy law pushing the last resort for the financially desperate farther out of reach, those numbers are only going to rise without stepped-up enforcement.

Third-party collectors are not the original lenders — the banks or credit-card companies that set the original terms with consumers. The collection agencies buy up debt for a fraction of its value and then try their hands at shaking loose payments. Most are law-abiding, and perform a legitimate service. Debts should be settled and someone has to track down deadbeats and absconders who make borrowing more expensive for the rest of us who pay our bills on time. But a growing number of financial bounty hunters can be extremely aggressive, not to mention indiscriminate.

According to the commission, some collectors call at all hours of the night, use obscene language, falsely threaten imprisonment or the seizure of property, and even humiliate their victims by contacting family members and employers. They sometimes seek a larger amount than the borrower actually owes — if indeed it was owed in the first place. Debt collectors have gone after people who have already paid their debts and even those who never had them to begin with. Sometimes that is a result of mistaken identity, but it is also increasingly due to identity theft.

Consumers should know that they are not powerless and that they do have rights. Collectors may not call late at night without permission. In most states family members or workplaces may be called only once, and then only to locate the borrower. It is up to the collection agency to furnish written proof that the debt is valid and it cannot bother a borrower in the meantime.

If harassment continues, consumers can call 1-877-FTC-HELP (1-877-382-4357) toll-free. Last year the commission won a judgment of $10.2 million against a company for use of illegal collection tactics. Once in a while the bullies are bullied back.

Unsightly Evidence Of U.S. Trade Gap Piles Up (LAT)

By Deborah Schoch, Times Staff Writer

The Los Angeles Times, July 9, 2006

Wilmington Has Thousands of Cargo Containers, Some Stacked Seven High

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To understand the trade deficit, residents of Sandison Street do not need the help of world-class economists.

They can just glance across the street at the mountain of faded brown cargo containers blocking the Wilmington sky.

The equation is simple. As the deficit grows, the mountain gets higher.

"It's getting taller; it's spreading out," said resident Maria Lopez, eyeing the pile that stretches for two blocks.

Tens of thousands of containers sit empty today in Wilmington — stark testimony that America buys more from other countries than it sends overseas to sell.

Millions of the 40-foot-long steel containers arrive in Los Angeles each year, jampacked with toys, MP3 players and designer handbags made in Asia.

Although some are shipped back empty, others land in storage lots, like old cardboard cartons stuffed away in a closet.

Eventually, many of the containers are reused. But some are forgotten, and they pile up — in Wilmington and nearby cities, in communities lining the Long Beach Freeway, near rail yards in the Inland Empire.

They have transformed Wilmington into Container Land, stacked like mammoth Lego blocks five, six, even seven high, with the names of shipping firms such as Maersk, COSCO and China Shipping painted on their sides.

While experts analyze the economic problems that the containers symbolize, Wilmington residents worry about the problems with the containers themselves — from the overgrown weeds to the earthquake dangers to the ugly views they create and the better ones they block.

Rats inspire the most anger. Residents say the rodents live in the storage yard, venturing out at night to forage. Several people described how rats creep through their wrought-iron fences, past the roses on their front lawns, and sneak right into their neat stucco homes.

That's where homeowners — many of whom have small children and work hard to improve their properties — draw the line.

Where Sandison Street meets Sanford Avenue, the fence encircling the pile is topped with coiled razor wire, but neighborhood children crawl underneath and scramble up containers stacked five high. Seen from the south, the mound appears to be tilted ever so slightly to the right, a steel-block variation on the Tower of Pisa. That raises a question: In an earthquake, just how far would a steel box tumble?

As if the pile weren't eyesore enough, scraggly weeds at its edges grow so tall that Lopez has paid from her own pocket to have them trimmed. Midnight dumpers have turned the sidewalk in front of the fence into an impromptu junkyard, leaving it littered last week with a turquoise mattress and box springs and two matching upholstered chairs.

Lopez's next-door neighbor, Diane Richardson, has lost all patience after years of watching the mountain grow. It's always been something, she said.

She grew up on the street in the pre-container 1960s, when what is now the storage yard was a sandy, vacant lot that she and her friends called "the dumps" because trucks dumped garbage there. Now she watches trucks dump containers instead.

"I would love to have this whole view gone," Richardson said while gazing at the mountain from her frontyard, where she was scrubbing an inflatable pool for her great-grandchildren playing nearby. "It's terrible. The whole thing."

Local officials say they are trying to shrink the piles in Wilmington, a lower-income, largely Latino neighborhood of Los Angeles that has borne the brunt of the city-owned port's rapid expansion.

Councilwoman Janice Hahn, who represents the area, calls the growth of such yards in residential neighborhoods one of the worst abuses imposed by the ports of Los Angeles and Long Beach, the nation's first- and second-largest seaports, respectively.

"Kids are walking to school past containers stacked 40 feet high," Hahn said recently in a statement. "Containers are literally stacked outside homes and schools. You won't find this kind of blight in any other areas of the city."

Hahn spearheaded a new city ordinance that prohibits new container yards in residential areas and limits their height. The city has assigned inspectors to enforce it, but the job is not easy.

Some lots are clustered together like patchwork quilts, and inspectors are still studying who operates them and whether they are in compliance.

The mountain north of Sandison Street is in an area that includes at least five lots. City officials on Friday said inspectors are investigating the site but they still have not confirmed who is responsible for it. The city attorney's office has determined that the ordinance cannot force current yards to close, a spokesman said.

So, residents on Sandison, Dolores Street and others who hoped to see the piles disappear instead sigh as new containers arrive, delivered by trucks that clog narrow roadways and belch black diesel fumes.

No one knows how many empty containers are scattered in Wilmington and other communities around the port.

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The numbers fluctuate, depending on the season, shipping costs and the cost of steel. A preliminary 2004 survey by the Alameda Corridor Transportation Authority, which operates the rail corridor serving the ports, put the number at roughly 100,000 empty containers in 2002, dropping sharply to 28,000 two years later.

The current total is somewhere in between, said John T. Doherty, the corridor agency's chief executive officer. Wilmington residents say they did their own count last year and found 200,000.

The state Air Resources Board staff recently counted 23 storage lots in Wilmington alone.

"We were stunned, not only by the number of containers, but by the number of container yards," said Jerry Martin, spokesman for the state agency, which is studying the yards as part of a review of Wilmington's environmental problems.

Container colors vary.

Viewed from a distance, the reddish-brown Sandison Street mountain resembles a steep, sandstone butte. Red and blue mounds to the east near Long Beach look like stacked children's blocks.

Trade tallies for the two ports illustrate why the mounds form. Of the more than 14 million containers that traveled back and forth through the ports last year, more than 7 million arrived full, moving goods into the United States, while only 2.4 million left full, taking U.S. exports abroad.

Though some of the rest returned empty to Asia, others lingered in area storage yards.

Empties not only keep yards full, they also take up room on congested area freeways.

"The single greatest commodity being moved in the Los Angeles-Long Beach area right now is fresh air inside containers," said Phil Behenna, senior vice president of International Asset Systems, an Oakland-based transportation technology company.

Behenna is helping the ports assemble a "virtual container yard" program that would match empty containers with shipments in need of containers. That could make a dent in some of the steel mountains, he said.

But such solutions take time, and Wilmington residents are losing patience.

On Sandison, an occasional metallic "clang" punctuated the warm humid air on a recent afternoon as machinery hidden behind the mound of old steel moved containers around.

Some neighbors report that the same containers sit there month after month, but yard operators say they constantly move out containers and bring in new ones.

"It's an urban legend that containers come into storage yards and just rot away," said Patrick L. Wilson, president of the Wilmington Chamber of Commerce and of Fast Lane Transportation Inc., which operates a Wilmington yard.

He and other yard operators work hard to address neighbors' concerns, Wilson said. Although his yard is not in a residential neighborhood, he said, he tries to keep it clean and to haul away promptly any furniture or trash dumped nearby.

At the prodding of one local resident, he said, he even bought 40 extra containers, painted them a uniform brown and stacked them at the edge of his lot to give "a somewhat neat and ordinary appearance."

Wilson said that it was unfair to blame the storage yards for neighborhood rat problems, but that if some yards have indeed become rat breeding grounds, operators surely will try to control them. "These are responsible business owners," he said.

In her statement, Hahn said she has asked the Port of Los Angeles to identify and buy land in the largely industrial eastern corner of Wilmington so that container yards could be relocated farther from more populated areas.

But Wilson said that if yard operators were forced to move, the cost would be considerable. "To expect these legitimate business owners to go away without adequate financial compensation is unreasonable," he said.

The port's focus at the moment is on how to obtain land rather than how to compensate operators, a port spokeswoman said.

Soon after Mayor Antonio Villaraigosa took office last July, he visited Wilmington and vowed that the neighborhood — long used as a dumping ground by the city's port — would be treated with more respect under his administration. For now, residents try to live with the containers — or, in rare cases, within them.

Dan Ziemer, 49, a ponytailed diesel mechanic from San Pedro, makes his home part time in an air-conditioned container at the Wilmington repair yard where he works. It is just large enough for a double bed, a computer and a small kitchen area.

And Lopez jokes that she and her neighbors would be hard pressed to find parking spaces on Sandison Street if its north side were filled with homes instead of a container mountain and the turquoise mattress set.

"That's the only good thing I can think of," she said.

U.S. Offers To Meet N.Korea On Sidelines (AP)

By Jae-soon Chang

AP, July 9, 2006

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A U.S. envoy expressed support for China's proposal to hold informal six-nation talks on the North Korean nuclear threat and offered to meet bilaterally with the North on the sidelines of those discussions.

Assistant Secretary of State Christopher Hill was in Seoul as part of a regional tour to coordinate the international response to the North's test-firing Wednesday of seven missiles. The tests caused international outrage but also division over whether North Korea should be punished.

Over Chinese and Russian objections, Japan on Friday proposed a U.N. Security Council resolution that would impose sanctions on North Korea and order the communist regime to stop developing ballistic missiles.

Backed by the United States, Britain and France, the new resolution came as President Bush expressed frustration with the slow pace of diplomacy and urged world leaders to send Pyongyang a strong message condemning the missile tests, staged in defiance of international warnings.

"What matters most of all is for Kim Jong Il to see the world speak with one voice," Bush said Friday during a trip to Chicago. "That's the purpose, really."

He has ruled out direct talks between just the United States and North Korea and said he hoped the six-party talks would resume.

Beijing has floated the idea of an informal meeting between members of the six-party nuclear talks — the two Koreas, China, Russia, Japan and the United States. Pyongyang has for months refused to attend formal negotiations, protesting U.S. financial restrictions imposed over the North's alleged counterfeiting, money-laundering and other illegal practices.

"As many of you know, the Chinese have talked about putting together a six-party informal, and we both support that and we think that all countries are prepared to come to that informal meeting," Hill told reporters after meeting with Chun Young-woo, South Korea's top nuclear negotiator.

Asked about the possibility of a bilateral meeting with the North, he said: "Within the informal six-party talks, yes, I can."

"I just can't do it when they are boycotting the six-party talks."

But Hill rejected North Korea's demand that the U.S. drop restrictions imposed on a Macau bank for allegedly aiding the North's illicit activities. The U.S. has argued that the nuclear talks and financial restrictions are separate issues and should not be linked.

"This is not a time for so-called gestures of that kind," Hill said in response to the North Korean demand. "We have a country that has fired off missiles in a truly reckless way that affects ... regional security."

The North has defended its right to test missiles and said the launches could continue.

Japan urged the United Nations to vote soon on the Security Council resolution and warned it would not compromise on its stern wording. The measure would call for other countries to "take those steps necessary" to keep the North from acquiring items that could be used for its missile program.

"Japan will not give in. It definitely must be a resolution containing sanctions," Japanese Foreign Minister Taro Aso was quoted by Kyodo News agency as saying during a speech in Osaka on Saturday. Japan "will not back off from the resolution. We will hold on until the end."

Japanese Senior Vice Minister Yasuhisa Shiozaki said Security Council members were privately "having positive discussions" about the resolution and were chipping away at Russian and Chinese doubts. Supporters decided at a meeting Friday not to call for a vote over the weekend after some council members asked for more time to consider the resolution.

"It is strongly expected that the Security Council will put it to vote as soon as possible," Shiozaki told a news conference in Tokyo. "The timing is very important."

China, a traditional ally of North Korea, has been reluctant to impose sanctions on Pyongyang. But Japan's Yomiuri newspaper reported Saturday that Beijing appeared to have clamped down on the flow of industrial materials to North Korea in a sign of disenchantment with the missile tests.

In a report from the Chinese city of Dandong on the North Korean border, the newspaper said the normally steady cross-border stream of supply trucks from China had all but stopped as of Friday. The paper quoted a trader on the Chinese side as saying traffic had plummeted after the missile tests.

South Korea's Yonhap news agency, however, cited business people in China as saying that any slowdown in trade in the past couple of days was likely due to seasonal factors, not political ones.

South Korea, which has worked for warmer ties with Pyongyang since a 2000 North-South summit, has withheld aid shipments and rejected a Northern request for military talks. At the same time it is planning Cabinet-level meetings with the communist country next week.

Unification Minister Lee Jong-seok said Seoul would hold off sending 500,000 tons of rice and 100,000 tons of fertilizer to North Korea.

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Associated Press reporter Kana Inagaki in Tokyo contributed to this story.

US Hints Of NKorea Talks But Presses On With Sanctions (AFP)

By Park Chan-kyong

AFP, July 9, 2006

The United States and Japan vowed to ram through UN sanctions against North Korea, but Washington also offered an olive branch by agreeing to meet one-on-one with Pyuongyang if it joined international talks.

Yet Washington also rejected an offer from the hermetic Stalinist state to rejoin the six-nation table if the United States lifted sanctions against a Makau bank with North Korean accounts suspected of counterfeiting and money laundering.

"To be very frank, I think this is not a time for so-called gestures of this kind," said US special envoy Christopher Hill while on a whirlwind tour of Asian players in the crisis.

The diplomatic fallout from North Korea's decision to launch seven missiles Wednesday came as an ultramodern US destroyer capable of intercepting new missiles that the North has already threatened to test docked in a Japanese port.

The United States and Japan are engaged in a standoff with Russia and China over the need to adopt a binding UN Security Council resolution condemning the launches and introducing trade sanction that also carry the implicit threat of force.

Hill called on China to close ranks on the draft after receiving only a lukewarm response while on visiting Beijing on Friday.

"We had very good discussions with the Chinese and made very clear our very deep concern about what is going on in the DPKR (North Korea) and I called upon the Chinese to understand that we will be much more effective if we speak in one voice."

Japan's foreign minister was even more blunt. He said Tokyo would never compromise on a non-binding resolution and called the positions of Russia and China "unreasonable."

"We may amend the draft but we are firm on the binding resolution that includes sanctions," said Japanese Foreign Minister Taro Aso.

Russia and China argue that sanction might only entrench the North's position and lead to more tests without the possibility of dialogue.

"If this resolution is put to a vote, there will be no unity in the Security Council," said China's UN ambassador Wang Guangya. He said "all possibilities are open" when asked specifically about Beijing possible use of its veto power.

And a top official in South Korea -- which is also a member of the six-nation talks that the North has now shunned -- also said it was "time to focus on diplomacy rather than coercive measures."

The North meanwhile has threatened to strike back with a more "physical" response if sanctions are adopted. Its UN representative said a binding referendum would amount to "an act of war."

"If anyone tries to put us under pressure, we will have no choice but to take stronger physical measures," said the North's ambassador for diplomatic normalization with Japan, Song Il Ho.

Washington has treated the North's first -- although unsuccessful -- test of a long-range Taepodong-2 missile which theoretically could reaching Alaskan shores as the last straw that broke international patience with Kim Kim Jong-Il's regime.

"Now that he's made that defiance, it's best for all of us to go to the UN Security Council and say, loud and clear, 'Here's some red lines,'" US President George W. Bush said in Chicago on Friday.

"And that's what we're in the process of doing."

Bush himself has not publicly spoken of sanctions -- although they are written into the Japanese UN draft -- and his envoy Hill said in more conciliatory tones that Washington was ready to meet the North's envoy's eye-to-eye if he joined the six-nation table.

"I just can't do it when they are boycotting the six-party talks," Hill said.

Meanwhile the Unites States shored up its defenses in the Asian seas with a planned upgrade of its Navy fleet docked in Japan.

The USS Mustin guided-missile destroyer arrived in Yokosuka, south of Tokyo, as Japanese officials rush to build a new ballistic missile defense system with the United States.

A US Navy spokesman said the arrival of the high-tech destroyer had been planned for months and was not a direct reaction to North Korea's missile tests.

The USS Mustin -- equipped with the advanced Aegis technology, which enables the tracking and possible shooting down of ballistic missiles such as the Taepodong-2 -- arrived in Yokosuka Saturday for a short "routine port visit" as part of the vessel's long-term deployment to Japan, the spokesman said.

The destroyer would replace an older vessel, he added.

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NKorea Braced For 'All-out War' Ahead Of UN Sanctions Vote (AFP)

By Jun Kwanwoo

AFP, July 9, 2006

North Korean leader Kim Jong-Il vowed no compromise and said he was braced for "all-out war" as the United States and Japan pushed for the United Nations to impose new sanctions on Pyongyang for its missile tests.

With China and Russia holding out against further isolating the impoverished communist state, a US envoy visiting the region also stressed a diplomatic solution on disarmament and urged the North to come back to stalled six-nation talks on its nuclear program.

But Kim Jong-Il, in his first reported remarks since his regime lobbed seven missiles into the sea Wednesday, pledged not to give up his weapons programs.

"The General has declared that not even a tiny concession will be made to the imperialist US invaders, our arch enemy," said a broadcast on North Korean state television, as monitored by South Korea's Yonhap news agency.

Kim, who never speaks in public with his own voice, said that if the United States took "revenge," it would mean "all-out war."

"It is not empty talk for the DPRK (the Democratic People's Republic of Korea) to respond with revenge to any revenge by the enemy and with all-out war to an all-out war," the television said.

Kim mocked US assertions that his regime was on the verge of collapse.

"As the imperialists fussed loudly over our republic's collapse and attempted to plot against us, the General dealt them a blow by firmly declaring, 'Do not expect any change from me'," the television said.

North Korea, which declared last year it had nuclear weapons, walked out in November of six-way talks on ending its nuclear program, protesting a set of US financial sanctions.

Last week's missile launch included the new Taepodong-2, which was believed to be capable of reaching Alaska or Hawaii but quickly crashed into the Sea of Japan (East Sea).

China, the North's main ally and host of the six-party talks, was embarrassed by the defiant missile tests. It was to send an envoy Monday to Pyongyang.

Beijing hopes to persuade the North to take part in an informal round of six-nation talks this month in the northeastern Chinese city of Shenyang.

Christopher Hill, the US delegate to the six-party nuclear negotiations, has said he is ready to meet one-on-one with the North if it takes part in the unofficial talks.

"What it needs to do is get back to the talks and implement what we already agreed to do and to get out of this dirty nuclear business it is in, to get on (with) its task with modernizing the country," Hill told reporters in Seoul on an emergency regional tour.

Hill was due later in the day in Japan, one of the closest US allies, which pledged to push ahead with the UN resolution supported by the United States that includes new sanctions.

"If we give in to just one veto power, then we will end up sending a wrong message to the international community," Japanese Foreign Minister Taro Aso said.

"History tells us that any messages without binding effect is meaningless," Aso said, referring to a non-binding UN statement in 1998 after Pyongyang launched its last long-range missile, which flew over Japan.

The Security Council is set to decide Monday when to schedule a vote on the draft resolution. Japan has called for an early vote and has said it expects wide support.

But China and Russia, which regularly oppose punitive actions over international crises, oppose the draft. Both have veto power, a privilege Japan has long sought in vain although it is a non-permament member of the Council.

South Korea, which is not a member of the Security Council and has been reconciling with its neighbor, has ministerial-level talks scheduled with the North from Tuesday.

Hill said Unification Minister Lee Jong-Seok, who will lead South Korea's delegation in the talks with the North, pledged to him that he would raise the missile launch in his meetings.

Japan Won't Compromise On Korea Resolution (AP)

AP, July 9, 2006

Japan won't compromise on the stern wording of a U.N. resolution that would impose sanctions on North Korea and order the communist regime to stop developing ballistic missiles, Foreign Minister Taro Aso said Sunday.

Japan is pushing for a vote on the resolution Monday despite opposition from China, Aso said.

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"To compromise because of one country which has veto power, even though most other countries support us, sends the wrong message," Aso told national broadcaster NHK. "We can't alter our stance."

Japan proposed the resolution over Chinese and Russian objections but with backing by the United States, Britain and France, the other permanent members of the U.N. Security Council.

Aso said China would be isolated if it cast the lone veto against the resolution.

Taro also said there is a possibility that Russia will abstain from voting on the resolution, leaving China to decide whether to be the sole country voicing opposition.

"China will be backed into a corner," Aso said on the morning talk show Sunday Project. "It's only common sense not to do that."

Pyongyang triggered an international furor Wednesday when it test-fired seven missiles, which plunged into the Sea of Japan without causing damage or injury.

Aso and Japanese Defense Agency Chief Fukushiro Nukaga both said Sunday that another North Korean launch is expected, but does not appear imminent.

U.S. May Meet North Korea Directly If It Returns To Talks (BLOOM)

By Kevin Cho

Bloomberg, July 8, 2006

(Bloomberg) -- The U.S. is willing to meet with North Korea and engage in direct talks with the communist nation if it returns to the nuclear disarmament negotiations that include South Korea, China, Russia and Japan.

``If there are six-party talks, we will meet all the delegations, and we've always met'' the North Korean delegation, Christopher Hill, the U.S. assistant secretary of state for East Asia and Pacific, told reporters in Seoul today after he met with South Korean Foreign Minister Ban Ki Moon.

``Within informal six-party talks, yes,'' Hill said. ``I just can't do it when they are boycotting the six-party talks, because that means they don't want six-party talks. They just want bilateral talks.''

The U.S. and China yesterday urged North Korea to resume the six-nation talks in an attempt to steer the reclusive country away from conducting further missile tests.

Hill earlier today said the U.S. wouldn't be drawn into direct talks with North Korea as a result of its missile tests, and urged that country to resume the six-nation talks.

``We are not going to turn this into a bilateral issue,'' Hill said after a meeting with Chun Young Woo, South Korea's chief delegate to those talks. ``We want to support the early resumption of the six-party process. And if the DPRK wants to get back into that process, they know where to find me.''

DPRK stands for Democratic People's Republic of Korea, North Korea's formal name.

China

Hill, the chief U.S. negotiator in the six-nation talks, yesterday met with China's Foreign Minister Li Zhaoxing and the chief Chinese nuclear negotiator Wu Dawei.

North Korea said it may return to the talks if the U.S. lifts financial sanctions against it, the Hankyoreh newspaper reported earlier today, citing an interview with Han Song Ryol, North Korea's deputy United Nations envoy.

Still, the sanctions may not be lifted. ``To be very frank, I think this is not a time for so-called gestures of that kind,'' Hill said. ``We have a country that has fired off missiles in a truly reckless way that affects regional tranquility, and indeed, affects regional security.''

Hill made South Korea his second stop after China in his four-nation journey. He will also visit Japan and Russia. The U.S. is trying to persuade China to join in condemnation of North Korea's missile tests.

China yesterday opposed a Japanese resolution introduced at the United Nations that would impose sanctions on North Korea over its missile launches, saying such a measure could deepen tensions in Asia.

North Korea on July 6 vowed to continue missile tests after firing seven rockets, including a long-range Taepodong 2 missile on July 5.

The last round of six-nation talks ended in November 2005 without agreement after the parties had signed a September 2005 declaration calling for a nuclear-free Korean peninsula.

North Korea Knows How To Get Attention (AP)

By Calvin Woodward

AP, July 9, 2006

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North Korea is well practiced in getting some of what it wants through provocation. Bullying through a bullhorn has worked time and again for a small nation with an outsized military force and an even bigger capacity for bluster and threat.

It's called coercive diplomacy. North Korean-style, it has involved antagonizing everyone on and over the horizon, foes and allies alike, and then pulling back. Sometimes just in the nick of time.

While few would call the North Korean leadership predictable, certain things are expected of it. That's the case now, in the storm of condemnation and diplomatic maneuvering set off by North Korea's in-your-face missile tests.

"When diplomacy is stalled, North Korea escalates tension to break the deadlock," Wonhyuk Lim, a Brookings Institution fellow for northeast Asian studies, says in an analysis for the think tank.

"In sum, as twisted as the North Koreans' logic may be, it is based on their negotiating experience with the Americans. North Korea's brinkmanship is the evil twin of America's halfhearted engagement."

The risk is that North Korea's attention-grabbing actions may bring bombs in reprisal instead of diplomacy, as almost happened in the Clinton administration.

In 2003, North Korea pulled out of a nuclear arms treaty, vowing to bring "defeat and ruin" on the United States, warning of World War III and declaring, "Let us see who will win and who will be defeated in the fire-to-fire standoff."

This was followed by the first substantive talks between the two nations since President Bush came to office.

As a propaganda gambit, the missile tests that North Korea put on during America's Independence Day were hardly a smashing success. On a day when the space shuttle arced into the heavens on a mission of science and international cooperation, North Korea's star long-range missile is said to have failed like a bum firecracker on its mission of defiance and military advancement.

A half-dozen tests of shorter range missiles were conducted to uncertain effect, but no failures as far as known. The results, in short, spoke to North Korea's apparent ability to wreak havoc in its region and its inability any time soon to reach the U.S. mainland with a nuclear missile.

For the United States, "the main risk seems to be that North Korea is beginning early testing of a missile that could throw the equivalent of a rock at Alaska," said Anthony Cordesman of the Center for Strategic and International Studies.

Yet North Korea has massive combat forces on the border with South Korea; long-range artillery capable of reaching Japan and destroying up to 40 percent of the South Korean economy; and huge stocks of chemical weapons as well as its rising nuclear weapons capability.

An impoverished country of some 23 million people, it fields the world's fifth largest army, behind China, the U.S., Russia and India. It is considered no match in any protracted fight with South Korea's lethal modern forces, America's unmatched power or a devastating combination of both.

Still, any conflict could bring horrific consequences to both sides and risk pitting China against the United States.

Like many students of the region, Cordesman protests the tendency to regard Kim Jong Il as a reckless poseur without a purpose.

"North Korea may or may not face a few hard weeks or months of reprisal, but it has reminded everyone of just how serious a threat North Korea can be, how limited most military options are, and how serious the risks of any major war would be," Cordesman said.

North Korea's declaration back in 1993 that it would pull out of the nuclear weapons nonproliferation treaty brought the peninsula close to war and isolated the country through international censure, in the process leading to breakthrough negotiations with Washington that produced an agreement to freeze North Korea's nuclear activities in exchange for U.S. energy assistance.

North Korea's first test of a multistage rocket in 1998, also a flop, spurred bilateral talks. The current framework of six-nation negotiations was set up after North Korea resumed its plutonium program in 2002 and expelled international inspectors.

That pattern of edging toward confrontation, then edging back, has persisted, always accompanied by tough words. More are being heard now. "Catastrophic effects will arise," North Korean envoy Song Il Ho warned last week after Japan took steps to punish North Korea for firing the missiles.

"We're certainly not going to overreact ... to these wild statements," Undersecretary of State R. Nicholas Burns said. "We've seen them before."

Tensions Over Missile Tests Rattle Investors (NYT)

By Jeff Sommer

The New York Times, July 9, 2006

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North Korea fired test missiles while Wall Street rested on the Fourth of July, rattling stock markets around the world. The next day, when Wall Street returned to work, stocks fell sharply. Despite a modest rally on Thursday, the market finished lower for the week.

On Friday, there was another apparent cause for the market's weakness — a warning by 3M, the technology company, that second-quarter earnings would be lower than expected because the demand for flat-panel TV screens was soft. Its shares dropped 8.7 percent for the week, and 3M's problems set off declines for a host of other stocks.

General Motors' shares, however, rose 7.4 percent for the week. Its board decided to study an alliance with Nissan Motor and Renault, which Kirk Kerkorian, a dissident G.M. shareholder, had demanded.

For the week, the Dow Jones industrial average shed 59.55 points, or 0.5 percent, to close at 11,090.67. The Standard & Poor's 500-stock index dropped 4.72 points, or 0.4 percent, to close at 1,265.48. The Nasdaq composite index fell 42.03 points, or 1.9 percent, to close at 2,130.06.

The yield on the benchmark 10-year Treasury bond fell slightly, to 5.13 percent from 5.14 percent the previous week. JEFF SOMMER

High-tech Missile Destroyer Sails To Japan (AP)

By Hans Greimel

AP, July 9, 2006

A new U.S. guided missile destroyer docked in Japan on Saturday amid tensions over North Korea's missile tests, but the military said the arrival was routine and had been planned months ago.

The USS Mustin sailed into the port of Yokosuka, home to the Navy's 7th Fleet, with a crew of 300 for permanent assignment to the region, fleet spokeswoman Hanako Tomizuka said.

The Mustin, commissioned in 2003, is one of the most advanced in the fleet. The 509-foot ship carries surface-to-air missiles and Tomahawk cruise missiles.

Its deployment to Yokosuka was previously planned and not in response to North Korea's missile tests, the Navy said.

"The Mustin is replacing the USS Vandegrift as part of the Navy's long-range plan to routinely replace older ships in its forward-deployed naval force with newer, more capable surface combatants," said Lt. Trey Brown, a Navy spokesman at the Pentagon.

"It's routine. We do this all the time."

Pyongyang stunned the region Wednesday by test-firing seven missiles.

In August, Yokosuka also will welcome the USS Shiloh, which last month demonstrated its ability to shoot down missile warheads in a landmark test off Hawaii. The Shiloh is replacing the USS Chancellorsville.

Both the Mustin and the Shiloh are equipped with radar systems that employ Aegis technology, which is geared toward tracking and shooting down enemy missiles. The system was instrumental in identifying and assessing Wednesday's launchings in which all the missiles apparently fell into the Sea of Japan.

At least one of those missiles was believed capable of reaching the U.S. mainland.

The U.S. Navy now has eight Aegis-equipped vessels at Yokosuka.

The Case For A Preemptive Strike On North Korea's Missiles (TIME)

By Ashton B. Carter And William J. Perry

Time, July 9, 2006

Viewpoint: Former Clinton administration officials Ashton Carter and William Perry argue that the most effective way to curb the threat from Pyongyang is to destroy its missiles at their test sites

The Bush Administration has tried to downplay the mounting danger posed by North Korea. That might be the understandable reaction of officials necessarily preoccupied with the ongoing campaign in Iraq. But it is not prudent or safe. Although the July 4 test of the Taepo Dong 2 missile—which is intended to carry nuclear warheads to U.S. territory—appears to have failed, North Korea conducted the test so its engineers could learn how to perfect the missile, and even a failed test provides critical data. More important is the test's symbolic significance: once again North Korea has crossed a line in the sand clearly drawn by the U.S. and its partners.

We anticipated that North Korea would ignore the U.S.'s warnings. That's why, in an opinion piece published in the Washington Post on June 22, we urged the Bush Administration to strike the Taepo Dong 2 on its launchpad before the test could be conducted. "Surgical strike" is a much abused term, but destroying a test missile as it is being readied for launch qualifies for this category because only one U.S. cruise missile or precision bomb with an ordinary high-explosive warhead could

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easily puncture and ignite the multistory test booster. As with space-shuttle launches from Cape Canaveral, all personnel would normally be a safe distance away from the rocket at the time, so there should be no collateral damage.

Critics of our article, including members of the Bush Administration, say that a pre-emptive strike is too risky. But if the U.S. is ever going to defend a line in the sand with North Korea, that is the least provocative way to do it, and next time it will only be riskier. Such a strike could be seen by the North Korean leadership for what it is: a limited act of defense of the U.S. homeland against a gathering threat, and not an overall attack on North Korea. Pyongyang tries carefully to cultivate the impression that it will lash out in response to any action against it, however limited. But would it truly retaliate against South Korea, which has been working hard to improve North-South relations, in response to a U.S. airstrike? Such a war would surely and swiftly end in the elimination of the North Korean regime. Pyongyang's leaders are bold, but they are not suicidal.

For the U.S., the risk of inaction will prove far greater. The Pyongyang regime will view its stockpile of missiles and nuclear material as tipping the regional balance in its favor and providing a shield behind which it can pursue its interests with impunity. Worse, North Korea has a long history of selling its advanced weapons to countries in the Middle East, and it operates a black market in other forms of contraband. Like Pakistan's rogue nuclear engineer A.Q. Khan, North Korean officials might be tempted to sell the ingredients of their arsenal to terrorists. Finally, many expect North Korea's failed economy to lead one day to the regime's collapse. Who then might get its loose nukes?

So what should be done to begin to rein in the runaway North Korean nuclear and missile programs? First, we continue to advise the U.S. government to strike any further Taepo Dong test missiles before they can be launched. Second, the North should be penalized for defying the international community's unanimous appeal not to conduct its July 4 tests. China and South Korea are the main economic benefactors of North Korea, and President Bush is right to seek a United Nations Security Council action that would compel all nations to suspend trade with Pyongyang.

For years, the U.S. has been paralyzed by a division in the Bush Administration between one camp that favors diplomacy with Pyongyang and another camp that hopes for the early collapse of the regime. But the net result has been that neither policy has been pursued consistently. Instead, Washington has outsourced the North Korea issue to regional players in the form of the "Six Party" talks, a strategy that has has failed to produce any results except plutonium and missile tests. South Korea, China and Russia have offered only carrots while carefully avoiding the threat of sticks—yet both carrots and sticks are essential ingredients of any successful diplomacy.

The "Six Party" talks are the right forum for diplomacy, but ultimately, what matters less than who is at the table is whether the U.S. has a clear strategy. We won't know whether North Korea's ambitions can be blunted by anything short of the use of force unless and until the U.S. takes the danger seriously and gets in the game.

Ashton B. Carter and William J. Perry are professors at Harvard and Stanford universities, respectively. Perry served as Secretary of Defense and Carter as Assistant Secretary of Defense in the Clinton Administration

Four Scenarios, And Not One Ends Happily (NYT)

By David E. Sanger

The New York Times, July 9, 2006

THOSE North Korean missiles that splashed down harmlessly in the Sea of Japan last week prompted a lot of jokes about the country that couldn't shoot straight. But they were also a reminder that North Korea has defied more than a decade of predictions that it would shrivel up and go away; the choices for dealing with it look as grim as ever.

What could happen next? The truth is that for years, both sides have been gaming plans for everything from negotiations to bombing runs, coexistence to collapse. Here are a few:

ONE-ON-ONE TALKS

Mr. Bush's critics say that he should do what President Clinton did: Hold his nose, and negotiate directly. That's how the 1994 "Agreed Framework" happened, when North Korea agreed to freeze its nuclear program in return for fuel oil and, some day, for "proliferation resistant" light-water reactors to provide energy. The deal has since died.

Mr. Bush says nothing doing. The North Koreans started cheating on the 1994 agreement, he says, almost immediately. But his big worry is that if America negotiates alone, it will be hung out to dry when talks go bad.

He insists that China and South Korea — which are reluctant to crack down on the North, but have the most to lose — must be at the table. Negotiate alone, he said on Friday in Chicago, and "you run out of options very quickly," especially if the North manages to "turn the tables and make a country like the United States the problem."

Mr. Bush has a point. Talk one on one, and the dynamic changes. China and South Korea will likely portray Washington as the obstacle. The downside to Mr. Bush's approach: When six nations talk, clarity is the first victim. The North can play each

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country against the others. No wonder that in the three years of talks the result has been one agreement in principle, with no timetables, which everyone interpreted differently the day it was signed.

TAKING OUT YONGBYON

In 1994, when North Korea threatened to throw out international inspectors and turn its stockpile of spent nuclear-reactor fuel into plutonium for weapons, Brent Scowcroft, who had served as the national security adviser to the first President Bush, advocated pre-emption. It would be better to destroy North Korea's nuclear facilities at Yongbyon, he argued, than to let the country build a nuclear arsenal.

That suggestion struck a chord in the Clinton White House.

"My belief is that President Clinton was prepared to do it," said William J. Perry, the defense secretary at the time. But a last-minute deal with North Korea was struck.

Nine years later, in January 2003, the North Koreans made good on their threat. American spy satellites saw the North Koreans carting the rods off for what appeared to be reprocessing into bomb fuel, but President Bush, preoccupied with Baghdad, not Pyongyang, decided not to act.

What about now? Many believe it is too late. By the C.I.A.'s estimate, North Korea now has the fuel for six or more weapons, and it is producing roughly a bomb's worth every year. (Whether they have turned the fuel into weapons is unclear.) The fuel could be stored anywhere — in caves, tunnels, Kim Jong Il's shoe closet. Moreover, the United States has accused North Korea of starting up a second nuclear weapons program, using uranium, with the help of Pakistan's former nuclear architect, A. Q. Khan. That makes bombing pretty useless.

THE NIGHTMARE: NORTH KOREA SELLS

This chain of events worries the Bush administration the most. Rightly or wrongly, the Pentagon assumes that because Mr. Kim, for all his other oddities, values his survival, he would not risk an attack with a return address.

But the North Korean leader may soon find himself with a small surplus of the world's most coveted weapons material, bomb-grade plutonium. David Albright and Paul Brannan of the Institute for Science and International Security estimated in a recent report that North Korea's stock of plutonium "is enough for 4 to 13 weapons." Countries that have four weapons worth of bomb material probably aren't willing to give up any. But when you have enough for more than a dozen — and you are broke — the black market must look attractive.

Of course, making bomb fuel is one thing; getting caught selling it is another. During the six-party talks in Beijing, the North once threatened to sell a weapon, and American officials made clear that the results for Pyongyang would be disastrous.

Would the North Koreans dare do it? "Who knows," said Michael Green, who recently left the administration after running Asian affairs at the National Security Council. "But their strategy is steady escalation, and their next step may be a nuclear test" to prove the quality of their wares.

LIVE WITH IT

There is always the Cuba strategy: Wait out the Kim dynasty, and hope that the starving, bankrupt, gulag-ridden state of North Korea finally collapses.

After all, the North is hardly in a position to lash out. Its military, while among the world's largest, can't afford to train its pilots. The thought that it would restart the Korean War, still considered plausible through the early 90's, seems almost laughable today.

But as Dick Cheney once famously said about the North, "time is not on our side." It may take years, experts say, but they will straighten out that Taepodong 2 missile. Eventually they may figure out how to miniaturize a nuclear warhead to fit on top of it.

That is why, while Mr. Bush talks about finding a diplomatic solution, the Pentagon is mapping every corner of the country, trying to figure out how to deal with a nuclear outbreak.

And it is why the Chinese and the South Koreans fear a collapse — because the only thing harder than dealing with a nuclear-armed North Korea may be handling millions of hungry, confused refugees headed for Seoul, Tokyo and Harbin.

Failure Can Be Successful (NYT)

By William J. Broad

The New York Times, July 9, 2006

ON June 11, 1957, the Atlas, America's first Intercontinental Ballistic Missile, took its inaugural flight from Cape Canaveral in Florida.

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It lasted 24 seconds. The missile roared off the launching pad and soared to about 10,000 feet before its engines failed. Tumbling out of control, the rocket fell through its own trail of fire before the safety officer on the ground sent a radio signal that told the wayward rocket to blow itself up.

The rocket's designers, though disappointed, learned a lot. It was clear that, despite the pummeling the Atlas took as it careered out of control, the rocket had remained intact. That proved its structural integrity, ending a major debate over the design's soundness.

Perhaps everyone can learn from failure, even the North Koreans.

Their missile, the Taepodong 2, took flight briefly last week, and seems to be in no shape to send an atom bomb whizzing halfway around the globe toward the United States. Experts judge that many years of testing beyond that inaugural flight on Tuesday will probably be needed before the North would entrust the new missile with anything as costly and precious as a nuclear warhead.

"It would take five or six tests of their final design before they'd be confident it could go someplace," said Harold M. Agnew, a former director of the Los Alamos weapons laboratory, which designed most of the nation's nuclear arms.

In the hours and days after the missile test Tuesday, military experts and administration officials expressed relief at the apparent failure, some calling the North Koreans inept. Stephen Hadley, President Bush's national security adviser, lightly disparaged the troubled launching, saying it "tells you something about capabilities."

But in interviews, arms and aerospace experts said that such setbacks were a normal part of rocket and warhead science. In time, they said, the North Koreans will likely make the vehicle reliable enough to wage intercontinental war.

"It would have been more surprising if they had a success" on the first try, said John M. Logsdon, director of the Space Policy Institute at George Washington University. "Developing rockets is hard to do."

The missile test, many said, was a reasonable step forward. "The fact that something flies for 40 seconds before it blows up means the design is probably fundamentally sound," said Jonathan McDowell, a Harvard astronomer who publishes the online Jonathan's Space Report, which tracks global rocket launchings.

Even if failures cut short a vehicle's debut, Dr. McDowell said, the flight can "give you an incredible amount of information about such things as how well your engines are working and what the aerodynamic stability of the vehicle is."

If the North Koreans launched 10 Taepodong 2 missiles and none worked, he added, "then you can make fun of them."

In fact, the test flight was actually longer than at first reported. American military officials said on Thursday that the test flight's overall duration was closer to two minutes, not the 42 seconds initially reported.

Rocket experts said that, in general, new designs typically blow up repeatedly in flight tests before engineers can find and fix all the problems.

"It's a trial-and-error process," said Charles P. Vick, an expert on the North Korean rocket program at GlobalSecurity.org, a research group based in Alexandria, Va. "They're trying to build and test to wring out the problems. It's the process any nation has to go through."

Mr. Vick said that rocket designers typically conducted from 2 to 20 test flights before gaining reasonable assurance that a new model can be fairly reliable. Even then, he added, rockets declared operational often have failure rates of 1 in 10 or 1 in 20 flights.

So it's reasonable to expect that North Korea is busy learning from the failure, fixing flaws before it launches another Taepodong 2. South Korea's defense minister told reporters on Friday that the North appears to be holding another long-range missile near the launching pad.

The daunting nature of the aerospace game is reflected in other American programs, as well as American tragedies.

On Tuesday — as the nation celebrated its birth and North Korea lighted the skies with its own red glare — experts held their collective breath as the space shuttle Discovery blasted off with fire and thunder into a nearly cloudless Florida sky.

The winged spaceships, though considered highly reliable by industry standards, have failed catastrophically on 2 of 115 missions, killing a total of 14 astronauts, including the first teacher meant to fly in space. The space agency now puts the odds of disaster at roughly 1 in 100 flights.

Similar problems have dogged America's update of the "Star Wars" antimissile system, which is now based on land in California and Alaska, and is meant to shoot down North Korean missiles. It has hit targets in 5 of 10 tests, said Dr. Philip E. Coyle III, a former head of weapons testing at the Pentagon. "That's the good news," he said. "The bad news is that there's been no interception success for four years. And in the two most recent attempts, the interceptor never got off the ground."

President Bush, asked Friday at a news conference about the North's missile firing, said he thought the nation's antimissile system "had a reasonable chance of shooting it down."

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As for warheads, North Korea has declared publicly that it already possesses nuclear arms. But Dr. Agnew, the former director of Los Alamos, noted that the North Koreans appear to have never conducted a nuclear test — often considered a necessary step to proving a weapon's reliability. "Once they do that, it's serious," he said. "Otherwise, they're just pulling our string."

American intelligence agencies have told President Bush they believe the North has made enough fuel for six or more weapons, but it is unclear if it has been used to fashion warheads.

Dr. Agnew noted that if the North succeeded in developing a reliable warhead it would face a daunting series of technical hurdles in preparing to hurl it aloft. "There's a lot of subtleties in missile-warhead mating that can affect the accuracy," he said of long-range targeting.

Missiles also have the inherent disadvantage of advertising where they arise. If the North Koreans really wanted to wreak havoc by sending a nuclear weapon overseas, Dr. Agnew said, they might consider loading it onto an inconspicuous boat.

"Most of our attractive targets," he remarked, "are on the East Coast."

Anthony H. Cordesman, a military analyst at the Center for Strategic and International Studies in Washington, estimated that the North Koreans might need five years to perfect a long-range missile. Its warhead, he added, would likely be a crude atom type rather than the much more destructive hydrogen type that powers the city busters of most global arsenals.

"It seems very doubtful that North Korea is close to a real-world capability to attack the U.S.," he said.

Dr. McDowell of Harvard agreed. "Maybe they could do it five years from now, but that depends on how often they test," he said. "It would be 5 to 10 years before I'd start to worry — even a little."

U.S. To Negotiate Russian Storage Of Atomic Waste (NYT)

By David E. Sanger And Jim Rutenberg

The New York Times, July 9, 2006

WASHINGTON, July 8 — The Bush administration said Saturday that it would open formal negotiations with Russia on a long-discussed civilian nuclear agreement that would pave the way for Russia to become one of the world's largest repositories of spent nuclear fuel.

President Vladimir V. Putin has been looking to expand the country's role in the multibillion nuclear power business. The United States has traditionally opposed any such arrangement, in part because of concerns about the safety of Russian nuclear facilities, and because the country has helped Iran build its first major nuclear reactor.

But administration officials said that once Mr. Bush endorsed Mr. Putin's proposal last year for Iran to conduct uranium enrichment inside Russia — rather than in Iran, where the administration fears it would be diverted to weapons — it made little sense to bar ordinary civilian nuclear exchanges with Russia.

In announcing the change of course, the White House made it clear that in return, it expected Mr. Putin's cooperation in what promises to be a tense confrontation with Iran on forcing it to give up the enrichment of uranium. Mr. Bush has charged that the enrichment is intended to feed a secret nuclear weapons program. "We have made clear to Russia that for an agreement on peaceful nuke cooperation to go forward, we will need active cooperation in blocking Iran's attempts to obtain nuclear weapons," said Peter Watkins, a White House spokesman.

So far, Russia has backed the United States in its fundamental demands but balked at the imposition of sanctions or the passage of any United Nations Security Council resolution that Mr. Bush could later use as a justification for military action.

The Washington Post first reported the shift on Saturday.

A spokesman for Mr. Putin declined to comment. But Sergei G. Novikov, a spokesman for Russia's Atomic Energy Agency, said in a telephone interview that Russia and the United States had been talking about the subject in recent months.

He added that he did not expect that an agreement would be signed during the Group of 8 summit meeting in St. Petersburg next weekend, but rather that Mr. Bush and Mr. Putin might issue a vaguely worded statement on increased nuclear cooperation, and then instruct their governments to work on an agreement that might lift the current restrictions. The United States has similar deals with a variety of nations, including China.

If such a statement is issued, Mr. Novikov said, negotiations on the details would probably take at least several months. "I would rather not talk about any expectations, so as not to experience any frustration should they not come true," he said.

For Mr. Bush, an accord could help solve two problems: where to send a growing stockpile of waste from nuclear fuel that originated in the United States, and how to keep Russia on board in pressuring Iran to give up its uranium enrichment programs.

Under American law, the United States retains control over nuclear fuel, and nuclear waste, made from uranium that originated in the United States. As a result it has barred South Korea, Taiwan and other states that bought American fuel from transferring it to Russia, which changed its laws several years ago to enter the multibillion dollar business of storing nuclear

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waste. The proposed agreement does not appear to be intended to allow storage in Russia of waste from reactors in the United States.

But a negotiation would also help provide Mr. Putin with an economic incentive for giving up nuclear aid to Iran, which has long been one of the Bush administration's objectives. On Friday, in Chicago, Mr. Bush alluded to the difficulty in getting Russia and China to join in sanctions against Iran or North Korea.

"You know, some nations are more comfortable with sanctions than other nations, and part of the issue we face in some of these countries is that they've got economic interests," Mr. Bush told reporters.

In two previous trips to St. Petersburg as president, Mr. Bush tried to persuade Mr. Putin to give up a lucrative contract to supply the reactors to Iran's Bushehr nuclear plant. But Russia resisted, and eventually Mr. Bush accepted a deal in which any nuclear fuel Russia sells to Iran would have to be returned to Russia after use, so that plutonium could not be removed from the waste for military use.

Congress would have the right to review any agreement. But since the administration just concluded an accord with India, which requires a more intensive nuclear review, administration officials said they thought Russia would win approval.

Senator Charles E. Schumer, Democrat of New York and a regular administration critic, offered tentative approval of the idea. "While the devil is certainly in the details, given that our greatest danger right now is a nuclear Iran and North Korea, we very much need Russia's help," he said in an e-mail message.

Congressman Edward R. Royce, Republican of California and the chairman of the House Subcommittee on International Terrorism and Nonproliferation, said that he was supportive of the idea but that he expected to hold hearings.

Rep. Edward J. Markey, a Massachusetts Democrat who is the co-chairman of the Bipartisan Task Force on Nonproliferation, harshly criticized Mr. Bush over the move.

"President Bush's foreign policy has become so hollow that his favorite bargaining position is to give everything away. He is repeatedly rewarding bad behavior," he said in a statement.

Outside experts with whom the administration had been consulting on the deal said they had sensed a recent cooling off on the idea as Russia continued to hold out on bringing sanctions against Iran. The idea seemed to pick up again several weeks ago when Russia's top atomic energy official, Sergei V. Kiriyenko, lobbied hard for it during meetings with counterparts in Washington.

At the same time, the administration seemed to come around to thinking that the negotiations for the deal — which could take place over months or even years — could help bring Russia more fully on board with the administration's efforts to rein in Iran, said Robert J. Einhorn, senior adviser at the Center for Strategic and International Studies and a former assistant secretary of state for nonproliferation in the Clinton administration and briefly in Mr. Bush's.

"They had reached the conclusion that entering the negotiations would provide continuing leverage," Mr. Einhorn said.

The idea is not new, and some outside experts have been calling for just such an arrangement for months. The Council of Foreign Relations did so in a report on United States-Russian relations in March that was highly critical of Mr. Putin's policies.

"The idea was to create a greater foundation for nuclear cooperation with the Russians to support staying on the same track with Iran," said Stephen Sestanovich, a senior fellow at the council and an adviser on Russia for former President Bill Clinton.

But the report also cited such an agreement as a way to foster cooperation on securing spent fuel and providing nuclear energy to nonnuclear nations seeking to develop their own enrichment facilities.

Bush To Pursue Nuclear Deal With Russia (AP)

By Jennifer Loven

AP, July 9, 2006

President Bush will pursue a nuclear cooperation agreement when he meets Russian leader Vladimir Putin next week during a summit of industrialized nations in St. Petersburg, the White House said Saturday.

But any agreement would be conditioned on Russia helping to pressure Iran to give up its alleged desire to develop nuclear weapons, said Frederick Jones, spokesman for Bush's National Security Council.

"We have made clear to the Russians that for an agreement on peaceful nuclear cooperation to go forward, we will need Russia's active cooperation in blocking Iran's attempt to obtain nuclear weapons," Jones said.

The two presidents will announce the start of negotiations on the agreement when they meet on the sidelines of the July 15-17 Group of Eight summit in St. Petersburg, the White House confirmed.

Nuclear cooperation between the two countries has stalled for more than a decade because of Washington's objections to Russia's nuclear cooperation with Iran, including construction of an atomic power plant in Bushehr.

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The Bush administration's willingness to reverse course and pursue a nuclear cooperation agreement reflects the U.S. view that Moscow is now a partner in the effort to persuade Tehran to abandon its nuclear weapons ambitions, rather than a hindrance to it.

"Now that Russia has been more cooperative in putting pressure on Iran to abandon its" alleged nuclear weapons program, the United States "won't allow the Iran relationship to get in the way of this particular activity," said Jon Wolfstahl, an analyst at the Carnegie Endowment for Peace in Washington.

The White House sees an agreement with Russia as a win-win, despite concerns that Putin is backtracking on democratic advances, about the security of Russian nuclear material, and that Moscow has so far opposed imposing sanctions on Iran if it refuses to abandon suspected nuclear weapons development.

Bush wants the use of nuclear power increased, especially in developing countries, to reduce the global demand for oil. Russia, meanwhile, sees a lucrative market in playing a role in providing such capabilities to other countries.

"Such an agreement would benefit both the United States and Russia, and indeed the world, by enabling advances in and greater use of nuclear energy," said Jones, the Security Council spokesman.

The two leaders, who have been promoting nuclear energy as a clean alternative, have made proposals on providing nuclear power to developing countries while building in safeguards for nonproliferation of weapons.

Rose Gottemoeller, director of the Carnegie Moscow Center, said the potential joint project was "probably the biggest story coming out of the Petersburg summit."

"This is a field where Russia has a clear technological advantage because over the past 30 years, the U.S. has essentially abandoned nuclear power technology development" in the wake of the 1979 Three Mile Island nuclear accident in Pennsylvania and the Chernobyl accident in 1986, Gottemoeller said at a round table discussion on U.S.-Russian relations.

In January, Putin proposed establishing an international nuclear center in Russia that would provide full fuel cycle services. He said the center could be the start of a network of such centers around the world.

At about the same time, Bush introduced his Global Nuclear Energy Partnership, which would provide fresh fuel to countries that agree to use it only for power generation and would recover spent fuel.

"President Bush is very anxious to move his nuclear energy proposals forward and he sees his relationship with President Putin as a natural way to add momentum," said Wolfstahl of the Carnegie Endowment for Peace.

"The Russians have probably more modern nuclear reactor technology than we do but they need our endorsement and our cooperation if they are going to bring it to the international market," he said.

Environmentalists have criticized Russia's efforts to develop such a business, arguing it will turn the country into a dumping ground for nuclear waste.

Russia has 31 reactors at 10 nuclear power plants, accounting for about 16 percent of the country's electricity generation, and Putin has called for raising the share to 25 percent.

Last month, Russia's atomic energy agency signed a contract with a military shipbuilding plant to build the world's first floating nuclear reactor near the Arctic port of Severodvinsk.

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AP Writer Judith Ingram in Moscow contributed to this story

No G-8 Seat For China, Other Big Economies (AP)

By Tom Raum

AP, July 9, 2006

The G-8 summit that President Bush and seven other world leaders are attending next weekend in Russia is often billed as a gathering of the world's leading economic powers. It is not. Consider: China, now the world's fourth-largest economy and the nation with the most influence over renegade North Korea, is not a member.

Neither is India, the world's largest democracy and one of its fastest-growing economies. Nor is South Korea, Brazil, Mexico or Spain, each with a larger economy than G-8 member Russia's. In fact, Spain recently inched past member Canada as the world's No. 8 economy, according to a World Bank tabulation.

Often officials from developing nations are invited as observers to the summit but have no formal roles. Among those invited to this year's gathering is Chinese President Hu Jintao.

Critics view the annual economic summit as a Cold War relic that needs to be reconstituted. It was formed in the 1970s, but economic dynamics are far different three decades later. The astonishing growth of some Asian nations and parts of Latin America have altered the math.

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Yet expanding or changing the membership is not on this year's agenda, nor is it likely to be on next year's. Few officials from member nations seem eager to talk about the subject.

White House aides insist the president is more focused on substantive issues.

Igor Shuvalov, Russian President Vladimir Putin's top summit adviser, acknowledges that Russia lags behind the other seven members in terms of current economic output. But stay tuned, he says.

"We believe the importance of Russia in our global world will change. We have very talented people and well-educated labor. We have oil and gas," said Shuvalov in a telephone interview with U.S. reporters. "We will develop very quickly as one of the major G-8 countries."

Even now, Russia is economically "stronger than some G-8 members," Shuvalov asserted without offering backup data. "I don't want to name those countries," he said.

What is now known as the G-8 was formed in 1975 as the Group of Major Industrialized Democracies. At the time, it consisted of the United States, Japan, Britain, France and Germany — undisputedly the world's five biggest economic powers at the time. Italy was added in 1976, Canada in 1977 and Russia in 1998.

The group holds annual summits. Economic themes are supposed to prevail, but often are overshadowed by events of the day and global politics.

Last year's summit in Scotland was jolted by multiple terrorist bomb blasts on London's transit system. This year's session probably will dwell on North Korea's recent barrage of missile tests and the nuclear aspirations it shares with Iran.

Robert Hormats, vice chairman of Goldman Sachs International and an expert on economic summitry, advocates expanding the G-8 to include other modern economic powers, especially China.

"When this group was formed in the 1970s, the members were the main influences on the globe. Now you've got a lot of other countries that have a lot more influence than they did 30 years ago and who are not in the process," said Hormats, who helped Presidents Carter, Ford and Reagan prepare for economic summits.

China's membership could help the G-8 this year deal with North Korea, Hormats said. He noted that last year, the summit partners called on the Organization of Petroleum Exporting Countries to produce more oil, yet neither Saudi Arabia nor any other OPEC member are participants.

This year's summit is in Putin's hometown, St. Petersburg. It is Russia's first time to hold the rotating G-8 presidency, a controversy itself given Putin's moves to restrict political and economic freedoms.

Sen. John McCain, R-Ariz., Rep. Tom Lantos, D-Calif., and former Secretary of State Madeleine Albright have said Russia should be excluded. A London-based think tank, the Foreign Policy Center, issued a report saying Putin's record makes a mockery of G-8's commitment to free markets and open societies.

But others want Russia to stay and for other nations to join, including nondemocracies that are big economies.

Johannes Linn and Colin Bradford, both former World Bank officials now with the Brookings Institution, have proposed expanding the group to 19 to 20 members.

They would add Australia, Argentina, Brazil, China, India, Indonesia, Korea, Mexico, Saudi Arabia, South Africa and Turkey. They also would add the country of the rotating presidency of the European Union if it was not already a member.

"The problem in a sense for the G-8 is that it has set itself up as a quasi-steering group for the world, but it cannot effectively and cannot legitimately deal with many of the key issues," Linn said.

And it will only get worse. "Five years from now, I cannot possibly see how a G-8 would still be relevant," he said.

Gee whiz.

But will the G-8 transform itself anytime soon? "Probably not," he said.

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On the Net:

G-8 site: http://en.g8russia.ru/

Kremlin Tightens Reins On Free Market (WT/AP)

By Judith Ingram, Associated Press

The Washington Times, July 9, 2006

MOSCOW -- When President Vladimir Putin calls a staff meeting, the heads of some of Russia's most prominent companies are at his beck and call.

Alongside his drive to re-establish Kremlin control over the nation's political life, Mr. Putin aggressively has reasserted state domination over major economic sectors -- in part by installing members of his own team, many dating back to his days in St. Petersburg, into key positions in some major state-controlled companies.

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Deputy Prime Minister Dmitry Medvedev, a Putin protege, chairs the board of Gazprom, the world's largest gas company. A Kremlin deputy chief of staff, Igor Sechin, is chairman of the board of the Rosneft oil company, which plans a high-profile, $10 billion initial public offering on the London Stock Exchange this summer.

And Mr. Putin's chief of staff, Sergei Sobyanin, recently was named chairman of the nuclear fuel company TVEL, the springboard for what the Kremlin hopes will be a renaissance of the Russian nuclear industry.

The list of government officials doubling as captains of industry goes on, reflecting deeply intertwined state and business interests. Mr. Putin's influence in so many industries raises questions about whether politics won't trump economics in the end when business decisions are made.

"We're at a stage where in order to get control ... President Putin wants to make sure the person he has confidence in is overseeing all this stuff," says Andrew Somers, head of the American Chamber of Commerce in Moscow. "But we do think in the long run it's inefficient, it raises questions on how decisions are made and complicates the negotiation process."

It also means Russia is out of step with the developed countries that make up the Group of Eight, the elite club of nations to which Mr. Putin plays host this year.

Russia's G-8 partners have expressed concern about the state's growing role -- especially the Kremlin's influence in the volatile energy market, where many European countries fear they could become hostage to a Russian monopoly.

Mr. Putin also has come under criticism from other G-8 leaders for the government-sanctioned carving up of one-time tycoon Mikhail Khodorkovsky's Yukos oil company.

Khodorkovsky, who sponsored opposition parties in the run-up to parliamentary elections in 2003, now is in prison in Siberia, while the remainder of his company -- once the nation's largest -- is in receivership. Rosneft snapped up the choicest pieces after a murky state auction.

The Yukos example made clear how far the Kremlin is prepared to go to press Mr. Putin's campaign to tighten not just economic but also political control in Russia. It is a topic that G-8 leaders likely will raise -- if gingerly -- at the three-day summit in St. Petersburg that opens Saturday.

Mr. Putin's approach is more than the instinctive retreat from free markets of a Soviet-trained former bureaucrat. It is also a reaction to Russia's 1998 financial crisis, when the state was forced to write off $40 billion in debt and sharply devalue its currency -- a humiliating comedown for a one-time superpower and a lesson for Mr. Putin's circle of the perils of lax state involvement in the economy.

"We've heard from the government several times over the past five, six years that they believe one of the reasons Russia ran into the crisis of 1998 was not only because the oil price went down but simply because the government had removed itself from an active role in managing the economy," says Chris Weafer, chief strategist with Moscow's Alfa Bank.

So Mr. Putin's administration has consolidated control over strategic industries, such as oil and natural gas, and worked to cobble together "national champion" companies in sectors such as aviation and nuclear power.

"We are talking about the creation of major international private corporations and promoting them on the world market," says Arkady Dvorkovich, Mr. Putin's economic adviser.

"Yes, part of these companies are under state control and this is because the period we are living in -- the transitional period from one model of economic development to another," he says. "These companies would be expected to adhere to standards of efficiency and transparency associated with privately run corporations."

But economists say state involvement is fraught with negative consequences, including increased bureaucratic red tape and discouragement of entrepreneurship -- with a resulting slowdown in growth.

No company better illustrates those pitfalls than Gazprom, the natural-gas giant.

"Gazprom is one of the most inefficient companies in the country, because it survives due to two things: tax subsidies and continual borrowing," says Georgy Satarov, a former aide to Mr. Putin's predecessor, Boris Yeltsin, and head of the Indem think tank.

In a letter to minority shareholders last year, Vadim Kleiner, research director for the Hermitage Capital Management fund, said some of the worst mismanagement at Gazprom had ended, but significant inefficiencies and soaring operating costs remained.

"Operating and capital expenditures continue to rise alarmingly, apparently untethered to any notions of fiscal restraint," Mr. Kleiner wrote.

The company, with 330,000 employees on its payroll, has played a critical role not only in economic affairs but in Mr. Putin's political maneuvering.

Gazprom's media arm was used during Mr. Putin's first term to eliminate several critical newspapers and television channels, leading to a near-state monopoly on the airwaves. The Kremlin has wielded it as an instrument of pressure against

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former Soviet republics, most notably Ukraine, to which it cut gas supplies in an ugly price dispute that led to brief but alarming supply disruptions to Europe.

Gazprom is also the Russian partner in one of the biggest gas development tenders in decades, the 131 trillion-cubic-foot Shtokman field in the Barents Sea. Gazprom last year shortlisted U.S.-based Chevron Corp., ConocoPhillips, Norway's Statoil ASA and Norsk Hydro ASA, and France's Total SA as potential partners. A decision was expected in April, but Gazprom has dragged its feet.

The Kremlin's harshest critics contend that much as in the Yeltsin era, when a class of Kremlin-connected magnates amassed enormous wealth out of state assets, Mr. Putin and his circle are motivated less by patriotism than by the desire to spin power into personal wealth.

Many critics speculate that Mr. Putin himself has his eyes on the helm of the Gazprom behemoth after 2008, when he constitutionally is required to step down from the presidency after two terms.

"His wish is to become a super-oligarch," Mr. Satarov says.

India Test-fires Nuclear-capable Missile (AP)

By Gavin Rabinowitz

AP, July 9, 2006

India test-fired its nuclear-capable Agni III missile Sunday for the first time, the Defense Ministry said.

The launch took place at India's main missile testing center in the eastern state of Orissa, Defense Ministry spokesman Sitanshu Kar told the Associated Press.

The launch of India's longest-range missile, able to fly 1,865 miles, has been viewed as a routine test — not saber-rattling with the country's nuclear-armed archrival and neighbor, Pakistan.

New Delhi and Islamabad regularly test-fire missiles, but normally only give each other prior notice for long-range launches. It was not immediately clear whether India informed Pakistan ahead of Sunday's test.

The missile was launched at 11:03 Indian time and "took off successfully," Kar said. "Details of the flight performance are being analyzed by the mission team."

The missile splashed down near the Nicobar islands in the Bay of Bengal.

Indian Defense Minister Pranab Mukherjee was at the launch complex, on Wheeler Island off Orissa, to witness the test, the Press Trust of India news agency reported.

The Agni III further boosts India's homegrown missile arsenal, which includes the short-range Prithvi ballistic missile, the medium-range Akash, the anti-tank Nag and the supersonic Brahmos missile, developed jointly with Russia.

India Tests Nuclear-capable Missile (AFP)

AFP, July 9, 2006

India successfully carried out its first test of a nuclear-capable ballistic missile with a range of 4,000 kilometres (2,480 miles), defence officials said.

The Agni-III missile was launched on Sunday from Wheeler Island, 180 kilometres northeast of Bhubaneshwar in the eastern state of Orissa, they said on condition of anonymity.

In May Defence Minister Pranab Mukherjee had said the Agni-III, India's longest-range ballistic missile, was ready but that the country was observing "self-imposed restraint" before testing.

Opposition parties criticised the announcement, saying testing was being delayed because of pressure from the United States. New Delhi and Washington reached a landmark deal in March that will see sanctions lifted on India's access to civilian nuclear technology.

Sunday's test launch comes just four days after North Korea sparked an international outcry by test-firing seven missiles.

A highly-placed Defence Research and Development Organisation (DRDO) source said the Indian test was "successful".

He said scientists had detected a snag in the booster rocket system of the Agni-III two weeks ago and had delayed its test. "Now we have papered over the problem and hence the launch window was chosen as Sunday," he said.

The missile was tracked during take-off, re-entry into the Earth's atmosphere and splashdown in the Bay of Bengal, another defence official said.

The Agni (Fire) is one of five missiles being developed by the DRDO under its Integrated Guided Missile Development Programme launched in 1983. The others are the Prithvi, the surface-to-air Trishul (Trident), multi-purpose Akash (Sky), and the anti-tank Nag (Cobra).

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Nuclear rivals India and Pakistan, who have fought three wars since independence in 1947, routinely notify each other of missile tests.

The two countries came to the brink of a fourth war in the summer of 2002 following a December 2001 attack on India's parliament by suspected Pakistan-backed militants. Islamabad denied any role in the attack.

But in January 2004 the two sides began a peace process that has led to a ceasefire in the divided Himalayan state of Kashmir, the cause of two of the wars.

In May 1998, India conducted five nuclear tests citing China as a security threat. The tests were matched two weeks later by Pakistan which India says has received Beijing's assistance for its nuclear programme, a claim denied by China.

But tensions between China and India have abated in the past two years including direct military talks and the reopening last week of a famed Silk Road pass in the Himalayas, the first direct border trade between the Asian giants since a brutal frontier war 44 years ago.

C. Uday Bhaskar, deputy head of the government funded Institute of Defence Studies and Analyses, said India's nuclear and missile programmes should not be seen as country specific.

"Countries acquire strategic capabilities that are generic nature. Our programme is not predicated on a single point threat. It is always in relation to the international strategic environment," Bhaskar said.

Asia Going Nuclear Amid Rising Oil Prices (AP)

By Michael Casey

AP, July 9, 2006

Led by fast-growing China and India, Asia is going nuclear in a big way to feed its ravenous appetite for energy.

The strains of economic growth are already showing. Energy shortages have forced Chinese factories to scale back production, and farmers in India often have power for only half the day. Both countries say their future growth is at risk unless they diversify their energy mix.

So does South Korea, where Yoon Ho-taek scans a construction site the size of 10 football fields in the southeastern city of Ulsan, points to what looks like a partly built amphitheater, and declares: "The future of nuclear power is bright."

South Korea, the world's second biggest coal importer and third biggest oil importer, already depends on nuclear reactors for 40 percent of its power and is talking of increasing that to 60 percent by 2035.

Yoon's company, Korea Hydro and Nuclear Power, is building four reactors and plans four more by 2017. Two of them are 1,000-megawatt reactors going up in Ulsan, lighting as many as 2.4 million homes in South Korea's industrial heartland.

Along with homemade reactors, Asia's plans hold out the promise of a bonanza for American companies such as Westinghouse Electric Co. and General Electric Co. which already have a strong presence in the region. Westinghouse has helped build 14 nuclear plants in South Korea and provided technology for almost half of Japan's 55 nuclear units. GE, meanwhile, has helped build 36 reactors in Japan, India and Taiwan.

"We expect Asia to become a leader in the use of commercial nuclear power," Timothy Collier, president of Westinghouse Korea, told The Associated Press. Asia needs a reliable electricity source, he says, and "Nuclear offers the opportunity to do that free of the dependence on oil."

Eighteen reactors — about 70 percent of the world's total under construction — are going up in Asia, and another 77 are planned or proposed, according to the Nuclear Energy Institute, an industry advocacy group based in Washington, D.C.

Japan depends on nuclear plants for a third of its power and plans to double its nuclear capacity by 2050. Australia wants to build its first plant, and Indonesia has vowed to go nuclear, even though it's vulnerable to earthquakes, floods and landslides.

According to the World Nuclear Association, a group that promotes nuclear energy, China plans to increase its nuclear capacity from 6.6 gigawatts to 40 gigawatts by 2020 with the addition of 30 nuclear plants, mostly in heavily populated, industrialized coastal regions where demand and pollution levels are highest.

India intends to go from just under 3 gigawatts to 20 gigawatts by 2020 with the addition of 31 plants, mostly in the west where much of its heavy industry lies.

India's nuclear industry received a boost in March after it signed a civilian nuclear pact with the U.S. Under the deal awaiting Congressional approval, the United States will give India nuclear technology and fuel in return for India's permission for international inspections and safeguards at 14 reactors.

"Nuclear power has to play an increasing role in our electricity generation plans," Indian Prime Minister Manmohan Singh told Parliament last year.

"Our desire is to attain energy security to enable us to leapfrog stages of economic development obtained at the least possible cost," he said.

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Greenpeace, the environmental movement, continues to lead the charge against nuclear power, warning that Asian countries about to embrace the atom need to think hard about the potential consequences.

No country in Asia has a permanent site for the estimated 40,000 tons of toxic spent fuel produced so far, according to the International Atomic Energy Agency, the U.N.'s nuclear watchdog, which opponents say could become a target for terrorists or end up polluting the groundwater. There is also the fear that nuclear power could become a cover for countries with weapons ambitions such as North Korea.

"We think nuclear energy is inherently unsafe," said Gerd Leipold, executive director of Greenpeace International. "You have the waste problems. You have the accident problems. For all of these reasons, we think countries should invest in renewable energy and energy efficiency."

Many of the biggest concerns revolve around Indonesia, which has said that it will build its first reactor by 2015 on Java — the same island where an earthquake killed more than 5,700 people in May, and where the Mount Merapi volcano is threatening to erupt.

The announcement prompted a warning from the Australian Institute in Canberra that "Although the risks of a major (nuclear) accident are very low, a cloud of radiation blowing over northern Australia would pose a severe danger to public safety."

But with oil prices spiking, and fossil fuel emissions being blamed for global warming, the allure of atomic power is growing worldwide, and the nuclear accidents at Three Mile Island and Chernobyl which set back the industry for a generation are receding from the forefront of public memory.

The United States and Russia are reviving long-dormant nuclear plans while France, which gets 80 percent of its power from nuclear plants, is a leader of the industry's renaissance.

Every 1,000 megawatt reactor, the NEI says, saves 7.9 million barrels of oil or 3.4 million tons of coal a year and eliminates 34,000 tons of polluting sulfur dioxide and 11,000 tons of nitrogen oxide.

China's energy supply leans heavily on coal, says Andy White, president of GE's nuclear division, told AP. "They realize if they are going to play a senior role in the world's economy, they have to do something about the environment ... I think nuclear is the key answer to their portfolio."

Twenty nuclear power plants dot the South Korean countryside and what public reaction there is tends to be mixed. In the 1990s residents demonstrated against the Yonggwang Nuclear Power plant on the southwest coast and vendors still complain they have difficulty marketing their fish and vegetables because of the plant's stigma.

But the area is poor, and some residents say they're more annoyed that it wasn't chosen last year for a permanent nuclear waste site since that would have brought in millions of dollars in government aid.

"Some people are concerned about the dangerous effects of nuclear power," said Kim Byoung-Kwon, a taxi driver. "But to meet our power needs, we need nuclear power. I've got no problem with the plant being near my village. It's become like any other building."

Asia's biggest problem isn't new reactors, but what to do with the spent fuel.

It took South Korea 19 years just to find a burial site for low-level waste such as contaminated clothing and spare reactor parts, and it still has nowhere to dump its 6,500 tons of fuel.

Taiwan, which has three plants and is building a fourth, has been thwarted at every turn in finding a long-term solution for its waste. First it tried North Korea and the Marshall Islands but was blocked by protests. Taiwan has stored 100,000 barrels of nuclear waste on a tiny island but protests from aboriginal group are forcing it move the waste to another site, as yet unchosen, by 2013.

"After nearly 50 years of the nuclear power experiment, nobody has demonstrated a solution to this problem. In the absence of a viable solution, expanding the rate of waste production is just irresponsible," professor Ian Lowe of Griffith University in Brisbane, Australia, wrote in a September report released by a coalition of Australian environmental groups.

Britain, France, Russia and Japan have opted for fuel reprocessing, which can extract plutonium and combine it with uranium to create oxide fuel, or MOX. But the extracted plutonium can be weaponized and is therefore vulnerable to theft for misuse, warns the Union of Concerned Scientists, a U.S. advocacy group.

In Asia, nuclear reactors seem to have their biggest problems in Japan. Nuclear power has always been a tough sell in the only country ever hit by an atomic bomb, and opposition has grown following a series of deadly accidents and shutdowns.

A 1999 reprocessing plant accident outside Tokyo killed two workers and exposed hundreds to radioactivity, while in 2004 five workers were killed at a plant in western Japan in the country's worst nuclear plant accident.

Safety problems have also left its nuclear fuel-cycle program in a shambles. The country's first experimental fast-breeder reactor, Monju, was shut down after more than a ton of volatile liquid sodium leaked from its cooling system in 1995.

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"The Japanese public is extremely sensitive toward radioactive materials and there is no doubt that they are very concerned about the incidents," Kyoto University professor Hajimu Yamana said.

"Since any accident of this nature is creepy from the public's perspective, it is only natural that such accidents will undermine the public's support for nuclear power."

Palestinian Prime Minister Calls For A Truce With Israel And New Talks (NYT)

By Steven Erlanger

The New York Times, July 9, 2006

GAZA, July 8 — The Palestinian prime minister from Hamas, Ismail Haniya, on Saturday called for a mutual cease-fire with Israel after Israeli forces pulled out of most of the northern Gaza Strip, perhaps responding to Israeli hints that a package deal might be possible to end a military and political crisis.

Eleven days after Israeli forces entered Gaza to free an abducted Israeli soldier and stop rocket fire by militants, they continued to hold territory in northern Gaza, east of Beit Hanun and the Erez crossing, and in the south, near Rafah. Early Saturday, the military also moved into eastern Gaza near the Karni crossing with Israel, where there were fierce clashes with militants on the eastern edge of Gaza City.

An Israeli official said in response to Mr. Haniya that there would be no cease-fire until the release of the Israeli soldier, Cpl. Gilad Shalit.

The violence continued Saturday evening, when an Israeli airstrike near Karni killed four Palestinians, including three members of the Hajaj family, who were sitting in their garden. Among the dead were Rawan Hajaj, 6, her brother Muhammad, 20, and their mother, Um Ayman Hajaj. The Israeli Army said it had been aiming at "a cell of armed gunmen" walking in the area and was checking to see whether a missile fired at them might have been responsible.

In fighting earlier in the day, another four Palestinians died, bringing the death toll to at least 44 Palestinians and one Israeli since Thursday. Nearly 20 Palestinians were wounded Saturday, including a 1-year-old, bringing the total of wounded to more than 130, according to Dr. Jumaa al-Saqqa of Al Shifa hospital, Gaza's largest.

In Israel, a cabinet minister, Ophir Pines-Paz of the Labor Party, suggested that the crisis could end through a package deal of the kind that Egypt had been trying to promote — the release of Corporal Shalit, coupled with a more formal cease-fire and an Israeli promise to release a number of Palestinian prisoners as the cease-fire is shown to have taken hold.

"We have a great interest in changing the rules of the game," said Mr. Pines-Paz, who is also a member of Israel's inner security cabinet. "If we reach a situation in which there are no kidnappings, no rockets, no tunnels, no raids into our territory, certainly Israel will have to reciprocate," he told Israel Radio.

On Friday, Avi Dichter, the minister of internal security, said that once the soldier was released, "if Israel will be obliged to in the framework of this agreement, within the calm that will be imposed on the ground by the Palestinian Authority, to release Palestinian prisoners as a gesture to this calm, Israel knows how to do that."

"In fact," he said, "Israel has done it before in the past."

Prime Minister Ehud Olmert has ruled out a prisoner trade, and Israel is eager to try to deter kidnappings by showing that it will not bargain for the corporal with his militant captors. But Mr. Olmert had promised to release prisoners to the Palestinian president, Mahmoud Abbas, at their first formal summit meeting, Mr. Abbas said Friday. Former Prime Minister Ariel Sharon did something similar when the two leaders met in February 2005.

In his statement, Mr. Haniya said, "In order to get out of the current crisis, it is necessary that all parties restore calm on the basis of mutually stopping all military operations," and he called for the renewal of talks.

His spokesman, Ghazi Hamad, said: "We asked for a mutual cease-fire and a return to the place of calmness. Israeli forces should pull out of the Gaza Strip and stop their aggression."

An Israeli military spokesman said the army's objectives in northern Gaza had been met, even though the number of Qassam rockets hitting Israel had increased, with 14 launched Friday. Capt. Noa Meir said the Israelis "are in an ongoing operation, and we're not ruling out going back into the north again." She said Israel had damaged "the terrorist infrastructure, the rocket-launching infrastructure and put general pressure on the Hamas government to release Corporal Shalit."

The Israelis say they also destroyed Qassam rocket manufacturing sites and storehouses.

Israeli troops moved in through the Karni crossing to look for tunnels and explosives, the army said, with engineering troops supported by armor. Early Saturday morning, the Israelis blew up a tunnel near Karni from the air, Captain Meir said. Later on Saturday, there were some serious clashes with Palestinian militiamen, with exchanges of machine-gun fire and some helicopter-fired missiles.

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Palestinian militants in the area, a Hamas stronghold known as Shijaia, were seen planting explosives along streets and guarding street corners.

Overhead was the steady buzzing of a missile-armed Israeli drone aircraft, which the Palestinians here call the zananah, a made-up word for the aircraft's buzzing sound. Late Saturday, the Israelis pulled back through the crossing.

In Beit Lahiya, the scene of the worst fighting so far, residents cleaned up their houses on Saturday after the Israeli troops departed. The troops began moved out at about 1 a.m. and were mostly back into Israel by 9 a.m. They left behind them broken walls, smashed houses and angry Palestinians.

In the Atatrah neighborhood, Muhammad Erheem, shaken, showed a reporter through his large house on a hill, which 25 Israeli soldiers commandeered on Thursday night before leaving Saturday morning. They locked the 13 members of the Erheem family in a single storeroom, letting them in small groups, under guard, only to use the toilet, Mr. Erheem said.

The troops moved into the compound behind an armored bulldozer that crushed two smaller buildings — a stable and a water pump house — and also killed a number of prize goats, who were buried alive in the sand as the bulldozer passed over.

"I could hear my goats screaming above the noise," Mr. Erheem said. "Then they banged on the door and I opened it, and 10 soldiers came in, very agitated, and ordered me to strip, and one cocked his pistol at me and shouted, 'Where is the weapon?' I speak fluent Hebrew, thank God, and I said I had no weapon and there was no weapon in the house."

The soldiers made holes in the walls to establish sniper positions, he said, and dismantled furniture, propping beds up against walls to help protect them from any incoming fire and "using my house like a hotel."

But Mr. Erheem was shocked that the soldiers brought wine into his house, and that one of them stripped down to his underwear in the heat and walked around that way in front of the women. Mr. Erheem also pointed out a Koran that had been ripped apart and scattered.

His son, Bakr Erheem, 25, had been married five days before, and there was a big party, the house still full of wedding bouquets and unopened gifts. Their wedding bed was dismantled and broken, holes tore through the concrete walls. Outside, his two water-tanker trucks — he had a business selling filtered water — were smashed, their engines pushed into the driver's cab.

Mr. Erheem said one soldier took a gold necklace, and he showed a purse he said had had gold jewelry in it. The soldiers had replaced the gold, he charged, with a gold-colored piece of metal that looked to be part of an antenna.

The Israeli Army said that troops had regulations about requisitioning houses and that it would investigate all allegations of wrongdoing.

Israel Rejects Hamas' Bid For Cease-fire (AP)

By Thomas Wagner

AP, July 9, 2006

The head of the Hamas-led Palestinian government called Saturday for a truce to halt the Israeli offensive in Gaza, but Israel demanded that Hamas first free a captured Israeli soldier and halt rocket attacks on its southern towns.

Israeli troops scaled back their operations to two spots in Gaza as fighting claimed the lives of six Palestinians, raising the death toll to at least 44 since the incursion began last week.

Israeli aircraft targeted militants in western Gaza City early Sunday, firing a missile at them and wounding four, one seriously, Palestinian hospital officials said. The Israeli military had no immediate comment.

Aircraft also fired a missile at a bridge in northern Gaza, collapsing it and knocking out a power transformer serving the town of Beit Hanoun, witnesses said. The military said it hit the bridge to stop militants using it to move rockets.

Israeli troops entered the Gaza Strip on June 28, three days after Hamas militants captured an Israeli soldier during a cross-border raid. Since then Israel has been battering the coastal strip with heavy artillery barrages and airstrikes.

Palestinian Prime Minister Ismail Haniyeh urged Israel on Saturday to halt the offensive, release Palestinian prisoners and resume indirect talks about the captured soldier through international mediators. But he did not offer to free Cpl. Gilad Shalit, 19.

"We want to activate this initiative to bring the region out of this whirlpool of blood," Haniyeh said while touring Beit Lahiya, the hardest-hit Gaza town.

Hamas often sends out conflicting signals, however, in part because of divisions between its more militant leaders in Syria and more pragmatic politicians in Gaza. Israel has accused the Hamas political chief, Syrian-based Khaled Mashaal, of ordering Shalit's capture.

Aides to Israel Prime Minister Ehud Olmert said he would not accept a truce until Shalit was freed. Foreign Ministry spokesman Mark Regev said rocket attacks must also stop first.

The militants have demanded the release of Palestinian prisoners held by Israel in exchange for Shalit.

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Israeli aircraft, intensifying their operations around Gaza City, carried out two strikes Saturday evening in an outlying neighborhood. The military was investigating whether one of the strikes, which it said was aimed at militants, hit a house, killing a mother and two of her children, including a 6-year-old girl. Four other family members were wounded.

The force of the blast tore open one of the house's outer walls. The courtyard outside was stained with blood. The lifeless body of 6-year-old Rawan Hajaj was carried inside a Gaza City hospital, wrapped in a red blanket. Her mother, Amona, and 20-year-old brother Mohammed were also killed, and six other people were wounded.

The United Nations blamed Israel for a burgeoning crisis, including deaths, injuries and harm to children, created by its offensive in Gaza.

"Unless urgent action is taken," a three-page statement released Saturday said, "we are facing a humanitarian crisis that will have far-reaching consequences."

Israel pulled its tanks out of Beit Lahiya, leaving a wide swath of destruction after trying to carve out a buffer zone against rockets there. Tanks driving through narrow streets sheared off outer walls of buildings, tore down electricity poles and chopped up asphalt. Bulldozers churned fields and knocked down trees and greenhouses.

Israeli troops also left nearby Beit Hanoun and three Jewish settlements in northern Gaza that Israel abandoned nearly a year ago when it unilaterally withdrew from the territory.

Palestinian witnesses said Israeli tanks moved into an abandoned Israeli settlement in northern Gaza early Sunday, a day after pulling back.

An Israeli military spokesman denied the claim.

On Sunday morning, Israeli soldiers were in position only at the defunct airport just across from the Israeli border in southern Gaza and in the Gaza City-Karni area, the military said.

Capt. Jacob Dallal, an army spokesman, said troops repositioned Saturday because they had accomplished their objectives in northern Gaza — drawing militants into direct combat.

"We much prefer to engage these people with the army as opposed to having these people fire rockets at schools in Ashkelon and Sderot," he said, referring to two southern Israeli cities that have come under militant rocket fire.

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Associated Press writer Sarah El Deeb in Beit Lahiya, Gaza Strip contributed to this report.

Israelis Withdraw From North Gaza (WP)

By Scott Wilson

The Washington Post, July 9, 2006

Palestinian Woman, Son, Daughter Killed

BEIT LAHIYA, Gaza Strip, July 8 -- Israeli tanks and bulldozers withdrew from northern Gaza before dawn Saturday after two days of heavy fighting, leaving behind a strip of churned fields, wrecked roads and a few heavily damaged homes.

Along Gaza's eastern border, where more Israeli armor entered the strip very early Saturday, the military stepped up its activity. On Saturday night, an explosion killed a woman and two of her children on the eastern edge of Gaza City.

The cause of the explosion, which left four other children of the Hajaj family wounded, remained unclear. Palestinian witnesses said an Israeli artillery shell struck the family's house, but an Israeli spokesman said the military was investigating whether the house had been hit in an airstrike.

"Without warning, without reason, the shell came into my first floor," Fareed Hajaj, the husband and father of the dead, said outside the morgue at al-Shifa Hospital as he prepared to identify the bodies of his wife and two children inside.

The Israelis' abrupt pullback from the northern end of the Gaza Strip sharply reduced the overall intensity of their military operations in Gaza, which have been aimed at recovering a captured soldier, reducing the Palestinians' steady rocket fire into southern Israel and weakening the radical Hamas movement's hold on the Palestinian government. More than 40 Palestinians, most of them gunmen, and one Israeli soldier have been killed in 11 days of fighting.

Although military officials warned that operations had not ended, Israel's departure from its deepest position inside Gaza may signal the government's desire to pursue talks to win the release of Cpl. Gilad Shalit, 19, who was taken by Palestinian gunmen in a June 25 raid on an army post just outside Gaza. But it was unclear how the deaths of the Hajaj family members, which drew a crowd to the morgue, would influence developments.

Palestinian Prime Minister Ismail Haniyeh of Hamas, whose armed wing is one of the groups holding Shalit, issued a statement Saturday calling on both sides to cease military action and to revive talks with Egyptian mediators attempting to broker Shalit's release. The groups holding Shalit have demanded that Israel release some Palestinian prisoners in exchange for his release.

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"To get out of the current crisis, it is necessary that all parties restore calm on the basis of mutually stopping all military operations," the statement said.

Israeli officials reiterated the government's unwavering rejection of a prisoner swap. In addition, officials in the office of Israeli Prime Minister Ehud Olmert said he did not support the suggestion by his public security minister, Avi Dichter, on Friday that an end to the rocket attacks and Shalit's safe release would prompt Israel to free some Palestinian prisoners in the future.

"There will be no cease-fire until the Palestinians return Israel's soldier safe and the firing of rockets is ceased," an Israeli official said Saturday.

Early Saturday, Israeli tanks and bulldozers entered Gaza near the Karni crossing, the main passage for cargo into the strip, in search of cross-border tunnels like the one used by Palestinian gunmen to attack Shalit's post farther south. Hospital officials said two Palestinian gunmen and a local journalist were killed in fighting.

The blast that killed Amna Hajaj, 45, her son Mohammed, 23, and her 6-year-old daughter, Rawan, occurred just after nightfall. Fareed Hajaj said he was standing in the street outside his house in the east Gaza City neighborhood of Shajaiyeh when a blast destroyed much of it.

As friends and relatives sought to console him outside the morgue, Hajaj said Israeli artillery shells had been landing a football field away from his home since the previous day. An Israeli military spokesman said no artillery was being fired near the area when the blast occurred but that an airstrike had targeted suspected Palestinian gunmen in the neighborhood at about the same time.

After several days in which fighting was centered here in the orchards, houses and sandy streets of Atatara, in Beit Lahiya, hundreds of Palestinian residents combed through the damaged neighborhood.

Like the fighting, most of the damage was confined to a swath of dunes, olive and citrus groves and houses roughly a half-mile long and equally wide along this city's western edge. The Israeli military pushed into the area to increase the distance between fields that officials say are used by Palestinian rocket launchers and their targets in southern Israel.

"This is terror," said Hussein Zayed, 28, a member of the Palestinian presidential guard, as he looked over his ravaged home behind a wall where palm, lemon and olive trees uprooted by Israeli bulldozers were being gathered into piles. "Not a single shot was fired from this place."

Dozens of Israeli troops took up positions in houses here as the operation began, including in Zayed's living room. His second story was strewn with the pieces of a shattered television set, sofa cushions and masonry from the blown-out wall that now offers a view of a ruined greenhouse in the courtyard below.

A breeze through the jagged hole slowly pushed a twisted fan dangling from a ceiling pocked with shrapnel marks and bullet holes. The computer Zayed used to pursue an accounting degree at Al-Quds Open University was in pieces, the hens and pigeons he kept in a coop on the first floor gone. The soldiers had left behind only a bag of sandwich rolls.

Itidal al-Ajouri had dashed from her family's apartment during intense fighting Friday afternoon, along with her six children. Her husband, Salah, a colonel in the Palestinian National Forces, was at work at the time and said he could hear gunfire crackling behind her when she phoned him for help.

The family returned Saturday to a picture of devastation: piles of cassette tapes, splintered cabinet doors, clothes hangers and blankets thrown about the previously neat apartment. Bullet holes in the building behind theirs suggested the apartment had been caught in intense crossfire, probably leaving the family with little choice but to find a new place to live.

"We will close this up now and stay somewhere else," said Rasha, who is studying microbiology at Al-Azhar University in Gaza. "What else can we do?"

Gaza Death Toll Mounts As Israel Rejects Ceasefire (AFP)

By Sakher Abu El Oun

AFP, July 9, 2006

Three Palestinian family members, including a six-year-old girl, have been killed in an air strike near Gaza City as Israel rejected a call by Hamas premier Ismail Haniya for a mutual ceasefire.

The girl, her elder brother and her mother were killed in the air raid, which according to an army spokesman targeted a group of militants east of Gaza City.

Despite initial denials, the Israeli army later confirmed carrying out an airstrike in the neighbourhood of Sejayun.

"We are currently examining the exact details of the strike," an army source told AFP.

UN Secretary General Kofi Annan meanwhile demanded immediate access for UN workers and humanitarian relief supplies to the Gaza Strip, saying he was "extremely concerned about the dangerous situation in the occupied Palestinian Territory."

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Four more Palestinians were killed earlier as Israeli forces shifted the focus of their Gaza campaign to end militant rocket fire and free a captured soldier to the seaside strip's eastern frontier.

As Israel pushed on into Gaza, officials brushed aside Haniya's call for a "return to a situation of calm on the basis of a halt to all military operations by both sides".

"We do not hold negotiations with terrorists. They must first return the kidnapped soldier unharmed and cease their fire," an official in Prime Minister Ehud Olmert's office told AFP.

"We will decide on our next moves according to the steps taken by the Palestinian government," he said, asking not to be named.

Haniya stressed that his Hamas government was determined to solve the problem through diplomatic channels in a "peaceful" manner.

"It is necessary that Israel halt its military operation in the Gaza Strip and withdraw its forces," said a statement from Haniya.

"More efforts are required from all parties to resolve the current crisis in order to bring an end to the Israeli aggression and resolve the question of the Israeli soldier through serious negotiations," it added.

A Hamas spokesman slammed Israel for brushing aside the Hamas ceasefire offer.

"The Israeli rejection is wrong," said Ghazi Hamad. "This initiative must be seized on in order to find a suitable solution."

Earlier, dozens of Israeli tanks backed by helicopter gunships and drones passed through the Karni and Nahal Oz crossings, advancing one kilometer (half a mile) to the outskirts of Gaza City where clashes broke out.

Armored vehicles fired missiles, killing a member of the Palestinian security forces in Zeitun, while three more Palestinians were reported killed by Israeli tank shelling in the nearby Shujaya neighborhood.

Israeli armored vehicles took up positions in open farmland on Gaza's eastern border and assembled in industrial areas.

Israeli units meanwhile pulled back from northern Gaza, three days after launching a deadly incursion in the area, Israeli and Palestinian sources said.

On Thursday, Israel sent troops deep into the northern Gaza Strip, occupying a buffer zone in the territory from which it withdrew last September.

Israel has vowed to use everything in its power to increase the pressure on the embattled Hamas-led government to free 19-year-old Corporal Gilad Shalit and to stop rocket attacks.

Another Hamas militant died from wounds suffered during a gunfight with Israeli forces Thursday.

Forty Palestinians and one Israeli soldier have been killed since Israel launched its massive military operation in Gaza late Wednesday.

As efforts to reach a breakthrough in the crisis stalled, Palestinian president Mahmud Abbas left the Gaza Strip for the first time in two weeks to travel to his home in the West Bank city of Ramallah.

He has called on the international community to stop Israel's "inhumane aggression" to give mediators a chance to free Shalit.

UN chief Annan has called for an immediate halt to what he called Israel's "disproportionate use of force" but added that Palestinian militants should nonetheless release the captured soldier.

He said in Saturday's statement: "The passage of foodstuffs and other essential supplies through the Karni commercial crossing should be ensured and restrictions on movement and access for UN agencies should be lifted forthwith.

"I am appealing for urgent action to alleviate the desperate humanitarian situation of the civilian population."

Annan noted that Israeli airstrikes on Gaza's only power plant have impacted Gaza's hospitals, flour mills, water and sanitation systems, and called for the Israeli government to "act expeditiously" to replace the destroyed equipment.

Hamas -- whose government offices have been targets of Israeli missile strikes -- warned that the assault was complicating the fate of Shalit, who it said was being well looked-after.

"Soldier Gilad is being well treated, in a humane manner in keeping with the values of our religion," said the movement, whose armed wing claimed joint responsibility for the June 25 attack in which Shalit was seized.

"Continued Zionist crimes will only harden the Palestinian side even more," it warned.

Calls For Truce Fuel Hope In Gaza Standoff (LAT)

By Laura King

The Los Angeles Times, July 9, 2006

Both sides appear to be open to a larger accord that would give them room to maneuver.

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GAZA CITY — Both Israel and the Hamas-led Palestinian government expressed hope Saturday of arranging a cease-fire to end their bloody 2-week-old confrontation over the capture of an Israeli soldier.

Israeli troops and armor also pulled back from a swath of northern Gaza they had held for two days, though military commanders warned that they could reenter the area at any time to quell rocket fire by Palestinian militants. Israeli forces remained dug in at a disused airport in the southern Gaza Strip.

Early today, Israeli airstrikes targeted a bridge in northern Gaza, an area in southern Gaza described by the army as a training camp for militants, and a group of gunmen near the main commercial crossing at Karni. Several Palestinians were reported injured.

The calls for a cease-fire came from Palestinian Authority Prime Minister Ismail Haniyeh, a senior Hamas official, and an Israeli Cabinet minister, Ophir Pines-Paz, who raised the possibility of a comprehensive accord that would free the captive and halt rocket attacks.

It was the second consecutive day that a senior Israeli official had spoken publicly of the prospect of a compromise in the standoff over the soldier, 19-year-old Cpl. Gilad Shalit, who was seized June 25 in a cross-border raid.

Both sides have powerful incentives for finding a negotiated solution, but serious obstacles remain to any agreement. With thousands of Israeli troops and heavily armed Palestinian guerrillas in close proximity to densely populated areas of Gaza, conflict could flare again at any moment.

And if the young soldier is killed by his captors, Israel almost certainly will unleash a prolonged and punishing onslaught. Israeli officials say they believe he is alive and unharmed except for minor injuries suffered during the raid, in which two other Israeli soldiers were killed.

Although Israel appears to be dropping its insistence that it will not trade Palestinian prisoners for Shalit, the government of Prime Minister Ehud Olmert said Saturday that the soldier's safe return must precede any concessions. A day earlier, Cabinet minister Avi Dichter had spoken of freeing prisoners as a "reciprocal gesture" if Shalit's captors released him.

One major question is whether Haniyeh has the clout to force militant factions who hold Shalit — and who are thought to answer primarily to the Islamist group's exiled leadership in Damascus, the Syrian capital — to agree to any deal.

Haniyeh's statement, issued through government spokesman Ghazi Hamad, was vaguely worded but appeared to hold out the prospect that militants would halt their rocket fire if Israel withdrew its troops.

"If we want to get out of the current crisis, it is necessary to return to calm, on the basis of a mutual halt to all military operations," the statement said.

The Hamas government, already broke and diplomatically isolated, has been under increasing pressure since the capture of Shalit. Israel has bombed Haniyeh's office and a key ministry building and threatened to assassinate senior figures in the government.

But in the course of the fighting, Hamas' street following has appeared to be as strong as ever, if not stronger.

Framing a prisoner swap in the context of some larger accord could offer a face-saving way out for both Olmert's and Haniyeh's governments. Hamas is unlikely to defy Palestinian street sentiment and release the soldier without some gains to point to. Olmert would need to somehow justify an about-face in his unequivocal declarations that no prisoners would be freed.

There has been no direct diplomatic contact between the two sides. Mediation is being carried out primarily by Egypt.

Pines-Paz, a member of Olmert's "security Cabinet" of senior advisors, suggested Saturday that Israel was interested in "changing the rules of the game" in Gaza.

"If we reach a situation in which there are no kidnappings, no rockets, no tunnels, no raids into our territory, certainly Israel will have to reciprocate," Pines-Paz told Israel Radio.

Fighting during Israel's 11-day-old offensive reached a peak Thursday. Twenty-six Palestinians were killed that day or died later of wounds, and an Israeli soldier was also killed.

There were scattered exchanges of fire Saturday between Israeli troops and Palestinian gunmen, including an early-morning confrontation in the Shajaiya neighborhood on the outskirts of Gaza City that left three Palestinians dead. It was the first time during the incursion that a clash had taken place so close to the territory's main metropolis.

At nightfall, an explosion rocked a house in Shajaiya, and Palestinian medics said a father and his young daughter were killed.

However, the Israeli military said there was no artillery or tank fire in the area at the time.

The army said it launched an airstrike Saturday evening near Karni, which is near Shajaiya, a longtime Hamas stronghold. But a spokesman said the strike took place in an open area, not the neighborhood itself.

In the northern village of Beit Lahiya, the scene of Thursday's fiercest fighting, departing Israeli troops left behind a landscape of shell-pocked buildings, toppled power poles and streets chewed up by tank treads.

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Many Palestinians who huddled in their homes for two days emerged blinking and shaken to survey the damage inflicted by airstrikes, artillery barrages and firefights.

"My kids were so frightened the entire time that they wet their beds and vomited — we simply couldn't comfort them," said Bassam Kanwa, 30.

Even with a relative lull in fighting, which coincided with the Jewish Sabbath, Gaza remained so dangerous that U.S. officials sought to ensure that American citizens could leave the territory if they wished.

Gaza is effectively sealed off, but U.S. consular officials Saturday arranged for a convoy to evacuate 65 American citizens, most of them Palestinians holding dual nationality.

Rockets Create A 'Balance Of Fear' With Israel, Gaza Residents Say (NYT)

By Greg Myre

The New York Times, July 9, 2006

JERUSALEM, July 8 — The pattern has recurred time and again for several years: Palestinians fire rockets from northern Gaza that cause damage or casualties only occasionally, yet prompt a tough Israeli response, like the offensive now under way.

Why, then, do the Palestinians persist in firing the crude, inaccurate rockets when there is virtual certainty that the damage they inflict will be far less than the punishment they will suffer?

Palestinians in Gaza offer a host of reasons, all based on the emotion of the conflict rather than the logic of warfare.

"We know we can't achieve military equality," said Salah Bardawil, a Palestinian legislator who serves as spokesman for the Hamas faction in parliament. "But when a person suffers huge pain he has to respond somehow. This is how we defend ourselves. This is how we tell the world we are here."

Palestinians often talk about their rockets and suicide bombings creating a "balance of fear" with Israel, even if they cannot match Israel's weaponry.

"Why should we be the only ones who live in fear?" said Muhammad Abu Oukal, a student at the Islamic University in Gaza City. "With these rockets, the Israelis feel fear, too. We will have to live in peace together, or live in fear together."

Palestinians also see the rockets as retaliation for Israeli airstrikes, or an act of solidarity with West Bank Palestinians when fighting heats up on that front.

Israel, meanwhile, describes the rocket attacks as terrorism and argues that any rationale for firing the rockets evaporated when the government withdrew its soldiers and settlers from Gaza last summer.

"We left Gaza," Brig. Gen. Ido Nehushtan said. "There can be no possible justification for launching these rockets, and we cannot tolerate a situation where they are being fired at our citizens every day."

Since Israel made a push into northern Gaza on Thursday, at least 40 Palestinians and one Israeli soldier have been killed. The Palestinians have fired more than 25 rockets. Only one resulted in injuries, lightly wounding three people in Sderot on Friday. Several misfired so badly that they came down in Gaza, and one splashed in the Mediterranean, the Israeli military said.

"These rockets are all improvised and are not accurate, but they are still lethal," General Nehushtan said.

Palestinians in Gaza fired several thousand mortar shells and rockets from 2001 to 2005, killing 12 Israelis — 8 of them in Israel and 4 in Gaza, the Israeli military said.

Since the Israeli withdrawal from Gaza, the Palestinians have fired about 700 rockets at southern Israel, causing injuries and damage, but no deaths.

Palestinians fire most of the rockets in and around two northern Gaza farming towns, Beit Hanun and Beit Lahiya, which in turn have been hardest hit by the Israeli attacks.

Many residents belong to households that prospered from lemon and orange groves in their families for generations. In contrast, the militants firing the rockets tend to come from the slums in and around Gaza City, several miles to the south. The citrus groves allowed the militants to get close enough to the border to reach targets in Israel, and the endless rows of trees provided cover.

When Israeli forces began bulldozing the citrus groves several years ago, some Palestinian residents in the towns confronted the militants and even fought with them when they came to launch rockets.

"But when we see this Israeli escalation, I think that any means of resistance is justified," said Said al-Masri, a 38-year-old engineer from Beit Hanun.

Today, with tensions boiling over, support for the rockets is widespread in the northern towns, even if it means local communities will endure another heavy assault from the Israelis.

Khadija Abu Odah, a 57-year-old Beit Hanun resident, said her home was destroyed during an Israeli attack two years ago, and now, "we have nothing to lose."

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"I hope we can build rockets to hit Tel Aviv."

"Why did the Israelis destroy my house?" she said. "My family didn't shoot any rockets."

She said militants previously fired rockets from the areas around her home, though she said she could do nothing to stop it. Today, she said, the rockets can reach Israel from farther away, and the militants do not need to come to her area, which is relatively close to the border.

The militant Islamic faction Hamas raised the stakes considerably when it fired three rockets on Tuesday and Wednesday that traveled farther than usual, reaching the coastal city of Ashkelon, about six miles beyond Gaza's border.

Israel is thinly populated in the region, and the primary target for the Palestinian rockets has been Sderot, a poor town of about 30,000 that is barely a mile beyond Gaza's perimeter fence and well within the range of the Qassams, which can travel about five miles.

The Palestinians had been trying, with only limited success, to increase the range of the rockets and had been hitting the outskirts of Ashkelon recently.

On Tuesday, a rocket with two engines instead of the usual one traveled about 7.5 miles and landed in the center of the city, hitting a deserted high school. It appeared to have been fired from Dugit, a Jewish settlement on Gaza's border that was evacuated last year, the military said. Ashkelon is one of Israel's larger cities, with about 120,000 residents, increasing the likelihood that a rocket could cause many casualties.

The Palestinians have not yet fired any rockets from the West Bank — a development that would cause even greater alarm in Israel because they could be launched within a few miles of several main cities.

The president of the Palestinian Authority, Mahmoud Abbas, has sharply criticized the Palestinian rocket fire as counterproductive. He has tried to persuade the militants to hold their fire, though he has never made a concerted push with the Palestinian security forces. Even Hamas, which initiated the rocket campaign in 2001, largely held its fire after agreeing to a truce early last year.

But Hamas has shared its technology and rockets with other factions, which now have their own rockets, and within days of Israel's departure from Gaza last summer, the factions resumed the shelling of Israel.

The Hamas-led government has not sought to stop the rockets, and Hamas recently resumed its own attacks after Israeli airstrikes in Gaza that killed many militants and civilians.

Last month, the Israeli security forces killed 42 Palestinians, including 24 who were not involved in the fighting, according to B'Tselem, an Israeli human rights group. Most of the deaths were in Gaza. Three Israelis were killed in June, two of them soldiers and one a civilian.

Contender Alleges Mexico Vote Was Rigged (WP)

By Manuel Roig-franzia

The Washington Post, July 9, 2006

Lopez Obrador's Allegations and Plans for Legal Challenge Fire Up Supporters at Rally

MEXICO CITY, July 8 -- Downtown Mexico City swelled Saturday with the accumulated frustration and rage of the poor, who were stoked into a sign-waving, fist-pumping frenzy by new fraud allegations that failed populist candidate Andrés Manuel López Obrador hopes will overturn the results of Mexico's presidential election.

López Obrador ignited the smoldering emotions of his followers Saturday morning, alleging for the first time that Mexico's electoral commission had rigged its computers before the July 2 election to ensure the half-percentage-point victory of Felipe Calderón, a champion of free trade. In a news conference before the rally, López Obrador called Calderón "an employee" of Mexico's powerful upper classes and said a victory by his conservative opponent would be "morally impossible."

López Obrador added a new layer of complexity to the crisis by saying he not only would challenge the results in the country's special elections court but also would attempt to have the election declared illegal by Mexico's Supreme Court. That strategy presages a constitutional confrontation because according to many legal experts the special elections court is the only body that can hear election challenges.

Calderón was declared the winner Thursday and has begun publicly presenting his plans for Mexico, even though López Obrador has refused to concede. European Union election observers have said they found no significant irregularities in the vote, and many Mexicans appeared to accept Calderón as their next president.

López Obrador's approach pairs legal maneuvers with mass public pressure. On Saturday, he gave a mega-display of street power, drawing an estimated 280,000 people into the city center on a humid, drizzly afternoon, according to a Mexico City government estimate.

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The crowd chanted, "Strong, strong!" when López Obrador stepped to the microphone. The former Mexico City mayor then declared that the electoral commission had "played with the hopes" of millions of Mexicans by allegedly rigging the vote total. Thousands chanted back: "You are not alone!"

López Obrador also told the crowd that he was organizing a march to the capital Wednesday from all over Mexico, including states hundreds of miles distant.

"This is, and will continue to be, a peaceful movement," he said. Seconds later, he announced another mass rally, this one for July 16, at which the crowd raucously yelled back: "What time?"

During his 40-minute address, López Obrador stressed Mexico's class divide, accusing "powerful interests" of trying to deny democratic freedoms to "us, the poor." The crowd, which spilled into side streets off the square and may have been the largest of the presidential campaign, chanted, "Presidente, Presidente!"

Blaring kazoos competed with the thump and boom of massive speakers blasting salsa rhythms and a Spanish-language homage to López Obrador set to the tune of the American pop song, "Love Is in the Air."

López Obrador had called his followers into the large downtown square, the Zocalo, the backdrop for generations of Mexican revolutionary fervor, to lay out his long-shot case for overturning Calderón's apparent presidential victory. But he got more than that: He got a moment of mass catharsis, an outrageously loud, communal venting.

"The Mexican people are awakening," said Martín García Trujillo, a farm laborer from the state of Michoacan who had left at midnight for the six-hour bus ride to the capital. "We know Andrés Manuel won. They just won't let it happen. We can't take this anymore."

López Obrador wants a vote-by-vote count, which would require opening sealed vote packets from more than 130,000 polling stations. Electoral commission officials have sided with Calderón's strategists, who argue that the law does not allow for the packets to be opened unless tally sheets attached to the packets appear to have been altered. López Obrador said that only 2,600 vote packets were opened Tuesday and Wednesday during a marathon official count, which shrank Calderón's lead from 400,000 votes after a preliminary vote to 230,000.

Thousands of López Obrador's supporters, many of whom had marched across the city for hours, chanted "Voto por voto, casilla por casilla" -- vote by vote, polling place by polling place -- as they streamed into the Zocalo on Saturday. Many entered the square waving the yellow flags of López Obrador's Democratic Revolutionary Party, or PRD.

Street vendors hawked T-shirts bearing the now-ubiquitous cartoon depiction of López Obrador's face next to the word "Smile." Speakers screamed, "Vote by vote!" as their images flickered across a huge screen suspended above the stage.

x "They stole this from us," said Concepción Myen, 68, a lifelong Mexico City resident who is unemployed. "This is the worst thing that can happen to Mexico."x

Myen personifies the López Obrador target voter. She is a senior citizen and said she had looked forward to the monthly pensions López Obrador promised. She is also a single mother, who struggled to raise her child alone, and said her life would have been much better if the aid program López Obrador had vowed to give single mothers had existed when she needed it.

The anger on display in the square grows from decades of perceived indignities and a sense of persecution by a succession of ruling parties. García Trujillo, the farm worker from Michoacan, recalled feeling the same anguish in 1988 when the PRD candidate, Cuauhtémoc Cárdenas, lost a presidential race that many international observers have said was stolen by the Institutional Revolutionary Party, or PRI. He said he felt the same rage two years ago when outgoing President Vicente Fox's administration unsuccessfully attempted to impeach López Obrador, who was then the mayor of Mexico City.

Now García Trujillo's anger is directed at another institutional power, Mexico's Federal Electoral Institute, which has a stellar international reputation but is accused by López Obrador of "manipulating" the results.

The electoral institute will cede control of the election to Mexico's special elections court, which has until Sept. 6 to decide whether to certify the results. Calderón has not waited for the elections court, and neither have world leaders. He accepted congratulatory calls on Friday from President Bush and Canadian Prime Minister Stephen Harper. But López Obrador cautioned against such formalities, saying, "Right now, there is no president-elect."

After López Obrador left the stage Saturday, the crowd lingered. Someone started singing the national anthem, and countless voices joined in its rallying cry: "Mexicans, to the shout of war!"

Leftist Predicts Unrest Without Complete Recount Of Mexican Election (NYT)

By James C. McKinley Jr. And Ginger Thompson

The New York Times, July 9, 2006

DOJ_NMG_0039284

MEXICO CITY, July 8 — While the announced winner of last Sunday's presidential election, Felipe Calderón, kept a low profile on Saturday, his leftist rival led a rally of at least 150,000 people, charged the polling had been marred by fraud and suggested there would be civil unrest without a vote-by-vote recount.

"If there is not democracy, there will be instability," said the rival, Andrés Manuel López Obrador, at a news conference just hours before he addressed his angry and defiant supporters in Mexico City's central plaza.

At 5:50 p.m., he took the stage in the Zócalo, the historic central square in front of the National Palace, to fire a broadside at what he described as an oligarchy of top-level politicians and businessmen.

"We are aware we are confronting a powerful group, economically and politically, that are accustomed to winning at all costs, without moral scruples," he told the crowd. He maintained that this group had "conspired against democracy" and that "they are the ones who now want to put a servant in the presidency."

Mr. López Obrador called on his supporters to march Wednesday from every electoral district in the country to the capital, an echo of his 1994 march from Tabasco to the capital to protest his defeat in the governor's race.

"Let it be clear, " he said. "This is a peaceful movement, and we will never fall for the provocations of our adversaries."

Mr. Calderón, of the conservative National Action Party, effectively ceded the day's spotlight to Mr. López Obrador. After he was announced the victor on Thursday by a narrow margin of 243,000 votes, he had begun to give hints about how he would approach issues like trade, globalization and dealings with the United States on immigration. And on Friday he kept a whirlwind schedule of meetings and appearances.

But on Saturday, Mr. Calderón, the former energy minister, stayed out of the public eye.

Mr. López Obrador, the former Mexico City mayor and firebrand leader of the leftist Democratic Revolutionary Party, spent the day laying out his arguments for a recount and revving up his followers.

He said his opponent's supporters had resorted to fraud and vote-buying in northern states where the conservative party is dominant, like Jalisco and Guanajuato. He also said he had been the victim of a smear campaign on television and radio that far exceeded campaign spending limits.

He said that the Federal Electoral Institute should have recounted Sunday's ballots during the official tally. He pointed out that mistakes favoring Mr. Calderón were found in about 2,600 cases where officials did recount votes, when tally sheets were missing or contained errors.

He said he would present a case for recounting the votes to the Federal Electoral Tribunal on Sunday, and that he would also challenge the validity of the election before the Supreme Court, arguing that President Vicente Fox had interfered with it.

Later, he took his case to the people. Tens of thousands of angry and defiant people wearing his party's yellow colors and carrying banners and flags gathered in the Zócalo throughout the afternoon. They were young and old, unemployed and professional, dark-skinned and light-skinned, and they had traveled from places as far as the states of Michoacán and Tabasco.

Mr. López Obrador spoke for about 40 minutes, calling his adversaries traitors to democracy. The crowd chanted, "You are not alone."

Gloria Aceves, 63, had been waiting next to the stage since 9 a.m. Her husband died trying to cross the Rio Grande into the United States, she said, and she depends on a monthly grant from the city established by Mr. López Obrador, who championed the poor in his campaign. "If I have to die here," she said, "here I will die supporting him."

At his Saturday news conference, Mr. López Obrador declined to answer several times when asked what he would do if the courts refused a recount, saying he had faith the judges would order one. "Peace is the fruit of justice," he said.

"What are they afraid of?" he asked. "What is it they don't want to open the packets and count them again?" He added: "Why the hurry if we are talking about such a fundamental issue?"

On Friday afternoon, Mr. Calderón seemed confident that no legal challenge would stand up in court.

"My triumph is clear and definitive," he told a meeting of foreign reporters. "There are no legal elements that sustain the possibility of a complaint. In this election, the votes have already been counted, vote by vote, at the time they should have been counted, at the closing of the polls, as happens in all the world."

Mr. Calderón's campaign cited the volatile protests Mr. López Obrador led after his 1994 loss in arguing that he could be a danger to Mexico. And several political analysts have said that Mr. López Obrador's behavior since Thursday has proven Mr. Calderón right.

"What marks López Obrador's attitude is not the construction of democracy, nor the consolidation of his own political force, but an evident ambition for personal power," wrote Jorge Fernández Menéndez, an investigative journalist and political commentator. "If it was said that López Obrador was messianic, he is confirming it with each one of his acts since Sunday."

At the same time, in the daily newspaper Excelsior, José Antonio Crespo wrote in favor of a recount.

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"If I were Felipe Calderón, I would try to legitimize my electoral victory," he wrote, to rob Mr. López Obrador's party of "its arguments for questioning my victory, narrow, but genuine."

After the results were announced on Thursday, Mr. Calderón and some of his aides began publicly addressing some policy issues. Arturo Sarukhan, a foreign policy adviser to Mr. Calderón, said Mr. Calderón intended to put Mexico at the center of the region's debate over globalization.

"We will lead the debate on how Latin America will keep competitive in the world, how to keep it from losing ground to Asia," Mr. Sarukhan said. "We have to figure out how to demonstrate to our societies that free markets, transparency and democracy really can deliver the goods for all."

Mr. Calderón would seem a certain ally for the United States, and political analysts have suggested that a Calderón presidency could signal an end to the advance of left-wing politics across Latin America, as neoliberal economic policies from Washington have fallen from favor.

On Friday, he said he would not seek to renegotiate agricultural clauses of the North American Free Trade Agreement, and that he would urge the United States and Canada to join with Mexico to create a fund for the construction of infrastructure and other development projects to generate jobs in high-migration states in Mexico.

"The solution to migration is not walls," Mr. Calderón said. "The only real solution to stop or slow the migration phenomenon is the generation of good-paying jobs."

Mr. López Obrador said that Mr. Calderón was wrong to begin assuming the role of president-elect before the results of last Sunday's contests had been upheld in court. And he objected to the congratulatory messages that had been sent to Mr. Calderón from the United States, Spain and Canada.

He said it was all part of a strategy by Mr. Calderón to end a process that was not yet over.

"They want to turn the page, but things are not that way," Mr. López Obrador said. "This is just started."

Ex-President Wins Genocide Ruling

MEXICO CITY, July 8 (AP) — Genocide charges were dropped against former President Luis Echeverría on Saturday when a judge ruled that the statute of limitations had expired, his lawyer said.

The lawyer, Juan Velazquez, said that the federal judge had overturned a June 30 house arrest order on the charges, which stemmed from a 1968 student massacre.

The decision was the latest blow to prosecutors' efforts to charge the Mr. Echeverría, 84,with the deaths and disappearances of dozens of students and leftist dissidents in the late 1960's and early 1970's, a period known here as the dirty war.

Mexico's Runner-Up Remains Unbowed (LAT)

By Richard Boudreaux

The Los Angeles Times, July 9, 2006

MEXICO CITY — About a quarter of a million people chanting "Fraud! Fraud!" jammed Mexico City's central square Saturday to back leftist presidential candidate Andres Manuel Lopez Obrador's bid to overturn his narrow electoral defeat with court appeals and mass marches.

Lopez Obrador told the rowdy but peaceful crowd that he would present allegations of fraudulent vote tallies to the Federal Electoral Tribunal before tonight's deadline and demand a recount. He called for nationwide marches that would converge on Mexico City for another rally July 16 as the seven-judge panel weighed his appeal.

"There is convincing evidence that they took votes away from us," Lopez Obrador said. "We are certain that we won on July 2, and we are going to defend our victory."

Many in the crowd said they were ready for a fight if Lopez Obrador did not prevail. "To the death!" shouted Maria Irene Ramirez, a 53-year-old retired railroad worker from Hidalgo state.

Saturday's huge gathering, summoned on two days' notice, marks a critical point in what has been a peaceful challenge to the official result of the election, which gave governing-party candidate Felipe Calderon a winning margin of 244,000 votes out of 41 million cast.

Lopez Obrador, a fiery populist, has made a career of organizing mass demonstrations, several of which turned violent in the 1990s. That legacy and the tone of his statements last week have fed concern that the former Mexico City mayor could destabilize the country, undermining democratic institutions just six years after Mexico's emergence from decades of one-party rule.

But Saturday, he stopped short of calling for civil disobedience, eliciting groans from demonstrators when he asked them not to block highways.

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"This is a peaceful movement, and we are never going to allow ourselves to be provoked by our adversaries," he said. "We have enough strength to validate our democracy using only peaceful demonstrations."

The crowd filled the Zocalo, the vast downtown square, and spilled into surrounding streets.

Mexico City police, subordinate to a government run by Lopez Obrador's Democratic Revolution Party, estimated the crowd at 280,000 people. Notimex, the semiofficial news agency of the conservative-led federal government, said slightly more than 200,000 people were there.

The challenger's party, known as the PRD, bused in loyalists from around the country. Organizers said they came from 18 states, some as far as Chiapas, on Mexico's southern border, and Southern Baja California.

They turned the Zocalo into a sea of yellow party flags and banners with slogans such as "No solution means revolution." They blew noisemakers, set off fireworks and sang the national anthem. One group carried a giant abacus, illustrating the demand, chanted incessantly by the crowd, for a recount — "vote by vote, poll by poll."

Carmen Garcia, 38, a Puebla homemaker, was defiant.

"We're not going to let them take it away from him," she said. "We're going to fight with everything against all who don't want him in power. He will be our next president, whether they like it or not."

Most political analysts say Lopez Obrador's campaign faces an uphill battle.

The European Union, which monitored the vote, has said it found no evidence of major fraud or irregularity in the preliminary count July 2 or in the official count that ended Thursday.

Calderon, the candidate of President Vicente Fox's National Action Party, said Friday that he was not worried about a legal challenge to the election because irregularities found in the initial count were minor. He said he opposed a full recount.

Lopez Obrador was hedging his bets. Meeting with foreign journalists Saturday before the rally, he said his party planned to file a separate appeal to the Supreme Court later alleging that the entire election was unfair.

Top aides to Lopez Obrador called Friday for a recount of nearly half of the votes cast.

Officially, Calderon cannot be declared president-elect until the electoral tribunal decides his case. It has until Sept. 6 to declare a winner.

Lopez Obrador ridiculed his rival for acting like a president-elect, and rebuffed Calderon's offer to join a unity Cabinet. He called Calderon "an employee" of Mexico's upper classes and said a victory by his opponent would be "morally impossible."

"It's illogical, therefore, that there could be any agreement with him," he told journalists.

Later, at the rally, the challenger spoke confidently and forcefully. Wearing a dark suit and yellow tie, he addressed the crowd from a raised platform after being introduced by a party leader as "the only one who deserves to be called president."

Anticipating the case to be filed in the Supreme Court, Lopez Obrador called the Federal Electoral Institute, which conducted and counted the vote, "a battering ram" for Calderon. He alleged that the ruling party candidate was allowed to defame him in TV ads, exceed the legal limit for campaign spending and tap government funds for the campaign.

And he denounced Fox, Mexico's first freely elected president, as "a traitor to democracy" for campaigning, in violation of the country's norms, on Calderon's behalf.

Lopez Obrador's speech was frequently interrupted by applause and chants of "You are not alone!"

The militancy of the crowd suggested that Lopez Obrador could sustain his movement at least until a ruling by the tribunal.

Last year, facing a legal challenge to keep Lopez Obrador off the presidential ballot, the PRD built a nationwide grass-roots network that mobilized for weeks of protest, culminating in a rally that filled the Zocalo in April 2005. The legal challenge failed, and the network evolved into a campaign organization that now serves as the engine of Lopez Obrador's protest movement.

The leftist leader proposed that his followers gather at 300 district vote-counting offices around the country Wednesday and begin marching to Mexico City. He urged everyone in the Zocalo on Saturday to bring 10 more people with them.

"Do you approve of this proposal?" he asked. The crowd roared in agreement.

Despite the potency of his protest movement, its long-term staying power is uncertain. Nor is it clear whether Lopez Obrador would continue to send his supporters into the streets if he lost his case in the tribunal.

Under questioning by foreign journalists, he said he was confident of prevailing in the tribunal, but declined eight times to say what he would do if he did not. Asked whether the tribunal was a fair and respectable body, he said, "That's what I wish, but it remains to be seen."

As for the risk that his protests will unsettle the country, he said it was the government that created an atmosphere of instability by having supported what he called an unfair election.

"If there is no democracy, there can be no stability," he said.

Political analysts said Lopez Obrador must walk a tightrope as he decides how far to push the protests.

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If they turn violent, he could undermine the legitimacy of his party, which doubled its percentage of the national vote, enlarged its bloc in Congress and kept control of Mexico City. But if he concedes the election without a fight, he will risk losing support within his party. He is 52 and conceivably could run for president again.

"The PRD was born as a protest movement against electoral fraud, and he has to honor its culture of fighting to the end," said Juan E. Pardinas of the Center of Research for Development. "But if it wants to win a bigger share of the vote next time, the party has to move to the center."

Times staff writer Cecilia Sanchez contributed to this report.

Mexican Tells Crowd He'll Seek Recount (AP)

By Mark Stevenson

AP, July 9, 2006

Leftist presidential candidate Andres Manuel Lopez Obrador called on a huge crowd of supporters Saturday to keep peacefully protesting as he goes to court to challenge what he called his fraudulent electoral defeat.

The fiery former Mexico City mayor said he would present fraud allegations to Mexico's electoral court on Sunday and formally request that all 41 million votes be recounted.

The ruling party's Felipe Calderon can't be declared president-elect until the electoral court weighs allegations of fraud or unfair campaign practices. The court has until Sept. 6 to declare a winner.

"We are going to ask that they clean up the elections. We are going to ask that they count all the votes, vote-by-vote, poll-by-poll," Lopez Obrador said, calling on the army to protect the integrity of every ballot box.

Election monitors from the European Union said they found no irregularities in the count. Calderon says the vote was clean and has taken congratulatory phone calls from President Bush and the leaders of Canada, Spain and Colombia, among others, despite Lopez Obrador's plea for foreign governments to hold off on recognizing the result.

Lopez Obrador called for nationwide marches beginning Wednesday and converging on Mexico City for a July 16 rally.

He provoked groans of disappointment when he told the crowd of more than 100,000 packing Mexico City's central plaza not to block highways during the marches.

"This has been and goes on being a peaceful movement," he said. "We are not going to fall for any provocations."

The likelihood of continuing demonstrations suggests how difficult it will be for Calderon to unify Mexicans, many of whom believe the nation has yet to overcome the decades of institutional corruption and fraud that kept its leaders in power.

Lopez Obrador has repeatedly evaded questions about whether he would accept court decisions that go against him.

Lopez Obrador took direct aim at President Vicente Fox, accusing him of conspiring with Mexico's autonomous elections agency, known as IFE, to engineer a Calderon victory.

Election officials say Calderon, of Fox's National Action Party, beat Lopez Obrador by less than 244,000 votes out of 41 million ballots — or a margin of about 0.6 percent.

Lopez Obrador said Fox had betrayed the Mexicans whose outrage over repeated election fraud swept him into power in 2000 after 71 years of single-party rule by the Institutional Revolutionary Party, or PRI.

"He dedicated himself to attacking us and ended up being a complete traitor of democracy," Lopez Obrador said. "And if that weren't enough, the IFE, which should act with impartiality, turned into the pawn of the party of the right."

Evoking a computer crash that flipped Mexico's 1988 elections in the PRI's favor, he claimed the government used a computer program to intentionally skew initial reports of vote counts.

Lopez Obrador has millions of devoted followers who believe only he can help Mexico's poor and downtrodden. Most of his supporters come from Mexico City and poor southern states, while Calderon's strength is in Mexico's industrialized north.

Lopez Obrador claims a manual recount would confirm that hundreds of thousands of votes for him remain uncounted, miscounted or voided. The law allows such a recount only for specific polling places where credible evidence of irregularities exist. The leftist's supporters say that applies to at least 50,000 of the approximately 130,000 polling places.

The crowd in Mexico City's famed Zocalo plaza would accept nothing less than victory.

"We are never going to recognize this man (Calderon)," said Apolinario Fernandez, 37, a teacher from Lopez Obrador's home state of Tabasco in the southeast. "If he wants, let him govern in the north for the rich, but not in the south."

Smaller demonstrations were held Saturday in Tijuana on the U.S. border and San Cristobal de las Casas in the south.

Many traveled all night to arrive at the Zocalo, joining a sea of yellow, the color of Lopez Obrador's Democratic Revolution Party.

"We are ready to do whatever is necessary," said Belisario Cruz, 32, a farmer from Tabasco. "We are tired of the rich having everything and the poor having nothing."

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There were no immediate reports of arrests or violence.

Lopez Obrador must walk a tightrope in coming days. If he appears too radical, he risks hurting his party and its chances in the next presidential elections in 2012. If he appears too moderate, he risks disappointing his core supporters.

Political analyst Oscar Aguilar predicted that he will never concede defeat.

"Once the election results are certified, he will open a permanent campaign of criticizing the government," Aguilar said.

Apparent Loser In Mexican Presidential Election Disputes Results (KRT)

By Kevin G. Hall

Knight Ridder, July 9, 2006

MEXICO CITY - Mexican presidential hopeful Andres Manuel Lopez Obrador made it clear Saturday he won't go down without a fight, calling on a gathered multitude to join him in nationwide protests as he tries to prove to the courts that he was defrauded in last Sunday's election.

Speaking before hundreds of thousands of supporters dressed in the yellow and black of his Party of the Democratic Revolution (PRD), Lopez Obrador told his supporters across the nation to join him in launching a National March for Democracy beginning Wednesday and vowed to prove he was the winner in the photo-finish balloting.

"Cheer up, we are sure that despite all the anti-democratic practices, we won on July 2," he told the throngs gathered in Mexico City's picturesque Zocalo, the ancient city square where the National Cathedral sits atop ruins of the vanquished Aztec empire.

Lopez Obrador's call for the march, which will culminate with another massive "informative rally" in Zocalo on July 16, also guarantees difficult weeks ahead for Mexico. Its stock market bounced around last week and investors are sure to worry as Mexico's young democracy appears headed for its toughest test to date.

Addressing his supporters Saturday night - under a massive red, white and green Mexican flag - Lopez Obrador made it clear he would seek the presidency at nearly any cost because "beyond the technical arguments or legal foundations is democracy and the stability of the country."

Lopez Obrador finished second in July 2 voting, but his conservative rival Felipe Calderon won by about 243,000 votes out of more than 41 million cast, or a scant 0.58 percent margin.

Lopez Obrador overcame attempts last year to impeach him on a technicality when he was mayor of Mexico City, a move that would have prevented his presidential bid. He believes President Vicente Fox and electoral authorities conspired to deny him the presidency.

Speaking earlier Saturday to foreign correspondents, Lopez Obrador announced he'd bring several different allegations of irregularities to the special Federal Electoral Tribunal, known by its Spanish initials TRIFE. Using the word "fraud" for the first time, he alleged he was the victim of a rigged computer count.

Current and former IFE officials deny the computerized vote count is open to manipulation. Foreign and domestic election observers saw no signs of fraud, but Lopez Obrador said he disagreed with them and called the elections "plagued by irregularities."

Tens of thousands of angry and vocal supporters streamed into square throughout the day, some carrying signs that read "This is just beginning" and "Vote by Vote, Booth by Booth," a reference to the candidate's demand for a complete recount of every single vote cast.

As people massed at the historic square late Saturday, Lopez Obrador was interrupted repeatedly by the chants of "Fraud, Fraud, Fraud."

Protestor Alberto Hernandez Culebro, owner of a small business, predicted that if the courts did not overturn the election, his nation could expect future disruptions, including street demonstrations, mass labor strikes and face-to-face confrontations with President Fox and apparent President-elect Calderon - both members of the ruling National Action Party (PAN).

"There must be new elections," he said.

Jose Valtierra Campos, a university professor, joined Lopez Obrador in chiding President Bush for calling Friday to congratulate Calderon on his victory.

"Tell Mr. Bush to keep his hands out of here. We can manage things," he said. "I think Bush doesn't have a reason to intervene in matters that don't involve him!"

Lopez Obrador sees those calls as an affront because Mexico officially does not have a president-elect until the TRIFE validates the election results. It has until Sept. 6 to do so.

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Although he didn't provide much detail, Lopez Obrador said party lawyers would begin filing complaints Sunday in five regional electoral courts that belong to the TRIFE. Those regional courts immediately pass challenges to the presidential election up to a supreme electoral tribunal in Mexico City. Lopez Obrador has until Monday to bring all challenges to the TRIFE.

Additionally, Lopez Obrador said he'd pursue a challenge with Mexico's Supreme Tribunal, the highest civil court, alleging that Fox used the lever of government to boost his party's candidate. Mexico's election authorities in May ordered Fox to stop using public appearances to bolster his party's candidate. In 2003, the electoral court voided a state election in Colima on the same charges that Lopez Obrador intends to bring - that presidential support did irreparable harm.

"Without a bit of shame, and without caring for the presidential investiture, (Fox) dedicated himself to attacking us and has ended up being a total traitor to democracy," said Lopez Obrador, in an unusually harsh attack on the president.

On Friday, Calderon held a news conference with foreign correspondents and assumed the air of a president-elect. His camp has started publicly discussing transition issues and cabinet positions. He tried to make it appear as a fait accompli that he's Mexico's next president.

"But that's not how things are, this is just the beginning," vowed Lopez Obrador in his own news conference Saturday.

During the final weeks of the bitter campaign, Lopez Obrador made a concerted effort to look as if he were a center-left candidate that would stick to basic free-market economic policies that Mexico has followed for nearly two decades. He was forced to modify his image, in part, because of attack ads by Calderon that scared middle-class voters. They described Lopez Obrador as a radical who would chase away investment and bring economic ruin.

On Saturday, Lopez Obrador didn't shy from scary rhetoric. He engaged in class warfare, dubbing the apparent winner of the presidential elections as a tool of the rich. He added that, win or lose, his party wouldn't work with Calderon in Congress.

"There is a project that the Right defends that consists of continuing the same economic policies that have impoverished the majority of Mexicans, and that we can not be a part of any coalition while this economic policy doesn't change," he said.

Lopez Obrador added, "At the core, the candidate of the right is a tool of a group that created powerful interests in Mexico, who for some time have converted the government into a committee that's at the service of minority."

Lopez Obrador rejected charges that his protests are destabilizing the country.

"I think the main factor of destabilization, in this case, is the violation of the right people to freely elect their authorities," he said. "If there isn't democracy, there is instability."

Lopez Obrador Vows To Challenge Mexico's Presidential Results (KRT)

By Kevin G. Hall

Knight Ridder, July 9, 2006

MEXICO CITY - In a scene eerily reminiscent of the U.S. elections in 2000, Mexican presidential hopeful Andres Manuel Lopez Obrador said Saturday that he was defrauded by a rigged computer count and vowed a legal challenge before a special electoral court and Mexico's highest civil court.

In a hastily called news conference with foreign correspondents on Saturday morning, six days Mexican's cast their vote, Lopez Obrador, of the left-leaning Party of the Democratic Revolution (PRD) accused the Federal Electoral Institute of conspiring with the government to arrange his narrow defeat by a margin of 0.58 percent.

"They manipulated the electronic computer system," he said. The electoral body, known by its Spanish initials IFE, "introduced a computer model with a determined factor, where they beforehand knew how it would behave the entire day."

Specifically, Lopez Obrador believes the IFE, which has trained electoral authorities around the world and which polls show is held in high regard by Mexicans, conspired to shave points from his count and gave them to his opponent. Elections experts said conservative Felipe Calderon's tight margin of victory was akin to a difference of about two ballots per voting booth.

"This electoral organ folded completely before the government and its (ruling) party," said Lopez Obrador.

Current and former IFE officials deny the computerized vote count is open to manipulation. Foreign and domestic election observers saw no signs of fraud, but Lopez Obrador said he disagreed with them and called the elections "plagued by irregularities."

Lopez Obrador addressed journalists just hours before a massive "informative assembly" he called in Mexico City's picturesque Zocalo, an ancient city square that houses the National Cathedral. It was built by Spanish conquerors atop the ruins of the vanquished Aztec empire.

Tens of thousands of angry and vocal supporters streamed into square throughout the day, some carrying signs that read "This is just beginning" and "Vote by Vote," a reference to the candidates demand for a complete recount of every single vote cast.

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Security was tight and organizers hoped crowds would swell above 200,000 people. Lopez Obrador told reporters he would continue peaceful street demonstrations in response to the faulty vote tally.

As people massed at the historic square late Saturday afternoon, many chanted "No Electoral Fraud."

Alberto Hernandez Culebro, one protestor, predicted that if the courts did not overturn the election, his nation could expect future disruptions, including street demonstrations, mass labor strikes and face-to-face confrontations with President Vicente Fox and president-elect Calderon. "There must be new elections," he said.

Jose Valtierra Campos, a university professor, called the election "a fraud, a theft." He also chided Bush for congratulating Calderon on his victory. "Tell Mr. Bush to keep his hands out of here. We can manage things. I think Bush doesn't have a reason to intervene in matters that don't involve him."

Although he didn't provide much detail, Lopez Obrador said party lawyers would begin filing complaints Sunday in five regional courts that belong to the Federal Electoral Tribunal, known by the Spanish acronym TRIFE. Those regional courts immediately pass challenges to the presidential election up to a supreme electoral tribunal in Mexico City. Lopez Obrador has until Monday to bring all challenges to the TRIFE.

Additionally, Lopez Obrador indicated he'd pursue a challenge with Mexico's Supreme Tribunal, the highest civil court, alleging that President Vicente Fox, who like Calderon belongs to the National Action Party (PAN), used the lever of government to boost his party's candidate. Mexico's election authorities in May ordered Fox to stop using public appearances to bolster his party's candidate, and Lopez Obrador alleges this support did irreparable harm.

The fiery populist bristled Saturday at the fact that President George W. Bush and Spain's Prime Minister Jose Luis Rodriguez Zapatero called Calderon on Friday to congratulate him for winning Wednesday's official count. Lopez Obrador sees those calls as an affront because Mexico officially does not have a president-elect until the TRIFE validates the election results. It has until Sept. 6 to do so.

On Friday, Calderon held a news conference with foreign correspondents and assumed the air of a president-elect. His camp has started publicly discussing transition issues and cabinet positions. He tried to make it appear as a fait accompli that he's Mexico's next president.

"But that's not how things are, this is just the beginning," vowed Lopez Obrador.

During the final weeks of the bitter campaign, Lopez Obrador made a concerted effort to look as if he were a center-left candidate that would stick to basic free-market economic policies that Mexico has followed for nearly two decades. He was forced to modify his image, in part, because of attack ads by Calderon that scared middle-class voters. They described Lopez Obrador as a radical who would chase away investment and bring economic ruin.

On Saturday, Lopez Obrador didn't shy from scary rhetoric. He engaged in class warfare, dubbing the apparent winner of the presidential elections as a tool of the rich, and said that, win or lose, his party wouldn't work with Calderon in Congress.

"There is a project that the Right defends that consists of continuing the same economic policies that have impoverished the majority of Mexicans, and that we can not be a part of any coalition while this economic policy doesn't change," he said.

Lopez Obrador added, "At the core, the candidate of the right is a tool of a group that created powerful interests in Mexico, who for some time have converted the government into a committee that's at the service of minority."

Declining to say how he'd respond if the courts reject his bids to overturn election results, Lopez Obrador rejected charges that his protests are destabilizing the country.

"I think the main factor of destabilization, in this case, is the violation of the right people to freely elect their authorities," he said. "If there isn't democracy, there is instability."

Mexico Faces Its Own Red-Blue Standoff (NYT)

By James C. McKinley Jr.

The New York Times, July 9, 2006

MEXICO CITY

NO matter who wins the election in Mexico, where the leftist and conservative candidates are locked in a legal battle over the outcome, the voters have pulled the curtain back on a new political landscape for the country. In the end, who won may not be nearly as important as who lost. The candidate of the Institutional Revolutionary Party, which ruled the country with an iron hand for 70 years, did not win a single state. Worse, the P.R.I., as the party is known, lost its hold on Congress, slipping from the largest faction to third largest.

In short, the declining former ruling party finally crashed and burned. And from the wreckage have risen two invigorated, growing — and quite evenly matched — parties, Felipe Calderón's National Action Party, or P.A.N., and Andrés Manuel López Obrador's Party of the Democratic Revolution, the P.R.D.

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"What's happened, I think, is that in fact we have a new panorama," said Daniel Lund, a pollster and political analyst. "Two parties have emerged that are not the dual heirs of the P.R.I."

And they look a lot like the Republicans and Democrats or Britain's Tories and Labor.

The two parties are roughly divided along the left-right lines that appear throughout Latin America today. The right supports free trade and privatization; the left opposes globalization and favors more welfare programs. But they are not so much at odds on the country's broad needs and goals — national pride, a rate of development that matches that of countries like Brazil and Chile, and avenues by which the poor can move upward.

One striking feature is a split along regional lines. Mr. Calderón took most of the northern states, while Mr. López Obrador dominated the central and southern states. So Mexico's new map has its own version of America's red state-blue state phenomenon, and it is so evenly balanced that the presidential race produced a virtual tie.

Last week, when Mr. Calderón was declared the victor by a margin of less than 1 percent of the vote and Mr. López Obrador vowed to fight in the courts for a recount, the stalemate raised the prospect of more polarization — and, perhaps, a bitter stalemate.

The new map depicts an industrialized north, where business ties to the United States have played an enormous role in the rise of the right-leaning, conservative party, and a more agricultural south that is a hotbed of leftist discontent and anti-globalization sentiment. Political scientists say this has a little to do with history and a lot to do with economics.

For starters, the benefits of the 1994 free trade agreement with the United States and Canada have never trickled down to southern states like Chiapas, Oaxaca and Guerrero. While the economy in the north has grown at 4.5 percent a year, the southern states have barely grown 1 percent each year. They remain largely agricultural and poor, with big indigenous populations.

It was in Chiapas in 1994 that the Zapatista rebels, mostly descendants of Mayan Indians, rose up and became heroes for opponents of globalization everywhere.

In the north, meanwhile, border cities have swollen as migrants continue their inexorable march northward, and maquiladoras, the factories that assemble products for American companies, spring up like wildflowers along the Rio Grande and the rest of the border.

Even in agriculture there is a clear difference. The south holds on to the old system of ejidos, or cooperative farms, that was established after the 1910 revolution. Most farmers produce only for their own consumption or a little for the local market.

The north, however, is dominated by large modern farms, much like those in California, producing everything from tomatoes to chiles for export. Many people from the south are moving north to work as pickers, because the pay is better.

The P.A.N. has its roots in the north. Founded in 1926, it served as a haven there for those fed up with the P.R.I. machine, which was little more than a dictatorship in democratic clothing. The P.A.N. won its first governorship in the north, in the late 1980's, and began the long march to power that led to the victory in 2000 by its candidate, Vicente Fox.

Now, that march is being followed by the emergence of a vigorous two-party system. Even if he ultimately loses, Mr. López Obrador has united his party's warring factions and doubled its presence in Congress. "Andrés Manuel is the P.R.D.," said Federico Arreola, a former columnist and newspaper owner who worked on the López Obrador campaign.

The P.R.D.'s ability to dislodge the old rulers of the P.R.I. in the south crystallized only in the late 1990's, when Mr. López Obrador, the national chairman of his party, tapped longstanding anger over the oppressive tactics of the old ruling party. He won a term as mayor of Mexico City in 2000, and last year the party won the governorship of Guerrero.

Now, with the P.R.I. unraveling, its members have been drifting into the other two parties. In the south, they have flocked to Mr. López Obrador, who has promised to renegotiate the North American Free Trade Agreement, subsidize farmers, fix prices for corn and beans, cut prices for energy, spend more on welfare programs, and build refineries, trains and roads to provide jobs.

The biggest question now is whether the two main parties can learn to work together after a divisive election. During Mr. Fox's six-year term, the P.R.I. sabotaged most of his reforms in Congress.

In the new landscape, such tactics from whichever side loses the presidency could paralyze Mexico's development and spur an even greater flood of immigrants to the United States. Multiparty democracy is young here, the idea of bipartisan cooperation has yet to take root, and the prospect that a razor-thin election will yield only partisanship already scares some Mexicans.

"We cannot have another six years of a country in gridlock," said Rossana Fuentes Berain, the editor of the Spanish-language Foreign Affairs.

Hire Lawyers - And Caterers (WP)

By Benjamin L. Ginsberg

DOJ_NMG_0039292

The Washington Post, July 9, 2006

I still remember the shock I felt -- that mix of abject fear and utter disbelief -- when I realized we would be in a recount after the 2000 presidential vote. Now, following their own ferociously contested election, our friends in Mexico may be joining us in that memorable (but not necessarily desirable) experience.

So, after living though the 2000 Florida recount as national counsel to the Bush-Cheney campaign, I offer a few tips for Felipe CalderÃ²n, AndrÃ©s Manuel Lopez Obrador and those who will handle the recount for them in the coming days and weeks:

First, get the right people. It makes all the difference. Recruit the smartest, ablest, toughest ones you can find. We immediately started lining up former Supreme Court clerks, red-meat litigators, wily political operatives and top communicators. Be sure they're committed to your candidate -- that commitment makes it possible to manage all that talent.

Second, organize. Former secretary of state James A. Baker III led our recount effort. He brought a career's worth of assets to the endeavor, including vast experience in complex missions. His first charge was the creation of a detailed organizational chart, which paid dividends throughout. The effort had structure and people had defined responsibilities in what was otherwise the most unpredictable, fast-paced and high stakes time of our professional lives.

Next, get a good caterer and some extra phone lines. In other words, pay attention to logistics. You'll have many people to feed (you won't want them taking the time to forage on their own) and many people to keep in touch with minute by minute. Our Florida headquarters received a remarkable number of hang-up calls that swamped the system until we installed new exchanges. One memorable early conference call included so many people around the state that it collapsed after 30 minutes.

Make sure you line up top lawyers, which in a recount are a necessary (and underappreciated) evil. Lawyers don't always win the congeniality prize during campaigns; after all, a big part of the job is saying no. But recounts are -- don't forget -- legal proceedings. Mexico's Federal Electoral Tribunal will have until September to rule. That will require many lawyers. Analyze the various skills your legal team will need under Mexican law and recruit the best for each.

An awful lot will be going on in each counting center, so be sure to develop a strong ground game. Have enough people (with an emphasis on those wily political operatives) to cover everything that happens. Be sure your staff members take detailed notes on each tally sheet, vote packet and ballot they see. That will prove crucial in an eventual court case.

From the start, you'll need communications specialists. It's important that your candidate's victory be legitimized so that he can govern effectively. To achieve that, you need to tell your side of every development every day. Communicators must also manage the deluge of inquiries you'll receive. If the lawyers and the staff in the counting centers have to manage this process, they'll be distracted from their real responsibilities.

Ignore editorials. Sure, if there's one criticizing your opponent, use it for all it's worth. But don't pay attention if they don't like something you're doing. You're doing it for a reason -- stick with that. Also, remember there's so much going on that even the best reporters won't know a third of what is happening on any given day. So trust your people, and pay attention to newspapers and television only for breaking news and for a flavor of what the public is seeing.

The hardest thing to do in a recount -- with all its speed, surprises and changes -- is to keep your effort consistent. Avoid what befell the Gore camp in 2000: First calling for a recount in only their strongest counties, then switching to a "count all the votes" strategy statewide but simultaneously trying to exclude overseas military ballots and 30,000 absentee ballots in two counties. So find a very smart person to focus solely on the big picture, and empower him or her to speak up when the unexpected makes it seem expedient to change everything you've been doing. Your credibility rides on it.

Learn to deal with the wild accusations; it's a presidential recount, after all. Your opponents will issue baseless charges with utter conviction. Remember the butterfly ballot, which can be challenged under Florida law before an election, but not after? Or the charge of voter intimidation, which was loudly publicized although neither Al Gore's state chairman (who was Florida's attorney general) nor Bill Clinton's attorney general (who was from Miami) ever brought any cases? Don't overreact, just debunk the allegations as best you can. Trust me, especially if you win, the bleating will continue long after the country has moved on. Don't worry about it.

Finally, take time to smell the roses or, in Mexico, the dahlias. This is the wildest ride you'll ever be on, but take a moment each day to remember that you're part of history. It may feel like root canal right now, but you'll be eternally thankful you were there. Savor it. And appreciate the people around you. When this is over, you'll have a rare bond that will last forever.

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Benjamin L. Ginsberg, a partner at Patton Boggs, served as national counsel to the Bush-Cheney campaigns in 2000 and 2004.

Don't Take The High Road (WP)

By Ronald Klain

The Washington Post, July 9, 2006

For the presidential campaign of AndrÃ©s Manuel Lopez Obrador, narrowly declared the loser to Felipe CalderÃ²n in Mexico's much-disputed returns, there is good news and bad news. The good news is that he has avoided the two biggest problems that confronted Al Gore in Recount 2000: being forced to contest the election in a jurisdiction where the governor was his opponent's brother, and being tormented by a chief election official who was a partisan operative with a bizarre Queen Esther complex. The bad news, however, is that, where Gore trailed in the initial tally in Florida by fewer than 2,000 votes, Lopez Obrador is more than 200,000 votes behind. It's only a matter of time before the Mexican equivalent of our pundit class begins its demands for "finality."

For Lopez Obrador, the clock is ticking loudly. If he wants to keep his candidacy alive, he must take decisive -- and quite divisive -- action. He must bring meaningful and documented claims of fraud in the election. He must call his supporters to the streets and question the legitimacy of the vote casting and counting process. He must demand that, notwithstanding Mexican law, every ballot be recounted, by hand, to ensure an accurate tally. Above all, he must reject any suggestion that CalderÃ²n received more votes -- indeed, he must insist that any fair count would show that he is the rightful winner.

This, of course, was not the playbook that Gore followed in 2000. The vice president rejected advice to do these things. Instead of claiming victory, he limited himself to suggesting that the result was in doubt -- and unknown -- until a "full and fair" count could be completed. He urged calm among his supporters and called off street protests by progressive groups and allies. He never, ever questioned the legitimacy of the institutions -- the courts or the canvassers -- responsible for the tallies, and he forbade his lawyers and operatives from doing anything of the sort.

The Gore approach was dignified, responsible, reasonable -- and unsuccessful.

The playbook that Lopez Obrador must follow, if he wants to keep his prospects alive, is the Bush 2000 playbook. Remember the protesters with "Sore Loserman" signs and the crowds near Observatory Circle shouting, "Get out of Cheney's house"? Remember the "Brooks Brothers Riot," bringing an end to the recount in Miami-Dade County? Remember former secretary of state James A. Baker III's condemnation of the Florida courts, and his harsh words for judges who ruled against the Bush campaign? And above all, remember then-Texas Gov. George W. Bush's repeated refusal to accept Gore's offers of reconciliation, and his unflinching (though counter-factual) insistence that the votes had "already been counted and recounted" and that he was the undisputed winner? If Lopez Obrador has a hope at this point, the Bush 2000 strategy is probably his only option.

But Lopez Obrador isn't the only one with a hard choice. CalderÃ²n, too, must decide what his next steps will be. For now, he is resisting demands for a full hand recount of all the votes. In the short run, this may maximize his chance of occupying Los Pinos -- but at what price?

For the past six years, President Bush has suffered bitter domestic opposition (suppressed for a time after 9/11), that is, in no small part, an echo of the doubts about how he came into office: in a process in which his campaign systematically attempted to stop legitimate recounts and in which our nation's highest court ordered local election officials to stop tabulating votes. CalderÃ²n can likewise use his power and influence to stifle recounts -- but he would do better to take a very different stance than Bush did in 2000. He would do better to take the Gore approach, and balance the risk of defeat after a full recount against the added legitimacy of his power if he prevails in such a transparent and fulsome process.

Hence, ironically, even though he is trailing, Lopez Obrador's only hope of victory is a Bush-like, scorched-earth approach; and, though he is leading, CalderÃ²n's best hope for leveraging a narrow margin into governing authority as president would be a Gore-like commitment to a full and fair recount. For CalderÃ²n and Lopez Obrador, the choices -- and consequences -- are firmly in their own hands.

Ronald Klain was general counsel for the Gore-Lieberman Recount Committee in 2000, and is now a lawyer in Washington.

Ex-Mexican Leader Freed From House Arrest (AP)

By Ioan Grillo

AP, July 9, 2006

A federal judge threw out genocide charges on Saturday against former President Luis Echeverria, ruling that a 30-year statute of limitations had run out, his lawyer said.

Echeverria, 84, had been under house arrest for more than a week on charges that he organized a student massacre as interior secretary in 1968. He went on to become president from 1970-1976.

The charges were the first to have been filed against a former Mexican president.

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Prosecutors still can appeal the decision, but Echeverria's lawyer, Juan Velazquez, was confident that the ruling would be upheld.

"The case is not finished but it's dead," he said.

Saturday's decision was the latest blow to prosecutors' attempts to bring Echeverria to justice for alleged crimes committed during Mexico's "dirty war," a violent crack down on leftist dissidents in the 1960s and 1970s.

Ignacio Carrillo, a special prosecutor appointed by President Vicente Fox, also has attempted to bring charges against Echeverria for a 1971 student massacre and for the disappearance of leftist activists during his presidency.

All of the charges have been thrown out or blocked by courts.

A phone call to Carrillo's office on Saturday went unanswered.

The 1968 massacre took place in Mexico City's Tlatelolco Plaza on Oct. 2, just before the capital hosted the Olympics. Officially, 25 people were killed, though human rights activists say as many as 350 may have died.

Special prosecutors say they have reviewed military documents indicating 360 sharpshooters fired from buildings surrounding Tlatelolco Plaza. The attack is considered one of the darkest moments of 71 years of rule by the Institutional Revolutionary Party, or PRI.

After President Vicente Fox ended seven decades of PRI rule with his historic 2000 election victory, he promised to prosecute crimes committed by the old regime.

The order for Echeverria's house arrest came two days before the July 2 presidential election, which Felipe Calderon, the candidate from Fox's conservative National Action Party, appears to have narrowly won.

The Little Tramp's Classic Labor Lesson (LAT)

By Chris Kraul

The Los Angeles Times, July 9, 2006

Venezuela's socialist government is using a 1936 Chaplin film to educate workers about their rights. Employers are not applauding.

LOS TEQUES, Venezuela — In his classic 1936 film, "Modern Times," Charlie Chaplin has to work so fast tightening bolts in a steel factory that he finally goes crazy. In a memorable scene that has become a metaphor for labor exploitation, the Little Tramp is run through the factory's enormous gears.

For President Hugo Chavez's socialist government, the film is more than just entertainment: It's become a teaching tool. Since January, in a bid to expose the evils of "savage capitalism," the Labor Ministry has shown the Chaplin film to thousands of workers in places such as this rundown industrial suburb of Caracas.

When the screenings at factories or meeting halls end, Labor Ministry officials then take their cue, and use Chaplin's plight to spell out worker rights under occupational safety laws passed last year and now being applied. They are part of Chavez's sweeping reform agenda that he calls Socialism for the 21st Century.

Chaplin wanted his Depression-era movie to make a point, that "once inside the factory, workers had no meaningful rights," said Los Angeles-based film historian and Chaplin authority Richard Schickel. "It was very relevant in the moment it was released, a time of social unrest and the emerging U.S. labor movement."

Seventy years later, Chaplin's fable is all too relevant in Venezuela, said several factory workers who saw the film recently.

"The owners still value their machines more than their workers," said Roberto Maldonado, a 29-year-old minimum-wage worker at the Pollo Premium poultry plant, which processes 75,000 chickens a day. "Charlie Chaplin ends up crazy, and I feel that way too sometimes. When I go home, I'm too tired to pay attention to my wife or family."

Freddy Colmenari, a 35-year-old worker at a pasta factory here, said that just as Chaplin's bosses do in the film, his supervisors frequently speed up the assembly line to nerve-racking levels and zealously monitor workers' trips to the bathroom. "There is always pressure and stress," he said.

But the business community here is hardly applauding the film. In a formal complaint to Chavez last month, the four main employer associations in Venezuela said that showing a movie depicting the boss as a "vulgar exploiter of workers" was designed to "generate hate and resentment in the labor sector" and "demonize the employer."

An official at the Venezuelan Confederation of Industries, one of the four signatories, said that the new workplace laws were another example of Chavez punishing private industry, a process the groups say has been unrelenting since a failed 2002 coup led by businessman Pedro Carmona.

While insisting they don't oppose workplace safety improvements, business groups here say that they weren't consulted before the new laws were drafted and that now workers and their delegates have too much power to intervene in factory operations.

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Jhonny Picone, a top Labor Ministry official, said employees needed all the power they could get. He noted that Venezuelan workers were more likely to describe their job as "a curse from God than as something positive."

The grim and dehumanizing factory conditions depicted in the Chaplin film are still the "norm," he said — more than 1,500 workers die and thousands are injured annually in industrial accidents.

Largely at Picone's insistence, the film has been shown 1,000 times in 14 states and has been effective in educating workers who usually have no clue about their health and safety rights. Labor Ministry officials say it's because the most recent workplace regulations, passed in 1986, were unobserved, a "dead letter."

Workers are told they have a right to demand safety and hygiene precautions, and, through an employee-elected delegate that represents each factory, even to shut down production if owners don't comply. Egregious and repeated safety violations can result in the government taking over a plant.

"With Charlie Chaplin, it's easier to catch the attention of workers who are often too tired or don't trust the government in the first place," said Picone, a doctor named by Chavez to head a new Labor Ministry agency that he compared to the U.S. Occupational Safety and Health Administration.

The workplace laws are a facet of Chavez's often-mentioned goal of installing a new socialist economic model to replace the globalized free-market version that the president says has failed.

The "popular economy" model includes a return to state-controlled central planning that reminds many of the Soviet era. Bankrolled by the country's oil wealth, Chavez has financed a number of worker-owned cooperatives that run factories and farms that the government has built or taken over.

"It's by no means dominant yet. It's gradually being built up by a process of trial and error," said a Chavez administration official who asked not to be named. "But in the longer term, the popular economy model will be dominant."

But one industrial leader who asked not to be identified said that the business climate was abysmal, and that factory production, industrial jobs and private investment had plummeted since Chavez took power in 1999.

"How much of this policy is revolution and how much is castigation, I don't know," he said.

Critics say Chavez is merely recycling the failed protectionist economic policies that many South American nations tried to impose after World War II to keep out foreign capital and competition. The policies were largely jettisoned in the 1980s as countries began embracing free markets and foreign investment.

Business interests also cite Chavez's decision to pull Venezuela out of the Andean Community as another example of his bias against the private sector. The regional trade group, known as CAN, was too U.S.-dominated, the president said. But one member, Colombia, is Venezuela's second-largest trading partner, and businesspeople here are worried that they will lose tens of millions of dollars in trade as a result.

On Tuesday, Venezuela formally joined the Mercosur trade bloc, whose members include Brazil, Argentina, Paraguay and Uruguay. Chavez told delegates in Caracas, Venezuela's capital, that he made the switch to avoid being "devoured by imperialist strategies, as happened with CAN."

But Venezuelan producers will have a tougher time competing in the Mercosur arena, said Jose Luis Betancourt, president of Fedecamaras, Venezuela's largest business chamber.

He criticized the new workplace measures. "The law will only generate less efficiency, less [industrial] capacity and make the Venezuelan economy more dependent on high oil prices, which won't last all our lives."

Chavez's adversaries in the business sector scoff at the Chaplin film screenings as an example of the president's simplistic, outdated and decidedly business-unfriendly economic policies.

But for poultry plant worker Maldonado, Charlie Chaplin has made a difference at work.

Inspired by the film and the talk from Labor Ministry officials, he demanded gloves and soap from his employer — and got them. But the assembly line still goes too fast, he said.

Metalworker Miguel Moreno also has seen some improvement. "We have more power because we know more," he said. "They've given me earplugs for the noise, at least."

Film historian Schickel said, "Chaplin would just love that his film is still relevant to modern social conditions, that a modern-day leftist politician in Latin America would find this film to be a useful tool."

Keep Pressing On U.N. Reform (2 Letters) (NYT)

By Diplomat's Letters to Editor

The New York Times, July 9, 2006

To the Editor:

Re "Crisis Postponed at the U.N." (editorial, July 3):

DOJ_NMG_0039296

The European Union concurs with your view on the importance and necessity of United Nations reform.

The share of the member states of the European Union in the United Nations budget is 37 percent and more than 40 percent of the financing of United Nations peacekeeping.

The European Union is the single largest contributor to the United Nations budget. We attach great importance to reforms that would bring about efficiencies under budget and management rules.

For the European Union, management reform is also central. We have welcomed the proposals put forward by Secretary General Kofi Annan. We are disappointed that more far-reaching results have not yet been achieved.

The lifting of the spending cap was important because it is in our shared interest that the United Nations continue its crucial mission to deliver services around the world.

All the member states must now redouble their efforts to reach concrete results soon. Reform is a continuing process, and a lot remains to be done.

Kirsti Lintonen

New York, July 6, 2006

The writer is Finland's ambassador to the United Nations. Finland holds the rotating six-month presidency of the European Union.

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To the Editor:

Your editorial unfairly tends to stereotype developing countries as blockers of United Nations reform.

Pakistan has played a useful and constructive role. For a vast majority of the United Nations membership, progress on development resolution and implementation of agreed development commitments is a matter of the highest priority.

As co-head of the mandate review process, Pakistan, along with Canada, has made a significant contribution toward advancing the process despite major disagreements among the membership.

On management reforms, Pakistan and other members of Group of 77 recognize the need for managerial discretion for the secretary general. But we believe that delegation of authority must be accompanied by robust accountability mechanisms.

Pakistan supports an efficient, accountable and effective United Nations Secretariat and is committed to carrying out all reform decisions adopted by the World Summit last September.

Mansoor Suhail

Minister (Press)

Pakistan Mission to the U.N.

New York, July 5, 2006

A Double Act Takes Center Stage In Poland (WP)

By Craig Whitlock

The Washington Post, July 9, 2006

Despite Earlier Promise to Voters, Twin Brother of President Is Named Prime Minister

BERLIN, July 8 -- Ever since their party scored big in Poland's elections last fall, the Kaczynski brothers -- identical twin movie stars with equally big political ambitions -- were widely assumed to be running the country in tandem behind the scenes. Now, it's official.

On Saturday, Poland's governing Law and Justice Party voted to name its party leader, Jaroslaw Kaczynski, the country's new prime minister. With his brother, Lech, already holding the Polish presidency, there is no longer any doubt that the 57-year-old, chubby-faced twins are in charge of the eastern European country.

"There is a certain risk for the president and prime minister to be brothers," Jaroslaw Kaczynski said at a news conference in Warsaw after he accepted his party's nomination for the top job in Parliament. "But for various reasons, we came to the conclusion that, at this time, putting forward a different candidate -- of which we have many good ones -- would be a worse way out than recommending me."

Jaroslaw Kaczynski replaces Kazimierz Marcinkiewicz, who unexpectedly announced his resignation on Friday. Marcinkiewicz said he was giving up the prime minister's post so he could run for mayor of Warsaw in November. He insisted that the Kaczynskis, who had put him in the job last year, did not maneuver him out the door.

Many Poles were skeptical of the official explanation, given the fact that Marcinkiewicz had among the highest approval ratings of any politician in Poland. The Kaczynskis' political enemies, of whom there are many, warned that the brothers wouldn't be satisfied until they were able to vanquish all their rivals.

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"Poles are right to fear the concentration of power in the four hands of two brothers," said Donald Tusk, leader of the opposition Civic Platform party and the loser to Lech Kaczynski in last October's presidential race.

The Kaczynskis have been famous in Poland since the 1962, when as child actors they starred in a hit movie, "Those Two Who Would Steal the Moon." As adults, they resisted communist rule and joined the leadership of the Solidarity trade union movement.

Even today, they are difficult to tell apart. Lech is distinguished by two extra moles on his face; Jaroslaw is known as the unmarried brother who lives with their mother.

They entered democratic politics after the fall of the Iron Curtain but enjoyed limited success, gaining reputations as uncompromising scrappers on the fringe of national politics. In 1993, based on a reader survey, a Polish publication declared Jaroslaw Kaczynski the country's "biggest political loony." The runner-up in the rankings? His twin.

Their fortunes changed last September when voters tossed out a government dominated by former communists and gave a plurality in parliamentary elections to Law and Justice, which vowed to stamp out corruption.

As party leader, Jaroslaw Kaczynski had dibs on the prime ministership. But he promised voters he would not take the job if his brother won the upcoming presidential race, saying he realized Poles would be uncomfortable at the prospect of being ruled by twins whom they could barely tell apart.

The pledge, however, sounded as if it was made grudgingly. "My brother said that if I win, he won't serve as prime minister," Lech Kaczynski said with a grin in an interview with The Washington Post last September. "I think that would be a limitation of our civil rights."

Lech Kaczynski won the presidency a month later after a hard-fought contest. Afterward, the brothers made good on their promise at first by naming Marcinkiewicz as prime minister. But they did little to dispel the perception that they were controlling the government behind the scenes, speaking by phone several times a day and rarely making decisions without consulting each other.

Since then, they've displayed an eagerness for bare-knuckled politics, taking a hard line against former communists, gays, Russia, Germany and the European Union. They also kept the government in turmoil by waiting months to form a ruling coalition in Parliament.

On Saturday, Jaroslaw Kaczynski tried to reassure voters that the official change at the top would not lead to more political instability.

"In a formal sense, we will have a new government," he said. "I repeat formal sense, because in a practical way, this is going to be a continuation government."

Power Twins Poised To Take Over In Poland (AFP)

AFP, July 9, 2006

Poland prepared for a unique political double act as Jaroslaw Kaczynski, the head of the ruling conservatives and identical twin of the president, stood poised to take over as prime minister.

The conservative Law and Justice (PiS) party voted in the afternoon to accept the resignation of Prime Minister Kazimierz Marcinkiewicz and proposed he be replaced with party chief Kaczynski -- the man who named him as premier just nine months ago.

If Jaroslaw Kaczynski, 57, is approved by parliament as prime minister, he will be breaking a vow he made during his twin brother Lech Kaczynski's successful presidential election campaign last year.

"I announced before the elections that I would by no means be prime minister if my brother, Lech, was elected president," Jaroslaw Kaczynski told AFP in October, a week after his brother scored a surprise win in the presidential race.

Jaroslaw said then that neither the Polish people nor Poland's international partners would tolerate a fraternal double act in the two key posts of Polish politics.

But on Saturday Jaroslaw Kaczynski boldly announced a U-turn, telling a press conference: "We are taking a risk in having a president and a prime minister who are brothers.

"However, we have come to the conclusion that putting forward another candidate (for prime minister) at this time would be a worse solution than putting me forward."

Donald Tusk, head of the business-friendly Civic Platform (PO), the main opposition party, claimed Jaroslaw Kaczynski lacked experience in economics and that Poland's image abroad would suffer under the power-hoarding twins.

"Poles are afraid of power concentrated in the four hands of the two brothers. This is power being concentrated by one family, with an intensity unknown in the civilized world," Tusk told reporters.

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Pressed by the media to explain Friday's bombshell announcement of a change in prime minister, Jaroslaw Kaczynski gave just one explanation: Marcinkiewicz quit so he could turn his attention to contesting November 12 elections for Warsaw mayor.

"The victory of our candidate will allow the reform processes we have started in the country to be carried out at local level," said Kaczynski, whose party topped the poll in legislative elections last year.

Kaczynski said that he was planning to nominate a new finance minister, who would continue public finance reform and maintain the budget deficit at 30 billion zlotys (7.5 billion euros, 9.5 billion dollars.)

The current finance minister, Pawel Wojciechowski, was officially named only two weeks ago. Kaczynski said at the time he had not been consulted over Marcinkiewicz's choice of Wojciechowski.

Analysts have warned of economic turbulence in Poland following the departure of Marcinkiewicz, seen as the last economic liberal in a populist government.

Jacek Wisniewski of Raiffeisen Bank predicted that the national currency, the zloty, and bonds would fall when markets reopen on Monday.

Meanwhile Marcinkiewicz, 46, said he would formally hand in his resignation to the president on Monday. He rejected media suggestions of a rift between him and Jaroslaw Kaczynski.

"Politics is a team game about team work for the good of the country," he insisted.

But analysts were unconvinced. Political scientist Kazimierz Kik said Marcinkiewicz's departure was forced by Jaroslaw Kaczynski, annoyed by the increasingly independent and high-profile stance the premier was taking.

"Marcinkiewicz was openly abused and replaced like an old, worn-out glove when Jaroslaw Kaczynski decided he didn't want anyone rising above him any more," Kik was quoted by PAP news agency as saying.

Analyst Stanislaw Mocek said that Marcinkiewicz probably began moving toward the exit in May, when PiS formed a coalition with the far-right League of Polish Families (LPR) and the populist Samoobrona parties.

"Marcinkiewicz felt the government was not his own any more," Mocek said.

Polish Leader's Twin Tapped To Become PM (AP)

By Vanessa Gera

AP, July 9, 2006

The United States has its political power families — the Kennedys, the Clintons, the Bushes. But nothing quite like what is developing in Poland, which faced the almost certain prospect Saturday of having identical twins as prime minister and president.

President Lech Kaczynski was preparing to swear in his twin, Jaroslaw, as the head of a new Cabinet after Prime Minister Kazimierz Marcinkiewicz submitted his resignation.

Though both men have the same round faces and short, stout builds, many Poles have learned to distinguish them, thanks to the fact that Lech has two moles on his face, and wears a wedding ring. Jaroslaw is unmarried, and has no moles.

The 57-year-old twins — who happen to be Geminis — first won fame as child actors in the 1962 hit film "The Two Who Stole The Moon." Though their show-business careers stopped there, they became politically active when they joined the anti-communist opposition in the 1970s. They later served as advisers to the Solidarity movement in the 1980s.

After the fall of communism, they served briefly as advisers to Solidarity leader Lech Walesa during his 1990-95 presidency, but later fell out with him.

Jaroslaw Kaczynski has used his role as chairman of the ruling Law and Justice party to guide the government from the sidelines since his social conservatives won elections last fall. The popular Marcinkiewicz has represented the government abroad.

The two apparently fell out over Marcinkiewicz's choice of a new finance minister. On Saturday, party officials accepted Marcinkiewicz's resignation and said they had chosen Jaroslaw Kaczynski to replace him. The nominee said at a news conference that he accepted.

The prospect of having portly, gray-haired identical twins in the two top posts has loomed as a possibility since Lech Kaczynski embarked on his presidential campaign last year.

But Jaroslaw Kaczynski had pledged to refrain from becoming prime minister, saying he wanted to spare the country the confusion of identical leaders.

As quirky as the situation might seem to outsiders, the strangeness of two identical men dominating the political scene has worn off to some extent for Poles, in part because the two have been a public presence for nearly half a century.

Jacek Kucharczyk, an analyst with the Institute of Public Affairs think tank, says that, even if their looks might confuse foreign dignitaries, the issue no longer looms as a domestic predicament.

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"It was a kind of aesthetic problem during the elections, and some people thought it was strange looking," Kucharczyk said. "But the main problem is their track record in politics."

Poland has been beset by political instability and bickering since Law and Justice formed a government in October. Attempts to form a coalition with a pro-business party collapsed in the fall. After months of serving as a weak, minority administration, Law and Justice stabilized its government by forming a coalition with two smaller parties in May.

The deal sparked controversy because of the two small groups' reputations.

The farm-based Self-Defense is led by Andrzej Lepper, a rowdy former leader of occasionally violent anti-European Union street protests in the 1990s.

The League of Polish Families has sparked protests because of its close links with a far-right radical youth movement, All-Polish Youth, that has attacked gay rights parades and whose members have made Nazi gestures.

Marcinkiewicz still has to submit his resignation to the president for the change to become official, but it was expected to be a formality that the outgoing premier said he would happen Monday.

Oil's Promise Still A Dream (LAT)

By Edmund Sanders

The Los Angeles Times, July 9, 2006

A pipeline has given Chad hundreds of millions of dollars to fight poverty but critics say corruption and waste have kept the money from those most in need.

Outside the gleaming white fences of a multibillion-dollar American petroleum complex here, a slum dreams of becoming a boom town.

Thousands of people have flocked to this village in southern Chad over the years, hoping their country's newfound oil wealth would translate into jobs and prosperity. But most remain unemployed, living in huts on garbage-strewn, dirt streets with neither electricity nor running water.

Relations between the village and an ExxonMobil Corp.-led consortium across the street are so strained that oil workers are now banned by their employer from patronizing local bars and other shops in the village. When fire raced through the slum in March, oil company fire trucks watched from the other side of the fence, witnesses said.

"They said our children would get jobs," said Benoit Djimrane Njarounda, who moved to the area more than a decade ago and now serves as the village's chief. "There were so many promises. What happened?"

Three years after this poor, landlocked Central African country joined the league of oil-producing nations, there are growing — and familiar — complaints that petroleum money is not getting to those most in need. For most of this year, Chad's oil wealth has been frozen in London bank accounts after a dispute with the World Bank.

As he led an ox across a plot of dirt to plant millet for his family, Joseph Bailessem, 27, lamented that he lacked the skills and education needed for a job at the plant. Worse yet, he said, his children, who were helping him till the soil, are missing out on their education because promised classrooms have yet to open.

"Where is the oil money going?" he asked. "White people are the only ones benefiting."

Just a few years ago, Chad was held up as an international model for how a developing nation could avoid the curse of oil and ensure that money did not disappear into bureaucrats' bank accounts, as seen in Nigeria, Sudan and Gabon.

Thanks to decades of internal strife and its reputation as one of the world's most corrupt countries, this former French colony was unable to attract investment partners to develop its oil fields until the World Bank agreed in 2000 to back a $4-billion deal to build a pipeline from Chad to the Atlantic coastline of neighboring Cameroon.

In return for its participation, the World Bank secured strict conditions on how the Chad government's share of the profit could be spent. Some 10% would be set aside in a "future generations" fund; 72% was earmarked to fight poverty by spending on health, education and roads; 13.5% would go to government coffers and the remaining 4.5% to local communities affected by the development.

By the end of 2005, the government of Chad had received about $420 million, nearly doubling its annual income.

But tracking where the money went is not so simple. A major chunk, more than $74 million in 2005, was allocated for new roads, according to Chad's independent oil oversight committee.

Oil funds helped lay one new toll road to the south and are being used for a 400-mile highway to the east. Still, paved roads remain a rarity in Chad — three times the size of California — even in the capital of N'Djamena.

Aside from the new roads, government officials are hard-pressed to describe large-scale benefits of the oil funds. They talk about smaller projects: a new school fence and some renovated classrooms in the capital, HIV testing clinics, a water tower in the southern city of Doba.

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Much of the work remains unfinished. Government leaders have urged patience.

"People are complaining because the programs haven't reached them yet, but they will," said Njarindo Milongar, a member of parliament who also chairs the committee that controls money earmarked for communities affected by oil development.

Critics, however, say much of the money is being squandered. Mekombe Therese, vice president of the independent oversight committee charged with monitoring the use of oil proceeds, said her group's analysis of spending in 2004 and 2005 found that 40% to 45% of oil money fell victim to waste, corruption, nepotism, shoddy work or delinquent contractors.

For example, a venture involving the brother of Chadian President Idriss Deby received one of the biggest road construction contracts; committee examiners found a $1-million university grant was being held in the rector's personal bank account; a year after spending $800,000 for three new schools, none had been completed despite a six-month deadline. And new desks provided by another contractor are already falling apart, Therese said.

"The government needs to take action against those who have not fulfilled their obligations, but they are not doing enough," Therese said.

Instead, Deby launched a campaign against the World Bank to seize control over more of Chad's oil royalties. Late last year, Chad's parliament unilaterally scrapped the 10% "future generations" fund, doubled the government's take of profit to 30% and expanded the definition of "poverty reducing" sectors to include such things as the military, energy development and legal reform.

Deby supporters said the revisions reflected Chad's dire needs and worsening finances. They pointed to the Darfur crisis in neighboring Sudan to the east, which has sent more than 200,000 refugees across the border into Chad.

Much of the criticism was aimed at the future generations fund.

"If the current generation is dying of hunger and disease, there won't be a future generation," said Milongar, the parliament member. "We need the money now."

The revisions were widely viewed as a survival strategy by Deby, whose 16-year regime is facing growing public frustration. Unpaid government employees have gone on strike. Soldiers began receiving their salaries only late last year, when rebellions broke out in the eastern part of the country. One coup attempt in April made its way to the distant capital in southwestern Chad.

"He needs the money to buy more guns," said a diplomat in N'Djamena whose government would not authorize him to speak publicly.

Chad's oil riches represent both opportunity and peril for Deby, experts say. If Deby survives another year in office, he'll control assets worth billions of dollars. On the other hand, oil money has made the once-obscure African nation a much more attractive target, to both rebels and other countries.

Chadian officials accuse Sudan and China of backing its rebels. The U.S., which gets about 18% of its imported oil from Africa, also is taking a more active interest.

"The oil war in Chad is beginning," said Chadian economist Ali A. Haggar, a former advisor to Deby.

The World Bank has responded by suspending activities in Chad, effectively freezing the bank accounts holding the nation's oil funds. As a result, none of the estimated $270 million in 2006 royalties has been released.

At one point, Deby angrily threatened to shut down the oil fields if the funds weren't released. Under a truce, the World Bank is preparing to disburse some money as long as Chad pledges to abide by some of the original conditions. Negotiations over a long-term settlement continue.

Officials in Chad blame the World Bank for halting their poverty projects. "We have so much work to do in Chad and our investments have been blocked by the World Bank," said Mahamat Ali Hassan, minister of economy, planning and cooperation. "I'm really confused."

World Bank officials said they were left with little choice after the government altered the terms of the original agreement.

"It was a decision taken very reluctantly, yet one which we believed was necessary in order to protect the original goals of the project, namely to ensure that the money went to poverty-reducing public spending," Ali Khadr, the director of the World Bank's Chad operation, wrote in an e-mail to The Times.

In some ways, rising oil prices have weakened the World Bank's hand in negotiations.

The oil consortium, including ExxonMobil, Chevron and Petronas of Malaysia, originally predicted that profit would not flow until 2008, based on projected oil prices of $15 a barrel for crude. With prices above $70 a barrel, the consortium began reporting a profit this year.

By taxing the consortium's earnings, the government now stands to receive a windfall next year that officials in Chad say could total $1 billion, far exceeding the royalties they've been receiving.

So far there are no laws or World Bank provisions that restrict the use of such tax revenue, though World Bank officials hope to include that money in the new agreement.

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Executives at ExxonMobil and its Esso Exploration & Production Chad Inc. subsidiary declined to comment.

A recent quarterly report by the consortium expressed hope that the government and the World Bank would resolve the dispute.

On its website, ExxonMobil cites its contributions to assisting Chadians, saying it has spent nearly $610 million on goods and services from local suppliers, $8.75 million on community projects such as schools and wells, and more than $9 million in compensation to individuals and landowners affected by its operations. The consortium says 83% of its 7,300 workers are Chadian.

But few of those jobs have gone to the hopeful men and women living outside the gates of the oil facility. A few years ago, they dubbed their slum "Satan" for its bars and brothels. Later, they dropped the first letter and changed the name to Atan, which sounds like the French word for "wait," to reflect their growing impatience.

The only success story in Atan was the Phoenix bar, which once attracted scores of Americans and other foreigners each weekend with its lure of beer, music and women. Some oil workers even installed a generator to keep the drinks cold. But in December, the Phoenix was deemed off limits to oil company employees, according to bar owner Miskine Mougaye. His profit immediately evaporated.

On a recent Saturday afternoon, the place was nearly deserted except for a table of drunken young women, loudly lamenting the lack of men available for sex or to buy them beer.

"It's not the same since the Americans left," Mougaye said. "When they left, they took the generator with them."

In War-Torn Congo, Going Wireless To Reach Home (WP)

By Kevin Sullivan

The Washington Post, July 9, 2006

For Poor, Cellphones Bridge Digital Divide

KINSHASA, Congo -- Until not long ago, if Zadhe Iyombe wanted to talk to his mother, he had to make the eight-day boat trip up the Congo River to the jungle town where he was raised. In a country with almost no roads, mail or telephone system and a grisly guerrilla war raging, making that exhausting and dangerous trip was about the only way he could find out if his 59-year-old mother was still alive.

Then he got a cellphone.

Now he talks to his mother every day. And once a week, with a simple new feature in African cellphones, he uses a text message to transfer five minutes of airtime to her phone to make sure she can always call him.

"Now I know immediately how she is doing," said Iyombe, who lives here in the capital, 400 miles southwest of his mother's home. "These phones make everything easier. It has totally changed life in Congo."

As surely as the light bulb and the automobile before them, the cellphone and text messaging are radically changing the way people live in the developing world. In widespread use for about five years in much of Africa, technology long taken for granted by the world's rich has made life easier, safer and more prosperous for the world's poor.

For the first time, millions of Africans are able to communicate easily with people who are beyond shouting distance. Farmers and fishermen, for example, use text messaging to check market prices, eliminating middlemen and increasing profits -- and preventing long trips to the market on days it is canceled.

In cities, cellphones are becoming a basic tool of electronic commerce, allowing consumers to transfer money to merchants with a few presses on the keypad.

Restaurant owners now can advertise by sending bulk texts to their customers, promising something delicious for lunch. People call a doctor, mechanic or police officer instead of walking miles to find one. News of births, deaths and illnesses instantly reaches the farthest corners of the jungle, where mothers like Iyombe's struggle with the concept of their children's voices emerging from a little plastic box with buttons.

"Before, if you had a sick baby in the middle of the night, he could easily die," Iyombe said, holding the Nokia phone that has raised his ambitions and expectations of life. "Now you can call somebody to help."

Worldwide, there are more than 2.4 billion cellphone users, with more than 1,000 new customers added every minute, according to industry analysts. About 59 percent of users are in developing countries, making cellphones the first telecommunications technology in history to have more users there than in the developed world.

Cellphone usage in Africa is growing faster than in any other region and jumped from 63 million users two years ago to about 152 million today, according to David Pringle, a spokesman for the GSM Association, a trade group that represents cellular companies whose customers account for 80 percent of the global total.

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Few places are seeing faster growth than Congo, which has 3.2 million cellphone customers and just 20,000 conventional land lines. At least 8,000 new cellphone customers sign up each day here; the number of users has increased more than tenfold in the past five years.

When one of Congo's first cellphone networks opened in 1999, it had capacity for 4,000 customers, but 30,000 people lined up outside the office demanding a phone, said Gilbert Nkuli, of Vodacom Congo, the largest of the five cellphone companies competing in the country's booming market.

Africa has attracted multimillion-dollar investments from many of the world's major cellphone companies, including Finland-based Nokia and U.K.-based Vodafone. Vodacom Congo is co-owned by Vodafone and a South Africa-based company, while Celtel, the second-largest provider in Congo, is owned by a Netherlands-based company that has operations in 14 African countries.

The two operators have built about 700 cellphone towers across Congo. Vodacom's Nkuli estimated that 70 percent of the country's 60 million people now live in areas with cellphone coverage.

"People would rather be without a shirt and trousers," Nkuli said, "and they'd rather go for days without food, instead of not having a phone."Dealing in Minutes

Down a rutted dirt road on the tattered outskirts of Kinshasa, Iyombe, 36, sat in the tiny two-room house he shares with his wife. He had been hoping for a career as an electrician, but when he finished his training in 2001, he couldn't find a job. The Congolese economy had been run into the ground by three decades of corrupt dictatorial rule by Mobuto Sese Seko. Then, after Mobutu was overthrown in 1997, the country dissolved into a war that has left 4 million people dead.

Amid all the despair, Iyombe spotted something new and promising: people carrying cellphones. The more he looked, the more he saw his future in the little gadgets. So he saved and borrowed, spending $500 for his first phone (the average price has since come down to about $40), and started charging people to make calls.

Now he's at the heart of Kinshasa's new airtime economy, in which minutes on a cellphone are a commodity that can be used, bartered or sold for cash.

In Kinshasa's noisy street markets, thousands of people sit at little wooden benches with signs that say appel , French for "call." They keep one or two -- sometimes four -- cellphones in their laps. They buy airtime in bulk from phone companies, then charge customers a small premium to make calls.

Amid the exhaust-choked chaos, airtime dealers sit patiently under colorful umbrellas or in wobbly plastic chairs offering exactly the same service as perhaps 30 or 40 other dealers working the same corner. They're all busy all the time.

At his little stand, which was the first one in his neighborhood, Iyombe said, he sells hundreds of calls a week and makes a profit of about $20 -- a fantastic weekly wage in a country where most people live on $1 a day. Iyombe supports his wife and pays rent for an aunt and school fees for two nephews. "I love my work," he said, wearing the bright red T-shirt of Celtel.

A large part of Iyombe's business is transferring airtime for his customers. They give him cash, and he transfers the minutes from his phone to wherever the customer wants them sent -- a friend, a relative or a business partner, often in some distant corner of this country the size of Western Europe.

The transfer takes only a few seconds: Iyombe needs only to enter the amount of airtime and the phone number of the person receiving it. Cellphone companies have added that function to phones in the past year.

Iyombe said many of his customers transfer airtime so that family members in the countryside can resell it. Customers in Kinshasa send airtime to a brother or parent in a distant village, who then sets up under a shady tree and acts as a human phone booth. They sell calls on their phone and earn enough cash to feed their families. In many Congolese villages, cellphone ownership marks the divide between haves and have-nots.

Iyombe said text messaging has been slowed by widespread illiteracy but has started taking off in recent months as people learn key words to text, such as "Call me." He said it is becoming more popular largely because a text message costs five cents, compared with 26 cents for a one-minute voice call. When his mother wants to talk to him, he said, she sends a text telling him to call.

"It was a little difficult getting her to use texts, but now she's very good at it," he said, smiling at the thought.

The demand for cellphone calls has sprouted several offshoot industries. For a fee, people type text messages for the illiterate. In places where there is little or no electricity -- which means most of Congo -- entrepreneurs set up small diesel-powered generators and connect plug boards with 30 sockets. People plug in their phones to charge for a couple of hours for about 30 cents.

Iyombe keeps his own small generator to make sure he's never without battery power.

"Without these cellphones, we wouldn't be able to move forward," he said.Mobile Accounts

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Iyombe spoke while sitting in the larger room of his house, which is just big enough for a bed -- and a television he bought in a cellphone transaction.

Last year he walked into an electronics shop in the city center and picked out the 20-inch TV. To pay, he punched a few buttons on his cellphone and transferred a down payment of $150 into the shop's bank account. The shopkeeper received a text message confirmation that the money had been transferred successfully, and Iyombe walked out with his new TV. Iyombe settled his bill with three more $50 payments via his cellphone.

"I went in empty-handed, but I could still buy something because I had my phone," he said.

Conveniences such as laptops, Internet access, ATMs and credit cards are rare or nonexistent in Congo, so entrepreneurs are devising ways to use cellphones to serve the same functions.

Iyombe is one of about 25,000 Congolese subscribers to Celpay, a company that offers Internet banking through cellphones. Celpay customers make cash deposits into their Celpay accounts and can access their accounts, transfer money or pay bills with their phones.

Dozens of businesses, including gas stations and grocery stores, now allow customers to pay for goods through Celpay. The company that distributes Coca-Cola and Heineken beer also uses the system to collect payment, which means drivers no longer have to carry a safe full of cash on their trucks and constantly worry about bandits.

When Iyombe wants to make a deposit to his account, he can go to one of more than 100 "cash points" set up across the country. Most are small booths with a person sitting inside with a cellphone and a cash box, known here as "human teller machines." Iyombe gives cash to the clerk, who sends a text message to Celpay noting the deposit. Iyombe then receives a text message confirmation that the money has been credited to his account.

Lazarus Muchenje, chief executive of Celpay, said his company is trying to capitalize on the Congolese embrace of cellphone technology: "We are using the credibility of the cellphone network." Celpay is owned by FirstRand Banking Group, a major South African financial institution.

At a busy gas station in Kinshasa, manager Tharcisse Tshimanga said he gets six or eight customers a day paying with their phones.

"People trust this," he said. "It's made everything easier."Tool of Corruption, Peace

Cellphones have also created a new kind of corruption in a country rife with it: People here tell of government officials demanding bribes in the form of airtime transferred to their cellphones. Local officials said they believe armed rebel groups use cellphones and texts to coordinate their operations in the country's eastern provinces, where they fight regularly with 17,000 U.N. peacekeepers, the largest U.N. force in the world.

But the technology is also being used to create peace, as with a program to disarm more than 150,000 men and women who fought in Congo's gruesome war.

One recent morning in downtown Kinshasa, Fiston Disundi walked up to a little white Celpay cash point booth and handed over his government ID.

The woman in the booth entered his ID number into her cellphone and sent a text message to Celpay's computer database. Ten seconds later the response came back. Disundi, 27, was a former soldier who had turned in his AK-47 rifle in January. That meant he was entitled to a monthly $25 cash payment, which she promptly handed over to him.

The World Bank, Britain, France and other big donors have put up $200 million for the year-old program, designed to turn Congo's warriors into wage earners. So far more than 75,000 people have handed over their guns in exchange for job training and a cash incentive: an initial $110 payment, followed by monthly $25 payments for a year.

Initially, clerks using thick account books with handwritten entries were having trouble making the thousands of payments efficiently. So, in February the program contracted with Celpay to modernize the process.

Disundi said when he received his first two $25 payments, he waited nearly six hours in long lines while clerks dug through record books to find his details. But when he went to the Celpay booth recently, the transaction took less than a minute. The system also confirmed that Disundi was where he was supposed to be: Ex-combatants must agree to stay in their home regions rather than gathering with others in hotspots.

Sitting in the shade in the intense morning heat, Disundi, a thin man with a scruffy beard, said he'd been carrying a gun since 1997, when his parents were killed by a mortar shell that fell on their house. "I saw so many terrible things," he said. "I felt nothing anymore. I was just waiting to die."

He said he's relieved not to be carrying a weapon. He wants to become a mechanic so he can support his two children.

"I don't want them to go through what I've been through," he said.

He has no job and almost no money. But he has a cellphone, which rang over and over as he talked.

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After TV Debates, Pakistan May Ease Laws On Rape Reporting (NYT)

By Salman Masood

The New York Times, July 9, 2006

ISLAMABAD, Pakistan, July 8 — The young audience fell into confused silence and then buzzed with whispers after Mir Ibrahim Rahman announced that there was no difference between an apple and an orange.

Mr. Rahman, 28, chief executive of the immensely popular Geo TV network, was speaking last Sunday at a youth conference in Rawalpindi, the garrison city adjacent to the capital, Islamabad. His absurd statement, he immediately made clear, was meant to illustrate the failings of a set of Islamic decrees known collectively as the Hudood Ordinance.

The laws, introduced in 1979 and criticized internationally since, include a clause stating that to prove rape, a woman must have at least four male witnesses. If the woman fails to provide proof, she herself faces the charge of adultery.

"The Hudood Ordinance makes no distinction between rape and adultery," Mr. Rahman explained to his audience. "It is just like saying there is no difference between an apple and an orange."

That flaw, critics say, has put many women behind bars. Of about 6,000 women in Pakistani custody awaiting trial as of March, 4,621 were being held on Hudood violations, according to the Human Rights Commission of Pakistan, an independent group. Some 1,300 women awaiting trial were ordered released on Friday, after President Pervez Musharraf allowed bail in nonviolent offenses.

Pakistani society has remained bitterly divided over the laws. Orthodox clergymen have often portrayed the laws as divine ("hudood" refers to punishments in the Koran for adultery and fornication, as well as for consuming alcohol, making false accusations and stealing). Rights advocates have demanded absolute repeal since 1980's. They maintain that the Hudood Ordinance not only negates the rights of women but is also a misinterpretation of Islam.

Now, there are signs that the laws may be, at the least, softened. And Mr. Rahman — who has pressed for public debate over them in television shows, advertising campaigns and personal appearances at seminars, like the one last Sunday — may be a major reason.

Most prominently, Geo put together and broadcast four groundbreaking episodes of a program called "Zara Socieye" ("Just Think") in June, on which 27 top religious scholars debated various clauses of the Hudood Ordinance and agreed on a series of amendments.

Mr. Rahman, the son and grandson of Pakistani media magnates, studied in the United States and worked at Goldman Sachs in New York. He returned to Pakistan four years ago to lead Geo, one of more than a dozen private television channels that were founded after President Musharraf liberalized media laws.

"On the flight back, I wrote a letter to myself, explaining why I am going back," Mr. Rahman recalled. "I poured all of my idealism in that letter." One of the goals he wrote down, he said, was raising public awareness of the Hudood laws.

Last week, President Musharraf asked the Council of Islamic Ideology, which advises the legislature on whether a certain law is repugnant to Islam or not, to draft an amendment to the Hudood Ordinance.

The Law Ministry is also proposing changes.

"Now, there is a lot of consensus," Wasi Zafar, Pakistan's law minister, said Wednesday in an interview. "Many religious scholars have admitted that certain laws are required to be amended." But he maintained that misuse of the laws is the problem, rather than their intrinsic flaws. "Major defect is the misuse of the law," Mr. Zafar said while acknowledging that legal experts have called it "bad legislation."

Mr. Zafar said his ministry would complete a draft of amendments this month and the government would present it in the next session of the Parliament, which is expected to be held this month as well. A simple majority is needed to change the law.

Shahid Shamsi, a spokesman for Jamaat-e-Islami, the country's largest Islamic party, said his party was not averse to changing the Hudood Ordinance but did not support repealing it.

At the same time, some critics of the law say that only repeal will satisfy them.

"No amendment to the law will be able to make these 'black laws' acceptable to civil society," read a statement released this week by Pakistan's leading nongovernmental and rights organizations.

Nasreen Azhar of Action Aid, one of the signers of the statement, said in an interview: "It is beyond amendment. We all have seen the negative effects it has had on women."

'150 Dead' In Russian Jet Crash (CNN)

CNN, July 9, 2006

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MOSCOW, Russia (CNN) -- An Airbus A-310 passenger jet with 200 people on board left the runway early Sunday while landing at Irkutsk Airport in eastern Siberia, crashed into a concrete barrier and burst into flames, killing 150 people, according to the Russian news agency Interfax.

The front of the plane was crushed, and more than 40 people were hospitalized with burns, the agency said, quoting emergency officials.

The jet, flying from Moscow, hit a building before catching fire, and the blaze was under control, the agency said.

Emergency crews were attempting to retrieve bodies and rescue anyone left on board.

Scores Feared Dead In Siberia Runway Crash (AP)

By Henry Meyer

AP, July 9, 2006

An airplane carrying about 200 people crashed Sunday in the Siberian city of Irkutsk and most on board were feared dead, officials said.

The regional prosecutor's office said a preliminary count showed that more than 150 people died, the Interfax news agency reported.

The plane was carrying 192 passengers, Emergency Situations Ministry spokeswoman Irina Andrianova said.

Andrianova said 43 people had been hospitalized and another 10 managed to escape.

The Interfax report said that the dead were believed to include the eight crew members.

The Airbus A-310 operated by Sibir, Russia's second-largest airline, crashed on landing, went off the runway and burst into flames, Andrianova said.

"The aircraft veered off the runway on landing. It was traveling at a terrific speed," Andrianova said.

The plane hit a concrete barrier, collapsing the front section of the aircraft, she said. It then burst into flames.

The aircraft was on a flight from Moscow to Irkutsk, near Lake Baikal.

It took five emergency services more than two hours to extinguish the flames, Andrianova said.

Former Soviet airlines had a grisly record of crashes in the 1990s, following the whittling of much of Soviet monopoly carrier Aeroflot into hundreds of regional airlines plagued by scant money, aging equipment and cavalier disregard for safety.

In recent years, crashes from equipment failure or pilot error have declined sharply.

Sibir came under new ownership amid a 1998 financial crisis and installed a dynamic young team to reinvent what remained of Aeroflot's Siberian wing with the help of Western consultants.

Those plans were dealt a blow when a Sibir Tu-154 was one of two planes lost in near-simultaneous crashes blamed on terrorist bombs in 2004.

Three years earlier, another Sibir plane was shot down by a stray Ukrainian missile fired during military exercises. All 78 people on board died.

Woman Dies On Boat Carrying Cubans To U.S. (AP)

By Kelli Kennedy

AP, July 9, 2006

A boat overloaded with Cubans being smuggled into the U.S. tried to ram a Coast Guard vessel in rough seas early Saturday, and a woman aboard the boat died, authorities said.

The 36-foot, go-fast boat ignored orders to stop when the Coast Guard tried to intercept it 4 miles south of Boca Chica around 6:30 a.m., said Petty Officer James Judge, a spokesman for the Coast Guard.

Coast Guard crew then fired two shots into the vessel's engine to disable it, he said.

"The boat was bouncing around like crazy. It was very rough, choppy waters," Judge said. "They repeatedly attempted to ram the vessel more than five times, but they never made contact."

The boat carried 31 Cubans and three people authorities said were smugglers.

The woman who died suffered a head injury and severe bruising to her face, and an autopsy was scheduled Sunday.

Judge said three men on the boat were treated for minor injuries. Authorities said none of the injuries was caused by the Coast Guard gunfire. A pregnant woman also was hospitalized, but her condition was not immediately known.

The remaining migrants were still aboard the Coast Guard cutter and will be processed as usual, he said. Under the "wet foot/dry foot" policy, most Cubans who reach U.S. soil are allowed to remain, while those intercepted at sea are generally sent home.

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It was not immediately known where in Cuba the migrants began their journey. Go-fast boats from Cuba can typically reach South Florida in a couple hours, Judge said.

"The boat was severely overloaded," he said. "All those add up for dangerous possibilities."

Authorities detained three people as suspected smugglers, though criminal charges were not immediately filed.

"Smugglers often treat migrants as if they were human cargo, with blatant disregard for individual life and safety. This must stop," U.S. Attorney R. Alexander Acosta said in a statement. "The United States Attorney's Office is determined to use all prosecutorial tools at our disposal to investigate and prosecute these smuggling incidents."

A spokesman for the Cuban American National Foundation said the shots fired by the Coast Guard were "of grave concern."

"The people who are culpable are those who engage in the smuggling of humans," said Alfredo Mesa, the group's executive director. "At the same time, we call upon the U.S. Coast Guard to remember that these are human beings fleeing tyranny."

Ramos-Horta Is Appointed New Premier Of East Timor (NYT)

By Jane Perlez

The New York Times, July 9, 2006

DENPASAR, Indonesia, July 8 — In a move designed to bring stability to East Timor after months of unrest, the Nobel peace laureate José Ramos-Horta was named prime minister on Saturday.

President Xanana Gusmão selected Mr. Ramos-Horta to lead a new government after Mari Alkatiri was forced to resign as prime minister two weeks ago amid allegations that he had helped to organize and arm a civilian militia.

Mr. Gusmão, speaking in the capital, Dili, on Saturday evening, said he hoped Mr. Ramos-Horta, a close friend of his who enjoys popular support at home and is respected abroad, would "bring about the process of healing."

The selection was praised by the Australian government, which sent more than 1,000 soldiers to East Timor in late May to lead an international peacekeeping force in putting down an insurrection among members of the army and the police.

"We welcome the fact that the political leaders of East Timor are starting to sort their problems out," the Australian foreign minister, Alexander Downer, said Saturday.

In Dili, residents said they were relieved. "I guarantee Horta is the best we have," said Oldegar Massinga, who works for a United Nations agency, in a telephone interview. "Now he has to send the refugees back home and put a police post in every place in Dili."

The immediate challenge for Mr. Ramos-Horta, who was foreign minister in the previous government, will be to convince the more than 100,000 people who fled Dili and outlying areas during violence last month to return home. The refugees are living in makeshift camps but have said they were reluctant to leave the camps, watched over by the Australians and other members of the 2,700-troop peacekeeping force, while armed groups still roam the capital.

The violence in the capital, Dili, spun out of control in May after 600 soldiers were dismissed from East Timor's army of 1,400. Battles between members of the army and the police spread into general gang warfare and looting, bringing the government to a standstill.

It was the first major breakdown of law and order since East Timor, with a population of less than a million, declared independence in 2002 after three years of rule by the United Nations, and three decades of occupation by neighboring Indonesia.

The recent violence came after the United Nations and the World Bank had praised East Timor as a model example of a new nation. Several billion dollars in international aid was spent to help East Timor build its own army, police force and judicial system, and on the United Nations peacekeeping force that came to East Timor after a vote in favor of independence in 1999.

Mr. Ramos-Horta, 56, shared the Nobel Peace Prize in 1996 with the Roman Catholic bishop of Dili, Carlos Ximenes Belos. They were cited for their courage in resisting and campaigning against occupation by Indonesia, which invaded the former Portuguese colony in 1975.

While the bishop stayed in East Timor, Mr. Ramos-Horta traveled the world after the invasion, trying to raise awareness about the plight of his people. A recent United Nations-backed commission estimated that more than 100,000 people were killed in East Timor by the Indonesian military.

Two weeks ago, a special envoy of the United Nations, Ian Martin, arrived in East Timor with a team of experts to assess what kind of new aid the United Nations might provide. Mr. Martin has said that a United Nations police force would likely be dispatched, and that a peacekeeping force was a possibility.

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In the past two weeks, Mr. Ramos-Horta has been critical of Mr. Alkatiri, the ousted prime minister, saying that he was almost certainly involved in arming a civilian militia. He also criticized the former prime minister's failure to organize public-works programs for the large numbers of unemployed young men in East Timor.

While East Timor has one of the world's lowest per capita incomes, it possesses large oil deposits and has recently accrued more than $600 million in oil revenue that remains virtually untouched. Mr. Ramos-Horta said in a recent interview that it was imperative for a new government to provide employment programs.

East Timor Gets New Leadership (LAT)

By Richard C. Paddock

The Los Angeles Times, July 9, 2006

JAKARTA, Indonesia — Jose Ramos-Horta, who received the Nobel Peace Prize a decade ago for his efforts to win East Timor's independence, was named prime minister of the tiny nation Saturday as it tried to overcome months of violence and internal strife.

Ramos-Horta replaces Mari Bin Amude Alkatiri, who stepped down June 26 as prime minister after months of violence that claimed at least 30 lives and prompted 150,000 people — 15% of the population — to flee their homes and take refuge in makeshift camps.

Alkatiri had been accused of encouraging factional fighting between residents from the eastern and western parts of the country in an attempt to hold on to power. East Timorese authorities are investigating whether he authorized the arming of civilian hit squads to silence his political opponents.

The appointment of Ramos-Horta, 56, was announced by President Jose Alexandre Gusmao, who is immensely popular as the former leader of the guerrilla resistance against Indonesian rule but who has limited power under the constitution.

Gusmao said he hoped the appointment of Ramos-Horta would help "bring about the process of healing and bring peace and stability to the people of East Timor."

East Timor, the world's newest nation, won independence from Indonesia in 1999 but only after pro-Indonesian militia groups killed more than 1,000 people and destroyed 70% of the country's buildings.

The United Nations helped rebuild East Timor, which officially became a nation in 2002, but the world body withdrew its peacekeepers last year in a move that U.N. officials now recognize was premature.

Violence erupted in April after Alkatiri fired 600 soldiers, or nearly half the army, for protesting that they faced discrimination because they came from the western part of the country. Alkatiri called in loyal troops to quell the protests and they opened fire on civilians, killing at least six people.

The country destabilized further when the police and army began fighting each other, then fled the capital, Dili, leaving the city in the hands of arsonists and gangs armed with machetes.

A 2,700-member international peacekeeping force led by Australia arrived May 25 and has succeeded in restoring order, although arsonists continue to set fire to homes and businesses belonging to their rivals. A house in Dili was set ablaze hours after Ramos-Horta's appointment was announced, the Associated Press reported.

Ramos-Horta, whose name has been floated as a possible successor to U.N. Secretary-General Kofi Annan, held the posts of foreign minister and defense minister until he quit last month in protest over Alkatiri's refusal to step down. Alkatiri's resignation came the next day.

Gusmao and Ramos-Horta are said to be close allies in a government that is dominated by the Fretilin party, which led the independence movement in East Timor and now controls 55 of parliament's 88 seats. Gusmao and Ramos-Horta once were members of Fretilin, which Ramos-Horta helped found.

Elections are scheduled for next year, and Fretilin's popularity has suffered under Alkatiri. In meetings with Gusmao, Fretilin leaders agreed to nominate Ramos-Horta as one of four possible candidates for prime minister even though he was no longer with the party.

Ramos-Horta fled East Timor, a former Portuguese colony, just before it was invaded in 1975 by Indonesian troops. For more than two decades, he traveled around the world campaigning for East Timor's independence. He and Bishop Carlos Ximenes Belo, who stayed behind in East Timor, were jointly awarded the Nobel Peace Prize in 1996.

In an interview with The Times last month, Ramos-Horta said the impoverished country had not managed its resources well, noting that $600 million in oil revenue was waiting to be allocated.

He said he would favor using some of that money to provide food, healthcare and education for the poorest residents. He also said he would like to rebuild the nation by offering tax-free status for up to 10 years for foreign businesses willing to invest there.

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When Genocide Worsens (NYT)

By Nicholas D. Kristof column

The New York Times, July 9, 2006

A genocide by its nature would seem to be the rock bottom of human behavior. But in Darfur, we see a genocide that is growing worse.

The Darfur Peace Agreement, signed on May 5, signaled a ray of hope in a desperate land. But on the ground, its deadlines are not being met, security is deteriorating, and the violence is rippling from Sudan ever wider into both Chad and the Central African Republic.

One measure of how awful the situation has become in eastern Chad is that at least 15,000 villagers have fled ... into Darfur!

In one broad swath of the Chad border region, the only Westerners brave enough (and crazy enough) to stay are French doctors with Doctors Without Borders. Hats off to them.

In just the last six months, aid groups in eastern Chad have lost 26 vehicles to armed hijackers. A Spanish woman working for Unicef was shot and nearly killed in May when her vehicle was stolen — and the car was later spotted in Sudan, sailing through government checkpoints. This insecurity puts relief agencies in a terrible situation, for they don't want to risk having their aid workers murdered or raped, and yet if they pull out many thousands of Darfuris will die.

"We cannot play with the lives of our own staff beyond a certain limit," frets Jan Egeland, an under secretary general of the United Nations, adding, "Our people in the field are increasingly desperate."

"I think we're headed toward total chaos," he said. "Will we have collapse in nine days, nine weeks, nine months? I don't know. But the situation is unsustainable."

One problem is that provisions of the Darfur Peace Agreement aren't actually being carried out so far — and in the meantime it has inflamed tensions among the African tribes that have been victimized by the genocide. The Fur tribe, one of the biggest in Darfur ("Darfur" means "Homeland of the Fur"), has mostly opposed the deal, and so there has been fighting between Fur and men of the Zaghawa tribe, whose top commander signed the agreement.

"There is a significant risk that the Darfur Peace Agreement will collapse," the U.N. special envoy for Sudan, Jan Pronk, wrote in his blog. "The agreement does not resonate with the people of Darfur. ... It is not yet dead, but severely paralyzed."

Meanwhile, Sudan is as adamant as ever that it will never accept United Nations peacekeepers, and the international community isn't prepared to push back hard.

The two most important Bush administration officials on Darfur, Robert Zoellick and Michael Gerson (who has been the conscience of the White House), have both announced their resignations, so there is a vacuum in Washington as well. President Bush should address this vacuum by appointing a top-level envoy for the crisis. Mr. President, how about calling in James Baker, or else Colin Powell?

In talking to experts about Darfur over the last three years, I usually have encountered both optimists and pessimists. These days, I just can't find an optimist. The range of opinion is between those who think the crisis will deteriorate slowly and those who think the situation will disintegrate so precipitously that soon 100,000 people will be dying each month, unless the peace agreement can somehow be revived.

There are specific measures I can suggest. We need to amplify (though not reopen) the peace agreement to bring the Fur in, and we need to ensure that its deadlines are met. We need a U.N.-led or French-led protection force in eastern Chad. We need to bolster the African Union force in Darfur immediately and push harder for Sudan to admit U.N. peacekeepers. We need a no-fly zone. We need to press Europeans to become more involved and to remind Arabs that the slaughter of several hundred thousand Muslims in Darfur is every bit as worthy of protest as cartoons of the Prophet Muhammad.

But most of all, we must put genocide squarely on the international agenda. One lesson of history is that world leaders always prefer to ignore a genocide, but when forced to face the horrors — as in Bosnia or Kosovo — they figure out ways of responding. The most acute need is not for policies but for political will.

So here's a suggestion: Let's charter a few cargo planes to carry the corpses of hundreds of new victims from Darfur and Chad to the U.N. The butchered victims of Darfur could lie in state as a memorial to global indifference — and as a spur to become serious about the first genocide of the 21st century.

Bush's Unintended Internationalism (WP)

By Jim Hoagland column

The Washington Post, July 9, 2006

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In spite of itself, the Bush administration is reshaping and revitalizing international law as a governing concept and a force in world politics. This White House gives new meaning to the notion of unintended and devoutly unwanted consequences.

Its highhanded policies in the war on global terrorist networks and the occupation of Iraq have provoked sharp reaction at home and abroad. Over time, this reaction has turned into a search by others for legal and political frameworks to contain President Bush's campaign to concentrate national security power in his hands and shield it from even cursory scrutiny and consultation.

This is the unwritten subtext of the Supreme Court's recent rebuke to the administration for mishandling the prosecution of Salim Ahmed Hamdan, a Guantanamo Bay detainee who was once Osama bin Laden's chauffeur.

The majority's legal reasoning in Hamdan v. Rumsfeld was mundane and mechanical, which was all that was needed to demolish the administration's shoddy case. But the majority's political argument was extraordinary and explosive for its heavy reliance on "customary international law" and "the law of war" to prescribe Hamdan's treatment in the American criminal justice system.

This appeal to international standards was a stretch for the court. But it is justified as a wake-up call to the administration on an obvious point: What is reasonable -- legally speaking -- in emergency conditions is not necessarily reasonable on an enduring or permanent basis.

The White House has had sufficient time to work with Congress on long-term national security legislation covering detainees, the court pointedly noted. The same reasoning applies to telecommunications surveillance and other aspects of the administration's self-described "long war" on terrorism.

But Bush has resolutely refused to do this until now. The irreducible working principle of this White House has been that only the president can be relied on to resist the pressures and temptations that will cause Congress to leak, vacillate or turn tail on even the gravest national security problems. The same misperception has also applied in large part to allies abroad.

The Bush White House is still determined to entrench its secretive and autocratic methods, run through intelligence agencies, as the way future administrations must operate in an era of new, unpredictable dangers. Bush and Vice President Cheney put a positive spin on Napoleon's dictum that nothing endures as long as the temporary.

The fact is that most in Congress -- and for that matter the Supreme Court's majority in Hamdan and most of America's global allies -- agree with Bush that new methods for fighting a significant danger are needed. They just don't agree that Bush and a few trusted aides should determine those methods alone and in secret.

Bush and Cheney are no doubt sincere in their misplaced concerns, which just happen to reinforce Karl Rove's political strategy of running against Congress, the media, pusillanimous foreigners and other reputed national security weaklings. But Bush and Cheney underestimate the costs of their policies and the countervailing forces they inevitably trigger.

European governments and civil liberties groups are pressing for new laws to prevent CIA secret renditions of terrorism suspects from or through European territory. They may also seek to limit other cooperation of their own secret services with Washington, especially after the arrest last week of two Italian secret service officials for allegedly helping the CIA abduct a terrorism suspect in Milan and fly him to Egypt.

Even in Iraq, the administration is creating a strong local and international backlash by refusing resolutely to discuss with Iraqi politicians a status-of-forces agreement, or SOFA, which would provide a vital new measure of Iraqi sovereignty and stability by putting foreign troops under nominal Iraqi control. The lack of a SOFA and of accountability to Iraqi authorities is rapidly becoming a major irritant in U.S.-Iraqi relations.

Before the invasion of Iraq, Bush made a strong case that international law had failed to deal with Saddam Hussein's murderous regime. Three years later he has not produced a workable alternative that commands general consent or respect. His secretive methods -- rather than the dangers that still threaten -- have too often become the center of attention.

The contrast with the majority's reasoning in Hamdan is illuminating. The decision is everything al-Qaeda hates and wages war upon: an exaltation of the individual and of individual rights protected by transparent secular institutions.

A new framework for international law is being developed in reaction to Bush's global policies -- without other significant American input. That is the message from America's allies, from Congress and now from the Supreme Court that the president should finally heed.

Voices Of Iranian Reform, Silenced (WP)

By Fotini Christia

The Washington Post, July 9, 2006

TEHRAN -- Today marks the seventh anniversary of the student protests that took post-revolutionary Iran by storm. On July 9, 1999, after the forcible closure of several liberal media outlets and a coordinated attack on a dormitory at the University of

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Tehran, Iranian students poured into the streets by the thousands, calling for political reform. Just as at Tiananmen Square a decade before, the Iranian students gave the world a glimpse of what might be -- only to be quickly silenced by Ayatollah Ali Khamenei's Revolutionary Guard.

Naturally, Iran's regime will not celebrate today's anniversary, but neither will Iran's opposition. The Iranian student movement is a shambles -- divided, confused and lacking any cause for celebration. In extensive conversations with students and student veterans of the 1999 protests, who asked to remain anonymous because of fears about their safety, I found that one message emerged loud and clear: Iran does not need another revolution, but it is in desperate need of reform.

The atmosphere at the University of Tehran is eerily quiet these days. Nothing remains from the 1999 protests, which were in fact the most notable outbreak of unrest since the Islamic Revolution 20 years earlier.

The protests were directed at the rule of the ayatollahs, and they revealed the pronounced internal divisions between the reformist president, Mohammed Khatami -- then in the middle of his first term -- and Iran's supreme leader, Ayatollah Khamenei. Khatami, who was trying to loosen Khamenei's tight control of the judiciary, security services and media, was facing strong resistance from the clerics when the students came to his aid. But unlike the Islamic Revolution, in which the legitimacy of the country's whole system was called into question, the 1999 protests sought reform within the existing regime, and for an Islamic democracy, that would be in accordance with Iran's constitution.

That reform didn't happen, and now, under President Mahmoud Ahmadinejad's leadership, the process has been completely sidelined. The Iranian political scene is dominated by the nuclear issue. Confrontation with the West has made the public more tolerant of authoritarian methods, damaging reformers and making concern for individual rights and civil liberties seem utterly irrelevant. The student movement very much wants a reemergence of the reform process, but it has no good ideas on how to make it happen.

Indeed, the student movement has found no place in Iran's new political reality, and its stance has moved from the politics of realistic change to the politics of survival through inaction. The old guard -- the 1999 student leaders -- is either in jail or abroad, and those of its members still in Iran desperately want out. Their successors -- the new leaders of the liberal student union Daftare Tahkim Vahdat -- have no organized structure and are weak and fragmented. Their manifestos espouse a Marxist ideal -- the orthodox left as they call it -- and surreal plans for communist change. These are mostly poor students from Iran's provinces who find themselves repelled by the big city's bourgeois way of life. They see the move to the left as an outlet for change, but they have no real ideological base or sense of direction. "The government could crush them any day, but they don't because it is convenient to have some sort of weak opposition," said a student participant in the 1999 protests and a former member of the group. "It makes the regime look more democratic."

Said another disillusioned veteran of the 1999 student uprising: "Everyone talks about radical change, but nobody wants to do anything about it, and they don't want it to come from America. . . . We need to bring together the student movement, the women's movement, the workers' movement and the ethnic minority movements and create a united front to face the regime's radical ideas."

When I asked this person about his contribution to the student movement, he told me he is working on a book. "I am using the U.S. student protests from the late 1960s to show the students that revolution and radicalism is a bust," he said, adding that "lessons may come from America after all, but they will be for reform, not revolution."

The writer is a fellow at the Weatherhead Center for International Affairs at Harvard. She is currently at the International Center for Persian Studies, University of Tehran.

This Just In: [censored] (LAT)

By Editorial

The Los Angeles Times, July 9, 2006

Beijing's move to limit breaking news reports sparks one of the biggest free-speech debates to hit China.

THE MEDIA AND THE GOVERNMENT might occasionally bump heads in the United States over issues like newspaper reports on secret anti-terrorism programs, but it could be a lot worse. In China, the National People's Congress is on the verge of approving a law that would forbid the media from reporting on breaking news without permission from government officials.

The draft law plumbs new depths of censorship even in China, already among the most regressive countries when it comes to press freedoms. It would impose fines of up to $12,500 on media operations that publish reports on "sudden incidents" without authorization — terminology so vague it could apply to just about any news event. The law targets stories that are false or "damaging to the social order," empowering local government apparatchiks to suppress pretty much anything they find embarrassing.

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The draft law is particularly unusual in that, apparently, it would target foreign as well as domestic media. Though reporters for papers such as The Times are closely monitored, the government seldom tries to censor stories meant for outside consumption. Yet an official involved in preparing the legislation recently said he thought it should apply to all news organizations operating in China.

Beijing is trying to keep a tight rein on a fast-changing society. The country's rapid development is aided by new technologies, wider access to information and higher education standards, all of which its communist leadership promotes and fears simultaneously. Hence the occasional impulse for such clumsy clampdowns. The good news is that Internet access is so widespread as to make censorship difficult.

The "sudden incidents" Beijing is most worried about are outbreaks of civil unrest in the countryside. Then there are all sorts of events that could undermine the people's faith in their government's competence. China's suppression of news on the outbreak of SARS in 2003 contributed to the spread of the disease, attracted international condemnation and triggered pledges of greater openness. More recently, Beijing's attempt to cover up news of an industrial accident that spilled toxins into the Songhua River prompted a confrontation with Russia and led to a public outcry against government censorship.

If there's a silver lining to this naked attempt at repression, it's that China's media and public are strongly resisting it. Newspaper editors in the south have been surprisingly outspoken in their opposition, something that only a few years ago would have been unthinkable. Sooner or later, China's leaders will learn that now that the genie of free speech and thought has been let out of the bottle, there's no putting it back in.

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DEPARTMENT OF JUSTICE *NEWS CLIPS*

PREPARED FOR THE OFFICE OF PUBLIC AFFAIRS, US DEPARTMENT OF JUSTICE

TO: THE ATTORNEY GENERAL AND SENIOR STAFF

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TERRORISM NEWS:

Ally Warned Bush On Keeping Spying From Congress (NYT)

By Eric Lichtblau And Scott Shane

The New York Times, July 9, 2006

WASHINGTON, July 8 — In a sharply worded letter to President Bush in May, an important Congressional ally charged that the administration might have violated the law by failing to inform Congress of some secret intelligence programs and risked losing Republican support on national security matters.

The letter from Representative Peter Hoekstra of Michigan, the Republican chairman of the House Intelligence Committee, did not specify the intelligence activities that he believed had been hidden from Congress.

But Mr. Hoekstra, who was briefed on and supported the National Security Agency's domestic surveillance program and the Treasury Department's tracking of international banking transactions, clearly was referring to programs that have not been publicly revealed.

Recently, after the harsh criticism from Mr. Hoekstra, intelligence officials have appeared at two closed committee briefings to answer questions from the chairman and other members. The briefings appear to have eased but not erased the concerns of Mr. Hoekstra and other lawmakers about whether the administration is sharing information on all of its intelligence operations.

A copy of the four-page letter dated May 18, which has not been previously disclosed, was obtained by The New York Times.

"I have learned of some alleged intelligence community activities about which our committee has not been briefed," Mr. Hoesktra wrote. "If these allegations are true, they may represent a breach of responsibility by the administration, a violation of the law, and, just as importantly, a direct affront to me and the members of this committee who have so ardently supported efforts to collect information on our enemies."

He added: "The U.S. Congress simply should not have to play Twenty Questions to get the information that it deserves under our Constitution."

Frederick Jones, a White House spokesman, declined to comment on the concerns raised by Mr. Hoekstra but said that "we will continue to work closely with the chairman and other Congressional leaders on important national security issues."

A spokesman for Mr. Hoekstra, Jamal D. Ware, said he could not discuss the activities allegedly withheld from Congress. But he said that Mr. Hoekstra remained adamant that no intelligence programs could be hidden from oversight committees.

"Chairman Hoekstra has raised these issues with the administration to ensure that the Intelligence Committee is able to conduct its job of oversight," Mr. Ware said. "Intelligence officials have committed to being forthcoming with Congress, and Chairman Hoekstra is going to hold them to their word."

Mr. Hoekstra's blunt letter is evidence of a rift between the White House and House Republican leaders over the administration's perceived indifference to Congressional oversight and input on intelligence matters. Mr. Hoekstra wrote that he had shared his complaints with House Speaker J. Dennis Hastert, Republican of Illinois, and that the speaker "concurs with my concerns."

A spokesman for Mr. Hastert declined to comment.

The letter appears to have resulted at least in part from the White House's decision, made early in May, to name Gen. Michael V. Hayden to lead the Central Intelligence Agency, with Stephen R. Kappes as his deputy. The letter was sent the day of General Hayden's confirmation hearing before the Senate Intelligence Committee.

Mr. Hoekstra (pronounced HOOK-stra) complained publicly about the choices when they were announced, but his private letter to Mr. Bush was much harsher. He warned that the choice of Mr. Kappes, who he said was part of a group at the C.I.A. that "intentionally undermined the administration," sends "a clear signal that the days of collaborative reform between the White House and this committee may be over."

Mr. Hoekstra also expressed concern about the intelligence reorganization under John D. Negroponte, the first director of national intelligence, who he said was creating "a large, bureaucratic and hierarchical structure that will be less flexible and agile than our adversaries."

Mr. Hoekstra's views on oversight appear to be shared by some other Intelligence Committee members.

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"I think the executive branch has been insufficiently forthcoming on a number of important programs," Representative Heather A. Wilson, Republican of New Mexico, said in an interview. She would not discuss any programs on which the committee had not been briefed, but she said that in the Bush administration, "there's a presumption that if they don't tell anybody, a problem may get better or it will solve itself."

Ms. Wilson said she shared "deep concerns" about the pace and direction of intelligence reforms overseen by Mr. Negroponte's office. "We have some troubled programs," she said.

American intelligence agencies routinely conduct many secret programs, but under the National Security Act, the agencies are required to keep the Congressional intelligence committees "fully and currently informed of all intelligence activities." Even in the case of especially sensitive covert actions, the law requires briefings for at least the leaders from both parties of the committees and the House and Senate.

As the administration has asserted broad presidential authority to fight terrorism, concerns about Congressional oversight and checks and balances between the branches of government have become increasingly heated. Democrats complained that the administration's failure to brief the full Intelligence Committees on the N.S.A. warrantless eavesdropping, which focuses on the international communications of Americans and others inside the United States, was a violation of the National Security law. Some members of Congress said they had been briefed on the Treasury Department's bank monitoring program, which examines international money transfers through a Brussels-based consortium, only after The New York Times began making inquiries in recent months.

But the assertion that other intelligence activities had been hidden from Congress is particularly surprising coming from Mr. Hoekstra, who defended the administration's limited briefings on the N.S.A. program against Democratic criticism.

An official familiar with recent exchanges between the intelligence agencies and the House committee said Friday that General Hayden had twice briefed the full committee and had addressed Mr. Hoekstra's questions about the intelligence activities referred to in the letter. The C.I.A. director promised "a free flow of information," and Mr. Hoekstra, who initially objected to placing a military officer in charge of the C.I.A., said he would work closely with the agency's new leadership.

The official, who spoke of the briefings only when granted anonymity because they were classified, declined to say anything about what the activities were or which agencies they involved.

Officials with both Mr. Negroponte's office and the C.I.A. declined to comment specifically on Mr. Hoekstra's letter. But Carl Kropf, a spokesman for Mr. Negroponte, said that over the past year his office had "engaged in hundreds of briefings, meetings and discussions with Congressional committees."

He added, "We value this dialogue with Congress, and we will continue to provide the committee with the information they need to fulfill their responsibilities."

Jennifer Millerwise Dyck, a spokeswoman for General Hayden, said that "the director believes in the important oversight role Congress plays, and he will continue regular and transparent interactions with members."

Since his appointment as committee chairman in August 2004, Mr. Hoekstra has been a critical ally of the White House on intelligence matters. He has supported the administration's most controversial policies, including its treatment of terrorist suspects, and he has balked at Democratic demands for an investigation of pre-war intelligence on Iraq. He has defended the legality and necessity of the N.S.A. program and the bank monitoring.

Mr. Hoekstra has been one of the strongest advocates in Congress for a crackdown on leaks of classified information to the media, a cause championed by both Mr. Bush and Vice President Dick Cheney.

But in recent months, Mr. Hoekstra has begun to express some disaffection. In March, he joined the top Democrat on the Intelligence Committee, Representative Jane Harman of California, in a public critique of Mr. Negroponte's performance. He criticized intelligence officials for initially resisting his demand that thousands of captured Iraqi documents be posted on the Web. Like other House Republicans, he bristled when Porter J. Goss, a former House colleague, was forced out as C.I.A. director in early May.

Most recently, Mr. Hoekstra strongly criticized a news briefing arranged by Mr. Negroponte's office on an Army report that 500 pre-Gulf War chemical shells had been found scattered around Iraq. On June 29, Mr. Hoekstra, who had said the finding established that there were weapons of mass destruction in Iraq, made public an angry letter to Mr. Negroponte calling the briefing "inaccurate, incomplete and occasionally misleading" and asserting that "attempts were made to downplay the significance of relevant facts."

A spokesman for Mr. Negroponte's office said he had not yet replied to the complaint.

Bush Is Pressed On Reporting Domestic Surveillance (WP)

By Charles Babington

The Washington Post, July 9, 2006

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In a sharply worded letter, the Republican chairman of the House intelligence committee has told President Bush that the administration is angering lawmakers, and possibly violating the law, by giving Congress too little information about domestic surveillance programs.

Rep. Peter Hoekstra (Mich.) has been a staunch defender of the administration's anti-terrorism tactics. But seven weeks ago, he wrote to Bush to report that he had heard of "alleged Intelligence Community activities" not outlined to committee members in classified briefings.

"If these allegations are true," he wrote, "they may represent a breach of responsibility by the Administration, a violation of law and . . . a direct affront to me and the Members of this committee."

Hoekstra's four-page letter of May 18 was posted yesterday on the New York Times' Web site. His staff confirmed the letter's authenticity but said it was meant to remain private. Spokesman Jamal D. Ware said Hoekstra "has raised these concerns, and they are being addressed. He will continue to push for full disclosure so the committee can conduct vigorous oversight."

The letter is significant because few congressional Republicans have complained publicly about Bush's surveillance programs, which include warrantless wiretaps of some Americans' international phone calls and e-mails as well as the massive collection of telephone records involving U.S. homes and businesses.

Heretofore, the sharpest GOP concerns have been raised by Senate Judiciary Committee Chairman Arlen Specter (Pa.). On May 26, Specter voted against Michael V. Hayden's confirmation as CIA director to protest what he called "the administration's policy of not informing the Congress . . . in a way which enables the Congress and the Judiciary Committee to do our constitutional job on oversight."

In his letter, Hoekstra complained of unspecified alleged surveillance operations that had not become public at the time and that, perhaps, remain undisclosed. It was written five weeks before newspapers divulged that the administration has been secretly tapping into a vast global database of confidential financial transactions for nearly five years. It was unclear yesterday whether Hoekstra and other top-ranking lawmakers had been briefed on that program by the date of the letter.

Hoekstra has differed with the White House in recent weeks over the significance of 500 chemical munitions shells uncovered in Iraq near the Iranian border in 2004. The shells were buried by Iraqi troops, and then apparently forgotten, during Iraq's eight-year war with Iran, which ended in 1988.

Last month, Hoekstra highlighted the findings in a Capitol Hill news conference. But administration officials played them down, saying the old shells did not point to a bid by Saddam Hussein to develop weapons of mass destruction.

Much of Hoekstra's letter to Bush outlined the chairman's objections -- which were widely known -- to the appointment of Stephen R. Kappes as CIA deputy director under Hayden. Kappes quit the CIA in 2004 in a dispute with then-Director Porter J. Goss. Goss preceded Hoekstra as House intelligence committee chairman, and many Republicans remain loyal to him.

"Regrettably," Hoekstra wrote Bush, "the appointment of Mr. Kappes sends a clear signal that the days of collaborative reform between the White House and this committee may be over." He defended Goss for responding to Kappes's "demonstrated contempt for Congress."

In imploring Bush to brief top lawmakers on surveillance operations, Hoekstra wrote that Congress "should not have to play 'Twenty Questions' to get the information that it deserves under our Constitution."

"I want to reemphasize," he wrote, "that the Administration has the legal responsibility to 'fully and currently' inform the House and Senate Intelligence Committees of its intelligence and intelligence-related activities."

He said Speaker J. Dennis Hastert (R-Ill.) shared his concerns.

Asked for a comment on the letter, White House spokesman Peter Watkins said the administration "will continue to work closely" with Hoekstra and other congressional leaders on intelligence matters.

When In Doubt, Publish (WP)

By On Secrets

The Washington Post, July 9, 2006

It is the business -- and the responsibility -- of the press to reveal secrets.

Journalists are constantly trying to report things that public officials and others believe should be secret, and constantly exercising restraint over what they publish.

Most Americans want their government to be held accountable, which is the raison d'?tre of watchdog journalism. At the same time, they do not want the press to disclose government secrets that are vital to national security.

The journalist's dilemma, then, lies in choosing between the risk that would result from disclosure and the parallel risk of keeping the public in the dark -- a quandary that has become all the more pointed since the attacks of Sept. 11, 2001. As deans

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charged with imparting the values of journalism to the next generation of reporters and editors, we favor disclosure when there are not strong reasons against it.

That issue is front and center again because of the June 23 articles in the New York Times, the Los Angeles Times and the Wall Street Journal describing the government's efforts to track terrorist financing. The New York Times has attracted most of the outrage because it took the lead in investigating the system.

It is appropriate for Americans to be concerned when news organizations publish information that the president and others in authority have strongly urged not be published. No sane citizen would wish the media to provide terrorists with information that would be likely to endanger Americans.

President Bush has denounced the Times in exceptionally harsh language, and on June 29 the House formally condemned the paper. Some critics of the Times have termed its actions "treasonous" and called for criminal charges under the Espionage Act. One conservative commentator told the San Francisco Chronicle that she would happily send Bill Keller, the paper's executive editor, to the gas chamber.

Keller has characterized the decision to publish the information as a "close call," making this an especially important example to examine. Despite its security concerns, the public has shown steady support for the media's watchdog role. Earlier this year, a survey by the Pew Research Center for the People and the Press found that 56 percent of respondents said it was very important for the media to report stories they believe are in the nation's interest. A third of respondents ranked government censorship on the grounds of national security as more important. The public wants the press to keep a sharp lookout, but wants the job performed responsibly. We share this sentiment.

In the case of the stories about financial data, the government's main concern seemed to be that the hitherto cooperative banks might stop cooperating if the Times disclosed the existence of their financial tracking system. So far, that apparently has not happened.

For many Americans, however, the possibility of damage to terrorist surveillance should have been sufficient justification for the Times to remain silent. Why, they ask, should the press take such a chance?

There are situations in which that chance should not be taken. For instance, there was no justification for columnist Robert D. Novak to have unmasked Valerie Plame as a covert CIA officer.

We believe that in the case of a close call, the press should publish when editors are convinced that more damage will be done to our democratic society by keeping information away from the American people than by leveling with them.

We know from history that the government often claims to be concerned about national security when its concern is that disclosure will prove politically or personally embarrassing. The documents that came to be known as the Pentagon Papers in 1971 told how Presidents Dwight D. Eisenhower, John F. Kennedy and Lyndon B. Johnson had misled Americans about our role in the Vietnam War. Hence the classification of their contents.

In the aftermath of 9/11, a new climate of caution was a sensible response to a sophisticated terrorist foe. But Bush's reaction -- declaring a "war on terror" and claiming the Constitution grants almost limitless powers to the president in a time of war -- is excessive. His administration has been aggressively restricting access to information on the grounds of national security. For example, earlier this year historians complained that intelligence agencies were removing previously declassified documents from archives. Some of these papers dated as far back as the Korean War; many had been cited multiple times in books.

In general, the administration has sought to conduct much of what it calls the war on terror in secret, and it has been able to do so with little oversight from Congress, which would normally be a key check on power. When the press has played such an oversight role, it has often been harshly criticized.

For instance, a few months ago Bush denounced the Times for revealing the National Security Agency's program of monitoring international telephone calls by Americans without first obtaining warrants, as the law requires. In that case, Bush rebuked the paper for revealing a classified secret. For most observers, however, the most important secret that was revealed was that the president had ignored the statutory process that Congress had established.

Despite the rhetoric of their fiercest critics, most journalists take secrets seriously. Indeed, in a number of cases since 9/11, many news organizations, including the Times, have forgone publication of information at the request of the Bush administration. The Times held the article on domestic eavesdropping for a year, publishing it only after the paper thought that the issues raised were of great importance.

We believe that the extraordinary power of the presidency at this moment mandates more scrutiny rather than less. Yet Attorney General Alberto R. Gonzales has said he would consider prosecuting journalists for publishing classified information. Such an action would threaten to tilt the balance between disclosure and secrecy in a direction that would weaken watchdog reporting at a time when it is badly needed.

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We subscribe to the vision of Carl C. Magee, a crusading journalist whose Albuquerque newspaper infuriated another president in the 1920s with revelations in the Teapot Dome scandal. Forced to close his paper after being driven to bankruptcy, Magee emerged two months later with another newspaper.

Emblazoned on the front page was a new motto, borrowed from Dante: Give Light and the People Will Find Their Own Way.

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All The News That's Fit To Bully (NYT)

By Frank Rich

The New York Times, July 9, 2006

TWO weeks and counting, and the editor of The New York Times still has not been sentenced to the gas chamber. What a bummer for one California radio talk-show host, Melanie Morgan, who pronounced The Times guilty of treason and expressly endorsed that punishment. She and the rest of the get-the-press lynch mob are growing restless, wondering why newspapers haven't been prosecuted under the Espionage Act. "If Bush believes what he is saying," taunted Pat Buchanan, "why does he not do his duty as the chief law enforcement officer of the United States?"

Here's why. First, there is no evidence that the Times article on tracking terrorist finances either breached national security or revealed any "secrets" that had not already been publicized by either the administration or Swift, the Belgian financial clearinghouse enlisted in the effort. Second, the legal bar would be insurmountable: even Gabriel Schoenfeld, who first floated the idea of prosecuting The Times under the Espionage Act in an essay in Commentary, told The Nation this month that the chance of it happening was .05 percent.

But the third and most important explanation has nothing to do with the facts of the case or the law and everything to do with politics. For all the lynch mob's efforts to single out The Times — "It's the old trick, go after New York, go after big, ethnic New York," as Chris Matthews put it — three papers broke Swift stories on their front pages. Even in this bash-the-press environment, the last spectacle needed by a president with an approval rating in the 30's is the national firestorm that would greet a doomed Justice Department prosecution of The Times, The Wall Street Journal and The Los Angeles Times.

The administration has a more insidious game plan instead: it has manufactured and milked this controversy to reboot its intimidation of the press, hoping journalists will pull punches in an election year. There are momentous stories far more worrisome to the White House than the less-than-shocking Swift program, whether in the chaos of Anbar Province or the ruins of New Orleans. If the press muzzles itself, its under-the-radar self-censorship will be far more valuable than a Nixonesque frontal assault that ends up as a 24/7 hurricane veering toward the Supreme Court.

Will this plan work? It did after 9/11. The chilling words articulated at the get-go by Ari Fleischer (Americans must "watch what they say") carried over to the run-up to the Iraq war, when the administration's W.M.D. claims went unchallenged by most news organizations. That this strategy may work again can be seen in the fascinating escalation in tactics by the Bush White House's most powerful not-so-secret agent in the press itself, the Wall Street Journal editorial page. The Journal is not Fox News or an idle blogger or radio bloviator. It's the establishment voice of the party in power. The infamous editorial it ran on June 30 ("Fit and Unfit to Print"), an instant classic, doesn't just confer its imprimatur on the administration's latest crusade to conflate aggressive journalism with treason, but also ups the ante.

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The editorial was ostensibly a frontal attack on The Times, accusing its editors of not believing America is "really at war" and of exercising bad faith in running its report on the Swift operation. But an attack on The Times by The Journal's editorial page is a shrug-inducing dog-bites-man story; the paper's conservative editorialists have long dueled with a rival whose editorials usually argue the other side. (And sometimes the Times opinion writers gleefully return the fire.) What was groundbreaking and unsettling about the Journal editorial was that it besmirched the separately run news operation of The Journal itself.

By any standard, The Journal is one of the great newspapers in the world, whether you agree with its editorials or not. As befits a great newspaper, its journalists are fearless in pursuit of news, as tragically exemplified by Daniel Pearl. Like reporters at The Times, those at The Journal operate independently of the paper's opinion pages. Witness The Journal's schism during the Enron scandal. Its editorial page belittled the scandal's significance most of the way, resisting even mild criticisms of Enron (it was "partly a victim of its own success") until it filed for bankruptcy. The dearly departed Ken Lay, after all, was the leading Bush financial patron; to the Journal editorialists, the "Clintonian moral climate" of the 1990's was a root cause of Enron's problems. Meanwhile, The Journal's investigative reporters had gone their own way months earlier, helping unearth the scandal. So much so that Mr. Lay tried to argue his innocence in the spring by testifying that a "witch hunt" by the paper's reporters had more to do with his company's demise than he did.

It was a similarly top-flight Journal reporter, Glenn Simpson, who wrote his paper's Swift story. But the Journal editorial page couldn't ignore him if it was attacking The Times for publishing its Swift scoop on the same day. So instead it maligned him by echoing Tony Snow's official White House line: The Journal was merely following The Times once it knew that The Times would publish anyway. As if this weren't insulting enough, the editorial suggested that the Treasury Department leaked much of the story to The Journal and that a Journal reporter could be relied upon to write a "straighter" account more to the government's liking than that of a Times reporter.

This version of events does not jibe with an e-mail sent by The Journal's own Washington bureau chief, Gerald Seib, on the day the Swift articles ran. "I was surprised to see your news story about the New York Times 'scoop' on the government program to monitor international bank transactions," Mr. Seib wrote to Joe Strupp of the trade publication Editor & Publisher. "As you could tell from the lead story on the front page of The Wall Street Journal today, we had the same story. Moreover, we posted it online early last evening, virtually at the same time The Times did. In sum, we and The Times were both chasing the story and crossed the finish line at the same time — and well ahead of The Los Angeles Times, which posted its story well after ours went up."

In other words, The Journal's journalists were doing their job with their usual professionalism. But by twisting this history, the Journal editorial page was sending an unsubtle shot across the bow, warning those in the newsroom (and every other newsroom) that their patriotism would be impugned, as The Times's had been, if they investigated administration conduct in wartime in ways that displeased the White House.

Any fan of The Journal's news operation expects it to stand up to this bullying. But the nastiness of the Journal editorial is a preview of what we can expect from the administration and all of its surrogates this year. In "The One Percent Doctrine," the revelatory book about wartime successes and failures now (happily) outpacing Ann Coulter at Amazon.com, the former Wall Street Journal reporter Ron Suskind explains just how tough it is for a reporter in this climate: "to report about national affairs and, especially, national security in this contentious period demands at least a spoonful of disobedience — a countermeasure to strong assurances by those in power that the obedient will be rewarded or, at the very least, have nothing to worry about."

The trouble is we have plenty to worry about. For all the airy talk about the First Amendment, civil liberties and Thomas Jefferson in the debate over the Swift story and the National Security Agency surveillance story before it, there's an urgent practical matter at stake, too. Now more than ever, after years of false reports of missions accomplished, the voters need to do what Congress has failed to do and hold those who mismanage America's ever-expanding war accountable for their performance in real time.

As George Will wrote in March, all three members of the "axis of evil" — Iraq, Iran and North Korea — are "more dangerous than they were when that phrase was coined in 2002." So is Afghanistan, which is spiraling into Taliban-and-drug-lord anarchy, without nearly enough troops or other assistance to secure it. On the first anniversary of the London bombings, and on a surging wave of new bin Laden and al-Zawahiri videos, the two foremost Qaeda experts outside government, Peter Bergen and the former C.I.A. officer Michael Scheuer, both sounded alarms that contradict the insistent administration refrain that the terrorists are on the run.

We can believe instead, if we choose to, that all is well and that the press shouldn't question our government's account of how it is winning the war brilliantly at every turn. (The former C.I.A. analytical chief, Jami Miscik, decodes this game in "The One Percent Doctrine": the administration tells "only half the story, the part that makes us look good," and keeps the other half classified.) We can believe that reporters, rather than terrorists, are the villains. We can debate whether traitorous editors should be sent to gas chambers or merely tarred and feathered.

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Or we can hope that the press will rise to the occasion and bring Americans more news we can use, not less, at a perilous time when every piece of information counts.

U.S. Says Inmate Legal Notes May Have Aided Suicide Plot (NYT)

By Damien Cave

The New York Times, July 9, 2006

Detainees at the Guantánamo Bay detention center in Cuba may have planned three suicides there last month by exchanging messages on note paper that was provided by lawyers and generally not scrutinized by guards because of confidentiality rules, the government has asserted in court papers.

Justice Department lawyers made the claim on Friday in a court filing in seeking permission from a federal district judge to review some 1,100 pounds of papers seized from the detainees as part of a military investigation into the suicides on June 10.

The filing, in the Federal District Court for the District of Columbia, cites a handful of notes found since the suicides. Detainees' lawyers have described the suicides as acts of desperation, while Rear Adm. Harry B. Harris Jr., the facility's commander, has described them as acts of "asymmetric warfare." The government's claims were first reported by The Washington Post on Saturday.

Government lawyers argued in the filing that all prisoners' possessions needed to be searched, including documents typically protected by attorney-client privilege, because an initial search had "demonstrated that detainees had developed practices for misusing the existence of a privileged attorney-client communication system."

In the cell of one of the detainees who died, the authorities said, investigators found a hand-written message from another prisoner on notepaper marked "privileged attorney-client material."

Several other notes said to be relevant to the suicides were later discovered in prisoners' cells and plastic bins where detainees keep their personal possessions, according to a chronology of the investigation.

One of the notes offered guidance on knot-tying, court records said, although it is not clear if the three detainees were aware of the instructions when they hanged themselves with torn sheets and clothing.

Another set of notes marked privileged and "potentially authored by at least two of the deceased detainees" were found in the cell of a living detainee, according to court documents. One detainee also used envelopes marked attorney-client that were found to hold government documents that investigators said might have been classified.

Because all three of the men who died had never been visited by attorneys, government lawyers said the evidence "indicated the passing of materials and messages between detainees and that some level of planning or coordination of the suicides had taken place."

In an affidavit, Admiral Harris said the evidence suggested that "the suicides may have been part of a larger plan or pact for more suicides that day or in the immediate future."

He also raised the possibility that detainees' lawyers or others might have played a role in passing the notes, asking investigators to search for evidence of a plot assisted by "third parties."

Lawyers representing detainees at Guantánamo bridled at that suggestion. Bill Goodman, the legal director of the Center for Constitutional Rights, a New York group that has coordinated efforts to file habeas corpus petitions on behalf of most Guantánamo detainees, said guards were careful to check lawyers' briefcases both before and after they spent time with clients.

"Certainly if something is written on the back in Arabic, the guards are going to see it," Mr. Goodman said.

He and other lawyers described the government's demand for control of prisoners' possessions as an attempt to weaken their clients' cases.

Stephen Oleskey, a lawyer in Boston who represents six Algerians seized in Bosnia in 2001, said written communication was critical to defending the detainees.

Guantanamo Probe Finds Evidence Of Plot (AP)

By Ben Fox

AP, July 9, 2006

An investigation into three apparent suicides at the Guantanamo Bay prison has found that other detainees may have helped the men hang themselves or were planning to kill themselves too.

Authorities who searched other detainees' cells after the three were found hanged discovered instructions on tying knots, along with several notes in Arabic that were "relevant" to an investigation of a possible broader plot, officials said in court papers filed late Friday in Washington.

The detention center's commander, Navy Rear Adm. Harry B. Harris, said in an affidavit that investigators believe "the suicides may have been part of a larger plan or pact for more suicides that day or in the immediate future."

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Authorities confiscated personal papers from nearly all 450 prisoners at Guantanamo Bay to "determine whether other suicides were planned or likely to be planned," Carol Kisthardt, the Naval Criminal Investigative Service agent in charge of the investigation, said in an affidavit.

Both affidavits were filed in support of a request for a judge to appoint a special review panel to review all the detainees' documents, which include letters from attorneys.

Lawyers for Guantanamo detainees have condemned the confiscation of the legal papers as a violation of attorney-client privilege and asked a judge to order their immediate return.

Investigators said they confiscated about 1,100 pounds of personal documents after three detainees were found hanging from their steel mesh cells before dawn on June 10 — the first reported deaths of prisoners at the prison.

Bill Goodman, legal director for the New York-based Center for Constitutional Rights, which represents about 200 detainees, said Saturday that a special review panel would undermine trust between prisoners and their lawyers and delay the legal process.

"It's another roadblock," Goodman said.

The government said the panel's independence would be assured, and detainees' rights protected, by its including lawyers, law enforcement and intelligence personnel and translators who have not taken part in any legal proceedings against detainees.

The special panel, or "Filter Team," would review all the material and report any information that threatens national security or involves "imminent violence" but would not divulge anything that would violate attorney-client privilege, the government said.

Authorities took the papers after finding a note in Arabic related to the suicides in the mesh wall of the cell of one of the prisoners found hanged to death, Kisthardt wrote.

The note did not appear to be written by the prisoner, or another of the detainees who committed suicide, and it was written on paper provided by lawyers stamped with the words "Attorney-Client Privilege."

Among the papers, investigators also found a printout of an e-mail written by someone on the base that appeared to contain sensitive information about the location of cells and operations at Guantanamo, where the U.S. holds men suspected of links to al-Qaida or the Taliban.

Investigators also confiscated envelopes from detainees marked "Attorney-Client Privilege" but did not review the contents to see if they had any relevant information, Kisthardt wrote.

Signs Of Life In Congress (NYT)

The New York Times, July 9, 2006

Congress, which is supposed to push back against executive attempts to amass overweening power, has hardly played its proper role when it comes to George W. Bush. In the past, when evidence arose that the president had overstepped his authority, the Congressional response was generally to look for ways to make whatever Mr. Bush did retroactively legal. But the Supreme Court's decision on the Guantánamo Bay detention camp seems to have jolted even some of the most loyal Republicans back to reality. They are vowing that this time, they will not merely rubber-stamp presidential overreaching. Soon, Americans will get a sense of how seriously to take this newfound spine.

The court ruled, in a decision so strong that it sent shock waves through Washington, that Mr. Bush violated the Geneva Conventions and American law when he created commissions to try detainees outside established judicial procedure. The court rejected Mr. Bush's claim of a power to handle prisoners any way he wants and said it was up to Congress to set rules.

This week, three Congressional committees will hold hearings on the issue. The White House predictably asked Congress simply to legalize Mr. Bush's policies. But a wide range of senators rejected that and called for a serious look at the basic question: whether and how existing rules should be changed to deal with terrorists who are not in any army.

The court said the military commissions, which Vice President Dick Cheney and his team cooked up without bothering to consult military lawyers, violated the Uniform Code of Military Justice, which has rules of evidence and process similar to civilian law. Congress could simply apply the military court to the Guantánamo prisoners. But the code was created to try members of the United States armed forces and some experts make convincing arguments its use would not be appropriate for terrorist suspects.

Still, Congress could create a new kind of military commission, operating as closely as possible to United States military law. That is the proposal of Senator Lindsey Graham, Republican of South Carolina, one of the Senate's experts on military law, and Arlen Specter, the Judiciary Committee chairman. It sounds reasonable, as long as lawmakers resist pressure from the administration to deny the prisoners any real rights, barring them from seeing classified evidence, admitting coerced confessions, excluding prisoners from hearings and sharply limiting their lawyers' ability to defend them.

The challenge for Congress is simply to create a vehicle for giving the prisoners their day in court that contains the protections that Americans believe any human being deserves before he can be locked away in an isolated prison forever.

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Coerced testimony should be banned. Classified material could be safeguarded by using the current civilian court practice, in which judges review such material and decide whether to share it with defense lawyers, who are cleared in advance.

The division here is not between people who want to win the war on terror and those who for some unfathomable reason do not. It is between an executive branch that seems bent on proving that the president has unlimited power and those who believe that the Constitution and the rule of law did not crumble along with the World Trade Center.

We would not be in this mess if Mr. Bush had followed the rules. If he had allowed the screening of captives on the battlefield, which the military wanted and the Geneva Conventions require, hundreds of innocent men would never have been sent to Gitmo. If he had asked Congress to create tribunals, instead of fashioning extralegal ones, some of those prisoners who really are terrorists might have been convicted by now in full view of the world.

Senator Graham put it just right the other day. "We don't need to change who we are to win the war," he said. "We need to create a system to meet the needs of a fair trial, the rights of the accused and the defense of the nation, that the world will see as fair and the nation can be proud of."

We hope Congress follows that spirit.

Congress's Turn (WP)

The Washington Post, July 9, 2006

President Bush failed to create a fair legal system for accused terrorists. Congress can do better.

PRESSED BY the Supreme Court, Congress this week at last will begin considering how to create a legal system for foreigners held at the Guantanamo Bay prison and elsewhere abroad. Depending on the course it takes, the legislature could compound the damage of the past five years -- or it could enhance America's prestige and its fight against terrorism.

Having allowed President Bush to assert extralegal powers for nearly five years, some in Congress now want to rush through legislation that would rubber-stamp the regime that the court rejected. There is talk of completing a bill by summer's end. Some Republicans appear eager to turn what ought to be a serious debate about balancing national security and human rights into an election issue -- by labeling as soft on terrorism anyone who opposes Mr. Bush's unworkable scheme for trying Guantanamo inmates.

It's somewhat encouraging, therefore, that the Armed Services Committee under the chairmanship of Sen. John W. Warner (R-Va.) will take the legislative lead in the Senate. Mr. Warner's committee was the source last year of the sole piece of responsible legislation on foreign detainees since 2001, the ban on cruel, inhuman and degrading treatment of prisoners authored by Sen. John McCain (R-Ariz.). Mr. Warner says he will conduct "intensive consultations" with Republicans and Democrats on his committee, the White House and legal experts before deciding how to proceed. His first hearing this week will feature testimony by serving and former military judge advocates general.

That's a good place to start, if only because so many in Congress seem to misunderstand the issues raised by Hamdan v. Rumsfeld -- especially its finding that all detainees are covered by Common Article 3 of the Geneva Conventions. Based on their public statements, a number of senators appear to believe that any application of Geneva to al-Qaeda prisoners is equivalent to giving them prisoner-of-war rights or setting requirements that go beyond U.S. law. Some claim that American servicemen have been exposed to new legal jeopardy. None of that is true.

In fact, Geneva's Common Article 3 applies to everyone caught up in a conflict, including civilians and irregular combatants. Its requirement for minimally humane treatment falls far short of POW status and is very similar to that mandated by the McCain amendment. A federal law already requires U.S. personnel to comply with Article 3; what's more, Pentagon lawyers have determined that no authorized practice in the new Army interrogation manual violates the Geneva standard. Waterboarding and other practices in the CIA's secret prisons almost certainly do, but we're told these extreme methods have been dropped since the McCain amendment passed -- as they should have been.

So there's nothing practical to be gained by gratuitously repudiating Geneva or U.S. laws that mandate compliance with it -- and much that would be lost. To do so would effectively repeal the standard Congress adopted for prisoner treatment last year, and it would send a message to the world that the United States rejects one of the most basic international standards of human rights. Ideally, Congress should spell out what U.S. compliance with Common Article 3 should mean for prisoner treatment, or it should require the administration to publish its own guidance. But no action is better than gutting this basic standard.

As for trials, Article 3 requires simply that they be carried out by "a regularly constituted court, affording all the judicial guarantees which are recognized as indispensable by civilized peoples." The Supreme Court found that the Bush administration's plan for military commissions did not meet this basic standard. But the standard can be met without compromising security.

One approach, as Mr. Warner has suggested, is to start with the code of military justice and its court-martial system, which fully conform with international law. Senators can then examine what changes may be necessary to accommodate trials of

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accused terrorists. As we have suggested, some alterations may be needed -- for example, in order to use evidence that is highly classified.

Even better would be for Congress to comprehensively bring all aspects of detention and interrogation of prisoners under law. But as Mr. Warner points out, any system Congress sets up will again be subject to review by the Supreme Court. A hasty ratification of the administration's failed scheme, or a new concoction that fails to grant detainees basic rights, may not pass muster with the court -- and certainly won't with the rest of the world.

This is the seventh editorial in an occasional series about the Bush administration's detention and treatment of foreign prisoners. The full series is available athttp://www.washingtonpost.com/opinions.

Even In Time Of War, U.S. A Nation Of Laws (SA)

San Antonio Express News, July 9, 2006

Civil liberties groups see in the Supreme Court's ruling in Hamdan vs. Rumsfeld a clear rebuke to a president who has overstepped his constitutional authority.

Advocates for executive power in the war on terror will, at the same time, find in it some vindication.

On one key issue, five justices agree that the military tribunals established by the Bush administration to try accused terrorists held at Guantanamo Bay, Cuba, are unlawful. On another key issue, the justices do not challenge the president's authority to hold enemy combatants.

Legal scholars will pore over the 185-page ruling — with six different opinions, three of them dissenting — for a long time to come. The immediate result is that Camp Delta will remain in business while the White House and Congress construct a process within the scope of military justice that meets the legal requirements described by the court.

The more long-standing principle at the heart of the complicated decision is this: Even in times of war, the United States is a nation of laws. When those laws are ill-suited to the conflict at hand, the commander in chief can work with Congress and the courts to modify them or create new laws. He may not simply ignore them.

Americans have struggled to find the right balance between security and civil liberties in the war on terror. In the aftermath of Sept. 11, 2001, the pendulum swung too far in the direction of security. The Hamdan decision is the latest effort to restore a new equilibrium in this contentious debate.

"To the extent that there is latitude to work with the Congress to determine whether or not the military tribunals will be an avenue in which to give people their day in court," President Bush said following the court's decision, "we will do so."

It's reassuring to hear those words now. It would have been better for the nation had the president arrived at that conclusion at an earlier date.

German Man Held As Liaison Suspect For 9/11 Associate (NYT/AP)

By The Associated Press

The New York Times/AP, July 9, 2006

BERLIN, July 8 (AP) — A German citizen of Moroccan descent has been arrested in Hamburg on suspicion that he is a member of Al Qaeda with contacts to a man close to the Sept. 11 hijackers, federal prosecutors said Saturday.

A man identified only as Redouane E. H., 36, of Kiel, was arrested Thursday on suspicion of supporting a foreign terrorist organization, a spokeswoman for the prosecutor's office, Frauke Scheuten, said Saturday.

He is suspected of being in contact with Said Bahaji, who had close ties to the three Sept. 11 hijackers who lived and studied in Hamburg — Mohamed Atta, Marwan al-Shehhi and Ziad al-Jarrah, Ms. Scheuten said. Mr. Bahaji is suspected of providing logistical support for the Hamburg cell but fled before the attacks and is thought to be in Pakistan. Ms. Scheuten said there was no evidence of direct contact between Redouane E. H. and the hijackers.

"The accused had numerous contacts with the international network of violent jihadis, among other places in Syria, Algeria and Iraq," she said. "He is seriously suspected of supporting the Al Qaeda foreign terrorist network through recruiting fighters for suicide attacks in Iraq and through financial payments."

The arrest was made after gathering information largely drawn from monitoring the suspect's conversations in online chat rooms, Ms. Scheuten said.

Mr. Bahaji has relatives in Hamburg, including a wife, and authorities have previously said they had intercepted e-mail from him.

Prosecutors said that Redouane E. H. served "as an intermediary for messages between the separately pursued Said Bahaji and his wife."

Yemen Acquits 19 Suspected Al-Qaida Members (AP)

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By Ahmed Al-haj

AP, July 9, 2006

Nineteen alleged al-Qaida members accused of plotting to assassinate Westerners and blow up a hotel used by Americans were acquitted Saturday by a judge who also exonerated some of fighting U.S. troops in Iraq.

The accused denied many of the charges, but some had confessed to fighting U.S. troops in Iraq, and had Iraqi stamps in their passports.

"This does not violate (Yemeni) law," presiding judge Ahmed al-Baadani said. "Islamic sharia law permits jihad against occupiers."

The 14 Yemenis and five Saudis were accused of forming a gang to assassinate Americans and Westerners in Yemen, and of joining the so-called holy war against the U.S.-led coalition in Iraq.

One defendant testified he had returned home to perpetrate jihad against Americans in Yemen, a U.S. ally and the ancestral homeland of Osama bin Laden.

But the prosecution failed to provide "adequate evidence that the defendants were plotting attacks against foreigners or planning to assassinate Americans in Yemen," al-Baadani said.

The defendants greeted the verdict with cries of "God is Great!" from behind the bars of a cage in the courtroom.

Mohammed al-Maqaleh, an expert in Islamist affairs who frequently appears in the Yemeni media, described the verdict as a "shock" and a sign that President Ali Abdullah Saleh was trying to drum up support from Muslim radicals ahead of the coming presidential elections.

Yemen, long regarded as a haven for al-Qaida, was the scene of the October 2000 suicide bombing against the USS Cole that killed 17 American sailors. But the country allied itself with the United States after Sept. 11 and waged a crackdown on militants.

Saleh nonetheless has long-standing ties with Islamic militants, who have stood by the administration since the 1980s.

"This (verdict) is a change for the judiciary in Yemen," said Ali al-Kurdi, one of the defendants, who spent three years in Afghanistan in the 1990s. "It is fair, something unusual."

Al-Kurdi was charged with being linked to al-Qaida.

The defendants were arrested in early 2005 and accused of having contact with al-Qaida in Iraq leader Abu Musab al-Zarqawi and receiving directions from him to attack a Western-owned hotel in the Yemeni city of Aden. Al-Zarqawi was killed June 7 in a U.S. airstrike in Iraq.

Saleh's announcement that he will again run for president broke earlier promises to step down after 28 years at the helm of this impoverished Arab nation.

Five Yemeni opposition parties have chosen Faisal bin Shamlan, a former oil industry executive to challenge him. Bin Shamlan has spoken out against al-Qaida and denounced corruption.

US Extends Condolences On British Bombing Anniversary (AFP)

AFP, July 9, 2006

The United States has expressed sorrow and solidarity with Britons in memory of the 52 people killed in London bombings a year ago, a day after the grim anniversary.

"They had started their day like many others with breakfast with their families, and preparations for work and school. While they left their homes like any other day on July 7, they did not return," Secretary of State Condoleezza Rice said in a statement.

"Fifty-two families suddenly lost a wife, a husband, a parent, a child. On the anniversary of their death we again mourn their loss and extend our condolences to their families," Rice said.

She recalled the United States shares with the people of Britain "a deep bond of friendship that has stood the test of time."

"Their loss is our loss, their struggles are our struggles.

"While we mourn those who were killed last July 7, we will honor their memory by continuing to work together to defeat terrorism and ensure that all those who would do harm to the innocent are brought to justice."

Britain observed two minutes of silence Friday in memory of the 52 people who died when four British Muslim suicide bombers, with explosives packed into rucksacks, blew themselves up inside three packed London underground trains and a double-decker bus on July 7, 2005.

It was the worst-ever terrorist attack on British soil, as well as Europe's first experience with a suicide bombing.

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HOMELAND RESPONSE:

Recent Arrests In Terror Plots Yield Debate On Pre-emptive Action By Government (NYT)

By Eric Lipton

The New York Times, July 9, 2006

WASHINGTON, July 8 — In Miami last month and now in New York, terror cases have unfolded in which suspects have been apprehended before they lined up the intended weapons and the necessary financing or figured out other central details necessary to carry out their plots.

For officials in Washington, it is a demonstration of the much-needed emphasis in this post-9/11 era for pre-emptive arrests.

"We don't wait until someone has lit the fuse to step in," Homeland Security Secretary Michael Chertoff said Friday at a news conference about the New York plot.

But the Miami and New York cases are inspiring a new round of skepticism from some lawyers who are openly questioning whether the government, in its zeal to stop terrorism, is forgetting an element central to any case: the actual intent to commit a crime.

"Talk without any kind of an action means nothing," said Martin R. Stolar, a New York defense lawyer. "You start to criminalize people who are not really criminals."

In the two most recent plots, the authorities have simultaneously warned that the suspects were contemplating horrific attacks — blowing up the Sears Tower in Chicago and setting off a bomb in a tunnel between New York and New Jersey — but then added that as far as they knew, no one was close to actually making such a strike.

In the Miami case, an F.B.I. official said at a recent hearing that the suspects apparently did not have written information on how to make explosives, details on the layout of the Sears Tower or any known link to a terrorist group.

In New York, officials said Friday that none of the eight suspects believed to be planning the tunnel attack were in the United States, and that they apparently did not have bomb materials and had not completed reconnaissance work on their supposed target.

The arrest on April 27 in Beirut of Assem Hammoud, 31, a Lebanese man who is accused of being the mastermind of the tunnel plot, came after the authorities monitored Internet chat rooms used by Islamic extremists who had used coded language to discuss a possible attack. One American official said the members of the group had never met one another.

In announcing the case, federal officials, including Mr. Chertoff, said the government could not waste time trying to determine whether the suspects were smart enough or serious enough to turn their threats into destructive action.

"It is a mistake to assume that the only terrorist that's a serious terrorist is the kind of guy you see on television, that's a kind of James Bond type," Mr. Chertoff said Friday. "The fact of the matter is mixing a bomb in a bathtub does not take rocket science."

Representative Peter T. King, a New York Republican and the chairman of the House Committee on Homeland Security, said that the cases also demonstrate that the authorities cannot always delay charges until they have built airtight criminal cases.

"It was essential that the F.B.I. get rid of its pre-9/11 mentality of not making an arrest until they have enough evidence to convict," Mr. King said Friday in an interview. "You can't be locking everyone up. But so long as there are reasonable grounds to make the arrest, they should do that."

Mark J. Mershon, an F.B.I. assistant director, said that the apprehensions related to the New York case — so far no one has been arrested in the United States — began after the authorities were convinced that the talk was close to turning into action.

"Plotting for this attack had matured to a point where it appeared that the individuals were about to move forward," Mr. Mershon said Friday in New York.

"They were about to go to a phase where they would attempt to surveil targets, establish a regimen of attack and acquire the resources necessary to effectuate the attacks."

Carl W. Tobias, a law professor at University of Richmond in Virginia who tracks terrorism cases, said the modest evidence disclosed so far in some recent cases in relation to the ability of the suspects to deliver on their threats has caused him to wonder if politics might be a factor.

"There is some kind of public relations gained by making Americans on the one hand feel concerned that the Sears Tower in Chicago or some tunnel in Manhattan is targeted yet on the other hand feel comforted that the government is on top of it," he said.

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The questions posed about some of the terror-related arrests echo doubts raised when Tom Ridge was secretary of homeland security and the Bush administration half a dozen times raised the color-coded alert warning to orange, signaling a high risk of a terrorist attack, leading skeptics to suggest the up-and-down warning levels may have been driven in part by politics.

Since the Sept. 11 attacks, according to a Justice Department tally, 261 defendants have been convicted or have pleaded guilty in terrorism or terrorism-related cases. But many of those cases have only remote connections to actual terrorism plots, like the case involving six men from Lackawanna, N.Y., who pleaded guilty to attending a terrorist training camp, but never actually took part in a terror plot.

But Pasquale J. D'Amuro, former assistant director in charge of the F.B.I. office in New York, said that law enforcement officials have no choice but to act pre-emptively, even if planning has not yet turned into an active plot.

"When they go operational, they run silent," Mr. D'Amuro said. "It becomes very difficult to follow them and try to trail them."

Mr. Chertoff acknowledged the debate on Friday, saying he had heard criticism by some that "the people you are arresting are not really serious or they don't really have the capacity of actually carrying something out."

But he said that the lesson not only of Sept. 11, but of terrorist attacks since then, including bombings last year in London, is that the government has no other choice. That means, he said, acting sooner rather than later, even if it might result in skeptics suggesting the plots were more imaginary than real.

"We are dangerously putting people at risk if somehow we believe that only criminal masterminds or terrorist masterminds are a threat," he said.

Terror Suspects Plotted Against Brooklyn Bridge, Other Landmarks, Officials Say (NSDY)

By Mohamad Bazzi

Long Island Newsday, July 9, 2006

BEIRUT, Lebanon -- Before Assem Hammoud and his associates decided to try to bomb New York's PATH trains, they had considered several other targets: the Brooklyn Bridge, the Golden Gate Bridge and the forests of California, where they would set a huge fire, Lebanese security officials told Newsday.

They eventually settled on the tunnels under the Hudson River, plotting to send suicide bombers to kill thousands of commuters and devastate the U.S. economy, according to two security officials who spoke yesterday on the condition on anonymity.

"They studied different possibilities and they decided to move ahead with an attack on the train tunnels," one official said. "They thought that would be the most viable plan."

Lebanese investigators found maps and other information about the two bridges and California forests when they raided Hammoud's home in Beirut after his arrest on April 27, the official said.

Hammoud, 31, is the alleged mastermind of the plot by eight al-Qaida followers scattered across six countries. He is being held in Lebanon. U.S. and Lebanese officials unraveled the plan by monitoring Internet chat rooms used by Islamic extremists -- long before any of the suspects tried to secure financing or explosives. None had even visited the United States.

U.S. officials said Friday that two other plotters were in custody but refused to say where. The Lebanese officials said that Hammoud was in contact with militants in Iran, Syria, Pakistan, Denmark and Canada, and that the other suspects are in those countries. The five plotters still at large are a Saudi, a Yemeni, a Palestinian, a Jordanian and an Iranian Kurd, according to the officials.

Although Lebanese and U.S. authorities said Hammoud was an al-Qaida operative who had sworn allegiance to Osama bin Laden, they did not outline his alleged ties to that group -- or its leaders -- when they first announced his arrest on Friday. That led some analysts to speculate that Hammoud was part of a new trend in global terrorism: small, localized cells that don't necessarily take orders from bin Laden or other al-Qaida leaders.

"This is the lone wolf phenomenon, where a small band of like-minded extremists decide to take action on their own," said Diaa Rashwan, a leading expert on Islamic militancy at the al-Ahram Center for Political and Strategic Studies in Cairo. "They might draw inspiration from al-Qaida and bin Laden, but they might not be following direct orders."

The security officials told Newsday that Hammoud had contact with at least two of 13 men who were arrested by Lebanese authorities in December for belonging to al-Qaida and planning attacks from Lebanon. The officials said Hammoud was in touch with Hassan Nabaat, a Lebanese, and Hany Shanti, who has both Lebanese and Jordanian nationalities. But Lebanese officials have provided few details about those arrested, their relationship to al-Qaida and what attacks they were plotting.

Investigators moved to arrest Hammoud in late April -- after keeping him under surveillance for three months -- because they concluded that he had obtained a visa to Pakistan and was getting ready to leave. After his arrest, the officials said, he confessed he was to undergo four months of training in Pakistan at an al-Qaida-linked camp.

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The officials said Hammoud also had applied for a tourist visa at the Canadian Embassy in Beirut. He had traveled several times to Canada and studied business administration at a university in Montreal in the mid-1990s. Once he entered Canada this time, an official said, Hammoud planned to go to the United States and organize the train attacks in October or November.

The son of a wealthy Sunni Muslim family from Beirut, Hammoud taught economics and management at Lebanese International University, a private college. He is fluent in Arabic, English, French and German, relatives said.

In militant chat rooms, he was instructed not to grow a beard, wear Islamic clothing or show any outward sign of religious devotion. He was told to act like a typical Lebanese young man so he could avoid suspicions.

Hammoud did not disappoint his militant handlers, living a fast life in Beirut, according to his family and Lebanese officials. He frequently went out to nightclubs and cafes. He traveled around the Middle East, Europe and Canada. He drank and dated women. He even drove a red sports car -- an MG convertible.

Before his arrest, he was planning to take part in a car race this summer, according to his mother, Nabila Qotb, 58. In an interview at the family's home in an upscale Beirut neighborhood, she insisted her son had no connection to al-Qaida or any militant group.

"He's very well educated. He speaks several languages. He likes to enjoy life, to go out and play sports," she said, sitting in a living room with flower print couches. "Why are people making these accusations against him? My son is innocent. ... I'm certain that he has no connection to al-Qaida. Absolutely none at all."

Activists Cited For Protest Near NSA (WT/AP)

By Ben Nuckols

The Washington Times/AP, July 9, 2006

BALTIMORE -- Thirteen anti-war activists were given citations yesterday for protesting outside the National Security Agency headquarters at Fort Meade.

An agency security officer cited the activists for "entering into military facility for purposes prohibited by law" and ordered them to leave the area, protest organizers and an agency spokesman said. They were ordered to appear in U.S. District Court in Baltimore to be arraigned at a date to be announced.

Twenty-five persons participated in the protest, but only 13 who refused to stop carrying signs were cited, said Max Obuszewski, one of those cited and a member of the group Pledge of Resistance -- Baltimore. They carried a banner reading "NSA = Crime Scene" and other signs protesting the agency's involvement in the war in Iraq.

The activists were stopped on a public road near the entrance to the agency that provides access to two museums that are open to the public, Mr. Obuszewski said.

"We were on, I would argue, public property," he said. "Anybody could go there and get gasoline. Anybody could go there and visit the two museums."

The activists were handed a document dated May 12, 2005, indicating that "protests, public speeches, marches, sit-ins, political displays, or demonstrations" were banned at Fort Meade. But Mr. Obuszewski said he had protested at the same spot a few times since that date without being cited.

"They never showed us this document before," he said. "Why were they allowing us out there before?"

Don Weber, an agency spokesman, declined to comment on that claim. Fort Meade policy specifies that protesters must submit a written request for a permit, he said.

"The requirement on Fort Meade is that they have a permit to protest," Mr. Weber said. "They did not. Although they were given a couple of opportunities not to be, they chose to be cited."

The Pledge of Resistance -- Baltimore sent a letter last month to Lt. Gen. Keith B. Alexander, the agency's director, seeking a meeting to discuss what it called "the illegal wiretapping and wholesale collection of Americans' phone records" and "the NSA's surveillance of our group."

The organization has received no response, Mr. Obuszewski said.

Investors Lead Home Sale Boom In New Orleans (NYT)

By Susan Saulny

The New York Times, July 9, 2006

NEW ORLEANS, July 8 — In a market spurred by speculators and bargain hunters, an extraordinarily large number of houses in the flood-ravaged metropolitan area here are being sold, according to real estate analysts, who say volume and sales prices exceed levels before Hurricane Katrina.

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The higher prices are largely due to an increase in value in suburban areas, many of which were not heavily flooded, or in dry areas of New Orleans. But flooded houses in the city are being bought as well, often at deep discounts of as much as $50 a square foot less than they would have sold for before the hurricane.

"We have a stronger housing market than before," said Wade R. Ragas, professor emeritus of finance at the University of New Orleans and the president of a local consulting firm, Real Property Associates.

"There is renovation activity in every ZIP code of Orleans Parish," Dr. Ragas added, "but the strongest buying activity is, in general, closest to where it did not flood or where there was under two feet of water."

Across the nine-parish region that includes New Orleans, 7,506 single-family homes were sold between January and the end of last month, compared with 6,449 in the same period last year, according to statistics from the New Orleans Metropolitan Association of Realtors and the Gulf South Real Estate Information Network. The average price so far this year is $221,244, compared with $193,097 in the same period last year.

The interest in buying, selling and renovating has been a bright spot since the last months of 2005, and has confounded some people who thought the flooding would cripple the housing market for years. But it is just one of many counterintuitive contrasts that are defining the area and making easy predictions unreliable.

Before the storm, Jennifer and Rodney Greenup lived in the Gentilly neighborhood of New Orleans, in a 1950's-era, 2,600-square-foot house with a red tile roof that they bought nine years ago for $108,000. It was appraised for nearly $240,000 before Hurricane Katrina.

But after the storm, when the levees broke, Gentilly was inundated, and the house sat in deep, murky water for weeks.

It sold after just two weeks on the market in February for $110,000. The house had been gutted and still lacks walls, floors, appliances and other standard fixtures.

"We didn't think we'd be able to get anything remotely normal when we decided to sell it," said Ms. Greenup, a pharmacist. "We just wanted to do all right and would have been happy to get 80 grand."

The buyer was a firefighter who said he had admired the house for years and planned to fix it up and live in it.

Kim and Reginald Glass are among the local investors betting on flood-ruined areas like Gentilly, which was a solidly middle-class neighborhood north of downtown toward Lake Pontchartrain. They have bought eight damaged houses for prices from $50,000 to $112,000, which Ms. Glass says probably represents about half the houses' market value before the storm.

"We had too much invested in New Orleans to walk away," said Ms. Glass, a lawyer who grew up in Gentilly. "We needed to figure out a way to stay here and make a living. So we decided to purchase properties in Gentilly. We looked to purchase any property that had potential, in hope of being able to renovate and rent. I think we're going to try the rental market, because there are so many people looking to come back."

The home the Glass family lived in had flood damage, and a house they were building on the lakeshore suffered wind damage. Undaunted, they returned to the city as early as possible, in October, and got to work.

"The biggest problem has been getting things like cabinets and appliances in," Ms. Glass said. "It's been quite an experience. But we knew that we were coming back to fight."

For-sale signs are everywhere, even in neighborhoods that feel dead, in this city of contrasts.. Some flood-ruined areas are still foul-smelling and dirty, while other neighborhoods are vibrant and clean. Some areas still have looting and other crimes, while many neighborhoods are generally safe, and tourists roam the French Quarter with drinks in hand.

Though billions of dollars in federal housing aid will begin pouring into the city this fall, there is no clear vision for renovating vast parts of the area, and some experts say speculators are taking a significant risk. In addition, there has been a 20 percent increase in the cost of construction materials, and the city continues to have a shortage of workers, experts say.

"We don't know how things will pan out," said Ivan J. Miestchovich Jr., director of the Real Estate Market Data Center and the Center for Economic Development, both at the University of New Orleans. "There's a readjustment period right now. I think there's still a big question mark."

Amy Liu, deputy director of the Metropolitan Policy Program at the Brookings Institution in Washington, which is studying the post-storm recovery, said she was stunned by the number of houses on the market, but like Dr. Miestchovich was not sure what to make of it.

"What it means to us is that people are finally making decisions," Ms. Liu said. "If people are choosing to leave, that could be a bad thing. But if inventory is moving, then that's a good thing. To us, this is part of the natural churning that has to happen."

If much of the movement is being driven by speculators, that is not necessarily bad either, Ms. Liu said.

"If there are folks who are not financially able to clean up their homes," she said, "it is much better to have someone buy it than have it be abandoned and foreclosed."

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Some sectors of the economy, of course, depend on optimism to survive, particularly real estate. Dee Luscy, president of the New Orleans Metropolitan Association of Realtors, said she thought the fear about the future was beginning to lift around the region.

"I think in the beginning people were afraid," Ms. Luscy said. "A lot of people thought, 'We'll never be able to give this stuff away.' Now we're seeing that things are selling. I think people are over the initial shock and are starting to feel O.K. about going on with life. What happened was like death. You go through stages of grief."

Vicki Shreves sold her gutted, 1,600-square-foot house in the Uptown section of New Orleans without putting up a for-sale sign. A friend of the family visited the house, on a street that had eight feet of water, "and wanted to know if we wanted to sell it," Ms. Shreves said. "It just seemed like such an easy thing, we said fine."

To Ms. Shreves, an accountant, the thought of rebuilding was depressing, and mold was a concern. But she had not decided to sell when she and her husband got the offer, which was close to $100 a square foot.

Before the storm, she said, she probably could have sold the house for $330,000. "When the storm came and obliterated it," she said, "we were happy to get $150,000."

"We got a check right there and closed the sale," she added.

Beth Amadon bought a flooded house in a neighborhood near Lake Pontchartrain for about 50 percent of its prestorm value of more than $600,000. Ms. Amadon knows what the houses are worth because she put in an offer on a different house in the same neighborhood just days before Hurricane Katrina.

"After the storm we couldn't get back to the city, so we agreed to walk away from that sale," she said. "That's how we ended up buying a different house."

In addition, Ms. Amadon sold several distressed properties that she and her husband, a real estate developer, had owned in the Tremé area near the French Quarter for about 20 percent more than they would have expected before the hurricane. The buyer was a resident who said he intended to rent the houses.

"People seem anxious to buy historically relevant houses close to the French Quarter," Ms. Amadon said. "It's been an interesting year."

Joan Farabaugh, a real estate agent in New Orleans, said she had earned as much income in the past six months as she did in all of last year.

"And I have as much business with nonflooded as flooded" houses, Ms. Farabaugh said. "Most of my sales are people who are locals, buying and fixing up."

She said she believed that her clients had faith in the future.

"They feel that what happened was unusual, and they don't feel that this will happen again," she said of the levee breaches and catastrophic flooding. "They feel they will be fine."

WAR NEWS:

U.S. Military Braces For Flurry Of Criminal Cases In Iraq (NYT)

By Robert F. Worth

The New York Times, July 9, 2006

No American serviceman has been executed since 1961. But in the past month, new cases in Iraq have led to charges against 12 American servicemen who may face the death penalty in connection with the killing of Iraqi civilians.

Military officials caution against seeing the cases as part of any broader pattern, noting that the incidents in question are isolated and rare. But the new charges represent an extraordinary flurry in a conflict that has had relatively few serious criminal cases so far.

As investigators complete their work, military officials say, the total of American servicemen charged with capital crimes in the new cases could grow substantially, perhaps exceeding the total of at least 16 other marines and soldiers charged with murdering Iraqis throughout the first three years of the war.

Some military officials and experts say the new crop of cases appears to arise from a confluence of two factors: an increasingly chaotic and violent war with no clear end in sight, and a newly vigilant attitude among American commanders about civilian deaths.

At least five separate incidents involving the deaths of Iraqis are under investigation, setting off the greatest outcry against American military actions since the Abu Ghraib prison scandal. By far the best known of the cases is the one in Haditha, where marines are being investigated in the killings of 24 Iraqi civilians in November. No charges have been filed in that case, but some say news of the incident may have helped bring some later cases to light.

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"Unusual criminal acts raise the level of concern, whether in the military or among civilians, and with increased concern comes increased reporting," said Gary Solis, a former marine who teaches the law of war at Georgetown University.

In April, Lt. Gen. Peter W. Chiarelli, the No. 2 American commander in Iraq, issued an order that specified for the first time that American forces must investigate any use of force against Iraqis that resulted in death, injury or property damage greater than $10,000. Maj. Todd Breasseale, a spokesman for the American command, said he knew of no clear link between General Chiarelli's order and the recent homicide investigations.

But Major Breasseale said that General Chiarelli, who took over day-to-day military operations in Iraq in January, has made clear to subordinates that he puts a high priority on avoiding and scrupulously reporting civilian casualties. American commanders in Iraq will be scrutinizing civilian deaths more intensely as the United States moves toward transferring authority to Iraqis, Major Breasseale said. Details about the five incidents under investigation are still emerging, and none of those charged have yet had an Article 32 hearing, the military's equivalent of a grand jury proceeding.

The incidents are far from the only ones in which American forces killed Iraqis. But serious criminal charges in such cases have been rare until now. In many earlier cases, the killings have been found to be justifiable, and the soldiers or marines in question have often been handled through administrative or nonjudicial processes.

The last soldier to be executed was John A. Bennett, hanged in 1961 after being convicted of the rape and attempted murder of an 11-year-old Austrian girl.

In the Iraq war, when soldiers or marines have been charged, convictions — and harsh sentences — have been rare. Of the 16 American servicemen known to have been previously charged with murder, only six were convicted or pleaded guilty to that charge, and none received the death penalty. In all, 14 service members have been convicted of any charge in connection with the deaths of Iraqis and have received sentences as varied as life in prison or dismissal from the service.

Among the new incidents, all five took place in central Iraq, in areas where the Sunni Arab insurgency is firmly entrenched despite years of effort to quell it by American and Iraqi forces. To some, that is the only thing that seems to link them.

"This is a war in which soldiers and civilians are constantly mingling, and they often don't understand each other," said Loren B. Thompson, a military analyst at the Lexington Institute. "The enemy has a conscious strategy of demoralizing U.S. forces by disorienting and confusing them. Against that backdrop, the number of alleged atrocities is quite low compared with other conflicts in the past."

In Vietnam, a much longer conflict, 95 American soldiers and 27 marines were convicted of killing noncombatants.

Some of the men under investigation in Iraq had done multiple tours in Iraq, and that, too, may have played a role.

"They can become almost numb to the killing," said Charles W. Gittins, a former marine and a lawyer who has represented marines accused of murder in Iraq. "The more you're in it, the more you want to live through it. You think more about preserving your own life than about what's the right thing to do."

In many of the cases where American troops killed Iraqi civilians, they were later found to have acted within their rules of engagement. Some of those cases became notorious, at least in the Arab world.

In Falluja in November 2004, for instance, the freelance journalist Kevin Sites filmed a Marine corporal shooting an apparently wounded and unarmed Iraqi in a mosque. The videotape generated a frenzy of negative publicity, but in May 2005 a military review cleared the corporal, stating that he had acted within the rules of engagement.

The definition of murder can be far more elusive in a war zone than in civilian life. In some previous criminal cases, soldiers or marines have claimed they acted in self-defense or carrying out mercy killings.

Cpl. Dustin M. Berg of the Indiana National Guard, who was sentenced to 18 months in prison for killing his Iraqi police partner, said he acted because he feared his partner was going to shoot him.

In 2004, Staff Sgt. Johnny Horne said he killed a wounded 16-year-old Iraqi boy to put him out of his misery after a gun battle with Shiite militants.

Sergeant Horne pleaded guilty to unpremeditated murder and was sentenced to three years in prison, later reduced to one year.

In the heaviest penalty yet issued in the Iraq war, Sgt. Michael P. Williams was sentenced to life in prison after being convicted of premeditated murder last year in the killing of two Iraqi civilians in Baghdad. The sentence was later reduced to 25 years.

"I think there's a recognition that these are weird environments," said Eugene R. Fidell, a specialist in military law. "The danger is, carried to an extreme, that can mean throwing the law books out."

The flurry of new cases has taken on a high profile in the news media and public discussion. The barriers to conviction, though, will be formidable. Recovering credible evidence in Iraq's chaos can be very difficult, and Iraqi witnesses are open to challenge.

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"There's going to be very little forensic evidence," Mr. Gittins said. "Jury members who have served in Iraq know that it is pretty common for Iraqis to lie to Americans. Also, the military pays the relatives of civilians who are killed — so they have an incentive to lie."

Some members of the military juries are likely to have served in Iraq, and are familiar with the chaotic atmosphere surrounding any decision to use force. "The presumption of innocence is going to reign supreme," Mr. Gittins said.

Haditha Probe Finds Leadership Negligent (WP)

By Thomas E. Ricks

The Washington Post, July 9, 2006

The U.S. military officer overseeing the investigation into 24 civilian killings in Haditha, Iraq, has concluded that Marine leadership failed multiple times, including in pre-deployment training, in the tone set by commanders, and in how information was reported up the chain of command, defense officials said.

Army Lt. Gen. Peter W. Chiarelli, the No. 2 officer in Iraq, found that commanders and staff at the regimental and division levels were negligent in how they conveyed orders about how to deal with Iraqi civilians and also in how they responded to conflicting reports they received from units about the Haditha incident, the officials said.

Most of Chiarelli's "Findings and Recommendations" endorse the conclusions of an investigation led by Army Maj. Gen. Eldon A. Bargewell, the officials said. Bargewell concluded that Marine commanders should have asked more questions about how and why 15 Iraqi civilians -- the number first reported -- were killed, especially after a discrepancy emerged between the first report, that they had been killed by a roadside bomb, and a later report, that they all had died of gunshot wounds. Chiarelli told colleagues that he was stunned to learn that no investigation of the incident had been conducted even after it was evident that the facts of the matter were in dispute, an official said.

Bargewell's report also criticized the Marine Corps for letting stand a statement, released in November by one of its public affairs officers, that the Iraqis had been killed by a roadside bomb, instead of correcting the record when it was clear the statement was incorrect.

Chiarelli has long been concerned that the U.S. military was inadequately prepared to conduct an effective counterinsurgency campaign in Iraq. He also included thoughts about how better to prepare troops and commanders, the official added.

"You've got to prepare for the fight you're in today," said a second defense official, summarizing Chiarelli's findings on the military's inadequate training for counterinsurgency operations. "It's totally different" from fighting in Iraq two or three years ago, he said.

The Army, for example, tends in its training to emphasize using heavy firepower against the enemy, although classic counterinsurgency doctrine teaches that soldiers should use the minimal amount of force necessary to accomplish the mission.

Also, the Army early in Iraq tended to focus on killing or capturing insurgents, although counterinsurgency doctrine teaches that the best way to deal with an insurgent is to persuade him to change sides or to desert. Also, in contrast to a spate of cases of abuse of detainees, counterinsurgency theorists recommend treating captured fighters well, to encourage them to desert and to persuade others to give themselves up. Above all, people are seen as the prize in the war, not as its playing field.

When stacked up, Bargewell's exhaustive investigation stands more than four feet high. His report will not be released, but, later this week, Chiarelli is expected to release a redacted version of his 30-page report. On Friday, Chiarelli gave his report to Army Gen. George W. Casey Jr., the top U.S. commander in Iraq, but Casey is not expected to ask for major changes, the officials said.

The two generals' inquiry into the role of the Marine Corps chain of command in the incident is different from a criminal investigation being conducted by the Naval Criminal Investigative Service (NCIS). That investigation involves more than 45 agents and is expected to conclude this summer, Pentagon officials have said.

No charges have been filed, but people familiar with the case say they expect charges of homicide, making a false statement and dereliction of duty, among others. Defense attorneys are expected to respond that the Marines involved were operating within the rules of engagement they had been given.

Staff Sgt. Frank D. Wuterich, a squad leader who was at Haditha, told his attorney last month that several civilians were killed last November when his squad went after insurgents who were firing at them from inside a house after a Marine convoy was hit by a roadside bomb. Wuterich said there was no vengeful massacre, even though women and children were killed. He instead described a house-to-house hunt that went awry on a chaotic battlefield.

"It will forever be his position that everything they did that day was following their rules of engagement and to protect the lives of Marines," Neal A. Puckett, who represents Wuterich, said then.

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NCIS is investigating members of Kilo Company of the 3rd Battalion of the 1st Marine Regiment, based at Camp Pendleton, Calif. While in Iraq, the battalion was attached to the 2nd Marine Division based at Camp Lejeune, N.C. Chiarelli blames Gen. Richard A. Huck, who then commanded that division, for leadership failure, the official said. Huck recently retired from the Marines and could not be reached for comment yesterday.

The Bargewell investigation began in January after a Time magazine reporter began asking questions about the Haditha incident. Time's report appeared in March. A few weeks later, Lt. Col. Jeffrey R. Chessani was relieved of command of the 3rd Battalion of the 1st Marines, Kilo Company's parent unit. Two subordinates also were removed. The Marines did not specify why the actions were taken, beyond saying that the officers had lost their superiors' confidence.

But Haditha did not become a major issue until May, when Rep. John P. Murtha (D-Pa.), who had turned sharply against the Iraq war, said at a news conference that Marines had "killed innocent civilians in cold blood." Murtha is a former Marine and had been briefed by a senior Marine officer on the probe.

Spokesmen for the Marine Corps and for the Central Command, which oversees U.S. military operations in Iraq and the rest of the Middle East, declined to comment. Some of the details of Chiarelli's findings were reported Friday night by CBS News and the New York Times.

U.S. Seeks To Exhume Iraqi Girl's Remains (AP)

By Ryan Lenz

AP, July 9, 2006

U.S. investigators have asked Iraqi authorities to help them navigate cultural sensitivities to exhume the body of a teenager allegedly raped and murdered with her family by American soldiers, a military official said Saturday.

U.S. Maj. Mark Wright said U.S. authorities are aware that Islamic tradition has strict rules governing exhumation and could require religious leaders to become involved in the investigation.

"You want to be aware of these cultural issues while at the same time making sure that the accused receives proper justice," Wright, a spokesman for the U.S.-led coalition in Iraq, told The Associated Press.

Muslim tradition generally frowns on exhumations, considering them desecration of the remains.

However, Ahmed Taha, the uncle of the dead teen, told AP Thursday that relatives were eager to cooperate with investigators and would allow them to exhume the body of the alleged rape victim, Abeer Qassim Hamza. Her parents and sister were also slain.

Ex-soldier Steven D. Green was arrested last week in North Carolina and has pleaded not guilty to one count of rape and four counts of murder.

Four soldiers from the 1st Battalion, 502nd Infantry Regiment have been taken to a U.S. military camp in Baghdad for questioning, Wright said. He would not say if those soldiers had been arrested, but another U.S. official said Saturday that several more soldiers would soon be charged. The official spoke on condition of anonymity because the investigation is ongoing.

Based on interviews and records, the U.S. military now believes the woman who Green is accused of raping and killing was between the ages of 14 and 20, Army spokesman Paul Boyce said Friday. While the military initially said she was 20, Boyce said he has seen documents that indicate she could have been about 14.

Wright said officials are also considering whether certain parts of a standard Western autopsy would be taboo in Iraq and if a religious leader or family members should be present to ensure cultural barriers are not crossed.

He said U.S. military commanders in Iraq are working with the family's relatives to expedite the investigation, but that it was not immediately clear whether Iraqis or Americans would have custody of the woman's remains.

U.S. officials are concerned that the alleged rape-slaying, which occurred March 12 near Mahmoudiya, south of Baghdad, will strain relations with the new U.S.-backed government and increase calls for changes in the agreement that exempts American soldiers from prosecution in Iraqi courts.

Prime Minister Nouri al-Maliki has demanded an independent investigation into the case, which followed a series of allegations that U.S. troops killed and mistreated Iraqi civilians.

According to an FBI affidavit, Green and at least two others targeted the teenager and her family for a week before the attack, which wasn't revealed until witnesses came forward in late June.

The soldiers drank alcohol, abandoned their checkpoint, changed clothes to avoid detection and headed to the victims' house, about 200 yards from a U.S. military checkpoint in the so-called "Triangle of Death", a Sunni Arab area south of Baghdad known for its violence, the affidavit said.

In the week since the allegations came to light, the military has remained tightlipped even amid growing cries by Iraqi leaders for a fair investigation.

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President Bush, speaking on CNN's "Larry King Live" last Thursday, said the Iraqis should understand that the allegations will be handled "in a very transparent upfront way."

"People will be held to account if these charges are true," Bush said.

In the chow halls and barracks, many soldiers remain convinced that the alleged rape and killings in Mahmoudiya were aberrations and that most American service members respect the rules of war.

"These crimes are against all the Army values, so if you don't have any of those values, you shouldn't even call yourself a soldier," said Staff Sgt. Ahmand Brown, 28, of Flint, Mich.

In the aftermath of claims that Marines killed civilians in the western town of Haditha in November, the U.S. military in Iraq ordered all personnel to undergo values training.

The Army has also paid greater attention to its rules of engagements, which determine when a soldier can use deadly force. But a bad soldier is a bad soldier, no matter the training, Brown said.

Green, who served 11 months with the 101st Airborne Division, based at Fort Campbell, Ky., received an honorable discharge and left the army in mid-May. He was discharged because of an "anti-social personality disorder," according to military officials and court documents.

But even before the rape-murder allegation surfaced, the military was investigating an incident in which three soldiers from the same battalion were killed by insurgents near Youssifiyah. Two of them apparently were abducted and slain, with their bodies mutilated.

U.S. officials insist they have no evidence that the incidents are related.

Marines Getting A New Message (LAT)

By Tony Perry And T. Christian Miller

The Los Angeles Times, July 9, 2006

SAN DIEGO — Even before the investigation of the killing of 24 civilians in the Iraqi town of Haditha is complete, the Marine Corps has taken action, stressing accountability and sternly reminding officers that they must investigate all civilian deaths.

The investigative report, by an Army general, will be highly critical of officers for not investigating the Nov. 19 incident in which Marines from Camp Pendleton allegedly stormed into houses and killed the occupants after a roadside bombing killed a fellow Marine.

The report will also recommend that the Marine Corps change its training to remind troops that the rules for dealing with insurgencies are different from those for classic battles such as the assault on Baghdad in 2003 and the operations in the Sunni Triangle in 2004.

The Corps has anticipated the criticism, government officials close to the inquiry say.

"The word has gone out very clearly: When a civilian is killed, officers need to know how and why, and they need to get that information to the highest levels as quickly as possible," said an official who declined to be identified.

Training at Camp Pendleton, Twentynine Palms and other bases has been altered to emphasize restraint in the use of deadly force when civilians are involved.

In late May, Marine Commandant Gen. Michael Hagee went to Iraq to remind Marines of the international rules of warfare that call for protection of noncombatants.

And Lt. Gen. James N. Mattis, who led Marines into Iraq in 2003 and during the April 2004 fight in Fallouja, recently returned from an unpublicized two-week trip to Iraq to talk to Marines.

Bing West, a former assistant Defense secretary and author of two books about the Marines in Iraq, said that Mattis had made it "crystal clear": "If shot at from a crowd of civilians, a Marine is not to fire back and endanger women and children."

Former Marine Col. Thomas X. Hammes, an expert on insurgent warfare, said a lack of accountability in cases involving the mistreatment of civilians by U.S. personnel — particularly at the Abu Ghraib prison — helped fuel the insurgency by creating a source of frustration among ordinary Iraqis.

He praised efforts to promote greater accountability among senior officers, saying it would help fight the war in Iraq.

"To date, we've been very, very poor at holding our people accountable," Hammes said. "Anything that … emphasizes the responsibility up the chain of command is a positive step. It certainly will help our troops on the ground."

The investigative report was done by Army Maj. Gen. Eldon Bargewell and reviewed by Army Lt. Gen. Peter Chiarelli.

Chiarelli's office said Friday that the report would next be sent to Army Gen. George W. Casey, the top U.S. commander in Iraq. Finally, the report will be sent to Marine Lt. Gen. John F. Sattler, commanding general of the 1st Marine Expeditionary Force at Camp Pendleton.

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Sattler, or his successor, will use that report, and an investigation by the Naval Criminal Investigative Service, to determine whether any of a dozen Marines with the 3rd Battalion, 1st Marine Regiment, 1st Marine Division, should face criminal charges. Sattler is set to be relieved this summer by Mattis.

Investigators have concluded that some of the Marines should face murder charges and that the killings were unprovoked and outside the international rules of warfare. Defense attorneys insist that the Marines were acting within the rules of engagement laid down by their officers.

The Army report is known to be critical of top officers in the 2nd Marine Division for failing to see "red flags" that should have made them question the report from ground troops. The military began an investigation only after Time magazine uncovered evidence disputing the Marines' original account of the killings.

Although the troops are with the 1st Marine Division based at Camp Pendleton, they were accountable to officers with the 2nd Regiment of the 2nd Marine Division, based at Camp Lejeune, N.C.

Two top officers in the chain of command during the Haditha incident were replaced last month, though officials said both changes had been scheduled before the controversy.

Maj. Gen. Richard Huck, commanding officer of the 2nd Marine Division, announced his retirement. And Col. Stephen Davis, commander of the second 2nd Regiment, was replaced and reassigned.

After the troops involved in the Haditha incident returned to Camp Pendleton, the commanding general of the 1st Marine Division relieved the battalion commander and company commander after losing "confidence in their leadership."

Said one Marine officer with extensive experience in Iraq, "No question, this hasn't been the Marine Corps' finest hour. But I think everybody is locked on to seeing that it never happens again."

Perry reported from San Diego and Miller from Washington.

Rules Of War Of Value To Soldiers (AP)

By Robert Tanner

AP, July 9, 2006

Whether it's firing a rifle from 100 feet away or directing a bombing raid from a mile or more in the air, the military objective is the same: Kill the enemy.

Troops get instruction in deadly skills from the first time they put on a uniform.

But there's another lesson they're taught, one that's rooted in philosophy and old-fashioned values like honor and courage. Call it the morality of war: how to kill, but not murder.

At a time when a flurry of criminal allegations have been raised against U.S. troops — charges or investigations in five separate cases alleging they gunned down unarmed Iraqis or detainees — military personnel and their instructors insist ethics training is both vital and vibrant.

This is how it breaks down for Tim Coderre, a sniper with the National Guard who spent more than five months in a frontline operation in Iraq amid heavy fighting: "I'm not a warmonger. But I understand my job. ... My job is to be ferocious in combat, to be a killer. I'm sorry, but that's war."

Coderre was a Marine for eight years before returning to civilian life in North Carolina. He joined the Guard after the Sept. 11, 2001, attacks and went to Iraq in 2004. "I don't apologize," he said. "I'm very proud of the number of confirmed kills I had."

Killing from a distance, he shot only those who he judged were enemy insurgents. The rules of war — no targeting civilians, no killing prisoners — were ingrained, he said, despite his revulsion for the insurgents and their tactics, such as beheading prisoners.

"I could never do that to them," he said. "I hate insurgents, but I could never do that to them."

At West Point, moral training is at the heart of the enterprise, said retired Army Col. Don Snider, a professor of political science.

Classes teach philosophy, logic and the history of war, emphasizing the right conduct and the unacceptable, like My Lai in Vietnam, where American troops killed about 300 villagers, or the French experience in Algeria, where commanders turned to torture to fight rebels.

"Normally, the right (choice) is harder than the wrong, or there is no clear right and wrong. In many cases, soldiers are choosing between two wrongs, because both have morally ambiguous outcomes," he said. An example: A unit takes fire from a village, with no target in sight. Should the troops fire back, with the likelihood of civilian casualties? Retreat?

Each choice has moral consequences, he said.

Among the latest accusations, the charge that a group of soldiers raped an Iraqi woman and killed her and her family would — if proved true — clearly fall outside the bounds of military and civilian law. In others cases, in which villagers and detainees were killed, defense attorneys say troops in danger made difficult choices but followed the rules of war.

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At the U.S. Naval Academy, a class called "The Code of the Warrior" examines warrior cultures, looking at the ancient Greeks, the Vikings, American Indian tribes, the Japanese samurai and others.

Shannon French, an associate professor of philosophy, aims to distill the essence of warrior values and the reasons they matter so much.

"It's so vital. Those rules are there to keep them from becoming monsters," French said. "Any time you take a human life, there is trauma, there is what we'd call moral, psychological or even spiritual damage. Nothing removes the trauma.

"But if, after the fact, you can understand the reason for the killing, and recognize how it fits in with the values you were raised with, how it isn't an affront to those values, then you can integrate that into your identity in a way that is healing."

Her students reject even the word "killer," insisting it carries a judgment that doesn't fit a warrior.

If the rules fail, French said, a great deal is at risk: hopes that your captured soldiers will be treated humanely, the chance to reconcile with the enemy when the war is over, the power to keep allies at your side and support at home.

Most important are the troops themselves, she said. At stake is their return to civilian life and sanity. The temptation to cross the line is undeniable in the chaos of battle, but so is the result.

To make the lessons real, her classes feature visits by American warriors.

In one case, a bomber pilot came to her class, bringing videos of his missions in Afghanistan. Infrared footage of targets exploding brought cheers from her class of would-be pilots.

"He paused an image, which was an infrared explosion, a larger explosion and some smaller heat signatures.

"He said, `What are the smaller heat signatures you're seeing?' They paused: 'People?' `That's right, when we hit this building, people came out. Why is that one so much hotter than the others?'"

"Then he let the image play, and that signature ran erratically. Finally, one of the students spoke up and said 'He's on fire?'" French recounted. "You could've heard a pin drop."

"My speaker turned to the class and looked them in the eye. 'That is a human being writhing in agony, and I caused that and I have to live with that," she said.

The pilot wasn't trying to frighten them out of the task ahead of them, French said. He was simply trying to force them to acknowledge the moral weight of warfare — even from a distance.

"He didn't regret what he did, but he felt for his own moral well being he did have to mourn it," she said.

For Coderre, back in civilian life as a deputy sheriff in coastal North Carolina, few can relate to his experience in war unless they've been through the same.

"That's something people really don't want to hear about. 'My God, you're happy you killed someone?'" he said.

But no apology is necessary, he said. "Yes, a soldier, a sailor, was able to go home because of me," he said.

When The Personality Disorder Wears Camouflage (NYT)

By Benedict Carey

The New York Times, July 9, 2006

WHEN a war crime doesn't look quite like a war crime — when it seems cold and deliberate like a serial murder, rather than an impulsive act of vengeance — it can be especially disturbing, as United States Army officials have learned over the past week.

According to federal prosecutors, an Army private and several comrades attacked an Iraqi family last March, raping and killing a young woman after executing her parents and her younger sister in their home. The men disguised themselves for the attack and worked as a team, the prosecutors said. Iraqi leaders are in an uproar, as are American officials in and out of the military.

The accused ringleader, Steven D. Green, 21, who was discharged in May, pleaded not guilty after his arrest June 30, and details of the crime were still emerging last week. The Army has said it discharged Mr. Green for a "personality disorder."

Which raises a question: How does someone with a personality disorder — a significant, disabling, and dangerous condition — manage the stress of combat? Wouldn't a person with a serious mental problem drop out, or be identified and quickly discharged?

The answer, usually, is yes. People with paranoid, borderline or compulsive personality disorders, for instance, are hobbled by anxieties and delusional fears, experts say: two months of boot camp would typically be overwhelming for them. The low frequency of psychiatric breakdowns in Iraq — about 8 in 1,000 service members have been evacuated for psychiatric problems, fewer than in previous wars — suggests that few people with significant mental illness make it far in the service.

Yet the military does not perform full personality assessments on recruits unless there is some pressing reason to do so. Most anyone who has graduated from high school and avoided serious trouble with the law is qualified to enlist. And the

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psychological pressure recruits face during basic training is less intense than it once was, military experts say; the "shark attack" of screaming officers that used to greet fresh recruits has been tamed at some bases.

In this environment, people who have one diagnosis in particular — antisocial personality disorder — can often masquerade as bold, effective soldiers, psychiatrists argue. Antisocial behavior is characterized by reckless irresponsibility, habitual lying and an indifference to the suffering of others. In some reports Army officials have listed such a diagnosis as the reason for Mr. Green's discharge.

"These are generally rough-and-ready types who tend to be trouble makers, who have no loyalty to groups or commanders," said Dr. Michael Stone, a professor of clinical psychiatry at Columbia University, who said he could not comment directly on the Army case. He added: "But they don't have to be pushed to act ruthlessly toward enemy combatants. It comes very naturally, which can be an admirable quality. And some small percentage of them are bound to slip through the cracks."

This is especially likely if they have a measure of charisma, of superficial charm, a glib talent for telling lies, criminologists say. These are hallmark traits of what some experts call psychopathy, a potent blend of antisocial instincts and grandiosity. From 25 percent to 30 percent of people who commit deliberate crimes of violence score highly on a test called the psychopathy checklist, said Robert Hare, an emeritus professor of psychology at the University of British Columbia in Vancouver, who devised the test.

Dr. Hare said he had not reviewed the Iraq case and could not comment on it specifically. "I can say that when you have a psychopathic offender, quite often he will manipulate others, he can be a puppet-master type," he said. "Others are attracted to his sense of certainty, his sense of power, to the fact that he can do things others have trouble doing."

A person with psychopathic tendencies may appear to others as clearheaded as an elite soldier when under fire, or when on the attack. But the internal psychological reality is much different, research suggests.

In several experiments conducted in 2001 and 2002, Dr. Andy Morgan of Yale University found that Special Operations soldiers, the Army's most elite fighters, had higher levels of stress hormones in their blood than regular infantrymen when under extreme stress during training. But they also had higher levels of another hormone that is thought to be a natural relaxant. In short, Dr. Morgan concluded, the elite soldiers were very much aware of the danger and moral implications of their actions but able keep their heads, and relax quickly when the danger passed.

By contrast, the psychopath functions well under pressure because he does not feel the moral tension at all.

At a time when recruiting has become increasingly difficult, the distinctions between the cool-headed, aware soldier and the psychopath may sometimes be overlooked. Would-be enlistees who have misdemeanors and even felonies on their records can and do obtain waivers to join the military if they're seen as fit, said Beth Asch, a specialist in military manpower at the RAND Corporation.

"These people do get looked at closely, but what it means is that even though there is a recruiting standard, that standard is not rock hard, and that's how we might get people in the service who have had mental problems," or black marks on their record, she said.

The number of atrocities against civilians is still small given the large number of troops deployed in the region. But as recent events make clear, just a few soldiers cause big trouble.

One Family's Grief (WP)

The Washington Post, July 9, 2006

On Jan. 18, 2005, Chris Hondros, a photographer for Getty Images embedded with the Army's 25th Infantry Division in Tall Afar, Iraq, captured the scene when a car carrying the Hassan family home in time for curfew didn't stop soon enough at the soldiers' command. They fired into the vehicle, killing Hussein and Kamila Hassan. Five of the couple's children and a young cousin were in the back seat. After Hondros's award-winning photos were published, the Hassan family's plight caught the attention of Sen. Edward M. Kennedy (D-Mass.), among others, who helped arrange for the injured Rakan, 12, to come to Boston for medical treatment. He and his younger siblings now live with their oldest sister and her husband in Mosul.

Blast Kills 3 GIs In Western Iraq (LAT)

By Julian E. Barnes And Borzou Daragahi

The Los Angeles Times, July 9, 2006

The troops were hunting for roadside bombs when their armored vehicle was destroyed by a massive explosive device in restive Ramadi.

RAMADI, Iraq — Three U.S. soldiers scouring the treacherous roads of western Iraq for remote-controlled explosive devices were killed by a massive roadside bomb that destroyed their heavily protected vehicle, military officials said Saturday.

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In Baghdad, U.S. and Iraqi forces launched the third operation in two days targeting leaders of Shiite cleric Muqtada Sadr's Al Mahdi militia.

And at least 10 Iraqi civilians were reported killed in political violence around the country.

The three soldiers were part of the U.S. Army 1st Armored Division's Task Force Dagger, which sweeps major roads in Ramadi for bombs under the command of the Marines.

They were riding in a heavily armored Cougar, a vehicle designed to withstand roadside bombs and used in minesweeping operations.

The Pentagon last year ordered 122 of the minesweeping Cougars, worth a total of $87 million, from Force Protection Inc., the Ladson, S.C., firm that makes the vehicle and its spare parts.

The Cougars "feature armor-plated V-shaped bottoms designed to deflect the upward explosive power of roadside bombs," the company's website says.

But some Marines say they believe that, since the 1st Armored Division units moved into the area, insurgents have been placing larger roadside bombs to take out the Germany-based unit's fleet of armored tanks and Bradley fighting vehicles.

Bombs assembled in makeshift factories, then planted discreetly along roadways and detonated by remote control have become Sunni Arab insurgents' weapon of choice in their three-year guerrilla war against U.S. forces and the Iraqi government.

American and Iraqi troops also have had to confront Shiite militiamen. In Saturday's operation, the troops surrounded a southeastern Baghdad mosque suspected of playing host to an Al Mahdi militia leader.

An Iraqi Defense Ministry source said the U.S. and Iraqi forces withdrew from the area shortly before midnight without detaining anyone.

Political leaders in Sadr City, a Baghdad slum, announced that they were suspending their cooperation with U.S. forces and Iraqi troops after a massive raid Friday meant to capture a militia leader there.

U.S. and Iraqi officials said the leader, a well-known crime boss nicknamed Abu Daraa, had been caught in the raid, but other officials Saturday cast doubt on the account.

Another Al Mahdi militia leader was detained Friday south of the capital.

The militia leader is suspected of involvement in kidnapping-for-ransom rings as well as death squad operations against Sunni Arabs.

Elsewhere in the capital, a car bomb explosion near a Shiite mosque killed three Iraqis and injured 12, all passersby on their way to nearby shops.

A barrage of mortar shells struck an area of houses and shops in the southern Baghdad neighborhood of Dora, killing three civilians and injuring four.

Two Iraqi civilians were killed in gunfire from an insurgent attack on a U.S. convoy near the northern city of Kirkuk.

In the southern city of Basra, gunmen killed two civilians, including one working for a cellphone company.

Barnes reported from Ramadi and Daragahi from Baghdad. Special correspondents in Basra and Kirkuk contributed to this report.

3 GIs Killed In Western Iraq Province (AP)

By Sameer N. Yacoub

AP, July 9, 2006

Three U.S. soldiers and an Iraqi woman translator were killed in separate incidents Saturday, while the country's largest Sunni Arab party appealed to authorities to end a military crackdown in Sunni villages northeast of Baghdad.

The three Americans were assigned to the 1st Marine Expeditionary Force, which has some attached Army units, and died in fighting in the western province of Anbar, the U.S. military said.

They were the first U.S. fatalities reported in Iraq since Tuesday, raising the number of U.S. personnel killed this month to eight. The average of one death a day is down sharply from a rate of more than two a day in recent months.

Iraqi police said the translator, whose name was not released, was slain in a drive-by shooting in southwestern Baghdad. She worked for the Americans but was off-duty at the time, police Capt. Maithem Abdul-Razaq said.

Interpreters and others working for the Americans have long been targeted by insurgents who accuse them of "collaborating" with "occupation forces."

In a statement Saturday, the Iraqi Islamic Party said U.S. and Iraqi troops had surrounded 15 mostly Sunni villages near Muqdadiyah, about 60 miles northeast of Baghdad, making it difficult for civilians to move around.

The statement called on Iraqi and U.S. forces to allow food and medicine to enter the villages and compensate farmers for damage to their crops.

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Last week, the Iraqi military announced operations in the Muqdadiyah area after an increase in insurgent activity. The mostly farm area sits astride a highway between Baghdad and Kurdish areas to the north and is in a province where tensions are high between Shiites and Sunnis.

The Iraqi Islamic Party is headed by one of Iraq's two vice presidents, Tariq al-Hashimi, who the Americans hope can persuade disaffected fellow Sunnis to abandon the insurgency and participate in political life so the United States can begin withdrawing troops.

Two influential U.S. senators visiting Iraq said they were assured on Saturday by Prime Minister Nouri al-Maliki, a Shiite, that his unity government will reach out to Sunni Arabs and crack down on Shiite militias blamed for much of the country's sectarian violence.

Sen. Jack Reed (news, bio, voting record), D-R.I., said al-Maliki told them it would be "feasible" to redeploy a small portion of U.S. troops "perhaps this year" because more Iraqi soldiers have been trained and sent into the fight.

Sen. Joseph Biden (news, bio, voting record), D-Del., said the prime minister also seems serious about encouraging insurgents to accept amnesty and rejoin the mainstream and "appears to be prepared to take concerted action against militias" blamed for rising sectarian violence.

Nevertheless, the government, which took office in May, faces a formidable task as it strives to calm sectarian tensions, cut a deal to end the insurgency and restore stability.

Iraqi police reported several killings in Baghdad on Saturday and many seemed tied to the animosities between Shiites and Sunnis.

Gunmen opened fire on a Shiite family trying to move out of a religiously mixed neighborhood for the Shiite city of Karbala. Police said five relatives were wounded in the attack in Dora, where sectarian tensions run high.

Also in Dora, gunmen in two cars stopped a vehicle on a street, forced the two passengers to get out and killed them in front of horrified bystanders, police reported.

Gunmen killed three people working in an ice cream shop in the mostly Shiite neighborhood of Nahrawan, police Lt. Fikrat Mohammed said.

Three mortar shells exploded in a mostly Shiite area of southern Baghdad, killing three people and wounding three children, police said.

A car bomb exploded in a public garage near a Shiite mosque late Saturday in the city's western Jihad district, killing two people and wounding nine and causing slight damage to the mosque, said police Lt. Maitham Abdul-Razzaq.

Police also reported finding four bodies in eastern and western Baghdad that appeared to be victims of sectarian death squads.

Gunmen in two speeding cars opened fire on a Sunni mosque in west Baghdad's Ghazaliya neighborhood. Mosque guards returned fire and the attackers fled, police Capt. Jamil Hussein said.

The incidents occurred a day after at least 17 people died in a wave of bombings and mortar attacks on mostly Sunni mosques in the Baghdad area and northern Iraq. A Sunni cleric was also kidnapped in the capital, a Sunni official said.

Sectarian violence has forced thousands of Iraqis to move to different neighborhoods or cities where their sect is predominant. The Interior Ministry estimated earlier this month that nearly 4,000 families had been forced to relocate in the Baghdad area alone.

Three US Soldiers Killed In Western Iraq Battle (AFP)

By Jay Deshmukh

AFP, July 9, 2006

Three American soldiers were killed in fighting in Al-Anbar amid reports that senior military officers could be accused of negligence in a probe into the alleged killing of 24 Iraqi civilians by US marines in the same province.

In rebel attacks at least five people were killed, while 70 suspected insurgents were arrested by the Iraqi army in an operation in Diyala province, northeast of Baghdad.

The US military said it lost three soldiers in western Al-Anbar Saturday to "enemy action," pushing its losses in Iraq since the March 2003 invasion to 2,543, according to an AFP count based on Pentagon figures.

The province remains an active battleground in the fight against the insurgency, despite several US-led operations in the area since 2004.

At present the military is carrying out operations to regain control over the provincial capital of Ramadi, a stronghold of Sunni insurgents.

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Meanwhile, the New York Times reported Saturday that Lieutenant General Peter Chiarelli, the number two commander of US troops in Iraq, had faulted a number of officers for "dereliction of duties" during the probe into the alleged killings of two dozen Iraqis in the town of Haditha in Anbar province.

The report, quoting an unnamed Defense Department official, said Chiarelli concluded that in the deaths, which included 10 women and children and an elderly man in a wheelchair, "senior officers failed to follow up on inaccuracies and inconsistencies in the initial reporting of the incident that should have raised questions."

It said Chiarelli faulted senior staff of the Second Marine Division, then commanded by Major General Richard Huck, and the Second Regimental Combat Team headed by Colonel Stephen Davis and "recommended unspecified disciplinary action for some officers".

If the officers are disciplined, they would be among the most senior American military personnel punished since the Iraq war began in March 2003, the report added.

On Friday the military said Chiarelli had "completed his review of the investigation conducted by Major General Eldon Bargewell into reporting, training and command climate as it related to circumstances surrounding the deaths of 24 Iraqis in Haditha on November 19, 2005."

Bargewell was asked to determine how the Haditha killings were reported up the chain of command, and to see if there had been a cover-up.

The report said Chiarelli has recommended that all American forces in Iraq must receive more counterinsurgency training, first in the United States before deploying and again in Iraq.

The US Marine Corps initially reported that 15 civilians and a marine were killed by a roadside explosion in Haditha.

But the military opened an investigation after Time magazine reported in March that witnesses, backed by a videotape of the scene, said the marines went on a rampage after a roadside explosion killed one of their comrades.

They allegedly went from house to house deliberately killing men, women and children. Five unarmed men in a taxi near the site of the bombing were also killed, according to accounts leaked to the press.

The US military has battled a series of other abuse allegations in the past few months -- the most recent being the alleged rape and murder of an Iraqi woman in March by American soldiers.

In rebel violence five people were killed and three wounded Saturday in a mortar attack in the village of Abu Dsheir, south of Baghdad, security sources said.

General Rahman al-Janabi of the Iraq army's 5th division said his forces detained 70 suspected insurgents and freed 10 hostages over the past five days in an operation in Muqdadiyah in Diyala province, northeast of Baghdad.

"The objective is to clean up the area of insurgents," he said.

The Iraqi army took control of the area from US forces on Monday.

But Sunni MP Alaa Maki warned of a looming humanitarian crisis in the town, accusing the army of sealing off nearly 15 villages in the area.

"This siege signals a grave danger if it goes on much longer," he said. "The medical clinic is closed, there is no power and water. Farms have been destroyed and some homes have been used as bases."

Diyala province, part of Iraq's agricultural heartland and containing an explosive mix of Sunnis and Shiites, is one of the main fault lines in the country's ongoing sectarian violence.

It was here that militant Abu Musab al-Zarqawi was killed on June 7.

Meanwhile, at least 368 detainees were freed Saturday as part of a peace plan by Prime Minister Nuri al-Maliki.

Sunni Politicians May Expand Boycott Over Kidnapping (NYT)

By Edward Wong

The New York Times, July 9, 2006

BAGHDAD, Iraq, July 8 — Sunni Arab politicians are considering withdrawing from executive offices in the Shiite-led government because militiamen have yet to free a Sunni legislator kidnapped this month, a Sunni leader said Saturday.

Adnan al-Dulaimi, a leader of the main Sunni Arab political group, which holds 44 of the 275 seats in Parliament, said the bloc would also continue its boycott of the legislature for a second week.

The boycott began after Tayseer Najah al-Mashhadani, a member of the bloc, was abducted with eight bodyguards on July 1 at a checkpoint in Baghdad while driving from her home north of the city. Members of her party say a bodyguard who escaped has described the abductors as Shiite militiamen.

Sunni politicians have long criticized the ruling Shiite political parties for supporting militias and filling the ranks of the government security forces with militiamen.

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"Everything is possible," Mr. Dulaimi said in a telephone interview, addressing the possibility of a Sunni pullout from the government. "The issue needs to be studied and an agreement must be reached to arrive at a solution."

The abduction of Ms. Mashhadani has plunged the new government, approved in May and led by Prime Minister Nuri Kamal al-Maliki, into its first major political crisis. Before parliamentary elections last December, American officials worked hard to coax Sunni Arab politicians to participate, in the hope that political engagement would help dissipate the Sunni-led insurgency. But the Sunni Arab boycott of Parliament just weeks after the government began to operate has underscored the fragility of the ethnic and sectarian power-sharing agreement.

In the executive branch, the Sunni Arabs, who make up one-fifth of the population, hold several cabinet seats and run a handful of ministries. Tariq al-Hashemi, the leader of the Iraqi Islamic Party, to which Ms. Mashhadani belongs, is one of two vice presidents.

The Sunni Arabs, increasingly anxious over the power accrued by Iranian-backed Shiites, have temporarily withdrawn from the political process in the past. They did so during negotiations over the drafting of the permanent Constitution, after some members of the Sunni committee were assassinated. They also walked out on talks to form the new government after Shiite militiamen killed many Sunni Arabs last February after the bombing of a Shiite shrine.

When the Sunni legislators announced their boycott after Ms. Mashhadani's kidnapping, they warned that they might also resort to withdrawing cabinet members. Now, talk of that appears more serious. Mr. Dulaimi said that Sunni Arab politicians were also concerned about the ongoing attacks against Sunni mosques; on Friday, four such mosques were assaulted, he said.

An official in the Iraqi Islamic Party told reporters on Wednesday that he had received a call from one of Ms. Mashhadani's kidnappers. The man had demanded that the government release all Shiite detainees in Diyala province; that all Shiite detainees be freed from American prisons in Iraq; and that Sunni groups cease attacks against Shiite mosques, all within 72 hours.

Sunni Arab politicians have suffered other woes this week. Two members of the Iraqi Islamic Party were killed by Shiite militiamen on Thursday on the road between Baghdad and Mahmudiya, a party official, Omar al-Jubouri, said Saturday.

"The Iraqi people ask the Americans for an iron fist to crush the Sadr militia in Baghdad," Mr. Jubouri said in an interview, referring to the volatile militia commanded by the Shiite cleric Moktada al-Sadr.

The American military and Iraqi troops fought Sadr militiamen early Friday in Baghdad and captured a commander.

The military said Saturday that three American marines had been killed by "enemy action" in Anbar province, the insurgent stronghold west of Baghdad.

On Saturday night, a car bomb outside a Shiite mosque in Baghdad killed at least three people.

Three mortar rounds killed at least three Iraqi civilians and wounded at least seven on Saturday, police officials said. And on Friday night, a mortar attack on a children's playing field in northern Baghdad killed four children and injured 38, the American military said.

Police Abuses In Iraq Detailed (LAT)

By Solomon Moore, Times Staff Writer

The Los Angeles Times, July 9, 2006

Confidential documents cover more than 400 investigations. Brutality, bribery and cooperation with militia fighters are common, a report says.

BAGHDAD — Brutality and corruption are rampant in Iraq's police force, with abuses including the rape of female prisoners, the release of terrorism suspects in exchange for bribes, assassinations of police officers and participation in insurgent bombings, according to confidential Iraqi government documents detailing more than 400 police corruption investigations.

A recent assessment by State Department police training contractors echoes the investigative documents, concluding that strong paramilitary and insurgent influences within the force and endemic corruption have undermined public confidence in the government.

Officers also have beaten prisoners to death, been involved in kidnapping rings, sold thousands of stolen and forged Iraqi passports and passed along vital information to insurgents, the Iraqi documents allege.

The documents, which cover part of 2005 and 2006, were obtained by The Times and authenticated by current and former police officials.

The alleged offenses span dozens of police units and hundreds of officers, including beat cops, generals and police chiefs. Officers were punished in some instances, but the vast majority of cases are either under investigation or were dropped because of lack of evidence or witness testimony.

The investigative documents are the latest in a string of disturbing revelations of abuse and corruption by Iraq's Interior Ministry, a Cabinet-level agency that employs 268,610 police, immigration, facilities security and dignitary protection officers.

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After the discovery in November of a secret Interior Ministry detention facility in Baghdad operated by police intelligence officials affiliated with a Shiite Muslim militia, U.S. officials declared 2006 "the year of the police." They vowed a renewed effort to expand and professionalize Iraq's civilian officer corps.

President Bush has said that the training of a competent Iraqi police force is linked to the timing of an eventual withdrawal of U.S. troops and a key element in the war in Iraq.

But U.S. officials say the renegade force in the ministry's intelligence service that ran the bunker in Baghdad's Jadiriya neighborhood continues to operate out of the Interior Ministry building's seventh floor. A senior U.S. military official in Iraq, who spoke on condition of anonymity in an interview last month, confirmed that one of the leaders of the renegade group, Mahmoud Waeli, is the "minister of intelligence for the Badr Corps" Shiite militia and a main recruiter of paramilitary elements for Interior Ministry police forces.

"We're gradually working the process to take them out of the equation," the military official said. "We developed the information. We also developed a prosecutorial case."

Bayan Jabr, a prominent Shiite, was interior minister at the time of the investigations detailed in the documents and has been accused of allowing Shiite paramilitary fighters to run rampant in the security forces.

U.S. officials interviewed for this article said the ability of Jabr's replacement, Jawad Bolani, to deal with the corruption and militia influence in the police force will be a crucial test of his leadership.

The challenges facing Bolani, a Shiite engineer who has no policing experience and entered politics for the first time after the U.S.-led invasion in 2003, are highlighted in a recent assessment by police trainers hired by the State Department. According to the report, corruption in the Interior Ministry has hampered its effectiveness and its credibility with Iraqis.

"Despite great progress and genuine commitment on the part of many ministry officials, the current climate of corruption, human rights violations and sectarian violence found in Iraq's security forces undermines public confidence," according to the document, titled "Year of the Police In-Stride Assessment, October 2005 to May 2006."

Elements of the Ministry of the Interior, or MOI, "have been co-opted by insurgents, terrorists and sectarian militias. Payroll fraud, other kinds of corruption and intimidation campaigns by insurgent and militia organizations undermine police effectiveness in key cities throughout Iraq," the report says.

The report increased tensions between the Pentagon, which runs the police training program, and the State Department, which has been pushing to expand its limited training role in Iraq, said a U.S. official who spoke on condition of anonymity.

The report strikes contradictory tones, saying that the Interior Ministry continues to improve and that its forces are on track to take over civil security from U.S. and Iraqi military elements by the end of the year, while outlining shocking problems with corruption and abuse.

"The document basically shows that Interior Ministry management has failed," the U.S. official said. "The document didn't directly address U.S. policy failures, but I guess it does show that too."

Interior Ministry officials have taken steps to "improve detainee life," the report says. "However, there are elements within the MOI which continue to abuse detainees."

Referring to Sunni Arab insurgent groups and Shiite paramilitary organizations, the report says "these groups exploit MOI forces to further insurgent, party and sectarian goals. As a result, many Iraqis do not trust the police. Divisions falling along militia lines have led to violence among police.

"MOI officials and forces are widely reported to engage in bribery, extortion and theft," the report says. "For example, there are numerous credible reports of ministry and police officials requiring payment from would-be recruits to join the police."

The report's findings are borne out in hundreds of pages of internal investigative documents.

The documents include worksheets with hundreds of short summaries of alleged police crimes, letters referring accused officers to Iraq's anti-corruption agencies and courts, citizen complaints of police abuse and corruption, police inspector general summaries detailing financial crimes and fraudulent contracting practices and reports on alleged sympathizers of Saddam Hussein's former regime.

In crisp bureaucratic Arabic, the documents detail a police force in which abuse and death at the hands of policemen is frighteningly common.

Police officers' loyalties appear to be a major problem, with dozens of accounts of insurgent infiltration and terrorist acts committed by ministry officials.

In one case, a ring of Baghdad police officers — including a colonel, two lieutenants and a captain — were accused of stealing communications equipment for insurgents, who used the electronics for remote bomb triggers. In another case, a medic with the Interior Ministry's elite commando force in Baghdad was fired after he was accused of planting improvised explosives and conducting assassinations.

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In Diyala province, where last month U.S. forces killed Abu Musab Zarqawi, the leader of Al Qaeda in Iraq, investigators were looking into allegations that a police officer detonated a suicide vest in the bombing of a police station. In a separate case, a brigadier general, a colonel and a criminal judge were accused of taking bribes from a suspected terrorist.

Police officers have also organized kidnapping rings that abduct civilians for ransom — in some of the cases, the victims are police officers. Two Baghdad police commanders kidnapped a lieutenant colonel, stole his ministry car and demanded tens of thousands of dollars from the victim's family, the documents allege. In that case, the two accused, Maj. Gen. Naief Abdul Ezaq and Capt. Methaq Sebah Mahmoud, were fired and taken to court.

The abbreviated notes on the case do not make clear whether the two officers received further punishment, but the fact that the documents mention the courts being involved in the incident at all makes it stand out from the rest of the cases.

In another case, the bodyguards of a police colonel in the Zayona neighborhood of Baghdad kidnapped merchants for ransom, according to the documents. In the capital's Ghazaliya neighborhood, a lieutenant and his brother-in-law kidnapped a man and demanded a huge ransom from his family.

Abuse by police is also a common theme. The victims include citizens who tried to complain about police misbehavior, drivers who disobeyed traffic police commands and, in several cases, other police officers.

But detainees appear to be targeted most often. The U.S. military has been working with the Iraqi government to standardize detention facilities and policies, and the U.S. assessment claims that several site visits turned up no serious human rights abuses. But the ministry documents reveal a brutal detention system in which officers run hidden jails, and torture and detainee deaths are common.

The documents mention four investigations into the deaths of 15 prisoners at the hands police commando units.

In the Rusafa section of Baghdad, a predominantly Shiite area known for its strong militia presence, police tortured detainees with electricity, beatings and, in at least one case, rape, according to the internal documents. Relief was reserved for those detainees whose relatives could afford to bribe detention officers to release them.

The Wolf Brigade, a notorious commando unit, illegally detained more than 650 prisoners, according to the documents. During a mass release of Wolf Brigade prisoners last November, a Times reporter saw dozens of malnourished men among the released detainees; several were so weak that they could not walk without assistance.

Female detainees are often sexually assaulted. According to the documents, the commander of a detention center in the Karkh neighborhood of the capital raped a woman who was an alleged insurgent in August. That same month, two lieutenants tortured and raped two other female detainees.

Among the strongest reprimands — and the most outrageous corruption — detailed in the documents are the cases involving two provincial police chiefs who were removed.

Brig. Gen. Adil Molan Ghaidan, the former Diyala province police chief, was accused of drinking on the job, illegally confiscating real estate from citizens, knowingly paying ghost employees and harboring suspected terrorists. He was removed from the force about six months ago, police sources say.

Before his removal several months ago, Maj. Gen. Ahmad Mohammed Aljiboori, the former Nineveh province police chief, allegedly assigned a private army of 1,400 officers to personal security detail. According to an internal inquiry, Aljiboori claimed the force was not under the Interior Ministry's control.

The document also accuses Aljiboori of detaining 300 Iraqis for two months without charges, wasting thousands of dollars on extravagant banquets and neglecting antiterrorism efforts to focus on arresting car dealers. The document says Aljiboori confiscated most of the cars for personal gain and gave some of them away to friends as gifts.

U.S. officials say they have known about Interior Ministry abuses for years but have done little to thwart them, choosing instead to push Iraqi leaders to solve their own problems.

"The military had been at the bunker prior to the raid in November," said the U.S. official, referring to the Jadiriya facility. "But they said nothing."

Some U.S. military leaders want American officials to have a stronger hand with the Interior Ministry, arguing that continuing corruption and militia influence are dashing any hope for a speedy American withdrawal.

Another senior military official said U.S. policy in regard to the ministry was confused and disengaged. The official, who asked not to be identified because his comments impugned his superiors, said the Pentagon and State Department had failed to coordinate their efforts and were disengaged from the Iraqi police leaders.

"They sit up there on the 11th floor of the ministry building and don't talk to the Iraqis," the official said of U.S. police trainers assigned to the Interior Ministry headquarters tower. "They say they do policy and [that] it's up to the Iraqis — well, they're just doing nothing. The MOI is the most broken ministry in Iraq."

‘Everybody Must Make Sacrifices’ (NSWK)

DOJ_NMG_0039343

By Sarah Childress
Newsweek, July 9, 2006
One of the few women in Iraq's Army says she's proud to protect her country.

July 7, 2006 - Since she was a little girl in Sulemaniya, Shahla always wanted to be a soldier in the Iraqi Army. But women weren't allowed to fight under Saddam. So as soon as Hussein was gone in 2003, the attractive young mother put her name on the list. Shahla is now a first lieutenant. (Because of the sensitive nature of her work, Coalition officials asked that her real name not be used.)

Recently, she was handpicked by Iraq's Minister of Defense to take leadership courses at Zahko Military Training Academy in northern Kurdistan. At 35, she's a Sunni Kurd who wears dark eyeliner with her fatigues and says she lives to hunt down terrorists. She recently sat down with two visitors at Zahko, including NEWSWEEK's Sarah Childress, for a conversation in English. Excerpts:

NEWSWEEK: Why did you decide to join the Army?

Shahla: I like the army, and I like my country. I've been through many dangerous situations, but everybody must make sacrifices. It's hard, because in our community, it's very difficult for women to prove themselves in the army. You hear that the army's only for men. Before, during Saddam's time, women in the army could only be doctors. They didn't recognize their rank. Now, we see the difference. Now, they respect us. Now they call us by our ranks.

What is the training like at Zahko?

One thing I like is PT [physical training]. Not many women in the community do PT. Even if a woman is educated and gets a degree, she sits at home. But now that I've joined the army, I know it's important for women to get in physical shape.

How does your family feel about your enlistment?

I've never been in the army without family support. It's often difficult to convince families in this situation.

Are you afraid of being targeted by insurgents?

The threat isn't on me. It's on my family, and my neighbors. But we all must make sacrifices. Most of the problems we have are with people who work both sides. The terrorists are educated. They're not stupid. They have plans. They recognize our uniforms, but we don't know them. So they join the army. Sometimes they do join the units, to mark us as targets.

Is sectarianism a problem in the army?

At the beginning, no. But it's increasing. I've seen conflicts. Things happen, and you're supposed to act out against a mosque or husseiniya [another name for a Shiite mosque]. You have to, because bad people use these places for kidnapping and torture. But [a few soldiers may] refuse. We talk with them, and tell them that it's not the end of the world. It's for Iraq, for security and freedom.

What's difficult about being here?

I haven't seen my daughter, who is six, in one and a half months. It's very hard, but I do this for her, for the future. I'd like to stay in the army. It's my career. … And PT. At the start, it was so hard. I like exercises, but not running, because I smoke. They understand the situation. (Nearby American officers overhear and laugh.) It's a new thing. Before, I just walked. In the last week I've started running.

What do you like about being in the army?

We're chasing the terrorists. It makes me proud of myself. [My commanders] trust me. They trust my judgment.

Baghdad Water Plant OK But Delivery Hard (AP)

By Kim Gamel
AP, July 9, 2006

After nearly three years and $45 million, a treatment plant in northern Baghdad is pumping enough drinking water for a quarter of Baghdad's people. But the trick is getting it to them because of losses to broken pipes and scavengers.

Officials with the U.S. Agency for International Development are preparing to wrap up work in September after restoring one Saddam Hussein-era plant and building another at the Shark Dijlah water treatment facility, which serves 1.5 million people mostly in eastern Baghdad.

"We've successfully been providing water for over a year now," USAID expert Chris Serjak said during a tour Saturday, standing outside the nearly 30-year-old original plant as motors from filtration pools rumbled in the background.

Western and Iraqi reconstruction officials have pinned their hopes on U.S.-funded projects like the improvements at the plant to overcome severe shortages of water and poor sewage systems.

"Basically there is a water crisis," city spokesman Adel al-Ardawi said by telephone, blaming the shortages on a lack of electricity and violence by insurgents.

But there is more to the problem than infrastructure.

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"You can build a brand new plant and pump tons of water out, but if the lines aren't there to handle it you're not getting full volume," Serjak said.

Desperate Iraqis tap into mains and use generators to pump water to their homes in several areas where water is scarce. That lessens the flow to others.

Shihab Ahmed, a 48-year-old clerk who lives in the southeastern neighborhood of New Baghdad, said he gets up about 3:30 a.m. because his faucets only run at full force for about an hour and he needs to fill plastic bottles for use throughout the day.

"This water is for cooking and drinking, after my wife boils it to purify it," he said.

Serjak said water also seeps from decayed distribution mains, and that defect can bring health problems.

"The country has broken sewer mains lying alongside broken water lines, and so you get contamination not at the treatment plant but actually at the distribution line," the 31-year-old Los Angeles native said.

He said USAID spent $13 million last year to improve water delivery in the city's crowded Shiite slum of Sadr City, where they replaced 61 miles of old, cracked asbestos pipes with new mains and provided more than 15,000 house connections.

They used local laborers to win the community's support and avoid security problems.

Serjak said the water infrastructure in Sadr City, which suffered from decades of neglect under Saddam's Sunni-dominated regime, was in particularly bad shape, with concrete pipes susceptible to cracking buried just below the surface, exposing them to traffic.

In addition, he said, "People were making a lot of illegal taps because of the growth of the area."

While authorities had looked to public works to build a new Iraq after the U.S.-led invasion, the insurgency has forced the diversion of billions of dollars to security from projects to improve water, sewage and power systems.

About $2.1 billion of the more than $4 billion initially allocated for water and sanitation projects was shifted in 2005 to address new priorities and security needs, according to the U.S. Embassy in Baghdad.

Just 49 of the originally planned water and sewer projects will be completed, and 300 of the planned 425 electrical projects will be done, according to a U.S. government audit released in late January.

Saad Salman, general manager of the Shark Dijlah plant, said it had not been attacked, but he worries constantly it could be. Security is provided by the Facility Protection Services, which was recently criticized by Prime Minister Nouri al-Maliki for being ineffective and having links to insurgents.

Serjak acknowledged relief officials had to scale back efforts because of spiraling costs and violence.

"When we first came in we put together a wish list," he said. "And as you go in and further define what can be done, you make tradeoffs, you make decisions. Going back to what's cost effective."

The USAID team made the decision to both build a new water plant and expand the old one at Shark Dijlah after discovering they had a head start. The U.N. Development Fund had done designs and ordered equipment for improvements to the plant before the invasion in March 2003.

Serjak said he found it more efficient to work with what is available in Iraq, where transporting equipment safely is difficult.

"There are some plants that are too far gone," he said. "But where possible, rehabilitation has been quicker and more cost effective."

L.A. Man Detained In Iraq Sues U.S. (WP/AP)

By Associated Press

The Washington Post/AP, July 9, 2006

Military Officials, Rumsfeld Named

LOS ANGELES, July 8 -- An aspiring Iranian American filmmaker who spent nearly two months in a prison in Iraq without being charged has sued Secretary of Defense Donald H. Rumsfeld and other military officials, calling the government's detention policies unconstitutional.

Cyrus Kar, 45, of Los Angeles, seeks unspecified damages and major changes in the government's detention policies overseas.

The suit was filed this week in federal court by the American Civil Liberties Union of Southern California. It is the first civil case challenging detention policies in Iraq, said Mark Rosenbaum, the organization's legal director.

A phone message left for a Pentagon spokesman was not immediately returned Saturday.

When Kar was released, military officials said that he had been properly detained as "an imperative security threat" and that the matter had been handled and resolved appropriately.

"This case highlights the effectiveness of our detainee review process," spokesman Air Force Brig. Gen. Donald Alston said after Kar's release.

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Kar was taken into custody in May 2005 after he visited Iraq to make a documentary film about Cyrus the Great, the Persian king who wrote the world's first human rights charter. Potential bomb parts were found in a taxi in which Kar was riding.

He was released July 10, 2005, after his family sued, accusing the federal government of violating his civil rights and holding him after the FBI cleared him of suspicion. He is a former U.S. Navy Seal, according to news reports.

The new lawsuit said his 55-day detention violated not only his civil rights, but also the Geneva Conventions and the law of nations.

"Human rights monitors note that the vast majority of the over 15,000 detainees in U.S. military custody in Iraq have never been charged, tried, provided counsel, or allowed to challenge their detention in court, and over one-fifth of them have been detained for over a year in this manner," the suit states.

Kar said that while he was imprisoned, he was at various times hooded and threatened, taunted and insulted by U.S. soldiers. One soldier slammed Kar's head into a concrete wall, the suit said.

What happened to him in Iraq was "a life-altering experience," Kar told the Los Angeles Times.

In addition to Rumsfeld, the defendants include Army Gen. George W. Casey Jr., commanding general of the multinational forces in Iraq, and Maj. Gen. William H. Brandenburg, who was in charge of detainee operations in Iraq at the time of Kar's detention.

No Political Timetable For Iraq (WT)

By Jack Reed

The Washington Times, July 9, 2006

We do not need an artificial timetable for Iraq, especially not a political one, but we do need a plan from the White House on how and when we can succeed. Democrats support beginning a phased redeployment of U.S. forces from Iraq by the end of 2006.

This proposal would protect American interests and give the commander in chief flexibility to bring our troops home in a safe and timely manner. It also recognizes a strong residual U.S. force will remain in Iraq to provide training and support, and Special Forces who can seek out and kill terrorists.

The days of young American soldiers manning most Iraqi checkpoints and getting caught in the cross-fire of sectarian violence must end. That mission can, should, and must be accomplished by the Iraqis themselves.

The Senate passed a similar measure last year -- a nonelection year. Seventy-nine senators, from both sides of the aisle, joined together and urged the president to make 2006 a year of transition.

Though the Republicans backed off this commitment, it is highly likely significant numbers of U.S. troops will start redeploying from Iraq in 2006 and continue to draw down in 2007. America's top military commander in Iraq, Gen. George Casey, recently stated: "I'm confident we'll be able to continue to take reduction over the course of this year."

Iraqi national security adviser Mowaffak Rubaie offered a similar forecast: "Iraq's ambition is to have full control of the country by the end of 2008," Mr. Rubaie said in an op-ed article in The Washington Post. "In practice, this will mean a significant foreign troop reduction. We envisage the U.S. troop presence by year's end to be under 100,000, with most of the remaining troops to return home by the end of 2007."

It is imperative we support the Iraqi government and pay attention to what they say. Ultimately, the Iraqis will determine their country's future and whether it succeeds or fails. America's greatest chance to help Iraq become a stable nation that respects human rights, and not a harbor for terrorists, is through nonmilitary support for Iraqi reconstruction.

Several months ago, President Bush announced a proposal to develop and deploy reconstruction teams in all 18 Iraqi provinces. But today, there are still only four such teams operating in the entire country. They lack resources, personnel and meaningful support from the White House.

Unless we can fix the reconstruction, redevelopment and political mentoring process, our military efforts will buy time but not guarantee success. Americans know we need a new direction in our Iraq policy.

Democrats have offered a thoughtful plan -- tactically, strategically, politically -- that will change the course from the president's failed policy. Republicans defeated this common-sense proposal. Now they must deliver a clear road map of their own, and a plan to pay for it.

The president must level with the American people and tell them he is committing more resources to Iraq, including personnel from our State and Justice Departments and our Agency for International Development. He must also be more candid about the cost. American taxpayers have already paid $320 billion for the Iraq war, and will be forced to spend hundreds of billions more.

Our national security demands we bring Iraq to a successful conclusion as quickly as possible. The timing and placement of our military forces is the president's responsibility. He should step up and take on that responsibility, beginning today.

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Our fighting men and women should not be left on the front lines of Iraq for one day longer than is absolutely necessary.

Jack Reed, Rhode Island Democrat, is a member of the U.S. Senate Armed Services Committee and is a retired United States Army captain.

The Breakup (NYT)

By Peter W. Galbraith interview Compiled By Deborah Solomon

The New York Times, July 9, 2006

Q: Your new book, "The End of Iraq: How American Incompetence Created a War Without End," argues that the Bush administration should stop insisting that Iraq can ever be a unified nation.

Iraq still exists on a map, but it no longer functions as a single country. We're trying to build national institutions right now — like the army and the police — when there is no nation.

As someone who has held various exalted government positions — you were the first U.S. ambassador to Croatia as well as a longtime Near East specialist for the Senate Foreign Relations Committee — how exactly are you defining the word "nation"?

A nation is a collection of people who share a common identity. You would expect that Kurds, Shiites and Sunnis would have their religious or ethnic identity. What they do not share is an Iraqi identity.

That point has been made countless times, but you're one of the first writers to suggest that the U.S. government totally abandon its current policy and just slice Iraq into three states.

Absolutely. A confederation of three states.

What would you call them?

How about Kurdistan, Sunnistan and Shiastan?

Catchy. What religion are the Kurds?

They are overwhelmingly Sunni Muslim.

So why do Saddam Hussein and his fellow Sunni Muslims hate them so vehemently?

Because he was a fascist in a classic sense. He believed in a master race, which was the Arabs, and that the Kurds were therefore a lesser people in this greater Arab land.

Who are the most famous Kurds?

Beyond the presidents of Iraq and Kurdistan, the most famous, historically, is Saladin, the Muslim warrior who took Jerusalem from the crusaders.

That's fascinating, considering that Saddam Hussein famously proclaimed himself the Saladin of modern times.

He wrapped himself in the mantle of Saladin, even naming his native province after him. Saladin is worshiped by the Arabs, who fudge on his ethnicity.

Before the first gulf war, you documented Saddam's genocide against the Kurds, at a time when few in the West were paying attention.

I actually stumbled across the start of the genocide in 1987, when I traveled to Kurdistan and saw the systematic destruction of villages along the road. Later, I arranged for 14 tons of documents, including lists of people who were rounded up and massacred, to come to the U.S.

And Harvard, your alma mater, declined to house them. That wasn't very brave.

They were concerned about a possible terrorist attack on Widener Library. The documents went to the National Archives.

Aren't you a little bit old to be publishing your first book?

Even though I am a late bloomer in the book area, it's original.

You mean the book is original?

It's original that you have a 55-year-old first-time author who actually wrote it himself.

Of course, you had a great teacher — your father, John Kenneth Galbraith, the world-class economist who died in April, at the age of 97.

He had a clear mind until basically the day he died. He was very interested in this book. He actually read the first four chapters, and he liked it every much. He had some small editorial comments, which I took.

He certainly got a lot done, some 40 books including the campus classics "American Capitalism" and "The Affluent Society."

He was very disciplined in his writing. My father always said that in the fifth draft he introduced that note of spontaneity for which his writing was well known.

In other words, great books aren't written, they're rewritten.

I believe in that.

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Is it true that your father coined the phrase "conventional wisdom"? That, at any rate, is the conventional wisdom.
And, in this case, the conventional wisdom is right.

Among The Ghosts: Heroes And Grand Plans (NYT)

By Dexter Filkins
The New York Times, July 9, 2006
BAGHDAD, Iraq

AT the end of a long week, I went searching for her tomb. I spoke first to the priest at the Armenian Orthodox Church, who pointed me to a cemetery down the road. I went there, and a toothless old blue-eyed lady pointed me to the next one. Then, in the quiet of a compound off clamorous Tehran Square, I found her.

Gertrude Margaret Lowthian Bell — or Miss Bell, as the Iraqis still call her — is interred in the Anglican Church's cemetery in a raised tomb. It's dried up and crumbling in the Iraqi sun. The British delegations that used to pay homage stopped coming months ago because of the danger. A ring of jasmine trees and date palms planted last year by Ahmad Chalabi's daughter, Tamara, "in recognition of Gertrude Bell's historic contribution to Iraq" are mostly dead.

"The soil is too salty," said Mansour Ali, the grave keeper, jabbing a finger at the earth.

Miss Bell, the British adventurer and diplomat, was as decisive in the creation of the modern Iraqi state as any single person. She imagined it in the ruins of the Ottoman Empire, then ending its 600-year run. The First World War was over, and the Middle East seemed as blank as a sheet of paper. The borders of the new state would be long and straight like a ruler, cutting across deserts, tribes and languages. It was a thrilling time to be alive.

"I feel at times like the Creator about the middle of the week," Miss Bell said at the time. "He must have wondered what it was going to be like, as I do."

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On the other side of town lie the soldiers. The British war cemetery sits in a fenced-in field across the road from the Turkish Embassy in the Waziriya neighborhood in northern Baghdad. The gates are high and locked, but with a little persistence, an Iraqi named Jasim Koli will let you in.

Back when the British Empire reigned supreme, and refrigeration was scarce, the men who gave their lives for the Crown were buried where they fell. It took too long to ship them home. Even now, across the old realm, in places like Trincomalee, Sri Lanka and Kohima, India, the British war cemeteries are lovingly maintained, prideful reminders of a vanished world.

At the Baghdad North Gate War Cemetery, the grass in some places reaches to your chest. The chiseled faces of some of the tombstones are too worn to read. Some are toppled and crumbling. The sign at the entrance announcing a renovation, dated Nov. 20, 1997, has been worked over with a machine gun. It's a dangerous neighborhood.

Still, the work goes on. The Iraqis come out at 6 p.m., when the sun begins to cool, and hack at the tall grass with their scythes. Every couple of weeks, an Iraqi shows up to pay them.

About 1,000 British soldiers lie together at the North Gate War Cemetery. The story of each is reduced to fit on the face of a headstone, but it is still large enough to suggest its own epic:

George Percy Wilder
Middlesex Regiment
11th July 1918 Age 38
In ever loving memory
of my only child
From his sorrowing
Widowed mother

Most of those buried here were younger than Mr. Wilder by 20 years. About a dozen are unidentified: "Here Lies a Soldier of the Great War," the headstones read. "Known Unto God."

Some of the inscriptions read like bits of poetry, written in language of almost unbearable dignity. This, for example, was chiseled into a stone at the north end of the graveyard:

These here have been recovered
And interred
The bodies of
British officers and men
Who after the fall of Kut
Being prisoners
In the hands of the Turks

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Perished during the march
From Kut
Or in the prison camps
Of Anatolia
These are they who came
Out of great tribulation

Behind the inscription lie about 200 graves. The British lost about 30,000 men in the Mesopotamian campaign against the Ottoman Turks and their German advisers, a sideshow to a greater catastrophe that killed 10 million. Many of those British soldiers, like those arrayed at the north end of the cemetery, died during and after the siege of Kut, some from starvation. Others died closer to Baghdad, some during combat and some, like Lt. Gen. Sir Stanley Maude, the commander of the Mesopotamia Expeditionary Force, of cholera; in his case, a year before the Great War ended. He lies in his own small temple inside the cemetery. The 30,000 British dead represent a total more than 10 times the number of Americans killed in 39 months of war here.

Private J. Bleakley
Royal Army Ordnance Corps
6th July 1918 Age 21
He Died For Us
.

The marines gathered in a cement building not much larger than a garage. Most of them took a seat in one of the plastic chairs arranged for the occasion. A platoon stood off to one side, holding the battalion's flag. In the middle of the room were a fallen comrade's boots, his rifle and his helmet, arranged in a kind of headstone, and a framed photograph of a square-jawed, bespectacled young man.

"Lance Corporal Nicholas J. Whyte," the program said. "23 Jun 1984 - 21 Jun 2006."

Corporal Whyte was killed by a sniper last month while on a patrol in Ramadi. The bullet hit him in the throat and severed his spinal cord.

In all likelihood, it was not a lucky shot. Four of the 11 marines from his battalion who have been killed in Ramadi since March have been shot in a similar way in the same neighborhood. Corporal Whyte was shot in the throat. Another marine was shot through the forehead, just below the rim of his helmet. A third was shot through the heart. A fourth was shot through the collarbone. "We think it's the same guy," said Maj. Thomas Hobbs, the executive officer of the Third Battalion, Eighth Marines.

Earlier last week, after the marines moved into Ramadi General Hospital — in the same neighborhood where Corporal Whyte was killed — someone with a rifle went to work again. Within 12 hours after the marines had left, leaving behind a fledgling team of Iraqi police, a sniper had shot two of them, one through the face; he died. At last notice, the second Iraqi police officer, shot in the gut, was still hanging on.

Corporal Whyte was from Brooklyn; like the overwhelming majority of the marines in the Third Battalion, he signed up after Sept. 11, 2001. He was on his second tour in Iraq. He'd gone to Northeastern boarding schools on scholarship before graduating public high school, and his parents expected him to head to the Ivy League. In a unit of young men proud of their aggressiveness, Corporal Whyte was one of its softer touches.

"He was practically a pacifist," said one member of his platoon. "If someone gave him a hard time, he'd just let it go."

A marine with bagpipes played "Amazing Grace." The Marine chaplain said a prayer. "It is appropriate to ask this evening," he intoned, "how can we use Corporal Whyte's example to become better leaders?"

Lt. Col. Steven Neary, Corporal Whyte's battalion commander, stepped to the podium and read a verse from the marine's prayer book.

"I am not fighting to preserve the kind of world we had just before this war," he read. "If I were, I would be fighting to preserve a world that produced tyrants and dictators. The new world must be a better world than that, or it is not worth fighting for."

In the end, the colonel said, there was no explanation. "None of us can understand why he was taken from us," he said.

In the Marine tradition, the roll of his platoon was called; when it came to Corporal Whyte's name and no one answered, the platoon's leader read it aloud two more times.

With that, each of the members of weapons company, about 150 men in all, walked past Corporal Whyte's helmet, boots and rifle, paused, touched it a final time and gave a salute.

"Goodbye, brother," one of them said.

What's An Iraqi Life Worth? (WP)

DOJ_NMG_0039349

By Andrew J. Bacevich

The Washington Post, July 9, 2006

In Iraq, lives differ in value -- and so do deaths. In this disparity lies an important reason why the United States has botched this war.

Last November in Haditha , a squad of Marines, outraged at the loss of a comrade, is said to have run amok, avenging his death by killing two dozen innocent bystanders. And in March, U.S. soldiers in Mahmudiyah allegedly raped a young Iraqi woman and killed her along with three of her relatives -- an apparently premeditated crime for which one former U.S. soldier has been charged . These incidents are among at least five recent cases of Iraqi civilian deaths that have triggered investigations of U.S. military personnel. If the allegations prove true, Haditha and Mahmudiyah will deservedly take their place alongside Sand Creek, Samar and My Lai in the unhappy catalogue of atrocities committed by American troops.

But recall a more recent incident, in Samarra . On May 30, U.S. soldiers manning a checkpoint there opened fire on a speeding vehicle that either did not see or failed to heed their command to stop. Two women in the vehicle were shot dead. One of them, Nahiba Husayif Jassim, 35, was pregnant. The baby was also killed. The driver, Jassim's brother, had been rushing her to a hospital to give birth. No one tried to cover up the incident: U.S. military representatives issued expressions of regret.

In all likelihood, we will be learning more about Haditha and Mahmudiyah for months to come, whereas the Samarra story has already been filed away and largely forgotten. And that's the problem.

The killing at the Samarra checkpoint was not an atrocity; most likely it was an accident, a mistake. Yet plenty of evidence suggests that in Iraq such mistakes have occurred routinely, with moral and political consequences that have been too long ignored. Indeed, conscious motivation is beside the point: Any action resulting in Iraqi civilian deaths, however inadvertent, undermines the Bush administration's narrative of liberation, and swells the ranks of those resisting the U.S. presence.

Gen. Tommy Franks, who commanded U.S. forces when they entered Iraq more than three years ago, famously declared: "We don't do body counts." Franks was speaking in code. What he meant was this: The U.S. military has learned the lessons of Vietnam -- where body counts became a principal, and much derided, public measure of success -- and it has no intention of repeating that experience. Franks was not going to be one of those generals re-fighting the last war.

Unfortunately, Franks and other senior commanders had not so much learned from Vietnam as forgotten it. This disdain for counting bodies, especially those of Iraqi civilians killed in the course of U.S. operations, is among the reasons why U.S. forces find themselves in another quagmire. It's not that the United States has an aversion to all body counts. We tally every U.S. service member who falls in Iraq, and rightly so. But only in recent months have military leaders finally begun to count -- for internal use only -- some of the very large number of Iraqi noncombatants whom American bullets and bombs have killed.

Through the war's first three years, any Iraqi venturing too close to an American convoy or checkpoint was likely to come under fire. Thousands of these "escalation of force" episodes occurred. Now, Lt. Gen. Peter Chiarelli, the commander of U.S. ground forces in Iraq, has begun to recognize the hidden cost of such an approach. "People who were on the fence or supported us" in the past "have in fact decided to strike out against us," he recently acknowledged.

In the early days of the insurgency, some U.S. commanders appeared oblivious to the possibility that excessive force might produce a backlash. They counted on the iron fist to create an atmosphere conducive to good behavior. The idea was not to distinguish between "good" and "bad" Iraqis, but to induce compliance through intimidation.

"You have to understand the Arab mind," one company commander told the New York Times, displaying all the self-assurance of Douglas MacArthur discoursing on Orientals in 1945. "The only thing they understand is force -- force, pride and saving face." Far from representing the views of a few underlings, such notions penetrated into the upper echelons of the American command. In their book "Cobra II," Michael R. Gordon and Gen. Bernard E. Trainor offer this ugly comment from a senior officer: "The only thing these sand niggers understand is force and I'm about to introduce them to it."

Such crass language, redolent with racist, ethnocentric connotations, speaks volumes. These characterizations, like the use of "gooks" during the Vietnam War, dehumanize the Iraqis and in doing so tacitly permit the otherwise impermissible. Thus, Abu Ghraib and Haditha -- and too many regretted deaths, such as that of Nahiba Husayif Jassim.

As the war enters its fourth year, how many innocent Iraqis have died at American hands, not as a result of Haditha-like massacres but because of accidents and errors? The military doesn't know and, until recently, has publicly professed no interest in knowing. Estimates range considerably, but the number almost certainly runs in the tens of thousands. Even granting the common antiwar bias of those who track the Iraqi death toll -- and granting, too, that the insurgents have far more blood on their hands -- there is no question that the number of Iraqi noncombatants killed by U.S. forces exceeds by an order of magnitude the number of U.S. troops killed in hostile action, which is now more than 2,000.

Who bears responsibility for these Iraqi deaths? The young soldiers pulling the triggers? The commanders who establish rules of engagement that privilege "force protection" over any obligation to protect innocent life? The intellectually bankrupt

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policymakers who sent U.S. forces into Iraq in the first place and now see no choice but to press on? The culture that, to put it mildly, has sought neither to understand nor to empathize with people in the Arab or Islamic worlds?

There are no easy answers, but one at least ought to acknowledge that in launching a war advertised as a high-minded expression of U.S. idealism, we have waded into a swamp of moral ambiguity. To assert that "stuff happens," as Defense Secretary Donald H. Rumsfeld is wont to do whenever events go awry, simply does not suffice.

Moral questions aside, the toll of Iraqi noncombatant casualties has widespread political implications. Misdirected violence alienates those we are claiming to protect. It plays into the hands of the insurgents, advancing their cause and undercutting our own. It fatally undermines the campaign to win hearts and minds, suggesting to Iraqis and Americans alike that Iraqi civilians -- and perhaps Arabs and Muslims more generally -- are expendable. Certainly, Nahiba Husayif Jassim's death helped clarify her brother's perspective on the war. "God take revenge on the Americans and those who brought them here," he declared after the incident. "They have no regard for our lives."

He was being unfair, of course. It's not that we have no regard for Iraqi lives; it's just that we have much less regard for them. The current reparations policy -- the payment offered in those instances in which U.S. forces do own up to killing an Iraq civilian -- makes the point. The insurance payout to the beneficiaries of an American soldier who dies in the line of duty is $400,000, while in the eyes of the U.S. government, a dead Iraqi civilian is reportedly worth up to $2,500 in condolence payments -- about the price of a decent plasma-screen TV.

For all the talk of Iraq being a sovereign nation, foreign occupiers are the ones deciding what an Iraqi life is worth. And although President Bush has remarked in a different context that "every human life is a precious gift of matchless value," our actions in Iraq continue to convey the impression that civilian lives aren't worth all that much.

That impression urgently needs to change. To start, the Pentagon must get over its aversion to counting all bodies. It needs to measure in painstaking detail -- and publicly -- the mayhem we are causing as a byproduct of what we call liberation. To do otherwise, to shrug off the death of Nahiba Husayif Jassim as just one of those things that happens in war, only reinforces the impression that Americans view Iraqis as less than fully human. Unless we demonstrate by our actions that we value their lives as much as the lives of our own troops, our failure is certain.

Andrew J. Bacevich is a professor of history and international relations at Boston University.

Fighting Insurgents, By The Book (WP)

By Fred Kaplan

The Washington Post, July 9, 2006

Two messages flutter between the lines of the Army's new field manual on counterinsurgency wars, its first document on the subject in 20 years.

One is that Pentagon planning for the Iraq war's aftermath was at least as crass, inattentive to the lessons of history, and contrary to basic political and military principles as the war's harshest critics have charged.

The other is that as a nation we may simply be ill-suited to fighting these kinds of wars.

The field manual's chief authors -- Lt. Gen. David H. Petraeus and retired Lt. Col. Conrad C. Crane -- would never make these points explicitly. When Petraeus was commander of the 101st Airborne Division in Iraq, he combined combat power and community-building more astutely than any other officer. Crane, director of the U.S. Army Military History Institute, is one of the leading scholars of "irregular warfare." They both support the war's aims. And they outline their new doctrine -- or, rather, their revival of a very old doctrine -- thoughtfully and thoroughly.

Yet the undertone of this 241-page guidebook -- not yet publicly released, but obtained by Steven Aftergood and posted last week on Secrecy News , his online newsletter -- is one of grim caution.

Counterinsurgency involves rebuilding a society, keeping the population safe, boosting the local government's legitimacy, training a national army and fighting off insurgents who are trying to topple the government -- all at the same time. As the manual puts it, "The insurgent succeeds by sowing chaos and disorder anywhere; the government fails unless it maintains order everywhere."

From the first page to the last, the authors stress that these kinds of wars are "protracted by nature." They require "firm political will and extreme patience," "considerable expenditure of time and resources," and a large deployment of troops ready to greet "hand shakes or hand grenades" without mistaking one for the other.

"Successful . . . operations require Soldiers and Marines at every echelon to possess the following," the authors write. They then list a daunting set of traits: "A clear, nuanced, and empathetic appreciation of the essential nature of the conflict. . . . An understanding of the motivation, strengths, and weaknesses of the insurgent," as well as rudimentary knowledge of the local culture, behavioral norms and leadership structures. In addition, there must be "adaptive, self-aware, and intelligent leaders."

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Meanwhile, one high-profile infraction can undo 100 successes. "Lose moral legitimacy, lose the war," the authors warn, noting that the French lost Algeria in part because their commanders condoned torture.

Two big questions emerge: First, can American armed forces maintain such exacting standards over a long, hazy conflict? The all-volunteer U.S. military is full of extraordinarily smart, dedicated and disciplined troops. But there are sluggards, too, and the Army has also been lowering standards lately to meet recruitment targets.

Second, can Americans maintain a long-term commitment to civil or insurgent wars at a cost of hundreds of billions of dollars and perhaps thousands of lives? The issue isn't whether we should, but whether we can -- whether the political system, with its competing demands and aversion to risk, is capable of it.

The panel of officers and experts that put together the manual had no mandate to address such questions. But one consultant on the project who spoke on the condition of anonymity told me, "If we did, we would have probably put in some caveat like: 'If the nation and its leaders are not prepared for the long, hard fight that counterinsurgency entails, they should not begin it in the first place.' "

Certainly, one cause of the missteps in Iraq was the failure of top U.S. officials to foresee that after Saddam Hussein fell, they might find themselves battling an insurgency. As recently as last November, Defense Secretary Donald H. Rumsfeld was still refusing to call the enemy " insurgents ."

The manual at one point lists various practices that have proved successful and unsuccessful in past counterinsurgency campaigns. The list came from a memo written in November 2004 by Kalev Sepp, a professor at the Naval Postgraduate School who was advising Gen. George W. Casey Jr., the U.S. military commander in Iraq.

It must have been clear that U.S. forces had followed many of the unsuccessful practices, among them: "Place priority on killing and capturing the enemy, not on engaging the population; Concentrate military forces in large bases for protection; . . . Focus special operations forces primarily on raiding"; and "Ignore peacetime government processes, including legal procedures."

The manual cites other principles of counterinsurgency that the U.S. military violated:

"The more force used, the less effective it is."

"An operation that kills five insurgents is counterproductive if the collateral damage or the creation of blood feuds leads to the recruitment of fifty more."

"A defection is better than a surrender, a surrender better than a capture, and a capture better than a kill."

One page of the manual summarizes Napoleon's occupation of Spain in 1808: "Napoleon believed the conquest of Spain would be little more than a 'military promenade.' [He achieved] a rapid conventional military victory over Spain's armies but ignored the immediate requirement to provide a stable and secure environment for the people. . . . The French failed to analyze the history, culture, and motivations of the Spanish people, or to seriously consider their potential to support or hinder the achievement of French political objectives. Napoleon's cultural miscalculation resulted in a protracted struggle that lasted nearly six years and ultimately required approximately three-fifths of the French Empire's total armed strength."

No reader can miss the parallel to Rumsfeld and Iraq.

Would a smarter U.S. strategy have produced a more stable Iraq? Or were the long-suppressed sectarian feuds destined to gush forth once Hussein was removed?

A better question: Should we follow the authors' advice in the hope of waging a better counterinsurgency the next time around? Or should we give up these sorts of wars as futile and -- do what instead?

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Fred Kaplan writes the "War Stories" column for Slate, the online magazine at www.slate.com.

THE COSTS OF WAR (WP)

By Rachel Dry

The Washington Post, July 9, 2006

The civilian death toll in Iraq is either 100,000, or 50,000, or 43,273, or, as President Bush said in December, "30,000, more or less."

Most people doing the counting say that the number is more than the president's 30,000, but hedge the total, as he did, because of the impossibility of accurately recording every fatality throughout the war-torn country.

One of the most frequently cited numbers is the total from Iraq Body Count, an organization of antiwar British researchers who've been working since 2003 on maintaining civilian death statistics. John Sloboda, co-founder of the group, said that he and his colleagues compile civilian death statistics from media reports and the Baghdad morgue, carefully documenting incidents where possible, to avoid double counting. Their current count ranges from 38,843 to 43,273, reflecting that numbers vary from report to report and that some deaths are recorded simply as "Iraqi" with no distinction made for civilians.

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Late last month, the Los Angeles Times offered its own tally: at least 50,000 Iraqi deaths, mostly civilian, since the 2003 U.S.-led invasion. That count is from the morgue, the Iraqi Health Ministry and other sources.

Michael E. O'Hanlon at the Brookings Institution maintains the Iraq Index, with a civilian casualty count of 20,600 to 37,200, not including deaths from crimes.

In 2004, a team of public health researchers published a study in the British medical journal the Lancet estimating a death toll based on a sample of documented deaths. It was a big, round and roundly disputed number: at least 100,000 Iraqi civilians dead in the 18 months following the invasion.

Though the Lancet study stirred up a fight over methodology, Sloboda thinks the real battle shouldn't be over how the counting is being done, but over who is doing the counting. He'd prefer that the Pentagon take charge. "We consider it a disgrace and obscenity that the world's largest superpower leaves this job to 12 unpaid volunteers."

-- Rachel Dry

Medical Oaths Betrayed (WP)

By Steven H. Miles

The Washington Post, July 9, 2006

In November 2003, an Iraqi guard smuggled a pistol into the U.S. military prison at Abu Ghraib and gave it to a prisoner, Ameen Saeed al-Sheik. Tipped off, military police quickly began a cell-to-cell search. When they reached his cell, Sheik went for the hidden pistol; gunfire was exchanged and a sergeant was hit. According to sworn testimony, the soldiers wrestled the prisoner to the {fllig}oor and sent him to the hospital with a dislocated shoulder and shotgun wounds to his legs.

When Sheik returned to prison, he was beaten with a baton and his arms were handcuffed over his head, putting stress on his injured shoulder and leg. On a cold night, a medic, Sgt. Theresa Adams, saw Sheik naked and bleeding from a catheter that should have been connected to a bag to prevent infection. According to a sworn statement, the physician on call (who held the rank of colonel) agreed that the hospital had erred in leaving the catheter open but refused to remove it or to transfer Sheik to a hospital. When Adams asked him whether he had ever heard of the Geneva Conventions, the physician answered, "Fine, Sergeant, you do what you have to do; I am going back to bed."

In May 2004, photographs of prisoners being abused at Abu Ghraib shocked the world. When I saw the pictures, a simple question came to mind: Where were the prison doctors, nurses and medics while this abuse was happening?

Based on my review of tens of thousands of pages of declassi{filig}ed government documents, congressional testimony, press accounts and reports by human rights organizations, the answer is clear: Many armed forces physicians, nurses and medics have been passive and active partners in the systematic neglect and abuse of prisoners. At facilities in Iraq, Afghanistan and Guantanamo Bay, Cuba, the United States often failed to provide prisoners with minimally adequate medical and health systems. Some physicians and psychologists provided information that was used to determine the harshness of physically and psychologically abusive interrogations, which were then monitored by health professionals. Some doctors responsible for the medical records of detainees omitted evidence of abuse from their official reports. Medical personnel who knew of this system of neglect, abuse and torture remained silent.

Certainly, the vast majority of military clinicians are responsible and competent. But even silence or indifference concerning prisoners' injuries was common enough to enable prison abuse to continue in Iraq, Afghanistan and at Guantanamo Bay. My new book on this subject cites incidents involving 120 to 150 clinicians at these locations -- most remaining quiet in the face of abuse, at least 10 delaying or suppressing death certificates in cases of abuse, and at least 30 involved in designing or monitoring harsh interrogations.

These were not isolated acts of medical complicity; rather, they formed a pattern of abuse authorized (or ignored) by senior U.S. officials.

In November 2002, Defense Secretary Donald H. Rumsfeld appointed a working group to develop an interrogation policy for the prison at Guantanamo Bay. Upon receiving the working group's reports, Rumsfeld approved techniques such as isolation, interrogation for 20 hours, deprivation of light and sound and the use of loud sounds, as well as "manipulation of the detainees' emotions and weaknesses."

But his April 2003 directive also proposed three roles for medical professionals in interrogations. First, "the use of isolation as an interrogation technique requires detailed implementation instructions, including . . . medical and psychological review." Second, application of such interrogation methods was contingent on the detainee being "medically and operationally evaluated as suitable." Third, the interrogations required "the presence or availability of quali{filig}ed medical personnel."

Rumsfeld's vision was {fllig}eshed out in Army prisons in Iraq, Afghanistan and at Guantanamo Bay, with health professionals cooperating in all phases of coercive interrogation. Some provided information from medical records and clinical

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interviews for use in designing interrogation plans. Others recommended ways to break down prisoners, using insights from cross-cultural psychology to degrade and demoralize them.'The Man Was Old'

Although few records describing interrogations have been declassified, investigative files con{filig}rm that clinicians were present during some harsh inquiries. Guantanamo Bay interrogators and officers reported that doctors observed such questioning from behind a mirror or were in the room while it was occurring. And in Samarra, various soldiers offered sworn testimony about a particular interrogation:

[Linguist -- name redacted]: I witnessed concern on the part of the primary interrogator toward preventing the detainee from going into a medical crisis as a result of the questioning. He stopped the questioning several times so that a medical professional could examine him and determine if he was still doing {filig}ne. All indications were that, aside from the stress of being captured and questioned, he was suffering no health crisis.

Q: During any interrogations did Staff Sergeant [name redacted] ever have to stop it because of medical problems?

A: I don't think so. The only one was [same inmate as above] but Staff Sergeant never stopped it. He only voiced concern that we ease up on the detainee so he could remain calm and keep his blood pressure down. . . .

[Interrogator -- name redacted]: [Name redacted] and I were the agents while [name redacted] sat in as the medic on standby. . . . Every time, maybe two or three times, the [detainee] showed any sign of difficulty, [co-interrogator] would take a break to allow [medic] to attend to him. . . . We took several breaks that night. The man was old and in the middle of the interrogation, we gathered up his pills (or medication) and gave it to him .

One log that detailed the medical monitoring of interrogations was leaked from Guantanamo Bay, excerpted in Time magazine and later authenticated by the Pentagon. According to the log, in 2002 psychologist John Leso monitored the interrogation of Mohamed al-Qahtani, making suggestions on how to increase the stress on the prisoner. The 50-day chronology details the techniques employed: isolation, sleep deprivation, masking, head shaving, shackling, threatening with a dog and so on. The log shows regular monitoring by medics, who, at one point, administered nearly three bags of medical saline intravenously while the prisoner was tied to a chair. When Qahtani asked to urinate, he was told to do so in his pants. He was treated twice for a slow heart rate caused by hypothermia that was intentionally induced by air conditioning.

Medical examinations of prisoners -- both before and after interrogations -- were often skipped. In 2005, the Army's surgeon general found that 15 to 50 percent of prisoners in Iraq, Afghanistan and at Guantanamo Bay were examined before being questioned, and less than 15 percent were examined for injuries afterward. Even when such exams took place, however, they were not necessarily for the prisoners' bene{filig}t. According to the 2004 report by Army Maj. Gen. Antonio M. Taguba on abuse at Abu Ghraib, medical personnel vetted prisoners for interrogations that were designed in accordance with the medical {filig}ndings to include stress positions, sleep deprivation, isolation and dietary manipulation.

This process required the use of Behavioral Science Consultation Teams (BSCTs or "biscuits"), which helped design interrogation plans to exploit prisoners' psychological and physical vulnerabilities. The BSCTs used clinical information to clear prisoners for harsh interrogation plans; they also used medical information to develop a plan to break a prisoner's resistance to questioning. Clinicians at Guantanamo Bay met with BSCT personnel to offer insight on prisoners' weaknesses, according to the report by Maj. Gen Geoffrey D. Miller, who took command of the Abu Ghraib prison after the abuse scandal broke out.

At times, behavioral clinicians reportedly micromanaged some interrogations; one Guantanamo Bay psychiatrist even suggested rationing toilet paper to seven sheets per day and limiting water for bathing. Similarly, a military intelligence specialist in Iraq applied her background in psychology to design approaches to "interrogate those who could not be broken." She approved coercive interrogation plans involving sleep deprivation but vainly protested the use of dogs or nudity. She eventually asked to be relieved of interrogation duties.'The Dude Eventually Died'

In December 2002, Rumsfeld empowered Guantanamo Bay interrogators to deny a prisoner's "medical visits of a non-emergent nature." Although he later revoked the order on advice of legal counsel, the practice of punitive denial of treatment apparently continued throughout the prison system.

In Iraq, Army investigators reviewed a video showing a prisoner with bound wrists lying on the ground near a checkpoint. Entry and exit gunshot wounds are visible. While the soldiers discuss whether to summon medical care, one soldier tells the moaning prisoner to "shut up" and kicks him in the face or upper chest, according to the report of an Army criminal investigation. A soldier who was present during the videotaping later joked that they "weren't in any hurry to call the medics," adding that he "thought the dude eventually died."

A recently filed lawsuit and an FBI memo describe four prisoners, three at Guantanamo Bay and one apparently in Afghanistan, who were denied a prosthetic limb, antibiotics for wounds (two cases), and treatment for constipation until they cooperated with interrogators. An FBI memo tells of a prisoner, arrested in Afghanistan, who was denied treatment for a gunshot wound and was tortured for at least three days before being taken to a hospital.

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At Guantanamo Bay, a psychology technician complained to an officer who refused to allow a prisoner to receive a medical evaluation for back pain. According to "Inside the Wire," a 2005 book co-written by former Army linguist Erik Saar, the officer answered, "I run this cellblock the way I see {filig}t. If I think a detainee is complaining about back pain just to get to walk across the camp to the medical clinic one sunny afternoon, then I'm not going to put it in my log. Now leave my block and next time stay in your lane."

Another Guantanamo Bay interrogator, who had read a prisoner's medical files, asked for medical treatment for the prisoner's eyes, according to a June 2005 report by Jane Mayer in the New Yorker. His commander replied, "He should have gotten the medical help before he went on jihad.'"Blood on the Wall'

Investigations of prison abuse describe clinicians who could not "see" abuse. A Navy medic, Petty Officer Carlton Blay, testified in a prison-abuse trial that he watched a guard slap and punch prisoners at Camp Whitehorse in Iraq. Blay said that the beatings were meant to get the prisoners "to know that these people were now in charge." He testified that he did not report the beatings because he thought they were reasonable.

The records also show instances of clinicians who did not confront abusive acts. In late 2003, Sgt. Neil Wallin, a medic, was called to a cell after Abu Ghraib guards slammed a prisoner into a wall, lacerating his chin. He saw the prisoner with a sandbag over his head and blood running down his clothes from a 2 1/2 -inch cut. According to a sworn statement, he saw "blood on the wall near a metal weld, which I believed to be the place where the detainee received his injury." He sutured the wound with 13 stitches but did not report it because he said he did "not know how he was injured or if it was done by himself or another."

Physicians are responsible for collecting medical evidence from patients who report being assaulted. Bruises disappear, fractures heal and witnesses move on, so a physician's job includes describing and, if possible, photographing injuries. One Abu Ghraib record recounts a prisoner's story of beatings, stress positions, being forced underwater until he vomited and being sodomized with an "industrial penis."

But such records were the exception. Red Cross medical monitors described a number of prisoners with injuries from beatings or burns that had not been recorded in clinical notes. In 2003, U.S. soldiers arrested Sadiq Zoman and imprisoned him at their base in Tikrit. A month later, soldiers dropped him off at a hospital, according to a New York Times account. His family found him there four months later, unconscious, with three skull fractures, a broken thumb and burns on the soles of his feet. The Army had given the hospital a medical record saying that Zoman had suffered a heart attack and heatstroke.'The Authority of God'

A medic who beat prisoners during his service in Iraq described his experience to a reporter like this: "You get a burning in your stomach, a rush, a feeling of hot lead running through your veins and you get a sense of power. . . . Imagine wearing point-blank body armor, an M-16 and all the power in the world and the authority of God."

In his 1973 study of Vietnam veterans, psychiatrist Robert Jay Lifton wrote that "atrocity-producing situations" arise at the con{fllig}uence of extreme stress, a dehumanized enemy and the assurance from authorities that ordinary limits on conduct do not apply. However, a torturing society also needs the passive assent or active complicity of its medical profession. In the 20th century, such circumstances came together on several occasions. How does U.S. medical culpability in the war on terrorism compare to the role physicians played in the horrific abuse in Nazi Germany and the Soviet Union, or to medical complicity in the "dirty wars" of Argentina and Chile?

Nazi and Soviet physicians were architects of torture. Nazi doctors put their profession at the service of the party. They built a pseudoscienti{filig}c foundation for anti-Semitism, called race hygiene. Physicians and politicians then used that "science" to build and operate the machinery for fascist eugenics, {filig}rst killing the chronically ill and then, in the Holocaust, committing genocide. Soviet physicians constructed a diagnosis of "sluggish schizophrenia" and put it at the service of the state for incarcerating political dissidents. By contrast, the torture physicians of Argentina and Chile simply went to work in the prisons. They did what was asked of them and did not report what they saw.

The complicity and silence of U.S. clinicians and military medical commanders are more like the behavior of physicians in this second category. There were enough clinicians who were willing to be culpably ignorant, silent or actively complicit to staff the prisons and to allow the abuse to continue without medical challenge. Many civilian and military health professionals knew nothing of the abuse and bear no responsibility. But some senior military medical commanders, and the leadership of civilian medical associations, should have known or should have taken steps to know.

Clinicians are frontline monitors for human rights abuse in prisons. We are in prisons in which the Red Cross never goes and we are there when it is not. We can discern physical and psychic injuries even if they are not disclosed. Torturers need medical accomplices to keep prisoners alive as trauma is in{fllig}icted, to predict how severely detainees can be twisted. Such complicity shows a prisoner that he or she is utterly beyond help; complicit clinicians thus in{fllig}ict the torment of despair.

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It will require tenacious professionalism for medicine to remove the stain of its complicity with torture. We might start by recalling the story of the birth of Western medicine in ancient Greece. In grief over his beloved's death, Apollo, the god of healing and reason, dedicated their son, Asclepius, to healing. Asclepius ("Unceasingly gentle") married Epione ("Soothing"), and Hippocrates descended from that lineage. Greek medicine of 2,500 years ago had two foundations: medicine as a natural science and medical practice as a moral enterprise. The Hippocratic Oath speaks of those values in its vow to society, to patients and even to the prisoners at Abu Ghraib: "I will use regimens for the bene{filig}t of the ill in accordance with my ability and my judgment, but from what is to their harm or injustice I will keep them."

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Afghan And Coalition Forces Strike Taliban (NYT)

By Abdul Waheed Wafa

The New York Times, July 9, 2006

KABUL, Afghanistan, July 8 — Afghan police officers raided mosques across the volatile southern city of Kandahar late Thursday night and arrested more than 100 people sleeping in compounds, according to Afghan officials. The arrests appeared to be the first large-scale raids of mosques carried out by the country's American-backed government and immediately set off a backlash from Afghan religious leaders.

Two clerics in Kandahar condemned the raids, saying they resulted in the arrest of innocent people following a longstanding Afghan tradition of travelers being allowed to spend the night in mosques. The men requested anonymity, fearing reprisal from the government.

Police officials said they had received intelligence that unidentified men were meeting in mosques in Kandahar, which has experienced a sharp increase in suicide bombings this spring.

"Some strange people stay the night at mosques, having meetings," said the Kandahar police chief, Said Aziz Ahmad Wardak.

Mr. Wardak, speaking in a telephone interview Saturday evening, said that all but seven of the people arrested were held overnight and released on Friday. He said seven men who did not have identification cards were released Saturday afternoon.

Crowds of people gathered Friday and Saturday outside police headquarters in Kandahar, he said, but they remained peaceful while while waiting for the prisoners to be released. Local religious leaders also met with police officials after the raids.

Mr. Wardak denied it was Afghan tradition to allow travelers from other regions to stay in mosques, and he called on local clerics to halt the practice. "This is not part of tradition in Kandahar," he said. "A mosque is not a restaurant."

Afghanistan Bomb Kills Peruvian Soldier (AP)

AP, July 9, 2006

A roadside bomb killed a Peruvian soldier and wounded four other NATO troops patrolling western Afghanistan on Sunday, the Spanish Defense Ministry said.

The soldiers were patrolling in an armored convoy near the city of Farah after sunset when a bomb exploded near their vehicles, said Maj. Ian Clooney, spokesman for NATO's International Security Assistance Force.

Clooney would not identify the troops, but the Spanish Defense Ministry said the slain soldier was from Peru and had been serving with Spanish forces under an agreement allowing Peruvians with Spanish ancestry to form part of its forces.

Marine Recruiter In 'Fahrenheit' Mourned (AP)

By Sharon Cohen

AP, July 9, 2006

He was a stern-faced sniper — and a soft-hearted Marine who handed out candy to kids in Iraq. He was a warrior who wrote poetry about life and death.

He was featured in Michael Moore's antiwar documentary, "Fahrenheit 9/11," portrayed as an overzealous Marine recruiter who targeted poor kids.

But Staff Sgt. Raymond Plouhar was far more complicated than that.

And it was that complicated man who died in Iraq in late June, as he served with some of the same men he had recruited years ago. It was that complex man who was buried Friday, by a family that honored his service but would never forget his humanity.

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"He had a huge heart," says his widow, Leigha.

Plouhar was a Marine for 10 of his 30 years, but he had dreamed of joining the military ever since he was a little boy who liked to watch "M-A-S-H" on television and dress in fatigues and a camouflage shirt.

He entered the Corps straight out of high school, was trained as a sniper and traveled the world — Bosnia, Sudan and Israel. He had a ramrod posture and a fierce pride in his appearance: He once ironed his uniform and polished its brass buttons for two hours before allowing his mom to photograph him.

"He told me lots of times that he learned what could be accomplished .. if you put your heart and soul in it — and he put his heart and soul in the Marine Corps," says his father, also named Raymond. "He was gung-ho from the time he signed his name until the day he died."

His signature was a memorable one.

His birth certificate read Raymond James Byron Anthony Charles Plouhar — he was named after all his grandfathers. He followed a long family tradition of military service that included a grandfather who earned a Purple Heart in World War II and an older sister, Toni, who was in the Army.

Plouhar carried a Bible from his grandfather, Raymond, to Iraq. He kept it in his left shirt pocket next to his heart. Tucked inside was a photo of his wife and their two sons, Raymond, 9, and Michael, 5.

As devoted as he was to the Marines, Plouhar had a full life outside the military. He liked to hunt and camp, take canoe trips and fish with his boys.

He was known as a charmer, a good talker, a champion of the underdog (always defending and befriending kids picked on in school) and though he was trained to fight and kill, he preferred the role of peacemaker.

"He didn't like turmoil," recalls his mother, Cynthia. "He wanted everybody to be happy, to get along. ... He'd say 'Life's too short to sweat the small stuff.'"

As family members gathered last week in their lakefront home 30 miles north of Detroit, they lined the walls and windows with photo collages that tell Raymond Plouhar's life in chapters.

There's the grinning kid with the protruding ears (a coach once joked he looked like a Volkswagen with the doors open) proudly holding up the bass he caught.

There's the sturdy athlete grappling with an opponent around a wrestling circle and posing in the green-and-white football uniform of the Lake Orion Dragons.

There's the young man in love, sitting with high school sweetheart, Leigha, on his dad's Harley on their way to the prom, then years later, together again, he in Marine blue, she in white, on their wedding day.

Then there's the tough-minded Marine in helmet and combat gear — doling out candy from a plastic bag two months ago to schoolchildren in Iraq.

"He admired the Iraqi people," his father says. "He said, 'Dad, even though I can't understand a word they're saying, if we were back home ... we'd be buddies.'"

Plouhar was killed on June 26 by a roadside bomb in Anbar province in his second tour of duty in Iraq, weeks before he was to return home. He was assigned to the 3rd Battalion, 5th Marine Regiment, 1st Marine Division, I Marine Expeditionary Force in Camp Pendleton, Calif.

Plouhar's family says he had no qualms about returning to Iraq and he believed conditions had improved since his first tour in 2005.

"I never worried," Leigha says, "because ... in my head, he was indestructible and nothing could ever happen to him because he was so good at what he did."

His mother says her son preferred to be at the center of the action. In an undated entry in a blog on MySpace.com, Plouhar said "you can call me crazy" but he liked being in Iraq. "Someone has to do it plus I love what I do," he wrote.

Plouhar did step back from active duty for four years and worked as a recruiter in Flint so he could donate a kidney to his uncle.

It was as a recruiter that Plouhar was seen in Moore's award-winning "Fahrenheit 9/11." The segment shows Plouhar and another Marine in a mall parking lot in a depressed suburb of Flint; it suggests the two men were cynically hunting for poor teens to sign up, rather than go to a wealthy suburb where they'd likely be rejected.

Plouhar's father says his son told him he had been misled and believed he was being filmed for a documentary that would appear on the Discovery Channel. (Moore's office didn't return calls or e-mail messages seeking comment.)

"He cried when he found out what it really was," his father says. "He never dreamed that it was going to be something to slam the country, which he dearly loved."

The movie, to be precise, is primarily a criticism of the Bush administration's actions after the Sept. 11 terrorist attacks.

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And yet, the elder Plouhar also says he doesn't see anything wrong with his son's actions. "If you really watched just the part with my son in it," he asks, "how could you not say that he was standing tall and proud?"

His parents say they've seen only the segment featuring their son. Leigha Plouhar says her husband asked her not to watch the film — and she never has. Nor has Stephen Wandrie, his friend of 20 years, who says Plouhar was hurt by the film, but told him:

"'You know what? I know what I do is good for this country and every one of those people I'm recruiting — those guys are my brothers.' "

In the past month, the bloodshed that has become part of the daily life in Iraq seemed to edge closer and closer. He was shaken up in two explosions.

Two weeks before he died, his mother says, he called and she could hear the strain in his voice. But he tried to be reassuring. "He said, I'll be all right. I don't have much longer. ... I'm ready to come home. I'm ready."

And yet he seemed prepared for the possibility he wouldn't.

In a poem he sent to his family last year — a poem now enlarged to floor-to-ceiling size, and covering a wall of the Plouhar home — Plouhar said he knew he could die serving his country and was ready to make the sacrifice.

"I will leave my loved ones, my kids, my wife ...," he wrote. "Do not feel pity for me, for this is my choice. ... This is me. This is who I am. I am a Marine to the very end."

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Book Review: There's Less To The Attorney General Than Meets The Eye (AAS)

By Sanford Levinson, SPECIAL TO THE AMERICAN-STATESMAN

Austin American-Statesman, July 9, 2006

Local journalist's book suggests Alberto Gonzales does not challenge his president's views.

Very few attorneys general of the United States have been the subject of biographies. To this short list Austin journalist Bill Minutaglio now adds his study of current Attorney General Alberto Gonzales, though the book concludes just as Gonzales is taking his oath of office. Only a few pages at the end discuss the first year of his tenure.

There are two major problems with "The President's Counselor." The first, which is no fault of Minutaglio's, is that Gonzales is an almost completely opaque subject. The second, for which Minutaglio does bear some responsibility, is that there is no evidence that Gonzales has risen to "power" so much as "prominence." The two are not the same.

As to the first problem, it is widely acknowledged that Gonzales is a taciturn individual. (One infers that he did not cooperate with this book inasmuch as there is no indication that Minutaglio ever interviewed Gonzales.) Former Texas Supreme Court justice Raul Gonzalez is quoted as saying that his friend is "very difficult to read because he plays everything close to the vest." State Rep. Pete Gallego, a West Texas Democrat who is described as a "good friend" of Gonzales, describes him as "just very reserved. . . . Al's a difficult to guy to get to know. . . ."

Minutaglio himself describes Gonzales as displaying "a mortician's calm" at all times. While giving a speech in Virginia, his response to learning about the terrorist attacks on Sept. 11, 2001, was, "Well, keep me informed. Call me if there is anything else." Similarly, there is no evidence that he ever truly engaged in the debates swirling around the topics of torture and executive power that have turned out to be the leitmotifs of his service as White House Counsel and U.S. Attorney General. He was the passive conduit through which zealots such as John Yoo in the Department of Justice and David Addington in Vice President Dick Cheney's office led the government to adopt as policy what most people would describe as torture, coupled with an extravagant theory of presidential power that threatens the basic structures of American democracy.

Perhaps in this day of confessional memoirs, when millions can be made by publicizing — or even making up — childhood tales of woe, one ought to be grateful for a public figure who adamantly resists letting the public in on the emotional details of what has been an extraordinary life. Gonzales was born to parents who initially worked as migrant laborers; he once commented that his grandparents lived in a home with "no telephone, no television, no hot running water, no porcelain toilet, we went to the outhouse by the railroad tracks that ran along the back of their property."

His father, an alcoholic, built with his own hands a small home in Humble, Texas — if this were a novel, one would object to placing the family in a town called Humble! — where Gonzales was raised. He was the only one of eight children to go to college, graduating from Rice University, where, we repeatedly read, he sold peanuts in the football stands. From Rice he went to Harvard Law School, where, typically, he left no traces. From Harvard he went to the Houston law firm of Vinson & Elkins LLP, where he became one of the first Hispanic partners, specializing in real estate law (including work for one of V&E's largest

clients, Enron Corp.). Gonzales went on to serve as Gov. George W. Bush's general counsel and then to sit on the Texas Supreme Court before moving to the White House with his sponsor.

Gonzales does exemplify one version of the American dream, though he appears to be notably unreflective about what is to be learned from it. Does he believe that such success is available to anyone with similar ambition and perseverance? Has he pondered the meaning of the fact that none of his siblings went to college? Does the possibility that he benefited from affirmative action at various points in his career lead him to have any qualms about the Bush administration's attempt to invalidate such programs at the University of Michigan?

If Gonzales has ever offered an answer to any of these questions — or even a single truly interesting observation about any of the great events of our time — it is absent from this book. The closest exception concerns a moderate abortion opinion he wrote during his brief service on the Texas Supreme Court, involving exceptions to parental notification requirements. He castigated his far-right colleague Priscilla Owen for engaging in aggressive judicial activism in the service of her anti-abortion commitments. This opinion received much attention when President Bush nominated Owen to serve on the Fifth Circuit Court of Appeals, for it contradicted Bush's assurances that she believed in judicial restraint. Moreover, it generated great suspicion on the part of social conservatives who publicly opposed the possibility, once much-rumored, of Bush naming Gonzales as the first Hispanic to the United States Supreme Court. Still, it is impossible, as Minutaglio admits, to infer much, if anything, about what Gonzales himself believes about abortion or how he might respond were he to become a Supreme Court justice free to overrule unacceptable precedents.

Gonzales might simply be stunningly unreflective. Or he might be remarkably self-disciplined for reasons going back to his childhood, when he seemingly developed a tendency to keep hidden what he considered problematic aspects of his life. As a child, he never invited his school friends over to his home; Minutaglio suggests that this is because he was ashamed of his family's poverty. Similarly, he seems unwilling to invite anyone — or at least anyone willing to speak to Minutaglio — into his interior life.

The second, and possibly more serious, problem with this book is captured in the title itself, which leads us to believe that Gonzales is a more significant political figure than the evidence in the book supports. It is true that Alberto Gonzales has been George W. Bush's "counselor" both in the Texas Governor's Office and then in the White House. The problem is that nothing in this book suggests that Gonzales has ever once genuinely "counseled" George W. Bush, in the sense of asking probing questions or offering challenges to his client's already well-known views. Minutaglio twice compares Gonzales to Tom Hagen, Don Corleone's consigliere in "The Godfather." Some readers might find the comparison to be in questionable taste; more to the point, Hagen is a genuinely powerful person who commands the Godfather's respect, as distinguished from merely being well-liked for the use that can be made of him. If Gonzales has a genius, it is, as Minutaglio himself says, for telling his clients exactly what they want to hear, not challenging them to reflect on what it is they believe they want.

Gonzales, for example, was in charge of bringing Bush appeals for executive clemency before prisoners were executed in Texas. Alan Berlow published a devastating article in The Atlantic, on which Minutaglio draws, that suggests that Gonzales never thought seriously about the grievously flawed process of the Texas capital punishment system. Although we cannot know the details of private conversations between the two men, the written record of the memoranda that Gonzales prepared for Bush's review, and what is known about their personalities, leads one to believe that Gonzales simply reinforced Bush's own complacence. Characteristically, his one visit to Huntsville to observe an actual execution seems to have made no impression on him.

Perhaps the most illuminating paragraph in the book is drawn from an article that appeared in the Austin American-Statesman in 2001, shortly after Gonzales left the Texas Supreme Court to join Bush in the White House. Dan Shelley, who had been the governor's legislative director, described what he no doubt viewed as Gonzales' "growth" during his time serving Gov. Bush as his counsel: "Al would say, 'This piece of legislation is unconstitutional, veto it.' He was probably absolutely right. But then it would come to me, and I was the political guy. If Al had marked veto and the reason was it was unconstitutional, I would say, 'Go ahead and sign it, Governor.' It's not up to us to say whether it's unconstitutional. That's for the Supreme Court to decide. Al, I don't think, was comfortable with that at first."

It speaks well for Gonzales that he was uncomfortable, at least "at first." But, presumably, he learned to place any constitutional scruples to one side and to view himself, first and foremost, as serving the governor's (and then the president's) political interests. One term for this is the betrayal of a lawyer's oath to uphold the Constitution at all times.

Gonzales has never given Bush anything other than what Bush primarily values, which is absolute loyalty, and nothing in the first year and a half of his attorney generalship suggests any deviation. Most of his time has been spent defending unrestrained presidential power, including threatening to prosecute journalists who are attempting to engage in the oversight that a Republican Congress has failed to do. (Freedom of the press seems to be yet another issue that Gonzales has not seriously thought about.)

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This book is no doubt as illuminating as it could be about Alberto Gonzales, which is not very, save for detailing his remarkable rise from poverty to the halls, if not the actuality, of power. It is ultimately more illuminating about George W. Bush, who has no desire to welcome into his political family anyone who will seriously challenge any of his views. He found the kind of man he was looking for in Alberto Gonzales.

Sanford Levinson teaches constitutional law at the University of Texas and is the author, most recently, of 'Wrestling With Diversity.'

CORPORATE SCANDALS:

When Manipulation Might Equal Fraud (LAT)

By Tom Petruno, Times Staff Writer

The Los Angeles Times, July 9, 2006

The investigation of companies' stock-options practices has the look of a regulatory free-for-all: The Securities and Exchange Commission, the Justice Department and the Internal Revenue Service all are interested in whether executives manipulated options contracts.

The companies may have violated SEC rules on accounting and disclosure. They may have violated criminal statutes if deception was deliberate. And they, and their executives, may have cheated the tax man in the process.

Many companies aren't waiting for a prosecutor to knock on the door.

"Right now boards all over the country are hiring outside counsel and forensic accounting experts to look at their option practices," said Kevin Cameron, president of shareholder advisory firm Glass, Lewis & Co.

"But that's not something you can do quickly," he said. Which means it could be a long second half of the year for investors who are worried that their companies could be implicated.

Prosecutors don't announce their investigations, but many companies choose to disclose to shareholders if they've become a target of a civil or criminal probe. That is how most of the companies implicated so far have come to light — firms such as Irvine-based semiconductor maker Broadcom Corp., computer hardware producer Brooks Automation Inc. and tax software giant Intuit Inc.

Yet it isn't clear that some of the games played with options in the past actually broke any laws. Backdating of options, without public disclosure, may be cut-and-dried fraud. But simply timing option awards ahead of expected favorable company news makes good business sense, SEC Commissioner Paul Atkins said at a conference in Washington last week.

He suggested that such so-called spring-loaded option awards were in "the best interests of shareholders," because the options would be worth more to the executives, and the companies therefore could issue fewer options to reach a desired level of capital gain for the executives.

Fewer option grants would mean that existing shareholders would face less dilution from additional shares in the marketplace, Atkins said.

CRIMINAL LAW:

But It Will Remain In Effect For Awhile (NOTP)

By Bruce Alpert, Washington Bureau

New Orleans Times-Picayune, July 9, 2006

WASHINGTON -- A 45-day seal on materials seized in a raid on U.S. Rep. William Jefferson's Capitol Hill office legally expires today -- but will be continued anyway, as lawyers and politicians wrangle over unprecedented constitutional issues.

On May 25, President Bush ordered the seal in hopes that his Justice Department and House negotiators could "in good faith and with mutual institutional respect" resolve their disagreement over the legality of the first-ever search of a congressional office.

Agents seized documents and computer hard drives as part of a federal corruption probe of the eight-term New Orleans Democrat.

The seal will remain in place consistent with a previous statement by the chief judge for the U.S. District Court in Washington, D.C., Thomas Hogan, that the president's directive should continue until "further order of the court."

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On June 16, Hogan heard oral arguments during which Jefferson's lawyer and the attorney for the bipartisan leadership of the House of Representatives accused the Justice Department of an attack on the constitutionally established separation of powers.

Hogan, who had granted the government's request for a search warrant for Jefferson's office, strongly suggested during the hearing that he didn't find the legal arguments by Jefferson's lawyers and the House counsel's office convincing. He promised a quick ruling. But as of late Friday, both sides were still awaiting his ruling, which is now expected early next week.

"I think he sees the need to lay out a carefully crafted written opinion because this is an historic first," said Carl Tobias, a constitutional law professor at the University of Richmond. "He knows the difference between the routine search warrants he handles all the time, and the first one in the history of the nation in which a congressional office has been searched."

Jefferson has said he has an honorable explanation for the allegations that he engaged in a bribery scheme to promote projects in West Africa and predicts he will be cleared of any wrongdoing.

Probably won't be last word

Hogan's ruling, while eagerly anticipated, probably won't be the last word in the case. If the judge accepts the Justice Department's argument that the search didn't violate the separation of powers or the speech or debate clause of the Constitution, Jefferson's lawyers and probably the House counsel's office will almost certainly appeal the ruling.

The still-open question is whether Hogan, appointed to the federal bench in 1982 by President Reagan, will continue to keep the material taken from Jefferson's office sealed until the appeal is decided.

Tobias said it's likely the Justice Department will argue that the material should be made available immediately so the government can move expeditiously with its investigation of Jefferson and decide whether to seek an indictment from the Northern Virginia grand jury hearing the case.

Tobias said that, as with other issues in this case, there isn't a lot of precedent on whether the documents should remain sealed while the appeals process continues. If an appeal is filed, it initially would be heard by a three-judge panel in the district court. After that, it most likely would go the U.S. Supreme Court.

For now, according to a recent Justice Department filing, the documents remain in "heat-sealed evidence envelopes" placed inside a General Services Administration-approved combination safe.

. . . . . .

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30 In State Charged In FEMA Fraud (BN)

By Val Walton, News Staff Writer

The Birmingham News (AL), July 9, 2006

More investigations are under way

At least 30 people have been charged in Alabama federal courts with scamming the Federal Emergency Management Agency of thousands of dollars by posing as Hurricane Katrina victims.

As federal officials try to get a handle on the scope of FEMA aid fraud, questionable disaster-relief claims continue to mount in Alabama and across the country months after the August storm.

In the North Alabama District, which includes the 31 northernmost counties and is based in Birmingham, nine people have been charged with FEMA-related fraud. The latest three were indicted in May:

Joshua D. Moscato, 22, of Huntsville is accused of giving a fake residence to get $2,000 in FEMA money.

Jennifer L. Young, 22, of Huntsville lied about her place of residence to get $4,348, prosecutors say.

Christy L. Smith, 33, of Gadsden also is accused of giving bogus information to get $2,000 in assistance.

In the state's Middle District, based in Montgomery, 13 cases have been charged, said Retta Goss, a court spokeswoman.

So far in the Mobile-based Southern District, eight cases have been filed, with officials expecting more. "Many investigations are under way," said Charlie McNichol, a spokesman for the district's U.S. attorney's office.

Nationally, prosecutors in 23 districts have charged more than 212 people with hurricane-related crime, according to the Department of Justice's Hurricane Katrina Task Force February statistics, the latest available. The task force was initiated in September 2005 by Attorney General Alberto Gonzales.

"There will be consequences for those who have engaged in such fraud and deceit," U.S. Attorney Alice Martin of north Alabama said.

After Hurricanes Katrina and Rita pummeled Louisiana, Alabama and Mississippi, millions of people were left homeless and living out of motels and shelters. FEMA had the challenge of providing quick assistance while having adequate controls to assure that benefits were paid to eligible people.

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FEMA provided $2,000 per household in Individual Household Program payments through check, debit card or bank deposit.

The payments were supposed to go to speed aid to disaster victims. FEMA estimates more than 2.5 million people applied for Katrina or Rita benefits.

A Government Accountability Office review released last month found that the program was riddled with fraud. The agency estimates that it cost FEMA at least $1 billion.

Misspent aid:

While debit cards were used to get cash, food, clothing and other personal necessities, some went for adult entertainment, bail bond services and to buy guns. The government sent checks to thousands of people who registered with FEMA using information belonging to prison inmates or provided a post office box as the address of their damaged home.

Like other Louisiana residents, Theresa Clark and Angie Harris applied for $2,000 in financial assistance from FEMA. The women told federal officials their home in Slidell, La., was damaged, though Clark misspelled her place of residence as "Slydell." The American Red Cross paid for their stay at a motel in Attalla.

Instead of being hurricane victims, federal prosecutors said, the women are among the dozens of Alabama residents who turned out to be con artists.

"We knew they didn't live in Slidell," said Dennis Weaver, chief investigator for the Attalla Police Department. "They were a couple of people we dealt with before."

Clark and Harris, indicted by a Birmingham-based federal grand jury, pleaded guilty to their crimes. Clark is to be sentenced Aug. 2. Harris received 36 months of probation and was ordered to pay $2,000 in restitution.

Two identities:

In Birmingham, Gladys Mae Whitt was arrested by Birmingham Police on Nov. 23, 2005, for shoplifting. At the time, Whitt had a hospital bracelet, an open piece of mail, an Alabama Electronic Benefit Transfer card and a red plastic hospital card identifying her as Margaret Shear, a Hurricane Katrina evacuee.

Whitt, posing as Shear, gave an address of Walker Street in New Orleans. On. Sept. 15, 2005, a $2,000 check was mailed to Margaret Shear at a Birmingham address. That address, prosecutors said, was where Gladys Whitt lived with her mother through October 2005.

Whitt pleaded guilty. She is to be sentenced Aug. 17.

In March, a Montgomery grand jury indicted Bernetta Willis, 27, charging her with submitting applications to FEMA claiming that the property she rented in Louisiana sustained damage. The indictment said Willis lived in Montgomery and got four benefit checks totaling $8,716.

Willis also is charged with using a gun to threaten a witness who was to testify about her FEMA claims.

Weaver, the Attalla investigator, said it's not unusual for con artists, who may have substance abuse problems, to try to scam.

"You have to figure if they will steal from their own parents, they don't mind stealing from the government or taxpayer," he said. "They are not upstanding citizens."

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Law Enforcement Officials Lurking All Over The Web (PPG)

By Torsten Ove, Pittsburgh Post-Gazette

Pittsburgh Post-Gazette, July 9, 2006

Open season on predators

A 53-year-old press secretary for the U.S. Department of Homeland Security uses the Internet to arrange a tryst with a young girl but worries she's a cop.

"Law enforcement is very good at this," he writes to "Ashlynne." "I have soooo much to lose."

He did. "Ashlynne" was a Florida sheriff's deputy.

A 44-year-old Georgia school superintendent uses a computer at work to arrange sex with 15-year-old "Holly" but worries about "loosing [sic] everything."

He did. "Holly" was a local police officer.

A 52-year-old sports editor at the Washington, Pa. Observer-Reporter arranges for sex with 12-year-old "Jessica," according to an e-mail transcript, but worries that he "could get in really big trouble."

He did. "Jessica" was an agent from the Pennsylvania attorney general's Child Predator Unit.

Across America, online sex stings are booming.

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Arrests have doubled since 2001, and so many cops are online that the federal Internet Crimes Against Children Task Force program is expanding its intelligence database so that police don't trip over each other in cyberspace.

Cyberstings also are getting unprecedented exposure with Dateline NBC's controversial "To Catch a Predator" series, which features a civilian group called Perverted Justice nabbing suspects while cameras roll.

The growth of this phenomenon raises big questions:

Are stings deterring predators? Or is the Internet creating more of them? And why are so many men -- almost all of them white and many well-educated -- trolling online for teens when they know they're being hunted?

The short answers: Probably, maybe and because they can't help themselves.

But as is often the case with the subject of child molestation, the issues are a good deal more complicated than that.

The best evidence, for example, indicates that there has been a dramatic overall decline in sexual abuse of children in America over the past 15 years.

Yet at the same time, those who examine this sort of thing -- and those who put predators in jail for a living -- are pretty sure that Internet sex crimes are increasing.

Federal prosecutions certainly are. Cases against those who prey on children or collect kiddie porn have jumped from 344 in 1995 to 1,576 last year.

Chart: Online predators / Arrests and characteristics

"I know we're getting better at catching them," said William Shore, a supervisory agent for the Pittsburgh FBI office. "I think the Internet is breeding this stuff."

Dennis Guzy, head of Pennsylvania's Child Predator Unit, thinks so, too. He's been working stings for 25 years. In pre-Internet days, he worked with U.S. postal inspectors to catch predators by placing fake ads in hard-to-find porn magazines.

Now he and his six agents cast their net online, setting up Yahoo profiles in which they pose as 11- or 12-year-olds. They're not hurting for targets.

The unit has arrested 53 men since January 2005, including suspects from Latrobe, Baldwin Township and Oakland just last month.

"This whole problem is driven by the Internet," said Agent Guzy, a veteran of the Philadelphia Police Department's sex crimes unit. "Child porn is so readily available on the Internet. I think individuals get out there and see the numerous teen sites, they see the wealth of child porn, and it starts to take them into a new world. I think that's what drives them into the chat rooms."

Even when they know better -- or should.

One suspect on the Dateline show wrote to his pen pal: "now a days you have to be careful ... you know cops pulling stings."

Agent Guzy remembers a case in which agents arranged to meet a suspect in the parking lot of a Harrisburg hotel. Before the meeting, the man warned them that they had to be careful because he'd heard that the attorney general's office was setting up stings in hotel parking lots around Harrisburg.

It's not that these people are dumb.

"It's an irresistible urge," said Agent Guzy. "You might think the guy has to be the stupidest guy in the world. But when you ask him about it, he says, 'Yeah, but in spite of all that, I couldn't pass up the opportunity to have sex with a 9-year-old girl. So I took the risk.' "

Many suspects will write in their correspondence, "I hope you're not a cop," but they accept the answer when a cop says that he's not.

"Why do they accept that [lie]? Because they need to," said consultant Kenneth Lanning, formerly of the FBI's Behavioral Sciences Unit. "This is need-driven behavior, not thought-driven behavior."

Police prowling this netherworld have to keep up with accelerating technology. Stings have moved from snail mail to e-mail and now instant messenger, requiring cops to react more quickly or risk losing their mark.

The Bush administration has been trying to streamline investigations.

Across the country, 46 Internet Crimes Against Children Task Forces funded by the Justice Department supply money and training for state and local police.

The program is expanding, adding more law enforcement agencies and beefing up a "deconfliction" computer system that allows police to share intelligence.

Lt. Dave Peifer of the Delaware County district attorney's office, who heads Pennsylvania's task force, says officers need to avoid duplicating efforts.

"You could have a situation where four other task forces are communicating with the same guy," he says.

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Authorities also occasionally bump into each other online. Not every cop in cyberspace is posing as a 12-year-old. Some investigators, such as postal inspectors, work reverse stings in which they pose as adults trading child pornography or as parents offering young children for sex.

With a central data base, everyone will know what everyone else is doing in this vast hunting ground.

Civilians with organizations like Perverted Justice probably won't have access; many in law enforcement consider them vigilantes.

But Dateline is getting huge ratings covering Perverted Justice sting operations, exposing a seedy subculture to millions of Americans.

One man was shown bringing his little boy to a tryst. Another showed up with whipped cream. Another stripped off all his clothes the instant he arrived.

It's enough to make a viewer wonder just how many of these men are out there. Researchers don't know, but they have examined who gets caught.

The most recent study by David Finkelhor, a Point Breeze native who heads the Crimes Against Children Research Center at the University of New Hampshire, shows that 91 percent of suspects are white men with full-time jobs.

"The people that law enforcement are accessing tend to be your white-collar technical people," says Mr. Finkelhor. "Minorities are not as represented in that group."

Many are married, too, and police have noticed that in most cases, women stand by their husbands throughout a prosecution.

How big a threat are these men?

Those caught in stings clearly planned to molest a child, but no one knows how many times Internet predators may have been successful. But many obviously are.

Former Baden police officer Kenneth Jones, for example, cruised homosexual chat rooms and arranged a tryst with a 14-year-old boy who also was victimized by several other local men. Those are the cases that motivate police in undercover efforts.

"We capture these predators before they steal the innocence of a child for the first time or molest a child again," said Kevin Harley, spokesman for the attorney general's office. "A lot of these guys have real victims."

Once stung, defendants offer a number of excuses, according to law enforcement officials. Among the more popular: they were trying to teach a young target about the dangers of the Internet; they were doing their own investigation; they weren't really going to have sex.

In court, they typically argue that they were entrapped or merely engaging in fantasy. A newer defense is the "impossibility" claim, which recently surfaced before the 3rd U.S. Circuit Court of Appeals in Philadelphia.

Todd Tykarsky of Trenton, N.J., had traveled to Philadelphia to have sex with a 14-year-old who turned out to be an FBI agent. Because the girl wasn't real, he said, he could not have formed a true intent to have sex with her.

The 3rd Circuit rejected that argument. Few defense strategies succeed -- the conviction rate for online stings is nearly 100 percent.

The proliferation of Internet sex cases involving children worries law enforcement, because cyberspace forums provide places where people can find kindred spirits no matter what their passions.

Chat rooms can serve to validate even the most deviant behavior, said Mr. Lanning. "No one is telling you it's wrong," he said.

The increasing availability of online child pornography -- much of it produced in the states of the former Soviet Union -- also could be lowering inhibitions and driving some men to seek trysts with children.

"Child porn is more accessible, so people are maybe developing a taste for it. There seems to be a market for these images," said Mr. Finkelhor. "But we don't have any evidence that it is [creating more predators]."

Mr. Finkelhor, Mr. Lanning and others encourage a sense of perspective. That's difficult in an era of 24-hour news, when a child abduction halfway across the country gets saturation coverage that in the old days would have been limited to the place where it happened.

But the cases that strike the most fear in parents -- stranger abductions of children -- are not increasing. There are between 100 and 150 annually in the U.S., a number that has remained steady for years.

Other crimes against children also seem to be declining.

The most complete study by the Crimes Against Children Research Center shows that substantiated cases of sex abuse dropped nearly 50 percent between 1992 and 2004. The rate per 1,000 children also went down, although the figures represent only abuse reported to youth agencies and don't reflect stranger abductions or most Internet crimes.

Mr. Finkelhor said more awareness of child abuse, better parenting, improved social services and more effective law enforcement seem to be making a difference.

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"Overall," he says, "I do think child sex abuse is declining."

(Torsten Ove can be reached at tove@post-gazette.com or 412-263-2620.)

Pacific Bases Grapple With Series Of Child Porn Incidents (S&S)

By David Allen, Stars and Stripes Pacific edition

Stars & Stripes, July 9, 2006

Expert: Recent prosecutions reflect national epidemic

CAMP FOSTER, Okinawa — The best way to protect children from online predators is to know what they are doing when they log on to the Internet, military investigators say.

"It's dangerous for kids to know more about computers than their parents," said Lt. Col. Janice Pegram, commander of Detachment 624 of the Air Force Office of Special Investigation on Kadena Air Base, Okinawa. "Never allow them to download anything from an unknown source, and have them tell you if they get any unsolicited instant messages.

"As parents, we try to give our children some liberty and support their privacy," she said. "But some things (like child porn) they have to be aware of. There are pedophiles and predators out there and they have a lot of tricks."

Some Web services, such as AOL, have special blocks on teen chat rooms, Pegram said. And parents can get their own accounts on other Web services that offer homepage and blog sites, such as the popular MySpace.com, so they can sign on and examine the content of the sites their children visit.

Special Agent Randy Dulay of the Okinawa branch of the Naval Criminal Investigative Service said parents should never allow a child to have a computer in his or her bedroom.

"Put the computers in a general area of the house, the living room or dining room, someplace where they can be monitored," he said. "Also, give them set hours for using the computers and have them ask you for permission before they log on."

He also suggests parents learn how to view the history section of the computer's Web browser to see what Web sites have been visited.

To report an incidence of child pornography or an online predator, servicemembers should call their base criminal investigations office.

Parents also can get more information from the National Center for Missing and Exploited Children's Web site at www.missingkids.com.

— David Allen

CAMP FOSTER, Okinawa — There's an epidemic of child pornography and exploitation in the United States, the government says, and don't think you're immune if you're stationed overseas.

In recent months, several servicemembers on Okinawa have been court-martialed on charges of downloading child pornography on the Internet.

In one case, an Air Force technical sergeant on Kadena Air Base was found guilty of using his home computer to solicit sex from a 13-year-old girl who also lived on base. In April he was sentenced to 5 years in prison and a bad-conduct discharge for child solicitation and downloading child porn.

Child pornography, the images of people younger than 16 engaged in sex, is illegal "anywhere at any time," said Lt. Col. Janice Pegram, commander of the Air Force Office of Special Investigation's Detachment 624.

In the past year, Pegram said, there have been five cases of child pornography on Kadena and other investigations are ongoing. Most of the cases involve downloading the pictures from the Internet, she said. A few involved sharing child porn with other Internet users.

"Only one was a predator," someone who tries to solicit sex from a minor directly, Pegram said.

During the investigations, all computer equipment seized is sent to the Defense Computer Forensics Laboratory in Virginia, part of the Defense Cyber Crime Center. Earlier this year, center director Steven Shirley said child porn made up 50 percent of the cases the center handled.

Pegram emphasized there is nothing harmless about downloading and viewing child porn.

"The children depicted have all been abused," she said. "They have all been exploited and victimized."

People found guilty of downloading and possessing child porn face lengthy prison sentences and bad-conduct or dishonorable discharges, and they also must register as sex offenders.

Pegram said there is not a greater incidence of child pornography in the military than among civilians.

"We're just a smaller version of what exists on the outside," she said, adding that dependents of military members and civilian workers can be charged and tried in a stateside federal court.

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Most of the child porn cases on Okinawa Marine bases have involved individuals being turned in by others who came across the material on the suspect's personal computer, said Randy Dulay, a special agent with the Naval Criminal Investigative Service.

"We've had cases where the material was discovered by a family member or a friend who had been looking for something else on the computer and this stuff turned up," Dulay said. He said none of the three cases in the past year or so investigated by NCIS involved a predator.

"Most of the time they were just visiting Web sites and downloading pictures," he said. In the most recent case, a Navy hospitalman at the U.S. Naval Hospital on Camp Lester was handed a dishonorable discharge and sentenced to 30 months in prison for downloading and possessing child porn.

"It's a violation of a federal statute," Dulay said. "You could get up to five years in prison for just one picture."

He said most of the suspects at first claim they regularly viewed legal adult porn and downloaded the child porn by accident. But an examination of their hard drives, the search terms they used and the Internet cache history usually shows they were seeking child porn.

Supervisory Special Agent Joe Kennedy, also with the Okinawa NCIS office, said he's encouraged by people stepping forward to report child porn.

"Our cases were initiated by our Marines coming forward and doing what's right," he said. "They knew this was wrong and that it had to be reported."

Recently, all of the supervisors in the Okinawa NCIS office went to the National Center for Missing and Exploited Children for a three-day seminar on child porn.

In April, U.S. Attorney General Alberto Gonzales visited the headquarters of the center in Alexandria, Va., and spoke about child pornography on the Internet. He praised the center's new CyberTipline (www.missingkids.com/cybertip) and said he supported a bill that would strengthen criminal penalties for Internet service providers who fail to report child pornography on their systems.

Gonzales said child porn collectors evolve into producers, "driving them to molest even more children and to make new and increasingly vulgar material."

Most troubling, he said, new forms of abuse have taken root on the Web. One form is molestation on demand, where pedophiles molest children while others watch the act live through streaming video.

In May, the Department of Justice launched Project Safe Childhood, which will focus on the online exploitation and victimization of children.

Powerful GOP Activist Sees His Influence Slip Over Abramoff Dealings (WP)

By Jonathan Weisman

The Washington Post, July 9, 2006

For more than a decade, Grover G. Norquist has been at the nexus of conservative activism in Washington, becoming a Bush administration insider whose weekly strategy sessions at his Americans for Tax Reform have drawn ever-larger crowds of lawmakers, lobbyists and even White House political adviser Karl Rove.

Over the past six years, Norquist has been a key cheerleader and strategist for successive White House tax cuts, extracting ironclad oaths from congressional Republicans not to even think about tax increases. And even before President Bush's election, he positioned himself as a gatekeeper for supplicants seeking access to Bush's inner circle.

But in the aftermath of reports that Norquist served as a cash conduit for disgraced lobbyist Jack Abramoff, the irascible, combative activist is struggling to maintain his stature as some GOP lawmakers distance themselves and as enemies in the conservative movement seek to diminish his position.

"People were willing to cut him a lot of slack because he's done a lot of favors for a lot of people," said J. Michael Waller, a vice president of the right-leaning Center for Security Policy who for several years was an occasional participant at Norquist's Wednesday meetings. "But Grover's not that likable."

Norquist has lashed back at his critics, accusing them of dishonesty, personal vendettas and political gamesmanship. He has saved his choicest words for Sen. John McCain (R-Ariz.), whose Senate Indian Affairs Committee last month stated in a report that for a small cut, Americans for Tax Reform served as a "conduit" for funds that flowed from Abramoff's clients to surreptitiously finance grass-roots lobbying campaigns.

"The idea that our friend John McCain yelling at me would hurt me misses McCain's position" among conservatives, Norquist said. "John McCain thinks he can't be president if I'm standing here saying he's got a problem with taxes."

Mark Salter, McCain's longtime aide, replied: "Obviously, Grover is not well. It would be cruel of us to respond in kind."

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For now, Norquist's well-publicized financial links to Abramoff, who has pleaded guilty to corruption charges and is cooperating with prosecutors, have had little obvious impact on Norquist's prominence. Nor have they affected his signature event: the meeting every Wednesday morning at Americans for Tax Reform, where officials of conservative organizations, activists and lobbyists gather with Republican politicians to swap notes, make plans and coordinate messages. The June 28 meeting in downtown Washington was packed.

"I don't think he's lost one iota of influence in conservative circles," said Cesar Conda, a Republican lobbyist and a former top aide to Vice President Cheney.

But beneath the outward signs of normalcy, the infighting is taking a toll on Norquist's standing. Some social conservatives who have jousted with him over his more libertarian views on the regulation of television and its depictions of violence and depravity are exploiting his weakness to press their positions on Capitol Hill. Security-minded defense hawks who for years have questioned his ties to Muslim activists are resurrecting charges that Norquist has turned a blind eye to terrorist sympathizers.

Republican lawmakers who have chafed at his dogmatic position on taxes are also ready to shrug off his heavy hand. In recent interviews, a half-dozen conservative GOP lawmakers said they are consciously avoiding Norquist's meetings, and they have begun questioning the purity of an activist who has always portrayed himself as motivated by ideals, not money.

"For someone like Grover Norquist, his influence stems from the sense that he is not doing this for the money," said Sen. John E. Sununu (R-N.H.). "To the extent that he may be seen playing both sides of an issue, that will give people pause."

One Republican lobbyist with close ties to the House leadership said doors are not swinging open for Norquist the way they once did.

"Grover is about action and achievement; money has always been way down the list," said Gary Maloney, a political consultant and Norquist friend. "Something like this tying him to Washington-as-usual is unhelpful. But it will be short-lived in impact, assuming, as most expect, that this is the sum of it."

At the heart of his troubles is the Indian Affairs Committee report, which depicted Norquist as an avid participant in Abramoff's schemes to channel money from affluent clients, especially Indian gaming interests, to former Christian Coalition executive director Ralph Reed.

"Call Ralph re Grover doing pass through," Abramoff wrote in an e-mail reminder to himself in 1999, a year in which Norquist moved more than $1 million in Abramoff client money to Reed and Christian anti-gambling groups. In another e-mail, from 1995, Abramoff told a colleague that Norquist would fight a tax opposed by a beverage company client, if the firm became "a major player in ATR."

"What is most important however is that this matter is kept discreet," Abramoff wrote in the e-mail. "We do not want the opponents to think that we are trying to buy the taxpayer movement."

In 1999, when ATR was receiving large donations from the Choctaw tribe, Norquist e-mailed Abramoff: "What is the status of the Choctaw stuff? . . . I have a 75g hole in my budget from last year. ouch."

Norquist said McCain and his aides "dishonestly" and selectively published e-mails that take ATR's work out of context. The group's collaboration with the Choctaws went back more than a decade, as the tribe sought to create a low-tax, free-enterprise government, he said. The $75,000 referred to in the e-mail, he said, was simply a promised contribution that was late.

But for Norquist, defending his business practices rather than fighting political battles is a vulnerability. Rivals and foes in the conservative movement have pounced on the report to stir up suspicions that Americans for Tax Reform may not be the pure free-market, small-government group Norquist says it is.

L. Brent Bozell III, president of the conservative Media Research Center, has been pushing hard for legislation that would allow cable subscribers to purchase channels "a la carte," rather than in large packages prescribed by cable companies. That way, he said, indecent and profane channels will not be subsidized by consumers who have no interest in viewing them.

Now, Bozell is accusing Norquist of forsaking his principles by opposing a la carte cable choice. Norquist says the bill would give federal regulators the ability to set prices and play favorites with cable programming.

"With cable choice, you do have to wonder whose interests Grover is serving," Bozell said.

Frank J. Gaffney Jr., the firebrand director of the Center for Security Policy, has developed an anti-Norquist presentation, complete with charts and graphs, that he has shopped around to other conservatives, saying it shows Norquist's ties to terrorist sympathizers.

"This is the perfect moment to get the truth, because guys like Abramoff . . . have a powerful incentive to cooperate and get out the truth. At the very least, the questions should be asked," Gaffney said.

At issue is the Islamic Free Market Institute, which Norquist created in 1998 to steer Muslim voters to the GOP. To run the institute, Norquist tapped Khaled Saffuri, whose dealings with the American Muslim Council linked him to Abdurahman M. Alamoudi, a founder of the council, who pleaded guilty in 2004 to accepting hundreds of thousands of dollars from top Libyan officials and admitted participating in a Libyan plot to assassinate then-Crown Prince Abdullah of Saudi Arabia.

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Norquist dismisses Gaffney's charges as anti-Muslim bigotry and part of a long-standing vendetta against him. And he says he has never violated his small-government principles to raise a buck.

But he conceded that there are Republican lawmakers who want to see him weakened. He has been brutal at enforcing the no-new-taxes pledge he extracts from the candidates he endorses, so much so that many in the party are beginning to chafe, he said.

But the apparatus he has created for conservatives -- with fundraisers, social dinners and weekly meetings not just in Washington but in 43 states and even Europe -- has become too important to destroy.

"Grover supplies grass-roots power, which is why lobbyists want him on their side," said John Feehery, executive vice president of the Motion Picture Association of America. "He senses where he can get activists around the country riled. He's a master organizer on specific issues."

As for Wednesday mornings at ATR, Feehery added, "I still think it's still the place to be."

Cunningham Probe Zeros In On Contractor (WT/AP)

The Washington Times, July 9, 2006

SAN DIEGO (AP) -- The prosecutors who sent former U.S. Rep. Randy "Duke" Cunningham to prison for taking bribes now are focusing their attention on his friend Brent Wilkes, a San Diego defense contractor who won nearly $100 million in contracts in the past decade.

Mr. Wilkes also has links to other corruption investigations.

Cunningham was sentenced in March to more than eight years in prison after pleading guilty to taking $2.4 million in bribes -- including payments for a 7,628-square-foot mansion, a Rolls-Royce and a 65-foot yacht -- in return for funneling contracts to certain companies.

Mr. Wilkes' attorneys have confirmed he is the unidentified "Co-Conspirator No. 1" in Cunningham's plea agreement. Prosecutors won't comment on their investigation but purport he paid Cunningham more than $600,000 to win government contracts.

No one else has been indicted in the Cunningham case. However, a grand jury is meeting regularly and is focusing on Mr. Wilkes, according to two attorneys close to the investigation. The attorneys spoke on the condition of anonymity because grand jury proceedings are secret.

A second co-conspirator in Cunningham's plea agreement, Mitchell Wade, is cooperating with prosecutors after pleading guilty in February to bribing Cunningham in exchange for more than $150 million in government contracts since 2002.

Bringing a public corruption case is not easy, says Randall Eliason, former head of the public corruption section of the U.S. Attorney's Office in Washington.

"There's a lot of stuff that goes on that's sleazy and unethical that does not rise to the level of a crime," he said. "The key is always an expressed deal, where someone says, 'I give you this and you do that for me.' "

Mr. Wilkes, 52, has not spoken publicly since his name surfaced in the investigation last year. Attempts to reach him were unsuccessful. Through his attorneys, Michael Lipman and Nancy Luque, he has denied any wrongdoing.

Public corruption has become a major campaign issue this election year, and Mr. Wilkes has been connected to several of the investigations.

He has been subpoenaed in the Texas case against former House Majority Leader Tom DeLay. He gave money to Rep. John T. Doolittle, California Republican, who has acknowledged helping Mr. Wilkes win contracts and whose name has surfaced in the Jack Abramoff lobbying scandal.

Mr. Wilkes is a childhood friend of Kyle "Dusty" Foggo, the former high-ranking CIA official whose home and office were raided by FBI agents in May as part of the Cunningham investigation. Mr. Foggo left his job after disclosures that he participated in poker games organized by Mr. Wilkes. FBI officials also have been investigating whether Mr. Wilkes provided prostitutes for the parties.

Last week, the California Fair Political Practices Commission released a complaint purporting Mr. Wilkes tried to circumvent rules on campaign contributions by reimbursing two persons, including one of his own employees, for donations to a San Diego mayoral candidate in 2000.

CIVIL LAW:

Carnival Puts Bite On Hillary's Brother (WT)

By Jim Mcelhatton

DOJ_NMG_0039368

The Washington Times, July 9, 2006

A bankruptcy trustee for a carnival company whose owners received a pardon from President Clinton is seeking to garnish the bank accounts of Mr. Clinton's brother-in-law to recoup more than $100,000 in loans.

Anthony D. Rodham, one of Sen. Hillary Rodham Clinton's two brothers, got the loans from United Shows of America Inc. after its owners obtained the presidential pardon in March 2000 over the objections of the Justice Department.

Michael E. Collins, trustee for United Shows, filed papers in Alexandria bankruptcy court seeking the return of $107,000 plus $46,034 in interest from Mr. Rodham, 51, for the loans he received from the carnival company, which went bankrupt in 2002.

Mr. Rodham "received the benefit of the loans without making any repayment," reads a related document filed last year in bankruptcy court in Nashville, Tenn.

United Shows' owners, Edgar Gregory Jr. and his wife, Vonna Jo Gregory, were convicted of bank fraud in 1982 on charges of illegally giving loans to friends. Mr. Gregory died in 2004, within four years of the presidential pardons.

At the time Mr. Clinton pardoned the Gregorys, Mr. Rodham reportedly said he worked for Tennessee-based United Shows as a consultant and denied taking money to lobby for presidential favors.

Mr. Collins, in his June 26 bankruptcy filing, said each of 16 checks from United Shows written to Mr. Rodham had a note at the bottom indicating the payments were loans.

Mr. Rodham, known as Tony and a resident of Vienna, Va., did not return several calls seeking comment.

His being named in the bankruptcy case is the latest distraction to Mrs. Clinton's political aspirations caused by her two younger brothers. Mrs. Clinton, a Democrat, is seeking re-election in November to her Senate seat from New York and is weighing a presidential bid in 2008.

Mr. Rodham got into a brawl in August 2001 at the Rodham family's summer cottage in Pennsylvania with a man who said he caught Mr. Rodham having sex with the man's girlfriend.

Mrs. Clinton's other brother, Hugh E. Rodham Jr., intervened in that fight. Hugh Rodham, 56, also came under scrutiny for his role in Mr. Clinton's pardons. An attorney, he returned about $400,000 he received for lobbying for a presidential pardon and prison commutation for two clients.

Both brothers were criticized in 1993 when they sought corporate contributions to pay for festivities surrounding their brother-in-law's first inauguration.

Neither Mrs. Clinton nor the former president returned messages seeking comment on the new court filing.

According to bankruptcy court records, Tony Rodham began to receive the loan checks on May 10, 2000. The final loan of $2,500 was made on Feb. 12, 2002, about six months before United Shows filed for bankruptcy protection.

Mr. Collins won a default judgment in the Tennessee court against Mr. Rodham because Mrs. Clinton's brother filed no legal papers to contest the matter, records show.

Mr. Collins said the recent filing in Alexandria begins the process of determining Mr. Rodham's assets, placing liens and garnishing wages.

"The default judgment is only as good as your ability to collect on it," he said.

United Shows also placed a judgment lien certificate against Mr. Rodham in the District, according to records in the D.C. office of the Recorder of Deeds.

If a lien on his property is enforced, creditors eventually could force a sale.

The House Government Reform Committee criticized Mr. Rodham in a 2002 report on President Clinton's pardons. The report said he lobbied for pardons for Mr. Gregory and his wife while receiving $244,769 in salary and $79,000 in loans from the couple since 1997.

The committee report found the loans to Mr. Rodham were consolidated into a $72,000 promissory note due in December 2001.

However, there is "no evidence that Rodham has repaid this loan, and the Gregorys' attorney informed committee staff that he believes that Rodham has not repaid the loan," the committee report stated.

The Gregorys had sought pardons because they thought their criminal records would disqualify them from winning state carnival contracts, according to the report. The committee found that the Gregorys asked Mr. Rodham at a party in late 1999 or early 2000 for help in winning approval for their pardon applications.

"According to Edgar Gregory, Rodham gave them the impression that he could not help much with their pardon petition but that 'if he could do anything, he would,' " the report said.

The committee also found Mr. Gregory had no documentation showing what kind of work Mr. Rodham performed for United Shows.

CIVIL RIGHTS:

OFFICER-INVOLVED SHOOTINGS : Police Defend Practices (LVRJ)

By Francis Mccabe, REVIEW-JOURNAL

Las Vegas Review-Journal, July 9, 2006

Officials say criminal element has grown more prone to violence

The image of Tarance Hall's limp body being pulled from a car onto the Strip and cuffed after he was fatally shot by Las Vegas police late Tuesday resonated across the valley and was broadcast nationwide.

And though critics wonder whether the Metropolitan Police Department is resorting to deadly force too soon, police continue to defend their use of guns because, they say, the criminal element has become less cooperative and more prone to engage officers violently.

Hall's shooting was the 18th officer-involved shooting this year by the police department and the 15th since police Sgt. Henry Prendes, 37, was slain by Amir Rashid Crump on Feb. 1. Hall's shooting also was the eighth fatal shooting this year. In at least three of the 18 shootings, nobody was injured.

Some national experts suggest an officer's death can play a role in the mentality of other officers to reach more quickly for their firearms.

Lt. Nelson Andreu, a retired detective for the Miami Police Department and an expert on officer-related shootings, said the shooting of a police officer can cause other officers to become more concerned with their own safety, which can lead to officer-related shootings.

But local police say that's not a factor.

The numbers don't tell the whole story, said Undersheriff Doug Gillespie.

"It's really important we don't overreact, as an organization, to the numbers," Gillespie said. "We look very closely at what led up to the situation and the decisions the officers made."

THE NUMBERS

Last year, there were 12 officer-related shootings involving Las Vegas police, nine of which were fatal. In 2004, there were 21, 10 of which were fatal.

So far, seven of the eight fatal shootings by officers this year have been found to be justified after Clark County coroner's inquests. An inquest has yet to be set for Hall's death.

Those fatal shootings include officers shooting a murder suspect in the back while he was handcuffed and running from police, and officers shooting unarmed men who police say were using their cars as a weapon while trying to escape.

Gillespie, who is one of 16 candidates running to be Clark County's next sheriff, said the department reviews officer-involved shootings on a case-by-case basis to determine whether the officers acted properly or whether any changes are needed to department policies or training.

In the past five years, the number of officer-involved shootings has been as high as 33 and as low as 13, Gillespie said, citing annual totals different from those provided by the department's public information office. Gillespie said he did not think the recent spike in shootings is attributable in any way to Prendes' slaying.

Department leaders review policies on a regular basis and after police shootings, he said. Policies change from time to time, but Gillespie said he has no plans to change current protocols.

Allen Lichtenstein, general counsel of the American Civil Liberties Union of Nevada, said officers "have the right and the duty to engage in the use of deadly force in situations where there is a serious threat of loss of life or bodily injury to them or other people."

"But a shoot-first-ask-questions-later attitude is clearly unacceptable for both the public as well as the officers themselves," he said.

"It does appear that there is a pattern where police officers lack either the training or the supervision to take situations where deadly force is not required, such as where people are not armed, are not threatening anyone, or perhaps under the influence or mentally ill, and being too quick to use deadly force," Lichtenstein said.

An informal survey of major cities across the country shows fluctuation in the number of officer-involved shootings. In the past year and a half, San Jose, Calif., with a population of 912,000, has seen just two fatal shootings compared with Las Vegas' 17 during the same period. Los Angeles, a city of 3.8 million, has had 17 fatal shootings since the beginning of 2005.

Philadelphia, the sixth most dangerous large city, according to Kansas-based research group Morgan Quitno Press, has seen its officer-related fatal shootings jump from two last year to 15 this year to date.

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A Philadelphia police officer was shot and killed May 8, said Philadelphia police Capt. Ben Nash. The shooting, which occurred when the officer was responding to a robbery, has taken a toll on the officers mentally, he said. But the spike in the city's shootings reflects the violent crime in the community, he said.

"A lot of bad guys have guns," Nash said.

PRENDES SHOOTING

It was a sunny February day when 14-year veteran Sgt. Henry Prendes responded to a domestic violence call at 8336 Feather Duster Court, near Durango Drive and the Las Vegas Beltway.

He was confronted by a fledgling rapper with an assault-style rifle.

Prendes was shot and fell to the ground. As he began to get back up, 21-year-old Amir Rashid Crump went up to him, aimed and fired the rifle into the sergeant's head, executing him.

Crump was killed after engaging other officers in a gunbattle.

Prendes was the first Las Vegas police officer in 17 years to be slain in the line of duty.

Several sheriff's candidates disagreed with the notion that Prendes' death foreshadowed the recent officer-involved shootings, arguing instead that the increase is a symptom of the increasing violence in the community.

"I think segments of society are getting more violent and more prone to confronting officers," said candidate Bill Conger, a 29-year veteran of the department.

"I'm sure that when we have an officer lost due to a police shooting, that would be on officers' minds," he said. "But I don't think there is now more of a willingness to use deadly force. I think it heightens their awareness of what's going on and the potential danger."

Retired Lt. Moe Mattingly, a 20-year department veteran and also a candidate for the sheriff's job, agreed.

"Officers are briefed daily on officers killed in the country," he said.

The reason is twofold, he said: to heighten the awareness of officers and remind them how dangerous the job is and to look at what the officers did or did not do that would have allowed them to be alive today.

"You also have to put the numbers in perspective. There have already been a half million (calls) so far this year, and all of those can be dangerous, and we have only had 18 officer-involved shootings," Mattingly said. In that regard, he said, the numbers are not that high.

"The 20 years I served, I never fired my weapon," Mattingly said. "But there were many times that I have come close."

Las Vegas police officer Laurie Bisch, a 13-year veteran and the only female sheriff's candidate, said the Prendes shooting was a wake-up call for many officers.

"We have criminals out there who are not afraid to use deadly force," she said. "With the population growth there comes a whole new element, and those criminals are brazen."

Bisch works patrol in the South Central Area Command, an area inundated with gangs and drug use. She said Las Vegas has developed a reputation among criminals in California and Arizona.

"They think it's easy to beat the system here. In California, they are tough with their three-strikes rule, and Arizona has tough new laws that are keeping criminals in jail for longer periods of time. Vegas is often the place of choice for these criminals."

And there are not enough officers to patrol Las Vegas, she added.

"We used to have two to three officers handling a call. Now there may only be one officer."

'LACK OF ACCOUNTABILITY'

Lichtenstein said the coroner's inquest system, which he labeled a farce, leads to a "real lack of accountability."

"When an officer knows he will go before a coroner's inquest and not be asked important, tough questions before the event, maybe the unacceptable number of police shootings is not that surprising."

One candidate running to be Clark County's next sheriff agrees.

Lt. Ron Williams said he would like to see a Blue Ribbon commission review what he believes is an outdated inquest process.

"The public trust has deteriorated in our police department because of the current system," he said. "The bottom line is we need to be more open with the public in what goes on in these situations."

Williams added that he doesn't have a problem with the current use-of-force policies.

Dean Ishman, president of the Las Vegas branch of the National Association for the Advancement of Colored People, said his group is looking at the number of shootings and the situations that led to them. Five of the suspects killed this year were black.

The group is planning to present suggestions and ask for changes to the police department's deadly-force policy and the coroner's inquest process Tuesday.

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"We are not coming and pointing fingers," Ishman said. "These guys do have a tough job to do, but we are still concerned about the ... surging number of officer-involved shootings."

Lichtenstein said it might be helpful for an agency such as the U.S. Justice Department to look into the matter.

But Gillespie said the system of checks and balances that includes the coroner's inquest process helps ensure that police shootings are thoroughly reviewed.

"I think our policies and procedures are sound," he said.

Bisch concurred, defending the police department's training as being the best in the nation and saying officers must abide by a strict "use of force" policy.

Bisch also pointed to the internal investigation done after an officer-involved shooting. She praised the coroner's inquest process as one that "leaves no stone unturned."

"Personally, I think it is fine the way it is. And the families have the option of pursuing the case in civil court."

Bisch said the public needs to be better educated on what to expect when contacted by the police.

"None of us (police officers) want to be involved in a shooting," she said. "But I don't want one officer to have to worry what the public is going to think when they are doing their job. A deadly force scenario can take place in a split second. It's important the public realizes we don't have trigger-happy cops."

Review-Journal writers Adam Aasen, Brian Haynes, David Kihara and Carri Geer Thevenot contributed to this report.

Sarasota Says Proposed Fines By Feds Too Onerous (HTRIB)

By Doug Sword

The Herald Tribune (Southwest Florida), July 9, 2006

SARASOTA COUNTY -- Federal civil rights officials want to levy $5 million in fines, penalties and damages against Sarasota County as part of what would amount to the county admitting it discriminated against people with disabilities.

That was the negotiating stance of the U.S. Justice Department's Civil Rights Division before it filed a lawsuit June 30 against the county alleging violations of the federal Fair Housing Act.

County officials say the proposed penalties are too onerous and believe they can defend their 2004 actions which prevented Renaissance Manor, a nonprofit organization, from operating six group homes known as Tammi House in Warm Mineral Springs. The Justice Department, however, has been aggressive in defending the disabled in housing discrimination cases and has filed 94 such lawsuits against local governments, businesses and individuals since 2000. The federal demand from Sarasota County appears to be bigger even than a high-profile lawsuit that led last year to the housing authority in Baltimore agreeing to $1 million in penalties and spending several million dollars on housing for the disabled.

The Tammi House group homes are all near one another on Sevilla Street, and each house has up to six residents. The federal suit says Renaissance Manor lost more than $1 million in grants because of the county's actions. The county violated the Fair Housing Act, a federal law prohibiting discrimination against buyers or renters because of a handicap, the suit says.

County officials deny the allegations, saying they objected to the clustering of the six homes in one neighborhood. State law requires "community residential homes" to be licensed and located at least 1,000 feet from each other. Renaissance Manor, which has also sued the county, and the justice department say these are "family" homes that don't require licensing or separation.

Sarasota County commissioners are set to meet Tuesday in a rare behind-closed-doors session to discuss the new federal lawsuit and the ongoing suit with Renaissance Manor.

The last time county commissioners met in a closed-door session was in December 2004 about a legal dispute with North Port, said County Commissioner Jon Thaxton.

Thaxton called the federal lawsuit "the most serious charge" against the county during his six years as a commissioner.

Thaxton said his younger brother Bob is mentally disabled and lives in a group home in Texas with four others. The suburban setting and sense of "home" is "the best thing that ever happened to him."

"I'm a big fan of these things, and I want to support them," Thaxton said. "So for me, a member of the Board of County Commissioners, to be accused by the Department of Justice of discriminating, I not only take it seriously, I take it personally."

The consent decree proposed by the federal government was too onerous to accept, said County Administrator Jim Ley. Besides the magnitude of the fines and penalties, the document would have included an admission of wrongdoing by the county and a requirement to hire an employee to monitor the county's compliance with the Fair Housing Act.

Locating six group homes adjacent to one another defeats the purpose of what state law requires and the county wants to accomplish, Ley said. Clustering the homes creates a small "ghetto" instead of making the disabled persons in the house a part of the surrounding suburban community, he said.

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The Economics Of Discrimination (WP)

The Washington Post, July 9, 2006

Discrimination and economic development just don't mix. For proof, look at the Jim Crow South, where economic growth lagged the rest of the nation from the end of World War II until the mid-1960s. Racism undermined prosperity. Then, as segregation waned, economic growth accelerated.

In November, Virginians will have the chance to self-inflict a fresh discriminatory wound on their economy. The Marshall-Newman amendment, the so-called "marriage amendment," seeks to amend Virginia's Constitution to ban gay marriage and to impose other legal limitations on unmarried couples, including heterosexual couples. The amendment is not only useless -- gay marriage has been outlawed in Virginia for 30 years -- but it is downright harmful to the state's economy in two important ways.

First, the amendment makes Virginia less attractive to companies that seek top employees without regard to race, religion or sexual orientation. Capital One, for example, is one of Virginia's biggest and best employers. It provides domestic-partner benefits for unmarried employees' partners, both for same-sex and heterosexual couples. The Marshall-Newman amendment could prohibit Capital One from providing these benefits. That would make it harder for Capital One and for the 15 other Fortune 500 companies based here that provide such benefits to hire the people they want to hire in Virginia.

Second, the amendment marks our Commonwealth as a place where people who are "different" or who have "different" ideas are not welcome -- be they gay or straight. This consequence is perhaps the most serious. Economic development today is all about attracting the best, most talented and most creative employees. These workers will determine in large part whether Virginia's economy roars or whimpers and whether Virginia companies can compete against overseas firms with cheaper labor pools.

Not surprisingly, these talented workers and the high-tech, high-wage companies that employ them tend to locate in communities that are diverse and open-minded. These communities are also ones that attract gays and lesbians, and for the same reasons. In his influential book "The Rise of the Creative Class," Richard Florida notes that the most statistically reliable indicator of a successful high-tech-friendly environment is the size and vitality of the gay population. Gays and lesbians "signal a diverse and progressive environment that fosters the creativity and innovation necessary for success in high-tech industry." That environment attracts talented gays but, in far larger numbers, it also attracts talented heterosexuals who want to work for companies and in communities that respect diversity and individual freedom. Virginia needs that type of environment if it wants to attract the best companies and most talented employees.

Virginia tried the economics of discrimination once before. It didn't work in the 1950s and '60s, and it left our state's economy at the bottom of the national heap. Surely we have learned from that.

Virginians should vote no this fall on the Marshall-Newman amendment not only because it's wrong but also because it's bad for business.

-- Michael Schewel Richmond was Virginia's secretary of commerce and trade under Gov. Mark R. Warner (D).

Gay Marriage Fight Crosses The Hudson (NYT)

By Patrick Healy

The New York Times, July 9, 2006

Now that New York's highest court declined to legalize gay marriage last week, where's the next battleground?

Next door, in New Jersey. Gay rights advocates are storing hopes in that state's Supreme Court, which will most likely rule on the issue sometime this summer; a similar case is also pending in Washington State.

Lawyers on both sides of the issue said New Jersey might legalize gay marriage when New York did not.

"As a general matter, the court has maintained an expansive view of its Constitution," said Lawrence S. Lustberg, who argued before the New Jersey court in February in favor of gay marriage. "The focus has long been on safeguarding rights."

The New Jersey court usually applies a more flexible standard in discrimination cases than the New York court. And in arguments, the New Jersey judges did not dwell on child-rearing or the needs of parents, central issues in the New York decision.

Even if the court legalizes same-sex marriage, it might not reverberate nationally. "I'm not sure New Jersey will matter much in the nationwide contest over gay marriage, simply because of the reputation of the New Jersey Supreme Court," said Monte Stewart, president of the Marriage Law Foundation, which opposes gay marriage.

'Gettysburg' For Gay Marriage? (WP)

The Washington Post, July 9, 2006

The decision by a New York court changes little.

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THE DECISION last week by New York's highest court not to legalize same-sex marriage is being portrayed as a big defeat for gay rights activists. Monte Stewart, president of the traditionalist Marriage Law Foundation, told the New York Times: "When people look back and write the history of this issue, they will view the New York decision as the Gettysburg in this big contest." New York was among a relatively small number of states whose courts might plausibly have followed the lead of the Massachusetts high court in requiring marriage equality. Its refusal to do so suggests that the high-water mark of judicial recognition of marriage rights for gay men and lesbians might not be all that high.

Yet since the Massachusetts decision in 2003, it's become clear that democratic majorities, not judges, ultimately will decide how evenhanded state marriage laws are going to be. In many states, ballot initiatives have preempted any litigation by amending state constitutions to prohibit same-sex marriage. In others, legislatures have moved to liberalize marriage laws. Even in Massachusetts, where the courts purported to resolve the issue, an amendment to overturn the decision could be in front of voters in 2008.

In other words, the most a state court can do is change the legal baseline. State laws, and even state constitutions, are generally easy enough to change that courts cannot force same-sex marriage on an unwilling populace. The fight for marriage equality in New York will simply move to the legislative arena.

So the task for Americans who support same-sex marriage, as we do, has not changed. It is to convince a majority that couples who love each ought to have the state's recognition for lifelong relationships -- and that such recognition poses no threat to heterosexual marriage. Once that happens, it won't matter what the New York court thinks. And until that happens, no victory there, or in any state court, will be safe.

Long Haul To Acceptance (WP)

By Donna St. George

The Washington Post, July 9, 2006

30 Years On, Gains and Trials for Women at Annapolis

The words were spoken 30 years ago, and yet they are as jarring as they were the day when Sharon Hanley arrived at the U.S. Naval Academy -- 17 years old and about to make history as one of the first female undergraduates.

"I don't like you here," she recalls an upperclassman telling her. "I don't like women at my school, and so I'm going to be on your butt every waking minute. . . . If my plan works, you're going to be long gone before I graduate. Is that clear?"

She remembers her shock and dismay, then her momentary confusion about how to answer. As a plebe, she was not allowed to object or comment.

"Yes, sir," was all she could say.

Now, on the 30th anniversary of the integration of women in the Naval Academy, Sharon Hanley Disher finds herself in history's view again, the first of the earliest female graduates to be followed to Annapolis by a daughter. She watched teary-eyed in the late June heat as her daughter and son, who are twins, stood solemnly in Navy whites for their swearing-in on the campus's tree-lined grounds.

They are part of an academy class that includes a record number of women -- 22.4 percent, compared with 6 percent in the beginning -- and comes together as the country is at war, with women serving on destroyers and in fighter planes.

But though much has improved since women first arrived -- and many female graduates express great loyalty to the storied 161-year-old institution -- a complex and sometimes troubling portrait of student life emerges from three recent studies sponsored by the Defense Department.

The most recent study found that in the 2004-05 school year, 59 percent of female midshipmen and 14 percent of men reported sexual harassment, defined as crude and offensive behavior, unwanted sexual attention or sexual coercion. Sexist behavior -- put-downs and offensive comments -- was reported by 93 percent of women and 50 percent of men.

What the academy experience is like for young women is coming into greater focus as Congress looks into the subject and as the quarterback on the academy's football team faces a court-martial trial starting tomorrow on a charge of raping a female midshipman.

All of this happens as three decades of gender integration are marked this month, with women recalling their unsettling early days in a college dedicated to the making of military men.

"The name of our game was survival," Disher said. The attitude was "boys will be boys and 'You're coming to an all-male school; what did you expect?' " At her home in Annapolis last week, Disher happened upon a C-SPAN broadcast of Vice Adm. Rodney P. Rempt, the academy's superintendent, testifying before Congress.

"Sexual harassment and misconduct and assault should not be tolerated in the Navy-Marine Corps," he said, "and I can assure you that they are not tolerated at your Naval Academy."

To Disher, this was another sign of changed times. "You have to talk about the problem to fix it," she said.

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Meagan Varley was 10 when she decided to become a fighter pilot. She had seen the movie "Top Gun" and set her heart on flying. Her father, a teacher, suggested the Naval Academy, and in 1998 she found herself on the Annapolis campus as part of a class that was 16 percent female.

"You're aware that the things you do are going to be watched more closely and that you could be stereotyped more easily," she said. But as time went on, she found that her sex "kind of faded into the background."

Flight school followed graduation, and now, four years later, she is a fighter pilot, having flown F-14 Tomcats and F/A-18F Super Hornets, opportunities not open to the first female graduates. "They really broke the way for the rest of us," she said.

In the early years, women had fewer job choices because, under law, they could not serve on combatant ships or aircraft. Those who did not want women at the academy often complained that they were taking men's slots but could not do men's jobs.

That complaint grew louder in 1979, when Washingtonian magazine published an article, "Women Can't Fight," by James Webb, a much-heralded academy graduate and Marine war hero who is now the Democratic candidate for U.S. Senate in Virginia. He wrote then that the presence of women poisoned the academy's mission and that the academy's massive dormitory was "a horny woman's dream."

"The men went crazy; they loved it," recalled Disher, who wrote a book, "First Class," about women's experiences.

Webb has said recently that the article was published a long time ago and that as secretary of the Navy in the Reagan administration he tripled the number of jobs that were open to women and ordered a crackdown on sexual harassment.

An array of jobs opened to women in the early 1990s, and after that, said Georgia Sadler, a retired Navy captain and the academy's first female faculty member, women "didn't feel so much like second-class citizens."

As more women enter the academy -- 273 this year, up from 81 in 1976 -- they have come closer to achieving a "critical mass" that ceases to be seen as a minority, said Mady Wechsler Segal of the Center for Research on Military Organizations at the University of Maryland. She put the tipping point at 25 to 35 percent.

Meghan O'Mara, Class of 2002, was never sexually harassed, but she said she "certainly had people who said inappropriate things" to her.

O'Mara, 26 and honorably discharged from the Navy, said more openness is needed, recalling the time one of her friends reported a rape. Academy officials, she said, "were definitely trying to make her keep quiet about it. . . . I don't think the environment makes a lot of women feel they can come forward and there will be a fair response."

That kind of concern touched off a 2003 scandal at the Air Force Academy, amid revelations of more than 140 reported rapes and sexual assaults over 10 years.

Since then, government studies have looked into harassment and sexual assault at the service academies. A recent Defense Department survey of midshipmen found that more than half of women who said they had been sexually assaulted did not report it. In all, 83 of 652 women -- more than 12 percent -- said they were victims of sexual assault between 1999 and 2004, the report said.

It also noted that women "do not report sexual harassment because they live and deal with it daily; it almost becomes normal. . . . They fear being ostracized and abandoned by their peers, both male and female."

One woman wrote that the academy was "one of the most emotionally devastating places I can imagine. Most of the women came here expecting mental and physical challenges. We thought we'd have to put up with overdoses of testosterone. What we did not expect was to be looked down upon for being women -- to be suddenly less than human in their eyes."

Before Congress, Rempt spoke of efforts to improve training and reporting. He cited an academy survey that found that 5 percent of women believe they would be resented by peers for reporting harassment, down from 50 percent five years ago.

In 2001, surrounded by hundreds of classmates, Candice Sarlese climbed up a lard-slicked granite monument, called Herndon, at the end of her plebe year. It is a tradition, and Sarlese had heard about women being pushed off. For her, it was different. A fellow midshipman turned to her and said, "Don't worry. I'm not going to let you fall."

Sarlese, 25 and now a first lieutenant in the Marines, said she believes some women "look for things. Some guys will make a joke, and they will take it as hurtful."

Over 30 years, relations between women and men have become better and more complex.

Sandee Irwin, part of the first class, recalls the insult of a midshipman two years her junior. "Why are you here, anyway?" he sniped.

Irwin took the young man aside and told him squarely: "You knew we were here when you signed your name on that piece of paper. If you don't like it, go home!"

Disher, the 1976 plebe, recalls blatant hostility after she joined the cheerleading team.

Worst of all was an Army-Navy football pep rally, in her second year on campus, she said. As Disher and the other cheerleaders came bouncing out onstage, the crowd stopped clapping.

"Get off the stage!" she heard. Then boos. "Get out of my school!"

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A generation and more than 2,770 female graduates later, Disher had no reservations about sending her twins to the academy, where they will be part of the Class of 2010, with women such as Ashley Houston, 18.

"I think women are just as capable as men," said Chelsea Wright, 18, of Valley Forge, Pa., getting her hair cut to above the collar -- not far from where men were being shorn to the nub -- as she imagined herself on a Navy ship or jet, possibly in combat.

"I'm sure the level of respect has changed" over 30 years, ventured Margaret Boyle, 17, of Leonardtown.

The young man next to her in line nodded in agreement.

"I'd rather have them here than not," said John Howser, 17. "I've grown up with them."

ANTITRUST:

Talk Of Alliance Is Opening Floodgate Analysis (FREEP)

By John Gallagher, Free Press Business Writer

Detroit Free Press, July 9, 2006

GM drama offers many endings

As General Motors Corp. formally began Friday to explore a possible alliance with Nissan Motor Co. and Renault SA, the process seemed firmly in the hands of GM Chairman and CEO Rick Wagoner.

But in the world of corporate mergers and acquisitions, events can quickly spin out of control.

So far, there's nothing in the proffered Nissan-Renault overture to buy part of GM to indicate it's anything but friendly. But even this mild-mannered gesture could lift the lid off a box of snakes.

A rival suitor could ante up a better offer. At some point, GM's Board of Directors might launch a spirited, even ugly, defense. And talk of a GM deal might stimulate merger or takeover offers to cross-town rival Ford Motor Co.

Auto insiders doubt any of those possibilities will happen this time. Most GM watchers expect the company to politely study the Nissan-Renault overture before turning it down.

Even so, with the fate of the world's biggest automaker on the line, along with the jobs and livelihoods of tens of thousands of metro Detroiters, the unexpected becomes the expected.

Beyond a potential three-way alliance, other possibilities include:

Another suitor turns up. Once two or more companies initiate friendly discussions about a deal, it is common for another, unfriendly suitor to make a rival offer.

Wall Street's most notorious example came in 1988. As recounted in the popular book and movie "Barbarians at the Gate," F. Ross Johnson, RJR Nabisco's chief executive, initiated a buyout plan to take his own company private. Other bidders suddenly jumped in, most notably the leverage-buyout experts at Kohlberg Kravis Roberts.

The battle escalated into a frenzy of bidding and defensive moves. KKR finally won, paying $25 billion for the company.

Jim Seward, professor of finance at the University of Wisconsin at Madison who has studied mergers and acquisitions, said something like that could happen with GM.

"This certainly puts them in play, as far as I'm concerned," he said. "If anybody is out there waiting in the wings, this will probably nudge them to step up and move forward."

A multi-party battle is possible, but some industry watchers think it's unlikely, given GM's daunting problems, including its high labor, pension and health-care costs, and its declining market share.

"Anything is possible, I suppose," said M.P. Narayanan, professor of finance at the University of Michigan. "But I can't see why GM is such an attractive takeover candidate for most car companies."

Ford becomes a target. David Cole, chairman of the Center for Automotive Research in Ann Arbor, said the proposed GM deal has Wall Street analysts talking about a similar deal for Ford.

"Once something like this starts, then you have a lot of people thinking, 'What does that mean for us? Maybe we better get moving. What other deals are out there?' In that sense, Ford is really inexpensive, too, and could be a good partner for somebody," Cole said.

Experts on mergers and acquisitions say the auto industry long has been ripe for consolidation.

"Certainly throughout history, M&A transactions have occurred in waves," said Seward of the University of Wisconsin. "And those waves tend to have an industry concentration to them."

He cited telecommunications as an industry that has been consolidating rapidly in recent years. A century ago, steel, oil and auto manufacturing all went through waves of mergers and takeovers.

"Once something like this starts, it's kind of like a disease. It's contagious," Cole said. "There are too many players in the game right now, and we're going to see some form of consolidation, and this is often the way something starts."

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Politicians get involved. In late 2002, Simon Property Group of Indianapolis launched a hostile takeover bid for Taubman Centers Inc., the Bloomfield Hills-based mall company founded by A. Alfred Taubman. The nasty fight dragged on for almost a year, costing each side millions of dollars.

Simon finally withdrew its offer after Taubman-friendly Michigan lawmakers passed anti-takeover legislation to thwart the attempt.

Over the past several years, proposed combinations between Northwest and Continental airlines in one case, and United and US Airways in another, collapsed after the U.S. Justice Department raised anti-trust objections.

Since the GM-Nissan-Renault alliance would be international, other governing bodies, such as the European Union, could raise their own objections.

The least likely outcome. In a way, the least likely outcome is that nothing happens -- that Nissan-Renault simply goes away after GM rejects its overture.

Kirk Kerkorian, the mercurial investor and GM shareholder who prompted the alliance talks, gives no indication that he's in any mood for a letdown. As GM's largest individual shareholder, Kerkorian has pushed relentlessly to unlock what he perceives to be the company's unrealized value.

Seward suggested this week that if the Nissan-Renault plan doesn't work, Kerkorian would try again with someone else.

"In the end," he said, "Kerkorian is the kind of guy who doesn't care who pays him, as long as he gets paid."

Free Press business writer Michael Ellis contributed to this report. Contact JOHN GALLAGHER at 313-222-5173 or gallagher@freepress.com.

ENVIRONMENT:

Texas Lawsuit Includes A Mix Of Race And Water (NYT)

By Ralph Blumenthal

The New York Times, July 9, 2006

DeBERRY, Tex. — Frank and Earnestene Roberson no longer need to drive the 23 miles to a Wal-Mart near Shreveport for a safe drink of water.

Instead, it is delivered to them in five-gallon jugs, courtesy of the Environmental Protection Agency.

But they and neighbors in this historically black enclave in the East Texas oilfields seem no closer to being able to drink, cook or bathe safely from their own wells since the E.P.A. found the groundwater contaminated with pollutants that included arsenic, benzene, lead and mercury.

Calling themselves victims of "environmental racism," community members in June filed suit in federal court, accusing the Texas Railroad Commission, which regulates the state's oil and gas industry, of failing to enforce safety regulations and of "intentionally giving citizens false information based on their race and economic status."

The commission said it had yet to receive formal notice of the lawsuit and had no comment on it.

But almost two decades after Mrs. Roberson first began complaining, setting off years of inconclusive state inquiries, the agency says it is now moving against a large oilfield services company that deposited wastes at a nearby disposal site that has since been closed.

The inspector general of the E.P.A. is also concluding a separate investigation into the handling of the problem.

With 30,000 oilfield waste disposal sites throughout Texas, there is no clear evidence that the community here was singled out for dumping, although residents said it followed a pattern, documented by the E.P.A., of pollution hazards that disproportionately affect minorities.

They said that pleas for help, including letters to President Bush, were bounced from one agency to another, and that their treatment stood in sharp contrast to a $1.7 million cleanup last summer by the railroad commission in Manvel, a largely white suburb of Houston.

"They worked very fast and were very diligent," said Mayor Delores M. Martin of Manvel.

Resentment is dying hard among the Robersons and their relatives on County Road 329. They are the descendants of a black settler, George Adams, who paid $279 and a mule for 40 acres here in 1911.

"This is America? It looks worse than the third world," said the Rev. David Hudson, the Robersons' nephew. Mr. Hudson, a retired California radio and television station manager, pointed out where wells had been plugged and where an elderly relative died last year in a home cut off from running water.

"I look at this as poisoning the only source of groundwater," he said, "as tantamount to lynching."

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The tangled history of the disposal site, which began around 1980 as a deep injection well for saltwater wastes from drilling operations, makes apportioning blame difficult. Since then, according to records of the railroad commission, the disposal site has been under the control of six different operators. It was last operated by Basic Energy Services of Midland, which describes itself on its Web site as the nation's third largest contractor servicing oil and gas wells and used open holding tanks to store waste for pumping to a second injection well nearby.

The railroad commission said that Basic Energy had operated the tanks for more than two years without a permit, resulting in a demand by Panola County in 2003 that the disposal line under the county road be shut down. The commission has been asking the company to track any migration of pollution.

"Basic has been slow to respond to our requests," said John Tintera, the commission's assistant director for site remediation.

Ken Huseman, the president and chief executive of Basic Energy, would not respond to specific questions but said in a statement that the company's goal was to have no adverse impact on the environment, and that it would be responsive to the railroad commission.

But Mr. Hudson, who runs a local family ministry and teaches at the Church of the Living God, said the commission had close ties to the industry and had denied that DeBerry had a problem.

Mr. Hudson said he had directed his appeals, in vain, to the sole black member of the commission, Michael L. Williams, a former assistant secretary of education for civil rights at the federal Department of Education. A spokeswoman said Mr. Williams could not comment on the DeBerry case because it was "still in enforcement."

Mr. Hudson recently settled a state civil lawsuit against Basic Energy under terms that remain confidential. "We didn't get enough to get shoelaces," he said.

The lawsuit was settled, he said, after his lawyer found that the railroad commission had fined one of the site's operators, Falco S & D Inc. of Shreveport, La., $27,747 in 2000 for having illegally dumped about 3,000 barrels of chemical waste there. That made it difficult to determine Basic Energy's liability, Mr. Hudson said.

The E.P.A. has acknowledged a potential danger in the groundwater. "We found that the groundwater in the Panola County community is indeed contaminated with several substances," wrote Johnny D. Ross, project manager in the Inspector General's office in a January memo. Those substances, Mr. Ross wrote, "pose a threat to human health and the environment."

In 2003, the railroad commission found in residents' wells benzene, barium, arsenic, cadmium, lead and mercury "at concentrations exceeding primary drinking water standards," said Peter Pope, a specialist with the commission.

But the Texas Commission on Environmental Quality, in tests taken last August, found no excessive contamination there, said Andrea Morrow, a spokeswoman. She said she could not explain the discrepancy.

The problems go back at least to 1987 when, railroad commission records show, Mrs. Roberson began complaining of spillovers from the injection well. Her well water was discoloring her bathtub, she reported, "and it causes bad stomach problems when consumed."

The railroad commission took samples in October 1996, finding "no contamination in the Robersons' household supply water that can be attributed to oilfield sources."

By April 2003, however, commission tests found barium and chloride above maximum contaminant levels in Mr. Hudson's well, along with traces of two oilfield chemicals. The source was unclear. He plugged his well and moved to another house connected to the Bethany-Panola Public Water System.

Last year, Mr. Hudson said he obtained a $375,000 federal loan to connect the community to the same municipal supply, but the water company, concerned that the residents would be unable to repay the money, rejected the application.

The E.P.A. arranged last August for the delivery of bottled water to the Robersons and others with tainted wells. Some residents, however, have been less fortunate. Maggie Golden, a 73-year-old cousin of Mr. Hudson's mother, had been getting water piped in by Basic Energy to replace her hand-pumped spring-fed system which had been contaminated, said her sister, Mary Lee Kellum, a Houston teacher.

"Then all of a sudden they cut it off," Ms. Kellum said.

Mr. Hudson said he appealed to Basic Energy, which restored the water for about a month but then shut it off after the disposal site was closed down. They drank bottled water, but to bathe, Ms. Kellum said, "we'd go to the church and borrow water in big barrels and heat it up: the pioneer days were back again."

Her sister died in the house on June 17, 2005, Ms. Kellum said. "She just went to sleep during the night," she said. "It was stressful stuff. She said, 'I'm tired of struggling.' "

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IMMIGRATION:

GOP Immigration Tactic: Blast Away, But Be Nice (LAT)

By Nicholas Riccardi And Mark Z. Barabak, Times Staff Writers

The Los Angeles Times, July 9, 2006

Still split themselves, candidates hammer Democrats but try not to alienate Latino voters.

DENVER — Hoping to use the volatile issue of illegal immigration to avert a November election disaster, Republican candidates across the country increasingly are attacking their Democratic opponents on the subject.

But mindful of a possible voter backlash, they are attempting to do so without seeming intolerant or divisive.

In Pennsylvania, Sen. Rick Santorum has launched an ad accusing his challenger of favoring amnesty for people in the country illegally and giving them "preference over American workers." Rep. Bob Beauprez criticizes his Democratic opponent in the Colorado governor's race for supporting state benefits for illegal immigrants. In the Chicago suburbs, congressional hopeful David McSweeney is attacking Democratic incumbent Melissa Bean on immigration — even though she voted in favor of the crackdown bill that passed the House in December.

Immigration is a tricky issue for Republicans, and there are deep divisions in the party over what policy and strategy to pursue.

Many blame former California Gov. Pete Wilson's backing in 1994 of anti-illegal-immigrant Proposition 187 for alienating Latinos nationwide.

In California, it sparked a wave of Latino political activism that hurt the GOP's political standing — a blow from which the party has yet to fully recover.

Still, Republican strategists have "made a decision that, whatever the risk, this is simply a very bad year and the issue is too hot not to put it in the quiver," said Floyd Ciruli, a Denver-based independent pollster.

The stepped-up Republican assault comes as House GOP leaders began a nationwide series of hearings last week bashing the Senate's bipartisan immigration bill, which they have branded the "Kennedy-Reid" bill — focusing on two prominent Democratic supporters while ignoring the lead Republican sponsor, Sen. John McCain of Arizona.

The linguistic dodge reflects the wide split in the GOP over two competing approaches to immigration. President Bush and pro-business Republicans favor a guest worker program and path to citizenship contained in a bill approved by the Senate.

The president reiterated his support for a guest worker program Friday during a press conference in Chicago. "To enforce this border, we've got to have a rational way that recognizes there are people sneaking across to do work Americans aren't doing," he said.

But hard-liners in the party back the tough measures contained in the House's enforcement-only legislation and fiercely oppose the president's guest worker approach.

The official GOP position is that the party will not use immigration as a political bludgeon against Democrats. Karl Rove, the president's chief political advisor, has made courting Latinos a priority through his years in the White House and has avoided the harsh rhetoric used to rally partisans on other issues.

"It's extremely important that our party be a party of principle, which is to say we're a pro-law enforcement and pro-immigrant party," said Ken Mehlman, chairman of the Republican National Committee, who worked alongside Rove in Bush's 2004 reelection campaign.

Still, many Republicans hope a tough-on-illegal-immigration platform can help overcome the political drag of an unpopular president and growing public sentiment against the war in Iraq in November's midterm election.

"That is voiced around here often," Rep. Tom Tancredo (R-Colo.), a House leader in the immigration debate, said in a telephone interview from the Capitol. "The plates have shifted politically, and if you want to get elected, you better not be perceived as being soft on illegal immigration."

Democrats say the GOP assault comes at the party's own peril, especially with immigration bills stalled by infighting in Washington.

"Republicans have signaled they're going to run a single-issue campaign on an issue on which they ultimately don't have a single accomplishment," scoffed Bill Burton, a spokesman for the Democratic Congressional Campaign Committee.

In some states, Democrats are more hawkish on illegal immigration than their GOP rivals. In Nebraska, for instance, Sen. Ben Nelson is running to the right of his Republican challenger, who backs Bush's proposed guest worker program.

But analysts say the immigration issue could be most potent in the hands of Republicans, who traditionally are associated with a tougher stance against lawbreaking.

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"The focus in Washington has been almost exclusively on the risk among Republicans," said Amy Walter, who tracks congressional races for Washington's nonpartisan Cook Political Report. "But there are also Democrats, especially Democrats in conservative-leaning districts, who may also have to find themselves distancing themselves from the national party."

With the election four months away and several key states still conducting primaries, the shape of the fall contests is evolving. In some places, including California, immigration does not seem to be as significant in the major statewide contests. Gov. Arnold Schwarzenegger and his challenger, Democratic state Treasurer Phil Angelides, show no sign of making it a campaign wedge issue.

Republicans were encouraged last month, though, when their candidate for California's 50th Congressional District, Brian Bilbray, won with a tough-on-illegal-immigration platform in a special election to fill the seat vacated by Randy "Duke" Cunningham.

But in an example of the issue's treacherous terrain, efforts by Tancredo and other hard-liners to unseat incumbent Republican Rep. Chris Cannon in Utah failed a few weeks later. Cannon, who supports a guest worker program but also voted for the House bill, won 56% of the vote June 27 in a state that prides itself on welcoming newcomers.

In Colorado, illegal immigration has become a defining issue in both the gubernatorial race and in statehouse contests. The state Supreme Court last month removed from the November ballot a proposed initiative to ban state services to illegal immigrants.

The state's termed-out Republican governor, Bill Owens, has called a special session of the Legislature to pass a ban on services such as the one called for in the initiative — or to put it back on the ballot in November. Democrats objected but, under intense political pressure, eventually agreed to a compromise agenda and started the session Thursday.

Bill Ritter, the Democratic nominee for governor, opposed the ballot initiative and spoke against the special session. His opponent, Beauprez, seized on that in his first radio ad: "It's an outrage, isn't it?" Beauprez says in the spot. "When our own government refuses to enforce our laws against illegal immigration … Bill Ritter and I disagree on this, but I oppose taxpayer benefits for illegal immigrants."

In an interview, Beauprez said it was logical to talk about illegal immigration. "It's the top issue for everyone," he said.

Ritter has struck back, accusing Beauprez of being part of the logjam in the Capitol that has allowed problems to fester. "This has been a failure on the part of Washington, D.C.," Ritter said in an interview. He added that his role model on the issue was none other than Bush. "The person I'm closest to on this is the president of the United States," Ritter said, underscoring the paradox the issue often presents.

Bush's agreement with many Democrats on a guest worker program and on finding a way to legalize the estimated 12 million illegal immigrants in the country makes it tougher for party hard-liners to draw contrasts in the fall. "It makes brand distinction more difficult," said Tancredo.

Some Republicans say they're trying to be careful so they don't offend legal immigrants as they go after those here illegally.

"The language that has been used in the past … turned off people in the Hispanic community," said McSweeney, a Republican investment banker challenging Bean in Illinois' 8th Congressional District. "As a party, we need to make sure we're being inclusive and framing this issue as law and order, not some kind of measure to keep out of this country just a certain group of people."

McSweeney has attacked Bean for taking varying stands on immigration. The Bean campaign rejects that assertion, saying she has been consistent and contending that the challenger has been taking procedural votes in Congress out of context.

In Pennsylvania, Santorum's first TV ad stresses that his grandparents were legal Italian immigrants, then decries illegal immigration.

In a separate radio spot, he bashes his Democratic challenger, Bob Casey, for supporting the Senate immigration bill. "How liberal has Casey become?" the ad asks. Santorum voted against the bill.

"There's a huge contrast between Sen. Santorum and his opponent on this issue, and Pennsylvania citizens deserve to know that," said Virginia Davis, a campaign spokeswoman.

Larry Smar, a spokesman for Casey, contended that Santorum is trying to exploit an issue he's rarely talked about or acted upon. "Santorum was pretty quiet on illegal immigration until the Senate vote," he said.

Recently, Santorum made a point of dropping by a Philadelphia cheesesteak stand made famous for hanging a sign demanding that all customers speak English.

Riccardi reported from Denver and Barabak from San Francisco. Times staff writers Robert Salladay in Sacramento and Nicole Gaouette in Washington contributed to this report.

A 2004 Call For Overhaul Set Showdown In Motion (LAT)

By Nicole Gaouette

The Los Angeles Times, July 9, 2006

The nation's immigration policies are a hot topic both in Congress and around the country. Following are some frequently asked questions.

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Question: What sparked the current furor over immigration laws?

Answer: Early in 2004, President Bush called for a general overhaul of the U.S. immigration system. Speaking of "millions of hardworking men and women condemned to fear and insecurity in a massive, undocumented economy," Bush urged Congress to rewrite the laws to allow the nation's estimated 12 million illegal immigrants to gain legal status "as temporary workers." This would allow the U.S. to draw people out of the shadows and improve security, Bush argued. Then, as now, Bush stressed four other elements of an overhaul: controlling the country's borders, imposing sanctions on employers who hire illegally, creating a guest worker program for seasonal industries, and emphasizing assimilation for immigrants already here. Soon after, the House and Senate began drafting their own legislation.

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Q: What did Congress do?

A: Without holding public hearings, the House, in less than two weeks in December 2005, passed a bill that addressed only border control issues. That enforcement-only bill would build a 700-mile fence along the U.S.-Mexico border, make illegal presence a felony, criminalize those who help illegal immigrants, and increase fines for noncompliant employers. After months of tough negotiations — and after large rallies in Los Angeles, New York, Washington and other major cities by pro-immigrant advocates — the Senate responded in May with a bill that included not only enforcement, but also a guest worker program and a path toward legal status for most illegal immigrants.

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Q: What is happening with the
immigration bills now?

A: Instead of starting negotiations on a final bill, the House announced that it would spend the summer holding town-hall-style hearings on the Senate bill. The Senate then announced its own summer hearings.

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Q: Why are the House and Senate holding these hearings?

A: House Majority Leader Rep. John A. Boehner (R-Ohio) has said the hearings are intended to "strengthen our hand going in" to talks with the Senate. Critics say House leaders are demagoguing the issue, using the hearings to stir passion among the Republican Party's conservative base in advance of the fall elections. Senators say their sessions are meant to inform the public about why they think their approach is best.

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Q: How common is it for the House
to announce public hearings on a Senate bill?

A: It is highly unusual. House historian Robert Remini told Bloomberg News that he was "unaware of any other instance" when congressional leaders held hearings on the other chamber's proposal before negotiating on a final bill.

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Q: Why does it matter if the House takes the time to hold hearings?

A: The hearings, which cost taxpayer dollars, increase the possibility that attempts to revamp immigration law will fail because this session of Congress will run out of time. The hearings continue into August, so negotiations on a final bill will not start until after Labor Day. But lawmakers traditionally avoid serious business in the run-up to November elections, and Congress has other issues on its plate. The issue may not be resolved until a lame-duck session after the elections. If lawmakers cannot pass a law at that point, they will have to start from scratch in the next Congress.

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Q: Why are the Senate and House having trouble reaching
an agreement?

A: The core conflict between the two chambers is about current illegal immigrants. House Republicans decry the Senate's "amnesty" provision, as they call it, which gives illegal immigrants a way to gain legal status. They see it as rewarding lawbreakers, and they argue that tough enforcement measures at work sites would force people to leave the United States because they would no longer be able to find jobs. Senate bill supporters say that approach is not enough, pointing to estimates that 500,000 people enter the country illegally every year despite more than $20 billion in government spending on enforcement over the last decade. Many senators are skeptical that illegal immigrants would go home, and say that Congress has to deal with

them to avoid creating a permanent fugitive underclass. Bush has said that illegal immigrants come to support their families by accepting jobs that "Americans won't do."

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Q: Why do House Republicans oppose an approach Bush backs?

A: With elections looming and Bush's approval ratings in a slump, House Republicans feel they can ignore the president. They argue that they are more in tune with American opinion than the president or the Senate, and that the people want border security first.

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Q: What is the White House doing?

A: In recent weeks, as it appeared that the hearings would delay and possibly derail talks, Bush and administration officials such as Commerce Secretary Carlos M. Gutierrez have been speaking often about the need to act and about the benefits of a Senate-style bill. Tuesday in Los Angeles, White House political strategist Karl Rove is scheduled to speak about immigration at the annual conference of the National Council of La Raza, a Latino civil rights and advocacy organization.

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Q: What are the chances of a House-Senate compromise?

A: Speaking in Chicago on Friday, Bush sounded upbeat about the prospects for compromise. "We're working in Washington to reconcile the differences…. It's not an easy assignment. But I'm confident … we can get a comprehensive bill done," he said.

One possibility lawmakers are considering is adding "triggers" into a final bill, so that provisions such as a guest worker program could start only after certain benchmarks were met. That would enable the House to claim victory for its enforcement-first approach, and still allow the Senate's other proposals to follow. Senators argue that their bill works this way in practice, and say that border security improvements have already begun. The crucial question involves what kind of triggers might be chosen. One senator tried to add an amendment to the Senate bill that would have required the secretary of Homeland Security to certify that the border was secure before any other steps could be taken. That measure was defeated, because critics said it would be impossible ever to certify complete security along the 3,000-mile southern border.

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Q: What is the next step for organizers of the pro-immigrant
rallies earlier this year?

A: Immigrant advocates are working on a "Democracy Summer" campaign, registering voters for the November elections and helping immigrants who are legal permanent residents to gain U.S. citizenship.

Clinton Praises Bush On Immigration Reform (AP)

By Robert Jablon

AP, July 9, 2006

Former President Bill Clinton praised President Bush on Saturday for supporting reforms that would allow millions of illegal immigrants to seek citizenship but said the debate in Congress is being fomented by Republicans who want to divide America.

"I'm proud of him for doing it and I thanked him for doing it," he said of Bush during a "Cafe con Clinton" breakfast speech to the annual conference of the National Council of La Raza, the nation's largest Hispanic civil rights advocacy group.

Clinton said Bush's roots in Texas — which has one of the nation's largest Hispanic populations — have helped him view immigrants as people rather than statistics.

"It's hard to demonize people if you know them," he said.

But Clinton also argued that the nation's government is controlled by Republican ideological hard-liners who want to use immigration to divide Americans and distract them from issues such as the war in Iraq and the health care crisis.

Instead of equal opportunity, they support a "financial elite" because they favor "concentrated wealth and power," Clinton said.

"They believe in a government that is secret, unaccountable and that maximizes its own power," he said. "They really believe the world works better if they run it and we keep our mouths shut."

Clinton supported an immigration reform measure passed by the Senate that would provide a way for many of the estimated 12 million foreigners living in the country illegally to become citizens. A House-approved bill would make illegal immigrants felons and build 700 miles of border walls. House and Senate negotiators so far have not been able to work out a compromise.

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Bush has said he wants to enforce the borders so fewer people sneak across but also provide a way for those already in the United States to become legal. He has praised Hispanic immigrants as hardworking and family oriented. Clinton used similar language in his own speech.

The message played well with La Raza, which opposes the House bill and whose current president, Janet Murguia, was an assistant in the Clinton White House.

Before Clinton's speech, Los Angeles Mayor Antonio Villaraigosa noted a string of rallies over the immigration issue, including one in March that sent 500,000 people into the streets of Los Angeles and garnered international attention.

"You literally reshaped the political landscape of our nation ... we can still see a movement blooming before our very eyes," he said.

Both Democrats and Republicans have been looking for ways to court Hispanics, whose fast-growing population gives them the potential to become an enormous voting force. Bush's top political adviser, Karl Rove, was scheduled to address the convention on Tuesday.

Clinton Speaks Out On Illegal Workers (LAT)

By Jeffrey L. Rabin, Times Staff Writer

The Los Angeles Times, July 9, 2006

Addressing the La Raza event, he calls the debate a divisive distraction.

Former President Clinton told one of the nation's largest Latino civil rights groups Saturday that the conservative wing of the Republican Party is using the immigration issue to divide Congress and the nation.

"It is a way of creating a divided community and distracting people from the real challenges facing the country, whether it is in Iraq and Afghanistan, or homeland security, or how to build a clean energy future, or how to solve the healthcare crisis, or how to create new jobs for America," he said.

Clinton made the remarks, some of his most extensive since the issue of illegal immigration heated up in Washington this year, before several thousand people at the opening session of the four-day National Council of La Raza convention in Los Angeles.

He was welcomed to the event, key for those who hope to sway Latino voters, by Los Angeles Mayor Antonio Villaraigosa and later greeted Gov. Arnold Schwarzenegger in the parking area. Clinton's appearance comes as competing congressional proposals for immigration reform are being debated this summer in committee hearings around the country.

Clinton said hard-liners are "basically saying these undocumented broke the law, send them home — never mind that they are 5% of the workforce and a far bigger percentage in certain critical areas."

"It's crazy to think about sending 11 million people home" to their native countries, said the former president, who called the recent demonstrations for immigrant rights "incredibly moving."

He said he favors the Senate's approach to changing immigration laws, although there are some elements of the bill he dislikes. The Senate legislation would enhance border security, create a guest worker program and put most of the nation's illegal immigrants in line for citizenship.

"At least it says we ought to provide a path to citizenship for these hard-working, law-abiding people," Clinton said. "We ought to do it in a way that does not put them ahead of those who patiently waited in the legal process."

Clinton, perhaps in deference to his wife, Hillary's, presidential ambitions, has been all but silent on the immigration issue in recent months. He was careful Saturday to stake out middle ground, crediting prominent members of both parties who had shown a willingness to collaborate. (After a lengthy silence of her own, Sen. Hillary Rodham Clinton (D-N.Y.) in May endorsed a legalization process for illegal immigrants, but emphasized the importance of protecting national security.)

Bill Clinton thanked President Bush for siding with moderates in his own party regarding immigration. He suggested that Bush had a different understanding of the immigration issue because of his ties to Texas, where Latinos have been part of the history and culture for many generations. "It's hard to demonize people if you know 'em."

Clinton said he agreed with New York Mayor Michael Bloomberg, a Republican, that it was important to talk about the enormous consequences to the nation's economy if the House of Representatives version of immigration reform becomes law. That bill stresses enforcement, making illegal immigration a crime and beefing up sanctions against employers of undocumented workers.

Clinton also praised Villaraigosa's view of "America as a family, an inclusive family, a family that will let everyone in."

Clinton received a sustained standing ovation from the members of the council, which includes Latino officials and activists from across the nation. Clinton, 59, appeared rested, healthy and cheered by his warm welcome. He enjoyed strong support from Latinos during his two terms as president.

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Clinton's speech underscored some of his core political values. "America is and always will be a nation of immigrants," he said. "We have to create one America based on our diversity, not trying to deny it."

He urged his audience to acknowledge that steps must be taken to strengthen border security.

As Clinton left the Los Angeles Convention Center he briefly crossed paths with Schwarzenegger.

The Republican governor, who is seeking reelection in November, joined Villaraigosa in officially opening the convention's vast exhibit area, where major corporations and businesses seek to build ties with the nation's growing Latino population.

As they toured the exhibit hall, Villaraigosa and Schwarzenegger stopped at a booth honoring Latinos in the military who had received Medals of Honor. The pair later discussed efforts to combat childhood obesity by removing calorie-rich refreshments from California schools.

Before a crush of television cameras and reporters, the governor reiterated that he came to California as an immigrant from Austria.

Schwarzenegger has not taken a position on the pending bills in Congress. Without addressing the immigration issue, the governor said: "I want to make sure that other people have the chance to realize their dreams."

In his luncheon speech to the convention, Schwarzenegger recalled receiving a check in the early 1970s from champion boxer Sugar Ray Robinson. "He never asked any question about my papers or anything like that."

The remark drew applause but not of the same intensity accorded Clinton.

Schwarzenegger, however, offered advice similar to Clinton's: "Don't just reach out to one party, because you need both parties in order to be successful. You need the Democrats. And you need the Republicans."

Rudy For President? (NOVAK)

By ROBERT D. NOVAK

Robert Novak, July 8, 2006

Well-connected public figures report that they have been told recently by Rudolph Giuliani that, as of now, he intends to run for the Republican Presidential nomination in 2008.

The former mayor of New York was on top of last month's national Gallup poll measuring Presidential preferences by registered Republicans, with 29 percent. Sen. John McCain's 24 percent was second, with former House Speaker Newt Gingrich third at 8 percent. National polls all year have shown Giuliani running either first or second to McCain, with the rest of the Presidential possibilities far behind.

Republican insiders respond to these numbers by saying rank-and-file GOP voters will abandon Giuliani once they realize his position on abortion, gay rights and gun control. Party strategists calculate that if he actually runs, he must change on at least one of these issues.

DEMOCRAT LIEBERMAN

Supporters of Sen. Joseph Lieberman promise he will continue as a member of the Senate Democratic caucus even if he loses the Democratic primary in Connecticut Aug. 8 and is elected as an independent.

Lieberman's decision announced last week to seek petitions to give him an independent ballot position probably helped businessman Ned Lamont's antiwar Democratic primary campaign. Although Lieberman's support of President Bush on the Iraq war is not popular in Connecticut, he would be heavily favored in a three-way race against Lamont and Republican former state Rep. Alan Schlesinger.

Lieberman's Republican Senate colleagues privately despair of the GOP picking up the Connecticut seat. But they hope Lieberman, if elected as an independent, would be more inclined to vote with Republicans than he is now, even if he still caucuses with the Democrats.

WOOING HISPANICS

Presidential adviser Karl Rove and Sen. Sam Brownback, two conservative Republicans who favor a guest-worker program for immigrants, will address the left-wing Hispanic advocacy group La Raza in Los Angeles this week.

La Raza was active in increasing participation in nationwide work stoppages and demonstrations April 10 after the House passed a tough border enforcement bill. La Raza in Spanish means "The Race."

Former President Bill Clinton heads the list of speakers for the annual meeting of La Raza's national council. The Rev. Jesse Jackson will appear on a panel.

TRIAL LAWYER POLITICS

Although it attracted no news media attention, a subcommittee hearing of the normally bipartisan House Financial Services Committee erupted in partisan furor June 28 when Republican Rep. Richard Baker of Louisiana proposed controls on lawyers engaged in securities litigation.

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Baker's subcommittee focused on the recent federal indictment of the Milberg Weiss Bershad & Schulman law firm in connection with class-action lawsuits. The firm in recent years has contributed $2.78 million to Democratic candidates and $22,000 to Republicans.

The Financial Services Committee's top two Democrats -- Barney Frank of Massachusetts and Paul Kanjorski of Pennsylvania -- vigorously objected to a federal judge testifying about current defendants in a federal prosecution. Vaughn R. Walker, chief district judge for Northern California, gave the subcommittee his views on the indictments and Baker's legislation.

NO DIRTY TRICKS

Independent, pro-labor candidate Bill Scheurer remained on the ballot after last Monday's deadline without challenge in the Chicago suburban congressional district where freshman Democratic Rep. Melissa Bean is a priority Republican target for 2006.

It had been widely expected that state House Speaker Mike Madigan, the Illinois Democratic chairman, would challenge Scheurer collection of the necessary 14,000 petition signatures for ballot access. Scheurer had filed a lawsuit alleging dirty tricks by Madigan and other Democratic leaders.

Bean was the most spectacular Democratic winner in the 2004 elections with a victory over Phil Crane, the senior Republican member of the House. She had considerable labor support in that campaign, but she lost Teamsters and state AFL-CIO backing after reneging on her campaign commitment to oppose the Central American Free Trade Agreement (CAFTA). Labor votes switching over to Scheurer would benefit the Republican candidate, investment banker David McSweeney.

Robert D. Novak is a syndicated columnist and a commentator for the FOX network.

The Immigration Equation (NYT)

By Roger Lowenstein

The New York Times, July 9, 2006

The day I met George Borjas, cloistered in his office at the John F. Kennedy School of Government at Harvard while graduate students from Russia, India, China and maybe Mexico mingled in the school cafe, sipping coffee and chattering away in all their tongues, the United States Senate was hotly debating what to do about the country's immigration policy. Borjas professed to be unfazed by the goings-on in Washington. A soft-spoken man, he stressed repeatedly that his concern was not to make policy but to derive the truth. To Borjas, a Cuban immigrant and the pre-eminent scholar in his field, the truth is pretty obvious: immigrants hurt the economic prospects of the Americans they compete with. And now that the biggest contingent of immigrants are poorly educated Mexicans, they hurt poorer Americans, especially African-Americans, the most.

Borjas has been making this case — which is based on the familiar concept of supply and demand — for more than a decade. But the more elegantly he has made it, it seems, the less his colleagues concur. ''I think I have proved it,'' he eventually told me, admitting his frustration. ''What I don't understand is why people don't agree with me."

It turns out that Borjas's seemingly self-evident premise — that more job seekers from abroad mean fewer opportunities, or lower wages, for native workers — is one of the most controversial ideas in labor economics. It lies at the heart of a national debate, which has been encapsulated (if not articulated) by two very different immigration bills: one, passed by the House of Representatives, which would toughen laws against undocumented workers and probably force many of them to leave the country; and one in the Senate, a measure that would let most of them stay.

You can find economists to substantiate the position of either chamber, but the consensus of most is that, on balance, immigration is good for the country. Immigrants provide scarce labor, which lowers prices in much the same way global trade does. And overall, the newcomers modestly raise Americans' per capita income. But the impact is unevenly distributed; people with means pay less for taxi rides and household help while the less-affluent command lower wages and probably pay more for rent.

The debate among economists is whether low-income workers are hurt a lot or just a little — and over what the answer implies for U.S. policy. If you believe Borjas, the answer is troubling. A policy designed with only Americans' economic well-being in mind would admit far fewer Mexicans, who now account for about 3 in 10 immigrants. Borjas, who emigrated from Cuba in 1962, when he was 12 (and not long after soldiers burst into his family's home and ordered them at gunpoint to stand against a wall), has asserted that the issue, indeed, is "Whom should the United States let in?"

Such a bald approach carries an overtone of the ethnic selectivity that was a staple of the immigration debates a century ago. It makes many of Borjas's colleagues uncomfortable, and it is one reason that the debate is so charged. Another reason is that many of the scholars who disagree with Borjas also hail from someplace else — like gardeners and seamstresses, a surprising number of Ph.D. economists in the U.S. are foreign-born.

Easily the most influential of Borjas's critics is David Card, a Canadian who teaches at Berkeley. He has said repeatedly that, from an economic standpoint, immigration is no big deal and that a lot of the opposition to it is most likely social or cultural. "If Mexicans were taller and whiter, it would probably be a lot easier to deal with," he says pointedly.

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Economists in Card's camp tend to frame the issue as a puzzle — a great economic mystery because of its very success. The puzzle is this: how is the U.S. able to absorb its immigrants so easily?

After all, 21 million immigrants, about 15 percent of the labor force, hold jobs in the U.S., but the country has nothing close to that many unemployed. (The actual number is only seven million.) So the majority of immigrants can't literally have "taken" jobs; they must be doing jobs that wouldn't have existed had the immigrants not been here.

The economists who agree with Card also make an intuitive point, inevitably colored by their own experience. To the Israeli-born economist whose father lived through the Holocaust or the Italian who marvels at America's ability to integrate workers from around the world, America's diversity — its knack for synthesizing newly arrived parts into a more vibrant whole — is a secret of its strength. To which Borjas, who sees a different synthesis at work, replies that, unlike his colleagues, the people arriving from Oaxaca, Mexico, are unlikely to ascend to a university faculty. Most of them did not finish high school. "The trouble with the stories that American journalists write about immigration," he told me, "is they all start with a story about a poor mother whose son grows up to become. . . . " and his voice trailed off as if to suggest that whatever the particular story — that of a C.E.O., a ballplayer or even a story like his own — it would not prove anything about immigration. What economists aim for is to get beneath the anecdotes. Is immigration still the engine of prosperity that the history textbooks describe? Or is it a boon to business that is destroying the livelihoods of the poorest workers — people already disadvantaged by such postmodern trends as globalization, the decline of unions and the computer?

{ The Lopsided-Skill-Mix Problem }

This spring, while militias on the prowl for illegal immigrants were converging on the Arizona border and, on the other side of the political fence, immigrant protesters were taking to the streets, I sampled the academic literature and spent some time with Borjas and Card and various of their colleagues. I did not expect concurrence, but I hoped to isolate what we know about the economic effects of immigration from what is mere conjecture. The first gleaning from the Ivory Tower came as a surprise. All things being equal, more foreigners and indeed more people of any stripe do not mean either lower wages or higher unemployment. If they did, every time a baby was born, every time a newly minted graduate entered the work force, it would be bad news for the labor market. But it isn't. Those babies eat baby food; those graduates drive automobiles.

As Card likes to say, "The demand curve also shifts out." It's jargon, but it's profound. New workers add to the supply of labor, but since they consume products and services, they add to the demand for it as well. "Just because Los Angeles is bigger than Bakersfield doesn't mean L.A. has more unemployed than Bakersfield," Card observes.

In theory, if you added 10 percent to the population — or even doubled it — nothing about the labor market would change. Of course, it would take a little while for the economy to adjust. People would have to invest money and start some new businesses to hire all those newcomers. The point is, they would do it. Somebody would realize that the immigrants needed to eat and would open a restaurant; someone else would think to build them housing. Pretty soon there would be new jobs available in kitchens and on construction sites. And that has been going on since the first boat docked at Ellis Island.

But there's a catch. Individual native workers are less likely to be affected if the immigrants resemble the society they are joining — not physically but in the same mix of skills and educational backgrounds. For instance, if every immigrant were a doctor, the theory is, it would be bad for doctors already here. Or as Borjas asked pointedly of me, what if the U.S. created a special visa just for magazine writers? All those foreign-born writers would eat more meals, sure, but (once they mastered English, anyway), they would be supplying only one type of service — my type. Bye-bye fancy assignments.

During the previous immigrant wave, roughly from 1880 to 1921 (it ended when the U.S. established restrictive quotas based on country of origin), the immigrants looked pretty much like the America into which they were assimilating. At the beginning of the 20th century, 9 of 10 American adults did not have high-school diplomas, nor did the vast majority of immigrants. Those Poles and Greeks and Italians made the country more populous, but they did not much change the makeup of the labor market.

This time it's different. The proportion of foreign-born, at 12 percent, remains below the peak of 15 percent recorded in 1890. But compared with the work force of today, however, the skill mix of immigrants is lopsided. About the same proportion have college degrees (though a higher proportion of immigrants are post-graduates). But many more — including most of the those who have furtively slipped across the Mexican border — don't have high-school diplomas.

The latest estimate is that the United States has 11.5 million undocumented foreigners, and it's those immigrants — the illegal ones — who have galvanized Congress. The sponsor of the House legislation, Representative James Sensenbrenner, a Republican from Wisconsin, says bluntly that illegals are bad for the U.S. economy. His bill would require employers to verify the status of their workers from a national database and levy significant penalties on violators. But H.R. 4437 isn't primarily an economics bill — it's an expression of outrage over the porousness of America's borders. Among many other enforcement measures, the bill forces the U.S. to build hundreds of miles of fencing on its Southern border.

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The Senate bill is irreducibly complex (more than 800 pages), but basically, it seeks to cure the problem of illegals by bringing them in from the shadows. Those already here would be able to continue working and get on track toward a more normalized status. In the future, employers could bring in guest workers — what Senate draftsmen refer to hopefully as temporary workers — as long as they paid them the going wage.

This latter bill, the product of an alliance between John McCain and Edward Kennedy, isn't really an economics bill, either, at least not the way economists see it. Its premise is that if you legalize undocumented people and reinforce the borders, then whatever negative impact immigrants have on the labor market will go away. The theory is that newly minted green-card holders, no longer having deportation to fear, will stick up for their rights and for higher wages too. Interestingly, some big labor unions, like the Service Employees International Union, are supporters. But economists are skeptical. For one thing, after the U.S. gave amnesty to the nearly three million undocumented workers who were in the country in 1986, their wages didn't budge. Second, economists, as you might expect, say market forces like supply and demand, not legal status, are what determine wages.

It baffles some economists that Congress pays so little heed to their research, but then immigration policy has never been based on economics. Economic fears played a part in the passage of the exclusionary acts against Chinese in the late 19th and early 20th centuries, and in the 1920's of quotas (aimed in particular at people from southern and eastern Europe), but they were mostly fueled by xenophobia. They were supplanted in the Civil Rights era by the Immigration and Nationality Act of 1965, which ended quotas and established a new priority based on family reunification. That law, also sponsored by Kennedy, had nothing to do with economics, either. It made the chief criterion for getting in having a relative who was already here.

If economists ran the country, they would certainly take in more immigrants who, like them, have advanced degrees. (The U.S., which is hugely dependent on foreigners to fill certain skilled occupations like scientific research and nursing, does admit a relative handful of immigrants each year on work visas.) Canada and Australia admit immigrants primarily on the basis of skills, and one thing the economists agree on is that high earners raise the national income by more than low earners. They are also less of a burden on the tax rolls.

With the exception of a few border states, however, the effect of immigration on public-sector budgets is small, and the notion that undocumented workers in particular abuse the system is a canard. Since many illegals pay into Social Security (using false ID numbers), they are actually subsidizing the U.S. Treasury. And fewer than 3 percent of immigrants of any stripe receive food stamps. Also, and contrary to popular wisdom, undocumented people do support local school districts, since, indirectly as renters or directly as homeowners, they pay property taxes. Since they tend to be poor, however, they contribute less than the average. One estimate is that immigrants raise state and local taxes for everyone else in the U.S. by a trivial amount in most states, but by as much as $1,100 per household per year in California. They are certainly a burden on hospitals and jails but, it should be noted, poor legal workers, including those who are native born, are also a burden on the health care system.

{ Parsing the Wage Gap }

Economists focus on Mexicans not because many are undocumented but because, relative to the rest of the labor force, Mexicans have far fewer skills. And Mexicans and other Central Americans (who tend to have a similar economic background) are arriving and staying in this country at a rate of more than 500,000 a year. Their average incomes are vastly lower than those both of native-born men and of other immigrants.

Native-born workers: $45,400

All immigrants: $37,000

Mexican immigrants: $22,300

The reason Mexicans earn much less than most Americans is their daunting educational deficit. More than 60 percent of Mexican immigrants are dropouts; fewer than 10 percent of today's native workers are.

That stark contrast conveys, to economists, two important facts. One is that Mexicans are supplying a skill level that is much in demand. It doesn't just seem that Americans don't want to be hotel chambermaids, pick lettuce or repair roofs; it's true. Most gringos are too educated for that kind of work. The added diversity, the complementariness of skills, that Mexicans bring is good for the economy as a whole. They perform services that would otherwise be more expensive and in some cases simply unavailable.

The Americans who are unskilled, however, must compete with a disproportionate number of immigrants. One of every four high-school dropouts in the U.S. was born in Mexico, an astonishing ratio given that the proportion of Mexicans in the overall labor force is only 1 in 25. So it's not magazine writers who see their numbers expanding; it's Americans who are, or would be, working in construction, restaurants, household jobs, unskilled manufacturing and so forth.

That's the theory. But economists have had a hard time finding evidence of actual harm. For starters, they noticed that societies with lots of immigrants tend, if anything, to be more prosperous, not less. In the U.S., wages in cities where immigrants have clustered, like New York, have tended to be higher, not lower. Mississippi, on the other hand, which has the lowest per-capita income of any state, has had very few immigrants.

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That doesn't necessarily mean that immigrants caused or even contributed to high wages; it could be they simply go where the demand is greatest — that their presence is an effect of high wages. As statisticians are wont to remind us, "Correlation does not imply causation." (The fact that hospitals are filled with sick people doesn't mean hospitals make you sick.) Maybe without immigrants, wages in New York would be even higher.

And certainly, wages of the unskilled have been a source of worry for years. From 1970 to 1995, wages for high-school dropouts, the group that has been the most affected by immigrants, plummeted by more than 30 percent, after adjusting for inflation. Look at the following averages (all for male workers):

College graduates: $73,000

People with some college: $41,000

High-school grads: $32,000

Dropouts: $24,800

These figures demonstrate a serious problem, at least if you care about wage inequality, and a quick glance at this list and the previous one shows that native-born dropouts are earning only a shade more than Mexicans working in this country. But that hardly proves that cheap Mexican labor is to blame. For one thing, economists believe that other factors, like the failure of Congress to raise the minimum wage, globalization (cheap Chinese labor, that is) and the decline of unions are equally or even more responsible. Another popular theory is that computer technology has made skilled labor more valuable and unskilled labor less so.

Also, when economists look closely at wage dispersion, the picture isn't wholly consistent with the immigrants-as-culprits thesis. Look again at the numbers: people at the top (college grads) make a lot more than average but from the middle on down incomes are pretty compressed. Since only dropouts are being crowded by illegal immigrants, you would expect them to be falling further behind every other group. But they aren't; since the mid-90's, dropouts have been keeping pace with the middle; it's the corporate executives and their ilk at the top who are pulling away from the pack, a story that would seem to have little to do with immigration.

This isn't conclusive either, Borjas notes. After all, maybe without immigrants, dropouts would have done much better than high-school grads. Economists look for the "counterfactual," or what would have happened had immigrants not come. It's difficult to tell, because in the real world, there is always a lot more going on — an oil shock, say, or a budget deficit — than the thing whose effect you are studying. To isolate the effect of immigrants alone would require a sort of lab experiment. The trouble with macroeconomics is you can't squeeze your subjects into a test tube.

{ Marielitos in Miami, Doctors in Israel and Other Natural Experiments }

The academic study of immigration's economic effects earned little attention before the subject started to get political traction in the 1980's. Then, in 1990, Borjas, who was on the faculty at the University of California at Santa Barbara, published a book, "Friends or Strangers," which was mildly critical of immigration's effects.

That same year, David Card realized that a test tube did exist. Card decided to study the 1980 Mariel boat lift, in which 125,000 Cubans were suddenly permitted to emigrate. They arrived in South Florida with virtually no advance notice, and approximately half remained in the Miami area, joining an already-sizable Cuban community and swelling the city's labor force by 7 percent.

To Card, this produced a "natural experiment," one in which cause and effect were clearly delineated. Nothing about conditions in the Miami labor market had induced the Marielitos to emigrate; the Cubans simply left when they could and settled in the city that was closest and most familiar. So Card compared the aftershocks in Miami with the labor markets in four cities — Tampa, Atlanta, Houston and Los Angeles — that hadn't suddenly been injected with immigrants.

That the Marielitos, a small fraction of whom were career criminals, caused an upsurge in crime, as well as a more generalized anxiety among natives, is indisputable. It was also commonly assumed that the Marielitos were taking jobs from blacks.

But Card documented that blacks, and also other workers, in Miami actually did better than in the control cities. In 1981, the year after the boat lift, wages for Miami blacks were fractionally higher than in 1979; in the control cities, wages for blacks were down. The only negative was that unemployment rose among Cubans (a group that now included the Marielitos).

Unemployment in all of the cities rose the following year, as the country entered a recession. But by 1985, the last year of Card's study, black unemployment in Miami had retreated to below its level of 1979, while in the control cities it remained much higher. Even among Miami's Cubans, unemployment returned to pre-Mariel levels, confirming what seemed visible to the naked eye: the Marielitos were working. Card concluded, "The Mariel influx appears to have had virtually no effect on the wages or unemployment rates of less-skilled workers."

Although Card offered some hypotheses, he couldn't fully explain his results. The city's absorption of a 7 percent influx, he wrote, was "remarkably rapid" and — even if he did not quite say it — an utter surprise. Card's Mariel study hit the cloistered

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world of labor economists like a thunderbolt. All of 13 pages, it was an aesthetic as well as an academic masterpiece that prompted Card's peers to look for other "natural" immigration experiments. Soon after, Jennifer Hunt, an Australian-born Ph.D. candidate at Harvard, published a study on the effects of the return migration of ethnic French from Algeria to France in 1962, the year of Algerian independence. Similar in spirit though slightly more negative than the Mariel study, Hunt found that the French retour had a very mild upward effect on unemployment and no significant effect on wages.

Rachel Friedberg, an economist at Brown, added an interesting twist to the approach. Rather than compare the effect of immigration across cities, she compared it across various occupations. Friedberg's curiosity had been piqued in childhood; born in Israel, she moved to the U.S. as an infant and grew up amid refugee grandparents who were a constant reminder of the immigrant experience.

She focused on an another natural experiment — the exodus of 600,000 Russian Jews to Israel, which increased the population by 14 percent in the early 1990's. She wanted to see if Israelis who worked in occupations in which the Russians were heavily represented had lost ground relative to other Israelis. And in fact, they had. But that didn't settle the issue. What if, Friedberg wondered, the Russians had entered less-attractive fields precisely because, as immigrants, they were at the bottom of the pecking order and hadn't been able to find better work? And in fact, she concluded that the Russians hadn't caused wage growth to slacken; they had merely gravitated to positions that were less attractive. Indeed, Friedberg's conclusion was counterintuitive: the Russians had, if anything, improved wages of native Israelis. She hypothesized that the immigrants competed more with one another than with natives. The Russians became garage mechanics; Israelis ran the garages.

{ Measuring the Hit to Wages }

By the mid-90's, illegal immigration was heating up as an issue in the United States, prompting a reaction in California, where schools and other public services were beginning to feel a strain. But academics were coalescing around the view that immigration was essentially benign — that it depressed unskilled native wages by a little and raised the average native income by a little. In 1997, a panel of the National Academy of Sciences, which reviewed all of the literature, estimated that immigration during the previous decade had, at most, lowered unskilled-native wages by 1 percent to 2 percent.

Borjas didn't buy it. In 1999 he published a second, more strident book, "Heaven's Door." It espoused a "revisionist" view — that immigration caused real harm to lower-income Americans. Borjas argued that localized studies like Mariel were flawed, for the simple reason that labor markets in the U.S. are linked together. Therefore, the effects of immigration could not be gauged by comparing one city with another.

Borjas pointed out, as did others, that more native-born Americans started migrating out of California in the 1970's, just as Mexicans began arriving in big numbers. Previously California was a destination for Americans. Borjas reckoned that immigrants were pushing out native-born Americans, and that the effect of all the new foreigners was dispersed around the country.

The evidence of a labor surplus seemed everywhere. "If you wanted a maid," he recalled of California during the 90's, "all you had to do was tell your gardener, and you had one tomorrow." He felt certain that Mexicans were depressing unskilled wages but didn't know how to prove it.

After Borjas moved East, he had an inspiration. It was easy to show that high-school dropouts had experienced both lower wage growth and more competition from immigrants, but that didn't settle the point, because so many other factors could have explained why dropouts did poorly. The inspiration was that people compete not only against those with a like education, but also against workers of roughly the same experience. Someone looking for a first job at a McDonald's competes against other unskilled entry-level job seekers. A reporter with 15 years' experience who is vying for a promotion will compete against other veterans but not against candidates fresh out of journalism school.

This insight enabled Borjas to break down the Census data in a way that put his thesis to a more rigorous test. He could represent skill groups within each age as a point on a graph. There was one point for dropouts who were 10 years out of school, another for those who were 20 years and 30 years out. Each of these points was repeated for each decade from 1960 to 2000. And there was a similar set of points for high-school graduates, college graduates and so forth. The points were situated on the graph according to two variables: the horizontal axis measured the change in the share of immigrants within each "point," the vertical axis measured wage growth.

A result was a smattering of dots that on casual inspection might have resembled a work of abstract art. But looking closer, the dots had a direction: they pointed downward. Using a computer, Borjas measured the slope: it suggested that wages fell by 3 to 4 percent for each 10 percent increase in the share of immigrants.

With this graph, Borjas could calculate that, during the 80's and 90's, for instance, immigrants caused dropouts to suffer a 5 percent decline relative to college graduates. In a paper published in 2003, "The Labor Demand Curve Is Downward Sloping," Borjas termed the results "negative and significant."

But what about the absolute effect? Assuming businesses did not hire any of the new immigrants, Borjas's finding would translate to a hefty 9 percent wage loss for the unskilled over those two decades, and lesser declines for other groups (which

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also received some immigrants). As we know, however, as the population grows, demand rises and business do hire more workers. When Borjas adjusted for this hiring, high-school dropouts were still left with a wage loss of 5 percent over those two decades, some $1,200 a year. Other groups, however, showed a very slight gain. To many economists as well as lay folk, Borjas's findings confirmed what seemed intuitive all along: add to the supply of labor, and the price goes down.

To Card, however, what seems "intuitive" is often suspect. He became a labor economist because the field is full of anomalies. "The simple-minded theories that they teach you in economics don't work" for the labor market, he told me. In the 90's, Card won the prestigious Clark Medal for several studies, including Mariel and another showing that, contrary to theory, raising the minimum wage in New Jersey (another natural experiment) did not cause fast-food outlets to cut back on employment.

In a recent paper, "Is the New Immigration Really So Bad?" Card took indirect aim at Borjas and, once again, plumbed a labor-market surprise. Despite the recent onslaught of immigrants, he pointed out, U.S. cities still have fewer unskilled workers than they had in 1980. Immigrants may be depriving native dropouts of the scarcity value they might have enjoyed, but at least in a historical sense, unskilled labor is not in surplus. America has become so educated that immigrants merely mitigate some of the decline in the homegrown unskilled population. Thus, in 1980, 24 percent of the work force in metropolitan areas were dropouts; in 2000, only 18 percent were.

Card also observed that cities with more immigrants, like those in the Sun Belt close to the Mexican border, have a far higher proportion of dropouts. This has led to a weird unbalancing of local labor markets. For example, 10 percent of the work force in Pittsburgh and 15 percent in Cleveland are high-school dropouts; in Houston the figure is 25 percent, in Los Angeles, 30 percent. The immigrants aren't dispersing, or not very quickly.

So where do all the dropouts work? Los Angeles does have a lot of apparel manufacturers but not enough of such immigrant-intensive businesses to account for all of its unskilled workers. Studies also suggest that immigration is correlated with a slight increase in unemployment. But again, the effect is small. So the mystery is how cities absorb so many unskilled. Card's theory is that the same businesses operate differently when immigrants are present; they spend less on machines and more on labor. Still, he admitted, "We are left with the puzzle of explaining the remarkable flexibility of employment demand."

Card started thinking about this when he moved from Princeton in the mid-90's. He noticed that everyone in Berkeley seemed to have a gardener, "even though professors are not rich." In the U.S., which has more unskilled labor than Europe, more people employ housecleaners. The African-American women who held those jobs before the war, like the Salvadorans and Guatemalans of today, weren't taking jobs; they were creating them. { The Personal Is Economic } Though Card works on immigration only some of the time, he and Borjas clearly have become rivals. In a recent paper, Card made a point of referring to the "revisionist" view as "overly pessimistic." Borjas told Business Week that Card's ideas were "insane." ("Obviously I didn't mean he is insane; he is a very bright guy," Borjas clarified when we talked. "The idea that you can add 15 or 20 million people and not have any effect seems crazy.") Alan B. Krueger, an economist who is friendly with each, says, "I fear it might become acrimonious." Card told me twice that Borjas's calculations were "disingenuous." "Borjas has a strong view on this topic," Card said, "almost an emotional position."

Card is more comfortable with anecdote than many scholars, and he tells a story about his wife, who teaches English to Mexicans. In one class, she tapped on a wall, asking a student to identify it, and the guy said, "That's drywall." To Card, it signifies that construction is one of those fields that soak up a disproportionate number of Mexicans; it's a little piece of the puzzle. "Even when I was a kid in Ontario 45 years ago," he notes, "the tobacco pickers were Jamaicans. They were terrible jobs — backbreaking." Card is a political liberal with thinning auburn air and a controlled, smirky smile. His prejudices, if not his emotions, favor immigrants. Raised by dairy farmers in Guelph, Ontario, he remembers that Canadian cities were mostly boring while he was growing up. The ones that attracted immigrants, like Toronto and Vancouver, boomed and became more cosmopolitan. "

Everyone knows in trade there are winners and losers," Card says. "For some reason it doesn't stop people from advocating free trade." He could have said the same of Wal-Mart, which has put plenty of Mom-and-Pop retailers out of business. In fact, any time a firm offers better or more efficient service, somebody will suffer. But the economy grows as a result. "

I honestly think the economic arguments are second order," Card told me when we discussed immigration. "They are almost irrelevant."

Card's implication is that darker forces — ethnic prejudice, maybe, or fear of social disruption — is what's really motivating a lot of anti-immigrant sentiment. Borjas, a Hispanic who has written in blunt terms about the skill deficits of Mexicans, in particular arouses resentment. "Mexicans aren't as good as Cubans like him," Douglas S. Massey, a demographer at Princeton, said in a pointed swipe.

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Borjas lives an assimilated life. He has a wife who speaks no Spanish, three kids, two of whom study his mother tongue as a foreign language, and a home in Lexington, a tony Boston suburb. Yet his mind-set often struck me as that of an outsider — an immigrant, if you will, to his own profession.

When I asked the inevitable question — did his exile experience influence his choice of career? — he said, "Clearly it predisposed me." The seeds of the maverick scholar were planted the year before he left Cuba, a searing time when the revolution was swinging decisively toward Soviet-style communism. His family had owned a small factory that manufactured men's pants. The factory was shut down, and the family made ready to leave the island, but their departure was delayed by the death of Borjas's father. The son had to attend a revolutionary school, where the precepts of Marxism-Leninism were drilled into the future economist with notable lack of success. One day he marched in the band and drummed the "Internationale" in front of Fidel Castro and the visiting Yuri Gagarin, the Soviet cosmonaut. "Since that year I have been incredibly resistant to any kind of indoctrination," he told me — an attitude that surfaces in wry references to the liberal Harvard environs as the "People's Republic of Cambridge" and to American political correctness in general.

Borjas's family arrived with virtually no money; they got some clothing from Catholic Charities and a one-time stipend of, as he recollects, $100. His mother got a factory job in Miami, where they stayed several years. Then the family moved to New Jersey. He at tended Saint Peter's College in Jersey City and got his Ph.D. at Columbia.

I asked him whether the fact that he was Cuban, the most successful Latin subgroup, had affected his views of other Hispanics. "Look, I've never been psychoanalyzed," he said with an air of resignation, as if he were accustomed to hearing such loaded questions. One thing Borjas shares with Card is a view that others treat immigration emotionally. But Borjas takes comfort not in anecdote but in empiricism. As he said to me often, "The data is the data."

{ Immigrants Can Be Complementary }

Economists on Card's side of the debate recognize that they at least have to deal with Borjas's data — to reconcile why the local studies and national studies produce different results. Card shrugs it off; even 5 percent for a dropout, he observes, is only 50 to 60 cents an hour. Giovanni Peri, an Italian working at the University of California, Davis, had a more intriguing response. Peri replicated Borjas's scatter diagram, and also his finding that unskilled natives suffer a loss relative to, say, graduates. He made different assumptions, however, about how businesses adjust to the influx of new workers, and as a result, he found that the absolute harm was less, or the gain was greater, for all native-born groups. By his reckoning, native dropouts lost only 1 percent of their income during the 1990's.

Peri's theory is that most of the wage losses are sustained by previous immigrants, because immigrants compete most directly with one another. It's a principle of economics that a surplus in one part of the production scheme raises the demand for every other one. For instance, if you have a big influx of chefs, you can use more waiters, pushing up their wages; if you have a lot of chefs and waiters, you need more Sub-Zeros, so investment will also rise. The only ones hurt, in this example, are the homegrown chefs — the people who are "like" the immigrants.

Indeed, workers who are unlike immigrants see a net gain; more foreign doctors increases the demand for native hospital administrators. Borjas assumes that a native dropout (or a native anything) is interchangeable with an immigrant of the same skill level. Peri doesn't. If enough Mexicans go into construction, some native workers may be hurt, but a few will get promotions, because with more crews working there will be a greater demand for foremen, who most likely will be natives.

Natives have a different mix of skills — English, for instance, or knowledge of the landscape. In economists' lingo, foreigners are not "perfect substitutes." (Friedberg also observed this in Israel.) In some cases, they will complement rather than compete with native workers. Vietnamese manicurists in California cater to a lower-price, less-exclusive market than native-run salons. The particular skills of an Italian designer — or even an economist — are distinct from an American's. "My work is autobiographical to a large extent," notes Peri, who got into the field when the Italian government commissioned him to study why Italy was losing so many professionals. The foreigners he sees in California are a boon to the U.S. It astonishes him how people like Sensenbrenner want to restrict immigration and apply the letter of the law against those working here.

This is a very romantic view. The issue is not so much Italian designers as Mexican dropouts. But many Mexicans work jobs that are unappealing to most Americans; in this sense, they are not exactly like natives of their skill level either. Mexicans have replenished some occupations that would have become underpopulated; for instance, 40,000 people who became meat processors immigrated to the U.S. during the 1990's, shoring up the industry. Without them, some plants would have raised wages, but others would have closed or, indeed, relocated to Mexico.

{ Are All Dropouts the Same? }

I talked to half a dozen vintners and a like number of roofing-company owners, both fields that rely on Mexican labor, and frequently heard that Americans do not, in sufficient numbers, want the work. In the case of the vineyards, if Mexicans weren't available, some of the grapes would be harvested by machine. This is what economists mean by "capital adjusting." If the human

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skills are there, capital will find a way to employ them. Over the short term, people chase jobs, but over the long term jobs chase people. (That is why software firms locate in Silicon Valley.)

If you talk to enough employers, you start to gather that they prefer immigrant labor over unskilled Americans. The former have fewer problems with tardiness, a better work ethic. Some of this may be prejudice. But it's possible that Mexican dropouts may be better workers than our dropouts. In Mexico, not finishing high school is the norm; it's not associated with an unsuitability for work or even especially with failure. In the U.S., where the great majority do graduate, those who don't graduate have high rates of drug use and problems with the law.

The issue is charged because the group with by far the highest rate of incarceration is African-American dropouts. Approximately 20 percent of black males without high-school diplomas are in jail. Indeed, according to Steven Raphael, a colleague of Card's at Berkeley, the correlation between wages and immigration is a lot weaker if you control for the fact that so many black men are in prison. But should you control for it? Borjas says he thinks not. It's pretty well established that as the reward for legal work diminishes, some people turn to crime. This is why people sold crack; the payoff was tremendous. Borjas has developed one of his graphs to show that the presence of immigrants is correlated with doing time, especially among African-Americans. Incarceration rates, he notes, rose sharply in the 70's, just as immigration did. He doesn't pretend that this is the whole explanation — only that there is a link. Card retorts: "The idea that the way to help the lot of African-Americans is to restrict Mexicans is ridiculous." Black leaders have themselves mostly switched sides. In the 20's, A. Philip Randolph, who led the Pullman Porters, spoke in favor of immigration quotas, but the civil rights establishment no longer treats immigration as a big issue; instead it tends to look at immigrants as potential constituents. (One person who takes issue with the prevailing view is Anthony W. Williams, an African-American pastor in Chicago who is running for Congress against Representative Jesse Jackson Jr. Black leaders have forsaken their mission, he told me. "Immigration will destroy the economic base of the African-American community.")

In the spring, as the Senate Judiciary Committee was trying to parse these issues into a piece of legislation, Borjas and Card were invited to air their views. Each declined, in part because they don't think politicians really listen. As if to prove the point, the effort to write a joint bill has stalled, following Sensenbrenner's announcement that the House intends to stage a series of public hearings on immigration around the country over the summer. There will be a lot said about border control, many heartfelt stories and probably very little about natural experiments.

The economists do have political opinions, of course. Borjas leans to a system like Canada's, which would admit immigrants on the basis of skills. He also says that, to make sure the problem of illegals does not recur, the U.S. should secure its borders before it adjusts the status of its present illegals.

Advocates of a more open policy often cite the country's history. They argue that the racists of bygone eras were not only discriminatory but also wrong. Card, for instance, mentioned an article penned by a future U.S. senator, Paul Douglas, titled "Is the New Immigration More Unskilled Than the Old?" It was written in 1919, when many people (though not Douglas) held that Jews, Slavs and Italians were incompatible with the country's Anglo and Teutonic stock. Nativism has always been part of the American scene, and it has tended to turn ugly in periods when the country was tired of or suspicious of foreigners. In 1952, quotas were maintained in a law sponsored by Senator Pat McCarran, a prominent McCarthyite. There remains today a palpable strain of xenophobia in the anti-immigrant movement. Dan Stein, president of the Federation for American Immigration Reform, remarked to me, rather meanly, "If someone comes here from China and they go swimming in a dangerous river, a sign in English is enough, but the Mexicans want it in Spanish." Ninety years ago, some signs were in German, as were 500 newspapers on American soil.

But U.S. history, as Borjas observes, can be read in two ways. For sure, earlier waves of immigrants assimilated, but America essentially closed the gate for 40 years. Antipathy toward Germans during World War I forced German-Americans to hide all traces of their origins. The quotas of the 1920's were reinforced by the Depression and then by World War II. The country had time to let assimilation occur.

A reverse process seems to be occurring with Mexican-Americans. Very few Mexicans came north in the decades after 1920, even though they were relatively free to do so. As recently as 1970, the U.S. had fewer than one million Mexicans, almost all of them in Texas and California. The U.S. did bring Mexican braceros to work on farms during the 1940's, 50's and 60's. The program was terminated in 1964, and immigration officials immediately noticed a sharp rise in illicit border crossings. The collapse of the Mexican economy in the 70's gave migrants a further push. Finally, Mexicans who obtained legal status were (thanks to the 1965 reform) able to bring in family members.

The important point is that, ultimately, there was a catalytic effect — so many Mexicans settled here that it became easier for more Mexicans to follow. One story has it that in a village in central Mexico people knew the price of mushrooms in Pennsylvania sooner than people in the next county over. Even if apocryphal, it illustrates what economists call a network effect:

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with 12 million people born in Mexico now dispersed around the U.S., information about job-market conditions filters back to Mexico with remarkable speed.

Now that the network is established, the exodus feels rather permanent; it is not a wave but a continuous flow. This has led to understandable anxiety, even among economists, about whether Mexicans will assimilate as rapidly as previous groups. Although second-generation Mexicans do (overwhelmingly) speak English, and also graduate from high school at far higher rates than their parents, Borjas has documented what he calls an ethnic "half-life" of immigrant groups: with each generation, members of the group retain half of the income and educational deficit (or advantage) of their parents. In other words, each group tends toward the mean, but the process is slow. Last year he wrote that Mexicans in America are burdened if not doomed by their "ethnic capital," and will be for several generations. In "Heaven's Door," Borjas even wrote forgivingly of the quota system enacted in the 20's, observing that it "was not born out of thin air; it was the political consensus . . . reached after 30 years of debate." These are distasteful words to many people. But Borjas does not advocate a return to quotas. His point is that Americans shouldn't kid themselves: "National origin and immigrant skills are so intimately related, any attempt to change one will inevitably change the other."

{ The Limits of Economics }

Economists more in the mainstream generally agree that the U.S. should take in more skilled immigrants; it's the issue of the unskilled that is tricky. Many say that unskilled labor is needed and that the U.S. could better help its native unskilled by other means (like raising the minimum wage or expanding job training) than by building a wall. None believe, however, that the U.S. can get by with no limits. Richard B. Freeman of Harvard floated the idea that the U.S. simply sell visas at a reasonable price. The fee could be adjusted according to indicators like the unemployment rate. It is unlikely that Congress will go for anything so cute, and the economists' specific prescriptions may be beside the point. As they acknowledge, immigration policy responds to a host of factors — cultural, political and social as well as economic. Migrant workers, sometimes just by crowding an uncustomary allotment of people into a single dwelling, bring a bit of disorder to our civic life; such concerns, though beyond the economists' range, are properly part of the debate.

What the economists can do is frame a subset of the important issues. They remind us, first, that the legislated goal of U.S. policy is curiously disconnected from economics. Indeed, the flow of illegals is the market's signal that the current legal limits are too low. Immigrants do help the economy; they are fuel for growth cities like Las Vegas and a salve to older cities that have suffered native flight. Borjas's research strongly suggests that native unskilled workers pay a price: in wages, in their ability to find inviting areas to migrate to and perhaps in employment. But the price is probably a small one.

The disconnect between Borjas's results and Card's hints that there is an alchemy that occurs when immigrants land ashore; the economy's potential for absorbing and also adapting is mysterious but powerful. Like any form of economic change, immigration causes distress and disruption to some. But America has always thrived on dynamic transformations that produce winners as well as losers. Such transformations stimulate growth. Other societies (like those in Europe) have opted for more controls, on immigration and on labor markets generally. They have more stability and more equality, but less growth and fewer jobs. Economists have highlighted these issues, but they cannot decide them. Their resolution depends on a question that Card posed but that the public has not yet come to terms with: "What is it that immigration policy is supposed to achieve?"

Immigration — And The Curse Of The Black Legend (NYT)

By Tony Horwitz

The New York Times, July 9, 2006

Vineyard Haven, Mass.

COURSING through the immigration debate is the unexamined faith that American history rests on English bedrock, or Plymouth Rock to be specific. Jamestown also gets a nod, particularly in the run-up to its 400th birthday, but John Smith was English, too (he even coined the name New England).

So amid the din over border control, the Senate affirms the self-evident truth that English is our national language; "It is part of our blood," Lamar Alexander, Republican of Tennessee, says. Border vigilantes call themselves Minutemen, summoning colonial Massachusetts as they apprehend Hispanics in the desert Southwest. Even undocumented immigrants invoke our Anglo founders, waving placards that read, "The Pilgrims didn't have papers."

These newcomers are well indoctrinated; four of the sample questions on our naturalization test ask about Pilgrims. Nothing in the sample exam suggests that prospective citizens need know anything that occurred on this continent before the Mayflower landed in 1620. Few Americans do, after all.

This national amnesia isn't new, but it's glaring and supremely paradoxical at a moment when politicians warn of the threat posed to our culture and identity by an invasion of immigrants from across the Mexican border. If Americans hit the books, they'd

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find what Al Gore would call an inconvenient truth. The early history of what is now the United States was Spanish, not English, and our denial of this heritage is rooted in age-old stereotypes that still entangle today's immigration debate.

Forget for a moment the millions of Indians who occupied this continent for 13,000 or more years before anyone else arrived, and start the clock with Europeans' presence on present-day United States soil. The first confirmed landing wasn't by Vikings, who reached Canada in about 1000, or by Columbus, who reached the Bahamas in 1492. It was by a Spaniard, Juan Ponce de León, who landed in 1513 at a lush shore he christened La Florida.

Most Americans associate the early Spanish in this hemisphere with Cortés in Mexico and Pizarro in Peru. But Spaniards pioneered the present-day United States, too. Within three decades of Ponce de León's landing, the Spanish became the first Europeans to reach the Appalachians, the Mississippi, the Grand Canyon and the Great Plains. Spanish ships sailed along the East Coast, penetrating to present-day Bangor, Me., and up the Pacific Coast as far as Oregon.

From 1528 to 1536, four castaways from a Spanish expedition, including a "black" Moor, journeyed all the way from Florida to the Gulf of California — 267 years before Lewis and Clark embarked on their much more renowned and far less arduous trek. In 1540, Francisco Vázquez de Coronado led 2,000 Spaniards and Mexican Indians across today's Arizona-Mexico border — right by the Minutemen's inaugural post — and traveled as far as central Kansas, close to the exact geographic center of what is now the continental United States. In all, Spaniards probed half of today's lower 48 states before the first English tried to colonize, at Roanoke Island, N.C.

The Spanish didn't just explore, they settled, creating the first permanent European settlement in the continental United States at St. Augustine, Fla., in 1565. Santa Fe, N.M., also predates Plymouth: later came Spanish settlements in San Antonio, Tucson, San Diego and San Francisco. The Spanish even established a Jesuit mission in Virginia's Chesapeake Bay 37 years before the founding of Jamestown in 1607.

Two iconic American stories have Spanish antecedents, too. Almost 80 years before John Smith's alleged rescue by Pocahontas, a man by the name of Juan Ortiz told of his remarkably similar rescue from execution by an Indian girl. Spaniards also held a thanksgiving, 56 years before the Pilgrims, when they feasted near St. Augustine with Florida Indians, probably on stewed pork and garbanzo beans.

The early history of Spanish North America is well documented, as is the extensive exploration by the 16th-century French and Portuguese. So why do Americans cling to a creation myth centered on one band of late-arriving English — Pilgrims who weren't even the first English to settle New England or the first Europeans to reach Plymouth Harbor? (There was a short-lived colony in Maine and the French reached Plymouth earlier.)

The easy answer is that winners write the history and the Spanish, like the French, were ultimately losers in the contest for this continent. Also, many leading American writers and historians of the early 19th century were New Englanders who elevated the Pilgrims to mythic status (the North's victory in the Civil War provided an added excuse to diminish the Virginia story). Well into the 20th century, standard histories and school texts barely mentioned the early Spanish in North America.

While it's true that our language and laws reflect English heritage, it's also true that the Spanish role was crucial. Spanish discoveries spurred the English to try settling America and paved the way for the latecomers' eventual success. Many key aspects of American history, like African slavery and the cultivation of tobacco, are rooted in the forgotten Spanish century that preceded English arrival.

There's another, less-known legacy of this early period that explains why we've written the Spanish out of our national narrative. As late as 1783, at the end of the Revolutionary War, Spain held claim to roughly half of today's continental United States (in 1775, Spanish ships even reached Alaska). As American settlers pushed out from the 13 colonies, the new nation craved Spanish land. And to justify seizing it, Americans found a handy weapon in a set of centuries-old beliefs known as the "black legend."

The legend first arose amid the religious strife and imperial rivalries of 16th-century Europe. Northern Europeans, who loathed Catholic Spain and envied its American empire, published books and gory engravings that depicted Spanish colonization as uniquely barbarous: an orgy of greed, slaughter and papist depravity, the Inquisition writ large.

Though simplistic and embellished, the legend contained elements of truth. Juan de Oñate, the conquistador who colonized New Mexico, punished Pueblo Indians by cutting off their hands and feet and then enslaving them. Hernando de Soto bound Indians in chains and neck collars and forced them to haul his army's gear across the South. Natives were thrown to attack dogs and burned alive.

But there were Spaniards of conscience in the New World, too: most notably the Dominican priest Bartolomé de Las Casas, whose defense of Indians impelled the Spanish crown to pass laws protecting natives. Also, Spanish brutality wasn't unique; English colonists committed similar atrocities. The Puritans were arguably more intolerant of natives than the Spanish and the Virginia colonists as greedy for gold as any conquistador. But none of this erased the black legend's enduring stain, not only in Europe but also in the newly formed United States.

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"Anglo Americans," writes David J. Weber, the pre-eminent historian of Spanish North America, "inherited the view that Spaniards were unusually cruel, avaricious, treacherous, fanatical, superstitious, cowardly, corrupt, decadent, indolent and authoritarian."

When 19th-century jingoists revived this caricature to justify invading Spanish (and later, Mexican) territory, they added a new slur: the mixing of Spanish, African and Indian blood had created a degenerate race. To Stephen Austin, Texas's fight with Mexico was "a war of barbarism and of despotic principles, waged by the mongrel Spanish-Indian and Negro race, against civilization and the Anglo-American race." It was the manifest destiny of white Americans to seize and civilize these benighted lands, just as it was to take the territory of Indian savages.

From 1819 to 1848, the United States and its army increased the nation's area by roughly a third at Spanish and Mexican expense, including three of today's four most populous states: California, Texas and Florida. Hispanics became the first American citizens in the newly acquired Southwest territory and remained a majority in several states until the 20th century.

By then, the black legend had begun to fade. But it seems to have found new life among immigration's staunchest foes, whose rhetoric carries traces of both ancient Hispanophobia and the chauvinism of 19th-century expansionists.

Representative J. D. Hayworth of Arizona, who calls for deporting illegal immigrants and changing the Constitution so that children born to them in the United States can't claim citizenship, denounces "defeatist wimps unwilling to stand up for our culture" against alien "invasion." Those who oppose making English the official language, he adds, "reject the very notion that there is a uniquely American identity, or that, if there is one, that it is superior to any other."

Representative Tom Tancredo of Colorado, chairman of the House Immigration Reform Caucus, depicts illegal immigration as "a scourge" abetted by "a cult of multiculturalism" that has "a death grip" on this nation. "We are committing cultural suicide," Mr. Tancredo claims. "The barbarians at the gate will only need to give us a slight push, and the emaciated body of Western civilization will collapse in a heap."

ON talk radio and the Internet, foes of immigration echo the black legend more explicitly, typecasting Hispanics as indolent, a burden on the American taxpayer, greedy for benefits and jobs, prone to criminality and alien to our values — much like those degenerate Spaniards of the old Southwest and those gold-mad conquistadors who sought easy riches rather than honest toil. At the fringes, the vilification is baldly racist. In fact, cruelty to Indians seems to be the only transgression absent from the familiar package of Latin sins.

Also missing, of course, is a full awareness of the history of the 500-year Spanish presence in the Americas and its seesawing fortunes in the face of Anglo encroachment. "The Hispanic world did not come to the United States," Carlos Fuentes observes. "The United States came to the Hispanic world. It is perhaps an act of poetic justice that now the Hispanic world should return."

America has always been a diverse and fast-changing land, home to overlapping cultures and languages. It's an homage to our history, not a betrayal of it, to welcome the latest arrivals, just as the Indians did those tardy and uninvited Pilgrims who arrived in Plymouth not so long ago.

A Run For The Border (WP)

By P.w. Singer

The Washington Post, July 9, 2006

Those of us who track federal contracting come across unusual announcements all the time. Sometimes they are a useful indicator of preparations for a policy soon to be enacted. Other times they signify nothing more than a government bureaucracy in all its inane glory. How, then, should we react to the solicitation at right -- a Department of Homeland Security request for an "indefinite quantity, indefinite delivery" of burritos to be stockpiled along the Texas border?

The contract raises a feast of questions: Why didn't Homeland Security just get the super-value meal? More important, is Taco Bell disqualified from bidding because of its slogan "Make a run for the border"?

Posted in late June, the solicitation came on the heels of another spicy tidbit on the same government database -- a contract for as much as $385 million awarded just a few months ago to Dick Cheney's old firm Halliburton to be on call in case the government ever needs to build 5,000-person camps for "temporary detention and processing." Could we have here a bean-and-beef-stuffed sign that the administration is contemplating a showy border sweep before the congressional elections?

That such conspiracy theories should even come to mind is a sad statement about our politics. Rather than serious public debate, we've been served a summer of faux outcries, such as describing flag burning and same-sex marriage as epidemics and treating immigration as a national security crisis. It's enough to give anyone indigestion.

P.W. Singer, a senior fellow at the Brookings Institution, always gets the Gorditas.

Border Insecurity (LAT)

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The Los Angeles Times, July 9, 2006

'OUR BORDER MUST BE SECURE," Rep. Ed Royce (R-Fullerton) said Friday in Laredo, Texas, kicking off the second day of legislative field hearings on immigration reform. Only after this condition is met, he said, should we even begin to think about guest worker programs, visa policies and paths to citizenship.

This is a popular and seductive notion, one that is shaping up as the basis for a tenuous possible compromise between the enforcement-only immigration bill in the House and the comprehensive version in the Senate. It also is a practical pipe dream, one that fails to recognize the reason the border is so porous is that U.S. farms, construction sites, packing plants and restaurants have been relying on undocumented workers for years. To say you want to clamp down on the border before addressing the underlying labor issues is to vote for economic suicide. As New York Mayor Michael R. Bloomberg aptly put it at the Senate's competing committee hearing in Philadelphia last week: "It's as if we expect Border Patrol agents to do what a century of communism could not: defeat the natural market forces of supply and demand and defeat the natural human desire for freedom and opportunity. You might as well sit on your beach chair and tell the tide not to come in."

An impregnable border cannot prevent illegal immigration. One statistic you probably won't hear much during this silly season is that an estimated two out of five illegal immigrants residing in the United States came here legally, according to the Pew Hispanic Center. You could build a 2,000-mile-long wall along the southern border, as Royce has proposed; sentence ranchers to 10 years in prison if someone else builds a border-crossing tunnel on their land, as Rep. Duncan Hunter (R-El Cajon) has proposed; send the U.S. military down there, as Rep. Brian Bilbray (R-Rancho Santa Fe) has proposed … yet all you'd have to show for it is a crippled economy and an increase in other forms of illegal immigration.

As long as there are foreign tourists, border cards for Canadians and Mexicans and international enrollment at U.S. universities, there will be opportunities aplenty for some legal visitors to linger past their visa expiration dates.

Securing the border and ignoring the rest does nothing to reduce the legal thicket and interminable waiting lists facing those who wish to migrate by the rules. A sane approach would recognize that demand on both sides of the border is far outstripping the supply of legal visas; instead, House supporters of HR 4437 would choke off the number of annual employment visas at a nearly nonexistent 5,200.

House Republicans claim they want to first "certify" that the border is secure. To fully do that, they will need not just 2,000 miles of fence but another 3,145 miles for the northern border, untold thousands of new port inspectors, plus homing devices attached to every foreigner who dares set foot on U.S. soil. The border would be secure, but at the expense of the land of the free becoming a police state.

CONGRESS-ADMINISTRATION:

Surprising Jump In Tax Revenues Is Curbing Deficit (NYT)

By Edmund L. Andrews

The New York Times, July 9, 2006

WASHINGTON, July 8 — An unexpectedly steep rise in tax revenues from corporations and the wealthy is driving down the projected budget deficit this year, even though spending has climbed sharply because of the war in Iraq and the cost of hurricane relief.

On Tuesday, White House officials are expected to announce that the tax receipts will be about $250 billion above last year's levels and that the deficit will be about $100 billion less than what they projected six months ago. The rising tide in tax payments has been building for months, but the increased scale is surprising even seasoned budget analysts and making it easier for both the administration and Congress to finesse the big run-up in spending over the past year.

Tax revenues are climbing twice as fast as the administration predicted in February, so fast that the budget deficit could actually decline this year.

The main reason is a big spike in corporate tax receipts, which have nearly tripled since 2003, as well as what appears to be a big increase in individual taxes on stock market profits and executive bonuses.

On Friday, the Congressional Budget Office reported that corporate tax receipts for the nine months ending in June hit $250 billion — nearly 26 percent higher than the same time last year — and that overall revenues were $206 billion higher than at this point in 2005.

Congressional analysts say the surprise windfall could shrink the deficit this year to $300 billion, from $318 billion in 2005 and an all-time high of $412 billion in 2004.

Republicans are already arguing that the revenue jump proves that their tax cuts, especially the 2003 tax cut on stock dividends, would spur the economy and ultimately increase revenues.

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"The tax relief we delivered has helped unleash the entrepreneurial spirit of America and kept our economy the envy of the world," President Bush said in his weekly radio address on Saturday.

Democrats and many independent budget analysts note that overall revenues have barely climbed back to the levels reached in 2000, and that the government has borrowed trillions of dollars against Social Security surpluses just as the first of the nation's baby boomers are nearing retirement.

"The fact is that revenues are way below what the administration said they would be a few years ago," said Thomas S. Kahn, staff director for Democrats on the House Budget Committee. "The long-term prognosis is still very, very bleak, and the administration doesn't have any kind of long-term plan."

One reason the run-up in taxes looks good is because the past five years looked so bad. Revenues are up, but they have lagged well behind economic growth.

The surge could also evaporate as quickly as it appeared. Over the past decade, tax revenues have become much more volatile, alternately soaring and plunging in the wake of swings in the stock market and repeatedly defying government projections.

Nevertheless, the short-term change has been striking. At the beginning of the year, the Congressional Budget Office projected that this year's deficit would be $371 billion and the White House Office of Management and Budget put the figure at $423 billion.

Corporate tax payments are expected to exceed $300 billion, up from $131 billion three years ago. The other big increase is an extraordinary jump in individual taxes that were not withheld from paychecks, usually a reflection of taxes on investment income and executive bonuses.

The jump in receipts is providing Mr. Bush and Republicans in Congress with a new opportunity to assert that tax cuts of 2001 and 2003 are working and that Congress should make them permanent.

Pat Toomey, president of the Club for Growth, a conservative political fund-raising group, said: "The supply-siders were absolutely right. All the major sources of revenue have grown, especially in areas where we said they would."

But budget analysts, supporters and critics of Mr. Bush alike, cautioned that this year's windfall would do little to improve the government's long-term budget woes.

Government spending under Mr. Bush continued to climb rapidly this year, more than twice as fast as the economy. Spending on the war in Iraq has accelerated, to about $120 billion this year.

Far more ominously, the nation's oldest baby boomers will be eligible for Social Security benefits in just two years. Conservatives and liberals alike predict a huge escalation in costs of Social Security and Medicare over the next several decades.

"The long-term outlook is such a deep well of sorrow that I can't get much happiness out of this year," said Douglas Holtz-Eakin, a former director of the Congressional Budget Office and a former White House economist under President Bush.

Despite almost five years of economic growth, individual income taxes — the biggest component of federal tax revenues — have yet to reach the levels of 2000. Even with surging payments for investment profits and business income, individual tax payments in 2005 were only $972 billion — below the $1 trillion reached in 2000, even without adjusting for inflation.

Over all, individual and corporate taxes have lagged well behind the economy's growth over the past five years. Government spending, by contrast, mushroomed far faster than the economy.

And federal debt has ballooned to $8.3 trillion, up from $5.6 trillion when Mr. Bush took office. Republicans are trying to raise the authorized debt ceiling to $9.6 trillion.

War costs for Iraq and Afghanistan have totaled more than $300 billion since 2003, and the Bush administration has not included any war costs in its budget estimates beyond next year.

Domestic discretionary programs, like education and space exploration, have slowed their growth after climbing rapidly in Mr. Bush's first term. But entitlement programs, particularly Medicaid and Medicare, are climbing rapidly as a result of rising medical prices and Mr. Bush's prescription drug program.

Outlays for Medicare have climbed 15 percent this year and are expected to hit $300 billion. About half of that increase results from the new prescription drug program, which is expected to cost nearly $1 trillion over the next 10 years.

"Even if spending is not going up as fast as it was before, it's not coming down," said Robert L. Bixby, executive director of the Concord Coalition, a bipartisan group that advocates budget discipline.

Despite a public outcry this year over pork-barrel spending sought by individual lawmakers for local projects, Mr. Bixby said, the main causes of higher spending stem from the war in Iraq and entitlement programs.

Both supporters and critics of Mr. Bush cautioned against attributing much long-term significance to the recent fiscal improvement, in part because tax revenues have become more volatile.

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In the late 1990's, revenues exceeded predictions by more than $100 billion a year. After the recession of 2001, revenues plunged about $100 billion below what could be explained by slower economic growth and higher unemployment.

One reason for the increased volatility may be that, contrary to a popular assumption, a disproportionate share of income taxes is paid by wealthy households, and their incomes are based much more on the swings of the stock market than on wages and salaries. About one-third of all income taxes are paid by households in the top 1 percent of income earners, who make more than about $300,000 a year. Because those households also earn the overwhelming share of taxable investment income and executive bonuses, both their incomes and their tax liabilities swing sharply in bull and bear markets.

"These people have incomes that fluctuate much more rapidly, so when the economy is doing well and the stock market is doing well, tax revenues will be up," said Brian Riedl, a budget analyst at the Heritage Foundation, a conservative research organization. "Rapidly fluctuating tax revenues will continue to be the norm for years to come."

Compared with the size of the economy, tax revenues are still below historical norms and far below what the administration predicted as recently as 2003.

Tax receipts amounted to about 17.5 percent of the nation's gross domestic product in 2005, far below the level five years ago and still slightly below the average of 18 percent since World War II. Spending, by contrast, is running at about 20 percent of gross domestic product .

"Spending has not been restrained," Mr. Riedl said. "One hundred percent of the reduced deficit is because taxpayers are sending more money to Washington."

Agency Sees Record Corporate Tax Receipts (LAT)

By From Bloomberg News

The Los Angeles Times, July 9, 2006

The report will let the White House announce a $100-billion cut in the U.S. budget deficit.

WASHINGTON — Corporate tax receipts this year will probably cross the $300-billion threshold for the first time, boosting efforts to trim the U.S. budget deficit, the Congressional Budget Office said.

The budget agency, in its monthly review released Friday, estimated that corporate receipts would exceed $330 billion in fiscal 2006, up 18% from 2005. That is double the increase that the agency estimated at the beginning of the government's fiscal year, which ends Sept. 30.

The White House Office of Management and Budget is expected to announce Tuesday that, because of the increased tax receipts, the deficit will be about $100 billion less than what was projected six months ago. President Bush pledged in his 2004 State of the Union address to halve the deficit by 2009.

"We are on track to meet the president's goal," said Rob Portman, White House budget director.

Congressional analysts say the deficit could drop this year to $300 billion, down from $318 billion in 2005 and from an all-time high of $412 billion in 2004.

A smaller deficit might give Republicans ammunition to rebut criticism of their economic policies ahead of the November congressional elections and to deflect arguments that U.S. fiscal policy risks hurting the global economy.

The Congressional Budget Office said federal spending through June was 8.6% higher than in the first nine months of fiscal 2005. It attributed much of the increase to Katrina and Rita recovery efforts, interest on the public debt, and the Medicare prescription drug plan.

The Treasury is drawing an increased share of its revenue from corporations, with companies providing 13% of total tax revenue in fiscal 2005, up from 10% in 2004 and from about 7% in 2003.

Individual tax payments, which make up the bulk of the government's tax revenue, total an estimated $791 billion so far this year, up about 14.1%, the Congressional Budget Office said.

Why U.S. Companies Shouldn't Whine About Taxes (NYT)

By Edmund L. Andrews

The New York Times, July 9, 2006

WASHINGTON

TO hear some people talk, the United States is the scourge of the Fortune 500. Despite all the tax cuts that President Bush and Congress have passed in the last five years, business groups and their supporters in Washington complain that the United States imposes higher tax rates on corporate profits than almost any other industrialized country.

"Foreign-based competitor companies operate under tax rules that are often more favorable than our own," warned R. Glenn Hubbard, a former economic adviser to President Bush and now dean of the Columbia Business School, at a House hearing two weeks ago. "Current law can result in circumstances that harm the competitiveness of U.S. companies."

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Around Washington, the rumblings are growing for "reform" of corporate taxes to improve the global competitiveness of American companies.

Henry M. Paulson Jr., the incoming Treasury secretary, declared at his confirmation hearing that he wanted to increase "competitiveness" in the tax code.

Can it be true that the United States, where bare-knuckled capitalism is a romantic ideal and being nouveau riche is a badge of honor, is harder on big corporations than "old Europe" welfare states like Germany, France and Sweden?

Don't believe it. There are plenty of problems with the corporate tax code — rococo complexity, perverse incentives, antique ideas — but overly high taxes is not one of them.

By most measures, the corporate tax burden is lower in the United States than it is in the European Union or in Japan or most other industrialized countries.

The political danger, at least from a fiscal standpoint, is that arguments for corporate tax reform will be hijacked to justify another round of corporate tax cuts. That was what happened with the corporate tax overhaul of 2004, which became a grab bag of tax breaks to almost every corner of business, at a net cost of $60 billion over 10 years.

Those who see the American corporate tax as oppressive point to a striking fact: the standard corporate tax rate of 35 percent is now higher than that of most other industrialized countries. The average top rate is 25.8 percent in the European Union, where most nations have cut rates to attract investment.

But official tax rates are not the same as actual tax burdens. What American companies lose in high tax rates they more than make up in higher tax breaks.

One indicator of the true tax burden is corporate tax revenue as a share of gross domestic product. According to the Organization for Economic Cooperation and Development, a research organization based in Paris and financed by governments of industrialized nations, corporate taxes in 2003 were 2.1 percent of G.D.P. in the United States, 3.2 percent in the European Union and 4.3 percent in industrialized countries in Asia.

Though comparisons of true tax rates are treacherous, the evidence suggests that the United States more than makes up for high statutory rates with generous tax breaks. Robert S. McIntyre, director of Citizens for Tax Justice, has calculated that the average corporation paid taxes of about 18 percent in 2004.

The European Commission, using a more theoretical approach, calculated that the average effective tax rate in 15 Western European nations has hovered between 20 and 22 percent since 1998. When the 10 new Central European members of the European Union are included, the average corporate tax bite was 17.7 percent.

"There is good reason to believe that the corporate tax burden in the United States could be less than the rest of the world because the rest of the world has been broadening their tax bases while we have been cutting ours," said Martin A. Sullivan, an analyst at the journal Tax Notes.

To be sure, many experts contend that the American tax code does impose some competitive disadvantages. One big complaint is that the United States is one of the very few countries that taxes corporate profits worldwide. Almost all other nations use "territorial" systems, taxing only profits inside their borders.

The difference is significant. Thyssen-Krupp, the German steel conglomerate, owes no German taxes on profits from its operations in Brazil, China or Poland. And European value-added tax on domestic sales does not apply to exports to the United States. United States Steel, by contrast, potentially owes American taxes on profits from its subsidiary in Slovakia and must also charge value-added taxes on exports sold in Germany.

In practice, the disadvantage is smaller than it appears. For one thing, American companies receive tax credits for taxes paid in other countries. More important, American companies have proved extremely adept at shifting profits into low-tax countries like Ireland and then deferring the American taxes on those profits by keeping them outside the United States.

Under current federal law, companies can postpone taxes on foreign profits until those profits return to the United States. By some estimates, American multinationals had accumulated more than $400 billion in profits outside the country.

Last year, Congress rewarded that behavior. First, it widened companies' ability to claim tax credits against their foreign taxes, at a cost to the Treasury of almost $40 billion over 10 years. Second, it gave companies a one-time chance to repatriate their vast hoard of overseas profits at a tax rate of only 5.25 percent — a bonanza for many pharmaceutical and electronics businesses.

"The current U.S. rules, while complex, represent the best of all worlds for multinational taxpayers," declared Stephen E. Shay, a former international tax counsel to the Treasury Department, at a hearing last month of a House Ways and Means subcommittee.

MANY analysts agree that today's rules are a mess: they do not raise much revenue from foreign profits, they encourage companies to invest outside the United States, they encourage profit-shifting schemes and they probably put some American companies at a competitive disadvantage.

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The challenge is to change the system without cutting taxes yet again. Michael J. Graetz, a professor at Yale Law School and a proponent of radical tax overhaul, told lawmakers last month that the top corporate tax rate ought to be cut from 35 percent to as little as 15 percent.

But Mr. Graetz said Congress would have to make up for the lost revenue. "It is not possible to achieve this kind of corporate rate reduction without a major restructuring of our domestic tax system," he said.

President Bush called for exactly such a revenue-neutral restructuring during his re-election campaign. But any overhaul would provoke intense battles between potential winners and losers. With Republicans terrified about losing control of Congress in the midterm elections this year, Mr. Bush has postponed making any proposals until at least next year.

Bush Asks Senate To Raise Science Spending (AP)

By Jennifer Loven

AP, July 9, 2006

President Bush on Saturday urged the Senate to back increased government spending on basic scientific research.

The proposal is part of Bush's initiative to boost U.S. competitiveness in the global marketplace through innovation. He also wants to train thousand of new science and math teachers and extend a popular tax credit businesses can receive for investing in research and development. The total price tag over 10 years would be $136 billion.

Some Democrats have expressed concern that Bush is increasing federal math and science education spending while cutting overall discretionary spending on education by trimming money in areas such as the arts, parent-resource centers and drug-free schools.

But Bush said in his weekly radio address that his proposals are vital for America to "remain an innovative nation that competes with confidence" and would help ensure that every U.S. child has the math and science skills needed for the jobs of the future.

The president devoted part of a two-day trip to Illinois to his American Competitiveness Initiative, visiting Cabot Microelectronics Corp., headquartered in Aurora, Ill., in Chicago's exurbs.

Donning protective eyewear and a white lab coat, Bush toured a laboratory of the supplier of products used in making semiconductors. Cabot is in the district of House Speaker Dennis Hastert, R-Ill., who accompanied Bush to the facility.

"Cutting-edge firms like Cabot are creating good jobs for our workers and helping to keep America competitive in the global economy," Bush said in his radio remarks.

He said the Senate should follow the House's lead and approve full funding of the basic research component of his initiative, which would double federal spending on basic research in the physical sciences.

The president also put a rosy spin on a new jobs report that showed U.S. employers added a disappointing 121,000 jobs last month.

The count of new jobs added to the economy in June did mark an improvement from the 92,000 new positions logged in May — the fewest in seven months. But it still fell short of economists' forecasts for an increase of around 175,000, and the Dow Jones industrials lost 134.63 points Friday to close at 11,090.67.

The April-to-June average of 108,000 jobs a month also was down from the average of 176,000 a month for the previous quarter. The moderation in job growth comes as companies cope with rising energy prices and interest rates and try to determine how much of a slowdown in overall economic activity the country is likely to encounter in the months ahead.

Still, Bush celebrated 34 straight months of job increases.

"Our economic expansion is lifting the lives of millions of Americans," he said.

Democrats focused on the tepid nature of the growth, noting it was smaller than needed to keep up with population increases.

"Instead of doing something to address sky-high gas prices, expensive loans and outsourced jobs, this president is holding photo ops touting his policies that are failing small businesses," said Sen. John Kerry, D-Mass.

Bush Can't Provide Power For Nationals (WP)

By Adam Kilgore

The Washington Post/AP, July 9, 2006

The former owner of the Texas Rangers came out to RFK Stadium last night to sit with his wife, Laura, watch a little baseball and, hopefully, see the Washington Nationals win, as had happened in both games he attended last season.

As word spread through the Nationals' dugout in the second inning that President Bush had come to his first game this season, players and coaches turned and gazed up at the owner's box, pointing and talking to each other.

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Before the game ended, another Ivy League graduate born in Texas -- 6-foot-10, 260-pound right-hander Chris Young -- had stolen Bush's spotlight, limiting the Nationals to just one run after Alfonso Soriano blasted Young's first pitch over the center field fence. Young's counterpart, Pedro Astacio, allowed three home runs, and the Nationals lost, 5-2, to the San Diego Padres.

"Tell him to keep coming out," Nationals shortstop Royce Clayton said. "See how his record stands up."

Make it 2-1 lifetime for Bush, as not even his presence could stop San Diego's dominance in D.C. The Padres swept the Nationals here last season, and last night won their second straight in Washington.

The Nationals had been making progress toward their goal of reaching a .500 record on this homestand, taking the first two series against the Tampa Bay Devil Rays and Florida Marlins. But last night's loss made winning this series impossible and halted any momentum Washington had gathered heading into the all-star break.

"We play good, bad, good, bad," second baseman Jose Vidro said. "That's where we are right now."

By the time Bush left in the seventh inning, the Nationals had used four pitchers because of a short and unsuccessful outing by Astacio, who was making only his second start this season. Nationals Manager Frank Robinson had Astacio on an 85-pitch count, but Astacio couldn't last even that long. He exited after 66 pitches and 3 2/3 innings, having surrendered five runs, four earned, on nine hits.

Many of hits came when he was ahead in the count but left pitches at belt level.

"That's not good pitching," Robinson said. "You just don't do that. He didn't locate the ball well."

The outing contrasted with Astacio's first start this season, when he allowed just one run on three hits in five strong innings on Monday. He equaled that run total in just two batters last night when Mike Cameron hit a long solo home run off the clock in right center.

Astacio navigated through the next two innings without harm, but Adrian Gonzales greeted him in the fourth and knocked the first pitch over the left field fence to give the Padres a 2-1 lead.

After Khalil Greene singled for his fifth hit in two games this series, Mark Bellhorn drove the first pitch he saw into the Nationals' bullpen. The Padres led 4-1, and Astacio's pitch count was growing less and less relevant. Fatigue would not knock him out of this game; the Padres would. They added one more in the inning on a sacrifice fly by Dave Roberts, and Cameron finally chased him with a hard single.

Meanwhile, Astacio's opposite number, Young, mowed down batter after batter. A Princeton grad born in Dallas, Young is becoming one the league's most dominant pitchers in just his second full season. He was the National League pitcher of the month in June after going 3-0 with a 1.17 ERA and striking out 34 in 30 2/3 innings. He entered last night's start with a 3.13 ERA this season, seventh in the National League.

"He's deceptive," Clayton said. "He's a big-framed guy, and the ball kind of jumps out at you. He changed eye levels and pitched well."

But not well enough for Soriano, who crushed Young's first offering, an inside fastball, deep to left center, tying the game at 1. It was Soriano's third leadoff home run this season and 26th off his career.

"I was thinking it was going to be a good night for us," Soriano said afterward.

But Young, who was originally signed by Nationals scouting director Dana Brown when Brown worked for the Pittsburgh Pirates, cruised through the rest of the first and through the next five innings. The Nationals drew four hits off Young over that span and never threatened to score as the Padres wailed away at Astacio.

The Nationals have scored only four runs in two games against San Diego, which may not be enough if they want to salvage what had been a successful homestand.

"We got to really beat up on them," Robinson said with a sly grin. "Score about three or four runs."

Bush Attends Padres-Nationals Game (AP)

AP, July 9, 2006

President Bush made a low-key appearance at Saturday night's game between the Washington Nationals and the San Diego Padres.

Bush sat between first lady Laura Bush and Secretary of State Condoleezza Rice as they and several guests settled into a VIP box during the first inning.

Unlike Bush's previous visits to RFK Stadium, there was no red, white and blue bunting in front of the box to identify the important visitor, and there were no obvious signs of extra security before the game.

There was no advance word that Bush would be attending and reporters accompanying him were not told where he was going until the presidential motorcade neared the ballpark.

The president and his party left at the middle of the seventh inning with San Diego leading 5-1 and were back at the White House minutes later. The Padres went on to win 5-2.

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Among others attending the game with the president were his brother Marvin, Attorney General Alberto R. Gonzales and Chief of Staff Josh Bolten.

Bush, a former part-owner of the Texas Rangers, has attended three Nationals games at RFK since major league baseball returned to Washington last year. He threw out the ceremonial first pitch amid much fanfare at the 2005 home opener, the stadium's first game since 1971. He and Rice also attended a game in June. The Nationals won both games.

Vice President Cheney threw out the first pitch at this year's home opener and was greeted with what seemed to be more boos than cheers as he walked on the field.

Padres Continue To Rule RFK (WT)

By Ken Wright

The Washington Times, July 9, 2006

Washington Nationals right-hander Pedro Astacio, who pitched for the San Diego Padres last season when they swept a three-game series at RFK Stadium, couldn't keep the Padres from staying perfect in the nation's capital last night.

Padres starter Chris Young outpitched Astacio and the Nationals in a 5-2 victory before 27,060, including President Bush and Laura Bush, who unexpectedly dropped by for the first time this season, accompanied by Secretary of State Condoleezza Rice and Attorney General Alberto Gonzales. It was the third game President Bush has attended -- and the first loss he has witnessed -- and the first for the first lady since baseball returned to the District last year.

Young (8-4) allowed two runs on seven hits and no walks in six innings. He struck out nine Nationals (38-51), his second-highest total of the season. In his last eight starts, the 6-foot-10 right-hander is 5-1 with a 1.75 ERA. The Padres (47-40) are now 5-0 at RFK since the Nationals moved from Montreal.

"He has a sneaky fastball, changeup and a very good curveball," Nationals manager Frank Robinson said. "He moved the ball around in the strike zone, up, down, in and out with his fastball and mixed in breaking balls."

In 2003, Young was a member of the Montreal Expos organization. The former Princeton basketball player advanced that season to Class AA Harrisburg from Class A Brevard County.

"I don't remember facing him or seeing him around," said second baseman Jose Vidro, the franchise's longest-tenured player. "I heard he was with us. It's another player that left us I guess."

As for Astacio (1-1), the long ball was his downfall last night. He gave up three homers in his 32/3 innings, accounting for four of the five runs he allowed to the National League West-leading Padres.

Mike Cameron hit his 10th homer of the season in the first inning, blasting Astacio's fastball off the clock beyond the center-field fence -- well more than 400 feet away.

The Padres knocked Astacio out of the game in the fourth. San Diego first baseman Adrian Gonzalez hit his second home run in as many nights and 13th of the season -- a towering home run to right field for a 2-1 San Diego lead.

After shortstop Khalil Greene singled following Gonzalez's home run, Mark Bellhorn delivered his seventh home run of the season for a 4-1 lead.

The Padres added their fourth run of the inning on Dave Roberts' sacrifice fly to center. Astacio gave up five runs on nine hits.

"I left a couple pitches on top of the plate," Astacio said.

Coming in, Astacio had not allowed more than two runs in any of his last eight starts. Granted, those starts spanned 1½ seasons, including a win in Washington last season. The Nationals signed Astacio to a free agent deal during the offseason soon after Brian Lawrence, acquired in a trade from the Padres, blew out his rotator cuff in spring training.

The Nationals signed Astacio to a one-year, $1 million deal March 2. Astacio arrived to camp late and was unimpressive most of the spring. On April 1, in the final exhibition game of the season against the Baltimore Orioles at Camden Yards, Astacio pulled himself from the game before the third inning because of right forearm tightness. That problem turned into a three-month absence from the Nationals for Astacio.

When he finally made his season debut on Monday against the Florida Marlins, the 36-year-old looked good. In the Nationals' 9-1 win, Astacio allowed just one run on three hits in five innings.

Astacio's counterpart last night allowed a homer on his first pitch of the game. Alfonso Soriano's blast off Young was his third leadoff home run of the season and 27th overall.

"When I tied the game at 1-1, I thought it was going to be a good night for us," Soriano said. "Chris Young is a very strong guy and pitched a very good game. It's hard to see the ball."

Soriano, who was voted by fans and players to start in the National League's outfield in Tuesday's All-Star Game, produced the 26th leadoff home run of his career and the second of this 10-game homestand. Soriano also homered to Monday to lead off.

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Soriano is the Nationals' lone All-Star this season.

Several of the Padres pitchers, including ace Jake Peavy and closer Trevor Hoffman, thought Young should have been named to the NL's All-Star team. Young was the NL pitcher of the month for June, going 3-0 with a 1.17 ERA in five starts (302/3 innings) with 34 strikeouts.

Young was one of five finalists for the final spot on the NL All-Star team that went to Los Angeles Dodgers first baseman Nomar Garciaparra by a fans vote on the Internet.

The Nationals produced their second run of the game in the seventh when center fielder Alex Escobar doubled to center and then scored on Royce Clayton's RBI single to make it 5-2.

Got a question about the Nats? Mark Zuckerman has the answers. To submit a question, go to the Sports Page.

His Hipness, John G. Roberts (NYT)

By Linda Greenhouse

The New York Times, July 9, 2006

WASHINGTON

WRITING in April for a unanimous Supreme Court, Chief Justice John G. Roberts Jr. found that the police in Brigham City, Utah, acted properly in entering a home without a warrant after they peered through a window and saw a fight in progress that had left one man spitting blood.

"The role of a police officer includes preventing violence and restoring order, not simply rendering first aid to casualties," the chief justice said, rejecting the argument that the police should have waited until the altercation ended more conclusively. "An officer is not like a boxing (or hockey) referee, poised to stop a bout only if it becomes too one-sided," he explained.

The chief justice's sports imagery galvanized the legal blogs. Some found his boxing reference inapt. "The whole point of boxing is fighting!" wrote a participant on the Althouse blog, run by Ann Althouse, a law professor at the University of Wisconsin.

Others took issue with the hockey reference. "Given all the padding that hockey players wear, being punched by an opponent hardly is more significant than being hit by a toddler," one said.

Finally, another writer took a step back and observed that "this shows another side of Roberts as a good writer: displaying some wry humor and hipness."

It is no surprise that the new chief justice's every vote is being tabulated and scrutinized. But so is his every metaphor. Beyond John Roberts the chief justice, what has this first term revealed about John Roberts the judge?

He wrote eight majority opinions, roughly his fair share, given that there were 69 opinions to divide among the nine justices. He also wrote three dissenting opinions and two concurrences. While not a huge body of work, it is enough to convey at least a preliminary sense of his judicial voice.

It is direct, straightforward, free of legal jargon, the voice of a lawyer who made a living selling complicated ideas to busy appellate judges under tight time constraints.

Prof. Erwin Chemerinsky of Duke University Law School, who spent the past week editing the term's cases for inclusion in his constitutional law textbook, said that the Roberts opinions were refreshingly easy to edit compared with those of most other justices. "His prose style is clear and easy to follow," Professor Chemerinsky said. "He tells you right in the first paragraph exactly what the case is about."

Prof. Akhil Amar of Yale Law School praised the Roberts style for "elegance and economy" as well as for the "occasionally snappy line" that could crystallize a case for lay readers. He gave two examples. One was a majority opinion that rejected the government's application of federal narcotics law to stop a Brazil-based religious group from importing a hallucinogenic tea for use in its rituals. "The government's argument echoes the classic rejoinder of bureaucrats throughout history: If I make an exception for you, I'll have to make one for everybody, so no exceptions," the chief justice wrote.

The second was a majority opinion that found that the state of Arkansas had denied due process to a homeowner by seizing and selling his house for nonpayment of property taxes without taking reasonable steps to notify him of his jeopardy. Referring to Gary K. Jones, the homeowner, Chief Justice Roberts wrote: "In response to the returned form suggesting that Jones had not received notice that he was about to lose his property, the state did — nothing."

"That little dash is brilliant," Professor Amar said. "Every ordinary citizen can understand the frustration of dealing with government stupidity."

Among legal academics, the Roberts opinion that received by far the most attention was the one rejecting a constitutional challenge to the Solomon Amendment, under which universities forfeit all federal grants if they fail to open their doors to military recruiters. A group of law schools argued that the statute violated their rights to free speech and association.

As the case reached the court, many law professors who had supported the challenge began to have second thoughts, fearful that the First Amendment argument, if accepted, would undermine many anti-discrimination laws by permitting bigots to

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opt out in the name of free association. Even liberals, or perhaps especially liberals, were therefore relieved by the chief justice's conclusion that because the law regulated neither speech nor association, but merely conduct, it raised no First Amendment problem.

Jack Balkin, a professor at Yale Law School, said on his blog that the chief justice's opinion "was carefully and skillfully written to make almost no new law." Professor Balkin said the opinion made the case "look easy by artfully dodging every interesting constitutional law question in sight."

That raises the question of whether the chief justice's performance conforms to his own stated goal: to be a "minimalist" judge who decides no more than necessary, an umpire simply calling balls and strikes. The answer is yes, and no.

"He's 'minimalist' in recognizing that the court is an ongoing enterprise with precedents and history and tradition," said Frederick Schauer, a professor at the Kennedy School of Government at Harvard. "He is not coming in with a big new theory or a big new perspective."

On the other hand, the chief justice joined opinions by Justice Antonin Scalia in environmental and criminal cases that reached beyond the specific disputes at hand to call long-settled assumptions into question. And several of his opinions had a rhetorical edge. "It is a sordid business, this divvying us up by race," he wrote in dissent from a decision that enforced the Voting Rights Act to invalidate a Texas Congressional district.

His seeming allergy to citing law review articles, or any other sources outside the body of the court's published opinions, is a striking feature of the Roberts approach. "It's as if the answers to all questions are already there, completely internal to the court, to be teased out of the existing cases," said David Barron, a professor at Harvard Law School.

Chief Justice Roberts, a former managing editor of the Harvard Law Review, has cited only a single law review article, one written by Judge Henry Friendly, for whom he clerked on the federal appeals court in New York. It was a tip of the hat in his first opinion.

Relying on precedent as the only source of law is an approach with strengths and weaknesses, Professor Barron said, noting that on the one hand, precedent can be a smokescreen, "a rhetorical device to hide the inevitable policy making," while on the other, "it has its own constraining effects," making a judge less likely to embrace dramatic change in the status quo.

Whether John Roberts's first year is a good predictor of his 10th, 20th or 30th is an open question. According to a new study by the political scientists Lee Epstein and Jeffrey A. Segal, Chief Justice Earl Warren voted against criminal defendants and civil rights litigants 62 percent of the time during his first term. Eventually, of course, he became their champion.

But such a trajectory is rare. The other chief justices of the last 50 years, Fred M. Vinson, Warren E. Burger and William H. Rehnquist — Chief Justice Roberts's mentor — all stayed true to their early form.

What Chief Justice Roberts Forgot In His First Term: Judicial Modesty (NYT)

By Adam Cohen

The New York Times, July 9, 2006

At the confirmation hearings for John Roberts, there were two theories about what kind of a chief justice he would be. His critics maintained that he was an extreme conservative whose politics would drive his legal rulings. Judge Roberts, on the other hand, insisted that he was "not an ideologue," and that his judicial philosophy was to be "modest," which he defined as recognizing that judges should "decide the cases before them" and not try to legislate or "execute the laws."

Judicial modesty is an intriguing idea, with appeal across the political spectrum. For all the talk of liberal activist judges, anyone who is paying attention knows that conservative judges are every bit as activist as liberal ones; they just act for different reasons. A truly modest chief justice could be more deferential to the decisions of the democratically elected branches of government, both liberal and conservative, and perhaps even usher in a new, post-ideological era on the court.

That is not, however, how Chief Justice Roberts voted in his first term. He was modest in some cases, certainly, but generally ones in which criminal defendants, Democrats and other parties conservatives dislike were asking for something. When real estate developers, wealthy campaign contributors and other powerful parties wanted help, he was more inclined to support judicial action, even if it meant trampling on Congress and the states.

The term's major environmental ruling was a striking case in point. A developer sued when the Army Corps of Engineers denied him a permit to build on what it determined to be protected wetlands. The corps is under the Defense Department, ultimately part of an elected branch, and it was interpreting the Clean Water Act, passed by the other elected branch. Courts are supposed to give an enormous amount of deference to agencies' interpretations of the statutes they are charged with enforcing.

But Chief Justice Roberts did not defer. He joined a stridently anti-environmentalist opinion by Justice Antonin Scalia that sided with the developer and mocked the corps's interpretation of the law — an interpretation four justices agreed with — as "beyond parody." The opinion also complained that the corps's approach was too costly. Justice John Paul Stevens dryly noted that whether benefits outweighed costs was a policy question that "should not be answered by appointed judges."

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In an opinion on assisted suicide, Chief Justice Roberts was again a conservative activist. The case involved Attorney General John Ashcroft's attempt to invoke an irrelevant federal statute to block Oregon's assisted suicide law, which the state's voters had adopted by referendum. Even though it meant overruling the voters, intruding on state sovereignty and mangling the words of a federal statute, Chief Justice Roberts dissented to support Mr. Ashcroft's position.

Chief Justice Roberts voted against another democratically enacted, progressive law when the court struck down Vermont's strict limits on campaign contributions. He joined an opinion that not only held that the law violated the First Amendment, but also engaged in the kind of fine judicial line-drawing — in this case, about the precise dollar limits the Constitution allows states to impose — that is often considered a hallmark of judicial activism.

One of the court's most nakedly activist undertakings in recent years is the series of hoops it has forced Congress to jump through when it passes laws that apply to the states. Judge John Noonan Jr., a federal appeals court judge appointed by President Ronald Reagan, has complained that the justices have set themselves up as the overseers of Congress. But Chief Justice Roberts voted to put up yet another hoop, requiring Congress to put the states on "clear notice" — whatever that means — before requiring them to pay for expert witnesses in lawsuits involving special education. It is a made-up rule that shows little respect for the people's representatives.

These cases make Chief Justice Roberts seem like a raging judicial activist. But in cases where conservative actions were being challenged, he was quite the opposite. When a whistle-blower in the Los Angeles district attorney's office claimed he was demoted for speaking out, Chief Justice Roberts could find no First Amendment injury. When Democrats challenged Republicans' partisan gerrymandering of Texas's Congressional districts, he could find no basis for interceding.

The Roberts court's first term was not radically conservative, but only because Justice Anthony Kennedy, the swing justice, steered it on a centrist path. If Chief Justice Roberts — who voted with Justice Scalia a remarkable 88 percent of the time in nonunanimous cases — had commanded a majority, it would have been an ideologically driven court that was both highly conservative and just about as activist as it needed to be to get the results it wanted.

Chief Justice Roberts still probably views himself as judicially modest, and in some ways he may be. He has been reasonably respectful of precedent, notably when he provided a fifth vote to uphold Buckley v. Valeo, a critically important campaign finance decision that is under attack from the right. He has also been inclined to decide cases narrowly, rather than to issue sweeping judicial pronouncements. But at his confirmation hearings, he defined judicial modesty as not usurping the legislative and executive roles.

His approach to his new job is no doubt still evolving, which could be a good thing. The respect for the elected branches that he invoked while testifying before the Senate Judiciary Committee is hardly a perfect judicial philosophy, especially today, when we need the court to resist the president's dangerous view of his own power. Still, that principled approach would do more for the court and the nation than the predictable arch-conservatism the chief justice's opinions have shown so far.

Army, Taxed By War Costs, Struggles To Pay Bills At Home (NYT/AP)

By The Associated Press

The New York Times/AP, July 9, 2006

FORT SAM HOUSTON, Tex., July 8 (AP) — A diversion of money for the war in Iraq has helped create a $530 million shortfall for Army posts at home and abroad, leaving some of them unable to pay utility bills or even cut the grass, military officials say.

In San Antonio, Fort Sam Houston has not paid its $1.4 million monthly utility bill since March, prompting workers in many of the post's administrative buildings to receive automated disconnection notices.

Fort Bragg in North Carolina says it will not buy any office supplies until the new fiscal year starts in October.

And in Kentucky, Fort Knox closed one of its eight dining halls for a month and laid off 133 contract workers.

"Every time something goes away, it impacts a person: a soldier or their family or one of our civilians," said Col. Wendy Martinson, garrison commander at Fort Sam Houston, which has 27,300 military and civilian workers. "I'm charged with taking care of them, not taking things away from them."

Garrisons function as the city halls of Army installations, providing services like garbage removal, mail delivery and firefighting. The Installation Management Agency of the Army is $530 million short of what it needs through Oct. 1 to finance garrisons at the 117 installations it oversees in the United States, Europe and Asia, said an agency spokesman, Stephen Oertwig.

The increasing cost of fuel is partly to blame, and it costs more to pay civilians in Asia and Europe, Mr. Oertwig said. Another major factor is the practice of financing the war through spending bills outside the annual budget.

As Congress spent months debating a supplemental spending bill, the Army had to divert money from the Installation Management Agency's budget to cover the cost of the war, Mr. Oertwig said.

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The Army often diverts operations money for other programs, in times of war and peace, said Jeremiah Gertler, a senior fellow at the Center for Strategic and International Studies. The supplemental spending bill usually replenishes those funds.

This year, though, most of the military money in the $94.5 billion bill was earmarked for the war, leaving little to pay back operations accounts, Mr. Gertler said.

Military officials could have asked for more money to ease the garrison budget crunch, but they knew a bigger request would have created a bigger fight in Congress, Mr. Gertler said.

"The Pentagon is reluctant to ask for any more than they need for the war because it all looks like it's going to the war and becomes a very controversial bill," Mr. Gertler said.

But Michael O'Hanlon, a military analyst at the Brookings Institution, the liberal-leaning research organization, said money management seemed to be the larger problem. The Defense Department spends about as much on maintenance and operations as it does on weapons and personnel combined, Mr. O'Hanlon said, so there should be more than enough for the bills.

"It makes me worry if the Pentagon can't do its accounting well enough to find money for its electric bills," he said. "It just boggles my mind a little bit."

The legislation that Congress approved on June 15 included $722 million for the Installation Management Agency, to be split among its installations.

Colonel Martinson did not know how much Fort Sam Houston would get, but she said she expected it would be enough to pay the electricity bill. A spokesman for CPS Energy said the company understood the problem and would not turn off the lights any time soon.

However, the new money will not save the jobs of about 100 contract workers Colonel Martinson dismissed.

Astronauts: Daring Spacewalk Method Works (AP)

By Seth Borenstein, Ap Science Writer

AP, July 9, 2006

A key test of a daring yet wobbly spacewalking technique that could be used someday to repair space shuttle heat shields worked well Saturday and got good reviews from two astronauts from the shuttle Discovery, NASA officials said.

The repair simulation put them at the end of an oscillating, 100-foot combination of a robotic arm and an extension pole that astronaut Piers Sellers said made him feel "like a bug on the end of a fishing rod here."

In a 7 1/2-hour spacewalk, the first of three orbital excursions planned for this mission, Sellers and Michael Fossum said they could do most of the mock tasks they were assigned with only moderate difficulty.

And that's what NASA wanted to hear.

"It was above and beyond" what engineers expected, flight director Tony Ceccacci said after the spacewalk ended. "Hopefully, we'll never have to use it (the boom for repairs) but we know we have the capability."

The technique using the extension on the robotic arm was developed to make sure there is never a repeat of the Columbia disaster, which killed seven astronauts in 2003. A piece of foam from the shuttle's external fuel tank struck Columbia's wing during launch, creating a breach that allowed fiery gases to penetrate the shuttle during the return flight to Earth.

Last year, emergency spacewalking repairs were needed because of heat shield damage to Discovery.

Fossum and Sellers may get a chance to use the boom for a real repair on their third spacewalk, now scheduled for next Wednesday. NASA managers on Saturday were still evaluating whether a piece of fabric filler protruding from the thermal tiles on Discovery's belly needs to be removed. If it does, Fossum and Sellers would have to go back on the boom and yank out the filler.

Orbiter project manager Steve Poulos said a decision will be made Sunday on whether this gap filler — which is cracked, partially broken and just a couple inches at its longest point — must be removed. The early consensus is that it probably will be all right the way it is for re-entry, but engineers will pull an all-nighter to recommend what, if anything, needs to be done, he said.

Every other possible worry with the space shuttle heat shield has proven to be no big deal, deputy shuttle program manager John Shannon said. On Sunday, NASA may say Discovery is safe to land, he said, noting that Discovery's flight has "by far" the fewest problems he has ever seen.

NASA officials had been concerned that astronauts wouldn't be able to work well from the 50-foot extension boom attached to the similar-sized shuttle robotic arm. The agency's top spacewalk officer had compared it to painting a house from the top of a rickety ladder.

But as Fossum and Sellers were finishing up Saturday, NASA officials said they found less sway and oscillating than expected.

Fossum said one simulated operation was "beyond my ability" and "too much motion to handle" from the boom. But another way of doing the same job worked well, so that's not a concern, lead spacewalking officer Tomas Gonzalez-Torres said.

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Aside from that operation, however, the worst Fossum reported was one he rated a 5 on a 1-to-10 scale, which translates to doable but with "moderately objectionable deficiencies."

"I think we got all we needed there," Discovery pilot Mark Kelly told Fossum and Sellers after the simulation.

During Sellers' time on the boom-arm combo, he remarked as he was being moved into position that the ride was "a very slow gentle sway in and out of the bay."

Before their work on the boom-arm combo, the astronauts had an assignment on the outside of the space station, immobilizing a cable cutter on the station's mobile transporter, or railroad car, and rerouting a cable through it. A duplicate cable cutter accidentally cut a cable leading to the transporter late last year, and NASA wanted to make sure it doesn't happen again because the cable is a conduit for power, data and video images.

The transporter moves along the space station exterior and is used for constructing the complex. The severed cable will be replaced during a second spacewalk set for Monday.

The two astronauts also managed to enjoy themselves on the spacewalk which lasted an hour longer than normal because of glitches with tethers. At one point while waiting for Fossum, Sellers did a couple of flips. Both let out frequent "woo-hoos" during their time in space.

The also had time to marvel at the view from 210 miles above Earth.

"It's beautiful," Fossum said. "The thin glow of the moonlit Earth below."

And when Mission Control pointed out to Sellers that he could view Britain over his left shoulder, the British-born spacewalker said: "Wow! Oh, my goodness. It's a beautiful day in Ireland."

Looking down at the Caspian Sea several minutes later, Fossum said: "This is a good view ... I'm in a dream; nobody wake me up."

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On the Net:

NASA: http://spaceflight.nasa.gov/

NASA's Balancing Act Passes Test (LAT)

By Michael Cabbage, Orlando Sentinel

The Los Angeles Times, July 9, 2006

After a successful run-through on a boom held by the shuttle's robotic arm, the agency expects repairs will not be needed this time.

HOUSTON — Two spacewalkers bounced around on the end of a "skinny little pole" 210 miles above Earth on Saturday in a daring test for future shuttle repairs.

Astronauts Piers J. Sellers and Michael E. Fossum spent 7 1/2 hours outside shuttle Discovery on the fourth day of the ship's visit to the International Space Station. Anchored to a boom held by Discovery's robotic arm, the pair checked whether the 100-foot-long appendage was stable enough to support delicate maintenance work on the shuttle's heat shield.

Sellers, who performed three spacewalks during a 2002 shuttle visit to the station, was the first to stand at the end of the boom. As he was hoisted to a spot above the shuttle's cargo bay, he noted the smoothness of the ride.

"Very steady," Sellers said. "It's like being on a slow elevator."

Moments later, Sellers performed three sets of movements, leaning back and forth to simulate motions that would be used during repair work. The movements resembled a calisthenics session.

"It gets easier as you go along, doing all these tasks, you know, at the end of a skinny little pole," Sellers said. "A little practice makes perfect — or adequate."

When his turn came, Fossum, a rookie astronaut making his first spacewalk, mimicked the motions of someone making repairs to the orbiter's heat-resistant tiles and reported the operation was "no problem." Later, with both spacewalkers at the end, the boom showed more movement, but the swaying appeared to quickly stop.

Engineers had expected the vibrations to last up to a minute. Most dissipated in 15 to 20 seconds. The preliminary results led shuttle managers to conclude the test was a success.

"That's given us very good confidence," said Tony Ceccacci, the mission's lead flight director. "Hopefully, we'll never have to use it, but we know we have the capability."

Saturday's success bode well for a possible repair: plucking a card-like piece of ceramic-coated fabric from between heat-resistant tiles on Discovery's belly.

Engineers have been analyzing whether a gap filler protruding more than an inch from the rear of Discovery's heat shield could raise temperatures to dangerously high levels during the ship's descent through Earth's atmosphere.

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A spacewalker performed two similar repairs during Discovery's flight last year. NASA officials are expected to announce today that a fix will not be needed this time.

NASA also finished its evaluation of questionable spots on two thermal panels that line the leading edge of Discovery's right wing. Engineers concluded Saturday that the spots would not pose a hazard for the shuttle's return flight.

'Very Smooth' New Crane Stars During Spacewalk Tests (WP)

By Guy Gugliotta

The Washington Post, July 9, 2006

HOUSTON, July 8 -- Tethered like two lures at the end of a fishing rod, astronauts Piers Sellers and Michael Fossum rode space shuttle Discovery's spindly crane 70 feet into space on Saturday in an unprecedented test to see if the crane would remain stable enough to serve as a repair platform.

"Very smooth, very nice," said Sellers, as Discovery's sensor boom lifted him out of the cargo bay. "It's actually like a very slow elevator."

For several hours, first Sellers, then Fossum and Sellers together, bent, twisted, pushed and pulled at their restraints and at the side of the international space station to see how much the shuttle's cargo arm and its 50-foot boom extension would whiplash them.

Although few trips were as gentle as Sellers's initial liftoff, both astronauts reported sways of only one to two feet in most cases. At the conclusion of the spacewalk, Fossum performed simulated repairs at the end of the station's "P-1" truss, a distance of about 70 feet. When fully extended, the combination of arm and boom reaches 100 feet.

At the end of the day, Tomas Gonzalez Torres, NASA's extravehicular activities officer, said engineers were astonished at how effectively the boom performed. He noted that the astronauts got in and out of foot restraints without returning to the cargo bay, and that the boom took only "15 to 20 seconds" -- instead of the anticipated minute -- to stop swaying after it had been disturbed.

"Everybody is very happy," Gonzalez Torres told reporters at Houston's Johnson Space Center. He pronounced the boom ready for use as a repair platform: "I think we're set."

Saturday was the fifth day in Discovery's 13-day mission, which has unfolded almost without a hitch. Steve Poulos, the Orbiter Project Office manager, said that analysts had "cleared" all but two blemishes on Discovery's heat shield and that the other two should be cleared Sunday.

John Shannon, chairman of the mission management team, said this meant that on Sunday he could clear Discovery for reentry, guaranteeing the orbiter's soundness. Shannon said Discovery's heat shielding was in "by far" the best shape of any shuttle he had ever seen.

Sellers and Fossum began their trip outside at 9:17 a.m. Eastern time, leaving the space station's Quest air lock for a spacewalk that ended 7 hours 31 minutes later. Their first task -- repairing the station's mobile tramway -- took a bit over an hour.

The next hours were devoted to testing the repair techniques. Astronauts are frequently lifted out of the cargo bay on the orbiter's 50-foot robotic arm, but Discovery's mission marked the first time spacewalkers have extended the crane with the 50-foot boom.

The boom is a relatively recent innovation. It was developed after the Columbia tragedy in 2003 as a mount for cameras and sensors that could scan the belly of the orbiter during onboard inspections to check for post-launch damage.

The boom performed so well last year that NASA planners decided to test it as a repair platform, enabling astronauts for the first time to reach any part of the orbiter by riding on the end of the arm-boom combination. The only question was whether the extension would be too whippy to allow an astronaut to use it without anchoring himself to his work site.

With shuttle astronauts Lisa M. Nowak and Stephanie Wilson operating the arm and boom, Sellers guided the crane to a cocked position "above" the orbiter. Fossum watched from the cargo bay.

"Pick up the camera, take two pictures and re-stow the camera," ordered shuttle pilot Mark Kelly, supervising the spacewalk from inside Discovery.

"I have the camera in my hand," began Sellers. He proceeded to describe his every movement and the effect on the stability of the arm -- "no perceptible motion," "a smooth, gentle sway," "motion stopped."

Kelly ordered other motions: "slow layback," "forward lay position -- hold position for five seconds." Sellers stepped out of his foot restraints and climbed around to the end of the boom, then put the restraints back on.

"Just a general comment," Sellers remarked after half an hour of this. "It gets easier as you go along, doing all these tasks on the end of a skinny little pole. A little practice makes perfect, or at least adequate."

Each movement was designed to mimic something that an astronaut would do if the shuttle needed repair -- taking pictures of damage, leaning forward to inspect, seeking a better vantage point by abandoning foot restraints for a tether.

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Most important, Gonzalez Torres said, anything but inspections that could happen at the end of the crane-boom would involve two astronauts, so the second half of the test had Fossum in the foot restraints while a tethered Sellers grabbed hold of a tool stanchion.

As the shuttle dipped into darkness, leaving the spacewalkers spotlighted by the shuttle in the middle of nothingness, Kelly said, "You guys look lonely out there."

"Well, I'm just looking at Mike," Sellers replied.

The two astronauts performed a new series of movements on Kelly's command, then migrated to the end of the P-1 truss. There, Fossum mimicked repair techniques, using a simple "strain gauge" to measure force vectors as he pushed against the work surface.

Asked to rate the difficulty of each movement on a scale described by Kelly, Fossum relayed positive results, and noted that his technique improved with practice.

"This isn't bad," he said at one point. "I got the desired performance. It's a little bit annoying."

War Veterans Denied GI Bill Benefits (AJC)

By Ron Martz, The Atlanta Journal-constitution

The Atlanta Journal-Constitution, July 9, 2006

SUMMERVILLE — Andy Rowe thought he had life after the Army pretty well figured out before he came home from eight months in Afghanistan in November 2003.

An Army reservist since high school, Rowe, 27, planned to serve out the remaining four months of his military obligation in the inactive Reserve, get his honorable discharge and then use his GI Bill education benefits to go to college, just as his father did more than 30 years ago.

But Rowe soon realized that, despite his time in a combat zone, he didn't qualify for those education benefits unless he remained in the Reserves or Guard.

It's the same for tens of thousands of National Guard and Army Reserve troops mobilized since 9/11 — the largest deployment of reservists since World War II.

When military benefits were updated in 1984 through a law called the Montgomery GI Bill, members of Congress and even the military did not envision reservists being called into active duty as frequently as they are today. The law did not extend full college benefits to citizen soldiers and terminated them once they left the Guard or Reserve.

But since 2001, more than 500,000 reservists and Guard troops have been deployed for homeland security duties or sent to wars in Iraq and Afghanistan. Yet when they get home, they don't get the same benefits as those who were active-duty servicemembers.

"Looking at how the Reserve forces are being used now, it really upset me," said Rowe, called up from the inactive Reserves to serve in Afghanistan.

Retired Army Col. Bob Norton is deputy director for government relations for the Washington-based Military Officers Association of America, which is lobbying for an extension of benefits.

"Under the law, [reservists and Guard troops] are veterans for every single benefit except the education benefits," Norton said.

Primary opposition to changing the education benefit for reservists and Guard troops — those on duty one weekend a month and two weeks in summer unless they are called to active duty — is coming from the Pentagon's Office of Reserve Affairs. Pentagon officials fear changes could hurt attracting and keeping men and women who sign up for the Guard or Reserve.

"It has proven to be a very attractive recruiting tool, and its effectiveness as a retention tool is certainly equally important to the Reserve components," Assistant Secretary of Defense for Reserve Affairs Thomas Hall testified in March before the House Veterans Affairs Committee.

The Military Officers Association has helped put together a consortium of about 40 groups and service organizations that represent more than 5.5 million vets — including such stalwarts as the American Legion, Veterans of Foreign Wars, Association of the U.S. Army and Military Order of the Purple Heart — collectively known as the Partnership for Veterans Education. Several higher education associations such as the American Association of State Colleges and Universities and the American Council on Education also are part of the consortium. Its aim: to try to persuade Congress to provide more equality in education benefits for citizen soldiers.

The group is pushing especially hard for what it is calling the Total Force Montgomery GI Bill. One major selling point of this proposal is the portability of GI Bill education benefits. That would allow reservists such as Rowe to earn credits for education while mobilized, just like active-duty troops do, and then use them after they leave the service.

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Current law gives troops who serve on active duty three or more years to collect up to $1,034 a month for 36 months as full-time students. That benefit is available up to 10 years after discharge.

Reserve and Guard troops can earn 60 percent of that, or about $22,000, if they are mobilized for 15 months — the average length of deployment — and then go to school full time. However, they can collect only if they remain in a Guard or Reserve unit. If they go into the inactive Reserve — also known as the Individual Ready Reserve — as Rowe did, or are discharged, they no longer are eligible for education benefits.

"Right now, it's a double standard. They are treating these reservists like second-class citizens," Norton said. U.S. Rep. Jim Matheson (D-Utah) said Marine reservists in his congressional district who were deployed after 9/11 alerted him to the disparity in benefits.

"When I heard about it, I didn't think it was right," Matheson said.

Last year, he co-sponsored with Rep. Heather Wilson (R-N.M.) legislation that would enable Guard and Reserve troops who have accrued 24 months of active service within the last five years to be eligible for 100 percent of GI Bill education benefits.

Some unofficial cost estimates of the Total Force Montgomery GI Bill run as high as $4.5 billion for the first 10 years, although the Congressional Budget Office has yet to weigh in with more detailed figures.

Despite its cost, which could become a key obstacle in Congress, the bill now has 140 co-sponsors from both sides of the aisle, including Georgia Democrats John Barrow, Sanford Bishop, John Lewis and David Scott and Republican Nathan Deal.

"This is truly a bipartisan issue because it's about veterans," Matheson said.

The MOAA's Norton said another measure in the works is an amendment offered by Sen. Blanche Lincoln (D-Ark.) to the fiscal year 2007 Defense Authorization Bill.

This amendment would enable Guard and Reserve members mobilized for active duty to use their GI Bill education benefits after they leave military service.

Hall, the assistant secretary of defense who also is a retired rear admiral, told members of Congress that such a change could affect troop retention.

"The fact that a member must continue to serve in the Reserves to maintain eligibility has greatly assisted the Reserve components as a whole in maintaining consistently high retention rates over the years and has increased the education level of our Reserve forces," he said.

But Norton contends that the Defense Department's own survey data show education is not a major factor in an individual's decision to re-enlist or extend in the Guard or Reserves.

Rowe said education benefits he thought he would receive as a reservist were only part of his decision to enlist in 1996, when he was 17 and still a high school junior in his hometown of Summerville.

"My father instilled a true sense of patriotism in me, and I wanted to do something for the country," Rowe said.

His father, Tim, had served in the Air Force and used his GI Bill benefits to obtain an education degree and become a teacher.

Rowe went to basic training between his junior and senior years in high school and then was assigned to a unit — first in Chattanooga, and later in Atlanta — as an information systems specialist. He served nearly six years in the active Reserve force before transferring to the Individual Ready Reserve.

In April 2003 he was recalled to active duty and sent to Afghanistan, giving up his civilian job as a project manager for a telecommunications company.

"All I wanted to do when I came home was get another job and go back to school. But then when I applied I found out I couldn't use the GI Bill so I had to reconsider things," he said.

Rowe now works for Covista Communications out of Chattanooga and said that the issue for him is not so much the money as the principle.

"I don't think there's anything that will be done to help me now, but I think it's something that definitely needs to be done for soldiers in the future," he said.

Congressman Paul's Legislative Strategy? He'd Rather Say Not. (WP)

By Libby Copeland

The Washington Post, July 9, 2006

Republican Ron Paul missed out on the 19th century, but he admires it from afar. He speaks lovingly of the good old days before things like Social Security and Medicaid existed, before the federal government outlawed drugs like heroin.

In his legislative fantasies, the amiable Texas congressman would do away with the CIA and the Federal Reserve. He'd reinstate the gold standard. He'd get rid of the Department of Education and leave the business of schooling to local governments, because he believes that's what the Constitution intended.

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"Article 1, Section 8 gives me zero amount of authority to do anything about public education," says Paul on a recent weekday. He's seated in his congressional office near a sign than says, "DON'T STEAL; THE GOVERNMENT HATES COMPETITION . "

Paul, 70, has earned the nickname Dr. No for his habit of voting against just about anything that he sees as government overreach or that interferes with the free market. No to the Iraq war. No to a federal ban on same-sex marriage. No to a congressional gold medal for Pope John Paul II and Ronald Reagan and Rosa Parks. He says the medals are an unconstitutional use of taxpayer money and once suggested each House member instead contribute 100 bucks from his or her own pocket.

Last year, Congress decided to send billions of dollars to victims of Hurricane Katrina. Guess how Ron Paul voted.

"Is bailing out people that chose to live on the coastline a proper function of the federal government?" he asks. "Why do people in Arizona have to be robbed in order to support the people on the coast?"

There have been periods in history when the maverick congressman was not such a rare breed, but this is not one of those periods. Democrats and Republicans have been quite disciplined in recent years -- when party leaders say "jump," the savvy congressman had better inquire how high.

This makes the presence of a politician like Ron Paul something of a refreshing peculiarity. He continually bucks the wishes of Republican leaders -- so much so, Paul recalls, that once while exhorting every other Republican to vote the party line, then-Speaker Newt Gingrich announced that Ron Paul was exempt.

Paul is not always alone in his dissent, but more than anyone else in Congress, he is legendary for it. "When I'm the only no vote," says fiscal conservative Jeff Flake (R-Ariz.), "I can usually rest assured he's on a plane somewhere."

Paul left his party and ran for president in 1988 on the Libertarian ticket, traveling the country and speaking to crowds as small as 10. His iconoclasm may explain why, despite his years in Congress -- first in the late '70s and early '80s, and more recently since 1997 -- Paul doesn't hold a leadership post, doesn't chair a committee or subcommittee. He sees this as the price of being right.

"I never had a goal of working up the seniority ladder," he says.

Paul has an easy chuckle and a down-home, friendly manner that tempers his strong language. (In his columns, which appear online and are sometimes published in local newspapers, he pronounces a proposed government program "Orwellian" and calls former Federal Reserve chairman Alan Greenspan a "master of evasion." He once said on C-SPAN he feared being "bombed by the federal government at another Waco.")

He is father to five, grandfather to 17, and delivered something like 4,000 babies during his career as an obstetrician and gynecologist. Before he largely retired from his practice in 1996, he refused on principle to accept Medicare and Medicaid, and sometimes treated patients for free.

In Texas's 14th District, which runs along the northern Gulf Coast and includes the cities of Galveston and Victoria, Paul is either a beloved figure or a mystifying one. He calls himself the "taxpayers' best friend," and this has led him to controversial stands, such as voting against federal farming subsidies despite the wide swaths of agricultural land in his district. Because he won't cooperate with fellow Republicans in the House unless a bill is in line with his principles, some constituents feel he puts his libertarian agenda over the district's needs.

"He's certainly the taxpayer's friend if the taxpayer doesn't want to get anything done," says John W. Hancock Jr., a rice farmer and banker in El Campo. "All he does is go to Washington and write articles and vote no."

Paul's supporters see him as principled. He is known for constituent services such as getting medals for veterans who never received theirs. He is also a proponent of gun rights and he personally opposes abortion, though he thinks the matter should be left to the states.

"He's just consistent, consistent, consistent," says Debra Medina, the Wharton County Republican chairwoman. "He always talks about the Constitution and what the federal government ought to be doing, and he consistently articulates this basic mistrust of big government, which I think most people have."

Republican Party leaders supported a rival Republican in 1996, when Paul campaigned to return to Congress after a 12-year absence. Paul proved himself to be a strong fundraiser, gathering much of his money from out-of-state donors. He won a primary runoff, then eked out a three-point victory against his Democratic opponent in the general election.

The next time around, Democrats made him a top target, supporting a rice farmer named Loy Sneary. (Be "leery of Sneary," Paul warned. "Be cheery about Sneary," his opponent replied.) Paul won again. Since then, his margin of victory has gotten bigger in every election. This time around, he faces a Democrat named Shane Sklar, who is trying to paint Paul as out of touch with his district.

Paul's wife of nearly 50 years, Carol, quilts and came up with the idea to put together cookbooks that his campaign sends to constituents, many of whom also receive cards on their birthdays. His campaign Web site recently featured a recipe for

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chicken salad casserole, "a favorite of Brazoria County Republican Women." Paul almost always goes home to Lake Jackson on weekends.

"He doesn't want Potomac fever -- he thinks it's very contagious," says Carol Paul, who happens to be in Washington on a visit.

"I have a meeting with veterans on Saturday, and I have to check my tomato plants," the congressman says.

Ron Paul may seem an unlikely advocate for the repeal of federal drug laws, but this stance stems from the same impulse that leads him to call for the abolition of the Food and Drug Administration and its "health nannies." He says that decades of government programs can soften Americans' sense of personal responsibility and that the free market can do a better job of keeping people safe and healthy than the government can.

He also wants America to withdraw from the United Nations and NATO. He is against the government's "delusional, feel-good" policies of giving aid to needy countries in places like Africa; instead, private citizens and private groups should give charity if they want to. He has written that Americans "don't need to be forced to pay for foreign welfare at the barrel of a government gun."

Mainstream party platforms are riddled with inconsistencies; Paul tries to run what he believes is a straight course through every vote. Smaller government is better. That's why he winds up aligned with the most liberal of Democrats and the most conservative of Republicans. He takes inspiration from free-market economist Ludwig von Mises, whose photograph is mounted on a wall by his desk.

"He's like a gyroscope," says Neil Abercrombie (D-Hawaii), who is allied with Paul in opposition to the Iraq war. "No matter what happens, boom , he comes back up and goes exactly where he wants to go."

Paul doesn't just question conventional wisdom. He stomps all over it. According to him, Abe Lincoln should never have gone to war; there were better ways of getting rid of slavery. He often attempts to prove his political theories by pointing to how things used to be. For instance, the federal government banning drugs like heroin doesn't work for the same reasons Prohibition didn't. The IRS doesn't need to exist for the same reasons it didn't exist before.

"We had a good run from 1776 to 1913," he says, referring to the years before the modern income tax. "We didn't have it; we did pretty well."

As for Social Security, "we didn't have it until 1935," Paul says. "I mean, do you read stories about how many people were laying in the streets and dying and didn't have medical treatment? . . . Prices were low and the country was productive and families took care of themselves and churches built hospitals and there was no starvation."

("Where to begin with this one?" asks Michael Katz, a historian of poverty at the University of Pennsylvania who has studied charity case records from the early 20th century. "The stories just break your heart, the kind of suffering that people endured. . . . Stories of families that had literally no cash and had to kind of beg to get the most minimal forms of food, who lived in tiny, little rooms that were ill-heated and ill-ventilated, who were sick all the time, who had meager clothing . . .")

Paul views his opposition to the status quo practically. He'd prefer no federal income tax, but barring that, he'd love the government to cut spending enough to bring the income tax rate down to 2 percent. He envisions a transition period for eradicating the Federal Reserve and for Social Security, to ensure that no one is cheated of the money they put in.

He figures party leaders get irritated with him sometimes, but for the most part, they leave him alone. On his opposition to war in Iraq, he told a radio interviewer a few years ago, "I'm generally very much ignored." He says he doesn't trade votes and as a result is rarely pressured.

Still, he says, if his fellow Republicans are "very desperate," he may allow himself to be talked into changing a "no" vote to "present."

Research database editor Derek Willis contributed to this report.

OTHER NEWS:

Social Security Battle Reignites (WT)

By Amy Fagan

The Washington Times, July 9, 2006

The seemingly dead issue of Social Security reform came to life again in recent weeks, with President Bush saying it should be high on the agenda and Democrats warning that Republicans are resurrecting their plan to privatize the system.

Mr. Bush, in a June 27 speech extolling the line-item veto, vowed to keep fighting to fix the impending financial crises in both Social Security and Medicare.

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"If we can't get it done this year, I'm going to try next year. And if we can't get it done next year, I'm going to try the year after that because it is the right thing to do," Mr. Bush said in a speech in Washington hosted by the Manhattan Institute think tank. "Now is the time to solve the problems of Medicare and Social Security and I want your help."

Democrats immediately went on the attack, saying the president intends to bring back his plan to divert a portion of the Social Security payroll tax into personal accounts for individual taxpayers -- a plan that failed to gain traction last year.

"For President Bush to call for his allies in Congress to dismantle Social Security with the same old reckless and hugely unpopular privatization plan signals just how hopelessly out of touch he really is. Privatization was a terrible, irresponsible idea in 2005; it's every bit as bad today," said Brad Woodhouse, spokesman for Americans United (AU), a group that fought the president's Social Security plan last year and is gearing up for a rematch this election year.

AU plans an effort in 20 states to "hound members of Congress to sign anti-privatization pledges before the election," Mr. Woodhouse said.

Annual reports released in May by trustees of both programs said Social Security's trust fund will run out of money in 2040, and Medicare's trust fund will be depleted in 2018.

AU officials have met with top House and Senate Democratic leadership staff to let them know they will focus their attention on Social Security in the run-up to November's elections.

"They're completely on board and they are ready to hit it hard this summer and throughout the fall," Mr. Woodhouse said.

That's already happening.

During a recent, unrelated event on prescription drug coverage, House Minority Leader Nancy Pelosi brought up Social Security twice, at one point criticizing the drug plan and adding, "This plan was brought to you by the same people who want to privatize Social Security."

AU and top Democrats also criticized statements made last month by Rep. Jim McCrery, Louisiana Republican and chairman of the House Ways and Means Social Security subcommittee. Mr. McCrery told members of the U.S. Chamber of Commerce that Social Security reform should be high on the agenda next year.

Mrs. Pelosi was among the Democrats who fired off angry statements warning that Republicans plan to "dismantle" Social Security and telling voters it was another reason to elect Democrats in the fall.

"This is simply not a priority of the American people, yet Republicans continue their relentless quest to privatize Social Security," she said. "Americans want to go in a new direction. Democrats are working to strengthen Social Security and address the real concerns of everyday Americans."

Mr. McCrery said his words were distorted for political gain.

"What I said was Congress should make it a high priority," he said.

After failing to gain traction on the personal accounts idea last year, he explained, "we have to go back to square one and we all should work together to get something we can all embrace." That solution, he said, "may not have personal accounts ... but it may."

Rep. Jack Kingston, Georgia Republican, said House Republicans probably won't try for another personal accounts bill next year, but could opt for a "lockbox" proposal that would seal away the Social Security surplus so it can't be used to pay for general government expenses, as is currently the case.

And Michael Franc, vice president for government relations at the Heritage Foundation, predicted Social Security reform probably will return to the legislative scene only as part of a broader effort to save all major entitlement programs from financial ruin.

"The lesson [lawmakers] took away from Social Security is if you try to deal with this coming fiscal catastrophe one program at a time, you're never going to get there," Mr. Franc said. Instead, he said, Republicans probably will try to create a "synergy to act broadly."

Democrats anticipate that as well. After Senate Republicans recently introduced a broad budget reform bill that included changes to entitlement programs, Sen. Max Baucus of Montana, top Democrat on the Finance Committee, called it a "backdoor" attempt by Republicans to get their Social Security plan approved.

Mr. Bush, however, continues to call for a bipartisan approach.

"Oh, I know this town is full of all kinds of politics, but we ought to set politics aside," the president said at the end of his June 27 speech. "We need to set politics aside when it comes to reforming Social Security and Medicare, and we need to set politics aside so that the president can work with the Congress to bring fiscal discipline to our budgets."

Democrats Rip GOP On Social Security Plan (AP)

By Mike Wilson

AP, July 9, 2006

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The Republican plan to privatize Social Security could cause huge debt for decades, a Democratic candidate seeking a House seat in Iowa, a state with a high concentration of elderly residents, said Saturday.

"If the Republican plan is allowed to pass, future generations both here and across the country will be saddled with decades of debt and no guaranteed retirement security," Bruce Braley said in the Democrats' weekly radio address.

Braley, 48, a lawyer from Waterloo, faces Republican Mike Whalen in the contest to fill the seat being vacated by Republican Rep. Jim Nussle, who is running for governor. The race is considered one of the more competitive in the country.

Braley said Social Security is under attack, with President Bush and congressional Republicans making privatization a top priority in 2007. He also accused the Bush administration of "plundering the Social Security trust fund while giving billions away to special interests, like big oil."

"They are spending the money seniors rely on while making no effort to balance the budget or protect the limited funds we have for retirement security," he said.

According to the 2000 census, Iowa ranks fourth in the nation in percentage of population 65 and older, at 14.9 percent, behind Florida, Pennsylvania and West Virginia.

Bush had called for a complete overhaul of Social Security, including creation of personal savings accounts and a reduction in future benefits promised to younger workers. But legislation failed to make it to the floor of either the House or Senate.

Braley said the Bush administration and the Republican-led Congress have failed to reform Medicare and the nation's energy policy and should not be trusted with Social Security.

"This is the same team that set out to reform Medicare but instead let lobbyists create a confusing, expensive program that was little more than a payoff to the big pharmaceutical and insurance companies," Braley said of the Medicare prescription drug plan.

Braley said it's time for a change in Washington with a Democratic-led Congress.

"Because after six years of misplaced priorities, George Bush and his rubber-stamp Republican Congress cannot be trusted to protect something as vital as Social Security," he said.

Plumbing Iowa For Democratic Caucus Votes? Bring Money (WP)

By Zachary A. Goldfarb And Chris Cillizza

The Washington Post, July 9, 2006

To most people, all the national Democrats beating a path to Iowa this month look an awful lot like presidential candidates. But to the state Democratic Party, they look like something else: revenue enhancers.

Showing its entrepreneurial spirit, the state party is offering potential candidates access to its detailed voter database -- for a price. Specifically, they can mine the valuable data for $50,000 (act now, urges the party, and get a discount from the usual fee of $75,000). The details were reported by the political newsletter the Hotline and the Des Moines Register.

For an additional $50,000 next year, candidates can secure access to a database buttressed by information derived from the 2006 primary and general elections. Or campaigns can ignore the current offer and purchase the full database next year for $85,000.

Candidates have until Saturday to decide whether to take advantage of the discount.

Eighteen months before the often-pivotal Iowa caucuses, potential candidates are already swarming the Hawkeye State.

This weekend, Sen. Evan Bayh (Ind.) was to honor a state representative at a coffee shop in Muscatine, while former senator John Edwards (N.C.), the 2004 vice presidential nominee, planned to attend a barbecue for party faithful in Indianola, among other events.

Edwards and Bayh have made the biggest splashes in Iowa since the 2004 election. But they are being joined in Iowa this month by the 2004 presidential nominee, Sen. John F. Kerry (Mass.), and former Virginia governor Mark R. Warner.

Also active in Iowa is Tom Vilsack, who will retire from the governorship at the end of his term as he ponders a 2008 bid. He and Bayh are the only two potential candidates to have political staff workers already on the ground, according to the Register.

A poll last month by the Register showed Edwards leading other potential Democratic contenders, with 30 percent of the vote of people likely to participate in the caucuses. Sen. Hillary Rodham Clinton (N.Y.), who has not made a priority of visiting Iowa, came in second, followed by Kerry and Vilsack.

Two years ago, Kerry won the Iowa caucuses.Clearer Path for Sen. Cantwell

Faced with the prospect of a primary fight over her support for the war in Iraq, Sen. Maria Cantwell (D-Wash.) is working behind the scenes to assure antiwar activists that she is no Joe Lieberman.

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Michael Meehan, Cantwell's chief of staff, was in Seattle last week to huddle with Dal LaMagna and Mark Wilson, vocal opponents of the Iraq war who have floated the idea of running themselves, giving her an intraparty battle of the sort Sen. Lieberman (D) is facing from antiwar candidate Ned Lamont in Connecticut. Cantwell, who voted for the 2002 resolution authorizing the use of force in Iraq, has also held more than a dozen meetings with antiwar constituents.

That legwork appears to be paying off.

LaMagna announced Thursday that he would not run and instead would serve as a co-chairman of Cantwell's campaign. Cantwell sources were optimistic that Wilson would follow LaMagna's lead. But one Iraq war critic, Seattle attorney Hong Tran, is a declared candidate in the Democratic primary.

Cantwell was recently endorsed by the King County Democratic Party, which takes in the city of Seattle and has a reputation as the state's most liberal enclave.

Meehan said, "Cantwell is not in the same boat as Lieberman," noting she supported a recent amendment by Sens. Carl M. Levin (D-Mich.) and Jack Reed (D-R.I.) calling on President Bush to set a timeline for troop withdrawal.

Lieberman, who until recently had been assumed to have an easy reelection, voted against the amendment, which the Senate defeated, and has been vigorous in his support of the war, if not always the Bush administration's handling of it.

Cantwell won her seat in 2000 by 2,229 votes, upsetting Sen. Slade Gorton (R). She is likely to face former Safeco Insurance Co. CEO Mike McGavick (R) in the fall.Running Interference for Osborne

A coach is supposed to cheer his team after a big loss. But in this case, it's the team that's cheering on the coach.

Rep. Tom Osborne (R-Neb.), who gained fame as head coach of the state university's triumphant Cornhuskers football team, was coasting toward the GOP's gubernatorial nomination. But when President Bush snapped up Gov. Mike Johanns for a Cabinet position and Lt. Gov. Dave Heineman became governor and declared he would run to keep his job, the primary turned into a hard fight.

In May, Osborne lost that fight.

Undeterred, Osborne supporters Johnny Rodgers, 1972 winner of the Heisman Trophy and one of the best players in Cornhusker history, and football trainer Doak Ostergard hoped to launch a campaign to write in Osborne's name this November.

But Nebraska law prohibits a candidate defeated in a primary election from being a write-in candidate in a general election. Rodgers and Ostergard sued last week to overturn the law.

"Tom really believes he can do some good things for Nebraska, and we do, too," said Rodgers, who played under Osborne when he was the team's offensive coordinator. "It's a grass-roots effort."

Osborne said in a statement: "As nice as it is of my former players and associates to be concerned about my future, none of their efforts have involved consultation with me."

Sen. Bayh Seeks Edge In Democratic Field (AP)

By Mike Glover

AP, July 9, 2006

In a quiet, methodical style reflecting his Midwestern roots, Sen. Evan Bayh is laying the foundation for a presidential campaign and prompting some Democrats to talk about a candidate with a realistic shot.

"The chatter that you hear is that he's a good guy and nice and he has that honest, Midwestern feel to him, kind of like Harry Truman," said veteran Democratic strategist Dane Strother. "That's all appealing."

In his fifth trip to Iowa in the last year, the centrist Indiana Democrat opened a three-day swing Thursday with a fundraiser in downtown Des Moines for legislative candidates. He mingled easily with about 50 party activists for more than an hour and made a point of chatting with everyone in the room.

"He's a Midwesterner and that will help him in Iowa," said state Senate Democratic leader Michael Gronstal. "It's up to him to sell himself, and so far he's been fairly impressive."

As he makes his way around the state, which launches the primary process with caucuses, Bayh sets aside ample time for private meetings with top Democrats, introductory sessions in which he often trades stories about campaigning for his father, former Sen. Birch Bayh.

The elder Bayh served from 1963-81 and spent time in Iowa in his unsuccessful bid for the Democratic presidential nomination in 1976. The son finds that the campaign war stories are an effective way of building ties, particularly with older Democrats who remember his dad.

While New York Sen. Hillary Rodham Clinton looms as the front-runner for 2008, other Democrats are fighting to distinguish themselves from the pack. Bayh has the distinction of having won statewide election five times in one of the most Republican states in the nation, serving as secretary of state, governor and senator.

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"I don't think you can get elected five times in a state that hasn't gone Democratic since 1964 without learning how to campaign," said Anita Dunn, a Democratic media consultant who has signed on with Bayh.

Bayh has assembled a solid team of advisers operating under the auspices of his political action committee, the All America PAC. He's tapped a former Democratic National Committee fundraiser, a onetime pollster for Howard Dean's presidential campaign and a chief of staff to the late Missouri Gov. Mel Carnahan.

Dunn was a top adviser to former New Jersey Sen. Bill Bradley during his 2000 bid for the Democratic presidential nomination.

Bayh has $9.8 million in his campaign account, according to March filings. His All America PAC had $967,453 cash on hand.

Bayh, 50, casts himself as a centrist who can win over independents and moderate Republicans, and his political resume is his base appeal.

"I have a proven track record of doing something this president said he would do and never did, and that's being more of a uniter than a divider, reaching out to independents, reasonable Republicans as well as all of our Democrats," Bayh said.

There's plenty of competition for the backing of moderate Democrats. Bayh is seeking to separate himself from rivals like former Virginia Gov. Mark Warner by focusing on his national security resume, which includes membership on the Senate Armed Services and Intelligence committees.

"One thing we need to do is prove to this country that we can be tough and smart," said Bayh. "We need to take Karl Rove and this administration on this issue. We know they are going to attack us on this."

"Warner does have a paucity of foreign policy experience," said Democratic consultant Steve Murphy, who said the jury is still out on the competition. "We have elected a one-term governor in the recent past. It all depends on Warner's performance in the campaign."

Warner spokeswoman Ellen Qualls dismissed the notion of a competition.

"If Governor Warner decides to throw his hat in the ring, I don't think he's going to be fighting for a label. He's going to be asking folks to look at his record," said Qualls.

Bayh's close attention to retail politics has earned him high marks as Iowa Democrats head into a competitive election with an open governor's race, toss-up House races and a legislature that's virtually tied. Bayh planned to attend eight events raising money for local candidates.

"He is making inroads here," said former Iowa Democratic Chairman Gordon Fischer. "He is doing what it takes to be successful in the Iowa caucuses, and that is a lot of retail politics."

Tom Courtney, a state senator from Burlington, Iowa, was getting some help from Bayh.

"When I'm around town, I'm starting to hear Bayh's name mentioned," Courtney said. "Democrats are looking for somebody who is new and fresh."

Though Bayh is making an impression in some early states, he remains little known around the country.

"Honestly, there's only one person on anybody's radar screen and that's Senator Clinton," said Democratic strategist Chris Lehane, who is not working for any candidate. "None of these other folks have begun to register in a meaningful way."

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On the Net:

Sen. Evan Bayh: http://bayh.senate.gov/

Democrats' Fundraising Letter Is Bankrupt On Ideas (LAT)

By Steve Lopez, Points West

The Los Angeles Times, July 9, 2006

It's not often that I reach into my mailbox at home and find a letter from Ted Kennedy, so I was eager to see what was on the mind of the saber-rattling senator from the great state of Massachusetts.

The letter began "Dear Friend," which is a little impersonal, if you ask me. When my friends at the Republican National Committee wrote to ask me to sign President Bush's birthday card — and send along a few bucks — they began their letter, "Dear Steve."

Kennedy, you'll be shocked to know, was also hitting me up for money, in this case for the Democratic Senate Campaign Committee.

"Yes, Senator Kennedy," said the contribution form I was supposed to check off and return, "I share your concern over the arrogance and incompetence of the Bush Administration."

In anticipation of my generosity, Kennedy enclosed a complimentary bumper sticker:

HAD ENOUGH?

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Vote Democrat in '06

As a matter of fact, I do share Kennedy's concern about the Bush administration, and so I was eager to read the four-page letter and other enclosed materials to find out more about the alternative vision being offered up by the Democratic Party.

Page 1, however, contained no such clues. It just fired more bazooka shots at the president and his "extreme right-wing allies," so I figured the fresh ideas from the Dems had to be on Page 2.

Wrong again. Page 2 was nothing but groveling for money for contested races in Missouri, Montana, Ohio, Pennsylvania, Maryland and Minnesota. ("It's urgent for each of us to do as much as possible as soon as possible!")

Page 3 suggested the Republicans will burn in hell for sins against humanity ("They've poisoned our air and water"), and Page 4 warned, "They'll never stop unless we stop them. They're shameless!"

That's quite a cavalry call, but it seems to me the Democrats are once again rushing to the front lines with empty muskets.

I'm not asking for the Democratic equivalent of a 10-point Contract With America, having lowered my expectations while on the campaign trail with Al Gore and bearing witness to his nationally televised identity crisis.

I'd settle for a five-point "Contract With Western Blue States." Heck, I'd be happy with a warmed-over crumb of an idea or two.

Instead all we get from the Democrats is the reminder that they stand for … wait, let's see, where was that platform draft?

Oh, yeah. They're anti-Iraq war, or at least they are now that it's turned out so miserably.

And they're passionately … hold on a second. What else was there?

Anti-Republican. That's it.

Write a check today because "They're shameless!"

Craig Smith, a former speechwriter for Gerald Ford and the first President Bush, said the Kennedy letter is a direct response to polls that show declining support for the war in Iraq and for the president.

But he finds it astounding that the Democratic Party still can't move beyond its attack strategy and figure out how to define and sell itself with a specific, alternative agenda.

Smith, who teaches campaign persuasion at Cal State Long Beach, has a simple piece of advice for his political rivals:

Go back to your roots.

"They have not been the loyal opposition," said Smith, who believes Democrats sold their souls under the influence of the Democratic Leadership Council, which pushed the party toward the center after Walter Mondale was blown out by Ronald Reagan.

There's an intellectual distinction to be made in the essence of what it means to be a Republican or a Democrat, Smith said, and Democrats ought to embrace the difference.

"For me, it always goes back to this: If you put a gun to a Republican's head and say, 'Choose between individuality or equality,' they'll pick individual freedom. A good liberal will pick equality over individual freedom."

Democrats, he said, need to get back to the social agenda. They ought to put healthcare reform back at the top of their to-do list, and not cut and run the way Bill Clinton did.

They ought to be screaming about wages that keep millions in abject poverty, and they ought to put up or shut up on education, doing something more than attacking Bush's "no child left behind" program.

It's a sad day in America when a Republican can deliver a more coherent agenda in a single paragraph than Ted Kennedy can in a four-page screed.

I guess what I'm trying to say here is that instead of writing a check to Mr. Kennedy, I tossed his letter — along with the bumper sticker — into the can.

My decision was endorsed by Ken Khachigian, the GOP consultant who worked with Reagan. He recalled Kennedy's speech at the 1980 Democratic National Convention, referring to it as the speech "left-wingers" love to quote:

"The work goes on, the cause endures, the hope still lives and the dream shall never die."

"So," Khachigian said, "regarding this letter, these are my questions for Ted: What work goes on; which cause endures; where does hope live; and, by the way, what IS the dream?"

Reach the columnist at steve.lopez@latimes.com and read previous columns at http://www.latimes.com/lopez .

The Liberal Inquisition (NYT)

By David Brooks

The New York Times, July 9, 2006

Sometimes history comes with previews. In the 1930's, the Spanish Civil War served as a precursor to the global conflict that was World War II. And in a smaller fashion, the primary battle playing out on the smiling lawns of upscale Connecticut serves as a preview for the national conflict that will dominate American politics for the next two years.

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This isn't a fight between left and right. It's a fight about how politics should be conducted. On the one hand are the true believers — the fundamentalists of both parties who believe that politics should be about party discipline, passion, purity, orthodoxy and clear choices. On the other side are the quasi-independents — the heterodox politicians who distrust ideological purity, who rebel against movement groupthink, who believe in bipartisanship both as a matter of principle and as a practical necessity.

In 2008, heterodox politicians like John McCain, Rudy Giuliani and even Hillary Clinton are going to have to face zealous assaults from within their own parties. But for the moment that war has come to Joe Lieberman.

What's happening to Lieberman can only be described as a liberal inquisition. Whether you agree with him or not, he is transparently the most kind-hearted and well-intentioned of men. But over the past few years he has been subjected to a vituperation campaign that only experts in moral manias and mob psychology are really fit to explain. I can't reproduce the typical assaults that have been directed at him over the Internet, because they are so laced with profanity and ugliness, but they are ginned up by ideological masseurs who salve their followers' psychic wounds by arousing their rage at objects of mutual hate.

Next has come the effort to expel Lieberman from modern liberalism. In a dark parody of the old struggle between Eugene McCarthy and Hubert Humphrey, the highly educated, highly affluent, highly Caucasian wing of the Democratic Party has turned liberalism from a philosophy into a secular religion, and then sought to purge a battle-scarred warhorse on the grounds of insufficient moral purity.

So these days, for example, one hears that Lieberman is a crypto-conservative, a Bible-Belter. In reality, of course, this is a man who has been endorsed by Planned Parenthood and the Human Rights Campaign. He has a Christian Coalition rating of 0.

But a lifetime's record is deemed not to matter any longer. For in the midst of the inquisition all of American liberalism has been reduced to one issue, the war. Just as some edges of the pro-life movement reduce all of conservatism to abortion, the upscale revivalists on the left reduce everything to Iraq, and all who are deemed impure must be cleansed away.

Lieberman's opponent, Ned Lamont, has neither expertise in foreign affairs nor any specific knowledge of Iraq, and he has struggled to come up with a plan for what we should now do there. But that is not the point, for the opposition to Lieberman is not about future actions or even politics as it is normally understood. It is about impurity, the scarlet letter, and the need to expunge those who have transgressed.

Liberal interest groups that seek practical goals, like the A.F.L.-C.I.O. and the League of Conservation Voters, back Lieberman. But the netroots now seek to purge what's left of the Scoop Jackson Democrats, and to eliminate those who have had contact with the evildoers in the other party, because movements are deemed to prosper to the extent they achieve holiness unmarred.

Ned Lamont is a strange vessel for all this passion. Based on the candidate debate Thursday night, he seems a genial if under-prepared politician who would be an innocuous presence in the Senate if he were elected to it.

The big story out of the campaign last week was the aggressiveness Lieberman has finally brought to his side of the fight. Over the past few years, polarizers have dominated Congress because people who actually represent most Americans have been too timid or intellectually vacuous to stand up. Even today many Democrats who privately despise the netroots lie low, hoping the anger won't be directed at them.

But Lieberman has had no choice but to fight, and he will probably prevail. If he doesn't, and if his opponents go from statewide victory in Connecticut to a national primary assault in 2008, then I hope the Republicans will be smart enough to scoop up what is sure to come — yet another wave of disaffected Democrats looking for a political home.

Corzine Ends Shutdown And Approves New Budget (NYT)

By Richard G. Jones And David W. Chen

The New York Times, July 9, 2006

TRENTON, July 8 — Gov. Jon S. Corzine signed a budget for New Jersey Saturday evening, after a seven-day government shutdown and an acidic standoff with the Legislature that paralyzed state operations, frayed nerves and cost the state millions of dollars.

Mr. Corzine, in a crowded public ceremony, approved the $30.9 billion budget but also cut $51 million in proposed new spending, much of it inserted by legislators before they approved the budget.

"This crisis should never have occurred and it must never be repeated," Mr. Corzine said. While many had cast the weeklong standoff as a political turf battle, he said, "this crisis was about something much more basic: change."

On Saturday morning, Mr. Corzine signed an executive order ending the first-ever shutdown of state government in New Jersey and allowing nearly 100,000 workers — including about 45,000 state employees — to return to their jobs.

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Although government offices like the Motor Vehicle Commission were not expected to reopen until Monday, the 12 Atlantic City casinos, the most high-profile casualties of the shutdown, reopened Saturday morning, and lottery tickets were on sale soon after.

As he signed the budget at 7:00 Saturday evening, Mr. Corzine drew a red pen through 53 items on the Legislature's appropriations list. Mr. Corzine is the first governor to use his line-item-veto authority, a power not enjoyed by most governors or the president of the United States, since Gov. Donald T. DiFrancesco cut $153 million in spending in 2001. Gov. Christie Whitman vetoed legislators' projects in every one of her budgets, but usually in small amounts.

State parks and beaches will begin the process of reopening on Sunday. The state's courts, which had been ordered to handle only emergency matters, were expected to resume operations on Monday morning.

"The lives of the people of New Jersey can now, at long last, begin to return to normal," a bleary-eyed Mr. Corzine said shortly after 6 a.m. Saturday. Mr. Corzine added that he was working on three hours' sleep.

The shutdown was a result of an impasse between Mr. Corzine and the Legislature over the budget for the fiscal year that began on July 1. Although the impact of the shutdown was blunted by the July 4 holiday, the crisis peaked on Wednesday when the casinos were closed for the first time in the 28 years that gambling has been legal in Atlantic City, sending a work force of 50,000 home without pay. The state lost $1.2 million a day in tax revenue from the casinos, and $2 million a day in revenue from the lottery, officials said.

On Thursday, the impasse ended when Mr. Corzine reached an agreement with the speaker of the General Assembly, Joseph J. Roberts Jr., on a proposal to raise the sales tax to 7 percent from 6 percent.

Under a compromise, Mr. Corzine agreed to use half of the revenue from the increase, or about $550 million, to help offset the state's property tax rates, which are among the highest in the nation.

Mr. Corzine also agreed to allow Mr. Roberts to put forth a ballot question for an amendment to the state's Constitution guaranteeing that the money would be used to offset property tax rates. The governor and the Legislature agreed on additional budget cuts to make up for the money going to property tax relief.

The budget was passed after an all-night debate by the Legislature. The votes ran largely along party lines. But one Republican senator, William L. Gormley of Atlantic County, whose constituents were most directly affected by the casino shutdown, joined the Democratic majority in supporting the bill. The budget passed the Senate by a vote of 23 to 17. In the Assembly, where opposition to Mr. Corzine's tax plan had been the stiffest, the vote was 44 to 35. Six Democrats voted against the budget, but Mr. Corzine picked up the support of one Republican, Francis J. Blee, also of Atlantic County.

The Assembly's final vote came around 5:30 Saturday morning, came about an hour after the Senate's vote. The voting ended what political veterans said was the state's most contentious budget season. The dispute centered on Mr. Corzine's plan to use the sales tax increase to help close a $4.5 billion deficit.

Besides the intensity of the opposition to the sales tax increase, the budget debate was particularly noteworthy because all of the major players are Democrats.

Democrats, who control both houses of the Legislature, have said that they fear the potential political consequences of the tax increase.

When A Government Just Can't Go On (NYT)

By Henry Fountain

The New York Times, July 9, 2006

Budget disputes like the one that was resolved in New Jersey last week are not uncommon in state governments. California lawmakers, for instance, are chronically late in passing their budgets.

"In a bad fiscal year you'll have maybe a dozen" late budgets across the country, said Arturo Perez, a fiscal analyst for the National Conference of State Legislatures.

But the seven-day government shutdown that resulted from the New Jersey impasse was unusual. There have only been two other shutdowns, in Minnesota and Tennessee, since 1991.

Why?

Most states have laws or constitutional clauses that allow government to continue operating, even if no money has been appropriated. "States have the ability to keep things going through the use of continuing resolutions," which finance government at the levels of previous budgets, Mr. Perez said. "The average person on the street sees no difference in the operation of the state."

New Jersey, however, has no law or language that addresses what to do if a budget is late. So when state lawmakers couldn't agree last week on Gov. Jon S. Corzine's plan to raise sales taxes, parks, public beaches and many agencies were closed, as were casinos, because gambling inspectors were among the 45,000 state workers who were furloughed without pay.

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But no shutdown can be complete. In many states, the budget is considered in multiple bills, so if some are approved before the deadline, those parts of the government can keep operating. And even if a state has a single budget bill, it can't shut some services.

"There are things the state must continue to do," Mr. Perez said. "It cannot simply close down the prisons and let the prisoners out."

Stem Cells Back In Political Spotlight (WP)

By David S. Broder

The Washington Post, July 9, 2006

Issue Is Key in Wisconsin's Gubernatorial Election

MADISON, Wis. -- From the back patio of his official residence here, Democratic Gov. Jim Doyle can look across Lake Mendota to the campus of the University of Wisconsin and see a forest of construction cranes at the medical research complex and the new Institute of Discovery. Doyle calls the facilities "the epicenter of the world's work on embryonic stem cells."

Those cells may offer hope for curing crippling diseases, but at the moment, they are also at the center of an impassioned political debate, one that will occupy the Senate this summer and may provoke President Bush's first veto. It is an issue that may swing the outcome of Doyle's reelection race and a U.S. Senate contest in Missouri, where a stem cell research referendum is on the ballot.

University of Wisconsin scientists were the first to isolate embryonic stem cells, and the state, the alumni association and private firms have invested millions in building facilities and attracting scientists to work here. Doyle said in an interview that stem-cell-based bioscience will become, in time, "a $100 billion enterprise" and that his goal is to capture 10 percent of the bounty for his state.

But Doyle faces a difficult campaign, after four contentious years in office, against U.S. Rep. Mark Green, a personable Republican who points to polls suggesting that a majority of Wisconsin residents "think this great state is sliding, that its best days are behind us," even though its economy looks healthier than that of neighboring Michigan.

Green, a protege of Tommy G. Thompson, the popular former Republican governor and U.S. secretary of health and human services, is trying to present himself as a Thompson-style pragmatist who will reenergize the state.

But where Thompson, like Doyle, is an outspoken advocate of embryonic stem cell research, Green has voted to ban work on cells donated by fertility clinics or created from embryos in medical labs. The fourth-term House member supports Bush's policy of limiting work to the relatively few cell lines created before a 2001 executive order setting forth terms for government-funded research.

"I was in the Congress that doubled funding for the National Institutes of Health, the funding that actually helped create the national stem cell bank in Madison," Green said in an interview. "I'm excited about stem cell research. But I don't believe we have to leave our moral compass behind in pursuing the promise of stem cell research."

But Doyle has called Green "a relentless opponent of stem cell research," pointing to eight votes in which he says Green "tried to ban or even criminalize proven methods of stem cell research."

A similar debate is taking place in Missouri, where supporters of stem cell research have placed on the ballot an initiative protecting all forms of the research permitted by federal law. Republican Sen. James M. Talent has come out against it, while state Auditor Claire McCaskill, his Democratic challenger, favors it. The two are in a very close race, and early polls show majority support for the initiative.

In Wisconsin, the Republican-controlled legislature has placed on the ballot two initiatives designed to pull out conservative voters -- one reinforcing the ban on same-sex marriage and extending it to civil unions, the other an advisory referendum to reinstate the death penalty.

Doyle opposes both, and is hoping that the stem cell issue will motivate his supporters. The issues that Green says he will emphasize in his campaign are taxes and jobs, plus some issues of gambling and corruption new to Wisconsin. Doyle was the beneficiary of an independent expenditure campaign in his last race by some Indian tribes with casinos, and he signed contracts giving the tribes expanded gaming licenses in perpetuity -- authority that the state supreme court later overruled.

As for scandal, four legislative leaders of both parties have been convicted of various crimes, and last month a mid-level career employee was found guilty of handing a contract to a Doyle donor.

Last week, the battle heated up as an independent committee supporting Doyle ran a radio ad accusing Green of voting for benefits for Big Oil. An independent group backing Green replied with a TV ad linking Doyle to the convicted procurement officer.

In an interview, Doyle noted that testimony at the officer's trial showed he had never met her or talked with her about the contract.

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Nonetheless, Democrats acknowledge that Doyle will face a tough race. Four years ago, when he was attorney general, he edged out Republican Scott McCallum, who had inherited the job from Thompson. Doyle had only 45 percent of the vote in a three-way race in which Thompson's brother, Ed Thompson, captured 10 percent as a third-party candidate.

"He hasn't been able to get over 45 percent in any poll since then," Green said.

Other Wisconsin Democrats privately attribute Doyle's political problems to his personal style. A moderate who has presented himself as pro-business, he has not developed fervent support among teachers, minorities or liberals, the backbone of the state's Democratic Party.

"He has to worry about the turnout in any of those core groups," said one Democratic insider.

Green, on the other hand, faces some challenges of his own. In the election of 1998, he was the only GOP challenger in the country to defeat a Democratic incumbent, but he has had a low profile on Capitol Hill and is little known outside his own Green Bay-Appleton area in the Fox River Valley of east-central Wisconsin.

Green has an unusual personal history. His physician father and nurse-midwife mother emigrated from South Africa. After college and law school, Green and his bride spent a year teaching in Kenya. "That was the formative year of my life," he said, and set him on the path of politics and public service.

The stakes in the race are big -- and go beyond stem cells. Republicans already control the legislature and have forced Doyle to veto measures on taxes and social policy, which are likely to become law if Green were to win.

But one Democrat who otherwise paints a gloomy picture of Doyle's prospects remarked: "If he can make this a case of the Republicans being know-nothings who are opposed to science and progress, it might really hurt Green with suburban independents. Green doesn't fit the stereotype, but people don't know much about him yet."

Governor's Race Follows 2 Orbits (WP)

By John Wagner

The Washington Post, July 9, 2006

Contest Highlights Baltimore Region's Political Pull Over Washington Suburbs

Maryland voters who happen to live in the Baltimore region have already been treated to $850,000 worth of television ads in the governor's race, candidates appearing regularly on the nightly news and a literal parade of politicians through their streets on the Fourth of July.

The view from suburban Washington is quite different.

Most voters in Montgomery, Prince George's and other Maryland counties in the region have yet to see a single one of those ads. TV news coverage of the race has been spotty. And the sole representative of a gubernatorial ticket at the region's Independence Day celebrations was the Democratic lieutenant governor candidate, Prince George's Del. Anthony G. Brown.

Even as the population and legislative clout of the Washington region have grown, Maryland still tilts toward Baltimore when it comes to statewide elections, recent developments suggest.

The result is two versions of Maryland politics for voters living in the state's two dominant media markets. Nowhere is this more evident this election year than in the early stages of the governor's race.

"I feel cheated," said Sandy Rovner, a Democratic activist who lives in a Montgomery retirement community. "We read about the campaign, but we don't really feel part of it."

The candidates are not ignoring the state's Washington suburbs. For months, they have been building grass-roots operations, recruiting volunteers and making personal appearances.

Baltimore Mayor Martin O'Malley (D), for instance, staged a well-attended event in Rockville last week at which he won dozens of endorsements from former supporters of Montgomery County Executive Douglas M. Duncan (D), who dropped out of the race last month to battle depression. And after Gov. Robert L. Ehrlich Jr. (R) announced his running mate choice in Annapolis, he and Kristen Cox put in appearances in Montgomery.

But no one denies that Baltimore is getting more attention -- and that there are consequences.

"The reality is, voters in Baltimore have a huge advantage over voters in the Washington market," said Anita Dunn, a Democratic consultant who worked for Duncan. "If you're in the Washington suburbs, you're going to have far less information about the candidates and their records."

Even the Fourth of July schedules for Ehrlich and O'Malley were telling. Both marched in a half-dozen parades, all in the Baltimore region.

Their itineraries reflect the battleground that suburban Baltimore is expected to be in November's general election. In 2002, Ehrlich was able to claim victory in a largely Democratic state by running up large margins in Baltimore County and other jurisdictions in the region where Democratic voters are more willing to vote Republican.

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O'Malley advisers say his key to victory in the fall will be undercutting that advantage while holding on to the Democratic base in counties such as Montgomery and Prince George's -- more than 30 percent of Maryland's registered voters live in those jurisdictions.

Evidence of the stakes in the Baltimore region was hard to miss at a parade Tuesday morning in Dundalk, where Ehrlich and O'Malley appeared only minutes apart. As the candidates rounded a corner in a leafy residential area, neighbors sat side by side in lawn chairs with dueling navy blue and neon green campaign signs.

Had Duncan still been in the race, his day would have been dominated by Baltimore area parades as well, former aides said.

In a Washington Post poll last month, 46 percent of Maryland's registered voters said they get their local TV news from Baltimore stations; 37 percent said they get it from Washington stations. The remainder cited another city or said they did not know.

Advertising rates for network affiliates in Washington are two to three times as expensive as in Baltimore, campaign media consultants said. Moreover, ads on Baltimore stations are seen almost exclusively by Maryland residents. Candidates who buy time on network affiliates in Washington wind up wasting money on viewers who live in the District and Virginia. Thus far, only one Maryland candidate, Democratic Senate hopeful Josh Rales, has taken to the Washington airwaves on network affiliates.

Ehrlich and O'Malley aides say they will advertise on Washington television well in advance of the November election, as gubernatorial candidates have in the past.

"The campaign in the Washington region will probably begin at the time it would normally be expected to," said Ehrlich campaign manager Bo Harmon. Because the Baltimore region is considered such a battleground and ads there are less expensive, he said, "Baltimore is getting started earlier."

In an interview Friday on Washington Post Radio, Ehrlich -- who has spent more than $300,000 on Baltimore TV in recent weeks portraying himself as someone who governs from the center -- acknowledged the importance of the Washington region.

Branding himself "a realist," Ehrlich said he is unlikely to outpoll O'Malley in Montgomery and Prince George's, but he said he would appeal to voters there based on his record.

In an interview, O'Malley, who has spent more than $200,000 on Baltimore TV portraying himself as a consumer advocate, said he is offering the same message of "working family" empowerment across the state. Most of his campaign appearances have been outside his home region, he said.

Some allies were more blunt when assessing the importance of the mayor's performance in the Baltimore suburbs.

"There's enough swing vote in Baltimore County and the other Baltimore suburbs to warrant a concerted, nonstop presence in those areas," said Derek Walker, executive director of the Maryland Democratic Party. He suggested that Democrats will likely rely more heavily on grass-roots campaigns to spread their message in the Washington suburbs.

In the meantime, even catching a glimpse of the advertising campaign of the Green Party's nominee requires a trip to Baltimore. There, Ed Boyd's sole billboard can be found in Charles Village, proclaiming: "O'Malley Arrests Us. Ehrlich Abandons Us. Boyd is one of us."

Staff writer Mary Otto contributed to this report.

An Uphill Opportunity For The GOP (WP)

By David S. Broder

The Washington Post, July 9, 2006

MINNEAPOLIS -- Rep. Mark Kennedy, a 49-year-old former small-town accountant and businessman, is carrying the hopes of the national Republican Party in one of the few Senate races in the country in which the GOP has a chance of gaining a seat.

The voluntary retirement of Sen. Mark Dayton this year has opened the way for a newcomer, and Dayton's Democratic-Farmer-Labor Party has given its endorsement to Amy Klobuchar, the two-term elected attorney of Hennepin County (Minneapolis).

In one sense, Kennedy is on familiar ground. After beating the male Democratic incumbent in his first race in 2000, he faced female candidates in both his reelection bids. Despite their spending about $2 million each against him, he won with votes to spare while spending less.

Minnesota has become a two-party battleground, with Republicans holding the governorship and the other Senate seat. President Bush lost the state by less than 3 percent of the vote in each of his races.

But now, as Gov. Tim Pawlenty put it in an interview, "the president continues to struggle here," with approval scores below 40 percent. When I asked Kennedy in an interview if he agreed with the opening words of his profile in the current edition of

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Congressional Quarterly, the authoritative source on Congress, describing him as "a dedicated conservative and loyal Bush supporter," he seemed surprised.

"I don't know if I'd use any of those words to describe me," he said. And he offered an alternative. "I'd say I'm a common-sense Minnesota conservative informed by the values we care about from a Midwest perspective."

Kennedy said, "The attack on me is that I'm a lap dog of the president. It's saying that I don't think independently, that I don't have a set of core values that I was raised with and have been living by. To have an organization as reputable as CQ fall into that trap, I just don't know."

But in an interview here, Klobuchar said, "He supports the president's position 97 percent of the time." CQ did score Kennedy as voting in agreement with Bush's wishes on 98 percent of the roll calls in 2003 and 97 percent in 2004, before he dropped to 87 percent last year, as he began to prepare for the Senate race.

Kennedy points out that, even as a freshman in 2001, he opposed the president by voting against oil drilling in the Arctic National Wildlife Refuge and against creation of the No Child Left Behind education program.

Klobuchar dismisses those as easy votes for any Minnesota politician responsive to local opinion. But Kennedy says he is genuinely bipartisan in approach and cites "at least 15" issues on which he has teamed with Democrats to work for passage, such as environmental protection and a program to make it easier for scientists to become teachers.

Kennedy's struggle to prove his independence is typical for Republicans running in competitive races from New Jersey to Washington state, as Bush's ratings have sunk. And this race is clearly a challenge for the GOP. Klobuchar's political base in this population center of the state has given her more media exposure in her six years than Kennedy has gained from his work on the Agriculture and Transportation and Infrastructure committees from his suburban-rural House seat in a similar period.

Klobuchar's record of criminal prosecutions and consumer advocacy was strong enough that she ran unopposed for reelection. The Klobuchar name is further enhanced by her father, a longtime favorite local sports columnist now retired but on the speaking circuit for his daughter.

Klobuchar faces nominal opposition in a September primary from an underfinanced advocate of an immediate pullout from Iraq. She says she opposed the war from the beginning but supports the view taken by most Senate Democrats that a pullout should begin this year but that no deadline should be set for completing it.

Kennedy says that he believes Iraq is "important to winning the war on terror, and my opponent wants to pull the troops out without regard to the commanders in the field and without achieving the milestones" marking the road to victory.

They have similarly sharp differences on taxes and health care. But the biggest question, as both of them see it, is who can capture the "change vote." Kennedy says, "Clearly, there is a frustration with what is going on in Washington. The spending and the partisanship is a big part of it. But I have a track record to talk about. I work in this institution the way Minnesotans would want."

Klobuchar says that won't wash. Her slogan is simple. "He's followed the Lone Star. I'll follow the North Star."

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Interstate Ribbons Of Progress (WP)

By George F. Will

The Washington Post, July 9, 2006

On Tuesday, July 11, the United States will become more geographically stable than it has ever been. It will have been 17,126 days since the admission of Hawaii to statehood on Aug. 21, 1959. The longest previous span between expansions of the nation was the 17,125 days between the admission of Arizona on Feb. 14, 1912, and the admission of Alaska on Jan. 3, 1959. Since then the nation has become, in a sense, smaller through the annihilation of distance and, to some extent, of difference.

An important part of the groundwork -- literally, it covered a lot of ground -- for today's America was begun 50 years ago this summer. A conservative Republican president who grew up in a Kansas town where hitching posts for horses lined unpaved streets launched what was, and remains, the largest public works project in the nation's history -- the Interstate Highway System. Its ribbons of concrete represent a single thread of continuity through the nation's history.

With that program, Dwight Eisenhower, the 13th Republican president, helped heal the wounds of the war won by another general, U.S. Grant, the second Republican president. That war was related to "internal improvements," as infrastructure projects such as roads and canals used to be called.

In 1816 South Carolina's Rep. John Calhoun -- then a nationalist, later a disunionist -- introduced legislation for a federal program of internal improvements. The legislation passed, but President James Madison vetoed it because he thought Congress was not constitutionally empowered to do such things. So, prosperous Northern states built their own improvements while the South sank into inferiority and increasing dependence on slavery.

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The military handicap of an inferior transportation system was one reason the South lost the Civil War. Another reason was the industrialization of the North. Its transportation system (the Erie Canal, railroads) cut the price of shipping a ton of wheat from Buffalo to New York City from $100 to $10, and the difference between the wholesale price of pork in Cincinnati and New York plunged from $9.53 to $1.18. Suddenly, workers flooding into the North's cities had more disposable income to spend on the North's manufactured goods.

The first Republican president began his public life as a 23-year-old candidate for the Illinois General Assembly by telling voters of Sangamon County his "sentiments with regard to local affairs," the first sentiment being "the public utility of internal improvements." The vigor of the Union also was a preoccupation of Teddy Roosevelt, the eighth Republican president, whose great internal improvement, the Panama Canal, was external, although he thought of Panama as America's private property. And Eisenhower's message to Congress advocating the interstate system began, "Our unity as a nation is sustained by free communication of thought and by easy transportation of people and goods."

No legislator more ardently supported the IHS than the Tennessee Democrat who was chairman of the Senate Public Works subcommittee on roads. His state had benefited handsomely from the greatest federal public works project of the prewar period, the Tennessee Valley Authority, which, by bringing electrification to a large swath of the South, accelerated the closing of the regional development gap that had stubbornly persisted since the Civil War. This senator who did so much to put postwar America on roads suitable to bigger, more powerful cars was Al Gore Sr. His son may consider this marriage of concrete and the internal combustion engine sinful, but Tennessee's per capita income, which was just 70 percent of the national average in 1956, today is 90 percent.

The IHS -- combined, as Fortune magazine's Justin Fox writes, with another bright idea from 1956, the shipping container -- made America's distribution system more flexible. This benefited manufacturers, foreign and domestic, especially in America's hitherto lagging region, the South. This is one reason there is a thriving Southern-based automobile industry (BMW in South Carolina; Mercedes in Alabama; Honda in both Carolinas, Georgia and Alabama; Toyota in Tennessee, Alabama and Kentucky). Furthermore, the South is home to some of today's "big box" retailers -- Wal-Mart (Bentonville, Ark.), Home Depot (Atlanta) -- as well as FedEx (Memphis).

American scolds blame the IHS and the automobile for everything from obesity (fried food at every interchange) to desperate housewives (isolated in distant suburbs without sidewalks). Nikita Khrushchev, during his 1959 visit to America, told Eisenhower, "Your people do not seem to like the place where they live and always want to be on the move going someplace else." Eisenhower knew that wherever people are going on their nation's roads, they are going where they live.

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When A Stranger Calls (NYT)

The New York Times, July 9, 2006

As consumer debt in America balloons to previously unimaginable levels, currently $2.2 trillion and growing, the dark underside of abusive debt collection is growing along with it. Legislators and regulators should take further steps to curb the lies, harassment and intimidation coming from out-of-control collectors. At the same time, they should also look at irresponsible lending: giving additional credit cards and high-interest loans to those already deep in the red.

Sewell Chan reported in The Times last week that the number of complaints lodged against third-party debt collectors has soared, rising faster than those for any other industry. From 1999 to 2005 the number of complaints received by the Federal Trade Commission increased by a factor of six. Complaints to New York City officials have more than doubled just since 2003. With last year's draconian new bankruptcy law pushing the last resort for the financially desperate farther out of reach, those numbers are only going to rise without stepped-up enforcement.

Third-party collectors are not the original lenders — the banks or credit-card companies that set the original terms with consumers. The collection agencies buy up debt for a fraction of its value and then try their hands at shaking loose payments. Most are law-abiding, and perform a legitimate service. Debts should be settled and someone has to track down deadbeats and absconders who make borrowing more expensive for the rest of us who pay our bills on time. But a growing number of financial bounty hunters can be extremely aggressive, not to mention indiscriminate.

According to the commission, some collectors call at all hours of the night, use obscene language, falsely threaten imprisonment or the seizure of property, and even humiliate their victims by contacting family members and employers. They sometimes seek a larger amount than the borrower actually owes — if indeed it was owed in the first place. Debt collectors have gone after people who have already paid their debts and even those who never had them to begin with. Sometimes that is a result of mistaken identity, but it is also increasingly due to identity theft.

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Consumers should know that they are not powerless and that they do have rights. Collectors may not call late at night without permission. In most states family members or workplaces may be called only once, and then only to locate the borrower. It is up to the collection agency to furnish written proof that the debt is valid and it cannot bother a borrower in the meantime.

If harassment continues, consumers can call 1-877-FTC-HELP (1-877-382-4357) toll-free. Last year the commission won a judgment of $10.2 million against a company for use of illegal collection tactics. Once in a while the bullies are bullied back.

Unsightly Evidence Of U.S. Trade Gap Piles Up (LAT)

By Deborah Schoch, Times Staff Writer

The Los Angeles Times, July 9, 2006

Wilmington Has Thousands of Cargo Containers, Some Stacked Seven High

To understand the trade deficit, residents of Sandison Street do not need the help of world-class economists.

They can just glance across the street at the mountain of faded brown cargo containers blocking the Wilmington sky.

The equation is simple. As the deficit grows, the mountain gets higher.

"It's getting taller; it's spreading out," said resident Maria Lopez, eyeing the pile that stretches for two blocks.

Tens of thousands of containers sit empty today in Wilmington — stark testimony that America buys more from other countries than it sends overseas to sell.

Millions of the 40-foot-long steel containers arrive in Los Angeles each year, jampacked with toys, MP3 players and designer handbags made in Asia.

Although some are shipped back empty, others land in storage lots, like old cardboard cartons stuffed away in a closet.

Eventually, many of the containers are reused. But some are forgotten, and they pile up — in Wilmington and nearby cities, in communities lining the Long Beach Freeway, near rail yards in the Inland Empire.

They have transformed Wilmington into Container Land, stacked like mammoth Lego blocks five, six, even seven high, with the names of shipping firms such as Maersk, COSCO and China Shipping painted on their sides.

While experts analyze the economic problems that the containers symbolize, Wilmington residents worry about the problems with the containers themselves — from the overgrown weeds to the earthquake dangers to the ugly views they create and the better ones they block.

Rats inspire the most anger. Residents say the rodents live in the storage yard, venturing out at night to forage. Several people described how rats creep through their wrought-iron fences, past the roses on their front lawns, and sneak right into their neat stucco homes.

That's where homeowners — many of whom have small children and work hard to improve their properties — draw the line.

Where Sandison Street meets Sanford Avenue, the fence encircling the pile is topped with coiled razor wire, but neighborhood children crawl underneath and scramble up containers stacked five high. Seen from the south, the mound appears to be tilted ever so slightly to the right, a steel-block variation on the Tower of Pisa. That raises a question: In an earthquake, just how far would a steel box tumble?

As if the pile weren't eyesore enough, scraggly weeds at its edges grow so tall that Lopez has paid from her own pocket to have them trimmed. Midnight dumpers have turned the sidewalk in front of the fence into an impromptu junkyard, leaving it littered last week with a turquoise mattress and box springs and two matching upholstered chairs.

Lopez's next-door neighbor, Diane Richardson, has lost all patience after years of watching the mountain grow. It's always been something, she said.

She grew up on the street in the pre-container 1960s, when what is now the storage yard was a sandy, vacant lot that she and her friends called "the dumps" because trucks dumped garbage there. Now she watches trucks dump containers instead.

"I would love to have this whole view gone," Richardson said while gazing at the mountain from her frontyard, where she was scrubbing an inflatable pool for her great-grandchildren playing nearby. "It's terrible. The whole thing."

Local officials say they are trying to shrink the piles in Wilmington, a lower-income, largely Latino neighborhood of Los Angeles that has borne the brunt of the city-owned port's rapid expansion.

Councilwoman Janice Hahn, who represents the area, calls the growth of such yards in residential neighborhoods one of the worst abuses imposed by the ports of Los Angeles and Long Beach, the nation's first- and second-largest seaports, respectively.

"Kids are walking to school past containers stacked 40 feet high," Hahn said recently in a statement. "Containers are literally stacked outside homes and schools. You won't find this kind of blight in any other areas of the city."

Hahn spearheaded a new city ordinance that prohibits new container yards in residential areas and limits their height. The city has assigned inspectors to enforce it, but the job is not easy.

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Some lots are clustered together like patchwork quilts, and inspectors are still studying who operates them and whether they are in compliance.

The mountain north of Sandison Street is in an area that includes at least five lots. City officials on Friday said inspectors are investigating the site but they still have not confirmed who is responsible for it. The city attorney's office has determined that the ordinance cannot force current yards to close, a spokesman said.

So, residents on Sandison, Dolores Street and others who hoped to see the piles disappear instead sigh as new containers arrive, delivered by trucks that clog narrow roadways and belch black diesel fumes.

No one knows how many empty containers are scattered in Wilmington and other communities around the port.

The numbers fluctuate, depending on the season, shipping costs and the cost of steel. A preliminary 2004 survey by the Alameda Corridor Transportation Authority, which operates the rail corridor serving the ports, put the number at roughly 100,000 empty containers in 2002, dropping sharply to 28,000 two years later.

The current total is somewhere in between, said John T. Doherty, the corridor agency's chief executive officer. Wilmington residents say they did their own count last year and found 200,000.

The state Air Resources Board staff recently counted 23 storage lots in Wilmington alone.

"We were stunned, not only by the number of containers, but by the number of container yards," said Jerry Martin, spokesman for the state agency, which is studying the yards as part of a review of Wilmington's environmental problems.

Container colors vary.

Viewed from a distance, the reddish-brown Sandison Street mountain resembles a steep, sandstone butte. Red and blue mounds to the east near Long Beach look like stacked children's blocks.

Trade tallies for the two ports illustrate why the mounds form. Of the more than 14 million containers that traveled back and forth through the ports last year, more than 7 million arrived full, moving goods into the United States, while only 2.4 million left full, taking U.S. exports abroad.

Though some of the rest returned empty to Asia, others lingered in area storage yards.

Empties not only keep yards full, they also take up room on congested area freeways.

"The single greatest commodity being moved in the Los Angeles-Long Beach area right now is fresh air inside containers," said Phil Behenna, senior vice president of International Asset Systems, an Oakland-based transportation technology company.

Behenna is helping the ports assemble a "virtual container yard" program that would match empty containers with shipments in need of containers. That could make a dent in some of the steel mountains, he said.

But such solutions take time, and Wilmington residents are losing patience.

On Sandison, an occasional metallic "clang" punctuated the warm humid air on a recent afternoon as machinery hidden behind the mound of old steel moved containers around.

Some neighbors report that the same containers sit there month after month, but yard operators say they constantly move out containers and bring in new ones.

"It's an urban legend that containers come into storage yards and just rot away," said Patrick L. Wilson, president of the Wilmington Chamber of Commerce and of Fast Lane Transportation Inc., which operates a Wilmington yard.

He and other yard operators work hard to address neighbors' concerns, Wilson said. Although his yard is not in a residential neighborhood, he said, he tries to keep it clean and to haul away promptly any furniture or trash dumped nearby.

At the prodding of one local resident, he said, he even bought 40 extra containers, painted them a uniform brown and stacked them at the edge of his lot to give "a somewhat neat and ordinary appearance."

Wilson said that it was unfair to blame the storage yards for neighborhood rat problems, but that if some yards have indeed become rat breeding grounds, operators surely will try to control them. "These are responsible business owners," he said.

In her statement, Hahn said she has asked the Port of Los Angeles to identify and buy land in the largely industrial eastern corner of Wilmington so that container yards could be relocated farther from more populated areas.

But Wilson said that if yard operators were forced to move, the cost would be considerable. "To expect these legitimate business owners to go away without adequate financial compensation is unreasonable," he said.

The port's focus at the moment is on how to obtain land rather than how to compensate operators, a port spokeswoman said.

Soon after Mayor Antonio Villaraigosa took office last July, he visited Wilmington and vowed that the neighborhood — long used as a dumping ground by the city's port — would be treated with more respect under his administration. For now, residents try to live with the containers — or, in rare cases, within them.

Dan Ziemer, 49, a ponytailed diesel mechanic from San Pedro, makes his home part time in an air-conditioned container at the Wilmington repair yard where he works. It is just large enough for a double bed, a computer and a small kitchen area.

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And Lopez jokes that she and her neighbors would be hard pressed to find parking spaces on Sandison Street if its north side were filled with homes instead of a container mountain and the turquoise mattress set.

"That's the only good thing I can think of," she said.

U.S. Offers To Meet N.Korea On Sidelines (AP)

By Jae-soon Chang

AP, July 9, 2006

A U.S. envoy expressed support for China's proposal to hold informal six-nation talks on the North Korean nuclear threat and offered to meet bilaterally with the North on the sidelines of those discussions.

Assistant Secretary of State Christopher Hill was in Seoul as part of a regional tour to coordinate the international response to the North's test-firing Wednesday of seven missiles. The tests caused international outrage but also division over whether North Korea should be punished.

Over Chinese and Russian objections, Japan on Friday proposed a U.N. Security Council resolution that would impose sanctions on North Korea and order the communist regime to stop developing ballistic missiles.

Backed by the United States, Britain and France, the new resolution came as President Bush expressed frustration with the slow pace of diplomacy and urged world leaders to send Pyongyang a strong message condemning the missile tests, staged in defiance of international warnings.

"What matters most of all is for Kim Jong Il to see the world speak with one voice," Bush said Friday during a trip to Chicago. "That's the purpose, really."

He has ruled out direct talks between just the United States and North Korea and said he hoped the six-party talks would resume.

Beijing has floated the idea of an informal meeting between members of the six-party nuclear talks — the two Koreas, China, Russia, Japan and the United States. Pyongyang has for months refused to attend formal negotiations, protesting U.S. financial restrictions imposed over the North's alleged counterfeiting, money-laundering and other illegal practices.

"As many of you know, the Chinese have talked about putting together a six-party informal, and we both support that and we think that all countries are prepared to come to that informal meeting," Hill told reporters after meeting with Chun Young-woo, South Korea's top nuclear negotiator.

Asked about the possibility of a bilateral meeting with the North, he said: "Within the informal six-party talks, yes, I can."

"I just can't do it when they are boycotting the six-party talks."

But Hill rejected North Korea's demand that the U.S. drop restrictions imposed on a Macau bank for allegedly aiding the North's illicit activities. The U.S. has argued that the nuclear talks and financial restrictions are separate issues and should not be linked.

"This is not a time for so-called gestures of that kind," Hill said in response to the North Korean demand. "We have a country that has fired off missiles in a truly reckless way that affects ... regional security."

The North has defended its right to test missiles and said the launches could continue.

Japan urged the United Nations to vote soon on the Security Council resolution and warned it would not compromise on its stern wording. The measure would call for other countries to "take those steps necessary" to keep the North from acquiring items that could be used for its missile program.

"Japan will not give in. It definitely must be a resolution containing sanctions," Japanese Foreign Minister Taro Aso was quoted by Kyodo News agency as saying during a speech in Osaka on Saturday. Japan "will not back off from the resolution. We will hold on until the end."

Japanese Senior Vice Minister Yasuhisa Shiozaki said Security Council members were privately "having positive discussions" about the resolution and were chipping away at Russian and Chinese doubts. Supporters decided at a meeting Friday not to call for a vote over the weekend after some council members asked for more time to consider the resolution.

"It is strongly expected that the Security Council will put it to vote as soon as possible," Shiozaki told a news conference in Tokyo. "The timing is very important."

China, a traditional ally of North Korea, has been reluctant to impose sanctions on Pyongyang. But Japan's Yomiuri newspaper reported Saturday that Beijing appeared to have clamped down on the flow of industrial materials to North Korea in a sign of disenchantment with the missile tests.

In a report from the Chinese city of Dandong on the North Korean border, the newspaper said the normally steady cross-border stream of supply trucks from China had all but stopped as of Friday. The paper quoted a trader on the Chinese side as saying traffic had plummeted after the missile tests.

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South Korea's Yonhap news agency, however, cited business people in China as saying that any slowdown in trade in the past couple of days was likely due to seasonal factors, not political ones.

South Korea, which has worked for warmer ties with Pyongyang since a 2000 North-South summit, has withheld aid shipments and rejected a Northern request for military talks. At the same time it is planning Cabinet-level meetings with the communist country next week.

Unification Minister Lee Jong-seok said Seoul would hold off sending 500,000 tons of rice and 100,000 tons of fertilizer to North Korea.

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Associated Press reporter Kana Inagaki in Tokyo contributed to this story.

US Hints Of NKorea Talks But Presses On With Sanctions (AFP)

By Park Chan-kyong

AFP, July 9, 2006

The United States and Japan vowed to ram through UN sanctions against North Korea, but Washington also offered an olive branch by agreeing to meet one-on-one with Pyuongyang if it joined international talks.

Yet Washington also rejected an offer from the hermetic Stalinist state to rejoin the six-nation table if the United States lifted sanctions against a Makau bank with North Korean accounts suspected of counterfeiting and money laundering.

"To be very frank, I think this is not a time for so-called gestures of this kind," said US special envoy Christopher Hill while on a whirlwind tour of Asian players in the crisis.

The diplomatic fallout from North Korea's decision to launch seven missiles Wednesday came as an ultramodern US destroyer capable of intercepting new missiles that the North has already threatened to test docked in a Japanese port.

The United States and Japan are engaged in a standoff with Russia and China over the need to adopt a binding UN Security Council resolution condemning the launches and introducing trade sanction that also carry the implicit threat of force.

Hill called on China to close ranks on the draft after receiving only a lukewarm response while on visiting Beijing on Friday.

"We had very good discussions with the Chinese and made very clear our very deep concern about what is going on in the DPKR (North Korea) and I called upon the Chinese to understand that we will be much more effective if we speak in one voice."

Japan's foreign minister was even more blunt. He said Tokyo would never compromise on a non-binding resolution and called the positions of Russia and China "unreasonable."

"We may amend the draft but we are firm on the binding resolution that includes sanctions," said Japanese Foreign Minister Taro Aso.

Russia and China argue that sanction might only entrench the North's position and lead to more tests without the possibility of dialogue.

"If this resolution is put to a vote, there will be no unity in the Security Council," said China's UN ambassador Wang Guangya. He said "all possibilities are open" when asked specifically about Beijing possible use of its veto power.

And a top official in South Korea -- which is also a member of the six-nation talks that the North has now shunned -- also said it was "time to focus on diplomacy rather than coercive measures."

The North meanwhile has threatened to strike back with a more "physical" response if sanctions are adopted. Its UN representative said a binding referendum would amount to "an act of war."

"If anyone tries to put us under pressure, we will have no choice but to take stronger physical measures," said the North's ambassador for diplomatic normalization with Japan, Song Il Ho.

Washington has treated the North's first -- although unsuccessful -- test of a long-range Taepodong-2 missile which theoretically could reaching Alaskan shores as the last straw that broke international patience with Kim Kim Jong-Il's regime.

"Now that he's made that defiance, it's best for all of us to go to the UN Security Council and say, loud and clear, 'Here's some red lines,'" US President George W. Bush said in Chicago on Friday.

"And that's what we're in the process of doing."

Bush himself has not publicly spoken of sanctions -- although they are written into the Japanese UN draft -- and his envoy Hill said in more conciliatory tones that Washington was ready to meet the North's envoy's eye-to-eye if he joined the six-nation table.

"I just can't do it when they are boycotting the six-party talks," Hill said.

Meanwhile the Unites States shored up its defenses in the Asian seas with a planned upgrade of its Navy fleet docked in Japan.

The USS Mustin guided-missile destroyer arrived in Yokosuka, south of Tokyo, as Japanese officials rush to build a new ballistic missile defense system with the United States.

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A US Navy spokesman said the arrival of the high-tech destroyer had been planned for months and was not a direct reaction to North Korea's missile tests.

The USS Mustin -- equipped with the advanced Aegis technology, which enables the tracking and possible shooting down of ballistic missiles such as the Taepodong-2 -- arrived in Yokosuka Saturday for a short "routine port visit" as part of the vessel's long-term deployment to Japan, the spokesman said.

The destroyer would replace an older vessel, he added.

NKorea Braced For 'All-out War' Ahead Of UN Sanctions Vote (AFP)

By Jun Kwanwoo

AFP, July 9, 2006

North Korean leader Kim Jong-Il vowed no compromise and said he was braced for "all-out war" as the United States and Japan pushed for the United Nations to impose new sanctions on Pyongyang for its missile tests.

With China and Russia holding out against further isolating the impoverished communist state, a US envoy visiting the region also stressed a diplomatic solution on disarmament and urged the North to come back to stalled six-nation talks on its nuclear program.

But Kim Jong-Il, in his first reported remarks since his regime lobbed seven missiles into the sea Wednesday, pledged not to give up his weapons programs.

"The General has declared that not even a tiny concession will be made to the imperialist US invaders, our arch enemy," said a broadcast on North Korean state television, as monitored by South Korea's Yonhap news agency.

Kim, who never speaks in public with his own voice, said that if the United States took "revenge," it would mean "all-out war."

"It is not empty talk for the DPRK (the Democratic People's Republic of Korea) to respond with revenge to any revenge by the enemy and with all-out war to an all-out war," the television said.

Kim mocked US assertions that his regime was on the verge of collapse.

"As the imperialists fussed loudly over our republic's collapse and attempted to plot against us, the General dealt them a blow by firmly declaring, 'Do not expect any change from me'," the television said.

North Korea, which declared last year it had nuclear weapons, walked out in November of six-way talks on ending its nuclear program, protesting a set of US financial sanctions.

Last week's missile launch included the new Taepodong-2, which was believed to be capable of reaching Alaska or Hawaii but quickly crashed into the Sea of Japan (East Sea).

China, the North's main ally and host of the six-party talks, was embarrassed by the defiant missile tests. It was to send an envoy Monday to Pyongyang.

Beijing hopes to persuade the North to take part in an informal round of six-nation talks this month in the northeastern Chinese city of Shenyang.

Christopher Hill, the US delegate to the six-party nuclear negotiations, has said he is ready to meet one-on-one with the North if it takes part in the unofficial talks.

"What it needs to do is get back to the talks and implement what we already agreed to do and to get out of this dirty nuclear business it is in, to get on (with) its task with modernizing the country," Hill told reporters in Seoul on an emergency regional tour.

Hill was due later in the day in Japan, one of the closest US allies, which pledged to push ahead with the UN resolution supported by the United States that includes new sanctions.

"If we give in to just one veto power, then we will end up sending a wrong message to the international community," Japanese Foreign Minister Taro Aso said.

"History tells us that any messages without binding effect is meaningless," Aso said, referring to a non-binding UN statement in 1998 after Pyongyang launched its last long-range missile, which flew over Japan.

The Security Council is set to decide Monday when to schedule a vote on the draft resolution. Japan has called for an early vote and has said it expects wide support.

But China and Russia, which regularly oppose punitive actions over international crises, oppose the draft. Both have veto power, a privilege Japan has long sought in vain although it is a non-permament member of the Council.

South Korea, which is not a member of the Security Council and has been reconciling with its neighbor, has ministerial-level talks scheduled with the North from Tuesday.

Hill said Unification Minister Lee Jong-Seok, who will lead South Korea's delegation in the talks with the North, pledged to him that he would raise the missile launch in his meetings.

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Japan Won't Compromise On Korea Resolution (AP)

AP, July 9, 2006

Japan won't compromise on the stern wording of a U.N. resolution that would impose sanctions on North Korea and order the communist regime to stop developing ballistic missiles, Foreign Minister Taro Aso said Sunday.

Japan is pushing for a vote on the resolution Monday despite opposition from China, Aso said.

"To compromise because of one country which has veto power, even though most other countries support us, sends the wrong message," Aso told national broadcaster NHK. "We can't alter our stance."

Japan proposed the resolution over Chinese and Russian objections but with backing by the United States, Britain and France, the other permanent members of the U.N. Security Council.

Aso said China would be isolated if it cast the lone veto against the resolution.

Taro also said there is a possibility that Russia will abstain from voting on the resolution, leaving China to decide whether to be the sole country voicing opposition.

"China will be backed into a corner," Aso said on the morning talk show Sunday Project. "It's only common sense not to do that."

Pyongyang triggered an international furor Wednesday when it test-fired seven missiles, which plunged into the Sea of Japan without causing damage or injury.

Aso and Japanese Defense Agency Chief Fukushiro Nukaga both said Sunday that another North Korean launch is expected, but does not appear imminent.

U.S. May Meet North Korea Directly If It Returns To Talks (BLOOM)

By Kevin Cho

Bloomberg, July 8, 2006

(Bloomberg) -- The U.S. is willing to meet with North Korea and engage in direct talks with the communist nation if it returns to the nuclear disarmament negotiations that include South Korea, China, Russia and Japan.

``If there are six-party talks, we will meet all the delegations, and we've always met" the North Korean delegation, Christopher Hill, the U.S. assistant secretary of state for East Asia and Pacific, told reporters in Seoul today after he met with South Korean Foreign Minister Ban Ki Moon.

``Within informal six-party talks, yes," Hill said. ``I just can't do it when they are boycotting the six-party talks, because that means they don't want six-party talks. They just want bilateral talks."

The U.S. and China yesterday urged North Korea to resume the six-nation talks in an attempt to steer the reclusive country away from conducting further missile tests.

Hill earlier today said the U.S. wouldn't be drawn into direct talks with North Korea as a result of its missile tests, and urged that country to resume the six-nation talks.

``We are not going to turn this into a bilateral issue," Hill said after a meeting with Chun Young Woo, South Korea's chief delegate to those talks. ``We want to support the early resumption of the six-party process. And if the DPRK wants to get back into that process, they know where to find me."

DPRK stands for Democratic People's Republic of Korea, North Korea's formal name.

China

Hill, the chief U.S. negotiator in the six-nation talks, yesterday met with China's Foreign Minister Li Zhaoxing and the chief Chinese nuclear negotiator Wu Dawei.

North Korea said it may return to the talks if the U.S. lifts financial sanctions against it, the Hankyoreh newspaper reported earlier today, citing an interview with Han Song Ryol, North Korea's deputy United Nations envoy.

Still, the sanctions may not be lifted. ``To be very frank, I think this is not a time for so-called gestures of that kind," Hill said. ``We have a country that has fired off missiles in a truly reckless way that affects regional tranquility, and indeed, affects regional security."

Hill made South Korea his second stop after China in his four-nation journey. He will also visit Japan and Russia. The U.S. is trying to persuade China to join in condemnation of North Korea's missile tests.

China yesterday opposed a Japanese resolution introduced at the United Nations that would impose sanctions on North Korea over its missile launches, saying such a measure could deepen tensions in Asia.

North Korea on July 6 vowed to continue missile tests after firing seven rockets, including a long-range Taepodong 2 missile on July 5.

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The last round of six-nation talks ended in November 2005 without agreement after the parties had signed a September 2005 declaration calling for a nuclear-free Korean peninsula.

North Korea Knows How To Get Attention (AP)

By Calvin Woodward

AP, July 9, 2006

North Korea is well practiced in getting some of what it wants through provocation. Bullying through a bullhorn has worked time and again for a small nation with an outsized military force and an even bigger capacity for bluster and threat.

It's called coercive diplomacy. North Korean-style, it has involved antagonizing everyone on and over the horizon, foes and allies alike, and then pulling back. Sometimes just in the nick of time.

While few would call the North Korean leadership predictable, certain things are expected of it. That's the case now, in the storm of condemnation and diplomatic maneuvering set off by North Korea's in-your-face missile tests.

"When diplomacy is stalled, North Korea escalates tension to break the deadlock," Wonhyuk Lim, a Brookings Institution fellow for northeast Asian studies, says in an analysis for the think tank.

"In sum, as twisted as the North Koreans' logic may be, it is based on their negotiating experience with the Americans. North Korea's brinkmanship is the evil twin of America's halfhearted engagement."

The risk is that North Korea's attention-grabbing actions may bring bombs in reprisal instead of diplomacy, as almost happened in the Clinton administration.

In 2003, North Korea pulled out of a nuclear arms treaty, vowing to bring "defeat and ruin" on the United States, warning of World War III and declaring, "Let us see who will win and who will be defeated in the fire-to-fire standoff."

This was followed by the first substantive talks between the two nations since President Bush came to office.

As a propaganda gambit, the missile tests that North Korea put on during America's Independence Day were hardly a smashing success. On a day when the space shuttle arced into the heavens on a mission of science and international cooperation, North Korea's star long-range missile is said to have failed like a bum firecracker on its mission of defiance and military advancement.

A half-dozen tests of shorter range missiles were conducted to uncertain effect, but no failures as far as known. The results, in short, spoke to North Korea's apparent ability to wreak havoc in its region and its inability any time soon to reach the U.S. mainland with a nuclear missile.

For the United States, "the main risk seems to be that North Korea is beginning early testing of a missile that could throw the equivalent of a rock at Alaska," said Anthony Cordesman of the Center for Strategic and International Studies.

Yet North Korea has massive combat forces on the border with South Korea; long-range artillery capable of reaching Japan and destroying up to 40 percent of the South Korean economy; and huge stocks of chemical weapons as well as its rising nuclear weapons capability.

An impoverished country of some 23 million people, it fields the world's fifth largest army, behind China, the U.S., Russia and India. It is considered no match in any protracted fight with South Korea's lethal modern forces, America's unmatched power or a devastating combination of both.

Still, any conflict could bring horrific consequences to both sides and risk pitting China against the United States.

Like many students of the region, Cordesman protests the tendency to regard Kim Jong Il as a reckless poseur without a purpose.

"North Korea may or may not face a few hard weeks or months of reprisal, but it has reminded everyone of just how serious a threat North Korea can be, how limited most military options are, and how serious the risks of any major war would be," Cordesman said.

North Korea's declaration back in 1993 that it would pull out of the nuclear weapons nonproliferation treaty brought the peninsula close to war and isolated the country through international censure, in the process leading to breakthrough negotiations with Washington that produced an agreement to freeze North Korea's nuclear activities in exchange for U.S. energy assistance.

North Korea's first test of a multistage rocket in 1998, also a flop, spurred bilateral talks. The current framework of six-nation negotiations was set up after North Korea resumed its plutonium program in 2002 and expelled international inspectors.

That pattern of edging toward confrontation, then edging back, has persisted, always accompanied by tough words. More are being heard now. "Catastrophic effects will arise," North Korean envoy Song Il Ho warned last week after Japan took steps to punish North Korea for firing the missiles.

"We're certainly not going to overreact ... to these wild statements," Undersecretary of State R. Nicholas Burns said. "We've seen them before."

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Tensions Over Missile Tests Rattle Investors (NYT)

By Jeff Sommer

The New York Times, July 9, 2006

North Korea fired test missiles while Wall Street rested on the Fourth of July, rattling stock markets around the world. The next day, when Wall Street returned to work, stocks fell sharply. Despite a modest rally on Thursday, the market finished lower for the week.

On Friday, there was another apparent cause for the market's weakness — a warning by 3M, the technology company, that second-quarter earnings would be lower than expected because the demand for flat-panel TV screens was soft. Its shares dropped 8.7 percent for the week, and 3M's problems set off declines for a host of other stocks.

General Motors' shares, however, rose 7.4 percent for the week. Its board decided to study an alliance with Nissan Motor and Renault, which Kirk Kerkorian, a dissident G.M. shareholder, had demanded.

For the week, the Dow Jones industrial average shed 59.55 points, or 0.5 percent, to close at 11,090.67. The Standard & Poor's 500-stock index dropped 4.72 points, or 0.4 percent, to close at 1,265.48. The Nasdaq composite index fell 42.03 points, or 1.9 percent, to close at 2,130.06.

The yield on the benchmark 10-year Treasury bond fell slightly, to 5.13 percent from 5.14 percent the previous week. JEFF SOMMER

High-tech Missile Destroyer Sails To Japan (AP)

By Hans Greimel

AP, July 9, 2006

A new U.S. guided missile destroyer docked in Japan on Saturday amid tensions over North Korea's missile tests, but the military said the arrival was routine and had been planned months ago.

The USS Mustin sailed into the port of Yokosuka, home to the Navy's 7th Fleet, with a crew of 300 for permanent assignment to the region, fleet spokeswoman Hanako Tomizuka said.

The Mustin, commissioned in 2003, is one of the most advanced in the fleet. The 509-foot ship carries surface-to-air missiles and Tomahawk cruise missiles.

Its deployment to Yokosuka was previously planned and not in response to North Korea's missile tests, the Navy said.

"The Mustin is replacing the USS Vandegrift as part of the Navy's long-range plan to routinely replace older ships in its forward-deployed naval force with newer, more capable surface combatants," said Lt. Trey Brown, a Navy spokesman at the Pentagon.

"It's routine. We do this all the time."

Pyongyang stunned the region Wednesday by test-firing seven missiles.

In August, Yokosuka also will welcome the USS Shiloh, which last month demonstrated its ability to shoot down missile warheads in a landmark test off Hawaii. The Shiloh is replacing the USS Chancellorsville.

Both the Mustin and the Shiloh are equipped with radar systems that employ Aegis technology, which is geared toward tracking and shooting down enemy missiles. The system was instrumental in identifying and assessing Wednesday's launchings in which all the missiles apparently fell into the Sea of Japan.

At least one of those missiles was believed capable of reaching the U.S. mainland.

The U.S. Navy now has eight Aegis-equipped vessels at Yokosuka.

The Case For A Preemptive Strike On North Korea's Missiles (TIME)

By Ashton B. Carter And William J. Perry

Time, July 9, 2006

Viewpoint: Former Clinton administration officials Ashton Carter and William Perry argue that the most effective way to curb the threat from Pyongyang is to destroy its missiles at their test sites

The Bush Administration has tried to downplay the mounting danger posed by North Korea. That might be the understandable reaction of officials necessarily preoccupied with the ongoing campaign in Iraq. But it is not prudent or safe. Although the July 4 test of the Taepo Dong 2 missile—which is intended to carry nuclear warheads to U.S. territory—appears to have failed, North Korea conducted the test so its engineers could learn how to perfect the missile, and even a failed test provides critical data. More important is the test's symbolic significance: once again North Korea has crossed a line in the sand clearly drawn by the U.S. and its partners.

We anticipated that North Korea would ignore the U.S.'s warnings. That's why, in an opinion piece published in the Washington Post on June 22, we urged the Bush Administration to strike the Taepo Dong 2 on its launchpad before the test

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could be conducted. "Surgical strike" is a much abused term, but destroying a test missile as it is being readied for launch qualifies for this category because only one U.S. cruise missile or precision bomb with an ordinary high-explosive warhead could easily puncture and ignite the multistory test booster. As with space-shuttle launches from Cape Canaveral, all personnel would normally be a safe distance away from the rocket at the time, so there should be no collateral damage.

Critics of our article, including members of the Bush Administration, say that a pre-emptive strike is too risky. But if the U.S. is ever going to defend a line in the sand with North Korea, that is the least provocative way to do it, and next time it will only be riskier. Such a strike could be seen by the North Korean leadership for what it is: a limited act of defense of the U.S. homeland against a gathering threat, and not an overall attack on North Korea. Pyongyang tries carefully to cultivate the impression that it will lash out in response to any action against it, however limited. But would it truly retaliate against South Korea, which has been working hard to improve North-South relations, in response to a U.S. airstrike? Such a war would surely and swiftly end in the elimination of the North Korean regime. Pyongyang's leaders are bold, but they are not suicidal.

For the U.S., the risk of inaction will prove far greater. The Pyongyang regime will view its stockpile of missiles and nuclear material as tipping the regional balance in its favor and providing a shield behind which it can pursue its interests with impunity. Worse, North Korea has a long history of selling its advanced weapons to countries in the Middle East, and it operates a black market in other forms of contraband. Like Pakistan's rogue nuclear engineer A.Q. Khan, North Korean officials might be tempted to sell the ingredients of their arsenal to terrorists. Finally, many expect North Korea's failed economy to lead one day to the regime's collapse. Who then might get its loose nukes?

So what should be done to begin to rein in the runaway North Korean nuclear and missile programs? First, we continue to advise the U.S. government to strike any further Taepo Dong test missiles before they can be launched. Second, the North should be penalized for defying the international community's unanimous appeal not to conduct its July 4 tests. China and South Korea are the main economic benefactors of North Korea, and President Bush is right to seek a United Nations Security Council action that would compel all nations to suspend trade with Pyongyang.

For years, the U.S. has been paralyzed by a division in the Bush Administration between one camp that favors diplomacy with Pyongyang and another camp that hopes for the early collapse of the regime. But the net result has been that neither policy has been pursued consistently. Instead, Washington has outsourced the North Korea issue to regional players in the form of the "Six Party" talks, a strategy that has has failed to produce any results except plutonium and missile tests. South Korea, China and Russia have offered only carrots while carefully avoiding the threat of sticks—yet both carrots and sticks are essential ingredients of any successful diplomacy.

The "Six Party" talks are the right forum for diplomacy, but ultimately, what matters less than who is at the table is whether the U.S. has a clear strategy. We won't know whether North Korea's ambitions can be blunted by anything short of the use of force unless and until the U.S. takes the danger seriously and gets in the game.

Ashton B. Carter and William J. Perry are professors at Harvard and Stanford universities, respectively. Perry served as Secretary of Defense and Carter as Assistant Secretary of Defense in the Clinton Administration

Four Scenarios, And Not One Ends Happily (NYT)

By David E. Sanger

The New York Times, July 9, 2006

THOSE North Korean missiles that splashed down harmlessly in the Sea of Japan last week prompted a lot of jokes about the country that couldn't shoot straight. But they were also a reminder that North Korea has defied more than a decade of predictions that it would shrivel up and go away; the choices for dealing with it look as grim as ever.

What could happen next? The truth is that for years, both sides have been gaming plans for everything from negotiations to bombing runs, coexistence to collapse. Here are a few:

ONE-ON-ONE TALKS

Mr. Bush's critics say that he should do what President Clinton did: Hold his nose, and negotiate directly. That's how the 1994 "Agreed Framework" happened, when North Korea agreed to freeze its nuclear program in return for fuel oil and, some day, for "proliferation resistant" light-water reactors to provide energy. The deal has since died.

Mr. Bush says nothing doing. The North Koreans started cheating on the 1994 agreement, he says, almost immediately. But his big worry is that if America negotiates alone, it will be hung out to dry when talks go bad.

He insists that China and South Korea — which are reluctant to crack down on the North, but have the most to lose — must be at the table. Negotiate alone, he said on Friday in Chicago, and "you run out of options very quickly," especially if the North manages to "turn the tables and make a country like the United States the problem."

Mr. Bush has a point. Talk one on one, and the dynamic changes. China and South Korea will likely portray Washington as the obstacle. The downside to Mr. Bush's approach: When six nations talk, clarity is the first victim. The North can play each

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country against the others. No wonder that in the three years of talks the result has been one agreement in principle, with no timetables, which everyone interpreted differently the day it was signed.

TAKING OUT YONGBYON

In 1994, when North Korea threatened to throw out international inspectors and turn its stockpile of spent nuclear-reactor fuel into plutonium for weapons, Brent Scowcroft, who had served as the national security adviser to the first President Bush, advocated pre-emption. It would be better to destroy North Korea's nuclear facilities at Yongbyon, he argued, than to let the country build a nuclear arsenal.

That suggestion struck a chord in the Clinton White House.

"My belief is that President Clinton was prepared to do it," said William J. Perry, the defense secretary at the time. But a last-minute deal with North Korea was struck.

Nine years later, in January 2003, the North Koreans made good on their threat. American spy satellites saw the North Koreans carting the rods off for what appeared to be reprocessing into bomb fuel, but President Bush, preoccupied with Baghdad, not Pyongyang, decided not to act.

What about now? Many believe it is too late. By the C.I.A.'s estimate, North Korea now has the fuel for six or more weapons, and it is producing roughly a bomb's worth every year. (Whether they have turned the fuel into weapons is unclear.) The fuel could be stored anywhere — in caves, tunnels, Kim Jong Il's shoe closet. Moreover, the United States has accused North Korea of starting up a second nuclear weapons program, using uranium, with the help of Pakistan's former nuclear architect, A. Q. Khan. That makes bombing pretty useless.

THE NIGHTMARE: NORTH KOREA SELLS

This chain of events worries the Bush administration the most. Rightly or wrongly, the Pentagon assumes that because Mr. Kim, for all his other oddities, values his survival, he would not risk an attack with a return address.

But the North Korean leader may soon find himself with a small surplus of the world's most coveted weapons material, bomb-grade plutonium. David Albright and Paul Brannan of the Institute for Science and International Security estimated in a recent report that North Korea's stock of plutonium "is enough for 4 to 13 weapons." Countries that have four weapons worth of bomb material probably aren't willing to give up any. But when you have enough for more than a dozen — and you are broke — the black market must look attractive.

Of course, making bomb fuel is one thing; getting caught selling it is another. During the six-party talks in Beijing, the North once threatened to sell a weapon, and American officials made clear that the results for Pyongyang would be disastrous.

Would the North Koreans dare do it? "Who knows," said Michael Green, who recently left the administration after running Asian affairs at the National Security Council. "But their strategy is steady escalation, and their next step may be a nuclear test" to prove the quality of their wares.

LIVE WITH IT

There is always the Cuba strategy: Wait out the Kim dynasty, and hope that the starving, bankrupt, gulag-ridden state of North Korea finally collapses.

After all, the North is hardly in a position to lash out. Its military, while among the world's largest, can't afford to train its pilots. The thought that it would restart the Korean War, still considered plausible through the early 90's, seems almost laughable today.

But as Dick Cheney once famously said about the North, "time is not on our side." It may take years, experts say, but they will straighten out that Taepodong 2 missile. Eventually they may figure out how to miniaturize a nuclear warhead to fit on top of it.

That is why, while Mr. Bush talks about finding a diplomatic solution, the Pentagon is mapping every corner of the country, trying to figure out how to deal with a nuclear outbreak.

And it is why the Chinese and the South Koreans fear a collapse — because the only thing harder than dealing with a nuclear-armed North Korea may be handling millions of hungry, confused refugees headed for Seoul, Tokyo and Harbin.

Failure Can Be Successful (NYT)

By William J. Broad

The New York Times, July 9, 2006

ON June 11, 1957, the Atlas, America's first Intercontinental Ballistic Missile, took its inaugural flight from Cape Canaveral in Florida.

It lasted 24 seconds. The missile roared off the launching pad and soared to about 10,000 feet before its engines failed. Tumbling out of control, the rocket fell through its own trail of fire before the safety officer on the ground sent a radio signal that told the wayward rocket to blow itself up.

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The rocket's designers, though disappointed, learned a lot. It was clear that, despite the pummeling the Atlas took as it careered out of control, the rocket had remained intact. That proved its structural integrity, ending a major debate over the design's soundness.

Perhaps everyone can learn from failure, even the North Koreans.

Their missile, the Taepodong 2, took flight briefly last week, and seems to be in no shape to send an atom bomb whizzing halfway around the globe toward the United States. Experts judge that many years of testing beyond that inaugural flight on Tuesday will probably be needed before the North would entrust the new missile with anything as costly and precious as a nuclear warhead.

"It would take five or six tests of their final design before they'd be confident it could go someplace," said Harold M. Agnew, a former director of the Los Alamos weapons laboratory, which designed most of the nation's nuclear arms.

In the hours and days after the missile test Tuesday, military experts and administration officials expressed relief at the apparent failure, some calling the North Koreans inept. Stephen Hadley, President Bush's national security adviser, lightly disparaged the troubled launching, saying it "tells you something about capabilities."

But in interviews, arms and aerospace experts said that such setbacks were a normal part of rocket and warhead science. In time, they said, the North Koreans will likely make the vehicle reliable enough to wage intercontinental war.

"It would have been more surprising if they had a success" on the first try, said John M. Logsdon, director of the Space Policy Institute at George Washington University. "Developing rockets is hard to do."

The missile test, many said, was a reasonable step forward. "The fact that something flies for 40 seconds before it blows up means the design is probably fundamentally sound," said Jonathan McDowell, a Harvard astronomer who publishes the online Jonathan's Space Report, which tracks global rocket launchings.

Even if failures cut short a vehicle's debut, Dr. McDowell said, the flight can "give you an incredible amount of information about such things as how well your engines are working and what the aerodynamic stability of the vehicle is."

If the North Koreans launched 10 Taepodong 2 missiles and none worked, he added, "then you can make fun of them."

In fact, the test flight was actually longer than at first reported. American military officials said on Thursday that the test flight's overall duration was closer to two minutes, not the 42 seconds initially reported.

Rocket experts said that, in general, new designs typically blow up repeatedly in flight tests before engineers can find and fix all the problems.

"It's a trial-and-error process," said Charles P. Vick, an expert on the North Korean rocket program at GlobalSecurity.org, a research group based in Alexandria, Va. "They're trying to build and test to wring out the problems. It's the process any nation has to go through."

Mr. Vick said that rocket designers typically conducted from 2 to 20 test flights before gaining reasonable assurance that a new model can be fairly reliable. Even then, he added, rockets declared operational often have failure rates of 1 in 10 or 1 in 20 flights.

So it's reasonable to expect that North Korea is busy learning from the failure, fixing flaws before it launches another Taepodong 2. South Korea's defense minister told reporters on Friday that the North appears to be holding another long-range missile near the launching pad.

The daunting nature of the aerospace game is reflected in other American programs, as well as American tragedies.

On Tuesday — as the nation celebrated its birth and North Korea lighted the skies with its own red glare — experts held their collective breath as the space shuttle Discovery blasted off with fire and thunder into a nearly cloudless Florida sky.

The winged spaceships, though considered highly reliable by industry standards, have failed catastrophically on 2 of 115 missions, killing a total of 14 astronauts, including the first teacher meant to fly in space. The space agency now puts the odds of disaster at roughly 1 in 100 flights.

Similar problems have dogged America's update of the "Star Wars" antimissile system, which is now based on land in California and Alaska, and is meant to shoot down North Korean missiles. It has hit targets in 5 of 10 tests, said Dr. Philip E. Coyle III, a former head of weapons testing at the Pentagon. "That's the good news," he said. "The bad news is that there's been no interception success for four years. And in the two most recent attempts, the interceptor never got off the ground."

President Bush, asked Friday at a news conference about the North's missile firing, said he thought the nation's antimissile system "had a reasonable chance of shooting it down."

As for warheads, North Korea has declared publicly that it already possesses nuclear arms. But Dr. Agnew, the former director of Los Alamos, noted that the North Koreans appear to have never conducted a nuclear test — often considered a necessary step to proving a weapon's reliability. "Once they do that, it's serious," he said. "Otherwise, they're just pulling our string."

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American intelligence agencies have told President Bush they believe the North has made enough fuel for six or more weapons, but it is unclear if it has been used to fashion warheads.

Dr. Agnew noted that if the North succeeded in developing a reliable warhead it would face a daunting series of technical hurdles in preparing to hurl it aloft. "There's a lot of subtleties in missile-warhead mating that can affect the accuracy," he said of long-range targeting.

Missiles also have the inherent disadvantage of advertising where they arise. If the North Koreans really wanted to wreak havoc by sending a nuclear weapon overseas, Dr. Agnew said, they might consider loading it onto an inconspicuous boat.

"Most of our attractive targets," he remarked, "are on the East Coast."

Anthony H. Cordesman, a military analyst at the Center for Strategic and International Studies in Washington, estimated that the North Koreans might need five years to perfect a long-range missile. Its warhead, he added, would likely be a crude atom type rather than the much more destructive hydrogen type that powers the city busters of most global arsenals.

"It seems very doubtful that North Korea is close to a real-world capability to attack the U.S.," he said.

Dr. McDowell of Harvard agreed. "Maybe they could do it five years from now, but that depends on how often they test," he said. "It would be 5 to 10 years before I'd start to worry — even a little."

U.S. To Negotiate Russian Storage Of Atomic Waste (NYT)

By David E. Sanger And Jim Rutenberg

The New York Times, July 9, 2006

WASHINGTON, July 8 — The Bush administration said Saturday that it would open formal negotiations with Russia on a long-discussed civilian nuclear agreement that would pave the way for Russia to become one of the world's largest repositories of spent nuclear fuel.

President Vladimir V. Putin has been looking to expand the country's role in the multibillion nuclear power business. The United States has traditionally opposed any such arrangement, in part because of concerns about the safety of Russian nuclear facilities, and because the country has helped Iran build its first major nuclear reactor.

But administration officials said that once Mr. Bush endorsed Mr. Putin's proposal last year for Iran to conduct uranium enrichment inside Russia — rather than in Iran, where the administration fears it would be diverted to weapons — it made little sense to bar ordinary civilian nuclear exchanges with Russia.

In announcing the change of course, the White House made it clear that in return, it expected Mr. Putin's cooperation in what promises to be a tense confrontation with Iran on forcing it to give up the enrichment of uranium. Mr. Bush has charged that the enrichment is intended to feed a secret nuclear weapons program. "We have made clear to Russia that for an agreement on peaceful nuke cooperation to go forward, we will need active cooperation in blocking Iran's attempts to obtain nuclear weapons," said Peter Watkins, a White House spokesman.

So far, Russia has backed the United States in its fundamental demands but balked at the imposition of sanctions or the passage of any United Nations Security Council resolution that Mr. Bush could later use as a justification for military action.

The Washington Post first reported the shift on Saturday.

A spokesman for Mr. Putin declined to comment. But Sergei G. Novikov, a spokesman for Russia's Atomic Energy Agency, said in a telephone interview that Russia and the United States had been talking about the subject in recent months.

He added that he did not expect that an agreement would be signed during the Group of 8 summit meeting in St. Petersburg next weekend, but rather that Mr. Bush and Mr. Putin might issue a vaguely worded statement on increased nuclear cooperation, and then instruct their governments to work on an agreement that might lift the current restrictions. The United States has similar deals with a variety of nations, including China.

If such a statement is issued, Mr. Novikov said, negotiations on the details would probably take at least several months. "I would rather not talk about any expectations, so as not to experience any frustration should they not come true," he said.

For Mr. Bush, an accord could help solve two problems: where to send a growing stockpile of waste from nuclear fuel that originated in the United States, and how to keep Russia on board in pressuring Iran to give up its uranium enrichment programs.

Under American law, the United States retains control over nuclear fuel, and nuclear waste, made from uranium that originated in the United States. As a result it has barred South Korea, Taiwan and other states that bought American fuel from transferring it to Russia, which changed its laws several years ago to enter the multibillion dollar business of storing nuclear waste. The proposed agreement does not appear to be intended to allow storage in Russia of waste from reactors in the United States.

But a negotiation would also help provide Mr. Putin with an economic incentive for giving up nuclear aid to Iran, which has long been one of the Bush administration's objectives. On Friday, in Chicago, Mr. Bush alluded to the difficulty in getting Russia and China to join in sanctions against Iran or North Korea.

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"You know, some nations are more comfortable with sanctions than other nations, and part of the issue we face in some of these countries is that they've got economic interests," Mr. Bush told reporters.

In two previous trips to St. Petersburg as president, Mr. Bush tried to persuade Mr. Putin to give up a lucrative contract to supply the reactors to Iran's Bushehr nuclear plant. But Russia resisted, and eventually Mr. Bush accepted a deal in which any nuclear fuel Russia sells to Iran would have to be returned to Russia after use, so that plutonium could not be removed from the waste for military use.

Congress would have the right to review any agreement. But since the administration just concluded an accord with India, which requires a more intensive nuclear review, administration officials said they thought Russia would win approval.

Senator Charles E. Schumer, Democrat of New York and a regular administration critic, offered tentative approval of the idea. "While the devil is certainly in the details, given that our greatest danger right now is a nuclear Iran and North Korea, we very much need Russia's help," he said in an e-mail message.

Congressman Edward R. Royce, Republican of California and the chairman of the House Subcommittee on International Terrorism and Nonproliferation, said that he was supportive of the idea but that he expected to hold hearings.

Rep. Edward J. Markey, a Massachusetts Democrat who is the co-chairman of the Bipartisan Task Force on Nonproliferation, harshly criticized Mr. Bush over the move.

"President Bush's foreign policy has become so hollow that his favorite bargaining position is to give everything away. He is repeatedly rewarding bad behavior," he said in a statement.

Outside experts with whom the administration had been consulting on the deal said they had sensed a recent cooling off on the idea as Russia continued to hold out on bringing sanctions against Iran. The idea seemed to pick up again several weeks ago when Russia's top atomic energy official, Sergei V. Kiriyenko, lobbied hard for it during meetings with counterparts in Washington.

At the same time, the administration seemed to come around to thinking that the negotiations for the deal — which could take place over months or even years — could help bring Russia more fully on board with the administration's efforts to rein in Iran, said Robert J. Einhorn, senior adviser at the Center for Strategic and International Studies and a former assistant secretary of state for nonproliferation in the Clinton administration and briefly in Mr. Bush's.

"They had reached the conclusion that entering the negotiations would provide continuing leverage," Mr. Einhorn said.

The idea is not new, and some outside experts have been calling for just such an arrangement for months. The Council of Foreign Relations did so in a report on United States-Russian relations in March that was highly critical of Mr. Putin's policies.

"The idea was to create a greater foundation for nuclear cooperation with the Russians to support staying on the same track with Iran," said Stephen Sestanovich, a senior fellow at the council and an adviser on Russia for former President Bill Clinton.

But the report also cited such an agreement as a way to foster cooperation on securing spent fuel and providing nuclear energy to nonnuclear nations seeking to develop their own enrichment facilities.

Bush To Pursue Nuclear Deal With Russia (AP)

By Jennifer Loven

AP, July 9, 2006

President Bush will pursue a nuclear cooperation agreement when he meets Russian leader Vladimir Putin next week during a summit of industrialized nations in St. Petersburg, the White House said Saturday.

But any agreement would be conditioned on Russia helping to pressure Iran to give up its alleged desire to develop nuclear weapons, said Frederick Jones, spokesman for Bush's National Security Council.

"We have made clear to the Russians that for an agreement on peaceful nuclear cooperation to go forward, we will need Russia's active cooperation in blocking Iran's attempt to obtain nuclear weapons," Jones said.

The two presidents will announce the start of negotiations on the agreement when they meet on the sidelines of the July 15-17 Group of Eight summit in St. Petersburg, the White House confirmed.

Nuclear cooperation between the two countries has stalled for more than a decade because of Washington's objections to Russia's nuclear cooperation with Iran, including construction of an atomic power plant in Bushehr.

The Bush administration's willingness to reverse course and pursue a nuclear cooperation agreement reflects the U.S. view that Moscow is now a partner in the effort to persuade Tehran to abandon its nuclear weapons ambitions, rather than a hindrance to it.

"Now that Russia has been more cooperative in putting pressure on Iran to abandon its" alleged nuclear weapons program, the United States "won't allow the Iran relationship to get in the way of this particular activity," said Jon Wolfstahl, an analyst at the Carnegie Endowment for Peace in Washington.

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The White House sees an agreement with Russia as a win-win, despite concerns that Putin is backtracking on democratic advances, about the security of Russian nuclear material, and that Moscow has so far opposed imposing sanctions on Iran if it refuses to abandon suspected nuclear weapons development.

Bush wants the use of nuclear power increased, especially in developing countries, to reduce the global demand for oil. Russia, meanwhile, sees a lucrative market in playing a role in providing such capabilities to other countries.

"Such an agreement would benefit both the United States and Russia, and indeed the world, by enabling advances in and greater use of nuclear energy," said Jones, the Security Council spokesman.

The two leaders, who have been promoting nuclear energy as a clean alternative, have made proposals on providing nuclear power to developing countries while building in safeguards for nonproliferation of weapons.

Rose Gottemoeller, director of the Carnegie Moscow Center, said the potential joint project was "probably the biggest story coming out of the Petersburg summit."

"This is a field where Russia has a clear technological advantage because over the past 30 years, the U.S. has essentially abandoned nuclear power technology development" in the wake of the 1979 Three Mile Island nuclear accident in Pennsylvania and the Chernobyl accident in 1986, Gottemoeller said at a round table discussion on U.S.-Russian relations.

In January, Putin proposed establishing an international nuclear center in Russia that would provide full fuel cycle services. He said the center could be the start of a network of such centers around the world.

At about the same time, Bush introduced his Global Nuclear Energy Partnership, which would provide fresh fuel to countries that agree to use it only for power generation and would recover spent fuel.

"President Bush is very anxious to move his nuclear energy proposals forward and he sees his relationship with President Putin as a natural way to add momentum," said Wolfstahl of the Carnegie Endowment for Peace.

"The Russians have probably more modern nuclear reactor technology than we do but they need our endorsement and our cooperation if they are going to bring it to the international market," he said.

Environmentalists have criticized Russia's efforts to develop such a business, arguing it will turn the country into a dumping ground for nuclear waste.

Russia has 31 reactors at 10 nuclear power plants, accounting for about 16 percent of the country's electricity generation, and Putin has called for raising the share to 25 percent.

Last month, Russia's atomic energy agency signed a contract with a military shipbuilding plant to build the world's first floating nuclear reactor near the Arctic port of Severodvinsk.

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AP Writer Judith Ingram in Moscow contributed to this story

No G-8 Seat For China, Other Big Economies (AP)

By Tom Raum

AP, July 9, 2006

The G-8 summit that President Bush and seven other world leaders are attending next weekend in Russia is often billed as a gathering of the world's leading economic powers. It is not. Consider: China, now the world's fourth-largest economy and the nation with the most influence over renegade North Korea, is not a member.

Neither is India, the world's largest democracy and one of its fastest-growing economies. Nor is South Korea, Brazil, Mexico or Spain, each with a larger economy than G-8 member Russia's. In fact, Spain recently inched past member Canada as the world's No. 8 economy, according to a World Bank tabulation.

Often officials from developing nations are invited as observers to the summit but have no formal roles. Among those invited to this year's gathering is Chinese President Hu Jintao.

Critics view the annual economic summit as a Cold War relic that needs to be reconstituted. It was formed in the 1970s, but economic dynamics are far different three decades later. The astonishing growth of some Asian nations and parts of Latin America have altered the math.

Yet expanding or changing the membership is not on this year's agenda, nor is it likely to be on next year's. Few officials from member nations seem eager to talk about the subject.

White House aides insist the president is more focused on substantive issues.

Igor Shuvalov, Russian President Vladimir Putin's top summit adviser, acknowledges that Russia lags behind the other seven members in terms of current economic output. But stay tuned, he says.

"We believe the importance of Russia in our global world will change. We have very talented people and well-educated labor. We have oil and gas," said Shuvalov in a telephone interview with U.S. reporters. "We will develop very quickly as one of the major G-8 countries."

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Even now, Russia is economically "stronger than some G-8 members," Shuvalov asserted without offering backup data. "I don't want to name those countries," he said.

What is now known as the G-8 was formed in 1975 as the Group of Major Industrialized Democracies. At the time, it consisted of the United States, Japan, Britain, France and Germany — undisputedly the world's five biggest economic powers at the time. Italy was added in 1976, Canada in 1977 and Russia in 1998.

The group holds annual summits. Economic themes are supposed to prevail, but often are overshadowed by events of the day and global politics.

Last year's summit in Scotland was jolted by multiple terrorist bomb blasts on London's transit system. This year's session probably will dwell on North Korea's recent barrage of missile tests and the nuclear aspirations it shares with Iran.

Robert Hormats, vice chairman of Goldman Sachs International and an expert on economic summitry, advocates expanding the G-8 to include other modern economic powers, especially China.

"When this group was formed in the 1970s, the members were the main influences on the globe. Now you've got a lot of other countries that have a lot more influence than they did 30 years ago and who are not in the process," said Hormats, who helped Presidents Carter, Ford and Reagan prepare for economic summits.

China's membership could help the G-8 this year deal with North Korea, Hormats said. He noted that last year, the summit partners called on the Organization of Petroleum Exporting Countries to produce more oil, yet neither Saudi Arabia nor any other OPEC member are participants.

This year's summit is in Putin's hometown, St. Petersburg. It is Russia's first time to hold the rotating G-8 presidency, a controversy itself given Putin's moves to restrict political and economic freedoms.

Sen. John McCain, R-Ariz., Rep. Tom Lantos, D-Calif., and former Secretary of State Madeleine Albright have said Russia should be excluded. A London-based think tank, the Foreign Policy Center, issued a report saying Putin's record makes a mockery of G-8's commitment to free markets and open societies.

But others want Russia to stay and for other nations to join, including nondemocracies that are big economies.

Johannes Linn and Colin Bradford, both former World Bank officials now with the Brookings Institution, have proposed expanding the group to 19 to 20 members.

They would add Australia, Argentina, Brazil, China, India, Indonesia, Korea, Mexico, Saudi Arabia, South Africa and Turkey. They also would add the country of the rotating presidency of the European Union if it was not already a member.

"The problem in a sense for the G-8 is that it has set itself up as a quasi-steering group for the world, but it cannot effectively and cannot legitimately deal with many of the key issues," Linn said.

And it will only get worse. "Five years from now, I cannot possibly see how a G-8 would still be relevant," he said.

Gee whiz.

But will the G-8 transform itself anytime soon? "Probably not," he said.

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On the Net:

G-8 site: http://en.g8russia.ru/

Kremlin Tightens Reins On Free Market (WT/AP)

By Judith Ingram, Associated Press

The Washington Times, July 9, 2006

MOSCOW -- When President Vladimir Putin calls a staff meeting, the heads of some of Russia's most prominent companies are at his beck and call.

Alongside his drive to re-establish Kremlin control over the nation's political life, Mr. Putin aggressively has reasserted state domination over major economic sectors -- in part by installing members of his own team, many dating back to his days in St. Petersburg, into key positions in some major state-controlled companies.

Deputy Prime Minister Dmitry Medvedev, a Putin protege, chairs the board of Gazprom, the world's largest gas company. A Kremlin deputy chief of staff, Igor Sechin, is chairman of the board of the Rosneft oil company, which plans a high-profile, $10 billion initial public offering on the London Stock Exchange this summer.

And Mr. Putin's chief of staff, Sergei Sobyanin, recently was named chairman of the nuclear fuel company TVEL, the springboard for what the Kremlin hopes will be a renaissance of the Russian nuclear industry.

The list of government officials doubling as captains of industry goes on, reflecting deeply intertwined state and business interests. Mr. Putin's influence in so many industries raises questions about whether politics won't trump economics in the end when business decisions are made.

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"We're at a stage where in order to get control ... President Putin wants to make sure the person he has confidence in is overseeing all this stuff," says Andrew Somers, head of the American Chamber of Commerce in Moscow. "But we do think in the long run it's inefficient, it raises questions on how decisions are made and complicates the negotiation process."

It also means Russia is out of step with the developed countries that make up the Group of Eight, the elite club of nations to which Mr. Putin plays host this year.

Russia's G-8 partners have expressed concern about the state's growing role -- especially the Kremlin's influence in the volatile energy market, where many European countries fear they could become hostage to a Russian monopoly.

Mr. Putin also has come under criticism from other G-8 leaders for the government-sanctioned carving up of one-time tycoon Mikhail Khodorkovsky's Yukos oil company.

Khodorkovsky, who sponsored opposition parties in the run-up to parliamentary elections in 2003, now is in prison in Siberia, while the remainder of his company -- once the nation's largest -- is in receivership. Rosneft snapped up the choicest pieces after a murky state auction.

The Yukos example made clear how far the Kremlin is prepared to go to press Mr. Putin's campaign to tighten not just economic but also political control in Russia. It is a topic that G-8 leaders likely will raise -- if gingerly -- at the three-day summit in St. Petersburg that opens Saturday.

Mr. Putin's approach is more than the instinctive retreat from free markets of a Soviet-trained former bureaucrat. It is also a reaction to Russia's 1998 financial crisis, when the state was forced to write off $40 billion in debt and sharply devalue its currency -- a humiliating comedown for a one-time superpower and a lesson for Mr. Putin's circle of the perils of lax state involvement in the economy.

"We've heard from the government several times over the past five, six years that they believe one of the reasons Russia ran into the crisis of 1998 was not only because the oil price went down but simply because the government had removed itself from an active role in managing the economy," says Chris Weafer, chief strategist with Moscow's Alfa Bank.

So Mr. Putin's administration has consolidated control over strategic industries, such as oil and natural gas, and worked to cobble together "national champion" companies in sectors such as aviation and nuclear power.

"We are talking about the creation of major international private corporations and promoting them on the world market," says Arkady Dvorkovich, Mr. Putin's economic adviser.

"Yes, part of these companies are under state control and this is because the period we are living in -- the transitional period from one model of economic development to another," he says. "These companies would be expected to adhere to standards of efficiency and transparency associated with privately run corporations."

But economists say state involvement is fraught with negative consequences, including increased bureaucratic red tape and discouragement of entrepreneurship -- with a resulting slowdown in growth.

No company better illustrates those pitfalls than Gazprom, the natural-gas giant.

"Gazprom is one of the most inefficient companies in the country, because it survives due to two things: tax subsidies and continual borrowing," says Georgy Satarov, a former aide to Mr. Putin's predecessor, Boris Yeltsin, and head of the Indem think tank.

In a letter to minority shareholders last year, Vadim Kleiner, research director for the Hermitage Capital Management fund, said some of the worst mismanagement at Gazprom had ended, but significant inefficiencies and soaring operating costs remained.

"Operating and capital expenditures continue to rise alarmingly, apparently untethered to any notions of fiscal restraint," Mr. Kleiner wrote.

The company, with 330,000 employees on its payroll, has played a critical role not only in economic affairs but in Mr. Putin's political maneuvering.

Gazprom's media arm was used during Mr. Putin's first term to eliminate several critical newspapers and television channels, leading to a near-state monopoly on the airwaves. The Kremlin has wielded it as an instrument of pressure against former Soviet republics, most notably Ukraine, to which it cut gas supplies in an ugly price dispute that led to brief but alarming supply disruptions to Europe.

Gazprom is also the Russian partner in one of the biggest gas development tenders in decades, the 131 trillion-cubic-foot Shtokman field in the Barents Sea. Gazprom last year shortlisted U.S.-based Chevron Corp., ConocoPhillips, Norway's Statoil ASA and Norsk Hydro ASA, and France's Total SA as potential partners. A decision was expected in April, but Gazprom has dragged its feet.

The Kremlin's harshest critics contend that much as in the Yeltsin era, when a class of Kremlin-connected magnates amassed enormous wealth out of state assets, Mr. Putin and his circle are motivated less by patriotism than by the desire to spin power into personal wealth.

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Many critics speculate that Mr. Putin himself has his eyes on the helm of the Gazprom behemoth after 2008, when he constitutionally is required to step down from the presidency after two terms.

"His wish is to become a super-oligarch," Mr. Satarov says.

India Test-fires Nuclear-capable Missile (AP)

By Gavin Rabinowitz

AP, July 9, 2006

India test-fired its nuclear-capable Agni III missile Sunday for the first time, the Defense Ministry said.

The launch took place at India's main missile testing center in the eastern state of Orissa, Defense Ministry spokesman Sitanshu Kar told the Associated Press.

The launch of India's longest-range missile, able to fly 1,865 miles, has been viewed as a routine test — not saber-rattling with the country's nuclear-armed archrival and neighbor, Pakistan.

New Delhi and Islamabad regularly test-fire missiles, but normally only give each other prior notice for long-range launches. It was not immediately clear whether India informed Pakistan ahead of Sunday's test.

The missile was launched at 11:03 Indian time and "took off successfully," Kar said. "Details of the flight performance are being analyzed by the mission team."

The missile splashed down near the Nicobar islands in the Bay of Bengal.

Indian Defense Minister Pranab Mukherjee was at the launch complex, on Wheeler Island off Orissa, to witness the test, the Press Trust of India news agency reported.

The Agni III further boosts India's homegrown missile arsenal, which includes the short-range Prithvi ballistic missile, the medium-range Akash, the anti-tank Nag and the supersonic Brahmos missile, developed jointly with Russia.

India Tests Nuclear-capable Missile (AFP)

AFP, July 9, 2006

India successfully carried out its first test of a nuclear-capable ballistic missile with a range of 4,000 kilometres (2,480 miles), defence officials said.

The Agni-III missile was launched on Sunday from Wheeler Island, 180 kilometres northeast of Bhubaneshwar in the eastern state of Orissa, they said on condition of anonymity.

In May Defence Minister Pranab Mukherjee had said the Agni-III, India's longest-range ballistic missile, was ready but that the country was observing "self-imposed restraint" before testing.

Opposition parties criticised the announcement, saying testing was being delayed because of pressure from the United States. New Delhi and Washington reached a landmark deal in March that will see sanctions lifted on India's access to civilian nuclear technology.

Sunday's test launch comes just four days after North Korea sparked an international outcry by test-firing seven missiles.

A highly-placed Defence Research and Development Organisation (DRDO) source said the Indian test was "successful".

He said scientists had detected a snag in the booster rocket system of the Agni-III two weeks ago and had delayed its test. "Now we have papered over the problem and hence the launch window was chosen as Sunday," he said.

The missile was tracked during take-off, re-entry into the Earth's atmosphere and splashdown in the Bay of Bengal, another defence official said.

The Agni (Fire) is one of five missiles being developed by the DRDO under its Integrated Guided Missile Development Programme launched in 1983. The others are the Prithvi, the surface-to-air Trishul (Trident), multi-purpose Akash (Sky), and the anti-tank Nag (Cobra).

Nuclear rivals India and Pakistan, who have fought three wars since independence in 1947, routinely notify each other of missile tests.

The two countries came to the brink of a fourth war in the summer of 2002 following a December 2001 attack on India's parliament by suspected Pakistan-backed militants. Islamabad denied any role in the attack.

But in January 2004 the two sides began a peace process that has led to a ceasefire in the divided Himalayan state of Kashmir, the cause of two of the wars.

In May 1998, India conducted five nuclear tests citing China as a security threat. The tests were matched two weeks later by Pakistan which India says has received Beijing's assistance for its nuclear programme, a claim denied by China.

But tensions between China and India have abated in the past two years including direct military talks and the reopening last week of a famed Silk Road pass in the Himalayas, the first direct border trade between the Asian giants since a brutal frontier war 44 years ago.

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C. Uday Bhaskar, deputy head of the government funded Institute of Defence Studies and Analyses, said India's nuclear and missile programmes should not be seen as country specific.

"Countries acquire strategic capabilities that are generic nature. Our programme is not predicated on a single point threat. It is always in relation to the international strategic environment," Bhaskar said.

Asia Going Nuclear Amid Rising Oil Prices (AP)

By Michael Casey

AP, July 9, 2006

Led by fast-growing China and India, Asia is going nuclear in a big way to feed its ravenous appetite for energy.

The strains of economic growth are already showing. Energy shortages have forced Chinese factories to scale back production, and farmers in India often have power for only half the day. Both countries say their future growth is at risk unless they diversify their energy mix.

So does South Korea, where Yoon Ho-taek scans a construction site the size of 10 football fields in the southeastern city of Ulsan, points to what looks like a partly built amphitheater, and declares: "The future of nuclear power is bright."

South Korea, the world's second biggest coal importer and third biggest oil importer, already depends on nuclear reactors for 40 percent of its power and is talking of increasing that to 60 percent by 2035.

Yoon's company, Korea Hydro and Nuclear Power, is building four reactors and plans four more by 2017. Two of them are 1,000-megawatt reactors going up in Ulsan, lighting as many as 2.4 million homes in South Korea's industrial heartland.

Along with homemade reactors, Asia's plans hold out the promise of a bonanza for American companies such as Westinghouse Electric Co. and General Electric Co. which already have a strong presence in the region. Westinghouse has helped build 14 nuclear plants in South Korea and provided technology for almost half of Japan's 55 nuclear units. GE, meanwhile, has helped build 36 reactors in Japan, India and Taiwan.

"We expect Asia to become a leader in the use of commercial nuclear power," Timothy Collier, president of Westinghouse Korea, told The Associated Press. Asia needs a reliable electricity source, he says, and "Nuclear offers the opportunity to do that free of the dependence on oil."

Eighteen reactors — about 70 percent of the world's total under construction — are going up in Asia, and another 77 are planned or proposed, according to the Nuclear Energy Institute, an industry advocacy group based in Washington, D.C.

Japan depends on nuclear plants for a third of its power and plans to double its nuclear capacity by 2050. Australia wants to build its first plant, and Indonesia has vowed to go nuclear, even though it's vulnerable to earthquakes, floods and landslides.

According to the World Nuclear Association, a group that promotes nuclear energy, China plans to increase its nuclear capacity from 6.6 gigawatts to 40 gigawatts by 2020 with the addition of 30 nuclear plants, mostly in heavily populated, industrialized coastal regions where demand and pollution levels are highest.

India intends to go from just under 3 gigawatts to 20 gigawatts by 2020 with the addition of 31 plants, mostly in the west where much of its heavy industry lies.

India's nuclear industry received a boost in March after it signed a civilian nuclear pact with the U.S. Under the deal awaiting Congressional approval, the United States will give India nuclear technology and fuel in return for India's permission for international inspections and safeguards at 14 reactors.

"Nuclear power has to play an increasing role in our electricity generation plans," Indian Prime Minister Manmohan Singh told Parliament last year.

"Our desire is to attain energy security to enable us to leapfrog stages of economic development obtained at the least possible cost," he said.

Greenpeace, the environmental movement, continues to lead the charge against nuclear power, warning that Asian countries about to embrace the atom need to think hard about the potential consequences.

No country in Asia has a permanent site for the estimated 40,000 tons of toxic spent fuel produced so far, according to the International Atomic Energy Agency, the U.N.'s nuclear watchdog, which opponents say could become a target for terrorists or end up polluting the groundwater. There is also the fear that nuclear power could become a cover for countries with weapons ambitions such as North Korea.

"We think nuclear energy is inherently unsafe," said Gerd Leipold, executive director of Greenpeace International. "You have the waste problems. You have the accident problems. For all of these reasons, we think countries should invest in renewable energy and energy efficiency."

Many of the biggest concerns revolve around Indonesia, which has said that it will build its first reactor by 2015 on Java — the same island where an earthquake killed more than 5,700 people in May, and where the Mount Merapi volcano is threatening to erupt.

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The announcement prompted a warning from the Australian Institute in Canberra that "Although the risks of a major (nuclear) accident are very low, a cloud of radiation blowing over northern Australia would pose a severe danger to public safety."

But with oil prices spiking, and fossil fuel emissions being blamed for global warming, the allure of atomic power is growing worldwide, and the nuclear accidents at Three Mile Island and Chernobyl which set back the industry for a generation are receding from the forefront of public memory.

The United States and Russia are reviving long-dormant nuclear plans while France, which gets 80 percent of its power from nuclear plants, is a leader of the industry's renaissance.

Every 1,000 megawatt reactor, the NEI says, saves 7.9 million barrels of oil or 3.4 million tons of coal a year and eliminates 34,000 tons of polluting sulfur dioxide and 11,000 tons of nitrogen oxide.

China's energy supply leans heavily on coal, says Andy White, president of GE's nuclear division, told AP. "They realize if they are going to play a senior role in the world's economy, they have to do something about the environment ... I think nuclear is the key answer to their portfolio."

Twenty nuclear power plants dot the South Korean countryside and what public reaction there is tends to be mixed. In the 1990s residents demonstrated against the Yonggwang Nuclear Power plant on the southwest coast and vendors still complain they have difficulty marketing their fish and vegetables because of the plant's stigma.

But the area is poor, and some residents say they're more annoyed that it wasn't chosen last year for a permanent nuclear waste site since that would have brought in millions of dollars in government aid.

"Some people are concerned about the dangerous effects of nuclear power," said Kim Byoung-Kwon, a taxi driver. "But to meet our power needs, we need nuclear power. I've got no problem with the plant being near my village. It's become like any other building."

Asia's biggest problem isn't new reactors, but what to do with the spent fuel.

It took South Korea 19 years just to find a burial site for low-level waste such as contaminated clothing and spare reactor parts, and it still has nowhere to dump its 6,500 tons of fuel.

Taiwan, which has three plants and is building a fourth, has been thwarted at every turn in finding a long-term solution for its waste. First it tried North Korea and the Marshall Islands but was blocked by protests. Taiwan has stored 100,000 barrels of nuclear waste on a tiny island but protests from aboriginal group are forcing it move the waste to another site, as yet unchosen, by 2013.

"After nearly 50 years of the nuclear power experiment, nobody has demonstrated a solution to this problem. In the absence of a viable solution, expanding the rate of waste production is just irresponsible," professor Ian Lowe of Griffith University in Brisbane, Australia, wrote in a September report released by a coalition of Australian environmental groups.

Britain, France, Russia and Japan have opted for fuel reprocessing, which can extract plutonium and combine it with uranium to create oxide fuel, or MOX. But the extracted plutonium can be weaponized and is therefore vulnerable to theft for misuse, warns the Union of Concerned Scientists, a U.S. advocacy group.

In Asia, nuclear reactors seem to have their biggest problems in Japan. Nuclear power has always been a tough sell in the only country ever hit by an atomic bomb, and opposition has grown following a series of deadly accidents and shutdowns.

A 1999 reprocessing plant accident outside Tokyo killed two workers and exposed hundreds to radioactivity, while in 2004 five workers were killed at a plant in western Japan in the country's worst nuclear plant accident.

Safety problems have also left its nuclear fuel-cycle program in a shambles. The country's first experimental fast-breeder reactor, Monju, was shut down after more than a ton of volatile liquid sodium leaked from its cooling system in 1995.

"The Japanese public is extremely sensitive toward radioactive materials and there is no doubt that they are very concerned about the incidents," Kyoto University professor Hajimu Yamana said.

"Since any accident of this nature is creepy from the public's perspective, it is only natural that such accidents will undermine the public's support for nuclear power."

Palestinian Prime Minister Calls For A Truce With Israel And New Talks (NYT)

By Steven Erlanger

The New York Times, July 9, 2006

GAZA, July 8 — The Palestinian prime minister from Hamas, Ismail Haniya, on Saturday called for a mutual cease-fire with Israel after Israeli forces pulled out of most of the northern Gaza Strip, perhaps responding to Israeli hints that a package deal might be possible to end a military and political crisis.

Eleven days after Israeli forces entered Gaza to free an abducted Israeli soldier and stop rocket fire by militants, they continued to hold territory in northern Gaza, east of Beit Hanun and the Erez crossing, and in the south, near Rafah. Early

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Saturday, the military also moved into eastern Gaza near the Karni crossing with Israel, where there were fierce clashes with militants on the eastern edge of Gaza City.

An Israeli official said in response to Mr. Haniya that there would be no cease-fire until the release of the Israeli soldier, Cpl. Gilad Shalit.

The violence continued Saturday evening, when an Israeli airstrike near Karni killed four Palestinians, including three members of the Hajaj family, who were sitting in their garden. Among the dead were Rawan Hajaj, 6, her brother Muhammad, 20, and their mother, Um Ayman Hajaj. The Israeli Army said it had been aiming at "a cell of armed gunmen" walking in the area and was checking to see whether a missile fired at them might have been responsible.

In fighting earlier in the day, another four Palestinians died, bringing the death toll to at least 44 Palestinians and one Israeli since Thursday. Nearly 20 Palestinians were wounded Saturday, including a 1-year-old, bringing the total of wounded to more than 130, according to Dr. Jumaa al-Saqqa of Al Shifa hospital, Gaza's largest.

In Israel, a cabinet minister, Ophir Pines-Paz of the Labor Party, suggested that the crisis could end through a package deal of the kind that Egypt had been trying to promote — the release of Corporal Shalit, coupled with a more formal cease-fire and an Israeli promise to release a number of Palestinian prisoners as the cease-fire is shown to have taken hold.

"We have a great interest in changing the rules of the game," said Mr. Pines-Paz, who is also a member of Israel's inner security cabinet. "If we reach a situation in which there are no kidnappings, no rockets, no tunnels, no raids into our territory, certainly Israel will have to reciprocate," he told Israel Radio.

On Friday, Avi Dichter, the minister of internal security, said that once the soldier was released, "if Israel will be obliged to in the framework of this agreement, within the calm that will be imposed on the ground by the Palestinian Authority, to release Palestinian prisoners as a gesture to this calm, Israel knows how to do that."

"In fact," he said, "Israel has done it before in the past."

Prime Minister Ehud Olmert has ruled out a prisoner trade, and Israel is eager to try to deter kidnappings by showing that it will not bargain for the corporal with his militant captors. But Mr. Olmert had promised to release prisoners to the Palestinian president, Mahmoud Abbas, at their first formal summit meeting, Mr. Abbas said Friday. Former Prime Minister Ariel Sharon did something similar when the two leaders met in February 2005.

In his statement, Mr. Haniya said, "In order to get out of the current crisis, it is necessary that all parties restore calm on the basis of mutually stopping all military operations," and he called for the renewal of talks.

His spokesman, Ghazi Hamad, said: "We asked for a mutual cease-fire and a return to the place of calmness. Israeli forces should pull out of the Gaza Strip and stop their aggression."

An Israeli military spokesman said the army's objectives in northern Gaza had been met, even though the number of Qassam rockets hitting Israel had increased, with 14 launched Friday. Capt. Noa Meir said the Israelis "are in an ongoing operation, and we're not ruling out going back into the north again." She said Israel had damaged "the terrorist infrastructure, the rocket-launching infrastructure and put general pressure on the Hamas government to release Corporal Shalit."

The Israelis say they also destroyed Qassam rocket manufacturing sites and storehouses.

Israeli troops moved in through the Karni crossing to look for tunnels and explosives, the army said, with engineering troops supported by armor. Early Saturday morning, the Israelis blew up a tunnel near Karni from the air, Captain Meir said. Later on Saturday, there were some serious clashes with Palestinian militiamen, with exchanges of machine-gun fire and some helicopter-fired missiles.

Palestinian militants in the area, a Hamas stronghold known as Shijaia, were seen planting explosives along streets and guarding street corners.

Overhead was the steady buzzing of a missile-armed Israeli drone aircraft, which the Palestinians here call the zananah, a made-up word for the aircraft's buzzing sound. Late Saturday, the Israelis pulled back through the crossing.

In Beit Lahiya, the scene of the worst fighting so far, residents cleaned up their houses on Saturday after the Israeli troops departed. The troops began moved out at about 1 a.m. and were mostly back into Israel by 9 a.m. They left behind them broken walls, smashed houses and angry Palestinians.

In the Atatrah neighborhood, Muhammad Erheem, shaken, showed a reporter through his large house on a hill, which 25 Israeli soldiers commandeered on Thursday night before leaving Saturday morning. They locked the 13 members of the Erheem family in a single storeroom, letting them in small groups, under guard, only to use the toilet, Mr. Erheem said.

The troops moved into the compound behind an armored bulldozer that crushed two smaller buildings — a stable and a water pump house — and also killed a number of prize goats, who were buried alive in the sand as the bulldozer passed over.

"I could hear my goats screaming above the noise," Mr. Erheem said. "Then they banged on the door and I opened it, and 10 soldiers came in, very agitated, and ordered me to strip, and one cocked his pistol at me and shouted, 'Where is the weapon?' I speak fluent Hebrew, thank God, and I said I had no weapon and there was no weapon in the house."

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The soldiers made holes in the walls to establish sniper positions, he said, and dismantled furniture, propping beds up against walls to help protect them from any incoming fire and "using my house like a hotel."

But Mr. Erheem was shocked that the soldiers brought wine into his house, and that one of them stripped down to his underwear in the heat and walked around that way in front of the women. Mr. Erheem also pointed out a Koran that had been ripped apart and scattered.

His son, Bakr Erheem, 25, had been married five days before, and there was a big party, the house still full of wedding bouquets and unopened gifts. Their wedding bed was dismantled and broken, holes tore through the concrete walls. Outside, his two water-tanker trucks — he had a business selling filtered water — were smashed, their engines pushed into the driver's cab.

Mr. Erheem said one soldier took a gold necklace, and he showed a purse he said had had gold jewelry in it. The soldiers had replaced the gold, he charged, with a gold-colored piece of metal that looked to be part of an antenna.

The Israeli Army said that troops had regulations about requisitioning houses and that it would investigate all allegations of wrongdoing.

Israel Rejects Hamas' Bid For Cease-fire (AP)

By Thomas Wagner

AP, July 9, 2006

The head of the Hamas-led Palestinian government called Saturday for a truce to halt the Israeli offensive in Gaza, but Israel demanded that Hamas first free a captured Israeli soldier and halt rocket attacks on its southern towns.

Israeli troops scaled back their operations to two spots in Gaza as fighting claimed the lives of six Palestinians, raising the death toll to at least 44 since the incursion began last week.

Israeli aircraft targeted militants in western Gaza City early Sunday, firing a missile at them and wounding four, one seriously, Palestinian hospital officials said. The Israeli military had no immediate comment.

Aircraft also fired a missile at a bridge in northern Gaza, collapsing it and knocking out a power transformer serving the town of Beit Hanoun, witnesses said. The military said it hit the bridge to stop militants using it to move rockets.

Israeli troops entered the Gaza Strip on June 28, three days after Hamas militants captured an Israeli soldier during a cross-border raid. Since then Israel has been battering the coastal strip with heavy artillery barrages and airstrikes.

Palestinian Prime Minister Ismail Haniyeh urged Israel on Saturday to halt the offensive, release Palestinian prisoners and resume indirect talks about the captured soldier through international mediators. But he did not offer to free Cpl. Gilad Shalit, 19.

"We want to activate this initiative to bring the region out of this whirlpool of blood," Haniyeh said while touring Beit Lahiya, the hardest-hit Gaza town.

Hamas often sends out conflicting signals, however, in part because of divisions between its more militant leaders in Syria and more pragmatic politicians in Gaza. Israel has accused the Hamas political chief, Syrian-based Khaled Mashaal, of ordering Shalit's capture.

Aides to Israel Prime Minister Ehud Olmert said he would not accept a truce until Shalit was freed. Foreign Ministry spokesman Mark Regev said rocket attacks must also stop first.

The militants have demanded the release of Palestinian prisoners held by Israel in exchange for Shalit.

Israeli aircraft, intensifying their operations around Gaza City, carried out two strikes Saturday evening in an outlying neighborhood. The military was investigating whether one of the strikes, which it said was aimed at militants, hit a house, killing a mother and two of her children, including a 6-year-old girl. Four other family members were wounded.

The force of the blast tore open one of the house's outer walls. The courtyard outside was stained with blood. The lifeless body of 6-year-old Rawan Hajaj was carried inside a Gaza City hospital, wrapped in a red blanket. Her mother, Amona, and 20-year-old brother Mohammed were also killed, and six other people were wounded.

The United Nations blamed Israel for a burgeoning crisis, including deaths, injuries and harm to children, created by its offensive in Gaza.

"Unless urgent action is taken," a three-page statement released Saturday said, "we are facing a humanitarian crisis that will have far-reaching consequences."

Israel pulled its tanks out of Beit Lahiya, leaving a wide swath of destruction after trying to carve out a buffer zone against rockets there. Tanks driving through narrow streets sheared off outer walls of buildings, tore down electricity poles and chopped up asphalt. Bulldozers churned fields and knocked down trees and greenhouses.

Israeli troops also left nearby Beit Hanoun and three Jewish settlements in northern Gaza that Israel abandoned nearly a year ago when it unilaterally withdrew from the territory.

Palestinian witnesses said Israeli tanks moved into an abandoned Israeli settlement in northern Gaza early Sunday, a day after pulling back.

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An Israeli military spokesman denied the claim.

On Sunday morning, Israeli soldiers were in position only at the defunct airport just across from the Israeli border in southern Gaza and in the Gaza City-Karni area, the military said.

Capt. Jacob Dallal, an army spokesman, said troops repositioned Saturday because they had accomplished their objectives in northern Gaza — drawing militants into direct combat.

"We much prefer to engage these people with the army as opposed to having these people fire rockets at schools in Ashkelon and Sderot," he said, referring to two southern Israeli cities that have come under militant rocket fire.

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Associated Press writer Sarah El Deeb in Beit Lahiya, Gaza Strip contributed to this report.

Israelis Withdraw From North Gaza (WP)

By Scott Wilson

The Washington Post, July 9, 2006

Palestinian Woman, Son, Daughter Killed

BEIT LAHIYA, Gaza Strip, July 8 -- Israeli tanks and bulldozers withdrew from northern Gaza before dawn Saturday after two days of heavy fighting, leaving behind a strip of churned fields, wrecked roads and a few heavily damaged homes.

Along Gaza's eastern border, where more Israeli armor entered the strip very early Saturday, the military stepped up its activity. On Saturday night, an explosion killed a woman and two of her children on the eastern edge of Gaza City.

The cause of the explosion, which left four other children of the Hajaj family wounded, remained unclear. Palestinian witnesses said an Israeli artillery shell struck the family's house, but an Israeli spokesman said the military was investigating whether the house had been hit in an airstrike.

"Without warning, without reason, the shell came into my first floor," Fareed Hajaj, the husband and father of the dead, said outside the morgue at al-Shifa Hospital as he prepared to identify the bodies of his wife and two children inside.

The Israelis' abrupt pullback from the northern end of the Gaza Strip sharply reduced the overall intensity of their military operations in Gaza, which have been aimed at recovering a captured soldier, reducing the Palestinians' steady rocket fire into southern Israel and weakening the radical Hamas movement's hold on the Palestinian government. More than 40 Palestinians, most of them gunmen, and one Israeli soldier have been killed in 11 days of fighting.

Although military officials warned that operations had not ended, Israel's departure from its deepest position inside Gaza may signal the government's desire to pursue talks to win the release of Cpl. Gilad Shalit, 19, who was taken by Palestinian gunmen in a June 25 raid on an army post just outside Gaza. But it was unclear how the deaths of the Hajaj family members, which drew a crowd to the morgue, would influence developments.

Palestinian Prime Minister Ismail Haniyeh of Hamas, whose armed wing is one of the groups holding Shalit, issued a statement Saturday calling on both sides to cease military action and to revive talks with Egyptian mediators attempting to broker Shalit's release. The groups holding Shalit have demanded that Israel release some Palestinian prisoners in exchange for his release.

"To get out of the current crisis, it is necessary that all parties restore calm on the basis of mutually stopping all military operations," the statement said.

Israeli officials reiterated the government's unwavering rejection of a prisoner swap. In addition, officials in the office of Israeli Prime Minister Ehud Olmert said he did not support the suggestion by his public security minister, Avi Dichter, on Friday that an end to the rocket attacks and Shalit's safe release would prompt Israel to free some Palestinian prisoners in the future.

"There will be no cease-fire until the Palestinians return Israel's soldier safe and the firing of rockets is ceased," an Israeli official said Saturday.

Early Saturday, Israeli tanks and bulldozers entered Gaza near the Karni crossing, the main passage for cargo into the strip, in search of cross-border tunnels like the one used by Palestinian gunmen to attack Shalit's post farther south. Hospital officials said two Palestinian gunmen and a local journalist were killed in fighting.

The blast that killed Amna Hajaj, 45, her son Mohammed, 23, and her 6-year-old daughter, Rawan, occurred just after nightfall. Fareed Hajaj said he was standing in the street outside his house in the east Gaza City neighborhood of Shajaiyeh when a blast destroyed much of it.

As friends and relatives sought to console him outside the morgue, Hajaj said Israeli artillery shells had been landing a football field away from his home since the previous day. An Israeli military spokesman said no artillery was being fired near the area when the blast occurred but that an airstrike had targeted suspected Palestinian gunmen in the neighborhood at about the same time.

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After several days in which fighting was centered here in the orchards, houses and sandy streets of Atatara, in Beit Lahiya, hundreds of Palestinian residents combed through the damaged neighborhood.

Like the fighting, most of the damage was confined to a swath of dunes, olive and citrus groves and houses roughly a half-mile long and equally wide along this city's western edge. The Israeli military pushed into the area to increase the distance between fields that officials say are used by Palestinian rocket launchers and their targets in southern Israel.

"This is terror," said Hussein Zayed, 28, a member of the Palestinian presidential guard, as he looked over his ravaged home behind a wall where palm, lemon and olive trees uprooted by Israeli bulldozers were being gathered into piles. "Not a single shot was fired from this place."

Dozens of Israeli troops took up positions in houses here as the operation began, including in Zayed's living room. His second story was strewn with the pieces of a shattered television set, sofa cushions and masonry from the blown-out wall that now offers a view of a ruined greenhouse in the courtyard below.

A breeze through the jagged hole slowly pushed a twisted fan dangling from a ceiling pocked with shrapnel marks and bullet holes. The computer Zayed used to pursue an accounting degree at Al-Quds Open University was in pieces, the hens and pigeons he kept in a coop on the first floor gone. The soldiers had left behind only a bag of sandwich rolls.

Itidal al-Ajouri had dashed from her family's apartment during intense fighting Friday afternoon, along with her six children. Her husband, Salah, a colonel in the Palestinian National Forces, was at work at the time and said he could hear gunfire crackling behind her when she phoned him for help.

The family returned Saturday to a picture of devastation: piles of cassette tapes, splintered cabinet doors, clothes hangers and blankets thrown about the previously neat apartment. Bullet holes in the building behind theirs suggested the apartment had been caught in intense crossfire, probably leaving the family with little choice but to find a new place to live.

"We will close this up now and stay somewhere else," said Rasha, who is studying microbiology at Al-Azhar University in Gaza. "What else can we do?"

Gaza Death Toll Mounts As Israel Rejects Ceasefire (AFP)

By Sakher Abu El Oun

AFP, July 9, 2006

Three Palestinian family members, including a six-year-old girl, have been killed in an air strike near Gaza City as Israel rejected a call by Hamas premier Ismail Haniya for a mutual ceasefire.

The girl, her elder brother and her mother were killed in the air raid, which according to an army spokesman targeted a group of militants east of Gaza City.

Despite initial denials, the Israeli army later confirmed carrying out an airstrike in the neighbourhood of Sejayun.

"We are currently examining the exact details of the strike," an army source told AFP.

UN Secretary General Kofi Annan meanwhile demanded immediate access for UN workers and humanitarian relief supplies to the Gaza Strip, saying he was "extremely concerned about the dangerous situation in the occupied Palestinian Territory."

Four more Palestinians were killed earlier as Israeli forces shifted the focus of their Gaza campaign to end militant rocket fire and free a captured soldier to the seaside strip's eastern frontier.

As Israel pushed on into Gaza, officials brushed aside Haniya's call for a "return to a situation of calm on the basis of a halt to all military operations by both sides".

"We do not hold negotiations with terrorists. They must first return the kidnapped soldier unharmed and cease their fire," an official in Prime Minister Ehud Olmert's office told AFP.

"We will decide on our next moves according to the steps taken by the Palestinian government," he said, asking not to be named.

Haniya stressed that his Hamas government was determined to solve the problem through diplomatic channels in a "peaceful" manner.

"It is necessary that Israel halt its military operation in the Gaza Strip and withdraw its forces," said a statement from Haniya.

"More efforts are required from all parties to resolve the current crisis in order to bring an end to the Israeli aggression and resolve the question of the Israeli soldier through serious negotiations," it added.

A Hamas spokesman slammed Israel for brushing aside the Hamas ceasefire offer.

"The Israeli rejection is wrong," said Ghazi Hamad. "This initiative must be seized on in order to find a suitable solution."

Earlier, dozens of Israeli tanks backed by helicopter gunships and drones passed through the Karni and Nahal Oz crossings, advancing one kilometer (half a mile) to the outskirts of Gaza City where clashes broke out.

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Armored vehicles fired missiles, killing a member of the Palestinian security forces in Zeitun, while three more Palestinians were reported killed by Israeli tank shelling in the nearby Shujaya neighborhood.

Israeli armored vehicles took up positions in open farmland on Gaza's eastern border and assembled in industrial areas.

Israeli units meanwhile pulled back from northern Gaza, three days after launching a deadly incursion in the area, Israeli and Palestinian sources said.

On Thursday, Israel sent troops deep into the northern Gaza Strip, occupying a buffer zone in the territory from which it withdrew last September.

Israel has vowed to use everything in its power to increase the pressure on the embattled Hamas-led government to free 19-year-old Corporal Gilad Shalit and to stop rocket attacks.

Another Hamas militant died from wounds suffered during a gunfight with Israeli forces Thursday.

Forty Palestinians and one Israeli soldier have been killed since Israel launched its massive military operation in Gaza late Wednesday.

As efforts to reach a breakthrough in the crisis stalled, Palestinian president Mahmud Abbas left the Gaza Strip for the first time in two weeks to travel to his home in the West Bank city of Ramallah.

He has called on the international community to stop Israel's "inhumane aggression" to give mediators a chance to free Shalit.

UN chief Annan has called for an immediate halt to what he called Israel's "disproportionate use of force" but added that Palestinian militants should nonetheless release the captured soldier.

He said in Saturday's statement: "The passage of foodstuffs and other essential supplies through the Karni commercial crossing should be ensured and restrictions on movement and access for UN agencies should be lifted forthwith.

"I am appealing for urgent action to alleviate the desperate humanitarian situation of the civilian population."

Annan noted that Israeli airstrikes on Gaza's only power plant have impacted Gaza's hospitals, flour mills, water and sanitation systems, and called for the Israeli government to "act expeditiously" to replace the destroyed equipment.

Hamas -- whose government offices have been targets of Israeli missile strikes -- warned that the assault was complicating the fate of Shalit, who it said was being well looked-after.

"Soldier Gilad is being well treated, in a humane manner in keeping with the values of our religion," said the movement, whose armed wing claimed joint responsibility for the June 25 attack in which Shalit was seized.

"Continued Zionist crimes will only harden the Palestinian side even more," it warned.

Calls For Truce Fuel Hope In Gaza Standoff (LAT)

By Laura King

The Los Angeles Times, July 9, 2006

Both sides appear to be open to a larger accord that would give them room to maneuver.

GAZA CITY — Both Israel and the Hamas-led Palestinian government expressed hope Saturday of arranging a cease-fire to end their bloody 2-week-old confrontation over the capture of an Israeli soldier.

Israeli troops and armor also pulled back from a swath of northern Gaza they had held for two days, though military commanders warned that they could reenter the area at any time to quell rocket fire by Palestinian militants. Israeli forces remained dug in at a disused airport in the southern Gaza Strip.

Early today, Israeli airstrikes targeted a bridge in northern Gaza, an area in southern Gaza described by the army as a training camp for militants, and a group of gunmen near the main commercial crossing at Karni. Several Palestinians were reported injured.

The calls for a cease-fire came from Palestinian Authority Prime Minister Ismail Haniyeh, a senior Hamas official, and an Israeli Cabinet minister, Ophir Pines-Paz, who raised the possibility of a comprehensive accord that would free the captive and halt rocket attacks.

It was the second consecutive day that a senior Israeli official had spoken publicly of the prospect of a compromise in the standoff over the soldier, 19-year-old Cpl. Gilad Shalit, who was seized June 25 in a cross-border raid.

Both sides have powerful incentives for finding a negotiated solution, but serious obstacles remain to any agreement. With thousands of Israeli troops and heavily armed Palestinian guerrillas in close proximity to densely populated areas of Gaza, conflict could flare again at any moment.

And if the young soldier is killed by his captors, Israel almost certainly will unleash a prolonged and punishing onslaught. Israeli officials say they believe he is alive and unharmed except for minor injuries suffered during the raid, in which two other Israeli soldiers were killed.

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Although Israel appears to be dropping its insistence that it will not trade Palestinian prisoners for Shalit, the government of Prime Minister Ehud Olmert said Saturday that the soldier's safe return must precede any concessions. A day earlier, Cabinet minister Avi Dichter had spoken of freeing prisoners as a "reciprocal gesture" if Shalit's captors released him.

One major question is whether Haniyeh has the clout to force militant factions who hold Shalit — and who are thought to answer primarily to the Islamist group's exiled leadership in Damascus, the Syrian capital — to agree to any deal.

Haniyeh's statement, issued through government spokesman Ghazi Hamad, was vaguely worded but appeared to hold out the prospect that militants would halt their rocket fire if Israel withdrew its troops.

"If we want to get out of the current crisis, it is necessary to return to calm, on the basis of a mutual halt to all military operations," the statement said.

The Hamas government, already broke and diplomatically isolated, has been under increasing pressure since the capture of Shalit. Israel has bombed Haniyeh's office and a key ministry building and threatened to assassinate senior figures in the government.

But in the course of the fighting, Hamas' street following has appeared to be as strong as ever, if not stronger.

Framing a prisoner swap in the context of some larger accord could offer a face-saving way out for both Olmert's and Haniyeh's governments. Hamas is unlikely to defy Palestinian street sentiment and release the soldier without some gains to point to. Olmert would need to somehow justify an about-face in his unequivocal declarations that no prisoners would be freed.

There has been no direct diplomatic contact between the two sides. Mediation is being carried out primarily by Egypt.

Pines-Paz, a member of Olmert's "security Cabinet" of senior advisors, suggested Saturday that Israel was interested in "changing the rules of the game" in Gaza.

"If we reach a situation in which there are no kidnappings, no rockets, no tunnels, no raids into our territory, certainly Israel will have to reciprocate," Pines-Paz told Israel Radio.

Fighting during Israel's 11-day-old offensive reached a peak Thursday. Twenty-six Palestinians were killed that day or died later of wounds, and an Israeli soldier was also killed.

There were scattered exchanges of fire Saturday between Israeli troops and Palestinian gunmen, including an early-morning confrontation in the Shajaiya neighborhood on the outskirts of Gaza City that left three Palestinians dead. It was the first time during the incursion that a clash had taken place so close to the territory's main metropolis.

At nightfall, an explosion rocked a house in Shajaiya, and Palestinian medics said a father and his young daughter were killed.

However, the Israeli military said there was no artillery or tank fire in the area at the time.

The army said it launched an airstrike Saturday evening near Karni, which is near Shajaiya, a longtime Hamas stronghold. But a spokesman said the strike took place in an open area, not the neighborhood itself.

In the northern village of Beit Lahiya, the scene of Thursday's fiercest fighting, departing Israeli troops left behind a landscape of shell-pocked buildings, toppled power poles and streets chewed up by tank treads.

Many Palestinians who huddled in their homes for two days emerged blinking and shaken to survey the damage inflicted by airstrikes, artillery barrages and firefights.

"My kids were so frightened the entire time that they wet their beds and vomited — we simply couldn't comfort them," said Bassam Kanwa, 30.

Even with a relative lull in fighting, which coincided with the Jewish Sabbath, Gaza remained so dangerous that U.S. officials sought to ensure that American citizens could leave the territory if they wished.

Gaza is effectively sealed off, but U.S. consular officials Saturday arranged for a convoy to evacuate 65 American citizens, most of them Palestinians holding dual nationality.

Rockets Create A 'Balance Of Fear' With Israel, Gaza Residents Say (NYT)

By Greg Myre

The New York Times, July 9, 2006

JERUSALEM, July 8 — The pattern has recurred time and again for several years: Palestinians fire rockets from northern Gaza that cause damage or casualties only occasionally, yet prompt a tough Israeli response, like the offensive now under way.

Why, then, do the Palestinians persist in firing the crude, inaccurate rockets when there is virtual certainty that the damage they inflict will be far less than the punishment they will suffer?

Palestinians in Gaza offer a host of reasons, all based on the emotion of the conflict rather than the logic of warfare.

"We know we can't achieve military equality," said Salah Bardawil, a Palestinian legislator who serves as spokesman for the Hamas faction in parliament. "But when a person suffers huge pain he has to respond somehow. This is how we defend ourselves. This is how we tell the world we are here."

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Palestinians often talk about their rockets and suicide bombings creating a "balance of fear" with Israel, even if they cannot match Israel's weaponry.

"Why should we be the only ones who live in fear?" said Muhammad Abu Oukal, a student at the Islamic University in Gaza City. "With these rockets, the Israelis feel fear, too. We will have to live in peace together, or live in fear together."

Palestinians also see the rockets as retaliation for Israeli airstrikes, or an act of solidarity with West Bank Palestinians when fighting heats up on that front.

Israel, meanwhile, describes the rocket attacks as terrorism and argues that any rationale for firing the rockets evaporated when the government withdrew its soldiers and settlers from Gaza last summer.

"We left Gaza," Brig. Gen. Ido Nehushtan said. "There can be no possible justification for launching these rockets, and we cannot tolerate a situation where they are being fired at our citizens every day."

Since Israel made a push into northern Gaza on Thursday, at least 40 Palestinians and one Israeli soldier have been killed. The Palestinians have fired more than 25 rockets. Only one resulted in injuries, lightly wounding three people in Sderot on Friday. Several misfired so badly that they came down in Gaza, and one splashed in the Mediterranean, the Israeli military said.

"These rockets are all improvised and are not accurate, but they are still lethal," General Nehushtan said.

Palestinians in Gaza fired several thousand mortar shells and rockets from 2001 to 2005, killing 12 Israelis — 8 of them in Israel and 4 in Gaza, the Israeli military said.

Since the Israeli withdrawal from Gaza, the Palestinians have fired about 700 rockets at southern Israel, causing injuries and damage, but no deaths.

Palestinians fire most of the rockets in and around two northern Gaza farming towns, Beit Hanun and Beit Lahiya, which in turn have been hardest hit by the Israeli attacks.

Many residents belong to households that prospered from lemon and orange groves in their families for generations. In contrast, the militants firing the rockets tend to come from the slums in and around Gaza City, several miles to the south. The citrus groves allowed the militants to get close enough to the border to reach targets in Israel, and the endless rows of trees provided cover.

When Israeli forces began bulldozing the citrus groves several years ago, some Palestinian residents in the towns confronted the militants and even fought with them when they came to launch rockets.

"But when we see this Israeli escalation, I think that any means of resistance is justified," said Said al-Masri, a 38-year-old engineer from Beit Hanun.

Today, with tensions boiling over, support for the rockets is widespread in the northern towns, even if it means local communities will endure another heavy assault from the Israelis.

Khadija Abu Odah, a 57-year-old Beit Hanun resident, said her home was destroyed during an Israeli attack two years ago, and now, "we have nothing to lose."

"I hope we can build rockets to hit Tel Aviv."

"Why did the Israelis destroy my house?" she said. "My family didn't shoot any rockets."

She said militants previously fired rockets from the areas around her home, though she said she could do nothing to stop it. Today, she said, the rockets can reach Israel from farther away, and the militants do not need to come to her area, which is relatively close to the border.

The militant Islamic faction Hamas raised the stakes considerably when it fired three rockets on Tuesday and Wednesday that traveled farther than usual, reaching the coastal city of Ashkelon, about six miles beyond Gaza's border.

Israel is thinly populated in the region, and the primary target for the Palestinian rockets has been Sderot, a poor town of about 30,000 that is barely a mile beyond Gaza's perimeter fence and well within the range of the Qassams, which can travel about five miles.

The Palestinians had been trying, with only limited success, to increase the range of the rockets and had been hitting the outskirts of Ashkelon recently.

On Tuesday, a rocket with two engines instead of the usual one traveled about 7.5 miles and landed in the center of the city, hitting a deserted high school. It appeared to have been fired from Dugit, a Jewish settlement on Gaza's border that was evacuated last year, the military said. Ashkelon is one of Israel's larger cities, with about 120,000 residents, increasing the likelihood that a rocket could cause many casualties.

The Palestinians have not yet fired any rockets from the West Bank — a development that would cause even greater alarm in Israel because they could be launched within a few miles of several main cities.

The president of the Palestinian Authority, Mahmoud Abbas, has sharply criticized the Palestinian rocket fire as counterproductive. He has tried to persuade the militants to hold their fire, though he has never made a concerted push with the

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Palestinian security forces. Even Hamas, which initiated the rocket campaign in 2001, largely held its fire after agreeing to a truce early last year.

But Hamas has shared its technology and rockets with other factions, which now have their own rockets, and within days of Israel's departure from Gaza last summer, the factions resumed the shelling of Israel.

The Hamas-led government has not sought to stop the rockets, and Hamas recently resumed its own attacks after Israeli airstrikes in Gaza that killed many militants and civilians.

Last month, the Israeli security forces killed 42 Palestinians, including 24 who were not involved in the fighting, according to B'Tselem, an Israeli human rights group. Most of the deaths were in Gaza. Three Israelis were killed in June, two of them soldiers and one a civilian.

Contender Alleges Mexico Vote Was Rigged (WP)

By Manuel Roig-franzia

The Washington Post, July 9, 2006

Lopez Obrador's Allegations and Plans for Legal Challenge Fire Up Supporters at Rally

MEXICO CITY, July 8 -- Downtown Mexico City swelled Saturday with the accumulated frustration and rage of the poor, who were stoked into a sign-waving, fist-pumping frenzy by new fraud allegations that failed populist candidate Andrés Manuel López Obrador hopes will overturn the results of Mexico's presidential election.

López Obrador ignited the smoldering emotions of his followers Saturday morning, alleging for the first time that Mexico's electoral commission had rigged its computers before the July 2 election to ensure the half-percentage-point victory of Felipe Calderón, a champion of free trade. In a news conference before the rally, López Obrador called Calderón "an employee" of Mexico's powerful upper classes and said a victory by his conservative opponent would be "morally impossible."

López Obrador added a new layer of complexity to the crisis by saying he not only would challenge the results in the country's special elections court but also would attempt to have the election declared illegal by Mexico's Supreme Court. That strategy presages a constitutional confrontation because according to many legal experts the special elections court is the only body that can hear election challenges.

Calderón was declared the winner Thursday and has begun publicly presenting his plans for Mexico, even though López Obrador has refused to concede. European Union election observers have said they found no significant irregularities in the vote, and many Mexicans appeared to accept Calderón as their next president.

López Obrador's approach pairs legal maneuvers with mass public pressure. On Saturday, he gave a mega-display of street power, drawing an estimated 280,000 people into the city center on a humid, drizzly afternoon, according to a Mexico City government estimate.

The crowd chanted, "Strong, strong!" when López Obrador stepped to the microphone. The former Mexico City mayor then declared that the electoral commission had "played with the hopes" of millions of Mexicans by allegedly rigging the vote total. Thousands chanted back: "You are not alone!"

López Obrador also told the crowd that he was organizing a march to the capital Wednesday from all over Mexico, including states hundreds of miles distant.

"This is, and will continue to be, a peaceful movement," he said. Seconds later, he announced another mass rally, this one for July 16, at which the crowd raucously yelled back: "What time?"

During his 40-minute address, López Obrador stressed Mexico's class divide, accusing "powerful interests" of trying to deny democratic freedoms to "us, the poor." The crowd, which spilled into side streets off the square and may have been the largest of the presidential campaign, chanted, "Presidente, Presidente!"

Blaring kazoos competed with the thump and boom of massive speakers blasting salsa rhythms and a Spanish-language homage to López Obrador set to the tune of the American pop song, "Love Is in the Air."

López Obrador had called his followers into the large downtown square, the Zocalo, the backdrop for generations of Mexican revolutionary fervor, to lay out his long-shot case for overturning Calderón's apparent presidential victory. But he got more than that: He got a moment of mass catharsis, an outrageously loud, communal venting.

"The Mexican people are awakening," said Martín García Trujillo, a farm laborer from the state of Michoacan who had left at midnight for the six-hour bus ride to the capital. "We know Andrés Manuel won. They just won't let it happen. We can't take this anymore."

López Obrador wants a vote-by-vote count, which would require opening sealed vote packets from more than 130,000 polling stations. Electoral commission officials have sided with Calderón's strategists, who argue that the law does not allow for the packets to be opened unless tally sheets attached to the packets appear to have been altered. López Obrador said that only

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2,600 vote packets were opened Tuesday and Wednesday during a marathon official count, which shrank Calderón's lead from 400,000 votes after a preliminary vote to 230,000.

Thousands of López Obrador's supporters, many of whom had marched across the city for hours, chanted "Voto por voto, casilla por casilla" -- vote by vote, polling place by polling place -- as they streamed into the Zocalo on Saturday. Many entered the square waving the yellow flags of López Obrador's Democratic Revolutionary Party, or PRD.

Street vendors hawked T-shirts bearing the now-ubiquitous cartoon depiction of López Obrador's face next to the word "Smile." Speakers screamed, "Vote by vote!" as their images flickered across a huge screen suspended above the stage.

x "They stole this from us," said Concepción Myen, 68, a lifelong Mexico City resident who is unemployed. "This is the worst thing that can happen to Mexico."x

Myen personifies the López Obrador target voter. She is a senior citizen and said she had looked forward to the monthly pensions López Obrador promised. She is also a single mother, who struggled to raise her child alone, and said her life would have been much better if the aid program López Obrador had vowed to give single mothers had existed when she needed it.

The anger on display in the square grows from decades of perceived indignities and a sense of persecution by a succession of ruling parties. García Trujillo, the farm worker from Michoacan, recalled feeling the same anguish in 1988 when the PRD candidate, Cuauhtémoc Cárdenas, lost a presidential race that many international observers have said was stolen by the Institutional Revolutionary Party, or PRI. He said he felt the same rage two years ago when outgoing President Vicente Fox's administration unsuccessfully attempted to impeach López Obrador, who was then the mayor of Mexico City.

Now García Trujillo's anger is directed at another institutional power, Mexico's Federal Electoral Institute, which has a stellar international reputation but is accused by López Obrador of "manipulating" the results.

The electoral institute will cede control of the election to Mexico's special elections court, which has until Sept. 6 to decide whether to certify the results. Calderón has not waited for the elections court, and neither have world leaders. He accepted congratulatory calls on Friday from President Bush and Canadian Prime Minister Stephen Harper. But López Obrador cautioned against such formalities, saying, "Right now, there is no president-elect."

After López Obrador left the stage Saturday, the crowd lingered. Someone started singing the national anthem, and countless voices joined in its rallying cry: "Mexicans, to the shout of war!"

Leftist Predicts Unrest Without Complete Recount Of Mexican Election (NYT)

By James C. McKinley Jr. And Ginger Thompson

The New York Times, July 9, 2006

MEXICO CITY, July 8 — While the announced winner of last Sunday's presidential election, Felipe Calderón, kept a low profile on Saturday, his leftist rival led a rally of at least 150,000 people, charged the polling had been marred by fraud and suggested there would be civil unrest without a vote-by-vote recount.

"If there is not democracy, there will be instability," said the rival, Andrés Manuel López Obrador, at a news conference just hours before he addressed his angry and defiant supporters in Mexico City's central plaza.

At 5:50 p.m., he took the stage in the Zócalo, the historic central square in front of the National Palace, to fire a broadside at what he described as an oligarchy of top-level politicians and businessmen.

"We are aware we are confronting a powerful group, economically and politically, that are accustomed to winning at all costs, without moral scruples," he told the crowd. He maintained that this group had "conspired against democracy" and that "they are the ones who now want to put a servant in the presidency."

Mr. López Obrador called on his supporters to march Wednesday from every electoral district in the country to the capital, an echo of his 1994 march from Tabasco to the capital to protest his defeat in the governor's race.

"Let it be clear, " he said. "This is a peaceful movement, and we will never fall for the provocations of our adversaries."

Mr. Calderón, of the conservative National Action Party, effectively ceded the day's spotlight to Mr. López Obrador. After he was announced the victor on Thursday by a narrow margin of 243,000 votes, he had begun to give hints about how he would approach issues like trade, globalization and dealings with the United States on immigration. And on Friday he kept a whirlwind schedule of meetings and appearances.

But on Saturday, Mr. Calderón, the former energy minister, stayed out of the public eye.

Mr. López Obrador, the former Mexico City mayor and firebrand leader of the leftist Democratic Revolutionary Party, spent the day laying out his arguments for a recount and revving up his followers.

He said his opponent's supporters had resorted to fraud and vote-buying in northern states where the conservative party is dominant, like Jalisco and Guanajuato. He also said he had been the victim of a smear campaign on television and radio that far exceeded campaign spending limits.

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He said that the Federal Electoral Institute should have recounted Sunday's ballots during the official tally. He pointed out that mistakes favoring Mr. Calderón were found in about 2,600 cases where officials did recount votes, when tally sheets were missing or contained errors.

He said he would present a case for recounting the votes to the Federal Electoral Tribunal on Sunday, and that he would also challenge the validity of the election before the Supreme Court, arguing that President Vicente Fox had interfered with it.

Later, he took his case to the people. Tens of thousands of angry and defiant people wearing his party's yellow colors and carrying banners and flags gathered in the Zócalo throughout the afternoon. They were young and old, unemployed and professional, dark-skinned and light-skinned, and they had traveled from places as far as the states of Michoacán and Tabasco.

Mr. López Obrador spoke for about 40 minutes, calling his adversaries traitors to democracy. The crowd chanted, "You are not alone."

Gloria Aceves, 63, had been waiting next to the stage since 9 a.m. Her husband died trying to cross the Rio Grande into the United States, she said, and she depends on a monthly grant from the city established by Mr. López Obrador, who championed the poor in his campaign. "If I have to die here," she said, "here I will die supporting him."

At his Saturday news conference, Mr. López Obrador declined to answer several times when asked what he would do if the courts refused a recount, saying he had faith the judges would order one. "Peace is the fruit of justice," he said.

"What are they afraid of?" he asked. "What is it they don't want to open the packets and count them again?" He added: "Why the hurry if we are talking about such a fundamental issue?"

On Friday afternoon, Mr. Calderón seemed confident that no legal challenge would stand up in court.

"My triumph is clear and definitive," he told a meeting of foreign reporters. "There are no legal elements that sustain the possibility of a complaint. In this election, the votes have already been counted, vote by vote, at the time they should have been counted, at the closing of the polls, as happens in all the world."

Mr. Calderón's campaign cited the volatile protests Mr. López Obrador led after his 1994 loss in arguing that he could be a danger to Mexico. And several political analysts have said that Mr. López Obrador's behavior since Thursday has proven Mr. Calderón right.

"What marks López Obrador's attitude is not the construction of democracy, nor the consolidation of his own political force, but an evident ambition for personal power," wrote Jorge Fernández Menéndez, an investigative journalist and political commentator. "If it was said that López Obrador was messianic, he is confirming it with each one of his acts since Sunday."

At the same time, in the daily newspaper Excelsior, José Antonio Crespo wrote in favor of a recount.

"If I were Felipe Calderón, I would try to legitimize my electoral victory," he wrote, to rob Mr. López Obrador's party of "its arguments for questioning my victory, narrow, but genuine."

After the results were announced on Thursday, Mr. Calderón and some of his aides began publicly addressing some policy issues. Arturo Sarukhan, a foreign policy adviser to Mr. Calderón, said Mr. Calderón intended to put Mexico at the center of the region's debate over globalization.

"We will lead the debate on how Latin America will keep competitive in the world, how to keep it from losing ground to Asia," Mr. Sarukhan said. "We have to figure out how to demonstrate to our societies that free markets, transparency and democracy really can deliver the goods for all."

Mr. Calderón would seem a certain ally for the United States, and political analysts have suggested that a Calderón presidency could signal an end to the advance of left-wing politics across Latin America, as neoliberal economic policies from Washington have fallen from favor.

On Friday, he said he would not seek to renegotiate agricultural clauses of the North American Free Trade Agreement, and that he would urge the United States and Canada to join with Mexico to create a fund for the construction of infrastructure and other development projects to generate jobs in high-migration states in Mexico.

"The solution to migration is not walls," Mr. Calderón said. "The only real solution to stop or slow the migration phenomenon is the generation of good-paying jobs."

Mr. López Obrador said that Mr. Calderón was wrong to begin assuming the role of president-elect before the results of last Sunday's contests had been upheld in court. And he objected to the congratulatory messages that had been sent to Mr. Calderón from the United States, Spain and Canada.

He said it was all part of a strategy by Mr. Calderón to end a process that was not yet over.

"They want to turn the page, but things are not that way," Mr. López Obrador said. "This is just started."

Ex-President Wins Genocide Ruling

MEXICO CITY, July 8 (AP) — Genocide charges were dropped against former President Luis Echeverría on Saturday when a judge ruled that the statute of limitations had expired, his lawyer said.

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The lawyer, Juan Velazquez, said that the federal judge had overturned a June 30 house arrest order on the charges, which stemmed from a 1968 student massacre.

The decision was the latest blow to prosecutors' efforts to charge the Mr. Echeverría, 84,with the deaths and disappearances of dozens of students and leftist dissidents in the late 1960's and early 1970's, a period known here as the dirty war.

Mexico's Runner-Up Remains Unbowed (LAT)

By Richard Boudreaux

The Los Angeles Times, July 9, 2006

MEXICO CITY — About a quarter of a million people chanting "Fraud! Fraud!" jammed Mexico City's central square Saturday to back leftist presidential candidate Andres Manuel Lopez Obrador's bid to overturn his narrow electoral defeat with court appeals and mass marches.

Lopez Obrador told the rowdy but peaceful crowd that he would present allegations of fraudulent vote tallies to the Federal Electoral Tribunal before tonight's deadline and demand a recount. He called for nationwide marches that would converge on Mexico City for another rally July 16 as the seven-judge panel weighed his appeal.

"There is convincing evidence that they took votes away from us," Lopez Obrador said. "We are certain that we won on July 2, and we are going to defend our victory."

Many in the crowd said they were ready for a fight if Lopez Obrador did not prevail. "To the death!" shouted Maria Irene Ramirez, a 53-year-old retired railroad worker from Hidalgo state.

Saturday's huge gathering, summoned on two days' notice, marks a critical point in what has been a peaceful challenge to the official result of the election, which gave governing-party candidate Felipe Calderon a winning margin of 244,000 votes out of 41 million cast.

Lopez Obrador, a fiery populist, has made a career of organizing mass demonstrations, several of which turned violent in the 1990s. That legacy and the tone of his statements last week have fed concern that the former Mexico City mayor could destabilize the country, undermining democratic institutions just six years after Mexico's emergence from decades of one-party rule.

But Saturday, he stopped short of calling for civil disobedience, eliciting groans from demonstrators when he asked them not to block highways.

"This is a peaceful movement, and we are never going to allow ourselves to be provoked by our adversaries," he said. "We have enough strength to validate our democracy using only peaceful demonstrations."

The crowd filled the Zocalo, the vast downtown square, and spilled into surrounding streets.

Mexico City police, subordinate to a government run by Lopez Obrador's Democratic Revolution Party, estimated the crowd at 280,000 people. Notimex, the semiofficial news agency of the conservative-led federal government, said slightly more than 200,000 people were there.

The challenger's party, known as the PRD, bused in loyalists from around the country. Organizers said they came from 18 states, some as far as Chiapas, on Mexico's southern border, and Southern Baja California.

They turned the Zocalo into a sea of yellow party flags and banners with slogans such as "No solution means revolution." They blew noisemakers, set off fireworks and sang the national anthem. One group carried a giant abacus, illustrating the demand, chanted incessantly by the crowd, for a recount — "vote by vote, poll by poll."

Carmen Garcia, 38, a Puebla homemaker, was defiant.

"We're not going to let them take it away from him," she said. "We're going to fight with everything against all who don't want him in power. He will be our next president, whether they like it or not."

Most political analysts say Lopez Obrador's campaign faces an uphill battle.

The European Union, which monitored the vote, has said it found no evidence of major fraud or irregularity in the preliminary count July 2 or in the official count that ended Thursday.

Calderon, the candidate of President Vicente Fox's National Action Party, said Friday that he was not worried about a legal challenge to the election because irregularities found in the initial count were minor. He said he opposed a full recount.

Lopez Obrador was hedging his bets. Meeting with foreign journalists Saturday before the rally, he said his party planned to file a separate appeal to the Supreme Court later alleging that the entire election was unfair.

Top aides to Lopez Obrador called Friday for a recount of nearly half of the votes cast.

Officially, Calderon cannot be declared president-elect until the electoral tribunal decides his case. It has until Sept. 6 to declare a winner.

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Lopez Obrador ridiculed his rival for acting like a president-elect, and rebuffed Calderon's offer to join a unity Cabinet. He called Calderon "an employee" of Mexico's upper classes and said a victory by his opponent would be "morally impossible."

"It's illogical, therefore, that there could be any agreement with him," he told journalists.

Later, at the rally, the challenger spoke confidently and forcefully. Wearing a dark suit and yellow tie, he addressed the crowd from a raised platform after being introduced by a party leader as "the only one who deserves to be called president."

Anticipating the case to be filed in the Supreme Court, Lopez Obrador called the Federal Electoral Institute, which conducted and counted the vote, "a battering ram" for Calderon. He alleged that the ruling party candidate was allowed to defame him in TV ads, exceed the legal limit for campaign spending and tap government funds for the campaign.

And he denounced Fox, Mexico's first freely elected president, as "a traitor to democracy" for campaigning, in violation of the country's norms, on Calderon's behalf.

Lopez Obrador's speech was frequently interrupted by applause and chants of "You are not alone!"

The militancy of the crowd suggested that Lopez Obrador could sustain his movement at least until a ruling by the tribunal.

Last year, facing a legal challenge to keep Lopez Obrador off the presidential ballot, the PRD built a nationwide grass-roots network that mobilized for weeks of protest, culminating in a rally that filled the Zocalo in April 2005. The legal challenge failed, and the network evolved into a campaign organization that now serves as the engine of Lopez Obrador's protest movement.

The leftist leader proposed that his followers gather at 300 district vote-counting offices around the country Wednesday and begin marching to Mexico City. He urged everyone in the Zocalo on Saturday to bring 10 more people with them.

"Do you approve of this proposal?" he asked. The crowd roared in agreement.

Despite the potency of his protest movement, its long-term staying power is uncertain. Nor is it clear whether Lopez Obrador would continue to send his supporters into the streets if he lost his case in the tribunal.

Under questioning by foreign journalists, he said he was confident of prevailing in the tribunal, but declined eight times to say what he would do if he did not. Asked whether the tribunal was a fair and respectable body, he said, "That's what I wish, but it remains to be seen."

As for the risk that his protests will unsettle the country, he said it was the government that created an atmosphere of instability by having supported what he called an unfair election.

"If there is no democracy, there can be no stability," he said.

Political analysts said Lopez Obrador must walk a tightrope as he decides how far to push the protests.

If they turn violent, he could undermine the legitimacy of his party, which doubled its percentage of the national vote, enlarged its bloc in Congress and kept control of Mexico City. But if he concedes the election without a fight, he will risk losing support within his party. He is 52 and conceivably could run for president again.

"The PRD was born as a protest movement against electoral fraud, and he has to honor its culture of fighting to the end," said Juan E. Pardinas of the Center of Research for Development. "But if it wants to win a bigger share of the vote next time, the party has to move to the center."

Times staff writer Cecilia Sanchez contributed to this report.

Mexican Tells Crowd He'll Seek Recount (AP)

By Mark Stevenson

AP, July 9, 2006

Leftist presidential candidate Andres Manuel Lopez Obrador called on a huge crowd of supporters Saturday to keep peacefully protesting as he goes to court to challenge what he called his fraudulent electoral defeat.

The fiery former Mexico City mayor said he would present fraud allegations to Mexico's electoral court on Sunday and formally request that all 41 million votes be recounted.

The ruling party's Felipe Calderon can't be declared president-elect until the electoral court weighs allegations of fraud or unfair campaign practices. The court has until Sept. 6 to declare a winner.

"We are going to ask that they clean up the elections. We are going to ask that they count all the votes, vote-by-vote, poll-by-poll," Lopez Obrador said, calling on the army to protect the integrity of every ballot box.

Election monitors from the European Union said they found no irregularities in the count. Calderon says the vote was clean and has taken congratulatory phone calls from President Bush and the leaders of Canada, Spain and Colombia, among others, despite Lopez Obrador's plea for foreign governments to hold off on recognizing the result.

Lopez Obrador called for nationwide marches beginning Wednesday and converging on Mexico City for a July 16 rally.

He provoked groans of disappointment when he told the crowd of more than 100,000 packing Mexico City's central plaza not to block highways during the marches.

"This has been and goes on being a peaceful movement," he said. "We are not going to fall for any provocations."

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The likelihood of continuing demonstrations suggests how difficult it will be for Calderon to unify Mexicans, many of whom believe the nation has yet to overcome the decades of institutional corruption and fraud that kept its leaders in power.

Lopez Obrador has repeatedly evaded questions about whether he would accept court decisions that go against him.

Lopez Obrador took direct aim at President Vicente Fox, accusing him of conspiring with Mexico's autonomous elections agency, known as IFE, to engineer a Calderon victory.

Election officials say Calderon, of Fox's National Action Party, beat Lopez Obrador by less than 244,000 votes out of 41 million ballots — or a margin of about 0.6 percent.

Lopez Obrador said Fox had betrayed the Mexicans whose outrage over repeated election fraud swept him into power in 2000 after 71 years of single-party rule by the Institutional Revolutionary Party, or PRI.

"He dedicated himself to attacking us and ended up being a complete traitor of democracy," Lopez Obrador said. "And if that weren't enough, the IFE, which should act with impartiality, turned into the pawn of the party of the right."

Evoking a computer crash that flipped Mexico's 1988 elections in the PRI's favor, he claimed the government used a computer program to intentionally skew initial reports of vote counts.

Lopez Obrador has millions of devoted followers who believe only he can help Mexico's poor and downtrodden. Most of his supporters come from Mexico City and poor southern states, while Calderon's strength is in Mexico's industrialized north.

Lopez Obrador claims a manual recount would confirm that hundreds of thousands of votes for him remain uncounted, miscounted or voided. The law allows such a recount only for specific polling places where credible evidence of irregularities exist. The leftist's supporters say that applies to at least 50,000 of the approximately 130,000 polling places.

The crowd in Mexico City's famed Zocalo plaza would accept nothing less than victory.

"We are never going to recognize this man (Calderon)," said Apolinario Fernandez, 37, a teacher from Lopez Obrador's home state of Tabasco in the southeast. "If he wants, let him govern in the north for the rich, but not in the south."

Smaller demonstrations were held Saturday in Tijuana on the U.S. border and San Cristobal de las Casas in the south.

Many traveled all night to arrive at the Zocalo, joining a sea of yellow, the color of Lopez Obrador's Democratic Revolution Party.

"We are ready to do whatever is necessary," said Belisario Cruz, 32, a farmer from Tabasco. "We are tired of the rich having everything and the poor having nothing."

There were no immediate reports of arrests or violence.

Lopez Obrador must walk a tightrope in coming days. If he appears too radical, he risks hurting his party and its chances in the next presidential elections in 2012. If he appears too moderate, he risks disappointing his core supporters.

Political analyst Oscar Aguilar predicted that he will never concede defeat.

"Once the election results are certified, he will open a permanent campaign of criticizing the government," Aguilar said.

Apparent Loser In Mexican Presidential Election Disputes Results (KRT)

By Kevin G. Hall

Knight Ridder, July 9, 2006

MEXICO CITY - Mexican presidential hopeful Andres Manuel Lopez Obrador made it clear Saturday he won't go down without a fight, calling on a gathered multitude to join him in nationwide protests as he tries to prove to the courts that he was defrauded in last Sunday's election.

Speaking before hundreds of thousands of supporters dressed in the yellow and black of his Party of the Democratic Revolution (PRD), Lopez Obrador told his supporters across the nation to join him in launching a National March for Democracy beginning Wednesday and vowed to prove he was the winner in the photo-finish balloting.

"Cheer up, we are sure that despite all the anti-democratic practices, we won on July 2," he told the throngs gathered in Mexico City's picturesque Zocalo, the ancient city square where the National Cathedral sits atop ruins of the vanquished Aztec empire.

Lopez Obrador's call for the march, which will culminate with another massive "informative rally" in Zocalo on July 16, also guarantees difficult weeks ahead for Mexico. Its stock market bounced around last week and investors are sure to worry as Mexico's young democracy appears headed for its toughest test to date.

Addressing his supporters Saturday night - under a massive red, white and green Mexican flag - Lopez Obrador made it clear he would seek the presidency at nearly any cost because "beyond the technical arguments or legal foundations is democracy and the stability of the country."

Lopez Obrador finished second in July 2 voting, but his conservative rival Felipe Calderon won by about 243,000 votes out of more than 41 million cast, or a scant 0.58 percent margin.

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Lopez Obrador overcame attempts last year to impeach him on a technicality when he was mayor of Mexico City, a move that would have prevented his presidential bid. He believes President Vicente Fox and electoral authorities conspired to deny him the presidency.

Speaking earlier Saturday to foreign correspondents, Lopez Obrador announced he'd bring several different allegations of irregularities to the special Federal Electoral Tribunal, known by its Spanish initials TRIFE. Using the word "fraud" for the first time, he alleged he was the victim of a rigged computer count.

Current and former IFE officials deny the computerized vote count is open to manipulation. Foreign and domestic election observers saw no signs of fraud, but Lopez Obrador said he disagreed with them and called the elections "plagued by irregularities."

Tens of thousands of angry and vocal supporters streamed into square throughout the day, some carrying signs that read "This is just beginning" and "Vote by Vote, Booth by Booth," a reference to the candidate's demand for a complete recount of every single vote cast.

As people massed at the historic square late Saturday, Lopez Obrador was interrupted repeatedly by the chants of "Fraud, Fraud, Fraud."

Protestor Alberto Hernandez Culebro, owner of a small business, predicted that if the courts did not overturn the election, his nation could expect future disruptions, including street demonstrations, mass labor strikes and face-to-face confrontations with President Fox and apparent President-elect Calderon - both members of the ruling National Action Party (PAN).

"There must be new elections," he said.

Jose Valtierra Campos, a university professor, joined Lopez Obrador in chiding President Bush for calling Friday to congratulate Calderon on his victory.

"Tell Mr. Bush to keep his hands out of here. We can manage things," he said. "I think Bush doesn't have a reason to intervene in matters that don't involve him!"

Lopez Obrador sees those calls as an affront because Mexico officially does not have a president-elect until the TRIFE validates the election results. It has until Sept. 6 to do so.

Although he didn't provide much detail, Lopez Obrador said party lawyers would begin filing complaints Sunday in five regional electoral courts that belong to the TRIFE. Those regional courts immediately pass challenges to the presidential election up to a supreme electoral tribunal in Mexico City. Lopez Obrador has until Monday to bring all challenges to the TRIFE.

Additionally, Lopez Obrador said he'd pursue a challenge with Mexico's Supreme Tribunal, the highest civil court, alleging that Fox used the lever of government to boost his party's candidate. Mexico's election authorities in May ordered Fox to stop using public appearances to bolster his party's candidate. In 2003, the electoral court voided a state election in Colima on the same charges that Lopez Obrador intends to bring - that presidential support did irreparable harm.

"Without a bit of shame, and without caring for the presidential investiture, (Fox) dedicated himself to attacking us and has ended up being a total traitor to democracy," said Lopez Obrador, in an unusually harsh attack on the president.

On Friday, Calderon held a news conference with foreign correspondents and assumed the air of a president-elect. His camp has started publicly discussing transition issues and cabinet positions. He tried to make it appear as a fait accompli that he's Mexico's next president.

"But that's not how things are, this is just the beginning," vowed Lopez Obrador in his own news conference Saturday.

During the final weeks of the bitter campaign, Lopez Obrador made a concerted effort to look as if he were a center-left candidate that would stick to basic free-market economic policies that Mexico has followed for nearly two decades. He was forced to modify his image, in part, because of attack ads by Calderon that scared middle-class voters. They described Lopez Obrador as a radical who would chase away investment and bring economic ruin.

On Saturday, Lopez Obrador didn't shy from scary rhetoric. He engaged in class warfare, dubbing the apparent winner of the presidential elections as a tool of the rich. He added that, win or lose, his party wouldn't work with Calderon in Congress.

"There is a project that the Right defends that consists of continuing the same economic policies that have impoverished the majority of Mexicans, and that we can not be a part of any coalition while this economic policy doesn't change," he said.

Lopez Obrador added, "At the core, the candidate of the right is a tool of a group that created powerful interests in Mexico, who for some time have converted the government into a committee that's at the service of minority."

Lopez Obrador rejected charges that his protests are destabilizing the country.

"I think the main factor of destabilization, in this case, is the violation of the right people to freely elect their authorities," he said. "If there isn't democracy, there is instability."

Lopez Obrador Vows To Challenge Mexico's Presidential Results (KRT)

By Kevin G. Hall

DOJ_NMG_0039457

Knight Ridder, July 9, 2006

MEXICO CITY - In a scene eerily reminiscent of the U.S. elections in 2000, Mexican presidential hopeful Andres Manuel Lopez Obrador said Saturday that he was defrauded by a rigged computer count and vowed a legal challenge before a special electoral court and Mexico's highest civil court.

In a hastily called news conference with foreign correspondents on Saturday morning, six days Mexican's cast their vote, Lopez Obrador, of the left-leaning Party of the Democratic Revolution (PRD) accused the Federal Electoral Institute of conspiring with the government to arrange his narrow defeat by a margin of 0.58 percent.

"They manipulated the electronic computer system," he said. The electoral body, known by its Spanish initials IFE, "introduced a computer model with a determined factor, where they beforehand knew how it would behave the entire day."

Specifically, Lopez Obrador believes the IFE, which has trained electoral authorities around the world and which polls show is held in high regard by Mexicans, conspired to shave points from his count and gave them to his opponent. Elections experts said conservative Felipe Calderon's tight margin of victory was akin to a difference of about two ballots per voting booth.

"This electoral organ folded completely before the government and its (ruling) party," said Lopez Obrador.

Current and former IFE officials deny the computerized vote count is open to manipulation. Foreign and domestic election observers saw no signs of fraud, but Lopez Obrador said he disagreed with them and called the elections "plagued by irregularities."

Lopez Obrador addressed journalists just hours before a massive "informative assembly" he called in Mexico City's picturesque Zocalo, an ancient city square that houses the National Cathedral. It was built by Spanish conquerors atop the ruins of the vanquished Aztec empire.

Tens of thousands of angry and vocal supporters streamed into square throughout the day, some carrying signs that read "This is just beginning" and "Vote by Vote," a reference to the candidates demand for a complete recount of every single vote cast.

Security was tight and organizers hoped crowds would swell above 200,000 people. Lopez Obrador told reporters he would continue peaceful street demonstrations in response to the faulty vote tally.

As people massed at the historic square late Saturday afternoon, many chanted "No Electoral Fraud."

Alberto Hernandez Culebro, one protestor, predicted that if the courts did not overturn the election, his nation could expect future disruptions, including street demonstrations, mass labor strikes and face-to-face confrontations with President Vicente Fox and president-elect Calderon. "There must be new elections," he said.

Jose Valtierra Campos, a university professor, called the election "a fraud, a theft." He also chided Bush for congratulating Calderon on his victory. "Tell Mr. Bush to keep his hands out of here. We can manage things. I think Bush doesn't have a reason to intervene in matters that don't involve him."

Although he didn't provide much detail, Lopez Obrador said party lawyers would begin filing complaints Sunday in five regional courts that belong to the Federal Electoral Tribunal, known by the Spanish acronym TRIFE. Those regional courts immediately pass challenges to the presidential election up to a supreme electoral tribunal in Mexico City. Lopez Obrador has until Monday to bring all challenges to the TRIFE.

Additionally, Lopez Obrador indicated he'd pursue a challenge with Mexico's Supreme Tribunal, the highest civil court, alleging that President Vicente Fox, who like Calderon belongs to the National Action Party (PAN), used the lever of government to boost his party's candidate. Mexico's election authorities in May ordered Fox to stop using public appearances to bolster his party's candidate, and Lopez Obrador alleges this support did irreparable harm.

The fiery populist bristled Saturday at the fact that President George W. Bush and Spain's Prime Minister Jose Luis Rodriguez Zapatero called Calderon on Friday to congratulate him for winning Wednesday's official count. Lopez Obrador sees those calls as an affront because Mexico officially does not have a president-elect until the TRIFE validates the election results. It has until Sept. 6 to do so.

On Friday, Calderon held a news conference with foreign correspondents and assumed the air of a president-elect. His camp has started publicly discussing transition issues and cabinet positions. He tried to make it appear as a fait accompli that he's Mexico's next president.

"But that's not how things are, this is just the beginning," vowed Lopez Obrador.

During the final weeks of the bitter campaign, Lopez Obrador made a concerted effort to look as if he were a center-left candidate that would stick to basic free-market economic policies that Mexico has followed for nearly two decades. He was forced to modify his image, in part, because of attack ads by Calderon that scared middle-class voters. They described Lopez Obrador as a radical who would chase away investment and bring economic ruin.

On Saturday, Lopez Obrador didn't shy from scary rhetoric. He engaged in class warfare, dubbing the apparent winner of the presidential elections as a tool of the rich, and said that, win or lose, his party wouldn't work with Calderon in Congress.

"There is a project that the Right defends that consists of continuing the same economic policies that have impoverished the majority of Mexicans, and that we can not be a part of any coalition while this economic policy doesn't change," he said.

Lopez Obrador added, "At the core, the candidate of the right is a tool of a group that created powerful interests in Mexico, who for some time have converted the government into a committee that's at the service of minority."

Declining to say how he'd respond if the courts reject his bids to overturn election results, Lopez Obrador rejected charges that his protests are destabilizing the country.

"I think the main factor of destabilization, in this case, is the violation of the right people to freely elect their authorities," he said. "If there isn't democracy, there is instability."

Mexico Faces Its Own Red-Blue Standoff (NYT)

By James C. McKinley Jr.

The New York Times, July 9, 2006

MEXICO CITY

NO matter who wins the election in Mexico, where the leftist and conservative candidates are locked in a legal battle over the outcome, the voters have pulled the curtain back on a new political landscape for the country. In the end, who won may not be nearly as important as who lost. The candidate of the Institutional Revolutionary Party, which ruled the country with an iron hand for 70 years, did not win a single state. Worse, the P.R.I., as the party is known, lost its hold on Congress, slipping from the largest faction to third largest.

In short, the declining former ruling party finally crashed and burned. And from the wreckage have risen two invigorated, growing — and quite evenly matched — parties, Felipe Calderón's National Action Party, or P.A.N., and Andrés Manuel López Obrador's Party of the Democratic Revolution, the P.R.D.

"What's happened, I think, is that in fact we have a new panorama," said Daniel Lund, a pollster and political analyst. "Two parties have emerged that are not the dual heirs of the P.R.I."

And they look a lot like the Republicans and Democrats or Britain's Tories and Labor.

The two parties are roughly divided along the left-right lines that appear throughout Latin America today. The right supports free trade and privatization; the left opposes globalization and favors more welfare programs. But they are not so much at odds on the country's broad needs and goals — national pride, a rate of development that matches that of countries like Brazil and Chile, and avenues by which the poor can move upward.

One striking feature is a split along regional lines. Mr. Calderón took most of the northern states, while Mr. López Obrador dominated the central and southern states. So Mexico's new map has its own version of America's red state-blue state phenomenon, and it is so evenly balanced that the presidential race produced a virtual tie.

Last week, when Mr. Calderón was declared the victor by a margin of less than 1 percent of the vote and Mr. López Obrador vowed to fight in the courts for a recount, the stalemate raised the prospect of more polarization — and, perhaps, a bitter stalemate.

The new map depicts an industrialized north, where business ties to the United States have played an enormous role in the rise of the right-leaning, conservative party, and a more agricultural south that is a hotbed of leftist discontent and anti-globalization sentiment. Political scientists say this has a little to do with history and a lot to do with economics.

For starters, the benefits of the 1994 free trade agreement with the United States and Canada have never trickled down to southern states like Chiapas, Oaxaca and Guerrero. While the economy in the north has grown at 4.5 percent a year, the southern states have barely grown 1 percent each year. They remain largely agricultural and poor, with big indigenous populations.

It was in Chiapas in 1994 that the Zapatista rebels, mostly descendants of Mayan Indians, rose up and became heroes for opponents of globalization everywhere.

In the north, meanwhile, border cities have swollen as migrants continue their inexorable march northward, and maquiladoras, the factories that assemble products for American companies, spring up like wildflowers along the Rio Grande and the rest of the border.

Even in agriculture there is a clear difference. The south holds on to the old system of ejidos, or cooperative farms, that was established after the 1910 revolution. Most farmers produce only for their own consumption or a little for the local market.

The north, however, is dominated by large modern farms, much like those in California, producing everything from tomatoes to chiles for export. Many people from the south are moving north to work as pickers, because the pay is better.

The P.A.N. has its roots in the north. Founded in 1926, it served as a haven there for those fed up with the P.R.I. machine, which was little more than a dictatorship in democratic clothing. The P.A.N. won its first governorship in the north, in the late 1980's, and began the long march to power that led to the victory in 2000 by its candidate, Vicente Fox.

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Now, that march is being followed by the emergence of a vigorous two-party system. Even if he ultimately loses, Mr. López Obrador has united his party's warring factions and doubled its presence in Congress. "Andrés Manuel is the P.R.D.," said Federico Arreola, a former columnist and newspaper owner who worked on the López Obrador campaign.

The P.R.D.'s ability to dislodge the old rulers of the P.R.I. in the south crystallized only in the late 1990's, when Mr. López Obrador, the national chairman of his party, tapped longstanding anger over the oppressive tactics of the old ruling party. He won a term as mayor of Mexico City in 2000, and last year the party won the governorship of Guerrero.

Now, with the P.R.I. unraveling, its members have been drifting into the other two parties. In the south, they have flocked to Mr. López Obrador, who has promised to renegotiate the North American Free Trade Agreement, subsidize farmers, fix prices for corn and beans, cut prices for energy, spend more on welfare programs, and build refineries, trains and roads to provide jobs.

The biggest question now is whether the two main parties can learn to work together after a divisive election. During Mr. Fox's six-year term, the P.R.I. sabotaged most of his reforms in Congress.

In the new landscape, such tactics from whichever side loses the presidency could paralyze Mexico's development and spur an even greater flood of immigrants to the United States. Multiparty democracy is young here, the idea of bipartisan cooperation has yet to take root, and the prospect that a razor-thin election will yield only partisanship already scares some Mexicans.

"We cannot have another six years of a country in gridlock," said Rossana Fuentes Berain, the editor of the Spanish-language Foreign Affairs.

Hire Lawyers - And Caterers (WP)

By Benjamin L. Ginsberg

The Washington Post, July 9, 2006

I still remember the shock I felt -- that mix of abject fear and utter disbelief -- when I realized we would be in a recount after the 2000 presidential vote. Now, following their own ferociously contested election, our friends in Mexico may be joining us in that memorable (but not necessarily desirable) experience.

So, after living though the 2000 Florida recount as national counsel to the Bush-Cheney campaign, I offer a few tips for Felipe CalderÃ²n, AndrÃ©s Manuel Lopez Obrador and those who will handle the recount for them in the coming days and weeks:

First, get the right people. It makes all the difference. Recruit the smartest, ablest, toughest ones you can find. We immediately started lining up former Supreme Court clerks, red-meat litigators, wily political operatives and top communicators. Be sure they're committed to your candidate -- that commitment makes it possible to manage all that talent.

Second, organize. Former secretary of state James A. Baker III led our recount effort. He brought a career's worth of assets to the endeavor, including vast experience in complex missions. His first charge was the creation of a detailed organizational chart, which paid dividends throughout. The effort had structure and people had defined responsibilities in what was otherwise the most unpredictable, fast-paced and high stakes time of our professional lives.

Next, get a good caterer and some extra phone lines. In other words, pay attention to logistics. You'll have many people to feed (you won't want them taking the time to forage on their own) and many people to keep in touch with minute by minute. Our Florida headquarters received a remarkable number of hang-up calls that swamped the system until we installed new exchanges. One memorable early conference call included so many people around the state that it collapsed after 30 minutes.

Make sure you line up top lawyers, which in a recount are a necessary (and underappreciated) evil. Lawyers don't always win the congeniality prize during campaigns; after all, a big part of the job is saying no. But recounts are -- don't forget -- legal proceedings. Mexico's Federal Electoral Tribunal will have until September to rule. That will require many lawyers. Analyze the various skills your legal team will need under Mexican law and recruit the best for each.

An awful lot will be going on in each counting center, so be sure to develop a strong ground game. Have enough people (with an emphasis on those wily political operatives) to cover everything that happens. Be sure your staff members take detailed notes on each tally sheet, vote packet and ballot they see. That will prove crucial in an eventual court case.

From the start, you'll need communications specialists. It's important that your candidate's victory be legitimized so that he can govern effectively. To achieve that, you need to tell your side of every development every day. Communicators must also manage the deluge of inquiries you'll receive. If the lawyers and the staff in the counting centers have to manage this process, they'll be distracted from their real responsibilities.

Ignore editorials. Sure, if there's one criticizing your opponent, use it for all it's worth. But don't pay attention if they don't like something you're doing. You're doing it for a reason -- stick with that. Also, remember there's so much going on that even the best reporters won't know a third of what is happening on any given day. So trust your people, and pay attention to newspapers and television only for breaking news and for a flavor of what the public is seeing.

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The hardest thing to do in a recount -- with all its speed, surprises and changes -- is to keep your effort consistent. Avoid what befell the Gore camp in 2000: First calling for a recount in only their strongest counties, then switching to a "count all the votes" strategy statewide but simultaneously trying to exclude overseas military ballots and 30,000 absentee ballots in two counties. So find a very smart person to focus solely on the big picture, and empower him or her to speak up when the unexpected makes it seem expedient to change everything you've been doing. Your credibility rides on it.

Learn to deal with the wild accusations; it's a presidential recount, after all. Your opponents will issue baseless charges with utter conviction. Remember the butterfly ballot, which can be challenged under Florida law before an election, but not after? Or the charge of voter intimidation, which was loudly publicized although neither Al Gore's state chairman (who was Florida's attorney general) nor Bill Clinton's attorney general (who was from Miami) ever brought any cases? Don't overreact, just debunk the allegations as best you can. Trust me, especially if you win, the bleating will continue long after the country has moved on. Don't worry about it.

Finally, take time to smell the roses or, in Mexico, the dahlias. This is the wildest ride you'll ever be on, but take a moment each day to remember that you're part of history. It may feel like root canal right now, but you'll be eternally thankful you were there. Savor it. And appreciate the people around you. When this is over, you'll have a rare bond that will last forever.

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Benjamin L. Ginsberg, a partner at Patton Boggs, served as national counsel to the Bush-Cheney campaigns in 2000 and 2004.

Don't Take The High Road (WP)

By Ronald Klain

The Washington Post, July 9, 2006

For the presidential campaign of AndrÃ©s Manuel Lopez Obrador, narrowly declared the loser to Felipe CalderÃ²n in Mexico's much-disputed returns, there is good news and bad news. The good news is that he has avoided the two biggest problems that confronted Al Gore in Recount 2000: being forced to contest the election in a jurisdiction where the governor was his opponent's brother, and being tormented by a chief election official who was a partisan operative with a bizarre Queen Esther complex. The bad news, however, is that, where Gore trailed in the initial tally in Florida by fewer than 2,000 votes, Lopez Obrador is more than 200,000 votes behind. It's only a matter of time before the Mexican equivalent of our pundit class begins its demands for "finality."

For Lopez Obrador, the clock is ticking loudly. If he wants to keep his candidacy alive, he must take decisive -- and quite divisive -- action. He must bring meaningful and documented claims of fraud in the election. He must call his supporters to the streets and question the legitimacy of the vote casting and counting process. He must demand that, notwithstanding Mexican law, every ballot be recounted, by hand, to ensure an accurate tally. Above all, he must reject any suggestion that CalderÃ²n received more votes -- indeed, he must insist that any fair count would show that he is the rightful winner.

This, of course, was not the playbook that Gore followed in 2000. The vice president rejected advice to do these things. Instead of claiming victory, he limited himself to suggesting that the result was in doubt -- and unknown -- until a "full and fair" count could be completed. He urged calm among his supporters and called off street protests by progressive groups and allies. He never, ever questioned the legitimacy of the institutions -- the courts or the canvassers -- responsible for the tallies, and he forbade his lawyers and operatives from doing anything of the sort.

The Gore approach was dignified, responsible, reasonable -- and unsuccessful.

The playbook that Lopez Obrador must follow, if he wants to keep his prospects alive, is the Bush 2000 playbook. Remember the protesters with "Sore Loserman" signs and the crowds near Observatory Circle shouting, "Get out of Cheney's house"? Remember the "Brooks Brothers Riot," bringing an end to the recount in Miami-Dade County? Remember former secretary of state James A. Baker III's condemnation of the Florida courts, and his harsh words for judges who ruled against the Bush campaign? And above all, remember then-Texas Gov. George W. Bush's repeated refusal to accept Gore's offers of reconciliation, and his unflinching (though counter-factual) insistence that the votes had "already been counted and recounted" and that he was the undisputed winner? If Lopez Obrador has a hope at this point, the Bush 2000 strategy is probably his only option.

But Lopez Obrador isn't the only one with a hard choice. CalderÃ²n, too, must decide what his next steps will be. For now, he is resisting demands for a full hand recount of all the votes. In the short run, this may maximize his chance of occupying Los Pinos -- but at what price?

For the past six years, President Bush has suffered bitter domestic opposition (suppressed for a time after 9/11), that is, in no small part, an echo of the doubts about how he came into office: in a process in which his campaign systematically attempted to stop legitimate recounts and in which our nation's highest court ordered local election officials to stop tabulating votes.

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CalderÃ²n can likewise use his power and influence to stifle recounts -- but he would do better to take a very different stance than Bush did in 2000. He would do better to take the Gore approach, and balance the risk of defeat after a full recount against the added legitimacy of his power if he prevails in such a transparent and fulsome process.

Hence, ironically, even though he is trailing, Lopez Obrador's only hope of victory is a Bush-like, scorched-earth approach; and, though he is leading, CalderÃ²n's best hope for leveraging a narrow margin into governing authority as president would be a Gore-like commitment to a full and fair recount. For CalderÃ²n and Lopez Obrador, the choices -- and consequences -- are firmly in their own hands.

Ronald Klain was general counsel for the Gore-Lieberman Recount Committee in 2000, and is now a lawyer in Washington.

Ex-Mexican Leader Freed From House Arrest (AP)

By Ioan Grillo

AP, July 9, 2006

A federal judge threw out genocide charges on Saturday against former President Luis Echeverria, ruling that a 30-year statute of limitations had run out, his lawyer said.

Echeverria, 84, had been under house arrest for more than a week on charges that he organized a student massacre as interior secretary in 1968. He went on to become president from 1970-1976.

The charges were the first to have been filed against a former Mexican president.

Prosecutors still can appeal the decision, but Echeverria's lawyer, Juan Velazquez, was confident that the ruling would be upheld.

"The case is not finished but it's dead," he said.

Saturday's decision was the latest blow to prosecutors' attempts to bring Echeverria to justice for alleged crimes committed during Mexico's "dirty war," a violent crack down on leftist dissidents in the 1960s and 1970s.

Ignacio Carrillo, a special prosecutor appointed by President Vicente Fox, also has attempted to bring charges against Echeverria for a 1971 student massacre and for the disappearance of leftist activists during his presidency.

All of the charges have been thrown out or blocked by courts.

A phone call to Carrillo's office on Saturday went unanswered.

The 1968 massacre took place in Mexico City's Tlatelolco Plaza on Oct. 2, just before the capital hosted the Olympics. Officially, 25 people were killed, though human rights activists say as many as 350 may have died.

Special prosecutors say they have reviewed military documents indicating 360 sharpshooters fired from buildings surrounding Tlatelolco Plaza. The attack is considered one of the darkest moments of 71 years of rule by the Institutional Revolutionary Party, or PRI.

After President Vicente Fox ended seven decades of PRI rule with his historic 2000 election victory, he promised to prosecute crimes committed by the old regime.

The order for Echeverria's house arrest came two days before the July 2 presidential election, which Felipe Calderon, the candidate from Fox's conservative National Action Party, appears to have narrowly won.

The Little Tramp's Classic Labor Lesson (LAT)

By Chris Kraul

The Los Angeles Times, July 9, 2006

Venezuela's socialist government is using a 1936 Chaplin film to educate workers about their rights. Employers are not applauding.

LOS TEQUES, Venezuela — In his classic 1936 film, "Modern Times," Charlie Chaplin has to work so fast tightening bolts in a steel factory that he finally goes crazy. In a memorable scene that has become a metaphor for labor exploitation, the Little Tramp is run through the factory's enormous gears.

For President Hugo Chavez's socialist government, the film is more than just entertainment: It's become a teaching tool. Since January, in a bid to expose the evils of "savage capitalism," the Labor Ministry has shown the Chaplin film to thousands of workers in places such as this rundown industrial suburb of Caracas.

When the screenings at factories or meeting halls end, Labor Ministry officials then take their cue, and use Chaplin's plight to spell out worker rights under occupational safety laws passed last year and now being applied. They are part of Chavez's sweeping reform agenda that he calls Socialism for the 21st Century.

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Chaplin wanted his Depression-era movie to make a point, that "once inside the factory, workers had no meaningful rights," said Los Angeles-based film historian and Chaplin authority Richard Schickel. "It was very relevant in the moment it was released, a time of social unrest and the emerging U.S. labor movement."

Seventy years later, Chaplin's fable is all too relevant in Venezuela, said several factory workers who saw the film recently.

"The owners still value their machines more than their workers," said Roberto Maldonado, a 29-year-old minimum-wage worker at the Pollo Premium poultry plant, which processes 75,000 chickens a day. "Charlie Chaplin ends up crazy, and I feel that way too sometimes. When I go home, I'm too tired to pay attention to my wife or family."

Freddy Colmenari, a 35-year-old worker at a pasta factory here, said that just as Chaplin's bosses do in the film, his supervisors frequently speed up the assembly line to nerve-racking levels and zealously monitor workers' trips to the bathroom. "There is always pressure and stress," he said.

But the business community here is hardly applauding the film. In a formal complaint to Chavez last month, the four main employer associations in Venezuela said that showing a movie depicting the boss as a "vulgar exploiter of workers" was designed to "generate hate and resentment in the labor sector" and "demonize the employer."

An official at the Venezuelan Confederation of Industries, one of the four signatories, said that the new workplace laws were another example of Chavez punishing private industry, a process the groups say has been unrelenting since a failed 2002 coup led by businessman Pedro Carmona.

While insisting they don't oppose workplace safety improvements, business groups here say that they weren't consulted before the new laws were drafted and that now workers and their delegates have too much power to intervene in factory operations.

Jhonny Picone, a top Labor Ministry official, said employees needed all the power they could get. He noted that Venezuelan workers were more likely to describe their job as "a curse from God than as something positive."

The grim and dehumanizing factory conditions depicted in the Chaplin film are still the "norm," he said — more than 1,500 workers die and thousands are injured annually in industrial accidents.

Largely at Picone's insistence, the film has been shown 1,000 times in 14 states and has been effective in educating workers who usually have no clue about their health and safety rights. Labor Ministry officials say it's because the most recent workplace regulations, passed in 1986, were unobserved, a "dead letter."

Workers are told they have a right to demand safety and hygiene precautions, and, through an employee-elected delegate that represents each factory, even to shut down production if owners don't comply. Egregious and repeated safety violations can result in the government taking over a plant.

"With Charlie Chaplin, it's easier to catch the attention of workers who are often too tired or don't trust the government in the first place," said Picone, a doctor named by Chavez to head a new Labor Ministry agency that he compared to the U.S. Occupational Safety and Health Administration.

The workplace laws are a facet of Chavez's often-mentioned goal of installing a new socialist economic model to replace the globalized free-market version that the president says has failed.

The "popular economy" model includes a return to state-controlled central planning that reminds many of the Soviet era. Bankrolled by the country's oil wealth, Chavez has financed a number of worker-owned cooperatives that run factories and farms that the government has built or taken over.

"It's by no means dominant yet. It's gradually being built up by a process of trial and error," said a Chavez administration official who asked not to be named. "But in the longer term, the popular economy model will be dominant."

But one industrial leader who asked not to be identified said that the business climate was abysmal, and that factory production, industrial jobs and private investment had plummeted since Chavez took power in 1999.

"How much of this policy is revolution and how much is castigation, I don't know," he said.

Critics say Chavez is merely recycling the failed protectionist economic policies that many South American nations tried to impose after World War II to keep out foreign capital and competition. The policies were largely jettisoned in the 1980s as countries began embracing free markets and foreign investment.

Business interests also cite Chavez's decision to pull Venezuela out of the Andean Community as another example of his bias against the private sector. The regional trade group, known as CAN, was too U.S.-dominated, the president said. But one member, Colombia, is Venezuela's second-largest trading partner, and businesspeople here are worried that they will lose tens of millions of dollars in trade as a result.

On Tuesday, Venezuela formally joined the Mercosur trade bloc, whose members include Brazil, Argentina, Paraguay and Uruguay. Chavez told delegates in Caracas, Venezuela's capital, that he made the switch to avoid being "devoured by imperialist strategies, as happened with CAN."

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But Venezuelan producers will have a tougher time competing in the Mercosur arena, said Jose Luis Betancourt, president of Fedecamaras, Venezuela's largest business chamber.

He criticized the new workplace measures. "The law will only generate less efficiency, less [industrial] capacity and make the Venezuelan economy more dependent on high oil prices, which won't last all our lives."

Chavez's adversaries in the business sector scoff at the Chaplin film screenings as an example of the president's simplistic, outdated and decidedly business-unfriendly economic policies.

But for poultry plant worker Maldonado, Charlie Chaplin has made a difference at work.

Inspired by the film and the talk from Labor Ministry officials, he demanded gloves and soap from his employer — and got them. But the assembly line still goes too fast, he said.

Metalworker Miguel Moreno also has seen some improvement. "We have more power because we know more," he said. "They've given me earplugs for the noise, at least."

Film historian Schickel said, "Chaplin would just love that his film is still relevant to modern social conditions, that a modern-day leftist politician in Latin America would find this film to be a useful tool."

Keep Pressing On U.N. Reform (2 Letters) (NYT)

By Diplomat's Letters to Editor

The New York Times, July 9, 2006

To the Editor:

Re "Crisis Postponed at the U.N." (editorial, July 3):

The European Union concurs with your view on the importance and necessity of United Nations reform.

The share of the member states of the European Union in the United Nations budget is 37 percent and more than 40 percent of the financing of United Nations peacekeeping.

The European Union is the single largest contributor to the United Nations budget. We attach great importance to reforms that would bring about efficiencies under budget and management rules.

For the European Union, management reform is also central. We have welcomed the proposals put forward by Secretary General Kofi Annan. We are disappointed that more far-reaching results have not yet been achieved.

The lifting of the spending cap was important because it is in our shared interest that the United Nations continue its crucial mission to deliver services around the world.

All the member states must now redouble their efforts to reach concrete results soon. Reform is a continuing process, and a lot remains to be done.

Kirsti Lintonen

New York, July 6, 2006

The writer is Finland's ambassador to the United Nations. Finland holds the rotating six-month presidency of the European Union.

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To the Editor:

Your editorial unfairly tends to stereotype developing countries as blockers of United Nations reform.

Pakistan has played a useful and constructive role. For a vast majority of the United Nations membership, progress on development resolution and implementation of agreed development commitments is a matter of the highest priority.

As co-head of the mandate review process, Pakistan, along with Canada, has made a significant contribution toward advancing the process despite major disagreements among the membership.

On management reforms, Pakistan and other members of Group of 77 recognize the need for managerial discretion for the secretary general. But we believe that delegation of authority must be accompanied by robust accountability mechanisms.

Pakistan supports an efficient, accountable and effective United Nations Secretariat and is committed to carrying out all reform decisions adopted by the World Summit last September.

Mansoor Suhail

Minister (Press)

Pakistan Mission to the U.N.

New York, July 5, 2006

A Double Act Takes Center Stage In Poland (WP)

By Craig Whitlock

The Washington Post, July 9, 2006

DOJ_NMG_0039464

Despite Earlier Promise to Voters, Twin Brother of President Is Named Prime Minister

BERLIN, July 8 -- Ever since their party scored big in Poland's elections last fall, the Kaczynski brothers -- identical twin movie stars with equally big political ambitions -- were widely assumed to be running the country in tandem behind the scenes. Now, it's official.

On Saturday, Poland's governing Law and Justice Party voted to name its party leader, Jaroslaw Kaczynski, the country's new prime minister. With his brother, Lech, already holding the Polish presidency, there is no longer any doubt that the 57-year-old, chubby-faced twins are in charge of the eastern European country.

"There is a certain risk for the president and prime minister to be brothers," Jaroslaw Kaczynski said at a news conference in Warsaw after he accepted his party's nomination for the top job in Parliament. "But for various reasons, we came to the conclusion that, at this time, putting forward a different candidate -- of which we have many good ones -- would be a worse way out than recommending me."

Jaroslaw Kaczynski replaces Kazimierz Marcinkiewicz, who unexpectedly announced his resignation on Friday. Marcinkiewicz said he was giving up the prime minister's post so he could run for mayor of Warsaw in November. He insisted that the Kaczynskis, who had put him in the job last year, did not maneuver him out the door.

Many Poles were skeptical of the official explanation, given the fact that Marcinkiewicz had among the highest approval ratings of any politician in Poland. The Kaczynskis' political enemies, of whom there are many, warned that the brothers wouldn't be satisfied until they were able to vanquish all their rivals.

"Poles are right to fear the concentration of power in the four hands of two brothers," said Donald Tusk, leader of the opposition Civic Platform party and the loser to Lech Kaczynski in last October's presidential race.

The Kaczynskis have been famous in Poland since the 1962, when as child actors they starred in a hit movie, "Those Two Who Would Steal the Moon." As adults, they resisted communist rule and joined the leadership of the Solidarity trade union movement.

Even today, they are difficult to tell apart. Lech is distinguished by two extra moles on his face; Jaroslaw is known as the unmarried brother who lives with their mother.

They entered democratic politics after the fall of the Iron Curtain but enjoyed limited success, gaining reputations as uncompromising scrappers on the fringe of national politics. In 1993, based on a reader survey, a Polish publication declared Jaroslaw Kaczynski the country's "biggest political loony." The runner-up in the rankings? His twin.

Their fortunes changed last September when voters tossed out a government dominated by former communists and gave a plurality in parliamentary elections to Law and Justice, which vowed to stamp out corruption.

As party leader, Jaroslaw Kaczynski had dibs on the prime ministership. But he promised voters he would not take the job if his brother won the upcoming presidential race, saying he realized Poles would be uncomfortable at the prospect of being ruled by twins whom they could barely tell apart.

The pledge, however, sounded as if it was made grudgingly. "My brother said that if I win, he won't serve as prime minister," Lech Kaczynski said with a grin in an interview with The Washington Post last September. "I think that would be a limitation of our civil rights."

Lech Kaczynski won the presidency a month later after a hard-fought contest. Afterward, the brothers made good on their promise at first by naming Marcinkiewicz as prime minister. But they did little to dispel the perception that they were controlling the government behind the scenes, speaking by phone several times a day and rarely making decisions without consulting each other.

Since then, they've displayed an eagerness for bare-knuckled politics, taking a hard line against former communists, gays, Russia, Germany and the European Union. They also kept the government in turmoil by waiting months to form a ruling coalition in Parliament.

On Saturday, Jaroslaw Kaczynski tried to reassure voters that the official change at the top would not lead to more political instability.

"In a formal sense, we will have a new government," he said. "I repeat formal sense, because in a practical way, this is going to be a continuation government."

Power Twins Poised To Take Over In Poland (AFP)

AFP, July 9, 2006

Poland prepared for a unique political double act as Jaroslaw Kaczynski, the head of the ruling conservatives and identical twin of the president, stood poised to take over as prime minister.

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The conservative Law and Justice (PiS) party voted in the afternoon to accept the resignation of Prime Minister Kazimierz Marcinkiewicz and proposed he be replaced with party chief Kaczynski -- the man who named him as premier just nine months ago.

If Jaroslaw Kaczynski, 57, is approved by parliament as prime minister, he will be breaking a vow he made during his twin brother Lech Kaczynski's successful presidential election campaign last year.

"I announced before the elections that I would by no means be prime minister if my brother, Lech, was elected president," Jaroslaw Kaczynski told AFP in October, a week after his brother scored a surprise win in the presidential race.

Jaroslaw said then that neither the Polish people nor Poland's international partners would tolerate a fraternal double act in the two key posts of Polish politics.

But on Saturday Jaroslaw Kaczynski boldly announced a U-turn, telling a press conference: "We are taking a risk in having a president and a prime minister who are brothers.

"However, we have come to the conclusion that putting forward another candidate (for prime minister) at this time would be a worse solution than putting me forward."

Donald Tusk, head of the business-friendly Civic Platform (PO), the main opposition party, claimed Jaroslaw Kaczynski lacked experience in economics and that Poland's image abroad would suffer under the power-hoarding twins.

"Poles are afraid of power concentrated in the four hands of the two brothers. This is power being concentrated by one family, with an intensity unknown in the civilized world," Tusk told reporters.

Pressed by the media to explain Friday's bombshell announcement of a change in prime minister, Jaroslaw Kaczynski gave just one explanation: Marcinkiewicz quit so he could turn his attention to contesting November 12 elections for Warsaw mayor.

"The victory of our candidate will allow the reform processes we have started in the country to be carried out at local level," said Kaczynski, whose party topped the poll in legislative elections last year.

Kaczynski said that he was planning to nominate a new finance minister, who would continue public finance reform and maintain the budget deficit at 30 billion zlotys (7.5 billion euros, 9.5 billion dollars.)

The current finance minister, Pawel Wojciechowski, was officially named only two weeks ago. Kaczynski said at the time he had not been consulted over Marcinkiewicz's choice of Wojciechowski.

Analysts have warned of economic turbulence in Poland following the departure of Marcinkiewicz, seen as the last economic liberal in a populist government.

Jacek Wisniewski of Raiffeisen Bank predicted that the national currency, the zloty, and bonds would fall when markets reopen on Monday.

Meanwhile Marcinkiewicz, 46, said he would formally hand in his resignation to the president on Monday. He rejected media suggestions of a rift between him and Jaroslaw Kaczynski.

"Politics is a team game about team work for the good of the country," he insisted.

But analysts were unconvinced. Political scientist Kazimierz Kik said Marcinkiewicz's departure was forced by Jaroslaw Kaczynski, annoyed by the increasingly independent and high-profile stance the premier was taking.

"Marcinkiewicz was openly abused and replaced like an old, worn-out glove when Jaroslaw Kaczynski decided he didn't want anyone rising above him any more," Kik was quoted by PAP news agency as saying.

Analyst Stanislaw Mocek said that Marcinkiewicz probably began moving toward the exit in May, when PiS formed a coalition with the far-right League of Polish Families (LPR) and the populist Samoobrona parties.

"Marcinkiewicz felt the government was not his own any more," Mocek said.

Polish Leader's Twin Tapped To Become PM (AP)

By Vanessa Gera

AP, July 9, 2006

The United States has its political power families — the Kennedys, the Clintons, the Bushes. But nothing quite like what is developing in Poland, which faced the almost certain prospect Saturday of having identical twins as prime minister and president.

President Lech Kaczynski was preparing to swear in his twin, Jaroslaw, as the head of a new Cabinet after Prime Minister Kazimierz Marcinkiewicz submitted his resignation.

Though both men have the same round faces and short, stout builds, many Poles have learned to distinguish them, thanks to the fact that Lech has two moles on his face, and wears a wedding ring. Jaroslaw is unmarried, and has no moles.

The 57-year-old twins — who happen to be Geminis — first won fame as child actors in the 1962 hit film "The Two Who Stole The Moon." Though their show-business careers stopped there, they became politically active when they joined the anti-communist opposition in the 1970s. They later served as advisers to the Solidarity movement in the 1980s.

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After the fall of communism, they served briefly as advisers to Solidarity leader Lech Walesa during his 1990-95 presidency, but later fell out with him.

Jaroslaw Kaczynski has used his role as chairman of the ruling Law and Justice party to guide the government from the sidelines since his social conservatives won elections last fall. The popular Marcinkiewicz has represented the government abroad.

The two apparently fell out over Marcinkiewicz's choice of a new finance minister. On Saturday, party officials accepted Marcinkiewicz's resignation and said they had chosen Jaroslaw Kaczynski to replace him. The nominee said at a news conference that he accepted.

The prospect of having portly, gray-haired identical twins in the two top posts has loomed as a possibility since Lech Kaczynski embarked on his presidential campaign last year.

But Jaroslaw Kaczynski had pledged to refrain from becoming prime minister, saying he wanted to spare the country the confusion of identical leaders.

As quirky as the situation might seem to outsiders, the strangeness of two identical men dominating the political scene has worn off to some extent for Poles, in part because the two have been a public presence for nearly half a century.

Jacek Kucharczyk, an analyst with the Institute of Public Affairs think tank, says that, even if their looks might confuse foreign dignitaries, the issue no longer looms as a domestic predicament.

"It was a kind of aesthetic problem during the elections, and some people thought it was strange looking," Kucharczyk said. "But the main problem is their track record in politics."

Poland has been beset by political instability and bickering since Law and Justice formed a government in October. Attempts to form a coalition with a pro-business party collapsed in the fall. After months of serving as a weak, minority administration, Law and Justice stabilized its government by forming a coalition with two smaller parties in May.

The deal sparked controversy because of the two small groups' reputations.

The farm-based Self-Defense is led by Andrzej Lepper, a rowdy former leader of occasionally violent anti-European Union street protests in the 1990s.

The League of Polish Families has sparked protests because of its close links with a far-right radical youth movement, All-Polish Youth, that has attacked gay rights parades and whose members have made Nazi gestures.

Marcinkiewicz still has to submit his resignation to the president for the change to become official, but it was expected to be a formality that the outgoing premier said he would happen Monday.

Oil's Promise Still A Dream (LAT)

By Edmund Sanders

The Los Angeles Times, July 9, 2006

A pipeline has given Chad hundreds of millions of dollars to fight poverty but critics say corruption and waste have kept the money from those most in need.

Outside the gleaming white fences of a multibillion-dollar American petroleum complex here, a slum dreams of becoming a boom town.

Thousands of people have flocked to this village in southern Chad over the years, hoping their country's newfound oil wealth would translate into jobs and prosperity. But most remain unemployed, living in huts on garbage-strewn, dirt streets with neither electricity nor running water.

Relations between the village and an ExxonMobil Corp.-led consortium across the street are so strained that oil workers are now banned by their employer from patronizing local bars and other shops in the village. When fire raced through the slum in March, oil company fire trucks watched from the other side of the fence, witnesses said.

"They said our children would get jobs," said Benoit Djimrane Njarounda, who moved to the area more than a decade ago and now serves as the village's chief. "There were so many promises. What happened?"

Three years after this poor, landlocked Central African country joined the league of oil-producing nations, there are growing — and familiar — complaints that petroleum money is not getting to those most in need. For most of this year, Chad's oil wealth has been frozen in London bank accounts after a dispute with the World Bank.

As he led an ox across a plot of dirt to plant millet for his family, Joseph Bailessem, 27, lamented that he lacked the skills and education needed for a job at the plant. Worse yet, he said, his children, who were helping him till the soil, are missing out on their education because promised classrooms have yet to open.

"Where is the oil money going?" he asked. "White people are the only ones benefiting."

Just a few years ago, Chad was held up as an international model for how a developing nation could avoid the curse of oil and ensure that money did not disappear into bureaucrats' bank accounts, as seen in Nigeria, Sudan and Gabon.

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Thanks to decades of internal strife and its reputation as one of the world's most corrupt countries, this former French colony was unable to attract investment partners to develop its oil fields until the World Bank agreed in 2000 to back a $4-billion deal to build a pipeline from Chad to the Atlantic coastline of neighboring Cameroon.

In return for its participation, the World Bank secured strict conditions on how the Chad government's share of the profit could be spent. Some 10% would be set aside in a "future generations" fund; 72% was earmarked to fight poverty by spending on health, education and roads; 13.5% would go to government coffers and the remaining 4.5% to local communities affected by the development.

By the end of 2005, the government of Chad had received about $420 million, nearly doubling its annual income.

But tracking where the money went is not so simple. A major chunk, more than $74 million in 2005, was allocated for new roads, according to Chad's independent oil oversight committee.

Oil funds helped lay one new toll road to the south and are being used for a 400-mile highway to the east. Still, paved roads remain a rarity in Chad — three times the size of California — even in the capital of N'Djamena.

Aside from the new roads, government officials are hard-pressed to describe large-scale benefits of the oil funds. They talk about smaller projects: a new school fence and some renovated classrooms in the capital, HIV testing clinics, a water tower in the southern city of Doba.

Much of the work remains unfinished. Government leaders have urged patience.

"People are complaining because the programs haven't reached them yet, but they will," said Njarindo Milongar, a member of parliament who also chairs the committee that controls money earmarked for communities affected by oil development.

Critics, however, say much of the money is being squandered. Mekombe Therese, vice president of the independent oversight committee charged with monitoring the use of oil proceeds, said her group's analysis of spending in 2004 and 2005 found that 40% to 45% of oil money fell victim to waste, corruption, nepotism, shoddy work or delinquent contractors.

For example, a venture involving the brother of Chadian President Idriss Deby received one of the biggest road construction contracts; committee examiners found a $1-million university grant was being held in the rector's personal bank account; a year after spending $800,000 for three new schools, none had been completed despite a six-month deadline. And new desks provided by another contractor are already falling apart, Therese said.

"The government needs to take action against those who have not fulfilled their obligations, but they are not doing enough," Therese said.

Instead, Deby launched a campaign against the World Bank to seize control over more of Chad's oil royalties. Late last year, Chad's parliament unilaterally scrapped the 10% "future generations" fund, doubled the government's take of profit to 30% and expanded the definition of "poverty reducing" sectors to include such things as the military, energy development and legal reform.

Deby supporters said the revisions reflected Chad's dire needs and worsening finances. They pointed to the Darfur crisis in neighboring Sudan to the east, which has sent more than 200,000 refugees across the border into Chad.

Much of the criticism was aimed at the future generations fund.

"If the current generation is dying of hunger and disease, there won't be a future generation," said Milongar, the parliament member. "We need the money now."

The revisions were widely viewed as a survival strategy by Deby, whose 16-year regime is facing growing public frustration. Unpaid government employees have gone on strike. Soldiers began receiving their salaries only late last year, when rebellions broke out in the eastern part of the country. One coup attempt in April made its way to the distant capital in southwestern Chad.

"He needs the money to buy more guns," said a diplomat in N'Djamena whose government would not authorize him to speak publicly.

Chad's oil riches represent both opportunity and peril for Deby, experts say. If Deby survives another year in office, he'll control assets worth billions of dollars. On the other hand, oil money has made the once-obscure African nation a much more attractive target, to both rebels and other countries.

Chadian officials accuse Sudan and China of backing its rebels. The U.S., which gets about 18% of its imported oil from Africa, also is taking a more active interest.

"The oil war in Chad is beginning," said Chadian economist Ali A. Haggar, a former advisor to Deby.

The World Bank has responded by suspending activities in Chad, effectively freezing the bank accounts holding the nation's oil funds. As a result, none of the estimated $270 million in 2006 royalties has been released.

At one point, Deby angrily threatened to shut down the oil fields if the funds weren't released. Under a truce, the World Bank is preparing to disburse some money as long as Chad pledges to abide by some of the original conditions. Negotiations over a long-term settlement continue.

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Officials in Chad blame the World Bank for halting their poverty projects. "We have so much work to do in Chad and our investments have been blocked by the World Bank," said Mahamat Ali Hassan, minister of economy, planning and cooperation. "I'm really confused."

World Bank officials said they were left with little choice after the government altered the terms of the original agreement.

"It was a decision taken very reluctantly, yet one which we believed was necessary in order to protect the original goals of the project, namely to ensure that the money went to poverty-reducing public spending," Ali Khadr, the director of the World Bank's Chad operation, wrote in an e-mail to The Times.

In some ways, rising oil prices have weakened the World Bank's hand in negotiations.

The oil consortium, including ExxonMobil, Chevron and Petronas of Malaysia, originally predicted that profit would not flow until 2008, based on projected oil prices of $15 a barrel for crude. With prices above $70 a barrel, the consortium began reporting a profit this year.

By taxing the consortium's earnings, the government now stands to receive a windfall next year that officials in Chad say could total $1 billion, far exceeding the royalties they've been receiving.

So far there are no laws or World Bank provisions that restrict the use of such tax revenue, though World Bank officials hope to include that money in the new agreement.

Executives at ExxonMobil and its Esso Exploration & Production Chad Inc. subsidiary declined to comment.

A recent quarterly report by the consortium expressed hope that the government and the World Bank would resolve the dispute.

On its website, ExxonMobil cites its contributions to assisting Chadians, saying it has spent nearly $610 million on goods and services from local suppliers, $8.75 million on community projects such as schools and wells, and more than $9 million in compensation to individuals and landowners affected by its operations. The consortium says 83% of its 7,300 workers are Chadian.

But few of those jobs have gone to the hopeful men and women living outside the gates of the oil facility. A few years ago, they dubbed their slum "Satan" for its bars and brothels. Later, they dropped the first letter and changed the name to Atan, which sounds like the French word for "wait," to reflect their growing impatience.

The only success story in Atan was the Phoenix bar, which once attracted scores of Americans and other foreigners each weekend with its lure of beer, music and women. Some oil workers even installed a generator to keep the drinks cold. But in December, the Phoenix was deemed off limits to oil company employees, according to bar owner Miskine Mougaye. His profit immediately evaporated.

On a recent Saturday afternoon, the place was nearly deserted except for a table of drunken young women, loudly lamenting the lack of men available for sex or to buy them beer.

"It's not the same since the Americans left," Mougaye said. "When they left, they took the generator with them."

In War-Torn Congo, Going Wireless To Reach Home (WP)

By Kevin Sullivan

The Washington Post, July 9, 2006

For Poor, Cellphones Bridge Digital Divide

KINSHASA, Congo -- Until not long ago, if Zadhe Iyombe wanted to talk to his mother, he had to make the eight-day boat trip up the Congo River to the jungle town where he was raised. In a country with almost no roads, mail or telephone system and a grisly guerrilla war raging, making that exhausting and dangerous trip was about the only way he could find out if his 59-year-old mother was still alive.

Then he got a cellphone.

Now he talks to his mother every day. And once a week, with a simple new feature in African cellphones, he uses a text message to transfer five minutes of airtime to her phone to make sure she can always call him.

"Now I know immediately how she is doing," said Iyombe, who lives here in the capital, 400 miles southwest of his mother's home. "These phones make everything easier. It has totally changed life in Congo."

As surely as the light bulb and the automobile before them, the cellphone and text messaging are radically changing the way people live in the developing world. In widespread use for about five years in much of Africa, technology long taken for granted by the world's rich has made life easier, safer and more prosperous for the world's poor.

For the first time, millions of Africans are able to communicate easily with people who are beyond shouting distance. Farmers and fishermen, for example, use text messaging to check market prices, eliminating middlemen and increasing profits -- and preventing long trips to the market on days it is canceled.

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In cities, cellphones are becoming a basic tool of electronic commerce, allowing consumers to transfer money to merchants with a few presses on the keypad.

Restaurant owners now can advertise by sending bulk texts to their customers, promising something delicious for lunch. People call a doctor, mechanic or police officer instead of walking miles to find one. News of births, deaths and illnesses instantly reaches the farthest corners of the jungle, where mothers like Iyombe's struggle with the concept of their children's voices emerging from a little plastic box with buttons.

"Before, if you had a sick baby in the middle of the night, he could easily die," Iyombe said, holding the Nokia phone that has raised his ambitions and expectations of life. "Now you can call somebody to help."

Worldwide, there are more than 2.4 billion cellphone users, with more than 1,000 new customers added every minute, according to industry analysts. About 59 percent of users are in developing countries, making cellphones the first telecommunications technology in history to have more users there than in the developed world.

Cellphone usage in Africa is growing faster than in any other region and jumped from 63 million users two years ago to about 152 million today, according to David Pringle, a spokesman for the GSM Association, a trade group that represents cellular companies whose customers account for 80 percent of the global total.

Few places are seeing faster growth than Congo, which has 3.2 million cellphone customers and just 20,000 conventional land lines. At least 8,000 new cellphone customers sign up each day here; the number of users has increased more than tenfold in the past five years.

When one of Congo's first cellphone networks opened in 1999, it had capacity for 4,000 customers, but 30,000 people lined up outside the office demanding a phone, said Gilbert Nkuli, of Vodacom Congo, the largest of the five cellphone companies competing in the country's booming market.

Africa has attracted multimillion-dollar investments from many of the world's major cellphone companies, including Finland-based Nokia and U.K.-based Vodafone. Vodacom Congo is co-owned by Vodafone and a South Africa-based company, while Celtel, the second-largest provider in Congo, is owned by a Netherlands-based company that has operations in 14 African countries.

The two operators have built about 700 cellphone towers across Congo. Vodacom's Nkuli estimated that 70 percent of the country's 60 million people now live in areas with cellphone coverage.

"People would rather be without a shirt and trousers," Nkuli said, "and they'd rather go for days without food, instead of not having a phone."Dealing in Minutes

Down a rutted dirt road on the tattered outskirts of Kinshasa, Iyombe, 36, sat in the tiny two-room house he shares with his wife. He had been hoping for a career as an electrician, but when he finished his training in 2001, he couldn't find a job. The Congolese economy had been run into the ground by three decades of corrupt dictatorial rule by Mobuto Sese Seko. Then, after Mobutu was overthrown in 1997, the country dissolved into a war that has left 4 million people dead.

Amid all the despair, Iyombe spotted something new and promising: people carrying cellphones. The more he looked, the more he saw his future in the little gadgets. So he saved and borrowed, spending $500 for his first phone (the average price has since come down to about $40), and started charging people to make calls.

Now he's at the heart of Kinshasa's new airtime economy, in which minutes on a cellphone are a commodity that can be used, bartered or sold for cash.

In Kinshasa's noisy street markets, thousands of people sit at little wooden benches with signs that say appel , French for "call." They keep one or two -- sometimes four -- cellphones in their laps. They buy airtime in bulk from phone companies, then charge customers a small premium to make calls.

Amid the exhaust-choked chaos, airtime dealers sit patiently under colorful umbrellas or in wobbly plastic chairs offering exactly the same service as perhaps 30 or 40 other dealers working the same corner. They're all busy all the time.

At his little stand, which was the first one in his neighborhood, Iyombe said, he sells hundreds of calls a week and makes a profit of about $20 -- a fantastic weekly wage in a country where most people live on $1 a day. Iyombe supports his wife and pays rent for an aunt and school fees for two nephews. "I love my work," he said, wearing the bright red T-shirt of Celtel.

A large part of Iyombe's business is transferring airtime for his customers. They give him cash, and he transfers the minutes from his phone to wherever the customer wants them sent -- a friend, a relative or a business partner, often in some distant corner of this country the size of Western Europe.

The transfer takes only a few seconds: Iyombe needs only to enter the amount of airtime and the phone number of the person receiving it. Cellphone companies have added that function to phones in the past year.

Iyombe said many of his customers transfer airtime so that family members in the countryside can resell it. Customers in Kinshasa send airtime to a brother or parent in a distant village, who then sets up under a shady tree and acts as a human

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phone booth. They sell calls on their phone and earn enough cash to feed their families. In many Congolese villages, cellphone ownership marks the divide between haves and have-nots.

Iyombe said text messaging has been slowed by widespread illiteracy but has started taking off in recent months as people learn key words to text, such as "Call me." He said it is becoming more popular largely because a text message costs five cents, compared with 26 cents for a one-minute voice call. When his mother wants to talk to him, he said, she sends a text telling him to call.

"It was a little difficult getting her to use texts, but now she's very good at it," he said, smiling at the thought.

The demand for cellphone calls has sprouted several offshoot industries. For a fee, people type text messages for the illiterate. In places where there is little or no electricity -- which means most of Congo -- entrepreneurs set up small diesel-powered generators and connect plug boards with 30 sockets. People plug in their phones to charge for a couple of hours for about 30 cents.

Iyombe keeps his own small generator to make sure he's never without battery power.

"Without these cellphones, we wouldn't be able to move forward," he said.Mobile Accounts

Iyombe spoke while sitting in the larger room of his house, which is just big enough for a bed -- and a television he bought in a cellphone transaction.

Last year he walked into an electronics shop in the city center and picked out the 20-inch TV. To pay, he punched a few buttons on his cellphone and transferred a down payment of $150 into the shop's bank account. The shopkeeper received a text message confirmation that the money had been transferred successfully, and Iyombe walked out with his new TV. Iyombe settled his bill with three more $50 payments via his cellphone.

"I went in empty-handed, but I could still buy something because I had my phone," he said.

Conveniences such as laptops, Internet access, ATMs and credit cards are rare or nonexistent in Congo, so entrepreneurs are devising ways to use cellphones to serve the same functions.

Iyombe is one of about 25,000 Congolese subscribers to Celpay, a company that offers Internet banking through cellphones. Celpay customers make cash deposits into their Celpay accounts and can access their accounts, transfer money or pay bills with their phones.

Dozens of businesses, including gas stations and grocery stores, now allow customers to pay for goods through Celpay. The company that distributes Coca-Cola and Heineken beer also uses the system to collect payment, which means drivers no longer have to carry a safe full of cash on their trucks and constantly worry about bandits.

When Iyombe wants to make a deposit to his account, he can go to one of more than 100 "cash points" set up across the country. Most are small booths with a person sitting inside with a cellphone and a cash box, known here as "human teller machines." Iyombe gives cash to the clerk, who sends a text message to Celpay noting the deposit. Iyombe then receives a text message confirmation that the money has been credited to his account.

Lazarus Muchenje, chief executive of Celpay, said his company is trying to capitalize on the Congolese embrace of cellphone technology: "We are using the credibility of the cellphone network." Celpay is owned by FirstRand Banking Group, a major South African financial institution.

At a busy gas station in Kinshasa, manager Tharcisse Tshimanga said he gets six or eight customers a day paying with their phones.

"People trust this," he said. "It's made everything easier."Tool of Corruption, Peace

Cellphones have also created a new kind of corruption in a country rife with it: People here tell of government officials demanding bribes in the form of airtime transferred to their cellphones. Local officials said they believe armed rebel groups use cellphones and texts to coordinate their operations in the country's eastern provinces, where they fight regularly with 17,000 U.N. peacekeepers, the largest U.N. force in the world.

But the technology is also being used to create peace, as with a program to disarm more than 150,000 men and women who fought in Congo's gruesome war.

One recent morning in downtown Kinshasa, Fiston Disundi walked up to a little white Celpay cash point booth and handed over his government ID.

The woman in the booth entered his ID number into her cellphone and sent a text message to Celpay's computer database. Ten seconds later the response came back. Disundi, 27, was a former soldier who had turned in his AK-47 rifle in January. That meant he was entitled to a monthly $25 cash payment, which she promptly handed over to him.

The World Bank, Britain, France and other big donors have put up $200 million for the year-old program, designed to turn Congo's warriors into wage earners. So far more than 75,000 people have handed over their guns in exchange for job training and a cash incentive: an initial $110 payment, followed by monthly $25 payments for a year.

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Initially, clerks using thick account books with handwritten entries were having trouble making the thousands of payments efficiently. So, in February the program contracted with Celpay to modernize the process.

Disundi said when he received his first two $25 payments, he waited nearly six hours in long lines while clerks dug through record books to find his details. But when he went to the Celpay booth recently, the transaction took less than a minute. The system also confirmed that Disundi was where he was supposed to be: Ex-combatants must agree to stay in their home regions rather than gathering with others in hotspots.

Sitting in the shade in the intense morning heat, Disundi, a thin man with a scruffy beard, said he'd been carrying a gun since 1997, when his parents were killed by a mortar shell that fell on their house. "I saw so many terrible things," he said. "I felt nothing anymore. I was just waiting to die."

He said he's relieved not to be carrying a weapon. He wants to become a mechanic so he can support his two children.

"I don't want them to go through what I've been through," he said.

He has no job and almost no money. But he has a cellphone, which rang over and over as he talked.

After TV Debates, Pakistan May Ease Laws On Rape Reporting (NYT)

By Salman Masood

The New York Times, July 9, 2006

ISLAMABAD, Pakistan, July 8 — The young audience fell into confused silence and then buzzed with whispers after Mir Ibrahim Rahman announced that there was no difference between an apple and an orange.

Mr. Rahman, 28, chief executive of the immensely popular Geo TV network, was speaking last Sunday at a youth conference in Rawalpindi, the garrison city adjacent to the capital, Islamabad. His absurd statement, he immediately made clear, was meant to illustrate the failings of a set of Islamic decrees known collectively as the Hudood Ordinance.

The laws, introduced in 1979 and criticized internationally since, include a clause stating that to prove rape, a woman must have at least four male witnesses. If the woman fails to provide proof, she herself faces the charge of adultery.

"The Hudood Ordinance makes no distinction between rape and adultery," Mr. Rahman explained to his audience. "It is just like saying there is no difference between an apple and an orange."

That flaw, critics say, has put many women behind bars. Of about 6,000 women in Pakistani custody awaiting trial as of March, 4,621 were being held on Hudood violations, according to the Human Rights Commission of Pakistan, an independent group. Some 1,300 women awaiting trial were ordered released on Friday, after President Pervez Musharraf allowed bail in nonviolent offenses.

Pakistani society has remained bitterly divided over the laws. Orthodox clergymen have often portrayed the laws as divine ("hudood" refers to punishments in the Koran for adultery and fornication, as well as for consuming alcohol, making false accusations and stealing). Rights advocates have demanded absolute repeal since 1980's. They maintain that the Hudood Ordinance not only negates the rights of women but is also a misinterpretation of Islam.

Now, there are signs that the laws may be, at the least, softened. And Mr. Rahman — who has pressed for public debate over them in television shows, advertising campaigns and personal appearances at seminars, like the one last Sunday — may be a major reason.

Most prominently, Geo put together and broadcast four groundbreaking episodes of a program called "Zara Socieye" ("Just Think") in June, on which 27 top religious scholars debated various clauses of the Hudood Ordinance and agreed on a series of amendments.

Mr. Rahman, the son and grandson of Pakistani media magnates, studied in the United States and worked at Goldman Sachs in New York. He returned to Pakistan four years ago to lead Geo, one of more than a dozen private television channels that were founded after President Musharraf liberalized media laws.

"On the flight back, I wrote a letter to myself, explaining why I am going back," Mr. Rahman recalled. "I poured all of my idealism in that letter." One of the goals he wrote down, he said, was raising public awareness of the Hudood laws.

Last week, President Musharraf asked the Council of Islamic Ideology, which advises the legislature on whether a certain law is repugnant to Islam or not, to draft an amendment to the Hudood Ordinance.

The Law Ministry is also proposing changes.

"Now, there is a lot of consensus," Wasi Zafar, Pakistan's law minister, said Wednesday in an interview. "Many religious scholars have admitted that certain laws are required to be amended." But he maintained that misuse of the laws is the problem, rather than their intrinsic flaws. "Major defect is the misuse of the law," Mr. Zafar said while acknowledging that legal experts have called it "bad legislation."

Mr. Zafar said his ministry would complete a draft of amendments this month and the government would present it in the next session of the Parliament, which is expected to be held this month as well. A simple majority is needed to change the law.

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Shahid Shamsi, a spokesman for Jamaat-e-Islami, the country's largest Islamic party, said his party was not averse to changing the Hudood Ordinance but did not support repealing it.

At the same time, some critics of the law say that only repeal will satisfy them.

"No amendment to the law will be able to make these 'black laws' acceptable to civil society," read a statement released this week by Pakistan's leading nongovernmental and rights organizations.

Nasreen Azhar of Action Aid, one of the signers of the statement, said in an interview: "It is beyond amendment. We all have seen the negative effects it has had on women."

'150 Dead' In Russian Jet Crash (CNN)

CNN, July 9, 2006

MOSCOW, Russia (CNN) -- An Airbus A-310 passenger jet with 200 people on board left the runway early Sunday while landing at Irkutsk Airport in eastern Siberia, crashed into a concrete barrier and burst into flames, killing 150 people, according to the Russian news agency Interfax.

The front of the plane was crushed, and more than 40 people were hospitalized with burns, the agency said, quoting emergency officials.

The jet, flying from Moscow, hit a building before catching fire, and the blaze was under control, the agency said.

Emergency crews were attempting to retrieve bodies and rescue anyone left on board.

Scores Feared Dead In Siberia Runway Crash (AP)

By Henry Meyer

AP, July 9, 2006

An airplane carrying about 200 people crashed Sunday in the Siberian city of Irkutsk and most on board were feared dead, officials said.

The regional prosecutor's office said a preliminary count showed that more than 150 people died, the Interfax news agency reported.

The plane was carrying 192 passengers, Emergency Situations Ministry spokeswoman Irina Andrianova said.

Andrianova said 43 people had been hospitalized and another 10 managed to escape.

The Interfax report said that the dead were believed to include the eight crew members.

The Airbus A-310 operated by Sibir, Russia's second-largest airline, crashed on landing, went off the runway and burst into flames, Andrianova said.

"The aircraft veered off the runway on landing. It was traveling at a terrific speed," Andrianova said.

The plane hit a concrete barrier, collapsing the front section of the aircraft, she said. It then burst into flames.

The aircraft was on a flight from Moscow to Irkutsk, near Lake Baikal.

It took five emergency services more than two hours to extinguish the flames, Andrianova said.

Former Soviet airlines had a grisly record of crashes in the 1990s, following the whittling of much of Soviet monopoly carrier Aeroflot into hundreds of regional airlines plagued by scant money, aging equipment and cavalier disregard for safety.

In recent years, crashes from equipment failure or pilot error have declined sharply.

Sibir came under new ownership amid a 1998 financial crisis and installed a dynamic young team to reinvent what remained of Aeroflot's Siberian wing with the help of Western consultants.

Those plans were dealt a blow when a Sibir Tu-154 was one of two planes lost in near-simultaneous crashes blamed on terrorist bombs in 2004.

Three years earlier, another Sibir plane was shot down by a stray Ukrainian missile fired during military exercises. All 78 people on board died.

Woman Dies On Boat Carrying Cubans To U.S. (AP)

By Kelli Kennedy

AP, July 9, 2006

A boat overloaded with Cubans being smuggled into the U.S. tried to ram a Coast Guard vessel in rough seas early Saturday, and a woman aboard the boat died, authorities said.

The 36-foot, go-fast boat ignored orders to stop when the Coast Guard tried to intercept it 4 miles south of Boca Chica around 6:30 a.m., said Petty Officer James Judge, a spokesman for the Coast Guard.

Coast Guard crew then fired two shots into the vessel's engine to disable it, he said.

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"The boat was bouncing around like crazy. It was very rough, choppy waters," Judge said. "They repeatedly attempted to ram the vessel more than five times, but they never made contact."

The boat carried 31 Cubans and three people authorities said were smugglers.

The woman who died suffered a head injury and severe bruising to her face, and an autopsy was scheduled Sunday.

Judge said three men on the boat were treated for minor injuries. Authorities said none of the injuries was caused by the Coast Guard gunfire. A pregnant woman also was hospitalized, but her condition was not immediately known.

The remaining migrants were still aboard the Coast Guard cutter and will be processed as usual, he said. Under the "wet foot/dry foot" policy, most Cubans who reach U.S. soil are allowed to remain, while those intercepted at sea are generally sent home.

It was not immediately known where in Cuba the migrants began their journey. Go-fast boats from Cuba can typically reach South Florida in a couple hours, Judge said.

"The boat was severely overloaded," he said. "All those add up for dangerous possibilities."

Authorities detained three people as suspected smugglers, though criminal charges were not immediately filed.

"Smugglers often treat migrants as if they were human cargo, with blatant disregard for individual life and safety. This must stop," U.S. Attorney R. Alexander Acosta said in a statement. "The United States Attorney's Office is determined to use all prosecutorial tools at our disposal to investigate and prosecute these smuggling incidents."

A spokesman for the Cuban American National Foundation said the shots fired by the Coast Guard were "of grave concern."

"The people who are culpable are those who engage in the smuggling of humans," said Alfredo Mesa, the group's executive director. "At the same time, we call upon the U.S. Coast Guard to remember that these are human beings fleeing tyranny."

Ramos-Horta Is Appointed New Premier Of East Timor (NYT)

By Jane Perlez

The New York Times, July 9, 2006

DENPASAR, Indonesia, July 8 — In a move designed to bring stability to East Timor after months of unrest, the Nobel peace laureate José Ramos-Horta was named prime minister on Saturday.

President Xanana Gusmão selected Mr. Ramos-Horta to lead a new government after Mari Alkatiri was forced to resign as prime minister two weeks ago amid allegations that he had helped to organize and arm a civilian militia.

Mr. Gusmão, speaking in the capital, Dili, on Saturday evening, said he hoped Mr. Ramos-Horta, a close friend of his who enjoys popular support at home and is respected abroad, would "bring about the process of healing."

The selection was praised by the Australian government, which sent more than 1,000 soldiers to East Timor in late May to lead an international peacekeeping force in putting down an insurrection among members of the army and the police.

"We welcome the fact that the political leaders of East Timor are starting to sort their problems out," the Australian foreign minister, Alexander Downer, said Saturday.

In Dili, residents said they were relieved. "I guarantee Horta is the best we have," said Oldegar Massinga, who works for a United Nations agency, in a telephone interview. "Now he has to send the refugees back home and put a police post in every place in Dili."

The immediate challenge for Mr. Ramos-Horta, who was foreign minister in the previous government, will be to convince the more than 100,000 people who fled Dili and outlying areas during violence last month to return home. The refugees are living in makeshift camps but have said they were reluctant to leave the camps, watched over by the Australians and other members of the 2,700-troop peacekeeping force, while armed groups still roam the capital.

The violence in the capital, Dili, spun out of control in May after 600 soldiers were dismissed from East Timor's army of 1,400. Battles between members of the army and the police spread into general gang warfare and looting, bringing the government to a standstill.

It was the first major breakdown of law and order since East Timor, with a population of less than a million, declared independence in 2002 after three years of rule by the United Nations, and three decades of occupation by neighboring Indonesia.

The recent violence came after the United Nations and the World Bank had praised East Timor as a model example of a new nation. Several billion dollars in international aid was spent to help East Timor build its own army, police force and judicial system, and on the United Nations peacekeeping force that came to East Timor after a vote in favor of independence in 1999.

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Mr. Ramos-Horta, 56, shared the Nobel Peace Prize in 1996 with the Roman Catholic bishop of Dili, Carlos Ximenes Belos. They were cited for their courage in resisting and campaigning against occupation by Indonesia, which invaded the former Portuguese colony in 1975.

While the bishop stayed in East Timor, Mr. Ramos-Horta traveled the world after the invasion, trying to raise awareness about the plight of his people. A recent United Nations-backed commission estimated that more than 100,000 people were killed in East Timor by the Indonesian military.

Two weeks ago, a special envoy of the United Nations, Ian Martin, arrived in East Timor with a team of experts to assess what kind of new aid the United Nations might provide. Mr. Martin has said that a United Nations police force would likely be dispatched, and that a peacekeeping force was a possibility.

In the past two weeks, Mr. Ramos-Horta has been critical of Mr. Alkatiri, the ousted prime minister, saying that he was almost certainly involved in arming a civilian militia. He also criticized the former prime minister's failure to organize public-works programs for the large numbers of unemployed young men in East Timor.

While East Timor has one of the world's lowest per capita incomes, it possesses large oil deposits and has recently accrued more than $600 million in oil revenue that remains virtually untouched. Mr. Ramos-Horta said in a recent interview that it was imperative for a new government to provide employment programs.

East Timor Gets New Leadership (LAT)

By Richard C. Paddock

The Los Angeles Times, July 9, 2006

JAKARTA, Indonesia — Jose Ramos-Horta, who received the Nobel Peace Prize a decade ago for his efforts to win East Timor's independence, was named prime minister of the tiny nation Saturday as it tried to overcome months of violence and internal strife.

Ramos-Horta replaces Mari Bin Amude Alkatiri, who stepped down June 26 as prime minister after months of violence that claimed at least 30 lives and prompted 150,000 people — 15% of the population — to flee their homes and take refuge in makeshift camps.

Alkatiri had been accused of encouraging factional fighting between residents from the eastern and western parts of the country in an attempt to hold on to power. East Timorese authorities are investigating whether he authorized the arming of civilian hit squads to silence his political opponents.

The appointment of Ramos-Horta, 56, was announced by President Jose Alexandre Gusmao, who is immensely popular as the former leader of the guerrilla resistance against Indonesian rule but who has limited power under the constitution.

Gusmao said he hoped the appointment of Ramos-Horta would help "bring about the process of healing and bring peace and stability to the people of East Timor."

East Timor, the world's newest nation, won independence from Indonesia in 1999 but only after pro-Indonesian militia groups killed more than 1,000 people and destroyed 70% of the country's buildings.

The United Nations helped rebuild East Timor, which officially became a nation in 2002, but the world body withdrew its peacekeepers last year in a move that U.N. officials now recognize was premature.

Violence erupted in April after Alkatiri fired 600 soldiers, or nearly half the army, for protesting that they faced discrimination because they came from the western part of the country. Alkatiri called in loyal troops to quell the protests and they opened fire on civilians, killing at least six people.

The country destabilized further when the police and army began fighting each other, then fled the capital, Dili, leaving the city in the hands of arsonists and gangs armed with machetes.

A 2,700-member international peacekeeping force led by Australia arrived May 25 and has succeeded in restoring order, although arsonists continue to set fire to homes and businesses belonging to their rivals. A house in Dili was set ablaze hours after Ramos-Horta's appointment was announced, the Associated Press reported.

Ramos-Horta, whose name has been floated as a possible successor to U.N. Secretary-General Kofi Annan, held the posts of foreign minister and defense minister until he quit last month in protest over Alkatiri's refusal to step down. Alkatiri's resignation came the next day.

Gusmao and Ramos-Horta are said to be close allies in a government that is dominated by the Fretilin party, which led the independence movement in East Timor and now controls 55 of parliament's 88 seats. Gusmao and Ramos-Horta once were members of Fretilin, which Ramos-Horta helped found.

Elections are scheduled for next year, and Fretilin's popularity has suffered under Alkatiri. In meetings with Gusmao, Fretilin leaders agreed to nominate Ramos-Horta as one of four possible candidates for prime minister even though he was no longer with the party.

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Ramos-Horta fled East Timor, a former Portuguese colony, just before it was invaded in 1975 by Indonesian troops. For more than two decades, he traveled around the world campaigning for East Timor's independence. He and Bishop Carlos Ximenes Belo, who stayed behind in East Timor, were jointly awarded the Nobel Peace Prize in 1996.

In an interview with The Times last month, Ramos-Horta said the impoverished country had not managed its resources well, noting that $600 million in oil revenue was waiting to be allocated.

He said he would favor using some of that money to provide food, healthcare and education for the poorest residents. He also said he would like to rebuild the nation by offering tax-free status for up to 10 years for foreign businesses willing to invest there.

When Genocide Worsens (NYT)

By Nicholas D. Kristof column

The New York Times, July 9, 2006

A genocide by its nature would seem to be the rock bottom of human behavior. But in Darfur, we see a genocide that is growing worse.

The Darfur Peace Agreement, signed on May 5, signaled a ray of hope in a desperate land. But on the ground, its deadlines are not being met, security is deteriorating, and the violence is rippling from Sudan ever wider into both Chad and the Central African Republic.

One measure of how awful the situation has become in eastern Chad is that at least 15,000 villagers have fled ... into Darfur!

In one broad swath of the Chad border region, the only Westerners brave enough (and crazy enough) to stay are French doctors with Doctors Without Borders. Hats off to them.

In just the last six months, aid groups in eastern Chad have lost 26 vehicles to armed hijackers. A Spanish woman working for Unicef was shot and nearly killed in May when her vehicle was stolen — and the car was later spotted in Sudan, sailing through government checkpoints. This insecurity puts relief agencies in a terrible situation, for they don't want to risk having their aid workers murdered or raped, and yet if they pull out many thousands of Darfuris will die.

"We cannot play with the lives of our own staff beyond a certain limit," frets Jan Egeland, an under secretary general of the United Nations, adding, "Our people in the field are increasingly desperate."

"I think we're headed toward total chaos," he said. "Will we have collapse in nine days, nine weeks, nine months? I don't know. But the situation is unsustainable."

One problem is that provisions of the Darfur Peace Agreement aren't actually being carried out so far — and in the meantime it has inflamed tensions among the African tribes that have been victimized by the genocide. The Fur tribe, one of the biggest in Darfur ("Darfur" means "Homeland of the Fur"), has mostly opposed the deal, and so there has been fighting between Fur and men of the Zaghawa tribe, whose top commander signed the agreement.

"There is a significant risk that the Darfur Peace Agreement will collapse," the U.N. special envoy for Sudan, Jan Pronk, wrote in his blog. "The agreement does not resonate with the people of Darfur. ... It is not yet dead, but severely paralyzed."

Meanwhile, Sudan is as adamant as ever that it will never accept United Nations peacekeepers, and the international community isn't prepared to push back hard.

The two most important Bush administration officials on Darfur, Robert Zoellick and Michael Gerson (who has been the conscience of the White House), have both announced their resignations, so there is a vacuum in Washington as well. President Bush should address this vacuum by appointing a top-level envoy for the crisis. Mr. President, how about calling in James Baker, or else Colin Powell?

In talking to experts about Darfur over the last three years, I usually have encountered both optimists and pessimists. These days, I just can't find an optimist. The range of opinion is between those who think the crisis will deteriorate slowly and those who think the situation will disintegrate so precipitously that soon 100,000 people will be dying each month, unless the peace agreement can somehow be revived.

There are specific measures I can suggest. We need to amplify (though not reopen) the peace agreement to bring the Fur in, and we need to ensure that its deadlines are met. We need a U.N.-led or French-led protection force in eastern Chad. We need to bolster the African Union force in Darfur immediately and push harder for Sudan to admit U.N. peacekeepers. We need a no-fly zone. We need to press Europeans to become more involved and to remind Arabs that the slaughter of several hundred thousand Muslims in Darfur is every bit as worthy of protest as cartoons of the Prophet Muhammad.

But most of all, we must put genocide squarely on the international agenda. One lesson of history is that world leaders always prefer to ignore a genocide, but when forced to face the horrors — as in Bosnia or Kosovo — they figure out ways of responding. The most acute need is not for policies but for political will.

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So here's a suggestion: Let's charter a few cargo planes to carry the corpses of hundreds of new victims from Darfur and Chad to the U.N. The butchered victims of Darfur could lie in state as a memorial to global indifference — and as a spur to become serious about the first genocide of the 21st century.

Bush's Unintended Internationalism (WP)

By Jim Hoagland column

The Washington Post, July 9, 2006

In spite of itself, the Bush administration is reshaping and revitalizing international law as a governing concept and a force in world politics. This White House gives new meaning to the notion of unintended and devoutly unwanted consequences.

Its highhanded policies in the war on global terrorist networks and the occupation of Iraq have provoked sharp reaction at home and abroad. Over time, this reaction has turned into a search by others for legal and political frameworks to contain President Bush's campaign to concentrate national security power in his hands and shield it from even cursory scrutiny and consultation.

This is the unwritten subtext of the Supreme Court's recent rebuke to the administration for mishandling the prosecution of Salim Ahmed Hamdan, a Guantanamo Bay detainee who was once Osama bin Laden's chauffeur.

The majority's legal reasoning in Hamdan v. Rumsfeld was mundane and mechanical, which was all that was needed to demolish the administration's shoddy case. But the majority's political argument was extraordinary and explosive for its heavy reliance on "customary international law" and "the law of war" to prescribe Hamdan's treatment in the American criminal justice system.

This appeal to international standards was a stretch for the court. But it is justified as a wake-up call to the administration on an obvious point: What is reasonable -- legally speaking -- in emergency conditions is not necessarily reasonable on an enduring or permanent basis.

The White House has had sufficient time to work with Congress on long-term national security legislation covering detainees, the court pointedly noted. The same reasoning applies to telecommunications surveillance and other aspects of the administration's self-described "long war" on terrorism.

But Bush has resolutely refused to do this until now. The irreducible working principle of this White House has been that only the president can be relied on to resist the pressures and temptations that will cause Congress to leak, vacillate or turn tail on even the gravest national security problems. The same misperception has also applied in large part to allies abroad.

The Bush White House is still determined to entrench its secretive and autocratic methods, run through intelligence agencies, as the way future administrations must operate in an era of new, unpredictable dangers. Bush and Vice President Cheney put a positive spin on Napoleon's dictum that nothing endures as long as the temporary.

The fact is that most in Congress -- and for that matter the Supreme Court's majority in Hamdan and most of America's global allies -- agree with Bush that new methods for fighting a significant danger are needed. They just don't agree that Bush and a few trusted aides should determine those methods alone and in secret.

Bush and Cheney are no doubt sincere in their misplaced concerns, which just happen to reinforce Karl Rove's political strategy of running against Congress, the media, pusillanimous foreigners and other reputed national security weaklings. But Bush and Cheney underestimate the costs of their policies and the countervailing forces they inevitably trigger.

European governments and civil liberties groups are pressing for new laws to prevent CIA secret renditions of terrorism suspects from or through European territory. They may also seek to limit other cooperation of their own secret services with Washington, especially after the arrest last week of two Italian secret service officials for allegedly helping the CIA abduct a terrorism suspect in Milan and fly him to Egypt.

Even in Iraq, the administration is creating a strong local and international backlash by refusing resolutely to discuss with Iraqi politicians a status-of-forces agreement, or SOFA, which would provide a vital new measure of Iraqi sovereignty and stability by putting foreign troops under nominal Iraqi control. The lack of a SOFA and of accountability to Iraqi authorities is rapidly becoming a major irritant in U.S.-Iraqi relations.

Before the invasion of Iraq, Bush made a strong case that international law had failed to deal with Saddam Hussein's murderous regime. Three years later he has not produced a workable alternative that commands general consent or respect. His secretive methods -- rather than the dangers that still threaten -- have too often become the center of attention.

The contrast with the majority's reasoning in Hamdan is illuminating. The decision is everything al-Qaeda hates and wages war upon: an exaltation of the individual and of individual rights protected by transparent secular institutions.

A new framework for international law is being developed in reaction to Bush's global policies -- without other significant American input. That is the message from America's allies, from Congress and now from the Supreme Court that the president should finally heed.

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Voices Of Iranian Reform, Silenced (WP)

By Fotini Christia

The Washington Post, July 9, 2006

TEHRAN -- Today marks the seventh anniversary of the student protests that took post-revolutionary Iran by storm. On July 9, 1999, after the forcible closure of several liberal media outlets and a coordinated attack on a dormitory at the University of Tehran, Iranian students poured into the streets by the thousands, calling for political reform. Just as at Tiananmen Square a decade before, the Iranian students gave the world a glimpse of what might be -- only to be quickly silenced by Ayatollah Ali Khamenei's Revolutionary Guard.

Naturally, Iran's regime will not celebrate today's anniversary, but neither will Iran's opposition. The Iranian student movement is a shambles -- divided, confused and lacking any cause for celebration. In extensive conversations with students and student veterans of the 1999 protests, who asked to remain anonymous because of fears about their safety, I found that one message emerged loud and clear: Iran does not need another revolution, but it is in desperate need of reform.

The atmosphere at the University of Tehran is eerily quiet these days. Nothing remains from the 1999 protests, which were in fact the most notable outbreak of unrest since the Islamic Revolution 20 years earlier.

The protests were directed at the rule of the ayatollahs, and they revealed the pronounced internal divisions between the reformist president, Mohammed Khatami -- then in the middle of his first term -- and Iran's supreme leader, Ayatollah Khamenei. Khatami, who was trying to loosen Khamenei's tight control of the judiciary, security services and media, was facing strong resistance from the clerics when the students came to his aid. But unlike the Islamic Revolution, in which the legitimacy of the country's whole system was called into question, the 1999 protests sought reform within the existing regime, and for an Islamic democracy, that would be in accordance with Iran's constitution.

That reform didn't happen, and now, under President Mahmoud Ahmadinejad's leadership, the process has been completely sidelined. The Iranian political scene is dominated by the nuclear issue. Confrontation with the West has made the public more tolerant of authoritarian methods, damaging reformers and making concern for individual rights and civil liberties seem utterly irrelevant. The student movement very much wants a reemergence of the reform process, but it has no good ideas on how to make it happen.

Indeed, the student movement has found no place in Iran's new political reality, and its stance has moved from the politics of realistic change to the politics of survival through inaction. The old guard -- the 1999 student leaders -- is either in jail or abroad, and those of its members still in Iran desperately want out. Their successors -- the new leaders of the liberal student union Daftare Tahkim Vahdat -- have no organized structure and are weak and fragmented. Their manifestos espouse a Marxist ideal -- the orthodox left as they call it -- and surreal plans for communist change. These are mostly poor students from Iran's provinces who find themselves repelled by the big city's bourgeois way of life. They see the move to the left as an outlet for change, but they have no real ideological base or sense of direction. "The government could crush them any day, but they don't because it is convenient to have some sort of weak opposition," said a student participant in the 1999 protests and a former member of the group. "It makes the regime look more democratic."

Said another disillusioned veteran of the 1999 student uprising: "Everyone talks about radical change, but nobody wants to do anything about it, and they don't want it to come from America. . . . We need to bring together the student movement, the women's movement, the workers' movement and the ethnic minority movements and create a united front to face the regime's radical ideas."

When I asked this person about his contribution to the student movement, he told me he is working on a book. "I am using the U.S. student protests from the late 1960s to show the students that revolution and radicalism is a bust," he said, adding that "lessons may come from America after all, but they will be for reform, not revolution."

The writer is a fellow at the Weatherhead Center for International Affairs at Harvard. She is currently at the International Center for Persian Studies, University of Tehran.

This Just In: [censored] (LAT)

By Editorial

The Los Angeles Times, July 9, 2006

Beijing's move to limit breaking news reports sparks one of the biggest free-speech debates to hit China.

THE MEDIA AND THE GOVERNMENT might occasionally bump heads in the United States over issues like newspaper reports on secret anti-terrorism programs, but it could be a lot worse. In China, the National People's Congress is on the verge of approving a law that would forbid the media from reporting on breaking news without permission from government officials.

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The draft law plumbs new depths of censorship even in China, already among the most regressive countries when it comes to press freedoms. It would impose fines of up to $12,500 on media operations that publish reports on "sudden incidents" without authorization — terminology so vague it could apply to just about any news event. The law targets stories that are false or "damaging to the social order," empowering local government apparatchiks to suppress pretty much anything they find embarrassing.

The draft law is particularly unusual in that, apparently, it would target foreign as well as domestic media. Though reporters for papers such as The Times are closely monitored, the government seldom tries to censor stories meant for outside consumption. Yet an official involved in preparing the legislation recently said he thought it should apply to all news organizations operating in China.

Beijing is trying to keep a tight rein on a fast-changing society. The country's rapid development is aided by new technologies, wider access to information and higher education standards, all of which its communist leadership promotes and fears simultaneously. Hence the occasional impulse for such clumsy clampdowns. The good news is that Internet access is so widespread as to make censorship difficult.

The "sudden incidents" Beijing is most worried about are outbreaks of civil unrest in the countryside. Then there are all sorts of events that could undermine the people's faith in their government's competence. China's suppression of news on the outbreak of SARS in 2003 contributed to the spread of the disease, attracted international condemnation and triggered pledges of greater openness. More recently, Beijing's attempt to cover up news of an industrial accident that spilled toxins into the Songhua River prompted a confrontation with Russia and led to a public outcry against government censorship.

If there's a silver lining to this naked attempt at repression, it's that China's media and public are strongly resisting it. Newspaper editors in the south have been surprisingly outspoken in their opposition, something that only a few years ago would have been unthinkable. Sooner or later, China's leaders will learn that now that the genie of free speech and thought has been let out of the bottle, there's no putting it back in.

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Sent:	Monday, July 10, 2006 8:21 AM
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THE ATTORNEY GENERAL'S NEWS BRIEFING

PREPARED FOR THE OFFICE OF PUBLIC AFFAIRS, U.S. DEPARTMENT OF JUSTICE

TO: THE ATTORNEY GENERAL AND SENIOR STAFF

DATE: SATURDAY, JULY 8, 2006 7:45 AM EDT

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TERRORISM NEWS:

Bush Says Court "Tacitly" Supports Administration Decision To Use Guantanamo. The New York Times (7/8, Stolberg, 1.19M) reports, "In his most detailed comments to date on the Supreme Court's rejection of his decision to put detainees on trial before military commissions, President Bush said Friday that the court had tacitly approved his use of the detention center at Guantánamo Bay, Cuba." Bush said, "It didn't say we couldn't have done -- couldn't have made that decision, see? … They were silent on whether or not Guantánamo -- whether or not we should have used Guantánamo. In other words, they accepted the use of Guantánamo, the decision I made." His "remarks put a favorable spin on a ruling that has been widely interpreted as a rebuke of the administration's policies in the war on terror." The Times states, "The question of whether Mr. Bush had properly used Guantánamo Bay to house detainees was not at issue in the case. At issue was whether the president could unilaterally establish military commissions with rights different from those allowed at a court-martial to try detainees for war crimes."

The Boston Globe (7/8, Klein, 484K) in its coverage of Bush's remarks about North Korea also reports, "Bush said he drew no broader implications from last week's Supreme Court ruling striking down the military commissions he ordered to try detainees held in the US Navy base at Guantanamo Bay, Cuba. Although the high court ruled that Bush had overstepped his authority, the president quickly noted that the court was silent on the question of whether Guantanamo is an appropriate place to hold suspected terrorists." Bush said, "The Supreme Court said that in this particular case, when it comes to dealing with illegal combatants who were picked up off a battlefield and put in Guantanamo for the sake of our security, that we should work with the United States Congress to develop a way forward. … They accepted the use of Guantanamo, the decision I made."

The Los Angeles Times (7/8, Wallsten, 958K) in its article on Bush's new strategy to connect with the public also notes, "Answering a question about his authority to try detainees before military tribunals, Bush reiterated his belief that the Geneva Convention does not apply to detainees being held at Guantanamo Bay, Cuba." Bush's "comments appeared to contradict last week's 5-3 ruling by the Supreme Court," He "said Friday that he was 'willing to abide by the ruling.' But coming as administration officials continue to examine the ruling, Bush's comments were another indication that the White House was moving toward a very narrow interpretation of the court decision." But Bush critics "have insisted the ruling means the Geneva Convention covers all detainees at Guantanamo and, possibly, Al Qaeda leaders being held in undisclosed locations."

Documents Indicate Gitmo Suicides Part Of Wider Plot. In a front page article, the Washington Post (7/8, A1, White, 744K) reports three suicides at the US detention facility at Guantanamo Bay last month "may have been part of a broader plot by detainees who were using confidential lawyer-client papers and envelopes to pass handwritten notes their guards could not intercept," according to documents filed Friday in federal court by government lawyers. Detainees were able to "hide documents in their cells—including instructions on how to tie knots and a classified US military memo regarding cell locations of detainees and camp operational matters at Guantanamo—by keeping the materials in envelopes labeled as lawyer-client communications," the Post reports. After the suicides on June 10, investigators found the notes "written on the back of notepaper stamped 'Attorney Client Privilege,'" government officials said. In response to the discoveries, military commanders have suspended allowing detainees to have paper provided by defense lawyers. Government lawyers have also asked a judge on the US District Court for the District of Columbia to allow them to assemble "filter teams" to "scour more than 1,100 pounds of documents seized by investigators, some of which are protected by lawyer-client privilege and would usually be off-limits to authorities."

Stewart Seeks Non-Prison Sentence. The AP (7/8, Neumeister) reports, "Attorneys for U.S. civil rights lawyer Lynne Stewart have asked a judge to spare her a prison sentence for her conviction in a terrorism case despite a recommendation by the federal probation department that she serve 30 years." The AP continues, "The attorneys filed papers Wednesday in U.S. District Court in Manhattan asking that the judge take into consideration Stewart's bout with breast cancer, her age, 66, and three decades of selfless service as a lawyer in sentencing her on Sept. 25." The AP adds, "Stewart was convicted in February 2005 of providing material support to terrorists by releasing the message of a notorious jailed client, Sheik Omar Abdel-Rahman. She also was convicted of defrauding the government and making false statements. … Abdel-Rahman, a blind cleric from Egypt, was convicted of seditious conspiracy for his advisory role in a plot to blow up five New York City landmarks, including the United Nations in 1995." The AP notes, "One of Stewart's lawyers, Elizabeth Fink, called a U.S. Probation Department pre-sentencing report that recommended Stewart serve the maximum possible sentence of 30 years 'draconian,

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inhumane and ludicrous.' … Stewart was diagnosed with breast cancer last year, and her sentencing has been delayed while she undergoes treatment."

Hastert Says US Must Remain Steadfast In War On Terror. In a front page report, the Washington Times (7/8, A1, Seper, 90K) says House Speaker Dennis Hastert called the "interruption" of a terrorist plot targeting New York's train tunnels "yet another reminder that we must remain steadfast in our fight against terrorism." In the past few months, Hastert noted that law-enforcement officials "have thwarted several terror plots including threats against Chicago's Sears Tower and federal buildings in Miami, and they have disrupted a terror cell in Canada. House Republicans will continue to provide the brave men and women fighting to win the global war on terror the resources they need to finish the job."

Filmmaker Sues US Over Iraq Detention. The Los Angeles Times (7/8, Weinstein, 958K) reports a Los Angeles filmmaker "who was imprisoned in Iraq for 55 days sued Secretary of Defense Donald Rumsfeld and other high-ranking military officials Friday, alleging that his detention violated his civil rights, the law of nations and the Geneva Convention." Mark D. Rosenbaum, legal director of the ACLU of Southern California, said the suit is "the first civil action challenging the constitutionality of the US government's detention and hearing policies in Iraq." Cyrus Kar, a US citizen and Navy veteran, was freed a year ago, just days after the American Civil Liberties Union sued seeking his release. The new lawsuit, filed in federal court in Los Angeles, seeks damages for Kar and broad changes in the government's detention policies. On Friday, a Pentagon spokesman said the Defense Department "does not discuss matters under litigation until the court has rendered a decision."

Italy Angered By Investigation Of 2003 CIA Abduction. The New York Times (7/8, Grey, Povoledo, 1.19M) reports on an investigation by Italian police into the suspected kidnapping by the US Central Intelligence Agency of a radical Egyptian cleric in 2003. According to the Times, the recent "disclosure that the police were eavesdropping on the [Italian] intelligence service is the latest twist in a case that has riveted Italy." The kidnapping of the cleric, Hassan Mustafa Osama Nasr, by intelligence agents "abruptly cut short a criminal investigation of the imam by Italian prosecutors." The prosecutors then "struck back, with an investigation of both American and Italian intelligence agents whom they accuse of carrying out the abduction." Wiretapped telephone calls "allowed prosecutors to make the case that Italian intelligence had advance knowledge of the abduction of Mr. Nasr, who is also known as Abu Omar—something the Italian government had steadfastly denied," the Times writes. Earlier this week, prosecutors arrested two Italian intelligence officials, "charging that they had known about the kidnapping and helped plan it."

London Marks First Anniversary Of Terrorist Bombings. Londoners Friday marked the first anniversary of the terrorist bombings that struck the city's transit system, killing 52 people. The CBS Evening News (7/7, story 2, 2:24, Smith, 7.66M) reported, "Terror experts in this country have been studying the London bombings closely to try to prevent a similar attack here." CBS (Stewart) added, "No terrorist incident since 9/11 has been studied as much for clues since the London subway attack and its lessons are now clear. The suicide bombers acted on their own without any known al-Qaeda assistance and built their bombs from local store-bought items. New York, with the nation's largest subway system, responded immediately by beginning to monitor stores selling the same items like simple hydrogen peroxide."

NBC Nightly News (7/7, story 2, 2:00, Friesen, 9.87M) reported, "The police have, they say, foiled three, possibly four terrorist plots since last year, have 70 active investigations underway and have 1,200 suspicious people under surveillance. But one year later, no one has been arrested in connection with July 7." However, NBC notes that "apart from a few visible signs of tighter security, daily life has changed little."

The Financial Times (7/8, Burns) reports tributes were given to the dead, "while senior police warned the country not to lower its guard against the threat of further attack." Sir Ian Blair, commissioner of the Metropolitan police, told the BBC he had "no doubt there would be further attacks, and the security services were doing all they could to prevent them." Earlier this week, police said they were investigating an "unprecedented number of plots and had thwarted at least three attacks since last July." However, the Times notes that there are "continuing gaps in firm intelligence and government concerns that some suspects had escaped the intensified surveillance and disruption operations led by MI5, the Security Service."

Similarly, the New York Times (7/8, Cowell, 1.19M) reports that while the victims were being remembered Al Jazeera broadcast "images of Ayman al-Zawahiri, the No. 2 commander of Al Qaeda, suggesting that the group was trying to claim responsibility for the attacks." In new video excerpts released Friday, Zawahiri "specifically claimed that two of the bombers— [Shehzad] Tanweer and Mohammad Sidique Khan, the supposed ringleader of the attacks—had prepared for the bombings at a Qaeda camp." Both men were known to have visited Pakistan before July 7, but the Times says Zawahiri's remarks were "the closest that Al

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Qaeda has come to a direct claim that it planned and supervised the bombings." The Washington Times/AP (7/8, A1, Dodds) also reports in a front page article that Zawahiri's comment "was the first claiming they had been taught by al Qaeda."

However, the AP (7/8, Mortimer, Sinan) reports a security analyst at the London think-tank Chatham House, Bob Ayers, said the claim "contradicted the British police finding that there was no evidence linking the four London bombers to al-Qaida." Ayers said Zawahiri's statement "means the investigation was either wrong, or they had identified links, but were reluctant to reveal them."

"Hybrid" Approach Urged Dealing With Security Issues. Weekly Standard senior editor Christopher Caldwell writes in the Financial Times (7/8) that the British and Dutch governments have "abruptly changed their approach" to so-called "security-and-identity issues" by "confusing area where citizenship, immigration, culture and national security meet." The Netherlands, Caldwell says, "appears to be abandoning the hard line at the very moment Britain picks it up. However, "the language of hard lines and soft ones has proved inadequate to describe the problems of regulating immigration, fighting extremism and protecting culture. Both Britain and the Netherlands are trying to combine persuasion and enforcement. The hybrid systems that result are not particularly elegant or logical. But they may be the only way to fight a problem that is not always built on logic," Caldwell concludes.

HOMELAND RESPONSE:

FBI Foils New York Terror Plot. News that the FBI has thwarted a terrorist plot to attack transit tunnels under New York City' commuter trains led all three nightly news broadcasts, receiving more than ten minutes of coverage. ABC World News Tonight (7/7, lead story, 2:45, Sawyer, 8.78M) reported Mark Mershon, Assistant Director FBI, said, "This was a plot that would have involved martyrdom, explosives, and certain of the tubes that connected New Jersey with lower Manhattan." ABC (Ross) added, "Other law enforcement officials tell ABC News the plotters had already accessed detailed blueprints and drawings of the PATH tunnel, available on the internet. Like the bombers who blew themselves up in London a year ago today, the plan was to load backpacks full of explosives. All 15 to 20 bombers were to board one car and detonate together when the train was under the river, according to officials." Officials told ABC News the plot was "uncovered more than a year ago by US and Canadian intelligence agents watching a jihadist internet chat room," where the suspects "communicated freely, thinking that no one could trap them."

The CBS Evening News (7/7, lead story, 2:40, Smith, 7.66M) reported that although New York City Police Commissioner Raymond Kelly said the plot was "in the planning stage," US counterterrorism officials "said they were so concerned about a potential attack they contacted authorities in Beirut who in late April arrested the plot's so-called mastermind 31-year-old Assem Hammoud, a Lebanese national, at his home."

In a front page article, the New York Times (7/8, A1, Baker, Rashbaum, 1.19M) reports officials said the main subject of the investigation, Assem Hammoud, would "likely be tried in Lebanon and that no charges were pending against him in the United States." The Washington Post (7/8, A1, Hsu, Wright, 744K) says two other suspects reportedly arrested in connection with the plot, authorities provided "few details," but an FBI official said "one was Canadian but was not being held in Canada."

The AP (7/8, Milton) reports, "Eight suspects—including an al-Qaeda loyalist arrested in Lebanon and two others in custody elsewhere—had hoped to pull off the attack in October or November," federal officials said. Investigators are "working with their counterparts in six other countries," but the other five suspects remain at large, the AP notes. CNN (7/8) reports on its Web site that the FBI's Mershon said six countries participated in the investigation, including Canada, Pakistan and Iraq. "The real story here is the symphony of cooperation and coordination not just in the New York-New Jersey metropolitan area, but frankly, around the world with a number of intelligence and investigative services," Mershon said.

Severity Of Threat Disputed By Officials. NBC Nightly News (7/7, lead story, 4:30, Williams, 9.87M) said "not all the authorities we spoke to today agree on the severity of the threat," but one American official "says Hammoud was at one point in contact with associates of Abu Musab al-Zarqawi." In a front page article, the New York Times (7/8, A1, Baker, Rashbaum, 1.19M) reports law enforcement authorities said the plan "presented a genuine threat even though it was in its earliest stages and no attack was imminent." Similarly, the Washington Post (7/8, A1, Hsu, Wright, 744K) reports in a front page article that authorities "said there was no evidence that the plotters had taken any actions, such as buying explosives or sending money," casting "doubt on the feasibility of initial reports."

Meanwhile, the Los Angeles Times (7/8, A1, Meyer, Barry, 958K) reports in a front page article, "Mershon's contention that the suspects were about to enter an operational phase of the plot is a matter of some dispute." Sen. Charles Schumer (D-NY) said in a televised interview that the alleged co-conspirators were just "talking to one another" when authorities intervened. And New York City Mayor Michael R. Bloomberg said, "There is not one shred of

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evidence that the plan continued beyond the planning stage. New Yorkers should feel safe." By late Friday, the Times says there were "some discrepancies about whether any of the alleged plotters had ever been to the United States." At the news conference, Mershon said the FBI believed that none of the principal players had visited the country. But the Lebanese Broadcasting Corp. issued a report Friday saying Hammoud had traveled to New York and New Jersey "on several occasions using a Canadian passport to survey possible targets." Later, an FBI official confirmed that Hammoud had visited the United States at least once. But, the official added, "We have no reason to believe it had anything to do with this plot."

The Financial Times (7/8, Sevastopulo, Grimes) reports New York City Mayor Michael Bloomberg said there was "not one shred of evidence that [the plot] had proceeded beyond the planning stage." Ray Kelly, the New York police commissioner, said it had "not reached anything close to being operational", while stressing that "New York remains in the crosshairs of the terrorists."

And the New York Daily News (7/8, A1, Meek, 729K) today profiles the plot's suspected mastermind, Assem Hammoud, who the newspaper says "lived the life of an international playboy -- on orders from Al Qaeda."

US Sought To Keep News Of Plot Quiet. The New York Times (7/8, A1, Baker, Rashbaum, 1.19M) reports a senior security official in Beirut said Hammoud's arrest in April "came under an Interpol order." Lebanese authorities wanted to publicize his arrest at the time, the official said, but American authorities "sought to keep the issue quiet, believing the investigation would lead to other information." The Los Angeles Times (7/8, A1, Meyer, Barry, 958K) adds, Assistant FBI Director Mark Mershon said authorities had not planned to disclose Hammoud's arrest or other elements of the plot disruption, and that the "unwanted publicity" had "greatly complicated" efforts to catch the five remaining fugitives. Similarly, the Washington Post (7/8, A1, Hsu, Wright, 744K) says Mershon "criticized the leak to the media, saying it upset cooperation between the United States and six foreign governments assisting in the investigation."

Chertoff Says Intelligence Sharing Is Improving. The AP (7/8, Milton) reports Homeland Security Secretary Michael Chertoff said, "It was never a concern that this would actually be executed." The Boston Globe (7/8, Bender, 484K) reports Chertoff told reporters after an event in Boston, "We don't wait until someone has lit the fuse before stepping in. It is a reminder of the fact that this type of threat remains with us. We cannot drop our guard." Chertoff also "hailed" the foiled plot as an example of "how law enforcement and intelligence communities have improved their ability to monitor potential terrorist plots" well before they enter the operational stage. "Intelligence is better and intelligence sharing is better. We are able to detect more things that are going on. Sometimes that causes skeptics to say the people you are arresting aren't really serious," the secretary told reporters. However, the Globe says the plan was described by officials of the Port Authority of New York and New Jersey as "unfeasible and by some terrorism specialists as amateurish, in part for discussing it in public Internet chat rooms." The Boston Herald (7/8, Wedge, Ross, 220K) also reports on Chertoff's comments to reporters in Boston.

Draft Legislation Would Give FBI Internet-Tapping Access. CNET News (7/8, McCullagh) reports, "The FBI has drafted sweeping legislation that would require Internet service providers to create wiretapping hubs for police surveillance and force makers of networking gear to build in backdoors for eavesdropping, CNET News.com has learned." CNET continues, "FBI Agent Barry Smith distributed the proposal at a private meeting last Friday with industry representatives and indicated it would be introduced by Sen. Mike DeWine, an Ohio Republican, according to two sources familiar with the meeting. … The draft bill would place the FBI's Net-surveillance push on solid legal footing. At the moment, it's ensnared in a legal challenge from universities and some technology companies that claim the Federal Communications Commission's broadband surveillance directives exceed what Congress has authorized." CNET adds, "The FBI claims that expanding the 1994 Communications Assistance for Law Enforcement Act is necessary to thwart criminals and terrorists who have turned to technologies like voice over Internet Protocol, or VoIP. … 'The complexity and variety of communications technologies have dramatically increased in recent years, and the lawful intercept capabilities of the federal, state and local law enforcement community have been under continual stress, and in many cases have decreased or become impossible,' according to a summary accompanying the draft bill. … Complicating the political outlook for the legislation is an ongoing debate over allegedly illegal surveillance by the National Security Administration--punctuated by several lawsuits challenging it on constitutional grounds and an unrelated proposal to force Internet service providers to record what Americans are doing online. One source, who asked not to be identified because of the sensitive nature of last Friday's meeting, said the FBI viewed its CALEA expansion as a top congressional priority for 2007."

Chertoff Touts Federal Antiterrorism Funding. The Boston Globe (7/8, Daniel, 484K) reports Homeland Security Secretary Michael Chertoff marked the one- year anniversary of the London terrorist bombings by riding the

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MBTA's Green Line Friday where he touted federal aid to combat terrorist threats. At the same time, he cautioned that no one can guarantee security. "I would not hesitate…to get on the subway, here or all over the country," Chertoff said. "We should not be bullied out of getting on the train. We shouldn't give terrorists the idea that they can scare us off our trains. I have no hesitation in saying this is a safe mode of transportation. On the other hand, we do live with a certain amount of risk in life," he added.

The Boston Herald (7/8, Wedge, Ross, 220K) says Chertoff "visited Boston yesterday to talk up the administration's focus on protecting the nation's railways, noting that Boston received $9.6 million for rail security in 2006 - the fourth-highest amount in the nation." The newspaper also calls Chertoff's " strong remarks on improving rail safety" a "departure from comments he made last year, when he downplayed train threats and insisted the department's main focus should remain on protecting airlines."

New York Area To Receive More Antiterror Funds. The New York Times (7/7, Lipton, 1.19M) reports the New York City metropolitan area will receive $53.8 million in federal antiterrorism grants "to protect its rail, bus and ferry systems, a 25 percent increase over last year," the Department of Homeland Security announced Friday. The additional money "may curtail some of the criticism" of a 40 percent cut announced on May 31 in a separate, larger antiterrorism grant program, the AP writes. The move was welcomed by New York Senator Chuck Schumer, who said, "The Department of Homeland Security is finally putting some of its money where its mouth is and seems to have realized that New York City's subways and buses remain under constant threat."

American Al Qaeda Member Criticizes US Troops. CNN (7/8) reports on its Web site California-born al Qaeda member Adam Gadahn spoke out "against US troops" on a recently released video. The video deals primarily with the London subway bombings of 2005, but includes a five-minute speech from Gadahn, in English, in which he "lashes out at allegations of war crimes recently leveled at US troops in Iraq." In the video, Gadahn says the incidents "represent a pattern of US and British brutality toward Muslims, and he says he saw US soldiers kill civilians in Afghanistan." While Gadahn has appeared in previous al Qaeda videos wearing a mask, in the latest video, which was broadcast Thursday on Al-Jazeera, his face is uncovered i.

US Passenger Detained After Trying To Break Into Delta Cockpit. AFP (7/8) reports US authorities detained "a male airline passenger who repeatedly tried to break into the cockpit during a flight to Florida before being restrained by passengers," an airport spokeswoman told AFP. The incident occurred late Thursday as a Delta Air Lines flight from New York was descending for landing at the Tampa International Airport, airport spokeswoman Brenda Geoghagan said. The man reportedly :refused a flight attendant's order to sit down, became agitated and ran toward the cockpit, where he tried twice to knock down the door," she said. Police identified the man as Nefpali Alexander Liemenbez, who Geoghagan described as "a Hispanic US soldier with a mental problem whose active duty was to end next Tuesday."

The Tampa Bay Tribune (7/8, Kalfrin) identifies him as "Neftali Laimendez, 24, a U.S. Army specialist who was days away from discharge." His brother said to the Tribune, "He asked for help while he was in the Army. They didn't give it to him. Now this happened." The AP (7/8) reports similar details.

Pittsburgh Mosque Leaders Decry FBI Raid. The AP (7/7) reports, "Leaders of a Muslim mosque accused the government of religious and racial profiling for a raid last week, but government officials said they were only looking for man wanted on weapons charges." The AP continues, "The FBI raided the Light of the Age mosque on the city's North Side on June 30 and arrested a man on an illegal weapons charge. The man, Larry M. Williams, has a felony record and cannot legally own a gun. … Mosque leaders held a news conference on Friday to say that the raid disrupted a religious service and that its members felt harassed. … 'The FBI is charged with safeguarding the domestic security of the nation, not the violation of the civil and human rights of its citizens,' Tahir Abdullah, the mosque's assistant director said."

The Pittsburgh Post-Gazette (7/8, Dyer, 261K) reports, "The FBI arrested Larry M. Williams of Lincoln-Lemington, who has felony convictions in Washington state and other outstanding warrants, including one for failing to register as a sex offender. … The arrest took place during prayer hours, and some members of the largely African-American congregation were detained and questioned on the street, group members said. The facility was searched and streets blocked off for several hours during the FBI action." The Post-Gazette continues, "Jeff Killeen, a spokesman for the FBI, could not confirm if the bureau knew the facility was a mosque. He said the agency tries to respect the civil and constitutional rights of everyone. … 'But we had a warrant for the arrest of a convicted felon in possession of a weapon -- a semi-automatic pistol. We can't take that lightly.'" The Post-Gazette notes, "Federal officials detailed the reasons for the arrest in a statement yesterday and have not linked the group to terrorism. … 'Under federal law, it is illegal for any person

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who has been convicted of a crime which carries a punishment of more than one year in prison to possess a firearm or ammunition,' said the statement from U.S. Attorney Mary Beth Buchanan. 'Larry M. Williams is such a person.'"

The Pittsburgh Tribune-Review (7/8, Greenwood) reports, "During the raid, law-enforcement officers ransacked closets and kicked in doors -- leaving holes in the mosque's walls, said Tahir Abdullah, assistant director of the mosque. … Williams had been coming to the mosque for about three years. He showed up the night of June 29 seeking a place to stay, Abdullah said, adding that mosque members did not know about Williams' criminal past."

Port Authority To Takeover Construction Of WTC Memorial. The New York Times (7/7, Dunlap, 1.19M) reports the Port Authority of New York and New Jersey agreed Firday to take over construction of the World Trade Center memorial and museum. The move is expected to make the "tortuous development process more efficient and less expensive," the Times writes. Also Friday, the World Trade Center Memorial Foundation announced that it was "back in the fund-raising business with a national television, radio and print campaign."

Louisiana Delegation Requests Extension Of Federal Coverage Of Debris Removal Costs. The Baton Rouge Advocate (7/8, Shields) reports, "Most of the Louisiana congressional delegation sent a letter to President Bush on Friday asking that the federal government extend 100 percent reimbursement for debris removal to nine parishes damaged mostly by Hurricane Rita." The letter was not signed by Rep. Williams Jefferson (D) but his office said he supported the extension. The letter "came one week after the White House announced that it would pick up the costs for debris removal through Dec. 31 for five parishes damaged by Hurricane Katrina. That move saved those parishes an estimated $71 million." The letter seeks the benefit be extended to Calcasieu, Cameron, Iberia, Jefferson, Lafourche, St. Charles, St. Mary, Terrebonne and Vermilion parishes. FEMA is "reviewing the request after getting similar correspondence from Gov. Kathleen Blanco, FEMA spokesman Aaron Walker said."

WAR NEWS:

Iraqi Troops Clash With Shiite Militia, Arrest A "Significant" Suspect. The Washington Post (7/8, Partlow and Finer, 744K) reports, "Iraqi troops rumbled into the teeming Baghdad slum of Sadr City before dawn Friday and confronted the neighborhood's reigning militia, setting off an intense firefight that left 30 to 40 insurgents dead or wounded." The forces captured a "'very significant criminal' who leads 'multiple insurgent cells' responsible for kidnappings and killings." The Post also writes, "In a separate operation, U.S.-led forces captured an insurgent commander in Babil province, whom news services identified as Adnan al-Unaybi, the Mahdi Army leader in areas south of Baghdad." It identifies the two operations as evidence "that Prime Minister Nouri al-Maliki has begun to follow through on his pledge to dismantle violent Shiite militias." The New York Times (7/8, Semple, 1.19M) reports of the same raid, "Residents said the building that came under attack was a base of operations for a man known as Abu Deraa, a top commander of the Mahdi Army." Similar to the Post, the Times says that the operations "suggested that Prime Minister Nuri Kamal al-Maliki was making good on his vow to crack down on Sunni Arab and Shiite militias alike. The WT/AP (7/7, Reid) reports, "But the raid enraged many of the 2.5 million Shiites in Sadr City as rumors spread through the crowded slum district that most of the dead were civilians killed as they slept on their rooftops." The AP (7/7) reports that, on the same day, "Explosions struck four Sunni mosques in Baghdad and northeast of the capital, while a car bomb exploded near a Shiite mosque in northern Iraq Friday in a series of attacks that killed 17 people and wounded more than 50. ... The Baghdad mosque explosions came despite a four-hour driving ban in the capital aimed at preventing such attacks that often target the main weekly Islamic religious service." The Los Angeles Times (7/8, Daragahi, 958K) reports, "U.S. officials hailed the raid as a success because of the capture of a 'high-level insurgent,' who they said was responsible for killing and kidnapping civilians and attacking American and Iraqi forces." Yet "the 3 a.m. raid, which caused no American casualties, drew swift condemnation from many Shiite religious leaders." Before thousands gathered for prayer in Sadr City, Sheik Abdul Zahra Swaidi said, "The infidel American troops supported by the so-called Iraqi [soldiers] raided the city, killing and injuring a lot of innocent people using all kinds of weapons."

Most Baghdad Security Is Reportedly Under Iraqi Control. AFP (7/7) reports, "The ranks of Iraqi-trained security personnel grew by nearly 30,000 since April and now control more than half of Baghdad and large swathes of the countryside, a quarterly State Department report to Congress said." The State Department study, however, "stressed ... hat the figures still did not point to a timetable for a US troop withdrawal." According to Brig. Gen. Kurt Chichowski, "the first province to be turned over for complete Iraqi control will be Muthana in south-central Iraq."

Pentagon Will Buy New Materiel For War. The AP (7/7, Flaherty) reports, "President Bush would spend a quarter of the $50 billion down payment he wants for next

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year's Iraq and Afghanistan war costs to replace damaged weapons and equipment, while an additional $3 billion would go to train and equip Iraqi and Afghan forces. A document detailing the plan, obtained by The Associated Press, proposes spending $2.3 billion for new armor for troops and vehicles and efforts aimed at thwarting missiles. Another $2.1 billion would be for protecting troops from roadside bombs." The New York Times (7/8, 1.19M) prints an abbreviated version of this AP story.

US Works To Rebuild "Fragile" Iraqi Army. Newsweek (7/7, Childress) reports in a fairly optimistic article about training at the "Zahko Military Training Academy, one of three schools in Iraq that train military officers." The academy has integrated Arab and Kurdish graduating classes, "a delicate situation in a country rife with ethnic and sectarian tension. The nation's other academies are less balanced. Rustamiyah, near Baghdad, is 98 percent Arab, and Qualachulon in Sulemaniyah is 95 percent Kurdish." The article quotes cadets and instructors who want to build a new Iraqi army.

Marine Officers May Have Been Negligent In Haditha Probe. All three networks covered the Haditha investigation and the alleged disclosures to come. ABC World News Tonight (7/7, story 3, 1:20, Sawyer, 8.78M) reported, "Breaking news tonight on that Hadithah investigation. Jonathan Karl has learned that general Peter Chiarelli has completed his review of the killings and how the military handled the initial investigations. ABC (Karl) adds, "The general's view is based on an exhaustive investigation. An official who read it tells me, quote it will be painful, not just to the troops involved, but also to the top Marine commanders in Iraq who, it says, did virtually nothing about an incident that left so many civilians dead." The CBS Evening News (7/7, story 3, 1:50, Smith, 7.66M) reported, "There is a major development tonight in the story of one of the worst alleged crimes by U.S. troops in Iraq, the killing of civilians in Haditha. CBS (Martin) adds, "An investigation into the cover-up of the alleged murder of 24 Iraqi civilians in the town of Haditha last November concludes Marine officers at every level up to and including the colonel who commanded the regiment failed to investigate inaccurate and conflicting reports of how the civilians were killed."

NBC Nightly News (7/7, story 7, 1:00, Williams, 9.87M) reported, "There's a late update tonight on a story we've covered here. An alleged attack on Iraqi civilians by U.S. Marines in the town of Haditha. NBC (Miklaszewski): "A U.S. military investigation has found that several Marines, including officers up the chain of command, have been implicated and accused now of either allegedly falsifying reports or refusing to recognize the evidence that U.S. Marines may have killed innocent civilians in Haditha last November. ... First reports from the Marines said they had been killed by an I.E.D. But photographic evidence strongly suggested the civilians were deliberately killed allegedly by U.S. Marines, execution style."

The New York Times (7/8, Schmitt and Cloud, 1.19M) reports that Lt. Gen. Peter Chiarelli "has concluded that some senior Marine officers were negligent in failing to investigate more aggressively the killings of 24 Iraqi civilians by marines in Haditha last November, two Defense Department officials said Friday." Chiarelli reportedly "faulted the senior staff of the Second Marine Division, commanded at the time by Maj. Gen. Richard A. Huck, and the Second Regimental Combat Team, then headed by Col. Stephen W. Davis, and recommended unspecified disciplinary action for some officers. ... A senior Pentagon official said it could be several days before Defense Secretary Donald H. Rumsfeld receives a complete briefing on the matter, and before a redacted version of General Chiarelli's findings are made public." The AP (7/8, Gamel) calls the case "one of several allegations of U.S. abuse of Iraqi civilians that threaten to further weaken popular support for the Iraq war in the United States and tarnish the military's image."

Ex-GI Alleged Rapist Case Goes To Grand Jury. The AP (7/7, Dunbar) reports, "The case of a former Army private charged with slaying and raping an Iraqi woman and killing her family will be presented to a grand jury this month. Steven D. Green, 21, entered a plea of not guilty through his public defenders Thursday."

Father Of Accused Ex-GI Rapist Expresses Shock. The San Francisco Chronicle (7/7, Campbell and Sissom) reports, "The father of a former soldier accused of rape and murder in Iraq is 'shocked' by allegations against his son." The article quotes military-veteran residents of Midland, Tex., who express concern about the case's impact on US-Iraqi relations and on negative perceptions it could arouse toward other troops.

Mahmudiyah Is Not "Just Another Abuse Scandal." In an angry op-ed piece for the Washington Post (7/8, 744K), Colbert King writes, "Please don't lump what happened in Mahmudiyah with the alleged attacks by U.S. troops on unarmed Iraqi civilians in Fallujah, Haditha, Qaim or Salahuddin province ... Mahmudiyah was about murder. It was also about the deliberate, calculated violation of a woman. Such malevolence should never find its way into a U.S. military uniform."

American Al Qaeda Member Criticizes US Troops. CNN (7/8) reports on its Web site California-born al Qaeda member Adam Gadahn spoke out "against US troops" on a recently released video. The video deals

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primarily with the London subway bombings of 2005, but includes a five-minute speech from Gadahn, in English, in which he "lashes out at allegations of war crimes recently leveled at US troops in Iraq." In the video, Gadahn says the incidents "represent a pattern of US and British brutality toward Muslims, and he says he saw US soldiers kill civilians in Afghanistan." His face is uncovered on screen for the first time.

US Treatment Of Saddam Resonates In Arab World. The Los Angeles Times (7/8, Stack, 958K) reports that with some Iraqis continuing to support Saddam Hussein, "it's America that has ended up standing trial in the eyes of the Arab public." He "and his lawyers have repeatedly compared Iraq's fate under his heavy thumb to the blood-spattered security vacuum created by the U.S. invasion." The Times states, "This debate -- in essence, whether the invasion improved life for Iraqis -- resonates loudly in the Arab world, where many people are concerned about how Hussein's fall has shifted the region's power structure. Iraq's Sunni-dominated neighbors are fearful of the emergence of the Shiite majority in Iraq and terrified of expanded Iranian influence. (The trial has included allegations that Iran tried to assassinate Hussein.)"

US Forces Face Hurdles In Battling "Resurgent Taliban." The New York Times (7/8, Hicks, 1.19M) reports, "American and allied troops are engaged in their biggest operation against Taliban forces in Afghanistan since they drove the fundamentalist movement from power in 2001." They "face the hard job of trying to tell local farmers from Taliban insurgents, who have gained strength across southern Afghanistan. The Americans set up a base, then probed into villages. They were soon ambushed. The Taliban can easily persuade or coerce villagers to assist them. They arm the villagers or equip them with radios. Almost any man is suspect. During one raid, which was typical, the Americans separated the men. Homes were searched, and the men were marched to the base for questioning."

Karzai Urges Pakistan To Dismantle Terror Camps. The AP (7/8) reports, "President Hamid Karzai urged neighboring Pakistan to prevent militants from training on its soil as fighting Friday in southern Afghanistan killed a U.S.-led coalition soldier and at least eight suspected Taliban militants."

US Coalition Accused Of Attacking Afghan Legislators Family. The New York Times (7/8, Gall, 1.19M) reports, "An Afghan member of Parliament accused the American-led coalition of opening fire on his family as they traveled by car in one of the most troubled provinces of southern Afghanistan, killing his brother-in-law and wounding five others, including his wife and two of his children." Uruzgan province legislator Haji Abdul Khaliq said "that the shooting occurred on Wednesday and that American and Australian troops were responsible for it." But "A statement from the American-led coalition said it was 'deeply saddened' by the reports, but added that 'coalition forces are confident the coalition is not responsible for this attack.'"

Cheney Praises Troops In Speech At Norfolk Naval Station. The Norfolk Virginian Pilot (7/8, Hansen) reports on Vice-President Cheney's address to 3,000 Marines and sailors who "belonged to two battle groups - led by the aircraft carrier Theodore Roosevelt and the amphibious assault ship Nassau - that returned in March and May." The positive article quotes service member's enthusiastic reactions to the speech and describes the returning troops' duty: "During their six-month deployment, the two strike groups fought in Iraq, captured pirates in the Indian Ocean and secured the commercial channels in the Mediterranean Sea and Persian Gulf."

Army Discharges 1,000 For Personality Disorders. The AP (7/7, Baldor) reports, "The Army discharged more than 1,000 soldiers last year citing personality disorders, the reason it gave for this year's discharge of a private now accused of raping an Iraqi woman and killing her and her family. That total represents about 1.2 percent of the soldiers given early discharges during the year ending Sept. 30, 2005." The army surgeon general "told reporters Friday that usually the disorder is not associated with combat trauma ... [and] soldiers exhibiting such traits would not be automatically discharged, because many can continue to perform well."

Internet Allows US Troops To Keep In Touch With Families. The New York Times (7/8, Alvarez, 1.19M) reports, "Military deployments have a way of chewing up marriages, turning daily life upside down and making strangers out of husbands and wives. But for this generation of soldiers, the Internet, which is now widely available on bases, has softened the blow of long separations, helping loved ones stay in daily touch and keeping service members informed of family decisions -- important and mundane."

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Fitzgerald's DC Future Uncertain. WBBM, News Radio 780, Chicago (7/7, Roberts) reports, "The future of U.S. Attorney Patrick Fitzgerald may be moving to the front burner, following today's news conference by President Bush."

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WBBM continues, "WBBM Newsradio 780's Bob Roberts reports Fitzgerald wears two hats: United States Attorney for the northern district of Illinois, and Washington-based special prosecutor in the CIA leak investigation and related cases. … The local investigations have reached the top levels of city and state government; the CIA leak probe has reached top levels at the White House. … As a result, some pundits say that Fitzgerald already has become a recurring nightmare not only for Mayor Daley, former Gov. George Ryan and Gov. Rod Blagojevich, but for the President as well. … Instead, Mr. Bush said, it has not been a high priority for him. … 'I don't have any plans to reappoint him because I haven't thought about it,' he said, adding quickly, 'I'll now think about it, now that you brought it up.'" WBBM adds, "Mr. Bush said he is not familiar with the locally-based corruption investigations, but commented on Fitzgerald's stewardship of the CIA leak investigation. … 'I thought in Washington he handled the case with professionalism, very professionally,' Mr. Bush said. 'You didn't see a lot of leaks. You didn't see a lot of speculation. You didn't see a lot of people dropping a little crumb here and there for the press to chew on.' … Ultimately, the President said, the decision is one for U.S. Attorney General Alberto Gonzales to make."

CORPORATE SCANDALS:

SEC Divided On "Spring Loading" Of Options. The Wall Street Journal (7/8, Scannell, Forelle, Bandler) reports, "New controversy is brewing over the way companies dole out stock options, this time over the practice of granting them just days before announcing good news -- an effort to give executives a quick profit on paper." The Journal continues, "Known as 'spring loading,' such options grants have generated heat in recent days. While spring loading is different from 'backdating,' another type of options timing, corporate critics blast it as a form of insider trading. Defenders call it a legitimate form of compensation -- and their ranks include a commissioner of the Securities and Exchange Commission." The Journal adds, "The SEC is investigating at least 50 companies for the timing of their options, and while there is wide agreement that backdating is wrong in most cases, there appears to be division over spring-loading. The divisions underscore a broader debate over the myriad ways companies grant options and whether or not some practices are, or should be, banned. … In a speech Thursday before the International Corporate Governance Network, Republican SEC Commissioner Paul Atkins gave a spirited defense of spring loading, calling it a legitimate and low-cost way for boards to efficiently compensate executives. He rejected claims that such awards amount to trading on inside information. … Quickly, some investor groups cried foul. 'Let's step back and take it out of the legal domain. This is just not fair,' said Ann Yerger, executive director of the Council of Institutional Investors. 'I don't think any rational individual or director or executive could argue it is fair. The whole point is to motivate and incentivize. To do this and set up an award so they're already in the money is so unfair. I think it's a mark of poor integrity.'"

Nicor To Pay $10 Million Fine To Settle SEC Accounting Probe. The Chicago Tribune (7/8, Manor) reports, "Nicor Inc. said Friday that it has reached a tentative settlement with the Securities and Exchange Commission and is willing to pay a $10 million penalty to settle allegations of misleading accounting." The Tribune continues, "The SEC has been investigating Naperville-based Nicor, natural gas supplier to most of northern Illinois outside Chicago, for allegedly inflating profits from its gas trading business from 1999 through the first quarter of 2002. … The company eventually restated its earnings for that period. … 'We wonder how Nicor is getting off paying only a $10 million fine,' said Rob Kelter, general counsel for the Citizens Utility Board. CUB believes ratepayers were overcharged, and a case against Nicor is pending before the Illinois Commerce Commission." The Tribune adds, "CUB has contended in the past that Nicor Gas owes consumers up to $190 million for the alleged improper accounting of gas purchases. … Nicor made the announcement after the SEC had closed, and government officials were not available for comment."

Asyst Technologies Gets Delisting Letter From Nasdaq. The AP (7/8) reports, "Asyst Technologies Inc., a maker of technology for semiconductors and flat-panel displays, said Friday it received a letter from Nasdaq stating that the company is not in compliance with listing requirements because it is delinquent in filing its annual report for the fiscal year ended March 31. … Nasdaq has begun a process that could lead to the stock's delisting." The AP continues, "Asyst has requested a hearing with Nasdaq to address the filing delay. The request will postpone delisting pending the hearing and the panel's decision, although the panel will not necessarily find that Asyst should continue to be listed on the exchange." The AP adds, "Asyst delayed filing its annual report because it is in the midst of a widening inquiry into stock-option granting practices by the Justice Department and the Securities and Exchange Commission. On June 9, the board established a special committee to look into Asyst's stock option practices during that period, the company said."

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CRIMINAL LAW:

Abramoff Had Seven Appointments At White House. The New York Times/AP (7/8, Press) reports, "Secret Service records show four more visits to the White House in 2001 by the disgraced lobbyist Jack Abramoff, including one to see an aide to Vice President Dick Cheney. The newly released records bring the total number of his known visits to seven."

The AP (7/8, Yost) reports, "One Abramoff White House visit, according to Secret Service logs, was on April 20, 2001, to see Cesar Conda, at the time Cheney's assistant for domestic policy." The Washington Post (7/8, A2, Schmidt, Grimaldi, 744K) reports, "The appointments included a meeting with a domestic policy aide to Vice President Cheney and a meeting in the Office of Faith-Based and Community Initiatives attended by about 40 people. The logs also reflect that Abramoff attended one or more social events, as well as a gathering of Indian tribal officials and state legislators at which President Bush appeared." The Secret Service "released the White House visit data yesterday in response to Freedom of Information Act requests and a lawsuit filed by the government watchdog group Judicial Watch." The Secret Service said that "the data reflect appointments but 'do not necessarily reflect actual visits to the White House complex.'"

US To Probe Rape Allegations Against New Orleans Investigator. The New Orleans Times-Picayune (7/8, Filosa) reports, "The U.S. Attorney's Office has issued grand jury subpoenas as part of a federal civil rights investigation into a complaint that Orleans Parish District Attorney Eddie Jordan's chief homicide investigator raped a witness he was assigned to protect." The Times-Picayune continues, "Federal agents started the investigation last week after meeting with high-ranking New Orleans Police Department officials and Jordan, U.S. Attorney Jim Letten said Friday. … An unidentified woman in the state witness protection program told the NOPD's Public Integrity Bureau that Dwight Deal, a veteran homicide detective who joined Jordan's administration in June 2003 as the chief investigator for murder cases, raped her while she was under his watch." The Times-Picayune adds, 'Deal, 50, worked for more than 20 years with NOPD and at one time was among the most senior of homicide detectives, known for cracking murder cases and making them stick in court to win convictions. Deal played a key role in helping police solve and bring to court the culprits behind the 1997 triple murder at the French Quarter's Louisiana Pizza Kitchen, a case that sent Phillip Anthony to death row. … In June 2003, Deal retired from the NOPD and joined Jordan's staff. Deal was placed on paid administrative June 30, a move that adheres to the office policy, said Jordan spokeswoman Leatrice Dupre. … In his announcement of the federal probe Friday, Letten made reference to the recent conviction of Henry A. Dillon III, the former New Orleans assistant city attorney convicted on federal civil rights charges for raping two young women who crossed paths with him while dealing with traffic tickets in 2004."

Louisiana Man Pleads Guilty To Katrina Fraud. The Baton Rouge Advocate (7/8, Kimbrell) reports, "A Baton Rouge man pleaded guilty Thursday to making a false claim for disaster relief benefits after Hurricane Katrina." The Advocate continues, "A grand jury indicted Terry Watson, 675 Wooddale Blvd., in March for making a false claim and for making false and fraudulent statements to the Federal Emergency Management Agency. … According to the indictment, Watson made a FEMA claim stating that his home had been damaged during Hurricane Katrina. He received a $2,000 check." The Advocate adds, "In his plea agreement, Watson pleaded guilty to false claim. The U.S. Attorney's Office agreed to drop the charge of making false and fraudulent statements. … Watson could be sentenced to up to five years in prison or fined $250,000 or both plus other court costs. … In September, U.S. Attorney General Alberto Gonzales created the Hurricane Katrina Fraud Task Force. It is designed to investigate and prosecute disaster-related federal crimes, such as charity fraud, identity theft, procurement fraud and insurance fraud."

Federal Prosecutors Seek Prison Time For Philadelphia Mayor's Former Law Partner. The Philadelphia Inquirer (7/8, Shiffman) reports, "Mayor Street's former law partner should spend at least two years in prison for corruption related to the development of the city's waterfront, prosecutors said in a new court filing." The Inquirer continues, "Leonard N. Ross, who helped Street raise campaign cash and chaired a city committee to select a developer for Penn's Landing, pleaded guilty to corruption and extortion charges last year. … He is scheduled to be sentenced Thursday before U.S. District Judge Michael Baylson. Prosecutors said the advisory federal guidelines call for a term of 24 to 30 months."

The Philadelphia Daily News (7/8, Hinkelman) reports, "The feds filed a 36-page sentencing memo Thursday night that also called for Ross, 58, to pay a $50,000 fine, which they said he had the ability to pay immediately." The Daily News continues, "Ross pleaded guilty in December to charges of fraud and conspiracy to commit extortion. … Prosecutors said Ross had used his position as the chairman of a selection committee evaluating Penn's Landing development proposals to extract $50,000 in campaign contributions for Street from prospective developers; to get himself a $150,000 loan to help pay off a personal debt, and

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to assist the late attorney Ron White in an attempted extortion of developer Bart Blatstein. … Calling his 'outrageous criminal conduct' an 'egregious breach of trust,'" federal prosecutors "said Ross 'betrayed' the people of Philadelphia and viewed public service as 'a way to line his own pockets.' … Prosecutors are also asking Baylson for permission to play 'brief excerpts' from three FBI-recorded conversations between Ross and White in 2003 as the two discussed the bidding process to develop the 13-acre site on the city's waterfront."

Jefferson Hires High Profile Defense Advisor. The Baton Rouge Advocate (7/8, Shields) reports Rep. William Jefferson "is beefing up his legal defense against bribery allegations, hiring a high-powered spokeswoman who has represented Monica Lewinsky and the family of Chandra Levy. … Judy Smith of the Washington firm, Impact Strategies, will join Jefferson's legal defense team."

CIVIL LAW:

Senators Question Settlement With Boeing. The Financial Times (7/8, Cameron and Kirchgaessner) reports, "Lawmakers have raised concerns over the tax treatment of Boeing's $615m potential settlement with the US government, which resolved a host of civil and criminal claims connected to the company's procurement practices. In a letter last month to Alberto Gonzales, attorney-general, Republican senators Chuck Grassley, John McCain and John Warner said they were concerned that the $565m civil portion of the settlement could be structured in a way that would allow Boeing to make its payment tax deductible."

Columnist Questions Justice Department Arguments In Deficit Reduction Act Suit. In a column in the New York Times (7/8, 1.19M), Dorothy Samuels opines that the Justice Department's argument for dismissal of a lawsuit challenging the "phony" Deficit Reduction Act "sharply conflicts with my understanding — and most Americans' understanding — of what it takes for a bill to become law. If that reasoning prevails, it will be very bad for democracy." Samuels that because of an "accidental" change to the bill, the version that passed the House by a mere two votes differed from the Senate measure. … Made aware of the discrepancy, House Speaker Dennis Hastert and Senate Majority Leader Bill Frist apparently made a command decision not to try to fix it by having their chambers vote again, this time on the same measure." She adds, "In briefs filed last week, the Justice Department does not dispute this rendition of what happened, or the constitutional rule against transmitting one-house bills to the president's desk. Instead it contends that a musty 1892 Supreme Court ruling requires courts to accept as fact Mr. Hastert's fictional certification that both chambers passed the same bill. In other words, to enact large budget cuts affecting millions of Americans, the House and Senate needn't bother to go through the tedious and politically fraught exercise of passing the same legislation. It suffices for leaders of each chamber to fudge and say it happened."

CIVIL RIGHTS:

Judge Approves Settlement To End Hollywood, FL, Synagogue Dispute. The Miami Herald (7/8, Wright) reports, "A federal judge approved a legal settlement Friday between the city of Hollywood and an Orthodox synagogue, officially ending the five-year feud." The Herald continues, "The unexpected close to the case came a day after six angry neighbors of the synagogue filed a motion to join the case at the last minute in hopes of dismantling the settlement, which would allow the congregation to stay in two single-family homes permanently." The Herald adds, "The religious group has used the houses as a synagogue since 2001, and their presence has sparked a debate over the rights of people to worship where they choose versus a city's right to protect residential neighborhoods from noise, trash and traffic. … After several pretrial defeats, city commissioners offered a settlement that will pay the synagogue $2 million and not only allow the congregation to stay but also to expand to three other houses in the Hollywood Hills neighborhood. … Synagogue leaders accepted the deal Wednesday." The Herald notes, "The deal means the city and Commissioner Sal Oliveri will avoid facing a federal religious discrimination lawsuit from the Chabad and the U.S. Justice Department. … The city also is required to rewrite the zoning criteria used to grant permits to religious groups that want to operate in single-family districts."

DOJ Report Faults Arkansas County Jail. The Times Record (Fort Smith, Arkansas) (7/8, Garrett) reports, "The U.S. Department of Justice has put Sebastian County on notice that conditions at the county jail violate the constitutional rights of inmates confined there." The Record continues, "A 23-page report on the findings of a 2005 investigation said the jail fails 'to provide for inmates' serious medical needs, serious mental health needs, right to protection from physical harm and right to be confined in sanitary and safe environmental conditions.' … The assessment is based upon an inspection of the jail that was performed May 9-12 last year. It included an on-site inspection of the jail as well as interviews with the sheriff, jail staff, medical care providers and inmates. .. The report was

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delivered to the county in May." The Record adds, "In the area of medical care, the study is critical of the jail intake process, which it says 'fails to identify inmates' urgent or ongoing health needs, and fails to provide routine health assessments to determine the health status or chronic health care needs of inmates.' … The study said the county does not train jail staff to identify symptoms of drug and alcohol withdrawal, communicable diseases, acute or chronic illness and potential suicide risk. Ongoing medical needs of chronic illnesses do not receive care and treatment, according to the study. … The document also contains a warning that failure to 'reach a resolution' could result in a lawsuit to correct deficiencies identified in the report."

NAACP Pushes For Quick Renewal Of Voting Rights Act. The Charleston (SC) Post & Courier (7/8) reports, "NAACP leaders want to jumpstart renewal of the 1965 Voting Rights Act, which stalled in the U.S. House last month." The P&C continues, "The landmark civil rights act, fueled by bipartisan support, was expected to easily chug through a 25-year extension. … But on June 10 the House Judiciary Committee, responding to a letter from 42 Republican congressmen from 14 states, put renewal on hold indefinitely." The P&C adds, "The lawmakers wanted discussion on and possibly amendments to two sections of the act. One of those sections requires nine mostly Southern states, including South Carolina, to get approval from the U.S. Justice Department on any changes in electoral practices. Another requires certain jurisdictions to offer language assistance to citizens with limited English skills. … Local and national officials called a press conference Friday at the Charleston branch office of the National Association for the Advancement of Colored People to encourage a swift extension of the act, which was designed to prevent racial discrimination at the polls. … One of the sections that riles lawmakers requires Alabama, Alaska, Arizona, Georgia, Louisiana, Mississippi, South Carolina, Texas and Virginia to get Justice Department approval on voting changes. The requirement unfairly singles out and holds accountable states that practiced discriminatory voting policies decades ago, legislators said."

Judge Postpones Trial In Florida Voting Rights Case. The Orlando Sentinel (7/8, Pino) reports, "Osceola County won a two-month delay Friday in the trial of a federal voting-rights lawsuit. … Still, officials said they remain focused on defending their countywide method of electing commissioners, not settling the case with a compromise. … 'Right now, it is too early to pursue options until the judge comes out with a ruling,' commission Chairman Paul Owen said Friday. 'There have been no negotiations at this time with anybody. At this time, we are focused on defending ourselves.'" The Sentinel continues, "The ruling to delay the trial until Sept. 18 was granted by U.S. District Judge Gregory A. Presnell in Orlando, a day after the motion was filed and on the heels of the first public comment about the suit by a commissioner. The trial had been scheduled to begin July 19. … County Commissioner Ken Shipley gave the audience at a Republican women's club meeting Thursday night a rundown of possible outcomes to the suit brought by the Justice Department, including expanding the commission from five to seven members and creating a combination of at-large and single-member districts. … The suit alleges that the current at-large system dilutes Hispanics' voting power and prevents them from electing candidates of their choice." The Sentinel adds, "Lawyers for the county asked the judge for a delay in order to take depositions for close to 30 potential witnesses in the wake of a three-day hearing that resulted in Presnell's June 26 injunction halting commission elections. Presnell's ruling to move the trial to September came after a telephone hearing Friday."

World Cup Highlights Global Sex Trafficking Problem. The Kansas City Star (7/8, Grathoff, McCollough) reports from Hamburg, Germany, "Here in Germany, prostitution is legal. Here, there are no pimps. They are sex businessmen, supported by the government with the benefits of a legitimate profession. With a climate like this already in place, it was widely predicted in the months before the World Cup that tens of thousands of women would be trafficked to Germany to fill the brothels. … 'Trafficking is a major worldwide problem,' the Rev. Carrie Pemberton, CEO of Churches Alert to Sex Trafficking Across Europe, wrote to The Star in an e-mail. 'We are aware that there are (nongovernmental organizations) in Germany and the German police themselves who have been very (concerned) about this problem during the last few weeks. … We have been working with this issue since 2003 and know of definite examples where sporting events have been used for trafficking women into and across Europe for sexual exploitation.'" The Star continues, "For those reasons, human trafficking has become a hot-button topic at the World Cup, as the U.S. State Department, the European Parliament and countless nongovernmental organizations pleaded with the German government to implement a plan to stop the traffickers. … Mandi says she hasn't seen any increase in trafficked women. … Most reports out of Germany back Mandi's assessment. Christian Sachs, a spokesman for the German Interior Ministry, told the International Herald Tribune this week that 'it looks as if the fears that were mentioned — that the World Cup would lead to a rise in cases of forced prostitution and sex trafficking — have fortunately not been the case.' … The biggest problem in the fight against trafficking is that there's no true way of measuring success or

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failure. Everything is an estimate. … Ambassador John Miller, the U.S. State Department's director of the office that monitors and combats trafficking, says there is no way to know how many women were taken involuntarily into Germany for the World Cup."

Justice Kennedy Backs San Diego's Cross Stand. The AP (7/8) reports, "San Diego won a Supreme Court justice's backing Friday to leave a large cross standing on city property." The AP continues, "Justice Anthony M. Kennedy said a temporary stay he authorized last week should protect the cross until the 9th U.S. Circuit Court of Appeals, based in San Francisco, hears arguments this year in a long-running dispute over the cross." The AP adds, "Kennedy also took the unusual step of explaining his decision, in a four-page opinion, and suggested that he and his colleagues may be interested in a broader review of the case. … 'The equities here support preserving the status quo while the city's appeal proceeds,' Kennedy wrote. 'Compared to the irreparable harm of altering the memorial and removing the cross, the harm in a brief delay pending the Court of Appeals' expedited consideration of the case seems slight.'" The AP notes, 'A lower court judge had ordered the city of San Diego to remove the cross or be fined $5,000 a day. The judge ruled that the cross, a symbol of Christianity, was an unconstitutional endorsement of a specific religion. … The 29-foot cross, on a half-acre site atop Mount Soledad in the La Jolla area just outside San Diego, had been contested in 1989 by atheist Philip Paulson. … The Supreme Court refused three years ago to get involved in the dispute between Paulson and the city. Since then, Congress agreed to make the area a national veterans memorial, and San Diego residents voted to transfer the land to the federal government. Paulson is a veteran of the Vietnam War."

Georgia Judge Rules Voter ID Requirement Violates State Constitution. The New York Times (7/8, Goodman, 1.19M) reports Fulton County Superior Court Judge Melvin K. Westmoreland "has blocked a Republican-sponsored effort to require Georgia voters to present government-issued photo identification cards before they can cast a ballot." Westmoreland ruled "the requirement violated the State Constitution by placing an undue burden on the fundamental right to vote." Former Gov. Roy E. Barnes (D) challenged the requirement, arguing that it "would make it harder for minorities, the elderly and the poor to vote." State officials "vowed to appeal the ruling to the Georgia Supreme Court." Meanwhile, "a consortium of voter rights groups" has challenged the requirement in federal court, claiming it "violates the United States Constitution." The AP (7/8, McCaffrey) also carried the story.

ANTITRUST:

General Motors Board Votes To Consider Alliance With Renault And Nissan. ABC World News Tonight (7/7, story 5, 2:00, Sawyer, 8.78M) reported, "American icon General Motors sent out a shockwave today" by "signaling that GM might become part of a giant global partnership" with "Renault of France and Nissan of Japan." ABC (Reynolds) adds, "The idea of a three-part auto-making alliance comes from billionaire GM shareholder Kirk Kerkorian." Kerkorian "evidently believes that Carlos Ghosn -- the hard-charging boss of both Nissan and Renault -- is better suited to lead a reconstituted General Motors than its current chairman, Rick Wagoner." But "there are a lot of people who believe the corporation is already implementing an effective cost-cutting strategy and doesn't need any help from an outsider." And "because GM's problems dwarf those at Nissan and Renault, industry analysts are skeptical about Ghosn's prospects in Detroit."

CBS Evening News (7/7, story 5, 2:40, Smith, 7.66M) reports, "General Motors may soon be joining forces with two foreign carmakers. The GM board gave the go-ahead today for talks with Nissan and Renault about forming an alliance."

NBC Nightly News (7/7, story 9, 0:10, Williams, 9.87M) reported, "On Wall Street -- General Motors board of directors said they're willing to talk to Nissan and Renault about the possibility of an alliance. The move was made under pressure from G.M.'s largest stockholder and investor who thinks G.M.'s turnaround efforts aren't moving fast enough for him."

Corporations Cut Employee Pensions But Not For Executives. CBS Evening News (7/7, story 5, 2:40, Smith, 7.66M) reports, "GM is looking for ways to become more competitive which includes cutting costs. The company recently froze some of its employee pensions. More and more companies are doing that but many workers are complaining that while they are taking cuts, top executives are still retiring with huge pensions." CBS (Mason) adds, "The Wall Street Journal found that 45% of AT&T's pension costs go to just 1,500 top executives; the rest covers the over 189,000 employees."

Judge Mulls Modifications To Terms Of Two Phone Mergers. The New York Times (7/8, Labaton) reports, "A federal district judge in Washington is considering the imposition of major modifications to the two largest telephone mergers in history: SBC Communication's acquisition of AT&T and Verizon's purchase of MCI." The Times continues, "In a surprising order issued Friday afternoon, Judge Emmet G. Sullivan raised a series of questions about the Bush administration's review of the two

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deals that he said should be answered by the Justice Department and the phone companies at a hearing next week. … Both deals have already closed, and lawyers said that the judge could not unravel them, although he could try to impose significant conditions or divestitures." The Times adds, "The proceedings will probably shed light on the administration's antitrust enforcement program at a time when officials have put up virtually no roadblocks to deals and imposed few restrictions in other areas of antitrust law. … Still, the proceedings could affect the government's review of BellSouth's proposed acquisition by AT&T, the name the company took after AT&T was swallowed by SBC. The proceedings are also the first significant test of changes in the law that have given federal judges greater authority to scrutinize antitrust settlements."

Suit Alleges Price-Fixing Conspiracy In Rubber Industry. The Knoxville News Sentinel (TN)/AP (7/8, Schelzig) reports, "Three tire companies are suing rubber-chemicals maker Chemtura Corp. in federal court in Nashville, seeking refunds and triple damages for goods purchased during a global price-fixing conspiracy." The AP continues, "Middlebury, Conn.-based Chemtura, which last year changed its name from Crompton Corp., has pleaded guilty in a federal case and has been fined by European regulators for its role in artificially boosting prices of chemicals used to make rubber between 1995 and 2001." The AP adds, "The lawsuit was filed late last week by the Nashville-based North American subsidiaries of Japanese tire maker Bridgestone Corp.; tire retread company Bandag Inc. of Muscatine, Iowa; and Pirelli Tire LLC of Rome, Ga. … Chemtura and subsidiary Uniroyal Chemical Corp. are named as defendants. … 'Defendants conspired in a global price-fixing scheme that had the direct and substantial effect of keeping prices paid by purchasers in the United States artificially high,' the lawsuit states." The AP notes, "The U.S. Justice Department and European regulators began their investigation into several rubber companies in 2002. Chemtura pleaded guilty in U.S. District Court in San Francisco in 2004 and was fined $50 million. … The European Commission in December levied a $91 million fine on Flexsys NV, Bayer AG and Chemtura for breaking European Union antitrust rules by secretly agreeing to control both the European and global markets for rubber chemicals."

ENVIRONMENT:

US Allows BP To Delay Alaska Testing. The AP (7/8, Volz) reports, "Too much sediment had built up inside two Prudhoe Bay transit pipelines for BP Exploration (Alaska) Inc. to safely run sensors to detect corrosion levels within an ordered timeline, the head of the federal agency demanding the tests said Friday." The AP continues, "The head of the U.S. Transportation Department's Pipeline and Hazardous Materials Safety Administration says he will permit a delay of the tests for an undetermined length of time. .. 'We would not allow it to continue to operate if we didn't think it was safe,' said Administrator Thomas Barrett. 'In the long term, it's not a good solution. We've got to get the sensors through there.'" The AP adds, "The agency in March ordered that three low-pressure transit pipelines in Prudhoe Bay be inspected with an internal sensing device known as a "smart pig" within three months, putting the deadline at June 15. … The order came as a result of the largest oil spill in North Slope history, in which an estimated 201,000 gallons of oil and liquids leaked over several days and was not discovered until March 2. … BP, which operates the nation's largest oil field, last month asked to postpone the tests; the request was denied."

US, Ohio Sue Fostoria Over Sewage Violations. The Toledo Blade (OH) (7/7) reports, "U.S. and Ohio regulators filed two federal civil suits yesterday against the city of Fostoria over violations at its wastewater treatment plant, but officials said the legal actions are part of a consent decree the city agreed to earlier this year." The Blade continues, "The state EPA names Fostoria as defendant, while the U.S. EPA names the city and the state of Ohio as defendants. … The lawsuits, filed in U.S. District Court in Toledo, said Fostoria's treatment plant and sewage system have illegally discharged untreated water into the east branch of the Portage River and into the Caples-Flack Ditch since September, 1997." The Blade adds, "Bill Rains, Fostoria's safety-service director, said the two lawsuits represent part of the legal actions related to a consent decree that 'we have been working on for just about a year.' … In May, the U.S. Environmental Protection Agency levied a $30,000 fine against the city of Fostoria as part of a consent agreement to replace its outdated sewer system. The city had been negotiating the sewer issue with the EPA, the Justice Department, and the Ohio Attorney General's office. … The city said at the time that it had hired an engineering firm to create a long-term plan to separate storm-water and waste-water sewers. Mr. Rains said yesterday the city hopes to have that plan developed by next year."

Green Attitudes Spread To Faiths' Mainstream. The Washington Times/AP (7/8, Murphy) reports, "More than a decade ago on an Aegean island, the spiritual leader of the world's Orthodox Christians made a startling proposition: That pollution and other attacks on the environment could be considered sins." At the time, this "earned him little more than" the nickname "green patriarch," but his revelation is "no longer such a radical view," as "[e]co-friendly attitudes have

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increasingly moved into the mainstream of many faiths -- from Muslim clerics urging water conservation in the fast-growing Persian Gulf states to evangelical preachers in the United States calling attention to global warming." The Times adds, "Evidence of an expanding environmental ethos can be found in nearly every faith."

Lawyer Advocates Giving Most Environmental Questions To State, Local Levels. In a column in the New York Times (7/8, 1.19M), John Tierney examines ideas put forward by David Schoenbrod, a lawyer who "started the litigation that forced the E.P.A. to take lead out of gasoline. Technically, it was a victory for environmentalists, but it took so long that Schoenbrod decided his comrades in the movement had made a big mistake — the same mistake they're now making with carbon dioxide. They keep expecting the E.P.A. do an impossible job." Tierney writes, "Schoenbrod's modest proposal for saving the environment is to strip the E.P.A. of its rule-making powers and convert it into an advisory and enforcement agency. It would do technical studies and make recommendations, leaving the lawmaking up to legislators — usually legislators outside Washington. Except for some large-scale problems, like acid rain or global warming, Schoenbrod thinks that most environmental questions should be settled at the state and local level."

NYTimes Emphasizes Importance Of Environmental Case. The New York Times (7/8, 1.19M) editorializes, "In a move that has caused both delight and apprehension among those who worry about global warming, the Supreme Court has agreed to rule next fall on whether the Environmental Protection Agency has the authority under the Clean Air Act to regulate carbon dioxide and other greenhouse gases. … The outcome will have much to say about whether the country will be able to act more aggressively on a problem with potentially grave consequences for the earth and its inhabitants. It could also determine whether states that have acted on their own to limit global warming emissions from vehicles — as California and 10 other states have done — can proceed without fear of a federal veto." The Times concludes, "This is a case of global importance, not least because America's failure to act decisively has discouraged the rest of the world from acting decisively."

FBI/DEA/ATF/USMS:

US Attorney Shelves Cases After FBI Informers' Misconduct. The Arizona Republic (7/8, Wagner) reports, "U.S. Attorney Paul Charlton refused to prosecute a major Arizona corruption case after learning that FBI informers sexually abused an unconscious prostitute during a Las Vegas hotel orgy, according to a letter sent by Charlton to the bureau's top Arizona agent at the time." The Republic continues, "There are no allegations that FBI personnel participated in the orgy. However, Charlton's letter complained that agents did not mention the incident in official reports nor did they advise prosecutors of possible crimes committed in the hotel room, including knowledge that "one of the women in the suite may have been raped." … Charlton's conclusion: 'Our office will not prosecute any additional cases involving any of these individuals (informers) until the circumstances of the Oct. 16, 2002, incidents in Las Vegas are fully investigated.'" The Republic adds, "Seventy-one U.S. military personnel, prison guards and law enforcement workers have been convicted in the sting known as Operation Lively Green, which involved undercover operatives and agents posing as Mexican narcotics traffickers. The government employees were bribed to haul cocaine from southern Arizona to Phoenix and Las Vegas, sometimes wearing uniforms and using military vehicles. … Charlton's letter of March 29, 2004, to Charlene Thornton, then-FBI special agent in charge for Arizona, suggests that crimes by informers and questionable conduct by agents were so troubling that he backed away from the case entirely. … Thornton said in an interview that she recalls the letter and Charlton's decision to drop the case. She said Charlton sought an investigation by the Inspector General's Office. After that request was declined, she said, the FBI's Office of Professional Responsibility reviewed the allegations and exonerated all agents. .. The Justice Department's Office of Public Integrity wound up pressing charges, allowing each defendant to plead guilty to a single felony with no public trials or disclosures in U.S. District Court."

SF Chronicle Argues For Dismissal Of Reporters' Subpoenas. The San Francisco Chronicle (7/8, Page B1, Egelko) reports, "Lawyers for two Chronicle reporters accused the federal government Friday of trying to mislead a federal judge into concluding that BALCO founder Victor Conte was the source of grand jury testimony leaked to the reporters regarding star athletes' use of performance-enhancing drugs." The Chronicle continues, "In papers filed in federal court, lawyers for Hearst Corp. argued that subpoenas issued to the newspaper and the two reporters, demanding their confidential sources, should be dismissed because of government misconduct and prosecutors' failure to show any pressing need for the information." The Chronicle adds, "The reporters, Mark Fainaru-Wada and Lance Williams, wrote articles in 2004 disclosing testimony by the Giants' Barry Bonds, the New York Yankees' Jason Giambi, sprinter Tim Montgomery and others to the federal grand jury investigating the Bay Area Laboratory Co-Operative, or BALCO. The

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disclosures about star athletes' use of performance-enhancing drugs led Major League Baseball to impose a new steroid-testing policy. Conte and three others pleaded guilty to distributing illegal drugs. … The Justice Department has asked U.S. District Judge Jeffrey White to enforce the subpoenas and order Fainaru-Wada and Williams to reveal who gave them the grand jury transcripts in violation of another judge's order. … The reporters could be jailed if they refuse to testify. White has scheduled a hearing for Aug. 4."

The San Diego Union-Tribune/AP (7/8) reports, "In papers filed in federal court Friday, the attorneys argue the subpoenas should be dismissed because of government misconduct and prosecutors' failure to demonstrate a pressing need for the information. .. . 'There is no breach of national security, no act of terrorism, no violent crime that would go unpunished,' Hearst lawyers wrote." The AP adds, "Bush administration attorneys said it was a crime to leak grand jury materials to the media. They argued that California's shield law protecting reporters from divulging their sources does not apply to the federal probe into who leaked the documents. … On Friday, Hearst attorneys said ordering the reporters to disclose their sources would send a message to journalists and the public that 'the government would and could harass the press at will, compelling them to disclose confidential sources on the basis of any sort of investigation.'"

Clark County, WA, Joins Anti-Gang Task Force. The Vancouver (WA) Columbian (7/8, Hamilton) reports, "Clark County joined 13 federal and local law enforcement agencies Friday in launching a new metropolitan area task force aimed at crippling gang crime." The Columbian continues, "The task force will employ racketeering statutes, drug statues and career criminal statutes to impede gang activities before the criminal organizations can develop and mature, said Karin J. Immergut, U.S. attorney for Oregon." The Columbian adds, "The Metropolitan Gang Task Force, as it will be known, will begin operations Monday in its base at the Portland Police Bureau's Northeast Precinct with gang leaders as the immediate target. … The task force includes an impressive array of police and prosecutorial firepower, including the FBI; the Bureau of Alcohol, Tobacco, Firearms and Explosives; the Portland, Beaverton, Gresham, Hillsboro, Milwaukie and Vancouver police departments; the U.S. Attorney; and prosecuting attorneys for Clark, Multnomah, Washington and Clackamas counties. Chairman will be David Bishop, the Beaverton police chief. … Each agency will pay the salaries of their participating officers. Other expenses, including vehicles, overtime and equipment, will come from the FBI, which recently received $450,000 from the U.S. Justice Department for the program. Attorney General Alberto Gonzalez has made combating gang activity a priority."

Hatch Plays Role In Freeing Music Producer In Dubai Jail For Cocaine Possession. The New York Times (7/8, Leeds, Waxman, 1.19M) reports, "Although collaborations happen all the time in pop music, they do not generally involve R & B hitmakers and Senator Orrin G. Hatch. But the release of a music producer from a Dubai jail this week, quick on the heels of his conviction for drug possession, turns out to be a story of high-level string-pulling on the part of" Sen. Hatch "along with Lionel Richie, the singer; Quincy Jones, the music entrepreneur; and an array of well-connected lawyers, businessmen and others, spanning cities and continents." Dallas Austin "had been sentenced to four years in prison for carrying just over a gram of cocaine with him when he entered the country on May 19." Sen. Hatch "made numerous phone calls on Mr. Austin's behalf to the ambassador and consul of the United Arab Emirates embassy in Washington."

Columnist Criticizes UN Gun Control Program. In an op-ed in the Wall Street Journal (7/8, 2.11M), David B. Kopel writes, "Yesterday the United Nation's Review Conference on Small Arms ended, barely noticed by the media. That's too bad, because this meeting, and the initiative of which it is a part, deserves much more public attention -- and censure -- than it gets." Kopel notes, "The U.N. has long urged that firearms must never be transferred to 'non-state actors' -- that is, entities which are neither governments nor government-approved. Only John Bolton's intransigence prevented the 'non-state actors' rule from being inserted into the Program of Action at the previous U.N. small arms conference in 2001. But the U.N. continues to insist on the 'non-state actors' rule -- which would, if adopted, make it a violation of international law to sell arms to Taiwan (according to the U.N., not a state). It would also make illegal arms sales to any and every current group resisting tyranny or genocide." Kopel concludes, "The U.N. gun control program, of which this week's small arms conference is a part, has already caused massive suffering and the loss of civil liberties in many nations around the world. Americans would be foolish to imagine that they will always be immune."

IMMIGRATION:

Bush Reiterates Support For Comprehensive Immigration Reform. Among the major US newspaper, the Wall Street Journal (7/8, McKinnon, 2.11M) was the only one to focus on Bush's domestic policy focus, reporting, "Bush renewed his call for immigration reform that includes a guest-worker program, a sign that despite resistance from the heart of his own party he isn't throwing in the towel on his troubled initiative in this election year." He "offered a strong

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defense of his stalled proposals to overhaul the broken U.S. system. 'The system we've got today isn't working, and it needs to be changed and reformed,' Mr. Bush said at a news conference Friday at Chicago's Museum of Science and Industry." He "promised stronger enforcement, both through increased manpower and new technologies such as tamper-proof identification cards. But, he added, 'in order to enforce this border, we've got to have a rational way that recognizes there are people sneaking across to do work Americans aren't doing.'" The Journal notes, "The administration and its allies also appear to be betting that the future for Republicans requires attracting more Latino voters, not driving them away with anti-immigrant rhetoric"

The Boston Globe (7/8, Klein, 484K) in its coverage of Bush's remarks about North Korea also reports, "Bush used the news conference to push for his top domestic priority this year: comprehensive immigration reform. The House and Senate have passed vastly different immigration bills, and Bush restated his support for the Senate approach, which pairs new border-enforcement mechanisms with a guest-worker program and a path to citizenship for most of the estimated 12 million undocumented immigrants now in the United States." Bush said, "In order to enforce this border, we've got to have a rational way that recognizes there are people sneaking across to do work Americans aren't doing."

WPost Urges Bush To Demand Path To Citizenship In Immigration Bill. The Washington Post (7/8, A14, 744K) writes in an editorial, "As Republicans this week began a series of hearings on immigration policy, President Bush was reportedly signaling new openness to compromise designed to produce legislation this year. The compromise, according to a report in the New York Times, would center on 'enforcement-first.'" But "the danger…is that 'enforcement-first' will devolve into 'enforcement-only.'" So President Bush should "insist that enforcement and a path to citizenship remain part of one legislative package."

Border Security Hearing In Texas Highlights Terrorist Threat. The New York Times (7/8, Hastings, Preston, 1.19M) reports at a House Subcommittee on International Terrorism and Nonproliferation hearing held in Laredo, Texas, "law enforcement and immigration agents" said that "terrorists as well as illegal immigrants could slip across" the border "that is porous and vulnerable." "House Republicans…highlighted the threat of terrorist infiltration to justify their tough plan for border enforcement and to suggest that a Senate immigration bill was weak on security." The hearings are described as an attempt to "build public pressure on the Senate to focus primarily on immigration enforcement." Democratic members of the committee "participated in the hearings but denounced them as divisive and called on the Republicans to address the immigration problem as a whole." Among the witnesses was Reynaldo Garza, acting chief of the Border Patrol for the Laredo sector, who said that "last year, agents in his area…caught illegal crossers from 70 countries other than Mexico, including some from countries linked by the United States to terrorism."

The Washington Post (7/8, A3, Moreno, 744K) reports the hearing helped House Republicans "to make their case for tightening the border as a way to prevent terrorist incursions." Democrats "called the event here political theater." But Republicans "raised the specter of well-funded terrorist organizations using Mexican drug rings and human-smuggling rings to penetrate the southern border of the United States." Garza was cited saying that "additional agents and high-technology tools such as unmanned aerial vehicles and remote surveillance cameras are critical to border security."

The Washington Times (7/8, Hurt, 90K) reports in a front-page story, the hearing "was part of a series" held to "gauge voter opinion on reforming the nation's immigration laws." Garza was cited sying that "the number of violent incidents at points of entry to the U.S. have increased dramatically in recent years." House Republicans "want to secure the border first and deal with thorny issues such as a guest-worker program after the borders have been bolstered."

The AP (7/8, White) called it "an unusual field hearing" intended to "push the Senate to focus on enforcing immigration law." Democrats "participated, but denounced them as political theater." Garza was cited saying that he "worries about possible links between drug cartels and terrorists."

The Houston Chronicle (7/8, Gonzalez, 581K) reports the hearing contained "disturbing testimony…about the dangers that federal and local law enforcement agencies face." Witnesses also "acknowledged terrorists could cross the river laden with weapons, and a federal auditor testified he's proven how porous the northern and southern borders are by using bogus documents to import nuclear bomb-making materials."

New York Appeals Court Rules DMV May Require Proof Of Legal Residency. The Washington Times/AP (7/8) reports a New York state appeals court ruled 5-0 that the Department of Motor Vehicles "can require immigrants to prove they are in this country legally before allowing them to have driver's licenses." The ruling "reversed a decision by Justice Karen S. Smith" who, the court said, had "erred in barring the identity procedures DMV Commissioner Raymond Martinez put in place and said they were 'within his authority and enforceable.'"

Latino Advocacy Group Targets Immigration. The Los Angeles Times (7/8, Watanabe, 958K) reports one of the nation's largest Latino advocacy and civil rights organizations plans to meet in Los Angeles this weekend "to instruct people

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how to mobilize and vote out those who fail to back generous new immigration laws." The National Council of La Raza will highlight immigration at its annual conference beginning today, featuring a bipartisan lineup of such high-profile speakers as former President Clinton, Republican presidential political strategist Karl Rove, Gov. Arnold Schwarzenegger and Los Angeles Mayor Antonio Villaraigosa.

ICE Official Calls For More Criminal Prosecution Of Employers. Julie Myers, assistant secretary of homeland security for immigration and customs enforcement, writes in the Washington Post (7/8, A15, 744K), "The lure of well-paid jobs continues to be the primary magnet for most people who come to this country illegally. A comprehensive immigration strategy that includes a temporary worker program, as proposed by President Bush, is critical to stemming this flow. This strategy must also include work-site enforcement with real consequences for those who knowingly employ illegal aliens." Myers argues that "the most effective strategy in combating illegal employment is criminal prosecution of unscrupulous employers" and "seizing assets derived from illegal employment schemes." ICE "has arrested more than 382 people on criminal charges in work-site enforcement cases and apprehended another 2,100 on immigration violations" this year.

Former Agents Plead Guilty To Accepting Bribes To Release Immigrant Smugglers. The AP (7/8, Spagat) reports, "Two former Border Patrol agents," Mario Alvarez and Samuel McClaren, "pleaded guilty Friday to accepting nearly $200,000 in bribes for releasing immigrant smugglers and illegal immigrants from federal custody." They "each face up to 18 years in prison when they are sentenced Sept. 29, U.S. District Judge John Houston said."

Knight Ridder (7/8, Hall) reports Mexico's president-elect Felipe Calderon "Friday took sides in the battle over immigration, blasting a U.S. congressional plan to build a wall on the U.S.-Mexico border while endorsing a U.S. Senate proposal that would offer a route to legal citizenship for millions of undocumented Mexicans living in the United States." Calderon "also called for a joint development fund among Mexico, the United States and Canada that would finance public works construction in poor areas of Mexico."

The Washington Post (7/8, A9, Roig-franzia, 744K) reports, "Calderon took a firm stance against building a wall along the United States-Mexico border to stem illegal immigration." He said that "the best solution to the immigration crisis was creating jobs in Mexico." The statement "angered" Rep. Tom Tancredo (R-Colo.) and Rep. Duncan Hunter (R-Calif.) said that "he was 'hopeful Mexico's president-elect will also look more closely at the benefits security fencing brings to both sides of the border.'"

Migrants' Journey Through Mexico Full Of Dangers. The Washington Post (7/8, A1, Aizenman, 744K) reports that for "tens of thousands" of "impoverished Central Americans who sneak into the United States each year, the real border begins here, at Guatemala's frontier with Mexico" and "the dangerous trek through the desert into Arizona or Texas is merely the final chapter." The article gives an account of the journey from Guatemala and its hardships.

CONGRESS-ADMINISTRATION:

Bush Takes Message To US Public. The White House's new strategy to garner favorable coverage in the local media met with mixed results as the national media focused on international issues. Bush's remarks on domestic issues and prediction that Republicans would keep their majority in the Congress was noted by newspapers Saturday morning.

The Washington Post (7/8, A2, Fletcher, 744K) reports called Bush's press conference "unusual and said, "Despite widespread public discontent with GOP congressional leaders, Bush predicted that Republicans will keep control of the House and Senate, allowing them to continue setting the nation's legislative agenda for the next two years." When asked if his poll numbers might hurt GOP candidates, Bush said, "You win elections by having a plan to protect the American people from terrorist attack. You win elections by having a philosophy that has actually produced results -- economic growth, for example -- or kind of changing the school systems for the better, or providing prescription drug coverage for elders."

The New York Times (7/8, Stolberg, 1.19M) notes, "members of the Chicago press did not serve up softball questions. The issue of Mr. Bush's polls came up when a reporter asked about a fund-raiser the president planned to attend for Judy Baar Topinka, the Republican candidate for Illinois governor." He "also gave an endorsement of sorts to Patrick J. Fitzgerald, the special prosecutor who handled a leak investigation involving Karl Rove." He said Fitzgerald "had done a 'very professional job' in handling the leak investigation."

The AP (7/8, Burghart) reports, "Larry J. Sabato, director of the University of Virginia Center for Politics, said trips like the one to Chicago demonstrate that Bush does connect better with voters in informal sessions out of the Beltway. But he said the main problem is the unpopularity of the Iraq war." In an email Sabato said, "Until things look up in Iraq, and American troops are coming home in significant numbers, Bush's own numbers won't improve much."

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Bloomberg (7/8) notes, "The administration is stressing the strength of the economy to bolster Republicans in the November elections. ``People are better off, things are working," Bush said this morning, adding that the U.S. has added more jobs for 34 straight months." But the "economy added fewer jobs in June than economists expected, reducing the urgency for further Federal Reserve interest-rate increases even as wages rose the most in five years, the Labor Department reported today."

The Los Angeles Times (7/8, Wallsten, 958K) reports, "Reinforcing the message that Bush was far outside the Beltway, he stood before a giant picture of the city skyline displaying, in giant letters, 'CHICAGO.'" The Times adds, "The overwhelmingly Democratic city in a blue state seemed a peculiar choice as a kickoff for the new White House communications strategy, particularly in light of headlines that greeted the president and his entourage Friday morning."

The Chicago Tribune (7/8, Pearson, 643K) reports, "President Bush offered a staunch defense of Mayor Richard Daley Friday, calling him 'a great mayor' and a friend despite the federal convictions of former top Daley patronage aides on charges of rigging jobs for mayoral campaign workers." Speaking "at the Museum of Science and Industry, Bush said he could not provide an assessment of the job U.S. Atty. Patrick Fitzgerald has done on the local level in bringing corruption charges against officials in city and state government." The Tribune also notes, "In a bit of topsy-turvy politics, Bush touted the health of the state's economy by echoing Blagojevich in noting the state led the nation for job creation in April. And Bush's 2004 presidential opponent, U.S. Sen. John Kerry (D-Mass.), appeared to side with Topinka's criticism of the Democratic governor on the issue of job creation." In a statement Kerry said, "The president praises the optimism of Illinois businesses, yet more of the state's businesses closed their doors in 2004 than new businesses were opened."

The Chicago Sun Times (7/8, Herrmann) reports, "National and local reporters asked him about a range of topics, including the North Korean crisis, the war in Iraq, foreign ownership of defense companies and skyrocketing gasoline prices." While "Daley sat to the side of the podium, Bush was reminded by a reporter that last summer, he had called Daley a 'great mayor.' ' Given the conviction Thursday of Daley's former patronage chief Robert Sorich and three others for doling out jobs and promotions to reward the mayor's political workers, the president was asked whether his assessment had changed." Bush replied, "I still think he's a great mayor. ... I'm proud to call him my friend."

New media Strategy Seen As Ineffective. In a negative analysis of the White House's new media strategy, the Chicago Tribune (7/8, Tackett, 643K) reports, "What the White House didn't say, but what was highly apparent, was that the president has decided to fully engage in the 2006 midterm elections, perhaps the last clear referendum on his presidency, and this could be a sign of the unofficial start of a campaign. Bush emphasized the good news he found in the jobs data and first quarter growth, then noted bluntly that his tax cuts were the answer. The subtle read? Democrats would raise taxes. He continued to push progress in Iraq, honoring a sacrifice made by a soldier from Hoffman Estates. Democrats, the implicit argument was, would cut and run. These are messages that he will likely be reinforcing as he travels throughout the country between now and November." And "There is logic in that. No matter how skeptical the local press corps, there is still a reflex for a red carpet for a president. Positive coverage – locally, anyway – is typically assured. WGN-TV carried the press conference live." But "if the communications czars in the White House were hoping for questions about cheesecake or the Cubs, they were roundly disappointed. And if they thought that by taking the president away from the Beltway that somehow he would be bathed in different light, the morning in Chicago proved that wrong."

Roberts Said To Be More Influential Than Kennedy On Court. Douglas W. Kmiec, professor of constitutional law at Pepperdine University, writes in the Los Angeles Times (7/8, 958K), "The received wisdom at the end of the most recent Supreme Court term is that because of his swing vote, Justice Anthony Kennedy is more in control of the court than the new chief justice, John G. Roberts Jr." But "it's a misleading picture" because "Kennedy alone is often deliberately speculative and partly because Roberts has at least the nascent but constructive capacity to span partisan division." And "Kennedy's theorizing reveals a mind of great intelligence but makes it more difficult to strike bargains with him." Roberts "has a conservative mind but a diplomat's nature. His abiding concern is to keep the court within bounds on legal, rather than ideological, grounds. Because that is so, he has the capacity to draw votes from both sides on controversial and pedestrian cases alike." That "overwhelms Kennedy's ability to deploy his swing vote."

House Agenda Criticized By Moderates As Not Helpful To Holding Majority. The New York Times (7/8, Hulse, 1.19M) reports, "Moderate Republicans say a planned summer push by the House leadership on conservative causes like gun rights and new abortion restrictions threatens the re-election prospects of embattled centrists, who are key to the party's drive to hold Congress." Moderates are described as "frustrated and angry" due to the agenda they say is "heavy on ideological themes" and "short-sighted and ill-timed." The also "fear that this new agenda could backfire by stirring independent voters to reject centrist

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candidates." House leaders said that moderates "could establish their independence by voting against select initiatives if they choose" but the Times reports, "many of the must-win races are in more moderate regions of the Northeast, Midwest and suburban South and West." Speaker J. Dennis Hastert (R-Ill.) said the agenda "would allow lawmakers to vote on basic values like the 'sanctity of life' while defending the nation's founding principles."

Discovery Crew Supplies Space Station, Checks Shuttle For Damage. NBC Nightly News (7/7, story 4, :20, Williams, 9.87M) reported, "Astronauts continued to pore over the shuttle Discovery today with the space age equivalent of a fine-toothed comb. They used a camera on the shuttle's robotic arm to snap extreme close-ups of the shuttle's external thermal skin. The crew also moved more than two tons of supplies over to the International Space Station."

The AP (7/8), in a story carried by the Washington Times, reports, "It was moving day yesterday for the crew of Discovery, which transferred thousands of pounds of supplies and cargo from the space shuttle to the International Space Station." The AP notes, "For the first time in three years, the International Space Station has three crew members -- European Space Agency astronaut Thomas Reiter on Thursday joined Pavel Vinogradov and Jeff Williams, who marked their 100th day at the space station yesterday."

NASA Examines Detailed Photos Of Discovery's Exterior. The AP (7/8, Borenstein) reports, "NASA engineers examined new detailed pictures of space shuttle Discovery's heat shield Friday, a day before two astronauts were to embark on the most disorienting task of their 13-day mission: a wobbly spacewalk. … Astronauts spent several hours focusing the cameras on six specific 'areas of interest' on the shuttle that had been seen in earlier photographs. Engineers need more information about the heat shield to ensure there is no damage like the kind that doomed Columbia's flight in 2003." The New York Times (7/8, Schwartz, 1.19M) reports, "On a day devoted to moving thousands of pounds of supplies from the space shuttle Discovery to the International Space Station, engineers and analysts on the ground scrutinized images of the shuttle on Friday for damage that might cause problems in the brutal heat of re-entry. Officials said that the shuttle came through the rigors of ascent in a remarkably clean state and that they had narrowed their analysis to a few unresolved issues." The Washington Post (7/8, A7, Gugliotta, 744K) reports, "Late Friday, analysts at Houston's Johnson Space Center were still examining two slight scars on the brittle 'reinforced carbon-carbon' protecting the front edge of Discovery's starboard wing."

Discovery Mission Extended One Day For Additional Spacewalk. The AP (7/8, Borenstein) reports, "NASA managers announced that Discovery has enough fuel to stay up for a 13th day to squeeze in a third spacewalk."

ABC News Honors Discovery Astronauts As "Person Of The Week." ABC World News Tonight (7/7, story 7, 3:00, Sawyer, 8.78M) reported, "And finally, from us, our 'Person of the Week.' We held our breath as they made history this week on top of the world. The astronauts aboard the space shuttle Discovery looked beyond the known risks, beyond the cracks of the falling foam, and set their eyes on the stars."

Information On Sailors Accidentally Exposed. Coverage of the May VA data theft is largely absent today. However, media outlets report that the Navy accidentally posted the information of 100,000 sailors. The Norfolk Virginian Pilot (7/8, Hansen) reports, "Personal information from 100,000 Navy and Marine Corps aviators and crew was removed from the Naval Safety Center Web site after being accidentally posted and available to the public for six months, the center announced Friday. The information included the full names and Social Security numbers of active- and reserve-duty service members who have logged flight information with the Norfolk-based command since 1985, said spokeswoman Evelyn Odango." The Virginian-Pilot notes, "The safety center mistake is the latest in a series of public blunders by government record-keepers. In May, a laptop computer containing data for 26.5 million active-duty and retired service members was stolen from the home of an employee for the Department of Veterans Affairs. Police recovered the laptop last week."

The Washington Post (7/8, A03, White, 744K) adds, "Investigators are working to determine how the records landed on the Navy Safety Center's Web site, which officials shut down Thursday after a member of the public reported finding the full names and Social Security numbers posted. Evelyn Odango, a spokeswoman for the safety center in Norfolk, said the list had been posted since December and appeared to be 'inadvertent' and the result of 'human error.'"

Columnist Condemns Effort To Limit Judicial "Junkets." In a column in the Wall Street Journal (7/8, 2.11M) James Q. Wilson notes efforts by the Community Rights Counsel to curtail the seminars the judges attend. Wilson writes, "The CRC regards university efforts to educate judges as 'junkets.' I am puzzled by this view because for many years I have spoken or led seminars at meetings run by the George Mason University School of Law. Most of these meetings are strictly academic exercises in which scholars talk about economic principles, statistical techniques, tort and contract law, criminal and family law, the logic and methods of science, and similar matters." Wilson also writes, "The other reason CRC calls them junkets instead of educational

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activities is that it thinks, for reasons that baffle me, that the groups who donate funds to these activities will influence the judges and shape their opinions. That possibility is farcical -- no donors attend the meetings, the judges do not know who the donors are, and no subject about which a donor may have a legal interest is a topic for discussion."

House GOP Leaders Said Not To Be Serious About Pork-Barrel Spending. The Boston Globe (7/8, Klein, 484K) reports, "Top leaders of the House of Representatives, who last month decried pork-barrel spending while voting to give the president a line-item veto, have helped block 40 attempts this year to remove individual special-interest 'earmark' projects from spending bills." And "the three top House leaders…have not cast a single vote against any of the projects that have been challenged by fiscal conservatives on the House floor." Rep. Jeff Flake (R-Ariz.) said that "the leaders can't credibly claim to be against wasteful spending as long as they support the earmarks."

Deficit Expected To Fall Below $300 Billion With "Surging Tax Revenues." The AP (7/8, Taylor) reports the Congressional Budget Office said Friday that, "the federal deficit appears on track to register less than $300 billion for the budget year ending Sept. 30, as surging tax revenues continue to signal significant improvement over White House estimates released in February." The administration will update its estimate on Tuesday and "put its own spin on the deficit picture." President Bush is "expected to tout the numbers as proof of the success of Bush-sponsored tax cuts in reviving economic growth and, in turn, tax revenues." And "tax collections are surging at a 13 percent growth rate."

Specter Seeks Renewal Of Funds For Pennsylvania Foster Care Program. The Pittsburgh Post-Gazette (7/8, Sherman, 261K) reports, Sen. Arlen Specter (R-Penn.) "yesterday said he and other members of Pennsylvania's congressional delegation are pressuring federal officials to release $170 million meant for the state's foster care program for children." The money is "on hold" because federal Administration for Children and Families officials "discovered that the state wasn't following guidelines for reporting expenses. The state Department of Public Welfare recently adjusted its reporting procedures." Specter and Rep. Tim Murphy (R-Upper St. Clair) said that the withholding "could soon hurt thousands of children at risk of being sent into foster care." Wade F. Horn, assistant secretary for children and families, said that Health and Human Services Secretary Michael O. Leavitt would "carefully consider any requests from a U.S. senator."

Medicare Warning Blamed For Some Companies Ending Drug "Giveaways." CBS Evening News (7/7, story 6, 3:00, Smith, 7.66M) reports, "When a new Medicare drug plan rolled out in January the idea was to help tens of millions of older Americans and the disabled afford the prescription drugs they need." But "in some cases prescriptions that once cost them nothing, are now becoming a big financial burden." CBS (Andrews) adds, "Drugs that used to be donated by the pharmaceutical companies" were stopped by firms "because of a monumental misunderstanding." Medicare notified drug companies that "drug giveaways could be prosecuted for fraud and abuse if the companies counted the value of the donated drugs to file for reimbursement." As a result some firms reportedly stopped their "giveaways" and cited the Medicare notification as the reason. HHS inspector general Daniel Levinson was shown saying, "I just can't imagine why there would be a feeling of threat."

LATimes Muses On Bush's Aging. The Los Angeles Times (7/8, 958K) writes in an editorial, "Why was there so much fascination with George W. Bush's attainment of three-score years?" It "represents the aging of a youthful persona. Younger men than Bush have served as president…but this president is known for a number of traits associated with youthfulness." And "the question is whether that will change now that the 'frat boy' has embarked on his seventh decade."

OTHER NEWS:

Jobs Report Seen As Sign Economy Slowing. ABC World News Tonight (7/7, story 6, 0:20, Sawyer, 8.78M) reported, "In other economic news, a sign the overall economy is slowing. Today, the government said employers created 121,000 new jobs. A number below expectations. That news helped drive stocks down on Wall Street, where the Dow Jones average closed 132 points lower. On the NASDAQ, stocks were down 25 points."

NBC Nightly News (7/7, story 8, 0:20, Williams, 9.87M) reported, "A disappointing jobs report. Employers added 121,000 jobs to their American payrolls in June. Problem is analysts had expected 175,000. The unemployment rate was unchanged at 4.6%."

The New York Times/AP (7/8) reports, "Corporate profit warnings and record oil prices overshadowed a benign jobs creation report and sent stocks sharply lower Friday as investors worried that the economy was cooling too quickly. The Dow Jones industrials shed 134 points as stocks ended the week with a loss." The AP adds, "With the unemployment rate steady at 4.6 percent, the report was exactly what Wall

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Street had hoped for -- low unemployment, but modest job growth that won't spark a sharp increase in consumer demand, which could foreshadow inflation and interest rate hikes."

The Wall Street Journal (7/8, McKay, 2.11M) notes, "Investors lately have welcomed such disappointing economic data, seeing a reason for the Federal Reserve to stop tightening the U.S. money supply. But that was not the case Friday, because the weak payroll number was accompanied by a rise in average hourly wages, which gained eight cents to $16.70 in June, after remaining nearly flat in May."

The New York Times (7/8, Porter, 1.19M) said the "economy was slowing under the combined weight of high energy prices and rising interest rates." Yet "the government also reported that hourly wages rose at their fastest pace in five years, while the unemployment rate remained at 4.6 percent. This suggests that the labor market remains tight and may yet spur higher inflation." The Times notes, "The disparate data underscored the uncertain economic situation facing the Federal Reserve as it ponders whether to continue raising interest rates over the summer to cool the economy further or whether it is time to pause. Over the last two years, the Fed has steadily increased the benchmark federal funds rate from 1 percent to 5.25 percent."

The Washington Post (7/8, D1, Henderson, 744K) reports, "Employers hired cautiously last month as the economy lost steam, but they added enough new jobs to hold the nation's unemployment rate steady at 4.6 percent, the Labor Department reported yesterday." Some experts "said the increase in average wages may partly reflect a shift in the job mix, as higher-paying manufacturers added to their payrolls while lower-paying retailers trimmed theirs. That could reverse in coming months as U.S. automakers proceed with plans to eliminate tens of thousands of jobs." The Washington Times (7/8, Hill, 90K) and the Financial Times (7/8, Swann, Hughes) report similar details.

The Bloomberg (7/8) adds, "The Dow average tumbled 134.63, or 1.2 percent, to 11,090.67, the most since June 5. The Standard & Poor's 500 Index fell 8.60, or 0.7 percent, to 1265.48. The Nasdaq Composite Index, which gets 41 percent of its value from computer-related shares, dropped 25.03, or 1.2 percent, to 2130.06."

Oil Prices Climbing. NBC Nightly News (7/7, story 6, 2:20, Williams, 9.87M) reported, "It's summer and the price of gas and oil is climbing along with the temperatures outside. During today's trading, oil surged to a record $75.55 a barrel before falling back down to $74.09. In plain English, in the last four years, a barrel of oil has gone up in price almost $50 in four years' time. With gas pushing $3 a gallon, we are in for a rough patch on the American road."

The Financial Times (7/8, Hoyos) reports, "International oil prices rose to a new record on Friday as US drivers took to the roads on their annual summer holiday." An increase "to $75.78 a barrel – stoked fears that inflation could rise, leading share prices in the US and Europe lower." Experts "said the rise made it more likely that the US Federal Reserve and other central banks would increase interest rates, especially as pressure from high oil prices showed no sign of weakening soon."

Election Experts Say Democrats Will Seek To Nationalize Congressional Elections. The Milwaukee Journal Sentinel (7/8, Skiba, 266K) reports under the headline, "All Bets Off For Midterm Elections," that "most election-watchers aren't wagering on which party will control the House and Senate. But some say the House appears more up for grabs than the Senate." Still "one thing is certain, though. Democrats will try to nationalize the races while Republicans cast them as local contests." At a George Washington University event this week, six experts "were split on whether trends predict an anti-incumbent year or even an anti-Washington year."

Senator Clinton Campaigns For Angelides. The Oakland Tribune (7/8, Richman) reports Sen. Hillary Rodham Clinton campaigned for California Treasurer and Democratic gubernatorial candidate Phil Angelides. Clinton "keynoted the minimum-$1,000-per-head event at the St. Regis Hotel and briefly addressed reporters afterward. But the purported 2008 presidential candidate departed amid reporters' shouted questions on topics such as same-sex marriage, which Angelides supports and she opposes. She said she has known Angelides since he was the California Democratic Party's chairman as her husband, Bill Clinton, first ran for president."

Angelides Advisor Won't Apologize For Comparing Schwarzenegger To Kim Jong Il. The San Francisco Chronicle's Politics blog (7/8,Marinucci) reports on the "increasingly crazy dustup over State Treasurer Phil Angelides' strategist Bob Mulholland, and his comments comparing Governor Schwarzenegger's lifts, or shoes, or whatever, to Korean dictator Kim Jong Il. Angelides, appearing in Sacramento this morning, was asked about the comment, said the comments were 'inappropriate and I've told my team let's knock off the personal attacks.' But that didn't satisfy Fox News conservative talk show bulldog Sean Hannity, who tried to engaged liberal bulldog Mulholland this afternoon." Hannity: "Mr. Mulholland, why don't you just apologize and say you're wrong?" Muholland: "Oh, It was a joke. Schwarzenegger loves making fun of people and he loves people making fun of him ... so if Schwarzzennger can stand the heat, he can get out of the kitchen."

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Gore To Speak To Wal-Mart Managers. The AP (7/8, Kabel) reports, "Former Vice President Al Gore will take his campaign against global warming to Wal-Mart Stores Inc. next week, speaking at Wal-Mart headquarters to executives seeking to make the world's largest retailer more environmentally friendly." Gore "will talk to a quarterly conference of Wal-Mart managers working on ways to implement Chief Executive Lee Scott's plans to make the retailer a leader in cutting emissions, energy use and solid waste and selling more environmentally friendly products."

Edwards Urges Regulation Of "Payday Lenders" In Iowa. The AP (7/8) reports former Sen. John Edwards, "a White House hopeful, focused on the problem of predatory lenders in his first swing through Iowa since a statewide poll gave his potential presidential campaign a boost." Edwards called for new regulations on "payday lenders." He "spent Friday raising money for Democratic candidate David Loebsack's long-shot challenge against Rep. Jim Leach."

Biden Defends Remark About Indian-Americans. The AP (7/8, Sidoti) reports, "Facing criticism, potential 2008 presidential candidate Joe Biden on Friday defended his recent remark that 'you cannot go to a 7-Eleven or a Dunkin' Donuts unless you have a slight Indian accent.'" Biden is "known as one of the more long-winded senators." He said that he "has had an 'incredibly strong' relationship with the Indian-American community in Delaware and that his comment was misinterpreted."

Democratic Divisions Over War Revealed In Primary Contests. The Washington Post (7/8, 4:58 AM, Sidoti, 744K) reports, "Intent on seizing control of Congress, Democrats want to keep the focus on President Bush's missteps in Iraq. Yet the war is fracturing the party in a handful of House and Senate races" which "pit the party's liberal wing…against moderates favored by Democratic leaders in Washington." And "such primary clashes are drawing unwanted attention to Democratic divisions on the war while raising questions about whether the Democrats' competing factions are, in effect, torpedoing the party's chances to make 2006 a referendum on Bush's handling of Iraq." Still "Democrats remain optimistic about winning control of the GOP-run Congress by capitalizing on voter dissatisfaction with Bush, Republicans and the war."

Lieberman Challenge Is Chief Example. Newsweek (7/8, Darman, Braiker) reports in a "Web Exclusive," Sen. Joe Lieberman (D-Conn.) is "fighting off a tough challenge from Greenwich businessman Ned Lamont. Lieberman's main vulnerability: steadfast support for the war in Iraq." In an interview Lieberman said that "Mostly people are talking about the economy" when he travels the state on his campaign. And "If it was not for my position on the war in Iraq, I don't believe there would be a primary against me." Lieberman's challenger Ned Lamont said that "the No. 1 question I get" is "rather than spending $250 million a day in Iraq, how come we're not investing in universal health care for every American?"

Lieberman's Stance On Iraq Is Not His Only Liability For Liberal Voters. The Wall Street Journal (7/8, Cummings, 2.11M) reports that Sen. Joseph Lieberman has lost support not only because of his support for the war in Iraq, but because "the moderate persona that helped Mr. Lieberman…score an upset victory for the Senate seat in 1988 dulls his appeal today to an energized partisan base. Time spent away from home to campaign for higher office in 2000 and 2004 -- when he sought the presidential nomination -- weakened critical home-state ties. And his penchant for lacing policy or political choices with moral or religious messages now sounds patronizing to some voters. 'His problems have been building over time and the war was the last straw for many of the party's more liberal voters,' says Jennifer Duffy, a political analyst with the nonpartisan Cook Political Report.

Steele Continues To Raise More Than Cardin. The Washington Times (7/8, Ward, 90K) reports Maryland Lt. Gov. Michael S. Steele (R) "raised more than $1.8 million for his U.S. Senate campaign in this year's second quarter, according to an internal campaign memo." That is "Steele's highest quarterly fundraising total since announcing his candidacy last fall." He has also "raised more money per quarter since entering the race than the leading Democratic fundraiser, Rep. Benjamin L. Cardin."

Harris To Undergo Surgery. The AP (7/8) reports Rep. Katherine Harris (R-Fla.) "announced Friday she will undergo surgery later this month to remove an ovarian mass, which will be tested to determine if it is malignant." She will "visit Walter Reed Army Medical Center in Washington for preoperative testing Monday, her campaign office said in a statement."

DeLay Seen As Possible Candidate In TX22. The AP (7/8) reports, "Former U.S. Rep. Tom DeLay suggested Friday that he may not be ready for retirement just yet, a day after a federal judge ruled that his name must remain on the November ballot even though he resigned from Congress." DeLay "also criticized U.S. District Judge Sam Sparks' ruling that the former House majority leader's name had to remain on the ballot." DeLay, asked if "he now planned to run" said that he would "wait and see what the 5th Circuit does on appeal." The Texas Republican Party

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"appealed to the 5th Circuit Court of Appeals in New Orleans immediately after Sparks' ruling Thursday in Austin." DeLay "won the Republican primary in March" and Democrats "sued to keep the GOP from removing DeLay's name from the ballot. Republicans want to name a replacement nominee."

The Houston Chronicle (7/8, Mack, 581K) reports DeLay "told a friendly crowd Friday that Democrats seeking to force him onto the November ballot 'may get exactly what they want.' After savoring a standing ovation, he quickly said the comment was not an announcement that he will seek the office he vacated last month." DeLay spoke at a "previously scheduled tribute, co-sponsored by the Greater Houston Partnership and the Fort Bend Chamber of Commerce." DeLay also said, "Only in this country can the federal judiciary force someone to run for office."

LATimes Urges Americans To Save More. The Los Angeles Times (7/8, 958K) writes in an editorial, "According to a string of recent gloomy studies, most people are kidding themselves if they think they'll have enough gold during their golden years." But "if there is a silver lining in all this doom and gloom, it's the small but growing number of employers who are trying to help workers save more." Meanwhile, "it would be nice if instead of focusing on tax relief for the wealthy, Congress were more inventive in devising savings programs for less-affluent workers." Yet "any of these savings plans also requires a bit of a cultural readjustment for Americans to put aside more for retirement."

Pastor Allied With The President And Governor Bush Calls Islam A "Dangerous…Cult." The Miami Herald (7/8, Simon, 323K) reports the Rev. O'Neal Dozier, "a Broward clergyman who has advised President Bush and is a political appointee of Gov. Jeb Bush, took to the air waves Friday to criticize Islam as a 'cult' religion." Dozier is quoted as saying, "'The Islamic religion in my view is a cult" and "dangerous." The Herald adds, "The radio appearance by Dozier, who serves on the governor's committee that screens Broward judicial nominees, startled a local Muslim leader, and prompted the governor to immediately distance himself from the statements. Reached later in the day by The Miami Herald, a contrite Dozier said he was 'concerned' his comments could jeopardize his position on Broward's Judicial Nominating Commission. But he did not disavow those comments." The Herald goes on to report, "On Friday, the White House referred a reporter to previous remarks by the president on Islam, including a 2002 meeting in the Oval Office with United Nations Secretary General Kofi Annan. At that time, the president condemned blanket criticisms of Islam, saying they 'do not reflect the sentiments of my government or the sentiments of most Americans. Islam, as practiced by the vast majority of people, is a peaceful religion, a religion that respects others,' Bush said. On Friday, Gov. Bush's office issued a statement distancing him from Dozier. 'Gov. Bush in no way shares Rev. Dozier's views on Islam,' said Alia Faraj, Bush's spokeswoman."

Veterans Issues At Forefront In Minnesota Races. The Minneapolis Star Tribune (7/8, Smith, 424K) reports, "A proposal to protect soldiers' homes from foreclosure is a sign of the prominence veterans' issue may have in this year's election. A preview of the importance of issues involving soldiers and the Iraq War in this summer's election campaigns went on display at the state Capitol Thursday. Stiffer state and federal penalties for companies that attempt illegal foreclosures on deployed members of the military were proposed by two DFLers, state Rep. Matt Entenza, a candidate for attorney general, and Tim Walz, a 24-year Minnesota National Guard member who is running for Congress." The Star Tribune adds, "Appearing with Entenza and Walz was U.S. Sen. Evan Bayh, D-Ind., a 2008 exploratory presidential candidate who was in the Twin Cities for a little politicking of his own. Bayh is a member of the Armed Services Committee and is proposing similar legislation toughening the foreclosure violations."

Bush Stresses Patience, Diplomatic Approach To North Korea. At what was described as a wide-ranging press conference designed by the White House to emphasize domestic issues, the national media focused mainly on President Bush's response to North Korea's recent missile launches. The two main themes on the subject involved questions about the Administration's diplomatic efforts to convince the international community to pressure North Korea to end its nuclear weapons program and the capability of the US' missile defense system. Bush reiterated his intention to convince the international community to pressure North Korea and avoid direct talks, but an AP (7/8) story published early this morning reports, "A U.S. envoy expressed support for China's proposal to hold informal six-party talks on the North Korean nuclear threat and offered to meet bilaterally with North Korea on the sidelines of those discussions."

Bush's remarks stressing a patient, diplomatic approach to North Korea were carried on all three nightly network news programs. Providing the most extensive characterization of Bush's remarks, NBC Nightly News (7/7, story 3, 2:20, O'Donnell, 9.87M) reported, "President Bush repeatedly lowered expectations today, not only over what North Korea will do next but he played down the pace of diplomatic progress and even the expectations of U.S. missile defense." He "exhibited caution, careful not to oversell." President Bush: "I think we had a reasonable chance of shooting it

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down." O'Donnell: "While the president labeled the North Korean dictator Kim Jong Il a dangerous man who must disarm, the president was notably careful to distance himself when asked today about intelligence assessments that North Korea has increased its nuclear weapons capability while Mr. Bush has been in office." President Bush: "I just thought for a minute you might have known more than I do about, when you say, definitively say, he's increased the number of weapons. I don't think we know that."

Focusing on Bush's cautious assessment of the US missile defense system, ABC World News Tonight (7/7, story 4, 2:00, Raddatz, 8.78M) reported Bush "said there was no certainty that America's $95 billion missile defense system could have intercepted the North Korean missile." President Bush: "Our missile systems are modest. Our anti-ballistic missile systems are modest. I think we had a reasonable chance of shooting it down. At least that's what the military commanders have told me." At the end of its story ABC's Sawyer noted that "a number of us watching that press conference today noted how many times the President talked about hard problems with long-term solutions. You, too?" Raddatz: "Yes, Patience, Patience, Patience. The President said that six times today during that press conference. He is trying to calm the situation. He does not want to turn it into a crisis. Diplomacy is the keyword here."

The CBS Evening News (7/7, story 4, 2:00, Smith, 7.66M) focused mainly on Japan's response to North Korea, but opened its story noting, "Bush stressed again that he wants a peaceful solution to the North Korean missile dispute but said diplomacy takes time." At the end of its story CBS (Petersen) added, "Amid these tensions, U.S. Envoy Christopher Hill met with Chinese officials hoping they can pressure North Korea into returning to talks on the north's nuclear weapons." Hill: "At the same time we are also going to take measures to protect ourselves." Petersen: "Could harsh words between Japan and North Korea escalate into military conflict? That's the problem with the North, that its leader is prone to irrational actions. So the Japanese military is being told tonight keep your eyes open and your ammunition ready."

President Bush was characterized as frustrated and on the defensive by some newspapers. The Washington Post (7/8, A2, Fletcher, 744K) says Bush "defended his response to the budding crisis spawned by North Korea's missile tests, saying he will not 'get caught in the trap of sitting alone with North Korea at the table.'"

The Los Angeles Times (7/8, Wallsten, Farley, 958K) in an article titled "Bush Strongly Defends His N. Korea Policies" reports, "President Bush on Friday defended his administration's policies on North Korea, questioning claims that the regime in Pyongyang had grown more dangerous since he entered the White House." The Times notes, "White House officials fear that the issue of North Korea's missiles has contributed to public doubts about Bush's foreign policy record in an election year. Republicans hope that Bush's tough stand on national security will be a winning issue for them with voters."

The Boston Globe (7/8, Klein, 484K) reports, "Despite his frustrations over the process, Bush's comments signaled a patient approach toward North Korea." The Globe notes, "Asked whether the US military, stretched by simultaneous wars in Iraq and Afghanistan, could sustain a third conflict with North Korea, Bush said he wouldn't answer hypothetical questions. A few minutes later, he questioned a reporter's assertion that North Korea -- which tested medium- and long-range missiles earlier this week -- has increased its nuclear arsenal. 'I don't think we know that,' Bush said."

The AP (7/8, Hunt) in an article titled "Bush Expresses Frustration With Diplomacy" reports, "Asked if he felt a sense of urgency in dealing with North Korea and Iran, Bush said, 'I'm realistic about how things move in the world.' He said he wanted diplomatic rather than military solutions."

The New York Times (7/8, Sanger, 1.19M) reports, "Bush by turns argued that Mr. Kim was untrustworthy -- he cited the country's violation of a 1994 accord with the Clinton administration -- and that the only path was to negotiate with him. But he rejected conducting one-on-one negotiations, insisting that he needed China and other neighbors at the table so that Mr. Kim did not make the United States to appear the blockade to an agreement." He rejected "the criticism by Democrats who say such talks would be the only way to break the logjam." Yet "in citing anew the need to team up with China and South Korea, Mr. Bush was skipping past the warnings of members of his own administration that neither country would agree to sanctions. Both are worried about a North Korean collapse, and both have continued supplying North Korea with food, energy and investment -- even while Japan and the United States try to turn off the spigot." He "has been careful never to criticize either country publicly. But he seemed to do so obliquely when he said, with some frustration in his voice."

The Financial Times (7/8, Daniel) reports, "Bush ruled out bilateral talks with North Korea on Friday, saying that the US would respond to Pyongyang's long-range missile tests through the United Nations Security Council." He "admitted that the diplomatic route could be 'slow and cumbersome' but said he was 'not going to get caught in a trap of sitting at a table alone with North Korea.' He added: 'What matters most of all is for Kim Jong Il to see the world speak with one voice.'"

The Washington Times (7/8, Curl, 90K) notes, "Japan's Ambassador Kenzo Oshima said he wanted a vote on the draft today if possible, yet he and other diplomats said negotiations continued on the resolution. That raised the

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possibility that the decision to introduce the resolution was, in part, a negotiating tactic meant to win concessions from China and Russia."

Bloomberg (7/8) notes Bush said the UN "must send a clear message to North Korea's leader to disarm and that 'rallying world opinion' takes time." He also "said next weekend's meeting of the Group of Eight leaders…will be an opportunity to send a clear message as Iran considers an incentives package aimed at curtailing the country's program. China and Russia have opposed harsh sanctions."

North Korea Will Return To Talks If Foreign Funds Unfrozen. The Los Angeles Times (7/8, Demick, 958K) reports, "North Korea will return to talks on its nuclear program if the United States releases $24 million in frozen funds held in a bank in Macao, a senior diplomat said in an interview published today." The Times continues, "In the most explicit statement of its demands since a barrage of missile tests Wednesday, North Korea's deputy ambassador to the United Nations, Han Song Ryol, said his country was looking for a 'minimal gesture to restore trust.'"

US Supports Resolution Against North Korea, But Seeks Unified Voice. The Washington Post (7/8, A8, Lynch, 744K) reports, "Japan presented the Security Council on Friday with a tough revised draft resolution that would condemn North Korea's missile tests and ban states from supplying or buying goods or technology that could help Pyongyang upgrade its ballistic missile program or advance its nuclear weapons program. The resolution is backed by the United States and European allies, over Chinese and Russian concerns that it will exacerbate tensions in the region, according to U.N. diplomats." U.S. ambassador John R. Bolton said, "We are very pleased with this draft," but he added "that Washington and its allies are receptive to further negotiations with Beijing and Moscow." Still, "Bolton and others have expressed confidence they have the support of 13 of the council's 15 members for a binding resolution under Chapter Seven of the U.N. Charter, a provision that can be enforced by sanctions or, in some cases, the use of military force," and "U.S. and European officials remain confident that Russia and China will not veto the resolution." However, But China's ambassador, Wang Guangya, said that 'all options are open,'" and "warned the council in a closed-door meeting that a vote on the sanctions resolution would 'destroy' the prospects for a unified response."

The New York Times (7/8, Hoge, Onisho, 1.19M) adds, "The decision to put the resolution to a vote followed meetings Thursday and Friday involving Japan and the five permanent members of the Council…that failed to establish common ground." Bolton said "We want a resolution. It should be Chapter VII, and I think that's clear. The level of provocation engaged in by these North Korean missile launches warrants that, and we're going to proceed." The UPI (7/8) reports, "Bolton also said those countries that have 'leverage' over North Korea 'bear the responsibility' for bringing the country back to the negotiating table." Kyodo (7/8) adds that Japanese Foreign Minister Taro Aso and U.S. Secretary of State Condoleezza Rice "confirmed to continue bilateral cooperation in efforts to have the international community issue a united, resolute, and clear message from the Security Council."

The Wall Street Journal (7/8, A4, Fairclough, King, 2.11M) notes, "President Bush, speaking in Chicago, said the whole effort going into the weekend was to get all members of the Security Council to say 'loud and clear, here are some red lines.'" However, the AFP (7/8, Aziakou) reports, "the US president noticeably did not make a public push for sanctions against Pyongyang, as the haggling went on at the UN."

AP (7/8, Wadhams) adds, "One senior U.S. official said it was unlikely that the draft would be voted on over the weekend, because diplomats want to give China, the North's main ally, time to talk to Pyongyang." Knight Ridder (7/8, Landay) reports that a "U.S. official, who sought anonymity because of the issue's sensitivity, said the United States was trying to persuade Japan not to call for an immediate vote in order to allow more diplomacy, including talks that a senior Chinese official is scheduled to hold in Pyongyang next week. Meanwhile, the Bush administration was refining a number of punitive measures it could take unilaterally, including pressuring foreign banks that deal with North Korea to stop doing so, said five U.S. officials, who requested anonymity."

The Wall Street Journal (7/8, 2.11M) lists facts leading up to and about the current confrontation, and quotes several people about it, including Ivan Oelrich, of the Federation of American Scientists, who said, "I think that Kim Jong Il is insane. It's a very bad situation. It's unfortunate. It's very, very difficult to see how this is going to end nicely."

US Trying To Gain China's Support For North Korea Response. The New York Times (7/8, Hoge, Onisho, 1.19M) reports, Assistant secretary of state for East Asian and Pacific affairs "Christopher R. Hill, the top American negotiator with North Korea, was in Seoul, South Korea, trying to rally support in that region for a tough, unified response to the North's testing of seven missiles on Wednesday." He previously "met with Chinese officials, including Li Zhaoxing, the foreign minister, in Beijing before arriving in Seoul on Friday evening," but "it did not appear that he had made progress in persuading the Chinese to endorse sanctions." Next, "Hill is expected to meet South Korean officials over the weekend before flying to Tokyo and Moscow, but he gave an indication on Friday of the message he is expected to convey," saying, "We shouldn't have business as usual with a country that's been firing off missiles like this in this rather reckless way." The Financial Times (7/8, Turner, Fifield) notes, "Mr Hill can expect a slightly warmer reception during

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talks in South Korea on Saturday, although he will still encounter difficulties in persuading Seoul to take actions that would hurt Pyongyang financially."

The Wall Street Journal (7/8, A4, Fairclough, King, 2.11M) adds, "President Bush, in a Chicago news conference Friday, touched on" China's reluctance to confront North Korea. While the missile tests put China in a tough spot, calling into question its policy of patient diplomacy and its economic support to encourage change in Pyongyang," it remains "far from clear" if they "will be enough to overcome Beijing's extreme reluctance to use pressure as a diplomatic tool." Still, "Calling the moment a critical test of China's new high-profile role on the international stage, the U.S. is urging Beijing to alter course and use its considerable leverage as North Korea's most important trading partner to get Pyongyang to return to talks on its nuclear program," and "has appealed to Beijing's pride, saying that it risks diminishing its standing on the world stage if it can't use its influence even to moderate the behavior of one of its closest neighbors."

The AP (7/8, Coleman) reports, "U.S. Assistant Secretary of State Christopher Hill held talks Saturday with Chun Young-woo, South Korea's top negotiator in international nuclear talks, on the North Korean missile tests." Hill said, "We will be much more effective if we can speak with one voice." Also, South Korea's Yonhap news agency quoted Han Song Ryol, deputy chief of North Korea's mission to the United Nations in New York, "as saying North Korea is willing to return to the six-nation talks if it is allowed to withdraw its money frozen in accounts of a bank blacklisted by the United States."

South Korea Brings Pressure To Bear On North. The New York Times (7/8, Hoge, Onisho, 1.19M) reports, "South Korea said Friday that it would go ahead with four-day, high-level ministerial talks with North Korea next week in Pusan, South Korea. But South Korea said that it would delay shipments of food and fertilizer to the North and that it had turned down an offer, made by North Korea several days before the launchings, to hold military talks."

The Financial Times (7/8, Turner, Fifield) adds, "South Korea is breaking with its usual placatory approach towards the North" and "moving away from its traditional stance of trying to avoid antagonising Pyongyang in a bid for longer-term reconciliation." However, "economic co-operation projects with the North will continue, meaning its actions will have little effect on Kim Jong-il's regime."

Japan Takes Threat From North Korea Seriously. The Los Angeles Times (7/8, Wallace, 958K) reports, "North Korea's rockets may have landed short of Japan, but they still made a strong impression on a country with a collective loathing for its Stalinist neighbor." Japan's trade with North Korea has declined in recent years, so it has lost some leverage economically over North Korea. To make up for it, "Japan has focused on building a capability to shoot down incoming missiles, as well as proceeding with a faster, deeper integration of its military alliance with the United States." For example, "Japan's spending on missile defense is growing even as it cuts its overall defense budget. Research has given way to acceptance of the idea of having missiles on its soil. And restrictions on military exports were lifted to allow Japanese companies to share technology with U.S. firms."

WSJournal Argues Against Appeasing North Korea. The Wall Street Journal (7/8, 2.11M) editorializes that it is "amazing…that serious people purport to believe…after 20 years of contrary evidence," that Kim Jong Il "wants direct talks with the U.S. leading to security guarantees, normalization of ties and an end to Pyongyang's economic isolation" and that "North Korea and the U.S. were headed" there "until the Bush crew started talking about the 'axis of evil' and pre-emption, thereby provoking Kim's current discontent." Actually, with a history of threats leading to concessions, "Kim is hardly crazy to conclude that if he just threatens enough, the U.S. will deliver what he wants sooner or later." We should not "repeat the mistakes of the past. And the worst mistake would be to reward Kim once again for violating his commitments by sending him more money and more diplomatic prestige."

Economists Say AIDS Should Be World's Top Priority. In an op-ed in the Wall Street Journal (7/8, 2.11M), Kimberley A. Stassel writes about Bjorn Lomborg. Stassel writes, "In 2004, he invited eight of the world's top economists -- including four Nobel Laureates -- to Copenhagen, where they were asked to evaluate the world's problems, think of the costs and efficiencies attached to solving each, and then produce a prioritized list of those most deserving of money. The well-publicized results (and let it be said here that Mr. Lomborg is no slouch when it comes to promoting himself and his work) were stunning. While the economists were from varying political stripes, they largely agreed. The numbers were just so compelling: $1 spent preventing HIV/AIDS would result in about $40 of social benefits, so the economists put it at the top of the list (followed by malnutrition, free trade and malaria). In contrast, $1 spent to abate global warming would result in only about two cents to 25 cents worth of good; so that project dropped to the bottom."

US, Russia To Create Civilian Nuclear Pact. The Washington Post (7/8, A1, Baker, 744K) reports, "President Bush has decided to permit extensive U.S. civilian nuclear cooperation with Russia for the first time, administration officials said yesterday, reversing decades of bipartisan policy in a move that would be worth billions of

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dollars to Moscow but could provoke an uproar in Congress." He "plans to announce his decision at a meeting with Putin in St. Petersburg next Saturday before the annual summit of leaders from the Group of Eight," and "Administration officials confirmed the president's decision yesterday only after it was first learned from outside nuclear experts privy to the situation." Although "Bush resisted such a move for years, insisting that Russia first stop building a nuclear power station for Iran near the Persian Gulf," U.S. officials have "concluded that President Vladimir Putin has become a more constructive partner in trying to pressure Tehran to give up any aspirations for nuclear weapons." The move "would be critical to Bush's plan to spread civilian nuclear energy to power-hungry countries because Russia would provide a place to send the used radioactive material," and, "Since Russia is already a nuclear state, such an agreement, once drafted, presumably would conform to the Atomic Energy Act and therefore would not require congressional approval."

G-8 Talks To See Push For Energy Security Pact. The Washington Times (7/8, Stuhldreher, 90K) reports, "American and European officials are pressing for an agreement on energy security with Russia at the Group of Eight summit in St. Petersburg next week." Assistant energy secretary for international affairs Karen Harbert "stressed energy as a main theme for President Bush in the talks, including a bilateral summit with Russian President Vladimir Putin." She "insisted an agreement could be reached in St. Petersburg because the United States and Russia have the same interest in maximizing Russia's energy exports." However, "critics…say lack of a unified front from Europe on the issue and necessity for Russian cooperation on negotiations with Iran greatly limit the United States' leverage to push Mr. Putin for reform."

NYTimes Calls On G-8 Leaders To Demand Russian Democracy. The New York Times (7/8, 1.19M) editorializes, "the international acceptance that Mr. Putin craves will quickly disappear if the Kremlin continues its march toward what critics call a 'staged democracy instead of a real one." A "list of concerns has grown steadily during Mr. Putin's stewardship," including the disappearance of a free press, the lack of an independent judiciary, and government harassment of nongovernmental organizations. While "Mr. Putin's Russia is still far better than it was during the bleak decades of Communism," the G-8 leader "need to make it clear to Russia that membership demands not only the power of wealth but also a democratic government to go with it."

Investors Appear Willing To Overlook Russian Flaws In Return For Oil Shares. The Wall Street Journal (7/8, White, 2.11M) reports, "When President Bush meets with Vladimir Putin Friday, he will have a chance to express his concerns about the Russian leader's policies. The day before, investors will have a chance to do the same" with when "the $10 billion initial public offering by the state oil company, OAO Rosneft, is scheduled to be priced." However, "investors seem so eager for a piece of Russia's oil riches that they are willing to overlook Mr. Putin's curbs on democracy and heavy-handed economic policies." Still, James Fenkner, a Moscow fund manager, warns, "Betting against the Kremlin has been a very poor strategy over the last few years."

Gazprom Reports Record Profits. The Wall Street Journal (7/8, Walters, Smith, 2.11M) reports," OAO Gazprom reported 2005 net profit of 311.1 billion rubles, or $10.98 billion based on last year's exchange rates -- higher than any Russian company has ever recorded -- on the back of rising natural-gas prices and its acquisition of Sibneft." However, "State-owned Gazprom's international ambitions have raised concerns that the company may be focusing on infrastructural projects that create headlines -- like new gas pipelines under the Baltic Sea to Germany and across Siberia to China -- at the expense of developing its vast reserves to meet future demand." Still, "Many people say rising revenues from oil and gas exports have allowed Russian politicians to assume a new assertiveness in world affairs."

Kremlin Curtails US-Financed Radio Broadcasts To Russians. The New York Times (7/8, Chivers, 1.19M) reports American-financed radio news broadcasts to Russia have been "sharply curtailed in recent months under legal pressure from the Russian government," according to Russian and American officials. The pressure has "knocked programs off the air in much of the country, limiting the Russian-language news broadcasts of Voice of America and Radio Free Europe/Radio Liberty almost entirely" to Moscow and St. Petersburg. The suppression of the Western-financed news, which the Times notes began last year "weeks after a journalist for Radio Free Europe/Radio Liberty infuriated the Kremlin" by interviewing Chechen rebel leader Shamil Basayev, has been "indirect but highly effective," officials said. An official at the State Department told the Times Secretary of State Condoleezza Rice and other officials had "raised the issue with Russia, without result."

As Economy Rebounds, Russian Tourism Industry Declines. The Wall Street Journal (7/8, P1, Sesser, 2.11M) reports that as nations in Eastern Europe and the Baltic states "are now opening up to travelers," the number of tourists visiting Russia is declining. According to the Journal, travelers are "being driven away by a severe shortage of hotel rooms in major cities like Moscow and St. Petersburg, as well as apartment-rental scams; prices that are shockingly high for food, hotels and private transport; and by a visa system so draconian that you can literally be snatched off the street by the police if just one stamp on the papers you're required to carry with you at all times isn't in order." With Russia

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experiencing "an economic rebound driven by surging prices for its main exports, oil and gas," the Journal says tourism "simply isn't a top priority at the moment" for Russia's leadership.

Racism "Sweeping Across Russia." The Boston Globe (7/8, Parfitt, 484K) reports that St. Petersburg is "an incubator for one of Russia's most pressing crises: violent racism." There has been "a wave of racist beatings and slayings sweeping across Russia," and the problem is "compounded by government missteps and inaction." Amnesty International this year "accused Russian police of consistently downplaying hate crimes throughout the country by classifying them as hooliganism."

Strategic Accord On Agenda For Kazakh President's Visit. The Washington Times (7/8, Sands, 90K) reports that in "the latest sign of the Bush administration's desire for closer ties with the huge, oil-rich Central Asian nation, despite lingering concerns over" resident Nursultan Nazarbayev 's "record on press freedoms and political liberties," Kazakh Foreign Minister Kasymzhomart Tokayev said "the United States and Kazakhstan hope to sign a wide-ranging 'strategic partnership' accord when President Nursultan Nazarbayev travels to Washington in September." Somewhat "by default, Kazakhstan has emerged as the critical U.S. ally in the region," but "closer ties are still complicated by aspects of Mr. Nazarbayev's rule, at a time when President Bush has put promoting democracy at the heart of his foreign policy agenda."

Pro-Moscow Parties Ascendant In Ukraine After Orange Revolution Bloc Collapses. The New York Times (7/8, Myers, 1.19M) reports that President Viktor A. Yushchenko of Ukraine "suffered a new political defeat on Friday when his fragile coalition collapsed in acrimony two weeks after it was formed." Now "His opponents, joined by a former ally of the president, announced a new coalition and pledged to nominate as prime minister the man Mr. Yushchenko ultimately defeated" in 2004. This "cast new doubts on Mr. Yushchenko's presidency, undermining his efforts to steer Ukraine on a course more closely entwined with Europe. He faces the possibility of an opposition government and prime minister opposed to his policy of joining the European Union, NATO and the World Trade Organization."

The Washington Post (7/8, A11, Finn, 744K) adds, "the unstable alliance that led the Orange Revolution" had "dissolved into familiar back-stabbing after its smallest member, the Socialists, broke ranks to get its own man elected to a parliamentary post." This "recent political turmoil and indecision in Ukraine have frustrated the European Union and the United States," which "had hoped to see the country well along in restructuring necessary to open it to Western institutions and greater foreign investment."

US Trade Representative Chastises Europe, Rising Economic Powers For WTO Trade Talk Deadlock. The Washington Times (7/8, Sparshott, 90K) reports that U.S. Trade Representative Susan Schwab "said the U.S. would not give up on global trade talks that have deadlocked, and she chastised India, Brazil and other rising economic powers for contributing too little to negotiations." She "faulted Europe for proposals she called 'vague' and 'full of loopholes.' But she also called on India, Brazil and China to acknowledge their growing economic clout, rather than seeking some of the same protection as the world's poorest nations."

Israel Hints It Might Free Palestinians If Soldier Is Freed. The Financial Times (7/8, Biedermann) reports, "The Israeli government, under increasing criticism for its Gaza offensive, indicated for the first time on Friday that it might be willing to free Palestinian prisoners in exchange for the release of a captured soldier," when "Public security minister Avi Dichter said jailed Palestinians could be freed as a 'reciprocal gesture' after the 19-year-old corporal Gilad Shalit was returned." Meanwhile, the European Union "levelled its harshest criticism at Israel yet," when Finnish prime minister Matti Vanhanen, whose country holds the EU's rotating presidency, said, "The EU condemns the loss of lives caused by disproportionate use of force by the Israeli Defence Forces and the humanitarian crisis it has aggravated."

The AP (7/8, El Deeb) adds, "Israel sent conflicting signals Friday on whether it would be willing to swap Palestinian prisoners in exchange for Shalit's release. Public Security Minister Avi Dichter suggested Israel could be ready to cut a deal that would include Israel freeing some Palestinian prisoners as a goodwill gesture," while "Officials close to Prime Minister Ehud Olmert later said Dichter's statement did not reflect the views of the government and that Israel insists on the soldier's unconditional release. However, the government did not issue a formal statement distancing itself from the minister." On the other side, "moderate Palestinian President Mahmoud Abbas said he has won Israeli assurances that it would reciprocate for Shalit's release by freeing some prisoners, as well as Hamas politicians it has rounded up in recent days." The Washington Post (7/8, A8, Wilson, 744K) and New York Times (7/8, Erlanger, 1.19M) also mention Dichter's comments.

Israel Continues Push Into Gaza. NBC Nightly News (7/7, story 5, 2:00, Williams, 9.87M) was the only network news program to cover the continuing violence in Gaza,

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reporting that Israel's push into Gaza "showed no signs of letting up," and "Palestinian militants are taking it into a nasty street fight." Israeli Chief of Staff Dan Halutz: "There is no excuse whatsoever to operate from Gaza against Israel once we left Gaza totally." Fletcher: "But the militants here say their aim is to draw the Israelis into urban war and they think they're succeeding."

The Washington Post (7/8, A8, Wilson, 744K) reports that Israelis continue to make progress "so slowly against gunmen outwardly undaunted… many from the armed wing of the governing Hamas movement." The "Hamas forces were joined in large numbers by gunmen from the al-Aqsa Martyrs Brigades, the armed wing of the Fatah movement, which suffered the bulk of the day's casualties." Meanwhile "Israeli officials acknowledged Friday that ground operations in Gaza -- Israel's first in nearly a year since evacuating the area -- could last for some time." The New York Times (7/8, Erlanger, 1.19M) adds, "Israeli troops mostly held their ground, securing positions in northern Gaza taken on Thursday."

Israeli Incursion Unifies Palestinians. The New York Times (7/8, Erlanger, 1.19M), "There is a sudden, pressured unity of Palestinian factions, whose militants have been fighting one another for months in Gaza since Hamas took over the Palestinian Authority after winning at the polls. Even the Palestinian president, Mahmoud Abbas of Fatah, and prime minister, Ismail Haniya of Hamas, have been thrown together in their inability to resolve the case of Corporal Shalit, which seems to be in the hands of Hamas leaders in exile. But few here expect this unity to last much beyond this current crisis.

Reporter Argues Progress Will Come Slowly. Eleanor Clift writes in a column in Newsweek (7/8), "Brinkmanship is a way of life in the Middle East," and we must "decipher whether the ongoing crisis is the first phase of the next war, or just another roadblock on the ever elusive path to peace." Part of the problem is, "as one Israeli journalist told us, this conflict is not about lines on a map; it's about intimacy" as well as "legitimacy and safety, and until both sides achieve some modicum of well being, or deterrence, there will be no peace." Still, former Prime Minister Shimon Peres, "does point to glimmers of progress. There are Arab voices speaking up for the first time against the taking of the Israeli soldier." Such "change in the Middle East is made slowly and painfully if it's made at all."

Tension Rises As Obrador Prepares Protests Of Mexican Election Count. The New York Times (7/8, Mckinley, Thompson, 1.19M) reports, "Mexico hung in limbo on Friday, as tensions rose between those seeking a recount in the presidential race and those seeking to accept Felipe Calderón as the winner and move on." This "election has exposed deep divides in society, along class and regional lines" and "put the strength of the young democracy to its toughest test." Supporters of Andrés Manuel López Obrador "girded for fights in court and on the streets, beginning with a rally scheduled for Saturday," and "Mr. López Obrador, who has made a career of challenging elections, prepared to try to prove that the electoral system remained flawed." He "left little doubt at a news conference on Thursday that he was considering mass marches as a next step" should the court not order a recount."

The Los Angeles Times (7/8, Tobar, Boudreaux, 958K) adds, "Top aides to leftist candidate Andres Manuel Lopez Obrador… edged close to demanding that the entire vote be nullified." His "camp revealed a two-part strategy to deny a victory to conservative Felipe Calderon:" They are "insisting on a recount" and alleging "that President Vicente Fox improperly influenced the vote," saying his "many TV and radio commercials touting his administration's successes were a thinly veiled attempt to aid his party's candidate." If accepted, that claim would require a new election. However, "Beyond the legal issue, it was uncertain whether" Mexico's electoral tribunal "would be willing to risk the political and social conflict sure to follow the nullification of a presidential election."

The Wall Street Journal (7/8, Luhnow, Lyons, De Cordoba, 2.11M) notes that Obrador's "support among many may already be flagging, including his allies on the left. Three other political parties that took part in the election, including the country's former ruling party, the Institutional Revolutionary Party, said Friday that the vote was clean. Two of the parties extended their congratulations to winning conservative-party candidate Felipe Calderón." Also, "some senior members of his own party declined to RSVP" for the rallies. Meanwhile, "Obrador must hope the turnout is both massive and peaceful, or risk frightening middle-class Mexicans." Still, "Obrador's political skills and ability to mobilize protests are legendary."

Professor Says US Policies Are Causing Mexican Upheaval. Greg Grandin, a professor of history at New York University, writes in an op-ed in the New York Times (7/8, 1.19M), "For the last decade and a half, Washington and its allies in Mexican politics, including Mr. Calderón, have promoted a free-trade economic model that has failed to deliver the prosperity its advocates promised." Now, "Mexico's current electoral crisis likewise is propelled by rural unrest — this time largely brought about by the anger of agricultural workers displaced by the North American Free Trade Agreement," and "these problems, combined with Mexican anger over the immigration debate in the United States, run the risk of souring relations between our two countries for the foreseeable future. But there is a way the Bush administration can help to set things on a different

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course." It "should not rush to embrace" Calderón as the election's victor." Instead, "the best thing the United States can do now is to support the push for a recount and to refrain from calling on Mr. López Obrador to concede." Finally, "the White House should renegotiate Nafta, allowing Mexico to set its own policy in support of its rural economy." Otherwise, the Bush administration could "help begin yet another season of Mexican upheaval."

WPost Warms Both Candidates To Tread Cautiously. The Washington Post (7/8, A14, 744K) editorializes, "Mexico now enters a perilous political moment." Obrador "has called a mass demonstration today in Mexico City to protest what he calls the fraudulent election results," and "his own unproven allegations of 'manipulation' in the vote's tallying are worrying." Obrador "ought not use the power of his oratory, or the adulation of his followers, to nudge the country toward class warfare while he pursues a legal challenge that could last up to two months." That "would hurt Mexico's international reputation and its allure to investors." However, "Calderon should tread carefully, too," as, if he "is to succeed as the leader of Mexico and its 106 million people, he will need to convince the have-nots -- not just the haves who already believe it -- that they stand to gain from his policies."

Brazil And Venezuela Compete For Leadership Of South America. Knight Ridder (7/8, Chang) reports, "tensions are growing between" Brazil and Venezuela as "the two countries over who will lead South America." Venezuelan President Hugo Chavez "attempted to unite Latin America under his leadership" and "angered Brazilian officials with what they see as confrontational tactics." This "began in May when Bolivian President Evo Morales nationalized natural gas fields in Bolivia," but "the hostility deepened this week when Venezuela formally joined the South American trade bloc Mercosur, which includes Argentina, Brazil, Paraguay and Uruguay." Brazil "has long dominated" the bloc, "and Brazilian officials worry that Chavez will use the bloc to expand his power at Brazil's expense." Now "some Brazilian diplomats are questioning Chavez's value as an ally and are calling for a tougher approach," but, "despite the growing rift, Chavez and Lula remain political allies, at least publicly."

US Considering Further Restrictions Upon Cuban Diplomats. The Miami Herald (7/8, Bachelet, 323K) reports, "The Bush administration is said to be considering retaliation for what it claims are harassments that U.S. diplomats face in Havana, including the poisoning of family pets and the dumping of feces in U.S. diplomats' homes." An anonymous U.S. government official "said reprisals against the Cuban mission in Washington were 'always under consideration,'" and "Rep. Lincoln Díaz-Balart, R-Miami, is pushing a measure that would force diplomats from countries designated as state sponsors of terrorism -- including Cuba -- to register all their lobbying contacts in Congress, presumably making congressional offices more reluctant to talk to the Cubans." Still, "U.S. officials insist that the Cubans have it easy next to their U.S. counterparts in Havana," who can't buy many things locally and have no access to government officials.

China May Force Foreign Companies To Unionize. The Wall Street Journal (7/8, Fong, 2.11M) reports, "China may force foreign companies to allow trade unions under a proposed legal amendment apparently aimed at union-free companies such as Wal-Mart Stores Inc." Under a law proposed by Wang Zhaoguo, China's top trade-union official and lawmaker, it would be "compulsory for foreign-funded companies to unionize." This is "likely to escalate tensions between the world's largest retailer and China, a crucial manufacturing source of its merchandise." While "Wal-Mart appeared to adopt a relatively conciliatory stance in China when it agreed to allow its Chinese workers to form unions if they wanted to" in 2004, All-China Federation of Trade Unions officials "complained that the company was obstructing union officials from recruiting Wal-Mart workers. ACFTU also threatened official reprisals such as fines and additional workplace inspections."

China To Prosecute Violations Of One-Child Policy. The Washington Post (7/8, A12, Pan, 744K) reports the Chinese government is preparing to prosecute "a blind peasant who exposed excesses by authorities" in enforcing the one-child policy in eastern China, where local officials were accused by residents of "forcing thousands of people to undergo sterilization or to abort pregnancies." The AP says the decision "highlights the growing clout of hard-liners in the party since President Hu Jintao took office three years ago."

Spain Finds First Case Of Avian Flu. The Los Angeles Times (7/8, 958K) reported that Spain's Agriculture Ministry said Friday that it "has recorded its first case of H5N1 bird flu" from "a water fowl in a marsh area outside the northern city of Vitoria." Already "outdoor poultry farming had been banned within six miles of marshlands where migratory birds tend to gather," and now "a protective area of two miles was declared around the area."

French Debate Over Immigration Heats Up. The New York Times (7/8, Smith, 1.19M) reports France's immigration debate "heated up Friday with opposition Socialists demanding to know how many undocumented immigrants the government plans to deport before the start of the new school year." Under recently tightened immigration rules, the government has "begun tracking down families

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lacking residency papers through children registered at French schools, vowing to expel them during the summer holidays." The new policy has "already led to a handful of deportations and threatened to split families," but in order to "assuage critics and the news media, the government said in mid-June that it would grant residency papers to a limited number of families on a case-by-case basis." However, the Times says that has "brought a crush of anxious immigrants to government offices around the country hoping that they might be granted residence papers before the August deadline."

Mittal To Build Steel Plant In India. The New York Times (7/8, Gentleman, Timmons, 1.19M) reports the chief of Dutch steel Mittal, Lakshmi Mittal visited India Friday where he announced plans to invest "as much as $9 billion in a steel plant in an impoverished eastern area of the country." The plant would be one of India's largest, with a capacity of 12 million tons a year, the Times notes.

THE BIG PICTURE:

Headlines From Today's Front Pages.

Los Angeles Times:
"Plot On N.Y. Tunnels Alleged."
"Ultimate Penalty In Graft Case."
"Class Of '76 Got Chatty."
"In Arabs' Eyes, The US Is On Trial, Not Hussein."
"Leftist To Seek Recount In Mexican Election."
"Saluting A Marine And Angels Fan."

New York Times:
"General Faults Marine Response To Iraq Killings."
"3 Held Overseas In Plan To Bomb New York Target."
"An Internet Lifeline For Troops In Iraq And Loved Ones At Home."
"A Drive To Root Out The Resurgent Taliban."
"That's What Friends In High Places Are For."
"Here's Proof That New Yorkers Like To Complain."

Washington Post:
"US And Russia To Enter Civilian Nuclear Pact."
"Plot To Attack N.Y. Foiled."
"Meeting Danger Well South Of The Border."
"Signs Of Detainees' Planning Alleged."
"Va. Police Chief Apologizes For Raid Of Homeless Camp."

Washington Times:
"Missile Defense 'Modest,' Says Bush."
"FBI Foils New York Terror Plot."
"Britain's 2 Minutes Of Silence Honor Transit Bomb Victims On Anniversary."
"House Told Criminals Swelling Alien Tide."
"Israel Pursues Palestinians With Warplanes And Tanks."
"Writer's Suit Throws Book At 'Deep Throat.'"

Detroit Free Press:
"GM TO Kerkorian: We'll Do It Our Way."
"New York City Tunnels Targeted."

Atlanta Journal-Constitution:
"Voter ID Law On Hold."
"Attack On N.Y. Tunnels Thwarted."
"Political Hand-Holding."
"Heavy Hitters Went To Bat For Austin."

Dallas Morning News:
"Calderón: No Walls Needed."
"For Mayor, Split Image Intact."
"Report May Conquer Fear Of Flying With Pets."
"Plot To Hit NYC Trains Disrupted."

Houston Chronicle:
"Moving Day On Discovery."
"Texas' Patient Care Law At Hub Of Local Dispute."
"Fighting For A Texas Treasure."
"Haditha Inquiry Points To Brass."
"8 Suspected In Plot To Bomb NYC Train Tunnels."
"DeLay Back In DC? Never Say Never."
"Air Is More Breathable In One East End Area; Others Worsen."

Story Lineup From Last Night's Network News:
ABC: New York Bomb Plot; London Bombing Anniversary; Haditha Investigation; North Korea Missiles; General Motors Partnership; Jobs Report; Artificial Blood Experiment; Shuttle Astronauts.
CBS: New York Bomb Plot; London Bombing Anniversary; Haditha Investigation; North Korea Missiles; GM & Corporate Pensions; Medicare Drug Plan;
NBC: New York Bomb Plot; London Bombing Anniversary; North Korea Missiles; Shuttle Docks At Space Station; Gaza Invasion; Oil Prices; Haditha Investigation; Jobs Report; General Motors Partnership.

WASHINGTON'S SCHEDULE:

Today's Events In Washington.

White House:
PRESIDENT BUSH – No schedule available.
VICE PRESIDENT CHENEY -- No schedule available.

US Senate: -- No events scheduled.

US House: -- No events scheduled.

Other. ALL DAY
July 6 - 8. AIRLINE COLLECTIBLES SHOW _ Sellers, buyers, pilots, engineers, flight afficianados, historians,

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authors and airline memorabilia collectors gather for the Airliners International 2006. Highlights: 8:30 p.m. - 10 p.m. Keynote address by Igor Sikorsky, Jr., son of Igor Sikorsky, Sr. Topic: ``Memories of an Aviation Pioneer." Location: Sheraton Premiere Hotel at Tysons Corner, 8661 Leesburg Pike, Vienna. Contacts: Marc Wojno, 703-803-1412

July 7 - 11. FOLKLIFE FESTIVAL _ Second session of the Smithsonian Folklife Festival, focusing on life in the Canadian province of Alberta, evening concerts celebrating African American music from New Orleans, Latino music of Chicago, basketweavers from a wide variety of geographical regions, and others. Location: On the Mall between 7th and 14th Streets, NW. Contacts: Becky Haberacker, 202-633-5183

July 7 - 8. 8:45 a.m. YOUNG ONSET PARKINSON CONVENTION _ The National Parkinson Foundation hosts the fourth annual Young-Onset Parkinson Network Convention. Presentations and workshops on research, medical treatments, support and networking for young Parkinson's patients. Highlights: 11:45 a.m. Luncheon keynote by Cherie Zaun, former LPGA pro golfer, diagnosed in 2003. Location: Hyatt Regency-Reston, 1800 President St., Reston. Contacts: Christie Lowey, 305-448-2930

July 8 - 12. CANCER CONFERENCE _ The International Union Against Cancer and the American Cancer Society hold the 2006 World Cancer Conference, international cancer and tobacco control conferences. Highlights: 6 p.m. - 7:30 p.m. Plenary session: ``Bridging the Gap: The Global Cancer Challenge." With Barbara Bush, former first lady; former president George H. Bush Sr., C-Change; Sally West Brooks, USA board chair, American Cancer Society; John Seffrin, past president, UICC; Franco Cavalli, president, UICC; Harmon Eyre, program chair, UICC World Cancer Congress 2006. Location: Washington Convention Center, Mt. Vernon Square. Contacts: Becky Steinbeck, 678-613-6892

2 p.m. INDIA-HIV/AIDS _ Activists hold a rally to urge India not to adopt new legislation that would limit affordable AIDS medications worldwide. Location: Indian Embassy, 2107 Massachusetts Ave., NW. Contacts: Dr. Vineeta Gupta, 202-789-0432

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THE ATTORNEY GENERAL'S NEWS BRIEFING

PREPARED FOR THE OFFICE OF PUBLIC AFFAIRS, U.S. DEPARTMENT OF JUSTICE

TO: THE ATTORNEY GENERAL AND SENIOR STAFF

DATE: SATURDAY, JULY 8, 2006 7:45 AM EDT

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TERRORISM NEWS:

Bush Says Court "Tacitly" Supports Administration Decision To Use Guantanamo. The New York Times (7/8, Stolberg, 1.19M) reports, "In his most detailed comments to date on the Supreme Court's rejection of his decision to put detainees on trial before military commissions, President Bush said Friday that the court had tacitly approved his use of the detention center at Guantánamo Bay, Cuba." Bush said, "It didn't say we couldn't have done -- couldn't have made that decision, see? … They were silent on whether or not Guantánamo -- whether or not we should have used Guantánamo. In other words, they accepted the use of Guantánamo, the decision I made." His "remarks put a favorable spin on a ruling that has been widely interpreted as a rebuke of the administration's policies in the war on terror." The Times states, "The question of whether Mr. Bush had properly used Guantánamo Bay to house detainees was not at issue in the case. At issue was whether the president could unilaterally establish military commissions with rights different from those allowed at a court-martial to try detainees for war crimes."

The Boston Globe (7/8, Klein, 484K) in its coverage of Bush's remarks about North Korea also reports, "Bush said he drew no broader implications from last week's Supreme Court ruling striking down the military commissions he ordered to try detainees held in the US Navy base at Guantanamo Bay, Cuba. Although the high court ruled that Bush had overstepped his authority, the president quickly noted that the court was silent on the question of whether Guantanamo is an appropriate place to hold suspected terrorists." Bush said, "The Supreme Court said that in this particular case, when it comes to dealing with illegal combatants who were picked up off a battlefield and put in Guantanamo for the sake of our security, that we should work with the United States Congress to develop a way forward. … They accepted the use of Guantanamo, the decision I made."

The Los Angeles Times (7/8, Wallsten, 958K) in its article on Bush's new strategy to connect with the public also notes, "Answering a question about his authority to try detainees before military tribunals, Bush reiterated his belief that the Geneva Convention does not apply to detainees being held at Guantanamo Bay, Cuba." Bush's "comments appeared to contradict last week's 5-3 ruling by the Supreme Court," He "said Friday that he was 'willing to abide by the ruling.' But coming as administration officials continue to examine the ruling, Bush's comments were another indication that the White House was moving toward a very narrow interpretation of the court decision." But Bush critics "have insisted the ruling means the Geneva Convention covers all detainees at Guantanamo and, possibly, Al Qaeda leaders being held in undisclosed locations."

Documents Indicate Gitmo Suicides Part Of Wider Plot. In a front page article, the Washington Post (7/8, A1, White, 744K) reports three suicides at the US detention facility at Guantanamo Bay last month "may have been part of a broader plot by detainees who were using confidential lawyer-client papers and envelopes to pass handwritten notes their guards could not intercept," according to documents filed Friday in federal court by government lawyers. Detainees were able to "hide documents in their cells—including instructions on how to tie knots and a classified US military memo regarding cell locations of detainees and camp operational matters at Guantanamo—by keeping the materials in envelopes labeled as lawyer-client communications," the Post reports. After the suicides on June 10, investigators found the notes "written on the back of notepaper stamped 'Attorney Client Privilege,'" government officials said. In response to the discoveries, military commanders have suspended allowing detainees to have paper provided by defense lawyers. Government lawyers have also asked a judge on the US District Court for the District of Columbia to allow them to assemble "filter teams" to "scour more than 1,100 pounds of documents seized by investigators, some of which are protected by lawyer-client privilege and would usually be off-limits to authorities."

Stewart Seeks Non-Prison Sentence. The AP (7/8, Neumeister) reports, "Attorneys for U.S. civil rights lawyer Lynne Stewart have asked a judge to spare her a prison sentence for her conviction in a terrorism case despite a recommendation by the federal probation department that she serve 30 years." The AP continues, "The attorneys filed papers Wednesday in U.S. District Court in Manhattan asking that the judge take into consideration Stewart's bout with breast cancer, her age, 66, and three decades of selfless service as a lawyer in sentencing her on Sept. 25." The AP adds, "Stewart was convicted in February 2005 of providing material support to terrorists by releasing the message of a notorious jailed client, Sheik Omar Abdel-Rahman. She also was convicted of defrauding the government and making false statements. … Abdel-Rahman, a blind cleric from Egypt, was convicted of seditious conspiracy for his advisory role in a plot to blow up five New York City landmarks, including the United Nations in 1995." The AP notes, "One of Stewart's lawyers, Elizabeth Fink, called a U.S. Probation Department pre-sentencing report that recommended Stewart serve the maximum possible sentence of 30 years 'draconian, inhumane and ludicrous.' … Stewart was

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diagnosed with breast cancer last year, and her sentencing has been delayed while she undergoes treatment."

Hastert Says US Must Remain Steadfast In War On Terror. In a front page report, the Washington Times (7/8, A1, Seper, 90K) says House Speaker Dennis Hastert called the "interruption" of a terrorist plot targeting New York's train tunnels "yet another reminder that we must remain steadfast in our fight against terrorism." In the past few months, Hastert noted that law-enforcement officials "have thwarted several terror plots including threats against Chicago's Sears Tower and federal buildings in Miami, and they have disrupted a terror cell in Canada. House Republicans will continue to provide the brave men and women fighting to win the global war on terror the resources they need to finish the job."

Filmmaker Sues US Over Iraq Detention. The Los Angeles Times (7/8, Weinstein, 958K) reports a Los Angeles filmmaker "who was imprisoned in Iraq for 55 days sued Secretary of Defense Donald Rumsfeld and other high-ranking military officials Friday, alleging that his detention violated his civil rights, the law of nations and the Geneva Convention." Mark D. Rosenbaum, legal director of the ACLU of Southern California, said the suit is "the first civil action challenging the constitutionality of the US government's detention and hearing policies in Iraq." Cyrus Kar, a US citizen and Navy veteran, was freed a year ago, just days after the American Civil Liberties Union sued seeking his release. The new lawsuit, filed in federal court in Los Angeles, seeks damages for Kar and broad changes in the government's detention policies. On Friday, a Pentagon spokesman said the Defense Department "does not discuss matters under litigation until the court has rendered a decision."

Italy Angered By Investigation Of 2003 CIA Abduction. The New York Times (7/8, Grey, Povoledo, 1.19M) reports on an investigation by Italian police into the suspected kidnapping by the US Central Intelligence Agency of a radical Egyptian cleric in 2003. According to the Times, the recent "disclosure that the police were eavesdropping on the [Italian] intelligence service is the latest twist in a case that has riveted Italy." The kidnapping of the cleric, Hassan Mustafa Osama Nasr, by intelligence agents "abruptly cut short a criminal investigation of the imam by Italian prosecutors." The prosecutors then "struck back, with an investigation of both American and Italian intelligence agents whom they accuse of carrying out the abduction." Wiretapped telephone calls "allowed prosecutors to make the case that Italian intelligence had advance knowledge of the abduction of Mr. Nasr, who is also known as Abu Omar—something the Italian government had steadfastly denied," the Times writes. Earlier this week, prosecutors arrested two Italian intelligence officials, "charging that they had known about the kidnapping and helped plan it."

London Marks First Anniversary Of Terrorist Bombings. Londoners Friday marked the first anniversary of the terrorist bombings that struck the city's transit system, killing 52 people. The CBS Evening News (7/7, story 2, 2:24, Smith, 7.66M) reported, "Terror experts in this country have been studying the London bombings closely to try to prevent a similar attack here." CBS (Stewart) added, "No terrorist incident since 9/11 has been studied as much for clues since the London subway attack and its lessons are now clear. The suicide bombers acted on their own without any known al-Qaeda assistance and built their bombs from local store-bought items. New York, with the nation's largest subway system, responded immediately by beginning to monitor stores selling the same items like simple hydrogen peroxide."

NBC Nightly News (7/7, story 2, 2:00, Friesen, 9.87M) reported, "The police have, they say, foiled three, possibly four terrorist plots since last year, have 70 active investigations underway and have 1,200 suspicious people under surveillance. But one year later, no one has been arrested in connection with July 7." However, NBC notes that "apart from a few visible signs of tighter security, daily life has changed little."

The Financial Times (7/8, Burns) reports tributes were given to the dead, "while senior police warned the country not to lower its guard against the threat of further attack." Sir Ian Blair, commissioner of the Metropolitan police, told the BBC he had "no doubt there would be further attacks, and the security services were doing all they could to prevent them." Earlier this week, police said they were investigating an "unprecedented number of plots and had thwarted at least three attacks since last July." However, the Times notes that there are "continuing gaps in firm intelligence and government concerns that some suspects had escaped the intensified surveillance and disruption operations led by MI5, the Security Service."

Similarly, the New York Times (7/8, Cowell, 1.19M) reports that while the victims were being remembered Al Jazeera broadcast "images of Ayman al-Zawahiri, the No. 2 commander of Al Qaeda, suggesting that the group was trying to claim responsibility for the attacks." In new video excerpts released Friday, Zawahiri "specifically claimed that two of the bombers— [Shehzad] Tanweer and Mohammad Sidique Khan, the supposed ringleader of the attacks—had prepared for the bombings at a Qaeda camp." Both men were known to have visited Pakistan before July 7, but the Times says Zawahiri's remarks were "the closest that Al Qaeda has come to a direct claim that it planned and supervised the bombings." The Washington Times/AP (7/8,

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A1, Dodds) also reports in a front page article that Zawahiri's comment "was the first claiming they had been taught by al Qaeda."

However, the AP (7/8, Mortimer, Sinan) reports a security analyst at the London think-tank Chatham House, Bob Ayers, said the claim "contradicted the British police finding that there was no evidence linking the four London bombers to al-Qaida." Ayers said Zawahiri's statement "means the investigation was either wrong, or they had identified links, but were reluctant to reveal them."

"Hybrid" Approach Urged Dealing With Security Issues. Weekly Standard senior editor Christopher Caldwell writes in the Financial Times (7/8) that the British and Dutch governments have "abruptly changed their approach" to so-called "security-and-identity issues" by "confusing area where citizenship, immigration, culture and national security meet." The Netherlands, Caldwell says, "appears to be abandoning the hard line at the very moment Britain picks it up. However, "the language of hard lines and soft ones has proved inadequate to describe the problems of regulating immigration, fighting extremism and protecting culture. Both Britain and the Netherlands are trying to combine persuasion and enforcement. The hybrid systems that result are not particularly elegant or logical. But they may be the only way to fight a problem that is not always built on logic," Caldwell concludes.

HOMELAND RESPONSE:

FBI Foils New York Terror Plot. News that the FBI has thwarted a terrorist plot to attack transit tunnels under New York City' commuter trains led all three nightly news broadcasts, receiving more than ten minutes of coverage. ABC World News Tonight (7/7, lead story, 2:45, Sawyer, 8.78M) reported Mark Mershon, Assistant Director FBI, said, "This was a plot that would have involved martyrdom, explosives, and certain of the tubes that connected New Jersey with lower Manhattan." ABC (Ross) added, "Other law enforcement officials tell ABC News the plotters had already accessed detailed blueprints and drawings of the PATH tunnel, available on the internet. Like the bombers who blew themselves up in London a year ago today, the plan was to load backpacks full of explosives. All 15 to 20 bombers were to board one car and detonate together when the train was under the river, according to officials." Officials told ABC News the plot was "uncovered more than a year ago by US and Canadian intelligence agents watching a jihadist internet chat room," where the suspects "communicated freely, thinking that no one could trap them."

The CBS Evening News (7/7, lead story, 2:40, Smith, 7.66M) reported that although New York City Police Commissioner Raymond Kelly said the plot was "in the planning stage," US counterterrorism officials "said they were so concerned about a potential attack they contacted authorities in Beirut who in late April arrested the plot's so-called mastermind 31-year-old Assem Hammoud, a Lebanese national, at his home."

In a front page article, the New York Times (7/8, A1, Baker, Rashbaum, 1.19M) reports officials said the main subject of the investigation, Assem Hammoud, would "likely be tried in Lebanon and that no charges were pending against him in the United States." The Washington Post (7/8, A1, Hsu, Wright, 744K) says two other suspects reportedly arrested in connection with the plot, authorities provided "few details," but an FBI official said "one was Canadian but was not being held in Canada."

The AP (7/8, Milton) reports, "Eight suspects—including an al-Qaeda loyalist arrested in Lebanon and two others in custody elsewhere—had hoped to pull off the attack in October or November," federal officials said. Investigators are "working with their counterparts in six other countries," but the other five suspects remain at large, the AP notes. CNN (7/8) reports on its Web site that the FBI's Mershon said six countries participated in the investigation, including Canada, Pakistan and Iraq. "The real story here is the symphony of cooperation and coordination not just in the New York-New Jersey metropolitan area, but frankly, around the world with a number of intelligence and investigative services," Mershon said.

Severity Of Threat Disputed By Officials. NBC Nightly News (7/7, lead story, 4:30, Williams, 9.87M) said "not all the authorities we spoke to today agree on the severity of the threat," but one American official "says Hammoud was at one point in contact with associates of Abu Musab al-Zarqawi." In a front page article, the New York Times (7/8, A1, Baker, Rashbaum, 1.19M) reports law enforcement authorities said the plan "presented a genuine threat even though it was in its earliest stages and no attack was imminent." Similarly, the Washington Post (7/8, A1, Hsu, Wright, 744K) reports in a front page article that authorities "said there was no evidence that the plotters had taken any actions, such as buying explosives or sending money," casting "doubt on the feasibility of initial reports."

Meanwhile, the Los Angeles Times (7/8, A1, Meyer, Barry, 958K) reports in a front page article, "Mershon's contention that the suspects were about to enter an operational phase of the plot is a matter of some dispute." Sen. Charles Schumer (D-NY) said in a televised interview that the alleged co-conspirators were just "talking to one another" when authorities intervened. And New York City Mayor Michael R. Bloomberg said, "There is not one shred of evidence that the plan continued beyond the planning stage. New Yorkers should feel safe." By late Friday, the Times says there were "some discrepancies about whether any of the alleged plotters had ever been to the United States." At

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the news conference, Mershon said the FBI believed that none of the principal players had visited the country. But the Lebanese Broadcasting Corp. issued a report Friday saying Hammoud had traveled to New York and New Jersey "on several occasions using a Canadian passport to survey possible targets." Later, an FBI official confirmed that Hammoud had visited the United States at least once. But, the official added, "We have no reason to believe it had anything to do with this plot."

The Financial Times (7/8, Sevastopulo, Grimes) reports New York City Mayor Michael Bloomberg said there was "not one shred of evidence that [the plot] had proceeded beyond the planning stage." Ray Kelly, the New York police commissioner, said it had "not reached anything close to being operational", while stressing that "New York remains in the crosshairs of the terrorists."

And the New York Daily News (7/8, A1, Meek, 729K) today profiles the plot's suspected mastermind, Assem Hammoud, who the newspaper says "lived the life of an international playboy -- on orders from Al Qaeda."

US Sought To Keep News Of Plot Quiet. The New York Times (7/8, A1, Baker, Rashbaum, 1.19M) reports a senior security official in Beirut said Hammoud's arrest in April "came under an Interpol order." Lebanese authorities wanted to publicize his arrest at the time, the official said, but American authorities "sought to keep the issue quiet, believing the investigation would lead to other information." The Los Angeles Times (7/8, A1, Meyer, Barry, 958K) adds, Assistant FBI Director Mark Mershon said authorities had not planned to disclose Hammoud's arrest or other elements of the plot disruption, and that the "unwanted publicity" had "greatly complicated" efforts to catch the five remaining fugitives. Similarly, the Washington Post (7/8, A1, Hsu, Wright, 744K) says Mershon "criticized the leak to the media, saying it upset cooperation between the United States and six foreign governments assisting in the investigation."

Chertoff Says Intelligence Sharing Is Improving. The AP (7/8, Milton) reports Homeland Security Secretary Michael Chertoff said, "It was never a concern that this would actually be executed." The Boston Globe (7/8, Bender, 484K) reports Chertoff told reporters after an event in Boston, "We don't wait until someone has lit the fuse before stepping in. It is a reminder of the fact that this type of threat remains with us. We cannot drop our guard." Chertoff also "hailed" the foiled plot as an example of "how law enforcement and intelligence communities have improved their ability to monitor potential terrorist plots" well before they enter the operational stage. "Intelligence is better and intelligence sharing is better. We are able to detect more things that are going on. Sometimes that causes skeptics to say the people you are arresting aren't really serious," the secretary told reporters. However, the Globe says the plan was described by officials of the Port Authority of New York and New Jersey as "unfeasible and by some terrorism specialists as amateurish, in part for discussing it in public Internet chat rooms." The Boston Herald (7/8, Wedge, Ross, 220K) also reports on Chertoff's comments to reporters in Boston.

Draft Legislation Would Give FBI Internet-Tapping Access. CNET News (7/8, McCullagh) reports, "The FBI has drafted sweeping legislation that would require Internet service providers to create wiretapping hubs for police surveillance and force makers of networking gear to build in backdoors for eavesdropping, CNET News.com has learned." CNET continues, "FBI Agent Barry Smith distributed the proposal at a private meeting last Friday with industry representatives and indicated it would be introduced by Sen. Mike DeWine, an Ohio Republican, according to two sources familiar with the meeting. … The draft bill would place the FBI's Net-surveillance push on solid legal footing. At the moment, it's ensnared in a legal challenge from universities and some technology companies that claim the Federal Communications Commission's broadband surveillance directives exceed what Congress has authorized." CNET adds, "The FBI claims that expanding the 1994 Communications Assistance for Law Enforcement Act is necessary to thwart criminals and terrorists who have turned to technologies like voice over Internet Protocol, or VoIP. … 'The complexity and variety of communications technologies have dramatically increased in recent years, and the lawful intercept capabilities of the federal, state and local law enforcement community have been under continual stress, and in many cases have decreased or become impossible,' according to a summary accompanying the draft bill. … Complicating the political outlook for the legislation is an ongoing debate over allegedly illegal surveillance by the National Security Administration--punctuated by several lawsuits challenging it on constitutional grounds and an unrelated proposal to force Internet service providers to record what Americans are doing online. One source, who asked not to be identified because of the sensitive nature of last Friday's meeting, said the FBI viewed its CALEA expansion as a top congressional priority for 2007."

Chertoff Touts Federal Antiterrorism Funding. The Boston Globe (7/8, Daniel, 484K) reports Homeland Security Secretary Michael Chertoff marked the one- year anniversary of the London terrorist bombings by riding the MBTA's Green Line Friday where he touted federal aid to combat terrorist threats. At the same time, he cautioned that no one can guarantee security. "I would not hesitate…to get on the subway, here or all over the country," Chertoff said. "We should not be bullied out of getting on the train. We

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shouldn't give terrorists the idea that they can scare us off our trains. I have no hesitation in saying this is a safe mode of transportation. On the other hand, we do live with a certain amount of risk in life," he added.

The Boston Herald (7/8, Wedge, Ross, 220K) says Chertoff "visited Boston yesterday to talk up the administration's focus on protecting the nation's railways, noting that Boston received $9.6 million for rail security in 2006 - the fourth-highest amount in the nation." The newspaper also calls Chertoff's " strong remarks on improving rail safety" a "departure from comments he made last year, when he downplayed train threats and insisted the department's main focus should remain on protecting airlines."

New York Area To Receive More Antiterror Funds. The New York Times (7/7, Lipton, 1.19M) reports the New York City metropolitan area will receive $53.8 million in federal antiterrorism grants "to protect its rail, bus and ferry systems, a 25 percent increase over last year," the Department of Homeland Security announced Friday. The additional money "may curtail some of the criticism" of a 40 percent cut announced on May 31 in a separate, larger antiterrorism grant program, the AP writes. The move was welcomed by New York Senator Chuck Schumer, who said, "The Department of Homeland Security is finally putting some of its money where its mouth is and seems to have realized that New York City's subways and buses remain under constant threat."

American Al Qaeda Member Criticizes US Troops. CNN (7/8) reports on its Web site California-born al Qaeda member Adam Gadahn spoke out "against US troops" on a recently released video. The video deals primarily with the London subway bombings of 2005, but includes a five-minute speech from Gadahn, in English, in which he "lashes out at allegations of war crimes recently leveled at US troops in Iraq." In the video, Gadahn says the incidents "represent a pattern of US and British brutality toward Muslims, and he says he saw US soldiers kill civilians in Afghanistan." While Gadahn has appeared in previous al Qaeda videos wearing a mask, in the latest video, which was broadcast Thursday on Al-Jazeera, his face is uncovered i.

US Passenger Detained After Trying To Break Into Delta Cockpit. AFP (7/8) reports US authorities detained "a male airline passenger who repeatedly tried to break into the cockpit during a flight to Florida before being restrained by passengers," an airport spokeswoman told AFP. The incident occurred late Thursday as a Delta Air Lines flight from New York was descending for landing at the Tampa International Airport, airport spokeswoman Brenda Geoghagan said. The man reportedly :refused a flight attendant's order to sit down, became agitated and ran toward the cockpit, where he tried twice to knock down the door," she said. Police identified the man as Nefpali Alexander Liemenbez, who Geoghagan described as "a Hispanic US soldier with a mental problem whose active duty was to end next Tuesday."

The Tampa Bay Tribune (7/8, Kalfrin) identifies him as "Neftali Laimendez, 24, a U.S. Army specialist who was days away from discharge." His brother said to the Tribune, "He asked for help while he was in the Army. They didn't give it to him. Now this happened." The AP (7/8) reports similar details.

Pittsburgh Mosque Leaders Decry FBI Raid. The AP (7/7) reports, "Leaders of a Muslim mosque accused the government of religious and racial profiling for a raid last week, but government officials said they were only looking for man wanted on weapons charges." The AP continues, "The FBI raided the Light of the Age mosque on the city's North Side on June 30 and arrested a man on an illegal weapons charge. The man, Larry M. Williams, has a felony record and cannot legally own a gun. … Mosque leaders held a news conference on Friday to say that the raid disrupted a religious service and that its members felt harassed. … 'The FBI is charged with safeguarding the domestic security of the nation, not the violation of the civil and human rights of its citizens,' Tahir Abdullah, the mosque's assistant director said."

The Pittsburgh Post-Gazette (7/8, Dyer, 261K) reports, "The FBI arrested Larry M. Williams of Lincoln-Lemington, who has felony convictions in Washington state and other outstanding warrants, including one for failing to register as a sex offender. … The arrest took place during prayer hours, and some members of the largely African-American congregation were detained and questioned on the street, group members said. The facility was searched and streets blocked off for several hours during the FBI action." The Post-Gazette continues, "Jeff Killeen, a spokesman for the FBI, could not confirm if the bureau knew the facility was a mosque. He said the agency tries to respect the civil and constitutional rights of everyone. … 'But we had a warrant for the arrest of a convicted felon in possession of a weapon -- a semi-automatic pistol. We can't take that lightly.'" The Post-Gazette notes, "Federal officials detailed the reasons for the arrest in a statement yesterday and have not linked the group to terrorism. … 'Under federal law, it is illegal for any person who has been convicted of a crime which carries a punishment of more than one year in prison to possess a firearm or ammunition,' said the statement from U.S. Attorney Mary Beth Buchanan. 'Larry M. Williams is such a person.'"

The Pittsburgh Tribune-Review (7/8, Greenwood) reports, "During the raid, law-enforcement officers ransacked

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closets and kicked in doors -- leaving holes in the mosque's walls, said Tahir Abdullah, assistant director of the mosque. … Williams had been coming to the mosque for about three years. He showed up the night of June 29 seeking a place to stay, Abdullah said, adding that mosque members did not know about Williams' criminal past."

Port Authority To Takeover Construction Of WTC Memorial. The New York Times (7/7, Dunlap, 1.19M) reports the Port Authority of New York and New Jersey agreed Firday to take over construction of the World Trade Center memorial and museum. The move is expected to make the "tortuous development process more efficient and less expensive," the Times writes. Also Friday, the World Trade Center Memorial Foundation announced that it was "back in the fund-raising business with a national television, radio and print campaign."

Louisiana Delegation Requests Extension Of Federal Coverage Of Debris Removal Costs. The Baton Rouge Advocate (7/8, Shields) reports, "Most of the Louisiana congressional delegation sent a letter to President Bush on Friday asking that the federal government extend 100 percent reimbursement for debris removal to nine parishes damaged mostly by Hurricane Rita." The letter was not signed by Rep. Williams Jefferson (D) but his office said he supported the extension. The letter "came one week after the White House announced that it would pick up the costs for debris removal through Dec. 31 for five parishes damaged by Hurricane Katrina. That move saved those parishes an estimated $71 million." The letter seeks the benefit be extended to Calcasieu, Cameron, Iberia, Jefferson, Lafourche, St. Charles, St. Mary, Terrebonne and Vermilion parishes. FEMA is "reviewing the request after getting similar correspondence from Gov. Kathleen Blanco, FEMA spokesman Aaron Walker said."

WAR NEWS:

Iraqi Troops Clash With Shiite Militia, Arrest A "Significant" Suspect. The Washington Post (7/8, Partlow and Finer, 744K) reports, "Iraqi troops rumbled into the teeming Baghdad slum of Sadr City before dawn Friday and confronted the neighborhood's reigning militia, setting off an intense firefight that left 30 to 40 insurgents dead or wounded." The forces captured a "'very significant criminal' who leads 'multiple insurgent cells' responsible for kidnappings and killings." The Post also writes, "In a separate operation, U.S.-led forces captured an insurgent commander in Babil province, whom news services identified as Adnan al-Unaybi, the Mahdi Army leader in areas south of Baghdad." It identifies the two operations as evidence "that Prime Minister Nouri al-Maliki has begun to follow through on his pledge to dismantle violent Shiite militias." The New York Times (7/8, Semple, 1.19M) reports of the same raid, "Residents said the building that came under attack was a base of operations for a man known as Abu Deraa, a top commander of the Mahdi Army." Similar to the Post, the Times says that the operations "suggested that Prime Minister Nuri Kamal al-Maliki was making good on his vow to crack down on Sunni Arab and Shiite militias alike. The WT/AP (7/7, Reid) reports, "But the raid enraged many of the 2.5 million Shiites in Sadr City as rumors spread through the crowded slum district that most of the dead were civilians killed as they slept on their rooftops." The AP (7/7) reports that, on the same day, "Explosions struck four Sunni mosques in Baghdad and northeast of the capital, while a car bomb exploded near a Shiite mosque in northern Iraq Friday in a series of attacks that killed 17 people and wounded more than 50. ... The Baghdad mosque explosions came despite a four-hour driving ban in the capital aimed at preventing such attacks that often target the main weekly Islamic religious service." The Los Angeles Times (7/8, Daragahi, 958K) reports, "U.S. officials hailed the raid as a success because of the capture of a 'high-level insurgent,' who they said was responsible for killing and kidnapping civilians and attacking American and Iraqi forces." Yet "the 3 a.m. raid, which caused no American casualties, drew swift condemnation from many Shiite religious leaders." Before thousands gathered for prayer in Sadr City, Sheik Abdul Zahra Swaidi said, "The infidel American troops supported by the so-called Iraqi [soldiers] raided the city, killing and injuring a lot of innocent people using all kinds of weapons."

Most Baghdad Security Is Reportedly Under Iraqi Control. AFP (7/7) reports, "The ranks of Iraqi-trained security personnel grew by nearly 30,000 since April and now control more than half of Baghdad and large swathes of the countryside, a quarterly State Department report to Congress said." The State Department study, however, "stressed ... hat the figures still did not point to a timetable for a US troop withdrawal." According to Brig. Gen. Kurt Chichowski, "the first province to be turned over for complete Iraqi control will be Muthana in south-central Iraq."

Pentagon Will Buy New Materiel For War. The AP (7/7, Flaherty) reports, "President Bush would spend a quarter of the $50 billion down payment he wants for next year's Iraq and Afghanistan war costs to replace damaged weapons and equipment, while an additional $3 billion would go to train and equip Iraqi and Afghan forces. A document detailing the plan, obtained by The Associated Press, proposes spending $2.3 billion for new armor for troops and vehicles and efforts aimed at thwarting missiles. Another $2.1

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billion would be for protecting troops from roadside bombs." The New York Times (7/8, 1.19M) prints an abbreviated version of this AP story.

US Works To Rebuild "Fragile" Iraqi Army. Newsweek (7/7, Childress) reports in a fairly optimistic article about training at the "Zahko Military Training Academy, one of three schools in Iraq that train military officers." The academy has integrated Arab and Kurdish graduating classes, "a delicate situation in a country rife with ethnic and sectarian tension. The nation's other academies are less balanced. Rustamiyah, near Baghdad, is 98 percent Arab, and Qualachulon in Sulemaniyah is 95 percent Kurdish." The article quotes cadets and instructors who want to build a new Iraqi army.

Marine Officers May Have Been Negligent In Haditha Probe. All three networks covered the Haditha investigation and the alleged disclosures to come. ABC World News Tonight (7/7, story 3, 1:20, Sawyer, 8.78M) reported, "Breaking news tonight on that Hadithah investigation. Jonathan Karl has learned that general Peter Chiarelli has completed his review of the killings and how the military handled the initial investigations. ABC (Karl) adds, "The general's view is based on an exhaustive investigation. An official who read it tells me, quote it will be painful, not just to the troops involved, but also to the top Marine commanders in Iraq who, it says, did virtually nothing about an incident that left so many civilians dead." The CBS Evening News (7/7, story 3, 1:50, Smith, 7.66M) reported, "There is a major development tonight in the story of one of the worst alleged crimes by U.S. troops in Iraq, the killing of civilians in Haditha. CBS (Martin) adds, "An investigation into the cover-up of the alleged murder of 24 Iraqi civilians in the town of Haditha last November concludes Marine officers at every level up to and including the colonel who commanded the regiment failed to investigate inaccurate and conflicting reports of how the civilians were killed."

NBC Nightly News (7/7, story 7, 1:00, Williams, 9.87M) reported, "There's a late update tonight on a story we've covered here. An alleged attack on Iraqi civilians by U.S. Marines in the town of Haditha. NBC (Miklaszewski): "A U.S. military investigation has found that several Marines, including officers up the chain of command, have been implicated and accused now of either allegedly falsifying reports or refusing to recognize the evidence that U.S. Marines may have killed innocent civilians in Haditha last November. ... First reports from the Marines said they had been killed by an I.E.D. But photographic evidence strongly suggested the civilians were deliberately killed allegedly by U.S. Marines, execution style."

The New York Times (7/8, Schmitt and Cloud, 1.19M) reports that Lt. Gen. Peter Chiarelli "has concluded that some senior Marine officers were negligent in failing to investigate more aggressively the killings of 24 Iraqi civilians by marines in Haditha last November, two Defense Department officials said Friday." Chiarelli reportedly "faulted the senior staff of the Second Marine Division, commanded at the time by Maj. Gen. Richard A. Huck, and the Second Regimental Combat Team, then headed by Col. Stephen W. Davis, and recommended unspecified disciplinary action for some officers. ... A senior Pentagon official said it could be several days before Defense Secretary Donald H. Rumsfeld receives a complete briefing on the matter, and before a redacted version of General Chiarelli's findings are made public." The AP (7/8, Gamel) calls the case "one of several allegations of U.S. abuse of Iraqi civilians that threaten to further weaken popular support for the Iraq war in the United States and tarnish the military's image."

Ex-GI Alleged Rapist Case Goes To Grand Jury. The AP (7/7, Dunbar) reports, "The case of a former Army private charged with slaying and raping an Iraqi woman and killing her family will be presented to a grand jury this month. Steven D. Green, 21, entered a plea of not guilty through his public defenders Thursday."

Father Of Accused Ex-GI Rapist Expresses Shock. The San Francisco Chronicle (7/7, Campbell and Sissom) reports, "The father of a former soldier accused of rape and murder in Iraq is 'shocked' by allegations against his son." The article quotes military-veteran residents of Midland, Tex., who express concern about the case's impact on US-Iraqi relations and on negative perceptions it could arouse toward other troops.

Mahmudiyah Is Not "Just Another Abuse Scandal." In an angry op-ed piece for the Washington Post (7/8, 744K), Colbert King writes, "Please don't lump what happened in Mahmudiyah with the alleged attacks by U.S. troops on unarmed Iraqi civilians in Fallujah, Haditha, Qaim or Salahuddin province ... Mahmudiyah was about murder. It was also about the deliberate, calculated violation of a woman. Such malevolence should never find its way into a U.S. military uniform."

American Al Qaeda Member Criticizes US Troops. CNN (7/8) reports on its Web site California-born al Qaeda member Adam Gadahn spoke out "against US troops" on a recently released video. The video deals primarily with the London subway bombings of 2005, but includes a five-minute speech from Gadahn, in English, in which he "lashes out at allegations of war crimes recently leveled at US troops in Iraq." In the video, Gadahn says the incidents "represent a pattern of US and British brutality toward Muslims, and he says he saw US soldiers kill civilians

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in Afghanistan." His face is uncovered on screen for the first time.

US Treatment Of Saddam Resonates In Arab World. The Los Angeles Times (7/8, Stack, 958K) reports that with some Iraqis continuing to support Saddam Hussein, "it's America that has ended up standing trial in the eyes of the Arab public." He "and his lawyers have repeatedly compared Iraq's fate under his heavy thumb to the blood-spattered security vacuum created by the U.S. invasion." The Times states, "This debate -- in essence, whether the invasion improved life for Iraqis -- resonates loudly in the Arab world, where many people are concerned about how Hussein's fall has shifted the region's power structure. Iraq's Sunni-dominated neighbors are fearful of the emergence of the Shiite majority in Iraq and terrified of expanded Iranian influence. (The trial has included allegations that Iran tried to assassinate Hussein.)"

US Forces Face Hurdles In Battling "Resurgent Taliban." The New York Times (7/8, Hicks, 1.19M) reports, "American and allied troops are engaged in their biggest operation against Taliban forces in Afghanistan since they drove the fundamentalist movement from power in 2001." They "face the hard job of trying to tell local farmers from Taliban insurgents, who have gained strength across southern Afghanistan. The Americans set up a base, then probed into villages. They were soon ambushed. The Taliban can easily persuade or coerce villagers to assist them. They arm the villagers or equip them with radios. Almost any man is suspect. During one raid, which was typical, the Americans separated the men. Homes were searched, and the men were marched to the base for questioning."

Karzai Urges Pakistan To Dismantle Terror Camps. The AP (7/8) reports, "President Hamid Karzai urged neighboring Pakistan to prevent militants from training on its soil as fighting Friday in southern Afghanistan killed a U.S.-led coalition soldier and at least eight suspected Taliban militants."

US Coalition Accused Of Attacking Afghan Legislators Family. The New York Times (7/8, Gall, 1.19M) reports, "An Afghan member of Parliament accused the American-led coalition of opening fire on his family as they traveled by car in one of the most troubled provinces of southern Afghanistan, killing his brother-in-law and wounding five others, including his wife and two of his children." Uruzgan province legislator Haji Abdul Khaliq said "that the shooting occurred on Wednesday and that American and Australian troops were responsible for it." But "A statement from the American-led coalition said it was 'deeply saddened' by the reports, but added that 'coalition forces are confident the coalition is not responsible for this attack.'"

Cheney Praises Troops In Speech At Norfolk Naval Station. The Norfolk Virginian Pilot (7/8, Hansen) reports on Vice-President Cheney's address to 3,000 Marines and sailors who "belonged to two battle groups - led by the aircraft carrier Theodore Roosevelt and the amphibious assault ship Nassau - that returned in March and May." The positive article quotes service member's enthusiastic reactions to the speech and describes the returning troops' duty: "During their six-month deployment, the two strike groups fought in Iraq, captured pirates in the Indian Ocean and secured the commercial channels in the Mediterranean Sea and Persian Gulf."

Army Discharges 1,000 For Personality Disorders. The AP (7/7, Baldor) reports, "The Army discharged more than 1,000 soldiers last year citing personality disorders, the reason it gave for this year's discharge of a private now accused of raping an Iraqi woman and killing her and her family. That total represents about 1.2 percent of the soldiers given early discharges during the year ending Sept. 30, 2005." The army surgeon general "told reporters Friday that usually the disorder is not associated with combat trauma ... [and] soldiers exhibiting such traits would not be automatically discharged, because many can continue to perform well."

Internet Allows US Troops To Keep In Touch With Families. The New York Times (7/8, Alvarez, 1.19M) reports, "Military deployments have a way of chewing up marriages, turning daily life upside down and making strangers out of husbands and wives. But for this generation of soldiers, the Internet, which is now widely available on bases, has softened the blow of long separations, helping loved ones stay in daily touch and keeping service members informed of family decisions -- important and mundane."

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Fitzgerald's DC Future Uncertain. WBBM, News Radio 780, Chicago (7/7, Roberts) reports, "The future of U.S. Attorney Patrick Fitzgerald may be moving to the front burner, following today's news conference by President Bush." WBBM continues, "WBBM Newsradio 780's Bob Roberts reports Fitzgerald wears two hats: United States Attorney for the northern district of Illinois, and Washington-based special prosecutor in the CIA leak investigation and related cases. … The local investigations have reached the top levels of city and state government; the CIA leak probe has reached top levels at the White House. … As a result, some pundits say

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that Fitzgerald already has become a recurring nightmare not only for Mayor Daley, former Gov. George Ryan and Gov. Rod Blagojevich, but for the President as well. … Instead, Mr. Bush said, it has not been a high priority for him. … 'I don't have any plans to reappoint him because I haven't thought about it,' he said, adding quickly, 'I'll now think about it, now that you brought it up.'" WBBM adds, "Mr. Bush said he is not familiar with the locally-based corruption investigations, but commented on Fitzgerald's stewardship of the CIA leak investigation. … 'I thought in Washington he handled the case with professionalism, very professionally,' Mr. Bush said. 'You didn't see a lot of leaks. You didn't see a lot of speculation. You didn't see a lot of people dropping a little crumb here and there for the press to chew on.' … Ultimately, the President said, the decision is one for U.S. Attorney General Alberto Gonzales to make."

CORPORATE SCANDALS:

SEC Divided On "Spring Loading" Of Options. The Wall Street Journal (7/8, Scannell, Forelle, Bandler) reports, "New controversy is brewing over the way companies dole out stock options, this time over the practice of granting them just days before announcing good news -- an effort to give executives a quick profit on paper." The Journal continues, "Known as 'spring loading,' such options grants have generated heat in recent days. While spring loading is different from 'backdating,' another type of options timing, corporate critics blast it as a form of insider trading. Defenders call it a legitimate form of compensation -- and their ranks include a commissioner of the Securities and Exchange Commission." The Journal adds, "The SEC is investigating at least 50 companies for the timing of their options, and while there is wide agreement that backdating is wrong in most cases, there appears to be division over spring-loading. The divisions underscore a broader debate over the myriad ways companies grant options and whether or not some practices are, or should be, banned. … In a speech Thursday before the International Corporate Governance Network, Republican SEC Commissioner Paul Atkins gave a spirited defense of spring loading, calling it a legitimate and low-cost way for boards to efficiently compensate executives. He rejected claims that such awards amount to trading on inside information. … Quickly, some investor groups cried foul. 'Let's step back and take it out of the legal domain. This is just not fair,' said Ann Yerger, executive director of the Council of Institutional Investors. 'I don't think any rational individual or director or executive could argue it is fair. The whole point is to motivate and incentivize. To do this and set up an award so they're already in the money is so unfair. I think it's a mark of poor integrity.'"

Nicor To Pay $10 Million Fine To Settle SEC Accounting Probe. The Chicago Tribune (7/8, Manor) reports, "Nicor Inc. said Friday that it has reached a tentative settlement with the Securities and Exchange Commission and is willing to pay a $10 million penalty to settle allegations of misleading accounting." The Tribune continues, "The SEC has been investigating Naperville-based Nicor, natural gas supplier to most of northern Illinois outside Chicago, for allegedly inflating profits from its gas trading business from 1999 through the first quarter of 2002. … The company eventually restated its earnings for that period. … 'We wonder how Nicor is getting off paying only a $10 million fine,' said Rob Kelter, general counsel for the Citizens Utility Board. CUB believes ratepayers were overcharged, and a case against Nicor is pending before the Illinois Commerce Commission." The Tribune adds, "CUB has contended in the past that Nicor Gas owes consumers up to $190 million for the alleged improper accounting of gas purchases. … Nicor made the announcement after the SEC had closed, and government officials were not available for comment."

Asyst Technologies Gets Delisting Letter From Nasdaq. The AP (7/8) reports, "Asyst Technologies Inc., a maker of technology for semiconductors and flat-panel displays, said Friday it received a letter from Nasdaq stating that the company is not in compliance with listing requirements because it is delinquent in filing its annual report for the fiscal year ended March 31. … Nasdaq has begun a process that could lead to the stock's delisting." The AP continues, "Asyst has requested a hearing with Nasdaq to address the filing delay. The request will postpone delisting pending the hearing and the panel's decision, although the panel will not necessarily find that Asyst should continue to be listed on the exchange." The AP adds, "Asyst delayed filing its annual report because it is in the midst of a widening inquiry into stock-option granting practices by the Justice Department and the Securities and Exchange Commission. On June 9, the board established a special committee to look into Asyst's stock option practices during that period, the company said."

CRIMINAL LAW:

Abramoff Had Seven Appointments At White House. The New York Times/AP (7/8, Press) reports, "Secret Service records show four more visits to the White House in 2001 by the disgraced lobbyist Jack Abramoff, including one to see an aide to Vice President Dick Cheney. The newly released records bring the total number of his known visits to seven."

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The AP (7/8, Yost) reports, "One Abramoff White House visit, according to Secret Service logs, was on April 20, 2001, to see Cesar Conda, at the time Cheney's assistant for domestic policy." The Washington Post (7/8, A2, Schmidt, Grimaldi, 744K) reports, "The appointments included a meeting with a domestic policy aide to Vice President Cheney and a meeting in the Office of Faith-Based and Community Initiatives attended by about 40 people. The logs also reflect that Abramoff attended one or more social events, as well as a gathering of Indian tribal officials and state legislators at which President Bush appeared." The Secret Service "released the White House visit data yesterday in response to Freedom of Information Act requests and a lawsuit filed by the government watchdog group Judicial Watch." The Secret Service said that "the data reflect appointments but 'do not necessarily reflect actual visits to the White House complex.'"

US To Probe Rape Allegations Against New Orleans Investigator. The New Orleans Times-Picayune (7/8, Filosa) reports, "The U.S. Attorney's Office has issued grand jury subpoenas as part of a federal civil rights investigation into a complaint that Orleans Parish District Attorney Eddie Jordan's chief homicide investigator raped a witness he was assigned to protect." The Times-Picayune continues, "Federal agents started the investigation last week after meeting with high-ranking New Orleans Police Department officials and Jordan, U.S. Attorney Jim Letten said Friday. … An unidentified woman in the state witness protection program told the NOPD's Public Integrity Bureau that Dwight Deal, a veteran homicide detective who joined Jordan's administration in June 2003 as the chief investigator for murder cases, raped her while she was under his watch." The Times-Picayune adds, 'Deal, 50, worked for more than 20 years with NOPD and at one time was among the most senior of homicide detectives, known for cracking murder cases and making them stick in court to win convictions. Deal played a key role in helping police solve and bring to court the culprits behind the 1997 triple murder at the French Quarter's Louisiana Pizza Kitchen, a case that sent Phillip Anthony to death row. … In June 2003, Deal retired from the NOPD and joined Jordan's staff. Deal was placed on paid administrative June 30, a move that adheres to the office policy, said Jordan spokeswoman Leatrice Dupre. … In his announcement of the federal probe Friday, Letten made reference to the recent conviction of Henry A. Dillon III, the former New Orleans assistant city attorney convicted on federal civil rights charges for raping two young women who crossed paths with him while dealing with traffic tickets in 2004."

Louisiana Man Pleads Guilty To Katrina Fraud. The Baton Rouge Advocate (7/8, Kimbrell) reports, "A Baton Rouge man pleaded guilty Thursday to making a false claim for disaster relief benefits after Hurricane Katrina." The Advocate continues, "A grand jury indicted Terry Watson, 675 Wooddale Blvd., in March for making a false claim and for making false and fraudulent statements to the Federal Emergency Management Agency. … According to the indictment, Watson made a FEMA claim stating that his home had been damaged during Hurricane Katrina. He received a $2,000 check." The Advocate adds, "In his plea agreement, Watson pleaded guilty to false claim. The U.S. Attorney's Office agreed to drop the charge of making false and fraudulent statements. … Watson could be sentenced to up to five years in prison or fined $250,000 or both plus other court costs. … In September, U.S. Attorney General Alberto Gonzales created the Hurricane Katrina Fraud Task Force. It is designed to investigate and prosecute disaster-related federal crimes, such as charity fraud, identity theft, procurement fraud and insurance fraud."

Federal Prosecutors Seek Prison Time For Philadelphia Mayor's Former Law Partner. The Philadelphia Inquirer (7/8, Shiffman) reports, "Mayor Street's former law partner should spend at least two years in prison for corruption related to the development of the city's waterfront, prosecutors said in a new court filing." The Inquirer continues, "Leonard N. Ross, who helped Street raise campaign cash and chaired a city committee to select a developer for Penn's Landing, pleaded guilty to corruption and extortion charges last year. … He is scheduled to be sentenced Thursday before U.S. District Judge Michael Baylson. Prosecutors said the advisory federal guidelines call for a term of 24 to 30 months."

The Philadelphia Daily News (7/8, Hinkelman) reports, "The feds filed a 36-page sentencing memo Thursday night that also called for Ross, 58, to pay a $50,000 fine, which they said he had the ability to pay immediately." The Daily News continues, "Ross pleaded guilty in December to charges of fraud and conspiracy to commit extortion. … Prosecutors said Ross had used his position as the chairman of a selection committee evaluating Penn's Landing development proposals to extract $50,000 in campaign contributions for Street from prospective developers; to get himself a $150,000 loan to help pay off a personal debt, and to assist the late attorney Ron White in an attempted extortion of developer Bart Blatstein. … Calling his 'outrageous criminal conduct' an 'egregious breach of trust,'" federal prosecutors "said Ross 'betrayed' the people of Philadelphia and viewed public service as 'a way to line his own pockets.' … Prosecutors are also asking Baylson for permission to play 'brief excerpts' from three FBI-recorded conversations between Ross and White in 2003 as the two discussed the bidding process to develop the 13-acre site on the city's waterfront."

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Jefferson Hires High Profile Defense Advisor. The Baton Rouge Advocate (7/8, Shields) reports Rep. William Jefferson "is beefing up his legal defense against bribery allegations, hiring a high-powered spokeswoman who has represented Monica Lewinsky and the family of Chandra Levy. … Judy Smith of the Washington firm, Impact Strategies, will join Jefferson's legal defense team."

CIVIL LAW:

Senators Question Settlement With Boeing. The Financial Times (7/8, Cameron and Kirchgaessner) reports, "Lawmakers have raised concerns over the tax treatment of Boeing's $615m potential settlement with the US government, which resolved a host of civil and criminal claims connected to the company's procurement practices. In a letter last month to Alberto Gonzales, attorney-general, Republican senators Chuck Grassley, John McCain and John Warner said they were concerned that the $565m civil portion of the settlement could be structured in a way that would allow Boeing to make its payment tax deductible."

Columnist Questions Justice Department Arguments In Deficit Reduction Act Suit. In a column in the New York Times (7/8, 1.19M), Dorothy Samuels opines that the Justice Department's argument for dismissal of a lawsuit challenging the "phony" Deficit Reduction Act "sharply conflicts with my understanding — and most Americans' understanding — of what it takes for a bill to become law. If that reasoning prevails, it will be very bad for democracy." Samuels that because of an "accidental" change to the bill, the version that passed the House by a mere two votes differed from the Senate measure. … Made aware of the discrepancy, House Speaker Dennis Hastert and Senate Majority Leader Bill Frist apparently made a command decision not to try to fix it by having their chambers vote again, this time on the same measure." She adds, "In briefs filed last week, the Justice Department does not dispute this rendition of what happened, or the constitutional rule against transmitting one-house bills to the president's desk. Instead it contends that a musty 1892 Supreme Court ruling requires courts to accept as fact Mr. Hastert's fictional certification that both chambers passed the same bill. In other words, to enact large budget cuts affecting millions of Americans, the House and Senate needn't bother to go through the tedious and politically fraught exercise of passing the same legislation. It suffices for leaders of each chamber to fudge and say it happened."

CIVIL RIGHTS:

Judge Approves Settlement To End Hollywood, FL, Synagogue Dispute. The Miami Herald (7/8, Wright) reports, "A federal judge approved a legal settlement Friday between the city of Hollywood and an Orthodox synagogue, officially ending the five-year feud." The Herald continues, "The unexpected close to the case came a day after six angry neighbors of the synagogue filed a motion to join the case at the last minute in hopes of dismantling the settlement, which would allow the congregation to stay in two single-family homes permanently." The Herald adds, "The religious group has used the houses as a synagogue since 2001, and their presence has sparked a debate over the rights of people to worship where they choose versus a city's right to protect residential neighborhoods from noise, trash and traffic. … After several pretrial defeats, city commissioners offered a settlement that will pay the synagogue $2 million and not only allow the congregation to stay but also to expand to three other houses in the Hollywood Hills neighborhood. … Synagogue leaders accepted the deal Wednesday." The Herald notes, "The deal means the city and Commissioner Sal Oliveri will avoid facing a federal religious discrimination lawsuit from the Chabad and the U.S. Justice Department. … The city also is required to rewrite the zoning criteria used to grant permits to religious groups that want to operate in single-family districts."

DOJ Report Faults Arkansas County Jail. The Times Record (Fort Smith, Arkansas) (7/8, Garrett) reports, "The U.S. Department of Justice has put Sebastian County on notice that conditions at the county jail violate the constitutional rights of inmates confined there." The Record continues, "A 23-page report on the findings of a 2005 investigation said the jail fails 'to provide for inmates' serious medical needs, serious mental health needs, right to protection from physical harm and right to be confined in sanitary and safe environmental conditions.' … The assessment is based upon an inspection of the jail that was performed May 9-12 last year. It included an on-site inspection of the jail as well as interviews with the sheriff, jail staff, medical care providers and inmates. .. The report was delivered to the county in May." The Record adds, "In the area of medical care, the study is critical of the jail intake process, which it says 'fails to identify inmates' urgent or ongoing health needs, and fails to provide routine health assessments to determine the health status or chronic health care needs of inmates.' … The study said the county does not train jail staff to identify symptoms of drug and alcohol withdrawal, communicable diseases, acute or chronic illness and potential suicide risk. Ongoing medical needs of chronic

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illnesses do not receive care and treatment, according to the study. … The document also contains a warning that failure to 'reach a resolution' could result in a lawsuit to correct deficiencies identified in the report."

NAACP Pushes For Quick Renewal Of Voting Rights Act. The Charleston (SC) Post & Courier (7/8) reports, "NAACP leaders want to jumpstart renewal of the 1965 Voting Rights Act, which stalled in the U.S. House last month." The P&C continues, "The landmark civil rights act, fueled by bipartisan support, was expected to easily chug through a 25-year extension. … But on June 10 the House Judiciary Committee, responding to a letter from 42 Republican congressmen from 14 states, put renewal on hold indefinitely." The P&C adds, "The lawmakers wanted discussion on and possibly amendments to two sections of the act. One of those sections requires nine mostly Southern states, including South Carolina, to get approval from the U.S. Justice Department on any changes in electoral practices. Another requires certain jurisdictions to offer language assistance to citizens with limited English skills. … Local and national officials called a press conference Friday at the Charleston branch office of the National Association for the Advancement of Colored People to encourage a swift extension of the act, which was designed to prevent racial discrimination at the polls. … One of the sections that riles lawmakers requires Alabama, Alaska, Arizona, Georgia, Louisiana, Mississippi, South Carolina, Texas and Virginia to get Justice Department approval on voting changes. The requirement unfairly singles out and holds accountable states that practiced discriminatory voting policies decades ago, legislators said."

Judge Postpones Trial In Florida Voting Rights Case. The Orlando Sentinel (7/8, Pino) reports, "Osceola County won a two-month delay Friday in the trial of a federal voting-rights lawsuit. … Still, officials said they remain focused on defending their countywide method of electing commissioners, not settling the case with a compromise. … 'Right now, it is too early to pursue options until the judge comes out with a ruling,' commission Chairman Paul Owen said Friday. 'There have been no negotiations at this time with anybody. At this time, we are focused on defending ourselves.'" The Sentinel continues, "The ruling to delay the trial until Sept. 18 was granted by U.S. District Judge Gregory A. Presnell in Orlando, a day after the motion was filed and on the heels of the first public comment about the suit by a commissioner. The trial had been scheduled to begin July 19. … County Commissioner Ken Shipley gave the audience at a Republican women's club meeting Thursday night a rundown of possible outcomes to the suit brought by the Justice Department, including expanding the commission from five to seven members and creating a combination of at-large and single-member districts. … The suit alleges that the current at-large system dilutes Hispanics' voting power and prevents them from electing candidates of their choice." The Sentinel adds, "Lawyers for the county asked the judge for a delay in order to take depositions for close to 30 potential witnesses in the wake of a three-day hearing that resulted in Presnell's June 26 injunction halting commission elections. Presnell's ruling to move the trial to September came after a telephone hearing Friday."

World Cup Highlights Global Sex Trafficking Problem. The Kansas City Star (7/8, Grathoff, McCollough) reports from Hamburg, Germany, "Here in Germany, prostitution is legal. Here, there are no pimps. They are sex businessmen, supported by the government with the benefits of a legitimate profession. With a climate like this already in place, it was widely predicted in the months before the World Cup that tens of thousands of women would be trafficked to Germany to fill the brothels. … 'Trafficking is a major worldwide problem,' the Rev. Carrie Pemberton, CEO of Churches Alert to Sex Trafficking Across Europe, wrote to The Star in an e-mail. 'We are aware that there are (nongovernmental organizations) in Germany and the German police themselves who have been very (concerned) about this problem during the last few weeks. … We have been working with this issue since 2003 and know of definite examples where sporting events have been used for trafficking women into and across Europe for sexual exploitation.'" The Star continues, "For those reasons, human trafficking has become a hot-button topic at the World Cup, as the U.S. State Department, the European Parliament and countless nongovernmental organizations pleaded with the German government to implement a plan to stop the traffickers. … Mandi says she hasn't seen any increase in trafficked women. … Most reports out of Germany back Mandi's assessment. Christian Sachs, a spokesman for the German Interior Ministry, told the International Herald Tribune this week that 'it looks as if the fears that were mentioned — that the World Cup would lead to a rise in cases of forced prostitution and sex trafficking — have fortunately not been the case.' … The biggest problem in the fight against trafficking is that there's no true way of measuring success or failure. Everything is an estimate. … Ambassador John Miller, the U.S. State Department's director of the office that monitors and combats trafficking, says there is no way to know how many women were taken involuntarily into Germany for the World Cup."

Justice Kennedy Backs San Diego's Cross Stand. The AP (7/8) reports, "San Diego won a Supreme Court justice's backing Friday to leave a large cross standing

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on city property." The AP continues, "Justice Anthony M. Kennedy said a temporary stay he authorized last week should protect the cross until the 9th U.S. Circuit Court of Appeals, based in San Francisco, hears arguments this year in a long-running dispute over the cross." The AP adds, "Kennedy also took the unusual step of explaining his decision, in a four-page opinion, and suggested that he and his colleagues may be interested in a broader review of the case. … 'The equities here support preserving the status quo while the city's appeal proceeds,' Kennedy wrote. 'Compared to the irreparable harm of altering the memorial and removing the cross, the harm in a brief delay pending the Court of Appeals' expedited consideration of the case seems slight.'" The AP notes, 'A lower court judge had ordered the city of San Diego to remove the cross or be fined $5,000 a day. The judge ruled that the cross, a symbol of Christianity, was an unconstitutional endorsement of a specific religion. … The 29-foot cross, on a half-acre site atop Mount Soledad in the La Jolla area just outside San Diego, had been contested in 1989 by atheist Philip Paulson. … The Supreme Court refused three years ago to get involved in the dispute between Paulson and the city. Since then, Congress agreed to make the area a national veterans memorial, and San Diego residents voted to transfer the land to the federal government. Paulson is a veteran of the Vietnam War."

Georgia Judge Rules Voter ID Requirement Violates State Constitution. The New York Times (7/8, Goodman, 1.19M) reports Fulton County Superior Court Judge Melvin K. Westmoreland "has blocked a Republican-sponsored effort to require Georgia voters to present government-issued photo identification cards before they can cast a ballot." Westmoreland ruled "the requirement violated the State Constitution by placing an undue burden on the fundamental right to vote." Former Gov. Roy E. Barnes (D) challenged the requirement, arguing that it "would make it harder for minorities, the elderly and the poor to vote." State officials "vowed to appeal the ruling to the Georgia Supreme Court." Meanwhile, "a consortium of voter rights groups" has challenged the requirement in federal court, claiming it "violates the United States Constitution." The AP (7/8, McCaffrey) also carried the story.

ANTITRUST:

General Motors Board Votes To Consider Alliance With Renault And Nissan. ABC World News Tonight (7/7, story 5, 2:00, Sawyer, 8.78M) reported, "American icon General Motors sent out a shockwave today" by "signaling that GM might become part of a giant global partnership" with "Renault of France and Nissan of Japan." ABC (Reynolds) adds, "The idea of a three-part auto-making alliance comes from billionaire GM shareholder Kirk Kerkorian." Kerkorian "evidently believes that Carlos Ghosn -- the hard-charging boss of both Nissan and Renault -- is better suited to lead a reconstituted General Motors than its current chairman, Rick Wagoner." But "there are a lot of people who believe the corporation is already implementing an effective cost-cutting strategy and doesn't need any help from an outsider." And "because GM's problems dwarf those at Nissan and Renault, industry analysts are skeptical about Ghosn's prospects in Detroit."

CBS Evening News (7/7, story 5, 2:40, Smith, 7.66M) reports, "General Motors may soon be joining forces with two foreign carmakers. The GM board gave the go-ahead today for talks with Nissan and Renault about forming an alliance."

NBC Nightly News (7/7, story 9, 0:10, Williams, 9.87M) reported, "On Wall Street -- General Motors board of directors said they're willing to talk to Nissan and Renault about the possibility of an alliance. The move was made under pressure from G.M.'s largest stockholder and investor who thinks G.M.'s turnaround efforts aren't moving fast enough for him."

Corporations Cut Employee Pensions But Not For Executives. CBS Evening News (7/7, story 5, 2:40, Smith, 7.66M) reports, "GM is looking for ways to become more competitive which includes cutting costs. The company recently froze some of its employee pensions. More and more companies are doing that but many workers are complaining that while they are taking cuts, top executives are still retiring with huge pensions." CBS (Mason) adds, "The Wall Street Journal found that 45% of AT&T's pension costs go to just 1,500 top executives; the rest covers the over 189,000 employees."

Judge Mulls Modifications To Terms Of Two Phone Mergers. The New York Times (7/8, Labaton) reports, "A federal district judge in Washington is considering the imposition of major modifications to the two largest telephone mergers in history: SBC Communication's acquisition of AT&T and Verizon's purchase of MCI." The Times continues, "In a surprising order issued Friday afternoon, Judge Emmet G. Sullivan raised a series of questions about the Bush administration's review of the two deals that he said should be answered by the Justice Department and the phone companies at a hearing next week. … Both deals have already closed, and lawyers said that the judge could not unravel them, although he could try to impose significant conditions or divestitures." The Times adds, "The proceedings will probably shed light on the administration's antitrust enforcement program at a time when officials have put up virtually no roadblocks to deals and imposed few restrictions in other areas of antitrust law. … Still, the proceedings could affect the government's review of

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BellSouth's proposed acquisition by AT&T, the name the company took after AT&T was swallowed by SBC. The proceedings are also the first significant test of changes in the law that have given federal judges greater authority to scrutinize antitrust settlements."

Suit Alleges Price-Fixing Conspiracy In Rubber Industry. The Knoxville News Sentinel (TN)/AP (7/8, Schelzig) reports, "Three tire companies are suing rubber-chemicals maker Chemtura Corp. in federal court in Nashville, seeking refunds and triple damages for goods purchased during a global price-fixing conspiracy." The AP continues, "Middlebury, Conn.-based Chemtura, which last year changed its name from Crompton Corp., has pleaded guilty in a federal case and has been fined by European regulators for its role in artificially boosting prices of chemicals used to make rubber between 1995 and 2001." The AP adds, "The lawsuit was filed late last week by the Nashville-based North American subsidiaries of Japanese tire maker Bridgestone Corp.; tire retread company Bandag Inc. of Muscatine, Iowa; and Pirelli Tire LLC of Rome, Ga. … Chemtura and subsidiary Uniroyal Chemical Corp. are named as defendants. … 'Defendants conspired in a global price-fixing scheme that had the direct and substantial effect of keeping prices paid by purchasers in the United States artificially high,' the lawsuit states." The AP notes, "The U.S. Justice Department and European regulators began their investigation into several rubber companies in 2002. Chemtura pleaded guilty in U.S. District Court in San Francisco in 2004 and was fined $50 million. … The European Commission in December levied a $91 million fine on Flexsys NV, Bayer AG and Chemtura for breaking European Union antitrust rules by secretly agreeing to control both the European and global markets for rubber chemicals."

ENVIRONMENT:

US Allows BP To Delay Alaska Testing. The AP (7/8, Volz) reports, "Too much sediment had built up inside two Prudhoe Bay transit pipelines for BP Exploration (Alaska) Inc. to safely run sensors to detect corrosion levels within an ordered timeline, the head of the federal agency demanding the tests said Friday." The AP continues, "The head of the U.S. Transportation Department's Pipeline and Hazardous Materials Safety Administration says he will permit a delay of the tests for an undetermined length of time. .. 'We would not allow it to continue to operate if we didn't think it was safe,' said Administrator Thomas Barrett. 'In the long term, it's not a good solution. We've got to get the sensors through there.'" The AP adds, "The agency in March ordered that three low-pressure transit pipelines in Prudhoe Bay be inspected with an internal sensing device known as a "smart pig" within three months, putting the deadline at June 15. … The order came as a result of the largest oil spill in North Slope history, in which an estimated 201,000 gallons of oil and liquids leaked over several days and was not discovered until March 2. … BP, which operates the nation's largest oil field, last month asked to postpone the tests; the request was denied."

US, Ohio Sue Fostoria Over Sewage Violations. The Toledo Blade (OH) (7/7) reports, "U.S. and Ohio regulators filed two federal civil suits yesterday against the city of Fostoria over violations at its wastewater treatment plant, but officials said the legal actions are part of a consent decree the city agreed to earlier this year." The Blade continues, "The state EPA names Fostoria as defendant, while the U.S. EPA names the city and the state of Ohio as defendants. … The lawsuits, filed in U.S. District Court in Toledo, said Fostoria's treatment plant and sewage system have illegally discharged untreated water into the east branch of the Portage River and into the Caples-Flack Ditch since September, 1997." The Blade adds, "Bill Rains, Fostoria's safety-service director, said the two lawsuits represent part of the legal actions related to a consent decree that 'we have been working on for just about a year.' … In May, the U.S. Environmental Protection Agency levied a $30,000 fine against the city of Fostoria as part of a consent agreement to replace its outdated sewer system. The city had been negotiating the sewer issue with the EPA, the Justice Department, and the Ohio Attorney General's office. … The city said at the time that it had hired an engineering firm to create a long-term plan to separate storm-water and waste-water sewers. Mr. Rains said yesterday the city hopes to have that plan developed by next year."

Green Attitudes Spread To Faiths' Mainstream. The Washington Times/AP (7/8, Murphy) reports, "More than a decade ago on an Aegean island, the spiritual leader of the world's Orthodox Christians made a startling proposition: That pollution and other attacks on the environment could be considered sins." At the time, this "earned him little more than" the nickname "green patriarch," but his revelation is "no longer such a radical view," as "[e]co-friendly attitudes have increasingly moved into the mainstream of many faiths -- from Muslim clerics urging water conservation in the fast-growing Persian Gulf states to evangelical preachers in the United States calling attention to global warming." The Times adds, "Evidence of an expanding environmental ethos can be found in nearly every faith."

Lawyer Advocates Giving Most Environmental Questions To State, Local Levels. In a column in the New York Times (7/8, 1.19M), John Tierney examines ideas put forward by David Schoenbrod, a lawyer who "started the litigation that forced the E.P.A. to take lead out of

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gasoline. Technically, it was a victory for environmentalists, but it took so long that Schoenbrod decided his comrades in the movement had made a big mistake — the same mistake they're now making with carbon dioxide. They keep expecting the E.P.A. do an impossible job." Tierney writes, "Schoenbrod's modest proposal for saving the environment is to strip the E.P.A. of its rule-making powers and convert it into an advisory and enforcement agency. It would do technical studies and make recommendations, leaving the lawmaking up to legislators — usually legislators outside Washington. Except for some large-scale problems, like acid rain or global warming, Schoenbrod thinks that most environmental questions should be settled at the state and local level."

NYTimes Emphasizes Importance Of Environmental Case. The New York Times (7/8, 1.19M) editorializes, "In a move that has caused both delight and apprehension among those who worry about global warming, the Supreme Court has agreed to rule next fall on whether the Environmental Protection Agency has the authority under the Clean Air Act to regulate carbon dioxide and other greenhouse gases. … The outcome will have much to say about whether the country will be able to act more aggressively on a problem with potentially grave consequences for the earth and its inhabitants. It could also determine whether states that have acted on their own to limit global warming emissions from vehicles — as California and 10 other states have done — can proceed without fear of a federal veto." The Times concludes, "This is a case of global importance, not least because America's failure to act decisively has discouraged the rest of the world from acting decisively."

FBI/DEA/ATF/USMS:

US Attorney Shelves Cases After FBI Informers' Misconduct. The Arizona Republic (7/8, Wagner) reports, "U.S. Attorney Paul Charlton refused to prosecute a major Arizona corruption case after learning that FBI informers sexually abused an unconscious prostitute during a Las Vegas hotel orgy, according to a letter sent by Charlton to the bureau's top Arizona agent at the time." The Republic continues, "There are no allegations that FBI personnel participated in the orgy. However, Charlton's letter complained that agents did not mention the incident in official reports nor did they advise prosecutors of possible crimes committed in the hotel room, including knowledge that "one of the women in the suite may have been raped." … Charlton's conclusion: 'Our office will not prosecute any additional cases involving any of these individuals (informers) until the circumstances of the Oct. 16, 2002, incidents in Las Vegas are fully investigated.'" The Republic adds, "Seventy-one U.S. military personnel, prison guards and law enforcement workers have been convicted in the sting known as Operation Lively Green, which involved undercover operatives and agents posing as Mexican narcotics traffickers. The government employees were bribed to haul cocaine from southern Arizona to Phoenix and Las Vegas, sometimes wearing uniforms and using military vehicles. … Charlton's letter of March 29, 2004, to Charlene Thornton, then-FBI special agent in charge for Arizona, suggests that crimes by informers and questionable conduct by agents were so troubling that he backed away from the case entirely. … Thornton said in an interview that she recalls the letter and Charlton's decision to drop the case. She said Charlton sought an investigation by the Inspector General's Office. After that request was declined, she said, the FBI's Office of Professional Responsibility reviewed the allegations and exonerated all agents. .. The Justice Department's Office of Public Integrity wound up pressing charges, allowing each defendant to plead guilty to a single felony with no public trials or disclosures in U.S. District Court."

SF Chronicle Argues For Dismissal Of Reporters' Subpoenas. The San Francisco Chronicle (7/8, Page B1, Egelko) reports, "Lawyers for two Chronicle reporters accused the federal government Friday of trying to mislead a federal judge into concluding that BALCO founder Victor Conte was the source of grand jury testimony leaked to the reporters regarding star athletes' use of performance-enhancing drugs." The Chronicle continues, "In papers filed in federal court, lawyers for Hearst Corp. argued that subpoenas issued to the newspaper and the two reporters, demanding their confidential sources, should be dismissed because of government misconduct and prosecutors' failure to show any pressing need for the information." The Chronicle adds, "The reporters, Mark Fainaru-Wada and Lance Williams, wrote articles in 2004 disclosing testimony by the Giants' Barry Bonds, the New York Yankees' Jason Giambi, sprinter Tim Montgomery and others to the federal grand jury investigating the Bay Area Laboratory Co-Operative, or BALCO. The disclosures about star athletes' use of performance-enhancing drugs led Major League Baseball to impose a new steroid-testing policy. Conte and three others pleaded guilty to distributing illegal drugs. … The Justice Department has asked U.S. District Judge Jeffrey White to enforce the subpoenas and order Fainaru-Wada and Williams to reveal who gave them the grand jury transcripts in violation of another judge's order. … The reporters could be jailed if they refuse to testify. White has scheduled a hearing for Aug. 4."

The San Diego Union-Tribune/AP (7/8) reports, "In papers filed in federal court Friday, the attorneys argue the subpoenas should be dismissed because of government

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misconduct and prosecutors' failure to demonstrate a pressing need for the information. .. . 'There is no breach of national security, no act of terrorism, no violent crime that would go unpunished,' Hearst lawyers wrote." The AP adds, "Bush administration attorneys said it was a crime to leak grand jury materials to the media. They argued that California's shield law protecting reporters from divulging their sources does not apply to the federal probe into who leaked the documents. … On Friday, Hearst attorneys said ordering the reporters to disclose their sources would send a message to journalists and the public that 'the government would and could harass the press at will, compelling them to disclose confidential sources on the basis of any sort of investigation.'"

Clark County, WA, Joins Anti-Gang Task Force. The Vancouver (WA) Columbian (7/8, Hamilton) reports, "Clark County joined 13 federal and local law enforcement agencies Friday in launching a new metropolitan area task force aimed at crippling gang crime." The Columbian continues, "The task force will employ racketeering statutes, drug statues and career criminal statutes to impede gang activities before the criminal organizations can develop and mature, said Karin J. Immergut, U.S. attorney for Oregon." The Columbian adds, "The Metropolitan Gang Task Force, as it will be known, will begin operations Monday in its base at the Portland Police Bureau's Northeast Precinct with gang leaders as the immediate target. … The task force includes an impressive array of police and prosecutorial firepower, including the FBI; the Bureau of Alcohol, Tobacco, Firearms and Explosives; the Portland, Beaverton, Gresham, Hillsboro, Milwaukie and Vancouver police departments; the U.S. Attorney; and prosecuting attorneys for Clark, Multnomah, Washington and Clackamas counties. Chairman will be David Bishop, the Beaverton police chief. … Each agency will pay the salaries of their participating officers. Other expenses, including vehicles, overtime and equipment, will come from the FBI, which recently received $450,000 from the U.S. Justice Department for the program. Attorney General Alberto Gonzalez has made combating gang activity a priority."

Hatch Plays Role In Freeing Music Producer In Dubai Jail For Cocaine Possession. The New York Times (7/8, Leeds, Waxman, 1.19M) reports, "Although collaborations happen all the time in pop music, they do not generally involve R & B hitmakers and Senator Orrin G. Hatch. But the release of a music producer from a Dubai jail this week, quick on the heels of his conviction for drug possession, turns out to be a story of high-level string-pulling on the part of" Sen. Hatch "along with Lionel Richie, the singer; Quincy Jones, the music entrepreneur; and an array of well-connected lawyers, businessmen and others, spanning cities and continents." Dallas Austin "had been sentenced to four years in prison for carrying just over a gram of cocaine with him when he entered the country on May 19." Sen. Hatch "made numerous phone calls on Mr. Austin's behalf to the ambassador and consul of the United Arab Emirates embassy in Washington."

Columnist Criticizes UN Gun Control Program. In an op-ed in the Wall Street Journal (7/8, 2.11M), David B. Kopel writes, "Yesterday the United Nation's Review Conference on Small Arms ended, barely noticed by the media. That's too bad, because this meeting, and the initiative of which it is a part, deserves much more public attention -- and censure -- than it gets." Kopel notes, "The U.N. has long urged that firearms must never be transferred to 'non-state actors' -- that is, entities which are neither governments nor government-approved. Only John Bolton's intransigence prevented the 'non-state actors' rule from being inserted into the Program of Action at the previous U.N. small arms conference in 2001. But the U.N. continues to insist on the 'non-state actors' rule -- which would, if adopted, make it a violation of international law to sell arms to Taiwan (according to the U.N., not a state). It would also make illegal arms sales to any and every current group resisting tyranny or genocide." Kopel concludes, "The U.N. gun control program, of which this week's small arms conference is a part, has already caused massive suffering and the loss of civil liberties in many nations around the world. Americans would be foolish to imagine that they will always be immune."

IMMIGRATION:

Bush Reiterates Support For Comprehensive Immigration Reform. Among the major US newspaper, the Wall Street Journal (7/8, McKinnon, 2.11M) was the only one to focus on Bush's domestic policy focus, reporting, "Bush renewed his call for immigration reform that includes a guest-worker program, a sign that despite resistance from the heart of his own party he isn't throwing in the towel on his troubled initiative in this election year." He "offered a strong defense of his stalled proposals to overhaul the broken U.S. system. 'The system we've got today isn't working, and it needs to be changed and reformed,' Mr. Bush said at a news conference Friday at Chicago's Museum of Science and Industry." He "promised stronger enforcement, both through increased manpower and new technologies such as tamper-proof identification cards. But, he added, 'in order to enforce this border, we've got to have a rational way that recognizes there are people sneaking across to do work Americans aren't doing.'" The Journal notes, "The administration and its allies also appear to be betting that the future for Republicans requires attracting more Latino voters, not driving them away with anti-immigrant rhetoric"

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The Boston Globe (7/8, Klein, 484K) in its coverage of Bush's remarks about North Korea also reports, "Bush used the news conference to push for his top domestic priority this year: comprehensive immigration reform. The House and Senate have passed vastly different immigration bills, and Bush restated his support for the Senate approach, which pairs new border-enforcement mechanisms with a guest-worker program and a path to citizenship for most of the estimated 12 million undocumented immigrants now in the United States." Bush said, "In order to enforce this border, we've got to have a rational way that recognizes there are people sneaking across to do work Americans aren't doing."

WPost Urges Bush To Demand Path To Citizenship In Immigration Bill. The Washington Post (7/8, A14, 744K) writes in an editorial, "As Republicans this week began a series of hearings on immigration policy, President Bush was reportedly signaling new openness to compromise designed to produce legislation this year. The compromise, according to a report in the New York Times, would center on 'enforcement-first.'" But "the danger…is that 'enforcement-first' will devolve into 'enforcement-only.'" So President Bush should "insist that enforcement and a path to citizenship remain part of one legislative package."

Border Security Hearing In Texas Highlights Terrorist Threat. The New York Times (7/8, Hastings, Preston, 1.19M) reports at a House Subcommittee on International Terrorism and Nonproliferation hearing held in Laredo, Texas, "law enforcement and immigration agents" said that "terrorists as well as illegal immigrants could slip across" the border "that is porous and vulnerable." "House Republicans…highlighted the threat of terrorist infiltration to justify their tough plan for border enforcement and to suggest that a Senate immigration bill was weak on security." The hearings are described as an attempt to "build public pressure on the Senate to focus primarily on immigration enforcement." Democratic members of the committee "participated in the hearings but denounced them as divisive and called on the Republicans to address the immigration problem as a whole." Among the witnesses was Reynaldo Garza, acting chief of the Border Patrol for the Laredo sector, who said that "last year, agents in his area…caught illegal crossers from 70 countries other than Mexico, including some from countries linked by the United States to terrorism."

The Washington Post (7/8, A3, Moreno, 744K) reports the hearing helped House Republicans "to make their case for tightening the border as a way to prevent terrorist incursions." Democrats "called the event here political theater." But Republicans "raised the specter of well-funded terrorist organizations using Mexican drug rings and human-smuggling rings to penetrate the southern border of the United States." Garza was cited saying that "additional agents and high-technology tools such as unmanned aerial vehicles and remote surveillance cameras are critical to border security."

The Washington Times (7/8, Hurt, 90K) reports in a front-page story, the hearing "was part of a series" held to "gauge voter opinion on reforming the nation's immigration laws." Garza was cited sying that "the number of violent incidents at points of entry to the U.S. have increased dramatically in recent years." House Republicans "want to secure the border first and deal with thorny issues such as a guest-worker program after the borders have been bolstered."

The AP (7/8, White) called it "an unusual field hearing" intended to "push the Senate to focus on enforcing immigration law." Democrats "participated, but denounced them as political theater." Garza was cited saying that he "worries about possible links between drug cartels and terrorists."

The Houston Chronicle (7/8, Gonzalez, 581K) reports the hearing contained "disturbing testimony…about the dangers that federal and local law enforcement agencies face." Witnesses also "acknowledged terrorists could cross the river laden with weapons, and a federal auditor testified he's proven how porous the northern and southern borders are by using bogus documents to import nuclear bomb-making materials."

New York Appeals Court Rules DMV May Require Proof Of Legal Residency. The Washington Times/AP (7/8) reports a New York state appeals court ruled 5-0 that the Department of Motor Vehicles "can require immigrants to prove they are in this country legally before allowing them to have driver's licenses." The ruling "reversed a decision by Justice Karen S. Smith" who, the court said, had "erred in barring the identity procedures DMV Commissioner Raymond Martinez put in place and said they were 'within his authority and enforceable.'"

Latino Advocacy Group Targets Immigration. The Los Angeles Times (7/8, Watanabe, 958K) reports one of the nation's largest Latino advocacy and civil rights organizations plans to meet in Los Angeles this weekend "to instruct people how to mobilize and vote out those who fail to back generous new immigration laws." The National Council of La Raza will highlight immigration at its annual conference beginning today, featuring a bipartisan lineup of such high-profile speakers as former President Clinton, Republican presidential political strategist Karl Rove, Gov. Arnold Schwarzenegger and Los Angeles Mayor Antonio Villaraigosa.

ICE Official Calls For More Criminal Prosecution Of Employers. Julie Myers, assistant secretary of homeland security for immigration and customs enforcement, writes in the Washington Post (7/8, A15, 744K),

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"The lure of well-paid jobs continues to be the primary magnet for most people who come to this country illegally. A comprehensive immigration strategy that includes a temporary worker program, as proposed by President Bush, is critical to stemming this flow. This strategy must also include work-site enforcement with real consequences for those who knowingly employ illegal aliens." Myers argues that "the most effective strategy in combating illegal employment is criminal prosecution of unscrupulous employers" and "seizing assets derived from illegal employment schemes." ICE "has arrested more than 382 people on criminal charges in work-site enforcement cases and apprehended another 2,100 on immigration violations" this year.

Former Agents Plead Guilty To Accepting Bribes To Release Immigrant Smugglers. The AP (7/8, Spagat) reports, "Two former Border Patrol agents," Mario Alvarez and Samuel McClaren, "pleaded guilty Friday to accepting nearly $200,000 in bribes for releasing immigrant smugglers and illegal immigrants from federal custody." They "each face up to 18 years in prison when they are sentenced Sept. 29, U.S. District Judge John Houston said."

Knight Ridder (7/8, Hall) reports Mexico's president-elect Felipe Calderon "Friday took sides in the battle over immigration, blasting a U.S. congressional plan to build a wall on the U.S.-Mexico border while endorsing a U.S. Senate proposal that would offer a route to legal citizenship for millions of undocumented Mexicans living in the United States." Calderon "also called for a joint development fund among Mexico, the United States and Canada that would finance public works construction in poor areas of Mexico."

The Washington Post (7/8, A9, Roig-franzia, 744K) reports, "Calderon took a firm stance against building a wall along the United States-Mexico border to stem illegal immigration." He said that "the best solution to the immigration crisis was creating jobs in Mexico." The statement "angered" Rep. Tom Tancredo (R-Colo.) and Rep. Duncan Hunter (R-Calif.) said that "he was 'hopeful Mexico's president-elect will also look more closely at the benefits security fencing brings to both sides of the border.'"

Migrants' Journey Through Mexico Full Of Dangers. The Washington Post (7/8, A1, Aizenman, 744K) reports that for "tens of thousands" of "impoverished Central Americans who sneak into the United States each year, the real border begins here, at Guatemala's frontier with Mexico" and "the dangerous trek through the desert into Arizona or Texas is merely the final chapter." The article gives an account of the journey from Guatemala and its hardships.

CONGRESS-ADMINISTRATION:

Bush Takes Message To US Public. The White House's new strategy to garner favorable coverage in the local media met with mixed results as the national media focused on international issues. Bush's remarks on domestic issues and prediction that Republicans would keep their majority in the Congress was noted by newspapers Saturday morning.

The Washington Post (7/8, A2, Fletcher, 744K) reports called Bush's press conference "unusual and said, "Despite widespread public discontent with GOP congressional leaders, Bush predicted that Republicans will keep control of the House and Senate, allowing them to continue setting the nation's legislative agenda for the next two years." When asked if his poll numbers might hurt GOP candidates, Bush said, "You win elections by having a plan to protect the American people from terrorist attack. You win elections by having a philosophy that has actually produced results -- economic growth, for example -- or kind of changing the school systems for the better, or providing prescription drug coverage for elders."

The New York Times (7/8, Stolberg, 1.19M) notes, "members of the Chicago press did not serve up softball questions. The issue of Mr. Bush's polls came up when a reporter asked about a fund-raiser the president planned to attend for Judy Baar Topinka, the Republican candidate for Illinois governor." He "also gave an endorsement of sorts to Patrick J. Fitzgerald, the special prosecutor who handled a leak investigation involving Karl Rove." He said Fitzgerald "had done a 'very professional job' in handling the leak investigation."

The AP (7/8, Burghart) reports, "Larry J. Sabato, director of the University of Virginia Center for Politics, said trips like the one to Chicago demonstrate that Bush does connect better with voters in informal sessions out of the Beltway. But he said the main problem is the unpopularity of the Iraq war." In an email Sabato said, "Until things look up in Iraq, and American troops are coming home in significant numbers, Bush's own numbers won't improve much."

Bloomberg (7/8) notes, "The administration is stressing the strength of the economy to bolster Republicans in the November elections. ``People are better off, things are working," Bush said this morning, adding that the U.S. has added more jobs for 34 straight months." But the "economy added fewer jobs in June than economists expected, reducing the urgency for further Federal Reserve interest-rate increases even as wages rose the most in five years, the Labor Department reported today."

The Los Angeles Times (7/8, Wallsten, 958K) reports, "Reinforcing the message that Bush was far outside the

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Beltway, he stood before a giant picture of the city skyline displaying, in giant letters, 'CHICAGO.'" The Times adds, "The overwhelmingly Democratic city in a blue state seemed a peculiar choice as a kickoff for the new White House communications strategy, particularly in light of headlines that greeted the president and his entourage Friday morning."

The Chicago Tribune (7/8, Pearson, 643K) reports, "President Bush offered a staunch defense of Mayor Richard Daley Friday, calling him 'a great mayor' and a friend despite the federal convictions of former top Daley patronage aides on charges of rigging jobs for mayoral campaign workers." Speaking "at the Museum of Science and Industry, Bush said he could not provide an assessment of the job U.S. Atty. Patrick Fitzgerald has done on the local level in bringing corruption charges against officials in city and state government." The Tribune also notes, "In a bit of topsy-turvy politics, Bush touted the health of the state's economy by echoing Blagojevich in noting the state led the nation for job creation in April. And Bush's 2004 presidential opponent, U.S. Sen. John Kerry (D-Mass.), appeared to side with Topinka's criticism of the Democratic governor on the issue of job creation." In a statement Kerry said, "The president praises the optimism of Illinois businesses, yet more of the state's businesses closed their doors in 2004 than new businesses were opened."

The Chicago Sun Times (7/8, Herrmann) reports, "National and local reporters asked him about a range of topics, including the North Korean crisis, the war in Iraq, foreign ownership of defense companies and skyrocketing gasoline prices." While "Daley sat to the side of the podium, Bush was reminded by a reporter that last summer, he had called Daley a 'great mayor.' ' Given the conviction Thursday of Daley's former patronage chief Robert Sorich and three others for doling out jobs and promotions to reward the mayor's political workers, the president was asked whether his assessment had changed." Bush replied, "I still think he's a great mayor. ... I'm proud to call him my friend."

New media Strategy Seen As Ineffective. In a negative analysis of the White House's new media strategy, the Chicago Tribune (7/8, Tackett, 643K) reports, "What the White House didn't say, but what was highly apparent, was that the president has decided to fully engage in the 2006 midterm elections, perhaps the last clear referendum on his presidency, and this could be a sign of the unofficial start of a campaign. Bush emphasized the good news he found in the jobs data and first quarter growth, then noted bluntly that his tax cuts were the answer. The subtle read? Democrats would raise taxes. He continued to push progress in Iraq, honoring a sacrifice made by a soldier from Hoffman Estates. Democrats, the implicit argument was, would cut and run. These are messages that he will likely be reinforcing as he travels throughout the country between now and November." And "There is logic in that. No matter how skeptical the local press corps, there is still a reflex for a red carpet for a president. Positive coverage – locally, anyway – is typically assured. WGN-TV carried the press conference live." But "if the communications czars in the White House were hoping for questions about cheesecake or the Cubs, they were roundly disappointed. And if they thought that by taking the president away from the Beltway that somehow he would be bathed in different light, the morning in Chicago proved that wrong."

Roberts Said To Be More Influential Than Kennedy On Court. Douglas W. Kmiec, professor of constitutional law at Pepperdine University, writes in the Los Angeles Times (7/8, 958K), "The received wisdom at the end of the most recent Supreme Court term is that because of his swing vote, Justice Anthony Kennedy is more in control of the court than the new chief justice, John G. Roberts Jr." But "it's a misleading picture" because "Kennedy alone is often deliberately speculative and partly because Roberts has at least the nascent but constructive capacity to span partisan division." And "Kennedy's theorizing reveals a mind of great intelligence but makes it more difficult to strike bargains with him." Roberts "has a conservative mind but a diplomat's nature. His abiding concern is to keep the court within bounds on legal, rather than ideological, grounds. Because that is so, he has the capacity to draw votes from both sides on controversial and pedestrian cases alike." That "overwhelms Kennedy's ability to deploy his swing vote."

House Agenda Criticized By Moderates As Not Helpful To Holding Majority. The New York Times (7/8, Hulse, 1.19M) reports, "Moderate Republicans say a planned summer push by the House leadership on conservative causes like gun rights and new abortion restrictions threatens the re-election prospects of embattled centrists, who are key to the party's drive to hold Congress." Moderates are described as "frustrated and angry" due to the agenda they say is "heavy on ideological themes" and "short-sighted and ill-timed." The also "fear that this new agenda could backfire by stirring independent voters to reject centrist candidates." House leaders said that moderates "could establish their independence by voting against select initiatives if they choose" but the Times reports, "many of the must-win races are in more moderate regions of the Northeast, Midwest and suburban South and West." Speaker J. Dennis Hastert (R-Ill.) said the agenda "would allow lawmakers to vote on basic values like the 'sanctity of life' while defending the nation's founding principles."

Discovery Crew Supplies Space Station, Checks Shuttle For Damage. NBC Nightly News (7/7, story 4, :20, Williams, 9.87M) reported, "Astronauts

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continued to pore over the shuttle Discovery today with the space age equivalent of a fine-toothed comb. They used a camera on the shuttle's robotic arm to snap extreme close-ups of the shuttle's external thermal skin. The crew also moved more than two tons of supplies over to the International Space Station."

The AP (7/8), in a story carried by the Washington Times, reports, "It was moving day yesterday for the crew of Discovery, which transferred thousands of pounds of supplies and cargo from the space shuttle to the International Space Station." The AP notes, "For the first time in three years, the International Space Station has three crew members -- European Space Agency astronaut Thomas Reiter on Thursday joined Pavel Vinogradov and Jeff Williams, who marked their 100th day at the space station yesterday."

NASA Examines Detailed Photos Of Discovery's Exterior. The AP (7/8, Borenstein) reports, "NASA engineers examined new detailed pictures of space shuttle Discovery's heat shield Friday, a day before two astronauts were to embark on the most disorienting task of their 13-day mission: a wobbly spacewalk. … Astronauts spent several hours focusing the cameras on six specific 'areas of interest' on the shuttle that had been seen in earlier photographs. Engineers need more information about the heat shield to ensure there is no damage like the kind that doomed Columbia's flight in 2003." The New York Times (7/8, Schwartz, 1.19M) reports, "On a day devoted to moving thousands of pounds of supplies from the space shuttle Discovery to the International Space Station, engineers and analysts on the ground scrutinized images of the shuttle on Friday for damage that might cause problems in the brutal heat of re-entry. Officials said that the shuttle came through the rigors of ascent in a remarkably clean state and that they had narrowed their analysis to a few unresolved issues." The Washington Post (7/8, A7, Gugliotta, 744K) reports, "Late Friday, analysts at Houston's Johnson Space Center were still examining two slight scars on the brittle 'reinforced carbon-carbon' protecting the front edge of Discovery's starboard wing."

Discovery Mission Extended One Day For Additional Spacewalk. The AP (7/8, Borenstein) reports, "NASA managers announced that Discovery has enough fuel to stay up for a 13th day to squeeze in a third spacewalk."

ABC News Honors Discovery Astronauts As "Person Of The Week." ABC World News Tonight (7/7, story 7, 3:00, Sawyer, 8.78M) reported, "And finally, from us, our 'Person of the Week.' We held our breath as they made history this week on top of the world. The astronauts aboard the space shuttle Discovery looked beyond the known risks, beyond the cracks of the falling foam, and set their eyes on the stars."

Information On Sailors Accidentally Exposed. Coverage of the May VA data theft is largely absent today. However, media outlets report that the Navy accidentally posted the information of 100,000 sailors. The Norfolk Virginian Pilot (7/8, Hansen) reports, "Personal information from 100,000 Navy and Marine Corps aviators and crew was removed from the Naval Safety Center Web site after being accidentally posted and available to the public for six months, the center announced Friday. The information included the full names and Social Security numbers of active- and reserve-duty service members who have logged flight information with the Norfolk-based command since 1985, said spokeswoman Evelyn Odango." The Virginian-Pilot notes, "The safety center mistake is the latest in a series of public blunders by government record-keepers. In May, a laptop computer containing data for 26.5 million active-duty and retired service members was stolen from the home of an employee for the Department of Veterans Affairs. Police recovered the laptop last week."

The Washington Post (7/8, A03, White, 744K) adds, "Investigators are working to determine how the records landed on the Navy Safety Center's Web site, which officials shut down Thursday after a member of the public reported finding the full names and Social Security numbers posted. Evelyn Odango, a spokeswoman for the safety center in Norfolk, said the list had been posted since December and appeared to be 'inadvertent' and the result of 'human error.'"

Columnist Condemns Effort To Limit Judicial "Junkets." In a column in the Wall Street Journal (7/8, 2.11M) James Q. Wilson notes efforts by the Community Rights Counsel to curtail the seminars the judges attend. Wilson writes, "The CRC regards university efforts to educate judges as 'junkets.' I am puzzled by this view because for many years I have spoken or led seminars at meetings run by the George Mason University School of Law. Most of these meetings are strictly academic exercises in which scholars talk about economic principles, statistical techniques, tort and contract law, criminal and family law, the logic and methods of science, and similar matters." Wilson also writes, "The other reason CRC calls them junkets instead of educational activities is that it thinks, for reasons that baffle me, that the groups who donate funds to these activities will influence the judges and shape their opinions. That possibility is farcical -- no donors attend the meetings, the judges do not know who the donors are, and no subject about which a donor may have a legal interest is a topic for discussion."

House GOP Leaders Said Not To Be Serious About Pork-Barrel Spending. The Boston Globe (7/8, Klein, 484K) reports, "Top leaders of the House of Representatives, who last month decried pork-barrel spending while voting to give the president a line-item veto, have helped block 40 attempts this year to remove individual

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special-interest 'earmark' projects from spending bills." And "the three top House leaders…have not cast a single vote against any of the projects that have been challenged by fiscal conservatives on the House floor." Rep. Jeff Flake (R-Ariz.) said that "the leaders can't credibly claim to be against wasteful spending as long as they support the earmarks."

Deficit Expected To Fall Below $300 Billion With "Surging Tax Revenues." The AP (7/8, Taylor) reports the Congressional Budget Office said Friday that, "the federal deficit appears on track to register less than $300 billion for the budget year ending Sept. 30, as surging tax revenues continue to signal significant improvement over White House estimates released in February." The administration will update its estimate on Tuesday and "put its own spin on the deficit picture." President Bush is "expected to tout the numbers as proof of the success of Bush-sponsored tax cuts in reviving economic growth and, in turn, tax revenues." And "tax collections are surging at a 13 percent growth rate."

Specter Seeks Renewal Of Funds For Pennsylvania Foster Care Program. The Pittsburgh Post-Gazette (7/8, Sherman, 261K) reports, Sen. Arlen Specter (R-Penn.) "yesterday said he and other members of Pennsylvania's congressional delegation are pressuring federal officials to release $170 million meant for the state's foster care program for children." The money is "on hold" because federal Administration for Children and Families officials "discovered that the state wasn't following guidelines for reporting expenses. The state Department of Public Welfare recently adjusted its reporting procedures." Specter and Rep. Tim Murphy (R-Upper St. Clair) said that the withholding "could soon hurt thousands of children at risk of being sent into foster care." Wade F. Horn, assistant secretary for children and families, said that Health and Human Services Secretary Michael O. Leavitt would "carefully consider any requests from a U.S. senator."

Medicare Warning Blamed For Some Companies Ending Drug "Giveaways." CBS Evening News (7/7, story 6, 3:00, Smith, 7.66M) reports, "When a new Medicare drug plan rolled out in January the idea was to help tens of millions of older Americans and the disabled afford the prescription drugs they need." But "in some cases prescriptions that once cost them nothing, are now becoming a big financial burden." CBS (Andrews) adds, "Drugs that used to be donated by the pharmaceutical companies" were stopped by firms "because of a monumental misunderstanding." Medicare notified drug companies that "drug giveaways could be prosecuted for fraud and abuse if the companies counted the value of the donated drugs to file for reimbursement." As a result some firms reportedly stopped their "giveaways" and cited the Medicare notification as the reason. HHS inspector general Daniel Levinson was shown saying, "I just can't imagine why there would be a feeling of threat."

LATimes Muses On Bush's Aging. The Los Angeles Times (7/8, 958K) writes in an editorial, "Why was there so much fascination with George W. Bush's attainment of three-score years?" It "represents the aging of a youthful persona. Younger men than Bush have served as president…but this president is known for a number of traits associated with youthfulness." And "the question is whether that will change now that the 'frat boy' has embarked on his seventh decade."

OTHER NEWS:

Jobs Report Seen As Sign Economy Slowing. ABC World News Tonight (7/7, story 6, 0:20, Sawyer, 8.78M) reported, "In other economic news, a sign the overall economy is slowing. Today, the government said employers created 121,000 new jobs. A number below expectations. That news helped drive stocks down on Wall Street, where the Dow Jones average closed 132 points lower. On the NASDAQ, stocks were down 25 points."

NBC Nightly News (7/7, story 8, 0:20, Williams, 9.87M) reported, "A disappointing jobs report. Employers added 121,000 jobs to their American payrolls in June. Problem is analysts had expected 175,000. The unemployment rate was unchanged at 4.6%."

The New York Times/AP (7/8) reports, "Corporate profit warnings and record oil prices overshadowed a benign jobs creation report and sent stocks sharply lower Friday as investors worried that the economy was cooling too quickly. The Dow Jones industrials shed 134 points as stocks ended the week with a loss." The AP adds, "With the unemployment rate steady at 4.6 percent, the report was exactly what Wall Street had hoped for -- low unemployment, but modest job growth that won't spark a sharp increase in consumer demand, which could foreshadow inflation and interest rate hikes."

The Wall Street Journal (7/8, McKay, 2.11M) notes, "Investors lately have welcomed such disappointing economic data, seeing a reason for the Federal Reserve to stop tightening the U.S. money supply. But that was not the case Friday, because the weak payroll number was accompanied by a rise in average hourly wages, which gained eight cents to $16.70 in June, after remaining nearly flat in May."

The New York Times (7/8, Porter, 1.19M) said the "economy was slowing under the combined weight of high

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energy prices and rising interest rates." Yet "the government also reported that hourly wages rose at their fastest pace in five years, while the unemployment rate remained at 4.6 percent. This suggests that the labor market remains tight and may yet spur higher inflation." The Times notes, "The disparate data underscored the uncertain economic situation facing the Federal Reserve as it ponders whether to continue raising interest rates over the summer to cool the economy further or whether it is time to pause. Over the last two years, the Fed has steadily increased the benchmark federal funds rate from 1 percent to 5.25 percent."

The Washington Post (7/8, D1, Henderson, 744K) reports, "Employers hired cautiously last month as the economy lost steam, but they added enough new jobs to hold the nation's unemployment rate steady at 4.6 percent, the Labor Department reported yesterday." Some experts "said the increase in average wages may partly reflect a shift in the job mix, as higher-paying manufacturers added to their payrolls while lower-paying retailers trimmed theirs. That could reverse in coming months as U.S. automakers proceed with plans to eliminate tens of thousands of jobs." The Washington Times (7/8, Hill, 90K) and the Financial Times (7/8, Swann, Hughes) report similar details.

The Bloomberg (7/8) adds, "The Dow average tumbled 134.63, or 1.2 percent, to 11,090.67, the most since June 5. The Standard & Poor's 500 Index fell 8.60, or 0.7 percent, to 1265.48. The Nasdaq Composite Index, which gets 41 percent of its value from computer-related shares, dropped 25.03, or 1.2 percent, to 2130.06."

Oil Prices Climbing. NBC Nightly News (7/7, story 6, 2:20, Williams, 9.87M) reported, "It's summer and the price of gas and oil is climbing along with the temperatures outside. During today's trading, oil surged to a record $75.55 a barrel before falling back down to $74.09. In plain English, in the last four years, a barrel of oil has gone up in price almost $50 in four years' time. With gas pushing $3 a gallon, we are in for a rough patch on the American road."

The Financial Times (7/8, Hoyos) reports, "International oil prices rose to a new record on Friday as US drivers took to the roads on their annual summer holiday." An increase "to $75.78 a barrel – stoked fears that inflation could rise, leading share prices in the US and Europe lower." Experts "said the rise made it more likely that the US Federal Reserve and other central banks would increase interest rates, especially as pressure from high oil prices showed no sign of weakening soon."

Election Experts Say Democrats Will Seek To Nationalize Congressional Elections. The Milwaukee Journal Sentinel (7/8, Skiba, 266K) reports under the headline, "All Bets Off For Midterm Elections," that "most election-watchers aren't wagering on which party will control the House and Senate. But some say the House appears more up for grabs than the Senate." Still "one thing is certain, though. Democrats will try to nationalize the races while Republicans cast them as local contests." At a George Washington University event this week, six experts "were split on whether trends predict an anti-incumbent year or even an anti-Washington year."

Senator Clinton Campaigns For Angelides. The Oakland Tribune (7/8, Richman) reports Sen. Hillary Rodham Clinton campaigned for California Treasurer and Democratic gubernatorial candidate Phil Angelides. Clinton "keynoted the minimum-$1,000-per-head event at the St. Regis Hotel and briefly addressed reporters afterward. But the purported 2008 presidential candidate departed amid reporters' shouted questions on topics such as same-sex marriage, which Angelides supports and she opposes. She said she has known Angelides since he was the California Democratic Party's chairman as her husband, Bill Clinton, first ran for president."

Angelides Advisor Won't Apologize For Comparing Schwarzenegger To Kim Jong Il. The San Francisco Chronicle's Politics blog (7/8,Marinucci) reports on the "increasingly crazy dustup over State Treasurer Phil Angelides' strategist Bob Mulholland, and his comments comparing Governor Schwarzenegger's lifts, or shoes, or whatever, to Korean dictator Kim Jong Il. Angelides, appearing in Sacramento this morning, was asked about the comment, said the comments were 'inappropriate and I've told my team let's knock off the personal attacks.' But that didn't satisfy Fox News conservative talk show bulldog Sean Hannity, who tried to engaged liberal bulldog Mulholland this afternoon." Hannity: "Mr. Mulholland, why don't you just apologize and say you're wrong?" Muholland: "Oh, It was a joke. Schwarzenegger loves making fun of people and he loves people making fun of him ... so if Schwarzzennger can stand the heat, he can get out of the kitchen."

Gore To Speak To Wal-Mart Managers. The AP (7/8, Kabel) reports, "Former Vice President Al Gore will take his campaign against global warming to Wal-Mart Stores Inc. next week, speaking at Wal-Mart headquarters to executives seeking to make the world's largest retailer more environmentally friendly." Gore "will talk to a quarterly conference of Wal-Mart managers working on ways to implement Chief Executive Lee Scott's plans to make the retailer a leader in cutting emissions, energy use and solid waste and selling more environmentally friendly products."

Edwards Urges Regulation Of "Payday Lenders" In Iowa. The AP (7/8) reports former Sen. John Edwards, "a White House hopeful, focused on the problem of predatory lenders in his first swing through Iowa

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since a statewide poll gave his potential presidential campaign a boost." Edwards called for new regulations on "payday lenders." He "spent Friday raising money for Democratic candidate David Loebsack's long-shot challenge against Rep. Jim Leach."

Biden Defends Remark About Indian-Americans. The AP (7/8, Sidoti) reports, "Facing criticism, potential 2008 presidential candidate Joe Biden on Friday defended his recent remark that 'you cannot go to a 7-Eleven or a Dunkin' Donuts unless you have a slight Indian accent.'" Biden is "known as one of the more long-winded senators." He said that he "has had an 'incredibly strong' relationship with the Indian-American community in Delaware and that his comment was misinterpreted."

Democratic Divisions Over War Revealed In Primary Contests. The Washington Post (7/8, 4:58 AM, Sidoti, 744K) reports, "Intent on seizing control of Congress, Democrats want to keep the focus on President Bush's missteps in Iraq. Yet the war is fracturing the party in a handful of House and Senate races" which "pit the party's liberal wing…against moderates favored by Democratic leaders in Washington." And "such primary clashes are drawing unwanted attention to Democratic divisions on the war while raising questions about whether the Democrats' competing factions are, in effect, torpedoing the party's chances to make 2006 a referendum on Bush's handling of Iraq." Still "Democrats remain optimistic about winning control of the GOP-run Congress by capitalizing on voter dissatisfaction with Bush, Republicans and the war."

Lieberman Challenge Is Chief Example. Newsweek (7/8, Darman, Braiker) reports in a "Web Exclusive," Sen. Joe Lieberman (D-Conn.) is "fighting off a tough challenge from Greenwich businessman Ned Lamont. Lieberman's main vulnerability: steadfast support for the war in Iraq." In an interview Lieberman said that "Mostly people are talking about the economy" when he travels the state on his campaign. And "If it was not for my position on the war in Iraq, I don't believe there would be a primary against me." Lieberman's challenger Ned Lamont said that "the No. 1 question I get" is "rather than spending $250 million a day in Iraq, how come we're not investing in universal health care for every American?"

Lieberman's Stance On Iraq Is Not His Only Liability For Liberal Voters. The Wall Street Journal (7/8, Cummings, 2.11M) reports that Sen. Joseph Lieberman has lost support not only because of his support for the war in Iraq, but because "the moderate persona that helped Mr. Lieberman…score an upset victory for the Senate seat in 1988 dulls his appeal today to an energized partisan base. Time spent away from home to campaign for higher office in 2000 and 2004 -- when he sought the presidential nomination -- weakened critical home-state ties. And his penchant for lacing policy or political choices with moral or religious messages now sounds patronizing to some voters. 'His problems have been building over time and the war was the last straw for many of the party's more liberal voters,' says Jennifer Duffy, a political analyst with the nonpartisan Cook Political Report.

Steele Continues To Raise More Than Cardin. The Washington Times (7/8, Ward, 90K) reports Maryland Lt. Gov. Michael S. Steele (R) "raised more than $1.8 million for his U.S. Senate campaign in this year's second quarter, according to an internal campaign memo." That is "Steele's highest quarterly fundraising total since announcing his candidacy last fall." He has also "raised more money per quarter since entering the race than the leading Democratic fundraiser, Rep. Benjamin L. Cardin."

Harris To Undergo Surgery. The AP (7/8) reports Rep. Katherine Harris (R-Fla.) "announced Friday she will undergo surgery later this month to remove an ovarian mass, which will be tested to determine if it is malignant." She will "visit Walter Reed Army Medical Center in Washington for preoperative testing Monday, her campaign office said in a statement."

DeLay Seen As Possible Candidate In TX22. The AP (7/8) reports, "Former U.S. Rep. Tom DeLay suggested Friday that he may not be ready for retirement just yet, a day after a federal judge ruled that his name must remain on the November ballot even though he resigned from Congress." DeLay "also criticized U.S. District Judge Sam Sparks' ruling that the former House majority leader's name had to remain on the ballot." DeLay, asked if "he now planned to run" said that he would "wait and see what the 5th Circuit does on appeal." The Texas Republican Party "appealed to the 5th Circuit Court of Appeals in New Orleans immediately after Sparks' ruling Thursday in Austin." DeLay "won the Republican primary in March" and Democrats "sued to keep the GOP from removing DeLay's name from the ballot. Republicans want to name a replacement nominee."

The Houston Chronicle (7/8, Mack, 581K) reports DeLay "told a friendly crowd Friday that Democrats seeking to force him onto the November ballot 'may get exactly what they want.' After savoring a standing ovation, he quickly said the comment was not an announcement that he will seek the office he vacated last month." DeLay spoke at a "previously scheduled tribute, co-sponsored by the Greater Houston Partnership and the Fort Bend Chamber of Commerce." DeLay also said, "Only in this country can the federal judiciary force someone to run for office."

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LATimes Urges Americans To Save More. The Los Angeles Times (7/8, 958K) writes in an editorial, "According to a string of recent gloomy studies, most people are kidding themselves if they think they'll have enough gold during their golden years." But "if there is a silver lining in all this doom and gloom, it's the small but growing number of employers who are trying to help workers save more." Meanwhile, "it would be nice if instead of focusing on tax relief for the wealthy, Congress were more inventive in devising savings programs for less-affluent workers." Yet "any of these savings plans also requires a bit of a cultural readjustment for Americans to put aside more for retirement."

Pastor Allied With The President And Governor Bush Calls Islam A "Dangerous…Cult." The Miami Herald (7/8, Simon, 323K) reports the Rev. O'Neal Dozier, "a Broward clergyman who has advised President Bush and is a political appointee of Gov. Jeb Bush, took to the air waves Friday to criticize Islam as a 'cult' religion." Dozier is quoted as saying, "'The Islamic religion in my view is a cult" and "dangerous." The Herald adds, "The radio appearance by Dozier, who serves on the governor's committee that screens Broward judicial nominees, startled a local Muslim leader, and prompted the governor to immediately distance himself from the statements. Reached later in the day by The Miami Herald, a contrite Dozier said he was 'concerned' his comments could jeopardize his position on Broward's Judicial Nominating Commission. But he did not disavow those comments." The Herald goes on to report, "On Friday, the White House referred a reporter to previous remarks by the president on Islam, including a 2002 meeting in the Oval Office with United Nations Secretary General Kofi Annan. At that time, the president condemned blanket criticisms of Islam, saying they 'do not reflect the sentiments of my government or the sentiments of most Americans. Islam, as practiced by the vast majority of people, is a peaceful religion, a religion that respects others,' Bush said. On Friday, Gov. Bush's office issued a statement distancing him from Dozier. 'Gov. Bush in no way shares Rev. Dozier's views on Islam,' said Alia Faraj, Bush's spokeswoman."

Veterans Issues At Forefront In Minnesota Races. The Minneapolis Star Tribune (7/8, Smith, 424K) reports, "A proposal to protect soldiers' homes from foreclosure is a sign of the prominence veterans' issue may have in this year's election. A preview of the importance of issues involving soldiers and the Iraq War in this summer's election campaigns went on display at the state Capitol Thursday. Stiffer state and federal penalties for companies that attempt illegal foreclosures on deployed members of the military were proposed by two DFLers, state Rep. Matt Entenza, a candidate for attorney general, and Tim Walz, a 24-year Minnesota National Guard member who is running for Congress." The Star Tribune adds, "Appearing with Entenza and Walz was U.S. Sen. Evan Bayh, D-Ind., a 2008 exploratory presidential candidate who was in the Twin Cities for a little politicking of his own. Bayh is a member of the Armed Services Committee and is proposing similar legislation toughening the foreclosure violations."

Bush Stresses Patience, Diplomatic Approach To North Korea. At what was described as a wide-ranging press conference designed by the White House to emphasize domestic issues, the national media focused mainly on President Bush's response to North Korea's recent missile launches. The two main themes on the subject involved questions about the Administration's diplomatic efforts to convince the international community to pressure North Korea to end its nuclear weapons program and the capability of the US' missile defense system. Bush reiterated his intention to convince the international community to pressure North Korea and avoid direct talks, but an AP (7/8) story published early this morning reports, "A U.S. envoy expressed support for China's proposal to hold informal six-party talks on the North Korean nuclear threat and offered to meet bilaterally with North Korea on the sidelines of those discussions."

Bush's remarks stressing a patient, diplomatic approach to North Korea were carried on all three nightly network news programs. Providing the most extensive characterization of Bush's remarks, NBC Nightly News (7/7, story 3, 2:20, O'Donnell, 9.87M) reported, "President Bush repeatedly lowered expectations today, not only over what North Korea will do next but he played down the pace of diplomatic progress and even the expectations of U.S. missile defense." He "exhibited caution, careful not to oversell." President Bush: "I think we had a reasonable chance of shooting it down." O'Donnell: "While the president labeled the North Korean dictator Kim Jong Il a dangerous man who must disarm, the president was notably careful to distance himself when asked today about intelligence assessments that North Korea has increased its nuclear weapons capability while Mr. Bush has been in office." President Bush: "I just thought for a minute you might have known more than I do about, when you say, definitively say, he's increased the number of weapons. I don't think we know that."

Focusing on Bush's cautious assessment of the US missile defense system, ABC World News Tonight (7/7, story 4, 2:00, Raddatz, 8.78M) reported Bush "said there was no certainty that America's $95 billion missile defense system could have intercepted the North Korean missile." President Bush: "Our missile systems are modest. Our anti-ballistic missile systems are modest. I think we had a reasonable

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chance of shooting it down. At least that's what the military commanders have told me." At the end of its story ABC's Sawyer noted that "a number of us watching that press conference today noted how many times the President talked about hard problems with long-term solutions. You, too?" Raddatz: "Yes, Patience, Patience, Patience. The President said that six times today during that press conference. He is trying to calm the situation. He does not want to turn it into a crisis. Diplomacy is the keyword here."

The CBS Evening News (7/7, story 4, 2:00, Smith, 7.66M) focused mainly on Japan's response to North Korea, but opened its story noting, "Bush stressed again that he wants a peaceful solution to the North Korean missile dispute but said diplomacy takes time." At the end of its story CBS (Petersen) added, "Amid these tensions, U.S. Envoy Christopher Hill met with Chinese officials hoping they can pressure North Korea into returning to talks on the north's nuclear weapons." Hill: "At the same time we are also going to take measures to protect ourselves." Petersen: "Could harsh words between Japan and North Korea escalate into military conflict? That's the problem with the North, that its leader is prone to irrational actions. So the Japanese military is being told tonight keep your eyes open and your ammunition ready."

President Bush was characterized as frustrated and on the defensive by some newspapers. The Washington Post (7/8, A2, Fletcher, 744K) says Bush "defended his response to the budding crisis spawned by North Korea's missile tests, saying he will not 'get caught in the trap of sitting alone with North Korea at the table.'"

The Los Angeles Times (7/8, Wallsten, Farley, 958K) in an article titled "Bush Strongly Defends His N. Korea Policies" reports, "President Bush on Friday defended his administration's policies on North Korea, questioning claims that the regime in Pyongyang had grown more dangerous since he entered the White House." The Times notes, "White House officials fear that the issue of North Korea's missiles has contributed to public doubts about Bush's foreign policy record in an election year. Republicans hope that Bush's tough stand on national security will be a winning issue for them with voters."

The Boston Globe (7/8, Klein, 484K) reports, "Despite his frustrations over the process, Bush's comments signaled a patient approach toward North Korea." The Globe notes, "Asked whether the US military, stretched by simultaneous wars in Iraq and Afghanistan, could sustain a third conflict with North Korea, Bush said he wouldn't answer hypothetical questions. A few minutes later, he questioned a reporter's assertion that North Korea -- which tested medium- and long-range missiles earlier this week -- has increased its nuclear arsenal. 'I don't think we know that,' Bush said."

The AP (7/8, Hunt) in an article titled "Bush Expresses Frustration With Diplomacy" reports, "Asked if he felt a sense of urgency in dealing with North Korea and Iran, Bush said, 'I'm realistic about how things move in the world.' He said he wanted diplomatic rather than military solutions."

The New York Times (7/8, Sanger, 1.19M) reports, "Bush by turns argued that Mr. Kim was untrustworthy -- he cited the country's violation of a 1994 accord with the Clinton administration -- and that the only path was to negotiate with him. But he rejected conducting one-on-one negotiations, insisting that he needed China and other neighbors at the table so that Mr. Kim did not make the United States to appear the blockade to an agreement." He rejected "the criticism by Democrats who say such talks would be the only way to break the logjam." Yet "in citing anew the need to team up with China and South Korea, Mr. Bush was skipping past the warnings of members of his own administration that neither country would agree to sanctions. Both are worried about a North Korean collapse, and both have continued supplying North Korea with food, energy and investment -- even while Japan and the United States try to turn off the spigot." He "has been careful never to criticize either country publicly. But he seemed to do so obliquely when he said, with some frustration in his voice."

The Financial Times (7/8, Daniel) reports, "Bush ruled out bilateral talks with North Korea on Friday, saying that the US would respond to Pyongyang's long-range missile tests through the United Nations Security Council." He "admitted that the diplomatic route could be 'slow and cumbersome' but said he was 'not going to get caught in a trap of sitting at a table alone with North Korea.' He added: 'What matters most of all is for Kim Jong Il to see the world speak with one voice.'"

The Washington Times (7/8, Curl, 90K) notes, "Japan's Ambassador Kenzo Oshima said he wanted a vote on the draft today if possible, yet he and other diplomats said negotiations continued on the resolution. That raised the possibility that the decision to introduce the resolution was, in part, a negotiating tactic meant to win concessions from China and Russia."

Bloomberg (7/8) notes Bush said the UN "must send a clear message to North Korea's leader to disarm and that 'rallying world opinion' takes time." He also "said next weekend's meeting of the Group of Eight leaders…will be an opportunity to send a clear message as Iran considers an incentives package aimed at curtailing the country's program. China and Russia have opposed harsh sanctions."

North Korea Will Return To Talks If Foreign Funds Unfrozen. The Los Angeles Times (7/8, Demick, 958K) reports, "North Korea will return to talks on its nuclear program if the United States releases $24 million in frozen funds held in a bank in Macao, a senior diplomat said in an interview published today." The Times continues, "In the most explicit statement of its demands since a barrage of missile tests Wednesday, North Korea's deputy ambassador

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to the United Nations, Han Song Ryol, said his country was looking for a 'minimal gesture to restore trust.'"

US Supports Resolution Against North Korea, But Seeks Unified Voice. The Washington Post (7/8, A8, Lynch, 744K) reports, "Japan presented the Security Council on Friday with a tough revised draft resolution that would condemn North Korea's missile tests and ban states from supplying or buying goods or technology that could help Pyongyang upgrade its ballistic missile program or advance its nuclear weapons program. The resolution is backed by the United States and European allies, over Chinese and Russian concerns that it will exacerbate tensions in the region, according to U.N. diplomats." U.S. ambassador John R. Bolton said, "We are very pleased with this draft," but he added "that Washington and its allies are receptive to further negotiations with Beijing and Moscow." Still, "Bolton and others have expressed confidence they have the support of 13 of the council's 15 members for a binding resolution under Chapter Seven of the U.N. Charter, a provision that can be enforced by sanctions or, in some cases, the use of military force," and "U.S. and European officials remain confident that Russia and China will not veto the resolution." However, But China's ambassador, Wang Guangya, said that 'all options are open,'" and "warned the council in a closed-door meeting that a vote on the sanctions resolution would 'destroy' the prospects for a unified response."

The New York Times (7/8, Hoge, Onisho, 1.19M) adds, "The decision to put the resolution to a vote followed meetings Thursday and Friday involving Japan and the five permanent members of the Council…that failed to establish common ground." Bolton said "We want a resolution. It should be Chapter VII, and I think that's clear. The level of provocation engaged in by these North Korean missile launches warrants that, and we're going to proceed." The UPI (7/8) reports, "Bolton also said those countries that have 'leverage' over North Korea 'bear the responsibility' for bringing the country back to the negotiating table." Kyodo (7/8) adds that Japanese Foreign Minister Taro Aso and U.S. Secretary of State Condoleezza Rice "confirmed to continue bilateral cooperation in efforts to have the international community issue a united, resolute, and clear message from the Security Council."

The Wall Street Journal (7/8, A4, Fairclough, King, 2.11M) notes, "President Bush, speaking in Chicago, said the whole effort going into the weekend was to get all members of the Security Council to say 'loud and clear, here are some red lines.'" However, the AFP (7/8, Aziakou) reports, "the US president noticeably did not make a public push for sanctions against Pyongyang, as the haggling went on at the UN."

AP (7/8, Wadhams) adds, "One senior U.S. official said it was unlikely that the draft would be voted on over the weekend, because diplomats want to give China, the North's main ally, time to talk to Pyongyang." Knight Ridder (7/8, Landay) reports that a "U.S. official, who sought anonymity because of the issue's sensitivity, said the United States was trying to persuade Japan not to call for an immediate vote in order to allow more diplomacy, including talks that a senior Chinese official is scheduled to hold in Pyongyang next week. Meanwhile, the Bush administration was refining a number of punitive measures it could take unilaterally, including pressuring foreign banks that deal with North Korea to stop doing so, said five U.S. officials, who requested anonymity."

The Wall Street Journal (7/8, 2.11M) lists facts leading up to and about the current confrontation, and quotes several people about it, including Ivan Oelrich, of the Federation of American Scientists, who said, "I think that Kim Jong Il is insane. It's a very bad situation. It's unfortunate. It's very, very difficult to see how this is going to end nicely."

US Trying To Gain China's Support For North Korea Response. The New York Times (7/8, Hoge, Onisho, 1.19M) reports, Assistant secretary of state for East Asian and Pacific affairs "Christopher R. Hill, the top American negotiator with North Korea, was in Seoul, South Korea, trying to rally support in that region for a tough, unified response to the North's testing of seven missiles on Wednesday." He previously "met with Chinese officials, including Li Zhaoxing, the foreign minister, in Beijing before arriving in Seoul on Friday evening," but "it did not appear that he had made progress in persuading the Chinese to endorse sanctions." Next, "Hill is expected to meet South Korean officials over the weekend before flying to Tokyo and Moscow, but he gave an indication on Friday of the message he is expected to convey," saying, "We shouldn't have business as usual with a country that's been firing off missiles like this in this rather reckless way." The Financial Times (7/8, Turner, Fifield) notes, "Mr Hill can expect a slightly warmer reception during talks in South Korea on Saturday, although he will still encounter difficulties in persuading Seoul to take actions that would hurt Pyongyang financially."

The Wall Street Journal (7/8, A4, Fairclough, King, 2.11M) adds, "President Bush, in a Chicago news conference Friday, touched on" China's reluctance to confront North Korea. While the missile tests put China in a tough spot, calling into question its policy of patient diplomacy and its economic support to encourage change in Pyongyang," it remains "far from clear" if they "will be enough to overcome Beijing's extreme reluctance to use pressure as a diplomatic tool." Still, "Calling the moment a critical test of China's new high-profile role on the international stage, the U.S. is urging Beijing to alter course and use its considerable leverage as North Korea's most important trading partner to get Pyongyang to return to talks on its nuclear program," and "has appealed to Beijing's pride, saying that it risks diminishing its standing on the world stage if it can't use its influence even to moderate the behavior of one of its closest neighbors."

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The AP (7/8, Coleman) reports, "U.S. Assistant Secretary of State Christopher Hill held talks Saturday with Chun Young-woo, South Korea's top negotiator in international nuclear talks, on the North Korean missile tests." Hill said, "We will be much more effective if we can speak with one voice." Also, South Korea's Yonhap news agency quoted Han Song Ryol, deputy chief of North Korea's mission to the United Nations in New York, "as saying North Korea is willing to return to the six-nation talks if it is allowed to withdraw its money frozen in accounts of a bank blacklisted by the United States."

South Korea Brings Pressure To Bear On North. The New York Times (7/8, Hoge, Onisho, 1.19M) reports, "South Korea said Friday that it would go ahead with four-day, high-level ministerial talks with North Korea next week in Pusan, South Korea. But South Korea said that it would delay shipments of food and fertilizer to the North and that it had turned down an offer, made by North Korea several days before the launchings, to hold military talks."

The Financial Times (7/8, Turner, Fifield) adds, "South Korea is breaking with its usual placatory approach towards the North" and "moving away from its traditional stance of trying to avoid antagonising Pyongyang in a bid for longer-term reconciliation." However, "economic co-operation projects with the North will continue, meaning its actions will have little effect on Kim Jong-il's regime."

Japan Takes Threat From North Korea Seriously. The Los Angeles Times (7/8, Wallace, 958K) reports, "North Korea's rockets may have landed short of Japan, but they still made a strong impression on a country with a collective loathing for its Stalinist neighbor." Japan's trade with North Korea has declined in recent years, so it has lost some leverage economically over North Korea. To make up for it, "Japan has focused on building a capability to shoot down incoming missiles, as well as proceeding with a faster, deeper integration of its military alliance with the United States." For example, "Japan's spending on missile defense is growing even as it cuts its overall defense budget. Research has given way to acceptance of the idea of having missiles on its soil. And restrictions on military exports were lifted to allow Japanese companies to share technology with U.S. firms."

WSJournal Argues Against Appeasing North Korea. The Wall Street Journal (7/8, 2.11M) editorializes that it is "amazing…that serious people purport to believe…after 20 years of contrary evidence," that Kim Jong Il "wants direct talks with the U.S. leading to security guarantees, normalization of ties and an end to Pyongyang's economic isolation" and that "North Korea and the U.S. were headed" there "until the Bush crew started talking about the 'axis of evil' and pre-emption, thereby provoking Kim's current discontent." Actually, with a history of threats leading to concessions, "Kim is hardly crazy to conclude that if he just threatens enough, the U.S. will deliver what he wants sooner or later." We should not "repeat the mistakes of the past. And the worst mistake would be to reward Kim once again for violating his commitments by sending him more money and more diplomatic prestige."

Economists Say AIDS Should Be World's Top Priority. In an op-ed in the Wall Street Journal (7/8, 2.11M), Kimberley A. Stassel writes about Bjorn Lomborg. Stassel writes, "In 2004, he invited eight of the world's top economists -- including four Nobel Laureates -- to Copenhagen, where they were asked to evaluate the world's problems, think of the costs and efficiencies attached to solving each, and then produce a prioritized list of those most deserving of money. The well-publicized results (and let it be said here that Mr. Lomborg is no slouch when it comes to promoting himself and his work) were stunning. While the economists were from varying political stripes, they largely agreed. The numbers were just so compelling: $1 spent preventing HIV/AIDS would result in about $40 of social benefits, so the economists put it at the top of the list (followed by malnutrition, free trade and malaria). In contrast, $1 spent to abate global warming would result in only about two cents to 25 cents worth of good; so that project dropped to the bottom."

US, Russia To Create Civilian Nuclear Pact. The Washington Post (7/8, A1, Baker, 744K) reports, "President Bush has decided to permit extensive U.S. civilian nuclear cooperation with Russia for the first time, administration officials said yesterday, reversing decades of bipartisan policy in a move that would be worth billions of dollars to Moscow but could provoke an uproar in Congress." He "plans to announce his decision at a meeting with Putin in St. Petersburg next Saturday before the annual summit of leaders from the Group of Eight," and "Administration officials confirmed the president's decision yesterday only after it was first learned from outside nuclear experts privy to the situation." Although "Bush resisted such a move for years, insisting that Russia first stop building a nuclear power station for Iran near the Persian Gulf," U.S. officials have "concluded that President Vladimir Putin has become a more constructive partner in trying to pressure Tehran to give up any aspirations for nuclear weapons." The move "would be critical to Bush's plan to spread civilian nuclear energy to power-hungry countries because Russia would provide a place to send the used radioactive material," and, "Since Russia is already a nuclear state, such an agreement, once drafted, presumably would conform to the Atomic Energy Act and therefore would not require congressional approval."

G-8 Talks To See Push For Energy Security Pact. The Washington Times (7/8, Stuhldreher, 90K) reports, "American and European officials are pressing for an

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agreement on energy security with Russia at the Group of Eight summit in St. Petersburg next week." Assistant energy secretary for international affairs Karen Harbert "stressed energy as a main theme for President Bush in the talks, including a bilateral summit with Russian President Vladimir Putin." She "insisted an agreement could be reached in St. Petersburg because the United States and Russia have the same interest in maximizing Russia's energy exports." However, "critics…say lack of a unified front from Europe on the issue and necessity for Russian cooperation on negotiations with Iran greatly limit the United States' leverage to push Mr. Putin for reform."

NYTimes Calls On G-8 Leaders To Demand Russian Democracy. The New York Times (7/8, 1.19M) editorializes, "the international acceptance that Mr. Putin craves will quickly disappear if the Kremlin continues its march toward what critics call a 'staged democracy instead of a real one." A "list of concerns has grown steadily during Mr. Putin's stewardship," including the disappearance of a free press, the lack of an independent judiciary, and government harassment of nongovernmental organizations. While "Mr. Putin's Russia is still far better than it was during the bleak decades of Communism," the G-8 leader "need to make it clear to Russia that membership demands not only the power of wealth but also a democratic government to go with it."

Investors Appear Willing To Overlook Russian Flaws In Return For Oil Shares. The Wall Street Journal (7/8, White, 2.11M) reports, "When President Bush meets with Vladimir Putin Friday, he will have a chance to express his concerns about the Russian leader's policies. The day before, investors will have a chance to do the same" with when "the $10 billion initial public offering by the state oil company, OAO Rosneft, is scheduled to be priced." However, "investors seem so eager for a piece of Russia's oil riches that they are willing to overlook Mr. Putin's curbs on democracy and heavy-handed economic policies." Still, James Fenkner, a Moscow fund manager, warns, "Betting against the Kremlin has been a very poor strategy over the last few years."

Gazprom Reports Record Profits. The Wall Street Journal (7/8, Walters, Smith, 2.11M) reports," OAO Gazprom reported 2005 net profit of 311.1 billion rubles, or $10.98 billion based on last year's exchange rates -- higher than any Russian company has ever recorded -- on the back of rising natural-gas prices and its acquisition of Sibneft." However, "State-owned Gazprom's international ambitions have raised concerns that the company may be focusing on infrastructural projects that create headlines -- like new gas pipelines under the Baltic Sea to Germany and across Siberia to China -- at the expense of developing its vast reserves to meet future demand." Still, "Many people say rising revenues from oil and gas exports have allowed Russian politicians to assume a new assertiveness in world affairs."

Kremlin Curtails US-Financed Radio Broadcasts To Russians. The New York Times (7/8, Chivers, 1.19M) reports American-financed radio news broadcasts to Russia have been "sharply curtailed in recent months under legal pressure from the Russian government," according to Russian and American officials. The pressure has "knocked programs off the air in much of the country, limiting the Russian-language news broadcasts of Voice of America and Radio Free Europe/Radio Liberty almost entirely" to Moscow and St. Petersburg. The suppression of the Western-financed news, which the Times notes began last year "weeks after a journalist for Radio Free Europe/Radio Liberty infuriated the Kremlin" by interviewing Chechen rebel leader Shamil Basayev, has been "indirect but highly effective," officials said. An official at the State Department told the Times Secretary of State Condoleezza Rice and other officials had "raised the issue with Russia, without result."

As Economy Rebounds, Russian Tourism Industry Declines. The Wall Street Journal (7/8, P1, Sesser, 2.11M) reports that as nations in Eastern Europe and the Baltic states "are now opening up to travelers," the number of tourists visiting Russia is declining. According to the Journal, travelers are "being driven away by a severe shortage of hotel rooms in major cities like Moscow and St. Petersburg, as well as apartment-rental scams; prices that are shockingly high for food, hotels and private transport; and by a visa system so draconian that you can literally be snatched off the street by the police if just one stamp on the papers you're required to carry with you at all times isn't in order." With Russia experiencing "an economic rebound driven by surging prices for its main exports, oil and gas," the Journal says tourism "simply isn't a top priority at the moment" for Russia's leadership.

Racism "Sweeping Across Russia." The Boston Globe (7/8, Parfitt, 484K) reports that St. Petersburg is "an incubator for one of Russia's most pressing crises: violent racism." There has been "a wave of racist beatings and slayings sweeping across Russia," and the problem is "compounded by government missteps and inaction." Amnesty International this year "accused Russian police of consistently downplaying hate crimes throughout the country by classifying them as hooliganism."

Strategic Accord On Agenda For Kazakh President's Visit. The Washington Times (7/8, Sands, 90K) reports that in "the latest sign of the Bush administration's desire for closer ties with the huge, oil-rich Central Asian nation, despite lingering concerns over" resident Nursultan Nazarbayev 's "record on press freedoms and political liberties," Kazakh Foreign Minister Kasymzhomart Tokayev said "the United States and Kazakhstan hope to sign a wide-ranging 'strategic partnership' accord when President Nursultan Nazarbayev

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travels to Washington in September." Somewhat "by default, Kazakhstan has emerged as the critical U.S. ally in the region," but "closer ties are still complicated by aspects of Mr. Nazarbayev's rule, at a time when President Bush has put promoting democracy at the heart of his foreign policy agenda."

Pro-Moscow Parties Ascendant In Ukraine After Orange Revolution Bloc Collapses. The New York Times (7/8, Myers, 1.19M) reports that President Viktor A. Yushchenko of Ukraine "suffered a new political defeat on Friday when his fragile coalition collapsed in acrimony two weeks after it was formed." Now "His opponents, joined by a former ally of the president, announced a new coalition and pledged to nominate as prime minister the man Mr. Yushchenko ultimately defeated" in 2004. This "cast new doubts on Mr. Yushchenko's presidency, undermining his efforts to steer Ukraine on a course more closely entwined with Europe. He faces the possibility of an opposition government and prime minister opposed to his policy of joining the European Union, NATO and the World Trade Organization."

The Washington Post (7/8, A11, Finn, 744K) adds, "the unstable alliance that led the Orange Revolution" had "dissolved into familiar back-stabbing after its smallest member, the Socialists, broke ranks to get its own man elected to a parliamentary post." This "recent political turmoil and indecision in Ukraine have frustrated the European Union and the United States," which "had hoped to see the country well along in restructuring necessary to open it to Western institutions and greater foreign investment."

US Trade Representative Chastises Europe, Rising Economic Powers For WTO Trade Talk Deadlock. The Washington Times (7/8, Sparshott, 90K) reports that U.S. Trade Representative Susan Schwab "said the U.S. would not give up on global trade talks that have deadlocked, and she chastised India, Brazil and other rising economic powers for contributing too little to negotiations." She "faulted Europe for proposals she called 'vague' and 'full of loopholes.' But she also called on India, Brazil and China to acknowledge their growing economic clout, rather than seeking some of the same protection as the world's poorest nations."

Israel Hints It Might Free Palestinians If Soldier Is Freed. The Financial Times (7/8, Biedermann) reports, "The Israeli government, under increasing criticism for its Gaza offensive, indicated for the first time on Friday that it might be willing to free Palestinian prisoners in exchange for the release of a captured soldier," when "Public security minister Avi Dichter said jailed Palestinians could be freed as a 'reciprocal gesture' after the 19-year-old corporal Gilad Shalit was returned." Meanwhile, the European Union "levelled its harshest criticism at Israel yet," when Finnish prime minister Matti Vanhanen, whose country holds the EU's rotating presidency, said, "The EU condemns the loss of lives caused by disproportionate use of force by the Israeli Defence Forces and the humanitarian crisis it has aggravated."

The AP (7/8, El Deeb) adds, "Israel sent conflicting signals Friday on whether it would be willing to swap Palestinian prisoners in exchange for Shalit's release. Public Security Minister Avi Dichter suggested Israel could be ready to cut a deal that would include Israel freeing some Palestinian prisoners as a goodwill gesture," while "Officials close to Prime Minister Ehud Olmert later said Dichter's statement did not reflect the views of the government and that Israel insists on the soldier's unconditional release. However, the government did not issue a formal statement distancing itself from the minister." On the other side, "moderate Palestinian President Mahmoud Abbas said he has won Israeli assurances that it would reciprocate for Shalit's release by freeing some prisoners, as well as Hamas politicians it has rounded up in recent days." The Washington Post (7/8, A8, Wilson, 744K) and New York Times (7/8, Erlanger, 1.19M) also mention Dichter's comments.

Israel Continues Push Into Gaza. NBC Nightly News (7/7, story 5, 2:00, Williams, 9.87M) was the only network news program to cover the continuing violence in Gaza, reporting that Israel's push into Gaza "showed no signs of letting up," and "Palestinian militants are taking it into a nasty street fight." Israeli Chief of Staff Dan Halutz: "There is no excuse whatsoever to operate from Gaza against Israel once we left Gaza totally." Fletcher: "But the militants here say their aim is to draw the Israelis into urban war and they think they're succeeding."

The Washington Post (7/8, A8, Wilson, 744K) reports that Israelis continue to make progress "so slowly against gunmen outwardly undaunted… many from the armed wing of the governing Hamas movement." The "Hamas forces were joined in large numbers by gunmen from the al-Aqsa Martyrs Brigades, the armed wing of the Fatah movement, which suffered the bulk of the day's casualties." Meanwhile "Israeli officials acknowledged Friday that ground operations in Gaza -- Israel's first in nearly a year since evacuating the area -- could last for some time." The New York Times (7/8, Erlanger, 1.19M) adds, "Israeli troops mostly held their ground, securing positions in northern Gaza taken on Thursday."

Israeli Incursion Unifies Palestinians. The New York Times (7/8, Erlanger, 1.19M), "There is a sudden, pressured unity of Palestinian factions, whose militants have been fighting one another for months in Gaza since Hamas took over the Palestinian Authority after winning at the polls. Even

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the Palestinian president, Mahmoud Abbas of Fatah, and prime minister, Ismail Haniya of Hamas, have been thrown together in their inability to resolve the case of Corporal Shalit, which seems to be in the hands of Hamas leaders in exile. But few here expect this unity to last much beyond this current crisis.

Reporter Argues Progress Will Come Slowly. Eleanor Clift writes in a column in Newsweek (7/8), "Brinkmanship is a way of life in the Middle East," and we must "decipher whether the ongoing crisis is the first phase of the next war, or just another roadblock on the ever elusive path to peace." Part of the problem is, "as one Israeli journalist told us, this conflict is not about lines on a map; it's about intimacy" as well as "legitimacy and safety, and until both sides achieve some modicum of well being, or deterrence, there will be no peace." Still, former Prime Minister Shimon Peres, "does point to glimmers of progress. There are Arab voices speaking up for the first time against the taking of the Israeli soldier." Such "change in the Middle East is made slowly and painfully if it's made at all."

Tension Rises As Obrador Prepares Protests Of Mexican Election Count. The New York Times (7/8, Mckinley, Thompson, 1.19M) reports, "Mexico hung in limbo on Friday, as tensions rose between those seeking a recount in the presidential race and those seeking to accept Felipe Calderón as the winner and move on." This "election has exposed deep divides in society, along class and regional lines" and "put the strength of the young democracy to its toughest test." Supporters of Andrés Manuel López Obrador "girded for fights in court and on the streets, beginning with a rally scheduled for Saturday," and "Mr. López Obrador, who has made a career of challenging elections, prepared to try to prove that the electoral system remained flawed." He "left little doubt at a news conference on Thursday that he was considering mass marches as a next step" should the court not order a recount."

The Los Angeles Times (7/8, Tobar, Boudreaux, 958K) adds, "Top aides to leftist candidate Andres Manuel Lopez Obrador… edged close to demanding that the entire vote be nullified." His "camp revealed a two-part strategy to deny a victory to conservative Felipe Calderon:" They are "insisting on a recount" and alleging "that President Vicente Fox improperly influenced the vote," saying his "many TV and radio commercials touting his administration's successes were a thinly veiled attempt to aid his party's candidate." If accepted, that claim would require a new election. However, "Beyond the legal issue, it was uncertain whether" Mexico's electoral tribunal "would be willing to risk the political and social conflict sure to follow the nullification of a presidential election."

The Wall Street Journal (7/8, Luhnow, Lyons, De Cordoba, 2.11M) notes that Obrador's "support among many may already be flagging, including his allies on the left. Three other political parties that took part in the election, including the country's former ruling party, the Institutional Revolutionary Party, said Friday that the vote was clean. Two of the parties extended their congratulations to winning conservative-party candidate Felipe Calderón." Also, "some senior members of his own party declined to RSVP" for the rallies. Meanwhile, "Obrador must hope the turnout is both massive and peaceful, or risk frightening middle-class Mexicans." Still, "Obrador's political skills and ability to mobilize protests are legendary."

Professor Says US Policies Are Causing Mexican Upheaval. Greg Grandin, a professor of history at New York University, writes in an op-ed in the New York Times (7/8, 1.19M), "For the last decade and a half, Washington and its allies in Mexican politics, including Mr. Calderón, have promoted a free-trade economic model that has failed to deliver the prosperity its advocates promised." Now, "Mexico's current electoral crisis likewise is propelled by rural unrest — this time largely brought about by the anger of agricultural workers displaced by the North American Free Trade Agreement," and "these problems, combined with Mexican anger over the immigration debate in the United States, run the risk of souring relations between our two countries for the foreseeable future. But there is a way the Bush administration can help to set things on a different course." It "should not rush to embrace" Calderón as the election's victor." Instead, "the best thing the United States can do now is to support the push for a recount and to refrain from calling on Mr. López Obrador to concede." Finally, "the White House should renegotiate Nafta, allowing Mexico to set its own policy in support of its rural economy." Otherwise, the Bush administration could "help begin yet another season of Mexican upheaval."

WPost Warms Both Candidates To Tread Cautiously. The Washington Post (7/8, A14, 744K) editorializes, "Mexico now enters a perilous political moment." Obrador "has called a mass demonstration today in Mexico City to protest what he calls the fraudulent election results," and "his own unproven allegations of 'manipulation' in the vote's tallying are worrying." Obrador "ought not use the power of his oratory, or the adulation of his followers, to nudge the country toward class warfare while he pursues a legal challenge that could last up to two months." That "would hurt Mexico's international reputation and its allure to investors." However, "Calderon should tread carefully, too," as, if he "is to succeed as the leader of Mexico and its 106 million people, he will need to convince the have-nots -- not just the haves who already believe it -- that they stand to gain from his policies."

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Brazil And Venezuela Compete For Leadership Of South America. Knight Ridder (7/8, Chang) reports, "tensions are growing between" Brazil and Venezuela as "the two countries over who will lead South America." Venezuelan President Hugo Chavez "attempted to unite Latin America under his leadership" and "angered Brazilian officials with what they see as confrontational tactics." This "began in May when Bolivian President Evo Morales nationalized natural gas fields in Bolivia," but "the hostility deepened this week when Venezuela formally joined the South American trade bloc Mercosur, which includes Argentina, Brazil, Paraguay and Uruguay." Brazil "has long dominated" the bloc, "and Brazilian officials worry that Chavez will use the bloc to expand his power at Brazil's expense." Now "some Brazilian diplomats are questioning Chavez's value as an ally and are calling for a tougher approach," but, "despite the growing rift, Chavez and Lula remain political allies, at least publicly."

US Considering Further Restrictions Upon Cuban Diplomats. The Miami Herald (7/8, Bachelet, 323K) reports, "The Bush administration is said to be considering retaliation for what it claims are harassments that U.S. diplomats face in Havana, including the poisoning of family pets and the dumping of feces in U.S. diplomats' homes." An anonymous U.S. government official "said reprisals against the Cuban mission in Washington were 'always under consideration,'" and "Rep. Lincoln Díaz-Balart, R-Miami, is pushing a measure that would force diplomats from countries designated as state sponsors of terrorism -- including Cuba -- to register all their lobbying contacts in Congress, presumably making congressional offices more reluctant to talk to the Cubans." Still, "U.S. officials insist that the Cubans have it easy next to their U.S. counterparts in Havana," who can't buy many things locally and have no access to government officials.

China May Force Foreign Companies To Unionize. The Wall Street Journal (7/8, Fong, 2.11M) reports, "China may force foreign companies to allow trade unions under a proposed legal amendment apparently aimed at union-free companies such as Wal-Mart Stores Inc." Under a law proposed by Wang Zhaoguo, China's top trade-union official and lawmaker, it would be "compulsory for foreign-funded companies to unionize." This is "likely to escalate tensions between the world's largest retailer and China, a crucial manufacturing source of its merchandise." While "Wal-Mart appeared to adopt a relatively conciliatory stance in China when it agreed to allow its Chinese workers to form unions if they wanted to" in 2004, All-China Federation of Trade Unions officials "complained that the company was obstructing union officials from recruiting Wal-Mart workers. ACFTU also threatened official reprisals such as fines and additional workplace inspections."

China To Prosecute Violations Of One-Child Policy. The Washington Post (7/8, A12, Pan, 744K) reports the Chinese government is preparing to prosecute "a blind peasant who exposed excesses by authorities" in enforcing the one-child policy in eastern China, where local officials were accused by residents of "forcing thousands of people to undergo sterilization or to abort pregnancies." The AP says the decision "highlights the growing clout of hard-liners in the party since President Hu Jintao took office three years ago."

Spain Finds First Case Of Avian Flu. The Los Angeles Times (7/8, 958K) reported that Spain's Agriculture Ministry said Friday that it "has recorded its first case of H5N1 bird flu" from "a water fowl in a marsh area outside the northern city of Vitoria." Already "outdoor poultry farming had been banned within six miles of marshlands where migratory birds tend to gather," and now "a protective area of two miles was declared around the area."

French Debate Over Immigration Heats Up. The New York Times (7/8, Smith, 1.19M) reports France's immigration debate "heated up Friday with opposition Socialists demanding to know how many undocumented immigrants the government plans to deport before the start of the new school year." Under recently tightened immigration rules, the government has "begun tracking down families lacking residency papers through children registered at French schools, vowing to expel them during the summer holidays." The new policy has "already led to a handful of deportations and threatened to split families," but in order to "assuage critics and the news media, the government said in mid-June that it would grant residency papers to a limited number of families on a case-by-case basis." However, the Times says that has "brought a crush of anxious immigrants to government offices around the country hoping that they might be granted residence papers before the August deadline."

Mittal To Build Steel Plant In India. The New York Times (7/8, Gentleman, Timmons, 1.19M) reports the chief of Dutch steel Mittal, Lakshmi Mittal visited India Friday where he announced plans to invest "as much as $9 billion in a steel plant in an impoverished eastern area of the country." The plant would be one of India's largest, with a capacity of 12 million tons a year, the Times notes.

THE BIG PICTURE:

Headlines From Today's Front Pages.

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Los Angeles Times:
"Plot On N.Y. Tunnels Alleged."
"Ultimate Penalty In Graft Case."
"Class Of '76 Got Chatty."
"In Arabs' Eyes, The US Is On Trial, Not Hussein."
"Leftist To Seek Recount In Mexican Election."
"Saluting A Marine And Angels Fan."

New York Times:
"General Faults Marine Response To Iraq Killings."
"3 Held Overseas In Plan To Bomb New York Target."
"An Internet Lifeline For Troops In Iraq And Loved Ones At Home."
"A Drive To Root Out The Resurgent Taliban."
"That's What Friends In High Places Are For."
"Here's Proof That New Yorkers Like To Complain."

Washington Post:
"US And Russia To Enter Civilian Nuclear Pact."
"Plot To Attack N.Y. Foiled."
"Meeting Danger Well South Of The Border."
"Signs Of Detainees' Planning Alleged."
"Va. Police Chief Apologizes For Raid Of Homeless Camp."

Washington Times:
"Missile Defense 'Modest,' Says Bush."
"FBI Foils New York Terror Plot."
"Britain's 2 Minutes Of Silence Honor Transit Bomb Victims On Anniversary."
"House Told Criminals Swelling Alien Tide."
"Israel Pursues Palestinians With Warplanes And Tanks."
"Writer's Suit Throws Book At 'Deep Throat.'"

Detroit Free Press:
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"New York City Tunnels Targeted."

Atlanta Journal-Constitution:
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"Attack On N.Y. Tunnels Thwarted."
"Political Hand-Holding."
"Heavy Hitters Went To Bat For Austin."

Dallas Morning News:
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"For Mayor, Split Image Intact."
"Report May Conquer Fear Of Flying With Pets."
"Plot To Hit NYC Trains Disrupted."

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"Texas' Patient Care Law At Hub Of Local Dispute."
"Fighting For A Texas Treasure."
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"Air Is More Breathable In One East End Area; Others Worsen."

Story Lineup From Last Night's Network News:
ABC: New York Bomb Plot; London Bombing Anniversary; Haditha Investigation; North Korea Missiles; General Motors Partnership; Jobs Report; Artificial Blood Experiment; Shuttle Astronauts.
CBS: New York Bomb Plot; London Bombing Anniversary; Haditha Investigation; North Korea Missiles; GM & Corporate Pensions; Medicare Drug Plan;
NBC: New York Bomb Plot; London Bombing Anniversary; North Korea Missiles; Shuttle Docks At Space Station; Gaza Invasion; Oil Prices; Haditha Investigation; Jobs Report; General Motors Partnership.

WASHINGTON'S SCHEDULE:

Today's Events In Washington.

White House:

PRESIDENT BUSH – No schedule available.
VICE PRESIDENT CHENEY -- No schedule available.

US Senate: -- No events scheduled.

US House: -- No events scheduled.

Other. ALL DAY

July 6 - 8. AIRLINE COLLECTIBLES SHOW _ Sellers, buyers, pilots, engineers, flight afficianados, historians, authors and airline memorabilia collectors gather for the Airliners International 2006. Highlights: 8:30 p.m. - 10 p.m. Keynote address by Igor Sikorsky, Jr., son of Igor Sikorsky, Sr. Topic: ``Memories of an Aviation Pioneer." Location: Sheraton Premiere Hotel at Tysons Corner, 8661 Leesburg Pike, Vienna. Contacts: Marc Wojno, 703-803-1412

July 7 - 11. FOLKLIFE FESTIVAL _ Second session of the Smithsonian Folklife Festival, focusing on life in the Canadian province of Alberta, evening concerts celebrating African American music from New Orleans, Latino music of Chicago, basketweavers from a wide variety of geographical regions, and others. Location: On the Mall between 7th and 14th Streets, NW. Contacts: Becky Haberacker, 202-633-5183

July 7 - 8. 8:45 a.m. YOUNG ONSET PARKINSON CONVENTION _ The National Parkinson Foundation hosts the fourth annual Young-Onset Parkinson Network Convention. Presentations and workshops on research, medical treatments, support and networking for young Parkinson's patients. Highlights: 11:45 a.m. Luncheon keynote by Cherie Zaun, former LPGA pro golfer, diagnosed in 2003. Location: Hyatt Regency-Reston, 1800 President St., Reston. Contacts: Christie Lowey, 305-448-2930

July 8 - 12. CANCER CONFERENCE _ The International Union Against Cancer and the American Cancer

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Society hold the 2006 World Cancer Conference, international cancer and tobacco control conferences. Highlights: 6 p.m. - 7:30 p.m. Plenary session: ``Bridging the Gap: The Global Cancer Challenge." With Barbara Bush, former first lady; former president George H. Bush Sr., C-Change; Sally West Brooks, USA board chair, American Cancer Society; John Seffrin, past president, UICC; Franco Cavalli, president, UICC; Harmon Eyre, program chair, UICC World Cancer Congress 2006. Location: Washington Convention Center, Mt. Vernon Square. Contacts: Becky Steinbeck, 678-613-6892

2 p.m. INDIA-HIV/AIDS _ Activists hold a rally to urge India not to adopt new legislation that would limit affordable AIDS medications worldwide. Location: Indian Embassy, 2107 Massachusetts Ave., NW. Contacts: Dr. Vineeta Gupta, 202-789-0432

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USDOJ- Office of Public Affairs

From:	USDOJ- Office of Public Affairs
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To:	USDOJ- Office of Public Affairs
Subject:	Department of Justice News Clips for Saturday, July 08, 2006
Attachments:	dojclips060708.pdf; dojclips060708.doc

DEPARTMENT OF JUSTICE *NEWS CLIPS*

PREPARED FOR THE OFFICE OF PUBLIC AFFAIRS, US DEPARTMENT OF JUSTICE

TO: THE ATTORNEY GENERAL AND SENIOR STAFF

DATE: SATURDAY, JULY 8, 2006 7:45 AM EDT

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TERRORISM NEWS:

Justices Tacitly Backed Use Of Guantánamo, Bush Says (NYT)

By Sheryl Gay Stolberg

The New York Times, July 8, 2006

WASHINGTON, July 7 — In his most detailed comments to date on the Supreme Court's rejection of his decision to put detainees on trial before military commissions, President Bush said Friday that the court had tacitly approved his use of the detention center at Guantánamo Bay, Cuba.

"It didn't say we couldn't have done — couldn't have made that decision, see?" Mr. Bush said at a news conference in Chicago. "They were silent on whether or not Guantánamo — whether or not we should have used Guantánamo. In other words, they accepted the use of Guantánamo, the decision I made."

Mr. Bush's remarks put a favorable spin on a ruling that has been widely interpreted as a rebuke of the administration's policies in the war on terror. The court, ruled broadly last week in Hamdan v. Rumsfeld that military commissions were unauthorized by statute and violated international law.

The question of whether Mr. Bush had properly used Guantánamo Bay to house detainees was not at issue in the case. At issue was whether the president could unilaterally establish military commissions with rights different from those allowed at a court-martial to try detainees for war crimes.

Mr. Bush has said since the ruling that he will work with Congress to figure out how to use military commissions to try detainees, a promise he repeated on Friday in Chicago.

"I am willing to abide by the ruling of the Supreme Court," the president said.

The Chicago news conference, which featured local reporters asking the president questions alongside the regular members of the White House press corps, was designed by the White House to give the president more exposure in the country at a time when his poll numbers are declining and Americans are uneasy with his leadership on the economy and the war in Iraq.

But members of the Chicago press did not serve up softball questions. The issue of Mr. Bush's polls came up when a reporter asked about a fund-raiser the president planned to attend for Judy Baar Topinka, the Republican candidate for Illinois governor.

"An aide to Judy Topinka was quoted as saying that given your low approval ratings in the polls, they prefer you to come here in the middle of the night," the reporter said.

"Didn't work," Mr. Bush replied. "I'm coming to lunch."

The president also gave an endorsement of sorts to Patrick J. Fitzgerald, the special prosecutor who handled a leak investigation involving Karl Rove, Mr. Bush's chief political adviser.

Mr. Bush said Mr. Fitzgerald, who is also the United States attorney in Chicago, had done a "very professional job" in handling the leak investigation, which resulted in the indictment of I. Lewis Libby Jr., the former chief of staff to Vice President Dick Cheney. Mr. Rove was not indicted.

Bush Asks UN To Lean On N. Korea (BOS)

By Rick Klein

The Boston Globe, July 8, 2006

WASHINGTON -- President Bush yesterday called on the United Nations to send a clear message of disapproval to North Korea in the wake of this week's missile tests, asserting his faith in a diplomatic solution to the foreign policy crisis despite his frustration with the pace of international negotiations.

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In a news conference in Chicago, Bush said the diplomatic process can be ``slow and cumbersome" and ``painful in a way for some to watch," but he believes that diplomacy will resolve the standoff over North Korea's nuclear weapons capabilities. The president added that he has confidence in the UN Security Council and in multiple-nations talks with North Korea.

``What matters most of all is for [North Korean President] Kim Jong Il to see the world speak with one voice," Bush said at Chicago's Museum of Science and Industry. ``What I believe is we can solve the problem diplomatically."

Despite his frustrations over the process, Bush's comments signaled a patient approach toward North Korea, a nation he famously placed alongside Iraq and Iran in the ``axis of evil."

``We've created a framework that will be successful," he said. ``It takes time to get things done."

Pressed repeatedly on why he pushed to topple Saddam Hussein in Iraq but is hesitant to even discuss the use of force against North Korea, Bush deflected the questions, insisting that diplomacy remains the first option.

Asked whether the US military, stretched by simultaneous wars in Iraq and Afghanistan, could sustain a third conflict with North Korea, Bush said he wouldn't answer hypothetical questions. A few minutes later, he questioned a reporter's assertion that North Korea -- which tested medium- and long-range missiles earlier this week -- has increased its nuclear arsenal.

``I don't think we know that," Bush said .

Earlier this week, North Korea fired seven missiles, all of which fell harmlessly into the sea, in defiance of international warnings and despite a self-imposed moratorium on the testing of long-range missiles. One of the missiles was thought to be capable of reaching the west coast of the United States.

Washington is pushing the UN Security Council for quick condemnation of the tests, but China and Russia -- two permanent members of the council -- are resisting sanctions against North Korea. China and Russia have not said whether they will veto any action .

On another issue with national security implications, Bush said he drew no broader implications from last week's Supreme Court ruling striking down the military commissions he ordered to try detainees held in the US Navy base at Guantanamo Bay, Cuba. Although the high court ruled that Bush had overstepped his authority, the president quickly noted that the court was silent on the question of whether Guantanamo is an appropriate place to hold suspected terrorists.

``The Supreme Court said that in this particular case, when it comes to dealing with illegal combatants who were picked up off a battlefield and put in Guantanamo for the sake of our security, that we should work with the United States Congress to develop a way forward," Bush said. ``They accepted the use of Guantanamo, the decision I made."

Bush used the news conference to push for his top domestic priority this year: comprehensive immigration reform. The House and Senate have passed vastly different immigration bills, and Bush restated his support for the Senate approach, which pairs new border-enforcement mechanisms with a guest-worker program and a path to citizenship for most of the estimated 12 million undocumented immigrants now in the United States.

``In order to enforce this border, we've got to have a rational way that recognizes there are people sneaking across to do work Americans aren't doing," Bush said.

The president also said he is certain that Republicans will retain control of the House and Senate this fall. He laughed when asked whether he would stay away from the campaign trail because of his dismal approval ratings.

``That's up to the candidates to decide," Bush said. He noted that he is still a draw at Republican fund-raisers -- including a $500-a-plate gubernatorial candidate luncheon he attended in downtown Chicago just a few hours after the news conference.

``You win elections by believing something," Bush said in a swipe at Democrats. ``You win elections by having a plan to protect the American people from terrorist attacks. You win elections by having a philosophy that has actually produced results."

Yesterday's news conference was atypical for its location: In the past, Bush has favored the White House for full-scale, question-and-answer sessions with reporters. The location is part of a new strategy to have the president interact more with local reporters -- and make a bigger media splash in the towns he visits outside of Washington.

``I like to see what it's like to have a major press conference outside of Washington," said Bush, who stood in front of a giant banner featuring the Chicago skyline.

GOP Will Keep Its Majorities, Bush Predicts (LAT)

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By Peter Wallsten, Times Staff Writer

The Los Angeles Times, July 8, 2006

On a swing through Chicago, the president says: 'You win elections by believing something.' He also hints at a tack on the Guantanamo ruling.

CHICAGO — Vowing that the Republican Party would fend off Democratic gains in the November congressional elections, President Bush on Friday demonstrated part of his new strategy for victory: Stay close to the usual script — but do it in an unusual place.

Bush took the uncommon step of holding a formal news conference away from the White House, and he cast aside his typical practice of one-day trips in favor of spending a night and a day in the city. In Chicago, he cracked, the locals might not be so bored of his old stories.

In addition to headlining a fund-raiser for the Republican candidate for governor — a traditional role for the president — Bush toured a museum, went out for a fancy dinner with the mayor, and lingered at a crowded breakfast joint for an hour. They were unusual moves for a man who is not known for a love of tourism and prefers sleeping in his own bed after a quiet dinner at home.

"I like to see what it's like to have a major press conference outside of Washington," he said, standing in the cavernous rotunda of the Museum of Science and Industry, with old airplane models hovering overhead.

"It might do me some good," he added.

His hourlong exchange with local reporters and the traveling White House press corps contained little news, and was notable mainly for the setting and for Bush's insistence that he intended to be a factor in this year's elections — low approval ratings or not.

Asked about a published remark by an aide to Judy Baar Topinka, the GOP gubernatorial candidate, that the campaign would be better off if the president came in the middle of the night, Bush shot back: "I'm coming to lunch."

What's more, he proclaimed that the $1.2-million fundraiser would be a success. And he brought into sharper focus what is likely to become the White House's campaign message for future road trips: Republicans will keep Americans safe, keep taxes low, and offer more ideas than the Democrats.

"You win elections by believing something," Bush said. "You win elections by having a plan to protect the American people from terrorist attack. You win elections by having a philosophy that has actually produced results — economic growth, for example — or kind of changing the school systems for the better, or providing prescription drug coverage for elders."

Despite polls that indicate Democrats are positioned to make gains in November, Bush said Republicans would retain control of the House and Senate. "I'm looking forward to these elections," he said. "I think you'll be surprised."

Answering a question about his authority to try detainees before military tribunals, Bush reiterated his belief that the Geneva Convention does not apply to detainees being held at Guantanamo Bay, Cuba.

"The Geneva Conventions were set up to deal with armies of nation-states," he said. "You've got standard rules of war. So, this is new ground. This is different than any president has been through before, in terms of how to deal with these kind of people that you're picking up off a battlefield and trying to protect the American people from."

His comments appeared to contradict last week's 5-3 ruling by the Supreme Court, written by Justice John Paul Stevens, that said a provision of the Geneva Convention governing combatants not tied to nation-states applies to the fight against Al Qaeda.

Bush said Friday that he was "willing to abide by the ruling." But coming as administration officials continue to examine the ruling, Bush's comments were another indication that the White House was moving toward a very narrow interpretation of the court decision.

Legal experts and detainees' advocates have insisted the ruling means the Geneva Convention covers all detainees at Guantanamo and, possibly, Al Qaeda leaders being held in undisclosed locations.

Reinforcing the message that Bush was far outside the Beltway, he stood before a giant picture of the city skyline displaying, in giant letters, "CHICAGO."

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The overwhelmingly Democratic city in a blue state seemed a peculiar choice as a kickoff for the new White House communications strategy, particularly in light of headlines that greeted the president and his entourage Friday morning.

On Thursday, a former top aide to Mayor Richard M. Daley and three other city officials were convicted of directing city jobs to campaign workers. The convictions were the work of a prosecutor familiar to Bush, U.S. Atty. Patrick J. Fitzgerald, who as a special prosecutor has been leading the investigation into who leaked the name of former CIA officer Valerie Plame to the media. That investigation has led to the indictment of Vice President Dick Cheney's former chief of staff.

Though Daley is a Democrat whose family name symbolizes that party's dominance in Chicago politics, the mayor and Bush have built a friendship. The two dined together Thursday night at the famed Chicago Firehouse Restaurant.

Asked how he viewed Daley in light of the convictions, Bush said: "I still think he's a great mayor."

As for Fitzgerald, who last month informed White House strategist Karl Rove that he would not be charged in the CIA leak investigation, Bush lauded the prosecutor for his professionalism and his ability to stay out of the news. "You didn't see a lot of people kind of dropping a little crumb here for the press to chew on," Bush said.

Times staff writers Peter Spiegel in Washington and P.J. Huffstutter in Chicago contributed to this report.

Signs Of Detainees' Planning Alleged (WP)

By Josh White

The Washington Post, July 8, 2006

Three suicides at the U.S. detention facility at Guantanamo Bay, Cuba, may have been part of a broader plot by detainees who were using confidential lawyer-client papers and envelopes to pass handwritten notes their guards could not intercept, according to documents that government lawyers filed yesterday in federal court.

Detainees could apparently hide documents in their cells -- including instructions on how to tie knots and a classified U.S. military memo regarding cell locations of detainees and camp operational matters at Guantanamo -- by keeping the materials in envelopes labeled as lawyer-client communications. Notes that investigators found after the suicides on June 10 were apparently written on the back of notepaper stamped "Attorney Client Privilege," which allowed detainees to communicate secretly without interference, according to government officials.

The alleged discoveries have led military commanders to suspend allowing detainees to have paper provided by defense lawyers. Government lawyers have also asked a judge on the U.S. District Court for the District of Columbia to allow them to assemble "filter teams" to scour more than 1,100 pounds of documents seized by investigators, some of which are protected by lawyer-client privilege and would usually be off-limits to authorities.

Defense lawyers for Guantanamo detainees said that their clients are closely monitored and should have no way to pass such notes, and that the filing yesterday is designed to complicate their efforts.

In an affidavit filed with the court, Rear Adm. Harry B. Harris Jr., the facility's commander, said the Naval Criminal Investigative Service has information that suggests the suicides "may have been part of a larger plan or pact for more suicides that day or in the immediate future."

He also said that on June 22, he asked NCIS to investigate whether the suicides were "otherwise encouraged, ordered, or assisted by other detainees or third persons" -- implying that the probe could extend to lawyers for the men -- and whether their private communications could have included improper materials.

Lawyers are permitted to share with detainees legal communications or publicly filed documents, but they are not allowed to pass classified or "protected" information to clients.

Barbara Olshansky of the Center for Constitutional Rights, which represents most of the Guantanamo detainees, said the allegations that lawyers could have played a role in the suicides are "patently offensive" and "outrageous." She said the government is again trying to make it difficult for lawyers to represent the 450 detainees held there.

"I can't imagine what they think they've found," Olshansky said last night. "All I can see this as is an elaborate ruse to take away whatever these people have so they have absolutely nothing, and to make these lawyers fight for yet another thing."

Investigators impounded detainees' written materials on June 14, taking them from plastic bins the detainees use to store personal items and papers, according to the court filing and an affidavit by Carol Kisthardt, an NCIS special agent in charge of

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the agency's Southeast field office. Four days later, investigators focused on materials related to 11 detainees, though government lawyers did not detail why they picked those men.

"The materials uncovered in these initial searches comprising a very small amount of detainee materials demonstrated, however, that detainees had developed practices for misusing the existence of a privileged attorney-client communication system," the government lawyers wrote, "presumably to shield the communications from the suspicion or scrutiny of JTF-Guantanamo guards, who have not been permitted to inspect or review attorney-client communications."

The court papers say that investigators found suicide notes written in Arabic on the bodies of the detainees and that they found notes hidden in the wire mesh of their cells and neighboring cells.

The discovery of the papers "indicated the passing of materials and messages between detainees and that some level of planning or coordination of the suicides had taken place" because two of the men had never been visited by attorneys, yesterday's filing says. The three detainees used torn bedsheets and clothing to hang themselves, military officials have said.

Defense lawyers have called the suicides acts of desperation by detainees who saw no hope of being released or of having a fair trial.

"The whole concept that these suicides are a plot or a plan is of a piece with the absurd contention that suicide is an act of warfare in this setting," said David Remes, a Washington lawyer who represents a group of Guantanamo detainees. "What comes through to me is that the military has found a way to use the suicides to break through a very carefully constructed and painstakingly negotiated mechanism of protecting the attorney-client privilege."

David Engelhardt, who represented Ali Abdullah Ahmed, a Yemeni detainee who killed himself June 10, said there is no way to know if there was a suicide plot because he was never granted access to his client.

"A plot to do what?" Engelhardt said. "Who exactly did he hurt by hanging himself? What do you have to gain besides the stretching of your own neck? This is offensive and ignorant."

Convicted U.S. Civil Rights Lawyer Seeks Non-prison Sentence (FINDLAW/AP)

By Larry Neumeister, Associated Press Writer

AP, July 8, 2006

(AP) - NEW YORK-Attorneys for U.S. civil rights lawyer Lynne Stewart have asked a judge to spare her a prison sentence for her conviction in a terrorism case despite a recommendation by the federal probation department that she serve 30 years.

The attorneys filed papers Wednesday in U.S. District Court in Manhattan asking that the judge take into consideration Stewart's bout with breast cancer, her age, 66, and three decades of selfless service as a lawyer in sentencing her on Sept. 25.

Stewart was convicted in February 2005 of providing material support to terrorists by releasing the message of a notorious jailed client, Sheik Omar Abdel-Rahman. She also was convicted of defrauding the government and making false statements.

Abdel-Rahman, a blind cleric from Egypt, was convicted of seditious conspiracy for his advisory role in a plot to blow up five New York City landmarks, including the United Nations in 1995.

One of Stewart's lawyers, Elizabeth Fink, called a U.S. Probation Department pre-sentencing report that recommended Stewart serve the maximum possible sentence of 30 years "draconian, inhumane and ludicrous."

A message left with a spokeswoman for the federal prosecutors' office was not immediately returned Thursday.

Stewart was diagnosed with breast cancer last year, and her sentencing has been delayed while she undergoes treatment.

In her court papers, Fink quoted the nonpublic pre-sentencing report as saying: "We hope that this sentence of 30 years will not only punish Stewart for her actions but serve as a deterrent for other lawyers who believe that they are above the rules and regulations of penal institutions or otherwise try to skirt the laws of this country."

Pre-sentencing reports are advisory documents prepared by court employees and considered by judges before they determine sentences.

Fink said lawyers for criminal defendants perform their constitutional duties every day under difficult and depressing circumstances and for little money.

"The deterrence they want to accomplish here is to frighten lawyers into submission and destroy zealous advocacy," she wrote.

Fink said the conviction, disbarment and a non-prison sentence would serve adequate deterrence to other lawyers.

"To put Lynne Stewart in prison in order to teach criminal lawyers how to behave is outrageous," she said.

The lawyer wrote that there was no question that Stewart made a serious mistake "and by doing so, ruined her life."

But Fink added that Stewart improved the lives of thousands during three decades of practicing law and "restored faith in America and its justice system to thousands of people."

Stewart was convicted along with Mohamed Yousry, an Arabic interpreter, and Ahmed Abdel Sattar, a U.S. postal worker.

Yousry and Stewart, both convicted of providing material support to terrorists, face up to 30 years in prison. Sattar, convicted of conspiracy to kill and kidnap people in a foreign country, could face life in prison.

The three will be sentenced by U.S. District Judge John G. Koeltl. He already has upheld the jury verdict, rejecting Stewart's claim that her client Abdel-Rahman was engaging in protected speech when he expressed his opinion about a cease fire by Islamic militants in Egypt that Stewart passed along in a 2000 press release.

Besides the material support conviction, Stewart also was convicted of defrauding the government and making false statements for breaking her promise to abide by special rules the government imposed on the sheik to prevent him from communicating with his followers.

FBI Foils New York Terror Plot (WT)

By Jerry Seper

The Washington Times, July 8, 2006

Federal agents, working with security officials in Lebanon and other foreign law-enforcement and intelligence agencies, have disrupted a terrorist network planning to attack train tunnels between New York and New Jersey, authorities said yesterday.

Lebanese security officials, acting on a U.S. request, have arrested Assem Hammoud, 31, a Beirut native, and said he admitted belonging to an "extremist organization" planning to carry out "a significant act of terrorism."

FBI Assistant Director in Charge Mark Mershon, who heads the bureau's New York field office, said the attacks tentatively were scheduled for October or November, but that none of the eight "principal players" identified in a yearlong investigation had yet been in the United States.

Mr. Mershon said Hammoud pledged his allegiance to al Qaeda and its leader, Osama bin Laden, and that the suspected conspirators were focusing on Port Authority of New York and New Jersey train tunnels that carry tens of thousands of commuters under the Hudson River daily.

"The planning or the plotting for this attack had matured to the point where it appeared the individuals were about to go to a phase where they would attempt to surveil targets, establish a regimen of attack and acquire the resources necessary to effectuate the attacks," Mr. Mershon said.

"At that point, I think it's entirely appropriate to take it down."

Law-enforcement officials said FBI agents, who monitored Internet chat rooms and e-mail messages used by suspected terrorists, discovered the scheme. At least two other arrests reportedly were made, but details were unavailable. The U.S. Embassy in Beirut declined comment.

The other five suspects remain at large.

FBI officials in Washington said that while al Qaeda continues to have an interest in attacking the United States, there is no credible information about any specific threat or target.

"At this time, we have no indication of any imminent threat to the New York transportation system or anywhere else in the U.S.," said FBI spokesman Richard Kolko at the bureau's Washington headquarters, adding that the FBI, through the New York Joint Terrorism Task Force, is continuing to investigate suspected terrorist activities in this country and abroad.

Rep. Peter T. King, New York Republican and chairman of the House Committee on Homeland Security, told CNN he had been aware of the investigation for nine months and described the conspiracy as "serious." He said authorities had monitored the suspected terrorists "very closely," adding that the New York transit system is "as safe as it can be."

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"This certainly was a serious plot against the New York transit system," he said, adding that his knowledge of the investigation was, in part, one of the reasons for his anger last month when the Department of Homeland Security announced cuts in anti-terrorism grants for New York City.

The grant for New York, where 3,000 people were killed on September 11, 2001, when al Qaeda terrorists slammed two jetliners into the World Trade Center, dropped from $207 million to $124 million.

At the time, the seven-term lawmaker said Homeland Security and the Bush administration had "declared war on New York."

"It's a knife in the back to New York, and I'm going to do everything I can to make them very sorry they made this decision," Mr. King said.

The proposed attack was first reported yesterday by the New York Daily News, which said it was intended to coincide with the first anniversary of a terrorist strike on the London transportation system that killed 52 persons. The newspaper said the Holland Tunnel, a roadway for cars and trucks, was a major target. Authorities yesterday said the Holland Tunnel was not a target.

Mr. King suggested federal authorities were not yet ready to make arrests, but acted after the Daily News story broke. He said, "I wish it had been held. It would have been better if this had not been disclosed."

House Speaker J. Dennis Hastert, Illinois Republican, called the "interruption" of a terrorist plot targeting New York's train tunnels "yet another reminder that we must remain steadfast in our fight against terrorism."

"In the past few months, law-enforcement officials have thwarted several terror plots including threats against Chicago's Sears Tower and federal buildings in Miami, and they have disrupted a terror cell in Canada. House Republicans will continue to provide the brave men and women fighting to win the global war on terror the resources they need to finish the job," he said.

The Lebanese Security Service and Beirut's intelligence agency, working with U.S. authorities, have vigorously sought to counter ongoing efforts by al Qaeda to establish a stronghold in that country.

In January, Lebanese authorities arrested 13 suspected al Qaeda terrorists, charging them with "establishing a gang to carry out terrorist acts, forging official and private documents and possessing unlicensed arms." Those arrested included seven Syrians, three Lebanese, a Saudi Arabian, a Jordanian and a Palestinian.

On June 23, seven men also were indicted in a conspiracy to bomb the Sears Tower in Chicago and five government buildings in Miami. The men, called "homegrown terrorists" by Attorney General Alberto R. Gonzales, were accused of providing material support to terrorist organizations, including al Qaeda. They also were charged with conspiracy to maliciously destroy buildings by means of an explosive device and conspiracy to levy war against the United States.

The seven include five U.S. citizens, one legal permanent resident and one Haitian national in the United States illegally, ranging in age from 22 to 32.

FBI Deputy Director John Pistole described that suspected plot as "aspirational, rather than operational."

Filmmaker Sues U.S. Over Iraq Detention (LAT)

By Henry Weinstein

The Los Angeles Times, July 8, 2006

A Los Angeles filmmaker who was imprisoned in Iraq for 55 days sued Secretary of Defense Donald Rumsfeld and other high-ranking military officials Friday, alleging that his detention violated his civil rights, the law of nations and the Geneva Convention.

Mark D. Rosenbaum, legal director of the ACLU of Southern California, said the suit is the first civil action challenging the constitutionality of the U.S. government's detention and hearing policies in Iraq.

Cyrus Kar, 45, of Los Feliz was freed a year ago, just days after the American Civil Liberties Union sued seeking his release. The new lawsuit, filed in federal court in Los Angeles, seeks damages for Kar and broad changes in the government's detention policies.

"The abuses experienced by Mr. Kar — prolonged arbitrary detention without charge, the systematic denial of access to counsel, and the absence of any court in which to challenge the legality of his detention — are the norm for thousands of persons

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held in U.S. military detention in Iraq," the suit asserts, citing reports by the United Nations Assistance Mission for Iraq, the International Committee of the Red Cross and Amnesty International.

"Human rights monitors note that the vast majority of the over 15,000 detainees in U.S. military custody in Iraq have never been charged, tried, provided counsel, or allowed to challenge their detention in court, and over one-fifth of them have been detained for over a year in this manner," according to the suit.

In addition, the suit cites a 2004 Red Cross report that said military intelligence officers of coalition forces acknowledged "between 70% and 90% of the persons deprived of their liberty in Iraq had been arrested by mistake."

Kar, a U.S. citizen and Navy veteran, went to Iraq 14 months ago to make a documentary film about Cyrus the Great, the Persian king who wrote the world's first human rights charter.

On May 17, 2005, the taxi he was riding in was stopped at a Baghdad checkpoint and authorities found components in the trunk that are commonly used in improvised explosive devices. The taxi driver told military authorities that Kar and his cameraman knew nothing about the items, which the driver said he was bringing to his brother-in-law.

Kar also submitted to a polygraph examination and allowed the FBI to search his apartment. They found nothing incriminating, but he was held for many more weeks in various prisons around Iraq, including the notorious facility at Abu Ghraib.

Even after he was cleared by a military court at Camp Cropper, Kar was held another week. Eventually, the camp commandant gave him a letter stating that military judges found him to be an "innocent civilian" under the Geneva Convention.

While in confinement, the suit states, Kar was at various times hooded, restrained "in painful flexi-cuffs" and "repeatedly threatened, taunted and insulted" by U.S. soldiers.

At one point, according to the suit, a U.S. soldier slammed Kar's head into a concrete wall at Abu Ghraib.

"Mr. Kar was and remains traumatized by his indefinite and virtually incommunicado detention, in solitary confinement, by the U.S. military without charge," the suit says.

Since returning to the U.S., Kar has continued to work on his film. He said Friday that he is trying to raise money for postproduction editing.

What happened to him in Iraq was "a life-altering experience," Kar said. "I am not a left-wing liberal. I agree with many of George Bush's policies."

But, he added, "I don't think the Constitution has to be gutted to achieve our objectives" in the war on terrorism. "I felt it was my duty as an American to take a stand for the constitutional rights guaranteed to all Americans."

The suit was filed by Rosenbaum and Ranjana Natarajan of the ACLU and volunteer attorney Dan Marmalefsky of the Morrison & Foerster law firm. In addition to Rumsfeld, the defendants include Army Gen. George W. Casey Jr., commanding general of the multinational forces in Iraq; Maj. Gen. William H. Brandenburg, who was in charge of detainee operations in Iraq at the time of Kar's detention; Lt. Col. Carol Haas, who was commandant of Camp Cropper when Kar was held there in solitary confinement; and Lt. Col. John Dunlap, who was president of the military's Detainee Status Board in Iraq.

On Friday, a Pentagon spokesman said the Defense Department "does not discuss matters under litigation until the court has rendered a decision."

When Kar was released last July, military officials said he properly had been detained as "an imperative security threat" under the authority of a United Nations Security Council resolution and that the matter had been handled and resolved appropriately.

"This case highlights the effectiveness of our detainee review process," Brig. Gen. Don Alston said in a prepared statement after Kar's release.

Inquiry In 2003 Abduction Rivets Italy (NYT)

By Stephen Grey And Elisabetta Povoledo

The New York Times, July 8, 2006

MILAN, July 7 — The veteran spy made a mistake worthy of an amateur. On June 1, a senior Italian intelligence official placed a call from a public telephone booth to a fellow spy to discuss an investigation into the suspected kidnapping by the Central Intelligence Agency of a radical Egyptian cleric in 2003.

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The Italian spies were also under investigation, for complicity in the abduction of the imam, who was seized on a Milan street and sent to his native Egypt for interrogation and imprisonment.

But in a country where the police and spies regularly tap more than 100,000 phone lines each year, Gustavo Pignero, the former head of military counterespionage at the Italian military intelligence agency, apparently ignored an obvious possibility — that investigators were listening in.

Mr. Pignero told his successor at the agency, Marco Mancini, that he had admitted to prosecutors that "Yankee" agents had asked the Italian agency to "identify and check out" the imam, Hassan Mustafa Osama Nasr.

Mr. Mancini began to fret. The C.I.A., both men knew, had actually wanted not only to watch the suspect but also "actually wanted to seize this guy," Mr. Mancini said. But he insisted, "I told my men that it was an illegal activity, and then I said no to this illegal activity."

The transcript of those calls is part of court documents provided to The New York Times on Friday by people close to the case.

The disclosure that the police were eavesdropping on the intelligence service is the latest twist in a case that has riveted Italy. The kidnapping of the cleric by intelligence agents abruptly cut short a criminal investigation of the imam by Italian prosecutors. The prosecutors struck back, with an investigation of both American and Italian intelligence agents whom they accuse of carrying out the abduction.

The wiretapped telephone calls allowed prosecutors to make the case that Italian intelligence had advance knowledge of the abduction of Mr. Nasr, who is also known as Abu Omar — something the Italian government had steadfastly denied.

On Wednesday, prosecutors arrested the two intelligence officials, charging that they had known about the kidnapping and helped plan it.

Mr. Pignero was placed under house arrest and Mr. Mancini was sent to a jail in Milan, where he was questioned by prosecutors on Friday. "I never kidnapped anyone, and I never participated in the kidnapping of anyone," he was quoted as saying in a statement released by his lawyer.

Last year, prosecutors issued arrest warrants for 22 Americans employed by or linked to the C.I.A., charging them with involvement in the abduction. The Americans had already left Italy.

The case marks the first time a foreign government has tried to prosecute American agents for "extraordinary rendition," in which terrorism suspects captured abroad are sent by the United States to be imprisoned and interrogated in third countries, some of which have records of torturing prisoners.

Intelligence operatives have no special immunity under Italian law. "A prosecutor can listen to any conversation, if he or she thinks a serious crime has been committed, and gets the authorization from a judge to do so," said Andrea Monti, a lawyer specializing in privacy and data protection cases.

The inside story of the abduction became known to prosecutors only this spring, after the police tracked down a military police officer who had taken part in the operation, the court documents show. Like some of the C.I.A. officers, he used his own mobile phone on Via Guerzoni, the street where the Egyptian cleric was abducted.

The man, identified in the documents as Luciano Pironi, who operated under the code name "Ludwig," was the first witness who had been present at the scene of the kidnapping to provide a confession. "I was convinced that I was participating in an intelligence operation," he said, according to the court documents.

He said a C.I.A. agent in Milan at the time had told him that the mission had "been organized and prepared with the Italian intelligence service and Interior Ministry."

Mr. Pironi told prosecutors last April that his role in the seizure was to stop Abu Omar and check his identity papers to distract him while the kidnap team approached in a van. He said it seemed to be ages before the agents "violently threw open" the van's back door.

"They grabbed Abu Omar, I can't remember by the hands or clothes, and they aggressively pulled him into the van, closing the door," he said. "He didn't have a chance to resist or call out."

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He said he was told by the C.I.A. agent that Abu Omar — identified in the court papers as "one of the heads of the Islamic terrorist organizations in Europe" — was not really going to be kidnapped, but rather recruited as an intelligence source for the United States and Italy.

Mr. Pironi's testimony was comical at points. He told prosecutors that the kidnapping "could only take place on weekends" because it was the only time he had free from his day job as a military police officer, the documents said. Accounts in the Italian press quoted Mr. Pironi as testifying that one of the kidnapping attempts was aborted because a "gattara," a neighborhood woman known for feeding the local cats, made an unscheduled round one day.

The C.I.A. agent was one of the 22 cited in the arrest warrant a year ago. When the agent's house was searched, the police reported that he had left e-mail messages on his computer that described warnings about the Milan investigation and, more damagingly, a surveillance photo of Abu Omar himself.

The C.I.A. team left behind a series of blatant clues. Before the abduction, the C.I.A. operatives stayed for days in Milan, running up a tab of more than $140,000 at some the city's most expensive hotels. They also talked frequently on cellphones that were not secure — allowing the police not only to trace their movements as they took Abu Omar to the Italian-American air base at Aviano in northern Italy but also to establish many of their identities.

The most recent details to emerge about the abduction have also opened a new, and potentially explosive, angle in the case. Of the many calls Mr. Mancini received, Italian newspapers reported Friday, one led investigators to an 11-room penthouse apartment on the Via Nazionale in Rome, a main shopping thoroughfare. The apartment turned out to be a previously unknown office of the Italian military intelligence agency.

According to a senior Italian law enforcement officer who refused to be identified because he did not have permission to speak publicly, the office was run by an intelligence agent who reported directly to Nicolo Pollari, the head of military intelligence.

The police raided the apartment on Wednesday and uncovered what appeared to be a center of "black propaganda," or misinformation, filled with files on leading journalists, investigative magistrates and businessmen.

He said the police also found evidence to suggest that the intelligence agency had been both recruiting some Italian journalists and illegally wiretapping others as a way of keeping track of the investigation in Milan.

Among the documents found in the apartment were receipts for cash made out to a journalist code-named Birch who was said to work at Libero, a conservative Milanese daily. Investigators also found what they said were drafts of articles, including one suggesting a smear campaign against Prime Minister Romano Prodi. It was later published in Libero.

London Remembers Victims Of Terrorist Bombings (FT)

By Jimmy Burns

Financial Times, July 8, 2006

Londoners prayed, laid wreaths and observed a two-minute silence in remembrance of the victims of the terrorist bombings last year that killed 52 innocent people and injured hundreds.

The Queen, Tony Blair, and Ken Livingstone, mayor of London, led tributes to the dead, while senior police warned the country not to lower its guard against the threat of further attack.

Sir Ian Blair, commissioner of the Metropolitan police, said: “No matter how dreadful the terrorists are, it is infinitesimal compared to the strength of Londoners.”

The most senior policeman told the BBC he had no doubt there would be further attacks, and the security services were doing all they could to prevent them.

Police said this week they were investigating an uprecedented number of plots and had thwarted at least three attacks since last July.

But Sir Ian spoke amid continuing gaps in firm intelligence and government concerns that some suspects had escaped the intensified surveillance and disruption operations led by MI5, the Security Service.

Sir Ian said: “It is not the police or the intelligence services that will defeat the terrorists. It is the communities. They must be our eyes and ears on the streets and tell us about their concerns.”

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In the morning, memorial plaques were unveiled in the presence of relatives of the dead and survivors at each of the sites where bombs were detonated. Three went off on the London Underground and a fourth on a double-decker bus.

At midday, offices, shops and public transport fell silent as people reflected on the memory of the worst terrorist attack on the capital.

In the afternoon, government ministers as well as opposition party leaders attended a ceremony of remembrance in London's Regent's Park.

The highest-profile event of the day was the creation of a giant tribute in the shape of the figure seven and filled with carnations. As the tribute took shape, the London Gospel Choir sang "Something Inside So Strong", "Lean on Me" and "Bridge Over Troubled Waters".

Earlier in the day, the prime minister marked the two-minute silence at the London Fire Brigade headquarters in Lambeth, south London. In a statement he called on the community to unite against terrorism.

However, the release on Thursday of a videotaped statement made by one of the bombers before last July's attack has focused the mind of the government on the challenges it faces in the days ahead.

In the tape aired on Qatar-based al-Jazeera television, Shehzad Tanweer, 22, warned of a further violence until UK troops pulled out of Iraq and Afghanistan.

While opinion polls show that a majority of British Muslims are against terrorism, they also show that even moderate members of the community blame British foreign policy for fuelling extremism.

Britain Pays Homage To Bombing Victims (NYT)

By Alan Cowell

The New York Times, July 8, 2006

LONDON, July 7 — On a day of warnings, memory and grief, Britons marked the first anniversary of the London bombings on Friday as much of the land fell silent at noon to mourn the dead.

On July 7, 2005, four jihadist bombers detonated homemade explosives concealed in backpacks, killing themselves and 52 travelers on three subway trains and a double-decker bus.

One year later, it was a time of public homage by civic leaders as much as the less chronicled grief of people drawn to remember lost friends in the privacy of their own memories. The city's mood recalled the quiet stoicism conjured by its worst terrorist attack.

"I think it's a very personal thing, so we don't need anything over the top," said Linsey Butler, who studied music with one of the victims, Jennifer Nicholson, 24, killed at the Edgware Road subway station. "It's up to people how they want to remember," she said, adding that she favored an understated commemoration.

Ms. Butler, 23, was speaking in Regent's Park before the names of the 52 dead were read out at a ceremony of poems, readings and songs on Friday evening after hundreds of people placed purple carnations in a huge seven-leaved floral mosaic.

Earlier Friday, Ms. Butler said, she attended a private memorial for her friend, whose mother, Julie Nicholson, an Anglican vicar, abandoned her parish priesthood last year because she could not forgive the bombers who killed her daughter.

Even now, 12 months later, Mrs. Nicholson said Friday: "I do not think they should be forgiven. Forgiveness comes with justice, and there is not going to be any justice."

At the service, a poem read by Saba Mozakka, who lost her mother, Behnaz Mozakka, in the bombings, said: "Where are you? Who says you are no more? Hold our hands, for we are so lonely."

The anniversary came one day after one of the bombers, Shehzad Tanweer, 22, was shown on Al Jazeera television delivering a videotaped testament and warning that "what you have witnessed now is only the beginning."

That same theme was echoed from a different perspective on Friday by London's police chief, Sir Ian Blair, who told the BBC that the threat of a new attack had "palpably increased" since July of last year.

"I fear that we have to accept that we live in an age for some years when the threat of an attack getting through is very real," he said. "Some of the threats that we have now interdicted in the last few months are from inside and outside. We are now in a position in which the threat is both internal and external."

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Al Jazeera's broadcast on Thursday also included separate images of Ayman al-Zawahiri, the No. 2 commander of Al Qaeda, suggesting that the group was trying to claim responsibility for the attacks.

In new video excerpts released Friday, Mr. Zawahiri specifically claimed that two of the bombers — Mr. Tanweer and Mohammad Sidique Khan, the supposed ringleader of the attacks — had prepared for the bombings at a Qaeda camp. Both men were known to have visited Pakistan before July 7, but Mr. Zawahiri's remarks were the closest that Al Qaeda has come to a direct claim that it planned and supervised the bombings.

"Both of them were seeking martyrdom and wished that they could carry out a martyrdom operation," Mr. Zawahiri said.

Earlier, Sir Ian said: "I don't think the video proves that Al Qaeda was responsible for the London bombings. They are a very opportunistic organization, and they may well have collected that video together to make it look as though they were."

In Scotland, Queen Elizabeth II bowed her head for those two minutes at noon after a service at St. Giles' Cathedral in Edinburgh. Prime Minister Tony Blair observed the silence at London's Fire Brigade headquarters. Mr. Blair joined political leaders and families of the dead in laying yellow flowers to complete the mosaic in Regent's Park.

Earlier, at the exact times of the bombings — 8:50 a.m. and 9:47 a.m. — politicians and public transport executives laid wreaths at King's Cross station and at Tavistock Square, where a bomb exploded on a No. 30 bus.

Families and friends also left messages and flowers. "A year on but never far from my thoughts — Richard," one message said.

John Falding, whose girlfriend, Anat Rosenberg, died in the bus bombing, told The Press Association, "I watched the clock go down at 9:47 a.m. and I felt I had lost her again."

The news agency also reported that that fresh flowers had been laid on the grave of the bus bomber, Hasib Mir Hussain, in the northern city of Leeds, but it was not clear who put them there.

Dr. Anand Sharma, 29, a physician, was among those who went to Queen Mary's Garden at Regent's Park on Friday to help build the floral tribute. "I just came to pay my respects," he said. He had traveled on the subway, which Londoners call the Tube, on Friday, he said, and had detected a heightened nervousness among travelers.

"I was not so much worrying," he said. "It was because a lot of people were looking at me." Dr. Sharma, a Hindu, said it had been common after July 7 for "dark-skinned people" like himself to draw suspicious looks from other passengers.

There were some whose rage had not diminished since a year ago.

"I felt a sense of anger at the pointlessness of it and that remains," said Shawn Henson, 38, who identified himself as a subway train operator. "There was no point to the loss of others for the sake of their cause, whatever their cause was."

For others, though, traveling on the subway had become a matter of trepidation and fatalism. "On the Tube you are more scared, because you are underground," said Clare Houliston, 23, a London pub worker, after she laid a flower in Regent's Park. "If they are going to attack again, they will if they want to. They are not warning. They are not telling you. They are just going out and killing other people and themselves."

Britain's 2 Minutes Of Silence Honor Transit Bomb Victims On Anniversary (WT/AP)

By Paisley Dodds, Associated Press

The Washington Times, July 8, 2006

LONDON -- Britain fell silent yesterday on the first anniversary of the suicide bombing assault on London's transit system -- a stunning attack that killed 52 commuters and wounded more than 700 in the country's deadliest attack since World War II.

Prime Minister Tony Blair, survivors and city workers bowed their heads during two minutes of national silence observed from the Wimbledon tennis tournament in London's suburbs to Scotland, a pause punctuated by the solemn tolling of bells at St. Paul's Cathedral in the heart of London.

Mourners carried flowers and candles to makeshift shrines near the sites of the four bomb blasts. Reflecting the widespread feeling of unease that grips London, one person left a small note that read: "We will never forget."

"This is a time when our country unites across all races, religions and divides and stands in solidarity with all those who have suffered so much, in sympathy with them and in defense of the values which we share," Mr. Blair said at Fire Brigade headquarters.

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Relatives of the dead gathered later for a tearful private ceremony at Regent's Park, some reading poems to honor their loved ones. Names of all the victims were read one by one as many in the crowd wept and people lined up to place yellow flowers in a mosaic memorial.

Britain had not seen a major terror strike since 1974, when the Irish Republican Army set off bombs outside two pubs in Birmingham, killing 21 persons.

The September 11 terror strikes on U.S. soil ushered in a new era of terrorism in the West: The 2004 Madrid train bombings, the slaying of Dutch filmmaker Theo Van Gogh by an Islamic radical, the carnage in the heart of the British capital.

The terrorism has led many to wonder whether, in the post-Cold War era, the world is gripped by another clash of civilizations -- one in which the values of Western liberal democracies are in irreconcilable conflict with those of militant Islam, whose adherents are growing in numbers across Europe.

For Londoners, the attacks have shaken -- but not entirely overturned -- a conviction that the two cultures can coincide peacefully in the vibrant multicultural capital that is their home.

Still, the background of the bombers came as a shock to Britons: The four bombers were all British citizens raised in northern England. Three were of Pakistani descent and the other was a Jamaica-born convert to Islam.

In a video posted on the Internet for yesterday's anniversary, al Qaeda's No. 2 leader, Ayman al-Zawahri, boasted that two of the subway bombers had trained for their suicide mission.

British authorities previously said they knew Shehzad Tanweer and Mohammad Sidique Khan had visited Pakistan, but the comment from al-Zawahri was the first claiming they had been taught by al Qaeda.

"Both of them were seeking martyrdom and wished that they could carry out a martyrdom operation," al-Zawahri said, using the Islamist euphemism for a suicide attack.

"Today is a very sad day," said Paul Dadge, a computer technician who was pictured in newspapers around the world leading a bandaged survivor from the wreckage last year. "It is also a day to mark those people who lost loved ones and the survivors."

Residents woke to the sound of police helicopters hovering over the city yesterday as some Londoners made a determined effort to continue their daily routine.

But at the same time, a sense of mourning descended on the city -- as well as apprehension at the knowledge that any repeat attacks had the potential to devastate the precarious security that the affluent, cosmopolitan city has regained.

Buses and subway cars were standing-room only during the morning rush hour. But the atmosphere on the Underground, as the subway is called, was tense and subdued as the city was reminded of the 52 persons who never made it to their destinations last July 7.

Memorial plaques were unveiled at each of the three Underground stations affected by the attacks.

Flowers also were laid at Aldgate station, the site of the first blast, when a suicide bomber detonated his explosives at 8:50 a.m., killing seven persons. Candles were lit at the Edgware Road where a bomb exploded minutes later, killing six, and between Russell Square and King's Cross where a third bomb killed 26.

One of the most striking images of the July 7 attacks was the fourth blast that killed 13 persons and ripped apart a No. 30 bus near Tavistock Square.

The bus driver, who survived, laid a large wreath of pink and white carnations, roses and lilies. On the card, he wrote: "You will never be forgotten. May you rest in peace. George Psaradakis. No. 30 bus driver."

Video: 2 London Bombers Al-Qaida Trained (AP-Y2)

By Jasper Mortimer And Omar Sinan, Associated Press Writers

AP2, July 8, 2006

Two of the four suicide bombers who attacked London last July 7 spent time at an al-Qaida camp to prepare themselves for a suicide mission, the deputy leader of the terror network claimed in a video Friday.

British authorities previously said they knew Shehzad Tanweer and Mohammad Sidique Khan had visited Pakistan, but the comment from al-Qaida No. 2 man Ayman al-Zawahri was the first to claim that they had been at an al-Qaida base.

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"Both of them were seeking martyrdom and wished that they could carry out a martyrdom operation," al-Zawahri said, using the Islamic euphemism for a suicide attack.

It was not possible to independently verify his claim, which was part of a video posted on the Internet on the first anniversary of the suicide bombings that killed 52 commuters on three subway trains and a bus in London.

The video also contained a harangue by an English-speaking al-Qaida member against British and U.S. involvement in the Middle East and Asia, saying no Muslim should "shed tears" for Westerners killed by al-Qaida attacks.

The speaker was identified with the Arabic nickname "Azzam al-Amriki" — Azzam the American. That name has been used in previous al-Qaida videos by a man identified as Adam Gadahn, a Californian who converted to Islam and has been sought by the FBI since in 2004 on suspicion of attending an al-Qaida training camps in Pakistan.

Al-Zawahiri did not say when the two London bombers trained at the al-Qaida camp or where it was. The group is believed to have bases along the Pakistani-Afghan border, a rugged region where many experts think Osama bin Laden and al-Zawahiri may be hiding.

Al-Zawahiri said that while at the camp, Tanweer and Khan paid no heed to militants who discussed matters unrelated to suicide attacks, "because the goal for which they came to al-Qaida's jihad base was to carry out a martyrdom operation."

A security analyst at the London think-tank Chatham House, Bob Ayers, said the claim contradicted the British police finding that there was no evidence linking the four London bombers to al-Qaida.

"It makes the police look pretty bad," Ayers said. "It means the investigation was either wrong, or they had identified links, but were reluctant to reveal them."

The 31-minute video appeared on an Islamic Web site known for carrying militant messages and was released to coincide with the first anniversary of the London bombings. A heavily edited version was broadcast Thursday by Al-Jazeera television.

"The coordinated timing of the tape shows these guys did not act independently and were at a minimum supported by al-Qaida if not recruited, trained and supported by them," Ayers said.

Spokesmen at the Foreign Office and London's Metropolitan Police said they could not comment because they had not seen the tape.

Part of the video was recorded recently, as the statement by the English-speaking man referred to the June 30 revelation that U.S. troops allegedly raped and murdered an Iraqi teenager.

He said Britain and the United States had only themselves to blame for attacks by Islamic militants "because they are the ones who started this dirty war."

Evan Kohlmann, a New York consultant on terror groups, said the speaker appeared to be Gadahn, who as a teenager converted to Islam in the mid-1990s while in contact with Muslims in Garden Grove, Calif.

Federal officials said two years ago that Gadahn was suspected of going to al-Qaida training camps and serving as a translator for the terror network.

"He's the only known individual of Britain or American background in senior levels of al-Qaida," said Kohlmann, whose globalterroralert.com studies al-Qaida.

The video also contained a long testimonial from one of the London bombers, Tanweer, in which he gave his motives for taking part in the attacks and warned of more to come. Some of it appeared in the edited version broadcast by al-Jazeera.

"For the non-Muslims in Britain, you may wonder what you have done to deserve this," Tanweer said in a thick north English accent.

Britons oppress "our mothers and children, brothers and sisters from the east to the west in Palestine, Afghanistan, Iraq and Chechnya," he said.

"Your government has openly support for the genocide of more than 150,000 innocent Muslims in Fallujah," he added, referring to the west Iraqi town where U.S. troops fought Islamic militants for several weeks.

"You have openly declared war on Islam," he said.

Glancing down at his text, which was off-camera, Tanweer said: "I tell every British citizen to stop your support to your lying British government and to the so-called war on terror. And ask yourselves: Why would thousands of men be ready to give their lives for the cause of Muslims?"

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"What you have witnessed now is only the beginning of a series of attacks that will continue and increase in strength until you withdraw your soldiers from Afghanistan and Iraq," he warned.

Lines Blur On Extremism (FT)

By Christopher Caldwell

Financial Times, July 8, 2006

Recent days gave pause to anyone who thinks that western governments are fighting terrorism shoulder-to-shoulder. In Britain and the Netherlands, governments abruptly changed their approach to what David Goodhart, editor of Prospect magazine, usefully calls "security-and-identity issues" – that confusing area where citizenship, immigration, culture and national security meet. Speaking before a parliamentary committee, Tony Blair lashed out at leaders of Muslim groups who, the UK prime minister said, had done little in the year since the July 7 terrorist attacks to isolate extremists. He rejected the sentiment that terrorism, however vile its means, expressed legitimate gripes. "We have got to defeat its ideas," he said, "and we have got to address the false sense of grievance against the west."

This was only days after the Dutch government fell. While Jan Peter Balkenende, prime minister, will keep power, his minority government faces early elections in November. The proximate cause was the insistence of Rita Verdonk, immigration minister, on following the logic of her hardline policies to the point of trying to strip citizenship from the country's most charismatic politician, the Somali-born feminist, Ayaan Hirsi Ali. So now the Netherlands appears to be abandoning the hard line at the very moment Britain picks it up. But the two approaches are not as different as they look.

Mr Blair was not speaking in a vacuum. His Home Office, under the leadership of John Reid, aims to "rebalance" the criminal justice system in favour of victims. A Times-Populus poll published the same day pointed to alienation between Muslim and other Britons. A quarter of the public considers Islam a "threat to the British way of life" and one-third of Muslims think British values threaten Islamic ways. Yet the same poll reveals signs of the complaisance that Britain is allegedly leaving behind. The share of the general public worried that Muslims might be offended by excessive scrutiny for carrying large backpacks on the underground railway (52 per cent) is higher than the percentage of Muslims who actually are offended by such scrutiny (49 per cent).

Attitudes towards various kinds of immodesty and unruliness, from drunkenness to skimpy skirts, do not differ much between Muslims and others. The oddest datum is that certain subcategories of Britons – 18 to 24-year-olds and skilled labourers – found "public displays of affection between people of the opposite sex" more offensive than "public displays of affection between people of the same sex". Political correctness still restrains expressions of disapproval of any minority group.

Even Mr Blair, seriously though he takes terrorism, showed a becoming humility towards Islam itself. "I am not the person," he said, "to go into the Muslim community and explain to them that this extreme view is not the true face of Islam." It was a welcome repudiation of the tendency of politicians, none of whom know enough Arabic to order a kebab, to lecture Koranic scholars on what Islam says about jihad, suicide and headscarves.

In the Netherlands it went differently. As immigration minister this spring, Ms Verdonk tried to show her ruthlessness towards immigrants by moving to denationalise Ms Hirsi Ali within hours of a partisan television show that accused her of giving false answers when she applied for political asylum in the early 1990s. The fact that Ms Hirsi Ali was the country's pre-eminent critic of political Islam and Ms Verdonk's fellow party member only enhanced Ms Verdonk's reputation for toughness.

For the centrist D66 party, which withdrew its ministers, toppling the government, the problem was not just that she had decreed Ms Hirsi Ali a stateless person. It was also that she made the return of Ms Hirsi Ali's passport conditional on the latter's signing of an affidavit inculpating herself for some of the slanders aired about her – and thus exonerating Ms Verdonk from any blame for swallowing them. This was duress. Ms Hirsi Ali required her passport to get a US visa, made necessary by Ms Verdonk's very actions.

Ms Verdonk's humiliation looks like a repudiation of the populist politics ushered in by the anti-immigrant firebrand, Pim Fortuyn, before he was assassinated in 2002. It is tempting to see a return to the Dutch "polder model" – the kind of government that arises when much of the country lives on reclaimed polder land below sea level and is protected from drowning only by its

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ability to co-operate. When this system brought the Dutch prosperity, they boasted of it. When it complicated the reception of immigrants, they followed Fortuyn and rejected it as a form of political correctness.

But reports of Fortuynism's death are premature. First, Ms Verdonk has kept her ministerial post. Second, that British Populus survey looks like an inter-community love letter compared with recent Dutch polls. In one, taken for the GPD newspaper group, only 37 per cent of the Dutch found Islam "compatible with modern European life"; in another, commissioned by Ms Verdonk, half of Moroccan Dutch described themselves as anti-western, according to the Volkskrant newspaper. Ms Verdonk may be an heir to Fortuyn but she can also be accused of a form of political correctness. If "moral relativism" is the leftwing way of sidestepping arguments about values, "amoral absolutism" is the rightwing way. Ms Verdonk flinched at passing judgment on whether Ms Hirsi Ali was Dutch and took refuge in neutral rules.

Clearly, the language of hard lines and soft ones has proved inadequate to describe the problems of regulating immigration, fighting extremism and protecting culture. Both Britain and the Netherlands are trying to combine persuasion and enforcement. The hybrid systems that result are not particularly elegant or logical. But they may be the only way to fight a problem that is not always built on logic.

The writer is a senior editor at The Weekly Standard

HOMELAND RESPONSE:

3 Held Overseas In Plan To Bomb New York Target (NYT)

By Al Baker And William K. Rashbaum

The New York Times, July 8, 2006

Authorities overseas have arrested one man and have taken two others into custody on suspicion of planning suicide bombings in train tunnels beneath the Hudson River between Manhattan and New Jersey, officials said yesterday.

Five other men are being sought in connection with the plan, which law enforcement authorities said presented a genuine threat even though it was in its earliest stages and no attack was imminent.

The F.B.I. and New York City police officials have been aware of the group and its discussions for about a year, said Mark J. Mershon, the special agent in charge of the agency's New York office. Police presence at the tunnels in Manhattan that could have been targets has been increased in recent weeks in response to the investigation.

"The planning or the plotting for this attack had matured to the point where it appeared the individuals were about to move forward," Mr. Mershon said.

"They were about to go to a phase where they would attempt to surveil targets, establish a regimen of attack and acquire the resources necessary to effectuate the attacks, and at that point I think it's entirely appropriate to take it down."

Federal and local law enforcement authorities identified the main subject of the investigation as Assem Hammoud, 31, a Lebanese man who was arrested on April 27 in Beirut and was still being held there. The locations of the other two men in custody were not revealed. The eight "principal players" planning the attack, the authorities said, had secured no financing, had gathered no explosives and had not visited New York — or even the United States — to conduct surveillance. At least one of the planners has been in Canada, the authorities said.

Officials said Mr. Hammoud would likely be tried in Lebanon and that no charges were pending against him in the United States.

Monitoring of Internet chat rooms used by Islamic extremists led to the arrest of Mr. Hammoud, according to Lebanese authorities. At least one American official said the members of the group had never even met one another.

"There was a lot of discussion, there was planning being done; but there was no indication that there was any movement toward these facilities," Police Commissioner Raymond W. Kelly said yesterday. "There is no indication that materials were secured or that specific reconnaissance was done."

One counterterrorism expert who had been briefed on the plan, and who spoke on the condition of anonymity because he is not authorized to talk to the news media, said, "These are bad guys in Canada and a bad guy in Lebanon talking, but it never advanced beyond that."

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"Like most plots that you get before they develop, it doesn't look that serious, but you never know," he said. "It's busted up; I think it's another good success."

He added: "They never were in New York, they never were in the States, they never got materials together. So in that regard, it's less serious than some of the others. Until you get materials together, it's not that serious; it's still in the speculative stage."

Mr. Mershon said an attack was to have been carried out in October or November; Lebanese authorities confirmed that timing. Mr. Mershon said Mr. Hammoud told Lebanese interrogators that he had pledged "allegiance to Osama bin Laden and he proclaims himself to be a member of Al Qaeda." But it was not clear the suspect had ever interacted with Mr. bin Laden or his top deputies.

In a statement, the Lebanese Internal Security Directorate said that under questioning Mr. Hammoud had said he was a member of an extremist organization and had been planning a major bombing in the United States.

Separately, a senior security official in Beirut said Mr. Hammoud's arrest in April came under an Interpol order. Lebanese authorities wanted to publicize his arrest at the time, the official said, but American authorities sought to keep the issue quiet, believing the investigation would lead to other information.

Officials in Lebanon said Mr. Hammoud is from a religious family, lives with his mother and teaches at a private university.

The arrest and the bombing plan were first reported yesterday in The Daily News. It reported that the would-be suicide bombers had intended to blow a hole in the wall of the Holland Tunnel, allowing the Hudson River to flood the tunnel and Lower Manhattan.

But authorities said yesterday that the focus appeared to have been on two PATH railroad tunnels between Manhattan and New Jersey. Those tunnels exit Manhattan at the World Trade Center site and just south of Christopher Street.

Mr. Hammoud told his interrogators that one of the plans discussed was to put suicide bombers with explosives in backpacks on a PATH train to destroy the tunnel, said a law enforcement official who was granted anonymity because the investigation is continuing. Another official said the planners wanted to use seven or eight bombers.

The first official said, "There was discussion about where to do it, how to do it, what it would take, what effect it would have in different gradations, that a key player was getting ready to depart to a country where we know was an Al Qaeda presence." He noted, however, that Mr. Hammoud was not known to be "a major Al Qaeda player."

Last night, Mr. Kelly said during an appearance on "The NewsHour With Jim Lehrer" that the attackers "looked to, in some way, shape or form, open up the water — walls holding the water back — that would then go into the PATH tunnels that go under the Hudson River." Mr. Kelly suggested the plan involved the two tunnels and the PATH station near Pennsylvania Station. He said that way the water would enter the subway system as well.

Representative Peter T. King, a Long Island Republican and the chairman of the House Committee on Homeland Security, said he had been briefed on the investigation for nine months. He said his understanding was that the target was not the Holland or Lincoln Tunnels, which carry cars and trucks, but one of the two PATH tunnels.

Six foreign governments are assisting in the investigation, federal officials said, though they declined to identify them. Of the five suspects still being sought, Mr. Kelly said, "Their whereabouts are known, and they're being observed."

The authorities seemed to have moved in very early in the plot, as with the recent arrests of terror suspects in Florida.

"We did not wait, and we do not wait, until the fuse is lit; we swoop in as early as possible," Secretary Michael Chertoff of the Department of Homeland Security said of the matter yesterday at a news conference in Boston. "We were not at a point where we were concerned that something might happen imminently."

He said, "There was never a concern that this would actually be executed."

Still, in recent weeks, the New York Police Department has increased its presence in Lower Manhattan, Mr. Kelly said. Officers focused on access points to the PATH system. Security on the subway system was also beefed up yesterday, the first anniversary of transit bombings in London in which four bombers killed 52 other people, Mr. Kelly added.

The Lebanese Internal Security Directorate said Mr. Hammoud, going by the nom de guerre Ameer Andalusi, was initially noticed on an Islamist Web site used to recruit jihadis.

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The Lebanese authorities located him based on the Internet Protocol address imbedded in his postings, which showed him to be in Beirut, the statement said. The authorities said Mr. Hammoud had sent out maps and plans for an operation to other members of his group over the Internet and said he had been planning to travel to Pakistan for a four-month training mission.

Plot To Attack N.Y. Foiled (WP)

By Spencer S. Hsu And Robin Wright

The Washington Post, July 8, 2006

A terrorist plot to attack transit tunnels under New York's Hudson River was broken up in its early planning stages, U.S. authorities said yesterday, with three suspects arrested overseas, including a Lebanese man the FBI said was an al-Qaeda follower.

FBI assistant director for New York Mark J. Mershon said investigators had disrupted the plot before the suspects could come to the United States and begin to gather intelligence and explosives for the attack. He said there was no threat now to the PATH commuter lines, which carry tens of thousands of people between New York and New Jersey each day.

The FBI uncovered the alleged plot last summer and intercepted e-mails and chat-room postings on Web sites used to recruit Islamic terrorists. U.S. authorities turned in April to Lebanese officials for help in tracking one of the suspects, Assem Hammoud. The 31-year-old man, who the FBI said was the group's leader, was arrested in Beirut on April 27 and has confessed, officials said.

"This is a plot that would have involved martyrdom, explosives and certain of the tubes that connect New Jersey with Lower Manhattan," Mershon said. He called the threat "the real deal."

Hammoud was arrested before leaving for four months of training in Pakistan, and Lebanese investigators discovered details of a terrorist "project" on his computer that included a map "with a lot of details about New York," Lebanon's acting Interior Minister Ahmed Fatfat said in a telephone interview.

But authorities said there was no evidence that the plotters had taken any actions, such as buying explosives or sending money. They cast doubt on the feasibility of initial reports, which first appeared in the New York Daily News, that terrorists sought to flood Lower Manhattan and the Financial District by bombing tunnels.

There were conflicting assessments among U.S. counterterrorism officials about the significance of the alleged plot.

Two U.S. counterterrorism officials, speaking on the condition that their names and agencies not be identified because the FBI is the government's lead agency, discounted the ability of the conspirators to carry out an attack.

One said the alleged plot was "not as far along" as described and was "more aspirational in nature." The other described the threat as "jihadi bravado," adding "somebody talks about tunnels, it lights people up," but that there was little activity to back up the talk.

Speaking to reporters, Homeland Security Secretary Michael Chertoff said, "It was never a concern that this would actually be executed. We were . . . all over this."

Authorities provided few details on two of the suspects who were arrested, declining to say where they had been apprehended. An FBI official said one was Canadian but was not being held in Canada. Mershon said officials had not planned to announce the arrests yesterday and criticized the leak to the media, saying it upset cooperation between the United States and six foreign governments assisting in the investigation.

Authorities said Hammoud, who also used the name Amir Andalousli, told investigators that he had planned the attacks for October or November and had sworn allegiance to Osama bin Laden.

His family insisted he had no connection to al-Qaeda. His mother, Nabila Qotob, told the Associated Press in Beirut that Hammoud taught economics at a local university. "His morale is high because he is confident he is innocent," she told the AP.

Fatfat said Hammoud appeared to reaching out to al-Qaeda and did not appear to have been assigned a specific mission by the group. "It seems to us they are working as an independent group," the Lebanese official said. "It seems it was his idea. He contacted many others by Internet."

Fatfat said Hammoud, a Sunni Muslim, lived in Ain al-Hilweh, Lebanon's largest Palestinian refugee camp. Al-Qaeda members are reported to be active in the camp, according to the Middle East Intelligence Bulletin.

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The alleged plotters appear to reflect the ad hoc, self-organizing nature of many alleged terrorist groups. Connecting suspects directly to known terrorist organizers is often difficult, and many recent arrests have been of people who were allegedly at the beginning of their planning. Sorting bravado from real treachery can be difficult, according to terrorism experts.

Last month, the FBI arrested seven Miami men and charged them with terrorism. They had allegedly planned to attack the Sears Tower in Chicago. But the men had no contact with al-Qaeda, other than an FBI informant who was posing as a representative of the terrorist organization. And the group had neither money nor equipment before its members were arrested.

Like the plot announced yesterday, the Miami group's plans were described by investigators as "aspirational."

But U.S. authorities say that even if plots seem improbable, it is essential for arrests to be made as early as possible to prevent any real threat.

Speaking about yesterday's announcement, the FBI's Mershon said, "They were about to go to a phase where they would attempt to surveil targets, establish a regimen of attack and acquire the resources necessary to effectuate the attacks. And at that point, I think it's entirely appropriate to take it down."

The Hudson River tunnel threat appeared to combine several themes that have emerged as sources of anxiety for U.S. authorities over the past 18 months.

They include terrorists using the Internet to accomplish tasks that used to require travel and in-person meetings, such as casing targets and recruiting members. The alleged plots also brought a renewed focus on the vulnerability of rail and transit systems, which have gotten less federal aid for security than other transportation modes, such as commercial aviation.

Those financial concerns are often cited by local officials in New York and Washington, who say that federal authorities are not directing enough money their way. Yesterday, New York political leaders used the announcement of the alleged plot to renew their call for more funding.

Yesterday's report came one year after the London train and bus bombings that killed 52 people. In recent weeks, the New York Police Department had deployed additional personnel in Lower Manhattan. In Washington, Metro transit police said they were alerted to the threat along with national transit officials, and increased tunnel inspections over the past year.

FBI Thwarts Terrorist Plot Against NYC (AP-Y2)

By Pat Milton, Associated Press Writer

AP2, July 8, 2006

A terrorist plot to flood lower Manhattan by attacking train tunnels under the Hudson River used by tens of thousands of commuters was thwarted before the conspirators could travel to the United States, authorities said Friday.

Eight suspects — including an al-Qaida loyalist arrested in Lebanon and two others in custody elsewhere — had hoped to pull off the attack in October or November, federal officials said. But federal investigators working with their counterparts in six other countries intervened. The other five suspects remained at large.

"It was never a concern that this would actually be executed," Homeland Security Secretary Michael Chertoff said in Boston. "We were, as I say, all over this."

Initial reports said that the terrorists wanted to attack the Holland Tunnel, a major thoroughfare for cars entering the island of Manhattan. But officials said the group had specifically mentioned only the train tunnels under the Hudson River used by commuters on their way to New York and New Jersey.

"This is a plot that involved martyrdom and explosives" and focused on the "tubes that connect Jersey and lower Manhattan," said FBI Assistant Director Mark J. Mershon.

The men believed that by bombing the train tunnels they could unleash massive flooding in lower Manhattan, where Wall Street and the World Trade Center site are located, New York Police Department Commissioner Ray Kelly said.

A federal law enforcement official, who spoke on condition of anonymity because the investigation is ongoing, said investigators believe that an attack on a train tunnel, unlike the Holland Tunnel, could have achieved that goal. The official said the suspects hoped to inflict damage on the U.S. economy.

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Investigators decided in recent weeks that the "plotting for this attack had matured to a point where it appeared that the individuals were about to move forward," Mershon said. "They were about to go to a phase where they would attempt to surveil targets, establish a regimen of attack and acquire the resources necessary to effectuate the attacks."

Details of the plot — first reported by the Daily News — emerged on the one-year anniversary of the attacks on the London transportation system that killed 52 people. Officials said the timing of Friday's report in relation to the anniversary was coincidental.

New York's transportation system has emerged as a potential terrorist threat several times over the years. A June book by journalist Ron Suskind highlighted a reported plot by al-Qaida terrorists to kill thousands of New Yorkers by spreading cyanide gas in the subway. In May, a man was convicted of plotting to blow up a bustling subway station.

In 1993, the FBI rounded up more than a dozen men who allegedly conspired to blow up five New York City landmarks including the Lincoln and Holland tunnels. The prosecution resulted in more than a dozen convictions.

In the latest case, a federal official said FBI agents monitoring Internet chat rooms used by extremists learned of the plot in recent months and determined that tunnels were possibly being targeted after investigators pieced together code words from their conversations.

Another U.S. official, also speaking on condition of anonymity because the investigation is ongoing, called the plot "largely aspirational" and described the Internet conversations as mostly extremists discussing and conceptualizing the plot. The official said no money had been transferred, nor had other similar operational steps been taken.

Officials cited the arrest of the Lebanese suspect — described as the scheme's mastermind — as a significant break in the investigation. A Lebanese official said the Beirut man confessed to plotting to attack New York City tunnels later this year, and that he was acting on Osama bin Laden's orders.

Police arrested the man on April 27, acting on information from the FBI. The 31-year-old suspect uses the alias Amir Andalousli, but his real name is Assem Hammoud.

The suspect's family denied any al-Qaida links and his mother, Nabila Qotob, said Hammoud taught economics at a local university. "His morale is high because he is confident he is innocent," she said.

A U.S. law enforcement official said one of the others accused in the plot is believed to be Canadian, but said there were no apparent links to the 17 people arrested last month in a plot to bomb buildings around Toronto.

Authorities close to the investigation told The Canadian Press that police there questioned a man but released him because there was not enough evidence to hold him.

Train riders took news of the plot in stride.

"It bothers us, it scares us, but you gotta keep living, you know?" said Dudley Nosy, 21, a security guard from Brooklyn who regularly takes the train to Jersey City to see his girlfriend. "You can't stay in the house all day long."

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Associated Press Writers Pat Milton in New York; Lara Jakes Jordan, Katherine Shrader and Mark Sherman in Washington, D.C.; Sam F. Ghattas in Beirut, Lebanon; and Glenn Johnson in Boston contributed to this report.

FBI: Three Held In New York Tunnel Plot (CNN)

CNN, July 8, 2006

NEW YORK (CNN) -- U.S. and international authorities disrupted a plot by eight terrorists to blow up a commuter train tunnel connecting New Jersey and Manhattan, the FBI announced Friday.

Three of the eight men are in some form of custody, and the rest have been at least partially identified, FBI Assistant Director Mark Mershon told reporters. The identity of one suspect, a 31-year-old Lebanese man, has been released.

Mershon said the plan was "what we believe was the real deal," a scheme involving al Qaeda members on three continents.

Mershon said none of the suspects has been to the United States. The investigation remains classified, he said. (Watch the FBI's Mershon reveal what links the plot had to bin Laden -- 3:29)

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"They were about to go to a phase where they would attempt to surveil targets, establish a regimen of attack and acquire the resources necessary to effectuate the attacks," Mershon said. "At that point I think it's entirely appropriate to take it down."

Although Mershon would not divulge extensive details of the plot, law enforcement sources said the suspects wanted to cross the Canadian border into the United States.

Once in New York City, they would board trains with backpacks full of explosives, which they planned to detonate when the trains passed through a tunnel under the Hudson River.

The suspects discussed how much explosive material would be needed to breach the thick bedrock lining of the tunnels, the sources said.

Assem Hammoud is the only suspect who has been formally charged; he is in custody in Lebanon. Hammoud, who claims to be an al Qaeda member, has admitted to being the group's ringleader and has professed his loyalty to the terror network's leader, Osama bin Laden, Mershon said.Playboy poseur

Hammoud, who also goes by the name Amir Andalousli, is a professor of computer studies at a private university in the Lebanese capital of Beirut, and he has been parading as a playboy with a party lifestyle as a cover for his extremism, Lebanese General Security spokesman Elie Baradei said.

"He was requested not to show any religious inclinations during his time in Lebanon and to give the impression of being of a playboy," Baradei said. "He has done that perfectly."

The FBI began investigating Hammoud and his alleged cohort about a year ago, when talk of a tunnel attack popped up in Internet chat rooms and in e-mail discussions, Baradei said. The FBI helped track the chatter to Hammoud, who admitted to sending detailed maps of the targeted Port Authority Trans-Hudson, or PATH, tunnel and plans for the attack to his co-conspirators, he said.

A Syrian national recruited Hammoud into the realm of terrorism in 2003, and Hammoud received weapons training at the Ain Helweh Refugee Camp, which was then located in Syria-controlled Lebanon, Baradei said.

Hammoud was arrested April 27 in his Beirut apartment in a sting coordinated with the FBI before a planned trip to Pakistan, where he was to undergo more training, according to a statement from the Lebanese Interior Security Service.

"He was living a life of fun and indulgence away from all suspicions," the statement said.

Hammoud, who faces no charges in the United States and thus cannot be extradited, will be tried in Lebanon on terrorism charges, said Achraf Rifi, general director of Lebanon's internal security forces.An international effort

Mershon said six countries participated in the investigation. He would not say which countries, but sources said they include Canada, Pakistan and Iraq.

"The real story here is the symphony of cooperation and coordination not just in the New York-New Jersey metropolitan area, but frankly, around the world with a number of intelligence and investigative services," Mershon said. "It's beyond textbook; it's, in fact, been storybook."

Although the plot was in its preliminary stages, Mershon said the attack was slated to take place in October or November. Investigators moved in because they believed the suspects were about to begin assessing the target and obtaining explosives and other materials for the attack, he said.

Mershon would not name the specific tunnel but said it was one of the PATH tubes running under the Hudson River.

According to the port authority's Web site, "PATH presently carries 215,115 passengers each weekday." More than 60 million passengers used the system in 2005, the Web site states. There are five tunnels running beneath the Hudson. (Watch officials explain the vulnerability of transit tunnels and crossings -- 1:39)

The New York Daily News broke the story Friday morning, and Mershon expressed disappointment at what he called the "unprofessional behavior" of whomever leaked it to the paper.

The leaker was "clearly someone who doesn't understand the fragility of international relations," he said, adding that there have been a "number of uncomfortable questions" from the foreign intelligence services that participated in the investigation.

The FBI has been "working to shore up those relationships," Mershon said.

Friday marked the first anniversary of the London Underground bombings, in which four suicide bombers killed 52 people on the London subway and on a bus.

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US Foils New York Terror Plot, Says FBI (FT)

By Demetri Sevastopulo And Christopher Grimes

Financial Times, July 8, 2006

The US has disrupted an alleged terrorist plot to blow up underwater rail tunnels connecting New York and New Jersey, the Federal Bureau of Investigation said on Friday on the anniversary of the London bombings.

Law enforcement officials said the plan to attack the PATH rail system in October or November – just after the fifth anniversary of the September 11 attacks - had not progressed beyond initial stages. But Mark Mershon, a senior FBI official, told reporters that it was the "real deal" and would have involved "martyrdom" and "explosives".

Over the course of a year long investigation that involved cooperation with six countries, Mr Mershon said the FBI had identified eight "principal players". Three of those suspects were being held in custody outside the US, including Assem Hammoud, a 31-year-old Lebanese national who pledged allegiance to Osama bin Laden and allegedly confessed to being the mastermind of the plot.

The FBI disclosed elements of the foiled plot on the anniversary of the London bombings after the New York Daily News on Friday published details of the investigation.

Michael Bloomberg, the New York mayor, said there was "not one shred of evidence that [the plot] had proceeded beyond the planning stage". Ray Kelly, the New York police commissioner, said it had "not reached anything close to being operational", while stressing that "New York remains in the crosshairs of the terrorists".

Mr Mershon said none of the eight suspects had been in the US. He said Lebanese authorities felt comfortable arresting Mr Hammoud, who is facing criminal charges in Lebanon, after the group reached a point where they appeared ready to start surveilling targets and procuring materials for the planned attacks.

At a separate press conference, Michael Chertoff, secretary of homeland security, said the US had taken the threat "seriously".

"Any danger was disrupted and I think that speaks for itself," Mr Chertoff said.

Playboy's Life: Girls & Booze (NYDN)

By James Gordon Meek

New York Daily News, July 8, 2006

The alleged ringleader of the tunnel terror plot lived the life of an international playboy - on orders from Al Qaeda.

Assem Hammoud, 31, even fooled his mother, if Lebanese police and U.S. anti-terror officials are correct.

His mother, Nabila Qotob, said Hammoud drinks alcohol, had girlfriends, traveled widely and showed no similarities to Islamic militants.

She also said Hammoud taught economics at a local university.

To prove her son was no jihadi, Qotob showed off photos yesterday of Hammoud with his father and lounging shirtless on a speeding motorboat in Germany.

There were also very un-Islamic pictures of Hammoud with three smiling women - none of them wearing veils - on his arm during an undated stay in Canada.

"His morale is high because he is confident he is innocent," said Qotob, who said she had recently visited her son in jail.

But Lebanese police, who arrested Hammoud on April 27, said in a statement that the suspect claimed he had been ordered to maintain a fun-loving, secular lifestyle to hide his Islamic militancy.

"He did just that with perfection," the police statement said.

Counterterror agents knew Hammoud by his Internet alias of Amir Andalousli and consider him a dedicated member of Al Qaeda.

"We questioned him and he unraveled the plot," a source said.

FBI Assistant Director Mark Mershon said, "We know that he has acknowledged pledging a bayat or allegiance to Osama Bin Laden, and he proclaims himself to be a member of Al Qaeda."

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Hammoud also told his captors that he was acting "on a religious order from Bin Laden and said, 'I am proud to carry out his orders,' " a Lebanese official said.

To carry out those orders, Hammoud planned to go to Pakistan for four months for training and had already undergone some light weapons instruction with a Syrian man who came to Lebanon this year, Lebanese cops said.

The Lebanese government said that instruction took place in the Ein Alhulwa camp, a Palestinian refugee camp that Middle East expert Nimrod Raphaeli called "an incubator of terrorism and a fountainhead of Islamist extremism."

Hammoud wouldn't be the first Islamic terrorist to live the good life to fool possible investigators.

Khalid Shaikh Mohammed, believed to be the mastermind of the 9/11 plot, had developed a reputation as a charming womanizer even as he plotted to blow up airplanes flying to the U.S. from Asia.

And some of the 9/11 attackers were known to frequent topless bars and pay for lap dances to keep their covers from being blown.

New York Terror Plot Is Foiled, FBI Says (BOS)

By Bryan Bender, Globe Staff

The Boston Globe, July 8, 2006

Plan targeted tunnels on rail lines from N.J.

WASHINGTON -- The FBI in recent months foiled a terrorist plot to blow up transit tunnels leading into New York City after the agency spent a year monitoring Internet discussions between at least eight Al Qaeda sympathizers based on three continents, US officials said yesterday.

The suspected mastermind of the plot, Assem Hammoud , 31, was arrested a month ago in Beirut , the law enforcement officials said, while two more members of the group are in custody in other foreign countries. Five more suspects are being sought, but none are believed to be in the United States, the officials added, declining to provide further details because the investigation still is underway.

``We believe we interrupted this group early in their planning," Mark J. Mershon , the FBI's assistant director in charge of the New York office, told reporters yesterday after the case was first revealed by the New York Daily News. He said the terrorist plot, which appeared to be planned for this fall, ``has largely been disrupted."

New York Police Commissioner Raymond Kelly quickly sought to calm public fears. ``There was a lot of discussion" of the plot on the Internet, ``but there was no indication of any movement toward" launching the plan, Kelly said at a joint news conference in Manhattan. ``There is no indication that materials were secured."

The foiled operation, which came to light on the first anniversary of the London transit bombings, apparently called for suicide bombers to detonate explosives inside transit tunnels leading from New Jersey into lower Manhattan, causing water to flood into the financial district near where the World Trade Center once stood. Officials said the group appeared to be ready to begin conducting surveillance of potential targets and acquiring explosives.

``Any danger was disrupted," Homeland Security chief Michael Chertoff told reporters yesterday after a media event in Boston. ``We don't wait until someone has lit the fuse before stepping in. It is a reminder of the fact that this type of threat remains with us. We cannot drop our guard."

But the plan was described by officials of the Port Authority of New York and New Jersey as unfeasible and by some terrorism specialists as amateurish, in part for discussing it in public Internet chat rooms.

The tunnels leading into New York are highly reinforced and lower Manhattan is above the water levels of the Hudson River. The city would not be deluged with water if one of the automobile or railway tunnels were destroyed, the Port Authority specialists said.

And coming just weeks after the revelation of two other seemingly outlandish plots that were disrupted in their early stages -- one in Toronto, one in Miami -- the news of the New York plot left some observers wondering how to assess the seriousness of such threats.

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``The Miami plot was a setup [and] this one doesn't seem to have gotten very far along either," said Ian Cutbertson , director of the counterterrorism program at the World Policy Institute in New York, referring to the seven men arrested last month in an undercover FBI sting for allegedly plotting to bomb the Sears Tower in Chicago and other landmarks.

``It seems to be Internet chatter about what we can do that is spectacular," Cutbertson added. ``But it plays into New Yorkers' worst fear: being caught in the tunnel when it is blown up."

Still, officials insisted yesterday that the tunnel plot was ``serious" and they admonished unnamed counterterrorism officials cited in the Daily News report for revealing the ongoing FBI operation.

Mershon complained it will now be more difficult to nab the individuals who are still at large. He added that the public disclosure could hamper the FBI's ability to maintain the cooperation of foreign intelligence agencies in countries where the United States is unpopular -- including Lebanon's internal security service, which has long struggled with Islamic militant groups.

Mershon said six foreign countries are involved in the investigation and that anyone who discussed the plot with the media was ``someone who doesn't understand the fragility of international relations."

A US counterterrorism official told the Globe that three of the six countries were Iraq, Pakistan, and Canada, demonstrating the scope of international terrorist links.

Chertoff hailed the foiled plot as an example of how law enforcement and intelligence communities have improved their ability to monitor potential terrorist plots well before they enter the operational stage.

``We acted quickly," he told reporters in Boston. ``Intelligence is better and intelligence sharing is better. We are able to detect more things that are going on. Sometimes that causes skeptics to say the people you are arresting aren't really serious [but] if you look back at [the] London [suicide attacks], it is a mistake to assume that the only terrorist is the James Bond type. Mixing a bomb in a bathtub does not exactly take rocket science."

US counterterrorism officials have increasingly been monitoring the Internet, which has become a preferred mode of communication for many Islamic radicals. A Justice Department report released last month when the Miami plot was announced said that ``terrorists are using the Internet not only to solicit funds and for recruitment but also for training and operational planning. This remains a significant challenge to our counterterrorism efforts."

New York lawmakers quickly seized on the news as new evidence that major East Coast cities remain at the top of the terrorist target list and should not be deprived of homeland security funds, which have been reduced this year as federal grants were spread more evenly across the country.

New York and Washington, which were struck on Sept. 11, 2001, saw their federal homeland security funding cut by about 40 percent, while Boston and its surrounding communities were cut by about one-third.

``The fact that New York's monies and Washington's monies were cut while places like Dillingham, Alaska, and Modoc County, California, got increases in terrorist funds shows that they'd better go back and reexamine" the funding formula, said Senator Charles Schumer , Democrat of New York, on CNN.

Professional counterterrorism specialists were not overly concerned, said Vincent Cannistraro , former head of the CIA's Counterterrorism Center.

``These guys are extremists, but not professional terrorists," Cannistraro said . ``They had no access to explosives. The FBI had been monitoring this for eight months. It was on a public website and is not clandestine. Professional terrorists don't usually plan in public. These guys were basically wannabes."

Secretary Unveils Details Of Plot To Flood N.Y. Subway Tunnels (BOSH)

By Dave Wedge and Casey Ross

Boston Herald, July 8, 2006

A plot by foreign terrorists to bomb subway tunnels underneath New York City was disrupted by federal agents who uncovered a “threat stream” several months ago, the nation’s Homeland Security czar said.

Speaking yesterday in Boston, Homeland Security Secretary Michael Chertoff said agents acted quickly on the information, sweeping in to bust up an alleged terror cell.

“We don’t wait until someone lights a fuse to do something,” Chertoff said. “That would be playing with people’s lives.”

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Chertoff refused to discuss specifics of the plot targeting trains beneath the Hudson River, but urged commuters nationwide to use subways as normal.

"The subways are safe. We have great (local) police and we are continuing to work with them to prevent any kind of terrorist activity," he said.

A joint FBI and Homeland Security statement said the attack was in the "planning stages." Agents picked up information by monitoring Internet chatrooms and through the recent arrest by Lebanese authorities of an alleged conspirator, officials said.

A senior Lebanese security official said the suspect is a Beirut native named Assem Hammoud, also known as Amir Andalousli.

The New York Daily News reported that the plotters wanted to cause Hurricane Katrina-like flooding on Wall Street and the city's financial district by blowing up the Holland Tunnel, a key commuter channel that connects Manhattan and New Jersey. A federal counterterrorism official, however, denied the report.

Details of the alleged plot emerged on the one-year anniversary yesterday of an al-Qaeda bombing of subway stations in London that killed 52 people.

FBI Plans New Net-tapping Push (CNET)

By Declan McCullagh, Staff Writer, CNET News.com

CNET News, July 8, 2006

New legislation, seen by CNET News.com, forces Net providers, networking-gear makers to build in Big Brother.

The FBI has drafted sweeping legislation that would require Internet service providers to create wiretapping hubs for police surveillance and force makers of networking gear to build in backdoors for eavesdropping, CNET News.com has learned.

FBI Agent Barry Smith distributed the proposal at a private meeting last Friday with industry representatives and indicated it would be introduced by Sen. Mike DeWine, an Ohio Republican, according to two sources familiar with the meeting.

The draft bill would place the FBI's Net-surveillance push on solid legal footing. At the moment, it's ensnared in a legal challenge from universities and some technology companies that claim the Federal Communications Commission's broadband surveillance directives exceed what Congress has authorized.

The FBI claims that expanding the 1994 Communications Assistance for Law Enforcement Act is necessary to thwart criminals and terrorists who have turned to technologies like voice over Internet Protocol, or VoIP.

"The complexity and variety of communications technologies have dramatically increased in recent years, and the lawful intercept capabilities of the federal, state and local law enforcement community have been under continual stress, and in many cases have decreased or become impossible," according to a summary accompanying the draft bill.

Complicating the political outlook for the legislation is an ongoing debate over allegedly illegal surveillance by the National Security Administration--punctuated by several lawsuits challenging it on constitutional grounds and an unrelated proposal to force Internet service providers to record what Americans are doing online. One source, who asked not to be identified because of the sensitive nature of last Friday's meeting, said the FBI viewed its CALEA expansion as a top congressional priority for 2007.

Breaking the legislation down

The 27-page proposed CALEA amendments seen by CNET News.com would:

• Require any manufacturer of "routing" and "addressing" hardware to offer upgrades or other "modifications" that are needed to support Internet wiretapping. Current law does require that of telephone switch manufacturers--but not makers of routers and network address translation hardware like Cisco Systems and 2Wire.

• Authorize the expansion of wiretapping requirements to "commercial" Internet services including instant messaging if the FCC deems it to be in the "public interest." That would likely sweep in services such as in-game chats offered by Microsoft's Xbox 360 gaming system as well.

• Force Internet service providers to sift through their customers' communications to identify, for instance, only VoIP calls. (The language requires companies to adhere to "processing or filtering methods or procedures applied by a law enforcement agency.") That means police could simply ask broadband providers like AT&T, Comcast or Verizon for wiretap info--instead of having to figure out what VoIP service was being used.

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• Eliminate the current legal requirement saying the Justice Department must publish a public "notice of the actual number of communications interceptions" every year. That notice currently also must disclose the "maximum capacity" required to accommodate all of the legally authorized taps that government agencies will "conduct and use simultaneously."

Jim Harper, a policy analyst at the free-market Cato Institute and member of a Homeland Security advisory board, said the proposal would "have a negative impact on Internet users' privacy."

"People expect their information to be private unless the government meets certain legal standards," Harper said. "Right now the Department of Justice is pushing the wrong way on all this."

Neither the FBI nor DeWine's office responded to a request for comment Friday afternoon.

DeWine has relatively low approval ratings--47 percent, according to SurveyUSA.com--and is enmeshed in a fierce battle with a Democratic challenger to retain his Senate seat in the November elections. DeWine is a member of a Senate Judiciary subcommittee charged with overseeing electronic privacy and antiterrorism enforcement and is a former prosecutor in Ohio.

A panel of the U.S. Court of Appeals in Washington, D.C., decided 2-1 last month to uphold the FCC's extension of CALEA to broadband providers, and it's not clear what will happen next with the lawsuit. Judge Harry Edwards wrote in his dissent that the majority's logic gave the FCC "unlimited authority to regulate every telecommunications service that might conceivably be used to assist law enforcement."

The organizations behind the lawsuit say Congress never intended CALEA to force broadband providers--and networks at corporations and universities--to build in central surveillance hubs for the police. The list of organizations includes Sun Microsystems, Pulver.com, the American Association of Community Colleges, the Association of American Universities and the American Library Association.

If the FBI's legislation becomes law, it would derail the lawsuit because there would no longer be any question that Congress intended CALEA to apply to the Internet.

Subways Are Safe, US Security Official Says After Riding T (BOS)

By Mac Daniel

The Boston Globe, July 8, 2006

Secretary of Homeland Security Michael Chertoff marked the one-year anniversary of the London terrorist bombings by riding the MBTA's Green Line yesterday and touting federal aid to combat terrorist threats in Boston, but he cautioned that no one can guarantee security.

``I would not hesitate, and I wouldn't hesitate to tell my family, to get on the subway, here or all over the country," he said. ``I think that we should not be bullied out of getting on the train. We shouldn't give terrorists the idea that they can scare us off our trains. I have no hesitation in saying this is a safe mode of transportation. On the other hand, we do live with a certain amount of risk in life. . . . But our job is to reduce the risk as much as possible, and that's what we're doing."

Boston has received $11 million in federal transit security grants this year alone, the fourth largest recipient in the nation, behind New York City; Washington, D.C.; and Chicago. The Massachusetts Bay Transportation Authority is the nation's fourth largest public transit system, in terms of daily ridership.

Since 2003, the Department of Homeland Security has awarded the MBTA and other local agencies $29.1 million in such grants, funding closed-circuit television installation throughout the entire T rail system, transit police training and staffing, upgrades in communications, and even building a working duplicate of the T's operations control center, in case the current center is attacked or made inoperable.

Chertoff was introduced by MBTA Transit Police Chief Joseph C. Carter, who said, ``The cause of security and freedom in America remains an ongoing effort."

Chertoff's visit coincided with news of the foiling of a terrorist plot to bomb the transit system linking New York City and New Jersey. Chertoff said that the plot was discovered ``several months ago" and that the information was acted on immediately ``to disrupt the completion of any plot."

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``We take all threats seriously," Chertoff said during a press conference outside Government Center station. ``We don't wait until someone has lit the fuse to step in and prevent something from happening. That would be playing games with people's lives."

Chertoff came to the press conference after a short ride on the Green Line from North Station. He said that he had fond memories of the T from his days at Harvard University and Harvard Law School and that he does not want the threat of a terrorist attack to keep the public from riding.

In Boston to attend a Coast Guard ceremony, Chertoff also used the visit to mark the one-year anniversary of the London transit bombings that killed 52 people and injured hundreds.

``It is a sad anniversary," he said. ``A year ago in London, there was a terrible terrorist attack carried out, which cost the lives of over 50 people.

``And it's a reminder to us, just as 9/11 was a reminder to us, that terrorists will attack anywhere, they will use any method of transportation, and they continue to wage war against free people all over the world, including the people of the United States," Chertoff said.

MBTA Transit Police used the anniversary to hand out pamphlets about their ``See Something, Say Something" safety awareness campaign, which reminds transit riders to report suspicious packages.

``The subways are safe," Chertoff said . ``You've got great police officers here, and we've got great partnerships with them, and we're going to continue to work to make sure that we prevent and disrupt any kind of terrorist activity, whether it's underground or crossing Boston Harbor or flying up in the air."

In fiscal 2006, Boston received $9.6 million for rail security, accounting for 9 percent of the total nationwide mass transit security funds issued this year.

Bay State Polls Say Chertoff Off-track (BOSH)

By Dave Wedge And Casey Ross

Boston Herald, July 8, 2006

In the wake of a thwarted plot to bomb Big Apple subways, Bay State lawmakers yesterday blasted Homeland Security czar Michael Chertoff, saying trains remain virtually unprotected from possible terrorist attacks.

“In terms of rail safety, I think it’s one of the least-secure modes of transportation,” said Boston City Councilor Stephen Murphy, an outspoken railway security advocate. “Frankly, you can get at rail cars just about anywhere along the route.”

Chertoff, President Bush’s Homeland Security secretary, visited Boston yesterday to talk up the administration’s focus on protecting the nation’s railways, noting that Boston received $9.6 million for rail security in 2006 - the fourth-highest amount in the nation.

“We should not give terrorists the idea that they can scare us off our trains,” Chertoff said, speaking at the Government Center MBTA stop.

But his strong remarks on improving rail safety are a departure from comments he made last year, when he downplayed train threats and insisted the department’s main focus should remain on protecting airlines.

Chertoff also infuriated Bay State congressmen a week after the 2005 London subway bombings when he said local officials should bear the financial burden of protecting trains.

Yesterday, Chertoff denied his focus on transit security marked a change in course.

“It’s a partnership,” he said. “I don’t think (MBTA police Chief Joe) Carter would want us coming in and taking over responsibility. The idea is to give local chiefs the tools they need to do their jobs.”

But U.S. Rep. Edward Markey (D-Malden) argued that Homeland Security “needs to do much more to secure these systems against attack.”

“It’s clear that securing our subways, buses and rail cars is a low priority for the Bush administration,” Markey said.

U.S. Rep. Stephen Lynch (D-South Boston) said rail security is “grossly underfunded” because “97 percent” of transportation security money goes to the airways. Lynch has filed a bill in Congress three times to hike rail security spending from $150 million to $5 billion, but the measure has been blocked by Republicans.

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"Right now we're spending $9 per passenger on airline security," Lynch said. "We spend less than 2 cents per passenger on rail security. It just shows the disparity."

He added: "It will take an attack on the rails to get something done."

Fearful of lax rail security nationwide, Murphy last year filed a plan still pending to ban trains carrying hazardous material in Boston.

"I don't think the priorites at the federal level are where they should be," Murphy said.

More Antiterror Funds For New York Area (NYT)

By Eric Lipton

The New York Times, July 7, 2006

The New York City metropolitan area will receive $53.8 million in federal antiterrorism grants to protect its rail, bus and ferry systems, a 25 percent increase over last year, the Department of Homeland Security announced yesterday. The additional money may curtail some of the criticism of a 40 percent cut announced on May 31 in a separate, larger antiterrorism grant program. The new grant money — $47 million for rail, $5.5 million for bus systems and $1.3 million for ferry security — means the New York area will get nearly 44 percent of the total transit grants distributed this year. "The Department of Homeland Security is finally putting some of its money where its mouth is and seems to have realized that New York City's subways and buses remain under constant threat," Senator Charles E. Schumer said.

American Al Qaeda Member Lambastes U.S. Troops (CNN)

CNN, July 8, 2006

(CNN) -- California-born al Qaeda member Adam Gadahn speaks out against U.S. troops on a video that has been released by As-Sahab, the terror network's video-production outfit.

The video deals primarily with the London subway bombings of 2005, but includes a five-minute speech from Gadahn, in English, in which the American lashes out at allegations of war crimes recently leveled at U.S. troops in Iraq.

Mentioned specifically are alleged incidents in Mahmoudiya and Haditha. A U.S. Army private faces charges of raping and killing an Iraqi woman in Mahmoudiya, and the U.S. military is investigating allegations that Marines killed 24 civilians in Haditha in November.

In the video, Gadahn says the incidents represent a pattern of U.S. and British brutality toward Muslims, and he says he saw U.S. soldiers kill civilians in Afghanistan.

"They have murdered thousands of Afghan civilians," he says. "I have seen it with my own eyes, carried the victims in my own arms. You name it, they have bombed it."

The video was broadcast Thursday on the Arabic-language television network Al-Jazeera.

Gadahn has appeared in previous al Qaeda videos wearing a mask, but his face is uncovered in the new video.

Gadahn is wanted in connection with possible terrorist threats against the United States, according to the FBI.

"Although the FBI has no information indicating this individual is connected to any specific terrorist activities, the FBI would like to locate and question this person," the agency's Web site states.

He has several aliases, including Abu Suhayb Al-Amriki, Abu Suhayb, Yihya Majadin Adams and Adam Pearlman, the FBI states.

According to a manifesto penned in 1995 and posted on a University of Southern California Web site, Gadahn was reared on a California goat farm and home-schooled by Christian parents.

He found Islam after moving into his grandparents' Santa Ana home, where he began exploring Internet message boards about religion and reading English translations of the Quran.

"You see, I discovered that the beliefs and practices of this religion fit my personal theology and intellect as well as basic human logic," Gadahn wrote in the essay.London bombings

The majority of the videotape deals with the London bombings and states that two of the suicide bombers received explosives training at al Qaeda camps.

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The narrator of the 30-minute tape says that suicide bomber Shehzad Tanweer "received, along with the martyr (Mohammad) Sidique Khan, focused and practical instruction on the manufacture of explosives and their use at the camps of Qaeda al-Jihad."

The tape includes footage of men mixing explosives and carrying out small explosions, but it's not clear if the men in the video are the London bombers.

Khan and Tanweer traveled to Pakistan in October 2004, returning to Britain in February 2005, five months before they carried out the London bombings, along with Germaine Lindsay and Hasib Hussain.

Al Qaeda's deputy leader, Ayman al-Zawahiri, who last year first praised and then claimed credit for the London bombing on behalf of al Qaeda, said Tanweer was motivated by Britain's role in Iraq, Afghanistan, Gaza and the West Bank.

"That's why Shehzad came to the camps of Qaeda al-Jihad and spent a period of time with Mohammad Sidique," al-Zawahiri said on the tape. "Both of them were seeking martyrdom and wished they could carry out a martyrdom operation. They were both very insistent on that, and if the brothers discussed something else they would pay them no heed."

Tanweer, speaking in English on the video, says non-Muslims in Britain may wonder "what you have done to deserve this."

"You continue to oppress," he says. "Your government has openly supported the genocide of over 150,000 innocent Muslims in Falluja."

The video also contains recent clips from bin Laden and Abu Musab al-Zarqawi, who was killed by U.S. troops in Iraq last month.

US Passenger Detained After Trying To Break Into Delta Cockpit (AFP)

AFP, July 8, 2006

US authorities detained a male airline passenger who repeatedly tried to break into the cockpit during a flight to Florida before being restrained by passengers, an airport spokeswoman told AFP.

The incident occurred late Thursday as a Delta Air Lines flight from New York was descending for landing at the Tampa International Airport in western Florida, the airport spokeswoman, Brenda Geoghagan, said.

The flight departed La Guardia Airport and was on its landing approach shortly after 11:00 pm when a man refused a flight attendant's order to sit down, became agitated and ran toward the cockpit, where he tried twice to knock down the door, she said.

"Fifteen minutes before landing, the flight attendant wanted him to sit down and he wouldn't. He was uncooperative," the spokeswoman said.

"He started evidently running towards the front of the aircraft and started to run at full speed toward the cockpit door, which was secured, and he fell down and rammed the door again."

The airport spokeswoman said three passengers became concerned about his behavior and "wound up subduing him and holding him."

Police identified the man as Nefpali Alexander Liemenbez, 24.

The airport spokeswoman said Liemenbez was a Hispanic US soldier with a mental problem whose active duty was to end next Tuesday.

No one was injured in the incident.

Liemenbez was taken to a local hospital, where he will be held for 72 hours for observation, Geoghagan said.

The case was referred to the FBI for evaluation.

Passengers Pin Man Charging Cockpit (TBT)

By Valerie Kalfrin

Tampa Bay Tribune, July 8, 2006

TAMPA - Delta Flight 1850 wound toward Tampa International Airport on the final leg of its journey from New York, full of tired passengers.

Only one of them knew Neftali Laimendez, 24, a U.S. Army specialist who was days away from discharge. Now, few aboard can forget him.

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A pastor, two businessmen and a father jumped from their seats to subdue Laimendez as he raced up the aisle and banged on the locked cockpit door, airport officials said.

They pinned Laimendez to the floor for about five minutes, until the plane landed.

"There was no way anybody was going to let him up," said the pastor, Herb Freitag, 64, of Chapel by the Sea community church in Clearwater.

No one could say Friday what triggered the outburst. Laimendez's brother, Robert Cordero-Mendez, 19, was on the flight and explained to passengers that Laimendez had recently served in Iraq, Freitag and the others said. Cordero-Mendez apologized for his brother's behavior.

Laimendez was being evaluated Friday under the Florida Mental Health, or Baker, Act. The FBI and U.S. attorney's office had not determined whether he would face criminal charges.

Airport Police Chief Paul Sireci said officials thought Laimendez might have post-traumatic stress disorder and had him examined.

Reached by phone at his Tampa apartment, Cordero-Mendez declined an interview but said: "He asked for help while he was in the Army. They didn't give it to him. Now this happened."

An Army spokesman at the Pentagon said Laimendez, whose name is listed as Lai on his Florida driver's license, was stationed at Fort Riley, Kan., with a field artillery unit. He had taken terminal leave - similar to paid vacation - on May 25. His tour of duty was to expire next Wednesday.

An airport police report said Cordero-Mendez had wanted to get his brother medical treatment in New York, but their mother, who lives in Tampa, wanted them to come here. The brothers took off from LaGuardia Airport sitting in Row 24 at 8:05 p.m.

The plane, which has about 150 seats, was scheduled to land at 11:03 p.m. About 15 minutes before landing, Jason Moore, a passenger in Row 36, saw Laimendez walk past him and sit in the last row.

Laimendez began poking a woman in front of him in the shoulder, and she signaled to a flight attendant that the man was bothering her, Moore said. Laimendez also pointed at a man across the aisle, gesturing at the tattoos on his own forearms, according to Moore.

"I'm looking back, nervous, thinking, 'Can't they land this plane any faster?'" said Moore, 27, a television research analyst traveling to visit relatives in St. Petersburg.

Laimendez did not speak to the flight crew or his brother, who approached and spoke to him in Spanish, Moore said. "All of a sudden he gets up and sprints like he was doing a hundred-yard dash toward the front of the plane."

The man's heavy footfalls sounded at first like a child running, said Adam Davisberg of Monroe, N.Y., seated in Row 14 with his 3-year-old daughter.

"When I saw him slamming the cockpit door, I thought he was trying to do something," such as hijack or crash the plane, said Davisberg, 38.

The running man also startled first-class passengers Gordon Montoya, a Brandon businessman, and Freitag. Freitag and his wife, Lorraine, had been bumped to first class and were seated in the first row after missing a connecting flight at LaGuardia.

"He hit that cockpit door, pounding on the door, trying to open it," Herb Freitag said.

Montoya said that without thinking, he rushed forward and grabbed the man's legs. "I tried to get him up off the ground so I could get him down," he said.

As the two wrestled, Freitag said, he grabbed at Laimendez as well. By this time, Montoya had pinned his legs, and Davisberg placed his foot on Laimendez's chest.

"It was kind of this ad hoc group that acted together, and I was encouraged by that," said James Abbott, 37, a Sarasota businessman who also joined the fracas.

Richard Stevens, the Tampa airport's deputy federal security director, praised the passengers for remaining calm and acting swiftly.

"We would never recommend that someone put themselves in harm's way, but the entire culture of how people react to these things since 9/11 has made people not likely to stand by," he said.

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On Sept. 11, passengers on United Flight 93, the hijacked plane that went down in Pennsylvania, tried to thwart the terrorists.

As others called the Tampa plane passengers heroes, Abbott shrugged off the label.

"I think it's kind of a tragedy," he said. "I hope he gets whatever help he needs. He put himself in a dangerous situation."

Soldier Held After Ramming Cockpit Door (SFC/AP)

San Francisco Chronicle/AP, July 8, 2006

A U.S. Army soldier who had served in Iraq was tackled by airplane passengers after he ran down the aisle and rammed the cockpit door on a flight from New York to Tampa, an official said.

The soldier did not have any weapons and there was no evidence that he meant harm anyone on the flight Thursday night, Tampa International Airport spokeswoman Brenda Geoghagan said.

She said he was restrained until the flight landed, then taken into custody under a Florida law that allows a person to be held without charges if they are deemed to be a threat to themselves or others.

The soldier's brother told officials that he "has some mental problems related to his Army service," Geoghagan said. The brothers were traveling from New York to visit their mother in Tampa.

Army spokesman Sheldon Smith said the man was attached to Fort Riley, Kan., but his status was unclear. An incident report said the man was scheduled to get out of the service July 12 and was on leave.

No charges had been filed Friday morning.

Mosque Members Denounce FBI Raid As Desecration (PPG)

By Ervin Dyer

Pittsburgh Post-Gazette, July 8, 2006

The congregation of the Light of the Age mosque yesterday denounced the June 30 FBI raid on the site as "unjust, unethical and unnecessary."

Tahir Abdullah, assistant director of the congregation, read a statement from the Muslim Alliance in North America, a coalition of primarily African-American Muslim organizations from across the United States, saying that the raid on the North Side mosque violated a house of worship during services.

The FBI arrested Larry M. Williams of Lincoln-Lemington, who has felony convictions in Washington state and other outstanding warrants, including one for failing to register as a sex offender.

The arrest took place during prayer hours, and some members of the largely African-American congregation were detained and questioned on the street, group members said. The facility was searched and streets blocked off for several hours during the FBI action.

The group and supporters who joined members at a news conference yesterday accused the FBI of harassing citizens of African-American descent and of religious insensitivity in conducting the raid during worship hours.

"We're concerned with the kind of terrorist label that is being attached to Muslims," said Yusef Ali, president of the Islamic Council of Greater Pittsburgh. "We're concerned the raid will lead the public to believe the stereotype and that more Muslims will be profiled."

Jeff Killeen, a spokesman for the FBI, could not confirm if the bureau knew the facility was a mosque. He said the agency tries to respect the civil and constitutional rights of everyone.

"But we had a warrant for the arrest of a convicted felon in possession of a weapon -- a semi-automatic pistol. We can't take that lightly."

Federal officials detailed the reasons for the arrest in a statement yesterday and have not linked the group to terrorism.

"Under federal law, it is illegal for any person who has been convicted of a crime which carries a punishment of more than one year in prison to possess a firearm or ammunition," said the statement from U.S. Attorney Mary Beth Buchanan. "Larry M. Williams is such a person."

He has also been convicted of robbery in Washington, and there are warrants issued in Pennsylvania and Washington for his failure to register as a sex offender following a rape conviction.

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Yesterday's news conference was held to show the mosque and study center to the public as well as to condemn the FBI action.

The Light of the Age mosque has been at 1320 Boyle St. for about three months and before that was based on Concord Street in Spring Garden for three years.

It is a provisional member of the Islamic Council of Greater Pittsburgh. It participates in council debate and observes meetings but is not allowed to vote. The group must sit on council for a year before getting voting privileges.

Unlike Christian churches or synagogues, Muslim worship centers are not identified by symbols such as a cross or Star of David. Several in Pittsburgh have no signs indicating that they are houses of worship.

In fact, said Ibrahim Hopper, a spokesman for the national Council on American-Islamic Relations, it is not unusual for a mosque to share space with a dwelling where there are apartments on the upper level and a prayer room below.

Khari Mosley, Democratic committee chair for the 22nd Ward, where the home is located, said it was no secret that the congregation was a worship and outreach center.

Light of Age is in a three-story 100-year-old building. On the first level is a library full of Islamic texts, a kitchen and a lounge. On the second level are two jummah, or prayer rooms. The women worship on one side of the stairs and the men on the other. On the third level are computer rooms and bedrooms.

The dozen congregation members and supporters who assembled yesterday said they considered the raid a desecration and many said they believe it would not have taken place at a church or synagogue.

"Our place of worship was ransacked," said Luqman abdus-Salaam, a spokesman for the North Side mosque. "Doors were kicked in and a storage closet turned upside down. The FBI left no list of what was taken."

For Thrift, Port Authority Will Build 9/11 Shrine (NYT)

By David W. Dunlap

The New York Times, July 7, 2006

The Port Authority of New York and New Jersey agreed yesterday to take over construction of the World Trade Center memorial and museum. The move is expected to make the tortuous development process more efficient and less expensive.

"It appears that we're the party best suited to do that," said Anthony R. Coscia, the chairman of the authority, after the board approved an agreement with New York State, City Hall, the Lower Manhattan Development Corporation and the World Trade Center Memorial Foundation.

Three hours later, the foundation announced that it was back in the fund-raising business with a national television, radio and print campaign based on the theme, "It's time." Solicitations were suspended this spring as the cost of the memorial soared.

"We must all share the responsibility of building a memorial," Mayor Michael R. Bloomberg said, acknowledging — with reluctance — that he was one of the anonymous donors who had already contributed to the foundation.

Under the new agreement, the authority will be responsible for building the plaza-level memorial, the underground memorial museum and the aboveground visitor, orientation and education center, which will serve as the museum entryway.

"It was clear," Gov. George E. Pataki said, "that having one entity in charge of all the construction going on within the confines of the very narrow space where the towers stood would not only be much more efficient, but would also be quicker and less expensive."

Originally, the foundation was to oversee construction of the memorial, while the authority was to build the surrounding infrastructure and the adjoining PATH terminal and transportation hub.

Last month, Frank J. Sciame, a construction executive recruited by the governor and the mayor to contain the cost of the memorial, urged that the authority be given responsibility for building the entire complex. He said that would provide "a single point of accountability," permit consolidation of project staffs and eliminate redundancies.

The foundation, a nonprofit corporation, will now be responsible for completing the design and protecting its integrity, for financing part of its construction cost, and for running the memorial complex and paying its operating costs. The memorial opening is planned for Sept. 11, 2009.

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Mr. Coscia said the authority had not yet decided whether it would retain Bovis Lend Lease, the construction manager chosen earlier this year by the foundation.

In all, construction of the entire memorial quadrant is now expected to cost at least $740 million: $510 million for the memorial and museum (slightly more than the $500 million budgetary goal set by the governor and the mayor), $80 million for the visitor center and $150 million for the infrastructure: foundations and footings, underground roadways, utilities and a central cooling plant.

The Port Authority is to pick up the infrastructure cost, with $100 million coming from its April agreement with Silverstein Properties, the commercial leaseholder on the site, and $50 million from its own capital budget, an extra contribution that Mr. Coscia announced yesterday.

The authority and the development corporation will each contribute up to $45 million to a reserve fund that would cover cost overruns once the project has begun, officials announced yesterday.

The development corporation will contribute $250 million to build the memorial and memorial museum. This money comes from federal grants through the Department of Housing and Urban Development.

New York State will contribute the $80 million needed for the visitor center, which is never counted as part of the memorial and museum by the budget-makers, even though it is integral to the project.

The foundation is expected to contribute $260 million to build the memorial and museum. It is also seeking $40 million to plan the museum, design the exhibits, and preserve and transport artifacts, as well as to finance its own operations for the next three years.

With $130 million already in pocket, according to the foundation's own account, that leaves its fund-raising goal at $170 million.

Its national advertising campaign, developed free by TBWA/Chiat/Day, began yesterday and is to run on broadcast networks and cable channels, in newspapers and magazines and as billboards.

The 60-second television ad voicelessly depicts people gathering up mementos — a baseball cap, a hard hat, a sports jersey, a teddy bear, a tool kit, a trophy, a snapshot, a bouquet — and depositing them at an impromptu memorial.

"We needed one then," the closing title says. "We need one now." (The commercial can be viewed on buildthememorial.org.)

In April, the foundation reported that two anonymous donors had each given more than $10 million, that one donor had given $1 million to $5 million, and that one donor had given $100,000 to $1 million.

Mayor Bloomberg said yesterday: "Generally, I don't discuss my personal philanthropy, but in this case, I will. I have made a donation already to the memorial." He declined to say how much.

Delegation Sends Letter Asking For Rita Help (BRADV)

By Gerard Shields

Baton Rouge Advocate, July 8, 2006

WASHINGTON — Most of the Louisiana congressional delegation sent a letter to President Bush on Friday asking that the federal government extend 100 percent reimbursement for debris removal to nine parishes damaged mostly by Hurricane Rita.

The letter, signed by eight of the nine federal delegation members, came one week after the White House announced that it would pick up the costs for debris removal through Dec. 31 for five parishes damaged by Hurricane Katrina. That move saved those parishes an estimated $71 million.

The letter asks that the federal coverage be extended to Calcasieu, Cameron, Iberia, Jefferson, Lafourche, St. Charles, St. Mary, Terrebonne and Vermilion parishes. On July 1, those parishes had to begin picking up 10 percent of the removal costs.

In the letter, delegation members said that added cost will leave parishes not included in the coverage fiscally strained. Jefferson Parish is looking at a $12 million bill for debris removal, the letter says. Calcasieu Parish has more than $11 million of work remaining.

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And in Cameron Parish, 19 public schools, the local hospital and Cameron Elementary School need to be demolished. The inventory does not take in the many wrecked cars, trucks and boats that must be removed. The parish estimates its share will rise to $3 million from a total annual budget of $8 million.

"A decision to extend the federal reimbursement period for all of the parishes affected by last summer's destructive hurricanes would allow for continued progress and provide hope for Americans who have suffered greatly but feel they have been overlooked," the letter says.

White House officials directed calls to the Federal Emergency Management Agency. FEMA is reviewing the request after getting similar correspondence from Gov. Kathleen Blanco, FEMA spokesman Aaron Walker said.

In extending the coverage last week, the Office of the Coordinator for Gulf Coast Rebuilding said the five Katrina parishes — Orleans, Plaquemines, St. Bernard, St. Tammany and Washington — were chosen because they comprised 96 percent of the state's debris removal. Donald Powell, coordinator for Gulf Coast Rebuilding, called the process "fair and equitable."

Susan Aspey, a spokeswoman for the office, stood by the decision on Friday.

"In making the decision, we had to prioritize where to provide additional taxpayer assistance to those areas with the greatest need," she said.

U.S. Rep. Charles Boustany, R-Lafayette, circulated the letter to his colleagues and has been critical of the Bush administration for leaving Rita-hit parishes off the reimbursement list. He expressed gratitude Friday to Blanco, who has pledged to support the parishes that were excluded.

"The fact is, the state should not have to step in on a problem that is the federal government's responsibility in the first place," Boustany said in a statement Friday. "President Bush owes it to the people of southwest Louisiana to reconsider last week's announcement."

The only member of delegation whose signature is not on the list is U.S. Rep. William Jefferson, D-New Orleans.

A Jefferson spokeswoman said the office missed the deadline for submitting his signature.

"We do support the extension of the deadline," Melanie Roussell said.

WAR NEWS:

Iraqi Troops Clash With Shiite Militia (WP)

By Joshua Partlow And Jonathan Finer

The Washington Post, July 8, 2006

BAGHDAD, July 7 -- Iraqi troops rumbled into the teeming Baghdad slum of Sadr City before dawn Friday and confronted the neighborhood's reigning militia, setting off an intense firefight that left 30 to 40 insurgents dead or wounded, according to U.S. military officials.

Using night-vision goggles and laser-guided weapons, the Iraqi army, supported by U.S.-led coalition troops, raided four homes and captured five men. One was a "very significant criminal" who leads "multiple insurgent cells" responsible for kidnappings and killings, including the deaths of two Iraqi soldiers, said Maj. Gen. William B. Caldwell IV, a spokesman for the U.S. military.

The U.S. military did not name the opposing force in the clash, but Sadr City is controlled by the Mahdi Army, a powerful Shiite Muslim militia loyal to firebrand cleric Moqtada al-Sadr. The cleric's formidable political influence makes his militia a sensitive target, and attacks against it have led to popular uprisings.

The fighting, which lasted 43 minutes, began when Iraqi troops returned fire after being shot at with rocket-propelled grenades, Caldwell said. Under the cover of U.S. military aircraft, Iraqi troops blew off the doors of four houses during the raid, while taking grenade and small-arms fire from rooftops, U.S. officials said.

The U.S. military did not identify the "significant" individual who was captured, but Caldwell said he was involved in a "punishment committee that carries out vigilante judgment." He also is said to have imported weapons from Syria into Iraq.

One of the most notorious members of the Mahdi Army, suspected of being behind several killings, is a man known as Abu Dura. But "there is no confirmation that Abu Dura was captured" in the raid, said Maj. James F. Lowe, a U.S. Army spokesman.

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Mahdi Army members, who confirmed their involvement in the fight, said they were attacked without provocation. A Sadr spokesman in Baghdad, Abdul Hadi al-Daraji, called the fighting "a dangerous escalation and criminal act on the part of the American forces."

In a separate operation, U.S.-led forces captured an insurgent commander in Babil province, whom news services identified as Adnan al-Unaybi, the Mahdi Army leader in areas south of Baghdad. The captured insurgent was responsible for weapons smuggling, spying for Iran, bombings against coalition forces and inciting sectarian violence, the U.S. military said in a statement.

The Sadr City raid and the capture of the insurgent leader were evidence that Prime Minister Nouri al-Maliki has begun to follow through on his pledge to dismantle violent Shiite militias.

Dealing with the Mahdi Army has long proved a thorny challenge for U.S. and Iraqi forces, which put down two Sadr-led uprisings in 2004. While U.S. officials have blamed the group for contributing to the surge in sectarian violence here in recent months, politicians loyal to Sadr control more than 30 seats in Iraq's parliament and several cabinet posts, making the militia a politically risky target.

In the southern Iraqi city of Najaf, Mahdi Army fighters gathered Friday to bury their dead in a vast cemetery holy to Shiites.

"We were all sleeping on the roofs of our houses because there was no electricity. We went out to the street to see what happened, and we were shocked to see the American helicopters bombing and shooting at the houses," said Jasim Muhammed, 36, a member of the Mahdi Army who said his cousin had died in the Sadr City clash.

Another Mahdi fighter, Qais Shawkat, 56, said U.S. and Iraqi forces attacked a funeral tent for a militiaman who died recently, killing one man and wounding several others. Iraqi television showed crowds of people escorting minivans carrying away coffins, and the wreckage of what was reported to be the funeral tent.

Shawkat said the Mahdi Army was under orders from Sadr not to fight U.S. forces. "So, we didn't. We were surprised. We did not expect the Americans to come and attack us," he said.

The clash with the militia came on a day when Democratic Sens. Joseph R. Biden Jr. (Del.) and Jack Reed (R.I.) were touring Iraq. Their visit includes stops in Baghdad and Basra and meetings with Maliki and cabinet members.

Biden said he noticed little difference in security since his previous visit, during elections in December. "The incidents are up, the militias in the last couple months have grown, not diminished, so I'm not impressed," Biden said.

He said he found it "disturbing" the Shiite-led government did not seem to have a sufficient sense of urgency about incorporating Sunni Muslim leaders into the political process. Unless there is a trustworthy police force and a greater Sunni commitment to peace, Biden said, "I don't know how they can keep this thing together."

Biden said that one year from now, if there is not significant progress reducing sectarian violence and disbanding the militias, and much more stability, "there's going to be really no prospect, in my view, of keeping any large number of American forces here."

Meanwhile, the Friday holiday was disrupted by attacks on both Shiite and Sunni mosques. A car bomb exploded after prayers at the Sunni Mustafa mosque in western Baghdad, killing seven worshipers and three mosque guards, said Col. Sami al-Masrawi of the Interior Ministry.

South of Baghdad, rocket-propelled grenades struck at a joint Iraqi army and police patrol guarding the Shiite al-Sajad mosque, killing two worshipers and two policemen, Masrawi said.

Joint Raid Captures 2 Linked To Rebel Shiite Leader (NYT)

By Kirk Semple

The New York Times, July 8, 2006

BAGHDAD, Iraq, July 7 — Iraqi soldiers backed by American troops and military aircraft stormed a building in a Shiite slum here early Friday, killing or wounding between 30 and 40 gunmen and capturing a high-level Shiite militia commander accused of attacking Iraqi and American troops, the American military command said.

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American and Iraqi authorities did not disclose the identity of the captured militia commander, but residents said the building that came under attack was a base of operations for a man known as Abu Deraa, a top commander of the Mahdi Army, the restless and potent Shiite militia that answers to the militant Shiite cleric Moktada al-Sadr.

In a concurrent operation on Friday, Iraqi police officers captured Adnan al-Unaybi, who, according to the American military command, is in charge of a wing of the Mahdi Army operating in Babil Province, south of Baghdad. The military said in a statement that he was accused of smuggling weapons, bankrolling terrorism, attacking American troops, inciting sectarian violence and "spying for two foreign governments." The statement did not identify the two governments.

Taken together, the raids were a rare strike by the Shiite-led government security forces against forces linked to Mr. Sadr, and suggested that Prime Minister Nuri Kamal al-Maliki was making good on his vow to crack down on Sunni Arab and Shiite militias alike in an effort to halt the accelerating cycles of sectarian violence that have begun to cleave Iraq into ethnic enclaves.

Mr. Sadr's militia has frequently been accused by Sunni Arab leaders and American officials of kidnapping and killing Sunni Arabs, sometimes in retaliation for similar crimes against Shiites by Sunni death squads.

But the Shiite-dominated government has been hesitant to tangle with Mr. Sadr, in part because of his wide political and social influence. He commands a vast Shiite following, and his allies control at least 30 of Parliament's 275 seats and several important ministries, making him one of Iraq's most powerful political leaders.

In the last large-scale government raid aimed at Mr. Sadr's allies, Iraqi forces, with the support of American troops, raided a Shiite mosque in Baghdad frequented by his followers, killing at least 16 people. The March raid infuriated Mr. Sadr's community and members of the national Shiite political leadership, who were appalled that soldiers had stormed a place of worship. But American officials said the building was not a mosque, but rather a citadel for Shiite militiamen to stage attacks against government forces.

Some Shiite leaders criticized the Friday raid and warned that it could provoke Mr. Sadr's followers to take up arms against government security forces. In 2004, Mr. Sadr led two bloody revolts against American forces.

"This attack seems to be a green light for another uprising," Fattah al-Sheik, a legislator and representative of the Sadr movement, said in a telephone interview, adding that the people in the teeming, impoverished neighborhood of Sadr City "are in a state of readiness and are very angry and upset." But he noted that Mr. Sadr had urged his followers to remain calm.

Neighbors who witnessed the Sadr City assault said the firefight began about 1:30 a.m. It lasted 43 minutes, according to American officials, as government forces overwhelmed militia members with the help of an American aircraft that fired three 105-millimeter rounds.

At least 13 people were killed, including women and children, and 39 were wounded, according to an official at Imam Ali Hospital in Sadr City, who requested anonymity out of concern for his safety.

American military officials said they could not confirm whether any civilians had died in the attack. "There are no known civilian casualties which the Iraqi forces observed," Maj. Gen. William B. Caldwell IV, a top American military spokesman in Baghdad, said during a press briefing. "Doesn't mean there weren't any, but there were no observed Iraqi civilian casualties from this operation."

Maj. Todd Breasseale, another military spokesman, said in a telephone interview that government troops and aircraft attacked only those people who were firing weapons at them.

The American military command said the intended target of the operation was captured, along with four other suspects. The main suspect, the command said in a statement, is the head of "multiple insurgent cells in Baghdad," and is accused of attacking Iraqi and American government forces; kidnapping, torturing and killing Iraqi citizens; and smuggling weapons from Syria into Iraq to "facilitate his efforts to splinter away from his current insurgent organization."

Wusam al-Bahadali, 28, a midlevel member of the Mahdi Army, said in an interview in Sadr City that Abu Deraa had not been detained during the raid and that he remained at large.

In an eruption of what appeared to be sectarian violence on Friday, at least four mosques came under attack around the country, according to the police. In the deadliest of those attacks, at least 9 people were killed and 63 wounded when a car bomb exploded outside a Shiite mosque in northwestern Mosul, according to Iraqi police officials there.

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In a southwest neighborhood of Baghdad, a car bomb detonated outside a Sunni mosque, killing two people and wounding one, said an official with the Interior Ministry, who requested anonymity because he was not authorized to speak on the record.

New agencies reported that a mortar landed near another Sunni mosque in northern Baghdad, killing three and wounding seven, and that a concealed, homemade bomb exploded as worshipers were leaving a Sunni mosque in Baquba, in Diyala Province, killing one person and wounding four.

The attacks occurred despite a four-hour ban on driving on Fridays in the capital and Diyala Province intended to help forestall attacks against mosques on the day of prayer.

Mr. Maliki, the prime minister, has made cracking down on sectarian militias, especially those tied to political factions, one of his priorities, and has vowed to remove weapons from all but the hands of authorized government forces.

In the criminal case involving Steven D. Green, the former Army private accused of raping an Iraqi teenager and killing her and three family members, a military official disclosed Friday that three other soldiers still under investigation include a sergeant, a specialist and a private first class.

The official, who requested anonymity because he was not authorized to speak on the record about these details, said all four men were in the same platoon, which is part of the First Battalion, 502nd Infantry of the 101st Airborne Division.

U.S., Iraqi Forces Raid Shiite Stronghold (AP)

By Robert H. Reid

AP, July 8, 2006

Iraqi troops backed by U.S. jets raided a Shiite stronghold in the capital Friday, killing and wounding dozens of people in a crackdown on militias blamed for much of Iraq's worsening sectarian violence.

At least 17 others died in a wave of bombings and mortar attacks against mostly Sunni mosques in the Baghdad area and northern Iraq. A Sunni cleric was also kidnapped in the capital, a Sunni official said.

The raid began before dawn in Sadr City, a Shiite district of east Baghdad, as Iraqi troops backed by the Americans swooped down on a building where an undisclosed "insurgent leader" was holed up, a U.S. statement said.

Gunmen opened fire from the roof with automatic weapons and rocket-propelled grenades, triggering a firefight in which an estimated 30 to 40 "enemy fighters" were killed, the U.S. said. There were no American or Iraqi government casualties, the statement added.

The insurgent leader was captured, U.S. spokesman Maj. Gen. William Caldwell said. He would not identify him, but said he and his followers have kidnapped, tortured and murdered Iraqi citizens and had tried to smuggle weapons from Syria.

Residents of Sadr City said they believed the raid targeted Abu Diraa, a commander of a breakaway faction of the Mahdi militia, led by radical cleric Muqtada al-Sadr. Several residents insisted Abu Diraa had escaped but offered no proof.

Prime Minister Nouri al-Maliki, a Shiite, has promised to disband sectarian militias, blamed for the tit-for-tat killings that have heightened tensions between Shiites and Sunnis and raised fears of civil war.

But the raid enraged many of the 2.5 million Shiites in Sadr City as rumors spread through the crowded slum district that most of the dead were civilians killed as they slept on their rooftops. Many Iraqis sleep on roofs during the sweltering summer months because the electricity crisis means they don't have fans and air conditioning.

An al-Sadr aide, Sheik Abdul-Hadi al-Darraji, said 11 civilians were killed and dozens wounded.

"This is a big escalation from the American side," he said. "I condemn all the silence toward such violations and I call for the withdrawal of the American forces."

Lt. Kadim Abbas Hamza of the Sadr City police said nine people, including a woman, were killed and 14 were wounded. He also said eight people were arrested. A hospital official said seven people were killed and 34 wounded.

Caldwell said the operation was planned and directed by Iraqis with U.S. troops in a supporting role. However, an Iraqi army officer said the Americans gave them a list of people to be arrested in advance of the raid.

Caldwell said U.S. jets fired three precision weapons during the 45-minute battle and that U.S. troops manning a security cordon took fire from "multiple positions."

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The raid occurred a day after U.S. and Iraqi troops arrested a top regional commander of the Mahdi militia near the southern city of Hillah, a U.S. statement said. Adnan al-Unaybi was commander of Mahdi militiamen in the Euphrates valley south of the capital, the statement said.

Both moves appeared to signal a crackdown on Shiite militiamen. Shiite gunmen are believed to be holding Sunni parliament member Tayseer al-Mashhadani, who was seized in a Shiite neighborhood nearly a week ago.

In another sign of sectarian tensions, a series of bombs and a mortar blast struck four Sunni mosques in the Baghdad area and a Shiite mosque in the northern city of Sinjar, killing a total of 17 people and wounding more than 50, police said.

After sundown Friday, five mortar shells exploded on a Shiite neighborhood in western Baghdad, killing three people and wounding 40, according to police Lt. Mohammed Khayoun.

The attacks occurred on the main Muslim day of worship and followed a suicide car bombing Thursday that killed 12 people, mostly Iranian pilgrims, at a Shiite shrine in the southern city of Kufa.

During a Friday sermon, a leading Sunni official said a Sunni cleric had been abducted Friday in the capital. The official, Ahmed Abdul Ghafour al-Samaraie, said 181 Sunni preachers had been killed since Saddam Hussein's ouster in April 2003 and called on the government to disband Shiite militias.

Al-Samaraie accused police and Mahdi militiamen of killing a Sunni cleric at a checkpoint south of Baghdad. He did not say when the alleged killing occurred.

"After killing him, they started to dance and wave his turban in the air," al-Samaraie said, "We are fed up with these mean people. Either these people will be punished by the government or we will be forced to defend ourselves."

Also Friday, Japan began withdrawing its 600-member military contingent from Iraq. The first group of about 30 soldiers left their garrison in Samawah and flew to Kuwait, Japanese media said. Their departure marked the beginning of the end of Japan's biggest overseas military mission since World War II.

The rest of the troops are expected to leave within the next two weeks, although Japanese officials have announced no timetable for security reasons. Prime Minister Junichiro Koizumi sent the troops to Iraq in early 2004 for a humanitarian mission.

Security in Samawah and the rest of Muthanna province is handled by British and Australian forces. However, they are due to hand over responsibility to the Iraqis this month.

Explosions Rock Baghdad Mosques As Troops Crack Down On Militias (WSJ/AP)

The Wall Street Journal/AP, July 8, 2006

BAGHDAD, Iraq -- Explosions struck four Sunni mosques in Baghdad and northeast of the capital, while a car bomb exploded near a Shiite mosque in northern Iraq Friday in a series of attacks that killed 17 people and wounded more than 50.

Meanwhile, Iraqi forces backed by U.S. aircraft battled militants in a Shiite stronghold of eastern Baghdad early Friday, killing or wounding more than 30 fighters and capturing an extremist leader who was the target of the raid, Iraqi and U.S. officials said.

The Baghdad mosque explosions came despite a four-hour driving ban in the capital aimed at preventing such attacks that often target the main weekly Islamic religious service. The 11 a.m. to 3 p.m. driving ban has been imposed weekly amid a rise in ethnic and sectarian violence.

A mortar round landed in front of the al-Nidaa Sunni mosque in northern Baghdad about 2 p.m., killing five people, including a policeman, and wounding two worshippers, the army said. A car bomb also exploded about 10 minutes later as worshippers were leaving a Sunni mosque in western Baghdad, killing three people, a woman and two children, police Lt. Maitham Abdul-Razzaq said.

A bomb targeting the al-Furqan Sunni mosque in northeastern Baghdad wounded a passer-by, Sgt. Mohammed Nour said. Northeast of Baghdad, a roadside bomb struck worshippers leaving the Ahmed bin Hanbal Sunni mosque in Baqouba, killing one person and wounding five others, according to police.

A car bomb also exploded near a Shiite mosque as prayers were ending in the northern city of Sinjar, killing six people and wounding 46, police said.

U.S. Announces Capture of Militant

DOJ_NMG_0039592

The joint U.S.-Iraqi raid in eastern Baghdad appeared part of a crackdown on sectarian militias blamed for the escalation in Shiite-Sunni violence that has led to fears of civil war.

The U.S. military said the raid was launched to apprehend "an insurgent leader responsible for numerous deaths of Iraqi citizens." Iraqi troops came under fire from a rooftop, triggering a 43-minute gunbattle after which the insurgent leader was arrested, the U.S. said. There were no U.S. or Iraqi casualties, the Americans said.

U.S. officials did not identify the insurgent but residents of the Shiite slum Sadr City said he was Abu Diraa, a commander in the Mahdi militia of radical cleric Muqtada al Sadr.

The U.S. statement said the insurgent was involved "in the transfer of weapons from Syria into Iraq" in an effort to break away "from his current insurgent organization." The statement made no mention of any U.S. role but residents said they could hear American aircraft providing cover during the raid.

In another operation, Iraqi troops backed by U.S. soldiers arrested a top regional commander of a Shiite militia near Hillah, about 60 miles south of Baghdad. In a statement Thursday, the U.S. said Iraqi and U.S. forces arrested Adnan al Unaybi, commander of a Mahdi militia force south of Baghdad.

A Sadr aide, Sheik Abdul-Hadi al Darraji, denounced the Baghdad raid, saying 11 civilians were killed and dozens wounded as U.S. jets fired on the area as people were sleeping on their roofs amid searing summer temperatures and electricity shortages.

"This is a big escalation from the American side," he said. "I condemn all the silence toward such violations and I call for the withdrawal of the American forces."

There were conflicting casualty figures. Lt. Kadim Abbas Hamza of the Sadr City police said fighter planes fired from the air at about 3:15 a.m. and nine people, including a woman, were killed and 14 were wounded. He also said eight people were arrested. A hospital official said seven people were killed and 34 wounded.

An Iraqi officer with the army division responsible for the Baghdad area said the Americans had provided them with a list of names of people to be arrested in Sadr City. Iraqi soldiers led the raid while the Americans played a supportive role, but nobody was arrested because of the clashes, the officer said, speaking on condition of anonymity for security reasons.

The early morning raid also came as security forces are searching for Sunni legislator Tayseer al Mashhadani, who was abducted by gunmen in a nearby Shiite area nearly a week ago.

Meanwhile, the first batch of Japanese troops began pulling out of southern Iraq, with about 30 arriving in Kuwait on their way home. Japanese officials said the withdrawal of all 600 or so troops will be carried out over the next two weeks.

Sunni Cleric Reported Abducted in Baghdad

A Sunni cleric was abducted in Baghdad Friday, an influential religious leader said in an angry sermon as he called for an end to the unrelenting sectarian violence that has threatened to plunge the country into civil war.

Ahmed Abdul Ghafour al-Samaraie, the head of the Sunni Endowment, the state agency responsible for Sunni mosques and shrines, said he had just been informed that Sheik Alaa of the Ibn Taimya mosque had been kidnapped.

Mr. Samaraie said 181 Sunni imams have been killed since Saddam Hussein's ouster in March 2003, saying the attackers after one such recent killing had removed the sheik's turban and waved it to celebrate the capture, pulling his own white turban off his head to demonstrate.

"If we are going to talk about car bombs or mortar rounds, the bombing of airplanes or the raping of girls, there is no justice or law," he said.

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At Least 12 Iraqis Killed In Mosque Attacks (LAT)

By Borzou Daragahi

The Los Angeles Times, July 8, 2006

BAGHDAD — Violence broke out between rival Shiite and Sunni Arab sects on the Muslim holy day Friday with two attacks on mosques killing at least 12 Iraqis and injuring dozens.

Meanwhile, both Shiite and Sunni prayer leaders denounced U.S. troops for acts of violence against Iraqis.

U.S. ground forces in armored vehicles backed by military aircraft, along with some Iraqi troops, early Friday launched an unusual raid in the Sadr City neighborhood of Baghdad, killing at least seven Shiite militiamen and wounding dozens in what the military described as a ferocious 43-minute fight.

U.S. officials hailed the raid as a success because of the capture of a "high-level insurgent," who they said was responsible for killing and kidnapping civilians and attacking American and Iraqi forces.

The suspected insurgent, a former fishmonger known as Abu Daraa, launched a Shiite criminal gang after the fall of Saddam Hussein's regime and joined radical cleric Muqtada Sadr's Al Mahdi army, a Shiite militia, said a Shiite official who asked that his name not be used.

But the 3 a.m. raid, which caused no American casualties, drew swift condemnation from many Shiite religious leaders.

"The infidel American troops supported by the so-called Iraqi [soldiers] raided the city, killing and injuring a lot of innocent people using all kinds of weapons," Sheik Abdul Zahra Swaidi told thousands of worshipers gathered for prayers in Sadr City, the vast neighborhood in eastern Baghdad that is home to many Sadr loyalists.

"This is an inexcusable act," Sadruddin Qubanchi, a cleric linked to a rival Shiite group, told worshipers in the southern city of Najaf. "I demand that the Iraqi government show some explanation for this matter."

U.S. forces announced that another Al Mahdi commander had been captured south of the capital.

Adnan Anabi was suspected of arms smuggling, laying roadside bombs, kidnapping Iraqis, spying for the Iranian government and "financing the operations of his organization through contacts in both Lebanon and Iran," an American news release said.

The bombing Feb. 22 of a Shiite shrine complex in Samarra spurred a rise in sectarian hostility and militia activities, which have complicated U.S. efforts to stabilize the country and draw down its 130,000-troop contingent.

During Friday prayers, a mortar shell struck a Sunni mosque in the northern Baghdad neighborhood of Qahira, killing three worshipers and injuring seven, police said.

In northern Iraq, near the city of Mosul, a car bomb exploded at a Shiite mosque as worshipers were leaving, killing nine and injuring 59, hospital officials said. The victims were Shiites displaced from the nearby city of Tall Afar, which the Americans point to as a model of successful counterinsurgency efforts.

"We moved here to escape sectarian violence and radical terror," said Abbas Ali, a 25-year-old worshiper. "It followed us."

Sadr has called upon Iraqis of both Muslim sects to head to Samarra and help rebuild the damaged shrine.

"Samarra is where the conflict began," said a Sadr spokesman who goes by the name Abu Mostafa in his public comments. "In rebuilding the shrine, we will find the unity of Muslims."

Sunni religious leaders spoke out about allegations that U.S. soldiers raped an Iraqi teenager and killed her and three family members in March.

"Where do we start to reflect upon our calamities?" Sheik Ahmed Abdel Ghafour, an imam at Baghdad's influential Umm Qura mosque, told worshipers. "Shall we start with the Iraqi girl who was raped, killed, burned and then her family killed and her house burned? Is this American civilization? Is this the American liberation?"

Ghafour also blamed commandos of the Shiite-dominated Interior Ministry for the slaying of a fellow Sunni cleric this week, accusing them of executing the man before "raising up his turban and dancing and chanting."

"If the Ministry of Interior is not purged and police forces are not dissolved, then Iraqis are forced to defend themselves," he told worshipers. "Iraq is now ruled by the law of the jungle."

In other developments Friday:

• Military officials announced that Lt. Gen. Peter Chiarelli, the No. 2 commander of U.S. forces in Iraq, had completed his review of the investigation of the "reporting, training and command climate" surrounding the alleged Nov. 19 massacre of 24 Iraqi civilians by U.S. troops in Haditha. Chiarelli has forwarded his review to his boss, Gen. George W. Casey Jr.

• Mortar shells struck a crowded market in a Shiite section of northern Baghdad, killing six and injuring 40 shortly before a 9 p.m. curfew went into effect, police said.

• A car bomb blast in front of the Baghdad home of a prominent Sunni businessman killed two of his children and injured a passerby.

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• Mortar rounds struck a government building in the western city of Ramadi, killing at least one Iraqi soldier and injuring four, police said.

• Clashes between suspected insurgents and U.S. and Iraqi troops continued for a fifth day in Muqdadiya, a Sunni enclave about 25 miles northeast of Baqubah. Helicopters hovered over the area and loud explosions could be heard.

• Officials in the southern city of Basra announced an 11 p.m. to 6 a.m. curfew to stem growing lawlessness, including a barrage of rockets that struck compounds housing the British Consulate and the city's airport.

• Technical problems in Turkey led to the shutdown of oil pumping operations near the northern city of Kirkuk, which exports 250,000 barrels of oil a day to the terminal in Jihan, Turkey, an oil company official said.

• Soldiers of the 172nd Stryker Brigade discovered a field of marijuana in the Tikrit area this week, the military said, estimating the crop's value at $2 million. The field's owner was arrested by Iraqi police.

Most Baghdad Security Under Iraqi Control: US Report (AFP-Y2)

AFP, July 8, 2006

The ranks of Iraqi-trained security personnel grew by nearly 30,000 since April and now control more than half of Baghdad and large swathes of the countryside, a quarterly State Department report to Congress said.

The number of Iraqi-trained security personal was more than double that of US soldiers stationed there -- 268,400 as of June 26, compared with 127,000 current US troops -- the quarterly report said.

It stressed, however, that the figures still did not point to a timetable for a US troop withdrawal. The war began more than three years ago.

"Arbitrary deadlines or timetables for withdrawal -- divorced from conditions in Iraq and the region -- would be a strategic error as this would suggest to the enemy they can simply wait to win," the report said.

"No war has ever been won on a timetable, and neither will this one be."

Iraqi troops were policing 60 percent of Baghdad, and growing swathes of the country, meaning that the US deployment was shifting positions with time, the report said.

Separately, Brigadier General Kurt Chichowski said coalition forces would remain in an "overwatch" role in case of trouble and as trainers. However, responsibility for security would be turned over to Iraqis under detailed agreements with the new Iraqi government.

The first province to be turned over for complete Iraqi control will be Muthana in south-central Iraq, which will occur in the "very, very near future," he said.

The US administration and its supporters have cited preparedness of Iraqi troops as a benchmark for reducing the US troop presence.

The White House acknowledged last month that it was considering a reported plan to reduce US combat forces in Iraq by some 30,000 by the end of 2007 as Iraqi forces assume more responsibility.

Pentagon To Buy New Equipment For War (AP)

By Anne Plummer Flaherty

AP, July 8, 2006

President Bush would spend a quarter of the $50 billion down payment he wants for next year's Iraq and Afghanistan war costs to replace damaged weapons and equipment, while an additional $3 billion would go to train and equip Iraqi and Afghan forces.

A document detailing the plan, obtained by The Associated Press, proposes spending $2.3 billion for new armor for troops and vehicles and efforts aimed at thwarting missiles. Another $2.1 billion would be for protecting troops from roadside bombs.

The summary provides a detailed look at how the Pentagon envisions distributing the $50 billion Bush has requested for the initial months of the government's 2007 budget year, which starts Oct. 1. When Bush asked Congress for the money in February, the Pentagon provided few details on how it would be spent.

The money is expected to tide over the military until another war spending request can be delivered to Congress, probably around February. Costs for the Iraq and Afghanistan wars since 2001 are approaching half a trillion dollars.

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The document — not yet released by the Pentagon — was intended as informal guidance to congressional committees as they prepare next year's budget, said Pentagon spokesman Lt. Col. Brian Maka.

According to the summary, $13 billion is needed to repair and replace equipment worn by battle and harsh desert conditions.

About $9 billion would go toward buying new equipment, including two V-22 Osprey helicopters, four C-130J cargo planes, one C-17 cargo plane, seven UH-60 Blackhawk helicopters, and 11 CH-47 Chinook helicopters.

The V-22 Osprey aircraft can fly like a plane and land like a helicopter. The Osprey are needed to replace older aircraft destroyed in combat that are no longer in production, the Pentagon states.

"Without sufficient funding, the department would be forced to strip combat units in the United States and in other locations for equipment and munitions, thus making these units ill equipped," the summary said.

Almost half the money — $24.3 billion — would be to provide food, water and medical support for troops, purchase parts and fuel for equipment and maintain military facilities in Iraq and Afghanistan.

Stating that more than 50 Iraqi battalions are controlling significant parts of Iraq, the document requests $1.7 billion to aid those forces "so the coalition can continue to hand over control of even more territory to Iraqi forces."

About $1.5 billion would go toward training and equipping Afghan forces. According to the document, 59,000 Afghan soldiers and police have been trained.

The House on June 20 passed a fiscal 2007 defense spending bill that included the $50 billion war fund. The Senate, which has not taken up its version of the bill, is expected to approve the money later this year.

Detailing Proposed War Spending (NYT/AP)

The New York Times/AP, July 8, 2006

President Bush would spend a quarter of the $50 billion down payment he wants for next year's Iraq and Afghanistan war costs to replace damaged weapons and equipment, while an additional $3 billion would go to train and equip Iraqi and Afghan forces. A Defense Department document detailing the plan, obtained by The Associated Press, also says that $13 billion is needed to repair and replace equipment worn by battle and harsh desert conditions. "Without sufficient funding, the department would be forced to strip combat units in the United States," the document said. The House passed a fiscal 2007 defense spending bill that included the $50 billion war fund. The Senate is expected to approve the money this year. Costs for the Iraq and Afghanistan wars since 2001 are approaching half a trillion dollars.

Marching Forward (NSWK)

By Sarah Childress, Newsweek

Newsweek, July 7, 2006

Iraqi and American officials have high hopes for the establishment of a strong Iraqi Army. NEWSWEEK visits a school that's trying to make it happen.

WEB EXCLUSIVE

July 7, 2006 - As a young Kurdish child growing up in northern Iraq, Berkew Babakir, now 21, watched his people suffer countless atrocities under the harsh rule of Saddam Hussein and his army—and nonetheless dreamed of becoming a soldier. After the regime fell, he signed up to become an officer at the Zahko Military Training Academy, one of three schools in Iraq that train military officers. "The old Iraqi Army used to kill people and destroy villages," says Babakir, who like the other cadets wears standard-issue brown camouflage. "I want to change that concept. The army is not to kill our own people, but to defend them."

Babakir is one of about 500 young cadets who now march across the sprawling campus a few miles from the Turkish border in the relatively peaceful Kurdistan region of Iraq. There, recruits train to be army officers away from the threats of mortar fire and sectarian killings that plague their hometowns to the south. The two classes currently training at Zahko are also the first to integrate Arabs and Kurds—a delicate situation in a country rife with ethnic and sectarian tension. The nation's other academies are less balanced. Rustamiyah, near Baghdad, is 98 percent Arab, and Qualachulon in Sulemaniyah is 95 percent Kurdish. (About a third of Zahko's students are Arab; the others are Kurdish. It's not known how many of the Arabs are Shia or Sunni.)

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Originally a training camp for Kurdish peshmerga, or military forces, the Zahko academy was given to the Ministry of Defense after the Coalition invasion. Since then, a small team of American soldiers has been living on campus, advising the instructors on better ways to train the cadets. Their success would be a major boon for the Iraqi Army. Well-trained officers who can lead their own soldiers (including Sunni Arabs, the group most underrepresented in security forces), Americans say, is what the Iraqi Army now needs most.

The man in charge, Major General Shihid Abdulrahman, twists his mouth into a smirk when he recalls the day he first arrived to take over at Zahko back in 1996, long before the downfall of Saddam. There was no electricity. The class of 21 cadets had nowhere to sleep because the barracks had been overtaken by squatters from nearby villages. The cadets trained on a dusty field with archaic methods, relying on British Army manuals dating to the 1920s. Instructors invented rules to toughen up the troops: morning exercises lasted two or three hours in their bulky army uniforms and boots, and they weren't given any water, even as the temperature exceeded 100 degrees.

A lot has changed since the Americans arrived. The U.S. Army Corps of Engineers has transformed the campus, spending $6 million to renovate the existing facilities and build new barracks, guard towers, dining facilities, a gym, pool and soccer field, and water and sewage treatment plants. They also added a rifle and grenade range, and a rappel tower. At the front gate, a row of five soldiers salutes incoming vehicles, guns at the ready. Lines of troops march in lockstep across a wide paved field, chanting songs in Kurdish and Arabic. Another set of cadets, their faces serious, jog in formation to class, a small notebook and pen clutched in each right hand.

The instructors have adopted most of the Americans' advice. "Whatever they tell us, they've been through it," Abdulrahman says. "So they know better than we do." Some are simple changes: cadets work out in shorts and T-shirts and they're allowed to drink water during drills. Instead of hopping up and down during physical training, they do pushups. Everyone is required to wear protective gear on the firing range and has been taught to hold their weapons properly. They've also learned how to plan in advance for missions and organize a convoy. The Americans also introduced them to GPS technology and PowerPoint. Of course, not everything is done according to the American way. "They place high importance on marching here, and we do that very well," Babakir says. "We spend hours marching."

On a recent training day, Abdulrahman, his maroon beret fitted perfectly over his bristly red hair, walked down to the paved parade ground to watch new recruits perform a drill in which they must attempt to balance on one leg. When asked how they're doing, his smile widens. "It's not even 24 hours since they've arrived, so I can't tell you," he says. He steps over to one especially tall cadet struggling to hold his position and lifts the young man's leg a few more inches. "None of my sons would join the army," he says, stepping back to watch the cadet with approval. (They instead chose medicine, law and engineering.) He watches the formation a few more moments, then strolls on. "Each one of them is like family to me," he says. "There is no difference—I have to take care of them."

In interviews conducted by a translator, four cadets, Arab and Kurd, said they were anxious to start piecing their country back together. "This training is good for us," says Lazim Mahjoub, a 22-year-old Arab from Kirkuk. "[It's] hard, but they are making us better officers to protect all of Iraq. The hardest thing for me is to hear of news of Iraqi citizens being killed by the terrorists for no reason—the training is not as hard as that."

The school isn't entirely isolated from the country's violence. There's no denying that the Iraqi Army has been infiltrated by insurgents, even if it's not to the extent that the country's police forces are dominated by Shiite militiamen. More applicants from the Shia-dominated south has made the school more cautious. Abdulrahman says Zahko runs background checks on every applicant, and searches cadets when they check in at the front gate. He also instructs platoon leaders to closely monitor cadets for suspicious words or behaviors. "The law of averages tells you that we've had a couple of bad guys here," says Lt. Col. Neal Norman, one of the academy's American advisers. Indeed, in February American intelligence uncovered evidence that a Zahko student from Mosul had insurgent ties. The cadet dropped out and disappeared before he could be arrested.

If there is hope for the Iraqi Army, it's in the resilience of these aspiring officers. A few months ago, one young cadet visiting home in Baghdad was gunned down outside his parents' front gate. It's unclear whether he was targeted specifically because he studied at the academy—violence in Baghdad is often too random to be sure of the killers or the cause. But for his friends and

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classmates, his death underscored the risks they all take just by showing up for physical training and history classes. When they heard the news, his classmates, some of them crying, gathered together, Arab and Kurd.

Babakir was especially devastated. Because they both lived so far from home, they hung out together on weekends when other cadets went home to their families. "I promised myself that I would not forget him and that I would be a good officer to avenge his death and the death of other youths in Iraq," he says. The cadets hung a photograph of him in their barracks. And then they went back to their drills.

General Faults Marine Response To Iraq Killings (NYT)

By Eric Schmitt And David S. Cloud

The New York Times, July 8, 2006

WASHINGTON, July 7 — The second-ranking American commander in Iraq has concluded that some senior Marine officers were negligent in failing to investigate more aggressively the killings of 24 Iraqi civilians by marines in Haditha last November, two Defense Department officials said Friday.

The officer, Lt. Gen. Peter W. Chiarelli, concluded that in the deaths, including those of 10 women and children and an elderly man in a wheelchair, senior officers failed to follow up on inaccuracies and inconsistencies in the initial reporting of the incident that should have raised questions.

General Chiarelli faulted the senior staff of the Second Marine Division, commanded at the time by Maj. Gen. Richard A. Huck, and the Second Regimental Combat Team, then headed by Col. Stephen W. Davis, and recommended unspecified disciplinary action for some officers, said the two defense officials, who have been briefed on General Chiarelli's findings. They said they would discuss the report, after being promised anonymity, because it showed that the military takes these incidents seriously and fully investigates them.

"He concludes that some officers were derelict in their duties," said one of the officials, who declined to identify which or how many officers were singled out.

If Marine commanders are found to have been negligent in pursuing the matter, the punishments could range from a relatively mild admonishment to a court martial that potentially could end their military careers.

It was not clear Friday whether General Huck or Colonel Davis, or Maj. Gen. Stephen T. Johnson, the senior marine officer in Iraq at the time, would be personally implicated. But if they were to be disciplined, they would be among the most senior American officers punished since the Iraq war started in early 2003.

An officer who served in Iraq with the Second Marine Division at the time of the killings in Haditha noted that a spate of recent cases in which American troops were being investigated for killing unarmed Iraqi civilians — including the rape and murder of a young Iraqi woman and the killing of her family in Mahmudiya — had raised concerns that commanders may be under pressure to make an example of Marine officers in the Haditha incident.

"We're all waiting anxiously to see how this one gets taken on," said the officer, who requested anonymity because he is not authorized to talk about the unit or any part of the investigation. "Major General Huck is about as thorough and detailed a guy as you are ever going to see."

In a brief statement issued from Iraq on Friday, General Chiarelli's headquarters said he had finished reviewing a lengthy investigation by Maj. Gen. Eldon A. Bargewell of the Army into the actions or absence of actions by Marine leaders in Haditha, as well as the training that marines had received and the command climate their superiors had fostered.

But the statement gave no details of General Chiarelli's findings or recommendations, which will now be sent to his boss, Gen. George W. Casey Jr., the top commander in Iraq. A senior Pentagon official said it could be several days before Defense Secretary Donald H. Rumsfeld receives a complete briefing on the matter, and before a redacted version of General Chiarelli's findings are made public.

In addition to General Chiarelli's review, a separate inquiry by the Naval Criminal Investigative Service is examining whether crimes were committed when a squad of marines killed the 24 Iraqi civilians after a roadside bomb killed a member of the Third Platoon of Company K, Third Battalion, First Marine Regiment, in the early morning of Nov. 19.

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In April, when the Third Battalion returned to Camp Pendleton, Calif., from Iraq, the battalion and company commanders were relieved of their commands for what their commander said was "a lack of confidence in their leadership."

According to one of the defense officials, General Chiarelli embraced all of General Bargewell's findings and expanded upon some of them. In one instance of a missed opportunity to investigate further, the official said, General Bargewell noted that the comptroller of the Second Marine Division, who was responsible for making condolence payments to families of the Iraqis killed, told the unit's staff judge advocate that additional investigation was needed. That review never happened, and the Marines paid a total of $38,000 to families of 15 of the civilians killed.

In his own set of conclusions, General Chiarelli recommended that American forces in Iraq receive additional counterinsurgency training both in the United States before deploying, and once in Iraq. "From your basic recruit to commanders, he's calling for a refinement of the counterinsurgency approach," said one of the defense officials.

Since the military inquiries into the Haditha killings began, the accounts given by some marines involved and their lawyers have conflicted in important details with descriptions of what investigators have found, officials familiar with their findings have said.

After the roadside bomb went off, marines who survived the explosion said they believed they were under sustained attack and that they were entitled under their rules of engagement to use lethal force as they searched surrounding houses for those who they believed were responsible for the bombing.

But investigators and townspeople told reporters that the marines overreacted to a fatal roadside bombing and shot the civilians, only one of whom was armed, in cold blood. The 24 Iraqis killed included five men in a taxi and 19 other civilians in several houses, which marines and their lawyers say they cleared using grenades and blind fire.

But investigators have also concluded that most of the victims in three houses died from well-aimed rifle shots, not shrapnel or random fire, according to military officials familiar with the initial findings. The houses where the killings took place show no evidence of the violent room-clearing assault described by the marines and their lawyers, the officials said.

General Bargewell was assigned by General Chiarelli to look at how commanders responded to the incident, including whether there was any attempt at covering up what happened or whether discrepancies in accounts of the incident should have been investigated.

Marine commanders in Iraq have said that they became aware within two days of the killings that civilians had died from gunfire, not from the bomb explosion. They told investigators that they did not view the discrepancies in accounts of what happened as unusual in the aftermath of combat and that they had no reason to think at the time that any civilians had been killed deliberately.

U.S. Commander Finishes Haditha Review (AP)

By Kim Gamel

AP, July 8, 2006

A top U.S. commander completed a review Friday of an investigation into an alleged cover-up in the Haditha case, and a military official said it pointed to errors in the reporting of initial allegations after the killings.

Lt. Gen. Peter Chiarelli forwarded his findings and recommendations to Gen. George W. Casey, the top commander in Iraq, according to a statement.

The investigation was separate from an inquiry still under way into whether a small number of Marines from the 3rd Battalion, 1st Marine Regiment murdered the 24 civilians — including unarmed women and children — on Nov. 19 after a roadside bomb in the town killed one of their comrades.

Chiarelli's report was based on an investigation conducted by Maj. Gen. Eldon Bargewell into whether the Marines followed proper procedures in reporting the incident to commanders, or whether anyone engaged in a cover-up.

His investigation also may consider whether any criminal charges should be brought.

The military initially said the Iraqi deaths were the result of the roadside bomb and a subsequent gunfight with insurgents.

The U.S. military official said Chiarelli agreed with Bargewell's findings for the most part, but there were some areas in which he recommended a different course of action. The official did not elaborate on that point.

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But he said the investigation found that errors were made in the reporting and follow up of initial allegations after the killings and suggested some were of a criminal nature.

"It essentially bolsters the ongoing criminal investigation and lays bare some of the administrative faults that existed during November 2005," the official said, speaking on condition of anonymity because the findings have not been publicly released.

"What some of these people did wrong is certainly not illegal or criminal, but administratively their actions are something that Gen. Chiarelli wants to look at," the official said.

The official said the military hoped to release most of the findings in the next two weeks, but anything that could be used in the criminal investigation would not be made public.

"Some of the portions will be redacted because they could be used in a criminal investigation, either a current one or one in the future," he said.

The case is one of several allegations of U.S. abuse of Iraqi civilians that threaten to further weaken popular support for the Iraq war in the United States and tarnish the military's image.

Iraq has ordered its own probe of the killings, with Prime Minister Nouri al-Maliki using unusually strong language to condemn them.

Ex-soldier's Case Now Goes To Grand Jury (AP)

By Elizabeth Dunbar

AP, July 8, 2006

The case of a former Army private charged with slaying and raping an Iraqi woman and killing her family will be presented to a grand jury this month.

Steven D. Green, 21, entered a plea of not guilty through his public defenders Thursday. He also waived a detention hearing and a preliminary hearing, and agreed that his case would be prosecuted in the Western District of Kentucky.

Assistant U.S. Attorney Brian Butler said the case would be presented before a grand jury sometime in mid-July, probably in Paducah.

U.S. Magistrate Judge James Moyer set an arraignment date of Aug. 8 in Paducah for Green, who was arrested Friday by FBI agents in Marion, N.C.

Green answered Moyer's questions about his inability to pay for an attorney, saying he has about $6,000 in a checking account and owns a 1995 Lincoln Town Car.

"I don't have anything else," he told the judge.

According to a federal affidavit, Green and other soldiers targeted the young Iraqi woman after spotting her at a traffic checkpoint near Mahmoudiya. Green is being tried in federal rather than military court because he no longer is in the Army.

Based on interviews and records, the U.S. military now believes the young Iraqi woman Green is accused of raping and killing was between the ages of 14 and 20, Army spokesman Paul Boyce said Friday. While they initially said she was 20, Boyce said he has now seen documents that indicate she could have been about 14.

Military officials concluded Thursday that since Green had received his final discharge papers, he was no longer under the control of the Army and would not be subject to a court martial. No other soldiers have been charged in the case.

Green, who served 11 months with the 101st Airborne Division, based at Fort Campbell, Ky., received an honorable discharge and left the army in mid-May. He was discharged because of an "anti-social personality disorder," according to military officials and court documents.

A psychiatric condition, anti-social personality disorder is defined as chronic behavior that manipulates, exploits or violates the rights of others. Someone with the disorder may break the law repeatedly, lie, get in fights and show a lack of remorse.

President George W. Bush, speaking on CNN's "Larry King Live" on Thursday, said the Iraqis should understand that the allegations will be handled "in a very transparent upfront way."

"People will be held to account if these charges are true," Bush said.

An attorney for Green had filed an emergency motion to keep him in North Carolina, but the motion was denied by a federal judge, U.S. Attorney David Huber said Friday.

Father Said To Be Shocked At Charges Against Ex-GI Son (SFC)

By Ruth Campbell And Shanne Sissom

San Francisco Chronicle, July 8, 2006

(07-07) 04:00 PDT Midland, Texas -- The father of a former soldier accused of rape and murder in Iraq is "shocked" by allegations against his son, a lawyer for the father said.

John Green, father of former Army Pfc. Steven Dale Green, hired lawyer Hal Brockett to act as a spokesman in wake of international publicity about his son's case.

"The last time I talked to him, he was naturally shocked at the allegations made. I don't think he knows anything about it," Brockett said.

Charges brought against 21-year-old Steven Green by the U.S. attorney's office in Louisville, Ky., allege that on March 12, while stationed in Mahmoudiya with the 101st Airborne Division, Green and three other soldiers went to a home near Traffic Control Point 1 near Mahmoudiya to rape one of the women living there.

Using an AK-47, Green allegedly shot and killed a man, woman and girl in the house. The charges also allege that after participating in the rape of a second woman, Green shot and killed her.

Brockett said he has been acquainted with John Green since they attended Lee High School in Midland together. The attorney said John Green contacted him, anticipating media inquiries.

Green's son completed 10th grade at Coleman High School, according to Midland Independent School District communications director Melissa Hendrix-Beach.

Steven Green, honorably discharged from the Army with a personality disorder, was stationed in Fort Campbell, Ky., with the 101st Airborne Division, according to the arrest affidavit.

On Thursday in Louisville, Green entered a plea of not guilty and waived detention and preliminary hearings. U.S. Magistrate Judge James Moyer set Green's arraignment for Aug. 8 in Paducah, Ky.

Meanwhile in Midland, at the apartment complex where John Green lives, neighbors coped with the harsh glare of media attention.

"People have been here all day and were knocking on his door at 2 a.m.," one neighbor said of reporters representing news organizations across the country. "We don't want to say anything to add to his grief."

U.S. Marine Corps Cpl. Shaun Sanders, an Iraq veteran who lives at the complex, said: "I don't know him, and I don't know the facts, but it's disturbing something like this is alleged. It almost gives the rest of us a black eye, because it overshadows the many good things that we do."

Veterans at Midland's American Legion Post 19 were also saddened by the news.

"When it's from your hometown, it brings it a little closer," said retired Air Force Staff Sgt. Warren Teichmann, a World War II veteran. "It's a black eye for the city and everyone else."

Sanders fears repercussions in Iraq and the United States.

"We're trying to do good things for these people, and I'm afraid this will make American people lose hope and possibly cause more insurgency," he said. "It will potentially fuel a fire we're trying to put out in the first place."

Army Staff Sgt. Dale Hayden, also home from a tour of duty in Iraq, wondered how what is alleged could have happened and where Green's supervising officer was.

"To me, it's nothing but an accusation, and it could have happened, but I don't see it happening," Hayden said. "We're not allowed out in the public, and somebody had to be supervising him."

Not Just Another Abuse Scandal (WP)

By Colbert I. King

The Washington Post, July 8, 2006

Please don't lump what happened in Mahmudiyah with the alleged attacks by U.S. troops on unarmed Iraqi civilians in Fallujah, Haditha, Qaim or Salahuddin province. True, the murders of innocent noncombatants, and the humiliation and abuse

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of detainees at Abu Ghraib prison, are deplorable acts deserving condemnation and swift and severe punishment. But the event that occurred in Mahmudiyah, a village south of Baghdad, deserves a category all to itself.

Mahmudiyah wasn't a case of soldiers exceeding their orders or authority in the interrogation of prisoners -- or an example of war-weary, stressed-out troops mistakenly assuming a villager was a member of the insurgency. Neither was it a situation in which U.S. service members, grief-stricken over the loss of a comrade, decided to take out their anguish on people who looked like the enemy.

Mahmudiyah, if the charges are true, was a case of something else; a vile event made all the more disgusting because a soldier, afforded the opportunity to serve his country, chose instead to indulge his private need to hurt, degrade and murder.

Twenty-one-year-old Steven D. Green, honorably discharged from the Army in May for a "personality disorder," is charged with entering an Iraqi home near Mahmudiyah in March and raping a young woman (Iraqis say she was 15 years old; the U.S. military says 20), shooting her in the head and setting her body aflame -- after he was done using it.

But first, it is alleged, he herded the young woman's mother, father and 5-year-old sister into a bedroom, where he shot and killed them. Arrested by the FBI this week, Green has pleaded not guilty.

The young woman's body and those of her family were found burned in an effort to cover up what happened. And Green, according to an FBI affidavit, wasn't the only rapist; another soldier in his unit is said to have taken part in the assault.

Some might call that a tactic of war. It was nothing of the sort. Yes, there are numerous cases of mass rape that were methodically carried out during times of war. Look no farther than Darfur and Kosovo.

But if the reporting out of Iraq is accurate, Mahmudiyah is a tale of sadism and degradation and of the desire of one man and possibly others to display mastery over the weak for reasons having nothing to do with why America is in Iraq.

The Post's Ellen Knickmeyer reports that the young woman had told her mother she was afraid because of the unwelcome attention of the American soldiers stationed at a checkpoint she had to pass through almost daily. She told her mother that the soldiers had been sexually aggressive toward her. Her mother feared the soldiers would come for her daughter at night.

Green and other soldiers, it has been reported, went to the young woman's house with the intent to rape her. That, if true, represents a premeditated use of power and intimidation to achieve gratification.

That's not a tactic of war; that is an act of tyranny.

They set out to devastate that young woman. Her family had been shot and killed in the next room before she was raped. Knowing that, she was already in agony when Green and the other soldier came for her.

Much is being made of the impact of this sex crime in Iraq and the Arab world and the backlash it could have on U.S. forces because of Islamic culture.

It's hard, at least for me, to get past the impact of this crime on the victims, and thoughts of the young woman's distress, and knowledge that in our civilized world she is not alone.

Her disgust with the harassment, her anxiety about her movements being studied and her fear of being raped are not peculiar to women living in Islamic cultures. Thinking twice about how to dress, when to go out, where to walk and how to speak are not a thing of the Middle East. Many women all over the world have to live with that. On the other hand, the men most able to relate to those concerns are those who themselves are prey behind prison walls.

Mahmudiyah was about murder. It was also about the deliberate, calculated violation of a woman. Such malevolence should never find its way into a U.S. military uniform.

In Arabs' Eyes, The US Is On Trial, Not Hussein (LAT)

By Megan K. Stack

The Los Angeles Times, July 8, 2006

BAGHDAD — Boushra Khalil walked through the metal detectors and into the vast convention center, a crumbling relic of a fallen dictatorship with walls still emblazoned with murals of Scud missiles.

It took only a few minutes for one of the security guards prowling the halls to catch sight of her.

"Hey, excuse me," his voice rang out. "Aren't you Saddam's lawyer?" Soon they were all around her, five young men with U.S. military-issued badges clipped to their sports shirts. Their eyes were wide; they smiled.

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"Tell him you met young people here, youth that are sending their greetings to the president," one of the young men said. "We believe he is suffering injustice," said another. They spoke quickly and eagerly, and pressed Khalil for her autograph.

Iraqis who had been cleared to work in the drab nerve center of Iraq's U.S.-backed government, in the heavily fortified Green Zone, might appear to be unlikely fans of the ousted president.

But perhaps no supporter is more improbable than Khalil, a Shiite Muslim lawyer who has traveled from Lebanon to defend him.

Like most Arabs, Khalil, who is Lebanese, is no stranger to the hard reality of despotism: Her Iraqi cousins were put to death for rebelling against Saddam Hussein's Sunni-dominated regime.

But ever since the wintry afternoon she switched on Al Jazeera and caught sight of the bedraggled Hussein in U.S. custody, she has devoted herself to securing his release. Her work on his defense team has invited angry slurs from fellow Shiites, but Khalil views her work as an epic assignment on behalf of the pan-Arab "nation" — a cause Hussein espoused during his years in power. Khalil believes it eclipses religious divisions and the question of whether Hussein was a worthy leader.

"When I met [Hussein], he looked at me and smiled and said, 'These Americans think I am fighting to save my job as president, but I am fighting to defend my homeland,' " said Khalil, who is unabashedly enthusiastic about the Iraqi insurgency. "He never surrendered. He did not quit. If he'd quit, then the whole Arab nation would have been handed to America on a plate of gold."

Khalil's story illustrates an inherent irony in Hussein's war crimes trial, which is grinding through the first phase of closing arguments: The Americans pushed to get him into court, but it's America that has ended up standing trial in the eyes of the Arab public.

In ways both subtle and blunt, Hussein and his lawyers have repeatedly compared Iraq's fate under his heavy thumb to the blood-spattered security vacuum created by the U.S. invasion.

This debate — in essence, whether the invasion improved life for Iraqis — resonates loudly in the Arab world, where many people are concerned about how Hussein's fall has shifted the region's power structure. Iraq's Sunni-dominated neighbors are fearful of the emergence of the Shiite majority in Iraq and terrified of expanded Iranian influence. (The trial has included allegations that Iran tried to assassinate Hussein.)

Hussein blossomed into a cause celebre among Arab intelligentsia and legal experts. His plight drew the energy of dozens of lawyers from the Arab world and beyond, including such improbable volunteers as the daughter of Libyan President Moammar Kadafi and a Harvard-educated Saudi lawyer who is prevented by gender law from practicing in her homeland.

And then there's Khalil, who looked alien in the convention center with her high-heeled sandals, flared jeans and flashing chunks of jewelry that had been pressed upon her in gratitude by a Libyan jeweler who recognized her from the televised trial. After signing autographs all around, the lawyer, who wouldn't give her age but looks to be in her 40s, smiled, shrugged and moved away from the admiring gaggle of guards.

"I saw the same feeling in Libya," said Khalil, who had just returned from a conference in Tripoli, that country's capital. "They tried to carry me on their shoulders there." She reached into her purse and drew out notes to Hussein, scrawled on napkins and placemats by far-flung Arab admirers.

"To my master, to my beloved Saddam," read a note from a Libyan named Omar. "I'd sacrifice my soul and my family to you, my beloved master."

"Endure, endure, endure. We are all with you with everything we own," read another note. "You are the sunshine of Arabism and its glory. There is no dignity for Arabs except by liberating Iraq from the injustice and arrogance of the non-believers. There is no justice for us unless he is the president of the Arab nation."

The Arab public didn't have much love for Hussein during the years of his notoriously brutal rule. In a region where most people are unhappily familiar with the bloody repressions of dictators, Hussein was seen as a particularly ruthless leader.

But once the United States pushed into Baghdad, Hussein was held in a slightly more sympathetic light by Arabs leery of U.S. intentions in the region. To people who often complain angrily of their own governments' acquiescence to Washington's wishes, Hussein was, if nothing else, an Arab leader who had fought the United States.

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The image of Hussein as an anti-American icon was fortified by the famous video made by the U.S. military after his capture in December 2003. The footage showed a scraggly Hussein being checked for lice. A few months later, British newspapers published smuggled photographs of an imprisoned Hussein in his underwear.

The images were enough to convince former Qatari Justice Minister Najib Nuaimi, by his own admission no fan of Hussein during his presidency, to join the defense team.

"I said to him, 'As you know, there's no fair trial. There's no independence. The prosecutors are running the show, but the Americans are behind it,' " Nuaimi said.

"I told him clearly, 'You're the last card in the hands of Bush and Blair, and they won't waste it because they've lost all the other excuses to invade Iraq and occupy it. You should expect that they might put you to capital punishment.' "

To lead prosecutor Jaafar Mousawi, that kind of talk is an insult. He's adamant that the court is a legitimate arm of Iraqi law, and says that U.S. influence is limited to logistical help such as security and custody of the detainees.

"Before history, I say that there is no American interference in the court," he said.

The first phase of the trial, which has centered on his alleged role in the massacre of Shiite Muslim villagers in 1982, has been peppered with angry political quarrels between the Kurdish judge and defense lawyers or their clients. The gist is generally the same: The defense makes snide cracks about Americans running the court; Judge Raouf Rasheed Abdel Rahman snaps angrily that he is presiding over an Iraqi court.

"We thank America for the transparency," a sneering Barzan Hassan, Hussein's half brother, codefendant and former intelligence chief, said to the judge in a typical courtroom exchange. "This is an American court.... If it weren't for the Americans, you would have no credibility."

Khalil has been particularly adept at dragging U.S. policy into the courtroom. She infuriated the judge early on by showing photographs of abuse victims in the Abu Ghraib prison. The last time she was in court, the judge called her a "gangster" and ordered her dragged from the room, slapping and swearing.

"I wanted to make a comparison between the democracy of America and the dictatorship of Saddam Hussein," she said in an interview later that week. "Compare all the things done by Saddam Hussein to defend his regime to all the measures taken by America after Sept. 11. America has done much more than what he has done."

The trial has weighed Hussein as a historical figure, a man who can make a claim unique among Arab rulers: He squared off militarily against Iran and the United States. Throughout the proceedings, he has repeatedly stood up to make speeches, chide the judge and say that he is the president of Iraq.

To Khalil, Hussein is a figure of martyrdom. Although she acknowledges that he was "hard" on those who opposed his reign, she also compares him to George Washington and Abraham Lincoln, and describes him as a man willing to follow his political vision all the way into death.

Nor does she accept the conventional view that it's unusual for a Shiite to defend a Sunni leader famous for persecuting Shiites.

"Saddam Hussein stood in the face of American occupation, so if Imam Ali were present, on which side would he stand?" she asked, invoking the cousin of the prophet Muhammad and a central figure in Shiite Islam. "America or Saddam Hussein? Definitely, Saddam Hussein. So because I am Shia, I stand with Saddam Hussein."

She believes the verdict has already been decided, and that Hussein will be put to death. She doesn't think it matters, though. She's working for public opinion, and for history. And she says Hussein, too, is preoccupied with his legacy.

When prosecutors last month asked the judge to put Hussein to death, the former president broke into a grin and chuckled quietly. "Well done," he said.

A Drive To Root Out The Resurgent Taliban (NYT)

By Tyler Hicks

The New York Times, July 8, 2006

DOJ_NMG_0039604

American and allied troops are engaged in their biggest operation against Taliban forces in Afghanistan since they drove the fundamentalist movement from power in 2001. These photographs were taken over two weeks in June with Charlie Company, Fourth Brigade, 10th Mountain Division, near Hazarbuz, in Zabul Province.

The Americans face the hard job of trying to tell local farmers from Taliban insurgents, who have gained strength across southern Afghanistan. The Americans set up a base, then probed into villages. They were soon ambushed. The Taliban can easily persuade or coerce villagers to assist them. They arm the villagers or equip them with radios. Almost any man is suspect. During one raid, which was typical, the Americans separated the men. Homes were searched, and the men were marched to the base for questioning.

The Americans feel the hands of those who claim to be farmers, to make sure they are rough. They check under the men's shirts for calluses from carrying rifle clips, or for bruises from firing rocket-propelled grenades. As often is the case, almost all are released for lack of evidence.

Col. Tom Collins, the American military spokesman in Kabul, said, "We have intelligence that leads us to a certain village where there are antigovernment elements and we take in those we find, screen them, and some are then let go immediately, but they still have to be questioned."

The day after the raid, the Americans were ambushed again, this time at their base. Automatic rifle fire sprayed just inches above a row of soldiers as they lay resting.

On the final day of the operation, a raid on a village sent several men fleeing for the mountains. They were met by American Ranger Scouts. Three men were captured. They confessed to being Taliban fighters and were brought back to the base to be handed over to the Afghan authorities.

Pakistan Urged To Dismantle Terrorist Camps (WSJ/AP)

The Wall Street Journal/AP, July 8, 2006

KANDAHAR, Afghanistan -- President Hamid Karzai urged neighboring Pakistan to prevent militants from training on its soil as fighting Friday in southern Afghanistan killed a U.S.-led coalition soldier and at least eight suspected Taliban militants.

The violence came amid a surge in attacks by Taliban insurgents trying to reassert control over their former southern heartland. The escalation has prompted Britain to consider sending more forces. Hundreds of people, mostly militants, have died in fighting in recent weeks.

Mr. Karzai blamed foreign terrorists for the rising violence, and called on Pakistan to dismantle terrorist training grounds on its side of the border.

In the latest bloodshed, militants attacked a coalition convoy in Helmand province's Baghran Valley on Thursday, killing a coalition soldier and wounding another, said spokesman Sgt. Chris Miller. Five militants died when coalition forces returned fire, he said.

Miller gave no details about the dead soldier's identity or nationality, but another foreign military official, speaking on condition of anonymity said the soldier was American.

Elsewhere in Helmand, three suspected Taliban militants died Thursday night and two more were wounded when a bomb they were trying to plant exploded on the side of a main highway in Grishk district, said provincial police chief Ghulam Nabi Malakhail.

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Afghan Legislator Says Coalition Attacked His Family, Killing 1 (NYT)

By Carlotta Gall

The New York Times, July 8, 2006

ISLAMABAD, Pakistan, July 7 — An Afghan member of Parliament accused the American-led coalition of opening fire on his family as they traveled by car in one of the most troubled provinces of southern Afghanistan, killing his brother-in-law and wounding five others, including his wife and two of his children.

Haji Abdul Khaliq, a legislator from Uruzgan province, said in a telephone interview that the shooting occurred on Wednesday and that American and Australian troops were responsible for it.

"My wife, my son, my daughter, my nephew and my wife's brother were traveling with a driver from Uruzgan to Kandahar for medical checkup at Kandahar hospital when they were attacked by American and Australian troops from the top of a hill," he said. It was the middle of the afternoon, he added.

"The coalition were on the top of the hill and start shooting toward their car, killing my wife's brother, Abdul Baqi, and injuring my wife, my son, my daughter and my nephew." His nephew and the driver were slightly injured, Mr. Abdul Khaliq said.

The family took cover in a ditch beside the road and lay on the ground for several hours, he said. The coalition kept firing on the car and after some time came to the scene, he said, but even when they saw the woman and children lying wounded they did nothing to assist them.

"They did not help them or even give them a bottle of water," he said.

A statement from the American-led coalition said it was "deeply saddened" by the reports, but added that "coalition forces are confident the coalition is not responsible for this attack."

Lt. Col. Paul Fitzpatrick, a coalition spokesman, said that there had been only one report of coalition forces "engaging the enemy" in the region, and that it took place at night when "four Taliban extremists on foot" fought a patrol "far off the road."

Colonel Fitzpatrick added that the claim that coalition forces were responsible for the attack on Mr. Abdul Khaliq's family "could very well be extremist propaganda."A few hours after the attack, Mr. Abdul Khaliq said, villagers and friends of the family came to help them and took them to hospital in Tirin Kot, the provincial capital of Uruzgan, 111 miles away. He moved the family to Kandahar hospital Thursday, he said.

"I am very sad and disappointed about this because the coalition is always saying that they are here to help the Afghans and they respect the rights, but first they shot women, and then when they came upon them they did not care to take them to hospital or treat them," he said.

"Even if this happens to the enemy of Afghanistan, they should take the injured to the hospital," Mr. Abdul Khaliq said. "They just left them in the desert and under the strong sun."

Coalition forces come under fire or ambush almost daily in southern Afghanistan and in a separate incident the coalition reported one soldier was killed and one wounded in an ambush Wednesday in the next province door, Helmand.

Cheney Lauds Troops For Aid They Provided, Message They Sent (NVP)

By Louis Hansen

Norfolk Virginian Pilot, July 8, 2006

NORFOLK - Two months after returning from a Middle East deployment, the amphibious assault ship Wasp overflowed with troops again Friday afternoon.

Nearly 3,000 Marines and sailors, including about 100 bused from Camp Lejeune, N.C., crowded the flight deck, packed metal bleachers and perched along the ship's upper decks.

They belonged to two battle groups - led by the aircraft carrier Theodore Roosevelt and the amphibious assault ship Nassau - that returned in March and May.

On Friday they mustered again aboard the Wasp for a 19-minute speech by Vice President Dick Cheney.

"By patrolling sea lanes, bringing help to the innocent and confronting the violent, you've shown a watching world that we're a powerful country with a very capable military," Cheney said. "You bring relief to the helpless and hope to the oppressed, and you are protecting the people of this nation in a time of war."

The two strike groups took part in the latest chapter in a war that began with the U.S. invasion of Iraq in March 2003.

Saddam Hussein was deposed , captured and stands trial. Iraqis have held three elections for national offices. Approximately 2,540 U.S. service members have been killed and 10,200 have been wounded, according to the Defense Department.

Cheney spoke before a group of sailors from the Nassau Expeditionary Strike Group who returned in May from a six-month deployment in the Middle East and Mediterranean.

During their six-month deployment, the two strike groups fought in Iraq, captured pirates in the Indian Ocean and secured the commercial channels in the Mediterranean Sea and Persian Gulf.

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The 22nd Marine Expeditionary Unit, based at Camp Lejeune and part of the Nassau strike group, lost three men during its deployment to Iraq .

Before the speech, Cheney met briefly with about a dozen service members.

Gunnery Sgt. Christopher Fritz, 37, met the vice president long enough to tell him where he was from - Springfield - and what he did - worked with Iraqis in the city of Hit .

After spending six months training and organizing Iraqi police forces, Fritz was grateful for the recognition. His unit's role, he acknowledged, was "not the glory stuff." But he said he hoped it would eventually stabilize the country.

From a podium mounted on the flight deck, Cheney thanked the commands one by one. The troops greeted him with brief applause and occasional shouts .

Cheney praised the Navy's role in Afghanistan and Iraq. "Naval operations are every bit as important, if not more so, than they were in the last century," Cheney said. He noted the ability to launch precision strikes, rockets and missiles, and to deploy SEALs and Marines in different environments.

He dismissed any timeline for troop withdrawal that would be set by elected leaders, not military commanders. "We want to complete the mission," he said. "We want to get it done right."

After the speech, Cheney shook hands with more service members . The troops filed slowly off the flight deck and into the weekend.

Petty Officer 1st Class Chilanda Steave, a 13-year Navy veteran, called the speech "a morale booster."

Ensign Jeffrey Kasting, stationed aboard the guided missile cruiser Cape St. George, said Cheney "made it clear we weren't going to back down."

Army Cuts 1,000 For Personality Disorders (SFC/AP)

By Lolita C. Baldor

San Francisco Chronicle/AP, July 8, 2006

(07-07) 15:44 PDT WASHINGTON, (AP) --

The Army discharged more than 1,000 soldiers last year for personality disorders, the reason it gave for this year's discharge of a private now accused of raping a young Iraqi woman and killing her and her family.

That total represents about 1.2 percent of the 83,000 soldiers given early discharges during the fiscal year that ended Sept. 30, 2005. That was a bit higher than the less than 1 percent discharged for those reasons during the 2001 fiscal year before the war in Iraq began.

Lt. Gen. Kevin C. Kiley, the Army's surgeon general, told reporters Friday that the disorder usually is not associated with combat trauma and may be a lifelong problem that is not always easy to identify in military screenings. He said soldiers exhibiting such traits would not be automatically discharged because many can continue to perform well.

Steven D. Green, who pleaded not guilty through his public defenders Thursday, was discharged because of an "anti-social personality disorder" according to military officials and documents. That condition is defined as chronic behavior that manipulates, exploits or violates the rights of others, such as someone who repeatedly lies, fights or breaks the law.

According to a federal affidavit, Green, 21, and other soldiers targeted a young Iraqi woman after spotting her at a traffic checkpoint near Mahmoudiya. They later went to her house, raped and killed her and shot members of her family, the affidavit said.

Green is being tried in federal rather than military court because he no longer is in the Army

Kiley told Pentagon reporters that personality disorders — which are not forms of mental illness — do no necessarily exclude people from serving in the armed forces. In fact, he said that up to 4 percent to 5 percent of the soldiers have taken sleep medications or antidepressant drugs at one time or another during their combat service.

Altogether, there were nearly 493,000 people in the Army during the 2005 fiscal year, compared with about 481,000 in 2001. The Army discharged 805 soldiers for personality disorders in 2001, 734 in 2002, 980 in 2003, 988 in 2004 and 1,038 in 2005.

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Mental disorders represented between less than 1 percent to 1.4 percent of the total early discharges for those years. The total number of early discharges ranged from about 69,000 to more than 87,000. Soldiers can receive early discharges for a number of reasons, but most often they are for physical fitness issues.

Kiley said the Army is allocating more resources that ever to combat stress and provide mental health counseling for soldiers on the battlefield.

Currently, he said, there are about 200 mental health and behavioral health personnel in Iraq and 25 in Afghanistan. Many of them are assigned to different regions of the country and travel in small teams to the forward operating bases to meet with soldiers.

The Army, he said, is trying to find ways to encourage soldiers to use the mental health services and overcome the perception among the military that seeking mental health counseling is a sign of weakness.

"There is something very demanding and tough about being in combat," said Kiley. "And anything that would be perceived as being weak and not ready and tough carries with it some stigma."

As a result, he said, the Army is trying to reach out regularly to soldiers while they are in combat, and officials are encouraging entire units to go through mental health screenings so that soldiers will feel more comfortable doing it if they see their commanders and unit leaders participating.

An Internet Lifeline For Troops In Iraq And Loved Ones At Home (NYT)

By Lizette Alvarez

The New York Times, July 8, 2006

With mortar shells exploding near him sometimes twice a day in Ramadi, Iraq, Sgt. Mark Grelak found a way to shut out the heat, the noise, and all the demands of his job — sweeping the local highway for bombs left by insurgents. In a tiny space in his barracks, he would flip open his laptop, adjust his Web camera and watch his daughter Katie take her first halting steps.

From 6,000 miles away, Sergeant Grelak, 35, drew flowers with Sara, Katie's older sister, and witnessed, almost in real time, her first day of preschool. The soldier and his wife, Jennifer, 26, even bought a house in Baltimore together, e-mailing pictures and appraisals back and forth. Through instant messaging, they discussed the new landscaping and camping equipment as if they were sitting just across the kitchen table from each other.

"Do you care if I take out the crape myrtle?" Ms. Grelak messaged him in March.

"Why not leave it for now," her husband suggested.

Later, she messaged, "If you have some time, take a look on eBay for a tent. I'd like to go camping this year."

Military deployments have a way of chewing up marriages, turning daily life upside down and making strangers out of husbands and wives. But for this generation of soldiers, the Internet, which is now widely available on bases, has softened the blow of long separations, helping loved ones stay in daily touch and keeping service members informed of family decisions — important and mundane.

Most soldiers deploy with a laptop in hand and a hookup to the Internet in their barracks. Others, particularly those with young children, pay for Web cameras, a trend that began in earnest two years ago.

Mental health experts and military commanders say that the tens of millions of dollars spent on technology in Iraq for Internet cafes, computers and Web cameras have helped ease the isolation of soldiers' lives, as well as the turbulence of coming home, an often-bumpy transition from combat to kiddie pool and from commanding to compromising.

"It's rejuvenating," said Sergeant Grelak, an Army National Guard soldier who was gone for 18 months and is now at Fort Benning, Ga., awaiting his release from active duty. "It keeps you from getting detached from the person you left behind. You go outside, and you run the risk of getting shot and blown up. That changes people. If I didn't have that connection, I would feel like a stranger."

Those who benefit most are often families with young children, said Jaine Darwin, a psychologist and the co-director of Strategic Outreach to Families of All Reservists, based in Cambridge, Mass., which counsels reservists and families. "They make families much more connected to the soldiers. A voice is not the same as seeing a person," Ms. Darwin said.

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Military spouses were once left to make all child-rearing, household and work decisions by themselves for months at a time; telephone calls were simply too brief, unpredictable and expensive. Now the burden is a little less lopsided and an answer is only a few hours away.

The constant communication makes for fewer unpleasant surprises after couples reunite, though there can be a downside: It brings the anxieties of the living room into the war. "Who wants to hear that your daughter got a tattoo?" Ms. Darwin asked. "Any piece of news that makes you preoccupied is not good for you in a war zone."

Sergeant Grelak, for example, became alarmed when he learned that Katie had an ear infection. "I had to be a shoulder for Jennifer," he said, but, he added, "I was 110 percent concentrating."

Ms. Darwin pointed out that soldiers, for their part, can have too much Web access between missions "and it's quite disruptive to a family," she said. "It poses a hard conflict between the wish to get every moment they can with their soldier and the need for life to go on. Talking to your soldier can become a full-time job."

Internet cafes with computers began to spring up at military camps during the crisis in the Balkans in the 1990's, but mostly in fits and starts. Since then the military and private organizations like the Freedom Calls Foundation have spent millions of dollars to wire camps in Iraqi war zones. The Defense Department alone has spent more than $165 million in the past two years to set up cybercafes in Iraq. In 2004, they began with 36 cafes, and now there are more than 170. The use of satellites has made the job considerably easier. Freedom Calls, which raises private funds to build satellite links and provide communications hardware for soldiers in Iraq, has enabled 30,000 service members in four camps to reach relatives free in the past two years, setting up live teleconferencing to broadcast the births of babies, birthday parties, weddings and graduations. About 1,000 families in the United States have been equipped with screens in their homes.

"A person can now keep his commitment to his family and keep his commitment to his country," said John Harlow, the executive director of Freedom Calls.

Specialist Kevin Groll, of the Michigan National Guard, took a virtual seat at the Thanksgiving Day children's table last year, a Groll family tradition. The family Web camera was positioned right next to the children's table. "Boy, you did it again," Specialist Groll joked with his mother, Vicki Groll. "I'm not even near the kiddies, and I still had to sit at the table. The kids just loved it."

While the divorce rate for returning soldiers remains relatively high, a testament to the difficulties of war and the number of pre-deployment leaps to the altar, commanders agree that the Internet has helped morale considerably. Yet such easy access to families also poses problems in terms of controlling the release of classified information. Service members are not allowed to discuss where they are going, what they are carrying, how they will get there or how long they will stay, for example. All communications on a base are typically shut down after a casualty or injury is reported until family members can be contacted, which can take anywhere from a few hours to two days.

Web logs relating to official duties must be registered with a service member's chain of command, but personal Web pages set up by people back home can run into trouble.

One mother, Robin Vaughan, whose son was a military policeman in Iraq and who created a Web site for people who wanted support and information about the unit, said soldiers and their relatives were told not to view her site because it was not an official, registered site.

But monitoring all calls, e-mails and Internet traffic is impossible, so to a large degree, the military relies on self-censorship. "It's a big challenge," said Maj. Sean Wilson, a public affairs officer at Fort Drum, N.Y.

"Soldiers are naturally proud of what they do. They want to tell somebody about it."

Juggling home and battle can prove stressful. The immediacy of the Internet allows little time for reflection, and rather than let a bad mood pass, a spouse may rush to the computer and rant, which is not always wise, Ms. Darwin said.

Rumors, too, can run rampant, even those about infidelity, she added. And not hearing from someone can be painful and frightening, on both sides of the divide, particularly when daily e-mail contact has been the rule, the families said. Breakups via the Internet do occur, in a contemporary equivalent of the Dear John letter.

Sherri Cropper, 30, said she e-mailed her husband, Sgt. William Cropper, in Iraq every day. It was her way of making sure he was all right. But it also helped her to cope with the demands of what seems the equivalent of single motherhood, and to express how she was changing, becoming more independent. "It did ease the transition a lot," said Mrs. Cropper, who lives at

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Fort Drum. "It wasn't bam, in your face, there are a thousand things that went on and I will sit here in the next two days and talk you to death."

The happiness of a reunion tends to wear off quickly, she said. "Then, it's, 'O.K., you missed nine months of baby-sitting and I'm out of here,' " Mrs. Cropper added. "I think this gives the person who is deployed a good grasp or perspective on how it will be when you get back."

Dixie Clark of Harrisburg, Pa., said she was lucky to get a quick phone call once a month from her husband in the 1980's when he was a marine.

Recently she had three family members to fret over. Her two oldest sons and her husband, all Army National Guardsmen, were all deployed to Iraq at the same time, posted to the same base.

This time around, she routinely watched her "three guys" on a Web camera. Once when a mortar shell hit the camp, Mrs. Clark e-mailed one son and demanded that all three appear in front of the camera to assure her that they were fine.

"My son comes running into the barracks saying, 'Mom is on the Internet and she wants us to get up there; she has to see everybody,' " Sgt. First Class James Clark Sr. recalled. "I didn't even know he had a Webcam set up at that time. We all huddled up and said, 'Here we are.' "

Every day, Mrs. Clark and her husband sat down for a 90-minute round of instant messaging, which cost a pittance compared with telephone calls.

They planned the renewal of their wedding vows together online. He chose the menu — chicken, roast turkey and broccoli and cheese. And when things went wrong with the house, she knew that an answer was a few hours away. "Honey, where is the furnace?" she messaged him. "I ran out of oil."

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U.S. Attorney Fitzgerald's Future Examined (WBBM)

By Bob Roberts

WBBM, News Radio 780, Chicago, July 8, 2006

CHICAGO (WBBM Newsradio 780) -- The future of U.S. Attorney Patrick Fitzgerald may be moving to the front burner, following today's news conference by President Bush.

WBBM Newsradio 780's Bob Roberts reports Fitzgerald wears two hats: United States Attorney for the northern district of Illinois, and Washington-based special prosecutor in the CIA leak investigation and related cases.

The local investigations have reached the top levels of city and state government; the CIA leak probe has reached top levels at the White House.

As a result, some pundits say that Fitzgerald already has become a recurring nightmare not only for Mayor Daley, former Gov. George Ryan and Gov. Rod Blagojevich, but for the President as well.

Instead, Mr. Bush said, it has not been a high priority for him.

"I don't have any plans to reappoint him because I haven't thought about it," he said, adding quickly, "I'll now think about it, now that you brought it up."

Mr. Bush said he is not familiar with the locally-based corruption investigations, but commented on Fitzgerald's stewardship of the CIA leak investigation.

"I thought in Washington he handled the case with professionalism, very professionally," Mr. Bush said. "You didn't see a lot of leaks. You didn't see a lot of speculation. You didn't see a lot of people dropping a little crumb here and there for the press to chew on.

The President said that has impressed him favorably.

"I really thought he handled himself well," Mr. Bush said.

Ultimately, the President said, the decision is one for U.S. Attorney General Alberto Gonzales to make.

The U.S. Attorney's office Thursday obtained the highest-profile convictions yet in its investigation of corruption at City Hall, with the conviction of the mayor's former patronage chief, Robert Sorich, and three others.

Fitzgerald signaled last week that he is conducting a wide-ranging investigation into hiring abuses in state government. And Ryan awaits sentencing on charges stemming from the Operation Safe Roads investigation.

CORPORATE SCANDALS:

Can Companies Issue Options, Then Good News? (WSJ)

By Kara Scannell, Charles Forelle And James Bandler

The Wall Street Journal, July 8, 2006

SEC Is Divided on Practice Known as 'Spring Loading;' Critics See 'Insider Trading'

New controversy is brewing over the way companies dole out stock options, this time over the practice of granting them just days before announcing good news -- an effort to give executives a quick profit on paper.

Known as "spring loading," such options grants have generated heat in recent days. While spring loading is different from "backdating," another type of options timing, corporate critics blast it as a form of insider trading. Defenders call it a legitimate form of compensation -- and their ranks include a commissioner of the Securities and Exchange Commission.

Options give recipients the right to buy a share of stock at a set price, typically the closing share price on the date a grant is made. Companies that backdate are setting the grant date retroactively to align with a stock's low point, creating an instant paper gain.

By contrast, spring-loaded options usually are priced the same day they are granted. The catch: Companies are aiming to build a quick, expected gain into a grant, by assuming that good news -- like an upbeat earnings forecast -- will push the stock price up in coming days.

The SEC is investigating at least 50 companies for the timing of their options, and while there is wide agreement that backdating is wrong in most cases, there appears to be division over spring-loading. The divisions underscore a broader debate over the myriad ways companies grant options and whether or not some practices are, or should be, banned.

In a speech Thursday before the International Corporate Governance Network, Republican SEC Commissioner Paul Atkins gave a spirited defense of spring loading, calling it a legitimate and low-cost way for boards to efficiently compensate executives. He rejected claims that such awards amount to trading on inside information.

"Boards, in the exercise of their business judgment, should use all the information that they have at hand to make option-grant decisions," Mr. Atkins said. "An insider-trading theory falls flat in this context, where there is no counterparty who could be harmed by an options grant. The counterparty here is the corporation -- and thus the shareholders."

Crying Foul

Quickly, some investor groups cried foul. "Let's step back and take it out of the legal domain. This is just not fair," said Ann Yerger, executive director of the Council of Institutional Investors. "I don't think any rational individual or director or executive could argue it is fair. The whole point is to motivate and incentivize. To do this and set up an award so they're already in the money is so unfair. I think it's a mark of poor integrity."

Mr. Atkins's speech came just a few weeks before commissioners are to vote on a rule overhauling rules for how executive compensation is disclosed. The agency is working to include guidance on options-timing, SEC Chairman Christopher Cox has said.

Corporate lawyers and some SEC commissioners have said the pending disclosure rule tackles some of the concerns over backdating. Others already have been addressed by other rules, such as one shortening the amount of time in which executives must file beneficial-ownership forms, and the new accounting rule requiring all options to be expensed.

The question is whether other practices are, or should be, on the agenda. Mr. Atkins has "laid out a marker," says David B.H. Martin, a former SEC official who is now a partner at Covington & Burling. "He's not going to be swayed by public opinion. He wants to analyze things openly."

In an interview Friday, Mr. Atkins defended his position on spring loading, pointing out that options are designed to give executives a long-term incentive to boost performance. "You might have a temporary transfer of wealth from the shareholder to the employees in a case where there's a pop in the price, but again, these are options," he said. "If they are properly constructed

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and are meant to try to retain people for the long term, they're going to have to survive for 20 quarters, or 40 quarters or 200 quarters."

The debate illuminates some of the challenges facing the SEC as it wades into the options-timing issue. The agency sees backdated options as at least problematic -- especially if not disclosed -- since they carry a strike price -- the price at which they can be redeemed -- lower than the market price on the date they really were granted.

Accounting rules demand that such "discount options" be expensed on the company's books. The tax code disqualifies them from certain corporate deductions and exemptions. And companies that didn't disclose the backdating -- or implied in their filings that they didn't backdate -- can face serious securities violations.

Options timed to news may not be as problematic, since their strike price is the market value on the date of grant. But no consensus has yet emerged from the SEC.

Consequently, the agency, which is looking at several different spring-loading cases, could do nothing, or take any of several tacks in arguing that spring-loaded options aren't kosher.

Misleading Investors

The simplest case is to argue that companies that engaged in spring-loading mislead investors by not disclosing that options are awarded with foreknowledge of the impending good news. That's how the SEC has approached the case of Analog Devices Inc., a Norwood, Mass., technology concern that is also being investigated for backdating.

A tentative settlement that Analog reached with the SEC states that it failed to adequately disclose that it priced stock options before the release of favorable financial results. In one of those instances involving options grants in November 2000, directors as well as officers were the recipient of the grants, according to the terms of the proposed settlement. The Analog case has not yet been brought before the full commission for a vote.

Cyberonics Inc., a Houston medical-device maker, drew questions for a June 2004 grant made to several executives on the day a Food and Drug Administration advisory panel recommended approval of a Cyberonics device. Trading in Cyberonics was halted that day. Grants carried as their exercise price the closing price of the prior day.

After trading began again, shares leapt 78%.

An analyst at SunTrust Robinson Humphrey questioned the grant in a research report last month. The SEC is conducting an informal inquiry of Cyberonics, and federal prosecutors in Manhattan have subpoenaed the company. Cyberonics has called the analyst report "misleading" and said it properly accounted for the options.

Insider-Trading Rules

Another approach for the SEC could be to argue that spring-loaded grants violate insider-trading rules, particularly if directors with knowledge of the news give options to themselves, or if executives conceal good news from directors in urging them to grant options. In a famous insider-trading case that the SEC brought against mining concern Texas Gulf Sulphur Co. in the 1960s, a court found that executives who received grants before the company announced a big mining discovery violated federal securities laws. In that case, the compensation committee was unaware of the pending news at the time of the grants.

As for taxes, the implications of spring-loading are "not as clear as with options backdating," says S. James DiBernardo, a partner at Morgan, Lewis & Bockius LLP who specializes in compensation tax issues.

Mr. DiBernardo says he "wouldn't be surprised" if the IRS tries to make the argument that spring-loaded options are also discount options, and thus come with the same tax "parade of horrors" that follows backdated options. But, he says, such an argument would be "much, much more difficult" for the IRS to win. Among other things, the IRS would have to establish what was the "true" market value on the day the spring-loaded options were granted, and it isn't clear how that could be done, he says.

The IRS declined to comment Friday.

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Nicor To Pay $10 Million Fine (CHIT)

By Robert Manor, Tribune Staff Reporter

Chicago Tribune, July 8, 2006

DOJ_NMG_0039612

Utility company says penalty to settle SEC probe of accounting

Nicor Inc. said Friday that it has reached a tentative settlement with the Securities and Exchange Commission and is willing to pay a $10 million penalty to settle allegations of misleading accounting.

The SEC has been investigating Naperville-based Nicor, natural gas supplier to most of northern Illinois outside Chicago, for allegedly inflating profits from its gas trading business from 1999 through the first quarter of 2002.

The company eventually restated its earnings for that period.

"We wonder how Nicor is getting off paying only a $10 million fine," said Rob Kelter, general counsel for the Citizens Utility Board. CUB believes ratepayers were overcharged, and a case against Nicor is pending before the Illinois Commerce Commission.

CUB has contended in the past that Nicor Gas owes consumers up to $190 million for the alleged improper accounting of gas purchases.

Nicor made the announcement after the SEC had closed, and government officials were not available for comment.

"We are pleased to be taking another step in the direction of a final resolution regarding this matter," said Paul Gracey, Nicor senior vice president and general counsel, in a written statement.

"Most importantly, since these events surfaced nearly four years ago, the company has taken significant actions to improve the internal controls and oversight of our gas supply area and to prevent a recurrence of the activities that led to this investigation."

In 2004 Nicor settled a lawsuit filed on behalf of its shareholders for $38.4 million.

In addition, Nicor acknowledged at that time that a federal grand jury has been convened to consider criminal charges against the company.

The status of the Justice Department investigation could not be determined Friday.

The company said it will place the $10 million in escrow pending final approval of the tentative settlement by SEC commissioners, who have the authority to modify or reject the deal.

Under the terms of the settlement, Nicor would neither admit nor deny wrongdoing.

The utility's shares rose 11 cents, or 0.3 percent, to $41.80 in New York Stock Exchange trading on Friday.

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Asyst Gets Delisting Letter From Nasdaq (AP)

AP, July 8, 2006

Asyst Technologies Requests Hearing From Nasdaq to Avoid Delisting After Filing Delay

FREMONT, Calif. (AP) -- Asyst Technologies Inc., a maker of technology for semiconductors and flat-panel displays, said Friday it received a letter from Nasdaq stating that the company is not in compliance with listing requirements because it is delinquent in filing its annual report for the fiscal year ended March 31.

Nasdaq has begun a process that could lead to the stock's delisting.

Asyst has requested a hearing with Nasdaq to address the filing delay. The request will postpone delisting pending the hearing and the panel's decision, although the panel will not necessarily find that Asyst should continue to be listed on the exchange.

Asyst delayed filing its annual report because it is in the midst of a widening inquiry into stock-option granting practices by the Justice Department and the Securities and Exchange Commission. On June 9, the board established a special committee to look into Asyst's stock option practices during that period, the company said.

Asyst expects the inquiry to be completed by June 29. Shares closed Thursday at $7.25.

CRIMINAL LAW:

Records Show Abramoff At White House (NYT/AP)

By The Associated Press

DOJ_NMG_0039613

The New York Times, July 8, 2006

WASHINGTON, July 7 (AP) — Secret Service records show four more visits to the White House in 2001 by the disgraced lobbyist Jack Abramoff, including one to see an aide to Vice President Dick Cheney.

The newly released records bring the total number of his known visits to seven.

One of Mr. Abramoff's visits, according to Secret Service logs, was on April 20, 2001, to see Cesar Conda, who was Mr. Cheney's assistant for domestic policy at the time.

Secret Service Reveals More Abramoff Visits (AP-Y2)

By Pete Yost, Associated Press Writer

AP2, July 8, 2006

The Secret Service on Friday revealed four more visits to the White House in 2001 by disgraced lobbyist Jack Abramoff, including one to see a domestic policy aide to Vice President Dick Cheney.

The newly released records of Abramoff's access to the White House bring the total number of his known visits to seven.

One Abramoff White House visit, according to Secret Service logs, was on April 20, 2001, to see Cesar Conda, at the time Cheney's assistant for domestic policy.

Five days after the Conda meeting, one of Abramoff's former lobbying colleagues, Patrick Pizzella, was nominated by the president as assistant secretary of labor. The Secret Service logs do not state why Abramoff met with Conda.

One log entry indicates Abramoff visited the White House residence on Dec. 10, 2001, for two hours, as part of a large holiday party.

The Secret Service entry for Abramoff's name that day reads, "POTUS," "WH," "RESIDENCE," and lists the number of people present as 326, according to the documents. POTUS refers to the president of the United States.

The Secret Service material surfaced as a result of lawsuits by the conservative organization Judicial Watch and the Democratic National Committee. An earlier Secret Service search turned up just two Abramoff White House visits, and a further search turned up the additional contacts.

Judicial Watch said the public has a right to know "why an admitted felon had appointments with the Bush White House." The DNC said it will aggressively pursue additional questions about visits to the White House by Abramoff and his lobbying associates.

The government is asking a judge to dismiss the lawsuits, but another group that is suing, Citizens for Responsibility and Ethics in Washington, says it will also seek more information on the visits.

Abramoff has pleaded guilty in an influence-peddling scandal and is cooperating with a wide-ranging Justice Department probe of alleged corruption on Capitol Hill and in the executive branch.

A former White House aide, David Safavian, was convicted in a trial last month for covering up his relationship with Abramoff. Safavian was the Bush administration's top procurement official until his arrest last year.

Abramoff's other previously undisclosed trips to the White House complex in 2001 were on March 1 and May 17. Both were to meetings in the Old Executive Office Building adjacent to the White House.

It has been previously known that Abramoff was in the White House on May 9, 2001, when President Bush had his photograph taken with an Indian tribal official who was an Abramoff client.

The Secret Service earlier disclosed White House visits by Abramoff on Jan. 20, 2004, the day Bush delivered his State of the Union address, and on March 6, 2001.

New Links Between Abramoff, White House (WP)

By Susan Schmidt And James V. Grimaldi

The Washington Post, July 8, 2006

Lobbyist Jack Abramoff had a half-dozen White House appointments in the early months of the Bush administration, according to logs released yesterday by the U.S. Secret Service.

DOJ_NMG_0039614

The appointments included a meeting with a domestic policy aide to Vice President Cheney and a meeting in the Office of Faith-Based and Community Initiatives attended by about 40 people. The logs also reflect that Abramoff attended one or more social events, as well as a gathering of Indian tribal officials and state legislators at which President Bush appeared.

The lobbyist, once one of the most powerful Republicans on K Street, pleaded guilty earlier this year to conspiracy and fraud. He is a cooperating witness in the Justice Department's wide-ranging investigation of corruption in Congress and the executive branch.

The Secret Service released the White House visit data yesterday in response to Freedom of Information Act requests and a lawsuit filed by the government watchdog group Judicial Watch.

In May, the Secret Service released partial data showing two White House visits by Abramoff. In a letter faxed to Judicial Watch yesterday, a Justice Department lawyer said that the Secret Service had recently learned of other visits when it "unexpectedly discovered computer files" containing entry and exit logs on the visits.

In one of the previously disclosed visits -- March 6, 2001 -- Abramoff met with presidential adviser Karl Rove in an unsuccessful effort to have two allies placed in Interior Department jobs. That visit appears to have been the only one with a senior official.

The new data, combined with the two visits disclosed in May, show that Abramoff had appointments to attend White House events or meetings on seven occasions -- six in 2001 and a seventh in January 2004, on Inauguration Day. The Secret Service said the data reflect appointments but "do not necessarily reflect actual visits to the White House complex."

Among those with whom Abramoff met in the spring of 2001 was Cesar Conda, then assistant to the vice president for domestic policy, and Catharine Ryun, executive assistant to the director of the faith-based office and daughter of Rep. Jim Ryun (R-Kan.).

Conda, now a lobbyist, said in an interview that he invited Abramoff to a "casual social lunch" at the White House mess. "It was so long ago I don't remember anything about it," Conda said. "He was just a guy that I knew from the Hill. I invited folks from around town, K Street, think tanks, to chitchat."

The purpose of a March 1, 2001, appointment from 4 to 6 p.m. could not be determined from the logs. An appointment on Dec. 10, 2001, appeared to have been a holiday party for 300 guests attended by the president.

U.S. To Investigate Witness Rape Charge (NOTP)

By Gwen Filosa, Staff Writer

New Orleans Times-Picayune, July 8, 2006

DA's investigator is focus of FBI probe

The U.S. Attorney's Office has issued grand jury subpoenas as part of a federal civil rights investigation into a complaint that Orleans Parish District Attorney Eddie Jordan's chief homicide investigator raped a witness he was assigned to protect.

Federal agents started the investigation last week after meeting with high-ranking New Orleans Police Department officials and Jordan, U.S. Attorney Jim Letten said Friday.

An unidentified woman in the state witness protection program told the NOPD's Public Integrity Bureau that Dwight Deal, a veteran homicide detective who joined Jordan's administration in June 2003 as the chief investigator for murder cases, raped her while she was under his watch.

Deal, 50, worked for more than 20 years with NOPD and at one time was among the most senior of homicide detectives, known for cracking murder cases and making them stick in court to win convictions. Deal played a key role in helping police solve and bring to court the culprits behind the 1997 triple murder at the French Quarter's Louisiana Pizza Kitchen, a case that sent Phillip Anthony to death row.

In June 2003, Deal retired from the NOPD and joined Jordan's staff. Deal was placed on paid administrative June 30, a move that adheres to the office policy, said Jordan spokeswoman Leatrice Dupre.

Jordan declined to discuss Deal, citing privacy laws that hinder employers from discussing work records.

A message left on Deal's work-issued cell phone was not returned immediately Friday.

In his announcement of the federal probe Friday, Letten made reference to the recent conviction of Henry A. Dillon III, the former New Orleans assistant city attorney convicted on federal civil rights charges for raping two young women who crossed paths with him while dealing with traffic tickets in 2004.

Dillon is "a serial rapist who abused his position as a public official in exploiting and brutalizing young women," Letten said in a statement. "In (the Deal) case, our federal civil rights investigation, consistent with federal law and policy, will be fair and even-handed, but also swift and decisive."

At trial, Dillon, 48, a politically connected lawyer with longtime ties to former Mayor Marc Morial, said that he had sex with three of the four women who testified but said they pursued him. The jury called it rape, and federal prosecutors lauded the verdict as a message to public officials.

Dillon is due in court Sept. 21 for sentencing before U.S. District Court Judge Lance Africk.

Letten would not give an exact date of when the Deal investigation started, but said it began after his office met with NOPD brass.

The witness who made the complaint was immediately relocated under the federal protection program, where she remains in a secret location, Letten said.

Letten said he told Jordan that his office would start a federal civil rights investigation into the matter.

"I welcomed his intervention in this matter and further noted that my office would be fully cooperative with his investigation," Jordan said in a statement Friday.

Special Agent in Charge James Bernazzani of the FBI said that anyone with information about this or any other civil rights matter can call the FBI at (504) 816-3000.

The case is being investigated by the FBI and the NOPD Public Integrity Bureau. Assistant U.S. attorneys assigned to the case include Mark Miller, supervisor of the Organized Crime and Racketeering Strike Force Unit, and veteran prosecutor Mike McMahon.

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Gwen Filosa can be reached at gfilosa@timespicayune.com or (504) 826-3304.

Local Man Pleads Guilty To Filing False Disaster Claim (BRADV)

By Sonya Kimbrell, Advocate Staff Writer

Baton Rouge Advocate, July 8, 2006

A Baton Rouge man pleaded guilty Thursday to making a false claim for disaster relief benefits after Hurricane Katrina.

A grand jury indicted Terry Watson, 675 Wooddale Blvd., in March for making a false claim and for making false and fraudulent statements to the Federal Emergency Management Agency.

According to the indictment, Watson made a FEMA claim stating that his home had been damaged during Hurricane Katrina. He received a $2,000 check.

In the days after hurricanes Katrina and Rita, FEMA provided victims with expedited relief for food, clothing and shelter.

In his plea agreement, Watson pleaded guilty to false claim. The U.S. Attorney's Office agreed to drop the charge of making false and fraudulent statements.

Watson could be sentenced to up to five years in prison or fined $250,000 or both plus other court costs.

In September, U.S. Attorney General Alberto Gonzales created the Hurricane Katrina Fraud Task Force. It is designed to investigate and prosecute disaster-related federal crimes, such as charity fraud, identity theft, procurement fraud and insurance fraud.

The task force includes members of the FBI, the Federal Trade Commission, the Postal Inspector's Office and the Executive Office for U.S. Attorneys.

Story originally published in The Advocate

Rep. Jefferson Hires Lewinsky Spokeswoman (BRADV)

By Gerard Shields

Baton Rouge Advocate, July 8, 2006

WASHINGTON — U.S. Rep. William Jefferson, D-New Orleans, is beefing up his legal defense against bribery allegations, hiring a high-powered spokeswoman who has represented Monica Lewinsky and the family of Chandra Levy.

In a related matter, the U.S. Justice Department has subpoenaed Jefferson e-mails from before the Aug. 3 raids of his homes.

Judy Smith of the Washington firm, Impact Strategies, will join Jefferson's legal defense team.

"Judy will be answering all questions about legal issues," said Melanie Roussell, Jefferson's congressional spokeswoman, who will retain her role.

Smith, a lawyer, could not be reached for comment Friday. A call to her office went unreturned.

Likewise, Jefferson's Washington attorney, Robert Trout, could not be reached for comment. A call to his office went unreturned.

The hiring of Smith appears to be a move to bolster Jefferson's tarnished image, observers say.

Federal prosecutors accuse the 16-year congressman of demanding hundreds of thousands of dollars in cash for himself and his family in return for brokering communications deals in Africa in the first half of this decade.

The Justice Department says it has Jefferson on audiotape and videotape accepting a $100,000 bribe. A subsequent raid by FBI agents on Jefferson's Washington home on Aug. 3 found $90,000 placed in a freezer.

Two men have pleaded guilty to bribing Jefferson or aiding in a bribe. Jefferson has not been charged with a crime and has repeatedly denied any wrongdoing.

"This case is going to be in the public spotlight and you need a special kind of lawyer for that," John Samples, director of responsive government for the Cato Institute, said of the Smith hire.

Samples views Smith's hiring as a sign that Jefferson will not be making any plea agreements with the government. "This is a white-collar lawyer who knows how to handle these kinds of cases," he said.

Smith did media relations for President George H.W. Bush but is best known for her work with Lewinsky, an intern who admitted having an affair with President Clinton.

Smith also spoke for the family of Levy, an intern who contended she was having an affair with former U.S. Rep. Gary Condit of California. Levy was found murdered in a Washington park in 2002.

As a Bush spokeswoman, Smith aided in then-U.S. Supreme Court nominee Clarence Thomas' rebuttal of sexual harassment allegations from law professor Anita Hill.

In a related matter, as part of its daily activities before the July Fourth recess, the U.S. House of Representatives announced that e-mails were being subpoenaed from a House member.

Though the clerk did not mention Jefferson by name, the Capitol Hill newspaper, Roll Call, reported that the e-mails were Jefferson's and the retrieval was negotiated by the Justice Department and House lawyers for months. The sides agreed to a system that would allow Jefferson to review e-mails retrieved by federal prosecutors.

Jefferson recently filed a motion to retrieve material obtained by FBI agents on a May 20 raid of his office. Jefferson argued the search was unconstitutional because it violated a clause that protects the legislative branch from overreach by the executive branch. U.S. District Judge Thomas Hogan is expected to rule on the matter soon.

CIVIL LAW:

Senators Query Boeing Settlement (FT)

By Doug Cameron And Stephanie Kirchgaessner

Financial Times, July 8, 2006

Lawmakers have raised concerns over the tax treatment of Boeing's $615m potential settlement with the US government, which resolved a host of civil and criminal claims connected to the company's procurement practices.

In a letter last month to Alberto Gonzales, attorney-general, Republican senators Chuck Grassley, John McCain and John Warner said they were concerned that the $565m civil portion of the settlement could be structured in a way that would allow Boeing to make its payment tax deductible.

The senators also wanted to ensure that the settlement would not allow Boeing to pass the bulk of the settlement on to insurers.

The legislators gave the Justice department until Wednesday to provide an analysis of the general tax treatment of the settlement. The DoJ declined to comment.

Boeing yesterday said it did not know whether it would be able to write off any portion of the fine against tax. Stephanie Kirchgaessner, Washington, and Doug Cameron, Chicago

The Deficit Reduction Act? What Deficit Reduction Act? (NYT)

By Dorothy Samuels

The New York Times, July 8, 2006

Perhaps I shouldn't take these things personally, but reading over new legal filings by the Justice Department in an unusual, and unusually important, federal lawsuit challenging the validity of the phony Deficit Reduction Act that President Bush signed in February, it suddenly struck me: could it really be that everything I learned back in junior high school about the basic workings of American government was wrong?

Maybe not everything. But the Justice Department's reasoning for why the suit should be dismissed sharply conflicts with my understanding — and most Americans' understanding — of what it takes for a bill to become law. If that reasoning prevails, it will be very bad for democracy.

Brought by Public Citizen, and set to be heard on Monday, the case I'm referring to is one of a handful of pending suits seeking to block the law's unfair cuts in student loans, Medicaid and Medicare. It bases its argument on the most elemental constitutional violation imaginable: although the measure was signed by the president and approved by the Senate, it was never approved in the same form by the House.

This travesty began last December with an inadvertent clerical error after the Senate approved the bill by the narrowest of margins, with Vice President Dick Cheney breaking a tie. Owing to that accidental change, the version that passed the House by a mere two votes differed from the Senate measure. A provision on Medicare calls for covering the rental of certain medical equipment, like wheelchairs, for 36 months, instead of the 13 months in the Senate version. Although that may sound like a minor deviation, it adds up to a $2 billion difference.

Made aware of the discrepancy, House Speaker Dennis Hastert and Senate Majority Leader Bill Frist apparently made a command decision not to try to fix it by having their chambers vote again, this time on the same measure. Given the closeness of the first votes, after all, there was no guarantee a rerun would end in passage. Besides, rank-and-file Republicans weren't exactly pounding on their leaders' doors to demand another chance to go on record in favor of deep spending cuts in popular programs benefiting the needy.

Instead, the leaders barged ahead. Mr. Hastert signed a statement with the president pro tempore of the Senate attesting that the act had been approved in identical form by both chambers when everyone knew that hadn't happened. As for President Bush, his hands are hardly clean. He was well aware of the constitutional defect but chose to ignore it and sign the bill anyway — a dismaying reminder that the president's instinct to cut constitutional corners isn't limited to the war on terror.

In briefs filed last week, the Justice Department does not dispute this rendition of what happened, or the constitutional rule against transmitting one-house bills to the president's desk. Instead it contends that a musty 1892 Supreme Court ruling requires courts to accept as fact Mr. Hastert's fictional certification that both chambers passed the same bill. In other words, to enact large budget cuts affecting millions of Americans, the House and Senate needn't bother to go through the tedious and politically fraught exercise of passing the same legislation. It suffices for leaders of each chamber to fudge and say it happened.

Obviously, the government lawyers making these claims never took a class with my eighth-grade social studies teacher, Mr. Pagliaro. He told students it takes an approving vote of both the House and Senate for a bill to be enacted, and he cited what still seems to be pretty reliable authority: it says so in the Constitution.

CIVIL RIGHTS:

DOJ_NMG_0039618

Judge Ends City-Chabad Feud (MH)

By Todd Wright

The Miami Herald, July 8, 2006

It's finally over.

A federal judge approved a legal settlement Friday between the city of Hollywood and an Orthodox synagogue, officially ending the five-year feud.

The unexpected close to the case came a day after six angry neighbors of the synagogue filed a motion to join the case at the last minute in hopes of dismantling the settlement, which would allow the congregation to stay in two single-family homes permanently.

The religious group has used the houses as a synagogue since 2001, and their presence has sparked a debate over the rights of people to worship where they choose versus a city's right to protect residential neighborhoods from noise, trash and traffic.

After several pretrial defeats, city commissioners offered a settlement that will pay the synagogue $2 million and not only allow the congregation to stay but also to expand to three other houses in the Hollywood Hills neighborhood.

Synagogue leaders accepted the deal Wednesday.

"I'm extremely elated for the synagogue," said Franklin Zemel, attorney for the Hollywood Community Synagogue Chabad Lubavitch. ``And I am extremely pleased for the citizens of Hollywood that they will finally have a constitutional code, which benefits everybody."

The deal means the city and Commissioner Sal Oliveri will avoid facing a federal religious discrimination lawsuit from the Chabad and the U.S. Justice Department.

The city also is required to rewrite the zoning criteria used to grant permits to religious groups that want to operate in single-family districts.

In June, U.S. District Judge Joan Lenard ruled the old criteria were unconstitutional.

Lenard, who was scheduled to start vacation after Friday, had canceled a Thursday hearing that could have announced an end to the case. Later that day, neighbors requested they be allowed to intervene in the case, claiming the city and Chabad did not take into account the impact of the settlement on their properties.

The homeowners -- Lisa Self, Heidi O'Sheehan, Richard and Carolyn Johnson, and Patrick and Eva Petrillo -- were vocal opponents of the Chabad. The families all live within 300 feet of the synagogue.

Their argument did not sway Lenard, who already had postponed the start of trial several times to give the city and the Chabad time to agree to a settlement.

NO RESIDENT INPUT

"I think the residents should have a voice in how their neighborhood is going to change," said Vincent Vaccarella, the attorney representing the residents. ``The settlement gives the Chabad carte blanche to expand in the neighborhood. They shouldn't be given unlimited authority to do what hasn't been allowed in that neighborhood."

Vaccarella said he has received no response to his motion to enter the case, but he surmised from the judge's settlement order that she was denying it.

In 2001, the same group of residents, along with other neighbors, bombarded City Hall with complaints about noise, illegally parked cars and overflowing trash bins.

Commissioners responded by trying to kick the synagogue out of the neighborhood.

Oliveri, who has been silent in recent weeks about the issue, ordered code enforcement and police officers to beef up patrols at the two houses.

The city eventually filed a lawsuit against the Chabad, claiming the religious group violated zoning rules.

SUIT/COUNTERSUIT

The Chabad countered with several lawsuits of their own, claiming discrimination. The Justice Department joined the fray on the side of the synagogue.

Then came Lenard's pretrial rulings, which severely hampered the city's defense.

Commissioner Keith Wasserstrom pushed for the city to settle instead of going to trial and ultimately came up with the proposal that was accepted.

"I am thrilled to hear it's over," he said. ``We can finally get this dark part of our history behind us and move on to a new era."

County Jail On Notice After Probe (TRECAK)

By Rusty Garrett

Times Record (Fort Smith, Arkansas), July 8, 2006

The U.S. Department of Justice has put Sebastian County on notice that conditions at the county jail violate the constitutional rights of inmates confined there.

A 23-page report on the findings of a 2005 investigation said the jail fails "to provide for inmates' serious medical needs, serious mental health needs, right to protection from physical harm and right to be confined in sanitary and safe environmental conditions."

The assessment is based upon an inspection of the jail that was performed May 9-12 last year. It included an on-site inspection of the jail as well as interviews with the sheriff, jail staff, medical care providers and inmates.

The report was delivered to the county in May.

In the area of medical care, the study is critical of the jail intake process, which it says "fails to identify inmates' urgent or ongoing health needs, and fails to provide routine health assessments to determine the health status or chronic health care needs of inmates."

The study said the county does not train jail staff to identify symptoms of drug and alcohol withdrawal, communicable diseases, acute or chronic illness and potential suicide risk. Ongoing medical needs of chronic illnesses do not receive care and treatment, according to the study.

The study is critical of the county's "fee for service" program, in which inmates are charged for treatment and the ability to pay "is often a determining factor in whether care...will be provided," the report says.

The county is also faulted for inadequate medical staffing by a nurse, who works a 40-hour week and a physician, who sees inmates about a half day every other week and who does not take emergency calls from the jail.

Deficiencies in mental health care are also listed. The report said the problem stems from failure to contract to provide psychiatric services for inmates who need them.

The report criticizes "unreasonable use of force" at the jail, including use of pepper spray and tasers, and says those incidents are the result of understaffing, with too few staff given the number of inmates and the design of the jail.

Inmates are not adequately protected from environmental hazards, according to the report. It says inmates are exposed to biohazards, such as blood, feces, vomit and urine when they are asked to clean up spills and not provided protective equipment. Inmates working in the laundry department are ordered to wash contaminated clothing with other clothes, rather than discarding it.

The report concludes with 20 recommended remedial measures. It expresses a willingness to "work with the county in an amicable and cooperative fashion to resolve our outstanding concerns" regarding the jail.

The document also contains a warning that failure to "reach a resolution" could result in a lawsuit to correct deficiencies identified in the report. It said attorneys assigned to the investigation "will be contacting the facility's attorney to discuss this matter in further detail."Sebastian County Judge David Hudson said he too is hopeful the county can resolve the concerns of the Justice Department amicably. He said the county operated its jail under a federal consent order once before. It covered a period from 1982, when the jail was housed on the top floor of the courthouse, to 1994, when the current detention center opened.

Hudson said Jason Owens with Rainwater, Holt and Sexton, the law firm that performs risk management services for the county, has been in discussion with officials of the Justice Department and others regarding the case. An attempt to contact Owens on Thursday afternoon was unsuccessful.

Hudson said he felt the level of medical services indicated in the report was beyond the services a county jail would be expected to provide. He said the policies and procedures of the jail have been developed and refined several times in recent

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years following the recommendations of consultants. “We’ve had several outside view of jail operation and we’ve done the best we can to implement those,” he said.

“We want to abide by the law and as far as I know we are,” Hudson said. But he said unlike the federal government, the county cannot operate on a deficit budget.

He said he looks at the report as “an opportunity to review operations and improve procedures” at the jail. “If we can do it without significant cost and impact we can turn this into a positive for all concerned.” He added, “there is only so much we can allocate” toward jail operations without cutting services in other areas or searching for new sources of revenue.”

The county pledges 44 percent of its 1 percent sales tax revenue to the jail. The jail’s $3.5 million annual budget represents about 19 percent of the county general fund.

Hudson pointed out the county is expanding the jail to increase capacity by 96 beds and expand administrative space. The county is spending about $4 million on the 26,005 square-foot expansion, which will give the jail a total capacity of 356 beds, which is about what the jail is now housing. Accompanying the construction will be a $350,000 increase in personnel and operational expenses to handle the increased population.

Sheriff Frank Atkinson also sees money as an obstacle to operating the jail at the level the report anticipates.

“I don’t know how in the world we can hire a psychiatrist 24/7 and that is basically what they are asking for. I don’t know any place that does that,” Atkinson said.

Atkinson also defends requiring inmates help pay for medical and dental services that taxpayers otherwise would fund. He said the policy was established as much to discourage unnecessary visits to the doctor as it was to cover costs. “When they found out it was going to cost them $10 to see a doctor, about 75 percent of them weren’t sick anymore,” he said.

He said he was also skeptical of why it took a full year to issue the report, given the reported severity of conditions. He said he suspected federal inspectors “were sent here to find something, so they were determined they were going to find something.” He maintains the Sebastian County Detention Center is “one of the best around.”

He also pointed out the jail passes the muster of the U.S. Marshal Service, which could send inmates in its custody anywhere but contracts with Sebastian County to house its prisoners.

The sheriff said some changes in jail operations were made after the study and some of the conditions outlined in the report no longer exist. He did not elaborate. Atkinson said the jail staff and the county are willing to work with the Justice Department on developing a correction plan.

NAACP Wants Quick Renewal Of Voting Rights Act (CPC)

Charleston (SC) Post & Courier, July 8, 2006

NAACP leaders want to jumpstart renewal of the 1965 Voting Rights Act, which stalled in the U.S. House last month.

The landmark civil rights act, fueled by bipartisan support, was expected to easily chug through a 25-year extension.

But on June 10 the House Judiciary Committee, responding to a letter from 42 Republican congressmen from 14 states, put renewal on hold indefinitely.

The lawmakers wanted discussion on and possibly amendments to two sections of the act. One of those sections requires nine mostly Southern states, including South Carolina, to get approval from the U.S. Justice Department on any changes in electoral practices. Another requires certain jurisdictions to offer language assistance to citizens with limited English skills.

Local and national officials called a press conference Friday at the Charleston branch office of the National Association for the Advancement of Colored People to encourage a swift extension of the act, which was designed to prevent racial discrimination at the polls.

The Rev. Nelson Rivers III, NAACP chief operating officer and a Lowcountry native, called the act "the most important and effective civil rights legislation ever passed in the United States of America."

Dot Scott, president of the group's Charleston branch, said the legislators who are holding up the extension want to add amendments that would weaken it.

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One of the sections that riles lawmakers requires Alabama, Alaska, Arizona, Georgia, Louisiana, Mississippi, South Carolina, Texas and Virginia to get Justice Department approval on voting changes. The requirement unfairly singles out and holds accountable states that practiced discriminatory voting policies decades ago, legislators said.

On Friday, Scott said "prejudice along the lines of race and class is still alive and chillingly well in our community, state and nation, and the protections offered by the Voting Rights Act are still needed and should not be weakened."

She also said that U.S. Rep. James Clyburn, D-S.C., already has stated unequivocal support for renewal of the law. And she called upon the Charleston area's other representative, Henry Brown, to do the same.

Brown, a Republican, did not sign the letter to House Judiciary Committee. It holds no South Carolina signatures.

But he said Friday that he thinks "the Voting Rights Act is flawed" because it's based on 1964 voter turnout data. "Things weren't good in 1964," he said, "but race relations have improved."

He supports discussion on the act and would like amendments added to the section that requires special actions for Southern states. "It's a stigma," he said.

He'd like to see the law updated, he said, and he'd like it to spell out a way that Southern states can demonstrate that they are no longer discriminating at the polls. When a state can demonstrate that, he said, it should no longer have to live under the thumb of the Justice Department.

As it stands now, the law is "skewed against the Southern states," he said.

The Rev. Joseph Darby, a vice president for the Charleston Branch NAACP, said the states specified in the act need Justice Department scrutiny because historically they had enacted laws and policies that limited blacks' rights in state elections.

Rivers said the scrutiny is needed because "South Carolina has no history of doing the right thing by black folks or poor folks because it's the right thing to do."

The racial make-up of Charleston County Council changed dramatically after the Justice Department and others sued the council alleging its at-large system discriminated against black voters, he said.

In the first election under the new single-member-district system in 2004, four seats were up for grabs. Black candidates won three of them.

Before that there had been only three black members on the council since it was formed in 1949.

Rivers said that in Charleston County, "It's clear that people still vote on the basis of race."

Clyburn said he's not sure when the House will revisit the act. It's a priority for the Democrats, he said. "We're pressing for this every day."

Voting Trial In Osceola Postponed 2 Months (ORS)

By Mark Pino, Sentinel Staff Writer

The Orlando Sentinel, July 8, 2006

Osceola County won a two-month delay Friday in the trial of a federal voting-rights lawsuit.

Still, officials said they remain focused on defending their countywide method of electing commissioners, not settling the case with a compromise.

"Right now, it is too early to pursue options until the judge comes out with a ruling," commission Chairman Paul Owen said Friday. "There have been no negotiations at this time with anybody. At this time, we are focused on defending ourselves."

The ruling to delay the trial until Sept. 18 was granted by U.S. District Judge Gregory A. Presnell in Orlando, a day after the motion was filed and on the heels of the first public comment about the suit by a commissioner. The trial had been scheduled to begin July 19.

County Commissioner Ken Shipley gave the audience at a Republican women's club meeting Thursday night a rundown of possible outcomes to the suit brought by the Justice Department, including expanding the commission from five to seven members and creating a combination of at-large and single-member districts.

The suit alleges that the current at-large system dilutes Hispanics' voting power and prevents them from electing candidates of their choice.

But Shipley said Friday that everything he told the crowd was speculative and not an indication of the county's strategy.

"My number one concern was to bring the community together," Shipley said. "I said that this will be a strong test of community, and when we are done, we have to make sure we still have a community."

Shipley said the judge could order five single-member districts with all five up for election at the same time. Or he might increase the number of districts, and the county could appeal whatever ruling the court makes.

"Right now, it is all out there on the table," Shipley said. "It all comes down to a federal judge's ruling. We have not decided on all this."

Lawyers for the county asked the judge for a delay in order to take depositions for close to 30 potential witnesses in the wake of a three-day hearing that resulted in Presnell's June 26 injunction halting commission elections. Presnell's ruling to move the trial to September came after a telephone hearing Friday.

There remains one unanswered question for experts to answer, the county said in paperwork asking for the delay.

It "concerns whether a constitutionally proper and proportionate district can be drawn using 2006 population and registration data which still provides for a Hispanic majority. To this point, no expert on either side has tried to do this, and defendants submit it cannot be done," the legal filing said.

The county argued it would take time for experts to flesh out that issue for trial.

Owen said he has no personal preference for single-member or at-large districts but that he has an obligation to respect the wishes voters expressed 10 years ago.

"For now, the decision to make is to uphold the intent of the voters," Owen said, referring to a 1996 referendum to return to at-large voting, which passed in every precinct of the county. "We're not thinking about anything until the attorneys come back with a judge's ruling."

Armando Ramirez, an activist who wants single-member districts, on Friday rejected any compromise that would include single-member and at-large districts.

"Why should we give up the hard-fought victory for racial equality for the sake of accommodating the commissioners to expedite the elections?" Ramirez asked.

When told of the trial's delay, Ramirez noted it would be past the qualifying period and primaries for other races.

"I don't like it," he said. "It will prolong the suspension of the elections. That's my main concern. They're going to need time to revamp the whole system of districts. I'll venture to say new districts will be drawn, and that's going to take time."

A new group called the Non-Partisan Concerned Citizens for Our Right to Vote plans to meet Monday in Kissimmee with the objective of having the lawsuit dropped and elections held as scheduled -- including a September primary.

"The idea of having my vote removed and given to somebody else really upset me," said Donna Sykes, who was on a committee that reviewed the county's charter in 2003-04. She said she is one of about 50 people involved in the group, which is not a registered political action committee.

"Hopefully, the people who filed this suit will be embarrassed about taking our vote away," she added. "We want to encourage the Justice Department to drop the lawsuit."

A judge delays it until Sept. 18, and county leaders say they have no intention of compromising.

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World Cup Spotlight Exposes Sex Trafficking (KCS)

By Pete Grathoff And J. Brady Mccollough

The Kansas City Star, July 8, 2006

HAMBURG, Germany | - HAMBURG, Germany | With games, amusement rides and food, the World Cup Fan Fest is made for families looking for fun between soccer games.

Just three blocks away, down the Reeperbahn, businesses offer a different kind of fun. That's where you'll find Mandi, a 26-year-old prostitute. She's 5 feet 10 with blue eyes and blond hair, which she keeps in a long, flowing ponytail. She wears a white tank top, green shorts with "1954" written across her bottom, and stockings.

Mandi works the corner of Reeperbahn and Davidstrasse, in the heart of the red light district in the St. Pauli section of Hamburg. She and a dozen other women work across the street from a police station.

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"I have a friend, and she made it (as a prostitute) for a long time," says Mandi, who was born in East Germany and came to Hamburg to be a nurse. "I asked her about it, and now it's been four years. It's because we can charge what we want, and we can pick who we want."

Here in Germany, prostitution is legal. Here, there are no pimps. They are sex businessmen, supported by the government with the benefits of a legitimate profession. With a climate like this already in place, it was widely predicted in the months before the World Cup that tens of thousands of women would be trafficked to Germany to fill the brothels.

"Trafficking is a major worldwide problem," the Rev. Carrie Pemberton, CEO of Churches Alert to Sex Trafficking Across Europe, wrote to The Star in an e-mail. "We are aware that there are (nongovernmental organizations) in Germany and the German police themselves who have been very (concerned) about this problem during the last few weeks.

"We have been working with this issue since 2003 and know of definite examples where sporting events have been used for trafficking women into and across Europe for sexual exploitation."

For those reasons, human trafficking has become a hot-button topic at the World Cup, as the U.S. State Department, the European Parliament and countless nongovernmental organizations pleaded with the German government to implement a plan to stop the traffickers.

Mandi says she hasn't seen any increase in trafficked women.

"Business is a little bit better, but not a lot," Mandi says. "The papers said a lot of Polish and Russian girls would come, but I don't see that or hear that."

Most reports out of Germany back Mandi's assessment. Christian Sachs, a spokesman for the German Interior Ministry, told the International Herald Tribune this week that "it looks as if the fears that were mentioned — that the World Cup would lead to a rise in cases of forced prostitution and sex trafficking — have fortunately not been the case."

The biggest problem in the fight against trafficking is that there's no true way of measuring success or failure. Everything is an estimate.

Ambassador John Miller, the U.S. State Department's director of the office that monitors and combats trafficking, says there is no way to know how many women were taken involuntarily into Germany for the World Cup.

"I hope the reports will come back favorably," Miller says, "and if they do, the NGOs that raised the issue, the delegates to the European Parliament and the German government can all take credit. It's too early to do that, though."

An age-old problem

Miller says his goal is "the abolition of 21st century slavery."

Jolene Smith, the director of Free the Slaves, a nongovernmental organization devoted to fighting human trafficking, calls it "the modern-day slave trade."

"The trade of human beings is as old as human beings themselves," Smith says. "We see the buying and selling of people all the way back to ancient Egypt. Slavery never really stopped."

Smith says trafficking increased after World War II for three reasons: the population explosion in the regions of the world that could least absorb the increase, the movement of people from agricultural areas to the industrial cities, and government corruption around the globe.

Miller blames globalization, the increase in plane travel, television and the Internet.

In the 1980s, faith-based and feminist organizations began encountering trafficking victims. They sounded the alarm for many years before the U.S. government passed a trafficking victim protection act in 2000.

The act made trafficking a federal crime in the United States, created punishments, and provided funding for the Justice Department and nongovernmental organizations to fight the problem. The act also created the Traffic in Persons Office in the U.S. State Department, headed by Miller.

Each year, the office produces a country-by-country analysis of how well nations are doing in combating trafficking. Despite its legalized prostitution, Germany is among the best countries.

The 2006 report states that Germany identified 972 trafficking victims in 2004 and that "the government of Germany fully complies with the minimum standards for the elimination of trafficking." But it also says that "Germany is a source, transit and destination country for men, women and children trafficked for the purposes of sexual and labor exploitation."

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Janice Raymond, co-executive director of the Coalition Against Trafficking in Women, goes further. She calls Germany, which has an estimated 400,000 prostitutes, compared with 20,000 to 40,000 in neighboring France, a magnet for traffickers.

"Police are no longer involved in prostitution," Raymond says. "The victim has to prove that she was forced and that she was trafficked, which is an immense burden."

Raymond estimates that 90 percent of the prostitutes in Germany are from other countries. That's why she sent the signatures of 150,000 concerned people to German embassies all over the world before the World Cup.

American groups aren't alone in taking action.

At the start of the World Cup, some Hamburg churches began information campaigns about trafficking. On the tournament's opening Saturday, a large television screen broadcast the England-Paraguay game outside St. Marien Church, which handed out fliers describing the troubles for the women, who often think they are immigrating for domestic or waitress jobs.

Even coach Raymond Domenech of France, whose team will play Italy on Sunday for the World Cup, felt compelled to weigh in.

"It is truly scandalous," Domenech told France Inter radio before the World Cup started. "People are talking about women, importing them to satisfy the base instincts of people associated with football. It is humiliating enough for me that football is linked with alcohol and violence. But this is worse. It is slaves that will come and be put into houses. Human beings are being talked about like cattle, and football is linked with that."

Window shopping

Sex is a huge seller in Germany. Some newspapers and magazines show topless women, and phone sex is advertised on television with women stripping. It's no wonder places like St. Pauli are booming. It would be impossible to kick a soccer ball here and not hit an X-rated video store or topless bar.

Herbertstrasse is only a block in length, with partitions on each side warning that women and boys under 18 are not allowed. Inside the houses, women sit in front of large windows that face the street, wearing little more than the smiles they flash when someone walks by. It's a base form of window shopping, although the girls do their best to convince the men to spend 50 euros (about $65) for a half hour of "fun."

Turn right at the end of Herbertstrasse and there's Hans-Albers Platz, where the girls are dressed like you might anywhere in public: jeans or skirts. The price is only 30 euros here, but the women are more aggressive, coming at men one after another. The brick-lined street is filled with cigarette butts, shards of glass and beer bottle caps.

It's only a block back to the Reeperbahn, where a line of 10 women is cooing to potential customers. Mandi plies her trade just a block away, with her friend Andrea.

"We can go across the street to the hotel," Andrea, who also has blond hair and blue eyes, says to a man. "We don't have pimps here by the police station."

Mandi also has a hotel room across the road, which she rents monthly. She doesn't live there; it's where she does her job.

Because prostitution is legal, the women must register and pay taxes. They get health insurance, and Mandi is tested for AIDS every two months.

"Our hygiene is very good," she says, "better than when you find a girl in a bar."

Mandi says that many American businessmen have been with her through the years, and U.S. soccer fans are now among the clientele.

Have any of her customers mentioned soccer this month?

"Oh yeah," Mandi says with a smile, "every one."

Kennedy Says San Diego May Leave Cross Standing On City Property (LAW/AP)

The Associated Press

AP, July 8, 2006

San Diego won a Supreme Court justice's backing Friday to leave a large cross standing on city property.

Justice Anthony M. Kennedy said a temporary stay he authorized last week should protect the cross until the 9th U.S. Circuit Court of Appeals, based in San Francisco, hears arguments this year in a long-running dispute over the cross.

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Kennedy also took the unusual step of explaining his decision, in a four-page opinion, and suggested that he and his colleagues may be interested in a broader review of the case.

"The equities here support preserving the status quo while the city's appeal proceeds," Kennedy wrote. "Compared to the irreparable harm of altering the memorial and removing the cross, the harm in a brief delay pending the Court of Appeals' expedited consideration of the case seems slight."

A lower court judge had ordered the city of San Diego to remove the cross or be fined $5,000 a day. The judge ruled that the cross, a symbol of Christianity, was an unconstitutional endorsement of a specific religion.

The 29-foot cross, on a half-acre site atop Mount Soledad in the La Jolla area just outside San Diego, had been contested in 1989 by atheist Philip Paulson.

The Supreme Court refused three years ago to get involved in the dispute between Paulson and the city. Since then, Congress agreed to make the area a national veterans memorial, and San Diego residents voted to transfer the land to the federal government. Paulson is a veteran of the Vietnam War.

Kennedy, a California native, said "Congress' evident desire to preserve the memorial makes it substantially more likely" the high court would agree to hear the case now.

Judge Blocks Requirement In Georgia For Voter ID (NYT)

By Brenda Goodman

The New York Times, July 8, 2006

ATLANTA, July 7 — For the second time, a judge has blocked a Republican-sponsored effort to require Georgia voters to present government-issued photo identification cards before they can cast a ballot.

The judge, Melvin K. Westmoreland of Fulton County Superior Court, said the requirement violated the State Constitution by placing an undue burden on the fundamental right to vote.

Although the legislature passed the requirement, Judge Westmoreland said, such a change would require citizens to approve an amendment to the State Constitution, which now says only that voters must be 18 years old, mentally competent and state residents.

The judge's temporary restraining order was in response to a legal challenge against the requirement filed by former Gov. Roy E. Barnes, a Democrat. Mr. Barnes argued that the requirement would make it harder for minorities, the elderly and the poor to vote.

State officials immediately vowed to appeal the ruling to the Georgia Supreme Court. Gov. Sonny Perdue, a Republican who signed the measure into law earlier this year, said it was needed to ensure the integrity of the ballot box.

"The sad fact is that dead people have cast votes in Georgia and — before this law is implemented — there was no way to tell how many deceased voters, felons or even illegal aliens may have been casting ballots in Georgia elections," Mr. Perdue said.

The law also faces a challenge in federal court, where a consortium of voter rights groups have sued on the grounds that it also violates the United States Constitution.

Since it was first passed in March 2005, the voter ID law has whipsawed between the legislature and the courts, with lawmakers struggling to find a way to put the measure into effect without violating federal or state voter protections. Its first version required voters to have a driver's license or other government ID, or to buy a special state card.

That law was struck down in October by a federal judge, who said the requirement that voters buy the card amounted to an unconstitutional poll tax.

The law was then rewritten by the Republican-led legislature to make the ID cards free. But the new version continued to draw strong criticism. Civil rights groups say those who lack a photo identification are more likely to be black or Hispanic, poor, or elderly — groups that traditionally cast their ballots for Democratic candidates.

"The law continues to impose an unnecessary burden on voters and does nothing to protect against fraud in voting," said Neil Bradley, associate director of the American Civil Liberties Union Voting Rights Project in Atlanta. Secretary of State Cathy Cox, a Democrat who oversees Georgia's elections and who is also vying for the Democratic nomination for governor, said there

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had not been a proven case of voter fraud in the state in nearly a decade. Her office has estimated that some 676,000 otherwise eligible voters lack a driver's license or state-issued photo ID.

Without dwelling on the political implications of the law, Judge Westmoreland agreed with critics who said the legislature had pushed past constitutional protections in passing the measure.

"The General Assembly has wide latitude to legislate unless it undertakes to act where the Georgia Constitution enumerates a clear and unmistakable right to Georgia's citizens," the judge wrote. "It is a given that any illegal restriction of the fundamental right to vote is prohibited."

Mr. Perdue said the state's appeal would rest on ballot security. "I respectfully disagree with Judge Westmoreland and believe that Georgia's law is not only constitutional, but a common sense, prudent protection of the election process," he said.

The restraining order means the law will not be in effect for the state's primaries on July 18. He referred the matter back to state court for a civil trial.

Judge Issues Restraining Order Ga. ID Law (AP-Y2)

By Shannon Mccaffrey, Associated Press Writer

AP2, July 8, 2006

With less than two weeks to go before the July 18 primary, a judge Friday issued a restraining order blocking Georgia's voter ID law, saying that requiring photos as proof of identity is an unconstitutional burden.

Superior Court Judge Melvin Westmoreland said in a sharply worded written ruling that the Legislature doesn't have the authority to enforce the law and an amendment to the state Constitution would be required instead.

The law, he said, "unduly burdens the fundamental right to vote rather than regulate it."

The law requires that every voter who casts a ballot in person provide a valid, government-issued photo ID. The state made such IDs available throughout the state, but former Georgia Gov. Roy Barnes, a Democrat, argued in court Thursday on behalf of two residents that the law would keep poor, elderly and minority voters from the polls.

Barnes said Friday he was pleased with the ruling.

"I think what we heard today loud and clear is don't allow the vagaries of political partisanship to change the basic fundamental rights of our people," he said. "All this law did was create a bureaucracy and a burden to vote."

The state plans to appeal the ruling to the state Supreme Court.

"Democracy only works because people have trust in the integrity of the ballot box," said Republican Gov. Sonny Perdue, who signed the voter ID measure into law earlier this year. "I respectfully disagree with Judge Westmoreland, and believe that Georgia's law is not only constitutional, but a common sense, prudent protection of the election process."

The 17 forms of identification — some with photos and some without — that had been allowed in previous elections can be used at the polls for the primary, Westmoreland ruled. Voters who lack one of those IDs can also continue to attest to their identity under oath, pending further court action.

Westmoreland referred the case back to the trial judge in a case Barnes filed on behalf of two people who he said lacked the photo ID needed to vote. No further hearings were immediately scheduled.

Georgia's Republican-led Legislature first adopted a voter ID law in 2005, but a federal judge blocked its enforcement, saying it amounted to an unconstitutional poll tax. Early this year, lawmakers amended the law to make the IDs free and to ensure they are available in each of the state's 159 counties.

A separate, federal challenge to the voter ID law is also pending. Arguments in that case were scheduled for Wednesday.

ANTITRUST:

Judge Looks Into Modifying Terms Of 2 Phone Mergers (NYT)

By Stephen Labaton

The New York Times, July 8, 2006

DOJ_NMG_0039627

WASHINGTON, July 7 — A federal district judge in Washington is considering the imposition of major modifications to the two largest telephone mergers in history: SBC Communication's acquisition of AT&T and Verizon's purchase of MCI.

In a surprising order issued Friday afternoon, Judge Emmet G. Sullivan raised a series of questions about the Bush administration's review of the two deals that he said should be answered by the Justice Department and the phone companies at a hearing next week.

Both deals have already closed, and lawyers said that the judge could not unravel them, although he could try to impose significant conditions or divestitures.

The proceedings will probably shed light on the administration's antitrust enforcement program at a time when officials have put up virtually no roadblocks to deals and imposed few restrictions in other areas of antitrust law.

Still, the proceedings could affect the government's review of BellSouth's proposed acquisition by AT&T, the name the company took after AT&T was swallowed by SBC. The proceedings are also the first significant test of changes in the law that have given federal judges greater authority to scrutinize antitrust settlements.

Federal judges have been examining such settlements since the 1970's, when they were given the authority under the Tunney Act, which was adopted in response to the scandal involving the Nixon administration's decision to settle an antitrust proceeding against ITT.

Ever since a federal appeals court ruled in 1995 that Judge Stanley J. Sporkin of Federal District Court had acted outside of his authority in striking down a proposed antitrust agreement between the government and Microsoft, judges have generally approved settlements with relatively little scrutiny. But in 2004, Congress gave judges greater latitude to consider such deals.

In his order Friday, Judge Sullivan asked the lawyers to address what authority he had to question the settlements. He then raised several questions that suggested he had concerns with the settlements.

"Through the eyes of a layperson, the mergers, in and of themselves, appear to be against public interest given the apparent loss in competition," he wrote. "In layperson's terms, why isn't that the case?"

Another question he posed asked, "What consideration should the court give the arguments of the attorney general of New York, Elliot Spitzer, that the mergers will adversely affect digital subscriber lines (DSL) and the Internet backbone?"

While he could ultimately reject the deals, lawyers involved said they did not expect it would unravel them. At most, they said, a rejection could lead to changes in the settlements and possible divestitures, although the government and phone companies would probably appeal any decision that sought to rewrite the deals substantially.

Challenges to the two telephone deals have been filed by Mr. Spitzer and by organizations representing smaller rivals, some of whom buy the lines of the telephone companies at wholesale rates and then resell them. The companies have asked the court to find that the deals are not in the public interest because the Justice Department failed to force the companies to shed some overlapping assets.

The top lawyer for the companies challenging the settlements has been Gary L. Reback, a California lawyer who was the intellectual and tactical leader in the effort in the 1990's by a group of companies that persuaded the government to prosecute Microsoft for antitrust violations.

In a court brief filed last month, Mr. Reback attacked the phone companies and the Justice Department.

"At issue is judicial review of the successful efforts of the two largest local telephone monopolists, SBC and Verizon, aided and abetted by the current administration of the antitrust division of the Department of Justice, to reconstitute as a nationwide local and long-distance duopoly what was formally the Bell System monopoly," he wrote.

The Bush administration said that it had carefully examined the deals and ordered the appropriate divestitures. It said the judge's authority to review the government's handling of the deals was limited.

"The purpose of a Tunney Act proceeding is for a court to examine the proposed remedy, and determine whether it is in the public interest," the Justice Department said in its brief. "It is not for a court to reinvestigate the underlying merger at the behest of disappointed competitors or put the Department of Justice on trial to justify its prosecutorial decision making."

Rubber Conspiracy Alleged (KNOXNS/AP)

By Erik Schelzig, Associated Press

DOJ_NMG_0039628

Knoxville News Sentinel (TN), July 8, 2006

Tire companies accuse chemical maker of fixing prices

NASHVILLE - Three tire companies are suing rubber-chemicals maker Chemtura Corp. in federal court in Nashville, seeking refunds and triple damages for goods purchased during a global price-fixing conspiracy.

Middlebury, Conn.-based Chemtura, which last year changed its name from Crompton Corp., has pleaded guilty in a federal case and has been fined by European regulators for its role in artificially boosting prices of chemicals used to make rubber between 1995 and 2001.

The lawsuit was filed late last week by the Nashville-based North American subsidiaries of Japanese tire maker Bridgestone Corp.; tire retread company Bandag Inc. of Muscatine, Iowa; and Pirelli Tire LLC of Rome, Ga.

Chemtura and subsidiary Uniroyal Chemical Corp. are named as defendants.

"Defendants conspired in a global price-fixing scheme that had the direct and substantial effect of keeping prices paid by purchasers in the United States artificially high," the lawsuit states.

The U.S. Justice Department and European regulators began their investigation into several rubber companies in 2002. Chemtura pleaded guilty in U.S. District Court in San Francisco in 2004 and was fined $50 million.

The European Commission in December levied a $91 million fine on Flexsys NV, Bayer AG and Chemtura for breaking European Union antitrust rules by secretly agreeing to control both the European and global markets for rubber chemicals.

European regulators said they believed collusion may have been taking place as far back as the 1970s.

The tire companies in the Nashville lawsuit are seeking a return of the full amount paid for any goods bought during the conspiracy and "treble damages to remedy injuries they sustained as a result of defendants' illegal activities."

The companies said they bought "hundreds of millions of dollars" of rubber chemicals from the defendants and their fellow conspirators. Specific figures are not listed.

Chemtura last year agreed to pay $62 million to settle a class-action lawsuit over the price-fixing conspiracy in federal court in San Francisco. The three companies in the Nashville lawsuit were not participants in the California litigation.

Bridgestone has already settled with other companies involved in the conspiracy but couldn't reach an agreement with Chemtura, said spokesman Dan MacDonald.

"You always want to see if you can resolve things in the fastest, most effective, most efficient way," MacDonald said. "We've just been unable to reach a settlement."

Chemtura spokeswoman Debra Durbin said the company has not seen the complaint, hasn't been served and is unable to comment.

ENVIRONMENT:

Feds Allow BP To Delay Testing (AP)

By Matt Volz, ASSOCIATED PRESS

AP, July 8, 2006

'Gunk' blocking Prudhoe Bay transit pipelines

JUNEAU, Alaska - Too much sediment had built up inside two Prudhoe Bay transit pipelines for BP Exploration (Alaska) Inc. to safely run sensors to detect corrosion levels within an ordered timeline, the head of the federal agency demanding the tests said Friday.

The head of the U.S. Transportation Department's Pipeline and Hazardous Materials Safety Administration says he will permit a delay of the tests for an undetermined length of time.

"We would not allow it to continue to operate if we didn't think it was safe," said Administrator Thomas Barrett. "In the long term, it's not a good solution. We've got to get the sensors through there."

The agency in March ordered that three low-pressure transit pipelines in Prudhoe Bay be inspected with an internal sensing device known as a "smart pig" within three months, putting the deadline at June 15.

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The order came as a result of the largest oil spill in North Slope history, in which an estimated 201,000 gallons of oil and liquids leaked over several days and was not discovered until March 2.

BP, which operates the nation's largest oil field, last month asked to postpone the tests; the request was denied.

One of the three transit lines was cleaned with an internal scraper pig last month and then inspected with the smart pig, in compliance with the order. But the other two lines, one containing the source of the leak and which is not operational, hold too many accumulated solids to run the scraper pig so the smart pig can get through.

The danger is that the scraper pig could push high levels of sediment into the Trans-Alaskan Pipeline System downstream of the transit lines, possibly affecting the operations of Prudhoe Bay and the main pipeline.

Complicating the cleaning and testing of the line that leaked is a federal Justice Department subpoena requiring that BP remove a 6-foot section of the pipeline intact.

"We are trying to work through that," BP spokesman Daren Beaudo said.

A federal grand jury is investigating the spill.

Barrett was in Anchorage and Prudhoe Bay this week to inspect the oil field's pipeline system and meet with BP officials about the agency's safety orders.

He would not address whether the accumulated gunk in the pipelines was the result of a negligent or ineffective maintenance system, saying he did not want to impede the Justice Department investigation.

The agency's orders to inject more corrosion inhibitor into the pipelines and conduct multiple external testing along the line still stand, Barrett said.

Beaudo said the company's inspection and monitoring programs met all regulatory requirements before the spill.

"In hindsight, we would have liked to have had a more aggressive" program, he said.

Fostoria Sued Over Sewage Violations (TOLB)

Toledo Blade (OH), July 7, 2006

Legal actions part of consent decree

FOSTORIA - U.S. and Ohio regulators filed two federal civil suits yesterday against the city of Fostoria over violations at its wastewater treatment plant, but officials said the legal actions are part of a consent decree the city agreed to earlier this year.

The state EPA names Fostoria as defendant, while the U.S. EPA names the city and the state of Ohio as defendants.

The lawsuits, filed in U.S. District Court in Toledo, said Fostoria's treatment plant and sewage system have illegally discharged untreated water into the east branch of the Portage River and into the Caples-Flack Ditch since September, 1997.

Bill Rains, Fostoria's safety-service director, said the two lawsuits represent part of the legal actions related to a consent decree that "we have been working on for just about a year."

In May, the U.S. Environmental Protection Agency levied a $30,000 fine against the city of Fostoria as part of a consent agreement to replace its outdated sewer system. The city had been negotiating the sewer issue with the EPA, the Justice Department, and the Ohio Attorney General's office.

The city said at the time that it had hired an engi-neering firm to create a long-term plan to separate storm-water and waste-water sewers. Mr. Rains said yesterday the city hopes to have that plan developed by next year.

The federal government gave the city 20 years to complete the updates, although Mr. Rains said the goal is to complete the project before then.

Fostoria's combined sewers make up about 80 percent of the city's system. But because of overflows caused by heavy rains, raw sewage is discharged into local waterways. Some of Fostoria's sewers date to the 1890s.

The treatment plant on Perrysburg Road was built in the 1950s.

"This is the legal part of the process," Mr. Rains said of the two lawsuits.

The city met recently with regional EPA executives from Chicago, and nothing was mentioned regarding potential new actions, he said.

Representatives from the EPA and the state attorney general's office could not be reached for comment.

Faiths Embrace View Of 'Green Patriarch' (WT/AP)

By Brian Murphy, Associated Press

The Washington Times, July 8, 2006

ATHENS -- More than a decade ago on an Aegean island, the spiritual leader of the world's Orthodox Christians made a startling proposition: That pollution and other attacks on the environment could be considered sins.

At the time, the idea earned him little more than a nickname -- the "green patriarch."

It's no longer such a radical view.

Eco-friendly attitudes have increasingly moved into the mainstream of many faiths -- from Muslim clerics urging water conservation in the fast-growing Persian Gulf states to evangelical preachers in the United States calling attention to global warming.

Next week, Ecumenical Patriarch Bartholomew I will lead another high-profile group of religious leaders, scientists and activists on a trip to examine the interplay of faith and ecology. The weeklong voyage along the Amazon starting next Thursday will be Bartholomew's sixth green journey since the first in 1995 to the Greek island of Patmos -- where biblical tradition says the book of Revelation was compiled.

The efforts of Bartholomew and others have energized some of the most lively theological explorations in recent years -- with fresh studies and interpretation of Scripture along environmental lines. The global movement also offers rare common ground for religious groups at a time of confrontation on issues from homosexual clergy to suspicions between the Muslim world and the West.

"The environment brings a sense of urgency and shared purpose that few other issues can bring," said Mary Evelyn Tucker, a co-founder of the Forum on Religion and Ecology, a group that will begin a relationship with Yale University in September. "It cuts across all religious traditions."

Evidence of an expanding environmental ethos can be found in nearly every faith.

In New York, the Coalition on the Environment and Jewish Life draws clear links between Judaic traditions and the battles to ease global warming. In China, a Buddhist conference in April urged greater emphasis on environmental protection. Hindu religious scholars have raised alarms about potential environmental fallout from the rapid modernization in India.

In June, Pope Benedict XVI told a crowd in St. Peter's Square to shun "fake freedoms which destroy the environment and man," though he did not elaborate.

In Iran, Grand Ayatollah Yusef Saanei said it was "the duty of every Muslim" to protect the environment. Many fatwas, or religious edicts, across the Muslim world echo similar Koranic readings that God entrusted humans to protect the Earth.

"Religion is built on story telling. The stories reach people in ways that academics or activists or NGOs cannot," said Victoria Finlay, a spokeswoman for the Alliance of Religions and Conservation, a London-based group founded by Prince Philip, the husband of Queen Elizabeth.

"It took a while for the two sides to begin to understand each other. But now the NGOs [nongovernmental organizations] and others recognize what a powerful force religion can play."

Among the alliance's current projects is encouraging Muslim imams in Kenya to denounce the widespread use of dynamite to catch fish and push for a return of traditional nets, which trap large fish but allow smaller, breeding-age fish to escape.

"The environment is a great unifier," said the Rev. James Keenan, a Boston College theologian who is hosting a meeting of more than 400 Catholic scholars in Padua, Italy, starting today. "You are not going to find anyone saying, 'Well, there is no moral connection between religion and the environment.' All the faiths can bring something to the table."

Bartholomew's trip hopes to draw the attention of religious leaders to the critical pressures facing the Amazon, including clearing pristine rain forest for farmland. One goal is to tap the immense reach of Brazil's pentecostal- and evangelical-style churches, which continue to chip away at the Roman Catholic majority.

In the United States, many evangelical leaders have discovered the message of ecology -- drawing links between the biblical command for proper stewardship of the Earth and environmental activism.

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The Evangelical Environmental Network -- best known for its clean-air campaign "What Would Jesus Drive?" -- opened a new effort earlier this year against global warming, the Evangelical Climate Initiative, which drew some of its most prominent supporters to date, including the Rev. Rick Warren, author of the best-seller "The Purpose Driven Life."

But some skepticism remains within the evangelical community.

Christian leaders with close ties to the Bush administration, calling themselves the Interfaith Stewardship Alliance, said "the science is not settled on global warming," and argued that most evangelicals do not back the call for regulating greenhouse emissions. Among the alliance's supporters are James Dobson, founder of Focus on the Family, and the Rev. Richard Land, head of the public policy arm of the Southern Baptist Convention.

Still, small acts indicate the mood of many congregations, like the Unitarian church in Lewisburg, Pa., that's looking for a new building.

The congregation recently sold its historic home and is working with an architect who specializes in designing "green" places of worship. It techniques include recycled construction materials and aligning the structure to use the maximum natural light.

The Environmental Procrastination Agency (NYT)

By John Tierney

The New York Times, July 8, 2006

Now that the Supreme Court has gotten itself into the global warming debate, the justices face a choice: Should they rule in favor of environmental groups, or in favor of the environment?

The court agreed last week to hear a case brought by the Natural Resources Defense Council and other groups seeking to empower the Environmental Protection Agency to regulate emissions of carbon dioxide from cars. To David Schoenbrod, the case sounds unfortunately familiar.

In 1972, as a lawyer for the council, he started the litigation that forced the E.P.A. to take lead out of gasoline. Technically, it was a victory for environmentalists, but it took so long that Schoenbrod decided his comrades in the movement had made a big mistake — the same mistake they're now making with carbon dioxide. They keep expecting the E.P.A. do an impossible job.

They still believe in the Spaceship Earth management style, as Schoenbrod describes it in his book, "Saving Our Environment from Washington." They still imagine the planet as a ship that must be guided by a wise captain, aloof from politicians and voters, who issues orders from the bridge with the help of his trusty crew of technocrats and lawyers.

"The idea in creating the E.P.A. was that only an expert agency insulated from politics can protect the public and the environment," says Schoenbrod, now a professor at New York Law School. "But what it really does is insulate Congress from responsibility for making tough choices. The legislators can take credit for passing laws protecting the environment, and the agency takes the blame for the inevitable delays and compromises and costs."

When the E.P.A. was created in 1970, Schoenbrod naïvely expected it to quickly deal with the known dangers of lead in gasoline. But the agency stalled through both Republican and Democratic administrations because neither party wanted to be blamed for hurting oil refiners or raising gasoline prices. The E.P.A. didn't get the job done until 1985, when it was politically expedient because the economics had changed and oil refiners favored getting rid of leaded gasoline.

The E.P.A. would have a far tougher time regulating carbon dioxide because the issue is so much more complicated than lead pollution. There isn't an obvious technical fix for bureaucrats to mandate. The potential sacrifices are enormous and would inspire at least a decade of wrangling and litigation. Any serious solution requires international cooperation. The only way to come up with a workable plan is for politicians to debate and negotiate.

Schoenbrod's modest proposal for saving the environment is to strip the E.P.A. of its rule-making powers and convert it into an advisory and enforcement agency. It would do technical studies and make recommendations, leaving the lawmaking up to legislators — usually legislators outside Washington. Except for some large-scale problems, like acid rain or global warming, Schoenbrod thinks that most environmental questions should be settled at the state and local level.

His ideas, of course, are not popular in Washington. Corporate lobbyists find it easier to work behind the scenes at the E.P.A. than to conduct public fights on Capitol Hill or in state capitals. Environmental groups also prefer federalizing issues, partly

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because they've got centralized operations themselves, and partly because they espouse the "race to the bottom" theory: if Washington were to delegate power, the states would be so desperate to protect jobs and attract industry that they'd compete to have the weakest environmental rules.

But in practice, as Schoenbrod demonstrates, Washington stops local officials from racing to the top. After the dangers of lead were recognized in the 1960's, New York City began taking steps to encourage unleaded fuel, but it and other localities were pre-empted from passing stricter rules once that became the job of the E.P.A.

While Congress and the E.P.A. have been dithering about global warming, California is requiring carmakers to reduce their emissions of carbon dioxide. New Hampshire has ordered power plants to restrict carbon dioxide and other pollutants. More than a dozen states, including Texas, require utilities to use renewable sources of energy.

While the Kyoto accord is dead in Washington, a coalition of Northeastern states is setting its own Kyoto-style limits on greenhouse emissions and establishing a market for trading carbon-dioxide credits.

If the states keep setting examples, Congress may finally feel enough pressure to do something itself on global warming. But if the Supreme Court decides to entrust that job to the E.P.A., don't expect any commands from the Spaceship's bridge any time soon.

Global Warming And The Courts (NYT)

The New York Times, July 8, 2006

In a move that has caused both delight and apprehension among those who worry about global warming, the Supreme Court has agreed to rule next fall on whether the Environmental Protection Agency has the authority under the Clean Air Act to regulate carbon dioxide and other greenhouse gases. The case is among the most important environmental disputes ever to come before the court.

The outcome will have much to say about whether the country will be able to act more aggressively on a problem with potentially grave consequences for the earth and its inhabitants. It could also determine whether states that have acted on their own to limit global warming emissions from vehicles — as California and 10 other states have done — can proceed without fear of a federal veto.

President Bush has advanced many reasons for not pressing for strong controls on greenhouse gas emissions from vehicles, power plants and other industrial sources. But his ace in the hole has been the claim that the federal government has no authority to regulate greenhouse gases.

The case turns largely on a simple reading of the Clean Air Act. The administration argues that the act mentions carbon dioxide only in passing, and that if Congress had been truly worried about global warming it would have given the gases that cause it more emphasis and instructed the E.P.A. to take aggressive steps to control them, as it did with sulfur dioxide and other pollutants. The administration argues further that the science on global warming is too "uncertain" to justify anything more than a voluntary effort to deal with it.

The plaintiffs — a formidable collection of state governments and environmental groups — argue that the plain language of the Clean Air Act gives the government jurisdiction over "any air pollutant" that threatens "public health or welfare" and, further, that "welfare" specifically includes effects on climate and weather. This interpretation of the act was first set forth by President Clinton's E.P.A. and stood as agency policy until Mr. Bush reversed it (without consulting his own E.P.A.) in 2001.

As for the science that the administration finds so shaky, the plaintiffs will argue that the science has grown steadily more persuasive since the Clean Air Act was last revised in 1990; that the administration has cherry-picked arguments about details while ignoring the vast preponderance of the evidence; and that the consensus among mainstream scientists — a consensus reinforced by a recent National Academy of Sciences report — is that the earth is inexorably heating up and that industrial emissions are largely responsible.

This is a case of global importance, not least because America's failure to act decisively has discouraged the rest of the world from acting decisively. On the face of it, the law plainly gives the government the power to regulate greenhouse gases. A ruling that tells the administration that it has that power does not mean that it will actually use it. But it will no longer be able to hide behind a legal fiction.

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FBI/DEA/ATF/USMS:

FBI Informers' Hotel Orgy Led U.S. Prosecutor To Shelve Cases (AR)

By Dennis Wagner, The Arizona Republic

The Arizona Republic, July 8, 2006

U.S. Attorney Paul Charlton refused to prosecute a major Arizona corruption case after learning that FBI informers sexually abused an unconscious prostitute during a Las Vegas hotel orgy, according to a letter sent by Charlton to the bureau's top Arizona agent at the time.

There are no allegations that FBI personnel participated in the orgy. However, Charlton's letter complained that agents did not mention the incident in official reports nor did they advise prosecutors of possible crimes committed in the hotel room, including knowledge that "one of the women in the suite may have been raped."

Charlton's conclusion: "Our office will not prosecute any additional cases involving any of these individuals (informers) until the circumstances of the Oct. 16, 2002, incidents in Las Vegas are fully investigated."

Seventy-one U.S. military personnel, prison guards and law enforcement workers have been convicted in the sting known as Operation Lively Green, which involved undercover operatives and agents posing as Mexican narcotics traffickers. The government employees were bribed to haul cocaine from southern Arizona to Phoenix and Las Vegas, sometimes wearing uniforms and using military vehicles.

Charlton's letter of March 29, 2004, to Charlene Thornton, then-FBI special agent in charge for Arizona, suggests that crimes by informers and questionable conduct by agents were so troubling that he backed away from the case entirely.

Thornton said in an interview that she recalls the letter and Charlton's decision to drop the case. She said Charlton sought an investigation by the Inspector General's Office. After that request was declined, she said, the FBI's Office of Professional Responsibility reviewed the allegations and exonerated all agents.

Charlton declined to comment.

Deb McCarley, a bureau spokeswoman in Phoenix, describes Lively Green as "one of the most successful public-corruption cases in the FBI's history" but said she could not comment further because prosecutions still are pending.

The Justice Department's Office of Public Integrity wound up pressing charges, allowing each defendant to plead guilty to a single felony with no public trials or disclosures in U.S. District Court.

Charlton's letter to Thornton spells out the Nevada events of Oct. 16, 2002, in detail: Eleven suspects had just delivered 132 pounds of cocaine from southern Arizona to Las Vegas. FBI agents rented the presidential suite at the MGM Grand Hotel for three informers who invited a half-dozen targets to join them. That night, five prostitutes were hired to participate in an orgy with the men.

The letter says one of the prostitutes fell unconscious because of drug or alcohol consumption and was draped naked over a chair. It says she may have been sodomized by informers and suspects, who also posed for pictures with the woman.

Disclosure papers from a military court previously revealed that the photographic evidence was destroyed after an FBI agent told one of the informers he "did not want to see them again."

Charlton said in his letter that, under Justice Department rules, he felt obliged to tell state or county prosecutors in Las Vegas about the suspected criminal conduct of FBI informers.

Clark County, Nev., District Attorney David Roger said he never was contacted about the MGM Grand incident by the U.S. Attorney's Office or the FBI. Police in Las Vegas said they never were asked to investigate.

Thornton said Charlton's letter contained "some conclusions that wouldn't be supported by the facts," but she declined to elaborate.

She also disputed a disclosure report in military court that says a key FBI agent was removed from Operation Lively Green as a result of the Office of Professional Responsibility inquiry.

"There was no misconduct found," Thornton said, "so there was no action taken as a result of the internal investigation."

Five months after Charlton wrote the letter, Thornton was appointed by FBI Director Robert Mueller as assistant director at the bureau's Inspection Division, in charge of internal investigations and professional conduct. She said she had no part in reviewing behavior by agents in Lively Green.

According to the military court disclosure, there was no surveillance on the hotel suite during the night in question. It is unclear why FBI agents, amid a major sting operation, would not have set up eavesdropping devices in a room rented for informers.

McCarley, the Phoenix FBI spokeswoman, said Lively Green "underscores the FBI's commitment to fighting public corruption at all levels of government. . . . (When) all remaining prosecutive activity is complete, the FBI will be in a position to offer comment on this investigation.

Chronicle Argues For Subpoenas' Dismissal (SFC)

By Bob Egelko, Chronicle Staff Writer

San Francisco Chronicle, July 8, 2006

Lawyers for two Chronicle reporters accused the federal government Friday of trying to mislead a federal judge into concluding that BALCO founder Victor Conte was the source of grand jury testimony leaked to the reporters regarding star athletes' use of performance-enhancing drugs.

In papers filed in federal court, lawyers for Hearst Corp. argued that subpoenas issued to the newspaper and the two reporters, demanding their confidential sources, should be dismissed because of government misconduct and prosecutors' failure to show any pressing need for the information.

The reporters, Mark Fainaru-Wada and Lance Williams, wrote articles in 2004 disclosing testimony by the Giants' Barry Bonds, the New York Yankees' Jason Giambi, sprinter Tim Montgomery and others to the federal grand jury investigating the Bay Area Laboratory Co-Operative, or BALCO. The disclosures about star athletes' use of performance-enhancing drugs led Major League Baseball to impose a new steroid-testing policy. Conte and three others pleaded guilty to distributing illegal drugs.

The Justice Department has asked U.S. District Judge Jeffrey White to enforce the subpoenas and order Fainaru-Wada and Williams to reveal who gave them the grand jury transcripts in violation of another judge's order.

The reporters could be jailed if they refuse to testify. White has scheduled a hearing for Aug. 4.

In the court papers filed Friday, Hearst lawyers attacked federal prosecutors for a June 22 filing that disclosed a series of e-mails between Conte and Fainaru-Wada, which authorities seized at Conte's home. Prosecutors did not directly accuse Conte of leaking the transcripts, but said the messages showed that he had provided information to Fainaru-Wada about the grand jury proceedings, and that the reporter had asked him for transcripts.

The government's papers "were crafted in a way to persuade the court that the government has its man in the crosshairs and its man is Victor Conte," the Hearst filing said.

"The problem is that the theory is untrue and the government knows it," Hearst lawyers wrote.

Hearst said the Justice Department failed to disclose that it had asked The Chronicle about those same e-mails weeks before and that the newspaper had denied, repeatedly and emphatically, that the messages contained any information about the source of the leaked transcripts.

Hearst Corp. counsel Eve Burton told the department in letters attached to the court filing that the newspaper had no documents, including the e-mails, that would identify the source.

Hearst lawyers wrote that "the government, knowing full well the lack of any connection between the e-mails and the subpoenas at issue, offered those e-mails without disclosing their irrelevancy. ... Surely for the government to continue to press this matter, knowing what it knows now, is nothing short of harassment."

Hearst also disputed prosecutors' assertion that the reporters were concealing a serious crime by not revealing their source. The company said prosecutors had failed to show any significant harm from the disclosure of the grand jury material or from the government's inability to pinpoint the source.

When the articles were published, Hearst noted, the BALCO defendants had already been indicted and had been given copies of the grand jury transcripts to prepare for trials at which the information would have been aired publicly.

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"There is no breach of national security, no act of terrorism, no violent crime that would go unpunished," Hearst lawyers said. "There is only the dissemination of information to the public -- information that was of genuine public interest, concern and import and, at the time, was intended by all concerned soon to be disclosed at a public trial -- which caused no demonstrable harm to anyone."

To order the reporters to disclose their sources, Hearst said, would send a message to journalists and the public that "the government would and could harass the press at will, compelling them to disclose confidential sources on the basis of any sort of investigation, on the basis of any sort of factual record, even where the only factual record is one of misrepresentation to the court."

In a separate filing earlier Friday, Hearst lawyers, on behalf of Fainaru-Wada and Williams, opposed prosecutors' request to reseal the Conte e-mails and other documents that the government accidentally unveiled in its June 22 filing.

Portions of the filing were intended to be sealed from the public, but the material that was redacted, or edited out, could be read when copied into a word-processing program.

When the Justice Department learned of the slipup, it withdrew the filing. On Monday, the government asked White to allow the same documents to be refiled under a more secure seal.

"The documents relate to an ongoing grand jury investigation and contain information about the nature and extent of the government's investigation, as well as a number of targets/subjects of the investigation," said Assistant U.S. Attorney Brian Hershman.

In Friday's filing, Hearst said the government was asking the judge to "perform the impossible" by making public information secret.

Chronicle Lawyers Ask Judge To Dismiss Reporters' Subpoenas (SDUT/AP)

Associated Press

The San Diego Union-Tribune, July 8, 2006

SAN FRANCISCO – Attorneys for Hearst Corp. asked a federal judge to dismiss subpoenas demanding that two San Francisco Chronicle reporters reveal who leaked secret grand jury testimony about alleged steroid use by Barry Bonds and other top athletes.

In papers filed in federal court Friday, the attorneys argue the subpoenas should be dismissed because of government misconduct and prosecutors' failure to demonstrate a pressing need for the information.

“There is no breach of national security, no act of terrorism, no violent crime that would go unpunished,” Hearst lawyers wrote.

The Justice Department last month asked U.S. District Judge Jeffrey White to enforce the subpoenas and order reporters Mark Fainaru-Wada and Lance Williams to divulge who gave them the grand jury transcripts in violation of another judge's order.

Bush administration attorneys said it was a crime to leak grand jury materials to the media. They argued that California's shield law protecting reporters from divulging their sources does not apply to the federal probe into who leaked the documents.

The two reporters could be jailed if they refuse to testify. White has scheduled a hearing for Aug. 4.

On Friday, Hearst attorneys said ordering the reporters to disclose their sources would send a message to journalists and the public that “the government would and could harass the press at will, compelling them to disclose confidential sources on the basis of any sort of investigation.”

Fainaru-Wada and Williams wrote articles in 2004 disclosing testimony by Bonds and other athletes to the federal grand jury investigating the Bay Area Laboratory Co-Operative, or BALCO.

County Joins Gang Task Force (VANCC)

By Don Hamilton, Columbian staff writer

Vancouver (WA) Columbian, July 8, 2006

Clark County joined 13 federal and local law enforcement agencies Friday in launching a new metropolitan area task force aimed at crippling gang crime.

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The task force will employ racketeering statutes, drug statues and career criminal statutes to impede gang activities before the criminal organizations can develop and mature, said Karin J. Immergut, U.S. attorney for Oregon.

The Metropolitan Gang Task Force, as it will be known, will begin operations Monday in its base at the Portland Police Bureau's Northeast Precinct with gang leaders as the immediate target.

"The focus of the group is to go after the leadership," said Brian Martinek, Vancouver police chief. "The way I look at it is cutting the head off the dragon."

Martinek joined Clark County Prosecuting Attorney Art Curtis at the news conference announcing the task Friday morning at the Mark O. Hatfield Federal Courthouse in downtown Portland.

The task force includes an impressive array of police and prosecutorial firepower, including the FBI; the Bureau of Alcohol, Tobacco, Firearms and Explosives; the Portland, Beaverton, Gresham, Hillsboro, Milwaukie and Vancouver police departments; the U.S. Attorney; and prosecuting attorneys for Clark, Multnomah, Washington and Clackamas counties. Chairman will be David Bishop, the Beaverton police chief.

Each agency will pay the salaries of their participating officers. Other expenses, including vehicles, overtime and equipment, will come from the FBI, which recently received $450,000 from the U.S. Justice Department for the program. Attorney General Alberto Gonzalez has made combating gang activity a priority.

Immergut said the task force will observe traditional rules of conduct and seek court orders for wiretaps.

This is not a solution in search of a problem, officials said Friday. Gang activity may not be as severe in the Portland area as in other parts of the country, but it is still having an impact on police and the public. Interfering with gang activities now will put leaders out of business, deter wannabes and prevent them from growing, Immergut said.

Violent gang crimes are declining, but the number of low-level gang incidents has been increasing, said Capt. Eric Hendricks, who spent three-and-a-half years as head of the Portland Police Bureau's gang enforcement team.

In the past, he said, gangs confined their activities to relatively small areas, mostly inner Northeast Portland. Today, police find gang activity throughout the region, with arrest warrants served at times on gang leaders at their homes in Vancouver, Beaverton, Aloha and Hillsboro, Hendricks said.

"The pool at one time was fairly deep but relatively narrow," he said. "Now the pool is not nearly as deep, with not as much violent activity, but it's certainly a lot broader."

The scope of the problem varies from community to community. Portland, for example, has seen a rise in Latino gangs. Gresham, said police Chief Carla Piluso, sees white supremacists and eastern Europeans. And Vancouver, Martinek said, has seen increases in black and Eastern European gangs.

"In our area," he said, "we have a little bit of everything."

Gangs don't recognize city or state boundaries, and agencies throughout the region need to share information, Martinek said.

"We share gang members," he said.

"The gang members living in Vancouver commit crimes in Portland, and the ones living in Portland are committing crimes in Vancouver. That's the point of this."

Don Hamilton can be reached at 360-759-8010 or don.hamilton@columbian .com.

That's What Friends In High Places Are For (NYT)

By Jeff Leeds And Sharon Waxman

The New York Times, July 8, 2006

Although collaborations happen all the time in pop music, they do not generally involve R & B hitmakers and Senator Orrin G. Hatch.

But the release of a music producer from a Dubai jail this week, quick on the heels of his conviction for drug possession, turns out to be a story of high-level string-pulling on the part of Mr. Hatch, the conservative Utah Republican and songwriter, along with Lionel Richie, the singer; Quincy Jones, the music entrepreneur; and an array of well-connected lawyers, businessmen and others, spanning cities and continents.

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Dallas Austin, 35, who has produced hits for Madonna, Janet Jackson and others, flew home to Atlanta on Wednesday, after being released after midnight on Tuesday from a holding cell in a Dubai jail. Hours earlier Mr. Austin had been sentenced to four years in prison for carrying just over a gram of cocaine with him when he entered the country on May 19 to attend a birthday celebration for Naomi Campbell.

Senator Hatch made numerous phone calls on Mr. Austin's behalf to the ambassador and consul of the United Arab Emirates embassy in Washington — Dubai is one of the seven emirates — and served as an intermediary for Mr. Austin's representatives, the producer's lawyers said.

"The senator was one of a number of people who were very actively involved," said Joe Reeder, the Washington lawyer, who, with an Atlanta colleague, Joel A. Katz, spent 10 days in Dubai working to secure Mr. Austin's reprieve.

Mr. Katz, an entertainment lawyer, represents both Mr. Austin and the somewhat less musically successful Mr. Hatch, a singer and songwriter who has recorded religious-oriented albums. After hiring Mr. Katz's firm, the senator last year took in $39,092 in income from music publishing, according to financial documents filed in May under the Ethics in Government Act.

The senator declined to be interviewed or to confirm details of his efforts on Mr. Austin's behalf, but he issued a statement acknowledging his involvement and said he was asked by Mr. Austin's lawyers to help.

A spokesman for Mr. Hatch said that the senator was a proponent of rehabilitation for drug offenders, and that he had worked to revise federal sentencing guidelines regarding cocaine, and, through legislation in 2005, had advocated treatment for nonviolent offenders and the easing of restrictions on medication to treat heroin addiction.

In the statement Mr. Hatch said he was "confident that this talented young man will learn from this experience." He did not say if he requested that Mr. Austin seek treatment.

Until word of the pardon came through in a call to the One and Only Royal Mirage hotel along the Dubai beach, where Mr. Austin's lawyers waited nervously for news of their client's fate, the release of Mr. Austin was not a certainty.

"This involved multiple ambassadors, a prime minister, a prince, Lionel Richie, the senator and religious leaders in Atlanta," Mr. Reeder said.

"The uniting factor of all these people — the religious leaders, the political leaders, entertainment figures and prominent private citizens — was humanitarian considerations," he said. "Where should this man be under these circumstances?"

Randy Phillips, Mr. Richie's manager, said Mr. Austin "happened to know the right people, and better than that, the right people were ready to step out on a limb for him, which doesn't happen that often."

Although Mr. Phillips called the efforts on Mr. Austin's behalf "the difference between going home and being in 'Midnight Express' " — referring to the harrowing 1978 film about a novice American drug smuggler forsaken in the Turkish prison system — such pardons are not a rarity in Dubai, authorities said.

Mr. Austin's troubles began on May 19, when he landed in Dubai for the three-day birthday party of Ms. Campbell at the opulent Burj Al Arab hotel. While far from a household name, Mr. Austin is a leading figure in the pop music world who has worked with artists including Gwen Stefani, Michael Jackson, Pink, TLC and, lately, Mr. Richie.

According to published accounts, the police at the airport pulled Mr. Austin aside at customs and searched him, finding a small amount of cocaine. He was taken into custody and held at a detention center, the al-Rashidiya jail.

Several of the principal players in the negotiation recounted what followed, including Mr. Austin's lawyers, Mr. Richie and Mr. Phillips.

Almost immediately, several parallel initiatives were undertaken to try to influence the United Arab Emirates government to show clemency to Mr. Austin, his lawyers said.

Mr. Katz, of the firm Greenberg Traurig, hired three local lawyers, two from Dubai, and one from neighboring Bahrain, who ensured the reduction of the initial charge of drug trafficking to mere possession, the lawyers said. Drug trafficking can carry a life sentence in the United Arab Emirates, while possession carries a much shorter jail sentence. Discussions began over securing a pardon for Mr. Austin, focusing on the argument that he had carried only a small amount of drugs for personal use.

Mr. Katz also contacted colleagues, including Mr. Reeder in Greenberg Traurig's Washington office. A senior lawyer in the same office, Nancy Taylor, worked for many years on Mr. Hatch's staff in the Senate. Ms. Taylor enlisted Mr. Hatch, who is

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influential in Dubai because of his support for the United Arab Emirates-based company DP World in the controversy earlier this year over its contract to manage important American ports.

At the time of the controversy earlier this year, which resulted in the jettisoning of the contract, Mr. Hatch said the United Arab Emirates was a good friend to the United States. "We don't want to kick the moderate Arab nations in the face," he said at the time.

Meanwhile, Mr. Jones, the legendary producer, and his friend Joe Robert, a Virginia real estate investor with interests in the Persian Gulf, became involved. Mr. Jones has played mentor to an array of current young pop and R&B stars, including Mr. Austin. Mr. Robert is also a friend of Mr. Austin's.

Mr. Jones and Mr. Robert began making calls to their contacts in the Middle East, including senior officials in the United Arab Emirates. Reached this week on a yacht off the coast of Spain, where he was with Mr. Jones, Mr. Robert said: "I know Dallas Austin; I consider him a very fine, upstanding individual, notwithstanding the mistake he made." He added, "This is not someone that belongs in a prison anywhere."

Meanwhile, other efforts continued, including a call from Mr. Katz to Prince Abdullah of neighboring Bahrain, and from Mr. Reeder to former Pakistani Prime Minister Benazir Bhutto, who was consulted for a legal reference. Some of the principals said they believed that Mr. Austin's pardon had been secured from early on. Still, uncertainty weighed heavily on others, particularly Mr. Austin's lawyers.

Enter Mr. Richie, who enjoys a cult status throughout much of the Arab world and had performed twice this year in Dubai, where he has met various senior government officials.

In an interview Mr. Richie said that Mr. Austin's advisers arranged for the United Arab Emirate's consul in Washington, Abdulla Ali Alsaboosi, to call Mr. Richie for a character reference. "It was, 'Tell me what kind of guy is Dallas Austin,' " Mr. Richie said. "I said: 'Listen, this is a great guy. A gangster, a hoodlum, a thug, he's not.' "

Last Sunday Mr. Austin pleaded guilty to possessing 1.26 grams of cocaine and capsules of Ecstasy, telling the court he did not mean to break the law. The stage was set for a pardon by the ruler of Dubai, Sheik Mohammed bin Rashid al-Maktoum. It came four hours after the plea, Mr. Austin's lawyers recalled. What remained was to execute the edict.

But that didn't happen until after the sentencing on Tuesday morning. Shortly after midnight, as American revelers half a world away celebrated Independence Day, Mr. Katz and Mr. Reeder got the call at their beachside hotel.

The lawyers quickly gathered their things and rushed to the airport, where they met Mr. Austin and boarded the next flight to New York.

On Friday Mr. Austin released a statement that said in part: "This unfortunate experience has had a profound effect on me, and I regret any grief caused to my family, friends and business associates."

The Dubai government gave no reason for the pardon. "In an issue like this it is not unusual," said Lt. General Dhahi Khalfan Tamim, head of Dubai Police, who said he was speaking in general terms and could not discuss the case in detail. "It is preferable to me that a foreigner who is caught in something like this be returned home rather than be kept here in prison for four years, costing us lots of resources."

Mr. Tamim noted, however, that Mr. Austin had technically been deported and would most likely not be allowed to return to Dubai.

The U.N. Wants Your Gun (WSJ)

By David B. Kopel

The Wall Street Journal, July 8, 2006

Yesterday the United Nation's Review Conference on Small Arms ended, barely noticed by the media. That's too bad, because this meeting, and the initiative of which it is a part, deserves much more public attention -- and censure -- than it gets.

To be sure, the conference did attract the hostile attention of the National Rifle Association, thanks to which some 100,000 letters and postcards flooded into the U.N. In response, the conference chair, Prasad Kariyawasam of Sri Lanka, stoutly insisted that the conference "does not in any way address legal possession," while Secretary General Kofi Annan promised that "we do

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not wish to deny law-abiding citizens their right to bear arms in accordance with national laws." Both statements are disingenuous.

The U.N. has long urged that firearms must never be transferred to "non-state actors" -- that is, entities which are neither governments nor government-approved. Only John Bolton's intransigence prevented the "non-state actors" rule from being inserted into the Program of Action at the previous U.N. small arms conference in 2001. But the U.N. continues to insist on the "non-state actors" rule -- which would, if adopted, make it a violation of international law to sell arms to Taiwan (according to the U.N., not a state). It would also make illegal arms sales to any and every current group resisting tyranny or genocide.

Last year Unesco and Unicef funded the supporters of a Brazilian referendum to outlaw citizen firearms possession. It was rejected by a resounding 64% of the voters. A few months ago, in a warm-up meeting for this year's small arms conference, Rubem Fernandes, head of Viva Rio (the U.N.-funded prohibition group) explained what he had learned from the experience: "First lesson is, don't trust direct democracy."

The spearhead of the U.N. gun prohibition campaign is an NGO by the name of Iansa (International Action Network on Small Arms). This London-based consortium of gun prohibition groups, including American lobbies such as the Million Mom March and the Brady Campaign, sent a large staff to the small arms conference, some of them serving as national delegates. Iansa's head, Rebecca Peters, does not mince words: "We want to see a drastic reduction in gun ownership across the world."

Iansa member Barbara Frey has been appointed by the U.N. as "Special Rapporteur on the Prevention of Human Rights Violations Committed with Small Arms and Light Weapons." Ms. Frey, a law professor at the University of Minnesota, believes it is a human rights violation if a government does not require gun owners to have a restrictive license, under which "Possession of small arms shall be authorized for specific purposes only; small arms shall be used strictly for the purpose for which they are authorized." Were this doctrine accepted, it would instantly turn the U.S. government and every American state into international law-breakers.

Nevertheless, the U.N. does not talk about the extreme human rights violations being perpetrated on behalf of U.N. gun control. In the borderlands of Kenya and Uganda, joint military operations are burning villages, confiscating cattle from the pastoral tribes, torturing, murdering, pillaging and turning over 100,000 people into refugees, many of them starving. These atrocities are being perpetrated pursuant to the Nairobi Protocol, a U.N.-led regional treaty which obligates the signatory governments to eradicate unlicensed gun possession.

In practice, the Nairobi Protocol has been a justification for ethnic cleansing. On June 26, after five years of such atrocities, the United Nations Development Program itself finally cut off funding for Ugandan disarmament (the U.N. was funding voluntary gun surrender, not the military campaign). So far no steps have been taken regarding disarmament abuses in Kenya.

Similarly, the Economic Community of West African States (Ecowas) has under U.N. leadership banned the import of all firearms, except those for government use. Although human rights groups have warned that two Ecowas countries -- Ivory Coast and Guinea -- are on the brink of genocide, the U.N. seems determined to keep the potential genocide victims as helpless and defenseless as the genocide victims in Darfur.

The U.N. bureaucracy and the gun prohibition lobbies knew that they would not be able to get everything they wanted from the 2006 conference. Accordingly, they aim to keep the "small arms" process going, with more conferences in upcoming years -- when a new U.S. administration might welcome rather than resist international efforts to end-run the Second Amendment. There is a precedent for this: During the 1990s, as the U.N. campaign against small arms was building, the Clinton administration was an enthusiastic supporter -- refusing even to join with the Latin American delegations which stated that some countries had traditions of legitimate sporting gun ownership.

Moreover -- and this is a subtlety that Americans are only beginning to understand -- no "Program of Action" from this or any future small arms conference needs to be legally binding in order to make it legally binding. The gun prohibition lobbies are already working to claim that there is an international "norm" against citizen gun possession. (An international "norm" is similar to common law -- as opposed to international law created by formal treaties.)

Evidence of the norm, of course, comes from the gradual accumulation of international pronouncements, confiscations and national restrictions that the gun prohibition lobbies and their government allies labor so assiduously to institute. The U.S.

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Supreme Court has, meanwhile, recently cited unratified treaties as evidence of international norms which should guide the interpretation of our Constitution.

The U.N. gun control program, of which this week's small arms conference is a part, has already caused massive suffering and the loss of civil liberties in many nations around the world. Americans would be foolish to imagine that they will always be immune.

Mr. Kopel is research director of the Independence Institute.

IMMIGRATION:

Bush Continues To Push His Plan On Immigration (WSJ)

By John D. McKinnon

The Wall Street Journal, July 8, 2006

CHICAGO -- President Bush renewed his call for immigration reform that includes a guest-worker program, a sign that despite resistance from the heart of his own party he isn't throwing in the towel on his troubled initiative in this election year.

On a political swing in the Midwest -- where voters are unusually worried about immigration, according to some polls -- Mr. Bush offered a strong defense of his stalled proposals to overhaul the broken U.S. system. "The system we've got today isn't working, and it needs to be changed and reformed," Mr. Bush said at a news conference Friday at Chicago's Museum of Science and Industry. (Read a transcript of his remarks1.)

Aides said later that the president had heard at length from local business leaders at dinner Thursday night about the need for reform, and decided to use his remarks Friday to tamp down speculation that he's backing away from his comprehensive overhaul proposal, which includes a guest-worker program for new immigrants and a path to citizenship for current illegal workers.

Both those items are controversial, especially among Republican conservatives on Capitol Hill, many of whom prefer tougher enforcement, including expulsion of those in the U.S. illegally. But the White House and many other Republicans believe that approach is unworkable, and doesn't command broad support even among Republican voters.

WALL STREET JOURNAL VIDEO

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President Bush speaks3 at a wide-ranging news conference in Chicago.

Friday, Mr. Bush promised stronger enforcement, both through increased manpower and new technologies such as tamper-proof identification cards. But, he added, "in order to enforce this border, we've got to have a rational way that recognizes there are people sneaking across to do work Americans aren't doing."

The administration and its allies also appear to be betting that the future for Republicans requires attracting more Latino voters, not driving them away with anti-immigrant rhetoric. Senate Republican moderates recently appeared to give Mr. Bush a chance to keep the debate going in Congress by suggesting adding more border enforcement; still, White House aides stopped short of predicting a deal on legislation ahead of the November election.

Democratic pollster Geoffrey Garin said the immigration debate is likely to hurt the president more than it helps, by adding to workers' worries over higher health care and energy costs, as well as competition for jobs from overseas.

"The majority of voters feel they are staggering under the weight of health costs and energy costs," Mr. Garin said, and "also believe that the new jobs being added to the economy aren't as secure and don't pay as well as the jobs we have lost."

Mr. Bush also touted his overall handling of the economy, pointing to relatively low unemployment, strong growth and compensation gains. He suggested at a midday fund-raiser that a soon-to-be-released budget-deficit projection will show improvement, too.

But a White House fact sheet appeared to rely on big compensation gains among higher-income earners to suggest strong across-the-board increases. The picture for hourly wage-earners has been less rosy, especially in the last couple of months. Senate Democrats said Friday's jobs report was "tepid."

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Enforcement-Plus Is Critical (WP)

The Washington Post, July 8, 2006

AS REPUBLICANS this week began a series of hearings on immigration policy, President Bush was reportedly signaling new openness to compromise designed to produce legislation this year. The compromise, according to a report in the New York Times, would center on "enforcement-first": improve border security, as a majority of House Republicans want, and only then move on to the guest-worker program and legalization for illegal immigrants that Mr. Bush and a majority of senators favor.

In principle such a compromise makes sense, but there are many ways it could go wrong. The rationale goes something like this: Congress has tried immigration reform before, most recently in 1986. That measure provided a path to legalization for undocumented workers and promised tougher enforcement to discourage illegal immigration, but the tougher enforcement never came, so the illegal immigrants kept coming. This time, therefore, the government should prove its commitment to controlling the nation's borders before offering hope to the 11 million or so illegal immigrants here now. Some version of amnesty (though the word won't be used) would be more palatable if Americans knew it wouldn't be repeated every decade or two.

The danger, though, is that "enforcement-first" will devolve into "enforcement-only," which would be both inhumane and impractical. So Mr. Bush, if he is exploring a compromise, should insist that enforcement and a path to citizenship remain part of one legislative package. The path to citizenship should be generous enough, and free enough of bureaucratic requirements, to be meaningful to most immigrants who have followed every other law since arriving here (including paying taxes). The comprehensive package should include a healthy enough increase in legal immigration to meet the needs of a growing U.S. economy, on both the high-tech and low-wage ends.

Most important, the delay in implementing these measures can't be indefinite -- and can't depend on conditions that will never be met. The legalization part of the package could wait for a year or two while the administration beefs up border patrols and workplace inspections. But it can't depend on some promise of decreased immigration that can never be met or measured.

In the end, enforcement-only won't work; and Mr. Bush, who knows that, shouldn't accept a disguised version of enforcement-only simply because he wants some legislation this year.

Threat Of Terrorist Crossings Is Stressed At Border Hearing (NYT)

By Karen Hastings And Julia Preston

The New York Times, July 8, 2006

LAREDO, Tex., July 7 — Terrorists as well as illegal immigrants could slip across a southern United States border that is porous and vulnerable, law enforcement and immigration agents said Friday, as House Republicans took the debate over immigration overhaul to the Texas-Mexico border.

At a hearing in this bustling port of entry on the Rio Grande, House Republicans highlighted the threat of terrorist infiltration to justify their tough plan for border enforcement and to suggest that a Senate immigration bill was weak on security.

The hearing was the second to be led by Representative Ed R. Royce, Republican of California and chairman of the House Subcommittee on International Terrorism and Nonproliferation. House Republicans, facing an issue that has sharply divided their party, have tried through the hearings to build public pressure on the Senate to focus primarily on immigration enforcement. The first hearing was on Monday in San Diego.

Senate proposals would "tie the hands" of local law enforcement officers in working with immigration authorities, Mr. Royce said, and would require consultation with Mexico over construction of a proposed border fence.

Sheriff Sigifredo Gonzalez Jr. of Zapata County, who has joined with 16 other sheriffs in the Texas Border Sheriff's Coalition, said a smuggling "infrastructure" that brought illegal workers and illegal drugs into the country could easily be exploited by terrorists.

A bill adopted by the House in December centers on security, calling for 700 miles of walls along the border and making it a crime to be in the United States illegally. A Senate bill passed in May would create a guest worker program and a path to citizenship for illegal immigrants while enhancing border enforcement.

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Democrats on the panel participated in the hearings but denounced them as divisive and called on the Republicans to address the immigration problem as a whole. "The purpose of these hearings is totally political," said Representative Charlie Gonzalez, Democrat of Texas.

Outside the hotel where the hearing took place, a handful of protestors carried signs reading "Border Security Is National Security." Inside, whoops, applause and an "amen" or two came from a clearly divided audience.

Reynaldo Garza, acting chief of the Border Patrol for the Laredo sector, said that last year, agents in his area — which stretches along 170 border miles — caught illegal crossers from 70 countries other than Mexico, including some from countries linked by the United States to terrorism. Chief Garza said that an increase in Border Patrol officers alone would not stop the flow, and that more remote sensors, video systems and unmanned surveillance aircraft were also needed.

The sheriffs, seeking to avoid partisan debate, pleaded for federal action, saying they were swamped with illegal immigrants and increasingly violent gang members, drug runners and human smugglers.

"Our pleas for help are based largely on failures on the part of the U.S. government," said Sheriff Rick Flores of Webb County. "Many of our problems are federally caused."

A Mexican military ID card and a piece of Sudanese currency recently found discarded along the border offer hints, Sheriff Flores said, that illegal immigration has become more sophisticated. He described an episode in which "black-clad men with duffel bags" had surprised a group of quail hunters near the border.

"This is not a partisan issue," he said. "It's a red-white-and-blue issue."

GOP Hearing Alleges Risks Of Terrorism Along Border (WP)

By Sylvia Moreno

The Washington Post, July 8, 2006

LAREDO, Tex., July 7 -- House Republicans brought their get-tough immigration proposal on Friday to the city dubbed the nation's "Gateway to Mexico" to make their case for tightening the border as a way to prevent terrorist incursions.

"It's elementary that to defend ourselves against our determined and resourceful enemies, our border must be secure," said Rep. Ed Royce (R-Calif.), chairman of the House International Relations subcommittee on terrorism. "Border vulnerabilities are opportunities for terrorists."

Some House Democrats denounced the hearing as political grandstanding that would accomplish little, and some local officials said that closing the border would be detrimental to the legal flow of commerce and individuals.

"We face some very serious problems," but lawmakers should "not start scaring people just to get headlines," said Laredo Mayor Raul Salinas, a former FBI agent and U.S. Capitol Police officer.

"We must make our border safe, but not close it to trade and community," said Salinas, whose city is a transit point for hundreds of thousands of northbound trucks hauling imported goods. "We need to build bridges, bridges of friendship and not walls. This nation can be safe without closing or slowing down our borders."

The field hearing, the third this week, focused on a House-passed bill that would require tighter border controls and 700 miles of border fencing. It also calls for tougher deportation standards and stringent enforcement of rules governing employers who hire undocumented workers, and would provide funding for local law enforcement agencies along the border. Another Republican-sponsored hearing was held in San Diego on Wednesday.

The Senate's immigration bill was discussed at a hearing in Philadelphia on Wednesday. It includes provisions similar to the House bill, but also outlines a method for an estimated 12 million illegal immigrants to become U.S. citizens and calls for a temporary- or guest-worker program that would provide legal U.S. residency status for as long as six years.

Because the field hearings were proposed by Republicans last month after the Senate passed its version of an immigration bill, Democrats called the event here political theater.

"They say they are holding hearings on immigration; I call this the big mockery," said Rep. Sheila Jackson Lee (D-Tex.), who contended that the subcommittee has no jurisdiction over immigration legislation. Lee attended the hearing, although neither she nor other Democrats who were present are subcommittee members.

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"Instead of a traveling circus of field hearings that may make good politics but do little to advance sound policy, I believe Congress needs to get back to work in Washington to reach a compromise agreement on comprehensive border security and immigration reform legislation," said Rep. Silvestre Reyes (D-Tex.).

But Royce, along with other Republicans, raised the specter of well-funded terrorist organizations using Mexican drug rings and human-smuggling rings to penetrate the southern border of the United States. Royce said the United States must gain "operational control" of the border as part of any overhaul of the country's immigration laws.

"Immigration reform must be national security reform," he said.

Reynaldo Garza, acting Border Patrol chief of the Laredo sector, which includes 170 miles along the Rio Grande, was among those invited to testify. He said that local agents had apprehended illegal immigrants from almost 70 countries last year, and that he is concerned about the potential link between terrorists and smuggling cartels.

"Terrorists and violent criminals may exploit smuggling routes used by migrants to enter the United States illegally and do us harm," said Garza.

He said additional agents and high-technology tools such as unmanned aerial vehicles and remote surveillance cameras are critical to border security. "Reducing illegal entries across our borders is now, more than ever, a matter of national security," Garza said.

Sheriff Rick Flores of Webb County, which includes Laredo, and Sheriff Sigifredo Gonzalez Jr. of adjacent Zapata County said their deputies had answered calls about what they believed to be border infiltrations by "high-risk," heavily armed individuals who appeared not to be Mexican and who did not speak Spanish. A Sudanese currency bill was found along the fence line of a South Texas ranch during one of their investigations, Flores said.

"Homeland security rests in large part on border security," Flores said. "This concern, especially post-9/11, had placed an added responsibility on us as a nation to secure our borders."

Pressed by Democrats to say whether the House-passed provision to deport millions of illegal immigrants would help local authorities guard against terrorism or prevent a terrorist attack, Flores said, "I can tell you no. I've already said Mexicans are not terrorists."

Additional Republican-led field hearings on immigration are scheduled for later this month and for mid-August.

House Told Criminals Swelling Alien Tide (WT)

By Charles Hurt

The Washington Times, July 8, 2006

Most of the people who sneak across the border are no longer good people in search of honest work, the sheriff of a border county in Texas told a House subcommittee yesterday, but rather criminals who belong to gangs and drug cartels.

"For years we have seen individuals enter the country illegally," said Sigifredo Gonzalez Jr., sheriff of Zapata County. "However, recently we feel that many of these persons are no longer entering the country to look for legitimate employment. We are now seeing that many of these persons are members of ruthless and violent gangs."

Sheriff Gonzalez's testimony before the House International Relations subcommittee was part of a series of "field hearings" held across the country to gauge voter opinion on reforming the nation's immigration laws. Yesterday's hearing was held in Laredo, in Zapata County.

"Some areas can accurately be described as a war zone," panel Chairman Ed Royce, California Republican, told The Washington Times after touring the border near Laredo.

Sheriff Gonzalez told members of the subcommittee that the number of illegal aliens from places other than Mexico -- including countries on terrorist watch lists -- caught crossing the border has more than quintupled in the past four years. Increasingly, he said, they try blending in to look like Mexicans crossing the border in search of honest work.

With more than 165,000 illegal aliens caught in fiscal 2005, Sheriff Gonzalez said, he can only imagine how many succeed in getting across.

"I dare to say that at any given time, daytime or nighttime, one can get on a boat and traverse back and forth between Texas and Mexico and not get caught," he said. "If smugglers can bring in tons of marijuana and cocaine at one time and can smuggle

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20-30 persons at one time, one can just imagine how easy it would be to bring in two to three terrorists or their weapons of mass destruction across the river and not be detected."

Reynaldo M. Garza, acting chief patrol agent for the Laredo Sector, also told members of the subcommittee that the number of violent incidents at points of entry to the U.S. have increased dramatically in recent years.

The testimony comes as Congress tries to work out a compromise between House and Senate versions of immigration reform legislation.

House Republicans want to secure the border first and deal with thorny issues such as a guest-worker program after the borders have been bolstered. Senate Democrats, along with key Republicans such as Majority Leader Bill Frist, want a bill that handles all aspects of immigration reform at the same time.

Rep. Silvestre Reyes, Texas Democrat, said the hearings were about politics, not policy.

"Congress needs to get back to work in Washington to reach a compromise agreement on comprehensive border security and immigration reform legislation," Mr. Reyes said.

The audience in Laredo was full of activists on both sides of the issue.

Rep. Ted Poe, Texas Republican, said to cheers that if the U.S. is protecting the borders of other nations, it should also be protecting its own.

"It's a national security issue to protect our borders from those who wish to do us harm," he said.

Rep. Ruben Hinojosa, Texas Democratic, said the proceedings were a "false promise."

"This hearing will do nothing to secure our borders," he said.

Immigration Hearing Held At Border (AP-Y2)

By Elizabeth White, Associated Press Writer

AP2, July 8, 2006

A Republican-led House panel met at the Mexican border Friday in an unusual field hearing that the chairman said he hopes will push the Senate to focus on enforcing immigration law.

"It's elementary that to defend ourselves against our determined and resourceful enemies, our border must be secure," said Rep. Ed Royce (news, bio, voting record), the California Republican who chairs the International Relations Subcommittee on International Terrorism and Nonproliferation.

House GOP leaders called the series of hearings last month after the Senate approved a guest worker program and a possible path to citizenship for millions of illegal immigrants. Royce said he favors the path of the House, which approved a bill focusing on enforcement, with no provision for illegal immigrants or future guest workers.

Royce said he wanted the out-of-Washington hearings so the immigration debate would not be kept secret from the public. Democrats participated, but denounced them as political theater.

Rep. Silvestre Reyes (news, bio, voting record), a Texas Democrat, said the hearings were political, not practical.

"Congress needs to get back to work in Washington to reach a compromise agreement on comprehensive border security and immigration reform legislation," Reyes said.

Reynaldo Garza, acting Border Patrol chief of the Laredo sector testified Friday that he worries about possible links between drug cartels and terrorists.

"Yes, there is an opportunity for them to infuse these types of persons that would do America harm into these" organizations, Garza said.

Garza said high-tech tools such as remote video systems and ground sensor equipment are critical in securing the border.

Sheriff Rick Flores of Webb County, which includes Laredo, described what he called "high risk" border infiltrations, noting that many arrests involve non-Mexicans.

"What needs to be made clear is that our pleas for help are based largely ... on the federal government's failure to meet its responsibilities," he said.

Also this week, Senate Judiciary Committee Chairman Arlen Specter, R-Pa., who backs the Senate bill, held a hearing in Philadelphia on the issue featuring New York Mayor Michael Bloomberg.

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Bloomberg testified Thursday that the economy of the country's largest city and the entire nation would collapse if illegal immigrants were deported en masse.

Republican-led House committees will hold hearings outside Washington later this month on making English the nation's official language, and how enforcement of immigration laws affects American workers.

A hearing the week of Aug. 14 in Arizona will focus on costs to local and state governments "caused by an unsecured border."

Funding, Agents Urged For Border (HC)

By John W. Gonzalez

Houston Chronicle, July 8, 2006

LAREDO - With the Rio Grande as a backdrop, members of Congress heard disturbing testimony Friday about the dangers that federal and local law enforcement agencies face trying to control a seemingly endless flow of illegal immigrants and contraband across the river into the United States.

The area's top U.S. Border Patrol agent and others testified they're still outmanned and outgunned by sophisticated smugglers, but increased personnel, advances in surveillance technology and stepped-up removal proceedings are leveling the battlefield.

Still, officials pleaded for more federal funds to provide additional agents and equipment along the 2,000-mile border with Mexico, 1,200 miles of which are in Texas.

In the meantime, they acknowledged terrorists could cross the river laden with weapons, and a federal auditor testified he's proven how porous the northern and southern borders are by using bogus documents to import nuclear bomb-making materials.

"The Customs and Border Protection inspectors never questioned the authenticity of the investigator's counterfeit bill of lading or the counterfeit NRC document authorizing them to receive, acquire, possess and transfer radioactive sources," the audit report said.

The audit was submitted to the U.S. House Subcommittee on International Terrorism and Nonproliferation during a field hearing that drew nine House members, including Reps. Ted Poe, R-Humble, and Sheila Jackson Lee, D-Houston.

A similar session for invited testimony only was held in San Diego on Wednesday, and it, too, provoked partisan clashes among Republicans who favor tougher border law enforcement and Democrats who also advocate a broad overhaul of immigration laws.

Some of the Democrats dismissed the hearing as a "sham" that wouldn't help border law enforcement. They chided GOP members for not fully funding previous requests for boosted personnel and equipment on the border.

"We made the point about various amendments that have been defeated because money is key," Jackson Lee said. Citing the "very potent" testimony of the auditor, she said "that's what Americans need to be concerned about."

GOP members said immigration policy wasn't their immediate focus because the border is out of control. That stance was embodied in a House-approved bill that addresses enforcement issues but, unlike a Senate-approved version, does not contemplate amnesty or a guest worker program for the nation's estimated 12 million illegal immigrants.

The Senate bill would "tie the hands of local law enforcement," said subcommittee chairman Rep. Ed Royce, R-Calif. "(It) actually rolls back border protection. The House bill advances it."

In addition to hearing testimony at La Posada Hotel overlooking the river, Royce and other members spent time with Border Patrol agents as they used video surveillance equipment to monitor river crossings. They also met with Texas National Guard members who began arriving last month to temporarily bolster the patrol while new agents are being trained.

After seeing area operations, Royce said he believes this region would benefit from fences or other barriers erected near the river. Royce also said he would seek increased funds to reimburse sheriff's departments for their efforts supporting human and drug interdiction efforts.

Royce joined other members in calling for deployment of unmanned aerial vehicles as surveillance tools, and he praised federal prosecution and expedited removal programs that have curtailed so-called "catch-and-release" of immigrants from nations other than Mexico.

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Yet, while Congress wrangles with funding issues and immigration policy, local residents remain concerned about their safety and their ability to do business along the border.

"I believe my ranchers who say they can't even check on their cattle anymore without having an armed guard if they live near the border," said Rep. Henry Bonilla, R-San Antonio, whose district stretches from Laredo to El Paso.

Bonilla raised concerns — shared by agents — that large numbers of Border Patrol officers assigned to Texas have been deployed to help reckon with an influx of immigrants in Arizona. Equipment, too, has been relocated, officials said.

"We are at odds with the executive branch on this," Bonilla said.

"It makes it more difficult here," conceded Laredo chief patrol agent Reynaldo Garza.

N.Y. Court OKs Legal Alien Test For License (WT/AP)

The Washington Times, July 8, 2006

NEW YORK (AP) -- New York's Department of Motor Vehicles can require immigrants to prove they are in this country legally before allowing them to have driver's licenses, a state appeals court ruled.

The 5-0 ruling Thursday by the Appellate Division in Manhattan reversed a decision by Justice Karen S. Smith, who ordered the DMV last year to stop denying driver's licenses to immigrants who didn't have Social Security numbers or proof they were here legally.

In dismissing the illegal aliens' complaint, the appeals court said Justice Smith had erred in barring the identity procedures DMV Commissioner Raymond Martinez put in place and said they were "within his authority and enforceable."

The court noted cases in which one Social Security number was used to get licenses for 57 persons and another in which one taxi driver used two numbers to get two licenses -- one for insurance and the other for traffic tickets.

Foster Maer, a lawyer for the Puerto Rican Legal Defense and Education Fund, which represented the plaintiffs, said his group was considering an appeal.

The DMV began lifting the licenses of illegal aliens in 2004, a move that advocates said would cost as many as 300,000 people their driving privileges.

The plaintiffs in the case had argued that their constitutional rights were being violated.

State officials defended the identity procedures as an effort to combat fraud and terrorism.

La Raza Forum Targets Immigration (LAT)

By Teresa Watanabe

The Los Angeles Times, July 8, 2006

One of the nation's largest Latino advocacy and civil rights organizations plans to meet in Los Angeles this weekend to instruct people how to mobilize and vote out those who fail to back generous new immigration laws.

The National Council of La Raza will highlight immigration at its annual conference beginning today, featuring a bipartisan lineup of such high-profile speakers as former President Clinton, Republican presidential political strategist Karl Rove, Gov. Arnold Schwarzenegger and Los Angeles Mayor Antonio Villaraigosa.

The conference comes as the two chambers of Congress hold competing summer hearings on the issue, with the House stressing stronger border enforcement and the Senate promoting a broader approach that includes legalization for undocumented immigrants and more visas for family members and guest workers. Efforts to reconcile the two approaches have stalled.

"We're in a stalemate…. It looks dismal," said Janet Murguia, La Raza's president and chief executive officer. "We want people to walk away from our conference with clear steps they can take if nothing happens."

Murguia criticized the hearings as a "delaying tactic" that would give immigration control forces a chance to use the volatile issue in the November elections.

"The hearings suggest to me that there are some in Congress — especially in the House — who would prefer to have an issue as opposed to a solution," she said.

The nonprofit organization, based in Washington, D.C., claims 40,000 members and a network of nearly 300 affiliated community organizations that focus primarily on civil rights, immigration, economics, education and health.

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Founded in 1968, the organization grew out of efforts to promote civil rights for Mexican Americans but soon expanded to embrace all of the subgroups among the nation's 40 million Latinos.

Murguia said those groups historically have championed separate issues tied to their ancestral countries: trade sanctions against Cuba, the political status of Puerto Rico. But the immigration issue has drawn all of them together in a striking way, she said.

"It has taken us a while to get comfortable under the same umbrella," Murguia said. But immigration "marches showed we can find solidarity and common ground to advance our community overall."

The conference, scheduled to run today through Tuesday at the Los Angeles Convention Center, is expected to draw 20,000 people. Forums will offer updates on the various immigration proposals and discuss such hot issues as tensions within the labor movement over guest worker programs and among various ethnic communities over immigration, poverty and other issues.

Clinton and Villaraigosa are scheduled to address the conference this morning, followed by a lunchtime speech by Schwarzenegger. A daylong workshop to help people apply for U.S. citizenship will be offered today in partnership with other Latino advocacy organizations. Murguia said the workshop would support Democracy Summer, a major national initiative to produce as many as 1 million new Latino citizens and voters this year.

In addition to immigration, the conference will focus on issues including health, education and economic empowerment.

Workshops will be offered on tax planning and mortgage lending, the universal preschool movement, teenage pregnancy and HIV and AIDS.

"Demographers say we are now the largest minority population in the country, but the challenge is how to leverage this growth into economic empowerment, political power and social advancement," Murguia said.

Cracking Down On Borders And Bosses (WP)

By Julie Myers

The Washington Post, July 8, 2006

The lure of well-paid jobs continues to be the primary magnet for most people who come to this country illegally. A comprehensive immigration strategy that includes a temporary worker program, as proposed by President Bush, is critical to stemming this flow. This strategy must also include work-site enforcement with real consequences for those who knowingly employ illegal aliens.

My agency, Immigration and Customs Enforcement (ICE), was created in the aftermath of Sept. 11, 2001. At first we focused our work-site enforcement efforts on illegal workers at critical infrastructure locations such as nuclear and chemical plants, military installations, airports and seaports. While we continue to maintain these priorities, the agency is also focusing more on traditional work sites.

We believe the most effective strategy in combating illegal employment is criminal prosecution of unscrupulous employers and seizure of their ill-gotten assets. As the immigration debate has heated up, we have heard repeated charges that ICE is failing in its work-site enforcement efforts because the number of employer fines has decreased. In fact, our efforts have grown more robust. What has changed is our strategy.

One thing we have learned from the old Immigration and Naturalization Service (INS) is that simply fining employers for hiring illegal workers doesn't work. INS agents invested substantial time and effort in issuing proposed administrative fines against unscrupulous employers, only to see the fines ignored, paid in an untimely manner or reduced to nothing. For many employers, these fines amounted to a cost of doing business. They were no deterrent.

We can achieve far greater respect for the law among employers by bringing criminal prosecutions and seizing assets derived from illegal employment schemes. The prospect of 10 years in federal prison and losing that new home and car to forfeiture has much sharper teeth than a small fine. This is the future of work-site enforcement. So how does this new approach differ from the strategy employed by the INS?

Take the Kawasaki restaurant chain in Baltimore, for example. In March, ICE executed warrants at three Kawasaki restaurants and four related residences, where we found 15 undocumented workers living in deplorable conditions. The

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restaurant owners exploited this cheap, illegal labor to maximize profits so that they could purchase luxury vehicles and other assets for themselves. ICE agents arrested the owners on criminal charges of money-laundering and harboring illegal aliens. We also seized eight luxury vehicles, 10 bank accounts and at least one home purchased with proceeds from this illegal hiring scheme. The owners have since pleaded guilty to the criminal charges and agreed to forfeit approximately $1.1 million in assets.

How would this case have been handled in the past? INS agents would have simply conducted an inspection of Kawasaki's employment paperwork, which would have led to a minor fine based on paperwork violations. The maximum penalty would have been approximately $20,000, and the owners would have escaped without even misdemeanor charges. In many cases, such a fine would have been negotiated down considerably.

Already this fiscal year, ICE has arrested more than 382 people on criminal charges in work-site enforcement cases and apprehended another 2,100 on immigration violations. In fiscal 2002, the last full year of the INS, the total number of criminal arrests in work-site enforcement cases was a mere 25, while the total arrests for immigration violations numbered 485.

The president has requested $41.7 million in new funds to strengthen work-site enforcement efforts in fiscal 2007. These funds would support the hiring of an additional 171 special agents and 35 support personnel dedicated solely to work-site enforcement investigations.

ICE continues to watch the immigration debate in Congress with great interest. It is our hope that Congress will give full consideration to increasing civil penalties in work-site enforcement cases, as well as new access to Social Security "no-match" information. These steps would allow ICE to be alerted when companies are notified by the Social Security Administration that they have submitted Social Security data inconsistent with information on file -- often an indicator of an illegal worker problem at a company.

As the largest law enforcement agency in the Department of Homeland Security, ICE takes its responsibilities seriously. While most employers want to do the right thing, those who don't should know that they will face the full array of the agency's law enforcement tools and authorities.

The writer is assistant secretary of homeland security for immigration and customs enforcement.

Ex-border Agents Plead Guilty To Bribery (AP-Y2)

By Elliot Spagat, Associated Press Writer

AP2, July 8, 2006

Two former Border Patrol agents pleaded guilty Friday to accepting nearly $200,000 in bribes for releasing immigrant smugglers and illegal immigrants from federal custody.

Mario Alvarez and Samuel McClaren each face up to 18 years in prison when they are sentenced Sept. 29, U.S. District Judge John Houston said. Each pleaded guilty to one count of bribery and one count of filing a false tax return.

"These are Border Patrol agents who smuggled illegal aliens," U.S. Attorney Carol Lam said. "It doesn't get much worse than that."

Alvarez admitted taking $100,300 from a smuggling organization from June 2003 to March 2006; McClaren admitted taking $85,940 from the same smuggling organization.

The former agents did not make any statements beyond acknowledging guilt. Alvarez is free on bond and McClaren planned to post bail soon, defense attorney Martin Molina said.

According to the indictment, the two agents took bribes while in the Border Patrol's El Centro sector, which covers the eastern half of California's border with Mexico.

The complaint said they brought two smugglers into the United States in a government vehicle in September 2004 and released one of them from federal custody three months later in exchange for $10,000. In October 2005, the agents dropped off an illegal immigrant who was to be deported to Mexico at a Wal-Mart parking lot for $6,000, the complaint said.

Calderon Blasts Plan For Wall Along U.S.-Mexico Border (KRT)

By Kevin G. Hall

Knight Ridder, July 8, 2006

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MEXICO CITY - Felipe Calderon on Friday took sides in the battle over immigration, blasting a U.S. congressional plan to build a wall on the U.S.-Mexico border while endorsing a U.S. Senate proposal that would offer a route to legal citizenship for millions of undocumented Mexicans living in the United States.

"The solution for migration is not to build walls," he said.

Calderon also called for a joint development fund among Mexico, the United States and Canada that would finance public works construction in poor areas of Mexico.

"A kilometer of highway in Zacatecas or Michoacan can do more to reduce migration than 10 kilometers of wall in Texas or Arizona," he said.

He also ruled out reopening the agriculture provisions of the North American Free Trade Agreement, which took effect in 1994. Instead, he pledged a new government program focused on helping farmers hurt by imported U.S. corn.

Calderon's comments to foreign reporters were his first since the completion Thursday of the official ballot count that showed him the winner by a slim 0.58 percentage point. His leftist rival, Andres Manuel Lopez Obrador, has promised to challenge the result. Calderon had met with Mexican reporters on Wednesday.

But Calderon appeared as confident in his victory as if he had won the election by a landslide. In addition to criticizing proposals for a wall on the U.S.-Mexico border, he rapped China for its human rights record and promised an aggressive foreign policy that would push Mexico into a leadership role in the Western Hemisphere.

He said a ballot-by-ballot recount demanded by Lopez Obrador was unnecessary and predicted that the Federal Electoral Tribunal would quickly validate his win.

He made a point of bolstering his democratic credentials, pointing out that his National Action Party, or PAN, fought for decades to make Mexico democratic when it was ruled for 71 years by the oft-corrupt Institutional Revolutionary Party, or PRI.

And he questioned his opponent's democratic pedigree, noting that Lopez Obrador's campaign coordinator, Manuel Camacho Solis, held the same job in 1988 for the PRI when it was largely seen as having stolen the presidential election from the founder of Lopez Obrador's Party of the Democratic Revolution, or PRD.

"Let me remind you that I was fighting for democracy when my political adversaries were fighting against democracy," Calderon said.

Calderon will be only the second Mexican president not affiliated with the PRI since the 1920s. In 2000, the current president, Vicente Fox, also a PAN member, became the first. For the first time, the PAN will also control the largest number of seats in Congress, though not a majority.

But Calderon said he would quickly reach out to small splinter parties and the PRI to build a majority.

Usually described as aloof, Calderon went out of his way to appear charming. Before answering questions for about an hour, he walked through the crowded conference room at a Mexico City hotel and shook each reporter's hand.

He said his foreign policy would respect the rights of countries to choose their own form of government but would stress such universal principles as civil liberty.

When asked by a Chinese correspondent about bilateral relations, Calderon noted China's rapid growth and large population as an opportunity for Mexican exports. But he then issued a cloaked call for greater human rights in China: "I hope that one day, there will vigilance around the world on human rights."

Calderon's apparent victory ends the streak of Latin American elections that put left-leaning governments in office. Mexico joins Colombia as the only other Latin nation with a conservative government, and Calderon said he'd work hard to bridge ideological differences and forge closer relations with neighbors in the hemisphere.

A key reason for Calderon's apparent win was his attack ads on Lopez Obrador, which compared him to Venezuelan President Hugo Chavez, a vocal U.S. critic. Calderon smiled broadly when a Venezuelan TV correspondent asked about Venezuela's vice president, Jose Vicente Rangel, who labeled Mexico's election results as "suspicious."

"I'm sorry to have disappointed them by winning," he said.

Mexico's relationship with Cuba was severely strained under Fox, who joined the United States in criticizing the lack of civil liberties on the island nation. Calderon said he'd seek a constructive relationship with Cuba because it would be in the interest of Mexicans. But he also took a backhanded jab as Castro by noting that "before I was even born, he was in power."

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Apparent Mexican Winner Attacks Border Wall (WP)

By Manuel Roig-franzia

The Washington Post, July 8, 2006

MEXICO CITY, July 7 -- Less than 24 hours after being named president-elect in a disputed official count, Felipe Calderon took a firm stance against building a wall along the United States-Mexico border to stem illegal immigration.

Echoing his campaign theme, Calderon said the best solution to the immigration crisis was creating jobs in Mexico, "not walls or troops," a reference to President Bush's decision to send National Guard troops to support the U.S. Border Patrol.

Calderon's remarks, delivered during his first post-election briefing for the international news media, angered a leading Capitol Hill proponent of increased border security. Rep. Tom Tancredo (R-Colo.) said in a phone interview that he was "insulted" by Calderon's statement, "just as Mexico would be rightly offended if we were to not only condemn their immigration policies but actively work to aid and abet illegal immigration."

Rep. Duncan Hunter (R-Calif.) another proponent of increased border fencing, said Friday in an e-mailed statement that he was "hopeful Mexico's president-elect will also look more closely at the benefits security fencing brings to both sides of the border."

The reaction presages what is likely to be one of the most contentious issues facing Calderon if his victory is upheld by the special elections court that will a hear a challenge of the results by his main opponent, Andres Manuel Lopez Obrador. Attempts by Mexican presidents to influence U.S. policy have often received frosty receptions. The outgoing president, Vicente Fox, failed to reach an immigration accord with the United States.

Immigration legislation in the U.S. Congress is stalled. The House of Representatives voted in December to build 700 miles of new fences along the border, and the Senate has voted to approve 370 miles of fencing. But neither proposal has been passed into law.

Calderon was declared the winner of Mexico's presidential race Thursday after an all-night count yielded an official tally that showed him half a percentage point, slightly more than 200,000 votes, ahead of Lopez Obrador. Lopez Obrador alleges that the vote was marred by numerous "inconsistencies," such as more votes being recorded than the number of ballots delivered at thousands of polling places. He plans to hold a rally Saturday in Mexico City's large downtown square, the Zocalo. On Friday, 1,000 of his supporters began a 60-mile march to Mexico City from the town of Pachuca.

Mexico's special elections court has until Sept. 6 to decided whether to certify the results. But Calderon is talking and acting as if his victory is assured On Friday, he said there was no doubt about the results and predicted he would work well with opposing parties, even though his National Action Party does not have a majority in the legislature. He also said he would not privatize Mexico's Pemex oil company.

Calderon also wants measures that will protect what he called "vulnerable" crops, such as corn and beans. Lopez Obrador had vowed to defy provisions of the North American Free Trade Agreement that call for reducing tariffs on U.S. corn and beans. Many small Mexican farmers have said the reduced tariffs would put them out of business. Calderon said Friday he would not try to renegotiate the provisions. "The way the U.S. Congress is now," he said, "I don't see a large probability that the winner of the renegotiation would easily be Mexico."

Calderon said one of his first trips as president would be to the United States, where he wants to meet with Mexican Americans. More than 20.6 million people of Mexican origin live in the United States, representing 58 percent of the nation's Hispanic population, according to the U.S. Census Bureau. The Pew Hispanic Center says there are also 6.2 million Mexicans living in the United States illegally.

Meeting Danger Well South Of The Border (WP)

By N.C. Aizenman

The Washington Post, July 8, 2006

TECUN UMAN, Guatemala -- Mario Lobo stood on the muddy bank of the Suchiate River just after dawn, staring dispiritedly at the roiling current separating him from Mexico.

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The slight, 22-year-old Honduran was still 1,500 miles from the U.S. boundary line. But for Lobo and tens of thousands of other impoverished Central Americans who sneak into the United States each year, the real border begins here, at Guatemala's frontier with Mexico -- and onward through the entire length of Mexico -- as they embark on a succession of ordeals of which the dangerous trek through the desert into Arizona or Texas is merely the final chapter.

Every step requires split-second decisions that can mean the difference between life and death. Should they ford a rushing river or spend precious pennies on a raft ride? Are the bandits on a remote path more dangerous than the immigration checkpoints along the main road? And will hopping a speeding freight train dramatically reduce the journey time, or will a slip and a fall permanently cut it short? Lobo had heard about these perils from others who had made this trip before. Yet as he contemplated the coffee-colored waves of the Suchiate, all other dangers paled in comparison with the one foremost in his mind.

"That water," he muttered to his two traveling companions, "looks very deep."

Most migrants cross the river on rafts built from two black inner tubes lashed to a couple of planks of wood. But the raft owners charge 10 Guatemalan quetzales per person -- about $1.30. Lobo and his friends had only seven quetzales between them.

"We can wade across like him," suggested one of Lobo's friends, Francisco Quintero, 28, pointing to a sinewy man who was pulling his raft against the current with a rope tied around his waist. "See, the water only reaches to his chest."

"No," answered Lobo glumly. "Look at him. He's not wading, he's swimming. You know how to swim. I don't."

Quintero gave a sigh that betrayed a touch of impatience. A veteran of the trip north with wide scars across his body to prove it, he had left a construction job in Reno, Nevada, to help guide one of his nephews from Honduras to the United States. Lobo and their third friend, Juan Vicente, 24, had decided to come along, drawn by the promise of jobs that pay more than $3 a day.

But Quintero's nephew had changed his mind on the bus from Honduras before the foursome ever reached the run-down border town of Tecun Uman, terrified by the stories he was hearing from fellow passengers.

Now it looked as though Lobo was going to bail as well.

"Okay," Quintero finally said. "What if I offer that rafter our seven quetzales to take only you? Juan and I can swim across."

Lobo silently nodded his assent.

About 20 minutes later the trio was standing on the opposite bank of the river, drying off with a towel supplied by a friendly Mexican woman. She watched from the doorway of her concrete-block hut as Vicente applied deodorant and Quintero carefully combed his hair. From this point forward, they knew, it would be crucial to blend in.

"Which way are you headed?" the woman asked.

"We're going to walk to Arriaga, then hop on the train from there," Quintero answered casually.

The woman clucked her tongue. "Very dangerous," she said with a shake of her head. "Lots of thieves about."The Train From Arriaga

About 160 miles farther north, at a shelter for migrants in Arriaga run by the local priest, a different set of Honduran friends were bent over a map of Mexico taped to the wall.

"My God, you mean we've only gotten this far!" Carlos Pineda, 22, exclaimed in dismay to Rafael Valencia, 18.

About 20 days earlier they had set off for the train station at Arriaga -- the southernmost terminus in Mexico -- from the same riverbank that Lobo and his friends had just reached. The slashes through each pocket of Valencia's jeans offered a hint at what the pair had endured since.

Their troubles began, they said, when six masked men wielding rifles and machetes ambushed them on a quiet stretch of the dirt path the two had chosen to skirt immigration checkpoints along the main road. "The bandits made us strip naked. Then they ripped through our clothes with their knives looking for money," Pineda recalled.

The thieves found 600 Mexican pesos -- about $50 -- that Pineda and Valencia, both bus drivers back in Honduras, had saved for the journey through Mexico. But the bandits missed an extra $7 that Pineda had stuffed down one of his socks. So he was still hopeful a few days later when he and Valencia met three Salvadoran women walking along the same path.

The prettiest had hair down to her shoulders and told Pineda she had left behind a 2-year-old girl, he recalled. She reminded Pineda of the wife and daughter he'd said a tearful goodbye to in Honduras.

Their conversation ended abruptly when seven men armed with pistols suddenly popped out of the foliage.

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Once again the migrants were forced to strip. This time the thieves found Pineda's $7 stash, he said. One of them also stole Valencia's sneakers, leaving him with a pair that was too small and falling apart.

Then one of the bandits grabbed the woman Pineda had been chatting with and ordered Pineda and Valencia to get lost as he began dragging her toward the forest.

"She was crying, begging him, 'Please, don't do this. Take everything you want. But don't do this,' " Pineda recounted in a miserable whisper. "The bandit punched her in the face and shouted, 'Shut up, stupid dog!' "

By the time a third gang of robbers accosted Pineda, Valencia, and another man on their path a few days later, Pineda recounted, they had nothing of value left. Enraged, the thieves began hacking at the third man with their machetes as Pineda and Valencia sprinted away.

"I knew this trip would be hard," Pineda said in a choked voice, blotting tears from his eyes with his white T-shirt. "But not like this."

Valencia, meanwhile, was more preoccupied with a rumor spreading through the shelter that a freight train would be leaving that night.

He pulled Pineda aside to share some train-hopping tips he had learned on previous trips north.

"See, when the train is moving, be careful not to run too close alongside it," Valencia explained, using his right hand to simulate a train moving along the dining table and his left hand to show a little man running toward it at top speed. "Otherwise the air will suck you right under the wheels."

The little finger-man slid under Valencia's right hand and collapsed on the table with a splat.

Pineda gave a weak chuckle. He looked like he wanted to vomit.

Yet as the afternoon gave way to evening, it was Pineda who seemed most eager to set out for the grassy expanse around the train station a few blocks away.

Several hundred migrants were already huddled there in the dimming twilight, waiting to stake out positions on the freight cars that rail workers were linking to form the train.

At about 10 p.m. the last car was rammed onto the back of the train with a bang that echoed in the pitch darkness. Migrants were now packed into every nook and cranny of the train.

For a moment there was total silence. Then the locomotive roared to life, and the train began to lurch forward with gathering speed.

Pineda and Valencia cheered from their perch atop a tanker car. "Woo-hoo!" the two friends could be heard yelling as the train thundered out of the station. "God is with us! To the North!"The Shelter at Tapachula

Alan Delgado gripped the edge of his mattress and clenched his teeth in agony. His right leg had been amputated above knee. Yet the nerves in his thigh continued to tingle and spasm as though it were still there. His friend Julio Cesar Lambert gave him an understanding smile from the next bed over. Lambert was missing his left leg.

Twelve days earlier the two Hondurans had boarded a 10 p.m. freight train from the same station in Arriaga that Pineda and Valencia had just left. Now they were the newest wards of the Shelter of Jesus the Good Shepherd, a refuge for injured migrants in the town of Tapachula, back toward the Guatemalan border. Police and hospital workers send at least 40 mangled migrants a month to the shelter, a collection of whitewashed concrete-block rooms.

Delgado, a short 22-year-old with impish features, said he could still remember the relief he'd felt as their train pulled out of Arriaga. But his optimism had been tempered by the pouring rain and his awareness of the 11-hour ride ahead.

About an hour-and-a-half into the journey, Delgado said, four masked bandits armed with guns emerged from a hiding place on the train and began leaping from car to car. One migrant apparently refused to give them his money. Three more simply had nothing to hand over. Delgado said the bandits grabbed each man by the shoulders and hurled him off the train.

The next morning, at the train's last stop in the town of Ixtepec, Delgado and Lambert said they hopped on a shorter train containing only a few freight cars. Soon afterward it rounded into a sharp curve so fast that the cars began to buck and sway with a sickening squeal. Sensing an impending derailment, Delgado tried to leap off.

The next thing he knew he was lying on the ground, a chunk of his right foot still stuck on the ladder of a freight car several feet away, the rest of his leg dangling from his thigh by a bloody shred of skin.

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Lambert's leg had been severed completely. So was that of a Honduran woman also brought to the shelter.

In the distance they could see the torso of a migrant whose body had been sliced in half. Two more migrants were crushed to death by a freight car, blood pooling from underneath.

For the next three-and-a-half hours Delgado and the other wounded waited for help under a broiling sun, wracked with a pain Delgado said was "indescribable, just un-erasable from your brain."

Delgado remembered screaming over and over again to keep from slipping into death.

When he came out of surgery that evening, Delgado said he wondered why he had struggled so hard.

"I looked at this stump and said, 'I'm a useless person now,' " he recalled. " 'What will I do in the world?' My American Dream ended on that train."

A few beds over, Hanibal Rodriguez, 28, had other plans. A burly Honduran headed to a landscaping job in New Jersey, Rodriguez said he was robbed and shot in the leg three times several weeks earlier by uniformed police near Arriaga.

But his wounds were healing nicely. He'd be ready to return to Honduras in about a week.

"I'll stay for two, maybe three months to recuperate," Rodriguez said. "After that," he added, flashing a toothy grin, "It's back to the north."

CONGRESS-ADMINISTRATION:

Bush Rejects Solo Talks With North Korea (WP)

By Michael A. Fletcher

The Washington Post, July 8, 2006

President Wants to Wait for Allies to Unite Over Nuclear Arms Program, Testing

CHICAGO, July 7 -- President Bush on Friday defended his response to the budding crisis spawned by North Korea's missile tests, saying he will not "get caught in the trap of sitting alone with North Korea at the table."

Bush said he will patiently wait for the other countries taking part in the six-party talks to speak with a single voice, urging North Korea to give up its nuclear weapons program and refrain from further long-range missile tests -- a process that he acknowledged will take time.

"The problem with diplomacy, it takes a while to get something done," Bush said. "If you're acting alone, you can move quickly. When you're rallying world opinion and trying to come up with the right language at the United Nations to send a clear signal, it takes a while."

The United States is working with China, Russia, Japan and South Korea to urge North Korea to abandon its nuclear program. The White House has encouraged tough economic sanctions since Tuesday's launch of seven missiles, including one with the capacity to reach Alaska. But China and Russia have resisted sanctions, even as Pyongyang has threatened to move ahead with more tests.

Bush's comments came during an unusual news conference here at the Museum of Science and Industry. With the exception of his foreign trips, Bush almost always holds news conferences at the White House. But Friday's event involved local reporters as well as the national news media who travel with him.

"I'm sure you're wondering why I would have a press conference in Chicago," Bush said. "It's a fabulous city; plus, I like to see what it's like to have a major press conference outside of Washington. It might do me some good. The truth of the matter is, it might do the White House press corps some good as well."

As campaigns heat up for November's midterm elections and with the president's popularity hovering below 40 percent in most public opinion polls, White House officials said Bush's appearance is his first in a series planned in coming months.

"You're going to see some times where the president goes out, spends a bit of time in a place, talks with the leaders, drills into the issues, listens to what they have to say, builds trips generally around one topic," said White House spokesman Tony Snow.

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Typically when Bush travels domestically, he delivers a speech and quickly moves on. But Bush began his visit here Thursday evening with a dinner with Mayor Richard M. Daley (D) and local business leaders. Before his news conference Friday morning, he had breakfast with other local executives.

After his news conference, Bush attended a $1.2 million fundraiser for gubernatorial challenger Judy Baar Topinka, the three-term state treasurer who is the only Republican to hold statewide office in Illinois. He then traveled to nearby Aurora to tout his efforts to bolster high-tech research and education at Cabot Microelectronics, which makes substances that help in the manufacture of sophisticated semiconductors.

Despite widespread public discontent with GOP congressional leaders, Bush predicted that Republicans will keep control of the House and Senate, allowing them to continue setting the nation's legislative agenda for the next two years.

"You win elections by believing something," Bush said, when asked whether his poor poll numbers are hurting GOP candidates. "You win elections by having a plan to protect the American people from terrorist attack. You win elections by having a philosophy that has actually produced results -- economic growth, for example -- or kind of changing the school systems for the better, or providing prescription drug coverage for elders."

Bush ducked questions about a possible U.S. military response to North Korea, and he emphasized that he will continue pursuing diplomatic solutions, even if they prove "slow and cumbersome."

Asked whether he believes the U.S. missile defense system could have intercepted a missile aimed at this country, Bush said: "Yes, I think we had a reasonable chance of shooting it down. At least that's what the military commanders told me."

Some experts speculate that North Korea is stoking a crisis in hopes of drawing the United States into direct negotiations.

"It's an interesting question: Is he trying to force us to do something by defying the world? If he wants a way forward, it's clear," Bush said of North Korean President Kim Jong Il. "If he wants to have good relations with the world, he's got to verifiably get rid of his weapons programs."

The White House also is working to forge a diplomatic consensus against Iran, which is pursuing its own nuclear program. Bush said next week's meeting of the Group of Eight leaders in St. Petersburg, Russia, will be an opportunity to send a clear message as Iran considers an incentive package aimed at curtailing its nuclear program.

"Some nations are more comfortable with sanctions than other nations," Bush said. "Part of the issue we face in some of these countries is that they've got economic interests. And part of our objective is to make sure that national security interests, security-of-the-world interests, trump economic interests."

Bush In Chicago In Bid To Boost Standing (AP-Y2)

By Tara Burghart, Associated Press Writer

AP2, July 8, 2006

President Bush had breakfast at a popular diner and met with business leaders during an overnight trip to Chicago, part of an effort to boost his sagging popularity by putting him on the road more often this summer.

Inside the diner Friday morning, Bush greeted customers, who said they appreciated what the president was doing. Guinn Gandy, a Texas native who now lives in suburban Aurora, said no one asked any difficult questions.

"It's not appropriate here," Gandy said. "The man's trying to have breakfast."

The president also had dinner with Democratic Mayor Richard M. Daley, who joined Bush at a news conference Friday.

White House counselor Dan Bartlett said similar trips were being planned for the president throughout the summer, with Bush spending more time in communities to "really sink his teeth into the local market."

There also was some political fundraising on the trip, as Bush helped raise $1.2 million for Judy Baar Topinka, the Republican state treasurer who is trying to unseat Democratic Gov. Rod Blagojevich.

Outside the hotel where the fundraiser was held Friday, several dozen protesters carried anti-Bush and anti-war messages. A couple demonstrators burned American flags.

On Thursday, Bush dined with business leaders, including Juan Ochoa, president and CEO of the Illinois Hispanic Chamber of Commerce. He said Bush and his guests spent about 20 minutes talking about immigration reform and its prospects in Congress.

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"It was comforting for me to know a Republican president would make an attempt to pass immigration reform," said Ochoa, who called himself a staunch Democrat. "President Clinton had eight years and at no point did I feel it was a priority for him."

They also spoke about the morale of troops in Iraq and leadership in South America, he said.

One protester at the restaurant, in a gentrifying neighborhood just south of the city's business district, said Bush needed to visit other spots in Chicago if he wanted to hear from average Americans.

"If he really wants to meet with real people, this is certainly not the place to do it," said Lindsie Chait, holding a sign reading "Bush Step Down." "He should go to poorer areas of the city."

Larry J. Sabato, director of the University of Virginia Center for Politics, said trips like the one to Chicago demonstrate that Bush does connect better with voters in informal sessions out of the Beltway. But he said the main problem is the unpopularity of the Iraq war.

"Until things look up in Iraq, and American troops are coming home in significant numbers, Bush's own numbers won't improve much," Sabato said in an e-mail.

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Associated Press writers Don Babwin, Michael Tarm and Carla K. Johnson contributed to this report.

Bush Says UN Must Send A Clear Message To North Korea (BLOOM)

By Jay Newton-Small

Bloomberg, July 8, 2006

President George W. Bush said the United Nations must send a clear message to North Korea's leader to disarm and that ``rallying world opinion" takes time.

``What matters most of all is for Kim Jong Il to see the world speak with one voice," Bush told a news conference today at Chicago's Museum of Science and Industry. Bush said the U.S. had a ``reasonable chance" of shooting down long-range missiles if necessary, while describing the U.S. anti-ballistic systems as ``modest."

The U.S. is working with China, Russia, Japan and South Korea to persuade North Korea to disarm after that country vowed yesterday to continue missile tests it began this week in Asia over the Sea of Japan.

If Kim ``wants to have good relations with the world, he has to verifiably get rid of his weapons programs," Bush said.

The U.S. chief negotiator in six-nation talks aimed at dismantling North Korea's nuclear weapons is in the region meeting with his counterparts.

``China doesn't support North Korea's missile launches," Christopher Hill, assistant secretary of state for East Asia and Pacific, told a press briefing in Beijing, before leaving for Seoul. ``North Korea did not heed China's advice to refrain from firing those missiles."

Hill made China, North Korea's staunchest international ally, the first stop in a four-nation trip as the UN Security Council considers a formal rebuke to North Korea. The U.S. is trying to persuade China to condemn North Korea's missile tests.

Appeal for Patience

China and Russia, both veto-wielding permanent members of the Security Council, have signaled disagreement with the U.S., U.K. and France, the other members, over how much international pressure should be brought to bear on North Korea.

South Korea will suspend aid to North Korea indefinitely in response to the communist regime's missile tests, Agence France-Presse said today, citing an unidentified South Korean official in Seoul.

Bush said today that North Korea's missile launches showed that the U.S. needs a ballistic missile defense system, without guaranteeing that it can shoot a missile down at this point. ``It's new research," he said. `It's hard for me to give you a probability of success."

The U.S. has 11 interceptors in silos in Alaska and California that could be directed by ground- and naval-based radar to destroy a target. The U.S. system's last successful intercept test was in October 2002. Several subsequent tests failed.

Iranian Program

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The U.S. also is working diplomatically to confront Iran, another threat, on its nuclear program. Bush said next weekend's meeting of the Group of Eight leaders in St. Petersburg, Russia, will be an opportunity to send a clear message as Iran considers an incentives package aimed at curtailing the country's program. China and Russia have opposed harsh sanctions.

``Some nations are more comfortable with sanctions than other nations," Bush said. ``Part of the issue we face in some of these countries is that they've got economic interests. And part of our objective is to make sure that national security interests, security-of-the-world interests, trump economic interests."

``These problems didn't arise overnight, and they don't get solved overnight," Bush said in response to a question on whether the missile launches represent a failed U.S. policy.

Strategy Shift

Today's news conference marked a shift in Bush's communications strategy, drawing in local and regional reporters as well as national media. ``I'd like to see what it's like to do a press conference outside of Washington," Bush said.

Bush also attended a $1.2 million fund-raiser for Republican gubernatorial challenger Judy Baar Topinka. Outside Chicago's Drake Hotel, where the fund-raiser was held, dozens of protesters held anti-Bush signs and burned at least two American flags.

Bush later toured Cabot Microelectronics Corp. in suburban Aurora, praising the facility for ``innovative" work in nanotechnology and superconductors.

The administration is stressing the strength of the economy to bolster Republicans in the November elections. ``People are better off, things are working," Bush said this morning, adding that the U.S. has added more jobs for 34 straight months.

The economy added fewer jobs in June than economists expected, reducing the urgency for further Federal Reserve interest-rate increases even as wages rose the most in five years, the Labor Department reported today.

Bush Salutes Daley; Boosts Topinka Campaign (CHIT)

By Rick Pearson

Chicago Tribune, July 8, 2006

President Bush offered a staunch defense of Mayor Richard Daley Friday, calling him "a great mayor" and a friend despite the federal convictions of former top Daley patronage aides on charges of rigging jobs for mayoral campaign workers.

Appearing at a near hourlong news conference at the Museum of Science and Industry, Bush said he could not provide an assessment of the job U.S. Atty. Patrick Fitzgerald has done on the local level in bringing corruption charges against officials in city and state government.

But the president credited Fitzpatrick for acting "very professional" in his role as a special federal prosecutor in Washington investigating the leaked identity of a CIA operativethat resulted in an indictment against I. Lewis "Scooter" Libby, Vice President Dick Cheney's former chief of staff.

Bush said he had not given any thought to formally reappointing Fitzgerald as U.S. attorney for the Northern District of Illinois. Though Fitzgerald's four-year term ran out in October, he continues to serve under federal statute until a vacancy exists—a factor that some observers say eliminates the need for a formal reappointment.

About 40 federal prosecutors nationally are operating under the same status as Fitzgerald.

With Daley sitting side-by-side with one of his chief critics, U.S. Rep. Jesse Jackson Jr. (D-Ill.), Bush said, "I haven't been following the cases here" in Chicago involving Fitzgerald's prosecution of alleged City Hall corruption. On Thursday, only hours before Bush arrived for his two-day Chicago stay, a federal jury convicted Robert Sorich, Daley's former top patronage aide, and three others charged with a scheme to steer jobs to campaign workers.

"I still think he's a great mayor," Bush said of Daley when asked about the latest federal convictions. "It is a well-run city and he gets a lot of credit for it. He doesn't get sole credit, but he gets a lot of credit. He's a leader."

Bush said he was "proud" to call Daley "a friend" and to have shared his 60th birthday on Thursday night with the mayor at a private dinner in the South Loop.

The Republican president has long saluted Daley's status as one of the nation's most powerful Democratic mayors.

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Bush praised the mayor again later on Friday in an unusual setting—while keynoting a fundraising luncheon for Republican gubernatorial candidate Judy Baar Topinka before an audience of 500 people that included U.S. House Speaker Dennis Hastert of Oswego, former Gov. Jim Edgar, state Republican Chairman Andy McKenna and the rest of the 2006 GOP statewide slate.

"Had a fabulous night last night with the mayor," Bush said. "They asked me at a press conference about the mayor. I said, 'The mayor is a man of his word.' He said, 'You're going to get clobbered in Chicago in 2000,' and he kept his word."

At the $500 per person fundraiser, Bush said Topinka was going to be "a fabulous governor" and called her "a good, fine, honest person, who knows what she's doing." Topinka, in her brief introduction of the president, referred to Bush as a "wonderful man."

During his news conference, Bush said he was unaware of an April column by George Will about Topinka in which an unidentified aide said of a presidential visit: "We just want him to raise money. Late at night. In an undisclosed location."

"Didn't work. I'm coming to have lunch," Bush said. "I think it's going to be a pretty successful fundraiser."

Bush made no mention of Topinka's opponent, Democratic Gov. Rod Blagojevich, whose name he had difficulty pronouncing during a visit to Hastert's district last summer to sign a massive federal transportation funding bill.

But Blagojevich, appearing at a bill-signing ceremony, contended Bush was only raising money for Topinka because "that's his team and he's got to help his team."

In a bit of topsy-turvy politics, Bush touted the health of the state's economy by echoing Blagojevich in noting the state led the nation for job creation in April. And Bush's 2004 presidential opponent, U.S. Sen. John Kerry (D-Mass.), appeared to side with Topinka's criticism of the Democratic governor on the issue of job creation.

"The president praises the optimism of Illinois businesses, yet more of the state's businesses closed their doors in 2004 than new businesses were opened," Kerry said in a statement.

Bush Gets Taste Of Chicago Politics (CHIST)

By Andrew Herrmann

Chicago Sun-Times, July 8, 2006

President Bush got a taste of Chicago on Friday, noshing at a popular downtown breakfast spot before getting a helping of Illinois politics.

In a press conference here, Chicago reporters offered up two sour subjects: City Hall corruption and insulting remarks about Bush by an aide to Republican gubernatorial nominee Judy Baar Topinka.

Bush didn't bite.

President takes a soft poke at Cubs

In a bit of good-natured baseball banter, President Bush needled a Chicago Tribune reporter Thursday about the Tribune Co.-owned Cubs.

Following a press conference at the Museum of Science and Industry, the president joked that he would have talked about the Cubs, but "I didn't want to bring up a sore subject."

The hapless squad is a recurring theme with the president.

During a speech here last May, Bush noted that when he threw out the first pitch for the team's season opener, they beat the Cincinnati Reds 16-7.

"So I want to assure all the Cubs fans here that the last time I saw them play, they were undefeated," Bush said.

Despite a federal jury's verdict that city hiring and promotions were politically fixed, the president called Mayor Daley "a great mayor" who heads "a well-run city."

As for the Topinka camp remarks, made to columnist George Will in April, that her campaign would have preferred the embattled president come "in the middle of the night" at an "undisclosed location" -- a shot at his weak and possibly politically contagious levels of public support -- Bush shrugged it off.

"Didn't work. I'm coming to have lunch," a laughing Bush told reporters at the Museum of Science and Industry.

The $500-a-plate salmon and shrimp lunch at the Drake Hotel helped raise $1.2 million for Topinka's gubernatorial campaign.

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The president held the 55-minute news conference as part of a new effort to try to turn around his low poll ratings before the crucial midterm elections in November. Chicago-based reporters were given the opportunity to participate in questioning the president outside of Washington, a rare move that Bush said "might do me some good" and -- in a jab -- added "might do the White House press corps some good, as well."

'I'm proud to call him my friend'

National and local reporters asked him about a range of topics, including the North Korean crisis, the war in Iraq, foreign ownership of defense companies and skyrocketing gasoline prices.

As Daley sat to the side of the podium, Bush was reminded by a reporter that last summer, he had called Daley a "great mayor." Given the conviction Thursday of Daley's former patronage chief Robert Sorich and three others for doling out jobs and promotions to reward the mayor's political workers, the president was asked whether his assessment had changed.

Bush turned to Daley and said, "I still think he's a great mayor. ... I'm proud to call him my friend.

"The thing I like about Daley is ... when he tells you something, he means it. Like, he told me, 'We're going to whomp you in the 2000 election.' He meant it," referring to Bush's loss of Illinois in his first presidential election.

As for the Topinka aide's remarks, undisputed by the nominee, Bush said he hadn't heard them but wasn't offended. He downplayed his effect on the outcome -- good or bad -- of elections.

"Here's how you win elections: You win elections by believing something," he said.

Topinka: 'This is doable'

After the luncheon at the Drake, Topinka dismissed the remarks as "a throwaway comment" and said the president's appearance, besides helping her "get a few dollars in the bank," helps give her campaign some legitimacy. Bush's visit, at the invitation of Topinka, "sends the message to the public that, you know, this is doable -- we can replace this current governor," said Topinka, who is facing Gov. Blagojevich for the post.

Bush's press conference was held in the museum's rotunda beneath a replica of the Wright Brothers plane. Afterward, he toured parts of the museum's new Leonardo da Vinci exhibit, examining a high-tech device that allows one to electronically flip through computer-scanned pages of da Vinci's workbook Codex Atlanticus.

After the press conference, a motorcade cruised up a shuttered Lake Shore Drive, accompanied by two boats from the Chicago Police Marine Unit buzzing alongside in Lake Michigan, and passed pockets of protesters and supporters. One man held a sign, "60 is the new 25" -- a reference to Bush's birthday celebrated here, while another carried a placard reading "Bush Hates Science," an apparent reference to the president's limited support for stem cell research.

In a park across from the Drake, several dozen anti-war protesters gathered in a showing that included the burning of an American flag.

At the fund-raiser, Bush lauded Topinka as a "good, fine, honest person, who knows what she's doing," and he thanked the crowd of GOP bigwigs -- including U.S. House Speaker J. Dennis Hastert and former Gov. Jim Edgar -- for supporting her. "People don't want to back somebody who can't win," Bush said.

'Really cool place'

After attending the fund-raiser the president visited west suburban Aurora's Cabot Microelectronics to discuss his American Competitiveness Initiative, which would funnel $5.9 billion into research and education but has yet to be passed by the Senate. The company makes products used in the manufacture of computer chips and disc drives.

Bush, who stayed Thursday night at the Intercontinental Hotel, seemed to relish his two-day stop in Chicago, calling it "a really cool place" to celebrate a birthday. He praised the Chicago Firehouse restaurant where he dined Thursday evening and his breakfast at Lou Mitchell's diner. He told the Drake crowd to "take your kids" to the museum because "it is a special place.

"I'm looking forward to shedding my entourage one of these days and spending a little quality time there at the museum," Bush said, smiling.

Beltway Follows Bush To Chicago (CHIT)

By Michael Tackett

Chicago Tribune, July 8, 2006

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You can take the president away from Washington, but you can't take Washington away from the president.

And no matter how hard the White House tries, no matter the venue it chooses, there are still hard, difficult facts and even unforeseen events that can tarnish even the most well-conceived scripting.

President Bush traveled to Chicago for a birthday dinner with Mayor Richard M. Daley, only to find out en route that Daley's top patronage chief had been convicted by a federal jury and that Daley's own status would be the most pressing question in town. He came to trumpet unemployment numbers only to find that they were not exactly unvarnished good news.

The White House said that holding a news conference in Chicago at the Museum of Science and Industry instead of in Washington was part of a strategic shift to put the president in more natural, out-in-the-country, in-touch-with-the-people settings. A spokesman said that having the president overnight in town would allow him the chance to get a deeper feel for the city. (Memo to White House: It's a pretty big place to get to know in one turn of the clock).

What the White House didn't say, but what was highly apparent, was that the president has decided to fully engage in the 2006 midterm elections, perhaps the last clear referendum on his presidency, and this could be a sign of the unofficial start of a campaign. Bush emphasized the good news he found in the jobs data and first quarter growth, then noted bluntly that his tax cuts were the answer. The subtle read? Democrats would raise taxes. He continued to push progress in Iraq, honoring a sacrifice made by a soldier from Hoffman Estates. Democrats, the implicit argument was, would cut and run. These are messages that he will likely be reinforcing as he travels throughout the country between now and November.

There is logic in that. No matter how skeptical the local press corps, there is still a reflex for a red carpet for a president. Positive coverage – locally, anyway – is typically assured. WGN-TV carried the press conference live. Bush said he might do him and the White House press corps that follows him, some good to get out of the capital. Bush's homage to breakfast at Lou Mitchell's and his "fabulous city" label for Chicago, even his "proud to call him friend" attaboy to Mayor Daley was sure to go down easy in the city. But when he lapsed into talking about "the Doha round of the WTO" it was a reminder that the argot of Washington has captured his speech as well.

Much of his opening statement could have been delivered anywhere. So, too, the first question, which was about the escalating conflict with North Korea. And the second, as Bush continued the convention of calling first on reporters for major wire services. The third dealt with the Supreme Court ruling that the president had overstepped his authority by ordering military tribunals. In other words, a news conference that might have well been in the Rose Garden.

The Tribune's Rick Pearson then was called upon and seemed to surprise the president when he asked if he were going to re-appoint special prosecutor Patrick Fitzgerald, the very busy U.S. Attorney in Chicago. The president said he hadn't really thought about that, then recovered by saying that the decision would fall to Atty. Gen. Alberto Gonzales. And though he said he wanted to get to Chicago to experience more of the "real" America, he allowed that he hadn't paid much attention to Fitzgerald's investigations, which have been the subject of extensive coverage in the national media.

Other local reporters asked aggressive questions about national policy; and there was a pointed question about the president's presence at an appearance for Republican gubernatorial candidate Judy Baar Topinka. Bush tried to parry the question, not all that gracefully at first, before rallying with the boilerplate about core beliefs that voters have always seemed to respect in him.

So if the communications czars in the White House were hoping for questions about cheesecake or the Cubs, they were roundly disappointed. And if they thought that by taking the president away from the Beltway that somehow he would be bathed in different light, the morning in Chicago proved that wrong.

Who Really Rules The Supreme Court? (LAT)

By Douglas W. Kmiec

The Los Angeles Times, July 8, 2006

THE RECEIVED WISDOM at the end of the most recent Supreme Court term is that because of his swing vote, Justice Anthony Kennedy is more in control of the court than the new chief justice, John G. Roberts Jr.

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It's a nominally plausible theory, given that Kennedy played a similar pivotal role in previous years with the now-retired Justice Sandra Day O'Connor. In those days, the two often found themselves disproportionately powerful as they staked out ground between the court's more ideological members.

But in my judgment, it's a misleading picture of what's happening now — partly because Kennedy alone is often deliberately speculative and partly because Roberts has at least the nascent but constructive capacity to span partisan division.

Kennedy without O'Connor is like Rodgers without Hammerstein. Oscar Hammerstein wrote lyrics that made songs both memorable and understandable. O'Connor had a comparable gift for creative expression, even as originalists sometimes wondered if she was always reading from the founders' constitutional songbook.

For better or worse, it was O'Connor who had to be satisfied. It was her "reasonable objective observer" who would cast a suspicious eye at public religious displays. And it was her assessment — not Kennedy's — of the University of Michigan's practices that allowed racial diversity to be a factor in admissions.

Kennedy, like Richard Rodgers, would often join O'Connor with an accompanying melody. But the words that lower courts would remember were hers.

Kennedy and O'Connor both concluded, for example, that it was wrong for Texas to single out private, consensual homosexual sex acts for criminal punishment. But it was O'Connor's separate concurrence that made sense of the judgment — pointing out that it is inequitable for a state to punish unmarried intimacy between people of one sexual orientation but not the other. Despite the troubling lack of deference to state law, O'Connor's rationale was at least anchored in the equal-protection text of the Constitution, while Kennedy's hung somewhere in midair exploring what he called "spatial and transcendent" liberties.

O'Connor's rationale was sufficient to keep the petitioner, John Lawrence, and his partner out of a Texas jail; Kennedy's expansive musings to this day provoke further litigation to allow same-sex marriage.

In writing her down-to-earth lyric for the court, O'Connor was pragmatic; Kennedy, as an explorer of the spatial heavens, was poetic. Commentators, including myself, would occasionally express frustration with O'Connor's balancing tests that only she could apply, but at least she decided the particular — and often sensitive — case before her. Kennedy's writing, while rhetorically eloquent, can be as maddeningly ambiguous as the abstract poetry of Dame Edith Sitwell or the art of Jackson Pollock. Having taught law for more than 20 years, Kennedy sees all kinds of potential permutations and is quite content to let them percolate unresolved — like provocative questions posed during an academic seminar.

Kennedy's theorizing reveals a mind of great intelligence but makes it more difficult to strike bargains with him. O'Connor knew what she wanted as a specific outcome, so the liberal and conservative coalitions could make reasonable bids for her affections. Kennedy as a solo act poses the perennial Father's Day dilemma: You know the old man needs something, but darned if you can put your finger on it.

Kennedy's ruminations produce cases that have outcomes but no settled rationale. Thus, the scope of the Clean Water Act remains a mystery, beyond Kennedy's requirement for some as-yet-undefined "significant nexus" to U.S. waters; the exclusionary rule does not apply in no-knock cases, but it should not be seen as "in doubt"; and Salim Ahmed Hamdan, the Guantanamo detainee, deserves a tribunal more jurisprudentially spiffy than the president's military commissions because of the influence of the Geneva Convention, but it is "not necessary to decide" how to apply the convention.

If Kennedy by manner and approach chooses to do-si-do rather than lead the judicial dance, who then emerges as the dominant influence on the court? By virtue of seniority (and sheer intellectual feistiness), Justice John Paul Stevens, 86, is the organizing voice of the four-vote liberal view. Justices Antonin Scalia and Clarence Thomas remain the rock-solid right. Neither is sufficient to decide.

That returns focus to the center seat. And, after a year, Roberts has had remarkable appeal in this position as the non-legislating umpire he described during his confirmation.

Roberts has a conservative mind but a diplomat's nature. His abiding concern is to keep the court within bounds on legal, rather than ideological, grounds. Because that is so, he has the capacity to draw votes from both sides on controversial and pedestrian cases alike.

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Consider just two examples: his unanimous opinion rejecting free speech and association claims against Congress' Solomon Amendment mandating equal campus access for military recruiters; and his opinion for the full court rejecting, on procedural grounds, a challenge to tax credits favoring in-state investment.

Roberts' collegial consensus-building here and elsewhere overwhelms Kennedy's ability to deploy his swing vote. The impact of the new chief justice was especially influential because he and Justice Samuel A. Alito Jr., the newest addition to the bench, share the founding vision of a more limited role for the court and have great affinity for each other (close to 90% agreement this term).

The fractious finale of Hamdan vs. Rumsfeld, invalidating the president's military commissions, obscures more than it reveals because there Roberts was sidelined by recusal and unable to urge his colleagues toward consensus — or at least a more carefully tailored and clearly stated, not to mention succinct, opinion.

Roberts' ability to influence justices across the spectrum of ideas suggests that the most apt modifier for the court is neither "Kennedy" nor "Roberts" but "open-minded." The strengthening of this quality for the nation's highest tribunal ought not to be missed by outworn efforts that either pigeonhole the court by partisan label or make it a cult of personality.

Douglas W. Kmiec is a professor of constitutional law at Pepperdine University.

G.O.P. Agenda In House Has Moderates Unhappy (NYT)

By Carl Hulse

The New York Times, July 8, 2006

WASHINGTON, July 7 — Moderate Republicans say a planned summer push by the House leadership on conservative causes like gun rights and new abortion restrictions threatens the re-election prospects of embattled centrists, who are key to the party's drive to hold Congress.

Frustrated and angry, they say the leadership's new American Values Agenda, a list of initiatives heavy on ideological themes, seems short-sighted and ill-timed considering that few conservatives are at serious risk in November.

"It was stupid and gross," said Representative Christopher Shays, Republican of Connecticut. "They have this obsession to satisfy conservative Republicans who will probably be re-elected no matter what happens. They get job satisfaction, but they are making it more difficult for me to win my race."

Mr. Shays and others said the announcement of the agenda took them by surprise, particularly after House Republicans seemed to be back on track after a few strong weeks of emphasizing new fiscal controls and a push on national security issues. House moderates have also been supportive of the leadership's hard line against the idea of potential citizenship for illegal immigrants, saying that reflects public sentiment.

But they fear that this new agenda could backfire by stirring independent voters to reject centrist candidates even if they do not totally embrace the party leadership's conservative tilt.

"I don't think it is a good agenda to go into the election cycle with," said Representative Michael N. Castle of Delaware, another moderate Republican.

Republican leaders disputed the idea that the values agenda could harm centrists, saying the lawmakers could establish their independence by voting against select initiatives if they choose. They say that members will be judged on their own records and that even Democratic-leaning seats held by Republicans have core groups of conservative voters who need to be motivated. And they know that the votes will also be difficult for Democratic incumbents in conservative locales.

"I don't mind people having to make tough votes," said Representative Thomas M. Reynolds, Republican of New York and chairman of the National Republican Congressional Committee.

The unrest among House moderates reflects a seeming contradiction in the campaign strategy being mapped out by Republican leaders on Capitol Hill and at the White House: While the emphasis is being placed on rallying conservatives, many of the must-win races are in more moderate regions of the Northeast, Midwest and suburban South and West.

In the latest review of House races by the nonpartisan Cook Political Report, more than 20 of the 35 Republican seats considered most threatened were closely divided areas of Connecticut, Illinois, New Hampshire, New Jersey, New York, Ohio

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and Pennsylvania and districts in Arizona, Colorado and Florida where independents could be crucial. Thirteen of the 35 were carried by the Democratic presidential nominee in 2004.

"If you took the top 10 to 20 targeted races, it probably helps about three of them," said Mr. Shays, who said he was so upset by the leadership's agenda that he skipped a meeting of House Republicans rather than risk losing his temper over the initiatives.

In announcing the agenda, Speaker J. Dennis Hastert of Illinois said that it would allow lawmakers to vote on basic values like the "sanctity of life" while defending the nation's founding principles.

Besides a potential series of votes on family tax breaks, the legislative lineup for the weeks ahead included initiatives that would prohibit any government from using federal money to confiscate guns during emergencies; ensure that local governments do not have to pay damages or lawyer fees in court battles over public expressions of religion, and protect the Pledge of Allegiance from being found unconstitutional.

The agenda also includes a measure to ban human cloning and one requiring that those performing late-term abortions inform women seeking the procedure that the fetus could feel pain and could receive anesthesia. House Republican leaders also plan a vote on a constitutional amendment to ban same-sex marriage, even though it could not be adopted in this Congress because it has already been rejected by the Senate.

"There are no surprises here," said Representative John A. Boehner of Ohio, the majority leader. "We have members who want to vote on a number of these provisions, and we are going to vote. It is part of our job."

Democrats say the ideologically tinged votes could benefit their candidates in areas where they hope to defeat Republicans.

"It reminds people that the Republican Party is the party of Terri Schiavo," said Representative Rahm Emanuel of Illinois, chairman of the Democratic Congressional Campaign Committee, referring to Republican intercession this year in the case of the Florida woman whose husband wanted her removed from a feeding tube.

Critics of the agenda said the leadership acted with little fanfare in unveiling it, which they interpreted as a sign that it was undertaken mainly to appease conservatives and that the leadership was not committed to making it a centerpiece of the remaining weeks of Congress.

There are no guarantees that all the proposals will even reach the floor. The measure regarding the Pledge of Allegiance temporarily stalled in committee when too few Republicans showed up to vote, but the leadership said it planned to bring that bill and another piece of the agenda — a ban on Internet gambling — before the full House when lawmakers return next week.

Other Republicans are pushing the House to emphasize what advocates are calling a "suburban agenda," a series of bills pertaining to issues like online and school safety, health care and education savings. And moderates were cheered by a new Senate agreement to allow debate on expanded stem cell research.

But with Congress scheduled to be in session only for July and September before adjourning, moderates say that lawmakers need to be selective about where they put their energy and that the values issues could eat up scarce time.

"I am not going to disparage these particular initiatives," said Jonathan Stevens, policy director at the Republican Main Street Partnership, a moderate group. "I understand what they are trying to do. But what my members are much more concerned about are the more tangible, everyday major issues such as health care, the budget and defense."

Discovery Unloads Supplies At Station (WT/AP)

By The Associated Press

The Washington Times, July 8, 2006

CAPE CANAVERAL, Fla. (AP) -- It was moving day yesterday for the crew of Discovery, which transferred thousands of pounds of supplies and cargo from the space shuttle to the International Space Station.

And there was good news: The astronauts earned an extra day in space.

The astronauts also fired up their inspection boom to survey six questionable areas on the shuttle's thermal skin. Flight director Tony Ceccacci said engineers want extra views of these areas to determine whether there is any serious damage and any need for repairs.

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At a press conference, Mr. Ceccacci noted that Discovery has enough fuel to stay up an additional day in order to squeeze in an extra spacewalk for practicing thermal repairs. That stretches the flight to 13 days.

The astronauts moved a huge cargo container, nicknamed Leonardo, onto the space station by robotic arm. Among the amenities awaiting the space station crew were a new stationary bicycle for exercise, an oxygen generator that will eventually allow the space station to support six inhabitants, a machine that cools the station's cabin air and a lab freezer for scientific samples.

"Have fun putting a new room on the station today -- the float-in closet, every home needs one," flight controllers in Houston wrote the shuttle crew in a daily electronic message.

Unloading items 220 miles above Earth was more difficult than moving into a house because at least there's gravity on the ground, according to Air Force Col. Steve Lindsey, Discovery's commander.

"It's really kind of a challenge because you're in [zero gravity] ... you've got to go very, very slow because if you go fast, you kind of run into things and bump into other equipment," Col. Lindsey said in interviews with reporters on the ground. "It's kind of an interesting choreography we have to go through."

For the first time in three years, the International Space Station has three crew members -- European Space Agency astronaut Thomas Reiter on Thursday joined Pavel Vinogradov and Jeff Williams, who marked their 100th day at the space station yesterday.

Discovery's six remaining shuttle crew members awoke yesterday to a recording of the Beatles' "Good Day Sunshine," a choice of astronaut Lisa M. Nowak's family.

In the afternoon, Navy Cmdr. Nowak and astronaut Stephanie Wilson used the shuttle's robotic arm and an extended boom to take close-up pictures of areas on the orbiter's underside that engineers need more information about to reassure themselves that there's no damage like the kind that doomed Columbia's flight in 2003.

"We've got a couple of really minor problems," pilot Mark Kelly told reporters earlier in the day. "You know, they're not significant enough to be called nuisances."

The boom will look at the shuttle's nose cap area, which eluded earlier photography and may have some bird droppings on it, and three places where gap filler is sticking out, including one protrusion as long as an inch. Gap filler is material fitted between thermal tiles to prevent them from rubbing against each other.

Columbia's seven astronauts were killed during re-entry when fiery gases entered a breach in the shuttle's wing. The breach was caused by insulating foam hitting its external tank.

NASA Engineers Assess New Shuttle Pictures (AP)

By Seth Borenstein, Ap Science Writer

AP, July 8, 2006

NASA engineers examined new detailed pictures of space shuttle Discovery's heat shield Friday, a day before two astronauts were to embark on the most disorienting task of their 13-day mission: a wobbly spacewalk.

The astronauts beamed down up-close views of six areas of concern on the shuttle's thermal skin, and engineers agreed that three of them posed little risk, said Steve Poulos, manager of the orbiter project office. Two more areas have not been cleared but were unlikely to be an issue, Poulos said.

That left just one concern that cautious NASA managers said they could not discount yet: a piece of fabric filler protruding from the thermal tiles on Discovery's belly.

Poulos said it was "amazing" how clean the shuttle appeared in all the pictures taken in orbit.

"There is nothing that jumps out in terms of tile damage like we saw on the last flight. Can't explain it necessarily, but it's great to see that level of performance. Overall, it really made it kind of easy on the analysts," Poulos said.

But if that one remaining piece of fabric filler needs to be fixed, it will have to be yanked out by astronauts in emergency repairs during a third spacewalk on July 12.

Because the protruding filler is in a hard-to-reach area, astronauts Piers Sellers and Michael Fossum would have to use a never-before-tried maneuver of working on the end of the shuttle's 100-foot robotic arm and boom extension.

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That daring task is just what Sellers and Fossum were coincidentally scheduled to test Saturday morning during a six-and-a-half-hour spacewalk that is described as the zero-gravity equivalent of trying to paint a house while standing on a rickety ladder. They will stand at the end of the robotic arm and boom to test a technique for repairing the spacecraft's heat shield.

"You're standing at the end of it at night, so you'll feel like you're standing on a diving board or standing at the top of a telephone pole or hanging down from a ceiling," Sellers said in a June interview. "It's disorienting, there's no question."

And if that's not enough, mission control told Sellers and Fossum that they may also have to play "hot potato" with a potentially scorching replacement part for a broken transporter on the international space station. The railcar-like device must be fixed to help with future construction of the orbiting outpost.

The part is stored in a small bag that traps heat. If it gets too hot, mission controllers suggested the astronauts "let it hang from a tether or 'hot potato' it between your hands."

Also Friday, NASA managers announced that Discovery has enough fuel to stay up for a 13th day to squeeze in a third spacewalk for Sellers and Fossum on July 12.

"It's great news because it gives us a whole lot more capability and a little more bang for the buck, if you will, for this shuttle mission," space station astronaut Jeffrey Williams said in an interview with Associated Press Television News.

The shuttle is now scheduled to land at 9:12 a.m. EDT on July 17.

Astronauts spent several hours focusing the cameras on six specific "areas of interest" on the shuttle that had been seen in earlier photographs. Engineers need more information about the heat shield to ensure there is no damage like the kind that doomed Columbia's flight in 2003.

The fabric gap filler is material fitted between tiles to prevent them from rubbing against each other. Two pieces of gap filler had to be removed from Discovery's belly during a spacewalk last year because of concerns they would cause problems during re-entry.

Besides the filler, NASA was looking at a horseshoe-shaped white spot on the shuttle's nose cap that engineers have described to the crew as resembling bird droppings — but not the same as white splotches found earlier on the wing. The concern was that the spot could be a hole in the thermal-protection system and need repair, but Poulos said the close-up photographs convinced him that it was not a divot.

Two areas of concern that engineers had not discounted, but Poulos said were unlikely to be a problem, were discolorations on Discovery's right wing, including the area where it gets hottest during re-entry. If they need to be fixed, the crew already was slated to test a patch kit, he said.

Seeking Signs Of Trouble, NASA Studies Shuttle Images (NYT)

By John Schwartz

The New York Times, July 8, 2006

HOUSTON, July 7 — On a day devoted to moving thousands of pounds of supplies from the space shuttle Discovery to the International Space Station, engineers and analysts on the ground scrutinized images of the shuttle on Friday for damage that might cause problems in the brutal heat of re-entry.

Officials said that the shuttle came through the rigors of ascent in a remarkably clean state and that they had narrowed their analysis to a few unresolved issues.

In a news briefing on Friday, Steve Poulos, the space shuttle orbiter projects manager, said analysts were still examining two blemishes on the hard panels that line the leading edge of the right wing.

Mr. Poulos added that teams were continuing to work through questions about a piece of stiff cloth known as a gap filler, which sits between tiles so they do not rub against each other as the shuttle flexes. The filler is poking out from the underside of the craft, toward the rear; a similar piece near the nose was removed by a spacewalking astronaut during the Discovery's mission last summer.

Analysts are also trying to determine whether a blemish on the nose of the vehicle was a weakened spot, Mr. Poulos said, or something as harmless as bird droppings.

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Neither Mr. Poulos nor John Shannon, the deputy shuttle chief and leader of the mission management team, appeared to be worried about any of the three issues, though they said they were withholding judgment until the analysis was complete.

"We don't rule out anything until the analysts come out and say it's not a problem," Mr. Shannon said.

At the briefing, the officials also announced that the National Aeronautics and Space Administration had decided to extend the mission by a day to add a third spacewalk.

If mission managers do decide to have an astronaut remove the gap fillers, that bit of maintenance would take place during the added spacewalk, on the ninth day of the mission. The walk, which mission planners had long considered but which depended on the condition of the shuttle's fuel cells, will be devoted to testing repair techniques that the space agency is developing for the shuttle's delicate insulating tiles and panels.

The first spacewalk of the mission will take six and a half hours starting Saturday morning and will involve repairs to a minirailcar system on the outside of the station that transports equipment. In another experiment on the first spacewalk, two astronauts, Piers J. Sellers and Michael E. Fossum, will ride at the end of the shuttle's robot arm and extension boom, which together stretch 100 feet, to get a feel for the swaying and bouncing that might occur during a repair.

If there is too much motion, NASA engineers may have to come up with another solution, like a platform that could be temporarily attached to the outside of the shuttle, to support repair work, Mr. Shannon said.

In a midday briefing, Anthony J. Ceccacci, the lead flight director for the mission, said it would be premature to try to use the first spacewalk to remove the gap filler until the characteristics of riding on the boom were well understood.

"One baby step at a time," he said.

Spacewalkers Take Center Stage (WP)

By Guy Gugliotta

The Washington Post, July 8, 2006

HOUSTON, July 7 -- The crew of space shuttle Discovery on Friday conducted painstaking inspections of possible damage to the orbiter's heat shield and prepared for a first-ever spacewalk in which two astronauts will ride a 100-foot boom on a spectacular journey into the void.

Late Friday, analysts at Houston's Johnson Space Center were still examining two slight scars on the brittle "reinforced carbon-carbon" protecting the front edge of Discovery's starboard wing. They also were assessing potential harm from a protruding shim, known as a "gap filler," in the stern of the orbiter.

NASA analysts had earlier puzzled over a horseshoe-shaped white streak on Discovery's nose cone, but Steve Poulos, manager of the Orbiter Projects Office, said it was not "anything to worry about," amid speculation it may have been bird droppings, such as a similar streak found on Discovery's wing.

If the protruding gap filler -- near a closed hatch where fuel is piped to the shuttle's main engines during launch -- is judged to be a serious problem, Mission Control could order spacewalkers to remove it. A shuttle astronaut plucked two offending gap fillers from the orbiter's underbelly during a flight last year.

The blemishes on the reinforced carbon-carbon could be even more dangerous, as the wings' leading edges must endure temperatures of 2,900 degrees Fahrenheit during reentry. "It's either not an issue or something we really need to worry about," Poulos said at a news conference.

But he said earlier that there were no problems "that leap right out." Both he and John Shannon, chairman of the mission management team, appeared unconcerned about the ongoing analysis and suggested Discovery would be cleared for reentry by the end of the weekend.

Shannon also formally announced, as expected, that Discovery's mission will be extended by an extra day; the 13th day is to be used for a third spacewalk to test repair techniques for the reinforced carbon-carbon.

Saturday's spacewalk should produce one of the highlights of the shuttle mission, when astronauts Piers J. Sellers and Michael E. Fossum test the shuttle's new 50-foot sensor boom as a repair platform.

The boom was added to the orbiter's tool kit after the Columbia disaster in 2003, when foam insulation from the external fuel tank breached the shuttle's heat shield, causing it to disintegrate during reentry.

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The boom, attached as an extension of the shuttle's 50-foot cargo-handling arm, has won rave reviews as an inspection tool, and shuttle officials last year said they would try using the combination as a 100-foot work platform.

During Saturday's spacewalk, first Sellers, then Sellers and Fossum together, are to ride the boom into the void, simulating repair activities to see whether pushing off the side of the orbiter will cause the boom to whiplash so badly that engineers will need to devise a way to pin it to the work surface.

Engineers will try to keep the boom moving within an arc of four feet. In the weightlessness of space, the mass of the spacewalkers by itself is of no importance, but the forces they can impart by pushing, pulling or twisting are translated into vectors that will not dissipate. An astronaut flexing his legs and springing into space would neither slow down nor stop.

Private Data For 100,000 Pilots, Crew Listed Online (NVP)

By Louis Hansen

Norfolk Virginian Pilot, July 8, 2006

NORFOLK - Personal information from 100,000 Navy and Marine Corps aviators and crew was removed from the Naval Safety Center Web site after being accidentally posted and available to the public for six months, the center announced Friday.

The information included the full names and Social Security numbers of active- and reserve-duty service members who have logged flight information with the Norfolk-based command since 1985, said spokeswoman Evelyn Odango.

The personal information was removed from the public Web site, www.safetycenter.navy.mil, Thursday afternoon, Odango said. About 1,000 computer disks with the information have been distributed to ships and bases around the world, she said. The center is recalling the computer disks, and sending letters to affected service members.

No one has reported an identity theft or improper use of the data because of the public posting, she said.

The safety center mistake is the latest in a series of public blunders by government record-keepers. In May, a laptop computer containing data for 26.5 million active-duty and retired service members was stolen from the home of an employee for the Department of Veterans Affairs. Police recovered the laptop last week.

The Navy also announced in late June that 28,000 records of Navy personnel and family members were posted on a civilian site in five spreadsheet files. The data included names, birth dates and Social Security numbers for sailors and their dependents.

The Government Accountability Office discovered last month that names, Social Security numbers and addresses of several hundred government employees were posted on their Web site. The GAO removed the records.

The Naval Safety Center employs 200 active-duty and government workers at Norfolk Naval Station. The center, established after World War II, tracks accidents and mishaps in Navy and Marine Corps vehicles, ships and aircraft.

On Thursday, a person surfing the safety center's Web site alerted the center about the personal information embedded in a file that could be publicly downloaded, Odango said. The file listed names and Social Security numbers. The data had been online since December 2005, she said.

The center shut down its site and is reviewing other files for personal data. The Navy is also urging anyone who might be affected to watch for suspicious activity on bank and credit card statements.

The safety center has established a hot line to handle questions and concerns, she said. The toll-free number for the Navy Personnel Center is (866) 827-5672 .

Personal Data Were Posted On Navy Web Site (WP)

By Josh White

The Washington Post, July 8, 2006

Personal records for every Navy and Marine Corps aviator or aircrew member who has logged flight hours in the past 20 years have been posted on a public Navy Web site for the past six months, compromising more than 100,000 Social Security numbers, the Navy Safety Center announced yesterday.

Investigators are working to determine how the records landed on the Navy Safety Center's Web site, which officials shut down Thursday after a member of the public reported finding the full names and Social Security numbers posted. Evelyn

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Odango, a spokeswoman for the safety center in Norfolk, said the list had been posted since December and appeared to be "inadvertent" and the result of "human error."

The security breach involving personal information is among several data losses involving the federal government in recent weeks, including the loss of records related to more than 26.5 million retirees and active-duty military personnel on a laptop that was stolen in May from a Veterans Affairs employee's home. The laptop was recovered last month.

The Government Accountability Office, the Agriculture Department, the Energy Department and the Internal Revenue Service all announced that they have had similar personal data compromised recently via Web site postings, Internet hackers and loss of electronic equipment. Two weeks ago, the Navy announced that personal information on 28,000 sailors and their family members was compromised when it appeared on a public Web site.

Odango said the Navy Safety Center list was discovered Thursday by someone not affiliated with the command, who then immediately reported it. She said the list includes all retired, active-duty and reservist personnel who have logged flight hours in the past two decades. The center is a command dedicated to improving the safety of Navy operations.

"That's the kind of information that is not supposed to be put on the Web site, and it was inadvertently posted," Odango said. "We don't have any proof that any of the information has been accessed or that it has been used illegally."

The information was included on 1,083 computer disks that were sent to all Navy and Marine Corps commands, Odango said, and Navy officials are working on recalling those disks.

Navy officials are encouraging anyone whose name could have been on the list to carefully monitor bank accounts, credit cards and other financial transactions to make sure the information is not being used fraudulently.

Those who might have been affected can contact the Navy Personnel Command call center at 866-827-5672 for more information. The call center should be active by the end of the weekend.

'Junket' Science (WSJ)

By James Q. Wilson

The Wall Street Journal, July 8, 2006

Judges learn a lot in law school and as lawyers, but even after they put on black robes the training must continue, because the world they confront is becoming more complex, more litigious and less defined by well-understood legal maxims. In both civil and criminal trials, judges must evaluate competing claims about scientific evidence presented by experts hired by rival counsel who have only a modest interest in truth.

Much of that training today is carried on by private groups, including universities, that sponsor seminars. Judges are free to attend or ignore these programs as they wish, but that freedom, even when exercised by an independent branch of government, does not sit well with critics who fear that some self-serving ideology will be foisted upon tender judicial minds.

Sens. Russ Feingold, John Kerry and Pat Leahy want to put an end to university-based training programs. If they succeed, all such training will have to be approved by the Federal Judicial Center, a group of administrators governed by a board of seven judges, constituting the research arm of the federal judiciary. But the real motive of their bill is not to approve courses but to end them.

The bill is inspired by an organization, the Community Rights Counsel, which is funded to a significant degree by George Soros and chiefly concerned with environmental law. It has designed programs to help states and cities press ahead on environmental measures without worrying about the takings clause of the federal Constitution. It raised questions about the qualifications of John Roberts and Samuel Alito to be justices of the Supreme Court.

The CRC regards university efforts to educate judges as "junkets." I am puzzled by this view because for many years I have spoken or led seminars at meetings run by the George Mason University School of Law. Most of these meetings are strictly academic exercises in which scholars talk about economic principles, statistical techniques, tort and contract law, criminal and family law, the logic and methods of science, and similar matters. Some go well beyond these issues and involve lectures about Plutarch, Homer, Montesquieu, Locke, Blackstone, Tocqueville, Renaissance humanism and the founding of the American republic.

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In each two-day session that I have attended, every judge had to read about 250 pages of serious scholarly or humanistic writings; at six-day sessions, they had to read over 500 hundred pages. The discussions are lively and involve views from every political perspective. The discussion leaders have included John Searle, Orley Ashenfelter, Gordon Wood, Cass Sunstein, Donald Kagan, Michael Ignatieff and eight Nobel laureates. Every judge to whom I have spoken said they enjoyed the discussions. Over the 30 years that George Mason has run this program, more than 2,400 judges have attended, and they include about two-fifths of all of the federal judges appointed with life tenure.

One reason the CRC dismisses these ventures as junkets is that in the afternoon, following a tough morning of seminars, the judges play golf or take hikes. But there is a very good reason for letting them have fun at a nice resort. Since they are not paid a fee for attending, many would not come if they could not make it part of a vacation. (The university pays coach air fare and hotel room and food bills, but the golf comes at the judges' own expense.)

The other reason CRC calls them junkets instead of educational activities is that it thinks, for reasons that baffle me, that the groups who donate funds to these activities will influence the judges and shape their opinions. That possibility is farcical -- no donors attend the meetings, the judges do not know who the donors are, and no subject about which a donor may have a legal interest is a topic for discussion. Moreover, corporate donors supply less than 10% of George Mason's budget for this event, one of the largest in the country.

A typical session goes like this: Professor Orley Ashenfelter of Princeton describes statistical correlations and regression equations. Then I, or someone like me, uses these techniques to explain what scholars do and do not know about deterring crime, evaluating the impact of illegal drugs on crime, and understanding the ways in which private gun possession does or does not affect crime rates. Following that another scholar, such as David Popenoe of Rutgers, will describe how statistical analysis may help explain the strengths and weaknesses of families.

Or Gordon Wood from Brown will make clear how the Founders understood democracy, and another scholar, such as Jasper Griffin from Oxford, will compare that view to how the ancient Greeks understood popular rule. The notion that any of this biases judges is ludicrous. On the contrary. It helps them understand scientific techniques they may hear discussed in court and gives them a deeper understanding of the culture of which America is a part.

Despite the hard work through which we eggheads put the judges, the New York Times also refers also to these trips as "junkets" and endorses the Feingold-Kerry-Leahy bill. On the ABC program 20/20, a reporter, parroting the views of the CRC, kept asking judges who paid the bills for these seminars. They all said they did not know. The reporter then mused aloud about why this information was kept secret. But of course the judges did not know: George Mason keeps the identity of its contributors confidential precisely in order to prevent judges from thinking that anything they learn might be linked to the legal interests of a donor.

Any university can offer its own judicial training programs. The notion that the Federal Judicial Center has to pass on them before judges can be allowed to attend amounts to an effort to assert centralized political control that can only be based on one or both of two propositions: Judges are too stupid to decide for themselves whether to attend, or every program must contain whatever views the Judicial Center thinks it correct for judges to hear.

Mr. Wilson, a professor at Pepperdine University, is the author of "The Moral Sense" (Free Press, 1993).

House GOP Leaders Decry 'Pork,' But Back It (BOS)

By Rick Klein

The Boston Globe, July 8, 2006

WASHINGTON -- Top leaders of the House of Representatives, who last month decried pork-barrel spending while voting to give the president a line-item veto, have helped block 40 attempts this year to remove individual special-interest ``earmark'' projects from spending bills, according to a Globe review of voting records.

The three top House leaders -- Speaker J. Dennis Hastert , majority leader John A. Boehner , and majority whip Roy Blunt , all Republicans -- have not cast a single vote against any of the projects that have been challenged by fiscal conservatives on the House floor. One of the projects -- $2.5 million for the Illinois Technology Transition Center -- was sought by Hastert himself and was affirmed quickly on a voice vote.

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Among the other earmarks that Hastert, Boehner, and Blunt have supported were $500,000 to renovate a municipal swimming pool in Banning, Calif.; $250,000 for a performing arts center in Plattsburgh, N.Y.; $1 million for a locomotive demonstration in Pennsylvania; $1 million for the Southern and Eastern Kentucky Tourism Development Association; $180,000 for tomato production in Ohio; and $1.4 million in two separate earmarks for Mystic Aquarium in Connecticut.

All of the projects were retained in lopsided votes, with only a core group of about 50 fiscal conservatives voting consistently to strike the spending. But House leaders continue to insist they're being tough on earmarks.

Representative Jeff Flake , an Arizona Republican who has led the effort to remove earmarks from spending bills, said the leaders can't credibly claim to be against wasteful spending as long as they support the earmarks.

``It's tough to take seriously that kind of talk when we see these votes," Flake said. ``I'm amazed that people are willing to go on record supporting some of these earmarks. It just shows how addicted we are to this sort of spending."

Flake said he will bring the issue to a head later this month, when a pork-laden bill covering labor, healthcare, and human-services programs comes to the House floor. He has informed House leaders that he will force a vote on each of the more than 1,000 earmarks in that bill unless the sponsors are publicly identified -- a move that would consume days on the House floor and grind other legislative business to a halt.

``I'm guaranteeing a challenge on every earmark that doesn't have a name," Flake said. ``We have to change this system. This is a black eye for all of us."

The reluctance of House leaders to vote against earmarks highlights the difficulty of reforming the system by which members of Congress win projects for their districts, said Representative John B. Shadegg , an Arizona Republican who has joined in Flake's attempts to remove earmarks.

``It does raise the question, are [House leaders] capable of reform?" said Shadegg, whose failed campaign for majority leader earlier this year focused heavily on earmark reform.

Last month, the House passed a bill giving President Bush the ability to veto specific budget items and thereby remove individual pork-barrel projects -- in essence, the same thing that Flake has been trying to do on the House floor.

``It will help make Congress more accountable for the spending that we propose and can clearly help eliminate some wasteful and worthless pork," said Boehner, an Ohio Republican . But the move was largely symbolic: The Senate, as Boehner and other House leaders were aware, is unlikely to approve the line-item veto.

The House also passed a bill that would require public identification of members who request earmarks and make it easier for lawmakers to challenge projects. But the bill is stalled in a House-Senate conference committee, raising questions among watchdog groups about how sincere the reform effort ever was.

``They're trying to spin their way out of the earmark problem," said Keith Ashdown , vice president for policy at Taxpayers for Common Sense. ``It's insulting, because they just believe this is their money to spend."

Ron Bonjean , a Hastert spokesman, said House leaders are allowing the earmarks Flake challenges to survive or be defeated on their own merits.

Boehner, who proudly notes that he has never personally requested or received an earmarked project, said he voted for other members' 40 earmarks out of respect for his colleagues. He added that, as majority leader, he feels a special obligation to support the decisions of the House Appropriations Committee, the panel that determines which earmarks to include in spending bills.

``What some people think are pork-barrel projects, others think are very worthy projects in their districts," said Boehner. ``As the majority leader, my job is to be supportive of our committee chairmen [and] subcommittee chairmen and the work they do. That basically helps drive my vote on most of those amendments."

Blunt's spokeswoman, Burson Taylor , said the Missouri Republican believes the appropriations committee does a good job determining where money should be directed, and believes that members should be able to set aside money for projects.

``He supports members' prerogative to slate federal dollars for specific programs in their districts," Taylor said.

A spokesman for the appropriations committee, John Scofield , said the committee asked members to begin limiting the number of special requests they make, resulting in a 37 percent drop in the number of earmarks requested this year. Total

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earmarks represent barely 1 percent of all federal spending on discretionary programs, and committee members are careful to determine that each serves an important purpose, Scofield said.

Still, most members of Congress from both parties love earmarks because they allow them to brag about federal funding they've won for their districts. Representative Michael E. Capuano, a Somerville Democrat, said he thinks there are too few earmarks in the budget.

``Who is in a better position to know what's good for my district than me? I'm elected to do that," he said. ``I don't have chicken-farm museums in my district, but if I did, I'd defend them."

Capuano said he voted to retain all of the projects targeted by Flake because he'd like to see the projects he seeks accorded similar deference by his colleagues.

``We are equally qualified to know what we need in our districts," he said. ``I have not seen one yet that really makes me puke."

Fiscal conservatives say they haven't been successful in removing any earmarks because many House members are afraid of the enormous power of the appropriations committee, which determines who gets what in the budget.

``There are a lot of members who are afraid to buck the appropriations committee, because they feel they'll lose something -- either an earmark of their own or something else" that they want to pass , said Representative Charles Bass, a New Hampshire Republican.

In the meantime, Flake is treating his colleagues to some theatrical touches -- and no small amount of heartburn. The always-smiling congressman takes to the House floor to question about 10 earmarks in each spending bill, forcing the projects' sponsors in most cases to own up to them and defend them on C-SPAN.

``This project will be a big boost to the marketability of our manufacturing sector and help with new business activity for the region, which will lead to job retention and -- hopefully -- job creation," Representative Thomas Reynolds of New York, the head of Republicans' House campaign committee, said last week . He was defending a $250,000 earmark for the Tooling and Machining Association in Rochester, N.Y.

A few minutes later, Flake was on the floor again, this time targeting a $300,000 earmark for the Bronx Council on the Arts. He told his colleagues about an upcoming multimedia exhibition supported by the council known as ``Pay to Play," which was inspired by recent congressional scandals.

Flake read from the description of the project on the group's website: ``Please note that special consideration will be given to work that addresses corruption, greed, scandal, cover-ups, failures of democracy, the transparent veneer of public interest that masks rampant self-interest, and other such things."

``How would you define irony?" Flake said. ``We are funding artistic parodies of congressional earmarking with earmarks."

Representative Jose Serrano, a New York Democrat , issued a spirited defense touting the council's record of helping small businesses create jobs in poor neighborhoods -- and struck back at the Arizonan.

``I do not know what you are angry about; the Diamondbacks beat the Yankees in the World Series," Serrano said. ``But the fact of life is that the more you get up on these [earmarks], sir, the more I realize that you do not know what you are talking about."

The earmark survived, 343-74.

Federal Deficit May Fall Below $300B (AP-Y2)

By Andrew Taylor, Associated Press Writer

AP2, July 8, 2006

The federal deficit appears on track to register less than $300 billion for the budget year ending Sept. 30, as surging tax revenues continue to signal significant improvement over White House estimates released in February — though only modest gains over last year.

The nonpartisan Congressional Budget Office, which makes estimates for lawmakers, said Friday that the deficit for the first three quarters of fiscal 2006 came in $41 billion less than the red ink recorded for the same period in 2005.

The 2005 deficit registered $318 billion. It would take major erosion in the fiscal picture in the final three months of the budget year for the deficit to exceed $300 billion.

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The administration is poised Tuesday to put its own spin on the deficit picture as it updates its earlier estimate of $423 billion for the 2006 deficit. President Bush is expected to tout the numbers as proof of the success of Bush-sponsored tax cuts in reviving economic growth and, in turn, tax revenues.

Indeed, tax collections are surging at a 13 percent growth rate, reflecting particularly strong growth in taxes paid on corporate profits and income taxes paid by wealthier people and small businessmen who pay taxes quarterly instead of having them withheld by employers.

White House critics say the Bush team always inflates its February numbers so as to trumpet good news later in the year. And they say that seemingly intractable deficits in the $300 billion range are nothing to celebrate.

The improvements in the deficit picture come despite the high cost of the wars in Iraq and Afghanistan and continuing federal outlays related to Hurricane Katrina and other disasters last year.

Congressmen Press Washington To Relinquish Foster Care Funds (PPG)

By Jerome L. Sherman

Pittsburgh Post-Gazette, July 8, 2006

U.S. Sen. Arlen Specter yesterday said he and other members of Pennsylvania's congressional delegation are pressuring federal officials to release $170 million meant for the state's foster care program for children.

The money has been on hold since last year, when officials with the federal Administration for Children and Families discovered that the state wasn't following guidelines for reporting expenses.

The state Department of Public Welfare recently adjusted its reporting procedures, but the federal government won't resume funding until it conducts a new audit.

Mr. Specter, a Republican, was joined by Allegheny County Chief Executive Dan Onorato and U.S. Rep. Tim Murphy, R-Upper St. Clair, who warned that the issue could soon hurt thousands of children at risk of being sent into foster care.

"The last thing they need is a battle between the state and the federal government over bureaucratic paperwork," Mr. Murphy said.

That battle could cost Allegheny County as much as $11 million this year, and Mr. Onorato predicted drastic cuts in the county's Office of Children, Youth and Families if no resolution is reached by the fall.

About 2,600 children are in foster care at any given moment in the county, while another 6,400 are receiving some type of in-home services that try to keep them out of foster care.

Mr. Onorato said the county may have to close some of its more than two dozen family support centers.

"We have to cut $11 million in services to balance the budget," he said. "These are services we won't provide to children."

Last year, the state covered the gap in federal funding for local foster care programs. This year, however, state officials say they can no longer afford to help county governments.

Mr. Specter said he has received letters of concern from commissioners in more than half of the state's 67 counties.

David J. Lett, regional administrator for the Administration for Children and Families, has said his office is following rules created by Congress to safeguard billions of dollars in federal money.

Mr. Specter described the federal government's criticisms of Pennsylvania as "purely technical."

He said he would use his position on the Senate's Appropriations Committee to put pressure on Mr. Lett's boss, Health and Human Services Secretary Michael O. Leavitt.

"Secretary Leavitt has to come to my subcommittee for $52 billion a year," he said. "We have the leverage."

Wade F. Horn, assistant secretary for children and families, said Mr. Leavitt would "carefully consider any requests from a U.S. senator."

The President Who Would Not Grow Up (LAT)

The Los Angeles Times, July 8, 2006

IN BRITAIN, FROM WHICH THIS country severed all "political bands" in 1776, the birthday of the monarch is a cause for national celebration. Not even the most ardent advocate of the unitary executive would suggest that Americans attach the same

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importance to a president's birthday. So why was there so much fascination with George W. Bush's attainment of three-score years?

Not only did this event generate a plethora of news stories, PR geniuses also cleverly piggybacked on the media coverage. We were especially impressed by Nintendo's decision to provide the president with a cognition-honing game called Brain Age that, among other things, allows players to solve "simple math problems" (no fuzzy math, presumably) and count the number of people going in and out of a house.

Explanations abound for the focus on Bush's 60th. One is that he is the first baby-boomer president to turn 60 on the job (Bill Clinton, 60 next month, was 54 when he left office). The Bush-as-boomer angle has served as a springboard for yet further journalistic reflection on that over-analyzed generation.

Bush's 60th also provides a peg for the inevitable observations about how the presidency ages its occupants, as well as speculation about whether the graying at the president's temples was accelerated by Sept. 11 or the war in Iraq. Yet we think something else is going on here. Bush's 60th is good copy for the same reason Mick Jagger's was: It represents the aging of a youthful persona.

Younger men than Bush have served as president — Teddy Roosevelt and John F. Kennedy were in their 40s when they were inaugurated — but this president is known for a number of traits associated with youthfulness: his informality, his fondness for goofy nicknames, his habit of bantering with the media (which backfired recently when he kidded a reporter for this newspaper at a Rose Garden event about wearing dark glasses required by an eye condition).

Years ago, Michael Kinsley quipped that Al Gore was an old person's idea of a young person. Bush's brashness and playfulness — what critics call his "frat boy" persona — have put him closer to a young person's idea of a young person. The question is whether that will change now that the "frat boy" has embarked on his seventh decade. The president took pains last month to tell some real young people that 60 was just a number.

"When I was your age, I thought 60 was really old," Bush told some community college students. "It's all in your mind. It's not that old, it really isn't." We agree, but, given all the hoopla about this birthday, those students might have been skeptical.

OTHER NEWS:

Dow Ends Down 134, Nasdaq Closes Down 25 (AP)

AP, July 8, 2006

NEW YORK (AP) -- Corporate profit warnings and record oil prices overshadowed a benign jobs creation report and sent stocks sharply lower Friday as investors worried that the economy was cooling too quickly. The Dow Jones industrials shed 134 points as stocks ended the week with a loss.

The Labor Department reported just 121,000 new jobs in May, short of the 175,000 economists expected. With the unemployment rate steady at 4.6 percent, the report was exactly what Wall Street had hoped for -- low unemployment, but modest job growth that won't spark a sharp increase in consumer demand, which could foreshadow inflation and interest rate hikes.

However, with 3M Co. warning of lower-than-expected earnings, investors grew concerned that slower economic growth, while good for keeping rates steady, could cut into corporate profits. Yet few other companies have warned the markets about falling profits, analysts noted.

"I think what you're seeing with 3M is a bit of a head-fake," said Joseph Battipaglia, chief investment officer at Ryan Beck & Co. "Overall, I think you'll see second-quarter profits come in strong across the board. Today could just be a tempest in a teapot."

Record oil prices also pressured stocks, with traders worrying that consumers hit with higher energy prices would spend less elsewhere. A barrel of light crude set an intraday record of $75.78 before settling at $74.09, down $1.05, on the New York Mercantile Exchange.

The Dow fell 134.63, or 1.2 percent, to 11,090.67, with part of its fall due to a drop in component 3M.

Broader stock indicators also lost ground. The Standard & Poor's 500 index lost 8.60, or 0.67 percent, to 1,265.48, and the Nasdaq composite index dropped 25.03, or 1.16 percent, to 2,130.06.

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Bonds rallied for a second straight session, with the yield on the 10-year Treasury note falling to 5.13 percent from 5.18 percent late Thursday. The dollar fell against most major currencies, while gold prices rose.

The early losses illustrated the acute balance investors, perhaps unrealistically, are seeking. On the one hand, a strong economy could spark inflation, but a weak economy would eat into corporate profits and send stocks lower. While the Federal Reserve seeks to maintain that balance, the selloff reflects investors' chronic worries that the balance will shift, or has already.

"You got people wondering here if the Fed has already overshot on rates," pushing them too high and halting economic growth, said Bill Groenveld, head trader for vFinance Investments. "And that fear has the market jumping over every little thing right now."

The holiday-shortened week showed Wall Street's edgy mood as stocks gyrated from session to session. For the week, the Dow lost 0.53 percent, the S&P slid 0.37 percent and the Nasdaq tumbled 1.91 percent due to weakness in technology and small-cap stocks.

The industrial conglomerate 3M, seen as something of a barometer for its sector, was particularly troubling Friday. 3M cut its second-quarter and 2006 profit forecasts due to lower-than-expected sales, and its stock tumbled $7.29, or 9 percent, to $74.10.

Other companies added to the dour mood with more warnings of sales shortfalls. Advanced Micro Devices Inc. fell 27 cents to $23.56 after cutting its revenue forecasts. Rival Intel Corp., a Dow industrial, dropped 29 cents to $18.56.

And Starbucks Corp. stock suffered after the coffeehouse chain reported June sales figures that fell short of analysts' forecasts. Starbucks slid $1.84, or 4.9 percent, to $36.04.

In other news, General Motors Corp. added 28 cents to $29.48 after the automaker's board voted to start talks with Renault SA and Nissan Motor Co. on a potential alliance.

Declining issues outnumbered advancers by about 5 to 3 on the New York Stock Exchange, where preliminary consolidated volume came to 2.12 billion shares, compared with 2.14 billion traded Thursday.

The Russell 2000 index of smaller companies was down 11.34, or 1.57 percent, at 709.30.

Overseas, Japan's Nikkei stock average slipped 0.09 percent. In Europe, Britain's FTSE 100 closed down 0.02 percent, France's CAC-40 fell 0.26 percent for the session and Germany's DAX index lost 0.24 percent.

Dow Drops 134.63 On 3M's Woes, Jobs Data (WSJ)

By Peter A. McKay

The Wall Street Journal, July 8, 2006

The Dow Jones Industrial Average shed 134.63 points as stocks swooned, hurt by a profit warning from 3M and mixed employment data.

The consumer-products giant lowered its second-quarter profit projection, citing weak demand for its optical films used in flat-screen computer monitors and televisions. That led to a 9% plunge in 3M shares. The maker of Scotch Tape and Post-It Notes is a Dow component.

The Dow industrials finished at 11090.67, down 1.2%. For the week, it fell 59.55 points, or 0.5%.

The broad Standard & Poor's 500-stock index fell 0.7%, or 8.60 points, to 1265.48, off 0.4% on the week. The Nasdaq Composite Index was off 1.2%, or 25.03 points, to 2130.06, down 1.9% on the week.

The Labor Department announced that nonfarm payrolls grew by 121,000 jobs in June, short of Wall Street's expectations for a 200,000-job increase.

Investors lately have welcomed such disappointing economic data, seeing a reason for the Federal Reserve to stop tightening the U.S. money supply. But that was not the case Friday, because the weak payroll number was accompanied by a rise in average hourly wages, which gained eight cents to $16.70 in June, after remaining nearly flat in May.

Goldman Sachs economist Jan Hatzius said there is still ample reason to be concerned about inflation. But he believes the Fed will leave its benchmark interest rate at its current level of 5.25%, or in a worst-case scenario, perhaps raise it to 5.5% at the policy makers' next meeting in August.

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"There are definitely different signals in the jobs report," Mr. Hatzius said. "But on the whole it still looks like the Fed is near the end of its cycle."

Oil prices continued their retreat from record highs. Crude futures for August delivery fell $1.05, or 1.4%, to $74.09, up 0.2% on the week.

In major U.S. market action:

Stocks fell.1 Total trading volume for stocks listed on the New York Stock Exchange was 2.06 billion shares, as 2,052 stocks advanced and 1,254 fell.

Bond prices rose.2 The 10-year note gained 12/32 point, or $3.75 for each $1,000 invested, pushing the yield down to 5.138%. The 30-year bond rose 21/32 to yield 5.177%.

The dollar weakened.3 Against the Japanese currency, the dollar fell to 113.93 yen, compared with 115.15. The euro rose to $1.2815, compared with $1.2777.

Jobs Data Indicates Economy Is Slowing (NYT)

By Eduardo Porter

The New York Times, July 8, 2006

Employers added only 121,000 jobs in June, the government reported yesterday, indicating that the economy was slowing under the combined weight of high energy prices and rising interest rates.

But the government also reported that hourly wages rose at their fastest pace in five years, while the unemployment rate remained at 4.6 percent. This suggests that the labor market remains tight and may yet spur higher inflation.

The disparate data underscored the uncertain economic situation facing the Federal Reserve as it ponders whether to continue raising interest rates over the summer to cool the economy further or whether it is time to pause. Over the last two years, the Fed has steadily increased the benchmark federal funds rate from 1 percent to 5.25 percent.

"Today's numbers only tighten the vise the Fed finds itself in," said Carl Tannenbaum, chief economist of LaSalle Bank in Chicago. "The challenge is not to be overly restrictive as growth slows and still attentive to inflation risk."

Financial markets' reaction to the news was mixed, underscoring the difficulty in parsing an uncertain situation that seems poised between a cooling and an overheating economy.

Stocks slid, weighed down by concerns about the implications for inflation of the rising wages recorded in the employment report as well as an earnings warning from 3M and lower-than-forecast sales from Advanced Micro Devices. Both the Dow Jones industrial average and the Nasdaq composite index were down more than 1 percent. [Page B6.]

Most Wall Street economists had been expecting considerably higher payroll growth. So, the price of Treasury bonds rose and the dollar fell against major currencies as the weaker job growth supported the view held by some investors that a slowing economy would allow the Fed to pause in its monetary tightening.

Noting that the data suggested both that demand would slow and that the forces pushing inflation could intensify, Mr. Tannenbaum said, "There's a fine line between stagflation and a soft landing."

With consumer prices rising at an uncomfortable rate of around 4 percent, the Fed and its chairman, Ben S. Bernanke, have been expecting the economy to slow from the torrid pace of 5.6 percent growth recorded in the first quarter. A slowdown would help damp the inflationary pressures that have been strengthened by rising energy prices.

The weak payroll growth recorded in June by employers surveyed by the Labor Department appears consistent with this view, pointing to a cooling economy, weighed down by a slower housing market and moderating consumer borrowing and spending.

Added to lackluster job growth in April and May, the weak hiring pattern in June brought the pace of job creation to about 108,000 a month in the second quarter, down from 176,000 in the first three months of the year.

Employment in the construction sector remained essentially flat — declining by 7,000 jobs as a contraction in residential building was offset by growth in construction of factories and other nonresidential structures. Employment fell at temporary-help agencies while the retail sector shed jobs for the third consecutive month.

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"We have had three months of very modest employment growth, which is consistent with an economy that has changed its underlying path," said Laurence H. Meyer, a former Fed governor and now chief forecaster at Macroeconomic Advisers. "The economy has slowed consistently, and momentum doesn't look like it is building."

This would suggest, some economists argued, that the Fed's string of 17 interest rate increases since 2004 is starting to do its job. The Fed could thus leave interest rates at 5.25 percent at its next meeting in August, rather than raise them by another quarter of a percentage point. "I think the Fed's going to pause," said Scott Anderson, senior economist at Wells Fargo in Minneapolis.

Still, some economists noted that other indicators pointed to tightness in the labor market. In particular, hourly wages grew by 3.9 percent compared with June 2005, the fastest pace in five years. Moreover, the index of weekly hours worked, the broadest measure of labor use in the economy, increased by 0.4 percent in June.

"For me, it is not clear-cut that the labor market has downshifted," said John Ryding, chief economist at Bear Stearns. "Rather than there is lack of demand from employers, it may be that low unemployment has left fewer people to hire, so instead employers are paying their existing workers more and are working their work force for longer hours."

To be sure, since the economy emerged from recession in 2001, wages have been merely trying to catch up with inflation, not spurring it. Consumer prices rose by 4.1 percent in the 12 months to May — dwarfing wage gains. Though the inflation figure for June is not yet known, it could well overshadow the 3.9 percent annual gain in hourly wages last month.

Moreover, labor productivity has been growing rapidly, keeping a lid on the rise in employers' spending on labor.

"I've been surprised that wages have not already accelerated more than they already have in light of the strong economy and the low unemployment rate and the way headline inflation has constrained real wages," said Mickey D. Levy, chief economist at Banc of America Securities.

Still, several analysts observed that the overall employment data does not support an optimistic view of inflation prospects, and do not let the Fed off the hook. With unemployment at its lowest since July 2001, wage pressures could build up more.

"I expect the Fed will continue to go," said Richard Yamarone, chief economist at Argus Research. "The only part that supports a pause by the Fed is the headline payroll number. But on balance, the strength is still seen in the numbers."

Other indicators also suggest that the labor market remains tighter than the payroll numbers might suggest. Some 387,000 jobs were created in June, according to the survey of households, released by the Labor Department in tandem with the employer survey used to calculate payroll growth.

While the employer survey is considered a more reliable indicator of the strength of the labor market, the household survey is thought by some economists to better capture jobs created by small and newly formed companies.

And other unofficial indicators pointed to relatively strong hiring. This week, the payroll company Automatic Data Processing said that its payroll data suggested that employment increased by 368,000 in June.

The index of the online job search firm Monster.com — a leading indicator of job growth, based on help-wanted postings — recorded a solid increase in June, driven by demand for white-collar workers. Some skilled occupations, like accounting, auditing, information technology, health care and transportation, appeared to be facing worker shortages.

"Our employer customers continue to report concerns over turnover, particularly in occupations with acute skill shortages," said Steve Pogorzelski, president of Monster Worldwide. He added that the index showed growth in 18 of the 23 occupational categories used by the government and declined in only 2: personal care and services, and farming forestry and fishing.

US Payrolls Up Slightly; Jobless Rate Still 4.6% (WP)

By Nell Henderson

The Washington Post, July 8, 2006

Employers hired cautiously last month as the economy lost steam, but they added enough new jobs to hold the nation's unemployment rate steady at 4.6 percent, the Labor Department reported yesterday.

Workers landed 121,000 new payroll jobs in June, up from the lackluster 92,000 positions gained in May.

But employers added fewer jobs in the past three months than in the previous quarter, slowing the pace of job growth this year as the housing market cooled and rising energy prices and interest rates started crimping consumer spending.

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Home builders, lenders, insurers, auto dealers and department stores were among the employers that cut jobs last month, the Labor Department data show.

"Another soft employment report points to a slowing economy," said Nigel Gault, U.S. economist for Global Insight Inc., an economic forecasting and analysis firm.

One bright spot for workers was rising wages. Average hourly earnings rose by 8 cents, to $16.70. That added up to a 3.9 percent increase over the 12 months that ended in June and the biggest annual gain in five years.

Some analysts said the increase in average wages may partly reflect a shift in the job mix, as higher-paying manufacturers added to their payrolls while lower-paying retailers trimmed theirs. That could reverse in coming months as U.S. automakers proceed with plans to eliminate tens of thousands of jobs.

Employers more than offset the job cuts by hiring more accountants, computer system designers, health-care providers, government workers and others, the Labor Department report showed.

Stocks were mixed after the report was released, as analysts debated whether it would persuade the Federal Reserve to stop raising interest rates because of the slowing economy or to keep raising them because of inflation pressures. Oil prices rose to a new intraday record of $75.78 a barrel during trading yesterday on the New York Mercantile Exchange.

Many analysts estimate that the economy expanded at an annual rate of about 2.5 percent in the second quarter, less than half the rapid 5.6 percent pace of the first quarter.

"That will raise hope that the Fed might be able to stop raising rates, or at least take a pause" at its next policymaking meeting in August, Gault said. But he noted that consumer inflation, excluding food and energy prices, has crept higher in recent months, which he said should justify another interest rate increase. "We still think . . . Fed has a bit more work to do," Gault said.

Fed policymakers raised their benchmark short-term rate to 5.25 percent from 5 percent last week and signaled that they might lift it again to lower inflation. They expect the economic slowdown to weaken inflation pressures. But with energy prices moving higher, wages rising and unemployment low, they are not sure whether more interest rate increases will be needed to get the job done.

Rising interest rates have already caused home sales and residential construction spending to cool in recent months, resulting in a predictable effect on employment: Construction payrolls lost 4,000 jobs in June. That meant builders added just 10,000 jobs in the second quarter, a steep plunge from the 79,000 added in the first three months of the year.

Payrolls were flat last month at stores selling building materials, garden supplies, furniture and home furnishings. All the figures are adjusted for seasonal variation.

Other retailers cut 7,000 jobs last month, for a total of 86,000 positions eliminated over the past three months as rising gasoline prices pinched household budgets.

Job growth should continue to be modest in the months ahead because economic growth is likely to be mild, several analysts said.

The unemployment rate may stay low because the labor force -- the number of workers holding or looking for jobs -- is expanding at about the same pace as hiring.

Economists had estimated that the economy needed to add about 150,000 jobs a month to absorb new entrants to the labor force and hold the unemployment rate steady. Now, as the population ages and workforce expands more slowly, about 100,000 new jobs a month appears to be sufficient, Michael H. Moskow, president of the Federal Reserve Bank of Chicago, said in a speech last month.

The unemployment rate in June for white workers was unchanged in June at 4.1 percent. Black joblessness edged up to 9 percent from 8.9 percent, while unemployment among Hispanics and Latinos rose to 5.3 percent from 5 percent.

Wage Gains Surge, But Job Growth Slows (WT)

By Patrice Hill

The Washington Times, July 8, 2006

Wage gains jumped to a five-year high of 3.9 percent as employers added another 121,000 jobs last month, the Labor Department reported yesterday.

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The tepid growth in jobs, mostly in service professions such as health care, education and government, along with a steady unemployment rate of 4.6 percent, suggested economic growth is slowing under the weight of near-record fuel costs, a housing slowdown and sharply higher interest rates engineered by the Federal Reserve.

The report showed that from April to June, job growth slowed to 108,000 a month on average from 176,000 a month in the first quarter.

While the Fed would welcome such moderating growth, economists said the 0.5 percent jump in average hourly wages to $16.70 stoked inflation worries and might prevent the central bank from pausing its two-year campaign of raising interest rates to forestall inflation, economists said.

"The worst of both worlds" said Nigel Gault, economist at Global Insight, of the combination of faster wage growth and a softening job market. The wage gain of 3.9 percent in the last year was the best since June 2001.

Some economists thought the wage growth meant workers are gaining some bargaining power in negotiating bigger paychecks. Others, however, thought it might be the result of a better mix of jobs, as employers shed low-paying retail positions and added high-paying factory and office jobs.

The stock market fell with fear the big wage gains might prompt the Fed to raise rates further this year. The Dow Jones Industrial Average lost 134 points. But bond prices rose on hope that the Fed will focus on the weaker-than-expected job gains and decide to put off raising rates for a while.

The strong wage gains combined with a 0.4 percent increase in hours worked suggests economic growth remains healthy, said Roger M. Kubarych, economist at HVB Group. That "strengthens the case of Fed officials who see serious inflation dangers and support further tightening of monetary policy."

Patrick Fearon, a senior economist at A.G. Edwards, agreed that concern about an uptick in wage inflation may tempt the Fed to raise rates despite the weak job growth.

The Fed has already raised interest rates 17 times, lifting mortgage rates to the highest levels in four years. The average rate on home equity lines of credit, at 8.2 percent, last week hit the highest level in five years and is up from 6.38 percent a year ago, according to Bankrate.com. The Fed next meets to decide on raising rates on Aug. 8.

The jobs report "suggests that the economy is cooling off a little bit, or cooled off a little bit in the second quarter, but it's not crashing," said Carl Tannenbaum, chief U.S. economist at ABN Amro. "If you take everything together, this doesn't move the Fed dramatically one way or another as it prepares for August."

President Bush cheered the latest snapshot on the job market in the world's largest economy, calling it "good news."

Despite the strong wages gains, consumers have been barely able to keep up with the soaring cost of fuel, health care and other necessities. Yesterday, premium crude prices hit another record of $75.78 in New York trading, driving up gasoline prices, which are once again approaching the $3-a-gallon threshold.

Consumers for the most part are forking over whatever it costs to fill their tanks with gas, but the high fuel prices have been prompting them to cut back in other areas such as eating out and entertainment. That is why economists expect them to help keep a lid on growth in the months ahead.

US Jobs Growth Weaker Than Expected (FT)

By Christopher Swann And Jennifer Hughes

Financial Times, July 8, 2006

The US produced fewer jobs than expected last month, adding to evidence that the economy is losing momentum.

Non-farm payrolls rose by 121,000 in June, following an upwardly revised 92,000 in May.

The outcome was shy of the consensus expectation for job creation at 175,000. Over the past three months job creation has averaged just 108,000, down from 176,000 over the previous three months and below the level necessary to prevent unemployment from rising over the longer term.

In June unemployment remained steady at 4.6 per cent but Peter Morici, professor of economics at the University of Maryland, said the jobless rate would rise unless employment growth accelerates.

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"Subpar job growth in April. May and June indicates that the economy is slowing as anticipated," he said. "A weaker housing market and higher gas prices have clamped down auto and retail sales, and this is feeding back into business investment, construction and job creation."

Economists had been bracing for a much stronger figure in part because of a robust report by ADP Employer Services, which estimated that 368,000 jobs had been created in June.

"One quarter is not quite enough to establish a new trend but given that every major indicator of gross demand has weakened in recent months we are inclined to take it seriously," said High Frequency Economics. "At the very least, it must suggest to the Fed that a pause in the rate hikes is now appropriate."

Global Insight, which provides economic analysis, said that it still expected another rate rise in August. "Another soft employment report points to a slowing economy (we think that real GDP grew only 2.3 per cent in the second quarter)," it said in a note. "That will raise hope that the Fed might be able to stop raising rates – or at least take a pause in August. But we still think that the upward creep in core consumer price inflation means that the Fed has a bit more work to do."

Stocks and bonds both rallied after the data on hopes that softer employment figures could lead the Fed to hold off raising rates.

But gains were soon curbed by the strong rise in hourly earnings - which if sustained in future reports, would imply growing inflation pressures, providing the Fed with a potential dilemma. With interest rates at a level considered neutral, further monetary tightening runs the risk of slowing the economy. But if inflation pressures do rise, the Fed may have little choice but to raise rates.

Fed funds futures contracts indicated about a 60 per cent chance that the central bank will raise rates for the 18th consecutive time to 5.5 per cent at its meeting in August, currently priced in from about a 72 per cent chance ahead of the report.

"Events are shaping up to provide a perfect test of what the 'new era' Bernanke Fed wishes to impart to the markets - a willingness to send a strong anti-inflation message and err on the side of tightening or not act, and reveal their trepidation that another tightening would be both a step too far, as they try to avoid the common 'over-tightening' mistake of many past tightening cycles," said Alan Ruskin, strategist at RBS Greenwich Capital.

As investors digested the inflation implications, the S&P 500 was off 0.1 per cent at 1,272.31. Ten-year Treasuries however held gains, leaving yields 3 basis points lower at 5.155 per cent. The dollar slipped on the news, falling from $1.278 to $1.285 against the euro before recovering to $1.282.

The disappointing job numbers were partly offset by the upward revision to the May payroll figure and the strong rise in average hourly earnings. Hourly earnings were up 3.9 per cent on the year, the strongest rise in five years.

Manufacturing employment rose by 15,000 and government employment by 31,000.

Average hours worked increased from 33.8 to 33.9.

The figures present a mixed picture to the Federal Reserve. At their last meeting, the members of the FOMC raised interest rates for the 17th consecutive time to 5.25 per cent.

US Stocks Fall; 3M Sends Dow Average To Biggest Loss In Month (BLOOM)

By Nick Baker

Bloomberg, July 8, 2006

U.S. stocks fell and the Dow Jones Industrial Average had its biggest decline in a month after 3M Co.'s quarterly earnings failed to match estimates and a government report showed wages rose the most in five years.

3M, the most heavily weighted stock in the Dow before today, accounted for more than 40 percent of the average's loss. Technology stocks tumbled after sales at Advanced Micro Devices Inc., the second-largest maker of personal-computer processors, were lower than forecast. Stocks also dropped for the week.

Rising labor costs reinforced speculation that second- quarter earnings reports, starting next week, will show higher expenses are slowing growth. Stocks were unable to benefit from June employment figures that trailed forecasts of economists, suggesting the Federal Reserve may stop raising interest rates.

``3M is probably a warning shot over the bow in terms of understanding how tough the corporate earnings environment is going to be," said Liam Dalton, who oversees $1.1 billion as chief executive officer at Axiom Capital in New York.

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The Dow average tumbled 134.63, or 1.2 percent, to 11,090.67, the most since June 5. The Standard & Poor's 500 Index fell 8.60, or 0.7 percent, to 1265.48. The Nasdaq Composite Index, which gets 41 percent of its value from computer-related shares, dropped 25.03, or 1.2 percent, to 2130.06.

Weekly Losses

All three gauges declined for the week. The Dow average fell 0.5 percent and the S&P 500 declined 0.4 percent. The Nasdaq lost 1.9 percent, the biggest weekly loss since the period ended June 9.

About three stocks fell for every one that rose on the New York Stock Exchange. More than 1.4 billion shares changed hands on the Big Board, 17 percent less than the three-month daily average.

3M, the maker of 50,000 products including Post-it Notes, dropped $7.29, or 9 percent, to $74.10. Second-quarter profit was $1.14 to $1.17 a share because of a gain. Excluding one-time items, earnings fell short of the company's estimate and revenue was ``near the low end'' of projections, 3M said.

3M blamed the shortfall on costs to start an optical film unit and slack demand from makers of flat-panel televisions, which use liquid-crystal displays. Corning Inc., the world's largest maker of LCD glass, lost $1.09 to $22.15.

Advanced Micro slipped 27 cents to $23.56. It said sales for the period ended July 2 fell 9 percent from the first quarter as larger rival Intel Corp. cut prices. Advanced Micro had forecast that sales would be unchanged or down slightly.

Labor Data

A Labor Department report showed hourly earnings for U.S. workers rose 3.9 percent last month compared with a year earlier. That's the biggest increase since June 2001.

``There's still a little bit of uncertainty about what the Fed's going to do,'' said Sean Clark, who oversees $1 billion as chief investment officer at Clark Capital Management in Philadelphia. ``That wage number may give the Fed reason to hike one more time in August.''

U.S. employers added 121,000 jobs in June, according to the report, less than the 175,000 increase economists predicted in a Bloomberg News survey. The unemployment rate stayed at 4.6 percent.

Alcoa Inc., the world's biggest aluminum producer, on July 10 will become the first member of the Dow average to release its second-quarter profit report. Alcoa rose 13 cents to $33.55.

Earnings Forecasts

During the past four weeks, analysts have reduced their earnings-growth forecasts for the quarter for all but two of 10 industry groups in the S&P 500. The exceptions are energy and materials companies.

Starbucks Corp. and LaBranche & Co. also disappointed investors with their sales and earnings announcements.

Starbucks dropped $1.84 to $36.04. The world's largest coffee-shop chain said June sales increased by 6 percent, trailing some analysts' estimates. UBS AG analyst David Palmer lowered his rating on the shares to ``neutral'' from ``buy,'' citing ``slowing sales momentum.''

LaBranche sank $3.02, or 24 percent, to $9.42, the biggest- ever decline. The largest market-maker on the floor of the New York Stock Exchange reported its first quarterly loss in a year and a half as a drop in U.S. stocks reduced revenue.

General Motors Corp. and RadioShack Corp. were standouts as other stocks slumped.

GM Alliance

GM gained 28 cents, or 1 percent, to $29.48 for the biggest advance in the Dow average. The board of the world's biggest automaker authorized CEO Rick Wagoner to study an alliance with Nissan Motor Co. and Renault SA.

Kirk Kerkorian, whose Tracinda Corp. is GM's fourth-largest investor, has urged the three automakers to consider linking up to reduce costs and make GM profitable.

RadioShack jumped $3.20, or 23 percent, to $16.96 for the S&P 500's biggest advance. The No. 3 U.S. electronics retailer hired the former head of Kmart Holding Corp., Julian Day, as chairman and CEO.

S&P 500 shares, called Spiders, declined 83 cents to $126.61. Nasdaq-100 tracking shares, known by their QQQQ symbol, lost 42 cents to $37.69.

S&P 500 futures expiring in September fell 7.80 to 1275 on the Chicago Mercantile Exchange. Nasdaq-100 Index futures slipped 14.75 to 1550.25.

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The Russell 2000 Index, a benchmark for companies with a median market value of $599 million, lost 1.6 percent to 709.30. The Dow Jones Wilshire 5000 Total Market Index, the broadest measure of U.S. shares, dropped 98.73, or 0.8 percent, to 12,729.06. Based on the change in the Wilshire, the value of stocks decreased by $123.4 billion.

Advanced Micro Devices Inc. (AMD US) Alcoa Inc. (AA US) Corning Inc. (GLW US) General Motors Corp. (GM US) LaBranche & Co. (LAB US) RadioShack Corp. (RSH US) 3M Co. (MMM US) Starbucks Corp. (SBUX US)

Oil Price Rise Fuels Fears On Inflation (FT)

By Carola Hoyos

Financial Times, July 8, 2006

International oil prices rose to a new record on Friday as US drivers took to the roads on their annual summer holiday.

The increase – to $75.78 a barrel – stoked fears that inflation could rise, leading share prices in the US and Europe lower.

Analysts said the rise made it more likely that the US Federal Reserve and other central banks would increase interest rates, especially as pressure from high oil prices showed no sign of weakening soon.

Robert Laughlin, senior energy broker at Man Financial in London, said: "People are talking about $80 [a barrel]; quite frankly that looks like it could be hit sooner rather than later. Particularly if we get a large hurricane in the Gulf of Mexico over the next two months."

Demand for petrol in the US, the world's biggest consumer, has jumped to 9.6m barrels a day in the past four weeks. This has caused concern that refineries – still struggling after last year's hurricanes shut down more than 10 per cent of US capacity – could struggle to keep up.

Refiners are updating their plants so that they can process heavy, sour crude oil, which is now increasingly in supply, as well as the light, sweet crude oil, whose volumes are dwindling as oil fields on which the world has come to rely run dry.

A barrel of light, sweet oil produces more petrol than a barrel of the heavy, sour variety, which is more viscous and contains more sulphur.

Light, sweet oil is especially important in the production of the more environmentally friendly forms of petrol that governments want drivers to use.

Joseph Stanislaw, senior independent energy adviser to Deloitte Consulting, said: "The fears are related to the summer time. Consumers are still driving and using petrol and the light crude oils that produce a higher proportion of petrol are not in abundant supply."

The move by oil producers to develop heavy oil fields more quickly than new refinery units are being added was illustrated by Saudi Arabia this week. It cut the price of its heavier oil and raised the price of its light oil.

But high oil prices are also being caused by fears that geopolitical tensions could interrupt oil flows when the world has only a slim cushion of emergency supplies.

All Bets Off For Midterm Elections (MJS)

By Katherine M. Skiba

Milwaukee Journal Sentinel, July 8, 2006

Washington - Four months from midterm elections, most election-watchers aren't wagering on which party will control the House and Senate. But some say the House appears more up for grabs than the Senate.

The numbers? Democrats need to gain 15 seats in the House and six in the Senate to end a largely unbroken 12-year Republican hold on Congress.

One thing is certain, though. Democrats will try to nationalize the races while Republicans cast them as local contests, all against a backdrop of considerable voter unease, said experts assembled this week by George Washington University.

They were split on whether trends predict an anti-incumbent year or even an anti-Washington year.

Democratic political consultant Peter Fenn, saying the anti-incumbent mood was "very, very palpable," envisions Nov. 7 as a referendum on the GOP.

"The Republicans are in charge," he said. "Some would say not only do they control the Senate, the House and the presidency, but the Supreme Court and other courts."

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He was alone among the six forecasters, a mix of both parties, to offer a prediction. He sees Democrats picking up 17 or 18 seats in the House and three to seven in the Senate. Prognostication perilous

Others insist that it's too early to predict, with a volatile mix of issues from Iraq to immigration, and a host of political , military and economic developments that will impact races.

Bernadette Budde, senior vice president of a political action committee that has favored Republican candidates, said if elections were held now, Democrats would take over the House.

"The House is in play far more than general observers believe it to be, and the House is more in play than the Senate," said Budde, a native of Beaver Dam, Wis.

Her group, the Business-Industry PAC, has given $1,000 to Assembly Speaker John Gard (R-Peshtigo), who is running for Congress.

Republican campaign strategist Ed Brookover said that while Democrats have done better in raising cash for their Senate and congressional committees, the Republican National Committee holds an "astounding edge" in fund-raising over the Democratic National Committee. Those dollars will let the GOP send its message and get the vote out.

He said voters in both parties are frustrated and that Democrats need an agenda to take over Congress.

Brookover said Republicans may get leverage from the healthy economy, citing job growth, steady unemployment and inflation being "somewhat under control."

That prompted a retort from Democratic pollster Mark Mellman, who said he would "love" to see Republicans talk more about the economy.

"The reality is voters out there don't think things are so good," he said, and the GOP risks seeming out of touch if they talk about gas prices and health insurance costs being under control.

A number of polls, such as the president's low approval ratings, show an "anti-Republican wave building in the country," Mellman said. But that wave is going to "crash up against a very stable political system."

He said no president going into midterm elections with an approval rating under 50% has seen his party lose fewer than 15 seats in the House. But he said when many seats change at once, they tend to be open seats (no incumbent) or mismatched seats (one party has the congressional seat but the district voted for the other party in recent presidential contests).

Mellman put the number of House Republicans in districts that favored Democrats in recent presidential races at 18. That has him loath to prognosticate.

"Anybody who says they know what's going to happen in this election is either a fool or an employee of a party committee," he said.

One unknown factor, tough to measure, is how many people are so disgusted with their party that they will sit out the elections, said Kellyanne Conway, a GOP pollster. She senses an "anti-Washington" mood, blaming lobbying and fund-raising scandals.

She took a shot at Democrats, saying their latest bywords, "A New Direction," suggest a "warm-up act for Barry Manilow." Who votes determines who wins

Rhodes Cook, who edits a non-partisan political newsletter, points to history but says the '06 elections could affirm or defy it.

Usually the president's party loses seats in midterms and loses big in elections when one party has had the presidency for six years.

In 1958 (President Eisenhower and a recession), 1966 (Lyndon Johnson and Vietnam) and 1974 (President Nixon and Watergate), the party in the White House saw major House losses. In '58, the GOP lost 47 seats and in '74, 43 seats; and in '66, Democrats lost 47 seats.

The midterm rule doesn't guarantee a wave, as the GOP's gain of 52 seats in 1994 (two years into President Clinton's White House) shows.

More recent midterms in 1998 (Clinton) and 2002 (the elder Bush) saw the president's party pick up House seats and hold its own in the Senate, Cook said.

What's ahead? The plain truth is that who wins depends on who votes.

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According to Cook, if this year resembles '94, when the "out" party energized its voters, that's good news for Democrats. But if it's more like '04, when both parties saw a record number of voters, it bodes well for Republicans.

Hillary Clinton Stumps For Angelides (OKTRIB)

By Josh Richman

Oakland Tribune, July 8, 2006

SAN FRANCISCO _ State Treasurer and Democratic gubernatorial candidate Phil Angelides has ``the right message for California," U.S. Sen. Hillary Rodham Clinton said after a breakfast fund-raiser today.

Clinton, D-N.Y., keynoted the minimum-$1,000-per-head event at the St. Regis Hotel and briefly addressed reporters afterward. But the purported 2008 presidential candidate departed amid reporters' shouted questions on topics such as same-sex marriage, which Angelides supports and she opposes.

She said she has known Angelides since he was the California Democratic Party's chairman as her husband, Bill Clinton, first ran for president. Together they ``made the case for the kind of future we wanted our country to have," she said, overcoming forecasts of a Republican win in 1992.

Angelides has done ``a superb job" as treasurer by standing up to special interests and investing California's money and hopes in socially responsible ways, Clinton said. Reporters weren't allowed to hear her remarks at the breakfast, or to stand in the corridor outside to see attendees.

Former president George H.W. Bush reportedly will keynote a fund-raiser for Gov. Arnold Schwarzenegger later this month.

California GOP chairman Duf Sundheim of Palo Alto issued a statement today urging Clinton, ``as a national leader and member of the Senate Armed Forces Committee," to disavow the ``reckless comments" of Angelides campaign senior adviser Bob Mulholland, who reportedly noted the governor and North Korean dictator Kim Jong-Il both use shoe lifts to boost their height.

``The Angelides campaign seems to think that national security issues like North Korean missile tests are suitable material for political attacks," Sundheim wrote.

Angelides today reiterated his vows to expand education, health care and economic opportunity for Californians, and said he hopes this ``fight for the future of California" will ``ripple across the country," inspiring more Democratic victories.

Also at today's event was state Controller Steve Westly, whom Angelides bested in the vehement Democratic gubernatorial primary.

``Make no mistake, November 2006 is going to be a Democratic sweep," Westly said. ``Californians want a change in Sacramento _ we want a Democratic governor, and we will have a Democratic governor."

U.S. Sen. Barbara Boxer, D-Calif., thanked Clinton for being ``so generous with her support and time" and noted Westly's presence at his former rival's side. ``What you're seeing here is a united front... We also know we have a lot of work to do."

San Francisco Mayor Gavin Newsom; Assemblyman Mark Leno, D-San Francisco; and San Francisco Supervisor and Assembly candidate Fiona Ma also attended, but only Angelides and Newsom stayed to take reporters' questions.

Asked about Thursday's ruling by New York's highest court that same-sex marriage isn't a civil right but rather an legislative issue, Angelides said ``every Californian and every American ought to have the right to grow up in a loving family, and I would sign the Marriage Equality Bill." That's Leno's same-sex marriage bill, which Schwarzenegger vetoed last year.

Clinton in the past has said marriage should only be between a man and a woman. Her Capitol Hill office didn't return a call today.

Angelides has made his prison reform plan _ hiring staff faster, opening more prisons, appointing better managers and so on _ a campaign centerpiece this week, and he held an event on the issue with law enforcement officials and crime victims' advocates later today in Sacramento.

``Gov. Schwarzenegger has failed miserably" in dealing with it, he said in San Francisco. Asked whether overcrowding, poor health care and other prison problems predated Schwarzenegger's term, Angelides replied, ``They've gotten measurably worse... He can't lay blame for this prison crisis on anyone else."

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Schwarzenegger's campaign had issued a release Thursday noting the governor recently called for a special Legislative session on the prison crisis; has proposed building two new prisons; included $100 million in this year's budget for expanded rehabilitation; and is pursuing other reforms.

Newsom, after Angelides departed, said the state budget's on-time passage with bipartisan support was ``a win for the governor," but Schwarzenegger still must convince voters he's the centrist he now claims to be and not the conservative ideologue he seemed in 2005's special-election campaign.

``I don't know who he is, I'm not sure he knows who he is," Newsom said, noting the governor stumped for President Bush in the swing state of Ohio in 2004 and now has campaign advisors culled from the Bush/Cheney team. ``Those are his friends, and apparently those are his values."

Mulholland To Fox News: Arnold Can Take A Joke (SFC)

By Carla Marinucci

San Francisco Chronicle, July 8, 2006

Round II! Ding!

Back to the increasingly crazy dustup over State Treasurer Phil Angelides' strategist Bob Mulholland, and his comments comparing Governor Schwarzenegger's lifts, or shoes, or whatever, to Korean dictator Kim Jong Il.

Angelides, appearing in Sacramento this morning, was asked about the comment, said the comments were "inappropriate and I've told my team let's knock off the personal attacks."

But that didn't satisfy Fox News conservative talk show bulldog Sean Hannity, who tried to engaged liberal bulldog Mulholland this afternoon.

Hannity: Mr. Mulholland, why don't you just apologize and say you're wrong?

Muholland: "Oh, It was a joke. Schwarzenegger loves making fun of people and he loves people making fun of him ... so if Schwarzzennger can stand the heat, he can get out of the kitchen. This was just a little newsletter around the state capital, and for some reason, Republicans are all hot and bothered by it."

Hannity: "You're the same guy that said ... the bullets coming at him are going to be real bullets."

Mulholland: "I said it was the wrong statement, back in 2003 ... there's always hope for Bob Mulholland."

Hannity: "You're comparing the governor of California to a dictator, and you think you're being funny ... maybe you ought to consider resigning."

Mulholland: "Do you think Schwarzenegger, who loves making fun of people, shouldn't have fun made of him? ... In the political arena, you guys ... make fun of Democrats all the time, including Hillary ... Schwarzenegger can take a little joke."

Gore To Address Wal-Mart Executives (AP-Y2)

By Marcus Kabel, Ap Business Writer

AP2, July 8, 2006

Former Vice President Al Gore will take his campaign against global warming to Wal-Mart Stores Inc. next week, speaking at Wal-Mart headquarters to executives seeking to make the world's largest retailer more environmentally friendly, a company spokesman said Friday.

Gore will talk to a quarterly conference of Wal-Mart managers working on ways to implement Chief Executive Lee Scott's plans to make the retailer a leader in cutting emissions, energy use and solid waste and selling more environmentally friendly products.

Gore will speak about global warming, the subject of his recent documentary film, "An Inconvenient Truth," Wal-Mart spokesman Dan Fogleman said.

The daylong meeting Wednesday at Wal-Mart's Home Office in Bentonville, Ark., is a quarterly gathering of 14 individual groups it calls sustainability networks, which include Wal-Mart managers and outside experts.

Each network works on specific areas, such as logistics or food, to put into practice a broad environmental initiative launched by Scott last October.

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In recent months, Wal-Mart has taken steps including doubling the number of organic food items in its stores, reducing fuel consumption by its fleet of 7,000 trucks and installing energy-saving light bulbs in stores.

Wal-Mart is taking the environmental offensive at a time when it is under attack from organized labor and other groups for its business practices, including employee pay and health benefits.

John Edwards: Stop Predatory Lenders (AP-Y2)

AP2, July 8, 2006

John Edwards, a White House hopeful, focused on the problem of predatory lenders in his first swing through Iowa since a statewide poll gave his potential presidential campaign a boost.

"What we're doing is focusing on what can be done to stop predatory lenders and payday lenders from preying on our most vulnerable families," said Edwards, who called for new regulations for an industry in which annual interest rates for payday loans can soar to 300 percent to 400 percent.

The 2004 vice presidential nominee spent Friday raising money for Democratic candidate David Loebsack's long-shot challenge against Rep. Jim Leach (news, bio, voting record) and meeting with activists at a Warren County barbecue.

In his 2004 bid for the Democratic presidential nomination, Edwards scored a surprising second-place showing in Iowa's caucuses, giving him the momentum that eventually landed him on the ticket with the party's choice, Sen. John Kerry of Massachusetts.

Soon after the Democrats lost, the former North Carolina senator returned to Iowa and has been rebuilding his campaign organization. A poll for the Des Moines Register last month showed Edwards leading the still evolving Democratic field, with New York Sen. Hillary Rodham Clinton second, Kerry third and Iowa Gov. Tom Vilsack fourth.

"It was encouraging," Edwards said. "It means I still have some very good friends in Iowa, which I appreciate."

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Associated Press Writer Mike Glover in Des Moines, Iowa, contributed to this report.

Biden Defends Remarks (AP)

By Liz Sidoti, Associated Press Writer

AP, July 8, 2006

WASHINGTON -- Facing criticism, potential 2008 presidential candidate Joe Biden on Friday defended his recent remark that "you cannot go to a 7-Eleven or a Dunkin' Donuts unless you have a slight Indian accent."

The Delaware senator said his words were taken out of context.

On a recent edition of the C-SPAN series "Road to the White House," Biden is shown in New Hampshire boasting about his support among Indian-Americans.

"I've had a great relationship. In Delaware, the largest growth in population is Indian-Americans moving from India. You cannot go to a 7-Eleven or a Dunkin' Donuts unless you have a slight Indian accent. I'm not joking," the senator said.

The clip made its way through cyberspace this week and caught fire in Washington, where Biden is known as one of the more long-winded senators.

Visiting troops and officials in Iraq this week, Biden was asked about the comment during an interview with CNN's "The Situation Room."

The senator said he has had an "incredibly strong" relationship with the Indian-American community in Delaware and that his comment was misinterpreted.

"I was making the point that up until now in my state, we've had a strong Indian community made up of leading scientists and researchers and engineers," Biden said. Lately, he said: "We're having middle- class people move to Delaware, take over Dunkin' Donuts, take over businesses, just like other immigrant groups have, and I was saying that ... they're growing, it's moving."

"I could have said that 40 years ago about walking into a delicatessen and saying an Italian accent in my state," Biden added.

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Associated Press Writer Mike Glover in Des Moines, Iowa, contributed to this report.

Democratic Party Divided On Iraq (AP)

By Liz Sidoti

AP, July 8, 2006

WASHINGTON -- Intent on seizing control of Congress, Democrats want to keep the focus on President Bush's missteps in Iraq. Yet the war is fracturing the party in a handful of House and Senate races.

Senate primary fights in Connecticut and Washington state as well as a few House contests pit the party's liberal wing _ proponents of candidates who want an immediate end to the conflict _ against moderates favored by Democratic leaders in Washington.

Arguably the most high-profile and contentious case is Connecticut, where three-term Sen. Joe Lieberman is under siege for his staunch support of the war and Bush's national security policies. Liberal bloggers and left-leaning groups are pushing the candidacy of multimillionaire businessman Ned Lamont, who wants U.S. troops to start coming home now.

Such primary clashes are drawing unwanted attention to Democratic divisions on the war while raising questions about whether the Democrats' competing factions are, in effect, torpedoing the party's chances to make 2006 a referendum on Bush's handling of Iraq.

"If Democrats don't get together, it's going to be hard to take on George Bush's Republicans," said Donna Brazile, a Democratic strategist in Washington. However, she said, "There's room for different opinions in primaries, and there's room for the party to put aside their differences in the fall."

Maybe.

But for now, Democratic splits over Iraq _ and constant reminders of the fissures _ make life difficult for party leaders trying to project a united front on the war.

Former President Clinton, at a political fundraiser in Indianapolis on Wednesday, bemoaned his party's breaks. Clinton said the Iraq war was a mistake that diverted attention from al-Qaida and Afghanistan, but he added, "It bothers me to see our Democrats too divided on what we do now."

Four months before Election Day, Democrats remain optimistic about winning control of the GOP-run Congress by capitalizing on voter dissatisfaction with Bush, Republicans and the war.

An Associated Press-Ipsos poll last month found that 59 percent of Americans say the United States erred in going to war in Iraq. Among Democrats, 84 percent said the war was a mistake, up from 59 percent in 2003.

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In recent weeks on Capitol Hill, both parties have maneuvered for political advantage on the war. Republicans endorsed the president's Iraq policies while working to exploit Democratic divisions on the war. Democrats, in turn, accused Republicans of blindly walking in lockstep with Bush on Iraq and sought to unify their own rank-and-file.

"Democrats are united in the belief that George Bush has implemented a failed policy in Iraq and that the GOP Congress has allowed that to happen by abdicating its oversight responsibilities," said Phil Singer, a spokesman for the Senate Democrats' campaign effort.

Still, Democrats have varying views over just when the United States should end its military mission in Iraq and those differences are on display in some primary races.

In Illinois, Tammy Duckworth, an Iraq war veteran who lost both legs in a grenade attack in Iraq, cautioned against quick withdrawal from the war despite her criticism of the conflict. Democratic rival Christine Cegelis had the support of grass-roots activists who backed her call for the withdrawal of troops to begin. Duckworth, the party's preferred candidate, won the Democratic nomination in March in an open House race.

The outcome was the opposite in a Republican-leaning California congressional district.

Jerry McNerney said it was time to withdraw U.S. troops, and his campaign had the support of proponents of former anti-war presidential candidate Howard Dean. Moderate Democrat Steve Filson opposed an immediate withdrawal and was preferred by House Democratic leaders. McNerney won the June primary and will try to unseat seven-term Republican Rep. Richard Pombo.

Liberals also have targeted first-term Sen. Maria Cantwell, D-Wash., who supported the war but has criticized Bush's stewardship. She faces challenges from anti-war activists who want U.S. troops out, including one candidate who has the support of peace activist Cindy Sheehan. The challengers lack the cash and name recognition, but their candidacies have caused the state's political left to turn on Cantwell because of the war. The primary is Sept. 19.

In Connecticut, the race between Lieberman and Lamont has gotten so tight that the senator announced this week that he would run as an unaffiliated candidate in November if he loses the Aug. 8 primary.

Lieberman appeared combative at times during a televised debate with Lamont Thursday night, and he argued that voters were choosing between a veteran senator and an indecisive political unknown.

"Ned Lamont seems just to be running against me based on my stand on one issue, Iraq, and he is distorting who I am and what I've done," Lieberman said. His opponent countered: "Senator, this is not about anybody's career. ... This is about the people."

Eli Pariser, director of MoveOn, a liberal group backing Lamont, said: "We're trying to play a constructive role in helping amplify the boldest voices and quiet the ones which are undermining the way that the Democrats are different from the Republicans."

The November elections will be the arbiter on the effectiveness of liberal groups.

"Can they swing general elections is the big question, and so far we don't know the answer. But they certainly can have an impact on primaries," said Matt Bennett, co-founder of Third Way, a group of moderate Democrats.

If 1968 is any guide, Iraq could continue to have repercussions. Nearly 40 years ago, Vietnam so divided the party that Democrats lost to Richard M. Nixon.

Competing For Connecticut (NSWK)

By Jonathan Darman And Brian Braiker

Newsweek, July 8, 2006

Joe Lieberman says he's running for reelection as a Democrat—no matter what anybody else thinks. After three terms representing Connecticut in the Senate, the former vice presidential candidate is fighting off a tough challenge from Greenwich businessman Ned Lamont. Lieberman's main vulnerability: steadfast support for the war in Iraq. In a state that is increasingly disdainful of the Bush administration's Iraq policy, Lieberman is hitting the trail hard to remind primary voters there are other issues besides the war.

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Still, Lieberman isn't taking any chances. This week, he announced he's gathering signatures to petition to run as an independent (who caucuses with Democrats) should he lose the Aug. 8 primary. With polls showing Lamont within striking distance in the primary, but well behind the incumbent in a three-way general election run, some Democrats are concluding an independent bid may be Lieberman's best shot. NEWSWEEK's Jonathan Darman and Brian Braiker caught up with Lieberman and Lamont, respectively, just before the senator announced his possible independent candidacy. Excerpts:

Sen. Joe Lieberman

NEWSWEEK: Are you hearing concern from your constituents about your position on the war in Iraq?

Joe Lieberman: This will come as a surprise to you but the only people who have asked me about that are the local media. Mostly people are talking about the economy.

What do you say, though, when you meet voters who say, "I like you personally, but I really dislike your support of the Iraq war?"

I say every campaign is about the future and I want to be judged on the totality of my record. Iraq is important but it's only one issue. When people get up in Connecticut they worry about many issues like the cost of energy and the cost of their health care, whether their kids are going to be able to go to a good school, environmental protection, homeland security. I say, "Your choice, Mr. or Mrs. Voter, is which of the two of us in this race can do better for you in the next six years; I'm offering you a strong record of fighting for Connecticut. My opponent, well, he doesn't have much of a record. I'm running to get some more things done over the next six years, he's mostly running against me."

What about voters whose No. 1 issue is Iraq?

Look, I have always tried to level with people in Connecticut, I've tried to do that on the war. Obviously, my position's not politically motivated because it doesn't help me at all to take the position. I honestly think it's right for our security. Then we talk about it and I listen. There's no question among Democratic voters, support for the war is low although I do think many of them are concerned about the consequences of a hasty retreat.

Is part of the problem a perception that you're too close to President Bush on Iraq?

I supported removing Saddam Hussein before George Bush was president. [Arizona Sen. John] McCain and [former Nebraska Sen.] Bob Kerrey and I put in the Iraq Liberation Act in 1998 after Saddam threw the U.N. inspectors out and that called for the overthrow of Saddam. Therefore when President Bush chose to do something about Saddam after 9/11 I supported it though I was critical of his unilateralist foreign policy before the war, which I think made it harder for us to get allied support after Saddam was overthrown. I was outspoken about the consequences of a failure of adequate planning and preparation by the Pentagon. I have supported the goals, the mission. I have been critical, when I thought it was justified, of the methods, the tactics that are being used. But I have said I will refuse to play politics with national security.

From a purely political standpoint, is it a smart move for the Democrats to sell themselves as the party that supports quicker withdrawal from Iraq?

That's up to the individuals in the party. I think it's wrong, as a matter of military policy and national security. On this, there needs to be debate, discussion—diversity of opinion is healthy. I'm not going to play politics with the war, I don't want to impute political motives to anybody else. They've got to measure their own political consequences.

You're not used to having tough primary challenges. Is this primary battle mainly about the war?

Totally. My opponent might try to say otherwise but there's no question about it: He is running a one-issue campaign. And it takes any life it has from that one issue. I'm trying to say there's a lot more issues than the war in Iraq, as important as it is, that are essential to Connecticut's future, and look at my record on all of those and then make a judgment about my record. I'd even state it a little more starkly: If it was not for my position on the war in Iraq, I don't believe there would be a primary against me. It's not a surprise to me because I went through this in the presidential primaries. It's something I feel very strongly about and it's one where I think I've got to take a principled position and hope that people in the primary and in the state respect me for it and are wiling to judge me on my whole record even if they disagreed with me on Iraq.

Liberal bloggers have been attacking you pretty hard. What do you think of all that anger?

I don't like it and I don't think it's healthy for our system. Speaking beyond [the attacks] toward me, we've seen two presidents, President Clinton and now President Bush, who've been the targets of just the worst vituperation and I'd call it hatred

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from people in our country. It's not healthy for the country. Our politics is much too partisan. We see it in Washington. Part of why the politics is partisan is it's a less mainstream group that dominates primaries in both parties and that's not healthy. As far as the vituperation on the blogs—periodically my staff will show me some of it and I don't recognize myself. It's not me. The personal attacks are just outrageous.

Do you think you could take care of your primary problems tomorrow if you got up and gave a speech that was a straight-on attack, indicting Republicans?

I suppose some people might like that. My nature is not to be an attacker. I'm a person of very strong opinions, but I've never believed that one helps make one's case by attacking the target of one's position. I think you lay out the case and you hope that people will be reasonable in listening. The other thing I would say is that the big distortion in this campaign which my opponent is trying is through the one issue, the war, which I happen to share the goals of the president (though as I say I have criticized some of the tactics). They're attempting to go from that to somehow changing my party affiliation. I've opposed just about every initiative of this president: Taxes, environmental protection, Social Security privatization. I consider myself a Truman-Kennedy-Clinton Democrat which is: social justice, upward mobility, fairness at home and a strong idealistic foreign policy. That's what I'm fighting for so I feel alright about it.

Challenger Ned Lamont

NEWSWEEK: You're basically a political neophyte, unknown outside of Greenwich—what would you have to bring to Washington?

Ned Lamont: I started up a business from scratch, I'm a small-business guy, pulling cable for telecomm systems in college campuses for 20 years. I've been teaching school up in Bridgeport. I don't think Washington should be a sinecure for career politicians. We should have the small-business guys represented in the hallways of Congress.

Well, you're a small-business guy who's worth somewhere between $90 million and $300 million. Lieberman is trying to identify you as an out-of-touch plutocrat. How do you respond to that?

I respond by going all over the state, introducing myself, letting them know who I am, what I'm about. Hopefully some negative 30-second ad will not carry the day and people will take a fresh look at what we're about.

Is the seniority that Lieberman brings to the Senate not a good thing?

Seniority is great if you're on the right side of the issues. But if you're on the wrong side of the war, the wrong side of the energy bill, you find common ground with the president when it comes to privatization of Social Security or vouchers for education, then seniority doesn't help. Secondly, I might add we're 49th out of 50 states when it comes to return of every dollar sent to Washington, D.C. We get 68 cents back; we've lost half of our defense related jobs in the past 18 years.

Unlike Lieberman, you have been vocal about your opposition to the war in Iraq.

Look. There's a real difference of opinion about the war. As I go around the state, it's much bigger than the military invasion of Iraq. It's "rather than spending $250 million a day in Iraq, how come we're not investing in universal health care for every American?" That's the No. 1 question I get on the stump. How come we're not investing in grade schools so kids can compete in the 21st century? How are we going to keep good-paying jobs in the state? So the war ties right back to investing in our country again. That's the most important issue that I'm emphasizing.

Are you advocating pulling out of Iraq?

I'm advocating taking our very front line troops out of the Sunni triangle, out of harm's way. Reinforcing the fact that we've got to take an American face off of this occupation. Only the Iraqis can solve this. They can solve it politically. We're not going to be able to impose this at the barrel of a gun. And yes, we start bringing our troops home.

Would pulling out of Iraq now vindicate the insurgents?

No, I think just the opposite. Our very front line military presence is what's invigorating the insurgency. When we take the military face off of this perceived occupation, then I think it's a better opportunity for the different Shia and Sunni factions to have the incentive to reach political compromises that they need.

This is a primary election for a Senate race—turnout is not expected to be high. What are you doing to get the vote out?

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A) By being right on the issues, by being frank and clear about where we stand. B) This is a real grassroots operation. We've got thousands of volunteers that signed up on our Web site. We're doing friends, family and neighbors, word of mouth. We're going to make sure that the people who believe in the same issues we do turn out on Aug. 8.

In an election where every seat counts for the Democrats, do you worry at all about splitting the party in Connecticut?

No. I've said that come what may on Aug. 9, we rally behind the winner of the Democratic primary and we go forward united as a party. We'll be stronger and invigorated for it.

Lieberman's Struggle At Home (WSJ)

By Jeanne Cummings

The Wall Street Journal, July 8, 2006

SIMSBURY, Conn. -- Sen. Joseph Lieberman's re-election margins have set records in Connecticut and, in 2000, home-state voters handed him two wins: a third term in the Senate and their nod as the Democratic vice presidential candidate.

So why is Mr. Lieberman facing his toughest campaign yet, against an inexperienced opponent from his own party, in a year when Democrats are outpolling Republicans?

The obvious answer is his support for the unpopular Iraq war and his defense of President Bush's decision to prosecute it. But that's not a full explanation.

The moderate persona that helped Mr. Lieberman, 64 years old, score an upset victory for the Senate seat in 1988 dulls his appeal today to an energized partisan base. Time spent away from home to campaign for higher office in 2000 and 2004 -- when he sought the presidential nomination -- weakened critical home-state ties. And his penchant for lacing policy or political choices with moral or religious messages now sounds patronizing to some voters.

"His problems have been building over time and the war was the last straw for many of the party's more liberal voters," says Jennifer Duffy, a political analyst with the nonpartisan Cook Political Report.

Mr. Lieberman's challenger in next month's primary is Ned Lamont, 52 years old, a multimillionaire and onetime Republican voter who says Mr. Lieberman's support of the Iraq war compelled him to run. Since then, the cable-company founder has expanded his assaults to include the incumbent's positions on trade deals, school vouchers and changes in the Social Security system -- all of which, Mr. Lamont argues, demonstrate that Mr. Lieberman has failed to stand up for Democratic values. Mr. Lamont has put $1.5 million of his own money in the race and says he may spend $1 million more.

A recent Quinnipiac University poll recorded support among registered Democrats for Mr. Lamont rising to 32% from 19% in May. Though Mr. Lieberman still led in the poll, his support was down to 57% -- leaving him a relatively thin margin, since the state's Aug. 8 primary isn't expected to draw a high turnout.

Mr. Lieberman still has many advantages. He's a policy wonk and polished campaigner, willing to break into song -- and in the right key -- if that's what it takes to connect with voters. The latest campaign-finance reports indicate he had raised about $6 million by late spring and had most of that cash on hand. He is supported by most of the state party apparatus, his Senate colleagues and friendly interest groups, including the AFL-CIO, which can help get voters to the polls.

For now, he is considered likely to win the general election easily if he gets the Democratic nomination, given his popularity with independents and Republicans. A leading Republican candidate, Alan Schlesinger, is a former statehouse representative and two-term mayor of the city of Derby, Conn. As of April, his campaign had raised $20,000 and was $10,000 in debt.

Still, intense opposition within his party prompted Mr. Lieberman this week to say he will begin collecting signatures to allow him to run in November as an independent if he loses the primary.

People close to the campaign say the poll tightening left him few options. If he waited until after the primary, Mr. Lieberman would have 24 hours to collect 7,500 signatures to run as an independent. But his announcement risked showing weakness and could play into Mr. Lamont's charge that Mr. Lieberman is more interested in power than representing Connecticut Democrats. "Senator, this is not about anybody's career," Mr. Lamont said during the debate this week. On the other hand, it could be the spark needed to ensure that his supporters vote in a dead-of-summer primary.

In Thursday's debate, Mr. Lieberman said he is considering the independent run because his Senate seniority puts him in a better position to help Connecticut than a freshman Sen. Lamont. He touted items he wrote into the federal budget to help

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Connecticut's transportation and fuel-cell businesses as evidence of his influence. But, at the same time, he was forced to reaffirm his party roots. "I'm the Democrat in this race," he said, emphasizing that he has voted with the Democrats most of the time during his Senate career.

The seeds of Mr. Lieberman's struggle today may have been planted 18 years ago when he ran against former Sen. Lowell Weicker -- a seemingly entrenched Republican incumbent whose moderation drew the ire of his own party base. Back then, William F. Buckley, a philosophical leader for many conservatives, started a political action committee to help Mr. Lieberman defeat Mr. Weicker, whose aggressive stance during the Watergate hearings irked some Republicans.

In an echo of that intraparty spat, Mr. Lieberman in 1998 emerged as the harshest Democratic critic of President Clinton during his impeachment trial. "Such behavior is not just inappropriate. It is immoral," said Mr. Lieberman, in a Senate floor speech that many Democrats feared would end with a call for impeachment. Ultimately, Mr. Lieberman didn't vote to oust Mr. Clinton.

When Mr. Lieberman became Vice President Al Gore's running mate in 2000, he had to mollify the party's minority leaders upset with his previous criticism of racial quotas. During his 2004 campaign for president, teachers unions still chafed over his earlier support for private-school voucher experiments. And, when Mr. Bush won a second term, some Democrats were stunned when Mr. Lieberman offered to help broker a deal on Social Security overhaul -- although he said diverting funds to private accounts was no longer an option he would support.

When challenged, Mr. Lieberman often positioned himself as a principled, independent thinker -- a stance his opponents read as a suggestion that they are not. "He does come across as sanctimonious at times," says Howard Reiter, chairman of the University of Connecticut's political-science department.

Much of today's consternation serves as a backdrop to anger over Mr. Lieberman's support for the Iraq war. "Some in my party threaten to send a message that they don't know a just war when they see it," Mr. Lieberman said in 2003. Mr. Lieberman is critical of the administration's handling of Iraq's reconstruction. But he has lectured harsher critics to tone down the rhetoric lest they undermine Mr. Bush's ability to lead.

That was a turning point for Liz Skalski, of New Fairfield, who supported Mr. Lieberman in 2000 but now plans to put a Lamont bumper sticker on her car. "I always knew he was a conservative," she says. "But when everything changed so much after 9/11, then you saw who just went along and who stood up against the Bush policies."

Steele Raised $1.8 Million In Quarter For Bid (WT)

By Jon Ward

The Washington Times, July 8, 2006

Maryland's Lt. Gov. Michael S. Steele raised more than $1.8 million for his U.S. Senate campaign in this year's second quarter, according to an internal campaign memo.

The latest totals are "representative of the campaign's growing momentum," said Steele campaign manager Mike Leavitt.

The $1.8 million is Mr. Steele's highest quarterly fundraising total since announcing his candidacy last fall.

Mr. Steele, a Republican, has raised more money per quarter since entering the race than the leading Democratic fundraiser, Rep. Benjamin L. Cardin.

In the final quarter of 2005, Mr. Steele raised $853,000 to Mr. Cardin's $850,000. In the first quarter of 2006, Mr. Steele raised $1.3 million to Mr. Cardin's nearly $1 million.

"Bush, Cheney and Rove are clearly making good on their promise to pump millions into Maryland for their favorite candidate," said Cardin spokesman Oren Shur.

Vice President Dick Cheney headlined a fundraiser for Mr. Steele in April, and Sen. John McCain, the Arizona Republican with presidential ambitions in 2008, was the marquee name at a Steele event last month.

Mr. Shur said that Mr. Cardin, a 10-term congressman from Baltimore, has "the strong campaign organization that it will take to defeat Michael Steele in November." However, Mr. Cardin trailed challenger Kweisi Mfume by six points in the latest poll by The Washington Post.

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Mr. Mfume, the former president of the National Association for the Advancement of Colored People, had $184,466 on hand at the end of the first quarter.

Rep. Katherine Harris To Have Surgery (AP-Y2)

AP2, July 8, 2006

Rep. Katherine Harris (news, bio, voting record) announced Friday she will undergo surgery later this month to remove an ovarian mass, which will be tested to determine if it is malignant.

The 49-year-old congresswoman, who is campaigning for the Republican nomination for U.S. Senate, will visit Walter Reed Army Medical Center in Washington for preoperative testing Monday, her campaign office said in a statement.

The minimally invasive surgical procedure is scheduled for July 17.

Harris rose to national prominence as Florida's secretary of state during the contentious presidential election recount in 2000.

She has held firm to her Senate aspirations despite lagging poll numbers, poor fundraising, and efforts by GOP leaders to find another candidate. Harris is spending $10 million of her own money to stay in the race.

DeLay Suggests He Might Not Retire (AP-Y2)

AP2, July 8, 2006

Former U.S. Rep. Tom DeLay suggested Friday that he may not be ready for retirement just yet, a day after a federal judge ruled that his name must remain on the November ballot even though he resigned from Congress.

DeLay, who came home to Sugar Land for a previously scheduled event, also criticized U.S. District Judge Sam Sparks' ruling that the former House majority leader's name had to remain on the ballot.

"For this guy to say he can't tell where I'm going to be on Election Day, and that I am forced to be on the ballot, well, they may get exactly what they want," DeLay told supporters to raucous applause. Sparks is a Democrat appointed by Republican former President George Bush.

Later, reporters asked Delay if he now planned to run. He didn't say no.

"We have to wait and see what the 5th Circuit does on appeal," he said.

The Texas Republican Party appealed to the 5th Circuit Court of Appeals in New Orleans immediately after Sparks' ruling Thursday in Austin. Attorney Jim Bopp said he hoped to have a decision from the higher court this month, allowing the GOP to nominate a new candidate.

DeLay, who is awaiting trial on Texas charges of money laundering and conspiracy in a campaign finance case, won the Republican primary in March but resigned from Congress on June 9 and said he has moved to Virginia.

He still owns — and his wife, Christine, still lives in — his Sugar Land house, where DeLay also spends time, the Democrats pointed out.

Democrats want to keep his name and his legal troubles on the minds of voters as Democrat Nick Lampson tries to capture DeLay's 22nd congressional district seat in suburban Houston. The party sued to keep the GOP from removing DeLay's name from the ballot.

Republicans want to name a replacement nominee, and several prominent Houston area politicians are vying for the spot.

The U.S. Constitution states a member of Congress on Election Day must be an inhabitant of the state where his district is located. Sparks said he was not convinced that DeLay would not return to Texas.

DeLay Back To D.C.? Never Say Never (HC)

By Kristen Mack

Houston Chronicle, July 8, 2006

Former U.S. Rep. Tom DeLay told a friendly crowd Friday that Democrats seeking to force him onto the November ballot "may get exactly what they want."

After savoring a standing ovation, he quickly said the comment was not an announcement that he will seek the office he vacated last month.

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On Thursday, a federal judge ruled Republicans could not replace him as their November nominee. If the ruling stands on appeal, DeLay would remain on the ballot and would have to decide whether to campaign for the 22nd Congressional District seat he held for more than 20 years.

He may be a reluctant candidate, having once abandoned the race and still facing a serious Democratic challenge.

"The last thing in the world Tom DeLay wants is to try and win this race and lose. That's why he quit the first time," said Southern Methodist University political scientist Cal Jillson.

"I do not think he will come back and make a significant effort to hold the seat."

GOP has appealed rulingU.S. District Judge Sam Sparks' ruling Thursday was a seen as a victory for Democrats who had challenged GOP efforts to replace DeLay. Democrats would rather run against DeLay, a former House majority leader whose recent history has been clouded by ethics allegations in Washington and a still-pending Travis County indictment relating to campaign finance.

The Texas Republican Party has appealed Sparks' decision to the 5th U.S. Circuit Court of Appeals and is asking for a decision this month.

On Friday, DeLay received a warm welcome from several hundred people at the Sugar Land Marriott for a previously scheduled tribute, co-sponsored by the Greater Houston Partnership and the Fort Bend Chamber of Commerce.

They lauded him for his business-friendly voting record and for bringing what they say was $1.3 billion worth of economic impact to the Houston region in the last year.

An ice sculpture with DeLay's name carved in the middle greeted guests as they walked into the hotel ballroom, where a giant American flag hung behind the podium. Centerpieces included DeLay bobbleheads. And there was a "gift table" of presents for the former congressman, his wife, Christine, and daughter, Danielle Ferro.

DeLay was typically feisty, criticizing the federal judiciary in general and Sparks' ruling in particular. He referred to the court's finding that the U.S. Constitution only requires a House candidate to "inhabit" the state he seeks to represent on Election Day. Republicans asserted that DeLay was ineligible and could be replaced on the ballot because he established residence in Virginia.

"For this guy to say he can't tell where I'm going to be on Election Day, and that I am forced to be on the ballot, well, they may get exactly what they want," DeLay said. "(Sparks) virtually declared Texas election law unconstitutional. Only in this country can the federal judiciary force someone to run for office."

He said he will await the court appeal before deciding what to do, but said he's ready for battle in whatever forum.

"I always have the fight in me," he said. "I'm not quitting, I'm not stopping the fight for the conservative cause. I'm just finding a different arena to fight in. I could be the Democrats' worst nightmare outside of Congress."

'May play into his favor'State Rep. Larry Taylor, R-Friendswood, said he would like to see DeLay back in the race.

"I say Tom DeLay gets in there and runs and wins and we are better off for it," Taylor said. "This whole thing may play into his favor. He picked up a lot of sympathy votes."

Jillson agrees there may be some sympathy for DeLay but also sees "a level of disgust that he didn't know what he was doing" in plotting his departure from Congress.

"He did it in a way that showed he had not mastered the rules, which is not typical Tom DeLay," Jillson said. "He either misunderstood them or chose to mischaracterize them and hope no one else understood them."

DeLay beat three challengers to win the March GOP primary for a 12th term. He announced in April he would resign from Congress, saying he thought he could win re-election but did not want to be a lightning rod for Democrats to use to attack Republicans nationally.

He has characterized as politically motivated the ethical and legal troubles that forced him to give up the majority leader's post and then to leave Congress.

GOP losing precious timeIf the GOP ultimately wins the appeal and is allowed to pick a new nominee, the person selected will have lost weeks of fundraising and campaigning time for the Nov. 7 election.

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Several candidates for the nomination attended the event Friday, including State Sen. Mike Jackson of La Porte, Houston City Councilwoman Shelley Sekula-Gibbs, Fort Bend County Commissioner Andy Meyers and state Reps. Charlie Howard of Sugar Land and Robert Talton of Pasadena.

Some of the candidates seemed to defer to DeLay.

"If he remains on the ballot, he will be elected, we'll all support him and he'll probably resign," Howard said, describing a scenario in which DeLay returns to Congress and then resigns, forcing a special election. "The end result is we will have a Republican in CD22."

Whatever Republican eventually is on the November ballot will face Democrat Nick Lampson, a former U.S. representative, and Libertarian Bob Smither.

Jillson said DeLay's resignation after the primary "burned his plausibility as a candidate."

But he said that if Lampson wins he may be a one-term congressman in the Republican-leaning, suburban district.

"He'll be the best constituent service, local Kiwanis Club-type of congressman," Jillson said. "He'll work hard to create a solid base quickly. But Republicans would make a bold rush to get it back in 2008."

Not-so-golden Years (LAT)

The Los Angeles Times, July 8, 2006

ABOUT RETIREMENT, IT'S BEEN said that it's nice to get out of the rat race … but you have to learn to get along with less cheese. That's a dilemma a lot more people are going to be facing pretty soon.

According to a string of recent gloomy studies, most people are kidding themselves if they think they'll have enough gold during their golden years.

Depending on how close they are to retirement, the news goes from bad to worse. Up to 35% of baby boomers, who start retiring in two years, haven't saved enough to maintain their standard of living once they stop punching the clock. As many as half of employees in their 30s and 40s are expected to have too teeny a nest egg to fall back on.

The main problem is that Americans continue to spend like sailors on shore leave rather than socking away even a small amount of cash. Indeed, last year the nation's savings rate dipped into negative territory for the first time since World War II.

Of course, Americans have never been renowned savers. And so what? As long as most people can remember, all they had to do was work hard and pay taxes and they'd get a cushy pension and a Social Security check that meant they were fine.

Those days are over, likely for good. As the population ages, it means the number of retirees is growing a lot faster than the number of younger workers who can support them. Eventually, something has to give. That's one reason companies are shedding their pension plans in favor of cheaper 401(k) retirement plans, and why anyone who didn't grow up with the Beach Boys should worry about cuts in Social Security benefits by the time they'll be old enough to get them.

If there is a silver lining in all this doom and gloom, it's the small but growing number of employers who are trying to help workers save more. One increasingly popular tactic is automatically enrolling employees into retirement savings plans rather than waiting for them to sign up. Research shows that up to a quarter of employees who qualify for retirement plans don't enroll. Another tactic is encouraging workers to save 1% or more of all raises.

Some people, of course, do not earn enough to save meaningful amounts. It would be nice if instead of focusing on tax relief for the wealthy, Congress were more inventive in devising savings programs for less-affluent workers. Is there a more portable individual retirement account (portable from one job to the next, that is) to which employers could be encouraged to contribute? Federal employees benefit from a government thrift plan that could serve as a model for businesses.

Still, any of these savings plans also requires a bit of a cultural readjustment for Americans to put aside more for retirement. It won't be easy, but those who don't shouldn't be surprised at what lies on the other side of the rat race's finish line.

Jeb Bush Ally Slams Islam (MH)

By Darran Simon

The Miami Herald, July 8, 2006

The Rev. O'Neal Dozier, a Broward clergyman who has advised President Bush and is a political appointee of Gov. Jeb Bush, took to the air waves Friday to criticize Islam as a "cult" religion.

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The radio appearance by Dozier, who serves on the governor's committee that screens Broward judicial nominees, startled a local Muslim leader, and prompted the governor to immediately distance himself from the statements.

Reached later in the day by The Miami Herald, a contrite Dozier said he was "concerned" his comments could jeopardize his position on Broward's Judicial Nominating Commission. But he did not disavow those comments.

"The Islamic religion in my view is a cult," Dozier said Friday, when asked to recap the controversial comments he made earlier on The Steve Kane Radio Show on WNN-AM 1470. "On the show I said that Islam is a dangerous religion."

Dozier was on the program to address efforts by him and other black ministers to block a plan by the Islamic Center of South Florida to build a center in Northwest Pompano Beach.

The ministers say they don't want the Islamic center, with its mosque, in their neighborhood. They have argued it will jeopardize the community's safety because of what one group member characterized as the religion's "track record" of terrorism.

Dozier, 57, of Pompano Beach, has been leading the charge.

His statements on Kane's talk show Friday were reported in an Internet blog by Bob Norman of the New Times.

Dozier, who has been a key player in efforts by the governor and the Republican Party to cultivate support in Broward's black community, said he was bothered by the strong reaction to his words.

"I don't look for everyone to believe what I believe, because everyone is not as astute about religion as I am," said Dozier, pastor of the Worldwide Christian Center in Pompano Beach. "That's my life."

The black ministers' stance in opposition to the mosque has surprised some experts on Islam.

"For the first time, you are seeing a group of black pastors following the white fundamentalist leaders of our country," said Lawrence Mamiya, an activist and professor of religion and Africana studies at New York's Vassar College.

Traditionally, blacks and Muslims in America have forged a healthy, harmonious relationship -- in part because their leaders tackle the same issues affecting their neighborhoods -- drugs, crime, racism and other social ills, Mamiya said.

If ministers' sentiments about Islam were to become a trend, it would cause a "serious serious split in the black community," and threaten that relationship, Mamiya said.

Asked on Friday to respond to Dozier's comments, Altaf Ali, executive director of the Florida Chapter of the Council of American-Islamic Relations, said he has tried unsuccessfully to meet with Dozier.

"I want a chance to respond and refute these accusations," Ali said Friday. "It appears that he doesn't have that much knowledge about Islam."

In an interview with The Miami Herald last week, Dozier had declared: "We don't want our area to be a breeding ground for terrorists."

On Friday, the White House referred a reporter to previous remarks by the president on Islam, including a 2002 meeting in the Oval Office with United Nations Secretary General Kofi Annan.

At that time, the president condemned blanket criticisms of Islam, saying they "do not reflect the sentiments of my government or the sentiments of most Americans. Islam, as practiced by the vast majority of people, is a peaceful religion, a religion that respects others," Bush said.

On Friday, Gov. Bush's office issued a statement distancing him from Dozier.

"Gov. Bush in no way shares Rev. Dozier's views on Islam," said Alia Faraj, Bush's spokeswoman. "Florida's greatest strength is its diverse population, which is bolstered by the many faiths of our residents."

Dozier said later Friday that his comments "shouldn't be linked" to the governor.

He said he is concerned about political repercussions. Gov. Bush appointed Dozier to serve on Broward's Judicial Nominating Commission.

"I am concerned about the criticism in that I don't see where my personal opinion should cause an uproar in other people's hearts," he said.

Dozier, who has a degree from the John Marshall Law School in Atlanta, is among a growing number of black ministers who have embraced conservative Republican values on such issues as abortion and same-sex marriages.

In the past, Dozier has asked Gov. Bush's appointments to the Broward circuit and county courts if they were "God-fearing," and inquired about their parenting abilities.

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Last spring, Dozier visited the White House to discuss how President Bush's faith-based initiative could be expanded to help Africans with HIV.

The ministers are not against Islam, said the Rev. Alonzo C. Neal of the Antioch Missionary Baptist Church in Pompano Beach "It's not their religion. It's their track record," he said, referring to what he said are terrorist acts committed by some who practice Islam.

Dozier and other ministers are planning a protest at 6 p.m. Tuesday at a Pompano Beach Commission meeting to object to city-approved plans allowing the mosque to go forward.

While Dozier and others take issue with Islam, other black residents have expressed concerns about what they see as the city neglecting their community. Pompano Beach needs more low- to moderate-income housing, said Walter Hunter, a longtime Pompano Beach resident who lives near the site.

Soldiers' Issues In Play At Capitol (MINNST)

By Dane Smith

Minneapolis Star Tribune, July 8, 2006

A preview of the importance of issues involving soldiers and the Iraq War in this summer's election campaigns went on display at the state Capitol Thursday.

Stiffer state and federal penalties for companies that attempt illegal foreclosures on deployed members of the military were proposed by two DFLers, state Rep. Matt Entenza, a candidate for attorney general, and Tim Walz, a 24-year Minnesota National Guard member who is running for Congress.

Republican Party officials countered with a statement accusing Entenza of trying to hide a "checkered history on military and veterans issues," including his efforts as a college student opposing "mandatory selective service registration."

Entenza's Republican opponent, state Rep. Jeff Johnson, said Entenza, formerly the DFL minority leader, failed to add the provision to a package of veterans bills in the recently adjourned Legislature. Entenza "has done next to nothing" on veterans issues in his 12 years in the House," Johnson said.

Entenza brushed aside the attack, saying he was "very proud" of his record as a legislator supporting things such as increased supplemental pay and benefits for service members.

And if elected, Entenza said, he will set up a special unit in the attorney general's office "to protect our veterans."

Foreclosing mortgages on deployed service members already is illegal under federal and state law, but Entenza and Walz said that the penalties are slight, seldom enforced and lacking in financial consequences.

Entenza said he wants the state to impose a fine of up to $25,000, the same as for theft by swindle, on violators of the law. Efforts to educate military personnel about their rights also must be improved, Walz said.

Acknowledging that the exact extent of the problem is unknown, Walz said research has shown that about 30 percent of service members undergo serious financial problems while on duty. He said he personally intervened to help a Minnesota comrade in Iraq whose pick-up truck was being repossessed.

"Most spouses will do almost anything to avoid adding to a deployed service member's emotional burden," Walz said. "They hestitate to talk about the bills piling up but it's real and it's happening in Minnesota."

Bayh drops in

Appearing with Entenza and Walz was U.S. Sen. Evan Bayh, D-Ind., a 2008 exploratory presidential candidate who was in the Twin Cities for a little politicking of his own. Bayh is a member of the Armed Services Committee and is proposing similar legislation toughening the foreclosure violations.

Bayh, who was a two-term governor of Indiana and is considered a party centrist, said about 60 people attended his fund-raiser at the St. Paul home of a friend. Bayh also was a featured guest at a fund-raiser for U.S. Senate candidate Amy Klobuchar.

"It's a marathon and we're on the second or third mile," Bayh said, adding that the central message of his has been on improving "middle-class opportunity" and bringing the political parties closer together.

S. Korea Pledges To Talk Soon With North (AP)

By Joseph Coleman

DOJ_NMG_0039696

AP, July 8, 2006

South Korea said Friday it would withhold food and fertilizer shipments to impoverished North Korea until the missile crisis is resolved, even as it pledged to hold high-level talks with the communist regime next week.

U.S. Assistant Secretary of State Christopher Hill held talks Saturday with Chun Young-woo, South Korea's top negotiator in international nuclear talks, on the North Korean missile tests. Hill, who arrived here following a visit to China, planned to travel to Japan on Sunday.

"We will be much more effective if we can speak with one voice," Hill said before meeting Chun. The U.S. envoy said the Chinese had made it clear that they don't want North Korea to develop missiles, and seek a return to six-party talks on the North's nuclear weapons program.

"They were very clear in their views of the North Korean missile launches, very clear that they have no interest in seeing this happen and do not regard this in any way positively," Hill said.

Pyongyang triggered an international furor Wednesday when it test-fired seven missiles that plunged into the Sea of Japan without causing damage or injury.

A draft U.N. resolution on sanctions against Pyongyang could be put to a vote Saturday, as regional powers moved to coordinate their response to North Korea's missile firings.

It remained unclear whether North Korea was planning to fire more missiles. South Korean officials said another long-range missile may be at a launch site, but the latest intelligence showed no signs the reclusive regime was getting ready for more tests.

South Korea's Yonhap news agency quoted a North Korean diplomat as saying North Korea is willing to return to the six-nation talks if it is allowed to withdraw its money frozen in accounts of a bank blacklisted by the United States.

Han Song Ryol, deputy chief of North Korea's mission to the United Nations in New York, made the remark, renewing the North's long-standing demand that the U.S. lift financial restrictions imposed on a Macau bank for allegedly aiding the North's illicit activities.

"Removing the freeze on Macau funds is the minimum threshold to resumption of talks," Han said. "If there is such a will, then how we talk, whether bilaterally or through six-party talks, is not important."

Chun, the South Korean negotiator, said in Seoul that North Korea's demand for the financial restrictions to be lifted was "unrealistic" and urged the North not to link the issue to the six-party nuclear talks.

Japan and the United States have led an effort for the U.N. to impose sanctions, but China and Russia have called for softer measures. On Friday, Japan circulated a draft resolution that would order countries to "take those steps necessary" to keep the North from acquiring items that could be used for its missile program. Diplomats said it could be put to a vote Saturday.

South Korea, which has worked for warmer ties with Pyongyang since a 2000 North-South summit, attempted to take a middle path, withholding aid shipments and rejecting a Northern request for military talks, but also announcing it would hold Cabinet-level meetings with the North next week.

Unification Minister Lee Jong-seok said Seoul would hold off on plans to send 500,000 tons of rice and 100,000 tons of fertilizer to North Korea.

"This will continue until there is an exit out of the missile problem," Lee's spokesman, Yang Chang-seok, quoted him as saying, without explaining what would constitute an exit.

The North had requested 450,000 tons of fertilizer this year, of which the South has already shipped 350,000 tons. Pyongyang, which is largely dependent on handouts of food and other supplies to maintain its poverty-stricken population, has also asked for 500,000 tons of rice.

South Korea also turned down a North Korean proposal to hold military talks this week, saying the time was not right. But Cabinet-level talks originally scheduled to start next Tuesday in the southern city of Busan were to go ahead, officials said.

"The government judged that it's necessary to continue with dialogue efforts to resolve the current situation over the North's missile launch," said Lee Kwan-se, a Unification Ministry official.

Uncertainty surrounded North Korea's next step. South Korea's defense agency said an additional long-range Taepodong-2 missile could be at the North's launch site, but that a further test was not imminent.

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The North, however, said it had the right to test missiles.

Yonhap on Friday quoted Choe Myong Nam, councilor at the North's U.N. mission in Geneva, as saying the launches were successful and could be continued, echoing an earlier statement by North Korea's Foreign Ministry.

"It's an unfair logic to say that somebody can do something and others cannot. The same logic applies to nuclear possession," Choe said. The missile launches are "not intended to strike anyone and it's the North position that missile launches could be continued," he said.

South Korea ordered two South Korean airlines to avoid a flight route near the path of the missiles fired this week. The Civil Aviation Safety Authority told the two airlines, Asiana Airlines and Korean Air, not to use a flight route over the sea between the Korean peninsula and Japan starting Friday until Tuesday.

The United States kept up its diplomatic drive to forge a common strategy among the main players in the region. On Thursday, the United States said the world must speak with one voice in pressing North Korea to abandon its nuclear weapons and return to multinational talks.

Much of the focus is on China, which provides oil and other economic assistance to North Korea and is seen as a critical player in diplomacy with Pyongyang. The U.S. has urged Beijing to exert leverage on North Korea, though so far Chinese efforts have been largely limited to diplomatic appeals.

China, North Korea's closest ally, and Russia, which has been trying to re-establish Soviet-era ties with the Stalinist state, showed little interest in sanctions, saying diplomacy remains the only way to resolve the dispute.

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Associated Press writers Audra Ang in Beijing and Kwang-tae Kim and Jae-soon Chang in Seoul contributed to this report.

Bush Strongly Defends His N. Korea Policies (LAT)

By Peter Wallsten And Maggie Farley

The Los Angeles Times, July 8, 2006

CHICAGO — President Bush on Friday defended his administration's policies on North Korea, questioning claims that the regime in Pyongyang had grown more dangerous since he entered the White House.

The North Koreans test-fired seven missiles this week, and Bush said he still did not know whether one of them, a long-range intercontinental missile, was aimed at the U.S. or even could have flown that far.

He said the United States' controversial missile defense system might have been able to shoot the rocket out of the sky if that had become necessary.

"I think we had a reasonable chance of shooting it down. At least that's what the military commanders told me," Bush said at a news conference. "It's new research. It's hard for me to give you a probability of success."

Outside experts have given more pessimistic assessments of the missile defense program and its capabilities.

The president grew testy when asked why, if his policies were working, North Korea appeared to be improving its nuclear capabilities and growing more aggressive.

"These problems didn't arise overnight and they don't get solved overnight. It takes awhile," Bush said, offering the most strenuous defense of his policies since North Korea escalated its standoff with the U.S. with the test firings Wednesday.

Bush sought to counter the suggestion that North Korea had expanded its nuclear weapons capability in recent years, challenging a reporter when she asked a question that cited intelligence reports about the North's growing nuclear threat. Bush declined to dispute the basis of the question but asked the reporter, "Can you verify that?"

"We don't know — maybe you know more than I do — about increasing the number of nuclear weapons," Bush said, noting that North Korean leader Kim Jong Il has violated proliferation agreements before.

Several administration officials have talked publicly about North Korea's growing nuclear arsenal. In congressional hearings last year, top U.S. intelligence officials, including then-CIA Director Porter J. Goss, testified that Pyongyang's nuclear capability had increased since 2002, when intelligence assessments estimated that the nation possessed one or two nuclear weapons.

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In testimony Feb. 16, 2005, for example, Goss said the North Koreans "have a greater capability than that assessment .... It has increased since then."

In another 2005 hearing, then-Defense Intelligence Agency Director Lowell Jacoby said North Korea was believed to be able to arm a missile with a nuclear device, an apparent advance, although Defense Department officials later sought to clarify his remarks as theoretical.

National Intelligence Director John D. Negroponte, asked during a Feb. 28, 2005, hearing about North Korea's weapons capability, said the government in Pyongyang was "regularly" producing fissile material for weapons.

White House officials fear that the issue of North Korea's missiles has contributed to public doubts about Bush's foreign policy record in an election year. Republicans hope that Bush's tough stand on national security will be a winning issue for them with voters.

Missile defense has been a part of that tough stance. Bush conceded that the anti-missile system he has backed is "modest" and unproven. But he said it had been ready to shoot down one of the North Korean missiles if necessary.

Bush's assessment was in line with that given recently by military commanders. Air Force Lt. Gen. Henry A. Obering, director of the Missile Defense Agency, gave a similarly optimistic assessment during a National Defense University address last month.

But outside experts, including the Government Accountability Office, have been more critical in recent months.

The centerpiece of the system, nine interceptor missiles in Alaska and two at Vandenberg Air Force Base in Central California, has been plagued by glitches and has not had a successful test in nearly four years. Last year, Obering went so far as to shut down all tests in order to overhaul the system, and he only recently approved a new testing schedule, which is expected to be implemented next month.

Bush's statements came as diplomats at the United Nations continued working on ways to pressure North Korea to halt its drive for nuclear weapons and rejoin stalled international talks. Japan and the United States are pressing the U.N. Security Council to vote Monday on sanctions targeting North Korea's missile program, despite opposition from China and Russia, which hold veto power.

Japan's U.N. ambassador, Kenzo Oshima, said Friday that the time had come for the council to act "firmly, robustly and speedily."

He introduced a resolution calling for a global ban on buying or selling any technology materials and goods related to North Korea's missile program.

After days of talks, Japan slightly strengthened the language on the sanctions, deciding against diluting it in an effort to win support from China and Russia.

China drafted a less punitive "presidential statement" to convey the Security Council's concern, but U.S., British and Japanese diplomats rejected that approach Thursday evening, pressing Japan's resolution in the hope that China and Russia would not veto it. The two countries could abstain in the vote, allowing the resolution to pass while registering their opposition.

U.S. Assistant Secretary of State Christopher Hill, on a diplomatic swing through Northeast Asia in search of a unified response to North Korea, told reporters Friday in Beijing that Pyongyang can join the world or remain cut off.

Hill, who is traveling to China, South Korea and Japan, chose to tackle his toughest assignment first. China is on record as opposing economic sanctions against North Korea.

The gap between the U.S. and China on the issue reflects differing assessments of North Korea's intentions and capabilities.

Where Washington sees a dangerous regime intent on threatening global stability, Beijing sees an impoverished neighbor engaged in bluffing — one that could implode under pressure, sending millions of refugees into China.

Hill's comments, following a day of meetings with Chinese officials, suggested Beijing shares Washington's displeasure with this week's launches. But Hill said nothing to suggest the two were on the same page over what to do next.

"This is a kind of acting," said Zhang Liangui, an analyst with the Central Party School's Institute of International Strategy in Beijing, referring to the missile launches. "The political significance of this action is bigger than its military significance."

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Bush Expresses Frustration With Diplomacy (AP-Y2)

By Terence Hunt, Ap White House Correspondent

AP2, July 8, 2006

President Bush expressed frustration Friday with the slow pace of diplomacy in dealing with North Korea and Iran and prodded world leaders to send an unmistakable message condemning Pyongyang's long-range missile test.

He said the U.S. would have had "a reasonable chance" of shooting down the missile if it had been necessary, though America's missile-defense system is still in the testing phase and its capabilities are modest. More than $100 billion has been spent on the system since 1983.

On the terror war, the president said at a rare out-of-town news conference that the United States has not relaxed its nearly five-year search for Osama bin Laden and he vowed the terrorist leader would be found: "Absolutely. No ands, ifs or buts.

"And, my judgment, it's a matter of time, unless we stop looking. And we're not going to stop looking so long as I'm the president," Bush said.

The president's overnight stop in Chicago — including dinner with Democratic Mayor Richard M. Daley and breakfast with locals at a popular restaurant — was part of a strategy to boost Bush's sagging popularity by putting him on the road more often this summer in friendly settings.

Daley joined Bush at Friday's news conference, where the president called him a "great mayor" and said he was proud to call him a friend.

There was a heavy dose of political fundraising on the trip, too, as Bush helped raise $1.2 million for Judy Baar Topinka, the Republican state treasurer who is trying to unseat Democratic Gov. Rod Blagojevich.

Outside the Drake Hotel where the fundraiser was held, several dozen protesters carried sometimes vicious anti-Bush and anti-war messages. A couple of the demonstrators burned American flags.

At his news conference, Bush called the Iraq war "a noble and just cause" and said the United States would not leave before winning.

"We will lose if we leave too early," the president said. "The stakes of success are vital." He repeated his oft-stated position that it will be up to military commanders to say when it is appropriate to withdraw U.S. troops.

Bush came here as the United Nations struggled over how to deal with North Korea, which defied world appeals and test-fired a long-range missile that fell into the sea 42 seconds after launch this week. China and Russia have balked at a proposed Japanese resolution to impose sanctions on North Korea.

"What matters most of all is for Kim Jong Il to see the world speak with one voice," Bush said. "That's the purpose, really."

In months of negotiations, Beijing and Moscow also have had reservations about penalizing Iran for its refusal to suspend uranium enrichment.

"You're watching the diplomacy work not only in North Korea but in Iran," the president said.

"And it's, kind of — you know, it's kind of painful in a way for some to watch, because it takes a while to get people on the same page," Bush said. "Not everybody thinks the exact same way we think. Different words mean different things to different people. And the diplomatic processes can be slow and cumbersome."

Asked if he felt a sense of urgency in dealing with North Korea and Iran, Bush said, "I'm realistic about how things move in the world." He said he wanted diplomatic rather than military solutions.

Bush said Kim Jong Il, in ordering the missile tests, had defied China, Japan, South Korea, Russia and the United States — the five countries that have been negotiating unsuccessfully with North Korea to abandon its nuclear weapons program.

"All of us said, `Don't fire that rocket.' He not only fired one, he fired seven. Now that he made that defiance, it's best for all of us to go to the U.N. Security Council and say, loud and clear, `Here's some red lines.' And that's what we're in the process of doing," Bush said.

He ruled out direct talks between just the U.S. and North Korea and said he hoped the six-party talks would resume.

"My judgment is you can't be successful if the United States is sitting at the table alone with North Korea. You run out of options very quickly if that's the case," he said. "In order to be successful diplomatically it's best to have other partners at the table"

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Bush Says U.S. May Have Been Able To Intercept North Korean Missile (NYT)

By David E. Sanger

The New York Times, July 8, 2006

CHICAGO, July 7 — President Bush said Friday that he believed the nation's nascent missile defense system would have had a "reasonable chance" of shooting down a long-range missile launched by North Korea had it come close to the United States, and he said he was determined to use the United Nations to set "some red lines" for future behavior by the North Koreans.

Mr. Bush said the launching of a prototype long-range missile that tumbled into the Sea of Japan showed why missile defenses were needed, but he acknowledged that the abilities of the unproven missile defense system based in Alaska and California were "modest," and he said it was "hard for me to give you a probability of success."

"I think we had a reasonable chance of shooting it down; at least that's what the military commander has told me," he said at a news conference in Chicago.

Although defensive sensors and missiles, while not fully tested, are theoretically available for use in an emergency, Pentagon officials have said there was little reason to think they would have been used this week, as the North Korean test missile was not thought to carry a live warhead.

In an hourlong news conference here that was part of a new White House strategy to bolster Mr. Bush's sagging popularity around the country, the president sounded mildly frustrated that diplomacy to disarm North Korea and halt Iran's nuclear program was so "slow and cumbersome." But he sidestepped questions about conditions under which he might be tempted to use military force, saying he was determined to find diplomatic solutions.

And, in a sharp contrast to the kind of less cautious statements he made about Iraq before the invasion in 2003, which were based on sometimes contradictory intelligence reports, he cast doubt on North Korea's claim that it possesses what it calls a "nuclear deterrent."

Mr. Bush challenged a reporter who, in posing a question, asserted that the North Korean leader Kim Jong Il had increased the size of his nuclear arsenal during Mr. Bush's presidency. "I don't think we know that," the president shot back. But, in what may have been a sign of his wariness about intelligence assessments of opaque nations, he pointedly declined to say what assessment he believed was correct.

"Maybe you know but you're not telling," one reporter said. Mr. Bush said, "That's an option," and then, to laughter, added, "Or maybe I don't know and don't want to tell you I don't know."

A new national intelligence estimate of North Korea's capabilities was completed earlier this year, but the administration has declined to publish a declassified version of it. According to officials who are familiar with its contents, it concludes that North Korea probably produced enough fuel for six or more nuclear weapons, from a supply of 8,000 spent reactor fuel rods that the country boasts it reprocessed after throwing inspectors from the International Atomic Energy Agency out of the country three years ago.

"What we don't know is whether they turned those into weapons," said one senior intelligence official in a recent interview who asked not to be named because he was discussing intelligence issues. "You can assume it, but it is just an assumption."

Mr. Bush's discussion of "red lines" — a term drawn from the cold war limits over steps the United States and Soviet Union agreed not to take for fear they could spiral into outright war — was important because until now his aides have said such limits do not work in North Korea's case. Three years ago, one of Mr. Bush's senior aides said it would be useless to tell North Korea that turning its spent fuel into plutonium was a "red line" because the United States had no effective way to enforce the threat. The North Koreans went ahead anyway, lines or no lines.

It was the ambitious North Korean program to extend the reach of its missiles — along with its work on producing nuclear warheads — that many proponents of the missile defense plan cited to justify the Pentagon's huge expenditures on the new defensive system, which is costing about $9 billion a year and is still in the early stages of a long and complex development process.

After deciding to field a first batch of interceptors without fully testing them, in what commanders have called a "thin line" of defense against a small-scale attack, the Pentagon interrupted its testing for more than a year after a series of failures. The testing of missiles and radars has now resumed, with an important set of test shots expected to begin as early as this summer. If

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they succeed, officials have told Congress, there will be better ground for confidence that the system would be able to intercept a missile launched from North Korea or from Iran.

As things stand now, though, there is considerable uncertainty over both sides of the technology race: How long it will take North Korea to produce a missile capable of posing a serious risk to the United States, and how long it will take to build a reliable defensive system?

Though North Korea and the struggle over responding to the missile tests dominated the news conference, Mr. Bush denied that the United States was trimming back on its search for Osama bin Laden by disbanding a unit within the Central Intelligence Agency that focused on that hunt.

"We got a lot of assets looking for Osama bin Laden," Mr. Bush said. "So whatever you want to read in that story, it's just not true, period." He added later: "In my judgment, it's just a matter of time, unless we stop looking. And we're not going to stop looking so long as I'm the president, not only for Osama bin Laden, but anybody else who plots and plans attacks against the United States of America."

He repeated his conviction that the United States would prevail in Iraq, but also seemed intent on dampening speculation about significant reductions of forces in coming months. "An artificial timetable of withdrawal and early withdrawal before this finishes sends the message to the enemy: 'We were right about America,' " Mr. Bush said, repeating his argument that Al Qaeda seeks to turn Iraq into a haven for training.

But when the subject turned back to North Korea, Mr. Bush by turns argued that Mr. Kim was untrustworthy — he cited the country's violation of a 1994 accord with the Clinton administration — and that the only path was to negotiate with him. But he rejected conducting one-on-one negotiations, insisting that he needed China and other neighbors at the table so that Mr. Kim did not make the United States to appear the blockade to an agreement.

"One thing I'm not going to let us do is get caught in the trap of sitting at the table alone with the North Koreans," Mr. Bush insisted, rejecting the criticism by Democrats who say such talks would be the only way to break the logjam.

"If you want to solve a problem diplomatically, you need partners to do so," Mr. Bush said, adding later that his worry about "handling this issue bilaterally is that you run out of options very quickly."

But in citing anew the need to team up with China and South Korea, Mr. Bush was skipping past the warnings of members of his own administration that neither country would agree to sanctions. Both are worried about a North Korean collapse, and both have continued supplying North Korea with food, energy and investment — even while Japan and the United States try to turn off the spigot.

Mr. Bush has been careful never to criticize either country publicly. But he seemed to do so obliquely when he said, with some frustration in his voice: "The problem with diplomacy, it takes a while to get something done. If you're acting alone, you can move quickly. When you're rallying world opinion and trying to, you know, come up with the right language at the United Nations to send a clear signal, it takes a while."

Bush Rules Out Bilateral Talks With N Korea (FT)

By Caroline Daniel

Financial Times, July 8, 2006

President George W. Bush ruled out bilateral talks with North Korea on Friday, saying that the US would respond to Pyongyang's long-range missile tests through the United Nations Security Council.

Mr Bush admitted that the diplomatic route could be "slow and cumbersome" but said he was "not going to get caught in a trap of sitting at a table alone with North Korea". He added: "What matters most of all is for Kim Jong Il to see the world speak with one voice.''

It was best to "go to the UN Security Council and say here's some red lines", Mr Bush said. "If you handle it bilaterally you run out of options quickly."

If Mr Kim "wants to have good relations with the world, he has to verifiably get rid of his weapons programmes'', he said.

Mr Bush was speaking in Chicago, at the Museum of Science and Industry, as part of a new White House strategy to host its news conferences outside Washington. Taking the press conferences on the road was supposed to encourage discussion of

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a broader range of domestic issues. However, Friday's conference was still dominated by concerns on North Korea, Iran and Iraq.

On Iran, Mr Bush said next week's meeting of the Group of Eight industrialised nations in St Petersburg provided an opportunity for "those of us concerned about the issue to make it clear to the Iranians we are firm in making sure they do not have nuclear weapons".

But he acknowledged differences remained over imposing sanctions on Iran, which Russia and China have resisted.

President Vladimir Putin of Russia "understands the dangers of Iran having a nuclear weapon", he said. However, "some countries have got economic interests as a focus. We think national security interests trump economic interests."

Asked about his falling opinion polls, and whether Republican candidates were shying away from public events with him, he said: "I'm looking forward to these elections. I think you'll be surprised."

Laying out some of the themes of the forthcoming mid-term campaign – national security and the economy – he predicted: "We will hold the House and Senate. I will spend a lot of time on the road. I like campaigning . . . you win elections by believing in yourself and having a plan to protect the American people from terrorist attacks."

Mr Bush added he would "abide by the decision" of the Supreme Court last week ruling against the holding of military commissions to try detainees at Guantánamo Bay. However, he noted that the court had been "silent on whether or not we should have used Guantánamo [to detain illegal combatants]".

Mr Bush was defensive on his foreign policy and denied that North Korea's continued pursuit of nuclear weapons meant that the US administration's policy was not working.

"What have we done? We have got the six-party talks going," he said, referring to stalled negotiations with Pyongyang.

Missile Defense 'Modest,' Says Bush (WT)

By Joseph Curl

The Washington Times, July 8, 2006

CHICAGO -- President Bush yesterday said the newly operational U.S. missile defense system had a "reasonable chance" of shooting down the long-range missile that North Korea fired Tuesday toward the United States, reportedly targeted to fall near Hawaii.

The president acknowledged that the ballistic missile defense shield remains "modest," but sent a message to dictator Kim Jong-il that the United States is capable of defending itself against an aerial strike.

"I think we had a reasonable chance of shooting it down, at least that's what the military commanders told me," Mr. Bush said at a press conference in the rotunda of Chicago's Museum of Science and Industry.

"Our anti-ballistic systems are modest, they're new, they're new research, we're testing them. And so ... it's hard for me to give you a probability of success," he said.

At the United Nations, Japan introduced a Security Council draft resolution that would prohibit any nation from transferring funds, material and technology that could be used in North Korea's missile or weapons of mass destruction programs. The United States, Britain and France are supporting the draft.

China, which is an economic lifeline to North Korea by providing it with trade, aid and oil, doesn't want to push too hard, worried that if the Pyongyang government fails, North Korean refugees would stream into China or that the North would unify with South Korea -- a strong U.S. ally.

Russia, also leery of sanctions, wants the Security Council to pass a nonbinding statement with the goal of getting North Korea back into six-party talks.

Japan's Ambassador Kenzo Oshima said he wanted a vote on the draft today if possible, yet he and other diplomats said negotiations continued on the resolution.

That raised the possibility that the decision to introduce the resolution was, in part, a negotiating tactic meant to win concessions from China and Russia.

South Korea has condemned the launches and called for patient dialogue with North Korea, rather than sanctions, although Seoul said it would withhold food and fertilizer shipments to its neighbor until the missile crisis is resolved.

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In Beijing, following brief talks with Vice Foreign Minister Wu Dawei, U.S. Assistant Secretary of State Christopher Hill said there was no agreement on the contentious issue of sanctions.

The Bush administration was criticized by Democrats and others when it sought to create a shield that could take out a long-range missile, but the president said yesterday that because there are threats such as Mr. Kim's, that means "we need" an anti-ballistic missile system.

Although U.S. interceptor missiles were on alert before North Korea fired seven missiles, none was deployed. North Korea's missile launches on the Fourth of July began eight minutes after the space shuttle Discovery took off.

The Washington Times first reported last month that the Pentagon had activated its new U.S. ground-based defense system, which includes 11 long-range interceptor missiles -- nine deployed at Fort Greeley in Alaska and two at Vandenberg Air Force Base, Calif. The system was switched from test to operational mode within the past two weeks, officials said.

Data from U.S. and Japanese Aegis radar-equipped destroyers and surveillance aircraft on the long-range Taepodong-2's angle of takeoff and altitude indicated that it was targeted for waters near Hawaii, the Sankei Shimbun reported in Japan, citing multiple sources in the United States.

The newspaper said North Korea may have chosen Hawaii to show that it was capable of landing a missile there, or because it is home port to the U.S. Pacific Fleet. But the missile broke up less than a minute into its flight, according to U.S. officials.

Pentagon spokesman Bryan Whitman declined to comment on whether the missile was heading toward Hawaii.

"There is some ongoing analysis," he said, noting that it will take more than technical flight information to determine the intent of the North Koreans on the long-range missile.

During yesterday's press conference the president fielded a half-dozen questions on the missile launches, which North Korea called "drills."

He said he was working through the diplomatic process -- which he called "slow and cumbersome" -- and again urged world powers to speak with a unified message in condemning the actions of North Korea.

Mr. Bush also vowed to keep hunting for terror leader Osama bin Laden, a search that has been fruitless in the nearly five years since the September 11 attacks.

"No ands, ifs or buts, my judgment is it's a matter of time, unless we stop looking, and we're not going to stop looking as long as I'm president," he said.

N. Korea Says It Wants Its Money Back, Then It'll Talk (LAT)

By Barbara Demick

The Los Angeles Times, July 8, 2006

SEOUL — North Korea will return to talks on its nuclear program if the United States releases $24 million in frozen funds held in a bank in Macao, a senior diplomat said in an interview published today.

In the most explicit statement of its demands since a barrage of missile tests Wednesday, North Korea's deputy ambassador to the United Nations, Han Song Ryol, said his country was looking for a "minimal gesture to restore trust."

Han also said that an invitation to Assistant Secretary of State Christopher Hill to visit the North Korean capital, Pyongyang, was still open and that such a visit would be "advantageous for us to correctly understand the U.S. position and to precisely express our own position."

The interview with the New York-based diplomat was published in Hankyoreh, a left-wing South Korean newspaper frequently sympathetic to Pyongyang.

The money has been a bone of contention between the United States and North Korea since September, when the Treasury Department accused Banco Delta Asia in the tiny Chinese enclave of Macao of laundering proceeds of counterfeiting and other illicit activities on behalf of North Korea.

The Bush administration is likely to reject the North's demands. It has consistently said Pyongyang should make its position known within the context of multilateral talks and not set preconditions.

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But a U.S. official intimated that it was possible some of the $24 million would eventually be released if it was determined it was not linked to illicit activity. The official, who spoke on condition of anonymity, said Treasury investigators were painstakingly going through handwritten records trying to determine the origins of the money.

Stronger Resolution Offered On N. Korea (WP)

By Colum Lynch

The Washington Post, July 8, 2006

UNITED NATIONS, July 7 -- Japan presented the Security Council on Friday with a tough revised draft resolution that would condemn North Korea's missile tests and ban states from supplying or buying goods or technology that could help Pyongyang upgrade its ballistic missile program or advance its nuclear weapons program. The resolution is backed by the United States and European allies, over Chinese and Russian concerns that it will exacerbate tensions in the region, according to U.N. diplomats.

The draft resolution demands that North Korea immediately recommit itself to a 1998 moratorium on ballistic missile tests and return to six-nation talks aimed at persuading Pyongyang to abandon its nuclear weapons program.

The move sets the stage for a diplomatic standoff over the United Nations' response to North Korea's launch on Tuesday of at least seven missiles. China's ambassador, Wang Guangya, warned the council in a closed-door meeting that a vote on the sanctions resolution would "destroy" the prospects for a unified response to the missile tests, according to a council diplomat reading from notes of the session.

Pyongyang threatened to use "stronger physical actions" against Japan, according to Japan's Kyodo news service, quoting Song Il Ho, North Korea's ambassador in charge of diplomatic normalization talks with Japan.

Kenzo Oshima, Japan's U.N. ambassador, said he hopes to call for a vote on Saturday. But President Bush said he is prepared to give diplomacy time, even though the process is "slow and cumbersome."

"We are very pleased with this draft," said John R. Bolton, the U.S. ambassador to the United Nations. "It provides for very strong restraints on the DPRK [the Democratic People's Republic of Korea] missile programs, very strong constraints on giving any assistance to their missile or WMD [Weapons of Mass Destruction] programs."

Bolton said that Washington and its allies are receptive to further negotiations with Beijing and Moscow. The two governments signaled that they would consider supporting a strong condemnation of North Korea's action in a nonbinding council statement without the threat of sanctions.

"We need a unanimous firm response" from the Security Council, "and for my delegation and for a number of others we feel the best way to achieve that is through a PRST [presidential statement] with strong messages," Wang said.

Diplomats said they expect a flurry of high-level talks over the direction of the council's North Korea policy. But Bolton and others have expressed confidence they have the support of 13 of the council's 15 members for a binding resolution under Chapter Seven of the U.N. Charter, a provision that can be enforced by sanctions or, in some cases, the use of military force.

"We're going to have a resolution under Chapter Seven," Bolton insisted.

U.S. and European officials remain confident that Russia and China will not veto the resolution. But China's ambassador said that "all options are open." Chinese officials say that they want to delay action on a resolution until a senior Chinese envoy, Vice Premier Hui Liangyu, travels to Pyongyang in an attempt to persuade North Korea to back down. Friday's draft resolution essentially would place a legal prohibition on North Korea's missile trade and institute a trade embargo on countries, companies or individuals that supply North Korea's missile and nuclear weapons program.

There is no international prohibition on the development or testing of ballistic missiles. A group of major countries that supply missile technology -- the Missile Technology Control Regime -- observes a voluntary ban on sales to nonmembers such as North Korea.

Analysts said that the resolution would strengthen the international community's legal basis for combating the proliferation of deadly weapons and missiles to rogue states but that it would have limited practical impact. Michael E. O'Hanlon, a North Korea expert at the Brookings Institution, said that the resolution would not have "much operational impact" because there is no system for verifying or monitoring compliance.

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China Fights Sanctions To Punish North Korea (NYT)

By Warren Hoge And Norimitsu Onishi

The New York Times, July 8, 2006

UNITED NATIONS, July 7 — Japan introduced a Security Council resolution on Friday calling for sanctions against North Korea for its missile test-firings, but China opposed the move, saying such action could disrupt diplomatic efforts under way in the region.

As the diplomacy unfolded, Christopher R. Hill, the top American negotiator with North Korea, was in Seoul, South Korea, trying to rally support in that region for a tough, unified response to the North's testing of seven missiles on Wednesday.

Mr. Hill, the assistant secretary of state for East Asian and Pacific affairs, met with Chinese officials, including Li Zhaoxing, the foreign minister, in Beijing before arriving in Seoul on Friday evening.

China agreed that resuming the six-nation talks over North Korea's nuclear program was a priority, Mr. Hill said. But it did not appear that he had made progress in persuading the Chinese to endorse sanctions.

At the United Nations, Kenzo Oshima, the Japanese ambassador, said he hoped for a vote as early as Saturday, but Jean-Marc de la Sablière, the ambassador of France, which is president of the Council, said that a date would be announced Monday.

Britain, France and the United States are sponsors of the measure.

The decision to put the resolution to a vote followed meetings Thursday and Friday involving Japan and the five permanent members of the Council — Britain, China, France, Russia and the United States — that failed to establish common ground. China and Russia said they preferred the less forceful measure of a presidential statement, which is nonbinding and does not threaten punishment.

Entering the American mission for the gathering Friday morning, Wang Guangya, the Chinese ambassador, said, "A resolution might have negative reactions in the region." He added, "The Security Council's message should be responsible, taking into account the possible consequences."

Diplomats said Mr. Wang made the point forcefully in the closed consultations, and he told reporters afterward, "If this resolution is put to vote, there will be no unity in the Security Council."

Asked whether he might exercise China's veto, he said, "All possibilities are open."

The resolution condemns the missile firings, orders Pyongyang to cease missile development and recommit to a moratorium on launchings and urges member states to prevent missiles and missile-related items from reaching North Korea. It also calls on countries to keep the North from selling or transferring any such materiel.

Drawn up under Chapter VII of the United Nations Charter, the resolution "strongly urges" North Korea to rejoin the six-party talks on its nuclear program.

Vitaly I. Churkin, the Russian ambassador, which also favors a presidential statement instead of a resolution, remained silent during the consultations, according to diplomats. Emerging from the Council chamber, he brushed aside reporters' requests for comment.

John R. Bolton, the United States ambassador, signaled a willingness to continue negotiating the text of the resolution. "We're certainly prepared for further conversations as other diplomatic efforts in the region continue," he said.

But he added: "We want a resolution. It should be Chapter VII, and I think that's clear. The level of provocation engaged in by these North Korean missile launches warrants that, and we're going to proceed."

Mr. Hill is expected to meet South Korean officials over the weekend before flying to Tokyo and Moscow, but he gave an indication on Friday of the message he is expected to convey. "We shouldn't have business as usual with a country that's been firing off missiles like this in this rather reckless way," he said.

South Korea said Friday that it would go ahead with four-day, high-level ministerial talks with North Korea next week in Pusan, South Korea. But South Korea said that it would delay shipments of food and fertilizer to the North and that it had turned down an offer, made by North Korea several days before the launchings, to hold military talks.

North Korea fired the missiles, including the new long-range Taepodong 2, despite warnings not to by its friends in China and South Korea.

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U.N.: No Resolution Yet On North Korea (UPI)

United Press International, July 8, 2006

UNITED NATIONS, July 7 (UPI) -- Though united in condemning North Korea's missile tests, members of the U.N. Security Council remained at odds over how best to react.

Diplomats met Thursday at U.N. World Headquarters in New York for a second day of negotiations, with Russia and China clashing with the rest of the council over whether to impose sanctions.

A draft resolution, including sanctions, was circulated Wednesday morning by Japan and has the backing of the United States and most of the council. China and Russia said that they would not back a resolution that included punitive measures.

There was talk that the council may issue a presidential statement, which, unlike a resolution, would be non-binding.

John Bolton, the U.S. ambassador to the United Nations, said he was optimistic that the international community would present a united front.

"There may be a disagreement at the moment over the vehicle we use here in the council but no one speaks in favor of North Korea," Bolton told reporters. "Our objective here is to make it clear to North Korea that their understanding of how to conduct negotiations shouldn't include missile launching."

Bolton also said those countries that have "leverage" over North Korea "bear the responsibility" for bringing the country back to the negotiating table.

Assistant Secretary of State Christopher Hill is set to meet Wu Dawei, China's deputy foreign minister, Friday to discuss reviving the stalled six-nation talks on North Korea's nuclear program.

North Korea, meanwhile, issued a statement insisting that its missile launches did not violate any law, a contention that was echoed by Russian president, Vladimir Putin. North Korea has vowed to continue the tests and to answer any penalties imposed by the international community with "stronger physical actions," North Korea's official news agency, KCNA, said.

Japan Seeks Support Of Envoys Of Russia, UNSC Members On Resolution (KYDN)

Kyodo News, July 8, 2006

Japan stepped up its diplomatic drive Friday in seeking international support for a Japan-sponsored resolution that would impose sanctions against North Korea over its multiple missile launches, as Foreign Minister Taro Aso met Russia's top envoy in a bid to seek the support of reluctant Russia.

Aso also subsequently held a separate meeting with ambassadors of eight countries who hold nonpermanent Security Council member status together with Japan. A representative from the Republic of Congo, which is also among the 10 nonpermanent council members, was not present because it has no embassy in Japan.

North Korea fired seven missiles on Wednesday, including a Taepodong-2 long-range missile, which all landed in the Sea of Japan, prompting the international community including Japan and the United States to denounce the missile launch and demand that the North halt such acts.

Aso's meeting with the various envoys based in Japan came amid Tokyo's efforts to expand support in the Security Council for its proposed binding resolution amid opposition by Pyongyang sympathizers China and Russia. The two nations are permanent council members together with Britain, France and the United States.

In New York on Thursday, China circulated a draft nonbinding statement on North Korea's missile launches, countering the Japanese-led proposal, council sources said. Russia expressed support for the Chinese proposal, the sources said.

During Aso's meeting with Russian Ambassador to Japan Alexander Losyukov on Friday afternoon at the Foreign Ministry in Tokyo, the two agreed on the need to issue a clear, strong and resolute message to North Korea over the missile launches, according to Foreign Ministry officials.

Aso said Japan wants Russia's support for the Japanese proposal and noted that while a majority of the council members support the adoption of a resolution, only Russia and China are pressing for a council presidential statement, the officials said.

Losyukov did not say whether Russia supports the resolution or not, and simply responded by saying he will relay Aso's request to Russian President Vladimir Putin and Russian Foreign Minister Sergei Lavrov, the officials said.

He declined to make a comment to reporters after his brief meeting with Aso.

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Aso made a similar appeal in a subsequent meeting with envoys of eight nonpermanent Security Council members -- Argentina, Denmark, Ghana, Greece, Peru, Qatar, Slovakia and Tanzania.

Aso was quoted by the officials as saying that Japan wants the support of the nonpermanent council members to adopt a resolution as promptly as possible, to which the eight envoys promised to relay Japan's message to their home countries and U.N. representatives.

Earlier in the day, Aso stressed in a news conference that Japan will push for a U.N. resolution, not a council presidential statement which has less impact.

In a telephone conversation late Friday, Aso and U.S. Secretary of State Condoleezza Rice confirmed to continue bilateral cooperation in efforts to have the international community issue a united, resolute, and clear message from the Security Council, the officials said.

The Japanese government is also using the framework of the Group of Eight nations in pressuring North Korea as it seeks the adoption of a joint statement at the upcoming G-8 summit in Russia to denounce North Korea's missile launches.

In a telephone conversation Friday with his Russian counterpart, Sergei Lavrov, Aso made a similar overture to the one he made to the Russian ambassador in Tokyo, the officials said. Lavrov, in response, said Russia shares Japan's concern and is ready to discuss the issue at the July 15-17 G-8 summit which Russia will host in St. Petersburg.

Aso also talked to his German counterpart, Frank-Walter Steinmeier, and Italian counterpart, Massimo D'Alema, by phone, and agreed with them respectively to cooperate in issuing a resolute message against North Korea at the G-8 summit, the officials said.

The G-8 members are Britain, Canada, France, Germany, Italy, Japan, Russia and the United States.

U.S. Urges Beijing To Pressure Pyongyang Back To Arms Talks (WSJ)

By Gordon Fairclough And Neil King Jr.

The Wall Street Journal, July 8, 2006

North Korea's barrage of missile tests has put China in a tough spot, calling into question its policy of patient diplomacy and its economic support to encourage change in Pyongyang.

Calling the moment a critical test of China's new high-profile role on the international stage, the U.S. is urging Beijing to alter course and use its considerable leverage as North Korea's most important trading partner to get Pyongyang to return to talks on its nuclear program.

China has long pushed a noninterference line at the United Nations while seeking good relations around the world through a determined policy of not questioning the internal behavior of countries like Sudan or Venezuela where it seeks oil or other raw materials. But Beijing has also assumed a pivotal role in international efforts to wean Pyongyang away from nuclear weapons.

It is far from clear, however, whether even North Korea's July 4 rocket launches -- in the face of vocal Chinese opposition -- will be enough to overcome Beijing's extreme reluctance to use pressure as a diplomatic tool, especially against its communist ally.

President Bush, in a Chicago news conference Friday, touched on this reluctance, referring obliquely to Russia and China, both of whom hope to avoid a U.N. resolution that would impose sanctions on North Korea after its missile launches.

"You know, some nations are more comfortable with sanctions than other nations, and part of the issue we face in some of these countries is that they've got economic interests," he said. The U.S., Mr. Bush said, was now trying to convince these countries to see that "security-of-the-world interests trump economic interests." (Read the full text of Bush's remarks3.)

Part of that job has fallen to Christopher Hill, the State Department's top diplomat for Asia, who met Friday with senior Chinese officials to express Washington's displeasure with North Korea's moves and call for the resumption of disarmament talks. Mr. Hill hurried to Beijing -- the first stop on a multiday trip to Asian capitals -- before a planned trip to North Korea by China's vice premier, Hui Liangyu. Mr. Hui is to start his six-day visit Monday.

Chinese officials expressed serious concern that North Korea's missile launches could encourage Japan to develop weapons to defend itself and lead to an arms race that could destabilize Northeast Asia, according to a senior U.S. official in

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Beijing. But the official, familiar with the content of the discussions, said "there was nothing said" by the Chinese "that would indicate" they are prepared to use the threat of economic sanctions to pressure Pyongyang.

Chinese diplomats at the U.N. have opposed action in the Security Council that would seek to bar North Korea from importing materials and parts that could be used in its weapons programs. Japan circulated a toughened draft resolution to that effect Friday, which the council's 15 countries may vote on as soon as Saturday.

China's U.N. ambassador, Wang Guangya, indicated that China wasn't pleased with the measure, which otherwise has widespread support. "If this resolution is put to a vote, definitely there will be no unity in the Security Council," he said, indicating that China would either veto the measure or abstain from voting.

President Bush, speaking in Chicago, said the whole effort going into the weekend was to get all members of the Security Council to say "loud and clear, here are some red lines."

China has successfully used arm-twisting in the past. In 2003, China temporarily shut down a pipeline carrying oil to North Korea, apparently in an attempt to pressure Pyongyang to participate in multilateral talks on its nuclear programs, U.S. and Asian diplomats have said. North Korea later agreed to join the negotiations.

To prod China to toughen its stance this time, the U.S. has appealed to Beijing's pride, saying that it risks diminishing its standing on the world stage if it can't use its influence even to moderate the behavior of one of its closest neighbors.

When President Bush called his Chinese counterpart, Hu Jintao, earlier this past week, he said North Korea's missile tests represented a serious affront not just to the U.S., but also to China, U.S. officials said.

Washington has also said China's ability -- or inability -- to make headway with North Korea will be important in shaping the future of relations between the two countries.

"This is an important time in the U.S.-China relationship," said the senior U.S. official. "If they are successful, it will be considered a sign that China has indeed arrived."

China is North Korea's largest supplier of both food and energy. Two-way trade between the neighbors has grown rapidly, hitting $1.58 billion last year. The vast majority of consumer goods in North Korea's markets are from China. The country's air force can't fly its planes without Chinese jet fuel.

It was business as usual at border-crossing points between China and North Korea Friday, Chinese traders said. Convoys of trucks laden with supplies rumbled over the steel-girder bridge that connects the Chinese city of Dandong with North Korea. "We don't expect China to take drastic actions. Ties between China and North Korea are too close," said one Chinese businesswoman who handles North Korean imports and exports. Another trader said: "Our North Korean clients are very worried. But we tell them that our trade won't be affected."

While Washington pressed Beijing, Chinese policy makers worried that too much pressure could cause the collapse of the regime of North Korean leader Kim Jong Il, potentially leading to military conflict, refugee flows and economic dislocation.

US, Japan Raise Stakes With UN Vote On North Korea (AFP)

By Gerard Aziakou

AFP, July 8, 2006

The United States and Japan have challenged reluctant China and Russia to back sanctions against North Korea, calling for a UN Security Council vote on the Stalinist state's missile tests.

Japanese ambassador Kenzo Oshima presented a binding draft resolution to the council, hours after Pyongyang warned any imposition of sanctions would be regarded as "an act of war."

"We hope that it will be adopted when it is put to a vote with the broad unanimity of the council," Oshima said.

Veto-wielding China and Russia oppose the text, however, and would prefer a milder, non-binding statement condemning Wednesday's volley of tests, but stripped of punitive measures.

The push for a vote appeared to be a bid to dare China, which supplies impoverished North Korea with energy and economic aid, and which has been put in a difficult position by the crisis, to veto the measure.

"If this resolution is put to vote, there will be no unity in the Security Council," said Chinese envoy Wang Guangya. Asked whether he might use China's veto, Wang replied: "all possibilities are open."

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Beijing could also abstain, which would allow the resolution to stand but deprive it of much of its impact.

Western diplomats however played down the possibility of a Chinese veto. Asked whether he expected such a move, French ambassador Jean-Marc de La Sabliere said: "I hope not."

Amid a flurry of diplomacy at the UN and in Asia over the missile tests, the timing of the vote was expected to be announced on Monday, a Western diplomat said.

Despite clear discord among key powers, US President George W. Bush said the world must unite to rebuke the reclusive state's Stalinist leader.

"What matters most of all is for Kim Jong-Il to see the world speak with one voice," Bush said during a press conference in Chicago.

"It's best for all of us to go to the UN Security Council and say loud and clear 'here's some red lines,' and that's what we're in the process of doing."

But the US president noticeably did not make a public push for sanctions against Pyongyang, as the haggling went on at the UN.

US ambassador to the UN John Bolton said sentiment in the Security Council was "overwhelmingly" in favor of the resolution. The full 15-member council debated the resolution Friday, following a morning meeting of the permanent five members.

The draft, also co-sponsored by Britain, was an amended version of a document circulated by Japan, condemning Wednesday's tests of seven North Korean missiles, including a new long-range Taepodong-2, which could theoretically reach US soil.

Two hours of talks at the UN on Friday failed to produce a consensus, and Japan and China's representatives admitted the impasse.

Chinese envoy Wang Guangya said there was a need for a "unanimous, firm response," adding: "We feel the best way to achieve that is through a PRST (non-binding presidential statement)."

But Japan's Oshima said: "China has one position, and we respect that."

"Unfortunately, I don't think there is any closing of the gap," he added.

The draft calls on member states to "prevent missiles and missile-related items, materials, goods, technology being transferred, including through intermediaries, to end users in or supplying DPRK's missile and weapons of mass destruction programs."

The draft also invokes Chapter 7 of the UN charter, which authorizes sanctions or even military action.

The document urges member states to stop procurement of missile-related goods and technology from North Korea and to block financial transfers to suppliers to Pyongyang's missile or weapons programs.

North Korea was instructed in the document to immediately stop developing, deploying and testing ballistic missiles and urged to return to six-party talks on its nuclear program.

North Korea itself was warned any adoption of sanctions could deepen the crisis.

Han Song-Ryol, the North's deputy ambassador to the United Nations, told South Korea's Yonhap news agency sanctions would be an "act of war."

He said North Korea was ready to return to six-way talks if the United States lifts sanctions on a bank in Macau accused of money laundering and counterfeiting on behalf of Pyongyang.

Earlier, Bush again rejected another of Pyongyang's demands: direct talks with Washington on the nuclear crisis, which erupted in 2002 when North Korea revealed a program to enrich uranium that infringed a 1994 anti-nuclear deal.

"My concern about handling this issue bilaterally is that you run out of options very quickly," Bush said, adding that he would not get "caught in the trap."

South Korea, meanwhile, ratcheted up the pressure by saying it would indefinitely put off crucial food aid to impoverished North Korea in response to the tests.

But Seoul said it would stand by its policy of engaging its neighbor and press ahead with July 11-14 ministerial talks with the North in the southern port of Busan.

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South Korea's Defense Minister Yoon Kwang-Ung warned Pyongyang had another long-range Taepodong-2 missile to test but there were no signs that a launch was imminent.

Japan Pushes For U.N. Sanctions On N.Korea (AP)

By Nick Wadhams

AP, July 8, 2006

Over Chinese and Russian objections, Japan introduced a draft Security Council resolution Friday that would impose sanctions on North Korea for its series of rocket test-launches and also order a halt to its development of ballistic missiles.

Backed by the United States, Britain and France, the resolution condemns the series of missile launches that the North conducted Wednesday after both its enemies and allies around the world warned it not to.

By putting forth the resolution, Japan risked a showdown with China and Russia, which have said they oppose sanctions or even passing a legally binding resolution on the issue. They want a more mild council statement that would chastize the North for the launches, and go no further.

"If this resolution is put to a vote, definitely there will be no unity in the Security Council," China's U.N. Ambassador Wang Guangya said. He refused to say, however, if China would use its veto to sink the resolution or abstain.

Japan's Ambassador Kenzo Oshima said he wanted a vote on the draft Saturday if possible, yet he and other diplomats said negotiations continued on the resolution.

That raised the possibility that the decision to introduce the resolution was, in part, a negotiating tactic meant to win concessions from China and Russia.

Diplomats and U.S. officials also left the door open for more talks. One senior U.S. official said it was unlikely that the draft would be voted on over the weekend, because diplomats want to give China, the North's main ally, time to talk to Pyongyang.

Chinese officials said a delegation would go to Pyongyang early next week to discuss the issue.

"There is a hint that states want to see what the Chinese can do," the official said, speaking on condition of anonymity because the strategy had not been made public.

North Korea set off an international furor Wednesday when it tested seven missiles, all of which landed in the Sea of Japan without causing any damage. The blasts apparently included a long-range Taepodong-2 — potentially capable of hitting the western United States. It broke up less than a minute after takeoff.

The draft introduced Friday was tougher than previous versions.

It would bar nations from procuring missiles or missile related "items, materials goods and technology" from North Korea, or transferring financial resources connected to the North's program. The North would also be barred from acquiring items that could be used to build missiles.

China and Russia fear that Security Council sanctions risk isolating North Korea further and spoiling any chance of resuming six-party talks on its nuclear program. Pyongyang has said sanctions from the Security Council would be tantamount to a declaration of war.

They could veto or abstain on the resolution. But even abstentions from the two nations risks weakening the message to North Korea, which leaders from around the world, including President Bush, don't want to do.

"What matters most of all is for Kim Jong Il to see the world speak with one voice," Bush said at a news conference in Chicago, referring to the North Korean leader. "That's the purpose, really."

One possible compromise would be for Japan to strip out the sanctions from the resolution, as long as the draft retains a condemnation and the order for the North to stop developing and testing ballistic missiles. It would also still be written under Chapter 7 of the U.N. charter, which means it could be enforced militarily.

The draft followed a flurry of meetings among diplomats in New York. Japanese officials back home have also met with their counterparts from several nations to raise support for the draft.

Oshima said Japan was not willing to give up on Chapter 7 or the sanctions.

"It contains all elements that we believe are necessary at this point that a firm resolution of the council should contain," Oshima said. "We hope that it will be adopted when it is put to a vote with the broad unanimity of the council."

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Japan Pushes For Tougher Sanctions Against North Korea (KRT)

By Jonathan S. Landay

Knight Ridder, July 8, 2006

WASHINGTON - Japan asked the U.N. Security Council on Friday to ban international sales of North Korean missiles as part of a response to provocative missile tests by the reclusive Stalinist regime.

The ban was contained in a draft resolution that was tougher than a version that circulated immediately after North Korea fired seven missiles, including a long-range rocket that exploded after liftoff, in defiance of demands to desist. The United States, Britain and France - all permanent members of the Security Council - back the resolution.

The two other permanent members, Russia and China, are opposed. All five permanent members have veto power in the council.

The United States has pushed intensive diplomatic efforts, including calls by President Bush this week to President Hu Jintao of China and President Vladimir Putin of Russia, to try to gain support for a united response.

"It's best for all of us to go to the U.N. Security Council and say loud and clear, `Here are some red lines.' And that's what we're in the process of doing," Bush said during a news conference in Chicago. "What matters most of all is for (North Korean leader) Kim Jong Il to see the world speak with one voice."

U.S. envoy Christopher Hill held talks in Beijing with Chinese officials. While they agreed to cooperate in preserving regional stability, Hill failed to persuade his counterparts to support the resolution.

Hill "hasn't gained much out there other than to get everyone on the same page of condemning the launches," said a U.S. official who closely follows North Korea and who spoke on condition of anonymity because of the sensitivity of the diplomacy.

North Korea launched six short- and medium-range missiles and a long-range Taepodong-2 missile over a 14-hour period beginning Tuesday afternoon EDT.

The six short- and medium-range rockets splashed harmlessly into the Sea of Japan, and the Taepodong-2, believed capable of reaching U.S. territory with a light payload, exploded about 40 seconds after liftoff.

The draft resolution's proposed ban of purchases of North Korean missiles or missile-related technology by other countries was aimed at shutting off one of the regime's major sources of hard currency.

The measure condemned North Korea for the firings, declared them and future launches "a threat to international peace and security" and directed Pyongyang to resume a self-declared 1999 moratorium on missile tests, according to a copy obtained by McClatchy Newspapers.

It also directed U.N. members to "take those steps necessary" to prevent missiles and related technology and materials from reaching North Korea and to block financial transfers to any entities involved in its missile or nuclear weapons programs.

Finally, the draft resolution strongly urged Pyongyang to "immediately return" to six-nation talks on eliminating its nuclear weapons program. Those talks have been stalled since November.

China's envoy, Wang Guangya, said his government wanted a non-binding statement of condemnation containing no sanctions.

"If this resolution is put to a vote, definitely there will be no unity in the Security Council," he said, suggesting that China would abstain or veto it.

China, North Korea's only ally, opposes any actions that could destabilize the divided Korean peninsula or the North Korean government.

U.S. officials hoped that China and Russia, which also favors a non-binding statement, would abstain when the resolution is put to a vote.

Japan's ambassador, Kenzo Oshima, said his government wanted a vote as quickly as possible.

A second U.S. official, who sought anonymity because of the issue's sensitivity, said the United States was trying to persuade Japan not to call for an immediate vote in order to allow more diplomacy, including talks that a senior Chinese official is scheduled to hold in Pyongyang next week.

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Meanwhile, the Bush administration was refining a number of punitive measures it could take unilaterally, including pressuring foreign banks that deal with North Korea to stop doing so, said five U.S. officials, who requested anonymity. Two of them said Hill was discussing coordinating this effort with China, Japan and South Korea.

Washington applied such pressure to a bank in Macau, forcing it in February to freeze North Korean accounts containing millions of dollars. U.S. officials charged that the funds were from missile sales, the counterfeiting of U.S. currency and drug trafficking.

South Korea announced Friday that it was suspending indefinitely hundreds of thousands of tons of food and fertilizer shipments to North Korea.

At the same time, Seoul decided to proceed with previously scheduled Cabinet-level talks with North Korea next week.

North Korea's July 4th Display: How Big A Threat? (WSJ)

By Lauren Etter

The Wall Street Journal, July 8, 2006

North Korea's nuclear buildup also could instigate a weapons race in the region, prompting other countries, like Taiwan, to seek nuclear weapons.

At the same time, Chinese and South Korean leaders fear an economic collapse that would send tens of thousands of North Korean refugees across their borders. That's one reason they are less willing to impose economic sanctions than the U.S. and Japan.

Is U.S. military force an option? Not likely. The financial, human and political costs would be very high. An extended military campaign against North Korea might cost as much as $2 trillion, according to the Center for Nonproliferation Studies; U.S. military expenditures in Iraq have nearly reached $300 billion. Moreover, dense population on the Korean Peninsula means casualties would be high. Military analysts estimate that a Korean conflict could lead to a million deaths.

The mountainous terrain also presents a challenge. Most of North Korea's missiles are hidden in underground tunnels, making them hard to locate and destroy. And, of course, many U.S. troops remain tied up in the Middle East, for now.

A big question mark is the state of North Korea's military. It is large, but some analysts say years of famine likely have left soldiers frail and even malnourished.

POINTS OF VIEW

"It's their choice to make. What these firing of the rockets has done is they've isolated themselves further and that's sad for the people of North Korea."

--President George W. Bush

"Our military will continue with missile-launch drills in the future as part of efforts to strengthen self-defense deterrent. If anyone intends to dispute or add pressure about this, we will have to take stronger physical actions in other forms."

--Official statement by North Korea

"This should be a much-needed dose of reality for us. The threat from North Korea is not that they're going to attack us with a long-range ballistic missile. They are decades away from such a capability...North Korea will never have a ballistic missile that will deliver a nuclear warhead to the United States."

-- Joseph Cirincione, Center for American Progress, a liberal think tank

"I think that Kim Jong Il is insane. It's a very bad situation. It's unfortunate. It's very, very difficult to see how this is going to end nicely."

-- Ivan Oelrich, Federation of American Scientists * * *

FACTS

North Korea's military has about 1.1 million members, making it the world's fourth largest, according to the International Institute for Strategic Studies. China has the world's largest military, about 2.3 million strong, followed by the U.S. with 1.5 million and India.

North Korea's per capita gross domestic product is about $1,400. South Korea's is about $19,000. The per capita U.S. GDP is about $40,000.

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Kim Jong Il -- a recluse film-buff who wears a bouffant hairstyle and platform shoes -- is breaking out of his shell. Last year he made 131 public appearances, up from 35 in 1995.

North Korea's military expenditures amount to about a quarter of its gross domestic product -- more than any other country in the world, says the International Institute for Strategic Studies. The U.S. spends about 4% of GDP on defense.

The U.S. has about 5,735 active warheads, according to the Bulletin of Atomic Scientists. Russia has about 5,830, France about 350, the United Kingdom less than 200 and China more than 100. North Korea may be able to make at least two nuclear bombs.

North Korea is known to have provoked its neighbors in strange ways. From 1954 to 1992, North Korea sent 3,693 armed agents to South Korea. In 1978, it abducted at least 13 Japanese to teach their language to North Korean spies. Five were released in 2002.

US And Japan Table Draft UN Resolution (FT)

By Mark Turner And Anna Fifield

Financial Times, July 8, 2006

Japan and the US officially tabled a strengthened draft UN resolution calling for sanctions on North Korea's weapons programme, following Pyongyang's missile tests this week. China, however, warned it would not support the move.

The new text demanded an end to North Korean missile development, and called for countries to "take those steps necessary" to prevent the procurement from or transfer to North Korea of any "missile or missile related items, materials, goods and technology", as well as the "transfer of any financial resources to end users involved in or supplying DPRK's (North Korea's) missile or WMD programmes".

The move allows the sponsors, including the UK and France, to call for a vote 24 hours later, raising the possibility of a weekend decision.

But Wang Guangya, China's UN ambassador, said the text if tabled would "definitely" not win unanimous support, and did not rule out a veto. "All possibilities are on the table," he said. "We want a unified firm response," Mr Wang said. "The best way to achieve that is through a PRST (non-binding presidential statement). Our actions should be conducive to diplomatic efforts under way."

China had earlier reiterated its stance to Christopher Hill, chief US delegate to the six-party talks on North Korea's nuclear ambitions, who met Li Zhaoxing, foreign minister, Wu Dawei, Beijing's chief nuclear negotiator, and state councillor Tang Jiaxuan. China's official Xinhua news agency quoted Mr Tang as telling the US envoy merely that Beijing would "keep close contact with concerned sides to preserve peace and stability in the Korean peninsula". China is Pyongyang's closest ally and largest aid donor.

Mr Hill is on a whistle-stop tour of the other four parties in the talks – Beijing, Seoul, Tokyo and Moscow – as the international community mulls its response to North Korea's missile tests.

Mr Hill can expect a slightly warmer reception during talks in South Korea on Saturday, although he will still encounter difficulties in persuading Seoul to take actions that would hurt Pyongyang financially.

"We should not have business as usual with a country that is firing missiles . . . in this rather reckless way," Mr Hill told reporters as he arrived in South Korea last night. "What's important is we speak with one voice."

In the wake of the missile tests, South Korea is breaking with its usual placatory approach towards the North. Seoul on Friday refused Pyongyang's request, made two days before the tests, to hold a working-level inter-Korean military meeting to ease tension along the demilitarised zone that separates the two countries.

The government delivered a "strong expression of regrets that the North fired missiles with such a proposal pending".

This came after said it would not pledge any more rice or fertiliser to the impoverished North, moving away from its traditional stance of trying to avoid antagonising Pyongyang in a bid for longer-term reconciliation. Economic co-operation projects with the North will continue, meaning its actions will have little effect on Kim Jong-il's regime.

North Korean Missile Tests Put Japan On The Defensive (LAT)

By Bruce Wallace

DOJ_NMG_0039714

The Los Angeles Times, July 8, 2006

TOKYO — Anyone wondering how seriously Japan treated the salvo of ballistic missiles that North Korea fired its way Wednesday should consider this: National broadcaster NHK canceled the daily installment of its wildly popular morning TV drama to make way for continuous news coverage.

The last time NHK saw fit to cancel the show, which is part of the morning routine for millions of Japanese, was in 1995, when a massive earthquake devastated the port city of Kobe. North Korea's rockets may have landed short of Japan, but they still made a strong impression on a country with a collective loathing for its Stalinist neighbor.

Japan immediately slapped sanctions on Pyongyang, notably barring a North Korean cargo and passenger ferry from docking for the next six months. But Japan's trade with North Korea has shrunk by half in the last four years, and the volume is too small to provide much leverage over the regime.

Instead, Japan has focused on building a capability to shoot down incoming missiles, as well as proceeding with a faster, deeper integration of its military alliance with the United States.

"In addition to building monitoring radar networks, we would like to cooperate with the United States and put our joint missile interception into shape as quickly as possible," Fukushiro Nukaga, the head of Japan's Defense Agency, told lawmakers after the North Korean tests.

Japan and the U.S. already have been pushing ahead on missile defense, expanding budgets for development and announcing new plans for deployment. North Korea's latest missile test only reinforced the Japanese view of the regime in Pyongyang as a dangerous belligerent, sweeping away any remaining serious opposition to missile defense.

Kim Jong Il's regime is Villain No. 1 in Japan, and it wears the black hat in another — real-life — national drama here: the kidnapping of 13 Japanese citizens during the Cold War. North Korea admitted in 2002 to holding them captive and forcing them to teach Japanese language and customs to its spies.

Five of the victims have been released since then, but Tokyo has not been satisfied with North Korea's insistence that the other eight are dead. Many here also believe that the real number of abductees is much higher, and the issue has touched a deep nerve among the Japanese.

For its part, North Korea denounces Japan for what it says is a refusal to atone for the suffering it inflicted on the Korean peninsula during its 1910-45 occupation.

Given the bad blood, the Japanese took the provocative missile tests this week as being completely in character for North Korea. The Japanese were not caught by surprise, as they had been in 1998 when North Korea fired a Taepodong 1 missile over Japan.

Until then, Japan had taken a long look at missile defense and, wary of Chinese sensitivities about a military buildup, said no thanks.

"The missile defense talks were dead in 1998 — the Japanese thought it was too provocative," said Lance Gatling, an American aerospace consultant in Tokyo who worked at the time for Raytheon, a missile defense contractor.

"But everything changed after the North Korean test. People would jokingly say to us: 'How much did you have to pay those guys to fire that missile?' "

Still, Japan moved slowly, agreeing at first to a research phase only. In addition to worries about juicing an arms race in East Asia, it was uncertain whether a constitutional restriction against participating in collective self-defense meant Japan would have to distinguish between missiles fired at the nation and those aimed at an ally.

Those doubts have been eroded by the deteriorating relations with North Korea and by growing unease over China's arms buildup.

Japan's spending on missile defense is growing even as it cuts its overall defense budget. Research has given way to acceptance of the idea of having missiles on its soil. And restrictions on military exports were lifted to allow Japanese companies to share technology with U.S. firms.

When the U.S. Navy cruiser Shiloh tested its sea-based interceptor missiles off Hawaii last month, a Japanese Aegis ship participated.

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"The real wake-up call for Japan came in 1998, and the push for a missile shield is now well underway," said Peter Beck at the Seoul office of the International Crisis Group.

"But the Japanese have an obsession with North Korea. And by firing these missiles, North Korea has shown itself to be a clear and present danger that provides political cover for the hard-liners in Japan."

Pyongyang Highlight Reel (WSJ)

The Wall Street Journal, July 8, 2006

North Korea's Kim Jong Il joined our Independence Day celebrations this week by firing several medium-range missiles and one long-range Taepodong-2 missile, the latter capable of reaching Seattle had it not blown up a few seconds into its flight. The "Dear Leader" now threatens to conduct more tests. What does he want?

The conventional view is that he wants direct talks with the U.S. leading to security guarantees, normalization of ties and an end to Pyongyang's economic isolation. And this, it is further said, is the happy state toward which North Korea and the U.S. were headed in the late 1990s until the Bush crew started talking about the "axis of evil" and pre-emption, thereby provoking Kim's current discontent. All will be well, moreover, if President Bush drops his gratuitously hostile attitude toward Kim and picks up where the Clinton Administration left off.

The amazing thing is that serious people purport to believe this after 20 years of contrary evidence. So we thought it might be instructive to recount some history, a sort of diplomatic highlight reel, of U.S. negotiations with Kim over the years. It helps to explain how Kim thinks he can fire missiles toward his adversaries with impunity.

In December 1985, North Korea signed the nuclear Nonproliferation Treaty (NPT) under pressure from the Soviet Union. Until that time, the International Atomic Energy Agency (IAEA), the U.N. body charged with enforcing the NPT, was only aware of one nuclear power plant in the North, a small research reactor supplied by the Soviets in 1977. In their initial declaration to the IAEA, however, Pyongyang owned up to operating a second small reactor, a plutonium reprocessing plant, a fuel fabrication plant, as well as to building two larger reactors. The North also admitted it had separated about 100 grams of plutonium through reprocessing.

But according to a book by David Fischer (an excerpt of which is published on the IAEA's Web site), the IAEA quickly concluded that the North had probably separated more plutonium than it had declared, and that it had also disguised the existence of two additional nuclear facilities from the IAEA, facilities they refused to let the IAEA inspect. The North also demanded that the U.S. withdraw its 100 tactical nuclear weapons from South Korea as a condition to its adherence to the NPT.

In 1991, President George H. W. Bush agreed to do just that. That year, North and South Korea signed a joint declaration in which both sides promised not to "test, manufacture, produce, receive, possess, store, deploy or use nuclear weapons," or to "possess nuclear reprocessing and uranium enrichment facilities."

Yet in March 1993, Pyongyang reacted to an IAEA demand to visit the two suspect sites by announcing that it would withdraw from the NPT. The Clinton Administration pleaded with the North to suspend its withdrawal and accept IAEA inspections. But as Mr. Fischer recounts, "during the remainder of 1993 and the first half of 1994, [North Korea] continued to frustrate and harass IAEA inspections." Tensions between the U.S. and North Korea mounted until Jimmy Carter's intervention that June, which in turn led to the "Agreed Framework" of October 1994.

Under its terms, North Korea promised to freeze most of its existing nuclear programs, accept IAEA monitoring and comply with its denuclearization agreement with South Korea. In exchange, the U.S. would ease trade restrictions, offer security guarantees, arrange for the financing of two light-water reactors and supply oil. The U.S. met its end of the bargain: It supplied the fuel, arranged the reactor financing, eased economic sanctions and paved the way toward diplomatic recognition, culminating in a visit to Pyongyang by then Secretary of State Madeleine Albright in October 2000.

Contrary to myth, the Bush Administration continued to honor the terms of the Framework, despite its obvious misgivings. In August 2002, Charles Pritchard, Mr. Bush's special envoy to North Korea, attended the groundbreaking of one of the reactors; State Department spokesman Philip Reedker praised the event as "tangible progress made in construction and the importance to the reactor project's ultimate success."

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Pyongyang had a very different view of compliance. In 1998, it fired without warning a Taepodong-1 missile over Japan. In 1999, it delayed by five months a request to inspect a suspected underground nuclear facility. The Clinton Administration responded to the first provocation by attempting to negotiate a missile version of the Agreed Framework, and to the second by promising North Korea food aid in exchange for inspections.

In 2002, based on new intelligence, the Bush Administration accused North Korea of pursuing a secret, uranium-based nuclear-weapons program. Far from denying the accusation, the North readily admitted it and announced that it was a nuclear-weapons state. Pyongyang, it turned out, had been cheating on the Agreed Framework since at least 1997, long before the Bush Administration came to town. The standoff has continued since, punctuated by periodic threats from Kim, and now with more missile threats.

Given this history, Kim is hardly crazy to conclude that if he just threatens enough, the U.S. will deliver what he wants sooner or later. North Korea is a difficult problem, and we don't have any simple solutions. But the beginning of wisdom ought to be not to repeat the mistakes of the past. And the worst mistake would be to reward Kim once again for violating his commitments by sending him more money and more diplomatic prestige.

Bjorn Lomborg Get Your Priorities Right (WSJ)

By Kimberley A. Strassel

The Wall Street Journal, July 8, 2006

NEW YORK -- Bjorn Lomborg is a political scientist by training, but the charismatic, golden-haired Dane is offering me a history lesson. Two hundred years ago, he explains, sitting forward in his chair in this newspaper's Manhattan offices, the left was an "incredibly rational movement." It believed in "encyclopedias," in hard facts, and in the idea that mastery of these basics would help "make a better society." Since then, the world's do-gooders have succumbed to "romanticism; they've become more dreamy." This is a problem in his view, and so this "self-avowed slight lefty" is determined to nudge the whole world back toward "rationalism."

Well, if not the whole world, at least the people who matter. In Mr. Lomborg's universe that means the lawmakers and bureaucrats who are charged with solving the world's most pressing problems -- HIV/AIDS, malaria, malnutrition, dirty water, trade barriers. This once-obscure Dane has in recent years risen to the status of international celebrity as the chief advocate of getting leaders to realize the world has limited resources to fix its problems, and that it therefore needs to prioritize.

Prioritization, cost-effectiveness, efficiency -- these are the ultimate in rational thinking. (It strikes me they are the ultimate in "free markets," though Mr. Lomborg studiously avoids that term.) They are also nearly unheard-of concepts among the governments, international bodies and aid groups that oversee good works.

Mr. Lomborg's approach has been to organize events around the globe in which leaders are forced to think in new ways. His task is certainly timely, with groups like the U.N. engaged in debate over "reform," and philanthropists such as Warren Buffett throwing billions at charitable foundations. But, I ask, can the world really become more rational? "It's no use just talking about all the great things you'd like to accomplish -- we've got to get there," says Mr. Lomborg. * * *

Bjorn Lomborg busted -- and that is the only word for it -- onto the world scene in 2001 with the publication of his book "The Skeptical Environmentalist." A one-time Greenpeace enthusiast, he'd originally planned to disprove those who said the environment was getting better. He failed. And to his credit, his book said so, supplying a damning critique of today's environmental pessimism. Carefully researched, it offered endless statistics -- from official sources such as the U.N. -- showing that from biodiversity to global warming, there simply were no apocalypses in the offing. "Our history shows that we solve more problems than we create," he tells me. For his efforts, Mr. Lomborg was labeled a heretic by environmental groups -- whose fundraising depends on scaring the jeepers out of the public -- and became more hated by these alarmists than even (if possible) President Bush.

Yet the experience left Mr. Lomborg with a taste for challenging conventional wisdom. In 2004, he invited eight of the world's top economists -- including four Nobel Laureates -- to Copenhagen, where they were asked to evaluate the world's problems, think of the costs and efficiencies attached to solving each, and then produce a prioritized list of those most deserving of money. The well-publicized results (and let it be said here that Mr. Lomborg is no slouch when it comes to promoting himself

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and his work) were stunning. While the economists were from varying political stripes, they largely agreed. The numbers were just so compelling: $1 spent preventing HIV/AIDS would result in about $40 of social benefits, so the economists put it at the top of the list (followed by malnutrition, free trade and malaria). In contrast, $1 spent to abate global warming would result in only about two cents to 25 cents worth of good; so that project dropped to the bottom.

"Most people, average people, when faced with these clear choices, would pick the $40-of-good project over others -- that's rational," says Mr. Lomborg. "The problem is that most people are simply presented with a menu of projects, with no prices and no quantities. What the Copenhagen Consensus was trying to do was put the slices and prices on a menu. And then require people to make choices."

Easier said than done. As Mr. Lomborg explains, "It's fine to ask economists to prioritize, but economists don't run the world." (This sounds unfortunate to me, although Mr. Lomborg, the "slight lefty," quickly adds "Thank God.") "We now need to get the policy makers on board, the ones who are dealing with the world's problems." And therein lies the rub. Political figures don't like to make choices; they don't like to reward some groups and not others; they don't like to admit that they can't do it all. They are political. Not rational.

So all the more credit to Mr. Lomborg, who several weeks ago got his first big shot at reprogramming world leaders. His organization, the Copenhagen Consensus Center, held a new version of the exercise in Georgetown. In attendance were eight U.N. ambassadors, including John Bolton. (China and India signed on, though no Europeans.) They were presented with global projects, the merits of each of which were passionately argued by experts in those fields. Then they were asked: If you had an extra $50 billion, how would you prioritize your spending?

Mr. Lomborg grins and says that before the event he briefed the ambassadors: "Several of them looked down the list and said 'Wait, I want to put a No. 1 by each of these projects, they are all so important.' And I had to say, 'Yeah, uh, that's exactly the point of this exercise -- to make you not do that.'" So rank they did. And perhaps no surprise, their final list looked very similar to that of the wise economists. At the top were better health care, cleaner water, more schools and improved nutrition. At the bottom was . . . global warming.

Wondering how all this might go over with Al Gore, I ask Mr. Lomborg if he'd seen the former vice president's new film that warns of a climate-change disaster. He's planning to, but notes he wasn't impressed by the trailers: "It appears to be so overblown that it isn't helpful to the discussion." Not that Mr. Lomborg doesn't think global warming is a problem -- he does. But he lays out the facts. "The proposed way of fixing this -- to drastically reduce carbon emissions now and to solve a 100-year problem in a 10-year time frame, is just a bad idea. You do fairly little good at a fairly high price. It makes more sense to solve the 100-year problem in a 50-year time frame, and solve the 10-year problems, like HIV-AIDS, in a five-year time frame. That makes sense, and is the smart way to spend money."

Slipping into his environmentalist's shoes, he also says people need to get some perspective. "The U.N. tells us global warming will result in a sea-level change of one to two feet. It is not going to be the 30 feet Al Gore is scaring us with. Is this one to two feet going to be a problem? Sure," he says. "But remember that this past century sea levels rose between one-third and a full foot. And if you ask old people today what the most important things were that happened in the 20th century, do you think they are going to say: 'Two world wars, the internal combustion engine, the IT revolution . . . and sea levels rose'? It's not to say it isn't a problem. But we fix these problems."

* * *

Perhaps Mr. Lomborg's greatest coup at the recent Copenhagen Consensus event was getting the attention of John Bolton, a foe of U.N. inefficiency and bureaucratic wheel-turning. "I called Bolton's secretary and we finally got them to agree and she said 'Okay, you can have him for one hour.' And I said 'No, we need him for two days.' And she laughed her heart out and said 'That's never going to happen.'" But happen it did, and Mr. Bolton was an enthusiastic supporter, appearing with Mr. Lomborg to announce the results of the exercise and lamenting that too often at the U.N. "everything is a priority." There is already talk of a bigger U.N. event in the fall.

Still, it strikes me that simply getting the top folks to prioritize (which itself would be a minor miracle) is only a start. How does Mr. Lomborg intend to deal with a compartmentalized bureaucracy, where every unit claims it is sacred and each one is petrified of losing funding? Here, Mr. Lomborg himself turns a little less rational and a little more political. It's no accident that the

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consensus organizers tell its participants to consider what they'd do with an "extra" $50 billion. "Most of these guys, the day-to-day guys at the U.N., went into their business to 'do good.' And we need to appeal to that bigger sense of virtue. The best way to do that is talk about 'extra' money, so that they aren't worried about losing their own job."

Mr. Lomborg hopes that prioritization up top will inspire "competition" down below. "Most people work in their own circles -- malaria guys talk to malaria guys, malnutrition guys to malnutrition guys. But if they understand that there are other projects out there, and that they also have price tags, and that the ones with the best performance are the ones that will get the extra money -- you start to have an Olympics for best projects. And that means smarter ideas for how to solve problems." In fact, Mr. Lomborg wishes there were more Al Gores. "It's good we have someone educating about global warming. But we need Al Gores for HIV/AIDS, Al Gores for malnutrition, Al Gores for free trade, Al Gores for clean drinking water. We need all these Al Gores passionately roaming the earth with power-point presentations, making the case for their project. Because at that point, the real Al Gore would be slightly sidelined, since he's arguing for the most expensive cure that would do the least good."

Mr. Lomborg is smart enough to realize that what really bothers political leaders with this approach is that "it would be launching a ship and it's unknown where it will land. That makes people uncomfortable." A Copenhagen Consensus exercise for the Inter-American Development Bank in Latin America or for the Environmental Protection Agency in the U.S. (both of which Mr. Lomborg is working to organize) could result in findings that suggest the leaders of these organizations have been throwing good money after bad for years.

"Right now, politicians know that in public they have to say they support all things, and suggest there is an infinite amount of money to give to an infinite amount of good causes. Semiprivately, they know that if they have 10 good causes, the easiest thing is to give one-tenth of the funds to each -- so there are no complaints. But privately they know there isn't enough money for everything and that they probably should have given most of it to the one or two groups that would do the most good."

At the very least, the Copenhagen Consensus might make it harder for public figures to defend bad decisions. "If you have a rational list that tells you that you do a lot more good preventing HIV/AIDS, then those in favor of such projects have slightly better arguments. Those arguing for climate change have slightly worse arguments." And while this may not change the world, it could be a start. "The Consensus isn't about getting it perfectly right," says Mr. Lomborg. "It's about getting it slightly less wrong."

Ms. Strassel is a member of The Wall Street Journal's editorial board.

US And Russia To Enter Civilian Nuclear Pact (WP)

By Peter Baker

The Washington Post, July 8, 2006

President Bush has decided to permit extensive U.S. civilian nuclear cooperation with Russia for the first time, administration officials said yesterday, reversing decades of bipartisan policy in a move that would be worth billions of dollars to Moscow but could provoke an uproar in Congress.

Bush resisted such a move for years, insisting that Russia first stop building a nuclear power station for Iran near the Persian Gulf. But U.S. officials have shifted their view of Russia's collaboration with Iran and concluded that President Vladimir Putin has become a more constructive partner in trying to pressure Tehran to give up any aspirations for nuclear weapons.

The president plans to announce his decision at a meeting with Putin in St. Petersburg next Saturday before the annual summit of leaders from the Group of Eight major industrialized nations, officials said. The statement to be released by the two presidents would agree to start negotiations for the formal agreement required under U.S. law before the United States can engage in civilian nuclear cooperation.

In the administration's view, both sides would benefit. A nuclear cooperation agreement would clear the way for Russia to import and store thousands of tons of spent nuclear fuel from U.S.-supplied reactors around the world, a lucrative business so far blocked by Washington. It could be used as an incentive to win more Russian cooperation on Iran. And it would be critical to Bush's plan to spread civilian nuclear energy to power-hungry countries because Russia would provide a place to send the used radioactive material.

At the same time, it could draw significant opposition from across the ideological spectrum, according to analysts who follow the issue. Critics wary of Putin's authoritarian course view it as rewarding Russia even though Moscow refuses to support

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sanctions against Iran. Others fearful of Russia's record of handling nuclear material see it as a reckless move that endangers the environment.

"You will have all the anti-Russian right against it, you will have all the anti-nuclear left against it, and you will have the Russian democracy center concerned about it too," said Matthew Bunn, a nuclear specialist at Harvard's Belfer Center for Science and International Affairs.

Since Russia is already a nuclear state, such an agreement, once drafted, presumably would conform to the Atomic Energy Act and therefore would not require congressional approval. Congress could reject it only with majority votes by both houses within 90 legislative days.

Administration officials confirmed the president's decision yesterday only after it was first learned from outside nuclear experts privy to the situation. The officials insisted on anonymity because they were not authorized to disclose the agreement before the summit.

The prospect, however, has been hinted at during public speeches in recent days. "We certainly will be talking about nuclear energy," Assistant Energy Secretary Karen A. Harbert told a Carnegie Endowment for International Peace event Thursday. "We need alternatives to hydrocarbons."

Some specialists said Bush's decision marks a milestone in U.S.-Russian relations, despite tension over Moscow's retreat from democracy and pressure on neighbors. "It signals that there's a sea change in the attitude toward Russia, that they're someone we can try to work with on Iran," said Rose Gottemoeller, a former Energy Department official in the Clinton administration who now directs the Carnegie Moscow Center. "It bespeaks a certain level of confidence in the Russians by this administration that hasn't been there before."

But others said the deal seems one-sided. "Just what exactly are we getting? That's the real mystery," said Henry D. Sokolski, executive director of the Nonproliferation Policy Education Center. Until now, he noted, the United States has insisted on specific actions by Russia to prevent Iran from developing bombs. "We're not getting any of that. We're getting an opportunity to give them money."

Environmentalists have denounced Russia's plans to transform itself into the world's nuclear dump. The country has a history of nuclear accidents and contamination. Its transportation network is antiquated and inadequate for moving vast quantities of radioactive material, critics say. And the country, they add, has not fully secured the nuclear facilities it already has against theft or accidents.

The United States has civilian nuclear cooperation agreements with the European atomic energy agency, along with China, Japan, Taiwan and 20 other countries. Bush recently sealed an agreement with India, which does require congressional approval because of that nation's unsanctioned weapons program.

Russia has sought such an agreement with the United States since the 1990s, when it began thinking about using its vast land mass to store much of the world's spent nuclear fuel. Estimating that it could make as much as $20 billion, Russia enacted a law in 2001 permitting the import, temporary storage and reprocessing of foreign nuclear fuel, despite 90 percent opposition in public opinion polls.

But the plan went nowhere. The United States controls spent fuel from nuclear material it provides, even in foreign countries, and Bunn estimates that as much as 95 percent of the potential world market for Russia was under U.S. jurisdiction. Without a cooperation agreement, none of the material could be sent to Russia, even though allies such as South Korea and Taiwan are eager to ship spent fuel there.

Like President Bill Clinton before him, Bush refused to consider it as long as Russia was helping Iran with its nuclear program. In the summer of 2002, according to Bunn, Bush sent Putin a letter saying an agreement could be reached only if "the central problem of assistance to Iran's missile, nuclear and advanced conventional weapons programs" was solved.

The concern over the nuclear reactor under construction at Bushehr, however, has faded. Russia agreed to provide all fuel to the facility and take it back once used, meaning it could not be turned into material for nuclear bombs. U.S. officials who once suspected that Russian scientists were secretly behind Iran's weapons program learned that critical assistance to Tehran came from Pakistani scientist A.Q. Khan.

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The 2002 disclosure that Iran had secret nuclear sites separate from Bushehr shocked both the U.S. and Russian governments and seemed to harden Putin's stance toward Iran. He eventually agreed to refer the issue to the U.N. Security Council and signed on to a package of incentives and penalties recently sent to Tehran. At the same time, he has consistently opposed economic sanctions, military action or even tougher diplomatic language by the council, much to the frustration of U.S. officials.

Opening negotiations for a formal nuclear cooperation agreement could be used as a lever to move Putin further. Talks will inevitably take months, and the review in Congress will extend the process. If during that time Putin resists stronger measures against Iran, analysts said, the deal could unravel or critics on Capitol Hill could try to muster enough opposition to block it. If Putin proves cooperative on Iran, they said, it could ease the way toward final approval.

"This was one of the few areas where there was big money involved that you could hold over the Russians," said George Perkovich, an arms-control specialist and vice president of the Carnegie Endowment. "It's a handy stick, a handy thing to hold over the Russians."

Bush has an interest in taking the agreement all the way as well. His new Global Nuclear Energy Partnership envisions promoting civilian nuclear power around the world and eventually finding a way to reprocess spent fuel without the danger of leaving behind material that could be used for bombs. Until such technology is developed, Bush needs someplace to store the spent fuel from overseas, and Russia is the only volunteer.

"The Russians could make a lot of money importing foreign spent fuel, some of our allies would desperately like to be able to send their fuel to Russia, and maybe we could use the leverage to get other things done," such as "getting the Russians to be more forward-leaning on Iran," Bunn said.

Energy Security Pact Eyed At G-8 (WT)

By Katie Stuhldreher

The Washington Times, July 8, 2006

American and European officials are pressing for an agreement on energy security with Russia at the Group of Eight summit in St. Petersburg next week, which foreign policy specialists predict will fail.

Karen Harbert, assistant energy secretary for international affairs, stressed energy as a main theme for President Bush in the talks, including a bilateral summit with Russian President Vladimir Putin.

"We have a new energy environment and Russia needs to understand that there are certain responsibilities that go along with membership in the G-8. Russia needs to show commitment to democratic principles and rule of law that will make it a good place for investment," Mrs. Harbert told reporters.

Other issues on the agenda, she said, include Russia's commitment to democracy and its link to economic cooperation.

Mrs. Harbert insisted an agreement could be reached in St. Petersburg because the United States and Russia have the same interest in maximizing Russia's energy exports.

Critics, however, say lack of a unified front from Europe on the issue and necessity for Russian cooperation on negotiations with Iran greatly limit the United States' leverage to push Mr. Putin for reform.

Carlos Pascual, director of foreign policy studies at the Brookings Institution, said, "It's going to be hard to manage Russia in a world with many other problems in which we need them to play a key role."

Edward Chow, a former headquarters manager for international affairs at Chevron Corp., said negotiations with Russia may be useless.

"Looking to Russia as a solution to a volatile market may not be the right answer. We clearly have different agendas. Maybe we should come back and talk when they or the market is in a better mood," he said.

David G. Victor, an energy specialist at the Council on Foreign Relations, said, "I don't think that it's that the two sides don't understand one another. I think that we've reached a point of deadlock, and nothing will come out of the G-8 summit."

Mr. Chow added that lack of European unity on the issue served as another handicap for the United States in the talks.

Johannes Linn, senior fellow at the Brookings Institution, agreed that Russia won't be enthusiastic about adjusting policies.

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"Russia doesn't see a win-win solution. Russia thinks the only way to increase its energy security is at the expense of others, like Ukraine. This will make it hard to find an energy policy that everyone can sign onto," he said.

Recent concerns about global energy security arose in January, when Kremlin-controlled energy giant Gazprom temporarily cut off natural gas supplies to Ukraine over Ukrainian refusal to pay higher prices.

These actions prompted Secretary of State Condoleezza Rice and other U.S. leaders to criticize Russia for using energy for political purposes.

Mr. Chow said the United States' best hope at making progress with Russia is to court European support.

"Right now, Russia is getting mixed messages from Europe and can deal with different countries separately. The United States needs to work behind the scenes to promote a unified position on energy from Europe," he said.

A St. Petersburg Story (NYT)

The New York Times, July 8, 2006

Russia's meeting on July 15 with leaders of the world's richest democracies requires an important historical footnote. President Vladimir Putin will welcome the Group of Eight to St. Petersburg, where leaders are expected to talk about energy, Iran and terrorism. It is an event that would have appealed to Peter the Great, who built his beautiful but extravagant city over 300 years ago to win Russia a place at the European tables of his day.

Now it is Mr. Putin's turn to put Russia's post-Soviet power and progress on display. But the international acceptance that Mr. Putin craves will quickly disappear if the Kremlin continues its march toward what critics call a "staged democracy" instead of a real one.

The list of concerns has grown steadily during Mr. Putin's stewardship. The exuberant free press that erupted after the end of the Soviet Union 15 years ago is mostly gone now, and what passes for news increasingly comes straight from the Kremlin fax machine. National television networks now labor under the president's thumb, and the best newspapers are falling into line as well. The Internet, smaller publications and radio broadcasts are still exempt, but many Russian journalists fear it may be only a matter of time.

Then there are the upcoming presidential election in 2008. Mr. Putin's term is up, and he has said he will step down as required by law. But there are already troubling signs that if his loyal Parliament cannot find a way to keep him on, it will anoint his choice for successor. And woe unto any candidate who doesn't have the Kremlin's seal of approval.

Hopes for a rule of law are also dimming as the judicial system lands hardest on those out of favor with the Kremlin. Non-government organizations that sometimes criticize the government now see the Kremlin turning on them as well. Organizations like the Moscow Helsinki Group have come under attack for criticizing Mr. Putin's record on human rights and the treatment of ethnic minorities.

In the name of fighting extremism, Mr. Putin's government has enacted a new law that can easily be used to harass almost any activists who criticize the powerful. And one of Mr. Putin's TV stations falsely accused four important groups, including Moscow Helsinki, of taking money from British spies. This is a familiar tactic in Russia that should have been retired with the Soviet flag.

Mr. Putin's Russia is still far better than it was during the bleak decades of Communism. And Russia clearly has the economic clout to sit with France, Germany, Japan, the United States, Britain, Canada and Italy. But the leaders of this club need to make it clear to Russia that membership demands not only the power of wealth but also a democratic government to go with it.

Russia: Investors Line Up For An Oil Stake (WSJ)

By Gregory L. White

The Wall Street Journal, July 8, 2006

When President Bush meets with Vladimir Putin Friday, he will have a chance to express his concerns about the Russian leader's policies.

The day before, investors will have a chance to do the same. On Thursday, the $10 billion initial public offering by the state oil company, OAO Rosneft, is scheduled to be priced.

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So far, investors seem so eager for a piece of Russia's oil riches that they are willing to overlook Mr. Putin's curbs on democracy and heavy-handed economic policies. "Greed is taking precedence over fear," says one person close to the deal.

The reason: Russia is one of the world's largest producers of oil. Rosneft is the main beneficiary of the Kremlin's dismantling of OAO Yukos, the closely held company that had sought to be Russia's oil flagship until its chief executive and main shareholder was jailed in 2003.

Rosneft's takeover of Yukos's main asset -- a giant Siberian oil-producing company -- catapulted the state company into the top ranks of Russian oil producers, highlighting the Kremlin's drive to bring the country's energy riches under its tight control.

The IPO will be a test of whether foreign investors, who lost billions on Yukos when the government crushed the company with $30 billion in back-tax claims, are ready to put those losses behind them and bet on the Kremlin's horse.

International energy companies already are lining up. The Kremlin has steadily squeezed their access to Russia's rich oil and gas reserves, pushing for home-grown companies like Rosneft to get controlling stakes in any future large projects. Staying in the good graces of Rosneft and its Kremlin overseers is critical for any foreign company seeking to operate in Russia, say industry officials.

So isn't surprising that when Rosneft offered oil companies across Europe and Asia the chance to participate in the IPO, there was plenty of interest. BP PLC and Royal Dutch Shell PLC, both with substantial Russian operations, are likely to participate, taking as much as $1 billion or more each, according to people close to the deal.

State-owned companies in Asia, eager to curry favor with Moscow in the hope of getting more fuel, also are likely to invest. India is examining a proposal to invest as much as $3 billion in Rosneft through state-run energy firm Oil & Natural Gas Corp., a senior Oil Ministry official said Friday.

Russian investors, both individuals who can sign up to buy shares at banks across the country and the super-rich, also are showing strong interest.

Among Western investors, the biggest concern is whether the market capitalization of $60 billion to $80 billion that Rosneft is targeting is too rich a price for a company with little track record among investors. Worries about potential litigation from Yukos or any lingering anger about losses don't seem to be major concerns.

Says James Fenkner, a Moscow fund manager: "Betting against the Kremlin has been a very poor strategy over the last few years."

Gazprom Posts Net Of $10.98 Billion, Best Ever In Russia (WSJ)

By Greg Walters And Geoffrey T. Smith

The Wall Street Journal, July 8, 2006

MOSCOW -- OAO Gazprom reported 2005 net profit of 311.1 billion rubles, or $10.98 billion based on last year's exchange rates -- higher than any Russian company has ever recorded -- on the back of rising natural-gas prices and its acquisition of Sibneft. Gazprom, which supplies Europe with about a quarter of its gas consumption, said profit jumped 49% from 2004.

Gazprom is expanding into Europe -- the company's traditional foreign market -- and is moving into new regions such as East Asia and North America. Many people say rising revenues from oil and gas exports have allowed Russian politicians to assume a new assertiveness in world affairs.

State-owned Gazprom's international ambitions have raised concerns that the company may be focusing on infrastructural projects that create headlines -- like new gas pipelines under the Baltic Sea to Germany and across Siberia to China -- at the expense of developing its vast reserves to meet future demand. Gazprom's gas output is expected to be essentially flat this year at just under 550 billion cubic meters.

Gazprom's revenue and profitability rose sharply at all levels last year, reflecting higher prices for natural gas in Russia and abroad. Revenue rose 42% compared with a year earlier to 1.384 trillion rubles, on an increase of only 2.8% in natural-gas sales by volume. Andrei Gromadin, an analyst at MDM Bank in Moscow, said Sibneft -- since renamed Gazprom Neft -- contributed about 15 billion to 16 billion rubles in net income and 90 billion rubles in revenue in the fourth quarter.

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Gazprom bought a 72% stake in Sibneft for a little more than $13 billion in September. The acquisition, which was largely financed by debt, led to a 60% increase in net debt to 797.5 billion rubles at the end of the year. However, analysts note that Gazprom Neft's strong cash flow makes it easier for it to service that debt.

Gazprom's results were calculated according to international financial reporting standards, though the company had already reported earnings under Russian accounting standards for the full year.

Nadia Kazakova, an analyst with Alfa Bank in London, said the same buoyant fundamentals would likely lead to another record profit for Gazprom in 2006.

While record-breaking in Russia, Gazprom's profit is still below that of its international peers, even those with comparable market capitalizations. BP PLC reported net profit about twice as high as Gazprom's in 2005, at $22.34 billion. Gazprom's market capitalization was $248 billion, compared with BP's $234 billion.

Kremlin Curtails U.S.-Financed Radio Broadcasts To Russians (NYT)

By C. J. Chivers

The New York Times, July 8, 2006

MOSCOW, July 7 — American-financed radio news broadcasts to Russia, a staple of the American government's outreach efforts since the cold war, have been sharply curtailed in recent months under legal pressure from the Russian government, according to Russian and American officials.

The pressure has knocked programs off the air in much of the country, limiting the Russian-language news broadcasts of Voice of America and Radio Free Europe/Radio Liberty almost entirely to Moscow and St. Petersburg.

The suppression of the Western-financed news, which began last year weeks after a journalist for Radio Free Europe/Radio Liberty infuriated the Kremlin by interviewing Shamil Basayev, the Chechen rebel leader, has been indirect but highly effective, officials said.

Rather than confront the news services' operations directly, regulators from the Culture Ministry have audited the services' partners across the nation — the Russian radio stations that rebroadcast the programs as part of their formats.

The audits found that the stations had not complied with provisions of Russian media law requiring them to submit and adhere to "concepts of programming" that delineate how much air time will include material they produce themselves and how much will come from external sources, said Yevgeny Strelchik, an adviser to the arm of the ministry that monitors broadcasters' compliance.

Regulators warned the Russian stations that they would risk losing their licenses if they continued to broadcast the material provided by the American news services. As a result, one station after another has dropped the programming.

The crackdown, first reported by The Washington Post, has followed Kremlin efforts since President Vladimir V. Putin came to office in 2000 to control or restrict independent journalism in Russia, especially on the airwaves. Television stations fell under the Kremlin's sway and now principally act as instruments of the state.

Jeffrey N. Trimble, the acting president of Radio Free Europe/Radio Liberty, said the pressure against his service's partners had resulted in all but four or five of the stations dropping the programs. Last year at least 30 stations carried the material.

He said the crackdown appeared to be part of the larger trend against independent journalism. "The media in Russia has become less free, and we are caught up in that," Mr. Trimble said.

An official at the State Department said Secretary of State Condoleezza Rice and other officials had raised the issue with Russia, without result. Their efforts, while falling within larger concerns about press freedom here, have been complicated because the stations did appear to have technical violations that gave the Russian regulators some basis for action, the official said.

"High-level State Department officials have discussed these issues repeatedly with Russian officials, both in Moscow and in Washington," the official said. "These decisions have not yet led to a satisfactory resolution of these matters, and we will continue to push until a satisfactory solution is reached."

The official spoke anonymously, because of sensitivities about Russian-American relations before meetings next week between President Bush and President Putin.

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The audits began shortly after Andrei Babitsky, a journalist for Radio Free Europe/Radio Liberty, interviewed Mr. Basayev last August. The news service chose not to broadcast the interview, but portions were shown on an ABC News program.

Russia promptly moved against ABC News operations, announcing that it would not renew the accreditations of its staff members, effectively stripping them of their ability to work in the country. It moved more quietly against Radio Free Europe/Radio Liberty, but the results have been clear.

"The partners have been rebroadcasting our content for years, and suddenly all of them gave up at once," said Yelena Glushkova, director of the news service's operations in Russia.

Mr. Strelchik, the government adviser, insisted there was no political or retaliatory motive. "We do not see any ideological problems in this," he said. "The federal service I work for has nothing to do with politics."

Destinations Cracking The Russia Code (WSJ)

By Stan Sesser

The Wall Street Journal, July 8, 2006

MOSCOW -- The great historic monuments are impeccably restored, landscaped and litter-free. Dozens of opulent new restaurants offer cuisines from around the world. Warm days breaking the long winter mean even the locals are smiling. All that's missing from this bucolic scene: tourists.

Even in the heart of the city -- in the grand Red Square -- it's quiet. At the entrance to the tomb of Communist revolutionary Vladimir Lenin, barriers are set up to rein in hundreds of visitors. But on a recent visit, a couple of dozen visitors wait five minutes to get in.

It's boom times in Eastern Europe and the Baltic states, former Soviet Union countries that are now opening up to travelers. But not in Russia. In 2005, the number of tourists to Russia dropped 14% to 2.4 million. Almost one million more people went to the Czech Republic last year for tourism and business than to Russia -- which has about 14 times the population.

Travelers are being driven away by a severe shortage of hotel rooms in major cities like Moscow and St. Petersburg, as well as apartment-rental scams; prices that are shockingly high for food, hotels and private transport; and by a visa system so draconian that you can literally be snatched off the street by the police if just one stamp on the papers you're required to carry with you at all times isn't in order.

The upshot for travelers: Getting there and then getting around takes a lot of planning -- and patience. For many people, booking a group tour through a specialist agency will be the best way to explore the country. Those who want to go it alone should consider spending just a few days in Moscow and more time in St. Petersburg, which is the most tourist-friendly part of the country, with multilingual subway signs. To avoid dangers and scams, hire a driver recommended by a reputable hotel, and book accommodations only through a reliable travel agent or rental agency (see Trip Planner).

For Russia's leadership, tourism simply isn't a top priority at the moment. The country is on an economic rebound driven by surging prices for its main exports, oil and gas, dwarfing tourism as a potential source of Western dollars. While they're pushing to diversify the economy, including some investment in tourism projects like a ski resort near the Black Sea, most of the focus is on traditional industries. And with President Vladimir Putin cultivating an assertive and nationalist foreign policy, there's little appetite for anything that looks like favoring foreigners.

Russian officials don't attempt to hide the reality of how much tourism is hurting. Sergei Sinitsyn, adviser to the chairman of the Federal Agency for Tourism, points out the slight the government has given tourism. His agency until a year ago was part of the sports ministry. It still has only a small marketing budget -- $3.6 million last year for the entire world, at a time some countries spend more than $100 million to draw tourists.

Although I had done my homework investigating the pitfalls for this trip, my first to the country, I was impressed with what I found. Russia is a vast country, with the sites in Moscow and St. Petersburg exceeding what the most effusive guidebooks had promised. There are also towering mountains and interesting ethnic minorities in the south; Lake Baikal, the world's largest freshwater lake in Siberia; and the Golden Ring, a string of historic towns with medieval cathedrals and monasteries largely unchanged for centuries, within a day's drive of Moscow. Even Russian food far surpassed its dubious reputation as being leaden and greasy, thanks to some splendid new restaurants that have arrived in capitalism's wake.

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Russia is so rich culturally that there are constant surprises. My first afternoon in St. Petersburg, I walked into a Russian restaurant called the Literary Cafe and discovered a pianist and violinist entertaining diners with classical music of concert-hall quality. At a monastery near Moscow, I entered a chapel and found a service in progress, featuring not only the priest, but also three women singing religious chants against a background of magnificent icons lining the walls.

But the pleasures of sightseeing can quickly turn to shell shock when it comes to prices. In Moscow, steep land costs give developers no incentive to build modestly priced hotels. "In the last year, Moscow lost 6,000 hotel rooms," says Sergey Shpilko, head of the Russian Tourism Union, a trade association of tour agencies. This included the gargantuan Moskva and Rossiya hotels near the Kremlin. "And our hotel prices are already the highest in the world," he says.

When I called the Baltschug Kempinski, one of Moscow's main luxury hotels, to see if they had an available room, they urged me to postpone my trip a few days to take advantage of a "special promotional rate" -- $573 a night plus 18% tax, without breakfast. The Kempinski offered an $80 Sunday brunch that didn't include drinks, as well as a three-hour tour of Moscow by private car for $347, which won't get you far in Moscow's notorious traffic jams. The Metropol, another of the grandes dames, where I finally managed to get a room for a more reasonable $280, said I could have access to high-speed Internet in my room for a $140 installation fee plus $40 a day.

Russian tourism continues to suffer from some remnants of the Communist era when visitors took their marching orders and didn't complain. Although the days of snarling stewardesses and missing seat belts are gone, Aeroflot, the national airline, still lives up to its reputation as one of the worst in the world. On the flight from my home in Bangkok to Moscow on board its Ilyushin 96-300 widebody jet, I couldn't read because there were no overhead reading lamps, I couldn't watch a movie because there was no entertainment system, and I couldn't sleep because several drunk Russian men were shouting at the top of their lungs.

At the Moscow airport, signs saying "passport control" led to a dead end, while signs saying "transit" led to passport control. Once in the city, it's hard to navigate. Moscow's street and subway signs are only in the Cyrillic alphabet.

The daunting visa process is another reminder of Soviet police-state days. It takes about two weeks for a regular tourist visa to be processed. You're required to have an invitation from a "sponsor," which can be a tour agency in Russia that has never head of you, but has connections to the travel agency in the U.S. you use to obtain the visa. (It's well worth the extra $100 or so to avoid going through the paperwork and delays imposed by the Russian Embassy, which will still ask you to go to a U.S. tour agency to get a sponsor.) When you get your passport back, the sponsor is identified only by a long number on the visa certificate.

Mr. Sinitsyn, from the Federal Agency for Tourism, explains that the hassles in the visa process are "based on the principles of equality." The length of time it takes for visas to be processed for Russians entering the U.S., he says, is about equivalent to the time it takes for the American visa process for Russia. U.S. authorities confirm that it can take up to a month for Russian applications to be processed for travel to the U.S.

While in Russia, you're required to carry your passport with you at all times to show police if they demand to see it. I just missed being checked on Moscow's Arbat pedestrian street, a favorite hangout of tourists, when a policeman stopped the foreigner in front of me instead. Travel guides warn that police will sometimes extort money from you, as much as $150, even if your papers are in perfect order.

Mr. Sinitsyn acknowledges that extortion happens, "but not that often." In response, a spokesman for Russia's Interior Ministry says police stop people to check documents only when they think they might be involved in criminal activity. He says he isn't aware of any cases of foreigners filing complaints with the police about extortion or bribes involving document checks.

It's no surprise that with obstacles like this most American tourists choose to visit Russia on group tours, whose flag-waving leaders deal with all the problems. "Everyone kept telling me you can't do this on your own," says Karen Zorn, vice president of academic affairs for Boston's Berklee College of Music, who in fact was doing it on her own in St. Petersburg -- her first trip to Russia. "I don't like being in a group when I travel, being herded around."

But being solo has its drawbacks. Ms. Zorn says she had booked a hotel for $120 a night several months in advance, and when she arrived, she discovered what $120 buys in Russia's second city. "The lobby is half demolished and smells of fried food," says Ms. Zorn. "The door to my room wouldn't lock." When I met her, she was looking for a new hotel -- and finding that everything else was full.

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I also did it on my own, negotiating the Moscow subway system by painstakingly matching the Cyrillic letters against the bilingual metro map in my guidebook. With the help of a man who spoke English standing in line for tickets, I managed to take the 75-minute train ride from Moscow to the Golden Ring town of Sergiev Posad to see an impressive monastery.

But to get from Moscow to Suzdal -- an ancient Russian town in the Golden Ring filled with churches and monasteries of stunning beauty -- arranging a car and driver for the four-hour trip was the only alternative to two bus rides. Finding the right bus in Moscow and then changing buses in a small town without knowing a word of Russian was more than I wanted to risk. Here again the staggering Russian prices came into play; the Metropol's travel agency quoted me $1,000 for an overnight trip. But using a recommendation from an Australian acquaintance who lives in Moscow, I managed to get an English-speaking driver with a car for $300.

However, I had even less success than Ms. Zorn in attempting to find a low-priced accommodation. From my home in Bangkok, on the Internet I booked an apartment within walking distance of the Kremlin for $120 a night. The Moscow-based apartment booking agency, with toll-free numbers in the U.S. and England, photos of each apartment posted on their Web site, and mobile-phone numbers listed by everyone who contacts you, seemed impressive.

But after I followed their instructions and wired them a $100 deposit via Western Union, all communications stopped. Neither their mobile phones nor the main Moscow office number answered, and emails drew no response. In this country known for scams, I embarrassingly fell victim to one before I had even left home.

As soon as I landed in Russia, fears of scams were overshadowed by other sensations that were unexpected. Moscow and St. Petersburg are some of the cleanest cities I've ever visited; the streets and sidewalks are flushed and scrubbed daily, and there isn't a piece of litter anywhere. All the central buildings seemed either newly restored or undergoing restoration.

Oil and other riches aren't just confined to a handful of oligarchs. Hip restaurants and bars are jammed late into the night with the newly affluent middle class. It also spills out onto the streets. A supermarket on Tverskoy Boulevard, Moscow's premier shopping strip, looks like a room from a 19th-century palace, and the GUM department store on Red Square is in a historic, glass-ceilinged shopping arcade.

Then there were the people -- brusque on the surface, yes, but friendly and helpful underneath. And highly literate. One day I took an elderly pensioner I met at a St. Petersburg tourist site, who spoke fluent English, to lunch. Although he had to live on $35 a month, he displayed an encyclopedic knowledge of the world, at one point discussing the recent political changes in Bolivia.

There are several ways of making a trip to Russia easier without joining a tour group. If it's your first time, stick to tourist-friendly St. Petersburg, a city as rewarding as Paris, Rome and other major European capitals. If you don't speak Russian and want to get a driver, it's much safer to rely on private transport arranged by hotels. Consider hiring a guide but inquire at modest hotels or at Russian tour agencies that guidebooks recommend as reliable, because the rates that major hotels charge can be extortionate. About $100 a day is reasonable.

And the combination of a good guidebook, a Russian phrase book, and a map that lists everything in both the Cyrillic and Latin alphabets, will get you through almost any difficulty.

For future travelers, there are a few signs of progress. St. Petersburg now has subway and street signs in both the Cyrillic and Latin alphabets, and apartment-rental agencies there -- honest ones -- are offering some good bargains relative to hotels. Lisa Kreutz, an American property consultant for Pulford Real Estate in St. Petersburg, which rented me an attractive, centrally located apartment for $150 a night, reports another sign of change: The police are shaking down tourists much less than they did five years ago. "I grew up in New York, but I feel safer here," she says. "I walk home in the dark through a park."

Racism Haunts Russia Ahead Of G-8 Talks (BOS)

By Tom Parfitt

The Boston Globe, July 8, 2006

St. Petersburg killings a focus of concern

ST. PETERSBURG -- With its golden spires and stuccoed palaces stretching languorously along winding canals, this former imperial capital is a beacon of Russian sophistication envisioned by Czar Peter I as a ``Window on the West."

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But even as St. Petersburg displays a touch of panache that evades Moscow and other big cities, it is also an incubator for one of Russia's most pressing crises: violent racism.

President Vladimir Putin will welcome the leaders of the Group of Eight industrial nations to the Konstantinovsky Palace on the shores of the Gulf of Finland, as Russia hosts its first G-8 summit July 15 to 17. Putin hopes the summit will allow Russia to display its most elegant, modern face.

Yet while Putin will be proud to show off his hometown, there is a darker side to Russia here -- a problem compounded by government missteps and inaction -- that is hard to hide.

Local authorities claimed a victory in May when police arrested eight young men who allegedly carried out a string of racist killings and beatings over the last three years. They were captured after armed officers followed up on a tip from the city's Agency for Journalistic Investigations , which owns several private media outlets.

Using such monikers as Fighter and Apostle, the alleged gang members had kept a low profile and did not name their group, calling it only a ``terrorist attack organization." Police said their heroes were a mix of mythic Slavs, Nazis, and such individuals as Timothy McVeigh, the Oklahoma City bomber. Police believe the gang was a splinter formation of the city's notorious ultranationalist gang, Mad Crowd.

As news of the arrests spread, media loyal to the local government were quick to say that the city's slew of racially motivated killings had been stopped.

According to human rights monitors, six people were slain in the city between September and April, either because of the color of their skin or because they campaigned against extremists. Those cases are part of a wave of racist beatings and slayings sweeping across Russia, mostly attributed to gangs of skinheads.

Police suspect, based on interrogations and the discovery of explosives, that besides xenophobic attacks, the ``terrorist attack organization" -- which blamed the federal government for allowing dark-skinned immigrants into the country -- planned to launch suicide bombings during the G-8 summit using belts of explosives like those employed by Chechen militants.

The group's alleged leader, Dmitry Borovikov, was shot dead during his arrest when he lunged at police with a knife, but seven other accused gang members are in custody and charges are soon expected.

The arrests were a coup for the veteran, well-connected reporters at the Agency for Journalistic Investigations , who had groomed an informer among the young suspects. ``There was the option to publish first, but we realized this was such serious stuff we had to take it straight to the law enforcement agencies," said director Andrei Konstantinov, a chain-smoking veteran reporter who keeps a World War I heavy machine gun next to his desk.

Statements by the alleged gang members appear to connect the group to several high-profile killings, including the 2004 knifing death of Khursheda Sultonova, a 9 -year-old Tajik girl, and the April slaying of Lamzar Samba, 28, a Senegalese student who was shot by a gunman using a rifle emblazoned with a swastika.

The journalists' agency -- said to be close to police and the St. Petersburg city authorities -- supported the government's stance , boasting in its magazine that ``exactly [the gang's] arrest shows there is no mass racist movement in out city."

Yet assertions by the agency and others that racism has been extinguished with the arrests are viewed by some as premature.

``No doubt there are some real villains among them, but finding this gang was responsible for every racist crime of the last few years is remarkably convenient just before the G-8 summit," said Nikolai Donskov, head of the St. Petersburg office of Novaya Gazeta, a liberal weekly.

Ali Nassor, a native of Tanzania and a cofounder of the St. Petersburg advocacy group African Union, agreed.

``It's just too much of a happy ending," he said. ``When you look at the kind of stuff that gets printed here every day, at the kind of extremists whom the law never touches, then you realize what a fantasy it is that racism is solved in this city."

This year, Amnesty International accused Russian police of consistently downplaying hate crimes throughout the country by classifying them as hooliganism.

Several racist groups continue to operate with impunity in St. Petersburg, the group says. The city has a branch of the ultraright Slavyansky Soyuz organization, which promotes Adolph Hitler's Mein Kampf on its website. Another group is the Party of Freedom, run by former police officer Yuri Belyaev.

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``The first thing these immigrants ought to think when they are leaving home in the morning is: Will I die today or not?" Belyaev said. ``They should move around like scared animals -- creeping along besides the walls."

Asked whether he was a racist, Belyaev said: ``Yes. This is a question of taste. Some people don't like apples. I don't like Negroes. They are biological parasites."

Nassor says that such bigotry proves that racism has not been defeated. ``What I'd like to see is some real leadership from President Putin," he said. ``Right now, it's too easy to conclude that he's keeping quiet for political gain. He knows there's a big nationalist contingent that votes for him."

Western countries are pushing to include Russia's alleged backsliding on democracy and meddling in the former republics of the Soviet Union on the summit agenda, but Putin's aides have succeeded in keeping those topics off the agenda.

While human rights activists hope that other G-8 countries will use the summit to pressure Moscow to tackle the country's social ills, some people here say that they are proud Putin pushes back at his foreign critics.

``What I like about Putin as a leader is his attitude toward the West," says Valentina Morozova, 56, an accountant in St. Petersburg. ``They're always complaining and lording it over us, but he tells them where to get off."

Donskov, the newspaper editor, thinks the United States and Western Europe will have little leverage with Putin when it comes to addressing Russia's social ills. ``With all its oil and gas, Russia knows it can dictate terms these days. It's going to do just as it wants, regardless of the critics."

'Strategic' Accord Planned For Nazarbayev's US Visit (WT)

By David R. Sands

The Washington Times, July 8, 2006

The United States and Kazakhstan hope to sign a wide-ranging "strategic partnership" accord when President Nursultan Nazarbayev travels to Washington in September, Kazakh Foreign Minister Kasymzhomart Tokayev said in an interview yesterday.

The agreement is the latest sign of the Bush administration's desire for closer ties with the huge, oil-rich Central Asian nation, despite lingering concerns over Mr. Nazarbayev's record on press freedoms and political liberties.

"Our two countries share a common interest in sustaining stability and security across Central Asia," said Mr. Tokayev. "We are very much grateful for what the United States has done in Afghanistan, and I believe the U.S. side appreciates the political and strategic role we can play as well."

Mr. Nazarbayev, who has ruled Kazakhstan since independence from the Soviet Union in 1991, will be making his first trip to Washington in five years. Mr. Tokayev said his meetings this week with senior U.S. officials were devoted to setting the agenda for the September trip.

Vice President Dick Cheney lavishly praised Kazakhstan's economic and political progress during a visit in May.

Partly by default, Kazakhstan has emerged as the critical U.S. ally in the region. Uzbekistan, which also aided the U.S.-led war in Afghanistan, has closed a U.S. base and turned to Russia and China after U.S. criticisms of a violent political crackdown last year.

Kyrgyzstan has also moved closer to Moscow and is demanding a sharp increase in rents if the Pentagon wants to keep the key Manas Air Field for U.S. forces.

In a very uncertain region, "we are considered a very predictable partner," said Mr. Tokayev, who added that bilateral ties are as strong today as at any time since independence.

But the closer ties are still complicated by aspects of Mr. Nazarbayev's rule, at a time when President Bush has put promoting democracy at the heart of his foreign policy agenda.

Mr. Nazarbayev won another seven-year term as president in December in an election that Western monitors said was flawed, and just this month he consolidated his power by merging his party with one controlled by his eldest daughter.

Western press groups slammed a new law signed by Mr. Nazarbayev that they say greatly increases the state's control of news outlets. The country's information minister has also been quoted as saying the government plans to rein in Internet critics as well.

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Mr. Tokayev in the interview defended the new press law, saying there was "real legal disorder in the media sector." He said the law could be amended if it proved to have a chilling effect on critics.

He said U.S. officials have not pressured his country to reduce ties with its neighbors. He also dismissed reports in the Kyrgyz press that Kazakhstan might agree to host a U.S. military base if the Manas talks break down.

"That would not be feasible technically," he said.

Mr. Tokayev acknowledged that Kazakhstan is seeking a larger role on the international stage to match its growing energy clout and steady economic progress.

Kazakhstan is making a strong push to become the first former Soviet nation to chair the 56-nation Organization for Security and Cooperation in Europe in 2009 or 2010.

Mr. Tokayev said his country's bid is gaining support and will be discussed during Mr. Nazarbayev's visit.

"Considering our economic development and political reforms, Kazakhstan has every reason to claim its right to serve as head of the OSCE," he said.

But U.S. Ambassador to Kazakhstan John Ordway told reporters in Almaty that the international criticism of the new press law could hurt Kazakhstan's chances.

Ukraine's Coalition Unravels In A New Setback (NYT)

By Steven Lee Myers

The New York Times, July 8, 2006

MOSCOW, July 7 — President Viktor A. Yushchenko of Ukraine, a Western-leaning reformist who led a wave of popular protests to office, only to stumble badly when tested in parliamentary elections, suffered a new political defeat on Friday when his fragile coalition collapsed in acrimony two weeks after it was formed.

His opponents, joined by a former ally of the president, announced a new coalition and pledged to nominate as prime minister the man Mr. Yushchenko ultimately defeated after those protests overturned a rigged presidential election in 2004.

Friday's events, three and a half months after his party's humiliating showing in parliamentary voting in March, cast new doubts on Mr. Yushchenko's presidency, undermining his efforts to steer Ukraine on a course more closely entwined with Europe. He faces the possibility of an opposition government and prime minister opposed to his policy of joining the European Union, NATO and the World Trade Organization.

"This is certainly going to be a blow to the president's priority objectives," said Roman M. Zvarich, one of Mr. Yushchenko's supporters, who previously served as justice minister.

Viktor F. Yanukovich, Mr. Yushchenko's presidential rival and leader of the Party of Regions, seized on the disarray among the pro-presidential parties. Only two weeks ago, the parties negotiated a fragile compromise to create a government that would, largely, support Mr. Yushchenko's policies. Mr. Yanukovich, who has pledged closer economic, political and social ties with Russia, announced what he called an "anti-crisis coalition" uniting the Communists and the Socialist Party, which until this week had allied itself with what became known in 2004 as the Orange Revolution.

The crisis only seemed to worsen, though. Mr. Yushchenko, whose indecisiveness showed in weeks of tumultuous negotiations over forming a coalition after March's election, raised the specter of disbanding Parliament even before it effectively convened. By law, he could call new elections if Parliament cannot form a government within 60 days of the dismissal of the old one, a deadline now set for July 25. In a statement, Mr. Yushchenko said he did not want "the country to walk in some wrong direction for five years."

"No matter what coalition we speak about," he said in a statement published on his official Web site, "I would ask all the parties not to make hasty decisions." Mr. Yanukovich's party made haste nonetheless, nominating him as prime minister, a position that under constitutional changes approved in 2004 has enhanced powers over economic and domestic policy. The Party of Regions won the largest bloc of seats in the election, 186, but fell short of a majority in the 450-seat parliament.

With the Communists and Socialists, the party now claims to have 240 votes, enough to form a majority and elect Mr. Yanukovich prime minister, a post he held under the previous president, Leonid D. Kuchma.

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Mr. Yushchenko's coalition collapsed after two weeks of jockeying. For several days after the formation of a pro-presidential coalition, Mr. Yanukovich's supporters blocked Parliament from meeting by, literally, blocking the rostrum. They relented Thursday after reaching an agreement to hold an open vote for parliamentary speaker, a potentially influential position among parties allied with Mr. Yushchenko.

Mr. Yushchenko's party, Our Ukraine, nominated Petro O. Poroshenko, a chocolate manufacturer and television magnate who served as national security adviser until he resigned last September in the face of accusations of corruption. He was nominated as part of a deal that would have returned Yulia V. Tymoshenko, Mr. Yushchenko's partner-turned-rival, to the position of prime minister. Mr. Poroshenko's candidacy was seen by Our Ukraine as a way of balancing the power of Ms. Tymoshenko, who served as prime minister for eight months last year before the president dismissed her.

But facing opposition not only from the Party of Regions but also from some of Mr. Yushchenko's supporters, Mr. Poroshenko withdrew his candidacy on Thursday.

The Socialists joined with the opposition to elect their party leader, Oleksandr O. Moroz, who once vowed never to ally himself with Mr. Yanukovich. Mr. Moroz, a pragmatist who previously served as speaker, had strongly supported Mr. Yushchenko in the Orange Revolution. Mr. Moroz's defection provoked outrage. Mr. Zvarich accused him of political opportunism for personal ambitions. "Betrayal comes to mind," he said in a telephone interview.

In remarks earlier on Friday, cited by news agencies, Mr. Moroz said it was too early to discuss a coalition. He said all the parties' programs were "practically the same," suggesting he favored a broad coalition. He did not comment publicly on the announcement that his party had joined Mr. Yanukovich's.

Several members of the Socialist Party were reported to have broken with Mr. Moroz in protest. His press secretary said he was not available to comment Friday night. Mr. Zvarich said the president's supporters would challenge the formation of an opposition coalition in court, citing violations of parliamentary rules.

Mychailo Wynnyckyj, a professor of sociology at the University of Kiev-Mohyla Academy, said Ukraine faced a political division like France's, where a centrist president shared power with a leftist Parliament. But the situation was more volatile, he said. "In France, they call it cohabitation," he said in a telephone interview. And in Ukraine? "Chaos."

Defeated Candidate Reemerges In Ukraine (WP)

By Peter Finn

The Washington Post, July 8, 2006

MOSCOW, July 7 -- Ukraine's new coalition government of pro-Western democratic parties was predicted to be fragile. It proved so weak that it collapsed on Friday before it even got started.

And out of the rubble emerged the man who was cast as the villain in Ukraine's democratic triumph known as the Orange Revolution. In a remarkable turnaround, Viktor Yanukovich, the losing, pro-Moscow candidate in the disputed presidential elections that led to massive street protests in 2004, appears set to become prime minister.

This week was supposed to bring the formal reconstruction of the unstable alliance that led the Orange Revolution, so-named for the color worn by the protesters. Instead, the bloc dissolved into familiar back-stabbing after its smallest member, the Socialists, broke ranks to get its own man elected to a parliamentary post.

The Socialists then signed onto what they called a new "anti-crisis" coalition with the Communists and Yanukovich's Party of Regions. The agreement was signed Friday evening in front of journalists in Kiev, the Ukrainian capital.

The recent political turmoil and indecision in Ukraine have frustrated the European Union and the United States. They had hoped to see the country well along in restructuring necessary to open it to Western institutions and greater foreign investment.

The White House had considered a plan for President Bush to travel to Ukraine to hail it as a new outpost of openness and free enterprise, but it put off the idea because of continuing uncertainty after the election. Instead he went to Hungary last month.

With Yanukovich as prime minister, Bush can write off such a trip. The pro-Moscow politician opposes or questions many of the goals of President Viktor Yushchenko, notably membership in the NATO alliance and the European Union. Yanukovich is interested in what is called the "single economic space," a concept promoted by the Kremlin to bind Russia, Ukraine, Kazakhstan and Belarus together.

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Because of constitutional changes that came into force after Yushchenko assumed the presidency, the post of prime minister is more powerful than it has been. The holder of the office is no longer appointed by the president, but is independently elected by parliament. The president retains the right to propose candidates for three key ministries, including foreign affairs, but his ability to constrain the prime minister is much reduced.

The Orange coalition fell apart for the first time last September. Yushchenko dismissed his prime minister, Yulia Tymoshenko, the charismatic crowd-pleaser who galvanized the popular revolt that swept Yushchenko into office. He said corruption was rampant under her stewardship; she accused some of the president's key advisers of corruption.

Elections followed in March. Yanukovich's Party of Regions emerged as the largest single party, but no single party won an overall majority.

The three that had led the Orange Revolution -- Yushchenko's Our Ukraine, Tymoshenko's bloc and the Socialists, led by Oleksander Moroz -- together had enough seats to form a government, but weeks passed with no agreement on how to overcome the bad feelings between them and form a government.

In June, the three parties finally agreed to a new coalition. Tymoshenko would be prime minister, and Petro Poroshenko, a controversial tycoon and member of Yushchenko's party, would be speaker of parliament. The two are fierce rivals.

But on Thursday, Moroz, the Socialist leader, appeared to have had sudden second thoughts about the deal.

"I've got evidence to show, which I am not going to do now, that the election of such charismatic people" as Poroshenko and Tymoshenko to the country's highest offices will inevitably create an explosive mixture," he said. "It would spell the end of the coalition in the course of several months with all the consequences to follow."

The Socialists then nominated Moroz as speaker. Yanukovich's Party of Regions, joined by the Communists, saw an opening and backed him. He was elected on Thursday evening.

His former partners were left to fume. "We consider that the coalition never took place," Tymoshenko said. "Thus, the coalition did not unravel; it never existed in the first place."

"Moroz is a professional betrayer and a greedy, cynical and a mercenary man," David Zhvania, a member of Our Ukraine, told reporters.

Moroz quickly adjourned parliament until Tuesday, when a new coalition led by Yanukovich might be put to a vote.

Official Hits Stalled WTO Talks (WT)

By Jeffrey Sparshott

The Washington Times, July 8, 2006

The Bush administration's top trade official yesterday said the U.S. would not give up on global trade talks that have deadlocked, and she chastised India, Brazil and other rising economic powers for contributing too little to negotiations.

World Trade Organization talks last week in Geneva broke up with no agreement on a deal that would promote commerce and boost the economies of the body's 149 members. It was the latest in a series of breakdowns as the U.S., Europe and developing nations have been unable to agree on a formula to cut rich country farm subsidies while opening all but the poorest markets to greater competition.

"The U.S. has no intention of giving up, but we also expect others to step up to the plate," said U.S. Trade Representative Susan Schwab.

The European Union and a number of developing countries have repeatedly complained that the United States is offering too little and demanding too much from its trading partners.

Differences between the United States and the European Union, in particular, have been the focal point of the negotiations. The 25-nation bloc has demanded that the U.S. make deeper cuts in agriculture subsidies that are expected to reach almost $22 billion this year. The U.S. has criticized European subsidies, which are even more lavish, and trade barriers that protect its farmers.

Mrs. Schwab yesterday faulted Europe for proposals she called "vague" and "full of loopholes." But she also called on India, Brazil and China to acknowledge their growing economic clout, rather than seeking some of the same protection as the world's poorest nations.

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"There are some developing countries ... arguably emerging or existing powerhouses, that would like to hide behind the least developed and poorest among us," said Mrs. Schwab. "The Brazils, the Chinas and the Indias of this world can and should be expected to participate in this negotiation including opening their markets to other developing countries."

Mrs. Schwab and trade officials from other nations are, in part, looking to avoid blame if the talks collapse completely, said Dan Ikenson, associate director of the Center for Trade Policy Studies at the Cato Institute, a Washington think tank.

"I think we're now in the public relations game," Mr. Ikenson said.

There is limited hope to save the talks. WTO chief Pascal Lamy is traveling to capitals trying to encourage a breakthrough, and leaders from the Group of Eight industrialized nations meet next week in St. Petersburg to discuss an array of issues, including trade.

"There is a session where the G-8 leaders will probably be talking about trade, and there is an outreach session where we will have some other leaders including [Brazilian President Luiz Inacio Lula da Silva], [Indian Prime Minister Manmohan Singh] and others," Mrs. Schwab said.

Israel 'might Free Palestinians' In Return For Soldier (FT)

By Ferry Biedermann

Financial Times, July 8, 2006

The Israeli government, under increasing criticism for its Gaza offensive, indicated for the first time on Friday that it might be willing to free Palestinian prisoners in exchange for the release of a captured soldier.

Public security minister Avi Dichter said jailed Palestinians could be freed as a "reciprocal gesture" after the 19-year-old corporal Gilad Shalit was returned.

The European Union levelled its harshest criticism at Israel yet. "The EU condemns the loss of lives caused by disproportionate use of force by the Israeli Defence Forces and the humanitarian crisis it has aggravated," Finnish prime minister Matti Vanhanen, whose country holds the EU's rotating presidency, said in a statement.

Kofi Annan, UN secretary-general, said: "I call again for an immediate halt to the disproportionate use of force by Israel, which has already killed and wounded many civilians; for the release of Israeli army corporal Gilad Shalit; and for the cessation of rocket fire into Israel."

More than 20 people died on Thursday when Israeli forces moved into the north of the strip to prevent the firing of rockets and to exert more pressure over the captured soldier.

At least another six Palestinians died in the fighting on Friday, while the firing of rockets continued. Mr Dichter said the freeing of Palestinian prisoners was necessary to obtain the soldier's release. "Israel knows how to do this. Israel has done this more than once in the past."

Earlier, sources in the Hamas movement, whose members took part in the attack in which the corporal was seized, said the soldier could be released in exchange for all female Palestinian prisoners and some 20 men serving long sentences.

Israeli Forces Broaden Gaza Incursion (AP)

By Sarah El Deeb

AP, July 8, 2006

Israel sent troops and tanks into eastern Gaza on Saturday and clashed with militants in a broadened incursion aimed at forcing the release of a captured soldier.

The Israeli force entered Gaza early Saturday near the Karni commercial crossing, advancing into Gaza just a quarter mile from the Shajaiyeh and Zeitun neighborhoods. Hospital officials said an armed Palestinian was critically wounded in the fighting. The army had no immediate comment.

The air force fired missiles at a group of militants gathered at the outskirts of Shajaiyeh, injuring at least two people, Palestinian security and hospital officials said. Other troops used tanks to block a main road that used to lead to the Jewish settlement of Netzarim, witnesses and security officials said.

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Israel launched its offensive almost two weeks ago, after Palestinian militants carried out a brazen cross-border attack on a military outpost, capturing a 19-year-old Israeli soldier. The military campaign is meant to get Cpl. Gilad Shalit released, and carve out a temporary buffer zone to halt Palestinian rocket fire.

Israeli troops killed 32 Palestinians in two days of airstrikes and artillery barrages, Palestinian officials said.

Israel sent conflicting signals Friday on whether it would be willing to swap Palestinian prisoners in exchange for Shalit's release. Public Security Minister Avi Dichter suggested Israel could be ready to cut a deal that would include Israel freeing some Palestinian prisoners as a goodwill gesture.

If there is calm, "Israel will need to, after some time, release prisoners as a reciprocal gesture," Dichter said. "Israel knows how to do this. Israel has done this more than once in the past."

He was referring to previous prisoner swaps — usually in deals that free far more Palestinians than Israelis. Privately, Israeli officials have said they did not rule out talks in Shalit's case, either.

Moderate Palestinian President Mahmoud Abbas said he has won Israeli assurances that it would reciprocate for Shalit's release by freeing some prisoners, as well as Hamas politicians it has rounded up in recent days.

Officials close to Prime Minister Ehud Olmert later said Dichter's statement did not reflect the views of the government and that Israel insists on the soldier's unconditional release. However, the government did not issue a formal statement distancing itself from the minister.

Israel does not want to be seen as cutting a deal with Hamas militants, but also does not seem to have a way to free the soldier by force.

U.N. Secretary-General Kofi Annan urged the Security Council on Friday to take a stand on Israel's violent standoff with Hamas. Qatar has circulated a draft resolution demanding that Israel end its offensive and release Palestinian officials detained during the operation.

Annan appealed to Israel and the Palestinians to "pull back from the brink for the sake of all civilians in the region."

He called on Israel to halt what he said was the disproportionate use of force, demanded Shalit's release, and reminded both sides of their humanitarian obligation to spare civilians from violence.

Hamas said Friday that Shalit, seized June 25, is alive and being treated well. It also urged Israel to negotiate. The Islamic militant group initially demanded the release of hundreds of prisoners, but then scaled back its demands, seeking freedom for some 150 female inmates and several dozen men serving long sentences.

The internal Israeli debate came as ground troops backed by tanks pursued militants in the streets of crowded Gaza towns, and aircraft struck northern Gaza.

Shalit is believed to be held in southern Gaza, and days after he was seized, Israel launched its biggest military campaign in the coastal strip since ending its 38-year occupation there nine months ago.

The incursion began in southern Gaza, then expanded Thursday to the north as troops seized control of a ribbon of land. On Friday, Israeli aircraft struck Palestinian gunmen in northern Gaza.

Palestinian health officials said a total of 32 Palestinians were killed over two days, including 24 on Thursday, in the bloodiest day of clashes since the renewed fighting began last week. An 11-year-old boy shot in the chest during fighting on Wednesday died of his wounds late Friday, Palestinian hospital officials said.

Egyptian mediators have proposed a two-stage deal in which Hamas would free Shalit and halt rocket attacks. In exchange, Israel would halt its offensive and promise to free some Palestinian prisoners in the future.

A Palestinian official close to the negotiations said Israel has agreed to the Egyptian formula, but wants the deal to be confidential, to avoid the impression of a direct prisoner exchange. Hamas wants the terms of the deal to be announced publicly, he said, speaking on condition of anonymity because the talks are confidential.

Israeli Cabinet minister Roni Bar-On, who is close to Olmert, said Israel would not negotiate with Hamas over the release of prisoners. However, his comment did not appear to contradict Dichter who also did not call for direct contact with the militants.

The fighting has compounded the misery that has deepened in Gaza and the West Bank since Hamas took power in March. International sanctions imposed to pressure the group to recognize Israel have rendered it unable to pay government salaries, but on Friday, Palestinian officials said about one-fifth of the 165,000 civil servants would receive a small down payment.

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Government employees sustain about one-third of the Palestinians. Small down payments have been paid twice before.

Palestinians Dig In As Israel Advances (WP)

By Scott Wilson

The Washington Post, July 8, 2006

BEIT LAHIYA, Gaza Strip, July 7 -- Israeli tanks and bulldozers edged deeper into a crowded residential neighborhood here Friday amid stiffening resistance from Palestinian gunmen, at least three of whom were killed by an Israeli missile that hissed over a hilltop mosque here and into their ranks.

The small Israeli armored force carved more space between the fields in this western Gaza city used by Palestinian gunmen to launch rockets and the southern Israeli towns that are their target. But it did so slowly against gunmen outwardly undaunted by the beating they took a day earlier when at least 21 Palestinians were killed, many from the armed wing of the governing Hamas movement. The battle over a hilltop here ebbed and flowed for hours Friday, as Hamas forces were joined in large numbers by gunmen from the al-Aqsa Martyrs Brigades, the armed wing of the Fatah movement, which suffered the bulk of the day's casualties.

"I felt like I was flying away," said Maher Abu Majed, 29, an al-Aqsa gunman recovering at Gaza's Shifa Hospital from shrapnel wounds from the midafternoon missile strike. "I passed out, and when I came to, I looked around me for my friends and all I saw were parts."

Israeli fire killed at least seven Palestinian gunmen, according to witnesses and hospital workers. Palestinians also fired at least seven rockets from northern Gaza into Israel, Israeli military officials said. Some of those rockets hit a market, an empty school campus and a factory in the city of Sderot, where three Israelis were treated for shrapnel injuries.

Israeli officials acknowledged Friday that ground operations in Gaza -- Israel's first in nearly a year since evacuating the area -- could last for some time. One Israeli soldier has been killed so far. Palestinian hospital officials say more than 35 Palestinians, most of them gunmen, have been killed.

The operation was staged to force the release of Cpl. Gilad Shalit, 19, an army conscript captured by Palestinian gunmen during a June 25 raid on an army post just outside of Gaza, and reduce the rocket fire into southern Israel. Israeli military officials have also said the military pressure is designed to weaken Hamas's hold on the Palestinian government.

"This is not an overnight operation," said Capt. Noa Meir, an Israeli military spokeswoman. "It is not our intention to stay, but it is our intention to stay as long as we need to. It's going to take patience."

Hamas's military wing, one of the three armed groups holding Shalit, issued a statement Friday stressing that "negotiations are the only way out of this case and the sole way to preserve the life of the soldier and secure his safe return to his family." The statement noted that Shalit was safe and would remain so "as long as it is in the interest of Muslims."

Although Egyptian efforts to broker an exchange of Palestinian prisoners for Shalit's release have so far failed, Avi Dichter, Israel's public security minister, indicated for the first time Friday that if Shalit were freed and the rocket fire stopped, "Israel will need to, after some time, release prisoners as a reciprocal gesture." Dichter made his comments at a trade-association conference in Tel Aviv a day after Shalit's father endorsed a prisoner exchange to resolve the crisis.

Palestinian leader Mahmoud Abbas, meanwhile, said at a news conference here that "I have called for Shalit's release from the start, but it must be remembered that we have 10,000 prisoners in Israeli jails, and they must return to their families as well."

Although the Hamas interior minister called Thursday for Palestinians to fight the Israeli forces, the more than 70,000 members of the Palestinian security services did not appear to heed it.

"If they get into this, it will mean the total destruction of the Palestinian Authority," said Abu Mohammed, 30, an al-Aqsa gunman. "All due respect to the minister, but I think he just wants to get them killed."

A line of Israeli tanks and bulldozers, working to clear fields used by rocket launchers, stood a quarter-mile away from a two-story house that appeared to be serving as a headquarters for dozens of gunmen. The sandy roadsides were laced with wires leading from buried mines to detonators behind concrete walls.

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Just after 3:30 p.m., a fleeting sizzle trailed over the mosque, followed seconds later by a powerful blast nearby. Ambulances rushed toward the blazing tires and returned carrying the dismembered remains of three al-Aqsa gunmen, the victims of the missile fired by a drone.

In the following minutes, Israeli tanks pushed down the coast road toward the mosque as heavy gunfire scattered hundreds of Palestinians from the hilltop into surrounding neighborhoods. Sniper fire rang out from buildings, filling the air with the zip of ricochets.

Sabreen Shilnar, a 27-year-old policewoman, hustled from the combat zone to get food for her mother and five sisters. Supplies in their home, only a dozen yards from an Israeli tank, were running low, but the women intended to stay.

"I'm not sleeping, and we're terrified," Shilnar said. "But my mother is old. If she dies, she will die in her home."

A Day Of Funerals Across The Northern Gaza Strip (NYT)

By Steven Erlanger

The New York Times, July 8, 2006

BEIT LAHIYA, Gaza Strip, July 7 — It was a day of funerals across northern Gaza on Friday, with relatives and militants mourning those killed in Thursday's fierce fighting with Israeli troops, even as another five Palestinians were killed in more sporadic clashes.

Israeli troops mostly held their ground, securing positions in northern Gaza taken on Thursday. Palestinian militants, mostly armed with Kalashnikov rifles and rocket-propelled grenades, patrolled street corners or laid explosive charges.

In Israel, Avi Dichter, a government minister in charge of internal security, seemed to offer a way out of the current violent impasse.

He said the government did not rule out the possibility of releasing prisoners as a gesture in return for the release of Cpl. Gilad Shalit, the Israeli soldier captured on June 25, and the re-establishment of a credible cease-fire, according to Israel radio.

"At the end of the day the release of the soldier, Gilad Shalit, will be a must," Mr. Dichter said at a news conference in Tel Aviv. "If Israel will be obliged to in the framework of this agreement, within the calm that will be imposed on the ground by the Palestinian Authority, to release Palestinian prisoners as a gesture to this calm, Israel knows how to do that. In fact, Israel has done it before in the past."

Prime Minister Ehud Olmert has consistently ruled out a prisoner trade for Corporal Shalit, and Israel is eager to deter future kidnappings by showing that it will not bargain with the militants.

In the Atatrah neighborhood of Beit Lahiya in northern Gaza on Friday morning, an electric transformer and a house with its windows blown in were still smoking from an airstrike early in the morning that killed two militants.

A little later, Israeli troops raided the area and arrested two sons from the Attar family. In a nearby building, an Israeli sniper could be seen peering through a hole made in an exterior wall. Overhead was the steady buzzing of an Israeli drone, equipped with missiles.

Close by, a heavy machine gun chuttered, followed by the lighter, coughing sounds of a Kalashnikov. A neighbor, taking cover behind a wall of the house, said Ibrahim al-Attar, an elderly man in a white robe, had often driven militants away from the area, telling them not to shoot Qassam rockets from here. "Now I don't know," the neighbor said.

Another Palestinian died near here from tank fire, and another from a bullet wound. In the West Bank, a Palestinian militant was shot dead in clashes with Israeli forces in Nablus. On Thursday two Palestinians, both 16, died from Israeli fire during a contested arrest raid in Jenin.

The death toll is difficult to pin down, with news agencies' tallies differing. Dr. Jumaa al-Saqqa, a surgeon and spokesman for Al Shifa Hospital, Gaza's largest, said 26 Palestinians died in Gaza on Thursday and more than 80 were wounded. Two of the dead were children, Dr. Saqqa said. He estimated that 20 percent of the wounded were young men under the age of 17.

One Israeli soldier, Sgt. Yehuda Basel, 21, died Thursday from a head wound and was buried Friday. Israeli Army officials said Friday that they were investigating whether he had been killed by Israeli fire rather than a Palestinian sniper.

The Shifa hospital, which is running on a generator 18 hours a day, now has a three-week supply of emergency room and surgical drugs, Dr. Saqqa said. But he added: "Depending what happens, of course. It could be used up in a week."

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In Jabaliya refugee camp, near Beit Lahiya, mourners gathered for the funeral of Shadi al-Sakani, 24, a swimming coach and member of the military wing of Hamas since the age of 18. He died in Atatrah on Thursday from the impact of an Israeli missile fired from a helicopter.

"He said, 'I'm leaving to fight, and I may not come back,' " said his uncle, Zaki al-Sakani, 55, speaking at a makeshift condolence tent near the mosque.

Shadi al-Sakani was married to Widad, who is pregnant with their third child. Mara, 3, is their daughter; Abdul Rahman, 2, their son. His older brother also fought for Hamas, but was wounded in the head a few years ago.

Zaki al-Sakani, the uncle, said he was old enough to remember all of the wars with Israel from the Suez campaign of 1956 on. He said he had rejoiced when Israel withdrew its settlers and troops from Gaza a year ago. "We thought they'd left, but now we believe they never left," he said. "Now I feel the death machine is back, and many people are dying in this effort at resistance."

There is a sudden, pressured unity of Palestinian factions, whose militants have been fighting one another for months in Gaza since Hamas took over the Palestinian Authority after winning at the polls. Even the Palestinian president, Mahmoud Abbas of Fatah, and prime minister, Ismail Haniya of Hamas, have been thrown together in their inability to resolve the case of Corporal Shalit, which seems to be in the hands of Hamas leaders in exile. But few here expect this unity to last much beyond this current crisis.

In a statement, Mr. Abbas said the Israeli incursion had unleashed "new crimes against humanity." Mr. Abbas, who has vainly urged militants to stop firing rockets at Israel or committing suicide bombings there, asked the international community and the United Nations Security Council to put pressure on Israel to end "this destructive policy immediately."

In a news conference on Friday night in Gaza, Mr. Abbas accused Israel "not only of trying to collapse the Hamas government but bring down the Palestinian Authority wholesale" by destroying schools, a power plant, bridges, roads and government buildings.

But at the same time, Mr. Abbas said he still hoped that Egyptian-led negotiations would lead to a package deal involving the release of Corporal Shalit and an Israeli withdrawal and release of some Palestinian prisoners, including women, youngsters and the sick. He called the Palestinians "prisoners of war" and said that "they are human beings with families, just like the Israeli prisoner is a human being."

Mr. Abbas also termed "invalid" an order by the Palestinian interior minister, Said Sayyam of Hamas, calling on all Palestinian security forces to fight the Israelis in Gaza.

Israel has taken over a wedge of northern Gaza to try to prevent the launching of Qassam missiles into its cities, and it has set up positions in southern Gaza to try to press for Corporal Shalit's release or rescue.

In a statement issued Friday, Hamas said that the corporal was being "well treated in a humane manner" but that the Israeli military operation "is complicating" any solution to the crisis.

Despite the Gaza operation, 14 Qassams were launched on Friday and 13 fell in Israeli territory, the Israeli Army said. Three landed in the center of Sderot, including one in a schoolyard; three people were lightly wounded from shrapnel when a Qassam landed on a factory. Other Qassams landed in open ground.

Slow, Painful Change (NSWK)

By Eleanor Clift

Newsweek, July 8, 2006

July 7, 2006 - We arrived at the prime minister's office an hour after the Hamas groups holding a captured Israeli soldier issued an ultimatum demanding the release of Arab prisoners in exchange for his freedom. In meetings with Israeli officials, we tried to decipher whether the ongoing crisis is the first phase of the next war, or just another roadblock on the ever elusive path to peace.

Brinkmanship is a way of life in the Middle East. Israel ignored the deadline and the standoff continued through the week as Hamas fired more rockets into Israeli towns and Israeli troops pushed deeper into Gaza—territory they only recently withdrew from, and that is now under the control of the new Hamas government. The military action would soon claim the lives of one Israeli soldier and some 23 Palestinians.

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When I told friends I was visiting Israel, they expressed concern for my safety. One friend sent me a St. Christopher's medal. "It's a Catholic thing," she said. Yet for all the tension over what Hamas might be planning or what the Israeli military might do next, the fullness of life overwhelms any sense of danger once you're in Israel. I never felt as a visitor that safety was an issue and I was surprised to learn from a disappointed government official that Kim Cattrall, the saucy actress from "Sex and the City," had cancelled her trip to Israel because of the dicey news out of Gaza. The shops and cafes are full of people, as are the beaches of Tel Aviv.

Political leaders talk about "realignment," a word that tested better in focus groups for American consumption than disengagement or consolidation. But the rise of Hamas in Gaza and the continuous rocket shelling has made the return of the occupied West Bank problematic, at least for now. As one Israeli journalist told us, this conflict is not about lines on a map; it's about intimacy. "Everyone is in everyone's face here," said one official. The analogies made for Americans are these: Israel is the size of New Jersey, Gaza is the size of Delaware, and the West Bank is a third of Rhode Island. This is about legitimacy and safety, and until both sides achieve some modicum of well being, or deterrence, there will be no peace. "The name of the game is perseverance," a Palestinian journalist told us. "What's the rush?"

The last time I visited Israel was as a member of the press corps following President Jimmy Carter as he negotiated the peace treaty between Israel and Egypt, which endures today. It was a time of great hope, most of which has gone unrealized. I was anxious to see for myself the changes in Israeli society so I welcomed an invitation from the American Israeli Education Foundation (AIEF) to accompany a group of journalists to Israel for a week of high-level briefings on everything from the security situation to the absorption of Ethiopian Jews from Africa. Israel is a wonderfully open and argumentative society. People speak freely in and out of government. Granted, we got a one-sided view in terms of the Palestinian situation, but one side in Israel has as many angles as an octagon.

I came away with some of my assumptions challenged, chief among them my ideas about the fence (or the wall or the security barrier, depending on your perspective). I expected to be horrified. I grew up loathing the Berlin Wall and all it stood for, and I'm no fan of the rapidly expanding fence along the U.S.-Mexican border. The Palestinians regard the Israeli fence as a form of apartheid. "It's turning us into big prisons," says PLO negotiator Dr. Saeb Erakat, who we met for coffee.

Maybe I've been desensitized to security because it's omnipresent. Washington has ugly barriers everywhere around official buildings. The Israeli barrier is a sensory fence with barbed wire on either side. If you cut through it, an alarm goes off in an Israeli control room. In populated areas, it's a wall that looks like the sound barriers on the Beltway around Washington. It's an eyesore in Jerusalem. But it works. Since it was built along the Gaza strip, no suicide bomber has gotten through.

The portion of the fence under construction along the West Bank will be complete in March 2007. Erakat says the fence "zigzags like a snake" to benefit Israel, and, to his point, the Israeli Supreme Court has ordered that parts of the fence already built be dismantled and re-routed to accommodate claims of hardship brought on behalf of the Palestinians.

We met late in the week with former Prime Minister Shimon Peres, who broke with the Labor Party to join Kadima, the new centrist party holding the governing coalition in the Knesset. At 82, Peres is the last of the generation who was there at Israel's creation. He's been to the brink and back many times. Asked if he expects to see a comprehensive peace settlement in his lifetime, he responds with a smile, "First of all, I'm not in a hurry to pass away."

But Peres does point to glimmers of progress. There are Arab voices speaking up for the first time against the taking of the Israeli soldier. "That's a change," he says. And change in the Middle East is made slowly and painfully if it's made at all.

Tensions Grow Over Mexico Vote As Opposition Plans Rally Saturday (NYT)

By James C. McKinley Jr. And Ginger Thompson

The New York Times, July 8, 2006

MEXICO CITY, July 7 — Mexico hung in limbo on Friday, as tensions rose between those seeking a recount in the presidential race and those seeking to accept Felipe Calderón as the winner and move on.

After a tally showed that the two top candidates were separated by 243,000 votes, the election has exposed deep divides in society, along class and regional lines. The voting has put the strength of the young democracy to its toughest test.

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A day after election officials said Mr. Calderón, an advocate of free trade, had won the narrowest of victories, the country seemed more on edge than on a high.

Supporters of Mr. Calderón's leftist rival, Andrés Manuel López Obrador, girded for fights in court and on the streets, beginning with a rally scheduled for Saturday. Mr. Calderón's supporters and allies called on Mr. López Obrador to concede defeat for the good of the country.

The uncertainty caused consternation among citizens of all political persuasions.

"This man López Obrador makes people afraid, and his worst fault is that he lies to people and can stir up violence," said Sandra Sánchez, 38, a designer who voted for Mr. Calderón. "He should recognize his defeat already, because if he says he defends the people, he should know the people don't want to fight."

Consuelo Castillo Guerrero, 63, an impeccably dressed retired saleswoman, plans to march in support of Mr. López Obrador. "We want absolute transparency, because we're not convinced," Ms. Castillo said. "I think that if things were as clean as they say, then what's the inconvenience of recounting?"

The White House was quick to support Mr. Calderón. President Bush called to congratulate him in the early afternoon for receiving the largest number of votes, even though he had not officially been declared president-elect. Mexican law requires the electoral court to ratify the results.

"The president also noted the solid foundation of the U.S.-Mexican relationship and his confidence in Mexican democratic institutions," said Frederick Jones, a spokesman for the National Security Council.

Election observers, who visited a third of the country's 300 electoral districts during voting last Sunday, "did not report incidents or irregularities that could cloud the transparency of the counting process or affect the results," said Ignacio Salafranca, head of the European Union team.

Mr. Calderón took the role of president-elect on Friday in a meeting with foreign correspondents. He discussed plans to improve relations with the rest of Latin America, to strengthen the commitment to human rights and to making the country a magnet for investment to help generate jobs and keep Mexicans from migrating to the United States.

When asked about the polarization that threatens to undermine confidence in his government, Mr. Calderón, 43, said he would work to rebuild relations among his rivals in Mr. López Obrador's Democratic Revolutionary Party. Mr. Calderón also made clear that he was prepared to use his National Action Party's new plurality in Congress to sway support from other parties and govern without Mr. López Obrador's party if it tries to block him.

Mr. Calderón said he was not worried about a legal challenge to the election because most evidence indicated that he had won the most transparent presidential election in Mexican history. He said the irregularities found in the first count were minor. And he made clear that he would not support a new count.

"This is a plural country," he said. "And everyone's first responsibility, especially mine, is reconciliation." Mr. Calderón said he received a congratulatory call on Sunday from President Vicente Fox, who has withheld public comment on the election. Congratulations came from governments that included Canada and Spain, as well as the United States.

The Mexican stock market seesawed all week as the news changed. By the end of the week, it had gained 3.6 percent. Wall Street analysts agreed that Mr. Calderón's victory seemed unassailable, but warned investors to settle in for a long wait until the election was confirmed.

The United States ambassador here, Antonio O. Garza, wrote that although the electoral process was not complete, "I believe the actions of Mexico's current administration and the political parties, and the transparency of the I.F.E., have not only strengthened civic pride, but assured Mexico of its place in the world as a prime example of the world's strong and vital democracies."

The I.F.E., or Federal Electoral Institute, runs the elections.

Mr. López Obrador, who has made a career of challenging elections, prepared to try to prove that the electoral system remained flawed. His case before the Federal Electoral Tribunal could delay declaring a new president until September.

Advisers to Mr. López Obrador, a former mayor of Mexico City, said he would challenge the results in one-third of the 130,000 polling places, focusing on sites with many null votes or where his party did not have representatives to oversee the count.

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The advisers acknowledged that the errors found in each ballot box opened in the final count were small, but argued that together they could add up to enough votes to change the result.

"If they recount the votes and Calderón wins by one vote, then it ends," said Mayor-Elect Marcelo Ebrard of Mexico City, a close adviser to Mr. López Obrador. "If they don't count the votes, there will always be a doubt."

If the court does not order a recount, Mr. López Obrador left little doubt at a news conference on Thursday that he was considering mass marches as a next step. "It's our right," he said.

Rumbling beneath the confidence in one camp and outrage in the other was a debate on whether the most competitive elections in Mexican history had been good or bad. For some people, the cascade of results raised ghosts from a not-too-distant past when the state manipulated elections. Other people feared that if Mexico continued to bow to the old ghosts, it would never break free of them.

About the only thing that seemed clear was that Mexico has been polarized. Speaking randomly to average Calderón supporters and then to people who support Mr. López Obrador was like playing hopscotch across the gaping economic divide.

Manuel Arango, a wealthy real estate developer who is active in philanthropies, echoed the feelings of many supporters of Mr. Calderón when he said, "I hope that everything plays out within the institutions and not on the street."

Juan Huerta, 55, who works at a newsstand near a luxury department store, said he thought that the election was riddled with fraud. Mr. Huerta said he tried to cast a ballot for Mr. López Obrador, but was told that rain had soaked all the ballots. "This is a fraud against the people," he said.

"The PAN is playing with the country's social peace" he added about the governing party. "If there's violence, then so be it. People are fed up. That's why they had the revolution."

Leftist To Seek Recount In Mexican Election (LAT)

By Héctor Tobar And Richard Boudreaux

The Los Angeles Times, July 8, 2006

Lopez Obrador's aides also allege interference by Fox. That could lead to a demand for a revote.

MEXICO CITY — Top aides to leftist candidate Andres Manuel Lopez Obrador called Friday for a recount of nearly half the votes cast in Sunday's presidential election and edged close to demanding that the entire vote be nullified.

The statements by the Lopez Obrador camp revealed a two-part strategy to deny a victory to conservative Felipe Calderon, who on Thursday was proclaimed the winner by a margin of little more than half a percentage point.

By insisting on a recount of about 18 million of the 41 million votes cast, aides said, Lopez Obrador hopes to overcome Calderon's official 244,000-vote margin. The leftist has been insisting since Monday that there were widespread irregularities in the tally.

Simultaneously, Lopez Obrador's aides allege that President Vicente Fox improperly influenced the vote — an accusation that could provide grounds for asking Mexico's electoral tribunal to nullify the election and order a new one.

Calderon is with Fox's National Action Party, and Lopez Obrador's allies have been arguing that the president's many TV and radio commercials touting his administration's successes were a thinly veiled attempt to aid his party's candidate. Mexican law does not allow the incumbent to intervene in the election of a successor.

Fox "violated the principles of equity, impartiality and objectivity," said Ricardo Monreal, a top official with the Lopez Obrador campaign.

Calderon, for his part, said he would prevail in any legal battle. If his victory stands, he will take office Dec. 1.

In a news conference with foreign correspondents, Calderon said he had won a "clear victory" supported by "the will of millions of Mexicans." He pointed out that many ballot boxes were reopened and recounted Wednesday during the preparation of the final vote tally. Those recounts, he said, found only "minor variations" from the election night tally.

"There is no valid legal argument that will lead to" an annulment of the election, Calderon said.

Mexico's electoral tribunal has overturned the results of several gubernatorial and mayoral elections in recent years, ordering new votes. In those cases, the losing candidates made charges similar to those against Fox: that leaders used their

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influence over local media and control of government coffers to violate the principle of "equity" in the competition among the candidates.

But legal experts said it was unclear whether the tribunal had the legal authority to void a presidential election.

Beyond the legal issue, it was uncertain whether the panel, made up of highly respected jurists elected by Congress to 10-year terms, would be willing to risk the political and social conflict sure to follow the nullification of a presidential election.

"Whether they would dare to do this at the presidential level is a different question" than nullifying a state vote, said John M. Ackerman, a professor at the National Autonomous University of Mexico. "But if Lopez Obrador decides to make such a case, they would have to take it seriously, because they have their own jurisprudence that requires them to do so."

Lorenzo Cordova, a specialist in electoral law and former member of Mexico's Federal Electoral Institute, said the judges "would have to find very grave circumstances" before they could annul the election. "It's an action of last resort," Cordova said.

Monreal, with Lopez Obrador's campaign, said asking for the ballot boxes from 50,000 precincts to be reopened would be the Democratic Revolution Party's chief request before the tribunal.

But, he said, the PRD lawyers would also target Fox, whose commercials inundated the airwaves here for months until a court barred them in April.

President Fox "is the person primarily responsible for creating this election of state," Monreal said, using a phrase synonymous here with election tampering. He stopped short, however, of explicitly saying that Lopez Obrador would ask to have the election nullified.

On Friday, PRD lawyers and activists across Mexico prepared to submit to the electoral tribunal paperwork challenging the count. The deadline to file is Sunday.

PRD officials say they have ample evidence of irregularities. In many instances, they said, vote totals at precincts in Calderon strongholds, such as the central state of Guanajuato, exceeded the number of ballots delivered to those precincts.

The election was monitored by hundreds of international observers, many of whom lauded the apparent orderliness of Sunday's vote. Some, however, did note irregularities during the official count of polling station reports that began Wednesday.

Ted Lewis of the San Francisco-based nonprofit Global Exchange was among the hundreds of observers.

"A lot of people are prepared to say there's election fraud," Lewis said. "I'm not at all prepared to say that. I don't think that's really the case. But the perception of election fraud is there. I wish I could say it was all clean, but I'm not in that position."

The tribunal has until September to validate the results of the election. Until it does, Calderon's victory has no legal standing.

Even so, Calderon received congratulations from several world leaders. White House officials said President Bush on Friday called both Calderon and Fox to congratulate them on the election result. Bush told Calderon that he looked forward to working with him.

In his news conference, Calderon signaled no changes in Mexico's relations with its northern neighbor, which have been close but occasionally contentious under Fox.

Calderon told reporters that he would not seek to revise the 12-year-old North American Free Trade Agreement.

"I don't see broad probabilities that Mexico would be the winner in a renegotiation," he said.

During the campaign, Lopez Obrador made a major issue of the trade pact, promising to negotiate a delay in the removal of the remaining tariffs protecting Mexican farmers against cheaper U.S. imports of corn and beans. Fox had sought such a postponement but was rebuffed. The tariffs are set to expire in 2008.

Calderon said that instead of renegotiating, he would provide aid programs for millions of small farmers unable to compete with the U.S. imports. To help corn and sugar cane farmers, he proposed expanding Mexico's modest effort to produce ethanol fuel from those crops.

He also said he would continue to lobby, as Fox had done in 14 meetings with Bush, for legalization of the millions of undocumented Mexican workers in the United States and for an expanded guest-worker program for others seeking jobs there.

But Calderon put equal emphasis on his campaign pledge to make Mexico a more attractive target for job-creating investment. He proposed that the United States and Canada expand a modest fund that finances infrastructure and helps launch productive enterprise in the poor regions from which Mexicans traditionally migrate north.

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Mentioning two such states, he said: "A kilometer of highway in Zacatecas or Michoacan can do more than 10 kilometers of [border] walls in Texas or Arizona to reduce migration.

"This should be understood on both sides of the border."

Cecilia Sánchez of The Times' Mexico City Bureau contributed to this report.

Lopez Obrador May Lack Support For Vote Protest (WSJ)

By David Luhnow, John Lyons And Jose De Cordoba

The Wall Street Journal, July 8, 2006

MEXICO CITY -- Even as Mexico's combative leftist Andrés Manuel López Obrador gears up for a campaign to reverse his narrow defeat in Sunday's election, his support among many may already be flagging, including his allies on the left.

Three other political parties that took part in the election, including the country's former ruling party, the Institutional Revolutionary Party, said Friday that the vote was clean. Two of the parties extended their congratulations to winning conservative-party candidate Felipe Calderón.

Mr. López Obrador, who lost the election by just 244,000 votes, has called for rallies across the country Saturday to protest the outcome, raising fears of instability in the U.S.'s southern neighbor and trade partner. But even some senior members of his own party declined to RSVP. Zeferino Torreblanca, for instance, a popular state governor in Mr. López Obrador's Democratic Revolution Party, said he won't attend the rally.

"I am not in any way an opportunist, a vote-herder, or any kind of professional of gutter politics," said Mr. Torreblanca, explaining why he wouldn't attend the march.

The cracks in support for the former Mexico City mayor make the outcome of today's protest of critical importance. Mr. López Obrador must hope the turnout is both massive and peaceful, or risk frightening middle-class Mexicans. He must also build a convincing case for his calls to do a ballot-by-ballot recount of the 41 million votes cast -- a procedure that could extend the fight over the presidency for months.

"Andrés Manuel may be making the worst mistake of his political life by not admitting his defeat without delay and honestly," Carlos Marin, a columnist for Mexico City's Milenio newspaper, wrote in an editorial Friday. Milenio has been sympathetic to the leftist standard bearer. Mr. Marin predicted Mr. López Obrador's protests would become smaller in number as the days pass and would weaken his standing.

Despite the cracks, Mr. López Obrador's political skills and ability to mobilize protests are legendary. He won 14 million votes, and has millions of followers that retain an almost cultlike devotion. He also has union muscle that can help create a big turnout. Already, the head of the telephone worker's union has vowed to put his union behind the recount effort.

Mr. López Obrador's Party of the Democratic Revolution, or PRD, plans to pursue a variety of legal challenges at electoral tribunal, a group of seven judges that ratify all elections. PRD officials say they plan to allege fraud at tens of thousands of polling stations, as well as charge that the election process was tainted by government meddling and negative campaigning.

Yet growing numbers of those sympathetic to the leftist PRD wonder if the party has much evidence to back up its claims. PRD activists helped count the vote on Sunday night, and Mr. López Obrador praised the process that day.

José Woldenberg, a leftist intellectual who helped found the PRD in 1989 and headed the election agency for seven years, praised the vote as "authentic, clean, and transparent." In an interview, Mr. Woldenberg said the PRD had yet to present valid claims of fraud. "We need to wait to see the evidence they present to the tribunal, but from what they have said so far, I don't think they have a case," he said. His opinion will carry weight on Mexico's left because he is long known as a champion of Mexican democracy, who helped design the current election process.

Mexico's vote count is a labor-intensive process that may be subject to human error, but is widely seen as among the most transparent in the world.

On election day, voters cast a hand-marked ballot at one of 130,500 polling stations around the country. The polling stations are manned by ordinary citizens who volunteer to oversee the ballot count as well as representatives from the major political parties. In all, nearly a million Mexicans take part in the process.

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Once polls close, the poll stations workers and members of the parties count the ballots together, agreeing on a final tally for each party before putting them back into a sealed box and then posting the total figures outside the station for the public to see. Each party representative signs a copy of the tally and keeps it, copies that parties can refer to later.

The sealed boxes and a copy of the tally are then taken under armed guard to the district headquarters of the national election agency, where the tally is put into a computer and automatically appears on the Internet -- again, for the public to see. "I can't imagine a more transparent process," says Mr. Woldenberg. "The public can see what happens at every step."

Even if the tribunal agrees to a recount, the PRD is unlikely to overturn the result, say analysts. Assuming only a third of the annulled votes were indeed incorrectly marked, the PRD would have to get more than four out of every five ballots to overcome the PAN's 236,000 vote lead in the official tally. Given the PRD only got about 35% of the overall vote, that seems highly unlikely.

Mexico's election tribunal was created in 1996, after a string of state elections led to accusations of fraud and ended up being resolved in political backroom deals known as "concertacesiones" rather than the court.

How To Be A Good Neighbor (NYT)

By Greg Grandin

The New York Times, July 8, 2006

THE Aztecs used to believe that history is not linear but circular, with great events repeating themselves on a regular basis. That certainly seems to be the case with Mexico, which has a revolution once every hundred years.

In 1810, peasants thrown off their land by plantation owners led a violent five-year rebellion that paved the way for Mexico's independence from Spain. In 1910, an instance of electoral fraud ignited an agrarian revolution, which in turn kicked off a decade-long civil war in which millions of Mexicans died.

Nearly a century later, Mexico's current electoral crisis likewise is propelled by rural unrest — this time largely brought about by the anger of agricultural workers displaced by the North American Free Trade Agreement. Andrés Manuel López Obrador, the center-left presidential candidate who is contesting the declared victory of Felipe Calderón in last Sunday's election, draws much of his support from this increasingly restive population of rural poor.

Before Nafta, Mexico was self-sufficient in corn and bean production. Today, one out of three Mexican tortillas is made with cheap corn meal from the United States. In 1993, more than 10 million Mexicans made their living off the land. Today, even as Mexico's population has grown, that number has plummeted to about seven million.

Mexican farmers simply can't compete with capital-intensive United States agribusiness, which continues to enjoy generous government subsidies. Moreover, Mexican commodity importers receive low-interest loans to buy crops from the United States. Every year, nearly three million tons of harvested Mexican corn is left to rot because it is too expensive to sell.

Mexicans have reason to worry that this is not all the trouble Nafta has in store. In 2008, the agreement's final provision is set to go into effect, eliminating the last tariffs on United States corn and beans and ending the subsidies Mexico gives to its peasant farmers — all the while leaving untouched the far larger subsidies Washington doles out to its own agricultural sector. During his campaign, Mr. López Obrador pledged to renegotiate this provision, but J. B. Penn, the United States undersecretary of agriculture, last month pre-emptively responded by saying that "we have no interest in renegotiating any parts of the agreement."

For the last decade and a half, Washington and its allies in Mexican politics, including Mr. Calderón, have promoted a free-trade economic model that has failed to deliver the prosperity its advocates promised. Although the Mexican economy grew by 3 percent last year, the country's poverty and inequality indicators remain typical to bad by Latin American standards, with the richest 10 percent of citizens controlling 43 percent of the country's wealth, while some 40 percent of Mexicans live below the poverty line.

These problems, combined with Mexican anger over the immigration debate in the United States, run the risk of souring relations between our two countries for the foreseeable future.

But there is a way the Bush administration can help to set things on a different course. Although election officials say Mr. Calderón won the presidential vote, the United States should not rush to embrace him as the election's victor. The official tally gives Mr. Calderón a razor-thin lead, and there are credible reports of significant irregularities that could, at best, weaken the

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legitimacy of a Calderón presidency, and at worst, lead to escalating protests. The disputed votes include the 904,000 annulled ballots that come primarily from regions that went heavily for Mr. López Obrador, as well as discrepancies between the numbers handed in by polling stations and the actual ballots cast.

The best thing the United States can do now is to support the push for a recount and to refrain from calling on Mr. López Obrador to concede. Then, no matter who finally wins the election, the White House should renegotiate Nafta, allowing Mexico to set its own policy in support of its rural economy. If the Bush administration does otherwise, it might help begin yet another season of Mexican upheaval — just as the Aztecs might have predicted.

A Victor In Mexico (WP)

The Washington Post, July 8, 2006

BY SCARCELY 240,000 votes out of 41 million ballots cast in Mexico's presidential election last Sunday, Felipe Calderon, a conservative, U.S.-trained technocrat, edged out Andros Manuel Lopez Obrador, a fiery populist and former mayor of Mexico City. Given Mr. Lopez Obrador's extravagant (and fanciful) promises to reshape Mexican society, the ascent of leftist politicians in parts of South America, and the traditional appeal of charismatic champions of the poor in Latin America, one might have handicapped Mr. Lopez Obrador as the easy victor. That Mr. Calderon was declared the winner, albeit by a hair, suggests that many Mexicans are at least open to the idea that free trade, open markets and sound fiscal management will eventually pay dividends -- even if the benefits of such policies to date have been spread unevenly.

Mexico now enters a perilous political moment. Mr. Lopez Obrador, who as mayor was never shy about summoning his partisans to the streets, has called a mass demonstration today in Mexico City to protest what he calls the fraudulent election results. He has refused to concede defeat, suggesting that the results were cooked by entrenched insiders and institutions hostile to his candidacy -- and to his underprivileged constituents. And while his aides have issued assurances that he intends to act responsibly, his own unproven allegations of "manipulation" in the vote's tallying are worrying. While the results in some of the country's 130,000 ballot boxes seem to have been miscalculated -- as is the case in almost any election -- there is no sign so far of systematic attempts to falsify the outcome.

Mr. Lopez Obrador is entitled to appeal the election results to the Federal Judicial Electoral Tribunal, an independent panel empowered to adjudicate such disputes that has ordered some state elections done over in recent years. He ought not use the power of his oratory, or the adulation of his followers, to nudge the country toward class warfare while he pursues a legal challenge that could last up to two months. To do so would hurt Mexico's international reputation and its allure to investors; it also could darken the 52-year-old Mr. Lopez Obrador's political future.

Mr. Calderon should tread carefully, too. Although his party improved its position somewhat in Mexico's fractured parliament, he would assume the presidency -- assuming he survives his rival's appeal for a recount -- on the strength of scarcely one-third of the votes cast (a third candidate won 22.27 percent of the vote). What's more, he apparently won few votes from Mexico's legions of desperately poor people. If Mr. Calderon is to succeed as the leader of Mexico and its 106 million people, he will need to convince the have-nots -- not just the haves who already believe it -- that they stand to gain from his policies.

Brazil, Venezuela Jockeying For Leadership Of South America (KRT)

By Jack Chang

Knight Ridder, July 8, 2006

RIO DE JANEIRO, Brazil - When the television cameras are on, Brazilian and Venezuelan leaders talk cooperation and Latin American unity, yet tensions are growing between the two countries over who will lead South America.

Leftist Venezuelan President Hugo Chavez, a harsh critic of the United States, has attempted to unite Latin America under his leadership. In the process, he has angered Brazilian officials with what they see as confrontational tactics.

The tensions began in May when Bolivian President Evo Morales nationalized natural gas fields in Bolivia. Most of those fields were run by Brazil's state energy company, Petrobras.

Chavez, a close Morales ally, had encouraged the nationalization prior to Morales' May 1 announcement, a stance that drew howls of protest in Brazil. The country's biggest news magazine, Veja, cried, "Brazil took a kick in the butt given by Hugo Chavez and his Bolivian puppet, Evo Morales."

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Brazilian President Luiz Inacio Lula da Silva criticized Chavez for backing the nationalization. Venezuela's state energy company, PDVSA, later said it would invest hundreds of millions of dollars in Bolivian gas production while Petrobras was on its way out.

The hostility deepened this week when Venezuela formally joined the South American trade bloc Mercosur, which includes Argentina, Brazil, Paraguay and Uruguay. Brazil, the continent's biggest country, has long dominated Mercosur, and Brazilian officials worry that Chavez will use the bloc to expand his power at Brazil's expense.

Chavez did little to dispel those concerns, announcing during Tuesday's induction ceremony that he saw Mercosur as another tool in his fight against U.S. influence.

Seizing the moment, Paraguayan leaders asked for Chavez's help in settling a long-running dispute over $19 billion in debt that the country owes Brazil. Chavez came to Paraguay's rescue, agreeing to buy a $100 million chunk of that debt.

Flush with oil revenue, Chavez has spent an estimated $25 billion on such projects during his seven years in office, selling cheap oil to his neighbors, buying foreign bonds and funding social programs around the region. Venezuela is the world's fifth-largest oil exporter.

"From the outset, even before Venezuela had done anything, Chavez was already speaking for Mercosur," said Mario Marconini, Brazil's secretary of trade under former President Fernando Hernrique Cardoso. "There's no doubt that this means less Brazilian prevalence in the bloc."

Faced with a rising Venezuela, some Brazilian diplomats are questioning Chavez's value as an ally and are calling for a tougher approach, said Riordan Roett, director of Western Hemisphere studies at John Hopkins University, who said he has discussed the issue with them. Brazilian diplomats won't discuss the topic on the record.

Roett described a battle between two factions, one that wants Brazil to take a tougher stance against Chavez and Morales, and those who want "to let sleeping dogs lie."

Lula has so far chosen a more conciliatory response.

"There's a rethink about Venezuela in the foreign ministry," Roett said. "There are those who feel Chavez acted irresponsibly in the Bolivian nationalizations."

Chavez also has popped up as a campaign issue during Brazil's presidential race, as he has in recent elections in Mexico and Peru, where candidates won votes by accusing their opponents of being tied to the Venezuelan president.

Lula's main challenger, the conservative former governor of Sao Paulo state, Geraldo Alckmin, criticized the president this week for being too soft on Chavez and predicted that the Venezuelan will violate Mercosur's charter by politicizing the trade bloc.

Despite the growing rift, Chavez and Lula remain political allies, at least publicly, and have met frequently this year to discuss energy cooperation and other matters.

Brazil and Venezuela's state energy companies are building an oil refinery in northern Brazil and have agreed to construct what would be the world's longest gas pipeline, which will deliver Venezuelan gas throughout the continent.

Defying U.S. wishes, Brazil is also supporting Venezuela's bid for a two-year seat on the U.N. Security Council.

How long such ties can last, however, is uncertain, especially if Chavez's ambitions continue growing at Brazil's expense, said Christopher Garman, Latin America director for the Eurasia Group, a U.S. consultancy.

"The ties between Brazil and Venezuela are historical and not to be thrown away easily, but there are these additional tensions," Garman said. "At root, we're seeing a divergence between these countries, and the region drifting more apart rather than coming together."

Cuban Envoys Facing New Curbs (MH)

By Pablo Bachelet

The Miami Herald, July 8, 2006

WASHINGTON - Cuban diplomats here send some of their children to a school set up by their mission. Their spouses tend to work at the mission. And often, four or five diplomats' families live in the same apartment blocks in the wealthy suburb of Montgomery County.

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Working and living in the capital of their communist government's longtime foe, Cuban diplomats generally seem to lead quiet and private lives -- fueled by the perception that the U.S. government is watching their every move.

They are most visible in Congress, where they assiduously lobby for proposals to relax U.S. sanctions on Cuba. But that could grow harder in coming weeks. The Bush administration is said to be considering retaliation for what it claims are harassments that U.S. diplomats face in Havana, including the poisoning of family pets and the dumping of feces in U.S. diplomats' homes.

A U.S. government official, who asked for anonymity because of the delicate nature of the issue, said reprisals against the Cuban mission in Washington were "always under consideration." He declined to elaborate.

Rep. Lincoln Díaz-Balart, R-Miami, is pushing a measure that would force diplomats from countries designated as state sponsors of terrorism -- including Cuba -- to register all their lobbying contacts in Congress, presumably making congressional offices more reluctant to talk to the Cubans.

The two countries' missions in Havana and Washington are known as Interests Sections instead of embassies because the governments have had no formal diplomatic relations since the 1960s. Officially extensions of the Swiss embassies in those capitals, they nevertheless operate from the same buildings that once served as their embassies.

Cuba has 25 diplomats accredited in Washington, led by Dagoberto Rodríguez. Eighty others work at Cuba's U.N. mission in New York City, according to the State Department.

TRAVEL LIMITED

For many years, the department has required Cuban diplomats to obtain permission to travel outside the Washington beltway, just as U.S. diplomats are limited to Havana and its immediate surroundings. U.S. diplomats in Cuba also are denied official contacts with authorities there, State Department officials said.

In 2003, then-Assistant Secretary of State Otto Reich, a Cuban American, tightened that further, limiting travel outside the designated areas to personal and consular reasons. Permission for such travel must be requested 72 hours in advance. Cuban diplomats need only notify the State Department that they will enter or leave this country, but can do so only through Miami, Washington and New York.

The State Department has allowed so few trips to U.S. territory outside the beltway that the Cubans rarely bother to ask anymore, said Wayne Smith, a former head of the U.S. Interests Section in Havana who has frequent contact with Cuban diplomats.

"I have a sense they've more or less given up on it," he said.

The Cuban Interests Section did not respond to Miami Herald requests for interviews. Most of the people who described the Cubans' lives here, such as their schools and apartments, asked for anonymity to avoid affecting their friendships.

U.S. officials say that for Havana's diplomats, a posting in Washington is no cushy affair, especially since their budgets shrank after the Cuban economy plunged into crisis following the end of Soviet subsidies in the early 1990s.

"They are dedicated revolutionaries," one former U.S. official said, declining to be identified because the issue of Cuba often involves classified matters.

COMPLAINTS RARE

Members of the diplomatic and nongovernment communities in contact with Cuban diplomats say they rarely complain openly about the U.S. restrictions on them.

But when their e-mail system crashed several months ago, they blamed it on U.S. harassment, according to people in frequent contact with members of the mission. The Cuban diplomats resorted to using Yahoo! accounts.

The Bush administration denies it is messing up their Internet connections. "If they have a problem, they do need to call their Internet service provider," said one Bush administration official.

Under President Bush, the Cuban diplomats appear to have hunkered down more than usual and even cut back on their social engagements.

During the Clinton administration, one journalist who covered Cuban issues recalled, the Interests Section attempted to reach out to Cuban Americans by organizing events like Cuban movie nights.

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But the mission hasn't cut back completely on its social engagements. It had a well-attended send-off party for press attaché Lázaro Herrera earlier this year. And a year ago, it held a gala dinner highlighting Cuban culture, music and food. The event was organized by Professionals in the City, a group that sets up events so young professionals can meet each other. A group of Cuban-American activists tried to distribute anti-Castro literature at the dinner and was forcibly evicted by members of the mission.

U.S. officials insist that the Cubans have it easy next to their U.S. counterparts in Havana. While Cubans can freely roam the halls of Congress, officials in Washington say, U.S. diplomats in Havana are systematically denied any permission to meet with government members, journalists or municipal officials. They must import many items such as cars, and often face long delays in customs.

Cubans can buy whatever they need in Washington, within the confines of the beltway. The exception is big-ticket purchases like cars; they usually involve banks that prefer to clear transfers with the State Department.

China May Force Foreign Firms To Allow Unions (WSJ)

By Mei Fong

The Wall Street Journal, July 8, 2006

BEIJING -- China may force foreign companies to allow trade unions under a proposed legal amendment apparently aimed at union-free companies such as Wal-Mart Stores Inc.

The move is likely to escalate tensions between the world's largest retailer and China, a crucial manufacturing source of its merchandise. Wang Zhaoguo, China's top trade-union official and lawmaker, said he was proposing amendments to China's trade-union laws that would make it compulsory for foreign-funded companies to unionize, according to the state-run Xinhua news agency.

Chinese laws don't explicitly compel companies to allow trade unions. However, companies are barred from obstructing workers from forming unions. According to Xinhua, Mr. Wang singled out Wal-Mart, saying, "We started to push Wal-Mart to set up union branches two years ago, yet there is not a single one built so far."

Mr. Wang is vice chairman of the Standing Committee of China's National People's Congress, China's top lawmaking body, as well as president of the All-China Federation of Trade Unions, an umbrella group of Chinese trade unions.

Officials at Wal-Mart's China operations couldn't be reached. Beth Keck, a Wal-Mart spokeswoman at the company's headquarters in Bentonville, Ark., said, "This is obviously a policy discussion going on in China and it would be inappropriate for us or any company to discuss it at this time. We are taking a wait-and-see position."

A number of Western companies have allowed the ACFTU to organize their workers, including Wal-Mart rival Carrefour SA. Currently, about 30% of foreign companies in China have trade unions. The ACFTU said earlier this year that it was aiming for 60% by year's end.

Wal-Mart has resisted unions in the more than a dozen countries in which it operates. But in 2004, Wal-Mart appeared to adopt a relatively conciliatory stance in China when it agreed to allow its Chinese workers to form unions if they wanted to. The country is both a critical supplier of merchandise for Wal-Mart -- the store bought $18 billion in goods directly from Chinese manufacturers last year -- as well as one of its largest growth markets for its consumer goods.

Tensions between the two sides rose this spring as top union officials spoke out against the company in The Wall Street Journal. Angered by the continued absence of unions at Wal-Mart's 60 stores in China, which employ 30,000 people, ACFTU officials complained that the company was obstructing union officials from recruiting Wal-Mart workers. ACFTU also threatened official reprisals such as fines and additional workplace inspections.

Wal-Mart in turn said none of its China workers had expressed serious interest in forming unions and that it was abiding by Chinese law.

Chinese To Prosecute Peasant Who Resisted One-Child Policy (WP)

By Philip P. Pan

The Washington Post, July 8, 2006

Decision Reveals Growing Clout of Beijing Hard-Liners

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BEIJING, July 7 -- The Chinese government is preparing to prosecute a blind peasant who exposed excesses by authorities in enforcing the one-child policy in eastern China, where local officials were accused by residents of forcing thousands of people to undergo sterilization or to abort pregnancies. The decision, disclosed by court officials Friday, follows a prolonged bureaucratic stalemate in the ruling Communist Party over how to handle the allegations in the city of Linyi, and it highlights the growing clout of hard-liners in the party since President Hu Jintao took office three years ago.

Chen Guangcheng, 34, the blind rural activist who drew international attention to a violent crackdown on unauthorized births in Linyi last year, is scheduled to be tried July 17 on charges of destruction of property and assembling a crowd to disrupt traffic, according to his attorney, Li Jinsong.

The charges stem from an incident in March in which Chen is accused of leading a protest against local officials who had illegally confined him to his house and who were beating villagers who tried to help him, Li and residents of Chen's village said.

Chen's trial could renew international scrutiny of China's population-control practices, and it represents a major setback for reformers in the government who have been trying to soften the one-child policy and eliminate the abuses long associated with it.

"There isn't much hope," said Chen's wife, Yuan Weijing, by telephone from the family farmhouse, where she has been detained. "Everything that has happened runs counter to Hu Jintao's talk of democracy and governing by law. We live in a nation without law, a nation without morality."

The U.N. Population Fund, which has a significant presence in China, has repeatedly raised Chen's case with the Chinese government, and senior U.S. officials have also pressed the government to release him. In late May, two U.S. diplomats who tried to visit Yuan were physically removed from the village by local officials, she said.

Nearly a dozen lawyers from Beijing have also attempted to visit the village in recent months without success, and several have reported being threatened, detained or beaten by officials or thugs hired by them.

Li said police allowed him and a colleague to meet with Chen last month, but said they prevented them from discussing his defense. When they tried to visit Chen's village to interview his wife and gather evidence, thugs assaulted them and overturned their car, he said.

"They're afraid of information getting out," said Li, who recorded a death threat he received in Linyi, located 500 miles southeast of Beijing. "They don't want the leadership in Beijing to know the truth about what's happening there."

Before he was detained in September, Chen had tried to organize a class-action lawsuit against Linyi officials, alleging they were illegally forcing parents with two children to be sterilized and women pregnant with a third child to have abortions. Residents also accused officials of detaining and torturing relatives of people who fled the crackdown.

Chen's cause drew support from lawyers, scholars and civic activists across the country, and the government agency responsible for population policies in China, the National Family Planning and Population Commission, launched an investigation in August. At the time, a senior commission official, Yu Xuejun, said he supported the efforts of "ordinary people" in Linyi to assert their rights in the courts, and even offered to help them find lawyers.

A month later, the commission announced it had uncovered evidence of the abuses in Linyi and said some officials there had been fired and detained.

But local authorities fought back, placing Chen under house arrest and launching an aggressive campaign to damage his reputation and deny his allegations. Party sources said Linyi officials distributed a report in Beijing that portrayed Chen as a tool of "foreign anti-China forces," accused him of violating the one-child policy and made much of the fact that he had received overseas funding for his work as an activist on behalf of the disabled.

Linyi officials also lobbied the Foreign Ministry and the powerful Propaganda Department, which agreed to ban any discussion of Chen in the state media and the Internet, the sources said.

For months, the party appeared torn about how to proceed, but the decision to prosecute Chen suggests that the Linyi officials have outmaneuvered others in the government who wanted to use the case to send a strong signal to local officials that forced sterilization and abortion would not be tolerated.

The government has declined to say how many officials were punished in Linyi or to identify any of them, but a Beijing official said "very, very few" were disciplined and a journalist said he was told the total was no more than five. Li Qun, the party chief in Linyi, and other local officials also declined repeated requests for comment.

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By linking Chen to hostile foreign forces, party sources said, the Linyi officials made it politically risky for anyone to intervene on his behalf. The national population commission, for example, rebuked Linyi officials and singled them out for criticism, but refrained from defending Chen or bringing the case to top party leaders, the sources said.

"In the current political environment, in this political system, no official has any incentive to help him," said one Chinese scholar involved in the case who spoke on condition of anonymity. "The risks to your career are great, and there's little to be gained . . . . So the conservatives have a big advantage."

Chen's case was also complicated by an internal party debate over the future of the one-child policy. Some party officials and scholars have urged the government to relax the policy, arguing that it now causes more harm than good and that China faces a retirement crisis as its working-age population shrinks. But provincial leaders and others in the party have resisted.

A party official involved in the debate said Hu and others on the ruling Politburo Standing Committee are unwilling to take a position on the issue ahead of a leadership conference next year. As a result, he said, many in the party are not sure whether they should support Chen or condemn the Linyi officials.

Bird Flu Virus Reported In Spain For First Time (LAT)

By From Times Wire Reports

The Los Angeles Times, July 8, 2006

Spain has recorded its first case of H5N1 bird flu, the Agriculture Ministry said Friday. The deadly strain was found in a water fowl in a marsh area outside the northern city of Vitoria.

A protective area of two miles was declared around the area where the bird — known as a great crested grebe — was found, the ministry statement said. Outdoor poultry farming had been banned within six miles of marshlands where migratory birds tend to gather.

Furor Over A French Immigration Crackdown (NYT)

By Craig S. Smith

The New York Times, July 8, 2006

PARIS, July 7 — France's immigration debate heated up Friday with opposition Socialists demanding to know how many undocumented immigrants the government plans to deport before the start of the new school year.

Under recently tightened immigration rules, the government has begun tracking down families lacking residency papers through children registered at French schools, vowing to expel them during the summer holidays.

"We want to know under what conditions and how many people will be expelled," said Christophe Caresche, a Socialist legislator for Paris.

The new policy has already led to a handful of deportations and threatened to split families according to who has papers and who does not. To assuage critics and the news media, the government said in mid-June that it would grant residency papers to a limited number of families on a case-by-case basis.

But that has brought a crush of anxious immigrants to government offices around the country hoping that they might be granted residence papers before the August deadline.

The Interior Ministry estimates that there are between 200,000 and 400,000 illegal immigrants in the country.

Immigration opponents worry that the government is backing itself into a huge regularization program in which it will be forced to give residency papers to tens of thousands of people. Interior Minister Nicolas Sarkozy has dismissed such fears, saying that the number of illegal immigrants granted papers would be very small.

"There isn't a country in the world that believes that you have to give permanent papers because a child attends school," he was quoted by news agencies as telling reporters on Friday. "A massive and total regularization would lead to the sort of catastrophe we know today."

But that has led Mr. Sarkozy's political opponents to ask how many he plans to deport.

"It's the policy that has created this situation," Mr. Caresche said, insisting that some prefects have been given monthly deportation quotas.

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The debate is playing out against the backdrop of next year's presidential elections, in which Mr. Sarkozy is a candidate. After the wave of vandalism and violence that swept the country last year, Mr. Sarkozy vowed to crack down on illegal immigration, charging that many of those taking part in the disorders had been in France illegally. He promised to increase deportations by 5,000 to 25,000 this year. That position played well with France's conservative electorate and even helped Mr. Sarkozy win supporters from the anti-immigration far right.

On June 30, he pushed through a new immigration law that gave the government more control over whom it allows into the country and increases its powers of expulsions. Most importantly, the law did away with a longstanding policy that granted residency papers to immigrants lacking them after 10 years in the country.

France has watched for months now as the drama unfolded, with newspapers giving prominent play to cases of schoolchildren threatened with expulsion even though they had lived most of their lives in France. Some opponents of the new law even began sponsoring children of immigrants without proper papers in an attempt to protect them from deportation.

Since French schools ended last week, illegal immigrants and their children have been lining up outside the government offices across the country hoping to save their families from deportation under tightened immigration laws.

Hopes were buoyed Thursday when the head of the Paris police said that "several thousand" families would be given residency permits. Mr. Sarkozy rejected that comment on Friday, telling reporters, "Those who talk about numbers today are talking about things they know nothing about." He said the number of people given papers would be decided "once all the dossiers have been studied."

But the Socialists see in the debate the seeds of another government crisis that could help them win the presidency next year. With tempers mounting along with summer temperatures, Mr. Sarkozy may be forced to back down on his deportation vows.

A Socialist spokesman, Julien Dray, predicted that Mr. Sarkozy would be forced "to oversee massive regularization," much to the dismay of the Interior Minister's political supporters.

"The sort of figures that officials are talking about are some 40,000 residency permits," Mr. Dray said.

Mittal Announces Plan For Steel Plant In India (NYT)

By Amelia Gentleman And Heather Timmons

The New York Times, July 8, 2006

NEW DELHI, July 7 — Fresh from winning the fight for the European steel company Arcelor, Lakshmi Mittal visited India on Friday and said he planned to invest as much as $9 billion in a steel plant in an impoverished eastern area of the country.

Mr. Mittal said that Mittal Steel, based in Rotterdam, would invest 300 billion to 400 billion rupees ($6.7 billion to $9 billion) to build a steel plant in the mineral-rich state of Orissa. The plant, to be built in two phases, would be one of India's largest, with a capacity of 12 million tons a year.

After making his bid for Arcelor in January, Mr. Mittal was roundly criticized by Arcelor executives for his company's practice of relying on low-cost production in emerging markets.

Analysts said that Mr. Mittal's plans for Orissa were another sign that the overall industry was headed in that direction.

"The steel industry really doesn't belong in developed countries any longer; it belongs in developing countries," said Roger Nightingale, global economic adviser for Millennium Global Investments in London.

Mittal Steel spent nearly six months trying to win over Arcelor, and in June the companies finally agreed to a deal valued at 26.5 billion euros ($33 billion). Mr. Mittal said he would thank the Indian prime minister, Manmohan Singh, for his support during his visit to India.

"We want to be partners with the growth in India," Mr. Mittal said.

Analysts forecast that demand for steel in India would rise as the country's economy booms, with strong growth in the automobile and construction sectors.

"Everyone seems to want a foothold in India," said Peter Fish, managing director of Meps International, a consulting firm. Demand for steel in India is high, and the country is rich in iron ore.

Mr. Mittal may be trying to capitalize on the momentum from his successful deal with Arcelor to get further support for steel projects in India, said Daniel Altman, an analyst with Bear Stearns in New York.

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Mittal Steel already had plans to build a $9 billion steel plant in the neighboring state of Jharkhand, but Mr. Mittal said he was unhappy with the slow pace of negotiations there and was concerned about the poor infrastructure.

In India, state governments, not national officials, approve the construction of steel plants, and that support has been difficult to secure.

The announcement Friday that Mittal was planning a plant in Orissa might be an attempt to pressure the governments in Jharkhand and in Orissa to smooth the approval process, analysts said.

"I think they are playing one state against the other," Mr. Altman said.

Posco, a South Korean steel company, has also been negotiating with Orissa's government to build a plant there. Those negotiations have been going slowly, Mr. Altman said.

Expansion into India would not threaten jobs in Europe or elsewhere, Mr. Mittal stressed.

"When we announced the deal with Arcelor, we said that there would be no job cuts" he said. "There will be absolutely no repercussions on jobs in Europe or anywhere else in the group."

That may not be true in the future, analysts cautioned.

"That's certainly going to be valid in the short term, but what happens in the long term is anybody's guess," Mr. Nightingale said.

Mittal will "keep Arcelor's facilities in Europe, especially the highest-quality steel facilities and those serving the motor industry," Mr. Nightingale predicted, but a lot of Mittal's other products will come from plants elsewhere.

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DEPARTMENT OF JUSTICE *NEWS CLIPS*

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TERRORISM NEWS:

Justices Tacitly Backed Use Of Guantánamo, Bush Says (NYT)

By Sheryl Gay Stolberg

The New York Times, July 8, 2006

WASHINGTON, July 7 — In his most detailed comments to date on the Supreme Court's rejection of his decision to put detainees on trial before military commissions, President Bush said Friday that the court had tacitly approved his use of the detention center at Guantánamo Bay, Cuba.

"It didn't say we couldn't have done — couldn't have made that decision, see?" Mr. Bush said at a news conference in Chicago. "They were silent on whether or not Guantánamo — whether or not we should have used Guantánamo. In other words, they accepted the use of Guantánamo, the decision I made."

Mr. Bush's remarks put a favorable spin on a ruling that has been widely interpreted as a rebuke of the administration's policies in the war on terror. The court, ruled broadly last week in Hamdan v. Rumsfeld that military commissions were unauthorized by statute and violated international law.

The question of whether Mr. Bush had properly used Guantánamo Bay to house detainees was not at issue in the case. At issue was whether the president could unilaterally establish military commissions with rights different from those allowed at a court-martial to try detainees for war crimes.

Mr. Bush has said since the ruling that he will work with Congress to figure out how to use military commissions to try detainees, a promise he repeated on Friday in Chicago.

"I am willing to abide by the ruling of the Supreme Court," the president said.

The Chicago news conference, which featured local reporters asking the president questions alongside the regular members of the White House press corps, was designed by the White House to give the president more exposure in the country at a time when his poll numbers are declining and Americans are uneasy with his leadership on the economy and the war in Iraq.

But members of the Chicago press did not serve up softball questions. The issue of Mr. Bush's polls came up when a reporter asked about a fund-raiser the president planned to attend for Judy Baar Topinka, the Republican candidate for Illinois governor.

"An aide to Judy Topinka was quoted as saying that given your low approval ratings in the polls, they prefer you to come here in the middle of the night," the reporter said.

"Didn't work," Mr. Bush replied. "I'm coming to lunch."

The president also gave an endorsement of sorts to Patrick J. Fitzgerald, the special prosecutor who handled a leak investigation involving Karl Rove, Mr. Bush's chief political adviser.

Mr. Bush said Mr. Fitzgerald, who is also the United States attorney in Chicago, had done a "very professional job" in handling the leak investigation, which resulted in the indictment of I. Lewis Libby Jr., the former chief of staff to Vice President Dick Cheney. Mr. Rove was not indicted.

Bush Asks UN To Lean On N. Korea (BOS)

By Rick Klein

The Boston Globe, July 8, 2006

WASHINGTON -- President Bush yesterday called on the United Nations to send a clear message of disapproval to North Korea in the wake of this week's missile tests, asserting his faith in a diplomatic solution to the foreign policy crisis despite his frustration with the pace of international negotiations.

In a news conference in Chicago, Bush said the diplomatic process can be ``slow and cumbersome" and ``painful in a way for some to watch," but he believes that diplomacy will resolve the standoff over North Korea's nuclear weapons capabilities. The president added that he has confidence in the UN Security Council and in multiple-nations talks with North Korea.

``What matters most of all is for [North Korean President] Kim Jong Il to see the world speak with one voice," Bush said at Chicago's Museum of Science and Industry. ``What I believe is we can solve the problem diplomatically."

Despite his frustrations over the process, Bush's comments signaled a patient approach toward North Korea, a nation he famously placed alongside Iraq and Iran in the ``axis of evil."

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``We've created a framework that will be successful," he said. ``It takes time to get things done."

Pressed repeatedly on why he pushed to topple Saddam Hussein in Iraq but is hesitant to even discuss the use of force against North Korea, Bush deflected the questions, insisting that diplomacy remains the first option.

Asked whether the US military, stretched by simultaneous wars in Iraq and Afghanistan, could sustain a third conflict with North Korea, Bush said he wouldn't answer hypothetical questions. A few minutes later, he questioned a reporter's assertion that North Korea -- which tested medium- and long-range missiles earlier this week -- has increased its nuclear arsenal.

``I don't think we know that," Bush said .

Earlier this week, North Korea fired seven missiles, all of which fell harmlessly into the sea, in defiance of international warnings and despite a self-imposed moratorium on the testing of long-range missiles. One of the missiles was thought to be capable of reaching the west coast of the United States.

Washington is pushing the UN Security Council for quick condemnation of the tests, but China and Russia -- two permanent members of the council -- are resisting sanctions against North Korea. China and Russia have not said whether they will veto any action .

On another issue with national security implications, Bush said he drew no broader implications from last week's Supreme Court ruling striking down the military commissions he ordered to try detainees held in the US Navy base at Guantanamo Bay, Cuba. Although the high court ruled that Bush had overstepped his authority, the president quickly noted that the court was silent on the question of whether Guantanamo is an appropriate place to hold suspected terrorists.

``The Supreme Court said that in this particular case, when it comes to dealing with illegal combatants who were picked up off a battlefield and put in Guantanamo for the sake of our security, that we should work with the United States Congress to develop a way forward," Bush said. ``They accepted the use of Guantanamo, the decision I made."

Bush used the news conference to push for his top domestic priority this year: comprehensive immigration reform. The House and Senate have passed vastly different immigration bills, and Bush restated his support for the Senate approach, which pairs new border-enforcement mechanisms with a guest-worker program and a path to citizenship for most of the estimated 12 million undocumented immigrants now in the United States.

``In order to enforce this border, we've got to have a rational way that recognizes there are people sneaking across to do work Americans aren't doing," Bush said.

The president also said he is certain that Republicans will retain control of the House and Senate this fall. He laughed when asked whether he would stay away from the campaign trail because of his dismal approval ratings.

``That's up to the candidates to decide," Bush said. He noted that he is still a draw at Republican fund-raisers -- including a $500-a-plate gubernatorial candidate luncheon he attended in downtown Chicago just a few hours after the news conference.

``You win elections by believing something," Bush said in a swipe at Democrats. ``You win elections by having a plan to protect the American people from terrorist attacks. You win elections by having a philosophy that has actually produced results."

Yesterday's news conference was atypical for its location: In the past, Bush has favored the White House for full-scale, question-and-answer sessions with reporters. The location is part of a new strategy to have the president interact more with local reporters -- and make a bigger media splash in the towns he visits outside of Washington.

``I like to see what it's like to have a major press conference outside of Washington," said Bush, who stood in front of a giant banner featuring the Chicago skyline.

GOP Will Keep Its Majorities, Bush Predicts (LAT)

By Peter Wallsten, Times Staff Writer

The Los Angeles Times, July 8, 2006

On a swing through Chicago, the president says: 'You win elections by believing something.' He also hints at a tack on the Guantanamo ruling.

CHICAGO — Vowing that the Republican Party would fend off Democratic gains in the November congressional elections, President Bush on Friday demonstrated part of his new strategy for victory: Stay close to the usual script — but do it in an unusual place.

Bush took the uncommon step of holding a formal news conference away from the White House, and he cast aside his typical practice of one-day trips in favor of spending a night and a day in the city. In Chicago, he cracked, the locals might not be so bored of his old stories.

In addition to headlining a fund-raiser for the Republican candidate for governor — a traditional role for the president — Bush toured a museum, went out for a fancy dinner with the mayor, and lingered at a crowded breakfast joint for an hour. They were unusual moves for a man who is not known for a love of tourism and prefers sleeping in his own bed after a quiet dinner at home.

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"I like to see what it's like to have a major press conference outside of Washington," he said, standing in the cavernous rotunda of the Museum of Science and Industry, with old airplane models hovering overhead.

"It might do me some good," he added.

His hourlong exchange with local reporters and the traveling White House press corps contained little news, and was notable mainly for the setting and for Bush's insistence that he intended to be a factor in this year's elections — low approval ratings or not.

Asked about a published remark by an aide to Judy Baar Topinka, the GOP gubernatorial candidate, that the campaign would be better off if the president came in the middle of the night, Bush shot back: "I'm coming to lunch."

What's more, he proclaimed that the $1.2-million fundraiser would be a success. And he brought into sharper focus what is likely to become the White House's campaign message for future road trips: Republicans will keep Americans safe, keep taxes low, and offer more ideas than the Democrats.

"You win elections by believing something," Bush said. "You win elections by having a plan to protect the American people from terrorist attack. You win elections by having a philosophy that has actually produced results — economic growth, for example — or kind of changing the school systems for the better, or providing prescription drug coverage for elders."

Despite polls that indicate Democrats are positioned to make gains in November, Bush said Republicans would retain control of the House and Senate. "I'm looking forward to these elections," he said. "I think you'll be surprised."

Answering a question about his authority to try detainees before military tribunals, Bush reiterated his belief that the Geneva Convention does not apply to detainees being held at Guantanamo Bay, Cuba.

"The Geneva Conventions were set up to deal with armies of nation-states," he said. "You've got standard rules of war. So, this is new ground. This is different than any president has been through before, in terms of how to deal with these kind of people that you're picking up off a battlefield and trying to protect the American people from."

His comments appeared to contradict last week's 5-3 ruling by the Supreme Court, written by Justice John Paul Stevens, that said a provision of the Geneva Convention governing combatants not tied to nation-states applies to the fight against Al Qaeda.

Bush said Friday that he was "willing to abide by the ruling." But coming as administration officials continue to examine the ruling, Bush's comments were another indication that the White House was moving toward a very narrow interpretation of the court decision.

Legal experts and detainees' advocates have insisted the ruling means the Geneva Convention covers all detainees at Guantanamo and, possibly, Al Qaeda leaders being held in undisclosed locations.

Reinforcing the message that Bush was far outside the Beltway, he stood before a giant picture of the city skyline displaying, in giant letters, "CHICAGO."

The overwhelmingly Democratic city in a blue state seemed a peculiar choice as a kickoff for the new White House communications strategy, particularly in light of headlines that greeted the president and his entourage Friday morning.

On Thursday, a former top aide to Mayor Richard M. Daley and three other city officials were convicted of directing city jobs to campaign workers. The convictions were the work of a prosecutor familiar to Bush, U.S. Atty. Patrick J. Fitzgerald, who as a special prosecutor has been leading the investigation into who leaked the name of former CIA officer Valerie Plame to the media. That investigation has led to the indictment of Vice President Dick Cheney's former chief of staff.

Though Daley is a Democrat whose family name symbolizes that party's dominance in Chicago politics, the mayor and Bush have built a friendship. The two dined together Thursday night at the famed Chicago Firehouse Restaurant.

Asked how he viewed Daley in light of the convictions, Bush said: "I still think he's a great mayor."

As for Fitzgerald, who last month informed White House strategist Karl Rove that he would not be charged in the CIA leak investigation, Bush lauded the prosecutor for his professionalism and his ability to stay out of the news. "You didn't see a lot of people kind of dropping a little crumb here for the press to chew on," Bush said.

Times staff writers Peter Spiegel in Washington and P.J. Huffstutter in Chicago contributed to this report.

Signs Of Detainees' Planning Alleged (WP)

By Josh White

The Washington Post, July 8, 2006

Three suicides at the U.S. detention facility at Guantanamo Bay, Cuba, may have been part of a broader plot by detainees who were using confidential lawyer-client papers and envelopes to pass handwritten notes their guards could not intercept, according to documents that government lawyers filed yesterday in federal court.

Detainees could apparently hide documents in their cells -- including instructions on how to tie knots and a classified U.S. military memo regarding cell locations of detainees and camp operational matters at Guantanamo -- by keeping the materials in

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envelopes labeled as lawyer-client communications. Notes that investigators found after the suicides on June 10 were apparently written on the back of notepaper stamped "Attorney Client Privilege," which allowed detainees to communicate secretly without interference, according to government officials.

The alleged discoveries have led military commanders to suspend allowing detainees to have paper provided by defense lawyers. Government lawyers have also asked a judge on the U.S. District Court for the District of Columbia to allow them to assemble "filter teams" to scour more than 1,100 pounds of documents seized by investigators, some of which are protected by lawyer-client privilege and would usually be off-limits to authorities.

Defense lawyers for Guantanamo detainees said that their clients are closely monitored and should have no way to pass such notes, and that the filing yesterday is designed to complicate their efforts.

In an affidavit filed with the court, Rear Adm. Harry B. Harris Jr., the facility's commander, said the Naval Criminal Investigative Service has information that suggests the suicides "may have been part of a larger plan or pact for more suicides that day or in the immediate future."

He also said that on June 22, he asked NCIS to investigate whether the suicides were "otherwise encouraged, ordered, or assisted by other detainees or third persons" -- implying that the probe could extend to lawyers for the men -- and whether their private communications could have included improper materials.

Lawyers are permitted to share with detainees legal communications or publicly filed documents, but they are not allowed to pass classified or "protected" information to clients.

Barbara Olshansky of the Center for Constitutional Rights, which represents most of the Guantanamo detainees, said the allegations that lawyers could have played a role in the suicides are "patently offensive" and "outrageous." She said the government is again trying to make it difficult for lawyers to represent the 450 detainees held there.

"I can't imagine what they think they've found," Olshansky said last night. "All I can see this as is an elaborate ruse to take away whatever these people have so they have absolutely nothing, and to make these lawyers fight for yet another thing."

Investigators impounded detainees' written materials on June 14, taking them from plastic bins the detainees use to store personal items and papers, according to the court filing and an affidavit by Carol Kisthardt, an NCIS special agent in charge of the agency's Southeast field office. Four days later, investigators focused on materials related to 11 detainees, though government lawyers did not detail why they picked those men.

"The materials uncovered in these initial searches comprising a very small amount of detainee materials demonstrated, however, that detainees had developed practices for misusing the existence of a privileged attorney-client communication system," the government lawyers wrote, "presumably to shield the communications from the suspicion or scrutiny of JTF-Guantanamo guards, who have not been permitted to inspect or review attorney-client communications."

The court papers say that investigators found suicide notes written in Arabic on the bodies of the detainees and that they found notes hidden in the wire mesh of their cells and neighboring cells.

The discovery of the papers "indicated the passing of materials and messages between detainees and that some level of planning or coordination of the suicides had taken place" because two of the men had never been visited by attorneys, yesterday's filing says. The three detainees used torn bedsheets and clothing to hang themselves, military officials have said.

Defense lawyers have called the suicides acts of desperation by detainees who saw no hope of being released or of having a fair trial.

"The whole concept that these suicides are a plot or a plan is of a piece with the absurd contention that suicide is an act of warfare in this setting," said David Remes, a Washington lawyer who represents a group of Guantanamo detainees. "What comes through to me is that the military has found a way to use the suicides to break through a very carefully constructed and painstakingly negotiated mechanism of protecting the attorney-client privilege."

David Engelhardt, who represented Ali Abdullah Ahmed, a Yemeni detainee who killed himself June 10, said there is no way to know if there was a suicide plot because he was never granted access to his client.

"A plot to do what?" Engelhardt said. "Who exactly did he hurt by hanging himself? What do you have to gain besides the stretching of your own neck? This is offensive and ignorant."

Convicted U.S. Civil Rights Lawyer Seeks Non-prison Sentence (FINDLAW/AP)

By Larry Neumeister, Associated Press Writer

AP, July 8, 2006

(AP) - NEW YORK-Attorneys for U.S. civil rights lawyer Lynne Stewart have asked a judge to spare her a prison sentence for her conviction in a terrorism case despite a recommendation by the federal probation department that she serve 30 years.

The attorneys filed papers Wednesday in U.S. District Court in Manhattan asking that the judge take into consideration Stewart's bout with breast cancer, her age, 66, and three decades of selfless service as a lawyer in sentencing her on Sept. 25.

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Stewart was convicted in February 2005 of providing material support to terrorists by releasing the message of a notorious jailed client, Sheik Omar Abdel-Rahman. She also was convicted of defrauding the government and making false statements.

Abdel-Rahman, a blind cleric from Egypt, was convicted of seditious conspiracy for his advisory role in a plot to blow up five New York City landmarks, including the United Nations in 1995.

One of Stewart's lawyers, Elizabeth Fink, called a U.S. Probation Department pre-sentencing report that recommended Stewart serve the maximum possible sentence of 30 years "draconian, inhumane and ludicrous."

A message left with a spokeswoman for the federal prosecutors' office was not immediately returned Thursday.

Stewart was diagnosed with breast cancer last year, and her sentencing has been delayed while she undergoes treatment.

In her court papers, Fink quoted the nonpublic pre-sentencing report as saying: "We hope that this sentence of 30 years will not only punish Stewart for her actions but serve as a deterrent for other lawyers who believe that they are above the rules and regulations of penal institutions or otherwise try to skirt the laws of this country."

Pre-sentencing reports are advisory documents prepared by court employees and considered by judges before they determine sentences.

Fink said lawyers for criminal defendants perform their constitutional duties every day under difficult and depressing circumstances and for little money.

"The deterrence they want to accomplish here is to frighten lawyers into submission and destroy zealous advocacy," she wrote.

Fink said the conviction, disbarment and a non-prison sentence would serve adequate deterrence to other lawyers.

"To put Lynne Stewart in prison in order to teach criminal lawyers how to behave is outrageous," she said.

The lawyer wrote that there was no question that Stewart made a serious mistake "and by doing so, ruined her life."

But Fink added that Stewart improved the lives of thousands during three decades of practicing law and "restored faith in America and its justice system to thousands of people."

Stewart was convicted along with Mohamed Yousry, an Arabic interpreter, and Ahmed Abdel Sattar, a U.S. postal worker.

Yousry and Stewart, both convicted of providing material support to terrorists, face up to 30 years in prison. Sattar, convicted of conspiracy to kill and kidnap people in a foreign country, could face life in prison.

The three will be sentenced by U.S. District Judge John G. Koeltl. He already has upheld the jury verdict, rejecting Stewart's claim that her client Abdel-Rahman was engaging in protected speech when he expressed his opinion about a cease fire by Islamic militants in Egypt that Stewart passed along in a 2000 press release.

Besides the material support conviction, Stewart also was convicted of defrauding the government and making false statements for breaking her promise to abide by special rules the government imposed on the sheik to prevent him from communicating with his followers.

FBI Foils New York Terror Plot (WT)

By Jerry Seper

The Washington Times, July 8, 2006

Federal agents, working with security officials in Lebanon and other foreign law-enforcement and intelligence agencies, have disrupted a terrorist network planning to attack train tunnels between New York and New Jersey, authorities said yesterday.

Lebanese security officials, acting on a U.S. request, have arrested Assem Hammoud, 31, a Beirut native, and said he admitted belonging to an "extremist organization" planning to carry out "a significant act of terrorism."

FBI Assistant Director in Charge Mark Mershon, who heads the bureau's New York field office, said the attacks tentatively were scheduled for October or November, but that none of the eight "principal players" identified in a yearlong investigation had yet been in the United States.

Mr. Mershon said Hammoud pledged his allegiance to al Qaeda and its leader, Osama bin Laden, and that the suspected conspirators were focusing on Port Authority of New York and New Jersey train tunnels that carry tens of thousands of commuters under the Hudson River daily.

"The planning or the plotting for this attack had matured to the point where it appeared the individuals were about to go to a phase where they would attempt to surveil targets, establish a regimen of attack and acquire the resources necessary to effectuate the attacks," Mr. Mershon said.

"At that point, I think it's entirely appropriate to take it down."

Law-enforcement officials said FBI agents, who monitored Internet chat rooms and e-mail messages used by suspected terrorists, discovered the scheme. At least two other arrests reportedly were made, but details were unavailable. The U.S. Embassy in Beirut declined comment.

The other five suspects remain at large.

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FBI officials in Washington said that while al Qaeda continues to have an interest in attacking the United States, there is no credible information about any specific threat or target.

"At this time, we have no indication of any imminent threat to the New York transportation system or anywhere else in the U.S.," said FBI spokesman Richard Kolko at the bureau's Washington headquarters, adding that the FBI, through the New York Joint Terrorism Task Force, is continuing to investigate suspected terrorist activities in this country and abroad.

Rep. Peter T. King, New York Republican and chairman of the House Committee on Homeland Security, told CNN he had been aware of the investigation for nine months and described the conspiracy as "serious." He said authorities had monitored the suspected terrorists "very closely," adding that the New York transit system is "as safe as it can be."

"This certainly was a serious plot against the New York transit system," he said, adding that his knowledge of the investigation was, in part, one of the reasons for his anger last month when the Department of Homeland Security announced cuts in anti-terrorism grants for New York City.

The grant for New York, where 3,000 people were killed on September 11, 2001, when al Qaeda terrorists slammed two jetliners into the World Trade Center, dropped from $207 million to $124 million.

At the time, the seven-term lawmaker said Homeland Security and the Bush administration had "declared war on New York."

"It's a knife in the back to New York, and I'm going to do everything I can to make them very sorry they made this decision," Mr. King said.

The proposed attack was first reported yesterday by the New York Daily News, which said it was intended to coincide with the first anniversary of a terrorist strike on the London transportation system that killed 52 persons. The newspaper said the Holland Tunnel, a roadway for cars and trucks, was a major target. Authorities yesterday said the Holland Tunnel was not a target.

Mr. King suggested federal authorities were not yet ready to make arrests, but acted after the Daily News story broke. He said, "I wish it had been held. It would have been better if this had not been disclosed."

House Speaker J. Dennis Hastert, Illinois Republican, called the "interruption" of a terrorist plot targeting New York's train tunnels "yet another reminder that we must remain steadfast in our fight against terrorism."

"In the past few months, law-enforcement officials have thwarted several terror plots including threats against Chicago's Sears Tower and federal buildings in Miami, and they have disrupted a terror cell in Canada. House Republicans will continue to provide the brave men and women fighting to win the global war on terror the resources they need to finish the job," he said.

The Lebanese Security Service and Beirut's intelligence agency, working with U.S. authorities, have vigorously sought to counter ongoing efforts by al Qaeda to establish a stronghold in that country.

In January, Lebanese authorities arrested 13 suspected al Qaeda terrorists, charging them with "establishing a gang to carry out terrorist acts, forging official and private documents and possessing unlicensed arms." Those arrested included seven Syrians, three Lebanese, a Saudi Arabian, a Jordanian and a Palestinian.

On June 23, seven men also were indicted in a conspiracy to bomb the Sears Tower in Chicago and five government buildings in Miami. The men, called "homegrown terrorists" by Attorney General Alberto R. Gonzales, were accused of providing material support to terrorist organizations, including al Qaeda. They also were charged with conspiracy to maliciously destroy buildings by means of an explosive device and conspiracy to levy war against the United States.

The seven include five U.S. citizens, one legal permanent resident and one Haitian national in the United States illegally, ranging in age from 22 to 32.

FBI Deputy Director John Pistole described that suspected plot as "aspirational, rather than operational."

Filmmaker Sues U.S. Over Iraq Detention (LAT)

By Henry Weinstein

The Los Angeles Times, July 8, 2006

A Los Angeles filmmaker who was imprisoned in Iraq for 55 days sued Secretary of Defense Donald Rumsfeld and other high-ranking military officials Friday, alleging that his detention violated his civil rights, the law of nations and the Geneva Convention.

Mark D. Rosenbaum, legal director of the ACLU of Southern California, said the suit is the first civil action challenging the constitutionality of the U.S. government's detention and hearing policies in Iraq.

Cyrus Kar, 45, of Los Feliz was freed a year ago, just days after the American Civil Liberties Union sued seeking his release. The new lawsuit, filed in federal court in Los Angeles, seeks damages for Kar and broad changes in the government's detention policies.

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"The abuses experienced by Mr. Kar — prolonged arbitrary detention without charge, the systematic denial of access to counsel, and the absence of any court in which to challenge the legality of his detention — are the norm for thousands of persons held in U.S. military detention in Iraq," the suit asserts, citing reports by the United Nations Assistance Mission for Iraq, the International Committee of the Red Cross and Amnesty International.

"Human rights monitors note that the vast majority of the over 15,000 detainees in U.S. military custody in Iraq have never been charged, tried, provided counsel, or allowed to challenge their detention in court, and over one-fifth of them have been detained for over a year in this manner," according to the suit.

In addition, the suit cites a 2004 Red Cross report that said military intelligence officers of coalition forces acknowledged "between 70% and 90% of the persons deprived of their liberty in Iraq had been arrested by mistake."

Kar, a U.S. citizen and Navy veteran, went to Iraq 14 months ago to make a documentary film about Cyrus the Great, the Persian king who wrote the world's first human rights charter.

On May 17, 2005, the taxi he was riding in was stopped at a Baghdad checkpoint and authorities found components in the trunk that are commonly used in improvised explosive devices. The taxi driver told military authorities that Kar and his cameraman knew nothing about the items, which the driver said he was bringing to his brother-in-law.

Kar also submitted to a polygraph examination and allowed the FBI to search his apartment. They found nothing incriminating, but he was held for many more weeks in various prisons around Iraq, including the notorious facility at Abu Ghraib.

Even after he was cleared by a military court at Camp Cropper, Kar was held another week. Eventually, the camp commandant gave him a letter stating that military judges found him to be an "innocent civilian" under the Geneva Convention.

While in confinement, the suit states, Kar was at various times hooded, restrained "in painful flexi-cuffs" and "repeatedly threatened, taunted and insulted" by U.S. soldiers.

At one point, according to the suit, a U.S. soldier slammed Kar's head into a concrete wall at Abu Ghraib.

"Mr. Kar was and remains traumatized by his indefinite and virtually incommunicado detention, in solitary confinement, by the U.S. military without charge," the suit says.

Since returning to the U.S., Kar has continued to work on his film. He said Friday that he is trying to raise money for postproduction editing.

What happened to him in Iraq was "a life-altering experience," Kar said. "I am not a left-wing liberal. I agree with many of George Bush's policies."

But, he added, "I don't think the Constitution has to be gutted to achieve our objectives" in the war on terrorism. "I felt it was my duty as an American to take a stand for the constitutional rights guaranteed to all Americans."

The suit was filed by Rosenbaum and Ranjana Natarajan of the ACLU and volunteer attorney Dan Marmalefsky of the Morrison & Foerster law firm. In addition to Rumsfeld, the defendants include Army Gen. George W. Casey Jr., commanding general of the multinational forces in Iraq; Maj. Gen. William H. Brandenburg, who was in charge of detainee operations in Iraq at the time of Kar's detention; Lt. Col. Carol Haas, who was commandant of Camp Cropper when Kar was held there in solitary confinement; and Lt. Col. John Dunlap, who was president of the military's Detainee Status Board in Iraq.

On Friday, a Pentagon spokesman said the Defense Department "does not discuss matters under litigation until the court has rendered a decision."

When Kar was released last July, military officials said he properly had been detained as "an imperative security threat" under the authority of a United Nations Security Council resolution and that the matter had been handled and resolved appropriately.

"This case highlights the effectiveness of our detainee review process," Brig. Gen. Don Alston said in a prepared statement after Kar's release.

Inquiry In 2003 Abduction Rivets Italy (NYT)

By Stephen Grey And Elisabetta Povoledo

The New York Times, July 8, 2006

MILAN, July 7 — The veteran spy made a mistake worthy of an amateur. On June 1, a senior Italian intelligence official placed a call from a public telephone booth to a fellow spy to discuss an investigation into the suspected kidnapping by the Central Intelligence Agency of a radical Egyptian cleric in 2003.

The Italian spies were also under investigation, for complicity in the abduction of the imam, who was seized on a Milan street and sent to his native Egypt for interrogation and imprisonment.

But in a country where the police and spies regularly tap more than 100,000 phone lines each year, Gustavo Pignero, the former head of military counterespionage at the Italian military intelligence agency, apparently ignored an obvious possibility — that investigators were listening in.

Mr. Pignero told his successor at the agency, Marco Mancini, that he had admitted to prosecutors that "Yankee" agents had asked the Italian agency to "identify and check out" the imam, Hassan Mustafa Osama Nasr.

Mr. Mancini began to fret. The C.I.A., both men knew, had actually wanted not only to watch the suspect but also "actually wanted to seize this guy," Mr. Mancini said. But he insisted, "I told my men that it was an illegal activity, and then I said no to this illegal activity."

The transcript of those calls is part of court documents provided to The New York Times on Friday by people close to the case.

The disclosure that the police were eavesdropping on the intelligence service is the latest twist in a case that has riveted Italy. The kidnapping of the cleric by intelligence agents abruptly cut short a criminal investigation of the imam by Italian prosecutors. The prosecutors struck back, with an investigation of both American and Italian intelligence agents whom they accuse of carrying out the abduction.

The wiretapped telephone calls allowed prosecutors to make the case that Italian intelligence had advance knowledge of the abduction of Mr. Nasr, who is also known as Abu Omar — something the Italian government had steadfastly denied.

On Wednesday, prosecutors arrested the two intelligence officials, charging that they had known about the kidnapping and helped plan it.

Mr. Pignero was placed under house arrest and Mr. Mancini was sent to a jail in Milan, where he was questioned by prosecutors on Friday. "I never kidnapped anyone, and I never participated in the kidnapping of anyone," he was quoted as saying in a statement released by his lawyer.

Last year, prosecutors issued arrest warrants for 22 Americans employed by or linked to the C.I.A., charging them with involvement in the abduction. The Americans had already left Italy.

The case marks the first time a foreign government has tried to prosecute American agents for "extraordinary rendition," in which terrorism suspects captured abroad are sent by the United States to be imprisoned and interrogated in third countries, some of which have records of torturing prisoners.

Intelligence operatives have no special immunity under Italian law. "A prosecutor can listen to any conversation, if he or she thinks a serious crime has been committed, and gets the authorization from a judge to do so," said Andrea Monti, a lawyer specializing in privacy and data protection cases.

The inside story of the abduction became known to prosecutors only this spring, after the police tracked down a military police officer who had taken part in the operation, the court documents show. Like some of the C.I.A. officers, he used his own mobile phone on Via Guerzoni, the street where the Egyptian cleric was abducted.

The man, identified in the documents as Luciano Pironi, who operated under the code name "Ludwig," was the first witness who had been present at the scene of the kidnapping to provide a confession. "I was convinced that I was participating in an intelligence operation," he said, according to the court documents.

He said a C.I.A. agent in Milan at the time had told him that the mission had "been organized and prepared with the Italian intelligence service and Interior Ministry."

Mr. Pironi told prosecutors last April that his role in the seizure was to stop Abu Omar and check his identity papers to distract him while the kidnap team approached in a van. He said it seemed to be ages before the agents "violently threw open" the van's back door.

"They grabbed Abu Omar, I can't remember by the hands or clothes, and they aggressively pulled him into the van, closing the door," he said. "He didn't have a chance to resist or call out."

He said he was told by the C.I.A. agent that Abu Omar — identified in the court papers as "one of the heads of the Islamic terrorist organizations in Europe" — was not really going to be kidnapped, but rather recruited as an intelligence source for the United States and Italy.

Mr. Pironi's testimony was comical at points. He told prosecutors that the kidnapping "could only take place on weekends" because it was the only time he had free from his day job as a military police officer, the documents said. Accounts in the Italian press quoted Mr. Pironi as testifying that one of the kidnapping attempts was aborted because a "gattara," a neighborhood woman known for feeding the local cats, made an unscheduled round one day.

The C.I.A. agent was one of the 22 cited in the arrest warrant a year ago. When the agent's house was searched, the police reported that he had left e-mail messages on his computer that described warnings about the Milan investigation and, more damagingly, a surveillance photo of Abu Omar himself.

The C.I.A. team left behind a series of blatant clues. Before the abduction, the C.I.A. operatives stayed for days in Milan, running up a tab of more than $140,000 at some the city's most expensive hotels. They also talked frequently on cellphones that were not secure — allowing the police not only to trace their movements as they took Abu Omar to the Italian-American air base at Aviano in northern Italy but also to establish many of their identities.

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The most recent details to emerge about the abduction have also opened a new, and potentially explosive, angle in the case. Of the many calls Mr. Mancini received, Italian newspapers reported Friday, one led investigators to an 11-room penthouse apartment on the Via Nazionale in Rome, a main shopping thoroughfare. The apartment turned out to be a previously unknown office of the Italian military intelligence agency.

According to a senior Italian law enforcement officer who refused to be identified because he did not have permission to speak publicly, the office was run by an intelligence agent who reported directly to Nicolo Pollari, the head of military intelligence.

The police raided the apartment on Wednesday and uncovered what appeared to be a center of "black propaganda," or misinformation, filled with files on leading journalists, investigative magistrates and businessmen.

He said the police also found evidence to suggest that the intelligence agency had been both recruiting some Italian journalists and illegally wiretapping others as a way of keeping track of the investigation in Milan.

Among the documents found in the apartment were receipts for cash made out to a journalist code-named Birch who was said to work at Libero, a conservative Milanese daily. Investigators also found what they said were drafts of articles, including one suggesting a smear campaign against Prime Minister Romano Prodi. It was later published in Libero.

London Remembers Victims Of Terrorist Bombings (FT)

By Jimmy Burns

Financial Times, July 8, 2006

Londoners prayed, laid wreaths and observed a two-minute silence in remembrance of the victims of the terrorist bombings last year that killed 52 innocent people and injured hundreds.

The Queen, Tony Blair, and Ken Livingstone, mayor of London, led tributes to the dead, while senior police warned the country not to lower its guard against the threat of further attack.

Sir Ian Blair, commissioner of the Metropolitan police, said: “No matter how dreadful the terrorists are, it is infinitesimal compared to the strength of Londoners.”

The most senior policeman told the BBC he had no doubt there would be further attacks, and the security services were doing all they could to prevent them.

Police said this week they were investigating an uprecedented number of plots and had thwarted at least three attacks since last July.

But Sir Ian spoke amid continuing gaps in firm intelligence and government concerns that some suspects had escaped the intensified surveillance and disruption operations led by MI5, the Security Service.

Sir Ian said: “It is not the police or the intelligence services that will defeat the terrorists. It is the communities. They must be our eyes and ears on the streets and tell us about their concerns.”

In the morning, memorial plaques were unveiled in the presence of relatives of the dead and survivors at each of the sites where bombs were detonated. Three went off on the London Underground and a fourth on a double-decker bus.

At midday, offices, shops and public transport fell silent as people reflected on the memory of the worst terrorist attack on the capital.

In the afternoon, government ministers as well as opposition party leaders attended a ceremony of remembrance in London’s Regent’s Park.

The highest-profile event of the day was the creation of a giant tribute in the shape of the figure seven and filled with carnations. As the tribute took shape, the London Gospel Choir sang “Something Inside So Strong”, “Lean on Me” and “Bridge Over Troubled Waters”.

Earlier in the day, the prime minister marked the two-minute silence at the London Fire Brigade headquarters in Lambeth, south London. In a statement he called on the community to unite against terrorism.

However, the release on Thursday of a videotaped statement made by one of the bombers before last July’s attack has focused the mind of the government on the challenges it faces in the days ahead.

In the tape aired on Qatar-based al-Jazeera television, Shehzad Tanweer, 22, warned of a further violence until UK troops pulled out of Iraq and Afghanistan.

While opinion polls show that a majority of British Muslims are against terrorism, they also show that even moderate members of the community blame British foreign policy for fuelling extremism.

Britain Pays Homage To Bombing Victims (NYT)

By Alan Cowell

The New York Times, July 8, 2006

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LONDON, July 7 — On a day of warnings, memory and grief, Britons marked the first anniversary of the London bombings on Friday as much of the land fell silent at noon to mourn the dead.

On July 7, 2005, four jihadist bombers detonated homemade explosives concealed in backpacks, killing themselves and 52 travelers on three subway trains and a double-decker bus.

One year later, it was a time of public homage by civic leaders as much as the less chronicled grief of people drawn to remember lost friends in the privacy of their own memories. The city's mood recalled the quiet stoicism conjured by its worst terrorist attack.

"I think it's a very personal thing, so we don't need anything over the top," said Linsey Butler, who studied music with one of the victims, Jennifer Nicholson, 24, killed at the Edgware Road subway station. "It's up to people how they want to remember," she said, adding that she favored an understated commemoration.

Ms. Butler, 23, was speaking in Regent's Park before the names of the 52 dead were read out at a ceremony of poems, readings and songs on Friday evening after hundreds of people placed purple carnations in a huge seven-leaved floral mosaic.

Earlier Friday, Ms. Butler said, she attended a private memorial for her friend, whose mother, Julie Nicholson, an Anglican vicar, abandoned her parish priesthood last year because she could not forgive the bombers who killed her daughter.

Even now, 12 months later, Mrs. Nicholson said Friday: "I do not think they should be forgiven. Forgiveness comes with justice, and there is not going to be any justice."

At the service, a poem read by Saba Mozakka, who lost her mother, Behnaz Mozakka, in the bombings, said: "Where are you? Who says you are no more? Hold our hands, for we are so lonely."

The anniversary came one day after one of the bombers, Shehzad Tanweer, 22, was shown on Al Jazeera television delivering a videotaped testament and warning that "what you have witnessed now is only the beginning."

That same theme was echoed from a different perspective on Friday by London's police chief, Sir Ian Blair, who told the BBC that the threat of a new attack had "palpably increased" since July of last year.

"I fear that we have to accept that we live in an age for some years when the threat of an attack getting through is very real," he said. "Some of the threats that we have now interdicted in the last few months are from inside and outside. We are now in a position in which the threat is both internal and external."

Al Jazeera's broadcast on Thursday also included separate images of Ayman al-Zawahiri, the No. 2 commander of Al Qaeda, suggesting that the group was trying to claim responsibility for the attacks.

In new video excerpts released Friday, Mr. Zawahiri specifically claimed that two of the bombers — Mr. Tanweer and Mohammad Sidique Khan, the supposed ringleader of the attacks — had prepared for the bombings at a Qaeda camp. Both men were known to have visited Pakistan before July 7, but Mr. Zawahiri's remarks were the closest that Al Qaeda has come to a direct claim that it planned and supervised the bombings.

"Both of them were seeking martyrdom and wished that they could carry out a martyrdom operation," Mr. Zawahiri said.

Earlier, Sir Ian said: "I don't think the video proves that Al Qaeda was responsible for the London bombings. They are a very opportunistic organization, and they may well have collected that video together to make it look as though they were."

In Scotland, Queen Elizabeth II bowed her head for those two minutes at noon after a service at St. Giles' Cathedral in Edinburgh. Prime Minister Tony Blair observed the silence at London's Fire Brigade headquarters. Mr. Blair joined political leaders and families of the dead in laying yellow flowers to complete the mosaic in Regent's Park.

Earlier, at the exact times of the bombings — 8:50 a.m. and 9:47 a.m. — politicians and public transport executives laid wreaths at King's Cross station and at Tavistock Square, where a bomb exploded on a No. 30 bus.

Families and friends also left messages and flowers. "A year on but never far from my thoughts — Richard," one message said.

John Falding, whose girlfriend, Anat Rosenberg, died in the bus bombing, told The Press Association, "I watched the clock go down at 9:47 a.m. and I felt I had lost her again."

The news agency also reported that that fresh flowers had been laid on the grave of the bus bomber, Hasib Mir Hussain, in the northern city of Leeds, but it was not clear who put them there.

Dr. Anand Sharma, 29, a physician, was among those who went to Queen Mary's Garden at Regent's Park on Friday to help build the floral tribute. "I just came to pay my respects," he said. He had traveled on the subway, which Londoners call the Tube, on Friday, he said, and had detected a heightened nervousness among travelers.

"I was not so much worrying," he said. "It was because a lot of people were looking at me." Dr. Sharma, a Hindu, said it had been common after July 7 for "dark-skinned people" like himself to draw suspicious looks from other passengers.

There were some whose rage had not diminished since a year ago.

"I felt a sense of anger at the pointlessness of it and that remains," said Shawn Henson, 38, who identified himself as a subway train operator. "There was no point to the loss of others for the sake of their cause, whatever their cause was."

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For others, though, traveling on the subway had become a matter of trepidation and fatalism. "On the Tube you are more scared, because you are underground," said Clare Houliston, 23, a London pub worker, after she laid a flower in Regent's Park. "If they are going to attack again, they will if they want to. They are not warning. They are not telling you. They are just going out and killing other people and themselves."

Britain's 2 Minutes Of Silence Honor Transit Bomb Victims On Anniversary (WT/AP)

By Paisley Dodds, Associated Press

The Washington Times, July 8, 2006

LONDON -- Britain fell silent yesterday on the first anniversary of the suicide bombing assault on London's transit system -- a stunning attack that killed 52 commuters and wounded more than 700 in the country's deadliest attack since World War II.

Prime Minister Tony Blair, survivors and city workers bowed their heads during two minutes of national silence observed from the Wimbledon tennis tournament in London's suburbs to Scotland, a pause punctuated by the solemn tolling of bells at St. Paul's Cathedral in the heart of London.

Mourners carried flowers and candles to makeshift shrines near the sites of the four bomb blasts. Reflecting the widespread feeling of unease that grips London, one person left a small note that read: "We will never forget."

"This is a time when our country unites across all races, religions and divides and stands in solidarity with all those who have suffered so much, in sympathy with them and in defense of the values which we share," Mr. Blair said at Fire Brigade headquarters.

Relatives of the dead gathered later for a tearful private ceremony at Regent's Park, some reading poems to honor their loved ones. Names of all the victims were read one by one as many in the crowd wept and people lined up to place yellow flowers in a mosaic memorial.

Britain had not seen a major terror strike since 1974, when the Irish Republican Army set off bombs outside two pubs in Birmingham, killing 21 persons.

The September 11 terror strikes on U.S. soil ushered in a new era of terrorism in the West: The 2004 Madrid train bombings, the slaying of Dutch filmmaker Theo Van Gogh by an Islamic radical, the carnage in the heart of the British capital.

The terrorism has led many to wonder whether, in the post-Cold War era, the world is gripped by another clash of civilizations -- one in which the values of Western liberal democracies are in irreconcilable conflict with those of militant Islam, whose adherents are growing in numbers across Europe.

For Londoners, the attacks have shaken -- but not entirely overturned -- a conviction that the two cultures can coincide peacefully in the vibrant multicultural capital that is their home.

Still, the background of the bombers came as a shock to Britons: The four bombers were all British citizens raised in northern England. Three were of Pakistani descent and the other was a Jamaica-born convert to Islam.

In a video posted on the Internet for yesterday's anniversary, al Qaeda's No. 2 leader, Ayman al-Zawahri, boasted that two of the subway bombers had trained for their suicide mission.

British authorities previously said they knew Shehzad Tanweer and Mohammad Sidique Khan had visited Pakistan, but the comment from al-Zawahri was the first claiming they had been taught by al Qaeda.

"Both of them were seeking martyrdom and wished that they could carry out a martyrdom operation," al-Zawahri said, using the Islamist euphemism for a suicide attack.

"Today is a very sad day," said Paul Dadge, a computer technician who was pictured in newspapers around the world leading a bandaged survivor from the wreckage last year. "It is also a day to mark those people who lost loved ones and the survivors."

Residents woke to the sound of police helicopters hovering over the city yesterday as some Londoners made a determined effort to continue their daily routine.

But at the same time, a sense of mourning descended on the city -- as well as apprehension at the knowledge that any repeat attacks had the potential to devastate the precarious security that the affluent, cosmopolitan city has regained.

Buses and subway cars were standing-room only during the morning rush hour. But the atmosphere on the Underground, as the subway is called, was tense and subdued as the city was reminded of the 52 persons who never made it to their destinations last July 7.

Memorial plaques were unveiled at each of the three Underground stations affected by the attacks.

Flowers also were laid at Aldgate station, the site of the first blast, when a suicide bomber detonated his explosives at 8:50 a.m., killing seven persons. Candles were lit at the Edgware Road where a bomb exploded minutes later, killing six, and between Russell Square and King's Cross where a third bomb killed 26.

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One of the most striking images of the July 7 attacks was the fourth blast that killed 13 persons and ripped apart a No. 30 bus near Tavistock Square.

The bus driver, who survived, laid a large wreath of pink and white carnations, roses and lilies. On the card, he wrote: "You will never be forgotten. May you rest in peace. George Psaradakis. No. 30 bus driver."

Video: 2 London Bombers Al-Qaida Trained (AP-Y2)

By Jasper Mortimer And Omar Sinan, Associated Press Writers

AP2, July 8, 2006

Two of the four suicide bombers who attacked London last July 7 spent time at an al-Qaida camp to prepare themselves for a suicide mission, the deputy leader of the terror network claimed in a video Friday.

British authorities previously said they knew Shehzad Tanweer and Mohammad Sidique Khan had visited Pakistan, but the comment from al-Qaida No. 2 man Ayman al-Zawahri was the first to claim that they had been at an al-Qaida base.

"Both of them were seeking martyrdom and wished that they could carry out a martyrdom operation," al-Zawahri said, using the Islamic euphemism for a suicide attack.

It was not possible to independently verify his claim, which was part of a video posted on the Internet on the first anniversary of the suicide bombings that killed 52 commuters on three subway trains and a bus in London.

The video also contained a harangue by an English-speaking al-Qaida member against British and U.S. involvement in the Middle East and Asia, saying no Muslim should "shed tears" for Westerners killed by al-Qaida attacks.

The speaker was identified with the Arabic nickname "Azzam al-Amriki" — Azzam the American. That name has been used in previous al-Qaida videos by a man identified as Adam Gadahn, a Californian who converted to Islam and has been sought by the FBI since in 2004 on suspicion of attending an al-Qaida training camps in Pakistan.

Al-Zawahiri did not say when the two London bombers trained at the al-Qaida camp or where it was. The group is believed to have bases along the Pakistani-Afghan border, a rugged region where many experts think Osama bin Laden and al-Zawahiri may be hiding.

Al-Zawahiri said that while at the camp, Tanweer and Khan paid no heed to militants who discussed matters unrelated to suicide attacks, "because the goal for which they came to al-Qaida's jihad base was to carry out a martyrdom operation."

A security analyst at the London think-tank Chatham House, Bob Ayers, said the claim contradicted the British police finding that there was no evidence linking the four London bombers to al-Qaida.

"It makes the police look pretty bad," Ayers said. "It means the investigation was either wrong, or they had identified links, but were reluctant to reveal them."

The 31-minute video appeared on an Islamic Web site known for carrying militant messages and was released to coincide with the first anniversary of the London bombings. A heavily edited version was broadcast Thursday by Al-Jazeera television.

"The coordinated timing of the tape shows these guys did not act independently and were at a minimum supported by al-Qaida if not recruited, trained and supported by them," Ayers said.

Spokesmen at the Foreign Office and London's Metropolitan Police said they could not comment because they had not seen the tape.

Part of the video was recorded recently, as the statement by the English-speaking man referred to the June 30 revelation that U.S. troops allegedly raped and murdered an Iraqi teenager.

He said Britain and the United States had only themselves to blame for attacks by Islamic militants "because they are the ones who started this dirty war."

Evan Kohlmann, a New York consultant on terror groups, said the speaker appeared to be Gadahn, who as a teenager converted to Islam in the mid-1990s while in contact with Muslims in Garden Grove, Calif.

Federal officials said two years ago that Gadahn was suspected of going to al-Qaida training camps and serving as a translator for the terror network.

"He's the only known individual of Britain or American background in senior levels of al-Qaida," said Kohlmann, whose globalterroralert.com studies al-Qaida.

The video also contained a long testimonial from one of the London bombers, Tanweer, in which he gave his motives for taking part in the attacks and warned of more to come. Some of it appeared in the edited version broadcast by al-Jazeera.

"For the non-Muslims in Britain, you may wonder what you have done to deserve this," Tanweer said in a thick north English accent.

Britons oppress "our mothers and children, brothers and sisters from the east to the west in Palestine, Afghanistan, Iraq and Chechnya," he said.

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"Your government has openly support for the genocide of more than 150,000 innocent Muslims in Fallujah," he added, referring to the west Iraqi town where U.S. troops fought Islamic militants for several weeks.

"You have openly declared war on Islam," he said.

Glancing down at his text, which was off-camera, Tanweer said: "I tell every British citizen to stop your support to your lying British government and to the so-called war on terror. And ask yourselves: Why would thousands of men be ready to give their lives for the cause of Muslims?"

"What you have witnessed now is only the beginning of a series of attacks that will continue and increase in strength until you withdraw your soldiers from Afghanistan and Iraq," he warned.

Lines Blur On Extremism (FT)

By Christopher Caldwell

Financial Times, July 8, 2006

Recent days gave pause to anyone who thinks that western governments are fighting terrorism shoulder-to-shoulder. In Britain and the Netherlands, governments abruptly changed their approach to what David Goodhart, editor of Prospect magazine, usefully calls "security-and-identity issues" – that confusing area where citizenship, immigration, culture and national security meet. Speaking before a parliamentary committee, Tony Blair lashed out at leaders of Muslim groups who, the UK prime minister said, had done little in the year since the July 7 terrorist attacks to isolate extremists. He rejected the sentiment that terrorism, however vile its means, expressed legitimate gripes. "We have got to defeat its ideas," he said, "and we have got to address the false sense of grievance against the west."

This was only days after the Dutch government fell. While Jan Peter Balkenende, prime minister, will keep power, his minority government faces early elections in November. The proximate cause was the insistence of Rita Verdonk, immigration minister, on following the logic of her hardline policies to the point of trying to strip citizenship from the country's most charismatic politician, the Somali-born feminist, Ayaan Hirsi Ali. So now the Netherlands appears to be abandoning the hard line at the very moment Britain picks it up. But the two approaches are not as different as they look.

Mr Blair was not speaking in a vacuum. His Home Office, under the leadership of John Reid, aims to "rebalance" the criminal justice system in favour of victims. A Times-Populus poll published the same day pointed to alienation between Muslim and other Britons. A quarter of the public considers Islam a "threat to the British way of life" and one-third of Muslims think British values threaten Islamic ways. Yet the same poll reveals signs of the complaisance that Britain is allegedly leaving behind. The share of the general public worried that Muslims might be offended by excessive scrutiny for carrying large backpacks on the underground railway (52 per cent) is higher than the percentage of Muslims who actually are offended by such scrutiny (49 per cent).

Attitudes towards various kinds of immodesty and unruliness, from drunkenness to skimpy skirts, do not differ much between Muslims and others. The oddest datum is that certain subcategories of Britons – 18 to 24-year-olds and skilled labourers – found "public displays of affection between people of the opposite sex" more offensive than "public displays of affection between people of the same sex". Political correctness still restrains expressions of disapproval of any minority group.

Even Mr Blair, seriously though he takes terrorism, showed a becoming humility towards Islam itself. "I am not the person," he said, "to go into the Muslim community and explain to them that this extreme view is not the true face of Islam." It was a welcome repudiation of the tendency of politicians, none of whom know enough Arabic to order a kebab, to lecture Koranic scholars on what Islam says about jihad, suicide and headscarves.

In the Netherlands it went differently. As immigration minister this spring, Ms Verdonk tried to show her ruthlessness towards immigrants by moving to denationalise Ms Hirsi Ali within hours of a partisan television show that accused her of giving false answers when she applied for political asylum in the early 1990s. The fact that Ms Hirsi Ali was the country's pre-eminent critic of political Islam and Ms Verdonk's fellow party member only enhanced Ms Verdonk's reputation for toughness.

For the centrist D66 party, which withdrew its ministers, toppling the government, the problem was not just that she had decreed Ms Hirsi Ali a stateless person. It was also that she made the return of Ms Hirsi Ali's passport conditional on the latter's signing of an affidavit inculpating herself for some of the slanders aired about her – and thus exonerating Ms Verdonk from any blame for swallowing them. This was duress. Ms Hirsi Ali required her passport to get a US visa, made necessary by Ms Verdonk's very actions.

Ms Verdonk's humiliation looks like a repudiation of the populist politics ushered in by the anti-immigrant firebrand, Pim Fortuyn, before he was assassinated in 2002. It is tempting to see a return to the Dutch "polder model" – the kind of government that arises when much of the country lives on reclaimed polder land below sea level and is protected from drowning only by its ability to co-operate. When this system brought the Dutch prosperity, they boasted of it. When it complicated the reception of immigrants, they followed Fortuyn and rejected it as a form of political correctness.

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But reports of Fortuynism's death are premature. First, Ms Verdonk has kept her ministerial post. Second, that British Populus survey looks like an inter-community love letter compared with recent Dutch polls. In one, taken for the GPD newspaper group, only 37 per cent of the Dutch found Islam "compatible with modern European life"; in another, commissioned by Ms Verdonk, half of Moroccan Dutch described themselves as anti-western, according to the Volkskrant newspaper. Ms Verdonk may be an heir to Fortuyn but she can also be accused of a form of political correctness. If "moral relativism" is the leftwing way of sidestepping arguments about values, "amoral absolutism" is the rightwing way. Ms Verdonk flinched at passing judgment on whether Ms Hirsi Ali was Dutch and took refuge in neutral rules.

Clearly, the language of hard lines and soft ones has proved inadequate to describe the problems of regulating immigration, fighting extremism and protecting culture. Both Britain and the Netherlands are trying to combine persuasion and enforcement. The hybrid systems that result are not particularly elegant or logical. But they may be the only way to fight a problem that is not always built on logic.

The writer is a senior editor at The Weekly Standard

HOMELAND RESPONSE:

3 Held Overseas In Plan To Bomb New York Target (NYT)

By Al Baker And William K. Rashbaum

The New York Times, July 8, 2006

Authorities overseas have arrested one man and have taken two others into custody on suspicion of planning suicide bombings in train tunnels beneath the Hudson River between Manhattan and New Jersey, officials said yesterday.

Five other men are being sought in connection with the plan, which law enforcement authorities said presented a genuine threat even though it was in its earliest stages and no attack was imminent.

The F.B.I. and New York City police officials have been aware of the group and its discussions for about a year, said Mark J. Mershon, the special agent in charge of the agency's New York office. Police presence at the tunnels in Manhattan that could have been targets has been increased in recent weeks in response to the investigation.

"The planning or the plotting for this attack had matured to the point where it appeared the individuals were about to move forward," Mr. Mershon said.

"They were about to go to a phase where they would attempt to surveil targets, establish a regimen of attack and acquire the resources necessary to effectuate the attacks, and at that point I think it's entirely appropriate to take it down."

Federal and local law enforcement authorities identified the main subject of the investigation as Assem Hammoud, 31, a Lebanese man who was arrested on April 27 in Beirut and was still being held there. The locations of the other two men in custody were not revealed. The eight "principal players" planning the attack, the authorities said, had secured no financing, had gathered no explosives and had not visited New York — or even the United States — to conduct surveillance. At least one of the planners has been in Canada, the authorities said.

Officials said Mr. Hammoud would likely be tried in Lebanon and that no charges were pending against him in the United States.

Monitoring of Internet chat rooms used by Islamic extremists led to the arrest of Mr. Hammoud, according to Lebanese authorities. At least one American official said the members of the group had never even met one another.

"There was a lot of discussion, there was planning being done; but there was no indication that there was any movement toward these facilities," Police Commissioner Raymond W. Kelly said yesterday. "There is no indication that materials were secured or that specific reconnaissance was done."

One counterterrorism expert who had been briefed on the plan, and who spoke on the condition of anonymity because he is not authorized to talk to the news media, said, "These are bad guys in Canada and a bad guy in Lebanon talking, but it never advanced beyond that."

"Like most plots that you get before they develop, it doesn't look that serious, but you never know," he said. "It's busted up; I think it's another good success."

He added: "They never were in New York, they never were in the States, they never got materials together. So in that regard, it's less serious than some of the others. Until you get materials together, it's not that serious; it's still in the speculative stage."

Mr. Mershon said an attack was to have been carried out in October or November; Lebanese authorities confirmed that timing. Mr. Mershon said Mr. Hammoud told Lebanese interrogators that he had pledged "allegiance to Osama bin Laden and he

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proclaims himself to be a member of Al Qaeda." But it was not clear the suspect had ever interacted with Mr. bin Laden or his top deputies.

In a statement, the Lebanese Internal Security Directorate said that under questioning Mr. Hammoud had said he was a member of an extremist organization and had been planning a major bombing in the United States.

Separately, a senior security official in Beirut said Mr. Hammoud's arrest in April came under an Interpol order. Lebanese authorities wanted to publicize his arrest at the time, the official said, but American authorities sought to keep the issue quiet, believing the investigation would lead to other information.

Officials in Lebanon said Mr. Hammoud is from a religious family, lives with his mother and teaches at a private university.

The arrest and the bombing plan were first reported yesterday in The Daily News. It reported that the would-be suicide bombers had intended to blow a hole in the wall of the Holland Tunnel, allowing the Hudson River to flood the tunnel and Lower Manhattan.

But authorities said yesterday that the focus appeared to have been on two PATH railroad tunnels between Manhattan and New Jersey. Those tunnels exit Manhattan at the World Trade Center site and just south of Christopher Street.

Mr. Hammoud told his interrogators that one of the plans discussed was to put suicide bombers with explosives in backpacks on a PATH train to destroy the tunnel, said a law enforcement official who was granted anonymity because the investigation is continuing. Another official said the planners wanted to use seven or eight bombers.

The first official said, "There was discussion about where to do it, how to do it, what it would take, what effect it would have in different gradations, that a key player was getting ready to depart to a country where we know was an Al Qaeda presence." He noted, however, that Mr. Hammoud was not known to be "a major Al Qaeda player."

Last night, Mr. Kelly said during an appearance on "The NewsHour With Jim Lehrer" that the attackers "looked to, in some way, shape or form, open up the water — walls holding the water back — that would then go into the PATH tunnels that go under the Hudson River." Mr. Kelly suggested the plan involved the two tunnels and the PATH station near Pennsylvania Station. He said that way the water would enter the subway system as well.

Representative Peter T. King, a Long Island Republican and the chairman of the House Committee on Homeland Security, said he had been briefed on the investigation for nine months. He said his understanding was that the target was not the Holland or Lincoln Tunnels, which carry cars and trucks, but one of the two PATH tunnels.

Six foreign governments are assisting in the investigation, federal officials said, though they declined to identify them. Of the five suspects still being sought, Mr. Kelly said, "Their whereabouts are known, and they're being observed."

The authorities seemed to have moved in very early in the plot, as with the recent arrests of terror suspects in Florida.

"We did not wait, and we do not wait, until the fuse is lit; we swoop in as early as possible," Secretary Michael Chertoff of the Department of Homeland Security said of the matter yesterday at a news conference in Boston. "We were not at a point where we were concerned that something might happen imminently."

He said, "There was never a concern that this would actually be executed."

Still, in recent weeks, the New York Police Department has increased its presence in Lower Manhattan, Mr. Kelly said. Officers focused on access points to the PATH system. Security on the subway system was also beefed up yesterday, the first anniversary of transit bombings in London in which four bombers killed 52 other people, Mr. Kelly added.

The Lebanese Internal Security Directorate said Mr. Hammoud, going by the nom de guerre Ameer Andalusi, was initially noticed on an Islamist Web site used to recruit jihadis.

The Lebanese authorities located him based on the Internet Protocol address imbedded in his postings, which showed him to be in Beirut, the statement said. The authorities said Mr. Hammoud had sent out maps and plans for an operation to other members of his group over the Internet and said he had been planning to travel to Pakistan for a four-month training mission.

Plot To Attack N.Y. Foiled (WP)

By Spencer S. Hsu And Robin Wright

The Washington Post, July 8, 2006

A terrorist plot to attack transit tunnels under New York's Hudson River was broken up in its early planning stages, U.S. authorities said yesterday, with three suspects arrested overseas, including a Lebanese man the FBI said was an al-Qaeda follower.

FBI assistant director for New York Mark J. Mershon said investigators had disrupted the plot before the suspects could come to the United States and begin to gather intelligence and explosives for the attack. He said there was no threat now to the PATH commuter lines, which carry tens of thousands of people between New York and New Jersey each day.

The FBI uncovered the alleged plot last summer and intercepted e-mails and chat-room postings on Web sites used to recruit Islamic terrorists. U.S. authorities turned in April to Lebanese officials for help in tracking one of the suspects, Assem

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Hammoud. The 31-year-old man, who the FBI said was the group's leader, was arrested in Beirut on April 27 and has confessed, officials said.

"This is a plot that would have involved martyrdom, explosives and certain of the tubes that connect New Jersey with Lower Manhattan," Mershon said. He called the threat "the real deal."

Hammoud was arrested before leaving for four months of training in Pakistan, and Lebanese investigators discovered details of a terrorist "project" on his computer that included a map "with a lot of details about New York," Lebanon's acting Interior Minister Ahmed Fatfat said in a telephone interview.

But authorities said there was no evidence that the plotters had taken any actions, such as buying explosives or sending money. They cast doubt on the feasibility of initial reports, which first appeared in the New York Daily News, that terrorists sought to flood Lower Manhattan and the Financial District by bombing tunnels.

There were conflicting assessments among U.S. counterterrorism officials about the significance of the alleged plot.

Two U.S. counterterrorism officials, speaking on the condition that their names and agencies not be identified because the FBI is the government's lead agency, discounted the ability of the conspirators to carry out an attack.

One said the alleged plot was "not as far along" as described and was "more aspirational in nature." The other described the threat as "jihadi bravado," adding "somebody talks about tunnels, it lights people up," but that there was little activity to back up the talk.

Speaking to reporters, Homeland Security Secretary Michael Chertoff said, "It was never a concern that this would actually be executed. We were . . . all over this."

Authorities provided few details on two of the suspects who were arrested, declining to say where they had been apprehended. An FBI official said one was Canadian but was not being held in Canada. Mershon said officials had not planned to announce the arrests yesterday and criticized the leak to the media, saying it upset cooperation between the United States and six foreign governments assisting in the investigation.

Authorities said Hammoud, who also used the name Amir Andalousli, told investigators that he had planned the attacks for October or November and had sworn allegiance to Osama bin Laden.

His family insisted he had no connection to al-Qaeda. His mother, Nabila Qotob, told the Associated Press in Beirut that Hammoud taught economics at a local university. "His morale is high because he is confident he is innocent," she told the AP.

Fatfat said Hammoud appeared to reaching out to al-Qaeda and did not appear to have been assigned a specific mission by the group. "It seems to us they are working as an independent group," the Lebanese official said. "It seems it was his idea. He contacted many others by Internet."

Fatfat said Hammoud, a Sunni Muslim, lived in Ain al-Hilweh, Lebanon's largest Palestinian refugee camp. Al-Qaeda members are reported to be active in the camp, according to the Middle East Intelligence Bulletin.

The alleged plotters appear to reflect the ad hoc, self-organizing nature of many alleged terrorist groups. Connecting suspects directly to known terrorist organizers is often difficult, and many recent arrests have been of people who were allegedly at the beginning of their planning. Sorting bravado from real treachery can be difficult, according to terrorism experts.

Last month, the FBI arrested seven Miami men and charged them with terrorism. They had allegedly planned to attack the Sears Tower in Chicago. But the men had no contact with al-Qaeda, other than an FBI informant who was posing as a representative of the terrorist organization. And the group had neither money nor equipment before its members were arrested.

Like the plot announced yesterday, the Miami group's plans were described by investigators as "aspirational."

But U.S. authorities say that even if plots seem improbable, it is essential for arrests to be made as early as possible to prevent any real threat.

Speaking about yesterday's announcement, the FBI's Mershon said, "They were about to go to a phase where they would attempt to surveil targets, establish a regimen of attack and acquire the resources necessary to effectuate the attacks. And at that point, I think it's entirely appropriate to take it down."

The Hudson River tunnel threat appeared to combine several themes that have emerged as sources of anxiety for U.S. authorities over the past 18 months.

They include terrorists using the Internet to accomplish tasks that used to require travel and in-person meetings, such as casing targets and recruiting members. The alleged plots also brought a renewed focus on the vulnerability of rail and transit systems, which have gotten less federal aid for security than other transportation modes, such as commercial aviation.

Those financial concerns are often cited by local officials in New York and Washington, who say that federal authorities are not directing enough money their way. Yesterday, New York political leaders used the announcement of the alleged plot to renew their call for more funding.

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Yesterday's report came one year after the London train and bus bombings that killed 52 people. In recent weeks, the New York Police Department had deployed additional personnel in Lower Manhattan. In Washington, Metro transit police said they were alerted to the threat along with national transit officials, and increased tunnel inspections over the past year.

FBI Thwarts Terrorist Plot Against NYC (AP-Y2)

By Pat Milton, Associated Press Writer

AP2, July 8, 2006

A terrorist plot to flood lower Manhattan by attacking train tunnels under the Hudson River used by tens of thousands of commuters was thwarted before the conspirators could travel to the United States, authorities said Friday.

Eight suspects — including an al-Qaida loyalist arrested in Lebanon and two others in custody elsewhere — had hoped to pull off the attack in October or November, federal officials said. But federal investigators working with their counterparts in six other countries intervened. The other five suspects remained at large.

"It was never a concern that this would actually be executed," Homeland Security Secretary Michael Chertoff said in Boston. "We were, as I say, all over this."

Initial reports said that the terrorists wanted to attack the Holland Tunnel, a major thoroughfare for cars entering the island of Manhattan. But officials said the group had specifically mentioned only the train tunnels under the Hudson River used by commuters on their way to New York and New Jersey.

"This is a plot that involved martyrdom and explosives" and focused on the "tubes that connect Jersey and lower Manhattan," said FBI Assistant Director Mark J. Mershon.

The men believed that by bombing the train tunnels they could unleash massive flooding in lower Manhattan, where Wall Street and the World Trade Center site are located, New York Police Department Commissioner Ray Kelly said.

A federal law enforcement official, who spoke on condition of anonymity because the investigation is ongoing, said investigators believe that an attack on a train tunnel, unlike the Holland Tunnel, could have achieved that goal. The official said the suspects hoped to inflict damage on the U.S. economy.

Investigators decided in recent weeks that the "plotting for this attack had matured to a point where it appeared that the individuals were about to move forward," Mershon said. "They were about to go to a phase where they would attempt to surveil targets, establish a regimen of attack and acquire the resources necessary to effectuate the attacks."

Details of the plot — first reported by the Daily News — emerged on the one-year anniversary of the attacks on the London transportation system that killed 52 people. Officials said the timing of Friday's report in relation to the anniversary was coincidental.

New York's transportation system has emerged as a potential terrorist threat several times over the years. A June book by journalist Ron Suskind highlighted a reported plot by al-Qaida terrorists to kill thousands of New Yorkers by spreading cyanide gas in the subway. In May, a man was convicted of plotting to blow up a bustling subway station.

In 1993, the FBI rounded up more than a dozen men who allegedly conspired to blow up five New York City landmarks including the Lincoln and Holland tunnels. The prosecution resulted in more than a dozen convictions.

In the latest case, a federal official said FBI agents monitoring Internet chat rooms used by extremists learned of the plot in recent months and determined that tunnels were possibly being targeted after investigators pieced together code words from their conversations.

Another U.S. official, also speaking on condition of anonymity because the investigation is ongoing, called the plot "largely aspirational" and described the Internet conversations as mostly extremists discussing and conceptualizing the plot. The official said no money had been transferred, nor had other similar operational steps been taken.

Officials cited the arrest of the Lebanese suspect — described as the scheme's mastermind — as a significant break in the investigation. A Lebanese official said the Beirut man confessed to plotting to attack New York City tunnels later this year, and that he was acting on Osama bin Laden's orders.

Police arrested the man on April 27, acting on information from the FBI. The 31-year-old suspect uses the alias Amir Andalousli, but his real name is Assem Hammoud.

The suspect's family denied any al-Qaida links and his mother, Nabila Qotob, said Hammoud taught economics at a local university. "His morale is high because he is confident he is innocent," she said.

A U.S. law enforcement official said one of the others accused in the plot is believed to be Canadian, but said there were no apparent links to the 17 people arrested last month in a plot to bomb buildings around Toronto.

Authorities close to the investigation told The Canadian Press that police there questioned a man but released him because there was not enough evidence to hold him.

Train riders took news of the plot in stride.

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"It bothers us, it scares us, but you gotta keep living, you know?" said Dudley Nosy, 21, a security guard from Brooklyn who regularly takes the train to Jersey City to see his girlfriend. "You can't stay in the house all day long."

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Associated Press Writers Pat Milton in New York; Lara Jakes Jordan, Katherine Shrader and Mark Sherman in Washington, D.C.; Sam F. Ghattas in Beirut, Lebanon; and Glenn Johnson in Boston contributed to this report.

FBI: Three Held In New York Tunnel Plot (CNN)

CNN, July 8, 2006

NEW YORK (CNN) -- U.S. and international authorities disrupted a plot by eight terrorists to blow up a commuter train tunnel connecting New Jersey and Manhattan, the FBI announced Friday.

Three of the eight men are in some form of custody, and the rest have been at least partially identified, FBI Assistant Director Mark Mershon told reporters. The identity of one suspect, a 31-year-old Lebanese man, has been released.

Mershon said the plan was "what we believe was the real deal," a scheme involving al Qaeda members on three continents.

Mershon said none of the suspects has been to the United States. The investigation remains classified, he said. (Watch the FBI's Mershon reveal what links the plot had to bin Laden -- 3:29)

"They were about to go to a phase where they would attempt to surveil targets, establish a regimen of attack and acquire the resources necessary to effectuate the attacks," Mershon said. "At that point I think it's entirely appropriate to take it down."

Although Mershon would not divulge extensive details of the plot, law enforcement sources said the suspects wanted to cross the Canadian border into the United States.

Once in New York City, they would board trains with backpacks full of explosives, which they planned to detonate when the trains passed through a tunnel under the Hudson River.

The suspects discussed how much explosive material would be needed to breach the thick bedrock lining of the tunnels, the sources said.

Assem Hammoud is the only suspect who has been formally charged; he is in custody in Lebanon. Hammoud, who claims to be an al Qaeda member, has admitted to being the group's ringleader and has professed his loyalty to the terror network's leader, Osama bin Laden, Mershon said.Playboy poseur

Hammoud, who also goes by the name Amir Andalousli, is a professor of computer studies at a private university in the Lebanese capital of Beirut, and he has been parading as a playboy with a party lifestyle as a cover for his extremism, Lebanese General Security spokesman Elie Baradei said.

"He was requested not to show any religious inclinations during his time in Lebanon and to give the impression of being of a playboy," Baradei said. "He has done that perfectly."

The FBI began investigating Hammoud and his alleged cohort about a year ago, when talk of a tunnel attack popped up in Internet chat rooms and in e-mail discussions, Baradei said. The FBI helped track the chatter to Hammoud, who admitted to sending detailed maps of the targeted Port Authority Trans-Hudson, or PATH, tunnel and plans for the attack to his co-conspirators, he said.

A Syrian national recruited Hammoud into the realm of terrorism in 2003, and Hammoud received weapons training at the Ain Helweh Refugee Camp, which was then located in Syria-controlled Lebanon, Baradei said.

Hammoud was arrested April 27 in his Beirut apartment in a sting coordinated with the FBI before a planned trip to Pakistan, where he was to undergo more training, according to a statement from the Lebanese Interior Security Service.

"He was living a life of fun and indulgence away from all suspicions," the statement said.

Hammoud, who faces no charges in the United States and thus cannot be extradited, will be tried in Lebanon on terrorism charges, said Achraf Rifi, general director of Lebanon's internal security forces.An international effort

Mershon said six countries participated in the investigation. He would not say which countries, but sources said they include Canada, Pakistan and Iraq.

"The real story here is the symphony of cooperation and coordination not just in the New York-New Jersey metropolitan area, but frankly, around the world with a number of intelligence and investigative services," Mershon said. "It's beyond textbook; it's, in fact, been storybook."

Although the plot was in its preliminary stages, Mershon said the attack was slated to take place in October or November. Investigators moved in because they believed the suspects were about to begin assessing the target and obtaining explosives and other materials for the attack, he said.

Mershon would not name the specific tunnel but said it was one of the PATH tubes running under the Hudson River.

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According to the port authority's Web site, "PATH presently carries 215,115 passengers each weekday." More than 60 million passengers used the system in 2005, the Web site states. There are five tunnels running beneath the Hudson. (Watch officials explain the vulnerability of transit tunnels and crossings -- 1:39)

The New York Daily News broke the story Friday morning, and Mershon expressed disappointment at what he called the "unprofessional behavior" of whomever leaked it to the paper.

The leaker was "clearly someone who doesn't understand the fragility of international relations," he said, adding that there have been a "number of uncomfortable questions" from the foreign intelligence services that participated in the investigation.

The FBI has been "working to shore up those relationships," Mershon said.

Friday marked the first anniversary of the London Underground bombings, in which four suicide bombers killed 52 people on the London subway and on a bus.

US Foils New York Terror Plot, Says FBI (FT)

By Demetri Sevastopulo And Christopher Grimes

Financial Times, July 8, 2006

The US has disrupted an alleged terrorist plot to blow up underwater rail tunnels connecting New York and New Jersey, the Federal Bureau of Investigation said on Friday on the anniversary of the London bombings.

Law enforcement officials said the plan to attack the PATH rail system in October or November – just after the fifth anniversary of the September 11 attacks - had not progressed beyond initial stages. But Mark Mershon, a senior FBI official, told reporters that it was the “real deal” and would have involved “martyrdom” and “explosives”.

Over the course of a year long investigation that involved cooperation with six countries, Mr Mershon said the FBI had identified eight “principal players”. Three of those suspects were being held in custody outside the US, including Assem Hammoud, a 31-year-old Lebanese national who pledged allegiance to Osama bin Laden and allegedly confessed to being the mastermind of the plot.

The FBI disclosed elements of the foiled plot on the anniversary of the London bombings after the New York Daily News on Friday published details of the investigation.

Michael Bloomberg, the New York mayor, said there was “not one shred of evidence that [the plot] had proceeded beyond the planning stage”. Ray Kelly, the New York police commissioner, said it had “not reached anything close to being operational”, while stressing that “New York remains in the crosshairs of the terrorists”.

Mr Mershon said none of the eight suspects had been in the US. He said Lebanese authorities felt comfortable arresting Mr Hammoud, who is facing criminal charges in Lebanon, after the group reached a point where they appeared ready to start surveilling targets and procuring materials for the planned attacks.

At a separate press conference, Michael Chertoff, secretary of homeland security, said the US had taken the threat “seriously”.

“Any danger was disrupted and I think that speaks for itself,” Mr Chertoff said.

Playboy's Life: Girls & Booze (NYDN)

By James Gordon Meek

New York Daily News, July 8, 2006

The alleged ringleader of the tunnel terror plot lived the life of an international playboy - on orders from Al Qaeda.

Assem Hammoud, 31, even fooled his mother, if Lebanese police and U.S. anti-terror officials are correct.

His mother, Nabila Qotob, said Hammoud drinks alcohol, had girlfriends, traveled widely and showed no similarities to Islamic militants.

She also said Hammoud taught economics at a local university.

To prove her son was no jihadi, Qotob showed off photos yesterday of Hammoud with his father and lounging shirtless on a speeding motorboat in Germany.

There were also very un-Islamic pictures of Hammoud with three smiling women - none of them wearing veils - on his arm during an undated stay in Canada.

"His morale is high because he is confident he is innocent," said Qotob, who said she had recently visited her son in jail.

But Lebanese police, who arrested Hammoud on April 27, said in a statement that the suspect claimed he had been ordered to maintain a fun-loving, secular lifestyle to hide his Islamic militancy.

"He did just that with perfection," the police statement said.

Counterterror agents knew Hammoud by his Internet alias of Amir Andalousli and consider him a dedicated member of Al Qaeda.

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"We questioned him and he unraveled the plot," a source said.

FBI Assistant Director Mark Mershon said, "We know that he has acknowledged pledging a bayat or allegiance to Osama Bin Laden, and he proclaims himself to be a member of Al Qaeda."

Hammoud also told his captors that he was acting "on a religious order from Bin Laden and said, 'I am proud to carry out his orders,' " a Lebanese official said.

To carry out those orders, Hammoud planned to go to Pakistan for four months for training and had already undergone some light weapons instruction with a Syrian man who came to Lebanon this year, Lebanese cops said.

The Lebanese government said that instruction took place in the Ein Alhulwa camp, a Palestinian refugee camp that Middle East expert Nimrod Raphaeli called "an incubator of terrorism and a fountainhead of Islamist extremism."

Hammoud wouldn't be the first Islamic terrorist to live the good life to fool possible investigators.

Khalid Shaikh Mohammed, believed to be the mastermind of the 9/11 plot, had developed a reputation as a charming womanizer even as he plotted to blow up airplanes flying to the U.S. from Asia.

And some of the 9/11 attackers were known to frequent topless bars and pay for lap dances to keep their covers from being blown.

New York Terror Plot Is Foiled, FBI Says (BOS)

By Bryan Bender, Globe Staff

The Boston Globe, July 8, 2006

Plan targeted tunnels on rail lines from N.J.

WASHINGTON -- The FBI in recent months foiled a terrorist plot to blow up transit tunnels leading into New York City after the agency spent a year monitoring Internet discussions between at least eight Al Qaeda sympathizers based on three continents, US officials said yesterday.

The suspected mastermind of the plot, Assem Hammoud , 31, was arrested a month ago in Beirut , the law enforcement officials said, while two more members of the group are in custody in other foreign countries. Five more suspects are being sought, but none are believed to be in the United States, the officials added, declining to provide further details because the investigation still is underway.

``We believe we interrupted this group early in their planning," Mark J. Mershon , the FBI's assistant director in charge of the New York office, told reporters yesterday after the case was first revealed by the New York Daily News. He said the terrorist plot, which appeared to be planned for this fall, ``has largely been disrupted."

New York Police Commissioner Raymond Kelly quickly sought to calm public fears. ``There was a lot of discussion" of the plot on the Internet, ``but there was no indication of any movement toward" launching the plan, Kelly said at a joint news conference in Manhattan. ``There is no indication that materials were secured."

The foiled operation, which came to light on the first anniversary of the London transit bombings, apparently called for suicide bombers to detonate explosives inside transit tunnels leading from New Jersey into lower Manhattan, causing water to flood into the financial district near where the World Trade Center once stood. Officials said the group appeared to be ready to begin conducting surveillance of potential targets and acquiring explosives.

``Any danger was disrupted," Homeland Security chief Michael Chertoff told reporters yesterday after a media event in Boston. ``We don't wait until someone has lit the fuse before stepping in. It is a reminder of the fact that this type of threat remains with us. We cannot drop our guard."

But the plan was described by officials of the Port Authority of New York and New Jersey as unfeasible and by some terrorism specialists as amateurish, in part for discussing it in public Internet chat rooms.

The tunnels leading into New York are highly reinforced and lower Manhattan is above the water levels of the Hudson River. The city would not be deluged with water if one of the automobile or railway tunnels were destroyed, the Port Authority specialists said.

And coming just weeks after the revelation of two other seemingly outlandish plots that were disrupted in their early stages -- one in Toronto, one in Miami -- the news of the New York plot left some observers wondering how to assess the seriousness of such threats.

``The Miami plot was a setup [and] this one doesn't seem to have gotten very far along either," said Ian Cutbertson , director of the counterterrorism program at the World Policy Institute in New York, referring to the seven men arrested last month in an undercover FBI sting for allegedly plotting to bomb the Sears Tower in Chicago and other landmarks.

``It seems to be Internet chatter about what we can do that is spectacular," Cutbertson added. ``But it plays into New Yorkers' worst fear: being caught in the tunnel when it is blown up."

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Still, officials insisted yesterday that the tunnel plot was ``serious" and they admonished unnamed counterterrorism officials cited in the Daily News report for revealing the ongoing FBI operation.

Mershon complained it will now be more difficult to nab the individuals who are still at large. He added that the public disclosure could hamper the FBI's ability to maintain the cooperation of foreign intelligence agencies in countries where the United States is unpopular -- including Lebanon's internal security service, which has long struggled with Islamic militant groups.

Mershon said six foreign countries are involved in the investigation and that anyone who discussed the plot with the media was ``someone who doesn't understand the fragility of international relations."

A US counterterrorism official told the Globe that three of the six countries were Iraq, Pakistan, and Canada, demonstrating the scope of international terrorist links.

Chertoff hailed the foiled plot as an example of how law enforcement and intelligence communities have improved their ability to monitor potential terrorist plots well before they enter the operational stage.

``We acted quickly," he told reporters in Boston. ``Intelligence is better and intelligence sharing is better. We are able to detect more things that are going on. Sometimes that causes skeptics to say the people you are arresting aren't really serious [but] if you look back at [the] London [suicide attacks], it is a mistake to assume that the only terrorist is the James Bond type. Mixing a bomb in a bathtub does not exactly take rocket science."

US counterterrorism officials have increasingly been monitoring the Internet, which has become a preferred mode of communication for many Islamic radicals. A Justice Department report released last month when the Miami plot was announced said that ``terrorists are using the Internet not only to solicit funds and for recruitment but also for training and operational planning. This remains a significant challenge to our counterterrorism efforts."

New York lawmakers quickly seized on the news as new evidence that major East Coast cities remain at the top of the terrorist target list and should not be deprived of homeland security funds, which have been reduced this year as federal grants were spread more evenly across the country.

New York and Washington, which were struck on Sept. 11, 2001, saw their federal homeland security funding cut by about 40 percent, while Boston and its surrounding communities were cut by about one-third.

``The fact that New York's monies and Washington's monies were cut while places like Dillingham, Alaska, and Modoc County, California, got increases in terrorist funds shows that they'd better go back and reexamine" the funding formula, said Senator Charles Schumer , Democrat of New York, on CNN.

Professional counterterrorism specialists were not overly concerned, said Vincent Cannistraro , former head of the CIA's Counterterrorism Center.

``These guys are extremists, but not professional terrorists," Cannistraro said . ``They had no access to explosives. The FBI had been monitoring this for eight months. It was on a public website and is not clandestine. Professional terrorists don't usually plan in public. These guys were basically wannabes."

Secretary Unveils Details Of Plot To Flood N.Y. Subway Tunnels (BOSH)

By Dave Wedge and Casey Ross

Boston Herald, July 8, 2006

A plot by foreign terrorists to bomb subway tunnels underneath New York City was disrupted by federal agents who uncovered a “threat stream” several months ago, the nation’s Homeland Security czar said.

Speaking yesterday in Boston, Homeland Security Secretary Michael Chertoff said agents acted quickly on the information, sweeping in to bust up an alleged terror cell.

“We don’t wait until someone lights a fuse to do something,” Chertoff said. “That would be playing with people’s lives.”

Chertoff refused to discuss specifics of the plot targeting trains beneath the Hudson River, but urged commuters nationwide to use subways as normal.

“The subways are safe. We have great (local) police and we are continuing to work with them to prevent any kind of terrorist activity,” he said.

A joint FBI and Homeland Security statement said the attack was in the “planning stages.” Agents picked up information by monitoring Internet chatrooms and through the recent arrest by Lebanese authorities of an alleged conspirator, officials said.

A senior Lebanese security official said the suspect is a Beirut native named Assem Hammoud, also known as Amir Andalousli.

The New York Daily News reported that the plotters wanted to cause Hurricane Katrina-like flooding on Wall Street and the city’s financial district by blowing up the Holland Tunnel, a key commuter channel that connects Manhattan and New Jersey. A federal counterterrorism official, however, denied the report.

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Details of the alleged plot emerged on the one-year anniversary yesterday of an al-Qaeda bombing of subway stations in London that killed 52 people.

FBI Plans New Net-tapping Push (CNET)

By Declan McCullagh, Staff Writer, CNET News.com

CNET News, July 8, 2006

New legislation, seen by CNET News.com, forces Net providers, networking-gear makers to build in Big Brother.

The FBI has drafted sweeping legislation that would require Internet service providers to create wiretapping hubs for police surveillance and force makers of networking gear to build in backdoors for eavesdropping, CNET News.com has learned.

FBI Agent Barry Smith distributed the proposal at a private meeting last Friday with industry representatives and indicated it would be introduced by Sen. Mike DeWine, an Ohio Republican, according to two sources familiar with the meeting.

The draft bill would place the FBI's Net-surveillance push on solid legal footing. At the moment, it's ensnared in a legal challenge from universities and some technology companies that claim the Federal Communications Commission's broadband surveillance directives exceed what Congress has authorized.

The FBI claims that expanding the 1994 Communications Assistance for Law Enforcement Act is necessary to thwart criminals and terrorists who have turned to technologies like voice over Internet Protocol, or VoIP.

"The complexity and variety of communications technologies have dramatically increased in recent years, and the lawful intercept capabilities of the federal, state and local law enforcement community have been under continual stress, and in many cases have decreased or become impossible," according to a summary accompanying the draft bill.

Complicating the political outlook for the legislation is an ongoing debate over allegedly illegal surveillance by the National Security Administration--punctuated by several lawsuits challenging it on constitutional grounds and an unrelated proposal to force Internet service providers to record what Americans are doing online. One source, who asked not to be identified because of the sensitive nature of last Friday's meeting, said the FBI viewed its CALEA expansion as a top congressional priority for 2007.

Breaking the legislation down

The 27-page proposed CALEA amendments seen by CNET News.com would:

· Require any manufacturer of "routing" and "addressing" hardware to offer upgrades or other "modifications" that are needed to support Internet wiretapping. Current law does require that of telephone switch manufacturers--but not makers of routers and network address translation hardware like Cisco Systems and 2Wire.

· Authorize the expansion of wiretapping requirements to "commercial" Internet services including instant messaging if the FCC deems it to be in the "public interest." That would likely sweep in services such as in-game chats offered by Microsoft's Xbox 360 gaming system as well.

· Force Internet service providers to sift through their customers' communications to identify, for instance, only VoIP calls. (The language requires companies to adhere to "processing or filtering methods or procedures applied by a law enforcement agency.") That means police could simply ask broadband providers like AT&T, Comcast or Verizon for wiretap info--instead of having to figure out what VoIP service was being used.

· Eliminate the current legal requirement saying the Justice Department must publish a public "notice of the actual number of communications interceptions" every year. That notice currently also must disclose the "maximum capacity" required to accommodate all of the legally authorized taps that government agencies will "conduct and use simultaneously."

Jim Harper, a policy analyst at the free-market Cato Institute and member of a Homeland Security advisory board, said the proposal would "have a negative impact on Internet users' privacy."

"People expect their information to be private unless the government meets certain legal standards," Harper said. "Right now the Department of Justice is pushing the wrong way on all this."

Neither the FBI nor DeWine's office responded to a request for comment Friday afternoon.

DeWine has relatively low approval ratings--47 percent, according to SurveyUSA.com--and is enmeshed in a fierce battle with a Democratic challenger to retain his Senate seat in the November elections. DeWine is a member of a Senate Judiciary subcommittee charged with overseeing electronic privacy and antiterrorism enforcement and is a former prosecutor in Ohio.

A panel of the U.S. Court of Appeals in Washington, D.C., decided 2-1 last month to uphold the FCC's extension of CALEA to broadband providers, and it's not clear what will happen next with the lawsuit. Judge Harry Edwards wrote in his dissent that the majority's logic gave the FCC "unlimited authority to regulate every telecommunications service that might conceivably be used to assist law enforcement."

The organizations behind the lawsuit say Congress never intended CALEA to force broadband providers--and networks at corporations and universities--to build in central surveillance hubs for the police. The list of organizations includes Sun

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Microsystems, Pulver.com, the American Association of Community Colleges, the Association of American Universities and the American Library Association.

If the FBI's legislation becomes law, it would derail the lawsuit because there would no longer be any question that Congress intended CALEA to apply to the Internet.

Subways Are Safe, US Security Official Says After Riding T (BOS)

By Mac Daniel

The Boston Globe, July 8, 2006

Secretary of Homeland Security Michael Chertoff marked the one- year anniversary of the London terrorist bombings by riding the MBTA's Green Line yesterday and touting federal aid to combat terrorist threats in Boston, but he cautioned that no one can guarantee security.

``I would not hesitate, and I wouldn't hesitate to tell my family, to get on the subway, here or all over the country," he said. ``I think that we should not be bullied out of getting on the train. We shouldn't give terrorists the idea that they can scare us off our trains. I have no hesitation in saying this is a safe mode of transportation. On the other hand, we do live with a certain amount of risk in life. . . . But our job is to reduce the risk as much as possible, and that's what we're doing."

Boston has received $11 million in federal transit security grants this year alone, the fourth largest recipient in the nation, behind New York City; Washington, D.C.; and Chicago. The Massachusetts Bay Transportation Authority is the nation's fourth largest public transit system, in terms of daily ridership.

Since 2003, the Department of Homeland Security has awarded the MBTA and other local agencies $29.1 million in such grants, funding closed-circuit television installation throughout the entire T rail system, transit police training and staffing, upgrades in communications, and even building a working duplicate of the T's operations control center, in case the current center is attacked or made inoperable.

Chertoff was introduced by MBTA Transit Police Chief Joseph C. Carter, who said, ``The cause of security and freedom in America remains an ongoing effort."

Chertoff's visit coincided with news of the foiling of a terrorist plot to bomb the transit system linking New York City and New Jersey. Chertoff said that the plot was discovered ``several months ago" and that the information was acted on immediately ``to disrupt the completion of any plot."

``We take all threats seriously," Chertoff said during a press conference outside Government Center station. ``We don't wait until someone has lit the fuse to step in and prevent something from happening. That would be playing games with people's lives."

Chertoff came to the press conference after a short ride on the Green Line from North Station. He said that he had fond memories of the T from his days at Harvard University and Harvard Law School and that he does not want the threat of a terrorist attack to keep the public from riding.

In Boston to attend a Coast Guard ceremony, Chertoff also used the visit to mark the one-year anniversary of the London transit bombings that killed 52 people and injured hundreds.

``It is a sad anniversary," he said. ``A year ago in London, there was a terrible terrorist attack carried out, which cost the lives of over 50 people.

``And it's a reminder to us, just as 9/11 was a reminder to us, that terrorists will attack anywhere, they will use any method of transportation, and they continue to wage war against free people all over the world, including the people of the United States," Chertoff said.

MBTA Transit Police used the anniversary to hand out pamphlets about their ``See Something, Say Something" safety awareness campaign, which reminds transit riders to report suspicious packages.

``The subways are safe," Chertoff said . ``You've got great police officers here, and we've got great partnerships with them, and we're going to continue to work to make sure that we prevent and disrupt any kind of terrorist activity, whether it's underground or crossing Boston Harbor or flying up in the air."

In fiscal 2006, Boston received $9.6 million for rail security, accounting for 9 percent of the total nationwide mass transit security funds issued this year.

Bay State Polls Say Chertoff Off-track (BOSH)

By Dave Wedge And Casey Ross

Boston Herald, July 8, 2006

In the wake of a thwarted plot to bomb Big Apple subways, Bay State lawmakers yesterday blasted Homeland Security czar Michael Chertoff, saying trains remain virtually unprotected from possible terrorist attacks.

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"In terms of rail safety, I think it's one of the least-secure modes of transportation," said Boston City Councilor Stephen Murphy, an outspoken railway security advocate. "Frankly, you can get at rail cars just about anywhere along the route."

Chertoff, President Bush's Homeland Security secretary, visited Boston yesterday to talk up the administration's focus on protecting the nation's railways, noting that Boston received $9.6 million for rail security in 2006 - the fourth-highest amount in the nation.

"We should not give terrorists the idea that they can scare us off our trains," Chertoff said, speaking at the Government Center MBTA stop.

But his strong remarks on improving rail safety are a departure from comments he made last year, when he downplayed train threats and insisted the department's main focus should remain on protecting airlines.

Chertoff also infuriated Bay State congressmen a week after the 2005 London subway bombings when he said local officials should bear the financial burden of protecting trains.

Yesterday, Chertoff denied his focus on transit security marked a change in course.

"It's a partnership," he said. "I don't think (MBTA police Chief Joe) Carter would want us coming in and taking over responsibility. The idea is to give local chiefs the tools they need to do their jobs."

But U.S. Rep. Edward Markey (D-Malden) argued that Homeland Security "needs to do much more to secure these systems against attack."

"It's clear that securing our subways, buses and rail cars is a low priority for the Bush administration," Markey said.

U.S. Rep. Stephen Lynch (D-South Boston) said rail security is "grossly underfunded" because "97 percent" of transportation security money goes to the airways. Lynch has filed a bill in Congress three times to hike rail security spending from $150 million to $5 billion, but the measure has been blocked by Republicans.

"Right now we're spending $9 per passenger on airline security," Lynch said. "We spend less than 2 cents per passenger on rail security. It just shows the disparity."

He added: "It will take an attack on the rails to get something done."

Fearful of lax rail security nationwide, Murphy last year filed a plan still pending to ban trains carrying hazardous material in Boston.

"I don't think the priorites at the federal level are where they should be," Murphy said.

More Antiterror Funds For New York Area (NYT)

By Eric Lipton

The New York Times, July 7, 2006

The New York City metropolitan area will receive $53.8 million in federal antiterrorism grants to protect its rail, bus and ferry systems, a 25 percent increase over last year, the Department of Homeland Security announced yesterday. The additional money may curtail some of the criticism of a 40 percent cut announced on May 31 in a separate, larger antiterrorism grant program. The new grant money — $47 million for rail, $5.5 million for bus systems and $1.3 million for ferry security — means the New York area will get nearly 44 percent of the total transit grants distributed this year. "The Department of Homeland Security is finally putting some of its money where its mouth is and seems to have realized that New York City's subways and buses remain under constant threat," Senator Charles E. Schumer said.

American Al Qaeda Member Lambastes U.S. Troops (CNN)

CNN, July 8, 2006

(CNN) -- California-born al Qaeda member Adam Gadahn speaks out against U.S. troops on a video that has been released by As-Sahab, the terror network's video-production outfit.

The video deals primarily with the London subway bombings of 2005, but includes a five-minute speech from Gadahn, in English, in which the American lashes out at allegations of war crimes recently leveled at U.S. troops in Iraq.

Mentioned specifically are alleged incidents in Mahmoudiya and Haditha. A U.S. Army private faces charges of raping and killing an Iraqi woman in Mahmoudiya, and the U.S. military is investigating allegations that Marines killed 24 civilians in Haditha in November.

In the video, Gadahn says the incidents represent a pattern of U.S. and British brutality toward Muslims, and he says he saw U.S. soldiers kill civilians in Afghanistan.

"They have murdered thousands of Afghan civilians," he says. "I have seen it with my own eyes, carried the victims in my own arms. You name it, they have bombed it."

The video was broadcast Thursday on the Arabic-language television network Al-Jazeera.

Gadahn has appeared in previous al Qaeda videos wearing a mask, but his face is uncovered in the new video.

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Gadahn is wanted in connection with possible terrorist threats against the United States, according to the FBI.

"Although the FBI has no information indicating this individual is connected to any specific terrorist activities, the FBI would like to locate and question this person," the agency's Web site states.

He has several aliases, including Abu Suhayb Al-Amriki, Abu Suhayb, Yihya Majadin Adams and Adam Pearlman, the FBI states.

According to a manifesto penned in 1995 and posted on a University of Southern California Web site, Gadahn was reared on a California goat farm and home-schooled by Christian parents.

He found Islam after moving into his grandparents' Santa Ana home, where he began exploring Internet message boards about religion and reading English translations of the Quran.

"You see, I discovered that the beliefs and practices of this religion fit my personal theology and intellect as well as basic human logic," Gadahn wrote in the essay.London bombings

The majority of the videotape deals with the London bombings and states that two of the suicide bombers received explosives training at al Qaeda camps.

The narrator of the 30-minute tape says that suicide bomber Shehzad Tanweer "received, along with the martyr (Mohammad) Sidique Khan, focused and practical instruction on the manufacture of explosives and their use at the camps of Qaeda al-Jihad."

The tape includes footage of men mixing explosives and carrying out small explosions, but it's not clear if the men in the video are the London bombers.

Khan and Tanweer traveled to Pakistan in October 2004, returning to Britain in February 2005, five months before they carried out the London bombings, along with Germaine Lindsay and Hasib Hussain.

Al Qaeda's deputy leader, Ayman al-Zawahiri, who last year first praised and then claimed credit for the London bombing on behalf of al Qaeda, said Tanweer was motivated by Britain's role in Iraq, Afghanistan, Gaza and the West Bank.

"That's why Shehzad came to the camps of Qaeda al-Jihad and spent a period of time with Mohammad Sidique," al-Zawahiri said on the tape. "Both of them were seeking martyrdom and wished they could carry out a martyrdom operation. They were both very insistent on that, and if the brothers discussed something else they would pay them no heed."

Tanweer, speaking in English on the video, says non-Muslims in Britain may wonder "what you have done to deserve this."

"You continue to oppress," he says. "Your government has openly supported the genocide of over 150,000 innocent Muslims in Falluja."

The video also contains recent clips from bin Laden and Abu Musab al-Zarqawi, who was killed by U.S. troops in Iraq last month.

US Passenger Detained After Trying To Break Into Delta Cockpit (AFP)

AFP, July 8, 2006

US authorities detained a male airline passenger who repeatedly tried to break into the cockpit during a flight to Florida before being restrained by passengers, an airport spokeswoman told AFP.

The incident occurred late Thursday as a Delta Air Lines flight from New York was descending for landing at the Tampa International Airport in western Florida, the airport spokeswoman, Brenda Geoghagan, said.

The flight departed La Guardia Airport and was on its landing approach shortly after 11:00 pm when a man refused a flight attendant's order to sit down, became agitated and ran toward the cockpit, where he tried twice to knock down the door, she said.

"Fifteen minutes before landing, the flight attendant wanted him to sit down and he wouldn't. He was uncooperative," the spokeswoman said.

"He started evidently running towards the front of the aircraft and started to run at full speed toward the cockpit door, which was secured, and he fell down and rammed the door again."

The airport spokeswoman said three passengers became concerned about his behavior and "wound up subduing him and holding him."

Police identified the man as Nefpali Alexander Liemenbez, 24.

The airport spokeswoman said Liemenbez was a Hispanic US soldier with a mental problem whose active duty was to end next Tuesday.

No one was injured in the incident.

Liemenbez was taken to a local hospital, where he will be held for 72 hours for observation, Geoghagan said.

The case was referred to the FBI for evaluation.

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Passengers Pin Man Charging Cockpit (TBT)

By Valerie Kalfrin

Tampa Bay Tribune, July 8, 2006

TAMPA - Delta Flight 1850 wound toward Tampa International Airport on the final leg of its journey from New York, full of tired passengers.

Only one of them knew Neftali Laimendez, 24, a U.S. Army specialist who was days away from discharge. Now, few aboard can forget him.

A pastor, two businessmen and a father jumped from their seats to subdue Laimendez as he raced up the aisle and banged on the locked cockpit door, airport officials said.

They pinned Laimendez to the floor for about five minutes, until the plane landed.

"There was no way anybody was going to let him up," said the pastor, Herb Freitag, 64, of Chapel by the Sea community church in Clearwater.

No one could say Friday what triggered the outburst. Laimendez's brother, Robert Cordero-Mendez, 19, was on the flight and explained to passengers that Laimendez had recently served in Iraq, Freitag and the others said. Cordero-Mendez apologized for his brother's behavior.

Laimendez was being evaluated Friday under the Florida Mental Health, or Baker, Act. The FBI and U.S. attorney's office had not determined whether he would face criminal charges.

Airport Police Chief Paul Sireci said officials thought Laimendez might have post-traumatic stress disorder and had him examined.

Reached by phone at his Tampa apartment, Cordero-Mendez declined an interview but said: "He asked for help while he was in the Army. They didn't give it to him. Now this happened."

An Army spokesman at the Pentagon said Laimendez, whose name is listed as Lai on his Florida driver's license, was stationed at Fort Riley, Kan., with a field artillery unit. He had taken terminal leave - similar to paid vacation - on May 25. His tour of duty was to expire next Wednesday.

An airport police report said Cordero-Mendez had wanted to get his brother medical treatment in New York, but their mother, who lives in Tampa, wanted them to come here. The brothers took off from LaGuardia Airport sitting in Row 24 at 8:05 p.m.

The plane, which has about 150 seats, was scheduled to land at 11:03 p.m. About 15 minutes before landing, Jason Moore, a passenger in Row 36, saw Laimendez walk past him and sit in the last row.

Laimendez began poking a woman in front of him in the shoulder, and she signaled to a flight attendant that the man was bothering her, Moore said. Laimendez also pointed at a man across the aisle, gesturing at the tattoos on his own forearms, according to Moore.

"I'm looking back, nervous, thinking, 'Can't they land this plane any faster?'" said Moore, 27, a television research analyst traveling to visit relatives in St. Petersburg.

Laimendez did not speak to the flight crew or his brother, who approached and spoke to him in Spanish, Moore said. "All of a sudden he gets up and sprints like he was doing a hundred-yard dash toward the front of the plane."

The man's heavy footfalls sounded at first like a child running, said Adam Davisberg of Monroe, N.Y., seated in Row 14 with his 3-year-old daughter.

"When I saw him slamming the cockpit door, I thought he was trying to do something," such as hijack or crash the plane, said Davisberg, 38.

The running man also startled first-class passengers Gordon Montoya, a Brandon businessman, and Freitag. Freitag and his wife, Lorraine, had been bumped to first class and were seated in the first row after missing a connecting flight at LaGuardia.

"He hit that cockpit door, pounding on the door, trying to open it," Herb Freitag said.

Montoya said that without thinking, he rushed forward and grabbed the man's legs. "I tried to get him up off the ground so I could get him down," he said.

As the two wrestled, Freitag said, he grabbed at Laimendez as well. By this time, Montoya had pinned his legs, and Davisberg placed his foot on Laimendez's chest.

"It was kind of this ad hoc group that acted together, and I was encouraged by that," said James Abbott, 37, a Sarasota businessman who also joined the fracas.

Richard Stevens, the Tampa airport's deputy federal security director, praised the passengers for remaining calm and acting swiftly.

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"We would never recommend that someone put themselves in harm's way, but the entire culture of how people react to these things since 9/11 has made people not likely to stand by," he said.

On Sept. 11, passengers on United Flight 93, the hijacked plane that went down in Pennsylvania, tried to thwart the terrorists.

As others called the Tampa plane passengers heroes, Abbott shrugged off the label.

"I think it's kind of a tragedy," he said. "I hope he gets whatever help he needs. He put himself in a dangerous situation."

Soldier Held After Ramming Cockpit Door (SFC/AP)

San Francisco Chronicle/AP, July 8, 2006

A U.S. Army soldier who had served in Iraq was tackled by airplane passengers after he ran down the aisle and rammed the cockpit door on a flight from New York to Tampa, an official said.

The soldier did not have any weapons and there was no evidence that he meant harm anyone on the flight Thursday night, Tampa International Airport spokeswoman Brenda Geoghagan said.

She said he was restrained until the flight landed, then taken into custody under a Florida law that allows a person to be held without charges if they are deemed to be a threat to themselves or others.

The soldier's brother told officials that he "has some mental problems related to his Army service," Geoghagan said. The brothers were traveling from New York to visit their mother in Tampa.

Army spokesman Sheldon Smith said the man was attached to Fort Riley, Kan., but his status was unclear. An incident report said the man was scheduled to get out of the service July 12 and was on leave.

No charges had been filed Friday morning.

Mosque Members Denounce FBI Raid As Desecration (PPG)

By Ervin Dyer

Pittsburgh Post-Gazette, July 8, 2006

The congregation of the Light of the Age mosque yesterday denounced the June 30 FBI raid on the site as "unjust, unethical and unnecessary."

Tahir Abdullah, assistant director of the congregation, read a statement from the Muslim Alliance in North America, a coalition of primarily African-American Muslim organizations from across the United States, saying that the raid on the North Side mosque violated a house of worship during services.

The FBI arrested Larry M. Williams of Lincoln-Lemington, who has felony convictions in Washington state and other outstanding warrants, including one for failing to register as a sex offender.

The arrest took place during prayer hours, and some members of the largely African-American congregation were detained and questioned on the street, group members said. The facility was searched and streets blocked off for several hours during the FBI action.

The group and supporters who joined members at a news conference yesterday accused the FBI of harassing citizens of African-American descent and of religious insensitivity in conducting the raid during worship hours.

"We're concerned with the kind of terrorist label that is being attached to Muslims," said Yusef Ali, president of the Islamic Council of Greater Pittsburgh. "We're concerned the raid will lead the public to believe the stereotype and that more Muslims will be profiled."

Jeff Killeen, a spokesman for the FBI, could not confirm if the bureau knew the facility was a mosque. He said the agency tries to respect the civil and constitutional rights of everyone.

"But we had a warrant for the arrest of a convicted felon in possession of a weapon -- a semi-automatic pistol. We can't take that lightly."

Federal officials detailed the reasons for the arrest in a statement yesterday and have not linked the group to terrorism.

"Under federal law, it is illegal for any person who has been convicted of a crime which carries a punishment of more than one year in prison to possess a firearm or ammunition," said the statement from U.S. Attorney Mary Beth Buchanan. "Larry M. Williams is such a person."

He has also been convicted of robbery in Washington, and there are warrants issued in Pennsylvania and Washington for his failure to register as a sex offender following a rape conviction.

Yesterday's news conference was held to show the mosque and study center to the public as well as to condemn the FBI action.

The Light of the Age mosque has been at 1320 Boyle St. for about three months and before that was based on Concord Street in Spring Garden for three years.

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It is a provisional member of the Islamic Council of Greater Pittsburgh. It participates in council debate and observes meetings but is not allowed to vote. The group must sit on council for a year before getting voting privileges.

Unlike Christian churches or synagogues, Muslim worship centers are not identified by symbols such as a cross or Star of David. Several in Pittsburgh have no signs indicating that they are houses of worship.

In fact, said Ibrahim Hopper, a spokesman for the national Council on American-Islamic Relations, it is not unusual for a mosque to share space with a dwelling where there are apartments on the upper level and a prayer room below.

Khari Mosley, Democratic committee chair for the 22nd Ward, where the home is located, said it was no secret that the congregation was a worship and outreach center.

Light of Age is in a three-story 100-year-old building. On the first level is a library full of Islamic texts, a kitchen and a lounge. On the second level are two jummah, or prayer rooms. The women worship on one side of the stairs and the men on the other. On the third level are computer rooms and bedrooms.

The dozen congregation members and supporters who assembled yesterday said they considered the raid a desecration and many said they believe it would not have taken place at a church or synagogue.

"Our place of worship was ransacked," said Luqman abdus-Salaam, a spokesman for the North Side mosque. "Doors were kicked in and a storage closet turned upside down. The FBI left no list of what was taken."

For Thrift, Port Authority Will Build 9/11 Shrine (NYT)

By David W. Dunlap

The New York Times, July 7, 2006

The Port Authority of New York and New Jersey agreed yesterday to take over construction of the World Trade Center memorial and museum. The move is expected to make the tortuous development process more efficient and less expensive.

"It appears that we're the party best suited to do that," said Anthony R. Coscia, the chairman of the authority, after the board approved an agreement with New York State, City Hall, the Lower Manhattan Development Corporation and the World Trade Center Memorial Foundation.

Three hours later, the foundation announced that it was back in the fund-raising business with a national television, radio and print campaign based on the theme, "It's time." Solicitations were suspended this spring as the cost of the memorial soared.

"We must all share the responsibility of building a memorial," Mayor Michael R. Bloomberg said, acknowledging — with reluctance — that he was one of the anonymous donors who had already contributed to the foundation.

Under the new agreement, the authority will be responsible for building the plaza-level memorial, the underground memorial museum and the aboveground visitor, orientation and education center, which will serve as the museum entryway.

"It was clear," Gov. George E. Pataki said, "that having one entity in charge of all the construction going on within the confines of the very narrow space where the towers stood would not only be much more efficient, but would also be quicker and less expensive."

Originally, the foundation was to oversee construction of the memorial, while the authority was to build the surrounding infrastructure and the adjoining PATH terminal and transportation hub.

Last month, Frank J. Sciame, a construction executive recruited by the governor and the mayor to contain the cost of the memorial, urged that the authority be given responsibility for building the entire complex. He said that would provide "a single point of accountability," permit consolidation of project staffs and eliminate redundancies.

The foundation, a nonprofit corporation, will now be responsible for completing the design and protecting its integrity, for financing part of its construction cost, and for running the memorial complex and paying its operating costs. The memorial opening is planned for Sept. 11, 2009.

Mr. Coscia said the authority had not yet decided whether it would retain Bovis Lend Lease, the construction manager chosen earlier this year by the foundation.

In all, construction of the entire memorial quadrant is now expected to cost at least $740 million: $510 million for the memorial and museum (slightly more than the $500 million budgetary goal set by the governor and the mayor), $80 million for the visitor center and $150 million for the infrastructure: foundations and footings, underground roadways, utilities and a central cooling plant.

The Port Authority is to pick up the infrastructure cost, with $100 million coming from its April agreement with Silverstein Properties, the commercial leaseholder on the site, and $50 million from its own capital budget, an extra contribution that Mr. Coscia announced yesterday.

The authority and the development corporation will each contribute up to $45 million to a reserve fund that would cover cost overruns once the project has begun, officials announced yesterday.

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The development corporation will contribute $250 million to build the memorial and memorial museum. This money comes from federal grants through the Department of Housing and Urban Development.

New York State will contribute the $80 million needed for the visitor center, which is never counted as part of the memorial and museum by the budget-makers, even though it is integral to the project.

The foundation is expected to contribute $260 million to build the memorial and museum. It is also seeking $40 million to plan the museum, design the exhibits, and preserve and transport artifacts, as well as to finance its own operations for the next three years.

With $130 million already in pocket, according to the foundation's own account, that leaves its fund-raising goal at $170 million.

Its national advertising campaign, developed free by TBWA/Chiat/Day, began yesterday and is to run on broadcast networks and cable channels, in newspapers and magazines and as billboards.

The 60-second television ad voicelessly depicts people gathering up mementos — a baseball cap, a hard hat, a sports jersey, a teddy bear, a tool kit, a trophy, a snapshot, a bouquet — and depositing them at an impromptu memorial.

"We needed one then," the closing title says. "We need one now." (The commercial can be viewed on buildthememorial.org.)

In April, the foundation reported that two anonymous donors had each given more than $10 million, that one donor had given $1 million to $5 million, and that one donor had given $100,000 to $1 million.

Mayor Bloomberg said yesterday: "Generally, I don't discuss my personal philanthropy, but in this case, I will. I have made a donation already to the memorial." He declined to say how much.

Delegation Sends Letter Asking For Rita Help (BRADV)

By Gerard Shields

Baton Rouge Advocate, July 8, 2006

WASHINGTON — Most of the Louisiana congressional delegation sent a letter to President Bush on Friday asking that the federal government extend 100 percent reimbursement for debris removal to nine parishes damaged mostly by Hurricane Rita.

The letter, signed by eight of the nine federal delegation members, came one week after the White House announced that it would pick up the costs for debris removal through Dec. 31 for five parishes damaged by Hurricane Katrina. That move saved those parishes an estimated $71 million.

The letter asks that the federal coverage be extended to Calcasieu, Cameron, Iberia, Jefferson, Lafourche, St. Charles, St. Mary, Terrebonne and Vermilion parishes. On July 1, those parishes had to begin picking up 10 percent of the removal costs.

In the letter, delegation members said that added cost will leave parishes not included in the coverage fiscally strained. Jefferson Parish is looking at a $12 million bill for debris removal, the letter says. Calcasieu Parish has more than $11 million of work remaining.

And in Cameron Parish, 19 public schools, the local hospital and Cameron Elementary School need to be demolished. The inventory does not take in the many wrecked cars, trucks and boats that must be removed. The parish estimates its share will rise to $3 million from a total annual budget of $8 million.

“A decision to extend the federal reimbursement period for all of the parishes affected by last summer’s destructive hurricanes would allow for continued progress and provide hope for Americans who have suffered greatly but feel they have been overlooked,” the letter says.

White House officials directed calls to the Federal Emergency Management Agency. FEMA is reviewing the request after getting similar correspondence from Gov. Kathleen Blanco, FEMA spokesman Aaron Walker said.

In extending the coverage last week, the Office of the Coordinator for Gulf Coast Rebuilding said the five Katrina parishes — Orleans, Plaquemines, St. Bernard, St. Tammany and Washington — were chosen because they comprised 96 percent of the state’s debris removal. Donald Powell, coordinator for Gulf Coast Rebuilding, called the process “fair and equitable.”

Susan Aspey, a spokeswoman for the office, stood by the decision on Friday.

“In making the decision, we had to prioritize where to provide additional taxpayer assistance to those areas with the greatest need,” she said.

U.S. Rep. Charles Boustany, R-Lafayette, circulated the letter to his colleagues and has been critical of the Bush administration for leaving Rita-hit parishes off the reimbursement list. He expressed gratitude Friday to Blanco, who has pledged to support the parishes that were excluded.

“The fact is, the state should not have to step in on a problem that is the federal government’s responsibility in the first place,” Boustany said in a statement Friday. “President Bush owes it to the people of southwest Louisiana to reconsider last week’s announcement.”

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The only member of delegation whose signature is not on the list is U.S. Rep. William Jefferson, D-New Orleans.
A Jefferson spokeswoman said the office missed the deadline for submitting his signature.
"We do support the extension of the deadline," Melanie Roussell said.

WAR NEWS:

Iraqi Troops Clash With Shiite Militia (WP)

By Joshua Partlow And Jonathan Finer
The Washington Post, July 8, 2006

BAGHDAD, July 7 -- Iraqi troops rumbled into the teeming Baghdad slum of Sadr City before dawn Friday and confronted the neighborhood's reigning militia, setting off an intense firefight that left 30 to 40 insurgents dead or wounded, according to U.S. military officials.

Using night-vision goggles and laser-guided weapons, the Iraqi army, supported by U.S.-led coalition troops, raided four homes and captured five men. One was a "very significant criminal" who leads "multiple insurgent cells" responsible for kidnappings and killings, including the deaths of two Iraqi soldiers, said Maj. Gen. William B. Caldwell IV, a spokesman for the U.S. military.

The U.S. military did not name the opposing force in the clash, but Sadr City is controlled by the Mahdi Army, a powerful Shiite Muslim militia loyal to firebrand cleric Moqtada al-Sadr. The cleric's formidable political influence makes his militia a sensitive target, and attacks against it have led to popular uprisings.

The fighting, which lasted 43 minutes, began when Iraqi troops returned fire after being shot at with rocket-propelled grenades, Caldwell said. Under the cover of U.S. military aircraft, Iraqi troops blew off the doors of four houses during the raid, while taking grenade and small-arms fire from rooftops, U.S. officials said.

The U.S. military did not identify the "significant" individual who was captured, but Caldwell said he was involved in a "punishment committee that carries out vigilante judgment." He also is said to have imported weapons from Syria into Iraq.

One of the most notorious members of the Mahdi Army, suspected of being behind several killings, is a man known as Abu Dura. But "there is no confirmation that Abu Dura was captured" in the raid, said Maj. James F. Lowe, a U.S. Army spokesman.

Mahdi Army members, who confirmed their involvement in the fight, said they were attacked without provocation. A Sadr spokesman in Baghdad, Abdul Hadi al-Daraji, called the fighting "a dangerous escalation and criminal act on the part of the American forces."

In a separate operation, U.S.-led forces captured an insurgent commander in Babil province, whom news services identified as Adnan al-Unaybi, the Mahdi Army leader in areas south of Baghdad. The captured insurgent was responsible for weapons smuggling, spying for Iran, bombings against coalition forces and inciting sectarian violence, the U.S. military said in a statement.

The Sadr City raid and the capture of the insurgent leader were evidence that Prime Minister Nouri al-Maliki has begun to follow through on his pledge to dismantle violent Shiite militias.

Dealing with the Mahdi Army has long proved a thorny challenge for U.S. and Iraqi forces, which put down two Sadr-led uprisings in 2004. While U.S. officials have blamed the group for contributing to the surge in sectarian violence here in recent months, politicians loyal to Sadr control more than 30 seats in Iraq's parliament and several cabinet posts, making the militia a politically risky target.

In the southern Iraqi city of Najaf, Mahdi Army fighters gathered Friday to bury their dead in a vast cemetery holy to Shiites.

"We were all sleeping on the roofs of our houses because there was no electricity. We went out to the street to see what happened, and we were shocked to see the American helicopters bombing and shooting at the houses," said Jasim Muhammed, 36, a member of the Mahdi Army who said his cousin had died in the Sadr City clash.

Another Mahdi fighter, Qais Shawkat, 56, said U.S. and Iraqi forces attacked a funeral tent for a militiaman who died recently, killing one man and wounding several others. Iraqi television showed crowds of people escorting minivans carrying away coffins, and the wreckage of what was reported to be the funeral tent.

Shawkat said the Mahdi Army was under orders from Sadr not to fight U.S. forces. "So, we didn't. We were surprised. We did not expect the Americans to come and attack us," he said.

The clash with the militia came on a day when Democratic Sens. Joseph R. Biden Jr. (Del.) and Jack Reed (R.I.) were touring Iraq. Their visit includes stops in Baghdad and Basra and meetings with Maliki and cabinet members.

Biden said he noticed little difference in security since his previous visit, during elections in December. "The incidents are up, the militias in the last couple months have grown, not diminished, so I'm not impressed," Biden said.

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He said he found it "disturbing" the Shiite-led government did not seem to have a sufficient sense of urgency about incorporating Sunni Muslim leaders into the political process. Unless there is a trustworthy police force and a greater Sunni commitment to peace, Biden said, "I don't know how they can keep this thing together."

Biden said that one year from now, if there is not significant progress reducing sectarian violence and disbanding the militias, and much more stability, "there's going to be really no prospect, in my view, of keeping any large number of American forces here."

Meanwhile, the Friday holiday was disrupted by attacks on both Shiite and Sunni mosques. A car bomb exploded after prayers at the Sunni Mustafa mosque in western Baghdad, killing seven worshipers and three mosque guards, said Col. Sami al-Masrawi of the Interior Ministry.

South of Baghdad, rocket-propelled grenades struck at a joint Iraqi army and police patrol guarding the Shiite al-Sajad mosque, killing two worshipers and two policemen, Masrawi said.

Joint Raid Captures 2 Linked To Rebel Shiite Leader (NYT)

By Kirk Semple

The New York Times, July 8, 2006

BAGHDAD, Iraq, July 7 — Iraqi soldiers backed by American troops and military aircraft stormed a building in a Shiite slum here early Friday, killing or wounding between 30 and 40 gunmen and capturing a high-level Shiite militia commander accused of attacking Iraqi and American troops, the American military command said.

American and Iraqi authorities did not disclose the identity of the captured militia commander, but residents said the building that came under attack was a base of operations for a man known as Abu Deraa, a top commander of the Mahdi Army, the restless and potent Shiite militia that answers to the militant Shiite cleric Moktada al-Sadr.

In a concurrent operation on Friday, Iraqi police officers captured Adnan al-Unaybi, who, according to the American military command, is in charge of a wing of the Mahdi Army operating in Babil Province, south of Baghdad. The military said in a statement that he was accused of smuggling weapons, bankrolling terrorism, attacking American troops, inciting sectarian violence and "spying for two foreign governments." The statement did not identify the two governments.

Taken together, the raids were a rare strike by the Shiite-led government security forces against forces linked to Mr. Sadr, and suggested that Prime Minister Nuri Kamal al-Maliki was making good on his vow to crack down on Sunni Arab and Shiite militias alike in an effort to halt the accelerating cycles of sectarian violence that have begun to cleave Iraq into ethnic enclaves.

Mr. Sadr's militia has frequently been accused by Sunni Arab leaders and American officials of kidnapping and killing Sunni Arabs, sometimes in retaliation for similar crimes against Shiites by Sunni death squads.

But the Shiite-dominated government has been hesitant to tangle with Mr. Sadr, in part because of his wide political and social influence. He commands a vast Shiite following, and his allies control at least 30 of Parliament's 275 seats and several important ministries, making him one of Iraq's most powerful political leaders.

In the last large-scale government raid aimed at Mr. Sadr's allies, Iraqi forces, with the support of American troops, raided a Shiite mosque in Baghdad frequented by his followers, killing at least 16 people. The March raid infuriated Mr. Sadr's community and members of the national Shiite political leadership, who were appalled that soldiers had stormed a place of worship. But American officials said the building was not a mosque, but rather a citadel for Shiite militiamen to stage attacks against government forces.

Some Shiite leaders criticized the Friday raid and warned that it could provoke Mr. Sadr's followers to take up arms against government security forces. In 2004, Mr. Sadr led two bloody revolts against American forces.

"This attack seems to be a green light for another uprising," Fattah al-Sheik, a legislator and representative of the Sadr movement, said in a telephone interview, adding that the people in the teeming, impoverished neighborhood of Sadr City "are in a state of readiness and are very angry and upset." But he noted that Mr. Sadr had urged his followers to remain calm.

Neighbors who witnessed the Sadr City assault said the firefight began about 1:30 a.m. It lasted 43 minutes, according to American officials, as government forces overwhelmed militia members with the help of an American aircraft that fired three 105-millimeter rounds.

At least 13 people were killed, including women and children, and 39 were wounded, according to an official at Imam Ali Hospital in Sadr City, who requested anonymity out of concern for his safety.

American military officials said they could not confirm whether any civilians had died in the attack. "There are no known civilian casualties which the Iraqi forces observed," Maj. Gen. William B. Caldwell IV, a top American military spokesman in Baghdad, said during a press briefing. "Doesn't mean there weren't any, but there were no observed Iraqi civilian casualties from this operation."

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Maj. Todd Breasseale, another military spokesman, said in a telephone interview that government troops and aircraft attacked only those people who were firing weapons at them.

The American military command said the intended target of the operation was captured, along with four other suspects. The main suspect, the command said in a statement, is the head of "multiple insurgent cells in Baghdad," and is accused of attacking Iraqi and American government forces; kidnapping, torturing and killing Iraqi citizens; and smuggling weapons from Syria into Iraq to "facilitate his efforts to splinter away from his current insurgent organization."

Wusam al-Bahadali, 28, a midlevel member of the Mahdi Army, said in an interview in Sadr City that Abu Deraa had not been detained during the raid and that he remained at large.

In an eruption of what appeared to be sectarian violence on Friday, at least four mosques came under attack around the country, according to the police. In the deadliest of those attacks, at least 9 people were killed and 63 wounded when a car bomb exploded outside a Shiite mosque in northwestern Mosul, according to Iraqi police officials there.

In a southwest neighborhood of Baghdad, a car bomb detonated outside a Sunni mosque, killing two people and wounding one, said an official with the Interior Ministry, who requested anonymity because he was not authorized to speak on the record.

New agencies reported that a mortar landed near another Sunni mosque in northern Baghdad, killing three and wounding seven, and that a concealed, homemade bomb exploded as worshipers were leaving a Sunni mosque in Baquba, in Diyala Province, killing one person and wounding four.

The attacks occurred despite a four-hour ban on driving on Fridays in the capital and Diyala Province intended to help forestall attacks against mosques on the day of prayer.

Mr. Maliki, the prime minister, has made cracking down on sectarian militias, especially those tied to political factions, one of his priorities, and has vowed to remove weapons from all but the hands of authorized government forces.

In the criminal case involving Steven D. Green, the former Army private accused of raping an Iraqi teenager and killing her and three family members, a military official disclosed Friday that three other soldiers still under investigation include a sergeant, a specialist and a private first class.

The official, who requested anonymity because he was not authorized to speak on the record about these details, said all four men were in the same platoon, which is part of the First Battalion, 502nd Infantry of the 101st Airborne Division.

U.S., Iraqi Forces Raid Shiite Stronghold (AP)

By Robert H. Reid

AP, July 8, 2006

Iraqi troops backed by U.S. jets raided a Shiite stronghold in the capital Friday, killing and wounding dozens of people in a crackdown on militias blamed for much of Iraq's worsening sectarian violence.

At least 17 others died in a wave of bombings and mortar attacks against mostly Sunni mosques in the Baghdad area and northern Iraq. A Sunni cleric was also kidnapped in the capital, a Sunni official said.

The raid began before dawn in Sadr City, a Shiite district of east Baghdad, as Iraqi troops backed by the Americans swooped down on a building where an undisclosed "insurgent leader" was holed up, a U.S. statement said.

Gunmen opened fire from the roof with automatic weapons and rocket-propelled grenades, triggering a firefight in which an estimated 30 to 40 "enemy fighters" were killed, the U.S. said. There were no American or Iraqi government casualties, the statement added.

The insurgent leader was captured, U.S. spokesman Maj. Gen. William Caldwell said. He would not identify him, but said he and his followers have kidnapped, tortured and murdered Iraqi citizens and had tried to smuggle weapons from Syria.

Residents of Sadr City said they believed the raid targeted Abu Diraa, a commander of a breakaway faction of the Mahdi militia, led by radical cleric Muqtada al-Sadr. Several residents insisted Abu Diraa had escaped but offered no proof.

Prime Minister Nouri al-Maliki, a Shiite, has promised to disband sectarian militias, blamed for the tit-for-tat killings that have heightened tensions between Shiites and Sunnis and raised fears of civil war.

But the raid enraged many of the 2.5 million Shiites in Sadr City as rumors spread through the crowded slum district that most of the dead were civilians killed as they slept on their rooftops. Many Iraqis sleep on roofs during the sweltering summer months because the electricity crisis means they don't have fans and air conditioning.

An al-Sadr aide, Sheik Abdul-Hadi al-Darraji, said 11 civilians were killed and dozens wounded.

"This is a big escalation from the American side," he said. "I condemn all the silence toward such violations and I call for the withdrawal of the American forces."

Lt. Kadim Abbas Hamza of the Sadr City police said nine people, including a woman, were killed and 14 were wounded. He also said eight people were arrested. A hospital official said seven people were killed and 34 wounded.

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Caldwell said the operation was planned and directed by Iraqis with U.S. troops in a supporting role. However, an Iraqi army officer said the Americans gave them a list of people to be arrested in advance of the raid.

Caldwell said U.S. jets fired three precision weapons during the 45-minute battle and that U.S. troops manning a security cordon took fire from "multiple positions."

The raid occurred a day after U.S. and Iraqi troops arrested a top regional commander of the Mahdi militia near the southern city of Hillah, a U.S. statement said. Adnan al-Unaybi was commander of Mahdi militiamen in the Euphrates valley south of the capital, the statement said.

Both moves appeared to signal a crackdown on Shiite militiamen. Shiite gunmen are believed to be holding Sunni parliament member Tayseer al-Mashhadani, who was seized in a Shiite neighborhood nearly a week ago.

In another sign of sectarian tensions, a series of bombs and a mortar blast struck four Sunni mosques in the Baghdad area and a Shiite mosque in the northern city of Sinjar, killing a total of 17 people and wounding more than 50, police said.

After sundown Friday, five mortar shells exploded on a Shiite neighborhood in western Baghdad, killing three people and wounding 40, according to police Lt. Mohammed Khayoun.

The attacks occurred on the main Muslim day of worship and followed a suicide car bombing Thursday that killed 12 people, mostly Iranian pilgrims, at a Shiite shrine in the southern city of Kufa.

During a Friday sermon, a leading Sunni official said a Sunni cleric had been abducted Friday in the capital. The official, Ahmed Abdul Ghafour al-Samaraie, said 181 Sunni preachers had been killed since Saddam Hussein's ouster in April 2003 and called on the government to disband Shiite militias.

Al-Samaraie accused police and Mahdi militiamen of killing a Sunni cleric at a checkpoint south of Baghdad. He did not say when the alleged killing occurred.

"After killing him, they started to dance and wave his turban in the air," al-Samaraie said, "We are fed up with these mean people. Either these people will be punished by the government or we will be forced to defend ourselves."

Also Friday, Japan began withdrawing its 600-member military contingent from Iraq. The first group of about 30 soldiers left their garrison in Samawah and flew to Kuwait, Japanese media said. Their departure marked the beginning of the end of Japan's biggest overseas military mission since World War II.

The rest of the troops are expected to leave within the next two weeks, although Japanese officials have announced no timetable for security reasons. Prime Minister Junichiro Koizumi sent the troops to Iraq in early 2004 for a humanitarian mission.

Security in Samawah and the rest of Muthanna province is handled by British and Australian forces. However, they are due to hand over responsibility to the Iraqis this month.

Explosions Rock Baghdad Mosques As Troops Crack Down On Militias (WSJ/AP)

The Wall Street Journal/AP, July 8, 2006

BAGHDAD, Iraq -- Explosions struck four Sunni mosques in Baghdad and northeast of the capital, while a car bomb exploded near a Shiite mosque in northern Iraq Friday in a series of attacks that killed 17 people and wounded more than 50.

Meanwhile, Iraqi forces backed by U.S. aircraft battled militants in a Shiite stronghold of eastern Baghdad early Friday, killing or wounding more than 30 fighters and capturing an extremist leader who was the target of the raid, Iraqi and U.S. officials said.

The Baghdad mosque explosions came despite a four-hour driving ban in the capital aimed at preventing such attacks that often target the main weekly Islamic religious service. The 11 a.m. to 3 p.m. driving ban has been imposed weekly amid a rise in ethnic and sectarian violence.

A mortar round landed in front of the al-Nidaa Sunni mosque in northern Baghdad about 2 p.m., killing five people, including a policeman, and wounding two worshippers, the army said. A car bomb also exploded about 10 minutes later as worshippers were leaving a Sunni mosque in western Baghdad, killing three people, a woman and two children, police Lt. Maitham Abdul-Razzaq said.

A bomb targeting the al-Furqan Sunni mosque in northeastern Baghdad wounded a passer-by, Sgt. Mohammed Nour said. Northeast of Baghdad, a roadside bomb struck worshippers leaving the Ahmed bin Hanbal Sunni mosque in Baqouba, killing one person and wounding five others, according to police.

A car bomb also exploded near a Shiite mosque as prayers were ending in the northern city of Sinjar, killing six people and wounding 46, police said.

U.S. Announces Capture of Militant

The joint U.S.-Iraqi raid in eastern Baghdad appeared part of a crackdown on sectarian militias blamed for the escalation in Shiite-Sunni violence that has led to fears of civil war.

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The U.S. military said the raid was launched to apprehend "an insurgent leader responsible for numerous deaths of Iraqi citizens." Iraqi troops came under fire from a rooftop, triggering a 43-minute gunbattle after which the insurgent leader was arrested, the U.S. said. There were no U.S. or Iraqi casualties, the Americans said.

U.S. officials did not identify the insurgent but residents of the Shiite slum Sadr City said he was Abu Diraa, a commander in the Mahdi militia of radical cleric Muqtada al Sadr.

The U.S. statement said the insurgent was involved "in the transfer of weapons from Syria into Iraq" in an effort to break away "from his current insurgent organization." The statement made no mention of any U.S. role but residents said they could hear American aircraft providing cover during the raid.

In another operation, Iraqi troops backed by U.S. soldiers arrested a top regional commander of a Shiite militia near Hillah, about 60 miles south of Baghdad. In a statement Thursday, the U.S. said Iraqi and U.S. forces arrested Adnan al Unaybi, commander of a Mahdi militia force south of Baghdad.

A Sadr aide, Sheik Abdul-Hadi al Darraji, denounced the Baghdad raid, saying 11 civilians were killed and dozens wounded as U.S. jets fired on the area as people were sleeping on their roofs amid searing summer temperatures and electricity shortages.

"This is a big escalation from the American side," he said. "I condemn all the silence toward such violations and I call for the withdrawal of the American forces."

There were conflicting casualty figures. Lt. Kadim Abbas Hamza of the Sadr City police said fighter planes fired from the air at about 3:15 a.m. and nine people, including a woman, were killed and 14 were wounded. He also said eight people were arrested. A hospital official said seven people were killed and 34 wounded.

An Iraqi officer with the army division responsible for the Baghdad area said the Americans had provided them with a list of names of people to be arrested in Sadr City. Iraqi soldiers led the raid while the Americans played a supportive role, but nobody was arrested because of the clashes, the officer said, speaking on condition of anonymity for security reasons.

The early morning raid also came as security forces are searching for Sunni legislator Tayseer al Mashhadani, who was abducted by gunmen in a nearby Shiite area nearly a week ago.

Meanwhile, the first batch of Japanese troops began pulling out of southern Iraq, with about 30 arriving in Kuwait on their way home. Japanese officials said the withdrawal of all 600 or so troops will be carried out over the next two weeks.

Sunni Cleric Reported Abducted in Baghdad

A Sunni cleric was abducted in Baghdad Friday, an influential religious leader said in an angry sermon as he called for an end to the unrelenting sectarian violence that has threatened to plunge the country into civil war.

Ahmed Abdul Ghafour al-Samaraie, the head of the Sunni Endowment, the state agency responsible for Sunni mosques and shrines, said he had just been informed that Sheik Alaa of the Ibn Taimya mosque had been kidnapped.

Mr. Samaraie said 181 Sunni imams have been killed since Saddam Hussein's ouster in March 2003, saying the attackers after one such recent killing had removed the sheik's turban and waved it to celebrate the capture, pulling his own white turban off his head to demonstrate.

"If we are going to talk about car bombs or mortar rounds, the bombing of airplanes or the raping of girls, there is no justice or law," he said.

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At Least 12 Iraqis Killed In Mosque Attacks (LAT)

By Borzou Daragahi

The Los Angeles Times, July 8, 2006

BAGHDAD — Violence broke out between rival Shiite and Sunni Arab sects on the Muslim holy day Friday with two attacks on mosques killing at least 12 Iraqis and injuring dozens.

Meanwhile, both Shiite and Sunni prayer leaders denounced U.S. troops for acts of violence against Iraqis.

U.S. ground forces in armored vehicles backed by military aircraft, along with some Iraqi troops, early Friday launched an unusual raid in the Sadr City neighborhood of Baghdad, killing at least seven Shiite militiamen and wounding dozens in what the military described as a ferocious 43-minute fight.

U.S. officials hailed the raid as a success because of the capture of a "high-level insurgent," who they said was responsible for killing and kidnapping civilians and attacking American and Iraqi forces.

The suspected insurgent, a former fishmonger known as Abu Daraa, launched a Shiite criminal gang after the fall of Saddam Hussein's regime and joined radical cleric Muqtada Sadr's Al Mahdi army, a Shiite militia, said a Shiite official who asked that his name not be used.

But the 3 a.m. raid, which caused no American casualties, drew swift condemnation from many Shiite religious leaders.

"The infidel American troops supported by the so-called Iraqi [soldiers] raided the city, killing and injuring a lot of innocent people using all kinds of weapons," Sheik Abdul Zahra Swaidi told thousands of worshipers gathered for prayers in Sadr City, the vast neighborhood in eastern Baghdad that is home to many Sadr loyalists.

"This is an inexcusable act," Sadruddin Qubanchi, a cleric linked to a rival Shiite group, told worshipers in the southern city of Najaf. "I demand that the Iraqi government show some explanation for this matter."

U.S. forces announced that another Al Mahdi commander had been captured south of the capital.

Adnan Anabi was suspected of arms smuggling, laying roadside bombs, kidnapping Iraqis, spying for the Iranian government and "financing the operations of his organization through contacts in both Lebanon and Iran," an American news release said.

The bombing Feb. 22 of a Shiite shrine complex in Samarra spurred a rise in sectarian hostility and militia activities, which have complicated U.S. efforts to stabilize the country and draw down its 130,000-troop contingent.

During Friday prayers, a mortar shell struck a Sunni mosque in the northern Baghdad neighborhood of Qahira, killing three worshipers and injuring seven, police said.

In northern Iraq, near the city of Mosul, a car bomb exploded at a Shiite mosque as worshipers were leaving, killing nine and injuring 59, hospital officials said. The victims were Shiites displaced from the nearby city of Tall Afar, which the Americans point to as a model of successful counterinsurgency efforts.

"We moved here to escape sectarian violence and radical terror," said Abbas Ali, a 25-year-old worshiper. "It followed us."

Sadr has called upon Iraqis of both Muslim sects to head to Samarra and help rebuild the damaged shrine.

"Samarra is where the conflict began," said a Sadr spokesman who goes by the name Abu Mostafa in his public comments. "In rebuilding the shrine, we will find the unity of Muslims."

Sunni religious leaders spoke out about allegations that U.S. soldiers raped an Iraqi teenager and killed her and three family members in March.

"Where do we start to reflect upon our calamities?" Sheik Ahmed Abdel Ghafour, an imam at Baghdad's influential Umm Qura mosque, told worshipers. "Shall we start with the Iraqi girl who was raped, killed, burned and then her family killed and her house burned? Is this American civilization? Is this the American liberation?"

Ghafour also blamed commandos of the Shiite-dominated Interior Ministry for the slaying of a fellow Sunni cleric this week, accusing them of executing the man before "raising up his turban and dancing and chanting."

"If the Ministry of Interior is not purged and police forces are not dissolved, then Iraqis are forced to defend themselves," he told worshipers. "Iraq is now ruled by the law of the jungle."

In other developments Friday:

· Military officials announced that Lt. Gen. Peter Chiarelli, the No. 2 commander of U.S. forces in Iraq, had completed his review of the investigation of the "reporting, training and command climate" surrounding the alleged Nov. 19 massacre of 24 Iraqi civilians by U.S. troops in Haditha. Chiarelli has forwarded his review to his boss, Gen. George W. Casey Jr.

· Mortar shells struck a crowded market in a Shiite section of northern Baghdad, killing six and injuring 40 shortly before a 9 p.m. curfew went into effect, police said.

· A car bomb blast in front of the Baghdad home of a prominent Sunni businessman killed two of his children and injured a passerby.

· Mortar rounds struck a government building in the western city of Ramadi, killing at least one Iraqi soldier and injuring four, police said.

· Clashes between suspected insurgents and U.S. and Iraqi troops continued for a fifth day in Muqdadiya, a Sunni enclave about 25 miles northeast of Baqubah. Helicopters hovered over the area and loud explosions could be heard.

· Officials in the southern city of Basra announced an 11 p.m. to 6 a.m. curfew to stem growing lawlessness, including a barrage of rockets that struck compounds housing the British Consulate and the city's airport.

· Technical problems in Turkey led to the shutdown of oil pumping operations near the northern city of Kirkuk, which exports 250,000 barrels of oil a day to the terminal in Jihan, Turkey, an oil company official said.

· Soldiers of the 172nd Stryker Brigade discovered a field of marijuana in the Tikrit area this week, the military said, estimating the crop's value at $2 million. The field's owner was arrested by Iraqi police.

Most Baghdad Security Under Iraqi Control: US Report (AFP-Y2)

AFP, July 8, 2006

The ranks of Iraqi-trained security personnel grew by nearly 30,000 since April and now control more than half of Baghdad and large swathes of the countryside, a quarterly State Department report to Congress said.

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The number of Iraqi-trained security personal was more than double that of US soldiers stationed there -- 268,400 as of June 26, compared with 127,000 current US troops -- the quarterly report said.

It stressed, however, that the figures still did not point to a timetable for a US troop withdrawal. The war began more than three years ago.

"Arbitrary deadlines or timetables for withdrawal -- divorced from conditions in Iraq and the region -- would be a strategic error as this would suggest to the enemy they can simply wait to win," the report said.

"No war has ever been won on a timetable, and neither will this one be."

Iraqi troops were policing 60 percent of Baghdad, and growing swathes of the country, meaning that the US deployment was shifting positions with time, the report said.

Separately, Brigadier General Kurt Chichowski said coalition forces would remain in an "overwatch" role in case of trouble and as trainers. However, responsibility for security would be turned over to Iraqis under detailed agreements with the new Iraqi government.

The first province to be turned over for complete Iraqi control will be Muthana in south-central Iraq, which will occur in the "very, very near future," he said.

The US administration and its supporters have cited preparedness of Iraqi troops as a benchmark for reducing the US troop presence.

The White House acknowledged last month that it was considering a reported plan to reduce US combat forces in Iraq by some 30,000 by the end of 2007 as Iraqi forces assume more responsibility.

Pentagon To Buy New Equipment For War (AP)

By Anne Plummer Flaherty

AP, July 8, 2006

President Bush would spend a quarter of the $50 billion down payment he wants for next year's Iraq and Afghanistan war costs to replace damaged weapons and equipment, while an additional $3 billion would go to train and equip Iraqi and Afghan forces.

A document detailing the plan, obtained by The Associated Press, proposes spending $2.3 billion for new armor for troops and vehicles and efforts aimed at thwarting missiles. Another $2.1 billion would be for protecting troops from roadside bombs.

The summary provides a detailed look at how the Pentagon envisions distributing the $50 billion Bush has requested for the initial months of the government's 2007 budget year, which starts Oct. 1. When Bush asked Congress for the money in February, the Pentagon provided few details on how it would be spent.

The money is expected to tide over the military until another war spending request can be delivered to Congress, probably around February. Costs for the Iraq and Afghanistan wars since 2001 are approaching half a trillion dollars.

The document — not yet released by the Pentagon — was intended as informal guidance to congressional committees as they prepare next year's budget, said Pentagon spokesman Lt. Col. Brian Maka.

According to the summary, $13 billion is needed to repair and replace equipment worn by battle and harsh desert conditions.

About $9 billion would go toward buying new equipment, including two V-22 Osprey helicopters, four C-130J cargo planes, one C-17 cargo plane, seven UH-60 Blackhawk helicopters, and 11 CH-47 Chinook helicopters.

The V-22 Osprey aircraft can fly like a plane and land like a helicopter. The Osprey are needed to replace older aircraft destroyed in combat that are no longer in production, the Pentagon states.

"Without sufficient funding, the department would be forced to strip combat units in the United States and in other locations for equipment and munitions, thus making these units ill equipped," the summary said.

Almost half the money — $24.3 billion — would be to provide food, water and medical support for troops, purchase parts and fuel for equipment and maintain military facilities in Iraq and Afghanistan.

Stating that more than 50 Iraqi battalions are controlling significant parts of Iraq, the document requests $1.7 billion to aid those forces "so the coalition can continue to hand over control of even more territory to Iraqi forces."

About $1.5 billion would go toward training and equipping Afghan forces. According to the document, 59,000 Afghan soldiers and police have been trained.

The House on June 20 passed a fiscal 2007 defense spending bill that included the $50 billion war fund. The Senate, which has not taken up its version of the bill, is expected to approve the money later this year.

Detailing Proposed War Spending (NYT/AP)

The New York Times/AP, July 8, 2006

DOJ_NMG_0039790

President Bush would spend a quarter of the $50 billion down payment he wants for next year's Iraq and Afghanistan war costs to replace damaged weapons and equipment, while an additional $3 billion would go to train and equip Iraqi and Afghan forces. A Defense Department document detailing the plan, obtained by The Associated Press, also says that $13 billion is needed to repair and replace equipment worn by battle and harsh desert conditions. "Without sufficient funding, the department would be forced to strip combat units in the United States," the document said. The House passed a fiscal 2007 defense spending bill that included the $50 billion war fund. The Senate is expected to approve the money this year. Costs for the Iraq and Afghanistan wars since 2001 are approaching half a trillion dollars.

Marching Forward (NSWK)

By Sarah Childress, Newsweek

Newsweek, July 7, 2006

Iraqi and American officials have high hopes for the establishment of a strong Iraqi Army. NEWSWEEK visits a school that's trying to make it happen.

WEB EXCLUSIVE

July 7, 2006 - As a young Kurdish child growing up in northern Iraq, Berkew Babakir, now 21, watched his people suffer countless atrocities under the harsh rule of Saddam Hussein and his army—and nonetheless dreamed of becoming a soldier. After the regime fell, he signed up to become an officer at the Zahko Military Training Academy, one of three schools in Iraq that train military officers. "The old Iraqi Army used to kill people and destroy villages," says Babakir, who like the other cadets wears standard-issue brown camouflage. "I want to change that concept. The army is not to kill our own people, but to defend them."

Babakir is one of about 500 young cadets who now march across the sprawling campus a few miles from the Turkish border in the relatively peaceful Kurdistan region of Iraq. There, recruits train to be army officers away from the threats of mortar fire and sectarian killings that plague their hometowns to the south. The two classes currently training at Zahko are also the first to integrate Arabs and Kurds—a delicate situation in a country rife with ethnic and sectarian tension. The nation's other academies are less balanced. Rustamiyah, near Baghdad, is 98 percent Arab, and Qualachulon in Sulemaniyah is 95 percent Kurdish. (About a third of Zahko's students are Arab; the others are Kurdish. It's not known how many of the Arabs are Shia or Sunni.)

Originally a training camp for Kurdish peshmerga, or military forces, the Zahko academy was given to the Ministry of Defense after the Coalition invasion. Since then, a small team of American soldiers has been living on campus, advising the instructors on better ways to train the cadets. Their success would be a major boon for the Iraqi Army. Well-trained officers who can lead their own soldiers (including Sunni Arabs, the group most underrepresented in security forces), Americans say, is what the Iraqi Army now needs most.

The man in charge, Major General Shihid Abdulrahman, twists his mouth into a smirk when he recalls the day he first arrived to take over at Zahko back in 1996, long before the downfall of Saddam. There was no electricity. The class of 21 cadets had nowhere to sleep because the barracks had been overtaken by squatters from nearby villages. The cadets trained on a dusty field with archaic methods, relying on British Army manuals dating to the 1920s. Instructors invented rules to toughen up the troops: morning exercises lasted two or three hours in their bulky army uniforms and boots, and they weren't given any water, even as the temperature exceeded 100 degrees.

A lot has changed since the Americans arrived. The U.S. Army Corps of Engineers has transformed the campus, spending $6 million to renovate the existing facilities and build new barracks, guard towers, dining facilities, a gym, pool and soccer field, and water and sewage treatment plants. They also added a rifle and grenade range, and a rappel tower. At the front gate, a row of five soldiers salutes incoming vehicles, guns at the ready. Lines of troops march in lockstep across a wide paved field, chanting songs in Kurdish and Arabic. Another set of cadets, their faces serious, jog in formation to class, a small notebook and pen clutched in each right hand.

The instructors have adopted most of the Americans' advice. "Whatever they tell us, they've been through it," Abdulrahman says. "So they know better than we do." Some are simple changes: cadets work out in shorts and T-shirts and they're allowed to drink water during drills. Instead of hopping up and down during physical training, they do pushups. Everyone is required to wear protective gear on the firing range and has been taught to hold their weapons properly. They've also learned how to plan in advance for missions and organize a convoy. The Americans also introduced them to GPS technology and PowerPoint. Of course, not everything is done according to the American way. "They place high importance on marching here, and we do that very well," Babakir says. "We spend hours marching."

On a recent training day, Abdulrahman, his maroon beret fitted perfectly over his bristly red hair, walked down to the paved parade ground to watch new recruits perform a drill in which they must attempt to balance on one leg. When asked how they're doing, his smile widens. "It's not even 24 hours since they've arrived, so I can't tell you," he says. He steps over to one especially

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tall cadet struggling to hold his position and lifts the young man's leg a few more inches. "None of my sons would join the army," he says, stepping back to watch the cadet with approval. (They instead chose medicine, law and engineering.) He watches the formation a few more moments, then strolls on. "Each one of them is like family to me," he says. "There is no difference—I have to take care of them."

In interviews conducted by a translator, four cadets, Arab and Kurd, said they were anxious to start piecing their country back together. "This training is good for us," says Lazim Mahjoub, a 22-year-old Arab from Kirkuk. "[It's] hard, but they are making us better officers to protect all of Iraq. The hardest thing for me is to hear of news of Iraqi citizens being killed by the terrorists for no reason—the training is not as hard as that."

The school isn't entirely isolated from the country's violence. There's no denying that the Iraqi Army has been infiltrated by insurgents, even if it's not to the extent that the country's police forces are dominated by Shiite militiamen. More applicants from the Shia-dominated south has made the school more cautious. Abdulrahman says Zahko runs background checks on every applicant, and searches cadets when they check in at the front gate. He also instructs platoon leaders to closely monitor cadets for suspicious words or behaviors. "The law of averages tells you that we've had a couple of bad guys here," says Lt. Col. Neal Norman, one of the academy's American advisers. Indeed, in February American intelligence uncovered evidence that a Zahko student from Mosul had insurgent ties. The cadet dropped out and disappeared before he could be arrested.

If there is hope for the Iraqi Army, it's in the resilience of these aspiring officers. A few months ago, one young cadet visiting home in Baghdad was gunned down outside his parents' front gate. It's unclear whether he was targeted specifically because he studied at the academy—violence in Baghdad is often too random to be sure of the killers or the cause. But for his friends and classmates, his death underscored the risks they all take just by showing up for physical training and history classes. When they heard the news, his classmates, some of them crying, gathered together, Arab and Kurd.

Babakir was especially devastated. Because they both lived so far from home, they hung out together on weekends when other cadets went home to their families. "I promised myself that I would not forget him and that I would be a good officer to avenge his death and the death of other youths in Iraq," he says. The cadets hung a photograph of him in their barracks. And then they went back to their drills.

General Faults Marine Response To Iraq Killings (NYT)

By Eric Schmitt And David S. Cloud

The New York Times, July 8, 2006

WASHINGTON, July 7 — The second-ranking American commander in Iraq has concluded that some senior Marine officers were negligent in failing to investigate more aggressively the killings of 24 Iraqi civilians by marines in Haditha last November, two Defense Department officials said Friday.

The officer, Lt. Gen. Peter W. Chiarelli, concluded that in the deaths, including those of 10 women and children and an elderly man in a wheelchair, senior officers failed to follow up on inaccuracies and inconsistencies in the initial reporting of the incident that should have raised questions.

General Chiarelli faulted the senior staff of the Second Marine Division, commanded at the time by Maj. Gen. Richard A. Huck, and the Second Regimental Combat Team, then headed by Col. Stephen W. Davis, and recommended unspecified disciplinary action for some officers, said the two defense officials, who have been briefed on General Chiarelli's findings. They said they would discuss the report, after being promised anonymity, because it showed that the military takes these incidents seriously and fully investigates them.

"He concludes that some officers were derelict in their duties," said one of the officials, who declined to identify which or how many officers were singled out.

If Marine commanders are found to have been negligent in pursuing the matter, the punishments could range from a relatively mild admonishment to a court martial that potentially could end their military careers.

It was not clear Friday whether General Huck or Colonel Davis, or Maj. Gen. Stephen T. Johnson, the senior marine officer in Iraq at the time, would be personally implicated. But if they were to be disciplined, they would be among the most senior American officers punished since the Iraq war started in early 2003.

An officer who served in Iraq with the Second Marine Division at the time of the killings in Haditha noted that a spate of recent cases in which American troops were being investigated for killing unarmed Iraqi civilians — including the rape and murder of a young Iraqi woman and the killing of her family in Mahmudiya — had raised concerns that commanders may be under pressure to make an example of Marine officers in the Haditha incident.

"We're all waiting anxiously to see how this one gets taken on," said the officer, who requested anonymity because he is not authorized to talk about the unit or any part of the investigation. "Major General Huck is about as thorough and detailed a guy as you are ever going to see."

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In a brief statement issued from Iraq on Friday, General Chiarelli's headquarters said he had finished reviewing a lengthy investigation by Maj. Gen. Eldon A. Bargewell of the Army into the actions or absence of actions by Marine leaders in Haditha, as well as the training that marines had received and the command climate their superiors had fostered.

But the statement gave no details of General Chiarelli's findings or recommendations, which will now be sent to his boss, Gen. George W. Casey Jr., the top commander in Iraq. A senior Pentagon official said it could be several days before Defense Secretary Donald H. Rumsfeld receives a complete briefing on the matter, and before a redacted version of General Chiarelli's findings are made public.

In addition to General Chiarelli's review, a separate inquiry by the Naval Criminal Investigative Service is examining whether crimes were committed when a squad of marines killed the 24 Iraqi civilians after a roadside bomb killed a member of the Third Platoon of Company K, Third Battalion, First Marine Regiment, in the early morning of Nov. 19.

In April, when the Third Battalion returned to Camp Pendleton, Calif., from Iraq, the battalion and company commanders were relieved of their commands for what their commander said was "a lack of confidence in their leadership."

According to one of the defense officials, General Chiarelli embraced all of General Bargewell's findings and expanded upon some of them. In one instance of a missed opportunity to investigate further, the official said, General Bargewell noted that the comptroller of the Second Marine Division, who was responsible for making condolence payments to families of the Iraqis killed, told the unit's staff judge advocate that additional investigation was needed. That review never happened, and the Marines paid a total of $38,000 to families of 15 of the civilians killed.

In his own set of conclusions, General Chiarelli recommended that American forces in Iraq receive additional counterinsurgency training both in the United States before deploying, and once in Iraq. "From your basic recruit to commanders, he's calling for a refinement of the counterinsurgency approach," said one of the defense officials.

Since the military inquiries into the Haditha killings began, the accounts given by some marines involved and their lawyers have conflicted in important details with descriptions of what investigators have found, officials familiar with their findings have said.

After the roadside bomb went off, marines who survived the explosion said they believed they were under sustained attack and that they were entitled under their rules of engagement to use lethal force as they searched surrounding houses for those who they believed were responsible for the bombing.

But investigators and townspeople told reporters that the marines overreacted to a fatal roadside bombing and shot the civilians, only one of whom was armed, in cold blood. The 24 Iraqis killed included five men in a taxi and 19 other civilians in several houses, which marines and their lawyers say they cleared using grenades and blind fire.

But investigators have also concluded that most of the victims in three houses died from well-aimed rifle shots, not shrapnel or random fire, according to military officials familiar with the initial findings. The houses where the killings took place show no evidence of the violent room-clearing assault described by the marines and their lawyers, the officials said.

General Bargewell was assigned by General Chiarelli to look at how commanders responded to the incident, including whether there was any attempt at covering up what happened or whether discrepancies in accounts of the incident should have been investigated.

Marine commanders in Iraq have said that they became aware within two days of the killings that civilians had died from gunfire, not from the bomb explosion. They told investigators that they did not view the discrepancies in accounts of what happened as unusual in the aftermath of combat and that they had no reason to think at the time that any civilians had been killed deliberately.

U.S. Commander Finishes Haditha Review (AP)

By Kim Gamel

AP, July 8, 2006

A top U.S. commander completed a review Friday of an investigation into an alleged cover-up in the Haditha case, and a military official said it pointed to errors in the reporting of initial allegations after the killings.

Lt. Gen. Peter Chiarelli forwarded his findings and recommendations to Gen. George W. Casey, the top commander in Iraq, according to a statement.

The investigation was separate from an inquiry still under way into whether a small number of Marines from the 3rd Battalion, 1st Marine Regiment murdered the 24 civilians — including unarmed women and children — on Nov. 19 after a roadside bomb in the town killed one of their comrades.

Chiarelli's report was based on an investigation conducted by Maj. Gen. Eldon Bargewell into whether the Marines followed proper procedures in reporting the incident to commanders, or whether anyone engaged in a cover-up.

His investigation also may consider whether any criminal charges should be brought.

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The military initially said the Iraqi deaths were the result of the roadside bomb and a subsequent gunfight with insurgents.

The U.S. military official said Chiarelli agreed with Bargewell's findings for the most part, but there were some areas in which he recommended a different course of action. The official did not elaborate on that point.

But he said the investigation found that errors were made in the reporting and follow up of initial allegations after the killings and suggested some were of a criminal nature.

"It essentially bolsters the ongoing criminal investigation and lays bare some of the administrative faults that existed during November 2005," the official said, speaking on condition of anonymity because the findings have not been publicly released.

"What some of these people did wrong is certainly not illegal or criminal, but administratively their actions are something that Gen. Chiarelli wants to look at," the official said.

The official said the military hoped to release most of the findings in the next two weeks, but anything that could be used in the criminal investigation would not be made public.

"Some of the portions will be redacted because they could be used in a criminal investigation, either a current one or one in the future," he said.

The case is one of several allegations of U.S. abuse of Iraqi civilians that threaten to further weaken popular support for the Iraq war in the United States and tarnish the military's image.

Iraq has ordered its own probe of the killings, with Prime Minister Nouri al-Maliki using unusually strong language to condemn them.

Ex-soldier's Case Now Goes To Grand Jury (AP)

By Elizabeth Dunbar

AP, July 8, 2006

The case of a former Army private charged with slaying and raping an Iraqi woman and killing her family will be presented to a grand jury this month.

Steven D. Green, 21, entered a plea of not guilty through his public defenders Thursday. He also waived a detention hearing and a preliminary hearing, and agreed that his case would be prosecuted in the Western District of Kentucky.

Assistant U.S. Attorney Brian Butler said the case would be presented before a grand jury sometime in mid-July, probably in Paducah.

U.S. Magistrate Judge James Moyer set an arraignment date of Aug. 8 in Paducah for Green, who was arrested Friday by FBI agents in Marion, N.C.

Green answered Moyer's questions about his inability to pay for an attorney, saying he has about $6,000 in a checking account and owns a 1995 Lincoln Town Car.

"I don't have anything else," he told the judge.

According to a federal affidavit, Green and other soldiers targeted the young Iraqi woman after spotting her at a traffic checkpoint near Mahmoudiya. Green is being tried in federal rather than military court because he no longer is in the Army.

Based on interviews and records, the U.S. military now believes the young Iraqi woman Green is accused of raping and killing was between the ages of 14 and 20, Army spokesman Paul Boyce said Friday. While they initially said she was 20, Boyce said he has now seen documents that indicate she could have been about 14.

Military officials concluded Thursday that since Green had received his final discharge papers, he was no longer under the control of the Army and would not be subject to a court martial. No other soldiers have been charged in the case.

Green, who served 11 months with the 101st Airborne Division, based at Fort Campbell, Ky., received an honorable discharge and left the army in mid-May. He was discharged because of an "anti-social personality disorder," according to military officials and court documents.

A psychiatric condition, anti-social personality disorder is defined as chronic behavior that manipulates, exploits or violates the rights of others. Someone with the disorder may break the law repeatedly, lie, get in fights and show a lack of remorse.

President George W. Bush, speaking on CNN's "Larry King Live" on Thursday, said the Iraqis should understand that the allegations will be handled "in a very transparent upfront way."

"People will be held to account if these charges are true," Bush said.

An attorney for Green had filed an emergency motion to keep him in North Carolina, but the motion was denied by a federal judge, U.S. Attorney David Huber said Friday.

Father Said To Be Shocked At Charges Against Ex-GI Son (SFC)

By Ruth Campbell And Shanne Sissom

San Francisco Chronicle, July 8, 2006

DOJ_NMG_0039794

(07-07) 04:00 PDT Midland, Texas -- The father of a former soldier accused of rape and murder in Iraq is "shocked" by allegations against his son, a lawyer for the father said.

John Green, father of former Army Pfc. Steven Dale Green, hired lawyer Hal Brockett to act as a spokesman in wake of international publicity about his son's case.

"The last time I talked to him, he was naturally shocked at the allegations made. I don't think he knows anything about it," Brockett said.

Charges brought against 21-year-old Steven Green by the U.S. attorney's office in Louisville, Ky., allege that on March 12, while stationed in Mahmoudiya with the 101st Airborne Division, Green and three other soldiers went to a home near Traffic Control Point 1 near Mahmoudiya to rape one of the women living there.

Using an AK-47, Green allegedly shot and killed a man, woman and girl in the house. The charges also allege that after participating in the rape of a second woman, Green shot and killed her.

Brockett said he has been acquainted with John Green since they attended Lee High School in Midland together. The attorney said John Green contacted him, anticipating media inquiries.

Green's son completed 10th grade at Coleman High School, according to Midland Independent School District communications director Melissa Hendrix-Beach.

Steven Green, honorably discharged from the Army with a personality disorder, was stationed in Fort Campbell, Ky., with the 101st Airborne Division, according to the arrest affidavit.

On Thursday in Louisville, Green entered a plea of not guilty and waived detention and preliminary hearings. U.S. Magistrate Judge James Moyer set Green's arraignment for Aug. 8 in Paducah, Ky.

Meanwhile in Midland, at the apartment complex where John Green lives, neighbors coped with the harsh glare of media attention.

"People have been here all day and were knocking on his door at 2 a.m.," one neighbor said of reporters representing news organizations across the country. "We don't want to say anything to add to his grief."

U.S. Marine Corps Cpl. Shaun Sanders, an Iraq veteran who lives at the complex, said: "I don't know him, and I don't know the facts, but it's disturbing something like this is alleged. It almost gives the rest of us a black eye, because it overshadows the many good things that we do."

Veterans at Midland's American Legion Post 19 were also saddened by the news.

"When it's from your hometown, it brings it a little closer," said retired Air Force Staff Sgt. Warren Teichmann, a World War II veteran. "It's a black eye for the city and everyone else."

Sanders fears repercussions in Iraq and the United States.

"We're trying to do good things for these people, and I'm afraid this will make American people lose hope and possibly cause more insurgency," he said. "It will potentially fuel a fire we're trying to put out in the first place."

Army Staff Sgt. Dale Hayden, also home from a tour of duty in Iraq, wondered how what is alleged could have happened and where Green's supervising officer was.

"To me, it's nothing but an accusation, and it could have happened, but I don't see it happening," Hayden said. "We're not allowed out in the public, and somebody had to be supervising him."

Not Just Another Abuse Scandal (WP)

By Colbert I. King

The Washington Post, July 8, 2006

Please don't lump what happened in Mahmudiyah with the alleged attacks by U.S. troops on unarmed Iraqi civilians in Fallujah, Haditha, Qaim or Salahuddin province. True, the murders of innocent noncombatants, and the humiliation and abuse of detainees at Abu Ghraib prison, are deplorable acts deserving condemnation and swift and severe punishment. But the event that occurred in Mahmudiyah, a village south of Baghdad, deserves a category all to itself.

Mahmudiyah wasn't a case of soldiers exceeding their orders or authority in the interrogation of prisoners -- or an example of war-weary, stressed-out troops mistakenly assuming a villager was a member of the insurgency. Neither was it a situation in which U.S. service members, grief-stricken over the loss of a comrade, decided to take out their anguish on people who looked like the enemy.

Mahmudiyah, if the charges are true, was a case of something else; a vile event made all the more disgusting because a soldier, afforded the opportunity to serve his country, chose instead to indulge his private need to hurt, degrade and murder.

Twenty-one-year-old Steven D. Green, honorably discharged from the Army in May for a "personality disorder," is charged with entering an Iraqi home near Mahmudiyah in March and raping a young woman (Iraqis say she was 15 years old; the U.S. military says 20), shooting her in the head and setting her body aflame -- after he was done using it.

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But first, it is alleged, he herded the young woman's mother, father and 5-year-old sister into a bedroom, where he shot and killed them. Arrested by the FBI this week, Green has pleaded not guilty.

The young woman's body and those of her family were found burned in an effort to cover up what happened. And Green, according to an FBI affidavit, wasn't the only rapist; another soldier in his unit is said to have taken part in the assault.

Some might call that a tactic of war. It was nothing of the sort. Yes, there are numerous cases of mass rape that were methodically carried out during times of war. Look no farther than Darfur and Kosovo.

But if the reporting out of Iraq is accurate, Mahmudiyah is a tale of sadism and degradation and of the desire of one man and possibly others to display mastery over the weak for reasons having nothing to do with why America is in Iraq.

The Post's Ellen Knickmeyer reports that the young woman had told her mother she was afraid because of the unwelcome attention of the American soldiers stationed at a checkpoint she had to pass through almost daily. She told her mother that the soldiers had been sexually aggressive toward her. Her mother feared the soldiers would come for her daughter at night.

Green and other soldiers, it has been reported, went to the young woman's house with the intent to rape her. That, if true, represents a premeditated use of power and intimidation to achieve gratification.

That's not a tactic of war; that is an act of tyranny.

They set out to devastate that young woman. Her family had been shot and killed in the next room before she was raped. Knowing that, she was already in agony when Green and the other soldier came for her.

Much is being made of the impact of this sex crime in Iraq and the Arab world and the backlash it could have on U.S. forces because of Islamic culture.

It's hard, at least for me, to get past the impact of this crime on the victims, and thoughts of the young woman's distress, and knowledge that in our civilized world she is not alone.

Her disgust with the harassment, her anxiety about her movements being studied and her fear of being raped are not peculiar to women living in Islamic cultures. Thinking twice about how to dress, when to go out, where to walk and how to speak are not a thing of the Middle East. Many women all over the world have to live with that. On the other hand, the men most able to relate to those concerns are those who themselves are prey behind prison walls.

Mahmudiyah was about murder. It was also about the deliberate, calculated violation of a woman. Such malevolence should never find its way into a U.S. military uniform.

In Arabs' Eyes, The US Is On Trial, Not Hussein (LAT)

By Megan K. Stack

The Los Angeles Times, July 8, 2006

BAGHDAD — Boushra Khalil walked through the metal detectors and into the vast convention center, a crumbling relic of a fallen dictatorship with walls still emblazoned with murals of Scud missiles.

It took only a few minutes for one of the security guards prowling the halls to catch sight of her.

"Hey, excuse me," his voice rang out. "Aren't you Saddam's lawyer?" Soon they were all around her, five young men with U.S. military-issued badges clipped to their sports shirts. Their eyes were wide; they smiled.

"Tell him you met young people here, youth that are sending their greetings to the president," one of the young men said. "We believe he is suffering injustice," said another. They spoke quickly and eagerly, and pressed Khalil for her autograph.

Iraqis who had been cleared to work in the drab nerve center of Iraq's U.S.-backed government, in the heavily fortified Green Zone, might appear to be unlikely fans of the ousted president.

But perhaps no supporter is more improbable than Khalil, a Shiite Muslim lawyer who has traveled from Lebanon to defend him.

Like most Arabs, Khalil, who is Lebanese, is no stranger to the hard reality of despotism: Her Iraqi cousins were put to death for rebelling against Saddam Hussein's Sunni-dominated regime.

But ever since the wintry afternoon she switched on Al Jazeera and caught sight of the bedraggled Hussein in U.S. custody, she has devoted herself to securing his release. Her work on his defense team has invited angry slurs from fellow Shiites, but Khalil views her work as an epic assignment on behalf of the pan-Arab "nation" — a cause Hussein espoused during his years in power. Khalil believes it eclipses religious divisions and the question of whether Hussein was a worthy leader.

"When I met [Hussein], he looked at me and smiled and said, 'These Americans think I am fighting to save my job as president, but I am fighting to defend my homeland,' " said Khalil, who is unabashedly enthusiastic about the Iraqi insurgency. "He never surrendered. He did not quit. If he'd quit, then the whole Arab nation would have been handed to America on a plate of gold."

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Khalil's story illustrates an inherent irony in Hussein's war crimes trial, which is grinding through the first phase of closing arguments: The Americans pushed to get him into court, but it's America that has ended up standing trial in the eyes of the Arab public.

In ways both subtle and blunt, Hussein and his lawyers have repeatedly compared Iraq's fate under his heavy thumb to the blood-spattered security vacuum created by the U.S. invasion.

This debate — in essence, whether the invasion improved life for Iraqis — resonates loudly in the Arab world, where many people are concerned about how Hussein's fall has shifted the region's power structure. Iraq's Sunni-dominated neighbors are fearful of the emergence of the Shiite majority in Iraq and terrified of expanded Iranian influence. (The trial has included allegations that Iran tried to assassinate Hussein.)

Hussein blossomed into a cause celebre among Arab intelligentsia and legal experts. His plight drew the energy of dozens of lawyers from the Arab world and beyond, including such improbable volunteers as the daughter of Libyan President Moammar Kadafi and a Harvard-educated Saudi lawyer who is prevented by gender law from practicing in her homeland.

And then there's Khalil, who looked alien in the convention center with her high-heeled sandals, flared jeans and flashing chunks of jewelry that had been pressed upon her in gratitude by a Libyan jeweler who recognized her from the televised trial. After signing autographs all around, the lawyer, who wouldn't give her age but looks to be in her 40s, smiled, shrugged and moved away from the admiring gaggle of guards.

"I saw the same feeling in Libya," said Khalil, who had just returned from a conference in Tripoli, that country's capital. "They tried to carry me on their shoulders there." She reached into her purse and drew out notes to Hussein, scrawled on napkins and placemats by far-flung Arab admirers.

"To my master, to my beloved Saddam," read a note from a Libyan named Omar. "I'd sacrifice my soul and my family to you, my beloved master."

"Endure, endure, endure. We are all with you with everything we own," read another note. "You are the sunshine of Arabism and its glory. There is no dignity for Arabs except by liberating Iraq from the injustice and arrogance of the non-believers. There is no justice for us unless he is the president of the Arab nation."

The Arab public didn't have much love for Hussein during the years of his notoriously brutal rule. In a region where most people are unhappily familiar with the bloody repressions of dictators, Hussein was seen as a particularly ruthless leader.

But once the United States pushed into Baghdad, Hussein was held in a slightly more sympathetic light by Arabs leery of U.S. intentions in the region. To people who often complain angrily of their own governments' acquiescence to Washington's wishes, Hussein was, if nothing else, an Arab leader who had fought the United States.

The image of Hussein as an anti-American icon was fortified by the famous video made by the U.S. military after his capture in December 2003. The footage showed a scraggly Hussein being checked for lice. A few months later, British newspapers published smuggled photographs of an imprisoned Hussein in his underwear.

The images were enough to convince former Qatari Justice Minister Najib Nuaimi, by his own admission no fan of Hussein during his presidency, to join the defense team.

"I said to him, 'As you know, there's no fair trial. There's no independence. The prosecutors are running the show, but the Americans are behind it,' " Nuaimi said.

"I told him clearly, 'You're the last card in the hands of Bush and Blair, and they won't waste it because they've lost all the other excuses to invade Iraq and occupy it. You should expect that they might put you to capital punishment.' "

To lead prosecutor Jaafar Mousawi, that kind of talk is an insult. He's adamant that the court is a legitimate arm of Iraqi law, and says that U.S. influence is limited to logistical help such as security and custody of the detainees.

"Before history, I say that there is no American interference in the court," he said.

The first phase of the trial, which has centered on his alleged role in the massacre of Shiite Muslim villagers in 1982, has been peppered with angry political quarrels between the Kurdish judge and defense lawyers or their clients. The gist is generally the same: The defense makes snide cracks about Americans running the court; Judge Raouf Rasheed Abdel Rahman snaps angrily that he is presiding over an Iraqi court.

"We thank America for the transparency," a sneering Barzan Hassan, Hussein's half brother, codefendant and former intelligence chief, said to the judge in a typical courtroom exchange. "This is an American court…. If it weren't for the Americans, you would have no credibility."

Khalil has been particularly adept at dragging U.S. policy into the courtroom. She infuriated the judge early on by showing photographs of abuse victims in the Abu Ghraib prison. The last time she was in court, the judge called her a "gangster" and ordered her dragged from the room, slapping and swearing.

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"I wanted to make a comparison between the democracy of America and the dictatorship of Saddam Hussein," she said in an interview later that week. "Compare all the things done by Saddam Hussein to defend his regime to all the measures taken by America after Sept. 11. America has done much more than what he has done."

The trial has weighed Hussein as a historical figure, a man who can make a claim unique among Arab rulers: He squared off militarily against Iran and the United States. Throughout the proceedings, he has repeatedly stood up to make speeches, chide the judge and say that he is the president of Iraq.

To Khalil, Hussein is a figure of martyrdom. Although she acknowledges that he was "hard" on those who opposed his reign, she also compares him to George Washington and Abraham Lincoln, and describes him as a man willing to follow his political vision all the way into death.

Nor does she accept the conventional view that it's unusual for a Shiite to defend a Sunni leader famous for persecuting Shiites.

"Saddam Hussein stood in the face of American occupation, so if Imam Ali were present, on which side would he stand?" she asked, invoking the cousin of the prophet Muhammad and a central figure in Shiite Islam. "America or Saddam Hussein? Definitely, Saddam Hussein. So because I am Shia, I stand with Saddam Hussein."

She believes the verdict has already been decided, and that Hussein will be put to death. She doesn't think it matters, though. She's working for public opinion, and for history. And she says Hussein, too, is preoccupied with his legacy.

When prosecutors last month asked the judge to put Hussein to death, the former president broke into a grin and chuckled quietly. "Well done," he said.

A Drive To Root Out The Resurgent Taliban (NYT)

By Tyler Hicks

The New York Times, July 8, 2006

American and allied troops are engaged in their biggest operation against Taliban forces in Afghanistan since they drove the fundamentalist movement from power in 2001. These photographs were taken over two weeks in June with Charlie Company, Fourth Brigade, 10th Mountain Division, near Hazarbuz, in Zabul Province.

The Americans face the hard job of trying to tell local farmers from Taliban insurgents, who have gained strength across southern Afghanistan. The Americans set up a base, then probed into villages. They were soon ambushed. The Taliban can easily persuade or coerce villagers to assist them. They arm the villagers or equip them with radios. Almost any man is suspect. During one raid, which was typical, the Americans separated the men. Homes were searched, and the men were marched to the base for questioning.

The Americans feel the hands of those who claim to be farmers, to make sure they are rough. They check under the men's shirts for calluses from carrying rifle clips, or for bruises from firing rocket-propelled grenades. As often is the case, almost all are released for lack of evidence.

Col. Tom Collins, the American military spokesman in Kabul, said, "We have intelligence that leads us to a certain village where there are antigovernment elements and we take in those we find, screen them, and some are then let go immediately, but they still have to be questioned."

The day after the raid, the Americans were ambushed again, this time at their base. Automatic rifle fire sprayed just inches above a row of soldiers as they lay resting.

On the final day of the operation, a raid on a village sent several men fleeing for the mountains. They were met by American Ranger Scouts. Three men were captured. They confessed to being Taliban fighters and were brought back to the base to be handed over to the Afghan authorities.

Pakistan Urged To Dismantle Terrorist Camps (WSJ/AP)

The Wall Street Journal/AP, July 8, 2006

KANDAHAR, Afghanistan -- President Hamid Karzai urged neighboring Pakistan to prevent militants from training on its soil as fighting Friday in southern Afghanistan killed a U.S.-led coalition soldier and at least eight suspected Taliban militants.

The violence came amid a surge in attacks by Taliban insurgents trying to reassert control over their former southern heartland. The escalation has prompted Britain to consider sending more forces. Hundreds of people, mostly militants, have died in fighting in recent weeks.

Mr. Karzai blamed foreign terrorists for the rising violence, and called on Pakistan to dismantle terrorist training grounds on its side of the border.

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In the latest bloodshed, militants attacked a coalition convoy in Helmand province's Baghran Valley on Thursday, killing a coalition soldier and wounding another, said spokesman Sgt. Chris Miller. Five militants died when coalition forces returned fire, he said.

Miller gave no details about the dead soldier's identity or nationality, but another foreign military official, speaking on condition of anonymity said the soldier was American.

Elsewhere in Helmand, three suspected Taliban militants died Thursday night and two more were wounded when a bomb they were trying to plant exploded on the side of a main highway in Grishk district, said provincial police chief Ghulam Nabi Malakhail.

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Afghan Legislator Says Coalition Attacked His Family, Killing 1 (NYT)

By Carlotta Gall

The New York Times, July 8, 2006

ISLAMABAD, Pakistan, July 7 — An Afghan member of Parliament accused the American-led coalition of opening fire on his family as they traveled by car in one of the most troubled provinces of southern Afghanistan, killing his brother-in-law and wounding five others, including his wife and two of his children.

Haji Abdul Khaliq, a legislator from Uruzgan province, said in a telephone interview that the shooting occurred on Wednesday and that American and Australian troops were responsible for it.

"My wife, my son, my daughter, my nephew and my wife's brother were traveling with a driver from Uruzgan to Kandahar for medical checkup at Kandahar hospital when they were attacked by American and Australian troops from the top of a hill," he said. It was the middle of the afternoon, he added.

"The coalition were on the top of the hill and start shooting toward their car, killing my wife's brother, Abdul Baqi, and injuring my wife, my son, my daughter and my nephew." His nephew and the driver were slightly injured, Mr. Abdul Khaliq said.

The family took cover in a ditch beside the road and lay on the ground for several hours, he said. The coalition kept firing on the car and after some time came to the scene, he said, but even when they saw the woman and children lying wounded they did nothing to assist them.

"They did not help them or even give them a bottle of water," he said.

A statement from the American-led coalition said it was "deeply saddened" by the reports, but added that "coalition forces are confident the coalition is not responsible for this attack."

Lt. Col. Paul Fitzpatrick, a coalition spokesman, said that there had been only one report of coalition forces "engaging the enemy" in the region, and that it took place at night when "four Taliban extremists on foot" fought a patrol "far off the road."

Colonel Fitzpatrick added that the claim that coalition forces were responsible for the attack on Mr. Abdul Khaliq's family "could very well be extremist propaganda."A few hours after the attack, Mr. Abdul Khaliq said, villagers and friends of the family came to help them and took them to hospital in Tirin Kot, the provincial capital of Uruzgan, 111 miles away. He moved the family to Kandahar hospital Thursday, he said.

"I am very sad and disappointed about this because the coalition is always saying that they are here to help the Afghans and they respect the rights, but first they shot women, and then when they came upon them they did not care to take them to hospital or treat them," he said.

"Even if this happens to the enemy of Afghanistan, they should take the injured to the hospital," Mr. Abdul Khaliq said. "They just left them in the desert and under the strong sun."

Coalition forces come under fire or ambush almost daily in southern Afghanistan and in a separate incident the coalition reported one soldier was killed and one wounded in an ambush Wednesday in the next province door, Helmand.

Cheney Lauds Troops For Aid They Provided, Message They Sent (NVP)

By Louis Hansen

Norfolk Virginian Pilot, July 8, 2006

NORFOLK - Two months after returning from a Middle East deployment, the amphibious assault ship Wasp overflowed with troops again Friday afternoon.

Nearly 3,000 Marines and sailors, including about 100 bused from Camp Lejeune, N.C., crowded the flight deck, packed metal bleachers and perched along the ship's upper decks.

They belonged to two battle groups - led by the aircraft carrier Theodore Roosevelt and the amphibious assault ship Nassau - that returned in March and May.

On Friday they mustered again aboard the Wasp for a 19-minute speech by Vice President Dick Cheney.

"By patrolling sea lanes, bringing help to the innocent and confronting the violent, you've shown a watching world that we're a powerful country with a very capable military," Cheney said. "You bring relief to the helpless and hope to the oppressed, and you are protecting the people of this nation in a time of war."

The two strike groups took part in the latest chapter in a war that began with the U.S. invasion of Iraq in March 2003.

Saddam Hussein was deposed , captured and stands trial. Iraqis have held three elections for national offices. Approximately 2,540 U.S. service members have been killed and 10,200 have been wounded, according to the Defense Department.

Cheney spoke before a group of sailors from the Nassau Expeditionary Strike Group who returned in May from a six-month deployment in the Middle East and Mediterranean.

During their six-month deployment, the two strike groups fought in Iraq, captured pirates in the Indian Ocean and secured the commercial channels in the Mediterranean Sea and Persian Gulf.

The 22nd Marine Expeditionary Unit, based at Camp Lejeune and part of the Nassau strike group, lost three men during its deployment to Iraq .

Before the speech, Cheney met briefly with about a dozen service members.

Gunnery Sgt. Christopher Fritz, 37, met the vice president long enough to tell him where he was from - Springfield - and what he did - worked with Iraqis in the city of Hit .

After spending six months training and organizing Iraqi police forces, Fritz was grateful for the recognition. His unit's role, he acknowledged, was "not the glory stuff." But he said he hoped it would eventually stabilize the country.

From a podium mounted on the flight deck, Cheney thanked the commands one by one. The troops greeted him with brief applause and occasional shouts .

Cheney praised the Navy's role in Afghanistan and Iraq. "Naval operations are every bit as important, if not more so, than they were in the last century," Cheney said. He noted the ability to launch precision strikes, rockets and missiles, and to deploy SEALs and Marines in different environments.

He dismissed any timeline for troop withdrawal that would be set by elected leaders, not military commanders. "We want to complete the mission," he said. "We want to get it done right."

After the speech, Cheney shook hands with more service members . The troops filed slowly off the flight deck and into the weekend.

Petty Officer 1st Class Chilanda Steave, a 13-year Navy veteran, called the speech "a morale booster."

Ensign Jeffrey Kasting, stationed aboard the guided missile cruiser Cape St. George, said Cheney "made it clear we weren't going to back down."

Army Cuts 1,000 For Personality Disorders (SFC/AP)

By Lolita C. Baldor

San Francisco Chronicle/AP, July 8, 2006

(07-07) 15:44 PDT WASHINGTON, (AP) --

The Army discharged more than 1,000 soldiers last year for personality disorders, the reason it gave for this year's discharge of a private now accused of raping a young Iraqi woman and killing her and her family.

That total represents about 1.2 percent of the 83,000 soldiers given early discharges during the fiscal year that ended Sept. 30, 2005. That was a bit higher than the less than 1 percent discharged for those reasons during the 2001 fiscal year before the war in Iraq began.

Lt. Gen. Kevin C. Kiley, the Army's surgeon general, told reporters Friday that the disorder usually is not associated with combat trauma and may be a lifelong problem that is not always easy to identify in military screenings. He said soldiers exhibiting such traits would not be automatically discharged because many can continue to perform well.

Steven D. Green, who pleaded not guilty through his public defenders Thursday, was discharged because of an "anti-social personality disorder" according to military officials and documents. That condition is defined as chronic behavior that manipulates, exploits or violates the rights of others, such as someone who repeatedly lies, fights or breaks the law.

According to a federal affidavit, Green, 21, and other soldiers targeted a young Iraqi woman after spotting her at a traffic checkpoint near Mahmoudiya. They later went to her house, raped and killed her and shot members of her family, the affidavit said.

Green is being tried in federal rather than military court because he no longer is in the Army

Kiley told Pentagon reporters that personality disorders — which are not forms of mental illness — do no necessarily exclude people from serving in the armed forces. In fact, he said that up to 4 percent to 5 percent of the soldiers have taken sleep medications or antidepressant drugs at one time or another during their combat service.

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Altogether, there were nearly 493,000 people in the Army during the 2005 fiscal year, compared with about 481,000 in 2001. The Army discharged 805 soldiers for personality disorders in 2001, 734 in 2002, 980 in 2003, 988 in 2004 and 1,038 in 2005.

Mental disorders represented between less than 1 percent to 1.4 percent of the total early discharges for those years. The total number of early discharges ranged from about 69,000 to more than 87,000. Soldiers can receive early discharges for a number of reasons, but most often they are for physical fitness issues.

Kiley said the Army is allocating more resources that ever to combat stress and provide mental health counseling for soldiers on the battlefield.

Currently, he said, there are about 200 mental health and behavioral health personnel in Iraq and 25 in Afghanistan. Many of them are assigned to different regions of the country and travel in small teams to the forward operating bases to meet with soldiers.

The Army, he said, is trying to find ways to encourage soldiers to use the mental health services and overcome the perception among the military that seeking mental health counseling is a sign of weakness.

"There is something very demanding and tough about being in combat," said Kiley. "And anything that would be perceived as being weak and not ready and tough carries with it some stigma."

As a result, he said, the Army is trying to reach out regularly to soldiers while they are in combat, and officials are encouraging entire units to go through mental health screenings so that soldiers will feel more comfortable doing it if they see their commanders and unit leaders participating.

An Internet Lifeline For Troops In Iraq And Loved Ones At Home (NYT)

By Lizette Alvarez

The New York Times, July 8, 2006

With mortar shells exploding near him sometimes twice a day in Ramadi, Iraq, Sgt. Mark Grelak found a way to shut out the heat, the noise, and all the demands of his job — sweeping the local highway for bombs left by insurgents. In a tiny space in his barracks, he would flip open his laptop, adjust his Web camera and watch his daughter Katie take her first halting steps.

From 6,000 miles away, Sergeant Grelak, 35, drew flowers with Sara, Katie's older sister, and witnessed, almost in real time, her first day of preschool. The soldier and his wife, Jennifer, 26, even bought a house in Baltimore together, e-mailing pictures and appraisals back and forth. Through instant messaging, they discussed the new landscaping and camping equipment as if they were sitting just across the kitchen table from each other.

"Do you care if I take out the crape myrtle?" Ms. Grelak messaged him in March.

"Why not leave it for now," her husband suggested.

Later, she messaged, "If you have some time, take a look on eBay for a tent. I'd like to go camping this year."

Military deployments have a way of chewing up marriages, turning daily life upside down and making strangers out of husbands and wives. But for this generation of soldiers, the Internet, which is now widely available on bases, has softened the blow of long separations, helping loved ones stay in daily touch and keeping service members informed of family decisions — important and mundane.

Most soldiers deploy with a laptop in hand and a hookup to the Internet in their barracks. Others, particularly those with young children, pay for Web cameras, a trend that began in earnest two years ago.

Mental health experts and military commanders say that the tens of millions of dollars spent on technology in Iraq for Internet cafes, computers and Web cameras have helped ease the isolation of soldiers' lives, as well as the turbulence of coming home, an often-bumpy transition from combat to kiddie pool and from commanding to compromising.

"It's rejuvenating," said Sergeant Grelak, an Army National Guard soldier who was gone for 18 months and is now at Fort Benning, Ga., awaiting his release from active duty. "It keeps you from getting detached from the person you left behind. You go outside, and you run the risk of getting shot and blown up. That changes people. If I didn't have that connection, I would feel like a stranger."

Those who benefit most are often families with young children, said Jaine Darwin, a psychologist and the co-director of Strategic Outreach to Families of All Reservists, based in Cambridge, Mass., which counsels reservists and families. "They make families much more connected to the soldiers. A voice is not the same as seeing a person," Ms. Darwin said.

Military spouses were once left to make all child-rearing, household and work decisions by themselves for months at a time; telephone calls were simply too brief, unpredictable and expensive. Now the burden is a little less lopsided and an answer is only a few hours away.

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The constant communication makes for fewer unpleasant surprises after couples reunite, though there can be a downside: It brings the anxieties of the living room into the war. "Who wants to hear that your daughter got a tattoo?" Ms. Darwin asked. "Any piece of news that makes you preoccupied is not good for you in a war zone."

Sergeant Grelak, for example, became alarmed when he learned that Katie had an ear infection. "I had to be a shoulder for Jennifer," he said, but, he added, "I was 110 percent concentrating."

Ms. Darwin pointed out that soldiers, for their part, can have too much Web access between missions "and it's quite disruptive to a family," she said. "It poses a hard conflict between the wish to get every moment they can with their soldier and the need for life to go on. Talking to your soldier can become a full-time job."

Internet cafes with computers began to spring up at military camps during the crisis in the Balkans in the 1990's, but mostly in fits and starts. Since then the military and private organizations like the Freedom Calls Foundation have spent millions of dollars to wire camps in Iraqi war zones. The Defense Department alone has spent more than $165 million in the past two years to set up cybercafes in Iraq. In 2004, they began with 36 cafes, and now there are more than 170. The use of satellites has made the job considerably easier. Freedom Calls, which raises private funds to build satellite links and provide communications hardware for soldiers in Iraq, has enabled 30,000 service members in four camps to reach relatives free in the past two years, setting up live teleconferencing to broadcast the births of babies, birthday parties, weddings and graduations. About 1,000 families in the United States have been equipped with screens in their homes.

"A person can now keep his commitment to his family and keep his commitment to his country," said John Harlow, the executive director of Freedom Calls.

Specialist Kevin Groll, of the Michigan National Guard, took a virtual seat at the Thanksgiving Day children's table last year, a Groll family tradition. The family Web camera was positioned right next to the children's table. "Boy, you did it again," Specialist Groll joked with his mother, Vicki Groll. "I'm not even near the kiddies, and I still had to sit at the table. The kids just loved it."

While the divorce rate for returning soldiers remains relatively high, a testament to the difficulties of war and the number of pre-deployment leaps to the altar, commanders agree that the Internet has helped morale considerably. Yet such easy access to families also poses problems in terms of controlling the release of classified information. Service members are not allowed to discuss where they are going, what they are carrying, how they will get there or how long they will stay, for example. All communications on a base are typically shut down after a casualty or injury is reported until family members can be contacted, which can take anywhere from a few hours to two days.

Web logs relating to official duties must be registered with a service member's chain of command, but personal Web pages set up by people back home can run into trouble.

One mother, Robin Vaughan, whose son was a military policeman in Iraq and who created a Web site for people who wanted support and information about the unit, said soldiers and their relatives were told not to view her site because it was not an official, registered site.

But monitoring all calls, e-mails and Internet traffic is impossible, so to a large degree, the military relies on self-censorship. "It's a big challenge," said Maj. Sean Wilson, a public affairs officer at Fort Drum, N.Y.

"Soldiers are naturally proud of what they do. They want to tell somebody about it."

Juggling home and battle can prove stressful. The immediacy of the Internet allows little time for reflection, and rather than let a bad mood pass, a spouse may rush to the computer and rant, which is not always wise, Ms. Darwin said.

Rumors, too, can run rampant, even those about infidelity, she added. And not hearing from someone can be painful and frightening, on both sides of the divide, particularly when daily e-mail contact has been the rule, the families said. Breakups via the Internet do occur, in a contemporary equivalent of the Dear John letter.

Sherri Cropper, 30, said she e-mailed her husband, Sgt. William Cropper, in Iraq every day. It was her way of making sure he was all right. But it also helped her to cope with the demands of what seems the equivalent of single motherhood, and to express how she was changing, becoming more independent. "It did ease the transition a lot," said Mrs. Cropper, who lives at Fort Drum. "It wasn't bam, in your face, there are a thousand things that went on and I will sit here in the next two days and talk you to death."

The happiness of a reunion tends to wear off quickly, she said. "Then, it's, 'O.K., you missed nine months of baby-sitting and I'm out of here,' " Mrs. Cropper added. "I think this gives the person who is deployed a good grasp or perspective on how it will be when you get back."

Dixie Clark of Harrisburg, Pa., said she was lucky to get a quick phone call once a month from her husband in the 1980's when he was a marine.

Recently she had three family members to fret over. Her two oldest sons and her husband, all Army National Guardsmen, were all deployed to Iraq at the same time, posted to the same base.

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This time around, she routinely watched her "three guys" on a Web camera. Once when a mortar shell hit the camp, Mrs. Clark e-mailed one son and demanded that all three appear in front of the camera to assure her that they were fine.

"My son comes running into the barracks saying, 'Mom is on the Internet and she wants us to get up there; she has to see everybody,' " Sgt. First Class James Clark Sr. recalled. "I didn't even know he had a Webcam set up at that time. We all huddled up and said, 'Here we are.' "

Every day, Mrs. Clark and her husband sat down for a 90-minute round of instant messaging, which cost a pittance compared with telephone calls.

They planned the renewal of their wedding vows together online. He chose the menu — chicken, roast turkey and broccoli and cheese. And when things went wrong with the house, she knew that an answer was a few hours away. "Honey, where is the furnace?" she messaged him. "I ran out of oil."

DOJ:

U.S. Attorney Fitzgerald's Future Examined (WBBM)

By Bob Roberts

WBBM, News Radio 780, Chicago, July 8, 2006

CHICAGO (WBBM Newsradio 780) -- The future of U.S. Attorney Patrick Fitzgerald may be moving to the front burner, following today's news conference by President Bush.

WBBM Newsradio 780's Bob Roberts reports Fitzgerald wears two hats: United States Attorney for the northern district of Illinois, and Washington-based special prosecutor in the CIA leak investigation and related cases.

The local investigations have reached the top levels of city and state government; the CIA leak probe has reached top levels at the White House.

As a result, some pundits say that Fitzgerald already has become a recurring nightmare not only for Mayor Daley, former Gov. George Ryan and Gov. Rod Blagojevich, but for the President as well.

Instead, Mr. Bush said, it has not been a high priority for him.

"I don't have any plans to reappoint him because I haven't thought about it," he said, adding quickly, "I'll now think about it, now that you brought it up."

Mr. Bush said he is not familiar with the locally-based corruption investigations, but commented on Fitzgerald's stewardship of the CIA leak investigation.

"I thought in Washington he handled the case with professionalism, very professionally," Mr. Bush said. "You didn't see a lot of leaks. You didn't see a lot of speculation. You didn't see a lot of people dropping a little crumb here and there for the press to chew on.

The President said that has impressed him favorably.

"I really thought he handled himself well," Mr. Bush said.

Ultimately, the President said, the decision is one for U.S. Attorney General Alberto Gonzales to make.

The U.S. Attorney's office Thursday obtained the highest-profile convictions yet in its investigation of corruption at City Hall, with the conviction of the mayor's former patronage chief, Robert Sorich, and three others.

Fitzgerald signaled last week that he is conducting a wide-ranging investigation into hiring abuses in state government. And Ryan awaits sentencing on charges stemming from the Operation Safe Roads investigation.

CORPORATE SCANDALS:

Can Companies Issue Options, Then Good News? (WSJ)

By Kara Scannell, Charles Forelle And James Bandler

The Wall Street Journal, July 8, 2006

SEC Is Divided on Practice Known as 'Spring Loading;' Critics See 'Insider Trading'

New controversy is brewing over the way companies dole out stock options, this time over the practice of granting them just days before announcing good news -- an effort to give executives a quick profit on paper.

Known as "spring loading," such options grants have generated heat in recent days. While spring loading is different from "backdating," another type of options timing, corporate critics blast it as a form of insider trading. Defenders call it a legitimate form of compensation -- and their ranks include a commissioner of the Securities and Exchange Commission.

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Options give recipients the right to buy a share of stock at a set price, typically the closing share price on the date a grant is made. Companies that backdate are setting the grant date retroactively to align with a stock's low point, creating an instant paper gain.

By contrast, spring-loaded options usually are priced the same day they are granted. The catch: Companies are aiming to build a quick, expected gain into a grant, by assuming that good news -- like an upbeat earnings forecast -- will push the stock price up in coming days.

The SEC is investigating at least 50 companies for the timing of their options, and while there is wide agreement that backdating is wrong in most cases, there appears to be division over spring-loading. The divisions underscore a broader debate over the myriad ways companies grant options and whether or not some practices are, or should be, banned.

In a speech Thursday before the International Corporate Governance Network, Republican SEC Commissioner Paul Atkins gave a spirited defense of spring loading, calling it a legitimate and low-cost way for boards to efficiently compensate executives. He rejected claims that such awards amount to trading on inside information.

"Boards, in the exercise of their business judgment, should use all the information that they have at hand to make option-grant decisions," Mr. Atkins said. "An insider-trading theory falls flat in this context, where there is no counterparty who could be harmed by an options grant. The counterparty here is the corporation -- and thus the shareholders."

Crying Foul

Quickly, some investor groups cried foul. "Let's step back and take it out of the legal domain. This is just not fair," said Ann Yerger, executive director of the Council of Institutional Investors. "I don't think any rational individual or director or executive could argue it is fair. The whole point is to motivate and incentivize. To do this and set up an award so they're already in the money is so unfair. I think it's a mark of poor integrity."

Mr. Atkins's speech came just a few weeks before commissioners are to vote on a rule overhauling rules for how executive compensation is disclosed. The agency is working to include guidance on options-timing, SEC Chairman Christopher Cox has said.

Corporate lawyers and some SEC commissioners have said the pending disclosure rule tackles some of the concerns over backdating. Others already have been addressed by other rules, such as one shortening the amount of time in which executives must file beneficial-ownership forms, and the new accounting rule requiring all options to be expensed.

The question is whether other practices are, or should be, on the agenda. Mr. Atkins has "laid out a marker," says David B.H. Martin, a former SEC official who is now a partner at Covington & Burling. "He's not going to be swayed by public opinion. He wants to analyze things openly."

In an interview Friday, Mr. Atkins defended his position on spring loading, pointing out that options are designed to give executives a long-term incentive to boost performance. "You might have a temporary transfer of wealth from the shareholder to the employees in a case where there's a pop in the price, but again, these are options," he said. "If they are properly constructed and are meant to try to retain people for the long term, they're going to have to survive for 20 quarters, or 40 quarters or 200 quarters."

The debate illuminates some of the challenges facing the SEC as it wades into the options-timing issue. The agency sees backdated options as at least problematic -- especially if not disclosed -- since they carry a strike price -- the price at which they can be redeemed -- lower than the market price on the date they really were granted.

Accounting rules demand that such "discount options" be expensed on the company's books. The tax code disqualifies them from certain corporate deductions and exemptions. And companies that didn't disclose the backdating -- or implied in their filings that they didn't backdate -- can face serious securities violations.

Options timed to news may not be as problematic, since their strike price is the market value on the date of grant. But no consensus has yet emerged from the SEC.

Consequently, the agency, which is looking at several different spring-loading cases, could do nothing, or take any of several tacks in arguing that spring-loaded options aren't kosher.

Misleading Investors

The simplest case is to argue that companies that engaged in spring-loading mislead investors by not disclosing that options are awarded with foreknowledge of the impending good news. That's how the SEC has approached the case of Analog Devices Inc., a Norwood, Mass., technology concern that is also being investigated for backdating.

A tentative settlement that Analog reached with the SEC states that it failed to adequately disclose that it priced stock options before the release of favorable financial results. In one of those instances involving options grants in November 2000, directors as well as officers were the recipient of the grants, according to the terms of the proposed settlement. The Analog case has not yet been brought before the full commission for a vote.

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Cyberonics Inc., a Houston medical-device maker, drew questions for a June 2004 grant made to several executives on the day a Food and Drug Administration advisory panel recommended approval of a Cyberonics device. Trading in Cyberonics was halted that day. Grants carried as their exercise price the closing price of the prior day.

After trading began again, shares leapt 78%.

An analyst at SunTrust Robinson Humphrey questioned the grant in a research report last month. The SEC is conducting an informal inquiry of Cyberonics, and federal prosecutors in Manhattan have subpoenaed the company. Cyberonics has called the analyst report "misleading" and said it properly accounted for the options.

Insider-Trading Rules

Another approach for the SEC could be to argue that spring-loaded grants violate insider-trading rules, particularly if directors with knowledge of the news give options to themselves, or if executives conceal good news from directors in urging them to grant options. In a famous insider-trading case that the SEC brought against mining concern Texas Gulf Sulphur Co. in the 1960s, a court found that executives who received grants before the company announced a big mining discovery violated federal securities laws. In that case, the compensation committee was unaware of the pending news at the time of the grants.

As for taxes, the implications of spring-loading are "not as clear as with options backdating," says S. James DiBernardo, a partner at Morgan, Lewis & Bockius LLP who specializes in compensation tax issues.

Mr. DiBernardo says he "wouldn't be surprised" if the IRS tries to make the argument that spring-loaded options are also discount options, and thus come with the same tax "parade of horrors" that follows backdated options. But, he says, such an argument would be "much, much more difficult" for the IRS to win. Among other things, the IRS would have to establish what was the "true" market value on the day the spring-loaded options were granted, and it isn't clear how that could be done, he says.

The IRS declined to comment Friday.

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Nicor To Pay $10 Million Fine (CHIT)

By Robert Manor, Tribune Staff Reporter

Chicago Tribune, July 8, 2006

Utility company says penalty to settle SEC probe of accounting

Nicor Inc. said Friday that it has reached a tentative settlement with the Securities and Exchange Commission and is willing to pay a $10 million penalty to settle allegations of misleading accounting.

The SEC has been investigating Naperville-based Nicor, natural gas supplier to most of northern Illinois outside Chicago, for allegedly inflating profits from its gas trading business from 1999 through the first quarter of 2002.

The company eventually restated its earnings for that period.

"We wonder how Nicor is getting off paying only a $10 million fine," said Rob Kelter, general counsel for the Citizens Utility Board. CUB believes ratepayers were overcharged, and a case against Nicor is pending before the Illinois Commerce Commission.

CUB has contended in the past that Nicor Gas owes consumers up to $190 million for the alleged improper accounting of gas purchases.

Nicor made the announcement after the SEC had closed, and government officials were not available for comment.

"We are pleased to be taking another step in the direction of a final resolution regarding this matter," said Paul Gracey, Nicor senior vice president and general counsel, in a written statement.

"Most importantly, since these events surfaced nearly four years ago, the company has taken significant actions to improve the internal controls and oversight of our gas supply area and to prevent a recurrence of the activities that led to this investigation."

In 2004 Nicor settled a lawsuit filed on behalf of its shareholders for $38.4 million.

In addition, Nicor acknowledged at that time that a federal grand jury has been convened to consider criminal charges against the company.

The status of the Justice Department investigation could not be determined Friday.

The company said it will place the $10 million in escrow pending final approval of the tentative settlement by SEC commissioners, who have the authority to modify or reject the deal.

Under the terms of the settlement, Nicor would neither admit nor deny wrongdoing.

The utility's shares rose 11 cents, or 0.3 percent, to $41.80 in New York Stock Exchange trading on Friday.

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Asyst Gets Delisting Letter From Nasdaq (AP)

AP, July 8, 2006

Asyst Technologies Requests Hearing From Nasdaq to Avoid Delisting After Filing Delay

FREMONT, Calif. (AP) -- Asyst Technologies Inc., a maker of technology for semiconductors and flat-panel displays, said Friday it received a letter from Nasdaq stating that the company is not in compliance with listing requirements because it is delinquent in filing its annual report for the fiscal year ended March 31.

Nasdaq has begun a process that could lead to the stock's delisting.

Asyst has requested a hearing with Nasdaq to address the filing delay. The request will postpone delisting pending the hearing and the panel's decision, although the panel will not necessarily find that Asyst should continue to be listed on the exchange.

Asyst delayed filing its annual report because it is in the midst of a widening inquiry into stock-option granting practices by the Justice Department and the Securities and Exchange Commission. On June 9, the board established a special committee to look into Asyst's stock option practices during that period, the company said.

Asyst expects the inquiry to be completed by June 29. Shares closed Thursday at $7.25.

CRIMINAL LAW:

Records Show Abramoff At White House (NYT/AP)

By The Associated Press

The New York Times, July 8, 2006

WASHINGTON, July 7 (AP) — Secret Service records show four more visits to the White House in 2001 by the disgraced lobbyist Jack Abramoff, including one to see an aide to Vice President Dick Cheney.

The newly released records bring the total number of his known visits to seven.

One of Mr. Abramoff's visits, according to Secret Service logs, was on April 20, 2001, to see Cesar Conda, who was Mr. Cheney's assistant for domestic policy at the time.

Secret Service Reveals More Abramoff Visits (AP-Y2)

By Pete Yost, Associated Press Writer

AP2, July 8, 2006

The Secret Service on Friday revealed four more visits to the White House in 2001 by disgraced lobbyist Jack Abramoff, including one to see a domestic policy aide to Vice President Dick Cheney.

The newly released records of Abramoff's access to the White House bring the total number of his known visits to seven.

One Abramoff White House visit, according to Secret Service logs, was on April 20, 2001, to see Cesar Conda, at the time Cheney's assistant for domestic policy.

Five days after the Conda meeting, one of Abramoff's former lobbying colleagues, Patrick Pizzella, was nominated by the president as assistant secretary of labor. The Secret Service logs do not state why Abramoff met with Conda.

One log entry indicates Abramoff visited the White House residence on Dec. 10, 2001, for two hours, as part of a large holiday party.

The Secret Service entry for Abramoff's name that day reads, "POTUS," "WH," "RESIDENCE," and lists the number of people present as 326, according to the documents. POTUS refers to the president of the United States.

The Secret Service material surfaced as a result of lawsuits by the conservative organization Judicial Watch and the Democratic National Committee. An earlier Secret Service search turned up just two Abramoff White House visits, and a further search turned up the additional contacts.

Judicial Watch said the public has a right to know "why an admitted felon had appointments with the Bush White House." The DNC said it will aggressively pursue additional questions about visits to the White House by Abramoff and his lobbying associates.

The government is asking a judge to dismiss the lawsuits, but another group that is suing, Citizens for Responsibility and Ethics in Washington, says it will also seek more information on the visits.

Abramoff has pleaded guilty in an influence-peddling scandal and is cooperating with a wide-ranging Justice Department probe of alleged corruption on Capitol Hill and in the executive branch.

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A former White House aide, David Safavian, was convicted in a trial last month for covering up his relationship with Abramoff. Safavian was the Bush administration's top procurement official until his arrest last year.

Abramoff's other previously undisclosed trips to the White House complex in 2001 were on March 1 and May 17. Both were to meetings in the Old Executive Office Building adjacent to the White House.

It has been previously known that Abramoff was in the White House on May 9, 2001, when President Bush had his photograph taken with an Indian tribal official who was an Abramoff client.

The Secret Service earlier disclosed White House visits by Abramoff on Jan. 20, 2004, the day Bush delivered his State of the Union address, and on March 6, 2001.

New Links Between Abramoff, White House (WP)

By Susan Schmidt And James V. Grimaldi

The Washington Post, July 8, 2006

Lobbyist Jack Abramoff had a half-dozen White House appointments in the early months of the Bush administration, according to logs released yesterday by the U.S. Secret Service.

The appointments included a meeting with a domestic policy aide to Vice President Cheney and a meeting in the Office of Faith-Based and Community Initiatives attended by about 40 people. The logs also reflect that Abramoff attended one or more social events, as well as a gathering of Indian tribal officials and state legislators at which President Bush appeared.

The lobbyist, once one of the most powerful Republicans on K Street, pleaded guilty earlier this year to conspiracy and fraud. He is a cooperating witness in the Justice Department's wide-ranging investigation of corruption in Congress and the executive branch.

The Secret Service released the White House visit data yesterday in response to Freedom of Information Act requests and a lawsuit filed by the government watchdog group Judicial Watch.

In May, the Secret Service released partial data showing two White House visits by Abramoff. In a letter faxed to Judicial Watch yesterday, a Justice Department lawyer said that the Secret Service had recently learned of other visits when it "unexpectedly discovered computer files" containing entry and exit logs on the visits.

In one of the previously disclosed visits -- March 6, 2001 -- Abramoff met with presidential adviser Karl Rove in an unsuccessful effort to have two allies placed in Interior Department jobs. That visit appears to have been the only one with a senior official.

The new data, combined with the two visits disclosed in May, show that Abramoff had appointments to attend White House events or meetings on seven occasions -- six in 2001 and a seventh in January 2004, on Inauguration Day. The Secret Service said the data reflect appointments but "do not necessarily reflect actual visits to the White House complex."

Among those with whom Abramoff met in the spring of 2001 was Cesar Conda, then assistant to the vice president for domestic policy, and Catharine Ryun, executive assistant to the director of the faith-based office and daughter of Rep. Jim Ryun (R-Kan.).

Conda, now a lobbyist, said in an interview that he invited Abramoff to a "casual social lunch" at the White House mess. "It was so long ago I don't remember anything about it," Conda said. "He was just a guy that I knew from the Hill. I invited folks from around town, K Street, think tanks, to chitchat."

The purpose of a March 1, 2001, appointment from 4 to 6 p.m. could not be determined from the logs. An appointment on Dec. 10, 2001, appeared to have been a holiday party for 300 guests attended by the president.

U.S. To Investigate Witness Rape Charge (NOTP)

By Gwen Filosa, Staff Writer

New Orleans Times-Picayune, July 8, 2006

DA's investigator is focus of FBI probe

The U.S. Attorney's Office has issued grand jury subpoenas as part of a federal civil rights investigation into a complaint that Orleans Parish District Attorney Eddie Jordan's chief homicide investigator raped a witness he was assigned to protect.

Federal agents started the investigation last week after meeting with high-ranking New Orleans Police Department officials and Jordan, U.S. Attorney Jim Letten said Friday.

An unidentified woman in the state witness protection program told the NOPD's Public Integrity Bureau that Dwight Deal, a veteran homicide detective who joined Jordan's administration in June 2003 as the chief investigator for murder cases, raped her while she was under his watch.

Deal, 50, worked for more than 20 years with NOPD and at one time was among the most senior of homicide detectives, known for cracking murder cases and making them stick in court to win convictions. Deal played a key role in helping police

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solve and bring to court the culprits behind the 1997 triple murder at the French Quarter's Louisiana Pizza Kitchen, a case that sent Phillip Anthony to death row.

In June 2003, Deal retired from the NOPD and joined Jordan's staff. Deal was placed on paid administrative June 30, a move that adheres to the office policy, said Jordan spokeswoman Leatrice Dupre.

Jordan declined to discuss Deal, citing privacy laws that hinder employers from discussing work records.

A message left on Deal's work-issued cell phone was not returned immediately Friday.

In his announcement of the federal probe Friday, Letten made reference to the recent conviction of Henry A. Dillon III, the former New Orleans assistant city attorney convicted on federal civil rights charges for raping two young women who crossed paths with him while dealing with traffic tickets in 2004.

Dillon is "a serial rapist who abused his position as a public official in exploiting and brutalizing young women," Letten said in a statement. "In (the Deal) case, our federal civil rights investigation, consistent with federal law and policy, will be fair and even-handed, but also swift and decisive."

At trial, Dillon, 48, a politically connected lawyer with longtime ties to former Mayor Marc Morial, said that he had sex with three of the four women who testified but said they pursued him. The jury called it rape, and federal prosecutors lauded the verdict as a message to public officials.

Dillon is due in court Sept. 21 for sentencing before U.S. District Court Judge Lance Africk.

Letten would not give an exact date of when the Deal investigation started, but said it began after his office met with NOPD brass.

The witness who made the complaint was immediately relocated under the federal protection program, where she remains in a secret location, Letten said.

Letten said he told Jordan that his office would start a federal civil rights investigation into the matter.

"I welcomed his intervention in this matter and further noted that my office would be fully cooperative with his investigation," Jordan said in a statement Friday.

Special Agent in Charge James Bernazzani of the FBI said that anyone with information about this or any other civil rights matter can call the FBI at (504) 816-3000.

The case is being investigated by the FBI and the NOPD Public Integrity Bureau. Assistant U.S. attorneys assigned to the case include Mark Miller, supervisor of the Organized Crime and Racketeering Strike Force Unit, and veteran prosecutor Mike McMahon.

. . . . . .

Gwen Filosa can be reached at gfilosa@timespicayune.com or (504) 826-3304.

Local Man Pleads Guilty To Filing False Disaster Claim (BRADV)

By Sonya Kimbrell, Advocate Staff Writer

Baton Rouge Advocate, July 8, 2006

A Baton Rouge man pleaded guilty Thursday to making a false claim for disaster relief benefits after Hurricane Katrina.

A grand jury indicted Terry Watson, 675 Wooddale Blvd., in March for making a false claim and for making false and fraudulent statements to the Federal Emergency Management Agency.

According to the indictment, Watson made a FEMA claim stating that his home had been damaged during Hurricane Katrina. He received a $2,000 check.

In the days after hurricanes Katrina and Rita, FEMA provided victims with expedited relief for food, clothing and shelter.

In his plea agreement, Watson pleaded guilty to false claim. The U.S. Attorney's Office agreed to drop the charge of making false and fraudulent statements.

Watson could be sentenced to up to five years in prison or fined $250,000 or both plus other court costs.

In September, U.S. Attorney General Alberto Gonzales created the Hurricane Katrina Fraud Task Force. It is designed to investigate and prosecute disaster-related federal crimes, such as charity fraud, identity theft, procurement fraud and insurance fraud.

The task force includes members of the FBI, the Federal Trade Commission, the Postal Inspector's Office and the Executive Office for U.S. Attorneys.

Story originally published in The Advocate

Rep. Jefferson Hires Lewinsky Spokeswoman (BRADV)

By Gerard Shields

Baton Rouge Advocate, July 8, 2006

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WASHINGTON — U.S. Rep. William Jefferson, D-New Orleans, is beefing up his legal defense against bribery allegations, hiring a high-powered spokeswoman who has represented Monica Lewinsky and the family of Chandra Levy.

In a related matter, the U.S. Justice Department has subpoenaed Jefferson e-mails from before the Aug. 3 raids of his homes.

Judy Smith of the Washington firm, Impact Strategies, will join Jefferson's legal defense team.

"Judy will be answering all questions about legal issues," said Melanie Roussell, Jefferson's congressional spokeswoman, who will retain her role.

Smith, a lawyer, could not be reached for comment Friday. A call to her office went unreturned.

Likewise, Jefferson's Washington attorney, Robert Trout, could not be reached for comment. A call to his office went unreturned.

The hiring of Smith appears to be a move to bolster Jefferson's tarnished image, observers say.

Federal prosecutors accuse the 16-year congressman of demanding hundreds of thousands of dollars in cash for himself and his family in return for brokering communications deals in Africa in the first half of this decade.

The Justice Department says it has Jefferson on audiotape and videotape accepting a $100,000 bribe. A subsequent raid by FBI agents on Jefferson's Washington home on Aug. 3 found $90,000 placed in a freezer.

Two men have pleaded guilty to bribing Jefferson or aiding in a bribe. Jefferson has not been charged with a crime and has repeatedly denied any wrongdoing.

"This case is going to be in the public spotlight and you need a special kind of lawyer for that," John Samples, director of responsive government for the Cato Institute, said of the Smith hire.

Samples views Smith's hiring as a sign that Jefferson will not be making any plea agreements with the government. "This is a white-collar lawyer who knows how to handle these kinds of cases," he said.

Smith did media relations for President George H.W. Bush but is best known for her work with Lewinsky, an intern who admitted having an affair with President Clinton.

Smith also spoke for the family of Levy, an intern who contended she was having an affair with former U.S. Rep. Gary Condit of California. Levy was found murdered in a Washington park in 2002.

As a Bush spokeswoman, Smith aided in then-U.S. Supreme Court nominee Clarence Thomas' rebuttal of sexual harassment allegations from law professor Anita Hill.

In a related matter, as part of its daily activities before the July Fourth recess, the U.S. House of Representatives announced that e-mails were being subpoenaed from a House member.

Though the clerk did not mention Jefferson by name, the Capitol Hill newspaper, Roll Call, reported that the e-mails were Jefferson's and the retrieval was negotiated by the Justice Department and House lawyers for months. The sides agreed to a system that would allow Jefferson to review e-mails retrieved by federal prosecutors.

Jefferson recently filed a motion to retrieve material obtained by FBI agents on a May 20 raid of his office. Jefferson argued the search was unconstitutional because it violated a clause that protects the legislative branch from overreach by the executive branch. U.S. District Judge Thomas Hogan is expected to rule on the matter soon.

CIVIL LAW:

Senators Query Boeing Settlement (FT)

By Doug Cameron And Stephanie Kirchgaessner

Financial Times, July 8, 2006

Lawmakers have raised concerns over the tax treatment of Boeing's $615m potential settlement with the US government, which resolved a host of civil and criminal claims connected to the company's procurement practices.

In a letter last month to Alberto Gonzales, attorney-general, Republican senators Chuck Grassley, John McCain and John Warner said they were concerned that the $565m civil portion of the settlement could be structured in a way that would allow Boeing to make its payment tax deductible.

The senators also wanted to ensure that the settlement would not allow Boeing to pass the bulk of the settlement on to insurers.

The legislators gave the Justice department until Wednesday to provide an analysis of the general tax treatment of the settlement. The DoJ declined to comment.

Boeing yesterday said it did not know whether it would be able to write off any portion of the fine against tax. Stephanie Kirchgaessner, Washington, and Doug Cameron, Chicago

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The Deficit Reduction Act? What Deficit Reduction Act? (NYT)

By Dorothy Samuels

The New York Times, July 8, 2006

Perhaps I shouldn't take these things personally, but reading over new legal filings by the Justice Department in an unusual, and unusually important, federal lawsuit challenging the validity of the phony Deficit Reduction Act that President Bush signed in February, it suddenly struck me: could it really be that everything I learned back in junior high school about the basic workings of American government was wrong?

Maybe not everything. But the Justice Department's reasoning for why the suit should be dismissed sharply conflicts with my understanding — and most Americans' understanding — of what it takes for a bill to become law. If that reasoning prevails, it will be very bad for democracy.

Brought by Public Citizen, and set to be heard on Monday, the case I'm referring to is one of a handful of pending suits seeking to block the law's unfair cuts in student loans, Medicaid and Medicare. It bases its argument on the most elemental constitutional violation imaginable: although the measure was signed by the president and approved by the Senate, it was never approved in the same form by the House.

This travesty began last December with an inadvertent clerical error after the Senate approved the bill by the narrowest of margins, with Vice President Dick Cheney breaking a tie. Owing to that accidental change, the version that passed the House by a mere two votes differed from the Senate measure. A provision on Medicare calls for covering the rental of certain medical equipment, like wheelchairs, for 36 months, instead of the 13 months in the Senate version. Although that may sound like a minor deviation, it adds up to a $2 billion difference.

Made aware of the discrepancy, House Speaker Dennis Hastert and Senate Majority Leader Bill Frist apparently made a command decision not to try to fix it by having their chambers vote again, this time on the same measure. Given the closeness of the first votes, after all, there was no guarantee a rerun would end in passage. Besides, rank-and-file Republicans weren't exactly pounding on their leaders' doors to demand another chance to go on record in favor of deep spending cuts in popular programs benefiting the needy.

Instead, the leaders barged ahead. Mr. Hastert signed a statement with the president pro tempore of the Senate attesting that the act had been approved in identical form by both chambers when everyone knew that hadn't happened. As for President Bush, his hands are hardly clean. He was well aware of the constitutional defect but chose to ignore it and sign the bill anyway — a dismaying reminder that the president's instinct to cut constitutional corners isn't limited to the war on terror.

In briefs filed last week, the Justice Department does not dispute this rendition of what happened, or the constitutional rule against transmitting one-house bills to the president's desk. Instead it contends that a musty 1892 Supreme Court ruling requires courts to accept as fact Mr. Hastert's fictional certification that both chambers passed the same bill. In other words, to enact large budget cuts affecting millions of Americans, the House and Senate needn't bother to go through the tedious and politically fraught exercise of passing the same legislation. It suffices for leaders of each chamber to fudge and say it happened.

Obviously, the government lawyers making these claims never took a class with my eighth-grade social studies teacher, Mr. Pagliaro. He told students it takes an approving vote of both the House and Senate for a bill to be enacted, and he cited what still seems to be pretty reliable authority: it says so in the Constitution.

CIVIL RIGHTS:

Judge Ends City-Chabad Feud (MH)

By Todd Wright

The Miami Herald, July 8, 2006

It's finally over.

A federal judge approved a legal settlement Friday between the city of Hollywood and an Orthodox synagogue, officially ending the five-year feud.

The unexpected close to the case came a day after six angry neighbors of the synagogue filed a motion to join the case at the last minute in hopes of dismantling the settlement, which would allow the congregation to stay in two single-family homes permanently.

The religious group has used the houses as a synagogue since 2001, and their presence has sparked a debate over the rights of people to worship where they choose versus a city's right to protect residential neighborhoods from noise, trash and traffic.

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After several pretrial defeats, city commissioners offered a settlement that will pay the synagogue $2 million and not only allow the congregation to stay but also to expand to three other houses in the Hollywood Hills neighborhood.

Synagogue leaders accepted the deal Wednesday.

"I'm extremely elated for the synagogue," said Franklin Zemel, attorney for the Hollywood Community Synagogue Chabad Lubavitch. ``And I am extremely pleased for the citizens of Hollywood that they will finally have a constitutional code, which benefits everybody."

The deal means the city and Commissioner Sal Oliveri will avoid facing a federal religious discrimination lawsuit from the Chabad and the U.S. Justice Department.

The city also is required to rewrite the zoning criteria used to grant permits to religious groups that want to operate in single-family districts.

In June, U.S. District Judge Joan Lenard ruled the old criteria were unconstitutional.

Lenard, who was scheduled to start vacation after Friday, had canceled a Thursday hearing that could have announced an end to the case. Later that day, neighbors requested they be allowed to intervene in the case, claiming the city and Chabad did not take into account the impact of the settlement on their properties.

The homeowners -- Lisa Self, Heidi O'Sheehan, Richard and Carolyn Johnson, and Patrick and Eva Petrillo -- were vocal opponents of the Chabad. The families all live within 300 feet of the synagogue.

Their argument did not sway Lenard, who already had postponed the start of trial several times to give the city and the Chabad time to agree to a settlement.

NO RESIDENT INPUT

"I think the residents should have a voice in how their neighborhood is going to change," said Vincent Vaccarella, the attorney representing the residents. ``The settlement gives the Chabad carte blanche to expand in the neighborhood. They shouldn't be given unlimited authority to do what hasn't been allowed in that neighborhood."

Vaccarella said he has received no response to his motion to enter the case, but he surmised from the judge's settlement order that she was denying it.

In 2001, the same group of residents, along with other neighbors, bombarded City Hall with complaints about noise, illegally parked cars and overflowing trash bins.

Commissioners responded by trying to kick the synagogue out of the neighborhood.

Oliveri, who has been silent in recent weeks about the issue, ordered code enforcement and police officers to beef up patrols at the two houses.

The city eventually filed a lawsuit against the Chabad, claiming the religious group violated zoning rules.

SUIT/COUNTERSUIT

The Chabad countered with several lawsuits of their own, claiming discrimination. The Justice Department joined the fray on the side of the synagogue.

Then came Lenard's pretrial rulings, which severely hampered the city's defense.

Commissioner Keith Wasserstrom pushed for the city to settle instead of going to trial and ultimately came up with the proposal that was accepted.

"I am thrilled to hear it's over," he said. ``We can finally get this dark part of our history behind us and move on to a new era."

County Jail On Notice After Probe (TRECAK)

By Rusty Garrett

Times Record (Fort Smith, Arkansas), July 8, 2006

The U.S. Department of Justice has put Sebastian County on notice that conditions at the county jail violate the constitutional rights of inmates confined there.

A 23-page report on the findings of a 2005 investigation said the jail fails “to provide for inmates’ serious medical needs, serious mental health needs, right to protection from physical harm and right to be confined in sanitary and safe environmental conditions.”

The assessment is based upon an inspection of the jail that was performed May 9-12 last year. It included an on-site inspection of the jail as well as interviews with the sheriff, jail staff, medical care providers and inmates.

The report was delivered to the county in May.

In the area of medical care, the study is critical of the jail intake process, which it says “fails to identify inmates’ urgent or ongoing health needs, and fails to provide routine health assessments to determine the health status or chronic health care needs of inmates.”

The study said the county does not train jail staff to identify symptoms of drug and alcohol withdrawal, communicable diseases, acute or chronic illness and potential suicide risk. Ongoing medical needs of chronic illnesses do not receive care and treatment, according to the study.

The study is critical of the county's "fee for service" program, in which inmates are charged for treatment and the ability to pay "is often a determining factor in whether care...will be provided," the report says.

The county is also faulted for inadequate medical staffing by a nurse, who works a 40-hour week and a physician, who sees inmates about a half day every other week and who does not take emergency calls from the jail.

Deficiencies in mental health care are also listed. The report said the problem stems from failure to contract to provide psychiatric services for inmates who need them.

The report criticizes "unreasonable use of force" at the jail, including use of pepper spray and tasers, and says those incidents are the result of understaffing, with too few staff given the number of inmates and the design of the jail.

Inmates are not adequately protected from environmental hazards, according to the report. It says inmates are exposed to biohazards, such as blood, feces, vomit and urine when they are asked to clean up spills and not provided protective equipment. Inmates working in the laundry department are ordered to wash contaminated clothing with other clothes, rather than discarding it.

The report concludes with 20 recommended remedial measures. It expresses a willingness to "work with the county in an amicable and cooperative fashion to resolve our outstanding concerns" regarding the jail.

The document also contains a warning that failure to "reach a resolution" could result in a lawsuit to correct deficiencies identified in the report. It said attorneys assigned to the investigation "will be contacting the facility's attorney to discuss this matter in further detail."Sebastian County Judge David Hudson said he too is hopeful the county can resolve the concerns of the Justice Department amicably. He said the county operated its jail under a federal consent order once before. It covered a period from 1982, when the jail was housed on the top floor of the courthouse, to 1994, when the current detention center opened.

Hudson said Jason Owens with Rainwater, Holt and Sexton, the law firm that performs risk management services for the county, has been in discussion with officials of the Justice Department and others regarding the case. An attempt to contact Owens on Thursday afternoon was unsuccessful.

Hudson said he felt the level of medical services indicated in the report was beyond the services a county jail would be expected to provide. He said the policies and procedures of the jail have been developed and refined several times in recent years following the recommendations of consultants. "We've had several outside view of jail operation and we've done the best we can to implement those," he said.

"We want to abide by the law and as far as I know we are," Hudson said. But he said unlike the federal government, the county cannot operate on a deficit budget.

He said he looks at the report as "an opportunity to review operations and improve procedures" at the jail. "If we can do it without significant cost and impact we can turn this into a positive for all concerned." He added, "there is only so much we can allocate" toward jail operations without cutting services in other areas or searching for new sources of revenue."

The county pledges 44 percent of its 1 percent sales tax revenue to the jail. The jail's $3.5 million annual budget represents about 19 percent of the county general fund.

Hudson pointed out the county is expanding the jail to increase capacity by 96 beds and expand administrative space. The county is spending about $4 million on the 26,005 square-foot expansion, which will give the jail a total capacity of 356 beds, which is about what the jail is now housing. Accompanying the construction will be a $350,000 increase in personnel and operational expenses to handle the increased population.

Sheriff Frank Atkinson also sees money as an obstacle to operating the jail at the level the report anticipates.

"I don't know how in the world we can hire a psychiatrist 24/7 and that is basically what they are asking for. I don't know any place that does that," Atkinson said.

Atkinson also defends requiring inmates help pay for medical and dental services that taxpayers otherwise would fund. He said the policy was established as much to discourage unnecessary visits to the doctor as it was to cover costs. "When they found out it was going to cost them $10 to see a doctor, about 75 percent of them weren't sick anymore," he said.

He said he was also skeptical of why it took a full year to issue the report, given the reported severity of conditions. He said he suspected federal inspectors "were sent here to find something, so they were determined they were going to find something." He maintains the Sebastian County Detention Center is "one of the best around."

He also pointed out the jail passes the muster of the U.S. Marshal Service, which could send inmates in its custody anywhere but contracts with Sebastian County to house its prisoners.

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The sheriff said some changes in jail operations were made after the study and some of the conditions outlined in the report no longer exist. He did not elaborate. Atkinson said the jail staff and the county are willing to work with the Justice Department on developing a correction plan.

NAACP Wants Quick Renewal Of Voting Rights Act (CPC)

Charleston (SC) Post & Courier, July 8, 2006

NAACP leaders want to jumpstart renewal of the 1965 Voting Rights Act, which stalled in the U.S. House last month.

The landmark civil rights act, fueled by bipartisan support, was expected to easily chug through a 25-year extension.

But on June 10 the House Judiciary Committee, responding to a letter from 42 Republican congressmen from 14 states, put renewal on hold indefinitely.

The lawmakers wanted discussion on and possibly amendments to two sections of the act. One of those sections requires nine mostly Southern states, including South Carolina, to get approval from the U.S. Justice Department on any changes in electoral practices. Another requires certain jurisdictions to offer language assistance to citizens with limited English skills.

Local and national officials called a press conference Friday at the Charleston branch office of the National Association for the Advancement of Colored People to encourage a swift extension of the act, which was designed to prevent racial discrimination at the polls.

The Rev. Nelson Rivers III, NAACP chief operating officer and a Lowcountry native, called the act "the most important and effective civil rights legislation ever passed in the United States of America."

Dot Scott, president of the group's Charleston branch, said the legislators who are holding up the extension want to add amendments that would weaken it.

One of the sections that riles lawmakers requires Alabama, Alaska, Arizona, Georgia, Louisiana, Mississippi, South Carolina, Texas and Virginia to get Justice Department approval on voting changes. The requirement unfairly singles out and holds accountable states that practiced discriminatory voting policies decades ago, legislators said.

On Friday, Scott said "prejudice along the lines of race and class is still alive and chillingly well in our community, state and nation, and the protections offered by the Voting Rights Act are still needed and should not be weakened."

She also said that U.S. Rep. James Clyburn, D-S.C., already has stated unequivocal support for renewal of the law. And she called upon the Charleston area's other representative, Henry Brown, to do the same.

Brown, a Republican, did not sign the letter to House Judiciary Committee. It holds no South Carolina signatures.

But he said Friday that he thinks "the Voting Rights Act is flawed" because it's based on 1964 voter turnout data. "Things weren't good in 1964," he said, "but race relations have improved."

He supports discussion on the act and would like amendments added to the section that requires special actions for Southern states. "It's a stigma," he said.

He'd like to see the law updated, he said, and he'd like it to spell out a way that Southern states can demonstrate that they are no longer discriminating at the polls. When a state can demonstrate that, he said, it should no longer have to live under the thumb of the Justice Department.

As it stands now, the law is "skewed against the Southern states," he said.

The Rev. Joseph Darby, a vice president for the Charleston Branch NAACP, said the states specified in the act need Justice Department scrutiny because historically they had enacted laws and policies that limited blacks' rights in state elections.

Rivers said the scrutiny is needed because "South Carolina has no history of doing the right thing by black folks or poor folks because it's the right thing to do."

The racial make-up of Charleston County Council changed dramatically after the Justice Department and others sued the council alleging its at-large system discriminated against black voters, he said.

In the first election under the new single-member-district system in 2004, four seats were up for grabs. Black candidates won three of them.

Before that there had been only three black members on the council since it was formed in 1949.

Rivers said that in Charleston County, "It's clear that people still vote on the basis of race."

Clyburn said he's not sure when the House will revisit the act. It's a priority for the Democrats, he said. "We're pressing for this every day."

Voting Trial In Osceola Postponed 2 Months (ORS)

By Mark Pino, Sentinel Staff Writer

The Orlando Sentinel, July 8, 2006

Osceola County won a two-month delay Friday in the trial of a federal voting-rights lawsuit.

Still, officials said they remain focused on defending their countywide method of electing commissioners, not settling the case with a compromise.

"Right now, it is too early to pursue options until the judge comes out with a ruling," commission Chairman Paul Owen said Friday. "There have been no negotiations at this time with anybody. At this time, we are focused on defending ourselves."

The ruling to delay the trial until Sept. 18 was granted by U.S. District Judge Gregory A. Presnell in Orlando, a day after the motion was filed and on the heels of the first public comment about the suit by a commissioner. The trial had been scheduled to begin July 19.

County Commissioner Ken Shipley gave the audience at a Republican women's club meeting Thursday night a rundown of possible outcomes to the suit brought by the Justice Department, including expanding the commission from five to seven members and creating a combination of at-large and single-member districts.

The suit alleges that the current at-large system dilutes Hispanics' voting power and prevents them from electing candidates of their choice.

But Shipley said Friday that everything he told the crowd was speculative and not an indication of the county's strategy.

"My number one concern was to bring the community together," Shipley said. "I said that this will be a strong test of community, and when we are done, we have to make sure we still have a community."

Shipley said the judge could order five single-member districts with all five up for election at the same time. Or he might increase the number of districts, and the county could appeal whatever ruling the court makes.

"Right now, it is all out there on the table," Shipley said. "It all comes down to a federal judge's ruling. We have not decided on all this."

Lawyers for the county asked the judge for a delay in order to take depositions for close to 30 potential witnesses in the wake of a three-day hearing that resulted in Presnell's June 26 injunction halting commission elections. Presnell's ruling to move the trial to September came after a telephone hearing Friday.

There remains one unanswered question for experts to answer, the county said in paperwork asking for the delay.

It "concerns whether a constitutionally proper and proportionate district can be drawn using 2006 population and registration data which still provides for a Hispanic majority. To this point, no expert on either side has tried to do this, and defendants submit it cannot be done," the legal filing said.

The county argued it would take time for experts to flesh out that issue for trial.

Owen said he has no personal preference for single-member or at-large districts but that he has an obligation to respect the wishes voters expressed 10 years ago.

"For now, the decision to make is to uphold the intent of the voters," Owen said, referring to a 1996 referendum to return to at-large voting, which passed in every precinct of the county. "We're not thinking about anything until the attorneys come back with a judge's ruling."

Armando Ramirez, an activist who wants single-member districts, on Friday rejected any compromise that would include single-member and at-large districts.

"Why should we give up the hard-fought victory for racial equality for the sake of accommodating the commissioners to expedite the elections?" Ramirez asked.

When told of the trial's delay, Ramirez noted it would be past the qualifying period and primaries for other races.

"I don't like it," he said. "It will prolong the suspension of the elections. That's my main concern. They're going to need time to revamp the whole system of districts. I'll venture to say new districts will be drawn, and that's going to take time."

A new group called the Non-Partisan Concerned Citizens for Our Right to Vote plans to meet Monday in Kissimmee with the objective of having the lawsuit dropped and elections held as scheduled -- including a September primary.

"The idea of having my vote removed and given to somebody else really upset me," said Donna Sykes, who was on a committee that reviewed the county's charter in 2003-04. She said she is one of about 50 people involved in the group, which is not a registered political action committee.

"Hopefully, the people who filed this suit will be embarrassed about taking our vote away," she added. "We want to encourage the Justice Department to drop the lawsuit."

A judge delays it until Sept. 18, and county leaders say they have no intention of compromising.

Mark Pino can be reached at mpino@orlandosentinel.com or 407-931-5935.

World Cup Spotlight Exposes Sex Trafficking (KCS)

By Pete Grathoff And J. Brady Mccollough

The Kansas City Star, July 8, 2006

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HAMBURG, Germany | - HAMBURG, Germany | With games, amusement rides and food, the World Cup Fan Fest is made for families looking for fun between soccer games.

Just three blocks away, down the Reeperbahn, businesses offer a different kind of fun. That's where you'll find Mandi, a 26-year-old prostitute. She's 5 feet 10 with blue eyes and blond hair, which she keeps in a long, flowing ponytail. She wears a white tank top, green shorts with "1954" written across her bottom, and stockings.

Mandi works the corner of Reeperbahn and Davidstrasse, in the heart of the red light district in the St. Pauli section of Hamburg. She and a dozen other women work across the street from a police station.

"I have a friend, and she made it (as a prostitute) for a long time," says Mandi, who was born in East Germany and came to Hamburg to be a nurse. "I asked her about it, and now it's been four years. It's because we can charge what we want, and we can pick who we want."

Here in Germany, prostitution is legal. Here, there are no pimps. They are sex businessmen, supported by the government with the benefits of a legitimate profession. With a climate like this already in place, it was widely predicted in the months before the World Cup that tens of thousands of women would be trafficked to Germany to fill the brothels.

"Trafficking is a major worldwide problem," the Rev. Carrie Pemberton, CEO of Churches Alert to Sex Trafficking Across Europe, wrote to The Star in an e-mail. "We are aware that there are (nongovernmental organizations) in Germany and the German police themselves who have been very (concerned) about this problem during the last few weeks.

"We have been working with this issue since 2003 and know of definite examples where sporting events have been used for trafficking women into and across Europe for sexual exploitation."

For those reasons, human trafficking has become a hot-button topic at the World Cup, as the U.S. State Department, the European Parliament and countless nongovernmental organizations pleaded with the German government to implement a plan to stop the traffickers.

Mandi says she hasn't seen any increase in trafficked women.

"Business is a little bit better, but not a lot," Mandi says. "The papers said a lot of Polish and Russian girls would come, but I don't see that or hear that."

Most reports out of Germany back Mandi's assessment. Christian Sachs, a spokesman for the German Interior Ministry, told the International Herald Tribune this week that "it looks as if the fears that were mentioned — that the World Cup would lead to a rise in cases of forced prostitution and sex trafficking — have fortunately not been the case."

The biggest problem in the fight against trafficking is that there's no true way of measuring success or failure. Everything is an estimate.

Ambassador John Miller, the U.S. State Department's director of the office that monitors and combats trafficking, says there is no way to know how many women were taken involuntarily into Germany for the World Cup.

"I hope the reports will come back favorably," Miller says, "and if they do, the NGOs that raised the issue, the delegates to the European Parliament and the German government can all take credit. It's too early to do that, though."

An age-old problem

Miller says his goal is "the abolition of 21st century slavery."

Jolene Smith, the director of Free the Slaves, a nongovernmental organization devoted to fighting human trafficking, calls it "the modern-day slave trade."

"The trade of human beings is as old as human beings themselves," Smith says. "We see the buying and selling of people all the way back to ancient Egypt. Slavery never really stopped."

Smith says trafficking increased after World War II for three reasons: the population explosion in the regions of the world that could least absorb the increase, the movement of people from agricultural areas to the industrial cities, and government corruption around the globe.

Miller blames globalization, the increase in plane travel, television and the Internet.

In the 1980s, faith-based and feminist organizations began encountering trafficking victims. They sounded the alarm for many years before the U.S. government passed a trafficking victim protection act in 2000.

The act made trafficking a federal crime in the United States, created punishments, and provided funding for the Justice Department and nongovernmental organizations to fight the problem. The act also created the Traffic in Persons Office in the U.S. State Department, headed by Miller.

Each year, the office produces a country-by-country analysis of how well nations are doing in combating trafficking. Despite its legalized prostitution, Germany is among the best countries.

The 2006 report states that Germany identified 972 trafficking victims in 2004 and that "the government of Germany fully complies with the minimum standards for the elimination of trafficking." But it also says that "Germany is a source, transit and destination country for men, women and children trafficked for the purposes of sexual and labor exploitation."

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Janice Raymond, co-executive director of the Coalition Against Trafficking in Women, goes further. She calls Germany, which has an estimated 400,000 prostitutes, compared with 20,000 to 40,000 in neighboring France, a magnet for traffickers.

"Police are no longer involved in prostitution," Raymond says. "The victim has to prove that she was forced and that she was trafficked, which is an immense burden."

Raymond estimates that 90 percent of the prostitutes in Germany are from other countries. That's why she sent the signatures of 150,000 concerned people to German embassies all over the world before the World Cup.

American groups aren't alone in taking action.

At the start of the World Cup, some Hamburg churches began information campaigns about trafficking. On the tournament's opening Saturday, a large television screen broadcast the England-Paraguay game outside St. Marien Church, which handed out fliers describing the troubles for the women, who often think they are immigrating for domestic or waitress jobs.

Even coach Raymond Domenech of France, whose team will play Italy on Sunday for the World Cup, felt compelled to weigh in.

"It is truly scandalous," Domenech told France Inter radio before the World Cup started. "People are talking about women, importing them to satisfy the base instincts of people associated with football. It is humiliating enough for me that football is linked with alcohol and violence. But this is worse. It is slaves that will come and be put into houses. Human beings are being talked about like cattle, and football is linked with that."

Window shopping

Sex is a huge seller in Germany. Some newspapers and magazines show topless women, and phone sex is advertised on television with women stripping. It's no wonder places like St. Pauli are booming. It would be impossible to kick a soccer ball here and not hit an X-rated video store or topless bar.

Herbertstrasse is only a block in length, with partitions on each side warning that women and boys under 18 are not allowed. Inside the houses, women sit in front of large windows that face the street, wearing little more than the smiles they flash when someone walks by. It's a base form of window shopping, although the girls do their best to convince the men to spend 50 euros (about $65) for a half hour of "fun."

Turn right at the end of Herbertstrasse and there's Hans-Albers Platz, where the girls are dressed like you might anywhere in public: jeans or skirts. The price is only 30 euros here, but the women are more aggressive, coming at men one after another. The brick-lined street is filled with cigarette butts, shards of glass and beer bottle caps.

It's only a block back to the Reeperbahn, where a line of 10 women is cooing to potential customers. Mandi plies her trade just a block away, with her friend Andrea.

"We can go across the street to the hotel," Andrea, who also has blond hair and blue eyes, says to a man. "We don't have pimps here by the police station."

Mandi also has a hotel room across the road, which she rents monthly. She doesn't live there; it's where she does her job.

Because prostitution is legal, the women must register and pay taxes. They get health insurance, and Mandi is tested for AIDS every two months.

"Our hygiene is very good," she says, "better than when you find a girl in a bar."

Mandi says that many American businessmen have been with her through the years, and U.S. soccer fans are now among the clientele.

Have any of her customers mentioned soccer this month?

"Oh yeah," Mandi says with a smile, "every one."

Kennedy Says San Diego May Leave Cross Standing On City Property (LAW/AP)

The Associated Press

AP, July 8, 2006

San Diego won a Supreme Court justice's backing Friday to leave a large cross standing on city property.

Justice Anthony M. Kennedy said a temporary stay he authorized last week should protect the cross until the 9th U.S. Circuit Court of Appeals, based in San Francisco, hears arguments this year in a long-running dispute over the cross.

Kennedy also took the unusual step of explaining his decision, in a four-page opinion, and suggested that he and his colleagues may be interested in a broader review of the case.

"The equities here support preserving the status quo while the city's appeal proceeds," Kennedy wrote. "Compared to the irreparable harm of altering the memorial and removing the cross, the harm in a brief delay pending the Court of Appeals' expedited consideration of the case seems slight."

A lower court judge had ordered the city of San Diego to remove the cross or be fined $5,000 a day. The judge ruled that the cross, a symbol of Christianity, was an unconstitutional endorsement of a specific religion.

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The 29-foot cross, on a half-acre site atop Mount Soledad in the La Jolla area just outside San Diego, had been contested in 1989 by atheist Philip Paulson.

The Supreme Court refused three years ago to get involved in the dispute between Paulson and the city. Since then, Congress agreed to make the area a national veterans memorial, and San Diego residents voted to transfer the land to the federal government. Paulson is a veteran of the Vietnam War.

Kennedy, a California native, said "Congress' evident desire to preserve the memorial makes it substantially more likely" the high court would agree to hear the case now.

Judge Blocks Requirement In Georgia For Voter ID (NYT)

By Brenda Goodman

The New York Times, July 8, 2006

ATLANTA, July 7 — For the second time, a judge has blocked a Republican-sponsored effort to require Georgia voters to present government-issued photo identification cards before they can cast a ballot.

The judge, Melvin K. Westmoreland of Fulton County Superior Court, said the requirement violated the State Constitution by placing an undue burden on the fundamental right to vote.

Although the legislature passed the requirement, Judge Westmoreland said, such a change would require citizens to approve an amendment to the State Constitution, which now says only that voters must be 18 years old, mentally competent and state residents.

The judge's temporary restraining order was in response to a legal challenge against the requirement filed by former Gov. Roy E. Barnes, a Democrat. Mr. Barnes argued that the requirement would make it harder for minorities, the elderly and the poor to vote.

State officials immediately vowed to appeal the ruling to the Georgia Supreme Court. Gov. Sonny Perdue, a Republican who signed the measure into law earlier this year, said it was needed to ensure the integrity of the ballot box.

"The sad fact is that dead people have cast votes in Georgia and — before this law is implemented — there was no way to tell how many deceased voters, felons or even illegal aliens may have been casting ballots in Georgia elections," Mr. Perdue said.

The law also faces a challenge in federal court, where a consortium of voter rights groups have sued on the grounds that it also violates the United States Constitution.

Since it was first passed in March 2005, the voter ID law has whipsawed between the legislature and the courts, with lawmakers struggling to find a way to put the measure into effect without violating federal or state voter protections. Its first version required voters to have a driver's license or other government ID, or to buy a special state card.

That law was struck down in October by a federal judge, who said the requirement that voters buy the card amounted to an unconstitutional poll tax.

The law was then rewritten by the Republican-led legislature to make the ID cards free. But the new version continued to draw strong criticism. Civil rights groups say those who lack a photo identification are more likely to be black or Hispanic, poor, or elderly — groups that traditionally cast their ballots for Democratic candidates.

"The law continues to impose an unnecessary burden on voters and does nothing to protect against fraud in voting," said Neil Bradley, associate director of the American Civil Liberties Union Voting Rights Project in Atlanta. Secretary of State Cathy Cox, a Democrat who oversees Georgia's elections and who is also vying for the Democratic nomination for governor, said there had not been a proven case of voter fraud in the state in nearly a decade. Her office has estimated that some 676,000 otherwise eligible voters lack a driver's license or state-issued photo ID.

Without dwelling on the political implications of the law, Judge Westmoreland agreed with critics who said the legislature had pushed past constitutional protections in passing the measure.

"The General Assembly has wide latitude to legislate unless it undertakes to act where the Georgia Constitution enumerates a clear and unmistakable right to Georgia's citizens," the judge wrote. "It is a given that any illegal restriction of the fundamental right to vote is prohibited."

Mr. Perdue said the state's appeal would rest on ballot security. "I respectfully disagree with Judge Westmoreland and believe that Georgia's law is not only constitutional, but a common sense, prudent protection of the election process," he said.

The restraining order means the law will not be in effect for the state's primaries on July 18. He referred the matter back to state court for a civil trial.

Judge Issues Restraining Order Ga. ID Law (AP-Y2)

By Shannon Mccaffrey, Associated Press Writer

DOJ_NMG_0039817

AP2, July 8, 2006

With less than two weeks to go before the July 18 primary, a judge Friday issued a restraining order blocking Georgia's voter ID law, saying that requiring photos as proof of identity is an unconstitutional burden.

Superior Court Judge Melvin Westmoreland said in a sharply worded written ruling that the Legislature doesn't have the authority to enforce the law and an amendment to the state Constitution would be required instead.

The law, he said, "unduly burdens the fundamental right to vote rather than regulate it."

The law requires that every voter who casts a ballot in person provide a valid, government-issued photo ID. The state made such IDs available throughout the state, but former Georgia Gov. Roy Barnes, a Democrat, argued in court Thursday on behalf of two residents that the law would keep poor, elderly and minority voters from the polls.

Barnes said Friday he was pleased with the ruling.

"I think what we heard today loud and clear is don't allow the vagaries of political partisanship to change the basic fundamental rights of our people," he said. "All this law did was create a bureaucracy and a burden to vote."

The state plans to appeal the ruling to the state Supreme Court.

"Democracy only works because people have trust in the integrity of the ballot box," said Republican Gov. Sonny Perdue, who signed the voter ID measure into law earlier this year. "I respectfully disagree with Judge Westmoreland, and believe that Georgia's law is not only constitutional, but a common sense, prudent protection of the election process."

The 17 forms of identification — some with photos and some without — that had been allowed in previous elections can be used at the polls for the primary, Westmoreland ruled. Voters who lack one of those IDs can also continue to attest to their identity under oath, pending further court action.

Westmoreland referred the case back to the trial judge in a case Barnes filed on behalf of two people who he said lacked the photo ID needed to vote. No further hearings were immediately scheduled.

Georgia's Republican-led Legislature first adopted a voter ID law in 2005, but a federal judge blocked its enforcement, saying it amounted to an unconstitutional poll tax. Early this year, lawmakers amended the law to make the IDs free and to ensure they are available in each of the state's 159 counties.

A separate, federal challenge to the voter ID law is also pending. Arguments in that case were scheduled for Wednesday.

ANTITRUST:

Judge Looks Into Modifying Terms Of 2 Phone Mergers (NYT)

By Stephen Labaton

The New York Times, July 8, 2006

WASHINGTON, July 7 — A federal district judge in Washington is considering the imposition of major modifications to the two largest telephone mergers in history: SBC Communication's acquisition of AT&T and Verizon's purchase of MCI.

In a surprising order issued Friday afternoon, Judge Emmet G. Sullivan raised a series of questions about the Bush administration's review of the two deals that he said should be answered by the Justice Department and the phone companies at a hearing next week.

Both deals have already closed, and lawyers said that the judge could not unravel them, although he could try to impose significant conditions or divestitures.

The proceedings will probably shed light on the administration's antitrust enforcement program at a time when officials have put up virtually no roadblocks to deals and imposed few restrictions in other areas of antitrust law.

Still, the proceedings could affect the government's review of BellSouth's proposed acquisition by AT&T, the name the company took after AT&T was swallowed by SBC. The proceedings are also the first significant test of changes in the law that have given federal judges greater authority to scrutinize antitrust settlements.

Federal judges have been examining such settlements since the 1970's, when they were given the authority under the Tunney Act, which was adopted in response to the scandal involving the Nixon administration's decision to settle an antitrust proceeding against ITT.

Ever since a federal appeals court ruled in 1995 that Judge Stanley J. Sporkin of Federal District Court had acted outside of his authority in striking down a proposed antitrust agreement between the government and Microsoft, judges have generally approved settlements with relatively little scrutiny. But in 2004, Congress gave judges greater latitude to consider such deals.

In his order Friday, Judge Sullivan asked the lawyers to address what authority he had to question the settlements. He then raised several questions that suggested he had concerns with the settlements.

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"Through the eyes of a layperson, the mergers, in and of themselves, appear to be against public interest given the apparent loss in competition," he wrote. "In layperson's terms, why isn't that the case?"

Another question he posed asked, "What consideration should the court give the arguments of the attorney general of New York, Elliot Spitzer, that the mergers will adversely affect digital subscriber lines (DSL) and the Internet backbone?"

While he could ultimately reject the deals, lawyers involved said they did not expect it would unravel them. At most, they said, a rejection could lead to changes in the settlements and possible divestitures, although the government and phone companies would probably appeal any decision that sought to rewrite the deals substantially.

Challenges to the two telephone deals have been filed by Mr. Spitzer and by organizations representing smaller rivals, some of whom buy the lines of the telephone companies at wholesale rates and then resell them. The companies have asked the court to find that the deals are not in the public interest because the Justice Department failed to force the companies to shed some overlapping assets.

The top lawyer for the companies challenging the settlements has been Gary L. Reback, a California lawyer who was the intellectual and tactical leader in the effort in the 1990's by a group of companies that persuaded the government to prosecute Microsoft for antitrust violations.

In a court brief filed last month, Mr. Reback attacked the phone companies and the Justice Department.

"At issue is judicial review of the successful efforts of the two largest local telephone monopolists, SBC and Verizon, aided and abetted by the current administration of the antitrust division of the Department of Justice, to reconstitute as a nationwide local and long-distance duopoly what was formally the Bell System monopoly," he wrote.

The Bush administration said that it had carefully examined the deals and ordered the appropriate divestitures. It said the judge's authority to review the government's handling of the deals was limited.

"The purpose of a Tunney Act proceeding is for a court to examine the proposed remedy, and determine whether it is in the public interest," the Justice Department said in its brief. "It is not for a court to reinvestigate the underlying merger at the behest of disappointed competitors or put the Department of Justice on trial to justify its prosecutorial decision making."

Rubber Conspiracy Alleged (KNOXNS/AP)

By Erik Schelzig, Associated Press

Knoxville News Sentinel (TN), July 8, 2006

Tire companies accuse chemical maker of fixing prices

NASHVILLE - Three tire companies are suing rubber-chemicals maker Chemtura Corp. in federal court in Nashville, seeking refunds and triple damages for goods purchased during a global price-fixing conspiracy.

Middlebury, Conn.-based Chemtura, which last year changed its name from Crompton Corp., has pleaded guilty in a federal case and has been fined by European regulators for its role in artificially boosting prices of chemicals used to make rubber between 1995 and 2001.

The lawsuit was filed late last week by the Nashville-based North American subsidiaries of Japanese tire maker Bridgestone Corp.; tire retread company Bandag Inc. of Muscatine, Iowa; and Pirelli Tire LLC of Rome, Ga.

Chemtura and subsidiary Uniroyal Chemical Corp. are named as defendants.

"Defendants conspired in a global price-fixing scheme that had the direct and substantial effect of keeping prices paid by purchasers in the United States artificially high," the lawsuit states.

The U.S. Justice Department and European regulators began their investigation into several rubber companies in 2002. Chemtura pleaded guilty in U.S. District Court in San Francisco in 2004 and was fined $50 million.

The European Commission in December levied a $91 million fine on Flexsys NV, Bayer AG and Chemtura for breaking European Union antitrust rules by secretly agreeing to control both the European and global markets for rubber chemicals.

European regulators said they believed collusion may have been taking place as far back as the 1970s.

The tire companies in the Nashville lawsuit are seeking a return of the full amount paid for any goods bought during the conspiracy and "treble damages to remedy injuries they sustained as a result of defendants' illegal activities."

The companies said they bought "hundreds of millions of dollars" of rubber chemicals from the defendants and their fellow conspirators. Specific figures are not listed.

Chemtura last year agreed to pay $62 million to settle a class-action lawsuit over the price-fixing conspiracy in federal court in San Francisco. The three companies in the Nashville lawsuit were not participants in the California litigation.

Bridgestone has already settled with other companies involved in the conspiracy but couldn't reach an agreement with Chemtura, said spokesman Dan MacDonald.

"You always want to see if you can resolve things in the fastest, most effective, most efficient way," MacDonald said. "We've just been unable to reach a settlement."

Chemtura spokeswoman Debra Durbin said the company has not seen the complaint, hasn't been served and is unable to comment.

ENVIRONMENT:

Feds Allow BP To Delay Testing (AP)

By Matt Volz, ASSOCIATED PRESS

AP, July 8, 2006

'Gunk' blocking Prudhoe Bay transit pipelines

JUNEAU, Alaska - Too much sediment had built up inside two Prudhoe Bay transit pipelines for BP Exploration (Alaska) Inc. to safely run sensors to detect corrosion levels within an ordered timeline, the head of the federal agency demanding the tests said Friday.

The head of the U.S. Transportation Department's Pipeline and Hazardous Materials Safety Administration says he will permit a delay of the tests for an undetermined length of time.

"We would not allow it to continue to operate if we didn't think it was safe," said Administrator Thomas Barrett. "In the long term, it's not a good solution. We've got to get the sensors through there."

The agency in March ordered that three low-pressure transit pipelines in Prudhoe Bay be inspected with an internal sensing device known as a "smart pig" within three months, putting the deadline at June 15.

The order came as a result of the largest oil spill in North Slope history, in which an estimated 201,000 gallons of oil and liquids leaked over several days and was not discovered until March 2.

BP, which operates the nation's largest oil field, last month asked to postpone the tests; the request was denied.

One of the three transit lines was cleaned with an internal scraper pig last month and then inspected with the smart pig, in compliance with the order. But the other two lines, one containing the source of the leak and which is not operational, hold too many accumulated solids to run the scraper pig so the smart pig can get through.

The danger is that the scraper pig could push high levels of sediment into the Trans-Alaskan Pipeline System downstream of the transit lines, possibly affecting the operations of Prudhoe Bay and the main pipeline.

Complicating the cleaning and testing of the line that leaked is a federal Justice Department subpoena requiring that BP remove a 6-foot section of the pipeline intact.

"We are trying to work through that," BP spokesman Daren Beaudo said.

A federal grand jury is investigating the spill.

Barrett was in Anchorage and Prudhoe Bay this week to inspect the oil field's pipeline system and meet with BP officials about the agency's safety orders.

He would not address whether the accumulated gunk in the pipelines was the result of a negligent or ineffective maintenance system, saying he did not want to impede the Justice Department investigation.

The agency's orders to inject more corrosion inhibitor into the pipelines and conduct multiple external testing along the line still stand, Barrett said.

Beaudo said the company's inspection and monitoring programs met all regulatory requirements before the spill.

"In hindsight, we would have liked to have had a more aggressive" program, he said.

Fostoria Sued Over Sewage Violations (TOLB)

Toledo Blade (OH), July 7, 2006

Legal actions part of consent decree

FOSTORIA - U.S. and Ohio regulators filed two federal civil suits yesterday against the city of Fostoria over violations at its wastewater treatment plant, but officials said the legal actions are part of a consent decree the city agreed to earlier this year.

The state EPA names Fostoria as defendant, while the U.S. EPA names the city and the state of Ohio as defendants.

The lawsuits, filed in U.S. District Court in Toledo, said Fostoria's treatment plant and sewage system have illegally discharged untreated water into the east branch of the Portage River and into the Caples-Flack Ditch since September, 1997.

Bill Rains, Fostoria's safety-service director, said the two lawsuits represent part of the legal actions related to a consent decree that "we have been working on for just about a year."

In May, the U.S. Environmental Protection Agency levied a $30,000 fine against the city of Fostoria as part of a consent agreement to replace its outdated sewer system. The city had been negotiating the sewer issue with the EPA, the Justice Department, and the Ohio Attorney General's office.

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The city said at the time that it had hired an engi-neering firm to create a long-term plan to separate storm-water and waste-water sewers. Mr. Rains said yesterday the city hopes to have that plan developed by next year.

The federal government gave the city 20 years to complete the updates, although Mr. Rains said the goal is to complete the project before then.

Fostoria's combined sewers make up about 80 percent of the city's system. But because of overflows caused by heavy rains, raw sewage is discharged into local waterways. Some of Fostoria's sewers date to the 1890s.

The treatment plant on Perrysburg Road was built in the 1950s.

"This is the legal part of the process," Mr. Rains said of the two lawsuits.

The city met recently with regional EPA executives from Chicago, and nothing was mentioned regarding potential new actions, he said.

Representatives from the EPA and the state attorney general's office could not be reached for comment.

Faiths Embrace View Of 'Green Patriarch' (WT/AP)

By Brian Murphy, Associated Press

The Washington Times, July 8, 2006

ATHENS -- More than a decade ago on an Aegean island, the spiritual leader of the world's Orthodox Christians made a startling proposition: That pollution and other attacks on the environment could be considered sins.

At the time, the idea earned him little more than a nickname -- the "green patriarch."

It's no longer such a radical view.

Eco-friendly attitudes have increasingly moved into the mainstream of many faiths -- from Muslim clerics urging water conservation in the fast-growing Persian Gulf states to evangelical preachers in the United States calling attention to global warming.

Next week, Ecumenical Patriarch Bartholomew I will lead another high-profile group of religious leaders, scientists and activists on a trip to examine the interplay of faith and ecology. The weeklong voyage along the Amazon starting next Thursday will be Bartholomew's sixth green journey since the first in 1995 to the Greek island of Patmos -- where biblical tradition says the book of Revelation was compiled.

The efforts of Bartholomew and others have energized some of the most lively theological explorations in recent years -- with fresh studies and interpretation of Scripture along environmental lines. The global movement also offers rare common ground for religious groups at a time of confrontation on issues from homosexual clergy to suspicions between the Muslim world and the West.

"The environment brings a sense of urgency and shared purpose that few other issues can bring," said Mary Evelyn Tucker, a co-founder of the Forum on Religion and Ecology, a group that will begin a relationship with Yale University in September. "It cuts across all religious traditions."

Evidence of an expanding environmental ethos can be found in nearly every faith.

In New York, the Coalition on the Environment and Jewish Life draws clear links between Judaic traditions and the battles to ease global warming. In China, a Buddhist conference in April urged greater emphasis on environmental protection. Hindu religious scholars have raised alarms about potential environmental fallout from the rapid modernization in India.

In June, Pope Benedict XVI told a crowd in St. Peter's Square to shun "fake freedoms which destroy the environment and man," though he did not elaborate.

In Iran, Grand Ayatollah Yusef Saanei said it was "the duty of every Muslim" to protect the environment. Many fatwas, or religious edicts, across the Muslim world echo similar Koranic readings that God entrusted humans to protect the Earth.

"Religion is built on story telling. The stories reach people in ways that academics or activists or NGOs cannot," said Victoria Finlay, a spokeswoman for the Alliance of Religions and Conservation, a London-based group founded by Prince Philip, the husband of Queen Elizabeth.

"It took a while for the two sides to begin to understand each other. But now the NGOs [nongovernmental organizations] and others recognize what a powerful force religion can play."

Among the alliance's current projects is encouraging Muslim imams in Kenya to denounce the widespread use of dynamite to catch fish and push for a return of traditional nets, which trap large fish but allow smaller, breeding-age fish to escape.

"The environment is a great unifier," said the Rev. James Keenan, a Boston College theologian who is hosting a meeting of more than 400 Catholic scholars in Padua, Italy, starting today. "You are not going to find anyone saying, 'Well, there is no moral connection between religion and the environment.' All the faiths can bring something to the table."

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Bartholomew's trip hopes to draw the attention of religious leaders to the critical pressures facing the Amazon, including clearing pristine rain forest for farmland. One goal is to tap the immense reach of Brazil's pentecostal- and evangelical-style churches, which continue to chip away at the Roman Catholic majority.

In the United States, many evangelical leaders have discovered the message of ecology -- drawing links between the biblical command for proper stewardship of the Earth and environmental activism.

The Evangelical Environmental Network -- best known for its clean-air campaign "What Would Jesus Drive?" -- opened a new effort earlier this year against global warming, the Evangelical Climate Initiative, which drew some of its most prominent supporters to date, including the Rev. Rick Warren, author of the best-seller "The Purpose Driven Life."

But some skepticism remains within the evangelical community.

Christian leaders with close ties to the Bush administration, calling themselves the Interfaith Stewardship Alliance, said "the science is not settled on global warming," and argued that most evangelicals do not back the call for regulating greenhouse emissions. Among the alliance's supporters are James Dobson, founder of Focus on the Family, and the Rev. Richard Land, head of the public policy arm of the Southern Baptist Convention.

Still, small acts indicate the mood of many congregations, like the Unitarian church in Lewisburg, Pa., that's looking for a new building.

The congregation recently sold its historic home and is working with an architect who specializes in designing "green" places of worship. It techniques include recycled construction materials and aligning the structure to use the maximum natural light.

The Environmental Procrastination Agency (NYT)

By John Tierney

The New York Times, July 8, 2006

Now that the Supreme Court has gotten itself into the global warming debate, the justices face a choice: Should they rule in favor of environmental groups, or in favor of the environment?

The court agreed last week to hear a case brought by the Natural Resources Defense Council and other groups seeking to empower the Environmental Protection Agency to regulate emissions of carbon dioxide from cars. To David Schoenbrod, the case sounds unfortunately familiar.

In 1972, as a lawyer for the council, he started the litigation that forced the E.P.A. to take lead out of gasoline. Technically, it was a victory for environmentalists, but it took so long that Schoenbrod decided his comrades in the movement had made a big mistake — the same mistake they're now making with carbon dioxide. They keep expecting the E.P.A. do an impossible job.

They still believe in the Spaceship Earth management style, as Schoenbrod describes it in his book, "Saving Our Environment from Washington." They still imagine the planet as a ship that must be guided by a wise captain, aloof from politicians and voters, who issues orders from the bridge with the help of his trusty crew of technocrats and lawyers.

"The idea in creating the E.P.A. was that only an expert agency insulated from politics can protect the public and the environment," says Schoenbrod, now a professor at New York Law School. "But what it really does is insulate Congress from responsibility for making tough choices. The legislators can take credit for passing laws protecting the environment, and the agency takes the blame for the inevitable delays and compromises and costs."

When the E.P.A. was created in 1970, Schoenbrod naïvely expected it to quickly deal with the known dangers of lead in gasoline. But the agency stalled through both Republican and Democratic administrations because neither party wanted to be blamed for hurting oil refiners or raising gasoline prices. The E.P.A. didn't get the job done until 1985, when it was politically expedient because the economics had changed and oil refiners favored getting rid of leaded gasoline.

The E.P.A. would have a far tougher time regulating carbon dioxide because the issue is so much more complicated than lead pollution. There isn't an obvious technical fix for bureaucrats to mandate. The potential sacrifices are enormous and would inspire at least a decade of wrangling and litigation. Any serious solution requires international cooperation. The only way to come up with a workable plan is for politicians to debate and negotiate.

Schoenbrod's modest proposal for saving the environment is to strip the E.P.A. of its rule-making powers and convert it into an advisory and enforcement agency. It would do technical studies and make recommendations, leaving the lawmaking up to legislators — usually legislators outside Washington. Except for some large-scale problems, like acid rain or global warming, Schoenbrod thinks that most environmental questions should be settled at the state and local level.

His ideas, of course, are not popular in Washington. Corporate lobbyists find it easier to work behind the scenes at the E.P.A. than to conduct public fights on Capitol Hill or in state capitals. Environmental groups also prefer federalizing issues, partly because they've got centralized operations themselves, and partly because they espouse the "race to the bottom" theory: if

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Washington were to delegate power, the states would be so desperate to protect jobs and attract industry that they'd compete to have the weakest environmental rules.

But in practice, as Schoenbrod demonstrates, Washington stops local officials from racing to the top. After the dangers of lead were recognized in the 1960's, New York City began taking steps to encourage unleaded fuel, but it and other localities were pre-empted from passing stricter rules once that became the job of the E.P.A.

While Congress and the E.P.A. have been dithering about global warming, California is requiring carmakers to reduce their emissions of carbon dioxide. New Hampshire has ordered power plants to restrict carbon dioxide and other pollutants. More than a dozen states, including Texas, require utilities to use renewable sources of energy.

While the Kyoto accord is dead in Washington, a coalition of Northeastern states is setting its own Kyoto-style limits on greenhouse emissions and establishing a market for trading carbon-dioxide credits.

If the states keep setting examples, Congress may finally feel enough pressure to do something itself on global warming. But if the Supreme Court decides to entrust that job to the E.P.A., don't expect any commands from the Spaceship's bridge any time soon.

Global Warming And The Courts (NYT)

The New York Times, July 8, 2006

In a move that has caused both delight and apprehension among those who worry about global warming, the Supreme Court has agreed to rule next fall on whether the Environmental Protection Agency has the authority under the Clean Air Act to regulate carbon dioxide and other greenhouse gases. The case is among the most important environmental disputes ever to come before the court.

The outcome will have much to say about whether the country will be able to act more aggressively on a problem with potentially grave consequences for the earth and its inhabitants. It could also determine whether states that have acted on their own to limit global warming emissions from vehicles — as California and 10 other states have done — can proceed without fear of a federal veto.

President Bush has advanced many reasons for not pressing for strong controls on greenhouse gas emissions from vehicles, power plants and other industrial sources. But his ace in the hole has been the claim that the federal government has no authority to regulate greenhouse gases.

The case turns largely on a simple reading of the Clean Air Act. The administration argues that the act mentions carbon dioxide only in passing, and that if Congress had been truly worried about global warming it would have given the gases that cause it more emphasis and instructed the E.P.A. to take aggressive steps to control them, as it did with sulfur dioxide and other pollutants. The administration argues further that the science on global warming is too "uncertain" to justify anything more than a voluntary effort to deal with it.

The plaintiffs — a formidable collection of state governments and environmental groups — argue that the plain language of the Clean Air Act gives the government jurisdiction over "any air pollutant" that threatens "public health or welfare" and, further, that "welfare" specifically includes effects on climate and weather. This interpretation of the act was first set forth by President Clinton's E.P.A. and stood as agency policy until Mr. Bush reversed it (without consulting his own E.P.A.) in 2001.

As for the science that the administration finds so shaky, the plaintiffs will argue that the science has grown steadily more persuasive since the Clean Air Act was last revised in 1990; that the administration has cherry-picked arguments about details while ignoring the vast preponderance of the evidence; and that the consensus among mainstream scientists — a consensus reinforced by a recent National Academy of Sciences report — is that the earth is inexorably heating up and that industrial emissions are largely responsible.

This is a case of global importance, not least because America's failure to act decisively has discouraged the rest of the world from acting decisively. On the face of it, the law plainly gives the government the power to regulate greenhouse gases. A ruling that tells the administration that it has that power does not mean that it will actually use it. But it will no longer be able to hide behind a legal fiction.

FBI/DEA/ATF/USMS:

FBI Informers' Hotel Orgy Led U.S. Prosecutor To Shelve Cases (AR)

By Dennis Wagner, The Arizona Republic

The Arizona Republic, July 8, 2006

DOJ_NMG_0039823

U.S. Attorney Paul Charlton refused to prosecute a major Arizona corruption case after learning that FBI informers sexually abused an unconscious prostitute during a Las Vegas hotel orgy, according to a letter sent by Charlton to the bureau's top Arizona agent at the time.

There are no allegations that FBI personnel participated in the orgy. However, Charlton's letter complained that agents did not mention the incident in official reports nor did they advise prosecutors of possible crimes committed in the hotel room, including knowledge that "one of the women in the suite may have been raped."

Charlton's conclusion: "Our office will not prosecute any additional cases involving any of these individuals (informers) until the circumstances of the Oct. 16, 2002, incidents in Las Vegas are fully investigated."

Seventy-one U.S. military personnel, prison guards and law enforcement workers have been convicted in the sting known as Operation Lively Green, which involved undercover operatives and agents posing as Mexican narcotics traffickers. The government employees were bribed to haul cocaine from southern Arizona to Phoenix and Las Vegas, sometimes wearing uniforms and using military vehicles.

Charlton's letter of March 29, 2004, to Charlene Thornton, then-FBI special agent in charge for Arizona, suggests that crimes by informers and questionable conduct by agents were so troubling that he backed away from the case entirely.

Thornton said in an interview that she recalls the letter and Charlton's decision to drop the case. She said Charlton sought an investigation by the Inspector General's Office. After that request was declined, she said, the FBI's Office of Professional Responsibility reviewed the allegations and exonerated all agents.

Charlton declined to comment.

Deb McCarley, a bureau spokeswoman in Phoenix, describes Lively Green as "one of the most successful public-corruption cases in the FBI's history" but said she could not comment further because prosecutions still are pending.

The Justice Department's Office of Public Integrity wound up pressing charges, allowing each defendant to plead guilty to a single felony with no public trials or disclosures in U.S. District Court.

Charlton's letter to Thornton spells out the Nevada events of Oct. 16, 2002, in detail: Eleven suspects had just delivered 132 pounds of cocaine from southern Arizona to Las Vegas. FBI agents rented the presidential suite at the MGM Grand Hotel for three informers who invited a half-dozen targets to join them. That night, five prostitutes were hired to participate in an orgy with the men.

The letter says one of the prostitutes fell unconscious because of drug or alcohol consumption and was draped naked over a chair. It says she may have been sodomized by informers and suspects, who also posed for pictures with the woman.

Disclosure papers from a military court previously revealed that the photographic evidence was destroyed after an FBI agent told one of the informers he "did not want to see them again."

Charlton said in his letter that, under Justice Department rules, he felt obliged to tell state or county prosecutors in Las Vegas about the suspected criminal conduct of FBI informers.

Clark County, Nev., District Attorney David Roger said he never was contacted about the MGM Grand incident by the U.S. Attorney's Office or the FBI. Police in Las Vegas said they never were asked to investigate.

Thornton said Charlton's letter contained "some conclusions that wouldn't be supported by the facts," but she declined to elaborate.

She also disputed a disclosure report in military court that says a key FBI agent was removed from Operation Lively Green as a result of the Office of Professional Responsibility inquiry.

"There was no misconduct found," Thornton said, "so there was no action taken as a result of the internal investigation."

Five months after Charlton wrote the letter, Thornton was appointed by FBI Director Robert Mueller as assistant director at the bureau's Inspection Division, in charge of internal investigations and professional conduct. She said she had no part in reviewing behavior by agents in Lively Green.

According to the military court disclosure, there was no surveillance on the hotel suite during the night in question. It is unclear why FBI agents, amid a major sting operation, would not have set up eavesdropping devices in a room rented for informers.

McCarley, the Phoenix FBI spokeswoman, said Lively Green "underscores the FBI's commitment to fighting public corruption at all levels of government. . . . (When) all remaining prosecutive activity is complete, the FBI will be in a position to offer comment on this investigation.

Chronicle Argues For Subpoenas' Dismissal (SFC)

By Bob Egelko, Chronicle Staff Writer

San Francisco Chronicle, July 8, 2006

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Lawyers for two Chronicle reporters accused the federal government Friday of trying to mislead a federal judge into concluding that BALCO founder Victor Conte was the source of grand jury testimony leaked to the reporters regarding star athletes' use of performance-enhancing drugs.

In papers filed in federal court, lawyers for Hearst Corp. argued that subpoenas issued to the newspaper and the two reporters, demanding their confidential sources, should be dismissed because of government misconduct and prosecutors' failure to show any pressing need for the information.

The reporters, Mark Fainaru-Wada and Lance Williams, wrote articles in 2004 disclosing testimony by the Giants' Barry Bonds, the New York Yankees' Jason Giambi, sprinter Tim Montgomery and others to the federal grand jury investigating the Bay Area Laboratory Co-Operative, or BALCO. The disclosures about star athletes' use of performance-enhancing drugs led Major League Baseball to impose a new steroid-testing policy. Conte and three others pleaded guilty to distributing illegal drugs.

The Justice Department has asked U.S. District Judge Jeffrey White to enforce the subpoenas and order Fainaru-Wada and Williams to reveal who gave them the grand jury transcripts in violation of another judge's order.

The reporters could be jailed if they refuse to testify. White has scheduled a hearing for Aug. 4.

In the court papers filed Friday, Hearst lawyers attacked federal prosecutors for a June 22 filing that disclosed a series of e-mails between Conte and Fainaru-Wada, which authorities seized at Conte's home. Prosecutors did not directly accuse Conte of leaking the transcripts, but said the messages showed that he had provided information to Fainaru-Wada about the grand jury proceedings, and that the reporter had asked him for transcripts.

The government's papers "were crafted in a way to persuade the court that the government has its man in the crosshairs and its man is Victor Conte," the Hearst filing said.

"The problem is that the theory is untrue and the government knows it," Hearst lawyers wrote.

Hearst said the Justice Department failed to disclose that it had asked The Chronicle about those same e-mails weeks before and that the newspaper had denied, repeatedly and emphatically, that the messages contained any information about the source of the leaked transcripts.

Hearst Corp. counsel Eve Burton told the department in letters attached to the court filing that the newspaper had no documents, including the e-mails, that would identify the source.

Hearst lawyers wrote that "the government, knowing full well the lack of any connection between the e-mails and the subpoenas at issue, offered those e-mails without disclosing their irrelevancy. ... Surely for the government to continue to press this matter, knowing what it knows now, is nothing short of harassment."

Hearst also disputed prosecutors' assertion that the reporters were concealing a serious crime by not revealing their source. The company said prosecutors had failed to show any significant harm from the disclosure of the grand jury material or from the government's inability to pinpoint the source.

When the articles were published, Hearst noted, the BALCO defendants had already been indicted and had been given copies of the grand jury transcripts to prepare for trials at which the information would have been aired publicly.

"There is no breach of national security, no act of terrorism, no violent crime that would go unpunished," Hearst lawyers said. "There is only the dissemination of information to the public -- information that was of genuine public interest, concern and import and, at the time, was intended by all concerned soon to be disclosed at a public trial -- which caused no demonstrable harm to anyone."

To order the reporters to disclose their sources, Hearst said, would send a message to journalists and the public that "the government would and could harass the press at will, compelling them to disclose confidential sources on the basis of any sort of investigation, on the basis of any sort of factual record, even where the only factual record is one of misrepresentation to the court."

In a separate filing earlier Friday, Hearst lawyers, on behalf of Fainaru-Wada and Williams, opposed prosecutors' request to reseal the Conte e-mails and other documents that the government accidentally unveiled in its June 22 filing.

Portions of the filing were intended to be sealed from the public, but the material that was redacted, or edited out, could be read when copied into a word-processing program.

When the Justice Department learned of the slipup, it withdrew the filing. On Monday, the government asked White to allow the same documents to be refiled under a more secure seal.

"The documents relate to an ongoing grand jury investigation and contain information about the nature and extent of the government's investigation, as well as a number of targets/subjects of the investigation," said Assistant U.S. Attorney Brian Hershman.

In Friday's filing, Hearst said the government was asking the judge to "perform the impossible" by making public information secret.

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Chronicle Lawyers Ask Judge To Dismiss Reporters' Subpoenas (SDUT/AP)

Associated Press

The San Diego Union-Tribune, July 8, 2006

SAN FRANCISCO – Attorneys for Hearst Corp. asked a federal judge to dismiss subpoenas demanding that two San Francisco Chronicle reporters reveal who leaked secret grand jury testimony about alleged steroid use by Barry Bonds and other top athletes.

In papers filed in federal court Friday, the attorneys argue the subpoenas should be dismissed because of government misconduct and prosecutors' failure to demonstrate a pressing need for the information.

“There is no breach of national security, no act of terrorism, no violent crime that would go unpunished,” Hearst lawyers wrote.

The Justice Department last month asked U.S. District Judge Jeffrey White to enforce the subpoenas and order reporters Mark Fainaru-Wada and Lance Williams to divulge who gave them the grand jury transcripts in violation of another judge's order.

Bush administration attorneys said it was a crime to leak grand jury materials to the media. They argued that California's shield law protecting reporters from divulging their sources does not apply to the federal probe into who leaked the documents.

The two reporters could be jailed if they refuse to testify. White has scheduled a hearing for Aug. 4.

On Friday, Hearst attorneys said ordering the reporters to disclose their sources would send a message to journalists and the public that “the government would and could harass the press at will, compelling them to disclose confidential sources on the basis of any sort of investigation.”

Fainaru-Wada and Williams wrote articles in 2004 disclosing testimony by Bonds and other athletes to the federal grand jury investigating the Bay Area Laboratory Co-Operative, or BALCO.

County Joins Gang Task Force (VANCC)

By Don Hamilton, Columbian staff writer

Vancouver (WA) Columbian, July 8, 2006

Clark County joined 13 federal and local law enforcement agencies Friday in launching a new metropolitan area task force aimed at crippling gang crime.

The task force will employ racketeering statutes, drug statues and career criminal statutes to impede gang activities before the criminal organizations can develop and mature, said Karin J. Immergut, U.S. attorney for Oregon.

The Metropolitan Gang Task Force, as it will be known, will begin operations Monday in its base at the Portland Police Bureau's Northeast Precinct with gang leaders as the immediate target.

"The focus of the group is to go after the leadership," said Brian Martinek, Vancouver police chief. "The way I look at it is cutting the head off the dragon."

Martinek joined Clark County Prosecuting Attorney Art Curtis at the news conference announcing the task Friday morning at the Mark O. Hatfield Federal Courthouse in downtown Portland.

The task force includes an impressive array of police and prosecutorial firepower, including the FBI; the Bureau of Alcohol, Tobacco, Firearms and Explosives; the Portland, Beaverton, Gresham, Hillsboro, Milwaukie and Vancouver police departments; the U.S. Attorney; and prosecuting attorneys for Clark, Multnomah, Washington and Clackamas counties. Chairman will be David Bishop, the Beaverton police chief.

Each agency will pay the salaries of their participating officers. Other expenses, including vehicles, overtime and equipment, will come from the FBI, which recently received $450,000 from the U.S. Justice Department for the program. Attorney General Alberto Gonzalez has made combating gang activity a priority.

Immergut said the task force will observe traditional rules of conduct and seek court orders for wiretaps.

This is not a solution in search of a problem, officials said Friday. Gang activity may not be as severe in the Portland area as in other parts of the country, but it is still having an impact on police and the public. Interfering with gang activities now will put leaders out of business, deter wannabes and prevent them from growing, Immergut said.

Violent gang crimes are declining, but the number of low-level gang incidents has been increasing, said Capt. Eric Hendricks, who spent three-and-a-half years as head of the Portland Police Bureau's gang enforcement team.

In the past, he said, gangs confined their activities to relatively small areas, mostly inner Northeast Portland. Today, police find gang activity throughout the region, with arrest warrants served at times on gang leaders at their homes in Vancouver, Beaverton, Aloha and Hillsboro, Hendricks said.

"The pool at one time was fairly deep but relatively narrow," he said. "Now the pool is not nearly as deep, with not as much violent activity, but it's certainly a lot broader."

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The scope of the problem varies from community to community. Portland, for example, has seen a rise in Latino gangs. Gresham, said police Chief Carla Piluso, sees white supremacists and eastern Europeans. And Vancouver, Martinek said, has seen increases in black and Eastern European gangs.

"In our area," he said, "we have a little bit of everything."

Gangs don't recognize city or state boundaries, and agencies throughout the region need to share information, Martinek said.

"We share gang members," he said.

"The gang members living in Vancouver commit crimes in Portland, and the ones living in Portland are committing crimes in Vancouver. That's the point of this."

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That's What Friends In High Places Are For (NYT)

By Jeff Leeds And Sharon Waxman

The New York Times, July 8, 2006

Although collaborations happen all the time in pop music, they do not generally involve R & B hitmakers and Senator Orrin G. Hatch.

But the release of a music producer from a Dubai jail this week, quick on the heels of his conviction for drug possession, turns out to be a story of high-level string-pulling on the part of Mr. Hatch, the conservative Utah Republican and songwriter, along with Lionel Richie, the singer; Quincy Jones, the music entrepreneur; and an array of well-connected lawyers, businessmen and others, spanning cities and continents.

Dallas Austin, 35, who has produced hits for Madonna, Janet Jackson and others, flew home to Atlanta on Wednesday, after being released after midnight on Tuesday from a holding cell in a Dubai jail. Hours earlier Mr. Austin had been sentenced to four years in prison for carrying just over a gram of cocaine with him when he entered the country on May 19 to attend a birthday celebration for Naomi Campbell.

Senator Hatch made numerous phone calls on Mr. Austin's behalf to the ambassador and consul of the United Arab Emirates embassy in Washington — Dubai is one of the seven emirates — and served as an intermediary for Mr. Austin's representatives, the producer's lawyers said.

"The senator was one of a number of people who were very actively involved," said Joe Reeder, the Washington lawyer, who, with an Atlanta colleague, Joel A. Katz, spent 10 days in Dubai working to secure Mr. Austin's reprieve.

Mr. Katz, an entertainment lawyer, represents both Mr. Austin and the somewhat less musically successful Mr. Hatch, a singer and songwriter who has recorded religious-oriented albums. After hiring Mr. Katz's firm, the senator last year took in $39,092 in income from music publishing, according to financial documents filed in May under the Ethics in Government Act.

The senator declined to be interviewed or to confirm details of his efforts on Mr. Austin's behalf, but he issued a statement acknowledging his involvement and said he was asked by Mr. Austin's lawyers to help.

A spokesman for Mr. Hatch said that the senator was a proponent of rehabilitation for drug offenders, and that he had worked to revise federal sentencing guidelines regarding cocaine, and, through legislation in 2005, had advocated treatment for nonviolent offenders and the easing of restrictions on medication to treat heroin addiction.

In the statement Mr. Hatch said he was "confident that this talented young man will learn from this experience." He did not say if he requested that Mr. Austin seek treatment.

Until word of the pardon came through in a call to the One and Only Royal Mirage hotel along the Dubai beach, where Mr. Austin's lawyers waited nervously for news of their client's fate, the release of Mr. Austin was not a certainty.

"This involved multiple ambassadors, a prime minister, a prince, Lionel Richie, the senator and religious leaders in Atlanta," Mr. Reeder said.

"The uniting factor of all these people — the religious leaders, the political leaders, entertainment figures and prominent private citizens — was humanitarian considerations," he said. "Where should this man be under these circumstances?"

Randy Phillips, Mr. Richie's manager, said Mr. Austin "happened to know the right people, and better than that, the right people were ready to step out on a limb for him, which doesn't happen that often."

Although Mr. Phillips called the efforts on Mr. Austin's behalf "the difference between going home and being in 'Midnight Express' " — referring to the harrowing 1978 film about a novice American drug smuggler forsaken in the Turkish prison system — such pardons are not a rarity in Dubai, authorities said.

Mr. Austin's troubles began on May 19, when he landed in Dubai for the three-day birthday party of Ms. Campbell at the opulent Burj Al Arab hotel. While far from a household name, Mr. Austin is a leading figure in the pop music world who has worked with artists including Gwen Stefani, Michael Jackson, Pink, TLC and, lately, Mr. Richie.

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According to published accounts, the police at the airport pulled Mr. Austin aside at customs and searched him, finding a small amount of cocaine. He was taken into custody and held at a detention center, the al-Rashidiya jail.

Several of the principal players in the negotiation recounted what followed, including Mr. Austin's lawyers, Mr. Richie and Mr. Phillips.

Almost immediately, several parallel initiatives were undertaken to try to influence the United Arab Emirates government to show clemency to Mr. Austin, his lawyers said.

Mr. Katz, of the firm Greenberg Traurig, hired three local lawyers, two from Dubai, and one from neighboring Bahrain, who ensured the reduction of the initial charge of drug trafficking to mere possession, the lawyers said. Drug trafficking can carry a life sentence in the United Arab Emirates, while possession carries a much shorter jail sentence. Discussions began over securing a pardon for Mr. Austin, focusing on the argument that he had carried only a small amount of drugs for personal use.

Mr. Katz also contacted colleagues, including Mr. Reeder in Greenberg Traurig's Washington office. A senior lawyer in the same office, Nancy Taylor, worked for many years on Mr. Hatch's staff in the Senate. Ms. Taylor enlisted Mr. Hatch, who is influential in Dubai because of his support for the United Arab Emirates-based company DP World in the controversy earlier this year over its contract to manage important American ports.

At the time of the controversy earlier this year, which resulted in the jettisoning of the contract, Mr. Hatch said the United Arab Emirates was a good friend to the United States. "We don't want to kick the moderate Arab nations in the face," he said at the time.

Meanwhile, Mr. Jones, the legendary producer, and his friend Joe Robert, a Virginia real estate investor with interests in the Persian Gulf, became involved. Mr. Jones has played mentor to an array of current young pop and R&B stars, including Mr. Austin. Mr. Robert is also a friend of Mr. Austin's.

Mr. Jones and Mr. Robert began making calls to their contacts in the Middle East, including senior officials in the United Arab Emirates. Reached this week on a yacht off the coast of Spain, where he was with Mr. Jones, Mr. Robert said: "I know Dallas Austin; I consider him a very fine, upstanding individual, notwithstanding the mistake he made." He added, "This is not someone that belongs in a prison anywhere."

Meanwhile, other efforts continued, including a call from Mr. Katz to Prince Abdullah of neighboring Bahrain, and from Mr. Reeder to former Pakistani Prime Minister Benazir Bhutto, who was consulted for a legal reference. Some of the principals said they believed that Mr. Austin's pardon had been secured from early on. Still, uncertainty weighed heavily on others, particularly Mr. Austin's lawyers.

Enter Mr. Richie, who enjoys a cult status throughout much of the Arab world and had performed twice this year in Dubai, where he has met various senior government officials.

In an interview Mr. Richie said that Mr. Austin's advisers arranged for the United Arab Emirate's consul in Washington, Abdulla Ali Alsaboosi, to call Mr. Richie for a character reference. "It was, 'Tell me what kind of guy is Dallas Austin,' " Mr. Richie said. "I said: 'Listen, this is a great guy. A gangster, a hoodlum, a thug, he's not.' "

Last Sunday Mr. Austin pleaded guilty to possessing 1.26 grams of cocaine and capsules of Ecstasy, telling the court he did not mean to break the law. The stage was set for a pardon by the ruler of Dubai, Sheik Mohammed bin Rashid al-Maktoum. It came four hours after the plea, Mr. Austin's lawyers recalled. What remained was to execute the edict.

But that didn't happen until after the sentencing on Tuesday morning. Shortly after midnight, as American revelers half a world away celebrated Independence Day, Mr. Katz and Mr. Reeder got the call at their beachside hotel.

The lawyers quickly gathered their things and rushed to the airport, where they met Mr. Austin and boarded the next flight to New York.

On Friday Mr. Austin released a statement that said in part: "This unfortunate experience has had a profound effect on me, and I regret any grief caused to my family, friends and business associates."

The Dubai government gave no reason for the pardon. "In an issue like this it is not unusual," said Lt. General Dhahi Khalfan Tamim, head of Dubai Police, who said he was speaking in general terms and could not discuss the case in detail. "It is preferable to me that a foreigner who is caught in something like this be returned home rather than be kept here in prison for four years, costing us lots of resources."

Mr. Tamim noted, however, that Mr. Austin had technically been deported and would most likely not be allowed to return to Dubai.

The U.N. Wants Your Gun (WSJ)

By David B. Kopel

The Wall Street Journal, July 8, 2006

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Yesterday the United Nation's Review Conference on Small Arms ended, barely noticed by the media. That's too bad, because this meeting, and the initiative of which it is a part, deserves much more public attention -- and censure -- than it gets.

To be sure, the conference did attract the hostile attention of the National Rifle Association, thanks to which some 100,000 letters and postcards flooded into the U.N. In response, the conference chair, Prasad Kariyawasam of Sri Lanka, stoutly insisted that the conference "does not in any way address legal possession," while Secretary General Kofi Annan promised that "we do not wish to deny law-abiding citizens their right to bear arms in accordance with national laws." Both statements are disingenuous.

The U.N. has long urged that firearms must never be transferred to "non-state actors" -- that is, entities which are neither governments nor government-approved. Only John Bolton's intransigence prevented the "non-state actors" rule from being inserted into the Program of Action at the previous U.N. small arms conference in 2001. But the U.N. continues to insist on the "non-state actors" rule -- which would, if adopted, make it a violation of international law to sell arms to Taiwan (according to the U.N., not a state). It would also make illegal arms sales to any and every current group resisting tyranny or genocide.

Last year Unesco and Unicef funded the supporters of a Brazilian referendum to outlaw citizen firearms possession. It was rejected by a resounding 64% of the voters. A few months ago, in a warm-up meeting for this year's small arms conference, Rubem Fernandes, head of Viva Rio (the U.N.-funded prohibition group) explained what he had learned from the experience: "First lesson is, don't trust direct democracy."

The spearhead of the U.N. gun prohibition campaign is an NGO by the name of Iansa (International Action Network on Small Arms). This London-based consortium of gun prohibition groups, including American lobbies such as the Million Mom March and the Brady Campaign, sent a large staff to the small arms conference, some of them serving as national delegates. Iansa's head, Rebecca Peters, does not mince words: "We want to see a drastic reduction in gun ownership across the world."

Iansa member Barbara Frey has been appointed by the U.N. as "Special Rapporteur on the Prevention of Human Rights Violations Committed with Small Arms and Light Weapons." Ms. Frey, a law professor at the University of Minnesota, believes it is a human rights violation if a government does not require gun owners to have a restrictive license, under which "Possession of small arms shall be authorized for specific purposes only; small arms shall be used strictly for the purpose for which they are authorized." Were this doctrine accepted, it would instantly turn the U.S. government and every American state into international law-breakers.

Nevertheless, the U.N. does not talk about the extreme human rights violations being perpetrated on behalf of U.N. gun control. In the borderlands of Kenya and Uganda, joint military operations are burning villages, confiscating cattle from the pastoral tribes, torturing, murdering, pillaging and turning over 100,000 people into refugees, many of them starving. These atrocities are being perpetrated pursuant to the Nairobi Protocol, a U.N.-led regional treaty which obligates the signatory governments to eradicate unlicensed gun possession.

In practice, the Nairobi Protocol has been a justification for ethnic cleansing. On June 26, after five years of such atrocities, the United Nations Development Program itself finally cut off funding for Ugandan disarmament (the U.N. was funding voluntary gun surrender, not the military campaign). So far no steps have been taken regarding disarmament abuses in Kenya.

Similarly, the Economic Community of West African States (Ecowas) has under U.N. leadership banned the import of all firearms, except those for government use. Although human rights groups have warned that two Ecowas countries -- Ivory Coast and Guinea -- are on the brink of genocide, the U.N. seems determined to keep the potential genocide victims as helpless and defenseless as the genocide victims in Darfur.

The U.N. bureaucracy and the gun prohibition lobbies knew that they would not be able to get everything they wanted from the 2006 conference. Accordingly, they aim to keep the "small arms" process going, with more conferences in upcoming years -- when a new U.S. administration might welcome rather than resist international efforts to end-run the Second Amendment. There is a precedent for this: During the 1990s, as the U.N. campaign against small arms was building, the Clinton administration was an enthusiastic supporter -- refusing even to join with the Latin American delegations which stated that some countries had traditions of legitimate sporting gun ownership.

Moreover -- and this is a subtlety that Americans are only beginning to understand -- no "Program of Action" from this or any future small arms conference needs to be legally binding in order to make it legally binding. The gun prohibition lobbies are already working to claim that there is an international "norm" against citizen gun possession. (An international "norm" is similar to common law -- as opposed to international law created by formal treaties.)

Evidence of the norm, of course, comes from the gradual accumulation of international pronouncements, confiscations and national restrictions that the gun prohibition lobbies and their government allies labor so assiduously to institute. The U.S. Supreme Court has, meanwhile, recently cited unratified treaties as evidence of international norms which should guide the interpretation of our Constitution.

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The U.N. gun control program, of which this week's small arms conference is a part, has already caused massive suffering and the loss of civil liberties in many nations around the world. Americans would be foolish to imagine that they will always be immune.

Mr. Kopel is research director of the Independence Institute.

IMMIGRATION:

Bush Continues To Push His Plan On Immigration (WSJ)

By John D. McKinnon

The Wall Street Journal, July 8, 2006

CHICAGO -- President Bush renewed his call for immigration reform that includes a guest-worker program, a sign that despite resistance from the heart of his own party he isn't throwing in the towel on his troubled initiative in this election year.

On a political swing in the Midwest -- where voters are unusually worried about immigration, according to some polls -- Mr. Bush offered a strong defense of his stalled proposals to overhaul the broken U.S. system. "The system we've got today isn't working, and it needs to be changed and reformed," Mr. Bush said at a news conference Friday at Chicago's Museum of Science and Industry. (Read a transcript of his remarks1.)

Aides said later that the president had heard at length from local business leaders at dinner Thursday night about the need for reform, and decided to use his remarks Friday to tamp down speculation that he's backing away from his comprehensive overhaul proposal, which includes a guest-worker program for new immigrants and a path to citizenship for current illegal workers.

Both those items are controversial, especially among Republican conservatives on Capitol Hill, many of whom prefer tougher enforcement, including expulsion of those in the U.S. illegally. But the White House and many other Republicans believe that approach is unworkable, and doesn't command broad support even among Republican voters.

WALL STREET JOURNAL VIDEO

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President Bush speaks3 at a wide-ranging news conference in Chicago.

Friday, Mr. Bush promised stronger enforcement, both through increased manpower and new technologies such as tamper-proof identification cards. But, he added, "in order to enforce this border, we've got to have a rational way that recognizes there are people sneaking across to do work Americans aren't doing."

The administration and its allies also appear to be betting that the future for Republicans requires attracting more Latino voters, not driving them away with anti-immigrant rhetoric. Senate Republican moderates recently appeared to give Mr. Bush a chance to keep the debate going in Congress by suggesting adding more border enforcement; still, White House aides stopped short of predicting a deal on legislation ahead of the November election.

Democratic pollster Geoffrey Garin said the immigration debate is likely to hurt the president more than it helps, by adding to workers' worries over higher health care and energy costs, as well as competition for jobs from overseas.

"The majority of voters feel they are staggering under the weight of health costs and energy costs," Mr. Garin said, and "also believe that the new jobs being added to the economy aren't as secure and don't pay as well as the jobs we have lost."

Mr. Bush also touted his overall handling of the economy, pointing to relatively low unemployment, strong growth and compensation gains. He suggested at a midday fund-raiser that a soon-to-be-released budget-deficit projection will show improvement, too.

But a White House fact sheet appeared to rely on big compensation gains among higher-income earners to suggest strong across-the-board increases. The picture for hourly wage-earners has been less rosy, especially in the last couple of months. Senate Democrats said Friday's jobs report was "tepid."

Enforcement-Plus Is Critical (WP)

The Washington Post, July 8, 2006

AS REPUBLICANS this week began a series of hearings on immigration policy, President Bush was reportedly signaling new openness to compromise designed to produce legislation this year. The compromise, according to a report in the New York Times, would center on "enforcement-first": improve border security, as a majority of House Republicans want, and only then move on to the guest-worker program and legalization for illegal immigrants that Mr. Bush and a majority of senator s favor.

In principle such a compromise makes sense, but there are many ways it could go wrong. The rationale goes something like this: Congress has tried immigration reform before, most recently in 1986. That measure provided a path to legalization for

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undocumented workers and promised tougher enforcement to discourage illegal immigration, but the tougher enforcement never came, so the illegal immigrants kept coming. This time, therefore, the government should prove its commitment to controlling the nation's borders before offering hope to the 11 million or so illegal immigrants here now. Some version of amnesty (though the word won't be used) would be more palatable if Americans knew it wouldn't be repeated every decade or two.

The danger, though, is that "enforcement-first" will devolve into "enforcement-only," which would be both inhumane and impractical. So Mr. Bush, if he is exploring a compromise, should insist that enforcement and a path to citizenship remain part of one legislative package. The path to citizenship should be generous enough, and free enough of bureaucratic requirements, to be meaningful to most immigrants who have followed every other law since arriving here (including paying taxes). The comprehensive package should include a healthy enough increase in legal immigration to meet the needs of a growing U.S. economy, on both the high-tech and low-wage ends.

Most important, the delay in implementing these measures can't be inde finite -- and can't depend on conditions that will never be met. The legalization part of the package could wait for a year or two while the administration beefs up border patrols and workplace inspections. But it can't depend on some promise of decreased immigration that can never be met or measured.

In the end, enforcement-only won't work; and Mr. Bush, who knows that, shouldn't accept a disguised version of enforcement-only simply because he wants some legislation this year.

Threat Of Terrorist Crossings Is Stressed At Border Hearing (NYT)

By Karen Hastings And Julia Preston

The New York Times, July 8, 2006

LAREDO, Tex., July 7 — Terrorists as well as illegal immigrants could slip across a southern United States border that is porous and vulnerable, law enforcement and immigration agents said Friday, as House Republicans took the debate over immigration overhaul to the Texas-Mexico border.

At a hearing in this bustling port of entry on the Rio Grande, House Republicans highlighted the threat of terrorist infiltration to justify their tough plan for border enforcement and to suggest that a Senate immigration bill was weak on security.

The hearing was the second to be led by Representative Ed R. Royce, Republican of California and chairman of the House Subcommittee on International Terrorism and Nonproliferation. House Republicans, facing an issue that has sharply divided their party, have tried through the hearings to build public pressure on the Senate to focus primarily on immigration enforcement. The first hearing was on Monday in San Diego.

Senate proposals would "tie the hands" of local law enforcement officers in working with immigration authorities, Mr. Royce said, and would require consultation with Mexico over construction of a proposed border fence.

Sheriff Sigifredo Gonzalez Jr. of Zapata County, who has joined with 16 other sheriffs in the Texas Border Sheriff's Coalition, said a smuggling "infrastructure" that brought illegal workers and illegal drugs into the country could easily be exploited by terrorists.

A bill adopted by the House in December centers on security, calling for 700 miles of walls along the border and making it a crime to be in the United States illegally. A Senate bill passed in May would create a guest worker program and a path to citizenship for illegal immigrants while enhancing border enforcement.

Democrats on the panel participated in the hearings but denounced them as divisive and called on the Republicans to address the immigration problem as a whole. "The purpose of these hearings is totally political," said Representative Charlie Gonzalez, Democrat of Texas.

Outside the hotel where the hearing took place, a handful of protestors carried signs reading "Border Security Is National Security." Inside, whoops, applause and an "amen" or two came from a clearly divided audience.

Reynaldo Garza, acting chief of the Border Patrol for the Laredo sector, said that last year, agents in his area — which stretches along 170 border miles — caught illegal crossers from 70 countries other than Mexico, including some from countries linked by the United States to terrorism. Chief Garza said that an increase in Border Patrol officers alone would not stop the flow, and that more remote sensors, video systems and unmanned surveillance aircraft were also needed.

The sheriffs, seeking to avoid partisan debate, pleaded for federal action, saying they were swamped with illegal immigrants and increasingly violent gang members, drug runners and human smugglers.

"Our pleas for help are based largely on failures on the part of the U.S. government," said Sheriff Rick Flores of Webb County. "Many of our problems are federally caused."

A Mexican military ID card and a piece of Sudanese currency recently found discarded along the border offer hints, Sheriff Flores said, that illegal immigration has become more sophisticated. He described an episode in which "black-clad men with duffel bags" had surprised a group of quail hunters near the border.

"This is not a partisan issue," he said. "It's a red-white-and-blue issue."

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GOP Hearing Alleges Risks Of Terrorism Along Border (WP)

By Sylvia Moreno

The Washington Post, July 8, 2006

LAREDO, Tex., July 7 -- House Republicans brought their get-tough immigration proposal on Friday to the city dubbed the nation's "Gateway to Mexico" to make their case for tightening the border as a way to prevent terrorist incursions.

"It's elementary that to defend ourselves against our determined and resourceful enemies, our border must be secure," said Rep. Ed Royce (R-Calif.), chairman of the House International Relations subcommittee on terrorism. "Border vulnerabilities are opportunities for terrorists."

Some House Democrats denounced the hearing as political grandstanding that would accomplish little, and some local officials said that closing the border would be detrimental to the legal flow of commerce and individuals.

"We face some very serious problems," but lawmakers should "not start scaring people just to get headlines," said Laredo Mayor Raul Salinas, a former FBI agent and U.S. Capitol Police officer.

"We must make our border safe, but not close it to trade and community," said Salinas, whose city is a transit point for hundreds of thousands of northbound trucks hauling imported goods. "We need to build bridges, bridges of friendship and not walls. This nation can be safe without closing or slowing down our borders."

The field hearing, the third this week, focused on a House-passed bill that would require tighter border controls and 700 miles of border fencing. It also calls for tougher deportation standards and stringent enforcement of rules governing employers who hire undocumented workers, and would provide funding for local law enforcement agencies along the border. Another Republican-sponsored hearing was held in San Diego on Wednesday.

The Senate's immigration bill was discussed at a hearing in Philadelphia on Wednesday. It includes provisions similar to the House bill, but also outlines a method for an estimated 12 million illegal immigrants to become U.S. citizens and calls for a temporary- or guest-worker program that would provide legal U.S. residency status for as long as six years.

Because the field hearings were proposed by Republicans last month after the Senate passed its version of an immigration bill, Democrats called the event here political theater.

"They say they are holding hearings on immigration; I call this the big mockery," said Rep. Sheila Jackson Lee (D-Tex.), who contended that the subcommittee has no jurisdiction over immigration legislation. Lee attended the hearing, although neither she nor other Democrats who were present are subcommittee members.

"Instead of a traveling circus of field hearings that may make good politics but do little to advance sound policy, I believe Congress needs to get back to work in Washington to reach a compromise agreement on comprehensive border security and immigration reform legislation," said Rep. Silvestre Reyes (D-Tex.).

But Royce, along with other Republicans, raised the specter of well-funded terrorist organizations using Mexican drug rings and human-smuggling rings to penetrate the southern border of the United States. Royce said the United States must gain "operational control" of the border as part of any overhaul of the country's immigration laws.

"Immigration reform must be national security reform," he said.

Reynaldo Garza, acting Border Patrol chief of the Laredo sector, which includes 170 miles along the Rio Grande, was among those invited to testify. He said that local agents had apprehended illegal immigrants from almost 70 countries last year, and that he is concerned about the potential link between terrorists and smuggling cartels.

"Terrorists and violent criminals may exploit smuggling routes used by migrants to enter the United States illegally and do us harm," said Garza.

He said additional agents and high-technology tools such as unmanned aerial vehicles and remote surveillance cameras are critical to border security. "Reducing illegal entries across our borders is now, more than ever, a matter of national security," Garza said.

Sheriff Rick Flores of Webb County, which includes Laredo, and Sheriff Sigifredo Gonzalez Jr. of adjacent Zapata County said their deputies had answered calls about what they believed to be border infiltrations by "high-risk," heavily armed individuals who appeared not to be Mexican and who did not speak Spanish. A Sudanese currency bill was found along the fence line of a South Texas ranch during one of their investigations, Flores said.

"Homeland security rests in large part on border security," Flores said. "This concern, especially post-9/11, had placed an added responsibility on us as a nation to secure our borders."

Pressed by Democrats to say whether the House-passed provision to deport millions of illegal immigrants would help local authorities guard against terrorism or prevent a terrorist attack, Flores said, "I can tell you no. I've already said Mexicans are not terrorists."

Additional Republican-led field hearings on immigration are scheduled for later this month and for mid-August.

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House Told Criminals Swelling Alien Tide (WT)

By Charles Hurt

The Washington Times, July 8, 2006

Most of the people who sneak across the border are no longer good people in search of honest work, the sheriff of a border county in Texas told a House subcommittee yesterday, but rather criminals who belong to gangs and drug cartels.

"For years we have seen individuals enter the country illegally," said Sigifredo Gonzalez Jr., sheriff of Zapata County. "However, recently we feel that many of these persons are no longer entering the country to look for legitimate employment. We are now seeing that many of these persons are members of ruthless and violent gangs."

Sheriff Gonzalez's testimony before the House International Relations subcommittee was part of a series of "field hearings" held across the country to gauge voter opinion on reforming the nation's immigration laws. Yesterday's hearing was held in Laredo, in Zapata County.

"Some areas can accurately be described as a war zone," panel Chairman Ed Royce, California Republican, told The Washington Times after touring the border near Laredo.

Sheriff Gonzalez told members of the subcommittee that the number of illegal aliens from places other than Mexico -- including countries on terrorist watch lists -- caught crossing the border has more than quintupled in the past four years. Increasingly, he said, they try blending in to look like Mexicans crossing the border in search of honest work.

With more than 165,000 illegal aliens caught in fiscal 2005, Sheriff Gonzalez said, he can only imagine how many succeed in getting across.

"I dare to say that at any given time, daytime or nighttime, one can get on a boat and traverse back and forth between Texas and Mexico and not get caught," he said. "If smugglers can bring in tons of marijuana and cocaine at one time and can smuggle 20-30 persons at one time, one can just imagine how easy it would be to bring in two to three terrorists or their weapons of mass destruction across the river and not be detected."

Reynaldo M. Garza, acting chief patrol agent for the Laredo Sector, also told members of the subcommittee that the number of violent incidents at points of entry to the U.S. have increased dramatically in recent years.

The testimony comes as Congress tries to work out a compromise between House and Senate versions of immigration reform legislation.

House Republicans want to secure the border first and deal with thorny issues such as a guest-worker program after the borders have been bolstered. Senate Democrats, along with key Republicans such as Majority Leader Bill Frist, want a bill that handles all aspects of immigration reform at the same time.

Rep. Silvestre Reyes, Texas Democrat, said the hearings were about politics, not policy.

"Congress needs to get back to work in Washington to reach a compromise agreement on comprehensive border security and immigration reform legislation," Mr. Reyes said.

The audience in Laredo was full of activists on both sides of the issue.

Rep. Ted Poe, Texas Republican, said to cheers that if the U.S. is protecting the borders of other nations, it should also be protecting its own.

"It's a national security issue to protect our borders from those who wish to do us harm," he said.

Rep. Ruben Hinojosa, Texas Democratic, said the proceedings were a "false promise."

"This hearing will do nothing to secure our borders," he said.

Immigration Hearing Held At Border (AP-Y2)

By Elizabeth White, Associated Press Writer

AP2, July 8, 2006

A Republican-led House panel met at the Mexican border Friday in an unusual field hearing that the chairman said he hopes will push the Senate to focus on enforcing immigration law.

"It's elementary that to defend ourselves against our determined and resourceful enemies, our border must be secure," said Rep. Ed Royce (news, bio, voting record), the California Republican who chairs the International Relations Subcommittee on International Terrorism and Nonproliferation.

House GOP leaders called the series of hearings last month after the Senate approved a guest worker program and a possible path to citizenship for millions of illegal immigrants. Royce said he favors the path of the House, which approved a bill focusing on enforcement, with no provision for illegal immigrants or future guest workers.

Royce said he wanted the out-of-Washington hearings so the immigration debate would not be kept secret from the public. Democrats participated, but denounced them as political theater.

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Rep. Silvestre Reyes (news, bio, voting record), a Texas Democrat, said the hearings were political, not practical.

"Congress needs to get back to work in Washington to reach a compromise agreement on comprehensive border security and immigration reform legislation," Reyes said.

Reynaldo Garza, acting Border Patrol chief of the Laredo sector testified Friday that he worries about possible links between drug cartels and terrorists.

"Yes, there is an opportunity for them to infuse these types of persons that would do America harm into these" organizations, Garza said.

Garza said high-tech tools such as remote video systems and ground sensor equipment are critical in securing the border.

Sheriff Rick Flores of Webb County, which includes Laredo, described what he called "high risk" border infiltrations, noting that many arrests involve non-Mexicans.

"What needs to be made clear is that our pleas for help are based largely ... on the federal government's failure to meet its responsibilities," he said.

Also this week, Senate Judiciary Committee Chairman Arlen Specter, R-Pa., who backs the Senate bill, held a hearing in Philadelphia on the issue featuring New York Mayor Michael Bloomberg.

Bloomberg testified Thursday that the economy of the country's largest city and the entire nation would collapse if illegal immigrants were deported en masse.

Republican-led House committees will hold hearings outside Washington later this month on making English the nation's official language, and how enforcement of immigration laws affects American workers.

A hearing the week of Aug. 14 in Arizona will focus on costs to local and state governments "caused by an unsecured border."

Funding, Agents Urged For Border (HC)

By John W. Gonzalez

Houston Chronicle, July 8, 2006

LAREDO - With the Rio Grande as a backdrop, members of Congress heard disturbing testimony Friday about the dangers that federal and local law enforcement agencies face trying to control a seemingly endless flow of illegal immigrants and contraband across the river into the United States.

The area's top U.S. Border Patrol agent and others testified they're still outmanned and outgunned by sophisticated smugglers, but increased personnel, advances in surveillance technology and stepped-up removal proceedings are leveling the battlefield.

Still, officials pleaded for more federal funds to provide additional agents and equipment along the 2,000-mile border with Mexico, 1,200 miles of which are in Texas.

In the meantime, they acknowledged terrorists could cross the river laden with weapons, and a federal auditor testified he's proven how porous the northern and southern borders are by using bogus documents to import nuclear bomb-making materials.

"The Customs and Border Protection inspectors never questioned the authenticity of the investigator's counterfeit bill of lading or the counterfeit NRC document authorizing them to receive, acquire, possess and transfer radioactive sources," the audit report said.

The audit was submitted to the U.S. House Subcommittee on International Terrorism and Nonproliferation during a field hearing that drew nine House members, including Reps. Ted Poe, R-Humble, and Sheila Jackson Lee, D-Houston.

A similar session for invited testimony only was held in San Diego on Wednesday, and it, too, provoked partisan clashes among Republicans who favor tougher border law enforcement and Democrats who also advocate a broad overhaul of immigration laws.

Some of the Democrats dismissed the hearing as a "sham" that wouldn't help border law enforcement. They chided GOP members for not fully funding previous requests for boosted personnel and equipment on the border.

"We made the point about various amendments that have been defeated because money is key," Jackson Lee said. Citing the "very potent" testimony of the auditor, she said "that's what Americans need to be concerned about."

GOP members said immigration policy wasn't their immediate focus because the border is out of control. That stance was embodied in a House-approved bill that addresses enforcement issues but, unlike a Senate-approved version, does not contemplate amnesty or a guest worker program for the nation's estimated 12 million illegal immigrants.

The Senate bill would "tie the hands of local law enforcement," said subcommittee chairman Rep. Ed Royce, R-Calif. "(It) actually rolls back border protection. The House bill advances it."

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In addition to hearing testimony at La Posada Hotel overlooking the river, Royce and other members spent time with Border Patrol agents as they used video surveillance equipment to monitor river crossings. They also met with Texas National Guard members who began arriving last month to temporarily bolster the patrol while new agents are being trained.

After seeing area operations, Royce said he believes this region would benefit from fences or other barriers erected near the river. Royce also said he would seek increased funds to reimburse sheriff's departments for their efforts supporting human and drug interdiction efforts.

Royce joined other members in calling for deployment of unmanned aerial vehicles as surveillance tools, and he praised federal prosecution and expedited removal programs that have curtailed so-called "catch-and-release" of immigrants from nations other than Mexico.

Yet, while Congress wrangles with funding issues and immigration policy, local residents remain concerned about their safety and their ability to do business along the border.

"I believe my ranchers who say they can't even check on their cattle anymore without having an armed guard if they live near the border," said Rep. Henry Bonilla, R-San Antonio, whose district stretches from Laredo to El Paso.

Bonilla raised concerns — shared by agents — that large numbers of Border Patrol officers assigned to Texas have been deployed to help reckon with an influx of immigrants in Arizona. Equipment, too, has been relocated, officials said.

"We are at odds with the executive branch on this," Bonilla said.

"It makes it more difficult here," conceded Laredo chief patrol agent Reynaldo Garza.

N.Y. Court OKs Legal Alien Test For License (WT/AP)

The Washington Times, July 8, 2006

NEW YORK (AP) -- New York's Department of Motor Vehicles can require immigrants to prove they are in this country legally before allowing them to have driver's licenses, a state appeals court ruled.

The 5-0 ruling Thursday by the Appellate Division in Manhattan reversed a decision by Justice Karen S. Smith, who ordered the DMV last year to stop denying driver's licenses to immigrants who didn't have Social Security numbers or proof they were here legally.

In dismissing the illegal aliens' complaint, the appeals court said Justice Smith had erred in barring the identity procedures DMV Commissioner Raymond Martinez put in place and said they were "within his authority and enforceable."

The court noted cases in which one Social Security number was used to get licenses for 57 persons and another in which one taxi driver used two numbers to get two licenses -- one for insurance and the other for traffic tickets.

Foster Maer, a lawyer for the Puerto Rican Legal Defense and Education Fund, which represented the plaintiffs, said his group was considering an appeal.

The DMV began lifting the licenses of illegal aliens in 2004, a move that advocates said would cost as many as 300,000 people their driving privileges.

The plaintiffs in the case had argued that their constitutional rights were being violated.

State officials defended the identity procedures as an effort to combat fraud and terrorism.

La Raza Forum Targets Immigration (LAT)

By Teresa Watanabe

The Los Angeles Times, July 8, 2006

One of the nation's largest Latino advocacy and civil rights organizations plans to meet in Los Angeles this weekend to instruct people how to mobilize and vote out those who fail to back generous new immigration laws.

The National Council of La Raza will highlight immigration at its annual conference beginning today, featuring a bipartisan lineup of such high-profile speakers as former President Clinton, Republican presidential political strategist Karl Rove, Gov. Arnold Schwarzenegger and Los Angeles Mayor Antonio Villaraigosa.

The conference comes as the two chambers of Congress hold competing summer hearings on the issue, with the House stressing stronger border enforcement and the Senate promoting a broader approach that includes legalization for undocumented immigrants and more visas for family members and guest workers. Efforts to reconcile the two approaches have stalled.

"We're in a stalemate…. It looks dismal," said Janet Murguia, La Raza's president and chief executive officer. "We want people to walk away from our conference with clear steps they can take if nothing happens."

Murguia criticized the hearings as a "delaying tactic" that would give immigration control forces a chance to use the volatile issue in the November elections.

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"The hearings suggest to me that there are some in Congress — especially in the House — who would prefer to have an issue as opposed to a solution," she said.

The nonprofit organization, based in Washington, D.C., claims 40,000 members and a network of nearly 300 affiliated community organizations that focus primarily on civil rights, immigration, economics, education and health.

Founded in 1968, the organization grew out of efforts to promote civil rights for Mexican Americans but soon expanded to embrace all of the subgroups among the nation's 40 million Latinos.

Murguia said those groups historically have championed separate issues tied to their ancestral countries: trade sanctions against Cuba, the political status of Puerto Rico. But the immigration issue has drawn all of them together in a striking way, she said.

"It has taken us a while to get comfortable under the same umbrella," Murguia said. But immigration "marches showed we can find solidarity and common ground to advance our community overall."

The conference, scheduled to run today through Tuesday at the Los Angeles Convention Center, is expected to draw 20,000 people. Forums will offer updates on the various immigration proposals and discuss such hot issues as tensions within the labor movement over guest worker programs and among various ethnic communities over immigration, poverty and other issues.

Clinton and Villaraigosa are scheduled to address the conference this morning, followed by a lunchtime speech by Schwarzenegger. A daylong workshop to help people apply for U.S. citizenship will be offered today in partnership with other Latino advocacy organizations. Murguia said the workshop would support Democracy Summer, a major national initiative to produce as many as 1 million new Latino citizens and voters this year.

In addition to immigration, the conference will focus on issues including health, education and economic empowerment.

Workshops will be offered on tax planning and mortgage lending, the universal preschool movement, teenage pregnancy and HIV and AIDS.

"Demographers say we are now the largest minority population in the country, but the challenge is how to leverage this growth into economic empowerment, political power and social advancement," Murguia said.

Cracking Down On Borders And Bosses (WP)

By Julie Myers

The Washington Post, July 8, 2006

The lure of well-paid jobs continues to be the primary magnet for most people who come to this country illegally. A comprehensive immigration strategy that includes a temporary worker program, as proposed by President Bush, is critical to stemming this flow. This strategy must also include work-site enforcement with real consequences for those who knowingly employ illegal aliens.

My agency, Immigration and Customs Enforcement (ICE), was created in the aftermath of Sept. 11, 2001. At first we focused our work-site enforcement efforts on illegal workers at critical infrastructure locations such as nuclear and chemical plants, military installations, airports and seaports. While we continue to maintain these priorities, the agency is also focusing more on traditional work sites.

We believe the most effective strategy in combating illegal employment is criminal prosecution of unscrupulous employers and seizure of their ill-gotten assets. As the immigration debate has heated up, we have heard repeated charges that ICE is failing in its work-site enforcement efforts because the number of employer fines has decreased. In fact, our efforts have grown more robust. What has changed is our strategy.

One thing we have learned from the old Immigration and Naturalization Service (INS) is that simply fining employers for hiring illegal workers doesn't work. INS agents invested substantial time and effort in issuing proposed administrative fines against unscrupulous employers, only to see the fines ignored, paid in an untimely manner or reduced to nothing. For many employers, these fines amounted to a cost of doing business. They were no deterrent.

We can achieve far greater respect for the law among employers by bringing criminal prosecutions and seizing assets derived from illegal employment schemes. The prospect of 10 years in federal prison and losing that new home and car to forfeiture has much sharper teeth than a small fine. This is the future of work-site enforcement. So how does this new approach differ from the strategy employed by the INS?

Take the Kawasaki restaurant chain in Baltimore, for example. In March, ICE executed warrants at three Kawasaki restaurants and four related residences, where we found 15 undocumented workers living in deplorable conditions. The restaurant owners exploited this cheap, illegal labor to maximize profits so that they could purchase luxury vehicles and other assets for themselves. ICE agents arrested the owners on criminal charges of money-laundering and harboring illegal aliens. We

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also seized eight luxury vehicles, 10 bank accounts and at least one home purchased with proceeds from this illegal hiring scheme. The owners have since pleaded guilty to the criminal charges and agreed to forfeit approximately $1.1 million in assets.

How would this case have been handled in the past? INS agents would have simply conducted an inspection of Kawasaki's employment paperwork, which would have led to a minor fine based on paperwork violations. The maximum penalty would have been approximately $20,000, and the owners would have escaped without even misdemeanor charges. In many cases, such a fine would have been negotiated down considerably.

Already this fiscal year, ICE has arrested more than 382 people on criminal charges in work-site enforcement cases and apprehended another 2,100 on immigration violations. In fiscal 2002, the last full year of the INS, the total number of criminal arrests in work-site enforcement cases was a mere 25, while the total arrests for immigration violations numbered 485.

The president has requested $41.7 million in new funds to strengthen work-site enforcement efforts in fiscal 2007. These funds would support the hiring of an additional 171 special agents and 35 support personnel dedicated solely to work-site enforcement investigations.

ICE continues to watch the immigration debate in Congress with great interest. It is our hope that Congress will give full consideration to increasing civil penalties in work-site enforcement cases, as well as new access to Social Security "no-match" information. These steps would allow ICE to be alerted when companies are notified by the Social Security Administration that they have submitted Social Security data inconsistent with information on file -- often an indicator of an illegal worker problem at a company.

As the largest law enforcement agency in the Department of Homeland Security, ICE takes its responsibilities seriously. While most employers want to do the right thing, those who don't should know that they will face the full array of the agency's law enforcement tools and authorities.

The writer is assistant secretary of homeland security for immigration and customs enforcement.

Ex-border Agents Plead Guilty To Bribery (AP-Y2)

By Elliot Spagat, Associated Press Writer

AP2, July 8, 2006

Two former Border Patrol agents pleaded guilty Friday to accepting nearly $200,000 in bribes for releasing immigrant smugglers and illegal immigrants from federal custody.

Mario Alvarez and Samuel McClaren each face up to 18 years in prison when they are sentenced Sept. 29, U.S. District Judge John Houston said. Each pleaded guilty to one count of bribery and one count of filing a false tax return.

"These are Border Patrol agents who smuggled illegal aliens," U.S. Attorney Carol Lam said. "It doesn't get much worse than that."

Alvarez admitted taking $100,300 from a smuggling organization from June 2003 to March 2006; McClaren admitted taking $85,940 from the same smuggling organization.

The former agents did not make any statements beyond acknowledging guilt. Alvarez is free on bond and McClaren planned to post bail soon, defense attorney Martin Molina said.

According to the indictment, the two agents took bribes while in the Border Patrol's El Centro sector, which covers the eastern half of California's border with Mexico.

The complaint said they brought two smugglers into the United States in a government vehicle in September 2004 and released one of them from federal custody three months later in exchange for $10,000. In October 2005, the agents dropped off an illegal immigrant who was to be deported to Mexico at a Wal-Mart parking lot for $6,000, the complaint said.

Calderon Blasts Plan For Wall Along U.S.-Mexico Border (KRT)

By Kevin G. Hall

Knight Ridder, July 8, 2006

MEXICO CITY - Felipe Calderon on Friday took sides in the battle over immigration, blasting a U.S. congressional plan to build a wall on the U.S.-Mexico border while endorsing a U.S. Senate proposal that would offer a route to legal citizenship for millions of undocumented Mexicans living in the United States.

"The solution for migration is not to build walls," he said.

Calderon also called for a joint development fund among Mexico, the United States and Canada that would finance public works construction in poor areas of Mexico.

"A kilometer of highway in Zacatecas or Michoacan can do more to reduce migration than 10 kilometers of wall in Texas or Arizona," he said.

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He also ruled out reopening the agriculture provisions of the North American Free Trade Agreement, which took effect in 1994. Instead, he pledged a new government program focused on helping farmers hurt by imported U.S. corn.

Calderon's comments to foreign reporters were his first since the completion Thursday of the official ballot count that showed him the winner by a slim 0.58 percentage point. His leftist rival, Andres Manuel Lopez Obrador, has promised to challenge the result. Calderon had met with Mexican reporters on Wednesday.

But Calderon appeared as confident in his victory as if he had won the election by a landslide. In addition to criticizing proposals for a wall on the U.S.-Mexico border, he rapped China for its human rights record and promised an aggressive foreign policy that would push Mexico into a leadership role in the Western Hemisphere.

He said a ballot-by-ballot recount demanded by Lopez Obrador was unnecessary and predicted that the Federal Electoral Tribunal would quickly validate his win.

He made a point of bolstering his democratic credentials, pointing out that his National Action Party, or PAN, fought for decades to make Mexico democratic when it was ruled for 71 years by the oft-corrupt Institutional Revolutionary Party, or PRI.

And he questioned his opponent's democratic pedigree, noting that Lopez Obrador's campaign coordinator, Manuel Camacho Solis, held the same job in 1988 for the PRI when it was largely seen as having stolen the presidential election from the founder of Lopez Obrador's Party of the Democratic Revolution, or PRD.

"Let me remind you that I was fighting for democracy when my political adversaries were fighting against democracy," Calderon said.

Calderon will be only the second Mexican president not affiliated with the PRI since the 1920s. In 2000, the current president, Vicente Fox, also a PAN member, became the first. For the first time, the PAN will also control the largest number of seats in Congress, though not a majority.

But Calderon said he would quickly reach out to small splinter parties and the PRI to build a majority.

Usually described as aloof, Calderon went out of his way to appear charming. Before answering questions for about an hour, he walked through the crowded conference room at a Mexico City hotel and shook each reporter's hand.

He said his foreign policy would respect the rights of countries to choose their own form of government but would stress such universal principles as civil liberty.

When asked by a Chinese correspondent about bilateral relations, Calderon noted China's rapid growth and large population as an opportunity for Mexican exports. But he then issued a cloaked call for greater human rights in China: "I hope that one day, there will vigilance around the world on human rights."

Calderon's apparent victory ends the streak of Latin American elections that put left-leaning governments in office. Mexico joins Colombia as the only other Latin nation with a conservative government, and Calderon said he'd work hard to bridge ideological differences and forge closer relations with neighbors in the hemisphere.

A key reason for Calderon's apparent win was his attack ads on Lopez Obrador, which compared him to Venezuelan President Hugo Chavez, a vocal U.S. critic. Calderon smiled broadly when a Venezuelan TV correspondent asked about Venezuela's vice president, Jose Vicente Rangel, who labeled Mexico's election results as "suspicious."

"I'm sorry to have disappointed them by winning," he said.

Mexico's relationship with Cuba was severely strained under Fox, who joined the United States in criticizing the lack of civil liberties on the island nation. Calderon said he'd seek a constructive relationship with Cuba because it would be in the interest of Mexicans. But he also took a backhanded jab as Castro by noting that "before I was even born, he was in power."

Apparent Mexican Winner Attacks Border Wall (WP)

By Manuel Roig-franzia

The Washington Post, July 8, 2006

MEXICO CITY, July 7 -- Less than 24 hours after being named president-elect in a disputed official count, Felipe Calderon took a firm stance against building a wall along the United States-Mexico border to stem illegal immigration.

Echoing his campaign theme, Calderon said the best solution to the immigration crisis was creating jobs in Mexico, "not walls or troops," a reference to President Bush's decision to send National Guard troops to support the U.S. Border Patrol.

Calderon's remarks, delivered during his first post-election briefing for the international news media, angered a leading Capitol Hill proponent of increased border security. Rep. Tom Tancredo (R-Colo.) said in a phone interview that he was "insulted" by Calderon's statement, "just as Mexico would be rightly offended if we were to not only condemn their immigration policies but actively work to aid and abet illegal immigration."

Rep. Duncan Hunter (R-Calif.) another proponent of increased border fencing, said Friday in an e-mailed statement that he was "hopeful Mexico's president-elect will also look more closely at the benefits security fencing brings to both sides of the border."

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The reaction presages what is likely to be one of the most contentious issues facing Calderon if his victory is upheld by the special elections court that will a hear a challenge of the results by his main opponent, Andres Manuel Lopez Obrador. Attempts by Mexican presidents to influence U.S. policy have often received frosty receptions. The outgoing president, Vicente Fox, failed to reach an immigration accord with the United States.

Immigration legislation in the U.S. Congress is stalled. The House of Representatives voted in December to build 700 miles of new fences along the border, and the Senate has voted to approve 370 miles of fencing. But neither proposal has been passed into law.

Calderon was declared the winner of Mexico's presidential race Thursday after an all-night count yielded an official tally that showed him half a percentage point, slightly more than 200,000 votes, ahead of Lopez Obrador. Lopez Obrador alleges that the vote was marred by numerous "inconsistencies," such as more votes being recorded than the number of ballots delivered at thousands of polling places. He plans to hold a rally Saturday in Mexico City's large downtown square, the Zocalo. On Friday, 1,000 of his supporters began a 60-mile march to Mexico City from the town of Pachuca.

Mexico's special elections court has until Sept. 6 to decided whether to certify the results. But Calderon is talking and acting as if his victory is assured On Friday, he said there was no doubt about the results and predicted he would work well with opposing parties, even though his National Action Party does not have a majority in the legislature. He also said he would not privatize Mexico's Pemex oil company.

Calderon also wants measures that will protect what he called "vulnerable" crops, such as corn and beans. Lopez Obrador had vowed to defy provisions of the North American Free Trade Agreement that call for reducing tariffs on U.S. corn and beans. Many small Mexican farmers have said the reduced tariffs would put them out of business. Calderon said Friday he would not try to renegotiate the provisions. "The way the U.S. Congress is now," he said, "I don't see a large probability that the winner of the renegotiation would easily be Mexico."

Calderon said one of his first trips as president would be to the United States, where he wants to meet with Mexican Americans. More than 20.6 million people of Mexican origin live in the United States, representing 58 percent of the nation's Hispanic population, according to the U.S. Census Bureau. The Pew Hispanic Center says there are also 6.2 million Mexicans living in the United States illegally.

Meeting Danger Well South Of The Border (WP)

By N.C. Aizenman

The Washington Post, July 8, 2006

TECUN UMAN, Guatemala -- Mario Lobo stood on the muddy bank of the Suchiate River just after dawn, staring dispiritedly at the roiling current separating him from Mexico.

The slight, 22-year-old Honduran was still 1,500 miles from the U.S. boundary line. But for Lobo and tens of thousands of other impoverished Central Americans who sneak into the United States each year, the real border begins here, at Guatemala's frontier with Mexico -- and onward through the entire length of Mexico -- as they embark on a succession of ordeals of which the dangerous trek through the desert into Arizona or Texas is merely the final chapter.

Every step requires split-second decisions that can mean the difference between life and death. Should they ford a rushing river or spend precious pennies on a raft ride? Are the bandits on a remote path more dangerous than the immigration checkpoints along the main road? And will hopping a speeding freight train dramatically reduce the journey time, or will a slip and a fall permanently cut it short? Lobo had heard about these perils from others who had made this trip before. Yet as he contemplated the coffee-colored waves of the Suchiate, all other dangers paled in comparison with the one foremost in his mind.

"That water," he muttered to his two traveling companions, "looks very deep."

Most migrants cross the river on rafts built from two black inner tubes lashed to a couple of planks of wood. But the raft owners charge 10 Guatemalan quetzales per person -- about $1.30. Lobo and his friends had only seven quetzales between them.

"We can wade across like him," suggested one of Lobo's friends, Francisco Quintero, 28, pointing to a sinewy man who was pulling his raft against the current with a rope tied around his waist. "See, the water only reaches to his chest."

"No," answered Lobo glumly. "Look at him. He's not wading, he's swimming. You know how to swim. I don't."

Quintero gave a sigh that betrayed a touch of impatience. A veteran of the trip north with wide scars across his body to prove it, he had left a construction job in Reno, Nevada, to help guide one of his nephews from Honduras to the United States. Lobo and their third friend, Juan Vicente, 24, had decided to come along, drawn by the promise of jobs that pay more than $3 a day.

But Quintero's nephew had changed his mind on the bus from Honduras before the foursome ever reached the run-down border town of Tecun Uman, terrified by the stories he was hearing from fellow passengers.

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Now it looked as though Lobo was going to bail as well.

"Okay," Quintero finally said. "What if I offer that rafter our seven quetzales to take only you? Juan and I can swim across."

Lobo silently nodded his assent.

About 20 minutes later the trio was standing on the opposite bank of the river, drying off with a towel supplied by a friendly Mexican woman. She watched from the doorway of her concrete-block hut as Vicente applied deodorant and Quintero carefully combed his hair. From this point forward, they knew, it would be crucial to blend in.

"Which way are you headed?" the woman asked.

"We're going to walk to Arriaga, then hop on the train from there," Quintero answered casually.

The woman clucked her tongue. "Very dangerous," she said with a shake of her head. "Lots of thieves about."The Train From Arriaga

About 160 miles farther north, at a shelter for migrants in Arriaga run by the local priest, a different set of Honduran friends were bent over a map of Mexico taped to the wall.

"My God, you mean we've only gotten this far!" Carlos Pineda, 22, exclaimed in dismay to Rafael Valencia, 18.

About 20 days earlier they had set off for the train station at Arriaga -- the southernmost terminus in Mexico -- from the same riverbank that Lobo and his friends had just reached. The slashes through each pocket of Valencia's jeans offered a hint at what the pair had endured since.

Their troubles began, they said, when six masked men wielding rifles and machetes ambushed them on a quiet stretch of the dirt path the two had chosen to skirt immigration checkpoints along the main road. "The bandits made us strip naked. Then they ripped through our clothes with their knives looking for money," Pineda recalled.

The thieves found 600 Mexican pesos -- about $50 -- that Pineda and Valencia, both bus drivers back in Honduras, had saved for the journey through Mexico. But the bandits missed an extra $7 that Pineda had stuffed down one of his socks. So he was still hopeful a few days later when he and Valencia met three Salvadoran women walking along the same path.

The prettiest had hair down to her shoulders and told Pineda she had left behind a 2-year-old girl, he recalled. She reminded Pineda of the wife and daughter he'd said a tearful goodbye to in Honduras.

Their conversation ended abruptly when seven men armed with pistols suddenly popped out of the foliage.

Once again the migrants were forced to strip. This time the thieves found Pineda's $7 stash, he said. One of them also stole Valencia's sneakers, leaving him with a pair that was too small and falling apart.

Then one of the bandits grabbed the woman Pineda had been chatting with and ordered Pineda and Valencia to get lost as he began dragging her toward the forest.

"She was crying, begging him, 'Please, don't do this. Take everything you want. But don't do this,' " Pineda recounted in a miserable whisper. "The bandit punched her in the face and shouted, 'Shut up, stupid dog!' "

By the time a third gang of robbers accosted Pineda, Valencia, and another man on their path a few days later, Pineda recounted, they had nothing of value left. Enraged, the thieves began hacking at the third man with their machetes as Pineda and Valencia sprinted away.

"I knew this trip would be hard," Pineda said in a choked voice, blotting tears from his eyes with his white T-shirt. "But not like this."

Valencia, meanwhile, was more preoccupied with a rumor spreading through the shelter that a freight train would be leaving that night.

He pulled Pineda aside to share some train-hopping tips he had learned on previous trips north.

"See, when the train is moving, be careful not to run too close alongside it," Valencia explained, using his right hand to simulate a train moving along the dining table and his left hand to show a little man running toward it at top speed. "Otherwise the air will suck you right under the wheels."

The little finger-man slid under Valencia's right hand and collapsed on the table with a splat.

Pineda gave a weak chuckle. He looked like he wanted to vomit.

Yet as the afternoon gave way to evening, it was Pineda who seemed most eager to set out for the grassy expanse around the train station a few blocks away.

Several hundred migrants were already huddled there in the dimming twilight, waiting to stake out positions on the freight cars that rail workers were linking to form the train.

At about 10 p.m. the last car was rammed onto the back of the train with a bang that echoed in the pitch darkness. Migrants were now packed into every nook and cranny of the train.

For a moment there was total silence. Then the locomotive roared to life, and the train began to lurch forward with gathering speed.

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Pineda and Valencia cheered from their perch atop a tanker car. "Woo-hoo!" the two friends could be heard yelling as the train thundered out of the station. "God is with us! To the North!"The Shelter at Tapachula

Alan Delgado gripped the edge of his mattress and clenched his teeth in agony. His right leg had been amputated above knee. Yet the nerves in his thigh continued to tingle and spasm as though it were still there. His friend Julio Cesar Lambert gave him an understanding smile from the next bed over. Lambert was missing his left leg.

Twelve days earlier the two Hondurans had boarded a 10 p.m. freight train from the same station in Arriaga that Pineda and Valencia had just left. Now they were the newest wards of the Shelter of Jesus the Good Shepherd, a refuge for injured migrants in the town of Tapachula, back toward the Guatemalan border. Police and hospital workers send at least 40 mangled migrants a month to the shelter, a collection of whitewashed concrete-block rooms.

Delgado, a short 22-year-old with impish features, said he could still remember the relief he'd felt as their train pulled out of Arriaga. But his optimism had been tempered by the pouring rain and his awareness of the 11-hour ride ahead.

About an hour-and-a-half into the journey, Delgado said, four masked bandits armed with guns emerged from a hiding place on the train and began leaping from car to car. One migrant apparently refused to give them his money. Three more simply had nothing to hand over. Delgado said the bandits grabbed each man by the shoulders and hurled him off the train.

The next morning, at the train's last stop in the town of Ixtepec, Delgado and Lambert said they hopped on a shorter train containing only a few freight cars. Soon afterward it rounded into a sharp curve so fast that the cars began to buck and sway with a sickening squeal. Sensing an impending derailment, Delgado tried to leap off.

The next thing he knew he was lying on the ground, a chunk of his right foot still stuck on the ladder of a freight car several feet away, the rest of his leg dangling from his thigh by a bloody shred of skin.

Lambert's leg had been severed completely. So was that of a Honduran woman also brought to the shelter.

In the distance they could see the torso of a migrant whose body had been sliced in half. Two more migrants were crushed to death by a freight car, blood pooling from underneath.

For the next three-and-a-half hours Delgado and the other wounded waited for help under a broiling sun, wracked with a pain Delgado said was "indescribable, just un-erasable from your brain."

Delgado remembered screaming over and over again to keep from slipping into death.

When he came out of surgery that evening, Delgado said he wondered why he had struggled so hard.

"I looked at this stump and said, 'I'm a useless person now,' " he recalled. " 'What will I do in the world?' My American Dream ended on that train."

A few beds over, Hanibal Rodriguez, 28, had other plans. A burly Honduran headed to a landscaping job in New Jersey, Rodriguez said he was robbed and shot in the leg three times several weeks earlier by uniformed police near Arriaga.

But his wounds were healing nicely. He'd be ready to return to Honduras in about a week.

"I'll stay for two, maybe three months to recuperate," Rodriguez said. "After that," he added, flashing a toothy grin, "It's back to the north."

CONGRESS-ADMINISTRATION:

Bush Rejects Solo Talks With North Korea (WP)

By Michael A. Fletcher

The Washington Post, July 8, 2006

President Wants to Wait for Allies to Unite Over Nuclear Arms Program, Testing

CHICAGO, July 7 -- President Bush on Friday defended his response to the budding crisis spawned by North Korea's missile tests, saying he will not "get caught in the trap of sitting alone with North Korea at the table."

Bush said he will patiently wait for the other countries taking part in the six-party talks to speak with a single voice, urging North Korea to give up its nuclear weapons program and refrain from further long-range missile tests -- a process that he acknowledged will take time.

"The problem with diplomacy, it takes a while to get something done," Bush said. "If you're acting alone, you can move quickly. When you're rallying world opinion and trying to come up with the right language at the United Nations to send a clear signal, it takes a while."

The United States is working with China, Russia, Japan and South Korea to urge North Korea to abandon its nuclear program. The White House has encouraged tough economic sanctions since Tuesday's launch of seven missiles, including one with the capacity to reach Alaska. But China and Russia have resisted sanctions, even as Pyongyang has threatened to move ahead with more tests.

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Bush's comments came during an unusual news conference here at the Museum of Science and Industry. With the exception of his foreign trips, Bush almost always holds news conferences at the White House. But Friday's event involved local reporters as well as the national news media who travel with him.

"I'm sure you're wondering why I would have a press conference in Chicago," Bush said. "It's a fabulous city; plus, I like to see what it's like to have a major press conference outside of Washington. It might do me some good. The truth of the matter is, it might do the White House press corps some good as well."

As campaigns heat up for November's midterm elections and with the president's popularity hovering below 40 percent in most public opinion polls, White House officials said Bush's appearance is his first in a series planned in coming months.

"You're going to see some times where the president goes out, spends a bit of time in a place, talks with the leaders, drills into the issues, listens to what they have to say, builds trips generally around one topic," said White House spokesman Tony Snow.

Typically when Bush travels domestically, he delivers a speech and quickly moves on. But Bush began his visit here Thursday evening with a dinner with Mayor Richard M. Daley (D) and local business leaders. Before his news conference Friday morning, he had breakfast with other local executives.

After his news conference, Bush attended a $1.2 million fundraiser for gubernatorial challenger Judy Baar Topinka, the three-term state treasurer who is the only Republican to hold statewide office in Illinois. He then traveled to nearby Aurora to tout his efforts to bolster high-tech research and education at Cabot Microelectronics, which makes substances that help in the manufacture of sophisticated semiconductors.

Despite widespread public discontent with GOP congressional leaders, Bush predicted that Republicans will keep control of the House and Senate, allowing them to continue setting the nation's legislative agenda for the next two years.

"You win elections by believing something," Bush said, when asked whether his poor poll numbers are hurting GOP candidates. "You win elections by having a plan to protect the American people from terrorist attack. You win elections by having a philosophy that has actually produced results -- economic growth, for example -- or kind of changing the school systems for the better, or providing prescription drug coverage for elders."

Bush ducked questions about a possible U.S. military response to North Korea, and he emphasized that he will continue pursuing diplomatic solutions, even if they prove "slow and cumbersome."

Asked whether he believes the U.S. missile defense system could have intercepted a missile aimed at this country, Bush said: "Yes, I think we had a reasonable chance of shooting it down. At least that's what the military commanders told me."

Some experts speculate that North Korea is stoking a crisis in hopes of drawing the United States into direct negotiations.

"It's an interesting question: Is he trying to force us to do something by defying the world? If he wants a way forward, it's clear," Bush said of North Korean President Kim Jong Il. "If he wants to have good relations with the world, he's got to verifiably get rid of his weapons programs."

The White House also is working to forge a diplomatic consensus against Iran, which is pursuing its own nuclear program. Bush said next week's meeting of the Group of Eight leaders in St. Petersburg, Russia, will be an opportunity to send a clear message as Iran considers an incentive package aimed at curtailing its nuclear program.

"Some nations are more comfortable with sanctions than other nations," Bush said. "Part of the issue we face in some of these countries is that they've got economic interests. And part of our objective is to make sure that national security interests, security-of-the-world interests, trump economic interests."

Bush In Chicago In Bid To Boost Standing (AP-Y2)

By Tara Burghart, Associated Press Writer

AP2, July 8, 2006

President Bush had breakfast at a popular diner and met with business leaders during an overnight trip to Chicago, part of an effort to boost his sagging popularity by putting him on the road more often this summer.

Inside the diner Friday morning, Bush greeted customers, who said they appreciated what the president was doing. Guinn Gandy, a Texas native who now lives in suburban Aurora, said no one asked any difficult questions.

"It's not appropriate here," Gandy said. "The man's trying to have breakfast."

The president also had dinner with Democratic Mayor Richard M. Daley, who joined Bush at a news conference Friday.

White House counselor Dan Bartlett said similar trips were being planned for the president throughout the summer, with Bush spending more time in communities to "really sink his teeth into the local market."

There also was some political fundraising on the trip, as Bush helped raise $1.2 million for Judy Baar Topinka, the Republican state treasurer who is trying to unseat Democratic Gov. Rod Blagojevich.

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Outside the hotel where the fundraiser was held Friday, several dozen protesters carried anti-Bush and anti-war messages. A couple demonstrators burned American flags.

On Thursday, Bush dined with business leaders, including Juan Ochoa, president and CEO of the Illinois Hispanic Chamber of Commerce. He said Bush and his guests spent about 20 minutes talking about immigration reform and its prospects in Congress.

"It was comforting for me to know a Republican president would make an attempt to pass immigration reform," said Ochoa, who called himself a staunch Democrat. "President Clinton had eight years and at no point did I feel it was a priority for him."

They also spoke about the morale of troops in Iraq and leadership in South America, he said.

One protester at the restaurant, in a gentrifying neighborhood just south of the city's business district, said Bush needed to visit other spots in Chicago if he wanted to hear from average Americans.

"If he really wants to meet with real people, this is certainly not the place to do it," said Lindsie Chait, holding a sign reading "Bush Step Down." "He should go to poorer areas of the city."

Larry J. Sabato, director of the University of Virginia Center for Politics, said trips like the one to Chicago demonstrate that Bush does connect better with voters in informal sessions out of the Beltway. But he said the main problem is the unpopularity of the Iraq war.

"Until things look up in Iraq, and American troops are coming home in significant numbers, Bush's own numbers won't improve much," Sabato said in an e-mail.

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Associated Press writers Don Babwin, Michael Tarm and Carla K. Johnson contributed to this report.

Bush Says UN Must Send A Clear Message To North Korea (BLOOM)

By Jay Newton-Small

Bloomberg, July 8, 2006

President George W. Bush said the United Nations must send a clear message to North Korea's leader to disarm and that ``rallying world opinion" takes time.

``What matters most of all is for Kim Jong Il to see the world speak with one voice," Bush told a news conference today at Chicago's Museum of Science and Industry. Bush said the U.S. had a ``reasonable chance" of shooting down long-range missiles if necessary, while describing the U.S. anti-ballistic systems as ``modest."

The U.S. is working with China, Russia, Japan and South Korea to persuade North Korea to disarm after that country vowed yesterday to continue missile tests it began this week in Asia over the Sea of Japan.

If Kim ``wants to have good relations with the world, he has to verifiably get rid of his weapons programs," Bush said.

The U.S. chief negotiator in six-nation talks aimed at dismantling North Korea's nuclear weapons is in the region meeting with his counterparts.

``China doesn't support North Korea's missile launches," Christopher Hill, assistant secretary of state for East Asia and Pacific, told a press briefing in Beijing, before leaving for Seoul. ``North Korea did not heed China's advice to refrain from firing those missiles."

Hill made China, North Korea's staunchest international ally, the first stop in a four-nation trip as the UN Security Council considers a formal rebuke to North Korea. The U.S. is trying to persuade China to condemn North Korea's missile tests.

Appeal for Patience

China and Russia, both veto-wielding permanent members of the Security Council, have signaled disagreement with the U.S., U.K. and France, the other members, over how much international pressure should be brought to bear on North Korea.

South Korea will suspend aid to North Korea indefinitely in response to the communist regime's missile tests, Agence France- Presse said today, citing an unidentified South Korean official in Seoul.

Bush said today that North Korea's missile launches showed that the U.S. needs a ballistic missile defense system, without guaranteeing that it can shoot a missile down at this point. ``It's new research," he said. `It's hard for me to give you a probability of success."

The U.S. has 11 interceptors in silos in Alaska and California that could be directed by ground- and naval-based radar to destroy a target. The U.S. system's last successful intercept test was in October 2002. Several subsequent tests failed.

Iranian Program

The U.S. also is working diplomatically to confront Iran, another threat, on its nuclear program. Bush said next weekend's meeting of the Group of Eight leaders in St. Petersburg, Russia, will be an opportunity to send a clear message as Iran considers an incentives package aimed at curtailing the country's program. China and Russia have opposed harsh sanctions.

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``Some nations are more comfortable with sanctions than other nations," Bush said. ``Part of the issue we face in some of these countries is that they've got economic interests. And part of our objective is to make sure that national security interests, security-of-the-world interests, trump economic interests."

``These problems didn't arise overnight, and they don't get solved overnight," Bush said in response to a question on whether the missile launches represent a failed U.S. policy.

Strategy Shift

Today's news conference marked a shift in Bush's communications strategy, drawing in local and regional reporters as well as national media. ``I'd like to see what it's like to do a press conference outside of Washington," Bush said.

Bush also attended a $1.2 million fund-raiser for Republican gubernatorial challenger Judy Baar Topinka. Outside Chicago's Drake Hotel, where the fund-raiser was held, dozens of protesters held anti-Bush signs and burned at least two American flags.

Bush later toured Cabot Microelectronics Corp. in suburban Aurora, praising the facility for ``innovative" work in nanotechnology and superconductors.

The administration is stressing the strength of the economy to bolster Republicans in the November elections. ``People are better off, things are working," Bush said this morning, adding that the U.S. has added more jobs for 34 straight months.

The economy added fewer jobs in June than economists expected, reducing the urgency for further Federal Reserve interest-rate increases even as wages rose the most in five years, the Labor Department reported today.

Bush Salutes Daley; Boosts Topinka Campaign (CHIT)

By Rick Pearson

Chicago Tribune, July 8, 2006

President Bush offered a staunch defense of Mayor Richard Daley Friday, calling him "a great mayor" and a friend despite the federal convictions of former top Daley patronage aides on charges of rigging jobs for mayoral campaign workers.

Appearing at a near hourlong news conference at the Museum of Science and Industry, Bush said he could not provide an assessment of the job U.S. Atty. Patrick Fitzgerald has done on the local level in bringing corruption charges against officials in city and state government.

But the president credited Fitzpatrick for acting "very professional" in his role as a special federal prosecutor in Washington investigating the leaked identity of a CIA operativethat resulted in an indictment against I. Lewis "Scooter" Libby, Vice President Dick Cheney's former chief of staff.

Bush said he had not given any thought to formally reappointing Fitzgerald as U.S. attorney for the Northern District of Illinois. Though Fitzgerald's four-year term ran out in October, he continues to serve under federal statute until a vacancy exists—a factor that some observers say eliminates the need for a formal reappointment.

About 40 federal prosecutors nationally are operating under the same status as Fitzgerald.

With Daley sitting side-by-side with one of his chief critics, U.S. Rep. Jesse Jackson Jr. (D-Ill.), Bush said, "I haven't been following the cases here" in Chicago involving Fitzgerald's prosecution of alleged City Hall corruption. On Thursday, only hours before Bush arrived for his two-day Chicago stay, a federal jury convicted Robert Sorich, Daley's former top patronage aide, and three others charged with a scheme to steer jobs to campaign workers.

"I still think he's a great mayor," Bush said of Daley when asked about the latest federal convictions. "It is a well-run city and he gets a lot of credit for it. He doesn't get sole credit, but he gets a lot of credit. He's a leader."

Bush said he was "proud" to call Daley "a friend" and to have shared his 60th birthday on Thursday night with the mayor at a private dinner in the South Loop.

The Republican president has long saluted Daley's status as one of the nation's most powerful Democratic mayors.

Bush praised the mayor again later on Friday in an unusual setting—while keynoting a fundraising luncheon for Republican gubernatorial candidate Judy Baar Topinka before an audience of 500 people that included U.S. House Speaker Dennis Hastert of Oswego, former Gov. Jim Edgar, state Republican Chairman Andy McKenna and the rest of the 2006 GOP statewide slate.

"Had a fabulous night last night with the mayor," Bush said. "They asked me at a press conference about the mayor. I said, 'The mayor is a man of his word.' He said, 'You're going to get clobbered in Chicago in 2000,' and he kept his word."

At the $500 per person fundraiser, Bush said Topinka was going to be "a fabulous governor" and called her "a good, fine, honest person, who knows what she's doing." Topinka, in her brief introduction of the president, referred to Bush as a "wonderful man."

During his news conference, Bush said he was unaware of an April column by George Will about Topinka in which an unidentified aide said of a presidential visit: "We just want him to raise money. Late at night. In an undisclosed location."

"Didn't work. I'm coming to have lunch," Bush said. "I think it's going to be a pretty successful fundraiser."

Bush made no mention of Topinka's opponent, Democratic Gov. Rod Blagojevich, whose name he had difficulty pronouncing during a visit to Hastert's district last summer to sign a massive federal transportation funding bill.

But Blagojevich, appearing at a bill-signing ceremony, contended Bush was only raising money for Topinka because "that's his team and he's got to help his team."

In a bit of topsy-turvy politics, Bush touted the health of the state's economy by echoing Blagojevich in noting the state led the nation for job creation in April. And Bush's 2004 presidential opponent, U.S. Sen. John Kerry (D-Mass.), appeared to side with Topinka's criticism of the Democratic governor on the issue of job creation.

"The president praises the optimism of Illinois businesses, yet more of the state's businesses closed their doors in 2004 than new businesses were opened," Kerry said in a statement.

Bush Gets Taste Of Chicago Politics (CHIST)

By Andrew Herrmann

Chicago Sun-Times, July 8, 2006

President Bush got a taste of Chicago on Friday, noshing at a popular downtown breakfast spot before getting a helping of Illinois politics.

In a press conference here, Chicago reporters offered up two sour subjects: City Hall corruption and insulting remarks about Bush by an aide to Republican gubernatorial nominee Judy Baar Topinka.

Bush didn't bite.

President takes a soft poke at Cubs

In a bit of good-natured baseball banter, President Bush needled a Chicago Tribune reporter Thursday about the Tribune Co.-owned Cubs.

Following a press conference at the Museum of Science and Industry, the president joked that he would have talked about the Cubs, but "I didn't want to bring up a sore subject."

The hapless squad is a recurring theme with the president.

During a speech here last May, Bush noted that when he threw out the first pitch for the team's season opener, they beat the Cincinnati Reds 16-7.

"So I want to assure all the Cubs fans here that the last time I saw them play, they were undefeated," Bush said.

Despite a federal jury's verdict that city hiring and promotions were politically fixed, the president called Mayor Daley "a great mayor" who heads "a well-run city."

As for the Topinka camp remarks, made to columnist George Will in April, that her campaign would have preferred the embattled president come "in the middle of the night" at an "undisclosed location" -- a shot at his weak and possibly politically contagious levels of public support -- Bush shrugged it off.

"Didn't work. I'm coming to have lunch," a laughing Bush told reporters at the Museum of Science and Industry.

The $500-a-plate salmon and shrimp lunch at the Drake Hotel helped raise $1.2 million for Topinka's gubernatorial campaign.

The president held the 55-minute news conference as part of a new effort to try to turn around his low poll ratings before the crucial midterm elections in November. Chicago-based reporters were given the opportunity to participate in questioning the president outside of Washington, a rare move that Bush said "might do me some good" and -- in a jab -- added "might do the White House press corps some good, as well."

'I'm proud to call him my friend'

National and local reporters asked him about a range of topics, including the North Korean crisis, the war in Iraq, foreign ownership of defense companies and skyrocketing gasoline prices.

As Daley sat to the side of the podium, Bush was reminded by a reporter that last summer, he had called Daley a "great mayor." Given the conviction Thursday of Daley's former patronage chief Robert Sorich and three others for doling out jobs and promotions to reward the mayor's political workers, the president was asked whether his assessment had changed.

Bush turned to Daley and said, "I still think he's a great mayor. ... I'm proud to call him my friend.

"The thing I like about Daley is ... when he tells you something, he means it. Like, he told me, 'We're going to whomp you in the 2000 election.' He meant it," referring to Bush's loss of Illinois in his first presidential election.

As for the Topinka aide's remarks, undisputed by the nominee, Bush said he hadn't heard them but wasn't offended. He downplayed his effect on the outcome -- good or bad -- of elections.

"Here's how you win elections: You win elections by believing something," he said.

Topinka: 'This is doable'

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After the luncheon at the Drake, Topinka dismissed the remarks as "a throwaway comment" and said the president's appearance, besides helping her "get a few dollars in the bank," helps give her campaign some legitimacy. Bush's visit, at the invitation of Topinka, "sends the message to the public that, you know, this is doable -- we can replace this current governor," said Topinka, who is facing Gov. Blagojevich for the post.

Bush's press conference was held in the museum's rotunda beneath a replica of the Wright Brothers plane. Afterward, he toured parts of the museum's new Leonardo da Vinci exhibit, examining a high-tech device that allows one to electronically flip through computer-scanned pages of da Vinci's workbook Codex Atlanticus.

After the press conference, a motorcade cruised up a shuttered Lake Shore Drive, accompanied by two boats from the Chicago Police Marine Unit buzzing alongside in Lake Michigan, and passed pockets of protesters and supporters. One man held a sign, "60 is the new 25" -- a reference to Bush's birthday celebrated here, while another carried a placard reading "Bush Hates Science," an apparent reference to the president's limited support for stem cell research.

In a park across from the Drake, several dozen anti-war protesters gathered in a showing that included the burning of an American flag.

At the fund-raiser, Bush lauded Topinka as a "good, fine, honest person, who knows what she's doing," and he thanked the crowd of GOP bigwigs -- including U.S. House Speaker J. Dennis Hastert and former Gov. Jim Edgar -- for supporting her. "People don't want to back somebody who can't win," Bush said.

'Really cool place'

After attending the fund-raiser the president visited west suburban Aurora's Cabot Microelectronics to discuss his American Competitiveness Initiative, which would funnel $5.9 billion into research and education but has yet to be passed by the Senate. The company makes products used in the manufacture of computer chips and disc drives.

Bush, who stayed Thursday night at the Intercontinental Hotel, seemed to relish his two-day stop in Chicago, calling it "a really cool place" to celebrate a birthday. He praised the Chicago Firehouse restaurant where he dined Thursday evening and his breakfast at Lou Mitchell's diner. He told the Drake crowd to "take your kids" to the museum because "it is a special place.

"I'm looking forward to shedding my entourage one of these days and spending a little quality time there at the museum," Bush said, smiling.

Beltway Follows Bush To Chicago (CHIT)

By Michael Tackett

Chicago Tribune, July 8, 2006

You can take the president away from Washington, but you can't take Washington away from the president.

And no matter how hard the White House tries, no matter the venue it chooses, there are still hard, difficult facts and even unforeseen events that can tarnish even the most well-conceived scripting.

President Bush traveled to Chicago for a birthday dinner with Mayor Richard M. Daley, only to find out en route that Daley's top patronage chief had been convicted by a federal jury and that Daley's own status would be the most pressing question in town. He came to trumpet unemployment numbers only to find that they were not exactly unvarnished good news.

The White House said that holding a news conference in Chicago at the Museum of Science and Industry instead of in Washington was part of a strategic shift to put the president in more natural, out-in-the-country, in-touch-with-the-people settings. A spokesman said that having the president overnight in town would allow him the chance to get a deeper feel for the city. (Memo to White House: It's a pretty big place to get to know in one turn of the clock).

What the White House didn't say, but what was highly apparent, was that the president has decided to fully engage in the 2006 midterm elections, perhaps the last clear referendum on his presidency, and this could be a sign of the unofficial start of a campaign. Bush emphasized the good news he found in the jobs data and first quarter growth, then noted bluntly that his tax cuts were the answer. The subtle read? Democrats would raise taxes. He continued to push progress in Iraq, honoring a sacrifice made by a soldier from Hoffman Estates. Democrats, the implicit argument was, would cut and run. These are messages that he will likely be reinforcing as he travels throughout the country between now and November.

There is logic in that. No matter how skeptical the local press corps, there is still a reflex for a red carpet for a president. Positive coverage – locally, anyway – is typically assured. WGN-TV carried the press conference live. Bush said he might do him and the White House press corps that follows him, some good to get out of the capital. Bush's homage to breakfast at Lou Mitchell's and his "fabulous city" label for Chicago, even his "proud to call him friend" attaboy to Mayor Daley was sure to go down easy in the city. But when he lapsed into talking about "the Doha round of the WTO" it was a reminder that the argot of Washington has captured his speech as well.

Much of his opening statement could have been delivered anywhere. So, too, the first question, which was about the escalating conflict with North Korea. And the second, as Bush continued the convention of calling first on reporters for major wire

services. The third dealt with the Supreme Court ruling that the president had overstepped his authority by ordering military tribunals. In other words, a news conference that might have well been in the Rose Garden.

The Tribune's Rick Pearson then was called upon and seemed to surprise the president when he asked if he were going to re-appoint special prosecutor Patrick Fitzgerald, the very busy U.S. Attorney in Chicago. The president said he hadn't really thought about that, then recovered by saying that the decision would fall to Atty. Gen. Alberto Gonzales. And though he said he wanted to get to Chicago to experience more of the "real" America, he allowed that he hadn't paid much attention to Fitzgerald's investigations, which have been the subject of extensive coverage in the national media.

Other local reporters asked aggressive questions about national policy; and there was a pointed question about the president's presence at an appearance for Republican gubernatorial candidate Judy Baar Topinka. Bush tried to parry the question, not all that gracefully at first, before rallying with the boilerplate about core beliefs that voters have always seemed to respect in him.

So if the communications czars in the White House were hoping for questions about cheesecake or the Cubs, they were roundly disappointed. And if they thought that by taking the president away from the Beltway that somehow he would be bathed in different light, the morning in Chicago proved that wrong.

Who Really Rules The Supreme Court? (LAT)

By Douglas W. Kmiec

The Los Angeles Times, July 8, 2006

THE RECEIVED WISDOM at the end of the most recent Supreme Court term is that because of his swing vote, Justice Anthony Kennedy is more in control of the court than the new chief justice, John G. Roberts Jr.

It's a nominally plausible theory, given that Kennedy played a similar pivotal role in previous years with the now-retired Justice Sandra Day O'Connor. In those days, the two often found themselves disproportionately powerful as they staked out ground between the court's more ideological members.

But in my judgment, it's a misleading picture of what's happening now — partly because Kennedy alone is often deliberately speculative and partly because Roberts has at least the nascent but constructive capacity to span partisan division.

Kennedy without O'Connor is like Rodgers without Hammerstein. Oscar Hammerstein wrote lyrics that made songs both memorable and understandable. O'Connor had a comparable gift for creative expression, even as originalists sometimes wondered if she was always reading from the founders' constitutional songbook.

For better or worse, it was O'Connor who had to be satisfied. It was her "reasonable objective observer" who would cast a suspicious eye at public religious displays. And it was her assessment — not Kennedy's — of the University of Michigan's practices that allowed racial diversity to be a factor in admissions.

Kennedy, like Richard Rodgers, would often join O'Connor with an accompanying melody. But the words that lower courts would remember were hers.

Kennedy and O'Connor both concluded, for example, that it was wrong for Texas to single out private, consensual homosexual sex acts for criminal punishment. But it was O'Connor's separate concurrence that made sense of the judgment — pointing out that it is inequitable for a state to punish unmarried intimacy between people of one sexual orientation but not the other. Despite the troubling lack of deference to state law, O'Connor's rationale was at least anchored in the equal-protection text of the Constitution, while Kennedy's hung somewhere in midair exploring what he called "spatial and transcendent" liberties.

O'Connor's rationale was sufficient to keep the petitioner, John Lawrence, and his partner out of a Texas jail; Kennedy's expansive musings to this day provoke further litigation to allow same-sex marriage.

In writing her down-to-earth lyric for the court, O'Connor was pragmatic; Kennedy, as an explorer of the spatial heavens, was poetic. Commentators, including myself, would occasionally express frustration with O'Connor's balancing tests that only she could apply, but at least she decided the particular — and often sensitive — case before her. Kennedy's writing, while rhetorically eloquent, can be as maddeningly ambiguous as the abstract poetry of Dame Edith Sitwell or the art of Jackson Pollock. Having taught law for more than 20 years, Kennedy sees all kinds of potential permutations and is quite content to let them percolate unresolved — like provocative questions posed during an academic seminar.

Kennedy's theorizing reveals a mind of great intelligence but makes it more difficult to strike bargains with him. O'Connor knew what she wanted as a specific outcome, so the liberal and conservative coalitions could make reasonable bids for her affections. Kennedy as a solo act poses the perennial Father's Day dilemma: You know the old man needs something, but darned if you can put your finger on it.

Kennedy's ruminations produce cases that have outcomes but no settled rationale. Thus, the scope of the Clean Water Act remains a mystery, beyond Kennedy's requirement for some as-yet-undefined "significant nexus" to U.S. waters; the exclusionary rule does not apply in no-knock cases, but it should not be seen as "in doubt"; and Salim Ahmed Hamdan, the

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Guantanamo detainee, deserves a tribunal more jurisprudentially spiffy than the president's military commissions because of the influence of the Geneva Convention, but it is "not necessary to decide" how to apply the convention.

If Kennedy by manner and approach chooses to do-si-do rather than lead the judicial dance, who then emerges as the dominant influence on the court? By virtue of seniority (and sheer intellectual feistiness), Justice John Paul Stevens, 86, is the organizing voice of the four-vote liberal view. Justices Antonin Scalia and Clarence Thomas remain the rock-solid right. Neither is sufficient to decide.

That returns focus to the center seat. And, after a year, Roberts has had remarkable appeal in this position as the non-legislating umpire he described during his confirmation.

Roberts has a conservative mind but a diplomat's nature. His abiding concern is to keep the court within bounds on legal, rather than ideological, grounds. Because that is so, he has the capacity to draw votes from both sides on controversial and pedestrian cases alike.

Consider just two examples: his unanimous opinion rejecting free speech and association claims against Congress' Solomon Amendment mandating equal campus access for military recruiters; and his opinion for the full court rejecting, on procedural grounds, a challenge to tax credits favoring in-state investment.

Roberts' collegial consensus-building here and elsewhere overwhelms Kennedy's ability to deploy his swing vote. The impact of the new chief justice was especially influential because he and Justice Samuel A. Alito Jr., the newest addition to the bench, share the founding vision of a more limited role for the court and have great affinity for each other (close to 90% agreement this term).

The fractious finale of Hamdan vs. Rumsfeld, invalidating the president's military commissions, obscures more than it reveals because there Roberts was sidelined by recusal and unable to urge his colleagues toward consensus — or at least a more carefully tailored and clearly stated, not to mention succinct, opinion.

Roberts' ability to influence justices across the spectrum of ideas suggests that the most apt modifier for the court is neither "Kennedy" nor "Roberts" but "open-minded." The strengthening of this quality for the nation's highest tribunal ought not to be missed by outworn efforts that either pigeonhole the court by partisan label or make it a cult of personality.

Douglas W. Kmiec is a professor of constitutional law at Pepperdine University.

G.O.P. Agenda In House Has Moderates Unhappy (NYT)

By Carl Hulse

The New York Times, July 8, 2006

WASHINGTON, July 7 — Moderate Republicans say a planned summer push by the House leadership on conservative causes like gun rights and new abortion restrictions threatens the re-election prospects of embattled centrists, who are key to the party's drive to hold Congress.

Frustrated and angry, they say the leadership's new American Values Agenda, a list of initiatives heavy on ideological themes, seems short-sighted and ill-timed considering that few conservatives are at serious risk in November.

"It was stupid and gross," said Representative Christopher Shays, Republican of Connecticut. "They have this obsession to satisfy conservative Republicans who will probably be re-elected no matter what happens. They get job satisfaction, but they are making it more difficult for me to win my race."

Mr. Shays and others said the announcement of the agenda took them by surprise, particularly after House Republicans seemed to be back on track after a few strong weeks of emphasizing new fiscal controls and a push on national security issues. House moderates have also been supportive of the leadership's hard line against the idea of potential citizenship for illegal immigrants, saying that reflects public sentiment.

But they fear that this new agenda could backfire by stirring independent voters to reject centrist candidates even if they do not totally embrace the party leadership's conservative tilt.

"I don't think it is a good agenda to go into the election cycle with," said Representative Michael N. Castle of Delaware, another moderate Republican.

Republican leaders disputed the idea that the values agenda could harm centrists, saying the lawmakers could establish their independence by voting against select initiatives if they choose. They say that members will be judged on their own records and that even Democratic-leaning seats held by Republicans have core groups of conservative voters who need to be motivated. And they know that the votes will also be difficult for Democratic incumbents in conservative locales.

"I don't mind people having to make tough votes," said Representative Thomas M. Reynolds, Republican of New York and chairman of the National Republican Congressional Committee.

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The unrest among House moderates reflects a seeming contradiction in the campaign strategy being mapped out by Republican leaders on Capitol Hill and at the White House: While the emphasis is being placed on rallying conservatives, many of the must-win races are in more moderate regions of the Northeast, Midwest and suburban South and West.

In the latest review of House races by the nonpartisan Cook Political Report, more than 20 of the 35 Republican seats considered most threatened were closely divided areas of Connecticut, Illinois, New Hampshire, New Jersey, New York, Ohio and Pennsylvania and districts in Arizona, Colorado and Florida where independents could be crucial. Thirteen of the 35 were carried by the Democratic presidential nominee in 2004.

"If you took the top 10 to 20 targeted races, it probably helps about three of them," said Mr. Shays, who said he was so upset by the leadership's agenda that he skipped a meeting of House Republicans rather than risk losing his temper over the initiatives.

In announcing the agenda, Speaker J. Dennis Hastert of Illinois said that it would allow lawmakers to vote on basic values like the "sanctity of life" while defending the nation's founding principles.

Besides a potential series of votes on family tax breaks, the legislative lineup for the weeks ahead included initiatives that would prohibit any government from using federal money to confiscate guns during emergencies; ensure that local governments do not have to pay damages or lawyer fees in court battles over public expressions of religion, and protect the Pledge of Allegiance from being found unconstitutional.

The agenda also includes a measure to ban human cloning and one requiring that those performing late-term abortions inform women seeking the procedure that the fetus could feel pain and could receive anesthesia. House Republican leaders also plan a vote on a constitutional amendment to ban same-sex marriage, even though it could not be adopted in this Congress because it has already been rejected by the Senate.

"There are no surprises here," said Representative John A. Boehner of Ohio, the majority leader. "We have members who want to vote on a number of these provisions, and we are going to vote. It is part of our job."

Democrats say the ideologically tinged votes could benefit their candidates in areas where they hope to defeat Republicans.

"It reminds people that the Republican Party is the party of Terri Schiavo," said Representative Rahm Emanuel of Illinois, chairman of the Democratic Congressional Campaign Committee, referring to Republican intercession this year in the case of the Florida woman whose husband wanted her removed from a feeding tube.

Critics of the agenda said the leadership acted with little fanfare in unveiling it, which they interpreted as a sign that it was undertaken mainly to appease conservatives and that the leadership was not committed to making it a centerpiece of the remaining weeks of Congress.

There are no guarantees that all the proposals will even reach the floor. The measure regarding the Pledge of Allegiance temporarily stalled in committee when too few Republicans showed up to vote, but the leadership said it planned to bring that bill and another piece of the agenda — a ban on Internet gambling — before the full House when lawmakers return next week.

Other Republicans are pushing the House to emphasize what advocates are calling a "suburban agenda," a series of bills pertaining to issues like online and school safety, health care and education savings. And moderates were cheered by a new Senate agreement to allow debate on expanded stem cell research.

But with Congress scheduled to be in session only for July and September before adjourning, moderates say that lawmakers need to be selective about where they put their energy and that the values issues could eat up scarce time.

"I am not going to disparage these particular initiatives," said Jonathan Stevens, policy director at the Republican Main Street Partnership, a moderate group. "I understand what they are trying to do. But what my members are much more concerned about are the more tangible, everyday major issues such as health care, the budget and defense."

Discovery Unloads Supplies At Station (WT/AP)

By The Associated Press

The Washington Times, July 8, 2006

CAPE CANAVERAL, Fla. (AP) -- It was moving day yesterday for the crew of Discovery, which transferred thousands of pounds of supplies and cargo from the space shuttle to the International Space Station.

And there was good news: The astronauts earned an extra day in space.

The astronauts also fired up their inspection boom to survey six questionable areas on the shuttle's thermal skin. Flight director Tony Ceccacci said engineers want extra views of these areas to determine whether there is any serious damage and any need for repairs.

At a press conference, Mr. Ceccacci noted that Discovery has enough fuel to stay up an additional day in order to squeeze in an extra spacewalk for practicing thermal repairs. That stretches the flight to 13 days.

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The astronauts moved a huge cargo container, nicknamed Leonardo, onto the space station by robotic arm. Among the amenities awaiting the space station crew were a new stationary bicycle for exercise, an oxygen generator that will eventually allow the space station to support six inhabitants, a machine that cools the station's cabin air and a lab freezer for scientific samples.

"Have fun putting a new room on the station today -- the float-in closet, every home needs one," flight controllers in Houston wrote the shuttle crew in a daily electronic message.

Unloading items 220 miles above Earth was more difficult than moving into a house because at least there's gravity on the ground, according to Air Force Col. Steve Lindsey, Discovery's commander.

"It's really kind of a challenge because you're in [zero gravity] ... you've got to go very, very slow because if you go fast, you kind of run into things and bump into other equipment," Col. Lindsey said in interviews with reporters on the ground. "It's kind of an interesting choreography we have to go through."

For the first time in three years, the International Space Station has three crew members -- European Space Agency astronaut Thomas Reiter on Thursday joined Pavel Vinogradov and Jeff Williams, who marked their 100th day at the space station yesterday.

Discovery's six remaining shuttle crew members awoke yesterday to a recording of the Beatles' "Good Day Sunshine," a choice of astronaut Lisa M. Nowak's family.

In the afternoon, Navy Cmdr. Nowak and astronaut Stephanie Wilson used the shuttle's robotic arm and an extended boom to take close-up pictures of areas on the orbiter's underside that engineers need more information about to reassure themselves that there's no damage like the kind that doomed Columbia's flight in 2003.

"We've got a couple of really minor problems," pilot Mark Kelly told reporters earlier in the day. "You know, they're not significant enough to be called nuisances."

The boom will look at the shuttle's nose cap area, which eluded earlier photography and may have some bird droppings on it, and three places where gap filler is sticking out, including one protrusion as long as an inch. Gap filler is material fitted between thermal tiles to prevent them from rubbing against each other.

Columbia's seven astronauts were killed during re-entry when fiery gases entered a breach in the shuttle's wing. The breach was caused by insulating foam hitting its external tank.

NASA Engineers Assess New Shuttle Pictures (AP)

By Seth Borenstein, Ap Science Writer

AP, July 8, 2006

NASA engineers examined new detailed pictures of space shuttle Discovery's heat shield Friday, a day before two astronauts were to embark on the most disorienting task of their 13-day mission: a wobbly spacewalk.

The astronauts beamed down up-close views of six areas of concern on the shuttle's thermal skin, and engineers agreed that three of them posed little risk, said Steve Poulos, manager of the orbiter project office. Two more areas have not been cleared but were unlikely to be an issue, Poulos said.

That left just one concern that cautious NASA managers said they could not discount yet: a piece of fabric filler protruding from the thermal tiles on Discovery's belly.

Poulos said it was "amazing" how clean the shuttle appeared in all the pictures taken in orbit.

"There is nothing that jumps out in terms of tile damage like we saw on the last flight. Can't explain it necessarily, but it's great to see that level of performance. Overall, it really made it kind of easy on the analysts," Poulos said.

But if that one remaining piece of fabric filler needs to be fixed, it will have to be yanked out by astronauts in emergency repairs during a third spacewalk on July 12.

Because the protruding filler is in a hard-to-reach area, astronauts Piers Sellers and Michael Fossum would have to use a never-before-tried maneuver of working on the end of the shuttle's 100-foot robotic arm and boom extension.

That daring task is just what Sellers and Fossum were coincidentally scheduled to test Saturday morning during a six-and-a-half-hour spacewalk that is described as the zero-gravity equivalent of trying to paint a house while standing on a rickety ladder. They will stand at the end of the robotic arm and boom to test a technique for repairing the spacecraft's heat shield.

"You're standing at the end of it at night, so you'll feel like you're standing on a diving board or standing at the top of a telephone pole or hanging down from a ceiling," Sellers said in a June interview. "It's disorienting, there's no question."

And if that's not enough, mission control told Sellers and Fossum that they may also have to play "hot potato" with a potentially scorching replacement part for a broken transporter on the international space station. The railcar-like device must be fixed to help with future construction of the orbiting outpost.

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The part is stored in a small bag that traps heat. If it gets too hot, mission controllers suggested the astronauts "let it hang from a tether or 'hot potato' it between your hands."

Also Friday, NASA managers announced that Discovery has enough fuel to stay up for a 13th day to squeeze in a third spacewalk for Sellers and Fossum on July 12.

"It's great news because it gives us a whole lot more capability and a little more bang for the buck, if you will, for this shuttle mission," space station astronaut Jeffrey Williams said in an interview with Associated Press Television News.

The shuttle is now scheduled to land at 9:12 a.m. EDT on July 17.

Astronauts spent several hours focusing the cameras on six specific "areas of interest" on the shuttle that had been seen in earlier photographs. Engineers need more information about the heat shield to ensure there is no damage like the kind that doomed Columbia's flight in 2003.

The fabric gap filler is material fitted between tiles to prevent them from rubbing against each other. Two pieces of gap filler had to be removed from Discovery's belly during a spacewalk last year because of concerns they would cause problems during re-entry.

Besides the filler, NASA was looking at a horseshoe-shaped white spot on the shuttle's nose cap that engineers have described to the crew as resembling bird droppings — but not the same as white splotches found earlier on the wing. The concern was that the spot could be a hole in the thermal-protection system and need repair, but Poulos said the close-up photographs convinced him that it was not a divot.

Two areas of concern that engineers had not discounted, but Poulos said were unlikely to be a problem, were discolorations on Discovery's right wing, including the area where it gets hottest during re-entry. If they need to be fixed, the crew already was slated to test a patch kit, he said.

Seeking Signs Of Trouble, NASA Studies Shuttle Images (NYT)

By John Schwartz

The New York Times, July 8, 2006

HOUSTON, July 7 — On a day devoted to moving thousands of pounds of supplies from the space shuttle Discovery to the International Space Station, engineers and analysts on the ground scrutinized images of the shuttle on Friday for damage that might cause problems in the brutal heat of re-entry.

Officials said that the shuttle came through the rigors of ascent in a remarkably clean state and that they had narrowed their analysis to a few unresolved issues.

In a news briefing on Friday, Steve Poulos, the space shuttle orbiter projects manager, said analysts were still examining two blemishes on the hard panels that line the leading edge of the right wing.

Mr. Poulos added that teams were continuing to work through questions about a piece of stiff cloth known as a gap filler, which sits between tiles so they do not rub against each other as the shuttle flexes. The filler is poking out from the underside of the craft, toward the rear; a similar piece near the nose was removed by a spacewalking astronaut during the Discovery's mission last summer.

Analysts are also trying to determine whether a blemish on the nose of the vehicle was a weakened spot, Mr. Poulos said, or something as harmless as bird droppings.

Neither Mr. Poulos nor John Shannon, the deputy shuttle chief and leader of the mission management team, appeared to be worried about any of the three issues, though they said they were withholding judgment until the analysis was complete.

"We don't rule out anything until the analysts come out and say it's not a problem," Mr. Shannon said.

At the briefing, the officials also announced that the National Aeronautics and Space Administration had decided to extend the mission by a day to add a third spacewalk.

If mission managers do decide to have an astronaut remove the gap fillers, that bit of maintenance would take place during the added spacewalk, on the ninth day of the mission. The walk, which mission planners had long considered but which depended on the condition of the shuttle's fuel cells, will be devoted to testing repair techniques that the space agency is developing for the shuttle's delicate insulating tiles and panels.

The first spacewalk of the mission will take six and a half hours starting Saturday morning and will involve repairs to a minirailcar system on the outside of the station that transports equipment. In another experiment on the first spacewalk, two astronauts, Piers J. Sellers and Michael E. Fossum, will ride at the end of the shuttle's robot arm and extension boom, which together stretch 100 feet, to get a feel for the swaying and bouncing that might occur during a repair.

If there is too much motion, NASA engineers may have to come up with another solution, like a platform that could be temporarily attached to the outside of the shuttle, to support repair work, Mr. Shannon said.

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In a midday briefing, Anthony J. Ceccacci, the lead flight director for the mission, said it would be premature to try to use the first spacewalk to remove the gap filler until the characteristics of riding on the boom were well understood.

"One baby step at a time," he said.

Spacewalkers Take Center Stage (WP)

By Guy Gugliotta

The Washington Post, July 8, 2006

HOUSTON, July 7 -- The crew of space shuttle Discovery on Friday conducted painstaking inspections of possible damage to the orbiter's heat shield and prepared for a first-ever spacewalk in which two astronauts will ride a 100-foot boom on a spectacular journey into the void.

Late Friday, analysts at Houston's Johnson Space Center were still examining two slight scars on the brittle "reinforced carbon-carbon" protecting the front edge of Discovery's starboard wing. They also were assessing potential harm from a protruding shim, known as a "gap filler," in the stern of the orbiter.

NASA analysts had earlier puzzled over a horseshoe-shaped white streak on Discovery's nose cone, but Steve Poulos, manager of the Orbiter Projects Office, said it was not "anything to worry about," amid speculation it may have been bird droppings, such as a similar streak found on Discovery's wing.

If the protruding gap filler -- near a closed hatch where fuel is piped to the shuttle's main engines during launch -- is judged to be a serious problem, Mission Control could order spacewalkers to remove it. A shuttle astronaut plucked two offending gap fillers from the orbiter's underbelly during a flight last year.

The blemishes on the reinforced carbon-carbon could be even more dangerous, as the wings' leading edges must endure temperatures of 2,900 degrees Fahrenheit during reentry. "It's either not an issue or something we really need to worry about," Poulos said at a news conference.

But he said earlier that there were no problems "that leap right out." Both he and John Shannon, chairman of the mission management team, appeared unconcerned about the ongoing analysis and suggested Discovery would be cleared for reentry by the end of the weekend.

Shannon also formally announced, as expected, that Discovery's mission will be extended by an extra day; the 13th day is to be used for a third spacewalk to test repair techniques for the reinforced carbon-carbon.

Saturday's spacewalk should produce one of the highlights of the shuttle mission, when astronauts Piers J. Sellers and Michael E. Fossum test the shuttle's new 50-foot sensor boom as a repair platform.

The boom was added to the orbiter's tool kit after the Columbia disaster in 2003, when foam insulation from the external fuel tank breached the shuttle's heat shield, causing it to disintegrate during reentry.

The boom, attached as an extension of the shuttle's 50-foot cargo-handling arm, has won rave reviews as an inspection tool, and shuttle officials last year said they would try using the combination as a 100-foot work platform.

During Saturday's spacewalk, first Sellers, then Sellers and Fossum together, are to ride the boom into the void, simulating repair activities to see whether pushing off the side of the orbiter will cause the boom to whiplash so badly that engineers will need to devise a way to pin it to the work surface.

Engineers will try to keep the boom moving within an arc of four feet. In the weightlessness of space, the mass of the spacewalkers by itself is of no importance, but the forces they can impart by pushing, pulling or twisting are translated into vectors that will not dissipate. An astronaut flexing his legs and springing into space would neither slow down nor stop.

Private Data For 100,000 Pilots, Crew Listed Online (NVP)

By Louis Hansen

Norfolk Virginian Pilot, July 8, 2006

NORFOLK - Personal information from 100,000 Navy and Marine Corps aviators and crew was removed from the Naval Safety Center Web site after being accidentally posted and available to the public for six months, the center announced Friday.

The information included the full names and Social Security numbers of active- and reserve-duty service members who have logged flight information with the Norfolk-based command since 1985, said spokeswoman Evelyn Odango.

The personal information was removed from the public Web site, www.safetycenter.navy.mil, Thursday afternoon, Odango said. About 1,000 computer disks with the information have been distributed to ships and bases around the world, she said. The center is recalling the computer disks, and sending letters to affected service members.

No one has reported an identity theft or improper use of the data because of the public posting, she said.

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The safety center mistake is the latest in a series of public blunders by government record-keepers. In May, a laptop computer containing data for 26.5 million active-duty and retired service members was stolen from the home of an employee for the Department of Veterans Affairs. Police recovered the laptop last week.

The Navy also announced in late June that 28,000 records of Navy personnel and family members were posted on a civilian site in five spreadsheet files. The data included names, birth dates and Social Security numbers for sailors and their dependents.

The Government Accountability Office discovered last month that names, Social Security numbers and addresses of several hundred government employees were posted on their Web site. The GAO removed the records.

The Naval Safety Center employs 200 active-duty and government workers at Norfolk Naval Station. The center, established after World War II, tracks accidents and mishaps in Navy and Marine Corps vehicles, ships and aircraft.

On Thursday, a person surfing the safety center's Web site alerted the center about the personal information embedded in a file that could be publicly downloaded, Odango said. The file listed names and Social Security numbers. The data had been online since December 2005, she said.

The center shut down its site and is reviewing other files for personal data. The Navy is also urging any one who might be affected to watch for suspicious activity on bank and credit card statements.

The safety center has established a hot line to handle questions and concerns, she said. The toll-free number for the Navy Personnel Center is (866) 827-5672 .

Personal Data Were Posted On Navy Web Site (WP)

By Josh White

The Washington Post, July 8, 2006

Personal records for every Navy and Marine Corps aviator or aircrew member who has logged flight hours in the past 20 years have been posted on a public Navy Web site for the past six months, compromising more than 100,000 Social Security numbers, the Navy Safety Center announced yesterday.

Investigators are working to determine how the records landed on the Navy Safety Center's Web site, which officials shut down Thursday after a member of the public reported finding the full names and Social Security numbers posted. Evelyn Odango, a spokeswoman for the safety center in Norfolk, said the list had been posted since December and appeared to be "inadvertent" and the result of "human error."

The security breach involving personal information is among several data losses involving the federal government in recent weeks, including the loss of records related to more than 26.5 million retirees and active-duty military personnel on a laptop that was stolen in May from a Veterans Affairs employee's home. The laptop was recovered last month.

The Government Accountability Office, the Agriculture Department, the Energy Department and the Internal Revenue Service all announced that they have had similar personal data compromised recently via Web site postings, Internet hackers and loss of electronic equipment. Two weeks ago, the Navy announced that personal information on 28,000 sailors and their family members was compromised when it appeared on a public Web site.

Odango said the Navy Safety Center list was discovered Thursday by someone not affiliated with the command, who then immediately reported it. She said the list includes all retired, active-duty and reservist personnel who have logged flight hours in the past two decades. The center is a command dedicated to improving the safety of Navy operations.

"That's the kind of information that is not supposed to be put on the Web site, and it was inadvertently posted," Odango said. "We don't have any proof that any of the information has been accessed or that it has been used illegally."

The information was included on 1,083 computer disks that were sent to all Navy and Marine Corps commands, Odango said, and Navy officials are working on recalling those disks.

Navy officials are encouraging anyone whose name could have been on the list to carefully monitor bank accounts, credit cards and other financial transactions to make sure the information is not being used fraudulently.

Those who might have been affected can contact the Navy Personnel Command call center at 866-827-5672 for more information. The call center should be active by the end of the weekend.

'Junket' Science (WSJ)

By James Q. Wilson

The Wall Street Journal, July 8, 2006

Judges learn a lot in law school and as lawyers, but even after they put on black robes the training must continue, because the world they confront is becoming more complex, more litigious and less defined by well-understood legal maxims. In both civil

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and criminal trials, judges must evaluate competing claims about scientific evidence presented by experts hired by rival counsel who have only a modest interest in truth.

Much of that training today is carried on by private groups, including universities, that sponsor seminars. Judges are free to attend or ignore these programs as they wish, but that freedom, even when exercised by an independent branch of government, does not sit well with critics who fear that some self-serving ideology will be foisted upon tender judicial minds.

Sens. Russ Feingold, John Kerry and Pat Leahy want to put an end to university-based training programs. If they succeed, all such training will have to be approved by the Federal Judicial Center, a group of administrators governed by a board of seven judges, constituting the research arm of the federal judiciary. But the real motive of their bill is not to approve courses but to end them.

The bill is inspired by an organization, the Community Rights Counsel, which is funded to a significant degree by George Soros and chiefly concerned with environmental law. It has designed programs to help states and cities press ahead on environmental measures without worrying about the takings clause of the federal Constitution. It raised questions about the qualifications of John Roberts and Samuel Alito to be justices of the Supreme Court.

The CRC regards university efforts to educate judges as "junkets." I am puzzled by this view because for many years I have spoken or led seminars at meetings run by the George Mason University School of Law. Most of these meetings are strictly academic exercises in which scholars talk about economic principles, statistical techniques, tort and contract law, criminal and family law, the logic and methods of science, and similar matters. Some go well beyond these issues and involve lectures about Plutarch, Homer, Montesquieu, Locke, Blackstone, Tocqueville, Renaissance humanism and the founding of the American republic.

In each two-day session that I have attended, every judge had to read about 250 pages of serious scholarly or humanistic writings; at six-day sessions, they had to read over 500 hundred pages. The discussions are lively and involve views from every political perspective. The discussion leaders have included John Searle, Orley Ashenfelter, Gordon Wood, Cass Sunstein, Donald Kagan, Michael Ignatieff and eight Nobel laureates. Every judge to whom I have spoken said they enjoyed the discussions. Over the 30 years that George Mason has run this program, more than 2,400 judges have attended, and they include about two-fifths of all of the federal judges appointed with life tenure.

One reason the CRC dismisses these ventures as junkets is that in the afternoon, following a tough morning of seminars, the judges play golf or take hikes. But there is a very good reason for letting them have fun at a nice resort. Since they are not paid a fee for attending, many would not come if they could not make it part of a vacation. (The university pays coach air fare and hotel room and food bills, but the golf comes at the judges' own expense.)

The other reason CRC calls them junkets instead of educational activities is that it thinks, for reasons that baffle me, that the groups who donate funds to these activities will influence the judges and shape their opinions. That possibility is farcical -- no donors attend the meetings, the judges do not know who the donors are, and no subject about which a donor may have a legal interest is a topic for discussion. Moreover, corporate donors supply less than 10% of George Mason's budget for this event, one of the largest in the country.

A typical session goes like this: Professor Orley Ashenfelter of Princeton describes statistical correlations and regression equations. Then I, or someone like me, uses these techniques to explain what scholars do and do not know about deterring crime, evaluating the impact of illegal drugs on crime, and understanding the ways in which private gun possession does or does not affect crime rates. Following that another scholar, such as David Popenoe of Rutgers, will describe how statistical analysis may help explain the strengths and weaknesses of families.

Or Gordon Wood from Brown will make clear how the Founders understood democracy, and another scholar, such as Jasper Griffin from Oxford, will compare that view to how the ancient Greeks understood popular rule. The notion that any of this biases judges is ludicrous. On the contrary. It helps them understand scientific techniques they may hear discussed in court and gives them a deeper understanding of the culture of which America is a part.

Despite the hard work through which we eggheads put the judges, the New York Times also refers also to these trips as "junkets" and endorses the Feingold-Kerry-Leahy bill. On the ABC program 20/20, a reporter, parroting the views of the CRC, kept asking judges who paid the bills for these seminars. They all said they did not know. The reporter then mused aloud about why this information was kept secret. But of course the judges did not know: George Mason keeps the identity of its contributors confidential precisely in order to prevent judges from thinking that anything they learn might be linked to the legal interests of a donor.

Any university can offer its own judicial training programs. The notion that the Federal Judicial Center has to pass on them before judges can be allowed to attend amounts to an effort to assert centralized political control that can only be based on one or both of two propositions: Judges are too stupid to decide for themselves whether to attend, or every program must contain whatever views the Judicial Center thinks it correct for judges to hear.

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Mr. Wilson, a professor at Pepperdine University, is the author of "The Moral Sense" (Free Press, 1993).

House GOP Leaders Decry 'Pork,' But Back It (BOS)

By Rick Klein

The Boston Globe, July 8, 2006

WASHINGTON -- Top leaders of the House of Representatives, who last month decried pork-barrel spending while voting to give the president a line-item veto, have helped block 40 attempts this year to remove individual special-interest ``earmark" projects from spending bills, according to a Globe review of voting records.

The three top House leaders -- Speaker J. Dennis Hastert , majority leader John A. Boehner , and majority whip Roy Blunt , all Republicans -- have not cast a single vote against any of the projects that have been challenged by fiscal conservatives on the House floor. One of the projects -- $2.5 million for the Illinois Technology Transition Center -- was sought by Hastert himself and was affirmed quickly on a voice vote.

Among the other earmarks that Hastert, Boehner, and Blunt have supported were $500,000 to renovate a municipal swimming pool in Banning, Calif.; $250,000 for a performing arts center in Plattsburgh, N.Y.; $1 million for a locomotive demonstration in Pennsylvania; $1 million for the Southern and Eastern Kentucky Tourism Development Association; $180,000 for tomato production in Ohio; and $1.4 million in two separate earmarks for Mystic Aquarium in Connecticut.

All of the projects were retained in lopsided votes, with only a core group of about 50 fiscal conservatives voting consistently to strike the spending. But House leaders continue to insist they're being tough on earmarks.

Representative Jeff Flake , an Arizona Republican who has led the effort to remove earmarks from spending bills, said the leaders can't credibly claim to be against wasteful spending as long as they support the earmarks.

``It's tough to take seriously that kind of talk when we see these votes," Flake said. ``I'm amazed that people are willing to go on record supporting some of these earmarks. It just shows how addicted we are to this sort of spending."

Flake said he will bring the issue to a head later this month, when a pork-laden bill covering labor, healthcare, and human-services programs comes to the House floor. He has informed House leaders that he will force a vote on each of the more than 1,000 earmarks in that bill unless the sponsors are publicly identified -- a move that would consume days on the House floor and grind other legislative business to a halt.

``I'm guaranteeing a challenge on every earmark that doesn't have a name," Flake said. ``We have to change this system. This is a black eye for all of us."

The reluctance of House leaders to vote against earmarks highlights the difficulty of reforming the system by which members of Congress win projects for their districts, said Representative John B. Shadegg , an Arizona Republican who has joined in Flake's attempts to remove earmarks.

``It does raise the question, are [House leaders] capable of reform?" said Shadegg, whose failed campaign for majority leader earlier this year focused heavily on earmark reform.

Last month, the House passed a bill giving President Bush the ability to veto specific budget items and thereby remove individual pork-barrel projects -- in essence, the same thing that Flake has been trying to do on the House floor.

``It will help make Congress more accountable for the spending that we propose and can clearly help eliminate some wasteful and worthless pork," said Boehner, an Ohio Republican . But the move was largely symbolic: The Senate, as Boehner and other House leaders were aware, is unlikely to approve the line-item veto.

The House also passed a bill that would require public identification of members who request earmarks and make it easier for lawmakers to challenge projects. But the bill is stalled in a House-Senate conference committee, raising questions among watchdog groups about how sincere the reform effort ever was.

``They're trying to spin their way out of the earmark problem," said Keith Ashdown , vice president for policy at Taxpayers for Common Sense. ``It's insulting, because they just believe this is their money to spend."

Ron Bonjean , a Hastert spokesman, said House leaders are allowing the earmarks Flake challenges to survive or be defeated on their own merits.

Boehner, who proudly notes that he has never personally requested or received an earmarked project, said he voted for other members' 40 earmarks out of respect for his colleagues. He added that, as majority leader, he feels a special obligation to support the decisions of the House Appropriations Committee, the panel that determines which earmarks to include in spending bills.

``What some people think are pork-barrel projects, others think are very worthy projects in their districts," said Boehner. ``As the majority leader, my job is to be supportive of our committee chairmen [and] subcommittee chairmen and the work they do. That basically helps drive my vote on most of those amendments."

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Blunt's spokeswoman, Burson Taylor , said the Missouri Republican believes the appropriations committee does a good job determining where money should be directed, and believes that members should be able to set aside money for projects.

``He supports members' prerogative to slate federal dollars for specific programs in their districts," Taylor said.

A spokesman for the appropriations committee, John Scofield , said the committee asked members to begin limiting the number of special requests they make, resulting in a 37 percent drop in the number of earmarks requested this year. Total earmarks represent barely 1 percent of all federal spending on discretionary programs, and committee members are careful to determine that each serves an important purpose, Scofield said.

Still, most members of Congress from both parties love earmarks because they allow them to brag about federal funding they've won for their districts. Representative Michael E. Capuano, a Somerville Democrat, said he thinks there are too few earmarks in the budget.

``Who is in a better position to know what's good for my district than me? I'm elected to do that," he said. ``I don't have chicken-farm museums in my district, but if I did, I'd defend them."

Capuano said he voted to retain all of the projects targeted by Flake because he'd like to see the projects he seeks accorded similar deference by his colleagues.

``We are equally qualified to know what we need in our districts," he said. ``I have not seen one yet that really makes me puke."

Fiscal conservatives say they haven't been successful in removing any earmarks because many House members are afraid of the enormous power of the appropriations committee, which determines who gets what in the budget.

``There are a lot of members who are afraid to buck the appropriations committee, because they feel they'll lose something -- either an earmark of their own or something else" that they want to pass , said Representative Charles Bass, a New Hampshire Republican.

In the meantime, Flake is treating his colleagues to some theatrical touches -- and no small amount of heartburn. The always-smiling congressman takes to the House floor to question about 10 earmarks in each spending bill, forcing the projects' sponsors in most cases to own up to them and defend them on C-SPAN.

``This project will be a big boost to the marketability of our manufacturing sector and help with new business activity for the region, which will lead to job retention and -- hopefully -- job creation," Representative Thomas Reynolds of New York, the head of Republicans' House campaign committee, said last week . He was defending a $250,000 earmark for the Tooling and Machining Association in Rochester, N.Y.

A few minutes later, Flake was on the floor again, this time targeting a $300,000 earmark for the Bronx Council on the Arts. He told his colleagues about an upcoming multimedia exhibition supported by the council known as ``Pay to Play," which was inspired by recent congressional scandals.

Flake read from the description of the project on the group's website: ``Please note that special consideration will be given to work that addresses corruption, greed, scandal, cover-ups, failures of democracy, the transparent veneer of public interest that masks rampant self-interest, and other such things."

``How would you define irony?" Flake said. ``We are funding artistic parodies of congressional earmarking with earmarks."

Representative Jose Serrano, a New York Democrat , issued a spirited defense touting the council's record of helping small businesses create jobs in poor neighborhoods -- and struck back at the Arizonan.

``I do not know what you are angry about; the Diamondbacks beat the Yankees in the World Series," Serrano said. ``But the fact of life is that the more you get up on these [earmarks], sir, the more I realize that you do not know what you are talking about."

The earmark survived, 343-74.

Federal Deficit May Fall Below $300B (AP-Y2)

By Andrew Taylor, Associated Press Writer

AP2, July 8, 2006

The federal deficit appears on track to register less than $300 billion for the budget year ending Sept. 30, as surging tax revenues continue to signal significant improvement over White House estimates released in February — though only modest gains over last year.

The nonpartisan Congressional Budget Office, which makes estimates for lawmakers, said Friday that the deficit for the first three quarters of fiscal 2006 came in $41 billion less than the red ink recorded for the same period in 2005.

The 2005 deficit registered $318 billion. It would take major erosion in the fiscal picture in the final three months of the budget year for the deficit to exceed $300 billion.

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The administration is poised Tuesday to put its own spin on the deficit picture as it updates its earlier estimate of $423 billion for the 2006 deficit. President Bush is expected to tout the numbers as proof of the success of Bush-sponsored tax cuts in reviving economic growth and, in turn, tax revenues.

Indeed, tax collections are surging at a 13 percent growth rate, reflecting particularly strong growth in taxes paid on corporate profits and income taxes paid by wealthier people and small businessmen who pay taxes quarterly instead of having them withheld by employers.

White House critics say the Bush team always inflates its February numbers so as to trumpet good news later in the year. And they say that seemingly intractable deficits in the $300 billion range are nothing to celebrate.

The improvements in the deficit picture come despite the high cost of the wars in Iraq and Afghanistan and continuing federal outlays related to Hurricane Katrina and other disasters last year.

Congressmen Press Washington To Relinquish Foster Care Funds (PPG)

By Jerome L. Sherman

Pittsburgh Post-Gazette, July 8, 2006

U.S. Sen. Arlen Specter yesterday said he and other members of Pennsylvania's congressional delegation are pressuring federal officials to release $170 million meant for the state's foster care program for children.

The money has been on hold since last year, when officials with the federal Administration for Children and Families discovered that the state wasn't following guidelines for reporting expenses.

The state Department of Public Welfare recently adjusted its reporting procedures, but the federal government won't resume funding until it conducts a new audit.

Mr. Specter, a Republican, was joined by Allegheny County Chief Executive Dan Onorato and U.S. Rep. Tim Murphy, R-Upper St. Clair, who warned that the issue could soon hurt thousands of children at risk of being sent into foster care.

"The last thing they need is a battle between the state and the federal government over bureaucratic paperwork," Mr. Murphy said.

That battle could cost Allegheny County as much as $11 million this year, and Mr. Onorato predicted drastic cuts in the county's Office of Children, Youth and Families if no resolution is reached by the fall.

About 2,600 children are in foster care at any given moment in the county, while another 6,400 are receiving some type of in-home services that try to keep them out of foster care.

Mr. Onorato said the county may have to close some of its more than two dozen family support centers.

"We have to cut $11 million in services to balance the budget," he said. "These are services we won't provide to children."

Last year, the state covered the gap in federal funding for local foster care programs. This year, however, state officials say they can no longer afford to help county governments.

Mr. Specter said he has received letters of concern from commissioners in more than half of the state's 67 counties.

David J. Lett, regional administrator for the Administration for Children and Families, has said his office is following rules created by Congress to safeguard billions of dollars in federal money.

Mr. Specter described the federal government's criticisms of Pennsylvania as "purely technical."

He said he would use his position on the Senate's Appropriations Committee to put pressure on Mr. Lett's boss, Health and Human Services Secretary Michael O. Leavitt.

"Secretary Leavitt has to come to my subcommittee for $52 billion a year," he said. "We have the leverage."

Wade F. Horn, assistant secretary for children and families, said Mr. Leavitt would "carefully consider any requests from a U.S. senator."

The President Who Would Not Grow Up (LAT)

The Los Angeles Times, July 8, 2006

IN BRITAIN, FROM WHICH THIS country severed all "political bands" in 1776, the birthday of the monarch is a cause for national celebration. Not even the most ardent advocate of the unitary executive would suggest that Americans attach the same importance to a president's birthday. So why was there so much fascination with George W. Bush's attainment of three-score years?

Not only did this event generate a plethora of news stories, PR geniuses also cleverly piggybacked on the media coverage. We were especially impressed by Nintendo's decision to provide the president with a cognition-honing game called Brain Age that, among other things, allows players to solve "simple math problems" (no fuzzy math, presumably) and count the number of people going in and out of a house.

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Explanations abound for the focus on Bush's 60th. One is that he is the first baby-boomer president to turn 60 on the job (Bill Clinton, 60 next month, was 54 when he left office). The Bush-as-boomer angle has served as a springboard for yet further journalistic reflection on that over-analyzed generation.

Bush's 60th also provides a peg for the inevitable observations about how the presidency ages its occupants, as well as speculation about whether the graying at the president's temples was accelerated by Sept. 11 or the war in Iraq. Yet we think something else is going on here. Bush's 60th is good copy for the same reason Mick Jagger's was: It represents the aging of a youthful persona.

Younger men than Bush have served as president — Teddy Roosevelt and John F. Kennedy were in their 40s when they were inaugurated — but this president is known for a number of traits associated with youthfulness: his informality, his fondness for goofy nicknames, his habit of bantering with the media (which backfired recently when he kidded a reporter for this newspaper at a Rose Garden event about wearing dark glasses required by an eye condition).

Years ago, Michael Kinsley quipped that Al Gore was an old person's idea of a young person. Bush's brashness and playfulness — what critics call his "frat boy" persona — have put him closer to a young person's idea of a young person. The question is whether that will change now that the "frat boy" has embarked on his seventh decade. The president took pains last month to tell some real young people that 60 was just a number.

"When I was your age, I thought 60 was really old," Bush told some community college students. "It's all in your mind. It's not that old, it really isn't." We agree, but, given all the hoopla about this birthday, those students might have been skeptical.

OTHER NEWS:

Dow Ends Down 134, Nasdaq Closes Down 25 (AP)

AP, July 8, 2006

NEW YORK (AP) -- Corporate profit warnings and record oil prices overshadowed a benign jobs creation report and sent stocks sharply lower Friday as investors worried that the economy was cooling too quickly. The Dow Jones industrials shed 134 points as stocks ended the week with a loss.

The Labor Department reported just 121,000 new jobs in May, short of the 175,000 economists expected. With the unemployment rate steady at 4.6 percent, the report was exactly what Wall Street had hoped for -- low unemployment, but modest job growth that won't spark a sharp increase in consumer demand, which could foreshadow inflation and interest rate hikes.

However, with 3M Co. warning of lower-than-expected earnings, investors grew concerned that slower economic growth, while good for keeping rates steady, could cut into corporate profits. Yet few other companies have warned the markets about falling profits, analysts noted.

"I think what you're seeing with 3M is a bit of a head-fake," said Joseph Battipaglia, chief investment officer at Ryan Beck & Co. "Overall, I think you'll see second-quarter profits come in strong across the board. Today could just be a tempest in a teapot."

Record oil prices also pressured stocks, with traders worrying that consumers hit with higher energy prices would spend less elsewhere. A barrel of light crude set an intraday record of $75.78 before settling at $74.09, down $1.05, on the New York Mercantile Exchange.

The Dow fell 134.63, or 1.2 percent, to 11,090.67, with part of its fall due to a drop in component 3M.

Broader stock indicators also lost ground. The Standard & Poor's 500 index lost 8.60, or 0.67 percent, to 1,265.48, and the Nasdaq composite index dropped 25.03, or 1.16 percent, to 2,130.06.

Bonds rallied for a second straight session, with the yield on the 10-year Treasury note falling to 5.13 percent from 5.18 percent late Thursday. The dollar fell against most major currencies, while gold prices rose.

The early losses illustrated the acute balance investors, perhaps unrealistically, are seeking. On the one hand, a strong economy could spark inflation, but a weak economy would eat into corporate profits and send stocks lower. While the Federal Reserve seeks to maintain that balance, the selloff reflects investors' chronic worries that the balance will shift, or has already.

"You got people wondering here if the Fed has already overshot on rates," pushing them too high and halting economic growth, said Bill Groenveld, head trader for vFinance Investments. "And that fear has the market jumping over every little thing right now."

The holiday-shortened week showed Wall Street's edgy mood as stocks gyrated from session to session. For the week, the Dow lost 0.53 percent, the S&P slid 0.37 percent and the Nasdaq tumbled 1.91 percent due to weakness in technology and small-cap stocks.

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The industrial conglomerate 3M, seen as something of a barometer for its sector, was particularly troubling Friday. 3M cut its second-quarter and 2006 profit forecasts due to lower-than-expected sales, and its stock tumbled $7.29, or 9 percent, to $74.10.

Other companies added to the dour mood with more warnings of sales shortfalls. Advanced Micro Devices Inc. fell 27 cents to $23.56 after cutting its revenue forecasts. Rival Intel Corp., a Dow industrial, dropped 29 cents to $18.56.

And Starbucks Corp. stock suffered after the coffeehouse chain reported June sales figures that fell short of analysts' forecasts. Starbucks slid $1.84, or 4.9 percent, to $36.04.

In other news, General Motors Corp. added 28 cents to $29.48 after the automaker's board voted to start talks with Renault SA and Nissan Motor Co. on a potential alliance.

Declining issues outnumbered advancers by about 5 to 3 on the New York Stock Exchange, where preliminary consolidated volume came to 2.12 billion shares, compared with 2.14 billion traded Thursday.

The Russell 2000 index of smaller companies was down 11.34, or 1.57 percent, at 709.30.

Overseas, Japan's Nikkei stock average slipped 0.09 percent. In Europe, Britain's FTSE 100 closed down 0.02 percent, France's CAC-40 fell 0.26 percent for the session and Germany's DAX index lost 0.24 percent.

Dow Drops 134.63 On 3M's Woes, Jobs Data (WSJ)

By Peter A. McKay

The Wall Street Journal, July 8, 2006

The Dow Jones Industrial Average shed 134.63 points as stocks swooned, hurt by a profit warning from 3M and mixed employment data.

The consumer-products giant lowered its second-quarter profit projection, citing weak demand for its optical films used in flat-screen computer monitors and televisions. That led to a 9% plunge in 3M shares. The maker of Scotch Tape and Post-It Notes is a Dow component.

The Dow industrials finished at 11090.67, down 1.2%. For the week, it fell 59.55 points, or 0.5%.

The broad Standard & Poor's 500-stock index fell 0.7%, or 8.60 points, to 1265.48, off 0.4% on the week. The Nasdaq Composite Index was off 1.2%, or 25.03 points, to 2130.06, down 1.9% on the week.

The Labor Department announced that nonfarm payrolls grew by 121,000 jobs in June, short of Wall Street's expectations for a 200,000-job increase.

Investors lately have welcomed such disappointing economic data, seeing a reason for the Federal Reserve to stop tightening the U.S. money supply. But that was not the case Friday, because the weak payroll number was accompanied by a rise in average hourly wages, which gained eight cents to $16.70 in June, after remaining nearly flat in May.

Goldman Sachs economist Jan Hatzius said there is still ample reason to be concerned about inflation. But he believes the Fed will leave its benchmark interest rate at its current level of 5.25%, or in a worst-case scenario, perhaps raise it to 5.5% at the policy makers' next meeting in August.

"There are definitely different signals in the jobs report," Mr. Hatzius said. "But on the whole it still looks like the Fed is near the end of its cycle."

Oil prices continued their retreat from record highs. Crude futures for August delivery fell $1.05, or 1.4%, to $74.09, up 0.2% on the week.

In major U.S. market action:

Stocks fell.1 Total trading volume for stocks listed on the New York Stock Exchange was 2.06 billion shares, as 2,052 stocks advanced and 1,254 fell.

Bond prices rose.2 The 10-year note gained 12/32 point, or $3.75 for each $1,000 invested, pushing the yield down to 5.138%. The 30-year bond rose 21/32 to yield 5.177%.

The dollar weakened.3 Against the Japanese currency, the dollar fell to 113.93 yen, compared with 115.15. The euro rose to $1.2815, compared with $1.2777.

Jobs Data Indicates Economy Is Slowing (NYT)

By Eduardo Porter

The New York Times, July 8, 2006

Employers added only 121,000 jobs in June, the government reported yesterday, indicating that the economy was slowing under the combined weight of high energy prices and rising interest rates.

But the government also reported that hourly wages rose at their fastest pace in five years, while the unemployment rate remained at 4.6 percent. This suggests that the labor market remains tight and may yet spur higher inflation.

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The disparate data underscored the uncertain economic situation facing the Federal Reserve as it ponders whether to continue raising interest rates over the summer to cool the economy further or whether it is time to pause. Over the last two years, the Fed has steadily increased the benchmark federal funds rate from 1 percent to 5.25 percent.

"Today's numbers only tighten the vise the Fed finds itself in," said Carl Tannenbaum, chief economist of LaSalle Bank in Chicago. "The challenge is not to be overly restrictive as growth slows and still attentive to inflation risk."

Financial markets' reaction to the news was mixed, underscoring the difficulty in parsing an uncertain situation that seems poised between a cooling and an overheating economy.

Stocks slid, weighed down by concerns about the implications for inflation of the rising wages recorded in the employment report as well as an earnings warning from 3M and lower-than-forecast sales from Advanced Micro Devices. Both the Dow Jones industrial average and the Nasdaq composite index were down more than 1 percent. [Page B6.]

Most Wall Street economists had been expecting considerably higher payroll growth. So, the price of Treasury bonds rose and the dollar fell against major currencies as the weaker job growth supported the view held by some investors that a slowing economy would allow the Fed to pause in its monetary tightening.

Noting that the data suggested both that demand would slow and that the forces pushing inflation could intensify, Mr. Tannenbaum said, "There's a fine line between stagflation and a soft landing."

With consumer prices rising at an uncomfortable rate of around 4 percent, the Fed and its chairman, Ben S. Bernanke, have been expecting the economy to slow from the torrid pace of 5.6 percent growth recorded in the first quarter. A slowdown would help damp the inflationary pressures that have been strengthened by rising energy prices.

The weak payroll growth recorded in June by employers surveyed by the Labor Department appears consistent with this view, pointing to a cooling economy, weighed down by a slower housing market and moderating consumer borrowing and spending.

Added to lackluster job growth in April and May, the weak hiring pattern in June brought the pace of job creation to about 108,000 a month in the second quarter, down from 176,000 in the first three months of the year.

Employment in the construction sector remained essentially flat — declining by 7,000 jobs as a contraction in residential building was offset by growth in construction of factories and other nonresidential structures. Employment fell at temporary-help agencies while the retail sector shed jobs for the third consecutive month.

"We have had three months of very modest employment growth, which is consistent with an economy that has changed its underlying path," said Laurence H. Meyer, a former Fed governor and now chief forecaster at Macroeconomic Advisers. "The economy has slowed consistently, and momentum doesn't look like it is building."

This would suggest, some economists argued, that the Fed's string of 17 interest rate increases since 2004 is starting to do its job. The Fed could thus leave interest rates at 5.25 percent at its next meeting in August, rather than raise them by another quarter of a percentage point. "I think the Fed's going to pause," said Scott Anderson, senior economist at Wells Fargo in Minneapolis.

Still, some economists noted that other indicators pointed to tightness in the labor market. In particular, hourly wages grew by 3.9 percent compared with June 2005, the fastest pace in five years. Moreover, the index of weekly hours worked, the broadest measure of labor use in the economy, increased by 0.4 percent in June.

"For me, it is not clear-cut that the labor market has downshifted," said John Ryding, chief economist at Bear Stearns. "Rather than there is lack of demand from employers, it may be that low unemployment has left fewer people to hire, so instead employers are paying their existing workers more and are working their work force for longer hours."

To be sure, since the economy emerged from recession in 2001, wages have been merely trying to catch up with inflation, not spurring it. Consumer prices rose by 4.1 percent in the 12 months to May — dwarfing wage gains. Though the inflation figure for June is not yet known, it could well overshadow the 3.9 percent annual gain in hourly wages last month.

Moreover, labor productivity has been growing rapidly, keeping a lid on the rise in employers' spending on labor.

"I've been surprised that wages have not already accelerated more than they already have in light of the strong economy and the low unemployment rate and the way headline inflation has constrained real wages," said Mickey D. Levy, chief economist at Banc of America Securities.

Still, several analysts observed that the overall employment data does not support an optimistic view of inflation prospects, and do not let the Fed off the hook. With unemployment at its lowest since July 2001, wage pressures could build up more.

"I expect the Fed will continue to go," said Richard Yamarone, chief economist at Argus Research. "The only part that supports a pause by the Fed is the headline payroll number. But on balance, the strength is still seen in the numbers."

Other indicators also suggest that the labor market remains tighter than the payroll numbers might suggest. Some 387,000 jobs were created in June, according to the survey of households, released by the Labor Department in tandem with the employer survey used to calculate payroll growth.

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While the employer survey is considered a more reliable indicator of the strength of the labor market, the household survey is thought by some economists to better capture jobs created by small and newly formed companies.

And other unofficial indicators pointed to relatively strong hiring. This week, the payroll company Automatic Data Processing said that its payroll data suggested that employment increased by 368,000 in June.

The index of the online job search firm Monster.com — a leading indicator of job growth, based on help-wanted postings — recorded a solid increase in June, driven by demand for white-collar workers. Some skilled occupations, like accounting, auditing, information technology, health care and transportation, appeared to be facing worker shortages.

"Our employer customers continue to report concerns over turnover, particularly in occupations with acute skill shortages," said Steve Pogorzelski, president of Monster Worldwide. He added that the index showed growth in 18 of the 23 occupational categories used by the government and declined in only 2: personal care and services, and farming forestry and fishing.

US Payrolls Up Slightly; Jobless Rate Still 4.6% (WP)

By Nell Henderson

The Washington Post, July 8, 2006

Employers hired cautiously last month as the economy lost steam, but they added enough new jobs to hold the nation's unemployment rate steady at 4.6 percent, the Labor Department reported yesterday.

Workers landed 121,000 new payroll jobs in June, up from the lackluster 92,000 positions gained in May.

But employers added fewer jobs in the past three months than in the previous quarter, slowing the pace of job growth this year as the housing market cooled and rising energy prices and interest rates started crimping consumer spending.

Home builders, lenders, insurers, auto dealers and department stores were among the employers that cut jobs last month, the Labor Department data show.

"Another soft employment report points to a slowing economy," said Nigel Gault, U.S. economist for Global Insight Inc., an economic forecasting and analysis firm.

One bright spot for workers was rising wages. Average hourly earnings rose by 8 cents, to $16.70. That added up to a 3.9 percent increase over the 12 months that ended in June and the biggest annual gain in five years.

Some analysts said the increase in average wages may partly reflect a shift in the job mix, as higher-paying manufacturers added to their payrolls while lower-paying retailers trimmed theirs. That could reverse in coming months as U.S. automakers proceed with plans to eliminate tens of thousands of jobs.

Employers more than offset the job cuts by hiring more accountants, computer system designers, health-care providers, government workers and others, the Labor Department report showed.

Stocks were mixed after the report was released, as analysts debated whether it would persuade the Federal Reserve to stop raising interest rates because of the slowing economy or to keep raising them because of inflation pressures. Oil prices rose to a new intraday record of $75.78 a barrel during trading yesterday on the New York Mercantile Exchange.

Many analysts estimate that the economy expanded at an annual rate of about 2.5 percent in the second quarter, less than half the rapid 5.6 percent pace of the first quarter.

"That will raise hope that the Fed might be able to stop raising rates, or at least take a pause" at its next policymaking meeting in August, Gault said. But he noted that consumer inflation, excluding food and energy prices, has crept higher in recent months, which he said should justify another interest rate increase. "We still think . . . Fed has a bit more work to do," Gault said.

Fed policymakers raised their benchmark short-term rate to 5.25 percent from 5 percent last week and signaled that they might lift it again to lower inflation. They expect the economic slowdown to weaken inflation pressures. But with energy prices moving higher, wages rising and unemployment low, they are not sure whether more interest rate increases will be needed to get the job done.

Rising interest rates have already caused home sales and residential construction spending to cool in recent months, resulting in a predictable effect on employment: Construction payrolls lost 4,000 jobs in June. That meant builders added just 10,000 jobs in the second quarter, a steep plunge from the 79,000 added in the first three months of the year.

Payrolls were flat last month at stores selling building materials, garden supplies, furniture and home furnishings. All the figures are adjusted for seasonal variation.

Other retailers cut 7,000 jobs last month, for a total of 86,000 positions eliminated over the past three months as rising gasoline prices pinched household budgets.

Job growth should continue to be modest in the months ahead because economic growth is likely to be mild, several analysts said.

The unemployment rate may stay low because the labor force -- the number of workers holding or looking for jobs -- is expanding at about the same pace as hiring.

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Economists had estimated that the economy needed to add about 150,000 jobs a month to absorb new entrants to the labor force and hold the unemployment rate steady. Now, as the population ages and workforce expands more slowly, about 100,000 new jobs a month appears to be sufficient, Michael H. Moskow, president of the Federal Reserve Bank of Chicago, said in a speech last month.

The unemployment rate in June for white workers was unchanged in June at 4.1 percent. Black joblessness edged up to 9 percent from 8.9 percent, while unemployment among Hispanics and Latinos rose to 5.3 percent from 5 percent.

Wage Gains Surge, But Job Growth Slows (WT)

By Patrice Hill

The Washington Times, July 8, 2006

Wage gains jumped to a five-year high of 3.9 percent as employers added another 121,000 jobs last month, the Labor Department reported yesterday.

The tepid growth in jobs, mostly in service professions such as health care, education and government, along with a steady unemployment rate of 4.6 percent, suggested economic growth is slowing under the weight of near-record fuel costs, a housing slowdown and sharply higher interest rates engineered by the Federal Reserve.

The report showed that from April to June, job growth slowed to 108,000 a month on average from 176,000 a month in the first quarter.

While the Fed would welcome such moderating growth, economists said the 0.5 percent jump in average hourly wages to $16.70 stoked inflation worries and might prevent the central bank from pausing its two-year campaign of raising interest rates to forestall inflation, economists said.

"The worst of both worlds" said Nigel Gault, economist at Global Insight, of the combination of faster wage growth and a softening job market. The wage gain of 3.9 percent in the last year was the best since June 2001.

Some economists thought the wage growth meant workers are gaining some bargaining power in negotiating bigger paychecks. Others, however, thought it might be the result of a better mix of jobs, as employers shed low-paying retail positions and added high-paying factory and office jobs.

The stock market fell with fear the big wage gains might prompt the Fed to raise rates further this year. The Dow Jones Industrial Average lost 134 points. But bond prices rose on hope that the Fed will focus on the weaker-than-expected job gains and decide to put off raising rates for a while.

The strong wage gains combined with a 0.4 percent increase in hours worked suggests economic growth remains healthy, said Roger M. Kubarych, economist at HVB Group. That "strengthens the case of Fed officials who see serious inflation dangers and support further tightening of monetary policy."

Patrick Fearon, a senior economist at A.G. Edwards, agreed that concern about an uptick in wage inflation may tempt the Fed to raise rates despite the weak job growth.

The Fed has already raised interest rates 17 times, lifting mortgage rates to the highest levels in four years. The average rate on home equity lines of credit, at 8.2 percent, last week hit the highest level in five years and is up from 6.38 percent a year ago, according to Bankrate.com. The Fed next meets to decide on raising rates on Aug. 8.

The jobs report "suggests that the economy is cooling off a little bit, or cooled off a little bit in the second quarter, but it's not crashing," said Carl Tannenbaum, chief U.S. economist at ABN Amro. "If you take everything together, this doesn't move the Fed dramatically one way or another as it prepares for August."

President Bush cheered the latest snapshot on the job market in the world's largest economy, calling it "good news."

Despite the strong wages gains, consumers have been barely able to keep up with the soaring cost of fuel, health care and other necessities. Yesterday, premium crude prices hit another record of $75.78 in New York trading, driving up gasoline prices, which are once again approaching the $3-a-gallon threshold.

Consumers for the most part are forking over whatever it costs to fill their tanks with gas, but the high fuel prices have been prompting them to cut back in other areas such as eating out and entertainment. That is why economists expect them to help keep a lid on growth in the months ahead.

US Jobs Growth Weaker Than Expected (FT)

By Christopher Swann And Jennifer Hughes

Financial Times, July 8, 2006

The US produced fewer jobs than expected last month, adding to evidence that the economy is losing momentum.

Non-farm payrolls rose by 121,000 in June, following an upwardly revised 92,000 in May.

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The outcome was shy of the consensus expectation for job creation at 175,000. Over the past three months job creation has averaged just 108,000, down from 176,000 over the previous three months and below the level necessary to prevent unemployment from rising over the longer term.

In June unemployment remained steady at 4.6 per cent but Peter Morici, professor of economics at the University of Maryland, said the jobless rate would rise unless employment growth accelerates.

"Subpar job growth in April. May and June indicates that the economy is slowing as anticipated," he said. "A weaker housing market and higher gas prices have clamped down auto and retail sales, and this is feeding back into business investment, construction and job creation."

Economists had been bracing for a much stronger figure in part because of a robust report by ADP Employer Services, which estimated that 368,000 jobs had been created in June.

"One quarter is not quite enough to establish a new trend but given that every major indicator of gross demand has weakened in recent months we are inclined to take it seriously," said High Frequency Economics. "At the very least, it must suggest to the Fed that a pause in the rate hikes is now appropriate."

Global Insight, which provides economic analysis, said that it still expected another rate rise in August. "Another soft employment report points to a slowing economy (we think that real GDP grew only 2.3 per cent in the second quarter)," it said in a note. "That will raise hope that the Fed might be able to stop raising rates – or at least take a pause in August. But we still think that the upward creep in core consumer price inflation means that the Fed has a bit more work to do."

Stocks and bonds both rallied after the data on hopes that softer employment figures could lead the Fed to hold off raising rates.

But gains were soon curbed by the strong rise in hourly earnings - which if sustained in future reports, would imply growing inflation pressures, providing the Fed with a potential dilemma. With interest rates at a level considered neutral, further monetary tightening runs the risk of slowing the economy. But if inflation pressures do rise, the Fed may have little choice but to raise rates.

Fed funds futures contracts indicated about a 60 per cent chance that the central bank will raise rates for the 18th consecutive time to 5.5 per cent at its meeting in August, currently priced in from about a 72 per cent chance ahead of the report.

"Events are shaping up to provide a perfect test of what the 'new era' Bernanke Fed wishes to impart to the markets - a willingness to send a strong anti-inflation message and err on the side of tightening or not act, and reveal their trepidation that another tightening would be both a step too far, as they try to avoid the common 'over-tightening' mistake of many past tightening cycles," said Alan Ruskin, strategist at RBS Greenwich Capital.

As investors digested the inflation implications, the S&P 500 was off 0.1 per cent at 1,272.31. Ten-year Treasuries however held gains, leaving yields 3 basis points lower at 5.155 per cent. The dollar slipped on the news, falling from $1.278 to $1.285 against the euro before recovering to $1.282.

The disappointing job numbers were partly offset by the upward revision to the May payroll figure and the strong rise in average hourly earnings. Hourly earnings were up 3.9 per cent on the year, the strongest rise in five years.

Manufacturing employment rose by 15,000 and government employment by 31,000.

Average hours worked increased from 33.8 to 33.9.

The figures present a mixed picture to the Federal Reserve. At their last meeting, the members of the FOMC raised interest rates for the 17th consecutive time to 5.25 per cent.

US Stocks Fall; 3M Sends Dow Average To Biggest Loss In Month (BLOOM)

By Nick Baker

Bloomberg, July 8, 2006

U.S. stocks fell and the Dow Jones Industrial Average had its biggest decline in a month after 3M Co.'s quarterly earnings failed to match estimates and a government report showed wages rose the most in five years.

3M, the most heavily weighted stock in the Dow before today, accounted for more than 40 percent of the average's loss. Technology stocks tumbled after sales at Advanced Micro Devices Inc., the second-largest maker of personal-computer processors, were lower than forecast. Stocks also dropped for the week.

Rising labor costs reinforced speculation that second- quarter earnings reports, starting next week, will show higher expenses are slowing growth. Stocks were unable to benefit from June employment figures that trailed forecasts of economists, suggesting the Federal Reserve may stop raising interest rates.

``3M is probably a warning shot over the bow in terms of understanding how tough the corporate earnings environment is going to be," said Liam Dalton, who oversees $1.1 billion as chief executive officer at Axiom Capital in New York.

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The Dow average tumbled 134.63, or 1.2 percent, to 11,090.67, the most since June 5. The Standard & Poor's 500 Index fell 8.60, or 0.7 percent, to 1265.48. The Nasdaq Composite Index, which gets 41 percent of its value from computer-related shares, dropped 25.03, or 1.2 percent, to 2130.06.

Weekly Losses

All three gauges declined for the week. The Dow average fell 0.5 percent and the S&P 500 declined 0.4 percent. The Nasdaq lost 1.9 percent, the biggest weekly loss since the period ended June 9.

About three stocks fell for every one that rose on the New York Stock Exchange. More than 1.4 billion shares changed hands on the Big Board, 17 percent less than the three-month daily average.

3M, the maker of 50,000 products including Post-it Notes, dropped $7.29, or 9 percent, to $74.10. Second-quarter profit was $1.14 to $1.17 a share because of a gain. Excluding one-time items, earnings fell short of the company's estimate and revenue was ``near the low end'' of projections, 3M said.

3M blamed the shortfall on costs to start an optical film unit and slack demand from makers of flat-panel televisions, which use liquid-crystal displays. Corning Inc., the world's largest maker of LCD glass, lost $1.09 to $22.15.

Advanced Micro slipped 27 cents to $23.56. It said sales for the period ended July 2 fell 9 percent from the first quarter as larger rival Intel Corp. cut prices. Advanced Micro had forecast that sales would be unchanged or down slightly.

Labor Data

A Labor Department report showed hourly earnings for U.S. workers rose 3.9 percent last month compared with a year earlier. That's the biggest increase since June 2001.

``There's still a little bit of uncertainty about what the Fed's going to do,'' said Sean Clark, who oversees $1 billion as chief investment officer at Clark Capital Management in Philadelphia. ``That wage number may give the Fed reason to hike one more time in August.''

U.S. employers added 121,000 jobs in June, according to the report, less than the 175,000 increase economists predicted in a Bloomberg News survey. The unemployment rate stayed at 4.6 percent.

Alcoa Inc., the world's biggest aluminum producer, on July 10 will become the first member of the Dow average to release its second-quarter profit report. Alcoa rose 13 cents to $33.55.

Earnings Forecasts

During the past four weeks, analysts have reduced their earnings-growth forecasts for the quarter for all but two of 10 industry groups in the S&P 500. The exceptions are energy and materials companies.

Starbucks Corp. and LaBranche & Co. also disappointed investors with their sales and earnings announcements.

Starbucks dropped $1.84 to $36.04. The world's largest coffee-shop chain said June sales increased by 6 percent, trailing some analysts' estimates. UBS AG analyst David Palmer lowered his rating on the shares to ``neutral'' from ``buy,'' citing ``slowing sales momentum.''

LaBranche sank $3.02, or 24 percent, to $9.42, the biggest- ever decline. The largest market-maker on the floor of the New York Stock Exchange reported its first quarterly loss in a year and a half as a drop in U.S. stocks reduced revenue.

General Motors Corp. and RadioShack Corp. were standouts as other stocks slumped.

GM Alliance

GM gained 28 cents, or 1 percent, to $29.48 for the biggest advance in the Dow average. The board of the world's biggest automaker authorized CEO Rick Wagoner to study an alliance with Nissan Motor Co. and Renault SA.

Kirk Kerkorian, whose Tracinda Corp. is GM's fourth-largest investor, has urged the three automakers to consider linking up to reduce costs and make GM profitable.

RadioShack jumped $3.20, or 23 percent, to $16.96 for the S&P 500's biggest advance. The No. 3 U.S. electronics retailer hired the former head of Kmart Holding Corp., Julian Day, as chairman and CEO.

S&P 500 shares, called Spiders, declined 83 cents to $126.61. Nasdaq-100 tracking shares, known by their QQQQ symbol, lost 42 cents to $37.69.

S&P 500 futures expiring in September fell 7.80 to 1275 on the Chicago Mercantile Exchange. Nasdaq-100 Index futures slipped 14.75 to 1550.25.

The Russell 2000 Index, a benchmark for companies with a median market value of $599 million, lost 1.6 percent to 709.30. The Dow Jones Wilshire 5000 Total Market Index, the broadest measure of U.S. shares, dropped 98.73, or 0.8 percent, to 12,729.06. Based on the change in the Wilshire, the value of stocks decreased by $123.4 billion.

Advanced Micro Devices Inc. (AMD US) Alcoa Inc. (AA US) Corning Inc. (GLW US) General Motors Corp. (GM US) LaBranche & Co. (LAB US) RadioShack Corp. (RSH US) 3M Co. (MMM US) Starbucks Corp. (SBUX US)

Oil Price Rise Fuels Fears On Inflation (FT)

DOJ_NMG_0039864

By Carola Hoyos
Financial Times, July 8, 2006
International oil prices rose to a new record on Friday as US drivers took to the roads on their annual summer holiday.
The increase – to $75.78 a barrel – stoked fears that inflation could rise, leading share prices in the US and Europe lower.
Analysts said the rise made it more likely that the US Federal Reserve and other central banks would increase interest rates, especially as pressure from high oil prices showed no sign of weakening soon.
Robert Laughlin, senior energy broker at Man Financial in London, said: "People are talking about $80 [a barrel]; quite frankly that looks like it could be hit sooner rather than later. Particularly if we get a large hurricane in the Gulf of Mexico over the next two months."
Demand for petrol in the US, the world's biggest consumer, has jumped to 9.6m barrels a day in the past four weeks. This has caused concern that refineries – still struggling after last year's hurricanes shut down more than 10 per cent of US capacity – could struggle to keep up.
Refiners are updating their plants so that they can process heavy, sour crude oil, which is now increasingly in supply, as well as the light, sweet crude oil, whose volumes are dwindling as oil fields on which the world has come to rely run dry.
A barrel of light, sweet oil produces more petrol than a barrel of the heavy, sour variety, which is more viscous and contains more sulphur.
Light, sweet oil is especially important in the production of the more environmentally friendly forms of petrol that governments want drivers to use.
Joseph Stanislaw, senior independent energy adviser to Deloitte Consulting, said: "The fears are related to the summer time. Consumers are still driving and using petrol and the light crude oils that produce a higher proportion of petrol are not in abundant supply."
The move by oil producers to develop heavy oil fields more quickly than new refinery units are being added was illustrated by Saudi Arabia this week. It cut the price of its heavier oil and raised the price of its light oil.
But high oil prices are also being caused by fears that geopolitical tensions could interrupt oil flows when the world has only a slim cushion of emergency supplies.

All Bets Off For Midterm Elections (MJS)

By Katherine M. Skiba
Milwaukee Journal Sentinel, July 8, 2006
Washington - Four months from midterm elections, most election-watchers aren't wagering on which party will control the House and Senate. But some say the House appears more up for grabs than the Senate.
The numbers? Democrats need to gain 15 seats in the House and six in the Senate to end a largely unbroken 12-year Republican hold on Congress.
One thing is certain, though. Democrats will try to nationalize the races while Republicans cast them as local contests, all against a backdrop of considerable voter unease, said experts assembled this week by George Washington University.
They were split on whether trends predict an anti-incumbent year or even an anti-Washington year.
Democratic political consultant Peter Fenn, saying the anti-incumbent mood was "very, very palpable," envisions Nov. 7 as a referendum on the GOP.
"The Republicans are in charge," he said. "Some would say not only do they control the Senate, the House and the presidency, but the Supreme Court and other courts."
He was alone among the six forecasters, a mix of both parties, to offer a prediction. He sees Democrats picking up 17 or 18 seats in the House and three to seven in the Senate. Prognostication perilous
Others insist that it's too early to predict, with a volatile mix of issues from Iraq to immigration, and a host of political, military and economic developments that will impact races.
Bernadette Budde, senior vice president of a political action committee that has favored Republican candidates, said if elections were held now, Democrats would take over the House.
"The House is in play far more than general observers believe it to be, and the House is more in play than the Senate," said Budde, a native of Beaver Dam, Wis.
Her group, the Business-Industry PAC, has given $1,000 to Assembly Speaker John Gard (R-Peshtigo), who is running for Congress.
Republican campaign strategist Ed Brookover said that while Democrats have done better in raising cash for their Senate and congressional committees, the Republican National Committee holds an "astounding edge" in fund-raising over the Democratic National Committee. Those dollars will let the GOP send its message and get the vote out.

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He said voters in both parties are frustrated and that Democrats need an agenda to take over Congress.

Brookover said Republicans may get leverage from the healthy economy, citing job growth, steady unemployment and inflation being "somewhat under control."

That prompted a retort from Democratic pollster Mark Mellman, who said he would "love" to see Republicans talk more about the economy.

"The reality is voters out there don't think things are so good," he said, and the GOP risks seeming out of touch if they talk about gas prices and health insurance costs being under control.

A number of polls, such as the president's low approval ratings, show an "anti-Republican wave building in the country," Mellman said. But that wave is going to "crash up against a very stable political system."

He said no president going into midterm elections with an approval rating under 50% has seen his party lose fewer than 15 seats in the House. But he said when many seats change at once, they tend to be open seats (no incumbent) or mismatched seats (one party has the congressional seat but the district voted for the other party in recent presidential contests).

Mellman put the number of House Republicans in districts that favored Democrats in recent presidential races at 18. That has him loath to prognosticate.

"Anybody who says they know what's going to happen in this election is either a fool or an employee of a party committee," he said.

One unknown factor, tough to measure, is how many people are so disgusted with their party that they will sit out the elections, said Kellyanne Conway, a GOP pollster. She senses an "anti-Washington" mood, blaming lobbying and fund-raising scandals.

She took a shot at Democrats, saying their latest bywords, "A New Direction," suggest a "warm-up act for Barry Manilow."
Who votes determines who wins

Rhodes Cook, who edits a non-partisan political newsletter, points to history but says the '06 elections could affirm or defy it.

Usually the president's party loses seats in midterms and loses big in elections when one party has had the presidency for six years.

In 1958 (President Eisenhower and a recession), 1966 (Lyndon Johnson and Vietnam) and 1974 (President Nixon and Watergate), the party in the White House saw major House losses. In '58, the GOP lost 47 seats and in '74, 43 seats; and in '66, Democrats lost 47 seats.

The midterm rule doesn't guarantee a wave, as the GOP's gain of 52 seats in 1994 (two years into President Clinton's White House) shows.

More recent midterms in 1998 (Clinton) and 2002 (the elder Bush) saw the president's party pick up House seats and hold its own in the Senate, Cook said.

What's ahead? The plain truth is that who wins depends on who votes.

According to Cook, if this year resembles '94, when the "out" party energized its voters, that's good news for Democrats. But if it's more like '04, when both parties saw a record number of voters, it bodes well for Republicans.

Hillary Clinton Stumps For Angelides (OKTRIB)

By Josh Richman

Oakland Tribune, July 8, 2006

SAN FRANCISCO _ State Treasurer and Democratic gubernatorial candidate Phil Angelides has ``the right message for California," U.S. Sen. Hillary Rodham Clinton said after a breakfast fund-raiser today.

Clinton, D-N.Y., keynoted the minimum-$1,000-per-head event at the St. Regis Hotel and briefly addressed reporters afterward. But the purported 2008 presidential candidate departed amid reporters' shouted questions on topics such as same-sex marriage, which Angelides supports and she opposes.

She said she has known Angelides since he was the California Democratic Party's chairman as her husband, Bill Clinton, first ran for president. Together they ``made the case for the kind of future we wanted our country to have," she said, overcoming forecasts of a Republican win in 1992.

Angelides has done ``a superb job" as treasurer by standing up to special interests and investing California's money and hopes in socially responsible ways, Clinton said. Reporters weren't allowed to hear her remarks at the breakfast, or to stand in the corridor outside to see attendees.

Former president George H.W. Bush reportedly will keynote a fund-raiser for Gov. Arnold Schwarzenegger later this month.

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California GOP chairman Duf Sundheim of Palo Alto issued a statement today urging Clinton, ``as a national leader and member of the Senate Armed Forces Committee," to disavow the ``reckless comments" of Angelides campaign senior adviser Bob Mulholland, who reportedly noted the governor and North Korean dictator Kim Jong-Il both use shoe lifts to boost their height.

``The Angelides campaign seems to think that national security issues like North Korean missile tests are suitable material for political attacks," Sundheim wrote.

Angelides today reiterated his vows to expand education, health care and economic opportunity for Californians, and said he hopes this ``fight for the future of California" will ``ripple across the country," inspiring more Democratic victories.

Also at today's event was state Controller Steve Westly, whom Angelides bested in the vehement Democratic gubernatorial primary.

``Make no mistake, November 2006 is going to be a Democratic sweep," Westly said. ``Californians want a change in Sacramento _ we want a Democratic governor, and we will have a Democratic governor."

U.S. Sen. Barbara Boxer, D-Calif., thanked Clinton for being ``so generous with her support and time" and noted Westly's presence at his former rival's side. ``What you're seeing here is a united front... We also know we have a lot of work to do."

San Francisco Mayor Gavin Newsom; Assemblyman Mark Leno, D-San Francisco; and San Francisco Supervisor and Assembly candidate Fiona Ma also attended, but only Angelides and Newsom stayed to take reporters' questions.

Asked about Thursday's ruling by New York's highest court that same-sex marriage isn't a civil right but rather an legislative issue, Angelides said ``every Californian and every American ought to have the right to grow up in a loving family, and I would sign the Marriage Equality Bill." That's Leno's same-sex marriage bill, which Schwarzenegger vetoed last year.

Clinton in the past has said marriage should only be between a man and a woman. Her Capitol Hill office didn't return a call today.

Angelides has made his prison reform plan _ hiring staff faster, opening more prisons, appointing better managers and so on _ a campaign centerpiece this week, and he held an event on the issue with law enforcement officials and crime victims' advocates later today in Sacramento.

``Gov. Schwarzenegger has failed miserably" in dealing with it, he said in San Francisco. Asked whether overcrowding, poor health care and other prison problems predated Schwarzenegger's term, Angelides replied, ``They've gotten measurably worse... He can't lay blame for this prison crisis on anyone else."

Schwarzenegger's campaign had issued a release Thursday noting the governor recently called for a special Legislative session on the prison crisis; has proposed building two new prisons; included $100 million in this year's budget for expanded rehabilitation; and is pursuing other reforms.

Newsom, after Angelides departed, said the state budget's on-time passage with bipartisan support was ``a win for the governor," but Schwarzenegger still must convince voters he's the centrist he now claims to be and not the conservative ideologue he seemed in 2005's special-election campaign.

``I don't know who he is, I'm not sure he knows who he is," Newsom said, noting the governor stumped for President Bush in the swing state of Ohio in 2004 and now has campaign advisors culled from the Bush/Cheney team. ``Those are his friends, and apparently those are his values."

Mulholland To Fox News: Arnold Can Take A Joke (SFC)

By Carla Marinucci

San Francisco Chronicle, July 8, 2006

Round II! Ding!

Back to the increasingly crazy dustup over State Treasurer Phil Angelides' strategist Bob Mulholland, and his comments comparing Governor Schwarzenegger's lifts, or shoes, or whatever, to Korean dictator Kim Jong Il.

Angelides, appearing in Sacramento this morning, was asked about the comment, said the comments were "inappropriate and I've told my team let's knock off the personal attacks."

But that didn't satisfy Fox News conservative talk show bulldog Sean Hannity, who tried to engaged liberal bulldog Mulholland this afternoon.

Hannity: Mr. Mulholland, why don't you just apologize and say you're wrong?

Muholland: "Oh, It was a joke. Schwarzenegger loves making fun of people and he loves people making fun of him ... so if Schwarzzennger can stand the heat, he can get out of the kitchen. This was just a little newsletter around the state capital, and for some reason, Republicans are all hot and bothered by it."

Hannity: "You're the same guy that said ... the bullets coming at him are going to be real bullets."

Mulholland: "I said it was the wrong statement, back in 2003 ... there's always hope for Bob Mulholland."

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Hannity: "You're comparing the governor of California to a dictator, and you think you're being funny ... maybe you ought to consider resigning."

Mulholland: "Do you think Schwarzenegger, who loves making fun of people, shouldn't have fun made of him? ... In the political arena, you guys ... make fun of Democrats all the time, including Hillary ... Schwarzenegger can take a little joke."

Gore To Address Wal-Mart Executives (AP-Y2)

By Marcus Kabel, Ap Business Writer

AP2, July 8, 2006

Former Vice President Al Gore will take his campaign against global warming to Wal-Mart Stores Inc. next week, speaking at Wal-Mart headquarters to executives seeking to make the world's largest retailer more environmentally friendly, a company spokesman said Friday.

Gore will talk to a quarterly conference of Wal-Mart managers working on ways to implement Chief Executive Lee Scott's plans to make the retailer a leader in cutting emissions, energy use and solid waste and selling more environmentally friendly products.

Gore will speak about global warming, the subject of his recent documentary film, "An Inconvenient Truth," Wal-Mart spokesman Dan Fogleman said.

The daylong meeting Wednesday at Wal-Mart's Home Office in Bentonville, Ark., is a quarterly gathering of 14 individual groups it calls sustainability networks, which include Wal-Mart managers and outside experts.

Each network works on specific areas, such as logistics or food, to put into practice a broad environmental initiative launched by Scott last October.

In recent months, Wal-Mart has taken steps including doubling the number of organic food items in its stores, reducing fuel consumption by its fleet of 7,000 trucks and installing energy-saving light bulbs in stores.

Wal-Mart is taking the environmental offensive at a time when it is under attack from organized labor and other groups for its business practices, including employee pay and health benefits.

John Edwards: Stop Predatory Lenders (AP-Y2)

AP2, July 8, 2006

John Edwards, a White House hopeful, focused on the problem of predatory lenders in his first swing through Iowa since a statewide poll gave his potential presidential campaign a boost.

"What we're doing is focusing on what can be done to stop predatory lenders and payday lenders from preying on our most vulnerable families," said Edwards, who called for new regulations for an industry in which annual interest rates for payday loans can soar to 300 percent to 400 percent.

The 2004 vice presidential nominee spent Friday raising money for Democratic candidate David Loebsack's long-shot challenge against Rep. Jim Leach (news, bio, voting record) and meeting with activists at a Warren County barbecue.

In his 2004 bid for the Democratic presidential nomination, Edwards scored a surprising second-place showing in Iowa's caucuses, giving him the momentum that eventually landed him on the ticket with the party's choice, Sen. John Kerry of Massachusetts.

Soon after the Democrats lost, the former North Carolina senator returned to Iowa and has been rebuilding his campaign organization. A poll for the Des Moines Register last month showed Edwards leading the still evolving Democratic field, with New York Sen. Hillary Rodham Clinton second, Kerry third and Iowa Gov. Tom Vilsack fourth.

"It was encouraging," Edwards said. "It means I still have some very good friends in Iowa, which I appreciate."

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Associated Press Writer Mike Glover in Des Moines, Iowa, contributed to this report.

Biden Defends Remarks (AP)

By Liz Sidoti, Associated Press Writer

AP, July 8, 2006

WASHINGTON -- Facing criticism, potential 2008 presidential candidate Joe Biden on Friday defended his recent remark that "you cannot go to a 7-Eleven or a Dunkin' Donuts unless you have a slight Indian accent."

The Delaware senator said his words were taken out of context.

On a recent edition of the C-SPAN series "Road to the White House," Biden is shown in New Hampshire boasting about his support among Indian-Americans.

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"I've had a great relationship. In Delaware, the largest growth in population is Indian-Americans moving from India. You cannot go to a 7-Eleven or a Dunkin' Donuts unless you have a slight Indian accent. I'm not joking," the senator said.

The clip made its way through cyberspace this week and caught fire in Washington, where Biden is known as one of the more long-winded senators.

Visiting troops and officials in Iraq this week, Biden was asked about the comment during an interview with CNN's "The Situation Room."

The senator said he has had an "incredibly strong" relationship with the Indian-American community in Delaware and that his comment was misinterpreted.

"I was making the point that up until now in my state, we've had a strong Indian community made up of leading scientists and researchers and engineers," Biden said. Lately, he said: "We're having middle- class people move to Delaware, take over Dunkin' Donuts, take over businesses, just like other immigrant groups have, and I was saying that ... they're growing, it's moving."

"I could have said that 40 years ago about walking into a delicatessen and saying an Italian accent in my state," Biden added.

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DES MOINES, Iowa (AP) _ John Edwards, a White House hopeful, focused on the problem of predatory lenders in his first swing through Iowa since a statewide poll gave his potential presidential campaign a boost.

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Associated Press Writer Mike Glover in Des Moines, Iowa, contributed to this report.

Democratic Party Divided On Iraq (AP)

By Liz Sidoti

AP, July 8, 2006

WASHINGTON -- Intent on seizing control of Congress, Democrats want to keep the focus on President Bush's missteps in Iraq. Yet the war is fracturing the party in a handful of House and Senate races.

Senate primary fights in Connecticut and Washington state as well as a few House contests pit the party's liberal wing _ proponents of candidates who want an immediate end to the conflict _ against moderates favored by Democratic leaders in Washington.

Arguably the most high-profile and contentious case is Connecticut, where three-term Sen. Joe Lieberman is under siege for his staunch support of the war and Bush's national security policies. Liberal bloggers and left-leaning groups are pushing the candidacy of multimillionaire businessman Ned Lamont, who wants U.S. troops to start coming home now.

Such primary clashes are drawing unwanted attention to Democratic divisions on the war while raising questions about whether the Democrats' competing factions are, in effect, torpedoing the party's chances to make 2006 a referendum on Bush's handling of Iraq.

"If Democrats don't get together, it's going to be hard to take on George Bush's Republicans," said Donna Brazile, a Democratic strategist in Washington. However, she said, "There's room for different opinions in primaries, and there's room for the party to put aside their differences in the fall."

Maybe.

But for now, Democratic splits over Iraq _ and constant reminders of the fissures _ make life difficult for party leaders trying to project a united front on the war.

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Former President Clinton, at a political fundraiser in Indianapolis on Wednesday, bemoaned his party's breaks. Clinton said the Iraq war was a mistake that diverted attention from al-Qaida and Afghanistan, but he added, "It bothers me to see our Democrats too divided on what we do now."

Four months before Election Day, Democrats remain optimistic about winning control of the GOP-run Congress by capitalizing on voter dissatisfaction with Bush, Republicans and the war.

An Associated Press-Ipsos poll last month found that 59 percent of Americans say the United States erred in going to war in Iraq. Among Democrats, 84 percent said the war was a mistake, up from 59 percent in 2003.

In recent weeks on Capitol Hill, both parties have maneuvered for political advantage on the war. Republicans endorsed the president's Iraq policies while working to exploit Democratic divisions on the war. Democrats, in turn, accused Republicans of blindly walking in lockstep with Bush on Iraq and sought to unify their own rank-and-file.

"Democrats are united in the belief that George Bush has implemented a failed policy in Iraq and that the GOP Congress has allowed that to happen by abdicating its oversight responsibilities," said Phil Singer, a spokesman for the Senate Democrats' campaign effort.

Still, Democrats have varying views over just when the United States should end its military mission in Iraq and those differences are on display in some primary races.

In Illinois, Tammy Duckworth, an Iraq war veteran who lost both legs in a grenade attack in Iraq, cautioned against quick withdrawal from the war despite her criticism of the conflict. Democratic rival Christine Cegelis had the support of grass-roots activists who backed her call for the withdrawal of troops to begin. Duckworth, the party's preferred candidate, won the Democratic nomination in March in an open House race.

The outcome was the opposite in a Republican-leaning California congressional district.

Jerry McNerney said it was time to withdraw U.S. troops, and his campaign had the support of proponents of former anti-war presidential candidate Howard Dean. Moderate Democrat Steve Filson opposed an immediate withdrawal and was preferred by House Democratic leaders. McNerney won the June primary and will try to unseat seven-term Republican Rep. Richard Pombo.

Liberals also have targeted first-term Sen. Maria Cantwell, D-Wash., who supported the war but has criticized Bush's stewardship. She faces challenges from anti-war activists who want U.S. troops out, including one candidate who has the support of peace activist Cindy Sheehan. The challengers lack the cash and name recognition, but their candidacies have caused the state's political left to turn on Cantwell because of the war. The primary is Sept. 19.

In Connecticut, the race between Lieberman and Lamont has gotten so tight that the senator announced this week that he would run as an unaffiliated candidate in November if he loses the Aug. 8 primary.

Lieberman appeared combative at times during a televised debate with Lamont Thursday night, and he argued that voters were choosing between a veteran senator and an indecisive political unknown.

"Ned Lamont seems just to be running against me based on my stand on one issue, Iraq, and he is distorting who I am and what I've done," Lieberman said. His opponent countered: "Senator, this is not about anybody's career. ... This is about the people."

Eli Pariser, director of MoveOn, a liberal group backing Lamont, said: "We're trying to play a constructive role in helping amplify the boldest voices and quiet the ones which are undermining the way that the Democrats are different from the Republicans."

The November elections will be the arbiter on the effectiveness of liberal groups.

"Can they swing general elections is the big question, and so far we don't know the answer. But they certainly can have an impact on primaries," said Matt Bennett, co-founder of Third Way, a group of moderate Democrats.

If 1968 is any guide, Iraq could continue to have repercussions. Nearly 40 years ago, Vietnam so divided the party that Democrats lost to Richard M. Nixon.

Competing For Connecticut (NSWK)

By Jonathan Darman And Brian Braiker

Newsweek, July 8, 2006

Joe Lieberman says he's running for reelection as a Democrat—no matter what anybody else thinks. After three terms representing Connecticut in the Senate, the former vice presidential candidate is fighting off a tough challenge from Greenwich businessman Ned Lamont. Lieberman's main vulnerability: steadfast support for the war in Iraq. In a state that is increasingly disdainful of the Bush administration's Iraq policy, Lieberman is hitting the trail hard to remind primary voters there are other issues besides the war.

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Still, Lieberman isn't taking any chances. This week, he announced he's gathering signatures to petition to run as an independent (who caucuses with Democrats) should he lose the Aug. 8 primary. With polls showing Lamont within striking distance in the primary, but well behind the incumbent in a three-way general election run, some Democrats are concluding an independent bid may be Lieberman's best shot. NEWSWEEK's Jonathan Darman and Brian Braiker caught up with Lieberman and Lamont, respectively, just before the senator announced his possible independent candidacy. Excerpts:

Sen. Joe Lieberman

NEWSWEEK: Are you hearing concern from your constituents about your position on the war in Iraq?

Joe Lieberman: This will come as a surprise to you but the only people who have asked me about that are the local media. Mostly people are talking about the economy.

What do you say, though, when you meet voters who say, "I like you personally, but I really dislike your support of the Iraq war?"

I say every campaign is about the future and I want to be judged on the totality of my record. Iraq is important but it's only one issue. When people get up in Connecticut they worry about many issues like the cost of energy and the cost of their health care, whether their kids are going to be able to go to a good school, environmental protection, homeland security. I say, "Your choice, Mr. or Mrs. Voter, is which of the two of us in this race can do better for you in the next six years; I'm offering you a strong record of fighting for Connecticut. My opponent, well, he doesn't have much of a record. I'm running to get some more things done over the next six years, he's mostly running against me."

What about voters whose No. 1 issue is Iraq?

Look, I have always tried to level with people in Connecticut, I've tried to do that on the war. Obviously, my position's not politically motivated because it doesn't help me at all to take the position. I honestly think it's right for our security. Then we talk about it and I listen. There's no question among Democratic voters, support for the war is low although I do think many of them are concerned about the consequences of a hasty retreat.

Is part of the problem a perception that you're too close to President Bush on Iraq?

I supported removing Saddam Hussein before George Bush was president. [Arizona Sen. John] McCain and [former Nebraska Sen.] Bob Kerrey and I put in the Iraq Liberation Act in 1998 after Saddam threw the U.N. inspectors out and that called for the overthrow of Saddam. Therefore when President Bush chose to do something about Saddam after 9/11 I supported it though I was critical of his unilateralist foreign policy before the war, which I think made it harder for us to get allied support after Saddam was overthrown. I was outspoken about the consequences of a failure of adequate planning and preparation by the Pentagon. I have supported the goals, the mission. I have been critical, when I thought it was justified, of the methods, the tactics that are being used. But I have said I will refuse to play politics with national security.

From a purely political standpoint, is it a smart move for the Democrats to sell themselves as the party that supports quicker withdrawal from Iraq?

That's up to the individuals in the party. I think it's wrong, as a matter of military policy and national security. On this, there needs to be debate, discussion—diversity of opinion is healthy. I'm not going to play politics with the war, I don't want to impute political motives to anybody else. They've got to measure their own political consequences.

You're not used to having tough primary challenges. Is this primary battle mainly about the war?

Totally. My opponent might try to say otherwise but there's no question about it: He is running a one-issue campaign. And it takes any life it has from that one issue. I'm trying to say there's a lot more issues than the war in Iraq, as important as it is, that are essential to Connecticut's future, and look at my record on all of those and then make a judgment about my record. I'd even state it a little more starkly: If it was not for my position on the war in Iraq, I don't believe there would be a primary against me. It's not a surprise to me because I went through this in the presidential primaries. It's something I feel very strongly about and it's one where I think I've got to take a principled position and hope that people in the primary and in the state respect me for it and are wiling to judge me on my whole record even if they disagreed with me on Iraq.

Liberal bloggers have been attacking you pretty hard. What do you think of all that anger?

I don't like it and I don't think it's healthy for our system. Speaking beyond [the attacks] toward me, we've seen two presidents, President Clinton and now President Bush, who've been the targets of just the worst vituperation and I'd call it hatred from people in our country. It's not healthy for the country. Our politics is much too partisan. We see it in Washington. Part of why the politics is partisan is it's a less mainstream group that dominates primaries in both parties and that's not healthy. As far as the vituperation on the blogs—periodically my staff will show me some of it and I don't recognize myself. It's not me. The personal attacks are just outrageous.

Do you think you could take care of your primary problems tomorrow if you got up and gave a speech that was a straight-on attack, indicting Republicans?

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I suppose some people might like that. My nature is not to be an attacker. I'm a person of very strong opinions, but I've never believed that one helps make one's case by attacking the target of one's position. I think you lay out the case and you hope that people will be reasonable in listening. The other thing I would say is that the big distortion in this campaign which my opponent is trying is through the one issue, the war, which I happen to share the goals of the president (though as I say I have criticized some of the tactics). They're attempting to go from that to somehow changing my party affiliation. I've opposed just about every initiative of this president: Taxes, environmental protection, Social Security privatization. I consider myself a Truman-Kennedy-Clinton Democrat which is: social justice, upward mobility, fairness at home and a strong idealistic foreign policy. That's what I'm fighting for so I feel alright about it.

Challenger Ned Lamont

NEWSWEEK: You're basically a political neophyte, unknown outside of Greenwich—what would you have to bring to Washington?

Ned Lamont: I started up a business from scratch, I'm a small-business guy, pulling cable for telecomm systems in college campuses for 20 years. I've been teaching school up in Bridgeport. I don't think Washington should be a sinecure for career politicians. We should have the small-business guys represented in the hallways of Congress.

Well, you're a small-business guy who's worth somewhere between $90 million and $300 million. Lieberman is trying to identify you as an out-of-touch plutocrat. How do you respond to that?

I respond by going all over the state, introducing myself, letting them know who I am, what I'm about. Hopefully some negative 30-second ad will not carry the day and people will take a fresh look at what we're about.

Is the seniority that Lieberman brings to the Senate not a good thing?

Seniority is great if you're on the right side of the issues. But if you're on the wrong side of the war, the wrong side of the energy bill, you find common ground with the president when it comes to privatization of Social Security or vouchers for education, then seniority doesn't help. Secondly, I might add we're 49th out of 50 states when it comes to return of every dollar sent to Washington, D.C. We get 68 cents back; we've lost half of our defense related jobs in the past 18 years.

Unlike Lieberman, you have been vocal about your opposition to the war in Iraq.

Look. There's a real difference of opinion about the war. As I go around the state, it's much bigger than the military invasion of Iraq. It's "rather than spending $250 million a day in Iraq, how come we're not investing in universal health care for every American?" That's the No. 1 question I get on the stump. How come we're not investing in grade schools so kids can compete in the 21st century? How are we going to keep good-paying jobs in the state? So the war ties right back to investing in our country again. That's the most important issue that I'm emphasizing.

Are you advocating pulling out of Iraq?

I'm advocating taking our very front line troops out of the Sunni triangle, out of harm's way. Reinforcing the fact that we've got to take an American face off of this occupation. Only the Iraqis can solve this. They can solve it politically. We're not going to be able to impose this at the barrel of a gun. And yes, we start bringing our troops home.

Would pulling out of Iraq now vindicate the insurgents?

No, I think just the opposite. Our very front line military presence is what's invigorating the insurgency. When we take the military face off of this perceived occupation, then I think it's a better opportunity for the different Shia and Sunni factions to have the incentive to reach political compromises that they need.

This is a primary election for a Senate race—turnout is not expected to be high. What are you doing to get the vote out?

A) By being right on the issues, by being frank and clear about where we stand. B) This is a real grassroots operation. We've got thousands of volunteers that signed up on our Web site. We're doing friends, family and neighbors, word of mouth. We're going to make sure that the people who believe in the same issues we do turn out on Aug. 8.

In an election where every seat counts for the Democrats, do you worry at all about splitting the party in Connecticut?

No. I've said that come what may on Aug. 9, we rally behind the winner of the Democratic primary and we go forward united as a party. We'll be stronger and invigorated for it.

Lieberman's Struggle At Home (WSJ)

By Jeanne Cummings

The Wall Street Journal, July 8, 2006

SIMSBURY, Conn. -- Sen. Joseph Lieberman's re-election margins have set records in Connecticut and, in 2000, home-state voters handed him two wins: a third term in the Senate and their nod as the Democratic vice presidential candidate.

So why is Mr. Lieberman facing his toughest campaign yet, against an inexperienced opponent from his own party, in a year when Democrats are outpolling Republicans?

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The obvious answer is his support for the unpopular Iraq war and his defense of President Bush's decision to prosecute it. But that's not a full explanation.

The moderate persona that helped Mr. Lieberman, 64 years old, score an upset victory for the Senate seat in 1988 dulls his appeal today to an energized partisan base. Time spent away from home to campaign for higher office in 2000 and 2004 -- when he sought the presidential nomination -- weakened critical home-state ties. And his penchant for lacing policy or political choices with moral or religious messages now sounds patronizing to some voters.

"His problems have been building over time and the war was the last straw for many of the party's more liberal voters," says Jennifer Duffy, a political analyst with the nonpartisan Cook Political Report.

Mr. Lieberman's challenger in next month's primary is Ned Lamont, 52 years old, a multimillionaire and onetime Republican voter who says Mr. Lieberman's support of the Iraq war compelled him to run. Since then, the cable-company founder has expanded his assaults to include the incumbent's positions on trade deals, school vouchers and changes in the Social Security system -- all of which, Mr. Lamont argues, demonstrate that Mr. Lieberman has failed to stand up for Democratic values. Mr. Lamont has put $1.5 million of his own money in the race and says he may spend $1 million more.

A recent Quinnipiac University poll recorded support among registered Democrats for Mr. Lamont rising to 32% from 19% in May. Though Mr. Lieberman still led in the poll, his support was down to 57% -- leaving him a relatively thin margin, since the state's Aug. 8 primary isn't expected to draw a high turnout.

Mr. Lieberman still has many advantages. He's a policy wonk and polished campaigner, willing to break into song -- and in the right key -- if that's what it takes to connect with voters. The latest campaign-finance reports indicate he had raised about $6 million by late spring and had most of that cash on hand. He is supported by most of the state party apparatus, his Senate colleagues and friendly interest groups, including the AFL-CIO, which can help get voters to the polls.

For now, he is considered likely to win the general election easily if he gets the Democratic nomination, given his popularity with independents and Republicans. A leading Republican candidate, Alan Schlesinger, is a former statehouse representative and two-term mayor of the city of Derby, Conn. As of April, his campaign had raised $20,000 and was $10,000 in debt.

Still, intense opposition within his party prompted Mr. Lieberman this week to say he will begin collecting signatures to allow him to run in November as an independent if he loses the primary.

People close to the campaign say the poll tightening left him few options. If he waited until after the primary, Mr. Lieberman would have 24 hours to collect 7,500 signatures to run as an independent. But his announcement risked showing weakness and could play into Mr. Lamont's charge that Mr. Lieberman is more interested in power than representing Connecticut Democrats. "Senator, this is not about anybody's career," Mr. Lamont said during the debate this week. On the other hand, it could be the spark needed to ensure that his supporters vote in a dead-of-summer primary.

In Thursday's debate, Mr. Lieberman said he is considering the independent run because his Senate seniority puts him in a better position to help Connecticut than a freshman Sen. Lamont. He touted items he wrote into the federal budget to help Connecticut's transportation and fuel-cell businesses as evidence of his influence. But, at the same time, he was forced to reaffirm his party roots. "I'm the Democrat in this race," he said, emphasizing that he has voted with the Democrats most of the time during his Senate career.

The seeds of Mr. Lieberman's struggle today may have been planted 18 years ago when he ran against former Sen. Lowell Weicker -- a seemingly entrenched Republican incumbent whose moderation drew the ire of his own party base. Back then, William F. Buckley, a philosophical leader for many conservatives, started a political action committee to help Mr. Lieberman defeat Mr. Weicker, whose aggressive stance during the Watergate hearings irked some Republicans.

In an echo of that intraparty spat, Mr. Lieberman in 1998 emerged as the harshest Democratic critic of President Clinton during his impeachment trial. "Such behavior is not just inappropriate. It is immoral," said Mr. Lieberman, in a Senate floor speech that many Democrats feared would end with a call for impeachment. Ultimately, Mr. Lieberman didn't vote to oust Mr. Clinton.

When Mr. Lieberman became Vice President Al Gore's running mate in 2000, he had to mollify the party's minority leaders upset with his previous criticism of racial quotas. During his 2004 campaign for president, teachers unions still chafed over his earlier support for private-school voucher experiments. And, when Mr. Bush won a second term, some Democrats were stunned when Mr. Lieberman offered to help broker a deal on Social Security overhaul -- although he said diverting funds to private accounts was no longer an option he would support.

When challenged, Mr. Lieberman often positioned himself as a principled, independent thinker -- a stance his opponents read as a suggestion that they are not. "He does come across as sanctimonious at times," says Howard Reiter, chairman of the University of Connecticut's political-science department.

Much of today's consternation serves as a backdrop to anger over Mr. Lieberman's support for the Iraq war. "Some in my party threaten to send a message that they don't know a just war when they see it," Mr. Lieberman said in 2003. Mr. Lieberman

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is critical of the administration's handling of Iraq's reconstruction. But he has lectured harsher critics to tone down the rhetoric lest they undermine Mr. Bush's ability to lead.

That was a turning point for Liz Skalski, of New Fairfield, who supported Mr. Lieberman in 2000 but now plans to put a Lamont bumper sticker on her car. "I always knew he was a conservative," she says. "But when everything changed so much after 9/11, then you saw who just went along and who stood up against the Bush policies."

Steele Raised $1.8 Million In Quarter For Bid (WT)

By Jon Ward

The Washington Times, July 8, 2006

Maryland's Lt. Gov. Michael S. Steele raised more than $1.8 million for his U.S. Senate campaign in this year's second quarter, according to an internal campaign memo.

The latest totals are "representative of the campaign's growing momentum," said Steele campaign manager Mike Leavitt.

The $1.8 million is Mr. Steele's highest quarterly fundraising total since announcing his candidacy last fall.

Mr. Steele, a Republican, has raised more money per quarter since entering the race than the leading Democratic fundraiser, Rep. Benjamin L. Cardin.

In the final quarter of 2005, Mr. Steele raised $853,000 to Mr. Cardin's $850,000. In the first quarter of 2006, Mr. Steele raised $1.3 million to Mr. Cardin's nearly $1 million.

"Bush, Cheney and Rove are clearly making good on their promise to pump millions into Maryland for their favorite candidate," said Cardin spokesman Oren Shur.

Vice President Dick Cheney headlined a fundraiser for Mr. Steele in April, and Sen. John McCain, the Arizona Republican with presidential ambitions in 2008, was the marquee name at a Steele event last month.

Mr. Shur said that Mr. Cardin, a 10-term congressman from Baltimore, has "the strong campaign organization that it will take to defeat Michael Steele in November." However, Mr. Cardin trailed challenger Kweisi Mfume by six points in the latest poll by The Washington Post.

Mr. Mfume, the former president of the National Association for the Advancement of Colored People, had $184,466 on hand at the end of the first quarter.

Rep. Katherine Harris To Have Surgery (AP-Y2)

AP2, July 8, 2006

Rep. Katherine Harris (news, bio, voting record) announced Friday she will undergo surgery later this month to remove an ovarian mass, which will be tested to determine if it is malignant.

The 49-year-old congresswoman, who is campaigning for the Republican nomination for U.S. Senate, will visit Walter Reed Army Medical Center in Washington for preoperative testing Monday, her campaign office said in a statement.

The minimally invasive surgical procedure is scheduled for July 17.

Harris rose to national prominence as Florida's secretary of state during the contentious presidential election recount in 2000.

She has held firm to her Senate aspirations despite lagging poll numbers, poor fundraising, and efforts by GOP leaders to find another candidate. Harris is spending $10 million of her own money to stay in the race.

DeLay Suggests He Might Not Retire (AP-Y2)

AP2, July 8, 2006

Former U.S. Rep. Tom DeLay suggested Friday that he may not be ready for retirement just yet, a day after a federal judge ruled that his name must remain on the November ballot even though he resigned from Congress.

DeLay, who came home to Sugar Land for a previously scheduled event, also criticized U.S. District Judge Sam Sparks' ruling that the former House majority leader's name had to remain on the ballot.

"For this guy to say he can't tell where I'm going to be on Election Day, and that I am forced to be on the ballot, well, they may get exactly what they want," DeLay told supporters to raucous applause. Sparks is a Democrat appointed by Republican former President George Bush.

Later, reporters asked Delay if he now planned to run. He didn't say no.

"We have to wait and see what the 5th Circuit does on appeal," he said.

The Texas Republican Party appealed to the 5th Circuit Court of Appeals in New Orleans immediately after Sparks' ruling Thursday in Austin. Attorney Jim Bopp said he hoped to have a decision from the higher court this month, allowing the GOP to nominate a new candidate.

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DeLay, who is awaiting trial on Texas charges of money laundering and conspiracy in a campaign finance case, won the Republican primary in March but resigned from Congress on June 9 and said he has moved to Virginia.

He still owns — and his wife, Christine, still lives in — his Sugar Land house, where DeLay also spends time, the Democrats pointed out.

Democrats want to keep his name and his legal troubles on the minds of voters as Democrat Nick Lampson tries to capture DeLay's 22nd congressional district seat in suburban Houston. The party sued to keep the GOP from removing DeLay's name from the ballot.

Republicans want to name a replacement nominee, and several prominent Houston area politicians are vying for the spot.

The U.S. Constitution states a member of Congress on Election Day must be an inhabitant of the state where his district is located. Sparks said he was not convinced that DeLay would not return to Texas.

DeLay Back To D.C.? Never Say Never (HC)

By Kristen Mack

Houston Chronicle, July 8, 2006

Former U.S. Rep. Tom DeLay told a friendly crowd Friday that Democrats seeking to force him onto the November ballot "may get exactly what they want."

After savoring a standing ovation, he quickly said the comment was not an announcement that he will seek the office he vacated last month.

On Thursday, a federal judge ruled Republicans could not replace him as their November nominee. If the ruling stands on appeal, DeLay would remain on the ballot and would have to decide whether to campaign for the 22nd Congressional District seat he held for more than 20 years.

He may be a reluctant candidate, having once abandoned the race and still facing a serious Democratic challenge.

"The last thing in the world Tom DeLay wants is to try and win this race and lose. That's why he quit the first time," said Southern Methodist University political scientist Cal Jillson.

"I do not think he will come back and make a significant effort to hold the seat."

GOP has appealed rulingU.S. District Judge Sam Sparks' ruling Thursday was a seen as a victory for Democrats who had challenged GOP efforts to replace DeLay. Democrats would rather run against DeLay, a former House majority leader whose recent history has been clouded by ethics allegations in Washington and a still-pending Travis County indictment relating to campaign finance.

The Texas Republican Party has appealed Sparks' decision to the 5th U.S. Circuit Court of Appeals and is asking for a decision this month.

On Friday, DeLay received a warm welcome from several hundred people at the Sugar Land Marriott for a previously scheduled tribute, co-sponsored by the Greater Houston Partnership and the Fort Bend Chamber of Commerce.

They lauded him for his business-friendly voting record and for bringing what they say was $1.3 billion worth of economic impact to the Houston region in the last year.

An ice sculpture with DeLay's name carved in the middle greeted guests as they walked into the hotel ballroom, where a giant American flag hung behind the podium. Centerpieces included DeLay bobbleheads. And there was a "gift table" of presents for the former congressman, his wife, Christine, and daughter, Danielle Ferro.

DeLay was typically feisty, criticizing the federal judiciary in general and Sparks' ruling in particular. He referred to the court's finding that the U.S. Constitution only requires a House candidate to "inhabit" the state he seeks to represent on Election Day. Republicans asserted that DeLay was ineligible and could be replaced on the ballot because he established residence in Virginia.

"For this guy to say he can't tell where I'm going to be on Election Day, and that I am forced to be on the ballot, well, they may get exactly what they want," DeLay said. "(Sparks) virtually declared Texas election law unconstitutional. Only in this country can the federal judiciary force someone to run for office."

He said he will await the court appeal before deciding what to do, but said he's ready for battle in whatever forum.

"I always have the fight in me," he said. "I'm not quitting, I'm not stopping the fight for the conservative cause. I'm just finding a different arena to fight in. I could be the Democrats' worst nightmare outside of Congress."

'May play into his favor'State Rep. Larry Taylor, R-Friendswood, said he would like to see DeLay back in the race.

"I say Tom DeLay gets in there and runs and wins and we are better off for it," Taylor said. "This whole thing may play into his favor. He picked up a lot of sympathy votes."

Jillson agrees there may be some sympathy for DeLay but also sees "a level of disgust that he didn't know what he was doing" in plotting his departure from Congress.

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"He did it in a way that showed he had not mastered the rules, which is not typical Tom DeLay," Jillson said. "He either misunderstood them or chose to mischaracterize them and hope no one else understood them."

DeLay beat three challengers to win the March GOP primary for a 12th term. He announced in April he would resign from Congress, saying he thought he could win re-election but did not want to be a lightning rod for Democrats to use to attack Republicans nationally.

He has characterized as politically motivated the ethical and legal troubles that forced him to give up the majority leader's post and then to leave Congress.

GOP losing precious timeIf the GOP ultimately wins the appeal and is allowed to pick a new nominee, the person selected will have lost weeks of fundraising and campaigning time for the Nov. 7 election.

Several candidates for the nomination attended the event Friday, including State Sen. Mike Jackson of La Porte, Houston City Councilwoman Shelley Sekula-Gibbs, Fort Bend County Commissioner Andy Meyers and state Reps. Charlie Howard of Sugar Land and Robert Talton of Pasadena.

Some of the candidates seemed to defer to DeLay.

"If he remains on the ballot, he will be elected, we'll all support him and he'll probably resign," Howard said, describing a scenario in which DeLay returns to Congress and then resigns, forcing a special election. "The end result is we will have a Republican in CD22."

Whatever Republican eventually is on the November ballot will face Democrat Nick Lampson, a former U.S. representative, and Libertarian Bob Smither.

Jillson said DeLay's resignation after the primary "burned his plausibility as a candidate."

But he said that if Lampson wins he may be a one-term congressman in the Republican-leaning, suburban district.

"He'll be the best constituent service, local Kiwanis Club-type of congressman," Jillson said. "He'll work hard to create a solid base quickly. But Republicans would make a bold rush to get it back in 2008."

Not-so-golden Years (LAT)

The Los Angeles Times, July 8, 2006

ABOUT RETIREMENT, IT'S BEEN said that it's nice to get out of the rat race … but you have to learn to get along with less cheese. That's a dilemma a lot more people are going to be facing pretty soon.

According to a string of recent gloomy studies, most people are kidding themselves if they think they'll have enough gold during their golden years.

Depending on how close they are to retirement, the news goes from bad to worse. Up to 35% of baby boomers, who start retiring in two years, haven't saved enough to maintain their standard of living once they stop punching the clock. As many as half of employees in their 30s and 40s are expected to have too teeny a nest egg to fall back on.

The main problem is that Americans continue to spend like sailors on shore leave rather than socking away even a small amount of cash. Indeed, last year the nation's savings rate dipped into negative territory for the first time since World War II.

Of course, Americans have never been renowned savers. And so what? As long as most people can remember, all they had to do was work hard and pay taxes and they'd get a cushy pension and a Social Security check that meant they were fine.

Those days are over, likely for good. As the population ages, it means the number of retirees is growing a lot faster than the number of younger workers who can support them. Eventually, something has to give. That's one reason companies are shedding their pension plans in favor of cheaper 401(k) retirement plans, and why anyone who didn't grow up with the Beach Boys should worry about cuts in Social Security benefits by the time they'll be old enough to get them.

If there is a silver lining in all this doom and gloom, it's the small but growing number of employers who are trying to help workers save more. One increasingly popular tactic is automatically enrolling employees into retirement savings plans rather than waiting for them to sign up. Research shows that up to a quarter of employees who qualify for retirement plans don't enroll. Another tactic is encouraging workers to save 1% or more of all raises.

Some people, of course, do not earn enough to save meaningful amounts. It would be nice if instead of focusing on tax relief for the wealthy, Congress were more inventive in devising savings programs for less-affluent workers. Is there a more portable individual retirement account (portable from one job to the next, that is) to which employers could be encouraged to contribute? Federal employees benefit from a government thrift plan that could serve as a model for businesses.

Still, any of these savings plans also requires a bit of a cultural readjustment for Americans to put aside more for retirement. It won't be easy, but those who don't shouldn't be surprised at what lies on the other side of the rat race's finish line.

Jeb Bush Ally Slams Islam (MH)

By Darran Simon

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The Miami Herald, July 8, 2006

The Rev. O'Neal Dozier, a Broward clergyman who has advised President Bush and is a political appointee of Gov. Jeb Bush, took to the air waves Friday to criticize Islam as a "cult" religion.

The radio appearance by Dozier, who serves on the governor's committee that screens Broward judicial nominees, startled a local Muslim leader, and prompted the governor to immediately distance himself from the statements.

Reached later in the day by The Miami Herald, a contrite Dozier said he was "concerned" his comments could jeopardize his position on Broward's Judicial Nominating Commission. But he did not disavow those comments.

"The Islamic religion in my view is a cult," Dozier said Friday, when asked to recap the controversial comments he made earlier on The Steve Kane Radio Show on WNN-AM 1470. "On the show I said that Islam is a dangerous religion."

Dozier was on the program to address efforts by him and other black ministers to block a plan by the Islamic Center of South Florida to build a center in Northwest Pompano Beach.

The ministers say they don't want the Islamic center, with its mosque, in their neighborhood. They have argued it will jeopardize the community's safety because of what one group member characterized as the religion's "track record" of terrorism.

Dozier, 57, of Pompano Beach, has been leading the charge.

His statements on Kane's talk show Friday were reported in an Internet blog by Bob Norman of the New Times.

Dozier, who has been a key player in efforts by the governor and the Republican Party to cultivate support in Broward's black community, said he was bothered by the strong reaction to his words.

"I don't look for everyone to believe what I believe, because everyone is not as astute about religion as I am," said Dozier, pastor of the Worldwide Christian Center in Pompano Beach. "That's my life."

The black ministers' stance in opposition to the mosque has surprised some experts on Islam.

"For the first time, you are seeing a group of black pastors following the white fundamentalist leaders of our country," said Lawrence Mamiya, an activist and professor of religion and Africana studies at New York's Vassar College.

Traditionally, blacks and Muslims in America have forged a healthy, harmonious relationship -- in part because their leaders tackle the same issues affecting their neighborhoods -- drugs, crime, racism and other social ills, Mamiya said.

If ministers' sentiments about Islam were to become a trend, it would cause a "serious serious split in the black community," and threaten that relationship, Mamiya said.

Asked on Friday to respond to Dozier's comments, Altaf Ali, executive director of the Florida Chapter of the Council of American-Islamic Relations, said he has tried unsuccessfully to meet with Dozier.

"I want a chance to respond and refute these accusations," Ali said Friday. "It appears that he doesn't have that much knowledge about Islam."

In an interview with The Miami Herald last week, Dozier had declared: "We don't want our area to be a breeding ground for terrorists."

On Friday, the White House referred a reporter to previous remarks by the president on Islam, including a 2002 meeting in the Oval Office with United Nations Secretary General Kofi Annan.

At that time, the president condemned blanket criticisms of Islam, saying they "do not reflect the sentiments of my government or the sentiments of most Americans. Islam, as practiced by the vast majority of people, is a peaceful religion, a religion that respects others," Bush said.

On Friday, Gov. Bush's office issued a statement distancing him from Dozier.

"Gov. Bush in no way shares Rev. Dozier's views on Islam," said Alia Faraj, Bush's spokeswoman. "Florida's greatest strength is its diverse population, which is bolstered by the many faiths of our residents."

Dozier said later Friday that his comments "shouldn't be linked" to the governor.

He said he is concerned about political repercussions. Gov. Bush appointed Dozier to serve on Broward's Judicial Nominating Commission.

"I am concerned about the criticism in that I don't see where my personal opinion should cause an uproar in other people's hearts," he said.

Dozier, who has a degree from the John Marshall Law School in Atlanta, is among a growing number of black ministers who have embraced conservative Republican values on such issues as abortion and same-sex marriages.

In the past, Dozier has asked Gov. Bush's appointments to the Broward circuit and county courts if they were "God-fearing," and inquired about their parenting abilities.

Last spring, Dozier visited the White House to discuss how President Bush's faith-based initiative could be expanded to help Africans with HIV.

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The ministers are not against Islam, said the Rev. Alonzo C. Neal of the Antioch Missionary Baptist Church in Pompano Beach "It's not their religion. It's their track record," he said, referring to what he said are terrorist acts committed by some who practice Islam.

Dozier and other ministers are planning a protest at 6 p.m. Tuesday at a Pompano Beach Commission meeting to object to city-approved plans allowing the mosque to go forward.

While Dozier and others take issue with Islam, other black residents have expressed concerns about what they see as the city neglecting their community. Pompano Beach needs more low- to moderate-income housing, said Walter Hunter, a longtime Pompano Beach resident who lives near the site.

Soldiers' Issues In Play At Capitol (MINNST)

By Dane Smith

Minneapolis Star Tribune, July 8, 2006

A preview of the importance of issues involving soldiers and the Iraq War in this summer's election campaigns went on display at the state Capitol Thursday.

Stiffer state and federal penalties for companies that attempt illegal foreclosures on deployed members of the military were proposed by two DFLers, state Rep. Matt Entenza, a candidate for attorney general, and Tim Walz, a 24-year Minnesota National Guard member who is running for Congress.

Republican Party officials countered with a statement accusing Entenza of trying to hide a "checkered history on military and veterans issues," including his efforts as a college student opposing "mandatory selective service registration."

Entenza's Republican opponent, state Rep. Jeff Johnson, said Entenza, formerly the DFL minority leader, failed to add the provision to a package of veterans bills in the recently adjourned Legislature. Entenza "has done next to nothing" on veterans issues in his 12 years in the House," Johnson said.

Entenza brushed aside the attack, saying he was "very proud" of his record as a legislator supporting things such as increased supplemental pay and benefits for service members.

And if elected, Entenza said, he will set up a special unit in the attorney general's office "to protect our veterans."

Foreclosing mortgages on deployed service members already is illegal under federal and state law, but Entenza and Walz said that the penalties are slight, seldom enforced and lacking in financial consequences.

Entenza said he wants the state to impose a fine of up to $25,000, the same as for theft by swindle, on violators of the law. Efforts to educate military personnel about their rights also must be improved, Walz said.

Acknowledging that the exact extent of the problem is unknown, Walz said research has shown that about 30 percent of service members undergo serious financial problems while on duty. He said he personally intervened to help a Minnesota comrade in Iraq whose pick-up truck was being repossessed.

"Most spouses will do almost anything to avoid adding to a deployed service member's emotional burden," Walz said. "They hesitate to talk about the bills piling up but it's real and it's happening in Minnesota."

Bayh drops in

Appearing with Entenza and Walz was U.S. Sen. Evan Bayh, D-Ind., a 2008 exploratory presidential candidate who was in the Twin Cities for a little politicking of his own. Bayh is a member of the Armed Services Committee and is proposing similar legislation toughening the foreclosure violations.

Bayh, who was a two-term governor of Indiana and is considered a party centrist, said about 60 people attended his fund-raiser at the St. Paul home of a friend. Bayh also was a featured guest at a fund-raiser for U.S. Senate candidate Amy Klobuchar.

"It's a marathon and we're on the second or third mile," Bayh said, adding that the central message of his has been on improving "middle-class opportunity" and bringing the political parties closer together.

S. Korea Pledges To Talk Soon With North (AP)

By Joseph Coleman

AP, July 8, 2006

South Korea said Friday it would withhold food and fertilizer shipments to impoverished North Korea until the missile crisis is resolved, even as it pledged to hold high-level talks with the communist regime next week.

U.S. Assistant Secretary of State Christopher Hill held talks Saturday with Chun Young-woo, South Korea's top negotiator in international nuclear talks, on the North Korean missile tests. Hill, who arrived here following a visit to China, planned to travel to Japan on Sunday.

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"We will be much more effective if we can speak with one voice," Hill said before meeting Chun. The U.S. envoy said the Chinese had made it clear that they don't want North Korea to develop missiles, and seek a return to six-party talks on the North's nuclear weapons program.

"They were very clear in their views of the North Korean missile launches, very clear that they have no interest in seeing this happen and do not regard this in any way positively," Hill said.

Pyongyang triggered an international furor Wednesday when it test-fired seven missiles that plunged into the Sea of Japan without causing damage or injury.

A draft U.N. resolution on sanctions against Pyongyang could be put to a vote Saturday, as regional powers moved to coordinate their response to North Korea's missile firings.

It remained unclear whether North Korea was planning to fire more missiles. South Korean officials said another long-range missile may be at a launch site, but the latest intelligence showed no signs the reclusive regime was getting ready for more tests.

South Korea's Yonhap news agency quoted a North Korean diplomat as saying North Korea is willing to return to the six-nation talks if it is allowed to withdraw its money frozen in accounts of a bank blacklisted by the United States.

Han Song Ryol, deputy chief of North Korea's mission to the United Nations in New York, made the remark, renewing the North's long-standing demand that the U.S. lift financial restrictions imposed on a Macau bank for allegedly aiding the North's illicit activities.

"Removing the freeze on Macau funds is the minimum threshold to resumption of talks," Han said. "If there is such a will, then how we talk, whether bilaterally or through six-party talks, is not important."

Chun, the South Korean negotiator, said in Seoul that North Korea's demand for the financial restrictions to be lifted was "unrealistic" and urged the North not to link the issue to the six-party nuclear talks.

Japan and the United States have led an effort for the U.N. to impose sanctions, but China and Russia have called for softer measures. On Friday, Japan circulated a draft resolution that would order countries to "take those steps necessary" to keep the North from acquiring items that could be used for its missile program. Diplomats said it could be put to a vote Saturday.

South Korea, which has worked for warmer ties with Pyongyang since a 2000 North-South summit, attempted to take a middle path, withholding aid shipments and rejecting a Northern request for military talks, but also announcing it would hold Cabinet-level meetings with the North next week.

Unification Minister Lee Jong-seok said Seoul would hold off on plans to send 500,000 tons of rice and 100,000 tons of fertilizer to North Korea.

"This will continue until there is an exit out of the missile problem," Lee's spokesman, Yang Chang-seok, quoted him as saying, without explaining what would constitute an exit.

The North had requested 450,000 tons of fertilizer this year, of which the South has already shipped 350,000 tons. Pyongyang, which is largely dependent on handouts of food and other supplies to maintain its poverty-stricken population, has also asked for 500,000 tons of rice.

South Korea also turned down a North Korean proposal to hold military talks this week, saying the time was not right. But Cabinet-level talks originally scheduled to start next Tuesday in the southern city of Busan were to go ahead, officials said.

"The government judged that it's necessary to continue with dialogue efforts to resolve the current situation over the North's missile launch," said Lee Kwan-se, a Unification Ministry official.

Uncertainty surrounded North Korea's next step. South Korea's defense agency said an additional long-range Taepodong-2 missile could be at the North's launch site, but that a further test was not imminent.

The North, however, said it had the right to test missiles.

Yonhap on Friday quoted Choe Myong Nam, councilor at the North's U.N. mission in Geneva, as saying the launches were successful and could be continued, echoing an earlier statement by North Korea's Foreign Ministry.

"It's an unfair logic to say that somebody can do something and others cannot. The same logic applies to nuclear possession," Choe said. The missile launches are "not intended to strike anyone and it's the North position that missile launches could be continued," he said.

South Korea ordered two South Korean airlines to avoid a flight route near the path of the missiles fired this week. The Civil Aviation Safety Authority told the two airlines, Asiana Airlines and Korean Air, not to use a flight route over the sea between the Korean peninsula and Japan starting Friday until Tuesday.

The United States kept up its diplomatic drive to forge a common strategy among the main players in the region. On Thursday, the United States said the world must speak with one voice in pressing North Korea to abandon its nuclear weapons and return to multinational talks.

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Much of the focus is on China, which provides oil and other economic assistance to North Korea and is seen as a critical player in diplomacy with Pyongyang. The U.S. has urged Beijing to exert leverage on North Korea, though so far Chinese efforts have been largely limited to diplomatic appeals.

China, North Korea's closest ally, and Russia, which has been trying to re-establish Soviet-era ties with the Stalinist state, showed little interest in sanctions, saying diplomacy remains the only way to resolve the dispute.

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Associated Press writers Audra Ang in Beijing and Kwang-tae Kim and Jae-soon Chang in Seoul contributed to this report.

Bush Strongly Defends His N. Korea Policies (LAT)

By Peter Wallsten And Maggie Farley

The Los Angeles Times, July 8, 2006

CHICAGO — President Bush on Friday defended his administration's policies on North Korea, questioning claims that the regime in Pyongyang had grown more dangerous since he entered the White House.

The North Koreans test-fired seven missiles this week, and Bush said he still did not know whether one of them, a long-range intercontinental missile, was aimed at the U.S. or even could have flown that far.

He said the United States' controversial missile defense system might have been able to shoot the rocket out of the sky if that had become necessary.

"I think we had a reasonable chance of shooting it down. At least that's what the military commanders told me," Bush said at a news conference. "It's new research. It's hard for me to give you a probability of success."

Outside experts have given more pessimistic assessments of the missile defense program and its capabilities.

The president grew testy when asked why, if his policies were working, North Korea appeared to be improving its nuclear capabilities and growing more aggressive.

"These problems didn't arise overnight and they don't get solved overnight. It takes awhile," Bush said, offering the most strenuous defense of his policies since North Korea escalated its standoff with the U.S. with the test firings Wednesday.

Bush sought to counter the suggestion that North Korea had expanded its nuclear weapons capability in recent years, challenging a reporter when she asked a question that cited intelligence reports about the North's growing nuclear threat. Bush declined to dispute the basis of the question but asked the reporter, "Can you verify that?"

"We don't know — maybe you know more than I do — about increasing the number of nuclear weapons," Bush said, noting that North Korean leader Kim Jong Il has violated proliferation agreements before.

Several administration officials have talked publicly about North Korea's growing nuclear arsenal. In congressional hearings last year, top U.S. intelligence officials, including then-CIA Director Porter J. Goss, testified that Pyongyang's nuclear capability had increased since 2002, when intelligence assessments estimated that the nation possessed one or two nuclear weapons.

In testimony Feb. 16, 2005, for example, Goss said the North Koreans "have a greater capability than that assessment …. It has increased since then."

In another 2005 hearing, then-Defense Intelligence Agency Director Lowell Jacoby said North Korea was believed to be able to arm a missile with a nuclear device, an apparent advance, although Defense Department officials later sought to clarify his remarks as theoretical.

National Intelligence Director John D. Negroponte, asked during a Feb. 28, 2005, hearing about North Korea's weapons capability, said the government in Pyongyang was "regularly" producing fissile material for weapons.

White House officials fear that the issue of North Korea's missiles has contributed to public doubts about Bush's foreign policy record in an election year. Republicans hope that Bush's tough stand on national security will be a winning issue for them with voters.

Missile defense has been a part of that tough stance. Bush conceded that the anti-missile system he has backed is "modest" and unproven. But he said it had been ready to shoot down one of the North Korean missiles if necessary.

Bush's assessment was in line with that given recently by military commanders. Air Force Lt. Gen. Henry A. Obering, director of the Missile Defense Agency, gave a similarly optimistic assessment during a National Defense University address last month.

But outside experts, including the Government Accountability Office, have been more critical in recent months.

The centerpiece of the system, nine interceptor missiles in Alaska and two at Vandenberg Air Force Base in Central California, has been plagued by glitches and has not had a successful test in nearly four years. Last year, Obering went so far as to shut down all tests in order to overhaul the system, and he only recently approved a new testing schedule, which is expected to be implemented next month.

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Bush's statements came as diplomats at the United Nations continued working on ways to pressure North Korea to halt its drive for nuclear weapons and rejoin stalled international talks. Japan and the United States are pressing the U.N. Security Council to vote Monday on sanctions targeting North Korea's missile program, despite opposition from China and Russia, which hold veto power.

Japan's U.N. ambassador, Kenzo Oshima, said Friday that the time had come for the council to act "firmly, robustly and speedily."

He introduced a resolution calling for a global ban on buying or selling any technology materials and goods related to North Korea's missile program.

After days of talks, Japan slightly strengthened the language on the sanctions, deciding against diluting it in an effort to win support from China and Russia.

China drafted a less punitive "presidential statement" to convey the Security Council's concern, but U.S., British and Japanese diplomats rejected that approach Thursday evening, pressing Japan's resolution in the hope that China and Russia would not veto it. The two countries could abstain in the vote, allowing the resolution to pass while registering their opposition.

U.S. Assistant Secretary of State Christopher Hill, on a diplomatic swing through Northeast Asia in search of a unified response to North Korea, told reporters Friday in Beijing that Pyongyang can join the world or remain cut off.

Hill, who is traveling to China, South Korea and Japan, chose to tackle his toughest assignment first. China is on record as opposing economic sanctions against North Korea.

The gap between the U.S. and China on the issue reflects differing assessments of North Korea's intentions and capabilities.

Where Washington sees a dangerous regime intent on threatening global stability, Beijing sees an impoverished neighbor engaged in bluffing — one that could implode under pressure, sending millions of refugees into China.

Hill's comments, following a day of meetings with Chinese officials, suggested Beijing shares Washington's displeasure with this week's launches. But Hill said nothing to suggest the two were on the same page over what to do next.

"This is a kind of acting," said Zhang Liangui, an analyst with the Central Party School's Institute of International Strategy in Beijing, referring to the missile launches. "The political significance of this action is bigger than its military significance."

Bush Expresses Frustration With Diplomacy (AP-Y2)

By Terence Hunt, Ap White House Correspondent

AP2, July 8, 2006

President Bush expressed frustration Friday with the slow pace of diplomacy in dealing with North Korea and Iran and prodded world leaders to send an unmistakable message condemning Pyongyang's long-range missile test.

He said the U.S. would have had "a reasonable chance" of shooting down the missile if it had been necessary, though America's missile-defense system is still in the testing phase and its capabilities are modest. More than $100 billion has been spent on the system since 1983.

On the terror war, the president said at a rare out-of-town news conference that the United States has not relaxed its nearly five-year search for Osama bin Laden and he vowed the terrorist leader would be found: "Absolutely. No ands, ifs or buts.

"And, my judgment, it's a matter of time, unless we stop looking. And we're not going to stop looking so long as I'm the president," Bush said.

The president's overnight stop in Chicago — including dinner with Democratic Mayor Richard M. Daley and breakfast with locals at a popular restaurant — was part of a strategy to boost Bush's sagging popularity by putting him on the road more often this summer in friendly settings.

Daley joined Bush at Friday's news conference, where the president called him a "great mayor" and said he was proud to call him a friend.

There was a heavy dose of political fundraising on the trip, too, as Bush helped raise $1.2 million for Judy Baar Topinka, the Republican state treasurer who is trying to unseat Democratic Gov. Rod Blagojevich.

Outside the Drake Hotel where the fundraiser was held, several dozen protesters carried sometimes vicious anti-Bush and anti-war messages. A couple of the demonstrators burned American flags.

At his news conference, Bush called the Iraq war "a noble and just cause" and said the United States would not leave before winning.

"We will lose if we leave too early," the president said. "The stakes of success are vital." He repeated his oft-stated position that it will be up to military commanders to say when it is appropriate to withdraw U.S. troops.

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Bush came here as the United Nations struggled over how to deal with North Korea, which defied world appeals and test-fired a long-range missile that fell into the sea 42 seconds after launch this week. China and Russia have balked at a proposed Japanese resolution to impose sanctions on North Korea.

"What matters most of all is for Kim Jong Il to see the world speak with one voice," Bush said. "That's the purpose, really."

In months of negotiations, Beijing and Moscow also have had reservations about penalizing Iran for its refusal to suspend uranium enrichment.

"You're watching the diplomacy work not only in North Korea but in Iran," the president said.

"And it's, kind of — you know, it's kind of painful in a way for some to watch, because it takes a while to get people on the same page," Bush said. "Not everybody thinks the exact same way we think. Different words mean different things to different people. And the diplomatic processes can be slow and cumbersome."

Asked if he felt a sense of urgency in dealing with North Korea and Iran, Bush said, "I'm realistic about how things move in the world." He said he wanted diplomatic rather than military solutions.

Bush said Kim Jong Il, in ordering the missile tests, had defied China, Japan, South Korea, Russia and the United States — the five countries that have been negotiating unsuccessfully with North Korea to abandon its nuclear weapons program.

"All of us said, `Don't fire that rocket.' He not only fired one, he fired seven. Now that he made that defiance, it's best for all of us to go to the U.N. Security Council and say, loud and clear, `Here's some red lines.' And that's what we're in the process of doing," Bush said.

He ruled out direct talks between just the U.S. and North Korea and said he hoped the six-party talks would resume.

"My judgment is you can't be successful if the United States is sitting at the table alone with North Korea. You run out of options very quickly if that's the case," he said. "In order to be successful diplomatically it's best to have other partners at the table"

Bush Says U.S. May Have Been Able To Intercept North Korean Missile (NYT)

By David E. Sanger

The New York Times, July 8, 2006

CHICAGO, July 7 — President Bush said Friday that he believed the nation's nascent missile defense system would have had a "reasonable chance" of shooting down a long-range missile launched by North Korea had it come close to the United States, and he said he was determined to use the United Nations to set "some red lines" for future behavior by the North Koreans.

Mr. Bush said the launching of a prototype long-range missile that tumbled into the Sea of Japan showed why missile defenses were needed, but he acknowledged that the abilities of the unproven missile defense system based in Alaska and California were "modest," and he said it was "hard for me to give you a probability of success."

"I think we had a reasonable chance of shooting it down; at least that's what the military commander has told me," he said at a news conference in Chicago.

Although defensive sensors and missiles, while not fully tested, are theoretically available for use in an emergency, Pentagon officials have said there was little reason to think they would have been used this week, as the North Korean test missile was not thought to carry a live warhead.

In an hourlong news conference here that was part of a new White House strategy to bolster Mr. Bush's sagging popularity around the country, the president sounded mildly frustrated that diplomacy to disarm North Korea and halt Iran's nuclear program was so "slow and cumbersome." But he sidestepped questions about conditions under which he might be tempted to use military force, saying he was determined to find diplomatic solutions.

And, in a sharp contrast to the kind of less cautious statements he made about Iraq before the invasion in 2003, which were based on sometimes contradictory intelligence reports, he cast doubt on North Korea's claim that it possesses what it calls a "nuclear deterrent."

Mr. Bush challenged a reporter who, in posing a question, asserted that the North Korean leader Kim Jong Il had increased the size of his nuclear arsenal during Mr. Bush's presidency. "I don't think we know that," the president shot back. But, in what may have been a sign of his wariness about intelligence assessments of opaque nations, he pointedly declined to say what assessment he believed was correct.

"Maybe you know but you're not telling," one reporter said. Mr. Bush said, "That's an option," and then, to laughter, added, "Or maybe I don't know and don't want to tell you I don't know."

A new national intelligence estimate of North Korea's capabilities was completed earlier this year, but the administration has declined to publish a declassified version of it. According to officials who are familiar with its contents, it concludes that North Korea probably produced enough fuel for six or more nuclear weapons, from a supply of 8,000 spent reactor fuel rods that the

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country boasts it reprocessed after throwing inspectors from the International Atomic Energy Agency out of the country three years ago.

"What we don't know is whether they turned those into weapons," said one senior intelligence official in a recent interview who asked not to be named because he was discussing intelligence issues. "You can assume it, but it is just an assumption."

Mr. Bush's discussion of "red lines" — a term drawn from the cold war limits over steps the United States and Soviet Union agreed not to take for fear they could spiral into outright war — was important because until now his aides have said such limits do not work in North Korea's case. Three years ago, one of Mr. Bush's senior aides said it would be useless to tell North Korea that turning its spent fuel into plutonium was a "red line" because the United States had no effective way to enforce the threat. The North Koreans went ahead anyway, lines or no lines.

It was the ambitious North Korean program to extend the reach of its missiles — along with its work on producing nuclear warheads — that many proponents of the missile defense plan cited to justify the Pentagon's huge expenditures on the new defensive system, which is costing about $9 billion a year and is still in the early stages of a long and complex development process.

After deciding to field a first batch of interceptors without fully testing them, in what commanders have called a "thin line" of defense against a small-scale attack, the Pentagon interrupted its testing for more than a year after a series of failures. The testing of missiles and radars has now resumed, with an important set of test shots expected to begin as early as this summer. If they succeed, officials have told Congress, there will be better ground for confidence that the system would be able to intercept a missile launched from North Korea or from Iran.

As things stand now, though, there is considerable uncertainty over both sides of the technology race: How long it will take North Korea to produce a missile capable of posing a serious risk to the United States, and how long it will take to build a reliable defensive system?

Though North Korea and the struggle over responding to the missile tests dominated the news conference, Mr. Bush denied that the United States was trimming back on its search for Osama bin Laden by disbanding a unit within the Central Intelligence Agency that focused on that hunt.

"We got a lot of assets looking for Osama bin Laden," Mr. Bush said. "So whatever you want to read in that story, it's just not true, period." He added later: "In my judgment, it's just a matter of time, unless we stop looking. And we're not going to stop looking so long as I'm the president, not only for Osama bin Laden, but anybody else who plots and plans attacks against the United States of America."

He repeated his conviction that the United States would prevail in Iraq, but also seemed intent on dampening speculation about significant reductions of forces in coming months. "An artificial timetable of withdrawal and early withdrawal before this finishes sends the message to the enemy: 'We were right about America,' " Mr. Bush said, repeating his argument that Al Qaeda seeks to turn Iraq into a haven for training.

But when the subject turned back to North Korea, Mr. Bush by turns argued that Mr. Kim was untrustworthy — he cited the country's violation of a 1994 accord with the Clinton administration — and that the only path was to negotiate with him. But he rejected conducting one-on-one negotiations, insisting that he needed China and other neighbors at the table so that Mr. Kim did not make the United States to appear the blockade to an agreement.

"One thing I'm not going to let us do is get caught in the trap of sitting at the table alone with the North Koreans," Mr. Bush insisted, rejecting the criticism by Democrats who say such talks would be the only way to break the logjam.

"If you want to solve a problem diplomatically, you need partners to do so," Mr. Bush said, adding later that his worry about "handling this issue bilaterally is that you run out of options very quickly."

But in citing anew the need to team up with China and South Korea, Mr. Bush was skipping past the warnings of members of his own administration that neither country would agree to sanctions. Both are worried about a North Korean collapse, and both have continued supplying North Korea with food, energy and investment — even while Japan and the United States try to turn off the spigot.

Mr. Bush has been careful never to criticize either country publicly. But he seemed to do so obliquely when he said, with some frustration in his voice: "The problem with diplomacy, it takes a while to get something done. If you're acting alone, you can move quickly. When you're rallying world opinion and trying to, you know, come up with the right language at the United Nations to send a clear signal, it takes a while."

Bush Rules Out Bilateral Talks With N Korea (FT)

By Caroline Daniel

Financial Times, July 8, 2006

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President George W. Bush ruled out bilateral talks with North Korea on Friday, saying that the US would respond to Pyongyang's long-range missile tests through the United Nations Security Council.

Mr Bush admitted that the diplomatic route could be "slow and cumbersome" but said he was "not going to get caught in a trap of sitting at a table alone with North Korea". He added: "What matters most of all is for Kim Jong Il to see the world speak with one voice.''

It was best to "go to the UN Security Council and say here's some red lines", Mr Bush said. "If you handle it bilaterally you run out of options quickly."

If Mr Kim "wants to have good relations with the world, he has to verifiably get rid of his weapons programmes'', he said.

Mr Bush was speaking in Chicago, at the Museum of Science and Industry, as part of a new White House strategy to host its news conferences outside Washington. Taking the press conferences on the road was supposed to encourage discussion of a broader range of domestic issues. However, Friday's conference was still dominated by concerns on North Korea, Iran and Iraq.

On Iran, Mr Bush said next week's meeting of the Group of Eight industrialised nations in St Petersburg provided an opportunity for "those of us concerned about the issue to make it clear to the Iranians we are firm in making sure they do not have nuclear weapons".

But he acknowledged differences remained over imposing sanctions on Iran, which Russia and China have resisted.

President Vladimir Putin of Russia "understands the dangers of Iran having a nuclear weapon", he said. However, "some countries have got economic interests as a focus. We think national security interests trump economic interests."

Asked about his falling opinion polls, and whether Republican candidates were shying away from public events with him, he said: "I'm looking forward to these elections. I think you'll be surprised."

Laying out some of the themes of the forthcoming mid-term campaign – national security and the economy – he predicted: "We will hold the House and Senate. I will spend a lot of time on the road. I like campaigning . . . you win elections by believing in yourself and having a plan to protect the American people from terrorist attacks."

Mr Bush added he would "abide by the decision" of the Supreme Court last week ruling against the holding of military commissions to try detainees at Guantánamo Bay. However, he noted that the court had been "silent on whether or not we should have used Guantánamo [to detain illegal combatants]".

Mr Bush was defensive on his foreign policy and denied that North Korea's continued pursuit of nuclear weapons meant that the US administration's policy was not working.

"What have we done? We have got the six-party talks going," he said, referring to stalled negotiations with Pyongyang.

Missile Defense 'Modest,' Says Bush (WT)

By Joseph Curl

The Washington Times, July 8, 2006

CHICAGO -- President Bush yesterday said the newly operational U.S. missile defense system had a "reasonable chance" of shooting down the long-range missile that North Korea fired Tuesday toward the United States, reportedly targeted to fall near Hawaii.

The president acknowledged that the ballistic missile defense shield remains "modest," but sent a message to dictator Kim Jong-il that the United States is capable of defending itself against an aerial strike.

"I think we had a reasonable chance of shooting it down, at least that's what the military commanders told me," Mr. Bush said at a press conference in the rotunda of Chicago's Museum of Science and Industry.

"Our anti-ballistic systems are modest, they're new, they're new research, we're testing them. And so ... it's hard for me to give you a probability of success," he said.

At the United Nations, Japan introduced a Security Council draft resolution that would prohibit any nation from transferring funds, material and technology that could be used in North Korea's missile or weapons of mass destruction programs. The United States, Britain and France are supporting the draft.

China, which is an economic lifeline to North Korea by providing it with trade, aid and oil, doesn't want to push too hard, worried that if the Pyongyang government fails, North Korean refugees would stream into China or that the North would unify with South Korea -- a strong U.S. ally.

Russia, also leery of sanctions, wants the Security Council to pass a nonbinding statement with the goal of getting North Korea back into six-party talks.

Japan's Ambassador Kenzo Oshima said he wanted a vote on the draft today if possible, yet he and other diplomats said negotiations continued on the resolution.

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That raised the possibility that the decision to introduce the resolution was, in part, a negotiating tactic meant to win concessions from China and Russia.

South Korea has condemned the launches and called for patient dialogue with North Korea, rather than sanctions, although Seoul said it would withhold food and fertilizer shipments to its neighbor until the missile crisis is resolved.

In Beijing, following brief talks with Vice Foreign Minister Wu Dawei, U.S. Assistant Secretary of State Christopher Hill said there was no agreement on the contentious issue of sanctions.

The Bush administration was criticized by Democrats and others when it sought to create a shield that could take out a long-range missile, but the president said yesterday that because there are threats such as Mr. Kim's, that means "we need" an anti-ballistic missile system.

Although U.S. interceptor missiles were on alert before North Korea fired seven missiles, none was deployed. North Korea's missile launches on the Fourth of July began eight minutes after the space shuttle Discovery took off.

The Washington Times first reported last month that the Pentagon had activated its new U.S. ground-based defense system, which includes 11 long-range interceptor missiles -- nine deployed at Fort Greeley in Alaska and two at Vandenberg Air Force Base, Calif. The system was switched from test to operational mode within the past two weeks, officials said.

Data from U.S. and Japanese Aegis radar-equipped destroyers and surveillance aircraft on the long-range Taepodong-2's angle of takeoff and altitude indicated that it was targeted for waters near Hawaii, the Sankei Shimbun reported in Japan, citing multiple sources in the United States.

The newspaper said North Korea may have chosen Hawaii to show that it was capable of landing a missile there, or because it is home port to the U.S. Pacific Fleet. But the missile broke up less than a minute into its flight, according to U.S. officials.

Pentagon spokesman Bryan Whitman declined to comment on whether the missile was heading toward Hawaii.

"There is some ongoing analysis," he said, noting that it will take more than technical flight information to determine the intent of the North Koreans on the long-range missile.

During yesterday's press conference the president fielded a half-dozen questions on the missile launches, which North Korea called "drills."

He said he was working through the diplomatic process -- which he called "slow and cumbersome" -- and again urged world powers to speak with a unified message in condemning the actions of North Korea.

Mr. Bush also vowed to keep hunting for terror leader Osama bin Laden, a search that has been fruitless in the nearly five years since the September 11 attacks.

"No ands, ifs or buts, my judgment is it's a matter of time, unless we stop looking, and we're not going to stop looking as long as I'm president," he said.

N. Korea Says It Wants Its Money Back, Then It'll Talk (LAT)

By Barbara Demick

The Los Angeles Times, July 8, 2006

SEOUL — North Korea will return to talks on its nuclear program if the United States releases $24 million in frozen funds held in a bank in Macao, a senior diplomat said in an interview published today.

In the most explicit statement of its demands since a barrage of missile tests Wednesday, North Korea's deputy ambassador to the United Nations, Han Song Ryol, said his country was looking for a "minimal gesture to restore trust."

Han also said that an invitation to Assistant Secretary of State Christopher Hill to visit the North Korean capital, Pyongyang, was still open and that such a visit would be "advantageous for us to correctly understand the U.S. position and to precisely express our own position."

The interview with the New York-based diplomat was published in Hankyoreh, a left-wing South Korean newspaper frequently sympathetic to Pyongyang.

The money has been a bone of contention between the United States and North Korea since September, when the Treasury Department accused Banco Delta Asia in the tiny Chinese enclave of Macao of laundering proceeds of counterfeiting and other illicit activities on behalf of North Korea.

The Bush administration is likely to reject the North's demands. It has consistently said Pyongyang should make its position known within the context of multilateral talks and not set preconditions.

But a U.S. official intimated that it was possible some of the $24 million would eventually be released if it was determined it was not linked to illicit activity. The official, who spoke on condition of anonymity, said Treasury investigators were painstakingly going through handwritten records trying to determine the origins of the money.

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Stronger Resolution Offered On N. Korea (WP)

By Colum Lynch

The Washington Post, July 8, 2006

UNITED NATIONS, July 7 -- Japan presented the Security Council on Friday with a tough revised draft resolution that would condemn North Korea's missile tests and ban states from supplying or buying goods or technology that could help Pyongyang upgrade its ballistic missile program or advance its nuclear weapons program. The resolution is backed by the United States and European allies, over Chinese and Russian concerns that it will exacerbate tensions in the region, according to U.N. diplomats.

The draft resolution demands that North Korea immediately recommit itself to a 1998 moratorium on ballistic missile tests and return to six-nation talks aimed at persuading Pyongyang to abandon its nuclear weapons program.

The move sets the stage for a diplomatic standoff over the United Nations' response to North Korea's launch on Tuesday of at least seven missiles. China's ambassador, Wang Guangya, warned the council in a closed-door meeting that a vote on the sanctions resolution would "destroy" the prospects for a unified response to the missile tests, according to a council diplomat reading from notes of the session.

Pyongyang threatened to use "stronger physical actions" against Japan, according to Japan's Kyodo news service, quoting Song Il Ho, North Korea's ambassador in charge of diplomatic normalization talks with Japan.

Kenzo Oshima, Japan's U.N. ambassador, said he hopes to call for a vote on Saturday. But President Bush said he is prepared to give diplomacy time, even though the process is "slow and cumbersome."

"We are very pleased with this draft," said John R. Bolton, the U.S. ambassador to the United Nations. "It provides for very strong restraints on the DPRK [the Democratic People's Republic of Korea] missile programs, very strong constraints on giving any assistance to their missile or WMD [Weapons of Mass Destruction] programs."

Bolton said that Washington and its allies are receptive to further negotiations with Beijing and Moscow. The two governments signaled that they would consider supporting a strong condemnation of North Korea's action in a nonbinding council statement without the threat of sanctions.

"We need a unanimous firm response" from the Security Council, "and for my delegation and for a number of others we feel the best way to achieve that is through a PRST [presidential statement] with strong messages," Wang said.

Diplomats said they expect a flurry of high-level talks over the direction of the council's North Korea policy. But Bolton and others have expressed confidence they have the support of 13 of the council's 15 members for a binding resolution under Chapter Seven of the U.N. Charter, a provision that can be enforced by sanctions or, in some cases, the use of military force.

"We're going to have a resolution under Chapter Seven," Bolton insisted.

U.S. and European officials remain confident that Russia and China will not veto the resolution. But China's ambassador said that "all options are open." Chinese officials say that they want to delay action on a resolution until a senior Chinese envoy, Vice Premier Hui Liangyu, travels to Pyongyang in an attempt to persuade North Korea to back down. Friday's draft resolution essentially would place a legal prohibition on North Korea's missile trade and institute a trade embargo on countries, companies or individuals that supply North Korea's missile and nuclear weapons program.

There is no international prohibition on the development or testing of ballistic missiles. A group of major countries that supply missile technology -- the Missile Technology Control Regime -- observes a voluntary ban on sales to nonmembers such as North Korea.

Analysts said that the resolution would strengthen the international community's legal basis for combating the proliferation of deadly weapons and missiles to rogue states but that it would have limited practical impact. Michael E. O'Hanlon, a North Korea expert at the Brookings Institution, said that the resolution would not have "much operational impact" because there is no system for verifying or monitoring compliance.

China Fights Sanctions To Punish North Korea (NYT)

By Warren Hoge And Norimitsu Onishi

The New York Times, July 8, 2006

UNITED NATIONS, July 7 — Japan introduced a Security Council resolution on Friday calling for sanctions against North Korea for its missile test-firings, but China opposed the move, saying such action could disrupt diplomatic efforts under way in the region.

As the diplomacy unfolded, Christopher R. Hill, the top American negotiator with North Korea, was in Seoul, South Korea, trying to rally support in that region for a tough, unified response to the North's testing of seven missiles on Wednesday.

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Mr. Hill, the assistant secretary of state for East Asian and Pacific affairs, met with Chinese officials, including Li Zhaoxing, the foreign minister, in Beijing before arriving in Seoul on Friday evening.

China agreed that resuming the six-nation talks over North Korea's nuclear program was a priority, Mr. Hill said. But it did not appear that he had made progress in persuading the Chinese to endorse sanctions.

At the United Nations, Kenzo Oshima, the Japanese ambassador, said he hoped for a vote as early as Saturday, but Jean-Marc de la Sablière, the ambassador of France, which is president of the Council, said that a date would be announced Monday.

Britain, France and the United States are sponsors of the measure.

The decision to put the resolution to a vote followed meetings Thursday and Friday involving Japan and the five permanent members of the Council — Britain, China, France, Russia and the United States — that failed to establish common ground. China and Russia said they preferred the less forceful measure of a presidential statement, which is nonbinding and does not threaten punishment.

Entering the American mission for the gathering Friday morning, Wang Guangya, the Chinese ambassador, said, "A resolution might have negative reactions in the region." He added, "The Security Council's message should be responsible, taking into account the possible consequences."

Diplomats said Mr. Wang made the point forcefully in the closed consultations, and he told reporters afterward, "If this resolution is put to vote, there will be no unity in the Security Council."

Asked whether he might exercise China's veto, he said, "All possibilities are open."

The resolution condemns the missile firings, orders Pyongyang to cease missile development and recommit to a moratorium on launchings and urges member states to prevent missiles and missile-related items from reaching North Korea. It also calls on countries to keep the North from selling or transferring any such materiel.

Drawn up under Chapter VII of the United Nations Charter, the resolution "strongly urges" North Korea to rejoin the six-party talks on its nuclear program.

Vitaly I. Churkin, the Russian ambassador, which also favors a presidential statement instead of a resolution, remained silent during the consultations, according to diplomats. Emerging from the Council chamber, he brushed aside reporters' requests for comment.

John R. Bolton, the United States ambassador, signaled a willingness to continue negotiating the text of the resolution. "We're certainly prepared for further conversations as other diplomatic efforts in the region continue," he said.

But he added: "We want a resolution. It should be Chapter VII, and I think that's clear. The level of provocation engaged in by these North Korean missile launches warrants that, and we're going to proceed."

Mr. Hill is expected to meet South Korean officials over the weekend before flying to Tokyo and Moscow, but he gave an indication on Friday of the message he is expected to convey. "We shouldn't have business as usual with a country that's been firing off missiles like this in this rather reckless way," he said.

South Korea said Friday that it would go ahead with four-day, high-level ministerial talks with North Korea next week in Pusan, South Korea. But South Korea said that it would delay shipments of food and fertilizer to the North and that it had turned down an offer, made by North Korea several days before the launchings, to hold military talks.

North Korea fired the missiles, including the new long-range Taepodong 2, despite warnings not to by its friends in China and South Korea.

U.N.: No Resolution Yet On North Korea (UPI)

United Press International, July 8, 2006

UNITED NATIONS, July 7 (UPI) -- Though united in condemning North Korea's missile tests, members of the U.N. Security Council remained at odds over how best to react.

Diplomats met Thursday at U.N. World Headquarters in New York for a second day of negotiations, with Russia and China clashing with the rest of the council over whether to impose sanctions.

A draft resolution, including sanctions, was circulated Wednesday morning by Japan and has the backing of the United States and most of the council. China and Russia said that they would not back a resolution that included punitive measures.

There was talk that the council may issue a presidential statement, which, unlike a resolution, would be non-binding.

John Bolton, the U.S. ambassador to the United Nations, said he was optimistic that the international community would present a united front.

"There may be a disagreement at the moment over the vehicle we use here in the council but no one speaks in favor of North Korea," Bolton told reporters. "Our objective here is to make it clear to North Korea that their understanding of how to conduct negotiations shouldn't include missile launching."

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Bolton also said those countries that have "leverage" over North Korea "bear the responsibility" for bringing the country back to the negotiating table.

Assistant Secretary of State Christopher Hill is set to meet Wu Dawei, China's deputy foreign minister, Friday to discuss reviving the stalled six-nation talks on North Korea's nuclear program.

North Korea, meanwhile, issued a statement insisting that its missile launches did not violate any law, a contention that was echoed by Russian president, Vladimir Putin. North Korea has vowed to continue the tests and to answer any penalties imposed by the international community with "stronger physical actions," North Korea's official news agency, KCNA, said.

Japan Seeks Support Of Envoys Of Russia, UNSC Members On Resolution (KYDN)

Kyodo News, July 8, 2006

Japan stepped up its diplomatic drive Friday in seeking international support for a Japan-sponsored resolution that would impose sanctions against North Korea over its multiple missile launches, as Foreign Minister Taro Aso met Russia's top envoy in a bid to seek the support of reluctant Russia.

Aso also subsequently held a separate meeting with ambassadors of eight countries who hold nonpermanent Security Council member status together with Japan. A representative from the Republic of Congo, which is also among the 10 nonpermanent council members, was not present because it has no embassy in Japan.

North Korea fired seven missiles on Wednesday, including a Taepodong-2 long-range missile, which all landed in the Sea of Japan, prompting the international community including Japan and the United States to denounce the missile launch and demand that the North halt such acts.

Aso's meeting with the various envoys based in Japan came amid Tokyo's efforts to expand support in the Security Council for its proposed binding resolution amid opposition by Pyongyang sympathizers China and Russia. The two nations are permanent council members together with Britain, France and the United States.

In New York on Thursday, China circulated a draft nonbinding statement on North Korea's missile launches, countering the Japanese-led proposal, council sources said. Russia expressed support for the Chinese proposal, the sources said.

During Aso's meeting with Russian Ambassador to Japan Alexander Losyukov on Friday afternoon at the Foreign Ministry in Tokyo, the two agreed on the need to issue a clear, strong and resolute message to North Korea over the missile launches, according to Foreign Ministry officials.

Aso said Japan wants Russia's support for the Japanese proposal and noted that while a majority of the council members support the adoption of a resolution, only Russia and China are pressing for a council presidential statement, the officials said.

Losyukov did not say whether Russia supports the resolution or not, and simply responded by saying he will relay Aso's request to Russian President Vladimir Putin and Russian Foreign Minister Sergei Lavrov, the officials said.

He declined to make a comment to reporters after his brief meeting with Aso.

Aso made a similar appeal in a subsequent meeting with envoys of eight nonpermanent Security Council members -- Argentina, Denmark, Ghana, Greece, Peru, Qatar, Slovakia and Tanzania.

Aso was quoted by the officials as saying that Japan wants the support of the nonpermanent council members to adopt a resolution as promptly as possible, to which the eight envoys promised to relay Japan's message to their home countries and U.N. representatives.

Earlier in the day, Aso stressed in a news conference that Japan will push for a U.N. resolution, not a council presidential statement which has less impact.

In a telephone conversation late Friday, Aso and U.S. Secretary of State Condoleezza Rice confirmed to continue bilateral cooperation in efforts to have the international community issue a united, resolute, and clear message from the Security Council, the officials said.

The Japanese government is also using the framework of the Group of Eight nations in pressuring North Korea as it seeks the adoption of a joint statement at the upcoming G-8 summit in Russia to denounce North Korea's missile launches.

In a telephone conversation Friday with his Russian counterpart, Sergei Lavrov, Aso made a similar overture to the one he made to the Russian ambassador in Tokyo, the officials said. Lavrov, in response, said Russia shares Japan's concern and is ready to discuss the issue at the July 15-17 G-8 summit which Russia will host in St. Petersburg.

Aso also talked to his German counterpart, Frank-Walter Steinmeier, and Italian counterpart, Massimo D'Alema, by phone, and agreed with them respectively to cooperate in issuing a resolute message against North Korea at the G-8 summit, the officials said.

The G-8 members are Britain, Canada, France, Germany, Italy, Japan, Russia and the United States.

U.S. Urges Beijing To Pressure Pyongyang Back To Arms Talks (WSJ)

DOJ_NMG_0039888

By Gordon Fairclough And Neil King Jr.

The Wall Street Journal, July 8, 2006

North Korea's barrage of missile tests has put China in a tough spot, calling into question its policy of patient diplomacy and its economic support to encourage change in Pyongyang.

Calling the moment a critical test of China's new high-profile role on the international stage, the U.S. is urging Beijing to alter course and use its considerable leverage as North Korea's most important trading partner to get Pyongyang to return to talks on its nuclear program.

China has long pushed a noninterference line at the United Nations while seeking good relations around the world through a determined policy of not questioning the internal behavior of countries like Sudan or Venezuela where it seeks oil or other raw materials. But Beijing has also assumed a pivotal role in international efforts to wean Pyongyang away from nuclear weapons.

It is far from clear, however, whether even North Korea's July 4 rocket launches -- in the face of vocal Chinese opposition -- will be enough to overcome Beijing's extreme reluctance to use pressure as a diplomatic tool, especially against its communist ally.

President Bush, in a Chicago news conference Friday, touched on this reluctance, referring obliquely to Russia and China, both of whom hope to avoid a U.N. resolution that would impose sanctions on North Korea after its missile launches.

"You know, some nations are more comfortable with sanctions than other nations, and part of the issue we face in some of these countries is that they've got economic interests," he said. The U.S., Mr. Bush said, was now trying to convince these countries to see that "security-of-the-world interests trump economic interests." (Read the full text of Bush's remarks3.)

Part of that job has fallen to Christopher Hill, the State Department's top diplomat for Asia, who met Friday with senior Chinese officials to express Washington's displeasure with North Korea's moves and call for the resumption of disarmament talks. Mr. Hill hurried to Beijing -- the first stop on a multiday trip to Asian capitals -- before a planned trip to North Korea by China's vice premier, Hui Liangyu. Mr. Hui is to start his six-day visit Monday.

Chinese officials expressed serious concern that North Korea's missile launches could encourage Japan to develop weapons to defend itself and lead to an arms race that could destabilize Northeast Asia, according to a senior U.S. official in Beijing. But the official, familiar with the content of the discussions, said "there was nothing said" by the Chinese "that would indicate" they are prepared to use the threat of economic sanctions to pressure Pyongyang.

Chinese diplomats at the U.N. have opposed action in the Security Council that would seek to bar North Korea from importing materials and parts that could be used in its weapons programs. Japan circulated a toughened draft resolution to that effect Friday, which the council's 15 countries may vote on as soon as Saturday.

China's U.N. ambassador, Wang Guangya, indicated that China wasn't pleased with the measure, which otherwise has widespread support. "If this resolution is put to a vote, definitely there will be no unity in the Security Council," he said, indicating that China would either veto the measure or abstain from voting.

President Bush, speaking in Chicago, said the whole effort going into the weekend was to get all members of the Security Council to say "loud and clear, here are some red lines."

China has successfully used arm-twisting in the past. In 2003, China temporarily shut down a pipeline carrying oil to North Korea, apparently in an attempt to pressure Pyongyang to participate in multilateral talks on its nuclear programs, U.S. and Asian diplomats have said. North Korea later agreed to join the negotiations.

To prod China to toughen its stance this time, the U.S. has appealed to Beijing's pride, saying that it risks diminishing its standing on the world stage if it can't use its influence even to moderate the behavior of one of its closest neighbors.

When President Bush called his Chinese counterpart, Hu Jintao, earlier this past week, he said North Korea's missile tests represented a serious affront not just to the U.S., but also to China, U.S. officials said.

Washington has also said China's ability -- or inability -- to make headway with North Korea will be important in shaping the future of relations between the two countries.

"This is an important time in the U.S.-China relationship," said the senior U.S. official. "If they are successful, it will be considered a sign that China has indeed arrived."

China is North Korea's largest supplier of both food and energy. Two-way trade between the neighbors has grown rapidly, hitting $1.58 billion last year. The vast majority of consumer goods in North Korea's markets are from China. The country's air force can't fly its planes without Chinese jet fuel.

It was business as usual at border-crossing points between China and North Korea Friday, Chinese traders said. Convoys of trucks laden with supplies rumbled over the steel-girder bridge that connects the Chinese city of Dandong with North Korea. "We don't expect China to take drastic actions. Ties between China and North Korea are too close," said one Chinese businesswoman who handles North Korean imports and exports. Another trader said: "Our North Korean clients are very worried. But we tell them that our trade won't be affected."

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While Washington pressed Beijing, Chinese policy makers worried that too much pressure could cause the collapse of the regime of North Korean leader Kim Jong Il, potentially leading to military conflict, refugee flows and economic dislocation.

US, Japan Raise Stakes With UN Vote On North Korea (AFP)

By Gerard Aziakou

AFP, July 8, 2006

The United States and Japan have challenged reluctant China and Russia to back sanctions against North Korea, calling for a UN Security Council vote on the Stalinist state's missile tests.

Japanese ambassador Kenzo Oshima presented a binding draft resolution to the council, hours after Pyongyang warned any imposition of sanctions would be regarded as "an act of war."

"We hope that it will be adopted when it is put to a vote with the broad unanimity of the council," Oshima said.

Veto-wielding China and Russia oppose the text, however, and would prefer a milder, non-binding statement condemning Wednesday's volley of tests, but stripped of punitive measures.

The push for a vote appeared to be a bid to dare China, which supplies impoverished North Korea with energy and economic aid, and which has been put in a difficult position by the crisis, to veto the measure.

"If this resolution is put to vote, there will be no unity in the Security Council," said Chinese envoy Wang Guangya. Asked whether he might use China's veto, Wang replied: "all possibilities are open."

Beijing could also abstain, which would allow the resolution to stand but deprive it of much of its impact.

Western diplomats however played down the possibility of a Chinese veto. Asked whether he expected such a move, French ambassador Jean-Marc de La Sabliere said: "I hope not."

Amid a flurry of diplomacy at the UN and in Asia over the missile tests, the timing of the vote was expected to be announced on Monday, a Western diplomat said.

Despite clear discord among key powers, US President George W. Bush said the world must unite to rebuke the reclusive state's Stalinist leader.

"What matters most of all is for Kim Jong-Il to see the world speak with one voice," Bush said during a press conference in Chicago.

"It's best for all of us to go to the UN Security Council and say loud and clear 'here's some red lines,' and that's what we're in the process of doing."

But the US president noticeably did not make a public push for sanctions against Pyongyang, as the haggling went on at the UN.

US ambassador to the UN John Bolton said sentiment in the Security Council was "overwhelmingly" in favor of the resolution. The full 15-member council debated the resolution Friday, following a morning meeting of the permanent five members.

The draft, also co-sponsored by Britain, was an amended version of a document circulated by Japan, condemning Wednesday's tests of seven North Korean missiles, including a new long-range Taepodong-2, which could theoretically reach US soil.

Two hours of talks at the UN on Friday failed to produce a consensus, and Japan and China's representatives admitted the impasse.

Chinese envoy Wang Guangya said there was a need for a "unanimous, firm response," adding: "We feel the best way to achieve that is through a PRST (non-binding presidential statement)."

But Japan's Oshima said: "China has one position, and we respect that."

"Unfortunately, I don't think there is any closing of the gap," he added.

The draft calls on member states to "prevent missiles and missile-related items, materials, goods, technology being transferred, including through intermediaries, to end users in or supplying DPRK's missile and weapons of mass destruction programs."

The draft also invokes Chapter 7 of the UN charter, which authorizes sanctions or even military action.

The document urges member states to stop procurement of missile-related goods and technology from North Korea and to block financial transfers to suppliers to Pyongyang's missile or weapons programs.

North Korea was instructed in the document to immediately stop developing, deploying and testing ballistic missiles and urged to return to six-party talks on its nuclear program.

North Korea itself was warned any adoption of sanctions could deepen the crisis.

Han Song-Ryol, the North's deputy ambassador to the United Nations, told South Korea's Yonhap news agency sanctions would be an "act of war."

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He said North Korea was ready to return to six-way talks if the United States lifts sanctions on a bank in Macau accused of money laundering and counterfeiting on behalf of Pyongyang.

Earlier, Bush again rejected another of Pyongyang's demands: direct talks with Washington on the nuclear crisis, which erupted in 2002 when North Korea revealed a program to enrich uranium that infringed a 1994 anti-nuclear deal.

"My concern about handling this issue bilaterally is that you run out of options very quickly," Bush said, adding that he would not get "caught in the trap."

South Korea, meanwhile, ratcheted up the pressure by saying it would indefinitely put off crucial food aid to impoverished North Korea in response to the tests.

But Seoul said it would stand by its policy of engaging its neighbor and press ahead with July 11-14 ministerial talks with the North in the southern port of Busan.

South Korea's Defense Minister Yoon Kwang-Ung warned Pyongyang had another long-range Taepodong-2 missile to test but there were no signs that a launch was imminent.

Japan Pushes For U.N. Sanctions On N.Korea (AP)

By Nick Wadhams

AP, July 8, 2006

Over Chinese and Russian objections, Japan introduced a draft Security Council resolution Friday that would impose sanctions on North Korea for its series of rocket test-launches and also order a halt to its development of ballistic missiles.

Backed by the United States, Britain and France, the resolution condemns the series of missile launches that the North conducted Wednesday after both its enemies and allies around the world warned it not to.

By putting forth the resolution, Japan risked a showdown with China and Russia, which have said they oppose sanctions or even passing a legally binding resolution on the issue. They want a more mild council statement that would chastize the North for the launches, and go no further.

"If this resolution is put to a vote, definitely there will be no unity in the Security Council," China's U.N. Ambassador Wang Guangya said. He refused to say, however, if China would use its veto to sink the resolution or abstain.

Japan's Ambassador Kenzo Oshima said he wanted a vote on the draft Saturday if possible, yet he and other diplomats said negotiations continued on the resolution.

That raised the possibility that the decision to introduce the resolution was, in part, a negotiating tactic meant to win concessions from China and Russia.

Diplomats and U.S. officials also left the door open for more talks. One senior U.S. official said it was unlikely that the draft would be voted on over the weekend, because diplomats want to give China, the North's main ally, time to talk to Pyongyang.

Chinese officials said a delegation would go to Pyongyang early next week to discuss the issue.

"There is a hint that states want to see what the Chinese can do," the official said, speaking on condition of anonymity because the strategy had not been made public.

North Korea set off an international furor Wednesday when it tested seven missiles, all of which landed in the Sea of Japan without causing any damage. The blasts apparently included a long-range Taepodong-2 — potentially capable of hitting the western United States. It broke up less than a minute after takeoff.

The draft introduced Friday was tougher than previous versions.

It would bar nations from procuring missiles or missile related "items, materials goods and technology" from North Korea, or transferring financial resources connected to the North's program. The North would also be barred from acquiring items that could be used to build missiles.

China and Russia fear that Security Council sanctions risk isolating North Korea further and spoiling any chance of resuming six-party talks on its nuclear program. Pyongyang has said sanctions from the Security Council would be tantamount to a declaration of war.

They could veto or abstain on the resolution. But even abstentions from the two nations risks weakening the message to North Korea, which leaders from around the world, including President Bush, don't want to do.

"What matters most of all is for Kim Jong Il to see the world speak with one voice," Bush said at a news conference in Chicago, referring to the North Korean leader. "That's the purpose, really."

One possible compromise would be for Japan to strip out the sanctions from the resolution, as long as the draft retains a condemnation and the order for the North to stop developing and testing ballistic missiles. It would also still be written under Chapter 7 of the U.N. charter, which means it could be enforced militarily.

The draft followed a flurry of meetings among diplomats in New York. Japanese officials back home have also met with their counterparts from several nations to raise support for the draft.

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Oshima said Japan was not willing to give up on Chapter 7 or the sanctions.

"It contains all elements that we believe are necessary at this point that a firm resolution of the council should contain," Oshima said. "We hope that it will be adopted when it is put to a vote with the broad unanimity of the council."

Japan Pushes For Tougher Sanctions Against North Korea (KRT)

By Jonathan S. Landay

Knight Ridder, July 8, 2006

WASHINGTON - Japan asked the U.N. Security Council on Friday to ban international sales of North Korean missiles as part of a response to provocative missile tests by the reclusive Stalinist regime.

The ban was contained in a draft resolution that was tougher than a version that circulated immediately after North Korea fired seven missiles, including a long-range rocket that exploded after liftoff, in defiance of demands to desist. The United States, Britain and France - all permanent members of the Security Council - back the resolution.

The two other permanent members, Russia and China, are opposed. All five permanent members have veto power in the council.

The United States has pushed intensive diplomatic efforts, including calls by President Bush this week to President Hu Jintao of China and President Vladimir Putin of Russia, to try to gain support for a united response.

"It's best for all of us to go to the U.N. Security Council and say loud and clear, `Here are some red lines.' And that's what we're in the process of doing," Bush said during a news conference in Chicago. "What matters most of all is for (North Korean leader) Kim Jong Il to see the world speak with one voice."

U.S. envoy Christopher Hill held talks in Beijing with Chinese officials. While they agreed to cooperate in preserving regional stability, Hill failed to persuade his counterparts to support the resolution.

Hill "hasn't gained much out there other than to get everyone on the same page of condemning the launches," said a U.S. official who closely follows North Korea and who spoke on condition of anonymity because of the sensitivity of the diplomacy.

North Korea launched six short- and medium-range missiles and a long-range Taepodong-2 missile over a 14-hour period beginning Tuesday afternoon EDT.

The six short- and medium-range rockets splashed harmlessly into the Sea of Japan, and the Taepodong-2, believed capable of reaching U.S. territory with a light payload, exploded about 40 seconds after liftoff.

The draft resolution's proposed ban of purchases of North Korean missiles or missile-related technology by other countries was aimed at shutting off one of the regime's major sources of hard currency.

The measure condemned North Korea for the firings, declared them and future launches "a threat to international peace and security" and directed Pyongyang to resume a self-declared 1999 moratorium on missile tests, according to a copy obtained by McClatchy Newspapers.

It also directed U.N. members to "take those steps necessary" to prevent missiles and related technology and materials from reaching North Korea and to block financial transfers to any entities involved in its missile or nuclear weapons programs.

Finally, the draft resolution strongly urged Pyongyang to "immediately return" to six-nation talks on eliminating its nuclear weapons program. Those talks have been stalled since November.

China's envoy, Wang Guangya, said his government wanted a non-binding statement of condemnation containing no sanctions.

"If this resolution is put to a vote, definitely there will be no unity in the Security Council," he said, suggesting that China would abstain or veto it.

China, North Korea's only ally, opposes any actions that could destabilize the divided Korean peninsula or the North Korean government.

U.S. officials hoped that China and Russia, which also favors a non-binding statement, would abstain when the resolution is put to a vote.

Japan's ambassador, Kenzo Oshima, said his government wanted a vote as quickly as possible.

A second U.S. official, who sought anonymity because of the issue's sensitivity, said the United States was trying to persuade Japan not to call for an immediate vote in order to allow more diplomacy, including talks that a senior Chinese official is scheduled to hold in Pyongyang next week.

Meanwhile, the Bush administration was refining a number of punitive measures it could take unilaterally, including pressuring foreign banks that deal with North Korea to stop doing so, said five U.S. officials, who requested anonymity. Two of them said Hill was discussing coordinating this effort with China, Japan and South Korea.

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Washington applied such pressure to a bank in Macau, forcing it in February to freeze North Korean accounts containing millions of dollars. U.S. officials charged that the funds were from missile sales, the counterfeiting of U.S. currency and drug trafficking.

South Korea announced Friday that it was suspending indefinitely hundreds of thousands of tons of food and fertilizer shipments to North Korea.

At the same time, Seoul decided to proceed with previously scheduled Cabinet-level talks with North Korea next week.

North Korea's July 4th Display: How Big A Threat? (WSJ)

By Lauren Etter

The Wall Street Journal, July 8, 2006

North Korea's nuclear buildup also could instigate a weapons race in the region, prompting other countries, like Taiwan, to seek nuclear weapons.

At the same time, Chinese and South Korean leaders fear an economic collapse that would send tens of thousands of North Korean refugees across their borders. That's one reason they are less willing to impose economic sanctions than the U.S. and Japan.

Is U.S. military force an option? Not likely. The financial, human and political costs would be very high. An extended military campaign against North Korea might cost as much as $2 trillion, according to the Center for Nonproliferation Studies; U.S. military expenditures in Iraq have nearly reached $300 billion. Moreover, dense population on the Korean Peninsula means casualties would be high. Military analysts estimate that a Korean conflict could lead to a million deaths.

The mountainous terrain also presents a challenge. Most of North Korea's missiles are hidden in underground tunnels, making them hard to locate and destroy. And, of course, many U.S. troops remain tied up in the Middle East, for now.

A big question mark is the state of North Korea's military. It is large, but some analysts say years of famine likely have left soldiers frail and even malnourished.

POINTS OF VIEW

"It's their choice to make. What these firing of the rockets has done is they've isolated themselves further and that's sad for the people of North Korea."

--President George W. Bush

"Our military will continue with missile-launch drills in the future as part of efforts to strengthen self-defense deterrent. If anyone intends to dispute or add pressure about this, we will have to take stronger physical actions in other forms."

--Official statement by North Korea

"This should be a much-needed dose of reality for us. The threat from North Korea is not that they're going to attack us with a long-range ballistic missile. They are decades away from such a capability...North Korea will never have a ballistic missile that will deliver a nuclear warhead to the United States."

-- Joseph Cirincione, Center for American Progress, a liberal think tank

"I think that Kim Jong Il is insane. It's a very bad situation. It's unfortunate. It's very, very difficult to see how this is going to end nicely."

-- Ivan Oelrich, Federation of American Scientists * * *

FACTS

North Korea's military has about 1.1 million members, making it the world's fourth largest, according to the International Institute for Strategic Studies. China has the world's largest military, about 2.3 million strong, followed by the U.S. with 1.5 million and India.

North Korea's per capita gross domestic product is about $1,400. South Korea's is about $19,000. The per capita U.S. GDP is about $40,000.

Kim Jong Il -- a recluse film-buff who wears a bouffant hairstyle and platform shoes -- is breaking out of his shell. Last year he made 131 public appearances, up from 35 in 1995.

North Korea's military expenditures amount to about a quarter of its gross domestic product -- more than any other country in the world, says the International Institute for Strategic Studies. The U.S. spends about 4% of GDP on defense.

The U.S. has about 5,735 active warheads, according to the Bulletin of Atomic Scientists. Russia has about 5,830, France about 350, the United Kingdom less than 200 and China more than 100. North Korea may be able to make at least two nuclear bombs.

North Korea is known to have provoked its neighbors in strange ways. From 1954 to 1992, North Korea sent 3,693 armed agents to South Korea. In 1978, it abducted at least 13 Japanese to teach their language to North Korean spies. Five were released in 2002.

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US And Japan Table Draft UN Resolution (FT)

By Mark Turner And Anna Fifield

Financial Times, July 8, 2006

Japan and the US officially tabled a strengthened draft UN resolution calling for sanctions on North Korea's weapons programme, following Pyongyang's missile tests this week. China, however, warned it would not support the move.

The new text demanded an end to North Korean missile development, and called for countries to "take those steps necessary" to prevent the procurement from or transfer to North Korea of any "missile or missile related items, materials, goods and technology", as well as the "transfer of any financial resources to end users involved in or supplying DPRK's (North Korea's) missile or WMD programmes".

The move allows the sponsors, including the UK and France, to call for a vote 24 hours later, raising the possibility of a weekend decision.

But Wang Guangya, China's UN ambassador, said the text if tabled would "definitely" not win unanimous support, and did not rule out a veto. "All possibilities are on the table," he said. "We want a unified firm response," Mr Wang said. "The best way to achieve that is through a PRST (non-binding presidential statement). Our actions should be conducive to diplomatic efforts under way."

China had earlier reiterated its stance to Christopher Hill, chief US delegate to the six-party talks on North Korea's nuclear ambitions, who met Li Zhaoxing, foreign minister, Wu Dawei, Beijing's chief nuclear negotiator, and state councillor Tang Jiaxuan. China's official Xinhua news agency quoted Mr Tang as telling the US envoy merely that Beijing would "keep close contact with concerned sides to preserve peace and stability in the Korean peninsula". China is Pyongyang's closest ally and largest aid donor.

Mr Hill is on a whistle-stop tour of the other four parties in the talks – Beijing, Seoul, Tokyo and Moscow – as the international community mulls its response to North Korea's missile tests.

Mr Hill can expect a slightly warmer reception during talks in South Korea on Saturday, although he will still encounter difficulties in persuading Seoul to take actions that would hurt Pyongyang financially.

"We should not have business as usual with a country that is firing missiles . . . in this rather reckless way," Mr Hill told reporters as he arrived in South Korea last night. "What's important is we speak with one voice."

In the wake of the missile tests, South Korea is breaking with its usual placatory approach towards the North. Seoul on Friday refused Pyongyang's request, made two days before the tests, to hold a working-level inter-Korean military meeting to ease tension along the demilitarised zone that separates the two countries.

The government delivered a "strong expression of regrets that the North fired missiles with such a proposal pending".

This came after said it would not pledge any more rice or fertiliser to the impoverished North, moving away from its traditional stance of trying to avoid antagonising Pyongyang in a bid for longer-term reconciliation. Economic co-operation projects with the North will continue, meaning its actions will have little effect on Kim Jong-il's regime.

North Korean Missile Tests Put Japan On The Defensive (LAT)

By Bruce Wallace

The Los Angeles Times, July 8, 2006

TOKYO — Anyone wondering how seriously Japan treated the salvo of ballistic missiles that North Korea fired its way Wednesday should consider this: National broadcaster NHK canceled the daily installment of its wildly popular morning TV drama to make way for continuous news coverage.

The last time NHK saw fit to cancel the show, which is part of the morning routine for millions of Japanese, was in 1995, when a massive earthquake devastated the port city of Kobe. North Korea's rockets may have landed short of Japan, but they still made a strong impression on a country with a collective loathing for its Stalinist neighbor.

Japan immediately slapped sanctions on Pyongyang, notably barring a North Korean cargo and passenger ferry from docking for the next six months. But Japan's trade with North Korea has shrunk by half in the last four years, and the volume is too small to provide much leverage over the regime.

Instead, Japan has focused on building a capability to shoot down incoming missiles, as well as proceeding with a faster, deeper integration of its military alliance with the United States.

"In addition to building monitoring radar networks, we would like to cooperate with the United States and put our joint missile interception into shape as quickly as possible," Fukushiro Nukaga, the head of Japan's Defense Agency, told lawmakers after the North Korean tests.

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Japan and the U.S. already have been pushing ahead on missile defense, expanding budgets for development and announcing new plans for deployment. North Korea's latest missile test only reinforced the Japanese view of the regime in Pyongyang as a dangerous belligerent, sweeping away any remaining serious opposition to missile defense.

Kim Jong Il's regime is Villain No. 1 in Japan, and it wears the black hat in another — real-life — national drama here: the kidnapping of 13 Japanese citizens during the Cold War. North Korea admitted in 2002 to holding them captive and forcing them to teach Japanese language and customs to its spies.

Five of the victims have been released since then, but Tokyo has not been satisfied with North Korea's insistence that the other eight are dead. Many here also believe that the real number of abductees is much higher, and the issue has touched a deep nerve among the Japanese.

For its part, North Korea denounces Japan for what it says is a refusal to atone for the suffering it inflicted on the Korean peninsula during its 1910-45 occupation.

Given the bad blood, the Japanese took the provocative missile tests this week as being completely in character for North Korea. The Japanese were not caught by surprise, as they had been in 1998 when North Korea fired a Taepodong 1 missile over Japan.

Until then, Japan had taken a long look at missile defense and, wary of Chinese sensitivities about a military buildup, said no thanks.

"The missile defense talks were dead in 1998 — the Japanese thought it was too provocative," said Lance Gatling, an American aerospace consultant in Tokyo who worked at the time for Raytheon, a missile defense contractor.

"But everything changed after the North Korean test. People would jokingly say to us: 'How much did you have to pay those guys to fire that missile?' "

Still, Japan moved slowly, agreeing at first to a research phase only. In addition to worries about juicing an arms race in East Asia, it was uncertain whether a constitutional restriction against participating in collective self-defense meant Japan would have to distinguish between missiles fired at the nation and those aimed at an ally.

Those doubts have been eroded by the deteriorating relations with North Korea and by growing unease over China's arms buildup.

Japan's spending on missile defense is growing even as it cuts its overall defense budget. Research has given way to acceptance of the idea of having missiles on its soil. And restrictions on military exports were lifted to allow Japanese companies to share technology with U.S. firms.

When the U.S. Navy cruiser Shiloh tested its sea-based interceptor missiles off Hawaii last month, a Japanese Aegis ship participated.

"The real wake-up call for Japan came in 1998, and the push for a missile shield is now well underway," said Peter Beck at the Seoul office of the International Crisis Group.

"But the Japanese have an obsession with North Korea. And by firing these missiles, North Korea has shown itself to be a clear and present danger that provides political cover for the hard-liners in Japan."

Pyongyang Highlight Reel (WSJ)

The Wall Street Journal, July 8, 2006

North Korea's Kim Jong Il joined our Independence Day celebrations this week by firing several medium-range missiles and one long-range Taepodong-2 missile, the latter capable of reaching Seattle had it not blown up a few seconds into its flight. The "Dear Leader" now threatens to conduct more tests. What does he want?

The conventional view is that he wants direct talks with the U.S. leading to security guarantees, normalization of ties and an end to Pyongyang's economic isolation. And this, it is further said, is the happy state toward which North Korea and the U.S. were headed in the late 1990s until the Bush crew started talking about the "axis of evil" and pre-emption, thereby provoking Kim's current discontent. All will be well, moreover, if President Bush drops his gratuitously hostile attitude toward Kim and picks up where the Clinton Administration left off.

The amazing thing is that serious people purport to believe this after 20 years of contrary evidence. So we thought it might be instructive to recount some history, a sort of diplomatic highlight reel, of U.S. negotiations with Kim over the years. It helps to explain how Kim thinks he can fire missiles toward his adversaries with impunity.

In December 1985, North Korea signed the nuclear Nonproliferation Treaty (NPT) under pressure from the Soviet Union. Until that time, the International Atomic Energy Agency (IAEA), the U.N. body charged with enforcing the NPT, was only aware of one nuclear power plant in the North, a small research reactor supplied by the Soviets in 1977. In their initial declaration to the IAEA, however, Pyongyang owned up to operating a second small reactor, a plutonium reprocessing plant, a fuel fabrication

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plant, as well as to building two larger reactors. The North also admitted it had separated about 100 grams of plutonium through reprocessing.

But according to a book by David Fischer (an excerpt of which is published on the IAEA's Web site), the IAEA quickly concluded that the North had probably separated more plutonium than it had declared, and that it had also disguised the existence of two additional nuclear facilities from the IAEA, facilities they refused to let the IAEA inspect. The North also demanded that the U.S. withdraw its 100 tactical nuclear weapons from South Korea as a condition to its adherence to the NPT.

In 1991, President George H. W. Bush agreed to do just that. That year, North and South Korea signed a joint declaration in which both sides promised not to "test, manufacture, produce, receive, possess, store, deploy or use nuclear weapons," or to "possess nuclear reprocessing and uranium enrichment facilities."

Yet in March 1993, Pyongyang reacted to an IAEA demand to visit the two suspect sites by announcing that it would withdraw from the NPT. The Clinton Administration pleaded with the North to suspend its withdrawal and accept IAEA inspections. But as Mr. Fischer recounts, "during the remainder of 1993 and the first half of 1994, [North Korea] continued to frustrate and harass IAEA inspections." Tensions between the U.S. and North Korea mounted until Jimmy Carter's intervention that June, which in turn led to the "Agreed Framework" of October 1994.

Under its terms, North Korea promised to freeze most of its existing nuclear programs, accept IAEA monitoring and comply with its denuclearization agreement with South Korea. In exchange, the U.S. would ease trade restrictions, offer security guarantees, arrange for the financing of two light-water reactors and supply oil. The U.S. met its end of the bargain: It supplied the fuel, arranged the reactor financing, eased economic sanctions and paved the way toward diplomatic recognition, culminating in a visit to Pyongyang by then Secretary of State Madeleine Albright in October 2000.

Contrary to myth, the Bush Administration continued to honor the terms of the Framework, despite its obvious misgivings. In August 2002, Charles Pritchard, Mr. Bush's special envoy to North Korea, attended the groundbreaking of one of the reactors; State Department spokesman Philip Reedker praised the event as "tangible progress made in construction and the importance to the reactor project's ultimate success."

Pyongyang had a very different view of compliance. In 1998, it fired without warning a Taepodong-1 missile over Japan. In 1999, it delayed by five months a request to inspect a suspected underground nuclear facility. The Clinton Administration responded to the first provocation by attempting to negotiate a missile version of the Agreed Framework, and to the second by promising North Korea food aid in exchange for inspections.

In 2002, based on new intelligence, the Bush Administration accused North Korea of pursuing a secret, uranium-based nuclear-weapons program. Far from denying the accusation, the North readily admitted it and announced that it was a nuclear-weapons state. Pyongyang, it turned out, had been cheating on the Agreed Framework since at least 1997, long before the Bush Administration came to town. The standoff has continued since, punctuated by periodic threats from Kim, and now with more missile threats.

Given this history, Kim is hardly crazy to conclude that if he just threatens enough, the U.S. will deliver what he wants sooner or later. North Korea is a difficult problem, and we don't have any simple solutions. But the beginning of wisdom ought to be not to repeat the mistakes of the past. And the worst mistake would be to reward Kim once again for violating his commitments by sending him more money and more diplomatic prestige.

Bjorn Lomborg Get Your Priorities Right (WSJ)

By Kimberley A. Strassel

The Wall Street Journal, July 8, 2006

NEW YORK -- Bjorn Lomborg is a political scientist by training, but the charismatic, golden-haired Dane is offering me a history lesson. Two hundred years ago, he explains, sitting forward in his chair in this newspaper's Manhattan offices, the left was an "incredibly rational movement." It believed in "encyclopedias," in hard facts, and in the idea that mastery of these basics would help "make a better society." Since then, the world's do-gooders have succumbed to "romanticism; they've become more dreamy." This is a problem in his view, and so this "self-avowed slight lefty" is determined to nudge the whole world back toward "rationalism."

Well, if not the whole world, at least the people who matter. In Mr. Lomborg's universe that means the lawmakers and bureaucrats who are charged with solving the world's most pressing problems -- HIV/AIDS, malaria, malnutrition, dirty water, trade barriers. This once-obscure Dane has in recent years risen to the status of international celebrity as the chief advocate of getting leaders to realize the world has limited resources to fix its problems, and that it therefore needs to prioritize.

Prioritization, cost-effectiveness, efficiency -- these are the ultimate in rational thinking. (It strikes me they are the ultimate in "free markets," though Mr. Lomborg studiously avoids that term.) They are also nearly unheard-of concepts among the governments, international bodies and aid groups that oversee good works.

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Mr. Lomborg's approach has been to organize events around the globe in which leaders are forced to think in new ways. His task is certainly timely, with groups like the U.N. engaged in debate over "reform," and philanthropists such as Warren Buffett throwing billions at charitable foundations. But, I ask, can the world really become more rational? "It's no use just talking about all the great things you'd like to accomplish -- we've got to get there," says Mr. Lomborg. * * *

Bjorn Lomborg busted -- and that is the only word for it -- onto the world scene in 2001 with the publication of his book "The Skeptical Environmentalist." A one-time Greenpeace enthusiast, he'd originally planned to disprove those who said the environment was getting better. He failed. And to his credit, his book said so, supplying a damning critique of today's environmental pessimism. Carefully researched, it offered endless statistics -- from official sources such as the U.N. -- showing that from biodiversity to global warming, there simply were no apocalypses in the offing. "Our history shows that we solve more problems than we create," he tells me. For his efforts, Mr. Lomborg was labeled a heretic by environmental groups -- whose fundraising depends on scaring the jeepers out of the public -- and became more hated by these alarmists than even (if possible) President Bush.

Yet the experience left Mr. Lomborg with a taste for challenging conventional wisdom. In 2004, he invited eight of the world's top economists -- including four Nobel Laureates -- to Copenhagen, where they were asked to evaluate the world's problems, think of the costs and efficiencies attached to solving each, and then produce a prioritized list of those most deserving of money. The well-publicized results (and let it be said here that Mr. Lomborg is no slouch when it comes to promoting himself and his work) were stunning. While the economists were from varying political stripes, they largely agreed. The numbers were just so compelling: $1 spent preventing HIV/AIDS would result in about $40 of social benefits, so the economists put it at the top of the list (followed by malnutrition, free trade and malaria). In contrast, $1 spent to abate global warming would result in only about two cents to 25 cents worth of good; so that project dropped to the bottom.

"Most people, average people, when faced with these clear choices, would pick the $40-of-good project over others -- that's rational," says Mr. Lomborg. "The problem is that most people are simply presented with a menu of projects, with no prices and no quantities. What the Copenhagen Consensus was trying to do was put the slices and prices on a menu. And then require people to make choices."

Easier said than done. As Mr. Lomborg explains, "It's fine to ask economists to prioritize, but economists don't run the world." (This sounds unfortunate to me, although Mr. Lomborg, the "slight lefty," quickly adds "Thank God.") "We now need to get the policy makers on board, the ones who are dealing with the world's problems." And therein lies the rub. Political figures don't like to make choices; they don't like to reward some groups and not others; they don't like to admit that they can't do it all. They are political. Not rational.

So all the more credit to Mr. Lomborg, who several weeks ago got his first big shot at reprogramming world leaders. His organization, the Copenhagen Consensus Center, held a new version of the exercise in Georgetown. In attendance were eight U.N. ambassadors, including John Bolton. (China and India signed on, though no Europeans.) They were presented with global projects, the merits of each of which were passionately argued by experts in those fields. Then they were asked: If you had an extra $50 billion, how would you prioritize your spending?

Mr. Lomborg grins and says that before the event he briefed the ambassadors: "Several of them looked down the list and said 'Wait, I want to put a No. 1 by each of these projects, they are all so important.' And I had to say, 'Yeah, uh, that's exactly the point of this exercise -- to make you not do that.'" So rank they did. And perhaps no surprise, their final list looked very similar to that of the wise economists. At the top were better health care, cleaner water, more schools and improved nutrition. At the bottom was . . . global warming.

Wondering how all this might go over with Al Gore, I ask Mr. Lomborg if he'd seen the former vice president's new film that warns of a climate-change disaster. He's planning to, but notes he wasn't impressed by the trailers: "It appears to be so overblown that it isn't helpful to the discussion." Not that Mr. Lomborg doesn't think global warming is a problem -- he does. But he lays out the facts. "The proposed way of fixing this -- to drastically reduce carbon emissions now and to solve a 100-year problem in a 10-year time frame, is just a bad idea. You do fairly little good at a fairly high price. It makes more sense to solve the 100-year problem in a 50-year time frame, and solve the 10-year problems, like HIV-AIDS, in a five-year time frame. That makes sense, and is the smart way to spend money."

Slipping into his environmentalist's shoes, he also says people need to get some perspective. "The U.N. tells us global warming will result in a sea-level change of one to two feet. It is not going to be the 30 feet Al Gore is scaring us with. Is this one to two feet going to be a problem? Sure," he says. "But remember that this past century sea levels rose between one-third and a full foot. And if you ask old people today what the most important things were that happened in the 20th century, do you think they are going to say: 'Two world wars, the internal combustion engine, the IT revolution . . . and sea levels rose'? It's not to say it isn't a problem. But we fix these problems."

* * *

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Perhaps Mr. Lomborg's greatest coup at the recent Copenhagen Consensus event was getting the attention of John Bolton, a foe of U.N. inefficiency and bureaucratic wheel-turning. "I called Bolton's secretary and we finally got them to agree and she said 'Okay, you can have him for one hour.' And I said 'No, we need him for two days.' And she laughed her heart out and said 'That's never going to happen.'" But happen it did, and Mr. Bolton was an enthusiastic supporter, appearing with Mr. Lomborg to announce the results of the exercise and lamenting that too often at the U.N. "everything is a priority." There is already talk of a bigger U.N. event in the fall.

Still, it strikes me that simply getting the top folks to prioritize (which itself would be a minor miracle) is only a start. How does Mr. Lomborg intend to deal with a compartmentalized bureaucracy, where every unit claims it is sacred and each one is petrified of losing funding? Here, Mr. Lomborg himself turns a little less rational and a little more political. It's no accident that the consensus organizers tell its participants to consider what they'd do with an "extra" $50 billion. "Most of these guys, the day-to-day guys at the U.N., went into their business to 'do good.' And we need to appeal to that bigger sense of virtue. The best way to do that is talk about 'extra' money, so that they aren't worried about losing their own job."

Mr. Lomborg hopes that prioritization up top will inspire "competition" down below. "Most people work in their own circles -- malaria guys talk to malaria guys, malnutrition guys to malnutrition guys. But if they understand that there are other projects out there, and that they also have price tags, and that the ones with the best performance are the ones that will get the extra money -- you start to have an Olympics for best projects. And that means smarter ideas for how to solve problems." In fact, Mr. Lomborg wishes there were more Al Gores. "It's good we have someone educating about global warming. But we need Al Gores for HIV/AIDS, Al Gores for malnutrition, Al Gores for free trade, Al Gores for clean drinking water. We need all these Al Gores passionately roaming the earth with power-point presentations, making the case for their project. Because at that point, the real Al Gore would be slightly sidelined, since he's arguing for the most expensive cure that would do the least good."

Mr. Lomborg is smart enough to realize that what really bothers political leaders with this approach is that "it would be launching a ship and it's unknown where it will land. That makes people uncomfortable." A Copenhagen Consensus exercise for the Inter-American Development Bank in Latin America or for the Environmental Protection Agency in the U.S. (both of which Mr. Lomborg is working to organize) could result in findings that suggest the leaders of these organizations have been throwing good money after bad for years.

"Right now, politicians know that in public they have to say they support all things, and suggest there is an infinite amount of money to give to an infinite amount of good causes. Semiprivately, they know that if they have 10 good causes, the easiest thing is to give one-tenth of the funds to each -- so there are no complaints. But privately they know there isn't enough money for everything and that they probably should have given most of it to the one or two groups that would do the most good."

At the very least, the Copenhagen Consensus might make it harder for public figures to defend bad decisions. "If you have a rational list that tells you that you do a lot more good preventing HIV/AIDS, then those in favor of such projects have slightly better arguments. Those arguing for climate change have slightly worse arguments." And while this may not change the world, it could be a start. "The Consensus isn't about getting it perfectly right," says Mr. Lomborg. "It's about getting it slightly less wrong."

Ms. Strassel is a member of The Wall Street Journal's editorial board.

US And Russia To Enter Civilian Nuclear Pact (WP)

By Peter Baker

The Washington Post, July 8, 2006

President Bush has decided to permit extensive U.S. civilian nuclear cooperation with Russia for the first time, administration officials said yesterday, reversing decades of bipartisan policy in a move that would be worth billions of dollars to Moscow but could provoke an uproar in Congress.

Bush resisted such a move for years, insisting that Russia first stop building a nuclear power station for Iran near the Persian Gulf. But U.S. officials have shifted their view of Russia's collaboration with Iran and concluded that President Vladimir Putin has become a more constructive partner in trying to pressure Tehran to give up any aspirations for nuclear weapons.

The president plans to announce his decision at a meeting with Putin in St. Petersburg next Saturday before the annual summit of leaders from the Group of Eight major industrialized nations, officials said. The statement to be released by the two presidents would agree to start negotiations for the formal agreement required under U.S. law before the United States can engage in civilian nuclear cooperation.

In the administration's view, both sides would benefit. A nuclear cooperation agreement would clear the way for Russia to import and store thousands of tons of spent nuclear fuel from U.S.-supplied reactors around the world, a lucrative business so far blocked by Washington. It could be used as an incentive to win more Russian cooperation on Iran. And it would be critical to Bush's plan to spread civilian nuclear energy to power-hungry countries because Russia would provide a place to send the used radioactive material.

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At the same time, it could draw significant opposition from across the ideological spectrum, according to analysts who follow the issue. Critics wary of Putin's authoritarian course view it as rewarding Russia even though Moscow refuses to support sanctions against Iran. Others fearful of Russia's record of handling nuclear material see it as a reckless move that endangers the environment.

"You will have all the anti-Russian right against it, you will have all the anti-nuclear left against it, and you will have the Russian democracy center concerned about it too," said Matthew Bunn, a nuclear specialist at Harvard's Belfer Center for Science and International Affairs.

Since Russia is already a nuclear state, such an agreement, once drafted, presumably would conform to the Atomic Energy Act and therefore would not require congressional approval. Congress could reject it only with majority votes by both houses within 90 legislative days.

Administration officials confirmed the president's decision yesterday only after it was first learned from outside nuclear experts privy to the situation. The officials insisted on anonymity because they were not authorized to disclose the agreement before the summit.

The prospect, however, has been hinted at during public speeches in recent days. "We certainly will be talking about nuclear energy," Assistant Energy Secretary Karen A. Harbert told a Carnegie Endowment for International Peace event Thursday. "We need alternatives to hydrocarbons."

Some specialists said Bush's decision marks a milestone in U.S.-Russian relations, despite tension over Moscow's retreat from democracy and pressure on neighbors. "It signals that there's a sea change in the attitude toward Russia, that they're someone we can try to work with on Iran," said Rose Gottemoeller, a former Energy Department official in the Clinton administration who now directs the Carnegie Moscow Center. "It bespeaks a certain level of confidence in the Russians by this administration that hasn't been there before."

But others said the deal seems one-sided. "Just what exactly are we getting? That's the real mystery," said Henry D. Sokolski, executive director of the Nonproliferation Policy Education Center. Until now, he noted, the United States has insisted on specific actions by Russia to prevent Iran from developing bombs. "We're not getting any of that. We're getting an opportunity to give them money."

Environmentalists have denounced Russia's plans to transform itself into the world's nuclear dump. The country has a history of nuclear accidents and contamination. Its transportation network is antiquated and inadequate for moving vast quantities of radioactive material, critics say. And the country, they add, has not fully secured the nuclear facilities it already has against theft or accidents.

The United States has civilian nuclear cooperation agreements with the European atomic energy agency, along with China, Japan, Taiwan and 20 other countries. Bush recently sealed an agreement with India, which does require congressional approval because of that nation's unsanctioned weapons program.

Russia has sought such an agreement with the United States since the 1990s, when it began thinking about using its vast land mass to store much of the world's spent nuclear fuel. Estimating that it could make as much as $20 billion, Russia enacted a law in 2001 permitting the import, temporary storage and reprocessing of foreign nuclear fuel, despite 90 percent opposition in public opinion polls.

But the plan went nowhere. The United States controls spent fuel from nuclear material it provides, even in foreign countries, and Bunn estimates that as much as 95 percent of the potential world market for Russia was under U.S. jurisdiction. Without a cooperation agreement, none of the material could be sent to Russia, even though allies such as South Korea and Taiwan are eager to ship spent fuel there.

Like President Bill Clinton before him, Bush refused to consider it as long as Russia was helping Iran with its nuclear program. In the summer of 2002, according to Bunn, Bush sent Putin a letter saying an agreement could be reached only if "the central problem of assistance to Iran's missile, nuclear and advanced conventional weapons programs" was solved.

The concern over the nuclear reactor under construction at Bushehr, however, has faded. Russia agreed to provide all fuel to the facility and take it back once used, meaning it could not be turned into material for nuclear bombs. U.S. officials who once suspected that Russian scientists were secretly behind Iran's weapons program learned that critical assistance to Tehran came from Pakistani scientist A.Q. Khan.

The 2002 disclosure that Iran had secret nuclear sites separate from Bushehr shocked both the U.S. and Russian governments and seemed to harden Putin's stance toward Iran. He eventually agreed to refer the issue to the U.N. Security Council and signed on to a package of incentives and penalties recently sent to Tehran. At the same time, he has consistently opposed economic sanctions, military action or even tougher diplomatic language by the council, much to the frustration of U.S. officials.

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Opening negotiations for a formal nuclear cooperation agreement could be used as a lever to move Putin further. Talks will inevitably take months, and the review in Congress will extend the process. If during that time Putin resists stronger measures against Iran, analysts said, the deal could unravel or critics on Capitol Hill could try to muster enough opposition to block it. If Putin proves cooperative on Iran, they said, it could ease the way toward final approval.

"This was one of the few areas where there was big money involved that you could hold over the Russians," said George Perkovich, an arms-control specialist and vice president of the Carnegie Endowment. "It's a handy stick, a handy thing to hold over the Russians."

Bush has an interest in taking the agreement all the way as well. His new Global Nuclear Energy Partnership envisions promoting civilian nuclear power around the world and eventually finding a way to reprocess spent fuel without the danger of leaving behind material that could be used for bombs. Until such technology is developed, Bush needs someplace to store the spent fuel from overseas, and Russia is the only volunteer.

"The Russians could make a lot of money importing foreign spent fuel, some of our allies would desperately like to be able to send their fuel to Russia, and maybe we could use the leverage to get other things done," such as "getting the Russians to be more forward-leaning on Iran," Bunn said.

Energy Security Pact Eyed At G-8 (WT)

By Katie Stuhldreher

The Washington Times, July 8, 2006

American and European officials are pressing for an agreement on energy security with Russia at the Group of Eight summit in St. Petersburg next week, which foreign policy specialists predict will fail.

Karen Harbert, assistant energy secretary for international affairs, stressed energy as a main theme for President Bush in the talks, including a bilateral summit with Russian President Vladimir Putin.

"We have a new energy environment and Russia needs to understand that there are certain responsibilities that go along with membership in the G-8. Russia needs to show commitment to democratic principles and rule of law that will make it a good place for investment," Mrs. Harbert told reporters.

Other issues on the agenda, she said, include Russia's commitment to democracy and its link to economic cooperation.

Mrs. Harbert insisted an agreement could be reached in St. Petersburg because the United States and Russia have the same interest in maximizing Russia's energy exports.

Critics, however, say lack of a unified front from Europe on the issue and necessity for Russian cooperation on negotiations with Iran greatly limit the United States' leverage to push Mr. Putin for reform.

Carlos Pascual, director of foreign policy studies at the Brookings Institution, said, "It's going to be hard to manage Russia in a world with many other problems in which we need them to play a key role."

Edward Chow, a former headquarters manager for international affairs at Chevron Corp., said negotiations with Russia may be useless.

"Looking to Russia as a solution to a volatile market may not be the right answer. We clearly have different agendas. Maybe we should come back and talk when they or the market is in a better mood," he said.

David G. Victor, an energy specialist at the Council on Foreign Relations, said, "I don't think that it's that the two sides don't understand one another. I think that we've reached a point of deadlock, and nothing will come out of the G-8 summit."

Mr. Chow added that lack of European unity on the issue served as another handicap for the United States in the talks.

Johannes Linn, senior fellow at the Brookings Institution, agreed that Russia won't be enthusiastic about adjusting policies.

"Russia doesn't see a win-win solution. Russia thinks the only way to increase its energy security is at the expense of others, like Ukraine. This will make it hard to find an energy policy that everyone can sign onto," he said.

Recent concerns about global energy security arose in January, when Kremlin-controlled energy giant Gazprom temporarily cut off natural gas supplies to Ukraine over Ukrainian refusal to pay higher prices.

These actions prompted Secretary of State Condoleezza Rice and other U.S. leaders to criticize Russia for using energy for political purposes.

Mr. Chow said the United States' best hope at making progress with Russia is to court European support.

"Right now, Russia is getting mixed messages from Europe and can deal with different countries separately. The United States needs to work behind the scenes to promote a unified position on energy from Europe," he said.

A St. Petersburg Story (NYT)

The New York Times, July 8, 2006

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Russia's meeting on July 15 with leaders of the world's richest democracies requires an important historical footnote. President Vladimir Putin will welcome the Group of Eight to St. Petersburg, where leaders are expected to talk about energy, Iran and terrorism. It is an event that would have appealed to Peter the Great, who built his beautiful but extravagant city over 300 years ago to win Russia a place at the European tables of his day.

Now it is Mr. Putin's turn to put Russia's post-Soviet power and progress on display. But the international acceptance that Mr. Putin craves will quickly disappear if the Kremlin continues its march toward what critics call a "staged democracy" instead of a real one.

The list of concerns has grown steadily during Mr. Putin's stewardship. The exuberant free press that erupted after the end of the Soviet Union 15 years ago is mostly gone now, and what passes for news increasingly comes straight from the Kremlin fax machine. National television networks now labor under the president's thumb, and the best newspapers are falling into line as well. The Internet, smaller publications and radio broadcasts are still exempt, but many Russian journalists fear it may be only a matter of time.

Then there are the upcoming presidential election in 2008. Mr. Putin's term is up, and he has said he will step down as required by law. But there are already troubling signs that if his loyal Parliament cannot find a way to keep him on, it will anoint his choice for successor. And woe unto any candidate who doesn't have the Kremlin's seal of approval.

Hopes for a rule of law are also dimming as the judicial system lands hardest on those out of favor with the Kremlin. Non-government organizations that sometimes criticize the government now see the Kremlin turning on them as well. Organizations like the Moscow Helsinki Group have come under attack for criticizing Mr. Putin's record on human rights and the treatment of ethnic minorities.

In the name of fighting extremism, Mr. Putin's government has enacted a new law that can easily be used to harass almost any activists who criticize the powerful. And one of Mr. Putin's TV stations falsely accused four important groups, including Moscow Helsinki, of taking money from British spies. This is a familiar tactic in Russia that should have been retired with the Soviet flag.

Mr. Putin's Russia is still far better than it was during the bleak decades of Communism. And Russia clearly has the economic clout to sit with France, Germany, Japan, the United States, Britain, Canada and Italy. But the leaders of this club need to make it clear to Russia that membership demands not only the power of wealth but also a democratic government to go with it.

Russia: Investors Line Up For An Oil Stake (WSJ)

By Gregory L. White

The Wall Street Journal, July 8, 2006

When President Bush meets with Vladimir Putin Friday, he will have a chance to express his concerns about the Russian leader's policies.

The day before, investors will have a chance to do the same. On Thursday, the $10 billion initial public offering by the state oil company, OAO Rosneft, is scheduled to be priced.

So far, investors seem so eager for a piece of Russia's oil riches that they are willing to overlook Mr. Putin's curbs on democracy and heavy-handed economic policies. "Greed is taking precedence over fear," says one person close to the deal.

The reason: Russia is one of the world's largest producers of oil. Rosneft is the main beneficiary of the Kremlin's dismantling of OAO Yukos, the closely held company that had sought to be Russia's oil flagship until its chief executive and main shareholder was jailed in 2003.

Rosneft's takeover of Yukos's main asset -- a giant Siberian oil-producing company -- catapulted the state company into the top ranks of Russian oil producers, highlighting the Kremlin's drive to bring the country's energy riches under its tight control.

The IPO will be a test of whether foreign investors, who lost billions on Yukos when the government crushed the company with $30 billion in back-tax claims, are ready to put those losses behind them and bet on the Kremlin's horse.

International energy companies already are lining up. The Kremlin has steadily squeezed their access to Russia's rich oil and gas reserves, pushing for home-grown companies like Rosneft to get controlling stakes in any future large projects. Staying in the good graces of Rosneft and its Kremlin overseers is critical for any foreign company seeking to operate in Russia, say industry officials.

So isn't surprising that when Rosneft offered oil companies across Europe and Asia the chance to participate in the IPO, there was plenty of interest. BP PLC and Royal Dutch Shell PLC, both with substantial Russian operations, are likely to participate, taking as much as $1 billion or more each, according to people close to the deal.

State-owned companies in Asia, eager to curry favor with Moscow in the hope of getting more fuel, also are likely to invest. India is examining a proposal to invest as much as $3 billion in Rosneft through state-run energy firm Oil & Natural Gas Corp., a senior Oil Ministry official said Friday.

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Russian investors, both individuals who can sign up to buy shares at banks across the country and the super-rich, also are showing strong interest.

Among Western investors, the biggest concern is whether the market capitalization of $60 billion to $80 billion that Rosneft is targeting is too rich a price for a company with little track record among investors. Worries about potential litigation from Yukos or any lingering anger about losses don't seem to be major concerns.

Says James Fenkner, a Moscow fund manager: "Betting against the Kremlin has been a very poor strategy over the last few years."

Gazprom Posts Net Of $10.98 Billion, Best Ever In Russia (WSJ)

By Greg Walters And Geoffrey T. Smith

The Wall Street Journal, July 8, 2006

MOSCOW -- OAO Gazprom reported 2005 net profit of 311.1 billion rubles, or $10.98 billion based on last year's exchange rates -- higher than any Russian company has ever recorded -- on the back of rising natural-gas prices and its acquisition of Sibneft. Gazprom, which supplies Europe with about a quarter of its gas consumption, said profit jumped 49% from 2004.

Gazprom is expanding into Europe -- the company's traditional foreign market -- and is moving into new regions such as East Asia and North America. Many people say rising revenues from oil and gas exports have allowed Russian politicians to assume a new assertiveness in world affairs.

State-owned Gazprom's international ambitions have raised concerns that the company may be focusing on infrastructural projects that create headlines -- like new gas pipelines under the Baltic Sea to Germany and across Siberia to China -- at the expense of developing its vast reserves to meet future demand. Gazprom's gas output is expected to be essentially flat this year at just under 550 billion cubic meters.

Gazprom's revenue and profitability rose sharply at all levels last year, reflecting higher prices for natural gas in Russia and abroad. Revenue rose 42% compared with a year earlier to 1.384 trillion rubles, on an increase of only 2.8% in natural-gas sales by volume. Andrei Gromadin, an analyst at MDM Bank in Moscow, said Sibneft -- since renamed Gazprom Neft -- contributed about 15 billion to 16 billion rubles in net income and 90 billion rubles in revenue in the fourth quarter.

Gazprom bought a 72% stake in Sibneft for a little more than $13 billion in September. The acquisition, which was largely financed by debt, led to a 60% increase in net debt to 797.5 billion rubles at the end of the year. However, analysts note that Gazprom Neft's strong cash flow makes it easier for it to service that debt.

Gazprom's results were calculated according to international financial reporting standards, though the company had already reported earnings under Russian accounting standards for the full year.

Nadia Kazakova, an analyst with Alfa Bank in London, said the same buoyant fundamentals would likely lead to another record profit for Gazprom in 2006.

While record-breaking in Russia, Gazprom's profit is still below that of its international peers, even those with comparable market capitalizations. BP PLC reported net profit about twice as high as Gazprom's in 2005, at $22.34 billion. Gazprom's market capitalization was $248 billion, compared with BP's $234 billion.

Kremlin Curtails U.S.-Financed Radio Broadcasts To Russians (NYT)

By C. J. Chivers

The New York Times, July 8, 2006

MOSCOW, July 7 — American-financed radio news broadcasts to Russia, a staple of the American government's outreach efforts since the cold war, have been sharply curtailed in recent months under legal pressure from the Russian government, according to Russian and American officials.

The pressure has knocked programs off the air in much of the country, limiting the Russian-language news broadcasts of Voice of America and Radio Free Europe/Radio Liberty almost entirely to Moscow and St. Petersburg.

The suppression of the Western-financed news, which began last year weeks after a journalist for Radio Free Europe/Radio Liberty infuriated the Kremlin by interviewing Shamil Basayev, the Chechen rebel leader, has been indirect but highly effective, officials said.

Rather than confront the news services' operations directly, regulators from the Culture Ministry have audited the services' partners across the nation — the Russian radio stations that rebroadcast the programs as part of their formats.

The audits found that the stations had not complied with provisions of Russian media law requiring them to submit and adhere to "concepts of programming" that delineate how much air time will include material they produce themselves and how much will come from external sources, said Yevgeny Strelchik, an adviser to the arm of the ministry that monitors broadcasters' compliance.

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Regulators warned the Russian stations that they would risk losing their licenses if they continued to broadcast the material provided by the American news services. As a result, one station after another has dropped the programming.

The crackdown, first reported by The Washington Post, has followed Kremlin efforts since President Vladimir V. Putin came to office in 2000 to control or restrict independent journalism in Russia, especially on the airwaves. Television stations fell under the Kremlin's sway and now principally act as instruments of the state.

Jeffrey N. Trimble, the acting president of Radio Free Europe/Radio Liberty, said the pressure against his service's partners had resulted in all but four or five of the stations dropping the programs. Last year at least 30 stations carried the material.

He said the crackdown appeared to be part of the larger trend against independent journalism. "The media in Russia has become less free, and we are caught up in that," Mr. Trimble said.

An official at the State Department said Secretary of State Condoleezza Rice and other officials had raised the issue with Russia, without result. Their efforts, while falling within larger concerns about press freedom here, have been complicated because the stations did appear to have technical violations that gave the Russian regulators some basis for action, the official said.

"High-level State Department officials have discussed these issues repeatedly with Russian officials, both in Moscow and in Washington," the official said. "These decisions have not yet led to a satisfactory resolution of these matters, and we will continue to push until a satisfactory solution is reached."

The official spoke anonymously, because of sensitivities about Russian-American relations before meetings next week between President Bush and President Putin.

The audits began shortly after Andrei Babitsky, a journalist for Radio Free Europe/Radio Liberty, interviewed Mr. Basayev last August. The news service chose not to broadcast the interview, but portions were shown on an ABC News program.

Russia promptly moved against ABC News operations, announcing that it would not renew the accreditations of its staff members, effectively stripping them of their ability to work in the country. It moved more quietly against Radio Free Europe/Radio Liberty, but the results have been clear.

"The partners have been rebroadcasting our content for years, and suddenly all of them gave up at once," said Yelena Glushkova, director of the news service's operations in Russia.

Mr. Strelchik, the government adviser, insisted there was no political or retaliatory motive. "We do not see any ideological problems in this," he said. "The federal service I work for has nothing to do with politics."

Destinations Cracking The Russia Code (WSJ)

By Stan Sesser

The Wall Street Journal, July 8, 2006

MOSCOW -- The great historic monuments are impeccably restored, landscaped and litter-free. Dozens of opulent new restaurants offer cuisines from around the world. Warm days breaking the long winter mean even the locals are smiling. All that's missing from this bucolic scene: tourists.

Even in the heart of the city -- in the grand Red Square -- it's quiet. At the entrance to the tomb of Communist revolutionary Vladimir Lenin, barriers are set up to rein in hundreds of visitors. But on a recent visit, a couple of dozen visitors wait five minutes to get in.

It's boom times in Eastern Europe and the Baltic states, former Soviet Union countries that are now opening up to travelers. But not in Russia. In 2005, the number of tourists to Russia dropped 14% to 2.4 million. Almost one million more people went to the Czech Republic last year for tourism and business than to Russia -- which has about 14 times the population.

Travelers are being driven away by a severe shortage of hotel rooms in major cities like Moscow and St. Petersburg, as well as apartment-rental scams; prices that are shockingly high for food, hotels and private transport; and by a visa system so draconian that you can literally be snatched off the street by the police if just one stamp on the papers you're required to carry with you at all times isn't in order.

The upshot for travelers: Getting there and then getting around takes a lot of planning -- and patience. For many people, booking a group tour through a specialist agency will be the best way to explore the country. Those who want to go it alone should consider spending just a few days in Moscow and more time in St. Petersburg, which is the most tourist-friendly part of the country, with multilingual subway signs. To avoid dangers and scams, hire a driver recommended by a reputable hotel, and book accommodations only through a reliable travel agent or rental agency (see Trip Planner).

For Russia's leadership, tourism simply isn't a top priority at the moment. The country is on an economic rebound driven by surging prices for its main exports, oil and gas, dwarfing tourism as a potential source of Western dollars. While they're pushing to diversify the economy, including some investment in tourism projects like a ski resort near the Black Sea, most of the focus is

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on traditional industries. And with President Vladimir Putin cultivating an assertive and nationalist foreign policy, there's little appetite for anything that looks like favoring foreigners.

Russian officials don't attempt to hide the reality of how much tourism is hurting. Sergei Sinitsyn, adviser to the chairman of the Federal Agency for Tourism, points out the slight the government has given tourism. His agency until a year ago was part of the sports ministry. It still has only a small marketing budget -- $3.6 million last year for the entire world, at a time some countries spend more than $100 million to draw tourists.

Although I had done my homework investigating the pitfalls for this trip, my first to the country, I was impressed with what I found. Russia is a vast country, with the sites in Moscow and St. Petersburg exceeding what the most effusive guidebooks had promised. There are also towering mountains and interesting ethnic minorities in the south; Lake Baikal, the world's largest freshwater lake in Siberia; and the Golden Ring, a string of historic towns with medieval cathedrals and monasteries largely unchanged for centuries, within a day's drive of Moscow. Even Russian food far surpassed its dubious reputation as being leaden and greasy, thanks to some splendid new restaurants that have arrived in capitalism's wake.

Russia is so rich culturally that there are constant surprises. My first afternoon in St. Petersburg, I walked into a Russian restaurant called the Literary Cafe and discovered a pianist and violinist entertaining diners with classical music of concert-hall quality. At a monastery near Moscow, I entered a chapel and found a service in progress, featuring not only the priest, but also three women singing religious chants against a background of magnificent icons lining the walls.

But the pleasures of sightseeing can quickly turn to shell shock when it comes to prices. In Moscow, steep land costs give developers no incentive to build modestly priced hotels. "In the last year, Moscow lost 6,000 hotel rooms," says Sergey Shpilko, head of the Russian Tourism Union, a trade association of tour agencies. This included the gargantuan Moskva and Rossiya hotels near the Kremlin. "And our hotel prices are already the highest in the world," he says.

When I called the Baltschug Kempinski, one of Moscow's main luxury hotels, to see if they had an available room, they urged me to postpone my trip a few days to take advantage of a "special promotional rate" -- $573 a night plus 18% tax, without breakfast. The Kempinski offered an $80 Sunday brunch that didn't include drinks, as well as a three-hour tour of Moscow by private car for $347, which won't get you far in Moscow's notorious traffic jams. The Metropol, another of the grandes dames, where I finally managed to get a room for a more reasonable $280, said I could have access to high-speed Internet in my room for a $140 installation fee plus $40 a day.

Russian tourism continues to suffer from some remnants of the Communist era when visitors took their marching orders and didn't complain. Although the days of snarling stewardesses and missing seat belts are gone, Aeroflot, the national airline, still lives up to its reputation as one of the worst in the world. On the flight from my home in Bangkok to Moscow on board its Ilyushin 96-300 widebody jet, I couldn't read because there were no overhead reading lamps, I couldn't watch a movie because there was no entertainment system, and I couldn't sleep because several drunk Russian men were shouting at the top of their lungs.

At the Moscow airport, signs saying "passport control" led to a dead end, while signs saying "transit" led to passport control. Once in the city, it's hard to navigate. Moscow's street and subway signs are only in the Cyrillic alphabet.

The daunting visa process is another reminder of Soviet police-state days. It takes about two weeks for a regular tourist visa to be processed. You're required to have an invitation from a "sponsor," which can be a tour agency in Russia that has never head of you, but has connections to the travel agency in the U.S. you use to obtain the visa. (It's well worth the extra $100 or so to avoid going through the paperwork and delays imposed by the Russian Embassy, which will still ask you to go to a U.S. tour agency to get a sponsor.) When you get your passport back, the sponsor is identified only by a long number on the visa certificate.

Mr. Sinitsyn, from the Federal Agency for Tourism, explains that the hassles in the visa process are "based on the principles of equality." The length of time it takes for visas to be processed for Russians entering the U.S., he says, is about equivalent to the time it takes for the American visa process for Russia. U.S. authorities confirm that it can take up to a month for Russian applications to be processed for travel to the U.S.

While in Russia, you're required to carry your passport with you at all times to show police if they demand to see it. I just missed being checked on Moscow's Arbat pedestrian street, a favorite hangout of tourists, when a policeman stopped the foreigner in front of me instead. Travel guides warn that police will sometimes extort money from you, as much as $150, even if your papers are in perfect order.

Mr. Sinitsyn acknowledges that extortion happens, "but not that often." In response, a spokesman for Russia's Interior Ministry says police stop people to check documents only when they think they might be involved in criminal activity. He says he isn't aware of any cases of foreigners filing complaints with the police about extortion or bribes involving document checks.

It's no surprise that with obstacles like this most American tourists choose to visit Russia on group tours, whose flag-waving leaders deal with all the problems. "Everyone kept telling me you can't do this on your own," says Karen Zorn, vice president of

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academic affairs for Boston's Berklee College of Music, who in fact was doing it on her own in St. Petersburg -- her first trip to Russia. "I don't like being in a group when I travel, being herded around."

But being solo has its drawbacks. Ms. Zorn says she had booked a hotel for $120 a night several months in advance, and when she arrived, she discovered what $120 buys in Russia's second city. "The lobby is half demolished and smells of fried food," says Ms. Zorn. "The door to my room wouldn't lock." When I met her, she was looking for a new hotel -- and finding that everything else was full.

I also did it on my own, negotiating the Moscow subway system by painstakingly matching the Cyrillic letters against the bilingual metro map in my guidebook. With the help of a man who spoke English standing in line for tickets, I managed to take the 75-minute train ride from Moscow to the Golden Ring town of Sergiev Posad to see an impressive monastery.

But to get from Moscow to Suzdal -- an ancient Russian town in the Golden Ring filled with churches and monasteries of stunning beauty -- arranging a car and driver for the four-hour trip was the only alternative to two bus rides. Finding the right bus in Moscow and then changing buses in a small town without knowing a word of Russian was more than I wanted to risk. Here again the staggering Russian prices came into play; the Metropol's travel agency quoted me $1,000 for an overnight trip. But using a recommendation from an Australian acquaintance who lives in Moscow, I managed to get an English-speaking driver with a car for $300.

However, I had even less success than Ms. Zorn in attempting to find a low-priced accommodation. From my home in Bangkok, on the Internet I booked an apartment within walking distance of the Kremlin for $120 a night. The Moscow-based apartment booking agency, with toll-free numbers in the U.S. and England, photos of each apartment posted on their Web site, and mobile-phone numbers listed by everyone who contacts you, seemed impressive.

But after I followed their instructions and wired them a $100 deposit via Western Union, all communications stopped. Neither their mobile phones nor the main Moscow office number answered, and emails drew no response. In this country known for scams, I embarrassingly fell victim to one before I had even left home.

As soon as I landed in Russia, fears of scams were overshadowed by other sensations that were unexpected. Moscow and St. Petersburg are some of the cleanest cities I've ever visited; the streets and sidewalks are flushed and scrubbed daily, and there isn't a piece of litter anywhere. All the central buildings seemed either newly restored or undergoing restoration.

Oil and other riches aren't just confined to a handful of oligarchs. Hip restaurants and bars are jammed late into the night with the newly affluent middle class. It also spills out onto the streets. A supermarket on Tverskoy Boulevard, Moscow's premier shopping strip, looks like a room from a 19th-century palace, and the GUM department store on Red Square is in a historic, glass-ceilinged shopping arcade.

Then there were the people -- brusque on the surface, yes, but friendly and helpful underneath. And highly literate. One day I took an elderly pensioner I met at a St. Petersburg tourist site, who spoke fluent English, to lunch. Although he had to live on $35 a month, he displayed an encyclopedic knowledge of the world, at one point discussing the recent political changes in Bolivia.

There are several ways of making a trip to Russia easier without joining a tour group. If it's your first time, stick to tourist-friendly St. Petersburg, a city as rewarding as Paris, Rome and other major European capitals. If you don't speak Russian and want to get a driver, it's much safer to rely on private transport arranged by hotels. Consider hiring a guide but inquire at modest hotels or at Russian tour agencies that guidebooks recommend as reliable, because the rates that major hotels charge can be extortionate. About $100 a day is reasonable.

And the combination of a good guidebook, a Russian phrase book, and a map that lists everything in both the Cyrillic and Latin alphabets, will get you through almost any difficulty.

For future travelers, there are a few signs of progress. St. Petersburg now has subway and street signs in both the Cyrillic and Latin alphabets, and apartment-rental agencies there -- honest ones -- are offering some good bargains relative to hotels. Lisa Kreutz, an American property consultant for Pulford Real Estate in St. Petersburg, which rented me an attractive, centrally located apartment for $150 a night, reports another sign of change: The police are shaking down tourists much less than they did five years ago. "I grew up in New York, but I feel safer here," she says. "I walk home in the dark through a park."

Racism Haunts Russia Ahead Of G-8 Talks (BOS)

By Tom Parfitt

The Boston Globe, July 8, 2006

St. Petersburg killings a focus of concern

ST. PETERSBURG -- With its golden spires and stuccoed palaces stretching languorously along winding canals, this former imperial capital is a beacon of Russian sophistication envisioned by Czar Peter I as a ``Window on the West."

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But even as St. Petersburg displays a touch of panache that evades Moscow and other big cities, it is also an incubator for one of Russia's most pressing crises: violent racism.

President Vladimir Putin will welcome the leaders of the Group of Eight industrial nations to the Konstantinovsky Palace on the shores of the Gulf of Finland, as Russia hosts its first G-8 summit July 15 to 17. Putin hopes the summit will allow Russia to display its most elegant, modern face.

Yet while Putin will be proud to show off his hometown, there is a darker side to Russia here -- a problem compounded by government missteps and inaction -- that is hard to hide.

Local authorities claimed a victory in May when police arrested eight young men who allegedly carried out a string of racist killings and beatings over the last three years. They were captured after armed officers followed up on a tip from the city's Agency for Journalistic Investigations , which owns several private media outlets.

Using such monikers as Fighter and Apostle, the alleged gang members had kept a low profile and did not name their group, calling it only a ``terrorist attack organization." Police said their heroes were a mix of mythic Slavs, Nazis, and such individuals as Timothy McVeigh, the Oklahoma City bomber. Police believe the gang was a splinter formation of the city's notorious ultranationalist gang, Mad Crowd.

As news of the arrests spread, media loyal to the local government were quick to say that the city's slew of racially motivated killings had been stopped.

According to human rights monitors, six people were slain in the city between September and April, either because of the color of their skin or because they campaigned against extremists. Those cases are part of a wave of racist beatings and slayings sweeping across Russia, mostly attributed to gangs of skinheads.

Police suspect, based on interrogations and the discovery of explosives, that besides xenophobic attacks, the ``terrorist attack organization" -- which blamed the federal government for allowing dark-skinned immigrants into the country -- planned to launch suicide bombings during the G-8 summit using belts of explosives like those employed by Chechen militants.

The group's alleged leader, Dmitry Borovikov, was shot dead during his arrest when he lunged at police with a knife, but seven other accused gang members are in custody and charges are soon expected.

The arrests were a coup for the veteran, well-connected reporters at the Agency for Journalistic Investigations , who had groomed an informer among the young suspects. ``There was the option to publish first, but we realized this was such serious stuff we had to take it straight to the law enforcement agencies," said director Andrei Konstantinov, a chain-smoking veteran reporter who keeps a World War I heavy machine gun next to his desk.

Statements by the alleged gang members appear to connect the group to several high-profile killings, including the 2004 knifing death of Khursheda Sultonova, a 9 -year-old Tajik girl, and the April slaying of Lamzar Samba, 28, a Senegalese student who was shot by a gunman using a rifle emblazoned with a swastika.

The journalists' agency -- said to be close to police and the St. Petersburg city authorities -- supported the government's stance , boasting in its magazine that ``exactly [the gang's] arrest shows there is no mass racist movement in out city."

Yet assertions by the agency and others that racism has been extinguished with the arrests are viewed by some as premature.

``No doubt there are some real villains among them, but finding this gang was responsible for every racist crime of the last few years is remarkably convenient just before the G-8 summit," said Nikolai Donskov, head of the St. Petersburg office of Novaya Gazeta, a liberal weekly.

Ali Nassor, a native of Tanzania and a cofounder of the St. Petersburg advocacy group African Union, agreed.

``It's just too much of a happy ending," he said. ``When you look at the kind of stuff that gets printed here every day, at the kind of extremists whom the law never touches, then you realize what a fantasy it is that racism is solved in this city."

This year, Amnesty International accused Russian police of consistently downplaying hate crimes throughout the country by classifying them as hooliganism.

Several racist groups continue to operate with impunity in St. Petersburg, the group says. The city has a branch of the ultraright Slavyansky Soyuz organization, which promotes Adolph Hitler's Mein Kampf on its website. Another group is the Party of Freedom, run by former police officer Yuri Belyaev.

``The first thing these immigrants ought to think when they are leaving home in the morning is: Will I die today or not?" Belyaev said. ``They should move around like scared animals -- creeping along besides the walls."

Asked whether he was a racist, Belyaev said: ``Yes. This is a question of taste. Some people don't like apples. I don't like Negroes. They are biological parasites."

Nassor says that such bigotry proves that racism has not been defeated. ``What I'd like to see is some real leadership from President Putin," he said. ``Right now, it's too easy to conclude that he's keeping quiet for political gain. He knows there's a big nationalist contingent that votes for him."

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Western countries are pushing to include Russia's alleged backsliding on democracy and meddling in the former republics of the Soviet Union on the summit agenda, but Putin's aides have succeeded in keeping those topics off the agenda.

While human rights activists hope that other G-8 countries will use the summit to pressure Moscow to tackle the country's social ills, some people here say that they are proud Putin pushes back at his foreign critics.

``What I like about Putin as a leader is his attitude toward the West," says Valentina Morozova, 56, an accountant in St. Petersburg. ``They're always complaining and lording it over us, but he tells them where to get off."

Donskov, the newspaper editor, thinks the United States and Western Europe will have little leverage with Putin when it comes to addressing Russia's social ills. ``With all its oil and gas, Russia knows it can dictate terms these days. It's going to do just as it wants, regardless of the critics."

'Strategic' Accord Planned For Nazarbayev's US Visit (WT)

By David R. Sands

The Washington Times, July 8, 2006

The United States and Kazakhstan hope to sign a wide-ranging "strategic partnership" accord when President Nursultan Nazarbayev travels to Washington in September, Kazakh Foreign Minister Kasymzhomart Tokayev said in an interview yesterday.

The agreement is the latest sign of the Bush administration's desire for closer ties with the huge, oil-rich Central Asian nation, despite lingering concerns over Mr. Nazarbayev's record on press freedoms and political liberties.

"Our two countries share a common interest in sustaining stability and security across Central Asia," said Mr. Tokayev. "We are very much grateful for what the United States has done in Afghanistan, and I believe the U.S. side appreciates the political and strategic role we can play as well."

Mr. Nazarbayev, who has ruled Kazakhstan since independence from the Soviet Union in 1991, will be making his first trip to Washington in five years. Mr. Tokayev said his meetings this week with senior U.S. officials were devoted to setting the agenda for the September trip.

Vice President Dick Cheney lavishly praised Kazakhstan's economic and political progress during a visit in May.

Partly by default, Kazakhstan has emerged as the critical U.S. ally in the region. Uzbekistan, which also aided the U.S.-led war in Afghanistan, has closed a U.S. base and turned to Russia and China after U.S. criticisms of a violent political crackdown last year.

Kyrgyzstan has also moved closer to Moscow and is demanding a sharp increase in rents if the Pentagon wants to keep the key Manas Air Field for U.S. forces.

In a very uncertain region, "we are considered a very predictable partner," said Mr. Tokayev, who added that bilateral ties are as strong today as at any time since independence.

But the closer ties are still complicated by aspects of Mr. Nazarbayev's rule, at a time when President Bush has put promoting democracy at the heart of his foreign policy agenda.

Mr. Nazarbayev won another seven-year term as president in December in an election that Western monitors said was flawed, and just this month he consolidated his power by merging his party with one controlled by his eldest daughter.

Western press groups slammed a new law signed by Mr. Nazarbayev that they say greatly increases the state's control of news outlets. The country's information minister has also been quoted as saying the government plans to rein in Internet critics as well.

Mr. Tokayev in the interview defended the new press law, saying there was "real legal disorder in the media sector." He said the law could be amended if it proved to have a chilling effect on critics.

He said U.S. officials have not pressured his country to reduce ties with its neighbors. He also dismissed reports in the Kyrgyz press that Kazakhstan might agree to host a U.S. military base if the Manas talks break down.

"That would not be feasible technically," he said.

Mr. Tokayev acknowledged that Kazakhstan is seeking a larger role on the international stage to match its growing energy clout and steady economic progress.

Kazakhstan is making a strong push to become the first former Soviet nation to chair the 56-nation Organization for Security and Cooperation in Europe in 2009 or 2010.

Mr. Tokayev said his country's bid is gaining support and will be discussed during Mr. Nazarbayev's visit.

"Considering our economic development and political reforms, Kazakhstan has every reason to claim its right to serve as head of the OSCE," he said.

But U.S. Ambassador to Kazakhstan John Ordway told reporters in Almaty that the international criticism of the new press law could hurt Kazakhstan's chances.

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Ukraine's Coalition Unravels In A New Setback (NYT)

By Steven Lee Myers

The New York Times, July 8, 2006

MOSCOW, July 7 — President Viktor A. Yushchenko of Ukraine, a Western-leaning reformist who led a wave of popular protests to office, only to stumble badly when tested in parliamentary elections, suffered a new political defeat on Friday when his fragile coalition collapsed in acrimony two weeks after it was formed.

His opponents, joined by a former ally of the president, announced a new coalition and pledged to nominate as prime minister the man Mr. Yushchenko ultimately defeated after those protests overturned a rigged presidential election in 2004.

Friday's events, three and a half months after his party's humiliating showing in parliamentary voting in March, cast new doubts on Mr. Yushchenko's presidency, undermining his efforts to steer Ukraine on a course more closely entwined with Europe. He faces the possibility of an opposition government and prime minister opposed to his policy of joining the European Union, NATO and the World Trade Organization.

"This is certainly going to be a blow to the president's priority objectives," said Roman M. Zvarich, one of Mr. Yushchenko's supporters, who previously served as justice minister.

Viktor F. Yanukovich, Mr. Yushchenko's presidential rival and leader of the Party of Regions, seized on the disarray among the pro-presidential parties. Only two weeks ago, the parties negotiated a fragile compromise to create a government that would, largely, support Mr. Yushchenko's policies. Mr. Yanukovich, who has pledged closer economic, political and social ties with Russia, announced what he called an "anti-crisis coalition" uniting the Communists and the Socialist Party, which until this week had allied itself with what became known in 2004 as the Orange Revolution.

The crisis only seemed to worsen, though. Mr. Yushchenko, whose indecisiveness showed in weeks of tumultuous negotiations over forming a coalition after March's election, raised the specter of disbanding Parliament even before it effectively convened. By law, he could call new elections if Parliament cannot form a government within 60 days of the dismissal of the old one, a deadline now set for July 25. In a statement, Mr. Yushchenko said he did not want "the country to walk in some wrong direction for five years."

"No matter what coalition we speak about," he said in a statement published on his official Web site, "I would ask all the parties not to make hasty decisions." Mr. Yanukovich's party made haste nonetheless, nominating him as prime minister, a position that under constitutional changes approved in 2004 has enhanced powers over economic and domestic policy. The Party of Regions won the largest bloc of seats in the election, 186, but fell short of a majority in the 450-seat parliament.

With the Communists and Socialists, the party now claims to have 240 votes, enough to form a majority and elect Mr. Yanukovich prime minister, a post he held under the previous president, Leonid D. Kuchma.

Mr. Yushchenko's coalition collapsed after two weeks of jockeying. For several days after the formation of a pro-presidential coalition, Mr. Yanukovich's supporters blocked Parliament from meeting by, literally, blocking the rostrum. They relented Thursday after reaching an agreement to hold an open vote for parliamentary speaker, a potentially influential position among parties allied with Mr. Yushchenko.

Mr. Yushchenko's party, Our Ukraine, nominated Petro O. Poroshenko, a chocolate manufacturer and television magnate who served as national security adviser until he resigned last September in the face of accusations of corruption. He was nominated as part of a deal that would have returned Yulia V. Tymoshenko, Mr. Yushchenko's partner-turned-rival, to the position of prime minister. Mr. Poroshenko's candidacy was seen by Our Ukraine as a way of balancing the power of Ms. Tymoshenko, who served as prime minister for eight months last year before the president dismissed her.

But facing opposition not only from the Party of Regions but also from some of Mr. Yushchenko's supporters, Mr. Poroshenko withdrew his candidacy on Thursday.

The Socialists joined with the opposition to elect their party leader, Oleksandr O. Moroz, who once vowed never to ally himself with Mr. Yanukovich. Mr. Moroz, a pragmatist who previously served as speaker, had strongly supported Mr. Yushchenko in the Orange Revolution. Mr. Moroz's defection provoked outrage. Mr. Zvarich accused him of political opportunism for personal ambitions. "Betrayal comes to mind," he said in a telephone interview.

In remarks earlier on Friday, cited by news agencies, Mr. Moroz said it was too early to discuss a coalition. He said all the parties' programs were "practically the same," suggesting he favored a broad coalition. He did not comment publicly on the announcement that his party had joined Mr. Yanukovich's.

Several members of the Socialist Party were reported to have broken with Mr. Moroz in protest. His press secretary said he was not available to comment Friday night. Mr. Zvarich said the president's supporters would challenge the formation of an opposition coalition in court, citing violations of parliamentary rules.

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Mychailo Wynnyckyj, a professor of sociology at the University of Kiev-Mohyla Academy, said Ukraine faced a political division like France's, where a centrist president shared power with a leftist Parliament. But the situation was more volatile, he said. "In France, they call it cohabitation," he said in a telephone interview. And in Ukraine? "Chaos."

Defeated Candidate Reemerges In Ukraine (WP)

By Peter Finn

The Washington Post, July 8, 2006

MOSCOW, July 7 -- Ukraine's new coalition government of pro-Western democratic parties was predicted to be fragile. It proved so weak that it collapsed on Friday before it even got started.

And out of the rubble emerged the man who was cast as the villain in Ukraine's democratic triumph known as the Orange Revolution. In a remarkable turnaround, Viktor Yanukovich, the losing, pro-Moscow candidate in the disputed presidential elections that led to massive street protests in 2004, appears set to become prime minister.

This week was supposed to bring the formal reconstruction of the unstable alliance that led the Orange Revolution, so-named for the color worn by the protesters. Instead, the bloc dissolved into familiar back-stabbing after its smallest member, the Socialists, broke ranks to get its own man elected to a parliamentary post.

The Socialists then signed onto what they called a new "anti-crisis" coalition with the Communists and Yanukovich's Party of Regions. The agreement was signed Friday evening in front of journalists in Kiev, the Ukrainian capital.

The recent political turmoil and indecision in Ukraine have frustrated the European Union and the United States. They had hoped to see the country well along in restructuring necessary to open it to Western institutions and greater foreign investment.

The White House had considered a plan for President Bush to travel to Ukraine to hail it as a new outpost of openness and free enterprise, but it put off the idea because of continuing uncertainty after the election. Instead he went to Hungary last month.

With Yanukovich as prime minister, Bush can write off such a trip. The pro-Moscow politician opposes or questions many of the goals of President Viktor Yushchenko, notably membership in the NATO alliance and the European Union. Yanukovich is interested in what is called the "single economic space," a concept promoted by the Kremlin to bind Russia, Ukraine, Kazakhstan and Belarus together.

Because of constitutional changes that came into force after Yushchenko assumed the presidency, the post of prime minister is more powerful than it has been. The holder of the office is no longer appointed by the president, but is independently elected by parliament. The president retains the right to propose candidates for three key ministries, including foreign affairs, but his ability to constrain the prime minister is much reduced.

The Orange coalition fell apart for the first time last September. Yushchenko dismissed his prime minister, Yulia Tymoshenko, the charismatic crowd-pleaser who galvanized the popular revolt that swept Yushchenko into office. He said corruption was rampant under her stewardship; she accused some of the president's key advisers of corruption.

Elections followed in March. Yanukovich's Party of Regions emerged as the largest single party, but no single party won an overall majority.

The three that had led the Orange Revolution -- Yushchenko's Our Ukraine, Tymoshenko's bloc and the Socialists, led by Oleksander Moroz -- together had enough seats to form a government, but weeks passed with no agreement on how to overcome the bad feelings between them and form a government.

In June, the three parties finally agreed to a new coalition. Tymoshenko would be prime minister, and Petro Poroshenko, a controversial tycoon and member of Yushchenko's party, would be speaker of parliament. The two are fierce rivals.

But on Thursday, Moroz, the Socialist leader, appeared to have had sudden second thoughts about the deal.

"I've got evidence to show, which I am not going to do now, that the election of such charismatic people" as Poroshenko and Tymoshenko to the country's highest offices will inevitably create an explosive mixture," he said. "It would spell the end of the coalition in the course of several months with all the consequences to follow."

The Socialists then nominated Moroz as speaker. Yanukovich's Party of Regions, joined by the Communists, saw an opening and backed him. He was elected on Thursday evening.

His former partners were left to fume. "We consider that the coalition never took place," Tymoshenko said. "Thus, the coalition did not unravel; it never existed in the first place."

"Moroz is a professional betrayer and a greedy, cynical and a mercenary man," David Zhvania, a member of Our Ukraine, told reporters.

Moroz quickly adjourned parliament until Tuesday, when a new coalition led by Yanukovich might be put to a vote.

Official Hits Stalled WTO Talks (WT)

By Jeffrey Sparshott

DOJ_NMG_0039909

The Washington Times, July 8, 2006

The Bush administration's top trade official yesterday said the U.S. would not give up on global trade talks that have deadlocked, and she chastised India, Brazil and other rising economic powers for contributing too little to negotiations.

World Trade Organization talks last week in Geneva broke up with no agreement on a deal that would promote commerce and boost the economies of the body's 149 members. It was the latest in a series of breakdowns as the U.S., Europe and developing nations have been unable to agree on a formula to cut rich country farm subsidies while opening all but the poorest markets to greater competition.

"The U.S. has no intention of giving up, but we also expect others to step up to the plate," said U.S. Trade Representative Susan Schwab.

The European Union and a number of developing countries have repeatedly complained that the United States is offering too little and demanding too much from its trading partners.

Differences between the United States and the European Union, in particular, have been the focal point of the negotiations. The 25-nation bloc has demanded that the U.S. make deeper cuts in agriculture subsidies that are expected to reach almost $22 billion this year. The U.S. has criticized European subsidies, which are even more lavish, and trade barriers that protect its farmers.

Mrs. Schwab yesterday faulted Europe for proposals she called "vague" and "full of loopholes." But she also called on India, Brazil and China to acknowledge their growing economic clout, rather than seeking some of the same protection as the world's poorest nations.

"There are some developing countries ... arguably emerging or existing powerhouses, that would like to hide behind the least developed and poorest among us," said Mrs. Schwab. "The Brazils, the Chinas and the Indias of this world can and should be expected to participate in this negotiation including opening their markets to other developing countries."

Mrs. Schwab and trade officials from other nations are, in part, looking to avoid blame if the talks collapse completely, said Dan Ikenson, associate director of the Center for Trade Policy Studies at the Cato Institute, a Washington think tank.

"I think we're now in the public relations game," Mr. Ikenson said.

There is limited hope to save the talks. WTO chief Pascal Lamy is traveling to capitals trying to encourage a breakthrough, and leaders from the Group of Eight industrialized nations meet next week in St. Petersburg to discuss an array of issues, including trade.

"There is a session where the G-8 leaders will probably be talking about trade, and there is an outreach session where we will have some other leaders including [Brazilian President Luiz Inacio Lula da Silva], [Indian Prime Minister Manmohan Singh] and others," Mrs. Schwab said.

Israel 'might Free Palestinians' In Return For Soldier (FT)

By Ferry Biedermann

Financial Times, July 8, 2006

The Israeli government, under increasing criticism for its Gaza offensive, indicated for the first time on Friday that it might be willing to free Palestinian prisoners in exchange for the release of a captured soldier.

Public security minister Avi Dichter said jailed Palestinians could be freed as a "reciprocal gesture" after the 19-year-old corporal Gilad Shalit was returned.

The European Union levelled its harshest criticism at Israel yet. "The EU condemns the loss of lives caused by disproportionate use of force by the Israeli Defence Forces and the humanitarian crisis it has aggravated," Finnish prime minister Matti Vanhanen, whose country holds the EU's rotating presidency, said in a statement.

Kofi Annan, UN secretary-general, said: "I call again for an immediate halt to the disproportionate use of force by Israel, which has already killed and wounded many civilians; for the release of Israeli army corporal Gilad Shalit; and for the cessation of rocket fire into Israel."

More than 20 people died on Thursday when Israeli forces moved into the north of the strip to prevent the firing of rockets and to exert more pressure over the captured soldier.

At least another six Palestinians died in the fighting on Friday, while the firing of rockets continued. Mr Dichter said the freeing of Palestinian prisoners was necessary to obtain the soldier's release. "Israel knows how to do this. Israel has done this more than once in the past."

Earlier, sources in the Hamas movement, whose members took part in the attack in which the corporal was seized, said the soldier could be released in exchange for all female Palestinian prisoners and some 20 men serving long sentences.

Israeli Forces Broaden Gaza Incursion (AP)

DOJ_NMG_0039910

By Sarah El Deeb
AP, July 8, 2006

Israel sent troops and tanks into eastern Gaza on Saturday and clashed with militants in a broadened incursion aimed at forcing the release of a captured soldier.

The Israeli force entered Gaza early Saturday near the Karni commercial crossing, advancing into Gaza just a quarter mile from the Shajaiyeh and Zeitun neighborhoods. Hospital officials said an armed Palestinian was critically wounded in the fighting. The army had no immediate comment.

The air force fired missiles at a group of militants gathered at the outskirts of Shajaiyeh, injuring at least two people, Palestinian security and hospital officials said. Other troops used tanks to block a main road that used to lead to the Jewish settlement of Netzarim, witnesses and security officials said.

Israel launched its offensive almost two weeks ago, after Palestinian militants carried out a brazen cross-border attack on a military outpost, capturing a 19-year-old Israeli soldier. The military campaign is meant to get Cpl. Gilad Shalit released, and carve out a temporary buffer zone to halt Palestinian rocket fire.

Israeli troops killed 32 Palestinians in two days of airstrikes and artillery barrages, Palestinian officials said.

Israel sent conflicting signals Friday on whether it would be willing to swap Palestinian prisoners in exchange for Shalit's release. Public Security Minister Avi Dichter suggested Israel could be ready to cut a deal that would include Israel freeing some Palestinian prisoners as a goodwill gesture.

If there is calm, "Israel will need to, after some time, release prisoners as a reciprocal gesture," Dichter said. "Israel knows how to do this. Israel has done this more than once in the past."

He was referring to previous prisoner swaps — usually in deals that free far more Palestinians than Israelis. Privately, Israeli officials have said they did not rule out talks in Shalit's case, either.

Moderate Palestinian President Mahmoud Abbas said he has won Israeli assurances that it would reciprocate for Shalit's release by freeing some prisoners, as well as Hamas politicians it has rounded up in recent days.

Officials close to Prime Minister Ehud Olmert later said Dichter's statement did not reflect the views of the government and that Israel insists on the soldier's unconditional release. However, the government did not issue a formal statement distancing itself from the minister.

Israel does not want to be seen as cutting a deal with Hamas militants, but also does not seem to have a way to free the soldier by force.

U.N. Secretary-General Kofi Annan urged the Security Council on Friday to take a stand on Israel's violent standoff with Hamas. Qatar has circulated a draft resolution demanding that Israel end its offensive and release Palestinian officials detained during the operation.

Annan appealed to Israel and the Palestinians to "pull back from the brink for the sake of all civilians in the region."

He called on Israel to halt what he said was the disproportionate use of force, demanded Shalit's release, and reminded both sides of their humanitarian obligation to spare civilians from violence.

Hamas said Friday that Shalit, seized June 25, is alive and being treated well. It also urged Israel to negotiate. The Islamic militant group initially demanded the release of hundreds of prisoners, but then scaled back its demands, seeking freedom for some 150 female inmates and several dozen men serving long sentences.

The internal Israeli debate came as ground troops backed by tanks pursued militants in the streets of crowded Gaza towns, and aircraft struck northern Gaza.

Shalit is believed to be held in southern Gaza, and days after he was seized, Israel launched its biggest military campaign in the coastal strip since ending its 38-year occupation there nine months ago.

The incursion began in southern Gaza, then expanded Thursday to the north as troops seized control of a ribbon of land. On Friday, Israeli aircraft struck Palestinian gunmen in northern Gaza.

Palestinian health officials said a total of 32 Palestinians were killed over two days, including 24 on Thursday, in the bloodiest day of clashes since the renewed fighting began last week. An 11-year-old boy shot in the chest during fighting on Wednesday died of his wounds late Friday, Palestinian hospital officials said.

Egyptian mediators have proposed a two-stage deal in which Hamas would free Shalit and halt rocket attacks. In exchange, Israel would halt its offensive and promise to free some Palestinian prisoners in the future.

A Palestinian official close to the negotiations said Israel has agreed to the Egyptian formula, but wants the deal to be confidential, to avoid the impression of a direct prisoner exchange. Hamas wants the terms of the deal to be announced publicly, he said, speaking on condition of anonymity because the talks are confidential.

Israeli Cabinet minister Roni Bar-On, who is close to Olmert, said Israel would not negotiate with Hamas over the release of prisoners. However, his comment did not appear to contradict Dichter who also did not call for direct contact with the militants.

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The fighting has compounded the misery that has deepened in Gaza and the West Bank since Hamas took power in March. International sanctions imposed to pressure the group to recognize Israel have rendered it unable to pay government salaries, but on Friday, Palestinian officials said about one-fifth of the 165,000 civil servants would receive a small down payment.

Government employees sustain about one-third of the Palestinians. Small down payments have been paid twice before.

Palestinians Dig In As Israel Advances (WP)

By Scott Wilson

The Washington Post, July 8, 2006

BEIT LAHIYA, Gaza Strip, July 7 -- Israeli tanks and bulldozers edged deeper into a crowded residential neighborhood here Friday amid stiffening resistance from Palestinian gunmen, at least three of whom were killed by an Israeli missile that hissed over a hilltop mosque here and into their ranks.

The small Israeli armored force carved more space between the fields in this western Gaza city used by Palestinian gunmen to launch rockets and the southern Israeli towns that are their target. But it did so slowly against gunmen outwardly undaunted by the beating they took a day earlier when at least 21 Palestinians were killed, many from the armed wing of the governing Hamas movement. The battle over a hilltop here ebbed and flowed for hours Friday, as Hamas forces were joined in large numbers by gunmen from the al-Aqsa Martyrs Brigades, the armed wing of the Fatah movement, which suffered the bulk of the day's casualties.

"I felt like I was flying away," said Maher Abu Majed, 29, an al-Aqsa gunman recovering at Gaza's Shifa Hospital from shrapnel wounds from the midafternoon missile strike. "I passed out, and when I came to, I looked around me for my friends and all I saw were parts."

Israeli fire killed at least seven Palestinian gunmen, according to witnesses and hospital workers. Palestinians also fired at least seven rockets from northern Gaza into Israel, Israeli military officials said. Some of those rockets hit a market, an empty school campus and a factory in the city of Sderot, where three Israelis were treated for shrapnel injuries.

Israeli officials acknowledged Friday that ground operations in Gaza -- Israel's first in nearly a year since evacuating the area -- could last for some time. One Israeli soldier has been killed so far. Palestinian hospital officials say more than 35 Palestinians, most of them gunmen, have been killed.

The operation was staged to force the release of Cpl. Gilad Shalit, 19, an army conscript captured by Palestinian gunmen during a June 25 raid on an army post just outside of Gaza, and reduce the rocket fire into southern Israel. Israeli military officials have also said the military pressure is designed to weaken Hamas's hold on the Palestinian government.

"This is not an overnight operation," said Capt. Noa Meir, an Israeli military spokeswoman. "It is not our intention to stay, but it is our intention to stay as long as we need to. It's going to take patience."

Hamas's military wing, one of the three armed groups holding Shalit, issued a statement Friday stressing that "negotiations are the only way out of this case and the sole way to preserve the life of the soldier and secure his safe return to his family." The statement noted that Shalit was safe and would remain so "as long as it is in the interest of Muslims."

Although Egyptian efforts to broker an exchange of Palestinian prisoners for Shalit's release have so far failed, Avi Dichter, Israel's public security minister, indicated for the first time Friday that if Shalit were freed and the rocket fire stopped, "Israel will need to, after some time, release prisoners as a reciprocal gesture." Dichter made his comments at a trade-association conference in Tel Aviv a day after Shalit's father endorsed a prisoner exchange to resolve the crisis.

Palestinian leader Mahmoud Abbas, meanwhile, said at a news conference here that "I have called for Shalit's release from the start, but it must be remembered that we have 10,000 prisoners in Israeli jails, and they must return to their families as well."

Although the Hamas interior minister called Thursday for Palestinians to fight the Israeli forces, the more than 70,000 members of the Palestinian security services did not appear to heed it.

"If they get into this, it will mean the total destruction of the Palestinian Authority," said Abu Mohammed, 30, an al-Aqsa gunman. "All due respect to the minister, but I think he just wants to get them killed."

A line of Israeli tanks and bulldozers, working to clear fields used by rocket launchers, stood a quarter-mile away from a two-story house that appeared to be serving as a headquarters for dozens of gunmen. The sandy roadsides were laced with wires leading from buried mines to detonators behind concrete walls.

Just after 3:30 p.m., a fleeting sizzle trailed over the mosque, followed seconds later by a powerful blast nearby. Ambulances rushed toward the blazing tires and returned carrying the dismembered remains of three al-Aqsa gunmen, the victims of the missile fired by a drone.

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In the following minutes, Israeli tanks pushed down the coast road toward the mosque as heavy gunfire scattered hundreds of Palestinians from the hilltop into surrounding neighborhoods. Sniper fire rang out from buildings, filling the air with the zip of ricochets.

Sabreen Shilnar, a 27-year-old policewoman, hustled from the combat zone to get food for her mother and five sisters. Supplies in their home, only a dozen yards from an Israeli tank, were running low, but the women intended to stay.

"I'm not sleeping, and we're terrified," Shilnar said. "But my mother is old. If she dies, she will die in her home."

A Day Of Funerals Across The Northern Gaza Strip (NYT)

By Steven Erlanger

The New York Times, July 8, 2006

BEIT LAHIYA, Gaza Strip, July 7 — It was a day of funerals across northern Gaza on Friday, with relatives and militants mourning those killed in Thursday's fierce fighting with Israeli troops, even as another five Palestinians were killed in more sporadic clashes.

Israeli troops mostly held their ground, securing positions in northern Gaza taken on Thursday. Palestinian militants, mostly armed with Kalashnikov rifles and rocket-propelled grenades, patrolled street corners or laid explosive charges.

In Israel, Avi Dichter, a government minister in charge of internal security, seemed to offer a way out of the current violent impasse.

He said the government did not rule out the possibility of releasing prisoners as a gesture in return for the release of Cpl. Gilad Shalit, the Israeli soldier captured on June 25, and the re-establishment of a credible cease-fire, according to Israel radio.

"At the end of the day the release of the soldier, Gilad Shalit, will be a must," Mr. Dichter said at a news conference in Tel Aviv. "If Israel will be obliged to in the framework of this agreement, within the calm that will be imposed on the ground by the Palestinian Authority, to release Palestinian prisoners as a gesture to this calm, Israel knows how to do that. In fact, Israel has done it before in the past."

Prime Minister Ehud Olmert has consistently ruled out a prisoner trade for Corporal Shalit, and Israel is eager to deter future kidnappings by showing that it will not bargain with the militants.

In the Atatrah neighborhood of Beit Lahiya in northern Gaza on Friday morning, an electric transformer and a house with its windows blown in were still smoking from an airstrike early in the morning that killed two militants.

A little later, Israeli troops raided the area and arrested two sons from the Attar family. In a nearby building, an Israeli sniper could be seen peering through a hole made in an exterior wall. Overhead was the steady buzzing of an Israeli drone, equipped with missiles.

Close by, a heavy machine gun chuttered, followed by the lighter, coughing sounds of a Kalashnikov. A neighbor, taking cover behind a wall of the house, said Ibrahim al-Attar, an elderly man in a white robe, had often driven militants away from the area, telling them not to shoot Qassam rockets from here. "Now I don't know," the neighbor said.

Another Palestinian died near here from tank fire, and another from a bullet wound. In the West Bank, a Palestinian militant was shot dead in clashes with Israeli forces in Nablus. On Thursday two Palestinians, both 16, died from Israeli fire during a contested arrest raid in Jenin.

The death toll is difficult to pin down, with news agencies' tallies differing. Dr. Jumaa al-Saqqa, a surgeon and spokesman for Al Shifa Hospital, Gaza's largest, said 26 Palestinians died in Gaza on Thursday and more than 80 were wounded. Two of the dead were children, Dr. Saqqa said. He estimated that 20 percent of the wounded were young men under the age of 17.

One Israeli soldier, Sgt. Yehuda Basel, 21, died Thursday from a head wound and was buried Friday. Israeli Army officials said Friday that they were investigating whether he had been killed by Israeli fire rather than a Palestinian sniper.

The Shifa hospital, which is running on a generator 18 hours a day, now has a three-week supply of emergency room and surgical drugs, Dr. Saqqa said. But he added: "Depending what happens, of course. It could be used up in a week."

In Jabaliya refugee camp, near Beit Lahiya, mourners gathered for the funeral of Shadi al-Sakani, 24, a swimming coach and member of the military wing of Hamas since the age of 18. He died in Atatrah on Thursday from the impact of an Israeli missile fired from a helicopter.

"He said, 'I'm leaving to fight, and I may not come back,' " said his uncle, Zaki al-Sakani, 55, speaking at a makeshift condolence tent near the mosque.

Shadi al-Sakani was married to Widad, who is pregnant with their third child. Mara, 3, is their daughter; Abdul Rahman, 2, their son. His older brother also fought for Hamas, but was wounded in the head a few years ago.

Zaki al-Sakani, the uncle, said he was old enough to remember all of the wars with Israel from the Suez campaign of 1956 on. He said he had rejoiced when Israel withdrew its settlers and troops from Gaza a year ago. "We thought they'd left, but now

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we believe they never left," he said. "Now I feel the death machine is back, and many people are dying in this effort at resistance."

There is a sudden, pressured unity of Palestinian factions, whose militants have been fighting one another for months in Gaza since Hamas took over the Palestinian Authority after winning at the polls. Even the Palestinian president, Mahmoud Abbas of Fatah, and prime minister, Ismail Haniya of Hamas, have been thrown together in their inability to resolve the case of Corporal Shalit, which seems to be in the hands of Hamas leaders in exile. But few here expect this unity to last much beyond this current crisis.

In a statement, Mr. Abbas said the Israeli incursion had unleashed "new crimes against humanity." Mr. Abbas, who has vainly urged militants to stop firing rockets at Israel or committing suicide bombings there, asked the international community and the United Nations Security Council to put pressure on Israel to end "this destructive policy immediately."

In a news conference on Friday night in Gaza, Mr. Abbas accused Israel "not only of trying to collapse the Hamas government but bring down the Palestinian Authority wholesale" by destroying schools, a power plant, bridges, roads and government buildings.

But at the same time, Mr. Abbas said he still hoped that Egyptian-led negotiations would lead to a package deal involving the release of Corporal Shalit and an Israeli withdrawal and release of some Palestinian prisoners, including women, youngsters and the sick. He called the Palestinians "prisoners of war" and said that "they are human beings with families, just like the Israeli prisoner is a human being."

Mr. Abbas also termed "invalid" an order by the Palestinian interior minister, Said Sayyam of Hamas, calling on all Palestinian security forces to fight the Israelis in Gaza.

Israel has taken over a wedge of northern Gaza to try to prevent the launching of Qassam missiles into its cities, and it has set up positions in southern Gaza to try to press for Corporal Shalit's release or rescue.

In a statement issued Friday, Hamas said that the corporal was being "well treated in a humane manner" but that the Israeli military operation "is complicating" any solution to the crisis.

Despite the Gaza operation, 14 Qassams were launched on Friday and 13 fell in Israeli territory, the Israeli Army said. Three landed in the center of Sderot, including one in a schoolyard; three people were lightly wounded from shrapnel when a Qassam landed on a factory. Other Qassams landed in open ground.

Slow, Painful Change (NSWK)

By Eleanor Clift

Newsweek, July 8, 2006

July 7, 2006 - We arrived at the prime minister's office an hour after the Hamas groups holding a captured Israeli soldier issued an ultimatum demanding the release of Arab prisoners in exchange for his freedom. In meetings with Israeli officials, we tried to decipher whether the ongoing crisis is the first phase of the next war, or just another roadblock on the ever elusive path to peace.

Brinkmanship is a way of life in the Middle East. Israel ignored the deadline and the standoff continued through the week as Hamas fired more rockets into Israeli towns and Israeli troops pushed deeper into Gaza—territory they only recently withdrew from, and that is now under the control of the new Hamas government. The military action would soon claim the lives of one Israeli soldier and some 23 Palestinians.

When I told friends I was visiting Israel, they expressed concern for my safety. One friend sent me a St. Christopher's medal. "It's a Catholic thing," she said. Yet for all the tension over what Hamas might be planning or what the Israeli military might do next, the fullness of life overwhelms any sense of danger once you're in Israel. I never felt as a visitor that safety was an issue and I was surprised to learn from a disappointed government official that Kim Cattrall, the saucy actress from "Sex and the City," had cancelled her trip to Israel because of the dicey news out of Gaza. The shops and cafes are full of people, as are the beaches of Tel Aviv.

Political leaders talk about "realignment," a word that tested better in focus groups for American consumption than disengagement or consolidation. But the rise of Hamas in Gaza and the continuous rocket shelling has made the return of the occupied West Bank problematic, at least for now. As one Israeli journalist told us, this conflict is not about lines on a map; it's about intimacy. "Everyone is in everyone's face here," said one official. The analogies made for Americans are these: Israel is the size of New Jersey, Gaza is the size of Delaware, and the West Bank is a third of Rhode Island. This is about legitimacy and safety, and until both sides achieve some modicum of well being, or deterrence, there will be no peace. "The name of the game is perseverance," a Palestinian journalist told us. "What's the rush?"

The last time I visited Israel was as a member of the press corps following President Jimmy Carter as he negotiated the peace treaty between Israel and Egypt, which endures today. It was a time of great hope, most of which has gone unrealized. I

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was anxious to see for myself the changes in Israeli society so I welcomed an invitation from the American Israeli Education Foundation (AIEF) to accompany a group of journalists to Israel for a week of high-level briefings on everything from the security situation to the absorption of Ethiopian Jews from Africa. Israel is a wonderfully open and argumentative society. People speak freely in and out of government. Granted, we got a one-sided view in terms of the Palestinian situation, but one side in Israel has as many angles as an octagon.

I came away with some of my assumptions challenged, chief among them my ideas about the fence (or the wall or the security barrier, depending on your perspective). I expected to be horrified. I grew up loathing the Berlin Wall and all it stood for, and I'm no fan of the rapidly expanding fence along the U.S.-Mexican border. The Palestinians regard the Israeli fence as a form of apartheid. "It's turning us into big prisons," says PLO negotiator Dr. Saeb Erakat, who we met for coffee.

Maybe I've been desensitized to security because it's omnipresent. Washington has ugly barriers everywhere around official buildings. The Israeli barrier is a sensory fence with barbed wire on either side. If you cut through it, an alarm goes off in an Israeli control room. In populated areas, it's a wall that looks like the sound barriers on the Beltway around Washington. It's an eyesore in Jerusalem. But it works. Since it was built along the Gaza strip, no suicide bomber has gotten through.

The portion of the fence under construction along the West Bank will be complete in March 2007. Erakat says the fence "zigzags like a snake" to benefit Israel, and, to his point, the Israeli Supreme Court has ordered that parts of the fence already built be dismantled and re-routed to accommodate claims of hardship brought on behalf of the Palestinians.

We met late in the week with former Prime Minister Shimon Peres, who broke with the Labor Party to join Kadima, the new centrist party holding the governing coalition in the Knesset. At 82, Peres is the last of the generation who was there at Israel's creation. He's been to the brink and back many times. Asked if he expects to see a comprehensive peace settlement in his lifetime, he responds with a smile, "First of all, I'm not in a hurry to pass away."

But Peres does point to glimmers of progress. There are Arab voices speaking up for the first time against the taking of the Israeli soldier. "That's a change," he says. And change in the Middle East is made slowly and painfully if it's made at all.

Tensions Grow Over Mexico Vote As Opposition Plans Rally Saturday (NYT)

By James C. McKinley Jr. And Ginger Thompson

The New York Times, July 8, 2006

MEXICO CITY, July 7 — Mexico hung in limbo on Friday, as tensions rose between those seeking a recount in the presidential race and those seeking to accept Felipe Calderón as the winner and move on.

After a tally showed that the two top candidates were separated by 243,000 votes, the election has exposed deep divides in society, along class and regional lines. The voting has put the strength of the young democracy to its toughest test.

A day after election officials said Mr. Calderón, an advocate of free trade, had won the narrowest of victories, the country seemed more on edge than on a high.

Supporters of Mr. Calderón's leftist rival, Andrés Manuel López Obrador, girded for fights in court and on the streets, beginning with a rally scheduled for Saturday. Mr. Calderón's supporters and allies called on Mr. López Obrador to concede defeat for the good of the country.

The uncertainty caused consternation among citizens of all political persuasions.

"This man López Obrador makes people afraid, and his worst fault is that he lies to people and can stir up violence," said Sandra Sánchez, 38, a designer who voted for Mr. Calderón. "He should recognize his defeat already, because if he says he defends the people, he should know the people don't want to fight."

Consuelo Castillo Guerrero, 63, an impeccably dressed retired saleswoman, plans to march in support of Mr. López Obrador. "We want absolute transparency, because we're not convinced," Ms. Castillo said. "I think that if things were as clean as they say, then what's the inconvenience of recounting?"

The White House was quick to support Mr. Calderón. President Bush called to congratulate him in the early afternoon for receiving the largest number of votes, even though he had not officially been declared president-elect. Mexican law requires the electoral court to ratify the results.

"The president also noted the solid foundation of the U.S.-Mexican relationship and his confidence in Mexican democratic institutions," said Frederick Jones, a spokesman for the National Security Council.

Election observers, who visited a third of the country's 300 electoral districts during voting last Sunday, "did not report incidents or irregularities that could cloud the transparency of the counting process or affect the results," said Ignacio Salafranca, head of the European Union team.

Mr. Calderón took the role of president-elect on Friday in a meeting with foreign correspondents. He discussed plans to improve relations with the rest of Latin America, to strengthen the commitment to human rights and to making the country a magnet for investment to help generate jobs and keep Mexicans from migrating to the United States.

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When asked about the polarization that threatens to undermine confidence in his government, Mr. Calderón, 43, said he would work to rebuild relations among his rivals in Mr. López Obrador's Democratic Revolutionary Party. Mr. Calderón also made clear that he was prepared to use his National Action Party's new plurality in Congress to sway support from other parties and govern without Mr. López Obrador's party if it tries to block him.

Mr. Calderón said he was not worried about a legal challenge to the election because most evidence indicated that he had won the most transparent presidential election in Mexican history. He said the irregularities found in the first count were minor. And he made clear that he would not support a new count.

"This is a plural country," he said. "And everyone's first responsibility, especially mine, is reconciliation." Mr. Calderón said he received a congratulatory call on Sunday from President Vicente Fox, who has withheld public comment on the election. Congratulations came from governments that included Canada and Spain, as well as the United States.

The Mexican stock market seesawed all week as the news changed. By the end of the week, it had gained 3.6 percent. Wall Street analysts agreed that Mr. Calderón's victory seemed unassailable, but warned investors to settle in for a long wait until the election was confirmed.

The United States ambassador here, Antonio O. Garza, wrote that although the electoral process was not complete, "I believe the actions of Mexico's current administration and the political parties, and the transparency of the I.F.E., have not only strengthened civic pride, but assured Mexico of its place in the world as a prime example of the world's strong and vital democracies."

The I.F.E., or Federal Electoral Institute, runs the elections.

Mr. López Obrador, who has made a career of challenging elections, prepared to try to prove that the electoral system remained flawed. His case before the Federal Electoral Tribunal could delay declaring a new president until September.

Advisers to Mr. López Obrador, a former mayor of Mexico City, said he would challenge the results in one-third of the 130,000 polling places, focusing on sites with many null votes or where his party did not have representatives to oversee the count.

The advisers acknowledged that the errors found in each ballot box opened in the final count were small, but argued that together they could add up to enough votes to change the result.

"If they recount the votes and Calderón wins by one vote, then it ends," said Mayor-Elect Marcelo Ebrard of Mexico City, a close adviser to Mr. López Obrador. "If they don't count the votes, there will always be a doubt."

If the court does not order a recount, Mr. López Obrador left little doubt at a news conference on Thursday that he was considering mass marches as a next step. "It's our right," he said.

Rumbling beneath the confidence in one camp and outrage in the other was a debate on whether the most competitive elections in Mexican history had been good or bad. For some people, the cascade of results raised ghosts from a not-too-distant past when the state manipulated elections. Other people feared that if Mexico continued to bow to the old ghosts, it would never break free of them.

About the only thing that seemed clear was that Mexico has been polarized. Speaking randomly to average Calderón supporters and then to people who support Mr. López Obrador was like playing hopscotch across the gaping economic divide.

Manuel Arango, a wealthy real estate developer who is active in philanthropies, echoed the feelings of many supporters of Mr. Calderón when he said, "I hope that everything plays out within the institutions and not on the street."

Juan Huerta, 55, who works at a newsstand near a luxury department store, said he thought that the election was riddled with fraud. Mr. Huerta said he tried to cast a ballot for Mr. López Obrador, but was told that rain had soaked all the ballots. "This is a fraud against the people," he said.

"The PAN is playing with the country's social peace" he added about the governing party. "If there's violence, then so be it. People are fed up. That's why they had the revolution."

Leftist To Seek Recount In Mexican Election (LAT)

By Héctor Tobar And Richard Boudreaux

The Los Angeles Times, July 8, 2006

Lopez Obrador's aides also allege interference by Fox. That could lead to a demand for a revote.

MEXICO CITY — Top aides to leftist candidate Andres Manuel Lopez Obrador called Friday for a recount of nearly half the votes cast in Sunday's presidential election and edged close to demanding that the entire vote be nullified.

The statements by the Lopez Obrador camp revealed a two-part strategy to deny a victory to conservative Felipe Calderon, who on Thursday was proclaimed the winner by a margin of little more than half a percentage point.

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By insisting on a recount of about 18 million of the 41 million votes cast, aides said, Lopez Obrador hopes to overcome Calderon's official 244,000-vote margin. The leftist has been insisting since Monday that there were widespread irregularities in the tally.

Simultaneously, Lopez Obrador's aides allege that President Vicente Fox improperly influenced the vote — an accusation that could provide grounds for asking Mexico's electoral tribunal to nullify the election and order a new one.

Calderon is with Fox's National Action Party, and Lopez Obrador's allies have been arguing that the president's many TV and radio commercials touting his administration's successes were a thinly veiled attempt to aid his party's candidate. Mexican law does not allow the incumbent to intervene in the election of a successor.

Fox "violated the principles of equity, impartiality and objectivity," said Ricardo Monreal, a top official with the Lopez Obrador campaign.

Calderon, for his part, said he would prevail in any legal battle. If his victory stands, he will take office Dec. 1.

In a news conference with foreign correspondents, Calderon said he had won a "clear victory" supported by "the will of millions of Mexicans." He pointed out that many ballot boxes were reopened and recounted Wednesday during the preparation of the final vote tally. Those recounts, he said, found only "minor variations" from the election night tally.

"There is no valid legal argument that will lead to" an annulment of the election, Calderon said.

Mexico's electoral tribunal has overturned the results of several gubernatorial and mayoral elections in recent years, ordering new votes. In those cases, the losing candidates made charges similar to those against Fox: that leaders used their influence over local media and control of government coffers to violate the principle of "equity" in the competition among the candidates.

But legal experts said it was unclear whether the tribunal had the legal authority to void a presidential election.

Beyond the legal issue, it was uncertain whether the panel, made up of highly respected jurists elected by Congress to 10-year terms, would be willing to risk the political and social conflict sure to follow the nullification of a presidential election.

"Whether they would dare to do this at the presidential level is a different question" than nullifying a state vote, said John M. Ackerman, a professor at the National Autonomous University of Mexico. "But if Lopez Obrador decides to make such a case, they would have to take it seriously, because they have their own jurisprudence that requires them to do so."

Lorenzo Cordova, a specialist in electoral law and former member of Mexico's Federal Electoral Institute, said the judges "would have to find very grave circumstances" before they could annul the election. "It's an action of last resort," Cordova said.

Monreal, with Lopez Obrador's campaign, said asking for the ballot boxes from 50,000 precincts to be reopened would be the Democratic Revolution Party's chief request before the tribunal.

But, he said, the PRD lawyers would also target Fox, whose commercials inundated the airwaves here for months until a court barred them in April.

President Fox "is the person primarily responsible for creating this election of state," Monreal said, using a phrase synonymous here with election tampering. He stopped short, however, of explicitly saying that Lopez Obrador would ask to have the election nullified.

On Friday, PRD lawyers and activists across Mexico prepared to submit to the electoral tribunal paperwork challenging the count. The deadline to file is Sunday.

PRD officials say they have ample evidence of irregularities. In many instances, they said, vote totals at precincts in Calderon strongholds, such as the central state of Guanajuato, exceeded the number of ballots delivered to those precincts.

The election was monitored by hundreds of international observers, many of whom lauded the apparent orderliness of Sunday's vote. Some, however, did note irregularities during the official count of polling station reports that began Wednesday.

Ted Lewis of the San Francisco-based nonprofit Global Exchange was among the hundreds of observers.

"A lot of people are prepared to say there's election fraud," Lewis said. "I'm not at all prepared to say that. I don't think that's really the case. But the perception of election fraud is there. I wish I could say it was all clean, but I'm not in that position."

The tribunal has until September to validate the results of the election. Until it does, Calderon's victory has no legal standing.

Even so, Calderon received congratulations from several world leaders. White House officials said President Bush on Friday called both Calderon and Fox to congratulate them on the election result. Bush told Calderon that he looked forward to working with him.

In his news conference, Calderon signaled no changes in Mexico's relations with its northern neighbor, which have been close but occasionally contentious under Fox.

Calderon told reporters that he would not seek to revise the 12-year-old North American Free Trade Agreement.

"I don't see broad probabilities that Mexico would be the winner in a renegotiation," he said.

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During the campaign, Lopez Obrador made a major issue of the trade pact, promising to negotiate a delay in the removal of the remaining tariffs protecting Mexican farmers against cheaper U.S. imports of corn and beans. Fox had sought such a postponement but was rebuffed. The tariffs are set to expire in 2008.

Calderon said that instead of renegotiating, he would provide aid programs for millions of small farmers unable to compete with the U.S. imports. To help corn and sugar cane farmers, he proposed expanding Mexico's modest effort to produce ethanol fuel from those crops.

He also said he would continue to lobby, as Fox had done in 14 meetings with Bush, for legalization of the millions of undocumented Mexican workers in the United States and for an expanded guest-worker program for others seeking jobs there.

But Calderon put equal emphasis on his campaign pledge to make Mexico a more attractive target for job-creating investment. He proposed that the United States and Canada expand a modest fund that finances infrastructure and helps launch productive enterprise in the poor regions from which Mexicans traditionally migrate north.

Mentioning two such states, he said: "A kilometer of highway in Zacatecas or Michoacan can do more than 10 kilometers of [border] walls in Texas or Arizona to reduce migration.

"This should be understood on both sides of the border."

Cecilia Sánchez of The Times' Mexico City Bureau contributed to this report.

Lopez Obrador May Lack Support For Vote Protest (WSJ)

By David Luhnow, John Lyons And Jose De Cordoba

The Wall Street Journal, July 8, 2006

MEXICO CITY -- Even as Mexico's combative leftist Andrés Manuel López Obrador gears up for a campaign to reverse his narrow defeat in Sunday's election, his support among many may already be flagging, including his allies on the left.

Three other political parties that took part in the election, including the country's former ruling party, the Institutional Revolutionary Party, said Friday that the vote was clean. Two of the parties extended their congratulations to winning conservative-party candidate Felipe Calderón.

Mr. López Obrador, who lost the election by just 244,000 votes, has called for rallies across the country Saturday to protest the outcome, raising fears of instability in the U.S.'s southern neighbor and trade partner. But even some senior members of his own party declined to RSVP. Zeferino Torreblanca, for instance, a popular state governor in Mr. López Obrador's Democratic Revolution Party, said he won't attend the rally.

"I am not in any way an opportunist, a vote-herder, or any kind of professional of gutter politics," said Mr. Torreblanca, explaining why he wouldn't attend the march.

The cracks in support for the former Mexico City mayor make the outcome of today's protest of critical importance. Mr. López Obrador must hope the turnout is both massive and peaceful, or risk frightening middle-class Mexicans. He must also build a convincing case for his calls to do a ballot-by-ballot recount of the 41 million votes cast -- a procedure that could extend the fight over the presidency for months.

"Andrés Manuel may be making the worst mistake of his political life by not admitting his defeat without delay and honestly," Carlos Marin, a columnist for Mexico City's Milenio newspaper, wrote in an editorial Friday. Milenio has been sympathetic to the leftist standard bearer. Mr. Marin predicted Mr. López Obrador's protests would become smaller in number as the days pass and would weaken his standing.

Despite the cracks, Mr. López Obrador's political skills and ability to mobilize protests are legendary. He won 14 million votes, and has millions of followers that retain an almost cultlike devotion. He also has union muscle that can help create a big turnout. Already, the head of the telephone worker's union has vowed to put his union behind the recount effort.

Mr. López Obrador's Party of the Democratic Revolution, or PRD, plans to pursue a variety of legal challenges at electoral tribunal, a group of seven judges that ratify all elections. PRD officials say they plan to allege fraud at tens of thousands of polling stations, as well as charge that the election process was tainted by government meddling and negative campaigning.

Yet growing numbers of those sympathetic to the leftist PRD wonder if the party has much evidence to back up its claims. PRD activists helped count the vote on Sunday night, and Mr. López Obrador praised the process that day.

José Woldenberg, a leftist intellectual who helped found the PRD in 1989 and headed the election agency for seven years, praised the vote as "authentic, clean, and transparent." In an interview, Mr. Woldenberg said the PRD had yet to present valid claims of fraud. "We need to wait to see the evidence they present to the tribunal, but from what they have said so far, I don't think they have a case," he said. His opinion will carry weight on Mexico's left because he is long known as a champion of Mexican democracy, who helped design the current election process.

Mexico's vote count is a labor-intensive process that may be subject to human error, but is widely seen as among the most transparent in the world.

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On election day, voters cast a hand-marked ballot at one of 130,500 polling stations around the country. The polling stations are manned by ordinary citizens who volunteer to oversee the ballot count as well as representatives from the major political parties. In all, nearly a million Mexicans take part in the process.

Once polls close, the poll stations workers and members of the parties count the ballots together, agreeing on a final tally for each party before putting them back into a sealed box and then posting the total figures outside the station for the public to see. Each party representative signs a copy of the tally and keeps it, copies that parties can refer to later.

The sealed boxes and a copy of the tally are then taken under armed guard to the district headquarters of the national election agency, where the tally is put into a computer and automatically appears on the Internet -- again, for the public to see. "I can't imagine a more transparent process," says Mr. Woldenberg. "The public can see what happens at every step."

Even if the tribunal agrees to a recount, the PRD is unlikely to overturn the result, say analysts. Assuming only a third of the annulled votes were indeed incorrectly marked, the PRD would have to get more than four out of every five ballots to overcome the PAN's 236,000 vote lead in the official tally. Given the PRD only got about 35% of the overall vote, that seems highly unlikely.

Mexico's election tribunal was created in 1996, after a string of state elections led to accusations of fraud and ended up being resolved in political backroom deals known as "concertacesiones" rather than the court.

How To Be A Good Neighbor (NYT)

By Greg Grandin

The New York Times, July 8, 2006

THE Aztecs used to believe that history is not linear but circular, with great events repeating themselves on a regular basis. That certainly seems to be the case with Mexico, which has a revolution once every hundred years.

In 1810, peasants thrown off their land by plantation owners led a violent five-year rebellion that paved the way for Mexico's independence from Spain. In 1910, an instance of electoral fraud ignited an agrarian revolution, which in turn kicked off a decade-long civil war in which millions of Mexicans died.

Nearly a century later, Mexico's current electoral crisis likewise is propelled by rural unrest — this time largely brought about by the anger of agricultural workers displaced by the North American Free Trade Agreement. Andrés Manuel López Obrador, the center-left presidential candidate who is contesting the declared victory of Felipe Calderón in last Sunday's election, draws much of his support from this increasingly restive population of rural poor.

Before Nafta, Mexico was self-sufficient in corn and bean production. Today, one out of three Mexican tortillas is made with cheap corn meal from the United States. In 1993, more than 10 million Mexicans made their living off the land. Today, even as Mexico's population has grown, that number has plummeted to about seven million.

Mexican farmers simply can't compete with capital-intensive United States agribusiness, which continues to enjoy generous government subsidies. Moreover, Mexican commodity importers receive low-interest loans to buy crops from the United States. Every year, nearly three million tons of harvested Mexican corn is left to rot because it is too expensive to sell.

Mexicans have reason to worry that this is not all the trouble Nafta has in store. In 2008, the agreement's final provision is set to go into effect, eliminating the last tariffs on United States corn and beans and ending the subsidies Mexico gives to its peasant farmers — all the while leaving untouched the far larger subsidies Washington doles out to its own agricultural sector. During his campaign, Mr. López Obrador pledged to renegotiate this provision, but J. B. Penn, the United States undersecretary of agriculture, last month pre-emptively responded by saying that "we have no interest in renegotiating any parts of the agreement."

For the last decade and a half, Washington and its allies in Mexican politics, including Mr. Calderón, have promoted a free-trade economic model that has failed to deliver the prosperity its advocates promised. Although the Mexican economy grew by 3 percent last year, the country's poverty and inequality indicators remain typical to bad by Latin American standards, with the richest 10 percent of citizens controlling 43 percent of the country's wealth, while some 40 percent of Mexicans live below the poverty line.

These problems, combined with Mexican anger over the immigration debate in the United States, run the risk of souring relations between our two countries for the foreseeable future.

But there is a way the Bush administration can help to set things on a different course. Although election officials say Mr. Calderón won the presidential vote, the United States should not rush to embrace him as the election's victor. The official tally gives Mr. Calderón a razor-thin lead, and there are credible reports of significant irregularities that could, at best, weaken the legitimacy of a Calderón presidency, and at worst, lead to escalating protests. The disputed votes include the 904,000 annulled ballots that come primarily from regions that went heavily for Mr. López Obrador, as well as discrepancies between the numbers handed in by polling stations and the actual ballots cast.

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The best thing the United States can do now is to support the push for a recount and to refrain from calling on Mr. López Obrador to concede. Then, no matter who finally wins the election, the White House should renegotiate Nafta, allowing Mexico to set its own policy in support of its rural economy. If the Bush administration does otherwise, it might help begin yet another season of Mexican upheaval — just as the Aztecs might have predicted.

A Victor In Mexico (WP)

The Washington Post, July 8, 2006

BY SCARCELY 240,000 votes out of 41 million ballots cast in Mexico's presidential election last Sunday, Felipe Calderon, a conservative, U.S.-trained technocrat, edged out Andros Manuel Lopez Obrador, a fiery populist and former mayor of Mexico City. Given Mr. Lopez Obrador's extravagant (and fanciful) promises to reshape Mexican society, the ascent of leftist politicians in parts of South America, and the traditional appeal of charismatic champions of the poor in Latin America, one might have handicapped Mr. Lopez Obrador as the easy victor. That Mr. Calderon was declared the winner, albeit by a hair, suggests that many Mexicans are at least open to the idea that free trade, open markets and sound fiscal management will eventually pay dividends -- even if the benefits of such policies to date have been spread unevenly.

Mexico now enters a perilous political moment. Mr. Lopez Obrador, who as mayor was never shy about summoning his partisans to the streets, has called a mass demonstration today in Mexico City to protest what he calls the fraudulent election results. He has refused to concede defeat, suggesting that the results were cooked by entrenched insiders and institutions hostile to his candidacy -- and to his underprivileged constituents. And while his aides have issued assurances that he intends to act responsibly, his own unproven allegations of "manipulation" in the vote's tallying are worrying. While the results in some of the country's 130,000 ballot boxes seem to have been miscalculated -- as is the case in almost any election -- there is no sign so far of systematic attempts to falsify the outcome.

Mr. Lopez Obrador is entitled to appeal the election results to the Federal Judicial Electoral Tribunal, an independent panel empowered to adjudicate such disputes that has ordered some state elections done over in recent years. He ought not use the power of his oratory, or the adulation of his followers, to nudge the country toward class warfare while he pursues a legal challenge that could last up to two months. To do so would hurt Mexico's international reputation and its allure to investors; it also could darken the 52-year-old Mr. Lopez Obrador's political future.

Mr. Calderon should tread carefully, too. Although his party improved its position somewhat in Mexico's fractured parliament, he would assume the presidency -- assuming he survives his rival's appeal for a recount -- on the strength of scarcely one-third of the votes cast (a third candidate won 22.27 percent of the vote). What's more, he apparently won few votes from Mexico's legions of desperately poor people. If Mr. Calderon is to succeed as the leader of Mexico and its 106 million people, he will need to convince the have-nots -- not just the haves who already believe it -- that they stand to gain from his policies.

Brazil, Venezuela Jockeying For Leadership Of South America (KRT)

By Jack Chang

Knight Ridder, July 8, 2006

RIO DE JANEIRO, Brazil - When the television cameras are on, Brazilian and Venezuelan leaders talk cooperation and Latin American unity, yet tensions are growing between the two countries over who will lead South America.

Leftist Venezuelan President Hugo Chavez, a harsh critic of the United States, has attempted to unite Latin America under his leadership. In the process, he has angered Brazilian officials with what they see as confrontational tactics.

The tensions began in May when Bolivian President Evo Morales nationalized natural gas fields in Bolivia. Most of those fields were run by Brazil's state energy company, Petrobras.

Chavez, a close Morales ally, had encouraged the nationalization prior to Morales' May 1 announcement, a stance that drew howls of protest in Brazil. The country's biggest news magazine, Veja, cried, "Brazil took a kick in the butt given by Hugo Chavez and his Bolivian puppet, Evo Morales."

Brazilian President Luiz Inacio Lula da Silva criticized Chavez for backing the nationalization. Venezuela's state energy company, PDVSA, later said it would invest hundreds of millions of dollars in Bolivian gas production while Petrobras was on its way out.

The hostility deepened this week when Venezuela formally joined the South American trade bloc Mercosur, which includes Argentina, Brazil, Paraguay and Uruguay. Brazil, the continent's biggest country, has long dominated Mercosur, and Brazilian officials worry that Chavez will use the bloc to expand his power at Brazil's expense.

Chavez did little to dispel those concerns, announcing during Tuesday's induction ceremony that he saw Mercosur as another tool in his fight against U.S. influence.

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Seizing the moment, Paraguayan leaders asked for Chavez's help in settling a long-running dispute over $19 billion in debt that the country owes Brazil. Chavez came to Paraguay's rescue, agreeing to buy a $100 million chunk of that debt.

Flush with oil revenue, Chavez has spent an estimated $25 billion on such projects during his seven years in office, selling cheap oil to his neighbors, buying foreign bonds and funding social programs around the region. Venezuela is the world's fifth-largest oil exporter.

"From the outset, even before Venezuela had done anything, Chavez was already speaking for Mercosur," said Mario Marconini, Brazil's secretary of trade under former President Fernando Hernrique Cardoso. "There's no doubt that this means less Brazilian prevalence in the bloc."

Faced with a rising Venezuela, some Brazilian diplomats are questioning Chavez's value as an ally and are calling for a tougher approach, said Riordan Roett, director of Western Hemisphere studies at John Hopkins University, who said he has discussed the issue with them. Brazilian diplomats won't discuss the topic on the record.

Roett described a battle between two factions, one that wants Brazil to take a tougher stance against Chavez and Morales, and those who want "to let sleeping dogs lie."

Lula has so far chosen a more conciliatory response.

"There's a rethink about Venezuela in the foreign ministry," Roett said. "There are those who feel Chavez acted irresponsibly in the Bolivian nationalizations."

Chavez also has popped up as a campaign issue during Brazil's presidential race, as he has in recent elections in Mexico and Peru, where candidates won votes by accusing their opponents of being tied to the Venezuelan president.

Lula's main challenger, the conservative former governor of Sao Paulo state, Geraldo Alckmin, criticized the president this week for being too soft on Chavez and predicted that the Venezuelan will violate Mercosur's charter by politicizing the trade bloc.

Despite the growing rift, Chavez and Lula remain political allies, at least publicly, and have met frequently this year to discuss energy cooperation and other matters.

Brazil and Venezuela's state energy companies are building an oil refinery in northern Brazil and have agreed to construct what would be the world's longest gas pipeline, which will deliver Venezuelan gas throughout the continent.

Defying U.S. wishes, Brazil is also supporting Venezuela's bid for a two-year seat on the U.N. Security Council.

How long such ties can last, however, is uncertain, especially if Chavez's ambitions continue growing at Brazil's expense, said Christopher Garman, Latin America director for the Eurasia Group, a U.S. consultancy.

"The ties between Brazil and Venezuela are historical and not to be thrown away easily, but there are these additional tensions," Garman said. "At root, we're seeing a divergence between these countries, and the region drifting more apart rather than coming together."

Cuban Envoys Facing New Curbs (MH)

By Pablo Bachelet

The Miami Herald, July 8, 2006

WASHINGTON - Cuban diplomats here send some of their children to a school set up by their mission. Their spouses tend to work at the mission. And often, four or five diplomats' families live in the same apartment blocks in the wealthy suburb of Montgomery County.

Working and living in the capital of their communist government's longtime foe, Cuban diplomats generally seem to lead quiet and private lives -- fueled by the perception that the U.S. government is watching their every move.

They are most visible in Congress, where they assiduously lobby for proposals to relax U.S. sanctions on Cuba. But that could grow harder in coming weeks. The Bush administration is said to be considering retaliation for what it claims are harassments that U.S. diplomats face in Havana, including the poisoning of family pets and the dumping of feces in U.S. diplomats' homes.

A U.S. government official, who asked for anonymity because of the delicate nature of the issue, said reprisals against the Cuban mission in Washington were "always under consideration." He declined to elaborate.

Rep. Lincoln Díaz-Balart, R-Miami, is pushing a measure that would force diplomats from countries designated as state sponsors of terrorism -- including Cuba -- to register all their lobbying contacts in Congress, presumably making congressional offices more reluctant to talk to the Cubans.

The two countries' missions in Havana and Washington are known as Interests Sections instead of embassies because the governments have had no formal diplomatic relations since the 1960s. Officially extensions of the Swiss embassies in those capitals, they nevertheless operate from the same buildings that once served as their embassies.

Cuba has 25 diplomats accredited in Washington, led by Dagoberto Rodríguez. Eighty others work at Cuba's U.N. mission in New York City, according to the State Department.

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TRAVEL LIMITED

For many years, the department has required Cuban diplomats to obtain permission to travel outside the Washington beltway, just as U.S. diplomats are limited to Havana and its immediate surroundings. U.S. diplomats in Cuba also are denied official contacts with authorities there, State Department officials said.

In 2003, then-Assistant Secretary of State Otto Reich, a Cuban American, tightened that further, limiting travel outside the designated areas to personal and consular reasons. Permission for such travel must be requested 72 hours in advance. Cuban diplomats need only notify the State Department that they will enter or leave this country, but can do so only through Miami, Washington and New York.

The State Department has allowed so few trips to U.S. territory outside the beltway that the Cubans rarely bother to ask anymore, said Wayne Smith, a former head of the U.S. Interests Section in Havana who has frequent contact with Cuban diplomats.

"I have a sense they've more or less given up on it," he said.

The Cuban Interests Section did not respond to Miami Herald requests for interviews. Most of the people who described the Cubans' lives here, such as their schools and apartments, asked for anonymity to avoid affecting their friendships.

U.S. officials say that for Havana's diplomats, a posting in Washington is no cushy affair, especially since their budgets shrank after the Cuban economy plunged into crisis following the end of Soviet subsidies in the early 1990s.

"They are dedicated revolutionaries," one former U.S. official said, declining to be identified because the issue of Cuba often involves classified matters.

COMPLAINTS RARE

Members of the diplomatic and nongovernment communities in contact with Cuban diplomats say they rarely complain openly about the U.S. restrictions on them.

But when their e-mail system crashed several months ago, they blamed it on U.S. harassment, according to people in frequent contact with members of the mission. The Cuban diplomats resorted to using Yahoo! accounts.

The Bush administration denies it is messing up their Internet connections. "If they have a problem, they do need to call their Internet service provider," said one Bush administration official.

Under President Bush, the Cuban diplomats appear to have hunkered down more than usual and even cut back on their social engagements.

During the Clinton administration, one journalist who covered Cuban issues recalled, the Interests Section attempted to reach out to Cuban Americans by organizing events like Cuban movie nights.

But the mission hasn't cut back completely on its social engagements. It had a well-attended send-off party for press attaché Lázaro Herrera earlier this year. And a year ago, it held a gala dinner highlighting Cuban culture, music and food. The event was organized by Professionals in the City, a group that sets up events so young professionals can meet each other. A group of Cuban-American activists tried to distribute anti-Castro literature at the dinner and was forcibly evicted by members of the mission.

U.S. officials insist that the Cubans have it easy next to their U.S. counterparts in Havana. While Cubans can freely roam the halls of Congress, officials in Washington say, U.S. diplomats in Havana are systematically denied any permission to meet with government members, journalists or municipal officials. They must import many items such as cars, and often face long delays in customs.

Cubans can buy whatever they need in Washington, within the confines of the beltway. The exception is big-ticket purchases like cars; they usually involve banks that prefer to clear transfers with the State Department.

China May Force Foreign Firms To Allow Unions (WSJ)

By Mei Fong

The Wall Street Journal, July 8, 2006

BEIJING -- China may force foreign companies to allow trade unions under a proposed legal amendment apparently aimed at union-free companies such as Wal-Mart Stores Inc.

The move is likely to escalate tensions between the world's largest retailer and China, a crucial manufacturing source of its merchandise. Wang Zhaoguo, China's top trade-union official and lawmaker, said he was proposing amendments to China's trade-union laws that would make it compulsory for foreign-funded companies to unionize, according to the state-run Xinhua news agency.

Chinese laws don't explicitly compel companies to allow trade unions. However, companies are barred from obstructing workers from forming unions. According to Xinhua, Mr. Wang singled out Wal-Mart, saying, "We started to push Wal-Mart to set up union branches two years ago, yet there is not a single one built so far."

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Mr. Wang is vice chairman of the Standing Committee of China's National People's Congress, China's top lawmaking body, as well as president of the All-China Federation of Trade Unions, an umbrella group of Chinese trade unions.

Officials at Wal-Mart's China operations couldn't be reached. Beth Keck, a Wal-Mart spokeswoman at the company's headquarters in Bentonville, Ark., said, "This is obviously a policy discussion going on in China and it would be inappropriate for us or any company to discuss it at this time. We are taking a wait-and-see position."

A number of Western companies have allowed the ACFTU to organize their workers, including Wal-Mart rival Carrefour SA. Currently, about 30% of foreign companies in China have trade unions. The ACFTU said earlier this year that it was aiming for 60% by year's end.

Wal-Mart has resisted unions in the more than a dozen countries in which it operates. But in 2004, Wal-Mart appeared to adopt a relatively conciliatory stance in China when it agreed to allow its Chinese workers to form unions if they wanted to. The country is both a critical supplier of merchandise for Wal-Mart -- the store bought $18 billion in goods directly from Chinese manufacturers last year -- as well as one of its largest growth markets for its consumer goods.

Tensions between the two sides rose this spring as top union officials spoke out against the company in The Wall Street Journal. Angered by the continued absence of unions at Wal-Mart's 60 stores in China, which employ 30,000 people, ACFTU officials complained that the company was obstructing union officials from recruiting Wal-Mart workers. ACFTU also threatened official reprisals such as fines and additional workplace inspections.

Wal-Mart in turn said none of its China workers had expressed serious interest in forming unions and that it was abiding by Chinese law.

Chinese To Prosecute Peasant Who Resisted One-Child Policy (WP)

By Philip P. Pan

The Washington Post, July 8, 2006

Decision Reveals Growing Clout of Beijing Hard-Liners

BEIJING, July 7 -- The Chinese government is preparing to prosecute a blind peasant who exposed excesses by authorities in enforcing the one-child policy in eastern China, where local officials were accused by residents of forcing thousands of people to undergo sterilization or to abort pregnancies. The decision, disclosed by court officials Friday, follows a prolonged bureaucratic stalemate in the ruling Communist Party over how to handle the allegations in the city of Linyi, and it highlights the growing clout of hard-liners in the party since President Hu Jintao took office three years ago.

Chen Guangcheng, 34, the blind rural activist who drew international attention to a violent crackdown on unauthorized births in Linyi last year, is scheduled to be tried July 17 on charges of destruction of property and assembling a crowd to disrupt traffic, according to his attorney, Li Jinsong.

The charges stem from an incident in March in which Chen is accused of leading a protest against local officials who had illegally confined him to his house and who were beating villagers who tried to help him, Li and residents of Chen's village said.

Chen's trial could renew international scrutiny of China's population-control practices, and it represents a major setback for reformers in the government who have been trying to soften the one-child policy and eliminate the abuses long associated with it.

"There isn't much hope," said Chen's wife, Yuan Weijing, by telephone from the family farmhouse, where she has been detained. "Everything that has happened runs counter to Hu Jintao's talk of democracy and governing by law. We live in a nation without law, a nation without morality."

The U.N. Population Fund, which has a significant presence in China, has repeatedly raised Chen's case with the Chinese government, and senior U.S. officials have also pressed the government to release him. In late May, two U.S. diplomats who tried to visit Yuan were physically removed from the village by local officials, she said.

Nearly a dozen lawyers from Beijing have also attempted to visit the village in recent months without success, and several have reported being threatened, detained or beaten by officials or thugs hired by them.

Li said police allowed him and a colleague to meet with Chen last month, but said they prevented them from discussing his defense. When they tried to visit Chen's village to interview his wife and gather evidence, thugs assaulted them and overturned their car, he said.

"They're afraid of information getting out," said Li, who recorded a death threat he received in Linyi, located 500 miles southeast of Beijing. "They don't want the leadership in Beijing to know the truth about what's happening there."

Before he was detained in September, Chen had tried to organize a class-action lawsuit against Linyi officials, alleging they were illegally forcing parents with two children to be sterilized and women pregnant with a third child to have abortions. Residents also accused officials of detaining and torturing relatives of people who fled the crackdown.

Chen's cause drew support from lawyers, scholars and civic activists across the country, and the government agency responsible for population policies in China, the National Family Planning and Population Commission, launched an investigation

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in August. At the time, a senior commission official, Yu Xuejun, said he supported the efforts of "ordinary people" in Linyi to assert their rights in the courts, and even offered to help them find lawyers.

A month later, the commission announced it had uncovered evidence of the abuses in Linyi and said some officials there had been fired and detained.

But local authorities fought back, placing Chen under house arrest and launching an aggressive campaign to damage his reputation and deny his allegations. Party sources said Linyi officials distributed a report in Beijing that portrayed Chen as a tool of "foreign anti-China forces," accused him of violating the one-child policy and made much of the fact that he had received overseas funding for his work as an activist on behalf of the disabled.

Linyi officials also lobbied the Foreign Ministry and the powerful Propaganda Department, which agreed to ban any discussion of Chen in the state media and the Internet, the sources said.

For months, the party appeared torn about how to proceed, but the decision to prosecute Chen suggests that the Linyi officials have outmaneuvered others in the government who wanted to use the case to send a strong signal to local officials that forced sterilization and abortion would not be tolerated.

The government has declined to say how many officials were punished in Linyi or to identify any of them, but a Beijing official said "very, very few" were disciplined and a journalist said he was told the total was no more than five. Li Qun, the party chief in Linyi, and other local officials also declined repeated requests for comment.

By linking Chen to hostile foreign forces, party sources said, the Linyi officials made it politically risky for anyone to intervene on his behalf. The national population commission, for example, rebuked Linyi officials and singled them out for criticism, but refrained from defending Chen or bringing the case to top party leaders, the sources said.

"In the current political environment, in this political system, no official has any incentive to help him," said one Chinese scholar involved in the case who spoke on condition of anonymity. "The risks to your career are great, and there's little to be gained . . . . So the conservatives have a big advantage."

Chen's case was also complicated by an internal party debate over the future of the one-child policy. Some party officials and scholars have urged the government to relax the policy, arguing that it now causes more harm than good and that China faces a retirement crisis as its working-age population shrinks. But provincial leaders and others in the party have resisted.

A party official involved in the debate said Hu and others on the ruling Politburo Standing Committee are unwilling to take a position on the issue ahead of a leadership conference next year. As a result, he said, many in the party are not sure whether they should support Chen or condemn the Linyi officials.

Bird Flu Virus Reported In Spain For First Time (LAT)

By From Times Wire Reports

The Los Angeles Times, July 8, 2006

Spain has recorded its first case of H5N1 bird flu, the Agriculture Ministry said Friday. The deadly strain was found in a water fowl in a marsh area outside the northern city of Vitoria.

A protective area of two miles was declared around the area where the bird — known as a great crested grebe — was found, the ministry statement said. Outdoor poultry farming had been banned within six miles of marshlands where migratory birds tend to gather.

Furor Over A French Immigration Crackdown (NYT)

By Craig S. Smith

The New York Times, July 8, 2006

PARIS, July 7 — France's immigration debate heated up Friday with opposition Socialists demanding to know how many undocumented immigrants the government plans to deport before the start of the new school year.

Under recently tightened immigration rules, the government has begun tracking down families lacking residency papers through children registered at French schools, vowing to expel them during the summer holidays.

"We want to know under what conditions and how many people will be expelled," said Christophe Caresche, a Socialist legislator for Paris.

The new policy has already led to a handful of deportations and threatened to split families according to who has papers and who does not. To assuage critics and the news media, the government said in mid-June that it would grant residency papers to a limited number of families on a case-by-case basis.

But that has brought a crush of anxious immigrants to government offices around the country hoping that they might be granted residence papers before the August deadline.

The Interior Ministry estimates that there are between 200,000 and 400,000 illegal immigrants in the country.

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Immigration opponents worry that the government is backing itself into a huge regularization program in which it will be forced to give residency papers to tens of thousands of people. Interior Minister Nicolas Sarkozy has dismissed such fears, saying that the number of illegal immigrants granted papers would be very small.

"There isn't a country in the world that believes that you have to give permanent papers because a child attends school," he was quoted by news agencies as telling reporters on Friday. "A massive and total regularization would lead to the sort of catastrophe we know today."

But that has led Mr. Sarkozy's political opponents to ask how many he plans to deport.

"It's the policy that has created this situation," Mr. Caresche said, insisting that some prefects have been given monthly deportation quotas.

The debate is playing out against the backdrop of next year's presidential elections, in which Mr. Sarkozy is a candidate. After the wave of vandalism and violence that swept the country last year, Mr. Sarkozy vowed to crack down on illegal immigration, charging that many of those taking part in the disorders had been in France illegally. He promised to increase deportations by 5,000 to 25,000 this year. That position played well with France's conservative electorate and even helped Mr. Sarkozy win supporters from the anti-immigration far right.

On June 30, he pushed through a new immigration law that gave the government more control over whom it allows into the country and increases its powers of expulsions. Most importantly, the law did away with a longstanding policy that granted residency papers to immigrants lacking them after 10 years in the country.

France has watched for months now as the drama unfolded, with newspapers giving prominent play to cases of schoolchildren threatened with expulsion even though they had lived most of their lives in France. Some opponents of the new law even began sponsoring children of immigrants without proper papers in an attempt to protect them from deportation.

Since French schools ended last week, illegal immigrants and their children have been lining up outside the government offices across the country hoping to save their families from deportation under tightened immigration laws.

Hopes were buoyed Thursday when the head of the Paris police said that "several thousand" families would be given residency permits. Mr. Sarkozy rejected that comment on Friday, telling reporters, "Those who talk about numbers today are talking about things they know nothing about." He said the number of people given papers would be decided "once all the dossiers have been studied."

But the Socialists see in the debate the seeds of another government crisis that could help them win the presidency next year. With tempers mounting along with summer temperatures, Mr. Sarkozy may be forced to back down on his deportation vows.

A Socialist spokesman, Julien Dray, predicted that Mr. Sarkozy would be forced "to oversee massive regularization," much to the dismay of the Interior Minister's political supporters.

"The sort of figures that officials are talking about are some 40,000 residency permits," Mr. Dray said.

Mittal Announces Plan For Steel Plant In India (NYT)

By Amelia Gentleman And Heather Timmons

The New York Times, July 8, 2006

NEW DELHI, July 7 — Fresh from winning the fight for the European steel company Arcelor, Lakshmi Mittal visited India on Friday and said he planned to invest as much as $9 billion in a steel plant in an impoverished eastern area of the country.

Mr. Mittal said that Mittal Steel, based in Rotterdam, would invest 300 billion to 400 billion rupees ($6.7 billion to $9 billion) to build a steel plant in the mineral-rich state of Orissa. The plant, to be built in two phases, would be one of India's largest, with a capacity of 12 million tons a year.

After making his bid for Arcelor in January, Mr. Mittal was roundly criticized by Arcelor executives for his company's practice of relying on low-cost production in emerging markets.

Analysts said that Mr. Mittal's plans for Orissa were another sign that the overall industry was headed in that direction.

"The steel industry really doesn't belong in developed countries any longer; it belongs in developing countries," said Roger Nightingale, global economic adviser for Millennium Global Investments in London.

Mittal Steel spent nearly six months trying to win over Arcelor, and in June the companies finally agreed to a deal valued at 26.5 billion euros ($33 billion). Mr. Mittal said he would thank the Indian prime minister, Manmohan Singh, for his support during his visit to India.

"We want to be partners with the growth in India," Mr. Mittal said.

Analysts forecast that demand for steel in India would rise as the country's economy booms, with strong growth in the automobile and construction sectors.

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"Everyone seems to want a foothold in India," said Peter Fish, managing director of Meps International, a consulting firm. Demand for steel in India is high, and the country is rich in iron ore.

Mr. Mittal may be trying to capitalize on the momentum from his successful deal with Arcelor to get further support for steel projects in India, said Daniel Altman, an analyst with Bear Stearns in New York.

Mittal Steel already had plans to build a $9 billion steel plant in the neighboring state of Jharkhand, but Mr. Mittal said he was unhappy with the slow pace of negotiations there and was concerned about the poor infrastructure.

In India, state governments, not national officials, approve the construction of steel plants, and that support has been difficult to secure.

The announcement Friday that Mittal was planning a plant in Orissa might be an attempt to pressure the governments in Jharkhand and in Orissa to smooth the approval process, analysts said.

"I think they are playing one state against the other," Mr. Altman said.

Posco, a South Korean steel company, has also been negotiating with Orissa's government to build a plant there. Those negotiations have been going slowly, Mr. Altman said.

Expansion into India would not threaten jobs in Europe or elsewhere, Mr. Mittal stressed.

"When we announced the deal with Arcelor, we said that there would be no job cuts" he said. "There will be absolutely no repercussions on jobs in Europe or anywhere else in the group."

That may not be true in the future, analysts cautioned.

"That's certainly going to be valid in the short term, but what happens in the long term is anybody's guess," Mr. Nightingale said.

Mittal will "keep Arcelor's facilities in Europe, especially the highest-quality steel facilities and those serving the motor industry," Mr. Nightingale predicted, but a lot of Mittal's other products will come from plants elsewhere.

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Block, Jonathan

From: Block, Jonathan
Sent: Monday, July 10, 2006 9:05 AM
To: Block, Jonathan; 'Ed.Cogswell@ic.fbi.gov'; 'William.Carter@ic.fbi.gov'; Sampson, Kyle; Elwood, Courtney; Taylor, Jeffrey (OAG); McNulty, Paul J; Goodling, Monica; Moschella, William; Brand, Rachel; Courtney, Garrison K.; Jezierski, Crystal; Gorsuch, Neil M; 'Michael.Kortan@ic.fbi.gov'; 'Richard.Kolko@ic.fbi.gov'; 'John.Miller@ic.fbi.gov'; 'K.Hoffman@ic.fbi.gov'; Macklin, Kristi R; Mercer, Bill (ODAG); McCallum Jr, Robert L (LEO); Knocke, William (DHS); Besanceney, Brian (DHS); Bergman, Cynthia (DHS); DeZulovich, Mavis (USMS); 'Grant, William L.'; Hines, Don (USMS); Marianos, Richard W.; Mixell, Sheree L.; Payne, Lawrence R.; Truman, Michael; Turner, David; Billingsley, Traci L; Cooper, Mary Irene; Seidel, Rebecca; Hertling, Richard; 'Bresson, Paul'; Clinger, James H; Layne, Jennifer; Nichols, Grant W
Subject: Sunday Show Transcripts
Attachments: SUNDAY SHOW TRANSCRIPTS 7.9.doc

Attached, please find the Sunday Show transcripts from July 9, 2006.

SUNDAY SHOW TRANSCRIPTS
7/9/06

NBC – MEET THE PRESS

MR. TIM RUSSERT: Our issues this Sunday: North Korea's Kim Jong Il defies the world, testing long-range missiles which one day could deliver nuclear warheads. Can this man be stopped? With us: from the Bush administration, the third-ranking official at the State Department, Ambassador Nicholas Burns; the former assistant secretary of defense, Ashton Carter of Harvard University's Kennedy School of Government; the man who led the negotiations for the 1994 nuclear agreement with North Korea, Robert Gallucci, dean of the School of Foreign Service at Georgetown University; and the former U.S. ambassador to the United Nations, who has visited North Korea five times, Governor Bill Richardson of New Mexico.

And in our MEET THE PRESS MINUTE, former President Gerald Ford turns 93 this week. He last appeared as president on MEET THE PRESS 31 years ago when he talked about age as a state of mind.

But first, North Korea. On the Fourth of July North Korea tested medium- and long-range missiles, and their nuclear program appears to be full speed ahead. What is the Bush administration going to do about it? Here with us, the under secretary of state, Nicholas Burns.

Mr. Ambassador, good morning.

MR. NICHOLAS BURNS: Thank you, Tim. Good morning.

MR. RUSSERT: Will the United States insist that the United Nations impose sanctions against North Korea?

MR. BURNS: Well, we are pursuing a very aggressive resolution up in New York at the Security Council, and we think we've got the votes to pass that, but we're also operating on multiple diplomatic fronts. We have our lead negotiator, Chris Hill, Ambassador Hill, in Beijing, Seoul and Tokyo this week; President Bush and Secretary Rice have been working the phones with, with their counterparts; and we also have a very interesting development today. The Chinese government is sending tonight to Pyongyang a senior delegation. You know, frankly we think it's time for China to use its influence with North Korea. The Chinese have influence, certainly more than the United States and the other members of the international community, dealing with this problem. China now has an opportunity to put its best foot forward, to send the North Koreans a direct message that these missile tests cannot be tolerated, and that the North Koreans now have to come back to the September 19, 2005, agreement, and they've got to denuclearize, give up their nuclear ambitions and abide by the agreement that they, that they made with the rest of us nearly a year ago.

MR. RUSSERT: But the South Koreans and the Chinese have both said they do not believe there should be sanctions against North Korea. Will the U.S. absolutely insist that there be sanctions in the U.N. resolution?

MR. BURNS: If you look at this U.N. resolution that's under debate in New York, it does—it's a Chapter 7 resolution, so it has the effect of compulsory behavior by all the member states. It says that what the North Koreans did was a threat to international peace and security, it does ask all member states not to engage in nuclear trade with North Korea. That strikes us as an obvious point. And I think what we have to do, we'll see a lot of diplomacy over the next couple of days, we'll have to see how the Chinese and Russians react to this, but our view is that the six parties—or the five parties—ought to remain united, and that the goal of the current diplomacy should be to use the combined leverage of China and Russia, of South Korea, Japan and the United States, to force the North Koreans back to the negotiating table. That's the—certainly the best policy for the United States.

MR. RUSSERT: "Force the North Koreans back to the negotiating table." There are many, as you know, Mr. Ambassador, who believe the North Koreans did this launch on the Fourth of July to get our attention because they saw the way we were treating Iran differently than we're treating North Korea. Here's one Nicholas Burns on National Public Radio: "With Iran, the United States has made an offer and that is we were willing to sit down and negotiate with the Iranians assuming and contingent upon their suspension of their nuclear activities at their plant in Natanz, in Iran." Why not sit down in the same way with North Koreans? Say to them, "Stop developing your program and we'll sit down with you one-on-one"?

MR. BURNS: Well, Tim, we're trying to sit down with the North Koreans in the context of the six-party talks. We've been saying for months now that the right step forward is for North Korea to return to these talks. But we really don't see the logic in turning this into a test of wills between two countries—the United States and North Korea. The fact is that China has the same interests as the United States—it should have the same interests—and that is to stop the North Korean nuclear program. Our allies, Japan and South Korea, have the same interests, and the Russians do as well. And so we think we're far better off working within the framework of the six-party talks, because you get in that process the combined leverage, the combined strength, and frankly the combined pressure on North Korea of all these different countries. I simply don't see why it's in the interest of the United States to get those countries out of the way and only deal with North Korea directly.

So the problem here is not the lack of discussion between the United States and North Korea. We're perfectly willing to sit down with them in that six-party environment. And in that sense, it's analogous to what we're trying to do with Iran. Secretary Rice announced about a month ago that should the Iranians meet the condition of suspension of their own nuclear activities, we'd be willing to sit down in another multilateral forum, and that's with the Europeans and the Russians and Chinese.

So really, you know, the North Korea problem is not a problem just for the United States. What they did the other day on July Fourth was to disrupt the peace and harmony of their relations with the Asian countries. And the Asian countries want to be involved in these negotiations.

MR. RUSSERT: Is it the policy of the Bush administration that we would like to see regime change in North Korea?

MR. BURNS: Well, this is one of the most despotic regimes in the world. It's a major human rights violator, there's massive famine. And certainly we hope for—that the day will come when those people in North Korea can live in peace and be different—be governed by a different type of government. What we've got to do now, of course, is focus on the most immediate problem, and that problem is nuclear weapons. The problem is the ballistic launches of the other day.

I think the thing to remember about those launches, by the way, they were provocative, they were reckless, they were also unsuccessful. They fired four Scud missiles, intermediate-range missiles. They tried to fire the longer-range missile, the Taepodong, and that was spectacularly unsuccessful. It crashed into the Sea of Japan.

So we obviously have an opportunity now for diplomacy, and an opportunity to use the combined strength of all these countries to try—to provide some leverage, put some leverage against the North Koreans, and that's what we're—we will continue to try to do in the coming days and coming weeks.

MR. RUSSERT: Will the United States give North Korea security assurances that we will not attack their country or seek to undermine their regime?

MR. BURNS: If you look back at this historic agreement that was signed in the six-party framework on September 19 of 2005, those types of, of assurances are in that agreement. But the North Koreans have obligations, and that is to take down their nuclear program, dismantle it, dismantle their weapons of mass destruction programs in a verifiable way before all those assurances can go into place, all the other elements of the agreement can be put into place. And what we've seen since then is we've seen the United States and Russia and China and Japan and South Korea willing to go forward, willing to sit down, willing to implement this entire agreement that you just referred to, Tim, but we see the North Koreans walking away from it. So we've got to be very persistent, and frankly very tough in putting—in, in combining with these other countries to pressure the North Koreans to live up to their commitments.

MR. RUSSERT: But we would, we, we would be willing to give North Korea increased economic aid, perhaps light nuclear reactors for peaceful means, and a security assurance if, in fact, they sat down and negotiated?

MR. BURNS: The North Koreans know what's in the September 19 agreement, and it's very specific about what the United States is willing to do to take a step forward towards them should they dismantle all their nuclear programs and their weapons of mass destruction. But they've got responsibilities in this agreement, and no agreement is whole until both sides meet their agreement. And what we've seen, Tim, especially on July Fourth, is the North Koreans in outright violation of the agreement that we made with them last September.

MR. RUSSERT: Why do you think the North Koreans chose July Fourth?

MR. BURNS: Oh, I don't think it was coincidental. You know, it's a, it's a very unreliable and unpredictable regime. The last thing we want to do is react to every wild statement that they make, but they certainly chose that to get our attention, and that of the international community. But what they've got to realize is there is no magic bullet here. They can't just think that they can sit down with the United States alone. That doesn't work for Japan, it doesn't work with South Korea, and frankly it doesn't work with the Chinese. So I said before that one of the most interesting developments here is this Chinese delegation going to Pyongyang. Chris Hill, our ambassador, was in China a few days ago. He made the point, and Secretary Rice made the point yesterday to the Chinese foreign minister, we want to see China use its influence. We want to see China push forward and ask the North Koreans to meet these commitments that they've made to all of us.

MR. RUSSERT: Speaker Newt Gingrich, the former speaker, Republican, weighed in on this debate in this way. He offered this: "The time to replace the State Department's failed North Korea strategy of 'talk forever - act never' has come. ... For 13 years the United States has talked loudly about a North Korean nuclear weapons and ballistic-missile threat. For 13 years the North Korean dictatorship has lied and hunkered down and continued to build nuclear weapons and ballistic missiles. The strategy of talking has failed. ... America's actions must be decisive. We are faced with a brutal, totalitarian dictatorship about which we know little. It is acting in defiance of all of its own international commitments. The time for talk is over. Either they dismantle the missile or we the United States should dismantle it."

MR. BURNS: Well, with all due respect to Speaker Gingrich, we are on a course which has a reasonable chance for success. And you never want to disavow a diplomatic track, a negotiating track, if you think you can resolve the problem in that fashion. And as I said before, we are not alone in this endeavor. We have countries with us, united with us, who can apply the same type of pressure. I will say this, what the North Koreans have done over the past week is going to give a lot of strength to our efforts to develop a missile defense system. You've seen very strong statements by the Japanese government wanting to work with us in that realm. So obviously, we're going to pursue a very tough, very decisive policy over the coming weeks designed to focus the North Koreans on their obligations, to pressure them to come back to the talks, but also, certainly, to provide for our own defense and the defense of our treaty allies in Asia. And I think you'll see us move, move ahead smartly in that direction as well.

MR. RUSSERT: Mr. Ambassador, many critics will say the six years that George Bush has been president, North Korea's program has developed rather dramatically, that the policy first of isolation and then the six-party talks just hasn't worked. Here's the latest study from the Institute for Science and International Security. They "estimated in a report that North Korea has enough separated plutonium to develop" now "an arsenal of four to 13 nuclear weapons, compared with estimates of" just "one or two weapons in 2000" when George Bush became president. "The group says that by 2008, North Korea could have enough plutonium for eight to 17 nuclear weapons. ... The group's assessment was based on an analysis of satellite imagery, media reports and statements by North Korean officials."

Which led Nick Eberstadt, a conservative critic from the American Enterprise Institute—these are not Democrats. He offered this, "Although the Bush administration's rhetoric about Kim Jong Il and his regime has sometimes been ferocious, ... North Korea's leaders seem to have concluded that the Bush North Korea policy consists mainly of empty words - and that oft-repeated warnings need not be taken terribly seriously. By more than one criterion, indeed, Pyongyang's strategic successes on the Bush watch outshine those from its brinkmanship during the Clinton years." Would you acknowledge a significant increase in the nuclear capability by North Korea on the watch of President Bush?

MR. BURNS: Tim, obviously, we profoundly disagree with, with some of the statements that we've just heard. You know, we've got a very strong military force and deterrent force at work in Asia and particularly on the Korean peninsula, and that military can handle any contingency that should arise. We also have a very tough policy and I think forward-looking policy to develop missile defense to handle those contingencies. But you've got to combine military measures with diplomacy to be effective in a situation like this.

The fact is that a lot of this criticism seems to direct the United States back to a test of wills bilaterally between North Korea and the United States. What we want to do is we want to ask countries that do have a great deal of influence on Chi—on North Korea—certainly more than we have—to use that influence. We, we can do that by channeling those efforts through the six-party framework. And you know, diplomacy sometimes can't succeed in a day or two, or a week or two. Sometimes it takes many months, or even years to succeed. But if you have the right policy in place. If you know what you're trying to accomplish and if you're very tough-minded about applying that policy, we can be successful. So we have not given up hope that we can engineer a policy that will effectively put the North Koreans back in the box, take away their nuclear programs and take away their ability to inflict threats and damage on their neighbors.

We have got to be single-minded about this. We certainly understand the gravity of the challenge posed by North Korea. But frankly, I don't think these critics have offered any alternative that would have a reasonable prospect of success or lead us to unintended consequences if you went down the road as some of them are suggesting. And we think we've got the right policy in place and I can assure you we're going to drive it forward with a great deal of energy and determination.

MR. RUSSERT: But you do not deny that North Korea's nuclear capability has increased during the presidency of George Bush?

MR. BURNS: Well, North Korea says that it has a nuclear weapons capability and we believe it, that it has produced that over the last several years. And that's why we put in place this policy, designed to take it away from them. And if we can have the September 19, 2005, agreement implemented, it will do just that. It will effectively denuclearize North Korea. And so that is a good bet for the United States. It's obviously the goal that I think all these critics that you cite would share, but we think we've got a much more realistic in-the-real-world strategy put in place to deal with that problem.

MR. RUSSERT: But there has been a profound change in the rhetoric, certainly of the president, on this subject. Here's the president Friday at his news conference in Chicago about North Korea.

(Videotape, Friday):

PRES. GEORGE W. BUSH: It takes a while for a problem to fester and grow and then it take a while to solve them diplomatically. It's just the nature of diplomacy. I wish we could solve them overnight.

(End videotape)

Mr. RUSSERT: Let me go back to January of 2002 in the president's "axis of evil" speech before Congress. Let's watch.

(Videotape, January 29, 2002):

PRES. BUSH: North Korea is a regime arming with missiles and weapons of mass destruction while starving its citizens.

States like these and their terrorist allies constitute an "axis of evil," arming to threaten the peace of the world. By seeking weapons of mass destruction, these regimes pose a grave and growing danger.

We'll be deliberate, yet time is not on our side. I will not wait on events while dangers gather. I will not stand by as peril draws closer and closer. The United States of America will not permit the world's most dangerous regimes to threaten us with the world's most destructive weapons.

(End videotape)

MR. RUSSERT: Since the president uttered those words, Mr. Ambassador, every estimate is that North Korea has doubled its capacity to develop nuclear weapons.

MR. BURNS: And yet we've driven forward with this policy designed to respond to all the things that the president talked about back in 2002. And he has been very consistent since then in putting forward the proposition that we have to oppose the human rights abuses of the government, we have to try to draw a net around the fact that North Korea is the leading exporter of ballistic, ballistic missile technology in the world, the proliferator of it. We've done, we've done a lot to develop missile defense and we've created and driven forward this diplomatic coalition designed to bring us to a victory in denying North Korea the nuclear weaponry that you talk about.

So we have been very activist. We have followed this policy for a number of years. The president is right, and as I said before, diplomacy can't be measured in a snapshot. You can't just say on a Sunday morning in July that somehow because we haven't come to the end of the negotiations these negotiations are bound to fail. You've got to be very purposeful and directed

in what you're trying to do, and apply the weight of your country and that of others to the test, and that's what we're doing. We have not given up on, on, on this quest to come to the end of these negotiations and put the North Koreans back into a place where they can no longer be a threat to their neighbors or to the United States.

Mr. RUSSERT: But, again, it's the tone and the rhetoric. Let me go back and review some of the things the president has said about Kim Jong Il of North Korea. "I loathe Kim Jong Il. I've got a visceral reaction to this guy." And then in 2004, "There's a tyrant in North Korea that wants to develop a nuclear weapon." And then this in 2002. The president called him a "pygmy" and compared him to "a spoiled child at a dinner table." Does the president still believe that Kim Jong Il is a tyrant, a pygmy and a spoiled child?

MR. BURNS: Kim Jong Il is a—is a despot and he is someone who is one of the worst offenders of human rights all over the world. These missile tests the other day were certainly reckless, they were provocative and so we haven't changed our opinion of the nature of the regime in North Korea. No one in our government has. We are very clear-eyed about who they are, what they represent, how much they've denied their own people the basic human rights that people should have around the world, and we're focused on this nuclear question as well. So I think there's been a lot of continuity over American policy both in the substance of the policy and in the way we've talked about North Korea over the last several years, and we're determined to press ahead.

MR. RUSSERT: When the president talked about the "axis of evil," he said "Iraq, North Korea and Iran." The United States invaded one of those countries: Iraq. Some now make the case that Iran and North Korea took from that the following lesson: that if you develop a nuclear bomb and have a strong military you will not be invaded by the U.S.

MR. BURNS: And both of those countries have clearly miscalculated their own situations. Now the North Koreans felt, I guess, that by testing these ballistic missiles they would somehow put themselves into a position of greater weight in the negotiations. They've miscalculated because you've seen very tough statements from the Chinese and the Russians, and the South Koreans and Japanese against what they've done and you, and you see momentum building in the U.N. Security Council towards a very tough Chapter 7 resolution against them.

The Iranians have miscalculated. They thought that they could divide the United States from both our European allies and from Russia and China. But we've been able to craft a major and united coalition of all those countries. And we've essentially given the Iranians a clear choice, and you'll see a lot of this unfold this week, both in Europe when Secretary Rice meets with her counterparts on Wednesday at the G8 summit in St. Petersburg, at the end of the week when the president is there—the Iranians are going to have to choose: negotiations with us after they suspend their nuclear programs, or further action in the Security Council.

So I don't think either of these countries is on the offensive. Frankly, I think both of these countries are rather cornered and isolated. There are very few countries defending them, and they're running out of options. So we think this, this policy of patient diplomacy and of crafting multilateral coalitions to tighten the pressure around them is going to work, and it's the right way

to go, clearly, for the United States. We want to exhaust diplomatic means before we consider other means.

MR. RUSSERT: Based on our experience in Iraq, particularly with our emphasis on the weapons of mass destruction that did not materialize, John Deutch, the former head of the CIA, offered this observation: "The next time military intervention is judged necessary to combat the spread of weapons of mass destruction - for example, in North Korea - there will be skepticism about the quality of our intelligence." Do you agree with that?

MR. BURNS: I don't—not in the case of North Korea, not in the case of Iran. Tim, I've been to Europe 20 times over the last 14 months to talk to the Europeans and the Russians and Chinese about Iran, for instance. There's not a single person at the higher levels of those governments who doesn't believe that Iran is trying to create a nuclear weapons capability. There isn't a single person in the governments of China or Russia or South Korea or Japan who doesn't believe that North Korea is bent on building up its nuclear capability. There is no argument in the real world today about what these two countries, Iran and North Korea, are trying to do. There is no argument remotely similar to what we went through in 2002 and '03 with our European allies over Iraq. In fact, we are now tightly knit up with these countries. And if you look at what the French and German and British governments are saying—as well as the Russian and Chinese governments—about whether or not these countries are intending to create a nuclear weapons capability, they agree with our assessment. So I don't agree at all that we're somehow limited in what we can do and limited in our effectiveness because of the, the disagreements we had over WMD in Iraq.

MR. RUSSERT: Let me conclude with comments by Bill Kristol, the editor of the Weekly Standard. He used to work for Vice President Dan Quayle: "North Korea is firing missiles. Iran is going nuclear. Somalia is controlled by radical Islamists. Iraq isn't getting better, and Afghanistan is getting worse. ... I give the president a lot of credit for hanging tough on Iraq. But I am worried that it has made them too passive in confronting the other threats." Has a preoccupation with Iraq allowed North Korea—and Iran—to go forward with their nuclear programs and limited our options?

MR. BURNS: Well, I strongly disagree with that criticism from Bill Kristol.

And I disagree for one reason: We have a very strong and active government. From the Pentagon, the State Department, the White House, Treasury, we are focused on all of these problems. We created, over the last 15 months, a major international coalition to corner the Iranian government and to isolate them, and that's been a diplomatic success over the last several months.

We've now got this six-party talk framework we hope coming back together, and certainly the five countries are united. Secretary Rumsfeld is in Afghanistan this morning and Secretary Rice was there 10 days ago, and we're giving that government—President Karzai's government—all the support it can get. We are a government that can operate—and we have to operate—in every part of the world. We're a global superpower. We have tremendous resources at our disposal,

and, frankly, we've got a first-class military and a first-class diplomatic effort, and we can certainly take on all these issues and be successful simultaneously.

MR. RUSSERT: And we will be watching. Ambassador Nicholas Burns, we thank you for sharing your views.

MR. BURNS: Thanks, Tim.

MR. RUSSERT: Coming next, the view of three former Clinton administration officials who spent years dealing with the North Korea problem: former Assistant Secretary of Defense Ashton Carter; chief State Department negotiator, now at the Georgetown University, Robert Gallucci; and former U.S. ambassador to the U.N., now governor of New Mexico, Bill Richardson. They are all right here next only on MEET THE PRESS.

(Announcements)

MR. RUSSERT: More on North Korea with three men who've dealt firsthand with this situation after the station break.

(Announcements)

MR. RUSSERT: And we are back. Welcome all.

Governor Richardson, should the United States negotiate directly, one-on-one, with North Korea?

GOV. BILL RICHARDSON (D-NM): Yes, it should. Our policy so far is not working. What you have is North Korea has quadrupled its enriched plutonium since 2002. The six-party talks are going nowhere. We should talk directly to the North Koreans to discuss what is next. They need to dismantle their nuclear weapons. They need to destroy their missile capability. The only way to do that, in my judgment, is face-to-face talks at a level of Christopher Hill. He is a competent diplomat. The successes we've had with the North Koreans have been through direct engagement: when I got some pilots out of North Korea, when Bob Gallucci negotiated the agreed framework, Secretary Albright close to having an agreement on reducing or terminating their missiles.

What North Korea is seeing right now is Iran getting a nuclear reactor. They see Iran getting a nuclear fuel cycle that is assured, economic incentives. On the other hand, what they want to see is treated with respect, direct talks with the United States, but also they want to see an effort by the United States to give them the recognition that they feel they deserve. I don't believe they do. They are a desolate, isolated regime, but right now our policy is not working. It makes sense to talk directly with the North Koreans.

MR. RUSSERT: But wouldn't the world then say, "Oh, I see. You test the missile on the Fourth of July, you get the U.S. attention and you bring them to the bargaining table"?

GOV. RICHARDSON: Our policy right now has not worked. Look where we are right now. Asia has destabilized. We are trying to outsource our foreign policy to China. I believe China is not necessarily interested in helping us on North Korea. They don't want to see a bunch of refugees go into their country. I believe that China is a competitor. They control a lot of our debt. Right now we do not have leverage over China. The best effort, in my judgment, is face-to-face talks, hard negotiating, get that agreement that was signed in September that North Korea has not abided to—a timetable for North Korea to dismantle its nuclear weapons. Efforts to set up benchmarks in exchange for that armistice agreement where we don't attack North Korea, they get economic assistance. But our objective should be firm: to get them to dismantle their nuclear weapons. The best way to do it is face-to-face talks.

MR. RUSSERT: If the president now changes course, won't the headlines be Bush's—"Bush blinks"?

GOV. RICHARDSON: No. I believe the headlines would be "Bush deals realistically with North Korea. He reverses a policy that is not working."

MR. RUSSERT: Ambassador Gallucci, do you agree with, with that?

MR. ROBERT L. GALLUCCI: Just about entirely, I think. I, I, I have nothing against the idea of a six-party talk, something Nick pounded on, the, the virtue of having all these parties in Asia engaged. That—it's true, it is their problem as well as ours. But the fact is it hasn't worked. And to make the form more important than the substance—to care more about whether we have six parties meeting together than whether we stop the accumulation of plutonium—is absurd, in my view.

MR. RUSSERT: But you'd have some conditions. You had said prior to the missile test that if they took that missile off the launchpad, you'd negotiate face-to-face. Now that they've launched it, would you have any conditions before you went back to the table one-on-one?

MR. GALLUCCI: There's kind of a rule, I think, that you, you really try hard not to negotiate with a gun or a missile to your head, and I think a decent interval now and some work at the United Nations is the appropriate thing to do. But I think we're taking a view from 30,000 feet right now, what, what should the administration do? It needs to find a way to get back to negotiating table. And the fact that you may get a headline, like the president is, is reversing course, as indeed we have on—in the case of Iran, that's not so bad if you find you're on the wrong course. And we have been.

MR. RUSSERT: Ashton Carter, do you agree there should be one-on-one, direct negotiations between North Korea and the U.S.?

MR. ASHTON CARTER: No, I actually think the six-party talks is a perfectly appropriate forum, including for us to speak directly to the North Koreans, if others are at the table. Let's go back to the logic of the six-party talks in the first place. The reason to have everybody at the table with the North Koreans is not only that they have a, a stake in the outcome as well, but in

dealing with North Korea, diplomacy has to have a coercive dimension. And we don't trade with North Korea, we don't recognize North Korea diplomatically. There's almost nothing we can do short of military action to apply pressure to North Korea. We're capable of military action, and it's important that that be an ingredient of coercive diplomacy. But the real levers on Kim Jong Il are the Chinese and the South Koreans. It is they who essentially support the regime economically and politically. So it makes sense to have them at the table.

The six-party talks, I totally agree with my colleagues here, have produced nothing so far except a quadrupling of the amount of plutonium, as Ambassador Richardson said, in North Korean hands, and now missile launches. So they've been running wild for three years or so. The reasons for that—there's a lot of blame to go around. Of course, you have to start with the North Koreans and their own intransigence. The Chinese and the South Koreans have not done everything that they should. They've shown sticks, they've been unwilling to show the—I'm sorry, the carrots—they've been unwilling to show the sticks that they can also wield.

I think on our side, it matters less who else is at the table than that we have our own wits about us as we sit down with the North Koreans. And our government, I believe, has been divided over the last few years at the six-party talks between two camps. One camp which believes that we have to give diplomacy a try and is earnest about pursuing diplomacy with North Korea. But there's another camp in this country, and I think represented in the government, that believes that negotiating with the North Koreans is a fools game, or is even immoral because of the nature of the regime. I don't agree with that view, because I think it's more immoral to let North Korea go nuclear than to try to reach a deal with North Korea. But we have been of two minds, and therefore I don't think we has—have—we, at the table, have been as effective as we might have been. You, you showed some of that ambivalence in the earlier part of your segment, where you see the U.S. government saying one thing at one time, and another thing at the other time. So it's important that we get our story straight, and that's more important than who else is at the table.

MR. RUSSERT: You had advocated several weeks ago a pre-emptive military

strike on the missile that was about to be tested. Many criticized that as

belligerent and perhaps could even trigger a North Korea response against

South Korea or against Japan—who knows? In, in hindsight, do you still stand

by that pre-emptive military strike?

MR. CARTER: Well, I, I do, and I want to put that in some context. And, by the way, I would say we should have that same position today—that is, if the North Koreans go out to the launchpad and erect that missile and prepare to launch it, we can destroy that before they can do it. To do so would be a very limited military action—a single bomb, a single cruise missile. The North Koreans aren't going to start a war in response to that kind of action.

And to those who think that's too much, I can only say, where are you going to draw a line in the sand with North Korea? At some point, we have to draw a line in the sand and defend it. We say

things are intolerable, we say they're unacceptable, and then we tolerate and accept. Secretary of Defense Bill—former Secretary of Defense Bill Perry and I thought long and hard about this, and we thought this was a relatively nonprovocative way to draw a line in the sand with North Koreans. Now I have to emphasize there's risk in inaction, also. You may say there's risk in this action, but I have to emphasize there's risk in inaction, as well, letting North Korea go nuclear.

MR. RUSSERT: Governor Richardson, how do you think the North Koreans would react if we took out their test missile?

GOV. RICHARDSON: Well, I respectfully disagree with Assistant Secretary Carter there, but at least he's got a new idea, which the administration has not put forth. I think if we are seriously attacked or threatened, that missile—which was a test—was geared to the United States or to our allies, we have allied responsibilities with the South Koreans and Japan—you do take that step. But the fact is that you risk the South—the North Koreans shooting missiles at South Korea, we've got 37,000 American forces at the DMZ.

But, Tim, I think another reason for the face-to-face talks is that there are two issues that are separate from the six-party talks that are a serious grievance in our relationship. One is the fact that we have frozen financial assets of the North Koreans—I believe rightly so—but that is a separate bilateral issue. The second is our objection to dealing with North Korea's request for a light water reactor, which I believe has boggled down the six-party talks, which, by the way, I believe you could have a separate, bilateral, face-to-face negotiation with the United States and also continue the efforts of the six-party talks, because it is the South Koreans and the Japanese that are providing financial and fuel incentives, so you can't cut them out. But I think it's essential to have face-to-face, private bilateral talks between the United States and North Korea.

MR. RUSSERT: But in the end, it's a judgment of North Korean intentions. You've been there five times; you know them. And yet a few weeks before the missile launch, you said, "I don't think they're going to test," and they did.

GOV. RICHARDSON: Well, no, Tim, I said, "I believe that they were going to test." I did say that. And what I sense in my negotiations in dealing with North Koreans...

MR. RUSSERT: You said, "As days go by, I don't believe they're going to do it."

GOV. RICHARDSON: No, but early on, I said that they, they did, on CBS. My point is that when you deal with North Korea, you're not dealing with individuals like you and me. They don't believe in compromise. They believe in their only way or the highway. Their view is that their cause is right, and they're going to wait you out. So they're totally unpredictable, and I believe the only way to deal with them—and we have shown that effectively in past dealings in the Clinton administration—is direct engagement, to get them to curb their nuclear weapons, as Bob Gallucci did. Secretary Albright almost got a missile agreement. Jimmy Carter got an agreement, which was later violated, regrettably, with the father of Kim Jong Il. My point is that face-to-face discussions with the United States directly, I believe, is a precursor. The continuation of the six-party talks is the best way to go.

MR. RUSSERT: But do they keep their word? Here's Madeleine Albright toasting Kim Jong Il in North Korea, October of 2000. She appeared on this program four years later, and this was our exchange:

(Videotape, September 12, 2004):

MR. RUSSERT: But didn't North Korea develop a nuclear bomb on Bill Clinton's watch?

MS. MADELEINE ALBRIGHT: No. What they were doing, as it turns out, they were cheating. And the reason that you have arms control agreements is you don't make them with your friends, you make them with your enemies. And it is the process that is required to hold countries accountable.

(End videotape)

MR. RUSSERT: Ambassador Gallucci, you negotiated that '94 agreement. The North Koreans stopped processing in one plant, if you will, but we later found out that at the same time, they were making uranium at another plant.

MR. GALLUCCI: Not actually, no. That's not what we found out. What happened was we did do a deal. We did stop the—a plutonium-based program, nuclear weapons program. We made sure that 8,000 fuel rods containing around 30 kilograms—enough for five nuclear weapons worth of plutonium—stayed in, in a storage pond. And a deal would have had the North Koreans end their nuclear weapons program. We think they started cheating in the late '90s by getting some gas centrifuge equipment from Pakistan. We don't know a lot about that, where it is, whether the equipment has been put together. We think over a period of time they'll do what the Pakistanis did, what the Iranians appear to be wanting to do, and put together this gas centrifuge. They never got there yet—or we don't think they've gotten there yet.

MR. RUSSERT: But they broke their word.

MR. GALLUCCI: They absolutely cheated. There's no question about that. But we really, really ought to be clear here what's happened. There was a nuclear weapons program that was stopped. Plutonium production was stopped, right? And afterwards, tragically, I believe, that agreement which locked them up, was allowed to collapse. And we find ourselves now with the North Koreans accumulating plutonium, a bomb's worth a year, and freed up that plutonium that was controlled for that period of time, and they say they've used it to make bombs. We would have to estimate about five more. And with each passing day, I would argue to you, more important than that missile that Ash would take out on the gantry if it turns up again, with each passing day, we're going to find ourselves more and more and more closer than we were before to the day when that material could be transferred or sold to al-Qaeda, presenting a threat far greater than the threat that is posed to us by nuclear weapons aboard ballistic missiles. We can deter a country with ballistic missiles.

MR. RUSSERT: We know the return address.

MR. GALLUCCI: We do. But with a terrorist, with unconventional delivery, your national missile defense will not be very good against United Airlines or American Airlines or a bus or a truck. And deterrence doesn't work terribly well when an enemy values your death more than his life. So no defense, no deterrence. We need to lock up the nuclear program. You would not care about the ballistic missile program if they did not have the nuclear weapons program.

MR. RUSSERT: But you can have all the agreements you want, if they're going to cheat, what good are they?

MR. GALLUCCI: Madeleine Albright essentially had it correct, in my view. You make a deal. Nobody did that deal in '94 thinking we were trusting North Koreans. We had some transparency, a measure of it, and you verify. We caught them cheating. You might make another deal. I think you should. You ask the question, you make another deal. Are you better off with the deal or are you better off without it? If the answer to the former is yes, you do the deal. You don't ask, I think, the simple question, Have they fooled us before? Then don't let them fool us again. I don't believe that's the way you proceed in international affairs. You ask a very tough question about the national security. Should we do this? Is it better for us? Ask for more transparency. Insist on it. Be tough in the negotiations, not in the formality of whether it's six parties or it's bilateral.

MR. RUSSERT: Let me show you all two presidents, Bill Clinton back in 1993, George Bush 10 years later, talking to the North Koreans, in effect. And I'm asking you to put your mind in place of a North Korean watching this.

President Clinton, President Bush:

(Videotape, November 7, 1993):

PRES. BILL CLINTON: North Korea cannot be allowed to develop a nuclear bomb.

We have to be very firm about it.

(End videotape)

(Videotape, May 23, 2003):

PRES. BUSH: We will not tolerate nuclear weapons in North Korea.

(End videotape)

MR. RUSSERT: Ash Carter, both presidents making very firm, resolved statements. If you're a North Korean watching that, knowing that you now have the potential building eight nuclear bombs, what are you thinking?

MR. CARTER: Well, I'm concerned that they're thinking that we're giving a new meaning to the word "intolerable" because they keep doing things that we say are intolerable and then we tolerate them. That's why I think at some point you have to draw the line with the North Koreans. I do think and I—here I agree with both the other gentlemen you have on the show, who've shown it's possible to reach agreement with North Korea and to get agreements that serve our interests. The much-maligned agreed framework, as Bob Gallucci pointed out, without that agreed framework, North Korea, by all the calculations of the experts, would now have 50 nuclear weapons. So we were better off with the agreement than without it.

It is possible to reach agreement with the North Koreans, but not when they see the kind of footage that you showed, which is Americans drawing a line in the sand and then stepping back from that line, drawing a line in the sand and then stepping back. I think our, our, our diplomacy has to have carrots in it, but it has to stand somewhere, and as I suggested earlier, I think the missile tests are a good place to take a stand.

MR. RUSSERT: Governor Richardson, draw a line in the sand and step back? The North Koreans watch that, they observe that, they know what their own...(unintelligible)...has been. How do you have any strength in negotiating with people like that?

GOV. RICHARDSON: The North Koreans in, in my dealings with them, they care more about form than they do substance. In your earlier segment, you showed President Bush calling him a tyrant, but then later he called him Mr. Kim Jong Il. I was in North Korea when that happened. The North Koreans were delighted because they felt they'd been treated with respect. They care deeply about protocol. And this is another reason why I think, for a relatively cheap price, a face-to-face negotiation at the level of Chris Hill—who, again, is very competent—I believe would set the stage for a final agreement at the six-party talks, which is essential, which is basically a good agreement.

In exchange for North Korea dismantling its nuclear weapons, its missiles, they get an armistice agreement where they're not attacked. They get food, fuel, energy assistance.

MR. RUSSERT: Security assurances, we will not topple their regime.

GOV. RICHARDSON: That's right. Yeah, that's right. That's in, that's in that September agreement that Chris Hill negotiated.

My point is, if it's just going to be a face-to-face meeting that serves as a precursor that also deals with this frozen assets issue, which has directly hit the North Korean regime, because it controls the foreign expenditures of Kim Jong Il, and you deal with this light water reactor, especially now after we've promised it to Iran and economic incentives to Iran, I think the timing is right for this new stage of direct negotiations.

MR. RUSSERT: Ambassador Gallucci, based on your experience, do you believe the North Koreans would give up their nuclear program, give up their nuclear bombs—which they believe in their mind is an insurance policy against an American invasion—for economic assistance, light water reactors?

MR. GALLUCCI: At the end of the day, I don't know. But that leaves me to conclude, since I really don't know, that it's a good idea to find out. It's a good idea, it was in 1994, to do a deal with the North that required them to give up the program. We did that, and for a period of years we were in a position to monitor that closely, and they did give it up. Indeed, you can make an argument that while the centrifuge program with the Pakistanis was clearly cheating, it wasn't yet a genuine nuclear weapons program. It hadn't produced anything and probably still hasn't produced anything.

So, you have the possibility if the North Koreans are thinking the way they may be thinking, that they need one or the other. They need either nuclear weapons to deter the United States from regime change, or they need a relationship with us that makes it unnecessary for them to have nuclear weapons. The only way to find out whether they'll ultimately give up those weapons is to do a deal.

MR. RUSSERT: We hear so much talk about Kim Jong Il, tyrant, spoiled child, others have said madman. You've been in that country five times. Who is he, what is he?

GOV. RICHARDSON: Well, I, I've never met him. I met the number two in command. He is the entire nation. He is basically a cult of personality. He runs everything. He knows everything that's happening. All power flows through him. What that causes, unfortunately, is an isolated North Korea. His people are in terrible shape economically. I've been there five times, I think I've seen one tractor. I see people weak and drawn out. They look like they need nourishment. A lot of people are starving there. They have human rights violations.

He is a mercurial character, but I think he's crazy like a fox. He is not somebody that is out of his mind. He's, he may be totally unpredictable, isolated, but he's calculating, and he's used the Fourth of July. Every time he's backing—he feels he's backed down, he moves and does something irrational. He, he, he shoots missiles off. He's done it twice. He cancels agreements, he gets the nuclear inspectors out in 2002. This is the way he operates, and what we should do is, is take advantage of his vulnerability. He also is vulnerable in the sense that the country is weak economically, it desperately needs an elimination of sanctions, they need food, electricity. He's realistic, too, I believe.

MR. RUSSERT: Bill Richardson, Robert Gallucci, Ashton Carter, thank you all for a very sobering but important discussion.

Coming next, President Bush celebrated his 60th birthday this week. And 31 years ago on MEET THE PRESS, then President Gerald Ford talked about being 60 and serving as president. Coming up right here on MEET THE PRESS.

(Announcements)

MR. RUSSERT: And we're back. Two presidential birthdays this week. President Bush turned 60 last Thursday, and this Friday, former President Gerald Ford will be 93 years old. Our 38th president talked about age, health and the presidency right here 31 years ago.

(Videotape, November 9, 1975):

UNIDENTIFIED MAN: Mr. Reston:

MR. JAMES B. RESTON (The New York Times): Mr. President, in the—in the early days of the republic, you know, the American people took great chances on young men in the presidency. Now here we are looking at '76 and most of the leading candidates are old geezers like me in their 60s. Now we seem to have misplaced a generation here somewhere. Can—is the system out of phase? What explains this?

PRES. GERALD FORD: I think age is a state of mind, and obviously a state of health. I'm in the early 60s. I feel as vigorous mentally and physically as I ever have at any time in my life. I don't think you should rule a person out just because they're my particular age. On the other hand, I don't think you should rule out a younger person who by experience or intelligence or overall capability is a potential candidate. I don't think you should categorize people just by age bracket. I believe you ought to look at the person, how strong he is mentally and physically, and what his experience and what his background in. That's the criteria that I would use.

(End videotape)

MR. RUSSERT: Happy, happy birthday, President Jerry Ford, and also happy birthday to another American legend. Thirty-eight years ago, Eunice Shriver founded the Special Olympics. She turns 85 tomorrow.

And we'll be right back.

(Announcements)

MR. RUSSERT: For more information on today's guests and topic, logon to the viewer resources page of our Web site, mtp.msnbc.com.

That's all for today. We'll be back next week at our regular time. If it's Sunday, it's MEET THE PRESS.

ABC – THIS WEEK

STEPHANOPOULOS: This week -- confronting North Korea.

Kim Jong Il sends July 4th fireworks to President Bush.

(BEGIN VIDEO CLIP)

GEORGE W. BUSH, PRESIDENT OF THE UNITED STATES: It's best for all of us to go to the U.N. Security Council and say loud and clear, here's some redlines.

(END VIDEO CLIP)

STEPHANOPOULOS: But will our allies go along? Is the axis of evil more dangerous than ever? Can diplomacy contain the threat?

We'll ask our headliner, the chairman of the Senate Foreign Relations Committee, Richard Lugar, in a Sunday exclusive.

Then, on the trail. Can Ronald Reagan's Navy secretary stop the senator who wants to follow Reagan to the White House?

(BEGIN VIDEO CLIP)

WEBB: I think if Ronald Reagan were alive today looking at where his party has gone, he might be thinking about coming back to the Democratic Party too.

ALLEN: I don't think Ronald Reagan would be on the side of a party that is led by folks such as Senator Kerry and Senator Schumer and Teddy Kennedy.

(END VIDEO CLIP)

STEPHANOPOULOS: George Will, Donna Brazile and Peter Beinart of The New Republic debate the week's politics on our roundtable.

Plus, Alonzo Mourning's inspiring rebound.

(BEGIN VIDEO CLIP)

MOURNING: There are thousands of people, thousands, thousands of people who are waiting on transplant lists today, just waiting for a second opportunity at life.

(END VIDEO CLIP)

STEPHANOPOULOS: And as always, The Sunday Funnies.

(BEGIN VIDEO CLIP)

JAY LENO, HOST, TONIGHT SHOW: What a crowd. You sound like a bunch of National Guard troops who just found out they're going to San Diego instead of Baghdad.

(END VIDEO CLIP) STEPHANOPOULOS: Good morning, everyone.

Those North Korean missiles captured the attention of President Bush and the world this week, and this morning, in an exclusive interview with ABC, the president's envoy to the region warned that North Korea may spark an Asian arms race.

(BEGIN VIDEO CLIP)

CHRISTOPHER HILL, ASSISTANT SECRETARY OF STATE: We have a situation where this country has simply has created, has really disturbed the peace in this region. So how will the other countries react to this? Could there -- could missile programs in North Korea cause an arms race among some other countries? That's a real concern.

(END VIDEO CLIP)

STEPHANOPOULOS: For more on all this, we're now joined by the chairman of the Senate Foreign Relations Committee, Richard Lugar. Welcome back to This Week.

LUGAR: Thank you very much, George.

STEPHANOPOULOS: You know, also this morning you have the North Korean ambassador to Australia (ph) saying that this could all lead to war, and Japanese officials saying they fully expect another North Korean missile test. Can anything be done to stop them?

LUGAR: Yes, and I think the president has at least prescribed the right course, the six-party talks. Chris Hill is over there in Seoul, South Korea to encourage that process. The Chinese have indicated they're having another try at North Korea. The six-party talks are important, and Chris Hill has also said, as you reported, that he is amenable to one-on-one talks with the North Koreans inside the six-party situation, which at least satisfies another possibility.

STEPHANOPOULOS: Is that going far enough, though? Because in the past, you've called for direct talks with the North Koreans. Should they get direct talks outside of the six-party process?

LUGAR: Not at this point. I think, unfortunately, the shots eliminated the efficacy of that, and very clearly the need for the United States to work with the Chinese, for the Chinese now to get serious with North Korea.

That is, they have the pressure. They're providing the food, the energy. They do so because they want to keep North Koreans inside North Korea, deeply fear the spread of North Koreans and chaos. So there will not be regime change while the Chinese are shoring up the North Koreans.

But they do have the ability to say to them -- and the Chinese will, I think -- if you don't cut it out, the Japanese are getting very serious. They are very worried.

STEPHANOPOULOS: But wait a second. Didn't the Chinese say that before this test and North Korea went on anyway?

LUGAR: Well, the degree with which the Chinese have been putting pressure on North Koreans is always a matter of debate, but it would appear that the Chinese may have been ambivalent. On the one hand, they don't want to help the United States that much. On the other hand, they do see some security problems.

I think they'll have to get over the ambivalence. China and the United States are on the same side, so is Japan.

STEPHANOPOULOS: Well, that's what I was going to ask you about. They were on the same side, and clearly we're all in the six-party talks together right now, but do you really believe that China is helping the United States here? They seem to be resisting any tough action against the North Koreans.

LUGAR: They've not done as much as we would like, but I've made the comment often: The six-party talks, leaving aside the North Koreans, have been a remarkable opportunity for the United States to get into diplomacy with the Chinese; likewise, much more with the South Koreans, the Japanese. In other words, it has been useful for the parties in Asia to find each other, and that's taken some time.

Now, it seems to me we're getting to a different level of seriousness. The Japanese really do see these tests as a national threat of great dimension. They're prepared to do a great number of things.

Now, this doesn't help the Chinese situation. The ties are strained there.

STEPHANOPOULOS: (inaudible) a great number of things. Do you think it's conceivable that Japan will actually try to get nuclear arms?

LUGAR: It's conceivable and has been for a long time. I can remember visiting with Sam Nunn in 1994 with the Japanese prime minister, and this was after another round of tests. And he told us, quite frankly, if you folks can't protect us, we're going to protect ourselves.

STEPHANOPOULOS: How dangerous would that be?

LUGAR: Well, it would be very dangerous. What Chris Hill has said on your program this morning, the arms race in Asia, in which not only the Japanese but perhaps the South Koreans, for that matter, also decided they might want to have a nuclear program.

By the time we finish, all six powers may have nuclear programs, if we are not successful. That's why the pressure on the Chinese, now, to produce, is really of the essence.

STEPHANOPOULOS: So far, though, we've been in these six-party talks, now, for a couple of years. And in the last three years, at least, North Korea has gone from having two nuclear warheads to, probably, according to most intelligence estimates, enough plutonium for eight.

Has North Korea gotten more dangerous on President Bush's watch?

LUGAR: Perhaps. They certainly have been able to produce more missiles. And they are selling missiles. They may have a trade of as much as $1.5 billion of selling Nodong missiles to other people.

And we are trying to stop them from selling other materials. So perhaps they have become more dangerous. By the same token, the United States and China have come, really, much more together in this period of time.

I would argue the possibilities of dealing with it are enhanced, because we saw, last September, at least, an agreement of the six parties that mentioned specifically de-nuclearization on the weapons side of North Korea in return, really, for substantial aid.

Now, one of the things that I want to take a look at in the Foreign Relations Committee is to make sure our own foreign policy with regard to North Korea is not conflicted.

STEPHANOPOULOS: What does that mean?

LUGAR: Well, that means, after the statement was issued by the six powers, another statement was issued by the United States which was supposed to clarify the situation.

Well, other parties around the table then also began clarifying their situations.

STEPHANOPOULOS: So we're not speaking with one voice, then? LUGAR: Well, at that point it appeared to me that Chris Hill, who was the State Department guy, was visiting with Secretary Rice, but these claims were made, perhaps, by Defense and NSC and others that they were not able to, sort of, edit the deal before it got to that point.

STEPHANOPOULOS: You know, you mentioned the possibility of North Korea selling other kinds of materials, presumably nuclear materials, to terrorists, entities like Al Qaida or other states.

If North Korea threatens to do that, won't the United States have to take military action?

LUGAR: It is probable that that will be heavily considered. But before we begin making these claims, we better make certain we understand all the implications of what is involved.

And I say that -- you know, the vice president made that point, as a matter of fact, after my good friends Ash Carter and Bill Perry suggested that the Taepodong, the long range one, be what blasted on the line.

STEPHANOPOULOS: You didn't agree with that?

LUGAR: I thought the vice president was right. That wouldn't be the last shot.

In other words, you've got to think, who shoots after that? And really, the degree of preparedness of the United States, of its allies, of the South Koreans -- here you have, with the South Koreans, a young group of people who equate, in a recent poll, the North Koreans and the United States as equivalent with China as the most favored nation.

That is a dangerous situation with the base of the South Korean government coming from the young, essentially, who were not there for the Korean war, who did not realize the United States protected and saved South Koreans.

So I think, you know, we have some spade work to do before we really think about military action.

On the other hand, the interdiction of these shipments of North Korean parts or shipments of missiles and so forth has been reasonably successful. That can be tightened. That ought to be a part of our agenda with our allies around the six-party talk.

STEPHANOPOULOS: Before we go, I want to ask about Iraq, heavy violence against in Baghdad this morning. They put a curfew on -- Shiites and Sunnis really clashing this morning.

Also, the military has announced that charges have been brought against those four soldiers who were involved in the rape and murder of a young woman and her family in Mahmoudiya. One person was involved in covering up the incident.

How damaging is this to the United States?

And are you confident now -- you know, we've also seen the reports out of Haditha and other possible killings of civilians.

Are you confident, now, that the military has this under control?

LUGAR: Well, these reports are damaging. But the fact that the military is proceeding with American justice is also a very strong point in our favor.

There are very few nations that would be involved in this degree of prosecution. We ought to do so and we ought to make certain, however, due process occurs and all the evidence is in before we come to trial in public opinion.

On the first part, the violence in Baghdad, that is all too real. I thought the day before, however, there was, at least, a good report that the government was going after the Sadr forces in Baghdad.

That is, the regular forces are beginning to crack down on the militia. That's of the essence if there is to be any breakup in the Shiite-Sunni fighting there.

STEPHANOPOULOS: Senator Lugar, thank you very much.

LUGAR: Thank you, George.

STEPHANOPOULOS: Up next, it's cowboy boots versus combat boots on the trail. The Iraq battle comes to Virginia. Then, Alonzo Mourning's comeback.

(BEGIN VIDEO CLIP)

MOURNING: I've been diagnosed with a rare kidney disorder. I just had to basically regroup and take a break from basketball and try to figure out how I would overcome this.

(END VIDEO CLIP)

(COMMERCIAL BREAK)

STEPHANOPOULOS: We were back on the trail this week, this time in Virginia, where Republican Senator George Allen is in a surprisingly fiery fight with James Webb. The former Marine is a Vietnam war hero and Hollywood screenwriter who served as Ronald Reagan's Navy secretary. But Webb switched parties to protest the Iraq war and won the Democratic primary on a wave of anti-war sentiment.

Allen is still favored to keep his seat in this conservative state, but dissatisfaction with Iraq has made this race more difficult than he expected in advance of a planned run for president in 2008. And Allen's differences with Webb were on full display at yesterday's American Legion convention in Richmond.

(BEGIN VIDEO CLIP)

U.S. SENATOR JOHN WARNER, R-VIRGINIA: George always laughs. Jim Webb wears his combat boots. George wears cowboy boots. I just wear Nike running shoes.

(END VIDEO CLIP)

STEPHANOPOULOS: After praising both men, Virginia's senior senator, John Warner, endorsed Allen, who targeted Webb on Iraq. (BEGIN VIDEO CLIP)

ALLEN: But what is not helpful for the trust in and the credibility of America and our will to win are those who revel in the political world, the world of, I told you so, that we should never have gone, that the intelligence that the U.S. and the world relied upon was bad and implied that the world would be better off if we had left Saddam Hussein alone in his palaces.

WEBB: But when you put your life on the line, no one can deny that you do believe in something. Those of us who have concerns about the use of military force have a profound duty to speak out in a responsible manner.

(END VIDEO CLIP)

STEPHANOPOULOS: When the speeches were done, we continued the debate.

(BEGIN VIDEO CLIP)

STEPHANOPOULOS: Senator Allen seemed to suggest that you were part of the I told you so caucus on Iraq.

WEBB: Well, I think there are a lot of people who don't want to be reminded that they were warned.

(LAUGHTER)

And I think it's relevant when you talk about how you build national strategy and how you use the military to talk about how these decisions have been made. There should be some sort of an accountability.

ALLEN: Right, you can talk about I told you so and that the information that the U.S. and our allies relied upon was bad. Ultimately, the result of all that would be Saddam Hussein would still be in one of his palaces today rather than in prison.

Zarqawi, who was running loose, actually, at that time in Iraq, would not be a dead martyr, which is what we'd rather have, rather than a live terrorist.

And the reality is, is that you can talk about all of that, you can do all of the Monday morning second guessing, Monday morning quarterbacking, that you want. That doesn't resolve the key issue, which is, what do you do now?

STEPHANOPOULOS: So what do we do now? I'm a little confused on your position. Because I know you've called for a pullout, yet you said you wouldn't have voted for the Democratic resolutions which basically call for the same thing.

WEBB: No, I think what we need is a clear end point, and the difficulty with the positions that have been taken by this administration is that they have never articulated a clear end point.

But I think what we need to be focusing on right now is when does the occupation end, because there are a lot of people who got us into Iraq who want us to stay there for the next 30 to 50 years.

STEPHANOPOULOS: But isn't what Senator Kerry's resolution was calling for? He was saying the occupation has to end basically by next July.

WEBB: I don't -- see, I don't think you should be working on that end of it. I mean, I can understand the frustrations of people who are in the Senate who feel like they've been ignored on these issues, but here's something to focus on. We keep hearing about these four large bases, permanent bases that are being built in the interior of Iraq, and if we're going to have, by the administration's count, four huge bases in Iraq for a long period of time, that's a totally different thing than what they're implying by saying that the Iraqis are going to take over.

STEPHANOPOULOS: But I think I have heard the administration say they're going to draw down. You say you want a drawdown when the conditions permit. I have a hard time seeing a difference between your position and theirs.

WEBB: Here's what the administration is not saying, and they should be encouraged to clarify this. Are they saying we're going to draw down and move back into these bases so that the Iraqis are controlling the cities like Baghdad and Ramadi but that we're still going to be there for the next 30 years as an occupying power? President Bush has said future presidents, plural, will be dealing with the Iraqi situation.

I think we can be out of Iraq in two years.

STEPHANOPOULOS: So you think we can be out in two years, but you don't want to set a hard deadline?

WEBB: That's right. I don't think that you can arbitrarily pick a time period from the United States Senate, and particularly me sitting out here in a third row in the bleachers running for the Senate just say, OK, let's, you know, everybody out by next summer.

STEPHANOPOULOS: Secretary Webb thinks we can be out in two years. Do you?

ALLEN: Completely out in two years? Now he's got a timetable. Beyond two years, I think that there would have to be such rapid progress. I think we'll still have a presence.

I do believe that by the end of this year, more of the military operations will be led by Iraqis, with the U.S. and the coalition forces in a supportive role. And as that happens, as there's more and more security, yes, we can draw down our troops.

But to think that it ought to be done as quickly as in two years, that all of our troops are out in two years, I don't think is based on the facts on the ground there. But I think substantial progress could be made, and we would not -- I cannot imagine us needing 130,000 troops.

STEPHANOPOULOS: You suggest that we'll have to be there far longer than two years. How long?

ALLEN: It will depend on progress on the ground. That's why I was asking you if what he meant was they're all out in two years. I could see in a few years a substantial number still there, but not at the levels we have now if progress continues. And if we keep our will, keep our resolve, then we'll persevere, and don't duck tail and run.

STEPHANOPOULOS: His fear, though, is that there's going to be a permanent military presence in Iraq, and he talks about the fact that the U.S. military is now building four bases in Iraq. Would you support that?

ALLEN: I don't see why the United States would have to have a presence there any longer than is necessary to stand up a free and just and secure society and civilization in Iraq.

We have bases, for example, right now, though, in Kuwait. And those bases in Kuwait are very helpful for the logistics and operations in Iraq. If the Iraqis ultimately are taking control of their own country, which they're trying to do in standing up this fledgling government, this unity government. In the event that they say, gosh, we still need the U.S. there from some presence, I think we should consider accommodating them.

STEPHANOPOULOS: You said in your speech that you wanted to give every veteran who's ever served a 5 percent tax break.

(BEGIN VIDEO CLIP)

WEBB: This is not a gift, in my view. It's an earned entitlement.

(END VIDEO CLIP)

STEPHANOPOULOS: How much is that going to cost?

WEBB: You know, it actually doesn't cost that much.

We haven't gotten the bottom numbers, the bottom-line numbers on it. But we did a lot of research on it, and I think the average income of a veteran is about $33,000 a year. Because a lot of them are World War II veterans who are retired.

It's not a high-cost item, and it's a way, in my view, that you could actually broaden the social structure in the military as well, by bringing people in who are going to be high-income people, who could look at that as, you know, something fairly significant down the road, too.

STEPHANOPOULOS: How would you pay for it?

WEBB: I don't think it's going to cost that much, and the best way to pay for it is there's plenty of people making an awful lot of money on this war.

STEPHANOPOULOS: Like?

WEBB: Have you looked at Halliburton's stock? I think it was nine when this war began. I was in the dentist's chair a couple weeks ago with, you know, the CNN screen -- no offense -- and it was 82. So there are a lot of people who have made a lot of money off this war.

STEPHANOPOULOS: So you'd roll back some of President Bush's tax cuts for the wealthy.

WEBB: I don't understand, really, how you can have a tax cut and be spending $500 billion on a war.

STEPHANOPOULOS: So you would?

WEBB: Yeah, I would.

ALLEN: So he would increase taxes on other families? We got rid of the marriage penalty tax, we increased the deduction per child, which really helped out families with children, and we cut taxes for all taxpayers. I think that to shift taxes, that's not a way of cutting taxes. What that is is a redistributionist approach.

My view is, reduce the tax burden on individuals. And I think for those who serve in the military, when they're activated, that they ought to pay no income taxes whatsoever.

STEPHANOPOULOS: You make a lot about the fact that George Allen has supported, according to your figures, President Bush 97 percent of the time in the Senate. Virginia's a pretty conservative state. President Bush won here twice. Are you sure that's going to hurt him here?

WEBB: You know, the only thing I can do is lay out the things that concern me. And it concerns me. I mean, I'm looking for leadership. That's the reason that I actually decided to do this. It was never my dream to be in the United States Senate. I just looked at the lack of leadership.

And I had thought that we were going to see much better leadership from George Allen. I have nothing personally against George Allen at all. I just believe that we need independent thought right now. We need creative ideas.

STEPHANOPOULOS: Basically, he's saying you're a rubber stamp for President Bush.

ALLEN: Oh, he can say that, but why doesn't he get into the specifics? I suppose if he wants to criticize me for agreeing with President Bush that we ought to reduce the tax burden on working families, or reducing taxes on family farms and so forth, I guess he can talk -- I think it's best if he would actually talk about specifically which votes does he disagree with.

STEPHANOPOULOS: President Bush is still under 40 percent here...

ALLEN: By the way, I do wish that President Bush would agree with me 100 percent of the time and my common-sense Jeffersonian conservative principles.

STEPHANOPOULOS: Well, you guys are getting close, 97 to 100, at least last year.

ALLEN: Well, that was last year. This year, I wish the president would come around to my way of thinking, that we need to secure our borders and not reward illegal behavior.

STEPHANOPOULOS: Are you worried the president's going to be a drag on you this year?

ALLEN: No, people know me in Virginia. The president's always welcome in Virginia. We have the same philosophy. Heck, our party is a broad and diverse party. We're not going to agree on everything. But most of the time, I'm proud of the president and the stands he takes.

Sometimes I disagree. I generally disagree privately. And if I would never run before, and if folks like here today had never seen me before, it would be different. But I know people in Virginia. They know what I stand for. They know my record of performance.

STEPHANOPOULOS: You served as Ronald Reagan's Navy secretary. George Allen says he was inspired by Ronald Reagan. Who's the real heir to Ronald Reagan in this race?

WEBB: You know, Ronald Reagan left the Democratic Party and went to the Republican Party, and I said a while back I think if Ronald Reagan were alive today, looking at where his party has gone, he might be thinking about coming back to the Democratic Party, too. I don't claim to be Ronald Reagan's heir. I just claim to be very proud of having served in his administration.

ALLEN: Yeah, right. Yeah, I know he served as secretary for 10 months for Ronald Reagan. I don't think Ronald Reagan would be on the other side of a party that is led by folks such as Senator Kerry and Senator Schumer and Harry Reid and Tom Daschle and Teddy Kennedy. They're the type of Democrats, actually, that had so many Democrats leave the Democrat Party.

STEPHANOPOULOS: You voted for George Bush in 2000. You worked for Ronald Reagan. You've been scornful of President Clinton, Hillary Clinton, other Democrats, criticized affirmative action.

Are you really comfortable as a Democrat?

WEBB: Yes, I am. I mean, I think -- first of all, I've always been very independent. I helped Bob Kerrey when he ran for president in '92. He's a friend of mine. I thought he would have really done a great job as president.

You know, the stuff with a lot of the more anti-war, anti-Vietnam War people in my age group, that was a running gun battle for about 30 years. And quite frankly, after 9/11, I just lost all my anger.

And, you know, that was a big part of what was going on with a lot of people in my age group who had gone to Vietnam and come back and felt like the Democratic party didn't want them and went to the Republican party, like I did, on issues of national security.

But the Democratic party, in terms of the principles of fairness and justice, economic fairness, is the best place to be. And the Republican party, unfortunately, I think, has lost its moral high ground on national security after the Iraq situation.

So I think you're going to see a lot of people coming back to the Democratic party.

STEPHANOPOULOS: The front-runners for 2008, right now, are Hillary Clinton and John McCain, your old friend. If that's your choice, who do you vote for?

(LAUGHTER)

WEBB: I'll support the Democratic nominee.

STEPHANOPOULOS: No matter what?

WEBB: No matter what.

STEPHANOPOULOS: You had been gearing up for a presidential race before. Secretary Webb won his primary.

Are you worried that this challenge is going to make it more difficult for you to run for president?

ALLEN: I don't think about it. I know what the task at hand is. And that is talking to the people of Virginia, sharing with them my ideas, what I would like to do if they continue to allow me to work for them and our shared principles and values in Washington. STEPHANOPOULOS: And you think they'll be OK with the fact that you're not promising to serve out that term?

ALLEN: Gosh, it's all I can do to get a lot of them to just say, hey, pay attention to the task at hand. There's a lot that will say, oh, we want you to run for president; I hope you run; and so forth.

I said, fine, fine, but let's pay attention to the task at hand. And I'm paying attention to the task at hand. And I hope the people of Virginia accord me the great honor and responsibility to continue working for them and our shared values in Washington.

I find it's pretty hard to predict the future. And I'm just happy to be alive at the end of every day.

STEPHANOPOULOS: Words to live by.

The roundtable is next with George Will, Peter Beinart and Donna Brazile.

And later, the Sunday funnies.

(ROUNDTABLE)

(COMMERCIAL BREAK)

STEPHANOPOULOS: Our voice this week, Alonzo Mourning.

(BEGIN VIDEOTAPE)

(voice over): They call him 'zo in Miami, where the defensive superstar led the Heat to the NBA championship last month. And that's a lifetime away from three years ago when kidney disease almost cost Mourning his career and his life.

MOURNING: Well, I was diagnosed with a rare kidney disorder called focaglumeralosclerosis (ph). The kidney function was deteriorating. And at that particular point, we had to discuss possible donors. And it was just a matter of finding the right one.

UNKNOWN: The Miami Heat; they've done it. They win their first championship in franchise history.

MOURNING: I thought about being a world champion, from day once, since I picked up a ball. For me to come out of this the way I've come out of it and to win a world championship and overcome all those obstacles, I mean, obviously, if you look at it on the outside looking in, you say, wow, that's an incredible story.

But in essence there is an underling reason why I've come out of it. And I think the reason why is to help change the lives and inspire others to overcome and not to succumb to what they might be dealing with.

I want everybody to just focus a little bit more on your health because we ignore it so many times. Get regular checkups, at least once a year.

Also, you, too, like I said can change someone else's life through organ donation. So go to your local DMV and fill out the card. Recycle yourself; become an organ donor.

I mean, obviously, I'm a living testament to that transplantation saves lives and know that there are thousands of people, thousands, thousands of people who are waiting on transplant lists today, just waiting for a second opportunity at life, you know. And that's what I was given, another opportunity to live.

(END VIDEOTAPE)

STEPHANOPOULOS: Right now, about 20 people die every day because they can't find an organ donor.

Mourning has raised more than $4 million for the cause. And to find out how you can help, check out Voices Plus. Go to abcnews.com and click on This Week.

Now, the Sunday funnies.

(SUNDAY FUNNIES)

STEPHANOPOULOS: That's our show for today. Thanks for sharing part of your Sunday with us. We'll see you next week.

FOX – NEWS SUNDAY

CHRIS WALLACE, HOST: I'm Chris Wallace. North Korea's leader vows no concessions to the U.S., next on "Fox News Sunday".

North Korea defies the world, launching a series of missiles. How will the world respond? We'll examine the military and diplomatic options with Undersecretary of State Nicholas Burns and a special roundtable of experts: The chairman of the House Intelligence Committee, Pete Hoekstra; former CIA director James Woolsey; and former presidential advisor Wendy Sherman.

Plus, this candidate gets the cold shoulder from some fellow Democrats, while this non-candidate can't get off the ballot in Texas. What gives? We'll ask our Sunday regulars, Brit Hume, Mara Liasson, Bill Kristol and Juan Williams.

And our Power Player of the Week takes you inside presidential finances, all right now on "Fox News Sunday".

And good morning again from Fox News in Washington. Let's get a quick check of the latest headlines. North Korean leader Kim Jong-Il says his country will never make any concessions to the U.S. In a statement Kim also vowed his country will counter any attack with one of its own.

A key Capitol Hill supporter of President Bush has accused the administration of failing to inform Congress of ongoing secret intelligence programs.

In a sharply worded letter written in May, the Republican chairman of the House Intelligence Committee, Pete Hoekstra, said the White House may have violated the law by concealing the activities. We'll talk with Hoekstra later in this program.

And in Iraq, three more U.S. servicemen have been charged with the murder and rape of an Iraqi teenager as well as killing her family. Another soldier was charged last week. The murders took place in March.

With North Korea topping a list of hot spots around the world, we turn now to the man who oversees U.S. policy in every region, Undersecretary of State Nicholas Burns, who joins us from Boston.

Mr. Secretary, our main diplomatic response to North Korea at this point is to push a resolution in the Security Council which would ban all countries from trading in weapons-related material with that regime.

Now, just today Japan's foreign minister has said that they plan to push for a vote on this resolution tomorrow. Is that the plan?

And, secondly, have we gotten an agreement from china that they will either support the resolution or at least agree to abstain from vetoing it?

NICHOLAS BURNS, UNDERSECRETARY OF STATE: Well, Chris, we're operating on multiple diplomatic tracks here in an attempt to try to get the North Koreans to come back to six-

party talks, to give up their nuclear weapons, which is what they agreed they would do, and their weapons of mass destruction.

So, yes, we're operating at the Security Council. We have a very strong Chapter 7 resolution in place right now. It will be voted in the next couple of days, we hope.

We also have -- President Bush and Secretary Rice have been in contact with all of the major regional leaders. Our ambassador, Chris Hill, our assistant secretary of state, is in the region. He's in Japan today. He was in South Korea and China in the last two days.

And I think the most important step today is that China has decided to send a senior-level delegation to Pyongyang this evening. And it's time for China to exert its influence that it does have on North Korea.

So I think you're going to see over the next couple of days all these tracks proceeding forward with one intention, and that is to convince the North Koreans that they're isolated, that they have no support in the world, and they've got to come back to this six-party framework and the agreement they made with us, and that is to denuclearize.

WALLACE: Secretary Burns, you say it's time for China to exert its influence. Is China the key player in getting North Korea to bend on this? And in a sense is this a test of just how reliable a partner China will be for us in the diplomatic arena?

BURNS: China is certainly a key player. It has a relationship with Pyongyang.

WALLACE: The key player?

BURNS: It is certainly a key player -- I said "a key player" -- because it's got a relationship with North Korea, however complicated from the past, where it has more influence, certainly, in trade and in political relations than the rest of us have.

So Secretary Rice was on the phone with Foreign Minister Lee yesterday and has obviously pushed the Chinese to use that influence and to convince the North Koreans to cease and desist not just from these missile tests, but to redeem the commitments that they made to us nearly a year ago.

So we're trying to bring a great deal of pressure to bear on North Korea from China, from the U.N. Security Council. We're certainly using American influence in Asia, which is considerable, to press our allies to send the same messages to the north.

And I think we're beginning to see a congealing of this international effort, and we hope to have some success in the next several days.

WALLACE: Well, let me ask one marker of this, and this is a simple yes or no question. Has China agreed that it will not veto that U.N. resolution?

BURNS: I don't think we've heard the last word from China. I'm not sure the Chinese have figured out exactly what they're going to do. It may depend on what the Chinese hear in Pyongyang from the North Korean leadership.

So I don't think, with all due respect, the question is as simple as that. We're engaged now in a very complex series of diplomatic steps from multiple directions, all pointed in giving that same message to the North Koreans and having the same impact on North Korean behavior.

WALLACE: Mr. Secretary, what is the regime in North Korea up to? What do they want from us and the rest of the world?

BURNS: You know, Chris, we gave up a long time ago trying to divine the intentions of the North Korean government. We're just going to have to judge them on what they do. And we are obviously outraged...

WALLACE: You're saying seriously as...

BURNS: ... outraged by these missile tests...

WALLACE: You're saying as the undersecretary of state...

BURNS: ... over the last couple of weeks.

WALLACE: You're saying as undersecretary of state you don't know what they want?

BURNS: No, I answered the question the way I wanted to answer it. You said what does this regime want to do, what are their intentions. And you know, we don't have a diplomatic relationship. We don't have an ambassador in Pyongyang.

We have very limited contact with the North Korean government. So it's not in my interest to try to help you guess what's in Kim Jong-Il's mind. But I can tell you this: We have a very clear view of what American national interests are here, and that is to put the North Koreans back into a place where they denuclearize, where they dismantle their weapons of mass destruction.

They committed to that on September 19, 2005. They have an obligation now to the rest of us, including China and Russia, to make good on that commitment, and that's the basis of our policy.
WALLACE: Well, let me ask you about that, because given the fact that we have made a number of agreements with North Korea over the years, and we're putting several of them up on the screen -- in 1985, in 1994, in 1999 -- and they have broken every single one of them, Mr. Secretary, if we could make a deal, what makes you think that they would abide by it?

BURNS: Well, it's not a question of trust here. It's a question of verification and of understanding exactly what the North Koreans are doing. So if we make -- we made a commitment and a deal with the North Koreans in the six-party framework back in September of last year.

Obviously, verifying if the North Koreans are in compliance is the first order of business, and right now they're not in compliance.

That's why we are suggesting and co-sponsoring this Chapter 7 resolution of the United Nations. That's why we have our lead diplomatic official, Chris Hill, in the region now. It's why Secretary Rice and President Bush have been so active over the last several days.

WALLACE: I want to play for you a clip from the president's state of the union speech back in 2002 in which he laid out part of the Bush doctrine on foreign policy. Here it is.

(BEGIN VIDEO CLIP)

GEORGE W. BUSH, PRESIDENT OF THE UNITED STATES: The United States of America will not permit the world's most dangerous regimes to threaten us with the world's most destructive weapons.

(END VIDEO CLIP)

WALLACE: Mr. Secretary, since then, by all estimates from intelligence sources, North Korea has only increased its nuclear stockpile. Iran has gone ahead and developed more of its nuclear program.

Is it the policy of this president that he will not leave office allowing those two dangerous regimes to still threaten us with the world's most dangerous weapons?

BURNS: And, Chris, since the president spoke those words in 2002, he has created and sustained two major international coalitions designed to prevent both of them from becoming nuclear weapons powers -- in the case of North Korea, to dismantle their nuclear apparatus; in the case of Iran, to deny them a nuclear weapons capability.

And you know, we have in the case of Iran now -- it will be a very important week. We have Iran fairly isolated. China and Russia and the European countries have all agreed that if Iran can't accept this conditional invitation to negotiations, that they can't suspend their nuclear programs, then they're going to face another path, action in the Security Council. We didn't have 15 months or 24 months ago this kind of international consensus on Iran that we have now, and that is certainly in our interest that we've been able to build that coalition.

The same is true of North Korea. We have a six-party framework. Five of the parties have a clear-eyed view of what the end result is here. So as the president said two days ago, sometimes diplomacy does take time, and it just isn't accurate to take a snapshot on a Sunday morning in July and say well, they're succeeding or they're failing, because the world is more complicated than that.

And we think we're on the right track in this diplomatic track with both North Korea and with Iran, and we think we're isolating both countries on the world stage.

WALLACE: But let me ask you -- we're not taking a snapshot, with all due respect, Mr. Secretary, on a Sunday in July. I mean, that was 2002. We're now in 2006. It's 4.5 years later.

Can you honestly tell the American people that the situation on the ground in Tehran and Pyongyang -- that they have fewer weapons, that they are less threatening to the rest of the world?

BURNS: I think we can certainly say that the situation with Iran is much better today. We're much better positioned to be influential with the Iranian government than we were four years ago.

The president has created this coalition with President Putin and with the Chinese leadership and the European leadership. The Iranians thought they could divide us, and they miscalculated.

Until very recently, they felt they were going to be able to steam forward with their nuclear research activities at their plant at Natanz, to engage in the kind of enrichment activities that would eventually give them the scientific knowledge to create a nuclear weapons capability.

We are now creating a coalition to stop them from doing that. So yes, I think we're far better off in dealing with Iran now than we were just a couple of years ago.

WALLACE: Well, let's follow up on Iran. A number of countries -- the E.U. and the U.S., China and Russia offered Iran a package of carrots and sticks on June 6th, and at that time your boss, the secretary of state, said that Iran had weeks, not months, to respond.

This Tuesday it will be five weeks, and Iran's top negotiator continues to reject any deadlines. Isn't Iran involved in a classic stall? And at some point isn't the west going to have to set a deadline?

BURNS: Oh, I think you're right that the Iranians are trying very hard now not to give us a clear and unambiguous answer. And they have a meeting on Tuesday with the Europeans. Secretary Rice is going to be in Paris to meet with the Europeans and the Russians and Chinese on Wednesday.

And the time has come for Iran to respond to the offer that was made on June 1st back in Vienna. And the Iranians need to understand that if they can't answer this question clearly, there is another path available to us, and that is to work in the Security Council to increase pressure and action against the Iranian government.

We offered them two paths, negotiations or Security Council action. The Iranians can choose, but the time to choose has come.

WALLACE: You say "the time to choose has come." Does that mean there's a deadline?

BURNS: The time to choose has come. There's going to be a meeting Tuesday. Let's see what Dr. Ali Larijani, the Iranian national security advisor, says to the Europeans on Tuesday.

Secretary Rice will be in Europe the next day to evaluate that with her European, Russian and Chinese counterparts.

And I think by then we'll have a fairly good idea of whether or not the Iranians are serious, whether they're going to respond and accept this offer for negotiations or whether they're going to try to filibuster and delay things for months. We won't accept that. We have another option available to us, and we'll travel down that road if we have to.

WALLACE: Mr. Secretary, one final area I want to get into with you. We've got a little over a minute left. The president has decided to break with decades of U.S. policy and to allow Russia to store tons of spent nuclear fuel from around the world, which is a very profitable business.

Has Russian President Putin done so much to help the U.S. on Iran, on North Korea, on agreeing with us about democratic reforms in Russia, to deserve such a reward?

BURNS: Well, Chris, we are currently talking -- in fact, right now, talking in Europe today, Sunday, with the Russians about a variety of issues that we may or may not be able to agree on, so let's just see how successful those negotiations can be.

But certainly we have an interest to work as a nuclear power with Russia to try to limit the spread and the proliferation of nuclear materials in the world. That's in the American national interest, and that shouldn't surprise anyone.

And as the president goes to St. Petersburg to the G-8 summit over the weekend, we will be arguing to sustain and strengthen the fight against proliferation of all nuclear materials in the world, not just with Russia, but with all the other countries at that table.

WALLACE: Mr. Secretary, we want to thank you so much for joining us today. Thanks again.

BURNS: It's a pleasure, Chris. Thank you. WALLACE: Up next, we'll talk with a special roundtable of experts, including the chairman of the House Intelligence Committee, about what the U.S. can do about North Korea. All of that after this break.

WALLACE: To help us sort out the crisis with North Korea, we've convened our own special roundtable of experts: Congressman Pete Hoekstra, chairman of the House Intelligence Committee; former CIA director James Woolsey; and President Clinton's point person on North Korea, Ambassador Wendy Sherman.

Chairman Hoekstra, let's start with the view from Pyongyang. What is our best intelligence about what the North Koreans want from the rest of the world? And what's the likelihood that they will fire more missiles to get it?

REP. PETER HOEKSTRA (R-MI), CHAIRMAN, INTELLIGENCE COMMITTEE: Well, I think, Chris, as the ambassador said earlier, we don't know enough about North Korea. We need to take this as an opportunity to get more insights into their leadership.

We know that they are belligerent. We know that they will negotiate. We know that they will reach an agreement. And then we know that they will cheat. That has been their pattern.

We also need to take this as an opportunity to take a much closer look at China. I do believe that the path to success in North Korea is going to have to go through Beijing.

WALLACE: Ambassador Sherman, let me bring you into this. You're the one person on our roundtable who has actually met with Kim Jong- Il. What do you think he's up to? And how far is he prepared to push the rest of the world? And what do you think of this idea which Ambassador Burns and Congressman Hoekstra seem this believe, that China is the key to this?

WENDY SHERMAN, FORMER AMBASSADOR: There's no doubt that China is very important to this process, and we all want China to put pressure on North Korea to come back to the table and get serious. But nonetheless, the United States is the last remaining superpower in this world, and so that gives us a special responsibility that we really can't escape.

And so we can't outsource everything to China. We have to be in this game, too. Kim Jong-Il wants our attention, but he also wants to come back to the negotiating table, and this is just a way to up the leverage.

It sounds like Ambassador Hill, who's out in the region, is ready to take him up on it in a series of informal talks, where there will be direct talks and the six-party talks. And that's not a bad way to go.

WALLACE: Ambassador Woolsey, let's take a bigger look at this. As I pointed out with Secretary Burns, North Korea has made a number of weapons deals since the Reagan administration in the 1980s, and it's broken every single one of them.

Why do we think that diplomacy can work, that any agreement we make with North Korea that they'll actually keep?

JAMES WOOLSEY, FORMER CIA DIRECTOR: I don't think we should think that they'll keep any agreement that they make with us. The only thing that's constant, as you said, from 1985 when they signed the non- proliferation treaty on, is that each time they've lied about what they're doing, they cheat on the treaty, and then when confronted, and not just by us -- by the International Atomic Energy Agency inspectors -- they bluster and have gotten concessions.

They got one from the first Bush administration. They got the '94 agreement from the Clinton administration. They got the continuation in groundbreaking for their nuclear reactors in 2002 from this Bush administration.

I don't think any recent administration has dealt with them very well. And each time they sign something, they lie about it and then they cheat.

WALLACE: Well, let me follow up with you on that, Ambassador Woolsey. If that's the case, why are we wasting our time with diplomacy?

WOOLSEY: Well, a certain amount of rallying the international troops is useful. But I think the only way that this can be brought without war to a reasonable conclusion is for China not just to lean on North Korea, but to lean very, very hard.

Right now the North Koreans are stealing the trains. China ships aid to them and the North Koreans steal the trains and won't give them back. I mean, China has to stand up here and take some responsibility. It's the only country that really has substantial leverage over the north with food and with energy.

And the way China is going now, they're going to end up with four new nuclear powers in East Asia, I think -- North Korea in time, South Korea in time, Japan, and in time maybe Taiwan. Why China thinks it's in its interest to have four new nuclear powers in East Asia is beyond me.

WALLACE: Ambassador Sherman, let's look back at the experience of your administration on this, which, as Ambassador Woolsey, who was a part of that administration, points out, didn't turn out to be all that -- let me just ask the question and then you can answer it.

WOOLSEY: All right. Sure.

WALLACE: The Clinton administration negotiated an agreed framework with North Korea in 1994 in which that country promised to freeze its nuclear program. It's generally agreed by 1997 it was already cheating on that agreement.

Then in 2000, you went along -- and here are some pictures -- with Secretary of State Albright to Pyongyang where she said -- and let's put it up -- "Step by step, we are moving toward a fundamental improvement in our relationship."

Just two years later, they announced they were a nuclear power. How can we trust them? How can we deal with them?

SHERMAN: We shouldn't trust them. We should never trust someone like North Korea. It's about verification. And in fact, the 1994 agreed framework was successful in that if it had not been in place by now, North Korea would have enough plutonium for 50 nuclear weapons. So I consider that a...

WALLACE: So they only cheated a little bit?

SHERMAN: Well, no. What happened is for several years they did not start up their reactor again. They did not unseal the spent fuel canisters and reprocess that spent fuel into plutonium.

At the end of the Clinton administration, we now know they were attempting to get centrifuge technology from Pakistan. They did not create a full-fledged highly enriched uranium program until the Bush administration. And it is, in fact, because the international community stepped away as well as not following through on some of our obligations under the agreed framework, to be frank, that we, in fact, had it all fell apart.

So I'm not saying that North Korea is to be trusted. It absolutely should not. And even with the former Soviet Union -- they cheated on arms control agreements, but it gave us a vehicle to go back and challenge that cheating, as we did around Kung Chon Nee (ph), a suspect nuclear site that we were allowed in and videotaped and found out that it was not what people suspected it to be.

WALLACE: Chairman Hoekstra, is this the failure of the Bush administration's diplomacy or is it just that you can't deal with the North Koreans?

HOEKSTRA: Chris, I really think what we need to do here is we need to stay away from trying to make short-term political gains. We need to keep our eye on the ball, which is North Korea, and not let North Korea divide us.

This is an awful regime. They are brutal to their own people. You cannot make agreements with them and expect them to keep them. We should not be in the blame game here in the United States about what the Clinton administration did or what the Bush administration did.

This is all about what North Korea is doing and the way that they behave in the international community.

WALLACE: Well, so let me ask you the question I asked Ambassador Woolsey. If you make an agreement with them and they break it, what do you do? HOEKSTRA: Well, I think as you heard continually, it is about verification. It is about putting international pressure on them. And that means the Chinese need to put pressure on them. South Korea needs to put pressure on them.

The South Koreans are developing economic development zones in North Korea. They need to really think about what their best interest is. You know, to believe that China, Russia and South Korea -- that we all have the same end game in mind today -- I don't think that's accurate.

South Korea has been focused on maintaining peace in the peninsula. China and Russia have been satisfied with North Korea creating some mischief for the United States, for Japan and South Korea.

South Korea needs to go back and reassess. China and Russia need to go back and reassess their positions.

WALLACE: Ambassador Woolsey, before North Korea launched its barrage of missiles on July 4th, you supported the idea of a preemptive military strike on their long-range missile. Isn't that taking an awfully big chance on a much wider conflict?

WOOLSEY: It was a chance. Former Secretary of Defense Bill Perry and Assistant Secretary Ash Carter, both very good friends of mine -- and we served in the Clinton administration together -- advocated that in an op-ed in the Washington Post.

Now, I endorsed it. I thought it was a good chance to take out an intercontinental missile that, had it flown its full flight pattern, could well have hit some portion of the United States -- not with a nuclear weapon, certainly. I think it's going to be years before the North Koreans are able to mate up their nuclear capability...

WALLACE: But how do you think North Korea would respond? And are you willing to take the chance that they wouldn't create a much wider conflict?

WOOLSEY: What worried me was that had the flight launched and gone a longer distance -- if a missile hits the United States, Hawaiian islands or Alaska, even with no warhead on it, from North Korea, it completely changes a lot in the world.

And I was especially worried that we would try to shoot it down and fail, because this ballistic missile defense system we've deployed, the land-based one, has not had a success really in four years and it succeeded about half the time before that.

The Navy system, I think, would be better, and a system to intercept in so-called boost phase, when the missile is slow and hot and early in its trajectory, would be a lot better. We need to do a lot more work on ballistic missile defense.

But if we tried to shoot that down and failed, you know, that would have been, I think, an international disaster absolutely of the first order.

WALLACE: Ambassador Sherman, you know, there's every possibility that they're going to put up another long-range missile on another launch pad. What do you think North Korea would do if we took that out?

SHERMAN: I think, unfortunately, North Korea would retaliate, and they might retaliate against our troops. We still have about 30,000 troops in South Korea. It would be catastrophic should they do it. They have a million-man army and probably 20,000 rounds of artillery.

But I do understand how Secretary Perry and Assistant Secretary Carter were frustrated with the situation, because North Korea has crossed one red line after another during the Bush administration. We've gone from them having enough plutonium for one to two nuclear weapons to probably having enough for four, six, eight or 10 nuclear weapons and may even have those weapons.

So although I didn't agree with them tactically, I did understand their frustration.

WALLACE: Chairman Hoekstra, I want to move -- we have a couple of minutes left -- to one other subject. As we reported earlier, you wrote President Bush a letter in May in which you charged that the administration may have violated the law by failing to inform Congress about various secret programs.

And let's put up some of what you had to say. You wrote, "The U.S. Congress simply should not have to play 20 questions to get the information that it deserves under our Constitution."

Mr. Chairman, I know that you supported and were briefed on the NSA warrantless wiretap program, on the tracking of terror finances. Are you saying that as the chairman of the House Intelligence Committee that you were not briefed about some other secret programs?

HOEKSTRA: Chris, that letter focused on three things that our committee has a passion about -- number one, getting the right people in the right leadership spots in the intelligence community.

The second thing is standing up the Office of the Director of National Intelligence to make sure that that reform effort moves forward.

And the third thing is doing complete and aggressive oversight of all of the programs in the intelligence community.

This is actually a case where the whistle blower process was working appropriately. Some people within the intelligence community brought to my attention some programs that they believed we had not been briefed on. They were right.

We asked by code name what some of these programs -- about some of these programs. We have now been briefed on those programs. But I wanted to reinforce to the president and to the executive branch and the intelligence community how important -- and by law the requirement that they keep the legislative branch informed of what they are doing.

WALLACE: Chairman, the president always says in these cases that congressional leaders, including you as the chairman of the House Intelligence Committee, are briefed. How do you explain this failure and how seriously do you take it?

HOEKSTRA: Well, I take it very, very seriously. Otherwise, I would not have written the letter to the president. You know, how do you explain it? There are lots of programs going on in the intelligence community. You know, we can't be briefed on every little thing that they are doing.

But in this case, there was at least one major what I consider significant activity that we had not been briefed on that we have now been briefed on, and I want to set the standard there, that it is not optional for this president or any president or people in the executive community not to keep the intelligence committees fully informed of what they are doing.

WALLACE: We're going to have to leave it there. Congressman Hoekstra, Ambassador Woolsey, Ambassador Sherman, we want to thank you all so much for being with us today.

Coming up, our panel of Sunday regulars on how the Bush administration is handling North Korea. You won't want to miss what Bill Kristol is saying. Stay tuned.

(BEGIN VIDEO CLIP)

BUSH: He not only fired one; he fired seven. Now that he made that defiance, it's best for all of us to go to the U.N. Security Council and say loud and clear here are some red lines.

(END VIDEO CLIP)

WALLACE: That was President Bush Friday in Chicago talking about getting tough with North Korea.

And it's time now for our Sunday gang, Brit Hume, Washington managing editor of Fox News, and Fox News contributors Mara Liasson of National Public Radio, Bill Kristol of The Weekly Standard, and Juan Williams, also from National Public Radio.

Well, as I said, the president talked tough this week about setting red lines for North Korea, lines that they can't cross. But Bill Kristol wasn't impressed. And in fact, here's what you say in the latest issue of The Weekly Standard. Let's put it on the screen. "The red lines, pink lines and mauve lines of U.S. foreign policy seem increasingly to be written in erasable ink."

Bill, what's the problem?

BILL KRISTOL, WEEKLY STANDARD: Well, the missile launch itself was supposed to be a red line. And then we're going to the U.N. Security Council to set some new red lines. North Korea is paying no price at all for doing something that we said is unacceptable, and that is a very bad precedent to set.

And I'm afraid that watching Nick Burns here tell you that the world is more complicated than you think, Chris -- I thought oh, my God, we're back to the Clinton administration. Nick Burns was actually a pretty good spokesman for Bill Clinton's State Department in the first couple of years.

And there's not a word he said today that couldn't have been said cheerfully by Clinton administration types -- everything's complicated, you know, North Korea is launching missiles and developing nuclear weapons, Iran is developing nuclear weapons, don't worry, things are better than they were four years ago, we've got three-party talks going in Europe and six-party talks going in Asia, and we're making concession after concession, but don't worry, we're less isolated than we were.

WALLACE: All right. One of the joys, Bill, of being a reporter is you can criticize without offering an alternative. What should the president do?

KRISTOL: He should walk away from the six-party talks. He should cancel them. North Korea has behaved in a way that's unacceptable for someone you're trying to have negotiations with. We should tighten the sanctions on North Korea.

North Korea has very few exports -- counterfeit money, narcotics and weaponry -- and we could do more to prevent that. And we should make this as a litmus test for our relations with China and with Russia. Are they going to stop cooperating with North Korea?

Instead, Russia, which has been an obstacle and which was just in -- one Russian official was in North Korea two weeks ago talking about transferring more technology. Russia is getting rewarded with spent nuclear fuel.

And we're very cheerful that China's doing -- we're thrilled China is sending a delegation to Pyongyang tonight. Isn't that wonderful? I mean, it's really pathetic.

WALLACE: Brit?

BRIT HUME, FOX NEWS WASHINGTON MANAGING EDITOR: Well, what strikes me about this is that North Korea has gotten an awful lot of mileage and attention out of what turned out to be six Scuds and a dud.

Yes, they did test-fire that missile, and I think the problem for diplomacy at the moment may not be so much weakness on the part of the players unwilling to do anything about it, but the problem was that the test was such an abject failure.

Now, yes, we hear that, you know, they will learn from this failure and it will advance the state of their technology simply to have conducted it. Perhaps so.

The problem, I think, though, for the countries in the region and elsewhere is that while it's scary that they're doing this and their intentions are certainly malignant, the test didn't do very much. It didn't go very far. It didn't threaten anybody.

You heard Jim Woolsey's expression of concern, what he and others were worried about and why they thought it ought to be taken out on the launch pad. Well, it was a fiasco. Now, obviously, we should be concerned about it. And I think working diplomatically makes sense, but let's not forget that that's what it was.

MARA LIASSON, NPR: Well, look. The test itself was a failure, but nobody doubts that North Korea is marching pretty inexorably towards increasing its arsenal of nuclear weapons and its ability to deliver them to the United States or to other countries in the region. That's what's scary. This launch itself might not have been the kind of terrifying thing that people thought it might be. But I think one of the problems for the Bush administration is that it has set its bar, at least rhetorically, so high. I mean, we're talking about two-thirds of the axis of evidence here, Iran and North Korea.

And President Bush was not going to let this stand. He wasn't going to let these countries have nuclear weapons, or at least expand their capacity. And when you set the bar so high, it makes you look even weaker and more impotent when you can't meet that.

But in terms of what Bill said in terms of increasing sanctions, one of the most -- players in the sanctions regime since North Korea is so isolated is China. And if you can't get China to stop giving it food and aid, you can't really put sanctions in very effectively.

WALLACE: Do we look weak and impotent?

JUAN WILLIAMS, NPR: Well, at the moment, I think we look preoccupied. We're preoccupied with Iraq. We're preoccupied with Iran.

In fact, it was the day after we announced that we wanted to have direct talks with Iran that you saw Kim Jong-Il issue an invitation to Christopher Hill, State Department emissary, to come over and talk. Of course, that was rebuffed. But the whole notion is that he wants attention now.

And you asked earlier, you know, what is he seeking. And I think what he's seeking is some kind of deal with the United States. I think he's feeling some of the pressure from these economic sanctions. And the problem we have is that we can't get the Chinese to respond.

And I think the Chinese see a more direct threat from the idea of potentially having chaos on their border with Korea than they do from his weaponry, because obviously he's not shooting at them. He's shooting at the Japanese. He's shooting at the Hawaiian waters. That's the threat.

And so, you know, Bill's position is we should turn away from them, but I think the Bush administration has tried that before. They tried to ignore them. And what we saw as the Bush administration was ignoring them was a build-up, an increase in the amount of plutonium they have for nuclear weapons. So I'm not sure that's an effective strategy.

KRISTOL: People say the test was the failure. The long-range missile was a failure. The short-range missiles work and they can hit Japan. We have a mutual defense treaty with Japan. It's kind of a problem, you know.

And Japan is going to go nuclear, incidentally. If we continue to -- Japan is now more hawkish than us. They want sanctions. But we're working with China and Russia.

WALLACE: South Korea has just -- let me just say, South Korea has just come out and said we think that Japan is creating too much of a crisis.

KRISTOL: Right. Right. So are we going to stand with Japan or are we going to accommodate China? I mean, it's that...

HUME: Bill, you can't get anything through the Security Council over China's veto. So to say that you're going to support sanctions and to do so without regard to China doesn't make any sense.

KRISTOL: Our policy with Iran and North Korea has been that we will insist on sanctions regardless at the end of the day of whether...

HUME: Well, we can insist on...

KRISTOL: ... other countries are...

HUME: I know, but how frightening is it to Pyongyang if you've got the United States insisting on something that it cannot deliver?

KRISTOL: Well, we can, in fact, deliver. Are we willing to make it a priority in our relationship with China their attitude towards North Korea? They have been utterly uncooperative. Are we going to let China stop sanctions? They're against sanctions.

Our whole Iran policy is premised on the fact that ultimately we can threaten them with sanctions.

HUME: We can threaten them. It seems to me we can...

KRISTOL: China won't accept sanctions against Iran. North Korea has behaved much more provocatively than Iran has. Iran hasn't launched missiles. Iran hasn't declared that they have nuclear weapons.

HUME: But, Bill, there's a very important distinction to be made in the real world about this, which is that Iran is a country which has lines out to the world in a way that North Korea does not.

Iran, though not entirely vulnerable, is still much more vulnerable to sanctions, sanctions that could be imposed by a coalition of willing nations without the United Nations' involvement.

That's really not true of North Korea. North Korea has got a lifeline from China and depends on almost no one else. So if China doesn't play, there's not a lot you can do. You can talk about tightening sanctions. We've done that.

We've tightened the sanctions on the bank that was allowing them to launder the fake money. And that was treated as a provocation by North Korea. I mean, they really are an outrageous, almost comically desperate regime.

WILLIAMS: Well, let me ask you a question, though, Bill. How much can we do as the world's superpower? I mean, given the fact that we are in Iraq, that we are trying to deal with the Iranians, we're in Afghanistan, given the idea that North Korea is now acting up, I don't think that -- you know, there's a limit to what we can possibly do.

And you're suggesting as though we take a hard line. I don't think you're suggesting in General Kristol mode that we start bombing the sites, you know, of their launch for missiles.

HUME: But that's something we could do. I mean, that...

WILLIAMS: If we do that, what are you inviting? What are you guys -- I mean, what are you guys suggesting here is the hard line with North Korea?

HUME: Well, the one thing about knocking the missiles out on the ground -- they're sitting there like, you know, the Washington Monument. They can be struck. That at least is something that

we could do and it would make, it seems to me, a successful possible strategy, much more so than trying to...

WILLIAMS: What do you think the Russians and the Chinese response would be for us coming into their neighborhood and taking such an action?

WALLACE: Forget them, what would North Korea's response be?

Mara, you get the last word here.

LIASSON: Yes. Look, I think that the military option has been all but completely ruled out by this administration.

HUME: I don't agree.

LIASSON: I think that they have gone out of their way to say we're working diplomatically. I haven't heard them talking about all options on the table for weeks.

HUME: Well, that doesn't mean the options aren't on the table.

LIASSON: Well, they certainly have chosen not to talk as if they are.

WALLACE: All right. We're going to leave it here. Have to take a break, panel.

But coming up, Senator Joe Lieberman was on the Democratic national ticket just a few years ago. Now are some Democrats ready to write him out of his own party for supporting the Iraq war? Some answers from our panel in a moment.

WALLACE: On this day in 1960, President Eisenhower responded to Russian threats to use missiles to defend Cuba. Eisenhower warned the U.S. would not condone a communist regime in the western hemisphere.

Stay tuned for more panel and our Power Player of the Week.

(BEGIN VIDEO CLIP)

U.S. SENATOR JOSEPH LIEBERMAN (D-CT): Ned Lamont seems just to be running against me based on my stand on one issue, Iraq.

(END VIDEO CLIP)

(BEGIN VIDEO CLIP)

NED LAMONT (D-CT), CANDIDATE FOR U.S. SENATE: President Bush rushed us into this war. He told us it would be easy. And Senator Lieberman cheered on the president every step of the way.

(END VIDEO CLIP)

WALLACE: That's a sample of the contentious primary debate this week between Senator Joe Lieberman and his Democratic challenger, Ned Lamont, in which Lieberman's support for the Iraq war is the key issue in the campaign.

And we're back now with Brit, Mara, Bill and Juan.

So Joe Lieberman a U.S. senator for 18 years, the vice presidential candidate of the Democratic Party just in the year 2000, now fighting for his life in the Democratic primary in Connecticut on August 8th.

Brit, what does this tell us about the state of the Democratic Party right now?

HUME: Well, it tells us that even in relatively dovish Connecticut where Joe Lieberman, if nominated, would be an odds-on favorite to win re- election, his own party may deny him that nomination, which gives you an idea of the extent to which the Democratic Party has drifted to the left because of Iraq.

What has happened is that all the antiwar sentiments of a huge part of that party's base have been awakened by this war. They are emerging as the dominant force within the Democratic Party, pulling the party to the left on that and other foreign policy issues.

And the result is that a war that is going badly in the eyes of the public has been redounding amazingly in recent weeks to the benefit of the president who took us into that war, a remarkable achievement for the Democratic Party.

WALLACE: Mara, do you agree that this shows that the party, the base, the heart of the Democratic party is moving to the left?

LIASSON: Well, I think that on the war, the base of the Democratic Party is against it. I mean, I think there's no doubt about that. I mean, and that's what you see in Connecticut.

I mean, the Democratic Party -- the national leadership of the Democratic Party is firmly focused on defeating Republicans in the fall and trying to take back a majority in one house or both.

And now they've got this very difficult problem on their hands when the base of the party, at least in Connecticut, has kind of risen up and said we don't want to have a senator who is not only pro war -- I mean, Joe Lieberman is a special case.

He's not just like Ben Nelson or some other conservative Democrat. He has really led with his chin on this, and he has been, some Democrats feel, kind of rectitudinous about it. He has spoken out in favor of the president. He has been a real staunch defender of him all along. And I think that's been a problem for him. Now, the Democratic leadership is in a very difficult position even though people like Barbara Boxer, like Joe Biden, on two different sides of the war debate, are

going to go and campaign for him. As a practical matter, if he loses the primary, his only chance is to run as an independent without the backing of the Democratic Party.

WALLACE: Bill, let's pick up on this question of the support or lack of support from some of his Democratic colleagues in the Senate, because it's been fascinating to watch how they scramble.

A number of them, including Senate Democratic leader Reid, Hillary Clinton, Joe Biden, have all agreed to support Lieberman at least through the primary. But two strong critics of the war, John Kerry and Russ Feingold, have refused to back their long-time colleague against a challenger in a Democratic primary. What do you make of that?

KRISTOL: Well, why should they? They disagree with Lieberman on the most important issue and, really, on a bunch of foreign policy issues confronting the country. And why should they support him, just because he's served with them in the Senate for 18 years? I respect them. In a sense, they're doing what they believe.

The bigger question is why Barbara Boxer is supporting Lieberman in the primary. The interesting thing, of course, is that Hillary Clinton said this week she would not support Lieberman in the general election if he did not get the Democratic nomination.

LIASSON: Which she didn't have to say, although...

(CROSSTALK)

LIASSON: ... nobody will.

KRISTOL: She went out of her way to say it because the left is winning the fight for the soul of the Democratic Party.

WALLACE: But if he loses, that would be traditional.

LIASSON: Yes. They're not going to support him.

WALLACE: If a fellow loses a Democratic Party and runs as an independent, you don't support him.

KRISTOL: Well, you could or you couldn't. But she went out of her way to say that she wouldn't, having left it ambiguous, because she might be running for president and she doesn't feel you can take on the left-wing base of the Democratic Party.

So we have a Clintonian Bush administration and a McGovernite Democratic Party. What a wonderful situation.

WALLACE: The conservatives are on the march.

KRISTOL: The conservatives are not -- this particular conservative is not happy.

WILLIAMS: You know, but people want to make this out somehow that the Iraq war is a problem for the Democrats. I think it is the issue. You've been saying it's the issue for the election. It's the issue for everyone.

And two-thirds of the American people now who think this war is a mistake, shouldn't have started, shouldn't be in it -- and the question is why is the opposition to slow to form, to coalesce, and here's an opportunity to do it.

And here's the base of the party saying we want someone who speaks to this key issue of our time. I don't see that as illegitimate. I think Joe Lieberman is a fantastic senator. I think he's been a good guy around this town for years. Hillary Clinton makes the point that she and Bill Clinton worked for him when they were in law school and the like.

But you can't go away from backing the party's candidate. In fact, you could argue that it's Joe Lieberman who is betraying the party by saying that he's going to run as an independent, because I think he will win re-election, potentially, as an independent, although the Republican...

WALLACE: So, Juan, do you think it would be better or worse for the Democratic Party and its prospects for November if the Democratic Party votes to make him the nominee, Lieberman the nominee, or votes for the antiwar candidate and says we are antiwar?

WILLIAMS: Well, I think it's up to the voters of Connecticut. There are other issues...

WALLACE: No, but I'm asking you which would be better for the party, just to go down and say we are antiwar and that's the big issue?

WILLIAMS: Well, no. If it's a matter of the party, the party has to be very clear in what it stands for, and I think the party is for someone who agrees, a candidate who agrees, to a date for a pullout. Let's begin an exit strategy.

LIASSON: Well, the party hasn't decided that. I think the Democratic Party in Washington is divided. Look, only six Democrats voted for that amendment.

WILLIAMS: Correct.

LIASSON: So how can you say that's what the party is for? There is no position.

WILLIAMS: No, I think that's what the base wants.

LIASSON: Oh, sure.

WILLIAMS: I think that's what the base of the party wants. That's what the people who vote Democrat in this country want. And I think if you don't speak that clearly, then you invite people like Brit Hume to say you guys are engaged in a shadow dance.

WALLACE: You're just sitting here minding your own business.

WILLIAMS: You know, you guys are engaged in a shadow dance, you're not saying exactly what you believe, you're hiding your true beliefs, you're trying to play a Hillary Clinton deal.

And Hillary Clinton is not, you know, consistent with her stand because she's looking towards the center for the general election.

HUME: I'm working with the Chinese and the Russians to formulate a joint response to what Juan has just said to me, and I have high hopes that after the mission to Pyongyang by the Chinese diplomats tonight that I'll have something in the morning.

WALLACE: All right. We've got a couple minutes left, and I want to change subjects here.

Mara, you watch congressional races very closely. Tom DeLay is trying desperately to get off the ballot in his district...

LIASSON: Right, and he's stuck on it so far.

WALLACE: ... in Texas so the Republicans can put a less controversial candidate on, and a federal judge this week said no, no, you got the nomination in the primary...

LIASSON: That's right. You went through the primary, you're on the ballot.

WALLACE: ... and although you're supposedly now living in Virginia, who's to say by election day you won't be living back in Sugarland. And now DeLay is saying you know, if I get elected, I might serve. So what do you make of all this?

LIASSON: Well, look. The Democrats were very happy about that. They want DeLay on the ballot, of course, because that would mean that Nick Lampson, their candidate there, has less of an opposition.

But there are still a few more legal hurdles to go through, and it's possible DeLay could get himself off. But that is a small piece of good news for Democrats because they have high hopes of getting that district, which is a Republican district, by the way.

WALLACE: Couldn't you, Bill, end up with Tom DeLay actually winning that seat and being returned to Congress?

KRISTOL: I think it's unlikely. It's unlikely. But Lamont could beat Lieberman. We didn't really discuss what's going to happen in the race. If you look at the polls, Lamont is closing. All the energy is with the challenger in that race. The incumbent is right now at 55 percent. He's sinking down, I think.

And he won the debate sort of as a debate, but I think if you watched it, I think, as a Democrat, Lieberman was very defensive -- I'm not like George Bush, I've been a good liberal, Lamont

voted with Republicans when he was town selectman of Greenwich. I think Lamont beats Lieberman.

WALLACE: And in 15 seconds, if Lieberman runs as an independent, loses the primary, will George Bush campaign against him and for the Republican after Lieberman has carried his water on the Iraq war?

KRISTOL: No, he will not campaign against Lieberman, and he should not.

WALLACE: All right. We've got to leave it there. Thank you, panel. That's it for today. See you next week.

Time now for some mail about the Supreme Court's ruling that the president should get Congress to authorize military tribunals for terror detainees.

The Patton family wrote, "The insistence by Senators Graham and Reed that Congress provide oversight to the war on terror is laughable. We are not convinced that congressional members are not the leakers in all these cases."

And Warren Andrews from Florida added, "The Supreme Court has rewarded terrorism. They have elevated the status of terrorists to the same level as legitimate, uniformed soldiers of countries who are signatories of the Geneva Convention."

Be sure to let us know your thoughts by e-mailing us at fns@foxnews.com. Up next, our Power Player of the Week.

WALLACE: There are plenty of places in this town where you can see artifacts of our nation's history. But we visited a very special collection in a bank vault along with our Power Player of the Week.

(BEGIN VIDEOTAPE)

MARY BETH CORRIGAN, ARCHIVIST, PNC BANK: We have checks of some famous people. We have checks of Abraham Lincoln.

WALLACE: In a city filled with treasured documents, historian Mary Beth Corrigan has one of the more unusual jobs. She is the archivist for PNC Bank, which took over Washington's Riggs Bank last year. Since 1998, she has been sorting through and saving some of their remarkable records from mold and mildew.

CORRIGAN: The greater bulk of the records was stored in the basement, and they were in terrible condition. It was actually kind of horrifying.

WALLACE: The collection is important because Riggs was known as the bank of presidents, serving 23 chief executives from John Tyler in 1841 to Bush 41.

Corrigan took us inside the bank vault to see some of the most fascinating documents, providing new insights into American history. CORRIGAN: I have a check that Abraham Lincoln wrote to Mr. John Sickman (ph). It's an original check, and it was completed in August of 1861.

WALLACE: This presidential act of charity would be worth about $60 today.

It's almost thrilling, the idea that here you are holding through plastic a piece of paper that Abraham Lincoln wrote.

CORRIGAN: That Abraham Lincoln -- exactly.

WALLACE: Then there's the check Thomas Jefferson wrote in 1793.

CORRIGAN: And it's for $115.30, made out to Robert Leslie.

WALLACE: And there's the check Richard Nixon wrote in 1959.

CORRIGAN: Made out to the Chesapeake & Potomac Telephone Company for $28.33. So he was paying his own telephone bill.

WALLACE: As vice president.

CORRIGAN: That's right.

WALLACE: Riggs Bank was there for a lot of history. When the U.S. wanted to buy Alaska in 1867, Russia didn't trust American currency just after the Civil War. Riggs supplied $7 million in gold bullion.

The bank also financed Robert Perry's 1909 expedition to the North Pole. There are 600 boxes of checks and letters and more than 1,500 ledgers. Corrigan showed us one that kept a record of Lincoln's bank account.

CORRIGAN: Over here you can see that he regularly deposited his paycheck of $2,083.3, so this is his presidential salary.

WALLACE: So he was making a little over $24,000 a year as president of the United States.

CORRIGAN: That's correct.

WALLACE: By the end of this year, Corrigan says PNC Bank will decide whether to give the records to a museum or open its own collection. After spending eight years with the documents, she says she can't wait.

CORRIGAN: It's really time for us to give this collection back to people. It will be very gratifying to see that happen.

(END VIDEOTAPE)

WALLACE: The bank also has the card Teddy Roosevelt signed when he opened his account. He listed his address simply as the executive mansion. And that's it for today. Have a great week, and we'll see you next "Fox News Sunday".

CBS – FACE THE NATION

BOB SCHIEFFER, host:

The subject this morning: North Korea. What is it up to, what does it want? And joining us now from Boston, the administration point man on all this, Undersecretary of State for Political Affairs Nicholas Burns.

Mr. Burns, thank you very much for joining us.

Mr. NICHOLAS BURNS (Undersecretary of State for Political Affairs): Good morning, Bob.

SCHIEFFER: Let me get right to it. You have done a series of interviews on television this morning, and in each you have underlined that the United States wants China to use its influence on North Korea. What do you want China to do, Mr. Secretary?

Mr. BURNS: Well, Bob, China has influence with North Korea of a type that most of the rest of us do not. And the Chinese are sending a senior-level delegation to Pyongyang this evening, and we hope that China's going to bring some pressure and influence to bear, to convince the North Koreans that they are entirely isolated in the world. These missile tests earlier this last week were reckless and provocative. They were also unsuccessful. And that the North Koreans have to come back to the six-party talks. We agreed last September that North Korea would dismantle its nuclear programs, abide by the rules of the world. We want to see North Korea, and we want to force back into that situation, and we want to see China and Russia and all the other countries that purport to have some influence use that influence.

SCHIEFFER: You have stressed in all your interviews this morning that the United States, Russia, China, Japan and South Korea must be united in their approach to the North Koreans. But you were united last week, and the North Koreans disregarded the statements calling on them not to fire these missiles. Why do you think you can be successful now?

Mr. BURNS: I think the North Koreans have to understand that we have options. We have a Security Council resolution that will provide with--for sanctions in place, it's ready to be voted. And we certainly hope that we'll get full support for that resolution as it comes forward.

The North Koreans also have to understand they have really created a problem for themselves in Asia. South Korea and Japan and Australia and all the Southeast Asian countries have been obviously outraged by these missile tests. They're clearly--they were clearly meant to intimidate North Korea's neighbors in Asia. And so the North Koreans need--need to understand they don't

have the friend in the world, their options are very limited. There is this six-party framework that provides them with a certain number of benefits should they meet their commitments. And so as the president said the other day, we've just got to be very tough-minded and consistent and persistent in pursuing this diplomatic track to put the six-party talks back together and bring the North Koreans back to a much more sensible place than they currently are.

SCHIEFFER: Now you talk about the Chinese sending their diplomat to North Korea. But do you have any assurance yet, Mr. Secretary, that the Chinese will go along with the United States and the others who are ready to pass this resolution in the United Nations? Because it's coming--coming quickly as I understand it. You--do you have that assurance yet from China that they'll be with you on this?

Mr. BURNS: We don't have assurances right now. We--we understand that the Chinese are still reflecting on their options. They wanted to see how this delegation could--could do in Pyongyang before a vote in the Security Council. So we thought--all of us thought it was best to postpone that vote until early this week so that we could see the results of the Chinese mission.

But we'll have to take this one step at a time. The Chinese ought to have an interest here in maintaining the integrity of the six-party process. And frankly, China and the United States and Russia, we all warned the North Koreans not to undertake these missile tests. Now the fact that they just took them last week is a rebuke to China. And so the Chinese need...

SCHIEFFER: Well, a...

Mr. BURNS: The Chinese need to push their position forward.

SCHIEFFER: Did you, did you ask the Chinese to support this resolution, or would you be happy if they just abstained when it comes to a vote in the UN?

Mr. BURNS: No, we--we clearly would prefer if China and Russia and every member of the Security Council voted unanimously to pass this very tough Chapter 7 resolution. Chapter 7 has the--the effect of compulsory obligations on the part of everybody who signs up to it, and every member of the UN. So we want there to be unanimity in New York. I don't know if we'll get there, but we certainly want that to be the result.

And I can tell you Secretary Rice was on the phone yesterday to the Chinese foreign minister. She's been very active, and the president's been very active over the last few days in talking to the regional leaders. There is outrage in Japan. There is strong support for what we're doing in South Korea. There is strong support in Australia and Canada--all countries that are going to be affected if the North Koreans don't turn back to peaceful negotiations.

So I think we've been able to bring a lot of international pressure to bear, and that's in the best interests of the United States to have an international approach and have a lot of other countries pulling on the oar, not just ourselves.

SCHIEFFER: Mr. Secretary, what are the five nations prepared to do if the Koreans refuse to dial back on this missile program? Tell us some of the things that could happen?

Mr. BURNS: Well, you know, one way to answer your question is--is--is to go back to the September 2005 agreement. There's a lot in that that could benefit the North Koreans. What the five parties are going to have to do if the North Koreans don't comply is, frankly, to put more pressure on the North Koreans, to isolate them. And the North Koreans are going to find themselves in a position that few other countries have been in in recent memory: complete isolation in the international arena.

SCHIEFFER: But--but what--but what does that mean?

Mr. BURNS: That can't be good for them.

SCHIEFFER: What does that mean, complete isolation. What would you do?

Mr. BURNS: Well, in the Security Council resolution that's under consideration, it would prohibit any member of the United Nations from engaging in any trade that would in any way benefit North Korea's missile programs or nuclear programs. It's an obvious step to take. It would be severely disruptive to what the North Koreans are trying to do, and that's why we're pressing it forward. And we would hope that the North Koreans would just consider their position and understand that their own interests are to come back to these talks, to the negotiating table, and fulfill what they've already committed to do. That's what the United States is trying to do.

I think, Bob, you're also going to see the United States and Japan and other countries go forward with missile defense. Because if there's a lesson from these tests over the last week, it is that we have to prepare to defend our own interests and the interests of our allies. And you're seeing in the region a lot of support now for what the United States has been doing over the last few years under President Bush's leadership to engineer a missile defense capability that can be effective in countering whatever the North Koreans decide to do in the future.

SCHIEFFER: If the diplomacy fails, Mr. Secretary, is the United States prepared to take out the missiles with--by military means?

Mr. BURNS: Bob, I learned long ago never to answer a hypothetical question. I understand why you ask it, but you'll understand why I don't want to respond to it. We're on a track that we believe has a possibility of success. And what you want to do in a situation like this is you want to maximize your options. You don't want to close off options. And so, we believe that concerted, aggressive, tough-minded diplomacy by the international community--and that's what's going to be required--can convince the North Koreans to cease and desist. We want to test that proposition, and that's what we'll be doing over the next several weeks.

SCHIEFFER: Mr. Secretary, thank you so much for your time.

Mr. BURNS: Thank you, Bob.

BOB SCHIEFFER, host:

And now let's get the view from Congress. Joining us from San Diego, Senator John McCain, and with us here in the studio Senator Chris Dodd of Connecticut. We're going to start with Senator McCain.

Senator McCain, do you think that the United States is going to be able to get China to go along on this resolution, and in the end will--will that be what's needed?

Senator JOHN McCAIN (Republican, Armed Services Committee): Well, I believe that China is the key. They're the only ones that really have significant influence over North Korea. If we make it clear to China that we understand they're emerging on the world stage as a super power, they should behave like one and this will be a defining issue in our relations with China. And if they continue to vacillate as they have all last week in the United Nations, then there are consequences in our relationship. There are many key areas that we're cooperating in that I believe would be affected, including trade, by China's failure to act.

It is not in Chi--we're not asking China to be charitable here. It is not in China's interest to see Asia destabilized, to see Japan become a nuclear power, to see this threat to stability in the region. Their economy is doing very well under present conditions. And so an instability bred by this rogue-state behavior of North Korea is not in China's interest, and a mature nation would recognize that and would bring all leverage to bear on North Korea so that they will comply with their commitments, not--and agreements that they made as short time ago as last September.

SCHIEFFER: Senator McCain, help me to understand, why would China not want to be with the United States on this? What--what is the down side for China here?

Sen. McCAIN: Unless they are immature and do not understand the consequences of their failure to exercise a beneficial influence towards a peaceful Asia, I don't know. I am--perhaps it's a degree of naivete on the part of the new Chinese leadership. I don't know the answer, but the United States had better make the message very clear. This is a defining issue. I also believe that missile defenses development--this is another argument for the development of missile defense and sharing that technology with Japan.

SCHIEFFER: Senator, do you think after the firing of these seven missiles on the Fourth of July, which obviously was an attempt to frighten the world, or at least to get its attention, is there any way that the United States could sit down and hold one-on-one talks with the North Koreans, as they seem to want?

Sen. McCAIN: Well, first of all, I don't know why we should reward bad behavior by making concessions. And it's not whether it's six-party, four-party, two-party, whatever, that--that's not the problem, just as the shape of the table in the Paris Peace talks was not the problem. The problem is will the North Koreans comply with the commitments that they've made in the past? We made a deal in '94 which I vehemently opposed, which gave them all kinds of good things and they--and they rewarded that with--with violations of the agreements that they made. And we have to make it very clear. Now, who has the leverage? China does, Russia to a lesser degree.

And unless that leverage is exercised, I'm not sure that this--this rogue state is going to behave in any civilized or normal fashion.

SCHIEFFER: So what should the United States do if in fact the North Koreans continue to disregard these warnings from--from the other countries?

Sen. McCAIN: Well, then I think obviously missile defenses deployment of more capable naval defensive capability in the region. Again, it effects our relations with China fundamentally because it will destabilize Asia. And even though this missile failed and--and maybe they'll never be able to have the technology to do so, I'm not sure that we can rely on that as a--as a safeguard against something that could be, you know, to have incredible consequences since they have...

SCHIEFFER: Well, should we...

Sen. McCAIN: Yeah, go ahead.

SCHIEFFER: Should we take out those missiles militarily if they say they're going to continue on with this program?

Sen. McCAIN: I--I don't know, Bob. I think that--that--that you exhaust all other options before you seriously consider it, but it's something you would have to judge at the time. But we better have the capability, and we do have the capability to do so. But I would not--I would not seriously consider that option at this time.

SCHIEFFER: Let me ask you about another subject, and this has to do with Russia. The administration says it is now ready to basically reverse policy and cooperate with the Russians on--on civilian nuclear power, and specifically to allow Russia to become sort of a depository for spent nuclear fuel. Do you think that's a good idea?

Sen. McCAIN: I'm very skeptical. The Russians are the ones that helped the Iranians. This is another example where the Russians have got to understand again that their continued autocracy and repression and oppression of the media, of--of a free and democratic society, the latest which is the trying to--to get rid of Radio Free Europe and the Voice of America, as well as many other actions, should not be rewarded with an agreement that I think probably is more beneficial to them than to us. So, again, I--I would be questioning whether to go to St. Petersburg, given the Russians' behavior and again lack of cooperation on North Korea, and if I went I think it's time for some very tough talk.

SCHIEFFER: So what you're saying, you're not even sure you'd go to the economic summit here, let alone go along with this program that the administration has now endorsed. Are you going to try to block that program, senator?

Sen. McCAIN: Oh, no. But--and the president's obviously going. I'm glad he's going to Georgia along the way, but it's time for some very tough talk with the Russians. They--Mr. Putin is clearly on the path to the restoration of autocracy in Russia and that's not good for America, that's not good for Russia and it's not good for the world.

SCHIEFFER: All right, Senator McCain, thank you so much. We'll be back in a minute with Senator Dodd.

BOB SCHIEFFER, host:

And we're back now with Democratic Senator Chris Dodd of Connecticut.

Senator, Senator McCain's pretty tough on the Chinese today. He says that they've got to be with us on this, and if they're not, that's going to be a real problem between us.

Senator CHRISTOPHER DODD (Democrat, Connecticut; Foreign Relations Committee): Well--well, I hope they would be as well, but I think it's important that they not only listen to us, but we listen to them, as well. They obviously have a different agenda. We have similar points, but a different agenda, as well. They're very interested about instability on that Korean peninsula. They share a common border with North Korea, and so they have a lot of different interests than we're apt to have. Ours is disarmament, obviously reducing the threat of--of these missiles. Remember, North Korea has very successful short- and mid-range missiles that have been proven successful. The long-range missiles, obviously, have their difficulties.

This is tremendously provocative, it's unacceptable, what they've done. John is right, and Nick Burns is right, that we have a lot of unanimity on this point. But the Chinese are worth listening to--as are the South Koreans, who don't have the same point of view on geopolitics. But I think listening to what their suggestions are in how we defuse this is very, very worthwhile. And so I would urge us to be careful in trying to draft something that causes the Chinese to take a different position. The Russians may be a different story. Or having the South Koreans take a different position than this.

I'm very worried about this--this issue in North Korea. I'm not sure yet of the capability. But we know that they have 8,000 spent fuel cells, which they developed, of plutonium. We know that they have at least six or maybe more bombs. We know that they're willing--they need hard currency. We know that al-Qaeda wants to get their hands on this kind of technology. It's very troubling to me. Of all the issues in the world, I think this is the most serious one that needs to be dealt with, and therefore, I'd go in a bit of a different direction than I heard John say--or Nick Burns say--that I think us pursuing a bilateral conversation with North Korea is not a bad idea.

SCHIEFFER: One-on-one talks.

Sen. DODD: If that's necessary. I wouldn't give up the six-party talks at all. I think they could be done as a subset of that. And we ought to be listening, again, to the South Koreans and the--and the Chinese. Japan, you want to listen to as well, but there's a national election going on in Japan today, as well, and--and that have--probably have some influence on Japan's position, I would add.

SCHIEFFER: Well, Senator, help me to understand: Why would the Chinese be reluctant to go along on this? Why would they be reluctant to impose sanctions? Are they worried about taking down--or that government collapsing in North Korea?

Sen. DODD: Well, part of that, but not so much, that, I think, but they--Nick Burns alluded to this: They have--don't want to have a--a human wave pouring into that northern or southern border of China and northern border of North Korea.

SCHIEFFER: If--if that government collapsed in North Korea.

Sen. DODD: If that would happen. That's what I'm saying. That's it. Or, if you had terrific sanctions that would deprive the food, medicines--other things that the South Koreans and the Chinese provide. So they're going to be careful--that's why their agenda is a bit different than ours.

SCHIEFFER: I understand.

Sen. DODD: And they're worth listening to on this. China's not our enemy on this. They don't want an arms race in that part of the world any more than we do. They don't want North Korea posing any more difficulties than they already are. Now, I'm not suggesting we ought to go along with exactly what the Chinese suggest, but listen to them. It's very valuable to listen to them. This is a--this is probably the single most important relationship we'll have in the 21st century.

SCHIEFFER: What is the danger that North Korea poses to us? Is it that they will develop these missiles, or if they have this technology, they'll sell to terrorists?

Sen. DODD: Well, I think selling. I'm very worried about this. That's why I would place this as the single most important issue. Iran is important, obviously Iraq and Afghanistan are collapsing in many ways. But this issue really needs to be addressed, and that's why the bilateral conversations or talks--and negotiations are not--are not a reward. We need to get away from this idea that diplomacy is a sign of weakness. Muscular diplomacy is a sign of strength. We had seven American presidents--four Republicans and three Democrats--who bilaterally negotiated with the Soviet Union and China for almost 50 years. I--I'd hate to think what the world would look like today had we not had that kind of vision during seven administrations.

And so the idea that bilateral talks are somehow a sign of weakness or concession--I wouldn't do it immediately, Bob, obviously, but this notion we're never going to do that--we're wasting time here, and we better get serious about this issue. I think it's unclear where we stand on this. One day we're for talks, the next day we're threatening attacks. I think there's a lot of lack of clarity about where the United States is.

SCHIEFFER: Let me also ask you what I asked Senator McCain about, and that is the administration saying it is going to support more cooperation on civilian nuclear power with the Russians...

Sen. DODD: Right.

SCHIEFFER: ...and then in a deal that will allow them to become sort of the repository for spent fuel, which is something the Russians think they can make an enormous amount of money on.

Sen. DODD: Right.

SCHIEFFER: Where do you come down on that?

Sen. DODD: Well, I...

SCHIEFFER: Because this is a policy reversal.

Sen. DODD: Right, it is. And I--I agree with John's concerns that he expressed about what's going on in Russia today. I think someone once said, you know, once a KGB, always a KGB agent. And in a sense I'm worried about where President Putin's taking Russia. So that is not a--there's no disagreement on that. But in the longer term, this may be a very important relationship, particularly if we can move Russia away from the sense that it needs to have a closer relationship with Iran, which is a major source of contention, a major source of concern. So I'm more optimistic about this. I don't disagree that we ought to take a close look at it, but I think it could prove very worthwhile to us in the long term.

SCHIEFFER: We have just a little time here, but I want to ask you about your colleague Joe Lieberman.

Sen. DODD: Yes. Yeah.

SCHIEFFER: Democratic senator from Connecticut who has a very strong primary opponent.

Sen. DODD: He does.

SCHIEFFER: He now says he'll run as an independent if he loses the primary. How do you see all that?

Sen. DODD: Well, I--first I'm a strong supporter of Joe. I think John would tell you as well, there's no more highly respected member of the United States Senate than Joe Lieberman. He was strongly endorsed by the Democrats at a convention, labor gave him a strong endorsement. I hope that on August 8th--there're 650,000 Democrats in Connecticut. Joe Lieberman has been a fabulous senator for our state, has been a fabulous senator for the country. I disagree with Joe, as some people do, about the Iraq war. But on almost every other issue he's been a mainstream Democrat, a valuable member of the United States Senate. The issue of what happens on August 9th, well, we'll get to that point if we get there. I hope we don't. But I don't believe in necessarily answering questions that are not relevant yet.

SCHIEFFER: So...

Sen. DODD: So I respect those who've taken the position they're going to support whoever the nominee is. My own view is while their intentions may be otherwise, I think that undermines Joe Lieberman's ability to win on August 8th by suggesting somehow they're going to move in that direction. I'll take a position on August 9th if I have to. The most important question is can Joe Lieberman be renominated on August 8th? And I hope he is.

SCHIEFFER: And it's the war that has him in trouble?

Sen. DODD: More so than any...

SCHIEFFER: Is this a...

Sen. DODD: More so than anything else. And it's, and it's also the dissatisfaction with the Bush administration generally, and--and the--and the false assumption that Joe is somehow close to this administration on other issues, and he isn't at all. He's been very hostile in many ways to many of the Bush initiatives.

SCHIEFFER: All right. Well, thank you very much, Senator.

Sen. DODD: Thank you, Bob.

SCHIEFFER: Back with a final word in just a second.

BOB SCHIEFFER, host:

The Fourth of July fell in the middle of last week, so I did what a lot of Americans did and took the whole week off. By the Fourth of July, the country is usually settled into the summer doldrums. Congress thankfully has taken its summer recess, presidents are taking it easy, the rest of us are thinking vacation thoughts, and news organizations just dial back.

Well, not so last week. There was so much news that if they had such a thing, news organizations would have called their reserves to active duty. Talk about an argument against intelligent design. It was a week when nothing made sense.

For the first time, NASA sent astronauts into space over the objections of their safety experts. So far, so good on that, thank goodness. North Korea staged that Fourth of July fireworks demonstration by inexplicably firing seven missiles into the air. The one that was supposed to scare us turned out to be a dud. Ken Lay died, and some commentators actually suggested it wasn't quite fair for him to escape prison by having a fatal heart attack. Google made its way into Webster's Dictionary. The bad news is it's sure now to lose its capital "G." The thunderstorms that have been raking Washington got so bad on the Fourth that crowds that had poured onto the Capital Mall to watch the fireworks took refuge in the subways, and even the port-a-potties. Fortunately there were no injuries when the storm hit the can. Did I say that? Hmm, I better get out of this vacation mode and back to work before I into trouble.

CNN – LATE EDITION

WOLF BLITZER, HOST: This is "Late Edition," the last word in Sunday talk.

(BEGIN VIDEO CLIP)

GEORGE W. BUSH, PRESIDENT OF THE UNITED STATES: There is a better way for the people in North Korea, and their leader can make better choices if he truly cares about their plight.

(END VIDEO CLIP)

BLITZER: Stopping a nuclear North Korea. In the wake of its failed missile test, what's the next move for the United States? We'll ask U.S. Undersecretary of State Nicholas Burns. Plus, two top U.S. senators, Republican Lindsey Graham and Democrat Barbara Boxer weigh in.

(BEGIN VIDEO CLIP)

SAMIR AL-SUMAIDAIE, IRAQI AMBASSADOR TO U.S.: What happens in Iraq will shape the future of the Middle East. And the future of the Middle East will shape the future of the world.

(END VIDEO CLIP)

BLITZER: Fresh sectarian violence spikes one month after Abu Musab al Zarqawi's death. Are the ethnic tensions moving the country toward civil war? We'll ask the Iraqi ambassador to the United States, Samir Sumaidaie.

Tensions in Iran, Iraq and North Korea. What's the right strategy for success? We'll get perspective from two foreign policy experts, former National Security Adviser Zbigniew Brzezinski and former Secretary of State Alexander Haig.

(BEGIN VIDEO CLIP)

MICHAEL CHERTOFF, SECRETARY, U.S. DEPARTMENT OF HOMELAND SECURITY: Terrorists will attack anywhere. They'll use any method of transportation, and they continue to wage war against free people all over the world, including in the United States.

(END VIDEO CLIP)

BLITZER: Tackling terror around the world. How should countries prepare for new threats from Osama bin Laden, al Qaida and homegrown cells? We'll get insight from two terror analysts, Peter Bergen and Fouad Makhzoumi. "Late Edition's" lineup begins right now. It's 11 a.m. in Washington, 8 a.m. in Los Angeles, midnight in Pyongyang, 7 p.m. in Baghdad. Wherever you're watching from around the world, thanks for joining us for "Late Edition." We'll get to my interview with Undersecretary of State Nick Burns in just a few minutes. First, though, let's go to

CNN's Fredricka Whitfield in the CNN Center for a quick check of what's in the news right now. Fred?

(NEWSBREAK)

BLITZER: Thanks very much, Fred. We're following those two developing stories out of Baghdad this morning. Let's start with the U.S. military announcing those charges in the slaying of an Iraqi family in Mahmoudiya. Let's bring in our senior international correspondent, Nic Robertson. He's now on the scene for us in Baghdad with the latest on that. Nic?

NIC ROBERTSON, CNN CORRESPONDENT: Well, Wolf, the five soldiers are still on their base here in Iraq, according to defense officials. They are being held on the base. Their weapons have been taken away from them. They're being escorted wherever they go on the base. The charges against four of them are that they were involved in the rape and murder of a young Iraqi woman and the murder of three of her family members.

They are charged with conspiring along with former Specialist Stephen Green, who has been charged with the planning to rape and the rape of and killing of a young Iraqi woman, who was living near a checkpoint. The charges go on to say that the house where the family were living that were killed was burnt down to hide the evidence. And an AK-47 used in their killing thrown in a nearby canal.

The fifth soldier in Iraq who has been charged in connection with this is being charged with dereliction of duty for failing to inform his officers about what he knew had transpired. Wolf?

BLITZER: Nic, on this other very troubling development today in Baghdad, apparently Shiite gunmen going door to door in a neighborhood in the Iraqi capital, singling out Iraqi Sunnis and simply slaughtering them. What's going on?

ROBERTSON: Well, one eyewitness told us he came out of his house in this neighborhood in the west of Baghdad, a predominantly Sunni neighborhood, and he said he saw a pile of four bodies in one place just outside his house, three bodies piled up at a bus stop nearby, another pile of five bodies. The Iraqi emergency police say more than 40 Sunnis have been killed. They say between four and six carloads of gunmen toured the area, stopped people, asked them for their identification papers, read their names, and when they saw their names could tell whether they were Sunni or Shia.

And they killed the Sunnis. This comes a day after an attack on a Shia mosque in the same area where 12 people were killed, 18 were wounded. the moderate Iraqi Islamic party, a Sunni party, says one of its politicians was killed in the area. They blame the Mehdi militia, a Shia militia, for carrying out these killings. They also claim that a family was shot in the house, a mother shot outside the house and the children chased by gunmen into the house and killed inside the house. Wolf?

BLITZER: What a horror. Thanks very much, Nic. Nic Robertson on the scene for us in Baghdad.

And with the latest violence in Baghdad this morning and the new charges being filed against these U.S. troops, Iraq, once again, very much in the headlines. Just as a short while ago, I spoke with the U.S. undersecretary of state, Nicholas Burns, about Iraq, North Korea and more.

(BEGIN VIDEOTAPE)

BLITZER: Mr. Secretary, thanks very much for joining us.

First to Iraq, where there are horrible reports coming out overnight that Shiite militia groups are simply going into Sunni neighborhoods, grabbing individuals. If they determine they are Sunnis, they are simply killing them point-blank. What's going on?

NICHOLAS BURNS, UNDERSECRETARY OF STATE: Wolf, we're very disturbed by the reports that we've seen as well, and we don't have a complete picture, because these events are unfolding as we speak. But certainly, you know, we have faith in the government of Prime Minister Maliki that his intention and his government's intention is to try to bring the different groups in Iraq together, the Sunni and the Shia and the Kurd. The government obviously has to take responsibility for law and order in the streets, and we hope very much that these horrible and violent actions will be put to a stop immediately.

BLITZER: Do you have confidence that the Prime Minister Nouri al-Maliki, himself a Shiite, is going after these Shiite militias which are apparently responsible for this latest surge in sectarian violence?

BURNS: Wolf, we have great confidence in Prime Minister Maliki. He's someone who has a very clear sense of what he wants to do. He's someone who's been saying the right things and doing the right things, frankly, to try to bring order back to the streets of Iraq.

Obviously, the government of Iraq has a right and a self-interest in going after terrorist groups, and those terrorists who would disturb the peace and who are responsible for the bombings in Baghdad. And so you have to understand that the government has that right, and I think we have to wait and see in the full light of day.

All the details of these reports are coming in, but we have great confidence in the government of Iraq, and we understand that law and order and maintaining order in the streets, and especially going after the terrorist groups is something that any government, including the Iraqi government, has a first-order priority to accomplish.

BLITZER: The Los Angeles Times has a major article today on what it calls widespread corruption within the Iraqi police force. Among other things, it writes this: "Brutality and corruption and rampant in Iraq's police force, with abuses including the rape of female prisoners, the release of terrorism suspects in exchange for bribes, assassinations of police officers and participation in insurgent bombings, according to confidential Iraqi government documents detailing more than 400 police corruption investigations."

Is this the same kind of information you're getting from the U.S. embassy in Baghdad?

BURNS: Well, Wolf, obviously the Iraqi government has a lot on its hands, and it's got a first priority of maintaining law and order in its streets. It also has to work to defend the borders of the country. There's a major insurgency that it has to confront. So, one can understand that that's where the priority focus of the Iraqi government is.

When there are reports of corruption, obviously we expect the government of Iraq to respond to them, to do the right thing and to crack down on those who are responsible for corrupt practices.

BLITZER: Before we move on to North Korea, final question on Iraq. The prime minister, Nouri al-Maliki, this week said this as far as immunity for U.S. military, U.S. and other coalition military forces in Iraq are concerned for alleged crimes. Listen to what Prime Minister Maliki said.

(BEGIN VIDEO CLIP)

NOURI AL-MALIKI, IRAQI PRIME MINISTER (through translator): We believe that the immunity given to international forces is what emboldens them to commit such crimes in cold blood. This requires that such immunity should be reconsidered. We affirm that we should participate in investigating crimes committed against the Iraqi people.

(END VIDEO CLIP)

BLITZER: Should U.S. military personnel in Iraq be subject to Iraqi justice?

BURNS: Well, there are agreements in place that are very specific and very detailed that protect American forces, military forces and personnel and diplomatic personnel, and we obviously want those agreements to be respected.

At the same time, of course, you've seen very open and candid statements by our government this week, responding to these reports of incidents and, some, of atrocities. And we're looking into those. And we're being very transparent publicly as we work through these issues.

So I think that we'll continue to go ahead and make sure that we're doing what we have to do to look into any allegations that are directed at our own government.

BLITZER: But you want to keep the status quo. You don't want to change it so that U.S. troops won't become subject to Iraqi jurisprudence?

BURNS: You know, there are agreements in place all over the world, Wolf, when we have military forces deployed, that provide elementary protection for those forces. And we do have an agreement in place and we hope and expect that agreement will be respected.

BLITZER: Let's talk about North Korea. You're trying to get the U.N. Security Council to impose sanctions against this already very isolated regime. What kind of sanctions, specifically?

What do you want to tighten up to put pressure on North Korea?

BURNS: Well, Wolf, the goal here is to get the North Koreans, to convince them, to pressure them, to come back to the six-party talks, and to implement the agreement of September 2005, which provides for the de-nuclearization of North Korea. It gives up its nuclear programs. It gives up its weapons of mass destruction.

To do that, we've got to operate on multiple diplomatic tracks. Our ambassador, Chris Hill, has been in Asia, in Beijing, in Seoul and Tokyo, over the last couple of days.

Both President Bush and Secretary Rice have been working the phones, talking to world leaders, particularly in Asia, particularly those countries that have influence in North Korea.

And obviously there's work underway at the United Nations, on a Chapter 7 Security Council resolution that would deny North Korea any trade and support in nuclear items from any member of the U.N. itself.

That is the right step for the United States. And we hope very much that the Chinese government, which has some influence in Pyongyang, will now use that influence and exert some pressure on the North Korean regime to get it to come back to the six-party talks and end these missile tests that have been so disruptive and, frankly, so irresponsible, over the past week.

BLITZER: China and Russia, both of whom have veto power at the U.N. Security Council, say, at least for now, they're not going to support any such United Nations Security Council resolution that would impose the kind of sanctions, the trade sanctions that you're calling for.

Do you have any reason to believe they're going to change their minds?

BURNS: Oh, I don't think we've heard -- we have the last word from either of those two governments. They're trying to work through this problem.

And they understand that as two members of the six-party framework, they have a responsibility to use their influence with North Korea and to convince the North Koreans to cease and desist from the missile tests and to come back to the negotiations that we all think are the right way to move. And so we're counting on Russia and China to use that influence. And I think you'll see over the course of the next couple of days, when we get the results of this Chinese delegation to Pyongyang, I think you will then see us move ahead in New York at the Security Council. We hope that China and Russia are going to support this resolution.

This resolution essentially backs up and substantiates everything that we, China, Russia, Japan, South Korea and the United States have been trying to do, to send a strong signal to the North Koreans that the time has come to return to the negotiating table.

BLITZER: Are there indications, right now, the North Koreans might try to launch another long-range intercontinental ballistic missile, the Taepodong-2, the one that failed less than a minute after take-off the other day?

BURNS: Wolf, I cannot speak to that, but I can say that obviously what they've tried to do back on July 4th was to intimidate their neighbors. They've violated their own missile moratorium from 2004 in doing so.

They certainly violated the spirit of the September 19th agreement. And you know, it wouldn't surprise -- nothing that the North Korean government does or says really surprises us. They're entirely unpredictable. But I think they have a reasonable sense of what the limits are here. The United States...

BLITZER: Are you absolutely, positively convinced, Mr. Secretary, that North Korea already has nuclear bombs?

BURNS: Well, North Korea says that it's nuclear-capable. And there is every indication to believe that it probably is. And that's why it's so important for us to convince the North Koreans, and frankly to use this combined international leverage, to move them in the direction of going back to implement the September agreement, because that provides essentially for the dismantling of the North Korean nuclear program.

Now, they signed up to that. Pyongyang agreed to that arrangement. And they've now, since September, failed to implement it. So it's very clear what the U.S. national interest is here. Our national interest is to pursue very aggressively and in a tough-minded way this track to get the North Koreans to live up those commitments.

BLITZER: One final question, because we're almost out of time, on Gaza right now. The standoff between the Israelis and the Palestinians. Some criticism coming in from the Middle East, that U.S. diplomacy between the Israelis and the Palestinians, which in recent years have been very robust, is now missing in action.

Is the Bush administration, is the State Department doing anything behind the scenes, and at what level, to try to stop the violence?

BURNS: We are active every day at the highest levels. Secretary Rice has been involved, every day of this crisis, to try to call on the Hamas authorities to release the Israeli soldier, to stop the Kassam missile attacks on the civilian population of Israel.

Let's remember who started this. It was the outrageous actions of Hamas, in violating Israel's sovereignty, in taking the soldier hostage, in killing the Israeli settler, that unleashed this.

I can tell you, there's lots of unhappiness in the Arab world, as well as in the wider world, about how Hamas has conducted this. And we have been very clearly involved on a detailed level, trying to help bring this crisis to an end.

BLITZER: Nicholas Burns is the undersecretary of state. Mr. Secretary, thanks for joining us on "Late Edition."

BURNS: Thanks, Wolf, pleasure.

BLITZER: And just ahead: should the United States negotiate a nuclear deal directly with North Korea? We'll get analysis from two top statesman, the former secretary of state, Alexander Haig and former national security adviser, Zbigniew Brzezinski.

Then, what do two key U.S. senators think should be done to handle the North Korean threat? We'll ask Lindsey Graham and Barbara Boxer.

Plus, U.S. troops on trial for alleged atrocities in Iraq. What's going on? We'll ask Iraq's ambassador to the U.S., Samir Sumaidaie.

And don't forget, for our north American viewers at 1:00 p.m. Eastern, John Roberts has a CNN "Special Report," "This Week at War." That airs right after "Late Edition." We'll be right back.

(BEGIN VIDEO CLIP)

GEORGE W. BUSH, PRESIDENT OF THE UNITED STATES: One of the lessons of September the 11th is that what takes place in other parts of the world can come home to hurt the American people.

(END VIDEO CLIP)

BLITZER: President Bush earlier this week, speaking out about the threats other nations potentially pose to the United States. Welcome back to "Late Edition." I'm Wolf Blitzer in Washington.

Joining us now to discuss all the hot-button issues currently on the world stage, two guests, former Secretary of State Alexander Haig. He's joining us from West Palm Beach in Florida. And here in Washington, the former national security adviser, Zbigniew Brzezinski. Gentlemen, welcome back to "Late Edition."

Let's start off, Secretary Haig, with North Korea. Do you support direct bilateral U.S. talks with North Korea right now to try to ease this crisis? ALEXANDER HAIG, FORMER SECRETARY OF STATE: No, I don't. I'm not against it, per se. But I think it's very clear that we need China. We need Russia. We certainly need Japan and the rest of the powers involved in the six to come together and develop a consensus for action.

If we do otherwise, all we're going to do be used and again demonstrate that all the North has to do is rattle our cage and we fall in line. We've done that for over 20 years, if you look back at the whole panorama of one thing after another that we've overlooked. One deal after another that we put together, and one deal after another in which we were double-crossed.

BLITZER: Dr. Brzezinski, you agree with that assessment?

ZBIGNIEW BRZEZINSKI, FORMER NATIONAL SECURITY ADVISER: Basically, I agree. I would not exclude entirely some informal bilateral dialogue on the sidelines of the multilateral effort. But the emphasis has to be on the multilateral effort.

BLITZER: What's the downside? What's the risk if the U.S. says to North Korea, OK, we'll sit down. We'll talk. We'll try to work this out in conjunction with other parties who have obviously a great interest in this as well. BRZEZINSKI: The reason the North Koreans want a bilateral dialogue with the United States is to make the United States the problem in this issue. And then the resolution of the problem then rests on our shoulders. By doing it multilaterally, we engage others who should have, indeed do have, an interest in that issue. I don't exclude some side talks, but not formal, bilateral talks.

BLITZER: Are you convinced, Secretary Haig, that North Korea does, in fact, have nuclear bombs as they insist they do?

HAIG: Well, I think we have to go under the assumption that they have maybe one or two. And they're going to be crude and perhaps even flawed. But that's not changing the issue here. The issue is whether or not we are going to be continuously blackmailed into supporting the very things that we're opposed to. And that's exactly what the issue has been.

You know, I've been involved in this issue for 50 years, having fought and landed at Inchon, and it hasn't changed over the whole span of that time. Both parties have been essentially naive throughout the span of that 50-year period. And somehow this problem has not gotten -- not gone away. It's just gotten worse.

BLITZER: Dr. Brzezinski, the former secretary of defense during the Clinton administration, William Perry, and his colleague, Ashton Carter, have come out once again in the new issue of Time magazine with a blunt statement saying if the North Koreans persist in developing and trying to launch these intercontinental ballistic missiles that potentially could hit the West Coast of the United States, the U.S. should launch a preemptive strike and knock out those missiles.

Listen to what Ashton Carter, a former assistant defense secretary, said earlier today on "Meet the Press."

(BEGIN VIDEO CLIP)

ASHTON CARTER, FORMER ASSISTANT SECRETARY OF DEFENSE: If the North Koreans go out to the launch pad and erect that missile and prepare to launch it, we can destroy that before they can do it. To do so would be a very limited military action, a single bomb, a single cruise missile. The North Koreans aren't going to start a war in response to that kind of action.

(END VIDEO CLIP)

BLITZER: What do you think, Dr. Brzezinski?

BRZEZINSKI: Well, all we have is Ashton Carter's assurance that the North Koreans won't react militarily. I think we have to...

BLITZER: You have William Perry's assurance, too.

BRZEZINSKI: Well, he hasn't been quite as outspoken on this issue, I noticed.

BLITZER: Well, in Time magazine, he's got a pretty detailed article.

BRZEZINSKI: Well, I think the point is, anyone who advocates this has to go through systematic analysis of what the North Koreans could do in return. They could, for example, attack American forces in Ponmunjom, just as a demonstration. Or they could open up an artillery attack on Seoul, including American assets in Seoul. Or they could do more.

These are the kind of things we have to evaluate. Secondly, we have to ask the South Koreans and the Japanese, who would be, perhaps, in jeopardy, how do they feel about any such action? So it's easy to advocate these sort of instant solutions, surgical, it seems, on the surface. But one really has to think it through a little more seriously.

BLITZER: What do you think, Secretary Haig? A preemptive strike against those missile targets? You're a military man, a retired general. I assume it would not be a very, very difficult military operation to simply launch those cruise missiles and take out those North Korean missile launchers.

HAIG: Well, I don't think that's a solution. I agree with what Mr. Brzezinski just said. And that's not a rare occasion. But I think it's also very important to remember that they're not crazy in Pyongyang. They know if they were to ever flirt with the use of a nuclear weapon, that they wouldn't be here tomorrow.

And when we talk about deterrence, don't say deterrence is dead. Deterrence is very much alive, especially in the dealings with these rogue states. And, therefore, we should keep it alive and keep the capability evident so that the other side knows, not by bombast and threat but by action, that we mean business, and they don't dare resort to nuclear weapons.

We heard earlier, Dr. Brzezinski the undersecretary of state, Nick Burns, say the U.S. is still trying to convince China and Russia to go along with the U.N. Security Council resolution that would impose new sanctions against North Korea. So far, China and Russia not willing to go along. What happens if they don't, if they decide that they're not going to support this initiative?

BRZEZINSKI: Then our position is obviously weakened. So, we have to keep persisting and pressing them. And we do have some leverage. For example, Russia wants to be in WTO.

BLITZER: The World Trade Organization?

BRZEZINSKI: The World Trade Organization. That's leverage. We have other forms of leverage on the Russians. The Chinese also have an interest in an expansion of their role in the world, including the international system. We have leverage. But we have to be persistent and stick to it. Because, frankly, the other choices are not very palatable at this stage.

BLITZER: General Haig, do you think Russia and China will cooperate with the U.S., Japan, South Korea? HAIG: Well, we have reports today that that old saw that came up a few months ago of using the Russians to provide enriched-grade nuclear fuel to Iran, for example, may be resumed and may be in the cards. I think it's very important to remember that Russia doesn't want to be isolated, especially as it goes into this meeting of the eight. And it's getting that way for a host of reasons, which are self-inflicted.

So they have a need. China, as well, has got to prove as a member of the Pacific family of nations that it is a positive force for peace, stability and rule of law, and not for terroristic actions of a rogue government in Pyongyang.

BLITZER: If Russia plays hardball -- and we're going to take a break after this question, Dr. Brzezinski -- and refuses to cooperate at the security council, should the U.S. and others take steps to remove Russia from the G-8 summit that's coming up?

BRZEZINSKI: No. The G-8 is now a fact. It's unfortunate that they were invited. It's unfortunate that they were labeled as a democracy. They shouldn't have been. But it's a fact. I don't think we can undo that.

However, I would favor also, in addition to the G-8, more private consultations among the G-7, which is a democratic group that shares common interests and common values. And that would be a strong signal to the Russians that they aren't really a bona fide member of the larger club.

BLITZER: We're going to take a break. Dr. Brzezinski, General Haig, stand by, please. Lots more to talk about, including the crisis in the Middle East, the recent standoff in Gaza and also what's going on with Iran. But up next, we'll have a quick check of what's in the news right now, including the latest on the shocking sectarian violence under way right now in Baghdad. Stay with us.

BLITZER: Welcome back. I'm Wolf Blitzer in Washington. We're continuing our conversation with former secretary of state, Alexander Haig and former national security adviser, Zbigniew Brzezinski.

Dr. Brzezinski, if Iran takes a look at North Korea, the confidence it seems to have because it presumably has some nuclear bombs, as it looks in its own region, sees India, Pakistan, Israel, with nuclear weapons capabilities, what possible incentive would Iran, right now, have to give up its potential for a nuclear arsenal?

BRZEZINSKI: I have no doubt that there are lots of people in Iran, including, even, in the public, and particularly in the public, who want the bomb, no doubt about it.

But at the same time, Iran has to calculate that, if it goes out to get it and we impose sanctions, uranium development is going to be absolutely halted. The country is going to plunge into increasing disarray and tensions and so forth.

So, I can see some segments of the political elite calculating that perhaps it's better to accommodate, to respond favorably to the bargain but to bargain in a fashion that preserves for them the right to pursue the nuclear program.

And perhaps, at some future point, they may calculate they could return to the pursuit more actively, for nuclear weapons.

BLITZER: Secretary Haig, is that realistic to assume that Iran might negotiate to end its nuclear weapons potential?

HAIG: Well, I think it's going to be very difficult, unless it's something that's done with the strong urging of both China and, above all, the Soviet Union, or former Soviet Union.

And this is where the key may lie. And I think that's why the United States has spoken favorably to the compromise I mentioned earlier. And that is to have Russia develop their gradations of nuclear fuel and to do it outside the country.

I would still be skeptical, because I think they want the power above all. But this depends on whether they succeed as a regime. They're in trouble now. And they're failing.

BLITZER: Dr. Brzezinski, on Iraq, the sectarian violence, today, especially, is brutal -- car bombings, Shiite militia gunmen going into Sunni neighborhoods and randomly slaughtering people who seem to have Shia names.

Is there any hope, from your perspective, that things can turn out positively, at least in the short term in Iraq? BRZEZINSKI: Not if the occupation keeps going on. Let me just read you a couple of passages from what the Iraqi national security adviser said.

He said, "Iraqis see foreign troops as occupiers rather than liberators. It is their presence that's forcing Iraqis to join the resistance. The removal of foreign troops will legitimate Iraq's government."

Removal of foreign troops will legitimate the government. The point is, this civil war is not going to stop as long as the occupation persists.

BLITZER: So you want the U.S. and the other forces to withdraw?

BRZEZINSKI: Yes, because...

BLITZER: Over how long a period of time?

BRZEZINSKI: Well, that is what I have emphasized repeatedly. It's something to be negotiated between us and the Iraqis, seriously negotiated and then jointly announced.

But only then will a legitimate, real Iraqi government emerge. The people we now have as the Iraqi government spend most of their time in the so-called green zone, which is an American fortress. And they're viewed, essentially, as American puppets.

The reason the Kurds have control over the north is that they are an authentic set of leaders. We don't have authentic Iraqi leaders in Baghdad.

BLITZER: Let me ask Secretary Haig if he wants to weigh in on that. Go ahead, Secretary.

HAIG: Well, obviously, I'm skeptical about some of that analysis. What are we doing today -- we are trying to turn it over to the Iraqis. The U.S. general said this week that 50 percent of Iraq will be under the control of Iraqi government-controlled forces by the next year.

So this is progress that's being made. Of course, it's not easy. Of course, it's uncertain. There were a number of mistakes made in the early hours of this conflict. And I'd be the first to lead the charge. And I did, internally.

But be that as it may, I think we now have no alternative, unless we want to turn this into a global conflict with a radicalized Islam. Today, we're talking 20 to 30 percent, perhaps, infected. We could be talking, tomorrow, 50 or 100 percent. And then we would have a global conflict of a magnitude that would terrify us all.

BLITZER: Dr. Brzezinski, you helped the former president, Jimmy Carter, at Camp David, back in 1978, negotiate that first Israeli- Egyptian peace treaty, the Camp David accords. If you were still advising a current president, this president, to deal with the stalemate, the violence between the Israelis and Palestinians over Gaza right now, what would you recommend the U.S. do immediately to try to ease this crisis?

BRZEZINSKI: Well, first of all, I wouldn't be saying what the undersecretary of state said on your program just a few minutes ago, which was just a blanket endorsement for the Israeli policy of essential repressing the Gazans.

What I would be doing is I would be trying to build up Abbas. Abbas wanted to have...

BLITZER: The Palestinian Authority President Mahmoud Abbas?

BRZEZINSKI: Yes. He wanted to have the plebiscite and peace with Israel. And when he proposed that, there were indications that a large majority of all Palestinians wanted to endorse that proposal.

And I would encourage the Israelis to work with him and to help him, to build him up, to release prisoners, but to release them to him, not to Hamas, in order to build up a legitimate peace-oriented Palestinian option.

A policy of simple repression, of killing more Palestinians, in return for Palestinian outrages against Israelis, is not going to pacify the region. It's radicalizing it.

And I think we have to be more active and more determined to create some sort of a political balance between the two sides which is going to lead to a compromise.

BLITZER: We're almost out of time, but I'll let Secretary Haig button it up. Go ahead, Secretary.

HAIG: Well, we can't just turn our back on history. We helped create the state of Israel. We have obligations. The undersecretary was correct when he said it was Hamas that started this brouhaha.

BLITZER: Secretary Haig, Dr. Brzezinski, always good to have both of you on the program. Thanks very much for coming in.

And coming up next, are Iraqi troops ready to stand up and take control of their own country?

We'll ask Iraq's ambassador to the United States, Samir Sumaidaie. He's standing by.

Then, as Iraqis take charge, will U.S. troops be able to stand down? Senators Lindsey Graham and Barbara Boxer weigh in. Don't go away. We'll be right back.

BLITZER: Welcome back to "Late Edition." I'm Wolf Blitzer in Washington. The violent insurgency in Iraq and alleged U.S. troop atrocities have been in the headlines in recent weeks.

Here now to help us better understand what's going on is the Iraqi ambassador to the United States, Samir Sumaidaie.

Mr. Ambassador, welcome back to "Late Edition."

SUMAIDAIE: Thank you.

BLITZER: As we speak right now, these horrendous reports of Shiite gunmen going door to door in a neighborhood in Baghdad, looking at people's identification cards, and if they suspect they're Shiites, they kill them.

What's this all about?

SUMAIDAIE: Well, this is a continuation of the sectarian violence which we have had, which escalated after the attack on the Samarra shrine.

BLITZER: Let me just be precise. What I meant to say was these Shiite gunmen are going after Sunnis.

SUMAIDAIE: Yes, correct.

BLITZER: If they have a Sunni name, they simply kill them.

SUMAIDAIE: Correct. And there were atrocities committed in the other direction only in the last few days. We had bombs set off in al-Sadr city, which killed dozens and dozens of people. And that was targeted against Shiites.

So, we will have this sectarian violence, no doubt, continue for a while. The important thing is, really, to enable the government to control the situation.

And the government, now, is a national unity government. It has the right policies. It has declared that it must disband militias. And the atrocities of today were obviously perpetrated by a militia.

I think the Americans, the international community and, of course, all responsible Iraqis must help this government, must enable this government to execute its policy of disbanding militias.

BLITZER: You heard Dr. Brzezinski suggest, just a few moments ago, that the most important thing that could be done to lift up the Iraqi government is to see the foreign military, the U.S. and coalition forces, the so-called occupation, withdraw, to give new credibility to the Iraqi government.

Is he right?

SUMAIDAIE: With all due respect to dr. Brzezinski, he is absolutely wrong, because, if we go that way, it will be total victory for the terrorists. It will not enable the Iraqi government.

The Iraqi government does not need to be legitimized. This is an elected Iraqi government. Remember, 70 percent of the Iraqi electorate went out and voted for it. So it requires no legitimacy from anybody else.

BLITZER: Here are some statistics that came out. Civilians deaths in Iraq, in June of this year, 1,595; in June of last year, 879; in May of this year, 1,375; in May of last year, 850.

It looks like it's getting worse from year to year.

SUMAIDAIE: Well, it might. We still might not hit the top of the curve. There is no doubt about it, the situation is bad. The country is bleeding.

But this government must continue to build up its institutions, including the security forces. After the removal of Saddam, the state was destroyed. There were no institutions.

For the first time, now we have an opportunity. We have an elected government. But the institutions are still weak. They are not able to stand on their feet.

What we've got to do is to complete building the institutions so they can start taking control. That's taking place in some areas in Iraq. We have to extend that, not give up.

BLITZER: Your American counterpart in Baghdad, the U.S. ambassador, Zalmay Khalilzad, said this the other day.

He said, "In terms of the level of advice, it has not had any impact at this point. As you know, the level of violence is still quite high."

He was talking about what has happened since the U.S. killed Abu Musab al-Zarqawi, the terrorist number one in Iraq.

Do you agree with his assessment? SUMAIDAIE: I agree. And nobody expected that the killing of Zarqawi would automatically stop the violence. But it is a step in the right direction. And it is part of the process.

We have to continue to fight terrorists, but at the same time, continue to strengthen and enable our security forces and reform them so that they are free of militias, they are free of bad people and infiltrators.

And then they can enjoy the trust of the people. And they can become a dependable tool of the state. We have not reached that, but it is a process that is ongoing, and the prime minister has declared a clear policy in that direction.

BLITZER: Here's what Osama bin Laden said on this recent audiotape that came out the other day. Listen to this.

(BEGIN VIDEO CLIP)

OSAMA BIN LADEN (THROUGH TRANSLATOR): Our brothers, the mujahadeen and al Qaida organization have chosen the dear brother Abu Hamsa al Muhajir as their leader to succeed Abu Musab al Zarqawi. I advise him to focus his fighting on the Americans and everyone who supports them and allies himself with them in their war on the people of Islam and Iraq.

(END VIDEO CLIP)

BLITZER: That's a direct threat to people like you, who support the U.S. in Iraq. How worried should you and your colleagues be, and the government, who want to work with the United States in Iraq, given this bold threat from Osama bin Laden?

SUMAIDAIE: According to this threat, just about two-thirds of the Iraqi people are targets because the government is the largest employer in Iraq. It has millions of people working with it in the security forces or the ministries. And Zarqawi and al Qaida have defined anybody working for the government to be a target. So, he has targeted the entire Iraqi people. So either he wins or we win.

BLITZER: The Iraqi government also released a list of the 41 most Iraqi alleged criminals right now. They released a statement the other day, including Saddam Hussein's wife and daughters, some of whom live in Jordan right now, and Mowaffak al Rubaie, the national security adviser, said that there are countries, neighbors of Jordan -- neighbors of Iraq that are cooperating with this insurgency with these actions against the Iraqi government. Do you want to spell out who is responsible for that?

SUMAIDAIE: Well, what we've got to do is to use all legitimate means to stop the threats against Iraqi civilians and Iraqi people, whether from inside Iraq or from outside. And we know that this insurgency is being fed and financed from outside Iraq. And if the Iraqi government has evidence, which I believe it has against certain individuals for supporting and financing this insurgency, we'll have to go after them in the international arena, and we must insist on bringing them to justice.

BLITZER: Are you referring to Syria, or Jordan, or Saudi Arabia?

SUMAIDAIE: I'm referring to any country which harbors an Iraqi or any national who supports the insurgency in Iraq.

BLITZER: But you don't want to name names?

SUMAIDAIE: I don't want to name names now.

BLITZER: We'll leave it there for now, Mr. Ambassador. Thanks for coming in.

SUMAIDAIE: Thank you.

BLITZER: And good luck to you, and good luck to all the Iraqi people.

SUMAIDAIE: Thank you very much, Wolf. BLITZER: And don't forget our web question of the week: What's the best way to handle North Korea's nuclear program? Diplomacy, sanctions or military action? Cast your vote. Go to cnn.com/lateedition.

(BEGIN VIDEOTAPE)

BLITZER: Bill Gates, what's his story? The world's richest man announced that over the next two years, he'll give up his day-to-day role as chairman of the Microsoft cooperation. Gates says he's making the move to devote more time to the Bill and Melinda Gates Foundation, which focuses on global health and education issues. Gates, whom Forbes magazine lists is worth an estimated $51 billion, began programming computers at the age of 13. In 1975, he co-founded Microsoft along with his childhood friend, Paul Allen, revolutionizing the computer industry by designing software for personal computers.

(END VIDEOTAPE)

BLITZER: And there's much more ahead on "Late Edition." As violence rages in Iraq, is there a timetable in sight for U.S. troop withdrawal? Senators Lindsey Graham and Barbara Boxer standing by to weigh in.

Then, who is pulling the strings of al Qaida 2.0? Is Osama bin Laden still in full control? We'll get insight from our expert terror panel. "Late Edition" continues right after this.

BLITZER: Welcome back. We'll get to my interview with Senators Lindsey Graham and Barbara Boxer in just a few minutes. First, though, let's get a quick check of what's in the news right with Fredricka Whitfield, standing by at the CNN Center.

(NEWSBREAK)

BLITZER: Thanks very much, Fred.

And we're continuing to follow those developing stories out of Iraq. Let's get straight to our senior international correspondent, Nic Robertson. He's joining us live from Baghdad.

Nic, first of all, the latest violence today in Baghdad: the reports you've been sharing with our viewers -- those reports are simply horrendous.

ROBERTSON: Wolf, there are new details, a new attack this evening. It appears to be another sectarian attack.

On the first analysis, it would appear to be a tit for tat for what we were describing this morning. Let me begin, just, with what's happened this evening: 7:00 p.m. this evening, just within the last hour, two bombs in a Shia market have killed 10 people, wounded 25 others.

That was in a tiny Shia enclave in a Sunni stronghold in the Northeast of Baghdad. This morning, Sunnis being killed, more than 40, sectarian death squads roaming and four to six cars, according to the Iraqi emergency police here in Baghdad ,who they say, they were stopping people on the streets, checking identity papers, when the militia gunmen, which is how they're being described by one political party here, when these militia gunmen asked people for their papers, read their papers, looked at their names. If they had a Sunni name, then they were killed.

One eyewitness reporter seeing piles of bodies around his particular neighborhood. The Sunni Iraqi Islamic party here, a moderate party, said one of its politicians killed and a family killed in their house as well, Wolf.

BLITZER: And Nic, what's the latest on these four more U.S. troops that have been charged in connection with the rape and murder of that young girl in Mahmoudiya?

ROBERTSON: Wolf, we know that they're being kept on their base. We know they've had their weapons taken away from them. We know that, whenever they move around on their base, they have to go with military escort, as well as those four other soldiers who have now been charged

with the rape and murder of a young Iraqi woman, the murder of three other of her family members.

Also, a fifth soldier is being charged with dereliction of duty for failing to inform officers about these events. They are being charged in connection with the charges against former Private First Class Steven Green.

That is, planning to rape a young Iraqi woman who was in a house near a checkpoint, raping her, killing her, killing the family, attempting to destroy the evidence by burning the building down and throwing the AK-47 used in the killings, throwing it into a nearby canal. Wolf?

Nic Robertson in Baghdad. Nic, be careful over there. Thanks very much.

Let's get some more now. Here to discuss the situation in Iraq as well as the threat from North Korea, the overall war on terror and more, are two key U.S. senators.

Joining us from Greenville, South Carolina, Republican Lindsey Graham. He's a member of the Senate Armed Services Committee. And joining us here in Washington is Democrat Barbara Boxer. She's a member of the Foreign Relations Committee.

Senators, thanks so much for joining us.

Senator Boxer, I'll start with you. This latest sectarian strife in Iraq right now -- you've been among those calling for a timeline, a timetable for a complete U.S. pullout from Iraq. Have you had any second thoughts about that, given what the Iraqi ambassador to the United States just said that any such timeline would simply reinforce this sectarian strife, that they need these U.S. and other foreign troops there to help them stabilize their country?

SEN. BARBARA BOXER (D), CALIFORNIA: Well, I could just tell you this, Wolf. When I went to Iraq about a year ago and spoke to General Casey, he was very clear on the point that our long-term presence is counterproductive, that it is fueling the insurgency; it is making matters worse.

Eighty-seven percent of the Iraqi people want to see a timeline. Now, if we are here to help them and they are speaking with, literally, one voice, I think that is the right course.

And I feel stronger than ever every time I hear what's going on there. It's a nightmare that gets worse and worse. Our troops are in the middle of a civil war there.

It's a difficult assignment. It's one that I don't even think has a clear mission anymore. Our troops have done everything we've asked them, from the day they got there. And, you know what, we won the war. This is an occupation. And it isn't working.

BLITZER: Well, we hear the reports, Senator Graham, about these Sunni militia men, today, going after Sunnis (sic) in these residential neighborhoods, going house to house, looking at I.D.

papers and simply killing anyone that seems to have a Shiite name.

And we hear of similar atrocities by the Sunni insurgents against Shiites. It looks like the sectarian violence is getting really, really intense. And there are fears, once again, of a civil war.

SEN. LINDSEY GRAHAM (R), SOUTH CAROLINA: Well, if I had one thing that I could wish for the Iraqi people, it would be to disarm the militias. It's going to be very difficult to form a new government, a functioning government, where you have armed camps roaming around in the country.

But I would say this. We have had three elections in Iraq. Every time we've given them a goal, they have met the goal. We have a constitution written. We have a unity government being formed. And you've got militia people creating sectarian violence to disrupt a democratic Iraq.

And at the same time, at the same moment, you've got Shias, Sunnis and Kurds coming up with a political solution for a Democratic Iraq. So who is going to win?

I believe the political leadership of Iraq, if supported by the United States and the world at large, will overcome the militia threat, as they have overcome other threats.

But we have got to be patient. There will be a timeline for us to withdraw. But it needs to come from the elected leadership of the Iraqi people. That would empower them, diminish the terrorists. If it comes from us, it's going to send the wrong signal. It would diminish the elected leadership of Iraq. It would empower the terrorists. So I do believe there will be a timetable set, but it needs to be set by the Iraqi people through their elected representatives.

BLITZER: Also today, Senator Boxer, we've seen more arrests of U.S. soldiers in Iraq, accused of this horrendous crime, raping this young girl, killing other members of the family.

The prime minister of Iraq, Nouri al-Maliki, this week, said it's time for the Iraqi government to have authority, some control over alleged atrocities committed by U.S. and foreign forces. Listen to what he said.

(BEGIN VIDEO CLIP)

NOURI AL-MALIKI, IRAQI PRIME MINISTER (THROUGH TRANSLATOR): I believe that the immunity given to international forces is what emboldened them to commit such crimes in cold blood.

This requires that such immunity should be reconsidered. We affirm that we should participate in investigating crimes committed against the Iraqi people.

(END VIDEO CLIP)

BLITZER: Do you agree with him?

BOXER: Listen, I would not trust the Iraqi government to try any American citizen. They can't even control their own country. We have tried to help them do it. They can't even stop the violence, one Iraqi sect against another.

And now we're going to hand over our military?

I have full confidence that our military will punish those responsible. But I also want to go a step further, Wolf. We are putting our military into an absolute nightmare.

Everyone says war is hell. We know that. We all use that word. This particular situation, they don't know who the enemy is, they're having a lot of problems.

One in three has post-traumatic stress. They are in deep trouble over there, our troops are. And many of them are being sent onto the battlefield with anti-depressants.

I really feel that the whole issue here is getting out of there. And yes, you're going to have troops act in a way that is just unthinkable, because of the stress they're under and because of this mission which is very unclear to me.

And no, I would not turn them over to the Iraqi government, no way. BLITZER: Senator Graham, what about you? What if the prime minister of Iraq, close ally of this U.S. Bush administration, this U.S. government, persists in demanding that the Iraqis get authority over alleged atrocities committed by U.S. troops? What would you say to him? What would you do?

GRAHAM: I would respectfully decline to do that. I agree with Barbara in this sense. We have a status of forces agreement with the Iraqi government. We have status of forces agreement all over the world with host countries where our people will be tried by us if they commit crimes. We have it in Germany, we have it in Japan, we have it all over the world. So it is nothing new. It is nothing unusual for Iraq.

I can assure the Iraqi people, I've been a military lawyer for over 20 years, I'm a reservist, judge advocate. What will happen with these young men, that they will be given a fair trial in our military legal system, and if they're found guilty, they'll be severely punished.

I can assure the Iraqi people that we in the United States take misconduct by troops very seriously, and that we're going to put on display a legal system that I am quite proud of and been part of for the last 20 years.

In terms of what we should do in Iraq, our troops, I've been there four times, feel very close to this mission. They believe they're making the world safer by fighting the terrorists there and not here. Enlistments are up. We're not going to judge everybody by four or five people.

Morale is good in Iraq. People have a sense of purpose. They're re-enlisting there in greater numbers than anywhere else in the world. So I want to get this right. So do the troops. And we've

got to be patient, because this is a determined enemy. We've got to be just as determined as they are.

BLITZER: We're going to move on to North Korea, but a quick domestic political question, Senator Boxer, related to Iraq. Senator Joe Lieberman, he strongly supports the Bush administration's stance on Iraq. You strongly oppose that stance. Do you support his reelection?

BOXER: I do.

And I wanted to say to Lindsey that he's mixing up the war on terror and the war on Iraq. There wasn't one terror cell in Iraq when 9/11 occurred. We have many more in this country.

I do support Joe. He's asked me to go to his state, tell his people the work I've done with him on the environment, protecting our kids from being sprayed with pesticides, to test pesticides on kids, global warming, keeping the air clean. He's a strong supporter of women's right to choose.

BLITZER: So you'll go and campaign for him? BOXER: I am going to spend a couple of hours there in Connecticut, just telling the people what I know about Joe.

He and I disagree completely on the war on Iraq. I disagree with a lot of people on the war in Iraq. It is up to the people in Connecticut. And they're going to make a decision, and let's see what it is.

BLITZER: And what happens if he loses the primary and he runs as an independent? Will you support him then?

BOXER: I think we'll all have something to say at that time. But the people of Connecticut will make their choice.

BLITZER: Do you support Senator Lieberman, Senator Graham, even though you're a Republican?

GRAHAM: I admire Barbara Boxer for supporting Joe Lieberman. I have the utmost admiration for him. He's a man of his conviction. And I think he believes that Iraq is part of the war on terror. Certainly the terrorists do. They're there in large numbers, trying to destabilize this democracy. The biggest nightmare for a terrorist is a functioning democracy in the Mideast, where a woman can have her say about her children, people of different ethnic backgrounds and religious backgrounds can work together and live together in peace. That's why the terrorists are there trying to disrupt this. I think Joe sees Iraq as very much a central battlefront in the war on terror.

I'll leave it up to the Democratic primary voter in Connecticut, but I'm a big fan of Joe Lieberman as a person. I admire him tremendously.

BLITZER: Sounds like a pretty good endorsement from Senator Graham, but he's not getting involved in Connecticut politics.

Senator Graham, stand by. Senator Boxer, also, please stand by. We have a lot more to talk about, including the latest situation at Guantanamo Bay. Should that prison be shut down?

Also, it is called al Qaida 2.0. How powerful does the terrorist organization remain, and how is it evolving? We'll get insight from our expert terror panel.

And later, the U.S. Supreme Court hands down an important ruling regarding the rights of Guantanamo Bay detainees. What does it mean for Osama bin Laden's bodyguard and driver, Salim Hamdan? We'll ask his lawyers.

Don't forget, for our North American viewers, at 1:00 p.m. Eastern, right at the top of the hour, John Roberts has a CNN special report, "This Week at War." That airs right after "Late Edition."

We'll be right back.

BLITZER: Welcome back to "Late Edition." We're continuing our conversation with Republican Senator Lindsey Graham and Democratic Senator Barbara Boxer.

Senator Graham, what is wrong with the U.S. having a direct bilateral dialogue with North Korea if that will ease this nuclear stalemate?

GRAHAM: I agree with President Bush; it needs to be a multi- party situation. In September of last year, Wolf, six-party talks yielded an agreement where North Korea would dismantle their nuclear weapons program in return for economic aid and other benefits. They reneged on that agreement.

I think it would be a huge mistake for us to sit down by ourselves. What they need to see, the North Koreans need to see a table full of people throughout the world -- the Japanese, the South Koreans, the Chinese, the Russians -- telling them the same thing, that if you keep going down the road of enhancing your nuclear program, if you treat -- if you keep testing missiles and keep making nuclear weapons, you're going to be an isolated nation forever. They need to hear it from the world, not just us. This is a world problem, not just a United States problem.

I don't want to do empower this regime. I want the world to condemn them. And the Chinese are the key to this. The Chinese are hanging by a thread politically with the Congress now over trade policy. If they don't really come to the table harder with North Korea, they're going to be hanging by a thread in terms of international diplomatic policy.

BLITZER: Sounds like a real threat to China coming from Senator Graham.

What about you, Senator Boxer? What do you think?

BOXER: Here's what I think. First of all, I think the six-party talks are central. I've always believed in them. But I don't think there's any conflict with having some back channel, one-on-one conversations with the North Koreans.

I think we've learned under the Bill Clinton administration that they can, in fact, get to trust someone. Bill Richardson was a special envoy there. And he got to know them a little bit. They're so isolated.

So to me, I think arguing about the shape of the table isn't what we should be doing. I think the most important thing here is making sure that we use every avenue open to us. It's not a sign of weakness to tell people what you think, to look in their eye and tell them what you think.

It's not a one-on-one with President Bush, for goodness sakes. I think it could be a special envoy. It could be Chris Hill. It could be someone else. You do it as part of the six-party talks. So I don't think there should be an argument about this. We seem to argue about everything.

And by the way, Senator Lugar, a Republican who is my chairman of the foreign relations committee, has called for one-on-one talks, as has Lisa Murkowski of Alaska, Republican. I support what they're saying. I think they're right.

BLITZER: Senator Graham, here is what Bill Richardson, the governor of New Mexico, himself a former U.N. ambassador during the Clinton administration, went on some trips to North Korea over the years, as you well know. Listen to the way he phrased it. Listen to this.

(BEGIN VIDEO CLIP)

BILL RICHARDSON, GOVERNOR OF NEW MEXICO: This is not a military crisis. This is a diplomatic crisis. The best way to resolve it is, in my judgment, face-to-face, direct talks, which the administration so far has not wanted to pursue.

(END VIDEO CLIP)

BLITZER: All right, Senator Graham, you want to respond to that?

GRAHAM: Yeah. During the Clinton years, we tried to negotiate with the North Koreans directly. Madeleine Albright went over. We cut a deal with them where we would help them economically, provide aid for food, and they would dismantle their nuclear weapons program. They backed out. In September, the six-party talks yielded an agreement where they would dismantle their nuclear weapons program, September of '05. They backed out. How many times do you have to go down this road? If the world doesn't get tough together against North Korea, we're going to allow this regime to get stronger militarily. This is about military negotiations. We're using diplomacy for what reason? To control a nuclear North Korea, trying to develop a nuclear missile to deliver a nuclear weapon.

So it very much is about military activity. And I do agree with President Bush. The world through the United Nations Security Council needs to condemn this rogue regime through economic sanctions. If we can't come together as a world and say that North Korea is a threat with nuclear weapons and a missile to deliver that nuclear weapon, then we're just blind as a world to what threats are in 2006.

BLITZER: Senator Graham makes a serious point, Senator Boxer, that all those agreements that the North Koreans worked out with the Clinton administration, including with Madeleine Albright, the secretary of state, they went ahead and violated those agreements, ripped them up and ignored them.

BOXER: Well, let's take another look. First of all, I'm from California. I think this is a very serious threat. And I have said in debate with Republican friends, don't take any option off the table, including military. So as far as being tough, I'm as tough as they come on North Korea. I have to be.

Number two, let's look back at what happened. They were in conversation with Korea, they did have -- with North Korea, they did have an agreement. And they were able to keep an eye on their nuclear development. It is true that they broke their agreement.

But the fact of the matter, since George Bush called them part of the axis of evil, way back in '02, they have now quadrupled their fissile material. Why? They isolated them even more, this administration, by not even talking with them at all. I think if you look at the Clinton administration's approach and the Bush administration's approach, I think when Clinton was president they were far less isolated and far less dangerous.

BLITZER: We have to unfortunately leave it there. Senator Boxer, thanks very much for coming in. Senator Graham, we'll continue this conversation down the road. A good discussion.

Coming up next, terror in the United States. A plot attack -- a plot to attack New York City apparently has been foiled. But do homegrown terrorists have something else in store? We're going to ask two terrorism analysts, Peter Bergen, Fouad Makhzoumi. They're standing by.

First, though, we'll get a quick check of what's in the news now, including the latest on that deadly plane crash in Russia. Stay with "Late Edition."

(BEGIN VIDEO CLIP)

DICK CHENEY, VICE PRESIDENT OF THE UNITED STATES: These enemies are hidden, diffuse, secretive in their movements and asymmetrical in their tactics.

(END VIDEO CLIP)

BLITZER: Vice President Dick Cheney commenting on the new face of terror. Welcome back to "Late Edition." I'm Wolf Blitzer in Washington. Authorities this week announced they've foiled a plot to attack transit tunnels in New York City. Officials say they stopped the plot using intelligence and a lot of help from around the world.

Joining us now here in Washington to discuss this foiled plan and a lot more on terror, CNN terrorism analyst Peter Bergen, and Fouad Makhzoumi. He's the chairman of Lebanon's National

Dialogue Party and a board member of the Council on Foreign Relations. Gentlemen, welcome back to "Late Edition."

And Peter, let me ask you. This alleged plot in New York, was it a big deal or a little deal?

PETER BERGEN, TERRORISM ANALYST: If you look at the Miami case, where they're basically terrorist wanna-bes, I think this was more than the Miami case. These guys were planning to go to Pakistan for training. They were discussing this plan. Was it a really big deal? You know, I don't think so. But was it worth stopping it? Of course. BLITZER: Fouad, there is suggestion that the Lebanese intelligence services played a significant role in helping the U.S. deal with this alleged plot in New York. How good is this cooperation between the Lebanese security services and the U.S. government?

FOUAD MAKHZOUMI, COUNCIL ON FOREIGN RELATIONS: Definitely, it's improving. But, you know, this is one more proof that not be able to achieve sustainable democracy in the Middle East and specifically Lebanon, we're see more of this. I mean, there is a lot of talk that there are a lot of cells that are hiding within the camps in Lebanon, and I think this is what we need to work harder to make sure that we stop it from happening.

BLITZER: Here's what the attorney general, Peter, Alberto Gonzales, said recently as far as this new face, potentially, of al Qaida. Listen to this. (BEGIN VIDEO CLIP)

ALBERTO GONZALES, U.S ATTORNEY GENERAL: Today, terrorist threats may come from smaller, more loosely-defined cells who are not affiliated with al Qaida, but who are inspired by a violent jihadist message. And left unchecked, these homegrown terrorists may prove to be as dangerous as groups like al Qaida.

(END VIDEO CLIP)

BLITZER: Some would suggest these home-grown groups could be a lot more dangerous than al Qaida.

BERGEN: I'm skeptical of that view because you can be -- you know, you can learn stuff on Internet but to go to a training camp in, you know, run by al Qaida, that's a whole different kind of experience. And I think that we're overdoing this whole idea of there being this new homegrown stuff, to the detriment of the idea that al Qaida, the organization actually remains a significant threat.

If you look at the London attack that happened a year ago, that looks like a classic al Qaida plot the more we know about it. If you look at the way that al Qaida in Iraq has now sworn allegiance again to Osama bin Laden, the guy who runs al Qaida in Iraq is someone who has known the number two in al Qaeda, Ayman al Zawahiri, since 1982.

It seems to me that al Qaida, the classic organization, has to some extent reconstituted itself on the Afghan-Pakistan border. We're seeing a lot of tapes from these guys, a blizzard of tapes in recent weeks, and to me that indicates that the organization remains a threat. And we -- yes, there

are these self-starting cells, but let's not forget the organization that did 9/11. Its leaders were still, you know, at liberty, producing a lot of these tapes.

BLITZER: You want to weigh in, Fouad? You live in the Middle East, so you deal with these problems on a daily basis. Which is the bigger threat, the remnants of Osama bin Laden, Ayman al Zawahiri, the al Qaida network, or these sympathizers who are -- or developing, springing up presumably in a lot of other places?

MAKHZOUMI: I think we have to take them both seriously. Because remember, these things started long time ago. At '79 was the start with the Iranian revolution. And then these were so many cells that were created in the region. In order -- previously, it was perceived that is a local, regional issues.

And with the outreach after 9/11, definitely it has taken it into a different context. And we have to look at it more seriously because there is a lot of money that has been invested since '79 into these cells. And it is not going to be that easy to deal with it.

BLITZER: Well, where is this money coming from?

MAKHZOUMI: Well, remember, in '79 there was this big fight between the spreading of the Shiites and the spreading of the Sunnis. And there was a lot of money that came from the Gulf countries at that time that was spent in most of the Levant area. And Lebanon has one of the countries that has been making benefit out of that. Unfortunately, you know, in the past, it was perceived this is only to counteract the Shiite expansion. Nowadays, it's becoming a threat for all of us.

BLITZER: Here's what the New York City police commissioner said this week in the aftermath of the arrests and this suspected plot against the transit alliance in New York. Listen to Ray Kelly.

(BEGIN VIDEO CLIP)

RAY KELLY, NEW YORK CITY POLICE COMMISSIONER: As far as this particular plot is concerned, I think it tells us two things. First, that we're able to disrupt plots such as this as a result of good intelligence and very close coordination with law enforcement throughout the world. And secondly, that New York still remains in the crosshairs of the terrorists.

(END VIDEO CLIP)

BLITZER: Does New York, from your assessment, Peter, remain the central target, if you will, of these terrorists?

BERGEN: Of course. They hit New York in '93 with the first Trade Center attack, again on 9/11. We have seen other plots averted in New York. It is very surprising to me that the Department of Homeland Security would decide that this was an appropriate moment to cut New York City funding by 40 percent. That seems an extraordinary decision.

BLITZER: Fouad, I want you to listen to this excerpt from this latest audiotape that Osama bin Laden released. Listen to this.

(BEGIN VIDEO CLIP)

OSAMA BIN LADEN (THROUGH TRANSLATOR): Our Muslim people in Iraq need to learn that no truce should be accepted with the crusaders and the other states. There shouldn't be any half solutions, and there is no way out for them except by fighting and holding on to their struggle.

(END VIDEO CLIP)

BLITZER: How seriously does -- should the world take this threat from Osama bin Laden?

MAKHZOUMI: I think the terrorism are capitalizing on the mistrust that exists among the Jews, Muslims and Christians. And there is that main thought that everybody is trying to capitalize on it. And the key problem in the Middle East is the Arab-Israeli conflict and the occupation of Iraq. And I think these two need to be addressed by the American foreign policy, and soon.

And one of the things we have to look at, I mean, the previous President Bush and President Clinton had been very -- had a lot of respect in the region. So I was wondering why the current President Bush would not nominate these two exactly as he had done it for the tsunami, to try to reactivate the peace process in the Middle East and see if we can really achieve some kind of resolution at this time.

BLITZER: You mean former President Bush and former President Clinton to go and deal with the Israeli-Palestinian crisis that's unfolding right now?

MAKHZOUMI: Absolutely. Because this is important. These two have a lot of credibility in the Middle East. They have a lot of trust by the Arab leaders, and I think we can trust them to activate this process again.

BLITZER: Because a lot of experts say that this whole issue of the Israeli-Palestinian crisis, that the terrorists, they pay lip service to it but don't necessarily are all that engrossed. I want you to listen to what was said last week here on "Late Edition" by two -- by an Israeli and a Palestinian, two leaders who know a lot about this current crisis right now, Peter.

(BEGIN VIDEO CLIP)

SHIMON PERES, VICE PREMIER OF ISRAEL: They were elected properly but they behave like a terroristic organization. So, the fact that they were once elected doesn't give them a license to shoot, to kill, to endanger, to kidnap Israeli people.

(END VIDEO CLIP)

(BEGIN VIDEO CLIP)

SAEB ERAKAT, CHIEF PALESTINIAN NEGOTIATOR: I'm really afraid that every hour that passes in this line of thinking, this line of action, I'm afraid that we are going to lose the ability to solve the crisis diplomatically and politically.

(END VIDEO CLIP)

BLITZER: How much of the terror threat out there is a result of the grievances from the Israeli-Palestinian conflict as opposed to other issues that al Qaida and other terrorists have put forward? BERGEN: You know, if you ask Osama bin Laden in '97, as we did on CNN, what were his grievances, they were principally the U.S. military presence in Saudi Arabia, the sanctions against Iraq. He did mention the Israeli-Palestinian problem as well. I don't think the notion that bin Laden and al Qaida are late to the Palestinian problem I think has been overblown.

For them, of course, you know, the three holiest places in Islam are Mecca, Medina and of course the Dome of the Rock in Jerusalem. I think this is a motivating factor. There are others. Of course, the situation in Kashmir, what is going on in Iraq. I think Iraq, by the way, has -- if you look at the jihadi Web sites, Iraq is what they're going on about now, not so much the Israeli-Palestinian problem.

BLITZER: You mentioned the U.S. military presence in Iraq as the grievance. Is that more significant than the Israeli-Palestinian problem?

MAKHZOUMI: The core problem in the Middle East is the Arab- Israeli conflict. And I believe that the United States now since they've taken the decision to go into direct negotiations, through a multilateral composition, with Iran, I think they should do the same with Syria. They should do the same thing with all the Arab countries. Because at the end of the day, the United States is the strongest superpower in the world.

So why are they worried about it? I mean, dialogue, at any time, will minimize death.

BLITZER: Fouad Makhzoumi, Peter Bergen, thanks to both of you for coming in.

And coming up next, the Gitmo debate. Should the controversial prison at Guantanamo Bay in Cuba be closed?

We'll talk to the lawyers for the Guantanamo Bay detainee, Salim Ahmed Hamdan, Lieutenant Commander Charles Swift and the lawyer from Georgetown University, Neal Katyal.

We'll be right back. But first, this.

(BEGIN VIDEOTAPE)

UNKNOWN: Melinda Gates: what's her story? Although married to the computer software industry's leading innovator and the world's richest man, Melinda Gates is hardly standing in the shadow of her powerful husband, Bill Gates.

She's taking a lead role with the Bill and Melinda Gates Foundation, which she co-founded in 2000 with the goal of improving health care and education around the world.

Her philanthropic efforts are getting a boost from the world's second richest man, Warren Buffett, who announced last week that he'll leave most of his $42 billion fortune to the Gates foundation.

A former Microsoft employee, Melinda Gates married Bill Gates in 1994.

BLITZER: Welcome back to "Late Edition." The United States Supreme Court invalidated President Bush's plan to use military tribunals for trying detainees at Guantanamo Bay in Cuba, saying the plan violated two legal codes, American domestic law and the Geneva conventions.

But does this mean that the prison should be closed?

Joining us now here in Washington to explain the ruling, its effects, are the lawyers for Guantanamo Bay detainee Salim Ahmed Hamdan, Lieutenant Commander Charles Swift -- he's with the Office of the Chief Defense Counsel for the Department of Defense; he's one of the attorneys representing Hamdan -- and Neal Katyal; he's a professor at Georgetown University Law Center here in Washington, another attorney representing Hamdan.

Gentlemen, thanks very much for joining us. Neal, I'll start with you. You just came from Guantanamo Bay. You had a chance to speak with your client. What was his reaction to what has happened?

NEAL KATYAL, HAMDAN'S ATTORNEY: Well, I think he was overwhelmingly enthusiastic about the prospect of getting a fair trial for the first time in several years.

The Supreme Court invalidated this fake court system that President Bush set up. And now he's looking forward to having a fair and regular trial, which is what's guaranteed to him under the law.

BLITZER: You also had a chance, Commander, to meet with your client. And a lot of viewers will see a United States Navy officer. You're representing, you're defending an alleged Al Qaida operative right now, the driver, the bodyguard for Osama bin Laden.

Explain to our viewers who may not be familiar with this U.S. military justice system why you have been brought into this case.

CMMDR CHRLES SWIFT, HAMDAN'S ATTORNEY: Well, the administration decided to use a military trial. And in this case they initially wanted to use a military commission. And historically, military officers have represented the accused at that.

The really different part about this kind of a trial was that it didn't look like anything that I had ever worked in before.

And so not only did I have to earn Mr. Hamdan's trust, I also had to work in a system that was completely unfamiliar to me because the thing that it had most in common with anything in military justice was the name only.

BLITZER: So if he sees you -- Hamdan, this alleged Al Qaida operative, a detainee at Guantanamo Bay, when you see him, you wear that uniform, I assume.

SWIFT: Yes, I have.

BLITZER: And he trusts you and he talks to you?

SWIFT: It's a matter of earning that trust. And one of the most important things in earning his trust was going to federal court for him and fighting for a fair trial.

Actions speak louder than words in all cases when you're a defense attorney. And that I had been able to fight for him, along with Professor Katyal, to get that fair trial was key in earning that trust.

BLITZER: So what happens next, Neal?

As far as you're concerned, what's the next step in this legal process?

KATYAL: Well, the Supreme Court has pointed the way toward a fair and regular trial, either in a court-martial, which is the existing military system of justice, or in a civilian trial.

And we look forward and we're ready to have that trial at an appropriate time.

BLITZER: In the meantime, your client, Hamdan, and other detainees, they remain at Guantanamo Bay.

The president of the United States -- let me play this clip for you. He put it this way, in trying to explain what the Supreme Court ruled. This is how he phrased it.

(BEGIN VIDEO CLIP)

GEORGE W. BUSH, PRESIDENT OF THE UNITED STATES: They were silent on whether or not Guantanamo -- whether or not we should have used Guantanamo. In other words, they accepted the use of Guantanamo, the decision I made.

(END VIDEO CLIP)

BLITZER: All right. Do you agree with the president's interpretation of what the Supreme Court decided?

KATYAL: I think that's, almost, a hilarious interpretation because not at issue in any way, shape or form was the detention of individuals at Guantanamo, as both his lawyer and myself agreed before the Supreme Court.

It's, kind of, like saying the Supreme Court agreed to $4 a gallon gasoline prices and upheld them, too. It was just simply not an issue in the case whether or not you could detain people at Guantanamo Bay. The only issue was a fair trial.

BLITZER: So what happens next from the military legal perspective. We heard what the civilian attorney representing Hamdan says. But what about the military attorney representing Hamdan?

SWIFT: Well, before -- the president, before the Supreme Court's ruling had said that he was committed to having fair trials for Guantanamo Bay and he was looking to the Supreme Court to point the way to do that.

They did that. They pointed to two systems of justice that the president could use, the existing uniform code of military justice or the civilian trial.

And we're ready to go forward there. I think it's very important to note that, you know, commissions have been tried here for almost three years. They've been an utter failure. We have been yet to have a single trial completed. In the same period of time, they've conducted almost 600, or more than 600, court-martials on the battlefields of Iraq and Afghanistan. The UCMJ and the court-martial system is ready now. Any attempt to go back in time to try and use these commissions is a huge mistake.

BLITZER: There have been some suicides among detainees at Guantanamo Bay recently. I assume you discussed that when you were there, just this weekend.

The Washington Post reported this on Saturday: "Detainees could apparently hide documents in their cells -- including instructions on how to tie knots and a classified U.S. military memo regarding cell locations of detainees and camp operation matters at Guantanamo -- by keeping the materials in envelopes labeled as lawyer-client communications."

What is this -- I assume that they've taken away those documents now, as a result of this. But what is the practical import of this?

KATYAL: I can't comment on that. I know that's from a filing by the United States government. But we don't have any knowledge of it. I mean, I would say, it's interesting that's the reaction of the government to the Hamdan ruling is to talk about attorney-client materials and seizing them.

I would have thought that, after this ruling, President Bush and the administration would have said, you know, I took an oath to uphold the Constitution and laws of the United States, and boy, the Supreme Court told me I didn't do that; I didn't comply with that.

I would have thought that would have been the reaction, instead of filings that accused the detainees of this, that or the other. It may be that that's true. We'll have that battled out in the courts over the next few months.

BLITZER: Did Hamdan suggest to you he was thinking of committing suicide?

KATYAL: I can't comment on anything about that. It's outside of my purview.

BLITZER: Because of what, attorney...

KATYAL: Attorney-client privilege.

BLITZER: ... attorney-client privilege. I assume that goes for you as well?

SWIFT: Yes, one of the things I take absolutely as the most important thing in representing a defendant is attorney-client privilege. And that's how I've earned his trust. So there will be a time to talk about the seizures, but today isn't that time.

BLITZER: We're going to have to leave it right there. Commander Swift, thanks very much for coming in. Neal Katyal, thanks to you as well. I know you didn't get much sleep last night, got in from Guantanamo Bay here in Washington quite late.

Up next, in case you missed it, "Late Edition" Sunday morning talk show roundup. And don't forget, coming up, for our North American viewers, in a few moments, right at the top of the hour, CNN special report, "This Week at War," hosted by John Roberts. Stay with us.

BLITZER: And now in case you missed it, let's check some of the highlights from the Sunday morning talk shows.

Three of the shows focused in on the United States' response to North Korea firing test missiles from Pyongyang earlier this week.

(BEGIN VIDEO CLIP)

SEN. RICHARD LUGAR (R-IN): The Chinese now have got to get serious with North Korea. That is, they have the pressure, they're providing the food, the energy. They do so because they want to keep North Koreans inside North Korea, deeply fear the spread of North Koreans and chaos.

ASHTON B. CARTER, FORMER ASSISTANT SECRETARY OF DEFENSE: In dealing with North Korea, diplomacy has to have a coercive dimension. And we don't trade with North Korea, we don't recognize North Korea diplomatically. There is almost nothing we can do short of military action to apply pressure to North Korea.

We're capable of military action and it is important that that be an ingredient of coercive diplomacy, but the real levers on Kim Jong- Il are the Chinese and the South Koreans.

SEN. JOHN MCCAIN (R), ARIZONA: If we make it clear to China that we understand they're emerging on the world stage as a superpower, they should behave like one. And this will be a defining issue in our relations with China. And if they continue to vacillate as they have all last week in the United Nations, then there are consequences in our relationship.

We're not asking China to be charitable here. It is not in China's interest to see Asia destabilized, to see Japan become a nuclear power, to see this threat to stability in the region.

(END VIDEO CLIP)

BLITZER: And on "FOX News Sunday," Congressman Peter Hoekstra explains why he wrote a letter to the president last May saying the administration may have violated the law by not briefing Congress on various intelligence programs.

(BEGIN VIDEO CLIP)

REP. PETER HOEKSTRA (R-MI), CHAIRMAN, INTELLIGENCE CMTE: I want to set the standard there that it is not optional for this president or any president or people in the executive community not to keep the intelligence committees fully informed of what they are doing.

(END VIDEO CLIP)

BLITZER: Highlights from the other Sunday morning talk shows here on "Late Edition," the last word in Sunday talk.

Up next, the results of our Web question poll of the week. What is the best way to handle North Korea's nuclear program? Diplomacy, sanctions or military action? That's coming up. We'll be right back.

BLITZER: Our "Late Edition" Web question asked -- what's the best way to handle North Korea's nuclear program? Here is how you voted. Check it out: 58 percent said diplomacy, 15 percent said sanctions, 27 percent said military action. Remember, though, this is not a scientific poll.

Let's take a quick look at what's on the cover of this week's major news magazines in the United States. Time magazine focuses in on what it calls the end of cowboy diplomacy. Newsweek features the new greening of America. And U.S. News and World Report gives us its exclusive rankings on America's best hospitals.

And that's your "Late Edition" for this Sunday, July 9th. Please be sure to join us next Sunday, and every Sunday, at 11:00 a.m. Eastern, for the last word in Sunday talk. I'm also in "THE SITUATION ROOM" Monday through Friday 4:00 to 6:00 p.m. Eastern, back for another hour at 7:00 p.m. Eastern.

Until then, thanks very much for joining us. I'm Wolf Blitzer in Washington. For our North American viewers, "This Week at War" comes up next right after a quick check of the news.